

Results for the First Nine Months 2007

Highlights

- Revenues increase by 2.0% to EUR 3,630.9 million
- EBITDA declines from EUR 1,535.6 million to EUR 1,463.6 million
- Fixed Net and start-up costs for new operations weigh on EBITDA
- Net income declines from EUR 498.5 to EUR 451.5 million
- Acquisition of the Belarusian MDC strengthens emerging markets profile
- Total of EUR 712.9 million returned to shareholders via dividend and share buyback during 1-9 2007
- Full year 2007 outlook raised for revenues & EBITDA

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

Summary

in EUR million	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Revenues	1,277.1	1,232.3	3.6%	3,630.9	3,560.3	2.0%
EBITDA	521.2	551.2	-5.4%	1,463.6	1,535.6	-4.7%
Operating income	257.8	282.9	-8.9%	668.0	699.6	-4.5%
Net income	173.7	213.6	-18.7%	451.5	498.5	-9.4%
Earnings per share (in EUR)	0.39	0.45	-13.6%	0.99	1.05	-5.7%
Capital expenditures	158.1	148.5	6.5%	534.8	421.4	26.9%

in EUR million	Sept. 30, 07	Dec. 31, 06	% change
Net debt	3,317.4	3,169.0	4.7%

Vienna, November 14, 2007 - Telekom Austria Group (VSE: TKA, OTC US: TKAGY) today announced its results for the first nine months of 2007 and the third quarter ending September 30, 2007.

Year-to-date comparison:

During the first nine months of 2007, revenues increased by 2.0% to EUR 3,630.9 million due to higher revenues from international operations.

Lower contribution from Fixed Net and costs for the launch of start-up companies in the Republic of Serbia and in the Republic of Macedonia in the amount of EUR 34.8 million led to a decline in EBITDA by 4.7% to EUR 1,463.6 million.

Operating income decreased by 4.5% to EUR 668.0 million as growth in operating income from the Fixed Net could only partly offset a lower operating income in the Mobile Communication segment.

Net income declined by 9.4% to EUR 451.5 million as a consequence of lower operating income and higher interest expenses. Consequently earnings per share declined by 5.7% to EUR 0.99.

Capital expenditures for tangible and intangible assets increased by 26.9% to EUR 534.8 million mainly due to investments in the Republic of Serbia and in the Republic of Macedonia as well as investments in the network infrastructure.

Net debt increased by 4.7% to EUR 3,317.4 million at the end of September 2007 compared to the end of December 2006 due to higher dividend payments and an increased share buyback. During the same period net debt to EBITDA (last 12 months) increased by 5.9% to 1.8x.

Quarterly comparison:

Revenues increased by 3.6% to EUR 1,277.1 million in 3Q 07 compared to 3Q 06 due to higher revenues in both segments.

EBITDA declined by 5.4% to EUR 521.2 million due to lower contributions from the Fixed Net as well as start-up costs of EUR 18.1 million from the operations in the Republic of Serbia and in the Republic of Macedonia. Operating income declined by 8.9% to EUR 257.8 million mainly due to higher operating expenses and higher D&A in the Mobile Communication segment.

Net income decreased by 18.7% to EUR 173.7 million during 3Q 07 compared to 3Q 06 mainly due to a lower operating income and higher interest expenses following increased shareholder returns via dividends and share buybacks. Earnings per share decreased by 13.6% to EUR 0.39 as a consequence of a lower net income. Group capital expenditures for tangible and intangible assets increased by 6.5% to EUR 158.1 million during 3Q 07 due to investments for the start-up operations in the Republic of Serbia and in the Republic of Macedonia.

The presentation for the conference call and the key figures of the Telekom Austria Group in excel format („Key Figures 3Q 2007“) are available on our website at www.telekomaustria.com

Results for the full year 2007 will be announced on February 27, 2008

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Group Review

Reporting Changes

Starting 3Q 07 in compliance with IAS 8.14 the Telekom Austria Group reports interest expenses related to employee benefit obligations no longer as personnel expenses but as interest expenses in the financial result as the company believes that this provides more accurate information. For the period January 1, 2007 through September 30, 2007 this resulted in additional interest costs of EUR 4.4 million and lower personnel expenses of the equal amount. Comparative figures for 2006 were adjusted accordingly.

Market Environment

During the first nine months of 2007 the Telekom Austria Group's domestic businesses continued to operate in an environment characterized by fierce competition in both segments. Strong competition on the Austrian mobile communication market has led to price declines and propelled fixed-to-mobile substitution resulting in an acceleration of fixed line loss. Moreover, advancement of 3G technology together with competition of mobile operators for customers has spread fixed-to-mobile substitution to broadband internet access with mobile broadband offerings competing with xDSL broadband access.

During the first 9 months of 2007 the Telekom Austria Group's international operations continued to show further growth, which helped to offset the development on the Austrian market. In order to strengthen its growth profile the Telekom Austria Group has acquired mobile communication licenses for the Republic of Serbia in November 2006 and the Republic of Macedonia in February 2007. After an extensive preparation phase operations were launched in the Republic of Serbia in July 2007 and in the Republic of Macedonia in September 2007.

In October 2007 the Telekom Austria Group acquired a 70% stake in Belarusian mobile operator MDC. The acquisition offers an entry to an attractive telecommunication market as the mobile penetration in Belarus reached only 66% at the end of June 2007.

In June 2007 the European Parliament and the European Council voted on the introduction of an extensive regulation of international roaming traffic to be introduced in the second half of 2007. The introduction of this regulation is expected to impact the results of the Telekom Austria Group.

Furthermore the Austrian regulatory authority adopted the final schedule for the reduction of termination charges between mobile operators in Austria in October 2007. The regulator adheres to the successive abolishment of the asymmetry between Austrian mobile operators by year end 2008 and has decided to lower termination charges compared to the previous schedule published in 2005. The reduction of the termination rates will impact the results of the Telekom Austria Group in the short term but will strengthen the position of the Telekom Austria Group in the long run in the Austrian market due to symmetric rates.

Revenues and Operating Income by Segment

Fixed Net

Year-to-date comparison:

Fixed Net revenues remained stable at EUR 1,585.6 million during the first nine months of 2007. Higher revenues mainly from Internet Access & Media and Wholesale Voice Telephony & Internet offset lower revenues from Switched Voice.

EBITDA decreased by 7.8% to EUR 568.8 million during the first nine months of 2007 compared to the previous year's period as a result of higher operating expenses driven by higher personnel expenses, interconnection costs and costs of services received.

Operating income increased by 7.0% to EUR 157.6 million compared to the same period of last year supported by lower depreciation and amortization expenses overcompensating higher operating expenses.

Quarterly comparison:

The number of xDSL lines grew by 7.8% to 722,100 xDSL lines (including 95,400 wholesale lines) by the end of the third quarter of 2007 supported by attractive entry-level xDSL packages.

xDSL average revenues per residential user excluding the contribution from eTel (xDSL residential ARPU) declined by 6.7% to EUR 26.0 in 3Q 07 driven by a shift in customer mix from higher priced packages towards entry level packages and lower charges for excess usage as the download volume included in monthly packages has been increased.

The number of unbundled lines rose to 272,800 compared to 178,800 at the end of September 2006 with a quarter-on-

quarter growth rate decelerating from 18.1% in 1Q 07 to 8.4% in 2Q 07 and 5.6% in 3Q 07.

Total voice minutes of Telekom Austria declined by 4.4% to 1.1 billion in 3Q 07 reflecting continuing fixed-to-mobile migration partially offset by the consolidation of eTel. Including Internet dial-up, total minutes declined by 13.5% to 1.2 billion due to the migration of dial-up customers to higher value broadband products.

Telekom Austria's voice market share increased to 60.5% in 3Q 07 compared to 57.3% in 3Q 06 due to the consolidation of eTel. Following a redefinition of the Austrian voice market Telekom Austria reports a slightly lower market share beginning with 3Q 07.

