

Investor & Analyst Meeting

5 March 2008

Agenda

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- **Highlights 2007**
- **Financials 2007**

Carsten Schloter, CEO
Ueli Dietiker, CFO

First Q&A

- **Strategy and organisation**
- **Financial model 2008**

Carsten Schloter, CEO
Ueli Dietiker, CFO

Break

- **Swisscom Switzerland**
 - Residential
 - SME
 - Corporate Business Customers
 - Wholesale, Network and IT

Carsten Schloter, CEO
Christian Petit, Head of RES
Heinz Herren, Head of SME
Urs Schaeppi, Head of CBU
Guido Garrone, Head of NIT

Second Q&A

- **Fastweb**
- **Wrap-up and Guidance 2008**

Stefano Parisi, CEO Fastweb
Carsten Schloter, CEO

Final Q&A

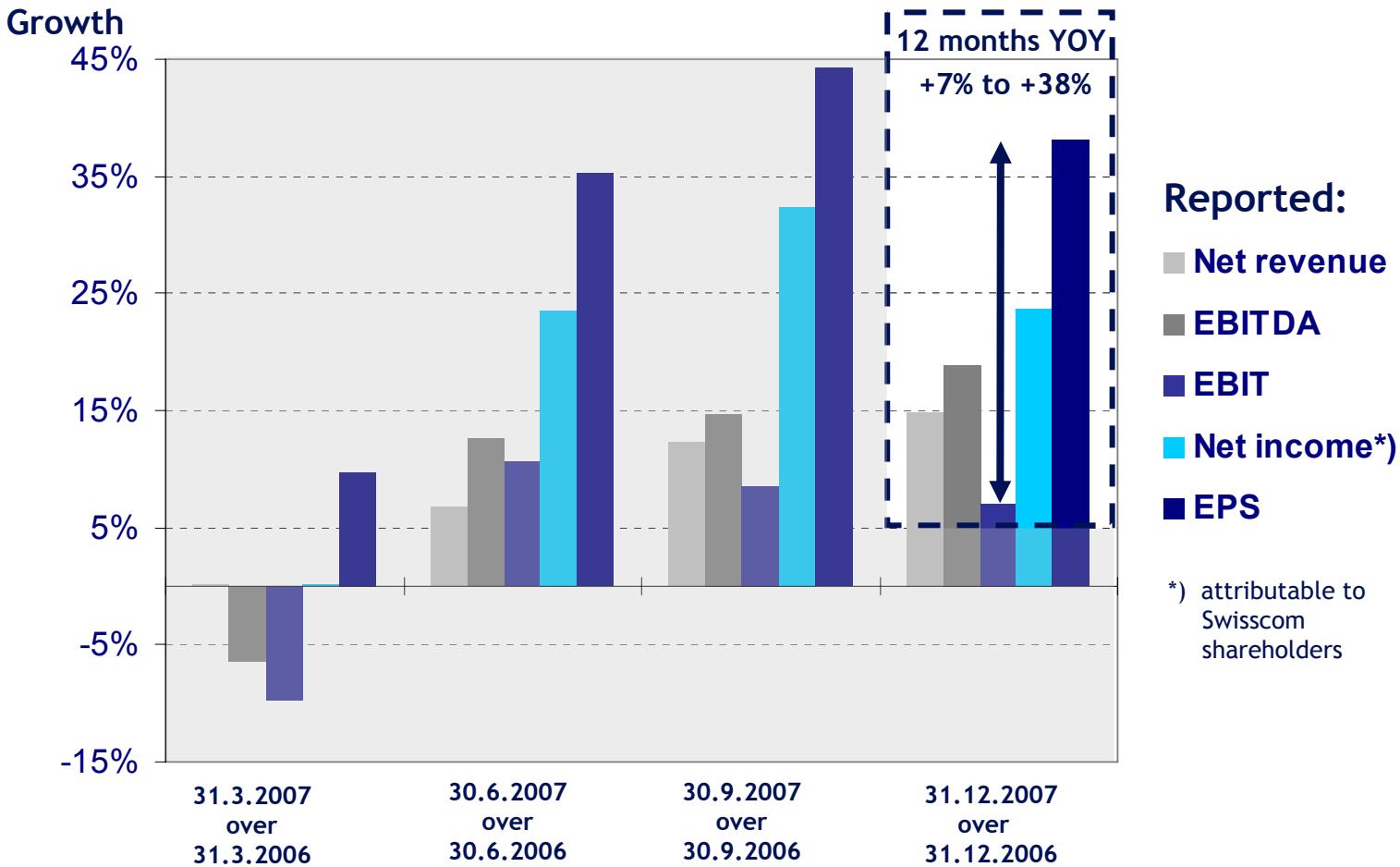
Highlights 2007

Carsten Schloter, CEO

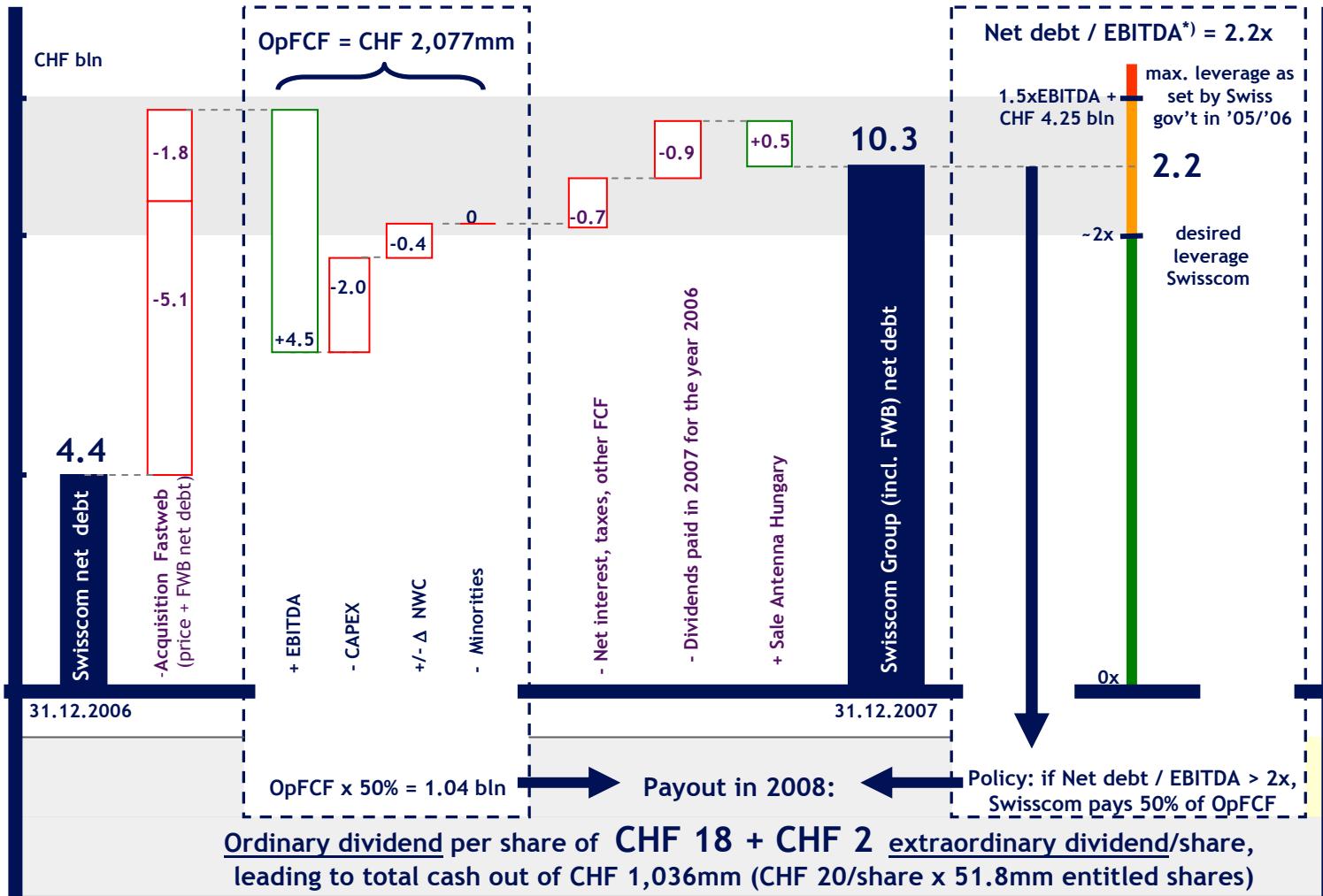
Highlights 2007

- Financial Performance
- Payouts 2008
- 6 Highlights
- Capital Structure
- Swiss Government

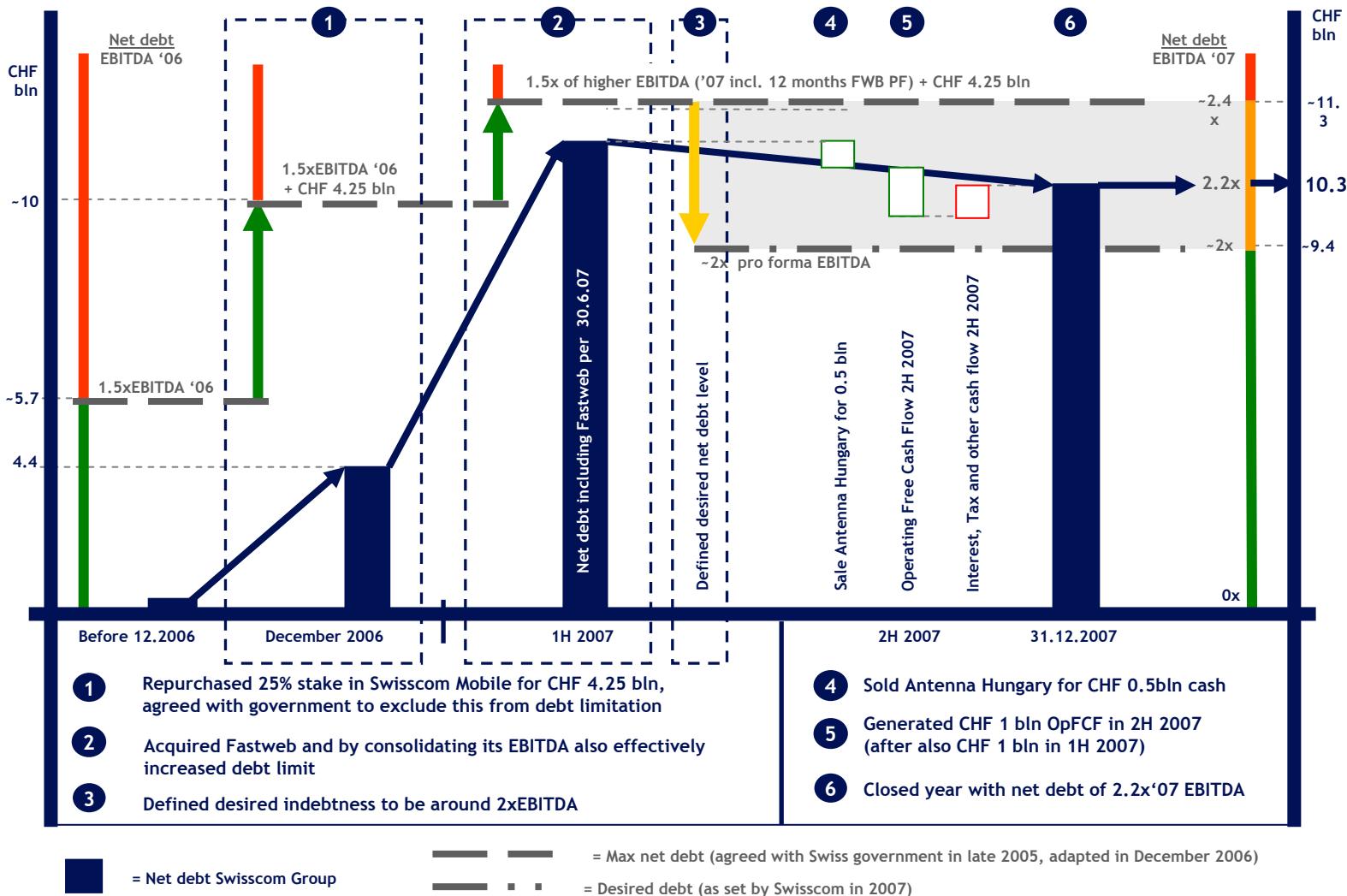
Financial performance, 2007 versus 2006



2007 results and proposed payout in 2008

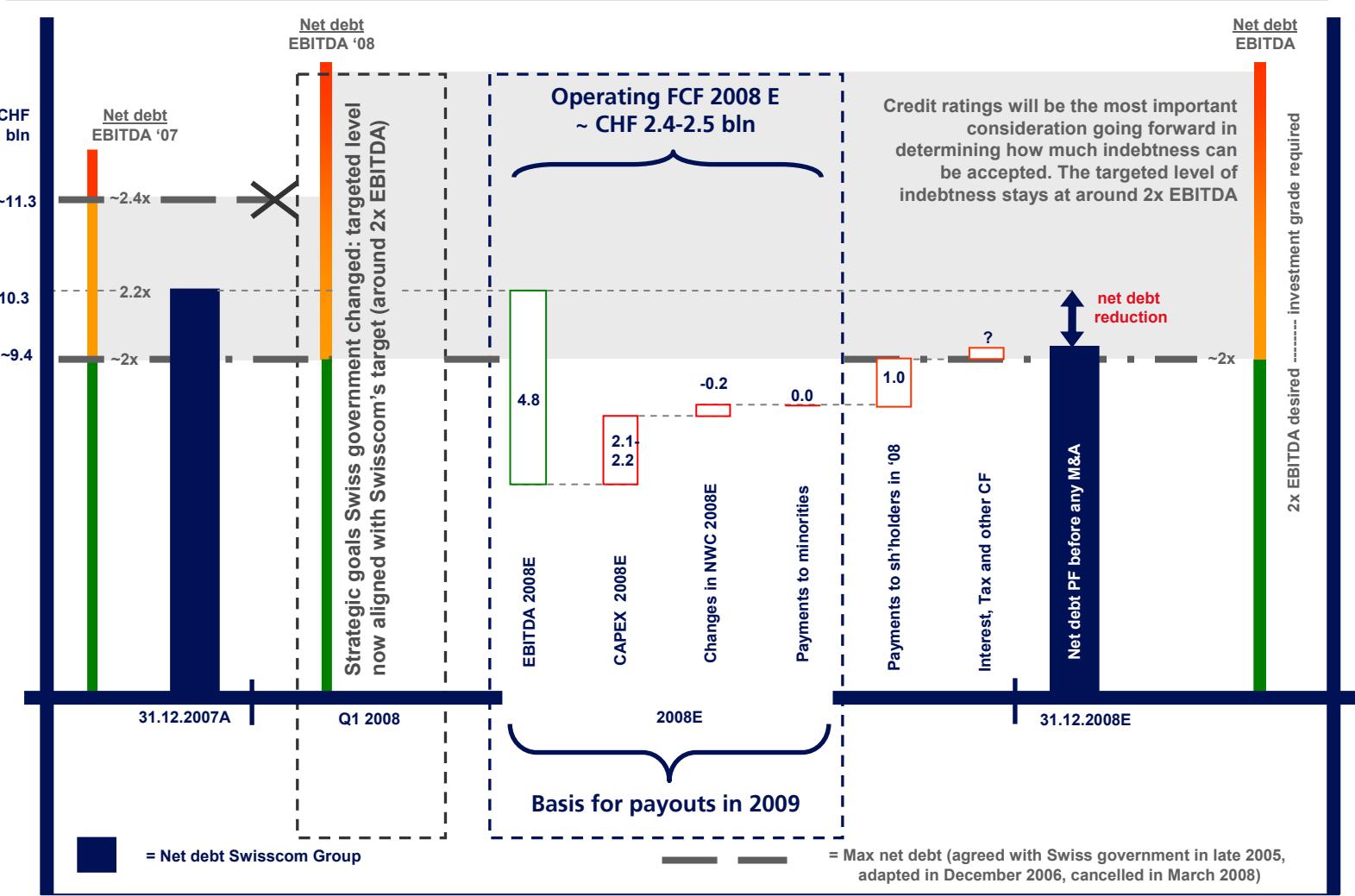


6 highlights for '07 and impact on capital structure



Expectations 2008

and impact on capital structure



Relationship to Swiss Government

- **Strategic Goals, adapted in Q1 2008 in agreement with Swiss government**

- Payout policy (50% of OpFCF) confirmed by government, with - whenever possible - ordinary Dividends/Share not lower than in preceding year
- Cancellation of $(1.5 \times \text{EBITDA} + 4.25 \text{ bln})$ net debt limitation. Government now also desires - in line with management's stated goal - around 2x EBITDA as the targeted level of net debt, while temporary higher levels are possible

- **Treasury Shares**

- Agreed with government to abstain from CHF 500 million share buy back in 2008 in return for not placing any shares in relation to the Fastweb acquisition of 2007
- Out of 4.9mm treasury shares, Swisscom agreed with government - and proposes to General Assembly (22 April) - to delete 3.3mm and keep 1.6mm shares as treasuries (not dividend entitled)

- **Privatisation**

- Stake held by Swiss Confederation: 52% as per 7 Nov 2007
- Privatisation may be back on the agenda in 2008-2009, is however unlikely to encompass a full privatisation. More likely - if anything - is a partial sell off with the Confederation keeping a blocking minority. Unlikely to be executed until 2010

Financials 2007

Ueli Dietiker, CFO

Financials 2007

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- Group Results 2007
- EBITDA breakdown
- Segment Results 2007
- Cash flow Statement
- Debt Portfolio

Group results 2007

Key financials

in CHF mm	31.12.2007	YOY
Net revenue	11,089	14.9%
EBITDA	4,501	18.9%
EBITDA margin	40.6%	
EBIT	2,515	7.0%
Net income ¹⁾	2,071	8.8%
SCM net income ²⁾	2,068	29.4%
EPS ³⁾	39.92	38.1%
CAPEX	2,025	52.9%
OpFCF	2,077	-5.9%
Net debt	10,337	136.1%
FTE	19,844	16.3%

1) Net income before minorities

2) Net income to Swisscom sh'holders (excl. minority interests)

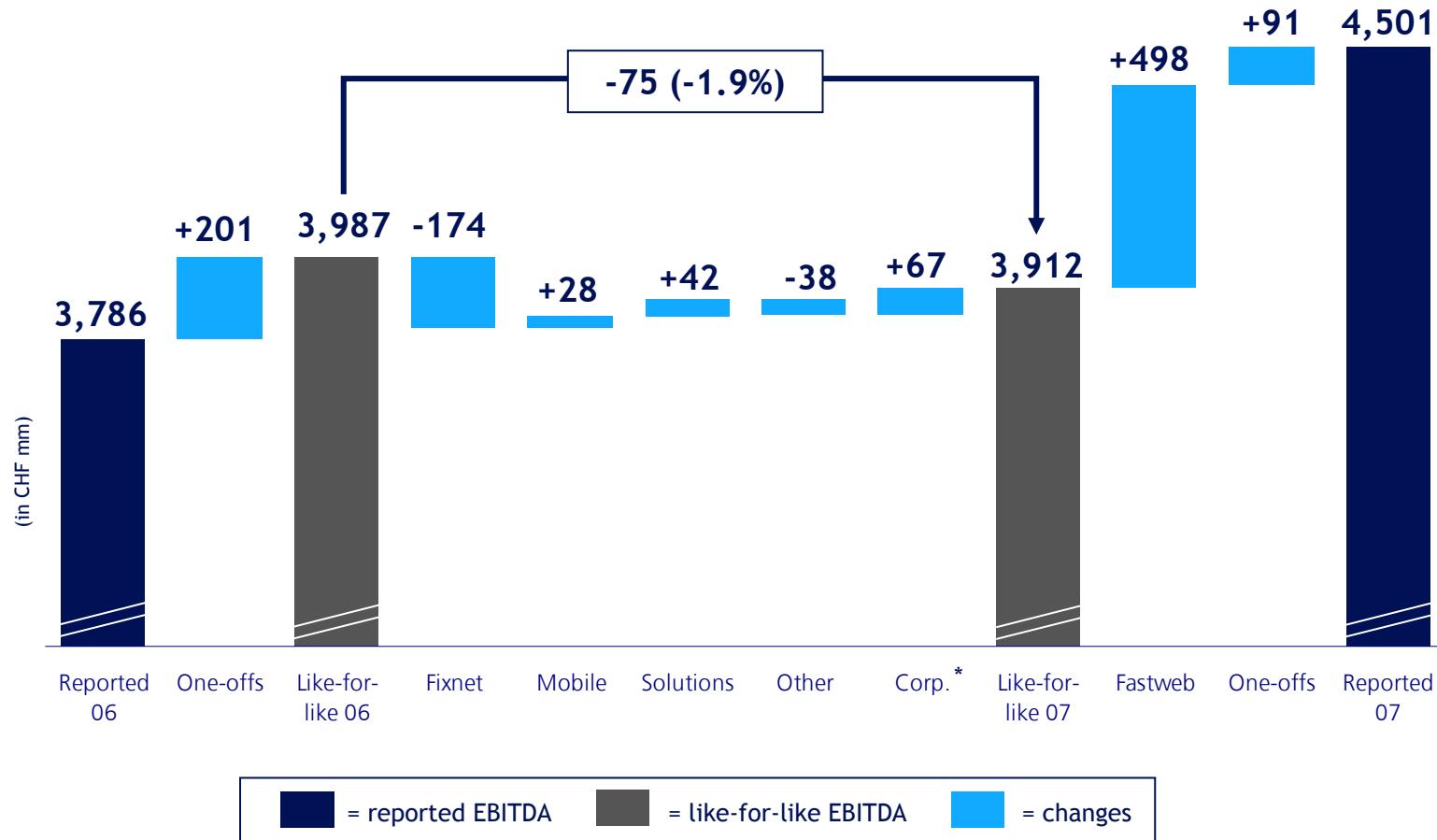
3) Avg. # of outstanding shares as per 31 Dec 07: 51.802mm

FY 2007 comments

- **Headline figures** up mainly due to 1st time consolidation of Fastweb
- **Like-for-like** revenue flat YOY and EBITDA down by 1.9%
- **EPS** growth of 38% also driven by lower minority payments after buyback of 25% stake in Swisscom Mobile and accretion effect from 2006 buyback program
- **CAPEX excl. Fastweb** up by CHF 133mm YOY mainly due to fibre initiatives
- **OpFCF** amounts to CHF 2.1 bln
- **Cash return per share** of CHF 20 in 2008 of which CHF 18 is ordinary dividend and CHF 2 is extra dividend
- **SEC deregistration and NYSE delisting** completed. ADR program modified to OTC

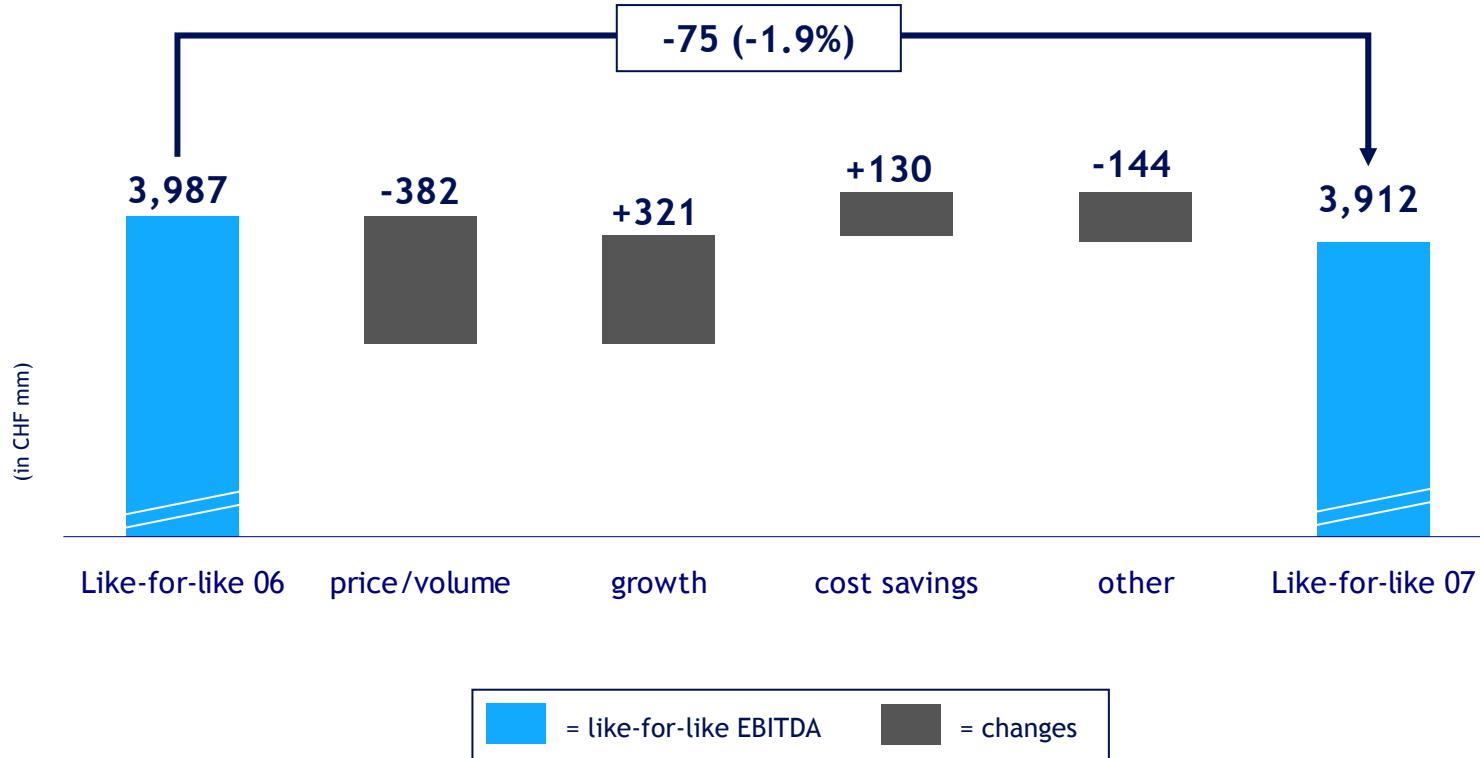
All in all a good year financially

EBITDA breakdown by segments



One-off specifications for 2006: CHF 180mm for IC provisions, CHF 49mm for IT provisions, CHF -12mm roaming effects, CHF -14mm for Antenna Hungaria and CHF -2mm for Accarda; One-off specification for 2007: CHF 91mm for IC provision release
* incl. IC elimination

EBITDA analysis from a business perspective



Growth and cost savings over-compensate price and volume erosions

“Growth” consists of xDSL, mobile subs, advanced data, outsourcing, ICT, Airbites CEE, Hospitality
“Other” consists mainly of extra costs for Bluewin TV (CHF 49mm) and Betty (CHF 52mm)

Segment results

Fixnet

Financials and operational data

	31.12.2007	YOY
Net revenue in CHF mm ¹	4,474	-4.5%
EBITDA in CHF mm	1,898	5.4%
EBITDA margin	42.4%	
EBIT in CHF mm	1,174	11.9%
CAPEX in CHF mm	835	38.7%
Number of FTE's	7,069	6.0%
Access lines (thousands)		
	31.12.2007	YOY
PSTN	2,871	-0.7%
ISDN	815	-4.8%
Broadband	1,602	17.1%
Traffic in min. mm		
	31.12.2007	YOY
Retail	8,801	-8.6%
Wholesale	14,517	-10.2%

¹ including inter-company (IC) revenue

FY 2007 highlights

- **Access** now representing 55.3% of revenues with external customers
- **Line losses** to cable decelerating: 51k in 2007 (-23k YOY) of which 69% to Cablecom
- Low margin **wholesale** business declined by 23% to CHF 269mm due to lower transit volume and IC prices
- **EBITDA** increased by 5.4% YOY esp. due to IC provisions of CHF 180mm booked in Q2 2006 and IC provisions of CHF 91 released in Q4 2007
- **Like-for-like EBITDA** corrected for LRIC (CHF 271mm) down by CHF 174mm YOY with following composition (in CHF mm):
 - price/volume erosion: -198
 - growth (DSL): +91
 - cost savings: +33
 - other (mainly IPTV): -100
- 70k IPTV subs incl. orders at YE 2007
- Fibre initiatives explain **CAPEX** increase

