

# 1997 Annual Report

Swisscom

## This year's Annual Report focuses on people and communication

**The Swisscom Annual Report gives the reader a meaningful insight into our company. It seeks to convey an impression of the company's mission as well as providing financial facts and figures.**

The 1997 Annual Report focuses on human communication. The pictorial theme is based on the origin and fount of all communication: people. The photographs, with their communicative faces, form a deliberate contrast to the high-tech communication usually associated with a leading telecommunications company like Swisscom. The people shown in the photographs symbolise the linguistic and cultural diversity of our world. But they also reflect our determination to win over people of other countries and cultures to Swisscom through our outstanding products and services.

The 1997 Annual Report and Financial Review of Swisscom are not intended for distribution or publication in the USA, Canada or Japan.

The 1997 Financial Review with the review of the group's results and the consolidated accounts of the Swisscom Group are appended to this Annual Report.

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**Publishing Details**

Swisscom's 1997 Annual Report is available in English, German, French and Italian.

You can order extra copies of the report or ask for more information using the reply coupon enclosed. Up-to-date information is also available on the Internet.

Publisher: Swisscom AG, Berne, Switzerland

Concept and production:  
Eurocom Corporate & Financial Communications, Zurich,  
Wirz Investor Relations, Zurich

Design:  
Gottschalk+Ash Int'l

Editor: Swisscom AG,  
Corporate Communications, Berne

Photographs: p. 38, 46, 52

Pia Zanetti, Zurich,  
p. 6, 20, 30 Prisma

Printed on chlorine-free bleached paper

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# Corporate profile

**With net revenues of CHF 9.8 billion and some 22,000 employees, Swisscom is Switzerland's leading telecommunications company. After far-reaching restructuring, we have transformed ourselves from a state monopoly into an innovative, customer-driven and internationally competitive company.**

**Swisscom is Switzerland's leading telecommunications company.**

Since 1 January 1998, Swisscom has been a stock company with special legal status and is very well positioned to capitalise both on its planned initial public offering and on the deregulated telecoms market in Europe. Lean, flexible structures and customer-oriented employees enable Swisscom to focus on current and future customer needs. The Group operates and maintains a comprehensive voice, mobile and data network in Switzerland comprising over five million access lines. As a full-service provider, Swisscom uses its technological leadership and proven ability to innovate to create added value for its stakeholders. To implement its international strategy of meeting the needs of existing customers and extending its home market, Swisscom is building alliances with international partners and developing investments and joint ventures in selected foreign markets. With its clear investment policy and strict cost management, our strategy aims to steadily increase the value of the company.



## From Telecom PTT to Swisscom

### Welcome to Swisscom's first Annual Report!

Our company, which hitherto operated under the name Telecom PTT, has been a limited company with special legal status since 1 January 1998. The new name, the new legal form and the new corporate image are the visible external changes that our company has undergone.

The change from Telecom PTT to Swisscom is fundamental. Our company has been transformed from a state enterprise governed by public law in a protected market into a company fit for flotation on the stockmarket, operating in a fully liberalised market. The results of this transformation include the introduction of a customer-driven process organisation, faster innovation, complete focus on customer needs and ongoing productivity gains, plus systematic efforts to ensure appropriate levels of profitability. We have an open mind and a healthy body. We have the right attire and a dynamic spirit. In short, we are ready to meet the challenges of the future and confident we can master them. I therefore believe that Swisscom, in line with the strategic goals set out by the Federal Council, will succeed in securing its leadership in the domestic market, assert itself in international competition, sustainably increase the value of the company and remain an attractive employer.

I would like to thank everyone involved – and above all our employees – for their willingness to take an active role in shaping the changes, their impressive commitment and their dedication to the future.

A handwritten signature in black ink, appearing to read 'Markus Rauh'. The signature is fluid and cursive, with a large initial 'M' and 'R'.

Dr. Markus Rauh  
Chairman of the Board of Directors of Swisscom AG



## Agile, innovative and results-driven

A breath of fresh competitive air has been blowing through the telecommunications market since 1 January 1998. The newly founded Swisscom AG is now competing in the free market. It has whipped itself into top physical shape and very quickly geared itself up to meet to the challenges of the market – structurally, organisationally and culturally. Swisscom is preparing for a stockmarket flotation, leadership in a liberalised environment and a strengthened position in selected foreign markets. It is a customer-oriented firm, with short lines of command, swift responses and results-oriented thinking and action. We have already completed an important phase of our transformation into a modern service company. Swisscom is a limited company with special legal status led by a results-oriented management team eager to take decisions and achieve results. Swisscom is positioning itself as the most successful and socially-responsible telecoms company in Switzerland, offering comprehensive services for globally operating customers. We are striving to retain our existing customer base and our leading position as a full-service provider in the domestic market. We are creating added value for our customers by providing innovative products, imaginative, customised services and reliable after-sales support at competitive prices, and by tapping new markets.

The advent of a deregulated market necessarily entailed restructuring. Last year, an early retirement programme was launched for older employees and Swisscom is continuing to outsource activities that are not amongst its core competencies.

The systematic switchover from a structure-dominated to a process-oriented company is receiving substantial support from our total quality management (TQM) drive. Of 31 certification units, 22 were certified to ISO 9001 or 9002 in the year under review. The rest will be certified in 1998. Moreover, most units were also certified to the environmental standard ISO 14001, which requires a comprehensive and planned environmental management system.

### Swisscom and the financial community

The 1997 business year was shaped by the intensive preparations for floating the company on the stockmarket. The Swiss Confederation is the sole shareholder of Swisscom AG and holds all votes and capital in the company. On 13 May 1998, the Confederation gave the green light for the Swisscom IPO (initial public offering). This marked the go-ahead for selling up to 49.99% of the shares in the company. The plan is for stock of Swisscom AG to be traded as registered shares which will be offered to retail investors in Switzerland as well as to institutional investors both at home and abroad and also to Swisscom employees. The Swiss Confederation will fix the timing and the precise scale of the flotation shortly before the IPO. An Investor Relations department has been set up to liaise between the financial community and Swisscom AG. With our active, open and ongoing communication with the financial community, we aim to create a solid basis of trust among existing and future Swisscom shareholders and to position Swisscom as a dynamic, results-driven group.

Speed, performance, customer focus, cost effectiveness and an increase in the company's value are goals that we can only achieve in co-operation with the various stakeholders of Swisscom AG. Customers, future shareholders, employees, partners and suppliers will decide how the success story of Swisscom unfolds. We are ready and willing to meet the challenges of the free market as agile, fair and results-oriented competitors in a fascinating business.



Tony Reis  
Chief Executive Officer of Swisscom AG

## New image, new ideas and new energy

**As experience outside Switzerland shows, open competition spurs companies to do even more for their customers. We want to consolidate our position as the market leader that offers top-quality products and services, excellent value for money and a real flair for innovation. Swisscom prepared itself thoroughly for the liberalisation of the telecommunications market that took place on 1 January 1998.**

**Swisscom has created an efficient organisational structure.**

Ahead of the liberalisation of the telecommunications industry, Swisscom remodelled its organisational structure. It created the "Marketing & Sales" and "Product Houses" business units, which are of crucial importance for the company's success on the market. "Marketing & Sales" coordinates, guides and monitors all of Swisscom's marketing and sales activities. The business unit's main goals are customer-led marketing and implementation in line with market needs. The "Product Houses" unit is responsible for the development and management of the Voice, Data & Multimedia and Mobile corporate business areas.

The core activities of Swisscom are covered by the four corporate business areas: Voice, Data & Multimedia, Mobile and Carrier Services. Voice manages and develops all services, equipment and terminals for voice communication via the fixed network. Data & Multimedia is active in the areas of data communication, multimedia and online services. Mobile is concerned with mobile telephony, paging and all other mobile communications services. Carrier Services is responsible for interconnection and concludes agreements with other network operators, particularly those from abroad.

### Interconnection

Telecommunications legislation stipulates that telecoms companies with a dominant market position must give other competitors access to their network. Since Swisscom formerly had a monopoly, it is bound by this legislation. Interconnection regulates network access by Swisscom and rival providers in the Swiss market. The interconnection of different networks means that there is no need for competitors to build an extensive network of their own and, above all, they do not have to provide the last mile to the customer. Swisscom has developed a uniform interconnection offer for new competitors on the Swiss market.

