

Results for the Full Year 2009

- Mobile Communication customer base increases by 6.4% to 18.9 million customers despite a difficult economic environment
- Increase in access lines in the Fixed Net segment during 4Q 09 for the first time in more than a decade
- Revenues decline of 7.1% to EUR 4.8 billion driven by lower Fixed Net revenues, FX movements and lower prices in Mobile Communication
- Successful cost reduction in both segments reduces operating expenses and softens impact of lower revenues on EBITDA
- 2009 target for operating free cash flow of EUR 1.1 billion achieved as Capex reduction compensates lower EBITDA on like-for-like basis
- Based on full year results 2009, Management Board proposes dividend of EUR 0.75 per share
- Reiteration of outlook for 2010 excluding the impact of the merger of domestic operations
- Merger of domestic operations creates considerable customer advantage and meets increasing demand for convergent products

in EUR million	4Q 09	4Q 08	% change	FY 2009	FY 2008	% change
Revenues	1,181.5	1,306.5	-9.6%	4,802.0	5,170.3	-7.1%
EBITDA	399.4	-211.6	n.a.	1,794.0	1,280.8	40.1%
Operating income	120.0	-515.7	n.a.	343.9	120.7	184.9%
Net income	63.6	-437.7	n.a.	94.9	-48.8	n.a.
Earnings per share (in EUR)	0.14	-0.99	n.a.	0.22	-0.11	n.a.
Free cash flow per share (in EUR)	0.30	0.42	-29.2%	1.52	1.71	-10.9%
Capital expenditures	291.6	273.3	6.7%	711.4	807.6	-11.9%

in EUR million	Dec. 31, 09	Dec. 31, 08	% change
Net debt	3,614.8	3,993.3	-9.5%
Net debt/EBITDA (12 months) excluding restructuring program in 2008	2.0x	2.1x	

Reported financial figures include impairment charges of EUR 352.0 million for FY 2009 and restructuring charges of EUR 632.1 million for 4Q 08 and FY 2008.

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 taxes, depreciation and amortization, impairment charges, equity in earnings of affiliates, other financial results and foreign exchange differences. This equals operating income before depreciation, amortization and impairment charges.

Group Review

The presentation for the conference call and the key figures of the Telekom Austria Group in Excel format („Key Figures 4Q 2009“) are available on our website at www.telekomaustria.com

Contacts:
Investor Relations

Barbara Plössnig

Investor Relations

Tel: +43 (0) 59059 119003

E-Mail: barbara.ploessnig@telekom.at

Corporate Communications

Elisabeth Mattes

Press-Spokeswoman

Tel: +43 (0) 664 331 2730

E-Mail: elisabeth.mattes@telekom.at

Fixed net revenues decline reflects drop of minutes while Mobile communication revenue decrease reflects mainly FX effect

Operating income and net income impacted by impairment charges of EUR 352.0 million

Vienna, February 24, 2010 - Telekom Austria Group (VSE: TKA, OTC US: TKAGY) today announced its results for the full year 2009 and the fourth quarter ending December 31, 2009.

Summary

Year-to-date comparison:

During the full year of 2009 revenues decreased by 7.1% to EUR 4,802.0 million driven by lower revenues in both segments. Fixed Net revenues declined due to a drop in voice volumes. Moreover, revenues from subsidiaries in the Czech Republic, in Slovakia and in Poland, which were sold during 2008 were included in full year revenues for that year. Mobile Communication revenues decreased mainly due to foreign currency translation. Furthermore, revenues were impacted by lower prices due to fierce competition as well as lower interconnection and roaming tariffs.

Operating results of both financial years were impacted by non-recurring items. In 3Q 09, operating income and net income included the impact of impairment charges of EUR 352.0 million resulting from the goodwill related to the acquisitions of Velcom in Belarus and the license of Vip mobile in the Republic of Serbia. While in 4Q 08, reported EBITDA, operating income and net income included the impact of expenses for the restructuring program in the amount of EUR 632.1 million. To facilitate year-to-date comparison the following analysis also shows the comparison on a like-for-like basis.

Strict cost management in both segments reduced operating expenses by EUR 228.9 million, excluding the restructuring charges in 2008. This led to an EBITDA of EUR 1,794.0 million in 2009 and a decline of 6.2% compared to the EBITDA in 2008 on a like-for-like basis. The reported EBITDA amounted to EUR 1,280.8 million in 2008.

Operating income declined by 7.6% to EUR 695.9 million in 2009 compared to the previous year on a like-for-like basis. Reported operating income amounted to EUR 343.9 million in 2009 compared to EUR 120.7 million in 2008.

Net income decreased from EUR 442.8 million in 2008 to EUR 350.1 million in 2009 on a like-for-like basis. Reported net income was EUR 94.9 million in 2009 compared to a loss of EUR 48.8 million in 2008.

Capital expenditures decreased by 11.9% to EUR 711.4 million mainly driven by lower investments in the Mobile Communication segment. Free cash flow declined by 10.9% in line with the development of free cash flow per share which decreased to EUR 1.52. Deleveraging continued with net debt decreasing by 9.5% to EUR 3,614.8 million by the end of December 2009 compared to year-end 2008. Net debt to EBITDA (last 12 months) was 2.0x at year-end 2009.

Quarterly comparison:

In 4Q 09 revenues declined by 9.6% to EUR 1,181.5 million primarily as a result of lower contributions from the Mobile Communication segment.

In 4Q 08, reported EBITDA, operating income and net income included the impact of restructuring charges in the amount of EUR 632.1 million. To facilitate quarterly comparison, following analysis also shows like-for-like comparison.

Reductions in like-for-like operating expenses by 9.5% mitigated the impact of lower revenues and resulted in an EBITDA of EUR 399.4 million in 4Q 09 compared to an EBITDA of EUR 420.5 million in 4Q 08. Reported EBITDA was negative in the amount of EUR 211.6 million in 4Q 08.

On a like-for-like basis, operating income improved from EUR 116.4 million in 4Q 08 to EUR 120.0 million in 4Q 09 due to lower depreciation and amortization charges. Reported results showed an operating loss of EUR 515.7 million in 4Q 08.

While net income was EUR 63.6 million in 4Q 09 compared to a net income of EUR 53.9 million in 4Q 08 on a like-for-like comparison, a reported net loss of EUR 437.7 million was shown in 4Q 08.

Capital expenditures increased by 6.7% to EUR 291.6 million in 4Q 09 compared to EUR 273.3 million in 4Q 08 as a result of an increase in capital expenditures for tangible assets in the Fixed Net segment, which was partly offset by a decline in capital expenditures in the Mobile Communication segment.

Free cash flow amounts to
EUR 130.9 million

The increase in capital expenditures resulted in a free cash flow of EUR 130.9 million in 4Q 09 compared to a free cash flow of EUR 184.8 million in 4Q 08. Free cash flow per share was EUR 0.30 in 4Q 09 compared to EUR 0.42 in 4Q 08.

Market Environment

While the sustained migration of Fixed Net voice customers to the Mobile Communication segment has been the main challenge for several years, mobile broadband continues to make steady inroads into the market for internet access. However, following the introduction of attractive product bundles, line loss decelerated significantly during recent quarters. Moreover, it resulted in positive quarterly net additions for the first time in more than a decade in 4Q 09. Against this background the Fixed Net segment continues to focus on the protection of cash flows by offering a market-oriented product portfolio and attractive pricing schemes as well as a comprehensive cost-cutting program.

The Mobile Communication segment continued to show growing numbers of subscribers both in Austria and in its international markets. Austria is regarded as a highly developed mobile communications market characterized by fierce competition and persistent price pressure. The international operations of the Telekom Austria Group still offer untapped potential in terms of contract customers and innovative data products. However, due to the economic downturn the growth previously expected has not yet fully materialized. Furthermore, strong competition and the continued difficult economic situation in these markets have led to price cuts and declining average revenues per user (ARPU).

Regulation remains an important external factor impacting the conditions in nearly all markets primarily affecting roaming tariffs and termination charges. On July 1, 2009, the second round of roaming regulation took effect causing a significant reduction of roaming prices. Furthermore, lower usage due to the current economic environment also impacts roaming revenues. In addition, the introduction of taxes levied on selected mobile communication services in Croatia and the Republic of Serbia affected the results.

Velcom based in Belarus was impacted by a devaluation of the Belarus Ruble. During 2009 the Belarus Ruble has devalued by 33% against the Euro. The counter-measures adopted to mitigate the negative effect include a tariff increase, effective as of mid-February 2009, as well as rebalancing of costs based in the local currency.

