

Consolidated Financial Statements

January – June 2002

Key figures

In CHF millions, except where indicated	unaudited	
	30.6.2001	30.6.2002
Swisscom Group		
Net revenue	7 013	7 129
Operating income before exceptional items, interest, taxes and depreciation (EBITDA) ¹⁾	2 280	2 268
in % of net revenue	% 32.5	31.8
Operating income (EBIT) before exceptional items	1 211	1 281
Gain on partial sale of Swisscom Mobile AG	3 887	–
Gain on sale of real estate	524	–
Operating income (EBIT)	5 622	1 281
Net income	5 358	780
Shareholders' equity	13 692	7 863
Equity ratio ²⁾	% 49.0	41.7
Number of full-time equivalent employees at end of period	FTE 20 189	21 179
Average number of full-time equivalent employees	FTE 20 168	21 341
Revenue per employee	CHF thousands 348	334
EBITDA per employee	CHF thousands 113	106
Net cash provided by operating activities	2 103	1 709
Capital expenditures	483	514
Net debt (net funds) ³⁾	(1 020)	1 351

¹⁾ Exceptional items concerning gain on partial sale of Swisscom Mobile AG and gain on sale of real estate.

²⁾ Shareholders' equity as % of total assets.

³⁾ Definition of net debt (net funds): total debt less cash and cash equivalents, current financial assets and financial assets from cross-border tax lease transactions.

Summary

Swisscom increased revenue by 1.7% year-over-year to CHF 7,129 million in the first half of 2002 primarily due to good results from Mobile. Operating income before interest, taxes and depreciation (EBITDA) was slightly lower than a year ago at CHF 2,268 million.

The following table shows how revenue and EBITDA have developed in the individual segments:

In CHF millions	Net revenue ¹⁾			EBITDA ²⁾		
	30.6.2001	30.6.2002	Change	30.6.2001	30.6.2002	Change
Fixnet	3 232	3 241	0.3%	1 018	967	-5.0%
Mobile	1 952	2 023	3.6%	937	991	5.8%
Enterprise Solutions	791	741	-6.3%	60	43	-28.3%
debitel	1 896	1 918	1.2%	93	85	-8.6%
Other	698	716	2.6%	52	109	109.6%
Corporate	387	353	-8.8%	120	73	-39.2%
Intercompany elimination	(1 943)	(1 863)	-4.1%	-	-	-
Total	7 013	7 129	1.7%	2 280	2 268	-0.5%

¹⁾ Includes intersegment revenue.

²⁾ Operating income before exceptional items, interest, taxes and depreciation.

As a result of organizational changes, the segments have been redefined compared with the previous year. Last year's figures have been restated to reflect the new structure.

Operating income before exceptional items (EBIT) increased by 5.8% to CHF 1,281 million due to a decrease in depreciation and amortization expense.

Net income of CHF 780 million was posted (2001: CHF 5,358 million). It should be noted for purposes of comparison that net income in 2001 included the gain from the sale of a 25% stake in Swisscom Mobile AG to Vodafone and the gain from the sale of two real estate portfolios.

Swisscom continues to expect slightly higher revenue for full-year 2002 and aims to achieve the same level of EBITDA as in the previous year.

