Swisscom:
"In time to TIME"

Analyst meeting

8 March 2006 - Zurich

Prolog: "In time to TIME"

"Time is relative"

(Albert Einstein in 1905 when working in Bern, Switzerland)

- **TIME** (**T**elecom, **I**T, **M**edia, **E**ntertainment):

  Ultimately all services under the label TIME will be offered as one integrated and seamless portfolio. The **roadmap** towards TIME is **relative**, the ultimate **goal** is **absolute**

- In **time** to **TIME**:

  Every now and then there will be disruptions on the road from standalone T-I-M-E services to an integrated TIME portfolio, however the ultimate integration of services is clearly addressing latent customer demand

Agenda

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A. In time to TIME

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A1. Operating environment

Customer Needs

Shifting Needs:

towards:
• interactivity, content and applications & information mastering
•E2E solutions for businesses

Opportun-ities:

• new mkt. segments are created
• SCM with current mkt. share well positioned (USP)

Industry Trends

Threats:

• technology moves to IP
• new disruptive technologies
• competition intensifies (level of penetration)

Opportun-ities:

• TIME services / applications,
• adjacent markets increasingly offer growth options

Government's framework

Privat-isation:

• outcome uncertain
• length of process uncertain

Strategy

• net debt of max. 1,5x EBITDA
• no acquisitions of incumbents (political risks)

Goals: a) satisfy changing customer needs, b) co-shape general industry trends, c) take interests of all shareholders into account while sticking to governmental framework

A2. Swisscom goal, logic, strategy and profile

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Goal: **"in time to TIME"**

new TIME business to compensate erosion of Access & Traffic by 2008/2009

Logic: **"future core will differ significantly from current core"**

exploit opportunities from rapid changes caused by shifts in customer needs and industry trends by driving Swisscom's exposure in both core and adjacent businesses

Strategy: **"3 Pillars, 1 outcome"**

1 Maximize

- **a** **ENSURE superior customer loyalty:** with best (convergent) products and service levels
- **b** **DRIVE efficiency:** converge networks/ platforms/ operations and shared services

2 Extend

- **a** **REALIZE true ICT for B2B:** using a portfolio logic along 3 dimensions

3 Expand

- **a** **ATTACK from inside:** replicate core competences to enter into new markets and to grow in existing segm.
- **b** **ATTACK on outside:** leverage core competences to grow in adjacencies at home and abroad

Profile 2009: **"streamTIMEd !"**

streamlined organization offering integrated **TIME** portfolio of services **enthusing !** customers, employees and shareholders

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1 Maximize

a **ENSURE superior customer loyalty:**

with best (convergent) products and service levels

b **DRIVE efficiency:**

converge networks/ platforms/ operations and shared services

ENSURE that Swisscom generates superior customer loyalty on the back of best products and service levels by leveraging broad offering spectrum

DRIVE to exploit full potential by eliminating cross-functional overlaps across all operating companies

2 Extend

a **REALIZE true ICT for B2B:**

using a portfolio logic along 3 dimensions

3 Expand

a **ATTACK from inside:**

replicate core competences to enter into new markets and to grow in existing segm.

b **ATTACK on outside:**

leverage core competences to grow in adjacencies at home and abroad

2005: delivered good customer satisfaction - efficiently

1 **Maximize – what has been achieved sofar?**

ENSUREd **customer loyalty:**

- increased **offer** range (Unlimited, 3G, mobile TV, TV300, bluewin Phone)
- reduced **churn** despite higher competitive pressure
- improved **price** perception (tariffs proactively reduced across the board)
- renewed **key contracts** (SRG, AGI)
- improved avg **customer satisfaction** to 8.15 on scale of 10
- generated **new business** (Fixnet broadband: CHF >500 mm, new mobile data: CHF 200 mm, order entry for IT & outsourcing: CHF ~600 mm)

DRoVE **efficiency:**

- increased total **paid access** (# PSTN+ISDN+DSL+Mobile postpaid subs) to 7.56mm (+2.6%) with 5% **less staff** (-461 FTE) in Fixnet and Mobile
- improved **"position and return on resources employed"** by merging scale sensitive international wholesale business into JV with Belgacom
- stabilized **overhead cost** at 9% of revenues despite 3% lower total turnover

2005: a 'time' where customer loyalty and satisfaction was efficiently safeguarded. Enthusing customers must be the next step

From customer satisfaction to customer enthusiasm...

1 **Maximize customer experience – what is the way forward?**

a **ENSURE**

best service levels:
- uncomplicated, competent, fast
- further widen distance to competition
- become benchmark for Switzerland for customer experience
- optimized go to market

best offering:
- access bundling
- multiple access networks, one experience
- many devices, one experience

2006: a 'time' where, by leveraging our broad offering spectrum, the focus will be on developing products and service that deliver their full value to customers when used across all Swisscom Access Networks

… while continuing efforts to boost efficiency

1

Maximize efficiency – what is the way forward?

b

DRIVE

one network:

- common architecture and design across platforms
- combine functions where sensible

optimize customer touch points:

- sales – improve "go to market" approach
- installation
- service

more efficient internal shared services:

- eliminate what is not necessary for support of core business
- establish shared services for support functions

2006: a 'time' where focus will be on developing methods and organisational structures beyond simple optimization to significantly curb operating costs

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1 Maximize

a **ENSURE** **superior customer loyalty:**

with best (convergent) products and service levels

b **DRIVE** **efficiency:**

converge networks/ platforms/ operations and shared services

2 Extend

a **REALIZE** **true ICT for B2B:**

using a portfolio logic along 3 dimensions

REALIZE extension of business by offering a wider range of IT and Communication solutions out of one hand to both existing and new customers – domestically and abroad

3 Expand

a **ATTACK** **from inside:**

replicate core competences to enter into new markets and to grow in existing segm.

b **ATTACK** **on outside:**

leverage core competences to grow in adjacencies at home and abroad

First B2B successes delivered

2 **Extend – what has been achieved sofar?**

REALIZEd

extension of value chain:

- created **partnership** with Vanco – to follow the customer internationally
- initiated **acquisition** of Siemens' activities in CH – to improve service levels for customers on in-house IP networks and data services
- **acquired** Comit – to add to consultancy strength at Swisscom IT
- first certified provider of **qualified electronic signature services**

new customer contracts:

- operate **desktop** services for Credit Suisse and SBB (Swiss railways)
- took over worldwide **voice** and **data** services for Winterthur Group
- took over **voice** and **data** services for Swiss
- migrated Swiss Post to **all-IP platform**
- enlarged **banking platform IT** operations – by adding Freiburger Kantonalbank (16th bank that has now joined)
- acquired CHF ~600 mm **contract value**

2005: a 'time' where through extension of portfolio most important deals have been awarded to Swisscom

From IC & T to ICT

2

a

REALIZE

Extend into true ICT – what is the way forward?

integrated portfolio of services

- covering full spectrum of customer desires, ICT and managed solutions

growth along 3 portfolio dimensions:

- international expansion with “more of the same” following our customers
- sliver expansion with focus on key strengths
- adding additional scale through acquisitions of new major outsourcing deals

criteria to grow:

- organic where possible, non-organic where better
- investment criteria in case of non-organic growth on slide 16 and 17

2006: a ‘time’ where conditions will be created to make true ICT happen

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ATTACK from inside: extract value where (a) other markets are still behind the Swiss market or (b) where Swisscom is not the number 1 player yet in Switzerland

ATTACK on outside: extract value by adding (leveraging) core competences to adjacent business that itself is also shifting towards convergence

First moves in expansion achieved

3 **Expand – what has been achieved sofar?**

ATTACKed from inside — **by replicating core competences:**

a) in other markets

- Swisscom Broadcast acquired Antenna Hungaria
- Swisscom Eurospot achieved leading position in European hospitality business
- Airbites now active into Spain, Poland, Slovakia, Romania, Bulgaria

b) in existing segments in Switzerland

- Cards (billing competence applied to customer cards for large accounts)

ATTACKed on outside — **by leveraging core competence:**

- Medgate (telemedicine provider)
- Cinetrade (content aggregation)
- Betty (TV interactivity through Telco infra in Switzerland)

2005: a 'time' where first steps were taken that show the way towards value extraction from synergetic and industrial potential

Replicate own core competences...

3

Expand – what is the way forward?

a

ATTACK
from inside

logic:

- growth opportunities arising from market differences between Switzerland and other countries, e.g.: penetration, in-market competitiveness
- within Switzerland, Swisscom is not yet number 1 in all relevant segments

proposition:

- **replicate** own core competences

criteria:

- no incumbents with USO, **no single large bet**
- preferred acquisitions are on back of multiple roll-up strategy
- standalone acquisitions only where synergy potential is obvious and not yet paid for in acquisition price
- control or path to control desired

2006: a 'time' where a structured search for opportunities should lead to further moves into other markets and existing segments

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...and leverage own core competences

3

Expand – what is the way forward?

b

ATTACK
on outside

logic

- substantial shifts in value chains in **adjacent** industries driven by industry trends and customer needs provide growth options (e.g. content distr., telemedicine)

proposition:

- **leverage** own core competences (e.g. customer base, networks, spec. skills)

criteria:

- no pure diversification, no single large bet
- sound industrial or synergetic logic between adjacent and existing skills/assets
- combinations of steps are likely to add more value and are therefore favored
- investment size likely to be smaller in adjacencies
- visibility of value growth profile mid-term
- minority holdings acceptable to gain foothold

2006: a 'time' where Swisscom plans to move into adjacent businesses under strict criteria

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Profile 2009: **"streamTIMEd !"**

TIME:

Swisscom offers an integrated portfolio of TIME services

STREAMLINED:

in the most efficient manner and achieved through a rational framework of thinking

! :

creating enthusiasm ! on the part of customers, employees and shareholders

Time to conclude

Profile 2009: **"streamTIMEd !"**

streamlined organization offering integrated **TIME** portfolio of services **enthusing !** customers, employees and shareholders

TIME **as the vision to deliver upon (latent) customer demand**

- aware of the changing requirements and demand for simple yet comprehensive and interactive services
- by co-shaping the industry where future core differs from current core

STREAMLINE **in the most efficient and rational manner**

- streamline to minimize overlaps in customer touch points and infrastructure
- using rational investment logic

ENTHUSING **customers, employees and shareholders**

- by delivering best products and service levels to customers
- by offering range of opportunities for staff
- by offering the "Money Value of TIME" to shareholders

Swisscom: creating value from TIME

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Changes in senior management to further strengthen cooperation and convergence through all of Swisscom

	new:
CEO Swisscom	Carsten Schloter
CEO Swisscom Mobile	Adrian Bult
CEO Swisscom Fixnet	Ueli Dietiker
CFO Swisscom	Mario Rossi
CFO Swisscom Fixnet	tba
CEO Swisscom Solutions	Urs Schaeppi
Commercial Business Head Swisscom Mobile	tba

Converging management first

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A3. Shareholder distribution through time

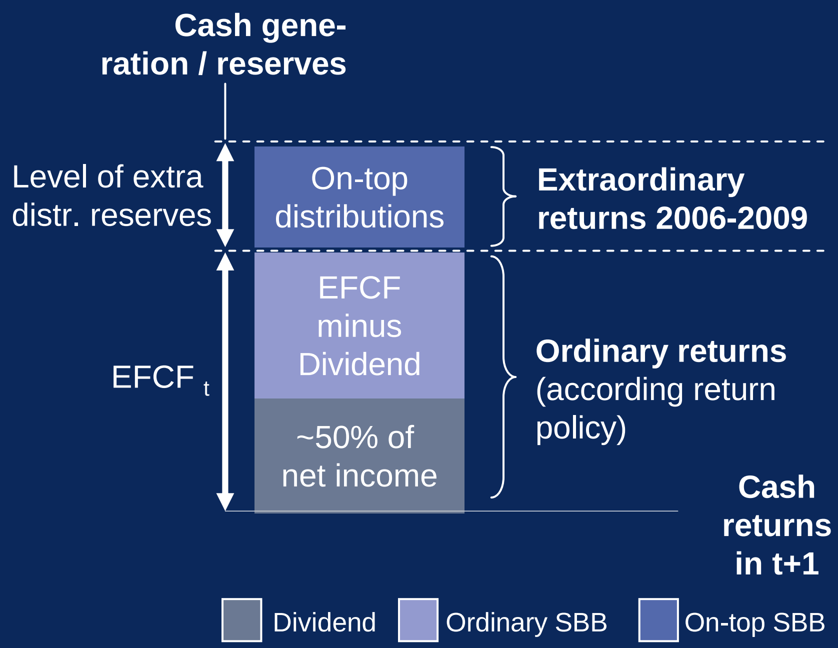
Swisscom return policy - unchanged

- 100% of EFCF (t) to be returned in (t+1)
- EFCF definition unchanged (operating FCF after CAPEX, net acquisitions and debt funding/ redemption)

Extraordinary returns on-top

- To meet Swiss Government's targets for 2006-2009 (reduce distributable reserves to a maximum of CHF 1 bln)
- Swisscom will be making extra-ordinary payments amounting to approximately CHF 1.5 bln
- Swisscom decided to carry out the first CHF 1 bln instalment of these on-top returns in 2006 and along with the anticipated share buyback from the regular distribution
- The remaining CHF 0.5 bln will be distributed over 2007 and 2008

Shareholder distribution



Return policy intact plus extra returns during 2006-2009

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A3. 2006, another year of strong returns

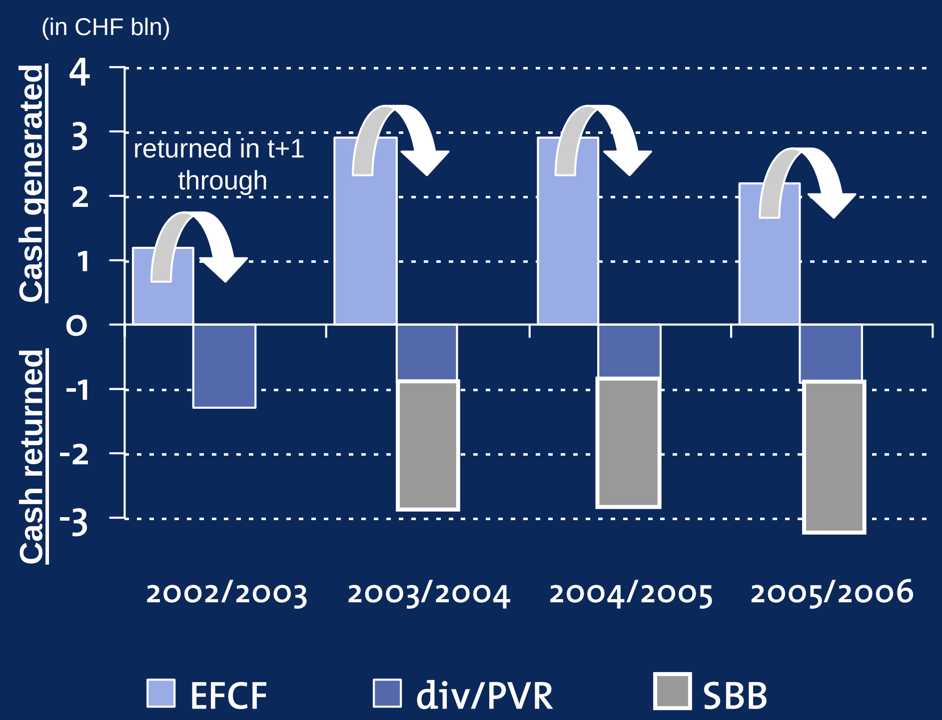
Cash generation 2005

- EFCF of CHF 2,2 bln

Cash returns to sh's during 2006:

- Proposed **dividend** of CHF 16/share (up from CHF 14 in 2005) totalling CHF 0,9 bln)
- **Total share buyback** of around CHF 2,25 bln:
  - CHF 1,25 bln regular buy back and CHF 1 bln from distributable reserves
  - to take place through the allocation of free put options (similar to 2002 program)
  - launch at the earliest after General Assembly (25 April 2006 in Lucerne), more likely in second half of 2006

4-years overview of shareholder returns



Payments to shareholders in 2006 > EFCF 2005 and representing almost 14% of market capitalization per 31.12.2005

B. Fixnet

B1. Segment financials and 2005 achievements

Key financials Fixnet

	YE 2005	YOY
Net revenue in CHF mm [1]	5,308	-7.1%
EBITDA in CHF mm	2,091	-3.6%
EBITDA margin	39.4%	
EBIT in CHF mm	1,294	17.1%
CAPEX in CHF mm	494	14.1%
Number of FTE's	7,118	-5.1%

