

**Unofficial Translation
of German Original**

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
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PETER SAHLI 2) 10)
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DR. MARC RUSSENBERGER
DR. MARC NATER, LL.M.
ALAIN LACHAPPELLE 7) 10)
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MARTIN SOHM 5)
DR. CHRISTOPH ZIMMERLI, LL.M.
DR. PHILIPPE NORDMANN, LL.M.
PD DR. PETER REETZ 5)
SUZANNE ECKERT
RETO ASCHENBERGER, LL.M.
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AYESHA CURMALLY 1) 4)
CORNELIA WEISSKOPF-GANZ
DR. REGULA HINDERLING 6)
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DR. RETO VONZUN, LL.M.
CRISTINA SOLO DE ZALDÍVAR
DANIEL TOBLER 2) 10)
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PETER ENDERLI 9) 10)
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DR. OLIVER KÜNZLER
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DR. GAUDENZ SCHWITTER
KARIN GRAF, LL.M.
NICOLÁS ARIAS 7) 8) 10)
VIVIANE BURKHARDT
LUDWIG FURGER 8) 10)
MILENA MÜNSTERBURGER, LL.M.
PLACIDUS PLATTNER
ROBERT FRHR. VON ROSEN 3)
CORINNE TAUFER-LAFFER
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DR. PHILIPP HÄSLER
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FRANZISKA RHINER
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ANNETTE DALCHER
DOMINIK LEIMGRUBER
CHRISTOPH PREG
JÖRG HÜCHTING 10)
EVA SENN
MANUEL MOHLER
STEFAN FINK
KONSULENTEN
PROF. DR. FELIX UHLMANN, LL.M.
ANDREAS MAESCHI
PROF. DR. MARC-ANDRÉ RENOLD
DR. JÜRIG RIEBEN
STEPHAN WERTHMÜLLER 7) 10)

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To the creditors of Flightlease AG in
debt restructuring liquidation

Küsnacht, April 2010 WuK/fee

**Flightlease AG in debt restructuring liquidation;
Circular no. 13**

Dear Sir or Madam,

This Circular provides information on the progress of the Flightlease AG debt restructuring liquidation proceedings since April 2009, as well as on the next steps planned in these proceedings over the coming months.

I. REPORT ON ACTIVITIES AS OF 31 DECEMBER 2009

Having been acknowledged and approved by the Creditors' Committee on 1 March 2010, the seventh of the Liquidator's reports on activities for 2009 has been submitted to the debt restructuring judge at the District Court of Bülach. The report is available for inspection by creditors at the Liquidator's offices at Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 12 May 2010. 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 activities of the Liquidator concentrated on the pursuit of the action to contest the schedule of claims brought by Swissair Swiss Air Transport Company Ltd. in debt restructuring

BASEL: AESCHENVORSTADT 55, CH-4010 BASEL, TELEFON +41 (0)61 279 70 00, TELEFAX +41 (0)61 279 70 01
BERN: JUNGFRAUSTRASSE 1, CH-3000 BERN 6, TELEFON +41 (0)31 357 00 00, TELEFAX +41 (0)31 357 00 01
GENÈVE: 11, RUE DU GÉNÉRAL DUFOUR, 1204 GENÈVE, TELEFON +41 (0)22 800 32 70, TELEFAX +41 (0)22 800 32 71

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8) DIPL. WIRTSCHAFTSPRÜFER 9) Eidg. Dipl. ImmoBilientreuHänder 10) ALS RECHTSANWALT NICHT ZUGELASSEN

liquidation ("Swissair"), the pursuit of responsibility claims with respect to the cash pool, and making the second interim payment to creditors.

2. Activities of the Creditors' Committee

The Creditors' Committee held no meetings in 2009. A resolution was passed with respect to the Liquidator's proposal concerning the settlement of the action to contest the schedule of claims brought by Swissair by way of telephone conference.

III. ASSET STATUS OF FLIGHTLEASE AG AS OF 31 DECEMBER 2009

1. Introductory remark

Enclosed is a report on the liquidation status of Flightlease AG as of 31 December 2009, containing a statement of the assets of Flightlease AG in debt restructuring liquidation as of that date, according to 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 carried pro memoria.

3. Debts incurred in the course of the liquidation process

The accounts payable reported as of 31 December 2009 relate to costs incurred during the debt restructuring liquidation.

Provisions for interim payments: The liquidation status of Flightlease AG as of 31 December 2009 includes the sum of CHF 15,675,218 as provision for the first interim payment. Of this amount, CHF 3,957 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 14,359,794 – is for claims that are still suspended at present.

With respect to the second interim payment, a provision of CHF 21,198,549 was included in the liquidation status as per 31 December 2009. Of this amount, CHF 682,875 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 18,679,620 – 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 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 for which the schedule of claims entries are still suspended. In connection with the rulings on suspended claims, claim sums may change in all classes.

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

Third-class claims: In summer 2009, the sole pending action contesting the schedule of claims lodged by Swissair to the value of CHF 109,932,705.38 was resolved by way of settlement. The settlement involved an agreement to drop mutually asserted claims. On the basis of the settlement agreement, Swissair withdrew its action. The decision on the claim registered by SAirGroup to the value of CHF 533,703,428.09 remains suspended.

5. Estimated dividend

The realisation of assets is largely completed. The liquidation status of Flightlease AG as of 31 December 2009 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 complexities involved in the pending and prospective responsibility claims mean that their financial outcome 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 the suspended claims are rejected. Should suspended claims have to be recognised, the minimum return would be 7.4%. Of this, 6% has already been paid out via the previous two interim payments. The future dividend that may be expected, therefore, is between 1.4% and 3.6%.

IV. REALISATION OF ASSETS

1. General comments

During the period under review, the Liquidator was able to realise assets to the value of CHF 971,567.

