Corporate Finance

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FAIRNESS OPINION

delivered to the board of directors of Swiss International Air Lines AG

Opinion as to whether the "Consideration" (as defined below) is fair, from a financial point of view, to the "Shareholders" (as defined below)

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ABN·AMRO

1. Introduction

We understand that AirTrust AG, a company established under the laws of Switzerland, is proposing to make an offer to acquire all the outstanding shares in the capital of Swiss International Airlines AG, a company established under the laws of Switzerland ("SWISS" or the "Company") in view of the takeover of SWISS by Deutsche Lufthansa AG ("Lufthansa" or the "Offeror"), a company established under the laws of Germany (the "Offer").

Pursuant to the terms of the Offer, as set out in an offer prospectus, substantially in the form of the draft dated April 25, 2005 (the "Offer Prospectus"), we understand that the Offeror is proposing to offer each

(i) holder of one ordinary free float share, nominal value CHF 18.00 per share, in the capital of the Company (ca. 15% of the total shares outstanding) and

(ii) certain lock-up holders of one ordinary share, nominal value CHF 18.00 per share, in the capital of the Company (with a maximum of 4,5% of the total shares outstanding) who will be able to take up the cash offer in the Offer (the shares as defined under (i) and (ii), each a "Share" and each beneficial holder of such Share, the "Shareholder")

CHF 8.96 net in cash for each Company Share (the "Consideration").

2. Mandate

The board of directors of the Company has asked ABN AMRO Bank N.V. ("ABN AMRO")'s opinion as to whether the Consideration is fair, from a financial point of view, to the Shareholders (the "Fairness Opinion").

The engagement of ABN AMRO, this Fairness Opinion and the opinion expressed herein are solely for the benefit of the Company's board of directors and this opinion is therefore only rendered to the Company's board of directors in connection with their evaluation of the Offer. This opinion does not in any way constitute a recommendation by ABN AMRO to any Shareholders as to whether such holders should accept or reject the Offer or otherwise act in relation to the Offer. We urge you to read this Fairness Opinion carefully and entirely.

The Fairness Opinion makes no reference to the relative benefits of alternative transactions. Nor does it contain an assessment of the implications of the Offer for Shareholders who choose not to accept the Offer, or any assessment regarding the future value of Shares which are not remitted, or regarding the question of whether such Shares will be traded after the Offer has gone ahead, and if so at what prices.

ABN AMRO has been engaged by the Company to issue a Fairness Opinion and will receive a fixed fee for rendering this Fairness Opinion, which is independent of the closing or otherwise of the Offer.

It is understood that this Fairness Opinion may not be relied upon by, nor be disclosed to, in whole or in part, any third party for any purpose whatsoever. Notwithstanding the foregoing, this Fairness Opinion may, for information purposes only, be reproduced in (i) the report prepared by the board of directors of the Company in relation to the Offer and/or (ii) the offer prospectus to be issued to the Shareholders under Swiss law, so long as (a) this form of reproduction of the Fairness Opinion in such report and/or offer prospectus and (b) any description of or reference in such report and/or offer prospectus to ABN AMRO, the Fairness Opinion or related analysis, is in a form acceptable to us and our counsel (which acceptance shall not unreasonably be withheld).

This Fairness Opinion and ABN AMRO's obligations to the board of directors of the Company hereunder shall be governed by and construed in accordance with Swiss law and any claims or disputes arising out of, or in connection with, this Fairness Opinion shall be settled by arbitration in accordance with the Swiss Rules of international arbitration of the Swiss Chambers of Commerce in force on date when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be three. The seat of arbitration shall be in Zurich. The arbitral proceedings shall be conducted in the English language.

