

**Unofficial Translation
of German Original**

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To the creditors of
Swissair Schweizerische Luftverkehr-Aktiengesellschaft
in debt restructuring liquidation

Küsnacht, May 2023

Swissair Schweizerische Luftverkehr-Aktiengesellschaft in debt restructuring li- quidation; Circular No. 34

Dear Sir or Madam,

In the following, I will inform you on the current status of the debt restructuring liquidation of Swissair Schweizerische Aktiengesellschaft ("Swissair") and the planned further course of the proceedings in the following months.

I. REPORT ON ACTIVITIES AS AT 31 DECEMBER 2022

After having been acknowledged and approved by the Creditors' Committee, the 20th Liquidator's report on activities in 2022 has been submitted to the debt restructuring judge at the District Court of Bülach on 17 March 2023. The report on activities is available for inspection by creditors at the offices of the Liquidator at Wenger Plattner, Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 31 May 2023. If you wish to inspect the report, please call the hotline at +41 43 222 38 50.

The following explanations summarise the report on activities as far as the creditors have not already been informed with circular no. 33 of October 2022.

II. OVERVIEW OF THE LIQUIDATION PROCEEDINGS

1. ACTIVITIES OF THE LIQUIDATOR AND DEPUTY LIQUIDATOR

The activities of the Liquidator and Deputy Liquidator in 2022 focused primarily on settlements of the schedule of claims (see item VI below), the assertion of claims against Sabena SA in Belgium (see item IV.2. below) and against SAir-Group AG in debt restructuring liquidation (hereinafter “SAirGroup”; see Circular No. 33), as well as the revision of a circular flow of dividends with SAirGroup AG (see item VI. below).

2. ACTIVITIES OF THE CREDITORS’ COMMITTEE

The Creditors’ Committee held one meeting in 2022. It passed resolutions by way of circulars on two proposals submitted respectively by the Liquidator or the Deputy Liquidator.

III. ASSET STATUS OF SWISSAIR AS AT 31 DECEMBER 2022

1. INTRODUCTORY REMARKS

Enclosed is a report on the liquidation status of Swissair as of 31 December 2022 (Annex 1). It contains a statement of the assets of Swissair as of 31 December 2022 in accordance with the information currently available.

2. ASSETS

Liquid funds: The liquid funds of Swissair are mainly held at Zürcher Kantonalbank (“ZKB”). A negative interest of CHF 129,219 was charged from January to the end of September 2022. Since then, the credit balances at ZKB have been earning interest again.

Claims against third parties: The “Claims against third parties” item consists of claims against Sabena (see item III.3 above), Atrib Management Services AG, SAirGroup and SAirGroup Finance (NL) B.V. (hereinafter “FinBV”). This item has been assessed conservatively in accordance with the information currently available.

3. DEBTS INCURRED IN THE COURSE OF THE LIQUIDATION PROCEEDINGS

Accounts payable: The accounts payable reported as of 31 December 2022 relate to costs incurred during debt restructuring liquidation in 2022.

Provisions for the four interim payments made to date: Swissair's liquidation status as of 31 December 2022 includes the following provisions for the four interim payments made to date:

Reason for provision	First interim payment in CHF	Second interim payment in CHF	Third interim payment in CHF	Fourth interim payment in CHF
Missing payment instructions or payments not made for other reasons	290,322	949,233	1,407,346	759,775
Contingent claims where conditions have not yet been met	532,853	1,625,202	2,237,984	719,352
Claims in pending schedule of claims proceedings	1,371,980	4,184,539	5,762,315	1,852,173
Total provision	2,195,155	6,758,974	9,407,546	3,331,300

These provisions set aside ensure that the maximum amounts for the four interim payments with respect to all unsettled claims in the schedule of claims are secured.

4. CREDITORS' CLAIMS

The schedule of claims has been settled with the exception of the ancillary debt restructuring liquidation assets of Sabena (*Masse en faillite ancillaire de Sabena SA*; hereinafter "Sabena Ancillary Debt Restructuring Liquidation Assets");

see item VI. below) and its precautionary registration of claims. The current status of the schedule of claims proceedings is shown in [Annex 2](#).

