

Telekom Austria Group Announces an Update of its Cash Use Policy at its Capital Markets Day (Ad hoc Release)

According to today's announcement, Telekom Austria intends to spend about EUR 5 billion on acquisitions, share buybacks and dividends in the period from 2006 to 2009. Cash intended for acquisitions, share buybacks and dividends previously communicated for the period 2005 to 2007 amounted to EUR 3 billion.

Furthermore, Telekom Austria extended its mid-term outlook to include the period until 2009. Telekom Austria expects the compound annual growth rate of Group revenues to be approximately 2% and the compound annual growth rate for Group adjusted EBITDA to be approximately 2.5%. Net Income is expected to grow with a compound annual growth rate of approximately 13%.

The outlook for Full year 2005 announced at the time of the release of the results for the third quarter remains unchanged.

Overview	Mid-Term Targets 2005-2009 announced December 2, 2005**	Mid-Term Targets 2003-2007 announced June 18, 2004
Group Revenue CAGR	~2%	>1%
Group adjusted EBITDA CAGR	~2.5%	>2%
Net Income CAGR	~13%	n.a.
Tangible CAPEX/Revenues	<13%	<13%
Net Debt/Equity	<120%	<120%
Net Debt/adjusted EBITDA	<2.0x	<2.0x
Adjusted EBITDA/net interest expenses	>8.0x	>8.0x
Average Free Cash Flow*	~ EUR 1,000 mn	~ EUR 600 mn

* Cash Flows from Operations minus CAPEX

** Telekom Austria Group excluding future acquisitions

The full Capital Markets Day presentation, which includes selected historical financial data for Mobilitel for the period Q4 2004 to Q2 2005, is available at: http://unternehmen.telekom.at/capital_markets_day_en



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