TELEKOM AUSTRIA GROUP

Results for the Full Year 2008

Highlights

- Well performing mobile operation drives revenue growth of 5.1% to EUR 5,170.3 mn
- Strong operational performance increases clean EBITDA by 3.9% to 1,927.7 mn
- Reported EBITDA of EUR 1,295.6 mn depressed by EUR 632.1 mn restructuring charge of the Fixed Net
- Material slowdown of Fixed Net access line loss and line growth in November and December 2008
- All Mobile Communication operations contribute to subscriber base growth of 15.2% to 17.8 million customers
- Revenues of ~ EUR 5.1 bn and EBITDA of ~ EUR 1.9 bn expected for 2009
- Dividend per share floor of 75 cent introduced for 2009–2012

Note: All financial figures are based on IFRS; if not stated otherwise, all comparisons are given year-on-year. EBITDA is defined as net income excluding interest, income tax expense, depreciation and amortization, impairment charges, equity in earnings of affiliates, income/loss from investments and foreign exchange differences. This equals operating income before depreciation, amortization and impairment charges.

Summary

in EUR million	4Q 08	4Q 07	% change	FY 2008	FY 2007	% change
Revenues	1,306.5	1,288.1	1.4%	5,170.3	4,919.0	5.1%
EBITDA	-212.0	391.3	-154.2%	1,295.6	1,854.9	-30.2%
Operating income/loss	-516.1	93.4	n.a.	135.5	761.4	-82.2%
Net income/loss	-437.7	41.0	n.a.	-48.8	492.5	n.a.
Earnings/Loss per share (in EUR)	-0.99	0.09	n.a.	-0.11	1.09	n.a.
Capital expenditures	273.3	316.5	-13.6%	807.6	851.3	-5.1%
in EUR million				**Dec. 31, 08**	**Dec. 31, 07**	**% change**
Net debt				3,993.3	4,407.2	-9.4%

The presentation for the conference call and the key figures of the Telekom Austria Group in excel format („Key Figures 4Q 2008") are available on our website at **www.telekomaustria.com**

Results for the first quarter 2009 will be announced on May 13, 2009

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Vienna, February 25, 2009 - Telekom Austria Group (VSE: TKA, OTC US: TKAGY) today announced its results for the full year 2008 and the fourth quarter ending December 31, 2008.

Restructuring measures announced:
In 4Q 08 the Telekom Austria Group announced a restructuring program of its Fixed Net operations, which required expenses of EUR 632.1 million and affected EBITDA, operating income and net income for 4Q 08 and the full year 2008. However, these expenses did not materially impact the cash flow of the Telekom Austria Group and will improve future results.

Year-to-date comparison:
During 2008 revenues grew by 5.1% to EUR 5,170.3 million mainly due to the performance of the mobile communications operations including the consolidation of Velcom, which more than offset the impact of the EU Roaming-Regulation and the lower contribution from the Fixed Net segment. EBITDA decreased by 30.2% to EUR 1,295.6 million driven by the above mentioned restructuring program in the Fixed Net segment, which required expenses of EUR 632.1 million. Excluding the restructuring program EBITDA increased by 3.9% to EUR 1,927.7 million.

Operating income declined by 82.2% to EUR 135.5 million. Net loss amounted to EUR 48.8 million compared to a net income of EUR 492.5 million for FY 2007 primarily impacted by the restructuring program.

Capital expenditures for tangible and intangible assets decreased from EUR 851.3 million to EUR 807.6 million as lower capital expenditures in the Fixed Net segment more than offset higher capital expenditures in the Mobile Communication segment.

Net debt decreased by 9.4% to EUR 3,993.3 million at the end of 2008 compared to the end of 2007.

Quarterly comparison:
Revenues increased by 1.4% to EUR 1,306.5 million in 4Q 08 primarily driven by the strong performance of mobilkom austria and Velcom in Belarus. The EUR 632.1 million expenses recorded for the restructuring program resulted in a negative EBITDA of EUR 212.0 million. Excluding the restructuring expenses EBITDA grew by 7.4% to EUR 420.1 million.

An operating loss of EUR 516.1 million and a net loss of EUR 437.7 million were recorded in 4Q 08 due to the restructuring program. Loss per share was EUR 0.99 in 4Q 08.

Capital expenditures for tangible and intangible assets decreased by 13.6% to EUR 273.3 million mainly due to lower capital expenditures in the Fixed Net segment offsetting higher capital expenditures at Velcom in Belarus and at mobilkom austria.

Group Review

Market Environment

In 2008, in Austria both the Fixed Net and Mobile Communication segments continued to operate in an environment characterized by sustained fierce competition. Low prices for voice telephony and mobile broadband products contributed to the ongoing fixed-to-mobile substitution. In order to protect the core business of the Fixed Net segment the broadband portfolio was expanded to include attractive product bundles with higher bandwidths. However, against the backdrop of a shrinking domestic fixed line market, substantial downsizing and cost-cutting measures will also be necessary in the years to come.

In the fourth quarter of 2007 the Telekom Austria Group therefore initiated a comprehensive cost-cutting program in the Fixed Net segment which led to the implementation of a number of measures in 2008. However, the scope of action was limited because two thirds of the Fixed Net segment workforce has civil servant status and their contracts cannot be terminated. In November 2008 a further step in the restructuring program was taken including the implementation of additional social plans as well as a redundancy scheme for up to 1,250 Fixed Net employees to be executed throughout 2009. Total related expenditures amount to EUR 632.1 million, a part of which was already consumed in 2008 for social plans currently underway. A provision of EUR 617.4 million for further social plans and for the net present value of the estimated future personnel expenses of the redundant employees up to their retirement age was set up as per the balance sheet date. In the years to come lower personnel expenses as a result of this measure will improve future earnings. The provision will not be included in the net debt calculation, but it will be interest bearing starting from 2009.

The Mobile Communication segment continued its growth, both in Austria and in the Telekom Austria Group's international markets. The first full-year consolidation of Velcom (formerly MDC) in Belarus and higher contributions from the subsidiaries in the Republic of Serbia and the Republic of Macedonia, which only started business operations during 2007, strengthened the growth profile of the Telekom Austria Group in 2008. However, the regulation of international roaming tariffs introduced by the European Union in the second half of 2007 had a negative impact, with this tariff reduction applying to all twelve months of 2008.

Revenues and Operating Income by Segment

Fixed Net

Note: Detailed operational data of the Fixed Net segment are shown in the appendix on page 20

Restructuring measures announced:
On November 10, 2008 the Telekom Austria Group announced a restructuring program of its Fixed Net operations which required expenses in the amount of EUR 632.1 million including a provision for future expenses which affected EBITDA, operating income and net income for 4Q 08 and the full year 2008. However, these expenses did not materially impact the cash flow of the Telekom Austria Group and will improve future results. Under the restructuring program about 1,250 employees, who cannot be laid off mainly due to their civil servant status, will be made redundant from the Fixed Net operation in the course of 2009.

Year-to-date comparison:
Fixed Net revenues declined by 4.4% to EUR 2,038.8 million in 2008 as revenue growth in Data & IT solutions partly offset lower revenues from Internet Access & Media and Switched Voice.

The EUR 632.1 million expense recorded for the restructuring program resulted in a negative EBITDA of EUR 21.3 million in 2008 compared to an EBITDA of EUR 705.0 million in 2007. Excluding the restructuring program EBITDA declined by 13.4% to EUR 610.8 million.

Operating loss amounted to EUR 530.8 million compared to an operating income of EUR 151.2 million in 2007. Lower depreciation and amortization charges partly compensated for higher operating expenses primarily driven by the expenses for the restructuring program.

Quarterly comparison:
The introduction of product bundles slowed down fixed net access line loss significantly from 47,600 in 4Q 07 to 2,400 in 4Q 08 leading to net adds in November and December 2008 for the first time in 12 years. As a consequence, the number of access lines declined by only 97,600 lines during 2008 to 2.3 million, compared to 224,500 lines in 2007 reflecting a material slowdown of fixed net access line loss.

