TELEKOM AUSTRIA GROUP

Results for the Fourth Quarter and Full Year 2011

Vienna, 23 February 2012

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.”

Agenda

> Operational and Financial Highlights for the Full Year 2011

> Key Financial Developments in the Fourth Quarter 2011

> Focus Points

> Outlook for Full Year 2012

> Appendix

Operational and Financial Highlights for Full Year 2011

2011: External Headwinds Mitigated by Strong Operational Performance

> Successful measures to counter competitive pressure, regulation and macro developments impacted by hyperinflation accounting and foreign exchange translations
> Convergence continues to drive access line growth in Austria and acquisitions strengthen market positions in Bulgarian and Croatian segment
> Smartphones and mobile broadband drive ongoing mobile customer growth in most markets
> While reported Group revenues decline by 4.2%, clean* figures show an increase by 0.5%
> Reported Group EBITDA comparable declines by 7.2% and shows only a slight reduction on a clean basis
> Group net income reflects impacts from restructuring charges and impairments due to hyperinflation accounting

*Excluding effects from hyperinflation accounting and foreign exchange translations in all markets

Full Year 2011 Results in Line with Guidance*

	Guidance	Reported	Hyperinflation and FX in Belarus	Excluding Hyperinflation and FX in Belarus	
Revenues	approx. EUR 4.50 bn	EUR 4.45 bn	EUR 213.6 mn	EUR 4.67 bn	✓
EBITDA comparable	up to EUR 1.55 bn	EUR 1.53 bn	EUR 90.0 mn	EUR 1.62 bn	✓
CAPEX	EUR 0.75 bn - EUR 0.80 bn	EUR 0.74 bn	EUR -9.6 mn**	EUR 0.73 bn	✓
Operating Free Cash Flow***	up to EUR 0.80 bn	EUR 0.79 bn	EUR 99.6 mn	EUR 0.89 bn	✓

* On a constant currency basis for all markets as well as before any effects of inflation accounting for the Belarusian segment
** Effect from hyperinflation adjustment only
*** Operating Free Cash Flow = EBITDA comparable - CAPEX

Key Financial Developments in Fourth Quarter 2011

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

(in EUR million)	Q4 2011	Q4 2010	% change
Revenues	**1,115.9**	**1,170.8**	**-4.7%**
EBITDA comparable*	**336.9**	**353.4**	**-4.7%**
*EBITDA comparable margin**	*30.2%*	*30.2%*	
Restructuring	**-8.9**	-98.0	-90.9%
Impairment and reversal of impairment	-248.9	-18.3	n.m.
EBITDA (incl. Effects from Restructuring and Impairment tests)	**79.1**	**237.0**	**-66.7%**
EBITDA (incl. Effects from Restructuring and Impairment tests) margin	*7.1%*	*20.2%*	
Depreciation & amortization	-295.5	-275.6	7.2%
Operating income	**-216.4**	**-38.5**	461.7%
Financial result	-44.0	-44.9	-2.1%
Income before income taxes	**-260.4**	**-83.4**	**212.2%**
Income tax expense	-61.1	22.1	n.a.
Net income / Net loss	**-321.5**	**-61.3**	**424.5%**

* Excluding effects from restructuring and impairment tests

> On a clean basis revenues increased by 3.9% and EBITDA comparable by 6.5%

> Margins profit from cost savings in all operations

> Restructuring for civil servants amounts to EUR 8.9 mn in Q4 2011

> Impairment consists of goodwill impairment in Belarus, brand name impairment in Bulgaria and reversal of impairment of Serbian license

> D&A increased by 7.2% mainly due to appreciation of Belarusian assets

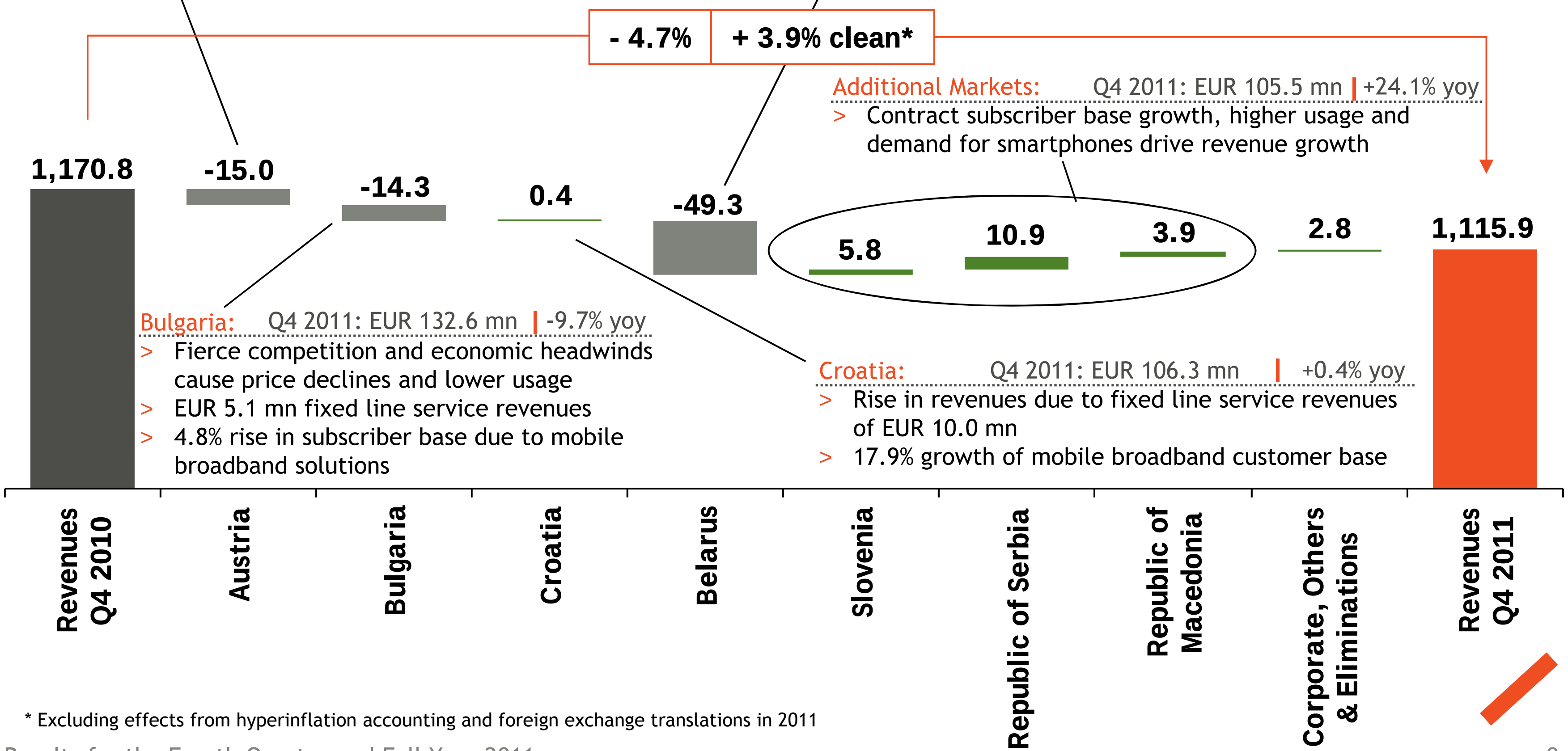
> EUR 58.0 mn tax increase due to valuation allowance for loss carry forward

Convergence and Contributions from Additional Markets Mitigate Revenue Pressure

Austria Q4 2011: EUR 752.0 mn | -1.9% yoy
- Revenue decline due to regulation and competition
- Loss of fixed voice minutes and migration of existing customers to lower price packages drive revenue decline
- Access line growth of 9,600 in Q4 2011

Belarus: Q4 2011: EUR 41.2 mn | -54.5% yoy
- EUR -100.1 mn net effect from hyperinflation accounting and foreign exchange effects
- Price increases and higher usage allow clean revenue growth of 56.2%
- Continued growing demand for smartphones and data devices

Additional Markets: Q4 2011: EUR 105.5 mn | +24.1% yoy
- Contract subscriber base growth, higher usage and demand for smartphones drive revenue growth