The Management does not expect recovery of the economic environment in Eastern and South-Eastern Europe in the near term and consequently anticipates the difficult market environment to prevail in 2010.

Outlook 2010: 75 Cents DPS Floor Reiterated until 2012

Challenging operating environment
in 2010

Cost reduction programs in both
segments to stabilize EBITDA

Minimum DPS of 75 cents
confirmed

Telekom Austria Group expects the challenging environment to persist in 2010. This environment is characterized by the concurrence of several negative external effects with the impact of weak economies. The negative external effects mainly encompass ongoing fixed-to-mobile substitution in Austria, continued price pressure in Telekom Austria Group's major markets and the effect from regulatory-induced lower roaming prices as well as reduced mobile termination rates in Austria, Bulgaria, Croatia and Slovenia. Furthermore, the introduction of taxes levied on selected mobile communication services in Croatia and the Republic of Serbia poses an additional burden.

For the financial year 2010, revenues are expected to amount to roughly EUR 4.7 billion. The company has already initiated significant cost reduction programs in both segments addressing both staff and non-staff related expenses to mitigate the impact from lower revenues. Including the expected cost savings, EBITDA should reach about EUR 1.6 billion. Depending on investments for the migration to an All-IP based voice network in the Fixed Net segment, capital expenditures of the Telekom Austria Group are forecasted to reach approximately EUR 800 million. This amount does not reflect a material roll-out of glass fiber which is not expected to start in 2010.

Operating Free Cash Flow remains the primary focus of the management and is expected to come out at about EUR 800 million. The Telekom Austria Group reiterates its intention to distribute the higher of 65% of the annual net income or at least 75 cents per share as dividend until 2012. The management board remains committed to its capital allocation policy including returning excess cash to shareholders via share buy-backs within the 1.8x-2.0x net debt/EBITDA target balance sheet structure and provided stability in its main foreign currencies and operations. Hence, in light of the ongoing challenging operating environment share buyback is not expected to start in 2010.

This outlook is based on constant currencies and does not yet include the impact of the announced integration of Fixed Net and Mobile Communication activities in Austria.

	Outlook 2010 as of Feb 24, 2010*
Telekom Austria Group	on constant currency basis
Revenues	~ EUR 4.7 bn
EBITDA	~ EUR 1.6 bn
Capital expenditures	up to EUR 800 mn
Operating Free Cash Flow	~ EUR 800 mn
Dividend	65% of net income, DPS of 75 cents minimum

* excluding the impact of the merger of domestic operations

Telekom Austria Group Creates New Structure for its Austrian Operations

Merger meets increasing demand for convergent products

On February 23, 2010, the Supervisory Board of Telekom Austria AG approved the Management Board's proposals to merge the two domestic subsidiaries. This merger of the Fixed Net and Mobile Communication business activities within one single operating company should first and foremost provide the basis to meet increasing customer demand for integrated telecommunications solutions and convergent products in Austria. Moreover, the joint steering of sales activities will generate additional revenue potential through cross-selling opportunities. This merger will also enhance the Group's innovative strength, enabling the effective rollout of joint future-proof network infrastructure and the full leverage of synergies across all internal processes. The organizational merger will take place in 2010. However, optimization of processes and the convergence of technological systems will require more time.

Positive contribution to earning by 2012

Based on preliminary forecasts, the Telekom Austria Group expects this merger to generate a positive contribution to earnings by 2012 and subsequently an annual increase in cash flow of approximately EUR 100 million after further 2-3 years. This growth will result from additional revenues and lower expenses. In addition, cash flow will also benefit from lower capital expenditures. Initial costs will impact results over the next few years and a negative cash flow effect of approximately EUR 80 million is expected for the 2010 financial year.

Reporting Changes

FX gains & losses moved from EBITDA to financial result

Starting from 1Q 2009 foreign exchange gains and losses are reported as part of the financial result instead of being split between operating and financial income. Comparative figures for 4Q 2008 and full year 2008 were adjusted by a total FX loss of EUR 0.4 million and a total FX gain of EUR 14.8 million respectively.

Revenue breakdown in Fixed Net & Mobile Communication condensed to reflect changes in business

The revenue breakdown in both segments, Fixed Net and Mobile Communication, was condensed beginning with 1Q 09 to reflect changes in the product portfolio. This adjustment affects the revenue split, but has no further effects on total segment revenues.

Segment revenues remain unchanged

In the Fixed Net segment previously reported revenues from 'Fixed Net Voice Traffic', 'Switched Voice Monthly' and 'Internet Access & Media' as well as some smaller reclassifications in 4Q 08 in the amount of EUR 6.9 million from 'Data & IT Solutions' and EUR 11.1 million from 'Other' revenues were condensed and included in 'Access, Voice & Broadband'. This reflects the marketing of product bundles encompassing access line, voice telephony, Internet and IPTV. This revenue position equals average revenues per Fixed Net access line (ARPL) multiplied by the average number of access lines. Starting with 1Q 09 the category 'Other revenues' also includes 'Payphones & Value Added Services' as well as 'Other revenues'. In the Mobile Communication segment 'Traffic and Monthly Rental' revenues were condensed and are now included in 'Subscription and Traffic' revenues. This reflects the trend towards flat rates or packages.

Revenue breakdown in previous years has been adapted accordingly for comparison purposes. The quarterly revenue breakdown of the previous year based on the new revenue split is available on Telekom Austria's website www.telekomaustria.com

Year-to-Date Comparison

Fixed Net

Note: Detailed data of the Fixed Net segment are shown in the appendix on page 22

Lower revenues from Access, Voice & Broadband, primarily resulting from lower voice volumes were the main drivers for the decline of Fixed Net revenues by 8.8% to EUR 1,860.1 million in the full year of 2009. The full year of 2008 included cumulative revenues of EUR 36.4 million from eTel Polska which was sold in February 2008 as well as eTel Slovensko and Telekom Austria Czech Republic which were sold in November 2008.

In 2008, reported EBITDA, operating income and net income included the impact of expenses for the restructuring program in the amount of EUR 632.1 million. To facilitate year-to-date comparison the following analysis shows the comparison on a like-for-like basis.

Reduction of operating expenses, increasing profitability and operating income

Reduction of operating expenses by 8.5% or by EUR 125.8 million in spite of a restructuring charge of EUR 17.6 million, and a one-off refund in the Fixed Net segment in the amount of EUR 10.2 million partly offset lower revenues and slowed down the decline in EBITDA which decreased by 5.8%. The reduction of operating expenses mainly reflects lower interconnection costs and the implemented restructuring program. Lower expenses resulted in an improvement of the EBITDA margin to 30.9% in 2009 compared to an EBITDA margin of 30.0% in 2008.

Operating income increased by 14.0% from EUR 101.8 million in 2008 to EUR 116.1 million in 2009 due to lower depreciation and amortization expenses.

Fixed Net in EUR million	FY 2009	FY 2008	% change
Revenues	1,860.1	2,038.8	-8.8%
EBITDA	575.7	-20.8*	n.a.
Operating income	116.1	-530.3*	n.a.

* including restructuring charges in the amount of EUR 632.1 million

Mobile Communication

Note: Detailed data of the Mobile Communication segment are shown in the appendix on pages 23, 24 & 25

During the full year of 2009 revenues in the Mobile Communication segment decreased by 5.5% to EUR 3,205.5 million mainly due to foreign currency translation which had a negative impact on revenues in the amount of EUR 91.3 million. On a local currency basis, revenues declined by 2.8%. They were also impacted by lower prices due to fierce competition as well as lower roaming and interconnection tariffs.

About 50% of revenue decline is due to FX effect

Cost saving measures in almost all operations reduced the impact from lower revenues on EBITDA, which declined by 6.0% to EUR 1,246.3 million in 2009 from EUR 1,325.3 million in 2008. Foreign currency translation effects negatively impacted EBITDA by EUR 34.8 million. On a local currency basis EBITDA declined by 3.3%.

Efficient cost saving measures stabilize EBITDA

As a result of impairment charges in the amount of EUR 352.0 million related to the impairments for the goodwill in Belarus and the license in the Republic of Serbia, operating income declined from EUR 674.0 million in 2008 to EUR 255.1 million in 2009. Excluding the impairments and foreign currency effects, operating income was EUR 614.9 million in 2009.

