January–September 2009

Interim Report

swisscom

Facts & Figures

CHF in millions, except where indicated		30.09.2009	30.09.2008	Change
Net revenue and results				
Net revenue		8,925	9,085	–1,8%
Operating income before depreciation and amortisation (EBITDA)[1]		3,580	3,615	–1,0%
EBITDA as % of net revenue	%	40.1	39.8	
Operating income (EBIT)[2]		2,155	2,066	4,3%
Net income		1,534	1,316	16,6%
Net income attributable to equity holders of Swisscom Ltd		1,527	1,313	16,3%
Earnings per share	CHF	29.48	25.35	16,3%
Balance sheet and cash flow				
Equity at end of period		6,414	5,880	9,1%
Equity ratio at end of period[3]	%	29.1	24.8	
Operating free cash flow[4]		2,143	2,124	0,9%
Capital expenditure		1,315	1,365	–3,7%
Net debt at end of period[5]		9,378	9,904	–5,3%
Employees				
Number of full-time equivalent employees at end of period[6]	FTE	19,704	19,995	–1,5%
Average number of full-time equivalent employees[7]	FTE	19,865	19,852	0,1%
Operational data				
Number of PSTN/ISDN lines in Switzerland	in thousands	3,520	3,640	–3,3%
Broadband access lines in Switzerland	in thousands	1,798	1,721	4,5%
Mobile subscribers in Switzerland	in thousands	5,543	5,284	4,9%
Bluewin TV subscribers in Switzerland	in thousands	186	95	95,8%
Unbundled access lines in Switzerland	in thousands	115	12	–
Number of customers in Italy	in thousands	1,605	1,441	11,4%
Swisscom share				
Par value per share at end of period	CHF	1.00	1.00	–
Number of shares outstanding at end of period	in mio.	51.802	53.441	–3,1%
Average number of shares outstanding	in mio.	51.800	51.802	–
Share price at end of period	CHF	370.75	331.50	11,8%
Market capitalisation at end of period[8]		19,205	17,172	11,8%

1 Definition operating income before depreciation and amortisation (EBITDA): operating income before depreciation, amortisation and impairment on tangible and intangible assets, gain on sale of subsidiaries, net financial result, share of profit of investments in associates and income tax expense.
2 Definition operating income (EBIT): operating income before gain on sale of subsidiaries, net financial result, share of profit of investments in associates and income tax expense.
3 Equity as a percentage of total assets.
4 Definition operating free cash flow: operating income (EBITDA), change in operating assets and liabilities less net capital expenditure in tangible and other intangible assets and dividends paid to minority interests.
5 Definition net debt: financial liabilities less cash and cash equivalents, current financial assets, financial assets from cross-border lease agreements and non-current certificates of deposit and derivative financial instruments.
6 Excluding 94 (previous year 178) full-time equivalent employees of the employment company Worklink at September 30, 2009.
7 Excluding 117 (previous year 217) full-time equivalent employees of the employment company Worklink in the first nine months of 2009.
8 Closing price at the end of period, multiplied by number of shares outstanding at end of period.

Summary

CHF in millions	30.09.2009	30.09.2008	Change
Net revenue	8,925	9,085	–1,8%
Operating income before depreciation and amortisation (EBITDA)	3,580	3,615	–1,0%
EBITDA as % of net revenue	40.1	39.8	0,8%
Operating income (EBIT)	2,155	2,066	4,3%
Net income	1,534	1,316	16,6%
Earnings per share (in CHF)	29.48	25.35	16,3%
Capital expenditure	1,315	1,365	–3,7%
Operating free cash flow	2,143	2,124	0,9%
Net debt at end of period	9,378	9,904	–5,3%
Number of full-time equivalent employees at end of period	19,704	19,995	–1,5%

In the first nine months of 2009 Swisscom reported a decline in net revenue of 1.8% to CHF 8,925 million and in the operating income (EBITDA) of 1.0% to CHF 3,580 million. On the basis of constant exchange rates, net revenue decreased slightly by 0.3% and EBITDA remained virtually stable at +0.1%. The Italian subsidiary Fastweb increased net revenue in local currency by 10.0%. Without Fastweb revenue fell by around CHF 220 million. This fall in revenue without Fastweb, which is due to continuing price erosion in Swiss business, could not be compensated for by growth in the number of subscribers and in new products. Net income rose by CHF 218 million or 16.6% to CHF 1,534 million mainly as a result of lower depreciation and amortisation and one-off costs in previous year due to the termination of long-term lease agreements.

Operating free cash flow increased by 0.9% to CHF 2,143 million year-over-year. In the first nine months of 2009 payments of provisions for proceedings in connection with interconnection and access services totalling CHF 93 million were made to other competitors. Capital expenditure fell by CHF 50 million or 3.7% to CHF 1,315 million as a result of a lower investment volume. Net debt has been reduced by CHF 526 million to CHF 9,378 million year-over-year. In the first nine months of 2009 two bonds were placed for the amount of CHF 1,250 million and CHF 1,500 million. The funds raised were used to pay back bank loans prematurely. Headcount fell year-over-year by 1.5% to 19,704 full-time equivalent employees, mainly due to the outsourcing of the facility management at Swisscom Immobilien.

The financial outlook for the 2009 financial year is unchanged. For the 2009 financial year, excluding Fastweb, Swisscom expects net revenue of CHF 9.2 billion to CHF 9.3 billion, EBITDA of CHF 3.8 billion to CHF 3.9 billion and capital expenditure of around CHF 1.35 billion. Fastweb expects net revenue of around EUR 1.8 billion, EBITDA of around EUR 560 million and capital expenditure of EUR 415 million. Group operating free cash flow including Fastweb will be between CHF 2.6 and CHF 2.7 billion.

Segment results

The financial review reports on the following segments:

- **Swisscom Switzerland,** including the operating segments
- Residential Customers
- Small and Medium-Sized Enterprises
- Corporate Business
- Wholesale
- Networks
- **Fastweb**
- **Other operating segments** comprises mainly Swisscom IT Services, Swisscom Participations and Hospitality Services.

Group Headquarters, which does not qualify as operating segment under IFRS, is presented separately in the reporting. Group Headquarters mainly comprises Group Headquarters divisions and the employment company Worklink AG.

The development of net revenue and EBITDA is presented in the following table:

CHF in millions	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Swisscom Switzerland	2,136	2,206	–3,2%	6,328	6,485	–2,4%
Fastweb	678	687	–1,3%	2,061	1,991	3,5%
Other operating segments	431	446	–3,4%	1,249	1,358	–8,0%
Group Headquarters	2	2	–	5	5	–
Intersegment elimination	(239)	(247)	–3,2%	(718)	(754)	–4,8%
Total net revenue	**3,008**	**3,094**	**–2,8%**	**8,925**	**9,085**	**–1,8%**

CHF in millions	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Swisscom Switzerland	967	934	3,5%	2,824	2,852	–1,0%
Fastweb	211	205	2,9%	610	644	–5,3%
Other operating segments	102	94	8,5%	255	272	–6,3%
Group Headquarters	(32)	(35)	–8,6%	(100)	(138)	–27,5%
Intersegment elimination	(3)	(10)	–	(9)	(15)	–40,0%
Total operating income before depreciation and amortisation (EBITDA)	**1,245**	**1,188**	**4,8%**	**3,580**	**3,615**	**–1,0%**

The average CHF/EUR exchange rate fell year-over-year by 5.9% from 1.605 to 1.510. On the basis of constant exchange rates, net revenue fell slightly by CHF 26 million or 0.3% (in the third quarter CHF –45 million or –1.5%) and EBITDA remained virtually stable in the first nine months of 2009 at CHF +4 million or +0.1% (in the third quarter CHF +70 million or +5.9%).

Swisscom Switzerland

Swisscom Switzerland includes the operating segments "Residential Customers", "Small and Medium-Sized Enterprises", "Corporate Business", "Wholesale" and "Networks". The group company Swisscom Directories AG is included in the "Residential Customers" segment. Supporting functions (Headquarters) of Swisscom Switzerland are included in the segment "Networks".

The development of Swisscom Switzerland is presented in the following table:

CHF in millions, except where indicated	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Net revenue						
Residential Customers	1,196	1,247	–4,1%	3,534	3,585	–1,4%
Small and Medium-Sized Enterprises	279	278	0,4%	823	821	0,2%
Corporate Business	415	438	–5,3%	1,241	1,290	–3,8%
Wholesale	227	226	0,4%	672	726	–7,4%
Revenue from external customers	**2,117**	**2,189**	**–3,3%**	**6,270**	**6,422**	**–2,4%**
Intersegment revenue	19	17	11,8%	58	63	–7,9%
Net revenue	**2,136**	**2,206**	**–3,2%**	**6,328**	**6,485**	**–2,4%**
Segment result						
Residential Customers	754	732	3,0%	2,230	2,248	–0,8%
Small and Medium-Sized Enterprises	217	207	4,8%	638	614	3,9%
Corporate Business	237	238	–0,4%	707	700	1,0%
Wholesale	130	136	–4,4%	382	440	–13,2%
Networks	(371)	(378)	–1,9%	(1,132)	(1,149)	–1,5%
Elimination	–	(1)	–	(1)	(1)	–
Segment result before depreciation and amortisation	**967**	**934**	**3,5%**	**2,824**	**2,852**	**–1,0%**
Margin as % of net revenue	*45.3*	*42.3*		*44.6*	*44.0*	
Depreciation, amortisation and impairment	(239)	(254)	–5,9%	(714)	(755)	–5,4%
Segment result	**728**	**680**	**7,1%**	**2,110**	**2,097**	**0,6%**
Capital expenditure	291	241	20,7%	770	728	5,8%
Number of full-time equivalent employees at end of period				11,998	12,080	–0,7%

Operational data in thousands	30.09.2009	30.09.2008	Change
Access lines PSTN/ISDN	3,520	3,640	–3,3%
Broadband access lines	1,798	1,721	4,5%
Bluewin TV subscribers	186	95	95,8%
Unbundled access lines	115	12	–
Mobile subscribers (SIM cards)	5,543	5,284	4,9%
Thereof postpaid	*3,373*	*3,192*	*5,7%*
Thereof prepaid	*2,170*	*2,092*	*3,7%*

Operational data in CHF or minutes	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Average revenue per mobile user per month (ARPU)	51	54	–5,6%	50	53	–5,7%
Average minutes per mobile user per month (AMPU)	112	114	–1,8%	112	114	–1,8%

Revenue at Swisscom Switzerland from external customers fell year-over-year by CHF 152 million or 2.4% to CHF 6,270 million (in the third quarter CHF –72 million or –3.3%). Revenue from wireline business was lower as a result of lower traffic revenue due to price reductions and the keen competition of cable network companies. The decline in revenue in mobile business can be attributed to a fall in the sales of handsets, lower traffic and subscription prices resulting from new tariff models, the reduction in termination prices, as well as lower prices for foreign subscribers using Swisscom's mobile network. The decline in revenue in the first nine months of 2009 due to continuing price erosion as a result of competition and regulation (e.g. unbundling) amounted to around CHF 240 million. This decline in revenue could be partially offset by the continuing increase in the number of mobile subscribers, higher revenue from new data services as well as the growth in broadband access lines and IPTV customers (Bluewin TV).

