

Swisscom Q3 results 2008

“iQ”: business as usual, strong EBiTDA*)

*) EBiTDA = EBITDA before iPhone

Conference call presentation

5 November 2008



swisscom

Agenda iQ

1. Business as usual...

Carsten Schloter, CEO

- a. Hardly any impact from turbulence in financial sector
- b. Positive and negative effects from Forex swings
- c. No financial impact from Q3 regulatory rulings

2. ...with some Q3 specials:

- a. Pension fund situation
- b. Q3 EBiTDA > EBITDA: investment into iPhone launch very successful ... Q3 EBITDA impact of CHF - 45mm

3. Other (group) highlights

4. Financial Results 9 months 2008

Ueli Dietiker, CFO

5. Progress on track, Outlook 2008 confirmed

6. Q&A

All

1a. Business as usual - hardly any impact from turbulence in financial sector. The CBU*) case

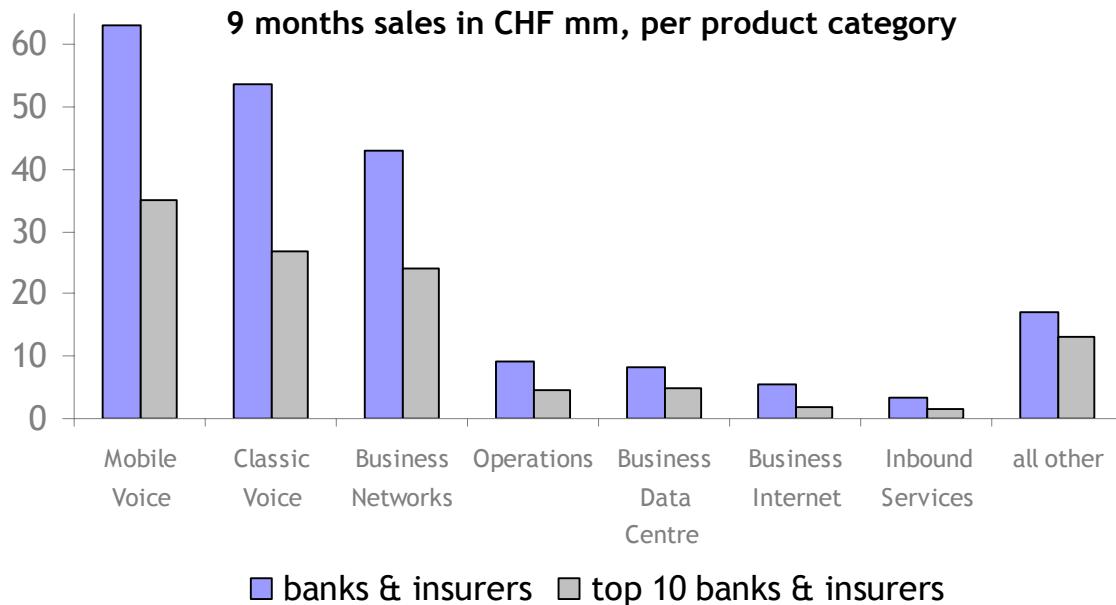
*) CBU = Swisscom's Segment "Corporate Business" in which the largest accounts are served

Exposure to banks as customers of CBU:

- 9m Swisscom (Segment Corporate Business) sales to **banks** in Switzerland: CHF140mm, of which 50% to largest 10
- Sales to banks represent 11% of total CBU sales, and 2% of Swisscom Switzerland

Exposure to insurers as customers of CBU:

- 9m Swisscom (Segment Corporate Business) sales to **insurers** in Switzerland: CHF65mm, of which 66% to largest 10
- Sales to insurers represent 5% of total CBU sales, and 1% of Swisscom Switzerland



In total, Swisscom's sales to banks and insurers (segment CBU) account for 3% of total sales of Swisscom Switzerland

Top 10 banks:

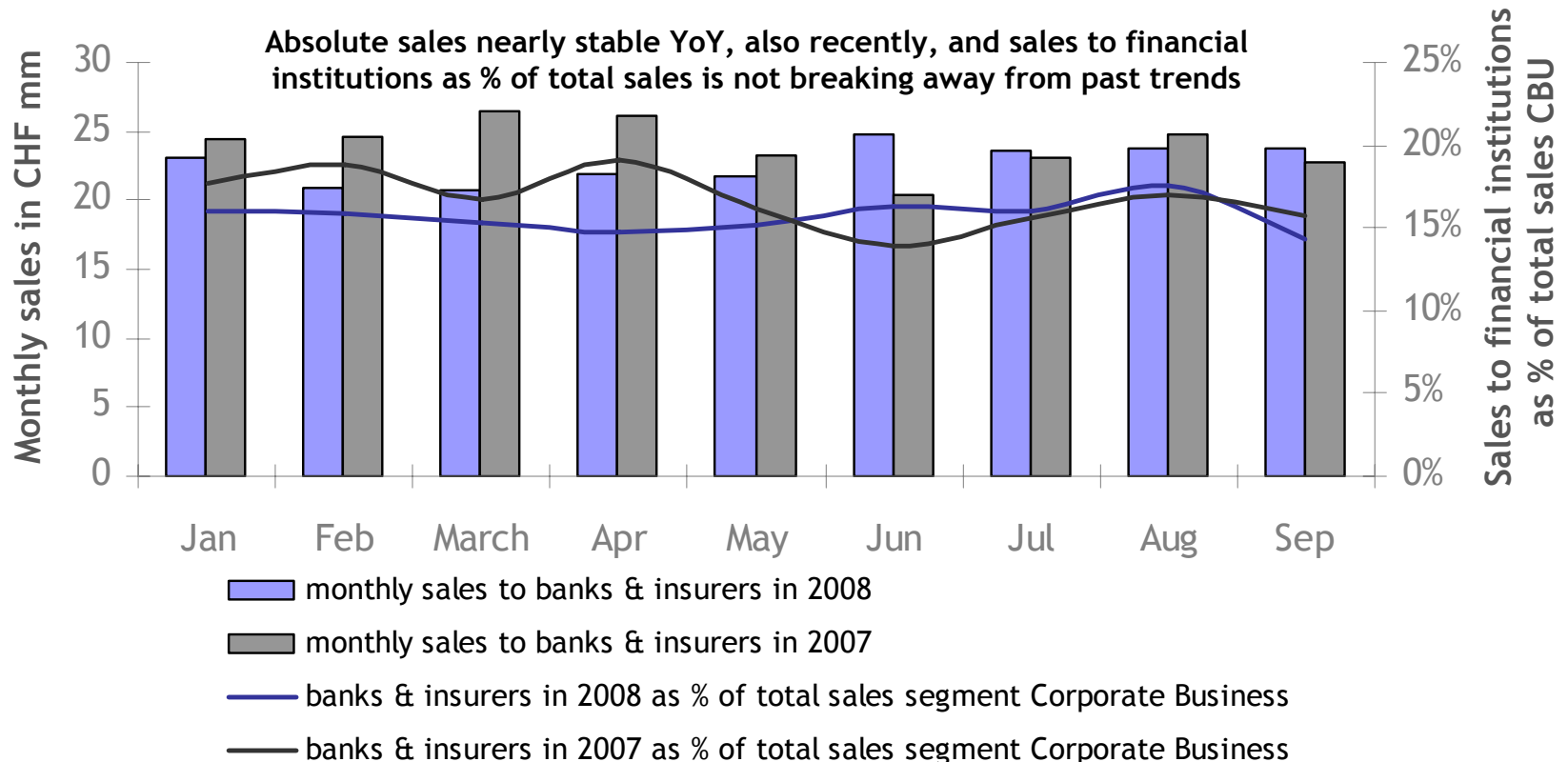
UBS AG / Zürich
Credit Suisse / Zürich
Raiffeisen Schweiz
Julius Bär Holding AG
Pictet et Cie / Carouge GE
SIX Swiss Exchange
HSBC Private Bank (Suisse)
BNP Paribas (Suisse) SA
Zürcher Kantonalbank
Crédit Agricole (Suisse)

