

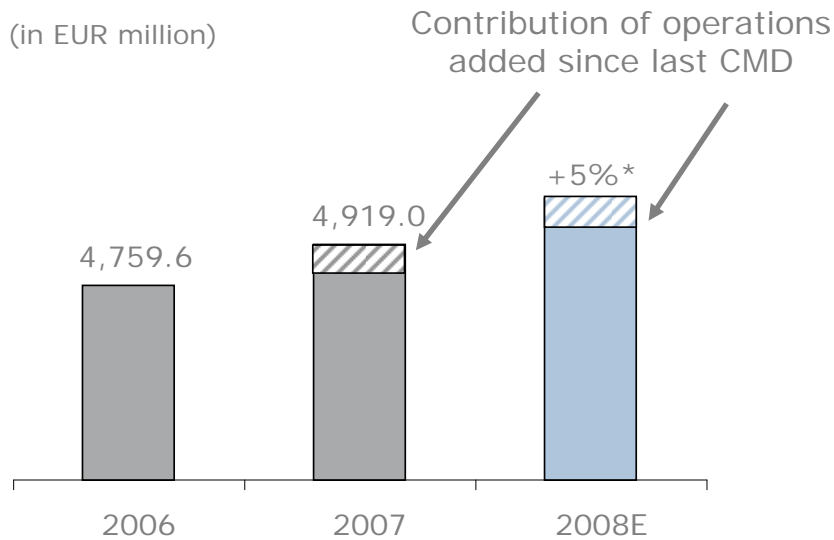
Finance

Financial Performance of Telekom Austria Group

Rising Revenue & EBITDA Contribution of New Operations

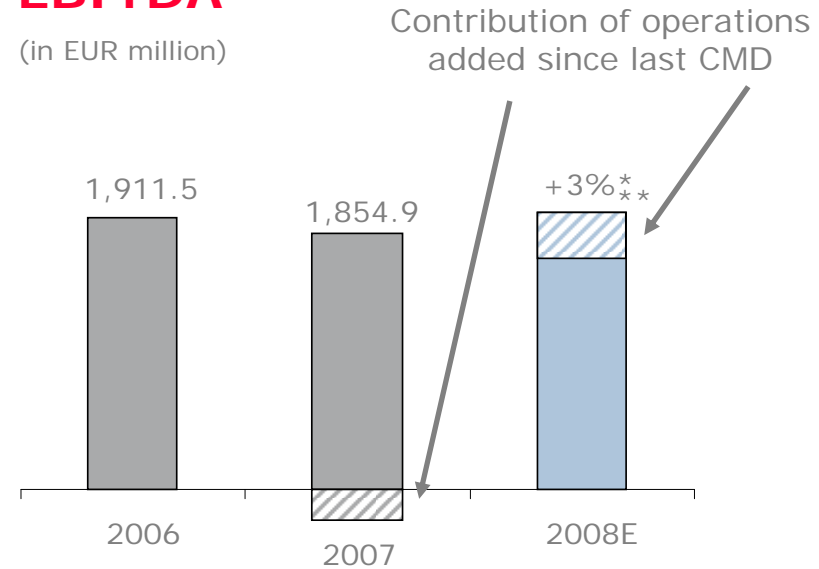
Revenues

(in EUR million)



EBITDA

(in EUR million)



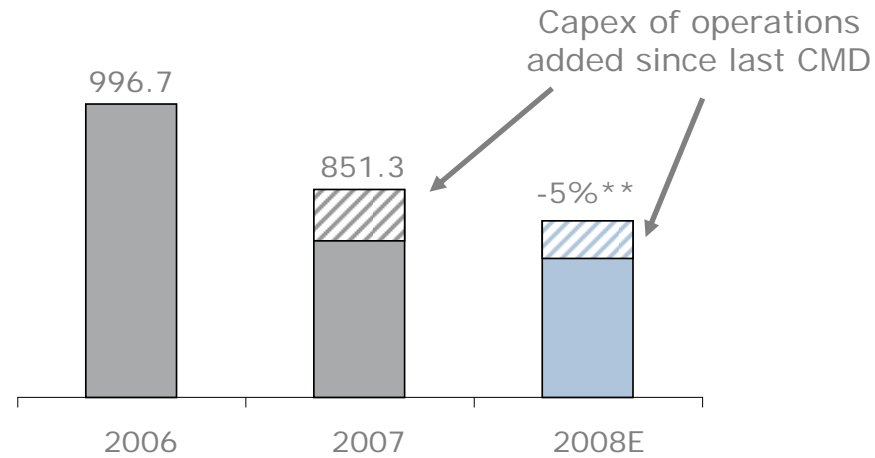
* Guidance as reiterated in Jan 09

** Excluding restructuring provision

Reduction of Capex Supports Generation of Operating Free Cash Flow

Capex

(in EUR million)