Mobile Communication

in EUR million	FY 2009	FY 2008	% change
Revenues	3,205.5	3,390.9	- 5.5%
EBITDA	1,246.3	1,325.3	- 6.0%
Operating income	255.1*	674.0	- 62.2%

* including impairment charges in the amount of EUR 352.0 million

Consolidated Net Income

Net interest expenses increased from EUR 205.4 million in 2008 to EUR 220.0 million in 2009 due to accretion of the restructuring provision, which led to additional non-cash interest expenses in the amount of EUR 35.7 million in 2009.

Foreign exchange differences showed a loss of EUR 14.2 million in 2009 compared to a gain of EUR 13.5 million in 2008. This is mainly due to the devaluation of the Belarus Ruble and the Serbian Dinar.

Impairment charges relating to the operations in Belarus and in the Republic of Serbia resulted in tax benefits and led to a low income tax expense of EUR 11.4 million in 2009 compared to an income tax gain of EUR 27.6 million in 2008 as a result of the restructuring charges. In addition, a tax gain of EUR 17.5 million related to the restructuring charge in 2008 was booked in 2009.

Net income affected by impairments and related tax benefit

In 2009, net income amounted to EUR 94.9 million compared to a net loss of EUR 48.8 million in 2008. Whilst the loss in 2008 was mainly a result of the restructuring charges, in 2009 net income was primarily affected by the impairment charges of the goodwill in Belarus and the licence in the Republic of Serbia. Excluding the impact from the impairment charges in 2009 and the restructuring charges in 2008, net income declined from EUR 442.8 million in 2008 to EUR 350.1 million in 2009.

Basic and diluted earnings per share amounted to EUR 0.22 in 2009 compared to loss per share of EUR 0.11. Excluding the impact of the impairments in 2009, basic and diluted earnings per share were EUR 0.79 in 2009. Excluding the impact of the restructuring charges in 2008, basic and diluted earnings per share were EUR 1.00 in 2008.

Balance Sheet and Net Debt

Total assets of the Telekom Austria Group declined from EUR 8,997.4 million as of December 31, 2008 to EUR 8,498.7 million as of December 31, 2009.

In 2009, current assets increased by 31.0% to EUR 2,023.8 million mainly due to higher cash and cash equivalents and higher short term investments following the issue of a EUR 750 million bond in January 2009.

Goodwill decreased by 23.8% to EUR 1,493.1 million mainly due to impairment charges for the goodwill in Belarus as well as currency translation adjustments primarily attributed to the devaluation of the Belarus Ruble in 2009. Other intangible assets declined from EUR 2,265.6 million to EUR 1,900.3 million in 2009 as a result of the currency devaluation in Belarus, the impairment of the license in the Republic of Serbia and amortization exceeding additions. Property, plant and equipment declined by 10.0% to EUR 2,675.2 million due to depreciation charges exceeding additions and as a result of the devaluation of the Belarus Ruble.

Current liabilities increased from EUR 2,220.5 million in 2008 to EUR 2,679.5 million in 2009 and non-current liabilities decreased by 9.0% to EUR 4,205.1 million in 2009 due to the reclassification of the purchase price related to SBT, which is due in 4Q 2010.

Stockholders' equity decreased from EUR 2,155.6 million as of December 31, 2008 to EUR 1,614.1 million as of December 31, 2009 due to the payment of dividends in the amount of EUR 331.8 million. Furthermore, higher currency translation adjustments following the devaluation of the Belarus Ruble along with impairment charges in Belarus and in the Republic of Serbia in the amount of EUR 352.0 million contributed to this decrease.

Net debt reduced to 2.0x EBITDA

Net debt decreased by 9.5% to EUR 3,614.8 million as of December 31, 2009 as cash flow generation offset the payment of dividends and capital expenditures. Net debt to EBITDA (last 12 months) was 2.0x at the end of December 2009 compared to 2.1x at the end of December 2008 excluding the restructuring program.

Cash Flow and Capital Expenditures

Cash generated from operations decreased by EUR 178.4 million to EUR 1,385.4 million in 2009 mainly following lower gross cash flow and payments for provisions. Cash outflows for investing activities increased to EUR 929.8 million in 2009 compared to EUR 854.9 million in 2008 mainly due to time deposits in the amount of EUR 200.0 million in 2009. Cash used in financing activities amounted to EUR 152.9 million in 2009 compared to EUR 522.8 million in 2008 due to repayments of short term borrowings in 2008.

Cash flow and net debt

in EUR million	FY 2009	FY 2008	% change
Cash generated from operations	1,385.4	1,563.8	-11.4%
Cash used in investing activities	-929.8	-854.9	8.8%
Cash used in financing activities	-152.9	-522.8	-70.8%
Effect of exchange rate changes	42.6	-10.5	n.a.
Net increase in cash and cash equivalents	345.3	175.7	96.5%

in EUR million	Dec. 31, 09	Dec. 31, 08	% change
Net debt	3,614.8	3,993.3	-9.5%
Net debt/EBITDA (12 months) excluding restructuring program in 2008	2.0x	2.1x	

Postponements and restrictive investment policy supported reduction in Capex

Total capital expenditures decreased by 11.9% to EUR 711.4 million in 2009 mainly due to lower capital expenditures in the Mobile Communication segment. Capital expenditures for tangible assets declined by 12.7% to EUR 516.7 million and capital expenditures for intangible assets decreased by 9.8% to EUR 194.7 million.

In the Fixed Net segment capital expenditures increased by 9.6% to EUR 288.8 million in 2009 due to investments in access and core infrastructure. In the Mobile Communication segment capital expenditures decreased by 22.6% to EUR 422.6 million in 2009 as a result of lower investments in almost all mobile operations due to restrictive investment policy.

Capital expenditures

in EUR million	FY 2009	FY 2008	% change
Fixed Net	288.8	263.5	9.6%
Mobile Communication	422.6	546.3	-22.6%
Total capital expenditures	711.4	807.6	-11.9%
Thereof tangible	516.7	591.9	-12.7%
Thereof intangible	194.7	215.7	-9.8%

Quarterly Comparison

Fixed Net

Note: Detailed data of the Fixed Net segment is shown in the appendix on page 22

Quarterly net adds in 4Q 09 for the first time in more than a decade

Broadband subscriber base grows by 15.5%

aonTV subscribers increases by 58.8%

Revenues mainly impacted by lower voice volumes and disposal of subsidiaries

For the first time in more than 10 years, the Fixed Net segment reported quarterly access line net additions in 4Q 09 as access lines rose by 4,400 compared to a line loss of 2,400 in 4Q 08. This is a result of the continued buoyant demand for product bundles and strong customer retention. Total access line base almost stabilized in compared to previous year. The rising number of retail broadband lines further accelerated the growth of total fixed net broadband lines by 15.5% to 1,022,600 lines by the end of December 2009 and exceeded the decline in wholesale broadband lines. Average revenues per line (ARPL) declined by 4.9% in 4Q 09 to EUR 34.7 compared to EUR 36.5 in 4Q 08. The ARPL decline was mainly caused by lower voice volumes. The number of unbundled lines dropped to 286,600 by the end of December 2009 compared to 298,900 by the end of December 2008 reflecting strong competition from the mobile sector. Fixed-to-mobile substitution remained the main driver for the decline of voice minutes by 12.4% to 821.1 million minutes in 4Q 09. Fixed Net voice market share of total voice minutes including mobile minutes decreased from 15.7% in 4Q 08 to 13.5% in 4Q 09. The Fixed Net segment increased its aonTV subscriber base by 58.8% to 101,300 subscribers in 4Q 09 compared to 63,800 subscribers in 4Q 08.

Fixed Net revenues declined by 7.0% to EUR 463.0 million in 4Q 09 from EUR 498.1 million in 4Q 08 which was mainly driven by lower voice volumes. 4Q 08 included revenues in the amount of EUR 6.6 million from subsidiaries in the Czech Republic and in Slovakia which were sold in November 2008. Lower revenues from Data and Wholesale Voice & Internet also contributed to this decrease in revenues.

Access, Voice & Broadband revenues declined by 8.0% to EUR 240.5 million as a higher broadband customer base partly offset lower voice volumes and a lower total access line base. Revenues from Data declined by 11.2% to EUR 102.1 million compared to the same period of the previous year mainly due to corporate customers migrating from leased lines to lower priced xDSL-based business networks as well as trends to unified and automated technology solutions. Wholesale Voice & Internet revenues declined by 8.6% to EUR 82.9 million mainly driven by a reduction in unbundled lines as well as lower unbundling tariffs. Lower international traffic and lower prices also contributed to this decline. Other revenues increased significantly by 20.6% to EUR 37.5 million due to higher revenues from voting services for interactive TV-shows.

