

# 2003 Annual Report

Swisscom AG

## Imagery

Is Swisscom a David among Goliaths? Or a giant among dwarves? The answer: both. Measured on the basis of our financial figures and traffic statistics as well as our proud tradition of social responsibility, Swisscom is and remains a major fixture on the Swiss landscape: an integral part of the community and the economy. A few statistics illustrate this point: almost four million mobile customers and over three million fixed-network customers, revenues of CHF 10 billion, the eighth-largest employer in Switzerland, some 900 apprentices, and annual orders that contribute well over a billion francs to the domestic economy.

If we compare Swisscom on an international scale, however, the picture is very different. For Swisscom, venturing over the border is akin to the exploits of Jonathan Swift's Gulliver, when he traveled from Lilliput to the land of giants. By way of comparison, Vodafone (Swisscom Mobile's partner) boasts over 125 million mobile subscribers; and China Telecom has a potential customer base of over one billion. With our handful of activities in Europe, we are a dwarf by global standards. Only our financial strength is a significant factor in international terms: we have one of the soundest balance sheets of all major telecoms companies in Europe.

"Size" is the theme of the imagery used throughout this Annual Report.

# Contents

- 2 Imagery
- 4 Highlights in 2003
- 6 Key figures at a glance
- 7 Strong balance sheet – review of 2003
- 13 Major holdings
- 15 Swisscom Fixnet – growth of broadband in the fixed network
- 20 Swisscom Mobile – further increase in revenue and customer base
- 24 Swisscom Enterprise Solutions – one-stop shopping
- 27 debitel – interface between network operators,  
retail and end customers
- 28 Other important business areas
- 34 Satisfied customers – the cornerstone of our success
- 36 Environmental management at Swisscom –  
an integral part of sustainable corporate management
- 44 Swisscom – a fair employer
- 50 The Swisscom share – a sound investment
- 52 Serving the community and the economy
- 55 Organization

## Highlights in 2003

### January

The SMS boom reaches a new high, with close to 30 million SMS messages sent over the Swisscom Mobile network over the New Year period.

### February

Swisscom provides the infrastructure for the Alpine World Ski Championships in St. Moritz. At the same time, Swisscom Broadcast launches a pilot trial with digital TV (DVB-T) in the Engadine.

### March

Swisscom establishes a new subsidiary, Swisscom Eurospot. The company specializes in the installation and operation of WLANs (Wireless Local Area Networks) in busy public locations across Europe such as hotels, airports and congress centers, providing WLAN customers with broadband wireless access to the Internet.


Swiss mobile communications celebrates an anniversary: ten years ago, on March 1, 1993, the former Telecom PTT commissioned the NATEL<sup>®</sup> D mobile network. Since then, the number of mobile subscribers in Switzerland has risen to over five million.

### April

Swiss market leader in telecommunications stays on the ball: Swisscom becomes official sponsor of the Swiss Football Association and the Swiss national football teams. In addition, Swisscom Fixnet acquires the titular rights to the popular Swiss Football Cup, now called the Swisscom Cup.

### May

Swisscom offers unions an extension of the existing collective employment agreement and social plan for another two years until the end of 2005. By so doing, the Group sends a positive signal to social partners and underlines its responsibility as a major Swiss employer. The collective employment agreement covers some 16,500 employees (approximately 14,000 FTEs).



At sunrise,  
even a dwarf  
casts a long  
shadow.

### June

Internet for Schools: the primary school in Nussbaumen (Canton of Thurgau) becomes the 2,000<sup>th</sup> Swiss school to acquire free broadband access to the World Wide Web. The aim of the Swisscom initiative is to connect all of Switzerland's 5,000 or so schools by the end of 2006.

### July

Bridging the post-apprenticeship gap: Swisscom bridges the gap between apprenticeship training and permanent employment by offering a six-month fixed-term contract to apprentices who are due to complete their apprenticeship with the Group in the summer of 2003 but have not yet found employment.

### August

Demand for broadband Internet access remains high: Bluewin registers its 200,000<sup>th</sup> ADSL customer. ADSL technology enables fast Internet access over the telephone cable.

### September

Swisscom presents the mobile office and ADSL for SMEs at the Orbit/Comdex trade fair in Basle. Swisscom Directories launches an online address book.

### October

ITU Telecom World 2003, the most important trade fair for the latest trends in telecommunications, opens in Geneva. Under the motto "Communications for Switzerland", Swisscom showcases innovations such as a new solution for secure, seamless handover between different mobile networks.

### November

Swisscom Mobile launches Vodafone live! on the Swiss market. The new portal for mobile phones delivers multimedia applications such as games, camera, entertainment and information services.

### December

Swisscom Fixnet announces a plan to double the current ADSL bandwidth for residential customers from February 2004. In addition, an offering with 2,400/200 kbps (download/upload) is to be launched.

Swisscom subsidiary Billag acquires T-Systems Card Services AG, thereby gaining a leading position in Switzerland as a provider of third-party billing services. With a workforce of 137, T-Systems Card Services AG develops customer loyalty concepts based on customer cards and is also responsible for billing customer cards.

## Key figures at a glance

In CHF millions, except where indicated		2002	2003
<b>Swisscom Group</b>			
Net revenue		14 526	14 581
Operating income before one-time items, depreciation and amortization (EBITDA) <sup>1)</sup>		4 413	4 641
As percentage of net revenue	%	30.4	31.8
Operating income (EBIT) before one-time items <sup>1)</sup>		2 408	2 716
Impairment of goodwill		(702)	(280)
Operating income (EBIT)		1 706	2 436
Net income		824	1 569
Shareholders' equity		7 299	7 669
Equity ratio <sup>2)</sup>	%	43.0	46.4
Number of full-time equivalent employees (FTEs) at end of period <sup>3) 4)</sup>	FTE	20 470	19 207
Average number of full-time equivalent employees <sup>5)</sup>	FTE	20 910	19 804
Revenue per employee	In CHF thousands	695	736
EBITDA per employee	In CHF thousands	211	234
Net cash provided by operating activities		3 785	4 732
Equity free cash flow <sup>6)</sup>		1 119	2 913
Capital expenditure		1 222	1 213
Net debt (net funds) <sup>7)</sup>		642	(1 492)
<b>Swisscom AG</b>			
Net income		2 724	1 154
Shareholders' equity		5 216	5 046
Dividend		794	861*
Capital reduction		530	–
<b>Key figures per share</b>			
Weighted-average number of shares outstanding (par value CHF 9.00 and CHF 1.00 respectively)	Millions	67.648	66.2
Price per share (high/low)	CHF	519/360	438.5/367
Closing price at end of period	CHF	400.5	408
Net income	CHF	12.18	23.7
Shareholders' equity	CHF	110.25	115.85
Gross dividend	CHF	12	13*
Capital reduction	CHF	8	–
Payout ratio <sup>8)</sup>	%	164.19	54.85*
Market capitalization at end of period		26 514	27 011

\* In accordance with the proposal of the Board of Directors to the General Meeting of Shareholders.

<sup>1)</sup> Exceptional item in 2002: goodwill impairment of CHF 702 million.  
Exceptional item in 2003: goodwill impairment of CHF 280 million.

<sup>2)</sup> Shareholders' equity as percentage of total assets.

<sup>3)</sup> Includes 3,299 and 3,123 debit employees at December 31, 2002 and December 31, 2003, respectively.

<sup>4)</sup> Excluding 252 and 360 WORK\_LINK employees at December 31, 2002 and December 31, 2003, respectively.

<sup>5)</sup> Excluding 218 and 295 WORK\_LINK employees at December 31, 2002 and December 31, 2003, respectively.  
See Note 7 of the Financial Review.

<sup>6)</sup> Definition of equity free cash flow: net cash provided by operating activities and cash flows from investing activities, less net investment in property, plant and equipment and other intangible assets, debt repayment (excluding finance lease obligations) and dividends to minority shareholders.

<sup>7)</sup> Definition of net debt (net funds): total debt less cash and cash equivalents, current financial assets and financial assets from cross-border tax lease transactions.

<sup>8)</sup> Gross dividend and par value repayment as percentage of net earnings per share.

## Strong balance sheet – review of 2003



Dear Reader

Despite intense competition, we defended our market position and largely accomplished our objectives of further improving efficiency and reducing costs. With stable overall revenue, Swisscom posted an operating income of CHF 4.6 billion, up 5.2 percent on the prior-year figure. Net income practically doubled year-on-year to CHF 1.6 billion. This excellent result is primarily attributable to performance in Swisscom's core business activities in mobile and fixed-network communications. Group companies Swisscom Mobile and Swisscom Fixnet remain the strongest pillars. Our sound balance sheet – achieved at a time when the economy was generally weak – is indicative of Swisscom's robust health.

Our jubilation is somewhat dampened by the fact that we owe the good financial result primarily to our tight cost management. Added to this, regulatory constraints, which are impeding efforts to exploit new market opportunities in Switzerland, prevented us from achieving further growth in 2003.

We once again exercised great care in managing our shareholders' money in 2003. Of the many participation and acquisition options examined, only one was taken up. We aim to continue our cautious investment policy, making acquisitions only if they are capable of adding sustainable value to the Swisscom Group.

### Signs of recovery?

In the year under review the Swiss telecoms market had to contend with an on-going economic slump. Swisscom companies in the business customer segment felt the impact of a growing cost consciousness on the part of customers. Overall, the demand for services dropped. By contrast, mobile communications continued to grow and the broadband boom showed no signs of abating. Prices in the mass market fell slightly, but came under severe pressure in the business customer segment. The Swisscom share was also affected by negative stock market performance at the beginning of 2003, but recovered towards the end of the year to close with a gain of 1.9 percent.

After the past few years during which investment behavior has been at times irrational and losses correspondingly large, the European telecommunications industry has now stabilized and is showing signs of recovery. New technologies are coming onto the market, driving broadband expansion in the fixed network as well as in mobile networks. We believe that current changes in the way customers communicate will have a strong influence on the market over the next few years. Swisscom is implementing technical innovations in Switzerland and abroad: in the home market, by continuing to offer customers modern, proven, high-quality telecoms services; and abroad, by rolling out attractive new services aimed at acquiring new customers.

#### What future developments do we anticipate?

We expect fixed network and mobile communications to converge even further in the future. Developments in our core business over the past eighteen months lead us to conclude that the future of wireless communications is broadband, as the associated applications are increasingly integrated into laptop and mobile equipment. By contrast, wireline broadband communications is increasingly finding its way into the living room, to support lifestyle elements such as music and multimedia. In future, network operators will be able to offer a wide variety of wireless network access technologies that complement each other and ensure maximum mobility as well as the use of different types of terminal equipment. The successful launch of ADSL, coupled with rapid developments in terminal equipment, provide an ideal springboard for combining voice, Internet and TV-video services over a single connection. In line with this, Swisscom designed a concept based on interactive applications such as video-on-demand, an electronic program guide and personal video recorder functionality. This has been used to develop a Bluewin service which will be the subject of a pilot trial with customers in 2004.

Furthermore, we expect that the growing trend among consumers towards personal preferences and customization will impact customers' needs. We also believe that our customers, particularly those in the business segment, will demand even more one-stop shopping solutions.

<a href="#">An overview of 2003</a>
<a href="#">Swisscom Fixnet</a>
<a href="#">Swisscom Mobile</a>
<a href="#">Enterprise Solutions</a>
<a href="#">debitel</a>
<a href="#">Other business areas</a>
<a href="#">Customers</a>
<a href="#">The environment</a>
<a href="#">Employees</a>
<a href="#">Investors</a>
<a href="#">The community</a>

### What lies behind our success?

In the year under review we consistently pursued and further developed our defined strategy. Our main focus is on the home market, where we command a clear market lead. We aim to continue offering our full range of high-quality communications and IT services throughout Switzerland, and thereby generate added value for our customers. In so doing we make a significant contribution to the information society in Switzerland and remain a reliable backbone for our national economy. Our sustained success is founded on customer satisfaction, which we secure through high-quality and comprehensive service provision and our ability to translate new technologies rapidly into attractive, user-friendly applications and services that offer real benefits. Swisscom's inherent soundness and attractive dividend policy make the Group an interesting prospect for investors. And for the workforce, Swisscom's progressive recruitment and employment conditions and outstanding social benefits make the Group a good and fair employer.