Operating Free Cash Flow*

(in EUR million)

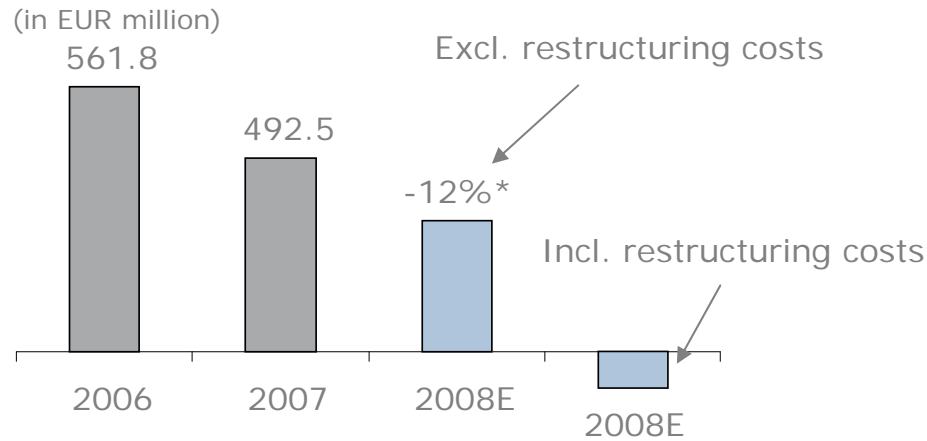


* EBITDA - Capex

** Guidance as reiterated in Jan 09

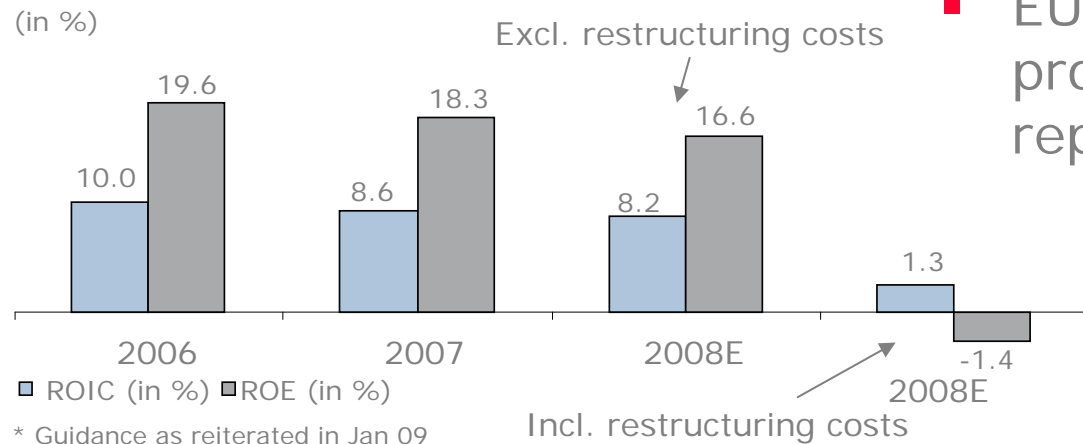
Net Income Reflects Higher Interest Expenses and Restructuring Provision

Net Income



- Net income in 2006 inflated by one-off tax benefit of EUR 43.6 mn
- In 2007 and 2008 net income reflects higher net interest expenses

