

**Unofficial Translation  
of German Original**

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To the creditors of SAirLines AG  
in debt restructuring liquidation

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## **SAirLines AG in debt restructuring liquidation; Circular no. 23**

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. FIFTH INTERIM PAYMENT**

Owing to the current financial situation of SAirLines and the fact that the schedule of claims has been settled, the Liquidators and the Creditors' Committee have decided to issue a fifth interim payment of 22.9% to the 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 2016**

Having been acknowledged and approved by the Creditors' Committee, the fourteenth of the Liquidators' reports on activities for 2016 has been submitted to the debt restructuring judge at the District Court of Zurich on 7 March 2017. The report on activities is available for inspection by creditors at the offices of

the Co-Liquidator Karl Wüthrich, Wenger Plattner, Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 22 May 2017. If you wish to inspect the report, please call the hotline on +41 43 222 38 50.

The following pages summarise the report on activities insofar as the creditors have not already been provided information by way of Circular no. 22 of December 2016.

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

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

Last year, the Liquidators' main focus was the settlement of claims within the group (see Circular no. 22, section II.), the sale of the claims against the Volare companies (see Circular no. 22, section I.) and the sale of the holding in Galileo Japan (see section V.2. below).

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

The Creditors' Committee held one meeting in 2016. At this meeting, the Committee discussed the various proposals submitted by the Liquidators and passed resolutions accordingly. It also passed resolutions by circular motion on two proposals submitted by the Liquidators.

### **IV. ASSET STATUS OF SAIRLINES AS OF 31 DECEMBER 2016**

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

Enclosed is a report on the liquidation status of SAirLines as of 31 December 2016 (Enclosure 1). It contains a statement of assets and liabilities of SAirLines as of 31 December 2016 according to 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 SAirLines. In 2016 negative interest of CHF 3,996,785 was charged. The average negative interest that was charged was slightly under 0.7%.

Open apportionment of proceeds from the sale of AFS shareholding: The escrow account regarding AFS of CHF 5,323,636 (see Circular no. 2, section 3.2) could not yet be closed.

Claims against third parties: This position has been reassessed after the settlement of claims within the group (see Circular no. 22, section II). On the one hand, the value of the claims against Swissair was reassessed based on the recognised claim amount and the projected liquidating dividend of Swissair. In addition, the value of the listed claim against Gourmet Nova AG in insolvency was also reassessed on the basis of its own dividend estimate. These reassessments have made a significant contribution to the increase in “claims against third parties” of CHF 17,123,998 compared with the liquidation status as of 31 December 2015.

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

Accounts payable: The accounts payable reported as of 31 December 2016 relate to invoices for liquidation charges.

Provisions for the first four interim payments: SAirLines’ liquidation status as of 31 December 2016 includes the following provisions for the first four interim payments:

Nature of provision	1st interim payment in CHF	2nd interim payment in CHF	3rd interim payment in CHF	4th interim payment in CHF
No payment instruction or payments not carried out for other reasons	146,186,564	70,790,031	31,677,080	31,672,769

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

### 4. CREDITORS’ CLAIMS

The schedule of claims has been settled (see Circular no. 21, section IV.4. and Circular no. 22, section II). The amounts of claims in the various classes noted in the liquidation status as of 31 December 2016 should not be subject to any more changes.

### 5. ESTIMATED DIVIDEND

The asset side of SAirLines’s balance sheet has now essentially been settled. The allocation of proceeds from realisation of assets is still open (see sec-

tion IV.2. above) as are responsibility claims. As regards the claims against group companies that are in insolvency proceedings at home and abroad, it is a question of waiting for the receipt of the insolvency dividends on the recognised claims. In addition, proceeds from the liquidation of shareholdings of SAirLines may also be expected.

Based on current knowledge, a liquidating dividend totalling approximately 38.7% can be anticipated. Of this, 14.4% has already been paid out in the first four interim payments. As a result, the remaining liquidating dividend to be expected is 24.3%.

## **V. LIQUIDATION OF ASSETS**

### **1. GENERAL INFORMATION**

The Liquidators continued to collect assets during the period under review, recovering an amount of CHF 8,082,968.

### **2. SALE OF HOLDING IN GALILEO JAPAN**

Indirectly through Galileo Japan Partnership, Delaware (hereinafter “Galileo Japan”), SAirLines held a stake of 11% in Galileo Japan KK, Tokyo (hereinafter “Galileo Tokyo”). The remaining shares of Galileo Tokyo were held by various active airlines, also through Galileo Japan. United Air Lines was the largest shareholder with about 56% of the shares.