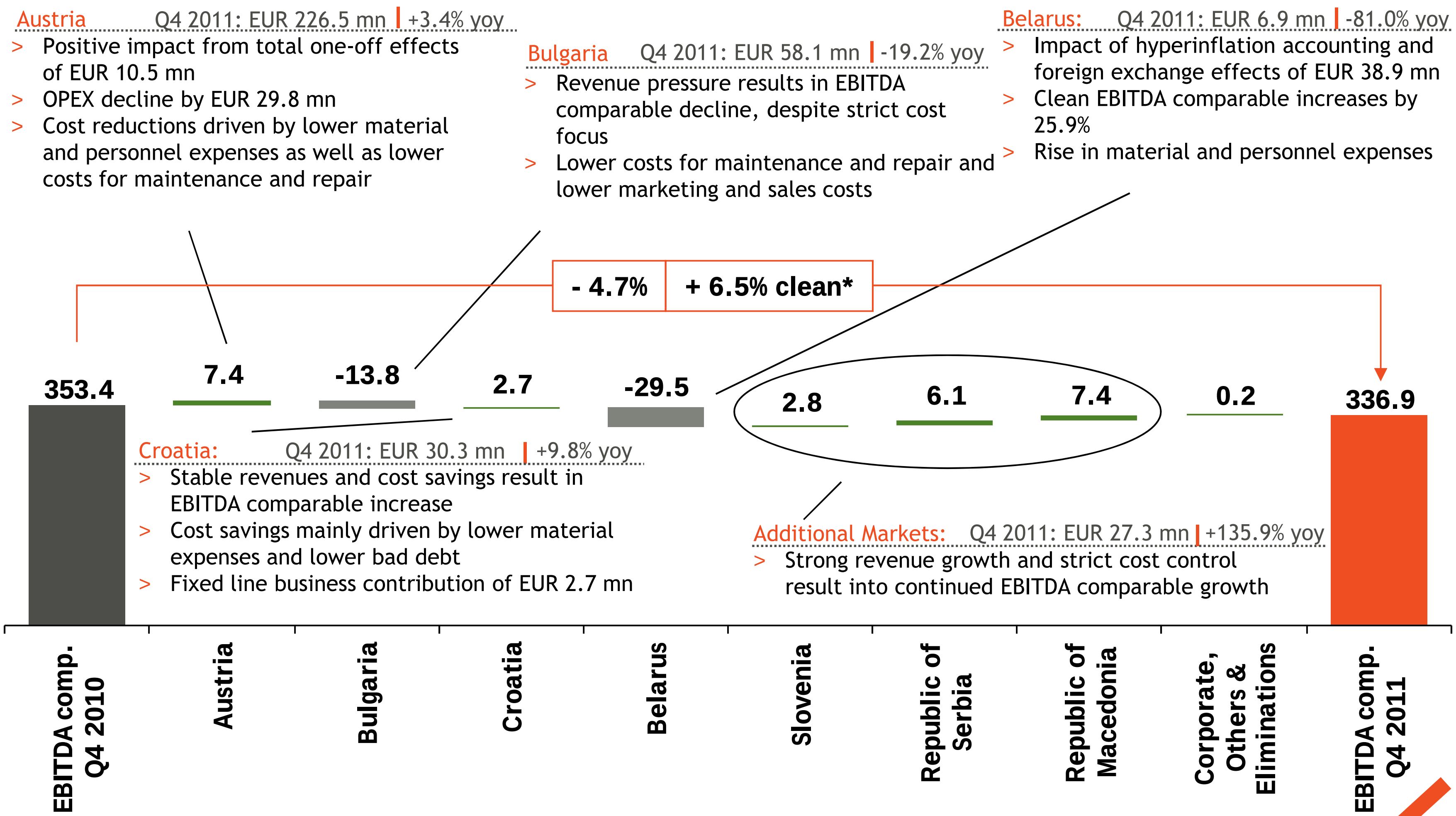


Bulgaria: Q4 2011: EUR 132.6 mn | -9.7% yoy
- Fierce competition and economic headwinds cause price declines and lower usage
- EUR 5.1 mn fixed line service revenues
- 4.8% rise in subscriber base due to mobile broadband solutions

Croatia: Q4 2011: EUR 106.3 mn | +0.4% yoy
- Rise in revenues due to fixed line service revenues of EUR 10.0 mn
- 17.9% growth of mobile broadband customer base

* Excluding effects from hyperinflation accounting and foreign exchange translations in 2011

Favorable EBITDA Comparable Trends Despite Macro-Economic and Foreign Exchange Setbacks



* Excluding effects from hyperinflation accounting and foreign exchange translations in 2011

Q4 2011 EBITDA - Restructuring and Impairment Charges

EBITDA comparable	Q4 Effect	Comment
Restructuring Austria	EUR -8.9 mn personnel restructuring	> Net effect from restructuring provision of EUR 49.6 mn and a reduction of restructuring charge via servicekom EUR -40.7 mn
Impairment Belarus	EUR -279.0 mn hyperinflation accounting	> No cash flow impact > EUR 155.8 mn positive net impact on Group equity*
Impairment Bulgaria	EUR -19.3 mn for its brand name	> Increased competition > Macro-economic slowdown
Reversal Serbia	EUR +49.4 mn reversal of impairment for licenses	> Reflects positive outlook for Serbian operations > Fully reverses impairment from 2009
EBITDA (incl. effects from restructuring and impairment tests)		

* Net effect of asset appreciation of EUR 434.8 mn and impairment of EUR 279.0 mn

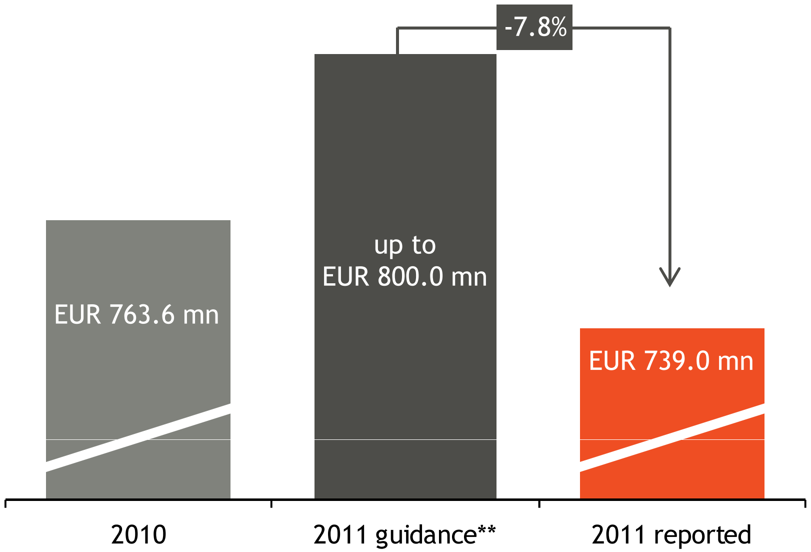
Free Cash Flow Driven by FX-Adjustments and Lower CAPEX

(in EUR million)	Q4 2011	Q4 2010	% change	1-12 M 2011	1-12 M 2010	% change
Gross cash flow	302.0	320.4	-5.8%	1,339.6	1,478.6	-9.4%
Change in working capital	76.6	42.7	79.4%	-126.4	-81.0	55.9%
Ordinary capital expenditures	-284.1	-320.2	-11.3%	-739.0	-763.6	-3.2%
Proceeds from sale of equipment	2.8	0.7	n.m.	4.9	11.0	-55.3%
Free cash flow	**97.3**	**43.6**	**123.3%**	**479.2**	**645.0**	**-25.7%**
Free cash flow per share	**0.22**	**0.10**	**123.3%**	**1.08**	**1.46**	**-25.7%**

FY 2011

- Gross cash flow follows lower operating results
- Rise in working capital due to
  - Decline in accounts payable due to a reduction of CAPEX at the end of Q4 2011
  - Higher levels of inventories driven by a trend towards smartphones
- CAPEX reductions help mitigate decline of free cash flow (thereof EUR 9.6 mn from appreciation of assets due to hyperinflation)

CAPEX 7.8% Lower than Planned to Protect Operating Free Cash Flow*



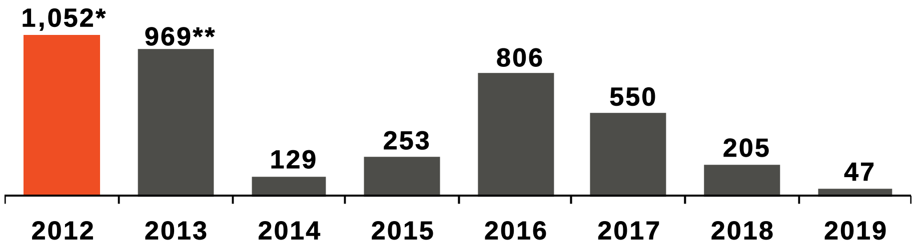
- CAPEX savings of 7.8% in 2011 versus initial guidance and 4.0% decline versus 2010
- CAPEX savings mainly due to
  - CAPEX optimization in support areas like IT, core and service network and Operations
  - Improved vendor terms
  - Adjustment of 3G rollout in Belarus
- Hyperinflation effect of EUR 9.6 mn included