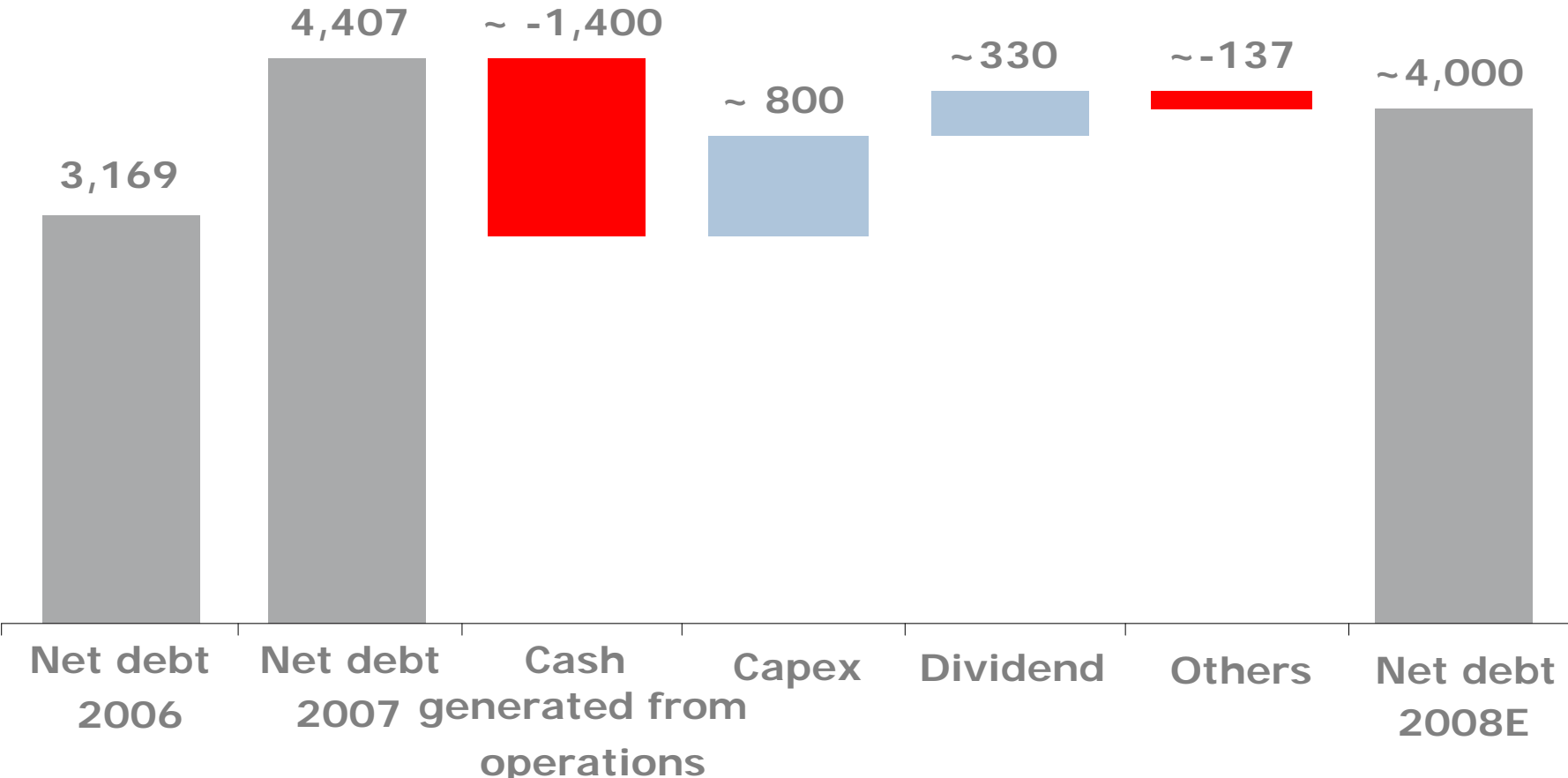
Return on Equity, Return on Invested Capital



- EUR 630 mn restructuring provision expected to lead to reported net loss

* Guidance as reiterated in Jan 09

Net Debt Peak in 2007 due to Growth Investments Followed by Focus on Deleveraging



Management Compensation of Telekom Austria Group

Management Incentives are linked to Share Price Performance and EPS Hurdle

- ESOP Stock Option Plan implemented in 2004
- Yearly allocations with strike price set at prevailing share prices
- Vesting rights tied to achievement of EPS hurdle set by the Supervisory Board
- Currently approx. 9 mn of outstanding vested options with strike prices between EUR 13.98 – 20.34
- ESOP participation widespread among management with 330 key managers participating, approx. 40% of those in Eastern European operations
- ESOP participants are required to hold an investment in company shares for a total of approx. 400,000 shares
- Employee participation program introduced in 2006: allocation of 186,000 shares to employees in Dec. 2008, total number of shares allocated to employees since 2006 is 775,000