Segment results

Mobile

Financials and operational data

	31.12.2007	YoY
Net revenue in CHF mm ¹	4,015	1.0%
of which service revenue	3,641	0.7%
EBITDA in CHF mm	1,817	0.9%
EBITDA margin	45.3%	
EBIT in CHF mm	1,378	-2.4%
CAPEX in CHF mm	368	10.2%
Number of FTE's	2,812	-6.0%

	31.12.2007	YoY
Subscribers (thousand)	5,007	8.1%
ARPU (CHF/month)	60	-7.7%
ARPU Non-Voice (CHF/month)	13	8.8%
AMPU in min.	129	4.0%
# SMS in mm	2,278	8.1%

¹ including inter-company (IC) revenue

FY 2007 highlights

- **External revenue** up by CHF 97mm thanks to new subs, (new) data growth and acquisitions of Minick and Swapcom
- **Like-for-like EBITDA** corrected for roaming effect (CHF 12mm) up by CHF 28mm YOY with following composition (in CHF mm):
 - price/volume erosion: -169
 - growth: +183
 - cost savings: +14
- **Customer** base up by 8.1%
- **Liberty** community with 2,214k subs grew by 38% and now generates 44% of service revenue
- **New data** (data excl. SMS) up by CHF 73mm YOY to CHF 288mm
- **SAC and SRC** in 2007: CHF 272mm (+6.7% YOY)
- **Churn rate** in 2007 almost unchanged: 0.92% per month

Segment results

Solutions

Financials and operational data

	31.12.2007	YOY
Net revenue in CHF mm ¹	1,224	0.0%
EBITDA in CHF mm	112	60.0%
EBITDA margin	9.2%	
EBIT in CHF mm	66	83.3%
CAPEX in CHF mm	39	-7.1%
Number of FTE's	2,019	4.7%

Traffic in min. mm	31.12.2007	YOY
National	1,720	-3.7%
International	358	4.7%
Total	2,078	-2.3%

1 including inter-company (IC) revenue

FY 2007 highlights

- Net revenue flat YOY thanks to new businesses for process optimization and outsourcing projects
- Revenue from **connectivity** down by 8.4% YOY due to substitution, competition and pricing pressure
- Revenue from **communication and collaboration** decreased only by CHF 7mm
- Revenue from **business process optimization** (+5.7%) and **outsourcing** (+100%) up due to new products in the area of customer interaction management, volume increases and new outsourcing deals
- **EBITDA** up by CHF 42mm with the following composition (in CHF mm):
 - price/volume erosion: -15
 - growth: +40
 - cost savings: +17

Segment results

Fastweb

Financials and operational data

	31.12.2007
Net revenue in CHF mm	1,473
EBITDA in CHF mm	498
EBITDA margin	33.8%
EBIT in CHF mm	-22
CAPEX in CHF mm	568
Number of FTE's	3,128
	31.12.2007
Total customers ('000)	1,313
Net adds FY 2007 ('000) ¹⁾	268

1) EoP 2006 figure reported net of 17.4k inactive customers removed from customer base following ruling on ULL litigation against TI

Note: the table above reflects Swisscom's share of Fastweb results for the period 22.5.2007-31.12.2007

FY 2007 highlights

- Swisscom owns **82.1%** of Fastweb. Fully consolidated as from 22 May 2007:
- **2007 results** in Swisscom accounts:
 - Revenues CHF 1,473mm
 - EBITDA of CHF 498mm with a margin of 33.8%
- **Adj. subs base** increased by 26%
- **ARPU** at €722 in Dec only marginally lower than in previous quarter
- **CAPEX** in Q4 largely up due to new connections, further fibre rollout and system developments for **MVNO**
- **MVNO** agreement signed with 3 Italia creating options for ARPU enhancement
- Finally a positive outcome on **IC rates** brings down regulatory uncertainty
- **PPA**: amortization of intangible assets (brand, customer relationships) €82mm
- **Taxes**: impact of new tax law on net income Swisscom €11mm

Segment results

Other/Corporate

Financials and operational data

Segment Other	31.12.2007	YoY
Net revenue in CHF mm ¹	1,338	0.3%
EBITDA in CHF mm	113	-4.2%
EBITDA margin	8.4%	
EBIT in CHF mm	-93	3.3%
CAPEX in CHF mm	187	-14.6%
Number of FTE's	3,846	-15.9%

Segment Corporate	31.12.2007	YoY
Net revenue in CHF mm ¹	643	0.9%
EBITDA in CHF mm	102	n/m
EBITDA margin	15.9%	
EBIT in CHF mm	39	n/m
CAPEX in CHF mm	48	-65.7%
Number of FTE's	970	7.4%

¹ including inter-company (IC) revenue

FY 2007 highlights

Segment Other

- **External revenues** increased by 2.6% thanks to Hospitality Services (CHF +23mm) and newly won outsourcing business at Swisscom IT Services (CHF +84mm)
- **Net revenue** flat YOY despite sale of Antenna Hungária and Accarda
- **EBITDA** corrected for both divestments (CHF -16mm) and IT provisions 2006 (CHF 49mm) came down by CHF 38mm mainly due to extra cost for Betty TV (CHF -52mm)

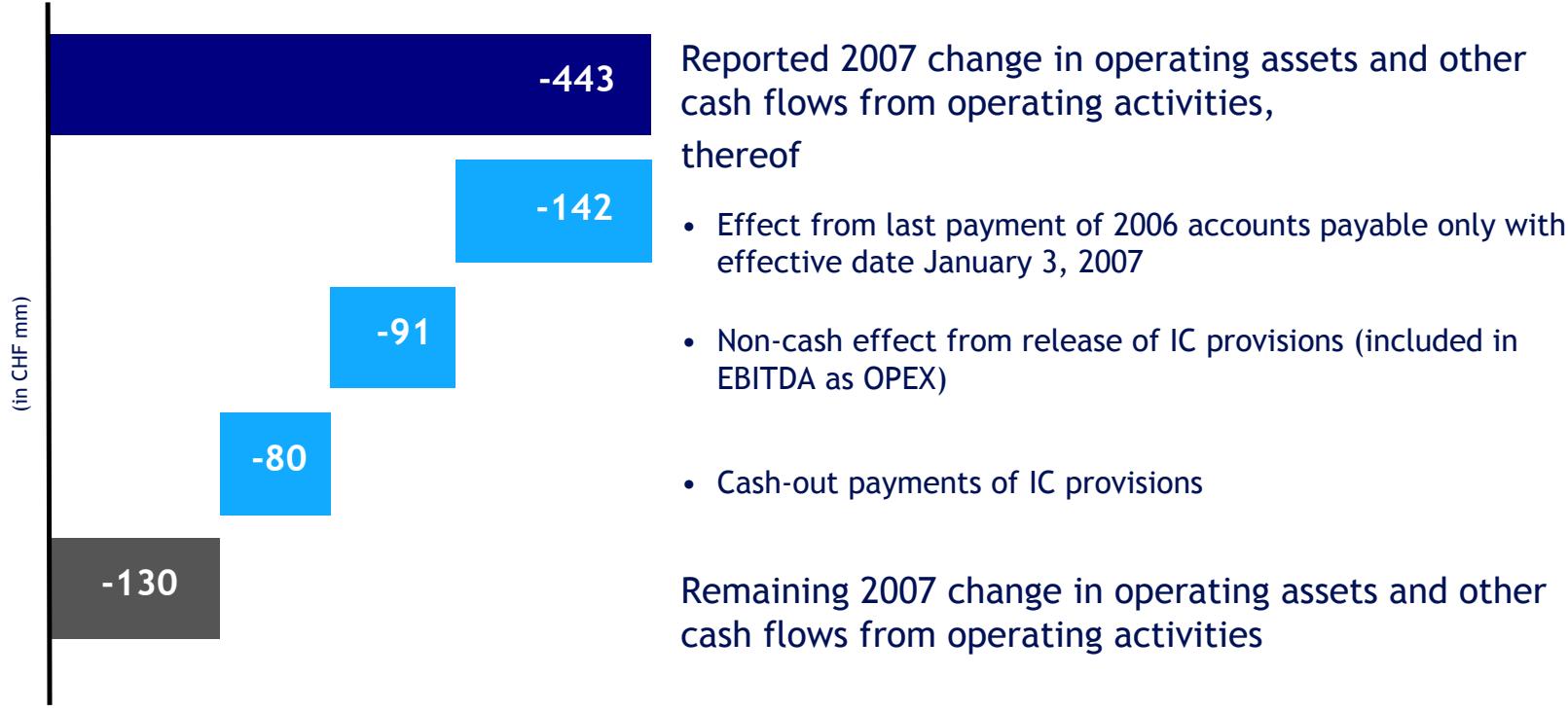
Segment Corporate

- **EBITDA** up by CHF 79mm mainly driven by cost savings (+CHF 60mm) and a book gain from real estate sales
- **# of FTE** increased due to transfer of HR shared services staff

Cash flow statement

(in CHF mm)	31.12.2006	31.12.2007
EBITDA	3,786	4,501
Income taxes paid	-496	-469
Net interest paid	-28	-231
Δ in net operating assets and other CF from operating activities	-7	-443
Other financial income received	9	79
Net cash provided by operating activities	3,264	3,437
CAPEX	-1,324	-2,025
Investments in affiliates/subsidiaries	-4,464	-4,236
Other cash flows from investing activities	1,580	42
Net cash used for investing activities	-4,257	-6,219
Issuance of debt, net	4,210	4,056
Share buyback, treasury stock and mgmt incentive plan	-2,365	-9
Dividends paid to SCM sh'holders	-907	-881
Dividends paid to minority interests	-297	-101
Net cash from financing activities	641	3,065
Net change in cash and cash equivalents	-352	283
Cash and cash equivalents at end of the period	673	957

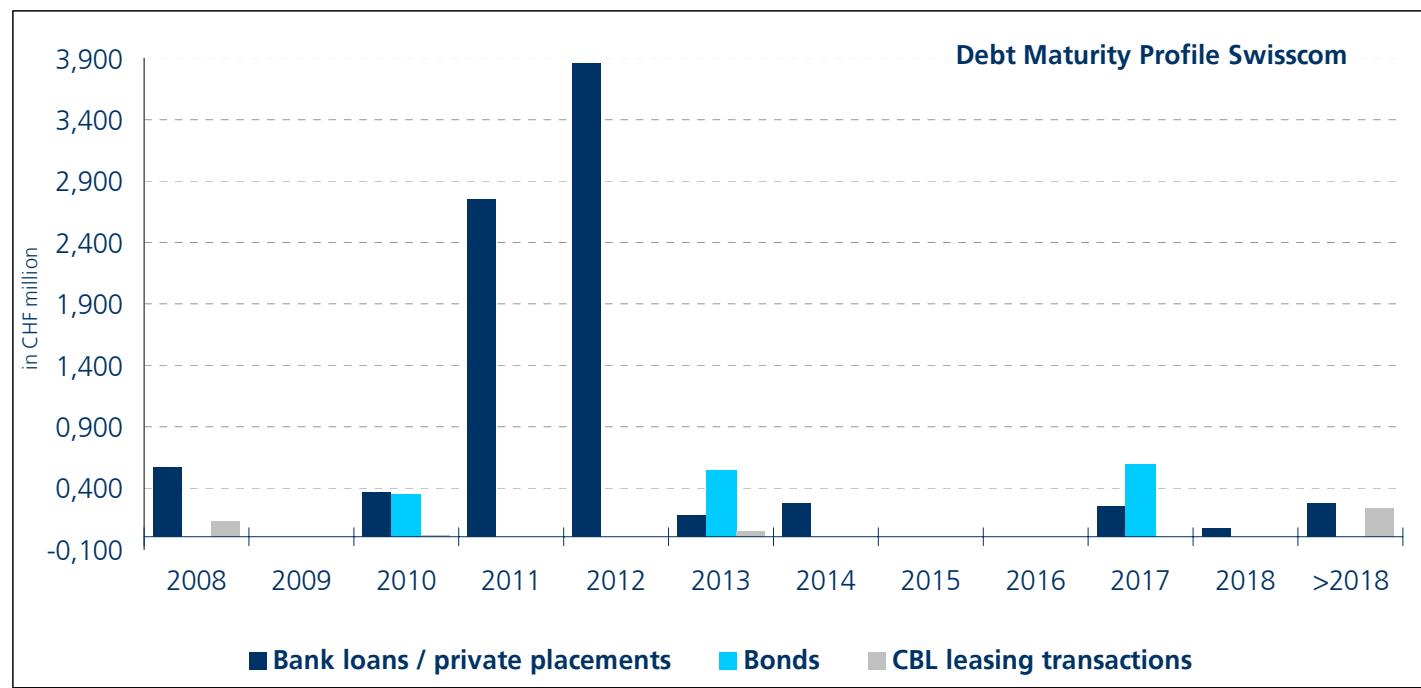
Development Net Working Capital



Change in net working capital 2007 includes 3 large effects which account for 2/3 of total changes. Further out payments of IC provisions expected in 2008.

Debt portfolio as per 31 December 2007

in CHF million	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	>2018	Total
Bank loans / private placements	568	-	372	2,750	3,860	179	276	-	-	250	72	278	8,605
Bonds	-	-	350	-	-	550	-	-	-	600	-	-	1,500
CBL leasing transactions	130	2	14	4	-	45	-	-	-	-	233	428	
Total	698	2	736	2,754	3,860	774	276	-	-	850	72	511	10,533



First Q&A

Strategy and organisation

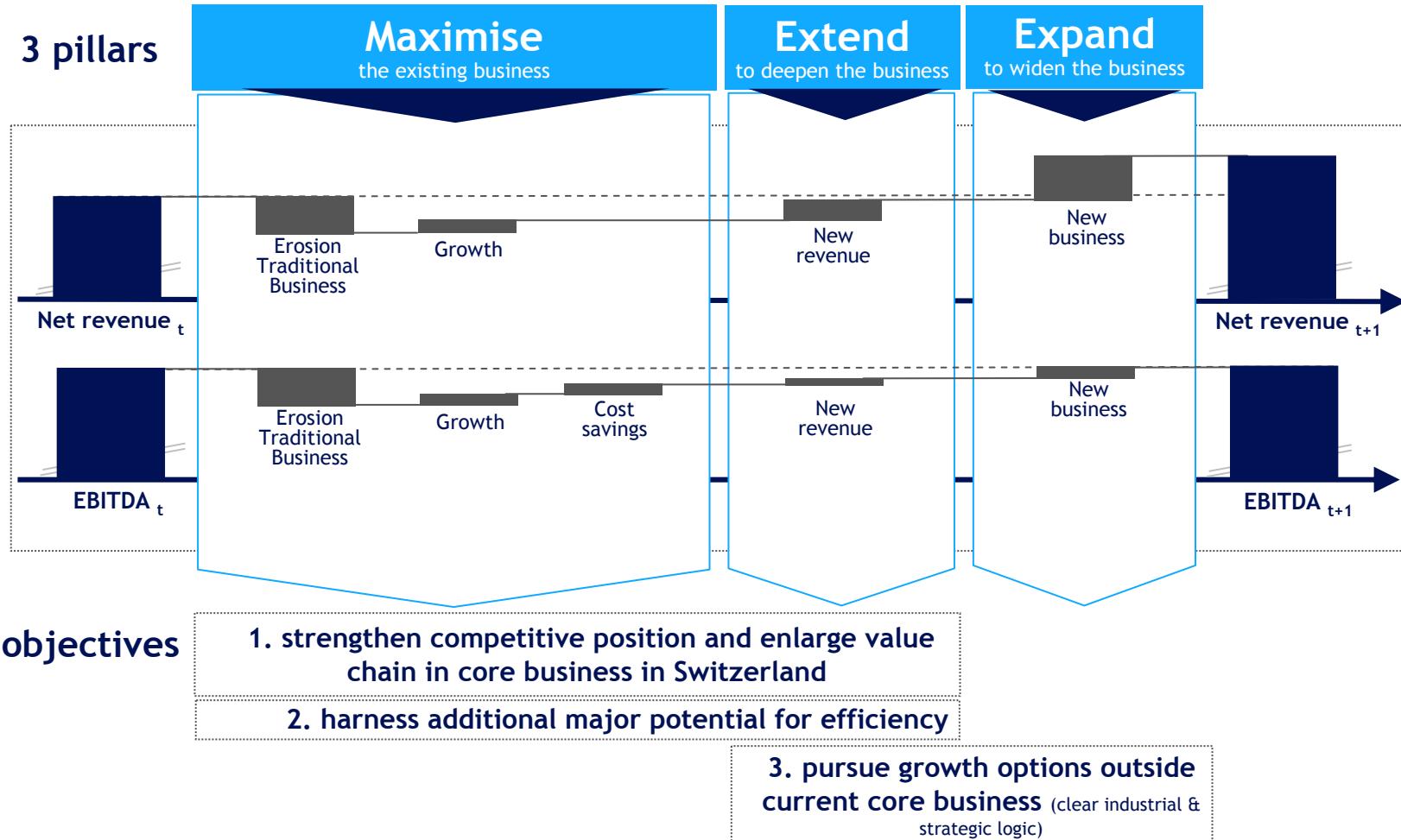
Carsten Schloter, CEO

Strategy and organisation

- Strategy, achievements
- Fastweb
- Customer orientation
- New organisation

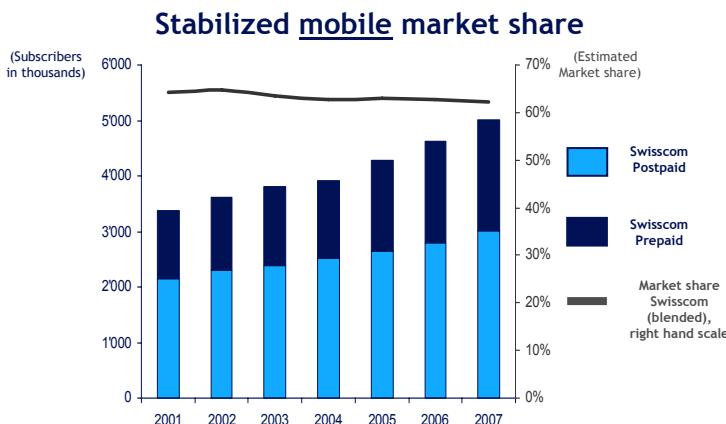
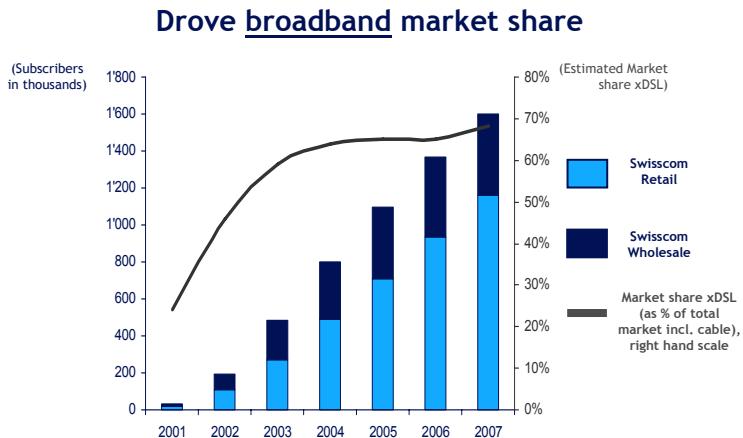
Time strategy

Maximise, Extend, Expand



Pillar „Maximize“ achievements to date and future priorities

Achievements to date



Future priorities

Create a consistent brand experience and a customer centric service culture

- Be among the 10 most beloved brands in Switzerland

Maximize access market share

- Deliver superior network performance (bandwidth, in-house networks)

Differentiate the access through innovation

- Residential: triple screen, digital support
- SME and Large Accounts: Enterprise Communication

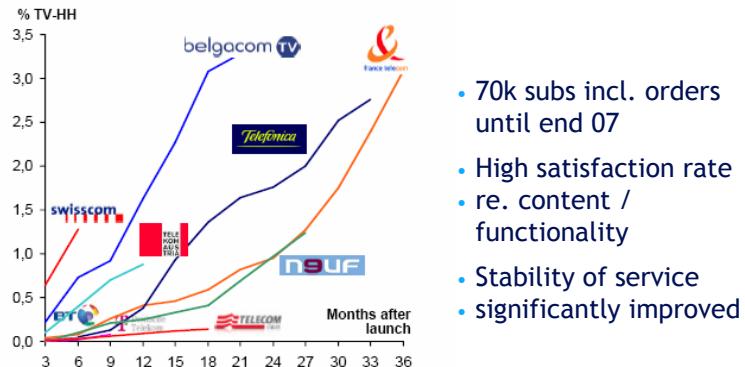
Realise efficiency gains

- Complexity reduction: product portfolio, transfer pricing
- Synergies from merging Fixnet, Mobile and Solutions
- Technology-driven savings (migration to All-IP)

Pillar „Extend“ achievements to date and future priorities

Achievements to date

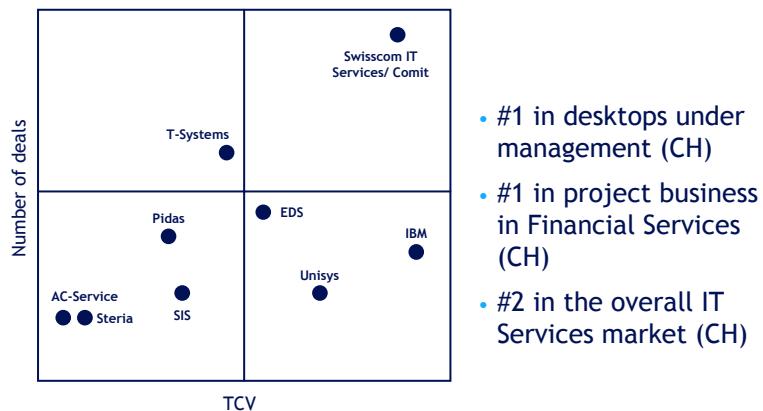
Successfully launched IPTV



Future priorities

- Continue improving **service quality**
- Improve **cost structure** through process improvements
- Broaden **service offer** (e.g. launch HDTV)

Substantial new IT Services deals won in 06/07⁽¹⁾



- Continue delivery **industrialization** and **automation**
- Increase **global delivery capabilities** with partners
- Extend capabilities for **banks** with **adjacent solutions**

(1) Source: Active Sourcing, deals from 10 million Swiss francs upwards (Q4/05 - Q3/07)

Pillar „Expand“ achievements to date and future priorities

Achievements to date

FASTWEB

- Successful tender offer (82% acceptance) in May 07
- Core revenue growth of 24%, core EBITDA growth of 33%
- Positive cash flow in 2008

Future priorities

- Further develop market position as **leading attacker**
- Drive **customer, market share growth** in B2C, B2B
- Launch **MVNO** to enhance value

airbites.net

- Building fibre-based city carriers in CEE
- 110k BB subscribers, strong organic customer growth
- No. 1 or 2 positions in several Ukraine cities

- Drive **organic customer growth**, increase **ARPU**
- Consider **selective M&A** to strengthen position

Hospitality Services

- Networked IP services for hotels and conferences
- ~ 2,400 contracted properties, >200k covered rooms
- Leading position in Europe, foothold in the US

- Drive **organic growth** (# properties, usage)
- Launch/roll-out **IPTV service, triple play**

(1) Source: Active Sourcing, deals from 10 million Swiss francs upwards (Q4/05 - Q3/07)

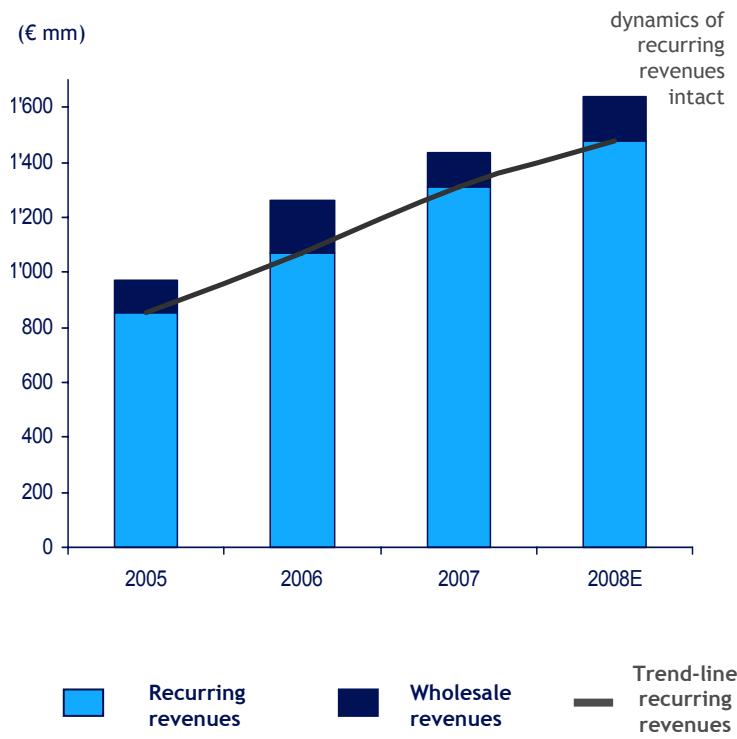
Focus on recurring top line growth at Fastweb - remain open to inorganic moves in Italy, if supported by industrial plan

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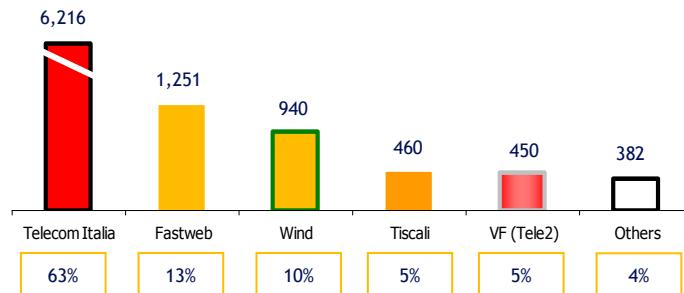
Focus on top line growth at Fastweb

Recurring business Fastweb with end-users (i.e. excluding proceeds from Wholesale)



