

**Unofficial Translation
of German Original**

Wenger Plattner
Seestrasse 39 | P.O. Box
CH-8700 Küsnacht-Zürich

T +41 43 222 38 00
F +41 43 222 38 01
www.wenger-plattner.ch

To the creditors of Flightlease AG
in debt restructuring liquidation

Karl Wüthrich, lic. iur.
Rechtsanwalt | Attorney at Law
swissair@wenger-plattner.ch
Entered in the register of attorneys

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Flightlease AG in debt restructuring liquidation; Circular No. 19

Dear Sir or Madam

This Circular provides information on the progress of the Flightlease AG debt restructuring liquidation proceedings since March 2015, as well as on the next steps planned in these proceedings.

I. REPORT ON ACTIVITIES AS OF 31 DECEMBER 2015

After having been acknowledged and approved by the Creditors' Committee, the thirteenth of the Liquidator's reports on activities for 2015 was submitted to the debt restructuring judge at the District Court of Bülach on 18 March 2016. The report on activities is available for inspection by the creditors at the Liquidator's offices at Seestrasse 39, Goldbach 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.

II. OVERVIEW OF THE LIQUIDATION PROCESS

1. ACTIVITIES OF THE LIQUIDATOR

During last year, the Liquidator's activities focused on managing the responsibility proceedings relating to the participation in the group cash pool (see section V. below) and on settling the claims with Swissair Swiss Air Transport Company Ltd. in debt restructuring liquidation ("Swissair") (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 Liquidator.

III. ASSET STATUS OF FLIGHTLEASE AG AS OF 31 DECEMBER 2015

1. INTRODUCTORY REMARKS

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

2. ASSETS

Assets as yet unrealised still consist primarily of claims against former Swissair group companies and of shareholdings held by Flightlease AG. The claims of CHF 65.5 million recognised by Swissair (see section IV.2. below) were assessed based on our current knowledge. Any responsibility claims (see section V. below) are included pro memoria.

3. DEBTS INCURRED IN THE COURSE OF THE LIQUIDATION PROCESS

The accounts payable reported as of 31 December 2015 relate to costs incurred during debt restructuring liquidation.

Provisions for first and second interim payments: Flightlease AG's liquidation status as of 31 December 2015 includes the following provisions for the first and second interim payments.

Nature of provision	1st interim payment in CHF	2nd interim pay- ment in CHF
No payment instructions	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 ensure that the maximum amounts for both interim payments with respect to all unsettled claims are guaranteed.

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 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 rulings on suspended claims, the amounts of first-class and third-class claims may yet change.

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

3rd Class: The decision on the claim registered by SAirGroup AG in debt restructuring liquidation ("SAirGroup") 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 2015 provides information on current disposable assets.

The disposable assets reported in the liquidation status result in a maximum dividend of 9.6%, providing that all claims that are as yet suspended are rejected. Should all suspended claims have to be recognised, however, the minimum

dividend would be 7.4%. 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 1.4% and 3.6%.

IV. LIQUIDATION OF ASSETS

1. GENERAL INFORMATION

In 2015 the Liquidator was able to realise assets amounting to CHF 381,210.

2. SETTLEMENT WITH SWISSAIR REGARDING CLAIMS IN RESPECT OF AIRCRAFT MAINTENANCE COSTS ARISING FROM THE GERMAN LEVERAGED LEASES

Between 1996 and 1999 "Swissair" Swiss Air Transport Company Ltd. ("old Swissair"; now SAirGroup) entered into 17 sale and lease-back transactions (so-called German Leveraged Leases; "GLLs") with German limited partnerships ("head lessors"). In respect of 15 Airbus aircrafts these GLLs were later transferred to Flightlease AG. Flightlease AG leased these aircrafts on to Swissair as sublessee.

