

**Unofficial Translation
of German Original**

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To the creditors of Flightlease AG
in debt restructuring liquidation

Küsnacht, March 2015

Flightlease AG in debt restructuring liquidation; Circular No. 18

Dear Sir or Madam

This circular provides information on the progress of the Flightlease AG debt restructuring liquidation proceedings since April 2014, as well as on the next steps planned in these proceedings.

I. REPORT ON ACTIVITIES AS OF 31 DECEMBER 2014

After having been acknowledged and approved by the Creditors' Committee, the 12th Liquidator's report on activities for 2014 was submitted to the debt restructuring judge at the District Court of Bülach on 10 March 2015. The report on activities will be available for inspection by creditors at the Liquidator's offices at Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 8 April 2015. Appointments should 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 LIQUIDATOR

During the year under review, the Liquidators' activities focused on managing the responsibility proceedings relating to participation in the group cash pool (see section V. below) and on implementing the agreement to disband the former Swissair VAT group (see section IV.2. below).

2. ACTIVITIES OF THE CREDITORS' COMMITTEE

The Creditors' Committee held two meetings in 2014. It also passed a circular resolution on a proposal submitted by the Liquidator.

III. ASSET STATUS OF FLIGHTLEASE AG AS OF 31 DECEMBER 2014

1. PRELIMINARY REMARKS

Enclosed is a report on the liquidation status of Flightlease AG as of 31 December 2014 (Enclosure 1), containing a statement of the assets of Flightlease AG in debt restructuring liquidation as of 31 December 2014 according to present information.

2. ASSETS

As in the past, as yet unrealised assets consist primarily of claims against former Swissair group companies, and shareholdings held by Flightlease AG. Furthermore, the responsibility claims being pursued through litigation and other possible responsibility claims are carried pro memoria.

3. DEBTS INCURRED IN THE COURSE OF THE LIQUIDATION PROCESS

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

Provisions for first and second interim payments: Flightlease AG's liquidation status as of 31 December 2014 includes the following provisions for the first and second interim payments:

Nature of provision	1st interim payment in CHF	2nd interim payment in CHF
Payment instructions not received	3,944	4,541
Contingent claims where conditions not yet met	1,311,467	1,836,054
Suspended claims	14,359,820	18,679,657
Total provisions	15,675,231	20,520,252

These provisions guarantee the maximum amounts for both interim payments with respect to all unsettled claims.

4. CREDITORS' CLAIMS

The enclosed overview of the schedule of claims proceedings ([Enclosure 2](#)) states the current total of claims according to their classes and specifies those claim amounts that have been registered, recognised, definitively rejected, and those that are in dispute (actions to contest the schedule of claims) or still suspended. In connection with the decisions on suspended claims, the total of first-class and third-class claims may yet change.

1st Class: The decision with regard to the claims registered by a member of Flightlease AG's management board in the amount of CHF 1,017,208 remains suspended.

2nd Class: The final outstanding items were closed through a settlement reached with the Compensation Office of Zurich Employers on 18/23 June 2014.

3rd Class: The decision on the claim registered by SAirGroup AG in debt restructuring liquidation in the amount of CHF 533,704,493 remains suspended.

5. ESTIMATED DIVIDEND

The realisation of assets is largely completed. The liquidation status of Flightlease AG as of 31 December 2014 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.

The disposable assets reported in the liquidation status result in a maximum dividend of 9.4 %, provided that all claims that are as yet suspended are rejected. Should all suspended claims have to be recognised, however, the minimum dividend would be 7.2 %. Of this, 6 % has already been paid out in the first and second interim payments. The future dividend that may be expected, therefore, is between 1.2 % and 3.4 %.

IV. REALISATION OF ASSETS

1. GENERAL

In 2014 the Liquidator was able to realise assets amounting to CHF 207,435.

2. DISBANDMENT OF THE SWISSAIR VAT GROUP

On the basis of the agreement relating to the allocation and payment of input tax owed to the former Swissair VAT group, the Swiss Federal Tax Administration paid the input tax owing plus credit interest to SAirGroup's liquidator on 18 March and 12 June 2014. SAirGroup's liquidator then distributed the input tax amounts including credit interest to the members of the group in accordance with the agreement. On 19 March and 20 June 2014 a total of CHF 299,377.05 (input tax of CHF 207,328.58 and credit interest of CHF 92,048.47) was paid to Flightlease AG.

