Notice from the administrator of the Swissair Group to creditors and the media

Decision of SAirGroup creditors' meeting contested – ballots on liquidation agreements in progress

Küsnacht-Zurich, 5 July 2002. Following the meeting of SAirGroup creditors on 26 June 2002, three creditors lodged an appeal with the district court (*Bezirksgericht)* of Zurich in connection with the election of the Creditors' Committee. They believe that the international banks and the leasing companies are not appropriately represented on the Creditors' Committee and applied to the court to issue a ruling that would rectify this state of affairs. In his decision of 3 July 2002, the judge states that the appeal presents no grounds on which to interfere in the present ballot procedure on the liquidation settlement. The application from the complainants to suspend the ballot was therefore rejected by the judge. On the basis of the decision of 3 July 2002, administrator Karl Wüthrich of Wenger Plattner has resolved that the ballot on the liquidation settlement for the SAirGroup will not be halted but will instead continue as planned.

Ballot on liquidation agreements in progress
At the meeting of creditors of the SAirGroup on 26 June 2002 and of SAirLines and Flightlease AG on 27 June 2002, the attending creditors were offered the opportunity to vote on the amended liquidation agreements. In the course of the next few days, the administrator will write to all of the creditors of the three companies who have not yet voted. They will receive a voting pack and will be asked to complete their ballot form and return it to the administrator by the date stated.

In the opinion of the administrator, the conditions for concluding liquidation settlements involving the surrender of assets have been satisfied in the cases of SAirGroup, SAirLines and Flightlease AG. Firstly, the cost of the proceedings and the registered privileged claims can be met from available liquid funds, and secondly, the administrator believes that liquidating the three companies would be more advantageous for creditors than compulsory winding-up proceedings, for the following reasons:

- No time is lost, because the liquidation settlement foresees the liquidation proceedings following on smoothly from the debt restructuring proceedings.
- Higher proceeds can be expected from the realisation of assets, as under liquidation proceedings such realisation is subject to less stringent requirements than compulsory winding-up proceedings in terms of both time and the formal conditions which must be met.
- The procedure is more transparent because, unlike the bodies charged with the compulsory winding-up of a company, liquidation bodies are obliged to produce an annual report on the progress of liquidation proceedings and submit this to the debt restructuring judge.

Finally, it should be noted that creditors who vote in favour of the liquidation agreement in no way prejudice the lodging and enforcing of any liability claims against the governing and executive bodies of the company. Rather, this falls within the remit of the liquidation bodies.

The liquidation settlements will be deemed to have been accepted by the creditors if each is approved by more than half of the creditors holding at least two thirds of the claims, or a quarter of creditors holding at least three quarters of the claims. The administrator will provide notification of the outcome of the ballot in due course.

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Further information

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