5. ESTIMATED LIQUIDATING DIVIDEND

The disposable assets reported in the liquidation status as of 31 December 2022 give a maximum dividend of 21.2 % for third-class claims. However, should the claims filed by the Sabena mini-debt restructuring liquidation assets be recognised, the minimum dividend would be 21%. With the four interim payments to date, 19.2 % have already been paid out. Thus, the future dividend that may be expected is between 1.8% and 2 %.

IV. REALISATION OF ASSETS

1. GENERAL

In 2022, assets could be realised in the amount of CHF 5,441,209.

2. CLAIMS AGAINST SABENA SA IN BANKRUPTCY; PROCEEDINGS IN BELGIUM

In the proceedings of Swissair against Sabena SA in bankruptcy (hereinafter “Sabena”) in Belgium (see 19th Report on Activities, item III.5), Sabena filed an appeal against the interim decision of the Cour d’Appel Bruxelles from early 2021, in which Swissair had been recognised claims of EUR 16,059,064.00 and CHF 1,120,900.91, with the Cour de Cassation. It is uncertain when and with what outcome these proceedings in Belgium will be concluded.

The Cour d’ Appel Bruxelles issued another decision on 22 December 2022. It dismissed the remaining claims that Sabena had asserted of roughly EUR 44,8 million, GBP 34,000 and USD 179,000 due to expiry of the limitation period and upheld Swissair’s claims pursuant to the interim decision of early 2021. Then again, Sabena could appeal this decision before the Cour de Cassation.

V. ABSTENTION FROM CLAIMING CREDIT BALANCES AT FOREIGN BANKS OF, WHEN CONVERTED, A TOTAL OF ROUGHLY CHF 130,000.00

1. INITIAL SITUATION

In the liquidation status for Swissair as of 31 December 2022, there are still claims on the assets side by Swissair against five foreign – primarily North African – banks stemming from bank deposits of, when converted, roughly CHF 130,000.00. These claims have been valued at CHF 0.00 since December 2010.

These include the following deposits from Swissair:

- Libyan Dinar (LYD) 610,013,509 (when converted, roughly CHF 116,400.00) at Jamahiriya Bank, Rashid Branch, Tripoli, Libya;
- Tunisian Dinar (TND) 45,286,748 (when converted, roughly CHF 13,500.00) at Banque Internationale Arabe de Tunisie, Tunis;
- Brazilian Real (BRL) 923.57 (when converted, roughly CHF 200.00) at Unibanco, Brazil;
- Egyptian Pound (EGP) 3,011.02 (when converted, roughly CHF 100.00) at Commercial International Bank (Egypt) S.A.E., C.I.B. Down Town Branch (hereinafter “CIB”), (EGP, equivalent to CHF 112.05 as at 31 December 2022) from account 05-4002910-5. The last available account statement dated 30 June 2003; and
- Moroccan Dirham (MAD) 922.08 (when converted, roughly CHF 100.00) at Banque Marocaine du Commerce Extérieur in Casablanca.

2. Recoverability

Numerous attempts to collect these bank deposits for the benefit of the assets in debt restructuring in Switzerland were unsuccessful.

When attempting to transfer the bank deposits in Libya to Switzerland, it has been found that such transfer requires approval by the Central Bank of Libya and Libyan Arab Airlines. These negotiations broke down namely because the CEO of Libyan Arab Airlines demanded payment of a commission to a personal bank account in exchange for his approval. Nor could a release of these funds be obtained by calling in the State Secretariat for Economic Affairs SECO and the Swiss ambassador in Libya. Moreover, a civil war has been ongoing in

Libya since 2014, in the course of which all state institutions have largely collapsed. As a result, it appears that enforcement is not possible.

With respect to collection of the bank deposits in Tunisia, attempts to obtain current banking statements have already failed. Further investigations revealed that the approval of several Tunisian authorities (Banque Centrale, tax authority, customs) is required for a transfer to Switzerland. The central bank refused to approve the transfer to Switzerland as, according to a review, an excessive amount had allegedly been repatriated to Switzerland in 2002 contrary to the transfer restrictions that existed at the time.