The segment result before depreciation and amortisation in the first nine months of 2009 was CHF 28 million or 1.0 % lower year-over-year at CHF 2,824 million. Apart from lower termination and roaming costs, the decline in sales of mobile handsets led to disproportionate savings on direct costs. Therefore a large part of the decline in revenue could be offset. Higher expenditure in connection with improvements in customer service and the acquisition of the branch network of The Phone House AG in July 2008 was offset by various cost savings. In the third quarter, segment result before depreciation and amortisation of CHF 967 million was CHF 33 million or 3.5% higher year-over-year, despite the fall in revenue. The decrease in direct costs due to lower termination and roaming costs and fewer sales of mobile handsets more than compensated for the decline in revenue in the third quarter.

The number of broadband access lines in Switzerland increased year-over-year by 77,000 or 4.5% to 1,798,000 lines. At the same time the number of unbundled access lines increased to 115,000. The number of Bluewin TV customers virtually doubled compared with the previous year and at the end of the third quarter of 2009 amounted to 186,000 customers, partly thanks to the current expansion in the field of video on demand and exclusive sports broadcasts.

The number of mobile subscribers in Switzerland rose by 259,000 net or 4.9% to 5,543,000 in the space of the year. Revenue from new mobile data services (not including SMS) rose within the space of the year by 19.3% to CHF 302 million. The average monthly revenue per mobile user (ARPU) fell by 5.7% from CHF 53 to CHF 50 due to price reductions and new tariff models. The average number of minutes per mobile user per month (AMPU) fell slightly by 1.8% to 112 minutes.

Residential Customers

The "Residential Customers" segment mainly comprises access fees for broadband access services, wireline and mobile subscriptions as well as national and international telephone and data traffic for residential customers. The "Residential Customers" segment also includes value-added services and TV services, sells customer equipment and operates a directories database.

The development of "Residential Customers" is presented in the following table:

CHF in millions, except where indicated	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Revenue from external customers	**1,196**	**1,247**	**–4,1%**	**3,534**	**3,585**	**–1,4%**
Intersegment revenue	73	89	–18,0%	216	261	–17,2%
Net revenue	**1,269**	**1,336**	**–5,0%**	**3,750**	**3,846**	**–2,5%**
Operating expenses (incl. intersegment)	(523)	(609)	–14,1%	(1,543)	(1,617)	–4,6%
Capitalised costs and other income	8	5	60,0%	23	19	21,1%
Segment result before depreciation and amortisation	**754**	**732**	**3,0%**	**2,230**	**2,248**	**–0,8%**
Margin as % of net revenue	*59.4*	*54.8*		*59.5*	*58.5*	
Depreciation, amortisation and impairment	(23)	(16)	43,8%	(68)	(45)	51,1%
Segment result	**731**	**716**	**2,1%**	**2,162**	**2,203**	**–1,9%**
Capital expenditure	26	33	–21,2%	93	96	–3,1%
Number of full-time equivalent employees at end of period				4,741	4,701	0,9%

Operational data in thousands	30.09.2009	30.09.2008	Change
Access lines PSTN/ISDN	2,728	2,842	–4,0%
Broadband access lines	1,247	1,101	13,3%
Bluewin TV subscribers	186	95	95,8%
Mobile subscribers (SIM cards)	4,389	4,231	3,7%
Thereof postpaid	*2,219*	*2,139*	3,7%
Thereof prepaid	*2,170*	*2,092*	3,7%

Operational data in CHF or minutes	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Average revenue per mobile user per month (ARPU)	44	45	–2,2%	42	44	–4,5%
Average minutes per mobile user per month (AMPU)	94	95	–1,1%	94	94	–

Revenue from external customers decreased year-over-year by CHF 51 million or 1.4% to CHF 3, 534 million (in the third quarter CHF –51 million or –4.1%). The decline in the number of analogue and digital access lines (PSTN/ISDN) and traffic revenue as a result of price reductions and the keen competition of cable network companies led to a decrease in revenue. In addition lower traffic and subscription prices resulting from new tariff models and the reduction in termination prices and lower sales in mobile handsets led to a decline in revenue. Sales of mobile handsets fell year-over-year as a result of the high sales in the third quarter of 2008 following the successful launch of the iPhone in July 2008. Together with the continuing increase in the number of subscribers, higher revenue from new mobile data services, as well as the growth in broadband access lines and Bluewin TV customers, the decrease in revenue could only partially be offset.

The decrease in intersegment revenue is principally due to the reduction in termination prices and a decrease in the number of internal project services billed to other segments.

The number of mobile subscribers rose year-over-year by 158,000 net or 3.7% to 4,389,000. This includes 2,219,000 postpaid and 2,170,000 prepaid subscribers. The decline in average revenue per mobile user (ARPU) by 4.5% from CHF 44 to CHF 42 can be attributed to the new tariff models and lower termination prices. The number of broadband access lines increased year-over-year by 146,000 or 13.3% to 1,247,000 lines.

Operating expenses declined slightly by CHF 74 million or 4.6% year-over-year (in the third quarter CHF –86 million or –14.1%). The decrease in operating expenses is mainly due to lower termination prices as well as disproportionately lower direct costs resulting from the decline in the number of mobile handsets sold after the launch of the iPhone in the previous year. Some of these savings were offset by improvements in customer service and the higher headcount following the acquisition of the branch network of The Phone House AG in July 2008.

The segment result before depreciation and amortisation of CHF 2,230 million is CHF 18 million or 0.8% lower year-over-year. In the third quarter the decline in revenue could be more than compensated for by cost savings. In the third quarter, the segment result before depreciation and amortisation was CHF 22 million or 3.0% higher year-over-year. The segment margin increased as a result of cost savings to 59.5%.

Small and Medium-Sized Enterprises

The "Small and Medium-Sized Enterprises" segment mainly comprises access fees for broadband access services, wireline and mobile subscriptions as well as national and international telephone and data traffic for small and medium-sized enterprises.

The development of the segment "Small and Medium-Sized Enterprises" is presented in the table below.

CHF in millions, except where indicated	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Revenue from external customers	**279**	**278**	**0,4%**	**823**	**821**	**0,2%**
Intersegment revenue	15	15	–	43	44	–2,3%
Net revenue	**294**	**293**	**0,3%**	**866**	**865**	**0,1%**
Operating expenses (incl. intersegment)	(77)	(86)	–10,5%	(229)	(251)	–8,8%
Capitalised costs and other income	–	–	–	1	–	–
Segment result before depreciation and amortisation	**217**	**207**	**4,8%**	**638**	**614**	**3,9%**
Margin as % of net revenue	*73.8*	*70.6*		*73.7*	*71.0*	
Depreciation, amortisation and impairment	(1)	(1)	–	(2)	(1)	–
Segment result	**216**	**206**	**4,9%**	**636**	**613**	**3,8%**
Capital expenditure	1	2	–50,0%	8	4	100,0%
Number of full-time equivalent employees at end of period				776	750	3,5%

Operational data in thousands	30.09.2009	30.09.2008	Change
Access lines PSTN/ISDN	512	510	0,4%
Broadband access lines	168	153	9,8%
Mobile subscribers (SIM cards)	440	399	10,3%

Operational data in CHF or minutes	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Average revenue per mobile user per month (ARPU)	95	101	–5,9%	93	98	–5,1%
Average minutes per mobile user per month (AMPU)	202	202	–	199	204	–2,5%

Revenue from external customers increased slightly year-over-year by 0.2% to CHF 823 million (in the third quarter CHF +1 million or +0.4%). The increase could be mainly attributed to the continuing growth in the number of mobile subscribers and higher revenue from new mobile data services. The number of mobile subscribers rose year-over-year by 41,000 or 10.3% to 440,000. The average revenue per mobile user (ARPU) fell by 5.1% from CHF 98 to CHF 93, mainly as a result of new tariff models and lower termination prices. The number of broadband access lines increased year-over-year by 15,000 or 9.8% to 168,000 lines.

Operating expenses fell year-over-year by CHF 22 million or 8.8% to CHF 229 million (in the third quarter CHF –9 million or –10.5%), primarily due to lower termination prices and cost savings.

The segment result before depreciation and amortisation of CHF 638 million is CHF 24 million or 3.9% higher year-over-year (in the third quarter CHF +10 million or +4.8%). The segment margin rose from 71.0% to 73.7% in the first nine months of 2009 due to slightly higher revenue alongside falling costs.

Corporate Business

The segment "Corporate Business" provides complete communication solutions for large customers. The product range in the field of business ICT infrastructure covers everything from individual products through to complete solutions. This includes a comprehensive range of services for planning, installation, commissioning, as well as maintaining and operating mobile and wireline network infrastructures and accompanying IT systems.

The development of "Corporate Business" is presented in the following table:

CHF in millions, except where indicated	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Revenue from external customers	**415**	**438**	**–5,3%**	**1,241**	**1,290**	**–3,8%**
Intersegment revenue	36	39	–7,7%	113	116	–2,6%
Net revenue	**451**	**477**	**–5,5%**	**1,354**	**1,406**	**–3,7%**
Operating expenses (incl. intersegment)	(217)	(241)	–10,0%	(656)	(713)	–8,0%
Capitalised costs and other income	3	2	50,0%	9	7	28,6%
Segment result before depreciation and amortisation	**237**	**238**	**–0,4%**	**707**	**700**	**1,0%**
Margin as % of net revenue	*52.5*	*49.9*		*52.2*	*49.8*	
Depreciation, amortisation and impairment	(13)	(10)	30,0%	(38)	(31)	22,6%
Segment result	**224**	**228**	**–1,8%**	**669**	**669**	**–**
Capital expenditure	15	21	–28,6%	54	47	14,9%
Number of full-time equivalent employees at end of period				2,246	2,228	0,8%

Operational data in thousands	30.09.2009	30.09.2008	Change
Access lines PSTN/ISDN	280	288	–2,8%
Broadband access lines	20	19	5,3%
Mobile subscribers (SIM cards)	714	654	9,2%

Operational data in CHF or minutes	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Average revenue per mobile user per month (ARPU)	71	82	–13,4%	72	82	–12,2%
Average minutes per mobile user per month (AMPU)	171	183	–6,6%	176	193	–8,8%

Revenue from external customers decreased year-over-year by CHF 49 million or 3.8% to CHF 1,241 million (in the third quarter CHF –23 million or –5.3%). The reduction was mainly due to the decline in volumes and prices in traditional wireline telephony and the lower volume of project business. In mobile telephony the increase in revenue due to the higher number of mobile subscribers (+9.2%) was more than fully offset by lower traffic and subscription prices due to new tariff models as well as a lower traffic volume. The average revenue per mobile user (ARPU) fell by 12.2% from CHF 82 to CHF 72 as a result of lower prices and a lower traffic volume.

