

**Unofficial Translation
of German Original**

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To the creditors of SAirLines AG
in debt restructuring liquidation

Küsnacht, May 2019

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**SAirLines AG in debt restructuring liquidation;
Circular no. 25**

Dear Sir or Madam

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

I. REPORT ON ACTIVITIES AS AT 31 DECEMBER 2018

Having been acknowledged and approved by the Creditors' Committee, the sixteenth Liquidator's report on activities in 2018 has been submitted to the debt restructuring judge at the district court of Zurich on 28 February 2019. The report on activities is available for inspection by creditors at the offices of Co-Liquidator Karl Wüthrich, Wenger Plattner, Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 31 May 2019. 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 LIQUIDATORS

Last year, the main activities of the Liquidators focused on the collection of claims against former Swissair Group companies at home and abroad which are currently involved in insolvency proceedings, as well as the settlement of a sixth interim payment to creditors with third-class claims.

2. ACTIVITIES OF THE CREDITORS' COMMITTEE

The Creditors' Committee held no meetings in 2018. It passed one resolution by circular on a proposal submitted by the Liquidators.

III. ASSET STATUS OF SAIRLINES AS AT 31 DECEMBER 2018

1. INTRODUCTORY REMARKS

Enclosed is a report on the liquidation status of SAirLines as at 31 December 2018 ([Annex 1](#)). It contains a statement of the assets and liabilities of SAirLines as at 31 December 2018 according to the information currently available.

2. ASSETS

Liquid assets: The liquid assets are mainly held at Zürcher Kantonalbank ("ZKB"). Since 1 March 2015, ZKB has been charging negative interest on the assets of SAirLines. In 2018, negative interest of CHF 203,000 was charged. The average negative interest that was charged was slightly less than 0.7 %. Settlement of the sixth interim payment enabled the negative interest to be reduced significantly in comparison to the previous year (CHF 1,543,960).

Open distribution of the revenues generated from the sale or liquidation of AFS and SIF II: SAirLines and SAirGroup AG in debt restructuring liquidation ("SAir-Group") dispute which of them is entitled to the revenues generated from the sale or liquidation of the investment in Airline Financial Support Services (India) Private Ltd. ("AFS"; cf. section 3.2 of Circular no. 2) and the revenues generated from the liquidation of Swissair International Finance II Limited, Guernsey ("SIF II"). The negotiations between SAirLines and SAirGroup regarding the distribution of these revenues could not be completed in 2018.

Claims against third parties: The position "Claims against third parties" mainly contains claims against former Swissair Group companies at home and abroad

that are subject to insolvency proceedings. These claims have been assessed conservatively in accordance with the information currently available.

Investments: Settlement of the fifth and sixth interim payment by SAirGroup generated significant liquid assets for SAirGroup Financière SA and S Air Services Invest AG, both in liquidation. SAirGroup Financière SA was therefore able to pay SAirLines a dividend of CHF 39 million in early 2018. The status of the “Investments” position has been adapted to the new situation.

3. DEBTS INCURRED IN THE COURSE OF THE LIQUIDATION PROCESS

Accounts payable: The accounts payable reported as at 31 December 2018 relate to invoices for liquidation charges.

Provisions for the first six interim payments: Provisions totalling CHF 22,272,474 have been set aside in the liquidation status of SAirLines as at 31 December 2018 for the six interim payments already made. This is to cover payments not made due to a lack of payment instructions or for other reasons. These provisions secure any amounts within the maximum that could not yet be paid out.

4. ESTIMATED DIVIDEND

The schedule of claims proceedings for SAirLines have been settled. The claims have been finalised definitively (Annex 2). The asset side of SAirLines's balance sheet has now largely been settled. The allocation of the revenues generated by the realisation of assets is still pending (see section III.2. above), as are the liability claims. With regard to the claims on Group companies that are subject to insolvency proceedings at home and abroad, receipt of the insolvency dividends on the recognised claims must be awaited. In addition, revenues may also be generated by the liquidation of investments by SAirLines (see section III.2 above).

Based on current knowledge, a liquidating dividend totalling approximately 40.9 % can be expected. Of this, 40.2 % has already been paid out in the first six interim payments. As a result, the expected remaining dividend is slightly less than 1 %.

IV. LIQUIDATION OF ASSETS

In 2018, the Liquidator was able to realise assets amounting to CHF 44,949,851. SAirLines mainly received payments from SAirGroup Financière SA (see section III.2 above) and the bankruptcy dividend arising out of the bankruptcy of Gourmet Nova AG.