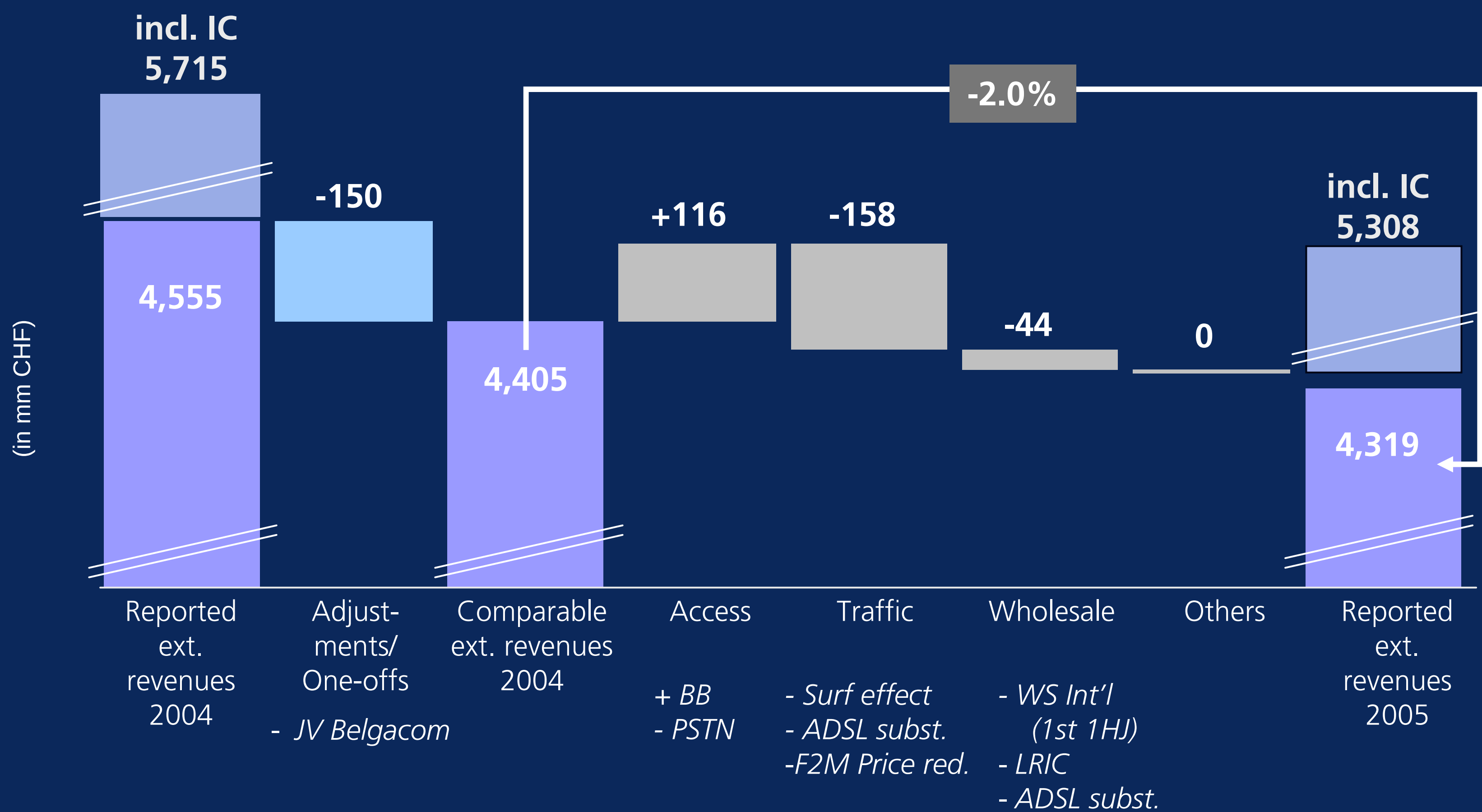
1 including inter-company (IC) revenue

Achievements

- Broadband growth partly offset by volume reduction of Voice
- Price decrease F2M
- Joint Venture with Belgacom decreases Top-Line
- EBIT increased due to lower depreciation of assets (leaner asset base and impairment of submarine cables in 2004)
- Getting ready for triple play leads to higher CAPEX
- Headcount reduced by 5.1%

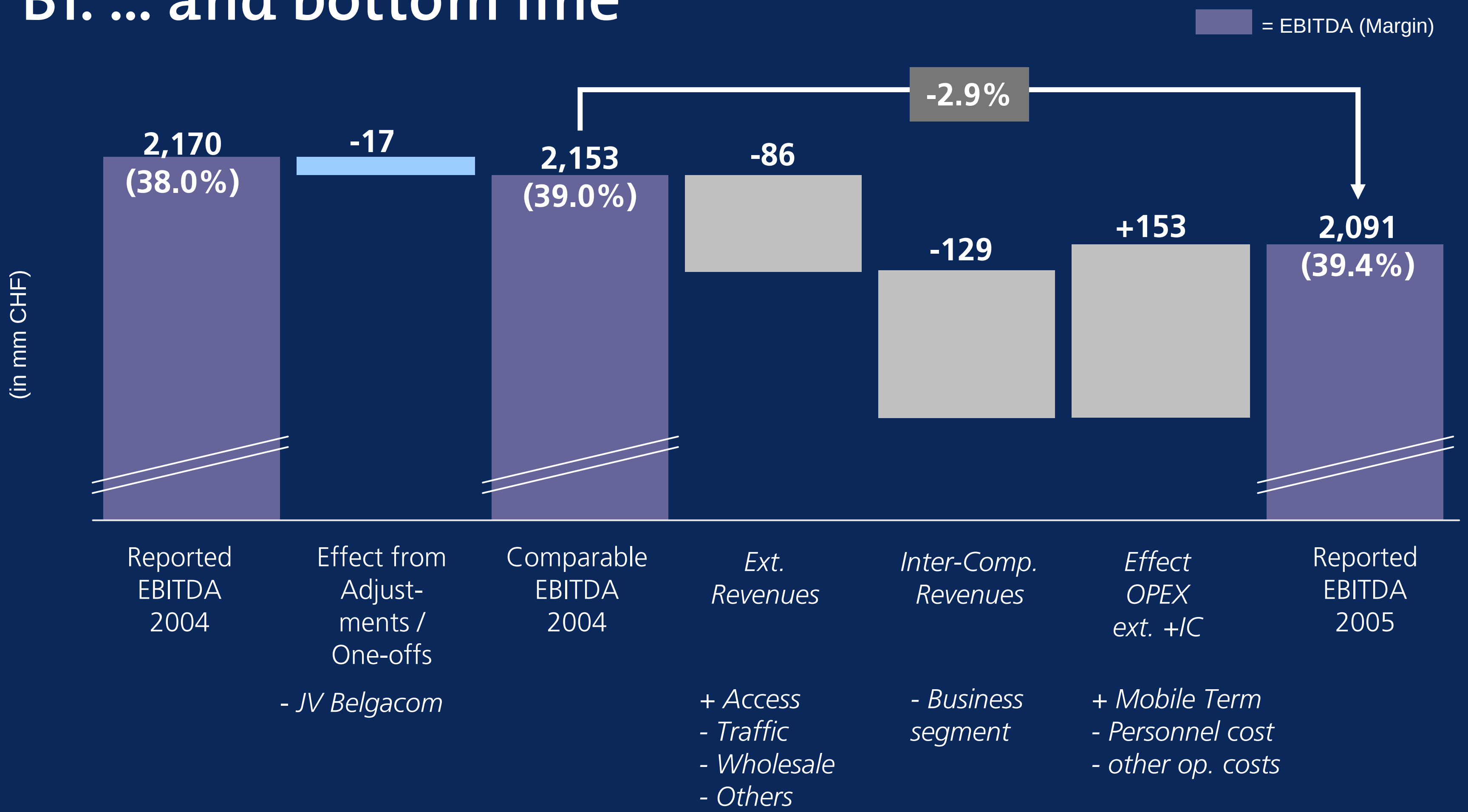
EBITDA decline by 4%, EBIT increase, Headcount -5%

B1. Top line...



Broadband compensates decrease in traffic

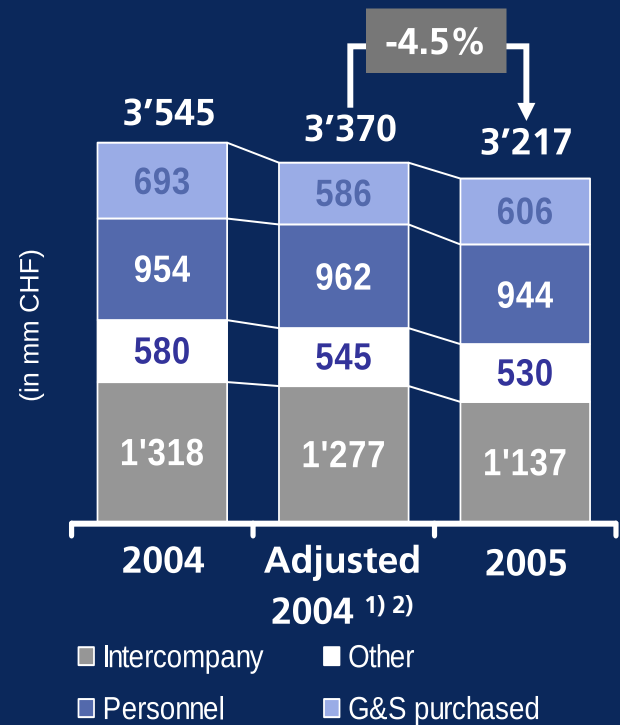
B1. ... and bottom line



EBITDA margin maintained

B1. Analysis of OPEX 2005

- **Goods and Services purchased**
  - Higher cost due to higher volumes in CPE equipment and ADSL modems
  - Lower termination fees to Sunrise Mobile
- **Personnel expenses**
  - Headcount reduced by 5.1%
- **Other OPEX**
  - Reduced Maintenance Cost
- **Inter-company OPEX, net**
  - Lower termination fees to SC Mobile
  - Reduced IT Cost

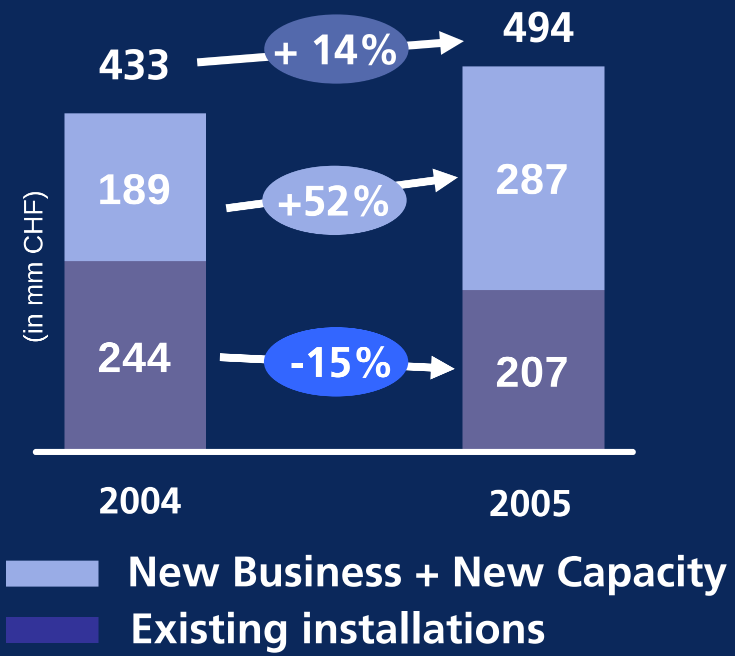


1) 2004 adjusted due to JV Agreement with Belgacom
2) 2004 adjusted due to change of accounting of purchase of Mobile Handsets and Energy cost , effect = nil on total OPEX

Lower mobile termination fees and headcount reduction

B1. Analysis of CAPEX 2005

- CAPEX increase in **new** business
  - Getting network ready for Triple Play leads to higher CAPEX
  - Fast progress in VDSL rollout: Majority of homes passed by end off 2006
- CAPEX in **existing** installations lower than in 2004 due to TDM renovation

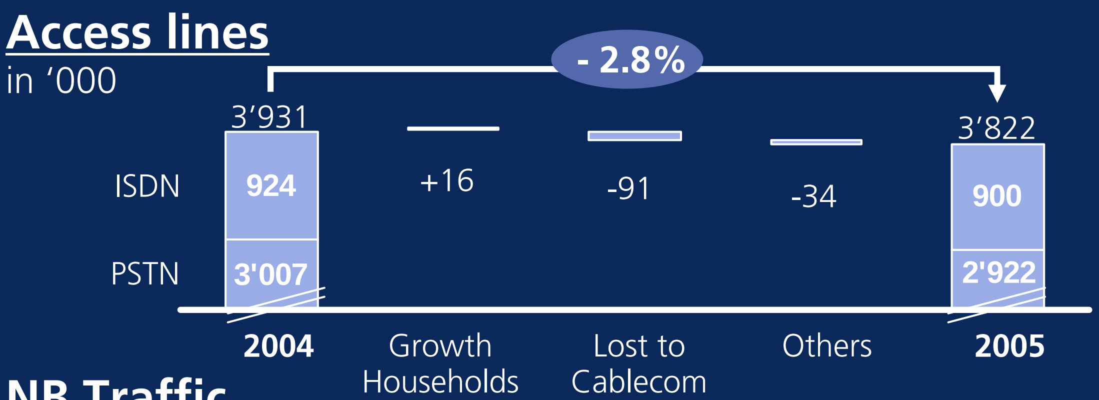


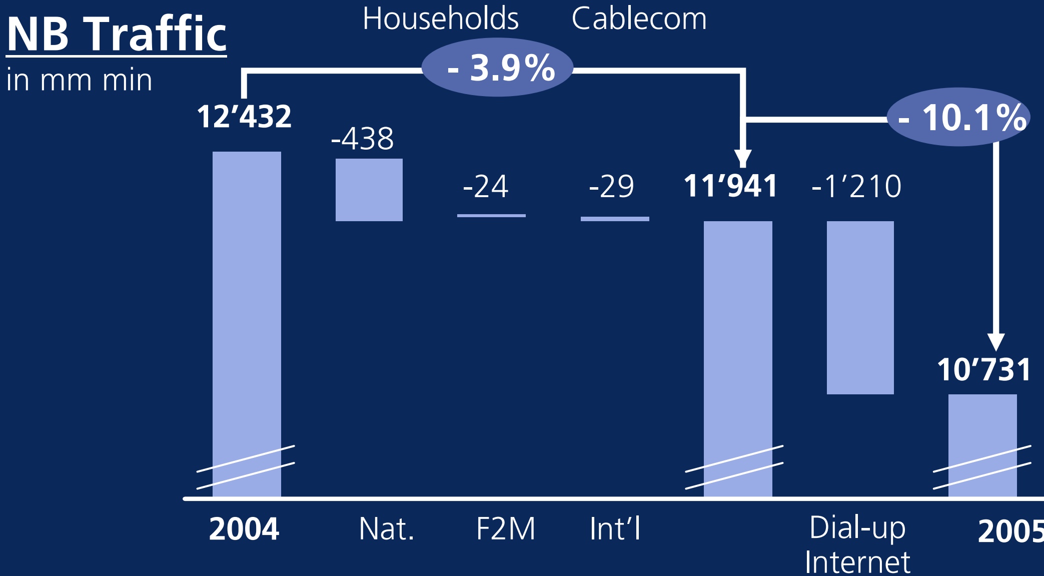
Higher CAPEX to prepare for the future

B2. Retail Voice development

- Access lines loss (-2.8%) primarily driven by Cablecom's Voice over Cable offer

- 14% narrow-band traffic decline
  - Substitution effects in a competitive wireline voice market
  - Ongoing reduction (-32%) in dial-up internet traffic due to migration to Broadband



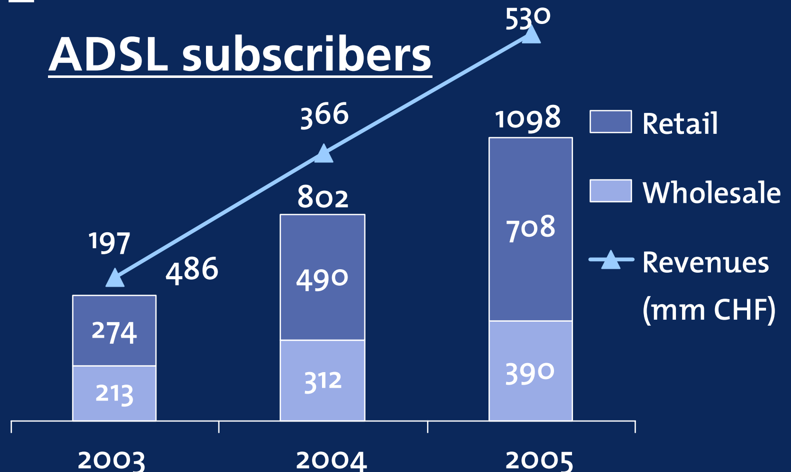


High exposure to VoC in access and traffic

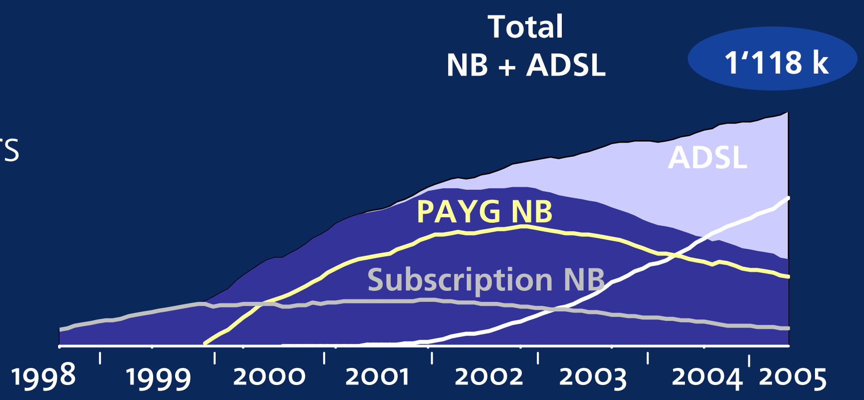
B2. Continued growth in ADSL

- About 300 k new ADSL subscribers in 2005
- Swisscom wholesale broadband customers exceed 1 mln
- Sustained market growth – with 54% broadband penetration (DSL and cable) Switzerland now in European top 3
- Clear focus on customer needs with a segmented approach
  - PAYG offer for customers upgrading from narrow band
  - More bandwidth for advanced customers
- Bluewin with 708 k customers outperforms Cablecom by factor 2
- More than 1.1 mln internet customers

