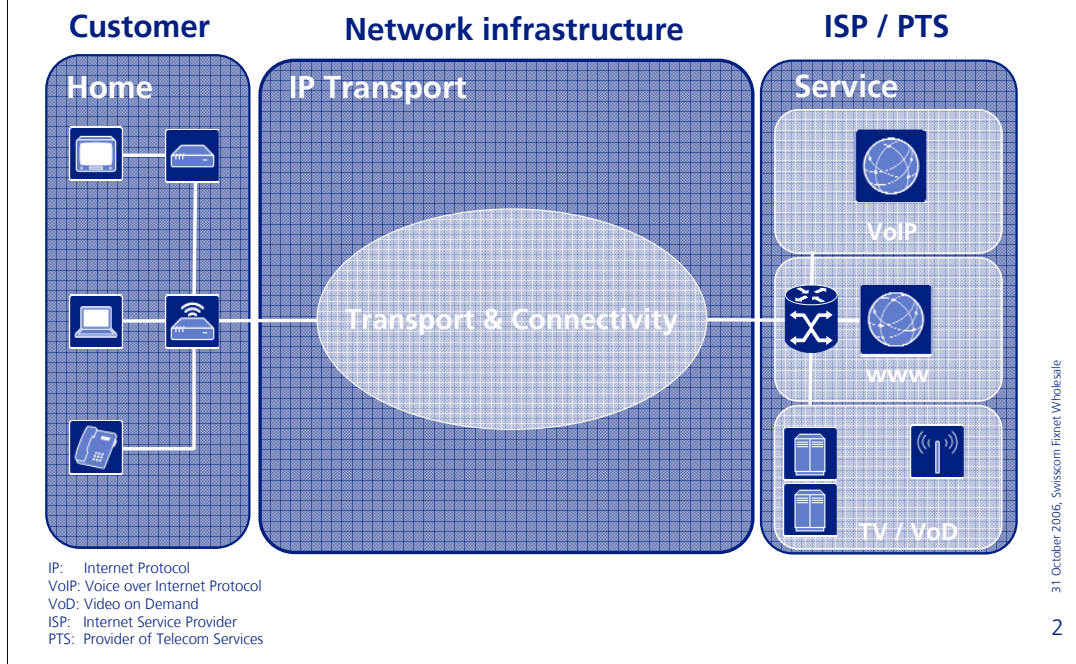


Leading Edge Network Infrastructure for the Multimedia World of Tomorrow

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31 October 2006

The Triple Play Structure: 3 Areas



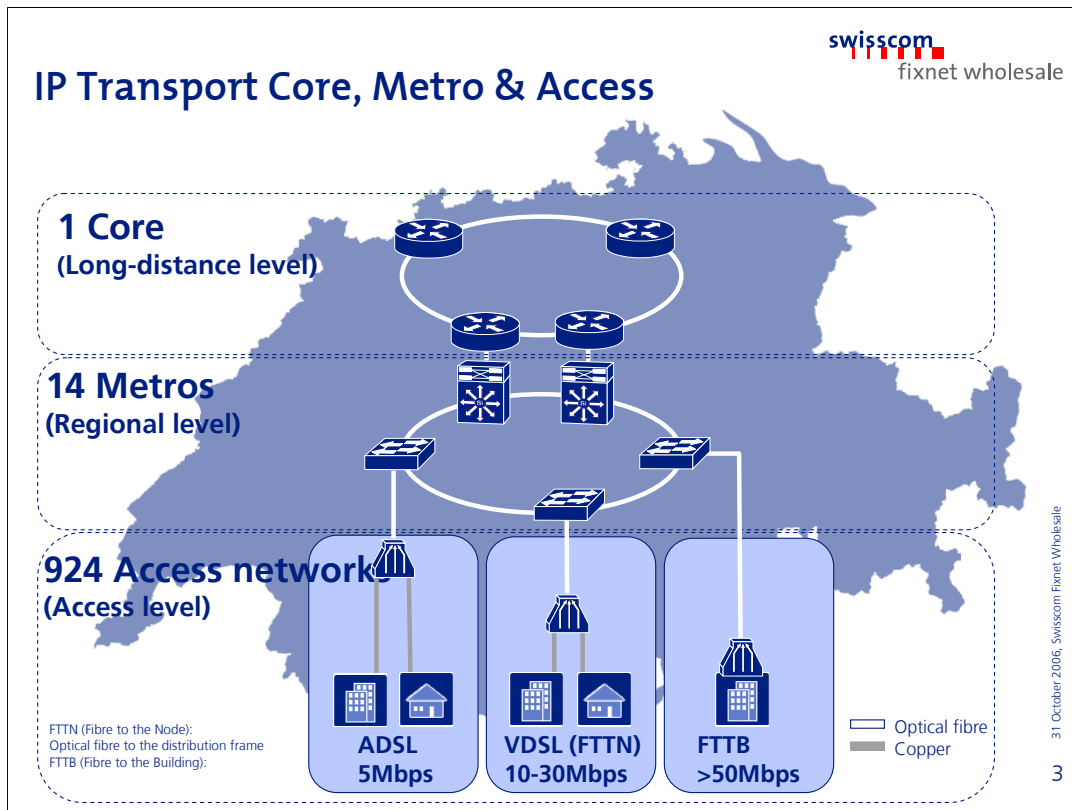
The Triple Play structure can be divided roughly into three areas as follows:

1. **Customer:** At one end, the customer's home infrastructure, with modem and terminal devices such as telephone, PC, set-top box and TV.
2. **Service provider:** At the other end, the service provider (e.g. Swisscom Bluewin), providing the applications and server to meet the customer's communication requirements.
3. **Network infrastructure:** Provides the connectivity for data transport between customer and provider.

Triple Play delivers high-speed Internet services, voice services and video/audio services: i.e. multimedia services.

Swisscom is demonstrating one example of such Triple Play services today, with the launch of Bluewin TV.

The next few slides focus on the network required for such services.



The future multimedia world (high-speed Internet, voice services and video/audio services) places high demands on network speed and transmission quality. These requirements were defined by the "Construction Programme" for enhancing Swisscom's IP network.

Put simply, there are three levels:

1. The access network: High-speed

- An access network based on high-speed access technology is required to ensure seamless high-bandwidth access to multimedia services in the future.
- Today's ADSL technology uses the existing copper network to deliver high-speed Internet access to customers directly from the local exchange. In addition, Swisscom is now bringing the optical-fibre infrastructure with new VDSL technology one step closer to the customer via additional distribution frames.
- This way, Swisscom is increasing its customers' capacity to between 10 and 30 Mbps.

2. Edge: Reliability through redundancy

- The next level aggregates the many VDSL distribution frames over local exchanges.
- To ensure, for example, interference-free transmission of live TV match coverage, the aggregation network must be configured redundantly. If a network node is faulty, customers can continue watching a live match undisturbed, since the redundant system guarantees reliable transmission.
- 14 regional networks, called "metros", were upgraded with 10 GB Ethernet rings (Ethernet Access Platforms, EAP).

3. Core: Sufficient capacity

- To cope with the huge volume of network traffic which the planned new multimedia services (particularly TV) are expected to create, the long-distance or "core" network needs to have broad "highways" - i.e. sufficient capacity.
- The 14 metro regions are aggregated at this level. This is also the level at which the applications, server and gateway to other networks are connected.
- Only the very latest generation of routers can meet the capacity, lead time, quality and availability requirements of the network operator, Swisscom.

Access: Current status of ADSL

Greatest geographical coverage in Europe

- > 98%, including local and regional networks
- more than 1400 locations equipped