Growth of revenues from Internet Access & Media and Data & IT-solutions led to an increase of Fixed Net revenues by 2.2% to EUR 541.4 million during 3Q 07. This growth offset lower revenues from Switched Voice.

Switched Voice Traffic revenues grew by 2.7% to EUR 88.9 million as a result of a higher average tariff and the contribution from eTel offsetting a decline in traffic volume. The average voice tariff increased excluding the contribution from eTel by 1.7% to 7.9 cents per minute in 3Q 07 compared to the same period last year, as a result of a shift in tariff mix to more expensive destinations.

Revenues from Switched Voice Monthly Rental & Other declined by 9.2% to EUR 116.9 million due to a lower number of access lines as well as lower revenues from additional services as a result of accelerating fixed-to-mobile substitution. At the end of September 2007 the number of access lines was 2.5 million compared to 2.7 million in the same

Note: Detailed operational figures of the Fixed Net segment are shown in the appendix on page 19

Fixed Net in EUR million	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Revenues	541.4	529.8	2.2%	1,585.6	1,584.0	0.1%
EBITDA	186.8	204.4	-8.6%	568.8	617.1	-7.8%
Operating income	57.3	57.6	-0.5%	157.6	147.3	7.0%

period last year.

Revenues from Payphones & Value Added Services in 3Q 07 decreased by 1.7% to EUR 11.6 million. Higher revenues from event-based premium rate services partly offset lower revenues from payphones due to a lower number of minutes.

Higher revenues from international leased lines and revenues from the new product *aonAlarmServices* contributed to revenue growth of Data & IT-solutions including wholesale by 7.6% to EUR 110.5 million.

Revenues from Internet Access & Media increased by 12.1% to EUR 74.0 million driven by the higher number of xDSL lines and the consolidation of eTel.

Wholesale Voice Telephony & Internet revenues increased by 3.3% to EUR 107.3 million mainly driven by higher national voice revenues due to the consolidation of eTel. International wholesale revenues decreased as higher minutes partly offset lower prices.

Other Fixed Net revenues increased by 7.3% to EUR 32.2 million as sales from directory services more than compensated the decline in revenue from PABX's and terminal equipment.

EBITDA declined by 8.6% to EUR 186.8 million in the third quarter 2007 as a result of higher operating expenses. Operating expenses increased mainly due to higher personnel expenses, interconnection costs and costs from services received. Employee costs rose due to higher wages and the consolidation of eTel. Interconnection costs and costs from services received increased mainly due to the consolidation of eTel.

Operating income remained almost stable at EUR 57.3 million in 3Q 07 as the decline in depreciation and amortization expenses offset higher operating expenses.

Mobile Communication

Note: Detailed operational figures of the Mobile Communication segment are shown in the appendix on page 20 and 21

Year-to-date comparison:

Revenues in the Mobile Communication segment rose by 3.1% to EUR 2,238.9 million during the first nine months of 2007. This growth was driven by international operations in Bulgaria, Croatia and Slovenia which more than offset lower domestic revenues.

EBITDA declined by 1.3% to EUR 919.6 million as growth of existing international operations largely offset start-up costs in the Republic of Serbia and in the Republic of Macedonia in the amount of EUR 34.8 million.

Operating income declined by 5.3% to EUR 534.9 million as a result of higher operating expenses as well as higher depreciation and amortization charges in following higher capital expenditures.

Quarterly comparison:

The total number of customer in the Mobile Communication segment (excluding the recently won customers in the Republic of Serbia and Macedonia) grew significantly by 14.8% to 11.2 million customers as of September 30, 2007. All operations contributed to this growth.

Revenues in the Mobile Communication segment increased by 4.2% to EUR 805.3 million in 3Q 07 due to higher contributions from international operations. The growth is driven by higher monthly rental revenues as a result of a higher contract subscriber base as well as higher equipment revenues. A well performing data business also contributed to this increase.

EBITDA declined by 3.6% to EUR 339.0 million in 3Q 07 as higher contributions from Bulgaria, Croatia and Slovenia partly compensated for start-up costs in the Republic of Serbia and in the Republic of

Macedonia in the amount of EUR 18.1 million as well as a weaker EBITDA in the domestic market.

Operating income decreased by 10.9% in 3Q 07 to EUR 205.0 million as a consequence of a lower EBITDA as well as higher depreciation and amortization charges.

mobilkom austria

mobilkom austria's subscriber base grew by 9.2% to 3.9 million subscriber at the end of September 2007, with a growth in the contract subscriber base of 21.1% driving the increase. Strong sales of data cards and USB modems and the acquisition of contract subscribers supported this growth. In a very competitive market landscape mobilkom austria was able to increase its market share from 38.8% end of 3Q 06 to 40.3% end of 3Q 07.

The penetration rate in Austria rose from 110.9% at the end of 3Q 06 to 115.3% at the end of 3Q 07 due to multiple SIM cards per customer for voice services and mobile data cards.

Average revenues per user (ARPU) declined by 10.0% to EUR 31.4 as an increase of usage per subscriber partly compensated declining prices and lower termination rates. Average usage per subscriber increased by 12.8% and an increase of data ARPU by 26.9% partially offset the decline in total ARPU.

At the end of September 2007 mobilkom austria recorded 250,000 data cards and USB modems customers as well as more than 1.6 million Vodafone live! customers reflecting the strong data performance of mobilkom austria. As a consequence, data revenues as a percentage of traffic-related revenues increased from 21.3% during 3Q 06 to 27.5% during 3Q 07.

Mobile Communication in EUR million	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Revenues	805.3	772.9	4.2%	2,238.9	2,172.0	3.1%
EBITDA	339.0	351.7	-3.6%	919.6	931.5	-1.3%
Operating income	205.0	230.0	-10.9%	534.9	565.0	-5.3%

Revenues of mobilkom austria declined by 2.1% to EUR 426.7 million compared to 3Q 06 as higher monthly rental revenues partly compensated for lower traffic and lower interconnection revenues. Monthly rental revenues grew due to a larger contract subscriber base compared to the same period last year. A larger subscriber base, higher usage and growth of data revenues partly offset the effect of lower prices which led to lower traffic revenues. The effect of lower termination rates was partly offset by an increase in minutes terminated.

EBITDA decreased by 5.1% to EUR 155.5 million during 3Q 07 mainly due to lower revenues. Operating expenses remained stable as higher interconnection costs due to more minutes to other networks were offset by lower expenses for material and services received. SACs increased due to more gross adds despite lower average handset subsidies.

Operating income decreased by 8.8% to EUR 92.7 million driven by lower revenues as operating expenses and depreciation and amortization remained stable.

Mobiltel

Mobiltel increased its customer base by 19.3% to 4.8 million customers at the end of September 2007 compared to last year. Mobiltel's market share declined from 54.0% at the end of 3Q 06 to 50.3% at the end of 3Q 07.

As a result of multiple SIM cards and a high number of inactive SIMs in the market mobile penetration reached 125.2% compared to 97.2% at the end of 3Q 06.

An increase of 30.8% in average minutes of use charged (MoU) per subscriber partly offset lower prices which led to a decline in ARPU from EUR 11.4 in 3Q 06 to EUR 10.4 in 3Q 07.

As a result of the strong growth of the customer base and higher traffic, revenues of Mobiltel grew by 8.2% to EUR 174.4 million in 3Q 07 compared to 3Q 06. Traffic revenues increased due to

higher usage, more data revenues as well as higher revenues from customer roaming partly offsetting higher voice discounts granted.

EBITDA grew by 4.3% to EUR 101.4 million compared to 3Q 06 as a result of higher revenues which more than offset higher interconnection costs due to more usage in other networks and to international destinations as well as higher marketing costs. Marketing costs increased due to higher advertising expenses as well as higher commissions.