Top 10 insurers:

AXA Versicherungen AG
Swiss Re
Generali (Schweiz)
SUVA
Allianz Holding AG
Schweiz. Mobiliar
CSS Kranken-Versicherung AG
Zürich Versicherungs- Gesellschaft
Bâloise-Holding
CONCORDIA Schweiz

1a. Business as usual - hardly any impact from turbulence in financial sector. The CBU*) case

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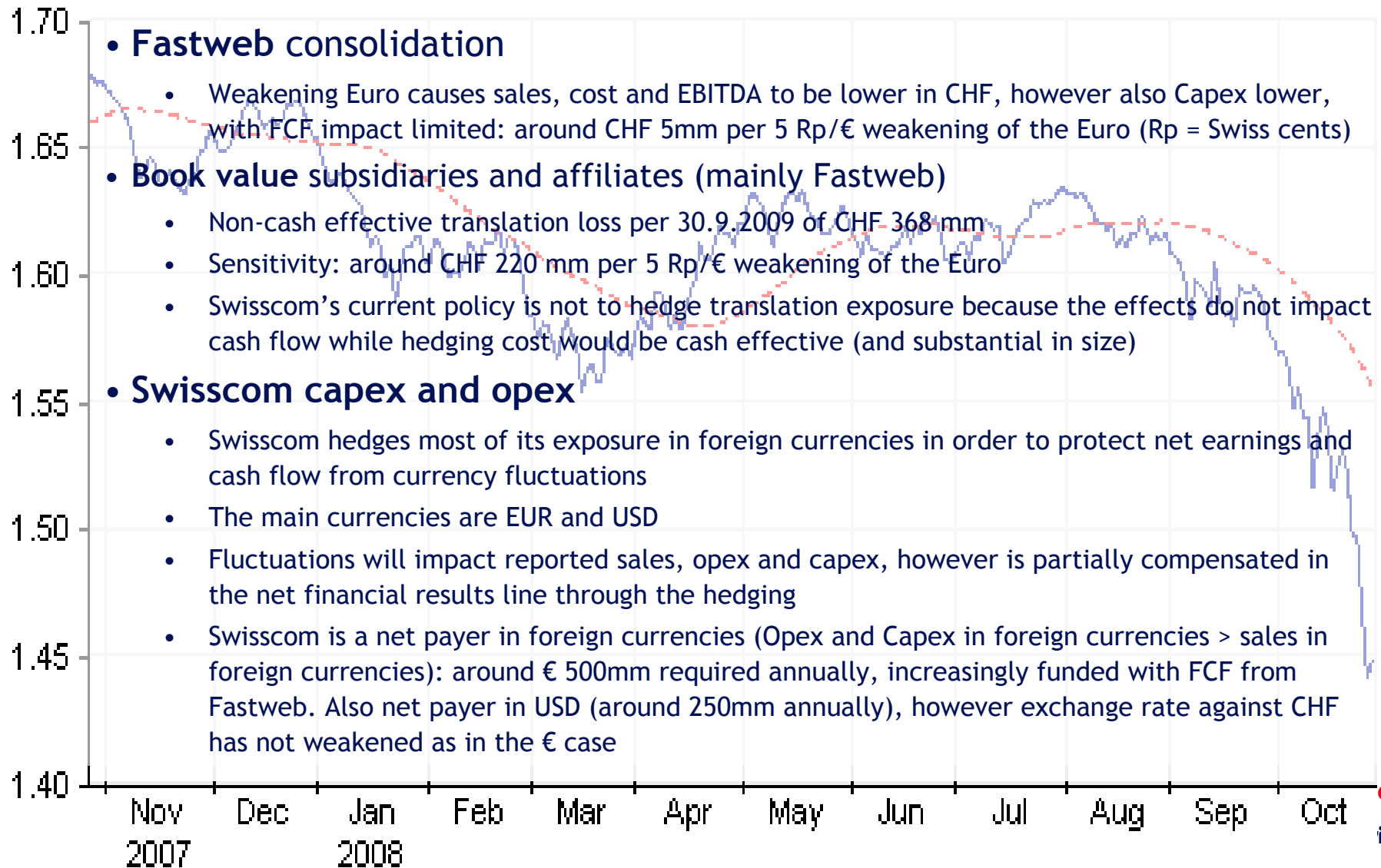


In conclusion: in CBU (and at Swisscom IT Services), there is:

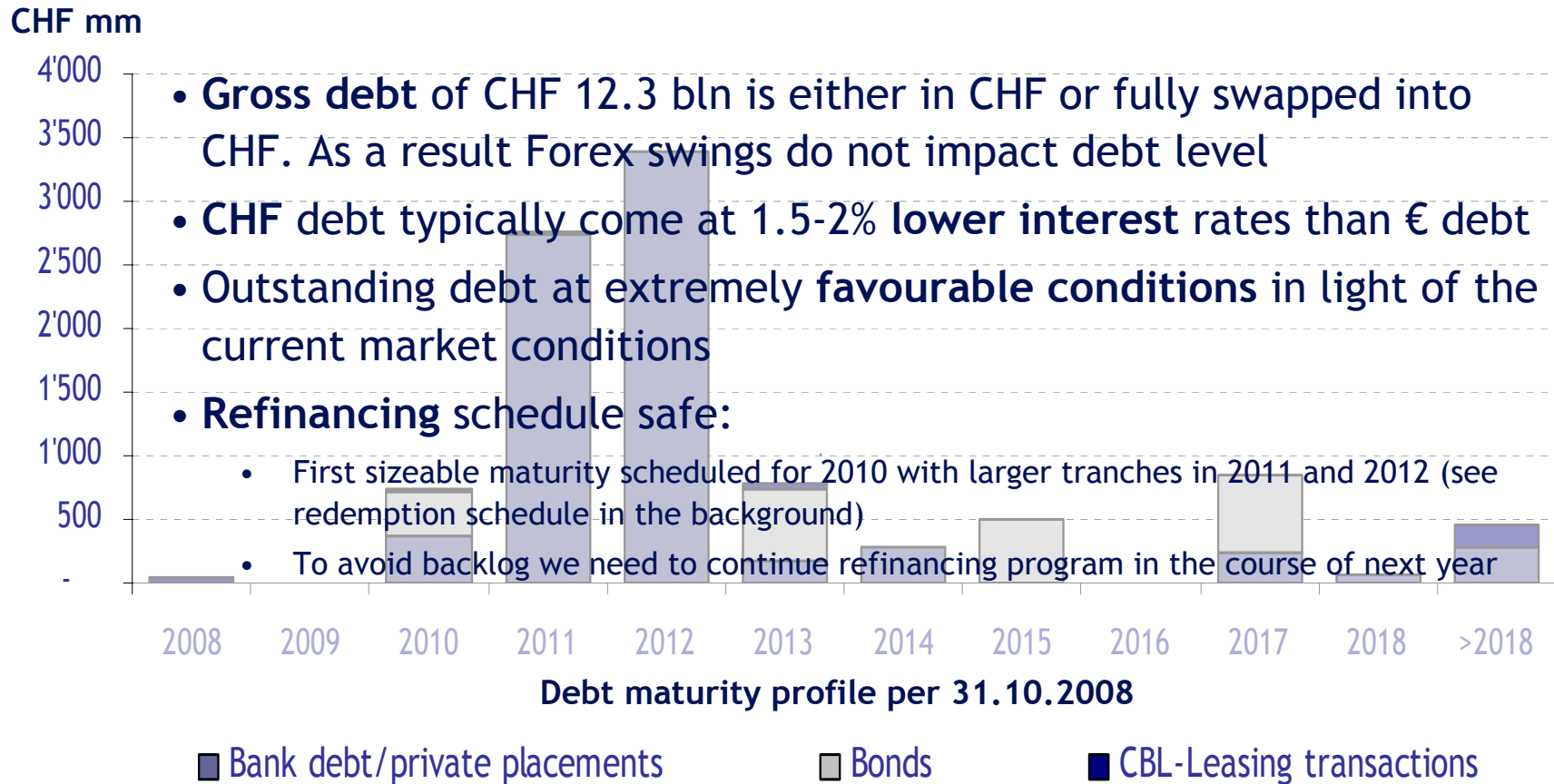
- limited evidence for lower spending on telecoms & IT services (< 5% or CHF -10 to -20mm annualised, mainly caused by general price pressure that is also present in other segments)
- an early trend towards more outsourcing requests (however with long sales cycles). This may provide more business upside for Swisscom in the medium term

1b. Business as usual - positive and negative impacts from Forex swings

CHF / Euro



1b. Business as usual - Forex swings have limited impact on current financing

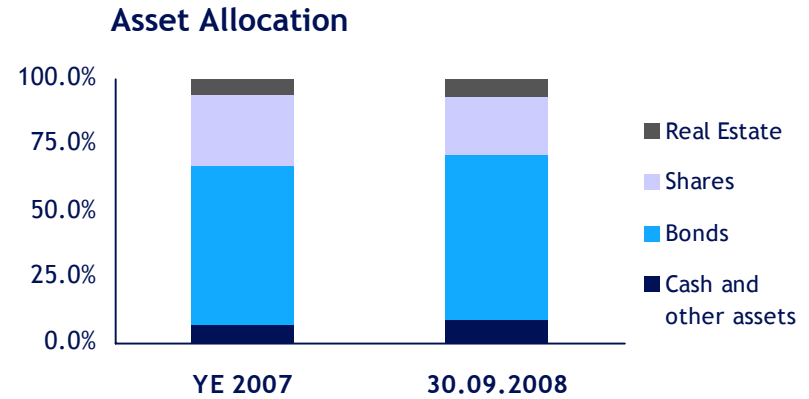
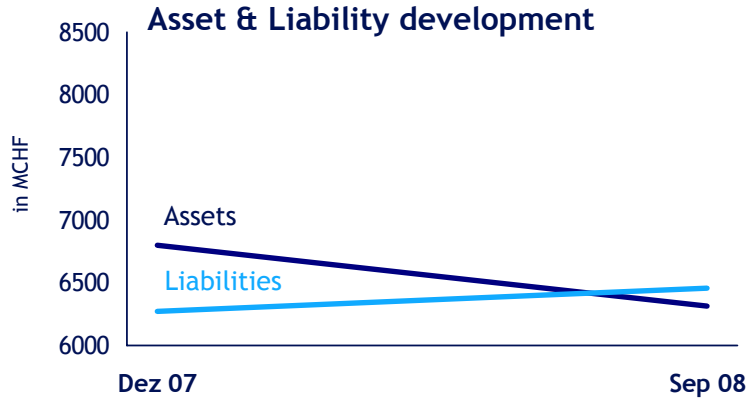