* Operating Free cash Flow = EBITDA comparable - CAPEX
** Revised to EUR 750 mn - EUR 800 mn on 17 August 2011

Conservative Financial Portfolio Ensures Access to Capital Markets

Balanced Debt Maturity Profile

(in EUR million)



Solid Credit Ratings

> S&P: BBB (stable outlook)

> Moody's: Baa1 (stable outlook)

Significant Financial Flexibility

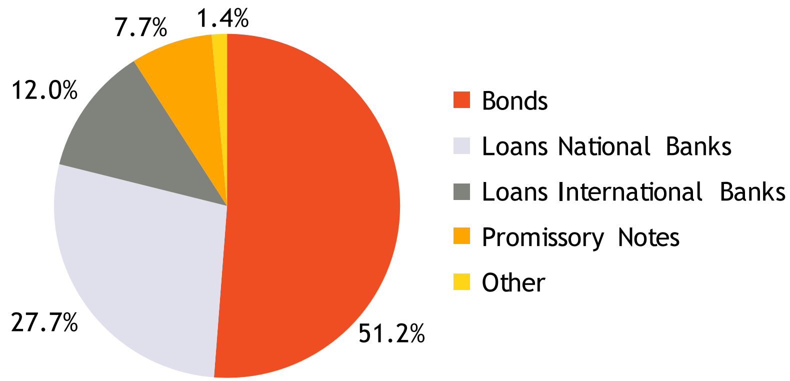
> Highly diversified funding base

> Undrawn committed lines of credit amounting to EUR 1.0 bn

> Cash positions of EUR 460.0 mn as of 31 December 2011

> Average cost of debt of approximately 4.5%

Balanced Funding Base



* Includes approx. EUR 32.5 mn related to velcom and EUR 5.7 mn to fixed line acquisitions in Bulgaria, which is reported in Other liabilities

** Includes approx. EUR 25.4 mn related to velcom

Focus Points

Continued Successful Implementation of Telekom Austria Group's Strategy in 2011

Strategy

Telekom Austria Group

Market consolidation	Convergence	Value enhancing growth opportunities

A1 in Austria

Giganet in Austria

MEGALAN Network and Spectrum Net® in Bulgaria

B.net in Croatia

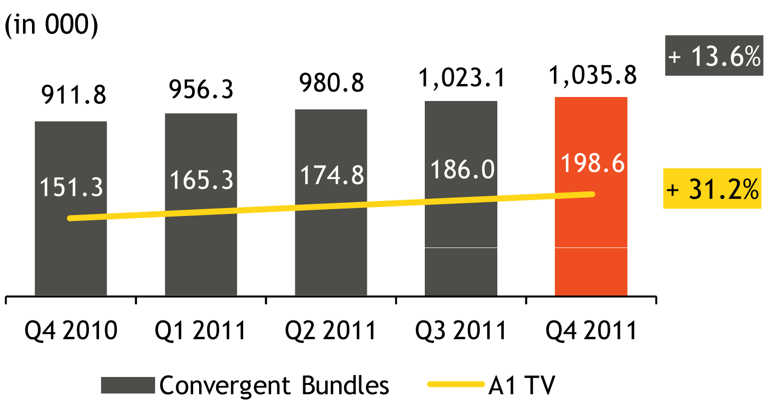
Operational Excellence

- Restructuring Program ✓
- SIM fee and modem charge ✓
- New Ambition Program ✓
- Strict cost control ✓
- Multibrand strategy: no-frills ✓

Convergence as a Key Strategic Pillar Shows Clear Results

Austria

Bundle Subscriber Growth



> 21,300 fixed access line net adds in 2011 and 9,600 in Q4 2011

> Churn approx. 2 times lower than voice only

Bulgaria

> Fixed line service revenues 2011: EUR 17.8 mn; EBITDA comparable: EUR 6.2 mn

> 35% increase in fixed broadband subscribers yoy

> More than 50% of new broadband customers chose product bundles

> 180% growth of IPTV subscribers yoy

Croatia

> Fixed line service revenues 2011: EUR 19.5 mn; B.net EBITDA comparable: EUR 4.5 mn

> First on Croatian market with convergent bundles

Telekom Austria Group Delivers on Giganet Plans in Austria

Total Addressable Market

(in 000, % of total households)

	YE 2010	Plan YE 2011	Achieved YE 2011
NGA Rollout	1,750 (42%)	2,110 (50%)	**2,170** (52%) ✓

Rollout Criteria:

> Sales potential
> Competition
> Population density
> Technical preconditions
> Co-operations

Demand driven NGA-Rollout 2011:

- Targeted FTTH/FTTB roll-out in Vienna
- FTTC-Rollout in
  - Vienna and surrounding area
  - Selected regional capitals
  - State funded rollout in rural areas*
- FTTEx rollout across Austria

Innovation and Technology Leadership: Vectoring

- World's first field trial of vectoring technology in Korneuburg (Lower Austria)
- Vectoring offers possibility of enhancing the speeds via VDSL in FTTC-areas by up to 100%
- Current tests will prove usability for FTTEx
- First results are expected by mid 2012

* European Agricultural Fund for Rural Development

Announced Acquisition of Orange Austria Assets in Line With Group Strategy

Frequencies	Base stations	YESSS!	ONE
A total of 2 x 13.2 MHz of paired frequencies	Up to 634 base stations	100% of the mobile phone operator YESSS!	Intellectual property rights on the brand "ONE"
maximum amount of EUR 390 mn			

Approval process

- Acquisition of Orange Austria by Hutchison 3G Austria conditional to approval of European Union Competition Authority and Austria Regulatory Authority
- Acquisition of YESSS!, frequencies and base stations are conditional to the approval of the Austrian Competition Authority and the Austrian Regulatory Authority respectively
- Decisions are expected by mid 2012

2011 Restructuring Program Targets Achieved – New Initiatives for 2012

Target as of 23 February 2011	Reported as of 31 December 2011
approx. 700 FTE	791 FTE ✓
> 75% - 85% to Social Plans > 15% – 25% Transfer to Government	> Social plans: 685 FTE (87%) > Transfer to the government: 106 FTE (13%)
Up to EUR 250.0 mn Restructuring Charge	EUR 233.7 mn ✓ > EUR 237.2 mn for social plans > EUR 37.2 mn for transfer to Government > EUR -40.7 mn via servicekom

New initiatives for 2012

> Approx. 120 FTE predominantly via transfer to government

> up to EUR 50 mn of restructuring charge

New Ambition Program – Operating Free Cash Flow* Target Achieved Through Operational Excellence

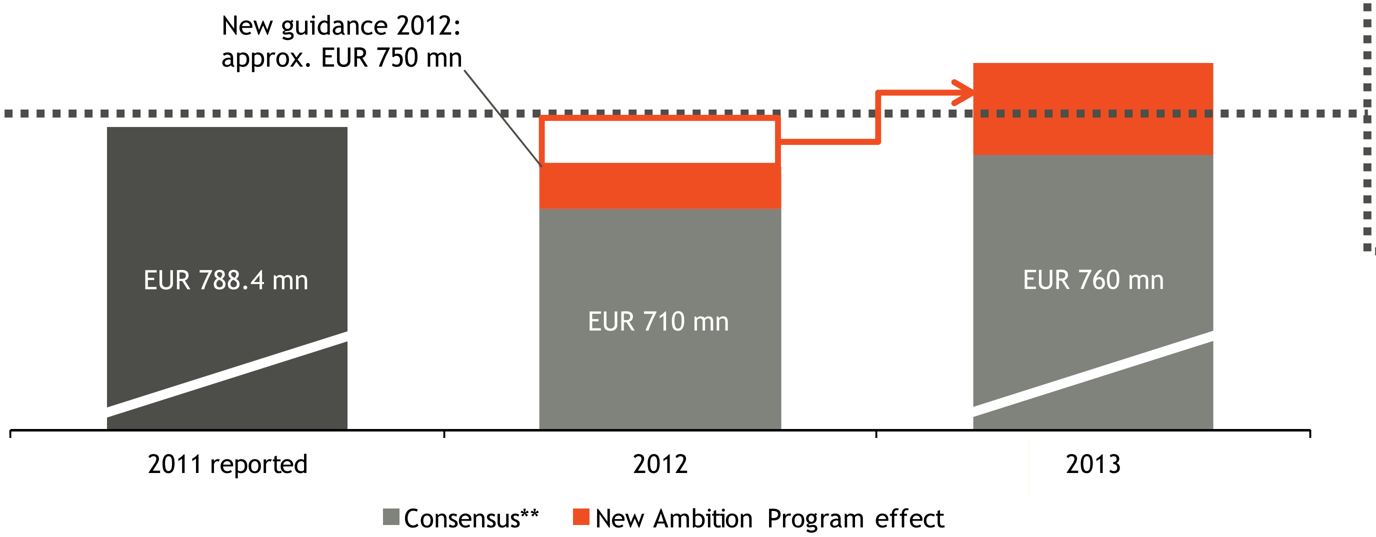
New Ambition Program (NAP)