**The twenty-first century is more than just a new millennium for Swisscom.**

#### MillenniumM Swisscom

The transition from 1999 to the year 2000 is more than just a new millennium for Swisscom, as the company is committed to consolidating and expanding its leading position on the deregulated Swiss telecommunications market. As a provider of comprehensive communications solutions, Swisscom boasts a powerful infrastructure with a fully integrated communications network and sophisticated support systems. State-of-the-art computer equipment is used to operate and maintain these systems.

The advent of the new millennium not only poses a challenge to Swisscom's traditional IT systems, the entire range of products and services has to be tested for MillenniumM compliancy.

We launched the MillenniumM project back in July 1996 in order to ensure our telecommunications customers would have the smoothest possible transition into the 21st century. In cooperation with partners, suppliers and customers, the relevant systems are being tested and updated to ensure compliancy with BSI (British Standards Institution) guidelines. Telecommunications systems in the fields of healthcare, business and politics have priority. Implementation of the necessary measures has been entrusted to a central programme management unit, along with various decentralised, technical project teams and outside specialists. At international level, adjustments are being coordinated with our alliance partners AT&T in the US, Telia in Sweden, KPN Telecom in the Netherlands and other worldwide partners. We currently have more than 200 people working on the project. We are convinced that these measures will enable Swisscom to gain a solid reputation as a forward-looking and reliable provider of telecommunications solutions.

**We offset loss of domestic market share by expanding our markets.**

### Forging ahead

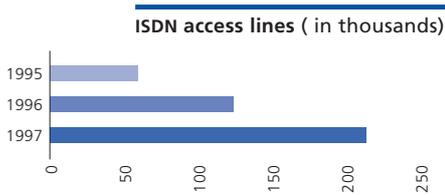
We are facing some major challenges: tougher competition, increasing customer needs and rapid technological progress. We see this as an opportunity to demonstrate our extensive knowledge and expertise in all areas of telecommunications and so raise our profile as one of the leading telecoms companies.

We will defend our existing customer base and gain new customers. Though loss of domestic market share is inevitable, we will compensate for this by launching new, innovative products and services and expanding our target markets. The Swiss market has promising potential: a high per-capita income, a highly integrated economy internationally and hence high levels of international traffic.



## One innovation after another

**Voice concentrates on all aspects of voice communication with the exception of mobile and Internet telephony. It is responsible for national and international traffic and supplementary services, analogue and digital lines, the national and international information services, Business Numbers, teleconferencing and videoconferencing as well as customer terminals and customer solutions.**



**With a telephone density of 66 lines per 100 inhabitants, Switzerland ranks second in the world.**

Domestic telephone traffic, measured in minutes, increased by around 10% compared with the previous year and outgoing international telephone traffic by 6%. The total number of ISDN access lines increased by 72%, while the number of conventional, analogue lines fell from 4.2 million at the end of 1996 to 4.1 million. Swisscom is one of the major players in ISDN penetration. Large-scale capital expenditures resulted in the network being completely digitalised by the end of 1997.

Swisscom aims to maintain its leading position as a provider of a full range of voice services nationwide. In terms of telephone line density we are ranked number two in the world, with 66 lines per 100 inhabitants (analogue lines and ISDN access lines). In future we will be customising our sales channels and techniques even more closely to the different customer segments. Our range will be continually updated by adding innovative services and products.

### Charge reductions for domestic and international traffic

Swisscom had reduced the price of domestic telephone calls by an average of 20% even before full deregulation was in place. At the same time we created a more transparent price structure by reducing the number of charging zones from four to two. In early 1998 Swisscom launched "Hello World", a discount scheme offering residential customers savings on international telephone calls. For a monthly charge of four Swiss francs, a discount is granted on calls to three telephone numbers abroad that the customer selects. Business customers and small and medium-sized companies also benefit from cheaper international rates with the "Favorite Countries" service that was introduced at the same time.

### OneNumber – one world

OneNumber, launched at the beginning of 1998, allows customers to be reached on fixed and mobile telephones in Switzerland and abroad under a single, personal telephone number. Apart from twenty-four hour availability through call forwarding, MessageBox and the Connect service, OneNumber also incorporates Calling Card Features enabling cashless calls in Switzerland and abroad. Instead of being assigned to a specific line, OneNumber is

**Instead of being assigned to a specific line, OneNumber is assigned directly to the customer.**

assigned directly to the customer, who can log on at any telephone and receive or make calls under his or her own number. This service is above all aimed at customers requiring a high level of mobility and flexibility, such as frequent travellers, people with more than one place of residence and small companies.

**MessageBox – the invisible, free answering machine**

The central telephone answering service was introduced regionally in November 1997 and has been available to all telephone customers since early 1998. At present there are approximately 600,000 answering machines in service in Switzerland. With MessageBox there are no equipment purchasing costs and there is no need for any special appliances, because this service is integrated in the fixed network. There are no special subscription charges, users simply pay for recording and listening to messages.

**International Prepaid Card – cashless calls in over 90 countries**

The International Prepaid Card launched by Swisscom in 1997 can be used to make cashless telephone calls from virtually any telephone (except mobile phones) in over 90 countries. Calls are paid for in advance by purchasing the card. A four-language operator service is also available free of charge round the clock.

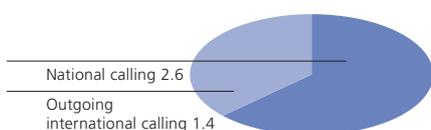
**Calling Card**

The Swiss Telecom Card, launched in 1995, again recorded a sharp rise in turnover in the year under review; this can be attributed in part to new supplementary services and a reduction in the basic charge. An itemised statement as part of the monthly bill makes it very easy to keep track of costs. The card, which comes with its own personal code, is available as an individual or company card and can be used worldwide in over 90 countries.

**+800 Universal Freecall – free calls from all over the world**

The national freephone service 0800 and the international freephone service “+800 Universal Freecall” replaced the “Green number” 155 at the end of 1997. With Universal Freecall the customer has a freephone number which applies worldwide and is not dependent on a particular geographical location. All call charges are paid for by the called party. Companies can be reached under the same number from anywhere in the world. By the end of 1997 Swisscom had signed contracts with 15 countries for the international service “+800 Universal Freecall”. The national services “0800 Freecall” and Firstline (with the 0842, 0844 and 0848 prefixes) are recording monthly growth rates of about 9% during 1998.

**Net revenues fixed-network (CHF in billions)**





**Following major capital expenditures, the network was almost completely digitalised by the end of 1997.**

**TeleConferencing replaces time-consuming meetings with cost-effective exchange of information.**

#### From SwissNet to ISDN

The former SwissNet has operated under the name ISDN since 1 October 1997. All communication services can be transmitted digitally via a single ISDN access. ISDN is available throughout Switzerland which has one of the highest market penetration rates for ISDN access lines in the world.

#### Videoconferencing

Videoconferences are becoming increasingly popular for reasons of time and cost saving. They allow several parties to communicate and exchange data simultaneously no matter where they are. Swisscom offers a package consisting of systems (ranging from mini systems to large-scale systems), services and support. The services area comprises the conference service (connection of several national and international parties), the provision of conference studios throughout Switzerland and equipment rental. Swisscom has set up a user-friendly worldwide videoconferencing system in co-operation with the World Economic Forum and other partners. We work closely with blue-chip international partners to offer national or global systems which are compatible with the needs of our customers.

#### TeleConferencing

Launched as a novel and simple system offering a wide range of potential applications, TeleConferencing is a time and cost-saving means of exchanging information regardless of location, and provides an alternative to costly meetings. The service ranges from companies that conduct frequent discussions with branch offices to telephone press conferences and international telephone meetings. Up to 600 people can be connected into a conference call via telephone.

#### Private branch exchanges

Private branch exchanges are complete solutions that optimise a company's internal and external communications by linking its communication and data systems. We can offer our customers complete solutions using TOMAS, our network management system, in conjunction with private branch exchanges. Swisscom's systems are continually updated in line with the needs of the market. We have recently launched a digital wireless communication system that conforms to the European DECT standard.

