

General Meeting of Shareholders, April 26, 2005

Dr. Markus Rauh

Chairman of the Board

2004: A successful year

■ Fiscal 2004

– Revenue	CHF 10.1 billion
– EBITDA	CHF 4.4 billion
– EFCF	CHF 2.9 billion

■ Payouts in 2004

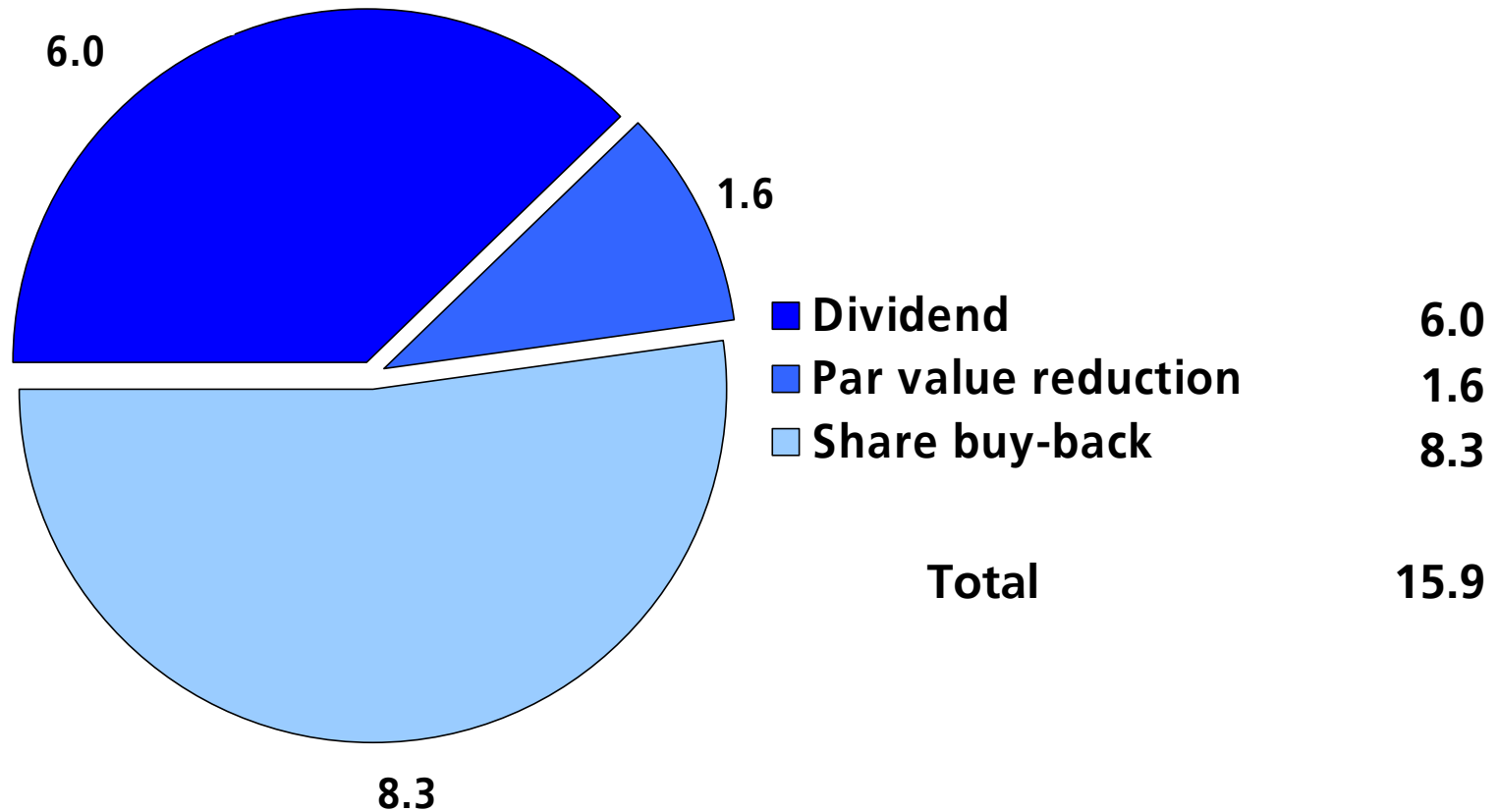
– Dividend	CHF 861 million
– Share buy-back	CHF 2 billion

■ Earnings per share in 2004

– Dividend	CHF 13
– Gain	CHF 40
– Total return	13% (based on closing price for 2003)

Payouts since flotation in 1998

(in CHF billions)



Acquisitions abroad

- Arguments
 - Lack of growth opportunities in Switzerland
 - Regulatory intervention