Open to inorganic moves, if supported by industrial plan

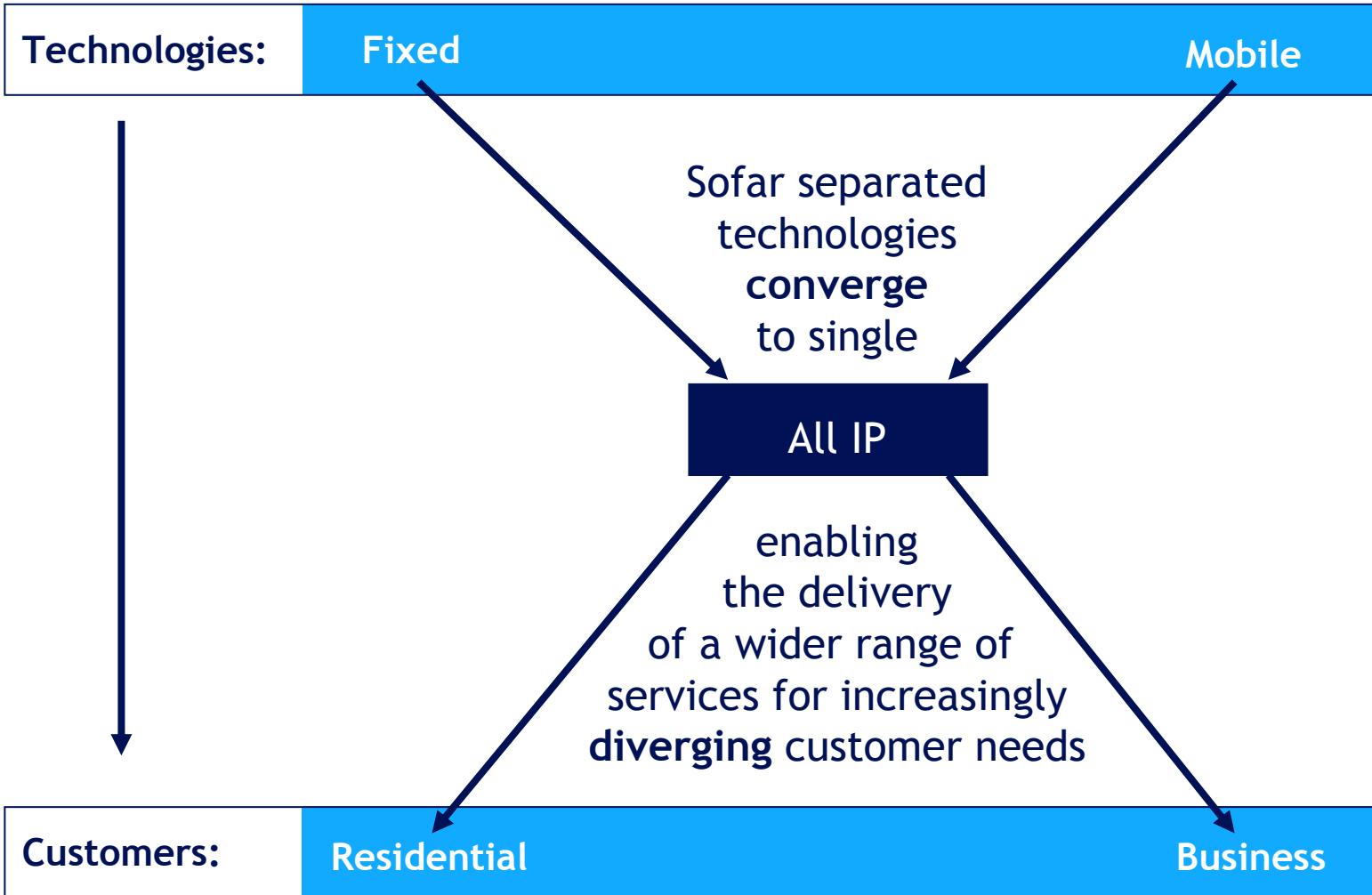
Italian Broadband market still rather fragmented (000 lines x player 3Q07)



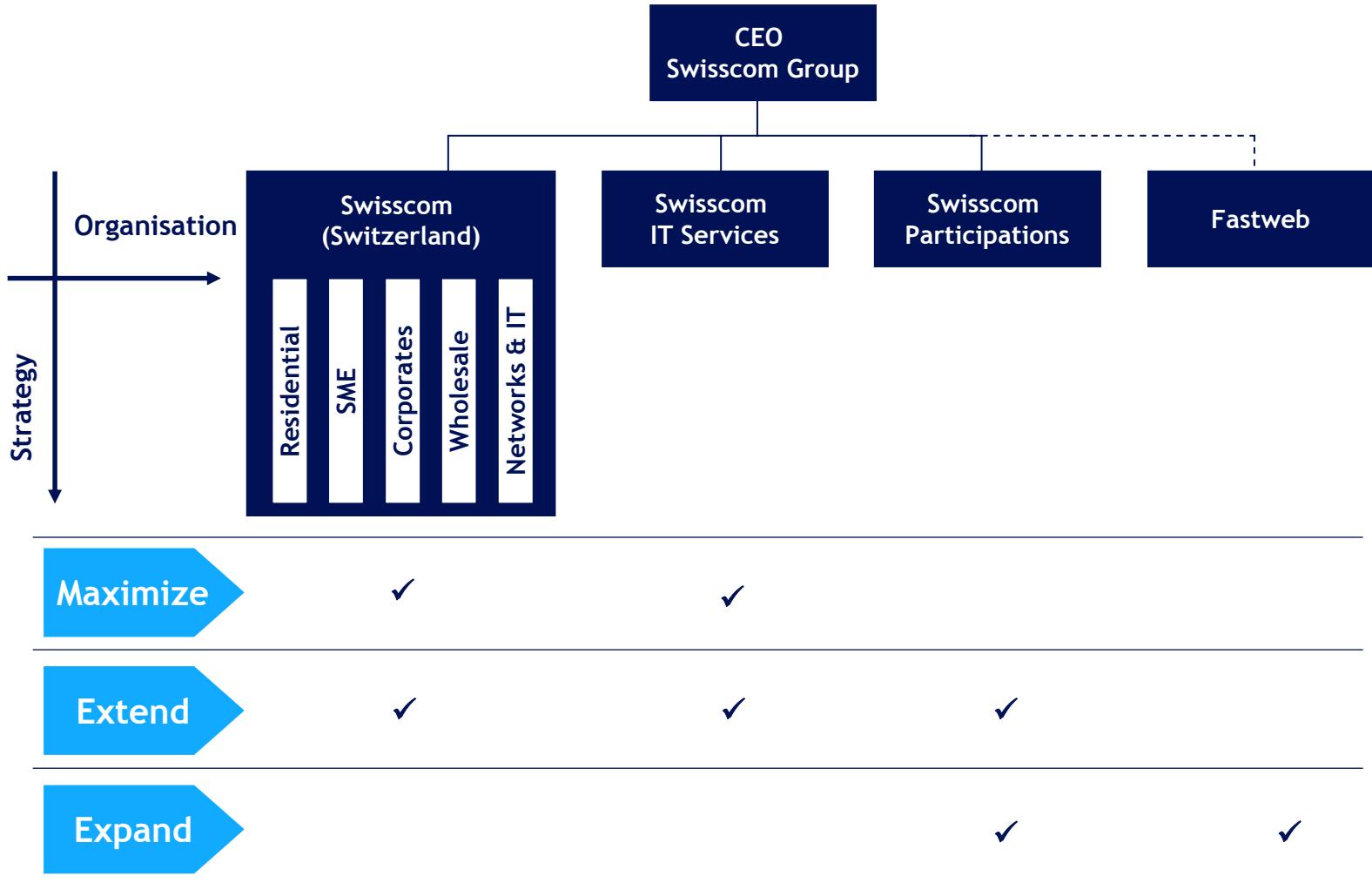
Key elements of an industrial plan

- Growth track record and positioning of target
- Material synergies (network, staff, etc.)
- Attractive valuation
- PMI and governance

From technology to customer orientation



New organisation aligned with strategy to support shift from technology to customer orientation



Financial model 2008

Ueli Dietiker, CFO

Financial model 2008

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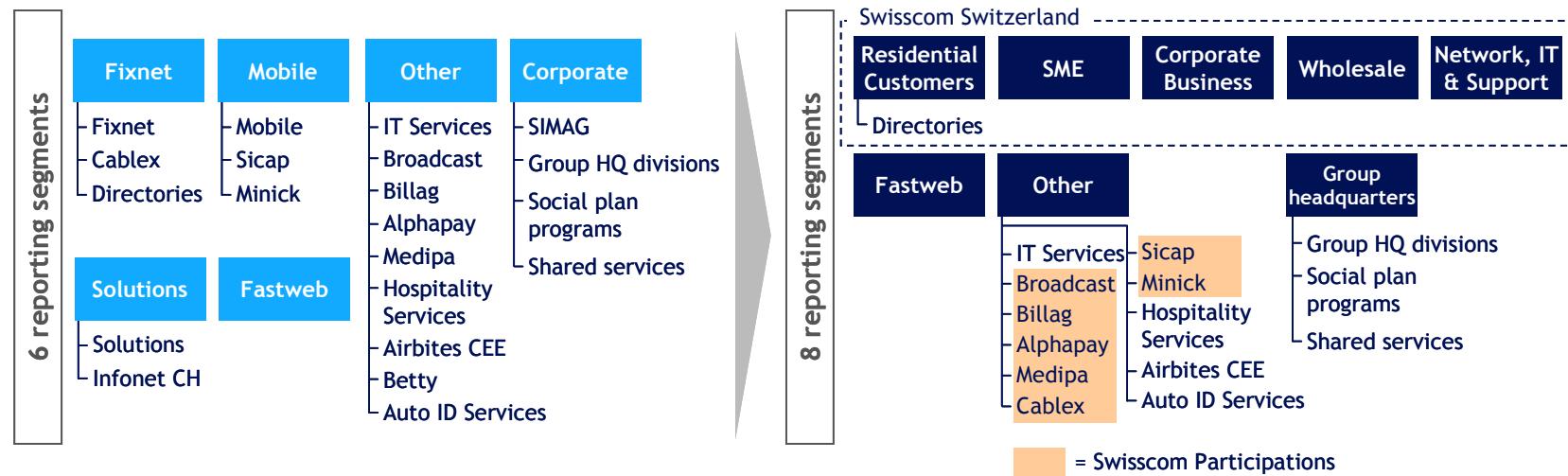
- Overview
- Objectives
- New reporting structure
- Reporting segments
- Financial model
- KPIs
- Wrap-up

From old, technology driven structure to new, customer-centric structure

Organizational structure

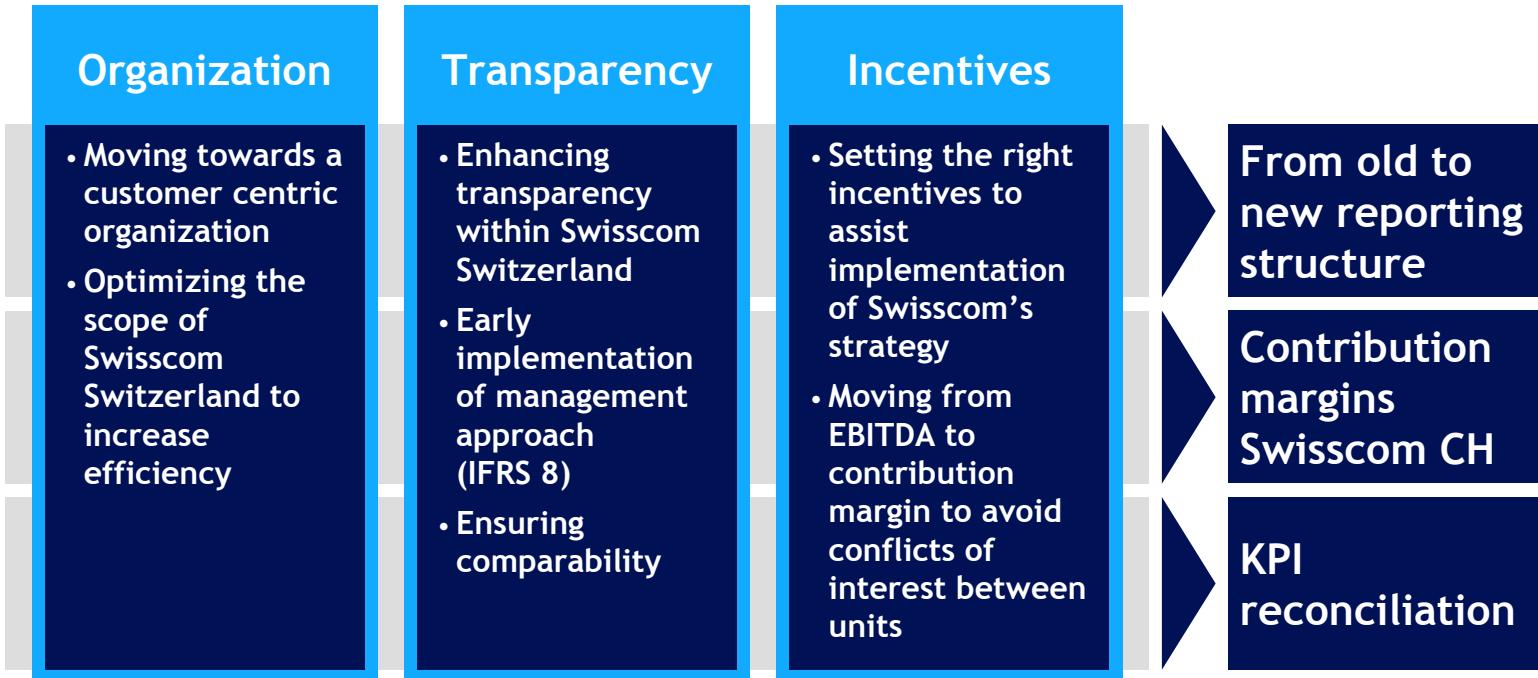


Reporting structure

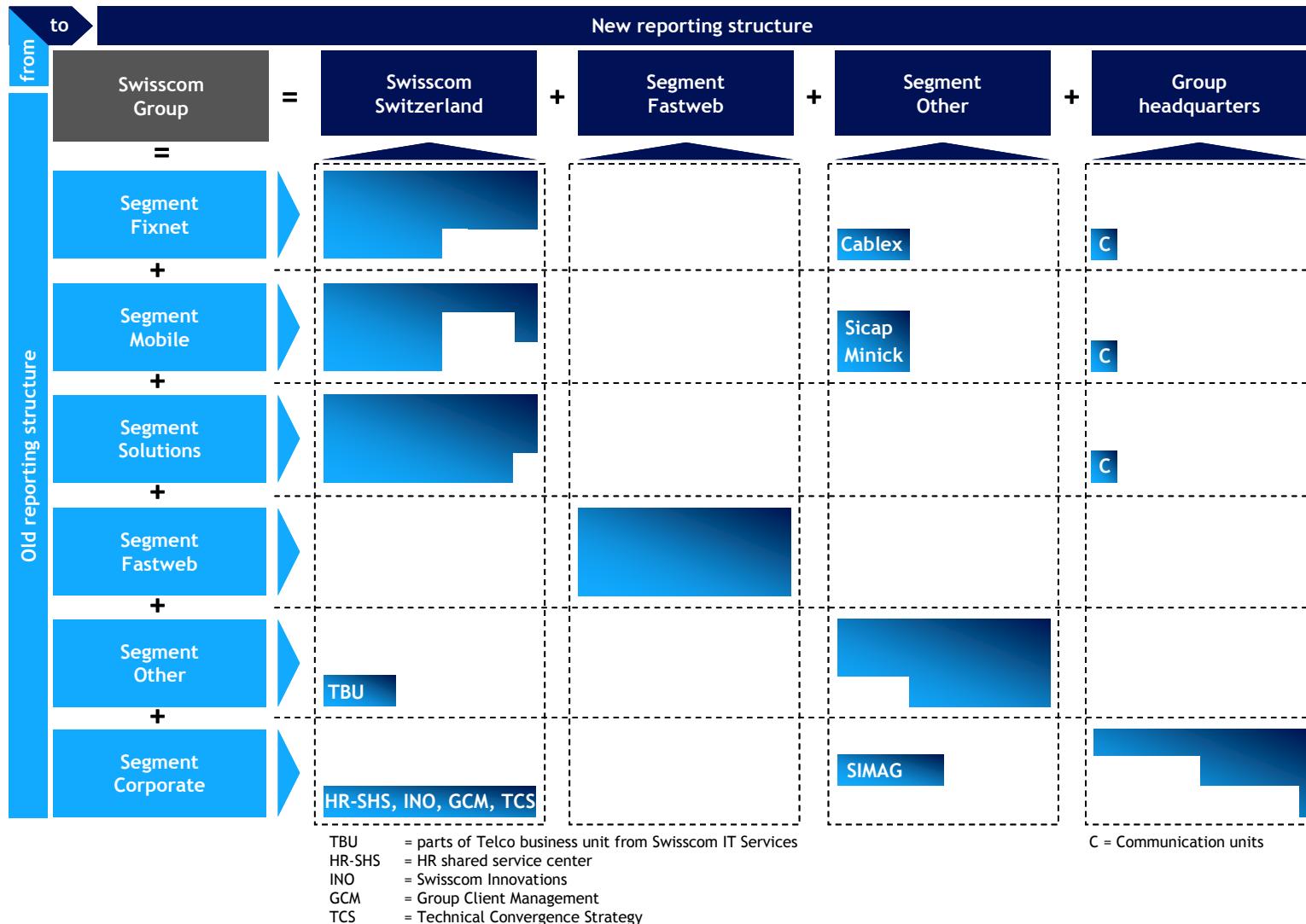


Reporting structure aligned with new, customer-centric organizational structure

Objectives of restructuring and new financial management



From old to new reporting structure (1/2)



From old to new reporting structure (2/2)

in CHF mm



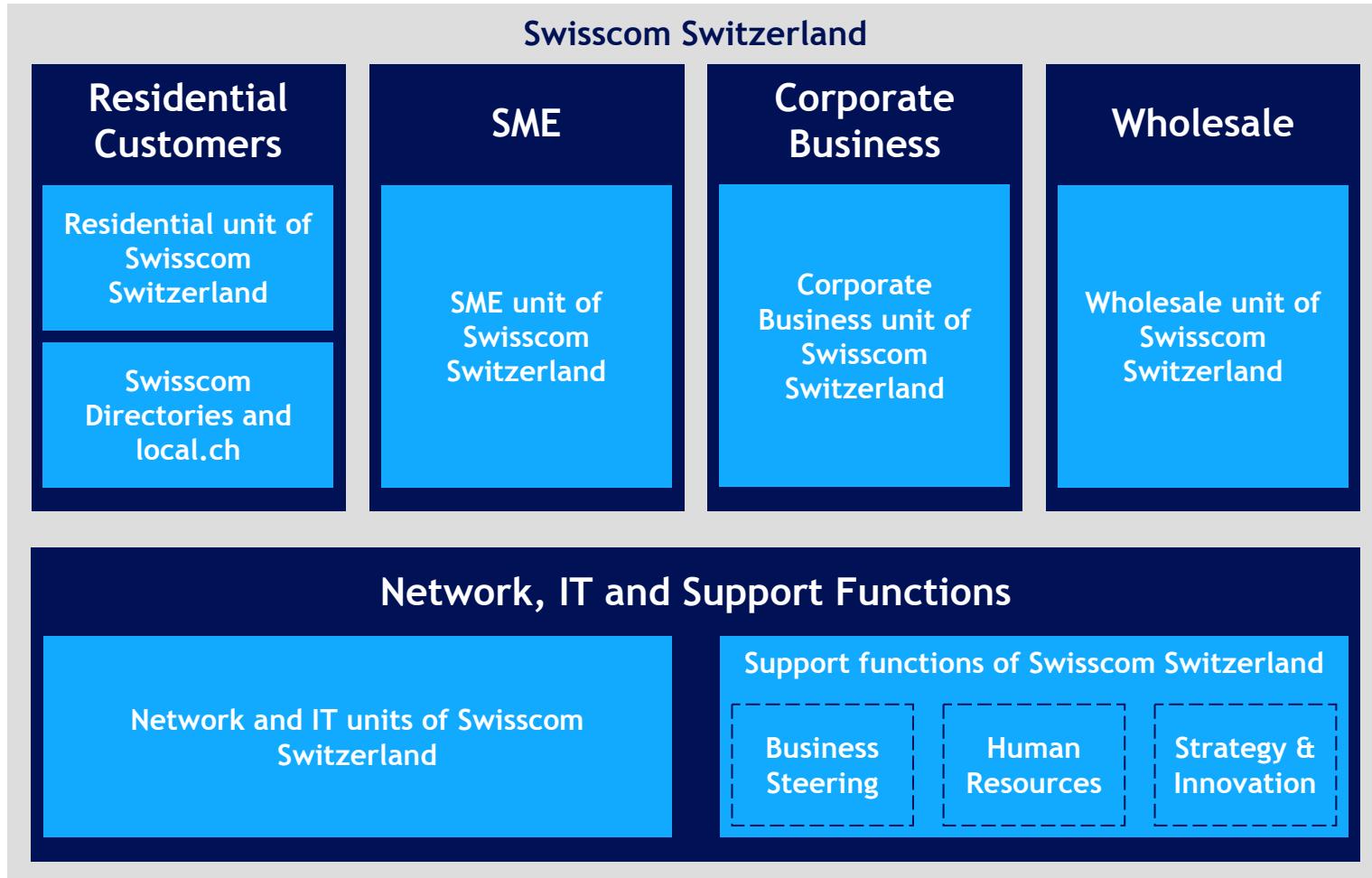
		New reporting structure						
		Swisscom Switzerland	Segment Fastweb	Segment Other	Group headquarters	Adjusted inter-company streams	Consolidation	Swisscom Group
Old reporting structure	Segment Fixnet	3'866 1'731		158 14	0 -7	450 160		4'474 1'898
	Segment Mobile	3'707 1'840		67 -16	0 -6	241 -1		4'015 1'817
	Segment Solutions	1'119 429			0 -0	105 -317		1'224 112
	Segment Fastweb		1'473 498					1'473 498
	Segment Other	0 -37		1'283 201		55 -51		1'338 113
	Segment Corporate	2 -57		436 118	6 -171	200 212		643 102
	Consolidation	0 -8				-1'051 -3	-1'027 -28	-2'078 -39
	Swisscom Group	8'693 3'898	1'473 498	1'944 317	6 -184	0 0	-1'027 -28	11'089 4'501

x'xxx Net revenues 2007 restated
x'xxx Contribution Margin 2/EBITDA 2007 restated

Reporting segments of Swisscom Switzerland

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Split of Swisscom Switzerland into new reporting segments

	Residential Customers	Small and medium-sized Enterprises	Corporate Business	Wholesale	Network, IT and Support Functions	Consolidation	Swisscom Switzerland
Third-party revenues							
Inter-company revenues							
Inter-segment revenues							
Direct costs							
Contribution Margin 1 <i>CM1 % of net revenues</i>							
Indirect costs							
Contribution Margin 2 <i>CM2 % of net revenues</i>							
EBITDA <i>EBITDA % of net revenues</i>							

New segment allocation but old revenue structure

Segment "Other" and "Group headquarters"

Termination revenues | Outpayments

Variable cost only, e.g. handsets, third-party termination, incl. offsetting items to Inter-segment revenues

Contribution of CFU's to fixed cost

Allocable fixed cost, e.g. product mgmt, customer care and sales

Factory/Support

Contribution of CFU's to fixed costs of network, IT and support

Deficit

High transparency by reporting contribution margins and fixed costs

Split of Swisscom Switzerland into new reporting segments 2007 restated

<i>in CHF mm</i>	Residential Customers	Small and medium-sized Enterprises	Corporate Business	Wholesale	Network, IT and Support Functions	Consolidation	Swisscom Switzerland
Third-party revenues	4'782	1'075	1'716	1'036		0	8'610
Inter-company revenues	3	2	64	16		-3	83
Inter-segment revenues	378	59	88	704		-1'229	0
Total revenue	5'164	1'136	1'869	1'756		-1'232	8'693
Direct cost	-1'212	-179	-488	-1'196		1'149	-1'927
Contribution Margin 1 <i>CM1 % of net revenues</i>	3'952 76.5%	957 84.2%	1'381 73.9%	561 31.9%		-83	6'767 77.8%
Indirect cost	-941	-140	-459	+69 ¹⁾	-1'474	75	-2'869
Contribution Margin 2 <i>CM2 % of net revenues</i>	3'011 58.3%	817 71.9%	922 49.3%	630 35.9%	-1'474		
EBITDA <i>EBITDA % of net revenues</i>						-8	3'898 44.8%

Non allocated costs for network, IT and support functions of CHF 1.5 billion.

1) Including CHF 91mm release of IC provisions

Segmentation within Swisscom Switzerland 2007

		New reporting segments						
		Residential Customers	Small and medium-sized Enterprises	Corporate Business	Wholesale	Network, IT and Support Functions	Consolidation	Swisscom Switzerland
Old reporting segments	Fixnet	2'413 1'610	612 480	217 190	627 428 ¹⁾	0 -977	-3 0	3'866 1'731
	Mobile	2'370 1'485	389 365	522 479	426 -118	0 -371		3'707 1'840
	Solutions		76 56	1'042 411		0 -38		1'119 429
	Other					0 -37		0 -37
	Corporate	2 -4		0 -7		0 -46		2 -57
	Adjustment of intra-segment streams	379 -80	59 -84	88 -151	703 320	0 -5	-1'229 0	0 0
	Consolidation					0 -8		0 -8
Total		5'164 3'011	1'136 817	1'869 922	1'756 630 ¹⁾	0 -1'474	-1'232 -8	8'693 3'898

x'xxx Net revenues 2007 restated
 x'xxx Contribution Margin 2/EBITDA 2007 restated
 1) Including CHF 91mm release of IC provisions

Facts & Figures

Selected KPIs 2007 restated

	Residential Customers	Small and medium-sized Enterprises	Corporate Business	Wholesale	Swisscom Switzerland	Equals old structure
Wireline KPIs						
Number of lines (PSTN/ISDN)	# (in 000)	2'888	509	289	Σ 3'686	= Fixnet
Traffic minutes Retail (F2F, F2M, Dial-up, National, Int'l)	mio. min.	7'021	1'811	2'047	Σ 10'879	= Fixnet + Solutions
Traffic minutes Wholesale	mio. min.			14'517	Σ 14'517	= Fixnet
Number of broadband lines	# (in 000)	1'005	142	17	438 Σ 1'602	= Fixnet
Wireless KPIs						
Mobile Subscribers (Postpaid, Prepaid)	# (in 000)	4'069	360	578	Σ 5'007	= Mobile
ARPU Mobile	CHF	48.6	104.1	87.5	4.9 Σ 56.7	\neq No equivalent in old structure: ARPU/AMPU reconciliation see next slide
AMPU Mobile	CHF	88.4	204.1	199.5	21.8 Σ 109.0	\neq

**KPI structure unchanged. New reporting provides split of KPIs per segment.
Reconciliation of Mobile ARPU due to new structure.**

Remarks: The figures in this table are unaudited.

Facts & Figures

Mobile ARPU/AMPU reconciliation 2007

ARPU in CHF per month AMPU in minutes per month	Residential Customers	Small and medium-sized Enterprises	Corporate Business	Wholesale	Consolidation	Swisscom Switzerland
ARPU Mobile originating ¹⁾ AMPU Mobile originating ¹⁾	44.2 69.4	96.7 166.6	80.5 166.5			51.8 87.2
ARPU Mobile third-party termination ²⁾ AMPU Mobile third-party termination ²⁾	4.4 19.0	7.4 37.5	7.0 33.0	4.9 21.8	-4.9 -21.8	4.9 21.8
ARPU Mobile new AMPU Mobile new	48.6 88.4	104.1 204.1	87.5 199.5	4.9 21.8	-4.9 -21.8	56.7 109.0
ARPU on-net termination from wireline ³⁾ AMPU on-net termination from wireline ³⁾						3.3 19.7
ARPU Mobile old AMPU Mobile old						60.0 128.7

Mobile ARPU and AMPU - reconciliation supplied to ensure comparability

1) Includes base fees, originating traffic, data and VAS

2) Calls originating from third-party networks and termination on Swisscom Switzerland's wireless network and SMS/MMS interworking

3) Calls from Swisscom Switzerland's wireline to wireless network (formerly from Swisscom Fixnet to Swisscom Mobile)

Remarks: The figures in this table are unaudited.