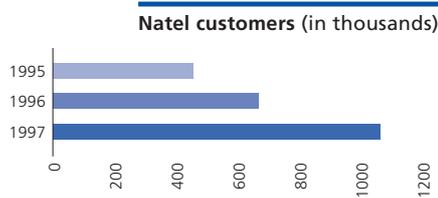
**The expansion of directory enquiry services has had a positive effect.**

#### Operator services

The national information service with the 111 telephone number provides information round the clock. Swisscom launched an attractive addition to this service on 1 March 1998 in the form of the new supplementary service "111 plus 5", which provides the information requested and then offers the option of setting up the call at the touch of a button. The international information service obtainable under the telephone numbers 1151 to 1154 and 1159 has been concentrated at locations in Geneva, St. Gallen and Lugano, which have access to various foreign databases. If no database is available, the numbers are looked up in directories or requested in the country in question. The expansion of the operator and information service platforms completed in 1997 has had a positive impact on the number of calls answered and the quality of the service.

# Mobile communication is just taking off

**Mobile communication is one of the most dynamic telecommunications markets. As customers increasingly want to be able to make calls wherever they happen to be, mobile telephony is expanding at a break-neck pace. Last year, Swisscom hooked up as many as 40,000 new customers a month to its Natel network. By November 1997 one million subscribers had already registered; in other words one in seven Swiss residents uses a mobile phone.**



**With 140 partners in 80 countries, Swisscom holds the world record for roaming agreements.**

With more than a million customers at the end of 1997 and a market penetration rate of nearly 15%, Switzerland is already ahead of the UK, Germany and France. In Scandinavia, where mobile telephony is increasingly replacing fixed lines, the penetration rate is over 30% in some cases – an indication of the potential of the Swiss market. But mobile telephony is booming all over the world and not just in Europe. Every month, more than a million people or companies worldwide subscribe to the Global System for Mobile Communications (GSM) and other cellular networks. Some 230 mobile phone operators from more than 105 countries are now members of the GSM MoU Association, which sets the global mobile standard for cellular networks. Swisscom is one of the world's most innovative companies in the field of mobile communications. With our attractive and high-quality range of services for business and residential customers, a smooth-running customer service and a customer-friendly communication policy, we are poised to maintain our leading position in this competitive market.

## Worldwide availability thanks to roaming agreements

Roaming agreements signed with over 140 contractual partners allow Swisscom customers to use their mobile phones in more than 80 countries. The agreements signed with US network operators ensure that our mobile phone customers can be reached in New York, Washington DC, California and Canada. In co-operation with the UK company Vodafone, Swisscom offers a Global Cellular Service which allows other network operators to link up with our network of roaming agreements. A single agreement gives a network operator access to one of the most comprehensive mobile telephony networks.

## Natel GSM

Natel swiss is the GSM service for use in Switzerland. With Natel international, the mobile phone can also be used in an increasing number of countries abroad. Natel easy is a very successful innovation and has provided new growth impetus. With Natel easy, the phone can be used as soon as it has been purchased thanks to the rechargeable Natel easy GSM card, on which customer-specific data is stored. During the telephone call, the charges are continuously deducted from the balance on the GSM card.

**To meet growing demand, we have built the first dual-band network.**

#### Increased capacity in the GSM network

To meet growing demand, we have significantly increased capacity in the GSM network using dual-band technology (900/1800 MHz), initially in the Geneva, Basle and Zurich regions. In November 1997 the first dual-band devices came on to the market; they are designed to automatically select the frequency range with the greater capacity. In 1997, the Federal Department of Transport and Energy set the number of future mobile telephony network operators in Switzerland. Swisscom will cede some of its frequencies to two future competitors; this will affect the Natel C analogue network in particular. Swisscom has not accepted any new Natel C customers since mid-1997 and has created incentives to make it easier for customers to switch over to Natel GSM.

**Mobile telephones offer a broad and continuously expanding range of applications.**

#### Enhanced applications for mobile phones

Mobile phones are carriers of information and services with a broad and steadily growing range of applications. Combined with a laptop, a PC card to provide a link between the phone and the computer and the supplementary Natel data subscription, mobile phones can be used to send data and faxes. COMBOX records incoming calls or faxes; users can then listen to their calls from any telephone or print out the faxes on any fax machine. Incoming messages are displayed by means of Natel message. Even short messages can be reliably and discreetly transmitted from a mobile phone to a pager, fax or another mobile phone.

Since October 1997 holders of a postgiro account have been able to use their mobile phone to find out their balance or last five transactions. This service, known as Postphone, could also be extended to the banking sector. Swissair plans to send selected information by Natel to its regular customers. The new parking control system in Bern allows drivers to ascertain where they can find a parking space even before they enter the city. The use of Natel as a mobile means of communication is still in its early stages. We are running various pilot projects to explore further possibilities and are expanding our offer with innovative services that look highly promising.

**Telepage business is a discreet and efficient means of communication for business people.**

**Telepage: discreetly reachable**

The numeric pager displays the telephone number of the caller or agreed message codes. Alphanumeric pagers can display text as well. Telepage business is ideal for business communications on account of the high transmission capacity and a wide range of supplementary services. If you want to be discreetly reachable without a mobile phone, Telepage business can transmit instructions, phone numbers to call back, addresses and other messages. Telepage business is based on the worldwide radio message standard ERMES (Enhanced Radio Message System).

Automatic paging can be used in the home or in a business setting.

A special alarm system can send a message to the pager in the event of break-ins, supply bottlenecks, plant breakdowns or other incidents. Thanks to this rapid transmission of information, the recipients can take the necessary measures to prevent further damage.

# Data communication powers the economy

**Data & Multimedia comprises the business activities of data communications. This covers national and international leased lines, complete, customised solutions for Internet, Intranet and Extranet from a single source, "the blue window" communications platform, telephone directories and solutions for the specific requirements of certain economic sectors, e.g. tourism. The consolidated portfolio of Data & Multimedia also includes the activities of the former Unisource Business Networks Switzerland AG and the former Swisscom subsidiaries Swisscos AG and XMIT AG, which were integrated into Swisscom with effect from 31 December 1997.**

**Swisscom follows its customers around the world.**

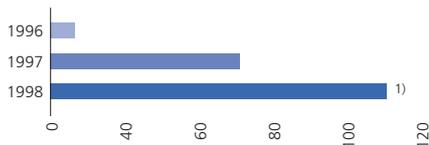
Our customers can also benefit from Data & Multimedia products and services beyond Switzerland's national borders in Austria, northern Italy, southern Germany and Alsace. We intend to follow our customers to major destinations such as Paris, London, Frankfurt and Munich and ensure that they have access to our services at all times. We already offer our customers a local presence in New York.

**As a full-service provider we help our customers to join the "Global Village".**

### The networked world

The supply of information available today is boundless. An increasingly more comprehensive communications network is being used by more and more people. Networks that span the globe provide access to a wealth of information undreamt of in the past. With the steady increase in the speed of information flow, the success of companies today depends on fast access to information and the capability of processing and distributing it rapidly. Telecommunications is evolving into a crucial competitive factor for the economy. As a full-service provider, Swisscom supports its customers with a comprehensive range of efficient and applications-oriented services and corresponding networks for accessing the "Global Village" Internet.

**"The Blue Window" subscribers (in thousands)**



<sup>1)</sup> At June 1998

### The blue window: A comprehensive Internet service

Approximately 100 million people worldwide use the Internet. The Internet boom continues unabated and holds enormous market potential. About 7% of the Swiss population has access to the Internet either privately or at work. Swisscom's Internet platform "the blue window" was already used by 70,000 customers in the first year after its market launch in Switzerland. More than 500 companies profit from "the blue window" for their business activities. This great success has made us one of the leading Internet access providers in Switzerland.

The most popular Internet and Intranet applications are electronic commerce, banking and shopping. Electronic commerce is the collective term for business transactions conducted over data networks, for example placing orders for goods, selling software or offering services. The key feature is

**We help stimulate Internet business through partnerships with content providers.**

direct payment over the network, which requires secure data transmission. Our "Gold Access" provides a powerful Internet package for companies, while "NetGrouper" enables closed user groups to communicate with each other.

