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**Unofficial Translation of
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To the creditors of Flightlease AG in
debt restructuring liquidation

Küsnacht, March 2006 WuK/fee

**Flightlease AG in debt restructuring liquidation;
Circular No. 8**

Ladies and Gentlemen

This Circular provides information on the progress of the Flightlease AG debt restructuring proceedings since the beginning of December 2005, as well as on the next steps planned in these proceedings over the coming months.

I. REPORT ON ACTIVITIES AS OF 31 DECEMBER 2005

Having been acknowledged and approved by the Creditors' Committee, the third of the Liquidator's reports on activities for 2005 has been submitted to the debt restructuring judge at the district court of Bülach on 28 February 2006. The report on activities will be available for inspection by creditors at the Liquidator's offices at Seestrasse 39, Goldbach-Center, 8700 Küsnacht until 28 March 2006. Appointments must be made in advance with Ch. Rysler, telephone +41 43 222 38 00.

The following is a summary of those points of the report on activities which have not already been covered by one of the Circulars published over the past year.

II. OVERVIEW OF THE LIQUIDATION PROCESS

1. Activities of the Liquidator

Creditors were informed in Circulars No. 4 to 7 about the most important work regarding the liquidation of assets. Once again, the activities of the Liquidator over the past year have concentrated on drawing up the schedule of claims. This work was completed in the summer of 2005 and the schedule of claims was then presented for inspection by the creditors between 13 July and 2 August 2005. Supplement No. 1 was presented for inspection by the creditors between 30 November and 20 December 2005.

Work on investigating potential responsibility claims was pursued in close collaboration with the Creditors' Committee. A first claim, concerning transactions executed through the Swissair group cash pool, was drawn up and filed with the District Court of Bülach (see Circular No. 7, section IV). There was also a review of certain matters associated with the Flightlease AG financial statements as at 31 December 2000. These enquiries are still ongoing.

2. Activities of the Creditors' Committee

The Creditors' Committee held a total of five meetings in 2005. At its meetings, the Committee discussed the various proposals submitted by the Liquidator and passed resolutions accordingly.

III. REALIZATION OF ASSETS

The Liquidator collected accounts receivable of around CHF 770,000 during the period under review. In addition, more MD-11 spare parts could be sold from the stocks that still exist in the USA.

IV. ASSET STATUS OF FLIGHTLEASE AG AS OF 31 DECEMBER 2005

1. Introductory remark

Enclosed is a report on the liquidation status of Flightlease AG as at 31 December 2005, containing a statement of the assets of Flightlease

AG in debt restructuring liquidation as of that date, according to present knowledge.

2. Assets

As-yet unrealized assets consist primarily of claims against former Swissair group companies, participations held by Flightlease AG and an MD-11 spare parts storage facility in the USA. Moreover, any responsibility and avoidance claims are carried pro memoria.

3. Debts of the estate

Accounts payable by the estate reported as at 31 December 2005 concern costs that have been incurred during the debt restructuring liquidation.

Of the provision for the first interim payment, totalling CHF 90,191,848.80, CHF 8,896,654.70 relate to payments that could not be made until January 2006 because creditors were late in submitting their payment instructions to the Liquidator. Meanwhile, CHF 2,443,187.25 relate to interim payments for conditional claims for which the conditions have not yet been met. A further CHF 64,654,211.10 concern interim payments for claims for which an action to contest the schedule of claims is pending. The remainder of the provision – CHF 14,197,795.75 – is for claims that are still suspended at present. The provision that has been made guarantees the maximum amount of all interim payments for all claims that have not yet been assessed.

4. Creditors' claims

Please refer to Circulars No. 6 and 7 for information on the progress on the clearing up of the schedule of claims, as well as a summary of creditors' claims (appendix). No actions to contest Supplement No. 1 to the schedule of claims were lodged.

Meanwhile, the last action to contest the schedule of claims with regard to first-class claims was withdrawn at the main hearing at the District Court of Bülach in February 2006, thereby settling this matter in full.

5. Estimated dividend

The disposable assets reported in the liquidation status give a maximum dividend of 9%, providing all of the lodged actions to contest the schedule of claims are unsuccessful and suspended claims are rejected. Should all of the actions be admitted and the suspended claims have to be recognized, however, the minimum dividend would be 3.3%.

V. PLANNED NEXT STEPS IN THE PROCESS

The next phase of proceedings will involve clearing up the schedule of claims and liquidating the last remaining assets. The liquidation bodies will focus on pursuing responsibility claims. It is not possible at present to estimate how long it will take before this issue is settled. Creditors will be provided with further information in a Circular that is planned for the autumn of 2006 at the latest.

Yours sincerely

Flightlease AG in debt restructuring liquidation

The Liquidator

Karl Wüthrich

Encl.: Liquidation status of Flightlease AG in debt restructuring liquidation as at 31 December 2005, including a summary of creditors' claims

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Flightlease AG in debt restructuring liquidation

LIQUIDATION STATUS AS OF 31 DECEMBER 2005

	31.12.2005 CHF	31.12.2004 CHF	Change CHF
ASSETS			
Liquid funds			
UBS CHF 803.530.01B	126'897'679	161'669'859	-34'772'180
UBS USD 803.530.60M	63'254	1'023'464	-960'210
Total liquid funds	126'960'933	162'693'323	-35'732'390
Liquidation positions:			
Accounts receivable	385'655	194'533	191'122
Receivables from third parties	6'750'023	6'166'821	583'202
Shareholdings	54'004	5	53'999
Furnishings, spare parts	2	2	0
Responsibility claims	p.m.	p.m.	
Pauliana claims	0	p.m.	
Total liquidation positions	7'189'684	6'361'361	828'323
TOTAL ASSETS	134'150'617	169'054'684	-34'904'067
LIABILITIES			
Debts of the estate			
Accounts payable	53'859	34'083	19'776
Provision, 1st interim payment	90'191'849	0	90'191'849
Provisions for liquidation costs	2'000'000	2'000'000	0
Total debts of the estate	92'245'708	2'034'083	90'211'625
TOTAL DISPOSABLE ASSETS	41'904'909	167'020'601	-125'115'692

CREDITORS' CLAIMS

Category	Registered	Schedule of claims				Dividend						
		Recognised	Appeal lodged	Decision suspended	Rejected finally	1st interim payment	Future dividend		Total			
		CHF	CHF	CHF	CHF		min.	max.	min.	max.		
Secured by right of lien	-	-	-	-	-	-	-	-	-	-	-	-
First class	97'919'713.91	1'258'541.66	12'771.05	1'350'389.68	95'298'011.52	100%	-	-	100%	-	100%	100%
Second class	2'653.90	2'653.90	-	-	-	100%	-	-	100%	-	100%	100%
Third class	18'776'586'367.25	1'829'469'032.22	2'585'657'602.86	513'896'242.11	13'847'563'490.06	2.50%	0.8%	6.5%	3.3%	9.0%		
Total creditors' claim	18'874'508'735.06	1'830'730'227.78	2'585'670'373.91	515'246'631.79	13'942'861'501.58							