### Changes in our international business

Outside Switzerland we continued efforts launched some years ago to streamline our portfolio, selling off Telecom FL of Liechtenstein and divesting our indirect minority stake in Cesky Telecom. As the Annual Report went to press on March 22, 2004, negotiations were already under way concerning the sale of our German subsidiary debitel. Geneva-based Swisscom Eurospot, founded in March 2003, has made strong inroads in the European market for Public Wireless LAN. Working with roaming partners, Swisscom Eurospot had already set up broadband Internet access points at 1,500 locations in over eight countries by the end of 2003.

### Can a former monopolist be innovative?

At Swisscom Innovations, an interdisciplinary team of some 160 research specialists systematically examines technological developments for their relevance to the Group, and develops concrete innovation proposals based on sound technical and economic criteria. We define innovation in its widest sense as more than just a new technical idea. The following are examples of our innovative capabilities:

- Broadband communications: in 2003 we more than doubled the number of ADSL access lines and came out top in the battle against rival cable network providers.
- Internet for Schools: we are committed to promoting the Swiss information society and have already provided more than 2,600 schools with free Internet access.
- UMTS: at the end of 2003 our UMTS network covered over 50 percent of the Swiss population; Swisscom Mobile is planning to launch the first commercial UMTS services in 2004.

- Mobile communications: in November we launched Vodafone live! with resounding success. By the end of 2003, some 50,000 customers had subscribed to this innovative service.
- Working-hour models: at the beginning of 2004, we introduced two innovative working-hour models (an annual model and an age-related part-time model) at cablex, our network construction and maintenance subsidiary.
- Vocational training: Swisscom has tailored its basic training program to meet the needs of the information and knowledge society. Standardized learning methods have been replaced by instruction in skill profiles increasingly determined by the trainees themselves.

#### What are the risks facing Swisscom?

Since 2001, Swisscom has been practising an integral risk management policy. An independent competence center ensures that significant risks to the Group are identified, evaluated and managed. Alongside growing competitive pressure and the associated price war in the fixed network and mobile telephony areas, we believe that regulation poses the greatest risk to Swisscom. Potential risks could also be inherent in our participations, our social partnership, the comPlan pension plan, and developments in the business customer segment.

#### The last mile: an ongoing issue?

In the fall of 2003 Switzerland's Federal Council adopted its "message" on the revised Telecommunications Act (FMG). Six years after successful liberalization of the telecommunications market, the Federal Council now intends to supplement the current legal obligation to provide interconnection, with an obligation to unbundle the last mile. Over and above this, Swisscom as well as other providers with a telecoms infrastructure will be obliged to grant access to all equipment and services which are required for the provision of telecoms services.

The proposed access obligation will significantly increase market regulation and slow down the dynamics of the telecoms market. Under certain circumstances, telecoms providers who do not wish to invest in their own infrastructures will benefit from network providers' investments at officially regulated prices. Every

An overview of 2003
Swisscom Fixnet
Swisscom Mobile
Enterprise Solutions
debitel
Other business areas
Customers
The environment
Employees
Investors
The community

investor will then run the risk of having to comply with regulations governing prices and other conditions. Such boundary conditions are an obstacle to investment and innovation, and threaten to impede the information society's sustainable development. We therefore firmly oppose the proposal to extend the current inter-connection regulation by introducing an obligation to grant general access.

#### Trimmed workforce

As a result of high pressure on costs prompted by declining demand, falling prices and lack of growth opportunities, Swisscom was obliged to continue its program of rigorous cost-savings and workforce reductions in 2003. At the end of the year under review Swisscom had 19,207 full-time equivalent employees, 1,263 fewer than in the previous year. The reductions primarily affected Swisscom Enterprise Solutions, Swisscom Systems and Swisscom IT Services: companies active in the business customer segment. All employees affected by the cuts are benefiting from Swisscom's very extensive social plan. Employees who lose their job are assisted by Swisscom subsidiary PersPec in finding new employment, and receive their full salary for 12 to 18 months. Since 1998 Swisscom has invested over CHF 2 billion in the social plan.

#### How sustainable are Swisscom's activities?

The concept of sustainability plays a key role in Swisscom's business activities. Sustainable corporate management is in the interest of all stakeholders. We define sustainability as the ability to retain capital, where "capital" is understood to extend to ecological resources and social values as well as cash. We are only too glad to provide proof of our sustainability in our dealings with customers, shareholders and employees: we manage our corporate capital carefully, strive for high eco-efficiency, practise a transparent, open and unambiguous communication style, are committed to our employees, and deliver countless services that benefit the economy and society. In terms of corporate governance and our management principles, we have set ourselves the objective of being a role model. The high quality of our sustainability and corporate governance is reflected in various share indices such as the Dow Jones Sustainability World Index and the UK's FTSE4Good Index.

Detailed information on corporate governance is contained in the Financial Review (p. 71 ff). Ecological and social aspects of our sustainability are dealt with in the "Social and Environmental Indicators 2003" supplement enclosed with this Annual Report.

### A warm thank you!

We should like to thank our customers and shareholders for their continuing loyalty and unwavering confidence in Swisscom, as well as our social partners for their support and readiness to engage in dialog. Swisscom owes a very special debt of gratitude to its employees, who have shown major commitment and loyalty during a difficult and uncertain time. As in the past, their will to perform, their professionalism and customer-focused approach have created the basis for Swisscom's business success in 2003. The understanding they have shown in the face of sometimes painful decisions deserves our special recognition.

### Outlook

For 2004, we expect to see a modest improvement in the economy, but with competition remaining strong. In our core business in Switzerland, revenue from mobile will increase marginally while revenue from the fixed network is expected to decline slightly. Without the debitel Group, we anticipate consolidated revenue of around CHF 10 billion and operating income before interest, tax, depreciation and amortization (EBITDA) of around CHF 4.3 billion. Capital expenditure, notably in network infrastructure, will amount to approximately CHF 1.3 billion. Our systematic drive to establish greater cost discipline and improve efficiency will continue.

One of our key objectives in 2004 is to enhance customer satisfaction, namely by living up to our brand value of "respect" and focusing our whole way of thinking and behaving on the customer. At the same time, we must press ahead with further developing our customer management organization, optimizing business processes and intensifying our training efforts so that by the end of 2004 all Swisscom customers are not just satisfied customers but also enthusiastic customers.



Markus Rauh  
Chairman of the Board of Directors  
Swisscom AG



Jens Alder  
Chief Executive Officer  
Swisscom AG

## Major holdings

		Swisscom AG		
International	debitel AG	93%		
	Infonet Services Corporation	17.7%		
	Swisscom Eurospot SA	100%		
			Switzerland	
			Swisscom Broadcast AG	100%
			Swisscom Enterprise Solutions AG	100%
			Swisscom Fixnet AG	100%
			Swisscom Immobilien AG	100%
			Swisscom Systems AG	100%
			Swisscom Mobile AG	75%
			Swisscom IT Services AG	71.9%
			Swisscom Directories AG	51%
			Billag AG	100%
			Bluewin AG	100%
			cablex AG	100%
			Infonet Schweiz AG	90%
			SICAP AG	75%

In Lilliput, the land of the dwarves, Gulliver is the giant. Similarly, Swisscom cuts an imposing figure in Switzerland with net revenue of CHF 14.6 billion, operating income of CHF 4.6 billion and a workforce of 19,207. It leads the market for both mobile and fixed voice and data communications, and together with Bluewin boasts the largest number of Internet accesses.

“I attempted to rise  
but was not able to stir.  
For as I happened to lie on my back,  
I found my Arms and Legs were  
strongly fastened on each side to the Ground.”

## Swisscom Fixnet – growth of broadband in the fixed network

In 2003 Swisscom Fixnet reported revenue of CHF 5.8 billion (–6.6 percent) and operating income before interest, tax, depreciation and amortization (EBITDA) of CHF 2.08 billion (+10.7 percent) in its national and international fixed network communications business. The broadband boom continued unabated, while the number of analog lines showed a further decline. With some 7,600 full-time equivalent employees, Swisscom Fixnet is by far the largest company within the Swisscom Group. It includes Swisscom subsidiaries Bluewin AG, Swisscom Directories AG and cablex AG.

Swisscom Fixnet	2002	2003
Net revenue <sup>1)</sup>	6 262	5 846
EBITDA <sup>2)</sup>	1 874	2 075
Employees	8 010	7 657

<sup>1)</sup> In CHF millions

<sup>2)</sup> Operating income before interest, tax, depreciation and amortization in CHF millions

With over 300 providers of telecom services jostling for customers in the Swiss market, Swisscom Fixnet successfully defended its position as clear market leader in the year under review. The company plans, builds and maintains the network infrastructure and sells its network services as well as related services to residential customers, SMEs and resellers. In 2003 Swisscom Fixnet more than doubled the number of ADSL access lines, and Bluewin further expanded its lead in the Internet provider market. Together with Bluewin, Swisscom Fixnet is continuing to upgrade its broadband capacity. Swisscom Fixnet Wholesale serves 32 Internet service providers in Switzerland.

The number of analog lines continued to decline in 2003, ending the year at 3.09 million (–2.4 percent). Growth in ISDN access levelled off. The massive rise in ADSL and Internet connections, a clear indication of the rapid pace of technological change, is also apparent in the fixed network: proof that the long-predicted convergence between IT and telecommunications is becoming a reality.

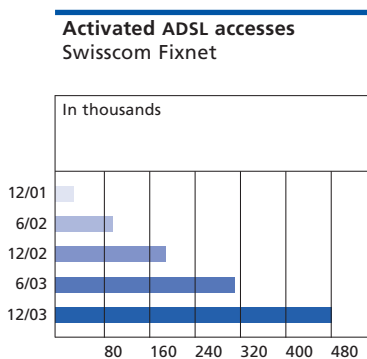
### Simply in touch across borders – Swisscom Fixnet Wholesale

With its 3,300-strong workforce, Swisscom Fixnet Wholesale guarantees secure network operations in Switzerland and maintains a reliable international infrastructure. The company operates all fixed network services and offers network services to third parties. At present, some 140 national and 200 foreign telecoms companies abroad use these wholesale offerings. As an international network provider, Swisscom Fixnet Wholesale is able to rely on its own European and trans-Atlantic telecommunications network.

Using state-of-the-art network platforms and production infrastructures which are continually adapted to changing market requirements, Swisscom Fixnet Wholesale delivers product offerings ranging from regulated interconnection services in the voice area to leading-edge data and leased-line services and broadband services.

**Broadband** Broadband technology uses the same medium to transmit several channels.

**Bandwidth** Bandwidth is the number of information units (bits) that are transmitted per second (bit/s, kbps, Mbps).



ISDN (Integrated Services Digital Network) is a digital communications network for transferring data, text, voice, and images over the same telephone line. There are two or more transmission channels, allowing users to make several calls simultaneously or transfer data at the same time as they make a voice call. The transmission speed is 64 kbps per channel.

In the year under review, sales of broadband accesses showed a marked upswing. By the end of 2003, Swisscom Fixnet Wholesale had around 487,000 activated ADSL access lines, up 150 percent on the previous year. Thanks to expansion of its broadband offerings, Swisscom Fixnet Wholesale expects the number of residential and business customers to increase further in 2004.

The broadband business was not, however, able to fully offset the drop in voice and data revenue. Swisscom Fixnet Wholesale aims to increase efficiency even further and trim costs.

#### Satisfied customers

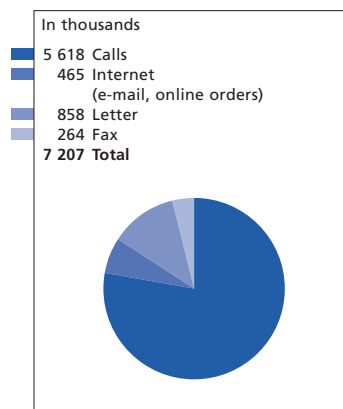
As Switzerland's leading provider of telecoms products and services for residential customers as well as small and medium-sized enterprises (SMEs), Swisscom Fixnet boasts a customer base of 3.2 million, including some 250,000 in the SME segment. Since the beginning of 2004 Swisscom Fixnet has been providing an additional 46,000 business customers with standard solutions previously delivered by Swisscom Enterprise Solutions. With its motto, "Simply in touch", Swisscom Fixnet aims to offer connections that create lasting customer loyalty.