Operating expenses fell year-over-year by CHF 57 million or 8.0% (in the third quarter CHF –24 million or –10.0%). Lower costs of materials and termination fees, together with cost savings led to lower operating expenses, despite the higher personnel costs in connection with ordinary pay rises and higher pension expenses. The segment result before depreciation and amortisation rose accordingly by CHF 7 million or 1.0% to CHF 707 million (in the third quarter CHF –1 million or –0.4%).

Wholesale

"Wholesale" comprises mainly the use of Swisscom wireline and mobile networks by other telecommunication providers and the use of third party networks by Swisscom. It also consists of roaming by foreign operators whose customers use Swisscom's mobile networks, as well as broadband services and regulated products in connection with the unbundling of the local loop for other telecommunication providers.

The development of "Wholesale" is presented in the following table:

CHF in millions, except where indicated	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Revenue from external customers	**227**	**226**	**0,4%**	**672**	**726**	**–7,4%**
Intersegment revenue	151	176	–14,2%	422	508	–16,9%
Net revenue	**378**	**402**	**–6,0%**	**1,094**	**1,234**	**–11,3%**
Operating expenses (incl. intersegment)	(248)	(268)	–7,5%	(714)	(803)	–11,1%
Capitalised costs and other income	–	2	–	2	9	–77,8%
Segment result	**130**	**136**	**–4,4%**	**382**	**440**	**–13,2%**
Margin as % of net revenue	*34.4*	*33.8*		*34.9*	*35.7*	
Number of full-time equivalent employees at end of period				88	108	–18,5%

Operational data in thousands	30.09.2009	30.09.2008	Change
Broadband access lines	363	448	–19,0%
Unbundled access lines	115	12	–

Operational data in million of minutes	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Wholesale traffic	2,616	3,002	–12,9%	8,531	9,688	–11,9%

Revenue from external customers in the first nine months of 2009 fell year-over-year by 7.4% to CHF 672 million (in the third quarter CHF +1 million or +0.4%). Higher revenue from the rental of subscriber connections and operating infrastructure to other telecommunication providers as a result of the unbundling of the local loop could not compensate for lower revenue from roaming traffic with foreign subscribers using Swisscom's mobile network due to lower prices or from broadband services for other telecommunication providers due to price reductions. Revenue from interconnection services has also continued to decline due to lower volumes and prices. In the third quarter of 2008 provisions of CHF 15 million were reversed through revenue after the Federal Communications Commission (ComCom) had decided price reductions for interconnection services and other regulated products. Taking this into account, the decline in revenue in the third quarter was CHF 14 million or 5.8%.

Intersegment revenue decreased because of lower roaming and termination tariffs with other segments of Swisscom Switzerland. This decline in intersegment revenue only has a small impact on results of the Wholesale segment.

Operating expenses fell in the first nine months of 2009 by 11.1% to CHF 714 million (in the third quarter CHF –20 million or –7.5%). This is mainly due to lower roaming and termination costs due to lower prices. In the third quarter of 2008, provisions of CHF 15 million were reversed through operating expenses as a result of a decision by the Federal Communications Commission (ComCom).

The segment result decreased in the first nine months of 2009 by CHF 58 million or 13.2% to CHF 382 million (in the third quarter CHF –6 million or –4.4%). This decline in the segment result is mainly due to lower revenue from non-regulated products with higher margins.

Networks

"Networks" primarily plans, operates and maintains Swisscom's network infrastructure and related IT systems, both for wireline and mobile telephony. It also includes the supporting functions for Swisscom Switzerland, mainly consisting of the finance, human resources and strategy departments. Expenses incurred are not charged to the individual business units so that this segment only presents expenses and no revenue.

The development of "Networks" is presented in the following table:

CHF in millions, except where indicated	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Operating expenses (incl. intersegment)	(418)	(434)	–3,7%	(1,268)	(1,311)	–3,3%
Capitalised costs and other income	47	56	–16,1%	136	162	–16,0%
Segment result before depreciation and amortisation	**(371)**	**(378)**	**–1,9%**	**(1,132)**	**(1,149)**	**–1,5%**
Depreciation, amortisation and impairment	(203)	(228)	–11,0%	(608)	(681)	–10,7%
Segment result	**(574)**	**(606)**	**–5,3%**	**(1,740)**	**(1,830)**	**–4,9%**
Capital expenditure	249	186	33,9%	615	582	5,7%
Number of full-time equivalent employees at end of period				4,147	4,293	–3,4%

Operating expenses decreased in the first nine months of 2009 year-over-year by CHF 43 million or 3.3% to CHF 1,268 million (in the third quarter CHF –16 million or –3.7%). This is mainly due to cost savings in other operating expenses as well as a lower headcount. The increase in personnel expenses as a result of ordinary pay rises and higher pension expenses had the opposite effect. Capitalised costs were lower due to a lower volume of network construction. The segment result before depreciation and amortisation improved overall in the first nine months of 2009 by CHF 17 million or 1.5% to CHF –1,132 million (improvement in the third quarter CHF 7 million or 1.9%).

The segment result increased due to lower depreciation and amortisation following the change in the useful lives of cables. As a result of a decision by ComCom, the Federal Communications Commission, the useful lives of cable and ducts were reviewed and altered. The positive effect on depreciation and amortisation in the first nine months of 2009 was CHF 75 million (in the third quarter CHF 25 million).

The increase in capital expenditure in the first nine months of 2009 by CHF 33 million or 5.7% to CHF 615 million can be attributed to the different timing of investment activities in network construction.

Fastweb

Fastweb is the second-largest provider of broadband telecommunication services in Italy. Their product portfolio comprises voice, data, Internet, and IPTV services, as well as video on demand for residential and corporate customers. In addition Fastweb offers mobile services on the basis of MVNO contracts (virtual network providers). They also provide a wide range of network services and customized solutions.

Fastweb has developed as follows in local currency (EUR):

EUR in millions, except where indicated	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Revenue from external customers	**444**	**427**	**4,0%**	**1,360**	**1,241**	**9,6%**
Intersegment revenue	2	–	–	5	–	–
Net revenue	**446**	**427**	**4,4%**	**1,365**	**1,241**	**10,0%**
Operating expenses (incl. intersegment)	(323)	(314)	2,9%	(1,032)	(930)	11,0%
Capitalised costs and other income	16	15	6,7%	71	91	–22,0%
Segment result before depreciation and amortisation	**139**	**128**	**8,6%**	**404**	**402**	**0,5%**
Margin as % of net revenue	*31.2*	*30.0*		*29.6*	*32.4*	
Depreciation, amortisation and impairment	(126)	(126)	–	(372)	(382)	–2,6%
Segment result	**13**	**2**	–	**32**	**20**	60,0%
Capital expenditure	95	101	–5,9%	312	327	–4,6%
Number of full-time equivalent employees at end of period				3,105	3,058	1,5%
Number of customers in thousands				1,605	1,441	11,4%

Fastweb recorded a constantly high growth in revenue, result and customers in the first nine months of 2009. Net revenue rose year-over-year by EUR 124 million or 10.0% to EUR 1,365 million (EUR +19 million or +4.4% in the third quarter). Of this EUR 33 million or 6.8% is attributable to residential customers, EUR 27 million or 9.6% to small and medium-sized enterprises and EUR 64 million or 13.5% to corporate business. The customer base was increased year-over-year by 11.4% to 1,605,000.

The segment result before depreciation and amortisation rose slightly by EUR 2 million or 0.5% to EUR 404 million. Last year's segment result includes a compensation payment from Telecom Italia of EUR 30 million for unfair enticement of customers, which was recorded under other income in the second quarter of 2008. The second quarter of 2009 included a further compensation payment from Telecom Italia of EUR 20 million, which was also recorded under other income. This positive effect was offset in the second quarter of 2009 by one-off allowances for old accounts of EUR 19 million. Adjusted by these one-off items, the segment result before depreciation and amortisation improved overall in the first nine months of 2009 by EUR 31 million or 8.3%. The adjusted margin fell in the first nine months of 2009 from 30.0% to 29.5%. This is mainly the result of a strong growth in revenue in corporate business with lower average margins. Thanks to lower depreciation and amortisation, the segment result improved year-over-year by EUR 12 million; adjusted to take into account one-off items, the improvement was EUR 41 million. Depreciation and amortisation in the first nine months of 2009 of EUR 372 million include amortisation of EUR 78 million on intangible assets, such as customer relationships and brand, which were capitalised within the scope of purchasing price allocation and amortised over the estimated useful life of between 7 and 11 years.

Capital expenditure fell by 4.6% to EUR 312 million as a result of the lower investment volume compared with the previous year (in the third quarter EUR –6 million or –5.9%).

Fastweb is included in Swisscom's consolidated financial statements as at September 30, 2009 as follows:

CHF in millions	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Net revenue	678	687	–1,3%	2,061	1,991	3,5%
Segment result before depreciation and amortisation	211	205	2,9%	610	644	–5,3%
Capital expenditure	146	162	–9,9%	472	525	–10,1%

7

The average CHF/EUR exchange rate fell year-over-year by 5.9%. Consequently the increase in revenue in Swiss Francs for the first nine months of 2009 was 3.5% (local currency +10.0%) and the segment result before depreciation and amortisation fell by 5.3% (local currency +0.5%).

Other operating segments

Other operating segments comprises mainly Swisscom IT Services, Swisscom Participations and Hospitality Services. Swisscom IT Services mainly comprises the group companies Swisscom IT Services AG and Comit AG. Swisscom Participations primarily comprises Swisscom Broadcast AG, Swisscom Immobilien AG, Cablex AG, Billag AG, Alphapay AG and Curabill AG as well as the Sicap Group. Swisscom Participations comprises the Minick Group until its sale in September 2008.

The development of "Other operating segments" is presented in the following table:

CHF in millions, except where indicated	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Swisscom IT Services	118	105	12,4%	302	326	–7,4%
Swisscom Participations	78	86	–9,3%	236	262	–9,9%
Hospitality Services	19	22	–13,6%	57	69	–17,4%
Others	1	5	–80,0%	5	14	–64,3%
Revenue from external customers	**216**	**218**	**–0,9%**	**600**	**671**	**–10,6%**
Intersegment revenue	215	228	–5,7%	649	687	–5,5%
Net revenue	**431**	**446**	**–3,4%**	**1,249**	**1,358**	**–8,0%**
Operating expenses (incl. intersegment)	(340)	(357)	–4,8%	(1,029)	(1,102)	–6,6%
Capitalised costs and other income	11	5	120,0%	35	16	118,8%
Segment result before depreciation and amortisation	**102**	**94**	**8,5%**	**255**	**272**	**–6,3%**
Margin as % of net revenue	*23.7*	*21.1*		*20.4*	*20.0*	
Depreciation, amortisation and impairment	(48)	(67)	–28,4%	(154)	(192)	–19,8%
Segment result	**54**	**27**	**100,0%**	**101**	**80**	**26,3%**
Capital expenditure	20	44	–54,5%	81	114	–28,9%
Number of full-time equivalent employees at end of period				4,258	4,521	–5,8%

In the first nine months of 2009, revenue from external customers decreased year-over-year by CHF 71 million or 10.6% (in the third quarter CHF –2 million or –0.9%) to CHF 600 million. The segment result before depreciation and amortisation dropped in the same period by CHF 17 million or 6.3% (in the third quarter CHF +8 million or +8.5%) to CHF 255 million. The decline in net revenue could not be fully compensated for by cost savings in the first two quarters. The increase in the segment result before depreciation and amortisation in the third quarter of 2009 is mainly attributable to Swisscom IT Services.