3. Basis

For the purpose of providing our opinion, ABN AMRO has:

1. Reviewed certain publicly available business and financial information relating to the Company, including the annual accounts for the two consecutive years ending December 31, 2003 and December 31, 2004 for the Company;

2. Reviewed certain internal financial forecasts in respect of the current financial year (ending December 31, 2005), and the years ending December 31, 2006, 2007, 2008 and 2009 relating to the Company, as prepared by senior management of the Company and subsequently approved by the Board of Directors of the Company;

3. Taken note of the Offer Prospectus and the commercial conditions of the Offer, in particular the Consideration;

4. Participated in discussions with and reviewed information provided by the senior management of the Company with respect to its businesses and prospects;

5. Conducted appropriate discussions and reviews with the Company's various advisors;

6. Reviewed the historical stock prices and trading volumes of the Shares;

7. Reviewed the financial terms of certain transactions we consider comparable to the Offer; and

8. Performed such other financial reviews and analyses as ABN AMRO, in its absolute discretion, deemed appropriate.

Additional documents provided by the Company which are included in ABN AMRO's reviews and analyses are:

- White Paper transaction proposal from Lufthansa
- SWISS business plan 2005 – 2008
- Corporate MIS December 2004 (dated January 28, 2005)
- Corporate MIS December 2003 (dated February 13, 2004)
- SWISS Budget 2005 v2.0 (dated January 31, 2005)
- Bank Loans 2005 – 2009
- SWISS Fleet overview (dated March 1, 2005)
- Business Integration Agreement (dated March 22, 2005)
- SWISS: Strategische Optionen (dated March 8, 2005)
- Depreciation forecast 2005 – 2009

- Treasury Report Management Summary (dated December 31, 2004)
- Mercer pension report (dated December 2004)
- Pre-announcement (“Voranmeldung”) of the Offer on March 29, 2005

ABN AMRO has assumed and relied upon the truth, accuracy and completeness of the information, forecasts, data and financial terms provided to us or used by us, has assumed that the same are not misleading and does not assume or accept any liability or responsibility for any independent verification or checking of such information or any independent valuation or appraisal of any of the assets, operations or liabilities of the Company. With respect to the financial forecasts, ABN AMRO has assumed that they have been reasonably prepared on bases reflecting the best available estimates and judgements of the management of the Company as to the future financial performance of the Company at that time, and that no event subsequent to this and undisclosed to ABN AMRO has had a material effect on them. ABN AMRO does not assume or accept liability or responsibility for (and expresses no view as to) such forecasts or the assumptions on which they are based. In preparing this opinion, ABN AMRO has received specific confirmation from senior management of the Company that all the information the Company has provided to ABN AMRO in relation to the engagement of ABN AMRO is correct and complete and no information has been withheld that could have influenced the purport of this Fairness Opinion.

Further, ABN AMRO’s opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to ABN AMRO or used by it up to, the date hereof. This opinion exclusively focuses on the fairness, from a financial point of view, of the Consideration to the Shareholders and does not address any other issues such as the underlying business decision to recommend the Offer or its commercial merits, which are matters solely for the board of directors of the Company. Subsequent developments in the aforementioned conditions may affect this opinion and the assumptions made in preparing this opinion and ABN AMRO is not obliged to update, revise or reaffirm this opinion if such conditions change.

In rendering this opinion, ABN AMRO has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly ABN AMRO does not assume any responsibility or liability in respect thereof. Furthermore ABN AMRO has assumed that the Offer will be consummated on the terms and conditions as set out in the Offer Prospectus, without any material changes to, or waiver of, its terms or conditions.

4. Background

4.1. SWISS

SWISS, as the new Swiss international carrier, was created on the base of Crossair after Swissair had filed for moratorium procedures. The name SWISS was entered in the commercial register in May 2002.

The reasons for the creation of a new Swiss airline were threefold. Firstly, the establishment of a new airline would safeguard the connectivity of Switzerland with the rest of the world and would enable Swiss citizens to travel from and to Switzerland. Secondly, establishing the new company ensured continued availability of an appropriate aviation infrastructure in Switzerland. Thirdly, any collapse of the company would have resulted in a large number of job losses that were avoided by continuing operations with a new airline.

SWISS aims to establish and develop a new Swiss intercontinental airline on the basis of Crossair. SWISS positioned itself as a premium airline. The development of the new company was financed by a broad shareholder base from the public sector and Swiss-based corporations, which have provided approximately CHF 2.6 billion in additional equity capital. SWISS started operations on all 38 long-haul and 147 short-haul routes, effective with the introduction of the summer timetable on March 31, 2002.