The number of fixed net broadband lines increased by 18.0% to 885,700 including 66,800 wholesale lines at the end of 2008, as the number of retail broadband lines grew driven by customer acceptance of product bundles. This more than compensated for the decline in wholesale broadband lines. The number of broadband net adds increased by 76.2% from 28,600 in 4Q 07 to 50,400 in 4Q 08.

Average revenues per fixed net access line, which mainly consist of revenues from voice, monthly rentals, broadband and aonTV, remained almost stable in 4Q 08 at EUR 33.0 compared to EUR 33.3 in 4Q 07.

The number of unbundled lines rose to 298,900 at the end of December 2008 compared to 289,300 at the end of December 2007. In a quarter-to-quarter comparison the number of unbundled lines remained stable from 3Q 08 to 4Q 08.

Fixed-to-mobile substitution was the main driver of the decline in voice minutes by 12.2% to 936.9 million in 4Q 08. Fixed Net voice market share increased to 61.3% in 4Q 08 compared to 59.9% in 4Q 07 due to better customer retention following the introduction of product bundles.

Fixed Net revenues decreased by 9.0% to EUR 498.1 million in 4Q 08 mainly due to lower revenues from Switched Voice,

Fixed Net

in EUR million	4Q 08	4Q 07	% change	FY 2008	FY 2007	% change
Revenues	498.1	547.4	-9.0%	2,038.8	2,133.0	-4.4%
EBITDA	-499.6	136.2	n.a.	-21.3	705.0	n.a.
Operating Income/loss	-631.1	-6.4	n.a.	-530.8	151.2	n.a.

Wholesale Voice Telephony & Internet and Internet Access & Media.

Switched Voice Traffic revenues declined by 14.4% to EUR 75.9 million reflecting a lower volume of minutes while the average voice tariff remained stable at 7.8 Eurocents per minute.

Revenues from Switched Voice Monthly Rental & Other remained stable at EUR 112.3 million as lower discounts and higher revenues from the product bundles offset the impact of a lower number of access lines.

Revenues from Payphones & Value Added Services declined by 23.4% to EUR 9.5 million in 4Q 08 as a result of lower payphone revenues and lower revenues from interactive TV-gaming services.

Revenues from Data & IT solutions including wholesale declined by 2.7% to EUR 121.9 million.

Revenues from Internet Access & Media decreased by 15.9% to EUR 55.1 million as strong growth of the broadband customer base partly compensated for lower broadband prices marketed to protect the access line base.

Wholesale Voice Telephony & Internet revenues declined by 11.0% to EUR 90.7 million, mainly driven by lower wholesale Internet revenues as well as lower national wholesale voice revenues.

Other Fixed Net revenues decreased by 21.6% to EUR 32.7 million due to lower equipment revenues.

The EUR 632.1 million expenses recorded for the restructuring program resulted in a negative EBITDA of EUR 499.6 million in 4Q 08 compared to an EBITDA of EUR 136.2 million in 4Q 07. Excluding restructuring expenses, EBITDA declined by 2.7% to EUR 132.5 million, with operating expenses decreasing by 11.3% due to lower employee costs and material expenses.

Impacted by expenses for the restructuring program operating loss amounted to EUR 631.1 million in 4Q 08 compared to an operating loss of EUR 6.4 million in 4Q 07, while depreciation and amortization charges continued to decline.

Mobile Communication

Note: Detailed operational data of the Mobile Communication segment are shown in the appendix on page 21, 22 and 23

Year-to-date comparison:

Revenues in the Mobile Communication segment rose by 11.7% to EUR 3,390.9 million in 2008. This growth was driven by all operations which more than offset lower roaming revenues following the introduction of the EU roaming regulation. Excluding Velcom, revenues grew by 3.9% from EUR 2,971.1 million in 2007 to EUR 3,086.4 million in 2008.

EBITDA increased by 13.8% to EUR 1,340.6 million in 2008. This growth was primarily driven by strong performance of mobilkom austria and Velcom in Belarus, which was first-time consolidated in 4Q 07, as well as lower losses associated to the launch of operations in the Republic of Serbia and the Republic of Macedonia in the amount of EUR 56.7 million in 2008, compared to EUR 66.9 million reported in 2007. On a comparable basis, excluding Velcom, EBITDA in the Mobile Communication segment increased by 3.6% from EUR 1,146.7 million in 2007 to EUR 1,188.3 million in 2008.

Operating income rose by 8.1% to EUR 689.3 million. Operating income, excluding Velcom, decreased by 1.5% to EUR 615.3 million in 2008.

Mobile Communication*

in EUR million	4Q 08	4Q 07	% change	FY 2008	FY 2007	% change
Revenues	884.4	796.2	11.1%	3,390.9	3,035.1	11.7%
EBITDA	295.6	258.0	14.6%	1,340.6	1,177.6	13.8%
Operating income	122.6	102.6	19.5%	689.3	637.5	8.1%

* FY 07 includes Velcom for 4Q only.

Quarterly comparison:

The number of customers in the Mobile Communication segment grew by 15.2% to 17.8 million customers as of December 31, 2008. More than three-quarters of this customer growth is driven by an increase of the contract subscriber base.

Revenues in the Mobile Communication segment grew by 11.1% to EUR 884.4 million in 4Q 08 mainly due to the strong performance in Austria and of Velcom in Belarus. On constant currencies, revenues increased by 9.3% to EUR 870.2 million.

EBITDA grew by 14.6% to EUR 295.6 million in 4Q 08 due to higher profitability of mobilkom austria and Velcom as well as lower expenses associated with the launch of operations in the Republic of Serbia and the Republic of Macedonia. On constant currencies, EBITDA grew by 11.9% to EUR 288.6 million.

Operating income rose to EUR 122.6 million in 4Q 08 compared to EUR 102.6 million in 4Q 07 despite higher depreciation and amortization charges. On constant currencies, operating income grew by 14.4% to EUR 117.4 million.

mobilkom austria

The subscriber base of mobilkom austria, the leading mobile operator in Austria, grew by 13.6% to 4.5 million subscribers at the end of December 2008. This development was primarily driven by the increase of the contract subscriber base, with attractive tariff models and the no-frills brand bob contributing to this growth.

mobilkom austria extended its market leadership growing its market share to 42.5% at the end of 4Q 08 compared to 40.3% at the end of 4Q 07. The mobile penetration rate in Austria rose from 118.3% at the end of 4Q 07 to 126.6% at the end of 4Q 08 due to an increasing number of customers with SIM cards for mobile broadband in addition to SIM cards for voice services.

Average revenues per user (ARPU) increased slightly by 0.7% to EUR 28.6 as an increase in data usage partly offset declining prices for voice and data. Data ARPU increased by 2.8% to EUR 7.3 due to higher usage.

mobilkom austria grew its mobile broadband subscriber base by 37.9% and had 400,000 mobile broadband customers at the end of December 2008 compared to 290,000 mobile broadband customers at the end of December 2007. Data revenues as a percentage of traffic-related revenues rose from 30.7% in 4Q 07 to 33.9% in 4Q 08.

Revenues of mobilkom austria increased by 11.6% to EUR 441.6 million compared to 4Q 07 primarily as a result of higher traffic revenues following a higher usage and due to higher monthly rental revenues as a consequence of an increased contract subscriber base. Roaming revenues declined as higher usage only partly compensated for lower roaming prices. Interconnection revenues increased as higher volumes offset lower prices.

Subscriber acquisition costs decreased from EUR 16.5 million in 4Q 07 to EUR 15.9 million in 4Q 08 reflecting the shift to SIM-only gross adds. Subscriber retention costs decreased by 11.9% to EUR 22.3 million.

mobilkom austria's EBITDA increased by 16.8% to EUR 131.2 million compared to EUR 112.3 million in 4Q 07 as a result of lower subscriber acquisition costs and subscriber retention costs as well as higher revenues. In addition EBITDA in 4Q 07 was affected by the retroactive reduction of mobile termination rates in the amount of EUR 9.5 million.

Operating income increased by 34.9% to EUR 67.6 million despite higher depreciation and amortization charges.

Mobiltel

Mobiltel, the leading mobile operator in Bulgaria, grew its customer base by 5.8% to 5.4 million customers at the end of December 2008 compared to the end of 2007. Mobiltel's market share remained stable at 50.0% at the end of 4Q 08 compared to 50.3% at the end of 4Q 07. The mobile penetration rate in Bulgaria rose from 132.8% in the previous year to 142.1%.

