

MEDIA RELEASE

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Sulzer is optimizing its balance sheet

Share Buyback Up to CHF 300 Million

Sulzer's board of directors has decided to return excess capital to the shareholders and realize a share buyback for up to CHF 300 million via a second trading line on the SWX Swiss Exchange.

The order intake of Sulzer has grown strongly and the company expects good results for 2006 as announced one week ago. Over the past years, Sulzer generated substantial amounts of cash from disposals and operations. In addition, its equity position is very strong. As a result, the balance sheet is not adequately leveraged. Therefore Sulzer will launch a share buyback program for up to CHF 300 million.

A second line on the SWX Swiss Exchange is expected to be opened by mid-November 2006. The repurchased shares will be cancelled and the share capital reduced at the general shareholders' meeting in 2007 and potentially 2008.

Shares sold on the second trading line are subject to the Swiss federal withholding tax of 35%, which is calculated on the difference between the repurchase price of the Sulzer share and its par value.

Sulzer's growth strategy remains unchanged, and the funding flexibility is not impaired by the share buyback. The borrowing capacity as well as the ongoing cash generation continue to provide significant financing power. Sulzer is committed to use this for internal and external growth.

Sulzer was founded in 1834 in Winterthur, Switzerland, and today is active in machinery and equipment manufacturing and surface engineering at over 120 locations worldwide. The core divisions are global leaders in their respective customer segments, which include the oil and gas, chemical process, power generation, pulp and paper, automotive, and aerospace industries.

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