Swisscom presentation

“Highlights 2010”

Ueli Dietiker, CFO
BZ Bank
24 June 2010

swisscom

Agenda "Highlights 2010"

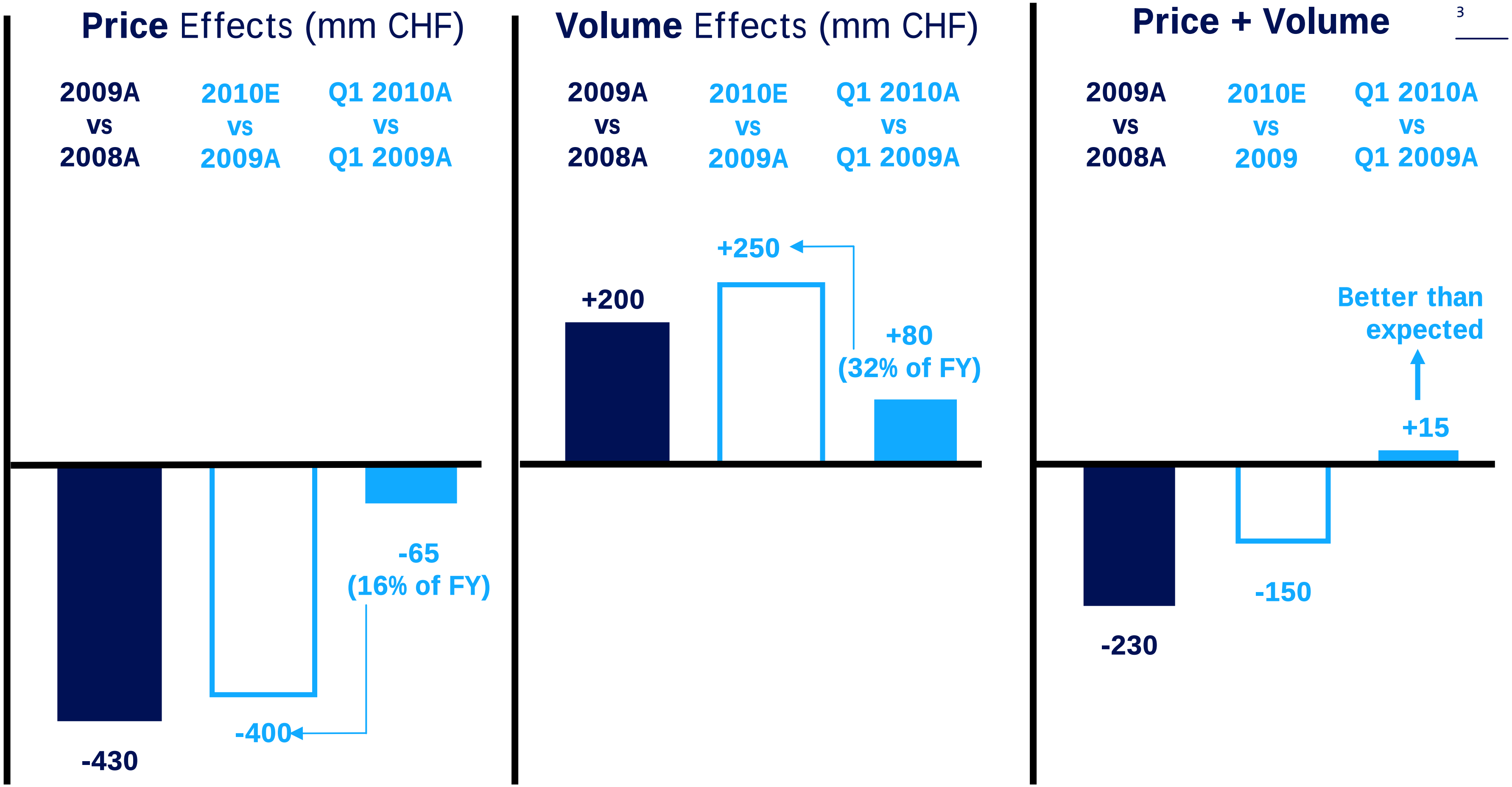
1. **Q1 2010:** **Better than expected revenues**
2. **Outlook 2010:** **Achievable**
3. **Dividend 2010:** **Same or higher**
4. **Fibre:** **Strategy in Switzerland**
5. **Mobile New Data:** **Growing rapidly**
6. **Regulation:** **A continuing story**
7. **Competition:** **Different or the same?**