V. PURSUIT OF LIABILITY CLAIMS

With regard to further liability issues, SAirLines reserves the right to submit claims against the responsible parties.

VI. NEXT STEPS IN THE PROCESS

The debt restructuring liquidation of SAirLines mainly still centres on concluding the liquidation of the investments in SAirGroup Financière SA and S Air Services Invest AG (see section III.2 above) as well as attempting to collect claims against former Swissair Group companies (see section III.2 above) as far as possible. In this connection, the conclusion of the pending insolvency proceedings at home and abroad must be awaited. It is currently difficult to estimate how much longer this collection will take. The negotiations with SAirGroup about the distribution of revenues generated by the sale or liquidation of foreign investments (see section III.2 above) will also continue. Lastly, a decision will be taken on the steps that should be taken next with regard to liability claims.

Depending on how the proceedings progress, creditors will continue to receive information about important developments through further circulars. A report on the progress of the liquidation process this year will be issued by spring 2020 at the latest.

Kind regards

SAirLines AG in debt restructuring liquidation

The Liquidators:

Karl Wüthrich

Prof. Dr. Roger Giroud

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**Hotline of SAirLines AG
in debt restructuring liquidation**

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- Annexes: 1. Liquidation balance sheet of SAirLines as at 31 December 2018
2. Overview of the schedule of claims proceedings of SAirLines

LIQUIDATION STATUS AS OF 31 December 2018

	31.12.2018	31.12.2017	Change
	CHF	CHF	CHF
ASSETS			
Liquid funds			
ZKB CHF	8'592'866	26'267'359	-17'674'493
ZKB USD	-	859'376	-859'376
ZKB Fixed Term Deposits	25'000'000	10'000'000	15'000'000
Total liquid funds	33'592'866	37'126'734	-3'533'869
Liquidation positions			
Accounts receivable	18'248	2	18'246
Open apportionment of proceeds from the sale resp. liquidation of AFS and SIF II	5'244'201	5'283'770	-39'568
Receivables from third parties	2'418'000	8'295'000	-5'877'000
Shareholdings, securities	3'400'000	40'000'000	-36'600'000
Liability claims	p.m.	p.m.	p.m.
Total liquidation positions	11'080'449	53'578'772	-42'498'323
TOTAL ASSETS	44'673'315	90'705'506	-46'032'192
LIABILITIES			
Debts of the estate			
Accounts payable	5'599'374	2'658	5'596'716
Provision for liquidation costs	5'000'000	5'000'000	-
Provision, 1st interim payment	2'636'564	2'636'564	-
Provision, 2nd interim payment	1'439'630	1'440'031	-401
Provision, 3rd interim payment	1'922'494	1'927'080	-4'586
Provision, 4th interim payment	1'922'494	1'922'769	-275
Provision, 5th interim payment	12'738'163	13'166'928	-428'765
Provision, 6th interim payment	1'613'130	-	1'613'130
Total debts of the estate	32'871'850	26'096'030	5'162'689
TOTAL DISPOSABLE ASSETS	11'801'465	64'609'476	-51'194'881

Overview of the schedule of claims proceedings of SAirLines

Category	Registered Amount in CHF	Schedule of claims				Dividend		
		Recognized Amount in CHF	Appeal lodged Amount in CHF	Decision suspended Amount in CHF	Rejected Amount in CHF	interim payments	Future Dividend est.	Total est.
		Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF			
Secured by right of lien	-	-	-	-	-	-	-	-
Preferential rights to the corporate assets of S Air Logistics AG	83'602'175.69	50'362'601.33	-	-	33'239'574.36	100%	-	100%
Preferential rights to the corporate assets of S Air Relations AG	242'520'007.10	74'292'146.45	-	-	168'227'860.65	100%	-	100%
Preferential rights to the corporate assets of S Air Services AG	44'790'677.88	34'439'788.42	-	-	10'350'889.46	100%	-	100%
Preferential rights to the corporate assets of Roscor AG	39'732'844.00	-	-	-	39'732'844.00	-	-	-
First class	91'709'000.29	-	-	-	91'709'000.29	-	-	-
Second Class	6'767.50	6'767.50	-	-	-	100%	-	100%
Third Class	65'373'494'764.64	1'702'670'454.74	-	-	63'670'824'309.90	40.2%	0.7%	40.9%
Total	65'875'856'237.10	1'861'771'758.44	-	-	64'014'084'478.66			