We also help stimulate Internet business through partnerships with content providers, setting up a network in the communications sector and training users. At the end of 1997 Swisscom set up the "LEVEL" project, an Internet and PC training course for the whole of Switzerland, jointly with IBM (Switzerland) AG.

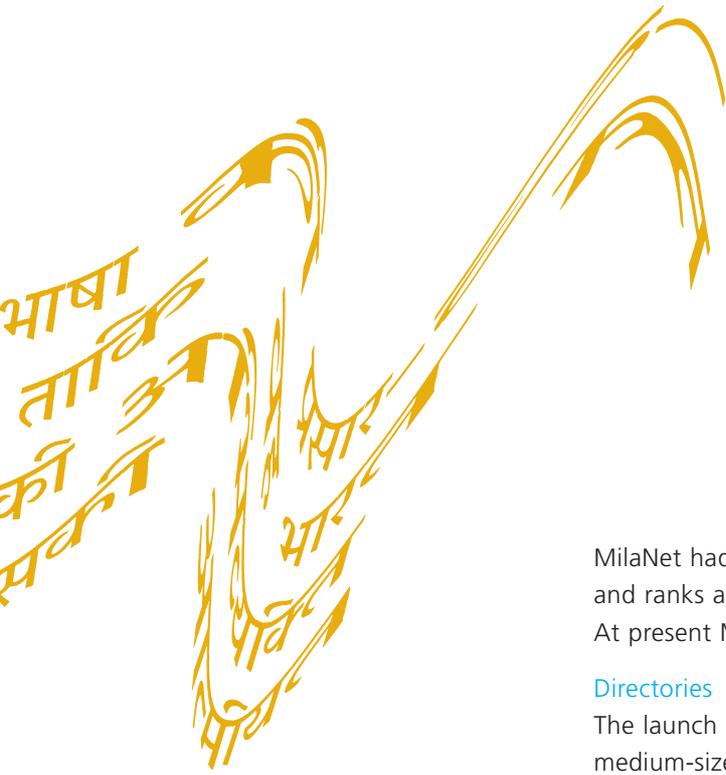
#### Optimum internal communications via the Intranet

In contrast to the Internet, to which any user with the right equipment and an appropriate connection has unlimited access, the Intranet serves a fixed group of users and also defines the type and scope of access. The internal corporate network speeds up the transfer of information and cuts decision-making chains and production paths. The Intranet can be readily linked with the internal platforms of other companies and organisations by means of an Extranet (selective opening of the Intranet). This provides a medium for offering services in new markets and for multiplying the number of contacts. Once an Intranet and Extranet have been set up, it is only a short step to the "Global Village" Internet.

#### Broadband transmission (Managed Bandwidth)

These days corporate networks have to offer maximum performance and must be capable of being expanded at any time. Swisscom's modular system provides network solutions with a number of different options for the transmission of voice, data, images and video, allowing companies to optimise existing corporate networks or implement new network projects. In order to guarantee the high quality and 100% availability of this service, the customer networks are monitored end-to-end round the clock at the Bern Service Centre. Should any faults occur, the network service management locates and clears them immediately to ensure an uninterrupted transmission flow. Managed bandwidth, end-to-end monitoring and automatic switchover to an alternative route are made possible by the high-performance MilaNet management system. Following a tripling in its capacity,

**Swisscom's modular system provides network solutions with a number of different options.**



MilaNet had more than 1,500 network nodes available at the end of 1997 and ranks as one of the largest Newbridge networks in the world. At present MilaNet handles 11,000 customer paths.

#### Directories

The launch of the CD telephone directory was a great success. Large and medium-sized companies prefer to use the network version of the telephone directory, whereas residential customers still generally resort to the printed version, which has a circulation that has stabilised at around 8 million copies. The newly launched Internet "Yellow Pages" and the directory of electronic addresses for e-mail and home pages are being accessed by a growing number of users.

## Optimum network resources for international services

**Carrier Services is responsible for interconnection and the sale of innovative network solutions and network services to national and international telecommunications operators, including the infrastructure for the transmission and broadcasting of radio and television programmes in Switzerland.**

Thanks to the SYDINET universal transmission equipment, Swisscom is able to respond to customers' wishes for conventional Swisscom services, multimedia or Internet services. Through co-operation with our Unisource alliance partners in Sweden and the Netherlands, we have been able to create identical universal transmission platforms in all three countries. One example of this close cooperation is the joint competence centre in Bern, which fully exploits the great potential for synergy in the universal transport infrastructure. The "European Backbone Network" connects the three national networks and additional access points in European capitals, providing a quick and dependable means of implementing end-to-end connections.

### CityCore and CityLink

We have installed city networks in the main economic conurbations of Switzerland to provide our customers with fibre-optic infrastructures that meet the highest demands. Customers in the service sector are the main potential beneficiaries of these high-speed networks. Two separate paths can also be set up to ensure that the connections are available at all times.

**Customers in the service sector are the main potential beneficiaries of our high-speed networks.**

### Deregulation will impact the numbering system

Since 1 January 1996 the Swiss Federal Office for Communications (BAKOM) has been responsible for issuing telephone and fax numbers. Seven-digit numbers were introduced in Switzerland at the end of 1996. Telecom operators pay a one-off allocation charge for the number blocks they require and an annual administration charge for their use.

### MediaLink for audio-visual transmission

Swisscom supplies everything from simple connections to the complex infrastructure required for the transmission of images and sound. We also develop global solutions with customers, providing complete studio

equipment, mobile systems for live broadcasts and mobile satellite earth stations. Our MediaSet product line provides all-in tailored solutions for transmitting programme data.

#### Satellites move into TV broadcasting

Over 1,600 transmitters and converters at some 480 locations are used to transmit the SF, TSR and TSI television channels in Switzerland. The analogue network has reached the limit of its capacity for TV coverage. Satellites are to be used in future to improve picture quality, with two stations already converted for satellite reception. Despite the scarcity of available frequencies, various stations have added extra channels.

#### Steady expansion of the VHF transmitter network

Of the 798 VHF transmitters operated by the Swiss Broadcasting Corporation at 264 sites, 62% serve German and Rhaeto-Romansch-speaking Switzerland, 22% Italian-speaking Switzerland and 16% French-speaking Switzerland. As part of the drive to provide full coverage on all road links in Switzerland, the capacity of the transmitters in the cantons of St. Gallen and Grisons has been expanded and five new broadcasting systems for supplying national road tunnels have been commissioned.

## Significant international investments

### Subsidiaries and affiliates

Name	Location, country	Interest in %
JászTel Rt.	Jászberény, Hungary	50
Mutiara Swisscom Berhad	Kuala Lumpur, Malaysia	30
Sterling Cellular Limited	New Delhi, India	32.56
Swisscom North America, Inc.	Washington DC, USA	100
Swisscom S.p.A.	Milan, Italy	100
Swisscom Telekommunikations GmbH	Vienna, Austria	100
Telecom FL AG	Vaduz, Principality of Liechtenstein	100
TelSource N.V. <sup>1)</sup>	The Hague, Netherlands	49
tesion, GmbH & Co. KG	Stuttgart, Germany	50
Unisource N.V.	Hoofddorp, Netherlands	33.3

### Other holdings

Infonet Services Corporation	El Segundo, CA, USA	18.7
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<sup>1)</sup> Holding the interest in SPT

# International operations

**The goal of Swisscom's international strategy is to meet the needs of existing customers and extend its home market. At the same time we want to consolidate existing interests and integrate them more fully into Swisscom's core operations.**

The key factors in international strategy are home market extension, a presence in strategically important cities ("hot spots") and the provision of pan-European and global services to multinational customers. We also intend to strengthen our international mobile communication operations both financially and operationally.

## Home market extension

Our strategy is geared to extending Swisscom's home market into border regions of neighbouring countries, either by setting up our own subsidiaries or entering into joint ventures. The strategically relevant regions represent 24 million potential additional customers.