Q&A

swisscom

1

Q1 2010: better than expected revenues

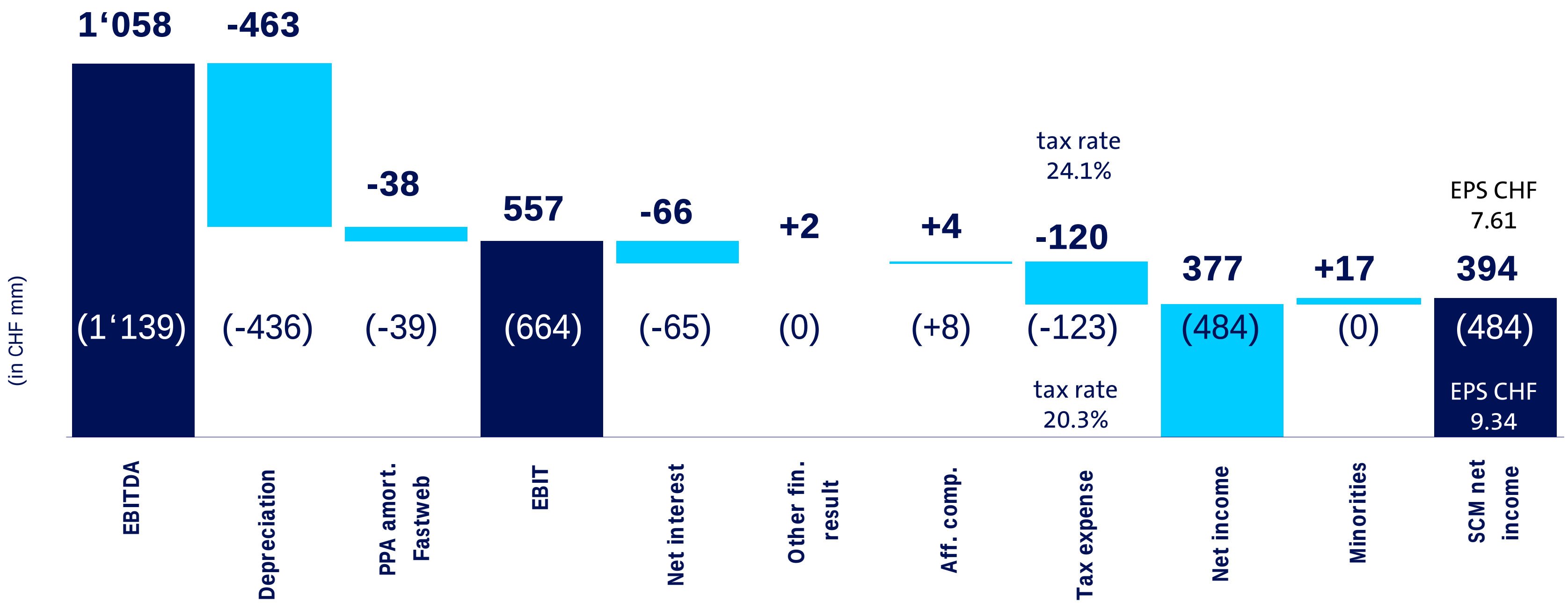


In a linear world, Q1 should have delivered around 25% of FY expectation.
Q1 2010 was ahead of expectation, as only 16% of the FY Price Decline effect materialised, whereas 32% of the expected Volume Growth came through already.
As a result, revenues grew by 15 million in Q1, whereas a decline of nearly 40 million was expected

swisscom

Q1 2010 - P&L breakdown

EBIT and net income substantially lower compared to PY driven by EBITDA impact from Fastweb VAT provision



Without Fastweb provision, Q1 2010 net income was at a par with Q1 2009

Outlook 2010: Achievable

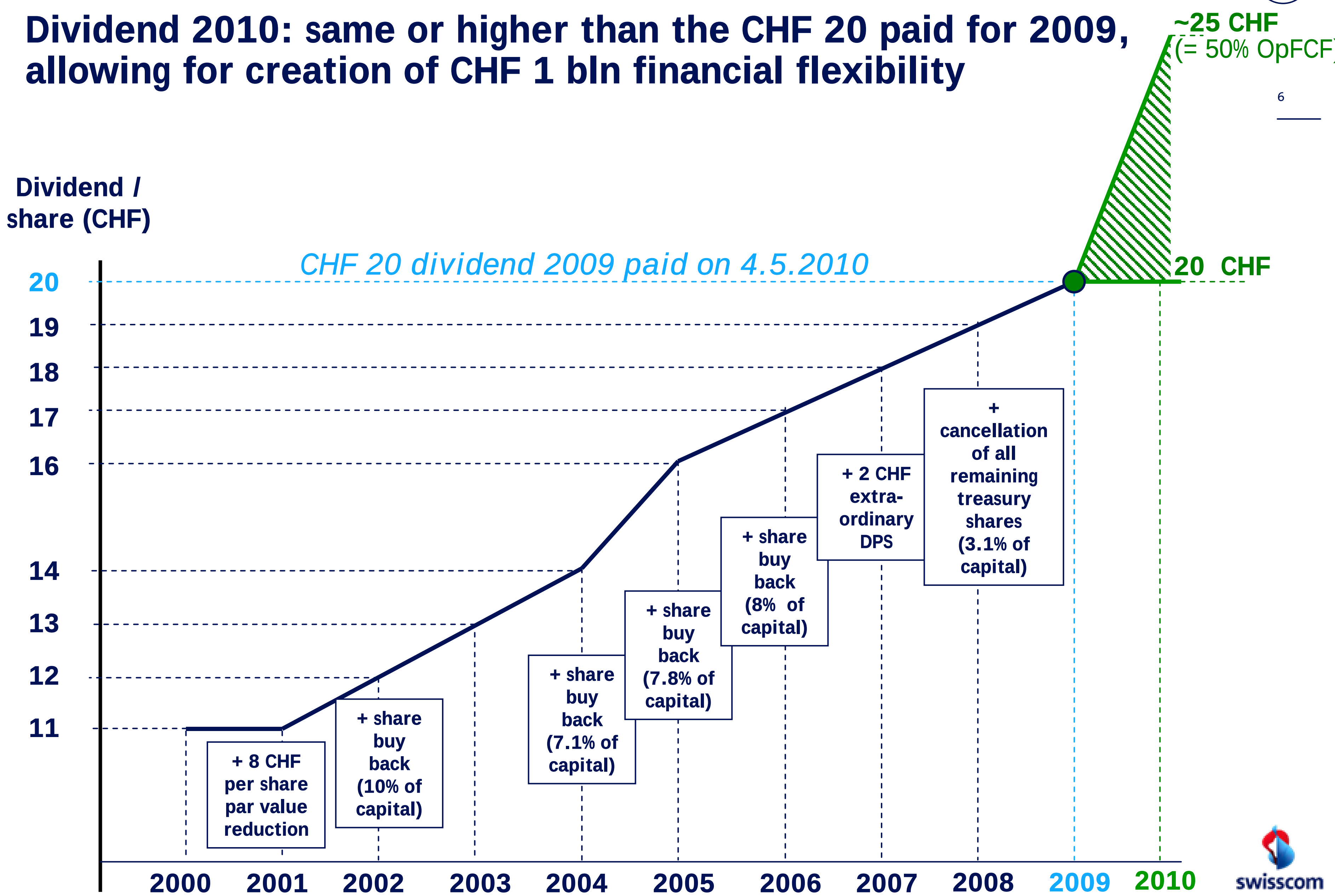
FY Guidance 2010 excluding Fastweb provision:

		2009A	Q1 '09 as % of 2009	2010E	Q1 '10 as % of 2010
Net revenues					
Swisscom excl. Fastweb	bln CHF	9.22	24%	~9.15	**~25%**
Fastweb	MEUR	1.85	24%	~1.95	**~24%**
EBITDA					
Swisscom excl. Fastweb	bln CHF	3.84	25%	~3.75	**~26%**
Fastweb (excl. €70 mm provision)	MEUR	551	22%	~580	**~22%**
Capex					
Swisscom excl. Fastweb	bln CHF	1.33	17%	~1.3	**~18%**
Fastweb	MEUR	434	19%	~410	**~24%**
Delta NWC					
Swisscom Group incl. FWB	bln CHF	0		~-0.1	
OpFCF					
Swisscom Group incl. FWB	bln CHF	2.67	26%	~2.6	**~29%**

Fastweb provision will cause consolidated EBITDA to be CHF 100 mm lower than originally foreseen, however not impact OpFCF

swisscom

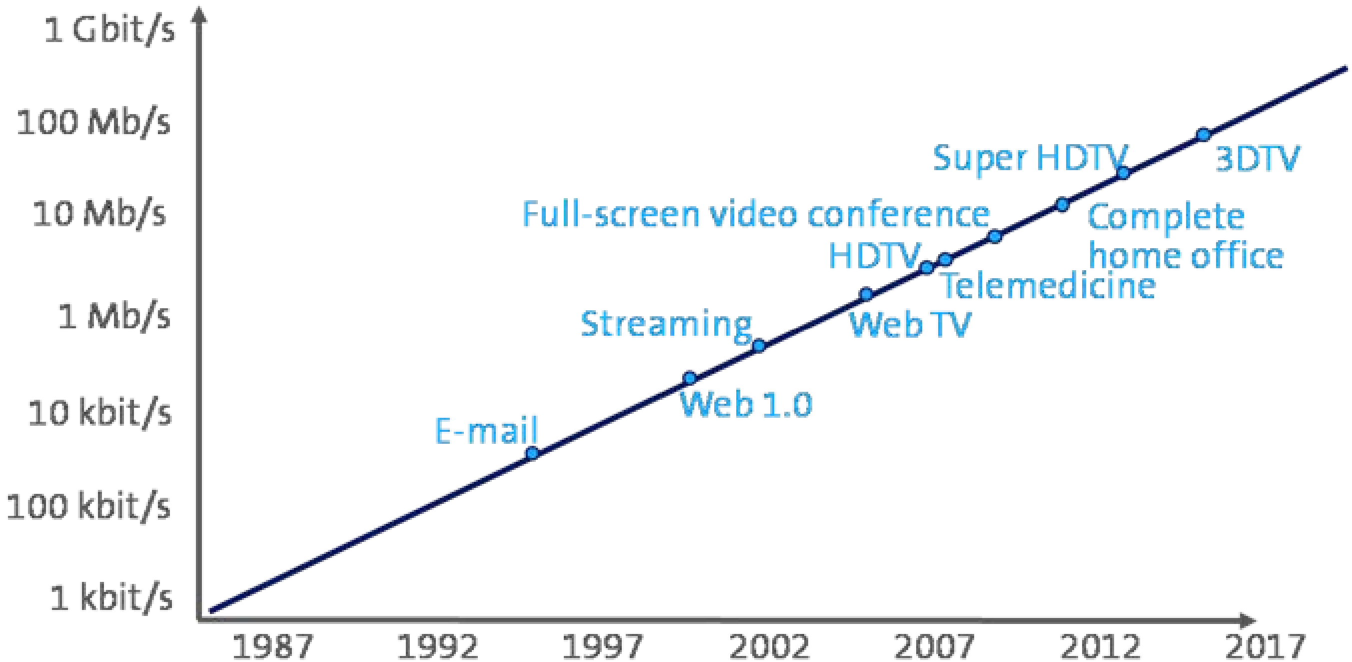
Dividend 2010: same or higher than the CHF 20 paid for 2009, allowing for creation of CHF 1 bln financial flexibility



