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**Unofficial Translation
of German Original**

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Registered mail

To the creditors of
Swissair Swiss Air Transport
Company Ltd. in debt restructuring
liquidation

Küsnacht, 16 May 2007 WuK/fee

**Swissair Swiss Air Transport Company Ltd.
in debt restructuring liquidation; Circular no. 10**

Ladies and Gentlemen

This Circular provides information on the status of the Swissair Swiss Air Transport Company Ltd. ("Swissair") debt restructuring liquidation proceedings since the beginning of February 2007, as well as on the next steps planned over the coming months.

I. REPORT ON ACTIVITIES AS AT 31 DECEMBER 2006

Having been acknowledged and approved by the Creditors' Committee, the fourth of the Liquidator's reports on activities for 2006 was submitted to the debt restructuring judge at the district court of Bülach on 15 March 2007. The report is available for inspection by the creditors at the Liquidator's offices at Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 7 June 2007. Please make an appointment with Mr Christian Rysler, telephone +41 43 222 38 00.

II. OVERVIEW OF THE LIQUIDATION PROCESS

1. Activities of the Liquidator

1.1 General

Creditors were informed in Circulars 7 to 9 of the progress of liquidation during 2006. Over this period, the Liquidator and Deputy Liquidator concentrated on settling liabilities (see Circular no. 9 of 13 February 2007), and pursuing the avoidance claims that have been instituted (see section VI.3 below). A number of assets could also be realised (see sections III and V.1 below).

1.2 Payment of the privileged claims of former employees settled by the debt restructuring agreement

During 2006 it was possible to complete the payment of privileged claims to former staff who accepted the offer made under the debt restructuring agreement. Statements have been produced and payments made in respect of the two members of staff whose cases were still outstanding. A total of CHF 103,311.05 net was paid out to staff last year.

In connection with the aforementioned statements, Swissair also paid out contributions to the pension fund (CHF 1,067.65), to the AHV/ALV equalization funds (CHF 5,871.55), and to a variety of third parties as a result of assignments, including social security contributions (CHF 18,255.45). Total payments for 2006 thus came to CHF 128,505.70.

The final statement as regards para. 4 of the debt restructuring agreement is therefore as follows:

- Total number of employees whose privileged claims have been settled		5,128
- Payments to employees	CHF	100,424,352.57
- Payments to pension fund	CHF	143,125.80
- Payments to social insurance funds	CHF	6,656,429.45
- Withholding taxes	CHF	1,588,065.62

- <u>Payments to third parties</u>	CHF 7,300,732.71
Total paid out	CHF 116,112,706.15

2. Activities of the Creditors' Committee

The Creditors' Committee held five meetings in the course of 2006. At its meetings, the Committee discussed the various proposals submitted by the Liquidator or Deputy Liquidator, and passed resolutions accordingly. Work in connection with settling liabilities proved particularly difficult and time-consuming, as many complex claim relationships had to be assessed.

III. REALIZATION OF ASSETS

Creditors were informed of the most important transactions in connection with the liquidation of assets in Circulars 7 and 8. Furthermore, in 2006, the Liquidator pressed ahead with the collection of outstanding accounts receivable arising from flight operations and loan claims in Switzerland and abroad.

IV. SETTLEMENT OF LIABILITIES / SCHEDULE OF CLAIMS

Circular 9 of 13 February 2007 informed creditors about the presentation for inspection of the schedule of claims. According to the information available at present, 230 creditors whose registered claims were wholly or partially rejected lodged actions to contest the schedule of claims while the latter was open to public inspection between 14 February and 6 March 2007. The actions concern 181 first-class claims totalling CHF 707,010,970.95 and 49 third-class claims amounting to a total of CHF 8,315,995,940.93 (see enclosed information on the liquidation status as at 31 December 2006).

Of the actions submitted in respect of first-class claims, the largest sum involved is the CHF 676,374,766 being claimed by SAirGroup's General Pension Fund. Please refer to section I.2.3. of Circular 9 of 13 February 2007 for the background to this action. The majority of the remaining actions to contest the first-class section of the schedule of claims concern rejected claims from the severance plan and severance

pay. They had been lodged by former Swissair employees who had transferred to Swiss International Air Lines Ltd.

