

**Unofficial Translation
of German Original**

To the creditors of Flightlease AG in
debt restructuring liquidation

Küsnacht, April 2011 UmB/SoC

DR. WERNER WENGER 1)
DR. JÜRIG PLATTNER
DR. PETER MOSIMANN
STEPHAN CUENI 1)
PROF. DR. GERHARD SCHMID
DR. DIETER GRÄNICHNER 1)
KARL WÜTHRICH
YVES MEILI
FILIPPO TH. BECK, M.C.J.
DR. FRITZ ROTHENBÜHLER
DR. BERNHARD HEUSLER
DR. ALEXANDER GUTMANS, LL.M. 1)
PETER SAHLI 2) 10)
DR. THOMAS WETZEL 5)
DR. MARC RUSSENBERGER
DR. MARC NATER, LL.M.
ALAIN LACHAPPELLE 7) 10)
BRIGITTE UMBACH-SPAHN, LL.M.
ROLAND MATHYS, LL.M.
MARTIN SOHM 5)
DR. CHRISTOPH ZIMMERLI, LL.M.
DR. PHILIPPE NORDMANN, LL.M.
PD DR. PETER REETZ 5)
DR. RETO VONZUN, LL.M.
SUZANNE ECKERT
DR. DAVID DUSZY
AYESHA CURMALLY 1) 4)
CORNELIA WEISSKOPF-GANZ
DR. STEPHAN KESSELBACH
DR. MAURICE COURVOISIER, LL.M.
CRISTINA SOLO DE ZALDÍVAR
DANIEL TOBLER 2) 10)
DR. ROLAND BURKHÄLTER
PETER ENDERLI 9) 10)
DR. OLIVER KÜNZLER
ANDREA SPÄTH
THOMAS SCHÄR, LL.M.
DR. GAUDENZ SCHWITTER
KARIN GRAF, LL.M.
NICOLÁS ARIAS 7) 8) 10)
VIVIANE GEHRI-BURKHARDT
LUDWIG FÜRGER 8) 10)
MILENA MÜNST BURGER, LL.M.
PLACIDUS PLATTNER
ROBERT FRHR. VON ROSEN 3)
STEFAN BOSSART
MARCO KAMBER
JÖRG HÜCHTING 7) 10)
DR. MICHAEL ISLER
FRANZISKA RHINER
VANESSA SCHMIDT, LL.M.
ANNETTE DALCHER
DOMINIK LEIMGRÜBER
MANUEL MOHLER
STEFAN FINK
SAMUEL LIEBERHERR
SIMON KOHLER
MICHAEL GRIMM
MARCO BORSARI, LL.M.
NICOLE BOSSHARD
REGULA SCHRANER
CHRISTOPH ZOGG
EVA SCHULD
CÉCILE MATTER
SARAH HILBER
PASCAL STOLL
KONSULENTEN
PROF. DR. FELIX UHLMANN, LL.M.
PROF. DR. MARC-ANDRÉ RENOLD
DR. JÜRIG RIEBEN
STEPHAN WERTHMÜLLER 7) 10)

WWW.WENGER-PLATTNER.CH

**Flightlease AG in debt restructuring liquidation;
Circular no. 14**

Dear Sir or Madam,

This circular provides information on the progress of the Flightlease AG debt restructuring liquidation proceedings since April 2010, as well as on the next steps planned in these proceedings.

I. REPORT ON ACTIVITIES AS OF 31 DECEMBER 2010

After having been acknowledged and approved by the Creditors' Committee on 4 March 2011, the eighth of the Liquidator's reports on activities for 2010 has been submitted to the debt restructuring judge at the District Court of Bülach. The report is available for inspection by the creditors at the Liquidator's offices at Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 25 April 2011. Appointments should be made in advance with Christian Rysler (phone: +41 43 222 38 00).

The following is a summary of the content of the report on activities.

II. OVERVIEW OF THE LIQUIDATION PROCESS

1. Activities of the Liquidator

During the year just ended, the Liquidator concentrated on the pursuit of claims to establish responsibility with respect to the cash pool.

2. Activities of the Creditors' Committee

The Creditors' Committee held no meetings in 2010. At a telephone conference on 19 January 2010, it passed a resolution with respect to the Liquidator's proposal concerning the conclusion of a settlement agreement with Lukas Knecht with respect to the establishment of responsibility with regard to the cash pool.

III. ASSET STATUS OF FLIGHTLEASE AG AS OF 31 DECEMBER 2010

1. Introductory remark

Enclosed is a report on the liquidation status of Flightlease AG as of 31 December 2010 (Enclosure 1), containing a statement of assets of Flightlease AG in debt restructuring liquidation as of 31 December 2010 and in accordance with present information.

2. Assets

As in the past, as yet unrealised assets consist primarily of claims against former Swissair Group companies, and shareholdings held by Flightlease AG. Furthermore, any responsibility claims are included in the liquidation status pro memoria.

3. Debts incurred in the course of the liquidation process

The accounts payable reported as of 31 December 2010 relate to costs incurred during debt restructuring liquidation.

Provisions for interim payments: The liquidation status of Flightlease AG as of 31 December 2010 includes the sum of CHF 15,704,591 as provision for the first interim payment. Of this amount, CHF 3,944 is reserved for payments in respect of which creditors have not yet issued payment instructions to the Liquidator, and CHF 1,311,467 for interim payments for conditional claims for which the respective condition has not yet been met. The remainder of the provision – CHF 14,389,180 – is for claims that are still suspended at present.

