Financial Strategy & Cash Use Policy

Cautionary Statement

“This presentation contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Forward-looking information involves risks and uncertainties that could significantly affect expected results.”

Telekom Austria Targets a Balance Between Value and Growth

Value

Why not pure focus on value?

- Increased shareholder remuneration would decrease flexibility to invest in future opportunities including new technologies
- Would also exclude in-market consolidation

Balance

Why balance between value and growth?

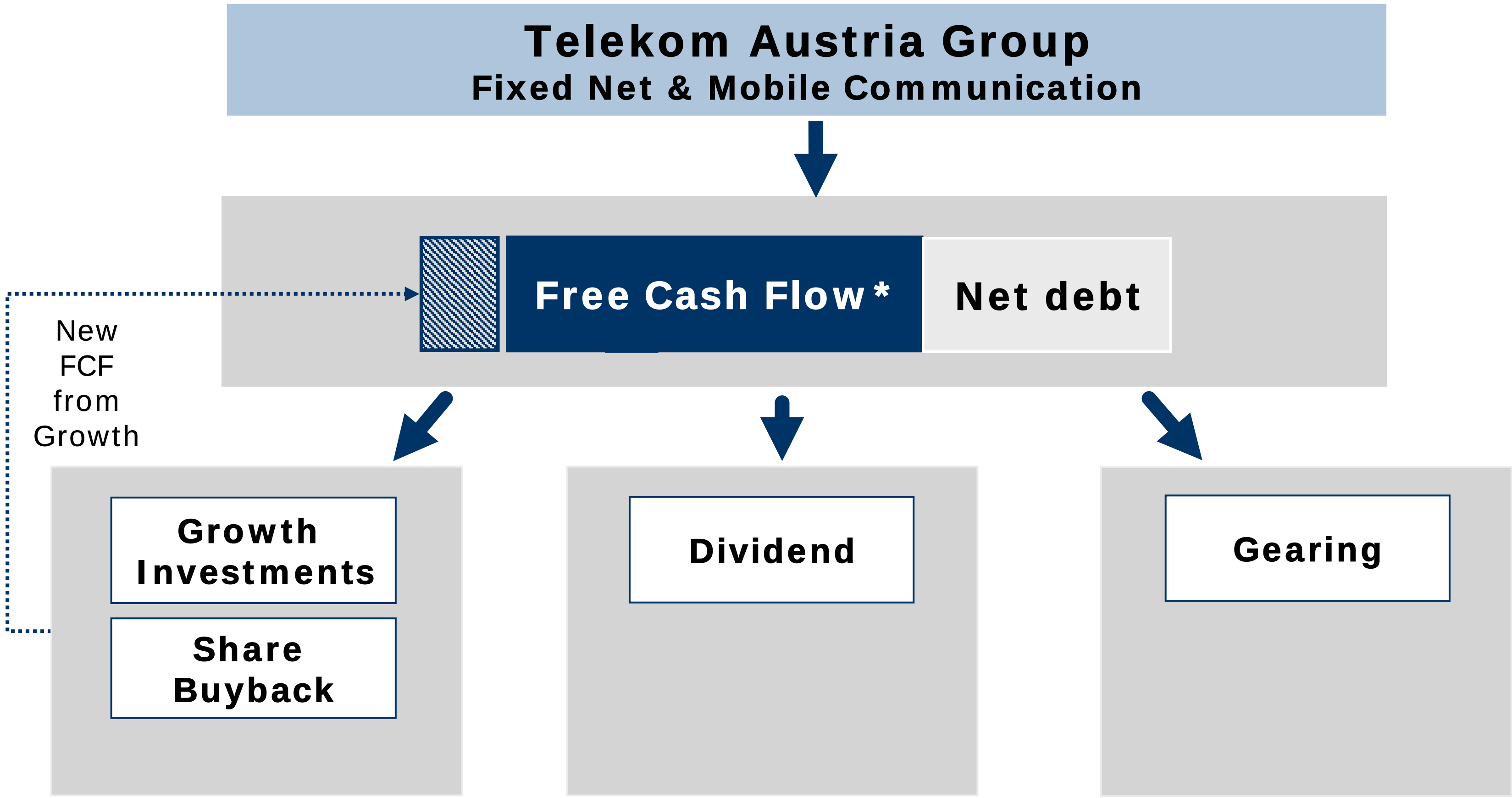
- Generation of stable cash flows allows:
  - Investment in growth opportunities if value accretive in line with M&A criteria
  - Keep stable shareholder remuneration

Growth

Why not pure focus on growth?

- Value enhancing opportunities are challenging to find due to competition for assets
- Scale restrictions of a potential acquisition due to debt capacity

Capital Allocation Aligned with Strategy of Telekom Austria Group



* FCF = Cash flow after interest, taxes, changes in working capital and capex in existing business

Stable Dividend Policy is our Main Priority

Priorities

1.	**Stable Dividend Policy**	
2.	**Share buyback**	**Profitable growth projects** Return above cost of capital and better than share buyback

Keep Solid Investment Grade Rating

Investment in Growth Opportunities only if Value Accretion Criteria are Met

M&A Criteria

- Preference for in-market consolidation
- Focus for expansion limited to Eastern and South-Eastern Europe
- Markets and targets with clear growth potential
- Realization of synergies with current operations
- Clear path to full operational control