Share Ownership of Management Board

- Shareholding of management board and stock-option-based compensation traditionally low in Austria
- Telekom Austria Group has one of the most widespread programs

Share Ownership & Director's Dealing as of End of 2008



- 20,931 shares
- 480,000 options (allocation between 2006-2009)
- 6,600 shares bought in 2008



- 14,742 shares
- 362,780 options (allocation between 2006-2009)
- 4,365 shares bought in 08



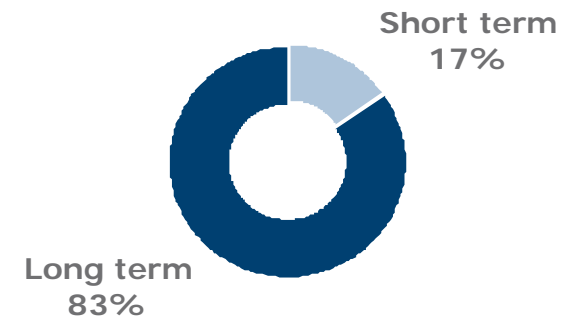
- 15,000 shares
- 240,000 options (allocation between 2008-2009)
- 5,000 shares bought in 2008

Funding of Telekom Austria Group

Telekom Austria Has a Conservative Financial Policy

- Duration matching of assets and liabilities in the balance sheet
- Mix of fixed vs. floating interest combines planning reliability and flexibility
- Highly diversified debt portfolio
- Mandatory treasury guidelines in place
- Undrawn committed lines of credit provide solid reserves

Debt Funding Policy

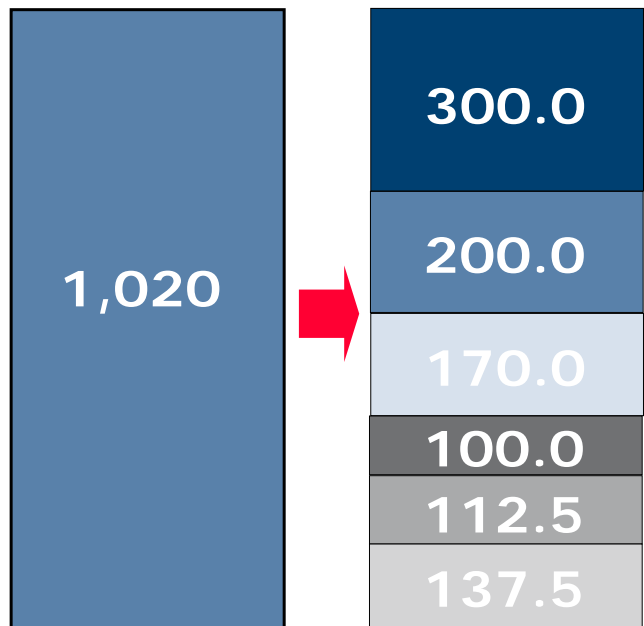


* as of Dec. 31, 2008, but including bond issue as of Jan 2009

Refinancing Measures Taken in the Second Half of 2008 Despite Difficult Financial Markets

Total Refinancing Measures 2008

(in EUR million)



- Promissory Note
- European Investmentbank financing
- Bilateral Bank financing
- Committed lines of credit
- Oesterreichische Kontrollbank financing
- Others

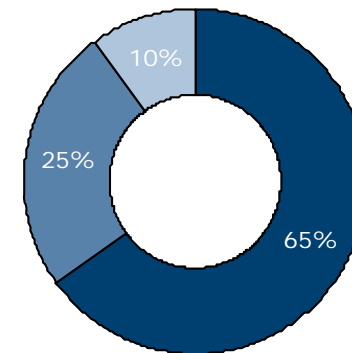
A EUR 750 mn Bond Placed in January 2009 Covers Refinancing Beyond 2010

- Bond issued to cover refinancing peak in 4Q 2010
- Good company names with solid rating have ability to access debt capital markets
- Current climate mandates prudence over flexibility and cost
- Bond issue is net debt neutral, as it increases our cash position
- Additional interest expense of EUR 25 mn estimated for 2009

Key Facts

Volume	EUR 750 mn
Maturity	7 years
Coupon	6.375%, spread over mid swap of 325 bps

