

**Unofficial Translation
of German Original**

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To the creditors of Flightlease AG
in debt restructuring liquidation

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Entered in the register of attorneys

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Flightlease AG in debt restructuring liquidation; Circular No. 21

Dear Sir or Madam

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

I. THIRD INTERIM PAYMENT

Owing to the current financial situation of Flightlease and the fact that the process of settling the schedule of claims is completed, the Liquidator and the Creditors' Committee have decided to issue a third interim payment of 4.1 % to the 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.

II. PUBLICATION OF SUPPLEMENT NO. 2 TO THE SCHEDULE OF CLAIMS

The last as yet suspended claim has been settled. It concerns the claim of the Swiss federal government in the amount of CHF 93,750 in connection with an incentive payment made to Hans Jörg Hunziker (see section V.4. below) which

had been recognised in full. Therefore, a supplement no. 2 to the schedule of claims will be published.

The creditors will be able to inspect the supplement no. 2 to the schedule of claims until 11 July 2017 at the offices of the liquidator, Karl Wüthrich, attorney-at-law, Wenger Plattner, Seestrasse 39, Goldbach Center, 8700 Küsnacht. For inspection creditors are asked to call the hotline on +41 43 222 38 50 to arrange an appointment.

Actions to contest the supplement no. 2 to the schedule of claims must be lodged with the single judge at the District Court of Bülach, Spitalstrasse 13, P.O. Box, 8180 Bülach, within 20 days of the official notice of the publication in the Swiss Official Gazette of Commerce. The respective official notice in the Swiss Official Gazette of Commerce will be made on 21 June 2017. The 20-day period will thus run until 11 July 2017 (date of postmark of a Swiss post office). If no actions are lodged, the supplement no. 2 to the schedule of claims will become final.

III. REPORT ON ACTIVITIES AS AT 31 DECEMBER 2016

After having been acknowledged and approved by the Creditors' Committee, the fourteenth Liquidator's report on activities for 2016 was submitted to the debt restructuring judge at the District Court of Bülach on 7 March 2017. The report on activities is available for inspection by the creditors at the Liquidator's offices at Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 3 July 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 with information by way of Circular no. 20 of December 2016.

IV. OVERVIEW OF THE LIQUIDATION PROCESS

1. ACTIVITIES OF THE LIQUIDATOR

Last year, the Liquidator's main focus was the settlement of claims within the group (see Circular no. 20, section I).

2. ACTIVITIES OF THE CREDITORS' COMMITTEE

The Creditors' Committee held two meetings in 2016. It did pass one resolution by circular motion on a proposal submitted by the Liquidator.

V. ASSET STATUS OF FLIGHTLEASE AG AS AT 31 DECEMBER 2016

1. INTRODUCTORY REMARKS

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

2. ASSETS

Assets as yet unrealised consist of claims against former Swissair group companies. The claims recognised by SAirGroup and Swissair of CHF 74 million (see Circular no. 20, section I.) and CHF 65.5 million (see Circular no. 19, section IV.2.) were assessed based on current knowledge. Any 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

The accounts payable reported as at 31 December 2016 relate to costs incurred during debt restructuring liquidation.

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

Nature of provision	1st interim payment in CHF	2nd interim payment in CHF
No payment instruction	3,944	4,541
Contingent claims where conditions not yet met	1,311,467	1,836,054
Suspended claims	1,017,208	
Total provisions	2,332,618	1,840,595

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 as at 31 December 2016 (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 (actions to contest the schedule of claims) and those that are still suspended.

First Class: As at 31 December 2016 the decision with regard to the claims registered by Hans Jörg Hunziker (a former member of the management board) of CHF 1,017,208 was still suspended. A settlement was reached between Flightlease and Hans Jörg Hunziker with regard to these claims at the start of February 2017. This recognised the claims of Hans Jörg Hunziker in the amount of CHF 185,000 in the first-class portion of Flightlease's schedule of claims. The Swiss federal government with a claim of CHF 93,750 was also entered into the first-class portion of Flightlease's schedule of claims. In February 2003, Hans Jörg Hunziker assigned part of his claim against Flightlease to the Swiss federal government for a gross compensation payment of CHF 93,750.

Flightlease's schedule of claims will be settled when this settlement is fulfilled.

5. ESTIMATED DIVIDEND

The realisation of assets is largely completed. The liquidation status of Flightlease as at 31 December 2016 provides information on the current disposable assets.

The disposable assets reported in the liquidation status result in a maximum dividend of 10.9 %, provided that the claim that is still suspended is rejected. Should the suspended claim have to be recognised, however, the minimum dividend would be 10.8 %. Of this, 6 % has already been paid out in the first and second interim payments. The future dividend still to be expected will therefore probably be in the region of 4.9 %.

VI. LIQUIDATION OF ASSETS

In 2016 the Liquidator was able to realise assets amounting to CHF 5,743,599.

VII. PURSUIT OF RESPONSIBILITY CLAIMS

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

VIII. NEXT STEPS IN THE PROCESS

In the coming months the first priority will be to make the third interim payment in the amount of 4.1 % to the creditors with recognised third-class claims (see section I. above). The liquidation bodies will also decide on the further course of action with regard to the responsibility issues.

The 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 this year will be issued by spring 2018 at the latest.

Kind regards

Flightlease AG in debt restructuring liquidation
The Liquidator:

Karl Wüthrich

- Encl.:
1. Liquidation status of Flightlease AG in debt restructuring liquidation as at 31 December 2016
 2. Overview of the schedule of claims proceedings for Flightlease AG in debt restructuring liquidation

LIQUIDATION STATUS AS OF 31 DECEMBER 2016

	31.12.2016 CHF	31.12.2015 CHF	Change CHF
ASSETS			
Liquid funds			
ZKB CHF	12'037'807	66'566'624	-54'528'817
ZKB CHF Money Market Investment	59'753'417	0	59'753'417
Total liquid funds	71'791'224	66'566'624	5'224'600
Liquidation positions:			
Accounts receivable	0	27'281	-27'281
Receivables from third parties	26'844'000	6'810'005	20'033'995
Shareholdings	p.m.	p.m.	
Responsibility claims	p.m.	p.m.	
Total liquidation positions	26'844'000	6'837'286	20'006'714
TOTAL ASSETS	98'635'224	73'403'910	25'231'314
LIABILITIES			
Debts of the estate			
Accounts payable	51'606	52'322	-716
Provision, 1st interim payment	2'332'618	15'675'231	-13'342'613
Provision, 2nd interim payment	1'840'595	20'520'252	-18'679'657
Provisions for liquidation costs	2'000'000	2'000'000	0
Total debts of the estate	6'224'819	38'247'805	-32'022'986
TOTAL DISPOSABLE ASSETS	92'410'405	35'156'105	57'254'300

Overview of the schedule of claims proceedings of Flightlease AG

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	45'381.79	42'445.75	-	-	2'936.04	100%	-	-	100%	100%
Third class	18'776'586'367.25	1'931'665'598.89	-	-	16'844'920'768.36	6.00%	4.8%	4.9%	10.8%	10.9%
Total creditors' claim	18'874'551'462.95	1'932'966'586.30	-	1'017'208.00	16'940'567'668.65					

www.liquidator-swissair.ch

**Hotline Flightlease AG
in debt restructuring liquidation**

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