The uppermost maxim of Swisscom Fixnet is customer satisfaction. Efforts to enhance customer focus are bearing fruit, with Swisscom Fixnet receiving good ratings in a number of customer satisfaction surveys.

In April 2003, Swisscom Fixnet launched its "Weekend call International" service, allowing customers to call selected European countries as well as the USA and Canada for CHF 3 an hour. Swisscom Fixnet also developed its "Happy Weekend" service aimed especially at young people, and introduced attractive new ADSL offerings for frequent Internet users.

Growth in ISDN access lines slackened off following strong promotion of ADSL. However, market studies show that ISDN still offers growth potential. Swisscom Fixnet actively promoted sales of ISDN in the year under review, and in 2004 is aiming to continue the shift from analog to ISDN lines with the launch of attractive offerings.

### Customer Care Center contacts



**ADSL (Asymmetric Digital Subscriber Line)** is a broadband data transmission technology that uses the existing residential telephone cable to provide access to the data network. A filter separates voice from data, enabling users to use the telephone and surf the Internet at the same time. The transmission speed varies, depending on the service category, from 600/100 kbps to 2400/200 kbps.

Swisscom Fixnet posted stable customer numbers in 2003 and held onto its strong position in the SME market. SMEs benefit from comprehensive customer advice on all aspects of telecommunications, from telephony, Internet and data transmission to mobile communications and private branch exchanges (PBXs). Working with partners such as the Swiss Electrical Buyers' Association (eev) and the Association of Swiss Electrical Installation Companies (VSEI) and with a total of 3,857 specialist outlets, Swisscom Fixnet offers customers a one-stop solution to all their needs.

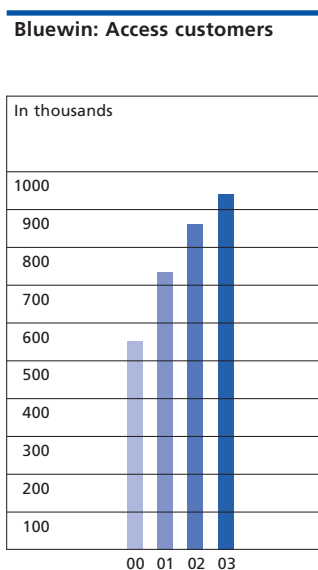
#### Record year for Swisscom Shops

Swisscom operates 76 Swisscom Shops and five franchise shops across Switzerland. Over the next few years the chain will be expanded to around 120 shops through franchise partnerships. Some five million customers visited these popular points of sale in 2003. The undiminished demand for shops that not only sell products and services but also provide advice led to lengthy waiting times. Swisscom intends to redress the problem in 2004. The Swisscom online shop is enjoying increasing popularity. More and more customers are also beginning to appreciate services such as billing over the Internet (ePayment) or personal cost monitoring.

#### Customer contact by telephone, e-mail or post

Since the beginning of 2003, Swisscom Fixnet's customer care service has been undergoing a transformation from a dedicated service organization to a sales and service organization. In addition to providing advice and carrying out customer requests such as changes of address, the Customer Care Service Center now also sells products. Employees manning the call centers actively offer callers interesting solutions such as ADSL.

The main task of the center, however, remains the fielding of some 5.5 million calls a year, of which, in 2003, some three million were to the freephone number 0800 800 800 (for residential and small business customers) and around one million each to the number 175 (fault reporting service) and the Bluewin customer service. Call center agents also responded to around 1.5 million written enquiries (by e-mail, fax or letter).



### Operator services and payphone services

The national directory enquiries service and operator services for the visually impaired and hard of hearing are part of Swisscom's basic service provision mandate. In addition, Swisscom Fixnet's operator services offer conference call and call center services for third parties such as the federal administration. While overall demand for directory enquiry services dropped by some ten percent (as in the previous year), Swisscom Fixnet was able to hold onto market share. Following the launch of the navigation service – a simple means of obtaining directions to a selected location – other operator-assisted information services are scheduled for introduction in the course of 2004.

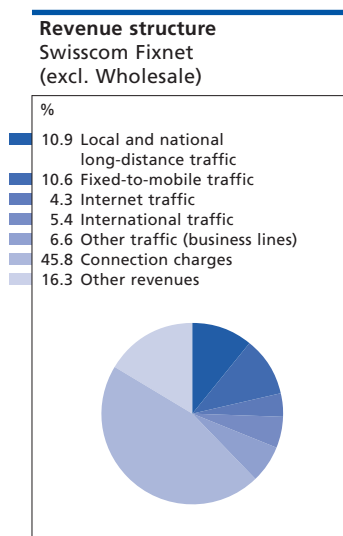
Some 60 percent of the 8,600 public payphones operated by Swisscom Fixnet are a core element of basic service provision. In response to customer needs, Swisscom Fixnet is planning to re-install more dual card-and-coin-operated payphones. All dual payphones also accept euro coins. Added to this, some 26,000 dual payphones rented or sold to private operators (for example, hotels, restaurants and companies) are currently in operation.

### Bluewin leads the broadband market

With around 670,000 dial-up customers (using dial-up modems) and over 270,000 broadband customers, Bluewin remains by far the leading Internet service provider in Switzerland. In the year under review the company defended its 49 percent market share in the Internet access business, and succeeded in increasing its share of the broadband communications market. Thanks to an intensive and innovative marketing and acquisition strategy which included, among other things, combined WLAN offerings with Swisscom Mobile, the number of broadband accesses grew by 151 percent within a year. In 2003 dial-up customers clocked up 4.7 billion minutes, while the number of pageviews rose to from 1.13 billion to 1.3 billion.

To address the rapid spread of broadband Internet access, Bluewin intends to focus increasingly on customer-driven offerings such as security packages, e-mail services, and broadband content and services. In 2003 Bluewin launched a platform for PC games as well as a video and voice chat solution.

In conjunction with Microsoft, Bluewin will once more break new ground in the summer of 2004, when it conducts a three-month trial that will allow customers with a set-top box to receive television content via ADSL.



### Swisscom Directories – the key source for address data

With its 280 employees, Swisscom Directories AG manages telephone customer data and publishes electronic and printed directories containing over six million residential and business entries. In the year under review the company, in which Swisscom Fixnet holds a 51 percent stake, launched several new products. These included the Directories CD, Directories ETV address book, ETV Access and a product directory on [www.theyellowpages.ch](http://www.theyellowpages.ch). In the summer Swisscom Directories launched its new Internet portal [www.directories.ch](http://www.directories.ch).

Telephone directories remain the company's main source of revenue. The online products and online advertising businesses also performed well in the year under review. Internet directories, financed by advertising, offer major potential: [www.theyellowpages.ch](http://www.theyellowpages.ch) and [www.whitepages.ch](http://www.whitepages.ch) are among the most frequently visited websites in Switzerland.

### cablex AG – on track

cablex AG, a fully-owned subsidiary of Swisscom Fixnet founded in 2001, is responsible for the construction and maintenance of Swisscom's cable networks. The company's second year in business was dominated by restructuring measures to address the special requirements of the network construction business. These represent an important step in the company's move to enhance competitiveness.

### Sale of Telecom FL

In the year under review Swisscom Fixnet sold its subsidiary Telecom FL to Liechtenstein TeleNet (LTN) AG. The mobile communications business was spun off from Telecom FL and transferred, along with the license, to Swisscom Mobile AG (its hitherto partner). Swisscom Fixnet will continue to deliver services to Liechtenstein TeleNet (LTN) AG on a contractual basis.

### Outlook

High priority will continue to be given to enhancing customer satisfaction in 2004. Further improvements are planned for call centers and Swisscom Shops with a view to achieving greater efficiency and a more consistent customer focus. Continuing growth in broadband ADSL will secure the future of the fixed network.

## Swisscom Mobile – further increase in revenue and customer base

In 2003 Swisscom Mobile made additional gains in a fiercely competitive market, expanding its customer base by 191,125 to 3.8 million. The 2,418-strong workforce generated revenue of CHF 4.1 billion (+0.7 percent), with operating income before interest, tax, depreciation and amortization (EBITDA) amounting to CHF 2 billion (+0.5 percent). Two thirds of all mobile subscribers in Switzerland are Swisscom Mobile customers.

Swisscom Mobile	2002	2003
Net revenue <sup>1)</sup>	4 112	4 140
EBITDA <sup>2)</sup>	1 974	1 984
Customers	3 604 875	3 796 000
Employees	2 358	2 418

<sup>1)</sup> In CHF millions

<sup>2)</sup> Operating income before interest, tax, depreciation and amortization in CHF millions

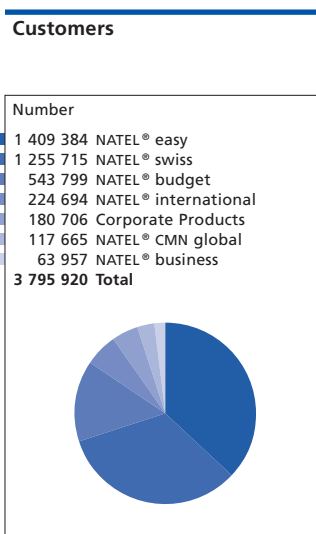
Despite clear signs of saturation, the mobile market continues to grow, with new opportunities opening up in data transmission and in the business customer segment. The year under review saw a sharp rise in demand for data services, with the number of SMS messages transmitted rising by 11.9 percent to 1.8 billion. Over the 2003/2004 New Year period alone, Swisscom Mobile customers sent 32 million SMS messages. The high demand for attractive services is also reflected in Swisscom Mobile's successful rollout of the Vodafone live! multimedia portal in November 2003. Swisscom Mobile's innovative capability is an important weapon in the battle for market share. In the fall of 2003, the market leader unveiled a world first at the ITU Telecom World exhibition in Geneva: seamless handover between PWLAN, UMTS and GPRS.

GSM (Global System for Mobile Communications) is a digital mobile standard which, in addition to voice and data transmission, also enables services such as SMS messaging and calls to and from abroad using international roaming.

GPRS (General Packet Radio Services) significantly increases the transmission rate in GSM mobile networks. Currently, GPRS enables speeds of 30 to 40 kbps. GPRS is ideal for WAP services, infotainment as well as sending and receiving e-mails. GPRS connections are billed by volume rather than time.

### Customer satisfaction high, migration rates low

Following on from its success in 2002, Swisscom Mobile acquired an additional 191,125 customers in 2003. The company also succeeded in keeping customer migration rates low, thanks to an attractive product portfolio, good customer service and its leader role in launching new technologies. In customer satisfaction surveys, Swisscom Mobile regularly scored a significantly higher rating than its competitors. At the end of 2003 the number of Swisscom Mobile customers totaled 3.8 million, of which 2.4 million postpaid and 1.4 million prepaid. Average monthly revenue per customer dropped by 4.7 percent to CHF 81 as a consequence of a price war in the business customer segment and the switching by residential customers to lower-priced Swisscom Mobile subscriptions. Swisscom Mobile has adjusted its strategy to address these market changes and, since the end of 2003, has been stepping up advertising efforts to promote voice telephony and SMS messaging.



**PWLAN (Public Wireless Local Area Network)** covers several wireless transmission technologies and data access procedures. Users require a laptop or Pocket PC and a WLAN card, as well as access rights via Swisscom Mobile (in Switzerland) or Swisscom Eurospot (in western Europe).  
Transmission speeds up to 2 Mbps are possible. Since a separate, industry-standard WLAN card is used, there is no need to connect the laptop over a mobile phone.

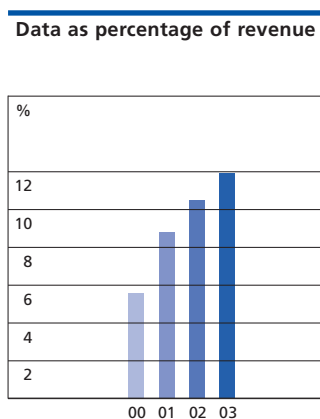
### Excellent network coverage

Network quality is one of Swisscom Mobile's main strengths. The company's business success is based on the GSM network that affords virtually nationwide coverage. In a study published in the spring of 2003 by the Federal Office for Communications that highlighted the major differences in provider coverage, Swisscom Mobile came out clearly in the lead. Digital mobile standards GSM and GPRS, together with the new broadband technology, make up the technology mix from which the Swiss economy and population can benefit in the form of narrowband and broadband services of increasingly high quality.