Allocation

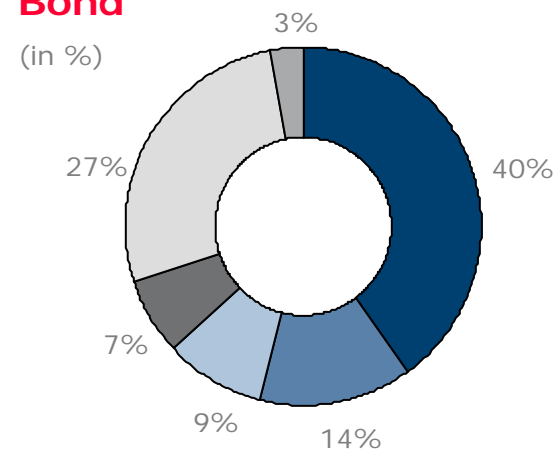


- Pension funds, insurances and asset managers
- Banks
- Retail demand

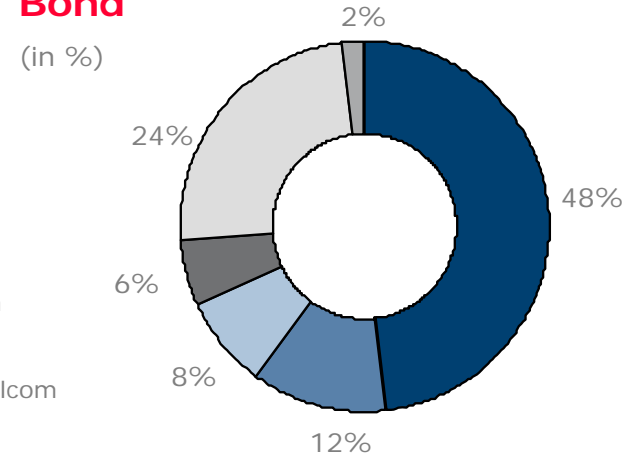
Diversification of Debt Instruments Provides Independence

- Bonds account for approx. half of debts
- Successful bond issue in Jan 2009
- Bond maturities spread from 2010 – 2017
- Promissory note loans & other account for 8% of debt
- Bank loans amount to 24% of net debt