Galileo Tokyo operates an airline-independent booking platform for airline services. It is exclusively for professional use by travel agencies and agents and covers the Japanese market. The active airlines wanted to sell their holdings in Galileo Tokyo for various reasons. United Air Lines was given the task by the other shareholders to hold negotiations with potential buyers for a sale of Galileo Tokyo. The only company interested in purchasing Galileo Tokyo was Travelport Global Limited (hereinafter “Travelport”). The negotiated purchase price was USD 14.8 million. A condition for this purchase price, however, was that United Air Lines and Air Canada guarantee a significant volume of bookings (volume commitment). In light of this situation, it was agreed that the volume commitments of United Air Lines and Air Canada would be paid out of the proceeds of the sale. With this transaction structure, SAirLines was able to expect to receive approximately USD 1.2 million from the sale.

The Creditors' Committee of SAirLines approved this sale. So far SAirLines has received USD 1,247,674 (or CHF 1,201,940) from the sale. The final payment to SAirLines will be in 2017.

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

Over the next few months the Liquidators and the Creditors' Committee will decide on the further course of action on the responsibility of the management bodies. In addition, the escrow account regarding AFS (see section IV.2. above) is to be allocated.

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 2018 at the latest.

Kind regards

SAirLines AG in debt restructuring liquidation

The Liquidators:

Karl Wüthrich

Prof. Dr. Roger Giroud

- Appendices: 1. Liquidation status of SAirLines as of 31 December 2016  
2. Overview of the schedule of claims proceedings of SAirLines

## LIQUIDATION STATUS AS OF 31 December 2016

	31.12.2016	31.12.2015	Change
	CHF	CHF	CHF
<b>ASSETS</b>			
<b>Liquid funds</b>			
UBS AG USD	-	620'953	-620'953
ZKB CHF	10'640'867	699'508'234	-688'867'367
ZKB USD	1'888'188	1'447	1'886'741
ZKB Money Market Investment	298'655'000	-	298'655'000
ZKB Fixed Term Deposits	365'000'000	-	365'000'000
<b>Total liquid funds</b>	<b>676'184'055</b>	<b>700'130'634</b>	<b>-23'946'579</b>
<b>Liquidation positions</b>			
Accounts receivable	63'356	258'449	-195'093
Open apportionment of proceeds and escrow accounts from the sale of AFS	5'323'636	5'363'803	-40'167
Receivables from third parties	17'353'111	229'113	17'123'998
Shareholdings, securities	1'700'004	2'000'005	-300'001
Responsibility claims	p.m.	p.m.	p.m.
Avoidance claims	p.m.	p.m.	p.m.
<b>Total liquidation positions</b>	<b>24'440'107</b>	<b>7'851'370</b>	<b>16'588'737</b>
<b>TOTAL ASSETS</b>	<b>700'624'162</b>	<b>707'982'004</b>	<b>-7'357'842</b>
<b>LIABILITIES</b>			
<b>Debts of the estate</b>			
Accounts payable	5'793	85'217	-79'424
Provision for part of wages for Close Down Team	-	-	-
Provision for liquidation costs	6'232'500	6'232'500	-
Provision, 1st interim payment	146'186'564	321'395'617	-175'209'053
Provision, 2nd interim payment	70'790'031	142'319'232	-71'529'201
Provision, 3rd interim payment	31'677'080	98'117'088	-66'440'008
Provision, 4th interim payment	31'672'769	-	31'672'769
<b>Total debts of the estate</b>	<b>286'564'738</b>	<b>568'149'655</b>	<b>-281'584'917</b>
<b>TOTAL DISPOSABLE ASSETS</b>	<b>414'059'424</b>	<b>139'832'349</b>	<b>274'227'075</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 est.	Total est.
	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF			
Secured by right of lien	-	-	-	-	-	-	-	-
Preferential rights to the corporate assets of S Air Logistics AG	83'602'175.69	50'362'601.33	-	-	33'239'574.36	100%	-	100%
Preferential rights to the corporate assets of S Air Relations AG	242'520'007.10	74'292'146.45	-	-	168'227'860.65	100%	-	100%
Preferential rights to the corporate assets of S Air Services AG	44'790'677.88	34'439'788.42	-	-	10'350'889.46	100%	-	100%
Preferential rights to the corporate assets of Roscor AG	39'732'844.00	-	-	-	39'732'844.00	0%	-	0%
First class	91'709'000.29	-	-	-	91'709'000.29	100%	-	100%
Second Class	6'767.50	6'767.50	-	-	-	100%	-	100%
Third Class	65'373'494'764.64	1'702'670'454.74	-	-	63'670'824'309.90	14.4%	24.3%	38.7%
<b>Total</b>	<b>65'875'856'237.10</b>	<b>1'861'771'758.44</b>	-	-	<b>64'014'084'478.66</b>			

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

**Hotline SAirLines AG  
in debt restructuring liquidation**

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