Mobiltel's operating income decreased slightly by 0.5% to EUR 62.8 million in 3Q 07 compared to 3Q 06 as higher capital expenditures resulted in higher depreciation and amortization charges.

Vipnet

Vipnet increased its subscriber base by 15.0% to 2.1 million customers at the end of September 2007. The number of contract customers grew by 43.4% in a year-on-year comparison.

Vipnet's market share remained stable at 43.2% despite a very competitive market. At the end of September 2007 the mobile penetration rate in Croatia stood at 108.9% compared to 94.8% at the end of 3Q 06.

Lower prices in particular in the business segment as well as a strong growth in the low-end prepaid segment through the no-frills brand tomato led to a decline in total ARPU from EUR 17.5 to EUR 16.3. An increase in the number of average minutes of use charged (MoU) per subscriber by 7.7% to 93.8 minutes partly offset declining ARPU.

Revenues of Vipnet grew by 14.0% to EUR 165.7 million in 3Q 07 due to higher monthly rental and lower discounts granted. The increase in monthly rental was driven by a strong growth of the contract subscriber base. Equipment revenues rose due to the introduction of the Homebox and Officebox which are devices with an integrated SIM-card and ports for traditional fixed line telephones

designed to accelerate fixed-to-mobile substitution and stimulate higher handset sales.

EBITDA increased by 8.9% to EUR 84.5 million in 3Q 07 as a result of higher revenues which more than offset higher material expenses and higher commission costs.

Operating income of Vipnet increased by 15.6% to EUR 66.7 million in 3Q 07 compared to the same period last year due to a higher revenues, lower operating expenses and lower depreciation and amortization charges.

Si.mobil

Si.mobil continued to perform excellent and increased its subscriber base by 18.2% to 479,900 customers at the end of September 2007. The number of contract subscribers increased by 31.0%.

As a result of positive response to marketing campaigns Si.mobil increased its market share from 24.4% to 26.7%. The mobile penetration in Slovenia was 89.7% at the end of 3Q 07 compared to 84.1% at the end of 3Q 06.

Average monthly revenues per user (ARPU) rose by 10.7% to EUR 24.9. This development was driven by a higher contract subscriber base, an increase in average minutes of use charged (MoU) per subscriber by 21.5% to 120.9 minutes as well as higher SMS usage.

In September 2007 Si.mobil launched the UMTS network. The network is available to 25% of the Slovenian population and deploys HSDPA technology, enabling bandwidth of up to 3.6 Mbit/s.

Revenues rose by 29.0% to EUR 48.1 million during 3Q 07 mainly as a result of higher traffic revenues. A higher number of contract subscribers and a stronger ARPU led to this increase in traffic revenues.

EBITDA grew by 42.3% to EUR 17.5 million due to higher revenues

overcompensating higher operating expenses.

Operating income increased by 73.9% to EUR 6.9 million in 3Q 06 to EUR 12.0 million in 3Q 07.

Consolidated Net Profit

Year-to-date comparison:

Net interest expenses in the first nine months of 2007 increased by 12.6% to EUR 98.4 million compared to the same period last year due to higher average net debt following higher shareholder remuneration via dividends and share buyback.

Income tax expenses increased by 5.0% to EUR 118.6 million due to the release of the deferred tax credit in 2006 despite a lower taxable income in the first nine month of 2007. The effective tax rate for the nine month periods ended September 30, 2007 and 2006 was 20.8% and 19.9% (excluding the effect of the release of a deferred tax credit in 2006 in the amount of EUR 8.7 million).

Net income declined by 9.4% to EUR 451.5 million due to lower operating income and higher interest expenses.

Basic and diluted earnings per share decreased by 5.7% to EUR 0.99 during the first nine months of 2007 compared to the same period last year as a result of lower net income despite a lower number of shares outstanding following increased acquisition of treasury shares.

Quarterly comparison:

During 3Q 07 net interest expenses increased by 22.3% to EUR 37.8 million due to higher average net debt as a result of higher shareholder remuneration via dividends and share buybacks as well as a higher interest rates.

Income tax expenses increased by 19.7% from EUR 38.5 million in 3Q 06 to EUR 46.1 million in 3Q 07 despite a lower taxable income. The effective tax rate for 3Q 07 and 3Q 06, was 21.0% and 18.6%

excluding the above mentioned one-time effect.

Overall, quarterly net income in 3Q 07 decreased by 18.7% to EUR 173.7 million and basic and diluted earnings per share declined by 13.6% to EUR 0.39 as a result of lower net income despite a lower number of shares outstanding following increased acquisition of treasury shares.

Capital Expenditures

Year-to-date comparison:

Total capital expenditures for tangible and intangible assets during the first nine months of 2007 increased by 26.9% to EUR 534.8 million. Capital expenditures for tangible assets rose by 18.4% to EUR 416.9 million and for intangible assets from EUR 69.4 million to EUR 117.9 million.

Quarterly comparison:

During 3Q 07 capital expenditures for tangible and intangible assets increased by 6.5% to EUR 158.1 million. Capital expenditures for tangible assets increased by 8.1% to EUR 125.0 million and for intangible assets increased by 0.6% to EUR 33.1 million.

In the Fixed Net segment, capital expenditures for tangible assets declined by 3.5% to EUR 57.6 million during 3Q 07 mainly due to lower investments into core network and lower IT investments.

In the Mobile Communication segment, capital expenditures for tangible assets increased by 20.6% to EUR 67.4 million in 3Q 07 mainly driven by investments for the start-up operations in the Republic of Serbia and in the Republic of Macedonia.

Capital expenditures for intangible assets in the Fixed Net segment increased from EUR 4.9 million in 3Q 06 to EUR 7.3 million in 3Q 07 due to higher investments in billing software.

In the Mobile Communication segment capital expenditures for intangible assets declined by 7.9% to EUR 25.8 million due to lower investments in software and licences.

Balance Sheet and Net Debt

The total assets of the Telekom Austria Group remained almost unchanged at EUR 7,559.3 million as of September 30, 2007 compared to EUR 7,559.7 million as of December 31, 2006.

During the first 9 months of 2007 current assets rose from 1,160.2 million to EUR 1,366.9 million mainly due to an increase in cash and cash equivalents.

A restrictive investment policy in the Fixed Net led to a decrease in property, plant and equipment from EUR 3,216.0 million at the end of 2006 to EUR 3,043.2 million at September 30, 2007.

Current liabilities increased mainly due to higher short-term borrowings as well as an increase in other current liabilities from EUR 1,657.3 million at the end of December 2006 to EUR 1,763.1 million at the end of September 2007.

Long-term liabilities rose from EUR 3,078.9 million to EUR 3,230.2 million during the first nine months of 2007. An amount of EUR 77.3 million of long term debt was repaid and EUR 470.0 million was issued in the nine month

Capital expenditures in EUR million

	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Fixed Net tangible	57.6	59.7	-3.5%	166.1	161.8	2.7%
Mobile Communication tangible	67.4	55.9	20.6%	250.8	190.2	31.9%
Tangible	125.0	115.6	8.1%	416.9	352.0	18.4%
Fixed Net intangible	7.3	4.9	49.0%	22.7	16.5	37.6%
Mobile Communication intangible	25.8	28.0	-7.9%	95.2	52.9	80.0%
Intangible	33.1	32.9	0.6%	117.9	69.4	69.9%
Total capital expenditures	158.1	148.5	6.5%	534.8	421.4	26.9%

Cash flow and net debt

in EUR million	3Q 07	3Q 06	% change	1 - 9M 07	1 - 9M 06	% change
Cash generated from operations	401.3	432.8	-7.3%	1,197.6	1,159.5	3.3%
Cash used in investing activities	-162.1	-145.8	11.2%	-629.9	-411.9	52.9%
Cash used in financing activities	-78.9	-268.7	-70.6%	-412.7	-742.7	-44.4%
Effect of exchange rate changes	0.7	-1.9	-	2.2	-1.7	-
Net increase in cash and cash equivalents	161.0	16.4	-	157.2	3.2	-

in EUR million	Sept. 30, 07	Dec. 31, 06	% change
Net debt	3,317.4	3,169.0	4.7%

period ended September 30, 2007.