The decline in revenue from external customers at Swisscom IT Services by CHF 24 million or 7.4% (in the third quarter a rise of CHF +13 million or +12.4%) to CHF 302 million is attributable to lower revenue from the operation of software platforms for banks, keener price pressure and a lower volume of project business. The two companies acquired in the middle of 2009, Sourcag AG and Resource AG, generated revenue of CHF 13 million in the third quarter of 2009. The segment result at Swisscom IT Services could be increased in the third quarter of 2009 thanks to cost savings. In the first nine months of 2009, Swisscom IT Services recorded a high volume of incoming orders worth CHF 458 million, although this only had a delayed impact on revenue. The decline in revenue at Swisscom Participations is mainly due to revenue in connection with the European Football Championships in the previous year. At Hospitality Services revenue fell year-over-year by CHF 12 million or 17.4% to CHF 57 million (in the third quarter CHF –3 million or –13.6%) as a result of the continuing difficult economic situation. Revenue with other segments decreased year-over-year by CHF 38 million or 5.5% to CHF 649 million, mainly due to a lower order volume at the network construction company Cablex and lower internal service volumes at Swisscom IT Services.

Operating expenses fell year-over-year by CHF 73 million or 6.6% to CHF 1,029 million (CHF –17 million or –4.8% in the third quarter). The decrease can be attributed mainly to lower revenue at Swisscom IT Services, the outsourcing of the facility management at Swisscom Immobilien, the omission of costs in connection with the European Football Championships in 2008 and cost savings.

Capital expenditure of CHF 81 million is CHF 33 million or 28.9% lower than last year. This decline is mainly due to the rollout of the DVB-H/-T infrastructure last year and the discontinuation of Swisscom's activities on the eastern European broadband market.

Group Headquarters

"Group Headquarters" comprises Group Headquarter divisions and the employment company Worklink AG.

The development of "Group Headquarters" is presented in the following table:

CHF in millions, except where indicated	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Revenue from external customers	**–**	**–**	**–**	**1**	**1**	**–**
Intersegment revenue	2	2	–	4	4	–
Net revenue	**2**	**2**	**–**	**5**	**5**	**–**
Operating expenses (incl. intersegment)	(55)	(57)	–3,5%	(164)	(203)	–19,2%
Capitalised costs and other income	21	20	5,0%	59	60	–1,7%
Operating income before depreciation and amortization (EBITDA)	**(32)**	**(35)**	**–8,6%**	**(100)**	**(138)**	**–27,5%**
Depreciation, amortisation and impairment	(2)	(2)	–	(7)	(2)	–
Operating income (EBIT)	**(34)**	**(37)**	**–8,1%**	**(107)**	**(140)**	**–23,6%**
Capital expenditure	1	2	–50,0%	2	8	–75,0%
Number of full-time equivalent employees at end of period				343	336	2,1%

The operating result before depreciation and amortisation improved in the first nine months of 2009 by CHF 38 million. The main reasons for this improvement are cost savings in the Group divisions, lower expenses for workforce reduction measures following a drop in the number of participants in the employment company Worklink, as well as costs in connection with the launch of the new brand in the third quarter of 2008. In the third quarter of 2009 the improvement in the operating result before depreciation and amortisation was CHF 3 million, primarily due to lower expenses for workforce reduction measures.

Capitalised costs and other income comprise mainly income from transactions for shared services with other group companies.

Depreciation and amortisation and non operational results

CHF in millions, except where indicated	3. quarter 2009	3. quarter 2008	Change	30.09.2009	30.09.2008	Change
Operating income before depreciation and amortisation (EBITDA)	**1,245**	**1,188**	**4,8%**	**3,580**	**3,615**	**–1,0%**
Depreciation, amortisation and impairment	(476)	(519)	–8,3%	(1,425)	(1,549)	–8,0%
Operating income (EBIT)	**769**	**669**	**14,9%**	**2,155**	**2,066**	**4,3%**
Financial income and financial expense, net	(136)	(70)	94,3%	(265)	(395)	–32,9%
Share of profit of investments in associates	9	10	–10,0%	29	28	3,6%
Income before income taxes	**642**	**609**	**5,4%**	**1,919**	**1,699**	**12,9%**
Income tax expense	(129)	(139)	–7,2%	(385)	(383)	0,5%
Net income	**513**	**470**	**9,1%**	**1,534**	**1,316**	**16,6%**
Net income attributable to equity holders of Swisscom Ltd	512	473	8,2%	1,527	1,313	16,3%
Net income attributable to minority interests	1	(3)	–	7	3	133,3%
Average number of shares outstanding (in millions)	51.798	51.802	–	51.800	51.802	–
Earnings per share (in CHF)	9.88	9.13	8,3%	29.48	25.35	16,3%

Depreciation and amortisation and impairment

Depreciation and amortisation and impairment fell in the first nine months of 2009 by CHF 124 million or 8.0% to CHF 1,425 million. The reduction in depreciation and amortisation can be mainly attributed to changes in the useful lives of cables. As a result of a regulatory decision by the Federal Communications Commission (ComCom) on October 9, 2008 concerning interconnection prices, the useful lives of cables were reviewed in the first quarter of 2009. In the past Swisscom has applied useful lives of 15 to 20 years for cables. Due to this review and taking into account the economic view, the useful life of copper cable has been increased from 15 to the range of 20 to 30 years and for fiber cable from 15 to 20 years. The change was applied prospectively from January 1, 2009. The positive effect on depreciation and amortisation for the 2009 financial year as a whole will be around CHF 100 million, of which CHF 75 million will take effect in the first nine months of 2009.

Net financial result

Net financial expense improved year-over-year by CHF 130 million to CHF 265 million. The improvement in the net financial result is due on the one hand to lower net interest expense of CHF 45 million as a result of the decrease in net debt, the improved foreign exchange result of CHF 22 million and the decline of one-off costs of CHF 67 million year-over-year. In the third quarter of 2009 hedge relationships were terminated in connection with the premature repayment of bank loans which led to an expense of CHF 59 million. Furthermore provisions of CHF 126 million in connection with the early termination of cross-border lease agreements were recognised in the second quarter of 2008.

Income tax expense

Income tax expense amounted to CHF 385 million (previous year CHF 383 million), which corresponds to an effective income tax rate of 20.1% (previous year 22.5%). Income tax payments in the first nine months of 2009 fell year-over-year by CHF 116 million to CHF 198 million. The difference between income tax expense and income tax payments is the result of invoices and payments deferred to later periods. In 2009, an effective income tax rate of around 21% is expected.

Net income and earnings per share

Net income increased by CHF 218 million or 16.6% to CHF 1,534 million in the first nine months of 2009. The decrease in EBITDA of CHF 35 million was offset by lower depreciation and amortisation of CHF 124 million and lower net financial expenses of CHF 130 million as a result of one-off costs in previous year.

Earnings per share are calculated on the basis of net income attributable to shareholders of Swisscom Ltd and the average number of shares outstanding. Net income attributable to shareholders of Swisscom Ltd increased year-over-year by 16.3% to CHF 1,527 million. Earnings per share rose accordingly in the first nine months of 2009 from CHF 25.35 to CHF 29.48.

Cash flow

CHF in millions	30.09.2009	30.09.2008	Change
Operating income before depreciation and amortisation (EBITDA)	3,580	3,615	(35)
Change in operating assets and liabilities and other payments or receipts from operating activities	(102)	(130)	28
Income taxes paid	(198)	(314)	116
Cash flow provided by operating activities	**3,280**	**3,171**	**109**
Capital expenditure	(1,315)	(1,365)	50
Proceeds from sale of fixed assets	20	16	4
Acquisition of shares in group companies	(37)	(44)	7
Proceeds from sale of group companies	4	–	4
Other cash flow from investing activities, net	837	1	836
Cash flow used in investing activities	**(491)**	**(1,392)**	**901**
Issuance and repayment of financial liabilities, net	(1,714)	(155)	(1,559)
Dividends paid to equity holders of Swisscom Ltd	(984)	(1,036)	52
Dividends paid to minority interests	(40)	(12)	(28)
Other cash flow from financing activities, net	(477)	(304)	(173)
Cash flow used in financing activities	**(3,215)**	**(1,507)**	**(1,708)**
(Net decrease) net increase in cash and cash equivalents	**(426)**	**272**	**(698)**

Cash flow provided by operating activities increased year-over-year by CHF 109 million to CHF 3,280 million. The increase can be mainly attributed to lower income tax payments. The change in net operating assets in the first nine months of 2009 includes payments from provisions for proceedings in connection with interconnection services totalling CHF 93 million.

The decrease in capital expenditure on property, plant and equipment and other intangible assets of CHF 50 million or 3.7% to CHF 1,315 million is the result of the lower investment volume compared with the previous year.

Various cross-border lease agreements were terminated in the first six months of 2009. As a result of the termination, financial assets totalling CHF 802 million were sold and financial liabilities of CHF 1,037 million were paid back. In 2008 provisions amounting to CHF 258 million were recognised in connection with the early termination of cross-border lease agreements. The payment of CHF 258 million was made in the second quarter of 2009 and is presented in other cash flow from financing activities.

Return policy

CHF in millions	30.09.2009	30.09.2008	Change
Operating income before depreciation and amortisation (EBITDA)	3,580	3,615	(35)
Change in operating assets and liabilities and other payments or receipts from operating activities	(102)	(130)	28
Capital expenditure	(1,315)	(1,365)	50
Proceeds from sale of fixed assets	20	16	4
Dividends paid to minority interests	(40)	(12)	(28)
Operating free cash flow	**2,143**	**2,124**	**19**

In accordance with the definitions laid down in Swisscom's return policy, approximately half of the operating free cash flow may be paid out in the following year. Operating free cash flow in 2008 as a whole totalled approximately CHF 2.5 billion. Given the difficult conditions prevailing on the capital markets, Swisscom aimed to speed up the reduction of net debt. As a result, the ordinary dividend of CHF 19 per share was set and neither an extraordinary dividend nor a share buy-back program was implemented. The payout of CHF 984 million was 10% or about CHF 250 million lower than half of the operating free cash flow. The General Meeting of Shareholders on April 21, 2009 approved the destruction of 1.6 million treasury shares. This corresponds to 3.1% of the shares issued.