In 4Q 08, reported EBITDA, operating income and net income included impact from the restructuring charges in the amount of EUR 632.1 million. To facilitate the quarterly comparison, the following analysis shows the comparison on a like-for-like basis.

Strict cost management results in lower opex

Lower depreciation and amortization charges due to restrictive investment policy

Strict cost management was continued in 4Q 09. Operating expenses declined by EUR 14.8 million in 4Q 09 in spite of a restructuring charge of EUR 17.6 million in 4Q 09. The decline in operating expenses reduced the impact of lower revenues and resulted in a decline of EBITDA by 11.2% to EUR 118.0 million in 4Q 09. In addition, income from retirement of equipment in the amount of EUR 6.2 million contributed mainly to higher other operating income in 4Q 09. An operating loss of EUR 5.0 million, driven by lower depreciation and amortization, was recorded in 4Q 09.

Fixed Net in EUR million	4Q 09	4Q 08	% change
Revenues	463.0	498.1	-7.0%
EBITDA	118.0	-499.2*	n.a.
Operating income	-5.0	-630.7*	-99.2%

* including restructuring charges in the amount of EUR 632.1 million

Mobile Communication

Note: Detailed data of the Mobile Communication segment are shown in the appendix on pages 23, 24 & 25

Subscriber base grows by 6.4% to 18.9 mn

Revenues primarily hit by FX translation, lower prices and new price regulation

Operating expenses decrease by 14.4%

EBITDA increases by 3.3% on constant currency basis

The subscriber base in the Mobile Communication segment grew by 1.1 million subscribers to 18.9 million subscribers in 4Q 09 due to a rising number of contract subscribers in all mobile operations.

Revenues in the Mobile Communication segment fell by 11.5% to EUR 782.8 million in 4Q 09 primarily driven by negative effects of foreign currency translation, lower prices for voice and data due to fierce competition as well as lower termination and roaming tariffs. Foreign currency translation impacted revenues negatively by EUR 35.3 million. On a local currency basis, revenues decreased by 7.5%.

Operating expenses were reduced by 14.4% on the back of strict cost management in all operations and Mobile Communication EBITDA increased by 3.3% on a local currency basis. The increase was primarily due to higher EBITDA from mobilkom austria. Reported Mobile Communication EBITDA declined by 2.3% to EUR 288.8 million in 4Q 09 mainly due to the negative impact from foreign currency translation in the amount of EUR 16.5 million.

Operating income increased by 7.7% from EUR 122.7 million in 4Q 08 to EUR 132.2 million in 4Q 09. This was due to 9.5% lower depreciation and amortization charges in 4Q 09 compared to 4Q 08. On a local currency basis, operating income increased by 13.8%.

Mobile Communication

in EUR million	4Q 09	4Q 08	% change
Revenues	782.8	884.4	- 11.5%
EBITDA	288.8	295.7	- 2.3%
Operating income	132.2	122.7	7.7%

mobilkom austria

mobilkom austria, the leading mobile operator in Austria, increased its subscriber base by 7.5% to more than 4.8 million customers by the end of December 2009. This growth was due to the company's successful multi-brand strategy, primarily driven by the premium brand A1, the no-frills brand bob and aonMobil.

mobilkom austria also succeeded in maintaining its leading market position, slightly increasing its market share from 42.5% in 4Q 08 to 42.6% in 4Q 09. The mobile penetration rate in Austria rose to 135.7% at the end of December 2009 compared to 126.6% in the previous year due to an increasing number of customers with double SIM cards for both mobile broadband and voice services.

ARPU decreased by 17.5% to EUR 23.6 as an increase in data usage partly offset lower prices for voice and data caused by fierce competition, roaming regulation and lower interconnection rates. Furthermore, more no-frills customers with lower ARPU contributed to the decrease of the blended ARPU. Average minutes of use charged per subscriber decreased by 5.5% to 165.3 minutes in 4Q 09. mobilkom austria increased its mobile broadband subscriber base by 35.0% and had 540,000 mobile broadband customers at the end of December 2009 compared to 400,000 mobile broadband customers at the end of December 2008. Data revenues as a percentage of traffic-related revenues rose from 33.9% in 4Q 08 to 38.9% in 4Q 09.

mobilkom austria revenues declined by 12.6% to EUR 385.9 million compared to 4Q 08 due to lower prices for voice, data, roaming and interconnection services. Roaming revenues were impacted by tariff cuts mandated by the European Union starting with July 1, 2009. Mobile termination rates were reduced to 4 cents as of July 1, 2009 compared to 5.72 cents in the previous year. This reduction led to lower interconnection revenues, which were partly offset by higher usage.

Strong contract subscriber growth in Austria

Market share increases

Data in % of traffic-related revenues rises significantly to 38.9%

Price reductions for voice, data, roaming & interconnection impact results

Subscriber acquisition costs increased from EUR 15.9 million in 4Q 08 to EUR 17.0 million in 4Q 09 driven by more expensive handsets. Similarly, subscriber retention costs increased by 4.0% to EUR 23.2 million due to a higher number of replacements as well as higher costs for high quality handsets.

EBITDA grows by 5.1% due to strict cost cutting

mobikom austria's EBITDA increased by 5.1% to EUR 138.8 million in 4Q 09 compared to 4Q 08, as operating expenses were cut by 17.4% due to strict cost management. Operating income increased by 20.3% to EUR 82.4 million.

Market share of Mobiltel remains almost stable despite fierce competition

Mobiltel

Mobiltel, the leading mobile operator in Bulgaria, kept its customer base almost stable at 5.3 million customers by the end of December 2009 compared to the end of December 2008. This was due to inactive prepaid customers who were taken out of the subscriber base during 2009. The customer base increased by 109,600 customers in 4Q 09 compared to the end of September 09. Mobiltel's market share remained almost unchanged at about 50%. The mobile penetration rate in Bulgaria remained stable at 142.0% at year-end 2009.

MOU per subscriber increase by 3.1%

Average minutes of use charged per subscriber increased by 3.1% to 98.6 minutes in 4Q 09 whereas usage per contract subscriber declined. Lower prices as a consequence of fierce competition led to a decline in ARPU to EUR 9.0 in 4Q 09 compared to EUR 9.6 in 4Q 08. However, this negative price trend was partly offset by higher usage.

Mobiltel's revenues declined from EUR 168.4 million in 4Q 08 to EUR 149.2 million in 4Q 09 mainly due to lower prices due to fierce competition as well as lower interconnection and roaming tariffs. The economic downturn in Bulgaria impacted both Mobiltel's business and private customer segments.

Cost control management decreases operating expenses by 8.8%

Operating expenses were reduced by 8.8% resulting in a higher profitability and a slow down of the EBITDA decline from EUR 82.0 million in 4Q 08 to EUR 73.0 million in 4Q 09. EBITDA margin increased from 48.7% in 4Q 08 to 48.9% in 4Q 09.

EBITDA margin increases from 48.7% to 48.9%

Mobiltel's operating income decreased from EUR 36.6 million in 4Q 08 to EUR 28.7 million in 4Q 09 as lower expenses partly offset lower revenues.

Velcom

Significant subscriber growth of 10.9% in Belarus

At the end of December 2009 Velcom, the second largest mobile operator in Belarus, increased its overall subscriber base by 10.9% from 3.7 million customers in 4Q 08 to 4.1 million customers in 4Q 09. Velcom's market share declined to 42.7% by the end of December 2009 compared to 44.8% as of end of December 2008 due to aggressive market activities of the third operator. The penetration rate in Belarus rose from 85.1% to 99.4% by the end of December 09.

Average minutes of use charged per subscriber decreased by 2.0% to 156.4 minutes in 4Q 09 compared to 4Q 08. ARPU amounted to EUR 5.5 in 4Q 09 compared to EUR 8.2 in the previous year. Excluding FX effects, ARPU declined by 13.9% to EUR 7.2 as the economic downturn led to lower customer spending.

Organic revenue growth of 14.5% in Belarus

While revenues grew by 14.5% on a local currency basis fuelled by the increase in subscribers, reported revenues fell by 19.0% from EUR 92.3 million in 4Q 08 to EUR 74.8 million in 4Q 09 due to currency translation adjustments of EUR 30.8 million following the devaluation of the Belarus Ruble in 2009.

