Swisscom

“solid as a rock”

Presentation by Jens Alder, CEO Swisscom AG

TMT conference Schroder Salomon Smith Barney
Barcelona, 19 September 2002
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. Security 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."
Brief strategy update
Swisscom’s ultimate aim: Optimising capital efficiency

A company committed to strong fundamentals and financial discipline

- Innovative multi-service focused company
  - Superior performance in core domestic and mobile service provider businesses
  - Underline domestic focus by moves into adjacent and complementary businesses
- Disciplined investor in options with both defensive and offensive character
  - Build a number of smaller options in various phases of development as a hedge
  - Investments in international opportunities with a balanced risk/reward profile
- Return surplus cash
  - Continue further returns of surplus cash to shareholders

Stabilise cash flow
Grow cash flow
Return surplus cash
# Investment criteria

<table>
<thead>
<tr>
<th><strong>Sustainability</strong></th>
<th><strong>Ongoing focus</strong></th>
<th><strong>Assessment</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Focus on cash generating ability of business model</td>
<td>Reasonable, but limits investment options</td>
</tr>
<tr>
<td></td>
<td>Pure focus on direct synergies with core businesses</td>
<td>Potentially, other value aspects should be included</td>
</tr>
<tr>
<td><strong>Management</strong></td>
<td>Good management in place that is an asset to the Swisscom group</td>
<td>Reasonable, Continued to be strictly applied</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>DCF based valuation on current and possible cash flows</td>
<td>Reasonable, Continued to be strictly applied</td>
</tr>
<tr>
<td><strong>Size</strong></td>
<td>Transactions should not put our existing business at risk; should leave the risk profile of the group largely unchanged</td>
<td>Reasonable, Continued to be strictly applied</td>
</tr>
</tbody>
</table>
Headlines first half 2002 and outlook 2002
“Swisscom - solid as a rock”

Net revenue: 3,543, 3,517, 3,612
EBITDA: 1,102, 1,168, 1,100
EBIT: 559, 679, 602
CAPEX: 308, 203, 311

in CHF million

average quarter 2001 | 1st quarter 2002 | 2nd quarter 2002
Headlines first half 2002 ...

- Successfully completed 10% share buyback; Swiss Confederation now holds 62.7% stake from 65.5% previously

- Introduction of renumbering with automated local CPS as per 1 April 2002

- Introduced substantial fixed line tariff rebalancing with unified rates nation-wide as per 1 May 2002

- ADSL roll out strategy well on track - adding more customers than competition is

- Innovative launches in first half year 2002

- ULL debate continues
... and outlook 2002

- Guidance unchanged, full year EBITDA 2002 similar to 2001
- However:
  - Fixed line operations and debitel expected to be weaker than in 2001
  - Mobile operations, and IT operations to compensate

- EBIT development (before exceptional items) positive due to lower depreciation and amortisation charges

- Net profits substantially lower than in 2001 due to absence of one-off gains on the sale of 25% of Swisscom Mobile and the sale of real estate
- However:
  - First time positive effect of share buy back on share ratios (EPS, CPS)
In summary
Commitment to value orientation - optimise cash returns on capital deployed

1. full focus on performance improvement of existing core business

2. sensibly weight the alternatives for further improvements in capital efficiency:

- **Continued share buy backs**
  - enhancing per share performance
  - optimising capital structure
  - creating attractive yields for shareholders and relative value enhancement
  - … but not an instrument to grow absolute cash flows

- **High yield acquisitions**
  - improving the company’s total Free Cash Flow yield, without substantially changing its risk profile
  - creating growing cash flows and absolute value enhancement
  - … but not an instrument that can be applied without rigorous investment criteria

“Swisscom’s Way” is to pick the best alternative - or even combine
Thank you for your attention

For further information, please contact:

Swisscom - Investor Relations
ph. +41 31 342 2538
fax +41 31 342 6411
or visit our homepage: www.swisscom.com/ir