



# Results for the Third Quarter 2011

Morgan Stanley 11<sup>th</sup> Annual Technology Media & Telecoms  
Conference

Barcelona, 16-18 November 2011

## 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 Group Offers a Sound Domestic Base and Eastern European Growth Potential

as of Full Year 2010



- > Mobile market share: 41.4%
- > Access lines: 2.3 mn



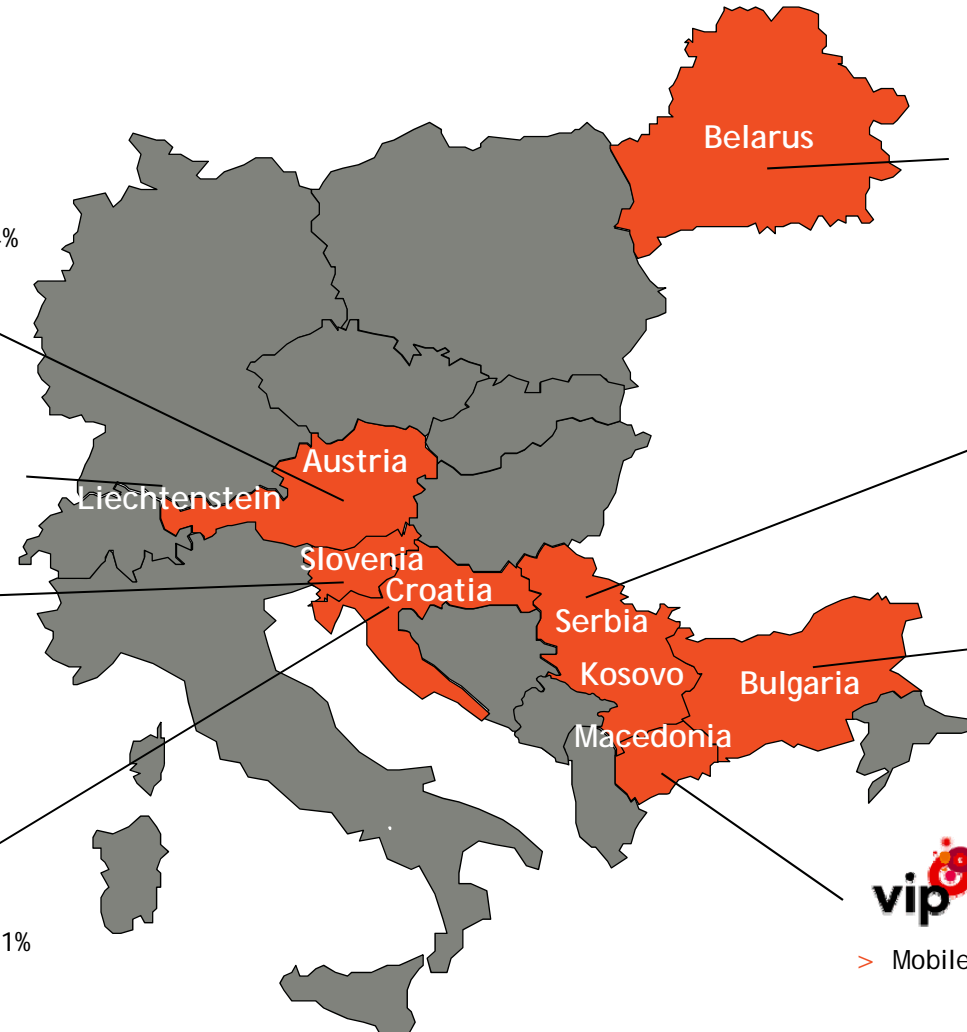
- > Mobile market share: 20.2%



- > Mobile market share: 29.2%



- > Mobile market share: 43.1%



velcom

- > Mobile market share: 41.9%



- > Mobile market share: 13.7%



- > Mobile market share: 49.6%



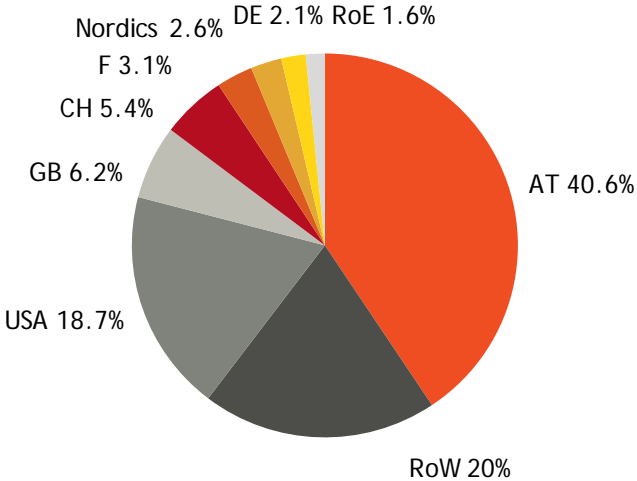
- > Mobile market share: 19.9%



# Shareholder Structure and Share Price Performance of Telekom Austria Group

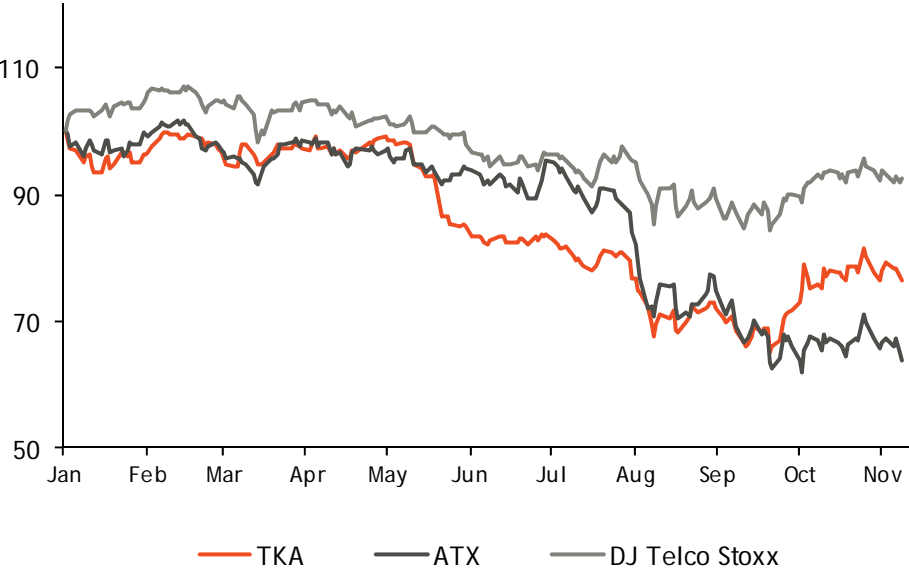
## Shareholder Structure by Geography

% of shares outstanding, as of 30 September 2011

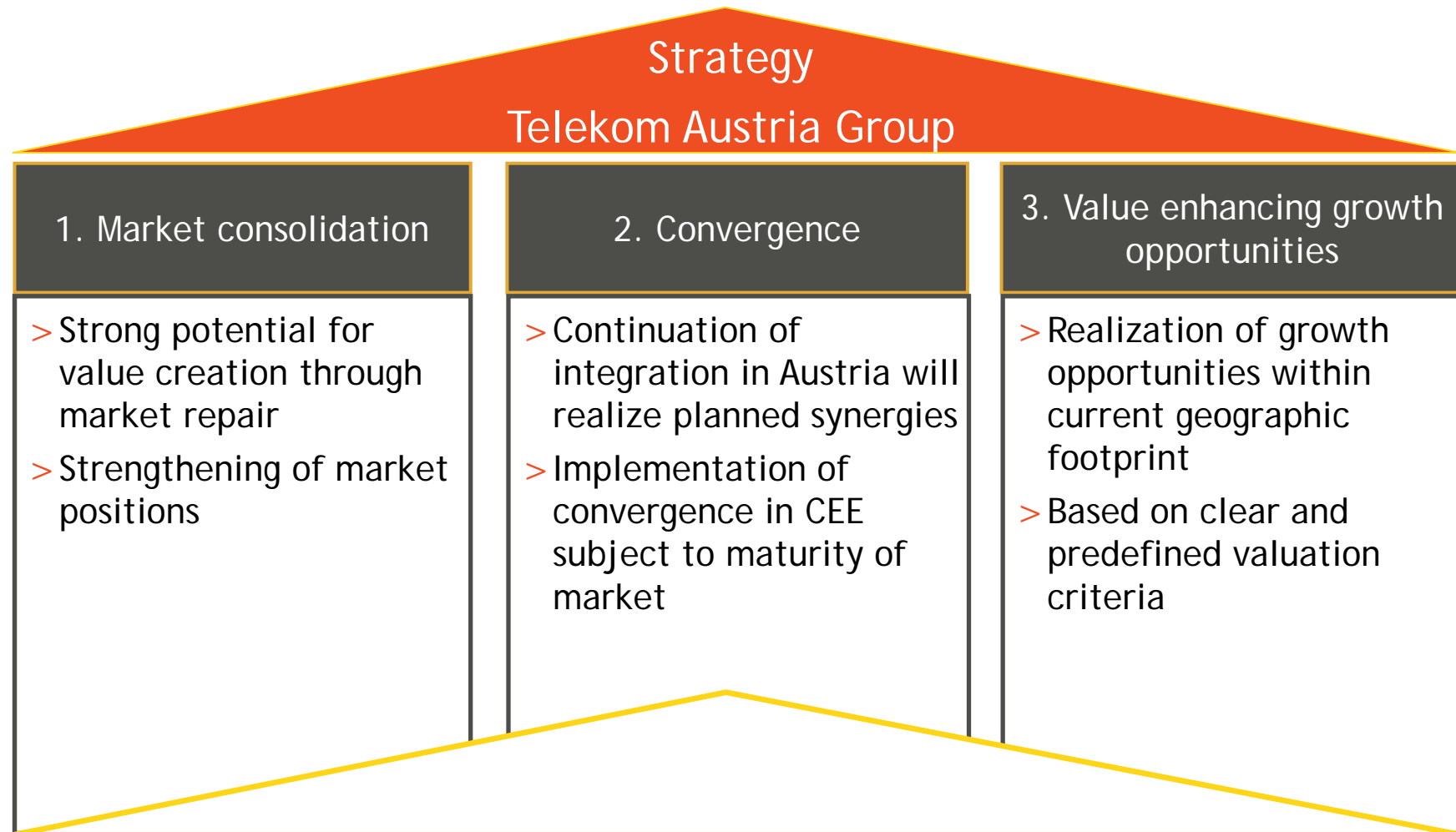


## Share Price Performance

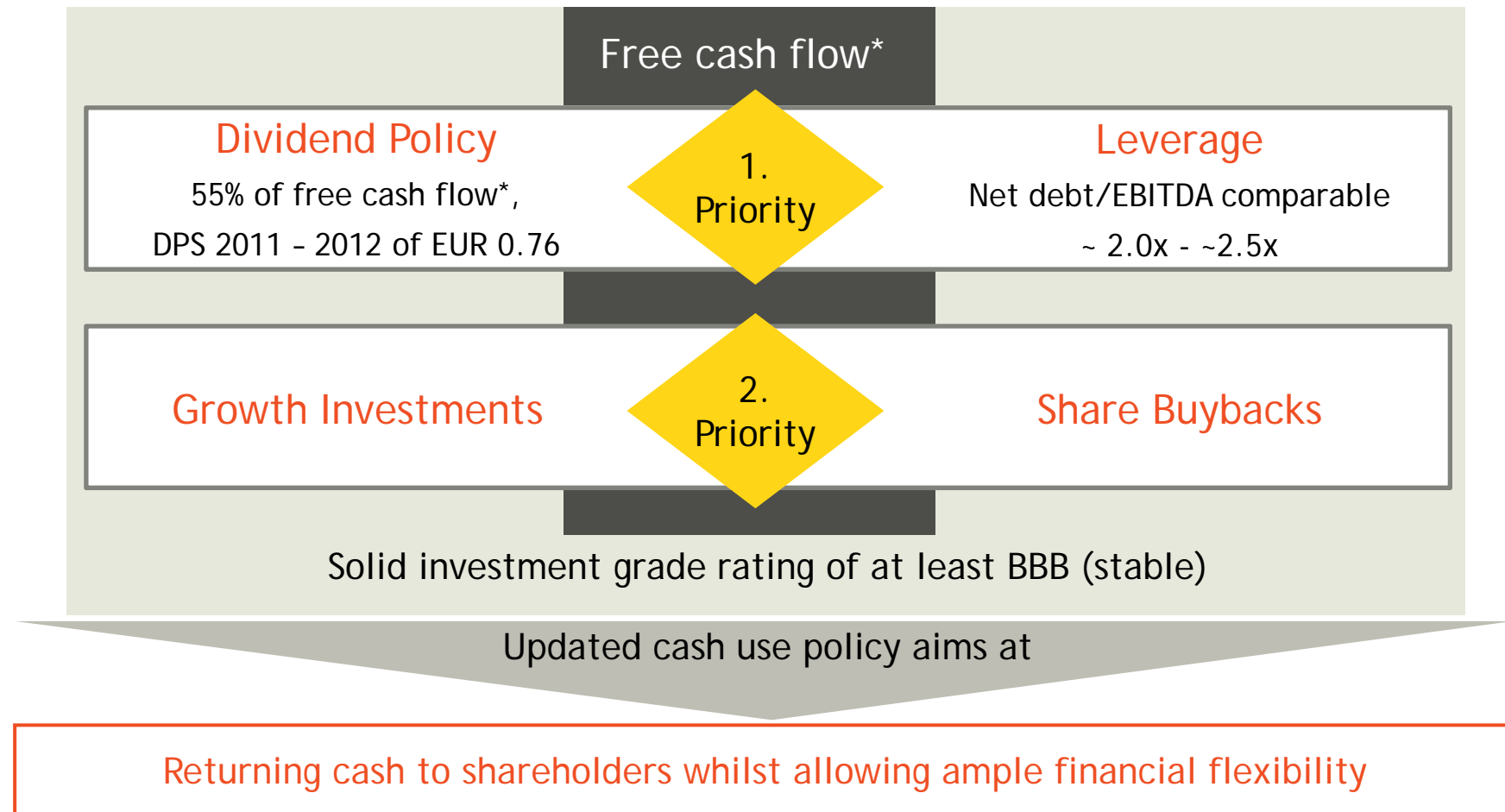
2011 to date



# Operational Excellence and Three Strategic Pillars Meet Future Challenges



# New Cash Use Policy Balances Value Creation with Increased Financial Flexibility



\* Free cash flow = Cash flow after interest rates, taxes, changes in working capital and capital expenditures in existing business

# Agenda

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- > Operational and Financial Highlights of the Third Quarter 2011
  - > Key Financial Developments of the Third Quarter 2011
  - > Focus Points
  - > Outlook for Full Year 2011
  - > Appendix
- 



# Operational and Financial Highlights of the Third Quarter 2011

# Strong Focus on Operational Performance Dampens Impact of External Challenges

- > Demand for fixed broadband and product bundles drives fixed access line growth of 3,200 lines in Austria
- > Mobile broadband, no-frills and smartphones drive subscriber growth in all operations
- > Further convergence milestone: B.net cable acquisition in Croatia
- > Revenue decline of 6.2% and 8.1% lower EBITDA comparable, mainly driven by competition in Austria and foreign exchange adjustment in Belarus
- > Excluding FX translation effects slight rise in Group revenues and almost stable Group EBITDA comparable