1b. Business as usual - no financial impact from Q3 regulatory rulings

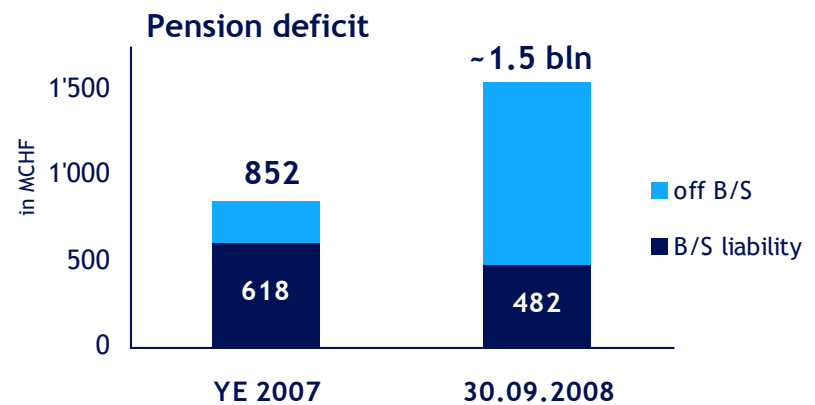
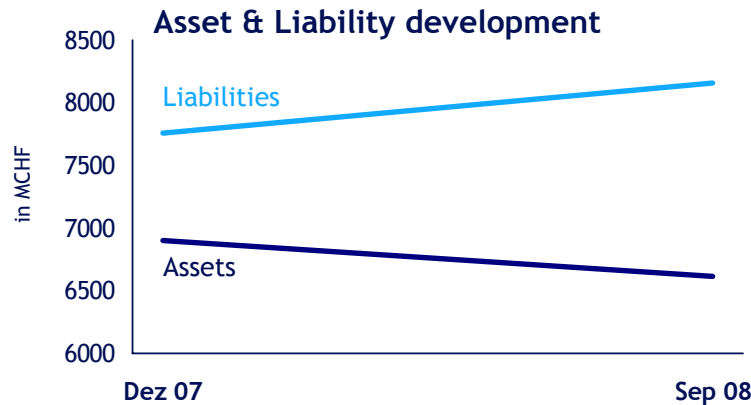
- ComCom ruled on 9 October 2008 on **Unbundling and IC prices**:
 - ULL prices set at CHF 18.18 for 2008 (from CHF 16.92 for 2007) for full access:
 - prices can go up as result of LRIC based pricing formula
 - IC prices for 2007 and 2008 to fall by 25-30%
- Swisscom yet has to decide whether (any or some of) the rulings will be **challenged** in court
- Swisscom has **provisions** for IC and ULL amounting to CHF 349 mm per 30.9.2008
- Big picture is, that these provisions will be **sufficient** to cover the impact of the price reductions
- In the context of the ruling, there is a slight - EBITDA neutral - **shift in composition of the provisions** in the segment Wholesale in Q3:
 - New provisions required of CHF 27mm (negative revenues of CHF 15mm (for 2008) and higher cost of CHF 12mm (for previous years))
 - Old provisions that can be released of CHF 27mm (all through lower costs)
- Positive impact of CHF 23mm on net income due to release of accrued interest on IC provisions

2a. Q3 specials - Pension Fund situation

Swiss GAAP: under-funding of CHF 135 million as 30 of Sept 08 (98% coverage)



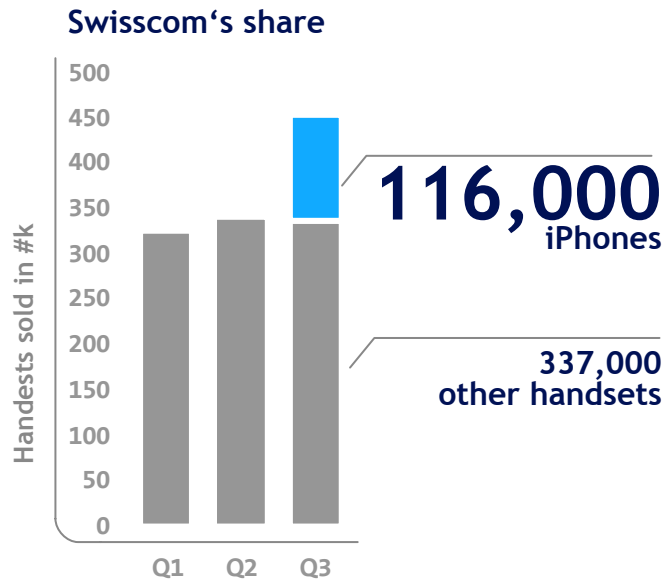
IFRS: under-funding (recognised in B/S) of CHF 482 million as per 30 Sept 08



Swiss GAAP funding ratio mainly determines future cash-flow changes;
 Financing measures are subject to pension fund committee decision.
 Avg. current employer contribution is ~12%, per extra %-point, cost would be CHF 15mm p.a.

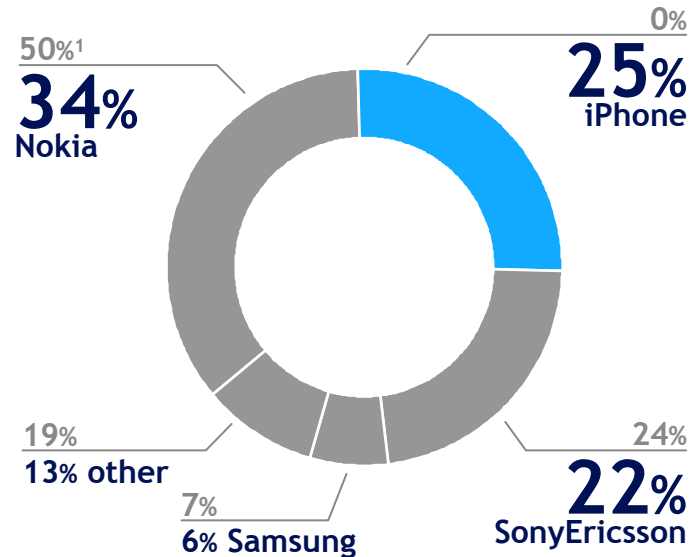
2b. Q3 specials - Impact iPhone on handset market

Handset sales: iPhone grows overall size of market



- High demand for iPhone devices did not have substantial impact on other handset sales. **Highest handset sale figure ever.**
- Through iPhone, Swisscom further **cements its share** of the mobile market

Handset market shares Q3/2008 (volume, Swisscom's footprint)

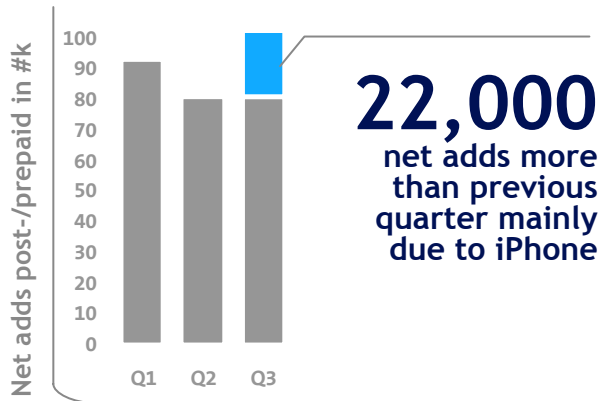


- **iPhone with substantial foot print** mainly at cost of Nokia and Smartphone manufacturers. Revenue share even bigger than the 25% volume share
- **iPhone offers opportunity to tap into new customer desires** (data affine customers with growing importance for future revenue development)

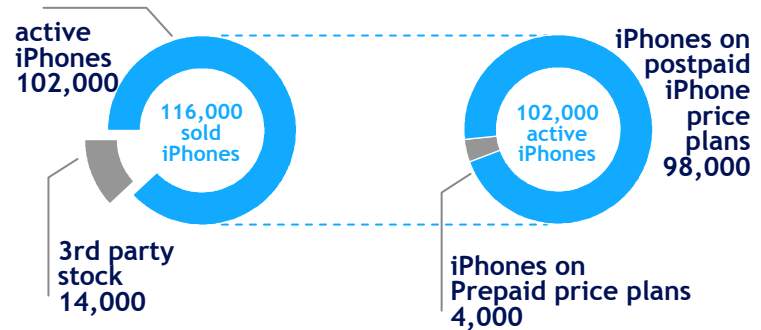
¹ Previous quarter

2b. Q3 specials - Impact iPhone and new price plans on subscribers

Net adds wireless subscriber



iPhone esp. driving postpaid subs base



iPhone investment with -45 MCHF EBITDA impact in Q3 is a good investment:

Extra subscribers

- -22,000 extra post paid subscribers thanks to iPhone (on top of normal post paid growth)
- ARPU of CHF 82 for an average of 30 months creating CHF 54 mm additional revenues

Higher ARPU

- On top come additional CHF 10 ARPU for each retained customer resulting in about CHF 24 mm additional revenues over the next 30 months

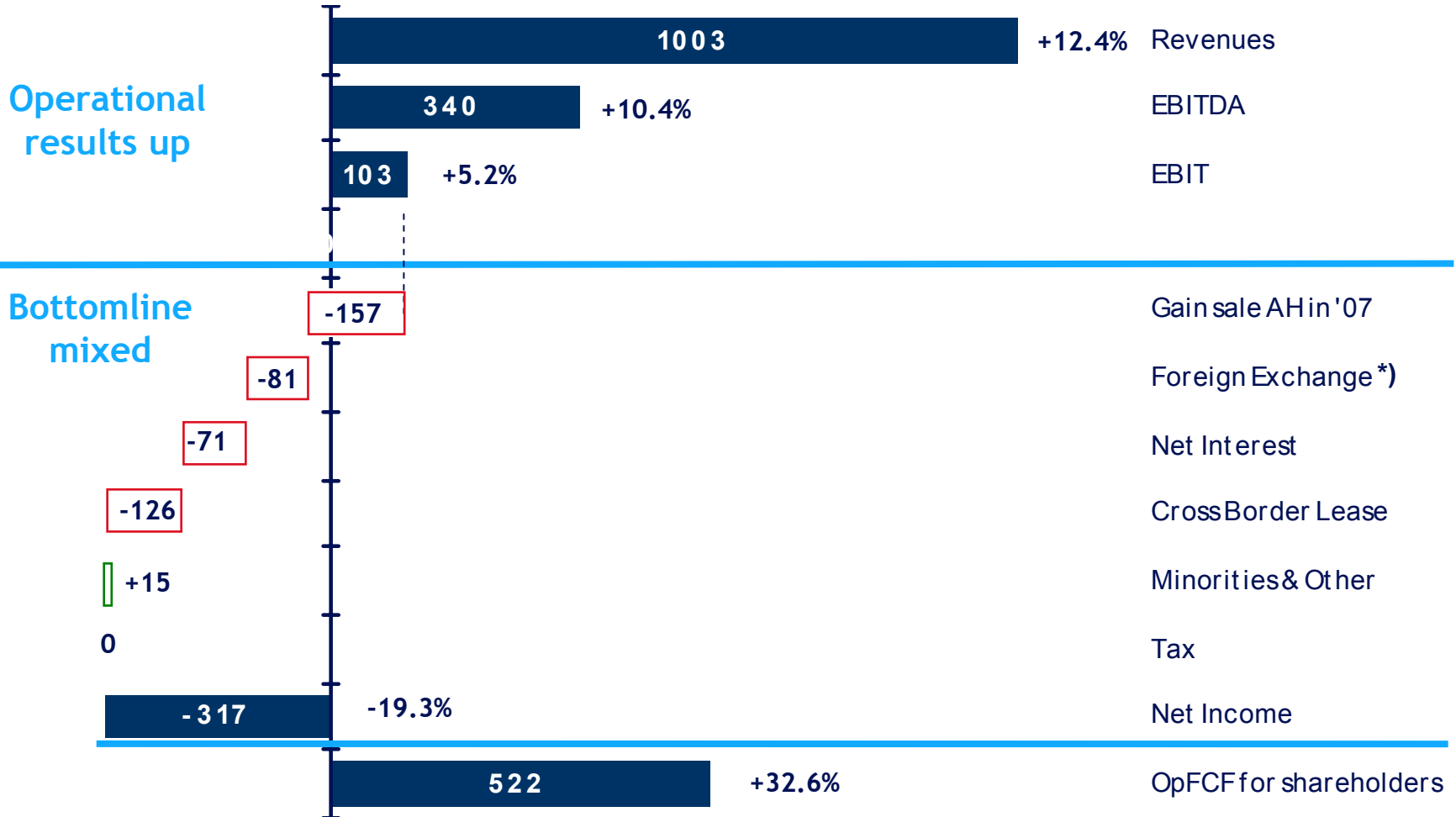
Higher retention rate

- Substantially increased retention rate resulting in lower future churn rate

➔ Q3 neg. EBITDA impact of CHF 45mm is an investment in nearly CHF 80mm additional (very high margin) revenues

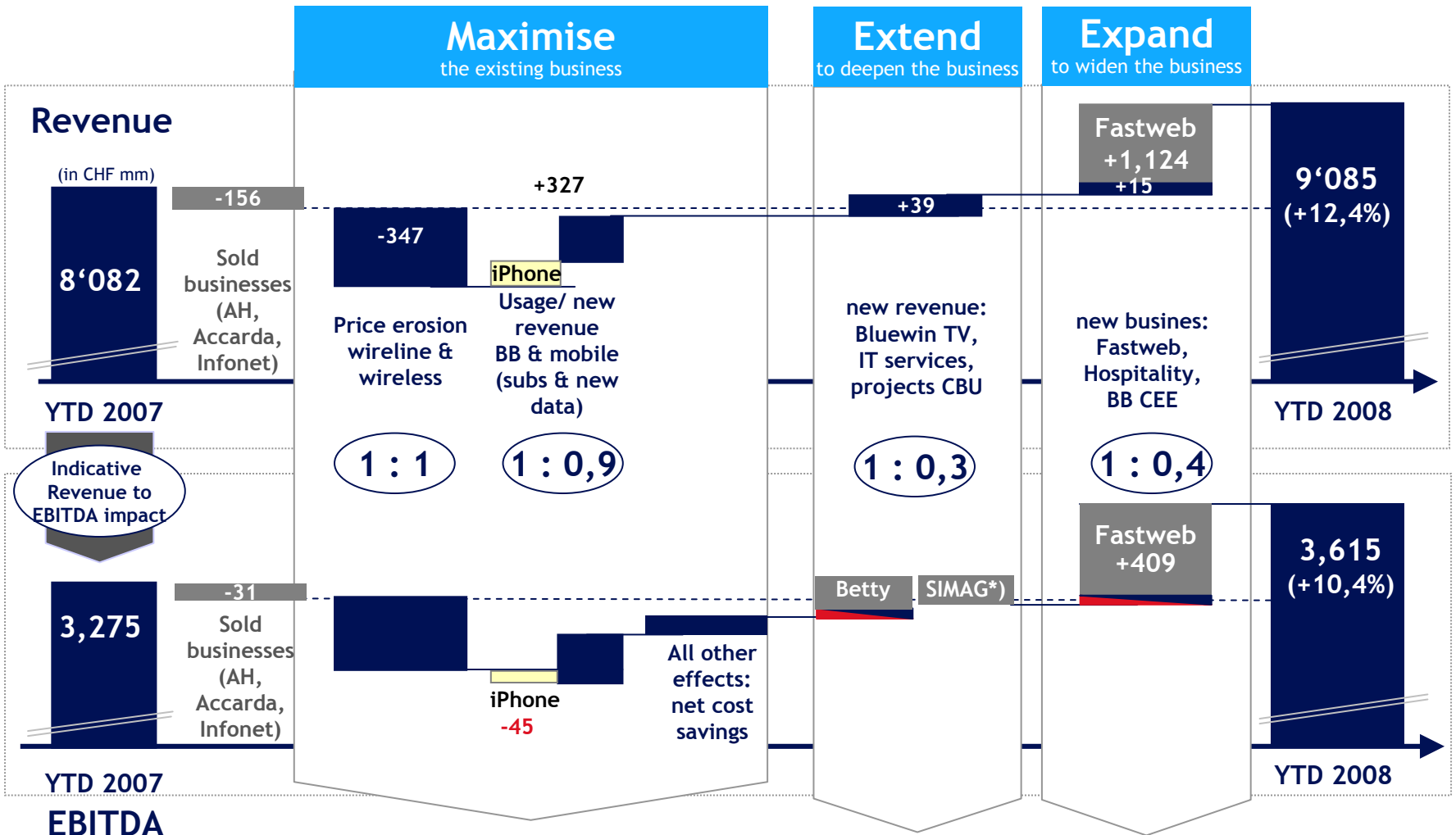
3. Other group highlights - 9 month YoY results