Meanwhile, final rejections have been issued for CHF 13,797,700,183.96 of the CHF 27,244,494,648.57 in third-class claims that was originally registered. One creditor lodged an action to contest the schedule of claims worth CHF 8,066,033,282. However, the Liquidator is still unable to relate to the grounds given by the creditor in question for his claims.

V. ASSET STATUS OF SWISSAIR AS AT 31 DECEMBER 2006

1. Introductory remark

In the Appendix, you will find a report on the liquidation status of Swissair as at 31 December 2006, containing a statement of the assets of Swissair in debt restructuring liquidation as of that date, according to present information.

2. Assets

As-yet unrealized assets: These consist, in the main, of bank deposits abroad which are still frozen, outstanding accounts receivable arising from flight operations, claims against former companies of the Swissair Group, share positions held by Swissair and foreign real estate, where owned by Swissair. Any responsibility and avoidance claims are listed pro memoria.

3. Debts of the estate

Accounts payable: The accounts payable reported as at 31 December 2006 relate to costs incurred during the debt restructuring liquidation.

Provision for outstanding statements: The statement on the loan from the Swiss Confederation could not be finalized in 2006. Additional statement items emerged time and again as the schedule of claims was being drawn up. The Confederation's claim of CHF 1.45 billion is listed pro memoria in the schedule of claims. The claim amount to be admitted depends on how the terms of the loan are ultimately handled.

If it is not possible for Swissair and the Confederation to reach an agreement, the matter would have to be settled in administrative proceedings. The Liquidator will finalize the statement on the Confederation loan over the next few weeks and present it to the Creditors' Committee. The next step will then be to submit the statement to the Swiss Federal Audit Office for examination and approval. In negotiations with Swisscargo AG in debt restructuring liquidation, an agreement has been reached in principle about the settlement of reciprocal claims. This agreement also affects the settlement of claims with the Confederation, however. This means that reciprocal claims with Swisscargo AG cannot be settled finally until the statement on the Confederation loan has been finalized. The liquidation status report as at 31 December 2006 continues to show provisions for open statements of CHF 83.12 million.

4. Creditors' claims

Please refer to the attached summary of creditors' claims (enclosed information on liquidation status as at 31 December 2006) and section IV above for the status of work to adjust the schedule of claims.

5. Estimated dividend

In the light of the current status of work to draw up the schedule of claims, disposable assets shown in the liquidation status report as at 31 December 2006 give a maximum dividend of 9.8%, providing all of the actions that have been lodged to contest the schedule of claims are unsuccessful and only 60% of the suspended claims have to be recognized. Should all of the actions be admitted and all of the suspended claims have to be recognized, however, the minimum dividend on first-class claims would be 58.1%. Second and third-class claims would not receive any dividend under such circumstances.

VI. PURSUIT OF DISPUTED CLAIMS

1. Atrib Switzerland AG

Kloten-based Atrib Switzerland AG (formerly Atraxis Switzerland AG / Atraxis AG) is a former Swissair Group company. At the same time,

Atrib Switzerland AG was a subsidiary of what was known as the Atraxis Group. The Atraxis Group's business was the creation and distribution of software solutions for companies in the aircraft industry, primarily companies in the Swissair Group and the Qualiflyer Group, and Zurich airport.

The sole judge at the District Court of Bülach commenced insolvency proceedings against Atrib Switzerland AG on 1 March 2002. Swissair registered third-class claims totalling CHF 25,068,734.83 in these insolvency proceedings. Swissair's claims are based to some extent on a loan of CHF 10 million, plus interest, which was granted to Atrib Switzerland AG from the funds made available by the Confederation. However, Swissair is also claiming fees for services rendered and charge-backs for bonus flights taken in 2001, and making additional claims for amounts charged on and charged back internally, specifically where Swissair paid third parties via the IATA Clearing House on behalf of Atrib Switzerland AG. Further claims stem from the Universal Air Travel Plan (UATP), an inter-airline payment system that is commonly used to settle business travel, as well as from claims relating to the Traviswiss booking system.

