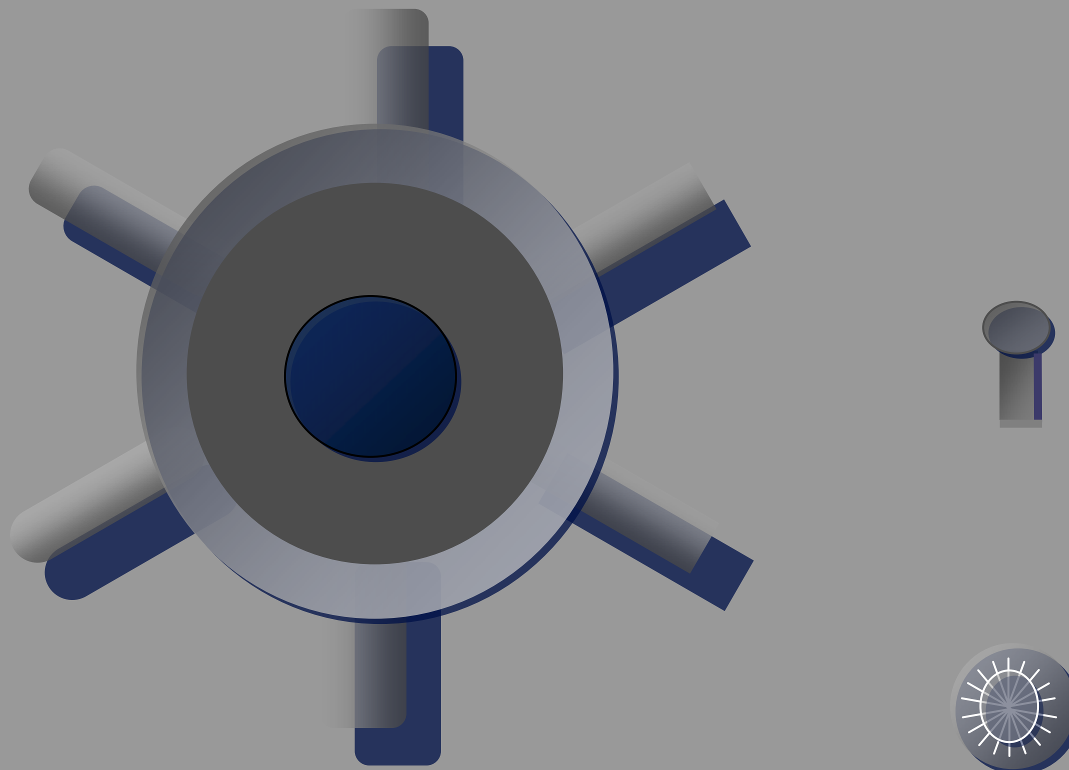
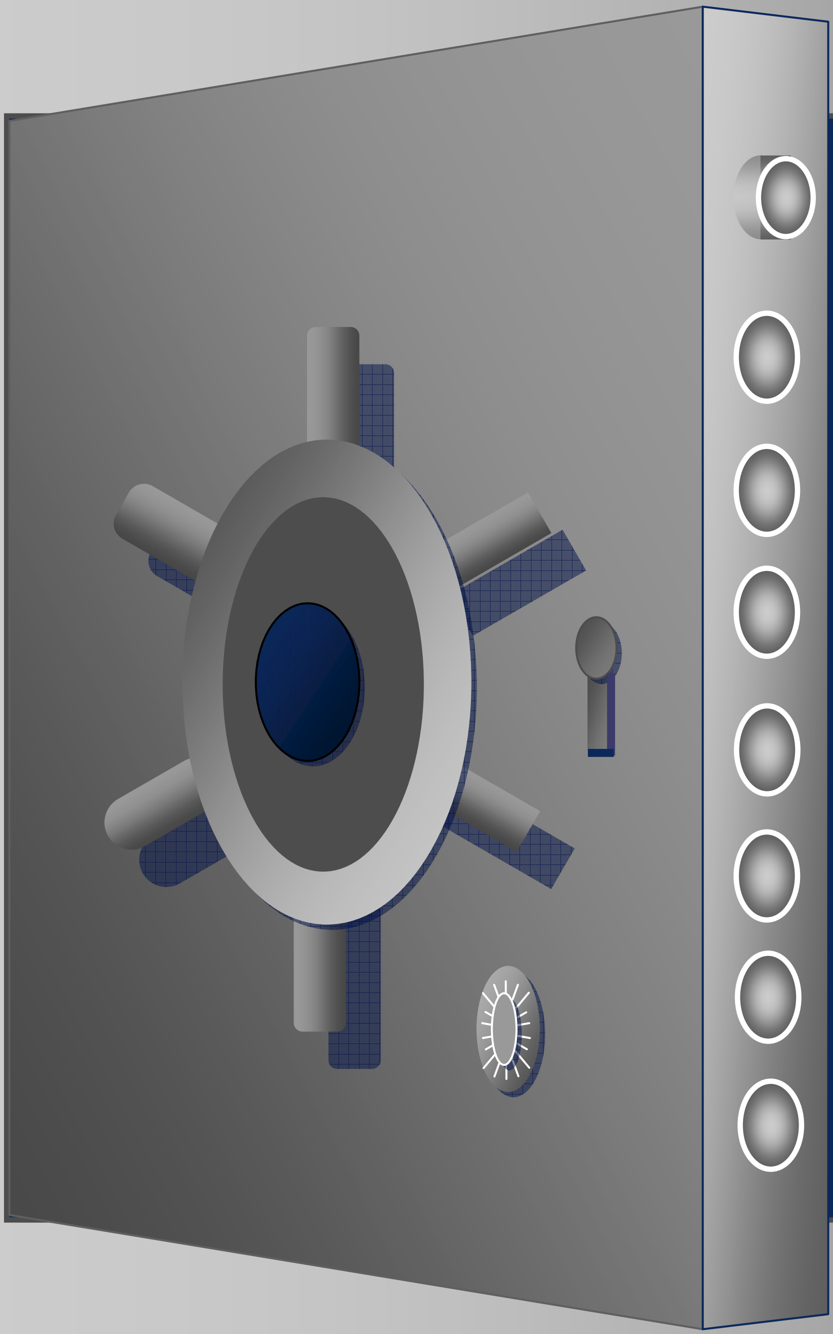
2004 Results – "SAFE-ly Swisscom"



Analysts' Meeting, Zurich, 10 March 2005



Content

0. Introduction and Overview

Jens Alder (CEO Swisscom)

1. Wireline Business

Adrian Bult (CEO Swisscom Fixnet)

2. Wireless Business

Carsten Schloter (CEO Swisscom Mobile)

3. Business Strategy

Mike Shipton (CSO Swisscom)

4. Financial Strategy

Ueli Dietiker (CFO Swisscom)

5. Conclusion and Outlook

Jens Alder (CEO Swisscom)

Appendix

backup slides with selected details

"Safe" harbor

swisscom

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 past and future filings and reports filed with SWX Swiss Exchange and the U.S. Securities and Exchange Commission and posted on our websites.

Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication.

Swisscom disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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o. Introduction and overview
Jens Alder,
CEO Swisscom

a. 2004, another year of strong returns

b. Corporate developments, going concern

c. Corporate developments, non-organic

d. Selected highlights

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2004, another year of strong returns

Overall again solid financial results

Stable Equity Free Cash Flow (EFCF) in 2004:

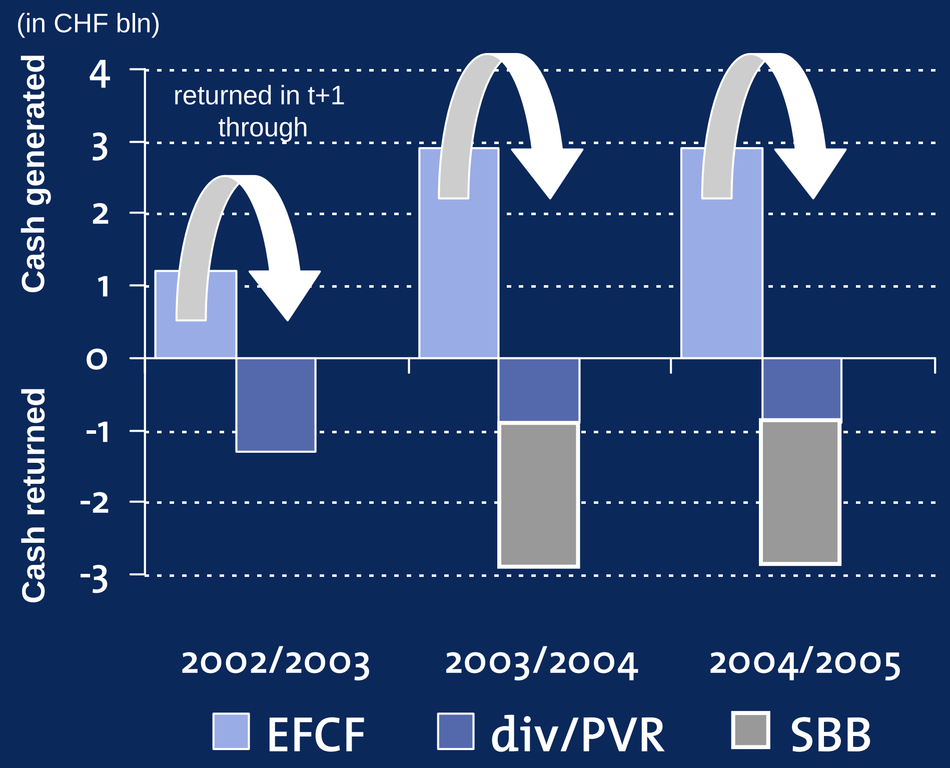
CHF 2.913 bln (exactly the same as in 2003)

EFCF to be returned to shareholders during 2005:

Proposed **dividend** of CHF 14/share (up from CHF 13 in 2003)

Share buyback of 2 bln, again to be bought at market

3-years of return policy:



EFCF representing > 10% of marketcap. to be returned in 2005

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Corporate developments, going concern

- **Extended business scope** by gaining access to content through acquisition **Cinetrade** *)

  *) Approved by competition committee. Transfer of TV license still pending

- **Improved customer focus** by merging Swisscom Systems with Swisscom ES into **Swisscom Solutions** per 1.1.05

- **Drove efforts to grow Swisscom IT Services:**
  - winning several outsourcing contracts
  - regaining full control by buying out AGI's minority stake of 28.9%

CINETRADE

swisscom solutions

CREDIT SUISSE
swiss Swiss International Air Lines
KPT CPT
CSS Versicherung
ascom

swisscom IT services

Extended, focused and regained control of key operations

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Corporate developments, non-organic

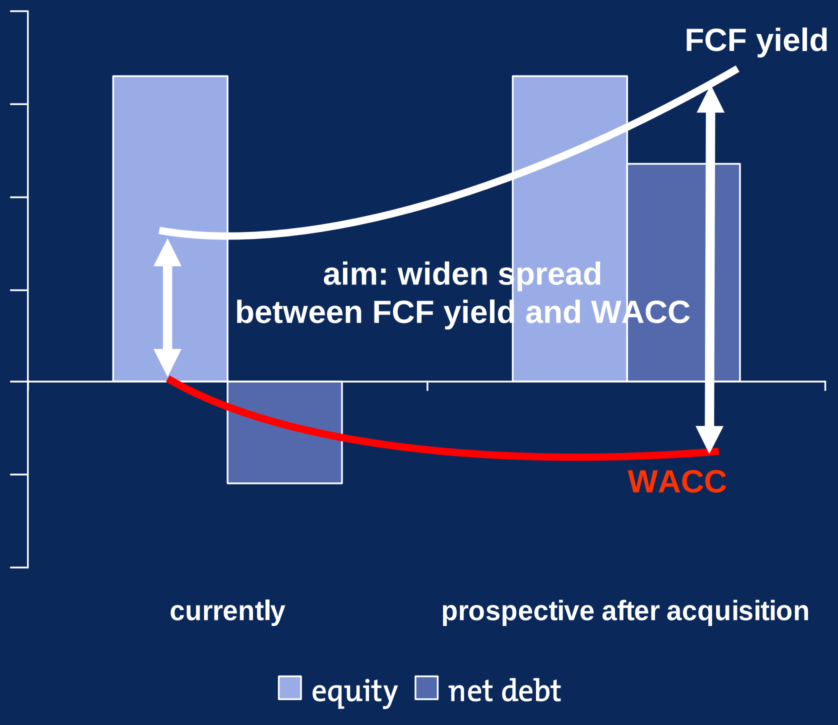
Why look for acquisitions?

improve **spread** between FCF yield and WACC:

- lowering WACC by using debt funding only. Improve capital efficiency, **address opportunity cost** of unlevered balance sheet
- improve FCF yield by buying into **cash flow accretive** operations

Targets?

- **Telekom Austria** in 2004: failed due to political considerations
- **Cesky Telecom** in 2005: currently participating in auction, non-binding offer submitted in February



Acquisitions as an opportunity to ... address opportunity costs

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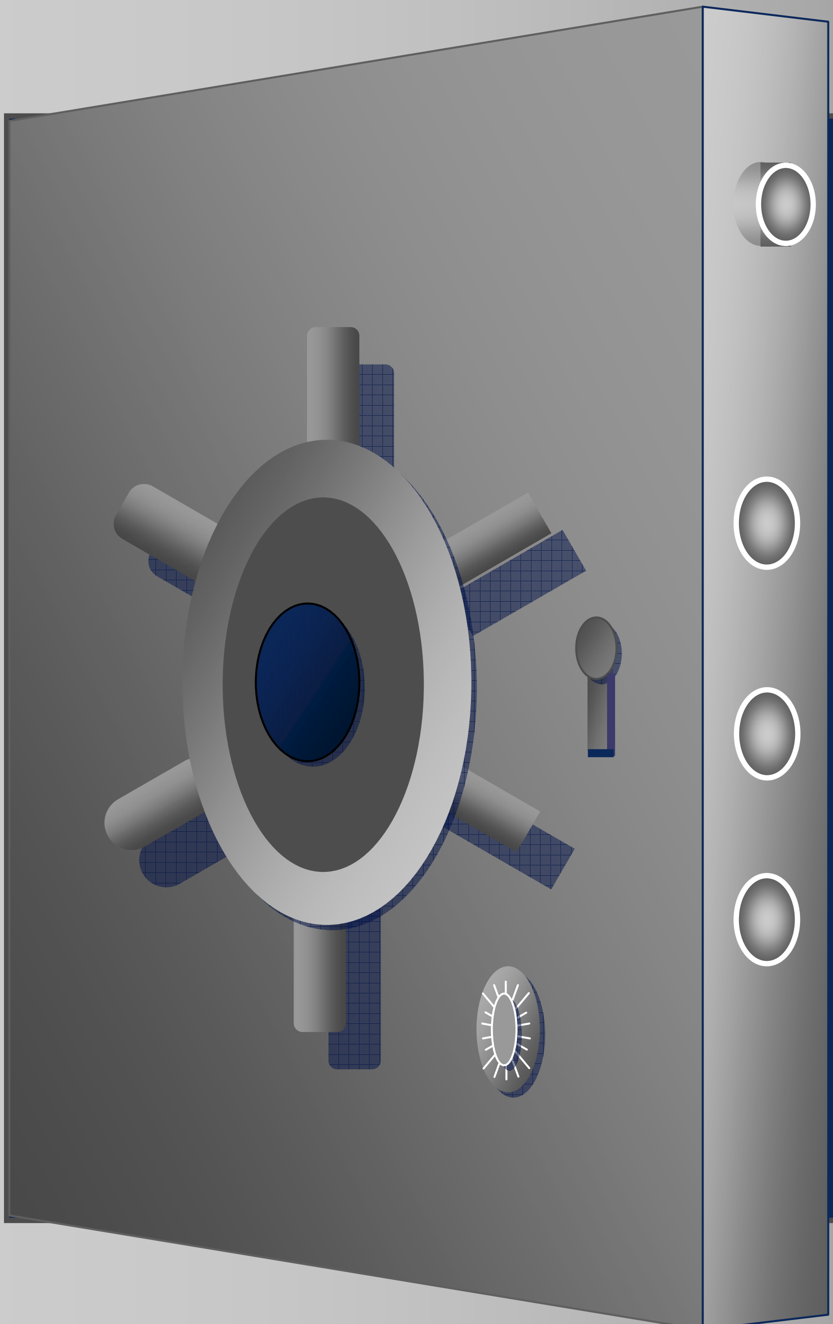
Selected highlights of the other presentations

1. **Wireline Business,** Adrian Bult
   a. improved bottom line – against industry trend
   b. increasing dynamics in product and service portfolio and pricing policy
2. **Wireless Business,** Carsten Schloter
   a. operationally a year with successful investment into top line growth
   b. technology wise ahead of the curve with innovations that enthuse customers
3. **Business Strategy,** Mike Shipton
   a. Swisscom "pure" again after successful sale debitel and Infonet
   b. Swisscom looking for growth through both ventures and acquisitions
4. **Financial Strategy,** Ueli Dietiker
   a. considerations how leverage could add value
   b. while still offering strong return yields to shareholders

These highlights – and more – in the following chapters



1. Wireline Business

Adrian Bult,
CEO Swisscom Fixnet

a. Financial highlights

b. Operational highlights

c. Trends & plans

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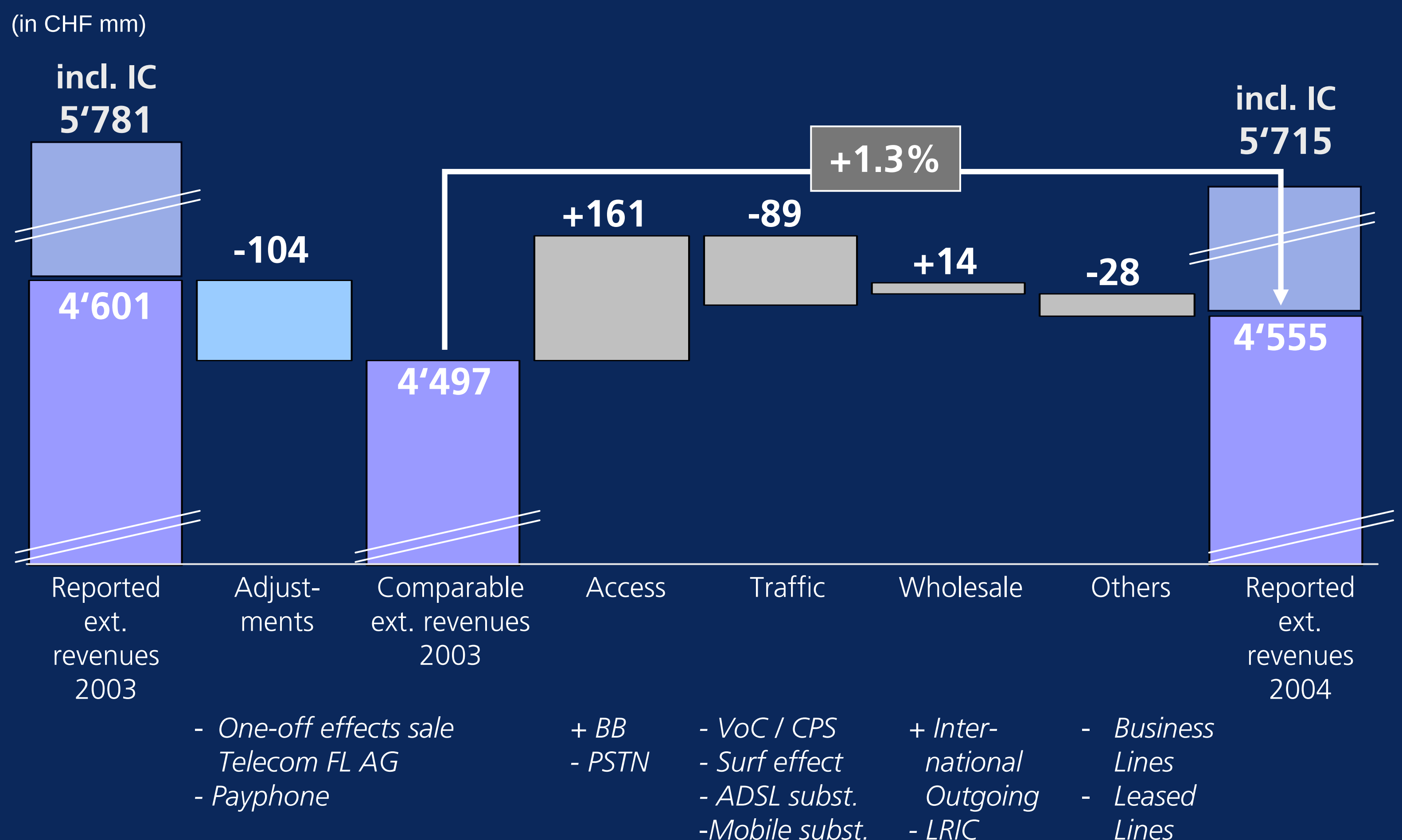
Top Line stabilized ...