Organic EBITDA growth of 19.7%

Whilst EBITDA increased by 19.7% on a local currency basis, the impact of currency translation adjustments on EBITDA in the amount of EUR 15.7 million led to a decline of the reported EBITDA by 15.0% to EUR 38.4 million 4Q 09 compared to EUR 45.2 million in 4Q 08.

Operating income declined by 10.9% from EUR 22.9 million in 4Q 08 to EUR 20.4 million in 4Q 09 due to currency translation effects. On a local currency basis, operating income increased by 24.9%.

Subscriber base in Croatia increases by 4.7%

Vipnet

Vipnet, the second largest mobile operator in Croatia, increased its subscriber base by 4.7% to 2.6 million customers at the end of December 2009.

Market share increases to 42.6%

The mobile penetration rate in Croatia amounted to 138.4% in 4Q 09 compared to 133.6% in 4Q 08. Vipnet's market share increased to 42.6% at the end of 2009 from 42.2% at the end of 2008.

ARPU declined by 13.7% to EUR 12.0 in 4Q 09 compared to EUR 13.9 in 4Q 08 as a higher contract subscriber base partly compensated for lower prices and mobile termination rates as well as lower usage per subscriber. Average minutes of use charged per subscriber declined by 12.9% to 74.7 minutes.

Revenues reflects price reductions

Vipnet's revenues declined by 9.7% to EUR 109.4 million in 4Q 09 compared to EUR 121.1 million in 4Q 08 due to price reductions for voice, data, roaming and termination as well as lower usage. Weaker foreign currency translation impacted revenues negatively by EUR 1.5 million.

Cut of operating expenses by 11.3%

Operating expenses were cut by 11.3% and partly compensated lower revenues which led to a 6.6% lower EBITDA of EUR 32.6 million in 4Q 09. Weaker FX rates impacted EBITDA by EUR 0.5 million. Additionally, the burden from the tax on mobile services of 6% introduced as of August 1, 2009 and the impact from lower prices caused the decline in EBITDA.

Operating income of Vipnet increased by 0.7% to EUR 15.3 million in 4Q 09 compared to the same period of the previous year, reflecting lower depreciation and amortization charges.

Si.mobil

Si.mobil, the second largest operator in Slovenia, increased its subscriber base by 3.3% to 589,400 customers by the end of December 2009 driven by the growth in contract subscribers.

Si.mobil increased its market share from 27.7% to 28.2% due to successful marketing activities. The mobile penetration rate in Slovenia was 102.9% at the end of 4Q 09 compared to 102.7% at the end of 4Q 08.

Higher usage and higher contract subscriber base partly compensate lower prices

ARPU decreased by 10.3% to EUR 20.8 in 4Q 09 primarily driven by lower prices and lower termination rates. The decline was partly offset by a higher contract subscriber base and an increase in average minutes of use charged per subscriber, which rose by 12.0% to 154.1 minutes.

Revenues decreased by 9.9% to EUR 43.7 million during 4Q 09 due to lower prices, partly offset by more contract subscribers and lower interconnection revenues resulting from the symmetry of termination rates with the incumbent introduced in April 2009.

EBITDA increases by 10.3% supported by lower operating expenses by 25.4%

EBITDA increased by 10.3% from EUR 11.6 million in 4Q 08 to EUR 12.8 million in 4Q 09. This was due to cost saving measures which led to a reduction in operating expenses by 25.4%.

Operating income increased from EUR 5.9 million in 4Q 08 to EUR 7.2 million in 4Q 09 due to the increase of EBITDA.

Vip mobile

Subscriber base in the Republic of Serbia rises by 27.1% and market share reaches 12.0%

Vip mobile, the third largest mobile operator in the Republic of Serbia, increased its subscriber base by 27.1% to 1.2 million customers by the end of December 2009 from 0.9 million customers by the end of December 2008. Its market share rose from 9.1% at the end of 4Q 08 to 12.0% at the end of 4Q 09.

The penetration rate in the Republic of Serbia amounted to 132.9% at the end of 4Q 08 and declined to 128.4% at the end of 4Q 09, reflecting the cancellation of inactive customers from the incumbents' subscriber base.

10% tax on mobile revenues introduced

Since June 2009 mobile operators in the Republic of Serbia have to collect an additional 10% tax on mobile revenues making mobile communication services more expensive posing a considerable hurdle for the growth.

Revenue growth of 31.5% despite weaker FX

During 4Q 09 Vip mobile increased its revenues by 31.5% to EUR 24.2 million compared to EUR 18.4 million in 4Q 08. This was a result of higher subscription and traffic revenues driven by an increasing subscriber base as well as higher usage. Organic growth, excluding the negative impact from weaker foreign currency translation in the amount of EUR 3.0 million, was 47.8%.

Further improvement of operating loss in Republic of Serbia

EBITDA amounted to a loss of EUR 5.5 million in 4Q 09 compared to a loss of EUR 4.4 million in 4Q 08 due to marketing initiatives to develop the customer base. The operating loss improved from EUR 19.1 million in 4Q 08 to EUR 18.5 million in 4Q 09.

Vip operator

Vip operator, the third largest mobile operator in the Republic of Macedonia, increased its subscriber base by 25.5% from 242,000 customers in 4Q 08 to 303,700 customers in 4Q 09. Vip operator's market share was 10.7% at the end of 4Q 08 and rose to 15.9% at the end of 4Q 09. In 4Q 09 the penetration rate in the Republic of Macedonia amounted to 92.7% compared to 112.3% in 4Q 08. The cancellation of inactive subscribers from the customer base by one of the competitors led to the decline of the penetration rate.

Operating performance in the Republic of Macedonia improves as revenues increases by 73.0%

Vip operator's revenues increased by 73.0% to EUR 6.4 million in 4Q 09 compared to EUR 3.7 million in 4Q 08 as a result of higher subscription and traffic revenues driven by the increase of both customer base and usage.

The negative EBITDA of the company improved from EUR 3.9 million in 4Q 08 to EUR 2.2 million in 4Q 09 reflecting a continued improvement of Vip operator's operating performance.

Operating loss was reduced to EUR 4.5 million in 4Q 09 compared to an operating loss of EUR 5.6 million in 4Q 08.

Consolidated Net Income

In 4Q 09 net interest expenses declined to EUR 50.5 million from EUR 52.3 million in 4Q 08 despite non-cash interest expenses related to the restructuring program in the amount of EUR 8.8 million included in 4Q 09.

Effects from foreign exchange fluctuations on the financial result were immaterial in 4Q 09.

While the restructuring program in 2008 resulted in an income tax benefit of EUR 139.3 million in 4Q 08, Telekom Austria Group incurred an income tax expense of EUR 6.1 million in 4Q 09. In addition, a tax gain of EUR 17.5 million related to the restructuring charge in 2008 was booked in 2009.

Quarterly net income amounted to EUR 63.6 million in 4Q 09 after a net loss of EUR 437.7 million in 4Q 08 due to the restructuring charge or a net income of EUR 53.9 million excluding the impact of the restructuring charge. Basic and diluted earnings per share amounted to EUR 0.14 in 4Q 09.

Cash Flow and Capital Expenditures

During 4Q 09 cash generated from operations decreased by 7.8% to EUR 422.5 million mainly due to lower gross cash flow, payments for provisions and a lower decrease in accounts receivables in 2009.

Cash outflow from investing activities increased from EUR 323.5 million in 4Q 08 to EUR 480.2 million in 4Q 09 mainly due to higher capital expenditures and time deposits of EUR 200.0 million.

Cash flow from financing activities changed from an inflow of EUR 96.2 million in 4Q 08 to a cash outflow of EUR 158.6 million in 4Q 09 following the repayment of long-term debt in 4Q 09 and issuance of long-term debt in 4Q 08.

Cash Flow in EUR million	4Q 09	4Q 08	% change
Cash from operations	422.5	458.1	-7.8%
Cash from investing	-480.2	-323.5	48.4%
Cash from financing	-158.6	96.2	n.a.
Effect of exchange rate changes	-0.5	-11.3	-95.6%
Net increase/decrease in cash and cash equivalents	-216.8	219.6	n.a.

During 4Q 09 total capital expenditures increased by 6.7% to EUR 291.6 million. Capital expenditures for tangible assets increased by 17.8% to EUR 207.5 million and capital expenditures for intangible assets decreased by 15.3% to EUR 84.1 million.

In the Fixed Net segment capital expenditures increased by 60.3% to EUR 131.9 million during 4Q 09, mainly due to investments in access and core net infrastructure, which had been postponed from the first into the second half of 2009.

