

**SAirGroup AG**  
**in debt restructuring liquidation**

**Circular No. 31**

**[www.liquidator-swissair.ch](http://www.liquidator-swissair.ch)**

**Hotline SAirGroup AG  
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**Unofficial Translation  
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To the creditors of SAirGroup AG  
in debt restructuring liquidation

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Eingetragen im Anwaltsregister

Küsnacht, April 2018

**SAirGroup AG in debt restructuring liquidation;  
circular no. 31**

Dear Sir or Madam

This circular provides information on the current status of the SAirGroup AG debt restructuring liquidation proceedings, as well as on how these proceedings are scheduled to progress over the coming months.

**I. REPORT ON ACTIVITIES AS AT 31 DECEMBER 2017**

After having been acknowledged and approved by the Creditors' Committee, the 15th Liquidator's report on activities for 2017 was submitted to the debt restructuring judge at the District Court of Zurich on 16 March 2018. The report on activities is available for inspection by creditors at the offices of the Liquidator at Seestrasse 39, Goldbach Center, 8700 Küsnacht, Switzerland until 7 May 2018. If you wish to inspect the report, please call the hotline at +41 (0)43 222 38 50.

Below you will find a summary of the report on activities, unless the creditors have already been informed by circulars no. 28 of May 2017, no. 29 of October 2017 and no. 30 of January 2018.

## II. OVERVIEW OF THE LIQUIDATION PROCESS

### 1. ACTIVITIES OF THE LIQUIDATOR

The main tasks of the Liquidator in 2017 were the settling of liabilities, including the pursuit of an action to contest the schedule of claims (see circular no. 29 section I), the conclusion of a partial settlement with regard to liability claims (see circular no. 29 section II), debt collection (see section IV below), the execution of the fifth interim payment to creditors with third class claims (see circular no. 28 section I), the preparation of the sixth interim payment to creditors with third class claims (see circular no. 30 section I) and the elaboration of the basis to be used for the distribution of revenues from the liquidation of properties and participations abroad (see section III.2 below).

### 2. ACTIVITIES OF THE CREDITORS' COMMITTEE

The Creditors' Committee held one meeting in 2017. At this meeting, the Committee discussed a proposal submitted by the Liquidator and passed a resolution. It also passed resolutions by means of circular on three proposals submitted by the Liquidator.

## III. STATUS OF ASSETS OF SAIRGROUP AS AT 31 DECEMBER 2017

### 1. INTRODUCTORY REMARKS

Enclosed is a report on the liquidation status of SAirGroup AG as of 31 December 2017 ([Annex 1](#)). It contains a statement of the assets of SAirGroup AG as of 31 December 2017 in accordance with the information currently available.

### 2. ASSETS

Liquid funds: The liquid funds are mainly held at Zürcher Kantonalbank ("ZKB"). Since 1 March 2015, ZKB has been charging negative interest on the assets of SAirGroup. Negative interest of CHF 6,860,750 was charged in 2017. The average negative interest that was charged was slightly less than 0.7%. Settlement of the fifth and sixth interim payments enabled the credit balances with ZKB to be reduced massively. As a result, significantly lower negative interest will accrue in 2018.

Claims against third parties: The position "Claims against third parties" contains SAirGroup's claims against various former Swissair Group companies that are

undergoing insolvency or liquidation proceedings at home and abroad. This position has been assessed conservatively in accordance with the information currently available.

Pending division of revenues from the sale or liquidation of foreign participations: SAirGroup and SAirLines AG in debt restructuring liquidation (hereafter referred to as "SAirLines") or Swissair Schweizerische Luftverkehr-AG in debt restructuring liquidation (hereafter referred to as "Swissair") disagree on which of them is entitled to the revenues from the sale or liquidation of various foreign participations. The assessment of the relevant facts has already reached an advanced stage. Negotiations between the parties about the division of these revenues are currently under way. The value of this position may therefore still change.

Real estate: The division of the revenues from the sale of properties in Singapore, Mumbai, Tel Aviv, Istanbul, Madrid, Sao Paolo and Rio de Janeiro between SAirGroup and Swissair is still pending. The aim is to reach an agreement on this division by the end of 2018. The value of this position may therefore still change.

