

**Unofficial Translation  
of German Original**

To the creditors of SAirLines AG  
in debt restructuring liquidation

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## **SAirLines AG in debt restructuring liquidation; Circular no. 20**

Dear Sir or Madam

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

### **I. REPORT ON ACTIVITIES AS OF 31 DECEMBER 2014**

After having been acknowledged and approved by the Creditors' Committee, the twelfth Liquidators' reports on activities for 2014 was submitted to the debt restructuring judge at the District Court of Zurich on 27 February 2015. The report on activities will be available for inspection by creditors at the offices of the Co-Liquidator Karl Wüthrich at Wenger Plattner, Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 8 April 2015. Appointments are to be made in advance with Christian Rysler (phone: +41 43 222 38 00).

The following pages summarise the content of the report on activities.

### **II. OVERVIEW OF THE LIQUIDATION PROCESS**

#### **1. ACTIVITIES OF THE LIQUIDATORS**

During 2014, the Liquidators' main focus was on the pursuit of pending actions brought by creditors to contest the schedule of claims (cf. Sections III.4.2. and

4.3. below) and the execution of an agreement on the disbandment of the former Swissair VAT group (cf. Section IV.2. below).

## 2. ACTIVITIES OF THE CREDITORS' COMMITTEE

The Creditors' Committee held no meetings in 2014. It did, however, pass a resolution by circular motion on a proposal submitted by the Liquidators.

## III. ASSET STATUS OF SAIRLINES AS AT 31 DECEMBER 2014

### 1. PRELIMINARY REMARKS

Enclosed is a report on the liquidation status of SAirLines as at 31 December 2014 (Enclosure 1). It contains a statement of assets and liabilities of SAirLines as at 31 December 2014, according to present information.

### 2. ASSETS

Pending apportionment of proceeds from the sale of Restorama/RailGourmet and AFS: It has not yet been possible to close the escrow accounts pertaining to Restorama/RailGourmet (see also Circular no. 10, Section IV.2.). For this reason, the item "Pending apportionment of proceeds and escrow accounts from the sale of Restorama/RailGourmet and AFS" is listed in the liquidation status as at 31 December 2014 in the amount of CHF 14,880,205.

As-yet unrealised assets: This item consists primarily of claims against former Swissair group companies and shareholdings held by SAirLines. Furthermore, any responsibility claims are included in the liquidation status pro memoria. As-yet unrealised assets are valued conservatively. The liquidation values stated should be able to be achieved.

### 3. DEBTS INCURRED IN THE COURSE OF THE LIQUIDATION PROCESS

Accounts payable: The accounts payable reported as at 31 December 2014 relate to costs incurred during debt restructuring liquidation.

Provisions for first, second and third interim payments: The liquidation status of SAirLines as at 31 December 2014 includes the following provisions for the first, second and third interim payments:

Reason for provision	First interim payment in CHF	Second interim payment in CHF	Third interim payment in CHF
No payment instructions or payments not carried out for other reasons	2,636,564	1,785,891	1,927,080

Claims in pending schedule of claims proceedings	46,922,944	25,416,595	34,214,647
Suspended claims	290,677,823	147,425,799	104,828,940
<b>Total provisions</b>	<b>340,237,331</b>	<b>174,628,285</b>	<b>140,970,667</b>

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

#### 4. CREDITORS' CLAIMS

##### 4.1 *Preliminary remarks*

The enclosed overview of the schedule of claims proceedings (Enclosure 2) states the current total of claims according to their classes and specifies those that have been registered, recognised, definitively rejected, and those that are in dispute (actions to contest the schedule of claims) or still suspended. The amounts of claims with preferential rights to the estates of S Air Logistics AG, S Air Relations AG and S Air Services AG, as well as those of third-class claims, are still subject to change as efforts to settle the schedule of claims proceed.

As of the end of 2014, two actions contesting the schedule of claims in the total amount of CHF 977 million were still pending.

