

**Unofficial Translation  
of German Original**

To the creditors of Flightlease AG  
in debt restructuring liquidation

Küsnacht, 12 July 2005 WuK/fee

**Flightlease AG in debt restructuring liquidation;  
Circular no. 5**

Ladies and Gentlemen

This Circular provides information on the progress of the debt restructuring liquidation of Flightlease AG since the beginning of March 2005:

**I. PRESENTATION OF SCHEDULE OF CLAIMS FOR INSPECTION BY CREDITORS**

**1. Procedure**

The schedule of claims and the current liquidation status of Flightlease AG as of 31 May 2005, including the inventory, will be available for inspection by creditors between 13 July and 2 August 2005 at the office of the Liquidator at Seestrasse 39, Goldbach Center, 8700 Küsnacht. Please make an appointment with Ch. Rysler, tel. +41 43 222 38 00.

Actions to contest the schedule of claims must be lodged with the single judge in accelerated proceedings at the District Court of Bülach, Spitalstrasse 13, 8180 Bülach, within 20 days of the public announcement in the Swiss Official Gazette of Commerce that the schedule of claims is available for inspection. The respective announcement in the Swiss Official Gazette of Commerce will be made on 13 July 2005. The 20 day period will thus run until 2 August 2005 (date of postmark of a Swiss post office). If no actions to contest the schedule of claims are lodged, the schedule of claims will become final.

For each creditor whose claims have been wholly or partly rejected, or not recognised in the class in which they were submitted, a personal

notification of the decision with regard to the schedule of claims is enclosed with this Circular. These special notices are in German, the official language to conduct the insolvency proceedings of Flightlease AG, and will not be translated by the Liquidator into other languages. Legal proceedings in connection with any action to contest the schedule of claims will also be held exclusively in German.

## **2. Schedule of claims**

### *2.1 Overview*

An overview of the schedule of claims is given in Appendix 1. The main individual points are as follows:

### *2.2 Claims secured by rights of lien*

All registered claims secured by rights of lien were settled in September 2004 with the execution of an agreement with all of the creditors holding such rights. This agreement governed the realisation of the four airframes – HB-IJB, HB-IJF, HB-IJG and HB-IOD – that had been pledged as security. As a result, the schedule of claims no longer includes any claims secured by rights of lien.

### *2.3 First-class claims*

256 creditors registered first-class claims totalling CHF 97,885,400.05. Of these, claims from 18 creditors, worth CHF 976,099.26 in total, are recognised. The majority of the rejected claims had been lodged by former employees of Swissair Swiss Air Transport Company Ltd. ("Swissair"). The assessment of the claims in the total amount of CHF 2,154,792.99 registered by the five members of the management of Flightlease AG is suspended until it has been established whether or not these persons face any responsibility claims which might be set off against the registered claims.

### *2.4 Second-class claims*

Two creditors registered second-class claims totalling CHF 2,653.90. Both claims are recognised.

### *2.5 Third-class claims*

Third-class claims totalling CHF 18,776,586,367.25 were registered by 103 creditors. Of these, claims worth CHF 1,829,466,467.92 are recognised. The assessment of claims in the total amount of CHF 513'896'242.11, registered by six creditors, is suspended until the precise circumstances of these claims have been clarified.

**II. ESTIMATED DIVIDEND**

The realisation of assets is largely completed. The liquidation status of Flightlease AG as of 31 May 2005 (Appendix 2) provides information on current disposable assets. The successful enforcement of responsibility claims is now the only means of bringing about a significant improvement on the asset side. However, the complex relationships involved in the prospective responsibility claims mean that their financial outcome is impossible to predict at the present time.

On the basis of the disposable assets reflected in the liquidation status, the maximum dividend will be 9%, provided no actions to contest the rejection of registered claims are lodged and upheld. However, if all of the creditors concerned are successful in their actions to contest the rejection of their claims, the minimum dividend will be 0.4%. A more accurate assessment of the situation will be possible once the period to contest the schedule of claims has expired and it has been established whether or not such actions have been lodged, and what claims they relate to.

**III. ASSERTION OF RESPONSIBILITY CLAIMS**

In May 2005 a draft writ concerning responsibility for Flightlease AG's loss of some CHF 63 million from the Swissair Group cash pool was submitted to the members of the Board of Directors and Executive Board of SAirGroup and Flightlease AG who were in office after the introduction of the Swissair Group cash pool. The petition for conciliation was submitted to the competent justice of the peace (*Friedensrichteramt*) at the same time.

In the final months before the provisional debt restructuring moratorium was granted on 5 October 2001, around CHF 70 million were transferred via the Swissair Group cash pool to the pool leader of the cash pool, SAirGroup Finance (NL) B.V. Bankruptcy proceedings were opened against SAirGroup Finance (NL) B.V. in March 2002. Flightlease AG's claims have been recognised in the SAirGroup Finance (NL) B.V. bankruptcy proceedings, and Flightlease AG has so far received payments on account amounting to 7.5%. Flightlease AG is currently carrying a loss of around CHF 63 million on its cash pool claim.

In the view of the Liquidator and the Creditors' Committee, the governing and executive bodies that are the subject of the writ were in

breach of their obligations in the introduction and operation of the cash pool, and are thus responsible for the loss that has been incurred.

