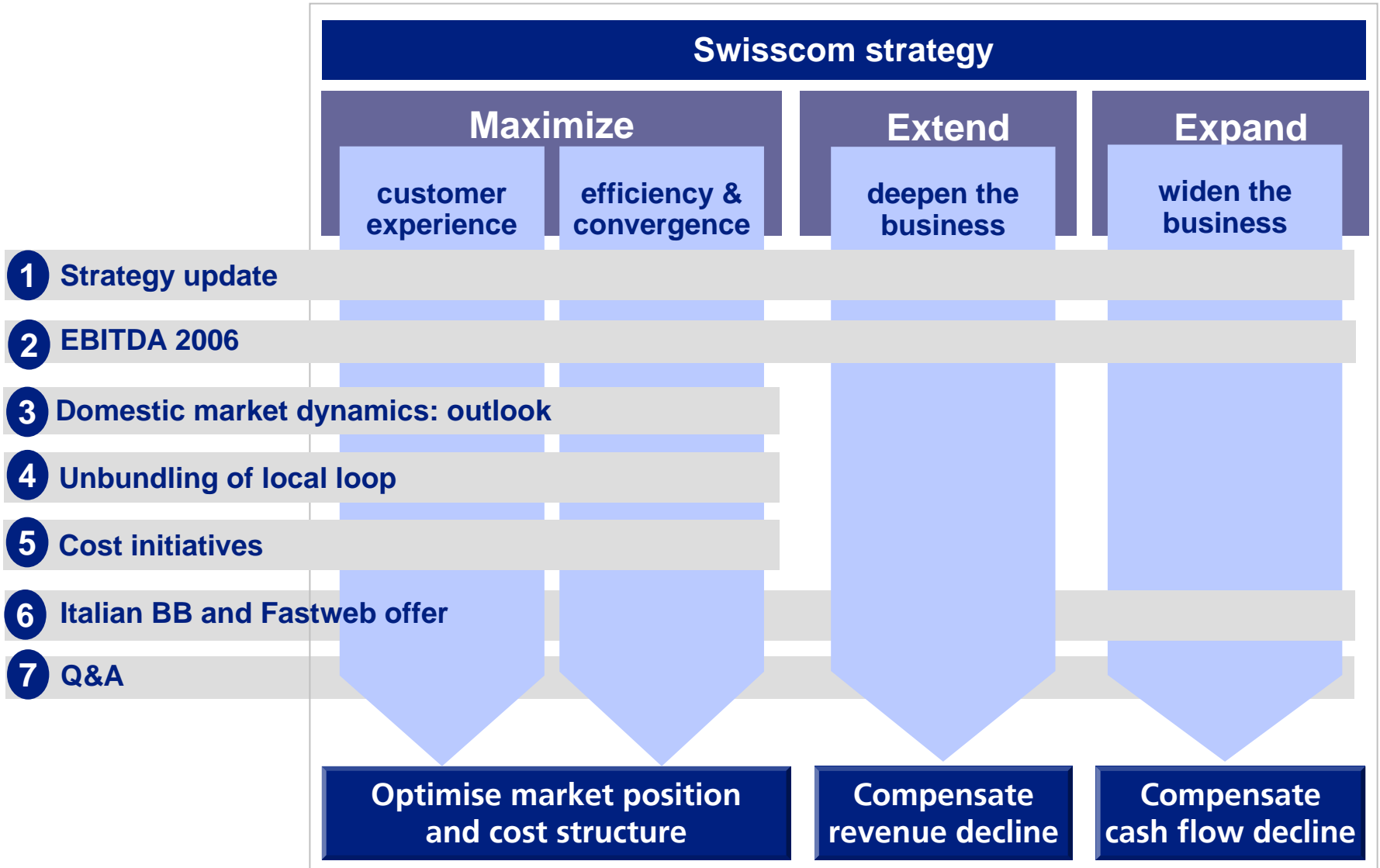


In Transition

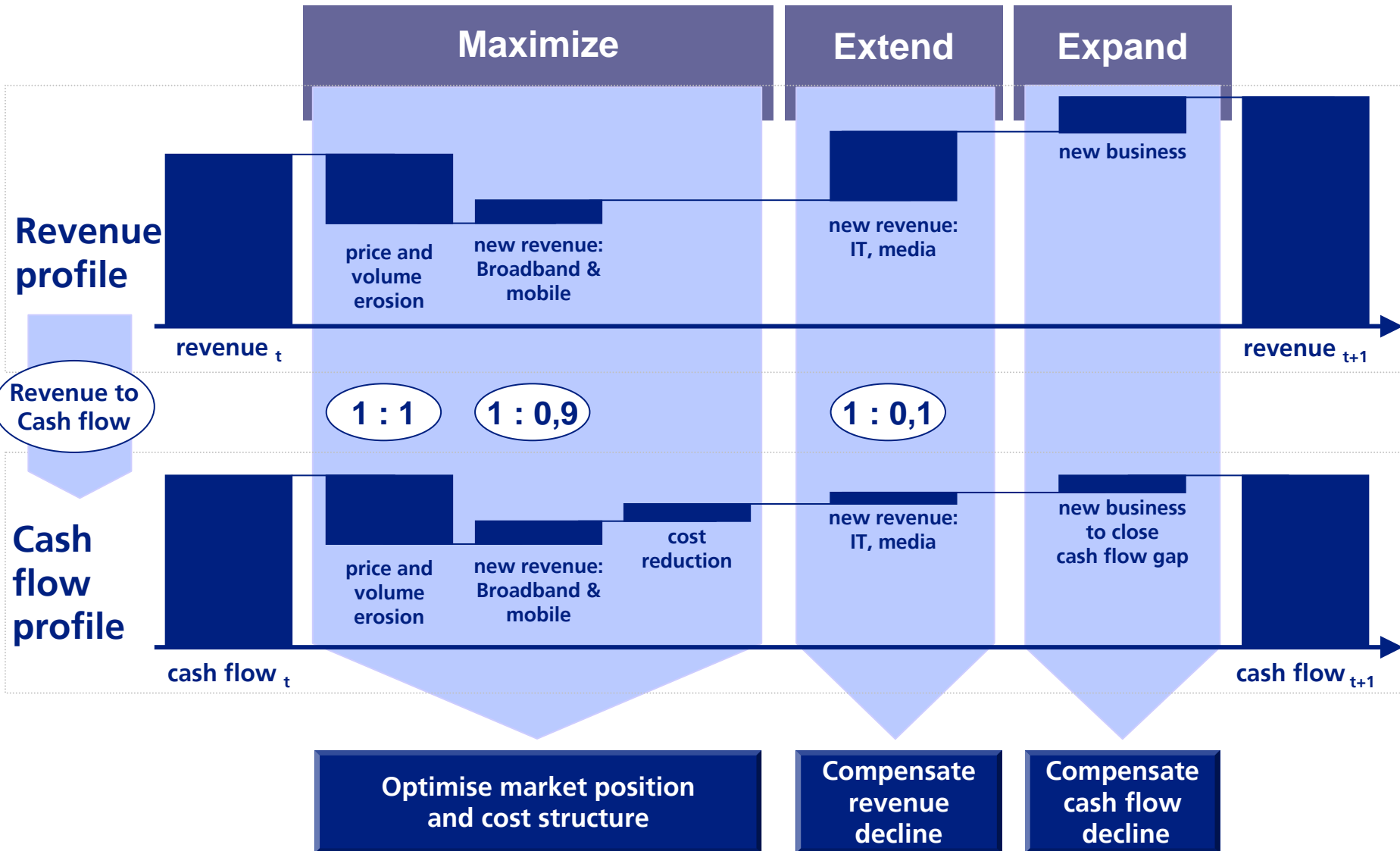


Citigroup's 7th Annual European & Emerging Markets Telecoms Conference
London, 29 March 2007