Broadband access growth overcompensating losses in traffic

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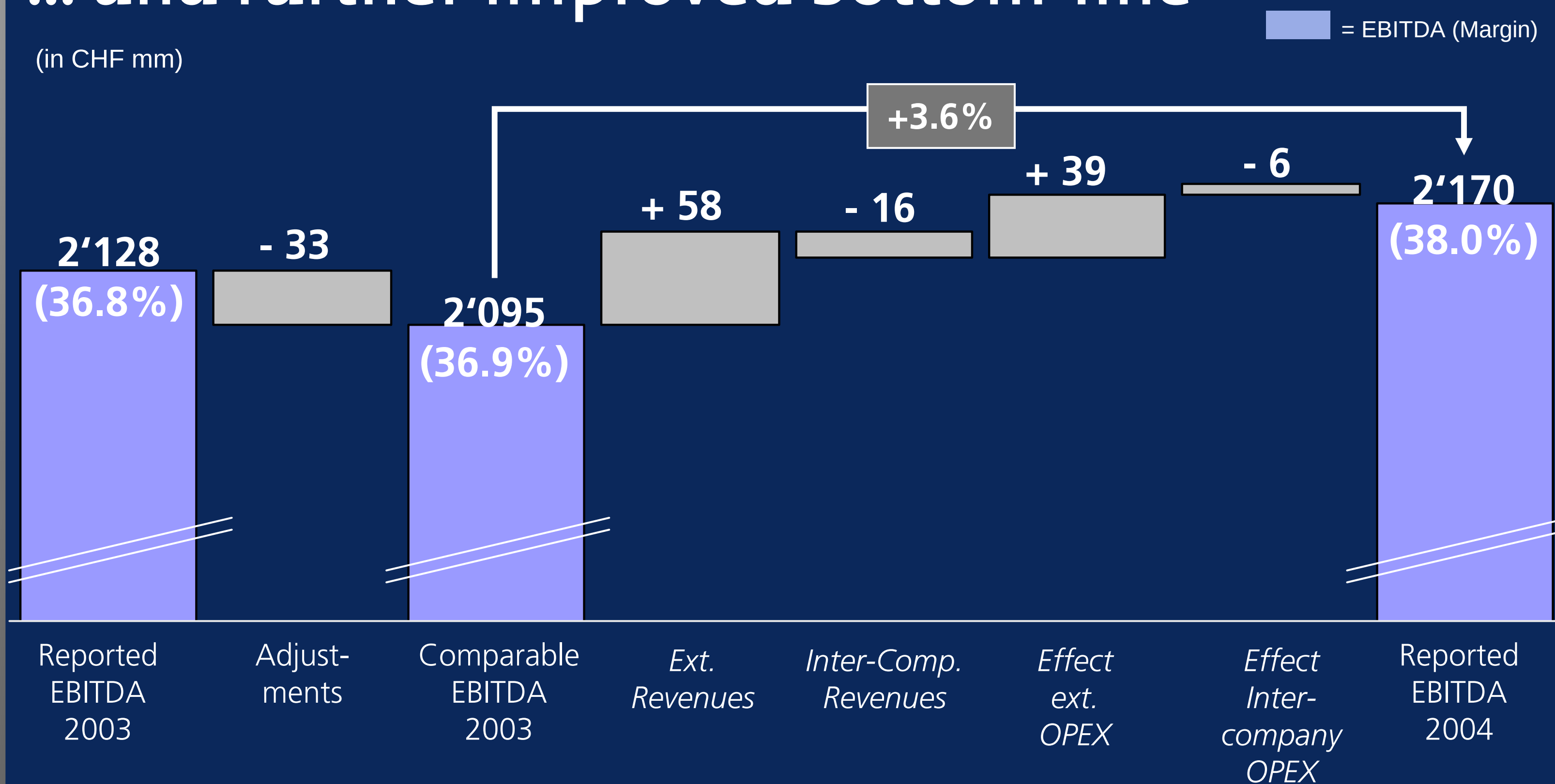
... and further improved bottom-line



- *Sale Telecom FL AG*
- *Payphone*

\+ *Increase provisions*

- *Other small items*

+ Access
- Traffic
+ Wholesale
- Other small items

- Business segment

- Personnel
+ G&S Int'l WS Traffic
- other operating costs

Broadband push and lower personnel cost improved bottom-line

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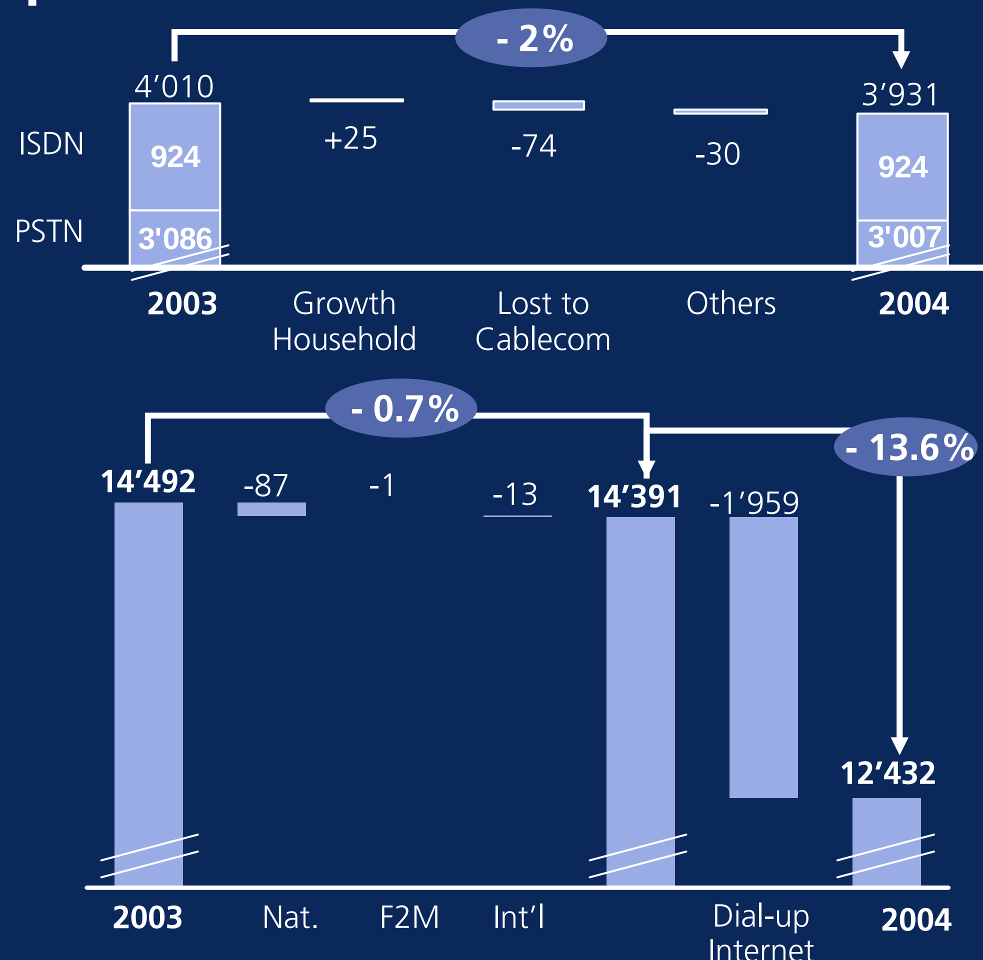
Retail Voice development

- Access lines loss (-2%) driven primarily by Cablecom's Voice over Cable offer
- Fixnet with moderate voice traffic decline in an almost stable wireline voice market
- Significant reduction (-36%) in dial-up internet traffic due to migration to Broadband



Reduction true voice minutes very limited in 2004

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New retail voice price plans introduced

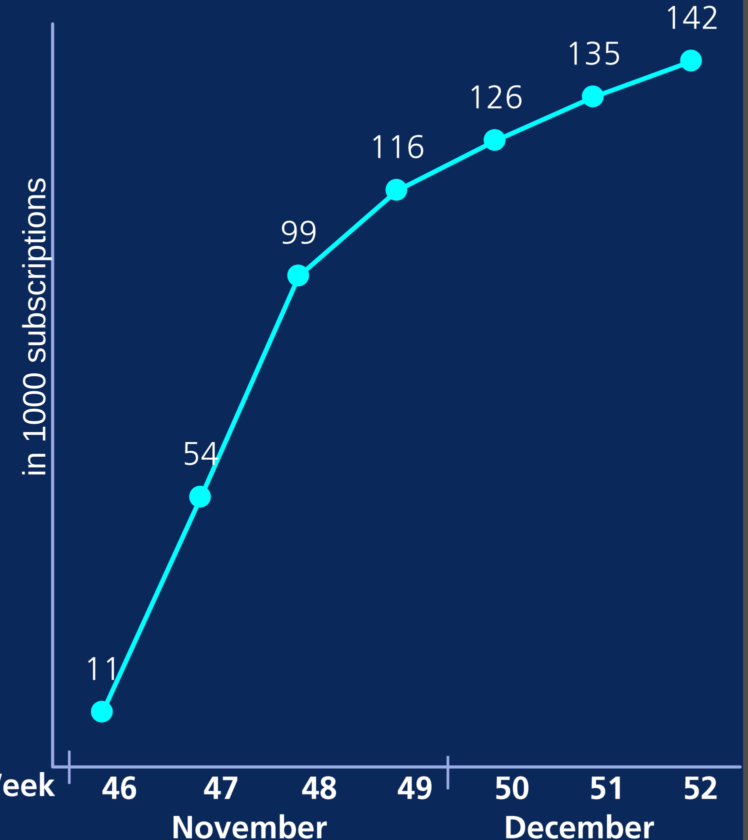
3 new price plans as of Nov 2004

- **National:** CHF 9.80, ½ Price national calls and additionally 60 free minutes on national calls
- **International:** CHF 9.80, ½ Price on international calls
- **Combi:** CHF 17.80, ½ price on national and international calls and additionally , 60 free minutes on national calls

Further improved offering (March 1st 2005)

- **Free of charge national calls** at night and on weekends replacing free national minutes
- **New additional price plan Mini-Combi**: CHF 7.80 with free calls national at night and on weekends and ½ price to Europe, USA & Canada at night and on weekends

Evolution of subscriptions to new price plans in 2004



New programs reduce erosion of voice, while shifting composition of revenues towards fixed monthly fees

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Record growth in ADSL

+316k new BB-subscribers in 2004

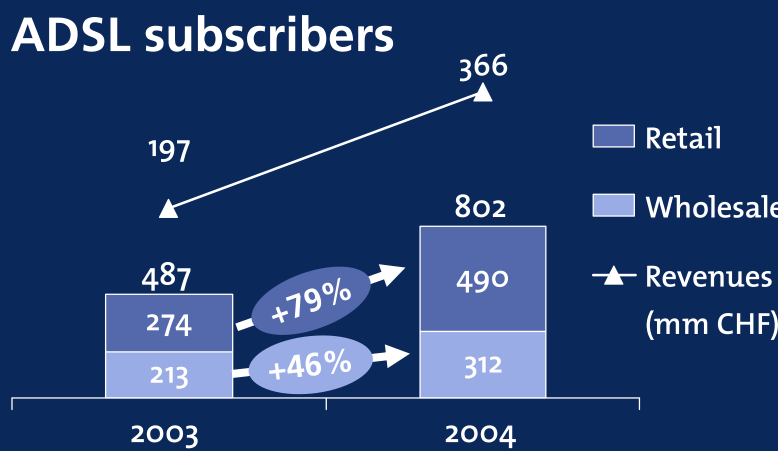
Over 40% of Swiss HH with Broadband access

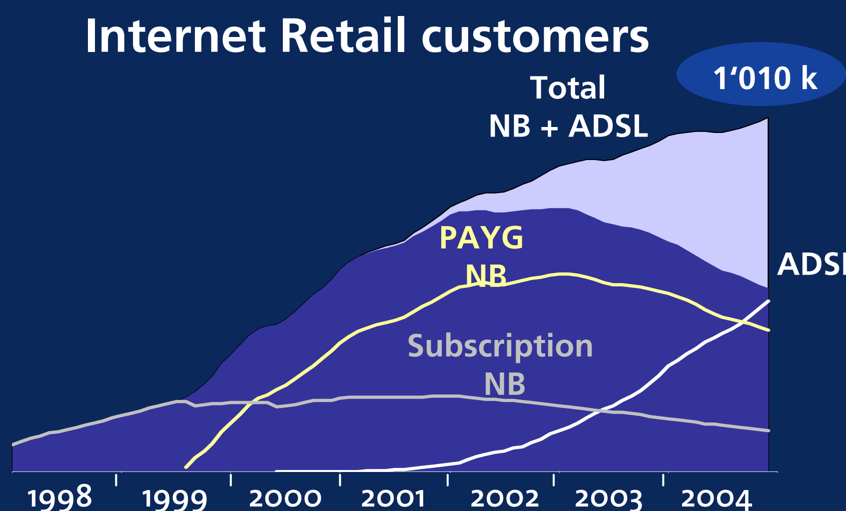
Overall-ADSL Penetration increased from 16% (2003) to 26% (2004)

Estimated cable penetration from 11% to just below 15%.

BW with 490k customers clearly ahead of Cablecom with ca. 270k customers

Swisscom's Internet Retail customers exceed 1 Mio





Switzerland a leading Broadband Country in Europe

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Operational expenses

Goods and Services purchased

- Higher charges for international termination due to increase in 3rd party traffic, partly offset by reduced transit traffic to other networks and reduced charges for CPE equipment

Personnel expenses

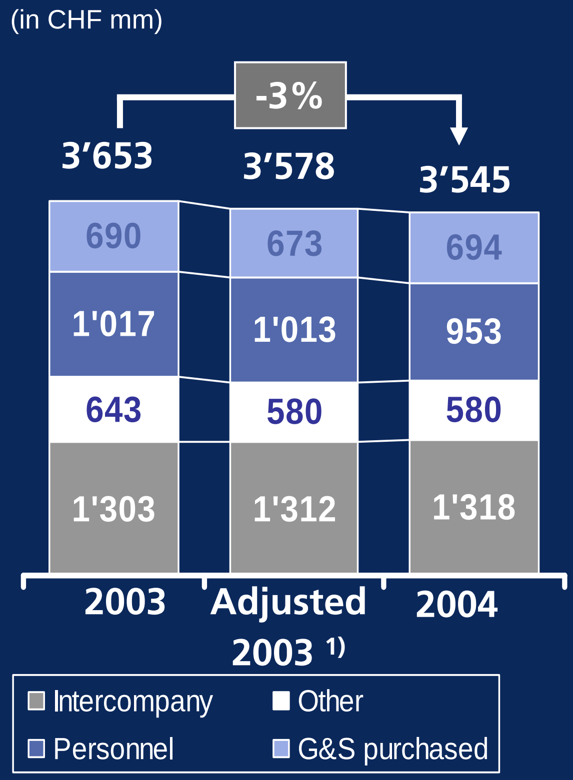
- Headcount reduced by 3.5%
- Reduced termination benefits

Other OPEX

- Reduced marketing expenses offset by higher cost for projects

Intersegment OPEX, net

- Increase in expenses payable to Mobile for purchase of mobile handsets
- Decrease of rental cost, charges for IT-technology and management fees



1) 2003 adjusted by Sale of Telecom FL AG and increase provision LRIC-case

-3% Opex driven by reduction in Personnel Expenses

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CAPEX temporarily reduced

Unusually low CAPEX in New Business

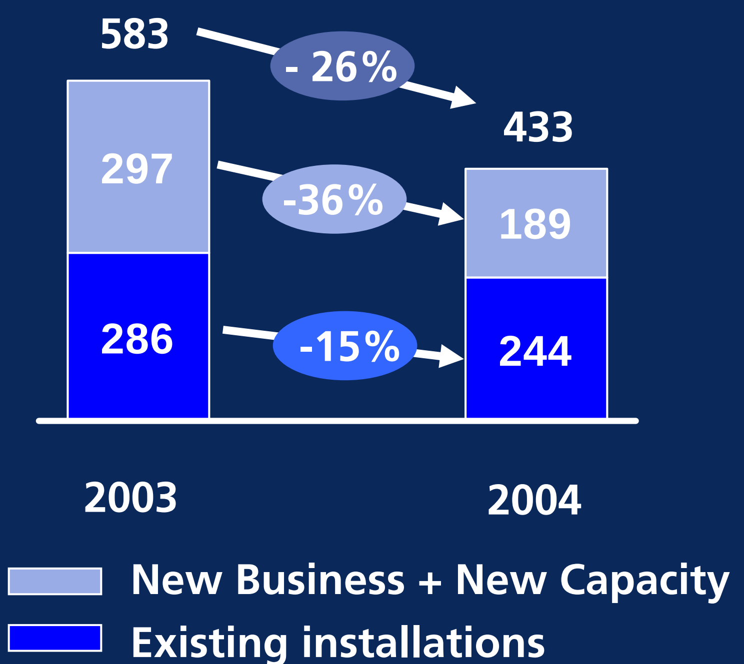
In 2004, an important part of the ADSL growth was realized with Spare Capacity

To get the network ready for Triple Play, 2004 was characterized by planning activities, CAPEX in new business will follow in 2005

In 2003 and 2004 unusual high CAPEX for existing installations due to TDM Renovation

The TDM Renovation Project (extension of TDM platform lifetime, reduce complexity) was successfully terminated in 2004.

