



Swisscom realigns its focus **Simple, one-stop shopping**

22 May 2007, Zurich

Simple, one-stop shopping



Media Presentation 22 May 2007, Zurich

Dr Anton Scherrer,
Chairman of the Board of Directors

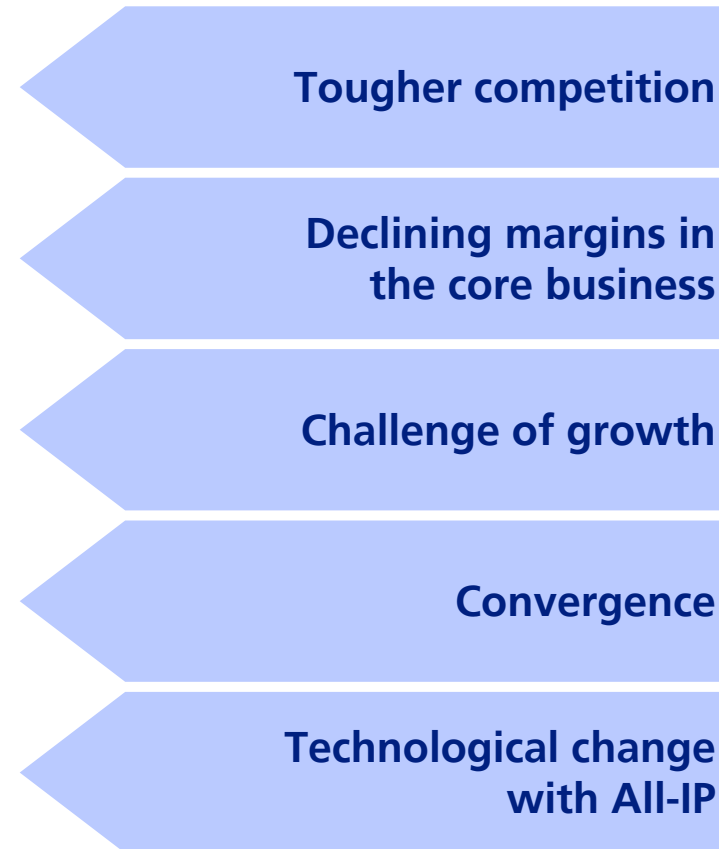


Swisscom's excellent starting position – more challenges ahead

Swisscom's excellent starting position



Challenges



The three pillars of Swisscom's strategy

Maximise

We maximise our market position within our existing core business in Switzerland.

Enlarge

We enlarge our market position within our existing core business in Switzerland.

Expand

We expand by growing abroad.

Goal: integrated offerings in the TIME market by 2009 without compromising on best customer service



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Implementation of strategy: Swisscom is making good progress

- Takeover of Italian broadband provider Fastweb
- Stake in **Swisscom Mobile** increased to 100%
- Sale of **Antenna Hungária** at a profit
- **Successful entry** into the television business
- Our activities **centre around the customer**



But: We are reaching the limits of the existing organisation's capacity

- The current organisation makes it difficult to gear ourselves fully to customer requirements. There is no single entity responsible for the various aspects that shape the customer experience
- **Group-level projects** such as the project to standardise the customer systems of Swisscom Fixnet and Swisscom Mobile can only be implemented with difficulty within the existing structure.
- We are taking too little advantage of the unique range of options at our disposal to distinguish ourselves from our competitors.
- We are not providing services with the **best possible cost structures.**



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Carsten Schloter, CEO



What benefits do we expect from changing our structure?

More agility in the market

- Full focus on marketing, distribution and service within the market units

Customer Focus and Service Leadership

- One-stop shop for all products
- Establishment of **a single** point of contact per customer

Construction of a new network generation

- Convergence of networks
- Basis for building an All-IP network

Assured cost efficiency

- Bundling of support functions
- Integrated IT and network unit

Leveraging of the growth option

- Combination of growth-driven business portfolio and of ventures at Group level



A new organisation in the service of customers – a single point of contact

- Combination of **Fixnet, Mobile and Solutions**: Customers' communications needs will be met by **one organisation** whether for fixed network, mobile communications or TV
- **Organisation by customer segments** is the industry standard now – KPN and other companies have made this move
- Sales, marketing and service functions are consistently geared to **Private Clients, Small and Medium Sized Companies (SME) and Corporate Clients**
- The **supporting functions** finance, human resources, legal, innovation and strategy, will be merged.
- Since technologies are also converging, Swisscom plans to create an **integrated network and IT unit**: IP technology enables standard platforms, lower costs and new applications