The collection of bank deposits in Brazil, Egypt and Morocco totalling roughly CHF 400, even if successful, would exceed this amount many times over. Consequently, this makes no economic sense.

Due to this assessment, the Creditors' Committee have, at my request, renounced said claims against these five foreign banks.

3. ASSIGNMENT REQUESTS OF INDIVIDUAL CREDITORS

Every creditor is entitled to demand assignment of the right to litigate those legal claims renounced by the Liquidator and Creditors' Committee (Article 325 in conjunction with Article 260 SchKG (*Bundesgesetz über Schuldbetreibung und Konkurs*; Swiss Federal Statute on Debt Enforcement and Bankruptcy)). A creditor who demands assignment is then entitled to assert such legal claim at his own risk and at his own expense. In the event that the litigation is successful, he may use the proceeds to cover the cost he has incurred and his claims with respect to Swissair. Any potential surplus would be issued to the liquidation assets. The creditor shall bear court and party costs should he lose the litigation.

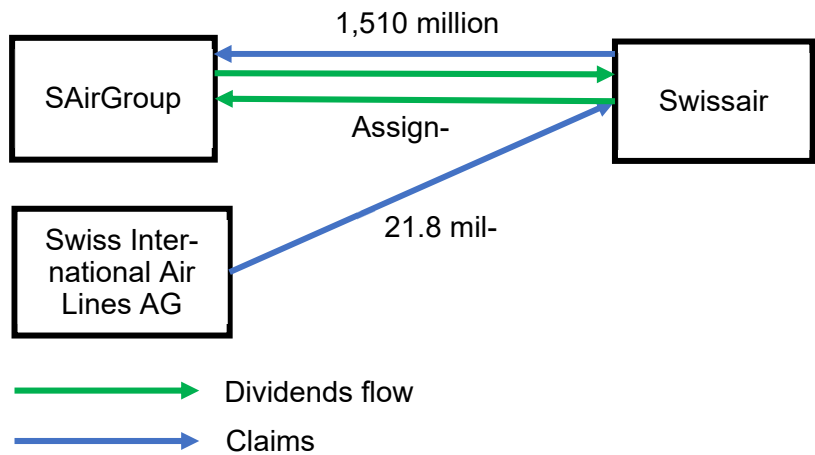
In the present case, the creditors are offered the assignment of the right to litigate the claims of Swissair against five foreign banks, which when converted, would roughly equal CHF 130,000.00, which the Liquidator and Creditors' Committee have renounced (see item V.1. above).

Requests for assignment under Article 260 SchKG may be submitted **in writing** to the undersigned Liquidator no later than **29 May 2023** (date of postmark made by the Swiss postal service). The right to request assignment is deemed to have been **forfeited** if this deadline is not respected.

VI. DISSOLUTION OF A CIRCULAR FLOW OF DIVIDENDS WITH SAIRGROUP

In May 2009, SAirGroup transferred the “Swissair” brand to Swiss International Air Lines AG (hereinafter “Swiss”). In return, Swiss inter alia assigned the dividend claims to its claims of CHF 21,788,384.30 in the schedule of claims, as recognised by final judgment, to SAirGroup (hereinafter “Swiss Dividend Claim”) if the dividend exceeds 8%. In the meantime, Swissair has made more than 8% of interim payments. The final dividend for Swiss claims therefore falls to SAirGroup.

According to final judgment, Swissair is registered in the third class in the schedule of claims of SAirGroup with claims of CHF 1.5 billion and CHF 10 million. Accordingly, the Swiss Dividend Claim has created a circular flow of dividends as shown below:



For the valuation of the Swiss Dividend Claim, the opportunities and risks of Swissair in the “Sabena” complex were adequately considered. Swissair’s expected final dividend was set at 2.07%. This results in a value of the Swiss Dividend Claim of CHF 451,000.