Fixnet

In CHF millions	30.6.2001	30.6.2002	Change
Access	712	737	3.5%
National traffic	460	436	-5.2%
International traffic	93	96	3.2%
Value-added services	151	157	4.0%
Wholesale national	320	362	13.1%
Wholesale international	131	161	22.9%
International carriers' carrier services	193	155	-19.7%
Customer premises equipment	113	115	1.8%
Other revenue	255	251	-1.6%
Revenue from external customers	2 428	2 470	1.7%
Intersegment revenue	804	771	-4.1%
Net revenue	3 232	3 241	0.3%
Segment expenses (incl. intercompany)	2 214	2 274	2.7%
EBITDA	1 018	967	-5.0%
<i>Margin as % of net revenue</i>	31.5%	29.8%	
Depreciation	529	527	-0.4%
EBIT before amortization of goodwill	489	440	-10.0%
Amortization of goodwill	1	1	-
EBIT	488	439	-10.0%
Traffic volume in million minutes	30.6.2001	30.6.2002	Change
Local area traffic	3 867	3 246	-16.1%
National long-distance traffic	992	974	-1.8%
Other national traffic	354	381	7.6%
Total national traffic	5 213	4 601	-11.7%
International traffic	384	401	4.4%
Traffic from value-added services	4 140	4 171	0.7%
Wholesale national regulated	8 579	9 470	10.4%
Wholesale international	481	1 057	119.8%
International incoming	1 035	947	-8.5%
Number of channels at period end in thousands	30.6.2001	30.6.2002	Change
PSTN-channels	3 291	3 192	-3.0%
ISDN-channels	1 939	2 131	9.9%
Total channels	5 230	5 323	1.8%
ADSL-access Bluewin	4 513	55 041	
ADSL-access Wholesale	4 161	46 136	
Total ADSL access	8 674	101 177	

Revenue rose by 0.3% primarily due to improved results in Wholesale.

Revenue from Access at Fixnet climbed 3.5% compared to the previous year which is largely explained by the migration from the PSTN to ISDN access. Growth in ISDN-channels leveled off this year because of the launch of ADSL and competition from cable network operators. There was a 5.2% or CHF 24 million decline in revenue from national traffic because of market shrinkage, (mainly due to substitution with mobile), and loss of market share through automatic carrier preselection in the local area.

The renumbering plan introduced in the second quarter of 2002 resulted in significant loss of market share for Swisscom in the local area. All local calls from customers with carrier preselection are now automatically attributed to the respective provider.

Swisscom introduced a uniform national tariff for the fixed-network on May 1, 2002. In comparison with the old tariff, local-area call charges increased while the price per minute for long-distance calls fell. Overall, the introduction of the national uniform tariff had a slight negative effect on revenue.

Wholesale national and international posted above-average revenue growth thanks to higher traffic volumes. Revenue from International Carriers' Carrier Services fell in line with a decline in volume.

Measures to reduce headcount were implemented in the second quarter to boost efficiency and to counter sustained pressure on margins. These measures incurred expenditure of CHF 62 million and are the main reason for the deterioration in EBITDA and the EBITDA margin.

We believe the renumbering plan and market shrinkage will result in a slight dip in revenue and EBITDA for full-year 2002 in comparison to the previous year.

Mobile

In CHF millions	30.6.2001	30.6.2002	Change
Connectivity voice	1 030	1 076	4.5%
Connectivity roaming	175	176	0.6%
Connectivity data and value-added services	125	166	32.8%
Wholesale mobile	159	122	-23.3%
Other products	39	53	35.9%
Revenue from external customers	1 528	1 593	4.3%
Intersegment revenue	424	430	1.4%
Net revenue	1 952	2 023	3.6%
Segment expenses (incl. intercompany)	1 015	1 032	1.7%
EBITDA	937	991	5.8%
<i>Margin as % of net revenue</i>	<i>48.0%</i>	<i>49.0%</i>	
Depreciation	139	130	-6.5%
EBIT	798	861	7.9%

Number of subscribers at period-end	30.6.2001	30.6.2002	Change
Postpaid	2 055	2 223	8.2%
Prepaid	1 143	1 265	10.7%
Total	3 198	3 488	9.1%

	30.6.2001	30.6.2002	Change
ARPU in CHF	90	85	-5.6%

Revenue from Voice and Data increased due to higher traffic volumes and year-over-year growth in the number of text messages (SMS) sent.

There was only slight growth in the mobile communications market because of the high level of market penetration (74%). Allowing for this, revenue growth of 3.6% at Mobile was satisfying. 115 thousand new customers were acquired since January 1, 2002. The customer base grew to 3.49 million. Average revenue per user (ARPU) was CHF 85 compared with CHF 90 for the full-year 2001.