V. PURSUIT OF RESPONSIBILITY CLAIMS

The claim filed by Flightlease AG on 11 November 2005 against a number of former directors and officers before the District Court of Bülach (see Circulars No. 5, section III.; No. 7 section IV.; and No. 12 section V.) was rejected in the court's ruling of 23 June 2011. Flightlease AG appealed against this decision on 31 August 2011 to the High Court of the Canton of Zurich (see Circulars No. 15, section V. and No. 16, section V.).

The High Court of the Canton of Zurich also rejected the claim in its ruling of 8 September 2014. As the court of lower instance, the High Court reached the conclusion that, taking into account all the circumstances at the time, Flightlease AG's participation in the group cash pool was justifiable. It held that the directors and officers against whom action was taken had not breached their duties in this regard.

Flightlease AG lodged a civil appeal against this ruling on 20 October 2014 to the Federal Supreme Court. The defendants submitted their comments on the appeal by the extended deadline of 16 January 2015. The proceedings are still pending before the Federal Supreme Court.

With regard to further responsibility issues, Flightlease AG reserves the right to submit further claims against the responsible parties.

VI. PLANNED NEXT STEPS IN THE PROCESS

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

The liquidation bodies will also focus on pursuing responsibility claims. It is not possible at present to estimate how long it will take before this topic is settled.

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 this year will be issued by spring 2016 at the latest.

Yours faithfully

Flightlease AG in debt restructuring liquidation
The Liquidator

Karl Wüthrich

- Enclosed:
1. Liquidation status of Flightlease AG in debt restructuring liquidation as of 31 December 2014
 2. Overview of the schedule of claims proceedings for Flightlease AG in debt restructuring liquidation

LIQUIDATION STATUS AS OF 31 DECEMBER 2014

	31.12.2014	31.12.2013	Change
	CHF	CHF	CHF
ASSETS			
Liquid funds			
UBS CHF 803.530.01B	0	131'057	-131'057
ZKB CHF 1100-0974.031	62'825'552	67'124'399	-4'298'847
Total liquid funds	62'825'552	67'255'456	-4'429'904
Liquidation positions:			
Accounts receivable	24'747	119	24'628
Receivables from third parties	6	8	-2
Prepaid court expenses	6'687'000	6'587'000	100'000
Shareholdings	p.m.	p.m.	
Responsibility claims	p.m.	p.m.	
Total liquidation positions	6'711'753	6'587'127	124'626
TOTAL ASSETS	69'537'305	73'842'583	-4'305'278
LIABILITIES			
Debts of the estate			
Accounts payable	899'486	8'700	890'786
Provision, 1st interim payment	15'675'231	15'704'591	-29'360
Provision, 2nd interim payment	20'520'252	20'520'252	0
Provisions for liquidation costs	2'000'000	2'000'000	0
Total debts of the estate	39'094'969	38'233'543	861'426
TOTAL DISPOSABLE ASSETS	30'442'336	35'609'040	-5'166'704

Overview of the schedule of claims proceedings of Flightlease AG

Category	Registered	Schedule of claims				Dividend				
		Recognised	Appeal lodged	Decision suspended	Rejected finally	1st interim payment	Future dividend		Total	
	CHF	CHF	CHF	CHF	CHF		min.	max.	min.	max.
Secured by right of lien	-	-	-	-	-	-	-	-	-	-
First class	97'919'713.91	1'258'541.66	-	1'017'208.00	95'643'964.25	100%	-	-	100%	100%
Second class	45'381.79	42'445.75	-	-	2'936.04	100%	-	-	100%	100%
Third class	18'776'586'367.25	1'941'502'511.39	-	533'704'492.69	16'301'379'363.17	6.00%	1.2%	3.4%	7.2%	9.4%
Total creditors' claim	18'874'551'462.95	1'942'803'498.80	-	534'721'700.69	16'397'026'263.46					