

RECHTSANWÄLTE  
AVOCATS  
ATTORNEYS AT LAW

Unofficial Translation  
of German Original

WENGER PLATTNER  
BASEL · ZÜRICH · BERN

CH-8700 KÜSNACHT-ZÜRICH  
GOLDBACH-CENTER  
SEESTRASSE 39  
TELEFON +41 (0)43 222 38 00  
TELEFAX +41 (0)43 222 38 01  
ZUERICH@WENGER-PLATTNER.CH  
WWW.WENGER-PLATTNER.CH

DR. WERNER WENGER\*  
DR. JÜRIG PLATTNER  
DR. PETER MOSIMANN  
STEPHAN CUENI\*  
PROF. DR. GERHARD SCHMID  
DR. JÜRIG RIEBEN  
DR. MARKUS METZ  
DR. DIETER GRÄNICHER\*  
KARL WÜTHRICH  
YVES MEILI  
FILIPPO TH. BECK, M.C.J.  
DR. FRITZ ROTHENBÜHLER  
DR. STEPHAN NETZLE, LL.M.  
DR. BERNHARD HEUSLER  
DR. ALEXANDER GUTMANS, LL.M.\*  
PETER SAHLI\*\*  
DR. THOMAS WETZEL  
DR. MARC NATER, LL.M.  
SUZANNE ECKERT  
PD DR. FELIX UHLMANN, LL.M.  
PROF. DR. MARKUS MÜLLER-CHEN  
ROLAND MATHYS, LL.M.  
MARTIN SOHM  
RETO ASCHENBERGER, LL.M.  
BRIGITTE UMBACH-SPAHN, LL.M.  
GUDRUN ÖSTERREICHER SPANIOL  
DR. MARKUS SCHOTT, LL.M.  
DR. CHRISTOPH MÜLLER, LL.M.  
DR. SIMONE BRAUCHBAR BIRKHÄUSER, LL.M.  
AYESHA CURMALLY\*  
CLAUDIUS GELZER, LL.M.  
CORNELIA WEISSKOPF-GANZ  
OLIVER ALBRECHT RHOMBERG  
DR. CHRISTOPH ZIMMERLI, LL.M.  
DR. REGULA HINDERLING  
DR. STEPHAN KESSELBACH  
MADLAINA GAMMETER  
DR. RODRIGO RODRIGUEZ  
PD DR. PETER REETZ  
DR. ADRIAN RAPP  
DR. RETO VONZUN, LL.M.  
MARTINA STETTNER  
CRISTINA SOLO DE ZALDÍVAR  
DANIEL TOBLER\*\*  
MILENA MÜNST  
DR. SALOME WOLF  
DR. ALEXANDRA ZEITER  
DR. ROLAND BURKHALTER  
DR. BLAISE CARRON, LL.M.  
STEFAN CHRISTEN

ANDREAS MAESCHI  
KONSULENT

\* AUCH NOTARE IN BASEL  
\*\* INHABER ZÜRCHER NOTARPATENT  
ALS RECHTSANWALT NICHT ZUGELASSEN

BÜRO BASEL: CH-4010 BASEL  
AESCHENVORSTADT 55  
TELEFON +41 (0)61 279 70 00  
TELEFAX +41 (0)61 279 70 01  
BASEL@WENGER-PLATTNER.CH

BÜRO BERN: CH-3000 BERN 6  
JUNGFRAUSTRASSE 1  
TELEFON +41 (0)31 357 00 00  
TELEFAX +41 (0)31 357 00 01  
BERN@WENGER-PLATTNER.CH

To the creditors of SAirGroup  
in debt restructuring liquidation

Küsnacht, April 2006 WuK/fee

## SAirGroup in debt restructuring liquidation; Circular no. 9

Ladies and Gentlemen

This Circular provides information on the procedure for the registration and assessment of claims from the various CHF-denominated bonds issued by SAirGroup, as well as of the guarantee claims relating to EUR-denominated bonds issued by SAirGroup Finance (NL) B.V. and USD-denominated bonds issued by SAirGroup Finance (USA) Inc. It also reports on a number of transactions to realize assets.