The claims of CHF 1,025,500 concerning charge-backs for bonus flights taken in 2001 are based on the following circumstances: After the individual Swissair divisions had been hived off as independent companies as part of the 1996/1997 restructuring, it was decided that all Swissair Group staff would still be able to benefit from discounted air travel. However, the costs would have to be borne by the individual companies themselves. Swissair thus charged all group companies for vouchers for bonus flights in 2001, the invoice in the case of Atrib Switzerland AG being issued on 28 February 2002.

The Bassersdorf Insolvency Office rejected Swissair's claims in its ruling of 22 November 2006. The claim for the loan amount plus interest was rejected on the grounds that the loan was considered to have replaced capital ("kapitalersetzendes Darlehen") and could therefore not be repaid. Swissair's remaining claim items, relating to the provision of services, UATP and charge-ons were rejected largely because they could be set off against counter-claims. Atrib Switzerland

AG had itself registered these counter-claims as part of the Swissair debt restructuring proceedings.

In order to comply with the 20-day period within which claims had to be made in court in the form of an action to contest the schedule of claims (Art. 250.1 DEBL), the Swissair Liquidator lodged an action with the sole judge at the District Court of Bülach on 14 December 2006. The action accepted the set-off against CHF 13,385,238.06 in IT service fee-related counter-items owed to Atrib Switzerland AG, as had been ordered by the Bassersdorf Insolvency Office, as the relevant claims had also been taken into account in proceedings to draw up Swissair's schedule of claims. The original claim being sought was thus reduced by the corresponding amount, down to CHF 11,683,496.77. At the same time, the Liquidator requested that proceedings be suspended until the Swissair Creditors' Committee had decided whether or not to pursue the action or until it had become clear whether or not any of the claimant's creditors had had the right to pursue an action in respect of the said claims assigned to them under Art. 325 in conjunction with Art. 260 DEBL. The suspension petition was subsequently approved.

Among other items, Atrib Switzerland AG is setting Swissair's claims off against an avoidance claim of CHF 262,906 (USD 200,020). Atrib Switzerland AG had registered this claim as part of the Swissair debt restructuring proceedings. However, the claim was rejected.

As grounds for its set-off claim of CHF 262,906 (USD 200,020), Atrib Switzerland AG maintained that it had given Swissair a gift by paying 73% of a Swissair debt. This took the form of a set-off under a settlement agreement between Atrib Switzerland and Viação Aérea São Paulo S/A ("VASP") dated 24 January 2002. Since Swissair did not have to provide anything in return for its debt being paid, Atrib Switzerland AG contended that the set-off constituted a gift, pursuant to Art. 239 para. 1 of the Swiss Code of Obligations, and could therefore be contested under the avoidance rules of Art. 286 DEBL.

The settlement agreement of 24 January 2002 provided for the VASP debt of CHF 3,600,000 to Atrib Switzerland AG, SR Technics AG,

Cargologic AG, Swissport ZRH, Swissport USA (DYNAR), SR Flight Support AG and Gate Gourmet to be set off against two unpaid VASP claims: One against Swissair of USD 274,000 and one against Sabena of USD 800,000. This resulted in the various SAirGroup companies taking a loss of approximately 30% on their claims against VASP.

Atrib Switzerland AG was due to receive the majority – specifically 73% – of the total claim against VASP. This is why Atrib Switzerland is invoking Art. 286 DEBL to claim 73% of the amount of USD 274,000, i.e. USD 200,020 (or CHF 262,906), that was settled by means of the aforementioned set-off.

Atrib Switzerland AG has not submitted any documents which would evidence VASP's claims of USD 200,020 against Swissair for the period June 1999 to August 2001. Furthermore, the settlement agreement of 24 January 2002 gives no legal grounds on which VASP might have had claims against Swissair. However, the Swissair accounting system does show that VASP had outstanding claims against Swissair in the amounts in question for the 2000 to August 2001 period. These claims were paid in the amount of CHF 262,906 (USD 200,020) under the terms of the settlement agreement of 24 January 2002. This proves Atrib Switzerland's set-off claim for the amount stated.

In the light of this legal situation, the Liquidator and the Creditors' Committee have decided not to continue pursuing the claims registered in the Atrib Switzerland AG insolvency proceedings which arise from charge-backs for bonus flights taken in 2001 and equate to a set-off with the claim of CHF 262,906 (USD 200,020) from the avoidance claim. Swissair will pursue the action to contest the Atrib Switzerland AG schedule of claims in respect of the remaining sum of CHF 11,420,590.77 alone.

