

Swisscom: “In time to TIME”

Carsten Schloter, CEO Swisscom AG

Credit Suisse Equities Conference New York
28 September 2006

In time to TIME

Agenda

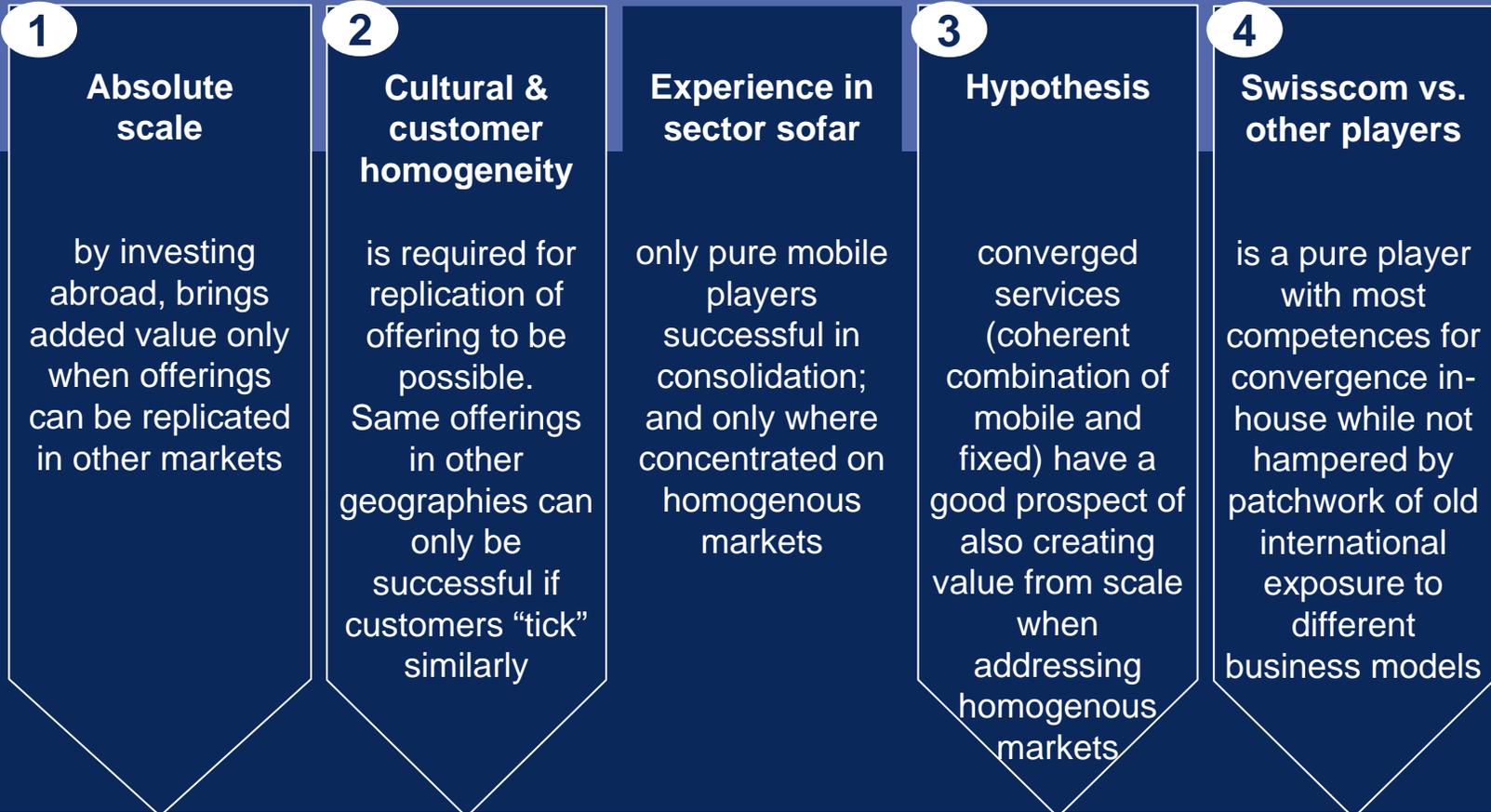
A. Consolidation

B. Convergence

C. Swisscom goal, logic, strategy and profile

A. Consolidation

Logic:



**Convergence might well be a driver for a sensible Consolidation:
valuable if the same converged services can be replicated in homogenous markets**

B. Convergence

Opportunities from Convergence:

Residential customers

- triple screen, one service
 - better accessibility across devices

Business customers

combining IT and Telecom Offerings

Telephony

- all access wireless and fully mobile
 - offering intelligent integration that standalone players can not match

Pricing

- bundles
- more tactical – little potential for differentiation

Cost containment

substantial “sanitation” opportunities arising from convergence: NGN networks, architecture – standalone players at significant disadvantage

Convergence: opportunity on multiple dimensions

C. Swisscom goal, logic, strategy and profile

Goal:

“in time to TIME”

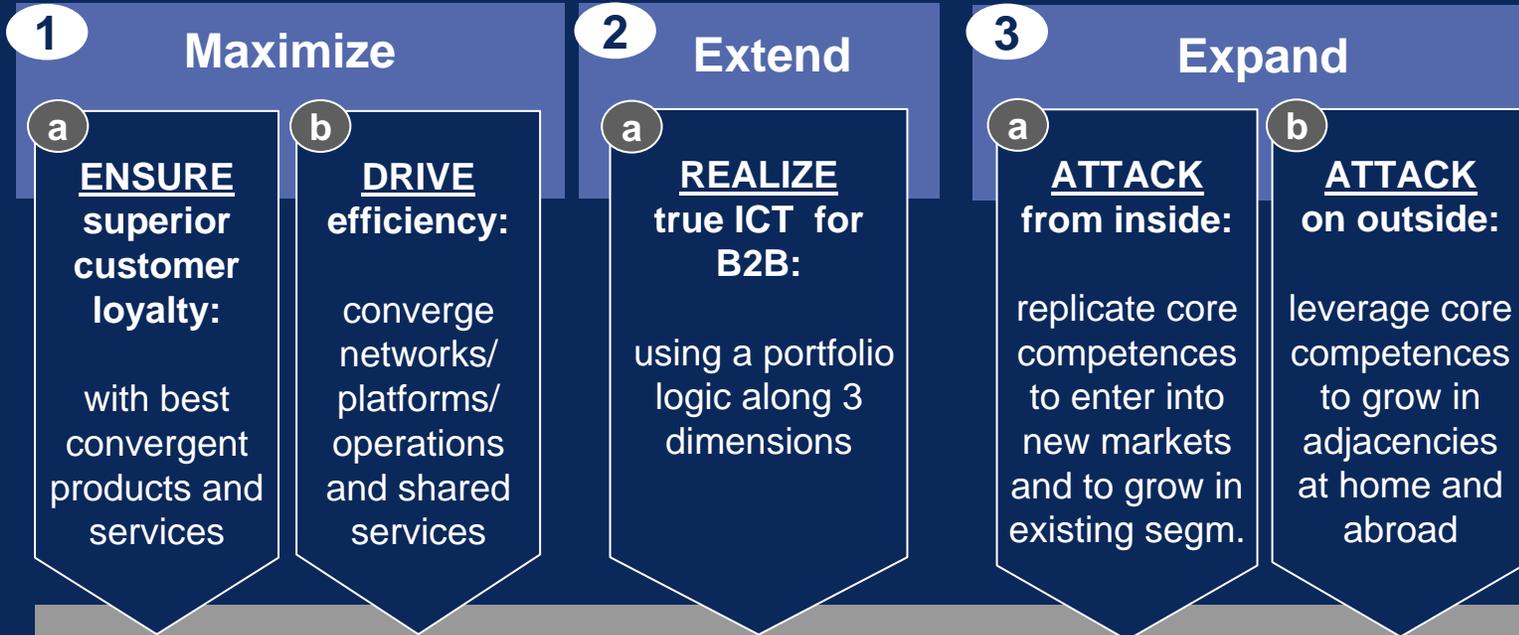
new TIME business to compensate erosion of Access & Traffic by 2008/2009

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”



Profile 2009:

“streamTIMEd !”

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

From customer satisfaction to customer enthusiasm...

1

Maximize customer experience – what is the way forward?

a

ENSURE

best offering:

- access bundling
- multiple access networks, one experience
- many devices, one experience

best service levels:

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

2006: a 'time' where, by leveraging our broad offering spectrum, the focus is 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 is on developing methods and organisational structures beyond simple optimization to significantly curb operating costs

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

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

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 rather 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 will lead to further moves into other markets and existing segments

...and leverage own core competences

3

b

ATTACK on outside

Expand – what is the way forward?

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

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

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."

For further information, please contact:

phone: +41 31 342 6410

fax: +41 31 342 6411

<mailto:investor.relations@swisscom.com>

www.swisscom.com/ir