### 1. REGISTRATION OF CLAIMS FROM CHF-DENOMINATED BONDS ISSUED BY SAIRGROUP AND OF GUARANTEE CLAIMS RELATING TO EUR-DENOMINATED BONDS ISSUED BY SAIRGROUP FINANCE (NL) B.V. AND USD-DENOMINATED BONDS ISSUED BY SAIRGROUP FINANCE (USA) INC.

Work on drawing up the schedule of claims will shortly be complete. It is planned that the schedule of claims will be published for inspection by creditors in July 2006. I should like to make the following points with regard to the treatment in the process of assessing the claims from CHF-denominated bonds issued by SAirGroup, and guarantee claims relating to EUR-denominated bonds issued by SAirGroup Finance (NL) B.V. ("FinBV") and USD-denominated bonds issued by SAirGroup Finance (USA) Inc. ("FinInc") respectively:

ALLE ANWÄLTE SIND AN IHREM JEWEILIGEN STANDORT  
IM ANWALTSREGISTER EINGETRAGEN

- a) The bond and guarantee claims are classified as claims apparent from SAirGroup's accounts. These claims are therefore included *ex officio* in the schedule of claims.
- b) Bond creditors and creditors holding guarantee claims relating to EUR or USD-denominated bonds who wish to assert their creditors' rights individually (option of challenging the schedule of claims or the right to the assignment of the right to raise an action in respect of disputed claims, where these are not being pursued by the Liquidator and Creditors' Committee), and who wish to be kept informed of progress by means of the Liquidator's Circulars, must register their claims and surrender their CHF, EUR or USD bonds to the Liquidator. (For details please refer to the enclosed invitation to register debts). Creditors who hold claims from CHF-denominated bonds and who have already surrendered these securities do not need to do anything more. Creditors who have registered guarantee claims relating to EUR or USD-denominated bonds will be informed in a separate letter of the procedure for surrendering their bonds.
- c) Bond creditors and creditors with guarantee claims relating to EUR or USD-denominated bonds who continue to trade with their securities and who do not wish to assert their creditors' rights individually may choose not to register their claims. They do not lose their right to a dividend in such cases. All claims arising from CHF-denominated bonds or from guarantee claims relating to one of the EUR or USD-denominated bonds which are not registered by a creditor will be included in the schedule of claims as a single, aggregated item under the name of the bond in question. Information on the procedure for interim payments will be provided in due course.
- d) Bond creditors who have already registered their claims from CHF-denominated bonds and surrendered their securities, but who do not wish to exert their creditors' rights in the future have the option, up to 31 May 2006, of withdrawing their claim registration and requesting the return of the surrendered securities. These creditors will then be treated in the same way as those described in section c) above.

The procedure described here has been agreed with Switzerland's major banks, as well as the Zürcher Kantonalbank. Each bond creditor is free to decide for themselves which of the two options they wish to choose.

**2. AVOIDANCE CLAIMS AGAINST DR. MAX MICHEL**

Dr. Max Michel joined the Swissair Group in 1985 and was head of Group Development for SAirGroup from 13 July 1997. According to his employment contract, in this capacity he reported directly to the head of Group Finance and was also a member of Group Management. The employment relationship was concluded for an indefinite period and could be terminated by either side subject to a six-month period of notice, effective at the end of a month. The employment relationship was subsequently terminated by mutual accord as of 31 August 2001, the details being governed by a cancellation agreement dated 16 February 2001. Under the terms of this 16 February 2001 agreement, SAirGroup undertook, among other things, to make a severance payment of CHF 335,000 (gross) to Dr. Max Michel. This severance payment was made at the end of August 2001.

Following thorough investigations by an external lawyer, the Liquidator concluded that the remittance of severance pay to Dr. Max Michel may be challenged pursuant to Art. 286 and 288 respectively of the Swiss Debt Enforcement and Bankruptcy Law (DEBL). With the consent of the Creditors' Committee, SAirGroup therefore filed suit against Dr. Max Michel within the relevant deadline. In the course of settlement negotiations, SAirGroup and Dr. Max Michel agreed on the repayment of CHF 125,000 by Dr. Max Michel in settlement of all reciprocal claims, in addition to the withdrawal by Dr. Max Michel of the claims that he had registered against SAirGroup. The settlement was approved by the Creditors' Committee and the avoidance action has since been withdrawn.

