

To the creditors of SAirLines AG  
in debt restructuring liquidation

Küsnacht, 26 April 2016

X5196562.docx/WuK/FiS

## **SAirLines AG in debt restructuring liquidation; Circular no. 21**

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. 4TH INTERIM PAYMENT**

Owing to the current financial situation of SAirLines and the fact that a substantial portion of the schedule of claims has been settled, the Liquidators and the Creditors' Committee have decided to issue a fourth interim payment of 3.5% to creditors with recognised third-class claims. Preparations for this interim payment have now been completed. Enclosed with this Circular is the corresponding special notice, which gives more procedural details.

### **II. REPORT ON ACTIVITIES AS OF 31 DECEMBER 2015**

After having been acknowledged and approved by the Creditors' Committee, the thirteenth of the Liquidators' reports on activities for 2015 has been submitted to the debt restructuring judge at the District Court of Zurich on 10 March 2016. The report on activities is available for inspection by creditors at the offices of the Co-Liquidator Karl Wüthrich, Wenger Plattner, Seestrasse 39, Gold-

bach Center, 8700 Küsnacht, until 9 May 2016. If you wish to inspect the report, please call the hotline on +41 43 222 38 50.

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

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

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

Last year, the Liquidators' main focus was the pursuit of pending actions brought by creditors to contest the schedule of claims (see sections IV.4.2 and 4.3 below) and disputes concerning intercompany receivables (see section VI. below) as well as winding up the escrow account pertaining to Restorama/Rail-Gourmet (see section IV.2. below).

#### **2. ACTIVITIES OF THE CREDITORS' COMMITTEE**

The Creditors' Committee held no meetings in 2015. It did pass one resolution by circular motion on a proposal submitted by the Liquidators.

### **IV. ASSET STATUS OF SAIRLINES AS OF 31 DECEMBER 2015**

#### **1. INTRODUCTORY REMARKS**

Enclosed is a report on the liquidation status of SAirLines as of 31 December 2015 (Enclosure 1). It contains a statement of assets and liabilities of SAirLines as of 31 December 2015 according to present information.

#### **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 SAirLines. Thanks to an agreement negotiated with ZKB, it has been possible to reduce this negative interest from its original level of 0.75% to between 0.15% and 0.25% by means of fixed-term deposits of various durations.

Pending apportionment of proceeds from the sale of Restorama/RailGourmet and AFS: It has been possible to close the escrow account pertaining to Restorama/RailGourmet (see Circular no. 10, section IV.2.). Based on the agreement with SAirGroup dated May 2006, SAirLines received CHF 4,040,925.88.

It has not yet been possible to close the escrow account pertaining to AFS (see also Circular no. 2, section 3.2). For this reason, the item "Pending apportionment of proceeds and escrow account pertaining to AFS" is still listed in the liquidation status of SAirLines as of 31 December 2015 in the amount of CHF 5,363,803.

Assets as yet unrealised: This item still consists primarily of claims against former Swissair group companies and of shareholdings held by SAirLines. Furthermore, any responsibility claims are included in the liquidation status pro memoria. Cautious estimates have been given for assets that have not yet been liquidated. It should be possible to achieve the reported liquidation figures.

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

Accounts payable: The accounts payable reported as of 31 December 2015 comprise invoices for liquidation charges.

Provisions for first, second and third interim payments: SAirLines' liquidation status as of 31 December 2015 includes the following provisions for the first, second and third interim payments.

| Nature of provision   | 1st interim payment in CHF | 2nd interim payment in CHF | 3rd interim payment in CHF |
|---|----------------------------|----------------------------|----------------------------|
| No payment instructions or payments not carried out for other reasons | 2,636,564                  | 1,785,891                  | 1,927,080                  |
| Suspended claims  | 318,759,053                | 140,533,341                | 96,190,008                 |
| <b>Total provisions</b>   | <b>321,395,617</b>         | <b>142,319,232</b>         | <b>98,117,088</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 *Introductory 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, S Air Services AG and Roscor AG, as well as those of third-class claims, are still subject to change as efforts to settle the schedule of claims proceed. During 2015, the pending actions to contest the schedule of claims have been resolved.