Financial Model 2008

Wrap-up

- Early implementation of IFRS 8
- New reporting structure fully aligned with new organizational structure
- Old structure no longer reported in 2008, but detailed restatement of 2006/2007 figures provided
- New principles of financial management without arbitrary allocation of network costs
 - Contribution margins of customer segments and
 - Factory as a cost center
- Strong increase in transparency due to reporting of contribution margins and factory costs as well as split of revenues and KPIs by customer segments
- Loss of comparability mitigated by maintaining old revenue structure and KPIs
- Modeling parameters
 - KPIs for topline
 - Direct costs as % of revenues
 - % change for indirect costs
 - Efficiency increase/inflation for factory/support cost

Swisscom Switzerland

Carsten Schloter, CEO

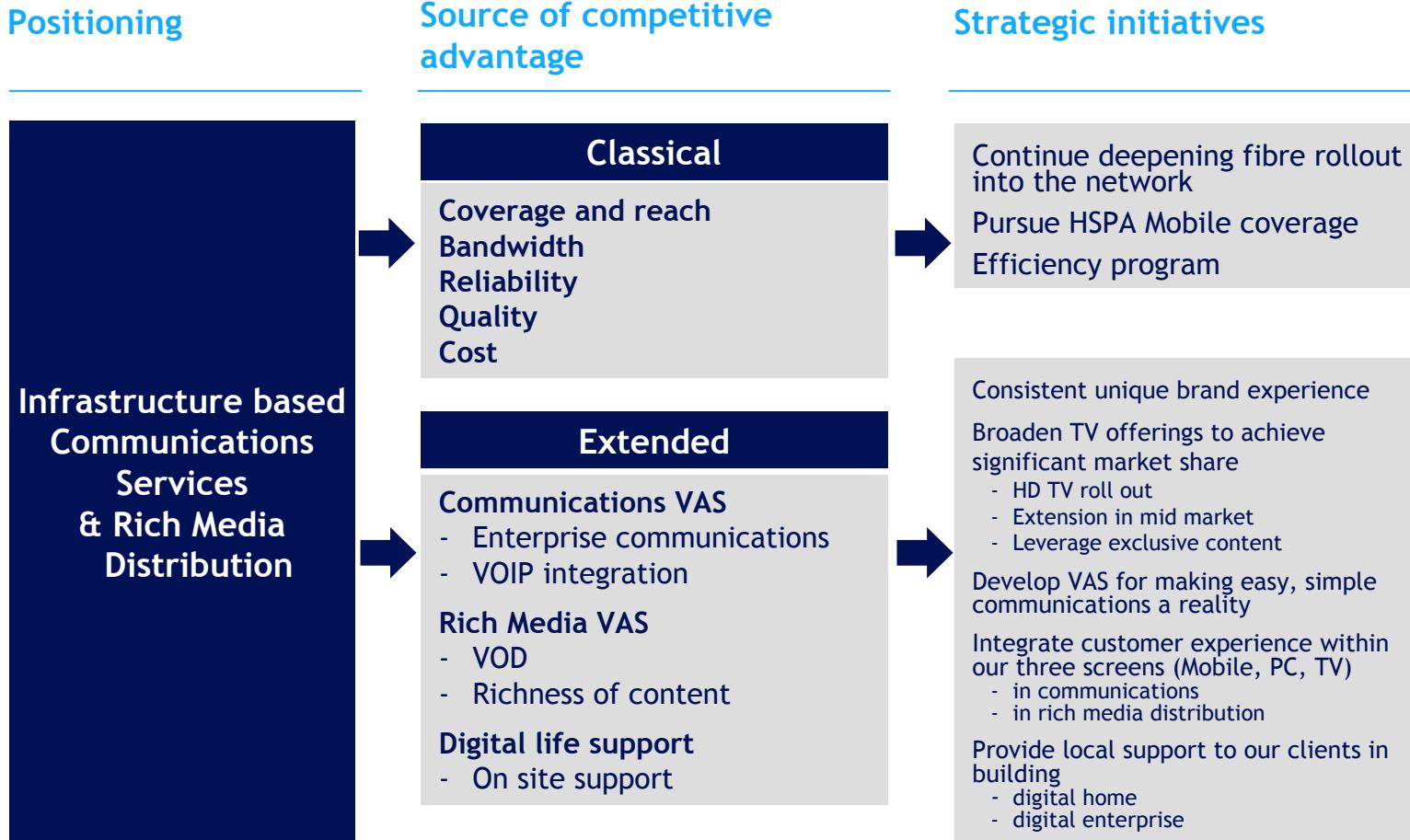
Swisscom Switzerland

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- Roadmap
- Strengths
- Regulation
- Costs
- Structure

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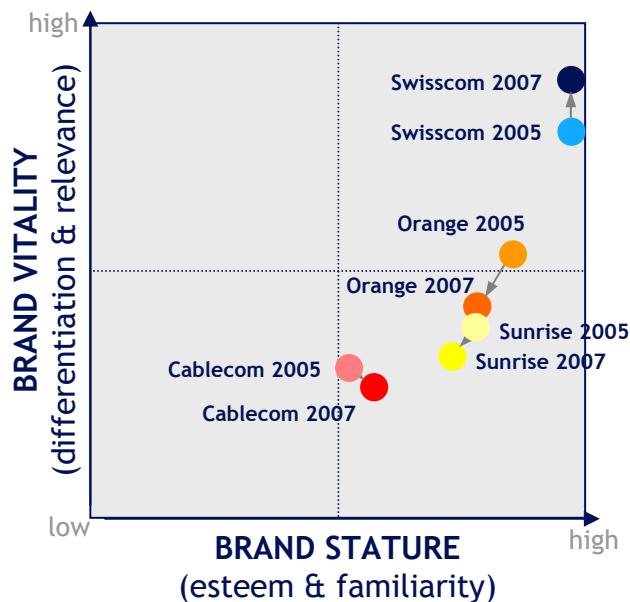
Swisscom Switzerland strategy roadmap



Strong brand and customer loyalty

Swisscom brand

Brandasset™ Valuator*



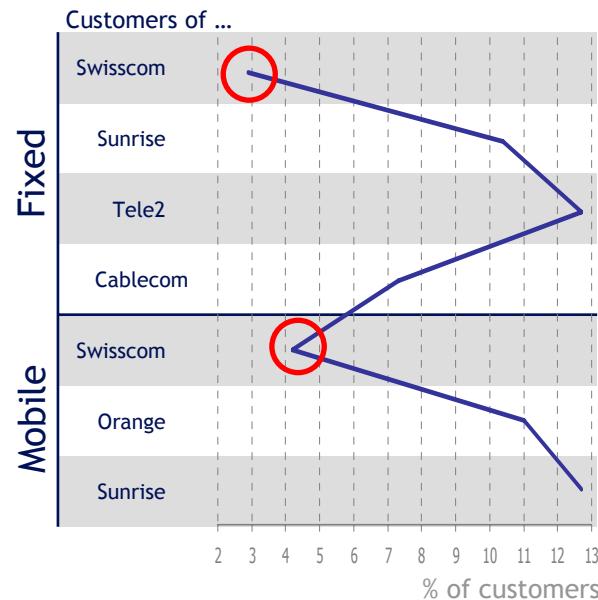
Swisscom brand awareness

- unaided: 88.1%
- aided: 96.9%

*Source: Advico Young & Rubicam, Brandasset™ Valuator, Oct. 2007

Customer loyalty

Intention to change operator**



Customers willingness to

- re-elect Swisscom: 9 out of 10
- recommend Swisscom: 8.6 out of 10

**Source: IHA-GfK "Switcher-Studie", Dec. 2007

Regulatory challenges

Frequencies Refarming

- Like in other European countries, regulator will proceed at frequencies reframing because of increased usage of frequencies

Universal Service Obligations

- Switzerland only country worldwide with a broadband service obligation. Applies from 2008 to 2017.

Ex Post Regime (Implementation of new telecom law)

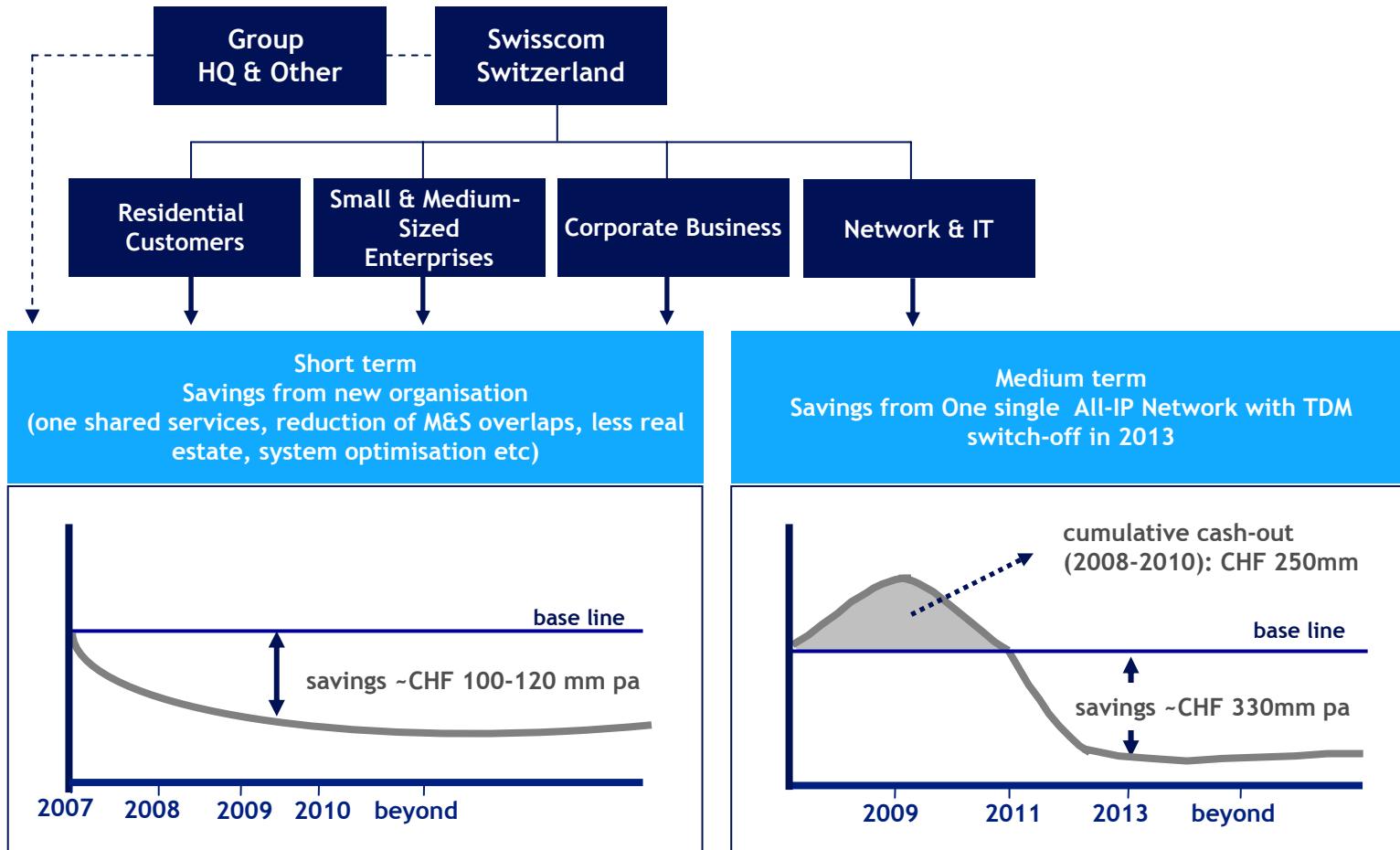
- Switzerland has ex-post, not ex-ante system as in most other countries
- Fine tuning of implementation of such a regime
 - attempt to find agreements between competitors
 - looking for regulator's mediation independent of legal path
 - albeit Swisscom being proactive, prices and final conditions remain uncertain until final legal decision

Unbundling (Implementation of new telecom law)

- Limited to copper
- Related to market dominance in relevant markets
- However...
 - competitors claim regulated LRIC prices (proposal for round table and legal proceedings ongoing)
 - Swisscom disputes applicability of BSA regulation (no market dominance)

Cost efficiency initiatives:

A range of initiatives has been formulated by each of the units, as described in the respective presentations of RES, SME, CBU and NIT



The various segments of Swisscom Switzerland, introduction

Complex Solutions
Customer Structure: Administration, Holdings, Multi-National's and all Corporates with more than approx. 50 employees
Lead: CBU

5'000
MNC's &
Large Corporations

Urs Schaeppi

Simple Solutions
Customer Structure: SME until approx. 50 Employees
Lead: SME

300'000
Small & Medium
SoHo's

Heinz Herren

Simple Solutions
Customer Structure: Private
Lead: RES

3,2mm households
7.5mm inhabitants

Christian Petit

Network operations, IT and Wholesale
Lead: NIT

Mobile and Fixed Networks & IT

Guido Garrone

Residential Customers

Christian Petit, Head of RES

Residential Customers

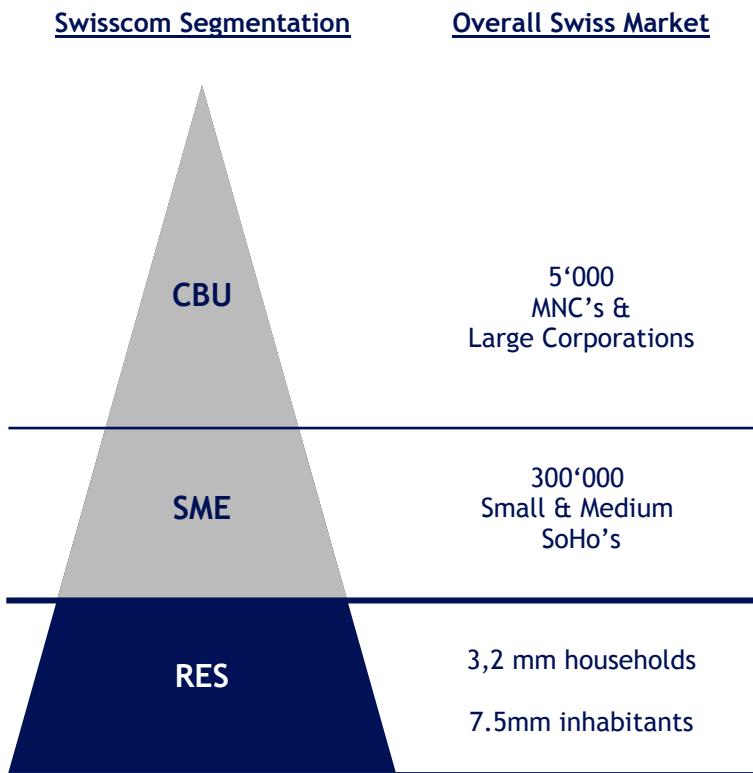
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- Customers
- Products & Competitors
- 2007 Results
- Strategic Initiatives
- Market Overview
- Cost Efficiency
- Wrap-up

Residential customer base large, segmented and very loyal

Market Segmentation

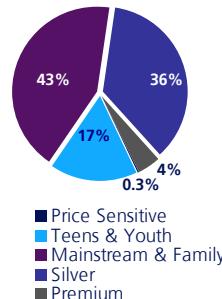


Residential Customer Segments

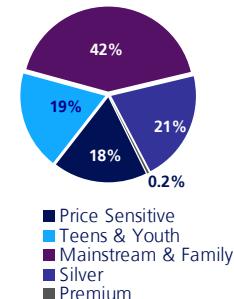
Swisscom residential customer base

- 3.9 mio. unique post-paid customers ¹⁾
- 2 mio. mobile pre-paid customers ²⁾

Post-paid customer segmentation



Pre-paid customer segmentation



Churn rates 2007

- Mobile post-paid: 9%
- Mobile pre-paid: 16%
- Fixed voice: 9%
- Broadband: 9%

¹⁾ Mobile, fixed voice and broadband with different product combinations

²⁾ Overlaps with post-paid customer base

Residential competitive landscape

growth potential in both mobile data and TV segments

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Market Data		Voice ¹⁾		Connectivity		TV	
		Mobile	Fixed	Mobile Data	Broadband	TV-Distribution	
Market size (Bn CHF)		2.9	2.1				
Growth (CAGR 07-10)							
Market share of RES (%)		62%	65% ²⁾				
Competition		Segment leader		Segment leader		Segment leader	

¹⁾ incl. voice access and narrowband

²⁾ traffic subscribers only (90% share on access)

³⁾ Bluewin retail only

Residential segment reporting

good voice business retention, revenue growth in broadband and mobile data

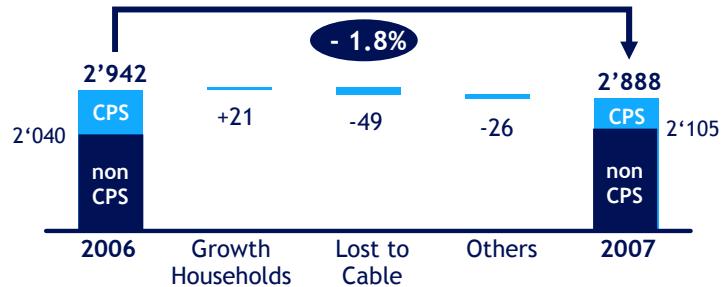
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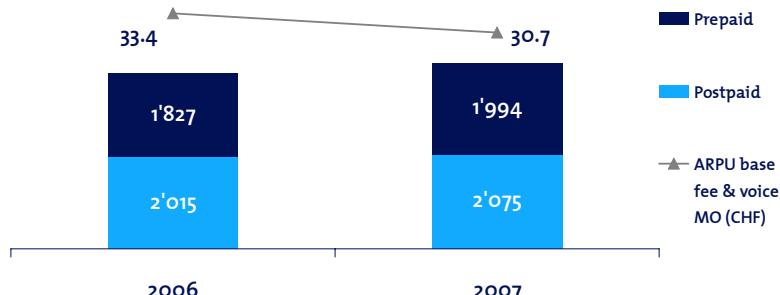
Overview

Net Revenues¹ 2007: CHF 5,164mm
(CHF 5,170mm in 2006)

Voice
Access lines ('000)
small line loss but win back of CPS customers



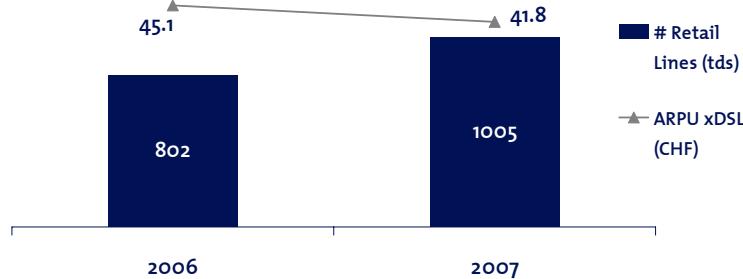
Mobile subscribers ('000)
steady growth in market close to saturation



FTE's 2007: 4,800

Connectivity

Broadband subscribers
subscriber growth above market level



Mobile data ARPU
significant growth in non SMS/MMS data



¹ including inter-company revenue

Market challenges

from connectivity provider to consciously chosen brand

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Changing competitive landscape

Saturating markets

Regulatory challenges

Customer needs

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Former market share and price premium drivers

- Customer loyalty based on trust and reputation
- Best customer service
- Quality of networks



Future market share and price premium drivers

- Customer loyalty based on proximity
- Closer and more personal service
- Relevant TIME experiences
- Best coverage, best bandwidth, best reliability

Mission and vision

Full of life

- Exactly what you need
- Simple, one-stop solutions
- Unbeatable quality and service

Our customers can do more:

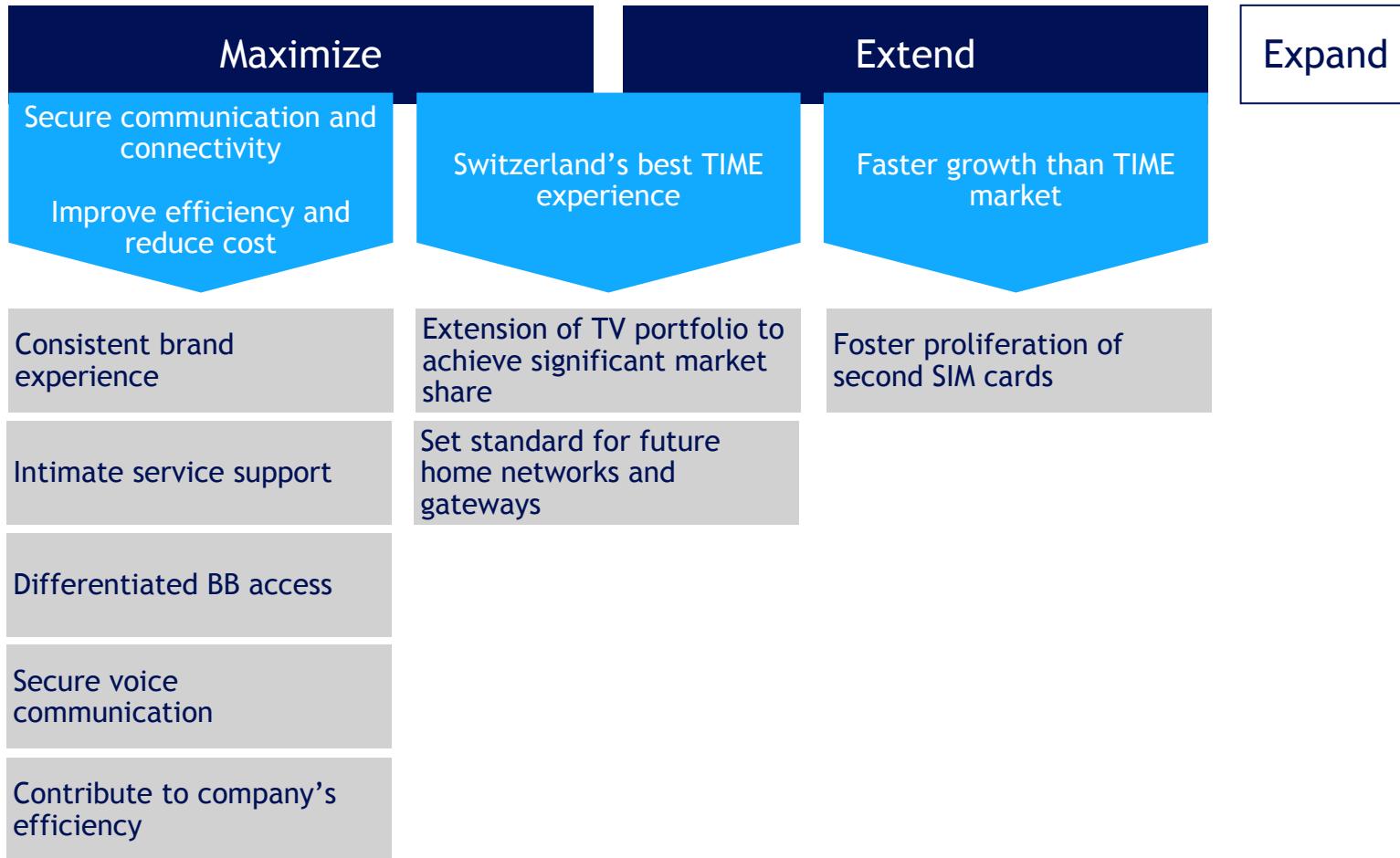
Swisscom enriches and facilitates their lives, intuitively, unobtrusively, always present.



In 2010 Swisscom has gained in importance and proximity in the people's everyday's lives and has become one of the top 10 beloved Swiss brands

Key drivers and strategic initiatives

strategy based on concrete maximization and extension initiatives



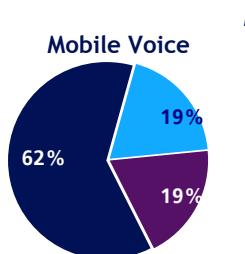
Voice

stabilized market shares in saturated markets

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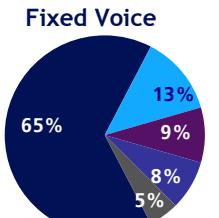
Market & Competition



■ Swisscom* ■ Orange*
 ■ Sunrise*
 * incl. sub brands

Source: published numbers
 By respective operators

Market Share



■ Swisscom ■ Sunrise
 ■ Cablecom ■ Other

Source: IHA-GfK AG, Switzer Study,
 Jan. 08

Mobile voice

- Voice SIM cards nearing saturation
- Lower tariffs lead to revenue decline, despite of growing AMPU

Fixed voice

- Subscriber market shares stabilizing due to lower pick up of customers by Cable TV operators

Key Challenges

- Accelerating price competition in fixed voice segment (first ULL offering)
- Voice flat rates and double/triple play bundles most likely gaining significance

Outlook 2008

Remain No 1 in communications markets by

- leveraging trend toward written and unified communication
- adopting a differentiated approach per customer group and type of destination in order to foster subscription and traffic
- innovations in terms of tariff plan and bundle in order to optimize long term market shares

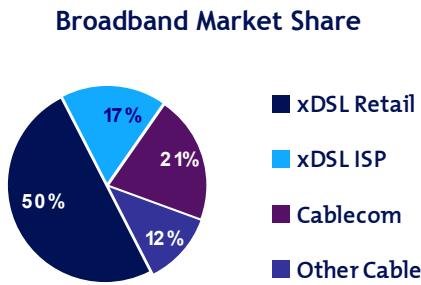
Connectivity

while BB revenues growth is slowly flattening, mobile data still grows strongly

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Market & Competition



Mobile data

- Swisscom market share: 55%
- Growing market - exp. CAGR of 15% (including saturated SMS market)
- Mobile internet is taking-off

Broadband

- Growing market approaching saturation
- Competitors launching price-aggressive product bundles (based on ULL)

Key Challenges

Mobile data

- OTT providers* market entries (e.g. Google, MS, Yahoo, Nokia, Apple)
- Mobile roaming data tariffs

Broadband

- Product bundles will increase price pressure
- Migrating customers towards higher, more profitable bandwidth

Outlook 2008

Mobile data

- Redefinition of mobile portal strategy (today Vodafone Live!) to mitigate OTT risks and push mobile internet
- Delivery of full mobile internet proposition (device, browser, network, prices) to increase traffic
- Foster proliferation of second - non voice - SIM cards

Broadband

- Adaptive broadband strategy to mitigate ULL and price reduction risks
- Specific offers for under penetrated segments

* Over-The-Top: non-facilities-based content and application providers who offer voice, video, and data services over the web

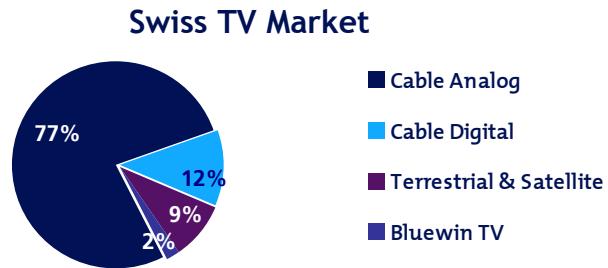
TV offering

restart strong push with focus on stability, quality and improvements of cost structure

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Market & Competition



- Highly strategic (securing broadband) and growing market
- Cable providers will further push digitalization and HDTV channels
- IPTV launch of other Telco operator expected

Market positioning Swisscom

- Swisscom differentiators
 - (Exclusive premium) sports content
 - Ease of use
 - Best VoD and pay per view offer
- eoy 2007: 70k subscribers incl. orders

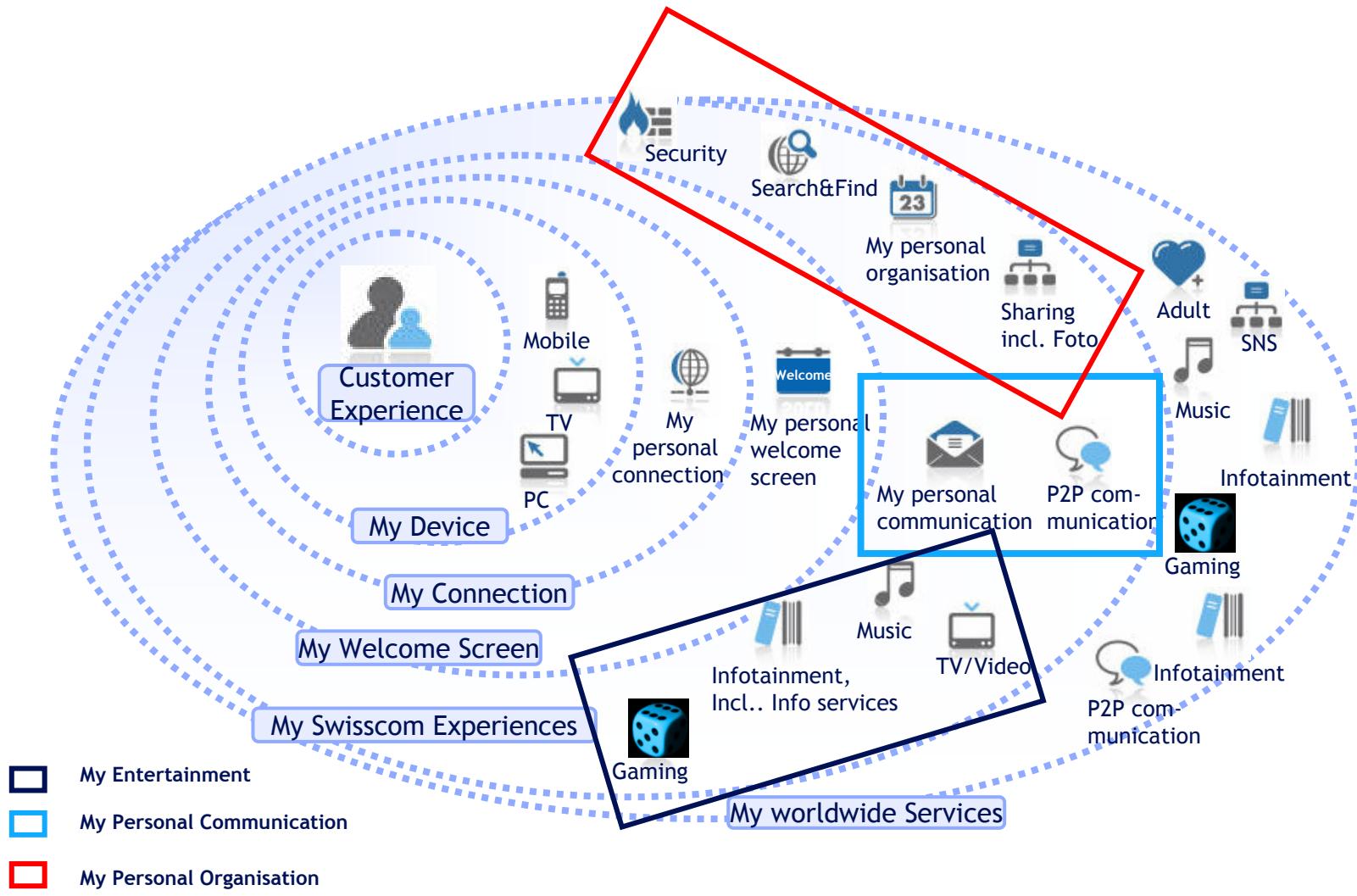
Key Challenges

- Broadband coverage to serve HDTV
- High one time cash out per customer (particularly installation costs)
- Expansion of digital TV market share