(in CHF mm)



Capex mix in 2005 will clearly shift towards New Business

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Voice int'l wholesale – joint venture with Belgacom

International wholesale voice business strongly affected by competition

- Worldwide overcapacity
- Low margins will probably remain under pressure in the coming years

Swisscom and Belgacom will combine the international wholesale business into a joint venture

- Effective per July 1st, 2005
- Swisscom will bring in its business and its international network
- Swisscom will have a 28% stake of that Company
- On a yearly basis, the effect on top line corresponds to a reduction of about CHF 300 million for the Swisscom Group
- Mid-term, the transaction is expected to be cash flow positive for both partners

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Triple Play as strategic response to competition

Multi-Service Provider

- a customer and
- segment specific triple play offer
- integrating TV and
- extending to mobile (fixed mobile convergence)

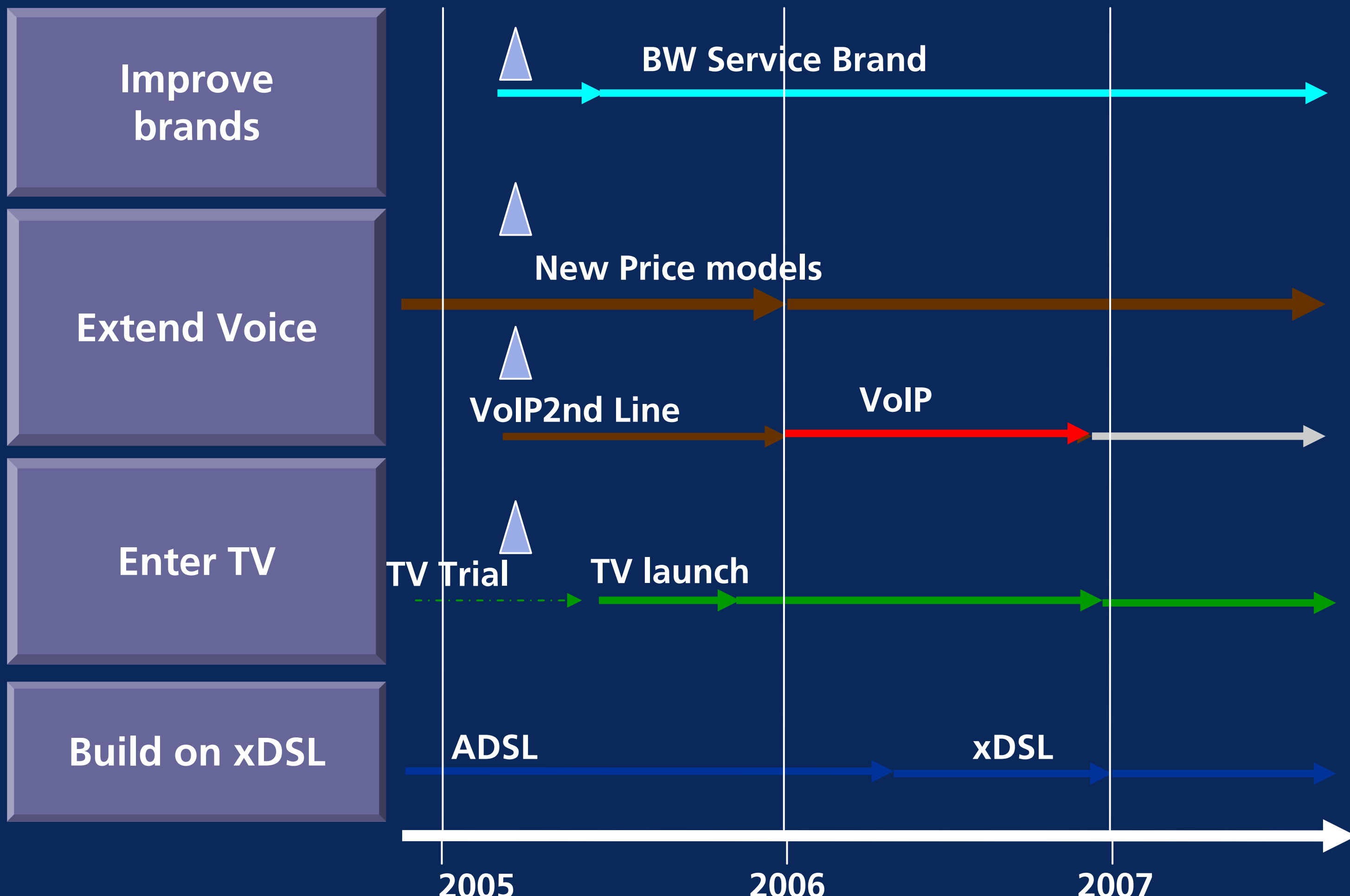
Infrastructure

- a fast,
- phased and
- geographically differentiated infrastructure roll-out,
- that supports multi-services goals

Triple Play strategy building on services supported by infrastructure

1c. Wireline business, trends and plans

Triple Play service roadmap



Continuously improving and extending service portfolio

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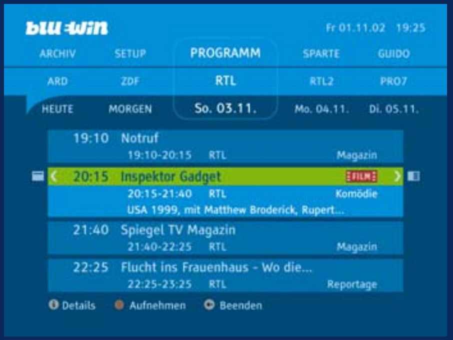
Triple Play service roadmap- Bluewin TV

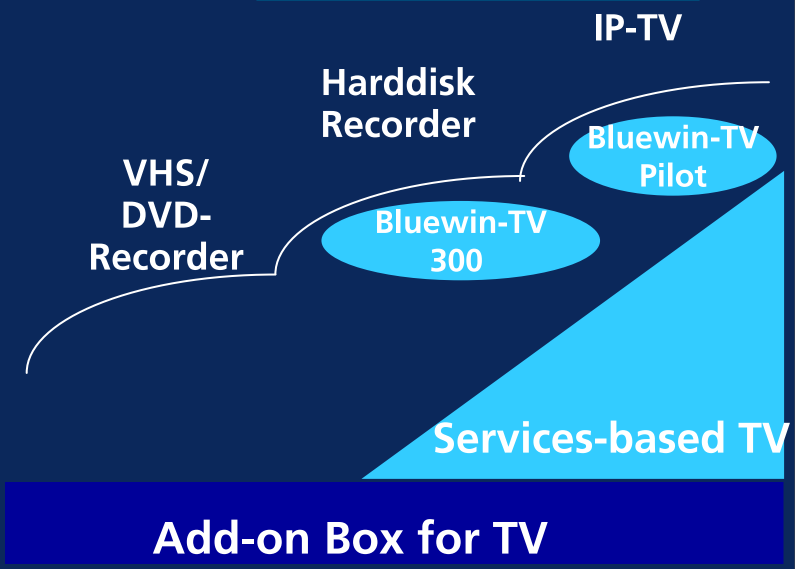
First "Tivo"-like TV service offer with Bluewin TV 300 launched in March '05
- Hard disk recorder with EPG
- Web-based remote programming
- Flexible viewing (Time shift)
- Rental model

Next wave with IP-TV; pilot successfully terminated
- Functionalities well understood and used
- High quality (content and stability) needed for launch in 2nd half '05

Strong Content Partner with Cinetrade

Electronic Program Guide





TV a central and long term part of our Triple Play strategy

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Triple Play service roadmap-Voice

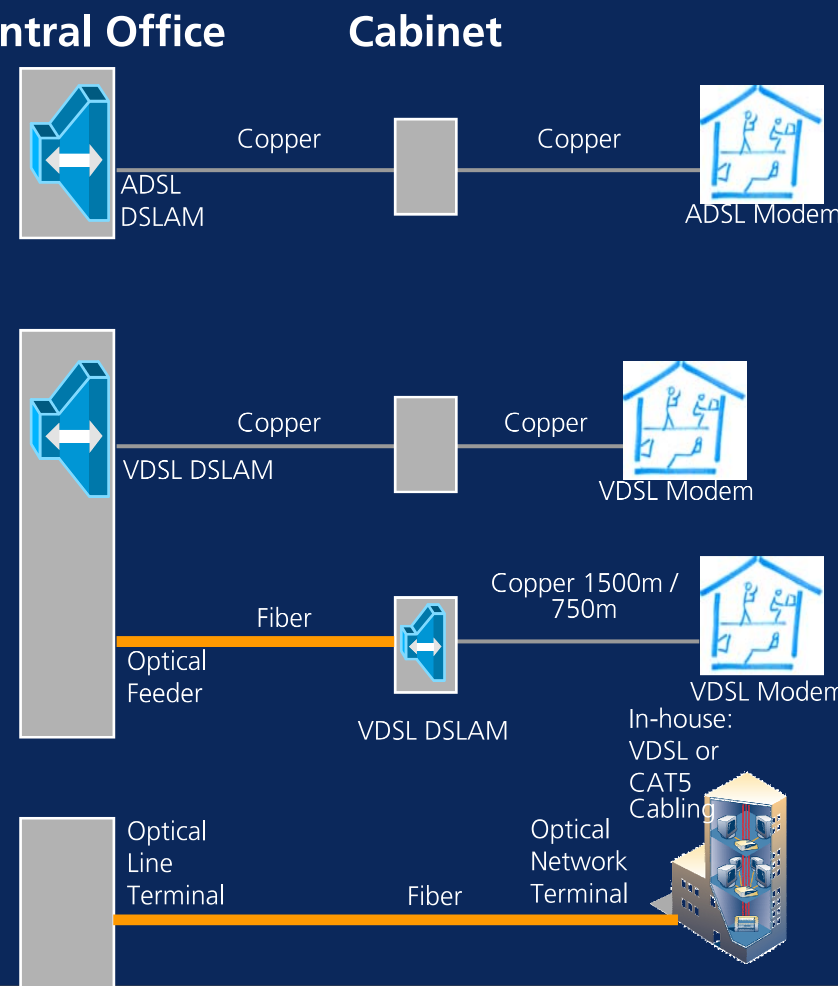
Extending voice service with a feature-rich Voice over IP services

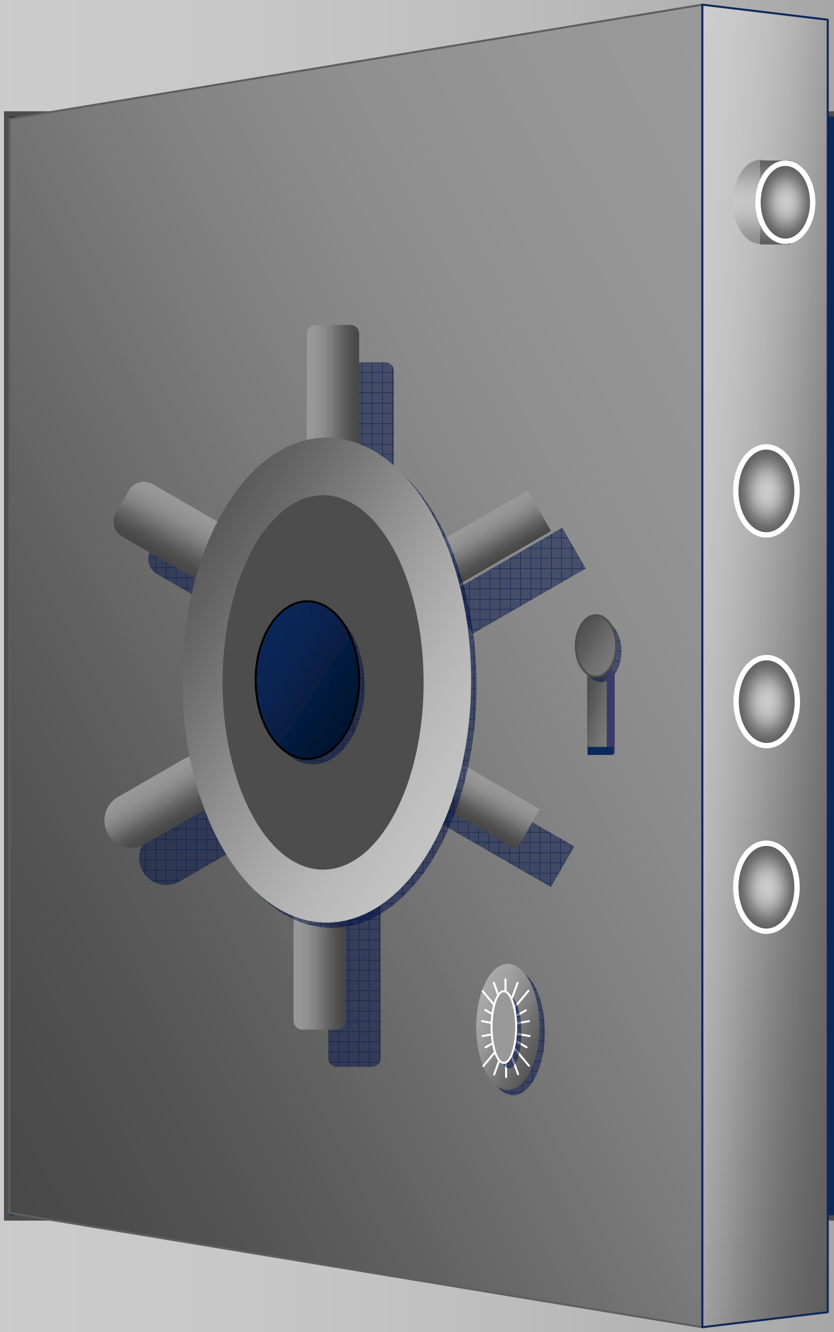
- Use independent of location
- Soft client as well as “normal” telephone can be used
- Click-to-dial functionality
- Video calls
- Personal assistant managing all the calls (including call forward Rules and synchronization with address book)
- Stereo telephony
- Voice price plan identical to TDM

New voice offer with proven Swisscom performance

Triple Play roadmap-Infrastructure

- Optimal mix of access technologies to be used for future internet and multimedia is currently under investigation
- We are convinced that VDSL must be part of our access infrastructure; however the roadmap is not yet final
- Trials are running to test fiber to the building, however Swiss-wide roll-out not an economically viable option
- Bandwidths of 10-20 MBit/s will be needed medium term





2. Wireless Business

Carsten Schloter,
CEO Swisscom Mobile

a. Financial highlights

b. Operational highlights

c. Trends & plans

2a. Wireless business, financial highlights

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Key achievements

- Higher revenues at CHF 4.36 bln
- EBITDA flat at CHF 2 bln, adjusted (national roaming, SICAP, tax on capital) 3.1 % increase
- Stable ARPU due to ongoing growth in New Data Business despite right grading and lower usage
- CAPEX +19%, mainly resulting from UMTS and one-off Edge rollout
- Stable Non-COGS

Key financials

in CHF mm	2004	change YOY
Subscribers (thousand)	3,908	3.0%
ARPU (CHF/month)	81	0.0%
Net revenue 1)	4,356	5.2%
EBITDA	1,976	-0.4%
EBITDA margin	45.4%	
EBIT	1,617	-3.4%
CAPEX	513	19.0%
Number of FTE's	2,491	3.0%

1) including intersegment revenue

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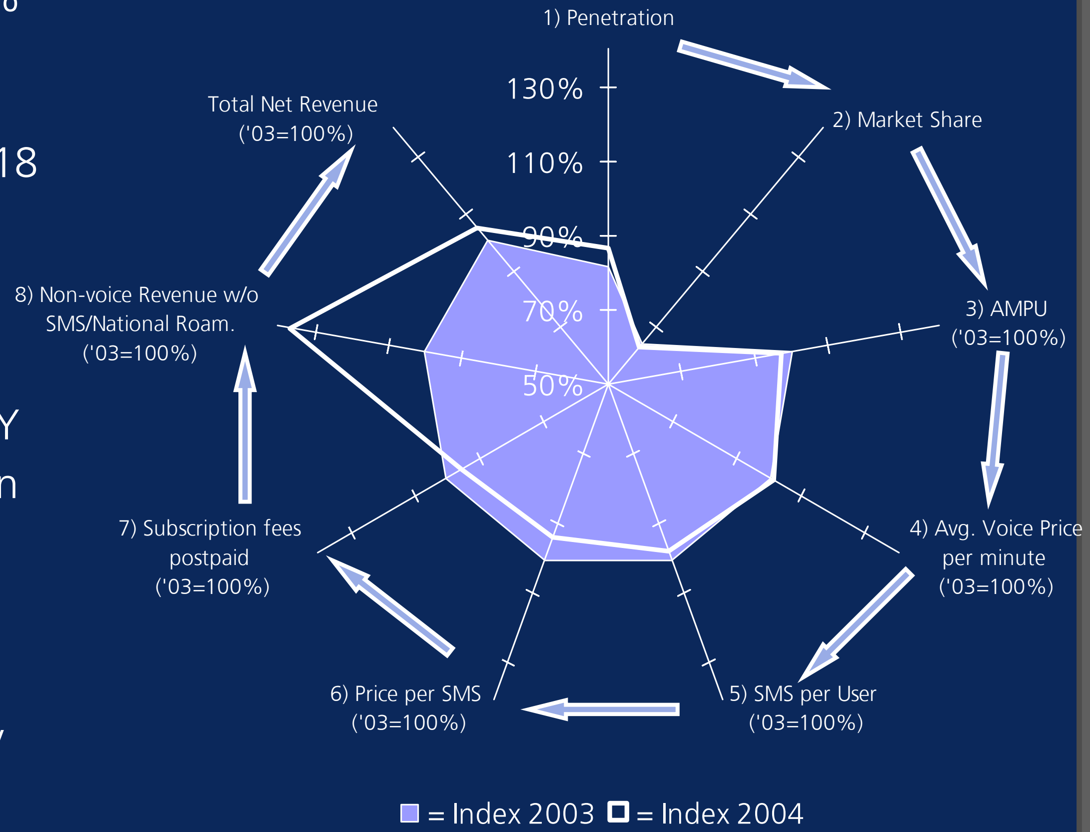
Mobile revenue analysis *)

- Swiss penetration up to 87% from 82% YOY
- Market share at 62%
- AMPU down from 121 to 118 minutes
- Avg. price per minute voice slightly up due to single rate outbound roaming
- SMS per user down 2% YOY
- Avg. price SMS slightly down due to promotions
- Avg. subscription fee (post-paid) slightly down due to right-grading
- Data revenue without SMS / National Roaming increased substantially (up 37 %)



Total net revenue: CHF 4,356 million (+5.2% YOY)