ADSL subscribers



Internet Retail customers



Segmented approach to keep growing in market with already very high BB penetration

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B2. First TV and VoIP services launched

TV 300: First value added TV launched by operator in CH

- Easy-to-use and fast
- Convergent offer: Programmable via Internet and Mobile
- Introduces Bluewin as TV and entertainment brand and paves way for IPTV offer

Bluewin Phone: First converged VoIP offer in Swiss market

- PC client and use of „normal" handset
- Use independent of location
- Video calls
- Easy-to-use
- Testing vehicle for future price plans

Market entry into triple play services

B3. Regulation and legal proceedings

Unbundling of local loop

- Revision of telecoms act probably closed in spring 2006, but unlikely to take effect until Q1 2007
  - Services subject to regulation: Full access, ducts, leased lines, rebilling and interconnection
  - Principles of regulation: non-discrimination, transparency, cost orientation
  - Open issues:
    - Duration of requirement to provide BSA (2 years vs. unlimited)
    - Whether or not parliament should get the option to extend the access regulation without referenda being possible

Universal service obligation

- Public consultation of a draft amendment until end of May:
  - Federal Council is proposing changes: the most important new feature is the inclusion of broadband access in the USO
  - Various adaptations to the scope of the USO and prices (i.e. expansion of services for people with disabilities; adjustments of upper price limits)
- The Federal Communications Commission (ComCom) will issue a public tender

Significant market power (SMP) in ADSL market

- Appeals' commission (REKO) overruled decision from the competition commission (WEKO) which has to reconsider assertion of SMP in broadband access markets

Regulatory developments in 2006 decisive for future

B4. Trends, opportunities and risks

Voice over cable	▪ Stiff competition, price pressure especially in Voice →**Targeted marketing actions, broad entry into TV market (wireline and mobile)**
F2M substitution/ convergence	▪ New services and market decline →**Quadruple play offerings, combined marketing approach**
ULL	▪ Increased competition, more complex pricing →**Regulator management, competitive offerings for specific customer segments**
Voice over IP	▪ Voice for free and advanced features →**VoIP offering for price differentiation, new customer experience, OnePhone**

Disruptive changes in industry – opportunities and risks ahead

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B4. Strategic positioning

Customer orientation

- Reduce number of unsatisfied customers
- Bind customers more closely to Swisscom

Secure core business

- Position TDM as high quality service
- Introduce VoIP for price differentiation and enhanced customer experience
- Offer convergent products

Grow in broadband and beyond

- Compete in broadband and TV via customer value
- Identify, concretize and realize growth opportunities in adjacent businesses

Increase efficiency

- Move towards leaner production platforms in network and IT
- Streamline organization, use synergies across Swisscom

Beat competition with superior customer value

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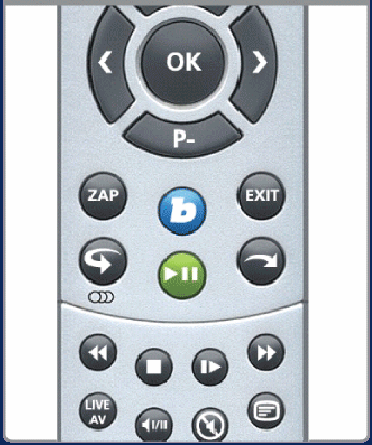
B4. Bluewin TV – TV of the future

Functionalities – TV 300



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Content - Cinetrade

\+

Interactivity - Betty

=

Bluewin tV

Functionalities + Content + Interactivity

Outplay cable TV with innovative services

B4. Bluewin TV – Roadmap to success

Content	▪ Content as USP →**Option for majority take over of Cinetrade, sports rights negotiations well underway**
Functionality	▪ Traditional and unique innovative functionalities →**Cooperation with state-of-the-art partners, full pipeline of ideas for future releases**
Network infrastructure	▪ Bandwidth for full rich media experience (HDTV) →**Investment in VDSL infrastructure – majority of homes passed by 2006**
Go to market	▪ Forceful attack across all channels →**Entire Swisscom marketing and sales engine well trained and motivated**

Success factors systematically tackled

C. Mobile

C1. Segment financials and 2005 achievements

Key financials Mobile

	YE 2005	YOY
Net revenue in CHF mm [1]	4,168	-4.3%
EBITDA in CHF mm	1,850	-6.4%
EBITDA margin	44.4%	
EBIT in CHF mm	1,477	-8.7%
CAPEX in CHF mm	334	-34.9%
Number of FTE's	2,412	-3.2%

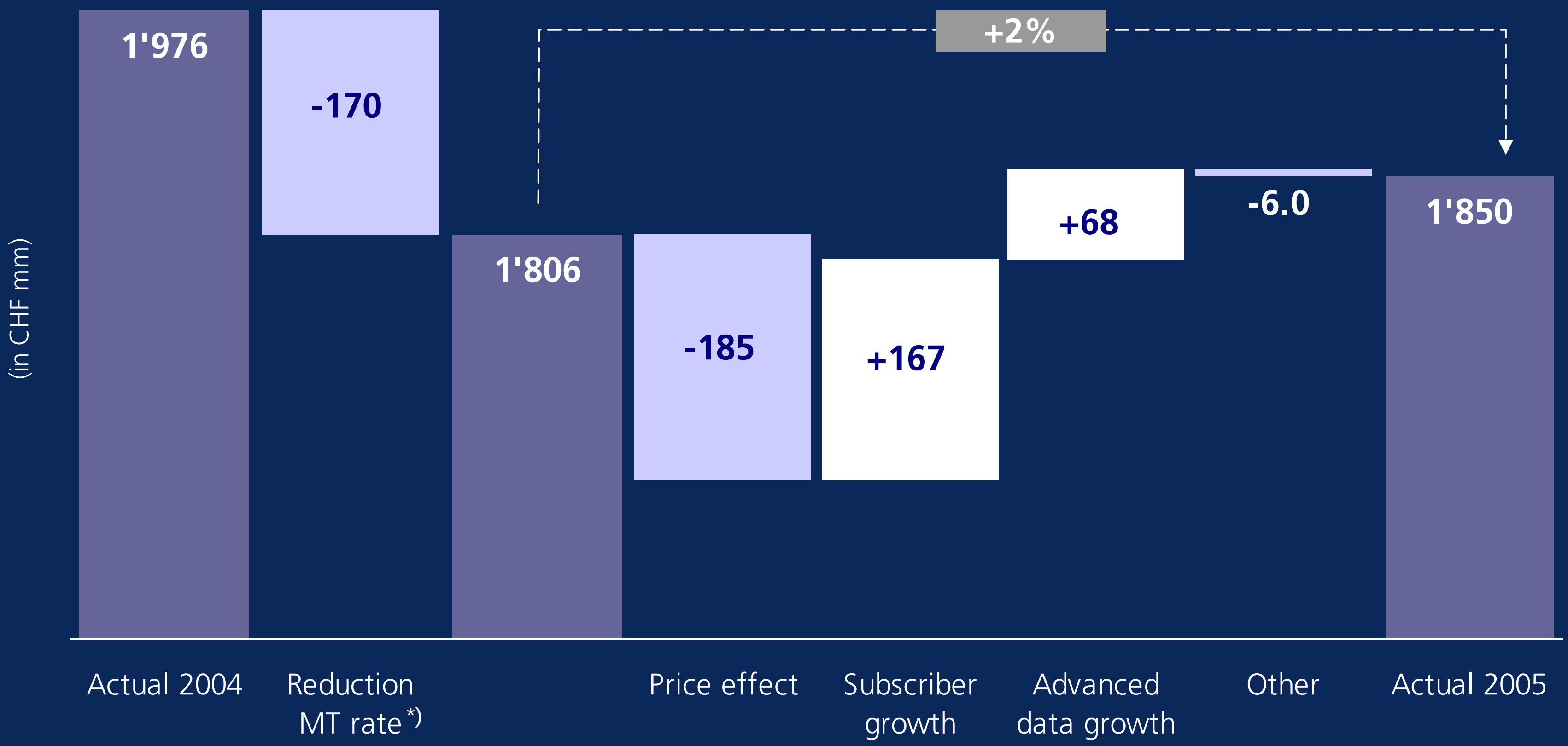
1 including inter-company (IC) revenue

Achievements

- Revenue drop due to MT price cut and new tariff plans [Liberty] offset by subscriber and advanced data growth
- Subscribers up 9.6% (YOY)
- New Data revenue up 65%
- CAPEX CHF 179 million lower than in 2004
- Market share of net adds in 2005: 66%

Subscriber & advanced data growth more than compensate MT price effects

C1. EBITDA Analysis

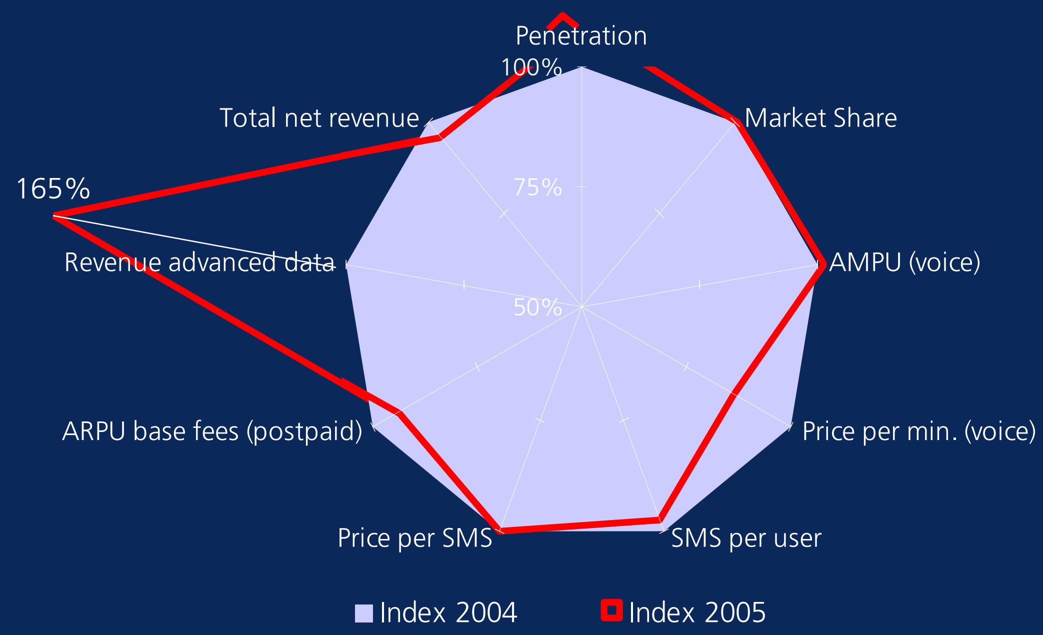


Operational EBITDA performance (i.e. without MT effect) improving by 2%

*) only effects from Swisscom Mobile's mobile termination rate reduction

C1. Analysis of Revenue 2005

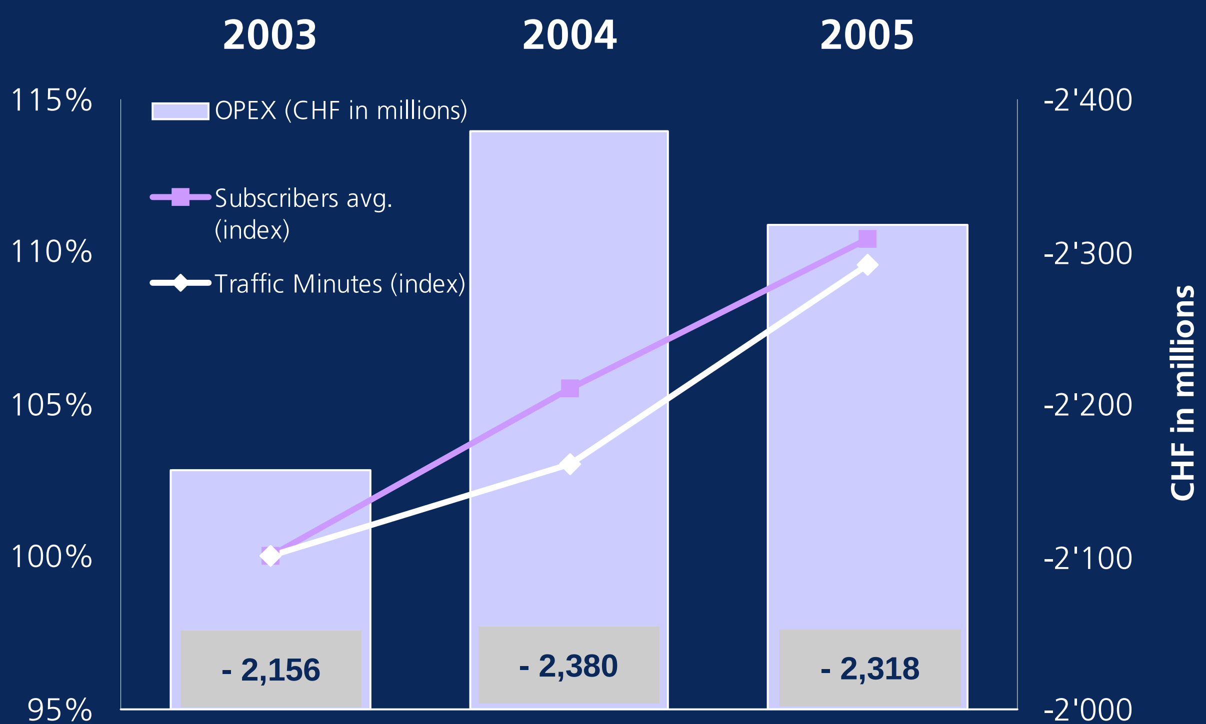
- Swiss penetration up to 91.6%*
- Market share at 63%
- AMPU slightly up from 118 to 120 mainly thanks to the introduction of the new liberty tariffs
- Avg. price per minute voice down mainly due to the termination rate reduction and new tariff plans
- SMS per user down 3% YOY
- ARPU base fees (postpaid) down due to right-grading.
- Revenue advanced data (i.e. data without SMS) increased substantially (up 65%)



Lower Prices compensated by growing data share and more subscribers

*based on published figures

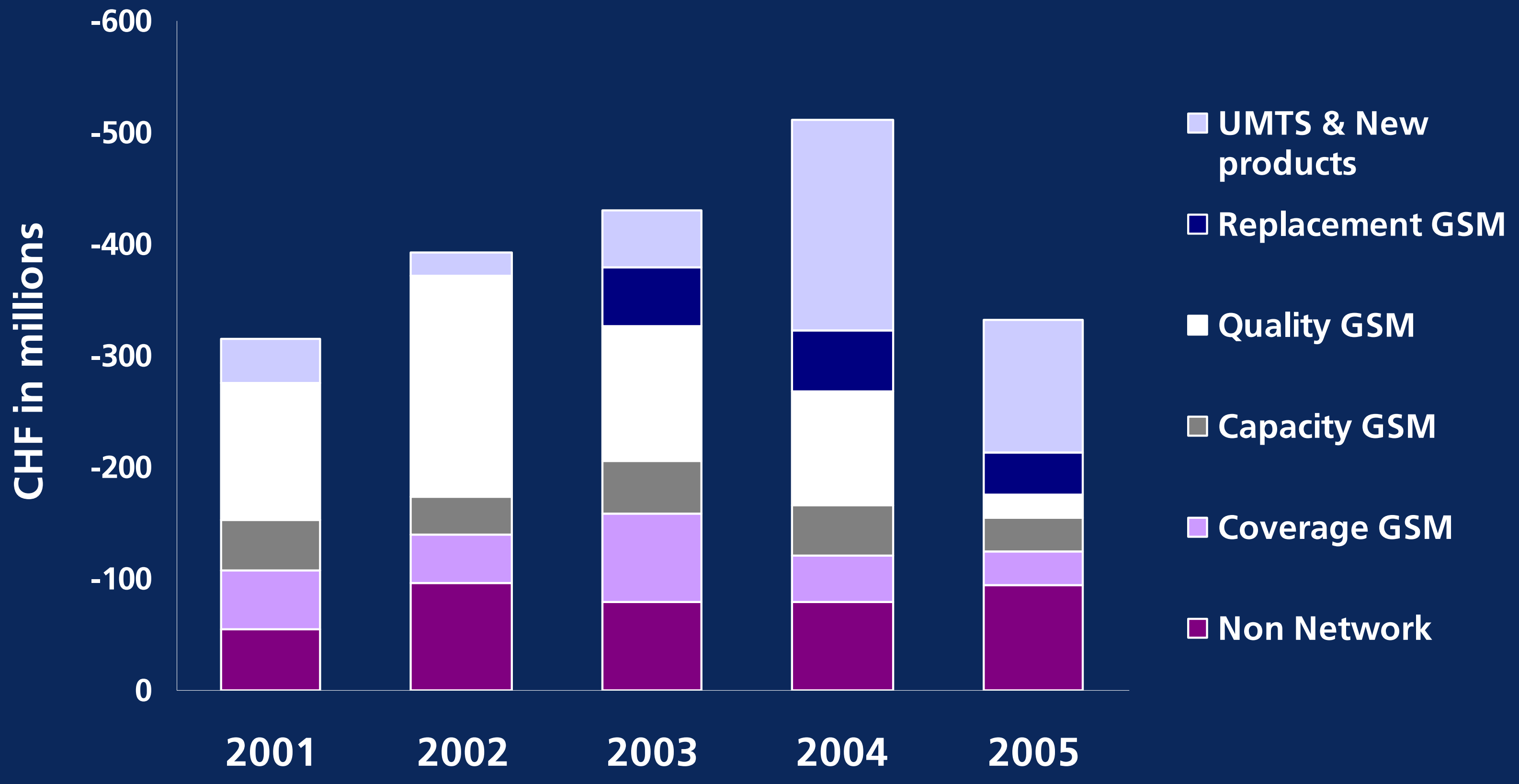
C1. Analysis of OPEX 2005



- Negotiation of Roaming discount agreements
- Optimized access costs
- Stable SAC -> higher gross adds (+7.4%)
- Stable SRC -> reduced churn postpaid (-6.3%)
- Increasing efficiency: Headcount reduced by 3.2%