With respect to the second interim payment, provision of CHF 20,520,252 was included in the liquidation status of Flightlease AG as per 31 December 2010. Of this amount, CHF 4,541 is reserved for

payments in respect of which creditors have not yet issued payment instructions to the Liquidator, and CHF 1,836,054 for interim payments for conditional claims for which the respective condition has not yet been met. The remainder of the provision – CHF 18,679,657 – is for claims that are still suspended at present.

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 total of claims that have been registered in the respective classes, those claims which have been recognised, those which have been definitively rejected, those which are in dispute (actions to contest the schedule of claims) and those which are still suspended. In connection with the decisions on suspended claims, the total of claims may change in all classes.

1st class claims: The decision with regard to the claims registered by a member of Flightlease AG's management board in the amount of CHF 1,017,208 remains suspended.

2nd class claims: A claim in the amount of CHF 29,360 is included pro memoria. The claim is the subject of social insurance appellate proceedings pending against the AZA (Ausgleichskasse Zürcher Arbeitgeber) compensation fund.

3rd class claims: The decision on the claim registered by SAirGroup in debt restructuring liquidation in the amount of CHF 533,704,493 remains suspended.

5. Estimated dividend

The realization of assets is largely completed. The liquidation status of Flightlease AG as of 31 December 2010 provides information on current disposable assets. The successful enforcement of responsibility claims is now the only means of bringing about a significant improvement on the asset side. However, the outcome of the pending and possible

further responsibility claims is impossible to predict at the present time.

The disposable assets reported in the liquidation status result in a maximum dividend of 9.6%, providing 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%. 6% has already been paid out in the first and second interim payments. The dividend still to be expected is therefore between 1.4% and 3.6%.

IV. REALIZATION OF ASSETS

During the period under review, the Liquidator was able to realise assets to the value of CHF 5 million. Specifically, the liquidation estate of Flightlease AG received a fourth interim payment in the amount of EUR 3,504,579 from SAirGroup Finance (NL) B.V. and a payment in the amount of USD 210,866 in connection with the liquidation of Flightlease Holdings (Guernsey) Ltd.

V. ASSERTION OF RESPONSIBILITY CLAIMS

In respect of the claim filed by Flightlease AG on 11 November 2005 against a number of former directors and officers before the District Court of Bülach (see Circulars No. 5, 7 and 12), the court requested both Flightlease AG and the defendants to substantiate their various allegations in more detail. Flightlease AG and the defendants submitted the relevant statements of particulars on 30 April 2010. Thereafter the parties commented with reply briefs on the substantiation submitted by the other side on 10 November 2010.

VI. PLANNED NEXT STEPS IN THE PROCESS

The next phase of the proceedings will involve finalising the schedule of claims and liquidating the last remaining assets. The liquidation bodies will focus on pursuing responsibility claims. It is not possible at present to estimate how long it will take before this issue is settled.

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 in the current year will be issued by no later than spring 2012.

Yours faithfully

Flightlease AG in debt restructuring liquidation

The Liquidator

Karl Wüthrich

- Enclosures:
- Liquidation status of Flightlease AG in debt restructuring liquidation as per 31 December 2010
 - Overview of the proceedings to draw up the schedule of claims relating to Flightlease AG in debt restructuring liquidation

www.liquidator-swissair.ch

Hotline for Flightlease AG in debt restructuring liquidation

Deutsch: +41-43-222-38-30

Français: +41-43-222-38-40

English: +41-43-222-38-50

LIQUIDATION STATUS AS OF 31 DECEMBER 2010

	31.12.2010	31.12.2009	Change
	CHF	CHF	CHF
ASSETS			
Liquid funds			
UBS CHF 803.530.01B	75'308	42'319	32'989
ZKB CHF 1100-0974.031	68'283'596	63'295'484	4'988'112
Credit Suisse CHF 818720-81	0	11'979	-11'979
Total liquid funds	68'358'904	63'349'782	5'009'122
Liquidation positions:			
Accounts receivable	29'966	600'352	-570'386
Receivables from third parties	8	3'933'859	-3'933'851
Prepaid court expenses	5'545'250	5'545'250	0
Shareholdings	0	0	0
Responsibility claims	p.m.	p.m.	
Pauliana claims	0	0	
Total liquidation positions	5'575'224	10'079'461	-4'504'237
TOTAL ASSETS	73'934'128	73'429'243	504'885
LIABILITIES			
Debts of the estate			
Accounts payable	270'262	5'790	264'472
Provision, 1st interim payment	15'704'591	15'675'218	29'373
Provision, 2nd interim payment	20'520'252	21'198'549	-678'297
Provisions for liquidation costs	2'000'000	2'000'000	0
Total debts of the estate	38'495'105	38'879'557	-384'452
TOTAL DISPOSABLE ASSETS	35'439'023	34'549'686	889'337

Overview of proceedings to draw up the schedule of claims

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	16'021.55	-	29'360.24	-	100%	-	-	100%	100%
Third class	18'776'586'367.25	1'941'502'511.39	-	533'704'492.69	16'301'379'363.17	6.00%	1.4%	3.6%	7.4%	9.6%
Total creditors' claim	18'874'551'462.95	1'942'777'074.60	-	534'751'060.93	16'397'023'327.42					