##### 4.2 *Action contesting the schedule of claims filed by the Belgian government*

The civil appeal against the ruling of the High Court of the Canton of Zurich, which was submitted to the Federal Supreme Court in the schedule of claims proceedings on 1 July 2013 by the Belgian government and the companies it controls, is still pending. The Federal Supreme Court has not yet set SAirLines a deadline by which to respond to the appeal.

##### 4.3 *Action contesting the schedule of claims filed by Sabena S.A.*

The Federal Supreme Court has not yet ruled on the civil appeal made by Sabena S.A. in liquidation (hereinafter referred to as "Sabena") in December 2012 against the ruling of the High Court of the Canton of Zurich of 8 November 2012. No deadline was set for SAirLines AG to respond to the appeal in 2014.

##### 4.4 *Civil actions in Belgium*

In a ruling dated 4 December 2014, the Belgian Court of Cassation rejected the appeal made by SAirGroup und SAirLines against the ruling of the Brussels Court of Appeal dated 27 January 2011.

The liquidator of Sabena will now have to further substantiate and prove the claimed damages in the proceedings before the Brussels Court of Appeal. The

extent to which the outcome of the Belgian civil proceedings influences the schedule of claims of SAirLines depends on whether the Swiss courts adjudge that a Belgian ruling is effective in the pending actions contesting the schedule of claims. This was not the case previously (cf. Section III.4.5 below).

#### 4.5 *Exequatur proceedings*

In the ruling of 8 May 2014, the Swiss Federal Supreme Court approved the civil appeal filed by SAirGroup and SAirLines on 12 December 2012 against the exequatur ruling of the High Court of the Canton of Zurich. It annulled the ruling of the High Court of the Canton of Zurich and dismissed the application made by Sabena to recognise and declare enforceable the ruling of the Brussels Court of Appeal dated 27 January 2011.

On 23 June 2014, Sabena submitted a revision application against this ruling to the Federal Supreme Court. It applied for the Federal Supreme Court's legal ruling to be repealed and the ruling of the High Court of the Canton of Zurich dated 7 November 2012 to be confirmed. The Federal Supreme Court rejected the application for revision by its decision of 27 February 2015. This means that the question of recognition and enforceability of the ruling of the Brussels Court of Appeal dated 27 January 2011, which has become legally binding in the meantime, has definitely been settled. This ruling can be neither recognised nor enforced in Switzerland.

### 5. **ESTIMATED DIVIDEND**

The disposable assets reported in the liquidation status give a maximum dividend of 28.9%, provided that all of the still pending actions to contest the schedule of claims are dismissed and no more than 50% of suspended claims have to be recognised. However, if all of the actions are upheld and the suspended claims have to be recognised in full, the minimum dividend would be 11.8%. Of this, 10.9% has already been paid out in the first, second and third interim payments. The future dividend that may be expected, therefore, is between 0.9% and 18%.

## IV. **REALISATION OF ASSETS**

### 1. **GENERAL**

The Liquidators have continued to collect assets in the reporting period, with the final amount totalling CHF 10,071,962.

### 2. **DISBANDMENT OF THE SWISSAIR VAT GROUP**

On the basis of the agreement relating to the allocation and payment of pre-tax credits owed to the former Swissair VAT group, the Swiss Federal Tax Administration paid the pre-tax credits plus interest to the SAirGroup Liquidator on 18 March and 12 June 2014. The SAirGroup Liquidator then distributed the pre-

tax credits including interest to the members of the group in accordance with the agreement. Pre-tax credits totalling CHF 573,061.90 (including interest) was paid to SAirLines on 19 March and 20 June 2014.

## V. PLANNED NEXT STEPS IN THE PROCEEDINGS

In the coming months the first priority is to assess and settle the complex mutual claims on and due to SAirGroup AG and Swissair Schweizerische Luftverkehr AG. We will be striving to reach mutually agreed solutions. This will also enable the claims that were previously suspended in the schedule of claims to be settled.

Furthermore, the question of responsibility on the part of directors and officers will be reviewed and a decision will be made on the next steps. It is not yet possible at present to estimate how long it will take to complete the liquidation.