**3. REAL ESTATE ABROAD**

**3.1 Condominium units at 846 Santa Fé Ave in Buenos Aires, Argentina**

In 1956, SAirGroup (then still Swissair Swiss Air Transport Company Ltd.) registered a branch office in Buenos Aires, Argentina, under the name of "Swissair Lineas Aereas Suizas Sociedad Anònima (Sociedad Extranjera)". On 7 December 1956, this branch office purchased the property at 846 Santa Fé Ave in Buenos Aires. Over the years, it sold several of the property's condominium units. On 5 October 2001, the Argentinian land register showed the following condominium units at 846 Santa Fé Ave in Buenos Aires still registered in the name of the Argentinian branch: Units 1 and 2 (ground floor), unit 15 (1<sup>st</sup> floor), unit 5 (3<sup>rd</sup> floor), unit 6 (4<sup>th</sup> floor) and unit 7 (5<sup>th</sup> floor), as well as the basement compartments unit I, II and III. All condominium units were sold with the consent of the Creditors' Committees of SAirGroup and what is now Swissair Swiss Air Transport Company Ltd. ("Swissair"). The proceeds of the sale were deposited in an escrow account with Zürcher Kantonalbank (see Circular no. 3, section. I.2.2).

In the interim, the Liquidator of SAirGroup and the Deputy Liquidator of Swissair have had investigations conducted into the ownership of the condominium units in Buenos Aires. The local legal experts who were consulted concurred that SAirGroup was the owner of the said condominium units up to their sale. The total net proceeds of CHF 2,652,582.78 (after the deduction of realization costs) from the sale of the Buenos Aires condominium units therefore accrue to SAirGroup.

SAirGroup and Swissair have agreed that the costs and income accruing to real estate abroad after 5 October 2001 will be divided between the parties separately for each property at the same time and in the same proportions as the sale proceeds are distributed. In this connection, SAirGroup and Swissair have concluded a settlement agreement in respect of the condominium units in Buenos Aires. The agreement covers the following points:

- SAirGroup will pay Swissair the balance of CHF 782,496.14 in costs and income accrued on the Buenos Aires condominiums since 5 October 2001.
- SAirGroup undertakes to meet all costs and taxes that may be incurred in Argentina from now on.
- No further statement will be drawn up of the costs and income accrued on the Buenos Aires condominium units prior to 5 October 2001.
- Insofar as Swissair has made payments in kind of any type to SAirGroup for the book transfer from SAirGroup to Swissair of the condominium units in Buenos Aires, these payments will be recognized as creditors' claims in the SAirGroup liquidation proceedings and either set off against any creditors' claims by SAirGroup against Swissair or included in the schedule of claims as 3<sup>rd</sup> class claims. Reciprocal creditors' claims will be settled as part of work to draw up a schedule of claims.

The Creditors' Committees of SAirGroup and Swissair have approved the allocation of sale proceeds concerning the condominium units in Buenos Aires.

### **3.2 Six properties in England**

Between 1977 and 1982, SAirGroup (then still Swissair Swiss Air Transport Company Ltd.) acquired a number of single-occupancy houses close to London Heathrow airport. The properties in England were used by Swissair after the Swissair Group had been reorganized into a holding structure in May 1997. Swissair carried the properties as assets in its balance sheet and also met the maintenance costs for each. With the approval of the Creditors' Committees of SAirGroup and Swissair, efforts to sell these properties have been stepped up since the end of September 2005. To date, contracts of sale have been concluded for the following properties:

- |  |     |         |
|--|-----|---------|
| - 14 Queens Road, Kingston upon Thames | GBP | 725,000 |
| - 47 Kenton Avenue, Sunbury on Thames  | GBP | 325,000 |
| - 2 Beech Close, Sunbury on Thames     | GBP | 285,000 |

- 71A Parkland Grove, Ashford GBP 295,000

The sale of the last two properties is expected within the next few months.