An increase in average minutes of use charged per subscriber by 21.3% partly compensated for lower prices resulting in an ARPU of EUR 9.6 in 4Q 08 compared to EUR 10.4 in 4Q 07.

Revenues of Mobiltel grew slightly from EUR 167.6 million in 4Q 07 to EUR 168.4 million in 4Q 08 as higher monthly rental revenues as a result of a higher contract subscriber base partly offset lower traffic revenues.

EBITDA remained stable at EUR 82.3 million in 4Q 08 compared to 4Q 07.

Mobiltel's operating income decreased by 15.6% to EUR 36.9 million in 4Q 08 compared to 4Q 07 due to higher depreciation and amortization charges.

Velcom

At the end of December 2008 Velcom, the second largest mobile operator in Belarus, grew its subscriber base by 20.9% to 3.7 million customers compared to 3.1 million at the end of December 2007. Velcom increased its market share from 43.4% in 4Q 07 to 44.8% in 4Q 08. The penetration rate in Belarus was 85.1% at the end of December 08 compared to 71.5% at the end of 2007.

Velcom's ARPU grew to EUR 8.2 in 4Q 08 compared EUR 7.1 in 4Q 07 primarily due to currency fluctuations and the introduction of tariff models stimulating usage.

Average minutes of use charged per subscriber grew to 159.6 minutes in 4Q 08 compared to 149.8 minutes in 4Q 07.

Revenues increased by 44.2% from EUR 64.0 million in 4Q 07 to EUR 92.3 million in 4Q 08 driven by higher traffic and monthly rental revenues due to higher usage and a larger subscriber base as well as foreign exchange gains in the amount of EUR 10.8 million. On constant currencies, revenue growth was 27.4%.

EBITDA rose by 40.5% to EUR 43.4 million in 4Q 08 compared to EUR 30.9 million in 4Q 07 as revenue growth more than offset higher marketing and sales costs. On constant currencies, excluding the foreign exchange gain of EUR 5.5 million, EBITDA grew by 22.7%.

Velcom's operating income in 4Q 08 grew by 67.4% to EUR 21.1 million compared to EUR 12.6 million in 4Q 07 with lower operating expenditures overcompensating for higher depreciation and amortization charges. Excluding foreign exchange gains of EUR 3.3 million, operating income grew by 41.2%.

Vipnet

Vipnet, the second largest mobile operator in Croatia, increased its subscriber base by 14.1% to 2.5 million customers at the end of December 2008.

At the end of 2008 the mobile penetration rate in Croatia stood at 133.6% compared to 114.9% at the end of 4Q 07. Vipnet's market share declined slightly to 42.2% in 4Q 08 from 43.0% in 4Q 07.

ARPU declined by 7.9% to EUR 13.9 in 4Q 08 compared to EUR 15.1 in 4Q 07 as higher data revenues and a higher contract subscriber base partly compensated for lower voice usage per subscriber and lower prices. Average minutes of use charged per subscriber declined by 5.7% to 85.7 minutes.

Revenues of Vipnet declined slightly by 0.6% to EUR 121.1 million in 4Q 08 compared to 4Q 07 as growth of traffic and monthly rental revenues partly offset lower wholesale roaming revenues also due to the expiry of the national roaming agreement with Tele2. Croatia is not a member of the EU, however, market trends led to a decline in wholesale roaming prices.

EBITDA decreased by 12.0% to EUR 35.2 million in 4Q 08 mainly due to lower roaming revenues and higher interconnection costs.

Operating income of Vipnet decreased by 28.6% to EUR 15.5 million in 4Q 08 compared to the same period of the previous year reflecting mainly higher costs and higher depreciation and amortization charges.

Si.mobil

Si.mobil, the second largest operator in Slovenia, grew its subscriber base by 14.7% to 570,600 customers at the end of December 2008.

Si.mobil increased its market share from 26.9% to 27.7%. The mobile penetration rate in Slovenia was 102.7% at the end of 4Q 08 compared to 92.2% at the end of 4Q 07.

ARPU remained stable at EUR 23.2 driven by a higher contract subscriber base and an increase in average minutes of use charged per subscriber by 2.2% to 137.6 minutes, which compensated for lower interconnection revenues as a result of lower interconnection asymmetry.

Revenues grew by 12.3% to EUR 48.5 million during 4Q 08 mainly as a result of higher monthly rental and traffic revenues overcompensating for lower roaming revenues due to the EU roaming regulation and for lower interconnection revenues.

EBITDA remained stable at EUR 11.6 million as a consequence of lower roaming revenues and lower interconnection asymmetry as well as higher marketing and sales costs.

Operating income rose slightly from EUR 5.7 million in 4Q 07 to EUR 5.9 million in 4Q 08 due to stable depreciation and amortization charges.

Vip mobile

Vip mobile, the third largest mobile operator in the Republic of Serbia, grew its subscriber base by 78.4% to 907,900 customers from 508,900 customers at the end of 4Q 07 and had a market share of 9.1% at the end of 4Q 08 compared to 5.8% at the end of 4Q 07.

The penetration rate in the Republic of Serbia stood at 132.9% at the end of 4Q 08 due to inflated subscriber numbers reported by the incumbent.

During 4Q 08 Vip mobile more than doubled revenues to EUR 18.4 million compared to EUR 9.1 million in 4Q 07 as a result of higher traffic revenues and monthly rental revenues driven by a larger subscriber base and higher usage.

Profitability improved strongly resulting in a sharp reduction in the negative EBITDA of EUR 5.1 million compared to a negative EBITDA of EUR 24.4 million in 4Q 07.

Operating loss was reduced to EUR 19.8 million compared to a loss of EUR 35.6 million in 4Q 07.

Vip operator

Vip operator, the third largest mobile operator in the Republic of Macedonia, had 242,000 customers in 4Q 08 compared to 141,200 customers in 4Q 07 and held a market share of 10.7% at the end of 4Q 08 compared to 7.9% in 4Q 07. At the end of December 2008 the penetration rate in the Republic of Macedonia was 112.3%.

Vip operator's revenues increased to EUR 3.7 million in 4Q 08 compared to EUR 2.1 million in 4Q 07 as a result of higher traffic and monthly rental revenues driven by the strong increase of the subscriber base.

The company recorded a negative EBITDA of EUR 4.0 million compared to a negative EBITDA of EUR 7.7 million in 4Q 07 reflecting a continuing improvement compared to the previous quarters.

Operating loss could be reduced to EUR 5.7 million in 4Q 08 compared to an operating loss of EUR 8.3 million in 4Q 07.

Consolidated Net Profit

Year-to-date comparison:

During 2008 net interest expenses increased by 35.0% to EUR 205.4 million compared to the same period of the previous year due to higher average net debt following the acquisition of Velcom and higher average interest rates.

Primarily as a result of EUR 632.1 million expenses for restructuring measures in the Fixed Net segment in 4Q 08 an income tax benefit of EUR 27.6 million was recorded in 2008.

Net loss amounted to EUR 48.8 million compared to a net profit of EUR 492.5 million in 2007 due to the restructuring program in the Fixed Net segment.

Basic and diluted loss per share amounted to EUR 0.11 in 2008 compared to earnings per share of EUR 1.09 in the same period in 2007 as a result of the restructuring expenses in the Fixed Net segment.

Quarterly comparison:
During 4Q 08 net interest expenses decreased to EUR 52.3 million from EUR 53.8 million during 4Q 07 due to lower average net debt as 4Q 07 included debt incurred as a consequence of the acquisition of Velcom.

The tax deductibility of the expenses for the restructuring program resulted in a tax gain of EUR 139.3 million compared to income tax gain of EUR 3.3 million in 4Q 07.

Quarterly net loss amounted to EUR 437.7 million in 4Q 08 after a net profit of EUR 41.0 million in 4Q 07. Basic and diluted loss per share amounted to EUR 0.99 in 4Q 08.