swisscom

Fibre – the sole solution to be competitive long term

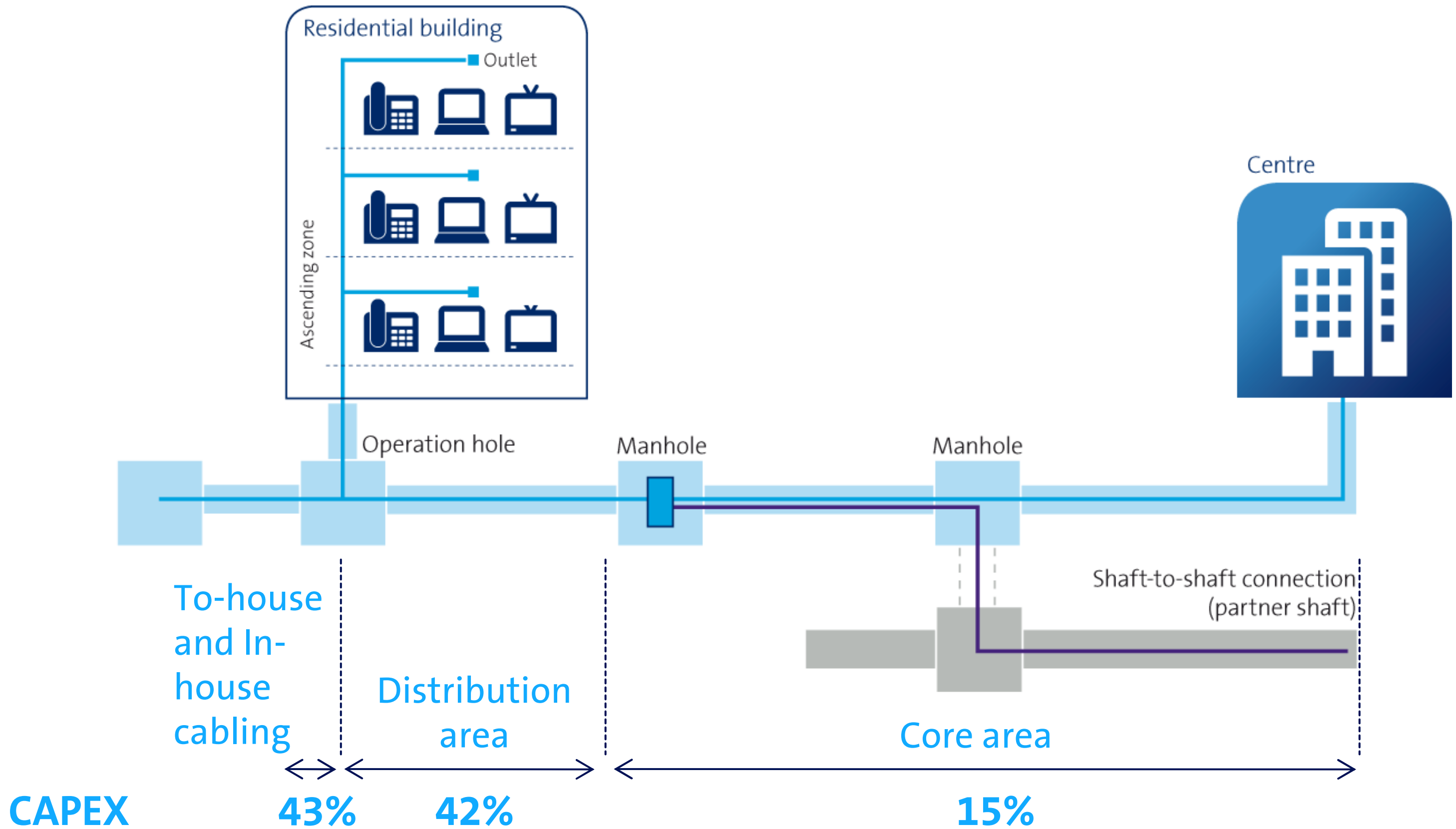
Bandwidth requirements double every 20 months. This development is possible only on the basis of fibre optics with symmetric bandwidths of up to 100 Mb/s. Fibre optics have more than 1000 times the capacity of copper.



With cable operators soon being able to offer bandwidths of more than 100 Mb/s thanks to Docsis 3.0, Swisscom has to push the fibre roll-out; with VDSL, Swisscom will be able to offer at most 30 Mb/s.

Fibre - investments

Investments for fibre are dominated by civil works in the last meters and the in-house cabling. Swisscom's share in the overall investments in fibre until the end of 2015 will be around 2 bln CHF



