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Registered mail

To the creditors of SAirGroup
in debt restructuring liquidation

Küsnacht, 18 March 2005 WuK/fee

SAirGroup in debt restructuring liquidation; Circular no. 5

Ladies and Gentlemen,

In this letter I will be updating you on the matters of avoidance claims, state liability claims and responsibility claims as follows:

I. AVOIDANCE ACTIONS

1. Introduction

Based on the report from Ernst & Young AG on the Swissair case and SAirGroup's accounting system, SAirGroup's payments from 1 January 2001 to 5 October 2001 (date on which the provisional debt restructuring moratorium was granted) have been examined to establish whether or not they are voidable under Art. 285 ff. of the Swiss Debt Enforcement and Bankruptcy Law (DEBL) and whether or not the payments that have been made can be reclaimed from the recipients in question. The review was conducted as follows:

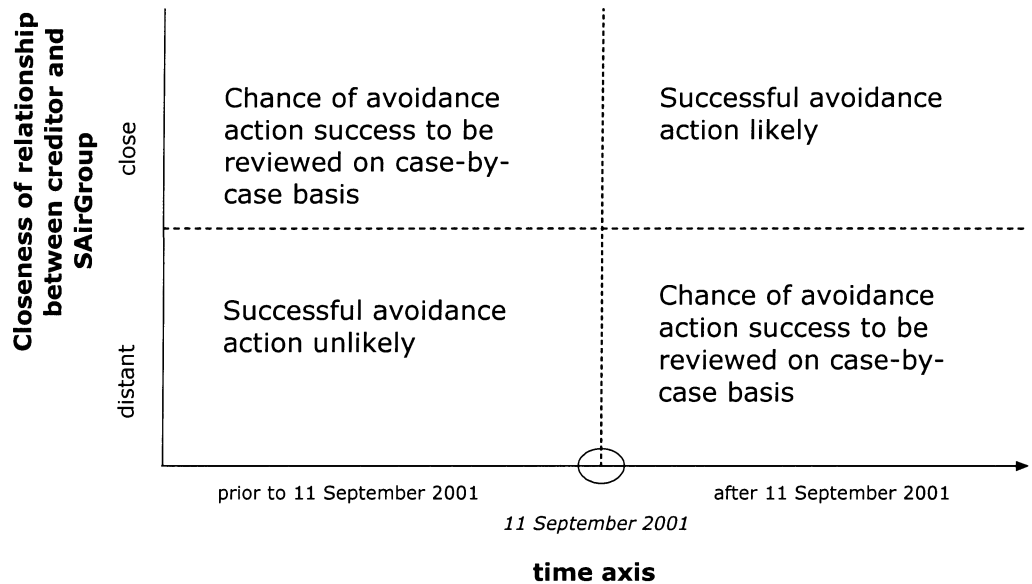
- a) Payments to Flightlease AG, Swisscargo AG, SAirLines and Swissair Swiss Air Transport Company Ltd ("Swissair") were not examined in greater detail. These companies are also in debt restructuring liquidation. In order to safeguard the rights of SAirGroup, possible avoidance claims will be registered as creditors' claims in the debt restructuring proceedings of these companies. The liquidation bodies in the debt restructuring proceedings of the companies concerned

will then decide in the context of drawing up the relevant schedule of claims whether to admit or reject SAirGroup's claims. Should the claims registered by SAirGroup be rejected, it will still be possible to challenge the schedule of claims.

- b) SAirGroup's payments were broken down into the following categories: payments to tax authorities, payments of salaries to employees, payments to old age and survivors' insurance (AHV), disability insurance (IV), servicemen's compensation (EO) schemes, the Swiss National Accident Insurance Fund (SUVA) and independent retirement funds, payments to health insurance schemes and other non-compulsory insurance schemes, payments to consultants, payments in connection with bonds, currency and interest transactions, equity swaps, loan repayments and interest payments on loans and special cases.
- c) The review focused primarily on whether or not the payments made by SAirGroup are subject to appeal on the basis of what is known as voidability for intent (Art. 288 DEBL). By way of exception, in this particular matter, the existence of a voidable gift (Art. 286 DEBL) or the possibility of voidability due to insolvency (Art. 287 DEBL) was also examined where there were the corresponding indications.
- d) The following questions were examined for each payment:
 - Were individual or all other creditors put at a disadvantage by the payment?
 - Did SAirGroup or its governing or executive bodies deliberately put creditors at a disadvantage, or did it at least anticipate that such disadvantage might result?
 - In exercising due diligence, could the favoured creditors recognise an intention on the part of SAirGroup to put creditors at a disadvantage?
- e) The timing of the payment and the closeness of the creditor's relationship with SAirGroup – i.e. their knowledge about the financial situation – are of crucial importance in assessing the subjective elements, the intention to put creditors at a disadvantage and the extent to which this intention might be recognised by the favoured creditors. The events of 11 September 2001 were highly