Lower OPEX despite network extension and growing traffic

C1. Analysis of CAPEX 2005



CAPEX on 2001 level with focus on new products & services

C2. Operational highlights 2005

- Trend of declining AMPU reversed in June 2005 thanks to NATEL swiss liberty
- Advanced data revenues growing at 65%
- Record-low churn rate
- Ongoing strong market share thanks to Liberty offering and M-Budget Mobile
- High customer satisfaction
- New promising product launches (Liberty tariffs, Mobile Unlimited EDGE, M-Budget Mobile, Ringback tones, Replay TV, Ogo)
- GSMA Award
- Efficiency projects

Record-low churn and new products

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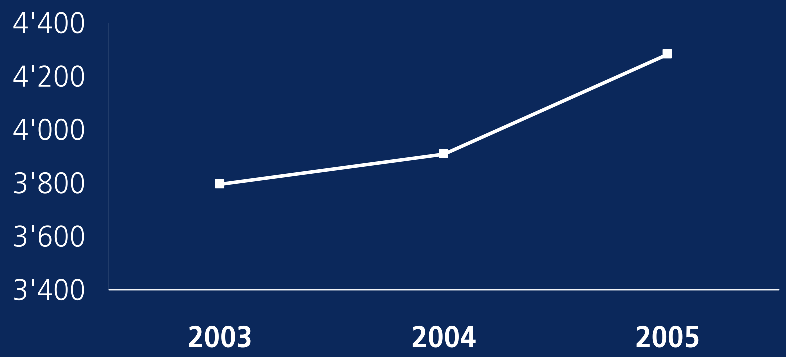
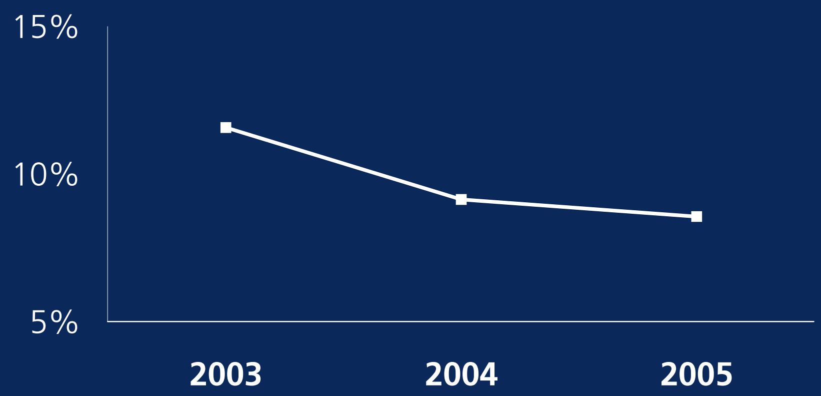
C2. Subscriber Development

- Subscriber Base up 9.6% to 4.3 million
- Continued churn improvement
- Increased market share in net adds due to both strong prepaid growth and successful churn management

Subscriber development (in 1000)



Churn development Postpaid (%)



Strong market share in net adds

C2. Subscriber Development M-Budget Mobile

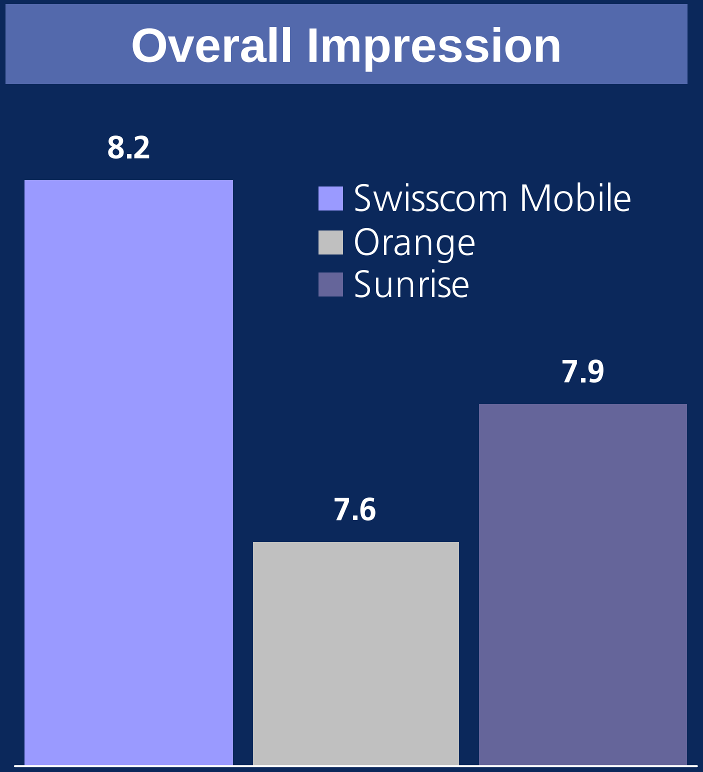
Big success: 117'000 customers within 3.5 months, stable growth rate

C2. Customer Satisfaction

Swisscom Mobile scores best in network, products and service quality.

To keep this high level Swisscom Mobile will focus on:

- Convergent offerings with other group companies
- Service enthusiasm across the whole company
- Further improvement of our system infrastructure at the customer touch points



Stable advantage vs. Orange and Sunrise

C3. Mobile termination rates

- MT price cut June 1, 05 from CHF 0.335 to CHF 0.200
- New price level in line with European benchmark trend
- Sunrise MT price cut August 1, 05 from CHF 0.3685 to 0.2995, Orange MT price cut January 1, 2006 from CHF 0.3695 to 0.3295
- EBITDA impact in 2005 is CHF 170mm *)
- WEKO investigation about market dominance still pending
- A contingent liability is shown, without any quantification
- Complaint from Swisscom against Sunrise, Orange and Tele2 pending
- Complaint from Sunrise against Swisscom (cost oriented mobile termination rates)

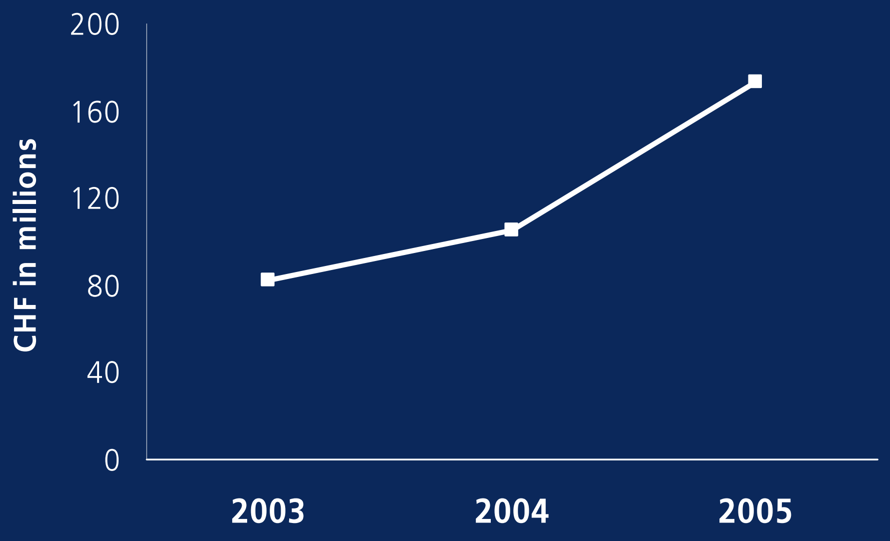
New Price level in line with European benchmark trend

*) only effects from Swisscom Mobile's mobile termination rate reduction

C4. Advanced data revenue – strong growth

- Advanced Data increased by 65% vs. 2004
- Major reasons are:
  - MMS +105%
  - Data traffic + 111%
  - Content +19%
- 2006: Further development of mobile broadband offering with launch of HSDPA and 5 in1 Card

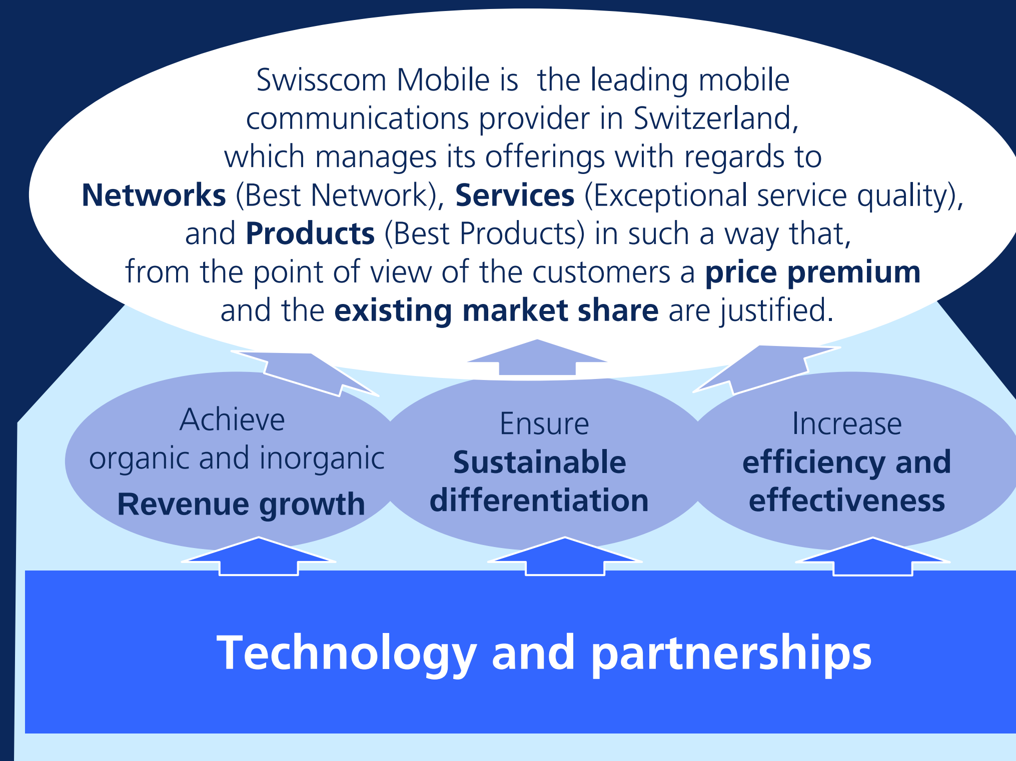
Revenue advanced data



Advanced Data Revenue up 68 MCHF versus 2004

C5. Mobile Strategy

- Maintain positioning as clear quality leader
- Achieving best in class positioning as service leader in Switzerland
- Achieving organic and inorganic revenue growth
- Increase efficiency and effectiveness



Strategy of the last year remains in place

C5. Product Portfolio

- Further development of mobile broadband offering:
  - Launch of HSDPA
  - Mobile Unlimited: 5in1 card
  - Mobile Unlimited: embedded connectivity

- Launch of convergence offers
- Increase content offers (football world championship 2006, full-track music download)

Creating compelling customer value

D. All other businesses

D1. Swisscom Solutions

Key financials Solutions

	YE 2005	YOY
Net revenue in CHF mm [1]	1,268	-11.8%
EBITDA in CHF mm	74	-44.4%
EBITDA margin	5.8%	
EBIT in CHF mm	35	-59.8%
CAPEX in CHF mm	22	
Number of FTE's	1795	-3.4%

1 including inter-company (IC) revenue

Achievements of Solutions

- Revenue down mainly due to
  - Competitive price pressure, traffic price reduction (F2M, LRIC) as well as volume reduction (NLS, Intranet Services contracts)
  - Positive development in solution business (system integration, out-sourcing) except for the loss of PBX service contracts
- Decline in gross-margin due to lower prices and relative increase in COGS due to higher bandwidth. Decline in NON-COGS primarily due reduction of IT expenses

Solution business can't compensate loss in traditional Telco business

D1. Swisscom Solutions: strengthening by partnering

- **Market**: very competitive due to mergers or partnerships of existing competitors with increasing focus on B2B market as well as international competitors
- **Swisscom Solutions** also partners:
  - Vanco: offering multinational customers global end-to-end solutions through this Virtual Network Operator
  - Siemens Switzerland: cooperation to improve service portfolio on enterprise networks by taking over Siemens' service and sales activities incl. its 120 employees per 1.1.06
  - Celeris: acquisition to strengthen the position in ICT Security products

Further improvement of strong position through partnering

D1. Swisscom Solutions: strengthening by optimizing the product portfolio

- Supplementary LAN-services
- Offer platform for customers who desire outsourcing
- Offer accreditation as trust centre for electronic signatures
- New IP business services and broadband multi-service Access to business customers
- Controlled migration towards IP
- In preparation for commercial launch of VOIP and other IP-services such as "OneWorkplace"
- Optimize by simplification of portfolio where possible

Increasing dynamics in product portfolio

D2. Segment 'Other'

Key financials segment 'Other'

	YE 2005	YOY
Net revenue in CHF mm [1]	1,059	8.2%
EBITDA in CHF mm	142	-9.6%
EBITDA margin	13.4%	
EBIT in CHF mm	2	nm
CAPEX in CHF mm	154	0.0%
Number of FTE's	3,868	42.3%

1 including inter-company (IC) revenue

Composition Segment 'Other'

The segment Other consists of:

a. Swisscom IT Services (SCIS)

b. Swisscom Broadcast and Accarda Group

c. Swisscom Eurospot

2005: significant changes kick-started to grow business

D2a. Swisscom IT Services

Achievements of IT Services

- Became the leading independent provider of IT services to the financial sector with the acquisition of the company COMIT.
- Added 11 regional retail banks to its strong portfolio of cantonal and private banks.
- Consolidated its leading position in the Swiss market for infrastructure outsourcing services.
- Won main elements of the largest Swiss IT outsourcing contract from the state railways with a total volume of CHF 144mm.
- Won an overall total contract volume of CHF 470mm outside of the Swisscom Group.
- Made successful inroads into the health sector market, in both hospitals and insurances.

A balanced execution of a focused strategy

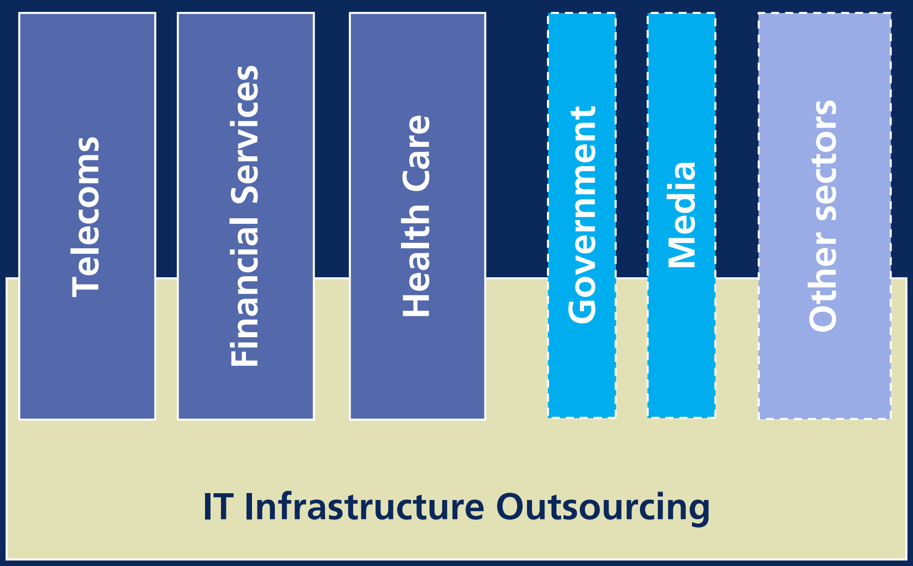
D2a. IT Services: the keen market competition requires a strong management focus on contract execution

- The Swiss market for IT outsourcing services has gained in dynamics within the last 18 months and is expected to grow at around 6% annually. The competition from large international players is currently particularly strong, leading to significant pressures on prices.
- With its CHF 370mm of new total contract volume won in 2005 outside of the Swisscom Group, IT Services sees the fruits of its focus on outsourcing. It sees itself as number 2 in the market just behind IBM.
- With the acquisition of the company COMIT, Swisscom IT Services has significantly extended its portfolio of services for the financial sector. It now offers IT consultancy, bank migration, and application management services in addition to its traditional infrastructure outsourcing.
- IT Services is currently renewing and integrating its operational management systems in its data centres in order to allow further efficiency gains in operations going forward

Operational excellence is key for further growth

D2a. The IT Services market in Switzerland remains dynamic and offers further growth opportunities

Focus on infrastructure outsourcing across sectors and applications in selected industries



- Continue improvement in efficiency and operational excellence.
- Extend infrastructure outsourcing activities across industry sectors.
- Move into application management and potentially process outsourcing within key selected industries.
- Facilitate cost reduction within Swisscom Group with corresponding revenue reduction at IT Services
- Build out further the customer franchise within the financial sector.
- Establish a strong position in the health care sector.

