

Swisscom: “In time to TIME”

Carsten Schloter, CEO Swisscom AG

Morgan Stanley Conference, Barcelona
17 November 2006

In time to TIME

Agenda

A. Consolidation

B. Convergence

C. Swisscom strategy

D. Conclusion

A. Consolidation

Logic:

Absolute scale

by investing abroad, brings added value only when offerings can be replicated in other markets

Cultural & customer homogeneity

is required for replication of offering to be possible. Same offerings in other geographies can only be successful if customers "tick" similarly

Experience in sector so far

only pure mobile players successful in consolidation; and only where concentrated on homogenous markets

Hypothesis

converged services (coherent combination of mobile and fixed) have a good prospect of also creating value from scale when addressing homogenous markets

Swisscom vs. other players

is a pure player with most competences for convergence in-house while not hampered by patchwork of old international exposure to different business models

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 Strategy

Strategy:

“3 Pillars, 1 outcome”

1

Maximize

ENSURE
superior
customer
experience

DRIVE
efficiency

- Change business model to customer segments

2

Extend

REALIZE
true ICT for
B2B

EXTEND
beyond
connectivity
for B2C

3

Expand

ATTACK
from inside
by
replicating
own core
competence

ATTACK
on outside
by
leveraging
own core
competence

Profile 2009: best-in class organization offering integrated TIME portfolio of services: “streamTIMEd”

D. Conclusion

Maximizing value in core business:

- use convergence as a powerful lever for differentiation
- migrate to a customer segment focused organization and 1 all-IP network to improve substantially existing cost structure
- take benefit of regulatory environment which honors investments in new technologies

Option & value creation by using leverage potential:

- acquisitions
- build ups
- buy backs

**Swisscom's investment case:
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