At CHF 1,032 million, segment expenses increased by 1.7% in comparison with the previous year. There was a CHF 23 million rise in personnel expenses because of an increase in headcount. A decline in costs for the acquisition of new customers was largely offset by cost increases on customer loyalty initiatives.

EBITDA increased by 5.8% to CHF 991 million; the EBITDA margin advanced to 49%.

A slight increase in revenue and EBITDA is anticipated for the full year in comparison to the previous year.

Enterprise Solutions

In CHF millions	30.6.2001	30.6.2002	Change
National traffic	237	229	-3.4%
International traffic	55	62	12.7%
Value-added services	60	34	-43.3%
Data	390	375	-3.8%
Revenue from external customers	742	700	-5.7%
Intersegment revenue	49	41	-16.3%
Net revenue	791	741	-6.3%
Segment expenses (incl. intercompany)	731	698	-4.5%
EBITDA	60	43	-28.3%
<i>Margin as % of net revenue</i>	<i>7.6%</i>	<i>5.8%</i>	
Depreciation	15	15	-
EBIT	45	28	-37.8%

Traffic volume in million minutes	30.6.2001	30.6.2002	Change
Local area traffic	1 246	1 063	-14.7%
National long-distance traffic	659	629	-4.6%
Other national traffic	217	227	4.6%
Total national traffic	2 122	1 919	-9.6%
International traffic	311	301	-3.2%
Traffic from value-added services	631	405	-35.8%

Revenue from Enterprise Solutions fell 6.3% year-over-year to CHF 741 million. The decline in revenue from telephone traffic, as at Fixnet, can be attributed to loss of market share relating to the renumbering plan.

A change compared to the previous year at value-added services in the distribution of customers between Fixnet and Enterprise Solutions produced a shift to Fixnet in terms of revenue and cost. This development had no significant effect on EBITDA.

Revenue from Data dropped 3.8% mainly as a result of price reductions for leased lines. Concern about the general state of the economy had an adverse effect on Solutions and has dampened growth expectations.

Expenses associated with the reduction in headcount amounted to CHF 11 million in the second quarter. EBITDA fell significantly as a result from CHF 60 million to CHF 43 million.

As at Fixnet, a decline in revenue from telephone traffic is anticipated for the full year. The economic downturn is expected to have a negative effect on Data. A drop in revenue and EBITDA is expected in comparison to the previous year.

debitel

In CHF millions	30.6.2001	30.6.2002	Change
Germany	1 402	1 307	-6.8%
International	494	611	23.7%
Net revenue	1 896	1 918	1.2%
Segment expenses	1 803	1 833	1.7%
EBITDA	93	85	-8.6%
<i>Margin as % of net revenue</i>	4.9%	4.4%	
Depreciation	24	30	25.0%
EBIT before amortization of goodwill	69	55	-20.3%
Amortization of goodwill	185	137	-25.9%
EBIT	(116)	(82)	29.3%
Numer of subscribers at period-end in thousands	30.6.2001	30.6.2002	Change
Germany	7 350	7 332	0.2%
International	2 160	2 300	6.5%
Total	9 510	9 632	1.3%

debitel posted local-currency growth of 5.3% in comparison to the previous year. The increase amounted to just 1.2% in Swiss franc terms. The 6.8% (1.8% in local-currency terms) decline in revenue in Germany was more than offset by 23.7% (28.9% in local-currency terms) growth in international business.

The customer base shrunk from 10.00 million to 9.63 million customers compared to 31 December 2001 as a result of an initiative to eliminate inactive prepaid customers.

The German Mobile communications market is characterized by consumer reluctance to buy new handsets. Also the high level of market penetration has resulted in negligible new customer acquisition growth. Both effects led to lower revenue.

The increase in revenue from international business is attributable to the expansion of business in France and the acquisition of Talkline Nederland B.V. in the fourth quarter of 2001.