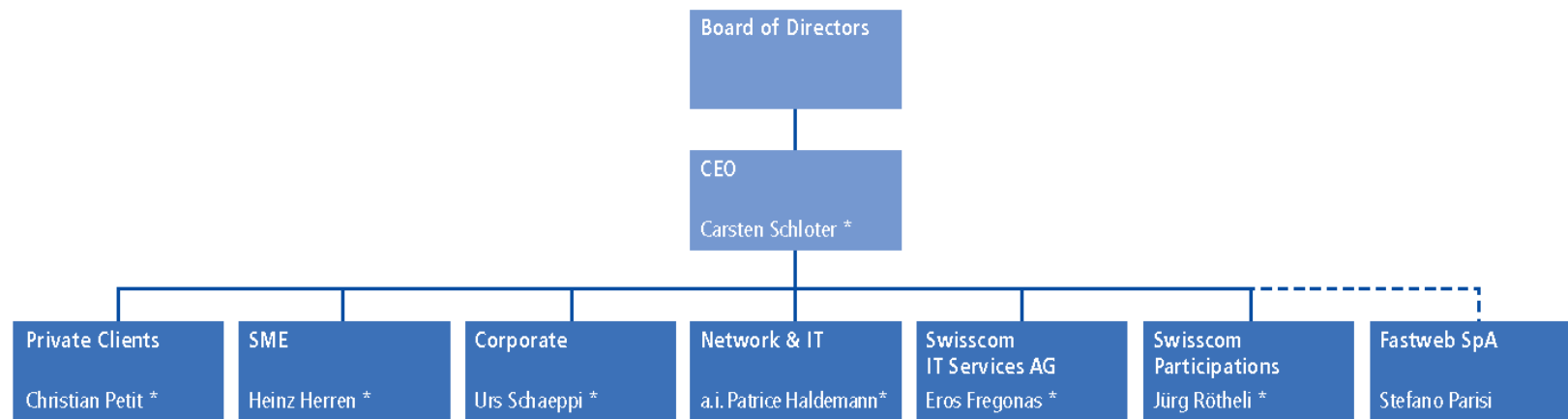
Independent management of Swisscom IT Services and Swisscom Participations

- The following companies will continue to be **managed independently**: Swisscom IT Services and the various participations:
 - The market dynamics and organisational demands as well as sales activities in the IT sector are very different to those in telecoms-related operations.
- **Swisscom IT Services, Fastweb and Swisscom Participations** are strategically important growth areas.
- **Group Management:** Heads of the four business divisions of Swisscom Switzerland, CEO Swisscom IT Services and Swisscom Participations, and heads of central Group divisions



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Focus on the customer

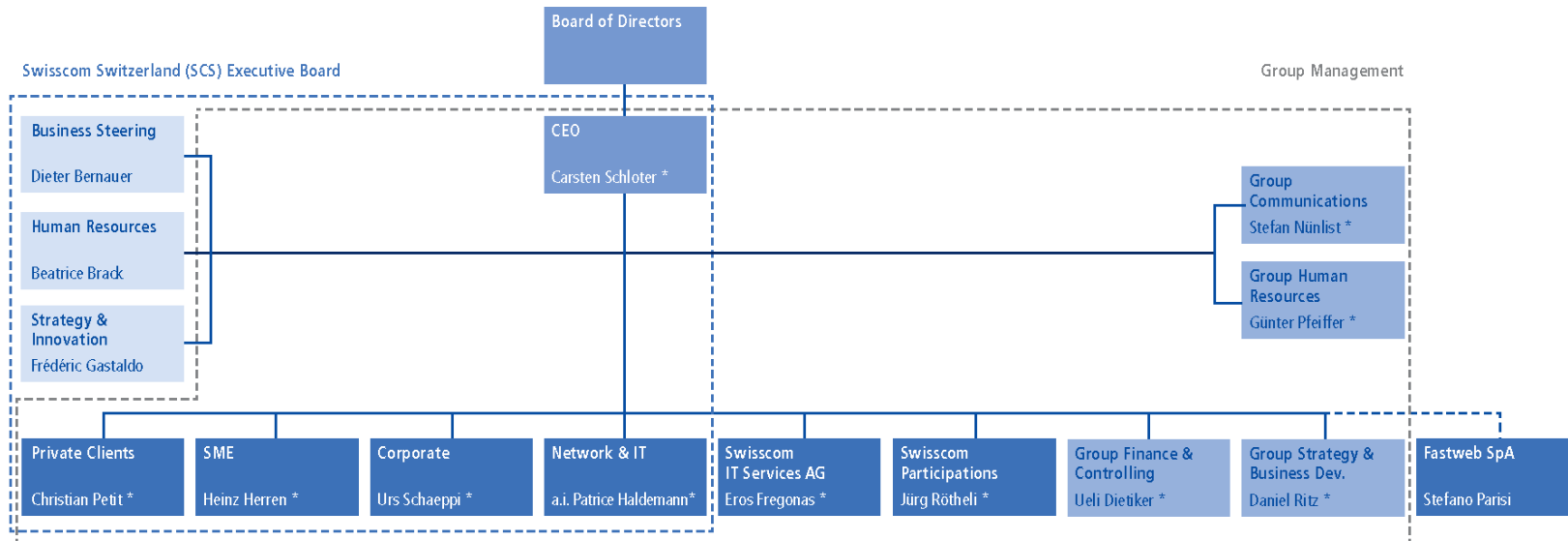


* Member of Group Management



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Focus on the customer



Group Divisions
Business Divisions
Support Division SC Switzerland

* Member of Group Management

Organisational adjustment in two steps

- The organisational adjustments will be made **in two steps**:
 - As of 1 August 2007, organisational units will be transferred in their entirety to the new management structure.
 - As of 1 January 2008, the reorganisation will legally come into force and additional measures will be taken to optimise the new structure.
- Only a few management positions will become redundant on 1 August 2007 due to the **re-allocation of entire units**.
- The process of harmonising IT landscapes and combining the two networks to create an All-IP network (integrated network based on Internet protocol) will take **several years**
- **Overall headcount reduction** of 3-5% per year in Swiss operations. This is on a par with the rate in recent years
- **Proven social plan** or appropriate regulations for executive staff