In early 2003 SWISS ran into a difficult market situation with the outbreak of Sars and a looming crisis in Iraq leading to a significant deterioration of its business. SWISS responded to the changed business environment. In February 2003, SWISS unveiled a results enhancement strategy. As a result, the SWISS European network in April 2003 was approximately 20% smaller than its prior year equivalent in Available Seat Kilometre terms. In early summer 2003, SWISS conducted a fundamental reappraisal of it entire organisation leading to further downsizing of its network and fleet, a further substantial reduction in costs and a further comprehensive resizing of the workforce.

These endeavours were based on three strategic principles. Firstly, a sustainable and profitable route network with a corresponding downsizing of aircraft fleet. Long haul services were focused on markets showing strong demand for air travel to and from Switzerland. The European network was also primarily geared towards the Swiss market and visitors to Switzerland. The second principle comprised a significant reduction in cost structure, in terms of both flight operations and administration. The SWISS commercial fleet was downsized accordingly. Lower cost achievement required enhancements to many business processes, along with the reduction of personnel numbers by some 33%. The first modifications to the route network (announced on February 25, 2003) involved the elimination of some 700 employee positions. A further 3,000 positions were removed from the workforce in connection with restructuring measures that were announced in June. The efforts to reduce workforce numbers also included intensive negotiations with the various staff associations involved. Constructive negotiations with suppliers were conducted during the second half of 2003. The successful outcome of the latter can be illustrated by a unit cost reduction in the range of 20% with is top five suppliers. Cost reductions were mainly driven by redefining products and synergies resulting from outsourcing non-core activities. The third strategic principle related to the establishment of ‘SWISS in Europe’, SWISS’s strategic response to the increasing pressure on traditional network carriers from low cost carriers.

The overriding aim of these strategic principles was to reach a breakeven point on an EBIT level in 2004. While 2002 EBIT amounted to CHF -909m, in comparison, 2003 and 2004 showed a significantly less negative EBIT of CHF -498m and CHF -122m respectively. The target to breakeven for 2004 was not ultimately achieved, in part due to very high oil prices. During autumn 2004 a new project was initiated to find further cost savings and improvements.

With difficult overall operating parameters, escalating competitive pressures (especially from the low-cost carriers) and continuing fare erosion in Europe, SWISS announced a number of further far-reaching decisions in January 2005. These include the planned downsizing of the fleet by at least 13 regional aircraft. This, together with further initiatives, is expected to reduce the SWISS workforce by an additional 800 to 1,000 positions. Cost savings and productivity improvements are also expected through the imminent negotiation of the collective labour agreements and through contractual negotiations with suppliers. SWISS aims to achieve a recurring CHF 300 million improvement in its net annual costs, the full effect of which should be felt from 2007 onwards.

Despite all efforts, SWISS announced that it most likely will not reach break even in 2005.

When SWISS was created, 92% of the share capital was subject to a lockup agreement signed by the shareholders participating in the capital increase. This agreement has been extended twice with small reductions in the number of shareholders participating. The present agreement relates to 85.02% of share capital and would have run out in August 2005, however, the lockup agreement was terminated prematurely as a result of signing the agreement with Lufthansa.

4.2. Business model and strategy

SWISS is a premium quality, full service network carrier operating a world-wide network. SWISS operates a scheduled service timetable, together with Cargo transport and Charter operations. Additional revenues come from the sale of engineering services, duty free sales and sub leasing aircraft.

Three cabin service is offered on a limited number of selected destinations. The Company makes a clear differentiation between products and services offered on European and longhaul services in the Economy cabin. European flights offer a ‘payment for services used’ concept, whilst longhaul services offer a traditional full service concept in all cabins.

4.3. Market environment

The industry is a sector in transition with air travel being an interchangeable commodity, especially in Europe. Low-cost carriers are growing in importance, contributing to continuing overcapacity and earnings erosion. Against the background of these market developments, size is a competitive advantage for a network carrier.

European network carriers have a firm competitive edge in Europe because of size that allows for efficient aircraft use in a global network, an efficient frequent flyer program and a strong home market position feeding markets outside its home market.
Smaller low cost carriers exist because of their ability to improve on network carriers’ relatively high cost levels that result from mixed aircraft fleet, complex internal processes and systems and expensive salary models.