In line with revenue, operating expenses rose in international business and fell in Germany. Expenditure on customer retention programs was high in contrast to low customer acquisition costs. EBITDA was CHF 8 million or 8.6% lower than in the previous year.

Revenue for the year as a whole is projected to grow thanks to the acquisitions in international business. debitel expects EBITDA to fall slightly year-on-year as a result of integration costs and pressure on margins.

Other

In CHF millions	30. 6. 2001	30. 6. 2002	Change
Swisscom Systems AG	230	197	-14.3%
Swisscom IT Services AG	15	101	573.3%
Swisscom Broadcast AG	88	84	-4.5%
Billag AG	23	25	8.7%
Other revenue	15	2	-86.7%
Revenue from external customers	371	409	10.2%
Intersegment revenue	327	307	-6.1%
Net revenue	698	716	2.6%
Segment expenses (incl. intercompany)	646	607	-6.0%
EBITDA	52	109	109.6%
<i>Margin as % of net revenue</i>	<i>7.4%</i>	<i>15.2%</i>	
Depreciation	120	106	-11.7%
EBIT before amortization of goodwill	(68)	3	104.4%
Amortization of goodwill	-	11	
EBIT	(68)	(8)	88.2%

At CHF 409 million, net revenue from the segment "Other" advanced by 10.2% compared to the previous year. Revenue declined by 14.3% at Swisscom Systems. The economic downturn caused a decrease in the sale and rental of PBX systems. Swisscom IT Services AG posted a significant year-over-year increase in revenue from third-party business thanks to the merger with AGI IT Services AG on 31 December 2001. Revenue from the third-party market nevertheless failed to meet expectations.

EBITDA of CHF 109 million more than doubled year-over-year thanks primarily to Swisscom IT Services AG (improved earnings associated with merger with AGI). In Swisscom Systems AG cost saving measures were not enough to fully offset the drop in revenues.

Restructuring measures are necessary at Swisscom Systems AG and Swisscom IT Services AG in view of the results and economic instability. Up to 400 job cuts will be made at Swisscom Systems AG and approximately 50 at Swisscom IT Services AG.

Corporate

In CHF millions	30. 6. 2001	30. 6. 2002	Change
Revenue from external customers	48	39	-18.8%
Intersegment revenue	339	314	-7.4%
Net revenue	387	353	-8.8%
Segment expenses (incl. intercompany)	267	280	4.9%
EBITDA	120	73	-39.2%
<i>Margin as % of net revenue</i>	<i>31.0%</i>	<i>20.7%</i>	
Depreciation	56	30	-46.4%
EBIT	64	43	-32.8%

"Corporate" comprises the headquarter functions, shared services for group companies and the real estate companies. A considerable part of the real-estate portfolio was sold in the second quarter of 2001 which largely explains why EBITDA at CHF 73 million was lower than in the previous year.

Financial Review

Income taxes

The transition from a parent company to a holding company was finalized during the first half of 2002. Therefore, the tax rates of the legally independent group companies had to be individually determined. These new tax rates led to a recalculation of the deferred tax assets and liabilities which resulted in a one-time net non-cash expense of CHF 86 million. Without special effects, tax expense would have amounted to CHF 295 million, equivalent to an effective tax rate of 24.1%.

Tax expense was low last year due primarily to the gain on the sale of the Swisscom Mobile AG holding being exempt from taxes. The partial tax exemption on the gain from the sale of real estate also contributed to a lower tax rate.

Minority interests

The increase in minority interests from CHF 82 million to CHF 147 million is a result of the partial sale of Swisscom Mobile AG to Vodafone in March 2001.

Financing

Cash equivalents and current financial assets have declined significantly since 31 December 2001 because of the share buy-back in the first half-year. Net debt stood at CHF 1,351 million at 30 June 2002. Debt of CHF 1000 million will be paid back in the second half-year. The reduction in capital agreed at the last Shareholders' Meeting will result in the use of net cash of CHF 530 million. Capital expenditures and the capital reduction will be financed by net cash from operating activities.