Stockholders' equity declined from EUR 2,823.5 million as of December 31, 2006 to 2,566.0 million as of September 30, 2007. The reduction of stockholders' equity was due to share buybacks of EUR 369.9 million and distribution of dividends of EUR 343.0 million and was partly offset by the net income of EUR 451.5 million generated during the first nine months of 2007.

Net debt increased by 4.7% from EUR 3,169.0 million as of December 31, 2006 to EUR 3,317.4 million as of September 30, 2007 due to higher dividends paid and additional funds used to acquire treasury shares.

Net debt to EBITDA (last 12 months) increased by 5.9% to 1.8x at the end of September 2007 compared to the end of December 2006.

Cash Flow

Year-to-date comparison:

Cash generated from operations increased by 3.3% to EUR 1,197.6 million in the first nine months of 2007 mainly due to an increase in other liabilities and deferred income as well as a lower decrease in accounts payable and a lower increase in accounts receivable compared to the first nine months of 2006.

Cash outflows for investing activities increased by 52.9% to EUR 629.9 million primarily as a result of higher capital expenditures and the cash outflow for the acquisition of eTel.

Cash from financing activities recorded an outflow of EUR 412.7 million during the first nine months of 2007 compared to an outflow of EUR 742.7 million during the same period of last year. Higher proceeds from issuance of long term debt, lower repayments on long term debt as well as a lower change in short term borrowings were partially offset by higher dividends paid and higher funds used to acquire treasury shares.

Quarterly comparison:

During 3Q 07 cash generated from operations decreased by 7.3% to EUR 401.3 million mainly due to an increase in inventories.

Cash outflow from investing activities increased by EUR 11.2% million in 3Q 06 to EUR 162.1 million in 3Q 07. The payment of EUR 10.2 million from the deferred purchase price of eTel and higher capital expenditures were the main causes for this increase.

Cash used in financing activities decreased from an outflow of EUR 268.7 million in 3Q 06 to an outflow of EUR 78.9 million in 3Q 07 to due to lower change of short term borrowings despite higher funds for the acquisition of treasury shares.

Personnel

The number of total employees of the Telekom Austria Group grew by 760 to 16,227 employees at the end of September 2007 compared to the same time last year.

Personnel (full-time equivalent)	End of period			Average of period		
	Sept. 30, 07	Sept. 30, 06	change	3Q 07	3Q 06	change
Fixed Net	9,732	9,499	233	9,737	9,497	240
Mobile Communication	6,495	5,968	527	6,444	5,954	490
Total	16,227	15,467	760	16,182	15,451	731

The workforce in the Fixed Net segment increased by 233 to 9,732 including 347 eTel employees.

The Mobile Communication segment showed an increase of headcounts by 527 to 6,495 employees mainly as a result of personnel hired in the Republic of Serbia and in the Republic of Macedonia.

Other Events

Mobile communication services in the Republic of Serbia were launched in July 2007 under the brand name Vip. A national roaming agreement with the market leader has been signed to ensure full coverage of the territory of the Republic of Serbia.

Beginning 3Q 07 Telekom Austria has mandated a bank to execute its share buyback program, thus increasing the number of days available to buy back shares by eliminating any closed periods preventing the Company to acquire treasury shares.

In July 2007 the Telekom Austria Group launched its new website. Information pertaining to Telekom Austria Group is now available on www.telekomaustria.com

The Telekom Austria Group acquired 10,620,000 treasury shares at an average purchase price of EUR18.34 for a total amount of EUR 194.8 million in 3Q 07 compared to 6,136,613 treasury shares for a total amount of EUR 119.9 million in 3Q 06. As of September 30, 2007 the Telekom Austria Group held 17,875,000 treasury shares corresponding to 3.9% of the shares issued reducing shareholder's equity by a total amount of EUR 336.0 million.

Hutchison extended the national roaming contract with mobilkom austria. Renegotiations will start in 2008.

Major Subsequent Events after September 30, 2007

On October 1, 2007 the company closed the acquisition of 100% of the share capital of Mass Response Service GmbH, which is mainly engaged in the production of interactive TV for a purchase price of approximately EUR 19.5 million.

On October 3, 2007 the Telekom Austria Group acquired 70% interest in Cypriot SB Telecom Limited for a corresponding purchase price of approximately EUR 730 million. SB Telecom is the sole owner of the Belarusian mobile operator MDC. The Telekom Austria Group expects approval of the acquisition from all relevant competition commissions.

The company also entered into a call and put option agreement related to the remaining 30% interest exercisable in the fourth quarter 2010 for approximately EUR 320 million and an agreement for a deferred consideration.

In accordance with IAS 32 the Telekom Austria Group consolidates 100% of SB Telecom without minority interest and recognises a financial liability for the remaining 30% stake at present value as the minority shareholders hold a put option.

MDC is the number 2 operator in Belarus with a market share of approximately 42%. Its mobile communication services are marketed under the brand names "Velcom" for postpaid services and "Privet" for prepaid services. In 2006 MDC generated approximately EUR 263 million revenues, EUR 159 million EBITDA and EUR 83 million net income.

On October 8, 2007 the Telekom Austria Group agreed to acquire 100% of the share capital of the Austrian mobile operations of Tele2 including the entire

customer base for a purchase price of approximately EUR 7 million which will be adjusted based on closing financial statements and the actual number of customers as of closing date. Tele2 is an Austrian virtual mobile network provider and had approximately 131,000 customers at the end of June 2007. Merger control approval is pending and the transaction is currently expected to be closed in 4Q 2007.

On October 15, 2007 the Austrian regulatory authority adapted the final schedule for the reduction of termination charges between mobile operators. The regulator adheres to the successive abolishment of the asymmetry between Austrian mobile operators by year end 2008 and has decided to lower termination charges compared to the previous schedule published in 2005. The uniform termination charge of all Austrian mobile communication operators will be reduced from 6.79 cents to 5.72 cents by January 1, 2009. mobilkom austria will retroactively adapt 7.13 cents from January 1, 2007, 5.91 cents from July 1, 2007 and as of January 1, 2008 5.72 cents.

On October 29, 2007 Tele2 announced that the national roaming agreement with Vipnet, the Croatian mobile communication subsidiary of the Telekom Austria Group, will expire end of May 2008 and will not be extended.

Risks & Uncertainties

The Telekom Austria Group faces various risks and uncertainties that could affect its results for the full year 2007. These risks include, but are not limited to, further reduction of prices for mobile communication services in Austria and an acceleration of fixed-to-mobile substitution resulting in further access line loss and a decline of 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.

An increase in competition in its markets in Eastern and South-Eastern Europe, including the start-up operations in the Republic of Serbia and the Republic of Macedonia, could also affect the revenue growth and profitability of the Telekom Austria Group.

Furthermore the Telekom Austria Group is subject to intensive regulation.

The Telekom Austria Group has not been involved in the management of MDC prior acquisition. As a result, Telekom Austria Group's assessment of the risks and opportunities as well as the effects of the acquisition on Telekom Austria Group's financial results may not be accurate and there may be risks of which Telekom Austria Group is not aware.

Forecast for 2007

The Telekom Austria Group adapts its outlook for the full year 2007 compared to the outlook given on the occasion of the publication of the Q2 07 results to reflect the effects from the acquisition of MDC in Belarus and recent changes in the regulatory and operating environment.

The full consolidation of MDC for the fourth quarter 2007 will positively impact revenues and EBITDA of the Telekom Austria Group.

