

10 IVA Q&As

1. How many employees had a higher total annual remuneration than a member of the Management Board in 2009? How many employees earn more than 75% of a Management Board Member's salary?

In 2009, no employee had a higher annual remuneration than a member of the Management Board. No employee earned 75% of a Management Board member's salary.

2. On which performance criteria is the performance-related remuneration of the company's Board members and managers based in order to achieve a sustainable and long-lasting value creation for the company? What is the share of performance-related remuneration of the total remuneration of all employees?

The performance-related remuneration of Board members and managers is based on both quantitative and qualitative targets, which are linked to success criteria. These refer to financial figures (50%) such as Economic Value Added (EVA) and operating Free Cash Flow (FCF) as well as to strategic objectives (50%). The performance-related component of the salary, based on the achievement of full year objectives, amounts to 4.2% for Fixed Net employees (of the fixed salary) and 8.9% for Mobile Communication employees.

3. Tax deductible representation costs in 2009?

Total representation costs for Telekom Austria TA AG amount to EUR 330k, 50% of which were tax deductible: EUR ~ 165k.

4. Impact of the economic downturn on corporate financing in terms of conditions and raising of capital?

In 2009, the provision of bank loans was highly limited. Against this backdrop, Telekom Austria decided to issue a EUR 750 million 7-year bond with a coupon of 6.375% in January 2009 in order to safeguard liquidity for the next 18 to 24 months. The decision to raise funding via the debt capital markets led to a high premium. Due to the company's conservative financial policy and its focus on safeguarding liquidity, a total of EUR 1.1 billion of committed and unused lines of credit is currently available.

5. Only concerning Austria: Corporate tax payments for 2009, potential tax loss carry-forwards and their effect on deferred taxes, subsidies from the federal, provincial or municipal government, the economic chamber for research and development, investments, employment, export and marketing expenses?

Corporate tax payments amounted to EUR 1.3 million in 2009. The tax loss carry-forward was EUR 782 million, of which EUR 149 million apply to deferred taxes. Total apprenticeship, research and training bonuses amounted to TEUR 178, EUR 2.3 million and EUR 114k respectively.

6. Expenditures for external personnel and legal consultancy as well as PR and lobbying activities (reported separately)? Total expenditures for external legal consultancy services amounted to EUR 5.3 million, expenditures for technical advisory services were EUR 8 million, for press and PR activities EUR 2.1 million and for other consultancy services EUR 19.8 million in 2009.

7. External expenses for AGM and Annual Report (incl. details about circulation) and for IR-related activities (incl. costs for road shows and investor meetings)?

External costs for the AGM 2009 amounted to approximately EUR 100,000. The Annual Report for the 2009 business year with a circulation of 10,100 copies led to expenses of approx. EUR 160,000. Moreover, a total of EUR 1 million was spent for IR-related activities.

8. Is there an internal audit unit? If yes, how many employees work there? If not, why and how much were the external auditing expenses?

Telekom Austria has an Internal Audit Group unit, which directly reports to the CEO and the Audit Committee. It has 8 employees in Austria and 8 employees in South- and North-Eastern Europe.

9. Which climate protection measures were put in place in 2009? Costs and Effects?

In 2009 a telepresence solution was put in place, which significantly contributed to the reduction of travel expenses via teleworking and tele- and video-conferencing. In July 2009, Telekom Austria TA AG joined the WWF Climate Group and committed itself to cutting at least 15% of its CO₂ emissions or 15,000 tons CO₂ in the coming three years. In the area of energy management, Telekom Austria TA AG focuses on climate-friendly electricity. The percentage of hydroelectric power will be increased to 50% and green electricity will account for 5% in 2010. Furthermore, the 5%-target for the reduction of energy consumption by year-end 2010 has already been achieved.

10. Does Telekom Austria carry out financial transactions in tax havens such as Liechtenstein, Malta, Cyprus, Singapore, Caribbean Islands and Canary Islands? If yes, to what extent and why?

No. Telekom Austria Group does not carry out any transactions via tax havens. Telekom Austria Group has mobile operations in Liechtenstein, mobilkom liechtenstein. The holding of our mobile subsidiary in Belarus, Velcom, is based in Cyprus, where the Supervisory Board meets on a regularly basis.