### Germany

In Germany, Swisscom has a 50% stake in tesion GmbH & Co. KG, Stuttgart. This is a joint venture with Energie Baden-Württemberg (EnBW), the leading electricity utility in the federal state of Baden-Württemberg. tesion boasts a 3,000km fibre-optic network, the second largest in Baden-Württemberg. The joint venture is also able to draw on EnBW's existing relationships with potential customers. Swisscom contributes a rich store of telecommunications expertise, and since January 1988 has been offering residential and business clients high-end voice, data and multimedia services via the joint venture.

### Italy

Swisscom recently set up a wholly-owned subsidiary, Swisscom S.p.A., in Milan. The aim is to target business clients and other major customers in Lombardy with selected voice and data services. With 4 million inhabitants and around 37,000 small and medium-sized businesses, Lombardy is one of Italy's most important economic regions.

### Principality of Liechtenstein

Swisscom has been responsible for telecommunications in Liechtenstein for the last seventy-five years. The Principality has now put the licence for a telecoms provider out to public tender. Our wholly-owned subsidiary Telecom FL AG, Vaduz has been granted the licence for provision of local basic services and awarded the contract for network strategy and planning.

**Estel allows us to extend our home market into France.**

### **France**

In April 1998, Swisscom set up "Estel", a joint venture with Electricité de Strasbourg (EDS). The primary aim is to offer voice and Internet services over the EDS network. Alsace has 1.6 million inhabitants, 42,000 small and medium-sized companies and strong ties with the Swiss economy. The venture marks a milestone in efforts to extend our home market into France.

### **Austria**

In August 1997, Swisscom founded a subsidiary in Vienna, Swisscom Telekommunikationsgesellschaft m.b.H. At the end of May 1998 we acquired an interest of 50% plus one share in UTA Telekom AG, Austria's leading alternative telecom operator. UTA offers comprehensive telecommunications solutions to business and residential customers throughout Austria. One of UTA's priorities is to rapidly expand its telephone services nationwide. The activities of Swisscom Telekommunikationsgesellschaft m.b.H. are being integrated into UTA Telekom AG.

### **Presence in other important cities**

**Swisscom is expanding its presence in strategically important cities.**

As well as extending our home market into neighbouring countries, we will be building up a local presence in a number of other strategically important cities ("hot spots"). Our aim is to offer major business customers tailored communications services in New York, London, Paris, Frankfurt and Munich.

### **Swisscom North America Inc. (SCNA), Washington DC**

In May 1997, Swisscom founded a wholly-owned subsidiary, Swisscom North America (SCNA), with headquarters in Washington DC and an operational presence in New York. SCNA, which has been operating since the spring of 1998, now offers a variety of services running from end-to-end service level agreements through 24-hour help desk support and managed network services to comprehensive communications solutions for corporate clients. The company also acts as a contact for service management matters such as billing in the United States.

### **Pan-European and global services**

#### **Unisource N.V.**

**The Unisource group boosted its revenues by about 30% in 1997.**

The Unisource group, a strategic alliance between Swisscom, KPN Telecom of the Netherlands and Telia of Sweden, was able to expand further in 1997, boosting revenues by around 30%. The target group is multinational companies and institutions. AT&T-Unisource Communications Services (AUCS) is owned 60% by Unisource and 40% by AT&T. AUCS focuses mainly on

multinational customers in Europe, offering them a full range of global, tailor-made telecoms solutions from a single source.

Participation in WorldPartners, an alliance between Unisource, AT&T, KDD of Japan, Singapore Telecom and Australian provider Telstra, gives our range of services an added dimension. WorldPartners gives both partners and customers one-stop access to the resources and expertise of the whole alliance.

#### **Infonet Services Corporation, El Segundo CA, USA**

Infonet Services Corporation, in which Swisscom holds an 18.7% interest, is one of the world's five leading providers of tailor-made voice and data transmission solutions. Infonet operates primarily in the network business, where its main offering consists of remote access services, applications for Internet and Intranet, electronic shopping facilities and messaging services. Infonet's global network can be accessed from more than 180 countries, and the company has representative offices in 57 countries. Infonet's shareholders include various leading telecom operators.

**Infonet's global network can be accessed from more than 180 countries.**

#### **International investments: Mobile communications**

Swisscom invests in markets with long-term growth potential. Its strategy is geared towards increased financial and operational influence over the companies concerned.

#### **Mutiara Swisscom Berhad, Kuala Lumpur, Malaysia**

A 30% interest makes Swisscom the largest shareholder in Mutiara Swisscom Berhad, a holding company listed on the Kuala Lumpur stock exchange since December 1997. Mutiara Swisscom holds a 100% share of Mutiara Telecommunications Sdn. Bhd ("Mutiara").

The Malaysian telecommunications market is one of the most dynamic and competitive in South-East Asia. In recent years Mutiara has extended its high-tech infrastructure using fibre-optics, digital microwave and VSAT technology. Swisscom has made a significant contribution to Mutiara's growth in the form of its expertise in mobile networks and product, service and technology development. Mutiara holds domestic licences allowing it to operate the country's largest digital mobile network (GSM 1800) as well as a fixed network, an international gateway, VSAT and data network services in Malaysia. Swisscom plans to develop Mutiara as its main base in the Asia-Pacific region. In 1997 Mutiara consolidated its position as Malaysia's

**In New Delhi, a metropolis with a population of 12 million, a GSM mobile network is being developed under Swisscom management.**

leading mobile communication provider. Nevertheless, the effects of the Asian currency crisis on the economy in general have slowed growth in new customers.

#### **Sterling Cellular Limited, New Delhi, India**

In 1996 Swisscom acquired strategic interest of 32.5% in Sterling Cellular. A state-of-the-art GSM cellular network is now being set up under Swisscom's guidance in New Delhi, a city with a population of twelve million. The products and services are marketed under the "Essar Cellphone" brand. Sterling Cellular's subsidiary Aircel Digilink holds licences for the Haryana, Rajasthan and Uttar Pradesh East regions, covering the northern part of India with a network that is able to offer telephone services to a population of more than 170 million people. At the end of 1997 there were around 125,000 customers in the four regions. All the cellular networks have now been commissioned and are operational. In the spring of 1998 the Delhi network acquired its third exchange. The network boasts 129 base stations which receive and transmit voice and data signals not only for the company's own customers, but also for those of other operators who have a roaming agreement with Sterling.

#### **Other investments: Eastern Europe**

##### **SPT Telecom a.s., Prague**

In 1995 Swisscom, together with PTT Telecom Netherlands (now KPN Telecom), acquired a 27% strategic interest in SPT Telecom, the partly privatised Czech national telephone company. The interest is held via the Dutch joint venture TelSource, 49% owned by Swisscom. SPT Telecom has the task of strengthening its leadership ahead of the liberalisation of the Czech telecommunications market. Considerable investments are being made in infrastructure, with the aim of installing around 4.4 million telephone lines by the year 2000, which will double the current number of lines. Swisscom is supporting SPT in both technical matters and operational management.

SPT Telecom has a 51% interest in Eurotel, one of two cellular operators in the Czech Republic. The launch of innovative new products such as the Natel easy pre-paid service, developed by Swisscom, enabled Eurotel to increase its competitive edge in 1997.

**JászTel Rt., Jászberény, Hungary**

Swisscom holds a 50% interest in JászTel Rt., also as part of a joint venture with KPN Telecom of the Netherlands. JászTel Rt. is the only telecoms provider serving the Jászág region in Hungary. JászTel is to be sold to the national network operator Matáv. The agreement signed must first be approved by the Hungarian competition authorities.



## Swisscom and its customers

**Before the market was liberalised and a new framework for the Swiss telecoms sector put in place, Swisscom had to undergo a profound organisational and cultural change. The “Change Telecom” project, launched in 1995, has helped transform Swisscom into a modern, customer-driven service company.**

**Our entire sales organisation is now geared to the needs of our customers.**

Our entire sales organisation is now geared to the needs of our customers. We distinguish between five different customer segments, each of which is categorised in terms of specially selected criteria. Multinational customers are served by the specialised Multinational Corporations unit. Major customers fall under our Named Accounts sales organisation. The other three segments – Large Accounts, Small and Medium-Sized Companies and Retail – are served directly from our branch offices. Swisscom Shops are mainly geared towards residential customers and small and medium-sized businesses. Our broad domestic distribution and sales channel networks allow us to serve our customers directly nationwide. The former Telecom Directorates, seventeen in all, have been replaced by four regional headquarters. Within these regions, branch offices cater for the local market, ensuring local service and proximity to our customers. The Customer Service unit supports the various sales organisations in providing, maintaining and operating integrated communications solutions. Our customers are thus guaranteed a high quality of service.