- Objectives
 - Increase corporate value
 - Create new strategic options

- Telekom Austria

- Cesky Telecom

Companies must bow to demands for greater transparency

- Flood of disclosure directives
- Sources
 - Stock exchange law regulations
 - Corporate governance
 - Technology
 - Intensification of competition
- Swisscom supports the trend
- Swisscom asks large shareholders to reciprocate

Shareholders deficient in disclosure

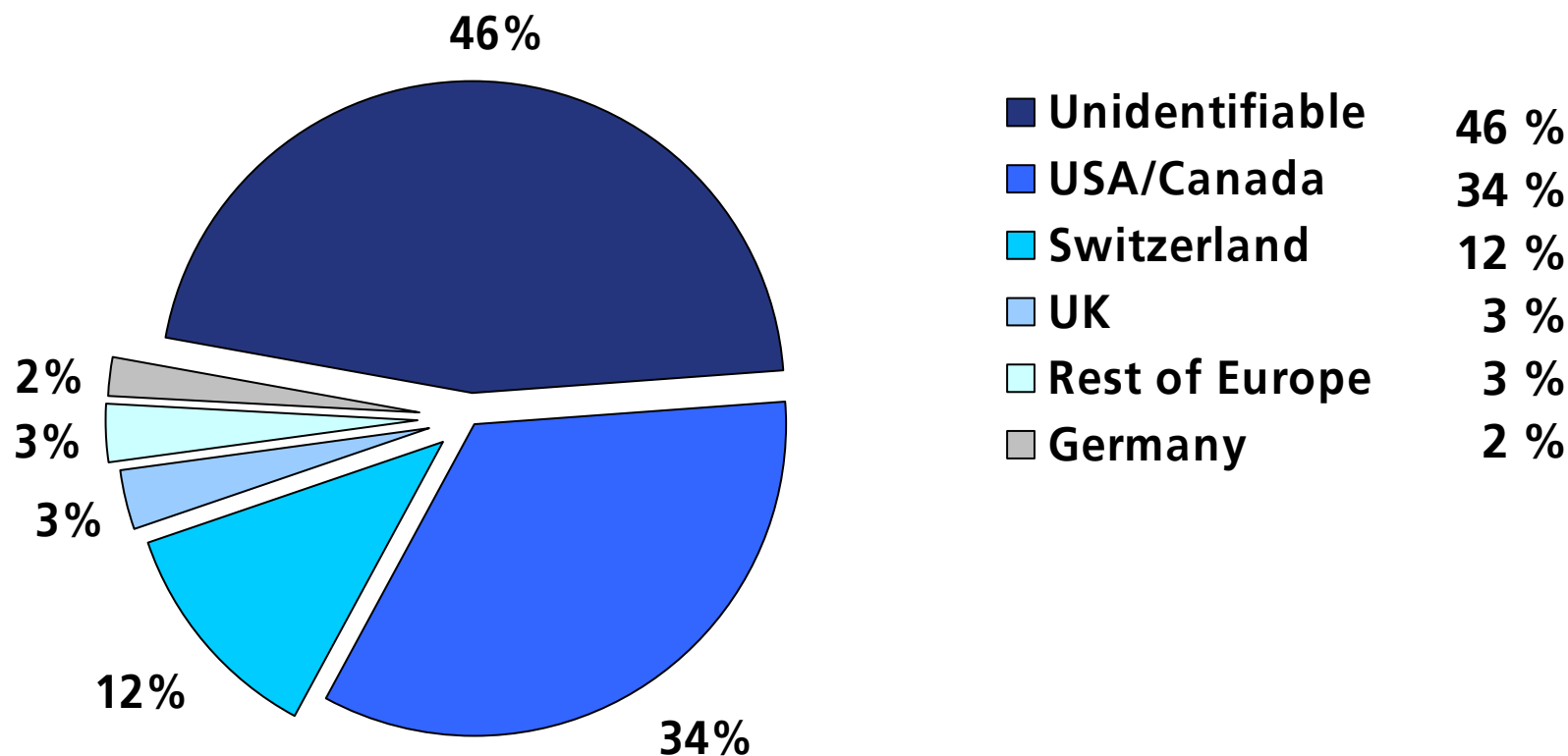
- Practice: Companies know ...
 - “everything” about private investors
 - “nothing” about institutional investors

- Problems:
 - Limited legal obligation to disclose
 - Authorized shareholders are not beneficial owners

- Special ID studies as a solution approach

- No improvement in sight

Results of ID study, April 2005 (excl. government stake and own shares)



Create incentives to promote disclosure on the part of shareholders

- Mutual transparency in the interests of all!
 - High transaction volume impacts share price
 - Conduct regular background discussions
 - Create mutual understanding

- Broad-based discussion called for
 - Discussion topic at General Meeting of Shareholders
 - Interest groups/associations
 - Statutory incentive mechanisms

- Conclusion
 - Equal transparency rights and obligations for companies and investors