Outlook 2008

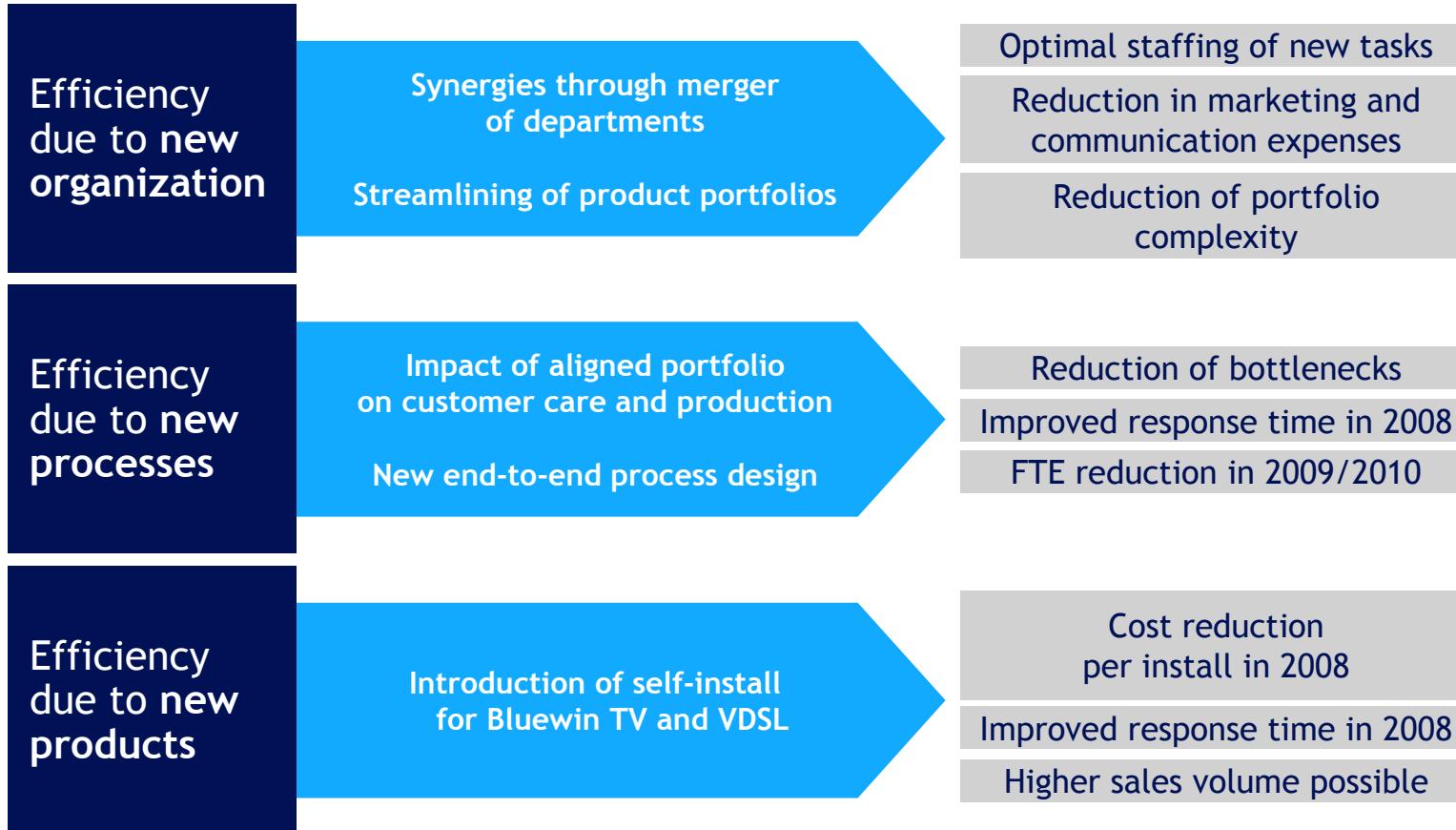
- Strong push of TV proposition in April 2008, leveraging HDTV, Bluewin TV basic and Euro 2008
- Introduction of DVB-H before Euro 2008 and progressive integration of Mobile TV and Bluewin TV
- Introduction of self install process to halve one time cash out per customer

Swisscom will focus on three major customer expectations: entertainment, personal communication and life's control



Cost reduction potential

Merger of Fixnet and Mobile divisions lead to synergies throughout the organization



Wrap up

- Voice business will be secured through consistent brand experience, an intimate service support and innovative product and pricing models
- New revenues will be generated through growing TV market share, growing mobile data market share and usage, and customer migration towards higher bandwidth
- The new brand will serve as an anchor for a consistent appearance throughout all products and services

Small and Medium Enterprises

Heinz Herren, Head of SME

Small- and Medium-sized Enterprises

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- Customers
- Products & Competitors
- 2007 Results
- SME Strategy
- Market Overview
- Cost Efficiency
- Wrap-up

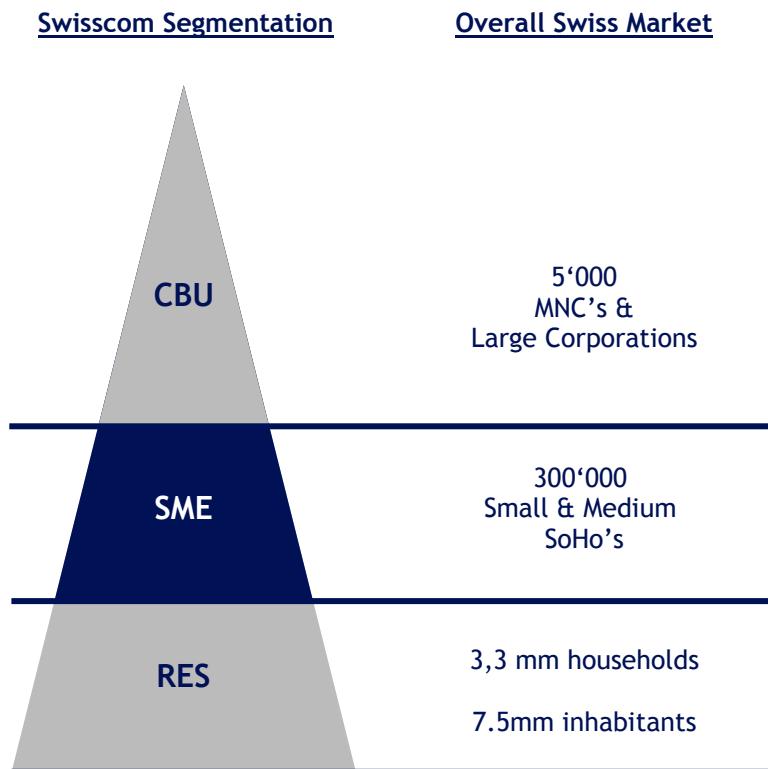
Customer & Market

300,000 small- and medium-sized business customers served in Switzerland

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Market View



Macroeconomic View

- Total number of companies in Switzerland is approx. 300'000, of which:
 - 88% have less than 10 employees
 - 97% have less than 50 employees
 - 86% have one, and 11% between 2 and 5 locations
- Approx. 1.5 Mio employees (FTE), i.e. 48% of the entire workforce* of Switzerland
- Approx. 22'000 new companies (7% of basis) p.a.
- Usage of communications products/services:

Product/Service	Usage (%)
Wireline + Mobile + Internet	54%
Wireline + Internet	22%
Wireline Only	11%
Wireline + Mobile	8%
Internet + Mobile	3%
Others (Mobile only, Internet only)	2%

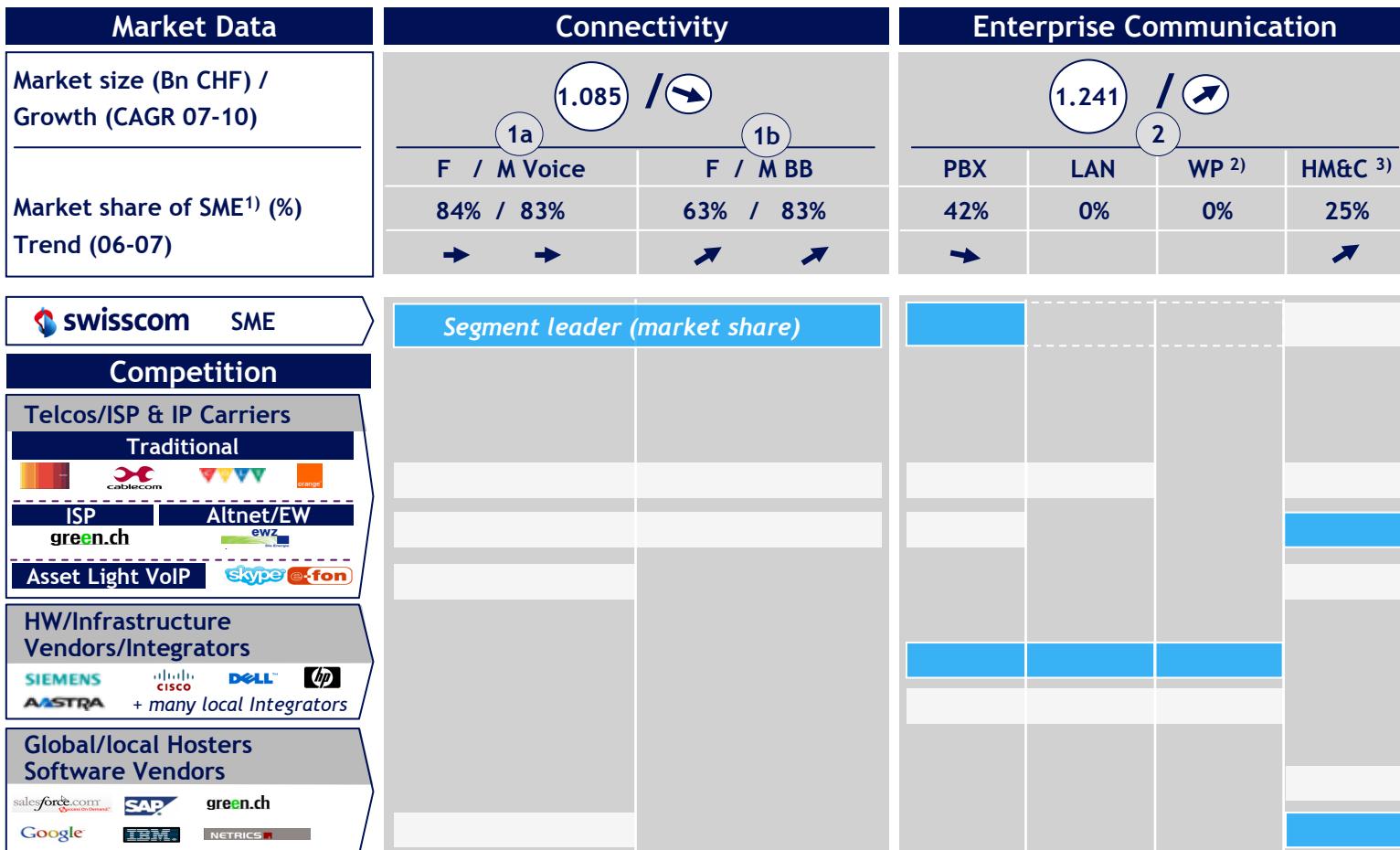
Sources:

1) Federal Statistical Office, Labor Market Indicators 2005" (published Feb 2007),
 2) Market Share Measurement - Swisscom study and analysis 2007

* Excluding the public sector

Competitive landscape

Increasing the enterprise communication market share in order to leverage and protect the strong position in the core connectivity business



1) Unless specifically stated: market share relates to 2007 and to volume in CHF.

Source: Market share measurement - Swisscom study and analysis 2007

2) WP = Workplace, 3) HM&C = Hosted Messaging & Collaboration

Segment reporting

Net Revenue driven by moderate wireline Voice slow down and growth driver wireless voice and fix/mobile broadband

Financials and operational data

	2007	YOY
Net revenue in CHF mm 1	1'136	0.2%
Contribution Margin 2 in CHF mm	817	-3.5%
Number of FTE's (incl. CUC)	726	16.0%
Connectivity - Fixed	2007	YOY
Connectivity Voice Lines ('000)	509	-2.3%
Non-CPS customers ('000)	230	3.9%
Connectivity BB Lines ('000)	113	17.2%
Connectivity Managed BB Lines ('000)	29	15.0%
Connectivity - Mobile	2007	YOY
Mobile voice subs ('000) EOY	360	20.3%
From which Mobile Unlimited subs ('000) EOY	18	133.6%
Enterprise Communication	2007	YOY
Net Revenue HW/SW in CHF mm	14.8	8.0%
Hosted Exchange Mailboxes ('000) EOY	1.5	216.0%

1 including inter-company revenue

2007 highlights

- Strong winback activities lead to increase in wireline voice customers (non-CPS)
- Continued fixed BB growth (unmanaged and managed access)
- Mobile Voice Revenues mainly dominated by subscriber growth and price erosion
- Wireless Data is fast growing but not yet significantly contributing to top-line
- Numbers of FTE driven by Cybernet integration and “one SME” initiatives

Source: Market share measurement - Swisscom study and analysis 2007 / Unless specifically stated: market share relates to 2007 and to market volume in CHF.

Market dynamics

Mega trends «IP» and «Mobility» determines market dynamics



Connectivity

Impact

- Converged data BB access (F/M) enabled by IP become ubiquitous
- Residential market multimedia requirements increase access quality/bandwidth expectation
- Increased price competition
- Connectivity requirements increasingly determined by IP applications (VoIP, Data, Multimedia)

Enterprise Communication

Impact

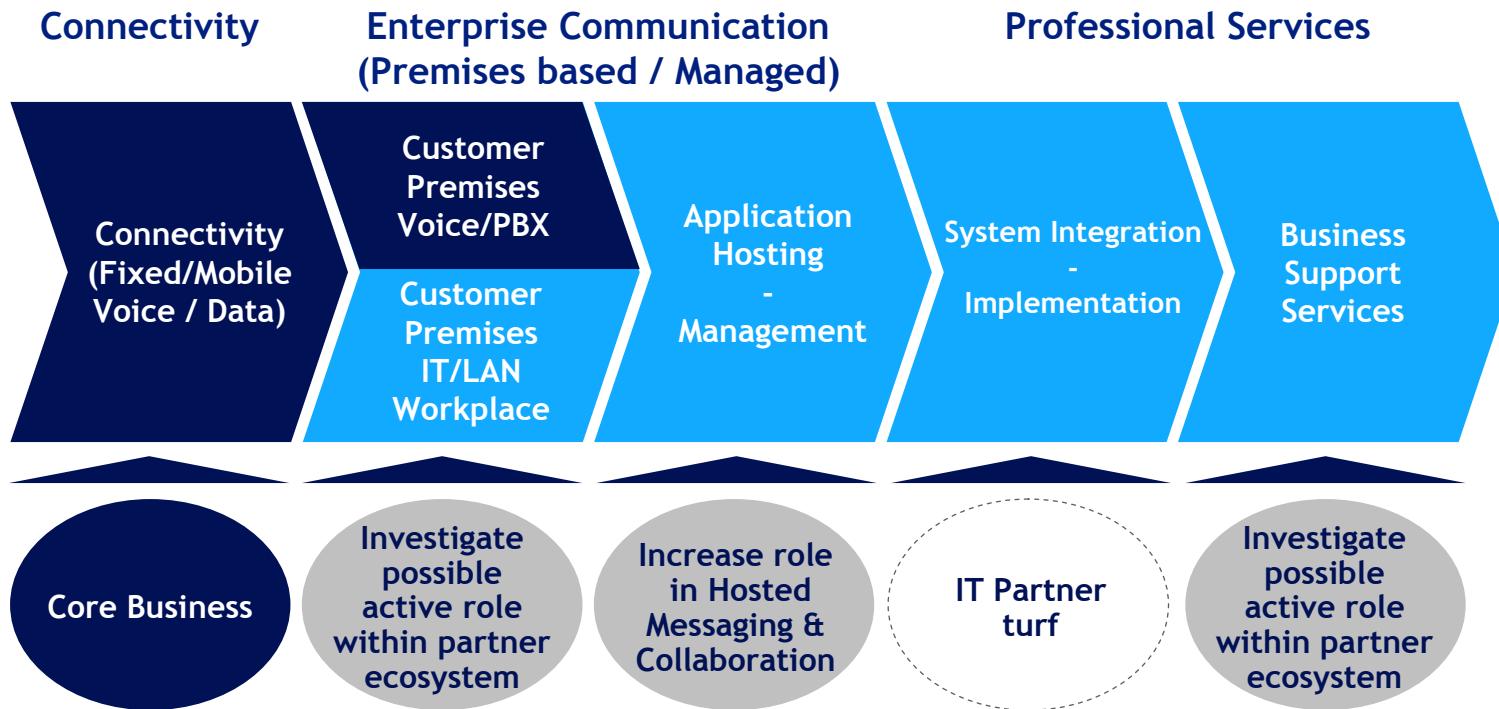
- PBX are becoming IP based
- Voice is becoming an IT application
- IP is enabling fixed/mobile and ICT convergence
- IT system integrators expand into voice business
- Customer increasingly depend on more than simply fixed line voice communication (Internet, messaging, collaboration, etc) in their business

Key Challenges:

- (1) Continued price erosion in voice and data services
- (2) Distribution chain has to cope with IP and converged world

Strategic Positioning

Swiss leading and preferred provider of connectivity and enterprise communication services for the SME

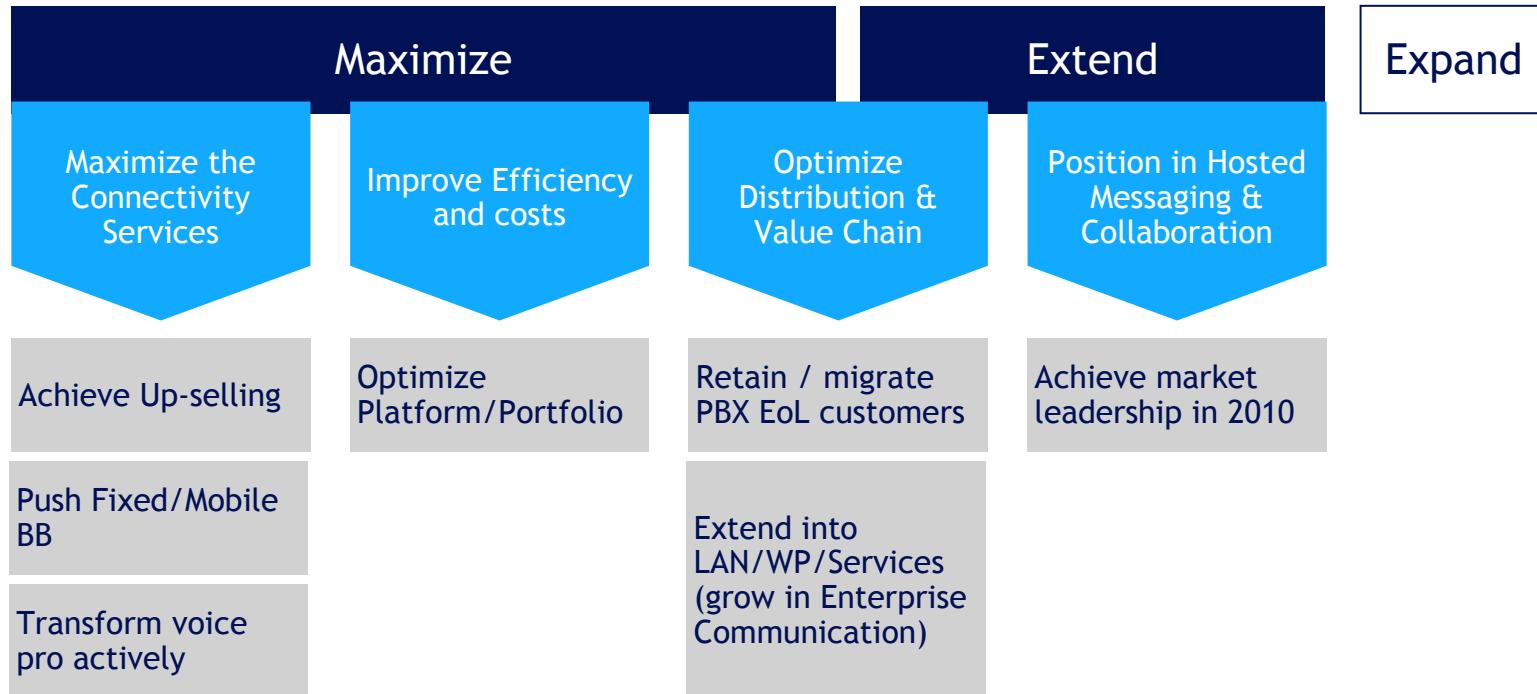


Key Challenges and Strategic initiatives

From connectivity ... to unified communication provider

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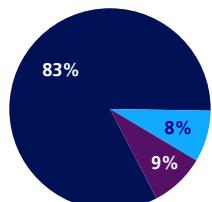
Voice Connectivity (1a)

Stabilized shares in saturated markets thanks to strong win back & retention

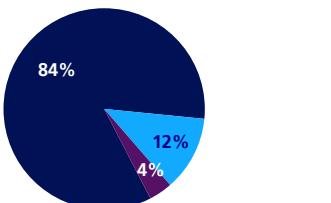
Market & Competition

Market Share (Access+Traffic) - Blended

Mobile Voice



Fixed Voice



Mobile voice

- Leading position: market share 83% (→)
- Market nearing saturation (est. CAGR ↓)
- Revenue flat, despite growing nbr. of custs. and growing AMPU due to lower tariffs

Fixed voice

- Leading position: market share: blended 84%¹⁾
- Overall decreasing market (est. CAGR ↓)
- Second consecutive year of net growth of voice customers thanks to CPS winback campaigns

Key Challenges

- Pro-active Voice Migration focusing on VOIP affine customers
- Extension of VoIP portfolio to address the needs of simple voice customers, besides the already existing high end offer (IP Centrex based)

Outlook 2008

- Maximize our Nr. 1 position in both mobile & fixed voice communication
- Pro-active voice transformation (new price models, bundle offers, OnePhone)
- Extend CPS winback success into voice access (Cable/ULL and Mobile)
- Grasp cross-/up-selling potential

1) access 94%, traffic 76%

Source: Market share measurement - Swisscom study and analysis 2007 / Unless specifically stated: market share relates to 2007 and to market volume in CHF.

