

**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. 28

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 how these proceedings are scheduled to progress over the coming months.

I. REPORT ON ACTIVITIES AS AT 31 DECEMBER 2018

After having been acknowledged and approved by the Creditors' Committee, the 16th liquidator's report on activities for 2018 was submitted to the debt restructuring judge at the district court of Bülach on 20 March 2019. The report on activities is available for inspection by creditors at the offices of the Liquidator at Wenger Plattner, Seestrasse 39, Goldbach Center, 8700 Küsnacht, Switzerland until 31 May 2019. 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 as far as the creditors have not already been provided with information by way of Circular no. 27 of January 2019.

II. OVERVIEW OF THE LIQUIDATION PROCEEDINGS

1. ACTIVITIES OF THE LIQUIDATOR AND DEPUTY LIQUIDATOR

In 2018, the main activities of the Liquidator were settling a conditional claim (see section III.1 of Circular no. 27), the pursuit of an action to contest the schedule of claims (see section III.2 of Circular no. 27), preparing a fourth interim payment to creditors with third-class claims (see section I of Circular no. 27) and pressing claims against Sabena SA in Belgium. The Deputy Liquidator pressed the liability claim against the former directors and officers of Swissair (see section II of Circular no. 27 and section V.1 below) and drew up the basis for the distribution of revenues generated by the sale of real estate and investments abroad (see section III.2 below). Finally, various assets were also realised (see section IV below).

2. ACTIVITIES OF THE CREDITORS' COMMITTEE

In 2018, the Creditors' Committee held one meeting and one telephone conference. It passed resolutions by circular on two proposals submitted by the Liquidator.

III. ASSET STATUS OF SWISSAIR AS AT 31 DECEMBER 2018

1. INTRODUCTORY REMARKS

Enclosed is a report on the liquidation status of Swissair as at 31 December 2018 (Annex 1). It contains a statement of the assets of Swissair as at 31 December 2018 in accordance with the information currently available.

2. ASSETS

Liquid funds: The liquid funds of Swissair are mainly held at Zürcher Kantonalbank ("ZKB"). Since 1 March 2015, ZKB has been charging negative interest on the assets of Swissair. In 2017, negative interest of CHF 807,950 was charged. The average negative interest that was charged was slightly less than 0.7%. Settlement of the third interim payment enabled the negative interest to be reduced significantly in comparison to the previous year (CHF 1,424,060).

Claims against third parties: The position "Claims against third parties" mainly contains Swissair's claims against various former Swissair Group companies that are subject to insolvency proceedings at home and abroad. This position

has been assessed conservatively in accordance with the information currently available.

Real estate: The distribution of the revenues from the sale of properties in Singapore, Mumbai, Tel Aviv, Istanbul, Madrid, Sao Paolo and Rio de Janeiro between SAirGroup and Swissair is still pending. The aim is for agreement on this division to be reached by the end of 2019. The value of this position may therefore still change.

Other assets as yet unrealised: In addition to the aforementioned assets, the participation in Swissair Training Center AG in liquidation is still available and the distribution of the revenues from the sale of an investment abroad is pending. Furthermore, the liability claims being pursued by litigation and any other liability claims asserted are carried *pro memoria*. Conservative estimates have been given for assets that have not yet been liquidated.

3. DEBTS INCURRED IN THE COURSE OF THE LIQUIDATION PROCESS

Accounts payable: The liabilities of the estate as reported on 31 December 2018 consist of liquidation costs incurred during 2018.

Provisions for the first three interim payments: Swissair's liquidation status as at 31 December 2018 includes the following provisions for the first three interim payments:

Reason for provision	First interim payment in CHF	Second interim payment in CHF	Third interim payment in CHF
No payment instructions or payments not made for other reasons	356,711	1,261,573	1,667,249
Contingent claims where conditions have not yet been met	532,853	1,625,203	2,237,984
Claims in pending schedule of claims proceedings	2,267,189	6,914,926	9,522,193
Total provision	3,156,753	9,801,702	13,427,426

These provisions ensure that the maximum amounts for the first three interim payments with respect to all unsettled claims are secured.

4. CREDITORS' CLAIMS

The schedule of claims has been settled with the exception of the pending action to contest the schedule of claims of the ancillary insolvency estate of Sabena (see section III.2 of Circular no. 27) and its precautionary registration of claims. The status quo of the schedule of claims proceedings is shown in [Annex 2](#).

5. ESTIMATED DIVIDEND

The disposable assets reported in the liquidation status as of 31 December 2018 give a maximum dividend of 21% for third-class claims. However, should the pending action to contest the schedule of claims be upheld, the minimum dividend would be 20.5%. Of this, 19.2% has already been paid out by way of the four interim payments. Therefore, the future dividend that may be expected is between 1.3% and 1.8%.