Capital Expenditures

Year-to-date comparison:
Total capital expenditures for tangible and intangible assets decreased by 5.1% to EUR 807.6 million in 2008 despite enlarged operations and the consolidation of Velcom. Capital expenditures for tangible assets declined by 7.2% to EUR 591.9 million, while capital expenditures for intangible assets increased slightly to EUR 215.7 million.

Quarterly comparison:
During 4Q 08 capital expenditures for tangible and intangible assets decreased by 13.6% to EUR 273.3 million. Capital expenditures for tangible assets decreased by 20.1% to EUR 176.2 million and capital expenditures for intangible assets increased slightly by 1.3% to EUR 97.1 million.

In the Fixed Net segment capital expenditures for tangible assets decreased by 43.5% to EUR 60.2 million during 4Q 08 mainly due to lower investments in access and core infrastructure as well as IT based on a restrictive investment policy.

In the Mobile Communication segment capital expenditures for tangible assets increased by 1.7% to EUR 116.0 million in 4Q 08 mainly due to higher capital expenditures in Austria and higher capital expenditures in Belarus.

Capital expenditures for intangible assets in the Fixed Net segment decreased from EUR 29.2 million in 4Q 07 to EUR 22.1 million in 4Q 08.

in EUR million	4Q 08	4Q 07	% change	FY 2008	FY 2007	% change
Fixed Net tangible	60.2	106.5	-43.5%	201.8	272.6	-26.0%
Mobile Communication tangible	116.0	114.1	1.7%	390.1	364.9	6.9%
Tangible	**176.2**	**220.6**	**-20.1%**	**591.9**	**637.5**	**-7.2%**
Fixed Net intangible	22.1	29.2	-24.3%	61.7	51.9	18.9%
Mobile Communication intangible	77.2	66.7	15.7%	156.2	161.9	-3.5%
Others and Eliminations	-2.2	0.0	n.a.	-2.2	0.0	n.a.
Intangible	**97.1**	**95.9**	**1.3%**	**215.7**	**213.8**	**0.9%**
Total capital expenditures	**273.3**	**316.5**	**-13.6%**	**807.6**	**851.3**	**-5.1%**

In the Mobile Communication segment capital expenditures for intangible assets increased by 15.7% to EUR 77.2 million in 4Q 08 mainly due to higher investments in software in Austria and in Belarus.

Balance Sheet and Net Debt

The total assets of the Telekom Austria Group decreased from EUR 9,003.7 million as of December 31, 2007 to EUR 8,997.4 million as of December 31, 2008.

During 2008 current assets increased by 16.5% to EUR 1,545.4 million due to higher cash and cash equivalents and higher short-term investments.

Other intangible assets declined from EUR 2,433.0 million to EUR 2,265.6 million at the end of December 2008 as a result of amortization exceeding additions. Property, plant and equipment declined by 6.6% to EUR 2,976.0 million due to depreciation charges exceeding additions.

Current liabilities decreased from EUR 2,557.2 million at the end of December 2007 to EUR 2,220.5 million at the end of December 2008 mainly due to a shift of short-term borrowings to long-term debt and repayment of short-term borrowings.

Non-current liabilities increased by 19.1% to EUR 4,621.3 million mainly due to the provision for the restructuring program and the shift of short-term borrowings to long-term debt including the issuance of promissory notes with a nominal value of EUR 300 Mio. in 2008.

Stockholders' equity decreased from EUR 2,565.3 million as of December 31, 2007 to EUR 2,155.6 million as of December 31, 2008. Stockholders' equity decreased due to the net loss generated in 2008 and the payment of dividends in the amount of EUR 331.7 million.

Net debt decreased to EUR 3,993.3 million as of December 31, 2008 as a result of free cash flow generation. Net debt to EBITDA (last 12 months) was 3.1x at the end of December 2008 compared to 2.4x at the end of December 2007 as a result of a lower EBITDA due to the expenses required for the restructuring program in the Fixed Net segment. Excluding the restructuring program net debt to EBITDA (last 12 months) decreased to 2.1x.

Cash Flow

Year-to-date comparison:
Cash generated from operations decreased by 10.2% to EUR 1,563.8 million in 2008 following a decrease in accounts payable as well as lower other liabilities in 2008 compared to an increase in 2007.

Cash outflows for investing activities decreased by 48.8% to EUR 854.9 million due to lower capital expenditures in 2008 and to the fact that both the acquisition of the 70% stake in Velcom and the purchase price of eTel were included in 2007.

Cash from financing activities recorded a net outflow of EUR 522.8 million in 2008 compared to a net inflow of EUR 9.9 million during the same period of the previ-

Cash flow and net debt

in EUR million	4Q 08	4Q 07	% change	FY 2008	FY 2007	% change
Cash generated from operations	458.1	544.4	-15.8%	1,563.8	1,742.0	-10.2%
Cash used in investing activities	-323.5	-1,040.0	-68.9%	-854.9	-1,669.9	-48.8%
Cash used in financing activities	96.2	422.6	-77.2%	-522.8	9.9	n.a.
Effect of exchange rate changes	-11.3	-0.2	n.a.	-10.4	2.0	n.a.
Net increase/ decrease in cash and cash equivalents	**219.6**	**-73.2**	**n.a.**	**175.7**	**84.0**	**109.2%**

in EUR million	Dec. 31, 08	Dec. 31, 07	% change
Net debt	3,993.3	4,407.2	-9.4%

ous year as a consequence of higher repayments of short-term and long-term debt in 2008.

Quarterly comparison:
During 4Q 08 cash generated from operations decreased by 15.8% to EUR 458.1 million mainly due to lower accounts payable and other provisions as well as lower other liabilities.

Cash outflow from investing activities decreased from EUR 1,040.0 million in 4Q 07 to EUR 323.5 million in 4Q 08 mainly due to the acquisition of the 70% stake in Velcom for EUR 713.6 million included in 4Q 2007.

Cash used in financing activities decreased from a net inflow of EUR 422.6 million in 4Q 07 to a net inflow of EUR 96.2 million in 4Q 08 due to lower financing needs as 4Q 07 was impacted by the acquisition of Velcom in Belarus.

Personnel

The total number of employees of the Telekom Austria Group declined by 674 to 16,954 employees at the end of December 2008 compared to the same period of the previous year.

The workforce in the Fixed Net segment decreased by 1,027 to 8,571 full-time equivalents. A reduction of approximately 650 full time equivalents is due to the restructuring program and of about 340 full-time equivalents to the sale of eTel Polska, eTel Slovensko and Telekom Austria Czech Republic.

The number of employees of the Mobile Communication segment increased by 353 to 8,383 employees mainly as a result of a larger workforce in the operations of Belarus and the Republic of Serbia.

Other Events

On December 16, the Telekom Austria Group announced that the Supervisory Board of Telekom Austria AG had appointed Hannes Ametsreiter as Head of the Fixed Net segment of the Telekom Austria Group for a term of five years starting from January 1, 2009. Hannes Ametsreiter has also been appointed to CEO of Telekom Austria TA AG, the Fixed Net subsidiary, while maintaining his position as Chief Marketing Officer of mobilkom austria, the domestic mobile subsidiary. Furthermore, the Supervisory Board appointed Hans Tschuden, the Chief Financial Officer, to Vice Chairman of the Management Board of the Telekom Austria Group.

On December 16, the Telekom Austria Group announced the conclusion of the collective bargaining agreement for the year 2009. The salaries of all employees of the Telekom Austria Group in Austria were increased by 3.6% as of January 1, 2009, but EUR 140 per month at the most. Furthermore the Telekom Austria Group announced that within the scope of the Employee Participation Program, introduced in 2006, employees in Austria would receive shares between EUR 150 and EUR 300. The Employee Participation Program is based on the authorization of the Annual General Meeting 2008 and was only offered to active employees who did not receive stock options. The shares were allocated in December 2008.

A decree of the Ministry of Justice regulates the reimbursement of investment costs incurred by operators for providing facilities that serve to procure information about data and to control the content of telecommunications. Based on this decree the Company will be notified of a reimbursement in the course of 2009.