- > Subscriber growth and increased usage translate into strong revenue and EBITDA comparable growth in the Additional Markets segment
- > Guidance 2011 reiterated: Group revenues approximately EUR 4.50 bn, Group EBITDA comparable up to EUR 1.55 bn
- > Dividend floor of EUR 0.76 reiterated for the years 2011 and 2012



# Key Financial Developments of the Third Quarter 2011

# Stable Group EBITDA Margin Despite Competition, FX-Adjustments in Belarus and Regulation

| (EUR million)   | Q3 2011      | Q3 2010      | % change |
|---|--------------|--------------|----------|
| Revenues  | 1,111.4      | 1,185.4      | -6.2%    |
| EBITDA comparable*  | 412.9        | 449.1        | -8.1%    |
| <i>EBITDA comparable margin*</i>                                  | <i>37.2%</i> | <i>37.9%</i> |          |
| Restructuring   | -6.1         | -12.3        | -50.4%   |
| Impairment  | 0.0          | 0.0          | n.a.     |
| EBITDA (incl. Restructuring and Impairment charges)               | 406.8        | 436.8        | -6.9%    |
| <i>EBITDA (incl. Restructuring and Impairment charges) margin</i> | <i>36.6%</i> | <i>36.8%</i> |          |
| Depreciation & amortization                                       | -240.7       | -260.8       | -7.7%    |
| Operating income  | 166.1        | 176.0        | -5.6%    |
| Financial result  | -95.8        | -55.4        | 72.9%    |
| Income before income taxes  | 70.3         | 120.6        | -41.7%   |
| Income tax expense  | 57.6         | -24.0        | n.a.     |
| Net income / Net loss   | 127.9        | 96.5         | 32.5%    |

\* Excluding Restructuring and Impairment Charges

- > Revenue decline of 6.2% and 8.1% lower EBITDA comparable, mainly driven by competition in Austria and Belarus foreign exchange devaluation
- > 40% of Group revenue decline and 33% of Group EBITDA comparable decline due to regulatory burdens
- > Like-for-like revenues up by 0.2% and EBITDA comparable down by just 0.3%
- > Restructuring in Austria on track
- > Lower D&A softens FX and restructuring impact on operating results
- > Higher deferred taxes lead to income tax benefit
- > Increased negative financial result due to FX loss

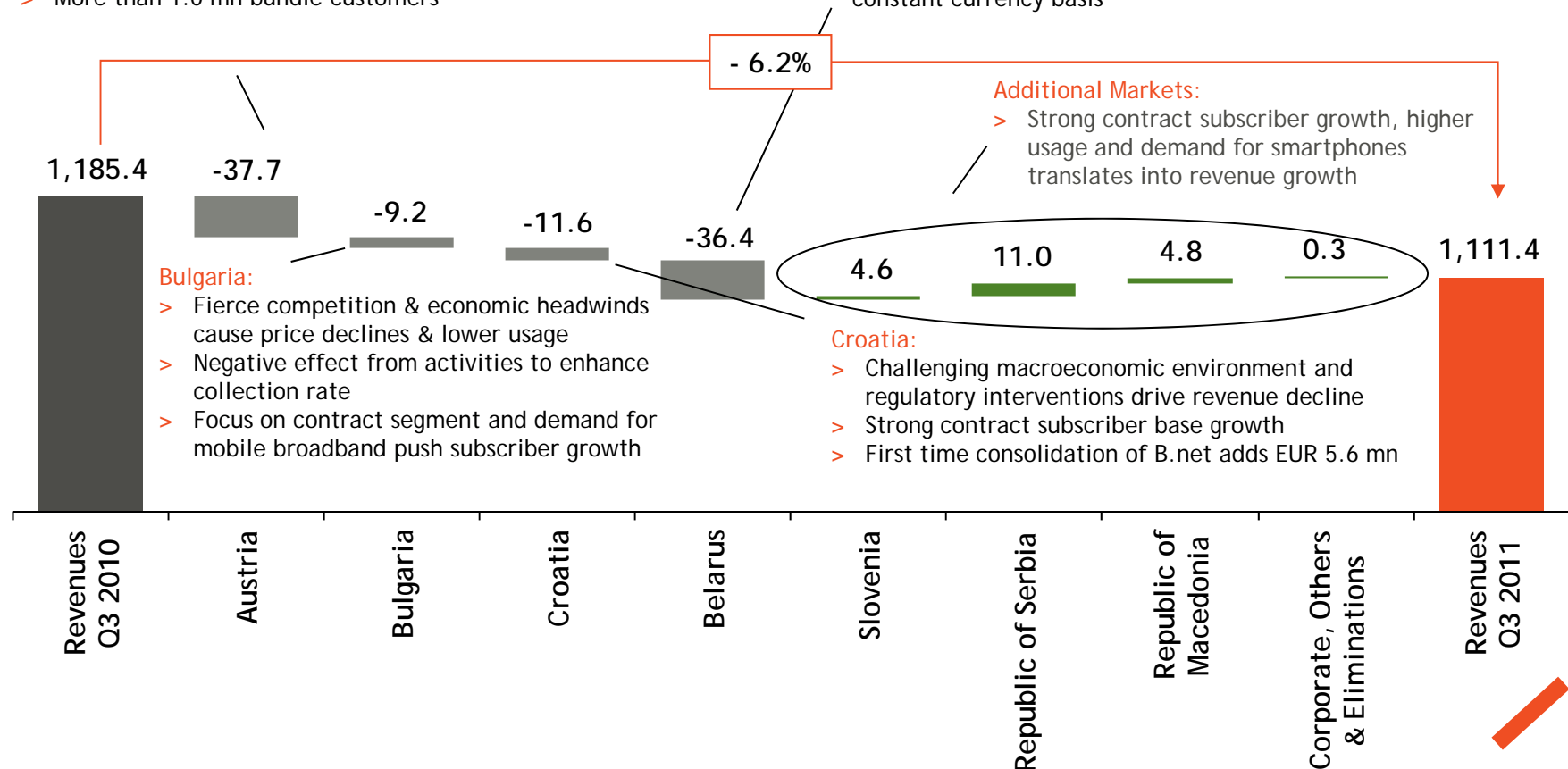
# Lower Results from Austria and Belarus Partly Offset by Revenue Growth in Additional Markets