In the Mobile Communication segment capital expenditures decreased by 17.3% to EUR 159.7 million in 4Q 09 due to a restrictive investment policy in all companies.

Capital Expenditures in EUR million	4Q 09	4Q 08	% change
Fixed Net	131.9	82.3	60.3%
Mobile Communication	159.7	193.2	-17.3%
Total capital expenditures	291.6	273.3	6.7%
Thereof tangible	207.5	176.2	17.8%
Thereof intangible	84.1	99.3	-15.3%

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 as well as 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 the Telekom Austria Group operates in.

Further impacts of the economic downturn on Telekom Austria Group's results cannot be fully ruled out. In the Mobile Communication segment there are uncertainties with regard to lower roaming revenues as a result of a decrease in travelling. Moreover, customer usage behaviour might change as a result of the economic crisis impacting the financial result of the Telekom Austria Group.

Personnel

The total number of employees of the Telekom Austria Group declined by 381 to 16,573 employees at the end of December 2009 compared to the previous year.

Fixed Net workforce declined by 678 employees
594 employees left with a social plan and 887 employees were released from work

The workforce in the Fixed Net segment decreased by 678 to 7,893 full-time equivalents. This decrease is mainly related to the restructuring program introduced in the second half of 2008. In total, within this framework 594 employees have accepted a social plan and left the company while 887 employees were released from work as of December 31, 2009.

The number of employees of the Mobile Communication segment increased by 297 to 8,680 employees mainly as a result of a larger workforce in the operations of Belarus and the Republic of Serbia.

Other Events

No major other events took place.

Subsequent Events

The Telekom Austria Group has been informed that the shareholding of Capital Research and Management Company as of January 20, 2010 was 67,039,703 shares or 15.13% of the outstanding shares.

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 expenditures;
- 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 Statements of Operations

in EUR million, except per share information	4Q 09 unaudited	4Q 08 unaudited	FY 2009	FY 2008
Operating revenues	1,181.5	1,306.5	4,802.0	5,170.3
Other operating income	35.1	16.7	94.6	74.1
Operating expenses				
Materials	-106.5	-129.1	-396.8	-428.3
Employee expenses, including benefits and taxes	-216.1	-844.1	-805.6	-1,454.6
Depreciation and amortization	-279.4	-299.3	-1,097.9	-1,155.3
Impairment charges	0.0	-4.8	-352.2	-4.8
Other operating expenses	-494.6	-561.6	-1,900.2	-2,080.7
Operating income	120.0	-515.7	343.9	120.7
Financial result				
Interest income	6.7	8.1	29.5	26.3
Interest expense	-57.2	-60.4	-249.5	-231.7
Foreign exchange differences	0.0	-1.9	-14.2	13.5
Other financial result	-0.1	-5.3	-4.2	-3.3
Equity in earnings of affiliates	0.3	-1.8	0.8	-1.9
Income before income taxes	69.7	-577.0	106.3	-76.4
Income taxes	-6.1	139.3	-11.4	27.6
Net income (loss)	63.6	-437.7	94.9	-48.8
Attributable to:				
Owners of the parent	63.6	-437.7	95.1	-48.9
Non - controlling interests	0.0	0.0	-0.2	0.1
Basic and fully diluted earnings per share	0.14	-0.99	0.22	-0.11
Weighted - average number of ordinary shares outstanding	442,405,428	442,405,428	442,400,038	442,212,761

Consolidated Statements of Comprehensive Income

in EUR million	4Q 09 unaudited	4Q 08 unaudited	FY 2009	FY 2008
Net income (loss)	63.6	-437.7	94.9	-48.8
Unrealized result on securities available - for - sale	0.0	-1.1	1.4	-2.1
Income tax (expense) benefit	0.0	0.2	-0.3	0.5
Realized result on securities available - for - sale	-0.1	0.0	-0.2	-0.1
Income tax (expense) benefit	0.0	0.0	0.0	0.0
Unrealized result on hedging activities	5.4	-9.2	-3.6	-14.4
Income tax (expense) benefit	-0.3	2.5	0.6	2.6
Foreign currency translation adjustment	-23.7	-95.0	-340.8	-17.3
Income tax (expense) benefit	0.0	-0.4	0.0	-0.4
Other comprehensive income (loss)	-18.7	-103.0	-342.9	-31.2
Total comprehensive income (loss)	44.9	-540.7	-248.0	-80.0
Attributable to:				
Owners of the parent	44.9	-540.6	-247.8	-79.9
Non - controlling interests	0.0	0.0	-0.2	0.1

Consolidated Financial Statements Telekom Austria Group

Consolidated Statements of Financial Position

in EUR million	Dec. 31, 09	Dec. 31, 08
ASSETS		
Current assets		
Cash and cash equivalents	730.1	384.8
Short-term investments	215.4	86.0
Accounts receivable - trade, net of allowances	668.6	716.6
Receivables due from related parties	3.9	3.2
Inventories	126.4	128.5
Prepaid expenses	121.3	112.6
Income taxes receivable	43.9	32.9
Non-current assets held for sale	3.2	6.3
Other current assets	111.0	74.5
Total current assets	2,023.8	1,545.4
Non-current assets		
Investments in associates	7.5	4.2
Financial assets long-term	137.8	43.0
Goodwill	1,493.1	1,958.5
Other intangible assets, net	1,900.3	2,265.6
Property, plant and equipment, net	2,675.2	2,976.0
Other non-current assets	33.5	61.3
Deferred tax assets	227.5	143.4
Total non-current assets	6,474.9	7,452.0
TOTAL ASSETS	8,498.7	8,997.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	-856.0	-961.5
Accounts payable - trade	-523.6	-589.2
Provisions and accrued liabilities	-222.8	-228.4
Payables to related parties	-11.4	-13.7
Income taxes payable	-22.5	-20.2
Other current liabilities	-890.9	-232.4
Deferred income	-152.3	-175.1
Total current liabilities	-2,679.5	-2,220.5
Non-current liabilities		
Long-term debt	-3,213.7	-2,917.4
Lease obligations and Cross Border Lease	-21.1	-29.7
Employee benefit obligation	-123.7	-117.4
Provisions long-term	-669.9	-691.4
Deferred tax liabilities	-144.0	-188.1
Other non-current liabilities and deferred income	-32.7	-677.3
Total non-current liabilities	-4,205.1	-4,621.3
Stockholders' equity		
Common stock	-966.2	-1,003.3
Treasury shares	8.2	330.8
Additional paid-in capital	-582.9	-547.3
Retained earnings	-482.9	-1,005.2
Revaluation reserve	15.5	13.4
Translation adjustments	396.9	56.1
Equity attributable to equity holders of the parent	-1,611.4	-2,155.5
Non-controlling interests	-2.7	-0.1
Total stockholders' equity	-1,614.1	-2,155.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	-8,498.7	-8,997.4