*) data partially based on market research and estimates

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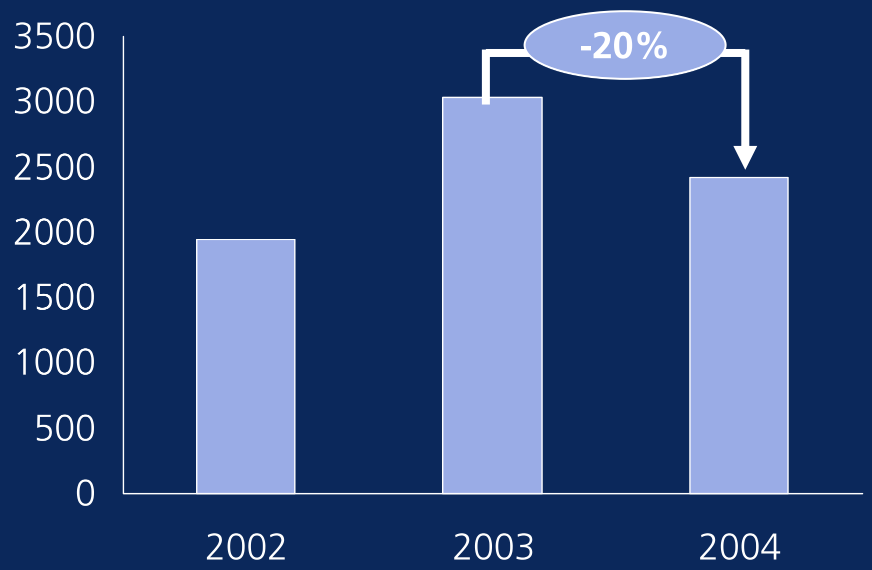
OPEX overview

- Goods and services purchased increased by 36% mainly due to an increase in number and price of purchased handsets, no margin effect
- Higher leased line costs due to UMTS launch, expected to be stable in 2005 due use of alternative technologies
- Increased SAC (5%) -> increased gross adds (1.8%)
- Increased SRC (19%) -> reduced churn postpaid (-17.1%)
- Significant improvement of SAC/SCR in relation to net adds

SAC+SRC per net add postpaid



Operating expenses: CHF 2,380 mm (+10.4% YOY)

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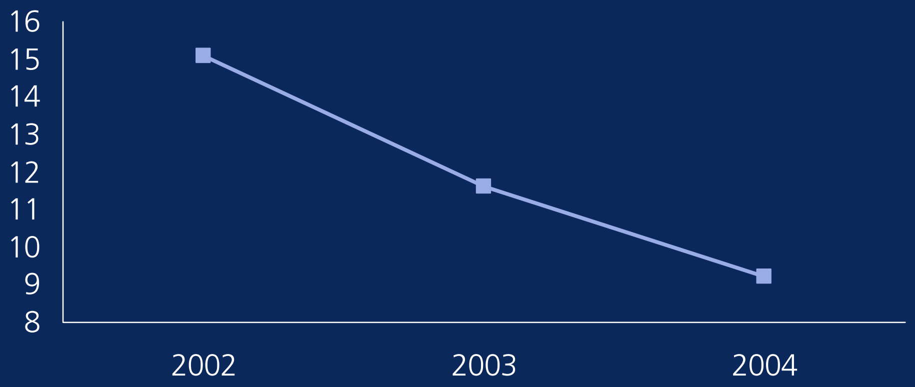
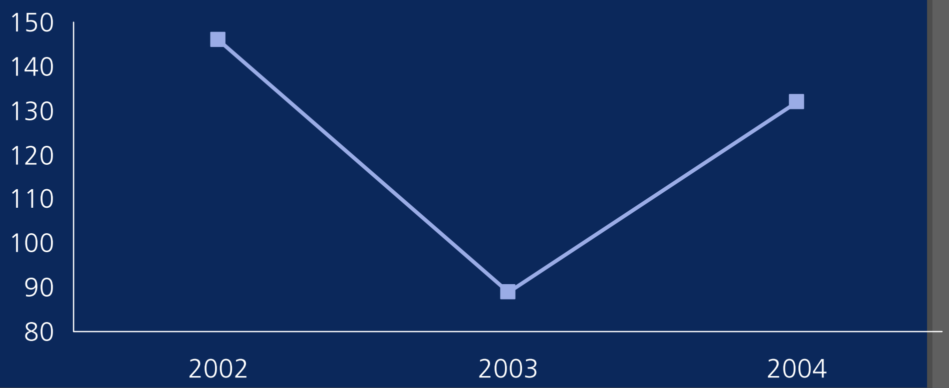
Substantial churn reduction postpaid

- Continued churn improvement (17.1% less cancellations than 2003)
- Gross Adds (excl. migrations) 3.9% lower than 2003
- Net Adds growth 48% or 132k YOY

Churn development Postpaid (%)



Net adds development Postpaid (in 1000)



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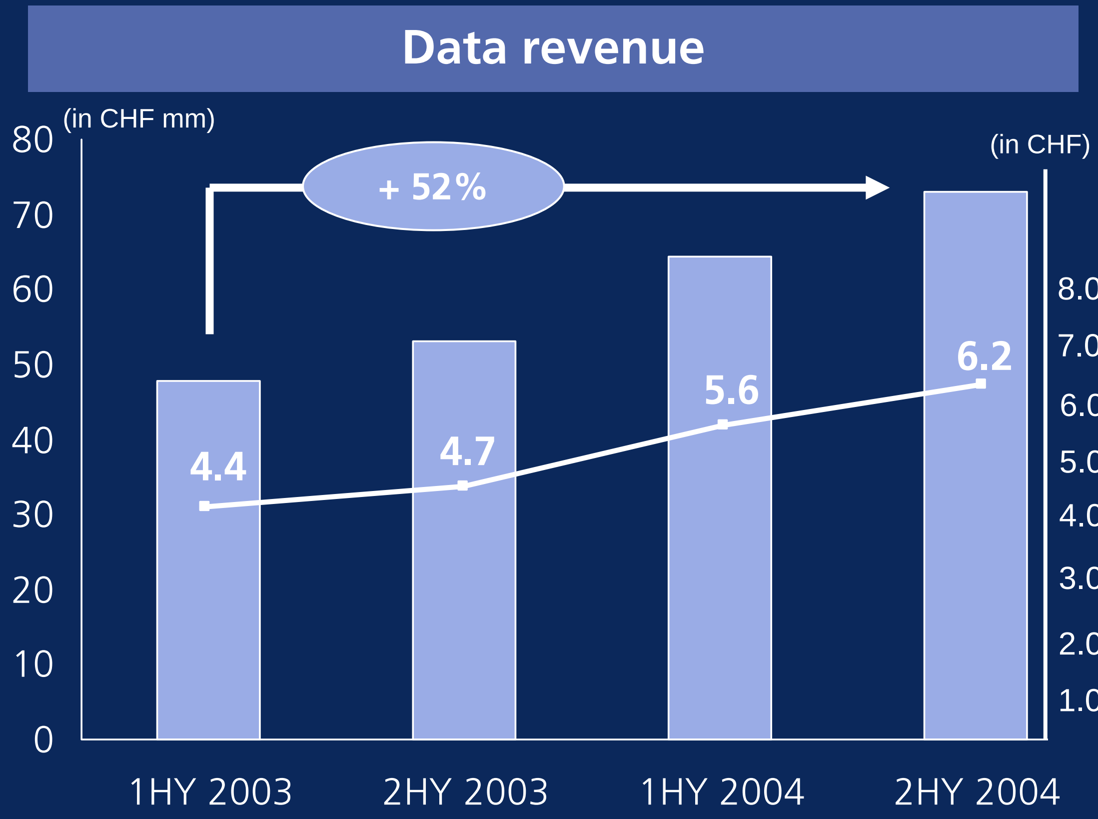
Strong increase of data revenue *)

Data revenue without SMS and National Roaming increased from MCHF 48 to MCHF 73

On a subscriber base, ARPU Data w/o SMS / NR increased from CHF 4.4 to CHF 6.2



*) excl. SMS, national roaming

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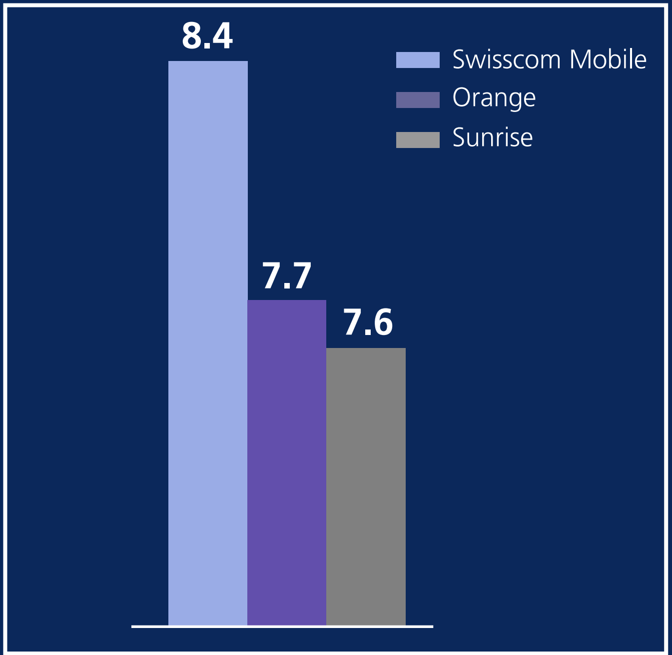
Customer service

Swisscom Mobile scores significantly best in 29 out of 31 dimensions of latest Brand and Image survey

To maintain high scores, we will focus on

- Addressing existing customer requirements & frustrations
- Helping customers to use our services
- Create service enthusiasm in management and back-office
- Use all customer interactions to provide superior value-add

Overall Impression

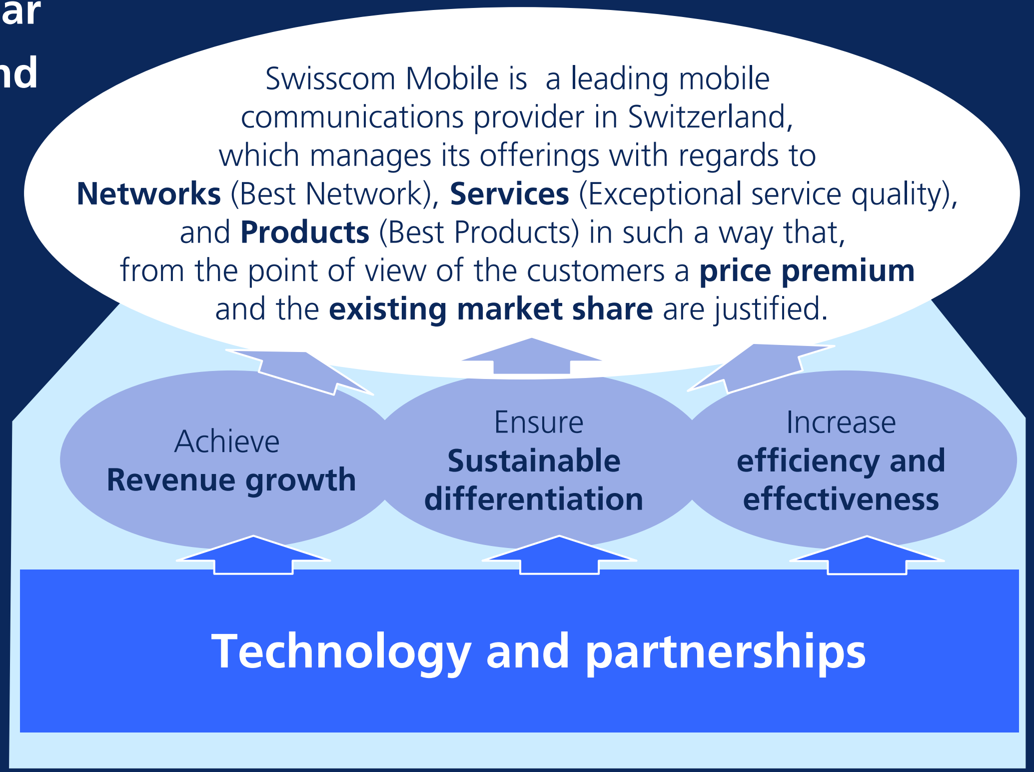


Source: Swisscom Brand Cockpit Survey, Dec 2004, 1006 interviews

Further strengthen customer service to maintain high image and satisfaction scores

Mobile strategy

- **Maintain positioning as clear quality leader in Switzerland with focus on …**
  - achieving revenue growth
  - ensuring sustainable differentiation against competition
- **Increase efficiency and effectiveness**
- **Invest in technology and partnerships as enablers for strategic goals**



Cornerstones of successful mobile strategy remain in plan

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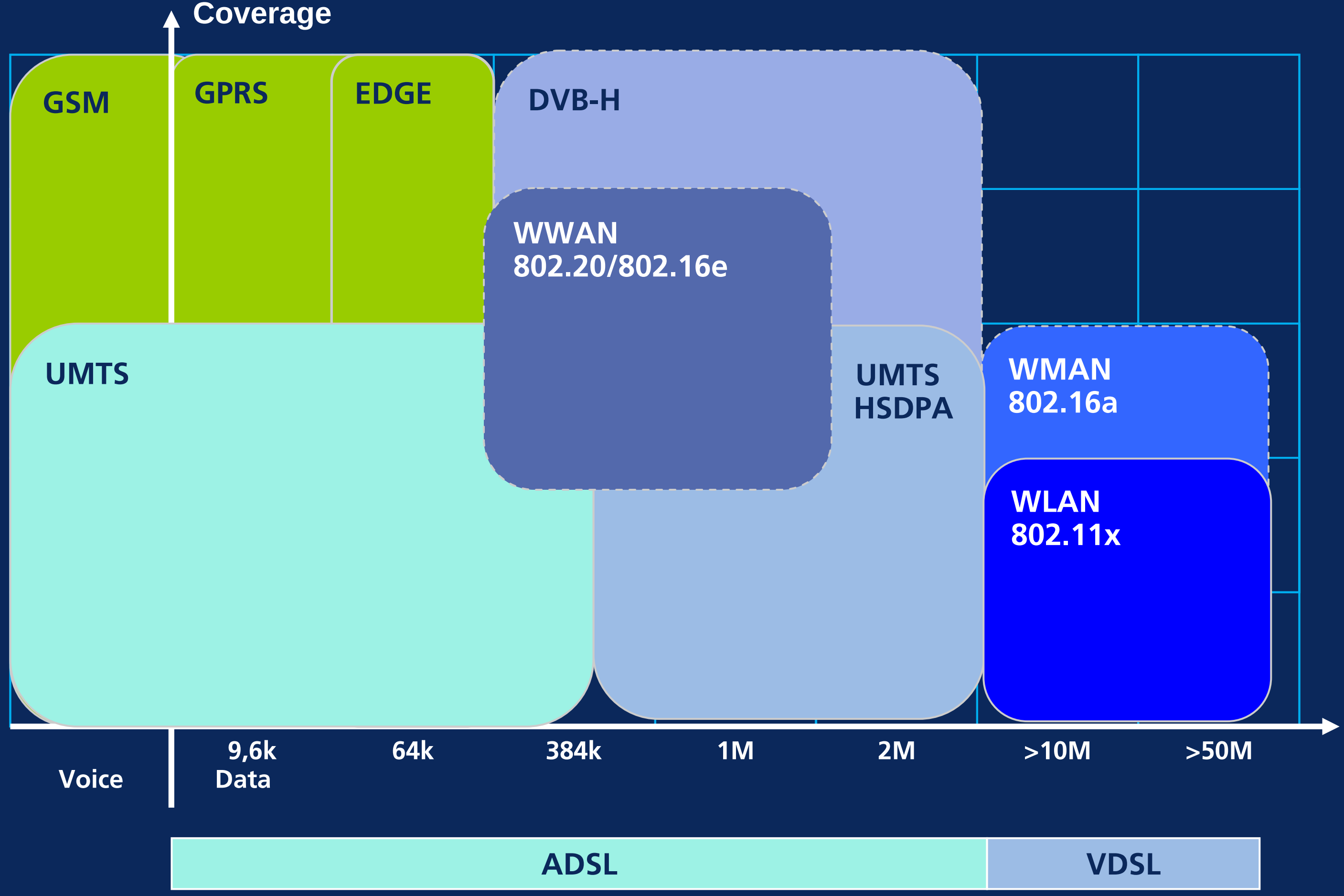
Technology options



Multiple access requires seamless integration

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Product portfolio

Residential customers:

- Migration of MoU from fixed to mobile network if margin contribution is positive on a Swisscom Group level
- Increase usability and customer experience
- Launch specific offer to consumers asking for Voice-only services

Business Customers:

- Further development Mobile Unlimited
- Further development VPN-offering

Development of the portfolio: focus on customer value

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Improve cost base

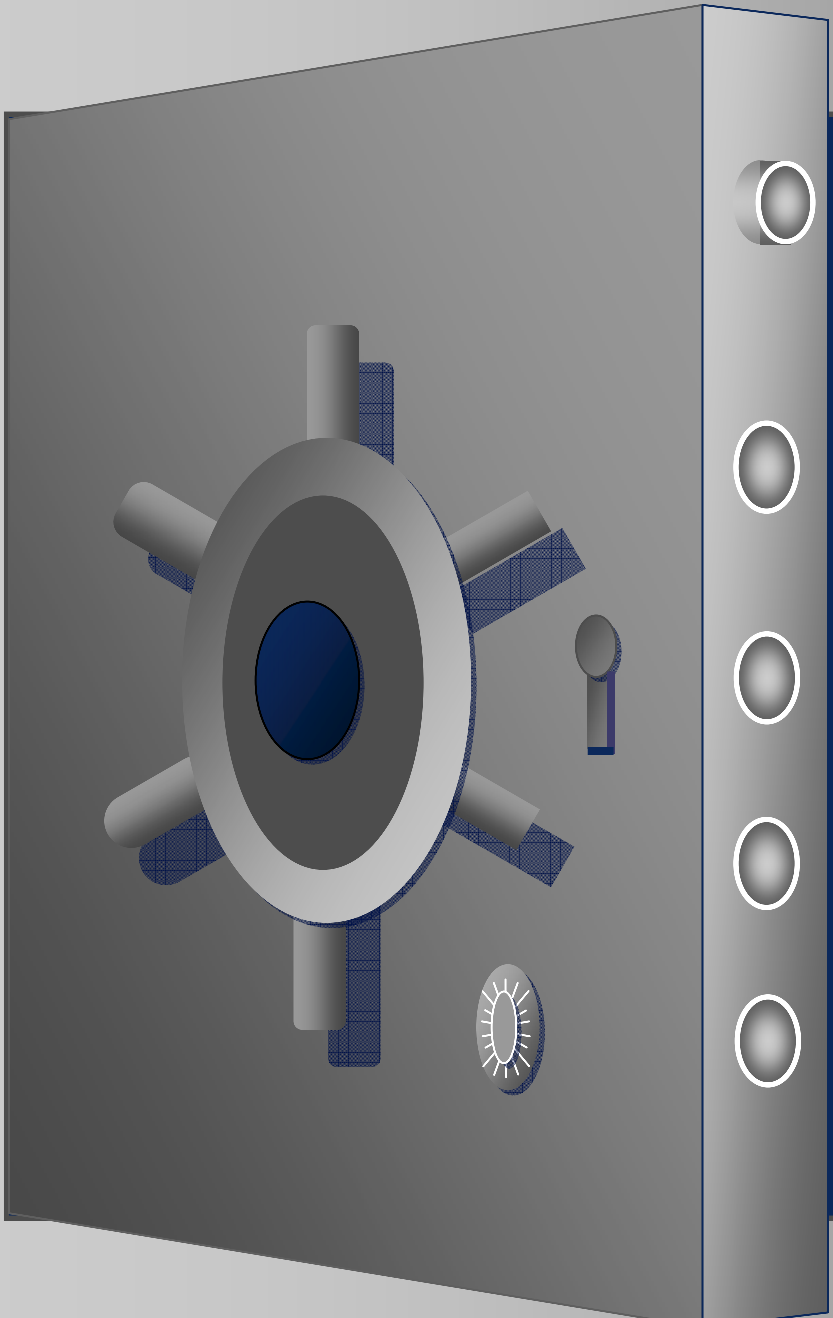
COGS Improvement

- Reduction SAC/SRC by improved release management and shift towards medium end handset offer (excl. VF live!)
- Reduction leased lines costs (increased use of alternative backhaul technologies)
- Optimization International Voice Termination and IOT agreements