In the year under review, significant expansions were made to the Public Wireless LAN (PWLAN) network for high-speed mobile access to Internet and e-mail services. By year-end, PWLAN was available at more than 350 so-called Hotspots, including strategically important locations such as the Geneva exhibition center and Zurich and Geneva airports. Expansion of the UMTS network – another element in the technology mix – is proceeding according to plan. In May 2003 Swisscom Mobile's UMTS network already covered over 50 percent of the Swiss population, and Swisscom Mobile was the first Swiss provider to unveil live applications based on UMTS. Since mid-2003, selected customers and employees have been using UMTS on a trial basis, and commercial operations are scheduled for launch in the course of 2004. The new mobile standard will primarily find application in messaging, mobile intranet access and video services. GSM and GPRS will continue to be used in parallel for nationwide service provision and as ideal technologies for voice traffic.

### Seamless handover between networks

Be it for e-mails, contacts, appointments, corporate applications or infotainment, the trend is increasingly towards mobile broadband applications which are only available in fixed workstations at present. Swisscom Mobile already has plans to implement mobile broadband access in 2004. The prerequisites for this are high-speed broadband networks such as UMTS and PWLAN, PC cards that support these technologies, and seamless handover between networks. At the 2003 ITU Telecom World exhibition in October, Swisscom Mobile showcased the world's first secure handover between PWLAN and UMTS based on its own software, developed in-house. A combined PC card for GPRS, UMTS and WLAN will be available along with the requisite software in 2004.



**UMTS (Universal Mobile Telecommunications System)** is a further development of GSM and complements GSM and Public Wireless LAN coverage in urban areas of Switzerland. Data can be transferred at speeds of up to 384 kbps, making it possible, for example, to transmit short videos.

**MMS (Multimedia Messaging Service)** is a short message service (SMS) that incorporates images and sound. While an SMS message is limited to 160 characters, an MMS message can contain an unlimited number of characters plus sound and images.

Besides these technical components, the success of the mobile broadband access business depends on a reasonable, standardized price structure. Swisscom Mobile expects that the growing use and acceptance of data applications in the mass market will lead to a harmonization of GPRS, UMTS, and WLAN price models.

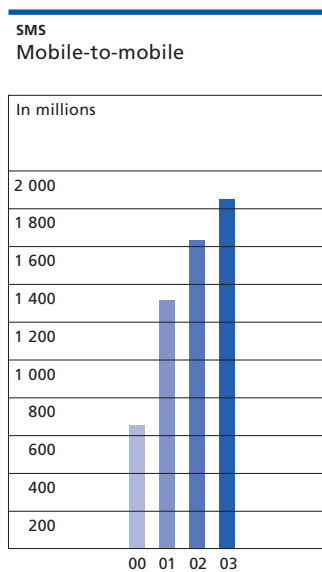
#### Vodafone live! – colorful and user-friendly

Building on Vodafone technology, Swisscom Mobile further developed the Vodafone live! product and launched it on the Swiss market in November 2003. Vodafone live! is a colorful interactive multimedia world for mobile telephones, combining games console, camera and photo album, entertainment and information center in a single device. By the end of the year, the portal had attracted around 50,000 customers. This corresponds to 2.1 percent of Swisscom Mobile's postpaid customers. Since March 2004 Vodafone live! has also been available to prepaid customers. And from fall 2004, UMTS applications such as video broadcasts will also be on offer. Vodafone live! owes its success to a combination of first-class mobile phones and easy-to-follow user instructions.

Vodafone Plc owns a 25 percent stake in Swisscom Mobile. The use of Vodafone products is one of the many advantages of this strategic partnership with the world's largest mobile provider. Additionally, Swisscom Mobile benefits from significant economies of scale in terms of purchasing infrastructure services and handsets, as well as international call termination.

#### Demand for mobile data solutions on the rise

The trend towards mobile services continues unabated. For people on the move, Swisscom Mobile offers products and services tailored to different user groups. More and more companies whose business is heavily reliant on field personnel are equipping their employees with mobile data communications equipment based on applications such as Corporate Office Access. This solution allows mobile employees to connect to their corporate intranet and access company data and



applications (logistics, service, and distribution data etc.) over a secure GPRS link. Users of BlackBerry® are “always on”, i.e. permanently connected with their mail server via GPRS. Since June 2003, Swisscom Mobile business customers have been able to use this solution. 2003 saw a significant year-on-year rise in the use of GPRS-based applications by business and residential customers. GPRS has also been available for prepaid products since November 2003. Among other things, this allows prepaid customers to transmit MMS messages and enables much faster access to other mobile data services. These new services are enjoying very high growth rates.

#### Outlook

Building on its strengths of high-quality services and outstanding innovative capabilities, Swisscom Mobile is looking to maintain its market leadership in 2004. Swisscom Mobile is committed to defending market share and increasing revenue even further through a broad-based offensive to promote new products, coupled with measures to drive up sales of existing voice and SMS products. Important milestones have been defined for 2004, including the introduction of a mobile broadband remote access product for laptop users, and a Vodafone live! video release for residential customers. Swisscom Mobile also aims to devote special attention to customer satisfaction.

## Swisscom Enterprise Solutions – one-stop shopping

In the year under review, Swisscom Enterprise Solutions felt the impact of the weak Swiss economy coupled with sustained pressure on prices. Revenue declined by 9.9 percent to CHF 1,371 million. However, successful efforts to reduce costs and optimize business processes led to a 38.1 percent increase in operating income before interest, tax, depreciation and amortization (EBITDA) to CHF 134 million. Since the beginning of 2004 Swisscom Enterprise Solutions has been concentrating on its core business of delivering solutions that address the demanding communications needs of some 4,000 business customers. This will allow the company to further expand its market position as a solutions provider.

Enterprise Solutions	2002	2003
Net revenue <sup>1)</sup>	1 522	1 371
EBITDA <sup>2)</sup>	97	134
Employees	1 410	1 117

<sup>1)</sup> In CHF millions

<sup>2)</sup> Operating income before interest, tax, depreciation and amortization in CHF millions

The core business of Swisscom Enterprise Solutions is the management of communications infrastructures as well as the planning, construction and operation of comprehensive communications solutions for business customers in Switzerland. As a result of Swisscom Enterprise Solutions' new focus and measures to optimize business processes, more than 250 jobs were shed. With a workforce now numbering 1,117 at 15 locations, the company delivers Internet, voice and data communications services and combines these to provide customer-specific integrated solutions. In so doing, Swisscom Enterprise Solutions caters to the demand for seamless process integration for applications such as call centers, and for convergence in the Internet Protocol (IP) area.

### Concentration on solutions business

Business customers expect their telecommunications partners to provide comprehensive one-stop customized solutions that connect all their locations, support mobility as well as process and cost optimization, and guarantee secure network communications. Demand for secure communications infrastructures in particular has increased, and the trend is set to continue over the next few years.

Swisscom Enterprise Solutions has taken the necessary steps to effectively address these market changes. Concentration on customer-driven solutions based on the convergence of IT and telecommunications, coupled with intensive training in customer relation management, have strengthened the company's position. As a result, Swisscom Enterprise Solutions is now able to provide customers with comprehensive support, from initial requirements analysis to the implementation of a new communications solution.

In the year under review, Swisscom Enterprise Solutions once more successfully implemented a large number of projects. The network solution for Renault and Nissan Suisse SA following their merger is representative of such projects. The brief was to integrate the Nissan

An overview of 2003
Swisscom Fixnet
Swisscom Mobile
<b>Enterprise Solutions</b>
debitel
Other business areas
Customers
The environment
Employees
Investors
The community

Group's dealer network in Renault's existing network. The customized solution now interconnects 480 Renault/Nissan partners, precisely tailored to the varying needs of large and small car dealers. The customer particularly appreciated the fact that Swisscom Enterprise Solutions had covered all operational security aspects.

Innovation and customer satisfaction are key factors in the successful provision of telecommunications solutions for business customers. The results of customer satisfaction surveys demonstrate that Swisscom Enterprise Solutions is on the right track in this respect: with 7.63 out of a possible 10 points, the company scores well in the customer satisfaction stakes both in absolute terms as well as compared with other companies in the sector.

**Optimization continues into 2004**

In 2003 Swisscom Enterprise Solutions and Swisscom Fixnet conducted an in-depth analysis of their customer segments and reclassified them according to customer requirements. Since the beginning of 2004, Swisscom Enterprise Solutions has been targeting customers with complex, solution-oriented telecommunications needs (some 4,000 major Swiss companies come under this heading), while Swisscom Fixnet continues to deliver standardized telecommunications products for the residential and business customer markets. At the same time, over 100 Swisscom Enterprise Solutions employees transferred to Swisscom Fixnet to ensure a seamless continuum in catering to the 46,000 or so customers re-assigned to Swisscom Fixnet. The new segmentation allows both companies to concentrate more on their core business and, by so doing, better address the needs of their respective customers.

Gulliver travels to the Brobdingnag, the land of the giants, where he suddenly becomes a dwarf. Put Swisscom on the international stage and it too shrinks in stature. Or if you compare it with the strong foreign parent companies of rival operators in its national telecoms business.

**R**oad, for so I took it to be, though it served to the Inhabitants only as a foot Path through a Field of Barley. Here I walked on for some time, but could see little on either Side, it being now near Harvest, and the Corn rising at least forty Foot.”

## debitel – interface between network operators, retail and end customers

debitel posted revenue in 2003 of CHF 4.6 billion and operating income (EBITDA) of CHF 137 million. By investing more heavily in the postpaid segment (contract customers), the company succeeded in acquiring new customers and retaining existing customers, above all in the German mobile markets.

debitel	2002	2003
Net revenue <sup>1)</sup>	4 111	4 555
EBITDA <sup>2)</sup>	159	137
Customers	10 061 000	10 344 295
Employees	3 299	3 123

<sup>1)</sup> In CHF millions

<sup>2)</sup> Operating income before interest, tax, depreciation and amortization in CHF millions

Following explosive growth in recent years, the German mobile market showed signs of saturation in 2003, with market penetration reaching approximately 78 percent by year-end. As a result of this trend, providers are facing a new situation. The focus has shifted from acquiring as many new customers as possible, to finding ways of retaining existing customers through a combination of high-value offerings and first-class customer care.

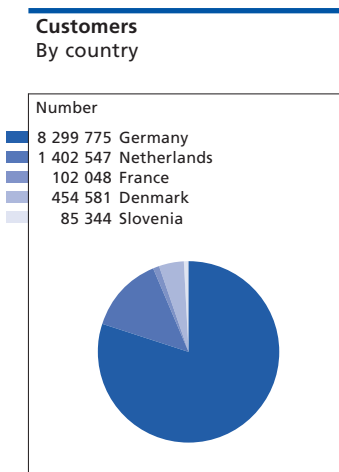
### debitel as enhanced service provider

The debitel business model of an enhanced service provider (ESP) allows the company to offer customers one-stop shopping for a broad array of provider-specific mobile, fixed network and Internet offerings. And as a network-independent provider, it is also offers cross-network products and services.

### Eight million customers in the German market

In October 2003 debitel achieved the threshold figure of eight million subscribers in Germany, where some 571,000 customers were acquired in the course of 2003, including 522,000 in the more attractive post-paid segment (contract customers). This has clearly improved the quality of the customer base.

In line with debitel's efforts to add sustainable value, the company offers attractive contract extension incentives to customers who have proved lucrative for debitel during their contract period. Almost 600,000 existing customers took advantage of the offer in the year under review.



