



Fastweb Board decides on interim management to avert regulatory supervision and approves amended 2009 annual accounts

Swisscom CEO Carsten Schloter is taking over the interim management of Fastweb with immediate effect. The current CEO Stefano Parisi, will suspend himself in order to avert regulatory supervision resulting from the ongoing legal proceedings. Fastweb will set aside a provision of EUR 70 million to cover the financial risks associated with the case.

To avert the risk of Fastweb being put under regulatory supervision, Stefano Parisi proposed that he suspends himself as CEO until his role in the ongoing investigation is clarified.

Based on the outcome of the discussions with the prosecuting authorities, Fastweb's Board of Directors has agreed various measures to avert regulatory supervision. In consequence, the prosecuting authorities have withdrawn their application to establish a commission.

- The current CEO of Fastweb, Stefano Parisi, has been suspended by his own request from his post on 1 April 2010 until his role in the ongoing investigation is clarified. As well as the CEO, Mr Parisi, three further managers have temporarily suspended themselves from their roles. Stefano Parisi will be assigned other roles within the Swisscom Group in the interim.
- As Chairman of Fastweb, Carsten Schloter will temporarily assume the role of the company's CEO. He will continue to fulfil his responsibilities at Swisscom with the help of an experienced team. "Fastweb is an excellently positioned company with great innovative strength and solid growth," said Carsten Schloter. The allegations against Stefano Parisi were made on 23 February and have yet to be substantiated. Therefore, Stefano Parisi enjoys the full confidence of Swisscom and of Fastweb's Board of Directors.
- Fastweb will outsource its resale business to the newly created Fastweb Wholesale S.r.l. Fastweb's CFO, Peter Burmeister, will head this unit in addition to his current responsibilities. These currently contribute 14% to the company's total revenue.

Fastweb sets aside a provision

Fastweb has in recent weeks conducted a detailed examination of the potential financial impact of the suspected fraud by a third party. The proceedings involve complex tax and legal aspects and could take several years to conclude, with no certainty of the eventual outcome. Fastweb's Board of Directors has decided to set aside a provision of EUR 70 million in its 2009 annual accounts. This provision is supported by independent expert opinion and is not an acknowledgment of culpability. The amount of the provision is based on an assessment of the financial risks (VAT credits, possible fines and legal costs) and the probability of occurrence. The annual accounts will be submitted to the Annual General Meeting of Fastweb on 22 April 2010 for approval.

Swisscom to book the provision in Q1 2010

As a consequence of this provision of EUR 70 million, Fastweb will post a loss of EUR 34 million for 2009, as opposed to net income of EUR 36 million that was previously been announced for 2009. The consolidated financial statements published by the Swisscom Group on 18 February 2010 for the 2009 financial year are final and will therefore not be adjusted. Swisscom will recognise the provision as an expense in the first



swisscom

Press Release

quarter of 2010. The provision will reduce Swisscom's operating result (EBITDA) for the current year by around CHF 100 million.

Fastweb's business performance in line with expectations

Fastweb's business performance in the first three months of 2010 has been in line with the communicated expectations. The value of the holding in Fastweb was examined during preparation of the Group's year-end accounts. From the current perspective, there is no need to adjust that valuation.

Berne, 2 April 2010