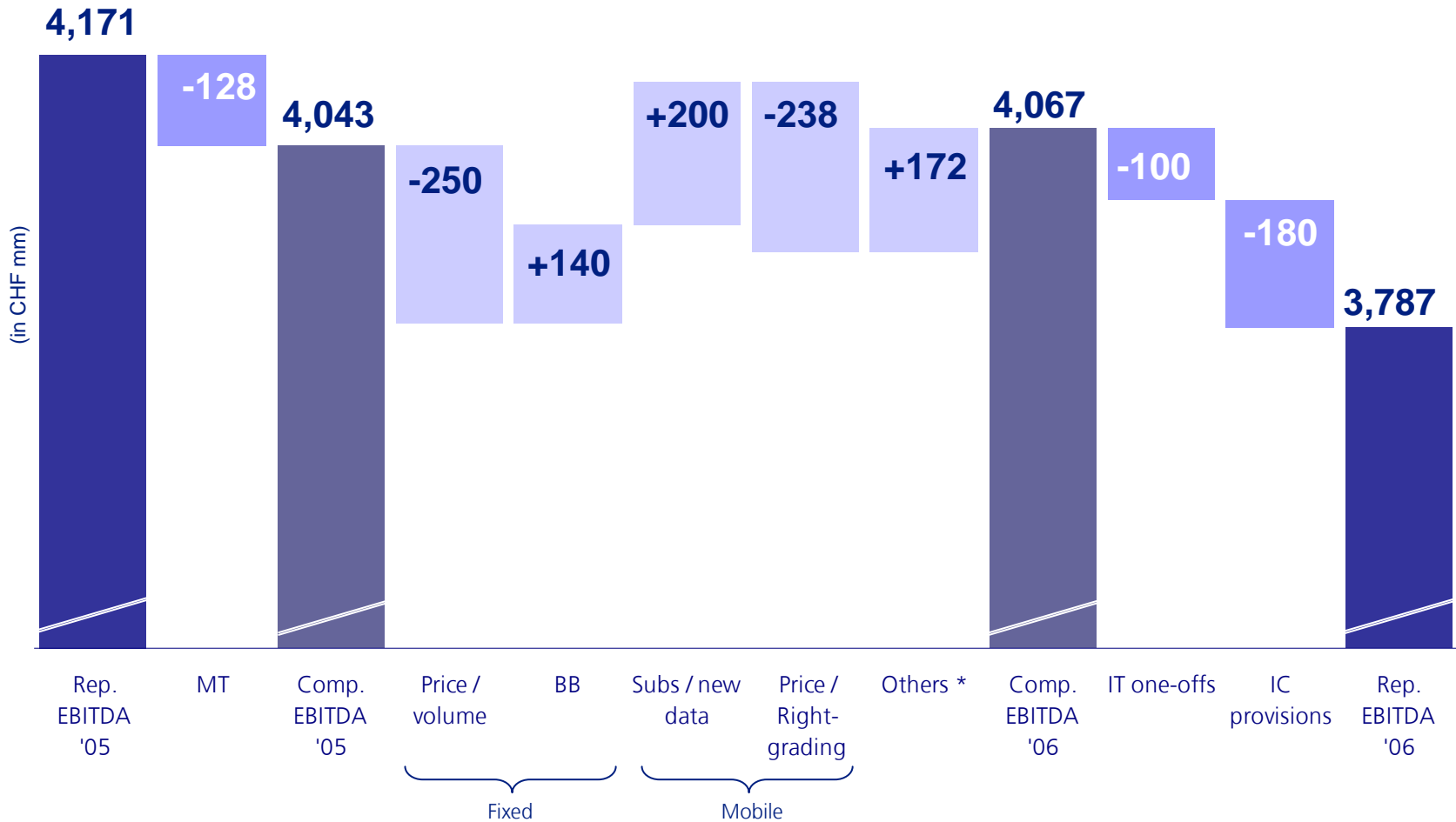
Agenda



1 Strategy update



2 Helicopter Perspective of EBITDA 2006



MT, IT one-offs and IC provisions affect EBITDA by CHF -0.4bln

*Others consist of effects from roaming adjustments (CHF 68mm), 1st time consolidation of Antenna Hungaria (CHF 43mm), cost savings and other improvements

3 Domestic Market Dynamics

Maximize

Extend

Expand

Mobile

- Continuing subscriber growth
- ARPU erosion to slow down
- advanced data well above EU average
- No particular threat from MVNO/no-Frill

Fixed

- Line losses reducing
- Broadband growth continues
- Cable digitalization at early stage
- Strong Broadband VDSL value proposition
- Successful IPTV launch with attractive offer
- High setup costs for IPTV

Comparable EBITDA 2007: Mobile up, Fixed down

4 Unbundling of Local Loop

Maximize

Extend

Expand

Ex-post
regime

Copper ULL
April '07

VDSL

- LRIC based prices announced
- Definitive prices not before mid '08

- No bit-stream access – legal position stable at least until mid '08
- Only offer for full access, ducts, rebilling and leased lines