significant in this connection as they had a considerable negative financial impact on the entire aviation industry.

The following grid was used:



The investigations have produced the following results for the individual payment groups.

2. Payments to tax authorities

By 30 August 2001, SAirGroup had paid various tax bills (value-added tax, withholding tax, stamp duties and federal and municipal taxes) to municipal and federal tax authorities.

The voidability of the payments made to the tax authorities would require evidence that the tax authority concerned could have known, prior to 11 September 2001, that SAirGroup intended to give it preferential treatment or prejudice the other creditors. There is no evidence for this. Not all the criteria for an avoidance action in connection with the payments to the tax authorities have therefore been satisfied.

3. Payments of salaries to employees

Until the provisional debt restructuring moratorium was granted, SAirGroup had been paying all the employees of the Swissair companies in Switzerland each month. As far as the salaries were not being paid to

its own employees but to the staff of group companies, the group companies reimbursed SAirGroup with the total of the salaries paid. To this extent, the assets of SAirGroup have not been reduced by the payment of salaries.

Claims of employees arising from their employment relationship are first class privileged claims, provided that the claims originated within six months before the debt restructuring moratorium was granted. Most of the salaries paid by SAirGroup to its employees in 2001 fell into this category and therefore the payments did not prejudice the other creditors. These salaries should either have been paid or guaranteed as part of the debt restructuring moratorium. However, even to the extent that they are not privileged, the prospects for challenging these salary payments do not appear good when viewed against the background of Art. 337a of the Swiss Code of Obligations (CO). Under this mandatory provision, employees can terminate their employment relationship without notice in the event of the employer's insolvency, if it fails to guarantee their claims arising from the employment relationship within a reasonable time. If SAirGroup had refused to pay salaries, giving its poor financial situation as the reason, this would have resulted in a flood of resignations, if SAirGroup would not have provided its employees with the required guarantee. This would hardly have been in the interests of SAirGroup's other creditors.

A severance payment of CHF 335,113.05 made to management member Max Michel on 21 August 2001 is an exception to these basic considerations. This claim is being further investigated by SAirGroup.

4. Payments to AHV/IV/EO, SUVA and independent retirement funds

As part of its monthly salary payments, SAirGroup also made social insurance contributions to the AHV compensation funds, SUVA and the pension funds up to the end of September 2001. The sums due to the social insurance institutions are likewise privileged first or second class claims. The other creditors have therefore not been prejudiced by the payments to the social insurance institutions. Thus, the conditions for an avoidance action in connection with the payments have not been satisfied.

5. Payments to health insurance schemes and other non-compulsory insurance schemes

The employees of Swissair companies could join various health funds within a group health insurance scheme. SAirGroup deducted employees' monthly contributions from their pay and transferred them to the health funds concerned. These payments to the health funds have therefore not reduced the liquidation funds of SAirGroup. The payments have instead been funded from employees' salaries. The prospects of successfully challenging the payments concerned are therefore remote.

In addition to the health insurance scheme, employees of Swissair companies had the option, within the framework of other SAirGroup group insurance schemes, of joining private insurance schemes at better than standard market conditions. In this case, too, SAirGroup deducted the appropriate insurance premiums from the pay of the employee concerned and passed them to the insurance company. This means that these payments were also funded by the employees from their salaries. This has therefore not reduced SAirGroup's assets. Any challenge of these payments by SAirGroup to the "Zurich" insurance company therefore appears unlikely to be successful.