Data Connectivity (1b)

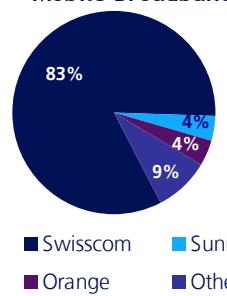
Substantial growth both in mobile as well as fixed broadband

76

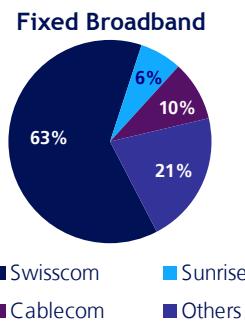
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Market & Competition

Mobile Broadband



Market Share



Mobile Broadband

- Leading position: market share 83% (↗)
- Fast growing market (est. CAGR ↑)
- Growth supported by the success of Mobile Unlimited

Fixed Broadband

- Leading position: market share 63% (↗)
- Market still growing (est. CAGR ↑)
- Swisscom SME has experienced:
 - substantial growth of basic access products
 - steady growth of SME specific unmanaged and managed broadband accesses

Key Challenges

- 1st customer preferred Broadband (F/M) value proposition based on:
 - Convergence (Fixed and Mobile)
 - Coverage (Quality/Availability)
 - High Speed (VDSL, HSPA)
- Further streamline Broadband portfolio and tariffs using advantage offered by F/M convergence

Outlook 2008

- Increase market share (↗) in Fixed Broadband: DSL Push (e.g. Managed Access), incl. Cross/up-Selling for off-liners and dial-up (ca. 33k) customers
- Increase Penetration of Mobile Data (↗): Mobile Data Push (e.g. Mobile Unlimited)
- Develop combined Fixed/Mobile Broadband offers

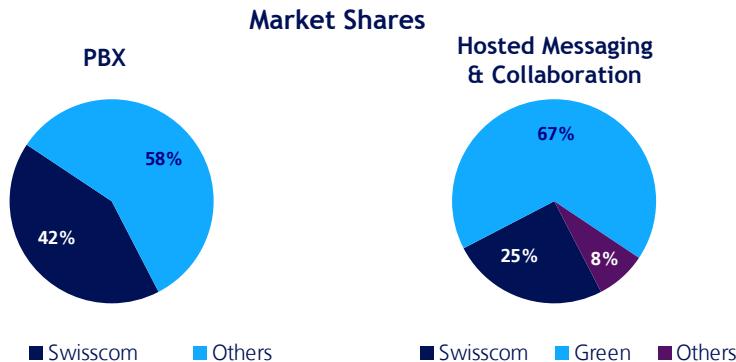
Enterprise Communication (2)

Small for Swisscom, but important gate keeper to connectivity

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Market & Competition



PBX

- PBX market is worth CHF 147mm (est. CAGR ↓)
- Swisscom with approx. 42% market share
- Approx 25% of SME customers use PBX
- End of Life is a key driver to PBX replacement or migration to VoIP
- PBX also as gatekeeper to connectivity business

Hosted Messaging & Collaboration

- Messaging & Collaboration market worth CHF 417 mm (est. CAGR ↑)
- Sub-market Hosted Messaging & Collaboration is 5% of it, but growing even faster (est. CAGR ↑)

Key Challenges

- PBX market transformation
- Adoption of hosted messaging and collaboration products
- Investigation of other enterprise communication offers (workplace, storage, business network services)

Outlook 2008

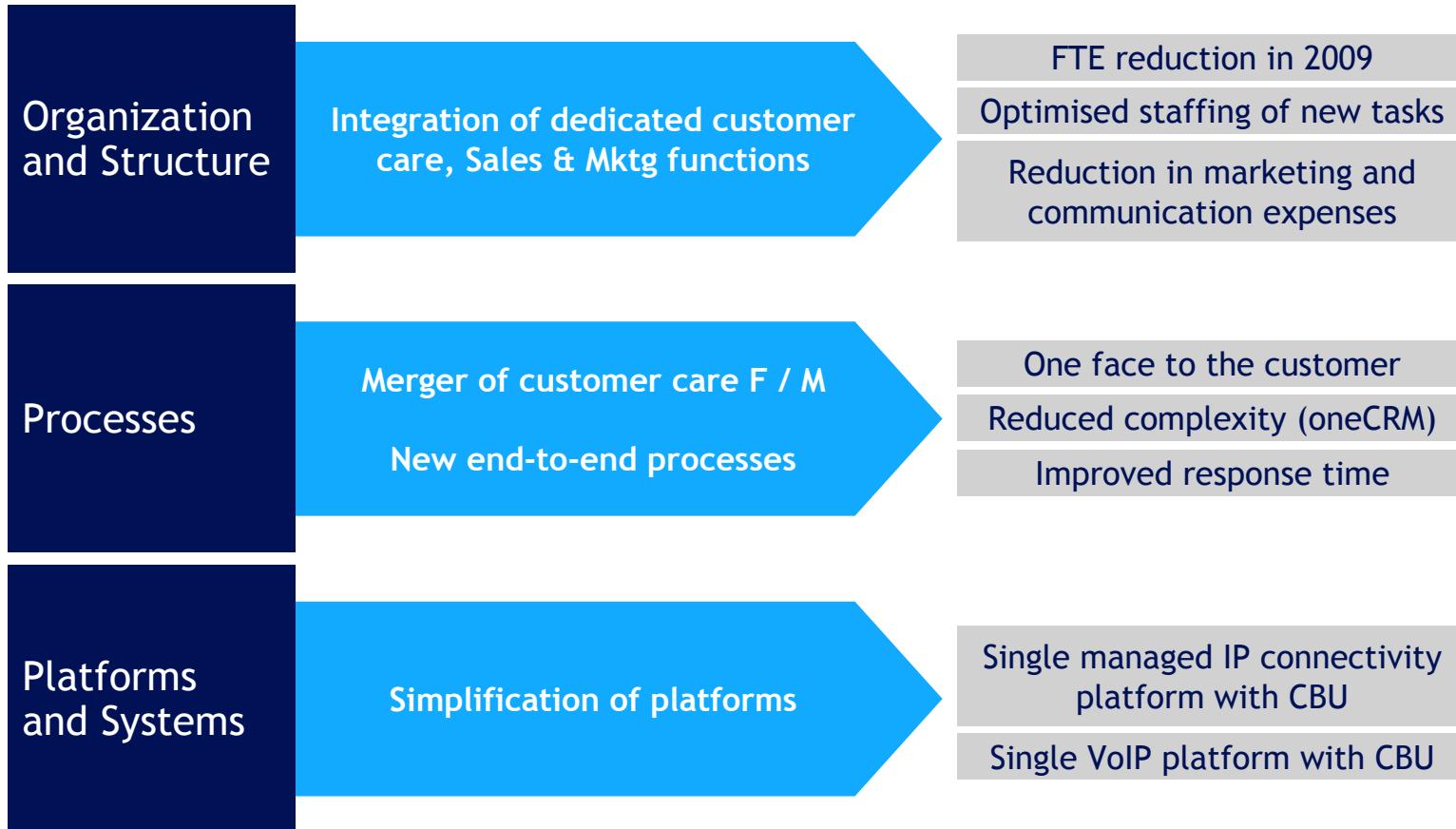
- Stabilise PBX market share at 42% level with proactive PBX customer transformation:
 - VoIP Ready/IP-PBX for EoL customers
 - SIP Trunking (launch)
 - onePhone (launch)
- Increase market share in Hosted Messaging & Collaboration (↑)
- Grow in enterprise communications (LAN/WP/Services)

Cost Efficiency

Lean structure already, but potential for fine tuning thanks to new organisation

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Wrap-up

- Strong multi channel market coverage aiming at serving the 300'000 Swiss SMEs with connectivity and enterprise communication products
- We keep a strong position in connectivity and grow in enterprise communication which also acts as gate keeper to our core business
- We aim at providing a seamless end to end experience to customers by bringing our services to the highest level (service champion)

Corporate Business Customers

Urs Schaeppi, Head of CBU

Corporate Business Customers

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- Customer focus
- Market position
- 2007 Results
- CBU strategy
- Market Strategy
- Cost Strategy
- Wrap-up

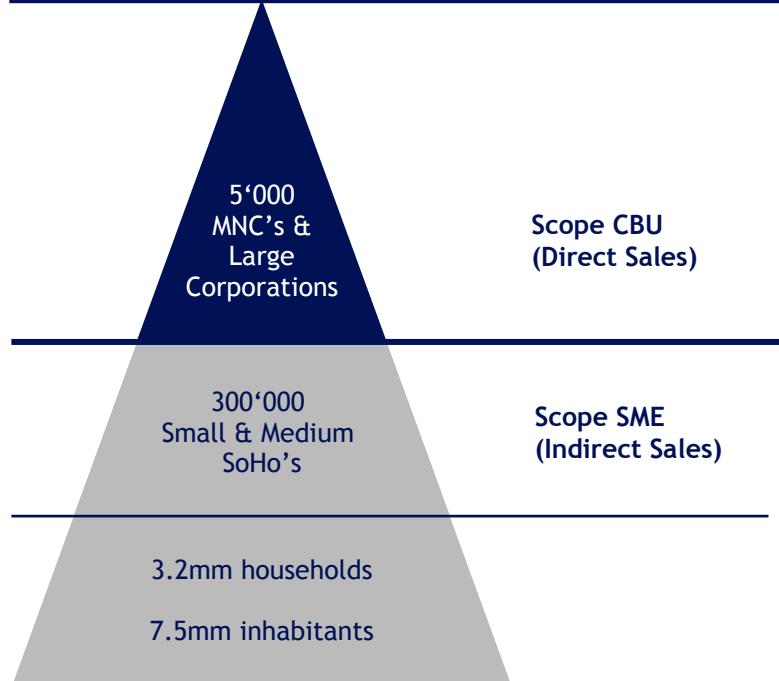
Leading Full-Service-Provider

Focus on 5000 largest corporations in Switzerland.

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Market Segmentation



Corporate Customer Segments

Corporate Customers

- **Corporations:** 5'000 largest.
- **Locations:** ~ 50'000.
- **End-users:** ~ 1.6 million.
- **All industries.**

Efficient G2M approach

- **Group client management** (Potential \geq CHF 1mm)
- **Key account management** (Potential \geq CHF 250k)
- **Account management** (Potential $>$ CHF 50k)

CIO needs «BEST»

- Business Value
- Ease
- Security
- Total Cost of Ownership

End-user needs «MAGIC»

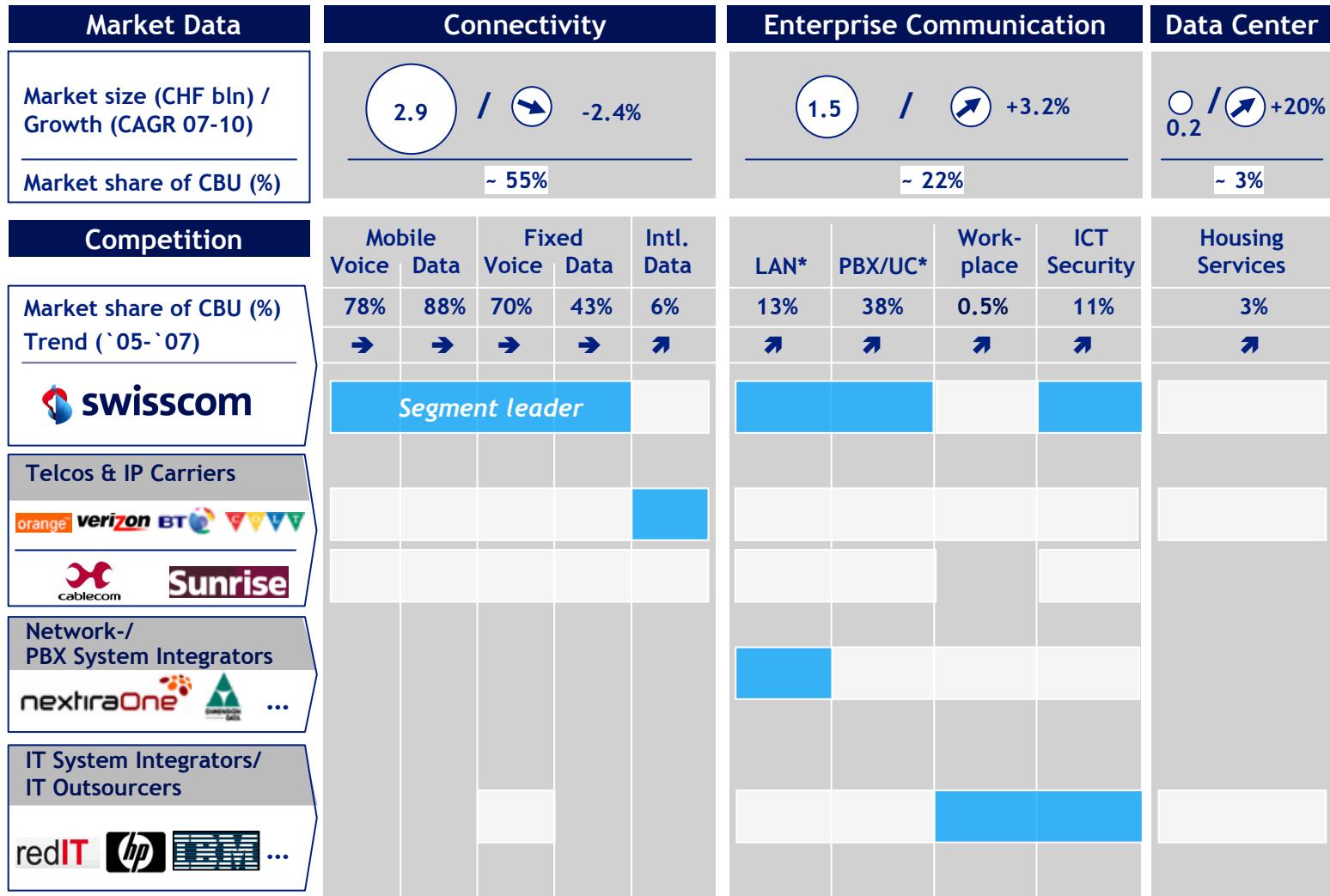
- Multimedia
- Anything, anywhere, anytime
- Global
- Integrated
- Customized

Market Position

Leadership in all addressed ICT markets.

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CBU Segment Reporting

Financials and operational data

Key Financials	2007	YOY
Net revenue in CHF mm ¹	1'869	-1.7%
Contribution Margin 2 in CHF mm	922	-4.4%
Contribution Margin 2 in %	49%	-1.4 pp
CAPEX in CHF mm	49	-7.5%
Number of FTE's	2'081	-3.7%

Key Drivers	2007	YOY
Fix to fix (M Minutes)	1'441	-5.0%
Fix to mobile (M Minutes)	251	4.6%
International Traffic (M Minutes)	355	4.7%
Mobile Subscribers	578'342	15.0%
Qualified Data Ports	29'552	0.3%
Business Data Ports	20'437	4.7%
Network Services Contracts	464	22.1%

2007 highlights

Total revenue slightly down, but increases in

- Outsourcing by CHF +37.6mm (61.3 %)
- Total Mobile by CHF +10.9mm (2.7%)
- Mobile Data by CHF +26.4mm (34.7%)

Reduction of indirect costs

- Reduction by CHF 13mm in traditional business, whereof IT Cost CHF 3mm.

Total decrease of FTE by 79 due to

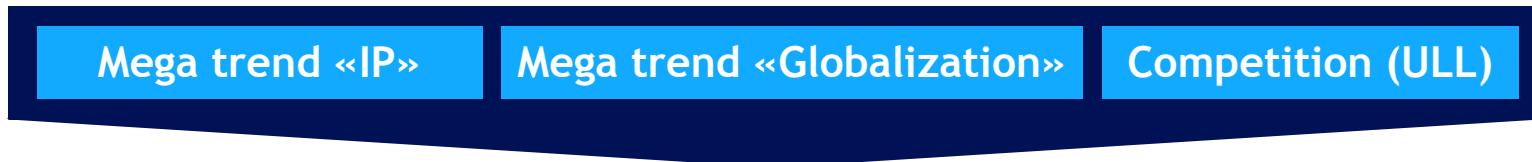
- transfer + 53 FTE from Credit Suisse outsourcing case
- reduction by 88 FTE (4.1%) in traditional business
- reduction by 44 FTE (unwind Infonet AG)

1 including inter-company revenue

Net Revenue and Contribution Margin 2 slightly down due to changed intercompany revenue and cost reconciliation

Market dynamics

Mega trends «IP» and «Globalization» determine market dynamics.



Connectivity

Impact

- Global providers have lower entry barriers (IP) and have strengthened their positions.
- Risk for Swisscom of suppression in wholesaler role at up to 50 MNCs due to single sourcing trend.
- Attractive (reselling) potential for intl. networks.
- Increased price competition (e.g. ULL) and spillovers from residential market.

► Increased impact of global providers on Connectivity.

Key Challenges:

- (1) Continued price erosion in voice and data services.
- (2) Threatened role of Swisscom at customer interface.

Strategic Response:

(1) Differentiate as THE strategic solutions provider.

(2) Pursue tight partnership with global Telco in Connectivity business. 

Enterprise Communication

Impact

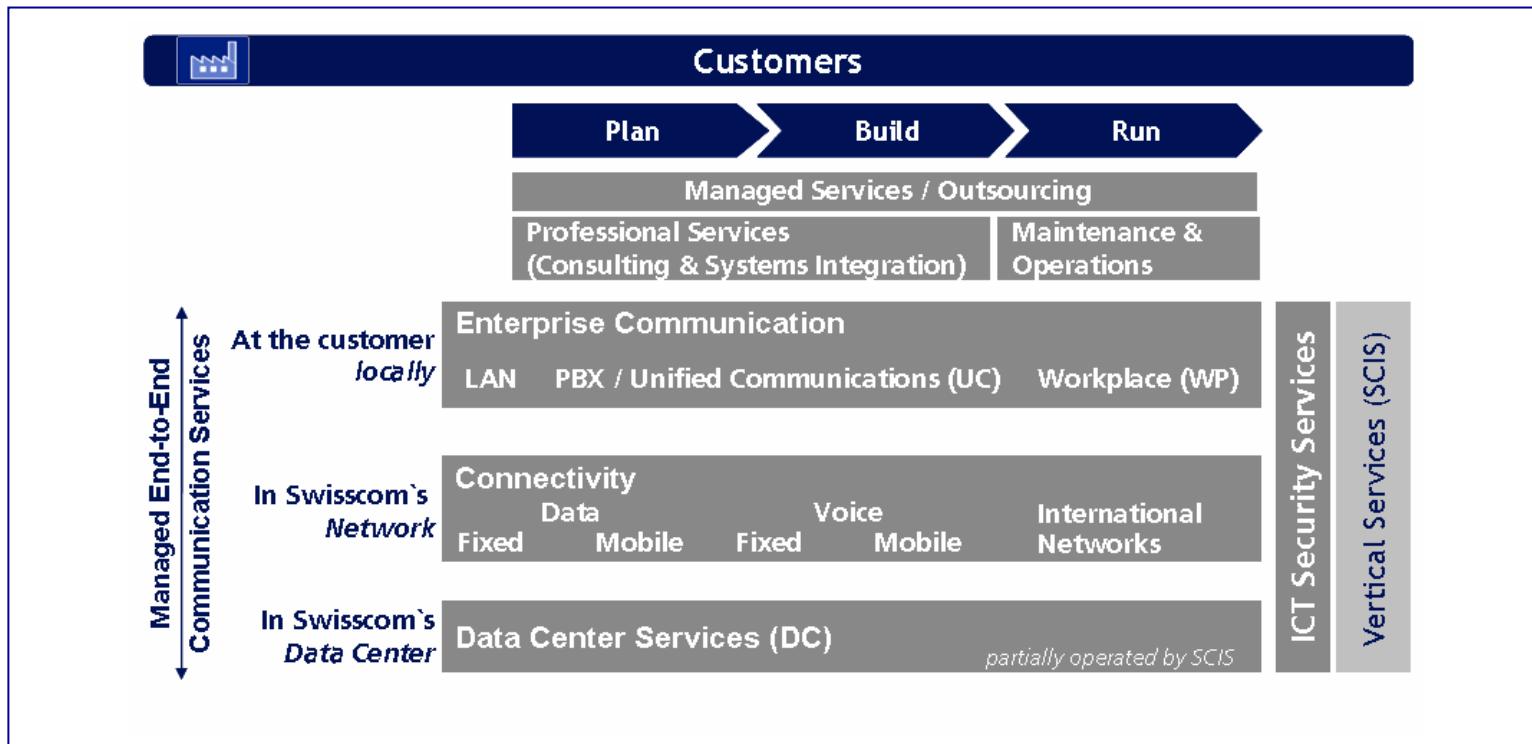
- ICT convergence: Voice becomes IT application (Traditional PBX replaced by VoIP solutions).
- IT system integrators expand into voice business (Unified Communications).
- Workplace emerges as a key point for influencing choice of communication services.

► Enterprise Communication gains importance to defend Swisscom's role at customer interface.

Strategic Positioning

**Full-service provider for end-to-end managed communication solutions.
Quality and service nowhere better. Unrivalled market leadership.**

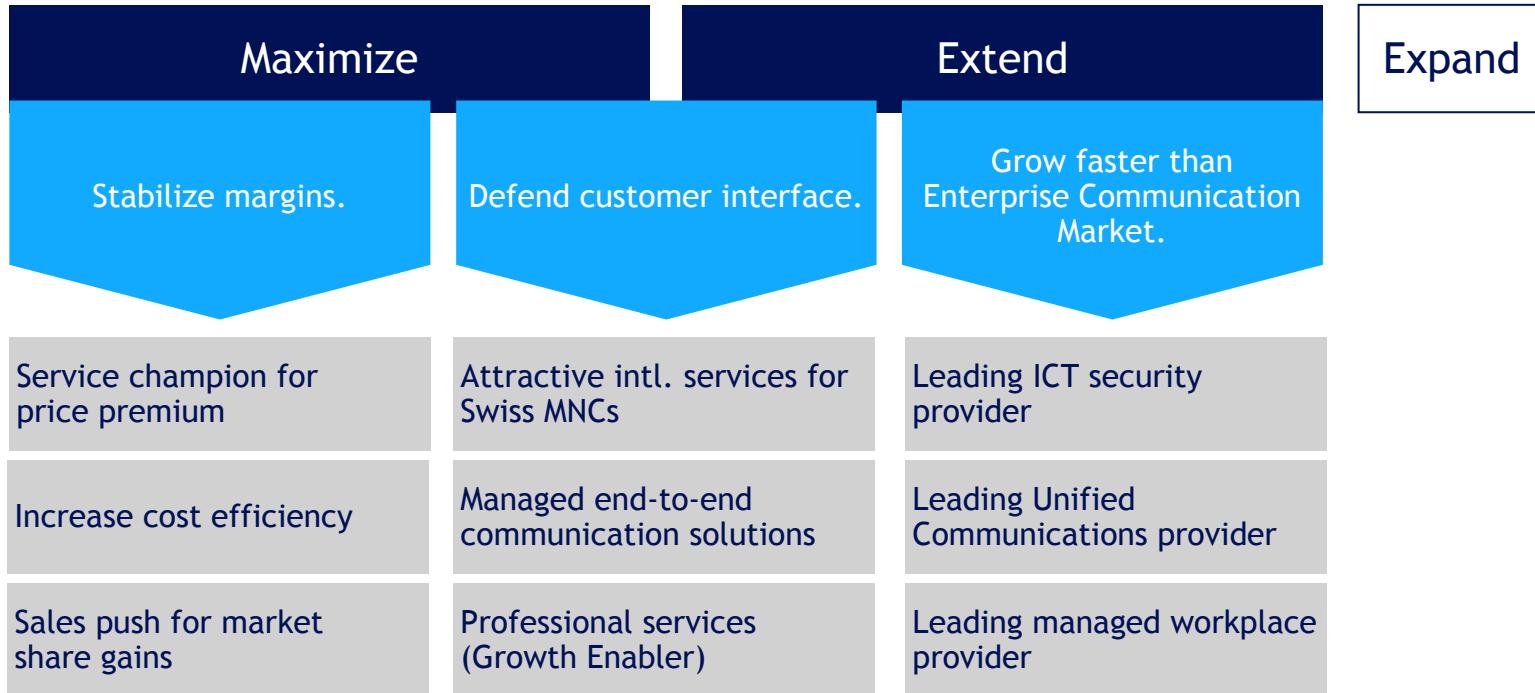
Expertise Leading Networks Leading Products Best-in-Class Service Strong, trustworthy brand Largest sales force



‘Key challenges and strategic initiatives’

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Connectivity

Strengthening dominant market position in overall declining market.

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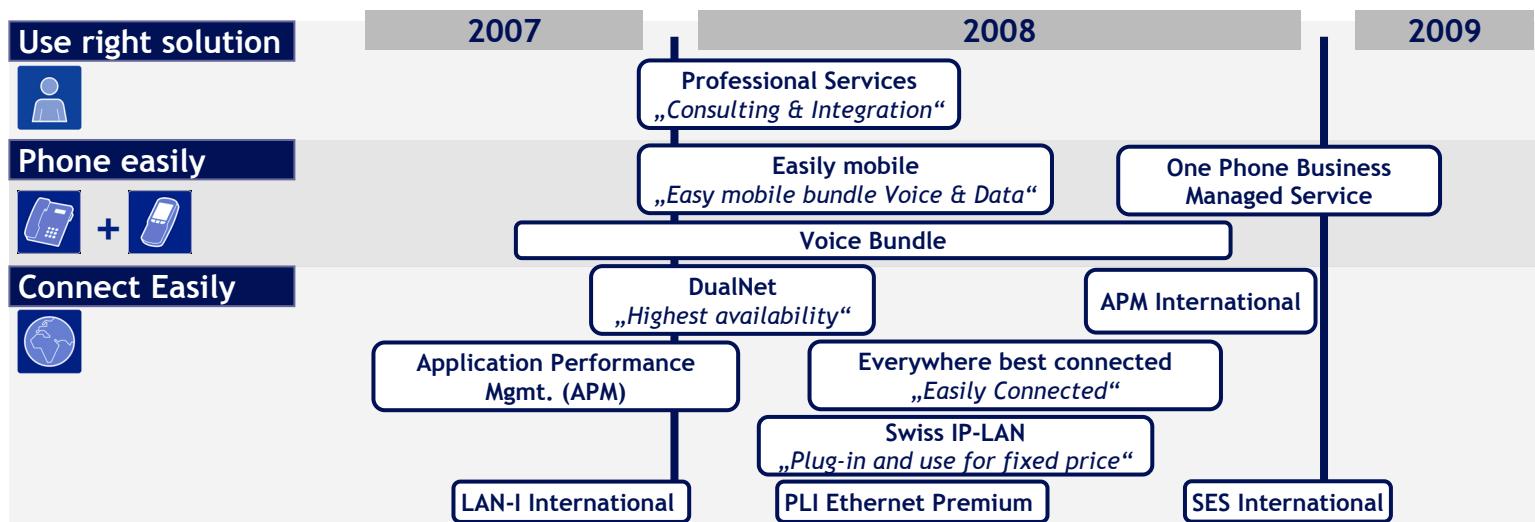
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Maximize business to become THE No. 1+

- **Sales excellence**, e.g. sales push for national networks and mobile data.
- **Product excellence**, e.g. offering a fix/mobile value proposition.
- **Enhance international partnerships**, e.g. attractive reselling portfolio for intl. services.
- **Managed E2E communications solutions and outsourcing to tie customer's infrastructure.**

	Fixed		Mobile		Intl. Networks
	Voice	Data	Voice	Data	
Market Share	↗	↗	↗	↗	↗
Revenue	↘	↘	↗	↗	↗
Margin (%)	↘	↗	↗	↗	↗

Product Roadmap



Enterprise Communication

Skimming market growth to defend the customer interface.

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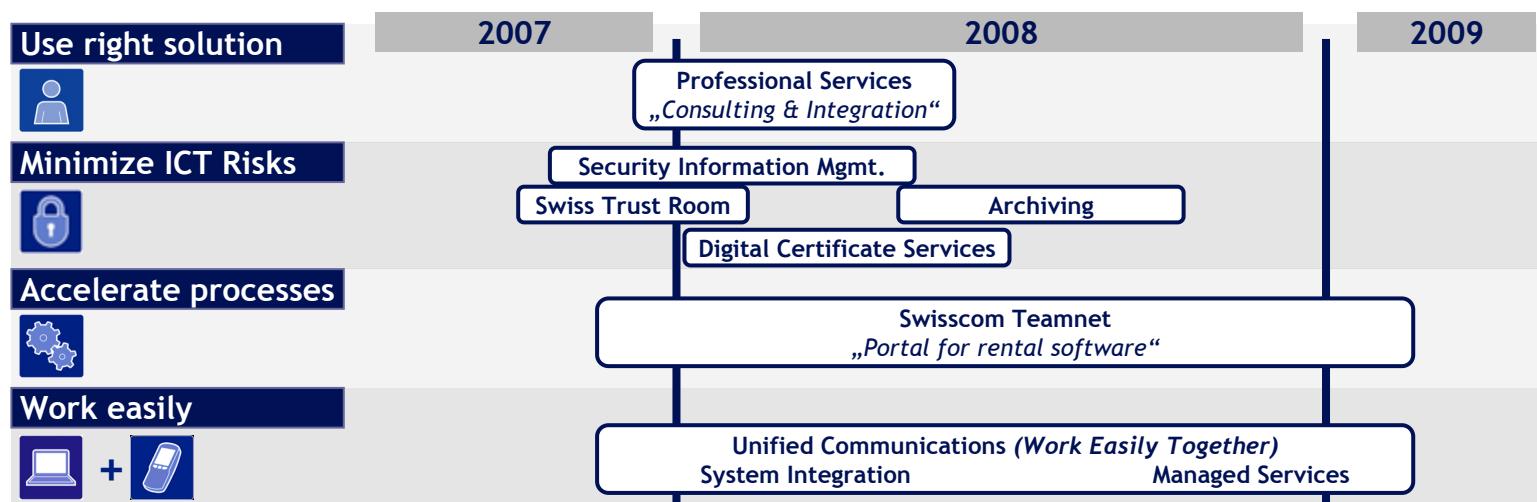
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Become THE strategic solution provider

- **Maximize** business, e.g. sales push for LAN
- **Extend** business, e.g.
 - position as a leading ICT Security provider
 - position as THE leading UC provider
 - push convergent managed workplace
 - professional services as growth enabler
- **Managed E2E communications solutions and outsourcing to tie customer's infrastructure**

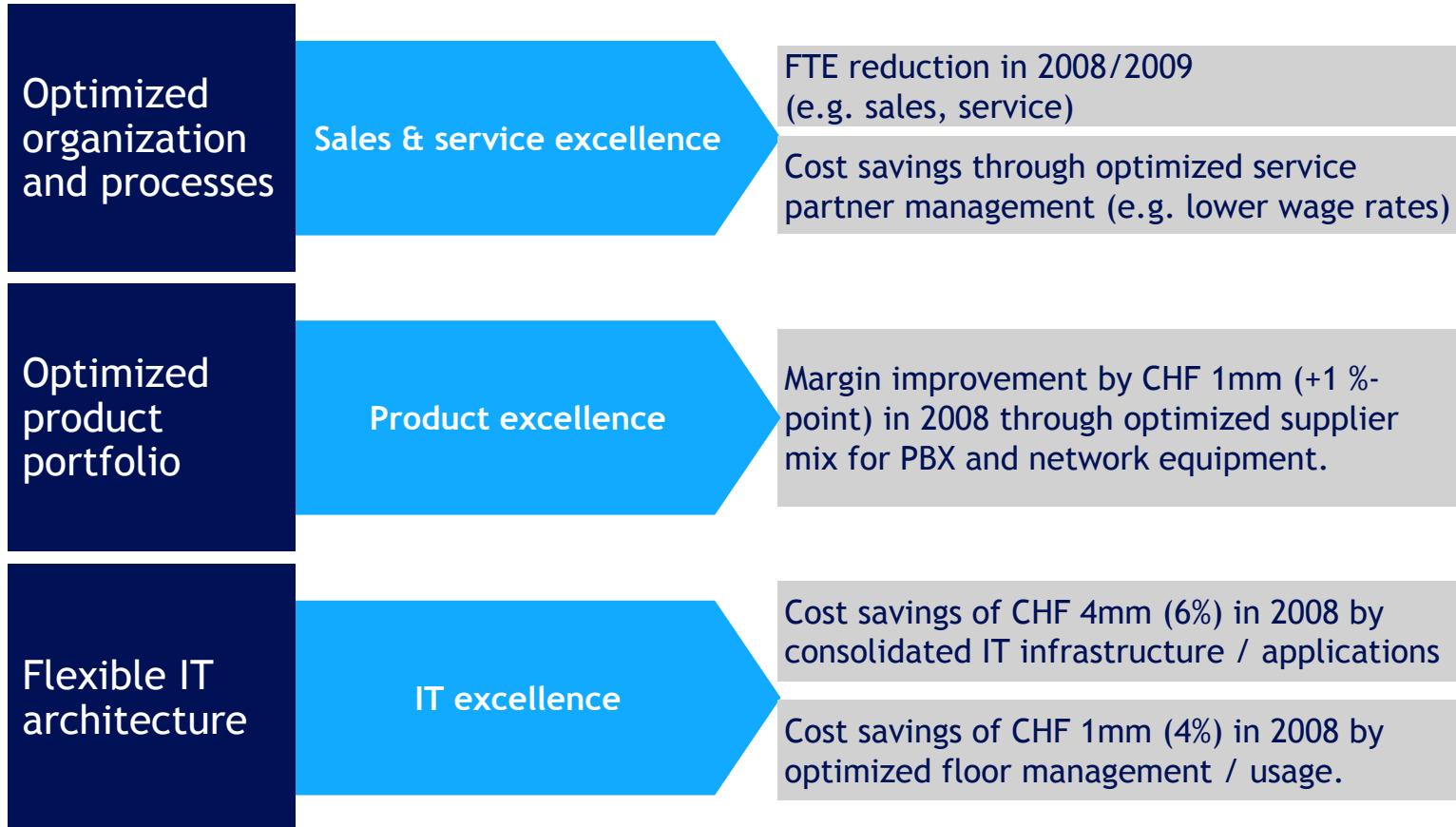
	LAN	PBX / UC (incl. Prof. Services)	ICT Security	OWP
Market Share	↗	→	↗	↗
Revenue	↗	→	↗	↗
Margin (%)	→	→	→	↗

Product Roadmap



‘Cost reduction potential’

Decreasing indirect costs by 5% p.a. on comparable revenue level. However, personnel-intensive services are managed on profitability / chargeability and not on FTE targets.