The grant of the debt restructuring moratorium to Flightlease AG gave the head lessors the right to terminate the leasing agreements early, subject to compensation. To avoid having to make such compensation payments, in October 2001 Flightlease AG contacted Crossair, Limited Company for Regional European Air Transport (now Swiss International Air Lines AG; "Swiss") about transferring the GLLs. After lengthy negotiations, an agreement was reached over the transfer of the GLLs as of 31 March 2002 to Goal Swiss AG, a company founded by Swiss specifically for this purpose. Swiss became the new sublessee in place of Swissair.

The GLLs transfer was essentially an advantageous move for both Flightlease AG and Swissair. However, Flightlease AG had to agree to a deduction on the purchase price of approximately USD 65 million for maintenance costs accrued as the GLLs aircrafts were not handed over by Swissair in the condition agreed. In particular, Swissair was supposed to have carried out a variety of maintenance tasks before the aircrafts were returned.

Flightlease AG registered this amount - less payments of around USD 4.6 million that Swissair had made during the debt restructuring moratorium as re-

serves for maintenance - equivalent to approximately CHF 77.3 million as a claim for damages for breach of contract in the debt restructuring proceedings of Swissair. Swissair was not in agreement with the amount of this claim.

In spring 2015, Swissair and Flightlease AG reached a settlement on this claim with the approval of the respective Creditors' Committees. Flightlease AG reduced its claim arising from the GLLs to CHF 65.5 million, and Swissair recognised the claim in this amount. The agreement has since been executed.

V. PURSUIT OF RESPONSIBILITY CLAIMS

The claim filed by Flightlease AG in 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 by the court in summer 2011. Flightlease AG appealed this decision to the High Court of the Canton of Zurich (see Circulars No. 15, section V. and No. 16, section V.). In September 2014, the High Court also rejected the claim. The court concluded that, taking into account all the circumstances at the time, Flightlease AG's participation in the group cash pool was justifiable. It also held that the directors and officers against whom action was taken had not breached their duties in this regard (see Circular No. 18, section V.).

Flightlease AG appealed this ruling to the Federal Supreme Court. In a ruling of 11 November 2015 the Federal Supreme Court dismissed this appeal and confirmed the ruling of the High Court of the Canton of Zurich.

The liquidation bodies will examine further responsibility issues in light of the court rulings made thus far and will decide in the next few months on how proceed.

VI. NEXT STEPS IN THE PROCESS

In the coming months the first priority will be to assess and settle the complex mutual claims on and due to SAirGroup. We are striving to reach a mutually agreed solution.

The liquidation bodies will also focus on the decision about how any further responsibility claims are to be handled.

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

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 2015
2. Overview of the schedule of claims proceedings of Flightlease AG in debt restructuring liquidation

LIQUIDATION STATUS AS OF 31 DECEMBER 2015

	31.12.2015 CHF	31.12.2014 CHF	Change CHF
ASSETS			
Liquid funds			
ZKB CHF 1100-0974.031	66'566'624	62'825'552	3'741'072
Total liquid funds	66'566'624	62'825'552	3'741'072
Liquidation positions:			
Accounts receivable	27'281	24'747	2'534
Receivables from third parties	6'810'005	6	6'809'999
Prepaid court expenses	0	6'687'000	-6'687'000
Shareholdings	p.m.	p.m.	
Responsibility claims	p.m.	p.m.	
Total liquidation positions	6'837'286	6'711'753	125'533
TOTAL ASSETS	73'403'910	69'537'305	3'866'605
LIABILITIES			
Debts of the estate			
Accounts payable	52'322	899'486	-847'164
Provision, 1st interim payment	15'675'231	15'675'231	0
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	38'247'805	39'094'969	-847'164
TOTAL DISPOSABLE ASSETS	35'156'105	30'442'336	4'713'769

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	1'931'665'598.89	-	533'704'492.69	16'311'216'275.67	6.00%	1.4%	3.6%	7.4%	9.6%
Total creditors' claim	18'874'551'462.95	1'932'966'586.30	-	534'721'700.69	16'406'863'175.96					