Consolidated Financial Statements Telekom Austria Group

Consolidated Statements of Cash Flows

in EUR million	4Q 09 unaudited	4Q 08 unaudited	FY 2009	FY 2008
Cash flow from operating activities				
Net Income	63.6	-437.7	94.9	-48.8
Adjustments to reconcile net income to operating cash flow				
Depreciation, amortization and impairment charges	279.4	304.1	1,450.1	1,160.1
Write-offs from and appreciation to investments	0.0	-0.0	0.0	0.0
Employee benefit obligation - non-cash	5.6	3.2	12.0	10.3
Allowance for doubtful accounts	9.1	12.3	50.0	45.5
Change in deferred taxes	-4.0	-142.6	-88.2	-105.8
Equity in earnings of affiliates - non-cash	0.4	2.5	-0.1	2.6
Stock compensation	-7.2	0.1	-5.4	-9.0
Employee participation program	1.6	1.9	1.6	1.9
Asset retirement obligation - accretion expense	1.4	1.5	6.9	5.8
Provision for restructuring - non-cash	15.3	617.4	42.2	617.4
Result on sale of investments	0.0	5.5	-1.1	3.7
Result on disposal / retirement of equipment	-5.1	0.1	-5.5	-9.8
Other	-6.1	20.3	12.4	19.8
Gross cash flow	354.0	388.6	1,569.8	1,693.7
Changes in assets/liabilities, net of business combinations				
Accounts receivable - trade	21.1	34.2	-11.0	-27.8
Receivables due from related parties	-0.9	-0.6	-0.3	0.1
Inventories	-2.6	3.6	2.6	-0.5
Prepaid expenses and other assets	1.1	22.1	-28.7	2.9
Accounts payable - trade	62.5	67.4	-44.2	-49.9
Employee benefit obligation	-0.9	-3.0	-6.1	-7.1
Provisions and accrued liabilities	-7.1	2.1	-54.0	-9.1
Payables due to related parties	3.8	5.1	-2.3	-4.0
Other liabilities and deferred income	-8.5	-61.4	-40.4	-34.5
	68.5	69.5	-184.4	-129.9
Cash flow from operating activities	422.5	458.1	1,385.4	1,563.8
Cash flow from investing activities				
Capital expenditures, including interest capitalized	-291.6	-273.3	-711.4	-807.6
Acquisitions of subsidiaries, net of cash acquired	0.0	-0.3	-12.7	-14.5
Sale of subsidiary, net of cash	0.0	-0.2	7.7	1.2
Proceeds from sale of equipment	12.0	11.9	18.0	28.7
Purchase of investments	-201.4	-67.6	-394.9	-73.5
Proceeds from sale of investments	0.8	5.9	163.5	10.8
Cash flow from investing activities	-480.2	-323.5	-929.8	-854.9
Cash flow from financing activities				
Proceeds from issuance of long term debt	0.0	212.5	750.0	845.0
Principal payments on long-term debt	-180.0	-96.0	-629.9	-423.3
Changes in short-term borrowings	21.4	-20.2	58.8	-612.8
Dividends paid	0.0	-0.0	-331.8	-331.7
Cash flow from financing activities	-158.6	96.2	-152.9	-522.8
Effect of exchange rate changes	-0.5	-11.3	42.6	-10.5
Change in cash and cash equivalents	-216.8	219.6	345.3	175.7
Cash and cash equivalents at beginning of period	946.9	165.2	384.8	209.1
Cash and cash equivalents at end of period	730.1	384.8	730.1	384.8

Consolidated Financial Statements Telekom Austria Group

Consolidated Statement of Changes in Stockholders' Equity

in EUR million	Common stock Par Value	Treasury shares	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation adjustment	Total	Non-controlling interest	Total stockholders' equity
Balance at January 1, 09	1,003.3	-330.8	547.3	1,005.2	-13.4	-56.1	2,155.5	0.1	2,155.6
Total comprehensive income (loss)				95.1	-2.1	-340.8	-247.8	-0.2	-248.0
Distribution of dividends				-331.8			-331.8		-331.8
Employee participation program		3.1	-1.5	0.3			1.9		1.9
Addition from acquisition								2.8	2.8
Retirement of treasury shares	-37.1	319.5	37.1	-286.0			33.6		33.6
Balance at Dec. 31, 09	966.2	-8.2	582.9	482.9	-15.5	-396.9	1,611.4	2.7	1,614.1
in EUR million	Common stock Par Value	Treasury shares	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation adjustment	Total	Non-controlling interest	Total stockholders' equity
Total comprehensive income (loss)				-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 Dec. 31, 08	1,003.3	-330.8	547.3	1,005.2	-13.4	-56.1	2,155.5	0.1	2,155.6

	Dec. 31, 09	Sept. 30, 09	Dec. 31, 08
Number of shares of common stock	443,000,000	443,000,000	460,000,000
Number of treasury shares	436,031	601,778	17,601,778
Average purchase price of treasury shares	18.80	18.80	18.80

Consolidated Financial Statements Telekom Austria Group

Segment Reporting

FY 2009					
in EUR million	Fixed Net	Mobile Communication	Corporate & Other	Eliminations	Consolidated
External revenues	1,695.0	3,107.0	0.0	0.0	4,802.0
Intersegmental revenues	165.1	98.5	0.0	-263.6	0.0
Total revenues	1,860.1	3,205.5	0.0	-263.6	4,802.0
Other operating income	76.7	41.1	6.8	-30.0	94.6
Segment expenses	-1,361.0	-2,000.3	-32.2	290.9	-3,102.6
EBITDA	575.7	1,246.3	-25.4	-2.7	1,794.0
Impairment charges	-0.2	-352.0	0.0	0.0	-352.2
EBITDA (incl. Impairment charges)	575.5	894.3	-25.4	-2.7	1,441.8
Depreciation and amortization	-459.4	-639.2	0.0	0.7	-1,097.9
Operating income	116.1	255.1	-25.4	-2.0	343.9
Financial result					-237.6
Income before income taxes					106.3
Segment assets	2,338.3	6,427.4	7,027.1	-7,294.1	8,498.7
Segment liabilities	-1,213.9	-4,500.3	-5,417.9	4,247.5	-6,884.6

FY 2008					
in EUR million	Fixed Net	Mobile Communication	Corporate & Other	Eliminations	Consolidated
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	38.2	6.6	-30.1	74.1
Segment expenses	-2,119.0	-2,103.8	-30.6	289.8	-3,963.6
EBITDA	-20.8	1,325.3	-24.0	0.3	1,280.8
Impairment charges	-4.8	0.0	0.0	0.0	-4.8
EBITDA (incl. Impairment charges)	-25.6	1,325.3	-24.0	0.3	1,276.0
Depreciation and amortization	-504.7	-651.3	0.0	0.7	-1,155.3
Operating income	-530.3	674.0	-24.0	1.0	120.7
Financial result					-197.1
Income before income taxes					-76.4
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

Net Debt*

in EUR million	Dec. 31, 09	Dec. 31, 08
Long-term debt	3,234.8	3,599.5
Short-term borrowings	1,501.6	961.5
Cash and cash equivalents, short-term and long-term investments, financing with related parties	-1,099.0	-513.1
Derivative financial instruments for hedging purposes	-22.5	-54.6
Net debt	3,614.8	3,993.3
Net debt/EBITDA (last 12 months)	2.0x	3.1x
Net debt/EBITDA (last 12 months) excl. restructuring program in 2008	2.0x	2.1x

* Cross border lease and finance lease obligations are included in long-term debt and short-term borrowings. Deposits for cross border lease are included in short-term and long-term investments. The purchase price obligation related to the acquisition of SBT is included in short-term borrowings (in 2008 in long-term debt).

Results by Segments

in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Revenues						
Fixed Net	463.0	498.1	-7.0%	1,860.1	2,038.8	-8.8%
Mobile Communication	782.8	884.4	-11.5%	3,205.5	3,390.9	-5.5%
Corporate, Other & Eliminations	-64.3	-76.0	-15.4%	-263.6	-259.4	1.6%
Revenues	1,181.5	1,306.5	-9.6%	4,802.0	5,170.3	-7.1%
EBITDA						
Fixed Net	118.0	-499.2	n.a.	575.7	-20.8	n.a.
Mobile Communication	288.8	295.7	-2.3%	1,246.3	1,325.3	-6.0%
Corporate, Other & Eliminations	-7.4	-8.1	-8.6%	-28.0	-23.7	18.1%
EBITDA	399.4	-211.6	n.a.	1,794.0	1,280.8	40.1%
Operating income						
Fixed Net	-5.0	-630.7	-99.2%	116.1	-530.3	n.a.
Mobile Communication	132.2	122.7	7.7%	255.1	674.0	-62.2%
Corporate, Other & Eliminations	-7.2	-7.7	-6.5%	-27.3	-23.0	18.7%
Operating income	120.0	-515.7	n.a.	343.9	120.7	184.9%

Capital Expenditures by Segments

in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Fixed Net	131.9	82.3	60.3%	288.8	263.5	9.6%
Mobile Communication	159.7	193.2	-17.3%	422.6	546.3	-22.6%
Others & Elimination	0.0	-2.2	n.a.	0.0	-2.2	n.a.
Total capital expenditures	291.6	273.3	6.7%	711.4	807.6	-11.9%
Thereof tangible	207.5	176.2	17.8%	516.7	591.9	-12.7%
Thereof intangible	84.1	99.3	-15.3%	194.7	215.7	-9.8%

Personnel

Personnel (full-time equivalent)	End of period			Average of period		
	Dec. 31, 09	Dec. 31, 08	change	4Q 09	4Q 08	change
Fixed Net	7,893	8,571	-678	8,175	9,357	-1,182
Mobile Communication	8,680	8,383	297	8,609	8,245	364
Telekom Austria Group	16,573	16,954	-381	16,784	17,602	-818