Valuation Criteria

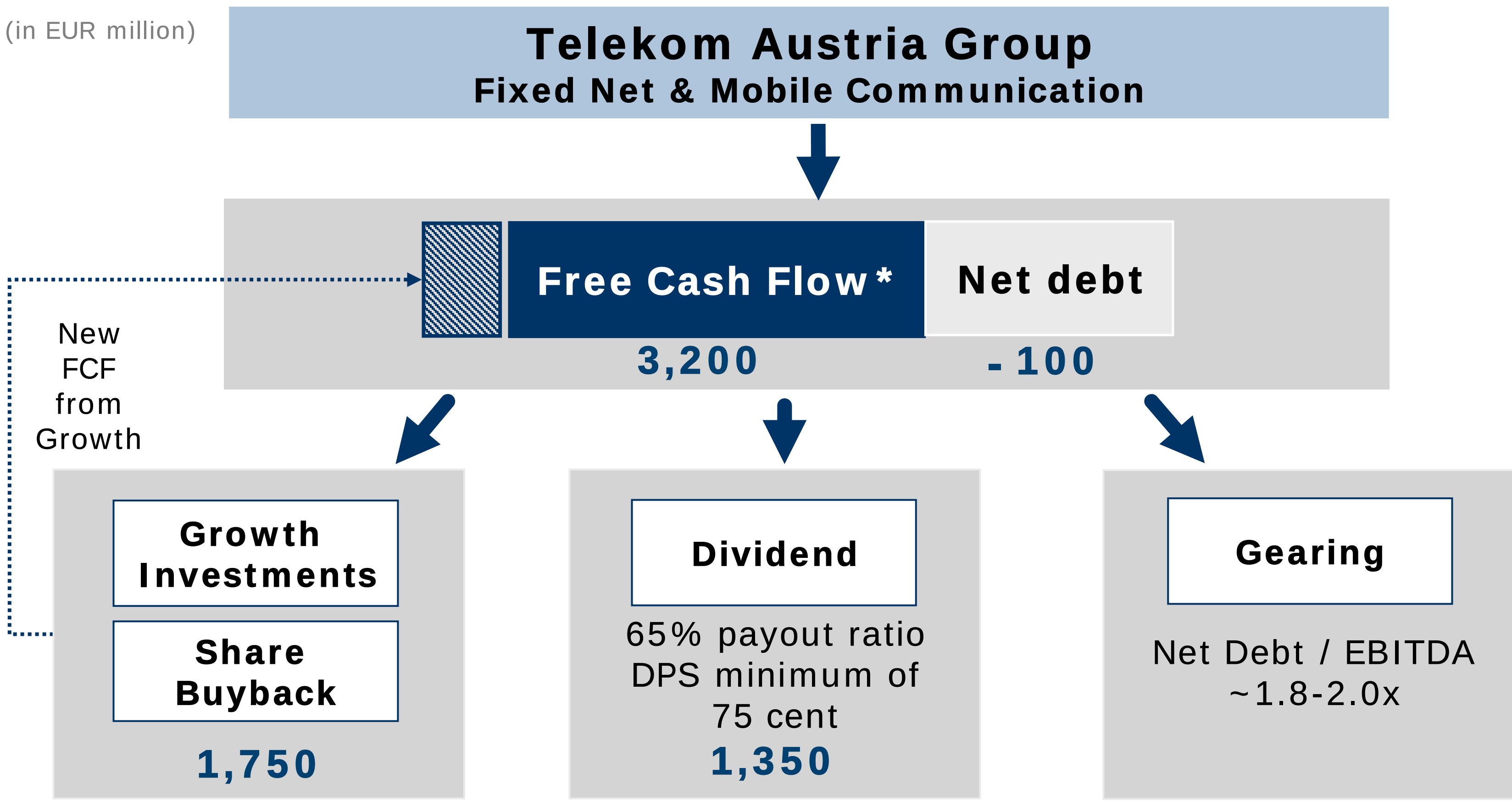
- DCF with risk-adjusted WACC
- Trading and transaction EBITDA multiples
- Earnings per share and cash flow per share accretion
- Acquisitions are bench-marked against share buyback

Cash Use Principles Have Evolved Since Last Capital Market Day

	Capital Market Day 2007	Capital Market Day 2009
Dividend	Payout Ratio of 65% of net income	Payout Ratio of 65% of net income, minimum dividend 75 cent per share
Debt ratio	2.0x EBITDA, temporary exceeding possible	Temporarily set at ~1.8-2.0x EBITDA, review due at end of 2010
Growth projects	Keep flexibility to pursue growth projects in Eastern and South Eastern Europe or spend excess in share buyback	Options are assessed in terms of strategic fit and profitability and compared with share buyback
Share buyback	If no profitable growth projects are available - share buyback executed within target leverage	Share buyback will be evaluated after Q2 09 results with a focus on state of financial markets and sustainability of operating performance
Liquidity		Secured financing as precondition for acquisitions and share buyback
Rating	Solid investment grade rating, floor at BBB stable / Baa2	Solid investment grade rating

Cash Use Policy 2009 – 2012

(in EUR million)



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Outlook 2009 & Multiyear Guidance

Group Targets and Outlook 2009-2012

Operating Performance Targets

▪ Revenues	~ EUR 5.1 bn in 2009, slight growth after 2009
▪ EBITDA	~ EUR 1.9 bn in 2009, there after stable
▪ CAPEX	~ EUR 0.8 bn in 2009 and 2010, at 13% of sales in 2012
▪ Free cash flow 09-12	~ EUR 3.2 bn

Financial Targets

▪ Dividend policy	Payout ratio of 65% of net income, DPS of 75 cent minimum
▪ Net debt/EBITDA:	temporarily ~ 1.8 – 2.0x, review 2010
▪ Rating	Solid investment grade rating