YoY change in CHF mm, 9m 2008 versus 9m 2007



*) In 2007, Swisscom booked an exceptional FX gain of CHF 72 mm, which is the main cause for the deterioration of CHF 81 mm in 2008

3. Other group highlights - strategy delivering results



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Stable at home - growing abroad

*) SIMAG had exceptional gain of CHF 29mm from sale real estate in 2007



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4. Group results 9 months 2008

Key financials

in CHF mm	30.09.2008	YOY
Net revenue	9,085	12.4%
EBITDA	3,615	10.4%
EBITDA margin	39.8%	
EBIT	2,066	5.2%
Net income ¹⁾	1,316	-19.4%
SCM net income ²⁾	1,313	-19.3%
EPS ³⁾	25.35	-19.3%
CAPEX	1,365	1.6%
OpFCF	2,124	32.6%
Net debt	9,904	-5.8%
FTE	19,995	1.7%

1) Net income before minorities

2) Net income to Swisscom sh'holders (excl. minority interests)

3) Avg. # of outstanding shares as per 30 September 2008: 51.802mm

* Like-for-like excludes divestments in 2007 (Antenna Hungaria, Accarda, Infonet) and Fastweb in 2007 and 2008.

9m 2008 comments

- **Headline figures** up mainly due to 1st time consolidation of Fastweb:
 - Net revenue: CHF +1,003 mm
 - EBITDA: CHF +340 mm
- **Like-for-like* top-line** slightly up: traditional business declines over-compensated by growth from new subs (BB and Mobile) and new businesses (IPTV, iPhone, mobile data, ICT)
- **Like-for-like* EBITDA** slightly down (-1.2%) mainly due to high cost of introduction iPhone
- **SCM net income** down mainly because of an exceptional charge for the early termination of cross-border leasing transactions in Q2, and high profit in Q3 2007 from sale Antenna Hungária
- **CAPEX** overall flat:
 - Fastweb consolidation +CHF 248mm
 - Swisscom standalone Capex down 21.2% YOY esp. due to lower VDSL costs)
- **OpFCF** up by CHF +522mm (+33%), largely from higher EBITDA, lower Capex and better NWC development. Fastweb delivered CHF 242mm of the total increase in OpFCF

4. Segment «Residential Customers»

Financials and operational data

	30.09.2008	YOY
Net revenue in MCHF ¹⁾	3'869	-0.2%
Direct costs in MCHF	-946	10.4%
Indirect costs in MCHF ²⁾	-713	2.1%
Contribution Margin 2 in MCHF	2'210	-4.8%
<i>Contribution Margin 2 in %</i>	<i>57.1%</i>	
CAPEX in MCHF	96	-18.6%
FTE's	5'116	9.3%

	30.09.2008	YOY
Access lines in '000	2'842	-1.9%
BB subs in '000	1'101	14.1%
Mobile subs in '000	4'231	5.8%
Total ARPU in CHF	44	-10.2%
Total AMPU in Min.	94	6.8%
National wireline traffic in Mmin	4'377	-7.5%
Intl' wireline traffic in Mmin.	531	1.3%
IPTV subs in '000	95	82.7%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

9m 2008 highlights

- Net revenue stable YOY
 - Mobile: CHF -8 mm YOY, main components: +69 handsets and data, -77 voice (esp. roaming and pricing)
 - Fixed and Other: CHF +3 mm YOY, main components: +36 access (xDSL), -33 traffic and +13 IPTV
- Direct cost up CHF 89mm, all caused by CHF 80mm of handset purchases and SAC's/SRC's iPhone
- Indirect cost up 2%, with staff numbers up 9% (esp. in customer care)
- # of IPTV subs nearly doubled in 2008.
 - Self installation (run rate > 2/3rd) helps to reduce blended cash out per new customer to < CHF 700.
 - FCF proxy improved CHF 29 mm YOY

4. Segment «Small & Medium-sized Enterprises»

Financials and operational data

	30.09.2008	YOY
Net revenue in MCHF ¹⁾	865	1.6%
Direct costs in MCHF	-130	-2.3%
Indirect costs in MCHF ²⁾	-101	-4.7%
Contribution Margin 2 in MCHF	634	3.6%
<i>Contribution Margin 2 in %</i>	<i>73.3%</i>	
CAPEX in MCHF	4	0%
FTE's	774	-3.7%

	30.09.2008	YOY
Access lines in '000	510	1.6%
BB subs in '000	153	12.5%
Mobile subs in '000	399	16.0%
Total ARPU in CHF	100	-7.4%
Total AMPU in Min.	204	-3.8%
National wireline traffic in Mmir	1'160	4.8%
Intl' wireline traffic in Mmin.	149	2.6%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

