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**Unofficial Translation
of German Original**

Registered mail

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

Küsnacht, December 2004 WuK/fee

Swissair Swiss Air Transport Company Ltd; Circular no. 3

Ladies and Gentlemen

Shortly before the end of the year, I would take this opportunity to keep you up to date on the progress of the liquidation of Swissair Swiss Air Transport Company Ltd. (hereinafter "Swissair").

I. REALIZATION OF ASSETS

1. Collection of debts

Over the past few months, outstanding accounts receivable of Swissair in the approximate amount of CHF 7 million have been collected. The collection of debts is being pressed ahead with by the Liquidator.

2. Realization of real estate properties

2.1 *Condominiums in Buenos Aires, Argentina*

In December 1965, SAirGroup, then still operating under its old firm name Swissair Swiss Air Transport Company Ltd., bought the building at 846 Santa Fé Ave. in Buenos Aires. The building was subsequently divided into independent condominium units. Over time a number of condominium units were sold. When the provisional debt restructuring moratorium was granted to SAirGroup and Swissair on 5 October 2001

the condominium units on the ground floor and the first, third, fourth and fifth floor were still registered in the name of Swissair Swiss Air Transport Company Ltd. in the land register.

When the organization of Swissair Group was changed into a holding company structure in 1997, the change in the firm name of SAirGroup from Swissair Swiss Air Transport Company Ltd. to SAirGroup was not executed in the land register in respect of the properties in Buenos Aires. Neither were the properties transferred from SAirGroup to the newly established Swissair. However, following the reorganization, the properties in Buenos Aires were listed as assets on Swissair's balance sheet. Swissair used the condominium units on the ground floor and the first floor without paying rent to SAirGroup. Likewise, it collected rent for the condominium units rented out on the third, fourth and fifth floor. Due to these facts, the legal position with regard to the ownership of the condominium units in Buenos Aires is still unclear today. However, in order for the condominium units to be sold, Swissair and SAirGroup have agreed, for the time being, to deposit the proceeds of the sale into a joint account in the name of the SAirGroup Liquidator. A decision on how to split the proceeds will then be taken at a later date.

Over the past few months buyers have been found for the condominium units on the ground floor and on the first and fifth floor. The units can be sold as follows:

Condominium property	Purchase price
Unit No. 1, ground floor	USD 430,000
Unit No. 2, ground floor	USD 92,000
Unit No. 15, first floor	USD 470,000
Unit No. 7, fifth floor	USD 365,000

The Swissair and SAirGroup Creditors' Committees have agreed to the sale transactions. The contracts with the buyers will now be signed. The sales can then be completed.

2.2 Three houses in Dar-es-Salaam, Tanzania

Between 1971 and 1983, SAirGroup, then still operating under its old firm name Swissair Swiss Air Transport Company Ltd., acquired building rights for three premises in Dar-es-Salaam from the Tanzanian government. Each of these premises contains a dwelling house. The houses used to be occupied by Swissair staff. They have been vacant for some time.

The ownership structure in relation to the properties in Dar-es-Salaam is also unclear. In this regard I would refer to what has been stated in respect of the properties in Buenos Aires (see 2.1 above).

A buyer has been found for the three properties in Dar-es-Salaam. He is prepared to pay TZS 235 million (converted at the current exchange rate equivalent to approx. CHF 285,000).

The sale has been approved by the Creditors' Committees of SAirGroup and Swissair. The sale of the three premises in Dar-es-Salaam is expected to be completed within the next few weeks.

3. Responsibility claims

To clarify potential responsibility claims against members of the management and the board of directors as well as the auditors of Swissair, individual transactions that took place between early 1997 and the end of September 2001 will be investigated in depth on the basis of the report of Ernst & Young AG. For each transaction, it will be examined which persons are liable and whether all the criteria for a liability – unlawful and wilful or negligent acts, loss or damage and causal connection – are met.

The main focus of the investigation is currently on transactions effected via the "Cash Pool" of Swissair Group. In the final weeks before the debt restructuring moratorium was granted, Swissair suffered a loss in the approximate amount of CHF 150 million in connection with these transactions.

Creditors will be regularly updated in the periodic circulars on the further progress of the pursuit of the responsibility claims.

4. Pauliana claims

The voidability of payments made to various recipients shortly before Swissair was granted the debt restructuring moratorium is currently being examined. Creditors will be kept up to date on the results of these investigations.