Fibre – network rollout

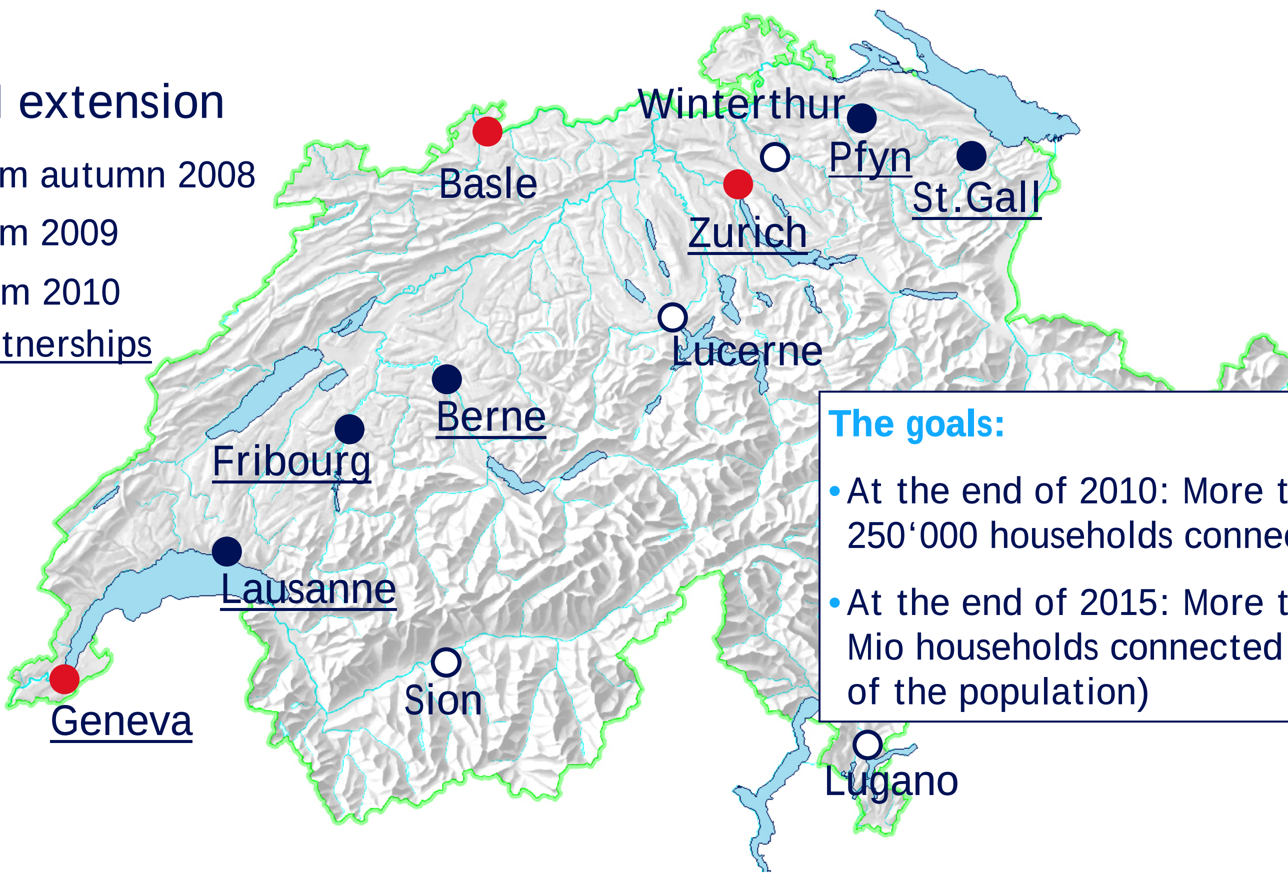
Swisscom ramps up the FTTH roll-out, focussing on the major Swiss cities, and including also pilot projects in rural areas

Building co-operations already exist in Berne, Fribourg, Geneva, Lausanne, Pfyn, St. Gall, and Zurich

FTTH extension

- from autumn 2008
- from 2009
- from 2010

partnerships



The goals:

- At the end of 2010: More than 250‘000 households connected
- At the end of 2015: More than 1 Mio households connected (1/3 of the population)

swisscom

4

Fibre - Partnerships concluded sofar

Swisscom's share in the overall investments is similar to its (retail + resellers) market share, whilst having access to the entire footprint

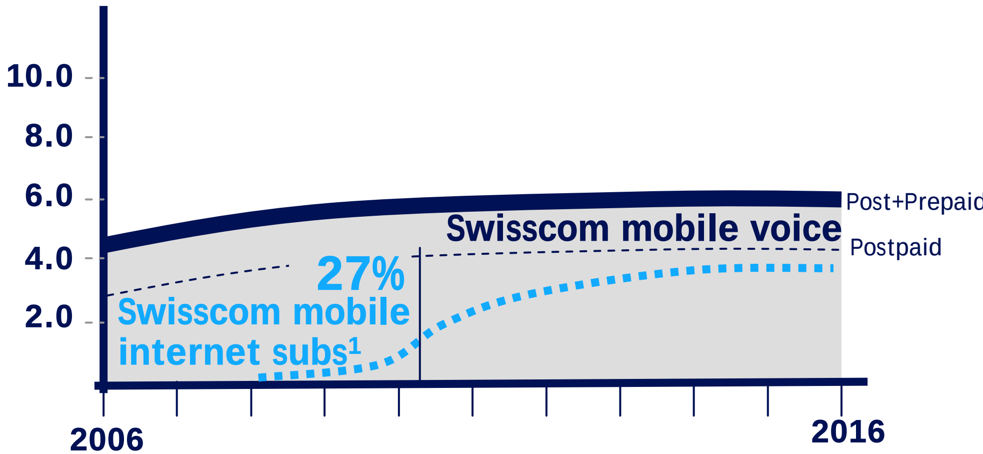
City	Number of households	Constructed until	Marketshare Swisscom *	Marketshare Cable operators *	Marketshare Resellers *
Zürich	220'000	2017	35	52	13
Geneva	200'000	2014 (180'000 HH)	47	35	18
Freiburg	120'000	2019	45	42	13
Bern	82'000	2014	41	47	12
Lausanne	80'000	Pilot	42	38	20
St. Gallen	42'000	2014	44	44	12