In principal, Swisscom adheres to its announced return policy to pay out 50% of the operating free cash flow in the following year. However, it depends on the general economic environment and the capital markets. In addition, a differing payout is also possible to create financial reserves for potential acquisitions to strengthen the core business. However, the payout will be at least on the same level of the previous year.

Net debt

CHF in millions	30.09.2009	31.12.2008	Change
Bonds	4,776	2,032	2,744
Bank loans	3,327	6,140	(2,813)
Private placements	1,366	1,339	27
Financial liabilities from cross-border lease agreements	15	1,096	(1,081)
Finance lease obligation	499	502	(3)
Other financial liabilities	471	683	(212)
Total financial liabilities	**10,454**	**11,792**	**(1,338)**
Cash and cash equivalents	(536)	(958)	422
Current financial assets	(158)	(163)	5
Financial assets form crossborder-lease agreements	(8)	(808)	800
Non-current certificates of deposit	(374)	–	(374)
Non-current derivative financial assets	–	(3)	3
Net debt	**9,378**	**9,860**	**(482)**

Net debt consists of total financial liabilities less cash and cash equivalents, current financial assets, financial assets from cross-border lease agreements as well as non-current certificates of deposit and derivative financial instruments. Current financial assets include term deposits and money market investments with a term of less than one year, as well as securities and derivative financial instruments. Financial liabilities consist of finance lease liabilities and sale and leaseback liabilities relating to buildings.

On April 8, 2009 Swisscom placed a bond with a value of CHF 1,250 million. The coupon amounts to 3.50% with a term until 2014. The issued bond was used in full to repay existing debts with banks.

On September 14, 2009 Swisscom placed a further bond with a value of CHF 1,500 million. The coupon amounts to 3.25% with a term until 2018. The issued bond was used in full to repay existing debts with banks.

Various cross-border lease agreements were terminated prematurely in the first six months of 2009. As a result of the termination, financial assets were sold and financial liabilities were paid back. On September 30, 2009 financial liabilities from cross-border lease agreements presented in the balance sheet amounted to CHF 15 million.

Balance sheet

CHF in millions	30.09.2009	31.12.2008	Change
Assets			
Cash and cash equivalents	536	958	–44,1%
Other financial assets	613	1,023	–40,1%
Trade and other receivables	3,001	2,798	7,3%
Property, plant and equipment	8,037	8,070	–0,4%
Goodwill	6,704	6,633	1,1%
Other intangible assets	2,290	2,282	0,4%
Investments in associates	244	285	–14,4%
Other current and non-current assets	593	689	–13,9%
Total assets	**22,018**	**22,738**	**–3,2%**
Liabilities and equity			
Financial liabilities	10,454	11,792	–11,3%
Trade and other payables	2,268	2,186	3,8%
Defined benefit obligation	343	428	–19,9%
Provisions	822	1,197	–31,3%
Other current and non-current liabilities	1,717	1,372	25,1%
Total liabilities	**15,604**	**16,975**	**–8,1%**
Equity attributable to equity holders of Swisscom Ltd	6,067	5,389	12,6%
Attributable to minority interests	347	374	–7,2%
Total equity	**6,414**	**5,763**	**11,3%**
Equity ratio at end of period	*29,1%*	*25,3%*	
Total liabilities and equity	**22,018**	**22,738**	**–3,2%**

The balance sheet total has decreased since the end of 2008 by 3.2% to CHF 22,018 million. The main reason for this decline is the premature termination of cross-border lease agreements in the second quarter of 2009, which led to a drop in financial liabilities and other financial assets.

Equity increased by 11.3% or CHF 651 million to CHF 6,414 million, which corresponds to an equity ratio of 29.1%. In the first nine months of 2009, net income and other comprehensive income of CHF 1,673 million was CHF 649 million higher than the dividend payments of CHF 1,024 billion. Other comprehensive income in the first nine months of 2009 includes gains of CHF 89 million from currency translation of foreign group companies as a result of higher exchange rates. The CHF/EUR exchange rate increased from 1.486 to 1.508 compared with the end of 2008. On September 30, 2009, cumulative currency translation losses recognised in equity amounted to CHF 693 million.

Outlook

The financial outlook for the 2009 financial year is unchanged. For the 2009 financial year, excluding Fastweb, Swisscom expects net revenue of CHF 9.2 billion to CHF 9.3 billion, EBITDA of CHF 3.8 billion to CHF 3.9 billion and capital expenditure of around CHF 1.35 billion. Fastweb expects net revenue of around EUR 1.8 billion, EBITDA of around EUR 560 million and capital expenditure of EUR 415 million. Group operating free cash flow including Fastweb will be between CHF 2.6 and CHF 2.7 billion.

Consolidated income statement (condensed)

CHF in millions, except per share amount	Note	1.7.–30.9.2009	1.7.–30.9.2008	1.1.–30.9.2009	1.1.–30.9.2008
		unaudited			
Net revenue	3	**3,008**	**3,094**	**8,925**	**9,085**
Goods and services purchased		(664)	(768)	(1,942)	(2,069)
Personnel expenses		(606)	(592)	(1,910)	(1,853)
Other operating expenses		(585)	(628)	(1,802)	(1,871)
Capitalized costs and other income		92	82	309	323
Operating income before depreciation and amortisation (EBITDA)		**1,245**	**1,188**	**3,580**	**3,615**
Depreciation, amortisation and impairment		(476)	(519)	(1,425)	(1,549)
Operating income (EBIT)	3	**769**	**669**	**2,155**	**2,066**
Financial income and financial expense, net	4	(136)	(70)	(265)	(395)
Share of profit of investments in associates		9	10	29	28
Income before income taxes		**642**	**609**	**1,919**	**1,699**
Income tax expense		(129)	(139)	(385)	(383)
Net income		**513**	**470**	**1,534**	**1,316**
Net income attributable to equity holders of Swisscom Ltd		512	473	1,527	1,313
Net income attributable to minority interests		1	(3)	7	3
Basic and dilluted earnings per share (in CHF)		**9.88**	**9.13**	**29.48**	**25.35**

Consolidated comprehensive income (condensed)

	unaudited			
CHF in millions	1.7.–30.9.2009	1.7.–30.9.2008	1.1.–30.9.2009	1.1.–30.9.2008
Net income	**513**	**470**	**1,534**	**1,316**
Other comprehensive income				
Currency translation adjustments on foreign operations	(95)	(147)	89	(368)
Change in fair value of available-for-sale financial assets	4	–	5	–
Change in fair value of cash flow hedges	(5)	(86)	(12)	(21)
Losses from cash flow hedges transferred to income statement	59	–	59	–
Income taxes on other comprehensive income	(2)	6	(2)	1
Total other comprehensive income	**(39)**	**(227)**	**139**	**(388)**
Comprehensive income	**474**	**243**	**1,673**	**928**
Attributable to equity holders of Swisscom Ltd	477	253	1,663	942
Attributable to minority interests	–	(10)	10	(14)

Consolidated balance sheet (condensed))

CHF in millions	Note	unaudited 30.09.2009	31.12.2008
Assets			
Current assets			
Cash and cash equivalents		536	958
Trade and other receivables		3,001	2,798
Other financial assets		158	170
Other assets		483	560
Non-current assets held for sale	5	12	16
Total current assets		**4,190**	**4,502**
Non-current assets			
Property, plant and equipment		8,037	8,070
Goodwill and other intangible assets		8,994	8,915
Investments in associates		244	285
Other financial assets		455	853
Deferred tax assets		46	58
Other non-financial assets		52	55
Total non-current assets		**17,828**	**18,236**
Total assets		**22,018**	**22,738**
Liabilities and equity			
Current liabilities			
Financial liabilities	6	217	216
Trade and other payables		2,268	2,186
Current tax liabilities		332	163
Provisions	7	112	482
Other non-financial liabilities		745	619
Total current liabilities		**3,674**	**3,666**
Non-current liabilities			
Financial liabilities	6	10,237	11,576
Defined benefit obligation		343	428
Provisions	7	710	715
Deferred tax liabilities		416	407
Other non-financial liabilities		224	183
Total non-current liabilities		**11,930**	**13,309**
Total liabilities		**15,604**	**16,975**
Equity			
Equity attributable to equity holders of Swisscom Ltd		6,067	5,389
Equity attributable to minority interests		347	374
Total equity	8	**6,414**	**5,763**
Total liabilities and equity		**22,018**	**22,738**

Consolidated cash flow statement (condensed)

CHF in millions	Note	unaudited 1.1.–30.9.2009	1.1.–30.9.2008
Cash flows from operating activities			
Operating income before depreciation and amortisation (EBITDA)		3,580	3,615
Change in operating assets and liabilities and other payments or receipts from operating activities		(102)	(130)
Income taxes paid		(198)	(314)
Cash flow provided by operating activities		**3,280**	**3,171**
Cash flows from investing activities			
Capital expenditure		(1,315)	(1,365)
Proceeds from sale of fixed assets		20	16
Acquisition of shares in group companies	2	(37)	(44)
Proceeds from sale of group companies		4	–
Other cash flow from investing activities, net		837	1
Cash flow used in investing activities		**(491)**	**(1,392)**
Cash flows from financing activities			
Issuance and repayment of financial liabilities, net		(1,714)	(155)
Dividends paid to equity holders of Swisscom Ltd	9	(984)	(1,036)
Dividends paid to minority interests		(40)	(12)
Other cash flow from financing activities, net		(477)	(304)
Cash flow used in financing activities		**(3,215)**	**(1,507)**
(Net decrease) net increase in cash and cash equivalents		**(426)**	**272**
Cash and cash equivalents at beginning of year		958	957
Currency translation of cash and cash equivalents		4	(12)
Cash and cash equivalents at end of the period		**536**	**1,217**

Consolidated statement of changes of equity (condensed)

CHF in millions	Share capital	Additional paid-in capital	Retained earnings	Treasury shares	Other reserves	Attributable to equity holders of Swisscom	Attributable to minority interests	Total equity
	unaudited							
Balance at December 31, 2007	**57**	**370**	**7,364**	**(2,213)**	**(4)**	**5,574**	**430**	**6,004**
Net income	–	–	1,313	–	–	1,313	3	1,316
Other comprehensive income	–	–	–	–	(371)	(371)	(17)	(388)
Comprehensive income	**–**	**–**	**1,313**	**–**	**(371)**	**942**	**(14)**	**928**
Dividends paid	–	–	(1,036)	–	–	(1,036)	(12)	(1,048)
Share capital reduction	(4)	–	(1,471)	1,475	–	–	–	–
Purchase of treasury shares for share-based payments	–	–	–	(31)	–	(31)	–	(31)
Sale of treasury shares for share-based payments	–	–	(2)	31	–	29	–	29
Acquisition of subsidiaries	–	–	–	–	–	–	(2)	(2)
Balance at September 30, 2008	**53**	**370**	**6,168**	**(738)**	**(375)**	**5,478**	**402**	**5,880**
Balance at December 31, 2008	**53**	**370**	**6,611**	**(738)**	**(907)**	**5,389**	**374**	**5,763**
Net income	–	–	1,527	–	–	1,527	7	1,534
Other comprehensive income	–	–	–	–	136	136	3	139
Comprehensive income	**–**	**–**	**1,527**	**–**	**136**	**1,663**	**10**	**1,673**
Dividends paid	–	–	(984)	–	–	(984)	(40)	(1,024)
Share capital reduction	(1)	–	(737)	738	–	–	–	–
Purchase of treasury shares for share-based payments	–	–	–	(3)	–	(3)	–	(3)
Sale of treasury shares for share-based payments	–	–	–	2	–	2	–	2
Acquisition of subsidiaries	–	–	–	–	–	–	3	3
Balance at September 30, 2009	**52**	**370**	**6,417**	**(1)**	**(771)**	**6,067**	**347**	**6,414**

1 Accounting policies

Basis of preparation

These financial statements are the unaudited consolidated interim financial statements of Swisscom Ltd and all its subsidiaries controlled directly or indirectly by voting powers or otherwise. The consolidated interim financial statements for the nine-month period ended on September 30, 2009 were prepared in compliance with the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and should be read in conjunction with the consolidated annual financial statements for the financial year ended 2008, drawn up as at December 31. 2008. The consolidated interim financial statements have been prepared in compliance with the accounting policies described in the consolidated annual financial statements for the year ended 31 December, 2008, with the exception of the changes in accounting policies outlined below.