Continue to grow revenues with a managed risk/reward balance

D2b. Swisscom Broadcast & Cards

Achievements

- Swisscom Broadcast secured core business by extending SRG idée suisse broadcasting contract until 2012
- International broadcast expansion through Antenna Hungária Rt. acquisition
- Acquisition of Medipa AG, a leading provider of billing and collection services in the health care sector

Efficiency focus and several growth options

D2b. Broadcast & Cards: operational highlights

Broad-cast

- **Swisscom Broadcast:** Implementation of digital TV and radio broadcasting services (DVB-T/DAB) for SRG idée suisse started. Increased revenue by 1%
- **Antenna Hungária:** Leading provider of broadcasting infra-structure services in Hungary. Post merger integration on track

Cards & Payment

- **Accarda:** Provider of cards and payment services in Switzerland. Serving 1.7 Mio. clients with its loyalty card schemes, that include payment and credit functions. Card revenues increased by 23%
- **Billag:** Leading third party billing provider in Switzerland. Processing and collection on behalf of the ministry of communication, BAKOM, CHF 12mm invoices p.a. increased revenue by 5.5%

Expanded the business successfully in Switzerland and abroad

swisscom

D2b. Broadcast & Cards: trends & plans

Broad-cast

- **Swisscom Broadcast:** DVB-T roll out ongoing, Tetrapol based Polycom offerings submitted, DVB-H based Mobile TV trial in Bern
- **Antenna Hungária:** Tender for digitalisation in Q2/06

Cards & Payment

- **Accarda:** Consumer credit market is growing. Portfolio extension in the loyalty card sector and related areas is planned
- **Billag:** Currently negotiating to renew BAKOM billing contract until 2014
- **Health Care:** Expand market share of Medipa AG
- **Collection Services:** Market entrance in Switzerland in 2006

Targeted growth envisaged

D2c. Swisscom Eurospot

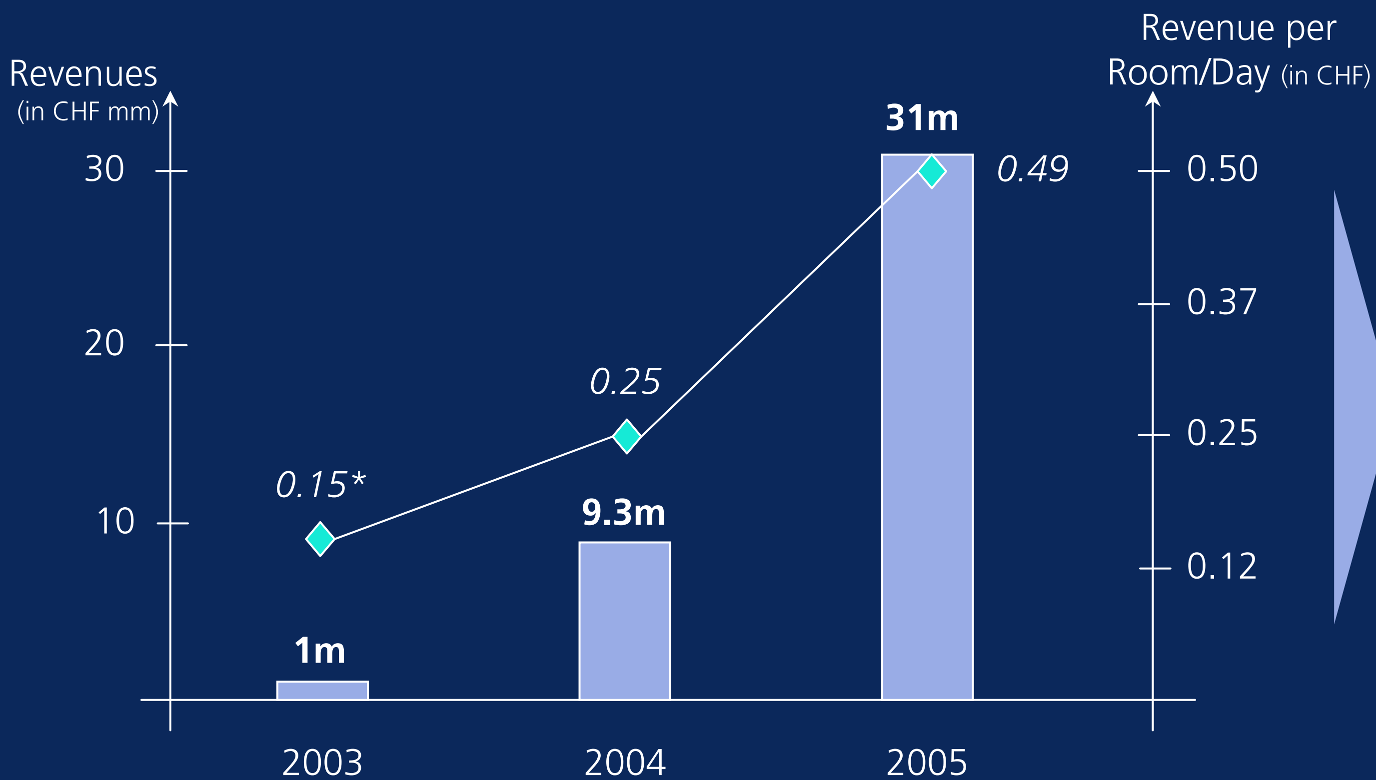
Achievements

- Revenue increase by 230% from CHF 9.3mm in 2004 to CHF 31mm* in 2005 strongly driven by usage growth
- EBITDA break-even on monthly basis already reached in 2005 after less than 3 years of operations
- Portfolio extension through the development of innovative and easy to use services targeted at the hospitality industry
- Distributed customer risk with the biggest one representing less than 20% of total revenues

* Exchange rate: 1 EUR = 1.55 CHF

EBITDA break-even on a monthly basis achieved

D2c. Swisscom Eurospot revenue increase in 2005 was driven by strong usage growth



BB usage in hotels in USA is about 10-12%, while Europe is lagging behind with 4-6% leaving Swisscom Eurospot with significant room for organic growth

* Management estimate

Further growth will also be sustained by the introduction of new and innovative services

D2c. Swisscom Eurospot: sustainable value creation will be derived from 3 main catalysts

Catalyst	Description
1 Usage growth	Demand for Broadband Internet access will continue to grow significantly due to increased WiFi-enabled laptop penetration and Internet usage among business travelers and Swisscom Eurospot commitment to offer easy-to-use solutions
2 Increased asset productivity	Leverage the current Swisscom Eurospot infrastructure to offer new services tailored to end user and hotel needs, reaching therefore superior economies of scale and returns.
3 M&A	Seize favorable consolidation opportunities in the hospitality market in and outside Europe to further strengthen our position in Europe and expand our scope profitably.

Swisscom Eurospot in 2006:
Growth, innovation and opportunism

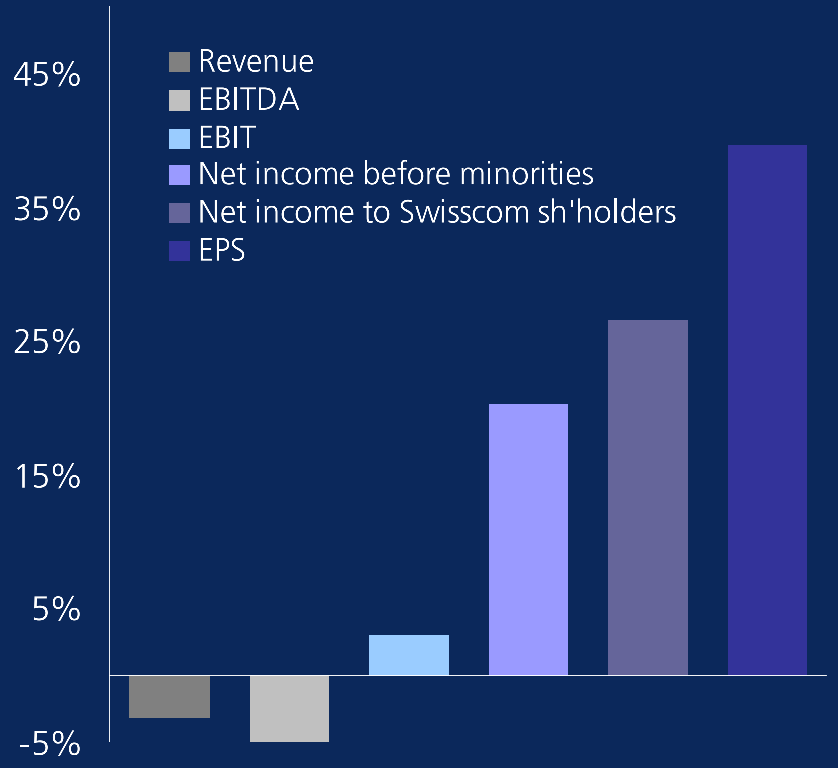
E. Financials

E1. Key figures

Snapshot

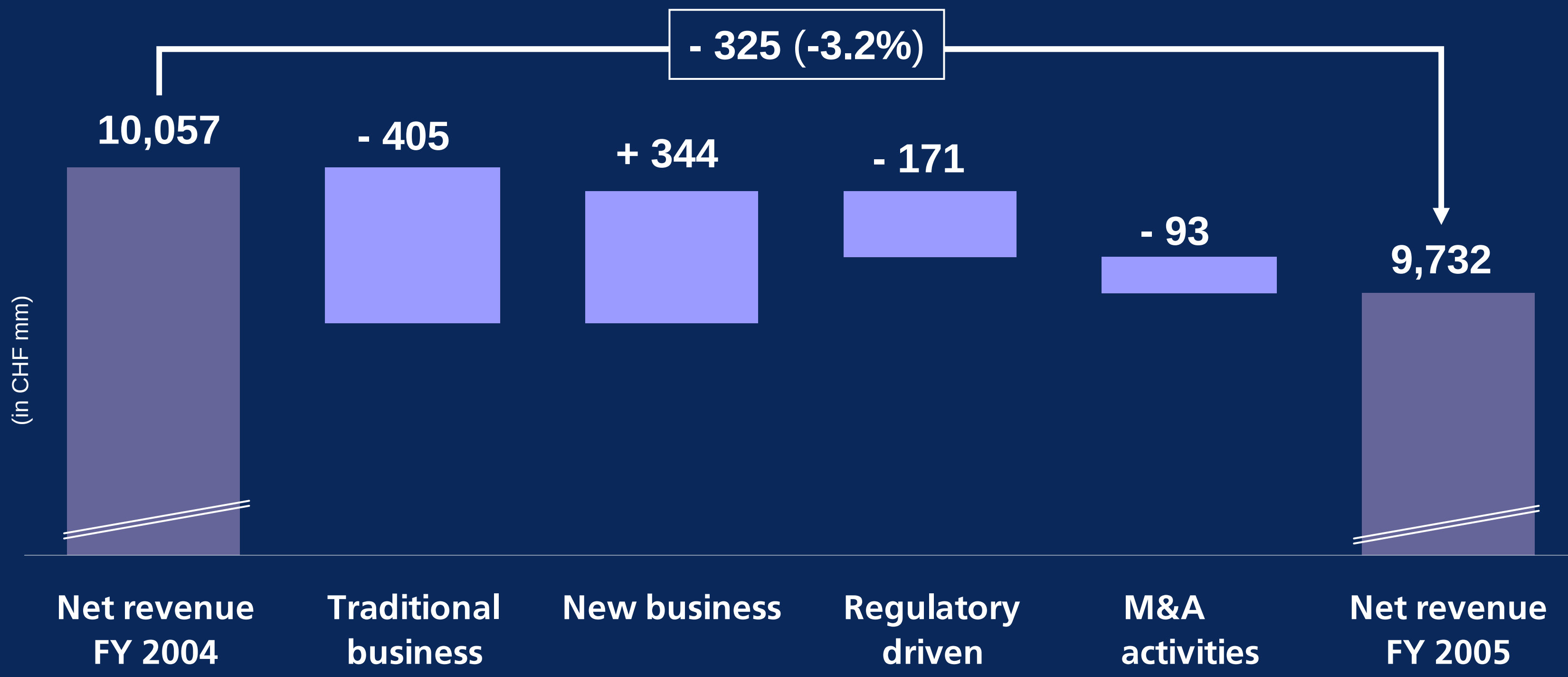
- **Top-line** decline not compensated by cost savings: EBITDA down by 5%
- **EBITDA margin** nearly constant at 43%
- **Net income** before minorities grew by 20%
- Net income attributable to Swisscom shareholders up by CHF 426mm (+27%)
- Share buybacks drive **EPS** growth (+37%) further (as result from lower # shares)
- **CAPEX** of CHF 1,087mm (-8%) in 2005 with focus switch from Mobile to Fixnet
- **EFCF** of CHF 2,203mm in 2005
- Number of **FTE** up by 4% mainly due to integration of AH (858 FTE)

Year-over-year changes in %



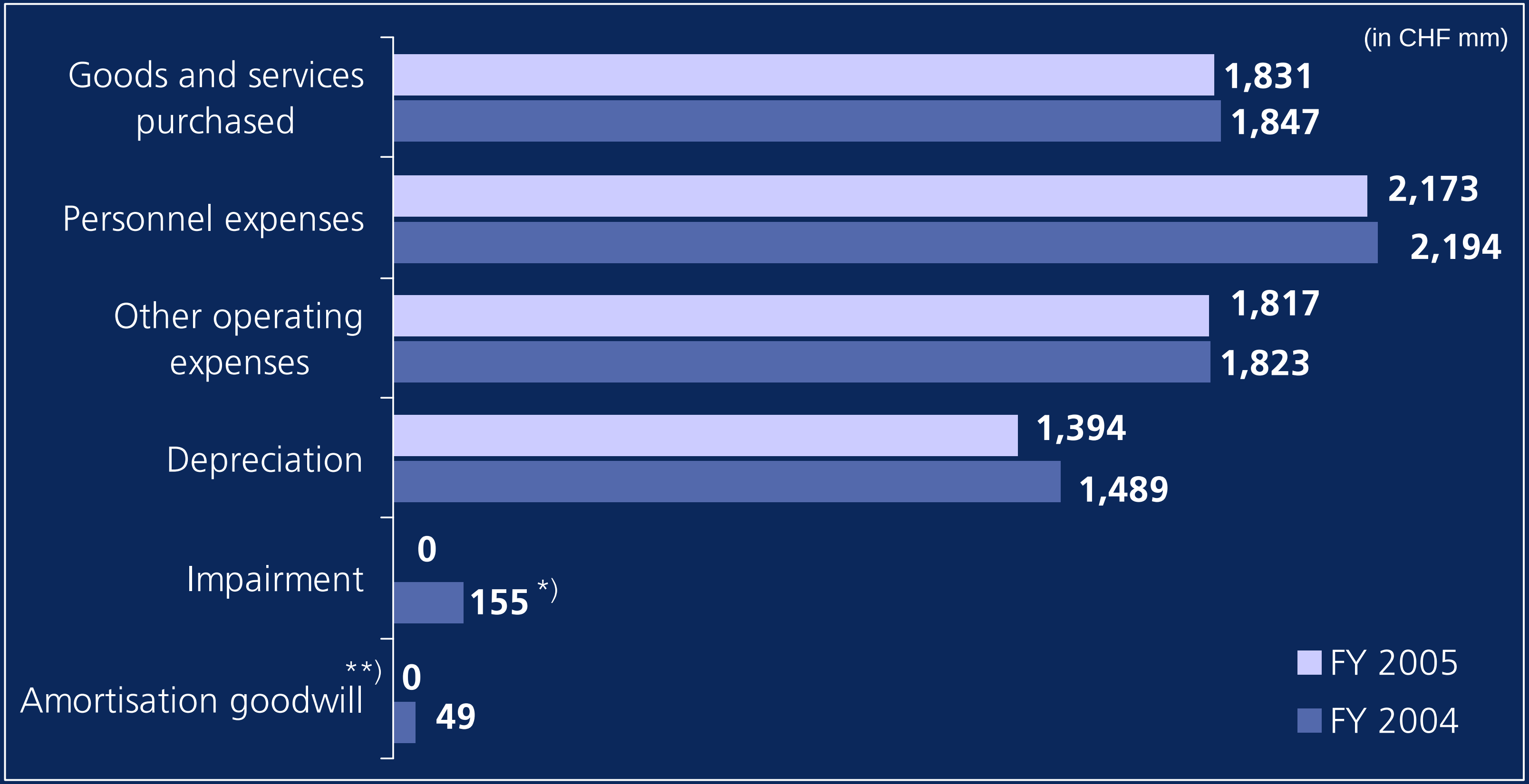
Profitability improved

E1. Drivers of revenue development in 2005



Traditional:	New:	Regulatory:	M&A:
- new price plans - access losses - traffic declines - leased lines	+ ADSL growth + mobile data & subs + outsourcing push + Eurospot	- mobile termination - LRIC price cuts	- JV Belgacom + Antenna Hungaria