SWISS is confronted with more and more low cost carriers, whilst competing with Europe’s biggest airlines in a home market that is characterized by a limited number of passengers traveling from and to Switzerland to fill relatively small long-haul aircraft. As such, SWISS needs to attract passengers who are willing to travel via Switzerland. Although SWISS’ seat load factor on intercontinental flights currently rates among the best of peer companies, its seat load factor on European flights is significantly below the average of its peers.

4.4. The offer from Lufthansa

4.4.1. Offer price

The offer price is CHF 8.96 cash per registered ordinary share in the Company, with a nominal value of CHF 18.00 per Company share, which is equal to the average opening price of the Company's ordinary shares on the Swiss Exchange during the 30 trading days prior to the pre-announcement of the Offer on March 29, 2005.

4.4.2. Conditions

The Offer from Lufthansa is subject to the conditions listed in section B.6 of the Offer Prospectus.

5. Valuation Approaches

5.1. Overview

The preparation of a fairness opinion is a complex process involving the consideration of various commonly applied and generally accepted valuation methods and associated financial and other analyses. The selection and application of any or all of these methods to a particular circumstance is considered on a specific case by case basis, and hence, in arriving at its opinion, ABN AMRO has made a qualitative assessment of the appropriateness of each method and subsequent application. Accordingly, ABN AMRO believes that its analyses must be considered in its entirety and not based on any individual element or elements or without considering all associated narratives or descriptions of the analyses, which could create a misleading or incomplete view of the comprehensive nature of the processes underlying its analyses and opinion.

The analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in ABN AMRO's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, ABN AMRO's analyses are inherently subject to substantial uncertainty.

5.2. Analyses of the Offer

ABN AMRO has reviewed the Consideration contained in the Offer from 3 key analytical valuation perspectives, which comprise:

1. a cash flow-based indicative valuation;
2. market price developments; and
3. comparable companies and transactions analysis

Having duly considered the appropriateness and applicability of these three analytical valuation perspectives in the context of the Fairness Opinion, ABN AMRO relied upon the cash flow-based indicative valuation as the lead methodology in arriving at the Fairness Opinion. The market price developments and comparable companies and transactions analysis were considered to be applicable only for the purposes of thoroughness, completeness and as a cross-checking mechanism. The applicability of comparable companies analysis and comparable transactions analysis as a valuation methodology is considered limited given the fact that SWISS is loss making.

5.2.1. Cash-flow based indicative valuation

With respect to the cash flow-based valuation, ABN AMRO performed a stand-alone Discounted Cash Flow ('DCF') analysis for SWISS. DCF analysis constructs an explicit free cash flow forecast based on the Companies' financials (as described below).

Free cash flows are calculated by deducting from EBITDA:

- Any investments in tangible and intangible fixed assets
- Any decrease in provisions and long-term liabilities (any increase is added back)
- Cash taxes (i.e. taxes as stated in the profit and loss statement corrected for any financing and non-operating items)
- Any investments in working capital

The resulting free cash flow is available for distribution to the capital, equity and debt, providers. The net present value of these cash flows, discounted to present value terms with an appropriate discount rate, represents the enterprise value of the Company. The equity value of the Company is then derived by subtracting the net debt figure from the enterprise value, i.e. net of any cash available for distribution.

The result of the ABN AMRO DCF analysis was an equity value range per share of negative CHF 19.86 to negative CHF 0.97.

The discount rate applied to the free cash flows to arrive at the net present value of the free cash flows should be equal to the estimated 'weighted average cost of capital' ('WACC') applicable to the Company. This rate should reflect the cost of the various types of funding used as well as their relative weight in the Company's funding mix (for calculation of the cost of equity, ABN AMRO uses the Capital Asset Pricing Model ("CAPM")). The WACC thus depends on the component costs for the different debt and equity classes, which in turn depends on financial parameters such as leverage.