Preparing the consolidated interim financial statements requires management to make estimates and assumptions. Any changes to these estimates and assumptions are modified in the reporting period in which the estimates and assumptions are changed.

Swisscom operates in industries where significant seasonal or cyclical fluctuations are not experienced during the financial year.

Income taxes are calculated based on an estimate of the income tax rate expected for the full financial year.

A CHF/EUR exchange rate of 1.508 as the cut-off rate and 1.510 as the average rate was used for the consolidated interim financial statements.

Changes in accounting policies

Swisscom applied IFRS 8 “Operating Segments” (effective from January 1, 2009) earlier than required from the beginning of January 1, 2008.

Swisscom applied the changes in IAS 1 (revised) „Presentation of Financial Statements” and IAS 23 (revised) “Borrowing Costs” from January 1, 2009 with the effects outlined below. In addition Swisscom is applying further changes to the existing International Financial Reporting Standards (IFRS) and Interpretations which do not have a significant impact on the financial situation of the Group.

IAS 1 (revised) „Presentation of Financial Statements” (effective from January 1, 2009): The revised standard requires to disclose a statement of comprehensive income and to give additional information on the positions in the other comprehensive income. Furthermore, changes in equity resulting from transactions with shareholders and other changes in equity are to be presented separately. A balance sheet is also to be presented at the beginning of the comparative period when there is a retrospective adjustment in the previous year’s figures or if items in the financial statements are reclassified. The revised standard foresees new amended titles for the components of the financial statements. These are not mandatory, however.

IAS 23 (revised) «Borrowing Costs» (effective from January 1, 2009). IAS 23 (revised) requires that companies capitalise borrowing costs that are directly attributable to the purchase or production of a qualifying asset. The option of recognising borrowing costs as an expense in the period in which they are incurred is eliminated. The revised standard is to be applied prospectively from January 1, 2009. In the first nine months borrowing costs of CHF 10 million were capitalised.

IFRIC 18 “Transfers of Assets from Customers” (effective for transfers of assets from July 1, 2009): IFRIC 18 clarifies the treatment where an entity receives assets from a customer. The application of this new interpretation of IFRIC 18 did not have a material impact on the consolidated financial statements.

Swisscom is currently examining the potential effects of other new and revised IFRS and interpretations which must be applied at the earliest from October 1, 2009.

Changes to useful lives of property, plant and equipment

As a result of a regulatory decision by the Federal Communications Commission (ComCom) on October 9, 2008 concerning interconnection prices, the useful lives of cables were reviewed in the first quarter of 2009. In the past Swisscom has applied useful lives of 15 to 20 years for cables. Due to this review and taking into account the economic view, the useful life of copper cable has been increased from 15 to the range of 20 to 30 years and for fiber cable from 15 to 20 years. The change is being made in line with IAS 8 prospectively from January 1, 2009. The effect on depreciation and amortisation for the 2009 financial year as a whole will be around CHF 100 million, of which CHF 75 million will take effect in the first nine months of 2009.

2 Business combinations

Payments totalling CHF 37 million were made in the first nine months of 2009 for the acquisition of group companies. This is made up of CHF 11 million for deferred purchase price payments from previous years and CHF 26 million for subsidiaries acquired in 2009. The newly acquired companies are aggregated in the financial statements as non-significant business combinations.

On June 30, 2009 Swisscom IT Services completed the acquisition of a 60% stake in Sourcag AG, which operates in the field of standardised back office services in securities processing and payment transactions for banks.

On June 30, 2009 Swisscom IT Services acquired 100% of shares in Resource AG. Resource AG plans, develops and implements SAP-based computer solutions both for small and medium-sized enterprises as well as for corporate business.

The business combinations in 2009 are provisionally included in the consolidated financial statements as at September 30, 2009, since, at the time the financial statements were prepared, Swisscom was not in a position to finalise the purchase price allocation for these transactions. Goodwill of CHF 35 million was recognised based on the provisional purchase price allocation. The effects of the business combinations on net revenue and net income in the first nine months of 2009 are not material.

3 Segment information

The definition of reportable operating segments is based on the management approach. Accordingly, external segment reporting is based on the group internal organisational and management structure, as well as internal reports to the Chief Operation Division Maker. Swisscom's Chief Operation Decision Maker is the Board of Directors of Swisscom Ltd.

Reporting will be divided into the segments "Residential Customers", "Small and Medium-Sized Enterprises", "Corporate Business", "Wholesale" and "Networks" which belong to Swisscom Switzerland, as well as "Fastweb" and "Other operating segments". In addition "Group Headquarters", which includes not allocated costs, will be presented separately.

The business divisions of Swisscom Switzerland are disclosed as individual operating segments. The supporting functions of financing, human resources and strategy of Swisscom Switzerland have been centralised in the division "Networks". Revenue and segment results correspond to the internal reporting system. No respective network costs are charged for the financial management of customer segments. The results of the customer segments "Residential Customers", "Small and Medium-Sized Enterprises", "Corporate Business" and the "Wholesale" division therefore correspond to a contribution margin before network costs. Network costs are planned, monitored and controlled by the "Networks" segment. The "Networks" segment is managed as a cost centre. Consequently no revenue is credited to the "Networks" segment. The segment result of the segment "Networks" consists of operating expenses and depreciation and amortisation less capitalised costs and other income. The total segment result of Swisscom Switzerland is equivalent to the operating result (EBIT) of Swisscom Switzerland.

Fastweb is the second-largest fixed network operator and leading provider of IP-based services in Italy and is included in the consolidated financial statements as a separate segment. It is reported as one single unit to Swisscom's Board of Directors.

"Other operating segments" comprises mainly Swisscom IT Services, Swisscom Participations and Hospitality Services. Swisscom IT Services mainly comprises the group companies Swisscom IT Services AG and Comit AG. Swisscom Participations mainly comprises Swisscom Broadcast AG, Swisscom Immobilien AG, Cablex AG, Billag AG, Alphapay AG, Curabill AG, the Sicap Group as well as the Minick Group until its sale in September 2008.

"Group Headquarters", which includes not allocated costs, mainly comprises Group Headquarters divisions and the employment company Worklink AG.

The segment result of "Fastweb" and "Other operating segments" is equivalent to the operating income (EBIT). This comprises net revenue from external customers and other segments less segment expenses and depreciation, amortisation and impairment on property, plant and equipment and intangible assets. Segment expenses include goods and services purchased, personnel expenses and other operating expenses less capitalised costs and other income.

"Group Headquarters" does not charge any management fees and the "Networks" segment does not charge any network costs to other segments for financial management. Other intersegment services are settled at market prices. Intragroup gains and losses may occur as a result of billing intersegment services and sales of assets. These are eliminated in the consolidated financial statements and disclosed in segment reporting in the column "Elimination".

Various organisational units were transferred within the segments of Swisscom Switzerland and between Swisscom IT Services and the "Networks" segment on January 1, 2009. This mainly concerns the transfer of the solutions business (field services) from the "Residential Customers" segment to the "Corporate Business" and "Networks" segments and the transfer of an IT department from Swisscom IT Services to "Networks". Adjustments to net revenue and segment results of the individual segments are note material. The previous year's figures have been adjusted accordingly.

Net revenue and operating results of the individual segments as well as the reconciliation on net income in the first nine months of 2008 and 2009 are presented in the following table:

1.1.–30.9.2009 CHF in millions	Swisscom Switzerland	Fastweb	Other operating segments	Group Head-quarters	Elimi-nation	Total
Net revenue from external customers	6,270	2,054	600	1	–	8,925
Intersegment net revenue	58	7	649	4	(718)	–
Net revenue	**6,328**	**2,061**	**1,249**	**5**	**(718)**	**8,925**
Segment result	**2,110**	**49**	**101**	**(107)**	**2**	**2,155**
Financial income and financial expense, net	–	–	–	–	–	(265)
Share of profit of investments in associates	–	–	–	–	–	29
Income before income taxes	**–**	**–**	**–**	**–**	**–**	**1,919**
Income tax expense	–	–	–	–	–	(385)
Net income	**–**	**–**	**–**	**–**	**–**	**1,534**

1.1.–30.9.2009 CHF in millions	Residential Customers	Small and Medium-Sized Enterprises	Corporate Business	Wholesale (unaudited)	Networks	Elimination	Swisscom Switzerland
Net revenue from external customers	3,534	823	1,241	672	–	–	6,270
Intersegment net revenue	216	43	113	422	–	(736)	58
Net revenue	**3,750**	**866**	**1,354**	**1,094**	**–**	**(736)**	**6,328**
Segment result	**2,162**	**636**	**669**	**382**	**(1,740)**	**1**	**2,110**

1.1.–30.9.2008 CHF in millions, restated	Swisscom Switzerland	Fastweb	Other operating segments	Group Head-quarters	Elimi-nation	Total
Net revenue from external customers	6,422	1,991	671	1	–	9,085
Intersegment net revenue	63	–	687	4	(754)	–
Net revenue	**6,485**	**1,991**	**1,358**	**5**	**(754)**	**9,085**
Segment result	**2,097**	**31**	**80**	**(140)**	**(2)**	**2,066**
Financial income and financial expense, net	–	–	–	–	–	(395)
Share of profit of investments in associates	–	–	–	–	–	28
Income before income taxes	**–**	**–**	**–**	**–**	**–**	**1,699**
Income tax expense	–	–	–	–	–	(383)
Net income	**–**	**–**	**–**	**–**	**–**	**1,316**

1.1.–30.9.2008 CHF in millions, restated	Residential Customers	Small and Medium-Sized Enterprises	Corporate Business	Wholesale (unaudited)	Networks	Elimi-nation	Swisscom Switzerland
Net revenue from external customers	3,585	821	1,290	726	–	–	6,422
Intersegment net revenue	261	44	116	508	–	(866)	63
Net revenue	**3,846**	**865**	**1,406**	**1,234**	**–**	**(866)**	**6,485**
Segment result	**2,203**	**613**	**669**	**440**	**(1,830)**	**2**	**2,097**

4 Net financial result

CHF in millions	unaudited 1.1.–30.9.2009	1.1.–30.9.2008
Interest income	43	81
Interest expense	(244)	(327)
Net interest expense	**(201)**	**(246)**
Foreign exchange gains (foreign exchange losses)	21	(1)
Other financial income and expense, net	(85)	(148)
Financial income and financial expense, net	**(265)**	**(395)**

In the third quarter of 2009 hedge relationships designated as cash flow hedges were terminated in connection with the premature repayment of bank loans. The accumulated loss of CHF 59 million was transferred from other reserves in equity to other financial expense in the income statement.