Share buy-back

Swisscom repurchased 9.99% of outstanding shares at a cost of CHF 4,264 million through a share buy-back programme. The equity ratio stood at 41.7% after the share buy-back. See Note 4.

Outlook

Swisscom anticipates a slight increase in revenue for 2002 on the basis of first-half performance. Pressure on revenue and margins in fixed-network and data will continue, while market growth in mobile communications will slow further.

Swisscom aims to maintain EBITDA for the full-year at the previous year's level. Net income for 2002 will be considerably lower than in the previous year due to the absence of last year's one-time gains from the sale of real estate and a 25% holding in Swisscom Mobile AG.

Consolidated income statements

In CHF millions, except per share amount	unaudited			
	1.4.–30.6.2001	1.4.–30.6.2002	1.1.–30.6.2001	1.1.–30.6.2002
Net revenue	3 503	3 612	7 013	7 129
Other operating income	39	48	75	100
Total	3 542	3 660	7 088	7 229
Goods and services purchased	1 073	1 179	2 104	2 316
Personnel expenses	589	671	1 194	1 307
Other operating expenses	805	710	1 510	1 338
Depreciation	416	392	849	780
Amortization	112	106	220	207
Total operating expenses	2 995	3 058	5 877	5 948
Gain on partial sale of Swisscom Mobile AG	–	–	3 887	–
Gain on sale of real estate	524	–	524	–
Operating income	1 071	602	5 622	1 281
Financial expense	(69)	(101)	(163)	(173)
Financial income	102	60	174	113
Income before income taxes, equity in net income (loss) of affiliated companies and minority interests	1 104	561	5 633	1 221
Income tax expense	(173)	(184)	(186)	(361)
Income before equity in net income (loss) of affiliated companies and minority interests	931	377	5 447	860
Equity in net income (loss) of affiliated companies	17	45	(7)	67
Minority interests	(73)	(62)	(82)	(147)
Net income	875	360	5 358	780
Earnings per share (in CHF)	11.90	5.44	72.85	11.27
Average number of shares outstanding (in thousands)	73 550	66 203	73 550	69 223

Consolidated balance sheet (condensed)

In CHF millions	31.12.2001	<u>unaudited</u> 30.6.2002
Assets		
Current assets		
Cash and cash equivalents	3 788	801
Current financial assets	3 316	1 430
Other current assets	3 270	3 369
Total current assets	10 374	5 600
Non-current assets		
Property, plant and equipment	8 104	7 788
Goodwill and other intangible assets	2 562	2 431
Investments in affiliated companies	603	691
Non-current financial assets	1 895	1 785
Deferred tax assets	811	560
Total non-current assets	13 975	13 255
Total assets	24 349	18 855
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt	1 757	2 065
Other current liabilities	3 535	3 196
Total current liabilities	5 292	5 261
Long-term liabilities		
Long-term debt	3 743	2 680
Other long-term liabilities	2 462	2 409
Total long-term liabilities	6 205	5 089
Total liabilities	11 497	10 350
Minority interests	783	642
Shareholders' equity	12 069	7 863
Total liabilities and shareholders' equity	24 349	18 855

Consolidated cash flow statement (condensed)

In CHF millions	unaudited	
	30.6.2001	30.6.2002
Operating income before exceptional items and depreciation	2 280	2 268
Change in net operating assets and other cash flows from operating activities	(177)	(559)
Net cash provided by operating activities	2 103	1 709
Capital expenditures	(483)	(514)
Proceeds from sale of real estate	1 631	–
Proceeds from partial sale of Swisscom Mobile AG	2 032	–
Investment in subsidiaries and affiliated companies	(479)	(116)
Proceeds from sale of affiliated companies	6	34
Purchase (sale) of current financial assets, net	(1 722)	1 746
Other cash flows from investing activities, net	(35)	12
Net cash from investing activities	950	1 162
Repayment of debt, net	683	(562)
Purchase of treasury stock	(39)	(4 264)
Dividends paid	(809)	(728)
Dividends paid to minority interests	(6)	(302)
Net cash used in financing activities	(1 537)	(5 856)
Net increase (decrease) in cash and cash equivalents	1 516	(2 985)
Cash and cash equivalents at beginning of year	2 265	3 788
Translation adjustments	–	(2)
Cash and cash equivalents at end of year	3 781	801