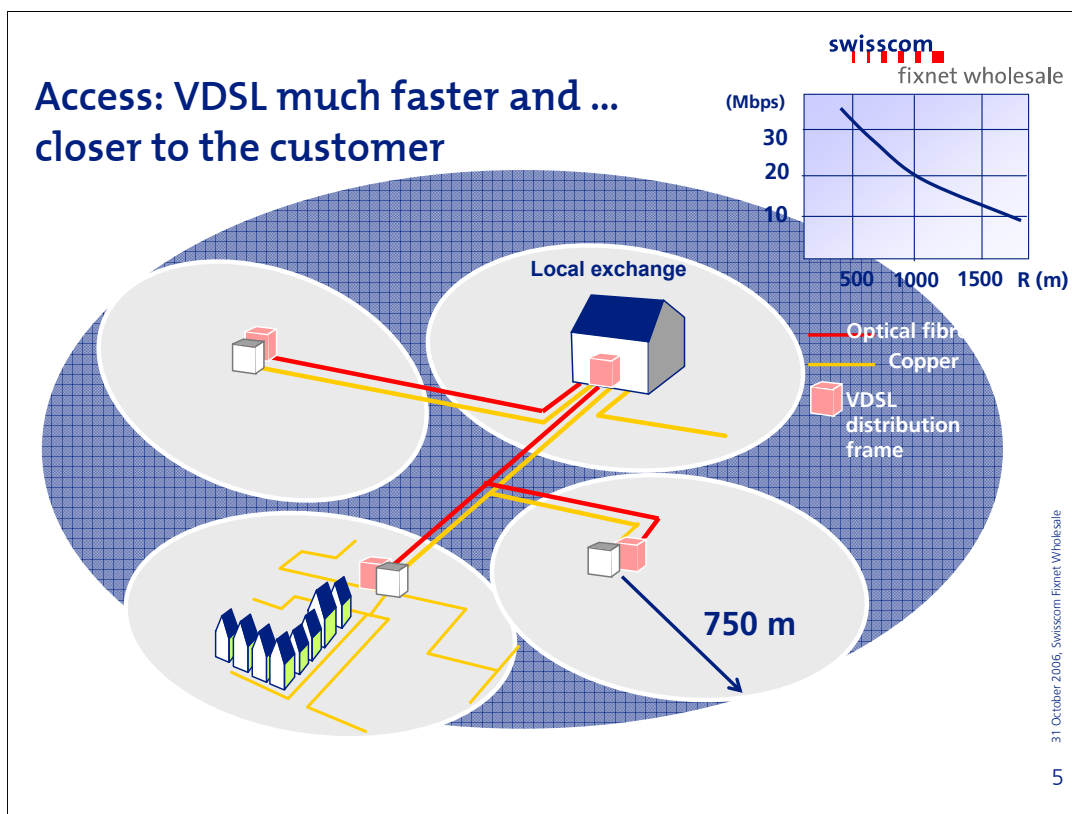
One of the highest penetration rates in Europe*

- 41%** of Swiss households
- more than 1.3 million customers (30.9.2006)

ADSL entails technological bandwidth constraints (approx. 5 Mbps)

* World Broadband Statistics Q2 2006

**XDSL / ADSL Swisscom Broadband Penetration



Access network: Faster and closer to the customer with VDSL

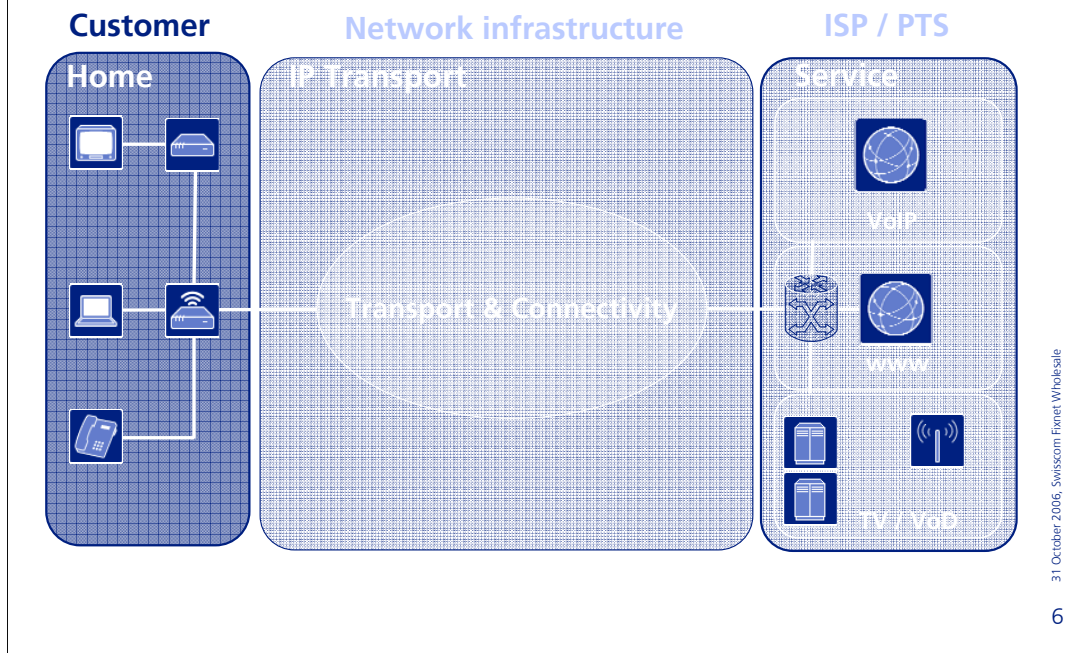
The access network must become denser in order to offer future multimedia services in optimal quality.

In principle, the shorter the copper cable distance between the distribution frame (DSL equipment) and the end customer, the higher the possible bandwidth. The latest VDSL technology takes full advantage of this rule.

