

**Unofficial Translation
of German Original**

To the creditors of
Swissair Swiss Air Transport
Company Ltd. in debt restructuring
liquidation

Küsnacht, December 2007 WuK/fee

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**Swissair Swiss Air Transport Company Ltd in debt restructuring
liquidation; Circular No. 12**

Ladies and Gentlemen

This Circular provides information on the progress of the Swissair Swiss Air Transport Company Limited ("Swissair") debt restructuring liquidation since mid-August 2007:

I. STATUS OF PROCEEDINGS REGARDING THE SCHEDULE OF CLAIMS

1. First-class claims

Of the 181 actions to contest the schedule of claims originally lodged against the rejection of claims totalling CHF 707,010,970.95, 16 have so far been settled. There are still 165 actions, worth a total of CHF 29,687,185.24, pending before the District Court of Bülach.

Ten actions have been withdrawn, a settlement has been reached in two cases, one has been resolved with the recognition of the underlying claim, and three actions have been found to be without grounds. Of the total claims of CHF 677,390,785.71 that have been settled in these cases, only an additional CHF 19,945.55 had to be admitted in the form of privileged claims. Further court hearings are scheduled for the first half of 2008. It will then become clear whether a quick clearing-up of the schedule of claims for first-class claims can be achieved.

2. Third-class claims

Of the 51 actions totalling CHF 8,316,079,403.93 that were originally lodged to contest the rejection of claims, 21 claims with a combined value of CHF 8,224,982,805.39 are still pending before the District Court of Bülach.

Five actions have been withdrawn, a settlement has been reached in 15 cases, one has been resolved by the recognition of the underlying claim, and nine actions have been found to be without grounds or have not been pursued. Of the total claims of CHF 91,096,598.54 that have been settled in these cases, an additional CHF 11,940,082.93 had to be admitted as unconditional and CHF 35,861,138.30 as conditional third-class claims.

One claim of CHF 8,066,033,282.00 has been refused by the District Court of Bülach on the grounds of withdrawal because the claimant did not attend court proceedings. The creditor in question has lodged an appeal against this ruling with the Higher Court of Canton Zurich. The Higher Court would not hear the appeal because the claimant failed to respond to a request to submit a specific petition and provide grounds for it. The creditor now has the option of challenging the Higher Court's decision by lodging an appeal under civil law with the Federal Supreme Court. The way in which this case is proceeding indicates that there is a good chance of the disputed claim being settled within the next few months. The claimant creditor has so far failed to provide more detailed grounds for his claim. He also refused to play an active part in the court proceedings which he himself had instituted.

Further court hearings are scheduled for the first half of 2008. Rapid progress can, therefore, be made with clearing-up the schedule of third-class claims.

II. ESTIMATED DIVIDEND

There has been no significant change to the dividend estimate compared with the one given in Circular No. 11 of 24 August 2007. Creditors with third-class claims can expect a maximum dividend of 10.4%, provided that all of the actions that have been lodged to contest the schedule of

claims are unsuccessful and that only 60% of suspended claims have to be recognized. Should all of the actions be admitted and all suspended claims have to be recognized, however, the minimum dividend would be 3%. However, there will be a significant change in the estimated dividend when the action of CHF 8,066,033,282.00 to contest the schedule of claims, which the courts have not admitted so far (see Section I.2 above), is finally resolved.

III. INTERIM PAYMENT

An initial interim payment is planned for spring 2008. Work to draw up the necessary distribution list and the individual statements for each creditor will begin in early January 2008. It has already been established that first-class and second-class claims which have definitely been recognized will be paid out in full. An initial interim payment to creditors with confirmed recognized third-class claims has still to be calculated. No such payment can be made until the CHF 8 billion action in connection with the schedule of claims, as referred to several times above, is finally resolved.

I will draw up a report on activities for this year by the end of February 2008 and submit it to the debt restructuring judge at the District Court of Bülach once it is approved by the Creditors' Committee. Creditors will be informed at the beginning of March 2008 about the publication for inspection of the report on activities and about how the initial interim payment will actually be made.

Season's greetings and a happy new year.

Yours sincerely

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Liquidator

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