Key Data Fixed Net

Lines (in '000)	Dec. 31, 09	Dec. 31, 08	% change
Access lines (without broadband lines)	1,290.9	1,451.1	- 11.0%
Fixed Net broadband retail lines	967.2	818.9	18.1%
Fixed Net broadband wholesale lines	55.4	66.8	- 17.1%
Fixed Net broadband lines	1,022.6	885.7	15.5%
Total access lines	2,313.5	2,336.8	- 1.0%
Lines unbundled	286.6	298.9	- 4.1%

Other Operationals	4Q 09	4Q 08	% change	FY 2009	FY 2008	% change
Average revenues per access line (ARPL)	34.7	36.5	- 4.9%	35.0	36.9	- 5.1%
Total voice minutes	821	937	- 12.4%	3,380	3,839	- 12.0%

Fixed Net revenues in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Access, Voice and Broadband	240.5	261.3	- 8.0%	972.2	1,080.7	- 10.0%
Data	102.1	115.0	- 11.2%	394.2	439.2	- 10.3%
Wholesale Voice & Internet	82.9	90.7	- 8.6%	351.2	405.6	- 13.4%
Others	37.5	31.1	20.6%	142.5	113.3	25.8%
Fixed Net revenues	463.0	498.1	- 7.0%	1,860.1	2,038.8	- 8.8%

Austrian Telecommunications Market

Broadband Market Shares	Dec. 31, 09	Dec. 31, 08	% change
Telekom Austria Fixed Net Retail	30.0%	29.9%	-
Telekom Austria Fixed Net Wholesale	1.7%	2.4%	-
Mobile broadband mobilkom austria	17.0%	14.7%	-
Mobile broadband other operators	26.7%	21.8%	-
Cable	16.4%	21.0%	-
Unbundled lines	8.2%	10.2%	-
Broadband penetration - Total market	90.5%	77.5%	-

Voice Market Shares	Dec. 31, 09	Dec. 31, 08	% change
Fixed Net Telekom Austria	13.5%	15.7%	-
Fixed Net Others	8.2%	9.3%	-
Mobile	78.3%	75.0%	-

Key Data Mobile Communication

Mobile Communication in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Revenues	782.8	884.4	- 11.5%	3,205.5	3,390.9	- 5.5%
EBITDA	288.8	295.7	- 2.3%	1,246.3	1,325.3	- 6.0%
Operating income	132.2	122.7	7.7%	255.1	674.0	- 62.2%
Data as a portion of traffic - related revenues	30.8%	27.4%	-	28.9%	25.8%	-

	Dec. 31, 09	Dec. 31, 08	% change
Subscribers ('000)	18,945.4	17,803.4	6.4%

mobilkom austria* in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Revenues	385.9	441.6	- 12.6%	1,574.4	1,668.0	- 5.6%
EBITDA	138.8	132.1	5.1%	585.7	600.9	- 2.5%
Operating income	82.4	68.5	20.3%	354.9	352.5	0.7%
Monthly ARPU (EUR)	23.6	28.6	- 17.5%	24.7	28.3	- 12.7%
Data as a portion of traffic - related revenues	38.9%	33.9%	-	37.0%	32.2%	-
Subscriber acquisition cost (SAC)	17.0	15.9	6.9%	53.6	48.5	10.5%
Subscriber retention cost (SRC)	23.2	22.3	4.0%	85.0	76.1	11.7%
Churn (3 months)	3.6%	3.5%	-	14.6%	14.2%	-
Monthly MOU charged / ø subscriber	165.3	175.0	- 5.5%	164.3	176.1	- 6.7%

	Dec. 31, 09	Dec. 31, 08	% change
Subscribers ('000)	4,834.2	4,496.3	7.5%
Contract share	72.8%	69.5%	-
Market share	42.6%	42.5%	-
Market penetration	135.7%	126.6%	-

Mobiltel, Bulgaria, in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Revenues	149.2	168.4	- 11.4%	614.7	667.4	- 7.9%
EBITDA	73.0	82.0	- 11.0%	327.1	370.9	- 11.8%
Operating income	28.7	36.6	- 21.6%	147.9	197.8	- 25.2%
Monthly ARPU (EUR)	9.0	9.6	- 6.3%	9.1	9.8	- 7.1%
Data as a portion of traffic - related revenues	19.8%	13.4%	-	16.1%	11.7%	-

	Dec. 31, 09	Dec. 31, 08	% change
Subscribers ('000)	5,352.5	5,396.2	- 0.8%
Contract share	59.0%	51.4%	-
Market share	49.8%	50.0%	-
Market penetration	142.0%	142.1%	-

* 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 in 2008 resulting from past business combinations and therefore may deviate from the results of the single financial statements.

Key Data Mobile Communication

Velcom*, Belarus, in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Revenues	74.8	92.3	- 19.0%	300.3	310.3	- 3.2%
EBITDA	38.4	45.2	- 15.0%	149.9	153.4	- 2.3%
Operating income	20.4	22.9	- 10.9%	- 211.9	75.1	n.a.
Monthly ARPU (EUR)	5.5	8.2	- 9.9%	6.1	7.3	- 16.4%

	Dec. 31, 09	Dec. 31, 08	% change
Subscribers ('000)	4,102.4	3,697.9	10.9%
Market share	42.7%	44.8%	-
Market penetration	99.4%	85.1%	-

Vipnet*, Croatia, in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Revenues	109.4	121.1	- 9.7%	476.9	523.6	- 8.9%
EBITDA	32.6	34.9	- 6.6%	170.8	199.8	- 14.5%
Operating income	15.3	15.2	0.7%	100.8	126.3	- 20.2%
Monthly ARPU (EUR)	12.0	13.9	- 13.7%	12.3	14.7	- 16.3%
Data as a portion of traffic - related revenues	28.9%	28.9%	-	30.0%	28.9%	-

	Dec. 31, 09	Dec. 31, 08	% change
Subscribers ('000)	2,603.0	2,486.6	4.7%
Contract share	24.6%	22.8%	-
Market share	42.6%	42.2%	-
Market penetration	138.4%	133.6%	-

Si.mobil**, Slovenia, in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Revenues	43.7	48.5	- 9.9%	180.3	189.5	- 4.9%
EBITDA	12.8	11.6	10.3%	48.2	58.8	- 18.0%
Operating income	7.2	5.9	22.0%	25.5	37.4	- 31.8%
Monthly ARPU (EUR)	20.8	23.2	- 10.3%	21.7	24.0	- 9.6%
Data as a portion of traffic - related revenues	23.5%	19.7%	-	22.1%	20.2%	-

	Dec. 31, 09	Dec. 31, 08	% change
Subscribers ('000)	589.4	570.6	3.3%
Contract share	69.2%	65.8%	-
Market share	28.2%	27.7%	-
Market penetration	102.9%	102.7%	-

* 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.

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Key Data Mobile Communication

Vip mobile, Republic of Serbia, in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Revenues	24.2	18.4	31.5%	80.7	59.0	36.8%
EBITDA	-5.5	-4.4	25.0%	-23.6	-36.1	-34.6%
Operating income	-18.5	-19.1	-3.1%	-143.3	-87.6	63.6%
Monthly ARPU (EUR)	6.1	6.2	-1.6%	5.5	5.9	-6.0%

	Dec. 31, 09	Dec. 31, 08	% change
Subscribers ('000)	1,153.9	907.9	27.1%
Market share	12.0%	9.1%	-
Market penetration	128.4%	132.9%	-

Vip operator, Republic of Macedonia, in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Revenues	6.4	3.7	73.0%	21.7	11.9	82.4%
EBITDA	-2.2	-3.9	-43.6%	-13.4	-19.5	-31.3%
Operating income	-4.5	-5.6	-19.6%	-20.9	-24.2	-13.6%
Monthly ARPU (EUR)	6.2	4.0	55.0%	6.1	3.8	60.5%

	Dec. 31, 09	Dec. 31, 08	% change
Subscribers ('000)	303.7	242.0	25.5%
Market share	15.9%	10.7%	-
Market penetration	92.7%	112.3%	-

mobilkom liechtenstein in EUR million	4Q 09 (unaudited)	4Q 08 (unaudited)	% change	FY 2009	FY 2008	% change
Revenues	2.1	4.7	-55.3%	15.6	20.3	-23.2%
EBITDA	0.7	1.3	-46.2%	3.4	4.0	-15.0%
Operating income	0.5	1.0	-50.0%	2.6	3.2	-18.8%

	Dec. 31, 09	Dec. 31, 08	% change
Subscribers ('000)	6.3	5.9	6.8%

Waiver of Review

This full year financial report of the Telekom Austria Group contains quarterly results which were not audited or reviewed.