

**Unofficial Translation
of German Original**

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

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Swissair Swiss Air Transport Company Ltd. in debt restructuring liquidation; circular no. 27

Dear Sir or Madam

This circular provides information on the current status of the debt restructuring liquidation proceedings of Swissair Swiss Air Transport Company Ltd. ("Swissair"), and on the implementation of a fourth interim payment.

I. FOURTH INTERIM PAYMENT

Owing to the current financial situation of Swissair and the fact that a substantial portion of the schedule of claims has been settled, the Liquidator and the Creditors' Committee have decided to issue a fourth interim payment to 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 provides more procedural details. The large number of creditors means that executing these payments will take some time. Payments will be made from the end of February 2019 at the earliest.

The interim payment amounts to 2.7%. After it has been made, creditors with third-class claims will have received total interim payments of 19.2%. I currently anticipate a liquidating dividend of between around 20.5% and 21%. The re-

maining liquidating dividend to be paid is therefore expected to be between 1.3% and 1.8%. In view of this low percentage and the costs incurred in executing an interim payment, the final dividend is unlikely to be paid out until the end of the proceedings. No further interim payment is expected to be made.

II. PURSUIT OF RESPONSIBILITY CLAIMS; GROUP FINANCING

With the agreement of the Creditors' Committee, the Deputy Liquidator filed an appeal in civil law with the Federal Supreme Court against the decision of the Commercial Court of the Canton of Zurich of 16 March 2018 (see circular no. 26 dated May 2018, point V.1.), with which the responsibility claims sought against the former directors and officers of Swissair were rejected. The defendants have now submitted their appeal responses to the Federal Supreme Court. Swissair still has time to submit its reply to the appeal responses within the specified deadline.

III. SETTLEMENT OF LIABILITIES

1. NATWEST MARKETS N.V. (FORMERLY ABN AMRO BANK N.V.)

NatWest Markets N.V. (formerly ABN Amro Bank N.V.; hereinafter "NatWest") leased three Airbus A330-223 aircraft to Swissair from 1999. It was agreed that the lease would run until 30 November 2009. As a result of Swissair's debt restructuring moratorium, Swissair no longer continued the lease agreements after 31 March 2002. The payments arising from the lease agreements were suspended from that date.

NatWest subsequently attempted to market the aircraft elsewhere. This resulted in some income but also entailed costs. Based on these facts, NatWest filed a claim basically for the leasing instalments up to 30 November 2009 in Swissair's debt restructuring proceedings. With the ruling on the schedule of claims dated 13 February 2007, CHF 232,650,283.21 was admitted as a third-class conditional claim for NatWest. The claim was conditional on having to deduct the net income from the other marketing of aircraft up to 30 November 2009.

At the Liquidator's request, NatWest calculated in summer 2017 that it had generated chargeable income with the aircraft for the period from 1 April 2002 to 30 November 2009. According to its calculations, it generated gross income of approximately CHF 122 million, for which it incurred costs of approximately CHF 27 million, resulting in chargeable net income of approximately CHF 95 million.

NatWest's residual claim would therefore have amounted to some CHF 137 million.

The Liquidator examined NatWest's calculations. The Liquidator concluded that apart from costs of some CHF 6 million for engine maintenance, the calculation was plausible and documented. As settlement, the Parties then agreed to admit in Swissair's schedule of claims as NatWest's final claim a third-class claim the amount of CHF 131,471,224. The Creditors' Committee approved this settlement.

2. SABENA SA IN LIQUIDATION AND SWISS ANCILLARY INSOLVENCY ESTATE OF SABENA SA (MASSE EN FAILLITE ANCILLAIRE DE SABENA SA)

In the ruling on the schedule of claims ruling of 10 May 2016 the Swissair Liquidator rejected the claims registered/arising in the books of Sabena SA in liquidation in the amount of CHF 112,147,729, USD 158,450 and EUR 65,791. Thereupon the Swiss ancillary insolvency estate of Sabena SA, the *masse en faillite ancillaire de Sabena SA* (hereinafter "Ancillary Insolvency Estate of Sabena"), filed an action on 31 May 2016 contesting the schedule of claims with the single judge in Bülach, seeking recognition of a third-class claim of CHF 113,359,441 in its name in the Swissair schedule of claims. In case the challenge to the schedule of claims should be rejected, in a letter dated 1 June 2016 the Ancillary Insolvency Estate of Sabena took the precaution of itself registering with Swissair the claim of CHF 112,147,729 registered by Sabena SA in liquidation. The single judge at the District Court of Bülach restricted the proceedings to procedural issues. Swissair submitted a defence restricted to these issues at the end of February 2017.

In a ruling dated 26 April 2018, the single judge at the District Court of Bülach rejected the action contesting the schedule of claims. It was concluded that Sabena SA in liquidation had itself registered the claim sought in the Swissair debt restructuring proceedings and not the Ancillary Insolvency Estate of Sabena. The Ancillary Insolvency Estate of Sabena was therefore not deemed to be a creditor of the claim sought.

The Ancillary Insolvency Estate of Sabena lodged an appeal against this ruling with the High Court of the Canton of Zurich. Swissair has since submitted its response to the appeal within the deadline. The ruling of the High Court of the Canton of Zurich has not yet been passed down.

I will inform you by circular in May 2019 at the latest of the 2018 report on activities.

Kind regards

Swissair Swiss Air Transport Company Ltd. in debt restructuring liquidation
The Liquidator:

Karl Wüthrich

www.liquidator-swissair.ch

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in debt restructuring liquidation**

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