5. Waiver of pursuing disputed claims

5.1 Claims totalling CHF 450,384.67 against Atrib Group AG, company in bankruptcy

Atrib Group AG, domiciled in Kloten ("Atrib Group"), previously Atraxis Group AG, was a former Swissair Group company. Atrib Group operated internationally and had first and second-tier subsidiaries in various countries, including Atraxis Africa (PTY) Ltd. in Johannesburg, South Africa, and Atraxis Technology Services USA Inc. in New York, USA. On 15 February 2002, the single judge at the District Court of Bülach opened bankruptcy proceedings against Atrib Group. Under the bankruptcy proceedings against Atrib Group, Swissair filed two claims in the amounts of CHF 31,500.00 and CHF 418,884.67 with the Bassersdorf Bankruptcy Office on 26 April 2002. Swissair was of the opinion that Atrib Group and its bankruptcy estate respectively, was liable to settle the claims filed. However, the two claims filed by Swissair were based on invoices which had been issued to Atraxis Africa (PTY) Ltd. (invoice dated 7 February 2002) and to Atraxis Technology Services USA Inc. (invoices dated 31 December 2000). The invoices related to services which had been rendered to the two named subsidiaries and not to Atrib Group.

In his rulings Nr. 14 and 15 of 22 July 2004, the bankruptcy trustee of Atrib Group rejected in full the claims filed by Swissair. He based his decisions on the contention that the documents submitted by Swissair did not clearly show that Atrib Group is the debtor of the claims filed.

Within the period of 20 days prescribed by law, the Swissair Liquidator lodged a court action ("Kollokationsklage") with the single judge of the District Court of Bülach provisionally applying for the two claims to be included in the schedule of claims. This court action was subsequently suspended at the request of the Liquidator.

The services for which the invoices had been issued were provided by Swissair to Atraxis Africa (PTY) Ltd. and to Atraxis Technology Services USA Inc. There are no documents – e.g. guarantee, warranty or other declarations – or other indications which would substantiate a claim by Swissair against Atrib Group. Pursuit of the argument that Atrib Group, as holding company, is liable for the obligations of its subsidiaries, also appears very unlikely to meet with success. For this reason, the Liquidator and the Creditors' Committee have decided not to pursue the court action to have the aforementioned claims included in the schedule of claims and instead have opted to offer to assign the right to pursue the respective court action to the creditors.

5.2 Assignment requests by individual creditors

Each creditor is entitled to request the assignment of the right to take legal action in respect of those legal claims for which the Liquidator and the Creditors' Committee decide to not further pursue them (Art. 325 in conjunction with Art. 260 of the Swiss Debt Enforcement and Bankruptcy Law (DEBL)). A creditor who requests such an assignment is entitled to pursue the legal claim at his own risk and expense. In the event that he should win the court action, he is entitled to use any award to cover both the costs incurred and his claims against Swissair. Any excess amount would have to be surrendered to the liquidation estate. If the creditor should lose the court action, he is liable for any court and legal fees.

The right in question here is the right to pursue the court action to have the claims filed by Swissair in the total amount of CHF 450,384.67 recognized and included in the schedule of claims in the bankruptcy proceedings opened against Atrib Group.

Requests for assignment according to Art. 260 DEBL may be lodged with the undersigned Liquidator **in writing by 10 January 2005 at the latest** (date of postmark of a Swiss post office). The right to request assignment will be deemed to be **forfeited** if this deadline is not met.

II. ASSESSMENT OF LIABILITIES

Work on the schedule of claims is now at an advanced stage. In particular, the Liquidator has established the principles for assessing preferential claims filed by former employees of Swissair who have not accepted the offer to have their claims assessed. Likewise, the claims filed by various creditors on the basis of complex leasing transactions have been assessed. These two areas have been submitted to the Creditors' Committee for decision. The Committee's decision is still pending. It will take some time for the principles established to be implemented. It will therefore not be possible to make the schedule of claims available for inspection to creditors before mid 2005.

III. ESTIMATED DIVIDEND

The anticipated debt restructuring dividend for 3rd class claims cannot be reliably estimated before the assessment of the liabilities has been concluded. The potential dividend range is still between 0.4% and 7.3%.

IV. REPORT ON ACTIVITIES 2004

The Liquidator's report on activities for the year 2004 to the debt restructuring judge will be drawn up in the first quarter of 2005. The report will be available to the creditors for inspection no later than April 2005. On this date, creditors will receive a summary of the report.

Seasons' Greetings and a happy New Year.

Yours sincerely

Swissair Swiss Air Transport Company Ltd.
in debt restructuring liquidation

The Liquidator

Karl Wüthrich

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