An overview of key WACC parameters and their sources are listed below:

- Risk free rate (Rf) = 2.3%: yield on 10-year Swiss government bond (maturity June 2015) on March 16
- Beta (β) = 1.67: average of the unlevered beta of airline peer group is releveraged based on a target capital structure; see annex 7.1 for further details
- D/E target capital structure = 125%: based on a peer group analysis on net debt / equity ratios for one actual year and three forecast years; see annex 7.1 for further details
- Market risk premium (MRP) = 5.8%: ex-ante market risk premium for Switzerland[1]
- Pre-tax cost of debt = 7.4%: 10-year Euro swap rate (3.8%) plus actual Euro spread paid by SAS (360 basis points as on March 18, 2005)
- Tax rate: 24.1% Swiss corporate tax rate [2]

Based on the parameters above, ABN AMRO applies a WACC of 8.5%

5.2.2. The Company's financials and the DCF

ABN AMRO has applied SWISS' financial projections contained in the SWISS business plan 2005 – 2008 as the basis for the explicit free cash flow forecast, in addition to ABN AMRO assumptions beyond the specific business plan period (over a 6 year forecast period in total). As such the explicit forecast period runs from 2005 up until 2010, with 2011 being the first year of the terminal value period. Terminal value is being calculated by dividing the free cash flow in the first year of the terminal value period by the difference between WACC and the growth rate of the cash flow before expansion capital expenditures and working capital investments (i.e. cash flow before new investments).

The financial statements are also fully aligned with these Company financial projections.

As part of the DCF analysis, ABN AMRO identified and conducted various sensitivity analyses on all key assumptions of the SWISS business plan, including, *inter alia*:

- seat load factor (both European and Intercontinental flights),
- yield (both European and Intercontinental flights),
- achievement of projected cost savings (including timing impacts); and
- fuel price fluctuations.

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[1] Source: Hyperion
[2] Source: KPMG Corporate tax rate survey

By testing the valuation impact of fluctuations in these key sensitivities, ABN AMRO was able to gain a thorough insight into a broad range of possible valuations for SWISS to assess the fairness of the Consideration. For example, key sensitivities specifically on the SWISS business plan included (but were not limited to):

- Increased seat load factor on both European and Intercontinental flights for the years 2006 – 2009
- Reduced decline in yields on both European and Intercontinental flights for the years 2008 and 2009
- Higher than projected cost savings throughout the forecast period

The foregoing sensitivities were considered with respect to positive incremental share price potential only when compared to SWISS' financial projections, which were deemed appropriate by ABN AMRO in order to analyse whether the Consideration was considered fair from a financial point of view to the Shareholders.

Capital expenditures are identical to Company projections. For the years not covered by the specific business plan period, capital expenditures have been assumed to equal depreciation. Working capital assumptions are aligned with explicit company projections for the specific business plan period. Working capital assumptions for the years thereafter are based on an extrapolation of the ratios between working capital items and sales in the specific business plan period.

Further sensitivities considered in ABN AMRO's overall DCF valuation analysis included:

- Weighted Average Cost of Capital (WACC)
- Capital expenditures as percentage of revenues for 2010 and the terminal value period
- Yield on European flights (as of 2008)
- Yield on Intercontinental flights (as of 2008)
- Fuel prices (as of 2008)

5.2.3. Market price developments

ABN AMRO calculated the premiums implied by the cash-equivalent indicative value of the Offer over the average opening share prices of SWISS ordinary Shares for the one month, two months and twelve months preceding the pre-announcement of March 29, 2005, as well as the premium over the last closing price of March 23, 2005. Beginning with the latter, the premium offered to SWISS shareholders was 1.2% over SWISS' closing share price of March 23, 2005 (CHF 8.85). The premium in comparison with the SWISS one month average opening share price for the period ending March 24, 2005, was 0.1%. The premium in comparison with SWISS' two month and one year average opening share price amounted to (0.7%) and (9.7%) respectively.

Given the extremely low liquidity in the public market for SWISS' shares, ABN AMRO considered this premium analysis to be non-applicable to all but the very smallest shareholders and negligible traded volumes[3].

5.2.4. Comparable companies and transactions

Generally speaking, comparable analyses involving a comparison of so-called multiples for a selected group of peer companies are of limited value in an analysis of the airline industry. The rationale for this lies in the fact that for companies in the airline industry, more than in other industries, qualitative attributes have a substantial impact on financial and operational performance. In selecting peer companies, these qualitative attributes cannot always be adequately captured, which when strictly applied in the selection of individual peers, leads to a relatively small peer group.
In this case, a further complicating factor is that SWISS' financial performance over the past few years is such that indicative equity valuations derived from the multiples do not always deliver interpretable results. Consequently, the findings of the comparable companies and transactions analyses should be interpreted with care.