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

The civil appeal brought by the Belgian government and companies it controls against the ruling of the High Court of Zurich was quashed by the Federal Supreme Court with its ruling of 29 May 2015. All claims filed by the Belgian government and companies it controls have therefore been finally rejected.

#### 4.3 *Action contesting the schedule of claims filed by Sabena SA*

The civil appeal brought by Sabena SA in liquidation (hereafter "Sabena") in December 2012 against the ruling of the High Court of Zurich of 8 November 2012 was quashed by the Federal Supreme Court with its ruling of 29 May 2015. Sabena therefore remains included in the third class with a claim amounting to CHF 397,115,192.55.

#### 4.4 *Civil actions in Belgium*

Sabena's liquidator has not yet further substantiated the claimed damages before the Court of Appeal in Brussels (see Circular no. 20, section III.4.4). Regardless of a potential further ruling of the Brussels Appeal Court, Sabena's corresponding compensation claim against SAirLines in the Swiss schedule of claims proceedings was already finally rejected by the Federal Supreme Court (see section IV.4.3 above).

#### 4.5 *Exequatur proceedings*

In revision proceedings against the Federal Supreme Court ruling of 8 May 2014 regarding exequatur (see Circular no. 20, section IV.4.5), the Federal Supreme Court rejected the application for revision lodged by Sabena in its ruling of 27 February 2015. As a result, the question of the recognition and enforceability of the Brussels Appeal Court ruling of 27 January 2011 has been answered in the negative with legally binding effect.

## **5. ESTIMATED DIVIDEND**

The disposable assets reported in the liquidation status give a maximum dividend of 28.8%, 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 recognized. Should all of the actions be upheld and the suspended claims have to be recognised in full, however, the minimum dividend would be 14.8%. 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 3.9% and 17.9%.

## **V. LIQUIDATION OF ASSETS**

### **1. GENERAL INFORMATION**

The Liquidators continued to collect assets during the period under review. They thereby recovered an amount of CHF 11,468,155.

### **2. APPORTIONING THE PROCEEDS FROM THE LIQUIDATION OF GLOBAL EXCELLENCE (INDIA) PRIVATE LIMITED**

Global Excellence (India) Private Limited ("Global Excellence") was a limited company formed in 1993 under Indian law, with its registered office in Bangalore and later Mumbai. From 1994 onwards, Global Excellence, on the basis of a General Sales Agency Agreement concluded with "Swissair" Swiss Air Transport Company Ltd. ("old Swissair", now SAirGroup), provided numerous agency and sales services for the old Swissair in India.

In 1995 the old Swissair already planned to acquire a stake in Global Excellence. However, this stake was actually only acquired after the restructuring of the Swissair group by Swissair in summer 1997. Swissair then acquired an additional block of shares in Global Excellence in 1999 and thereby finally reached a capital stake of 50.85%.

When Swissair ceased flight operations Global Excellence lost its main business partner. Hence, the decision was made to put Global Excellence into liquidation in November 2002. There was some dispute between Swissair and SAirGroup over who was entitled to the liquidation proceeds attributable to the Swissair stake, which amounted to INR 6,068,000 (equivalent to CHF 165,471

net). As a result, these proceeds were temporarily transferred to a blocked account of Swissair/SAirGroup.

Swissair, SAirGroup and SAirLines have since agreed that the proceeds amounting to CHF 165,471 are payable in full to Swissair. The amount has been transferred to Swissair accordingly.

## **VI. NEXT STEPS IN THE PROCESS**

The complex mutual claims with SAirGroup and Swissair were processed in 2015. Discussions are currently being held between the liquidators to settle the mutual claims. The intention is to find mutually acceptable solutions. This will enable the claims that were previously suspended in the schedule of claims to be settled as well.

Furthermore, the question of the responsibility of management bodies will be considered and a decision taken on how to proceed further. It is not currently possible to estimate how long it will take to complete the liquidation.

Creditors will continue to receive information about important developments in the form of circulars, depending on how things proceed. A report on the progress of the liquidation process this year will be issued by spring 2017 at the latest.