## Austria:

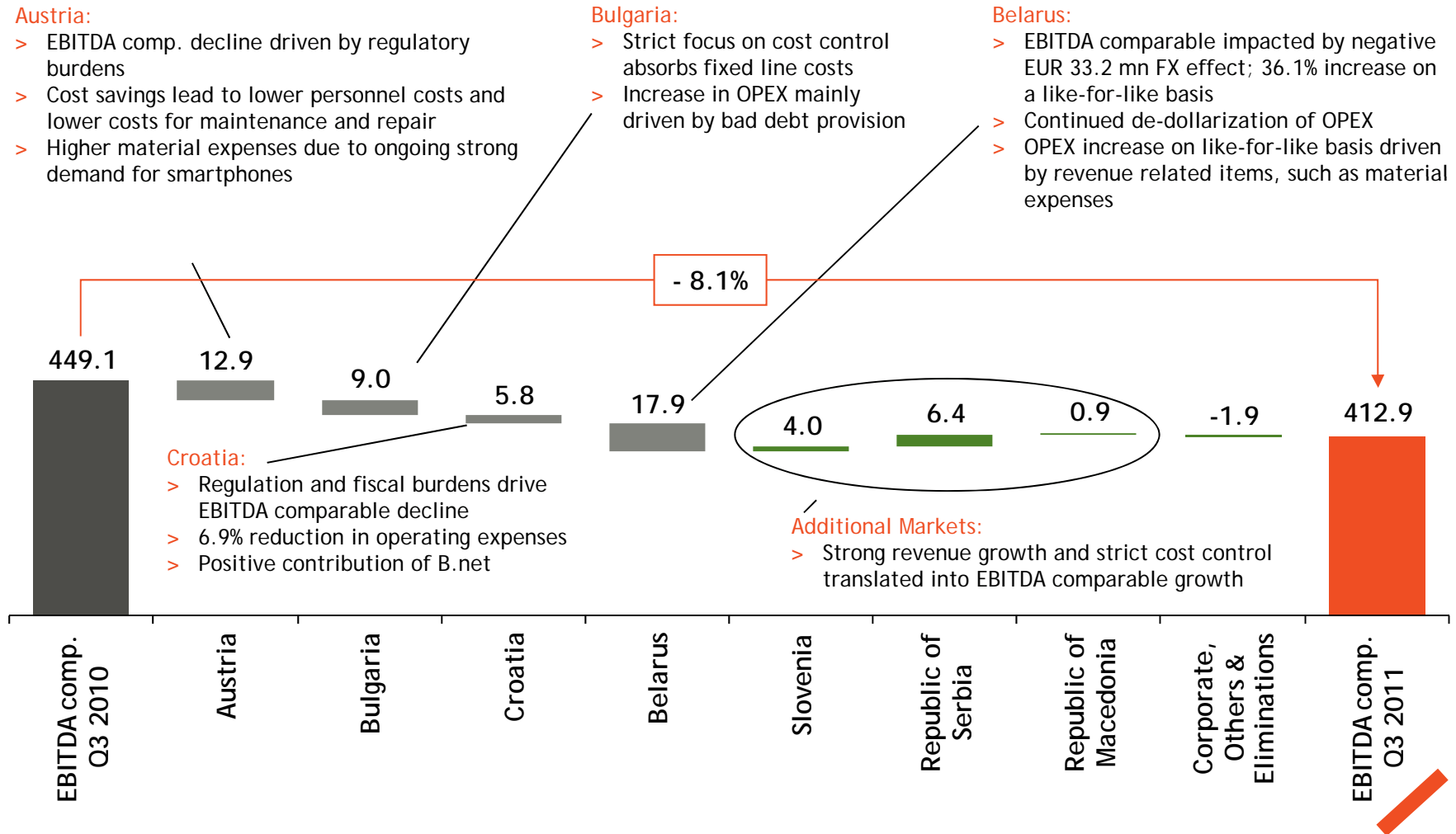
- > 40% of revenue decline due to roaming and MTR regulation
- > Pricing pressure results in migration of existing customers to lower priced packages within main brand
- > No frills drives subscriber growth
- > More than 1.0 mn bundle customers

## Belarus:

- > Continued strong operational performance despite further FX devaluation (+40% revenue growth on constant currency basis)
- > Subscriber growth driven by ongoing demand for mobile broadband
- > Price increases and higher usage drives 23% ARPU growth on constant currency basis



# Ongoing Focus on Cost Control and Growth in Additional Markets Limits Negative FX-Impact



# Free Cash Flow Driven by FX- Adjustments and Higher CAPEX

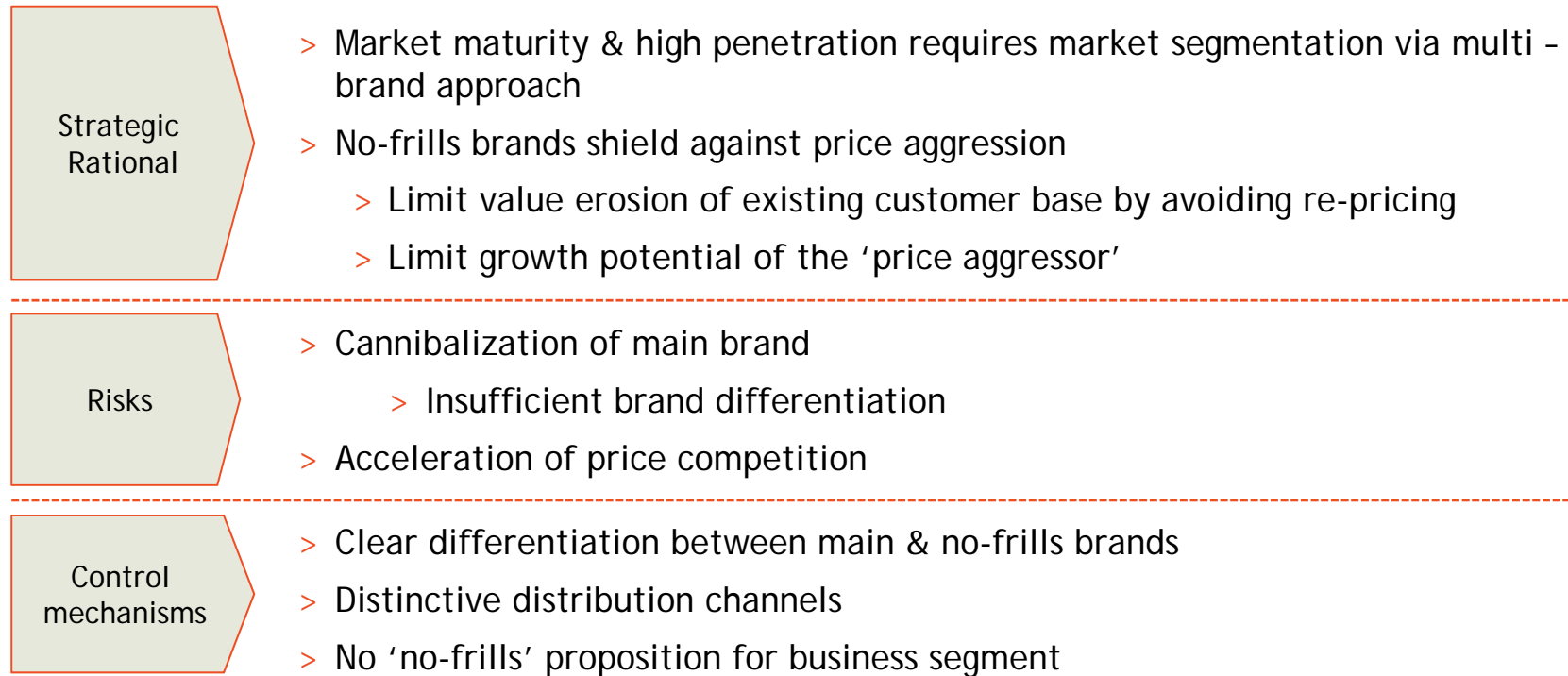
| (EUR million)  | Q3 2011      | Q3 2010      | % change      | 1-9M 2011    | 1-9M 2010    | % change      |
|--|--------------|--------------|---------------|--------------|--------------|---------------|
| Cash Flow from operations before working capital adjustments | 351.3        | 388.7        | -9.6%         | 1,037.7      | 1,158.2      | -10.4%        |
| Change in working capital                                    | 20.3         | -15.9        | n.a.          | -203.0       | -123.8       | 64.0%         |
| Ordinary capital expenditures                                | -177.8       | -146.8       | 21.1%         | -454.9       | -443.3       | 2.6%          |
| Proceeds from sale of equipment                              | 1.2          | 0.5          | 138.9%        | 2.2          | 10.3         | -79.1%        |
| <b>Free cash flow</b>  | <b>195.0</b> | <b>226.4</b> | <b>-13.9%</b> | <b>382.0</b> | <b>601.5</b> | <b>-36.5%</b> |
| Free cash flow per share                                     | 0.44         | 0.51         | -13.9%        | 0.86         | 1.36         | -36.5%        |

- > Decline in cash flow from operations before working capital adjustments reflect impact of Belarus Ruble devaluation and lower results
- > Higher payments of accounts payable due to higher CAPEX at year end 2010 drive increase in working capital in first nine months 2011, Q3 2011 reflects expected improvements
- > Increase in CAPEX driven by Austrian segment due to network investments

# Focus Points

# Launch of No-Frills in 2 Markets Based on Group No-Frills Strategy





## Telekom Austria Group No-Frills Strategy



No-Frills Propositions Offer Additional Revenues & Shields Premium Brands against Price Attacks



# Clear No-Frills Proposition Tailored to Specific Market Requirements

|          | No-Frills brand   | Launch date | Subsidies for handsets | Add-on service charges | Contract - Type |          | Distribution channels |           |        |
|----------|---|-------------|------------------------|------------------------|-----------------|----------|-----------------------|-----------|--------|
|          |   |             |                        |                        | Prepaid         | Postpaid | Shops*                | Retailers | Online |
| Croatia  |    | 06/2006     | x                      | ✓                      | ✓               | x        | x                     | ✓         | ✓      |
| Austria  |    | 07/2006     | x                      | ✓                      | ✓               | ✓        | x                     | ✓         | ✓      |
| Bulgaria |   | 10/2011     | x                      | ✓                      | x               | ✓        | ✓*                    | x         | ✓      |
| Slovenia |  | 11/2011     | x                      | ✓                      | ✓               | ✓        | x                     | ✓         | ✓      |