> Expanding on existing strategy, targeting operating free cash flow stabilization
> Addresses revenues, OPEX and CAPEX
> Measures are to be implemented in 2012 and 2013
> Part of the business plan and the management targets

The program has a recurring impact on future cash flows and will be fully effective as of 2013

* Operating Free Cash Flow = EBITDA comparable – CAPEX

NAP Closes OpFCF* Gap of Approx. EUR 130 mn Between Guidance and Consensus



Capital Market Day 2010: approx. EUR 800 mn per annum

New Ambition Program ensures operating Free Cash Flows of at least EUR 800 mn per annum until 2013

* Operating Free Cash Flow = EBITDA comparable - CAPEX (excluding investments for licenses and spectrum acquisitions)

** Consensus as of 23.02.2012

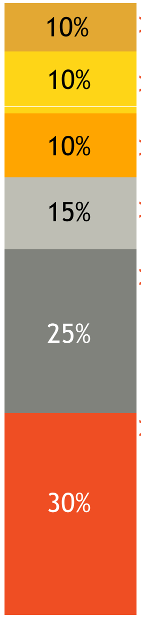
75 Defined Activities Ensure Success of New Ambition Program

Revenue Contribution

- Mobile data monetization
- Focus on small and medium enterprises
- Customer base optimization
  - Tariff and product portfolio optimization
  - Cross- and up-selling
  - Customer life cycle management

~30% of total NAP effects

OPEX Contribution



- Outsourcing
- Procurement efficiency
- Customer service efficiency
- Administration efficiency
- Reduction of complexity and process optimization
  - Product portfolio reduction
- Optimization of marketing activities
  - SAC and SRC
  - Main brand in Austria

~55% of total NAP effects

CAPEX Contribution

- Life cycle management
- Selective CAPEX reductions
  - Demand and value driven infrastructure roll-out
  - Improved vendor terms
  - Cancellation of inefficient customer projects

~15% of total NAP effects

Outlook

Telekom Austria Group Outlook for Full Year 2012*

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

Revenues	approx. EUR 4.4 bn
EBITDA comparable	approx. EUR 1.5 bn
CAPEX	approx. EUR 0.75 bn
Operating Free Cash Flow**	approx. EUR 0.75 bn
Dividend	DPS of EUR 0.38 for 2012

* Effects of a potential acquisition of YESSS!, base stations and spectrum are not included

** Operating Free Cash Flow = EBITDA comparable - CAPEX (excluding investments for licenses and spectrum acquisitions)

Appendix 1

Telekom Austria Group – Revenue Breakdown

Revenue Split - Segment Austria (in EUR million)	Q4 2011	Q4 2010	% change
Monthly fee and traffic	502.7	514.6	-2.3%
Data and ICT Solutions	55.3	60.9	-9.1%
Wholesale (incl. Roaming)	60.7	42.6	42.6%
Interconnection	85.2	95.8	-11.0%
Equipment	45.5	39.7	14.4%
Other revenues	2.5	13.4	-81.4%
Total revenues - Segment Austria	**752.0**	**766.9**	**-1.9%**

Revenue Split - International Operations (in EUR million)	Q4 2011	Q4 2010	% change
Monthly fee and traffic	278.5	310.7	-10.4%
Data and ICT Solutions	0.1	0.0	n.a.
Wholesale (incl. Roaming)	6.8	6.8	0.3%
Interconnection	57.9	67.1	-13.7%
Equipment	36.1	36.8	-1.9%
Other revenues	4.2	4.2	0.3%
Total revenues - int. Operations	**383.5**	**425.5**	**-9.9%**

Telekom Austria Group – Expense Breakdown

Operating Expense - Segment Austria (in EUR million)	Q4 2011	Q4 2010	% change
Material expense	81.7	83.1	-1.7%
Employee costs	165.8	167.1	-0.8%
Interconnection	80.6	88.5	-8.9%
Maintenance and repairs	36.0	40.2	-10.5%
Services received	31.3	34.3	-8.7%
Other support services	45.2	42.0	7.8%
Other	112.3	127.5	-12.0%
Total OPEX - Segment Austria	**553.0**	**582.8**	**-5.1%**

Operating Expense - International Operations (in EUR million)	Q4 2011	Q4 2010	% change
Material expense	56.6	52.5	7.8%
Employee costs	34.0	33.2	2.4%
Interconnection	50.6	54.4	-7.0%
Maintenance and repairs	11.7	14.2	-17.4%
Services received	23.8	22.1	7.5%
Other support services	4.2	3.1	34.6%
Other	86.2	106.0	-18.7%
Total OPEX - int. Operations	**267.1**	**285.5**	**-6.5%**

Telekom Austria Group - Mobile Communication Subscriber Base

Mobile Subscribers (in 000)	Q4 2011	Q4 2010	% change
Austria	**5,271**	**5,105**	**3.3%**
Market share	40.0%	41.4%	
Bulgaria	**5,501**	**5,249**	**4.8%**
Market share	48.6%	49.6%	
Croatia*	**2,018**	**2,028**	**-0.5%**
Market share*	39.2%	39.0%	
Belarus	**4,620**	**4,354**	**6.1%**
Market share	41.1%	41.9%	
Slovenia	**640**	**619**	**3.4%**
Market share	29.7%	29.2%	
Republic of Serbia	**1,643**	**1,360**	**20.8%**
Market share	15.7%	13.7%	
Republic of Macedonia	**567**	**442**	**28.1%**
Market share	24.9%	19.9%	
Liechtenstein	**6**	**6**	**-3.5%**
Market share	16.5%	20.2%	

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

Telekom Austria Group – Headcount Development

FTE (Average period)	Q4 2011	Q4 2010	% change
Austria	9,281	9,808	-5.4%
International	7,693	6,611	16.4%
Telekom Austria Group*	17,134	16,566	3.4%

FTE (End of period)	Q4 2011	Q4 2010	% change
Austria	9,292	9,717	-4.4%
International	7,761	6,634	17.0%
Telekom Austria Group*	17,217	16,501	4.3%

*Including corporate segment

Telekom Austria Group – Capital Expenditures Split

Capital Expenditures (in EUR million)	Q4 2011	Q4 2010	% change
Segment Austria	166.5	225.4	-26.1%
Segment Bulgaria	22.2	24.5	-9.6%
Segment Croatia	24.7	11.1	122.6%
Segment Belarus	30.6	32.1	-4.8%
Segment Additional Markets	40.2	27.2	47.8%
Slovenia	*10.2*	*8.8*	15.8%
Republic of Serbia	*21.8*	*13.9*	56.2%
Republic of Macedonia	*8.1*	*4.2*	90.3%
Liechtenstein	*0.1*	*0.2*	-59.3%
Eliminations additional markets	*0.1*	*0.0*	n.a.
Corporate, Others & Elimination	0.0	0.0	n.a.
Total capital expenditures	**284.1**	**320.2**	**-11.3%**
Thereof tangible	224.5	233.2	-3.7%
Thereof intangible	59.6	87.1	-31.6%