## Other important business areas

### Swisscom Systems – service specialist for telecoms solutions

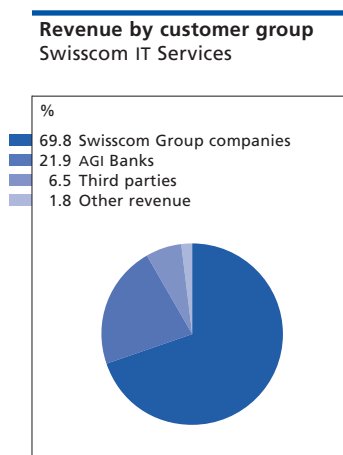
As the Swiss market leader for traditional and IP-based voice communications systems, Swisscom Systems delivers customized turnkey solutions to large and medium-sized companies. Swisscom Systems' strengths include a nationwide service organization, a broad product portfolio, and comprehensive know-how in the consulting, design and implementation of telecoms solutions.

In 2003 Swisscom Systems underwent a sweeping restructuring program in response to difficult market conditions. To address the different requirements of its 100,000 plus customers, Swisscom Systems has now divided its business model into two areas: the mass market and the solutions business. All processes have been designed for greater effectiveness and strictly aligned with customer needs. This realignment resulted in the shedding of more than 450 jobs and, by concentrating operations in 14 locations instead of the former 39, a 60 percent reduction in office space. At the end of 2003 Swisscom Systems had a workforce of 1,057.

In 2003 Swisscom Systems posted revenue of CHF 345 million (–15 percent). The company has redoubled its efforts to secure profitability over the longer term. Having successfully restructured, Swisscom Systems is now in a position to respond flexibly to technological developments and changing customer requirements. Customers are placing increasing emphasis on competent, one-stop service rather than on the actual products. To address this trend, Swisscom Systems is expanding its core competences in related markets such as LAN services, thereby sustainably strengthening its position as a service specialist in the Swiss telecoms market.

### Swisscom IT Services – change in direction

Swisscom IT Services, formed in early 2002 following the merger between Swisscom IT and AGI IT Services, continued to demonstrate its capability as a reliable IT service provider in its second year of business. With a workforce of 2,268, the company specializes in the design, integration and operation of complex IT systems for processing large volumes of data. The customer base of Swisscom IT Services covers three segments: the Group companies of Swisscom AG, eight cantonal banks, which have a minority stake in Swisscom IT Services through AGI Holding AG, and other companies in Switzerland. In 2003 Swisscom IT Services generated revenue of CHF 755 million (–9.5 percent), of which CHF 165 million stemmed from AGI customers. Third-party revenue



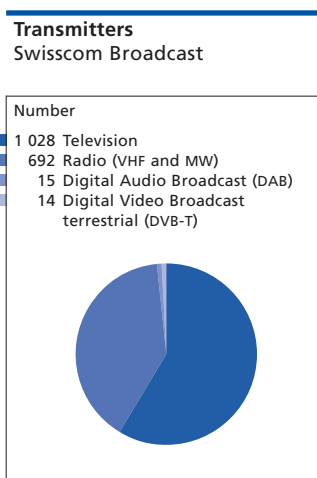
grew by 26 percent to CHF 48.8 million. Overall, however, this success in third-party business was not sufficient to offset declining revenues from business with stakeholders.

By further developing the Conextrade trading platform and introducing the first electronic billing solution in Switzerland with VAT capability, Swisscom IT Services has taken an innovative step towards paperless billing. The company also successfully completed projects for banks, including the upgrading and operation of the distributed IT infrastructure of the Cantonal Bank of Lucerne and the migration and outsourcing of the distributed IT system of the Cantonal Bank of Fribourg. In November 2003 Swisscom IT Services commissioned the first GEOS securities software with mandate capability at the Cantonal Bank of Appenzell. The system offers banks an automated, cost-effective platform for securities transactions. Swisscom IT Services also gained a foothold in the healthcare market when it took over responsibility for hosting and data storage services for CSS Versicherung, a health insurance provider. Swisscom IT Services also created the platform for the Federal Chancellery's electronic guide to Swiss administrative services, [www.ch.ch](http://www.ch.ch).

Swisscom IT Services is operating in a market where intense competition over the past five years has pushed down IT prices by about a third. This has been compounded by a weak economy. As a result, the company has been forced to cut costs drastically and adjust the number of jobs accordingly. Since January 1, 2004, Swisscom IT Services has repositioned itself and is now concentrating on the telecommunications and financial services sectors as well as healthcare and public administration. The company continues to serve existing customers outside these sectors. The emphasis of this realignment is on customer focus, efficiency, sector-specific competence and enhanced competitiveness.

#### Swisscom Broadcast – reliable, secure, nationwide

The core business of Swisscom Broadcast is the transmission of radio and television signals. It is the task of the company's 240 employees to ensure uninterrupted operation of the country's modern broadcasting



**DVB-C** (digital video broadcasting via cable): In addition to transmitting digital television and video signals, DVB-C provides other services. For example, the broadcast of radio and television signals in parallel as well as the implementation of interactive services and applications.

**DVB-T** (digital video broadcasting via terrestrial antenna): Technology for transmitting digital value added services over antenna (terrestrial) – the current digital TV broadcasting standard for households without a cable connection and for people on the move. DVB-T increases the range of programs that can be received.

infrastructure. The main customers are SRG SSR idée suisse (the Swiss broadcasting corporation), local radio and TV stations, mobile providers and emergency services. The Swisscom Broadcast network covers over 500 transmitter sites throughout Switzerland. In 2003 Swisscom Broadcast posted revenue of CHF 149 million. The company was commissioned by SRG SSR idée suisse to provide the canton of Ticino with terrestrial digital television links (DVB-T). Ticino is the first region in Switzerland to be connected to digital television on a larger scale, and since August twelve transmitter sites between Chiasso and Airolo have been broadcasting four television programs (TS 1, TS 2, TSR 1 and SF 1) digitally. Other parts of Switzerland are scheduled for connection to DVB-T in the course of 2004. With digital terrestrial broadcasting, end customers are guaranteed better sound and picture quality, a larger selection of programs, and third-party auxiliary services such as pay-TV and electronic program guides.

Another milestone on the road to the digital future is digital television over cable (DVB-C). From the spring of 2004 Swisscom Broadcast intends to position itself as a partner to cable network operators, to allow such companies to offer their own services to their end customers. As of 2005 there are plans to expand digital radio (Digital Audio Broadcast) nationwide.

However, like the digital sector, the broadcasting sector may also be facing a regulated future. In 2004, parliament will be debating the reform of the federal law on radio and television, which among other things, will oblige providers of television services such as Swisscom Broadcast to provide public service programs at cost-based prices rather than competitive market prices. Swisscom Broadcast opposes such cross-subsidization of the broadcasting sector by the telecoms sector since the practice does not comply with the "user pays" principle.

#### Billag AG – twelve million bills to three million households

Billag AG specializes in third-party billing and offers services such as billing, payment collection, reminders, debt recovery, cash management, and customer care. With around 139 employees, Billag posted revenue of CHF 52 million in 2003, collected payments worth CHF 1.2 billion, and sent some twelve million bills to three million households. Billag's main customer is the Swiss Confederation, on whose behalf the company collects radio and television license fees.

**DAB** (Digital Audio Broadcasting)

In the medium term, DAB is the digital complement to the analog FM-VHF system. Digital terrestrial radio solves the problem of the shortage of VHF frequency bands and, among other benefits, enhances the quality of mobile radio reception. It is also a convergent system that enables transmission of radio programs, text, images, and all types of pure data services.

Billag also offers the know-how it has acquired in billing to other organizations and private enterprises. In 2003 the company decided to branch out into new business fields, including healthcare, public administration, associations and organizations.

In December, Billag took over T-Systems Card Services AG, a specialist in customer loyalty concepts based on customer cards. With 137 employees, the company posts an invoiced credit card revenue of CHF 2 billion. The customer segments of Billag and T-Systems Card Services complement each other ideally. Moreover, thanks to similar business processes, synergies can be leveraged. The takeover of T-Systems Card Services has moved Billag into a leading position in the Swiss market for third-party billing.

**Swisscom Eurospot**

Swisscom Eurospot installs and operates wireless local area networks (WLAN) at busy public locations, such as hotels, congress centers, airports and train stations, in various European countries excluding Switzerland. Business travelers can use these so-called Hotspots to gain broadband wireless access to the Internet and their own corporate network via their notebook, PDA or similar mobile equipment. By the end of 2003, working with roaming partners, Swisscom Eurospot had already installed this service at 1,500 locations in over eight countries in western Europe. This makes the fully-owned Swisscom subsidiary the leading pan-European provider of PWLAN (Public Wireless LAN) or Wi-Fi, as it is also known. Contracts have been signed for approximately 1,400 more Hotspots.

**Foreign holdings**

In the year under review Swisscom discontinued activities in the Czech Republic and disposed of its minority stake in Cesky Telecom. The 27 percent holding was held by TelSource N.V., a joint venture formed in 1995 between Swisscom and the Dutch company, KPN. Following a realignment of its international strategy in 2000, Swisscom considered

Cesky Telecom as a financial investment only, and decided to dispose of the stake due to a lack of synergies, poor opportunities for growth, and the significant risks inherent in the future development of Cesky Telecom. Swisscom's proceeds from the sale amounted to around CHF 500 million.

Infonet Services Corporation, in which Swisscom has a 17.7 percent holding, is a leading provider of communications systems designed primarily for multinational business customers who require high-speed, secure data transfer between internal and external computing centers. Infonet serves some 3,000 customers in 180 countries around the world. In 2003 the company received the "World Communications Award" as the best carrier and the carrier with the best customer service. Infonet also achieved a high profile as the main sponsor of the Alinghi sailing team.



## Satisfied customers – the cornerstone of our success

Swisscom's long-term success is dependent to a large degree on customer satisfaction. The level of satisfaction is gauged by the ratings given by customers to the four Swisscom brand values: reliability, roots, cosmopolitanism and respect. These criteria define the values that Swisscom is committed to delivering to all of its customers. For the past two years Swisscom has measured customers' perception of these values at regular intervals. The results are good, with ratings on average above those scored by competitors. Nevertheless, customers have become generally more critical. One of the most important objectives for 2004, therefore, is to increase customer satisfaction.

Every quarter, residential customers of Swisscom Mobile, Swisscom Fixnet and their main competitors are asked to rate satisfaction with their telephone provider based on the four value criteria. Customer satisfaction in the telecoms sector remained generally stable in the year under review. Having scored well in 2002, the Swisscom Group started 2003 on a good footing and at year-end remained the front runner in terms of customer satisfaction, albeit with a slightly narrower lead over its competitors. This trend was echoed among Swisscom Mobile and Swisscom Fixnet customers. Compared with other companies in the sector, Swisscom Enterprise Solutions and Swisscom Systems were highly rated in terms of customer satisfaction; and in a fiercely competitive market, Swisscom IT Services succeeded in gaining a place in the upper middle ranks.

### Group Client Management – the new contact partner for key account customers

On January 1, 2004, in an important move to increase satisfaction among business customers, Swisscom set up a Group Client Management unit to cater to the Group's key account customers. The main aim is to offer customers single-source communications and IT solutions, no matter which Group company delivers the service. The core competences of Group Client Management include expert knowledge of the entire Swisscom product range and an in-depth understanding of customers' needs.

An overview of 2003
Swisscom Fixnet
Swisscom Mobile
Enterprise Solutions
debitel
Other business areas
<b>Customers</b>
The environment
Employees
Investors
The community

### Additional measures to strengthen customer focus

A raft of measures was initiated or completed in 2003 to increase the satisfaction of residential customers. For instance, at the beginning of the year Swisscom Fixnet introduced a Customer Relationship Management system to improve customer relations and increase loyalty by bringing advisory and support services more into line with customer requirements. Swisscom Shops offer one of the most important points of contact with customers, catering as they do to over five million customers a year. In 2004, Swisscom plans to enhance customer satisfaction by reducing waiting times in these retail outlets. In addition, Swisscom has introduced a customer's charter which has already led to measurable improvements in customer satisfaction on Swisscom Mobile's Hotline.

## Environmental management at Swisscom – an integral part of sustainable corporate management

**The preservation and renewal of economic, ecological and social capital: these are the principles underlying Swisscom's concept of sustainability. Society has a vital interest in an ecologically balanced environment. As an important criterion for long-term corporate success, Swisscom therefore endeavors to manage environmental resources optimally and, by so doing, sustainably improve their eco-efficiency.**

Swisscom's environmental strategy covers three main areas: firstly, Swisscom is committed to observing environmental laws and minimizing environmental risks; secondly, it leverages potential for improving the environment in all its operations; and thirdly, it promotes environmentally friendly products, eco-friendly telecoms services, alternative energies and eco-sponsorship.