9m 2008 highlights

- Net revenue up by 1.6% YOY to 865 MCHF
 - Mobile: 16% subs growth and increased new data demand explain the revenue development at mobile (+27 MCHF)
 - Fixed: access revenue +4 mm, traffic revenue down by 5.3% as a result of lower volume and tariffs
- Good OPEX management leads to a CM2 of 73.3%. OPEX decreased by -8 MCHF to 231 MCHF
- ARPU decline (-7.4%) attributable to
 - lower roaming & termination rates
 - new price plans and
 - multi-SIM cards
- BB subs base increased by 12.5% and represents 30% of total access lines

4. Segment «Corporate Business»

Financials and operational data

	30.09.2008	YOY
Net revenue in MCHF ¹⁾	1'393	1.8%
Direct costs in MCHF	-395	-3.7%
Indirect costs in MCHF ²⁾	-318	-1.2%
Contribution Margin 2 in MCHF	680	2.3%
<i>Contribution Margin 2 in %</i>	<i>48.8%</i>	
CAPEX in MCHF	47	34.3%
FTE's	2'116	1.5%

	30.09.2008	YOY
Access lines in '000	288	-2.7%
BB subs in '000	19	11.8%
Mobile subs in '000	654	18.7%
Total ARPU in CHF	80	-12.1%
Total AMPU in Min.	193	-11.5%
National wireline traffic in Mmir	1'265	-0.6%
Intl' wireline traffic in Mmin.	276	3.4%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

9m 2008 highlights

- Despite Infonet sale net revenue increased by +25 MCHF YOY and amounted to 1,393 MCHF at 30 Sep 08:
 - Mobile: +44 MCHF of additional revenue mainly from subs growth (+103k), multi-SIM and new data business (PDA and PC Cards)
 - Fixed: revenues slightly down YOY: access -5 MCHF and traffic -6 MCHF
 - Communication and Collaboration went up by +20 MCHF YOY thanks to new project and solution businesses
- Almost unchanged OPEX led to an CM2 improvement which now stands at 48.8%
- Substantial price reductions and multi-SIM dilution explain the ARPU decline of CHF -11 YOY
- AMPU fall by 25 Min. driven by significant growth of data-only SIM cards

4. Segment «Wholesale»

Financials and operational data

	30.09.2008	YOY
Net revenue in MCHF ¹⁾	1'249	-4.9%
Direct costs in MCHF	-814	-7.5%
Indirect costs in MCHF ²⁾	-8	-46.7%
Contribution Margin 2 in MCHF	427	2.2%
<i>Contribution Margin 2 in %</i>	<i>34.2%</i>	
CAPEX in MCHF	-	nm
FTE's	108	-17.6%
	30.09.2008	YOY
ULL in '000	12.0	nm
BB (wholesale) subs in '000	448	1.8%
Wholesale traffic in Mmin.	9'688	-11.6%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

9m 2008 highlights

- Net revenue came down by 4.9% YOY
 - MCHF -15 from ComCom provision reallocation (see slide 7)
 - MCHF +14 Mobile revenues from higher inbound roaming
 - MCHF - 37 wireline traffic revenues from lower termination & LRIC rates
 - MCHF -23 from lower intersegment revenues
 - MCHF -8 wireline access mainly from BB price reductions
- Lower direct costs (-7.5%):
 - MCHF -65 outpayments from lower roaming, fixed and mobile voice termination (volumes & rates)
- Lower indirect cost²⁾ of MCHF -7
 - MCHF -15 from ComCom provision reallocation (see slide 7)
- CM2 increased by +9 MCHF (+2.2%) due to shift to high margin revenue

CM2 neutral

4. Segment «Network and Support Functions»

Financials and operational data

	30.09.2008	YOY
Personnel expenses in MCHF	-437	5.8%
Rent in MCHF	-169	-3.4%
Maintenance in MCHF	-204	2.5%
IT expenses in MCHF	-218	3.8%
Other OPEX in MCHF	-231	6.5%
Indirect costs in MCHF	-1'259	3.7%
Capitalised costs and other income in MCHF	180	13.9%
Contribution Margin 2 in MCHF	-1'079	2.2%
Depreciation, amortization and impairment in MCHF	-695	-14.4%
Segment result in MCHF	-1'774	-5.0%
CAPEX in MCHF	586	-21.3%
FTE's	3'825	-1.5%

9m 2008 highlights

- Indirect costs increased by 3.7% YOY mainly due to intensified construction activities. As a consequence, costs for external staff and maintenance went up
- Despite a lower CM2, the segment result improved by 94 MCHF YOY. This effect is primarily attributable to lower depreciation charges due to a change of useful lives of cable and ducts from 20 years to 40 years
- CAPEX stands at 586 MCHF (-21.3% YOY), mainly driven by lower VDSL investments

4. Segment «Fastweb»

Financials and operational data

	30.09.2008	YOY
Consumer revenue in MEUR	597	8.9%
SME revenue in MEUR	170	-3.4%
Executive revenue in MEUR	474	38.2%
Net revenue in MEUR	1'241	16.2%
OPEX in MEUR	-930	9.5%
Capitalised costs and other income in MCHF	91	-7.1%
EBITDA in MEUR	402	26.8%
<i>EBITDA margin in %</i>	<i>32.4%</i>	
CAPEX in MEUR	327	-10.7%
FTE's	3'058	-0.1%

In Swisscom accounts	30.09.2008	YOY
EBITDA in MCHF	644	nm
CAPEX in MCHF	525	nm

	30.09.2008	YOY
Subs in '000	1'441	20.0%

9m 2008 highlights

- Solid progression in net revenue and EBITDA, both YOY and sequentially
- 9m '08 reported EBITDA of 402 MEUR includes 30 MEUR for an extraordinary compensation received from TI (reported in Q2 '08)
- Organic EBITDA evolution in MEUR:
 - Q1 = 112, Q2 = 132, Q3 = 127
- CAPEX to sales ratio is down from 36% one year ago to 26% this period
- Organic EBITDA-CAPEX per 30 Sept. stands at +45 MEUR (compared to -60 MEUR in Sept '07)
- Subs base stands at 1.44 million at end of Sept. This includes a write-off of -50k inactive customers in connection with the TI agreement and net adds in 9 months of 178k
- Fastweb's share of net adds in Italian retail broadband market over 20% (in each of the 3 quarters of 2008)

4. Other operating segments

Financials and operational data

	30.09.2008	YOY
Swisscom IT Services in MCHF	326	4.5%
Swisscom Participations in MCHF	262	-34.8%
Hospitality Services in MCHF	69	16.9%
Airbites CEE in MCHF	14	55.6%
External revenue in MCHF	671	-14.4%
Net revenue in MCHF ¹⁾	1'352	-8.1%
OPEX in MCHF	-1'118	-13.5%
Capitalised costs and other income in MCHF	16	-73.3%
EBITDA in MCHF	250	5.0%
<i>EBITDA margin in %</i>	<i>18.5%</i>	
CAPEX in MCHF	110	-36.8%
FTE's	4'662	-0.1%