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 process in 2015 will be issued by spring 2016 at the latest.

Yours sincerely

SAirLines AG in debt restructuring liquidation  
The Liquidators:

Karl Wüthrich

Roger Giroud

Enclosures: 1. Liquidation status of SAirLines as at 31 December 2014  
2. Overview of the schedule of claims proceedings of SAirLines

## LIQUIDATION STATUS AS OF 31 December 2014

	31.12.2014	31.12.2013	Change
	CHF	CHF	CHF
<b>ASSETS</b>			
<b>Liquid funds</b>			
UBS AG CHF	329'706	49'535	280'171
UBS AG USD	23'881	44'589	-20'708
ZKB CHF	686'575'441	704'386'077	-17'810'636
ZKB USD	4'814	24'906	-20'092
<b>Total liquid funds</b>	<b>686'933'842</b>	<b>704'505'107</b>	<b>-17'571'265</b>
<b>Liquidation positions</b>			
Accounts receivable	195'166	174'766	20'400
Advance on legal costs	13'000	20'500	-7'500
Open apportionment of proceeds and escrow accounts from the sale of Restorama/RailGourmet and AFS	14'880'205	14'875'452	4'753
Receivables from third parties	2'663'148	2'663'148	-
Shareholdings, securities	2'000'006	12'200'006	-10'200'000
Responsibility claims	p.m.	p.m.	p.m.
Avoidance claims	p.m.	p.m.	p.m.
<b>Total liquidation positions</b>	<b>19'751'525</b>	<b>29'933'872</b>	<b>-10'182'347</b>
<b>TOTAL ASSETS</b>	<b>706'685'367</b>	<b>734'438'979</b>	<b>-27'753'612</b>
<b>LIABILITIES</b>			
<b>Debts of the estate</b>			
Accounts payable	7'423	170'328	-162'905
Provision for part of wages for Close Down Team	-	-	-
Provision for liquidation costs	6'232'500	6'232'500	-
Provision, 1st interim payment	340'237'331	340'326'826	-89'495
Provision, 2nd interim payment	174'628'285	174'676'761	-48'476
Provision, 3rd interim payment	140'970'667	-	140'970'667
<b>Total debts of the estate</b>	<b>662'076'206</b>	<b>521'406'415</b>	<b>140'669'791</b>
<b>TOTAL DISPOSABLE ASSETS</b>	<b>44'609'161</b>	<b>213'032'565</b>	<b>-168'423'403</b>

## Overview of the schedule of claims proceedings of SAirLines

Category	Registered	Schedule of claims				Dividend				
		Recognized	Appeal lodged	Decision suspended	Rejected	interim payments	Future Dividend		Total	
	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF		min.	max.	min.	max.
Secured by right of lien	-	-	-	-	-	-	-	-	-	-
Preferential rights to the corporate assets of S Air Logistics AG	83'906'150.39	362'601.33	-	73'600'922.14	9'942'626.92	100%	-	-	100%	100%
Preferential rights to the corporate assets of S Air Relations AG	242'318'436.00	4'292'146.45	-	102'670'180.18	135'356'109.37	100%	-	-	100%	100%
Preferential rights to the corporate assets of S Air Services AG	44'748'165.51	4'439'788.42	-	40'194'187.91	114'189.18	100%	-	-	100%	100%
First class	91'709'000.29	-	-	-	91'709'000.29	100%	-	-	100%	100%
Second Class	6'767.50	6'767.50	-	-	-	100%	-	-	100%	100%
Third Class <sup>1)</sup>	65'471'365'318.57	852'670'454.74	977'561'332.59	2'995'112'590.13	60'646'020'941.11	10.9%	0.9%	18.0%	11.8%	28.9%
<b>Total</b>	<b>65'934'053'838.26</b>	<b>861'771'758.44</b>	<b>977'561'332.59</b>	<b>3'211'577'880.36</b>	<b>60'883'142'866.87</b>					

<sup>1)</sup> The third-class claims for which decisions have been suspended are factored into this calculation at 50%.