2. DR. PETER URWANTSCHKY, ATTORNEY-AT-LAW; CLAIMS FOR DAMAGES FOR INCORRECT ADVICE IN MULTIPLE PROCEEDINGS AGAINST FLUGHAFEN MÜNCHEN GMBH ("FHM")

Braking tests on aircraft handling properties in wintry conditions were carried out at Munich airport in February 2000. These tests were

performed as part of the NASA Joint Winter Runway Friction Measurement Program and were organized by FHM. Swissair's participation in the braking tests under this program was agreed in a contract between Swissair and FHM that was concluded on 14 February 2000. In the course of these braking tests, on 24 February 2000 there was a collision between a Swissair aircraft that was taking part in a test run and an Augsburg Airways aircraft that was parked at the airport. Both aircraft sustained considerable damage.

With the exception of the insurance excess, the repair costs for both damaged aircraft were assumed by Swissair's insurers (Lloyds Syndicate 960, "Lloyds"). Costs associated with not being able to use the damaged aircraft were not covered, however.

The opinion of those responsible at Swissair and Lloyds was that the accident and the resulting loss had been caused by a culpable breach of obligation on the part of FHM. The facts and the legal situation having been investigated by the German lawyer assigned to the case, Dr. Peter Urwantschky of Urwantschky Dangel Borst & Partner, Neu-Ulm, Lloyds and Swissair filed suit against FHM before the District Court of Landshut on 27 May 2002, claiming damages for the cost of repairing the Swissair aircraft. Swissair's share of the amount in dispute was USD 450,000, or 60% of the insurance excess totalling USD 750,000. Lloyds and Swissair lost these legal proceedings in November 2002, and the appeal lodged with the Higher Regional Court in Munich was dismissed in July 2003 because the statute of limitations on the underlying damages claim had expired. With the approval of the Creditors' Committee, Swissair and Lloyds together subsequently lodged an appeal with the German Federal Supreme Court against the ruling of the Upper State Court in Munich, on the basis of an analysis of the risks of legal action conducted by Dr. Peter Urwantschky, as well as a professorial opinion on the statute of limitations issue. The German Federal Supreme Court dismissed the appeal in its ruling of 28 July 2004, on the grounds that the statute of limitations on the original claims had lapsed.

Given the resulting circumstances, the Liquidator engaged a German lawyer to investigate and pursue claims for damages against Dr. Peter

Urwantschky in connection with the expiry of the statute of limitations on Swissair's claims against FHM. This lawyer came to the following conclusion: Dr. Peter Urwantschky was culpable in failing to observe the expiry of the statute of limitations applicable to Swissair's claims for damages against FHM. Consequently, Dr. Peter Urwantschky was liable for the costs of EUR 44,768.43 for legal advice and payment orders that had been incurred in vain in proceedings against FHM. The legal costs of the lost action for the repayment of the insurance excess were paid as before by Lloyds.

His failure to observe the elapsed statute of limitations period also essentially renders Dr. Peter Urwantschky liable for the losses for which Swissair can no longer claim compensation from FHM, i.e. for the insurance excess and the earnings lost because Swissair was unable to use the aircraft. However, this would apply only to the extent that FHM were actually ruled liable in these particular proceedings against it, irrespective of any examination of the statute of limitations issue. There was thus a risk that it would not be possible to disprove the contention that the crew of the Swissair aircraft bore some of the responsibility for the accident. Were this argument to be taken to its logical conclusion, the outcome would be that FHM bore no liability with regard to Swissair in this case, and thus Swissair could make no claim for damages against Dr. Peter Urwantschky.

Settlement negotiations were conducted with Dr. Peter Urwantschky before any legal action was taken. These ultimately led to the conclusion of the following settlement:

- Dr. Peter Urwantschky and/or his insurance company would pay Swissair EUR 205,104.80.
- Once this sum has been paid, the parties would declare all reciprocal claims to have been settled.

The Creditors' Committee has approved the settlement, and the corresponding payment was received by Swissair in January 2007.