	End of period			Average of period		
Personnel (full-time equivalent)	**Dec. 31, 08**	**Dec. 31, 07**	**change**	**FY 2008**	**FY 2007**	**change**
Fixed Net	8,571	9,598	-1,027	9,357	9,629	-272
Mobile Communication	8,383	8,030	353	8,245	6,461	1,784
Telekom Austria Group	**16,954**	**17,628**	**-674**	**17,602**	**16,090**	**1,512**

Risks & Uncertainties

The Telekom Austria Group faces various risks and uncertainties that could affect its results. These risks include, but are not limited to, a further reduction of prices for mobile communication services in Austria and elsewhere and an acceleration of fixed-to-mobile substitution resulting in further access line loss and a decline in fixed net minutes.

The Telekom Austria Group is also subject to risks related to the planned reduction of the number of employees in the Fixed Net segment. Furthermore, the Telekom Austria Group is subject to intensive regulation.

Through its expansion into the Eastern and South-Eastern European region, the company operates in markets that have been experiencing political and economic change. This circumstance has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Eastern and South-Eastern European region involve uncertainties, including foreign exchange and tax uncertainties that typically do not exist in other markets.

In recent years, the growth of Telekom Austria Group's business was marked by an expansion in various markets in Eastern and South-Eastern Europe. However, further growth will be affected by a number of factors over which Telekom Austria Group has no influence. Further organic growth also depends on the growth of the respective economies and individual telecommunication markets Telekom Austria operates in.

Major Subsequent Events after December 31, 2008

The National Bank of the Republic of Belarus decided that as of January 2, 2009, the Belarusian ruble would be pegged to a basket of three currencies – the US dollar, the euro and the Russian ruble. From the balance sheet date December 31, 2008 until mid of February 2009 the Belarusian ruble has weakened against the euro by roughly 15%. Measures are currently being prepared to lessen the impact of the devaluation on the Group's results.

Based on the approval by the Supervisory Board, an additional tranche of stock options was granted to eligible employees of Telekom Austria on January 14, 2009.

On January 21, 2008 the Telekom Austria Group announced that its subsidiary, Telekom Finanzmanagement GmbH had successfully placed a benchmark bond with a volume of EUR 750 million. The bullet bond has a maturity of 7 years, bears a coupon of 6.375% p.a. The proceeds of the bond are expected to cover the refinancing requirements of the Telekom Austria Group beyond 2010 and will not affect the net debt position of the Telekom Austria Group.

The Telekom Austria Group has been informed that the shareholding of Capital Research and Management Company as of January 28, 2009 was 23,750,887 shares or 5.16% of the outstanding shares. At the last disclosure date as of July 17, 2008 the stake of Capital Research and Management Company was 4.94% of the outstanding shares. Under Austrian law a company needs to announce if the stake of a shareholder exceeds or falls below a specific level (e.g. 5%).

On January 29, the Telekom Austria Group announced on its Capital Market Day an update on its cash use policy and the Group's future targets. The Telekom Austria Group expects to generate a free cash flow of approximately EUR 3.2 billion for the period 2009 – 2012 and to distribute dividends for a total amount of EUR 1.35 billion based on a stable payout ratio of 65% of net income and a floor of the dividend per share of EUR 0.75. Total cash earmarked for growth investments in Eastern and South-Eastern Europe and share buybacks for the period 2009 – 2012 amounts to EUR 1.75 billion. The potential resumption of the share buyback program will be evaluated after the

	Actuals 08 excluding restructuring program	Actuals 08 including restructuring program	Expected Operating Performance as Announced on Feb 27, 08; May 14, 08; Aug 20, 08 and Nov 12, 08
Telekom Austria Group			
Revenues	5.1%	5.1%	5%
EBITDA	3.9%	-30.2%	3%
Operating income	0.8%	-82.2%	Stable
Net income	-10.1%	-109.9%	-12%
Capital Expenditures	-5.1%	-5.1%	-5%
Fixed Net			
Revenues	-4.4%	-4.4%	-3%
EBITDA	-13.4%	-103.0%	-12%
Mobile Communications			
Revenues	11.7%	11.7%	10%
EBITDA	13.8%	13.8%	10%

publication of the 2Q 09 financial results and will depend on the status of financial markets and the sustainability of the company's operating performance. Moreover, the Telekom Austria Group announced its outlook for the full year 2009 and extended its mid-term outlook to include the period until 2012. The Telekom Austria Group expects revenues to amount to EUR 5.1 billion in 2009 and anticipates a slight revenue growth after 2009. EBITDA is anticipated to remain unchanged at EUR 1.9 billion in 2009 and to show a stable development until 2012. Capital expenditures for the years 2008 and 2009 will amount to EUR 800 million and the capex to revenue ratio will reach a level of 13% by 2012.

The company decided to sell the 37.47% stake in Infotech Holding GmbH via a put option for an agreed strike price which covers the total investment. The put option was exercised in February 2009.

Outlook 2009

For the year 2009 the Telekom Austria Group expects revenues to amount to approximately EUR 5.1 billion. EBITDA is anticipated to remain unchanged at about EUR 1.9 billion in 2009. Capital expenditures for the year 2009 are expected to amount to approximately EUR 800 million. The Telekom Austria Group expects to distribute 65% of net income as dividends at a minimum of EUR 0.75 per share.

Disclaimer: This document contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are usually accompanied by words such as "believe," "intend," "anticipate," "plan," "expect" and similar expressions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include, but are not limited to, the following:

- the level of demand for telecommunications services or equipment, particularly with regard to access lines, traffic, bandwidth and new products;
- competitive forces in liberalized markets, including pricing pressures, technological developments, alternative routing developments and new access technologies, and our ability to retain market share in the face of competition from existing and new market entrants;
- the effects of our tariff reduction or other marketing initiatives;
- the regulatory developments and changes, including the levels of tariffs, the terms of interconnection, unbundling of access lines and international settlement arrangements;
- our ability to achieve cost savings and realize productivity improvements;
- the success of new business, operating and financial initiatives, many of which involve start-up costs, and new systems and applications, particularly with regard to the integration of service offerings;
- our ability to secure the licenses we need to offer new services and the cost of these licenses and related network infrastructure build-outs;
- the progress of our domestic and international investments, joint ventures and alliances
- the impact of our new business strategies and transformation program;
- the availability, terms and deployment of capital and the impact of regulatory and competitive developments on capital expenditure;
- the outcome of litigation in which we are involved;
- the level of demand in the market for our shares which can affect our business strategies;
- changes in the law including regulatory, civil servants and social security law, including pensions and tax law; and general economic conditions, government and regulatory policies, and business conditions in the markets we serve.

Through its expansion into the Eastern and South-eastern European region, the company operates in markets that have been experiencing political and economic change. This circumstance has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Eastern and South-eastern European region involve uncertainties, including tax uncertainties and risks related to foreign exchange rates that typically do not exist in other markets.
Due to rounding differences deviations in subtotals and totals may occur.

Consolidated Financial Statements Telekom Austria Group

Consolidated Balance Sheets

in EUR million	Dec. 31, 08 audited	Dec. 31, 07 audited
ASSETS		
Current assets		
Cash and cash equivalents	384.8	209.1
Short-term investments	86.0	19.5
Accounts receivable - trade, net of allowances	724.3	751.2
Receivables due from related parties	3.2	3.3
Inventories	128.5	128.3
Prepaid expenses	112.6	124.8
Income taxes receivable	32.9	30.9
Non-current assets held for sale	6.3	0.2
Other current assets	66.8	58.9
Total current assets	**1,545.4**	**1,326.2**
Non-current assets		
Investments in associates	4.2	5.7
Financial assets long-term	43.0	60.0
Goodwill	1,958.5	1,939.6
Other intangible assets, net	2,265.6	2,433.0
Property, plant and equipment, net	2,976.0	3,186.5
Other non-current assets	61.3	8.5
Deferred tax assets	143.4	44.1
Receivables due from related parties, long-term finance	0.0	0.1
Total non-current assets	**7,452.0**	**7,677.5**
TOTAL ASSETS	**8,997.4**	**9,003.7**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	-961.5	-1,236.1
Accounts payable - trade	-589.2	-637.1
Provisions and accrued liabilities	-249.3	-229.3
Payables to related parties	-13.7	-17.3
Income taxes payable	-20.2	-21.8
Other current liabilities	-232.4	-237.8
Deferred income	-154.2	-177.8
Total current liabilities	**-2,220.5**	**-2,557.2**
Non-current liabilities		
Long-term debt	-2,917.4	-2,793.8
Lease obligations and Cross Border Lease	-29.7	-49.7
Employee benefit obligation	-117.4	-113.0
Provisions long-term	-691.4	-89.6
Deferred tax liabilities	-188.1	-195.4
Other liabilities and deferred income	-677.3	-639.7
Total non-current liabilities	**-4,621.3**	**-3,881.2**
Stockholders' equity		
Common stock	-1,003.3	-1,003.3
Treasury shares	330.8	334.4
Additional paid-in capital	-547.3	-548.9
Retained earnings	-1,005.2	-1,385.7
Revaluation reserve	13.4	-0.1
Translation adjustments	56.1	38.3
Equity attributable to equity holders of the parent	**-2,155.5**	**-2,565.3**
Minority interests	-0.1	0.0
Total stockholders' equity	**-2,155.6**	**-2,565.3**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**-8,997.4**	**-9,003.7**