E1. Group OPEX overview



*) CHF 155mm on tangible assets in international carrier business
**) Due to IFRS amendment no ordinary goodwill amortization since 01 January 2005

Operational OPEX flat, depreciation down

swisscom

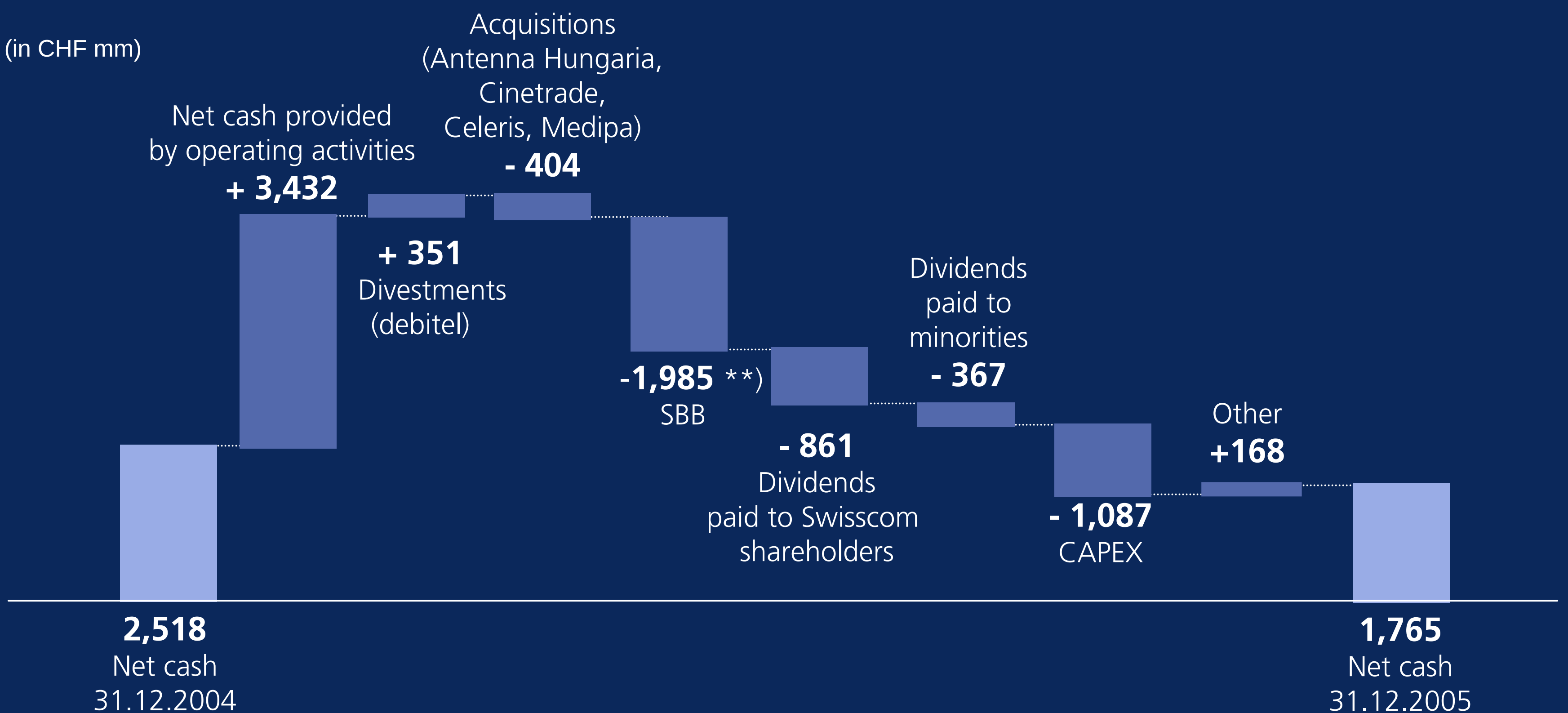
E1. Net income breakdown

(in CHF mm)	31.12.2004	31.12.2005	YOY
EBITDA	**4,388**	**4,171**	**-4.9%**
Depreciation and amortisation	-1,644	-1,394	-15.2%
Amortisation goodwill	-49	-	n/m
EBIT	**2'695**	**2'777**	**3.0%**
Net interest	-134	82 *)	n/m
Equity in net income of affiliated companies	22	13	-40.9%
Income tax expense	-392	-535	36.5%
Discontinued operations (debitel)	-248	9	n/m
Net income	**1'943**	**2'346**	**20.7%**
Attributable to minority interest holders	352	324	-8.0%
Attributable to equity holders of Swisscom AG	1'596	2'022	26.7%
Avg. number of shares outstanding (in thousands)	64.716	59.836	-7.5%
EPS (in CHF)	**24.66**	**33.79**	**37.0%**

*) Net interest in 2005 of CHF 82mm consists of several one-off effects e.g. release of provision for dismantlement and restoration costs of CHF 25mm, reversal of provision from cross-border tax leasing arrangements of CHF 24mm, impairment reversal on loans of CHF 14mm

E1. Change of net cash *)

(in CHF mm)



*) Definition of net debt (net cash): total debt and liabilities from collecting activities (Accarda Group) less cash and cash equivalents, current financial assets, receivables from collecting activities (Accarda Group) and financial assets from cross-border tax lease transactions

**)Consists of: withholding taxes for share buyback program 2004 of CHF 119mm and net cash-out of CHF 1,3 billion for 4,764 mm shares bought back in 2005 and related withholding taxes of CHF 700 mm (outstanding withholding taxes of CHF 136mm are payable in Q1 2006)

E1. Update on pension fund

Revision of pension plan

- comPlan, Swisscom's pension fund reviewed in 2005 its pension plan to reflect continuing **structural issues** (low interest rates, increasing life expectancy, early retirement benefits, etc)
- As a result, comPlan **moved all remaining employees** (some 4,200) who are now in the final-salary plan (employees born in 1956 and before) **to the cash-balance plan** as per YE 2005
- The related contribution by Swisscom of **CHF 288 mm** reduced the EFCF 2005 by the same amount
- This plan amendment led to a **lower IFRS under-funding** of CHF 313 mm and is instrumental in **reducing future funding risks and cash contributions**
- **No impact on P&L 2005 but mildly positive on future EBITDA** due to lower annual service costs and expected higher returns on plan assets

Obligations @ YE 2005

(in CHF bln)	Fair value of plan assets	Δ	Benefit obligation
Swiss GAAP (FER)	**6.264**	**0.698**	**-5.566**
Different IFRS assumptions:			
- future salary increases			**-0.316**
- discount rate			**-1.323**
- pension indexation			**-0.565**
- other effects			**-0.221**
IFRS pension regime	**6.264**	**-1.727**	**-7.991**
Recognized as balance sheet liability :			
- unrecognized actuarial losses		**0.942**	
- unrecognized prior service cost		**-0.020**	
- recognized pension obligation		**0.805**	
		-	

E1. Vodafone‘s conditional selling right

- In 2001, Swisscom sold 25% of Swisscom Mobile to Vodafone and signed a shareholder agreement which gives Vodafone a conditional selling right in the case of change of control (=government sells majority ánd another investors acquires control)
- New IAS 32 (selling rights have to be recognized as liability) applies for Swisscom only once a **factual** change of control **can** take place (IFRIC 2)
- In autumn 2005, the Swiss Government announced its intention to change the current law in order to be able to privatize the company
- Until this process – which may include a referendum – is completed, a change of control is **impossible**
- Therefore, the conditional selling right of Vodafone is currently **not** recognized as financial liability. This however may change going forward, depending on the outcome of the privatization

New IAS 32 rule not applied as selling right cannot be executed since current Swiss law does not yet allow for privatization

E1. EFCF breakdown

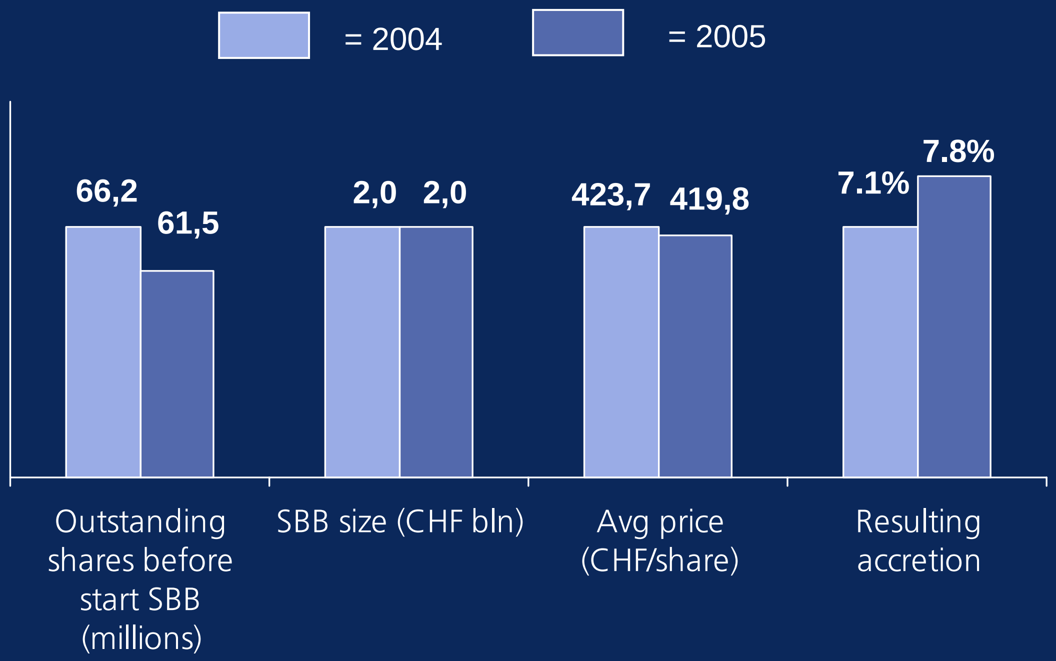
(in CHF mm)	31.12.2004	31.12.2005
+ **EBITDA**	**+ 4,388**	**+ 4,171**
- CAPEX	- 1,136	- 1,087
+/- Δ working cap. & other [1)]	- 62	- 189
- tax (cash)	- 239	- 544
- net interest	- 21	- 6
- minorities	- 360	- 367
= **FCF from operations**	**2,570**	**1,978**
- acquisitions / divestments (net)	+ 599	+ 225
- debt repayments (net)	- 256	0
= **EFCF**	**2,913**	**2,203**

1) Other items: one-off investments into pension funds of CHF 288 mm in 2005

E2. Share buy backs – a continuing story

- **Buy back program 2004**
  - CHF 2 billion buyback
  - completed @ avg. price of CHF 423,70 / share
  - share cancellation completed in July '05, resulting in 7.1% accretion

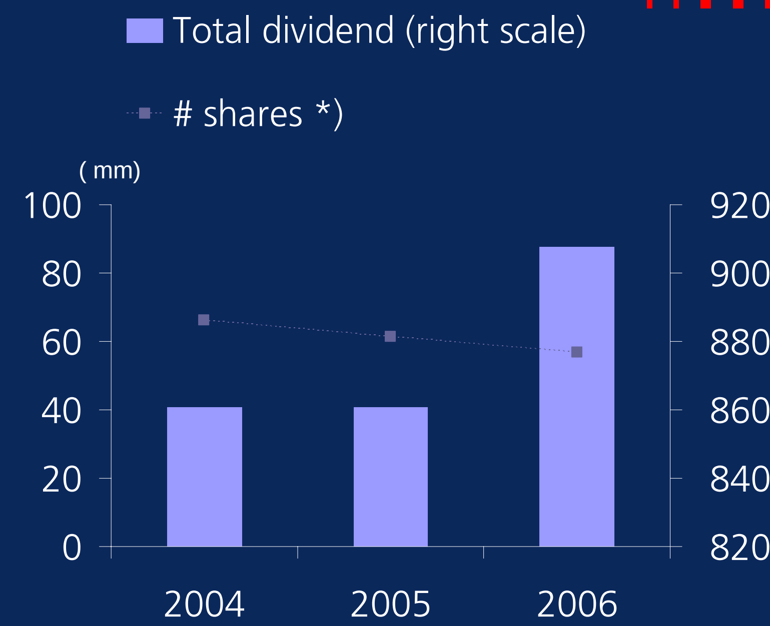
- **Buy back program 2005**
  - CHF 2 billion buyback
  - completed @ avg. price of CHF 419.80 / share and with an accretion effect of 7.8%
  - # of shares after cancellation (after AGM 06): 56.72 mm

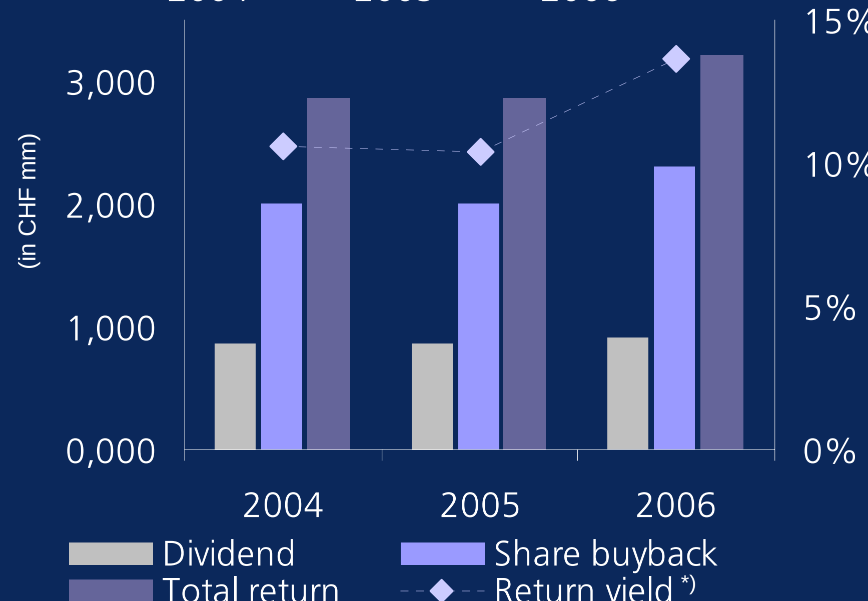


9,5 million shares bought back over the last 2 years

E2. Payouts in 2006

- **Dividend**
  - **In total**: CHF 907mm
  - **per share**: representing **CHF 16**, up from CHF 14 (2005)
  - **payout ratio**: 47% of EPS
- **Share buy back**
  - **form**: option (put) trading with precise details to follow later
  - **launch**: after AGM at the earliest, more likely in second half of 2006
  - **size**: around CHF 2,25 bln in total
    - Ordinary share of CHF 1,25 bln in accordance with Swisscom's return policy (EFCF – dividend)
    - Extra amount of CHF 1 bln corresponding to the strategic guidelines set by Government
  - **accretion**: depending on strike price (premium) and execution success





*) based on YE market capitalisation

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E2. Distributable reserves for Swisscom AG*)

	Shareholders' equity Swisscom AG	Share capital	non-distributable reserves	Reserves with own shares from SBB	Distri-butable reserves
31.12.2004 before 2004 profit distribution	**6'584**	**66**	**13**	**2'002**	**4'503**
Share cancellation SBB 2004	-2'002	-5	-1	-2'002	6
Dividend in 2005	-861				-861
Share buyback in 2005				-2'001	2'001
Net income 2005 Swiss GAAP	1'940				1'940
31.12.2005 before 2005 profit distribution	**5'661**	**61**	**12**	**2'001**	**3'586**
Share cancellation SBB 2005	-2'001	-5	-1	-2'001	6
Dividend in 2006	-907				-907
Share buyback in 2006				-2'250	2'250
After 2005 profit distribution, before net income 2006	**2'753**	**57**	**11**	**2'250**	**435**

*) under Swiss GAAP (not IFRS)

F. Outlook 2006

	External Revenues	EBITDA	CAPEX	Extraordinary Effects included:
Actual results 2005:	9,7	4,2	1,1	
Swisscom Fixnet	-	-	+	-150mm revs from sale ICS per 1.7.'05
Swisscom Mobile	=	-	=	-120mm revs and EBITDA from reduction MT prices per 1.6.'05
Swisscom Solutions	-	=	+	
Swisscom IT Services	+	+	+	
All other	+	+	=	esp. consolidation Antenna Hungary from Nov '05
Guidance Full year 2006:	9,5	4,0	1,4	

G. Questions and answers

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H. Appendix

H1. Swiss Government's strategic goals 06-09 (I)

Introduction

1. The Swiss Confederation is the principal shareholder of Swisscom Ltd. As such it has majority voting rights and holds the major share of capital in the company. The Federal Council advocates the government's interests as a shareholder, with due consideration to the entrepreneurial autonomy of Swisscom Ltd and, in its capacity as a shareholder, recognises the freedom of the Board of Directors to decide on business strategy and policy. Likewise it observes the principles of a free media. The government's role as principal shareholder is institutionally separate from its function as regulator and supervisory authority for the telecommunications market.

2. Under the terms of Article 6 of the Telecommunications Enterprise Act (TEA), every four years the Federal Council defines the goals which the Confederation aims to achieve as principal shareholder. These strategic goals govern Swisscom Ltd and its Group companies (hereafter collectively referred to as "Swisscom"). In so doing it commits itself every four years to longer-term, consistent goals and, through their publication, creates transparency for third-party investors.