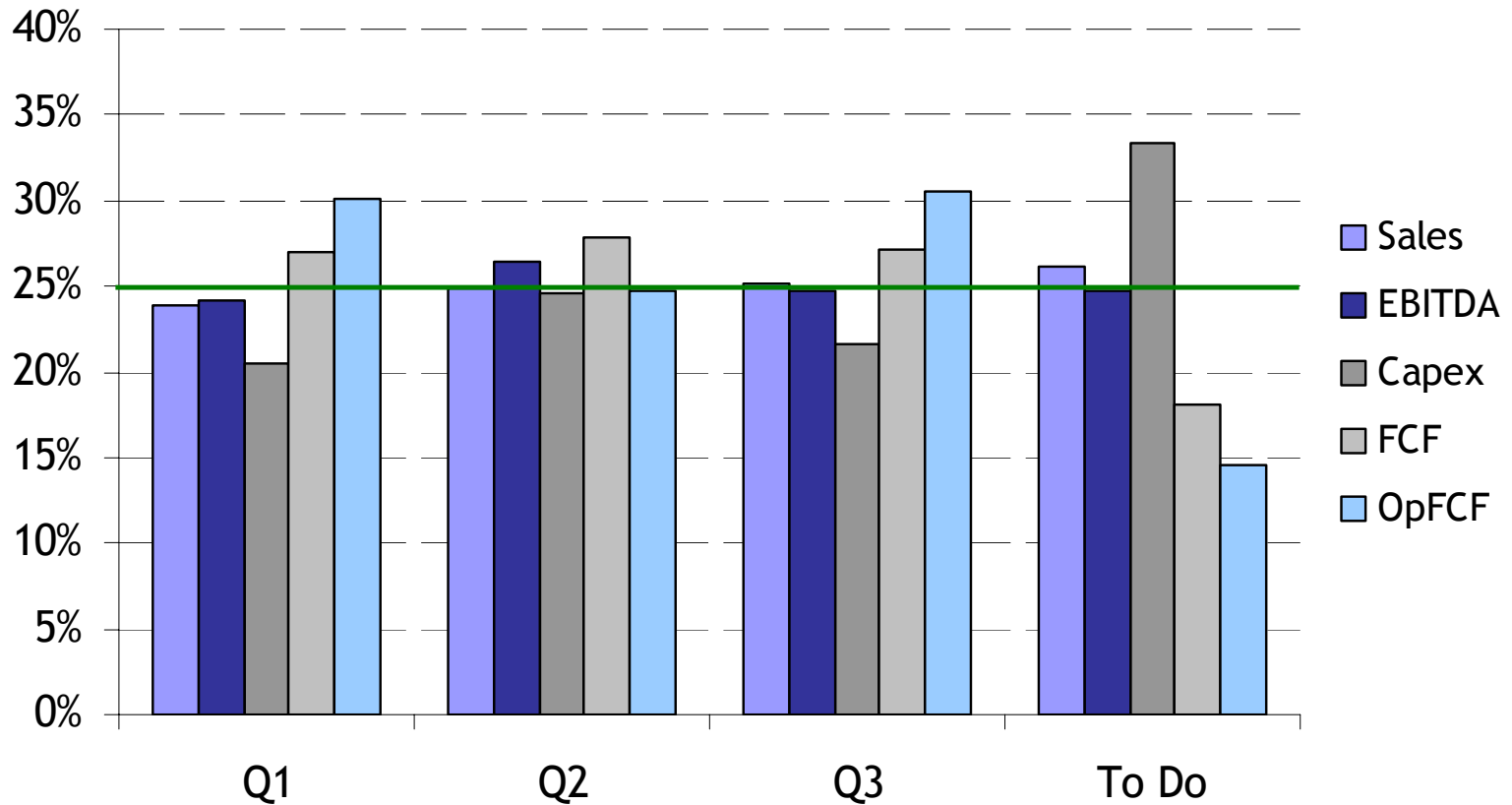
1) incl. intersegment revenues

9m 2008 highlights

- YOY external revenue decline of 113 MCHF goes fully on the account of Antenna Hungária and the card business of Accarda (both sold in July 2007)
- Swisscom IT Services increased external revenues by 14 MCHF thanks to new financial service and outsourcing businesses
- Both Hospitality Services and Airbites Central and Eastern Europe show ongoing top-line growth
- EBITDA went up by +12 MCHF YOY as OPEX in 9m 07 was impacted extraordinary by 64 MCHF for Betty TV, whereas Antenna Hungária and Accarda cards profitability can no longer be consolidated. In addition, 2007 included a gain of CHF 29mm from the sale of real estate
- CAPEX lower YOY especially caused by high expenditure in 2007 for construction of new IT data centre

5. Progress on track - Quarterly performance on track to meet guidance

% achieved of FY guidance



5. Outlook confirmed - guidance unchanged compared to previous update, on a constant currency basis:

Original guidance assumed avg. exchange rate of 1.65 CHF/€. Per 5 Rp/€ lower exchange rate (for the year), the impact on Fastweb's consolidation in Swisscom's accounts is - CHF 82 mm (revenues), - CHF 27mm (EBITDA), and CAPEX - CHF 22mm FCF Proxy (EBITDA - Capex) hence largely neutral for changes in foreign exchange rate. With recent strengthening of the Swiss Franc, Swisscom Group Revenues may be a touch light of target, all other results should be achievable

			2006	2007	2008
Swisscom Switzerland	Net revenue	in CHF mm	8'776	8'693	slightly down
	EBITDA	in CHF mm	3'729	3'898	slightly down
	CAPEX	in CHF mm	978	1'241	flat
Fastweb (FY pro forma adj. for extras)	Net revenue	in EUR mm	1,251	1,433	~ 1,640
	EBITDA	in EUR mm	317	410	~ 530
	CAPEX	in EUR mm	529	541	~ 425
Swisscom Group ¹⁾	Net revenue	in CHF bln	9.7	11.1	~ 12.3
	EBITDA	in CHF bln	3.8	4.5	~ 4.8
	CAPEX ²⁾	in CHF bln	1.3	2.0 ²⁾	2.1-2.2
	Δ NWC	in CHF bln	0.0	-0.4	~ -0.2
	OpFCF ³⁾	in CHF bln	2.2	2.1	~2.4-2.5

1) Swisscom Group includes the segment 'Other' and Group Headquarters for which no separate guidance is provided

2) Capex 2007 ProForma for a FY of Fastweb was CHF 2.35bln. 2008 expenditure will hence come down by CHF 150-250mm

3) Attributable to Swisscom shareholders

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Carsten Schloter, CEO

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Cautionary statement regarding 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 behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom's and Fastweb's past and future filings and reports, including those filed with the U.S. Securities and Exchange Commission and in past and future filings, press releases, reports and other information posted on Swisscom Group Companies' websites.

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