

Swisscom to enter into negotiations with Vodafone

Swisscom will enter into negotiations with Vodafone to repurchase the 25% stake in Swisscom Mobile. With this move, Swisscom aims to secure financial advantages, optimise the balance-sheet structure and improve its position in terms of implementing the Group's strategy, notably in the area of convergent offerings. The successful strategic partnership with Vodafone would continue on the basis of a commercial agreement.

The Swiss Federal Council decided today that were Swisscom to buy back Vodafone's 25% stake in Swisscom Mobile this would not be taken into account in the net-debt limit for Swisscom set out in the government's strategic goals. In the Federal Council's opinion, such a transaction would not alter the risks of the Swisscom Group. Were the transaction to go ahead, Swisscom's net-debt limit would remain unchanged at 1.5 times EBITDA, thus guaranteeing a high level of strategic flexibility.

Berne, 22 November 2006