Consolidated statement of shareholders' equity

In CHF millions	unaudited					Total shareholders' equity
	Share capital	Additional paid-in capital	Retained earnings	Treasury stock	Fair value and other reserves	
Balance at December 31, 2000	1 839	2 395	4 559	(1)	(222)	8 570
Effect from adopting IAS 39	–	–	(3)	–	101	98
Balance at January 1, 2001, restated	1 839	2 395	4 556	(1)	(121)	8 668
Translation adjustments	–	–	–	–	29	29
Fair value adjustments	–	–	–	–	446	446
Gains not recognized in income statement	–	–	–	–	475	475
Distribution of net income	–	–	(809)	–	–	(809)
Net income	–	–	5 358	–	–	5 358
Balance at June 30, 2001	1 839	2 395	9 105	(1)	354	13 692
Balance at December 31, 2001	1 250	2 395	8 711	(2)	(285)	12 069
Translation adjustments	–	–	–	–	54	54
Fair value adjustments	–	–	–	–	(48)	(48)
Gains not recognized in income statement	–	–	–	–	6	6
Capital reduction	(125)	(1 823)	(2 316)	–	–	(4 264)
Dividend pay-out	–	–	(728)	–	–	(728)
Net income	–	–	780	–	–	780
Balance at June 30, 2002	1 125	572	6 447	(2)	(279)	7 863

Notes to the Consolidated Interim Statements

1 Accounting principles

The unaudited consolidated interim statements have been drawn up in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The same accounting principles apply as were used for the consolidated financial statements for 2001. Individual figures for the previous year have been restated to facilitate comparison.

2 Results by segment

As a result of organizational changes, the segments have been redefined compared with the previous year. The segments "Fixnet Retail and Network" and "Fixnet Wholesale and Carrier Services" have been merged. Bluewin AG, Swisscom Directories AG and Telecom FL AG, which were included in the "Other" segment last year, make up the new segment "Fixnet". Additionally, revenue from access services for business customers is included in the "Fixnet" segment in 2002; in 2001 this revenue was reported in "Enterprise Solutions". Last year's figures have been restated to reflect the new structure.

The "Fixnet" segment covers national and international traffic for residential customers, access charges for residential and business customers as well as value-added services and terminals. Additionally the segment covers utilization of the Swisscom fixed network by other national and international telecoms providers and the Wholesale activities of international subsidiaries in Europe and the USA. The segment also comprises Bluewin AG, Swisscom Directories AG, Telecom FL AG, payphone services, operator services and the cards business.

"Mobile" covers the provision of mobile telephone, data and value-added services and wholesale network utilization charges.

"Enterprise Solutions" covers national and international traffic and value-added services for business customers. The segment also contains leased lines, tele-housing, hosting and communication solutions for business customers.

The "debitel" segment reflects the business activities of the debitel Group.

The segment "Other" covers mainly Swisscom Systems AG, Swisscom IT Services AG, Swisscom Broadcast AG and Billag AG.

"Corporate" includes the cost of the Group headquarters, the real estate companies and certain items of expense which are not directly allocable to specific segments.