In order to allocate the sale proceeds, investigations had to be conducted in England into which entity – SAirGroup or Swissair – is entitled under English law to the proceeds of the English property sales. The Liquidator of SAirGroup and the Deputy Liquidator of Swissair each engaged a law firm in London to clarify this issue. The legal experts concurred that SAirGroup is the "legal owner" of the English properties. According to the land certificates, the six properties belong formally to SAirGroup. Swissair, meanwhile, is the "beneficial owner" of the English properties. Under English law, the beneficial owner is entitled to the income from the use of the property (rental income and sale proceeds). This entitlement can also be asserted by the beneficial owner in the event of the insolvency of the legal owner. It is therefore clear that the proceeds from the sale of the English properties are due to Swissair alone.

As the legal owner, in the summer of 2004 SAirGroup had to take legal action to evict squatters from the property at 15 Gilmore Close, Langley. The eviction was successful. Furthermore, SAirGroup – as the legal owner – had to be involved in the sale of each of the properties. In an agreement, Swissair undertook to indemnify SAirGroup for all costs associated with the eviction proceedings in the summer of 2004, as well as for those costs incurred in connection with its part in the property sales.

### **3.3 Three properties in Dar-es-Salaam, Tanzania**

Between 1971 and 1983, SAirGroup (then still Swissair Swiss Air Transport Company Ltd.) acquired building rights for three premises in Dar-es-Salaam, Tanzania. There is one house on each of the premises. The Group's restructuring in 1997 left the ownership of the aforementioned properties unclear, i.e. whether SAirGroup, its Tanzanian branch "Swissair, Swiss Air Transport Company Ltd." or "Swiss Air Transport Company Ltd." was entered as the entitled party in the certificates of occupancy, or whether the newly-founded Swissair

was the entitled party in this respect. Swissair paid the maintenance costs for the three properties from May 1997 onwards. The three properties were sold with the approval of the Creditors' Committees of SAirGroup and Swissair. The sale proceeds of CHF 240,940.75 gross were deposited in an escrow account with Zürcher Kantonalbank (see Circular no. 3, section. I.2.3).

Given the relatively modest sale proceeds, the Liquidator of SAirGroup and the Deputy Liquidator of Swissair decided not to go ahead with laborious investigations into the ownership of the three Dar-es-Salaam properties. SAirGroup and Swissair have concluded the following agreement concerning the allocation of the sale proceeds from these properties:

- From the sale proceeds, Swissair will receive an initial payment of CHF 11,852.40, corresponding to the balance of costs and income accruing to the properties since 5 October 2001.
- The remaining net proceeds of CHF 229,088.38 will be halved between Swissair and SAirGroup.
- SAirGroup and Swissair furthermore both waive any other claims in connection with the Dar-es-Salaam properties.

The Creditors' Committees of SAirGroup and Swissair have approved the allocation of sale proceeds concerning the Dar-es-Salaam properties.

#### **4. SETTLEMENT OF RECIPROCAL CLAIMS WITH SWISSAIR FLIGHT SUPPORT AG IN LIQUIDATION**

Swissair Flight Support AG in Liquidation ("SFS") is majority-owned by Swissair. Prior to its liquidation, its object was to support pilots with navigation data and documentation on flight operations. In 2000, SAirGroup granted SFS loans totalling CHF 6,000,000. In April 2001, Swissair also granted SFS a loan, this time of CHF 5,000,000. In May 2000 and June 2001, SAirGroup and Swissair respectively each signed a subordination agreement relating to their loans to SFS. This means that subordinated loan claims may only be paid from any liquidation surplus that exists once the claims of all other SFS creditors have been satisfied.

After the collapse of the Swissair Group in October 2001, all of the assets of SFS were sold to the Lufthansa subsidiary Lido GmbH in December 2001. The Annual General Meeting of SFS subsequently decided on 2 October 2002 to liquidate the company. The realization of assets and settlement of liabilities was completed in the summer of 2004. In July 2004, the SFS liquidators anticipated that around CHF 800,000 would be available for distribution as liquidation proceeds. In the interim a further creditor has asserted a claim of approximately CHF 510,000 against SFS, although this claim is neither justified nor evidenced in the view of the company's liquidators. The outcome of any court case is impossible to predict at the present time.