- Fiber/VDSL excluded by law from unbundling
- Introduce VDSL retail offer
- Establish superior non-regulated VDSL wholesale offer

Outlook 2007: limited line losses from ULL but price pressure expected

5 Cost Initiatives

Maximize

Extend

Expand

Network

- One all-IP network
- Converged platform and rationalized production

2013 savings p.a.¹⁾

~330

Overhead

- Real estate
- Shared services
- SAP optimization

~120

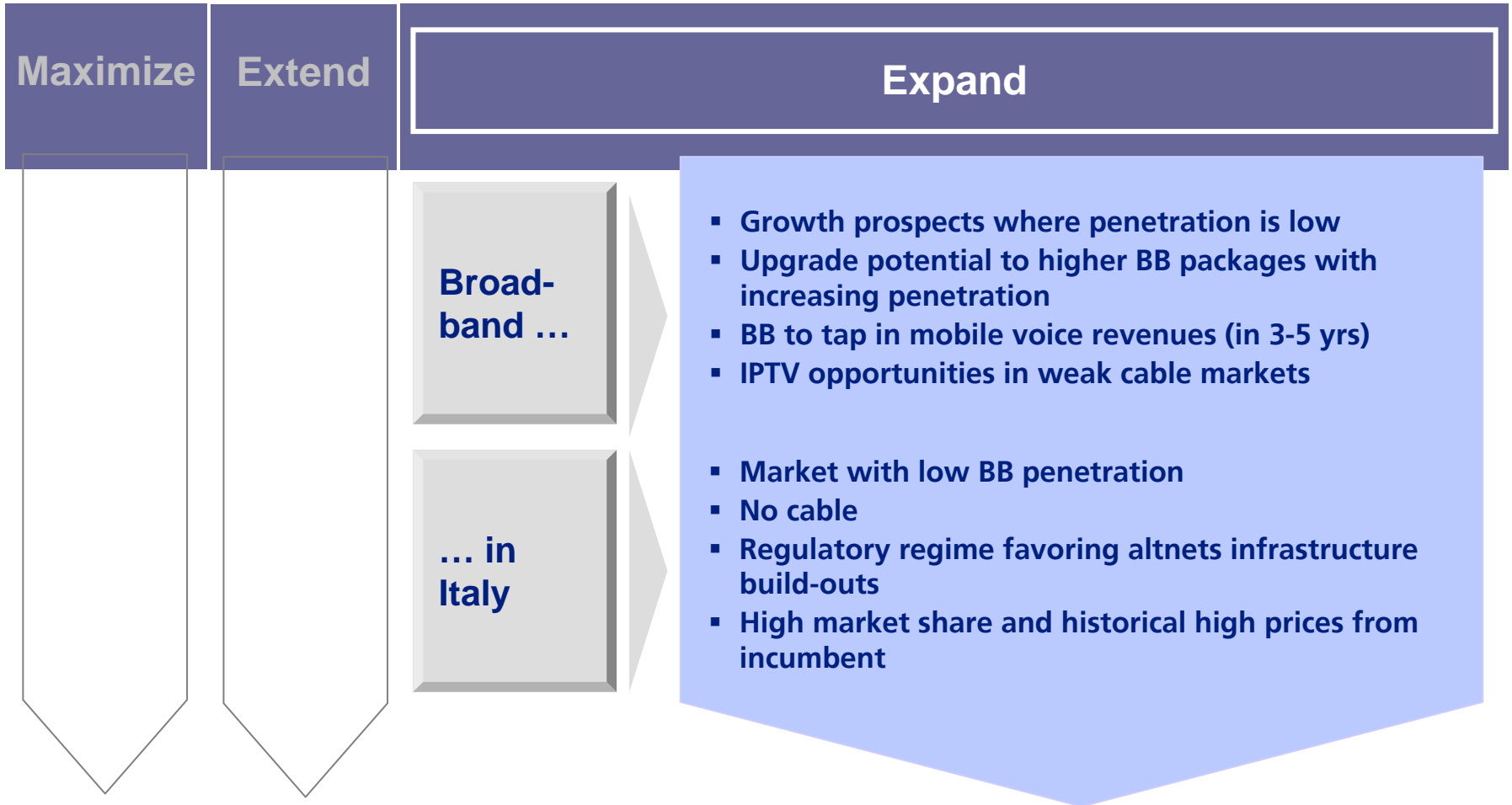
Business Model

- Eliminate duplication (IT, admin)