Other financial result includes the recognition of provisions in the second quarter of 2008 of CHF 126 million in connection with the early termination of cross-border lease agreements. See Note 6.

5 Non-current assets held for sale

Non-current assets held for sale as at September 30, 2009 include the carrying amount of real estate of CHF 12 million which is scheduled to be sold in the next twelve months. The scheduled sales are part of Swisscom Immobilien AG's plan to optimise use of buildings.

6 Financial liabilities

CHF in millions	unaudited 30.09.2009	31.12.2008
Finance lease obligation	10	9
Other interest bearing financial liabilities	194	147
Other financial liabilities	13	60
Total current financial liabilities	**217**	**216**
Bank loans	3,327	6,140
Bonds	4,776	2,032
Private placements	1,366	1,339
Financial liabilities from cross-border lease agreements	15	1,087
Finance lease obligation	489	493
Derivative financial instruments	247	457
Other financial liabilities	17	28
Total non-current financial liabilities	**10,237**	**11,576**
Total financial liabilities	**10,454**	**11,792**

Bond emissions

On April 8, 2009 Swisscom placed a bond with a value of CHF 1,250 million. The coupon amounts to 3.50% with a term until 2014. The bond was used in full to repay existing bank loans.

On September 14, 2009 Swisscom placed a bond with a value of CHF 1,500 million. The coupon amounts to 3.25% with a term until 2018. The bond was used in full to repay existing bank loans.

Financial liabilities from cross-border lease agreements

Between 1996 and 2002, Swisscom entered into various cross-border lease agreements, under the terms of which parts of its fixed and mobile networks were to be sold or leased long-term and then leased back. Swisscom defeased a major part of the lease obligations through highly rated financial assets and several payment undertaking agreements. The financial assets were irrevocably placed with a trust. The payment undertaking agreements were signed with financial institutions with a high credit standing. In accordance with Interpretation SIC 27 "Evaluating the substance of transactions involving the legal form of a lease", these financial assets or payment undertaking agreements and the liabilities in the same amount are offset and not presented in the balance sheet. As of December 31, 2008 the financial liabilities resulting from these transactions including interest totalled USD 3,503 million (CHF 3,745 million) and financial assets totalled USD 3,240 million (CHF 3,457 million) respectively. Of this amount USD 2,482 million (CHF 2,649 million) are not disclosed in the balance sheet in accordance with SIC 27. Of the financial liabilities of CHF 1,097 million presented, CHF 808 million were covered by financial assets.

In the first six months of 2008 Swisscom concluded an agreement on the premature termination of three quarters of the cross-border lease volume. The completion of the termination agreements by the related parties was subject to official approval. As a result of the termination of the agreements, provisions of CHF 126 million were recognised through financial expense for the first time in the second quarter of 2008. The takeover of financial assets resulting from this termination in the second half of 2008 led to an increase in provisions as at December 31, 2008 of CHF 132 million which were not affecting net income. In the past, pre-tax income from completion of the terminated transactions totalling CHF 227 million (CHF 293 million for the total transactions) was recognised as financial income on the transaction date in accordance with SIC 27. After obtaining official approval, the early termination was completed in the second quarter of 2009.

In addition, other cross-border lease agreements were terminated and paid back in the first nine months of 2009.

As of September 30, 2009 the financial liabilities resulting from these cross-border lease agreements including interest totalled USD 267 million (CHF 275 million) and the financial assets totalled USD 260 million (CHF 268 million) respectively. Of this amount USD 252 million (CHF 260 million) are not presented in the balance sheet in accordance with SIC 27. Of the financial liabilities of CHF 15 million presented, CHF 8 million were covered by financial assets.

7 Provisions and contingent liabilities

On September 30, 2009 provisions for the current interconnection and access services proceedings involving Swisscom Switzerland amounted to CHF 215 million. On December 31, 2008 provisions amounted to CHF 296 million. Payments in the first nine months of 2009 amounted to CHF 93 million.

In the proceedings in connection with mobile termination prices, the competition commission (WEKO) imposed sanctions of CHF 333 million on February 5, 2007. In view of its legal assessment Swisscom is of the opinion that it is unlikely that sanctions will be imposed and has therefore not recognised any provisions in the consolidated financial statements as at September 30, 2009.

On November 12, 2008 the WEKO Secretariat provided Swisscom with its draft decision for the imposition of sanctions amounting to CHF 237 million on the grounds that Swisscom has abused their market-dominant position in ADSL services with a request for comment. In view of its legal assessment Swisscom is of the opinion that it is unlikely that sanctions will be imposed and has therefore not recognised any provisions in the consolidated financial statements as at September 30, 2009.

If the court rules that Swisscom has abused the market, civil claims could be asserted against the company. Swisscom considers it unlikely that such civil claims could be asserted.

Swisscom recognised last year provisions amounting to CHF 258 million in connection with the premature termination of three quarters of the cross-border lease agreement volume. The completion of the premature termination of the agreements and the settlement payment of CHF 258 million was completed in the second quarter of 2009. See Note 6.

Other provisions included in the consolidated annual financial statements for the 2008 financial year and other contingent liabilities disclosed in the notes have not changed significantly during the current financial year.

8 Equity

At the General Meeting of Shareholders on April 21, 2009 Swisscom Ltd shareholders approved the reduction of the share capital by CHF 1,639,057 to CHF 51,801,943 through the destruction of treasury shares bought back during the share buy-back scheme in 2006. The shares were destroyed in July 2009.

In the first six months of 2009, Swisscom purchased 8,924 treasury shares for an amount of CHF 3 million. Of these 5,535 shares were given to members of the Group Executive Board and the Board of Directors as part of the share-based payment scheme.

9 Dividends

On April 21, 2009, the General Meeting of Shareholders of Swisscom Ltd approved the payment of a dividend of CHF 19 per share. The dividend payment totalling CHF 984 million was effected on April 24, 2009.

10 Related-party transactions

The transactions between Swisscom and related parties during the first nine months of 2009 are similar to those transactions described in the 2008 consolidated annual financial statements.

11 Events after the balance sheet date

Approval of the interim report

The Swisscom AG Board of Directors approved the release of this interim report on November 10, 2009.

Acquisition of Weco Inkasso AG

On October 30, 2009 Swisscom acquired all the shares of Weco Inkasso AG. The Weco Inkasso AG is a Swiss company operating in the field of loss certificate management and debt collection for banks.

Decision of the Competition Commission (WEKO) on November 5, 2009 concerning ADSL services

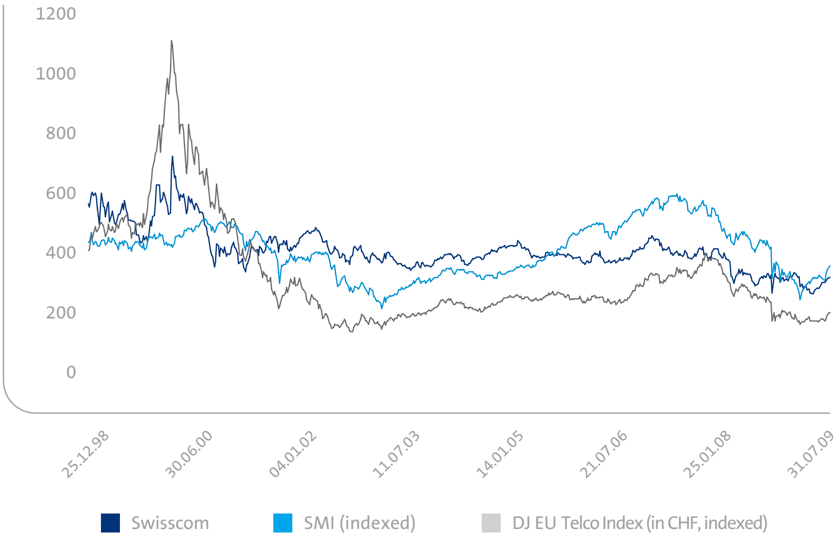
In a decision on November 5, 2009 the Competition Commission (WEKO) imposed sanctions amounting to CHF 220 million on the grounds that Swisscom has abused their market-dominant position in ADSL services. Swisscom refutes the accusation of price squeezing and abusing its position and will lodge an appeal against the sanction with the Federal Administrative Court.

Share information

31.12.2008 – 30.09.2009	virt-x
Closing price at 30.09.2009 [1]	CHF 370.75
Closing price at 31.12.2008 [1]	CHF 339.50
Year high [1]	CHF 388.25
Year low [1]	CHF 291.25
Total trading volume	27 815 980
Daily average	147 957
Total trade volume in millions	CHF 9 304.32
Daily average in millions	CHF 49.49

Source: Bloomberg
1 paid prices

Performance of the Swisscom share on the virt-x



Share information

On September 30, 2009 the company's share capital consists of 51,801,943 registered shares, of which the Swiss Confederation holds the majority in accordance with the Telecommunications Enterprise Act. The nominal value per registered share amounts to CHF 1.

On September 30, 2009 Swisscom had 51,185 registered shareholders and an average non-allotted share level of approximately 14%.

At the General Meeting of Shareholders on April 21, 2009 Swisscom Ltd. shareholders approved the reduction of the share capital by CHF 1,639,057 to CHF 51,801,943 through the destruction of treasury shares bought back during the share buy-back scheme in 2006. The shares were destroyed in July 2009.

The dividend payment of CHF 19 gross per share, agreed at the General Meeting of Shareholders on April 21, 2009, was effected on April 24, 2009.

Each share entitles the holder to one vote. Voting rights can only be exercised if the shareholder has been entered with voting rights in the Swisscom share register. However, the Board of Directors may refuse to enter a shareholder in the share register together with voting rights if such voting rights exceed 5% of the company's overall share capital.