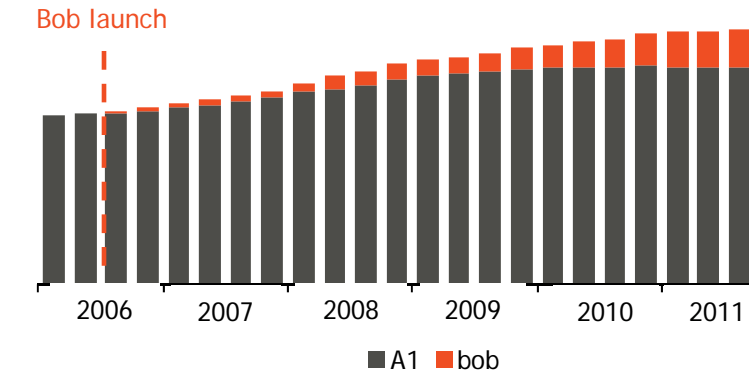
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\*Includes Shop in shop concepts

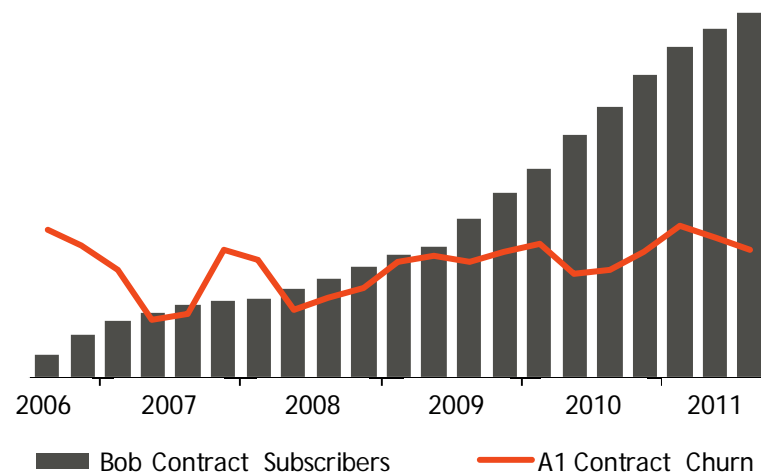
# No-Frills Proposition in Austria Proofs Successful

## A1 and No-Frills Customer

### Base



## A1 Churn vs. Bob Subscribers



\* Includes MVNOs and no-frills

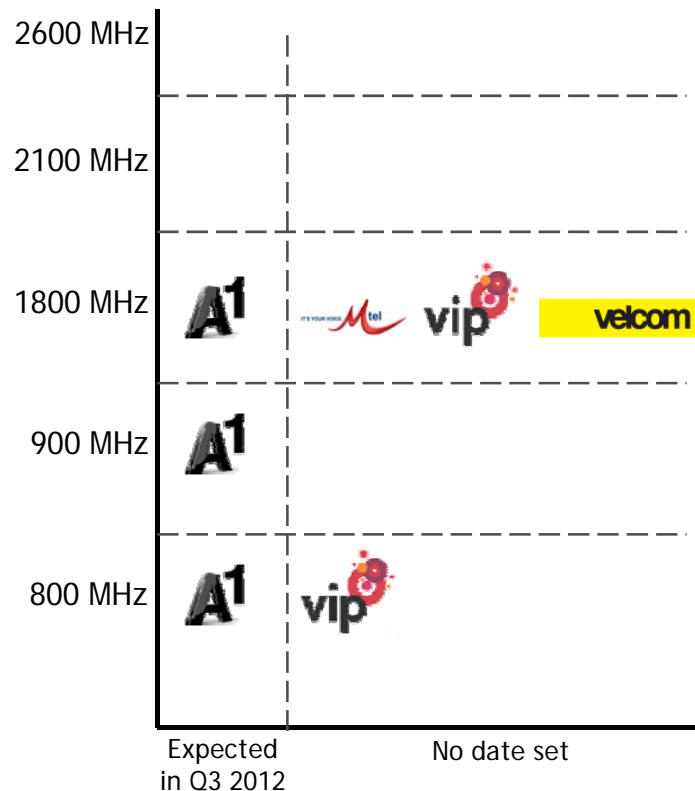
Results for the Third Quarter 2011

- > With penetration rate reaching approx. 154% total market growth predominantly based on no-frills segment
  - > 12.0%\* ytd no-frills growth vs. 4.4% in the total mobile market
- > No-frills brand supports A1 strategy as the leading operator via multibrand-brand strategy
  - > Allows differentiated targeting of price sensitive customer groups
  - > Shields premium brand against price erosions
- > Churn rate in premium segment approx. stable despite no-frills growth
- > No signs of material cannibalization of premium segment from no-frills



# Regulator Names 3Q 2012 for Combined Frequency Auction in Austria

## Expected Auctions in 2012



## Austria

### Timing & Format

- > Combinatorial clock auction for 800 MHz, 900 MHz, and 1800 MHz in Q3 2012

### 800 Digital Dividend

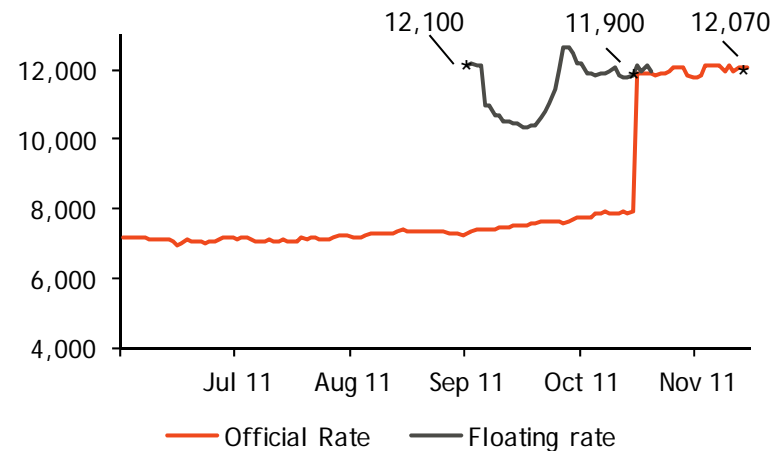
- > Total of 75 MHz of 5 MHz blocks will be auctioned (60 MHz usable from technological point of view)
- > Tender documents will provide clarity of conditions, such as roll-out requirements, minimum price in Q2 2012

### 900 & 1800 GSM - Spectrum

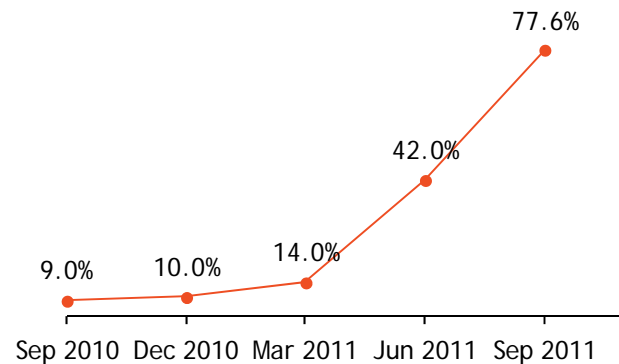
- > Reauctioning of existing GSM frequencies from 2015 to 2030
- > Usable for all technologies (refarming)
- > Provides clarity and visibility for network planning for the next 20 years

# Update on FX Environment and Macro-Economic Indicators in Belarus

## FX-Rate Development\*



## Inflation Development YoY



\*Source: National bank of the Republic of Belarus

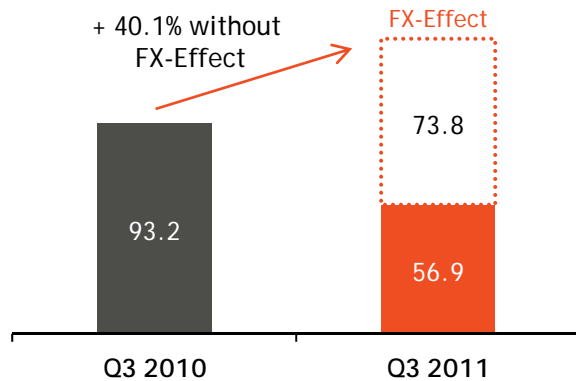
- > Liquidity has been reestablished in Belarus FX market based on free float on 14 September 2011
  - > Average trading volume of approximately EUR 46.6 mn per day
- > Single FX session launched on October 20<sup>th</sup> unifying official and floating FX rate
- > An amount of EUR 36.0 mn has been repatriated year to date
- > Continued increase in inflation due to devaluation
  - > 100% inflation expected by the end of 2011
  - > No decision of hyperinflation accounting yet
    - > Expected for 22 November 2011



# Strong Focus on Operational Performance to Mitigate FX-Impact

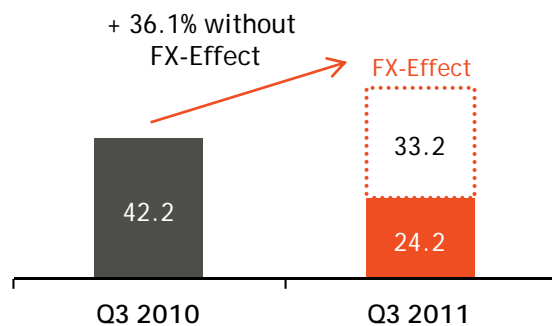
## Revenues

(in EUR million)



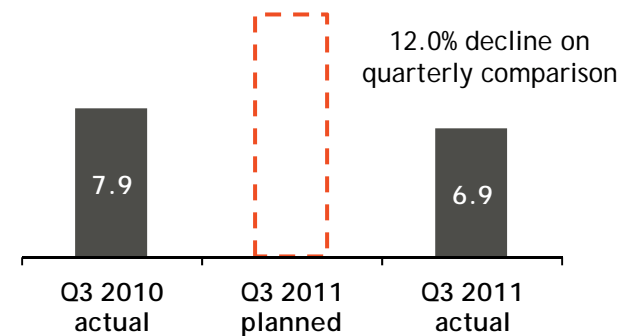
## EBITDA comparable

(in EUR million)



## CAPEX

(in EUR million)



- > Price increases of 10% in June 2011 and 7% in October 2011 on average
- > No material impact on usage
- > Strict cost control minimizes devaluation induced OPEX growth below inflation
  - > Successful introduction of a value segment
  - > Margin benefits from handset sales driven by high level tariff plans for smartphones
- > CAPEX reductions to operational minimum to protect free cash flow

# Outlook

# Outlook for Full Year 2011 Confirmed Despite Further Devaluation in Belarus

## Telekom Austria Group - Full Year 2011

On a constant currency basis for all markets as well as before any effects of potential inflation accounting for the Belarusian segment in the fourth quarter of 2011.