3. AVOIDANCE CLAIMS

3.1 Compañía Española de Petroleos ("CEPSA")

CEPSA supplied Swissair with fuel at airports in Spain and on the Balearic and Canary Islands. On 3 October 2001, CEPSA transmitted Swissair a payment demand comprising a summary of unpaid invoices for fuel that had already been supplied. These outstanding invoices totalled USD 395,725.16 and had originally been issued between 27 and 30 September 2001. Swissair transferred the amount demanded, USD 395,725.16, to CEPSA on 4 October 2001.

An independent lawyer examined whether or not the payment to CEPSA could be challenged. He concluded that the case fulfilled the criteria for a challenge that are laid down in Art. 288 DEBL. With the consent of the Creditors' Committee, Swissair thus submitted a claim against CEPSA before the relevant deadline.

The following settlement was reached in the course of settlement discussions under the guidance of the Commercial Court of Canton Zurich. This settlement takes into account the enforcement risks faced by Swissair:

- Swissair would lower the avoidance claims that it had lodged from USD 395,725.16 to USD 200,000.
- CEPSA would recognize the claim for this amount and undertake to pay the sum of USD 200,000 to Swissair.
- CEPSA would waive its claim for the payment of USD 200,000, which would be revived under the terms of Art. 291 para. 2 DEBL.
- Court costs would be split 50:50 between the parties and neither party would seek a compensation for court costs.
- Once the agreement had been fulfilled, the parties would declare all reciprocal claims to have been settled.

The settlement was approved by the Creditors' Committee. Swissair received the CEPSA payment of USD 200,000 in January 2007.

3.2 *El Paso Merchant Energy-Petroleum Company ("El Paso")*

Swissair purchased fuel from El Paso at various airports in the USA. On 4 October 2001, Swissair issued a payment order for USD 746,09.17 in favour of El Paso, giving the reason for payment as "all outstanding invoices". This payment order was executed by UBS Ltd. on 5 October 2001. Swissair records suggest that this payment was intended to settle invoices from the period from mid-July to end-September 2001, for fuel deliveries made by El Paso prior to these dates.

An independent lawyer examined whether or not the payment to El Paso could be challenged. He concluded that the case fulfilled the criteria for a challenge that are laid down in Art. 288 DEBL. With the consent of the Creditors' Committee, Swissair thus submitted a claim against El Paso before the relevant deadline.

The following settlement was reached in the course of settlement discussions under the guidance of the Commercial Court of Canton Zurich. This settlement takes into account the enforcement risks faced by Swissair:

- Swissair would lower the avoidance claims that it had lodged from USD 746,009.17 to USD 350,000.
- El Paso would recognize the claim for this amount and undertake to pay the sum of USD 350,000 to Swissair.
- El Paso would waive its claim for the payment of USD 350,000, which would be revived under the terms of Art. 291 para. 2 DEBL.
- El Paso would also waive all its other registered claims against Swissair, totalling USD 387,555.48 and CHF 38,135.46.
- Court costs would be split 50:50 between the parties and neither party would seek compensation for court costs.
- Once the agreement had been fulfilled, the parties would declare all reciprocal claims to have been settled.

The settlement was approved by the Creditors' Committee. Swissair received the El Paso payment of USD 350,000 in January 2007.

3.3 *Kuwait Petroleum Aviation (Thailand) Ltd., Kuwait Petroleum International Aviation Company (UK) Ltd. and Kuwait Petroleum Italia SpA (the "Kuwait Group")*

Swissair purchased fuel from the Kuwait Group at various airports in the United Kingdom, Italy and Thailand. On 4 October 2001, Swissair issued two orders for payments to be made to the Kuwait Group. The first of these was for USD 1,155,000 and was flagged "all outstanding invoices", while the second concerned USD 300,000 and bore the remark "upfront payment as per your request". Both of these payment orders were executed by UBS Ltd. on 4 October 2001. The available documentation leads us to believe that the first payment of USD 1,155,000 of 4 October 2001 was to pay outstanding invoices totalling USD 992,645.38 for fuel deliveries made by the Kuwait group prior to 2 October 2001.

An independent lawyer examined whether or not the payment to the Kuwait Group could be challenged. He concluded that the payment of USD 992,645.38 fulfilled the criteria for a challenge that are laid down in Art. 288 DEBL. With the consent of the Creditors' Committee, Swissair thus submitted a claim for the corresponding amount against the Kuwait Group before the relevant deadline.