IV. LIQUIDATION OF ASSETS

In 2018, the liquidator was able to realise assets to the value of CHF 69,170,979. In 2018, Swissair mainly received interim payments from the

liquidation proceedings of the SAirGroup AG, SAirGroup Finance (NL) BV and Swisscargo AG.

V. PURSUIT OF LIABILITY CLAIMS

1. GROUP FINANCING

The civil appeal registered by the Deputy Liquidator with the approval of the Creditors' Committee against the ruling by the commercial court of the Canton of Zurich of 16 March 2018 has not yet been ruled upon. Swissair submitted its reply in January 2019. The defendants submitted their rejoinders in February 2019.

2. FURTHER LIABILITY ISSUES

With regard to further liability issues, Swissair reserves the right to submit claims against the responsible parties.

VI. NEXT STEPS IN THE PROCESS

In the coming months, the aim will be to reach an agreement with SAirGroup about the division of the revenues from the sale of properties and an investment abroad. The basic principles have already been drawn up. The liquidation estates are currently negotiating.

The collection of the debts of insolvent former Swissair Group companies will also continue. In so doing, the primary aim will be to break the sometimes circular flow of dividends (see section II of Circular no. 25). Discussions about possible approaches for breaking circular flows of dividends have been initiated with various liquidators and receivers of insolvent former Swissair Group companies. The aim is to complete these discussions successfully in 2019 and move forward the collection of claims against insolvent former Swissair Group companies as far as possible.

Finally, the Deputy Liquidator will continue pursuing the liability proceedings against former directors and officers of Swissair, and decide together with the Creditors' Committee whether further liability claims are to be submitted. It is not yet possible at present to estimate how long it will take for these liability issues to be settled.

Depending on how the proceedings progress, creditors will continue to receive information about important developments by circulars. A report on the progress of the liquidation proceedings this year will be issued by spring 2020 at the latest.

Yours sincerely

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

Karl Wüthrich

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**Hotline Swissair Swiss Air Transport Company Ltd
in debt restructuring liquidation**

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- Annexes: 1. Liquidation status of Swissair as at 31 December 2018
2. Overview of the schedule of claims proceedings of Swissair

LIQUIDATION STATUS AS OF 31 DECEMBER 2018

	31.12.2018	31.12.2017	Change
	CHF	CHF	CHF
ASSETS			
Liquid funds			
ZKB CHF	7'750'443	42'502'438	-34'751'995
ZKB EUR	84'767	1'299'032	-1'214'265
ZKB USD	40'169	2'666'037	-2'625'868
ZKB Money Market Time CHF	130'000'000	50'000'000	80'000'000
Total liquid funds	137'875'379	96'467'507	41'407'872
Liquidation positions			
Banks/cash abroad	2'180	2'693	-513
Accounts receivable by the estate	3'727'035	2'148	3'724'887
Receivables from third parties	15'606'000	85'756'000	-70'150'000
Prepaid court expenses	6'933'409	6'733'409	200'000
Deposits/Guarantees	0	1'450'000	-1'450'000
Claims from proceeds of sale of operating equipment	2	2	0
Real estate (part of revenues)	8'000'000	8'000'000	0
Participations	1	1	0
Responsibility claims	p.m.	p.m.	
Total liquidation positions	34'268'627	101'944'253	-67'675'626
TOTAL ASSETS	172'144'006	198'411'759	-26'267'753
LIABILITIES			
Debts of the estate			
Accounts payable to the estate	469'411	272'492	196'919
Provision, 1st interim payment	3'156'753	8'016'361	-4'859'608
Provision, 2nd interim payment	9'801'702	27'911'796	-18'110'094
Provision, 3rd interim payment	13'427'426	33'911'392	-20'483'966
Provisions for liquidation costs	5'000'000	5'000'000	0
Provisions for outstanding statements	0	0	0
Total debts of the estate	31'855'292	75'112'041	-43'256'749
TOTAL DISPOSABLE ASSETS	140'288'714	123'299'719	16'988'995

Overview of the schedule of claims proceedings

Category	Registered Amount in CHF	Schedule of claims				Dividend				
		Recognized Amount in CHF	Appeal lodged Amount in CHF	Decision suspended Amount in CHF	Rejected Amount in CHF	Future dividend		Interim payments	Total	
						minimal	maximal		minimal	maximal
Secured by right of lien	47'589'663.80	1'074'339.35	-	-	3'684'624.45	-	-	-	-	-
First Class	902'655'767.50	17'975'081.90	-	-	884'680'685.60	-	-	100%	100%	100%
Second Class	939'006.50	936'075.09	-	-	2'931.41	-	-	100%	100%	100%
Third Class	27'062'407'411.15	3'349'501'565.63	113'359'440.90	-	23'599'546'404.62	4.0%	4.5%	16.5%	20.5%	21.0%
Total	27'970'761'148.95	3'369'487'061.97	113'359'440.90	-	24'487'914'646.08					