|                           | As of 17 August, 2011  | As of 14 November, 2011  |
|---------------------------|--|--|
| Revenues                  | approx. EUR 4.50 bn  | approx. EUR 4.50 bn  |
| EBITDA comparable         | up to EUR 1.55 bn  | up to EUR 1.55 bn  |
| CAPEX                     | EUR 0.75 bn - EUR 0.80 bn  | EUR 0.75 bn - EUR 0.80 bn  |
| Operating Free Cash Flow* | up to EUR 0.80 bn  | up to EUR 0.80 bn  |
| Dividend                  | 55% of free cash flow,<br>DPS of EUR 0.76 minimum<br>for 2011 and 2012 | 55% of free cash flow,<br>DPS of EUR 0.76 minimum<br>for 2011 and 2012 |

\*Operating Free Cash Flow = EBITDA comparable - CAPEX

# Appendix 1

# Telekom Austria Group - Revenue Breakdown

| Revenue Split - Segment Austria (EUR million) | Q3 2011      | Q3 2010      | % change     |
|---|--------------|--------------|--------------|
| Monthly fee and traffic                       | 507.4        | 532.9        | -4.8%        |
| Data and ICT Solutions                        | 48.1         | 53.9         | -10.8%       |
| Wholesale (incl. Roaming)                     | 47.1         | 44.3         | 6.3%         |
| Interconnection                               | 82.4         | 92.5         | -10.9%       |
| Equipment                                     | 25.3         | 24.1         | 4.9%         |
| Other revenues                                | 10.3         | 10.7         | -3.4%        |
| <b>Total revenues - Segment Austria</b>       | <b>720.7</b> | <b>758.3</b> | <b>-5.0%</b> |








| Revenue Split - International Operations (EUR million) | Q3 2011      | Q3 2010      | % change     |
|--|--------------|--------------|--------------|
| Monthly fee and traffic                                | 293.5        | 319.0        | -8.0%        |
| Data and ICT Solutions                                 | 0.1          | 0.0          | n.a.         |
| Wholesale (incl. Roaming)                              | 24.7         | 31.1         | -20.6%       |
| Interconnection  | 67.0         | 69.5         | -3.6%        |
| Equipment  | 27.1         | 28.1         | -3.8%        |
| Other revenues   | 3.9          | 3.9          | 1.1%         |
| <b>Total revenues - int. Operations</b>                | <b>416.3</b> | <b>451.7</b> | <b>-7.8%</b> |

# Telekom Austria Group - Expense Breakdown

| Operating Expense - Segment Austria (EUR million) | Q3 2011      | Q3 2010      | % change     |
|---|--------------|--------------|--------------|
| Material expense                                  | 62.5         | 59.1         | 5.7%         |
| Employee costs                                    | 146.3        | 157.1        | -6.8%        |
| Interconnection                                   | 80.3         | 87.6         | -8.3%        |
| Maintenance and repairs                           | 31.2         | 34.5         | -9.6%        |
| Services received                                 | 38.1         | 46.6         | -18.2%       |
| Other support services                            | 37.2         | 27.1         | 37.3%        |
| Other   | 99.8         | 103.4        | -3.5%        |
| <b>Total OPEX - Segment Austria</b>               | <b>495.5</b> | <b>515.3</b> | <b>-3.9%</b> |

| Operating Expense - International Operations (EUR million) | Q3 2011      | Q3 2010      | % change     |
|--|--------------|--------------|--------------|
| Material expense   | 37.9         | 38.6         | -1.9%        |
| Employee costs   | 27.5         | 30.1         | -8.6%        |
| Interconnection  | 56.0         | 58.5         | -4.3%        |
| Maintenance and repairs                                    | 9.5          | 13.6         | -30.0%       |
| Services received  | 26.5         | 27.3         | -3.0%        |
| Other support services                                     | 3.5          | 3.2          | 7.2%         |
| Other  | 92.4         | 90.8         | 1.8%         |
| <b>Total OPEX - int. Operations</b>                        | <b>253.3</b> | <b>262.1</b> | <b>-3.4%</b> |

# Telekom Austria Group - Mobile Communication Subscriber Base

|   | Mobile Subscribers (in 000) | Q3 2011 | Q3 2010 | % change |
|---|-----------------------------|---------|---------|----------|
|  Austria                 |                             | 5,212   | 5,018   | 3.9%     |
|   | Market share                | 40.3%   | 41.5%   |          |
|  Bulgaria                |                             | 5,291   | 5,236   | 1.1%     |
|   | Market share                | 48.4%   | 50.0%   |          |
|  Croatia*                |                             | 2,173   | 2,139   | 1.6%     |
|   | Market share*               | 39.6%   | 40.0%   |          |
|  Belarus                 |                             | 4,533   | 4,225   | 7.3%     |
|   | Market share                | 41.3%   | 42.0%   |          |
|  Slovenia                |                             | 631     | 605     | 4.2%     |
|   | Market share                | 29.7%   | 28.8%   |          |
|  Republic of Serbia      |                             | 1,589   | 1,281   | 24.1%    |
|   | Market share                | 15.3%   | 13.0%   |          |
|  Republic of Macedonia |                             | 549     | 388     | 41.3%    |
|   | Market share                | 24.6%   | 19.0%   |          |
|  Liechtenstein         |                             | 7       | 6       | 4.0%     |
|   | Market share                | 20.4%   | 20.1%   |          |

\*Adjusted mobile subscriber number starting from Q1 2010 due to new calculation method



# Telekom Austria Group - Headcount Development

| FTE (Average period)   | Q3 2011 | Q3 2010 | % change |
|------------------------|---------|---------|----------|
| Austria                | 9,319   | 9,967   | -6.5%    |
| International          | 7,457   | 6,526   | 14.3%    |
| Telekom Austria Group* | 16,937  | 16,571  | 2.2%     |

| FTE (End of period)    | Q3 2011 | Q3 2010 | % change |
|------------------------|---------|---------|----------|
| Austria                | 9,282   | 9,834   | -5.6%    |
| International          | 7,621   | 6,582   | 15.8%    |
| Telekom Austria Group* | 17,063  | 16,559  | 3.0%     |

\*Including corporate segment

# Telekom Austria Group - Capital Expenditures Split

| Capital Expenditures (EUR million)     | Q3 2011      | Q3 2010      | % change     |
|--|--------------|--------------|--------------|
| Segment Austria                        | 125.6        | 101.2        | 24.1%        |
| Segment Bulgaria                       | 17.7         | 15.6         | 13.8%        |
| Segment Croatia                        | 8.4          | 4.7          | 77.6%        |
| Segment Belarus                        | 6.9          | 7.9          | -12.0%       |
| Segment Additional Markets             | 19.0         | 17.5         | 8.9%         |
| <i>Slovenia</i>                        | 6.2          | 2.2          | 174.5%       |
| <i>Republic of Serbia</i>              | 11.3         | 13.4         | -16.3%       |
| <i>Republic of Macedonia</i>           | 1.3          | 1.7          | -24.0%       |
| <i>Liechtenstein</i>                   | 0.3          | 0.1          | 301.2%       |
| <i>Eliminations additional markets</i> | 0.0          | 0.0          | n.a.         |
| Corporate, Others & Elimination        | 0.0          | 0.0          | n.a.         |
| <b>Total capital expenditures</b>      | <b>177.8</b> | <b>146.8</b> | <b>21.1%</b> |
| Thereof tangible                       | 148.1        | 113.2        | 30.8%        |
| Thereof intangible                     | 29.7         | 33.6         | -11.7%       |

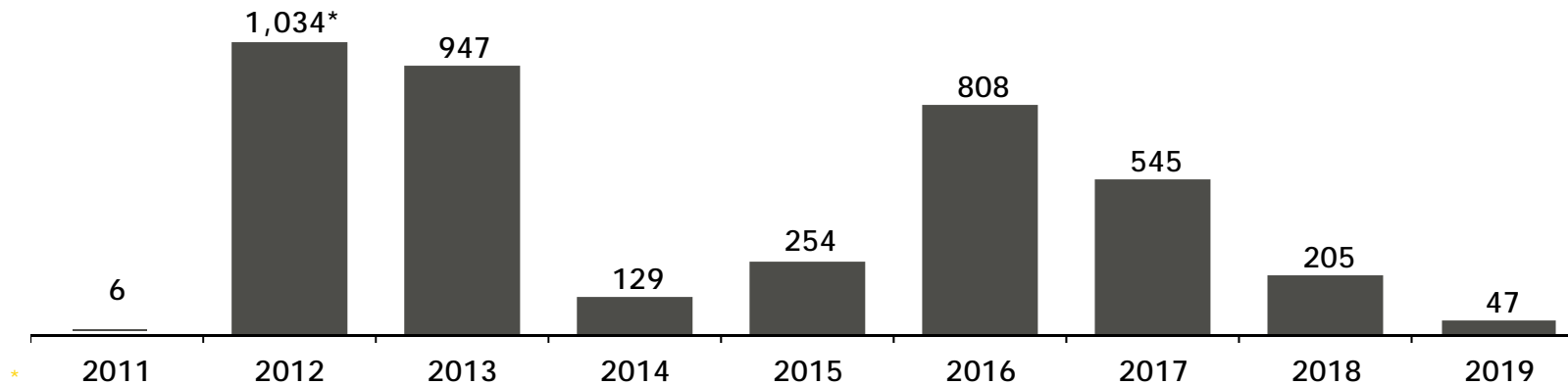
# Telekom Austria Group - Net Debt

| Net debt (EUR million)   | Sept. 30, 2011 | Dec. 31, 2010  | % change    |
|--|----------------|----------------|-------------|
| Long-term debt   | 3,029.5        | 3,146.4        | -3.7%       |
| Short-term borrowings  | 947.3          | 522.6          | 81.2%       |
| Cash and cash equivalents, short-term and long term investments, finance lease receivables | -509.0         | -355.0         | 43.4%       |
| Derivate financial instruments for hedging purposes  | 20.8           | -8.9           | -334.6%     |
| <b>Net Debt of Telekom Austria Group</b>   | <b>3,488.6</b> | <b>3,305.2</b> | <b>5.5%</b> |
| EBITDA comparable (last 12 months)   | 1,543.8        | 1,645.9        | -6.2%       |
| <b>Net Debt/ EBITDA comparable (last 12 months)</b>  | <b>2.3x</b>    | <b>2.0x</b>    | <b>n.a.</b> |

# Telekom Austria Group - Debt Maturity Profile

## Debt Maturity Profile

(EUR million)