Overall stronger than expected growth in the Telekom Austria Group's foreign operations and the impact of MDC will allow for Group revenues to grow by approximately 3% compared to the full year 2006.

Compared to previous expectations the full consolidation of MDC will compensate the negative impact on EBITDA from higher than expected fixed line loss due to ongoing fixed-to-mobile substitution and the recent retroactive reduction of termination rates for mobile operators in Austria. On the whole, the Telekom Austria Group continues to expect a decline in EBITDA of about 3% in 2007 compared to 2006.

Depreciation and amortization will continue to decline even including the depreciation and amortization of intangible assets of the new operations in the Republic of Serbia and Macedonia as well as for MDC. Higher interest expenses following increased shareholder returns as well as higher net debt due to the acquisition of MDC are expected to lead to a decline in net income for the full year 2007 of approximately 8% compared to last year adjusted by one-off tax effects of EUR 43.6 million in 2006.

In the Fixed Net segment the consolidation of eTel as well as new products will compensate the effects from the strong competition of mobile operators. This will result in a slight increase of revenues for the full year 2007 compared to 2006. Higher operating costs as a result of a changing product mix are expected to lead to a decline in EBITDA for the full year 2007 compared to 2006. Nevertheless, operating income in the Fixed Net segment is expected to show continued growth compared to 2006 due to lower depreciation expenses.

Revenues in the Mobile Communication segment will grow stronger than expected benefiting from the full consolidation of MDC, more than offsetting the negative impact from the introduction of a comprehensive roaming regulation and recent retroactive reduction of termination rates. Although start-up costs from the Republic of Serbia and the Republic of Macedonia result in a slight decline in EBITDA in 2007 compared to 2006 in the short run, EBITDA is expected to benefit from the strong growth of the international operations as well as the elimination of asymmetrical termination rates in Austria on medium-term. Lower operating income will include the additional amortization charges for intangibles assets of MDC.

Capital expenditures for the full year 2007 are expected to rise by approximately 20% due to investments in the Republic of Serbia and in the Republic of Macedonia as well as result of the consolidation of MDC in Belarus for the fourth quarter 2007.

Disclaimer: This interim report 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.

Due to rounding differences deviations in subtotals and totals may occur.

Consolidated Financial Statements Telekom Austria Group

Condensed Consolidated Balance Sheets

in EUR millions	Sept. 30, 07 unaudited	Dec. 31, 06 audited
ASSETS		
Current Assets		
Cash and cash equivalents	282.3	125.1
Short - term investments	8.3	14.5
Accounts receivable - trade, net of allowances	731.0	712.4
Receivables due from related parties	3.0	3.3
Inventories	128.4	111.3
Prepaid expenses	140.9	137.1
Income taxes receivable	32.0	22.2
Other current assets	41.0	34.3
Total Current Assets	1,366.9	1,160.2
Investments in associates	5.8	4.4
Financial assets long - term	70.1	77.1
Goodwill	1,221.9	1,188.6
Other intangible assets, net	1,807.5	1,855.1
Property, plant and equipment, net	3,043.2	3,216.0
Other assets	4.7	4.8
Deferred tax assets	39.1	53.4
Receivables due from related parties, long - term finance	0.1	0.1
TOTAL ASSETS	7,559.3	7,559.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short - term borrowings	-718.5	-562.1
Accounts payable - trade	-435.5	-508.4
Provisions and accrued liabilities	-192.2	-202.1
Payables to related parties	-7.8	-11.8
Income taxes payable	-21.4	-22.1
Other current liabilities	-201.5	-167.8
Deferred income	-186.2	-183.0
Total Current Liabilities	-1,763.1	-1,657.3
Long-Term Liabilities		
Long - term debt, net of current portion	-2,887.2	-2,750.1
Lease obligations, net of current portion	-50.6	-57.4
Employee benefit obligation	-112.3	-111.6
Provisions long - term	-77.8	-72.7
Deferred tax liabilities	-55.6	-44.2
Other liabilities and deferred income	-46.7	-42.9
Total Long - Term Liabilities	-3,230.2	-3,078.9
Stockholders' equity		
Common stock	-1,003.3	-1,090.5
Treasury shares	336.0	654.6
Additional paid - in capital	-548.8	-461.6
Retained earnings	-1,344.7	-1,924.7
Revaluation reserve	-0.4	-0.4
Translation adjustments	-4.8	-0.9
Equity attributable to equity holders of the parent	-2,566.0	-2,823.5
Minority interests	0.0	0.0
Total Stockholders' equity	-2,566.0	-2,823.5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	-7,559.3	-7,559.7

Consolidated Financial Statements Telekom Austria Group

Condensed Consolidated Statements of Operations

in EUR millions, except per share information	3Q 07 unaudited	3Q 06 unaudited	1-9M 07 unaudited	1-9M 06 unaudited
Total revenues	1,277.1	1,232.3	3,630.9	3,560.3
Other operating income	18.9	17.6	45.9	44.9
Operating expenses				
Materials	-103.1	-90.8	-277.8	-262.5
Employee costs, including benefits and taxes	-185.2	-176.9	-572.1	-541.0
Depreciation and amortization	-263.3	-268.3	-795.5	-833.4
Impairment charges	0.0	0.0	0.0	-2.5
Other operating expenses	-486.6	-431.0	-1,363.4	-1,266.2
Operating income	257.8	282.9	668.0	699.6
Other income (expense)				
Interest income	5.0	4.9	15.1	14.7
Interest expense	-42.8	-35.8	-113.5	-102.1
Foreign exchange differences	0.0	0.0	0.5	-0.2
(Loss) Income from investments	0.0	0.0	0.2	-0.8
Equity in earnings of affiliates	-0.2	0.1	-0.2	0.2
Income before income taxes	219.8	252.1	570.1	611.4
Income tax expense	-46.1	-38.5	-118.6	-112.9
Net income	173.7	213.6	451.5	498.5
Attributable to:				
Equity holders of the parent	173.7	213.6	451.5	498.4
Minority interests	0.0	0.0	0.0	0.1
Basic and fully diluted earnings per share	0.39	0.45	0.99	1.05
Weighted - average number of ordinary shares outstanding	446,486,784	471,605,606	454,890,222	475,886,046