Building on ecological activities related to its own operations, Swisscom has increasingly expanded environmental management beyond the borders of the company. This is producing greater ecological benefits while strengthening Swisscom's social responsibility.

### **Services to relieve environmental strain**

Some of the telecommunications services that Swisscom delivers have an inherent potential to relieve the strain on the environment. These include conferencing services, Combox, Remote Access Service (RAS) and Host Centers. At the same time, however, all these services require hardware components that are regarded as environmentally damaging. To lessen this negative environmental impact, Swisscom is working closely with the manufacturers of products that improve environmental compatibility. Since 2003, the Swisscom Environment Committee has been evaluating important suppliers with regard to ecological and social criteria. In addition, Swisscom is participating in the "Sustainability Marketing in Telecommunications" project in conjunction with the University of St. Gallen's Institute for Economy and the Environment (IWÖ-HSG) and the Swiss Association for Environmentally Conscious Management (ÖBU). The aim of the project is to define the ecological and social lifecycles of products and services, identify ways of improving them in line with customer requirements, and market them accordingly. Ecological, social and economic objectives complement each other ideally in the concept of sustainability marketing.

An overview of 2003
Swisscom Fixnet
Swisscom Mobile
Enterprise Solutions
debitel
Other business areas
Customers
<b>The environment</b>
Employees
Investors
The community

### Renewable energies and eco-sponsorship

Swisscom Fixnet is a major purchaser of "naturemade star" certified eco-energy in Switzerland, and Swisscom IT Services has also been purchasing eco-energy since 2003. In so doing, Swisscom promotes alternative energies such as wind and solar energy, and supports the natural preservation of environments surrounding hydroelectric plants. By adopting this form of landscape conservation, Swisscom Fixnet enhances the value of recreational zones, bringing benefits both to the environment and to the community as a whole.

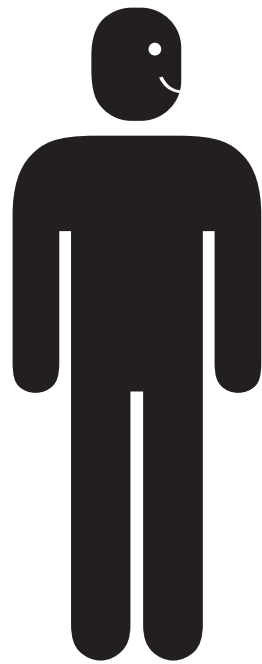
Swisscom also pursues an eco-sponsorship policy that supports deserving external environmental projects which are considered relevant to ecology or to the company's business activities. One good example is the Swiss National Park, the support of which benefits not only alpine flora and fauna but also a marginal Swiss region.

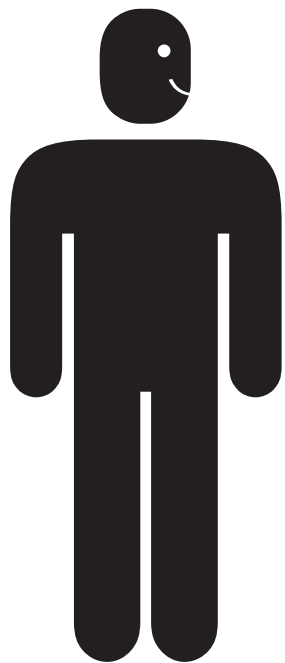
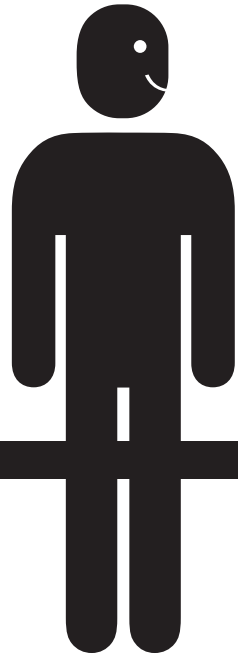
### Reduction in paper consumption

Following a changeover to two-monthly billing for customers with small telephone bills, Swisscom Fixnet has saved 200 tonnes of paper per year. Prompted by this success, Swisscom donated 25,000 trees towards reforestation of the Leuk region, thereby helping another marginal Swiss region to mitigate the consequences of the devastating forest fires of 2003.



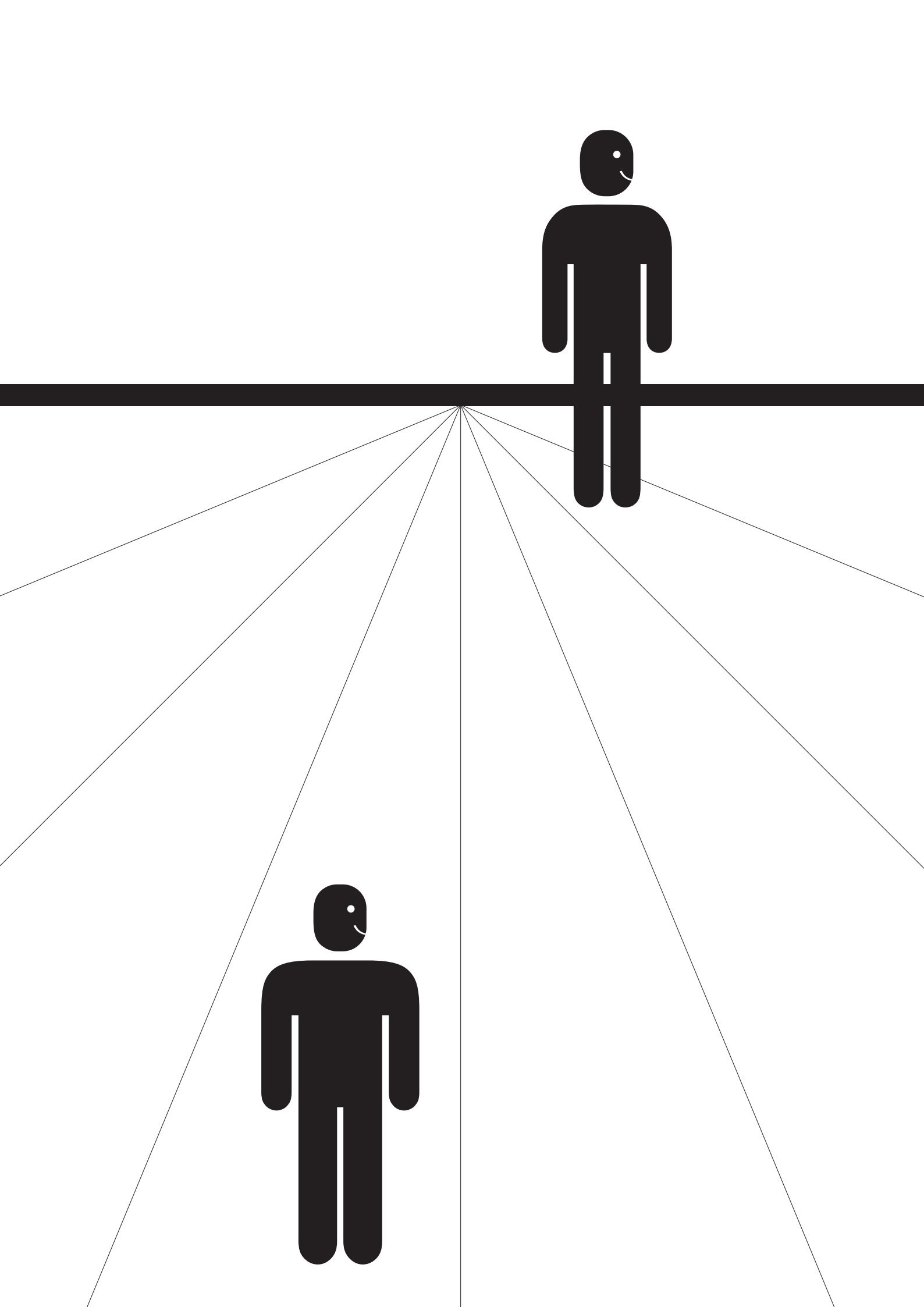
Are things really as they seem?





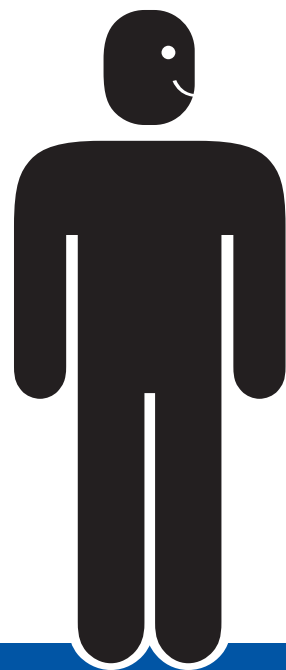
Perspective alters reality.

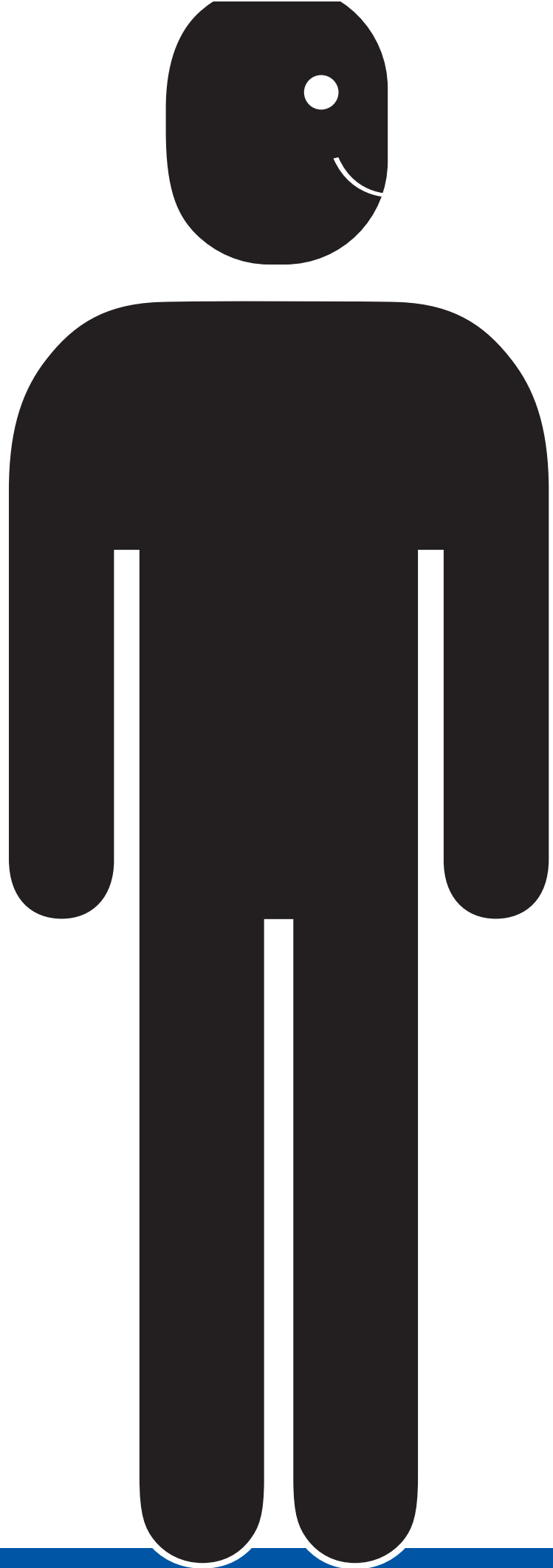






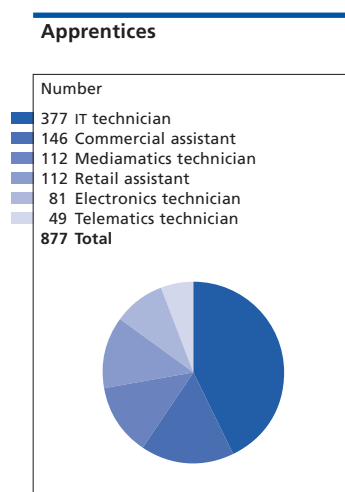
Size is always a matter of perspective.