The result of the ABN AMRO comparable companies analysis was an equity value range per share of CHF 4.44 to CHF 11.14.
A comparable company analysis begins with the determination of a peer group, and to this end ABN AMRO reviewed and compared certain publicly available actual and estimated financial, operating and stock market information of 11 companies. Peer group companies have been divided into three separate peer groups:

1. European major carriers (Air France / KLM, British Airways and Lufthansa)
2. European national network carriers (Austrian Airlines, Alitalia, Finnair, Iberia and SAS)
3. International carriers (Cathay Pacific, Quantas, Singapore Airlines)

In addition, two low cost carriers have been included as a cross-reference only (Easyjet, Ryanair) given their fundamentally different operating structure.

Companies in a subgroup operate similar business models and strategies as and operate from the same geographical region.

Our comparable company analyses use the following 'multiples' to derive implied indicative valuations from the market valuations of the peers:

[3] Traded volumes as little as 2,268 shares per day have historically had a material (i.e. over 5% change) effect on share price

- *Enterprise Value / Sales*:
  the sales multiple, where enterprise value is defined as the sum of the market value of the equity plus financial debt plus capitalized operational rental leases plus minority interest minus cash and cash equivalents.
- *Enterprise Value / EBITDAR*:
  the EBITDAR multiple, with EBITDAR defined as Earnings Before Interest, Taxes, Depreciation, Amortization and operating lease Rental payments.
- *Enterprise Value / EBIT*:
  the EBIT multiple, with EBIT defined as Earnings Before Interest and Taxes

EV / Sales multiples do not account for an airline's profitability. EV / EBIT multiples do not account for the fact that airlines differ with respect to the way in which the fleet is financed. Therefore, ABN AMRO considers EV / EBITDAR multiples to be the leading metric when compared to EV / Sales and EV / EBIT multiples:

- Operating leases are not accounted for on the balance sheet, therefore, in order to adjust for different airlines having different mixes of aircraft financing, operating lease payments have been capitalized at a factor 7.0x and included in Enterprise Value for the same amount.
- Similarly, EBITDA has been adjusted for operating lease payments ('aircraft rentals').

As a result, EV/EBITDAR multiples allow for a comparison of trading multiples independent of the financing structure of the fleet.

The results of the analysis were as follows:

		EV / Sales			EV / EBITDAR			EV / EBIT		
		2004	**2005**	**2006**	**2004**	**2005**	**2006**	**2004**	**2005**	**2006**
European majors	Average	0.8x	0.8x	0.7x	5.8x	5.5x	5.1x	26.1x	20.1x	16.0x
	Median	0.7x	0.7x	0.7x	5.9x	5.2x	4.8x	29.4x	17.3x	16.0x
European national network carriers	Average	0.9x	0.9x	0.8x	7.1x	5.7x	4.8x	48.6x	35.8x	19.5x
	Median	0.9x	0.8x	0.8x	6.9x	5.3x	4.6x	48.6x	33.9x	18.4x
International carriers	Average	1.4x	1.4x	1.3x	6.1x	6.0x	5.5x	12.8x	12.3x	10.9x
	Median	1.5x	1.5x	1.4x	6.1x	6.0x	5.5x	13.2x	13.2x	10.4x
Low cost carriers	Average	2.1x	1.7x	1.5x	7.5x	6.2x	5.0x	15.8x	12.0x	9.5x

Further details on trading multiples are included in annex 7.2.

In connection with the analysis of comparable companies, ABN AMRO reviewed and analyzed financial, operating and stock market information relating to selected announced or completed transactions in the airline industry. ABN AMRO noted that the reasons for, and circumstances surrounding, each of the transactions analyzed were diverse and generally the characteristics of such transactions and the companies involved were not directly comparable to the Offer.

Although no fully comparable transaction can be identified, a range of transactions were nevertheless analyzed.

The result of the ABN AMRO comparable transactions analysis was an equity value range per share of CHF 2.69 to CHF 8.53.