Non-COGS Improvement

- Optimization of organizational structure
- Efficiency gains in product development process
- Continuous improvement of IT infrastructure and billing systems

Further improvement of cost base



3. Business Strategy

Mike Shipton,
CSO Swisscom

a. Other businesses – operational highlights

b. Strategy

c. Trends and plans 2005

d. Trends in the medium term

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Segment Enterprise Solutions

Comments

- Revenue down 7% YOY mainly due to
  - F2M substitution, lower volumes and price cuts due to competitive pressure
  - substitution effects through IP services
- Almost flat EBITDA YOY thanks to cost savings and reduced number of FTE's
- Further restructuring announced with 150 FTE's leaving Swisscom Solutions in 2005
- As per 1 January 2005 Enterprise Solutions and Systems merged to Solutions

Key financials

(in CHF mm)	2004	change YoY
Net revenue [1]	1,126	-6.9%
of which traffic	297	-13.7%
of which networking	460	-11.7%
of which inhouse/proc.	84	-5.6%
of which other	146	15.0%
EBITDA	80	-1.2%
EBITDA margin	7.1%	
EBIT	66	37.5%
CAPEX	16	23.1%
Number of FTE's	893	-10.8%
Traffic in mm min.	2,418	-8.7%

1 including intersegment revenue

Top-line eroding, bottom-line flat

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Segment Other

Comments

- Unchanged segment revenue YOY
  - Systems and IT Services down 15% respective 3%
  - Billag revenues double after integration of T-Systems' Card Services
- Thanks to headcount reductions the segment OPEX declined by 5.5% and led to an EBITDA improvement of 35%
- Systems generated an EBITDA contribution of CHF 55 million in 2004
- CAPEX went up due to the int'l WLAN expansion through Eurospot

Key financials

(in CHF mm)	2004	change YoY
Net revenue [1]	1,295	-0.7%
of which Systems	292	-15.4%
of which IT Services	207	-3.3%
of which Broadcast	148	-0.7%
of which Billag	112	115.4%
of which Eurospot	9	n.m.
EBITDA	210	34.6%
EBITDA margin	16.2%	
EBIT	9	n.m.
CAPEX	164	37.8%
Number of FTE's	3,684	-6.0%

1 including intersegment revenue

Improved margins thanks to cost savings

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Creation of Swisscom Solutions

Offering convergence on IP

PBX & Routers → IP PBX

Voice → VoIP

Customer overlap

Complexity for Customers

Duplication of sales force

Efficiency

Redundant overhead functions

Process optimization

Enterprise Solutions

Systems

swisscom solutions

Swisscom's structure is able to adapt quickly to changes in its environment

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Divestments

debitel	Infonet Service Corporation
1999 – initial acquisition of 74.2% stake	2000 - 17,7% after IPO of ISC
2001 - No UMTS license acquired, debitel considered as a financial investment	2001 - minor option value because of Corporate Governance structure (Minority Shareholding etc.); ISC considered as financial investment
2004 - Sale of 95% stake in a leveraged buy-out by funds advised by the private equity firm Permira Price: € 640mm (equity value) EFCF contribution: CHF 616mm	2005 - Sale of ISC stake (together with the other class A shareholders) to BT Global Services for US$ 172mm (i.e. US$ 2.06 per share)
2005 - Received first repayment of vendor loan by Permira (€ 20mm)	

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Strategy Blueprint

Home Market	Europe
Maximise Performance of core businesses	**Invest into build-ups and ventures in various stages of development**
Product innovation	Venturing, e.g. Air Bites
Efficiency Improvements	Build-ups, e.g. Eurospot
Improve domestic position by developing adjacent and new businesses	**Investments into sustainable FCF accretive opportunities**
Content / Entertainment	Established telecoms, as e.g. Telekom Austria, Cesky Telecom
Infrastructure Outsourcing Services	
Billing Process / Cards Services	

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Business Development

Core Business - Best in Class Services while Maintaining Efficiency

- Service guarantees - simple and valuable
- Network quality - leader in fixed and mobile broadband
- Innovative new services across the networks

Adjacencies: Develop Content Services

- Complete Cinetrade transaction
- Implement multi-channel content strategy
- Leverage content on Swisscom's fixed and mobile infrastructures

Business Development: Establish Venturing

- Implement group-wide venturing platform
- Build first portfolio of participations

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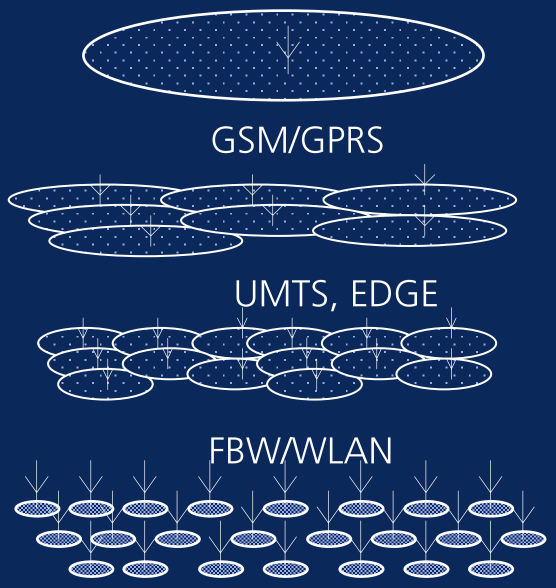
Fix / Mobile Convergence

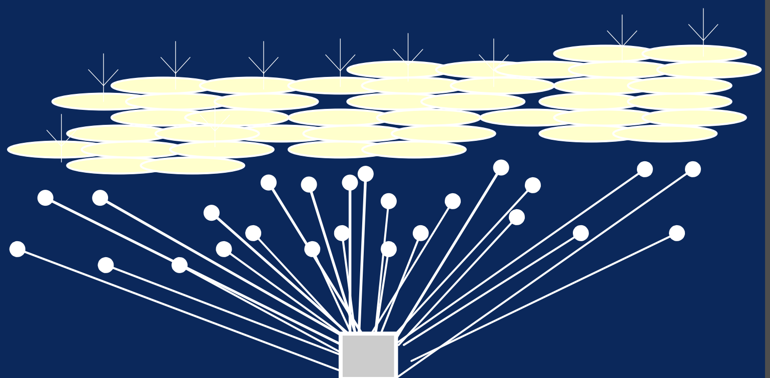
Harmonisation & transparency based on IP

Mobile Network



Mobile goes broadband !

Fixed Network



Millions of DSL lines ready as feeders for wireless access

Fixed goes wireless !

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Fix / Mobile Convergence

Customers seek simplicity - the current separation of fixed and mobile services makes life for customers more complex

Convergence differentiates providers - since key competitors are pure play providers and do not invest into complex convergence services, Swisscom has an opportunity to differentiate

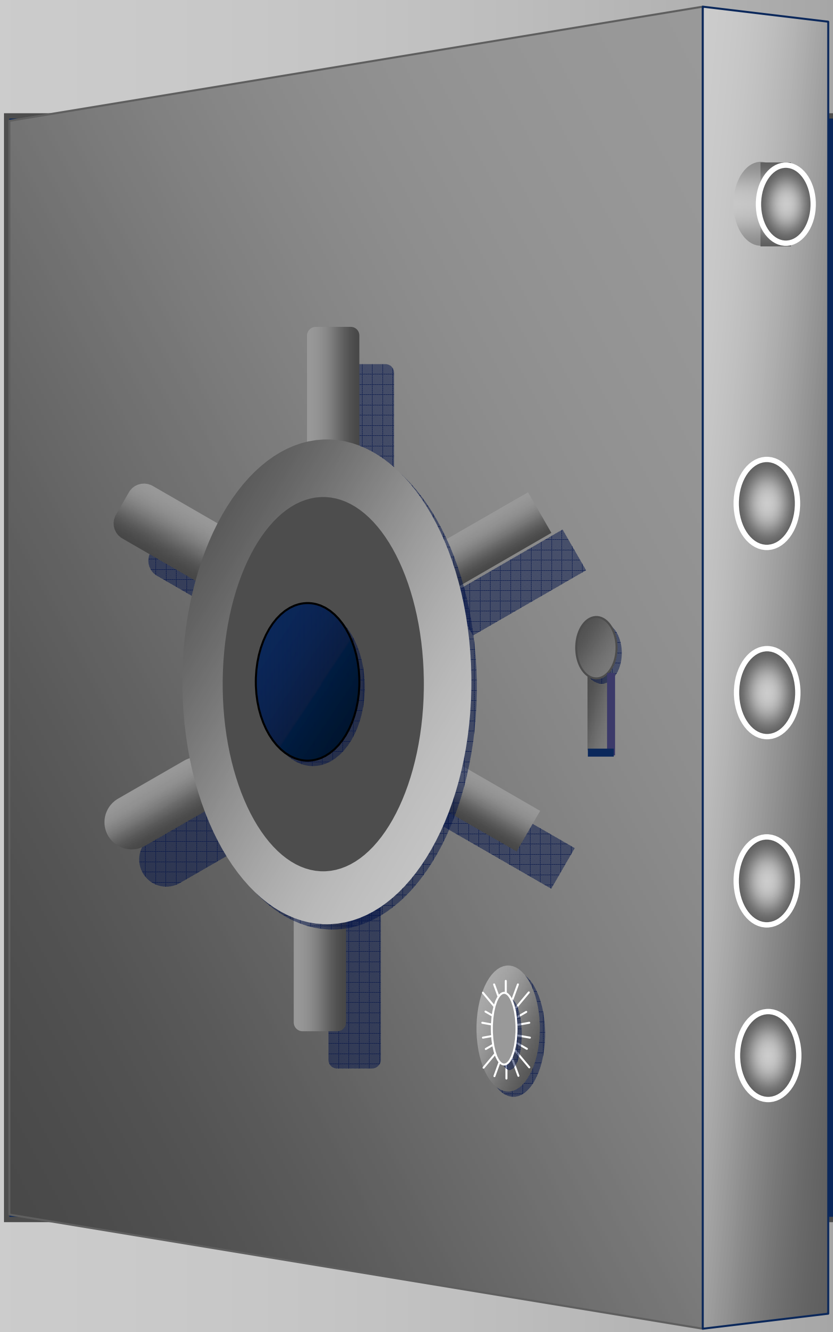
Group-wide program to create a new set of converged products

One phone
1 or 2 numbers decisive!

One desktop
Integrate components, IT and Telco

Entertainment
Access technology independent delivery of content & entertainment services

Fully leveraging fixed and mobile capabilities improves service richness and thus the overall market position



4. Financial Strategy

Ueli Dietiker,
CFO Swisscom

a. Group financials

b. Capital structure

c. Shareholder returns

d. Special themes: IFRS, pension fund situation, distributable reserves

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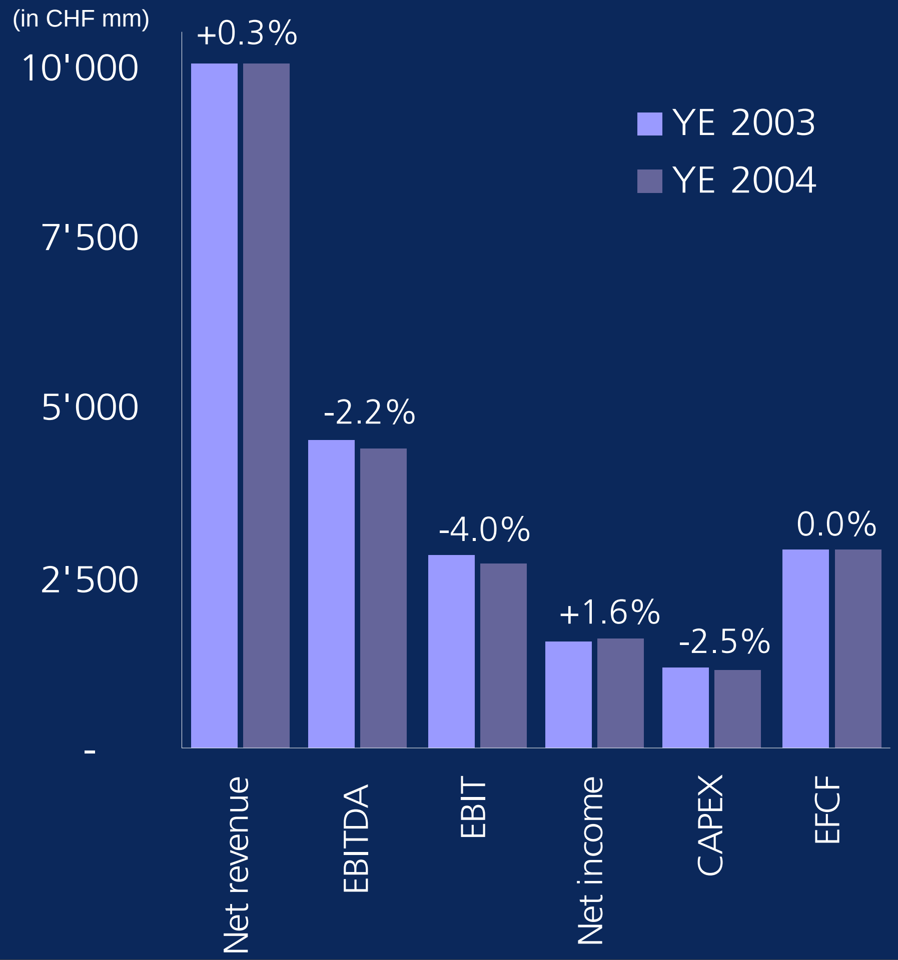
Key figures

- Stable revenues at CHF 10 billion. DSL and mobile subs growth over-compensating erosions in traditional businesses
- Strong EBITDA margin at 44% resulting from consistent cost containment
- Comparable EBITDA up by CHF 74 million
- Net income of CHF 1,6 billion and EPS of CHF 24.63 (+4%)
- EFCF of CHF 2,9 billion – unchanged YOY although changes in composition



2004: another year with solid operational results

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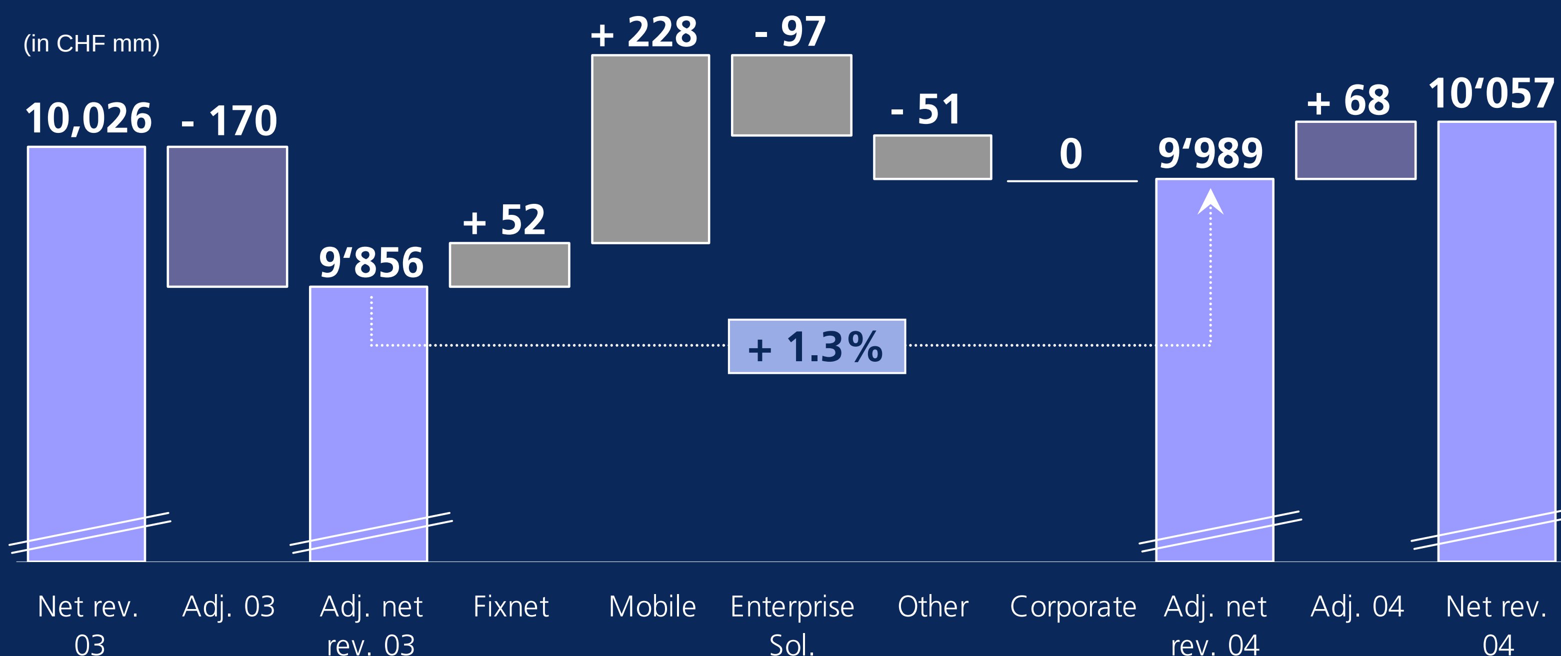
Revenue drivers, like for like

(in CHF mm)



Adjustments 03	Fixnet	Mobile	Enterprise Sol.	Other	Adjustments 04
- Release of deferred revenue - Sale of TFL - Halt of national roaming	+ ADSL - Dial-up traffic - F2M substitution - Business lines	+ Subs growth + Data increase + Handset sale (Vod. Live!)	- Competition - Price pressure	- Systems - IT Services	+ Acquisition of Billag Card Services AG + Release of deferred revenue