Debt Capital Structure before Bond



Debt Capital Structure after Bond

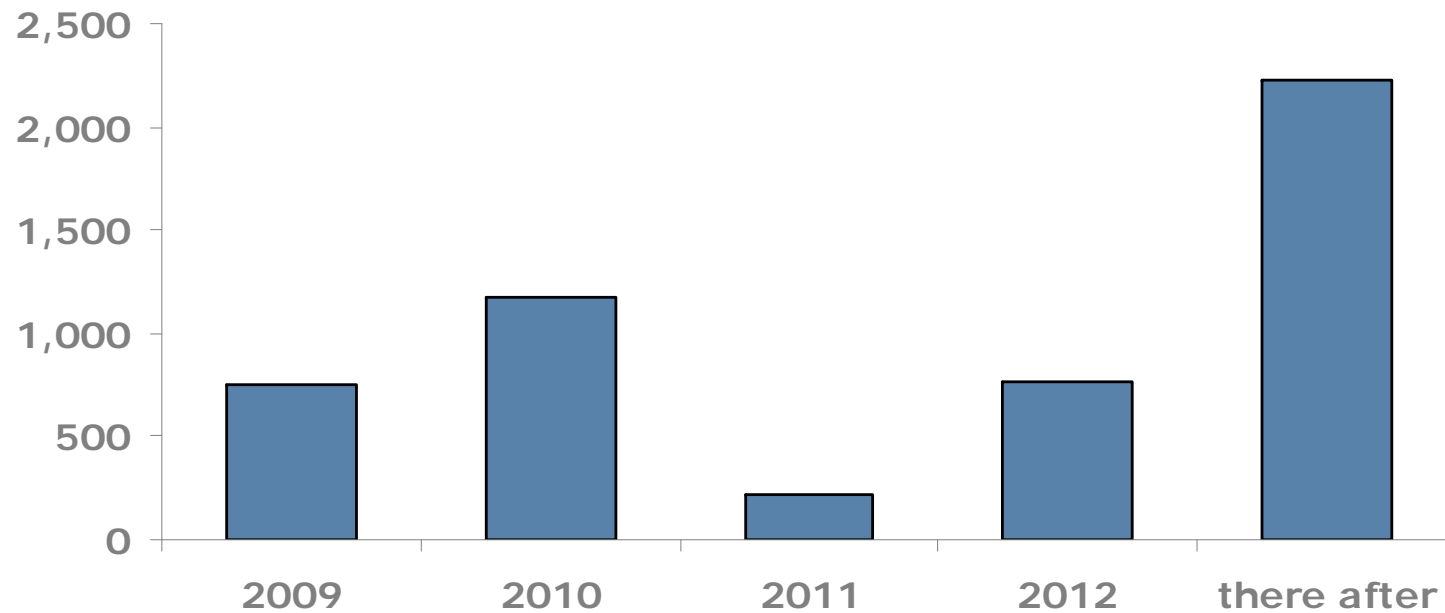


- European Investmentbank
- Bank loans
- Commercial paper program
- Bond holders
- Deferred purchase price Velcom
- Promissory notes & others

Solid Debt Maturity Profile Provides Flexibility

Debt Maturity Profile

(in EUR million)



- Free cash flow (after dividend) and cash on hand cover refinancing in 2009
- Refinancing need 2010 covered by bond issue and free cash flow after dividend payment

Additional Funding Potential Provides Healthy Reserves

- EUR 1.2 bn of undrawn committed lines of credit as of Dec. 31, 2008 are liquidity reserves and provide flexibility
- Additional agreed lines of approx. EUR 400 mn in place and EUR 300 mn cash on hand as of December 31, 2008
- Potential to cut capex provides additional safety cushion in case of debt capital market freeze

Risk Management of Telekom Austria Group

Risk Management Measures

- No risk, no return
- Risk management substitutes “surprise” with “preparation”
- Risk management covers major risks Telekom Austria Group is exposed to
- Risks managed locally as part of operation, FX-interest-rate risks managed at group level
- Annual review based on budget and business plan
- Cash flow-weighted limits for total risk exposure established

Risk Policy of Telekom Austria Group

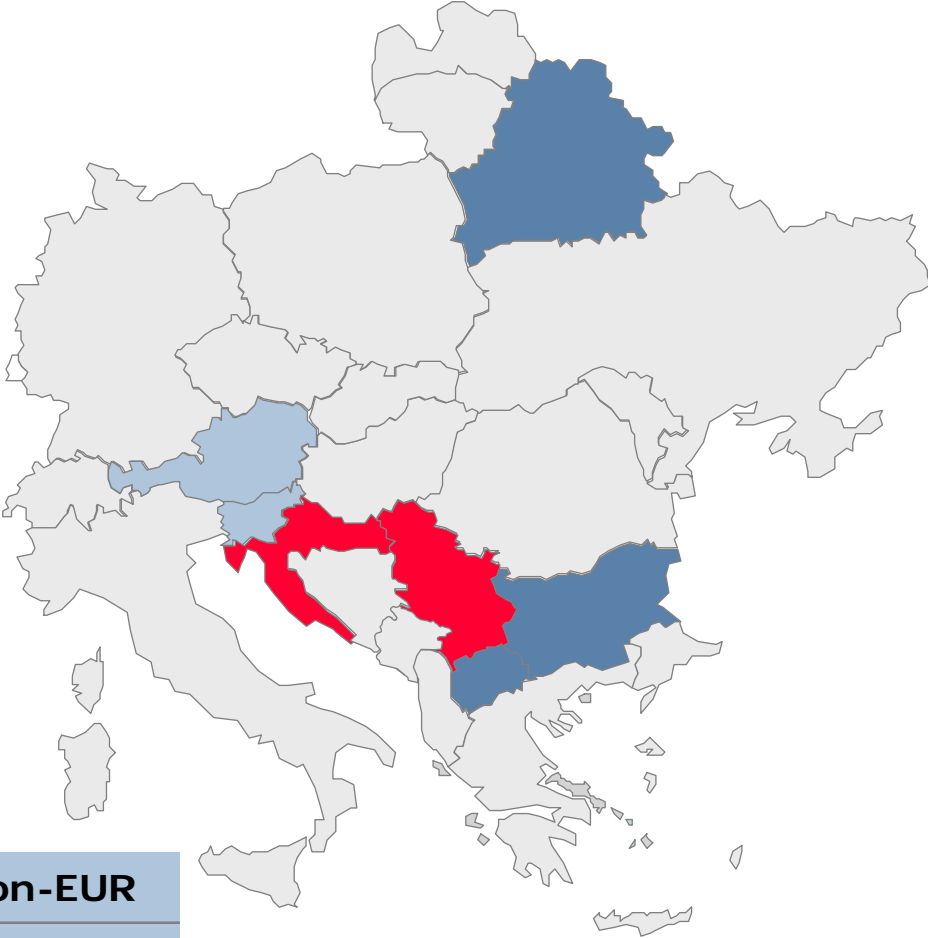
- Quantification and monitoring of interest rate- and FX-risk applying best practice methods and KPIs
 - Value at risk (V@R)
 - Cash flow at risk (CF@R)
 - Analysis of scenarios and stress tests
- Limits for maximum risk defined for Telekom Austria Group
- Hedging measures only taken for significant risks as such measures incur cost and limit upside potential

