

Thouvenin Rechtsanwälte
Klausstrasse 33
CH-8034 Zürich

Phone +41 44 421 45 45
Fax +41 44 421 45 00
E-mail info@thouvenin.com

www.thouvenin.com



Telecommunication Newsletter Switzerland

Secretariat of the Competition Commission Finds Price and Margin Squeeze in Swisscom ADSL Pricing and Petitions the Competition Commission to Issue Sanctions

In its press release of November 13, 2008, the Competition Commission announced its findings that Swisscom has abused of its dominant position in the ADSL market. Swisscom has been invited to comment on the Secretariat's findings prior to the Competition Commission entering its decision.

Swisscom offers on a wholesale basis products to its competitors for broadband access who can then offer broad band access to their customers. According to the Secretariat's findings, the prices charged by Swisscom to its competitors are – compared to the retail prices – excessive. The Secretariat qualifies Swisscom's price strategy as an abuse of its dominant position.

According to the Secretariat's view, the narrow margin between Swisscom's wholesale offer and the retail prices restrains the competition in the market and leads to an excessive price level. The Secretariat proposes the imposition of a fine in the amount of CHF 237 Million. Swisscom contest to have a dominant position in the relevant market, since according to Swisscom, 80% of the households in Switzerland also benefit from an alternative by cable access. The Competition Commission is not bound by the Secretariat's view.

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David Käzig

For further information please contact:
David Käzig (d.kaenzig@thouvenin.com)