

**Swissair Swiss Air Transport Company Ltd in
debt restructuring liquidation**

Circular No. 24

www.liquidator-swissair.ch

**Hotline Swissair Swiss Air Transport Company Ltd
in debt restructuring liquidation**

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**Unofficial Translation
of German Original**

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To the creditors of
Swissair Swiss Air Transport Company Ltd.
in debt restructuring liquidation

Küsnacht, June 2017

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Swissair Swiss Air Transport Company Ltd. in debt restructuring liquidation; Circular no. 24

Dear Sir or Madam

This Circular provides information on the current status of the debt restructuring liquidation proceedings of Swissair Swiss Air Transport Company Ltd. ("Swissair"), and on how these proceedings are scheduled to progress over the coming months.

I. THIRD INTERIM PAYMENT

Owing to the current financial situation of Swissair and the fact that a substantial portion of the schedule of claims has been settled, the Liquidator and the Creditors' Committee have decided to issue a third interim payment of 8.4% to creditors with recognised third-class claims. Preparations for this interim payment have now been completed. Enclosed with this Circular is the corresponding special notice, which gives more procedural details. The large number of creditors means that executing these payments will take some time. Payments will be made from July 2017 at the earliest.

II. REPORT ON ACTIVITIES AS AT 31 DECEMBER 2016

After having been acknowledged and approved by the Creditors' Committee, the 14th Liquidator's report on activities for 2016 was submitted to the debt restructuring judge at the District Court of Bülach on 10 March 2017. The report on activities is available for inspection by the creditors at the offices of the Liquidator at Wenger Plattner, Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 26 June 2017. If you wish to inspect the report, please call the hotline on +41 43 222 38 50.

The following pages summarise the report on activities insofar as the creditors have not already been provided information by way of Circular no. 23 of December 2016.

III. OVERVIEW OF THE LIQUIDATION PROCESS

1. ACTIVITIES OF THE LIQUIDATOR

The activities of the Liquidator and Deputy Liquidator in 2016 have again focused on the work involved in the responsibility action against former directors and officers of Swissair (cf. section VI.1. below) and the settlement of claims within the group (cf. Circular no. 23, section I.) Finally, some assets were also realised (cf. section V. below).

2. ACTIVITIES OF THE CREDITORS' COMMITTEE

The Creditors' Committee held three meetings, one of which was a telephone conference, in the course of 2016. The Committee discussed the various proposals submitted by the Liquidator or Deputy Liquidator and passed resolutions accordingly.

IV. ASSET STATUS OF SWISSAIR AS AT 31 DECEMBER 2016

1. INTRODUCTORY REMARKS

Enclosed is a report on the liquidation status of Swissair as at 31 December 2016 (Enclosure 1). It contains a statement of the assets of Swissair as at 31 December 2016, according to the information currently available.

2. ASSETS

Liquid funds: The liquid funds of Swissair are mainly held at Zürcher Kantonalbank ("ZKB"). Since 1 March 2015, ZKB has been charging negative interest on the assets of Swissair. In 2016 negative interest of CHF 1,293,248 was charged. The average negative interest that was charged was slightly under 0.7%.

Assets as yet unrealised: Assets as yet unrealised consist primarily of bank deposits abroad which are frozen, accounts receivable arising from flight operations, claims against former Swissair group companies, a shareholding held by Swissair (Swissair Training Center AG in liquidation), and realisation proceeds from real estate abroad (insofar as it was owned by Swissair). Furthermore, the responsibility claims being pursued through litigation and any other responsibility claims are carried pro memoria. Cautious estimates have been given for assets that have not yet been liquidated.

3. DEBTS INCURRED IN THE COURSE OF THE LIQUIDATION PROCESS

Accounts payable: The debts incurred in the course of the liquidation process as reported as at 31 December 2016 consist of liquidation costs incurred during 2016.

Provisions for the first and second interim payments: Swissair's liquidation status as at 31 December 2016 includes the following provisions for the first and second interim payments:

Reason for provision	1st interim payment in CHF	2nd interim payment in CHF
No payment instruction or payments not carried out for other reasons	1,870,013	9,279,826
Contingent claims where conditions not yet met	5,214,432	15,904,016
Claims in pending schedule of claims proceedings	2,267,189	6,914,926
Suspended claims	7,221	22,025
Total provision	9,358,855	32,120,793

These provisions ensure that the maximum amounts for the first and second 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 that have been registered in the respective classes, those claims that have been recognised, those that have been definitively rejected, those that are in dispute and those that are still suspended. There was still one action contesting the schedule of claims pending at the end of 2016 (cf. section VII.2. below). One decision with regard to claims remains suspended (cf. section VII.2. below). The claim amount in the third class is still subject to change as efforts to settle the schedule of claims proceed.

5. ESTIMATED DIVIDEND

The available assets reported in the liquidation status as at 31 December 2016, taking account of the settlement of claims within the group that has occurred since then, give a maximum dividend of 18.1% for third-class claims. Should all suspended claims have to be recognised and the pending action contesting the schedule of claims be successful, however, the minimum dividend would be 17.6%. Of this, 8.1% has already been paid out in the first and second interim payments. The future dividend that may be expected, therefore, is between 9.5% and 10%.

V. LIQUIDATION OF ASSETS

A number of different assets were realised during the reporting period. Payments totalling CHF 1,370,895 were received by Swissair in 2016. The bulk of the assets realised relate to an interim payment from SAirGroup Finance (NL) B.V.