Consolidated Financial Statements Telekom Austria Group

Consolidated Statements of Operations*

in EUR million, except per share information	4Q 08 unaudited	4Q 07 unaudited	FY 2008	FY 2007
Operating revenues	1,306.5	1,288.1	5,170.3	4,919.0
Other operating income	16.3	39.2	88.9	85.1
Operating expenses				
Materials	-129.1	-127.9	-428.3	-405.7
Employee costs, including benefits and taxes	-844.1	-225.7	-1,454.6	-797.8
Depreciation and amortization	-299.3	-297.5	-1,155.3	-1,093.0
Impairment charges	-4.8	-0.5	-4.8	-0.5
Other operating expenses	-561.6	-582.3	-2,080.7	-1,945.7
Operating income/loss	**-516.1**	**93.4**	**135.5**	**761.4**
Financial result				
Interest income	8.1	6.9	26.3	22.0
Interest expense	-60.4	-60.7	-231.7	-174.2
Foreign exchange differences	-1.5	-2.4	-1.3	-1.9
Result from investments	-5.3	0.1	-3.3	0.3
Equity in earnings of affiliates	-1.8	0.4	-1.9	0.2
Income/loss before income tax	**-577.0**	**37.7**	**-76.4**	**607.8**
Income tax expense/gain	139.3	3.3	27.6	-115.3
Net income/loss	**-437.7**	**41.0**	**-48.8**	**492.5**
Attributable to:				
Equity holders of the parent	-437.7	41.0	-48.9	492.5
Minority interests	0.0	0.0	0.1	0.0
Basic and diluted earnings/loss per share	**-0.99**	**0.09**	**-0.11**	**1.09**
Weighted-average number of ordinary shares outstanding	**442,215,796**	**442,128,771**	**442,212,761**	**451,673,637**

Statement of Comprehensive Income*

In EUR million	4Q 08 unaudited	4Q 07 unaudited	FY 2008	FY2007
Net income (loss) for the year	**-437.7**	**41.0**	**-48.8**	**492.5**
Unrealized result on securities	-1.1	-0.4	-2.1	-0.3
Tax (expense) benefit	0.2	0.1	0.5	0.1
Realized result on securities	0.0	0.0	-0.1	-0.1
Unrealized result on hedging activities	-9.2	0.0	-14.4	0.0
Tax (expense) benefit	2.5	0.0	2.6	0.0
Foreign currency translation adjustment	-95.0	-43.0	-17.3	-39.1
Tax (expense) benefit	-0.4	0.0	-0.4	0.0
Other comprehensive income for the year	-103.0	-43.4	-31.2	-39.4
Total comprehensive income for the year	**-540.7**	**-2.4**	**-80.0**	**453.1**
Attributable to:				
Owners of the parent	-540.6	-2.3	-79.9	453.1
Non-controlling interests	0.0	0.0	0.1	0.0

* FY 07 includes Velcom for 4Q only.

Consolidated Financial Statements Telekom Austria Group

Consolidated Statements of Cash Flows*

in EUR million	4Q 08 unaudited	4Q 07 unaudited	FY 2008	FY 2007
Cash flow from operating activities				
Net Income/loss	-437.7	41.0	-48.8	492.5
Adjustments to reconcile net income to cash generated from operations				
Depreciation, amortization and impairment charges	304.1	298.0	1,160.1	1,093.5
Write-offs from and appreciation to investments	-0.0	0.0	0.0	0.0
Employee benefit obligation - non-cash	3.2	1.9	10.3	10.9
Allowance for doubtful accounts	12.3	11.0	45.5	33.5
Change in deferred taxes	-142.6	-20.1	-105.8	36.2
Equity in earnings of affiliates - non-cash	2.5	0.2	2.6	0.4
Stock compensation	0.1	2.2	-9.0	5.6
Employee participation program	1.9	1.7	1.9	1.7
Asset retirement obligation - accretion expense	1.5	1.4	5.8	4.1
Provision for resctructuring - non cash	617.4	0.0	617.4	0.0
Result on sale of investments	5.5	-0.1	3.7	-0.2
Result on disposal / retirement of equipment	0.1	2.1	-9.8	2.3
Other	20.3	0.8	19.8	1.2
	388.6	**339.9**	**1,693.7**	**1,681.5**
Changes in assets/ liabilities, net of business combinations				
Accounts receivable - trade	34.5	-20.4	-27.5	-47.2
Receivables due from related parties	-0.6	-0.4	0.1	-0.1
Inventories	3.6	3.5	-0.5	-13.5
Prepaid expenses and other assets	21.8	18.9	2.6	6.9
Accounts payable - trade	67.4	156.9	-49.9	76.9
Employee benefit obligation	-3.0	-3.3	-7.1	-25.3
Provisions and accrued liabilities	-2.6	35.6	-13.8	30.1
Payables due to related parties	5.1	8.3	-4.0	4.2
Other liabilities and deferred income	-56.7	5.3	-29.8	28.4
	69.5	**204.4**	**-129.9**	**60.4**
Cash flow from operating activities	**458.1**	**544.4**	**1,563.8**	**1,742.0**
Cash flow from investing activities				
Capital expenditures, including interest capitalized	-273.3	-316.5	-807.6	-851.3
Acquisitions of subsidiaries, net of cash acquired	-0.3	-731.5	-14.5	-838.1
Sale of subsidiary, net of cash	-0.2	0.3	1.2	0.3
Proceeds from sale of equipment	11.9	9.7	28.7	15.5
Purchase of investments	-67.6	-3.9	-73.5	-8.0
Proceeds from sale of investments	5.9	1.9	10.8	11.7
Cash flow from investing activities	**-323.5**	**-1,040.0**	**-854.9**	**-1,669.9**
Cash flow from financing activities				
Proceeds from issuance of long-term debt	212.5	0.0	845.0	470.0
Principal payments on long-term debt	-96.0	-21.8	-423.3	-99.1
Change in short-term borrowings	-20.2	444.4	-612.8	351.9
Purchase of treasury shares	0.0	0.0	0.0	-369.9
Dividends paid	-0.0	0.0	-331.7	-343.0
Cash flow from financing activities	**96.2**	**422.6**	**-522.8**	**9.9**
Effect of exchange rate changes	**-11.3**	**-0.2**	**-10.4**	**2.0**
Change in cash and cash equivalents	**219.6**	**-73.2**	**175.7**	**84.0**
Cash and cash equivalents at beginning of period	165.2	282.3	209.1	125.1
Cash and cash equivalents at end of period	384.8	209.1	384.8	209.1

* FY 07 includes Velcom for 4Q only.