FX Risk due to Operations Outside the Euro Zone

- Currencies in Croatia and Republic of Serbia are free floating
- Currencies in Bulgaria, Republic of Macedonia and Belarus are pegged
- Cash Flows and reporting in local currencies



Business and reporting currency of Telekom Austria Group is the Euro



Telekom Austria Group

(based on 1-9 08 results)

Revenues
EBITDA

	EUR	non-EUR
Revenues	75%	25%
EBITDA	66%	34%

FX Risk Quantification & Monitoring

Operational risk

- Cash flow and dividend risks

CF@R is calculated as part of the regular risk assessment process based on the Group's business plans

Transaction risk

- All hedge transactions are executed by the central treasury
- Treasury system calculates market to market valuations, V@R, CF@R and stress tests

Translation risk

- Net Asset Value of the individual OpCos is analyzed
- V@R, stress tests and scenario analyses are performed

Peg risk

- Difficult to quantify
- Risk of stable exchange rates breaking

Hedging measures only taken, if V@R or CF@R limits are exceeded

Global Downturn Shapes Environment and Provides Chances and Risks

Chances

- More rational behavior of market players
- Increased pressure for in-market consolidation
- Lower hardware and network prices
- Less competition and lower valuations for M&A targets



Risks

- Slow down of growth rates
- Impact on ARPU and payment behavior
- Higher risk premiums drive cost of capital and limit investment opportunities
- Decline of asset prices lags behind

Potential Risks of a Prolonged Economic Downturn

Risk

Operational decline

Currency devaluation

Effect

Lower cash flow

Lower cash flow and devaluation of assets

Measures

Recession alert reporting implemented

Counter measures under preparation

Rebalancing of tariffs

„Share the Pain“ with suppliers

Cash pooling

Payment of interims dividends

Risk Management is Important, but does not Substitute Responsible Conduct



Recession Alert System Implemented Across all Group Companies

- Early warning system implemented in all group companies to detect weak signals of potential impact of economic downturn on business
- Indicators include macroeconomic data, post-paid payment behavior, prepaid recharging, usage and ARPU trends, performance of dealers and partners
- Definition of counter measures to be triggered to limit impact on key performance indicators and cash flow

Economic Downturn has not Impacted Operations until 4Q 08

- Communication as basic need considered to be relatively robust against spending cuts
- Lower fixed net penetration in Eastern & South Eastern Europe, reducing possibility to substitute mobile communication
- Relatively low ARPU offers limited saving potential and long established calling patterns unlikely to change in the short term
- However, impact of a severe economic downturn on our business cannot be excluded

Usage and ARPU Trends Remained Resilient in 4Q 08. However, First Signals Detected

- Usage growth per subscriber, slower growth of usage in some countries primarily related to high penetration and data dilution
- ARPU trends follow historic seasonality and reflect competitive environment
- Customer and visitor roaming showed good trends over Christmas holidays, but slow down expected
- First signals indicating slow down detected over past weeks

Payment & Top Up Behavior has Not Deteriorated until 4Q 08

- Payment behavior of post paid customers in Austria as well as in Eastern and South Eastern Europe has not deteriorated
- Recharging behavior of pre-paid customers remained stable in 4Q 08, slowdown in Republic of Macedonia visible
- Slowdown of recharging expected if consumers lose confidence and economic downturn worsens

Impact of Economic Downturn on Business Can be Partly Compensated with Counter Measures

- Reduction of subsidies for mobile phones
- Extension of hardware replacement cycles for mobile phones
- Stimulation of data usage
- Promotion of all-in tariffs aimed at transferring variable revenues into monthly fees
- Potential ease of competitive pressure expected to reduce promotion expenses including advertising costs