3. In addition to defining strategic goals the Confederation is entitled in its capacity as principal shareholder under Swiss stock corporation law to exert influence on the company, viz. on the membership of the Board of Directors and majority voting rights at the General Meeting of Shareholders. In accordance with the Swisscom Articles of Incorporation, the Confederation also has the right to appoint two representatives to the Board of Directors and issue them with instructions. An instruction from the Federal Council is aimed exclusively at its representatives on the Swisscom Board of Directors and does not discharge the other board members of their individual responsibility to protect the interests of the company as a whole. The Federal Council will not exert influence on Swisscom in any way other than that mentioned above.

H1. Swiss Government’s strategic goals 06-09 (II)

General direction of the company

1. The Federal Council expects Swisscom

1.1 to manage the company competitively, entrepreneurially and in a customer-driven manner and to consistently work towards enhancing the speed and flexibility of activities to develop, produce and market new products and services in the converging markets of telecommunications, information technology, broadcasting, media and entertainment.

1.2 in particular, to provide fixed and mobile voice and data services, IT services, content and network services for other telecommunications companies and, in so doing, address the security interests of the country. Through its offerings, Swisscom must pursue the following key goals and, in so doing, contribute to Switzerland's economic development:

- Fixnet: Design and deliver customer-driven offerings, maintain market leadership in Switzerland and play a leading role in the field of broadband connections and services.
- Mobile: Design and deliver customer-driven offerings, maintain market leadership in Switzerland and play a leading role in the field of broadband connections and services.
- Solutions: Design a customer-driven range of offerings to address the national and international requirements of Swiss customers, and expand and retain a leading market position at home.
- IT Services: Design a customer-driven range of offerings, and establish a leading market position in the field of special IT services.
- Public service mandate: Ensure nation-wide public service provision up to 2007 and apply for a future licence in order to continue performing this task.
- Interconnection: Implement the interconnection directive in the interests of fair competition, and ensure end-to-end communication for services provided under the public service mandate;

1.3 to operate an appropriate risk management system.

1.4 to pursue a corporate strategy predicated on sustainable, ethical principles, within the boundaries of its business capabilities.

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H1. Swiss Government's strategic goals 06-09 (III)

2. **Financial goals**

   The Federal Council expects Swisscom
   - to add value and sustainably maintain and enhance corporate value.
   - to ensure that the performance of its Group companies keeps pace with the best comparable telecommunications companies in Europe.
   - to pursue a payout policy that repays to shareholders the funds freely available at the end of a financial year after deducting all value-adding investments and repayment of any debts, via share buy-backs and dividend payouts in accordance with normal business practice. Distributable reserves are to be reduced to a maximum of CHF 1 billion.
   - to limit net debts to no more than 1.5 x consolidated EBITDA.

3. **Personnel-related goals**

   The Federal Council expects Swisscom
   - to pursue a progressive and socially responsible personnel policy and operate an apprenticeship training scheme in keeping with the times.
   - to create employee confidence through its management style, staff development policy and internal communications.
   - to enshrine the right of co-determination for employee associations in collective employment agreements and further develop these collective employment agreements in conjunction with trade unions and employee associations.
   - to pay its executive staff the going market rates, with bonuses at the beginning of the year based on defined criteria.
   - to take steps to improve the employability of its permanent employees through further training and education schemes.
   - to implement any additional restructuring measures deemed necessary within the framework of existing or new social plans.
   - to adapt the number and skills of its workforce to meet future needs.

H1. Swiss Government's strategic goals 06-09 (IV)

Cooperation and participations

4. The Federal Council expects Swisscom

4.1 to invest in participations only if they contribute to the long-term retention or enhancement of corporate value, can be controlled and managed effectively, and if sufficient consideration has been given to the risk aspects.

4.2 to make no investments in foreign telecommunications companies with a universal service obligation (USO) mandate. Other investments in foreign companies may, however, be made provided they support the core business in Switzerland or are otherwise logical from a strategic and industrial standpoint.

4.3 to invest in companies in Switzerland in order ensure its competitiveness.

5 Reporting to the Federal Council

The Federal Council expects Swisscom to take part in a quarterly exchange of information with representatives of the Confederation in line with the regular dialogue with analysts and investors. In so doing, shareholders must be accorded equal treatment. At the end of each financial year the Swisscom Board of Directors must submit to the Federal Council a report outlining its progress in achieving the strategic goals.

6 Period of validity and amendments

These strategic goals shall be valid from 2006 to 2009 or until the federal majority in Swisscom is sold in accordance with the Federal Council's plans. Moreover, since the company operates in a continually changing environment, the strategic goals may be amended for pertinent reasons. The Federal Council shall rule on such amendments in consultation with Swisscom.

H2. The federal council's proposal

Privatization Proposal launched in February 2006

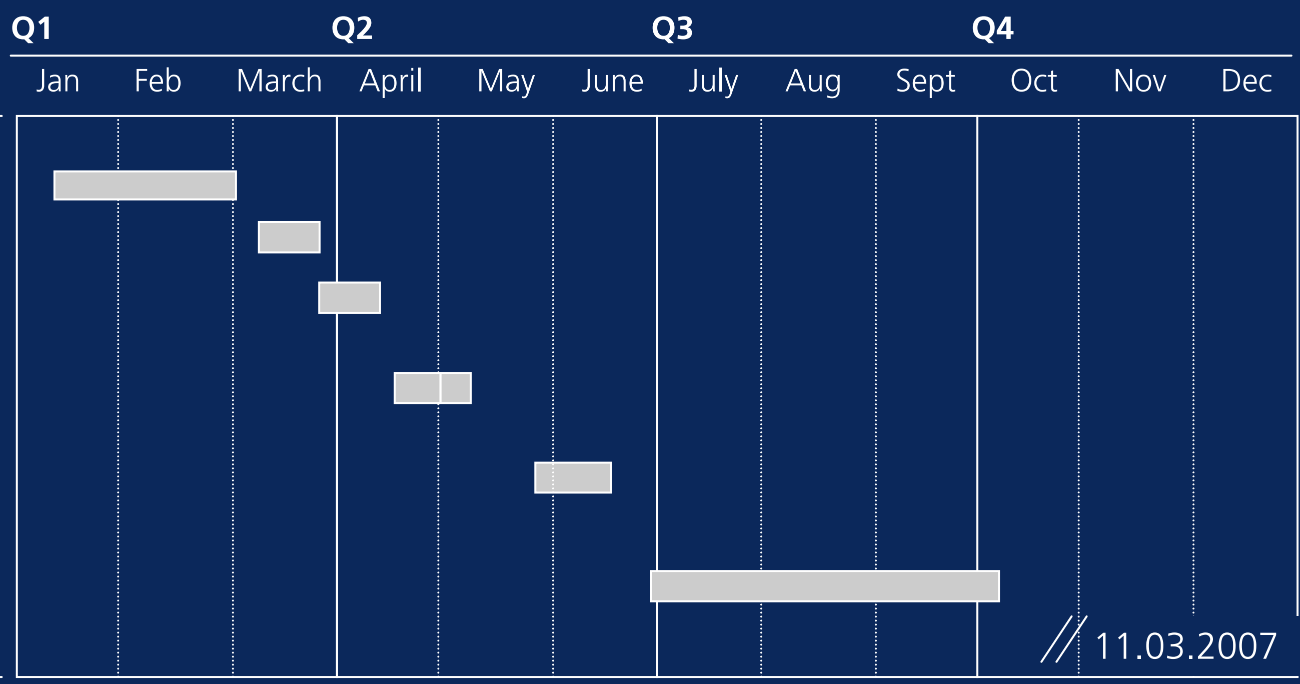
- Full privatization of Swisscom by sale of the government stake
- Amendment of the Telecommunications Enterprise Act (TEA) (Telekommunikationsunternehmungsgesetz, TUG)
- Accompanying measures submitted for discussion of potential concerns:
  - to secure universal service in Switzerland
  - to avoid an (immediate) takeover of Swisscom by an unwanted investor
- Political and other interested parties in Switzerland had the possibility to submit their position papers until March 6, 2006

H2. Expected privatization timetable

2006

External time plan

1. public consultation
2. analysis / report of consultation
3. message („Botschaft“) of the federal council
4. debate in national council (commission and plenum)
5. debate in council of states (commission and plenum)
6. term of referendum
7. possibly: referendum
8. possibly: public vote

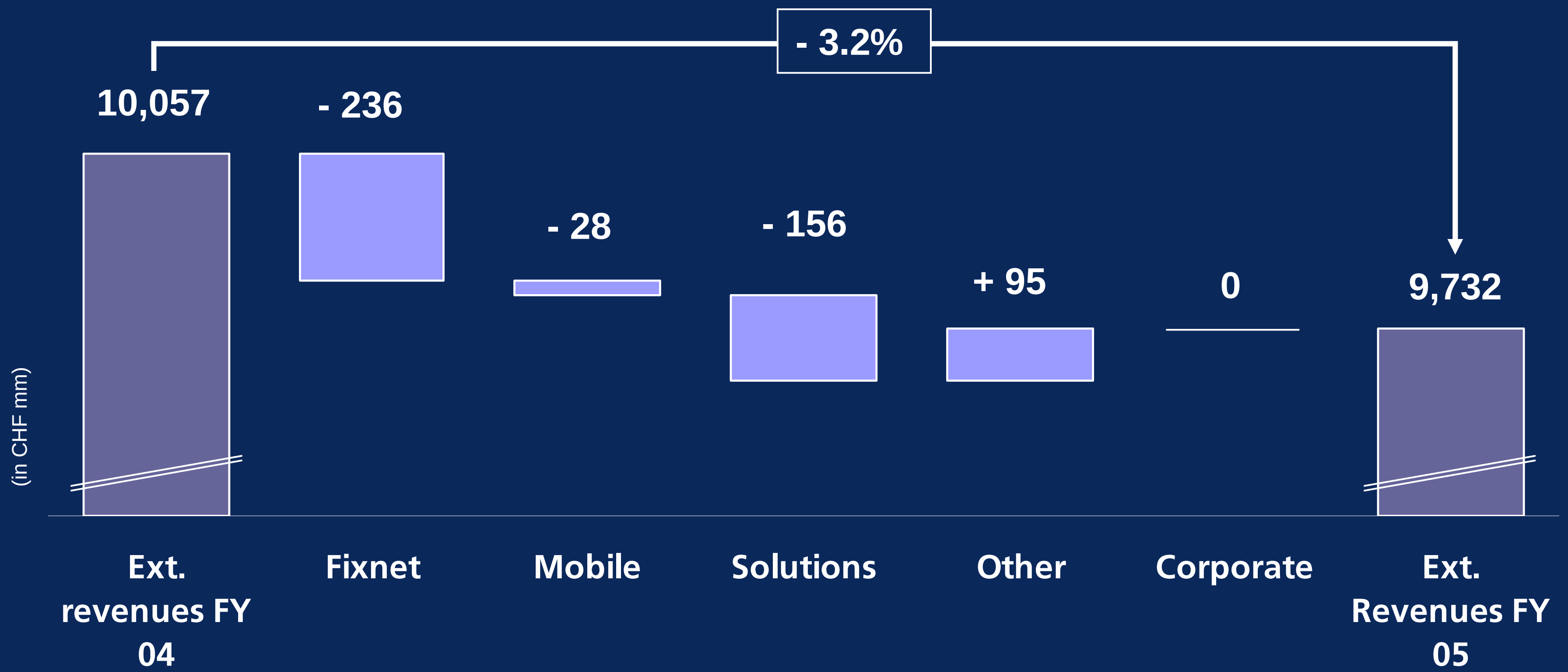


H2. View on the privatization proposal

Swisscom‘s view

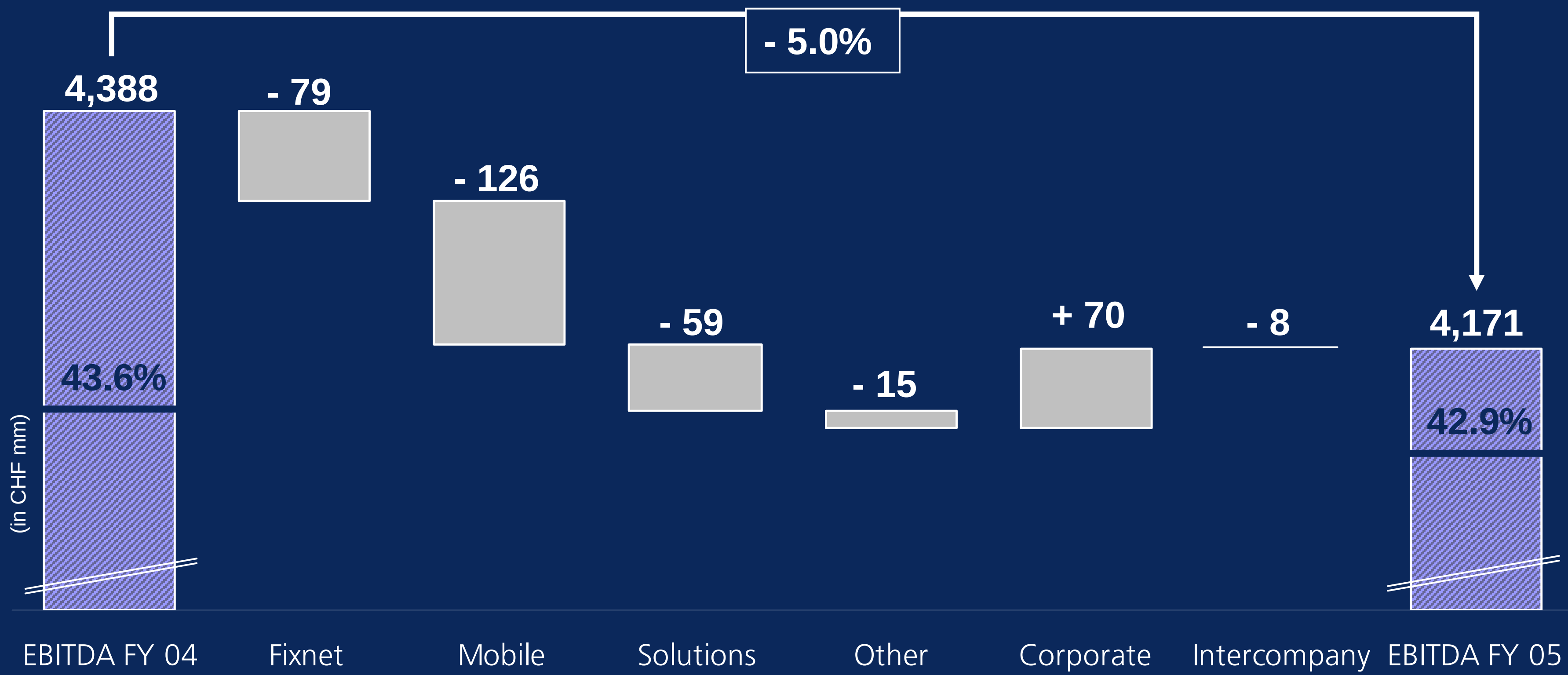
- We support the privatization process initiated by the federal council. A swift clarification of this question is in Swisscom‘s interest.
- We are respectful towards the concerns of various political parties and interest groups. Swisscom is ready to support the ongoing discussion and to provide relevant facts.
- Guided by business interests, we generally support a further privatization of Swisscom. In the public discussion, our role is an industrial, not a political one.
- Some of the accompanying measures discussed in the process are not in our interest. This is particularly true for measures that harm Swisscom directly and that would split up the Swisscom group (i.e. the idea of a governmental or regulated „network company“). We are open towards certain measures to ensure autonomy.