Notes to the Consolidated Interim Statements

		unaudited							
In CHF millions									
30.6.2001	Fixnet	Mobile	Enterprise Solutions	debitel	Other	Corporate	Elimination	Total	
Net revenue from external customers	2 428	1 528	742	1 896	371	48	–	7 013	
Intersegment revenue	804	424	49	–	327	339	(1 943)	–	
Net revenue	3 232	1 952	791	1 896	698	387	(1 943)	7 013	
Other operating income	37	2	–	–	3	33	–	75	
Segment expenses	(2 251)	(1 017)	(731)	(1 803)	(649)	(300)	1 943	(4 808)	
Operating income before depreciation (EBITDA)	1 018	937	60	93	52	120	–	2 280	
<i>Margin in %</i>	<i>31.5%</i>	<i>48.0%</i>	<i>7.6%</i>	<i>4.9%</i>	<i>7.4%</i>	<i>31.0%</i>	<i>–</i>	<i>32.5%</i>	
Depreciation and amortization	(529)	(139)	(15)	(24)	(120)	(56)	–	(883)	
Operating income before goodwill amortization	489	798	45	69	(68)	64	–	1 397	
Amortization of goodwill	(1)	–	–	(185)	–	–	–	(186)	
Segment operating income (EBIT)	488	798	45	(116)	(68)	64	–	1 211	
Gain on partial sale of Swisscom Mobile AG								3 887	
Gain on sale of real estate								524	
Operating income								5 622	

		unaudited							
In CHF millions									
30.6.2002	Fixnet	Mobile	Enterprise Solutions	debitel	Other	Corporate	Elimination	Total	
Net revenue from external customers	2 470	1 593	700	1 918	409	39	–	7 129	
Intersegment revenue	771	430	41	–	307	314	(1 863)	–	
Net revenue	3 241	2 023	741	1 918	716	353	(1 863)	7 129	
Other operating income	55	11	–	11	9	14	–	100	
Segment expenses	(2 329)	(1 043)	(698)	(1 844)	(616)	(294)	1 863	(4 961)	
Operating income before depreciation (EBITDA)	967	991	43	85	109	73	–	2 268	
<i>Margin in %</i>	<i>29.8%</i>	<i>49.0%</i>	<i>5.8%</i>	<i>4.4%</i>	<i>15.2%</i>	<i>20.7%</i>	<i>–</i>	<i>31.8%</i>	
Depreciation and amortization	(527)	(130)	(15)	(30)	(106)	(30)	–	(838)	
Operating income before goodwill amortization	440	861	28	55	3	43	–	1 430	
Amortization of goodwill	(1)	–	–	(137)	(11)	–	–	(149)	
Segment operating income (EBIT)	439	861	28	(82)	(8)	43	–	1 281	

3 Debt

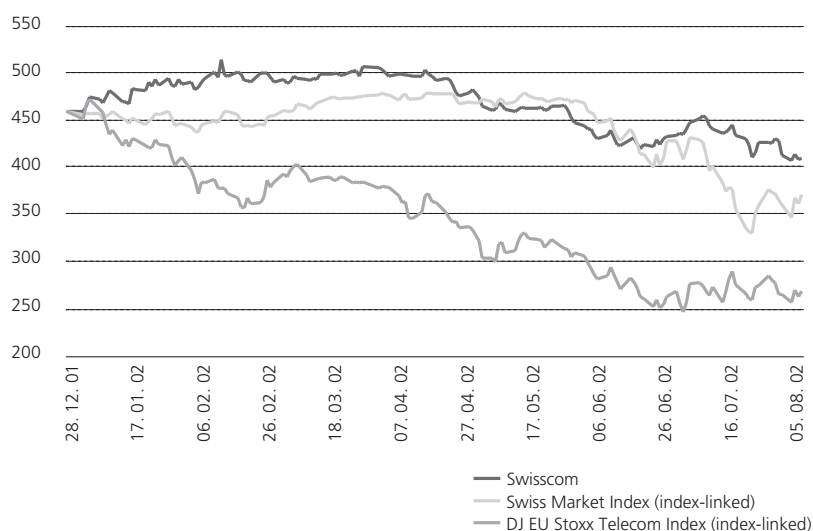
In CHF millions	31.12.2001	30.6.2002
	unaudited	
Long-term debt		
Swiss Post loan	1 750	1 250
Financial liability from cross-border tax lease arrangements	1 600	1 438
Finance lease obligation	1 370	1 261
Other long-term debt	63	65
Total	4 783	4 014
Less current portion	(1 040)	(1 334)
Total long-term debt	3 743	2 680
Short-term debt		
Current portion of long-term debt	1 040	1 334
Employee saving deposits	577	548
Short-term loans payable to affiliated companies	47	37
Other short-term debt	93	146
Total short-term debt	1 757	2 065