Financial calendar

February 18, 2010	Annual result 2009
April 27, 2010	General Meeting of Shareholders

Trading locations

Swisscom shares are quoted on the SIX Swiss Exchange and are traded on the SIX Swiss Exchange under the symbol "SCMN" (Security ID: 874251) and in the form of American Depositary Receipts (ADR) at a ratio of 1:10 in the USA (Over The Counter, Level 1 Program) under the symbol "SCMWY" (Pink Sheet ID: 69769).

Stock exchange	Bloomberg	Reuters	Telekurs
SIX Swiss Exchange	SCMN, VX	SCM.VX	SCMN, VTX

Quarterly review 2008 und 2009

CHF in millions	1. quarter	2. quarter	3. quarter	4. quarter	2008	1. quarter	2. quarter	3. quarter	4. quarter	30.09.09
Net revenue	**2,933**	**3,058**	**3,094**	**3,113**	**12,198**	**2,916**	**3,001**	**3,008**		**8,925**
Goods and services purchased	(627)	(674)	(768)	(728)	(2,797)	(623)	(655)	(664)		(1,942)
Personnel expenses	(641)	(620)	(592)	(613)	(2,466)	(654)	(650)	(606)		(1,910)
Other operating expenses	(582)	(661)	(628)	(729)	(2,600)	(587)	(630)	(585)		(1,802)
Capitalised costs and other income	78	163	82	131	454	82	135	92		309
Operating income (EBITDA)	**1,161**	**1,266**	**1,188**	**1,174**	**4,789**	**1,134**	**1,201**	**1,245**		**3,580**
Depreciation, amortisation and impairment	(507)	(523)	(519)	(600)	(2,149)	(472)	(477)	(476)		(1,425)
Operating income (EBIT)	**654**	**743**	**669**	**574**	**2,640**	**662**	**724**	**769**		**2,155**
Net financial result	(113)	(212)	(70)	(93)	(488)	(63)	(66)	(136)		(265)
Share of profit of investments in associates	6	12	10	19	47	8	12	9		29
Income tax expense	(122)	(122)	(139)	(65)	(448)	(122)	(134)	(129)		(385)
Net income	**425**	**421**	**470**	**435**	**1,751**	**485**	**536**	**513**		**1,534**
Attributable to equity holders of Swisscom Ltd	428	412	473	443	1,756	485	530	512		1,527
Attributable to minority interests	(3)	9	(3)	(8)	(5)	–	6	1		7
Net revenue by segments [1]										
Swisscom Switzerland	2,117	2,162	2,206	2,196	8,681	2,079	2,113	2,136		6,328
Fastweb	618	686	687	707	2,698	664	719	678		2,061
Other Operating segments	440	472	446	476	1,834	407	411	431		1,249
Group Headquarters	1	2	2	1	6	1	2	2		5
Intersegment elimination	(243)	(264)	(247)	(267)	(1,021)	(235)	(244)	(239)		(718)
Total net revenue	**2,933**	**3,058**	**3,094**	**3,113**	**12,198**	**2,916**	**3,001**	**3,008**		**8,925**
Operating income before depreciation and amortisation (EBITDA)										
Swisscom Switzerland	947	971	934	916	3,768	919	938	967		2,824
Fastweb	179	260	205	220	864	182	217	211		610
Other Operating segments	83	95	94	77	349	62	91	102		255
Group Headquarters	(43)	(60)	(35)	(38)	(176)	(34)	(34)	(32)		(100)
Intersegment elimination	(5)	–	(10)	(1)	(16)	5	(11)	(3)		(9)
Total operating income (EBITDA)	**1,161**	**1,266**	**1,188**	**1,174**	**4,789**	**1,134**	**1,201**	**1,245**		**3,580**
Capital expenditure										
Swisscom Switzerland	239	248	241	443	1,171	207	272	291		770
Fastweb	161	202	162	166	691	124	202	146		472
Other Operating segments	29	41	44	77	191	21	40	20		81
Group Headquarters	–	6	2	2	10	–	1	1		2
Intersegment elimination	(9)	6	(7)	(3)	(13)	(1)	(6)	(3)		(10)
Total capital expenditure	**420**	**503**	**442**	**685**	**2,050**	**351**	**509**	**455**		**1,315**
Operating free cash flow	751	608	765	352	2,476	693	659	791		2,143
Number of full-time equivalent employees at end of period	19,718	19,795	19,995	19,943	19,943	20,102	19,970	19,704		19,704

1 Includes intersegment revenue.

CHF in millions, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2008	1. quarter	2. quarter	3. quarter	4. quarter	30.09.09
Swisscom Switzerland										
Net revenue and results										
Residential Customers	559	562	653	593	2,367	546	578	603		1,727
Small and Medium-Sized Enterprises	99	107	113	111	430	105	112	116		333
Corporate Business	137	148	148	143	576	138	144	143		425
Wholesale	112	109	109	100	430	95	92	100		287
Mobile revenue	**907**	**926**	**1,023**	**947**	**3,803**	**884**	**926**	**962**		**2,772**
Residential Customers	361	363	366	362	1,452	368	365	363		1,096
Small and Medium-Sized Enterprises	90	90	91	89	360	89	89	90		268
Corporate Business	42	41	42	41	166	40	41	40		121
Wholesale	45	48	47	48	188	41	42	41		124
Wireline accesss revenue	**538**	**542**	**546**	**540**	**2,166**	**538**	**537**	**534**		**1,609**
Residential Customers	164	159	154	158	635	153	145	143		441
Small and Medium-Sized Enterprises	59	60	58	58	235	59	57	57		173
Corporate Business	44	44	44	45	177	41	39	40		120
Wholesale	57	47	39	53	196	47	44	46		137
Wireline traffic revenue	**324**	**310**	**295**	**314**	**1,243**	**300**	**285**	**286**		**871**
Residential Customers	81	89	74	76	320	85	98	87		270
Small and Medium-Sized Enterprises	18	20	16	18	72	16	17	16		49
Corporate Business	191	205	204	231	831	192	191	192		575
Wholesale	39	43	31	48	161	45	39	40		124
Other revenue	**329**	**357**	**325**	**373**	**1,384**	**338**	**345**	**335**		**1,018**
Residential Customers	1,165	1,173	1,247	1,189	4,774	1,152	1,186	1,196		3,534
Small and Medium-Sized Enterprises	266	277	278	276	1,097	269	275	279		823
Corporate Business	414	438	438	460	1,750	411	415	415		1,241
Wholesale	253	247	226	249	975	228	217	227		672
Revenue from external customers	**2,098**	**2,135**	**2,189**	**2,174**	**8,596**	**2,060**	**2,093**	**2,117**		**6,270**
Segment result before depreciation and amortisation										
Residential Customers	744	772	732	714	2,962	725	751	754		2,230
Small and Medium-Sized Enterprises	200	207	207	202	816	214	207	217		638
Corporate Business	226	236	238	243	943	231	239	237		707
Wholesale	146	158	136	163	603	128	124	130		382
Networks	(369)	(402)	(378)	(406)	(1,555)	(379)	(382)	(371)		(1,132)
Intersegment elimination	–	–	(1)	–	(1)	–	(1)	–		(1)
Segment result (EBITDA)	**947**	**971**	**934**	**916**	**3,768**	**919**	**938**	**967**		**2,824**
Margin as % of net revenue	44.7	44.9	42.3	41.7	43.4	44.2	44.4	45.3		44.6

	1. quarter	2. quarter	3. quarter	4. quarter	2008	1. quarter	2. quarter	3. quarter	4. quarter	30.09.09
Swisscom Switzerland										
Operational data										
Residential Customers	2,868	2,854	2,842	2,826	2,826	2,795	2,764	2,728		2,728
Small and Medium-Sized Enterprises	509	512	510	511	511	512	512	512		512
Corporate Business	288	288	288	286	286	284	282	280		280
Number of PSTN/ISDN lines in thousands	**3,665**	**3,654**	**3,640**	**3,623**	**3,623**	**3,591**	**3,558**	**3,520**		**3,520**
Residential Customers	1,050	1,078	1,101	1,148	1,148	1,192	1,222	1,247		1,247
Small and Medium-Sized Enterprises	148	152	153	158	158	162	164	168		168
Corporate Business	18	19	19	19	19	19	19	20		20
Wholesale	439	450	448	431	431	410	390	363		363
Number of broadband access lines in thousands	**1,655**	**1,699**	**1,721**	**1,756**	**1,756**	**1,783**	**1,795**	**1,798**		**1,798**
Residential Customers	2,091	2,102	2,139	2,172	2,172	2,177	2,193	2,219		2,219
Small and Medium-Sized Enterprises	380	392	399	411	411	422	430	440		440
Corporate Business	591	623	654	666	666	681	695	714		714
Mobile subscribers postpaid in thousands	**3,062**	**3,117**	**3,192**	**3,249**	**3,249**	**3,280**	**3,318**	**3,373**		**3,373**
Residential Customers	2,038	2,064	2,092	2,121	2,121	2,134	2,160	2,170		2,170
Mobile subscribers prepaid in thousands	**2,038**	**2,064**	**2,092**	**2,121**	**2,121**	**2,134**	**2,160**	**2,170**		**2,170**
Residential Customers	44	44	45	44	44	40	42	44		42
Small and Medium-Sized Enterprises	94	99	101	96	97	88	94	95		93
Corporate Business	81	83	82	76	80	71	72	71		72
ARPU mobile per month in CHF	**52**	**53**	**54**	**52**	**53**	**48**	**50**	**50**		**49**
Residential Customers	92	95	95	95	94	94	94	94		94
Small and Medium-Sized Enterprises	199	211	202	200	203	189	202	202		199
Corporate Business	194	202	183	186	191	175	178	171		176
AMPU mobile per month in minutes	**112**	**116**	**114**	**114**	**114**	**111**	**113**	**113**		**112**
Bluewin TV subscribers in thousands	64	80	95	118	118	139	165	186		186
Unbundled access lines in thousands	2	4	12	31	31	57	82	115		115
Traffic retail in million minutes	2,698	2,620	2,440	2,581	10,339	2,596	2,373	2,303		7,272
Traffic wholesale in million minutes	3,468	3,218	3,002	3,190	12,878	3,095	2,820	2,616		8,531
Fastweb (EUR in millions)										
Residential Customers	164	167	155	171	657	176	171	172		519
Small and Medium-Sized Enterprises	93	95	92	99	379	102	105	100		307
Corporate Business	132	163	180	196	671	166	199	174		539
Net revenue	**389**	**425**	**427**	**466**	**1,707**	**444**	**475**	**446**		**1,365**
Segment result (EBITDA)	113	161	127	147	548	122	143	139		404
Number of subscribers in thousands	1,338	1,398	1,441	1,483	1,483	1,542	1,575	1,605		1,605

Cautionary statement regarding forward-looking statements

The interim report is published in German and English. The German version is binding.

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