

Swisscom launches share buy-back

Swisscom is launching a share buy-back of around CHF 2.2 billion with a view to acquiring up to 8 percent of the share capital and hence returning liquidity to shareholders. For the share buy-back Swisscom has selected a structure based on put options. Shareholders will be allocated one put option per share. For 23 put options, shareholders will be entitled to sell two shares to Swisscom at a strike price of CHF 450. The options can also be traded on the Swiss stock exchange SWX.

The offer to repurchase Swisscom shares is not being made in or into, and it may not be accepted in or from, the United States. Accordingly, any purported exercise of put options by or on behalf of a person in the United States will be invalid. It is expected that put options beneficially owned as of August 30th, 2006 by shareholders in the United States will be sold on their behalf and that they will receive the net proceeds from such sale. The Bank of New York has agreed to sell put options in respect of shares underlying Swisscom's American Depositary Shares and to distribute the net proceeds to American Depositary Receipts (ADR) holders. The record date for determination of ADR holders eligible to receive proceeds from the sale of put options is expected to be September 19th, 2006. The U.S. depository facility will be closed for issuance and cancellation of shares between August 30th, 2006 and September 20th, 2006.

Swisscom employees with blocked shares from participation schemes may not exercise their options but will be able to sell them.

It is expected that a proposal will be submitted to the Annual General Meeting of Swisscom on 24 April 2007 to cancel the shares repurchased by the company and thus reduce Swisscom's share capital by up to 8 percent.

The federal government's majority shareholding in Swisscom will not be affected by the share buy-back. The Swiss Confederation intends to participate in the share buy-back at least in proportion to its current holding.

Berne, 23 August 2006

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