The individuals concerned now have the opportunity to respond to the draft writ. Creditors will be kept informed on the further course of the proceedings.

In addition to the legal action that has been instituted as described above, other facts are to be examined to establish whether or not the preconditions for responsibility claims against governing and executive bodies are met.

**IV. NEXT STEPS IN THE PROCEEDINGS**

Once the deadline for the lodging of actions to contest the schedule of claims has expired, the extent to which the schedule is final will be established and it will be possible to decide whether and to what extent an initial payment on account can be made to creditors. The creditors will then be notified of the timing of any such payment.

Yours sincerely

Flightlease AG in debt restructuring liquidation

The Liquidator

Karl Wüthrich

- Encs:
1. Overview of schedule of claims relating to Flightlease AG
  2. Liquidation status of Flightlease AG as of 31 May 2005

**CREDITORS' CLAIMS**

| Category                       | Registered |                          | by Liquidator |                         |          |                          |                    |                       |
|--------------------------------|------------|--------------------------|---------------|-------------------------|----------|--------------------------|--------------------|-----------------------|
|                                | Number     | Amount CHF               | recognised    |                         | rejected |                          | decision suspended |                       |
|                                |            |                          | Number        | Amount CHF              | Number   | Amount CHF               | Number             | Amount CHF            |
| Secured by right of lien       | -          | -                        | -             | -                       | -        | -                        | -                  | -                     |
| First class                    | 256        | 97'885'400.05            | 18            | 976'099.26              | 233      | 94'754'507.80            | 6                  | 2'154'792.99          |
| Second class                   | 2          | 2'653.90                 | 2             | 2'653.90                | -        | -                        | -                  | -                     |
| Third class                    | 103        | 18'776'586'367.25        | 49            | 1'829'466'467.92        | 48       | 16'433'223'657.22        | 6                  | 513'896'242.11        |
| <b>Total creditors' claims</b> |            | <b>18'874'474'421.20</b> |               | <b>1'830'445'221.08</b> |          | <b>16'527'978'165.02</b> |                    | <b>516'051'035.10</b> |

**LIQUIDATION STATUS AS OF 31 MAY 2005**

|                                    | <b>31.05.2005</b>  | <b>31.12.2004</b>  | <b>Change</b>  |
|------------------------------------|--------------------|--------------------|----------------|
|                                    | <b>CHF</b>         | <b>CHF</b>         | <b>CHF</b>     |
| <b>ASSETS</b>                      |                    |                    |                |
| <b>Liquid funds</b>                |                    |                    |                |
| UBS CHF 803.530.01B                | 161'580'086        | 161'669'859        | -89'773        |
| UBS USD 803.530.60M                | 1'469'104          | 1'023'464          | 445'640        |
| <b>Total liquid funds</b>          | <b>163'049'190</b> | <b>162'693'323</b> | <b>355'867</b> |
| <b>Liquidation positions</b>       |                    |                    |                |
| Accounts receivable                | 89'893             | 194'533            | -104'640       |
| Receivables from third parties     | 6'547'342          | 6'166'821          | 380'521        |
| Shareholdings                      | 5                  | 5                  | 0              |
| Furnishings, spare parts           | 2                  | 2                  | 0              |
| Responsibility claims              | p.m.               | p.m.               |                |
| Pauliana claims                    | p.m.               | p.m.               |                |
| <b>Total liquidation positions</b> | <b>6'637'242</b>   | <b>6'361'361</b>   | <b>275'881</b> |
| <b>TOTAL ASSETS</b>                | <b>169'686'432</b> | <b>169'054'684</b> | <b>631'748</b> |
| <b>LIABILITIES</b>                 |                    |                    |                |
| <b>Debts of the estate</b>         |                    |                    |                |
| Accounts payable                   | 21'276             | 34'083             | -12'807        |
| Provisions for liquidation costs   | 2'000'000          | 2'000'000          | 0              |
| <b>Total debts of the estate</b>   | <b>2'021'276</b>   | <b>2'034'083</b>   | <b>-12'807</b> |
| <b>TOTAL DISPOSABLE ASSETS</b>     | <b>167'665'156</b> | <b>167'020'601</b> | <b>644'555</b> |

**CREDITORS' CLAIMS**

| Category                       | Registered     | by Liquidator |                   |                    | Dividend |        |
|--------------------------------|----------------|---------------|-------------------|--------------------|----------|--------|
|                                |                | recognised    | rejected          | decision suspended | min.     | max.   |
| Secured by right of lien       | -              | -             | -                 | -                  | -        | -      |
| First class                    | 97'885'400     | 976'099       | 94'754'507.80     | 2'154'792.99       | 100.0%   | 100.0% |
| Second class                   | 2'654          | 2'654         | -                 | -                  | 100.0%   | 100.0% |
| Third class                    | 18'776'586'367 | 1'829'466'468 | 16'433'223'657.22 | 513'896'242.11     | 0.4%     | 9.0%   |
| <b>Total creditors' claims</b> | 18'874'474'421 | 1'830'445'221 | 16'527'978'165.02 | 516'051'035.10     |          |        |