Consolidated Financial Statements Telekom Austria Group

Consolidated Statement of Changes in Stockholders´ Equity

in EUR millions	Common Stock	Treasury shares	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation adjustment	Total	Minority interest	Total stock-holders' equity
Balance at January 1, 2008	**1,003.3**	**-334.4**	**548.9**	**1,385.7**	**0.1**	**-38.3**	**2,565.3**		**2,565.3**
Total recognized income for the period				-48.8	-13.5	-17.7	-80.0	0.1	-79.9
Distribution of dividends				-331.7			-331.7		-331.7
Employee participation program		3.5	-1.6				1.9		1.9
Balance at December 31, 2008	**1,003.3**	**-330.9**	**547.3**	**1,005.2**	**-13.4**	**-56.0**	**2,155.5**	**0.1**	**2,155.6**

in EUR millions	Common Stock	Treasury shares	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation adjustment	Total	Minority interest	Total stockholders' equity
Balance at January 1, 2007	**1,090.5**	**-654.6**	**461.6**	**1,924.7**	**0.4**	**0.9**	**2,823.5**		**2,823.5**
Total recognized income for the period				492.5	-0.3	-39.1	453.1		453.1
Distribution of dividends				-343.1			-343.1		-343.1
Purchase of treasury shares		-369.9					-369.9		-369.9
Retirement of Treasury shares	-87.2	688.5	87.2	-688.5					
Employee participation program		1.6	0.0				1.7		1.7
Balance at December 31, 2007	**1,003.3**	**-334.4**	**548.8**	**1,385.6**	**0.1**	**-38.2**	**2,565.3**		**2,565.3**

	December 31, 08	September 30, 08	December 31, 07
Number of shares of common stock	460,000,000	460,000,000	460,000,000
Number of treasury shares	17,601,778	17,788,258	17,788,258
Average purchase price of treasury shares	18.80	18.80	18.80

Consolidated Financial Statements Telekom Austria Group

Segment Reporting*

in EUR million	Fixed Net	Mobile Communication	Corporate & Other	Eliminations	Consolidated
	FY 2008				
External revenues	1.865,8	3.304,5	0,0	0,0	5.170,3
Intersegmental revenues	173,0	86,4	0,0	-259,4	0,0
Total revenues	**2.038,8**	**3.390,9**	**0,0**	**-259,4**	**5.170,3**
Other operating income	59,4	53,5	6,6	-30,6	88,9
Segment expenses	-2.119,5	-2.103,8	-30,6	290,3	-3.963,6
EBITDA	**-21,3**	**1.340,6**	**-24,0**	**0,3**	**1.295,6**
Depreciation and amortization	-504,7	-651,3	0,0	0,7	-1.155,3
Impairment charges	-4,8	0,0	0,0	0,0	-4.800,0
Operating income	**-530,8**	**689,3**	**-24,0**	**1,0**	**135,5**
Segment assets	2.520,2	7.530,4	6.660,9	-7.714,1	8.997,4
Segment liabilities	-1.471,8	-4.797,7	-5.104,9	4.532,6	-6.841,8
Capital expenditures	263,5	546,3	0,0	-2,2	807,6

in EUR million	Fixed Net	Mobile Communication	Corporate & Other	Eliminations	Consolidated
	FY 2007				
External revenues	1,955.4	2,963.6	0.0	0.0	4,919.0
Intersegmental revenues	177.6	71.5	0.0	-249.1	0.0
Total revenues	**2,133.0**	**3,035.1**	**0.0**	**-249.1**	**4,919.0**
Other operating income	63.5	43.6	7.6	-29.6	85.1
Segment expenses	-1,491.5	-1,901.1	-27.6	271.0	-3,149.2
EBITDA	**705.0**	**1,177.6**	**-20.0**	**-7.7**	**1,854.9**
Depreciation and amortization	-553.3	-540.1	0.0	0.4	-1,093.0
Impairment charges	-0.5	0.0	0.0	0.0	-0.5
Operating income	**151.2**	**637.5**	**-20.0**	**-7.3**	**761.4**
Segment assets	2,828.8	7,542.9	5,986.7	-7,354.7	9,003.7
Segment liabilities	-1,223.7	-4,590.2	-4,708.7	4,084.2	-6,438.4
Capital expenditures	324.5	526.8	0.0	0.0	851.3

* FY 07 includes Velcom for 4Q only.

Net Debt*

in EUR million	Dec. 31, 08 audited	Dec. 31, 07 audited
Long-term debt	3,598.5	3,438.0
Short-term borrowings	961.5	1,236.1
+ Capital lease obligations	1.0	1.0
Cash and cash equivalents, short-term and long-term investments, financing with related parties	-513.1	-287.8
Derivative financial instruments for hedging purposes	-54.6	19.9
Net debt	**3,993.3**	**4,407.2**
Net debt/EBITDA (last 12 months)	**3.1x**	**2.4x**
Net debt/EBITDA (last 12 months) excl. restructuring program	**2.1x**	**2.4x**

* Starting with Dec. 08 net debt calculation is including deposits and payables for cross border lease. The change does no effect total net debt of Telekom Austria Group. Figures of 2007 have been adjusted accordingly.

Results by Segments*

in EUR millions	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Revenues						
Fixed Net	498.1	547.4	-9.0%	2,038.8	2,133.0	-4.4%
Mobile Communication	884.4	796.2	11.1%	3,390.9	3,035.1	11.7%
Corporate, Other & Eliminations	-76.0	-55.5	36.9%	-259.4	-249.1	4.1%
Revenues	**1,306.5**	**1,288.1**	**1.4%**	**5,170.3**	**4,919.0**	**5.1%**
Mobile Communication on a comparable basis, excl. Velcom				3,086.4	2,971.1	3.9%
EBITDA						
Fixed Net	-499.6	136.2	n.a.	-21.3	705.0	n.a.
Mobile Communication	295.6	258.0	14.6%	1,340.6	1,177.6	13.8%
Corporate, Other & Eliminations	-8.0	-2.9	175.9%	-23.7	-27.7	-14.4%
EBITDA	**-212.0**	**391.3**	**-154.2%**	**1,295.6**	**1,854.9**	**-30.2%**
Mobile Communication on a comparable basis, excl. Velcom				1,188.3	1,146.7	3.6%
Operating income						
Fixed Net	-631.1	-6.4	n.a.	-530.8	151.2	n.a.
Mobile Communication	122.6	102.6	19.5%	689.3	637.5	8.1%
Corporate, Other & Eliminations	-7.6	-2.8	171.4%	-23.0	-27.3	-15.8%
Operating income	**-516.1**	**93.4**	**n.a.**	**135.5**	**761.4**	**-82.2%**
Mobile Communication on a comparable basis, excl. Velcom				615.3	625.0	-1.5%

* FY 07 includes Velcom for 4Q only.

Capital Expenditures*

in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Fixed Net tangible	60.2	106.5	-43.5%	201.8	272.6	-26.0%
Mobile Communication tangible	116.0	114.1	1.7%	390.1	364.9	6.9%
Tangible	**176.2**	**220.6**	**-20.1%**	**591.9**	**637.5**	**-7.2%**
Fixed Net intangible	22.1	29.2	-24.3%	61.7	51.9	18.9%
Mobile Communication intangible	77.2	66.7	15.7%	156.2	161.9	-3.5%
Others and Eliminations	-2.2	0.0	n.a.	-2.2	0.0	n.a.
Intangible	**97.1**	**95.9**	**1.3%**	**215.7**	**213.8**	**0.9%**
Total capital expenditures	**273.3**	**316.5**	**-13.6%**	**807.6**	**851.3**	**-5.1%**

* FY 07 includes Velcom for 4Q only.