VI. PURSUIT OF RESPONSIBILITY CLAIMS

1. GROUP FINANCING

With statement of claim of 26 April 2013, Swissair lodged a responsibility claim against 14 former de jure and de facto management bodies before the Commercial Court of the Canton of Zurich. At issue in this litigation is the financing of SAirGroup by Swissair. The size of the claim totals around CHF 208 million.

During the period under review the Commercial Court still gave no indication of how the proceedings will be continued (for the history of the process to date please refer to Circular no. 22, section VI.2.1).

2. FURTHER AREAS OF RESPONSIBILITY

With regard to further responsibility issues, Swissair reserves the right to submit further claims against those responsible.

VII. SETTLEMENT OF LIABILITIES

1. GENERAL INFORMATION

Over the course of 2016 the schedule of claims was mainly settled in respect of claims previously suspended as a result of the settlement of claims within the group (cf. Circular no. 23, section I.).

2. SCHEDULE OF CLAIMS PROCEEDINGS

First-class claims: Claims amounting to roughly CHF 5.2 million that had been registered by SAirGroup and suspended were withdrawn in 2016 as part of the settlement reached between Swissair and SAirGroup (cf. Circular no. 23, section I.). All first-class claims have therefore now been definitively settled.

Second-class claims: Second-class claims have been settled in full.

Third-class claims: One decision regarding third-class claims totalling CHF 361,070 was still suspended at the end of 2016. Further, one action for a total of CHF 113,359,441 was pending.

In the schedule of claims ruling of 10 May 2016 the Swissair Liquidator rejected the claims registered/arising in the books of Sabena SA in insolvency in the amount of CHF 112,147,729, USD 158,450 and EUR 65,791. Thereupon the Swiss ancillary insolvency estate of Sabena SA, the *masse en faillite ancillaire de Sabena SA*, filed an action on 31 May 2016 contesting the schedule of claims with the single judge in Bülach, seeking recognition of a third-class claim of CHF 113,359,441 in the Swissair schedule of claims. In case the action should be rejected, in a letter dated 1 June 2016 the *masse en faillite ancillaire de Sabena SA* took the precaution of itself registering with Swissair the claim of CHF 112,147,729 registered by Sabena SA in insolvency. The single judge at the District Court of Bülach restricted the proceedings to procedural issues.

Swissair submitted a defence restricted to these issues at the end of February 2017.

VIII. NEXT STEPS IN THE PROCESS

In 2017 the liquidation bodies will continue the responsibility action against former directors and officers of Swissair and decide whether further responsibility actions are to be initiated. It is not yet possible at present to estimate how long it will take for these responsibility issues to be settled.

Depending on how the proceedings progress, the 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 2018 at the latest.

Kind regards

Swissair Swiss Air Transport Company Ltd. in debt restructuring liquidation
The Liquidator:

Karl Wüthrich

- Appendices: 1. Liquidation status of Swissair as at 31 December 2016
2. Overview of the schedule of claims proceedings of Swissair

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LIQUIDATION STATUS AS OF 31 DECEMBER 2016

	31.12.2016	31.12.2015	Change
	CHF	CHF	CHF
ASSETS			
Liquid funds			
UBS AG CHF	0	16'138	-16'138
ZKB CHF	2'628'244	381'274'259	-378'646'015
ZKB EUR	1'165'798	497	1'165'301
ZKB USD	549'331	538'982	10'349
ZKB Money Market Time CHF	80'000'000	0	80'000'000
Total liquid funds	84'343'373	381'829'876	-297'486'503
Liquidation positions			
Banks/cash abroad	46'490	46'490	0
Accounts receivable by the estate	0	200'677	-200'677
Receivables from third parties	291'973'974	62'057'851	229'916'123
Prepaid court expenses	6'733'409	6'733'409	0
Deposits/Guarantees	655'363	655'363	0
Claims from proceeds of sale of operating equipment	2	2	0
Real estate	1	1	0
Participations	1	1	0
Responsibility claims	p.m.	p.m.	
Total liquidation positions	299'409'240	69'693'794	229'715'446
TOTAL ASSETS	383'752'612	451'523'670	-67'771'058
LIABILITIES			
Debts of the estate			
Accounts payable to the estate	268'386	417'411	-149'025
Provision, 1st interim payment	9'358'855	38'455'016	-29'096'161
Provision, 2nd interim payment	32'120'793	0	32'120'793
Provisions for liquidation costs	5'000'000	5'000'000	0
Provisions for outstanding statements	0	90'000'000	-90'000'000
Total debts of the estate	46'748'035	133'872'427	-87'124'393
TOTAL DISPOSABLE ASSETS	337'004'578	317'651'243	19'353'335

Overview of the schedule of claims proceedings

Category	Registered Amount in CHF	Schedule of claims					Dividend					
		Recognized	Appeal lodged	Decision suspended	Rejected	Interim payments	Future dividend			Total		
		Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF		minimal	maximal	minimal	maximal		
Secured by right of lien	4758963.80	1'074'339.35	-	-	3'684'624.45	-	-	-	-	-	-	-
First Class	902'655'767.50	17'975'081.90	-	-	884'680'685.60	100%	-	-	100%	100%	100%	100%
Second Class	939'006.50	932'671.09	-	-	6'335.41	100%	-	-	100%	100%	100%	100%
Third Class	27'062'407'411.15	3'450'791'810.94	113'359'440.90	361'070.48	23'497'895'088.83	8.1%	9.5%	10.0%	17.6%	18.1%	18.1%	18.1%
Total	27'970'761'148.95	3'470'773'903.28	113'359'440.90	361'070.48	24'386'266'734.29							

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