



Reorganizáció Nonprofit Kft.

Liquidator of Malév Hungarian Airlines Ltd.

“under liquidation”

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-Via Registered Mail and Email-

22 January 2014

Re: Withheld Funds Dispute

Dr. Varga,

I am in receipt of your letter of 7 January 2014. We are very disappointed to hear that you are unwilling to meet with the travel agents to discuss the issues between the various parties. As indicated in my previous correspondence, IATA does not believe that it will be possible to reach any agreement without the agents' participation. Quite simply, this is not a dispute between IATA and Malév, but rather an issue of competing claims to the withheld funds by Malév (and VEB) and the travel agents. Refusal to include one of the competing claimants can never lead to a consensual result.

While we are of course willing to discuss this matter further – including a telephone conference if you would prefer – we do not anticipate that we will ever be able to agree to the release of any funds without the travel agents' participation in these discussions. We therefore would again urge you to agree to participate in a true settlement conference with *all* affected parties.

Further, we respectfully disagree with your position regarding the Ukrainian and French funds. IATA was subject to a court order by a court of competent jurisdiction in each case, and was under no obligation to risk contempt proceedings in order to preserve those funds for Malév's behalf. In each of those cases the courts held that the travel agents were the proper recipient of the withheld funds, a position which we firmly believe needs to be given stronger consideration by Malév and VEB.

As per your request, the most recent statement of accounts is attached, showing a net debt by Malév to IATA of over USD 5 million. Please note that this document contains several entries for the IATA Clearing House (“ICH”). Malév was in a net debtor position as to the ICH at the time of suspension in the amount of USD 211,308.00, as is indicated in the “P03JAN 2012” entry. Following suspension, and pursuant to the ICH Regulations, additional claims have been submitted to the ICH by both Malév and the other members, in the total amount of USD 6,420,789.00 in Malév's favor and USD 5,072,333.00 in the other members' favor. These amounts are indicated in the “P04Jan

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2012 – P04 JUL 2012” entries. Importantly, however, these post-suspension amounts have only been notified to the ICH, and have not been paid. A special clearance would be necessary in order to collect these funds from the various members. This is a procedure that we would like to discuss further, in the context of the settlement talks which we are proposing.

Also, we have been advised by several ICH members that the Malév estate is pursuing them directly for the claims submitted to the ICH. As I will discuss further by separate letter, this is not a permissible or legal approach under the ICH Regulations, and all demands on such claims should be directed to the ICH. If bilateral settlement is nevertheless occurring, further amendments may be necessary to the ICH amounts shown on the statement accounts, possibly reducing the amounts shown on Malév’s favor.

In closing, IATA continues to feel that this matter should be closed so that all parties can move forward and stop incurring legal and other costs. Only by involving all affected parties, however, can such a resolution be obtained. IATA and the travel agent associations are open to these discussions, and we respectfully ask that you join us.

Sincerely,



John Middleton

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