As a result, it was decided to incorporate the VDSL equipment (so-called DSLAM*) in the distribution frames at a lower level in the access network. This significantly shortens the copper distance to the customer and substantially increases the available bandwidth to between 10 and 30 Mbps. However, this necessitates the installation of optical fibres between the local exchange and the VDSL distribution frame, which in turn requires a high level of investment and significant expenditure to set up the infrastructure (distribution frames and optical fibres).

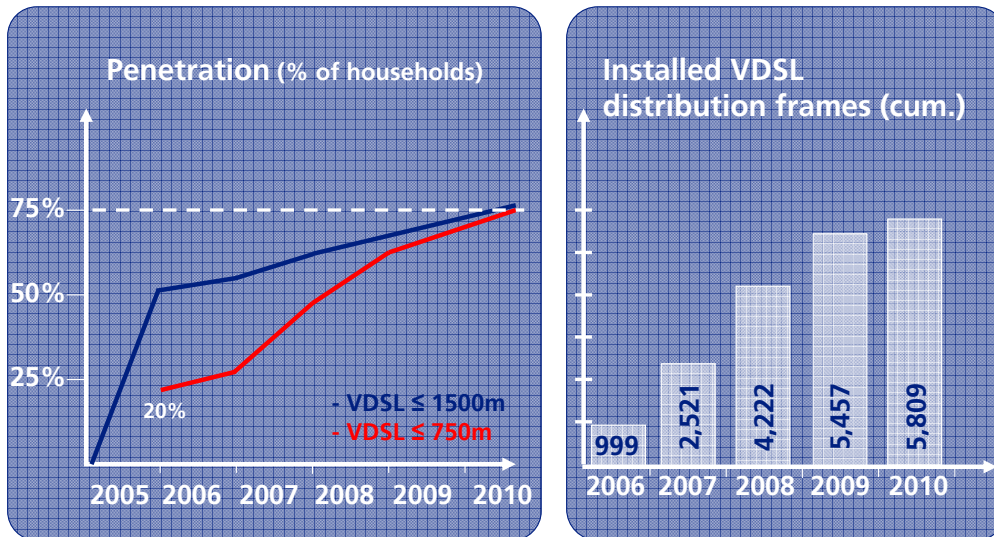
(* DSLAM stands for Digital Subscriber Line Access Multiplexer. Within the distribution frame, the DSLAM connects the optical fibres with the copper cables.)

The customer's infrastructure



The infrastructure at the customer's home: VDSL modem, set-top box and terminal equipment such as phone, PC and TV.

Penetration and expansion of VDSL distribution frames



31 October 2006, Swisscom Fixnet Wholesale

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75% penetration by 2010

Expansion will result in nationwide VDSL coverage of approximately 75 percent by 2010. To this end, some 5,800 new distribution frames will be built.

To accelerate geographical expansion of VDSL in the initial phase, VDSL cells will be built with a copper distance of 1,500 metres. Smaller cells with a radius of 750 metres will be gradually added to these 1,500m cells and eventually replace them, increasing bandwidth up to 30 Mbps.

Swisscom's broadband IP infrastructure

- Sustainable coverage of residential and business customers' future broadband requirements, coupled with high-quality multimedia services
- Rollout of state-of-the-art VDSL and Ethernet technology (leading edge in Europe)
- By 2010, approx. 75% penetration in Switzerland with bandwidth up to 30 Mbps

Between now and 2010 Swisscom aims to completely rebuild and expand its broadband infrastructure. This represents Swisscom's largest construction project since it embarked on network digitisation at the end of the 1980s.

With its new network infrastructure, Swisscom is aiming to meet the fast-growing demand for broadband among residential and business customers, and to offer high-quality multimedia services.

Thanks to this new network infrastructure, Swisscom is among the most advanced and dynamic Triple Play operators in Europe.

Swisscom was a global pioneer with development of VDSL (Very High Speed Digital Subscriber Line) technology, and is now at the cutting edge of this technology in Europe. In contrast to ADSL 2+, VDSL will cover broadband requirements in the long term since it delivers 10 to 30 Mbps.

By 2010 Swisscom is aiming to make this high-speed infrastructure (10 to 30 Mbps bandwidth) available to some 75% of the Swiss population. In so doing, Swisscom is further contributing to the attractiveness of Switzerland as a centre of business.

Between now and 2010 Swisscom will be investing some CHF 600 to 700 million in VDSL expansion (part of Swisscom Fixnet's annual capital expenditure of CHF 500 to 600 million).