

**Unofficial Translation
of German Original**

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To the creditors of SAirGroup AG
in debt restructuring liquidation

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Eingetragen im Anwaltsregister

Küsnacht, October 2017

B5003446.docx/WuK/FiS

SAirGroup AG in debt restructuring liquidation; Circular no. 29

Dear Sir or Madam

Hereinafter, we would like to inform you of the course of the proceedings and the planned further steps.

I. SETTLEMENT OF THE SCHEDULE OF CLAIMS

In the proceedings regarding the action to contest the schedule of claims of the ancillary insolvency estate of Sabena SA in liquidation (hereinafter "Sabena", see Circulars No. 26, section VIII.1 and No. 28, section VII.1.), in its decision dated 10 August 2017 the High Court of the Canton of Zurich dismissed the appeal of Sabena against the decision of the single judge at the District Court of Zurich. Sabena did not resort to legal remedy regarding this decision. The proceedings concerning the action to contest the schedule of claims brought by Sabena are now finally concluded. On top of the CHF 382,551,524.55 third-class claims of Sabena already recognised, only a further CHF 28,684,927 needs to be recognised, rather than the sum of approx. CHF 2.36 billion claimed.

SAirGroup's schedule of claims has therefore essentially been settled. At the moment, the assessment and decision on only a few claims are suspended. I anticipate that it should be possible to settle the schedule of claims in the coming months.

II. PURSUIT OF LIABILITY CLAIMS AGAINST CORPORATE BODIES (ACQUISITIONS)

In the Circular No. 24 of March 2015 (section V.1.2), I informed that the Commercial Court of Zurich had dismissed the "acquisition of Air Littoral" liability claim against corporate bodies in its decision of 26 January 2015. Based on that decision, other acquisitions such as LTU, AOM and Air Liberté were re-examined with regard to liability claims against corporate bodies. The liquidation bodies concluded that after the aforementioned decision of the Commercial Court of Zurich, the chances of successfully pursuing liability claims against corporate bodies as regards the acquisitions are very small.

In negotiations, the persons potentially liable showed a willingness to settle any liability claims against corporate bodies relating to acquisitions by the payment of a very small amount. In collaboration with SAirLines AG in debt restructuring liquidation (hereinafter "SAirLines"), it was possible to reach a settlement with 22 of the companies' former corporate bodies as outlined below:

- The former corporate bodies will jointly pay the amount of CHF 250,000 to SAirGroup and SAirLines, ex gratia and without prejudice;
- SAirGroup and SAirLines renounce to pursue any further liability claims against corporate bodies relating to acquisitions;
- This settlement becomes effective if approved by the creditors' committees of SAirGroup and SAirLines and no creditor raises a successful appeal against this settlement.

The amount of CHF 250,000 will be divided between SAirGroup and SAirLines as follows: SAirGroup will receive CHF 225,000 and SAirLines CHF 25,000. First and foremost, this division takes account of the fact that SAirGroup has borne the legal costs and the substantial part of the investigation costs of the liability claims against corporate bodies in relation to the acquisitions.

The SAirGroup and SAirLines creditors' committees have agreed to the settlement and the apportionment of the amount of CHF 250,000 between SAirGroup and SAirLines.

III. STATUTE OF LIMITATION OF THE FIRST INTERIM PAYMENT

The first interim payment became due for payment on 5 November 2017. According to the applicable Swiss Debt Enforcement and Bankruptcy Law, the entitlement to payment of the bankruptcy's dividends becomes statute-barred ten years after maturity. The same applies to the entitlement to payment of an interim payment in a debt restructuring liquidation. Considering the statute of limitation under the applicable law, I would like to draw the creditors' attention who have not submitted any bank details for the payment of the first interim payment yet, that their entitlement to payment of the first interim payment becomes statute-barred on 5 November 2017.

IV. FURTHER COURSE OF THE PROCEEDINGS

A) Sixth interim payment

Following the final disposal of the action to contest the schedule of claims proceedings of Sabena (see Section I above), the provisions of around CHF 436 million for the first five interim payments (18.5%) on the definitively rejected claimed amount of CHF 2,358,783,548.45 can be released. The current dividend forecast amounts to between 22.7% and 22.9%. This means that a dividend payment of between 4.2% and 4.4% can be expected. The currently available liquid funds already permit a further interim payment to the creditors in the range of 3%. I will prepare the interim payment and then notify you about the publication of the provisional distribution list for the sixth interim payment.

B) Collection of claims against insolvent former Swissair Group companies

Reciprocal claims exist between the various insolvency estates of the former Swissair Group companies. This sometimes gives rise to a circular flow of dividends. For example, the following configuration exists in SAirGroup: SAirGroup has a finally recognized claim of CHF 850 million against SAirLines. One of SAirLines' last remaining unliquidated assets is a recognised claim of CHF 64.8 million against Swissair Swiss Transport Company Ltd. in debt restructuring liquidation (hereinafter "Swissair"). For its part, Swissair has a recognized third-class claim in the amount of CHF 1.5 billion against SAirGroup. Each interim payment by SAirGroup results in a small proportion finding its way back to SAirGroup via this circular flow. If it is not possible to interrupt this cash flow, it will ultimately not be possible to conclude the SAirGroup proceedings. There

are other analogous constellations among the insolvent former Swissair Group companies. My objective in the coming months will be to apply appropriate measures to break up these circular flows. This should make it possible to conclude various insolvency proceedings and to collect the outstanding claims against the respective insolvent company to the extent possible.

Before the end of this year, I expect to be able to notify the creditors about the publication of the sixth provisional distribution list. This will enable payment of the sixth interim payment from the first quarter of 2018 onwards. In any event, I will inform you by Circular of the 2017 report on activities in spring 2018.

Yours sincerely

SAirGroup AG in debt restructuring liquidation
The Liquidator:

Karl Wüthrich

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in debt restructuring liquidation**

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