Financial reporting will continue to be guaranteed a high level of transparency

- **Segment information** for financial reporting purposes will be adjusted in line with the new organisation as of 2008
- **The three customer segments** Private Clients, SME and Corporate will be reported as autonomous segments
- During a transitional phase, additional financial information will be disclosed in accordance with the existing structure under **Fixed Network** and **Mobile**
- **Previous-year figures** will be adjusted to the new reporting structure



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Successful takeover of Fastweb



Fastweb: Definitive figures on the takeover

- Acceptance level 80.3%. Together with the 1.7% of Fastweb shares acquired earlier, Swisscom holds an **82.1% stake in Fastweb**
- **Fastweb will continue to be listed on the stock exchange**
- **The total purchase price** is EUR 3.0 billion
- Taking into account the net debt of EUR 1.1 billion taken over from Fastweb, **the total amount of the transaction** is EUR 4.1 billion or CHF 6.9 billion.
- **Financing** in the form of CHF 5.9 billion in new loans, CHF 0.5 billion from the sale of Antenna Hungária, and CHF 0.5 billion from the sale of treasury shares.
- **Completion** of the takeover offer on 22 May 2007, consolidation from 1 June 2007



Collaboration between Swisscom and Fastweb

- **Fastweb strengthens Swisscom** in terms of technology, new multimedia applications, and financially
- **Fastweb's competitive advantage and technological edge will be further developed.**
- Fastweb's operational business will remain **independent**: Well-positioned brand
- **Cooperation in four areas:**
 - Fastweb generates 60% of its revenue from business customers: Further development of business-to-business markets (e.g. Swisscom customers operating in Italy)
 - Reduction in costs due to shared purchase of network elements
 - Support for Fastweb from specialists in receivables management
 - Exploit Fastweb's know-how to achieve improvements in installation and the operation of Bluewin TV



Fastweb: Mario Rossi appointed CFO

- Fastweb will be directly managed by the Swisscom CEO, Carsten Schloter, as **Chairman of the Board** of the Italian participation.
- **Collaboration** with Fastweb's successful management team
- Mario Rossi will now join the Executive Board as CFO responsible for **financial management**. Mario Rossi has worked in the financial area at Swisscom since 1998, and has been Swisscom CFO since 2006.



Key aspects of the new financial and payout policy

- **Limitation of net debt** to no more than roughly double the EBITDA
- **Payment of around 50% of Operating Free Cash Flow (OpFCF)** to Swisscom shareholders* in the form of dividends and, where possible, share buybacks
- In principle, the level of **dividends** should at least match the current level
- **Annual review** of requirements for strategic flexibility (versus the limit of approx. 2 x EBITDA). Funds not required for strategic flexibility can flow back to shareholders in addition to the 50% of OpFCF.
- **Special share buyback programme** of CHF 500 million in 2008

* Operating free cash flow to Swisscom shareholders is defined as EBITDA – capital expenditure +/- changes in net working capital - minority interests



A photograph of a male technician in a blue work jacket kneeling on a concrete surface next to an open grey electrical cabinet. He is pointing his right hand upwards towards the top of the cabinet. A woman with long brown hair is partially visible on the left, looking towards the technician. In the foreground, an open black toolbox contains various tools, including red-handled screwdrivers and pliers. The background shows a stone wall and a clear blue sky.

**Many thanks for your
attention**

Swisscom – simply in touch.

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Notes to presentation



CVs of new Group Management members

- **Christian Petit** (1963), formerly CEO of Hospitality Services Plus SA, has been appointed Head of the Private Clients business division. Christian Petit is French and worked at debitel in France between 1993 and 1999. He moved to Swisscom Mobile in 2000, initially as COO and then as Head of Product Marketing. Education: MBA in Business Administration and Economics, France, management training at the IMD in Lausanne
- **Heinz Herren** (1962) has been appointed Head of the SME business division. A Swiss national, Heinz Herren has 20 years of experience in the telecommunications and IT sectors and has worked for Xmit, Ascom, Bedag and 3Com, among others. In 2001, he took over as Head of Marketing, Wholesale, at Swisscom Fixnet, where he was also responsible for the SME unit. Education: Graduate of the University of Applied Science, Bienne, management training at IMD in Lausanne



swisscom

The logo for swisscom features the word "swisscom" in a bold, dark blue, lowercase sans-serif font. Below the text, there are seven red rectangular bars of varying widths, each positioned under a specific letter: 's', 'w', 'i', 's', 's', 'c', and 'o'. The 'm' does not have a bar underneath it.