The financial and valuation data for these transactions and the parties involved were adjusted by ABN AMRO to create comparable financial and valuation metrics, correcting among others the debt levels for all companies in order to reflect operating leases. ABN AMRO subsequently selected transactions with relevant characteristics, arriving at a set of relatively recent transactions involving European national carriers. ABN AMRO is of the opinion that highlighted transactions are most relevant given the fact that they are relatively recent transactions involving, as a target, carriers that ABN AMRO deems most comparable to SWISS based on amongst others business model, route network and geographic coverage.

The results of the analysis were as follows:

Date	Acquiror	Target	EV Sales	EV EBITDAR	EV EBITDA
30-Sep-03	Air France	KLM	0.7x	7.1x	10.8x
11-Sep-03	SAS	Estonian Air	0.8x	na	na
9-Apr-03	Lufthansa	Air Dolomiti	2.1x	8.2x	23.7x
7-Mar-03	Lufthansa	Air Dolomiti	2.1x	8.3x	24.2x
11-Dec-02	CSFB as seller to market	Austrian Airlines	1.0x	5.2x	5.7x
1-Feb-02	Guy Wyser-Pratte (private investor)	Austrian Airlines	1.0x	5.3x	5.9x
2-Nov-01	SAS	Spanair	0.7x	na	nm
1-Oct-01	UBS , Credit Suisse Group	Crossair	0.9x	nm	nm
21-May-01	SAS	Braathens	0.2x	na	nm
8-Mar-01	British Airways	British Regional Air Lines Group	1.4x	na	22.0x
6-Oct-00	Air France	Brit Air	0.1x	na	11.5x
10-Jul-00	Air France	Regional Airlines	0.4x	na	11.4x
19-Jun-00	Air France	Brit Air	0.1x	na	11.1x
		Average - flag carriers	**0.9x**	**5.9x**	**7.5x**
		Median - flag carriers	**0.9x**	**5.3x**	**5.9x**

Similar to the analysis of comparable companies, EV / EBITDAR multiples are considered to be the leading metric.

5.2.5. Other considerations

Selecting portions of the analyses or the summary set forth above, without considering the analyses as a whole, could create an incomplete or misleading view of the process underlying the opinion of ABN AMRO. No company, transaction or business used in the above analyses as a comparison is identical to SWISS or the Offer and an evaluation of the results of those analyses is not entirely mathematical. The analyses were prepared solely for purposes of ABN AMRO providing its opinion to the SWISS board of directors in connection with the board of director's consideration of the Offer and do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may be significantly more or less favorable than as set forth in these analyses. Similarly, any estimate of values or forecast of future results contained in the analyses is not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses.

In addition, in performing its analyses, ABN AMRO made numerous assumptions with respect to industry performance, general business and economic, market and financial conditions and other matters. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of SWISS, ABN AMRO, or any other person assumes responsibility if future results or actual values are materially different from those forecasts or estimates contained in the analyses. The foregoing summary of ABN AMRO's analyses is not and does not purport to be a complete description of the analyses performed by ABN AMRO.

5.3 Summary

As described in section 5.2 above, as part of the valuation analysis with respect to the Offer, ABN AMRO duly considered the appropriateness and applicability of several analytical valuation perspectives in the context of the Fairness Opinion. Having relied upon the cash flow-based indicative valuation as the lead methodology and based upon and subject to the foregoing, ABN AMRO arrived at the fair equity value per Company share ranges from negative CHF 19.86 to negative CHF 0.97.

6. Opinion

Based upon and subject to the foregoing, ABN AMRO is of the opinion that, as at the date hereof, the Consideration is fair, from a financial point of view, to the Shareholders.

Amsterdam, April 27, 2005

/s/ *ABN AMRO Bank N.V.*

ABN AMRO Bank N.V.