6. Payments to consultants

Until shortly before 5 October 2001, SAirGroup was paying large sums in consultancy fees to companies including Credit Suisse First Boston (Europe) Ltd., Dresdner Kleinwort Wasserstein, Financial Dynamics Business Communication, Freshfields Bruckhaus Deringer, KPMG, McKinsey & Co., Inc., MS Management Service AG, Roland Berger AG and PricewaterhouseCoopers.

Because of the nature of their consultancy work, KPMG (non-statutory auditing, liquidity planning), Roland Berger AG (restructuring), McKinsey & Co., Inc. (financial and strategic planning), PricewaterhouseCoopers (auditing) and Financial Dynamics Business Communication (communication consultancy) gained an early insight into SAirGroup's poor financial situation and precarious liquidity position. Possible avoidance claims against these consultants are therefore being further investigated by SAirGroup. In the case of KPMG, an avoidance action is already pending before the commercial court in Zurich. SAirGroup is also

considering possible avoidance claims in connection with the fees paid to Credit Suisse First Boston (Europe) Ltd.

However, no further consideration is being given to avoidability in respect of the fees paid to Dresdner Kleinwort Wasserstein, Freshfields Bruckhaus Deringer and MS Management Service AG. Dresdner Kleinwort Wasserstein advised SAirGroup on the acquisition of holdings in foreign airlines, including Malaysia Airlines and Alitalia. The last fee payment to Dresdner Kleinwort Wasserstein was made as long ago as the end of May 2001. Likewise, the consultancy service provided by Freshfields Bruckhaus Deringer did not relate to SAirGroup's financial situation but to matters concerning the LTU deal. The last payment to Freshfields Bruckhaus Deringer was made at the end of March 2001 while the last fee payment to MS Management Service AG was made by SAirGroup as long ago as mid-January 2001. Accordingly, as far as these fee payments are concerned, there is no evidence that the consultants concerned could have known about any intention by SAirGroup to prejudice creditors.

7. Payments in connection with bonds

In the course of 2001, SAirGroup made a number of payments to lead banks of bonds. The legal basis of these payments is formed by the individual terms of the loans and the relevant framework agreement between SAirGroup and the lead bank concerned. The payments contain interest payments, a repayment of principal and upfront or paying agency fees in favour of the lead bank. The principal repayment relates to a 3% bond (term 1987-2001) for CHF 100m. The lead bank for this bond was UBS AG and the repayment was made on 14 September 2001. All payments were transferred to a special account established with the lead bank in the name of SAirGroup for the purpose of repaying principal or interest.

The lead bank made the interest payments or the capital repayment to the individual bondholders from this account. With the exception of the upfront and paying agency fees and any repayment as part of the above principal payment of SAirGroup bonds held by the lead bank itself, the lead bank therefore derived no benefit from the payment to the special account. Only the lead bank's upfront and paying agency fees and any

repayment of SAirGroup bonds held by the lead bank itself (including interest) could be challenged.

The agency fees consist of relatively small sums. In addition, the lead bank provided a consideration of equal value for the agency fees by making the payments to the bondholders. The chances of an avoidance action in connection with the fee payments therefore seem rather slim.

The voidability of the interest and principal repayments to the individual bondholders would have to be investigated separately for each bondholder. Because of the relatively large number of bondholders affected, the necessary investigations would be very time-consuming. Furthermore, it must be assumed that only small amounts were usually paid to the individual bondholders, especially in the case of interest payments. Following a cost/benefit analysis, SAirGroup has decided not to investigate further the voidability of the payments to banks in connection with bonds. Any repayments to UBS AG of their SAirGroup bonds held directly as part of the above-mentioned principal repayment of 14 September 2001 are an exception to this. SAirGroup is continuing to further investigate the relevant avoidance claims.

8. Currency and interest transactions

In 2001 SAirGroup made many payments under the heading of "Currency and interest transactions".

The legal basis for payments from currency transactions consists of spot, forward and swap agreements with banks and Swissair Group companies. These agreements are used to cover currency risks. SAirGroup undertakes to the bank or group company to buy or sell money in a certain currency for a suitable consideration. In a "spot" transaction (cash transaction), the mutual delivery obligations are discharged shortly after the transaction (generally, not later than two business days after the transaction is concluded) and in a "forward" transaction later than the second business day after the transaction is concluded. In a "currency swap" one party buys a currency on a certain date and at the same time agrees to sell it back to the same contracting party at a later date. Depending on the nature of these currency transactions, the corresponding payments by SAirGroup are therefore always offset by a flow of funds of equal value. Payments made as part of these currency transactions do not, essentially, result in a reduction

of SAirGroup's assets. The chances of avoidance actions in connection with such payments are therefore not high.