The following settlement was reached in the course of settlement discussions under the guidance of the Commercial Court of Canton Zurich. This settlement takes into account the enforcement risks faced by Swissair:

- Swissair would lower the avoidance claims that it had lodged from USD 992,645.38 to USD 496,000.
- The Kuwait Group would recognize the claim for this amount and undertake to pay the sum of USD 496,000 to Swissair.
- The Kuwait Group would waive its claim for the payment of USD 496,000, which would be revived under the terms of Art. 291 para. 2 DEBL.
- Court costs would be split 50:50 between the parties and neither party would seek compensation for court costs.

- Once the agreement has been fulfilled, the parties will declare all reciprocal claims to have been settled.

The settlement was approved by the Creditors' Committee. Swissair received the Kuwait Group payment of USD 496,000 in February 2007.

3.4 *Flightlease Ireland Ltd.*

Flightlease Ireland is a wholly-owned subsidiary of Flightlease AG. It was founded in November 1997 in order to optimize the tax aspects of aircraft leasing transactions for Swissair and third-party airlines. The financial situation of Flightlease Ireland worsened following the grant of a debt restructuring moratorium to Flightlease AG. The company is currently involved in insolvency proceedings in Ireland.

Flightlease Ireland was the lessor of seven Airbus A320 aircraft which were leased by Volare Airlines SpA ("Volare") and used on a variety of routes. Specifically, Volare operated Swissair flights on the Zurich-Venice route under a codeshare agreement. Volare also purchased services from other Swissair Group companies in connection with the operation of the aircraft leased from Flightlease Ireland. These companies included, for example, SR Technics Switzerland, the Swissport companies and Atraxis AG. Volare fell into arrears on its payments to Flightlease Ireland and to other Swissair Group companies during the summer of 2001. On 22 June 2001, SAirGroup therefore instructed Swissair to retain the payments which Swissair owed to Volare under the terms of the codeshare agreement for the Zurich – Venice route, and to transfer these amounts to the relevant companies within the Swissair Group in order to repay Volare's debts directly. Following these instructions, Swissair paid CHF 8,000,000 to Flightlease Ireland on 20 September 2001.

The Liquidator examined thoroughly whether or not the payment to Flightlease Ireland could be challenged. He concluded that the case fulfilled the criteria for a challenge that are laid down in Art. 288 DEBL. With the consent of the Creditors' Committee, Swissair thus submitted a claim against Flightlease Ireland to the Commercial Court of Canton Zurich before the relevant deadline. Flightlease Ireland refused to

enter into a legal action in Switzerland and is disputing the enforceability in Ireland of any Swiss ruling on an avoidance claim.

The Commercial Court of Canton Zurich upheld the claim in its ruling of 12 December 2006. In this connection, the Commercial Court ruled that the two-year expiry period laid down in Art. 292 DEBL does not begin for a debt restructuring agreement with assignment of assets until the agreement has been confirmed as legally enforceable, i.e. it does not already begin when the debt restructuring moratorium is granted.

The ruling of the Commercial Court of Canton Zurich has since become final, although it is not yet clear whether or not the ruling can be enforced in Ireland.

3.5 General remarks on avoidance claims

Following the conclusion of the settlements described above, as well as those with Swiss International Air Lines Ltd. (see section III.2 of the third report on activities of 7 March 2006), avoidance claims have yielded approximately CHF 19 million to date.

No settlement has yet been reached in the other avoidance actions that are still pending before the Commercial Court of Canton Zurich, the Commercial Court of Canton Zug and the Tribunal de Première Instance in Geneva. Open discussions were held between the parties concerned and the courts in various cases in 2006, but no conclusion was reached. Proceedings are being taken further in these cases. The Tribunal de Première Instance in Geneva subsequently approved the claim of USD 4.3 million against Air Total (Suisse) SA and Air Total International SA. The respondents have appealed against the decision to the Cour de Justice in Geneva.

VII. WAIVER OF PURSUIT 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 then entitled to assert the legal claim at his own risk and expense. In the event that he wins the legal action, he may use any award to cover both the costs incurred and his claims against Swissair. Any surplus would have to be surrendered to the liquidation assets. If the creditor should lose the action, he is liable for court costs and legal fees.