- Establish one network organization

Goal 2013: reduction of annual cost by CHF 450mm

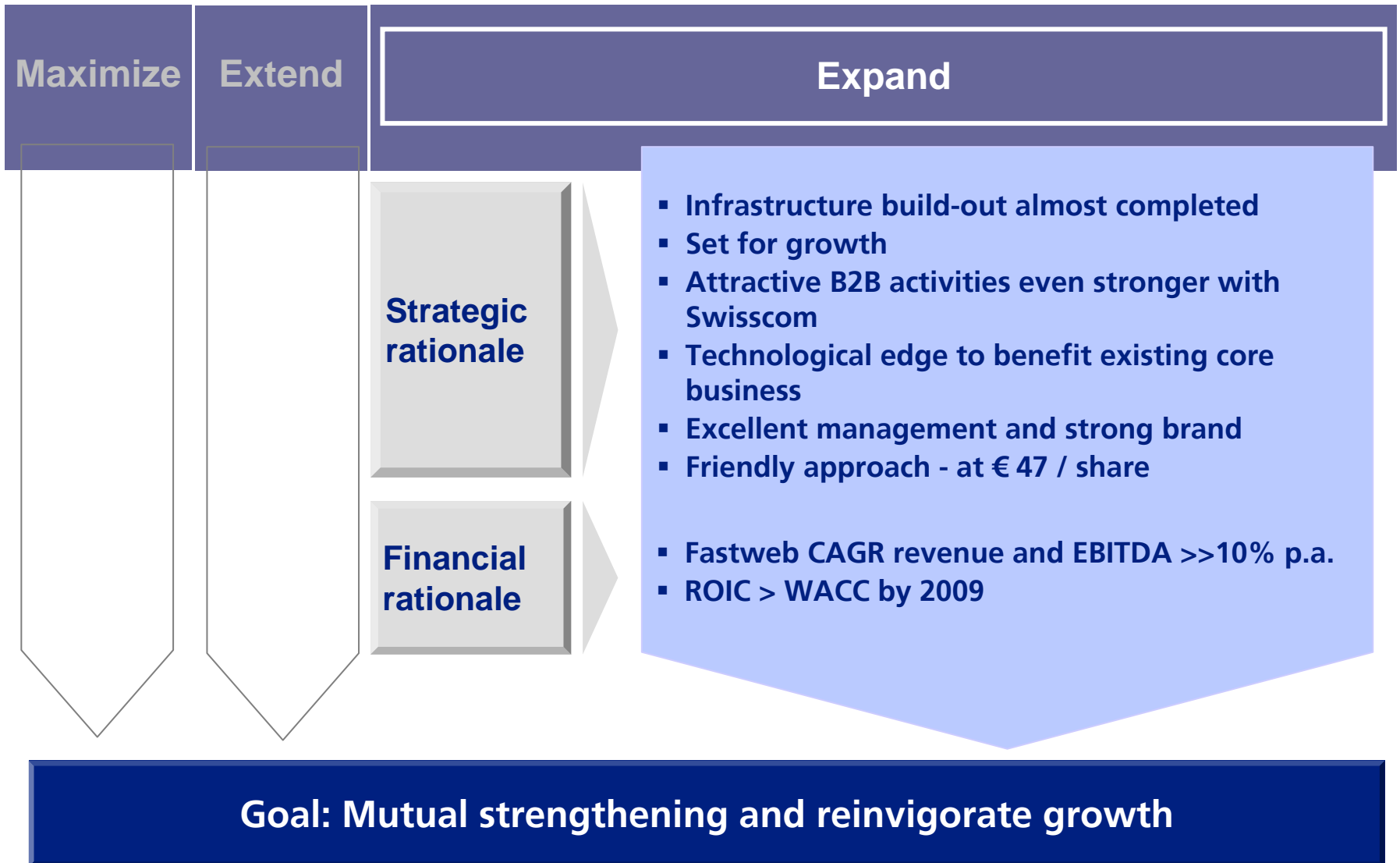
1) Management estimate in CHF million, reduction of annual operating expenses from 2013 compared to 2006

6 Promising BB Market in Italy



Italy is one of the most attractive large scale BB opportunities

6 Fastweb Offer



7 Questions & Answers



Thank you for your attention!

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.

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