The legal basis for payments from interest transactions was interest-rate swap agreements. These agreements were used to cover interest-rate risks for pending transactions. SAirGroup undertook to pay the bank interest on defined principal sums at fixed interest rates. In return, the bank undertook to pay SAirGroup interest at market rates on the same principal amounts. The two claims would be set off against each other on the relevant maturity date with only the surplus to the credit or debit of SAirGroup being settled by means of payments by or to the bank. In 2001 there was sometimes a balance payable by SAirGroup, as the fixed interest rates were higher than the market rate. Non-payment of the final balance would have resulted in the cancellation of the swap agreements, meaning that, in future, SAirGroup would have had no hedge against interest rate fluctuations that were to its detriment. The chances of a successful avoidance action in connection with the payments made to the banks under the terms of the "interest transactions" are therefore not high. The payments in question were always balanced by market-standard counterperformance on the part of the bank concerned. This counterperformance consisted of the continuing hedge against interest rate risks.

9. **Equity swaps**

Under the heading of equity swaps, SAirGroup made a number of payments to Deutsche Bank AG, Credit Suisse First Boston (Europe) Ltd., Merrill Lynch Capital Markets AG, Salomon Brothers International Ltd. (now: Citigroup Global Markets Ltd.) and Cie. de Tresorerie B. de Rothschild S.A. between 1 January 2001 and 5 October 2001.

Each of the equity swap transactions was based on a written agreement between SAirGroup and the contracting party concerned. Essentially, the equity swap transactions worked according to the scheme below:

- SAirGroup would sell to the other party a certain number of its own shares at their stock-market value for a fixed term on the date on which the agreement was concluded.
- At the end of the term, SAirGroup was either to buy back the shares and pay the other party the market value then prevailing (physical settlement) or to leave the other party to sell the shares, in which

case the proceeds of the sale were to be determined by the other party and accepted (or rejected) by SAirGroup (cash settlement).

- The current market value was calculated each month throughout the term and the difference compared with the previous valuation settled in cash. If the share price rose compared with the previous month SAirGroup was paid the surplus. If the price fell, SAirGroup had to make up the deficit.
- SAirGroup had to pay a monthly calculated interest on the respective market value.
- Besides the transfer of its own shares, SAirGroup additionally had to provide collateral in the form of a cash deposit. The amount of the collateral was adjusted to the current market value of SAirGroup shares.

The equity swap transaction with Credit Suisse First Boston (Europe) Ltd. did not involve SAirGroup's own shares, but shares in Austrian Airways. However, the mechanism was essentially corresponding to the one used in the equity swaps with its own shares.

Each payment by SAirGroup to these contracting parties was made without consideration at the time of payment and prejudiced the other creditors. Whether the payments can be successfully challenged depends on the knowledge that the contracting parties had of SAirGroup's financial situation at the time of the payment. All the contracting parties referred to were still receiving payments after 11 September 2001. The possible avoidance claims therefore continue to be further investigated by SAirGroup.

10. Loan repayments and interest payments on loans

From 1 January 2001 to 5 October 2001 SAirGroup made a number of interest and loan repayments to the following banks: ABB Credit B.V., Basler Kantonalbank, Bayerische Landesbank International S.A. (interest payment only), Credit Industriel et Commercial, Credit Suisse First Boston (interest payment only), Den Danske Bank, Deutsche Bank Luxembourg S.A. (interest payment only), Dresdner Bank AG, Fortis Bank S.A./N.V., Hypovereinsbank Luxembourg S.A. (interest payment only), Landesbank Rheinland-Pfalz, LTU Lufttransport GmbH / LoMa-Beteiligungsgesellschaft mbH (i.e. syndicate member banks for the EUR

300m multicurrency revolving credit facility), The Norinchukin Bank (interest payment only), UBS AG, Unibank A/S / Nordea, and Zürcher Kantonalbank.

The loan repayments and the interest payments on repaid loans were made without a consideration from the contracting party concerned at the time of payment, thereby reducing the liquidation funds of SAirGroup and prejudicing the other creditors. Whether these payments can be successfully contested depends on the knowledge that the contracting parties had of SAirGroup's financial situation at the time of the payment.