2. Assignment requests by individual creditors

Creditors are hereby offered the assignment of the right to pursue an action in respect of Swissair claims of CHF 262,906 against Atrib Switzerland AG (see section VI.1 above).

Requests for assignment within the meaning of Art. 260 DEBL may be lodged with the undersigned Liquidator **in writing by 7 June 2007 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.

VIII. PLANNED NEXT STEPS IN THE PROCESS

The next phase of proceedings will involve handling the actions in respect of the schedule of claims and thereby finalizing it, as well as liquidating the last remaining assets. An initial interim payment can be made when the action lodged by SAirGroup's General Pension Fund (see section IV above) against the schedule of claims has been settled. Only then can a decision be made on the payment of a dividend on third-class claims. The liquidation bodies will also continue to pursue the avoidance claims that have been instituted, and will also look into the existence of any responsibility claims. It is not possible at present to estimate how long it will take before these issues are settled. Creditors will be provided with further information in a Circular that is planned for the fall of 2007 at the latest.

Yours sincerely

Swissair Swiss Air Transport Company Ltd. in debt restructuring liquidation

The Liquidator

Karl Wüthrich

Encs: Liquidation status of Swissair Swiss Air Transport Company Ltd. in debt restructuring liquidation, as at 31 December 2006

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in debt restructuring liquidation**

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LIQUIDATION STATUS AS OF 31 DECEMBER 2006

	31.12.2006 CHF	31.12.2005 CHF	Change CHF
ASSETS			
Liquid funds			
Postal cheque Switzerland	22'494	90'419	-67'925
UBS ZRH CHF	208'338'890	358'448'774	-150'109'884
UBSZRH USD	2'362'145	3'676'136	-1'313'991
UBS ZRH CHF	7'685'746	7'622'994	62'752
UBS ZRH CHF Higma	178'623	156'111	22'513
CREDIT SUISSE	0	720'360	-720'360
Fixed-term deposits	150'000'000	0	150'000'000
Total liquid funds	368'587'898	370'714'795	-2'126'896
Liquidation positions			
Banks/cash abroad	717'809	742'576	-24'767
Loans	57'736'239	57'940'242	-204'003
Accounts receivable by the estate	1'667'991	1'399'418	268'573
Receivables from third parties	76'074'110	71'382'729	4'691'381
Claims from proceeds of sale of operating equipment	3'029'135	2'796'674	232'461
Real estate	p.m.	p.m.	
Participations	6'000'000	8'000'001	-2'000'001
Responsibility claims	p.m.	p.m.	
Pauliana claims	p.m.	p.m.	
Total liquidation positions	145'225'284	142'261'640	2'963'644
TOTAL ASSETS	513'813'182	512'976'435	836'747
LIABILITIES			
Debts of the estate			
Accounts payable to the estate	791'121	123'605	667'516
Provisions for liquidation costs	773'811	10'337'029	-9'563'218
Provisions for outstanding statements	83'120'000	83'120'000	0
Total debts of the estate	84'684'932	93'580'634	-8'895'702
TOTAL DISPOSABLE ASSETS	429'128'250	419'395'801	9'732'450

Overview of proceedings to draw up the schedule of claims

Category	Registered Amount in CHF	Schedule of claims				Dividend	
		Recognized	Appeal lodged	Decision suspended	Rejected	minimal	maximal
		Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF		
Secured by right of lien	4'758'963.80	2'758'589.15	-	2'107'148.45	-	100.0%	100.0%
First Class	902'530'566.05	14'245'438.30	707'010'970.95	17'980'993.13	163'293'163.67	58.1%	100.0%
Second Class	756'363.60	335'280.50	-	414'747.86	6'335.24	0.0%	100.0%
Third Class ¹⁾	27'244'494'648.57	2'929'796'740.28	8'315'995'940.93	2'201'001'783.40	13'797'700'183.96	0.0%	9.8%
Total	28'152'540'542.02	2'947'136'048.23	9'023'006'911.88	2'221'504'672.84	13'960'999'682.87		

¹⁾ The third-class claims for which decisions have been suspended are factored into this calculation at 60%.