### Advantages of the new sales organisation

- Optimum customer service: setting up a segment-specific sales organisation has enabled us to tailor our products and services more effectively to our customers and to train our staff in a more targeted manner. The new structure also allows us to get closer to our customers.
- Greater customer integration: Customers know exactly who their contact at Swisscom is. This has the added advantage of allowing us to answer customer enquiries in a more targeted and efficient manner.
- Greater clarity: Segmentation makes it easier to identify the needs of our customers and to acquire, advise and serve customers as effectively as possible.

**We take the initiative in launching new products and react quickly to new needs.**

#### Customer-oriented services

In order to defend our position as market leader, we must always remain one step ahead of our rivals in the way we think and act. We are monitoring value for money constantly, introducing new discount schemes and developing new applications. We take the initiative when it comes to launching new and innovative products and services, react quickly to changes in the needs of our customers and are always prepared to adopt new sales methods and distribution channels such as telesales and electronic commerce.

#### Customer satisfaction: The be-all and end-all

The key element in satisfying customers is to provide a range of top-quality products and services geared to the needs of customers and offering integrated solutions at competitive prices. We aim for high quality combined with the best possible value for money.

More intense competition, more demanding customers and new technological possibilities are offering Swisscom new opportunities, even though there may also be a risk of losing some market share. We do not just stick to tried-and-tested distribution channels, but are keen to initiate new relationships with third party sales partners such as dealers, distributors and service providers.

#### Constantly improving customer service

**In order to enhance the high quality of our services, we systematically monitor customer satisfaction.**

We treat our customers just as well after they have bought a product or service as we do before the sale. In order to maintain and enhance the high quality of our services, especially after-sales service, we systematically monitor customer satisfaction and intervene with corrective measures wherever necessary. Among other things we monitor installation times for new lines and access channels, the time taken to process complaints and the costs of maintenance and repair.

#### Think globally, act locally

Despite the global dimension to the telecommunications market, being a leader in our home market is vital for our future success. The fact that we are firmly anchored nationwide in Switzerland is a strong competitive advantage and one we intend to maintain. International interests, foreign subsidiaries and strategic alliances allow us to offer our customers global service at the high standard to which they have become accustomed.

# Swisscom and its employees

**The situation confronting our employees is one of rapid growth and change. Profound changes in our company and the telecommunications sector as a whole demand a great deal of flexibility and commitment from everyone working for Swisscom. The new framework means that every individual must act as part of a strong and flexible company operating in a liberalised, global market.**

**We realise that only motivated employees generate substantial added value.**

It is the men and women working for Swisscom who made possible the smooth transition from the state-run Telecom PTT to a limited company with special legal status. We would like to take this opportunity to thank them for their commitment, their loyalty and their enthusiasm. We realise that only good, motivated employees generate substantial added value. Working together, we will remain successful, not only in our daily business, but on the road to attaining strategic goals as well.

**Our culture is centred on values such as personal responsibility, flexibility, mobility and dynamism.**

## Profound changes in corporate culture

For us, corporate culture means the way people interact both with others within the company and also with stakeholders and, most importantly, with our customers. Our culture is centred on values such as personal responsibility, flexibility, mobility, dynamism and a readiness to take risks and confront conflict. We measure the extent to which this culture is being manifested by carrying out surveys of our employees and customers and by monitoring the results of internal workshops on the subject of change. To mark the launch of Swisscom, on 28 September 1997 all employees and their families were invited to a telecom festival in the Swiss town of Olten. This event focused on employee motivation, the notion of teamwork and how to prepare for change.

We offer our employees attractive terms of employment, a dynamic working environment and rewarding training opportunities. Swisscom is well on its way to becoming one of the country's leading employers and will in future attract even more highly qualified and motivated people.

## New terms of employment

1 January 1998 is an important milestone for Swisscom's future personnel policy as well as for its employees. Up to and including the year 2000, the terms of employment of all our existing personnel (with the exception of certain cases justified under the Telecommunications Enterprise Act) will be subject to the Swiss Civil Servants Act. As of 1 January 2001, however,

Swisscom employees will cease to have civil servant status. The collective bargaining agreement, still to be drawn up, will replace the civil service terms and regulations and form the basis for all employment conditions.

#### Socially responsible personnel policy

In 1997 our workforce averaged 22,145 and we also employed around 700 FOIL (Federal Office of Industry and Labour) apprentices. In order to become more competitive in the long term, we will have to shed jobs. The actual size of our workforce will depend on the way the market develops in the future. Targeted retraining programmes, early retirement, new employment models, venture capital to fund management buyouts and other measures will help us to avoid making permanent employees redundant. We have set up a group-wide personnel consulting and placement unit to give advice on matters such as retraining, early retirement and outplacement, as well as to coordinate measures designed to cope with over and undercapacity.

#### Targeted training

In 1997 the main thrust of training efforts was to prepare employees for Swisscom's new organisation and the needs of a completely liberalised and fiercely contested market. Employees were given comprehensive preparation for the consequences of the change from a state-run organisation to a limited company with special legal status. The special training programmes were designed to ensure that employees at all levels and in all areas were fully aware that this heralded the dawn of a new era. We set up a help desk whose responsibility was to give quick and well-informed responses to all questions related to the "Change Telecom" project. In addition, around 20,000 people attended workshops on "Mind Change" and quality management. Seminars on change, coaching and management training will continue. We will also continue to make an important contribution to the Swiss economy by employing apprentices and trainees in both technical and commercial areas.

#### Swisscom training centres in Pfäffikon and Martigny

The new Centre du Parc seminar and conference centre in Martigny was opened at the beginning of May 1998 and the Seedamm Plaza centre in Pfäffikon (Canton Schwyz) will start operation in the autumn of 1998. These training centres will also be open to outside companies such as training organisations, our corporate clients, associations and other organisations. Pfäffikon and Martigny will provide the infrastructure for a whole range of events, including accommodation and restaurant services.

**Our apprenticeships are an important contribution to the Swiss economy.**

### Staff and management development

Swisscom wants to encourage promotion to management positions from its own ranks. As early as 1996 we worked with specialists to prepare the foundation for Swisscom Development Assessments, designed to identify and nurture successors early on. Initial feedback, from both the candidates themselves and the members of executive management who have taken part, has been very encouraging indeed. Individual and group assessments are one of the cornerstones of our staff and management development policy and will increasingly be used throughout the Group.

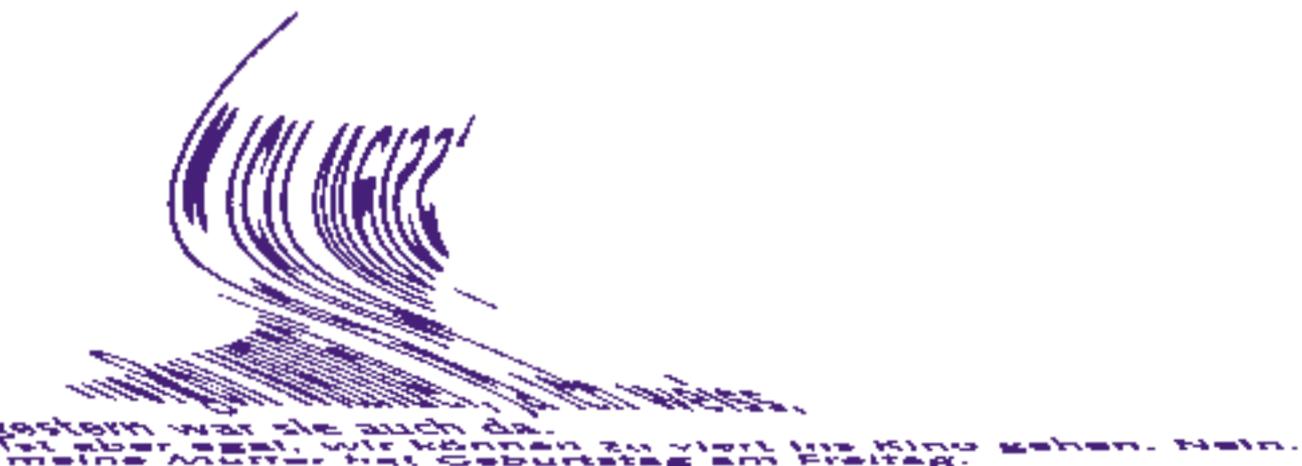
### Modern management tools

On 1 January 1998, Swisscom introduced a new management tool: staff appraisal, under which employees agree on individual objectives with their superiors. As part of the "Feedback to Superiors" pilot project, we now also require managers to undergo an assessment. Further innovations include the introduction of a flexible, performance-related pay system and the development of new working-time models.