## Swisscom – a fair employer

Swisscom attaches high value to employees at every stage of their career, from training to retirement. The Group offers good employment conditions and fosters an ethos of individual responsibility among its employees. Tough competition, unfavorable growth prospects and the associated severe pressure on costs led to further job cuts in the year under review. Swisscom adopts a socially responsible approach to job reductions, offering employees affected a comprehensive social plan that is unique in Switzerland.



Swisscom is an attractive and professional provider of apprenticeships, and offers young adults vocational training opportunities in six areas: retailing, electronics, IT, telematics, commercial studies and mediamatics. The demand for apprenticeships remains high. Despite the fall in headcount, the number of apprentices at Swisscom increased slightly to 877. In the year under review 244 apprentices successfully completed their basic training, one third of them going on to find permanent employment within the Group. In consideration of the precarious job market situation, Swisscom offered all those who had not yet found permanent employment or an alternative solution the opportunity to take part in a job bridging program. The offer, limited to a six-month fixed contract, was taken up by 38 former apprentices.

### **New approaches to vocational training and graduate placement**

Mindful of the provisions of the new vocational training act, Swisscom has defined important parameters for future vocational training and, over the past few years, has developed a new forward-looking training model designed to keep pace with the changing information and knowledge society. In the spring of 2003 Swisscom launched a pilot trial for 48 commercial and IT apprentices based on the new instruction format. The new scheme for trainees places emphasis on project-related work. The pilot trial is being scientifically monitored, and the results regularly evaluated and incorporated in ongoing improvements.

Notwithstanding the difficult job market and a declining headcount, Swisscom attaches major importance to attracting graduate trainees. In 2003 the Group attended all key university events and forged personal contacts with students and graduates. With more than 130 student internships, part-time positions, job placements for talented university

graduates and a trainee program, Swisscom offers a range of options for students and graduates entering the job market. According to various surveys, the leader in the Swiss telecommunications market is regarded by newly-qualified young professionals as an attractive and modern employer. In a move to intensify contact with students, Swisscom acts as the class sponsor for some 700 students at the University of St. Gallen.

#### Social involvement in the interest of employees

Swisscom runs its own specialist and contact center for social issues at 13 locations, advising employees on personal and budgetary matters, providing support in cases of financial hardship, and conducting prevention seminars on topics such as addiction, mobbing, stress, sexual harassment in the workplace, and preparation for retirement. Swisscom's social advisory service is available to all Swisscom Group staff in Switzerland.

Swisscom is sensitive to the concerns of the disabled. Taking the needs of disabled people seriously and integrating them into the workplace in the long-term is a key imperative within the Group's personnel policy. To this end Swisscom operates special integration centers.

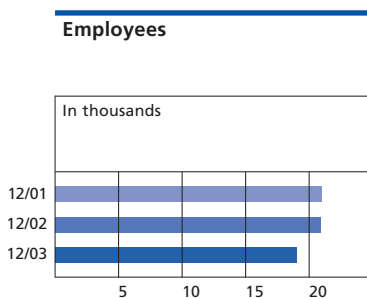
#### Satisfied employees = satisfied customers

Swisscom has developed a modern salary system which comprises several components. These include a fixed component which takes into account an employee's function, performance and experience; a variable performance-related component based on agreed collective and individual objectives; and fringe benefits as well as other allowances. The level of pay is reviewed annually on the basis of general employment market studies. 2003 comparisons showed that Swisscom pays competitive salaries that are slightly above average at all levels. Since 2002, Swisscom has been offering all employees the opportunity to purchase shares at attractive conditions. The "TopShare" program offers all members of staff covered by the collective employment agreement a simple and flexible form of co-ownership that allows them to share in the Group success to which they have contributed.

The principle of equal opportunity for men and women is laid down in the Group's personnel policy. The proportion of women is still too low, especially in executive positions (11 percent). This available potential must be better leveraged both internally and on the job market.

A great man is a  
a small man that  
is the first to  
do something.





In 2003, employee surveys were conducted at Swisscom headquarters and in the Group companies, with particular emphasis given to employees' satisfaction with their current work situation. The overall results were good, with working climate, team and employment conditions achieving the highest ratings. The work itself was rated as challenging and interesting. Employees identified further training and personal development as well as internal cooperation as areas with room for improvement. The results were evaluated at the end of 2003 and the necessary measures initiated.

#### Extension of the collective employment agreement and social plan

In the fall of 2003 Swisscom extended the existing collective employment agreement and social plan to 2005. Besides laying down modern employment conditions such as a 40-hour week and entitlement to five weeks' annual leave, the extended agreement introduces improvements in other areas. For instance, the minimum annual salary at Swisscom is now set at CHF 45,500 (+CHF 6,000). And maternity leave is to be extended to 16 weeks for all employees once the revised law on loss-of-earnings benefits comes into force (or by January 1, 2005 at the latest). In addition, the supplements for regular night work and Sunday work have been increased. The collective employment agreement covers some 16,500 employees (approximately 14,000 FTEs).

#### 1,263 fewer jobs

Swisscom had 19,207 full-time equivalent (FTE) employees at the end of 2003, 1,263 fewer than the previous year. Excluding debitel and 877 apprentices, the headcount was 16,084 FTEs. The job cuts are a consequence of the difficult market conditions coupled with sustained pressure on prices and costs, the latter being particularly evident in the declining business customer segment. By contrast, a total of 200 new positions were created in the year under review in the boom area of broadband communications and at Swisscom Mobile.

An overview of 2003
Swisscom Fixnet
Swisscom Mobile
Enterprise Solutions
debitel
Other business areas
Customers
The environment
<b>Employees</b>
Investors
The community

In a move to minimize redundancies arising from restructuring measures, Swisscom developed a program to enhance employability and increase opportunities for re-employment. Wherever possible, vacancies are filled by internal candidates. The main aim is to support employees in their efforts to remain employable. In line with this, various Group companies have adopted an active skills management program. Added to this, alternative options such as reduced working hours are being examined for employees affected by job cuts.

Since 1999 Swisscom has operated a range of programs to support such employees:

**Employment Market Center (EMC).** Swisscom's Employment Market Center supports employees affected by restructuring by providing career advice and job placement services. In mid-2003 the Center was spun off as an independent public limited company in order to offer these proven services to other companies outside the Group. The new company, PersPec Personal Perspectives AG, with a workforce of around 20, is a fully-owned subsidiary of Swisscom AG and will appear on the market under the name PersPec.

Good solutions have been found for around 90 percent of the 2,000 plus employees who have completed the EMC program since market liberalization. Employees in this category have either found a similar position with another company, become self-employed, or embarked on a new career in a different sector following appropriate retraining.

**Co-Motion.** Co-Motion is one of the most successful business start-up programs in Switzerland and helps employees to set up their own companies, planning the most important steps with them and offering financial assistance in the form of seed capital or an interest-free loan. Since the program was set up in 1999, 592 Swisscom employees have participated in the program and 237 business plans approved.

**WORK\_LINK.** WORK\_LINK, a joint venture between Swisscom, the unions and Manpower AG, is an innovation on the Swiss employment market. The company finds temporary jobs for older, long-serving employees for whom the Employment Market Center has not been able to find a solution, and supports them as they enter the external employment market. WORK\_LINK served an average of 421 persons per month in 2003.

### Swisscom Venture Fund – a means to self-employment

Since 1999 Swisscom has run a Venture Fund, which is available to all employees of the Swisscom Group. The fund supports employees seeking to start their own business and provides funding for start-up companies. The main task of the Venture Fund is to provide professional support, in the form of informed advice and financial assistance, to Swisscom employees interested in management buyouts of former Swisscom units. Seventeen new companies have been created in this way since 1999, securing the jobs of around 300 employees.

### Support for retired employees

Retired employees are an important group for Swisscom. At the end of 2003 the company had over 9,800 pensioners, 7,300 of whom are organized in regional groups that hold regular events for retired staff. Swisscom provides these Groups with financial support and organizational assistance. Retired employees are entitled to monthly credits of CHF 50 on their fixed-network or mobile bills.

### comPlan pension fund

At the end of 2002, due to poor performance on financial markets in the preceding years, the Swisscom Group's comPlan pension fund had a coverage ratio of 93.8 percent. In order to place the fund back on an even financial footing, the Board of Trustees of comPlan decided to levy a shortfall contribution of 3 percent on insured salaries as of August 2003, 1.8 percent of which is paid by the employer and 1.2 percent by all active comPlan members. The 2003 interest rate for retirement savings in the dual pension plan was reduced from 4 percent to 3.25 percent. Members of the defined benefit plan have also had their retirement pension reduced in line with the change to the dual pension plan. For the duration of the shortfall contributions, existing pensions will not be adjusted in line with inflation. According to the provisional 2003 year-end figures comPlan had a coverage ratio of 97 percent.

Gulliver's last voyage takes him to the island of the rational white horses. Swisscom likewise follows a rational path. A prudent investment policy over the past few years has enabled it to maintain a sound risk profile while continuously improving the company's value.

A Voyage to the Country of the Houyhnhnms | Gulliver's Travels by Jonathan Swift

*"I assured him, the Ship was made by  
Creatures like myself, who in all Countries I had  
travelled, as well as in my own, were the only  
governing, rational Animals and that upon my Arrival hitherto,  
I was as much astonished to see the  
Houyhnhnms act like rational Beings."*

## The Swisscom share – a sound investment

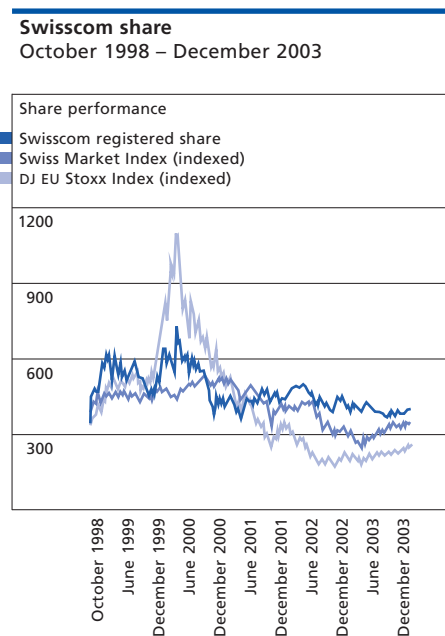
**In the year under review Swisscom shared the good results of the 2002 financial year with its shareholders, repaying CHF 1.3 billion in the form of CHF 794 million in dividends and CHF 530 million as a par value reduction. Given the continuing healthy balance sheet and good annual results for 2003, the company once more intends to make a total dividend payment of CHF 861 million and buy back up to CHF 2 billion worth of shares in the course of 2004.**

As with other SMI shares, the ongoing stock market slump affected performance of the Swisscom share in the first half of 2003. Thanks to a recovery in the second half of the year, however, the share price gained 1.9 percent to end 2003 at CHF 408. During the same period the SMI and DJ EU Stoxx Telecom Index rose by 18.5 and 18.9 percent respectively. While the Swisscom share therefore underperformed in the year under review, it has outperformed both indices over a two-year period by 3.2 and 15.9 percent, respectively. Taking into account the 2003 payouts (CHF 12 per share and par value repayment of CHF 8 per share) in addition to the 1.9 percent increase in the share price, total return amounts to 6.9 percent.

In the year under review, Swisscom adjusted its dividend policy to create a return policy that allows shareholders to benefit from the annual equity free cash flow (EFCF). EFCF is made up of net cash provided by operating activities and cash flows from investing activities, less net investment in property, plant and equipment and other intangible assets, debt repayment (excluding finance lease obligations) and dividends to minority shareholders. The distribution takes the form of a dividend of approximately half of the net income after adjustment for exceptional items, and possibly a share buy-back. At present, the funds available for distribution exceed net income since firstly, for historical reasons, depreciation is higher than capital expenditure, and secondly, reserves amounting to CHF 5 billion were available for distribution at the end of 2003.