Declines in business segments over-compensated by mobile growth

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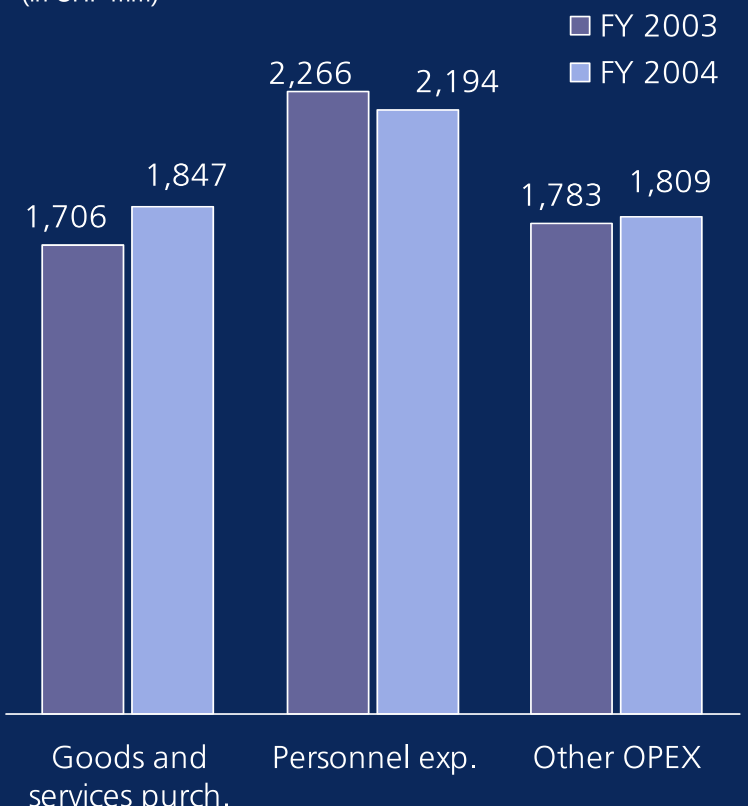
OPEX analysis

OPEX overview

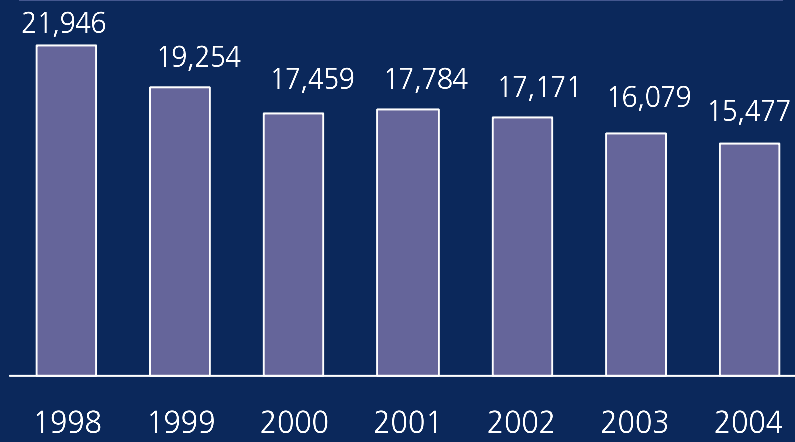
(in CHF mm)



Goods and services purchased

(in CHF mm)	YE 2003	YE 2004
Raw material, supplies+serv. purch.	132	114
Equipment	458	520
Nat. traffic fees	383	431
Int'l traffic fees	733	782
Total	**1,706**	**1,847**

Headcount development *



Overall OPEX slightly up mainly due to higher goods and services purchased

* All numbers exclude employees of WORK_LINK. YE 2001 includes 493 employees of AGI which were integrated as per 31.12.2001

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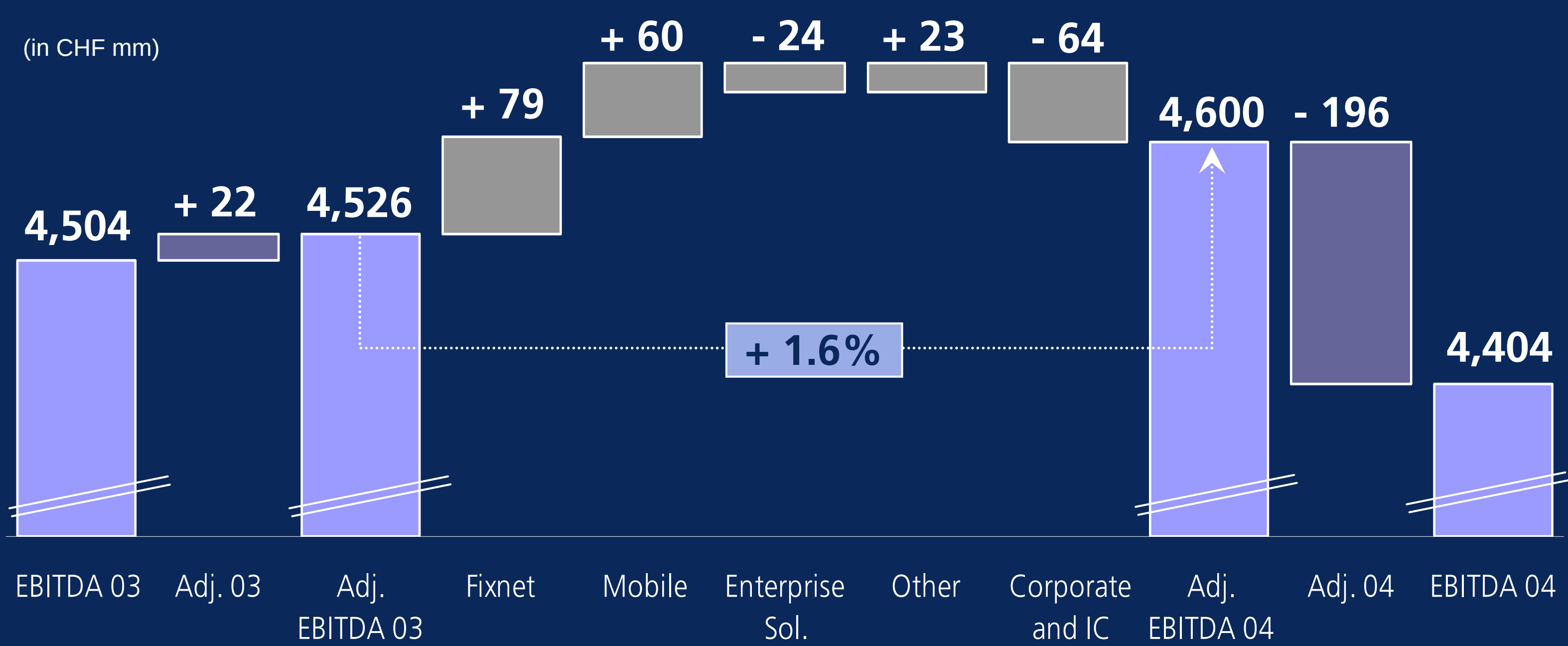
EBITDA composition, like for like



Adjustments 03	Fixnet	Mobile	Enterprise Sol.	Other	Corporate	Adjustments 04
+ Rest. charges, net - Release of deferred revenues, net - TFL sale - National roaming	+ ADSL - less FTE's	+ Subs growth + Handset sale + Outbound roaming - COGS*	- Price pressure - Volume decline + COGS* + less FTE's	+ Systems + IT Services - Eurospot	- Mgmt. fees - Group initiatives (SAI, GCM)	- Rest. Charges, net - New provisions - Others

Comparable EBITDA up by CHF 74 million thanks to continuous group cost mgmt and ongoing subscriber growth at Mobile

* COGS = Costs Of Goods Sold includes items such as cost of handsets sold, interconnection / termination cost, SAC, etc.

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P&L overview

(in CHF mm)	YE 2003	YE 2004	YOY
EBITDA	**4,504**	**4,404**	**-2.2%**
Depreciation	-1'644	-1'650	0.4%
Amortisation of goodwill	-41	-49	19.5%
EBIT	**2'819**	**2'705**	**-4.0%**
Net financial result	-26	-144	n.m.
Income tax expense	-467	-394	15.6%
Equity in net income of affiliated companies	-9	22	n.m.
Minority interest	-340	-352	-3.5%
Discontinuing operations	-408	-243	40.4%
Net income	**1'569**	**1'594**	**1.6%**
Avg. number of shares (IFRS)	66.200	64.716	-2.2%
EPS (in CHF, IFRS)	**23.70**	**24.63**	**3.9%**

Net income representing around 16% of net revenue

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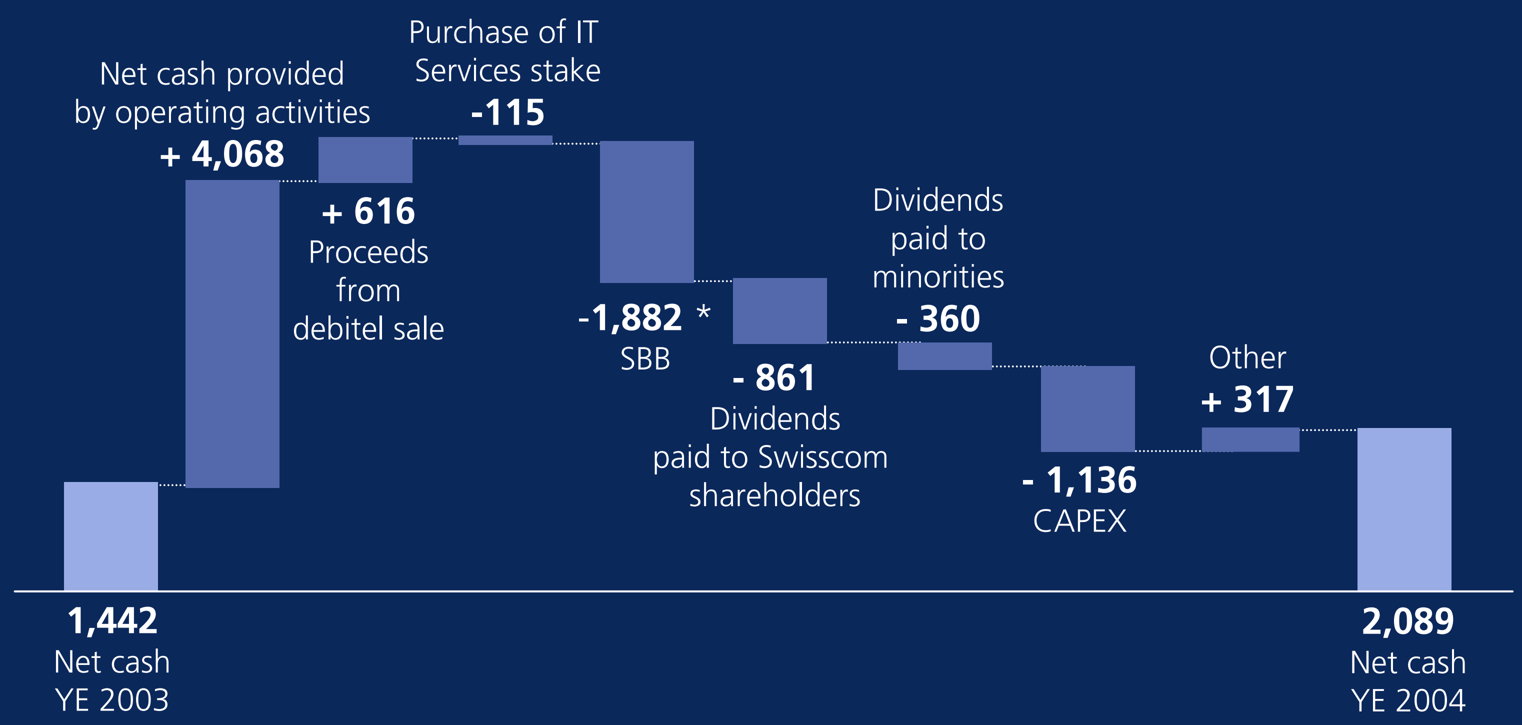
Change of net cash

(in CHF mm)



* Related withholding taxes of CHF 119 mm were paid in Q1 2005, causing difference between CHF 1,882 mm in cash flow statement and CHF 2,002 mm in shareholders' equity per YE 2004

Despite high cash-payments to shareholders net cash increased further in 2004

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The balancing act of value creation

- Currently **net cash** position of CHF 2.1 bln
- **Return policy** prevents further increases of net cash, by returning it to shareholders
- Cash **return** (dividend+SBB) on market capitalization approx. 10%
- Significantly more is not possible due to limitations in **distributable reserves**
- Hence "**opportunity cost dilemma**" (unlevered balance sheet) unresolved
- **Consideration** must therefore be:
  - to identify a prospective acquisition that improves consolidated FCF, while satisfying investment criteria, or
  - to accept fate of staying with unlevered balance sheet

Standalone value proposition

stable cashflows
decreasing number of shares

>> ?? <<

higher cashflows
initially stable number of shares

Value proposition with acquisition

Current capital structure opens options to improve FCF profile

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Considerations

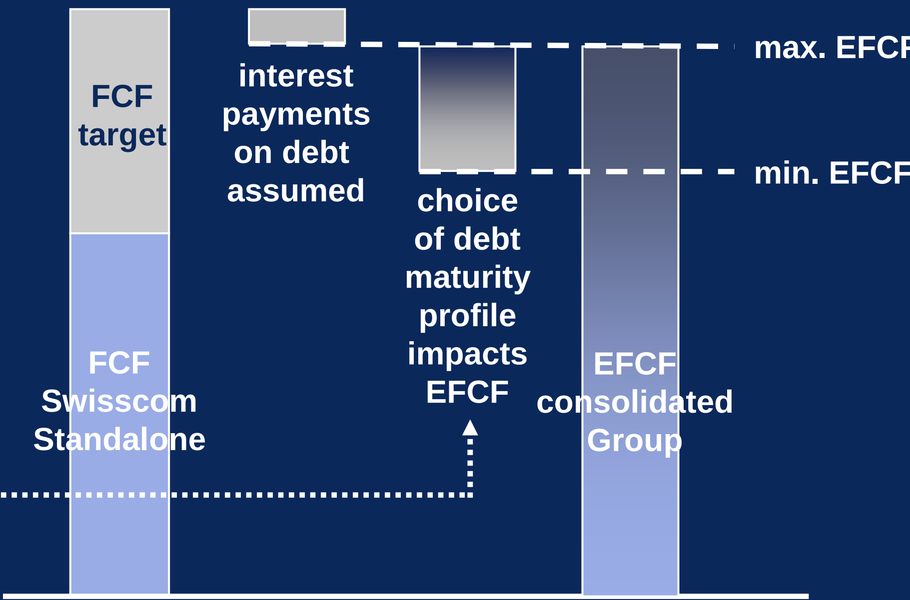
Current **EBITDA/net interest** coverage and **net debt/EBITDA** not meaningful

Acceptable **net debt/EBITDA**:

- max. 2.5xreported consolidated EBITDA immediately after acquisition [1)]
- further reduction of debt desired to regain strategic flexibility

Key consideration is to maintain ratios such that Swisscom qualifies for **desired** prospective **credit ratings** from Moody's and S&P:

- >= single A category



In order to:

- have good access to domestic and int'l debt markets
- swiftly restore strategic flexibility

Capital structure considerations lead to clear view of possibilities

1) Net debt calculation for rating agencies typically also includes items such as IFRS defined pension fund liabilities

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Definition of EFCF	2003 (in CHF mm)	2004 (in CHF mm)
+ EBITDA	+ 4,504	+ 4,404
- CAPEX	- 1,165	- 1,136
- Δ working cap. & other	+ 320	- 66
- tax (cash)	- 56	- 239
- net interest	- 58	- 31
- minorities	- 390	- 360
= FCF from operations	= 3,155	= 2,572
- net acquisitions / divestments	+ 508	+ 597
- debt repayments (net)	- 750	- 256*)
= **EFCF available to shareholders in t+1**	**+ 2,913**	**+ 2,913**

*) CHF 256 mm in 2004 relates to reduction of revolving credit that was assumed after the acquisition of T-System's Card Services (now integrated in Billag)

Composition of EFCF different, result the same: CHF 2,913 mm or ~10% of market cap. returned to shareholders in 2004 and in 2005

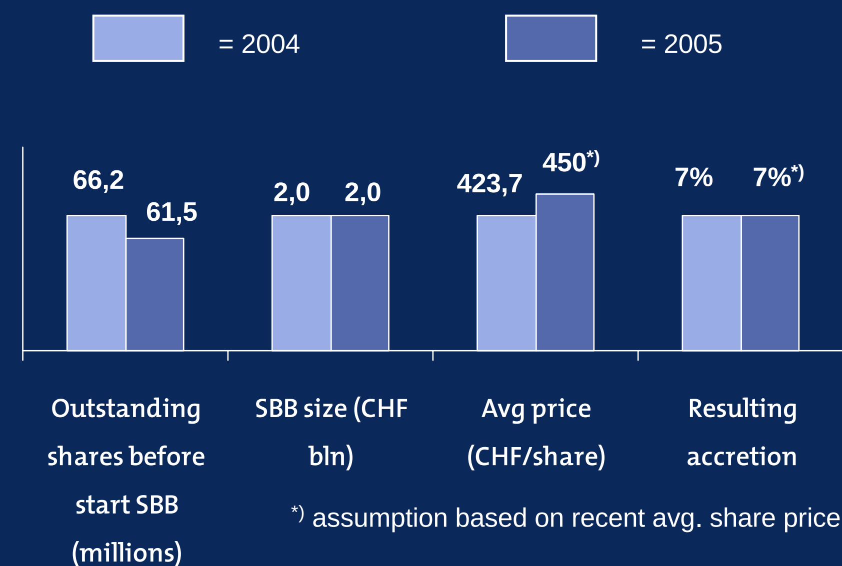
Payout forms

Share buy back 2005

form: at market ("second trading line")

size: CHF 2 bln

accretion: ~7% (assuming CHF 450/share buyback price)

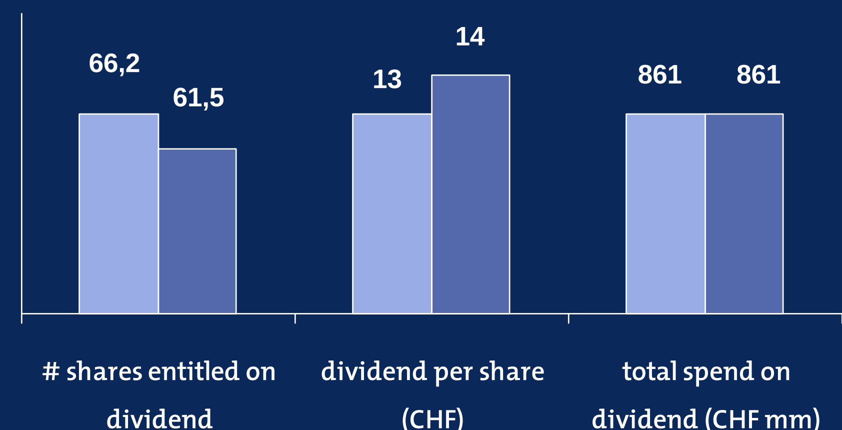


Dividend 2005

total funds used: CHF 861mm

representing CHF 14 per share, up from CHF 13 last year (due to accretion)

payout ratio of 56,5% of EPS



Same EFCF allows for higher DPS resulting from accretion SBB

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Effects of transition and amendment of IFRS Rules

No **transition** effects since Swisscom applies IFRS ever since IPO in 1998

With effect from 1 January 2005, the following **amendments** have limited impact on Swisscom's financials:

IFRS 3	No ordinary goodwill amortization, leading to higher EBIT and EPS in 2005. Goodwill depreciation in 2004 (CHF 49mm) not restated.
IAS 27	Minorities treated as sh'equity, leading to higher reported net income and sh'equity. Net income 2004 up by CHF 352mm, but EPS 2004 unchanged.
IAS 17	Separate classification for land & building leases, leading to higher OPEX. Restated EBITDA 2004 down by CHF 18mm, almost same net income.
IAS 24	Transactions with related party (e.g. the Confederation) being disclosed in the notes. No 2004 impact.
IFRS 2	Obligation to expense stock-based compensation to mgmt and employees. No impact to Swisscom as already done in the past.