### New idea management

All employees are involved in the change process taking place at Swisscom. The suggestion box is a new approach aimed at encouraging everyone to take part. We have set no limits on the ideas, suggested solutions and implementation methods which our employees can put forward. This enables all our employees to take an active part in the reorganisation of Swisscom, to make their contribution to the success of the company and also improve their own career prospects.

**All employees have the opportunity of participating actively in the reorientation and success of the company.**



## Swisscom and the public

**Swisscom's new corporate identity, launched on 1 October 1997, clearly signals the transformation from a state-run organisation to a market-oriented limited company. It is the visual expression of Swisscom's character and values. The new corporate identity marks a new beginning and underscores Swisscom's new corporate culture, self-confidence and dynamism.**

**The new corporate identity clearly signals the transformation.**

**Our new corporate design marks a new beginning and underscores our new corporate culture.**

**We are especially keen to support classical concerts, since music brings people together.**

Our new company logo was developed and launched in order to emphasize the corporate identity. In September and October 1997 the company's eighty most important buildings were adorned with the new logo within a matter of weeks. At the same time we had to refurbish 7,000 vehicles and 13,000 public telephone booths. We also had to change all stationery, printed material, equipment and terminals, as well as our Internet and Intranet pages, in line with the new corporate identity. We also redesigned the work clothes of around 10,000 of our staff. Instead of uniforms, these employees will now be provided with functional clothing.

The transformation from Telecom PTT into Swisscom stirred up a great deal of interest among the general public, not least thanks to the extremely high level of media coverage. The basis of our efforts to gain public awareness for the new identity was an image campaign which ran from the end of September to the middle of October in the printed and electronic media. On the whole, our customers, business partners and employees have reacted very positively to Swisscom's new corporate image.

### [Full, up-to-date information on the Internet](#)

The most important information about the company, its products and services can be found on the Internet at "<http://www.swisscom.ch>" and "<http://www.swisscom.com>". Swisscom's home page is becoming increasingly popular.

### [Raising profile through targeted sponsorship](#)

Our commitment to sponsorship is designed to help us achieve our corporate goals by promoting our image, nurturing relationships with our customers and supporting sales efforts. We focus primarily on tennis, films, music, science and technology and major projects of national importance in Switzerland, such as Expo 2001 and the planned Winter Olympics in Sion in 2006.

## Swisscom and the environment

**We take our responsibility for the environment seriously. We ensure that our activities in all areas are as environmentally friendly as possible. For years we have been committed to using energy in a controlled way and recycling materials, with great success. A constant, targeted flow of information to our staff helps promote awareness and acceptance and motivates them to take responsibility for the environment. We regularly inform the public and are also seen as a credible and expert partner in environmental matters.**

**Our environmental management system is based on the international standard ISO 14001.**

**In purchasing we try to lead the way by showing a responsible attitude towards the environment.**

Our main concerns include improving quality, protecting the environment and ensuring safety. Our environmental management programme is part of an integrated quality, environment and safety management system in line with the ISO 14001 international standard. ISO 14001 requires a company to have a systematic, comprehensive environmental management system in place governing all areas of its business. In order to involve as many people as possible in the process and ensure that the measures taken were effective, we spread responsibility for setting up our integrated management system over a number of autonomous organisational units. More than thirty environmental managers work with their teams to draw up and implement environmental management programmes. Swisscom's leading position internationally in the telecommunications industry is exemplified by the fact that almost all organisational units are certified to the ISO 14001 environmental standard.

### Environmentally-friendly services

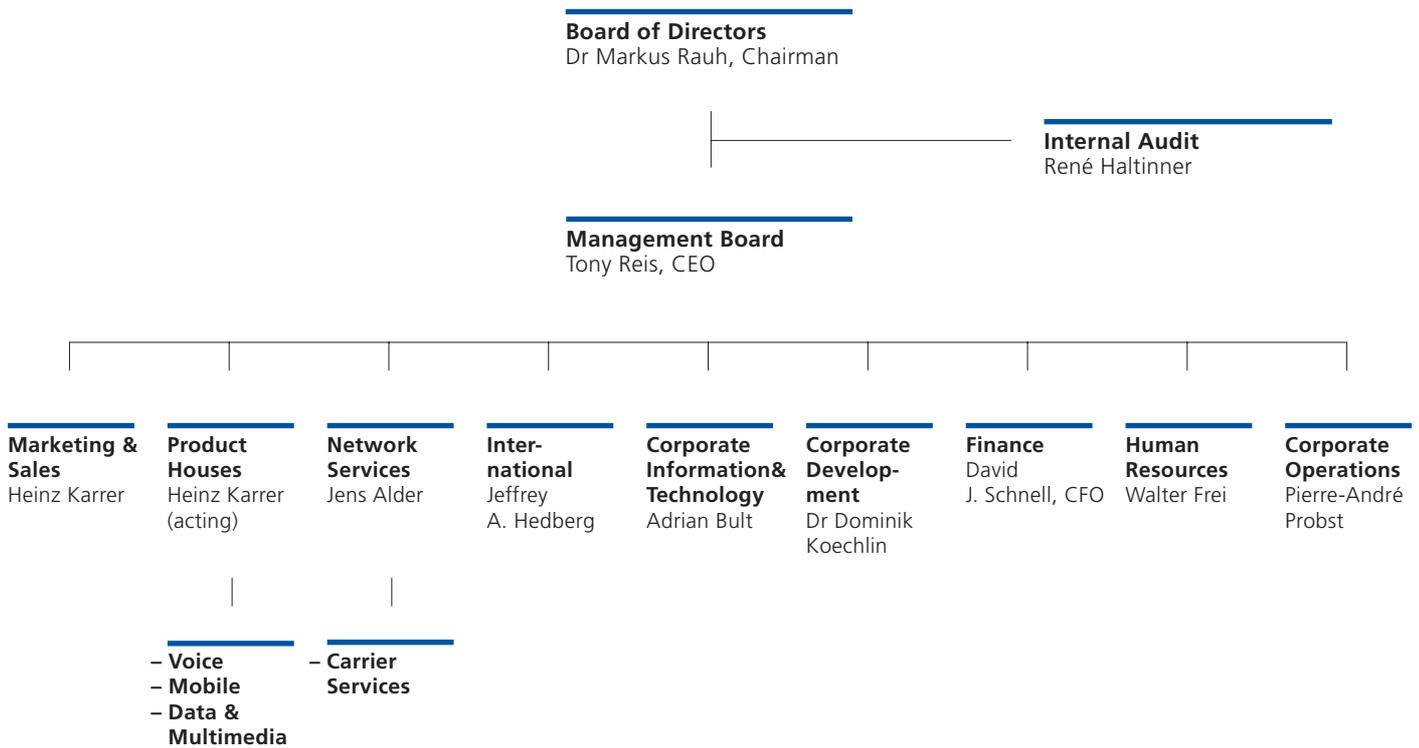
We are committed to developing, implementing and marketing telecommunications services that help reduce or completely avoid any environmental impact. We support our suppliers and business partners in promoting energy and resource-efficient developments in telecommunications. Examples are videoconferencing, remote monitoring, remote diagnosis and remote consulting, all of which can eliminate the need for long journeys. Electronic mail reduces the amount of paper which is consumed and transported. We want to encourage the telecoms industry to use resources efficiently and treat the environment in a responsible manner by considering environmental aspects when we select and purchase materials.