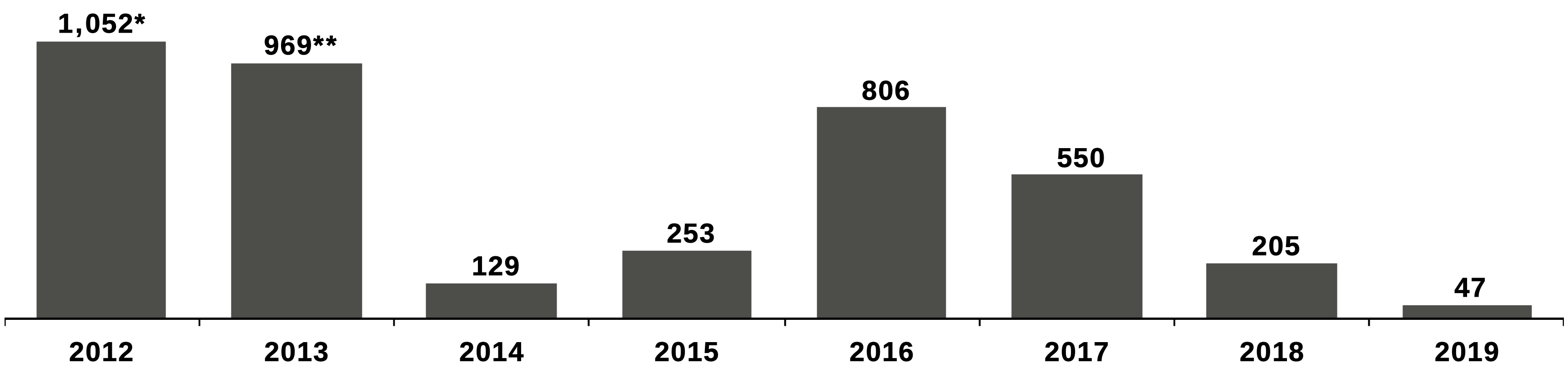
Telekom Austria Group – Net Debt

Net debt (in EUR million)	Dec. 31, 2011	Dec. 31, 2010	% change
Long-term debt	2,960.4	3,146.4	-5.9%
Short-term borrowings	1,052.4	522.6	101.4%
Cash and cash equivalents, short-term and long term investments, finance lease receivables	-657.7	-355.0	85.3%
Derivate financial instruments for hedging purposes	25.2	-8.9	n.a.
Net Debt of Telekom Austria Group	**3,380.3**	**3,305.2**	**2.3%**
EBITDA comparable (last 12 months)	1,527.3	1,645.9	-7.2%
Net Debt/ EBITDA comparable (last 12 months)	**2.2x**	**2.0x**	**n.a.**

Telekom Austria Group – Debt Maturity Profile

Debt Maturity Profile

(in EUR million)



* Includes approx. EUR 32.5 mn related to velcom and EUR 5.7 mn to fixed line acquisitions in Bulgaria, which is reported in Other liabilities

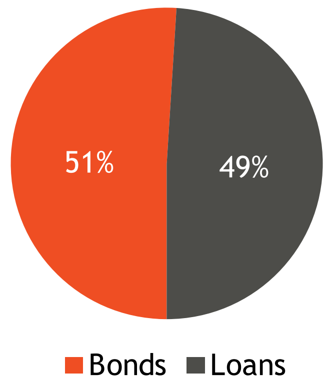
** Includes approx. EUR 25.4 mn related to velcom

> EUR 4,012.8 mn of short- and long-term borrowings as of December 31, 2011

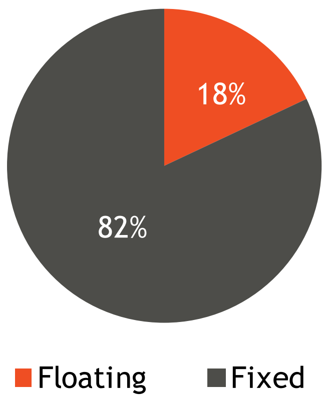
> Average cost of debt of approximately 4.5%

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 1.5 years

Ratings

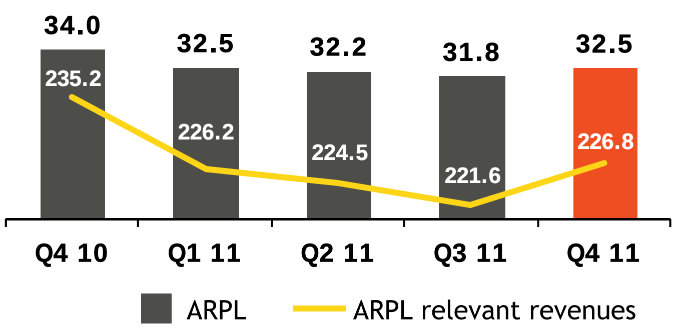
> S&P: BBB (stable outlook)

> Moody's: Baa1 (stable outlook)

Segment Austria - Fixed Line Key Performance Indicators

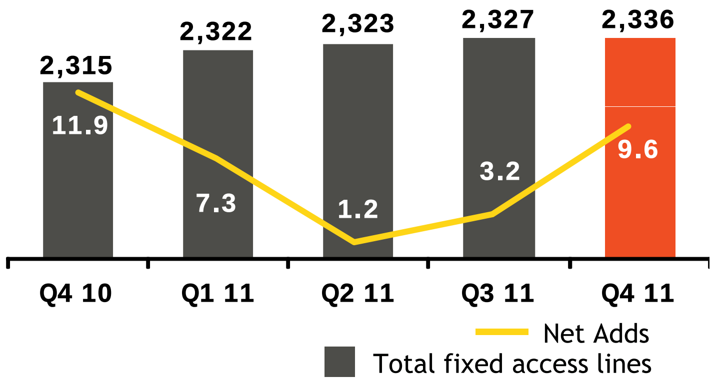
ARPL & ARPL Relevant Revenues

(in EUR)



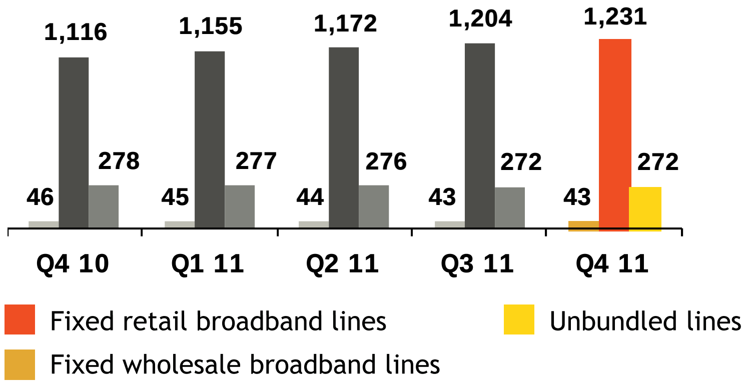
Total Fixed Access Lines & Net Adds

(in 000)



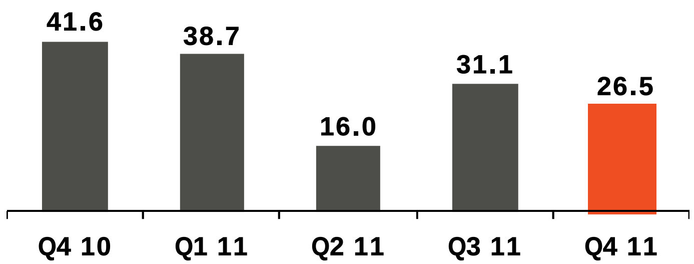
Fixed Broadband Access Lines

(in 000)



Fixed Broadband Net Adds incl. Wholesale

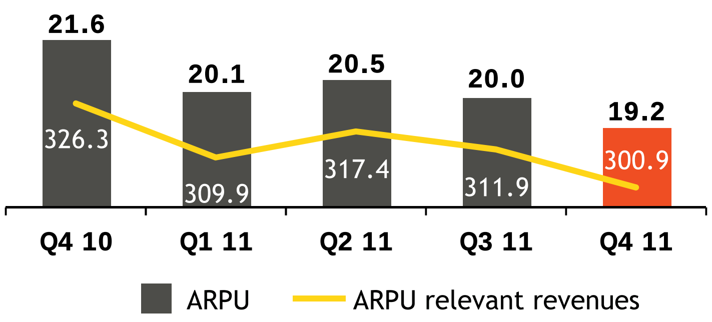
(in 000)



Segment Austria – Mobile Key Performance Indicators

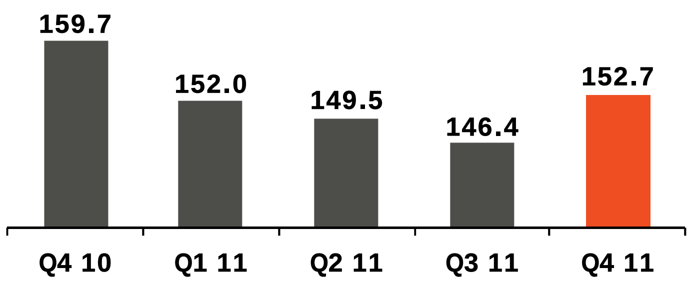
ARPU & ARPU Relevant Revenues

(in EUR)



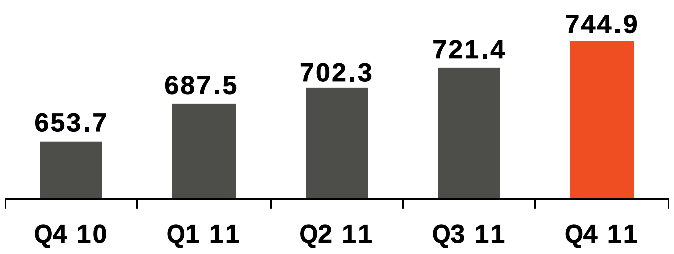
MoU per Subscriber

(in min)