Consolidated Financial Statements Telekom Austria Group

Condensed Consolidated Statements of Cash Flows

in EUR millions	3Q 07 unaudited	3Q 06 unaudited	1-9M 07 unaudited	1-9M 06 unaudited
Cash flows from operating activities				
Net Income	173.7	213.6	451.5	498.5
Adjustments to reconcile net income to cash generated from operations				
Depreciation, amortization and impairment charges	263.3	268.3	795.5	836.0
Write-offs from and appreciation to investments, net	0.0	0.0	0.0	1.1
Employee benefit obligation (long- and short-term) - non-cash	5.5	1.0	9.0	-0.5
Allowance for doubtful accounts	7.3	6.6	22.5	28.2
Change in deferred taxes	37.5	3.9	56.3	26.9
Equity in earnings of affiliates less than (in excess of) dividends received	0.2	-0.1	0.2	-0.2
Stock compensation	0.9	8.0	3.4	11.4
Asset retirement obligation - accretion expense	0.9	0.9	2.7	2.5
Gain on sale of investments	0.0	-0.1	-0.1	-0.3
Loss (gain) on disposal / retirement of equipment	0.7	-0.7	0.2	4.1
Other	-0.7	0.0	0.4	0.2
	489.3	501.4	1,341.6	1,407.9
Changes in assets and liabilities, net of effect of business acquired				
Accounts receivable - trade	-20.7	-32.7	-26.8	-59.7
Receivables due from related parties	0.0	-0.7	0.3	-1.1
Inventories	-13.5	9.8	-17.0	-10.5
Prepaid expenses and other assets	-13.5	0.8	-12.0	-16.6
Accounts payable - trade	-20.4	-9.8	-80.0	-107.3
Employee benefit obligation (long- and short-term)	-10.4	-0.8	-22.0	-2.4
Provisions and accrued liabilities	8.0	-12.5	-5.5	-14.8
Payables due to related parties	0.5	-3.5	-4.1	-3.8
Other liabilities and deferred income	-18.0	-19.2	23.1	-32.2
	-88.0	-68.6	-144.0	-248.4
Cash generated from operations	401.3	432.8	1,197.6	1,159.5
Cash flows from investing activities				
Capital expenditures, including interest capitalized	-158.1	-148.5	-534.8	-421.4
Acquisitions and investments, net of cash acquired	-10.2	0.0	-106.6	0.0
Sale of subsidiary, net of cash	0.0	0.0	0.0	-0.4
Proceeds from sale of equipment	1.3	7.1	5.8	14.4
Purchase of investments - short-term	-1.5	-4.7	-2.8	-5.4
Purchase of investments - long-term	0.0	-0.9	-1.3	-4.0
Proceeds from sale of investments - short-term	6.4	1.2	8.5	3.5
Proceeds from sale of investments - long-term	0.0	0.0	1.3	1.4
Cash used in investing activities	-162.1	-145.8	-629.9	-411.9
Cash flows from financing activities				
Proceeds from issuance of long term debt	320.0	300.0	470.0	300.0
Principal payments on long-term debt	0.0	-1.9	-77.3	-239.1
Changes in short-term bank borrowings	-204.1	-449.9	-92.5	-250.9
Purchase of treasury shares	-194.8	-116.9	-369.9	-291.5
Dividends paid	0.0	0.0	-343.0	-261.2
Cash used in financing activities	-78.9	-268.7	-412.7	-742.7
Effect of exchange rate changes	0.7	-1.9	2.2	-1.7
Net increase in cash and cash equivalents	161.0	16.4	157.2	3.2
Cash and cash equivalents at beginning of period	121.3	103.6	125.1	116.8
Cash and cash equivalents at end of period	282.3	120.0	282.3	120.0

Consolidated Financial Statements Telekom Austria Group

Condensed Consolidated Statement of Changes in Stockholders' Equity

in EUR millions (unaudited)	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation adjustment	Minority interest	Total	Total stockholders' equity
Balance December 31, 2006	1,090.5	-654.6	461.6	1,924.7	0.4	0.9		2,823.5	2,823.5
Net unrealized loss on securities, net of EUR 0.0 deferred income tax					0.1			0.1	0.1
Net realized gains on securities, net of EUR 0.0 deferred income tax					-0.1			-0.1	-0.1
Foreign currency translation adjustment, net of EUR 0.0 deferred income tax						3.9		3.9	3.9
Net income recognized directly in equity								3.9	3.9
Net income				451.5				451.5	451.5
Total recognized income for the period								455.4	455.4
Distribution of dividends				-343.0				-343.0	-343.0
Purchase of treasury shares		-369.9						-369.9	-369.9
Retirement of treasury shares	-87.2	688.5	87.2	-688.5					
Balance September 30, 2007	1,003.3	-336.0	548.8	1,344.7	0.4	4.8		2,566.0	2,566.0
in EUR millions (unaudited)	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation adjustment	Minority interest	Total	Total stockholders' equity
Balance December 31, 2005	1,090.5	-256.5	460.1	1,624.2	0.4			2,918.7	2,918.8
Net realized gains on securities, net of EUR 0.0 deferred income tax					0.1			0.1	0.1
Foreign currency translation adjustment, net of EUR 0.0 deferred income tax						-1.4		-1.4	-1.4
Net income recognized directly in equity								-1.3	-1.3
Net income				498.4				498.4	498.5
Total recognized income for the period								497.1	497.2
Distribution of dividends				-261.2				-261.2	-261.2
Purchase of treasury shares		-291.4						-291.4	-291.4
Acquisition of minority interests							-0.2		-0.2
Balance September 30, 2006	1,090.5	-547.9	460.1	1,861.4	0.5	-1.4		2,863.2	2,863.2

	September 30, 07	December 31, 06	September 30, 06
Number of shares of common stock	460,000,000*	500,000,000	500,000,000
Number of treasury shares	17,875,000	38,307,473	32,917,059
Average purchase price of treasury shares	18.80	17.09	16.65

* Following the retirement of 40,000,000 treasury shares in March 2007

Consolidated Financial Statements Telekom Austria Group

Condensed Segment Reporting

in EUR millions (unaudited)	1-9M 07				Consolidated
	Fixed Net	Mobile Communication	Corporate & Other	Eliminations	
External revenues	1,452.2	2,178.7	0.0	0.0	3,630.9
Intersegmental revenues	133.4	60.2	0.0	-193.6	0.0
Total revenues	1,585.6	2,238.9	0.0	-193.6	3,630.9
Other operating income	43.4	16.8	5.7	-20.0	45.9
Segment expenses	-1,060.2	-1,336.1	-19.9	203.0	-2,213.2
EBITDA	568.8	919.6	-14.2	-10.6	1,463.6
Depreciation and amortization	-411.2	-384.7	0.0	0.3	-795.6
Operating income	157.6	534.9	-14.2	-10.3	668.0
Segment assets	2,777.2	5,349.5	4,805.1	-5,372.5	7,559.3
Segment liabilities	-1,179.5	-2,553.1	-3,514.6	2,253.9	-4,993.3
Capital expenditures	188.8	346.0	0.0	0.0	534.8

in EUR millions (unaudited)	1-9M 06				Consolidated
	Fixed Net	Mobile Communication	Corporate & Other	Eliminations	
External revenues	1,458.7	2,101.6	0.0	0.0	3,560.3
Intersegmental revenues	125.3	70.4	0.0	-195.7	0.0
Total revenues	1,584.0	2,172.0	0.0	-195.7	3,560.3
Other operating income	45.2	15.8	6.8	-22.9	44.9
Segment expenses	-1,012.1	-1,256.3	-21.8	220.6	-2,069.6
EBITDA	617.1	931.5	-15.0	2.0	1,535.6
Depreciation and amortization	-469.8	-364.0	0.0	0.3	-833.5
Impairment charges	0.0	-2.5	0.0	0.0	-2.5
Operating income	147.3	565.0	-15.0	2.3	699.6
Segment assets	3,230.6	5,012.0	4,827.1	-5,766.0	7,303.7
Segment liabilities	-1,578.8	-2,434.0	-3,111.2	2,683.5	-4,440.5
Capital expenditures	178.3	243.1	0.0	0.0	421.4

Net Debt

in EUR millions (unaudited)	Sept. 30, 07	Dec. 31, 06
Long-term debt	2,887.2	2,750.1
Short-term borrowings	718.5	562.1
- Short-term portion of capital and cross border lease	-10.3	-9.4
+ Capital lease obligations	1.1	0.1
Cash and cash equivalents, short-term and long-term investments, financing with related parties	-300.3	-148.3
Derivative financial instruments for hedging purposes	21.2	14.4
Net debt	3,317.4	3,169.0
Net debt/EBITDA (last 12 months)	1.8x	1.7x

Results by Segments

in EUR millions (unaudited)	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Total revenues						
Fixed Net	541.4	529.8	2.2%	1,585.6	1,584.0	0.1%
Mobile Communication	805.3	772.9	4.2%	2,238.9	2,172.0	3.1%
Corporate, Other & Eliminations	-69.6	-70.4	-1.1%	-193.6	-195.7	-1.1%
Consolidated revenues	1,277.1	1,232.3	3.6%	3,630.9	3,560.3	2.0%
EBITDA						
Fixed Net	186.8	204.4	-8.6%	568.8	617.1	-7.8%
Mobile Communication	339.0	351.7	-3.6%	919.6	931.5	-1.3%
Corporate, Other & Eliminations	-4.6	-4.9	-6.1%	-24.8	-13.0	90.8%
Consolidated EBITDA	521.2	551.2	-5.4%	1,463.6	1,535.6	-4.7%
Operating income						
Fixed Net	57.3	57.6	-0.5%	157.6	147.3	7.0%
Mobile Communication	205.0	230.0	-10.9%	534.9	565.0	-5.3%
Corporate, Other & Eliminations	-4.5	-4.7	-4.3%	-24.5	-12.7	92.9%
Consolidated operating income	257.8	282.9	-8.9%	668.0	699.6	-4.5%