Wrap-up CBU

- Communication solutions for corporate customers.
- Full-service provider.
Quality and service nowhere better.
- Unrivalled market leadership. 1+
- Market share gains in all addressed ICT markets.

Wholesale, Network and IT

Guido Garrone, Head of NIT

Wholesale, Network and IT

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- Wholesale
- NIT Strategy
- NIT Objectives
- Access
- All IP
- CAPEX
- OPEX Mgmt
- Synergies
- Wrap-up

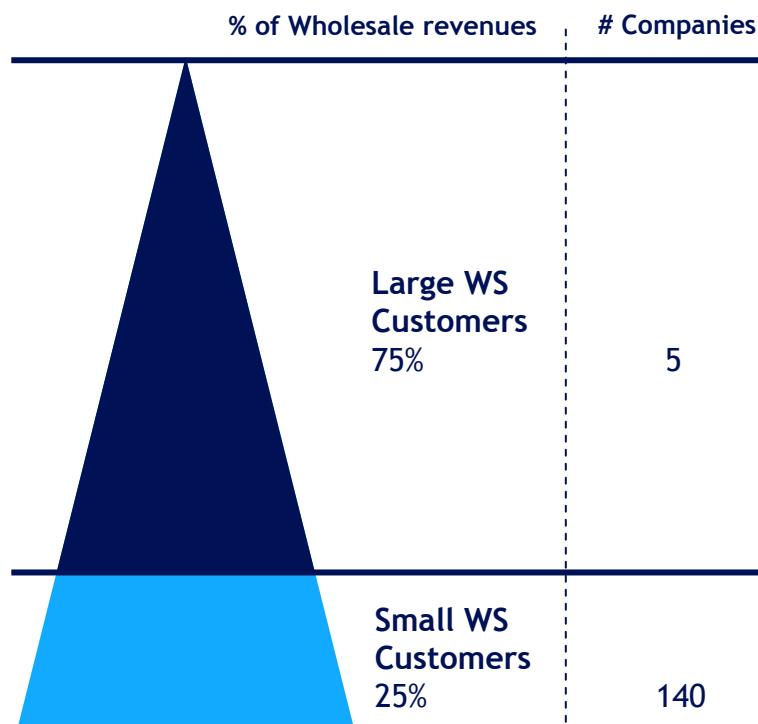
Market-oriented Wholeseller

Serving large & small Telco Service Providers

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Customer Segmentation



Customer needs

Standard products

- Interconnection voice (regulated)
- ULL products (regulated)
- Broadband connectivity (Wholesale xDSL)
- Data services
 - Carrier ethernet services
 - Carrier optical services

Custom Design

- Specific backbone services

Standard products

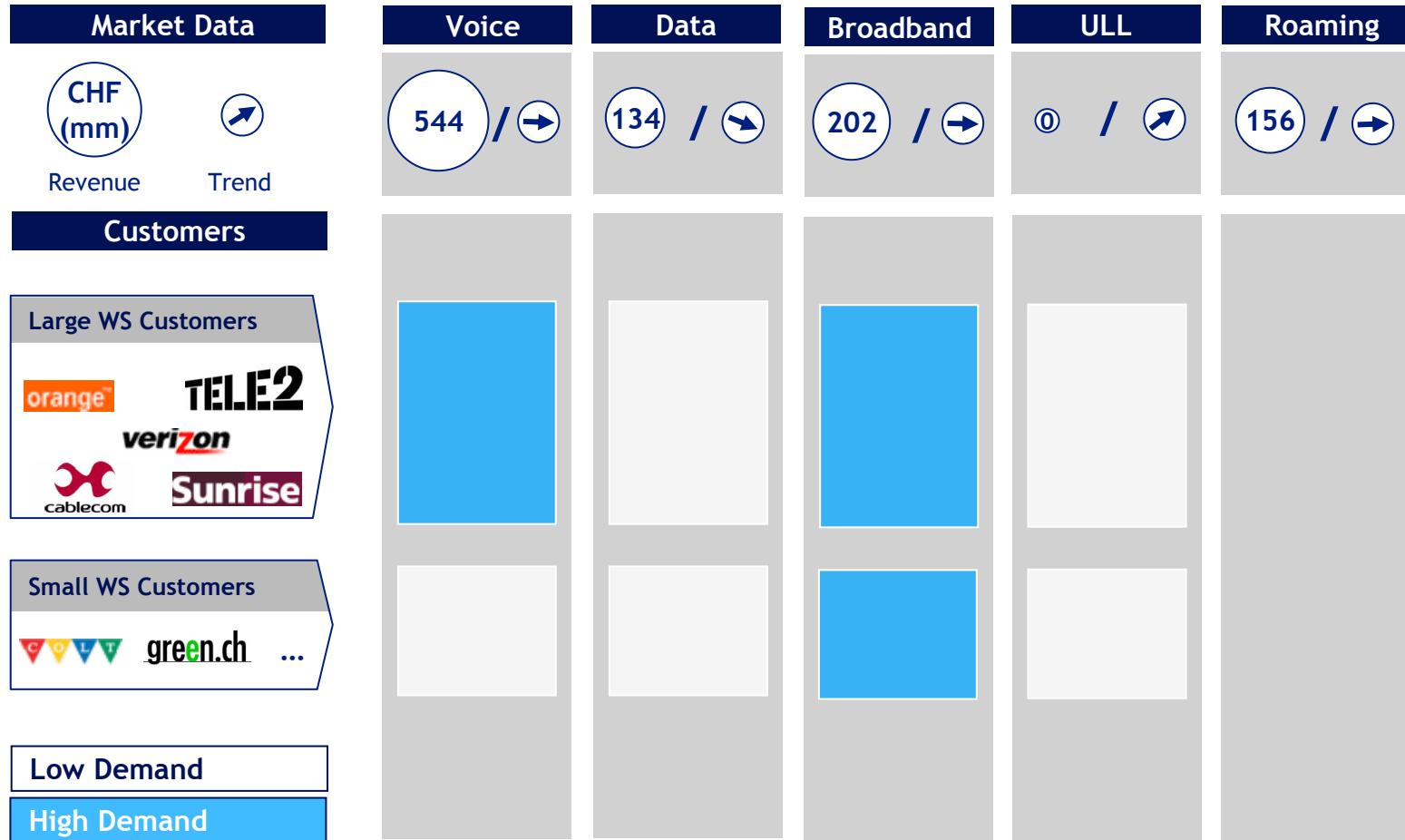
- Mainly broadband connectivity (Wholesale xDSL)
- Some interconnection voice (regulated)
- Occasionally ULL products (regulated)
- Some data services
 - Carrier ethernet services
 - Carrier optical services

Product Portfolio:

Attractive and fair commercial offerings to increase market dynamics

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Wholesale Segment Reporting

Financials and operational data

	2007	YoY
Net revenue in CHF mm ¹⁾	1'756	-4%
Contribution margin 2 in CHF mm ²⁾	630	71%
Contribution margin 2	36%	
Number of FTE	128	-9%

	2007
Traffic minutes (Mio Min)	14'517
Broadband (EOP in 1000)	438

- 1) including intercompany (IC) revenue
third-party revenues: CHF 1'036mm
- 2) 2007: including CHF +91mm release of IC provisions
2006: including CHF -180mm IC provisions

2007 highlights

Attractive broadband offerings:

- Lowering access and connectivity prices
- Naked DSL

Attractive data offerings:

- Growth area carrier optical services
- Growth area carrier Ethernet services

Expeditious implementation of legal obligations:

- Full access unbundling
(already 30% lines covered)
- Universal Service Obligation

Swisscom Switzerland Combines Wireline and Wireless Network and IT into new unit NIT

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Strategic directions

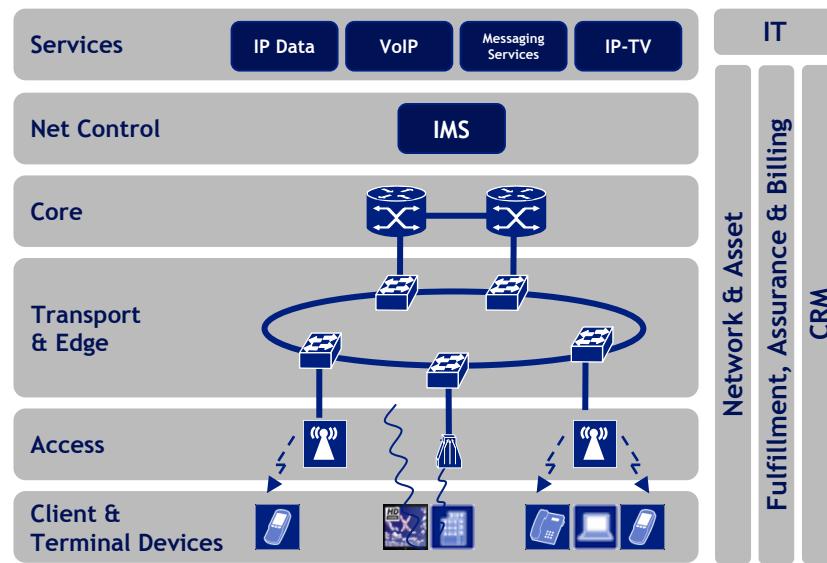
Customer focus

Technological change

Efficiency

NIT: wireline and wireless network and IT combined in a lean organization

- Network and IT lifecycle:
 - Governance
 - Development
 - Operations & maintenance
- Wholesale business



Strategic Key Objectives:

Differentiate broadband access and improve efficiency

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Differentiate broadband access

Becoming the trusted partner of customers in their digital lives through

- Closest services
- Relevant TIME experiences
- Best performing networks

Improve efficiency

Manage ongoing cost and leverage cost saving potential of new technologies

Maximize

③ Short and Medium Term OPEX Management

Extend

① Best Access

② Next Generation Network + IT

Best Access (1)

Best networks in terms of bandwidth, coverage and reliability

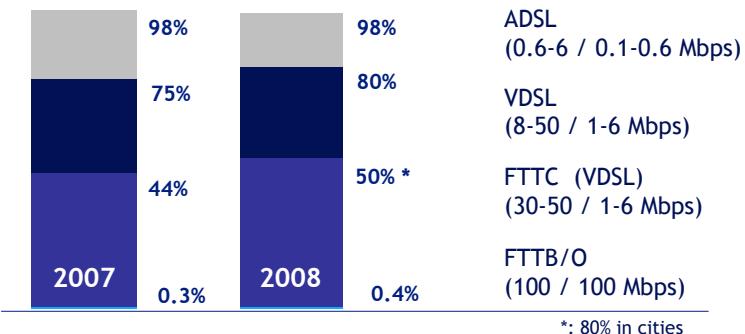
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Wireline

- Continue roll out of optimized FTTx and DSL mix to extend bandwidth lead versus competition while maintaining profitability.
- Extend network **reach into the households** to provide superior end-to-end user experience
- BB coverage universal service obligation: 100%

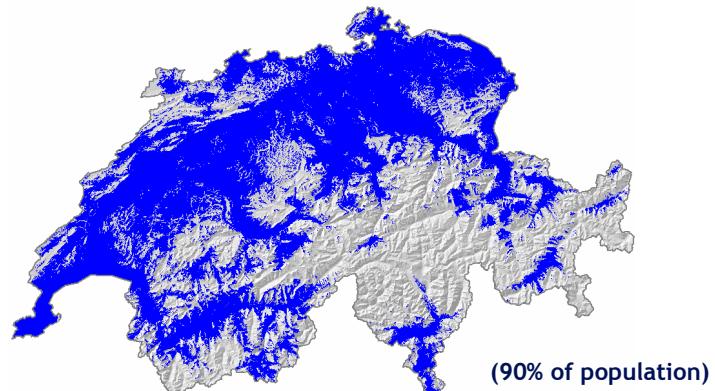
EOY nation-wide coverage cumulated



Wireless

- Finish HSPA upgrade until mid 2008 for 100% of existing UMTS base stations (90% population coverage) to extend lead versus competition while maintaining profitability
- Continuously **explore new technology solutions** (e.g. Long Term Evolution LTE)
- Develop a strategy towards the **mobile licence refarming** (due to take place in 2013)

Area covered by HSPA



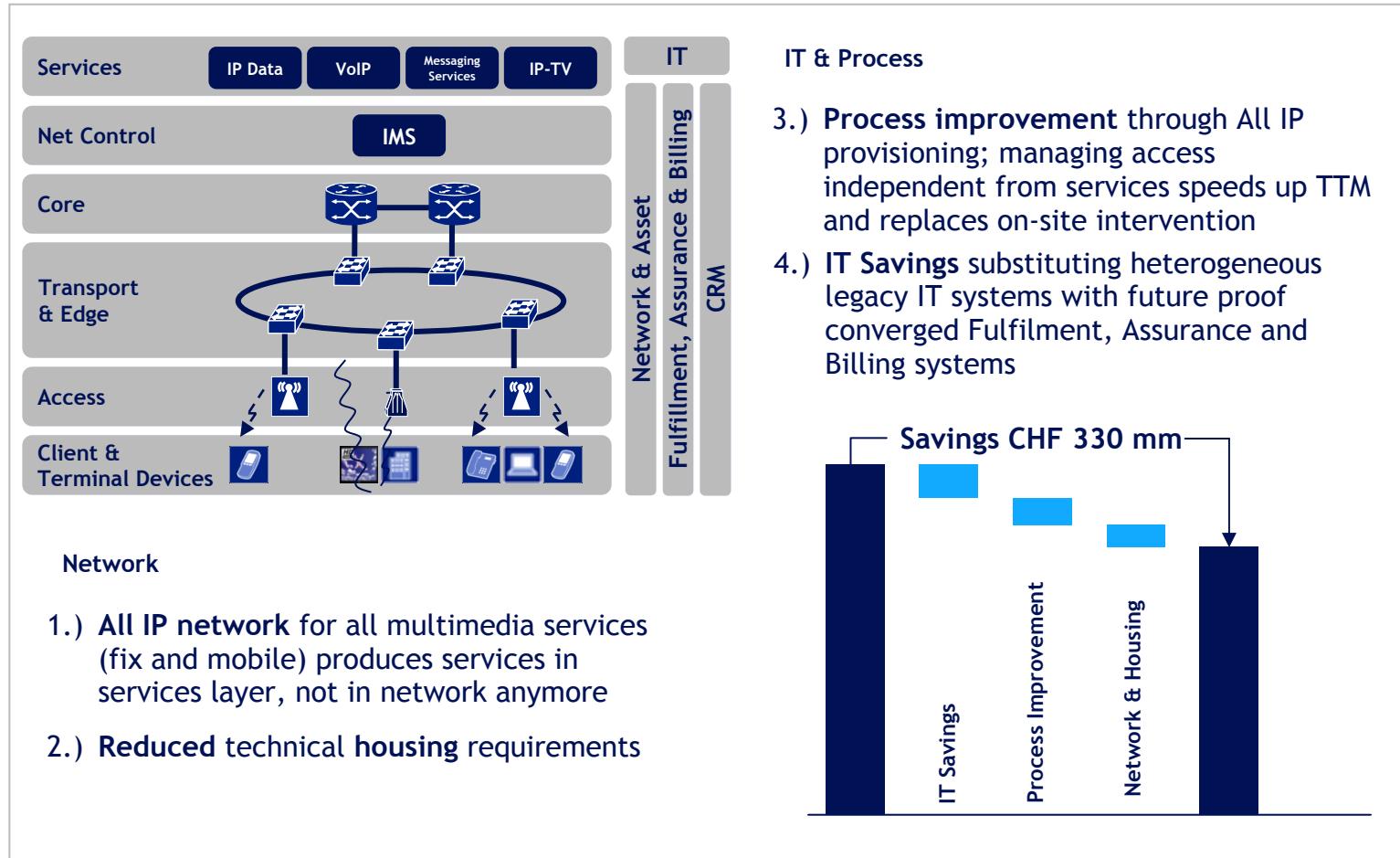
Next Generation Network + IT (2)

Transforms operations, increasing flexibility and long-term efficiency

100

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Next Generation Network and IT reduces OPEX by CHF 330 mm p.a. after 2013



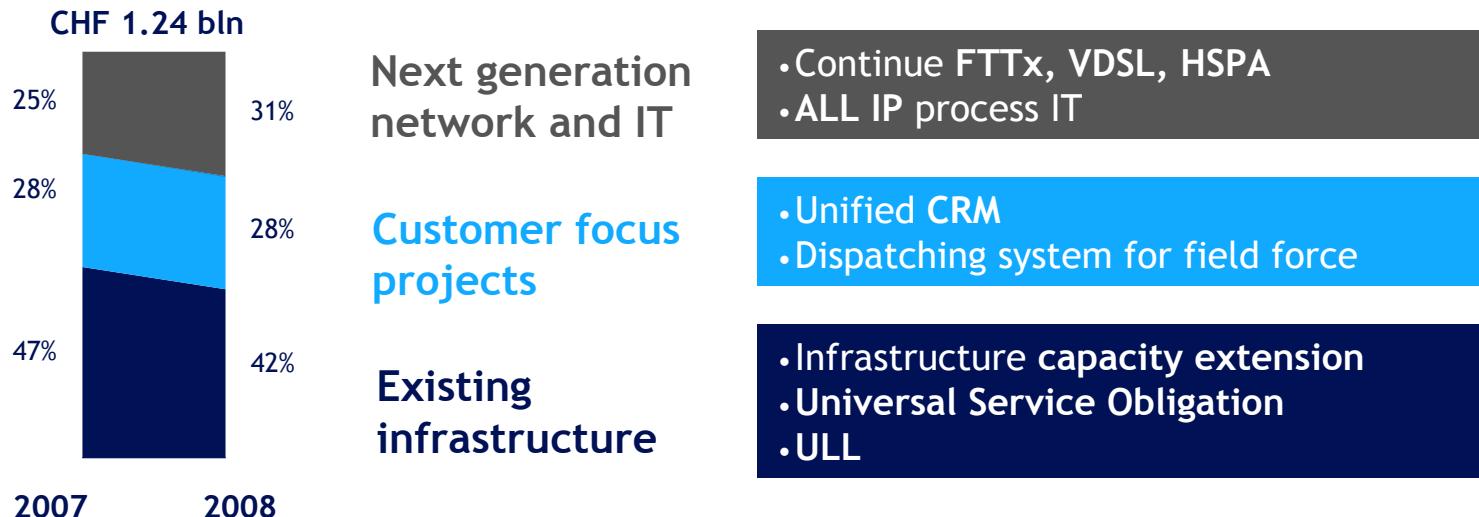
CAPEX

Share of CAPEX in customer focus projects and next generation network and IT increase, with overall flat CAPEX

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Flat CAPEX for Swisscom Switzerland in 2008 and following years



Short and Medium-Term OPEX Management (3)

Short and medium term OPEX reduction in ongoing business of 2% to 4% p.a.

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Realize cost reduction and efficiency improvement resulting from adoption of new technologies and further increased operational efficiency

**2008 - 2009
(short term)**

- Reduce operating cost, leverage synergies from **mobile / wireline merger**
- Continuously improving **sourcing contracts**

**2009 - 2011
(medium term)**

- Further process **re-engineering**, e.g. customer activation process
- First components **NextGen network & NextGen IT**
- **Technical housing optimization**

**Short and medium term efficiency improvement:
2% to 4% OPEX reduction p.a.**

Synergies between Swisscom and Fastweb

Leverage experience from both companies to enhance customer experience, and leverage combined buying power to save CAPEX

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Swisscom supporting Fastweb

MVNO

- Fastweb to launch MVNO by mid-2008
- Swisscom supporting Fastweb in MVNO planning and operations:
 - User Terminals
 - Logistics
 - Network Operations
 - Push Email

Customer Care (CuC)

- Fastweb's customer care unit to strengthen end-to-end processes
- Transfer of experienced Swisscom CuC management to Fastweb

Swisscom Fastweb cooperating

Enterprise Business

- Interconnection of IP networks and alignment of processes to offer MPLS connectivity
- Initial project wins at UniCredit, Borsa Italiana, SBB Cargo, etc.

Sourcing

- Price benchmarks, joint supplier negotiation and relationships
- Equipment standardization, joint purchasing systems and processes

Proposition development

- PC-Broadband (fixed and mobile) bundles
- User Interface design (enriched xPlay experience)

Fastweb supporting Swisscom

All-IP / NGN

- Ex-Fastweb CTO leading converged Network&IT unit at Swisscom
- 7 years of All-IP / NGN experience benefiting Swisscom transformation

IPTV

- Operational stability: line qualification and quality of experience determination reducing installation costs
- Future architecture considerations: network PVR, Web TV
- Possible content synergies

Airbites

- Fastweb's extensive fibre know-how leveraged at Airbites
- Support in the areas of network architecture and operations

Wrap-up

Wholesale:

Attractive, fair commercial offerings to increase market dynamics

Network and IT (NIT):

Coherent, lean organization in charge of all networks and IT

- Strategic Key Objectives:

- Differentiate broadband access
- Increase efficiency

- Strategic Directions:

- Optimized technology mix for best access network
- Business flexibility and OPEX reduction from next generation network and IT

Flat CAPEX for Swisscom Switzerland in 2008 and following years

Second Q&A

Fastweb

Stefano Parisi, CEO Fastweb

- 2007 Highlights
- Reverse IC impact
- Capex, FCF
- Taxes
- 2007 operational
- 2008 Outlook

FY 2007 Highlights - A Stronger Company

Key Challenges 1 Year Ago...

1 *Regulatory uncertainty and risk on interconnection rates*

2 *Trade off between high legacy ARPU and net adds growth*

3 *Fully exploit the PA opportunity*

4 *Facing instability of shareholder structure*

5 *Fixed to Mobile convergence*

...2007 Transition...

Positive outcome

Delivered stable ARPU with solid net adds growth

Downsizing but...

Swisscom acquisition

MVNO agreement signed with 3 Italia

...FASTWEB Today!

The highest interconnection rate among European fixed line operators

A solid customer base to build on in 2008

...now on track to be a growth driver in 2008

Stability and sound industrial approach

A new strategic option to enhance ARPU and to protect customer base from 2008

FY 2007 Highlights - A Year of Growth

2007 Results

1 **26% customer base growth**

FASTWEB net customer intake 37% higher than growth of broadband connections in the Italian market

2 **Revenues up 15% YoY**

24% increase in core revenues compensated 36% managed reduction in low margin wholesale revenues

3 **EBITDA up 29%**

33% increase in core EBITDA versus 43% managed reduction in low margin wholesale EBITDA

4 **EBITDA margin at 29%**

Core EBITDA margin at 31%

FASTWEB Today!