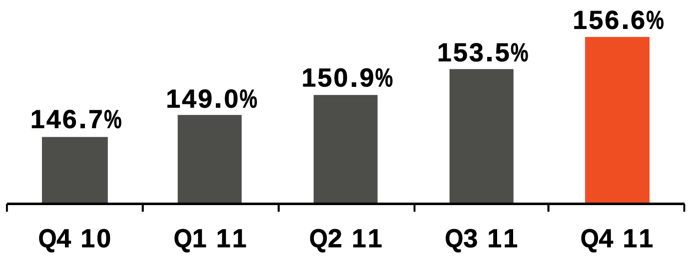
Mobile Broadband Customers

(in 000)



Mobile Penetration

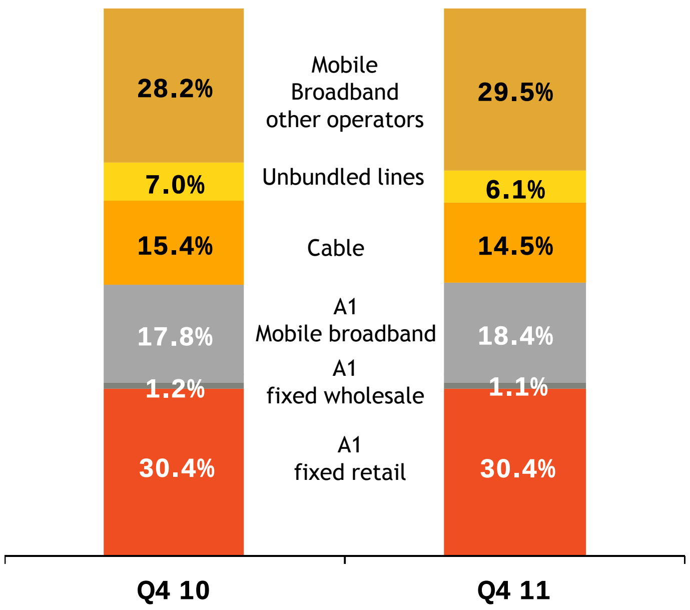
(in %)



Segment Austria – Broadband Market Split

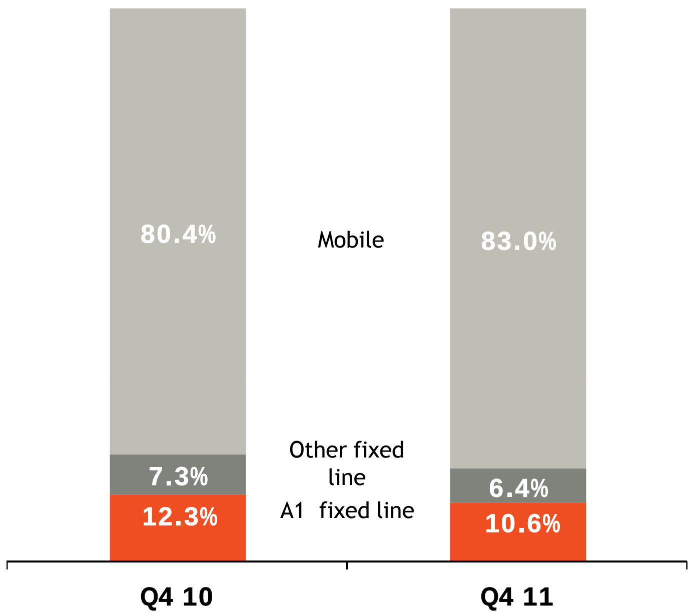
Market Share Broadband Lines

(in %)



Market Share Voice Minutes

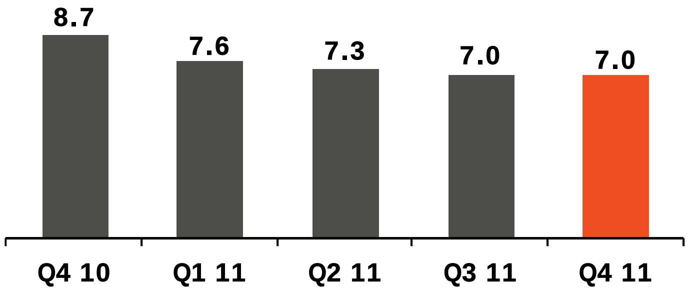
(in %)



Segment Bulgaria – Mobile Key Performance Indicators

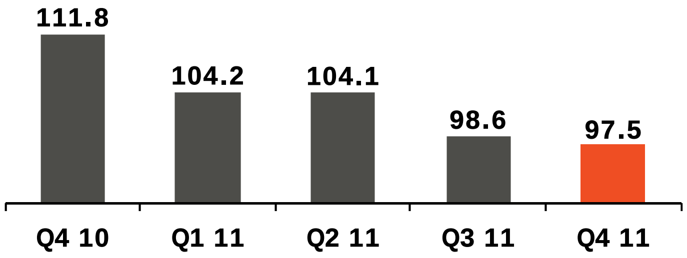
ARPU

(in EUR)



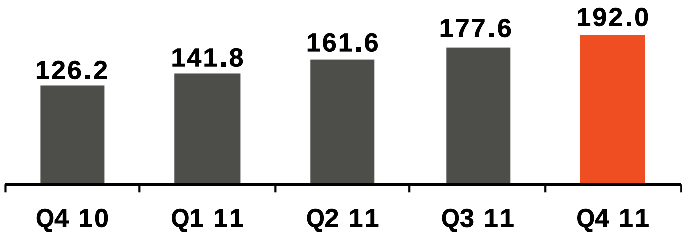
MoU per Subscriber

(in min)



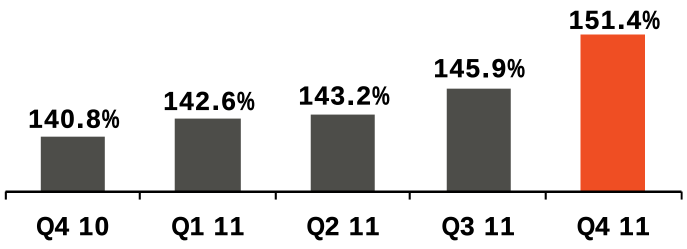
Mobile Broadband Customers

(in 000)



Mobile Penetration

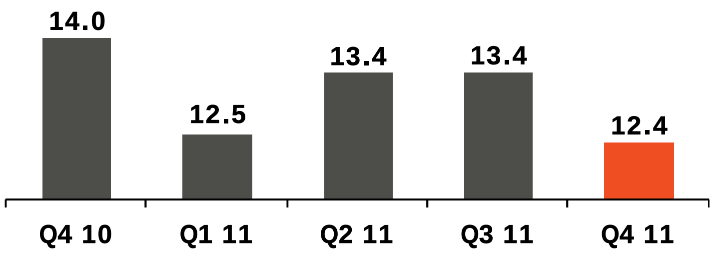
(in %)



Segment Croatia – Mobile Key Performance Indicators

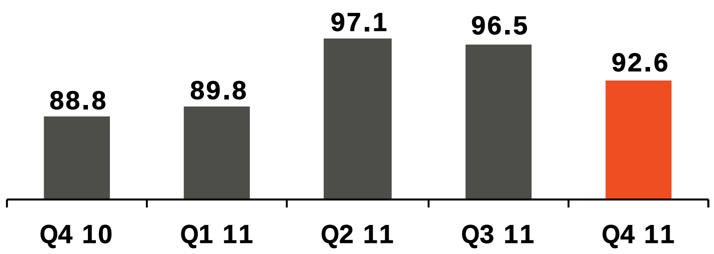
ARPU*

(in EUR)



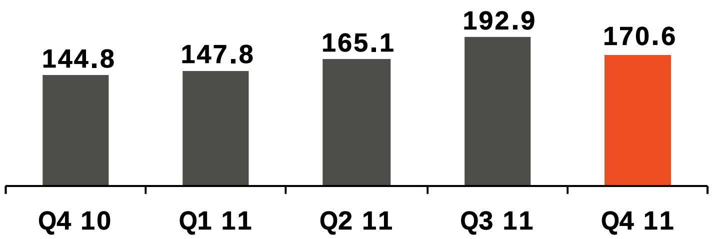
MoU per Subscriber*

(in min)