In January 2006, SAirGroup, Swissair and SFS concluded an agreement concerning the distribution of the SFS liquidation proceeds. The agreement took into account that SFS also had claims against SAirGroup and Swissair that it could set off against the loan claims. Once the claims of higher-ranking creditors have been met, SAirGroup will receive 68% and Swissair 32% of the remaining SFS liquidation proceeds. This agreement has been approved by the Creditors' Committees of SAirGroup and Swissair.

Yours sincerely

SAirGroup in debt restructuring liquidation

The Liquidator

Karl Wüthrich

Encl.: Invitation to register debts (published on 19 April 2006)

**Hotline**

**SAirGroup in debt restructuring liquidation**

**Deutsch: +41-43-222-38-30**

**Français: +41-43-222-38-40**

**English: +41-43-222-38-50**



## Second invitation for bond-holders to register debts in the SAirGroup debt restructuring proceedings

1. **Borrower:** SAirGroup in debt restructuring liquidation, Hirschengraben 84, 8001 Zurich
2. **Liquidator:** lic.iur. Karl Wüthrich, Attorney-at-Law, Wenger Plattner, Seestrasse 39, Goldbach-Center, 8700 Küsnacht
3. **Loan bonds:**

*CHF-denominated loan bonds issued by SAirGroup in debt restructuring liquidation:*

- 5.125% loan bond 1980 - 2005 (security ID number 120.763 / 120.764)
- 4.75% loan bond 1988 - 2013 (security ID number 120.756)
- 5.125% loan bond 1989 - 2003 (security ID number 120.790)
- 5.5% loan bond 1993 - 2003 (security ID number 093.939)
- 6.25% loan bond 1994 - 2002 (security ID number 281.896)
- 6.25% loan bond 1995 - 2005 (security ID number 353.299)
- 2.75% bond-cum-warrant 1996 - 2004 (security ID number 493.149)
- 2.125% bond-cum-warrant 1997 - 2004 (security ID number 726.896)
- 0.125% convertible bond 1998 - 2005 (security ID number 917.304)
- 4.25% loan bond 2000 - 2007 (security ID number 1.034.859)

*Guarantee claims against SAirGroup in debt restructuring liquidation relating to EUR-denominated loan bonds issued by SAirGroup Finance (NL) B.V.:*

- 4.375% guaranteed bond 1999 - 2006 (security ID number 810425)
- 6.625% guaranteed bond 2000 - 2010 (security ID number 1133258)

*Guarantee claims against SAirGroup in debt restructuring liquidation relating to USD-denominated loan bonds issued by SAirGroup Finance (USA) Inc.:*

- 7.5% guaranteed bond 1999 - 2004 (security ID number 1012231)

4. **Deadline for submission of claims:** Bond-holders who have not yet registered their claims and who wish to exercise their rights of information and participation in the debt restructuring proceedings are hereby requested to register their claims with the liquidator by **10 May 2006**.
5. **Registration procedure:** Forms are available on the liquidator's website ([www.liquidator-swissair.ch](http://www.liquidator-swissair.ch)) for the purpose of registering claims. On the forms the registration procedure is described.
6. **Consequences of failure to register claims:** Bond-holders who do not register their claims will still be entitled to a dividend. They will, however, lose their individual information and participation rights in the debt restructuring proceedings. They will not receive the Liquidator's regular Circulars informing them of the status of proceedings. Furthermore, they will not be able to assert their individual creditor's rights (specifically, they will have no right to an assignment of the legal claims of the liquidation estate which the liquidation bodies decide not to pursue (Art. 260 of the Swiss debt enforcement and bankruptcy law [DEBL]), neither will they have any right to lodge claims against

the composition of the schedule of claims once the schedule of claims has been published for inspection in accordance with Art. 250 DEBL).

7. **Further information:** Queries should be addressed to [swissair@wenger-plattner.ch](mailto:swissair@wenger-plattner.ch) or, in urgent cases, to the hotline numbers +41 (0)43 222 38 30 (German), +41 (0)43 222 38 40 (French), +41 (0)43 222 38 50 (English).

SAirGroup in debt restructuring liquidation

The Liquidator  
Karl Wüthrich