4 Share buy-back

Swisscom repurchased 7,346,739 of its own shares (9.99% of all outstanding shares) in March 2002 through a share buy-back program. Shareholders were granted one free put option per share. Shareholders were entitled to sell one share for every 10 put options at a strike price of CHF 580 less 35% withholding tax. Shares at a value of CHF 2,816 million were repurchased in the first quarter. On April 30, 2002, the Shareholders' Meeting approved the reduction of the number of shares from 73,550,000 to 66,203,261. The Swiss Confederation holds 62.7% of share capital following the capital reduction.

Shareholder information

Swisscom share price on the Swiss Exchange (in CHF)



1.1. – 30.6.2002	virt-x	NYSE
Closing price at 30.6.2002	CHF 433.00	USD 29.00
Year high	CHF 519.00	USD 30.75
Year low	CHF 416.00	USD 26.92
Total trading volume	18 252 464	3 450 500
Dailey average	146 020	27 827
Total volume in millions	CHF 8 733.32	USD 101.64
Dailey average in millions	CHF 69.87	USD 0.82

Source: Bloomberg

Share information

Swisscom purchased 7,346,739 registered shares in the first half of 2002 in order to reduce its capital. As a result, share capital shrunk by 9.99% from 73,550,000 to 66,203,261 registered shares of which the Swiss Confederation owns 41,531,200 (62.7%). The nominal value per registered share at June 30, 2002 was CHF 17. At the Shareholders' Meeting it was decided to reduce the nominal value by CHF 8 per share. The repayment during the second half of the year will result in a nominal value of CHF 9. At June 30, 2002, 24,672,061 registered shares (37.3%) were distributed among 78,930 shareholders. The unattributed share average is around 16%.

Each share equals one vote. Voting rights can be exercised only if the shareholder is registered in Swisscom's share register and is entitled to vote. The Board of Directors may reject the entry of a shareholder who is entitled to vote in the share register, if the shareholder's voting rights exceed 5% of the share capital.

Financial calendar

November 21, 2002	Interim report 3rd quarter 2002
March 26, 2003	Annual results 2002
May 6, 2003	Shareholders' Meeting, Hallenstadion Zürich-Oerlikon
May 9, 2003	Dividend payment

Stock markets

Swisscom shares are traded on the Pan-European blue chip platform virt-x under the symbol "SCMN" (security no. 874251) and in the form of American depositary shares (ADS) at a ratio of 1:10 on the New York Stock Exchange under the symbol "SCM" (security number 949527).

Stock Exchange	Bloomberg	Reuters	Telekurs
London (9.00 am–5.30 pm)	SCMN VX	SCMN.VX	SCMN.VTX
New York (9.30 am–4.00 pm)	SCM US	SCM.N	

The Consolidated Financial Statements are available in English, German and French. The German version is binding.

Forward-looking statements

This communication contains statements that constitute “forward-looking statements”. In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom’s ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom’s past and future filings and reports filed with the U.S. Security and Exchange Commission and posted on our websites. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication. Swisscom disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise

Contact details

Swisscom AG
Group Communications
Postfach
CH-3050 Bern
T+41 31 342 36 78
F+41 31 342 27 79
E swisscom@swisscom.com

Investor Relations

Swisscom AG
Investor Relations
CH-3050 Bern
T+41 31 342 25 38
F+41 31 342 64 11
E investor.relations@swisscom.com
830.957.7 e