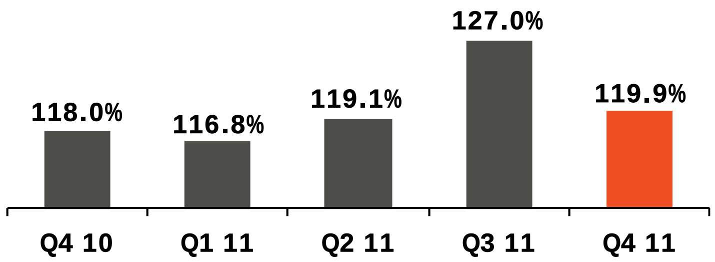
Mobile Broadband Customers*

(in 000)



Mobile Penetration*

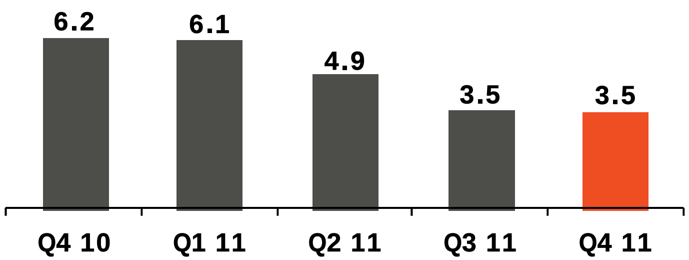
(in %)



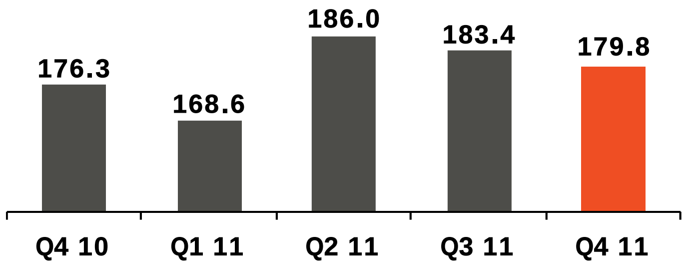
* Due to a new definition on prepaid subscribers, the counting method of active prepaid SIM cards was changed from a 15-month rolling average to a 90 day active methodology. Following this implementation historic KPI's have been restated as of Q1 2010. As of Q4 2011 calculation method of fixed access lines has been harmonized to Group standards and have been restated as of Q3 2011.

Segment Belarus – Mobile Key Performance Indicators

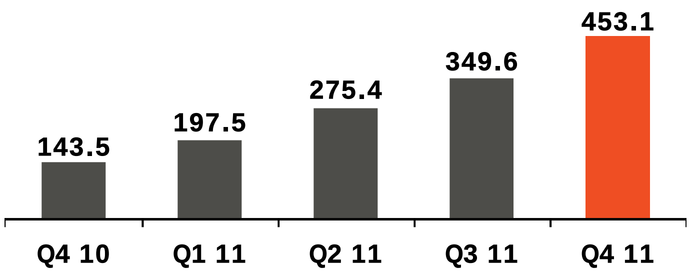
ARPU
(in EUR)



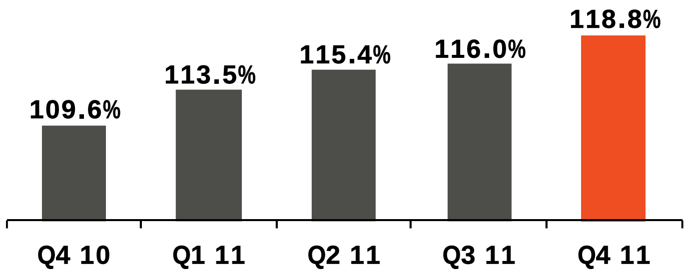
MoU per Subscriber
(in min)



Mobile Broadband Customers
(in 000)



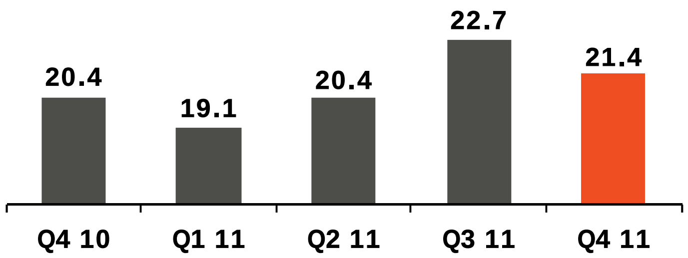
Mobile Penetration
(in %)



Segment Additional Markets – Mobile Key Performance Indicators

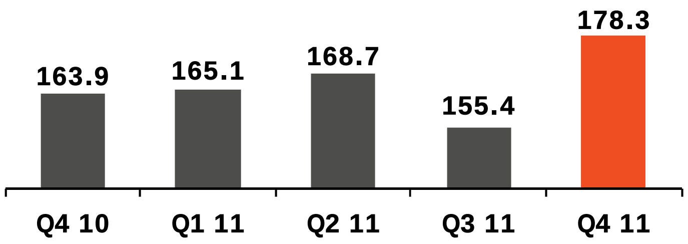
Slovenia - ARPU

(in EUR)



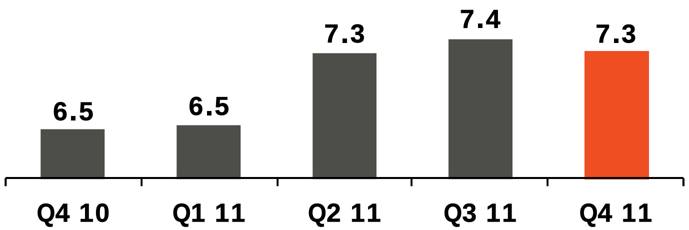
Slovenia - MoU per Subscriber

(in min)



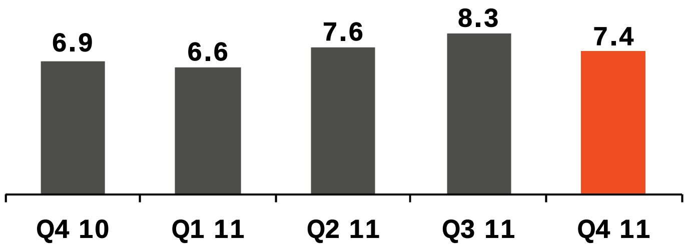
Serbia - ARPU

(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

Interconnection	Impact EBITDA comp. 2010 - 2013: EUR -75 mn	Impact EBITDA comp. 2010 -2013: EUR -175 mn
Roaming	Impact EBITDA comp. 2010 - 2013: EUR -100 mn	
Digital Dividend	> EU commission: before January 1, 2013 > Relevance for EU countries & Croatia	Not included in CAPEX guidance
License Prolongations	> 900 MHz and 1800 MHz spectrum > Upcoming issue for Austria, Slovenia and Bulgaria	

*as of December 2010

Glide Path of Mobile Termination Rates

	July 2009	January 2010	July 2010	August 2010	January 2011	June 2011	July 2011	August 2011	January 2012	April 2012	July 2012	August 2012	January 2013
Austria	4.00	3.50	3.01		2.51	2.01	market analysis during 2012						
Bulgaria	11.76	10.48	6.65							3,06*	2,81*		2,35*
Croatia	9.10	7.60	7.60		5.30								
Slovenia	5.23	4.95	4.66		4.38	4.38	4.09		3.81		3.52		
Macedonia	9.50	9.50		8.80				7.50				6.00	
Serbia	5.15	4.82	4.68 (until next price cap)		not clear when next regulatory decision will take place								

*According to CRC's glide path proposal which is currently pending the notification to the European Commission (numbers are given for peak hours)

EU-Roaming Glide Path

	July 2009	July 2010	July 2011
Voice			
Wholesale	0.26	0.22	0.18
Retail active	0.43	0.39	0.35
Retail passive	0.19	0.15	0.11
SMS			
Wholesale	0.04	0.04	0.04
Retail	0.11	0.11	0.11
Data			
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)

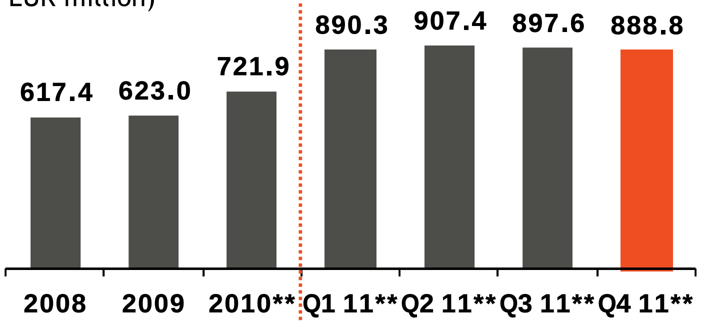
	2009	2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2011 FY
FTE Effect	-10.0	76.9	184.1	34.6	6.1	8.9	233.7
Interest rate adjustments	27.5	47.2	0.0	0.0	0.0	0.0	0.0
Total	**17.5**	**124.1**	**184.1**	**34.6**	**6.1**	**8.9***	**233.7**

