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To the creditors of SAirGroup,
in debt restructuring liquidation

Kusnacht, July 2003 Wü/cb

Ladies and Gentlemen

**SAirGroup in debt restructuring liquidation;
Circular no. 1**

This Circular provides information on the status of the SAirGroup debt restructuring proceedings, as well as the next steps that are planned in the debt restructuring liquidation process.

1. STATUS OF PROCEEDINGS

In his ruling dated 20 June 2003, the competent debt restructuring judge in Zurich approved the SAirGroup debt restructuring agreement involving the assignment of assets. He also declared it binding on those creditors who did not vote in favour of the agreement. The ruling became final and absolute on 26 June 2003.

Under the terms of the debt restructuring agreement, the debt restructuring assets will be liquidated by the following bodies:

- Liquidator: Karl Wüthrich.
- Creditors' Committee: Bruno Frick, Dr. Peter Mathys, Dr. Werner A. Meier, Dr. Andreas Ritter, Dr. Max C. Roesle, Dr. Michael Werder, Dr. Adriano Viganò and Jürg Zimmermann.

2. NEXT STEPS IN THE DEBT RESTRUCTURING LIQUIDATION PROCESS

2.1 Proceedings to determine the Schedule of Claims

Proceedings to determine the Schedule of Claims will be held in accordance with Articles 244-251 of the Swiss Debt Enforcement and Bankruptcy Law (DEBL) in order to determine legally valid and legally effective those creditors who are entitled to a share of the liquidation proceeds, as well as their order of distribution and the amount of their claims – in particular the securities that have been asserted. The schedule of claims will be based on SAirGroup business records and the lodged claims. Bondholders holding CHF, Euro and USD-denominated bonds will be informed in Autumn 2003 of the procedure to determine the schedule of claims regarding their bond and/or guarantee claims.

As part of the proceedings to determine the schedule of claims, the Liquidator will examine the individual claims that have been lodged and decide together with the Creditors' Committee the extent to which they can be approved in the form submitted. All creditors whose claims are rejected entirely or in part, or whose claims are reallocated to a different class, will receive the Liquidators' written ruling when the schedule of claims is available for inspection. Should a creditor wish to contest the Liquidators' ruling, he or she will have the opportunity to bring an action regarding the schedule of claims with the competent judge.

The large number of creditors in this case means that drawing up the schedule of claims will take some time. It is nonetheless planned that this work will be completed during 2004 and then be available for inspection to the creditors.

2.2 Realisation of assets

SAirGroup's remaining assets will be realised at the best possible price after consultation with the Creditors' Committee. As the corresponding regulations are more liberal for liquidation proceedings than for compulsory winding-up proceedings, there is no time pressure. I thus expect higher realisation proceeds to be achieved than if the company had been wound up compulsorily.

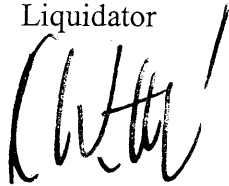
3. INFORMATION TO CREDITORS

The Liquidator is obliged to produce an activity and status report on realised and as-yet unrealised assets at the end of each calendar year. This report must be submitted to the Creditors' Committee for approval within two months of the end of the calendar year, and must also be lodged with the debt restructuring judge. The report will be available for inspection to the creditors at the same time. Each creditor will also receive a summary of the report.

In addition, I will inform creditors of important events during the year by circular letter. Furthermore, I will continue to report regularly on the progress of proceedings on my website www.liquidator-swissair.ch.

Yours sincerely

Liquidator

A handwritten signature in black ink, appearing to read 'KWüthrich', written over the printed name below.

Karl Wüthrich