H3. Drivers of group revenues



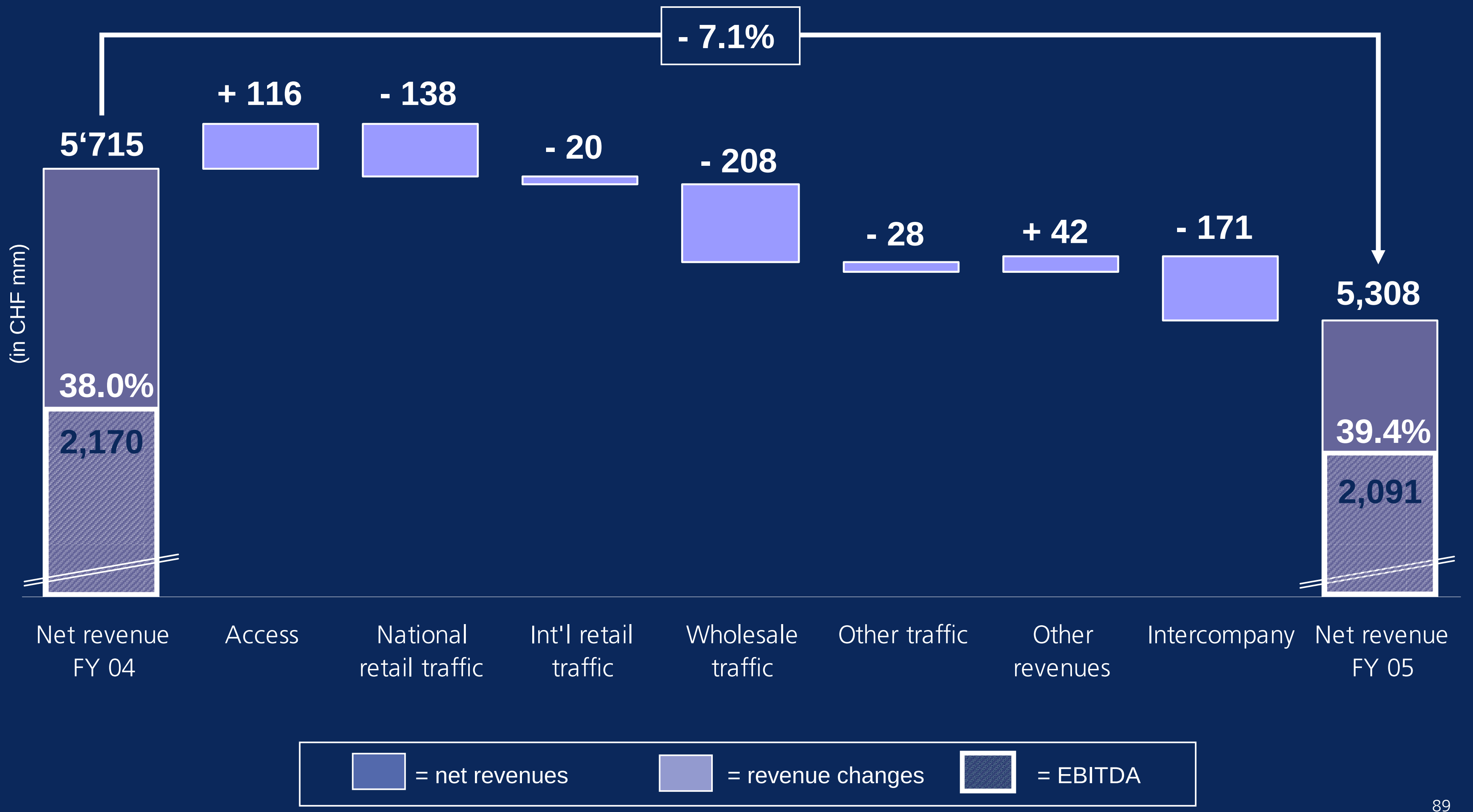
Fixnet	Mobile	Solutions	Other
+ ADSL-push	+ subs growth	- competition	+ IT Services
- JV Belgacom	+ data increase	- IP migration	+ Eurospot
- competition	- termination rates	- price pressure	+ Antenna Hungaria
- mobile price cuts	- Liberty tariff	- leased lines	

H3. Drivers of group EBITDA and margin

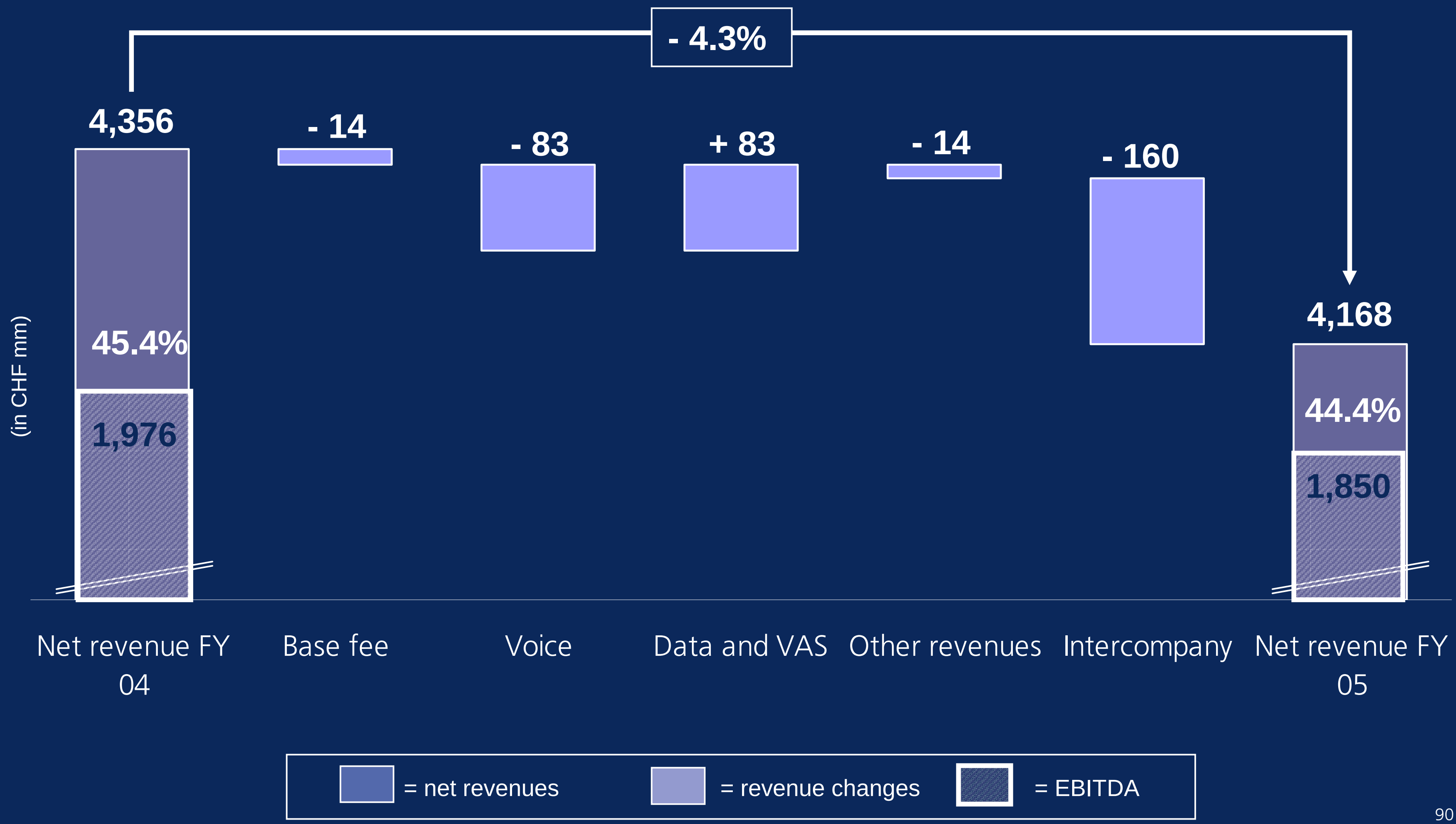


Fixnet	Mobile	Solutions	Other	Corporate
- competition - JV Belgacom + FTE and IT cost	+ subs growth - Liberty tariff - termination rates + cost savings	- price pressure + FTE and IT cost	- provisions IT Services + Eurospot	+ sale real estate + restructuring costs, net + VAT provisions

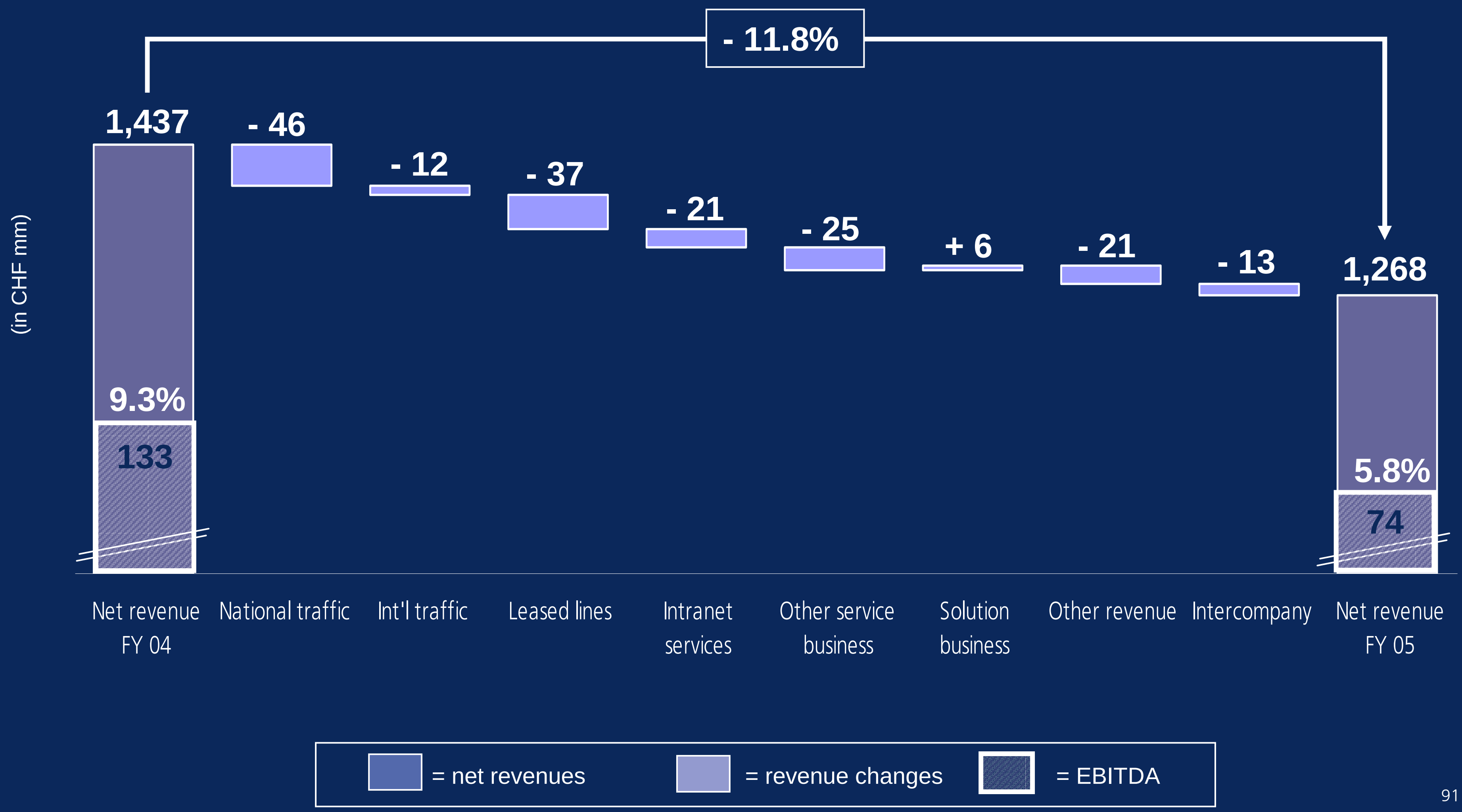
H3. Fixnet revenues and EBITDA



H3. Mobile revenues and EBITDA



H3. Solutions revenues and EBITDA



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H3. Group CF overview

(in CHF mm)	31.12.2004	31.12.2005
EBITDA	**4,388**	**4,171**
Income taxes paid	- 239	- 544
Net interest	- 21	- 6
Change in net operating assets and other cash flows from operating activities (incl. extra contribution to pension fd)	- 62	-189
Net cash provided by operating activities	**4,066**	**3,432**
CAPEX	- 1,136	- 1,087
Net divestments / (investments) in affiliates/subsidiaries	+ 539	0
Purchase of current financial assets, net	-757	- 330
Net cash from investing activities	**-1,354**	**- 1,417**
Repayment of debt	- 303	- 152
Share buyback and treasury stock	- 1,896	- 2,001 *)
Dividends paid to Swisscom shareholders	- 861	- 861
Dividends paid to minority interests	- 360	- 367
Net cash used in financing activities	**- 3,420**	**- 3,381**
Net increase in cash and cash equivalents	**- 708**	**- 1,366**
Cash and cash equivalents at end of the period	**2,387**	**1,023**

*) Consists of: withholding taxes for share buyback program 2004 of CHF 119mm and net cash-out of CHF 1,3 billion for 4,764 mm shares bought back in 2005 and related withholding taxes of CHF 564mm (outstanding withholding taxes of CHF 136 mm are payable in Q1 2006) plus treasury shares for employee programs in the amount of CHF 15mm

H3. Group capital structure

(in CHF mm)	**31.12.04**	**31.12.05**
Short term debt	373	173
Long term debt (cross border tax lease and Antenna Hungaria)	1,262	1,478
Long term net finance lease obligation	679	652
Liabilities from collecting activities (Accarda Group)	201	154
Total debt	**2,515**	**2,457**
Less: financial assets from lease-and-leaseback transactions	-952	- 1,125
Less: cash, cash equivalents and current financial assets	-3,672	- 2,707
Less: other receivables from collecting activities (Accarda Group)	-409	- 390
Net cash	**2,518**	**1,765**
Total equity	7,453	6,624
Balance sheet total	14,232	13,409
Book leverage [1]	**-33.8%**	**-26.6%**
Equity ratio [2]	**52.4%**	**49.4%**

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

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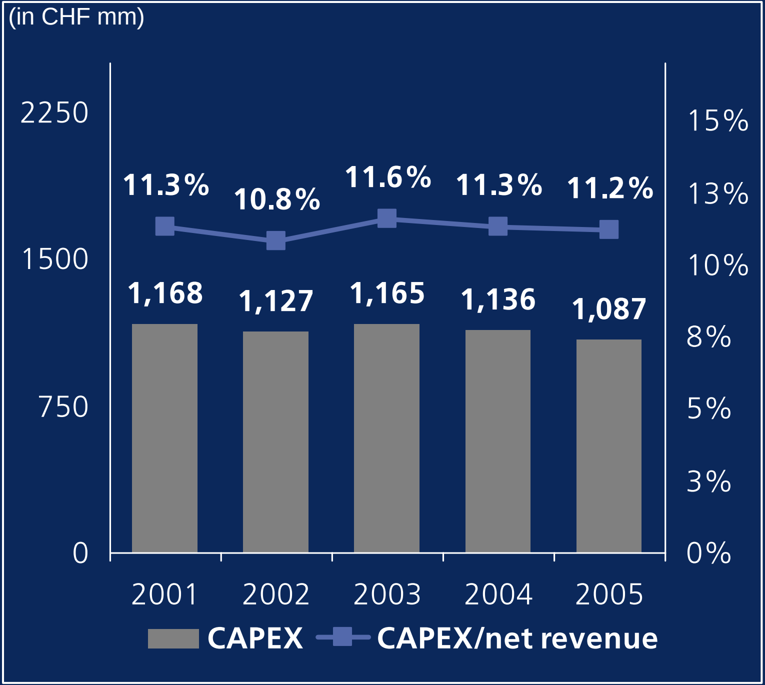
H3. Adjusted net income

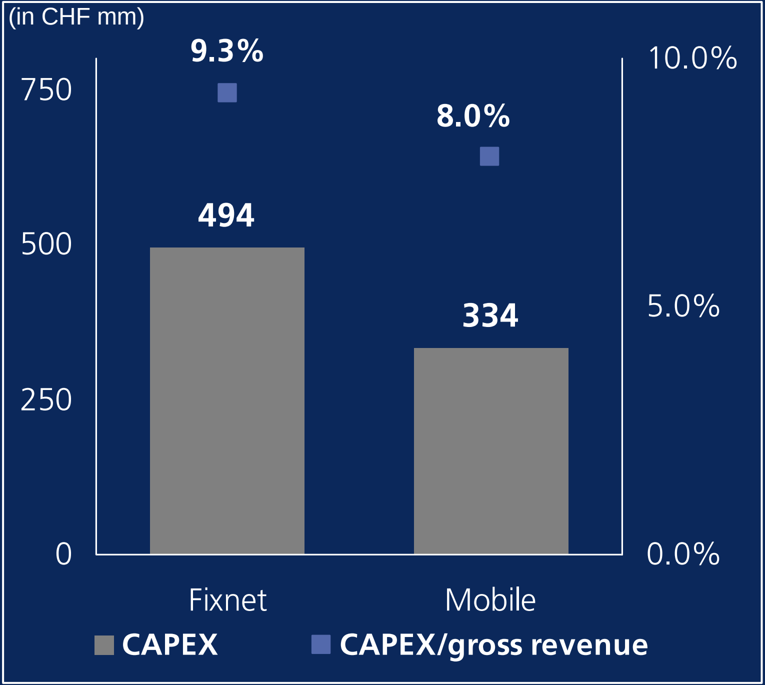
(in CHF mm)	2001	2002	2003	2004	2005
Net income	**5'067**	**826**	**1'571**	**1'596**	**2'022**
Impairments (debitel goodwill, sea-cable)	1'130	702	280	155	-
Gain on sale of real estate portfolios	-671	-	-	-	-
Gain on partial sale of Swisscom Mobile	-3'837	-	-	-	-
Tax effect on one-time items, net	-515	-207	-80	-33	-
CTA debitel	-	-	-	238	-
Adjusted net income	**1'174**	**1'321**	**1'771**	**1'956**	**2'022**
Avg. number of shares (in mm, IFRS)	73.544	67.648	66.200	64.716	59.836
Adjusted EPS (in CHF)	**15.96**	**19.53**	**26.75**	**30.22**	**33.79**

H3. CAPEX analysis

CAPEX development



CAPEX 2005



H3. Shareholder returns since IPO

(in CHF mm)

Financial year	Year of payments	Dividend	Par value reduction	Share buyback	Total payments
1998	1999	809	-	-	**0,809**
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**
2005	2006	907	-	2,250	**3,157**
Total payments		**6,872**	**1,648**	**10,515**	**19,035**

Cautionary statement regarding forward-looking statements

”This communication contains statements that constitute "forward-looking statements". In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives.

Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom’s ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom’s past and future filings and reports filed with 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.”