FTEs Addressed

	2009	2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2011 FY
Transfer to government	0	158	24	46	10	26	106
Social plans	451	28	514	63	10	98	685
Staff released from work	-194	27	0	0	0	0	0
Total	**257**	**213**	**538**	**109**	**20**	**124**	**791**

Overview Restructuring Provision

(in EUR million)



Provisioned FTEs

	2009	2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Transfer to government	0	158	182	228	238	264
Social plans	273	299	781	820	826	922
Staff released from work	789	763	724	694	671	649
Total	**1,062**	**1,220**	**1,687**	**1,742**	**1,735**	**1,835**

* Net effect of EUR 49.6 mn restructuring provision and EUR 40.7 mn reduction of restructuring charge via servicekom

** 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
Q4 2011	22.8

- Total cash flow impact comprises old as well as new programs
- Total cash flow impact for 2011 of EUR 89.0 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

Appendix 4 –
Hyperinflation Accounting

Segment Assets: Hyperinflation Accounting Will Lead to an Adjustment of Defined Assets Only

Starting with the acquisition date of velcom at the end of 2007 all non-monetary items will have to be inflation adjusted as of their acquisition date, respectively

Segment Assets*

Items to be adjusted

- Goodwill & other intangible assets
- Inventories
- Property, plant and equipment

- Represent approx. 80% of total segment assets as of 30.09.2011
- The **consumer price index** published by the Belarusian Ministry of Statistics serves as the **applicable inflation rate**

Segment Liabilities*

- Liabilities are defined as monetary items according to IFRS, therefore no adjustment

* Deferred taxes are recalculated on Group level based on adjusted IFRS book values and are not included in segment assets/liabilities

Illustrative Example for Adjustments of Segment Assets in 2011 and 2012

Adjustments of segment assets as of year-end 2011:

	2008	2009	2010	2011	31/12/2011
Annual CPI* (Factor)	113.3%	110.1%	109.9%	208.7%	
Adjustments**:	100				286
		100			253
			100		229
				100	209

Σ Total inflated segment assets 2011 EoP: 977

Each item will be adjusted with the **cumulative CPI** since the respective acquisition date

Adjustments of segment assets starting with 1 January 2012:

01.01.2012	Q1 2012	Q2 2012	Q3 2012	Q4 2012	31.12.2012
Opening balance: 977					Total inflated segment assets EoP
Additions					

Each item will be adjusted with the CPI **of the corresponding reporting period**

> Inflation of segment assets will lead to an increase of D&A

* Source: Belarusian ministry of Statistics (http://belstat.gov.by/homep/en/indicators/prices.php)
** Assumes acquisition at the beginning of each period and no D&A, before FX-translation

Segment Profit and Loss Statement: All Items will be Inflation Adjusted

- All items will have to be inflation adjusted and converted to EUR at the period-end FX rate instead of period-average

Segment Belarus P&L Items

Items to be adjusted

- Revenues
- Other operating income
- Expenses
- Financial result
  - Interest income
  - Interest expense
  - Other income

- Inflation adjustment starting with the date of recognition
  - e.g. at year-end revenues recognized in March will have to reflect the inflation development from March to year-end
- Published figures will reflect monthly adjustments; for an estimation the average CPI of the respective reporting period can be used
- Other income in financial results includes the net gain/loss on monetary items

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- Depreciation & amortization

- Will include the impact of the cumulative inflation adjustments of property, plant & equipment and intangible assets since the end of 2007

Impact on KPI‘s Belarus

- ARPU (in local currency) will follow adjustment of revenues in P&L

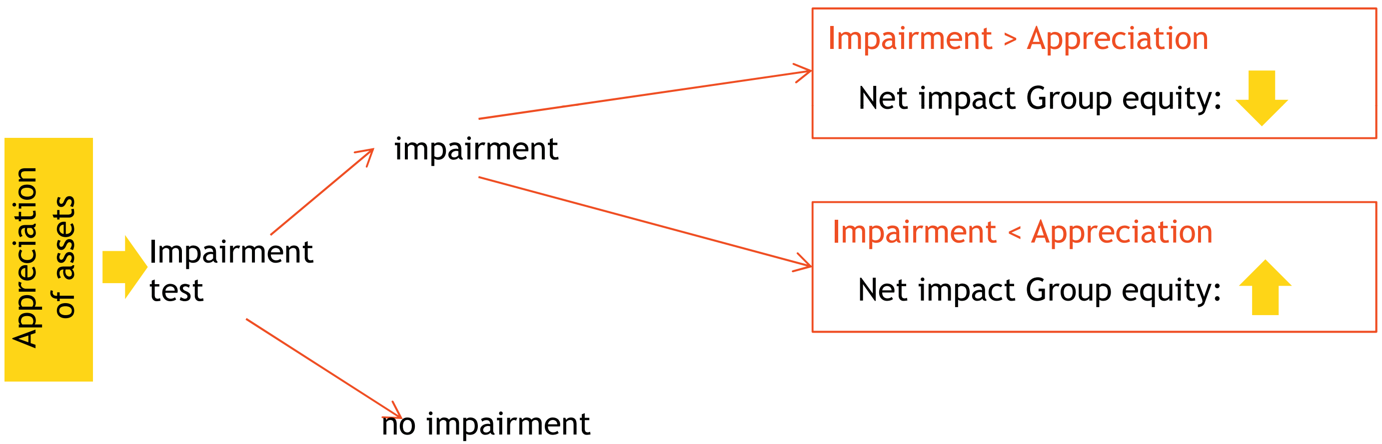
Impact on Telekom Austria Group Equity: Asset Appreciation Triggers Impairment Test

Group balance sheet and equity:

- Appreciation of segment assets will lead to an increase of Group assets, i.e. goodwill and other intangible assets, inventories, property, plant & equipment
- Deferred tax liabilities will be recalculated based on adjusted IFRS book values and will increase as a consequence

Both effects will lead to a higher Group equity but will trigger an impairment test

Impact of the impairment test on Group equity:



Note: By definition, an impairment which is purely a consequence of hyperinflationary accounting would not exceed the preceding appreciation

Impact on Telekom Austria Group Cash Flow and P&L

Group Cash Flow

- Cash flow will reflect inflated items of Belarus
- Monetary Gain/Loss resulting from hyperinflation accounting will be eliminated as non-cash item in gross cash flow and will be allocated to monetary items, such as accounts receivables/ payables, in working capital
- CAPEX will include inflationary adjustments, as shown in segment assets
- Inflation effect of cash will be shown as a separate line
- Cash flow from financing activities will not be affected as all financing is managed via a special financing company on a Group level and not by the Belarusian entity

Group P&L

- Reflects inflation adjustment as stated in segment P&L
- For conversion to EUR the period-end FX-rate will be applied
- Financial results includes the net monetary gain/loss of the period
- Deferred taxes are recalculated with adjusted IFRS book values and will lead to an adjustment of taxes

Belarus: Impact of Hyperinflation Accounting and Foreign Exchange Translations in Full Year 2011

Belarus Profit and Loss Statement for Full Year 2011

(in EUR million)	Excluding Hyperinflation and FX in Belarus	Hyperinflation and FX Effects in Belarus	Impairment	Reported
Revenues	474.5	-213.6	0.0	260.9
Other operating income	9.6	-4.3	0.0	5.3
Operating expenses	-287.4	127.9	0.0	-159.5
Impairment	0.0	0.0	-279.0	-279.0
Depreciation and amortization	-81.7	-1.1	0.0	-82.8
Financial result	-68.1	61.3	0.0	-6.8
Income taxes	19.7	-17.1	0.0	2.6
Net income	**66.7**	**-47.0**	**-279.0**	**-259.3**

Belarus Balance Sheet as of 31.12.2011

(in EUR million)	Excluding Hyperinflation	Hyperinflation	Impairment	Reported
Goodwill	97.5	181.5	-279.0	0
Current and other non-current assets	256.3	308.8	0.0	565.2
Current and non-current liabilities	-100.4	-55.6	0.0	-156.0
Stockholders' Equity	**253.4**	**434.8**	**-279.0**	**409.2**

Useful Links

- **IAS 29**
  - http://www.iasplus.com/standard/ias29.htm
- **Belarusian Institute of Statistics**
  - http://belstat.gov.by/homep/en/indicators/prices.php
- **Belarusian National Bank**
  - http://www.nbrb.by/engl/statistics/Rates/RatesDaily.asp