**For years we have been committed to using energy in a controlled way and to systematically recycling materials.**

#### Examples of our environmental successes

- We have been monitoring energy consumption for over ten years and have managed to exploit the potential for saving energy as far as possible.
- We are committed to lasting, environmentally-friendly buildings with very good insulation. A growing number of flat roofs are being planted with greenery and the surroundings of our buildings are being landscaped in a more natural way.
- We have systematically optimised our lighting, heating, ventilation, air-conditioning, cooling and plumbing to save energy.
- Our entire long-distance network uses polyethylene instead of PVC cable sheaths.
- We are involved in recycling projects and use recycled materials (e.g. for cable protection tubes).
- Used materials are checked for recyclability. Waste is separated into as many as forty different categories.
- Our customer service units plan routes and choose vehicles in line with environmental criteria.
- We check our inventory to see if items are environmentally sound and eliminate potential pollutants.
- We also take environmental criteria into account when choosing suppliers and products.

# Board of Directors and Management Board





Ernst Hofmann  
 Dr André Richoz    Helmut Woelki    Dr Markus Rauh    Peter Küpfer  
 Rose Gerrit Huy    Franco Ambrosetti  
 Jacqueline Demierre    Felix Rosenberg

## Board of Directors

**Dr Markus Rauh,**  
 Chairman, born 1939  
 Studied at the Swiss Federal Institute of Technology (ETH) in Zurich, graduating with a degree in mechanical engineering. Subsequently PhD (Dr.sc.tech.) from ETH Zurich.  
 Career: Sperry Univac, Philips, Wild Leitz; CEO of Leica Group. Chairman of the Board of Directors of AGI.

**Franco Ambrosetti,**  
 born 1941  
 Studied business administration in Zurich and Basle, graduating as lic.rer.pol. Since 1995 Chairman and Managing Director of Ambrosetti Technologies SA.

**Jacqueline Françoise Demierre,**  
 born 1954  
 Trained as a PTT telecommunications secretary; Bern School of Management, advanced school of management, marketing and communication. Career: Bern Telegraph Office, PTT General Directorate, since 1992 senior management position in Multinational Corporations unit, PTT General Directorate.

**Ernst Hofmann,**  
 born 1937  
 St. Gallen School of Transport, apprenticeship as telegraph operator, Zurich Telegraph Office.  
 Career: Basle Telecom Directorate; General Secretary of PTT and customs employee association, Vice Chairman of Swiss PTT Association. Member of Executive Committee of the Swiss Confederation of Trade Unions.

**Rose Gerrit Huy,**  
 born 1953  
 Studied economics in Hamburg and Strasbourg, graduating with degrees in economics and mathematics.  
 Career: Daimler-Benz; Since 1997 CEO of Compaq Germany GmbH.

**Peter Küpfer,**  
 born 1944  
 Swiss Certified accountant  
 Career: Revisuisse, Financière CSFB, CS First Boston, CS Holding, Bank Leu AG, Leu Holding; since 1997 independent consultant.

**Dr. André Richoz,**  
 born 1947  
 Studied at the Swiss Federal Institute of Technology (ETH) in Zurich, graduating with a PhD in physics.  
 Career: BIM/National Scientific Fund, Credit Suisse, Sulzer Group; since 1990 head of the Charmilles group of companies, of Georg Fischer AG, Managing Director of SIKA group.

**Felix Rosenberg,**  
 born 1941  
 Studied law in Bern.  
 Career: Clerk of the local court in Baden, Switzerland; member of cantonal government, Thurgau, Switzerland; member of the PTT Executive Board, CEO of Telecom PTT and until end of March 1998 of Swisscom; representative of the Swiss Confederation.

**Helmut Woelki,**  
 born 1949  
 Studied business administration in Frankfurt am Main, graduating with a degree in commerce.  
 Career: Fegro Handelsgesellschaft, SAS Service Partner, CEO of LSG Lufthansa Service Holding AG.



Dr Dominik Koechlin

Adrian Bult

Heinz Karrer

Jeffrey A. Hedberg

David J. Schnell

Pierre-André Probst

Walter Frei

Tony Reis

Jens Alder

## Management Board

### **Tony Reis,**

Chief Executive Officer, born 1941  
Commercial training in Lucerne, Cercle Commercial in Paris and Swiss Mercantile College in London.  
Career: IBM Europe, ultimately as General Manager of Country Operations in Paris; Telecom PTT.  
Directorships: Bank Vontobel in Zurich; Micronas, Zurich; V-ZUG, Zug.

### **David J. Schnell,**

Head of Finance, born 1947  
Studied business administration in Switzerland and the United States; Zurich Auditor College.  
Career: General Electric (USA), DEC, IIT Europe, Elco Looser Holding, Telecom PTT.

### **Adrian Bult,**

Head of Corporate Information and Technology, born 1959  
Studied business administration at the University of St. Gallen.  
Career: IBM Switzerland, Telecom PTT.

### **Pierre-André Probst,**

Head of Corporate Operations, born 1945  
Graduated from the Swiss Federal Institute of Technology (ETH) in Zurich with a degree in electrical engineering.  
Career: ETH Zurich, PTT General Directorate, Telecom PTT.

### **Jens Alder,**

Head of Network Services, born 1957  
Studied at the Swiss Federal Institute of Technology Zurich (ETH), graduating with a degree in electrical engineering; MBA from INSEAD, Fontainebleau.  
Career: Standard Telephone & Radio AG, Alcatel STR AG, Motor Columbus AG, Alcatel Switzerland AG.

### **Heinz Karrer,**

Head of Marketing and Sales, born 1959  
Studied economics at the University of St. Gallen.  
Career: UBS Union Bank of Switzerland, Association of Swiss Manufacturers, Suppliers and Agents for Sporting Goods, Intersport Ringier AG, Telecom PTT.  
Directorships: Intersport PSC Holding AG

### **Dr Dominik Koechlin,**

Head of Corporate Development, born 1959  
First degree and doctorate in law, MBA from INSEAD, Fontainebleau.  
Career: Bank Sarasin & Cie, founder and partner in a consultancy firm, Telecom PTT.

### **Walter Frei,**

Head of Human Resources, born 1943  
Studied education at the University of Zurich, specialising as secondary school teacher.  
Career: Zurich Telecom Directorate, PTT General Directorate, Telecom PTT.

### **Jeffrey A. Hedberg,**

Head of Swisscom International, born 1961  
BBA from Boston University and MBA from Denver, majoring in international relations, economics and international trade.  
Career: Matuschka Group, TVM Techno Venture Management, US West Inc., Coopers & Lybrand, Telecom PTT.

## Auditors

Revisuisse Price Waterhouse, Bern

# Glossary

**Audiotex**

A voicemail service for weather information, speaking clock, etc.

**ATM**

Asynchronous transfer mode: broadband technology

**BAKOM**

Swiss Federal Office for Communications, Bienne

**COMCOM**

Swiss Federal Communications Commission, also known as KOMKOM

**CPE**

Customer premises equipment

**CPS**

Customer premises solutions

**DECT**

Digital European Cordless Telephone

**ERMES**

Enhanced Radio Message System

**FSAN**

Full-service access network

**Gateway**

Network node

**GSM**

Global System for Mobile Communications

**IN**

Intelligent networks

**Interconnection**

Access to the network for third parties

**ISDN**

Integrated Services Digital Network: digital network access

**Last mile**

Physical access via the network to the customer's premises

**Multimedia**

Computer technology combining various media such as text, video, speech, graphics and animation in one application

**Natel**

The brand name of Swisscom's mobile telephony networks

**Pager, paging**

One-way radio paging system allowing short messages to be sent to a receiver called a pager

**PSTN**

Public Switched Telephone Network: analogue telephone line

**Remote access services**

Access from a workstation to files and programs at a different location

**Roaming**

A term describing the cross-border use of a mobile phone with the same GSM card and phone number

**TQM**

Total Quality Management

**SYDINET**

Synchronous digital network

**WELCOM**

World Electronic Community

# Addresses

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