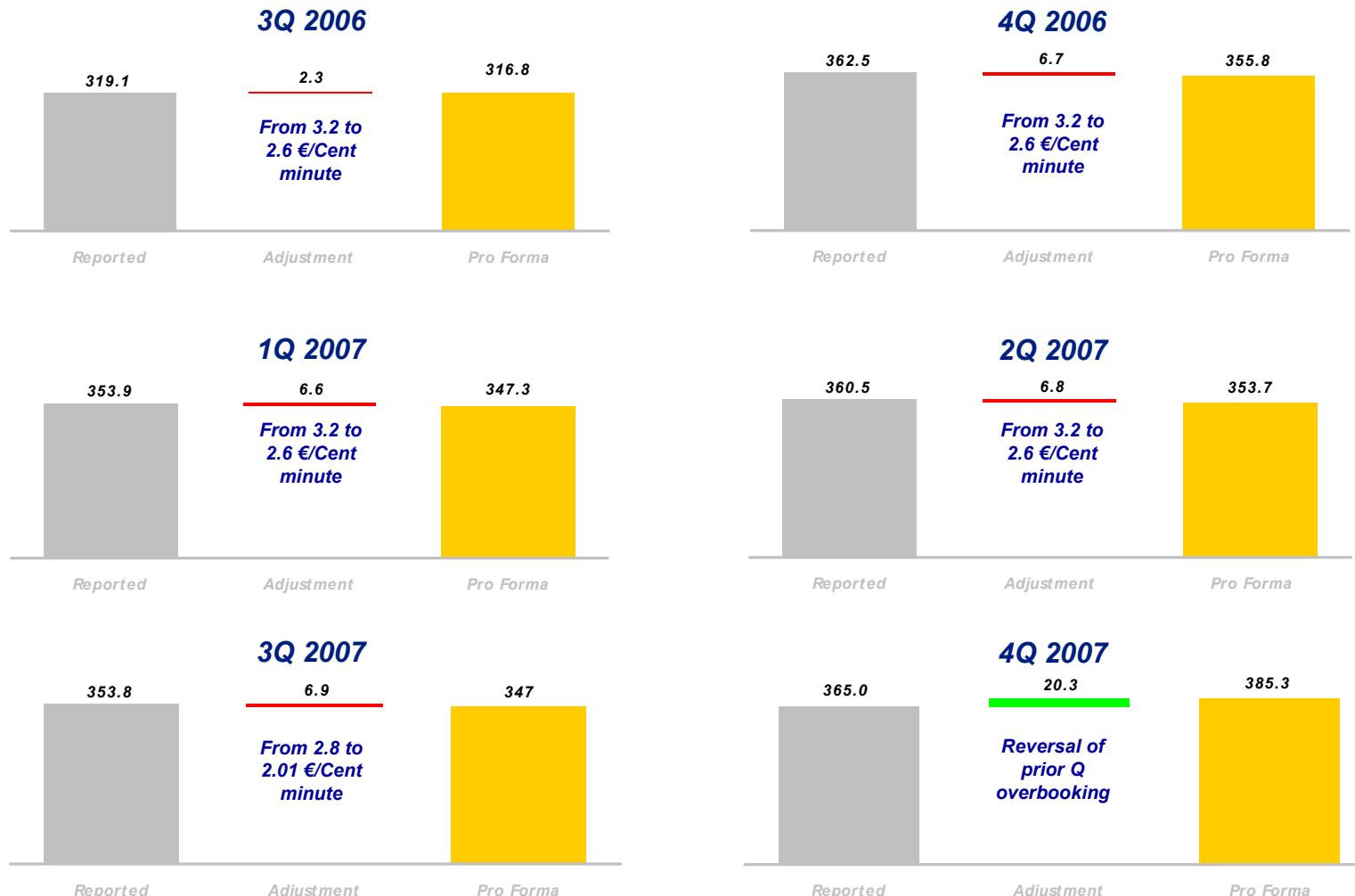
A sound industrial base to deliver another year of solid growth in 2008

** Revenues and EBITDA YoY comparison and EBITDA margin are based on pro forma figures - See pages 108-110*

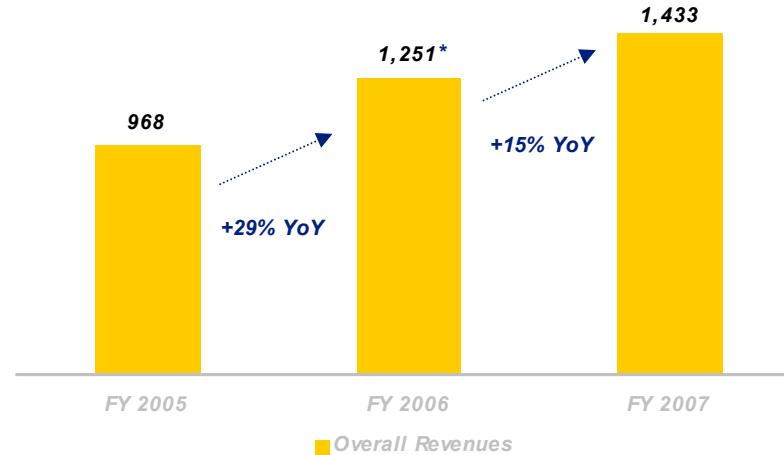
Revenue Adjustment After Reverse IC Ruling (Dec 2007)

110

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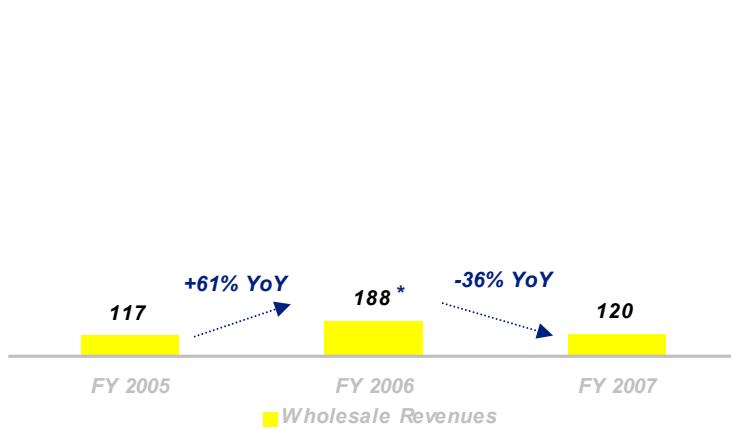


FY Pro Forma Revenue Growth and Evolution

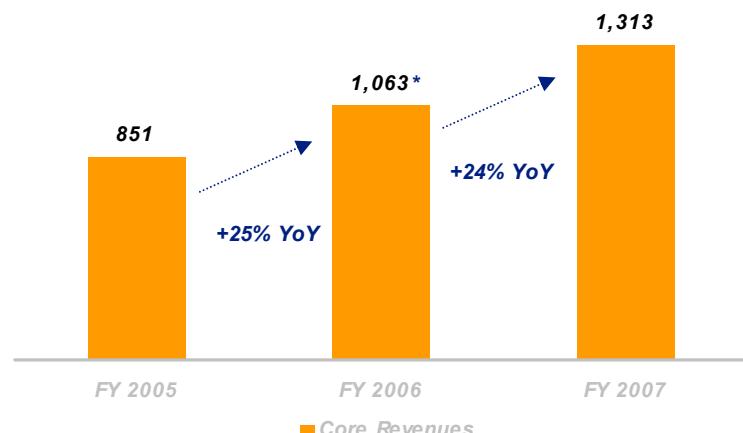


Revenues increased 15% YoY in 2007...

...with Wholesale revenues down 36% YoY and Core revenues up 24% YoY

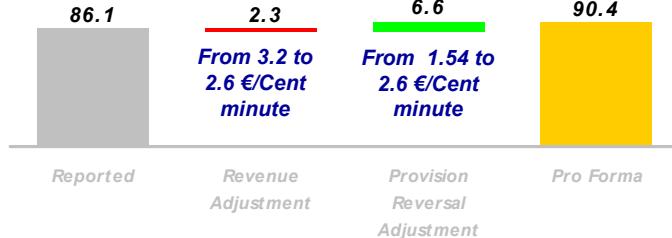


* 2006 Pro Forma Revenues

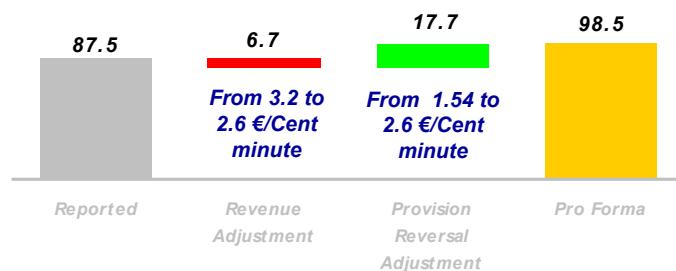


EBITDA Adjustment After Reverse IC Ruling (Dec 2007)

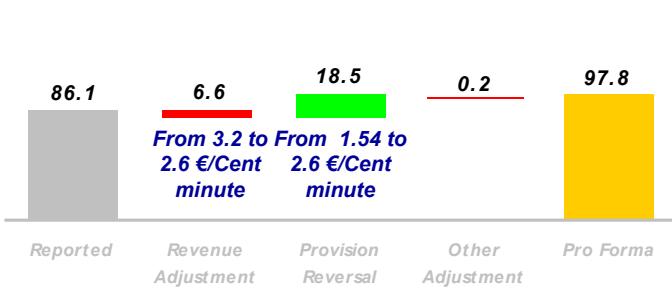
3Q 2006



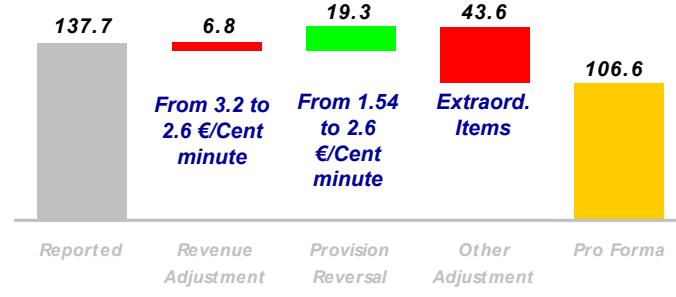
4Q 2006



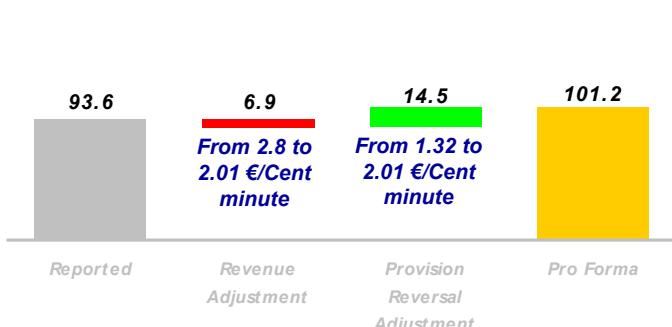
1Q 2007



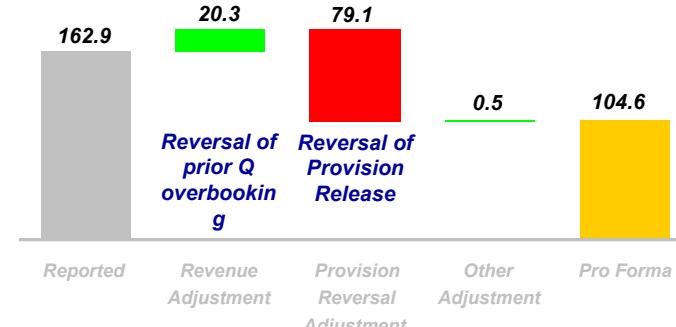
2Q 2007



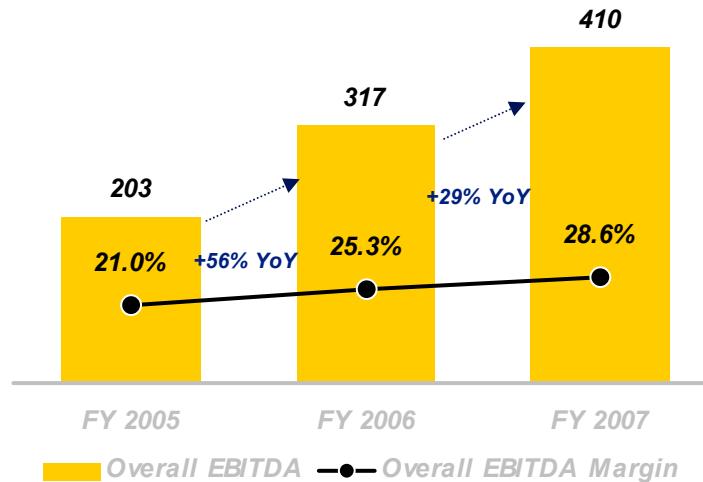
3Q 2007



4Q 2007

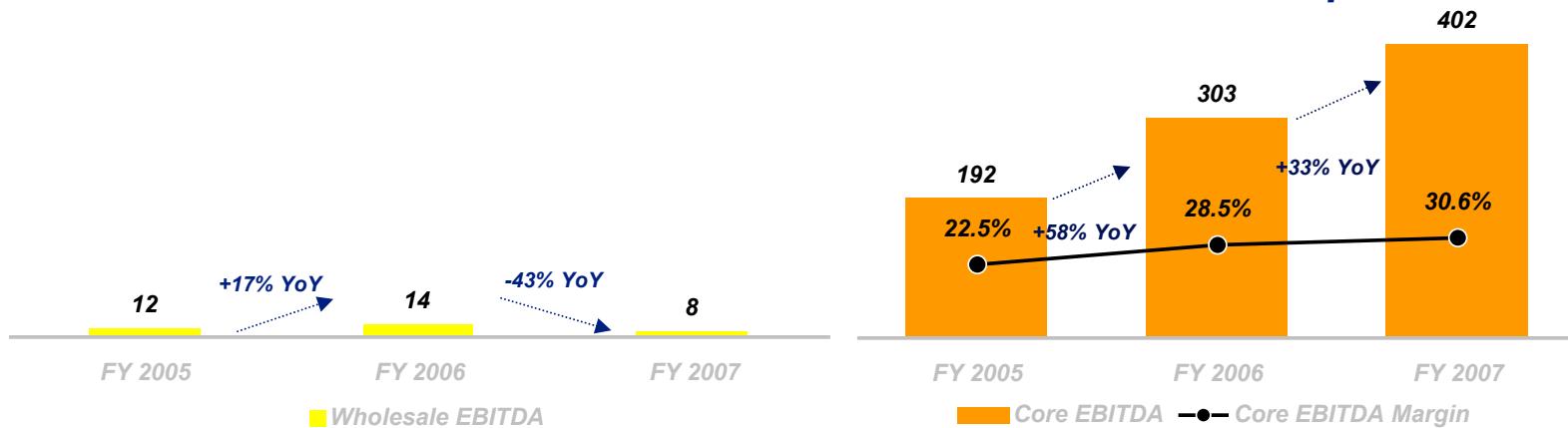


FY Pro Forma EBITDA Growth and Evolution

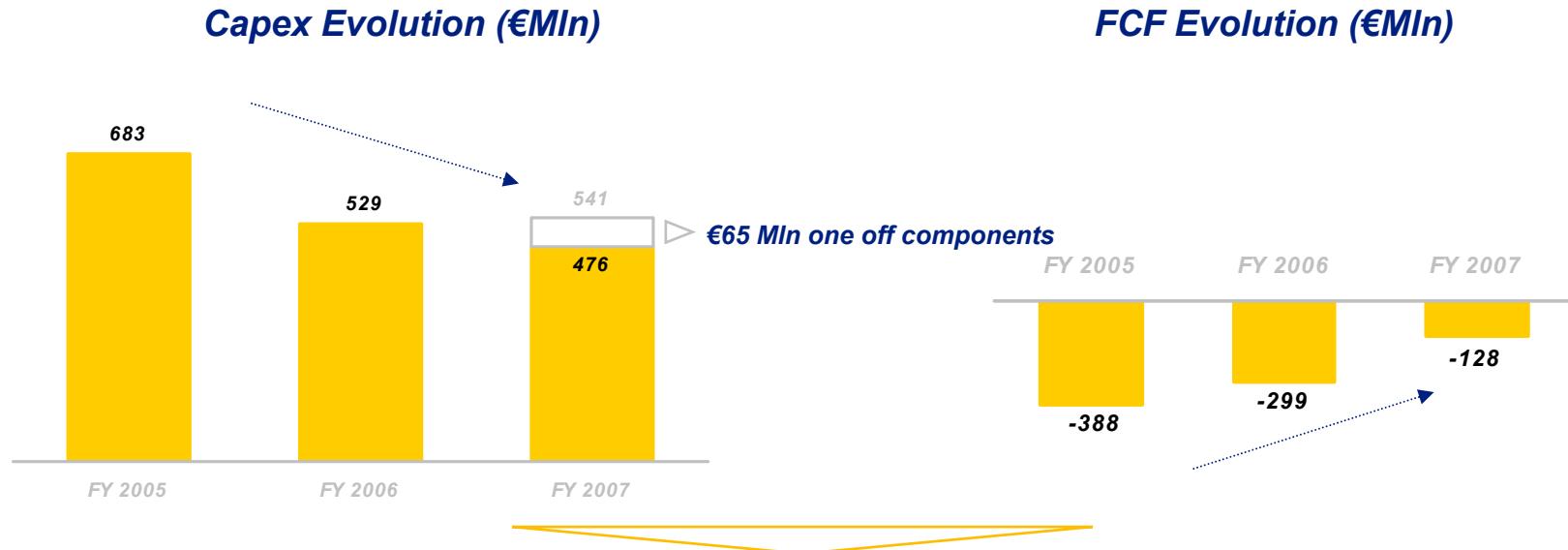


Overall EBITDA increased 29% in 2007...

...with Wholesale EBITDA down 43% YoY and Core EBITDA up 33% YoY



Capex & Free Cash Flow



FY 2007 capex include a one off component of €65 Mln related to footprint expansion plan + 1,000 KM long distance infrastructure rolled out in South Italy (not included in footprint expansion plan) + initial phase of IT system developments for MVNO

FY 2007 FCF heavily impacted by timing of positive AGCOM ruling on incoming termination rates: extra cash of approximately €60 Mln to be cashed in during 2008

Taxes - Impact of New Tax Law

FY 2007 - Positive earnings before taxes on a full year basis for the first time (€31 Mln)
Net result impacted by extraordinary taxes

2007 Tax Charges	
	€Mln
Ordinary Taxes	42.5
Extraordinary Taxes	
Impact of new Tax Law *	61.8
Write off of tax asset not recovered **	51.2
	113.0
	155.5

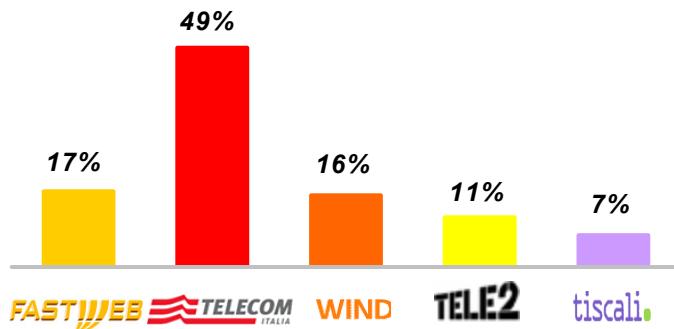
The extraordinary tax charge of €113 Mln booked in 2007 has no cash effect

* Reduction of IRES rate from 33% to 27.5% and IRAP from 4.25% to 3.9%

** Cumulated tax losses not recoverable

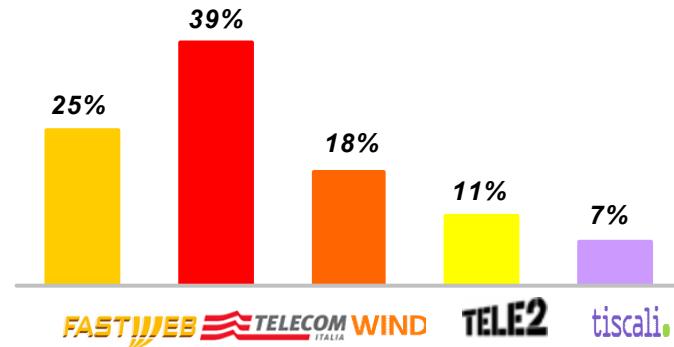
2007 Share of Net Adds...Quantity vs Quality

**2007 Share of Broadband Net Adds
by Quantity**



Source: Market Monitor by Between

**2007 Share of Broadband Net Adds by
Value***



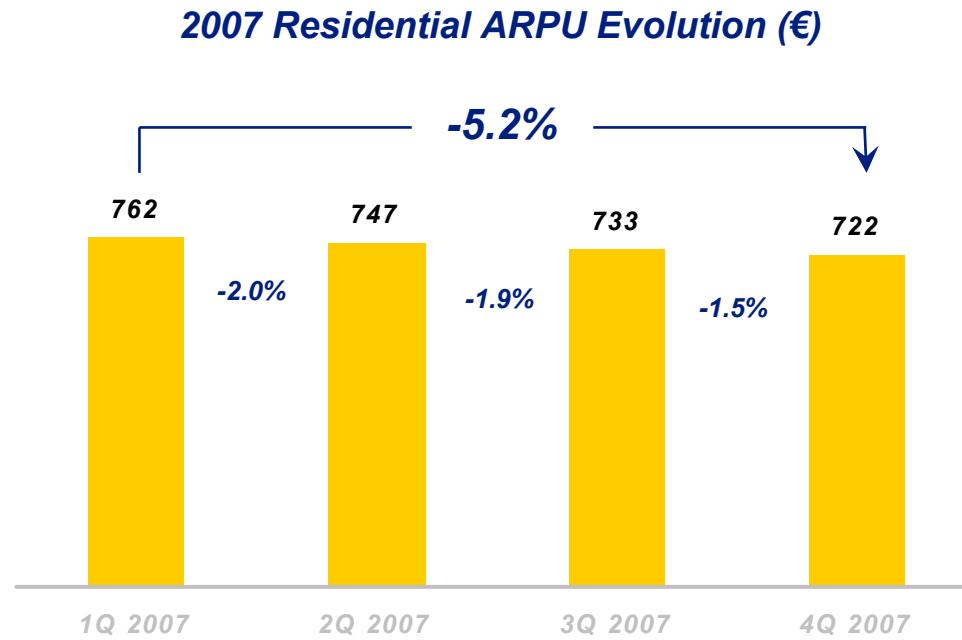
Source: Market Monitor by Between

The comparison of share of broadband net adds among operators should also incorporate value of customer intake

FASTWEB share of net adds in 2007 was equal to 17% by quantity and to 25% by value

* Value is based on the broadband net adds acquisition mix and average monthly fee of each operator. Telecom Italia value does not include POTS monthly fee.

Gliding Path of High Legacy ARPU is Very Modest

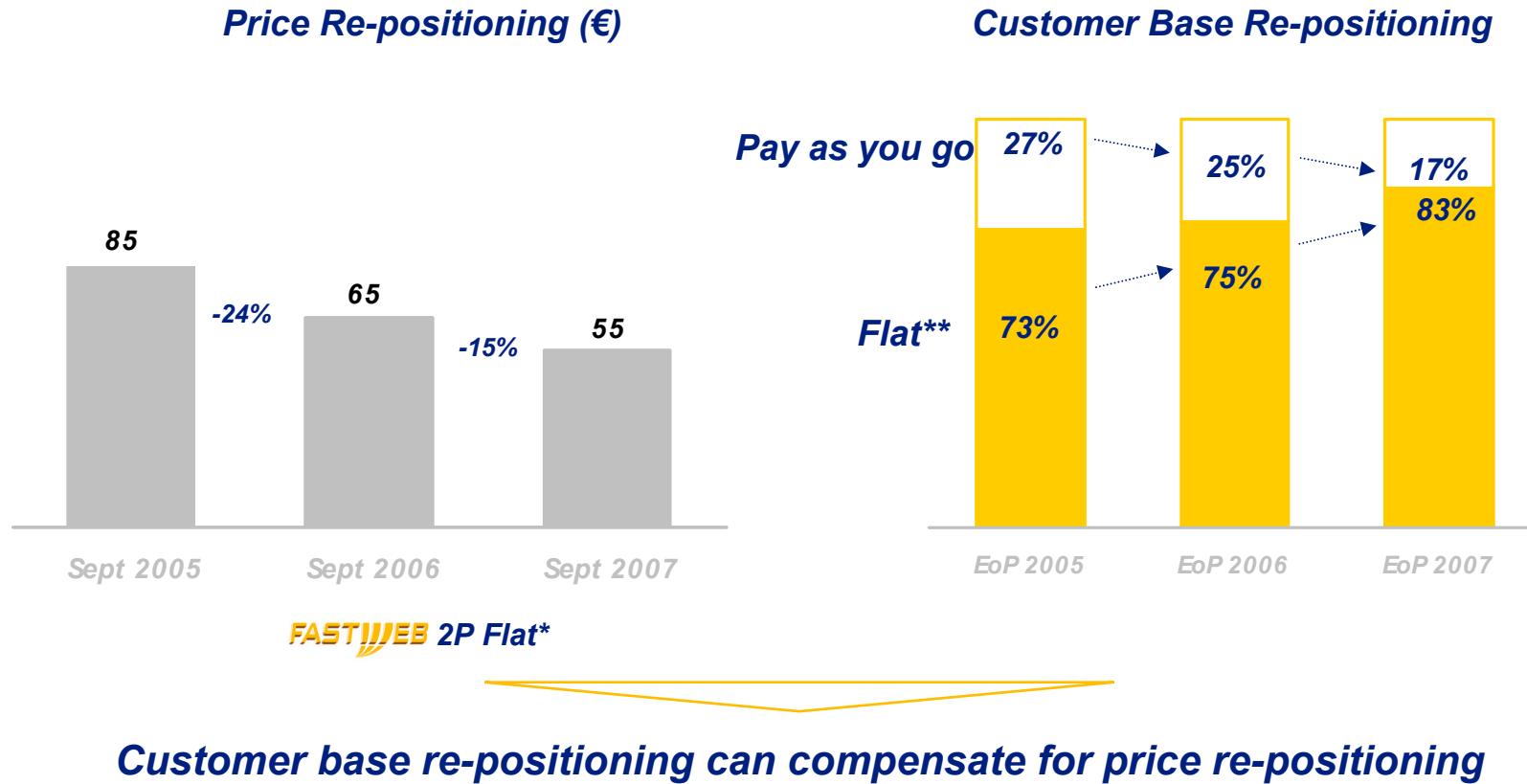


***ARPU erosion is well under control with a decline limited to 5% in 2007
4Q result indicates that September re-pricing did not impact overall ARPU***



Sequential trend of ARPU decline improving

Price vs Customer Base Re-Positioning



* Standard price of FASTWEB Voice + Internet flat-fee services (Residential Offer released in September of each year)

** Percentage of customer taking at least 1 flat-fee service

2008 - More Efficiency...Solid Growth

**More
Efficiency...**
*...higher focus on
business and more
visibility on targets to
deliver...*

...Solid Growth



* 2008 growth rate calculated vs 2007 pro forma EBITDA

2008 Outlook - Consumer Business Unit

<i>Key Challenges</i>		<i>Key Strategic Initiatives</i>	
1	<i>Delivering robust customer growth while governing ARPU dilution</i>	1	<i>Further exploiting upselling opportunities on customer base</i>
2	<i>Managing churn pressure on customer base</i>	2	<i>Leveraging on quality of service and best in class IPTV as a differentiating factor</i>
3	<i>Fixed-to-mobile convergence</i>	3	<i>MVNO</i>

	<i>2006 Actual</i>	<i>YoY Change</i>	<i>2007 Actual</i>	<i>YoY Change</i>	<i>2008 Targets</i>
<i>Revenues (€Mln)</i>	602	+21	727	+13%	~ 820

2008 Outlook - SME Business Unit

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Key Challenges

- 1 *Expanding service portfolio beyond pure connectivity to accelerate market penetration*
- 2 *Facing sustained price competition*
- 3 *Managing churn pressure on customer base*

Key Strategic Initiatives

- 1 *New BU with dedicated marketing/sales channel/provisioning/etc.*
- 2 *Significant upsell opportunity (4% market share for voice vs 8% for data services)*
- 3 *MVNO*

	2006 Actual	YoY Change	2007 Actual	YoY Change	2008 Targets
--	-------------	------------	-------------	------------	--------------

Revenues (€Mln)	209	+10%	230	+7%	~ 245
-----------------	-----	------	-----	-----	-------

2008 Outlook - Executive Business Unit

Key Challenges

1 *Facing Telecom Italia price competition*

2 *Customer retention (contract renewal)*

3 *Confirming high Customer Satisfaction Index as a key differentiating factor*

Key Strategic Initiatives

1 *Becoming the sole TLC provider of existing customer base (80% upsell potential)*

2 *Launching new wave service portfolio and enhancing existing one (WLR, IPCentrex, High Definition Videocom, FASTSecurity)*

3 *Wholesale agreements on FASTWEB infrastructure*

	2006 Actual	YoY Change	2007 Actual	YoY Change	2008 Targets
Revenues (€Mln)	440	+8%	476	+21%	~ 575

2008 Sum of the Parts KPIs - Total FASTWEB

	2007 Actual	YoY Change	2008 Guidance	2008 FASTWEB Revenues
Revenues (€Mln)	1,433	+14%	~ 1,640	
EBITDA (€Mln)	410*	+29%	~ 530	
Net result (€Mln)	-125	↑	>0	
Capex (€Mln)	541	-21%	425	
Capex-to-Sales	38%	↓	26%	
FCF (€Mln)	-128	↑	>0	



2008 will be another year of solid industrial growth

* 2007 pro forma EBITDA excl one-off gains

Wrap-up and Guidance 2008

Carsten Schloter, CEO

Guidance 2008

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			2006	2007	2008
Swisscom Switzerland	Net revenue	in CHF mm	8'776	8'693	slightly down
	EBITDA	in CHF mm	3'729	3'898	slightly down
	CAPEX	in CHF mm	978	1'241	flat
Fastweb (FY pro forma adj. for extras)	Net revenue	in EUR mm	1,251	1,433	~ 1,640
	EBITDA	in EUR mm	317	410	~ 530
	CAPEX	in EUR mm	529	541	~ 425
Swisscom Group¹⁾	Net revenue	in CHF bln	9.7	11.1	~ 12.3
	EBITDA	in CHF bln	3.8	4.5	~ 4.8
	CAPEX	in CHF bln	1.3	2.0	2.1-2.2
	Δ NWC	in CHF bln	0.0	-0.4	~ -0.2
	OpFCF²⁾	in CHF bln	2.2	2.1	~2.4-2.5

1) Swisscom Group includes the segment 'Other' and Group Headquarters for which no separate guidance is provided

2) Attributable to Swisscom shareholders

Final Q&A

Cautionary statement regarding forward-looking statements

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

Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom's and Fastweb's past and future filings and reports, including those filed with the U.S. Securities and Exchange Commission and in past and future filings, press releases, reports and other information posted on Swisscom Group Companies' websites.

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

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

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Investor & Analyst Meeting

5 March 2008