In the case of the loan repayments (including interest payments on repaid loans) to Den Danske Bank, Dresdner Bank AG, Fortis Bank S.A./N.V., Landesbank Rheinland-Pfalz, UBS AG, Unibank A/S / Nordea, Zürcher Kantonalbank and LTU Lufttransport GmbH / LoMa-Beteiligungsgesellschaft mbH (i.e. syndicate member banks for the EUR 300m multicurrency revolving credit facility) there is evidence that each bank knew about SAirGroup's poor financial situation at the time of payment and the loan repayment was motivated by misgivings about SAirGroup's solvency. The possible avoidance claims against these banks therefore continue to be further investigated by SAirGroup.

However, there is no evidence of such knowledge by the banks at the time of the loan repayment to Basler Kantonalbank, ABB Credit B.V. and Credit Industriel et Commercial. The repayment of the fixed advance of CHF 50m to Basler Kantonalbank was made as long ago as 16 February 2001, i.e. well before 11 September 2001. There is no evidence that Basler Kantonalbank could have known, as long ago as February 2001 that SAirGroup intended to give it preferential treatment and prejudice the other creditors. The staggered repayment to ABB Credit B.V. of the USD 100m loan was made on the contractually agreed due dates, i.e. in the period between March and May 2001. ABB Credit B.V. was not among SAirGroup's group of lead banks (UBS AG, Citybank N.A., Credit Suisse First Boston and Deutsche Bank AG), which, by virtue of their close business relationship and special bank presentations, gained in-depth knowledge of SAirGroup's financial problems as early as in spring of 2001. Neither does the correspondence between ABB Credit B.V. and SAirGroup prior to the staged loan repayments provide any evidence that ABB Credit B.V. had sufficient knowledge of SAirGroup's poor

financial situation at the relevant time. The same applies to the repayment of the FRF 200m loan to Credit Industriel et Commercial as per 16 May 2001. Accordingly, SAirGroup will not be investigating any further the voidability of these three loan repayments (including interest payments on repaid loans).

Likewise, no further investigation will be carried out into the voidability of the interest payments on bank loans which had not been repaid by 5 October 2001. If no loan repayment was made, the timely payment of the loan interest ensured that the loan continued to be granted, with each payment having a corresponding consideration, from which an avoidance action appears to have little prospect of success.

11. Special cases

11.1 Payment of fees to Credit Suisse First Boston in respect of CHF 1bn credit line

In late May and early August 2001 SAirGroup paid upfront and agency fees totalling about CHF 4m to CSFB in connection with the term sheet and the signing of the known CHF 1bn credit line. SAirGroup was never able to draw the CHF 1bn credit line as it never fulfilled the contractual conditions dictated by the banks. This meant that payment of the upfront and agency fees was made without fair consideration and prejudiced the other creditors. Credit Suisse First Boston was one of SAirGroup's four lead banks, which gained in-depth knowledge of SAirGroup's financial problems as early as in spring of 2001. The possible avoidance claim therefore continues to be further investigated by SAirGroup.

11.2 Payments to SAirGroup Finance (NL) B.V. ("FinBV")

A large number of payments passed between SAirGroup and FinBV in connection with loans granted to each other, the cash pool, and trading in financial derivatives until shortly before 5 October 2001. As part of the settlement of the mutual debt situation between SAirGroup and FinBV the resulting avoidance claim by SAirGroup against FinBV are being asserted by SAirGroup.

11.3 Swiss International Air Lines Ltd. ("Swiss")

On 26 September 2001, Swiss requested SAirGroup to transfer CHF 10m in connection with the delivery of an Embraer aircraft. SAirGroup

transferred the desired CHF 10m to Swiss with value date 27 September 2001. Swiss takes the position that this payment was made on account, on behalf of Swissair, for the outstanding monthly settlement for August 2001. SAirGroup will continue to further investigate the possible avoidance claim in connection with this CHF 10m payment as part of the settlement of the debt situation with Swiss.

11.4 Aroma Productions AG

SAirGroup paid Aroma Productions AG CHF 100,000 on 17 September 2001 for its assistance at the Annual Results Media Conference on 2 April 2001. At the time of this payment, SAirGroup's serious financial difficulties as well as its liquidity shortage were already the subject of intense media attention. The possible avoidance claim therefore continues to be further investigated by SAirGroup.