### **3. LIABILITIES OF THE ESTATE**

Accounts payable: The accounts payable reported as at 31 December 2017 relate to costs incurred during the debt restructuring liquidation.

Provisions for interim payments: SAirGroup's liquidation status as of 31 December 2017 includes the following provisions for the first five interim payments:

Type of provision	First interim payment in CHF 1,000	Second interim payment in CHF 1,000	Third interim payment in CHF 1,000	Fourth interim payment in CHF 1,000	Fifth interim payment in CHF 1,000
No payment instructions or payments not made for other reasons	3,932	2,495	3,788	5,355	20,499
Contingent claims where conditions are not yet met	917	363	450	346	1,125
Suspended claims	12,756	4,116	5,096	3,920	12,739
<b>Total provisions</b>	<b>17,605</b>	<b>6,974</b>	<b>9,334</b>	<b>9,621</b>	<b>34,363</b>

These provisions ensure that the maximum amounts for the five interim payments with respect to all unsettled claims are secured.

#### 4. CLAIMS OF CREDITORS

For the current status of the schedule of claims proceedings, please see section VI.1 below. The overview of the schedule of claims proceedings ([Enclosure 2](#)) lists the amounts of claims according to their classes and specifies whether they are currently registered, recognised, definitively rejected, in dispute (actions to contest the schedule of claims) or still suspended in the schedule of claims. The amounts of the claims in all classes are still subject to change as efforts to settle the schedule of claims proceed.

#### 5. ESTIMATED DIVIDEND

Most of the SAirGroup assets have been settled. The division of the revenues from the liquidation of properties and participations abroad still remains pending (see section III.2 above), as do the liability claims. As regards the claims on group companies that are in insolvency proceedings at home and abroad, it is about waiting for the receipt of the insolvency dividends on the recognised claims.

Based on current knowledge, a dividend totalling about 23% can be anticipated. Of this, 22.4% has already been paid out in the first six interim payments.

#### **IV. LIQUIDATION OF ASSETS**

The Liquidator continued to collect accounts receivable both in Switzerland and abroad during the reporting period. In 2017, SAirGroup received payments totalling about CHF 477 million. These mainly comprise the five interim payments (approx. CHF 474.1m) on its claims against SAirLines, which was finally registered in relation to the settling of the mutual claims with SAirLines (see circular no. 27 section II.1).

#### **V. PURSUIT OF LIABILITY CLAIMS**

With regard to various liability issues (see circular no. 18 section VI.2.3), the SAirGroup reserves the right to submit claims against the responsible parties.

#### **VI. SETTLEMENT OF LIABILITIES**

##### **1. PROCEEDINGS REGARDING THE SCHEDULE OF CLAIMS**

The schedule of claims was settled for the most part in the course of 2017. After the action to contest the schedule of claims involving the ancillary bankrupt estate of Sabena SA in liquidation has been finally concluded (see circular no. 29 section I), claims of over CHF 2,368,308.23 in the first class and second class and claims of over CHF 195,985,273.01 in the third class are still suspended.

##### **2. CIVIL PROCEEDINGS IN BELGIUM**

The Liquidator of Sabena SA in liquidation has still not substantiated the damage before the Court of Appeal in Brussels any further (see 8th activity report, section VI.2 and 12th activity report, section V.2). The outcome of the civil proceedings should not have any impact on the SAirGroup's schedule of claims now that Sabena's action to contest the schedule of claims has been definitively concluded.

## VII. NEXT STEPS IN THE ONGOING PROCEEDINGS

In the coming months, the aim will be to reach agreement with Swissair and SAirLines about the division of the revenues from the sale of properties abroad and from the sale or liquidation of participations abroad. The basic principles have already been drawn up. The parties are currently negotiating the matter. The collection of the debts of insolvent companies of the former Swissair Group companies will also continue. In so doing, the primary aim will be to break the circular flow of dividends that partially exist (see circular no. 29 section IV.B). Ultimately, the liquidation bodies will then examine and decide on the steps that should be taken next with regard to liability claims.

