

**Unofficial Translation
of German Original**

Wenger Plattner
Seestrasse 39 | Postfach
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
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Flightlease AG in debt restructuring liquidation; Circular no. 20

Dear Sir or Madam

This Circular provides information on the current status of the Flightlease AG debt restructuring liquidation proceedings since March 2015, as well as on how these proceedings are scheduled to progress over the coming months.

1. SETTLEMENT WITH SAIRGROUP AG IN DEBT RESTRUCTURING LIQUIDATION REGARDING RECIPROCAL CLAIMS

In the debt restructuring proceedings against Flightlease AG in debt restructuring liquidation ("Flightlease"), SAirGroup AG in debt restructuring liquidation ("SAirGroup") registered claims in various currencies equivalent to a total of around CHF 462 million. The main reasons given by SAirGroup for these claims were loans and compensation for services within the group.

Flightlease in turn registered claims in various currencies equivalent to a total of around CHF 562 million in the debt restructuring proceedings against SAirGroup. The main reasons given by Flightlease for these claims were loans and challengeable acts. Furthermore, it asserted responsibility claims against SAirGroup as the de facto corporate body.

The Liquidator examined the claims registered in each case with his team and worked out a proposal for a settlement to settle the reciprocal claims. When working out this settlement proposal, he took the following aspects into consideration:

- The reciprocal loan claims are essentially justified.
- Flightlease's objection to the effect that the loans from SAirGroup as the group parent are to be treated as subordinated loans is assessed as having little prospect of success in view of case law of the Swiss Federal Supreme Court. This aspect will only be taken into consideration by making a small deduction in respect of a loan from SAirGroup from 2001.
- The avoidance claims asserted by Flightlease are assessed differently and are taken into consideration in the settlement proposal depending on the estimated risk.
- The reciprocal loan claims can be offset against each other. On the other hand, the offsetting of loan claims with avoidance claims is ruled out.

At the Liquidator's request, the Creditors' Committees of Flightlease and SAirGroup approved the conclusion of the following settlement to settle the reciprocal claims between Flightlease and SAirGroup:

- Flightlease reduces its registered claims against SAirGroup to CHF 74 million. SAirGroup recognises these claims in the schedule of claims in the third class.
- SAirGroup fully withdraws its registered claims against Flightlease.
- The interim payments paid by SAirGroup to its creditors to date totalling 12% will be paid out to Flightlease on the recognised claim of CHF 74 million after the settlement comes into force and after it has been announced to the creditors of SAirGroup and Flightlease.
- Once this settlement is fulfilled, the parties declare all claims to have been settled.
- The parties acknowledge that this settlement is effective only vis-à-vis them and results in no exemption or limitation in respect of the liability of any joint and severally liable parties and/or parties entitled to recourse under responsibility provisions in corporate law.

As a result of this settlement agreement, the reciprocal claims between SAirGroup and Flightlease will be conclusively settled. Flightlease will receive

the further dividend payments from SAirGroup like all other creditors. SAirGroup in turn no longer has any claims against Flightlease.

II. DIVIDEND

The asset side of Flightlease's balance sheet has now essentially been settled. Responsibility claims stay open. 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.

Based on current knowledge, a dividend totalling 10.8% can be anticipated. Of this, 6% has already been paid out in the first two interim payments. The dividend still to be expected in future will amount correspondingly to 4.8%.

III. 3. INTERIM PAYMENT

As a result of the settlement of the transaction described in Section I. above, relatively large amounts of liquid funds will be allocated to the estate, and provisions for the suspended claims that now do not have to be recognised will be released. It will therefore be possible in the first half of 2017 to pay out a third interim payment of 4% to creditors with recognised third-class claims.

I will inform the creditors in spring 2017 by means of a circular about the 2016 report on activities and the execution of the third interim payment.

Kind regards

Flightlease AG in debt restructuring liquidation
The Liquidator:

Karl Wüthrich