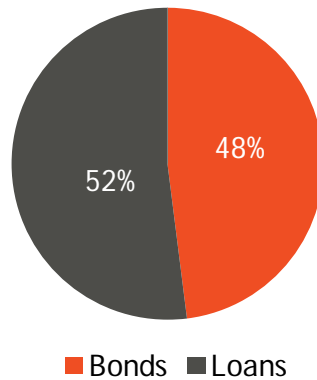
\*Includes approx. EUR 55.2 mn in 2012 related to velcom and EUR 5.5 mn to fixed line acquisitions in Bulgaria, which is reported in Other liabilities

- > EUR 3,915.9 mn of short- and long-term borrowings as of September 30, 2011
- > Average cost of debt of approximately 4.5%

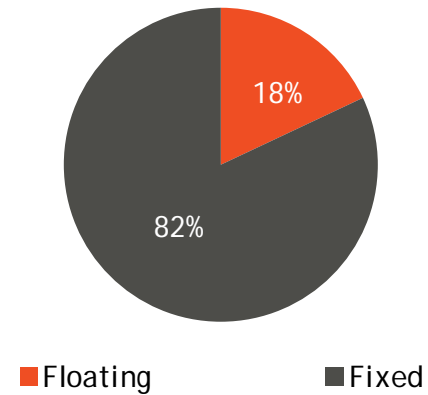


# Telekom Austria Group - Debt Profile

## Overview Debt Instruments\*



## Fixed-Floating Mix



## Lines of Credit

- > Undrawn committed lines of credit amounting to EUR 1.0 bn
- > Average term to maturity of approximately 1.8 years

## Ratings

- > S&P: BBB (stable outlook)
- > Moody's: A3 (negative outlook)\*

\* Based on face values

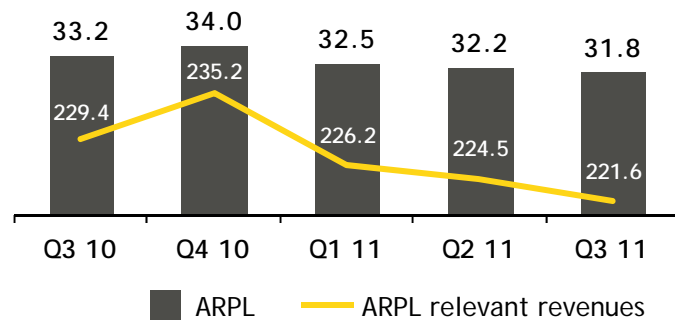
\*\* Currently on review for possible downgrade



# Segment Austria - Fixed Line Key Performance Indicators

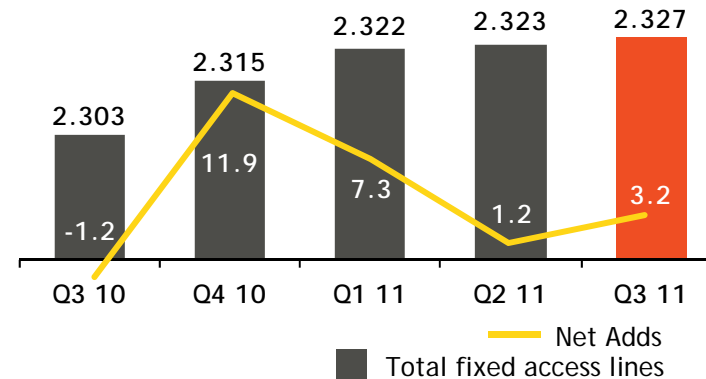
## ARPL & ARPL Relevant Revenues

(in EUR)



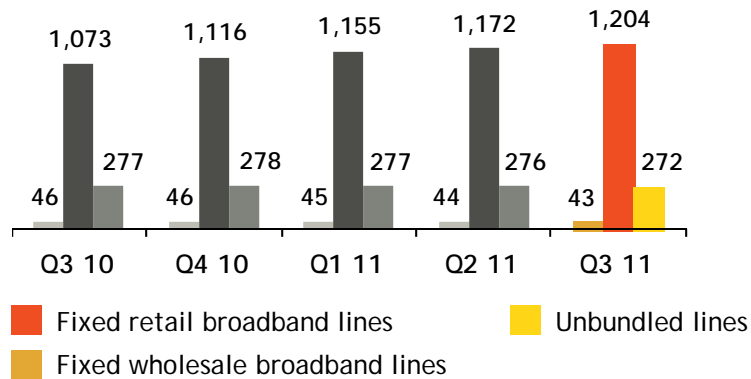
## Total Fixed Access Lines & Net Adds

(in 000)



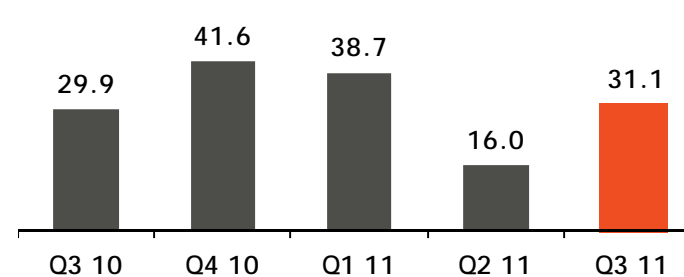
## Fixed Broadband Access Lines

(in 000)



## Fixed Broadband Net Adds incl. Wholesale

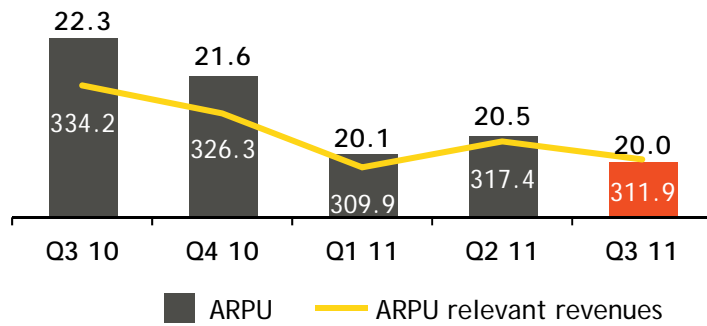
(in 000)



# Segment Austria - Mobile Key Performance Indicators

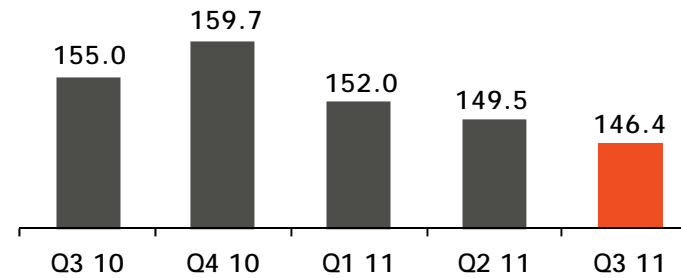
## ARPU & ARPU Relevant Revenues

(in EUR)



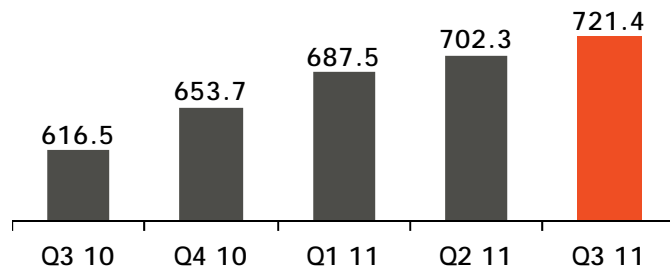
## MoU per Subscriber

(in min)



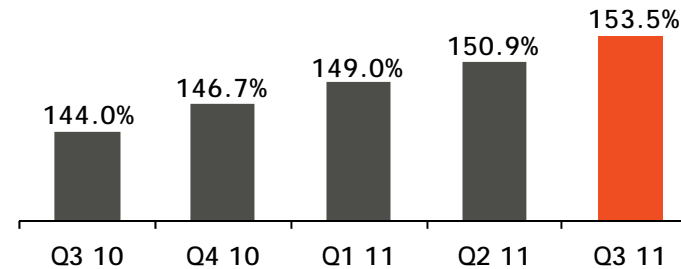
## Mobile Broadband Customers

(in 000)



## Mobile Penetration

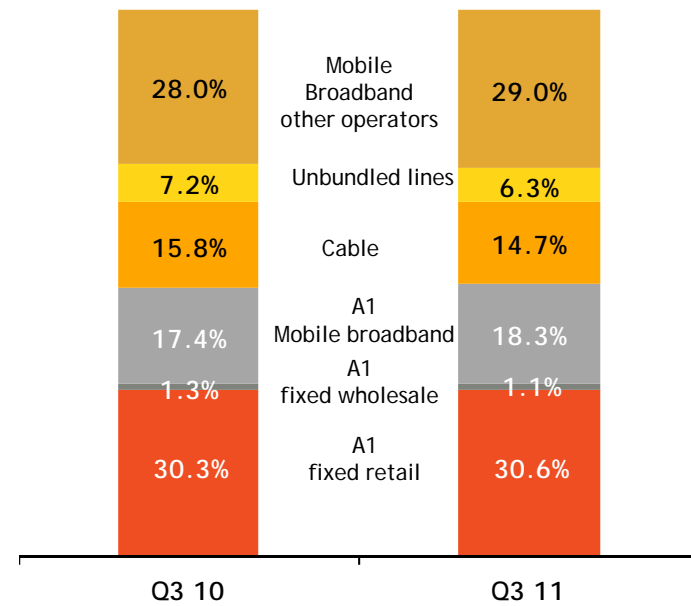
(in %)



# Segment Austria - Broadband Market Split

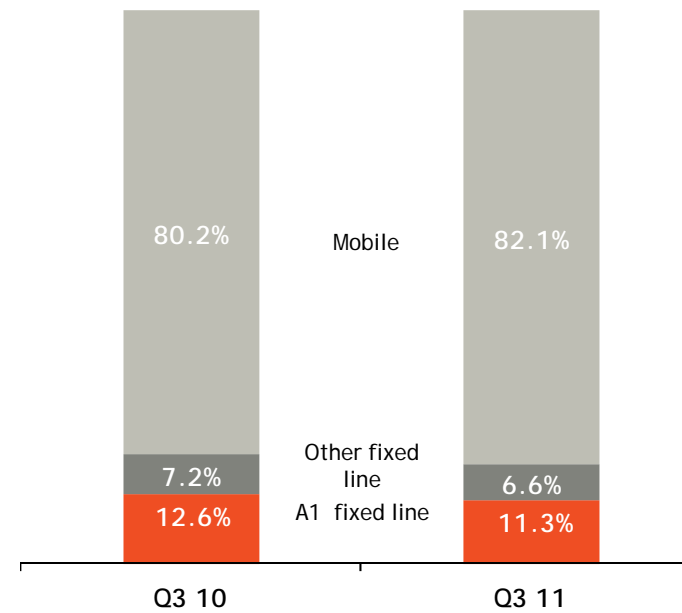
## Market Share Broadband Lines

(in %)



