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To the creditors of
Swissair Swiss Air Transport Com-
pany Ltd, in debt restructuring liqui-
dation

Kusnacht, July 2003 Wü/cb

Ladies and Gentlemen

Swissair Swiss Air Transport Company Ltd in debt restructuring liquida- tion; Circular no. 1

This Circular provides information on the status of the Swissair Swiss Air Transport Company Ltd ("Swissair") 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 22 May 2003, the competent debt restructuring judge in Bülach approved the Swissair 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 16 June 2003.

The debt restructuring assets will be liquidated by the following bodies:

- Liquidator: Karl Wüthrich; Deputy Liquidator: Dr. Niklaus Müller.
- Creditors' Committee: Dr. Kurt Meier, Armin Vuillemin, Felix Kuster, Markus Jöhl, Dr. Franco Lorandi, Dr. Dieter Hauser and Aurelio Ferrari.

2. NEXT STEPS IN THE DEBT RESTRUCTURING LIQUIDATION PROCESS

2.1 Payments to employees

Under the terms of subclause 4 of the debt restructuring agreement, the former Swissair employees who have accepted the offer for settlement of their privileged claims will have the sums owed to them on the basis of this offer paid out within 60 days of the debt restructuring agreement becoming final and absolute. A detailed questionnaire was sent out to each former employee in March 2003 as a basis for the production of individual statements. The employees were asked at the time to complete this questionnaire and return it, with the requested documents, by the end of March. Statements are currently being produced, but the work is proving very time-consuming owing to the complexities of social insurance contributions. Those employees who completed the questionnaire and returned it by the deadline will receive their statements during July 2003 and the sums owed to them in the course of August.

Where information or documentation is still outstanding from individual employees, this will be collected, but in the meantime their payouts will be delayed.

2.2 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 Swissair business records and the lodged claims. No further call for creditors' claim will be published.

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 Liquidator's written ruling when the schedule of claims is available for inspection. Should a creditor wish to contest the Liquidator's 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.

2.3 Realisation of assets

Swissair'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



Karl Wüthrich