2. Liquidation of Flightlease (Netherlands) B.V.

Flightlease (Netherlands) B.V. was founded on 17 July 1996 as a 100% subsidiary of Flightlease AG with headquarters in Amsterdam. The purpose of the subsidiary was to complete finance leasing transactions. In this connection, Flightlease (Netherlands) B.V. acquired a Boeing 737-2A9 and leased it to a third party. The lease was terminated through the course of 2000 and the aircraft was sold. From then on, Flightlease (Netherlands) B.V. carried out no further active business. From available liquid funds, Flightlease (Netherlands) B.V. granted Flightlease AG a loan of CHF 3,800,000 at an interest rate of 6.5%.

Under the debt moratorium proceedings, Flightlease (Netherlands) B.V. registered its claim against Flightlease AG in respect of the loan of CHF 3,800,000 plus interest of CHF 174,850.68 up to 5 October 2001.

On 22 May 2006, Flightlease (Netherlands) B.V. went into liquidation. Liquidation proceedings mainly focused on taxation issues in connection with the loan to Flightlease AG. After lengthy negotiations with the Dutch tax authorities, a solution was found in 2009 and the liquidation

proceedings for Flightlease (Netherlands) B.V. concluded. Flightlease AG received a payment of CHF 104,113 as proceeds from the liquidation and Flightlease (Netherlands) B.V. assigned its claim for repayment of the loan to Flightlease AG. As a result, Flightlease AG's debt was extinguished by way of unification of creditor and debtor. The decision on claims registered by Flightlease (Netherlands) B.V. with respect to the loan had been suspended on preparation of the schedule of claims. This decision has now become obsolete by the extinguishment of the loan claim. Suspended claims have therefore been reduced by CHF 3,974,850.68.

The liquidation of Flightlease (Netherlands) B.V has thus been concluded.

V. ASSERTION OF RESPONSIBILITY CLAIMS

The defendants submitted their rejoinders at the end of March 2009 in respect of the claim of around CHF 63 million that Flightlease AG lodged 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). On 6 July 2009, settlement negotiations took place. These ended without an agreement being reached. The parties still have time to substantiate their claims.

Subsequent to the negotiations on 6 July 2009, settlement negotiations were commenced with Lukas Knecht, former CFO of Flightlease AG. These negotiations concluded with a settlement on the following terms:

- Lukas Knecht is to pay CHF 100,000 to Flightlease AG and waive his privileged first-class claim in the amount of CHF 333,181.68 registered against Flightlease AG.
- Flightlease AG withdraws its claim against Lukas Knecht.
- The parties each pay half of the court costs. Neither party will seek a court award on the reimbursement of legal fees.
- Once the agreement is fulfilled, the parties will declare all reciprocal claims to have been settled.

- The settlement is effective only between Lukas Knecht and Flightlease AG. Lukas Knecht is aware that Flightlease AG is pursuing claims against the other defendants and that recourse may be taken against him by the other defendants.

Given the position Lukas Knecht occupied within Flightlease AG and the Swissair Group in general and in light of the financial situation he disclosed, the Liquidator and the Creditors' Committee are of the opinion that the settlement agreement represents a good result.

The Creditors' Committee approved the settlement which has since been executed.

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 2011.

Yours faithfully

Flightlease AG in debt restructuring liquidation

The Liquidator

Karl Wüthrich

- Enclosures:
- Liquidation status of Flightlease AG in debt restructuring liquidation as at 31 December 2009
 - Overview of the schedule of claims relating to Flightlease AG in debt restructuring liquidation

www.liquidator-swissair.ch

Hotline for Flightlease AG in debt restructuring liquidation

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

French: +41-43-222-38-40

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

LIQUIDATION STATUS AS OF 31 DECEMBER 2009

	31.12.2009	31.12.2008	Change
	CHF	CHF	CHF
ASSETS			
Liquid funds			
UBS CHF 803.530.01B	42'319	19'391	22'928
ZKB CHF 1100-0974.031	63'295'484	3'208'004	60'087'480
Credit Suisse CHF 818720-81	11'979	12'033	-54
Cash deposits	0	133'000'000	-133'000'000
Total liquid funds	63'349'782	136'239'428	-72'889'646
Liquidation positions:			
Accounts receivable	600'352	844'729	-244'377
Receivables from third parties	3'933'859	3'933'611	248
Prepaid court expenses	5'545'250	0	5'545'250
Shareholdings	0	3	-3
Furnishings, spare parts	0	1	-1
Responsibility claims	p.m.	p.m.	
Pauliana claims	0	0	
Total liquidation positions	10'079'461	4'778'344	5'301'117
TOTAL ASSETS	73'429'243	141'017'772	-67'588'529
LIABILITIES			
Debts of the estate			
Accounts payable	5'790	327'528	-321'738
Provision, 1st interim payment	15'675'218	18'856'088	-3'180'870
Provision, 2nd interim payment	21'198'549	0	21'198'549
Provisions for liquidation costs	2'000'000	2'000'000	0
Total debts of the estate	38'879'557	21'183'616	17'695'941
TOTAL DISPOSABLE ASSETS	34'549'686	119'834'156	-85'284'470

Overview of proceedings to draw up the schedule of claims

Category	Registered	Schedule of claims				Dividend			
		Recognised	Appeal lodged	Decision suspended	Rejected finally	interim payments	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	16'003.45	16'003.45	-	-	-	100%	-	100%	100%
Third class	18'776'586'367.25	1'941'502'511.39	-	533'703'428.09	16'301'380'427.77	6.00%	-	1.4%	3.6%
Total creditors' claim	18'874'522'084.61	1'942'777'056.50	-	534'720'636.09	16'397'024'392.02				7.4%
									9.6%