Capital expenditures

in EUR millions (unaudited)	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Fixed Net tangible	57.6	59.7	-3.5%	166.1	161.8	2.7%
Mobile Communication tangible	67.4	55.9	20.6%	250.8	190.2	31.9%
Tangible	125.0	115.6	8.1%	416.9	352.0	18.4%
Fixed Net intangible	7.3	4.9	49.0%	22.7	16.5	37.6%
Mobile Communication intangible	25.8	28.0	-7.9%	95.2	52.9	80.0%
Intangible	33.1	32.9	0.6%	117.9	69.4	69.9%
Total capital expenditures	158.1	148.5	6.5%	534.8	421.4	26.9%

Personnel

Personnel (full-time equivalent)	End of period			Average of period		
	Sept. 30, 07	Sept. 30, 06	change	3Q 07	3Q 06	change
Fixed Net	9,732	9,499	233	9,737	9,497	240
Mobile Communication	6,495	5,968	527	6,444	5,954	490
Total	16,227	15,467	760	16,182	15,451	731

Operational Data Fixed Net

Lines and channels (in '000):	Sept. 30, 07	Sept. 30, 06	% change
PSTN access lines	2,071.4	2,289.8	-9.5%
Basic ISDN access lines	369.3	398.0	-7.2%
Multi ISDN access lines	6.8	7.2	-6.7%
Naked broadband lines	34.5	12.8	169.5%
Total access lines	2,482.0	2,707.9	-8.3%
Total access channels	3,047.2	3,303.0	-7.7%
xDSL retail access lines	626.7	549.0	14.2%
xDSL wholesale access lines	95.4	121.0	-21.2%
Total xDSL access lines	722.1	670.0	7.8%
Lines unbundled	272.8	178.8	52.6%

Traffic minutes (in millions of minutes):	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
National	789	818	-3.5%	2,404	2,637	-8.9%
Fixed-to-mobile	180	195	-7.6%	548	599	-8.5%
International	96	101	-5.6%	292	311	-6.2%
Total voice minutes	1,065	1,114	-4.4%	3,243	3,547	-8.6%
Internet dial up	167	310	-46.0%	605	1,136	-46.7%
Total Fixed Net minutes	1,232	1,424	-13.5%	3,848	4,683	-17.8%
Total voice market share				60.5%	57.3%	
Total market share (incl. Internet dial up)				60.9%	57.3%	
Total average voice telephony tariff (EUR/min.)*	0.079	0.077	1.7%	0.077	0.076	1.4%
xDSL ARPU residential (EUR)*	26.0	27.9	-6.7%	26.6	28.7	-7.3%

	Sept. 30, 07	Sept. 30, 06	% change
Internet subscribers in Austria ('in 000)	1,537	1,489	1.6%

Fixed Net revenues in EUR millions (unaudited)	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Switched voice traffic revenues	88.9	86.6	2.7%	261.2	275.9	-5.3%
Switched voice monthly rental & other voice telephony revenues	116.9	128.8	-9.2%	359.1	390.6	-8.1%
Payphones & value added services	11.6	11.8	-1.7%	34.3	33.8	1.5%
Data & IT - solutions including wholesale	110.5	102.7	7.6%	321.1	309.4	3.8%
Internet access & media	74.0	66.0	12.1%	215.2	198.4	8.5%
Wholesale voice telephony & Internet	107.3	103.9	3.3%	308.5	290.3	6.3%
Other	32.2	30.0	7.3%	86.2	85.6	0.7%
Total Fixed Net revenues	541.4	529.8	2.2%	1,585.6	1,584.0	0.1%

* Excluding the contribution from eTel

Operational Data Mobile Communication

Mobile Communication in EUR millions (unaudited)	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Revenues	805.3	772.9	4.2%	2,238.9	2,172.0	3.1%
EBITDA	339.0	351.7	-3.6%	919.6	931.5	-1.3%
Operating income	205.0	230.0	-10.9%	534.9	565.0	-5.3%
Data as a portion of traffic-related revenues	23.2%	19.4%				

	Sept. 30, 07	Sept. 30, 06	% change
Subscribers ('000)	11,229.5	9,781.9	14.8%

mobilkom austria* in EUR millions (unaudited)	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Revenues	426.7	435.8	-2.1%	1,264.4	1,291.9	-2.1%
EBITDA	155.5	163.8	-5.1%	468.4	484.7	-3.4%
Operating income	92.7	101.7	-8.8%	278.9	297.0	-6.1%
Monthly ARPU (EUR)	31.4	34.9	-10.0%			
Data as a portion of traffic-related revenues	27.5%	21.3%				
Subscriber acquisition cost (SAC)	17.9	13.3	34.6%			
Subscriber retention cost (SRC)	17.1	17.2	-0.6%			
Churn (3 months)	3.4%	4.4%				
Monthly MOU charged/ø subscriber	174.0	154.3	12.8%			

	Sept. 30, 07	Sept. 30, 06	% change
Subscribers ('000)	3,853.7	3,529.4	9.2%
Contract share	65.8%	59.3%	
Market share	40.3%	38.8%	
Market penetration	115.3%	110.9%	

Mobiltel in EUR millions (unaudited)	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Revenues	174.4	161.2	8.2%	475.1	432.2	9.9%
EBITDA	101.4	97.2	4.3%	274.7	258.9	6.1%
Operating income	62.8	63.1	-0.5%	162.9	157.6	3.4%
Monthly ARPU (EUR)	10.4	11.4	-8.8%			

	Sept. 30, 07	Sept. 30, 06	% change
Subscribers ('000)	4,813.7	4,036.3	19.3%
Contract share	39.4%	35.8%	
Market share	50.3%	54.0%	
Market penetration	125.2%	97.2%	

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

Operational Data Mobile Communication

Vipnet* in EUR millions (unaudited)	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Revenues	165.7	145.4	14.0%	392.4	363.4	8.0%
EBITDA	84.5	77.6	8.9%	170.2	158.9	7.1%
Operating income	66.7	57.7	15.6%	115.0	99.0	16.2%
Monthly ARPU (EUR)	16.3	17.5	-7.1%			

	Sept. 30, 07	Sept. 30, 06	% change
Subscribers ('000)	2,077.0	1,805.6	15.0%
Contract share	20.2%	16.2%	
Market share	43.2%	43.2%	
Market penetration	108.9%	94.8%	

Si.mobil in EUR millions (unaudited)	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Revenues	48.1	37.3	29.0%	127.1	95.5	33.1%
EBITDA	17.5	12.3	42.3%	41.6	25.9	60.6%
Operating income	12.0	6.9	73.9%	24.0	9.3	158.1%
Monthly ARPU (EUR)	24.9	22.5	10.7%			

	Sept. 30, 07	Sept. 30, 06	% change
Subscribers ('000)	479.9	405.9	18.2%
Contract share	61.2%	55.2%	
Market share	26.7%	24.4%	
Market penetration	89.7%	84.1%	

mobikom liechtenstein in EUR millions (unaudited)	3Q 07	3Q 06	% change	1-9M 07	1-9M 06	% change
Revenues	5.0	7.6	-34.2%	15.9	19.9	-20.1%
EBITDA	0.9	1.0	-10.0%	2.4	3.0	-20.0%
Operating income	0.6	0.9	-33.3%	1.7	2.5	-32.0%

	Sept. 30, 07	Sept. 30, 06	% change
Subscribers ('000)	5.2	4.7	10.6%

* 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.