## Market Share Voice Minutes

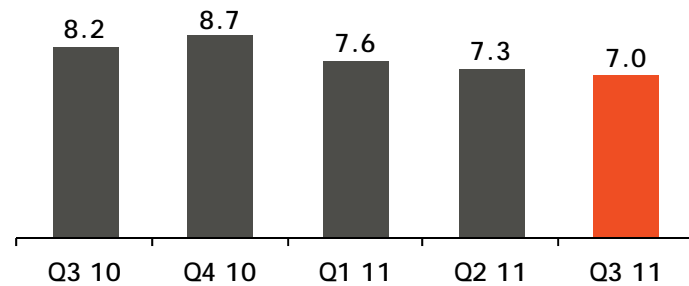
(in %)



# Segment Bulgaria - Mobile Key Performance Indicators

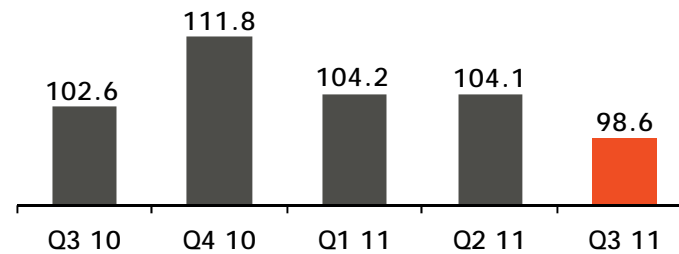
## ARPU

(in EUR)



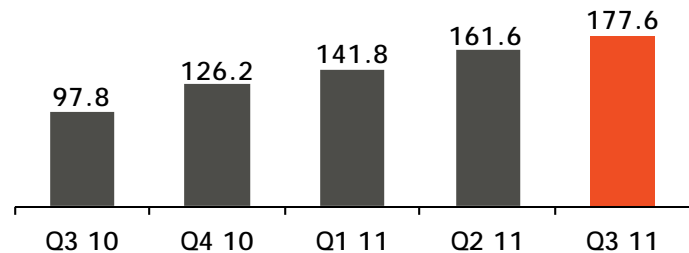
## MoU per Subscriber

(in min)



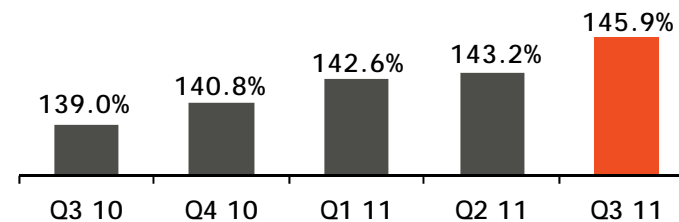
## Mobile Broadband Customers

(in 000)



## Mobile Penetration

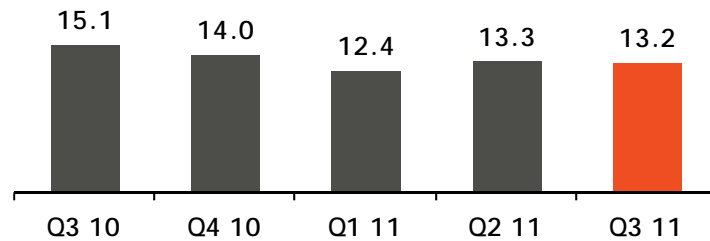
(in %)



# Segment Croatia - Mobile Key Performance Indicators

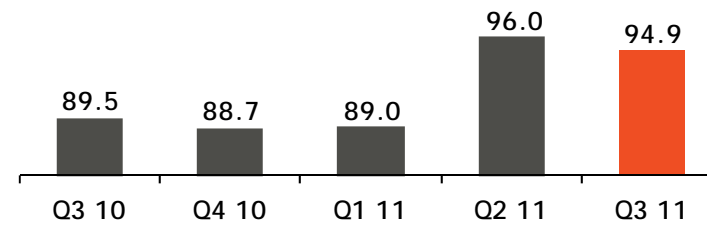
## ARPU\*

(in EUR)



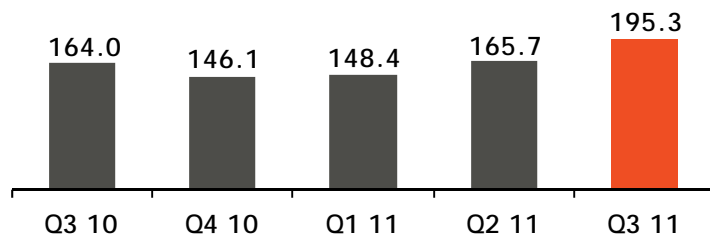
## MoU per Subscriber\*

(in min)



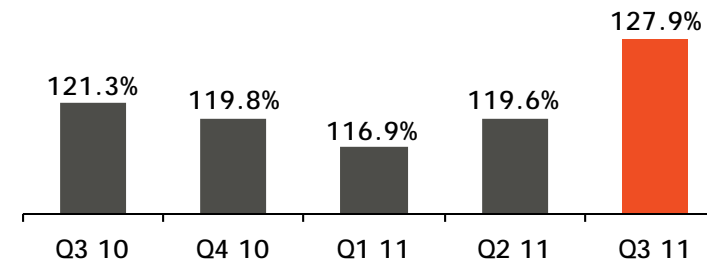
## Mobile Broadband Customers\*

(in 000)



## Mobile Penetration\*

(in %)



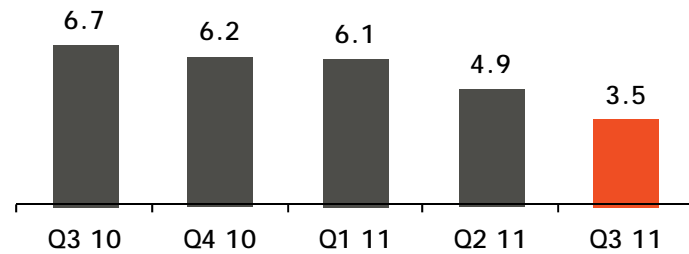
\* Due to a new definition on prepaid subscribers, the counting method of active prepaid SIM cards was changed from a 15-month rolling average to a 90 day active methodology. Following this implementation historic KPI's have been restated as of Q1 2010.



# Segment Belarus – Mobile Key Performance Indicators

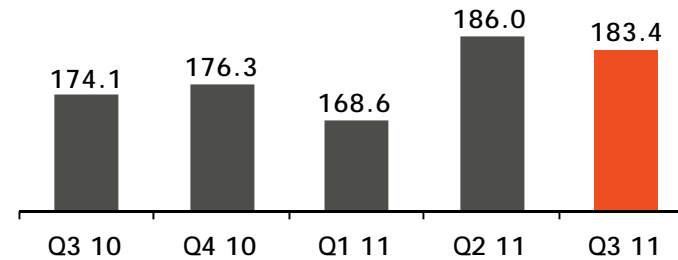
## ARPU

(in EUR)



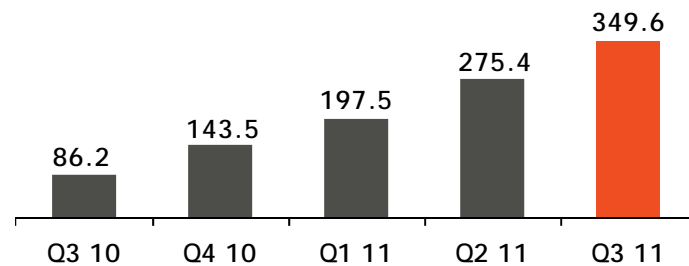
## MoU per Subscriber

(in min)



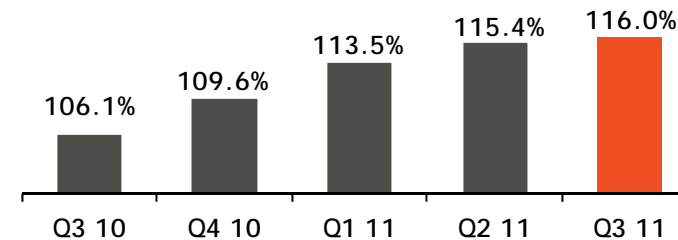
## Mobile Broadband Customers

(in 000)



## Mobile Penetration

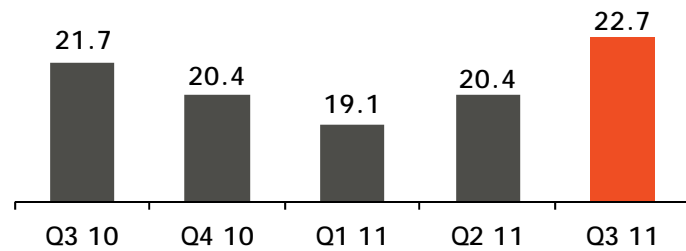
(in %)



# Segment Additional Markets - Mobile Key Performance Indicators

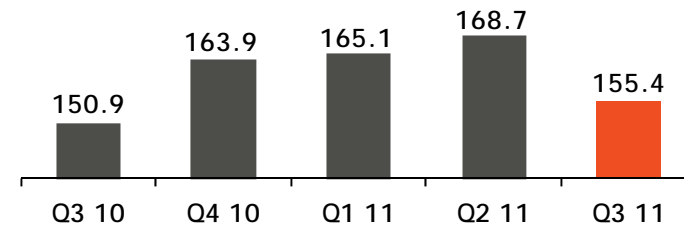
## Slovenia - ARPU

(in EUR)



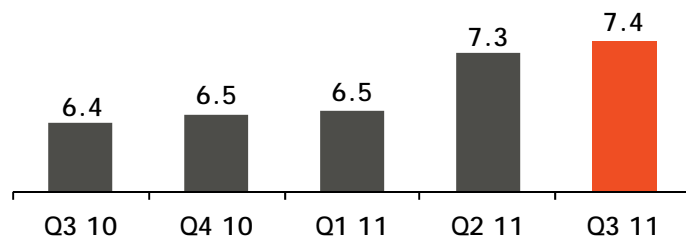
## Slovenia - MoU per Subscriber

(in min)



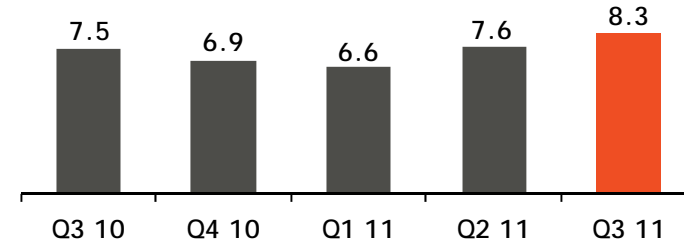
## Serbia - ARPU

(in EUR)