* estimated

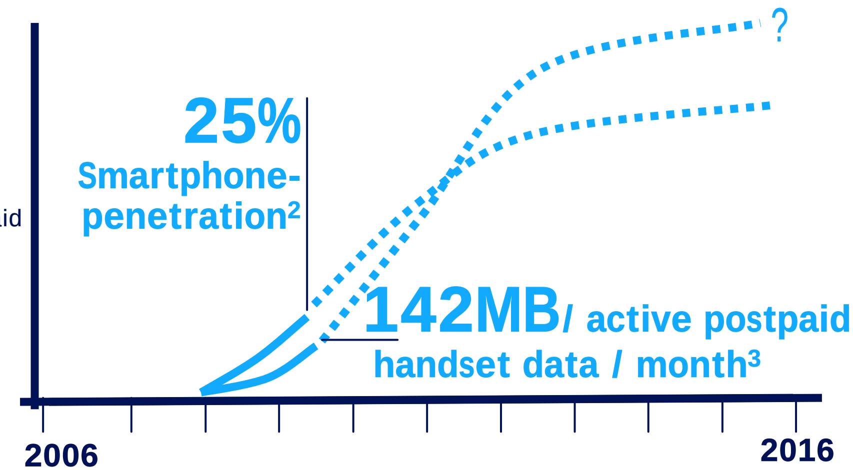
swisscom

Mobile New Data: Growing rapidly - demand and penetration

Mobile data demand doubles every 7 months. New devices as well as new offerings lead to a significant increase in usage and overall Data traffic volume...

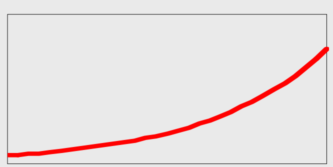


Trend to nearly 100% mobile internet subscriber (postpaid)



Smartphone penetration, MB/month active postpaid handsets (estimated)

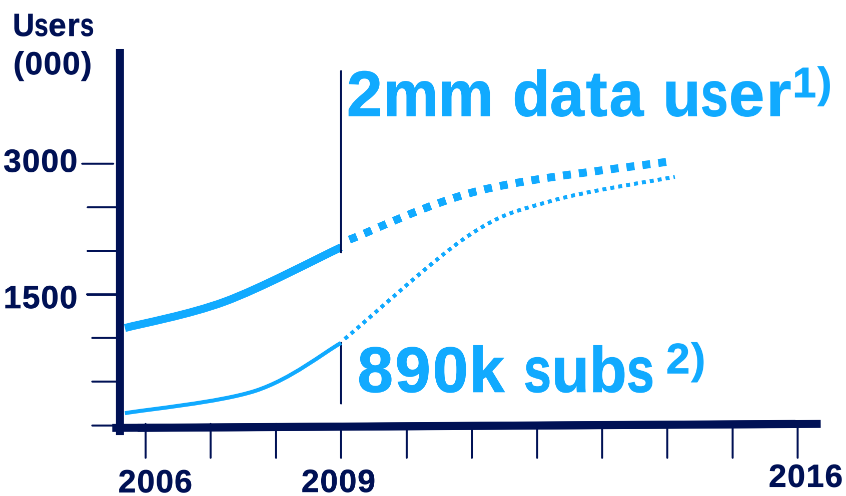
trend

Evolution	Volume doubles...
	... every **7** months

1) Share of Surf-,Data-,Flat- subscriptions in percentage of Swisscom postpaid subscribers (not including data options)
2) Smartphone / total active postpaid handsets 3) MB per Month per active postpaid handset with data traffic - 2010-2016 estimated

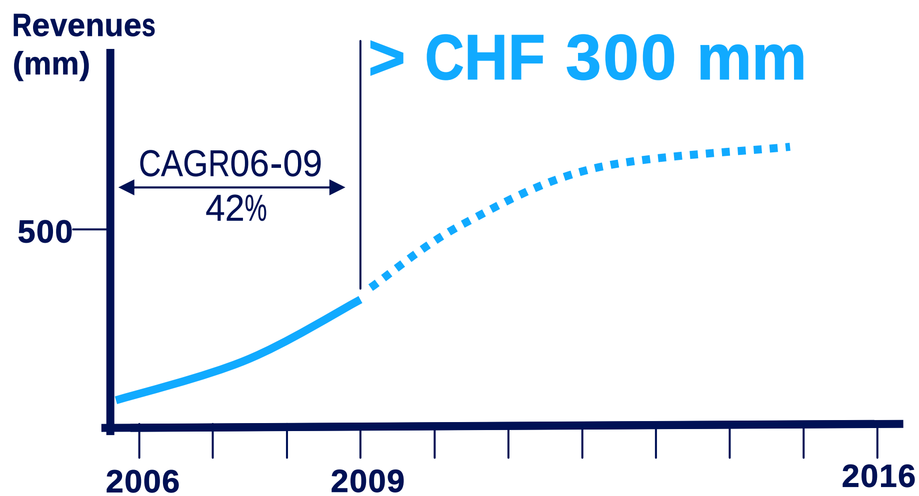
Mobile New Data: Growing rapidly - traffic revenue

2 Million active mobile data user generated over 300 MCHF in revenue in 2009 (excluding SMS and MMS). Thereof 890k user were on a mobile data price plan. Mobile data figures are expected to continue growing strongly.