Selected Explanatory Notes

Basis of Presentation

The consolidated interim financial statements, in the opinion of management, include all adjustments necessary for a fair presentation in accordance with International Financial Reporting Standards (IFRS).

These financial results in accordance with IAS 34 "Interim Financial Reporting" are unaudited and should be read in connection with the Company's annual consolidated financial statements according to IFRS for the year ended December 31, 2006. The consolidated results for the interim periods are not necessarily indicative of results for the full year.

No major related party transactions, commitments, contingencies and guarantees occurred since December 31, 2006.

The preparation of the interim financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

The Company has applied the same accounting policies and methods of computation in the interim financial statements as in the annual financial statements as of and for the year ended December 31, 2006 except for the following:

During 2006, IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflation Economies", IFRIC 8 "Scope of IFRS 2", IFRIC 9 "Reassessment of Embedded Derivatives" and IFRIC 10 "Interim Financial Reporting and Impairment", were issued and became effective for annual periods beginning on or after various dates in 2006. The Company has

adopted these standards as of January 1, 2007. The effects, if any, on its consolidated financial statements were insignificant.

Compared to other economic sectors the telecommunications industry is in general little cyclical. Within the telecommunication sector the seasonality of the Company's Fixed Net and Mobile Communications segment shows the same pattern as other European incumbents, having lower margins in the year-end quarter due to Christmas promotions, equipment provided to customers and increases in sales commissions. However, in the Mobile Communications segment customer and visitor roaming revenues are above average in the third quarter due to the summer vacation season. In Austria visitor roaming is also above average in the first quarter due to winter sports tourism.

Business Combination

On April 26, 2007 the Company acquired 100% of the share capital of the operating companies of eTel Group in Austria, Hungary, Czech Republic, Slovakia, Germany and Poland for a purchase price of EUR 107.5 million. eTel is a European integrated operator which was owned by a consortium of international investors with operations in Austria and Central-Eastern Europe.

The table below summarizes assets, liabilities and contingent liabilities of the acquiree immediately before the combination and the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

In the third quarter the preliminary purchase price allocation was finalized resulting in a decrease of property, plant and equipment of EUR 2.8 million due to the implementation of the obligations

Acquisition of eTel	Recognised values on acquisition	Fair value adjustments	Carrying amounts before the combination
in EUR millions (unaudited)			
Property, plant and equipment	27.0	- 2.8	29.8
Intangible assets	15.3	2.6	12.7
Deferred tax assets	34.4	34.0	0.4
Trade and other receivables	38.0	0.0	38.0
Cash and cash equivalents	2.6	0.0	2.6
Loans and borrowings	-69.1	0.0	- 69.1
Deferred tax liabilities	- 3.8	- 3.8	0.0
Trade and other payables	- 20.9	0.0	- 20.9
Net identifiable assets and liabilities	23.5	30.0	- 6.5
Goodwill on acquisition	32.5		
Debt paid on behalf of eTel	51.5		
Total Consideration	107.5		
Cash acquired	- 2.6		
Net cash outflow	104.9		

imposed by the Merger Control Commission.

The total consideration includes EUR 4.3 million ancillary cost.

The goodwill recognized on the acquisition is attributable mainly to an assembled and trained work force, market shares as well as an access to market shares and customers.

The investment in eTel is presented in the Fixed Net segment

In the five months since the acquisition eTel contributed revenues of EUR 43.7 million, EBITDA of EUR 1.0 million and a net loss of EUR 36.8 million. This amount includes a tax expense of EUR 34.5 million due to the change in tax status from a taxable entity to a non taxable pass through entity. Correspondingly Telekom Austria TA AG as the sole shareholder recorded a pick up in the same amount which offset the tax expense in the consolidated financial statements. As the acquired eTel companies did not prepare its financial statements prior to the acquisition under IFRS and due to the insignificant impact, the Company did not prepare proforma financial information as if the acquisition would have occurred on January 1, 2007 and 2006.

Long-Term Debt, Short-Term Borrowings and Net Debt

An amount of EUR 77.3 million of long term debt was repaid and EUR 470.0 million of long term debt with maturity dates of December 31, 2008, March 31, 2009 and May 31, 2012 was issued in the nine month period ended September 30, 2007.

Income Taxes

The effective tax rate for the nine month periods ended September 30, 2007 and 2006 was 20.8% and 19.9% (excluding the effect of the release of a deferred tax credit of EUR 8.7 million in 2006). In the nine month period ended September 30, 2007, the effective tax rate was less than the Austrian statutory tax rate of 25% mainly due to foreign income tax rate differentials.

Net deferred tax assets of EUR 9.2 million as of December 31, 2006 changed to net deferred tax liabilities of EUR 16.5 million as of September 30, 2007 mainly due to the amortization of goodwill for tax purposes, deferred deductions for write-downs of investments in subsidiaries and the utilisation of loss carry-forwards.

Interest Expense

In compliance with IAS 8.14 the Company shows interest expense resulting from employee benefit obligations of EUR 4.4 million in the financial result beginning September 30, 2007. The Company has reclassified the interest expense as this provides a more relevant view on the financial result than by including it in employee cost. Comparative figures for 2006 were adjusted accordingly.

Segment Reporting

The Company operates in three segments: Fixed Net (approximates former wireline), Mobile Communication (approximates former wireless) and Corporate & Other (former other activities and corporate activities). The Corporate segment manages and supports the Fixed Net and Mobile Communication segments and is the interface with the financial community.

The eliminations in segment expenses include EUR 9.5 million expenses for the implementation of the holding structure not attributable to a single segment.

Subsequent Events

On October 1, 2007 the Company closed the acquisition of 100% of the share capital of Mass Response Service GmbH, which is mainly engaged in the production of interactive TV for a purchase price of approximately EUR 19.5 million.

On October 3, 2007 the Company acquired 70% interest in Cypriot SB Telecom Limited for a corresponding purchase price of approximately EUR 730 million. SB Telecom is the sole owner of the Belarusian mobile operator MDC. The Company expects approval of the acquisition from all relevant merger control commissions.

The Company also entered into a call and put option agreement related to the remaining 30% interest exercisable in the fourth quarter 2010 for approximately

EUR 320 million and an agreement for a deferred consideration.

In accordance with IAS 32 the Company consolidates 100% of SB Telecom without minority interest and recognises a financial liability for the remaining 30% stake at present value as the minority shareholders hold a put option.

MDC is the number 2 operator in Belarus with a market share of approximately 42%. Its mobile communication services are marketed under the brand names "Velcom" for post-paid services and "Privet" for prepaid services. In 2006 MDC generated approximately EUR 263 million revenues, EUR 159 million EBITDA and EUR 83 million net income.

On October 8, 2007 the Company agreed to acquire 100% of the share capital of the Austrian mobile operations of Tele2 including the entire customer base for a purchase price of approximately EUR 7 million which will be adjusted based on closing financial statements and the actual number of customers as of closing date. Tele2 is an Austrian virtual mobile network provider and had approximately 131,000 customers at the end of June 2007. Merger control approval is pending and the transaction is currently expected to be closed in 4Q 2007.

On October 15, 2007 the Austrian regulatory authority adapted the final schedule for the reduction of termination charges between mobile operators. The regulator adheres to the successive abolishment of the asymmetry between Austrian mobile operators by year end 2008 and has decided to lower termination charges compared to the previous schedule published in 2005. The uniform termination charge of all Austrian mobile communication operators will be reduced from 6.79 cents to 5.72 cents by January 1, 2009. mobilkom austria will retroactively adapt 7.13 cents from January 1, 2007, 5.91 cents from July 1, 2007 and as of January 1, 2008 5.72 cents.