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**Registered mail**  
To the creditors of SAirLines  
in debt restructuring liquidation

Küsnacht, October 2005 WuK/fee

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## **SAirLines in debt restructuring liquidation; Circular no. 6**

Ladies and Gentlemen

This Circular provides information on the further course of action concerning avoidance claims.

### **I. AVOIDANCE CLAIMS AGAINST UBS AG AND CREDIT SUISSE GROUP RELATING TO THE USE OF FUNDS RESULTING FROM THE SALE OF THE PARTICIPATION IN CROSSAIR, AS AGREED IN CONNECTION WITH THE PHOENIX TRANSACTION**

The facts of this matter and a preliminary assessment were presented in Circular No. 5, section I.7.7. In order to safeguard its rights vis-à-vis UBS and Credit Suisse Group ("CSG"), on 20 June 2005 SAirLines submitted a conciliation petition ("Sühnbegehren") to the competent justice of the peace for CHF 79,433,907.10 against UBS and one of CHF 76,318,851.90 against CSG, each plus interest at 5% since 20 June 2005. The conciliation hearings were held on 11 August 2005. UBS and CSG are disputing the avoidance claims lodged by SAirLines. The orders ("Weisungen") issued by the justice of the peace allow SAirLines to file an ordinary court action against UBS and CSG, and are valid until 21 November 2005.

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Following a thorough examination of the Phoenix transaction, the Liquidators have concluded that the use of the proceeds from the sale of Crossair shares did not put SAirLines at a disadvantage. The loan to Swissair Swiss Air Transport Company Ltd. and flight-related operations meant that Swissair was able to resume flight operations on 4 October 2001. It also helped to support the continuation of these operations until they were transferred to Swiss International Air Lines AG. This prevented the complete collapse of the Swissair Group and thereby preserved the value of SAirLines' subsidiaries, such as Swissport, Gate Gourmet, SR Technics, Nuance, Restorama and Avireal. The subsidiaries have since been sold. SAirLines was compensated by this preservation of value for the loss it sustained from the grant of the loan. A further factor is that the use of the sale proceeds had little impact on the value of the participation in Crossair. Consequently, neither UBS nor CSG made any gain that could be attributed to the specific use of the aforementioned loan.

With a view to the above, the chances of a successful challenge against UBS and CSG with regard to the use of funds resulting from the sale of the Crossair holding, as agreed in connection with the Phoenix transaction, are regarded as poor. The liquidation bodies will therefore not be pursuing this matter further.

## **II. OTHER AVOIDANCE CLAIMS**

SAirLines is pursuing the remaining avoidance claims itself for the time being (see Circular No. 5, section I.8).

## **III. WAIVER OF PURSUANCE OF DISPUTED CLAIMS**

### **1. General**

Each creditor is entitled to request the assignment of the right to take legal action in respect of those legal claims for which the Liquidators and the Creditors' Committee decide not to further pursue them (Art. 325 in conjunction with Art. 260 of the Swiss Debt Enforcement and Bankruptcy Law (DEBL)). A creditor who requests assignment is entitled to assert the legal claim at his own risk and expense. In the

event that he should win the legal action, he is entitled to use any award to cover both the costs incurred and his claims against SAirLines. Any surplus would have to be surrendered to the liquidation assets. If the creditor should lose the action, he is liable for any court and legal fees.

**2. Assignment requests by individual creditors**

Creditors are hereby offered the assignment of the right to pursue an action in respect of the SAirLines avoidance claim against UBS AG and Credit Suisse Group relating to the use of funds resulting from the sale of the Crossair holding, as agreed in connection with the Phoenix transaction (see Section I. above).

Requests for assignment within the meaning of Art. 260 DEBL may be lodged with the undersigned Liquidator **in writing by 7 November 2005 at the latest** (date of postmark of a Swiss post office). The right to request assignment will be deemed to be **forfeited** if this deadline is not met.

Further information on proceedings is scheduled to be sent out to creditors in December 2005.

Yours sincerely

SAirLines in debt restructuring liquidation

For the Liquidators

Karl Wüthrich

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