7. Annexes

7.1. Detailed information on input parameters for WACC calculation

7.1.1. Equity beta

The equity beta (β) has been calculated by taking the average of the unlevered betas of a peer group of listed airlines and by subsequently relevering this average based on a target capital structure for SWISS. Companies included in the peer group and their respective levered betas (defined as the covariance of the stock price with the local market index) are:

- Austrian Airlines (2.16)
- Air France – KLM (1.57)
- British Airways (2.33)
- Iberia (1.06)
- Lufthansa (1.28)
- SAS (1.06)

7.1.2. Target capital structure

ABN AMRO analyzed the Net Debt / Equity ratios of a peer group of listed airlines. Both actual ratios and forecasted ratios (for a period of three years) have been taken into consideration. Actual numbers have been based on most recent (publicly) available information. Equity research reports have been used as a source for forecasted debt and cash levels. Net debt includes operating leases capitalized at a ratio of 7.0x.

Companies included in the peer group are Air France – KLM, British Airways, Finnair, Iberia, Lufthansa and Qantas. Austrian Airlines, Alitalia and SAS have been excluded from the analysis as their near term capital structure does not seem to be sustainable.

The average Net Debt / Equity ratio for the peer group is shown below.

- 2003/2004: 132%
- 2004/2005: 127%
- 2005/2006: 128%
- 2006/2007: 129%

7.2. *Detailed overview of trading multiples*[4]

		EV / Sales			EV / EBITDAR			EV / EBIT		
		2004F	2005F	2006F	2004F	2005F	2006F	2004F	2005F	2006F
Tier 1: European majors										
Air France / KLM		0.73x	0.69x	0.67x	5.0x	4.6x	4.1x	32.6x	25.9x	19.8x
British Airways		1.05x	1.02x	1.01x	6.4x	6.5x	6.3x	16.3x	17.3x	16.0x
Lufthansa		0.57x	0.55x	0.54x	5.9x	5.2x	4.8x	29.4x	17.1x	12.3x
	Mean	0.78x	0.76x	0.74x	5.8x	5.5x	5.1x	26.1x	20.1x	16.0x
	Median	0.73x	0.69x	0.67x	5.9x	5.2x	4.8x	29.4x	17.3x	16.0x
Tier 2: European national network carriers										
Austrian Airlines		1.17x	1.12x	1.06x	8.1x	na	na	72.6x	45.9x	27.5x
Alitalia		1.02x	1.02x	0.96x	42.4x	82.3x	9.4x	nm	nm	nm
Finnair		0.68x	0.65x	0.61x	4.3x	3.5x	3.2x	nm	19.6x	13.8x
Iberia		0.87x	0.83x	0.80x	5.7x	5.3x	4.6x	24.7x	22.0x	14.2x
SAS		0.87x	0.86x	0.83x	10.4x	8.2x	6.7x	nm	55.8x	22.5x
	Mean (excl. Alitalia)	0.90x	0.86x	0.83x	7.1x	5.7x	4.8x	48.6x	35.8x	19.5x
	Median (excl. Alitalia	0.87x	0.84x	0.81x	6.9x	5.3x	4.6x	48.6x	33.9x	18.4x
Tier 3: International carriers										
Cathay Pacific		1.73x	1.58x	1.47x	6.6x	6.4x	5.6x	13.2x	13.2x	10.4x
Quantas		1.11x	1.07x	1.04x	4.8x	4.6x	4.4x	11.6x	10.2x	9.7x
Singapore Airlines		1.51x	1.46x	1.39x	5.6x	5.7x	5.4x	13.6x	13.4x	12.5x
	Mean	1.45x	1.37x	1.30x	5.7x	5.6x	5.1x	12.8x	12.3x	10.9x
	Median	1.51x	1.46x	1.39x	5.6x	5.7x	5.4x	13.2x	13.2x	10.4x
	Mean	**1.03x**	**0.99x**	**0.94x**	**9.6x**	**13.2x**	**5.4x**	**26.7x**	**24.0x**	**15.9x**
	Median	**1.02x**	**1.02x**	**0.96x**	**5.9x**	**5.5x**	**5.1x**	**20.5x**	**18.4x**	**14.0x**
Reference only: low cost carriers										
Easyjet		0.86x	0.73x	0.64x	5.4x	4.3x	3.5x	17.6x	11.8x	9.1x
Ryanair		3.30x	2.74x	2.32x	9.6x	8.0x	6.4x	13.9x	12.1x	9.8x
	Mean	2.08x	1.74x	1.48x	7.5x	6.2x	5.0x	15.8x	12.0x	9.5x

[4] Multiples are calculated using closing share prices on March 18, 2005