Personnel

	End of period			Average of period		
Personnel (full-time equivalent)	**Dec. 31, 08**	**Dec. 31, 07**	**change**	**FY 2008**	**FY 2007**	**change**
Fixed Net	8,571	9,598	-1,027	9,357	9,629	-272
Mobile Communication	8,383	8,030	353	8,245	6,461	1,784
Telekom Austria Group	**16,954**	**17,628**	**-674**	**17,602**	**16,090**	**1,512**

Operational Data Fixed Net

Lines (in '000)	Dec. 31, 08	Dec. 31, 07	% change
PSTN access lines	1,955.3	2,028.9	-3.6%
Basic ISDN access lines	330.5	360.2	-8.2%
Multi ISDN access lines	6.4	6.5	-1.5%
Naked broadband lines	44.6	38.8	14.9%
Access lines	**2,336.8**	**2,434.4**	**-4.0%**
Fixed Net broadband retail lines	818.9	665.2	23.1%
Fixed Net broadband wholesale lines	66.8	85.5	-21.9%
Fixed Net broadband lines	**885.7**	**750.7**	**18.0%**
Lines unbundled	298.9	289.3	3.3%

Traffic minutes (in million of minutes)	4Q 08	4Q 07	% change	FY 2008	FY 2007	% change
National	657	765	-14.1%	2,698	3,047	-11.5%
Fixed-to-mobile	182	195	-6.8%	737	758	-2.7%
International	98	106	-8.3%	405	419	-3.3%
Total voice minutes	**937**	**1,067**	**-12.2%**	**3,839**	**4,223**	**-9.1%**
Internet dial up	68	148	-54.1%	343	740	-53.6%
Total Fixed Net minutes	**1,005**	**1,215**	**-17.3%**	**4,183**	**4,962**	**-15.7%**
Total voice market share				61.3%	59.9%	
Total market share (incl. Internet dial up)				64.6%	60.2%	
Average voice telephony tariff (EUR/min.)	0.078	0.077	1.3%	0.083	0.077	7.8%
Fixed Net average revenues per access line	33.0	33.3	-0.9%	33.3	33.3	0.0%
Fixed Net broadband penetration - Total Market				77.5%	63.0%	

Fixed Net revenues in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Switched voice traffic revenues	75.9	88.7	-14.4%	318.0	349.9	-9.1%
Switched voice monthly rental & other voice telephony revenues	112.3	111.9	0.4%	456.9	471.0	-3.0%
Payphones & value added services	9.5	12.4	-23.4%	41.2	46.7	-11.8%
Data & IT-solutions including wholesale	121.9	125.3	-2.7%	465.1	446.4	4.2%
Internet access & media	55.1	65.5	-15.9%	235.3	280.7	-16.2%
Wholesale voice telephony & Internet	90.7	101.9	-11.0%	405.6	410.4	-1.2%
Other	32.7	41.7	-21.6%	116.7	127.9	-8.8%
Fixed Net revenues	**498.1**	**547.4**	**-9.0%**	**2,038.8**	**2,133.0**	**-4.4%**

Operational Data Mobile Communication*

Mobile Communication in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Revenues	884.4	796.2	11.1%	3,390.9	3,035.1	11.7%
EBITDA	295.6	258.0	14.6%	1,340.6	1,177.6	13.8%
Operating income	122.6	102.6	19.5%	689.3	637.5	8.1%
Data as a portion of traffic-related revenues	27.4%	23.0%				

Mobile Communication, on a comparable basis, excl. Velcom (unaudited)	4Q 08	4Q 07	% change	FY 2008	FY 2007	% change
Revenues	796.8	732.2	8.8%	3,086.4	2,971.1	3.9%
EBITDA	252.2	227.1	11.1%	1,188.3	1,146.7	3.6%
Operating income	101.4	90.1	12.5%	615.3	625.0	-1.5%

	Dec. 31, 08	Dec. 31, 07	% change
Subscribers ('000)	17,803.4	15,448.8	15.2%

mobilkom austria** in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Revenues	441.6	395.8	11.6%	1,668.0	1,660.2	0.5%
EBITDA	131.2	112.3	16.8%	600.7	580.7	3.4%
Operating income	67.6	50.1	34.9%	352.3	329.0	7.1%
Monthly ARPU (EUR)	28.6	28.4	0.7%	28.3	30.9	-8.4%
Data as a portion of traffic-related	33.9%	30.7%		32.2%	27.9%	
Subscriber acquisition cost (SAC)	15.9	16.5	-3.6%	48.5	67.7	-28.4%
Subscriber retention cost (SRC)	22.3	25.3	-11.9%	76.1	80.6	-5.6%
Churn (3 months)	3.5%	3.9%		14.2%	14.7%	
Monthly MOU charged/ø subscriber	175.0	186.1	-6.0%	176.1	176.5	-0.2%

	Dec. 31, 08	Dec. 31, 07	% change
Subscribers ('000)	4,496.3	3,959.3	13.6%
Contract share	69.5%	66.3%	
Market share	42.5%	40.3%	
Market penetration	126.6%	118.3%	

Mobiltel, Bulgaria, in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Revenues	168.4	167.6	0.5%	667.4	642.7	3.8%
EBITDA	82.3	82.4	-0.1%	370.9	357.1	3.9%
Operating income	36.9	43.7	-15.6%	197.8	206.6	-4.3%
Monthly ARPU (EUR)	9.6	10.4	-7.7%	9.8	10.2	-3.9%

	Dec. 31, 08	Dec. 31, 07	% change
Subscribers ('000)	5,396.2	5,098.6	5.8%
Contract share	51.4%	42.1%	
Market share	50.0%	50.3%	
Market penetration	142.1%	132.8%	

* FY 07 includes Velcom for 4Q only.

** The reported operating income represents the contribution of the subsidiaries to the consolidated operating income of operations of the Telekom Austria Group including amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the results of the single financial statements.

Operational Data Mobile Communication

Velcom*, Belarus, in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Revenues	92.3	64.0	44.2%	310.3	64.0	384.8%
EBITDA	43.4	30.9	40.5%	152.3	30.9	392.9%
Operating income	21.1	12.6	67.5%	74.0	12.6	487.3%
Monthly ARPU (EUR)	8.2	7.1	15.5%	7.3	7.7	-5.2%

	Dec. 31, 08	Dec. 31, 07	% change
Subscribers ('000)	3,697.9	3,058.7	20.9%
Market share	44.8%	43.4%	
Market penetration	85.1%	71.5%	

Vipnet**, Croatia, in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Revenues	121.1	121.8	-0.6%	523.6	514.2	1.8%
EBITDA	35.2	40.0	-12.0%	200.1	210.2	-4.8%
Operating income	15.5	21.7	-28.6%	126.6	136.7	-7.4%
Monthly ARPU (EUR)	13.9	15.1	-7.9%	14.7	15.4	-4.5%

	Dec. 31, 08	Dec. 31, 07	% change
Subscribers ('000)	2,486.6	2,179.6	14.1%
Contract share	22.8%	20.5%	
Market share	42.2%	43.0%	
Market penetration	133.6%	114.9%	

Si.mobil**, Slovenia, in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Revenues	48.5	43.2	12.3%	189.5	170.3	11.3%
EBITDA	11.6	11.6	0.0%	58.7	53.2	10.3%
Operating income	5.9	5.7	3.5%	37.3	29.7	25.6%
Monthly ARPU (EUR)	23.2	23.2	0.0%	24.0	23.2	3.4%

	Dec. 31, 08	Dec. 31, 07	% change
Subscribers ('000)	570.6	497.3	14.7%
Contract share	65.8%	62.6%	
Market share	27.7%	26.9%	
Market penetration	102.7%	92.2%	

* FY 07 includes Velcom for 4Q only.

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Operational Data Mobile Communication

Vip mobile, Republic of Serbia, in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Revenues	18.4	9.1	102.2%	59.0	13.7	330.7%
EBITDA	-5.1	-24.4	-79.1%	-37.2	-52.2	-28.7%
Operating income	-19.8	-35.6	-44.4%	-88.7	-72.6	22.2%

	Dec. 31, 08	Dec. 31, 07	% change
Subscribers ('000)	907.9	508.9	78.4%
Market share	9.1%	5.8%	
Market penetration	132.9%	117.2%	

Vip operator, Republic of Macedonia, in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Revenues	3.7	2.1	76.2%	11.9	2.4	395.8%
EBITDA	-4.0	-7.7	-48.1%	-19.5	-14.7	32.7%
Operating income	-5.7	-8.3	-31.1%	-24.2	-15.6	55.3%

	Dec. 31, 08	Dec. 31, 07	% change
Subscribers ('000)	242.0	141.2	71.4%
Market share	10.7%	7.9%	
Market penetration	112.3%	87.4%	

mobilkom liechtenstein in EUR million	4Q 08 unaudited	4Q 07 unaudited	% change	FY 2008	FY 2007	% change
Revenues	4.7	4.0	17.5%	20.3	19.9	2.0%
EBITDA	0.8	0.6	33.3%	3.3	3.0	10.0%
Operating income	0.5	0.4	25.0%	2.5	2.1	19.0%

	Dec. 31, 08	Dec. 31, 07	% change
Subscribers ('000)	5.9	5.4	9.3%