Kind regards

SAirLines AG in debt restructuring liquidation  
The Liquidators:

Karl Wüthrich

Dr. Roger Giroud

Enclosed: 1. Liquidation status of SAirLines as of 31 December 2015  
2. Overview of the schedule of claims proceedings of SAirLines

## LIQUIDATION STATUS AS OF 31 December 2015

|   | 31.12.2015         | 31.12.2014         | Change             |
|---|--------------------|--------------------|--------------------|
|   | CHF                | CHF                | CHF                |
| <b>ASSETS</b>   |                    |                    |                    |
| <b>Liquid funds</b>   |                    |                    |                    |
| UBS AG CHF  | -                  | 329'706            | -329'706           |
| UBS AG USD  | 620'953            | 23'881             | 597'072            |
| ZKB CHF   | 699'508'234        | 686'575'441        | 12'932'793         |
| ZKB USD   | 1'447              | 4'814              | -3'367             |
| <b>Total liquid funds</b>   | <b>700'130'634</b> | <b>686'933'842</b> | <b>13'196'792</b>  |
| <b>Liquidation positions</b>  |                    |                    |                    |
| Accounts receivable   | 258'449            | 195'166            | 63'283             |
| Advance on legal costs  | -                  | 13'000             | -13'000            |
| Open apportionment of proceeds and escrow accounts from the sale of AFS | 5'363'803          | 14'880'205         | -9'516'402         |
| Receivables from third parties  | 229'113            | 2'663'148          | -2'434'035         |
| Shareholdings, securities   | 2'000'005          | 2'000'006          | -1                 |
| Responsibility claims   | p.m.               | p.m.               | p.m.               |
| Avoidance claims  | p.m.               | p.m.               | p.m.               |
| <b>Total liquidation positions</b>                                      | <b>7'851'370</b>   | <b>19'751'525</b>  | <b>-11'900'155</b> |
| <b>TOTAL ASSETS</b>   | <b>707'982'004</b> | <b>706'685'367</b> | <b>1'296'637</b>   |
| <b>LIABILITIES</b>  |                    |                    |                    |
| <b>Debts of the estate</b>  |                    |                    |                    |
| Accounts payable  | 85'217             | 7'423              | 77'794             |
| Provision for part of wages for Close Down Team                         | -                  | -                  | -                  |
| Provision for liquidation costs   | 6'232'500          | 6'232'500          | -                  |
| Provision, 1st interim payment  | 321'395'617        | 340'237'331        | -18'841'714        |
| Provision, 2nd interim payment  | 142'319'232        | 174'628'285        | -32'309'053        |
| Provision, 3rd interim payment  | 98'117'088         | 140'970'667        | -42'853'579        |
| <b>Total debts of the estate</b>  | <b>568'149'655</b> | <b>662'076'206</b> | <b>-93'926'551</b> |
| <b>TOTAL DISPOSABLE ASSETS</b>  | <b>139'832'349</b> | <b>44'609'161</b>  | <b>95'223'188</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 | 83'602'175.69            | 362'601.33            | -             | 73'098'313.18           | 10'141'261.18            | 100%             | -               | -     | 100%  | 100%  |
| Preferential rights to the corporate assets of S Air Relations AG | 242'520'007.10           | 4'292'146.45          | -             | 102'871'751.28          | 135'356'109.37           | 100%             | -               | -     | 100%  | 100%  |
| Preferential rights to the corporate assets of S Air Services AG  | 44'790'677.88            | 4'439'788.42          | -             | 40'216'324.53           | 134'564.93               | 100%             | -               | -     | 100%  | 100%  |
| Preferential rights to the corporate assets of Roscor AG          | 39'732'844.00            | -                     | -             | 39'732'844.00           | -                        | 0%               | 1.00            | 1.00  | 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>   | 65'373'494'764.64        | 852'670'454.74        | -             | 2'748'285'956.66        | 61'772'538'353.24        | 10.9%            | 3.9%            | 17.9% | 14.8% | 28.8% |
| <b>Total</b>  | <b>65'875'856'237.10</b> | <b>861'771'758.44</b> | <b>-</b>      | <b>3'004'205'189.65</b> | <b>62'009'879'289.01</b> |                  |                 |       |       |       |

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