11.5 Other payments

As far as the other payments are concerned (namely guarantee payments for group companies, capital invested in associated companies, payment of fees for the repair and maintenance of operating systems, forwarding of VAT credits to Group companies under the group VAT payment scheme, and insurance premiums for operating risks) there is no evidence to suggest that an avoidance action would be successful.

12. Conclusion

In the light of the above assessment, the Liquidator and the Creditors' Committee will refrain from pursuing avoidance claims, with the exception of claims against:

- a) The former Swissair companies Flightlease AG, Swisscargo AG, SAirLines and Swissair which are currently in debt restructuring liquidation or bankrupt;
- b) The following third-party creditors who have received payments from SAirGroup:
 - Roland Berger AG (consultancy work)
 - KPMG companies (consultancy work)
 - McKinsey & Co., Inc. (consultancy work)
 - PricewaterhouseCoopers (consultancy work)

- Financial Dynamics Business Communication (consultancy work)
- Credit Suisse First Boston (Europe) Ltd. (consultancy work)
- Credit Suisse First Boston (payment of fees in respect of CHF 1bn credit line)
- Den Danske Bank (BEF 1bn credit line)
- Dresdner Bank AG (CHF 50m credit line)
- Fortis Bank S.A./N.V. (CHF 38m credit line)
- Landesbank Rheinland-Pfalz (CHF 80m credit line)
- LTU Lufttransport GmbH, LoMA Beteiligungsgesellschaft mbH, Deutsche Bank Luxembourg S.A (and the syndicate member banks ABN Amro Bank N.V., UBS Warburg AG, Citibank AG, Dresdner Bank AG, Kreditanstalt für Wiederaufbau, Bayerische Hypo- und Vereinsbank AG and Deutsche Bank AG; EUR 300m multicurrency revolving credit facility)
- UBS AG (CHF 30m credit line; repayment of SAirGroup bond directly held by UBS AG, CHF 100m, 3% loan 1987 - 2001)
- Unibank A/S, Nordea (USD 60m credit line)
- Zürcher Kantonal Bank (CHF 100m credit line)
- Credit Suisse First Boston (Europe) Ltd. (equity swap / Austrian Airlines stock loan)
- Citigroup Global Markets Ltd. (equity swap)
- Merrill Lynch Capital Markets AG (equity swap)
- Cie. de Tresorerie B. de Rothschild S.A. (equity swap)
- Deutsche Bank AG (equity swap)
- Swiss International Air Lines AG, formerly Crossair AG (payment of CHF 10m, value date 27 September 2001)
- SAirGroup Finance (NL) B.V.
- Max Michel (payment of CHF 335,113.05 on 21 August 2001)
- Aroma Productions AG (payment of CHF 100,000 on 17 September 2001).

The avoidance claims which the Liquidator and the Creditor's Committee wish to pursue are being further investigated by SAirGroup itself.

II. STATE LIABILITY ACTION AGAINST THE SWISS CONFEDERATION ON GROUNDS OF FAILURE TO FULFIL SUPERVISORY OBLIGATIONS

To prevent the statute of limitations coming into effect, on 19 September 2003 SAirGroup, together with Flightlease AG in debt restructuring liquidation, SAirLines in debt restructuring liquidation and Swissair Swiss Air Transport Company in debt restructuring liquidation ("Swissair") made a submission to the Swiss Federal Department of Finance petitioning for damages of CHF 1 billion against the Swiss Confederation. The grounds for the petition were the allegation that the Federal Office for Civil Aviation ("FOCA") had neglected its supervisory obligations in respect of Swissair and SAirGroup, respectively.

The Swissair companies requested that the Federal Department of Finance suspend the action for an initial period so that the legal situation could be examined before proceedings were pursued. On 27 October 2003, the Federal Department of Finance ruled that proceedings be suspended as requested.