Depending on how the proceedings progress, creditors will continue to receive information about important developments in the form of circulars. A report on the progress of the liquidation this year will be issued by spring 2019 at the latest.

Yours sincerely

SAirGroup AG in debt restructuring liquidation  
The Liquidator:

Karl Wüthrich

Enclosure: 1. Liquidation status of SAirGroup as at 31 December 2017  
2. Overview of the schedule of claims proceedings of SAirGroup



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## LIQUIDATION STATUS as at 31 December 2017

	31.12.2017 CHF	31.12.2016 CHF	Change CHF
<b>ASSETS</b>			
<b>Liquid funds</b>			
UBS AG CHF	48'113	975'698	-927'585
ZKB CHF	-8'286'544	68'118'536	-76'405'080
ZKB USD	7'734	8'730	-997
ZKB EUR	12'339	5'707'377	-5'695'038
ZKB Fixed term deposit	548'000'000	900'000'000	-352'000'000
<b>Total liquid funds</b>	<b>539'781'642</b>	<b>974'810'341</b>	<b>-435'028'699</b>
<b>Liquidation positions:</b>			
Accounts receivable	99'386	1'474	97'913
Prepaid court expenses	0	0	0
Receivables from third parties	36'652'000	490'551'232	-453'899'232
Open apportionment of proceeds on sale/liquidation of foreign assets	6'500'000		6'500'000
Real estate	8'000'000	1	7'999'999
IT-Equipment	2	2	0
Shareholdings, securities	1	1	0
Responsibility claims	p.m.	p.m.	
<b>Total liquidation positions</b>	<b>51'251'389</b>	<b>490'552'710</b>	<b>-439'301'321</b>
<b>TOTAL ASSETS</b>	<b>591'033'031</b>	<b>1'465'363'051</b>	<b>-874'330'020</b>
<b>LIABILITIES</b>			
<b>Debts of the estate</b>			
Accounts payable	335'554	1'208'730	-873'175
Provision, 1st interim payment	17'605'008	230'995'504	-213'390'496
Provision, 2nd interim payment	6'973'778	90'567'240	-83'593'462
Provision, 3rd interim payment	9'333'975	113'245'658	-103'911'683
Provision, 4th interim payment	9'621'304	90'386'794	-86'467'088
Provision, 5th interim payment	34'363'229	0	34'363'229
Provisions for liquidation costs	10'000'000	10'000'000	0
<b>Total debts of the estate</b>	<b>88'232'849</b>	<b>536'403'924</b>	<b>-453'872'674</b>
<b>TOTAL DISPOSABLE ASSETS</b>	<b>502'800'182</b>	<b>928'959'127</b>	<b>-420'457'346</b>

## Overview of the schedule of claims proceedings of SAirGroup

Category	Registered	Schedule of claims					Dividend				
		Recognized	Admitted subject to conditions	Schedule of claims appeal pending	Suspended / New registration	Rejected	Interim payments	Future dividend		Total	
	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF		minimal	maximal	minimal	maximal
Secured by right of lien	-	-	-	-	-	-	-	-	-	-	-
First class	368'483'558.54	77'598'328.29	-	-	2'368'072.68	288'517'157.57	100%	-	-	100%	100%
Second class	862'982.92	705'878.35	-	-	235.55	156'869.02	100%	-	-	100%	100%
Third class <sup>1) 2) 3)</sup>	48'366'215'769.09	11'166'202'157.31	17'308'811.14	-	195'985'273.01	36'986'719'527.63	18.5%	4.4%	4.6%	22.9%	23.1%
<b>Total creditors' claims</b>	<b>48'735'562'310.55</b>	<b>11'244'506'363.95</b>	<b>17'308'811.14</b>	-	<b>198'353'581.24</b>	<b>37'275'393'554.22</b>					

<sup>1)</sup> The minimal dividend calculation factors in 100% of conditional claims.

<sup>2)</sup> The maximum dividend calculation factors in 40% of suspended third-class claims and 0% of conditional claims.

<sup>3)</sup> From the total of the recognized claims the following registered claims which have in the meantime received full payment through dividend and third party payments have been deducted:

- Bank of America	81'064'375.50
- USD-Bond	539'953'749.75

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