IFRS in place at Swisscom for years. IFRS amendments with marginal impacts on financials

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Update as per YE 2004

(in CHF bln)	Fair value of plan assets	Δ	Benefit obligation
Swiss pension regime (BVG)	**5.209**	**-0.057**	**-5.266**
Different IFRS assumptions:			
- future salary increases			**-0.501**
- discount rate			**-0.912**
- pension indexation			**-0.519**
- other effects			**-0.061**
IFRS pension regime	**5.209**	**-2.050**	**-7.259**
Recognized as balance sheet liability :			
- unrecognized actuarial losses		**0.836**	
- unrecognized prior service		**0.096**	
- recognised pension obligation		**1.118**	
		-	

Funding ratio of 99% under Swiss pension regime. IFRS under-funding unchanged YOY.

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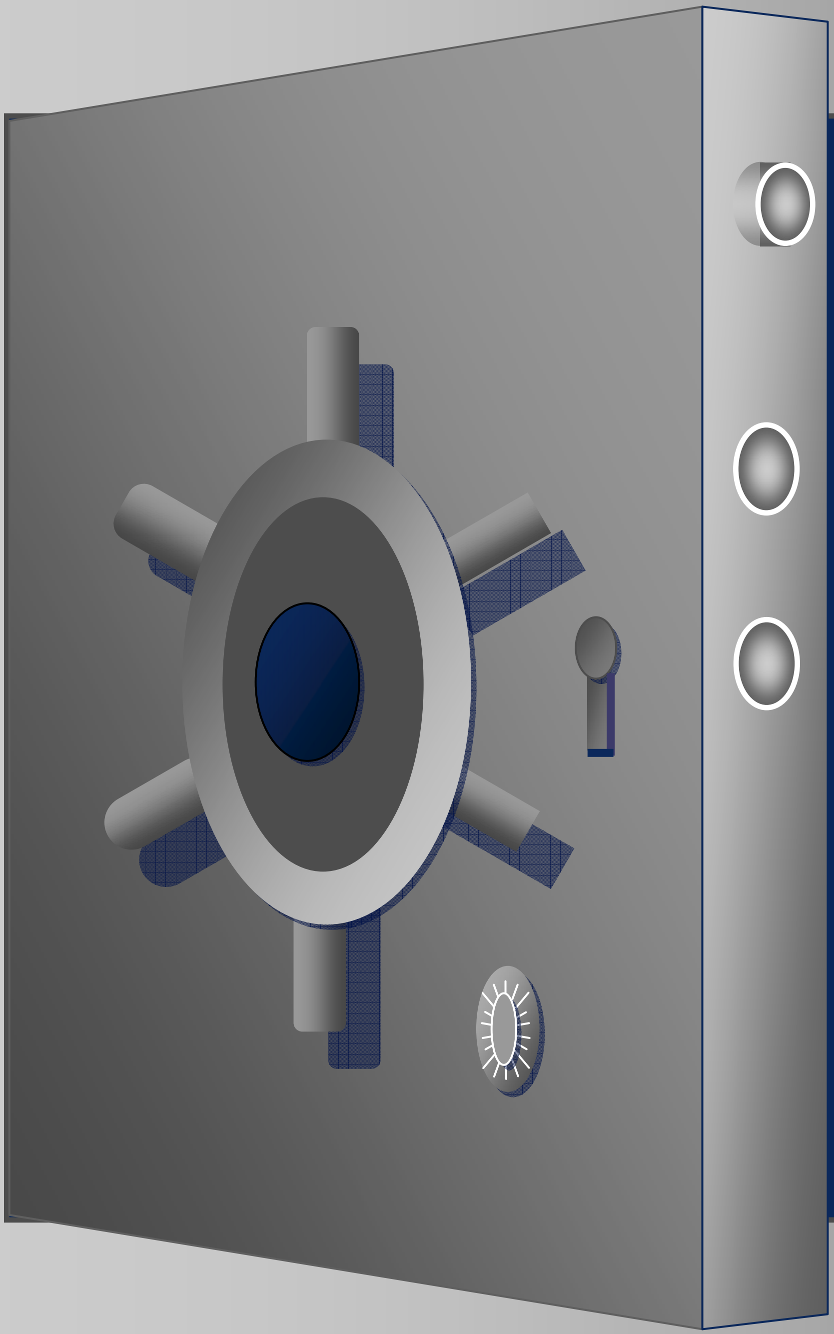
Distributable reserves as per YE 2004

	Shareholders' equity Swisscom AG	Share capital	non-distributable reserves	Reserves with own shares from SBB	Distri-butable reserves
31.12.2003 before 2003 profit distribution	**5'046**	**66**	**13**	**-**	**4'967**
Dividend in 2004	-861	-	-	-	-861
Share buyback in 2004	-	-	-	2'001	-2'001
Net income under Swiss GAAP	2'399	-	-	-	2'399
31.12.2004 before 2004 profit distribution	**6'584**	**66**	**13**	**2'001**	**4'504**
Share cancellation SBB 2004	-2'001	-5	-1	-2'001	6
Dividend in 2005	-861	-	-	-	-861
Share buyback in 2005	-	-	-	2'000	-2'000
After 2004 profit distribution, before net income 2005	**3'722**	**61**	**12**	**2'000**	**1'648**

Level of distributable reserves allows continuation of return policy with distribution of 100% of Equity Free Cashflow



5. Conclusions and outlook

Jens Alder,
CEO Swisscom

a. Conclusions

b. Outlook

a. Conclusions

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- **Overall**: continued focus on maintaining operating efficiency whilst investing into innovation
- **Wireline**: will increasingly show dynamics in business development, product portfolio, pricing strategy
- **Wireless**: further pushing innovations that keep Swisscom Mobile ahead of competition
- **Business Strategy**: "pure play incumbent" (wireline and wireless) able to fully exploit fixed-mobile convergence opportunities, with clear opportunity driven expansion strategy
- **Financial Strategy**: uniquely positioned to invest while safeguarding strong credit ratings and offering attractive shareholder remuneration

Swisscom well positioned to face long term challenges and exploit business opportunities

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Swisscom - going concern - in 2005:

- Revenues: CHF 10 bln
- EBITDA: CHF 4,2 bln
- CAPEX: CHF 1,2 bln

Appendix

a. Wireline

b. Financial Strategy

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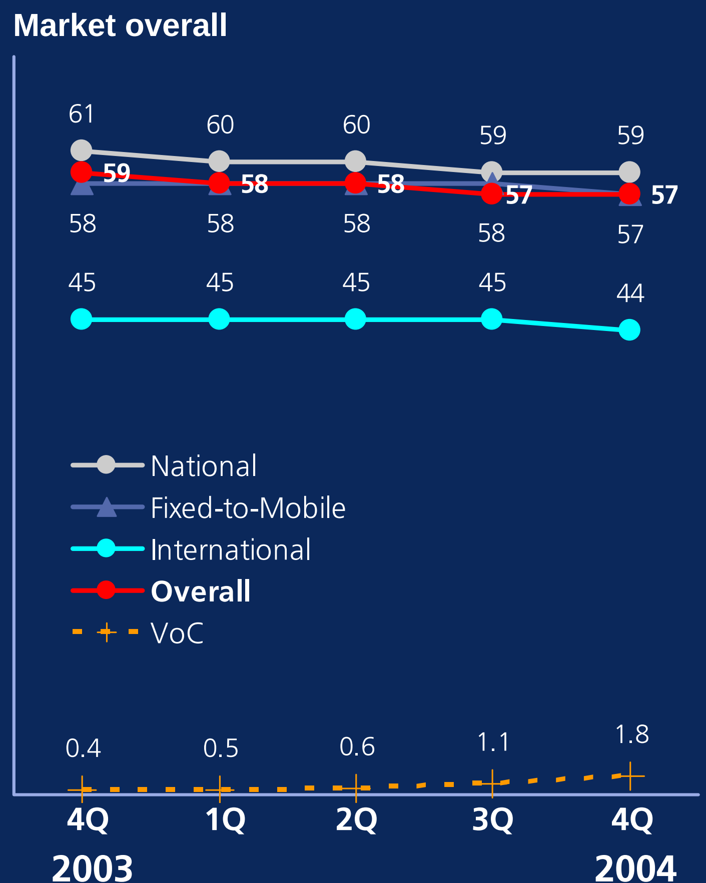
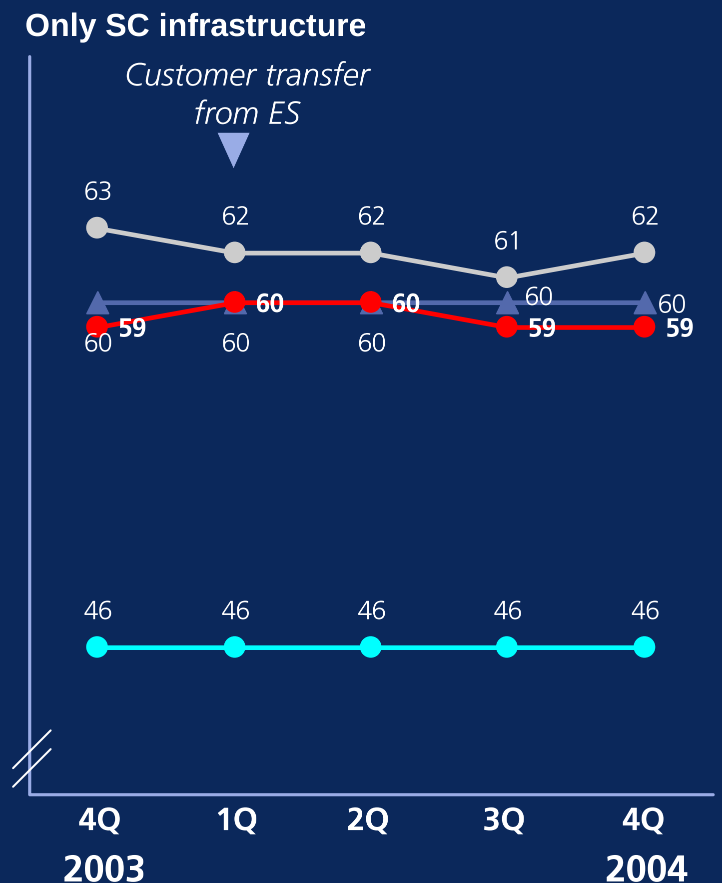
Almost stable market shares on SC infrastructure

% on minutes, excluding ES, Estimated values





Voice over Cable with biggest impact on overall market shares

Price plans as of March 1st, 2005

Basic Access/month

	CHF 25.25	CHF 43.00
Basic Access/month	PSTN	Basic Rate ISDN

Additional Access bundles /month + Traffic

NEW: „Value Bundles“ (applies to fixed-to-fixed calls only)

	CHF 0.-	CHF 9.80	CHF 9.80	CHF 7.80	CHF 17.80
Additional Access bundles /month	Current plan	National	International	Mini-Combi	Combi
Traffic	▪ National calls: - Peak: 8 cts/min - Off-peak: 4 cts/min - Special offer for 1hr call for CHF 1.- in the evening and weekend ▪ International standard prices with max. of CHF 3/hr in the evening and weekend ▪ Global Volume discount	**inclusive:** ▪ Weekday from 7pm to 7am and weekend national calls free of charge ▪ ½ price for national calls on other hours ▪ Max. discount of CHF 100.- per month	**inclusive:** ▪ ½ price for all international traffic around the clock ▪ Max. discount of CHF 100.- per month	**inclusive:** ▪ Weekday from 7pm to 7am and weekend national calls free of charge ▪ ½ price for calls to EU, US and Canada ▪ Max. discount of CHF 100.- per month	**inclusive:** ▪ Weekday from 7am to 7pm and weekend national calls free of charge, ½ price on other hours ▪ ½ price for all internat. dest. ▪ Max. discount of CHF 200.- per month

Targeted offers

Fr. 0.-

Happy Weekend: free calling in the weekend for customers younger than 27 years

Consequently rebalancing variable traffic with subscription fees

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New Swiss telecommunication law

Lower house of parliament decided on 7 October 2004 to introduce:

- Full access
- bitstream (@DSLAM) for a period of 2 years in a 6 year timeframe
- Leased line and access to ducts where technically feasible
- Other operators allowed to invoice access (1 customer, 1 bill)
- Declined by lower house of parliament: technology neutrality (i.e. no extension to e.g. mobile networks)

How will this process continue:

- Next "hurdle" is the Council of States: expected in Summer 2005
- Thereafter either fast track with Council confirming current parliamentary proposal and no Referendum: law to be put in force by mid 2006.
- Alternatively eventually further delay (Council of States disagrees, reconciliation process between both chambers to be started, referendum being called for). Not predictable when law would be put into force, and what changes might be introduced compared to current proposal

Regulation outcome yet uncertain

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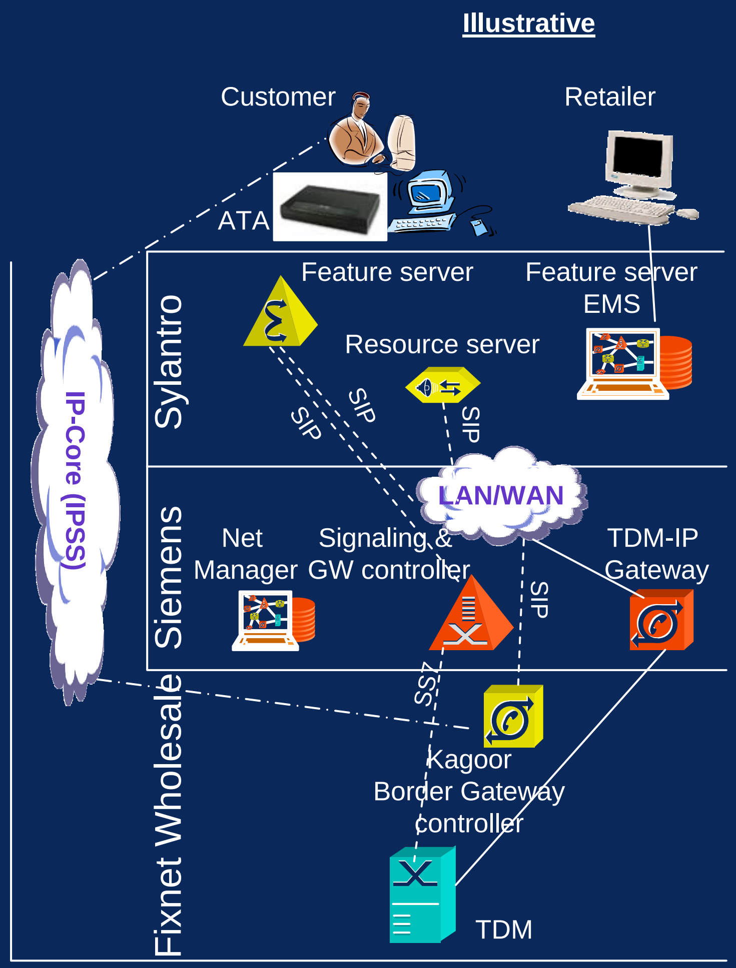
High quality VoIP Platform

Customized Analog Telephone Adapter from Zyxel

- Based on Prestige 2002 Series
- Security Provisioning
- Remote Firmware update
- Swiss network adaptations

Best-in-class Soft client and applications from EyeP Media

GW and Feature Servers from Siemens/Sylantro/Kagoor



Extending and complementing today's TDM offering

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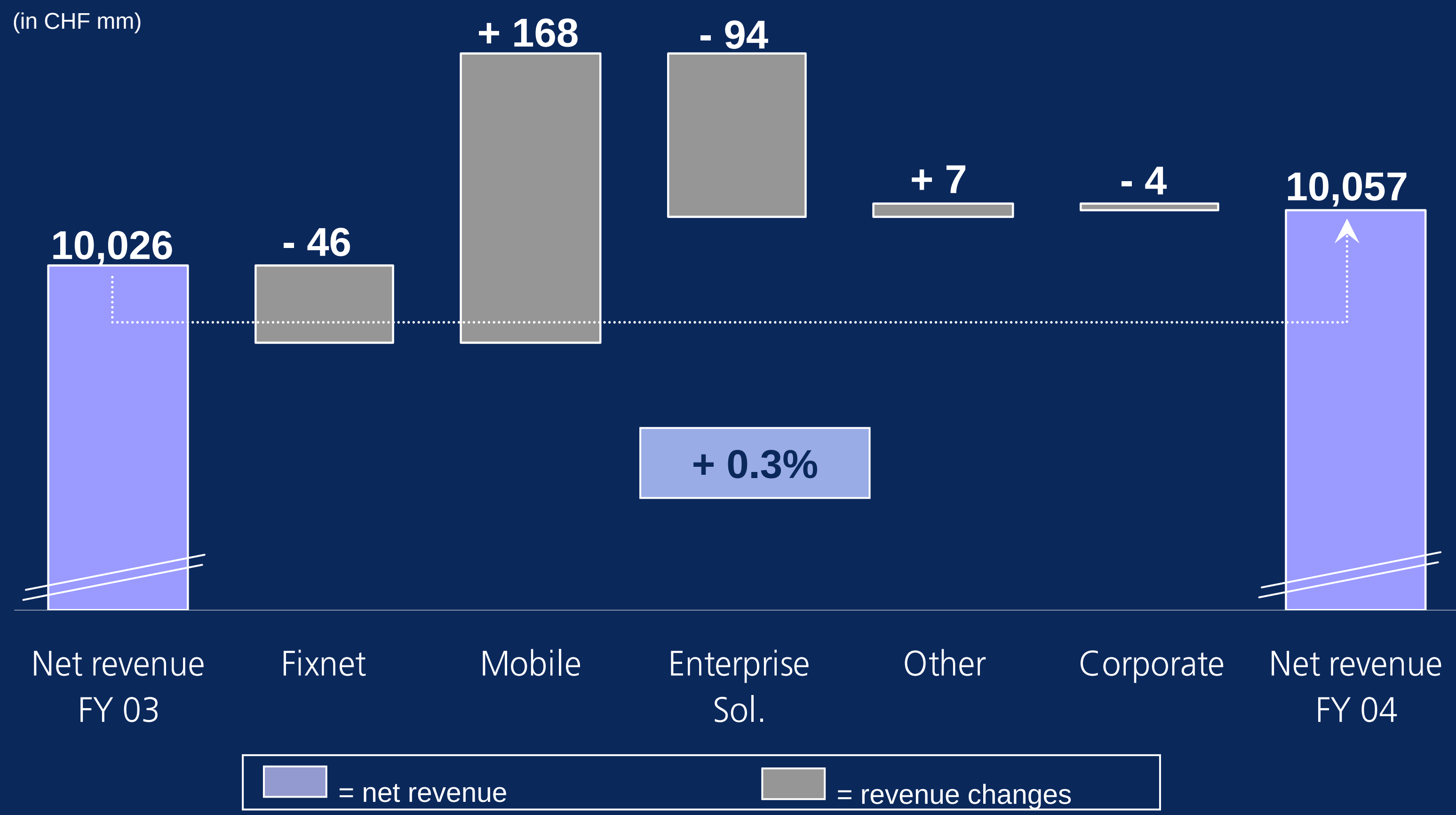
Reported revenues, changes per segment