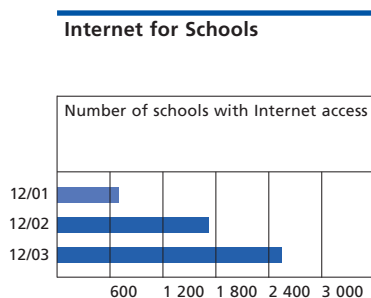
Despite the competitive market environment, Swisscom has endeavored to maintain a high equity free cash flow in recent years. Even so, the company has paid out CHF 10.2 billion or some 38 percent of its stock market capitalization to shareholders in the period between its IPO in 1998 and the end of 2003. EFCF for the year under review stands at CHF 2,913 million. Based on net income of CHF 1,569 million, Swisscom will propose a dividend of CHF 13 per share on April 30, 2004. In addition to the dividend sum of CHF 861 million, it will launch a share buy-back program worth up to CHF 2 billion. In total, Swisscom will pay out CHF 2.9 billion to shareholders.

The number of registered Swisscom shareholders at the end of 2003 was 73,282. Profiled as a pragmatic company with a somewhat defensive approach, Swisscom primarily targets value-oriented investors.



## Serving the community and the economy

As a company that is strongly embedded in Swiss society, Swisscom takes its social responsibility very seriously. This is reflected in the Group's various commitments and services, including basic service provision, its Internet for Schools initiative, and a range of sponsorships and support activities in the fields of sport, culture, environment and business. Added to this, Swisscom is an important Swiss employer and generator of revenue.



### Basic service provision – the same services at the same conditions

Swisscom Fixnet is responsible for basic service provision in Switzerland until 2007. By delivering high-quality, affordable basic telecommunications services to the entire Swiss population, Swisscom makes an important contribution to public services. Basic provision covers analog and digital telephone services, data transmission, access to emergency services and directory enquiries, a dense network of public telephones, and services for the hard of hearing and visually impaired. Swisscom also strives to make new services such as broadband access available nationwide, over and above the legally prescribed basic provision parameters.

### Internet for Schools – Swisscom's educational initiative

In 2001 Swisscom launched its "Internet for Schools" initiative with the aim of providing all of Switzerland's 5,000 primary and secondary schools and vocational training colleges with free broadband access to the Internet. With over half a million schoolchildren in 2,600 schools connected by the end of 2003, the half-way milestone has been achieved, and the remaining 2,400 or so schools are scheduled for connection by the end of 2006.

The core elements of the initiative are free access and unrestricted use of the Internet for schools. But Swisscom's commitment is not limited merely to the infrastructure; it also provides content and information on the Internet. Twice a year, the Group publishes a "SchoolNetGuide" brochure featuring useful Internet tips and tricks. In 2003 the issue entitled "Family and Internet" attracted major interest among parents. Within a short space of time, 500,000 copies had been ordered.

An overview of 2003
Swisscom Fixnet
Swisscom Mobile
Enterprise Solutions
debitel
Other business areas
Customers
The environment
Employees
Investors
<b>The community</b>

### Sponsorship and corporate giving – Swisscom's commitment to the community

Swisscom adds value for its employees, customers, partners and society as a whole through targeted sponsorships and support activities.

Most of Swisscom's sponsorship is aimed at sport, the arts, business and the environment. Sport occupies an important place in society, which is why Swisscom's sponsorship activities are primarily focused on this area, and in particular on alpine and Nordic skiing, football and tennis. Special emphasis is placed on promoting up-and-coming young talent.

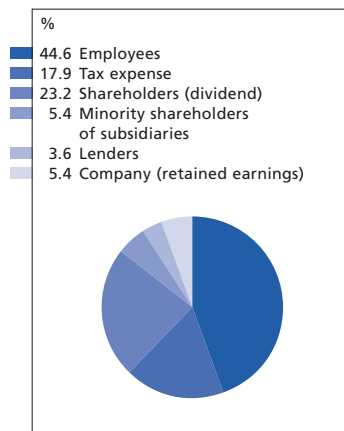
In the cultural domain, Swisscom sponsors Switzerland's largest concert organizer, Good News, and the largest open-air festivals in Switzerland. Added to this, Swisscom also sponsors classical music and film.

The main focus of Swisscom's business sponsorship is the Swiss Economic Forum in Thun, a convention for SMEs and young entrepreneurs.

A range of eco-sponsorships underscore the pivotal role that environmental management plays at Swisscom. The company is also involved with the WWF, the Swiss National Park and GLOBE, a project for education and research in environmental studies.

As part of its corporate giving policy, Swisscom primarily donates to institutions and projects in the social, educational and environmental fields. For instance, for several years Swisscom has partnered the charity Swiss Solidarity (Glückskette), providing not only the freephone number but also the entire telecommunications and Internet infrastructure for appeal campaigns. The company also supports the Samaritans' telephone help line "Die Dargebotene Hand" (number 143). In the year under review, the focus was on donations for the blind and visually impaired, and support was given to the "Access for All" Institute for Technology for the Visually Impaired ([www.access-for-all.ch](http://www.access-for-all.ch)).

**Distribution of added value 2003**



### Corporate services for the economy

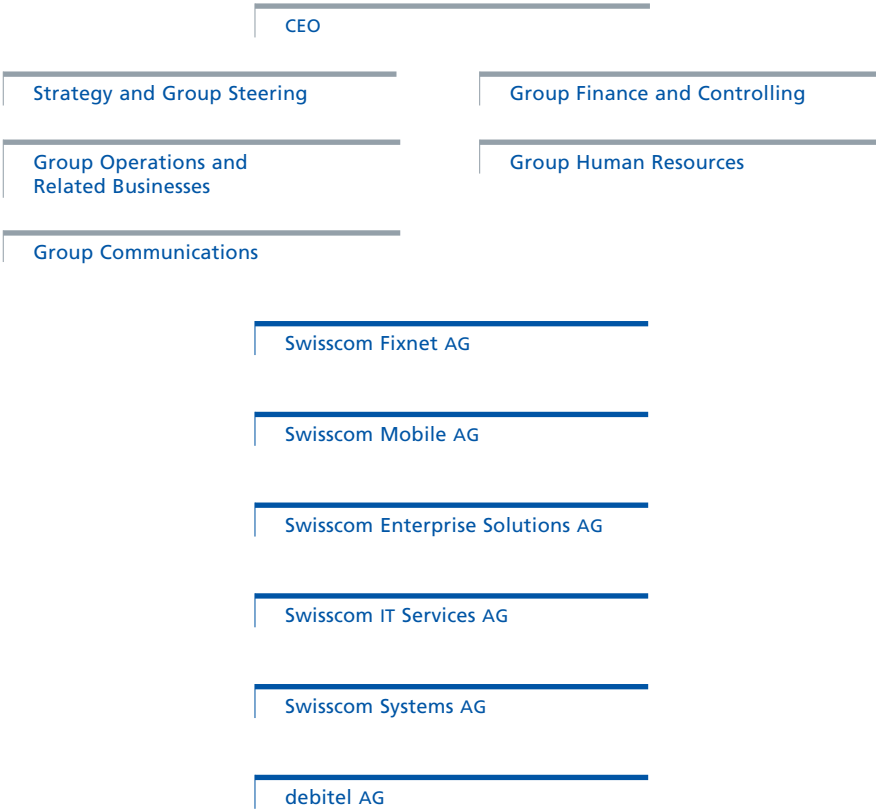
In addition to its many involvements in the interest of social causes, Swisscom also plays a key role in the Swiss economy. With over 16,000 full-time employees and 877 apprentices, it is the eighth-largest employer in Switzerland. And with an annual order volume of well over CHF 1 billion, it is an important economic generator as well as a major source of tax revenue.

Swisscom created CHF 5.1 billion in net added value in 2003, 44.6 per cent of which was distributed directly or indirectly to staff (pay, social insurance contributions, pension plans, and other personnel expenses).

Swisscom paid a total of CHF 73 million to the public purse (federal government, cantons, communities, and foreign countries) in direct taxes, and another CHF 500 million in VAT.

As Swisscom's main shareholder, the federal government received CHF 830.6 million in dividends and par value repayments.

# Swisscom Group organizational chart



# Swisscom

## Board of Directors

**Alfred Bissegger**  
Secretary

**Michel Gobet**  
Employee  
Representative

**Torsten G. Kreindl**

**Jacqueline Françoise  
Demierre**  
Employee  
Representative

**Felix Rosenberg**  
Representative  
of the Swiss  
Confederation



**Markus Rauh**  
Chairman

**Helmut Woelki**

**André Richoz**  
Vice Chairman

**Richard Roy**

**Peter Küpfer**



The following members  
left the Board of  
Directors in 2003:  
Franco Ambrosetti  
(as of May 6, 2003)  
Ernst Hofmann  
(as of May 6, 2003)  
Rose Gerrit Huy  
(as of May 6, 2003)

# Swisscom Executive Board

**Jürg Rötheli**  
Head of  
Group Operations  
and Related Businesses

**Hans-Peter Quadri**  
CEO  
Swisscom Enterprise  
Solutions AG

**René Fischer**  
CEO  
Swisscom Systems AG

**Carsten Schloter**  
CEO  
Swisscom Mobile AG

**Jens Alder**  
CEO  
Swisscom AG



**Ueli Dietiker**  
CFO (Chief Financial Officer)  
Deputy CEO, Swisscom AG  
Head of Group Human  
Resources a.i.

**Adrian Bult**  
CEO  
Swisscom Fixnet AG

**Michael Shipton**  
CSO  
(Chief Strategy Officer)  
Swisscom AG

**Stefan Nünlist**  
Head of  
Group Communications

**Urs Stahlberger**  
CEO  
Swisscom IT Services AG



**Missing from the picture:**  
Peter Wagner,  
CEO of debitel AG

**The following members left the Executive Board in 2003:**  
Mauro Santona  
(as of January 31, 2003)  
Esther Häberling  
(as of June 30, 2003)

## Key dates 2004

March 24	Annual Press Conference, Zurich
April 1–2	Capital Market Days, Interlaken
April 27	General Meeting of Shareholders, Lucerne
April 30	Dividend distribution
May 12	2004 First-Quarter Report
August 13	Half-Year Report 2004
November 10	2004 Third-Quarter Report

## Publishing details

Published and produced by:  
Swisscom AG  
Group Communications  
Berne

Design and layout:  
Gottschalk+Ash Int'l

Translation:  
CLS Corporate Language  
Services AG, Basle

Photographs:  
Markus Senn  
Erhard Hofer (page 7)

Quotations:  
Gulliver's Travels by  
Jonathan Swift

Prepress and printing:  
Neidhart + Schön AG

Printed on chlorine-free paper

©Swisscom AG, Berne

The 2003 Swisscom Annual Report is available in English, German and French.

The Financial Review (enclosed) is available in English and German.

Further copies of the Annual Report can be ordered from:

Swisscom AG  
Group Communications  
CH-3050 Berne  
T+41 31 342 36 78  
F+41 31 342 27 79  
E [annual.report@swisscom.com](mailto:annual.report@swisscom.com)

Financial information:

Swisscom AG  
Investor Relations  
CH-3050 Berne  
T+41 31 342 25 38  
F+41 31 342 64 11  
E [investor.relations@swisscom.com](mailto:investor.relations@swisscom.com)  
[www.swisscom.com/ir](http://www.swisscom.com/ir)

General information:

Swisscom AG  
Head Office  
CH-3050 Berne  
T+41 31 342 11 11  
F+41 31 342 25 49  
E [swisscom@swisscom.com](mailto:swisscom@swisscom.com)

Social and environmental information:

Swisscom AG  
Group Communications  
Group Relations  
CH-3050 Berne  
E [albert.kuhn@swisscom.com](mailto:albert.kuhn@swisscom.com)  
E [pascal.salina@swisscom.com](mailto:pascal.salina@swisscom.com)  
[www.swisscom.com/corporate-responsibility](http://www.swisscom.com/corporate-responsibility)

For the latest information, visit our website at [www.swisscom.com](http://www.swisscom.com)

An abridged online version of the Swisscom Annual Report is available at:

German:  
[www.swisscom.com/bericht2003](http://www.swisscom.com/bericht2003)

French:  
[www.swisscom.com/rapport2003](http://www.swisscom.com/rapport2003)

English:  
[www.swisscom.com/report2003](http://www.swisscom.com/report2003)

Italian:  
[www.swisscom.com/rapporto2003](http://www.swisscom.com/rapporto2003)