The easiest way to break up the circular flow of dividends between SAirGroup and Swissair was to sell Swiss Dividend Claim to Swissair. Swissair therefore bought the Swiss Dividend Claim from SAirGroup at a price of CHF 451,000 with the approval of the two Creditors’ Committees. This allowed the asset to be realised for SAirGroup. It is now not necessary to wait until the dispute between Swissair and Sabena has been settled before concluding the debt structuring liquidation for the SAirGroup. I expect that SAirGroup’s final payment to its creditors will be made in fall 2023. Swissair will receive roughly CHF 16 million of this.

VII. SETTLEMENT OF LIABILITIES (SCHEDULE OF CLAIMS)

The Sabena Ancillary Debt Restructuring Liquidation Assets registered new claims of CHF 112,147,728.75 with Swissair on 1 June 2016. The Liquidator rejected these claims by decree dated 31 May 2022. On 21 June 2022, the Sabena Ancillary Debt Restructuring Liquidation Assets brought a schedule of claims action against this schedule of claims decree before the District Court of Bülach of CHF 68,598,992.50. This schedule of claims litigation will now run its course.

VIII. PLANNED NEXT STEPS IN THE PROCEEDINGS

Except for the dispute with Sabena in Belgium and the schedule of claims action by the Sabena Ancillary Debt Restructuring Liquidation Assets in Switzerland, the debt structuring liquidation of Swissair has been largely concluded. In addition to this, only the final payments from the liquidation and bankruptcy proceedings for Atrib Management Services AG, SAirGroup and FinBV are outstanding (see item III.2. above). However, the disputes with Sabena and the Ancillary Debt Restructuring Liquidation Assets could take years.

Given this situation, the Creditors' Committee have, at my request, resolved to make an additional interim payment of 1.5 % to the creditors with claims in the third class as soon as the final dividend of the SAirGroup is received. I anticipate this will be the case in summer 2023.

Depending on the course of the proceedings, the creditors will be informed of important events in further circulars. In spring 2024 at the latest, we will inform you about the progress of the liquidation in the current year.

Kind regards,

Swissair Schweizerische Luftverkehr-AG in debt restructuring liquidation
The Liquidator:

Karl Wüthrich

- Annexes:
1. Liquidation status of Swissair as of 31 December 2022
 2. Overview of the schedule of claims proceedings of Swissair

LIQUIDATION STATUS AS OF 31 DECEMBER 2022

	31.12.2022	31.12.2021	Change
	CHF	CHF	CHF
ASSETS			
Liquid funds			
ZKB CHF	8'133'087	4'199'206	3'933'881
ZKB EUR	746'221	166'195	580'026
ZKB Money Market Time CHF	58'000'000	58'000'000	0
Total liquid funds	66'879'308	62'365'401	4'513'907
Liquidation positions			
Banks/cash abroad	0	0	0
Accounts receivable by the estate	43'974	11'878	32'096
Receivables from third parties	15'897'400	18'690'440	-2'793'040
Claims from proceeds of sale of operating equipment	2	2	0
Total liquidation positions	15'941'376	18'702'320	-2'760'944
TOTAL ASSETS	82'820'685	81'067'721	1'752'963
LIABILITIES			
Debts of the estate			
Accounts payable to the estate	158'362	141'752	16'611
Provision, 1st interim payment	2'195'155	3'090'364	-895'209
Provision, 2nd interim payment	6'758'974	9'489'361	-2'730'387
Provision, 3rd interim payment	9'407'546	13'167'523	-3'759'977
Provision, 4th interim payment	3'331'299	4'539'873	-1'208'574
Prepayment for final payment	-3'532'660	-3'532'660	0
Provisions for liquidation costs	2'000'000	2'000'000	0
Total debts of the estate	20'318'677	28'896'213	-8'577'537
TOTAL DISPOSABLE ASSETS	62'502'008	52'171'508	10'330'500

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	4'758'963.80	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%
Second Class	939'006.50	936'075.09	-	-	2'931.41	100%	-	-	100%	100%	100%
Third Class	27'062'407'411.15	3'349'501'565.63	68'598'992.50	-	23'644'306'853.02	19.2%	1.8%	2.0%	21.0%	21.2%	21.2%
Total	27'970'761'148.95	3'369'487'061.97	68'598'992.50	-	24'532'675'094.48						

www.liquidator-swissair.ch

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in debt restructuring liquidation**

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