In January 2004, Prof. Dr. Tobias Jaag and Dr. Markus Rüssli, of the law firm Umbricht, Attorneys at Law, were engaged to provide a legal opinion on the Swissair companies' entitlement to take action. The legal opinion was submitted to the Liquidator in April 2004. The opinion first points out that, of the four Swissair companies, only Swissair was dedicated to the commercial transportation of persons and goods and that only this company held an operating licence from the FOCA and a licence to operate certain air routes from the Federal Department of Environment, Transport, Energy and Communications ("DETEC"). Supervision on the part of the Confederation was therefore limited to Swissair. According to the opinion, SAirGroup, SAirLines and Flightlease AG, which were not subject to supervision by the Confederation, are not eligible to charge the Confederation with any breach of its supervisory obligations whatsoever. There was thus never any corresponding liability to SAirGroup and its creditors. Even if SAirGroup had been subject to federal supervision, the opinion states that the criteria for liability on the part of the Swiss Confederation would not have been fulfilled. The protection of the financial interests of the creditors of a company or of the company itself is not one of the direct objectives of federal supervision of civil aviation. Furthermore, liability would also have been

ruled out owing to the high degree of fault on the part of SAirGroup and its governing and executive bodies.

On the basis of the opinion produced by Prof. Dr. Tobias Jaag and Dr. Markus Rüssli, the Liquidator and the Creditors' Committee will not pursue the state liability claim on behalf of SAirGroup.

III. WAIVER OF DISPUTED CLAIMS

1. General

Each creditor is entitled to request the assignment of the right to take legal action in respect of those legal claims for which the Liquidator and the Creditors' Committee decide not to further pursue them (Art. 325 in conjunction with Art. 260 DEBL). A creditor who requests assignment is entitled to assert the legal claim at his own risk and expense. In the event that he should win the legal action, he is entitled to use any award to cover both the costs incurred and his claims against SAirGroup. Any excess amount would have to be surrendered to the liquidation assets. If the creditor should lose the action, he is liable for any court and legal fees.

2. Assignment request by individual creditors

Creditors are hereby offered the option of being assigned the right to pursue an action in respect of any avoidance claims by SAirGroup which the liquidation bodies have declined to assert (see I.12 above) and in pursuance of the state liability action against the Swiss Confederation for breach of duty of supervision (see II. above). As far as avoidance claims are concerned, creditors' attention is drawn to the fact that in order to safeguard their rights they should take initial legal steps by 26 June 2005. Each creditor can obtain from the Liquidator a CD Rom containing a list of possible claims arising from voidable acts, for which an assignment of the right to pursue an action is offered, and relevant documents. Orders can be placed by telephone on +41 43 222 38 30 (German), +41 43 222 38 40 (French) and +41 43 222 38 50 (English).

Requests for assignment within the meaning of Art. 260 DEBL may be lodged with the undersigned Liquidator **in writing by 18 April 2005 at the latest** (date of postmark of a Swiss post office). The right to

request assignment will be deemed to be **forfeited** if this deadline is not met.

IV. ASSERTION OF RESPONSIBILITY CLAIMS

In mid-March 2005, the members of SAirGroup's board who were in office in December 2000, the then CEO and the then CFO were served with a draft writ concerning their responsibility for the merger between SAirLines and Roscor AG (December 2000). At the same time, the petition for conciliation was submitted to the appropriate justice of the peace.

In December 2000 SAirLines was overindebted by more than CHF 2bn. At that time, Roscor AG was a direct SAirGroup subsidiary. It had a stake in Galileo International and Galileo Japan. The two Galileo companies operate an electronic reservation system for airlines. As at the end of December, Roscor AG was worth around CHF 330m and, on 18 December 2000, was absorbed into SAirLines. SAirGroup did not receive consideration from SAirLines in connection with this transaction. Even after the merger with Roscor AG, SAirLines was still overindebted in the approximate amount of CHF 2bn. This transaction deprived SAirGroup of the value of Roscor AG. SAirLines was overindebted before and after the transaction and therefore of no value to SAirGroup before and after it. As a result of the merger of SAirLines and Roscor AG, SAirGroup suffered a loss in the order of magnitude of CHF 280m. The Liquidator and the Creditors' Committee are of the opinion that the board of directors, the CEO and the CFO were in breach of their duties in the handling of the merger and are responsible for the loss incurred.

The defendants now have the opportunity to respond to the draft writ. Creditors will again be kept informed of the progress of the case.

Yours sincerely

SAirGroup in debt restructuring liquidation

The Liquidator

Karl Wüthrich