1) Mobile data SIM cards actively using mobile data traffic

2) Subscribers to a mobile data plan such as surf-, data of flat options



Mobile data revenue Swisscom Switzerland

excl. SMS, MMS, Content, VAS

Mobile New Data - Growing rapidly - coverage

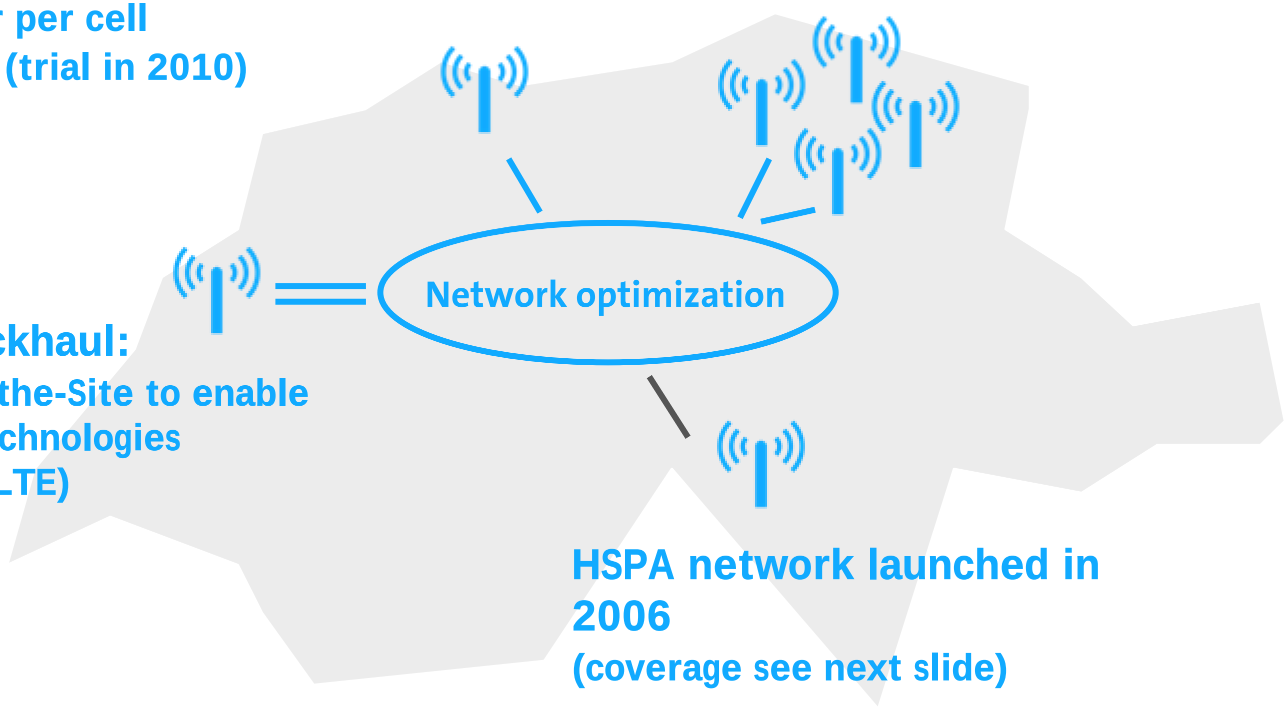
Swisscom implements latest technology to improve speed/capacity/ coverage and thus customer experience at lowest possible roll out cost

Speed/capacity upgrade of cells:

- HSPA 7.2/14.4 Mbps, HSPA+ 28.8 Mbps
- Increase maximum simultaneous user per cell
- LTE (trial in 2010)

Network densification

(difficult to obtain sites, however needed by customers)



Fast backhaul:

Fiber-to-the-Site to enable future technologies (HSPA+, LTE)

HSPA network launched in 2006

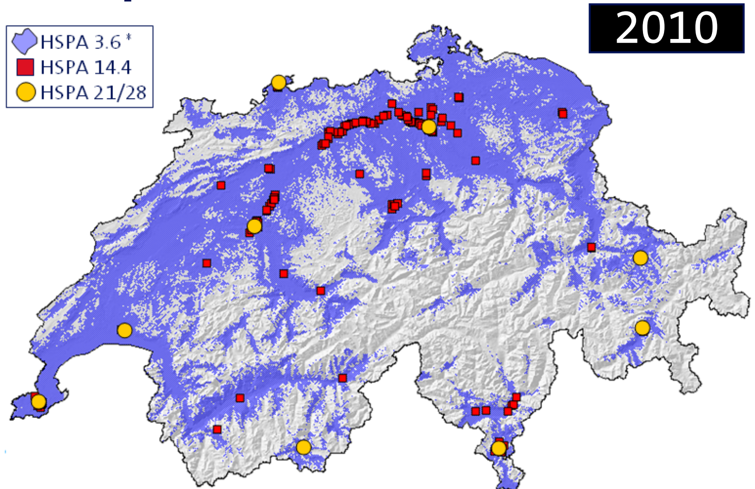
(coverage see next slide)

Mobile New Data: Growing rapidly - Capacity & Performance

HSPA+ network upgrade in dense areas. HSPA network off-load via alternatives such as public-, corporate- or private WiFi

HSPA performance

2010



*If needed, a limited number of HSPA 3.6 sites are upgraded to HSPA 7.2 or HSPA 14.4 acc. to customer needs