## Macedonia - ARPU

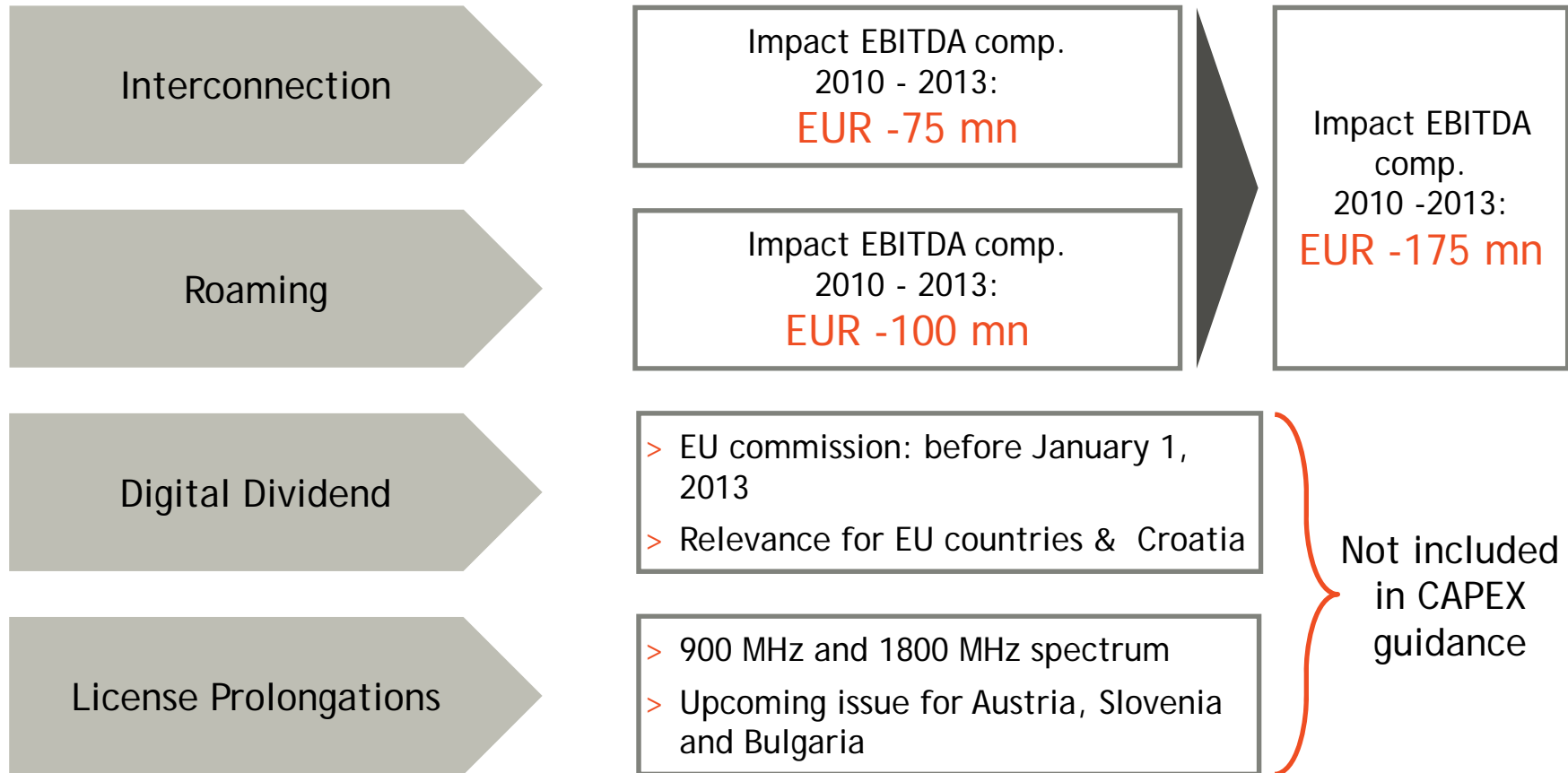
(in EUR)



# Appendix 2 – Regulatory Topics

# Negative Impact of Approx. EUR 175 mn on EBITDA Comparable Expected until 2013\*

## Key Points



\*as of December 2010

# Glide Path of Mobile Termination Rates

| In EUR cents     | July 2009 | January 2010 | July 2010                   | August 2010 | January 2011  | June 2011 | July 2011                   | August 2011 | January 2012 | July 2012 | August 2012 | January 2013 |
|------------------|-----------|--------------|-----------------------------|-------------|---|-----------|-----------------------------|-------------|--------------|-----------|-------------|--------------|
| <b>Austria</b>   | 4.00      | 3.50         | 3.01                        |             | 2.51  | 2.01      | market analysis during 2011 |             |              |           |             |              |
| <b>Bulgaria</b>  | 11.76     | 10.48        | 6.65 (until next price cap) |             | market analysis started in Q1 2011-> decision expected in December 2011 |           |                             |             |              |           |             |              |
| <b>Croatia</b>   | 9.10      | 7.60         | 7.60                        |             | 5.30  |           |                             |             |              |           |             |              |
| <b>Slovenia</b>  | 5.23      | 4.95         | 4.66                        |             | 4.38  | 4.38      | 4.09                        |             | 3.81         | 3.52      |             |              |
| <b>Macedonia</b> | 9.50      | 9.50         |                             | 8.80        |   |           |                             | 7.50        |              |           | 6.00        | 6.00         |
| <b>Serbia</b>    | 5.15      | 4.82         | 4.68 (until next price cap) |             | not clear when next regulatory decision will take place                 |           |                             |             |              |           |             |              |

## Proposed Glide Path for Bulgaria

(in EUR cents)

|                 |  |  |  |  |  |  |  |  |      |      |  |      |
|-----------------|--|--|--|--|--|--|--|--|------|------|--|------|
| <b>Bulgaria</b> |  |  |  |  |  |  |  |  | 3.32 | 2.81 |  | 2.35 |
|-----------------|--|--|--|--|--|--|--|--|------|------|--|------|

# EU-Roaming Glide Path

|                | July 2009 | July 2010 | July 2011 |
|----------------|-----------|-----------|-----------|
| <b>Voice</b>   |           |           |           |
| Wholesale      | 0.26      | 0.22      | 0.18      |
| Retail active  | 0.43      | 0.39      | 0.35      |
| Retail passive | 0.19      | 0.15      | 0.11      |
| <b>SMS</b>     |           |           |           |
| Wholesale      | 0.04      | 0.04      | 0.04      |
| Retail         | 0.11      | 0.11      | 0.11      |
| <b>Data</b>    |           |           |           |
| Wholesale      | 1.00      | 0.80      | 0.50      |

# Appendix 3 – Personnel Restructuring in Austria

# Overview - Restructuring Charges and Provision vs. FTE

## Overview Restructuring Charges

(in EUR million)

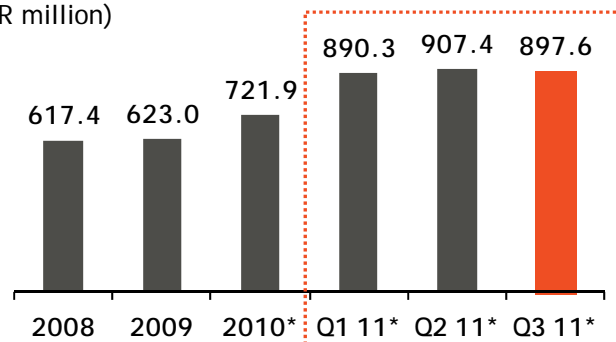
|                           | 2008         | 2009        | 2010         | Q1 2011      | Q2 2011     | Q3 2011    |
|---------------------------|--------------|-------------|--------------|--------------|-------------|------------|
| FTE Effect                | 632.1        | -10.0       | 76.9         | 184.1        | 34.6        | 6.1        |
| Interest rate adjustments | 0.0          | 27.5        | 47.2         | 0.0          | 0.0         | 0.0        |
| <b>Total</b>              | <b>632.1</b> | <b>17.5</b> | <b>124.1</b> | <b>184.1</b> | <b>34.6</b> | <b>6.1</b> |

## FTEs Addressed

|                          | 2008         | 2009       | 2010       | Q1 2011    | Q2 2011    | Q3 2011   |
|--------------------------|--------------|------------|------------|------------|------------|-----------|
| Transfer to government   | 0            | 0          | 158        | 24         | 46         | 10        |
| Social plans             | 256          | 451        | 28         | 514        | 63         | 10        |
| Staff released from work | 968          | -194       | 27         | 0          | 0          | 0         |
| <b>Total</b>             | <b>1,224</b> | <b>257</b> | <b>213</b> | <b>538</b> | <b>109</b> | <b>20</b> |

## Overview Restructuring Provision

(in EUR million)



## Provisioned FTEs

|                          | 2008       | 2009         | 2010         | Q1 2011      | Q2 2011      | Q3 2011      |
|--------------------------|------------|--------------|--------------|--------------|--------------|--------------|
| Transfer to government   | 0          | 0            | 158          | 182          | 228          | 238          |
| Social plans             | 14         | 273          | 299          | 781          | 820          | 826          |
| Staff released from work | 968        | 789          | 763          | 724          | 694          | 671          |
| <b>Total</b>             | <b>982</b> | <b>1,062</b> | <b>1,220</b> | <b>1,687</b> | <b>1,742</b> | <b>1,735</b> |

\*Including liabilities for transfer of civil servants to government bodies

# Overview - Cash Flow Impact of Restructuring

## Overview Cash Flow Impact

(in EUR million)

|         | Total cash flow impact |
|---------|------------------------|
| 2008    | 14.7                   |
| 2009    | 62.0                   |
| 2010    | 57.9                   |
| Q1 2011 | 21.5                   |
| Q2 2011 | 22.9                   |
| Q3 2011 | 21.8                   |

- > Total cash flow impact comprises old as well as new programs
- > Total expected cash flow impact for 2011 of EUR 90 - 100 mn



# Restructuring - Explanatory Information

- > The following factors have to be taken in account when comparing “FTEs Addressed” to “Provisioned FTEs”:
  - > FTEs of social plans may include receivers of one-time payments such as golden handshakes and can fluctuate due to retirement
  - > Number of staff released from work may fluctuate due to permanent reactivation, acceptance of social plans, transfer to government or retirement
- > In 2009, the following effects were noticeable:
  - > “FTE Effect” of EUR -10.0 mn as income from a reduction of staff released from work outweighed expense for number of new social plans
  - > This was overcompensated by interest rate adjustments and resulted in a total restructuring charge of EUR 17.5 mn
  - > Social plans included a significant number of FTEs accepting one-time payments
- > Previously communicated FTE numbers for 2008 and 2009 were adapted to a unified accounting view