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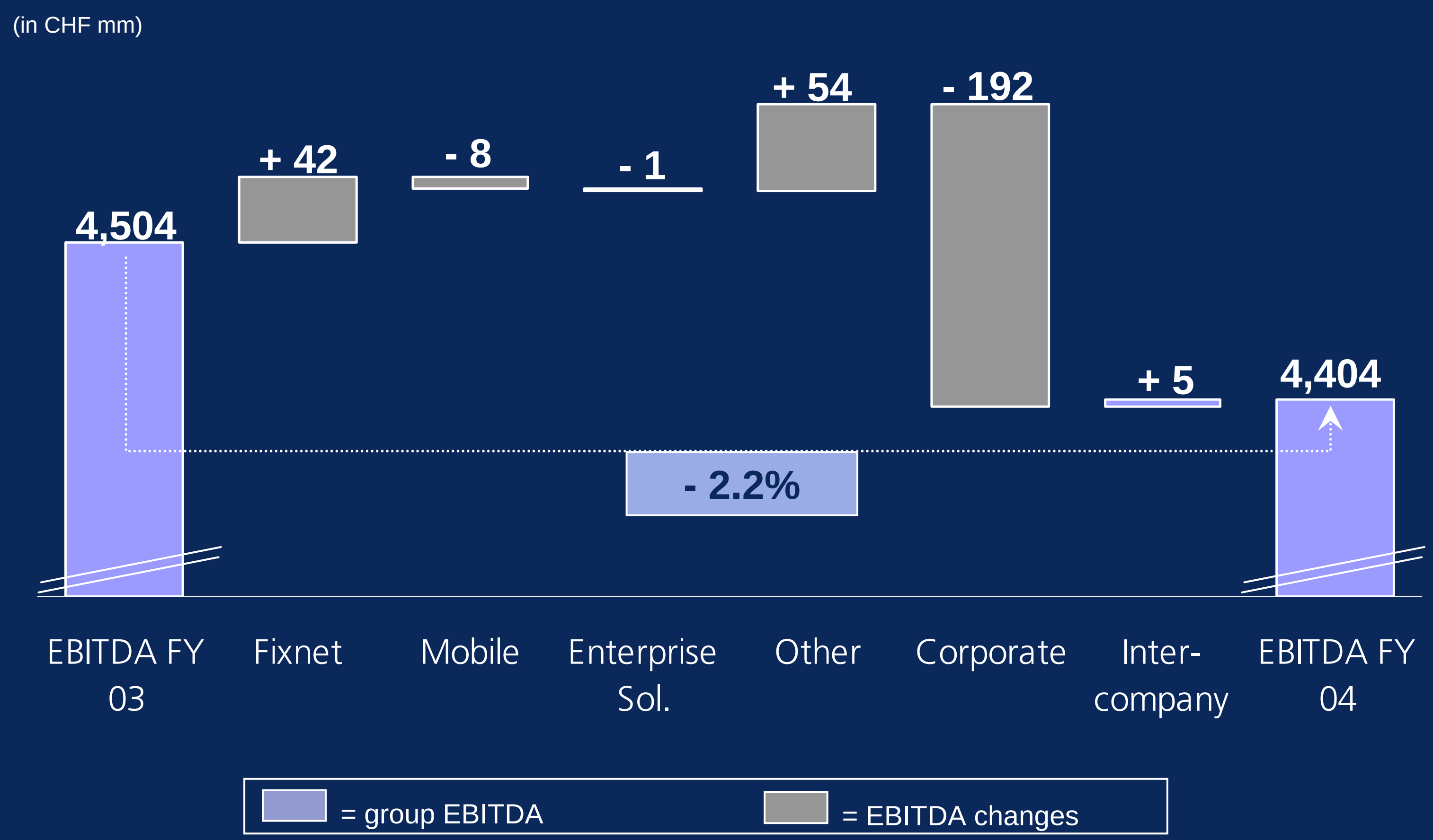
Reported EBITDA, changes per segment



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Costs related to workforce reduction

(in CHF mm)	2003			2004		
	HY1	HY2	FY	HY1	HY2	FY
Fixnet	48	15	63	7	33	40
Enterprise Solutions	32	9	41	(2)	20	18
Mobile	-	-	-	-	-	-
Swisscom IT Services AG	*4*	*44*	*48*	*-*	*-*	*-*
Swisscom Systems AG	*-*	*-*	*-*	*-*	*5*	*5*
Eurospot	*-*	*-*	*-*	*-*	*1*	*1*
Other	4	44	48	-	6	6
Termination costs excl. Corporate	84	68	152	5	59	64
Corporate excl. elimination	*6*	*36*	*42*	*-*	*2*	*2*
Elimination	*-56*	*-50*	*-106*	*1*	*-19*	*-18*
Corporate	(50)	(14)	(64)	1	(17)	(16)
Group termination costs	34	54	88	6	42	48
Worklink / EMC, total exp., net	*17*	*50*	*67*	*49*	*47*	*96*
Group expenses of job-cut measures	51	104	155	55	89	144

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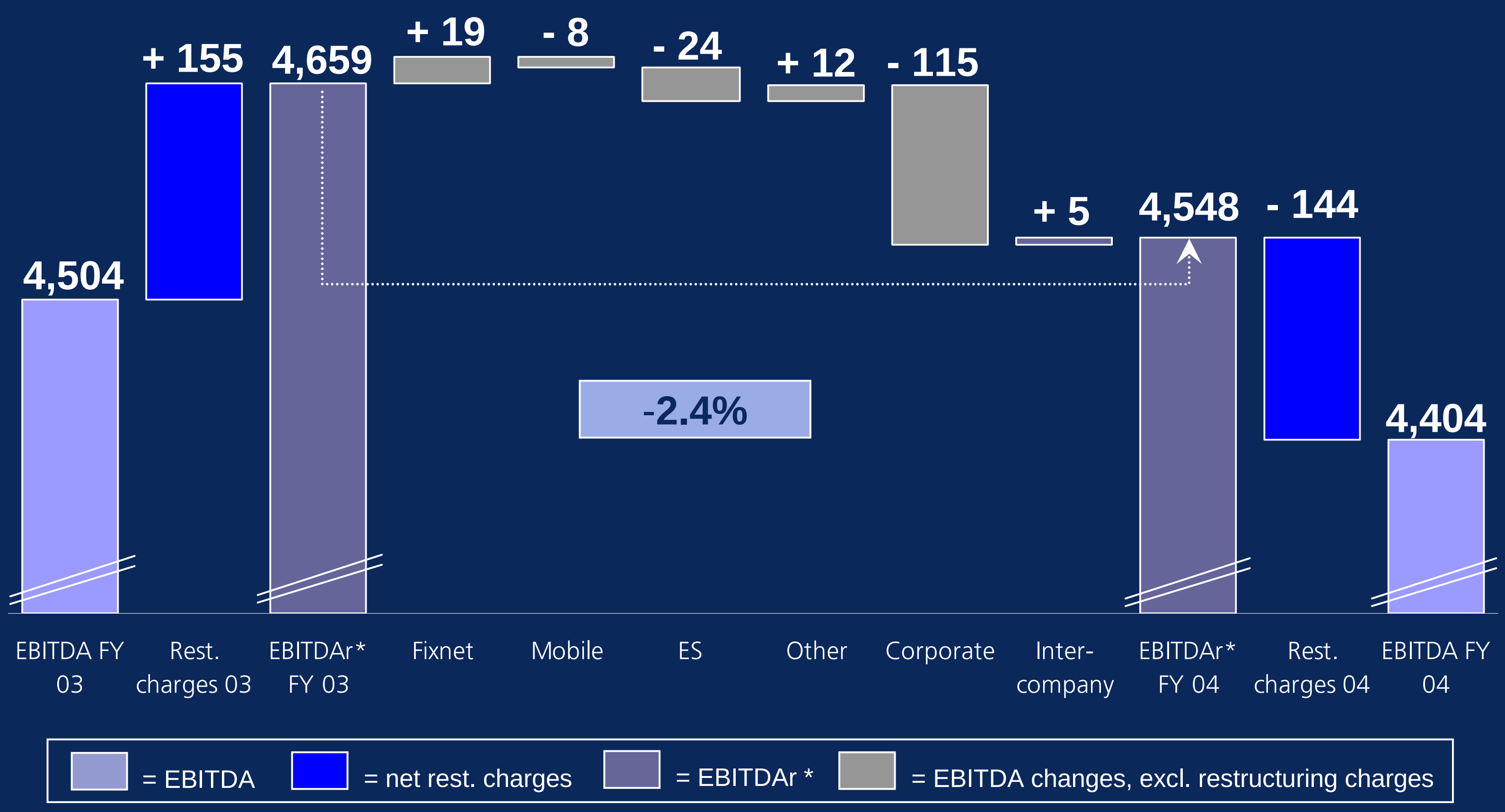
Group EBITDA and EBITDAr*



* EBITDAr = EBITDA before restructuring charges

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Overview of income tax payments

(in CHF mm)	2003	2004
P+L Statement		
Current income tax expense	192	461
Deferred income tax (benefit) expense	275	-67
Total income tax expense	**467**	**394**
CF Statement		
Income taxes paid	**56**	**239**
Balance Sheet		
Current tax liabilities, net	**120**	**342**
Difference between current and paid income taxes	*136*	*222*

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Adjusted net income

(in CHF mm)	2001	2002	2003	2004
Net income	**4'964**	**824**	**1'569**	**1'594**
Impairments (debitel goodwill, sea-cable)	1'130	702	280	155
Gain on sale of real estate portfolios	-568	-	-	-
Gain on partial sale of Swisscom Mobile	-3'837	-	-	-
Tax effect on one-time items, net	-515	-207	-80	-33
CTA debitel	-	-	-	238
Adjusted net income	**1'174**	**1'319**	**1'769**	**1'954**
Avg. number of shares (in mm, IFRS)	73.544	67.648	66.200	64.716
Adjusted EPS (in CHF)	**15.96**	**19.50**	**26.72**	**30.19**

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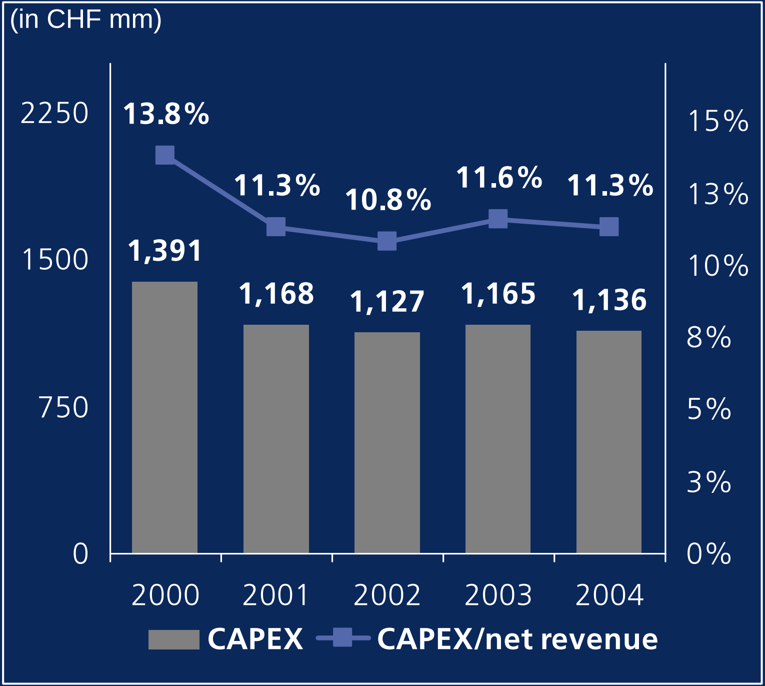
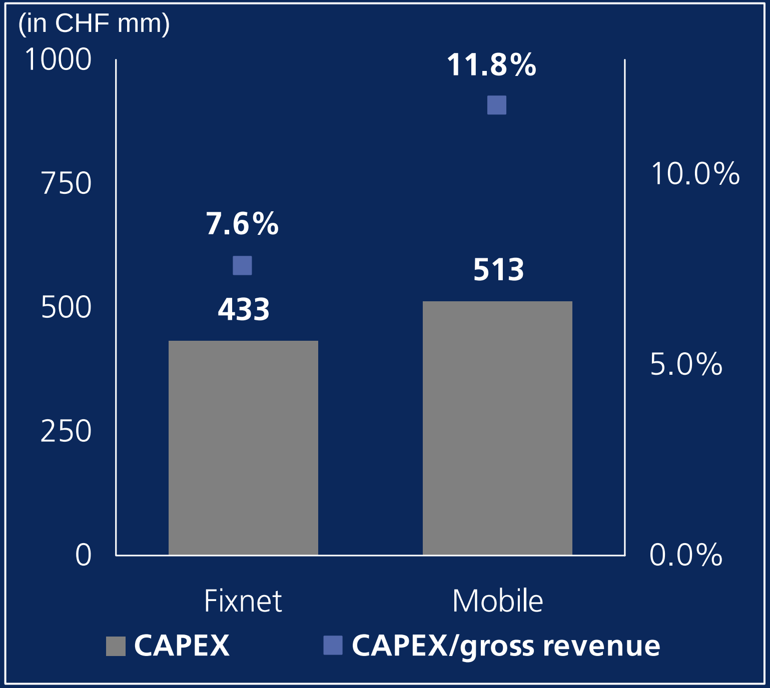
CAPEX analysis

CAPEX development



CAPEX 2004



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Cash flow statement

(in CHF mm)	YE 2003	YE 2004
EBITDA	**4,504**	**4,404**
Change in net operating assets and other	161	-49
Dividends received	147	1
Net interest paid	-46	-49
Income taxes paid	-56	-239
Net cash provided by operating activities	**4,710**	**4,068**
CAPEX	-1,165	-1,136
Proceeds from sale debitel	-	616
Other CF from investing activities, net	540	-834
Net cash from investing activities	**-625**	**-1'354**
Debt repayments and other	-843	-319
PVR 2003 and share buyback 2004	-530	-1,882
Dividends paid to Swisscom sh'holders	-794	-861
Dividends paid to minority interests	-390	-360
Net cash used in financing activities	**-2,557**	**-3,422**
Net decrease in cash and cash equivalents	1,528	-708
Cash and cash equivalents at end of the period	**3,104**	**2,387**

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Group capital structure

(in CHF mm)	YE 2003	YE 2004
Short term debt	516	384
Long term debt (esp. cross border tax lease)	1,338	1,253
Long term net finance lease obligation	1,070	898
Total debt	**2,924**	**2,535**
Less: financial assets from lease-and-leaseback transactions	-1,011	-952
Less: cash, cash equivalents and securities	-3,355	-3,672
Net cash	**1,442**	**2,089**
Shareholders' equity	7,669	6,681
Balance sheet total	16,540	14,448
Book leverage [1]	**-18.8%**	**-31.3%**
Equity ratio [2]	**46.4%**	**46.2%**

[1] Book leverage = net debt / shareholders' equity, [2] Equity ratio = shareholders' equity / total assets

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Ownership structure

Swisscom shares	as of 31.12.2003 in mln	as of 31.12.2003 *in %*	as of 31.12.2004 in mln	as of 31.12.2004 *in %*	as of 14.02.2005 in mln	as of 14.02.2005 *in %*	after AGM 05 in mln	after AGM 05 *in %*
Free Float *	**24.672**	***37.3%***	**19.952**	***30.1%***	**20.867**	***31.5%***	**20.867**	***33.9%***
SBB 2004	**-**	***0.0%***	**4.721**	***7.1%***	**4.721**	***7.1%***	**-**	***0.0%***
Free available Gov'nt shares	5.430	*8.2%*	0.314	*0.5%*	2.066	*3.1%*	4.426	*7.2%*
EB 1	3.000	*4.5%*	3.000	*4.5%*	3.000	*4.5%*	3.000	*4.9%*
EB 2	-	*0.0%*	2.667	*4.0%*	-	*0.0%*	-	*0.0%*
EB 3	-	*0.0%*	2.449	*3.7%*	2.449	*3.7%*	2.449	*4.0%*
TUG (50%+1)	33.102	*50.0%*	33.102	*50.0%*	33.102	*50.0%*	30.741	*50.0%*
Gov'nt shares	**41.531**	***62.7%***	**41.531**	***62.7%***	**40.616**	***61.4%***	**40.616**	***66.1%***
Total	**66.203**	***100.0%***	**66.203**	***100.0%***	**66.203**	***100.0%***	**61.483**	***100.0%***

*Free float includes the stake of 7.3% (4,82 million shares) of total shares held by Capital Group Int. per 31.12.2004

EB1 = exchangeable bonds Dec 03 – Dec 07, EB2 = exchangeable bonds June 04 – Feb 05, EB3 = exchangeable bonds Nov 04 – June 06

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Shareholder returns since IPO

(in CHF mm)

Financial year	Year of payments	Dividend	Par value reduction	Share buyback	Total payments
1998	1999	809	-	-	**809**
1999	2000	1,103	-	-	**1,103**
2000	2001	809	588	-	**1,397**
2001	2002	728	530	4,264	**5,522**
2002	2003	794	530	-	**1,324**
2003	2004	861	-	2,001	**2,862**
2004	2005	861	-	2,000	**2,861**
Total payments		**5,965**	**1,648**	**8,265**	**15,878**

Well over 50% of market capitalization returned to shareholders since IPO