2011

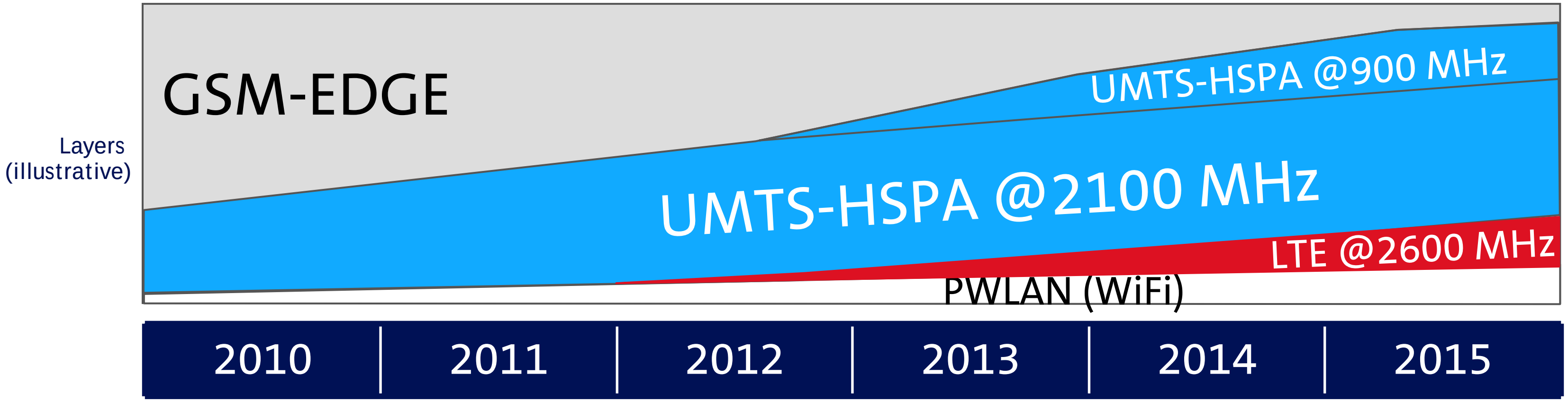
Upgrades planned with HSPA 42, and coverage extension of existing bandwidth HSPA offers

WiFi-based network off-load options in hotspots:

- Swisscom public wireless LAN (PWLAN) network (>1350 Hotspots)
- Corporate customer's wireless LAN (CWLAN) installations
- Residential customer's wireless LAN DSL router

Mobile Data – Technology portfolio (illustrative)

Stable, full-area network providing mobile voice and basic data services during the migration towards UMTS-HSPA (-LTE)



- GSM stays the dominant mobile voice platform for many years. Full area coverage is maintained.
- UMTS-HSPA is the successor of GSM – both for voice and data services.
- LTE is positioned as data-only hotspot technology from 2011/12
- ComCom/BAKOM plan a wide spectrum auction in 2010/11 which shall include new bands (800, 2600 MHz), additional spectrum (1800, 2100 MHz) as well as running licenses (900, 1800, 2100 MHz)

Regulation: A continuing story

From annual results presentation 18.2.2010:

CHF mm	Cases brought: before 2009	Cases brought: in 2009	Potential impact*): 2010	Potential impact*): later	Σ	Risk of occurrence
Covered by provisions	Access proceedings: • LRIC • ULL	• Other regulatory	220	30	250	> 50% (fully covered by provisions, i.e. no EBITDA (but FCF) impact should these cases materialise)
Not covered by provisions	• Mobile Termination I (1.4.05-31.5.05)		333 (co-covered by Vod)		550+	< 50% (not covered by provisions)
	• Mobile Termination II (from 1.6.05)		may trigger	??		
	• ADSL			220		
*) Potential impact legend:		Σ	550	250+	800+	Weighted risk <<50%

Only FCF | EBITDA & FCF

Update since then:

- Federal administrative court overruled ComCom: the telecoms regulator cannot impose price cuts where third parties had not contested pricing
- Civil complaints pending, therefore provision will not be released as situation is still open

- ComCom ruled that Swisscom has to resell leased lines at cost where there are not at least 2 different providers
- Swisscom has appealed to Federal administrative court
- Current provisions of CHF 30mm deemed sufficient

- Federal administrative court has quashed the Competition Commission's decision to impose a fine in the amount of CHF 333 mm on Swisscom for abusive pricing of mobile termination fees
- Competition Commission appeals to Federal Court to find out whether Swisscom abused market dominance
- Swisscom has appealed to Federal Court against alleged market dominance

swisscom

Competition: Different or the same?

Blocked merger Orange - Sunrise

- On 22 April 2010, the competition commission announced it would block the planned merger between Orange and Sunrise
- Key consideration, was the competition commission's doubt, whether a 2 player market would offer sufficient advantages to the consumers
- Orange and Sunrise decided on 3 June to terminate their merger agreement, and continue as independent companies in the Swiss market
- Sunrise put under new leadership (CEO left on 17 June 2010)

Cablecom

- In the process of rebranding to UPC
- Investing in Digital TV, however with low share in net adds (Swisscom TV taking >80% of net adds over last quarters)
- Through rollout Docsis 3.0 improving its competitive ability

Swisscom will continue to invest and operate in a market with 3 main competitors - as it successfully did over the past 12 years

Questions & Answers

swisscom

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.

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."

For further information, please contact:
phone: +41 31 342 6410 or +41 31 342 8658
fax: +41 31 342 6411
investor.relations@swisscom.com
www.swisscom.ch/investor