TELEKOM AUSTRIA GROUP

Results for the First Nine Months 2008

Highlights

- Revenues grow by 6.4% from EUR 3,630.9 million to EUR 3,863.8 million
- EBITDA increases by 3.0% from EUR 1,463.6 million to EUR 1,507.6 million
- EBITDA is driven by international operations and the consolidation of Velcom
- Ongoing stabilization of Fixed Net trend as product bundles are effective in decelerating access line loss
- Fixed Net restructuring measures will lead to further headcount reduction, expected non-cash provision of approximately EUR 630 million in 4Q 08
- Outlook for FY 08 for operating business including DPS guidance of at least EUR 0.75 reiterated despite impact of restructuring measures on earnings in 4Q 08

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 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Revenues	1,328.0	1,277.1	4.0%	3,863.8	3,630.9	6.4%
EBITDA	539.9	521.2	3.6%	1,507.6	1,463.6	3.0%
Operating income	261.7	257.8	1.5%	651.6	668.0	-2.5%
Net income	162.9	173.7	-6.2%	388.9	451.5	-13.9%
Earnings per share (in EUR)	0.37	0.39	-5.5%	0.88	0.99	-11.2%
Capital expenditures	184.0	158.1	16.4%	534.3	534.8	-0.1%

in EUR million	Sept. 30, 08	Dec. 31, 07	% change
Net debt	4,170.8	4,407.2	-5.4%

The presentation for the conference call and the key figures of the Telekom Austria Group in excel format („Key Figures 3Q 2008“) are available on our website at **www.telekomaustria.com**

Results for the financial year 2008 will be announced on February 25, 2009

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Vienna, November 12, 2008 - Telekom Austria Group (VSE: TKA, OTC US: TKAGY) today announced its results for the first nine months 2008 and the third quarter ending September 30, 2008.

Year-to-date comparison:
During the first nine months 2008 revenues grew by 6.4% to EUR 3,863.8 million mainly due to a strong performance of international operations including the consolidation of Velcom, which offset a lower contribution from the domestic market.

EBITDA grew by 3.0% to EUR 1,507.6 million driven by international operations including the consolidation of Velcom. Operating income declined by 2.5% to EUR 651.6 million due to higher depreciation and amortization charges. Net income declined by 13.9% to EUR 388.9 million mainly due to higher interest expenses following the acquisition of Velcom.

Capital expenditures for tangible and intangible assets remained stable at EUR 534.3 million despite enlarged operations as lower capital expenditures in the Fixed Net segment compensated for higher capital expenditures in the Mobile Communication segment.

Net debt decreased by 5.4% to EUR 4,170.8 million at the end of 3Q 08 compared to the end of 2007.

Quarterly comparison:
Revenues increased by 4.0% to EUR 1,328.0 million in 3Q 08 primarily driven by the consolidation of Velcom. The third quarter of the year is characterized by seasonally higher roaming volumes due to summer vacations. Therefore, roaming revenues declined especially during 3Q 08 as a consequence of the regulation of international voice roaming traffic, which was introduced by the European Union in the second half of 2007.

EBITDA grew by 3.6% to EUR 539.9 million primarily due to the consolidation of Velcom and mobilkom austria's higher profitability. Operating income grew by 1.5% to EUR 261.7 million. Net income decreased by 6.2% to EUR 162.9 million during 3Q 08 mainly due to higher interest expenses following the acquisition of Velcom. Earnings per share declined by 5.5% to EUR 0.37.

Capital expenditures for tangible and intangible assets increased by 16.4% to EUR 184.0 million mainly due to higher investments in Bulgaria and the consolidation of Velcom.

Restructuring measures announced:
On November 10, 2008 the Telekom Austria Group announced the next step from the current restructuring program of its Fixed Net operations which will require a non-cash provision in the amount of approximately EUR 630 million and will impact reported EBITDA in 4Q 2008. However, it will not impact the cash flow of the Telekom Austria Group and will improve future earnings. For further details see Subsequent Events on page 10.

Group Review

Market Environment

During the first nine months of 2008 Telekom Austria Group's domestic businesses continued to operate in an environment characterized by fierce competition in both segments. Low prices for voice telephony and for mobile broadband in the mobile communication market contributed to the ongoing fixed-to-mobile substitution. In order to protect the core business of the Fixed Net segment the broadband product portfolio was extended with attractive product bundles with higher bandwidths. Against the backdrop of a shrinking domestic fixed line market, downsizing measures are imperative and consequently, Telekom Austria has initiated a comprehensive cost cutting program in the fourth quarter of 2007. While the Telekom Austria has already achieved a number of milestones, a decision on the creation of a personnel agency for the redundant workforce has been postponed. Nevertheless, the Telekom Austria will continue with its restructuring program until a decision is made. Detailed information is provided under subsequent events on page 10.

The Telekom Austria Group's international operations continued to perform strongly in the first nine months of 2008, which helped offset the development of the Austrian fixed net market. The overall growth profile of Telekom Austria Group has been strengthened in 2008 by the acquisition of Velcom in Belarus and higher contributions from the new operations in the Republic of Serbia and the Republic of Macedonia.

The regulation of international voice roaming traffic, which was introduced in the second half of 2007 by the European Union, impacted Telekom Austria Group's results for the first 3 quarters of 2008 in comparison to the previous year's figures.

Recent turmoil on international financial markets and spillovers into the real economy has raised concern about the economic slowdown and the implications on companies operating in Eastern and Southeastern Europe. Compared to other economic sectors the telecommunications industry is in general less cyclical. Telekom Austria Group believes its operations in Eastern and Southeastern Europe to be relatively more resilient to economic downturns than other industries as communication services fulfill a basic human need. This is supported by recent evidence of growing usage and ARPU in our major Eastern and Southeastern European operations and so far there has been no indication of a change in consumer behavior. Moreover, average revenues per user comprise a relatively small portion of disposable income and fixed penetration tends to be lower in Eastern and Southeastern Europe than in more mature markets. These factors reduce the individual cost saving potential of customers and make substitution of mobile communication services less likely.

The turmoil on financial markets has led to higher costs of borrowing and less access to liquidity in general. However, Telekom Austria Group's funding policy is conservative and financing remains solid. Besides Telekom Austria Group's strong cash flow the company has also secured access to additional funding through a well diversified portfolio of banks providing committed lines of credit.

Nevertheless, the Telekom Austria Group monitors macroeconomic risks in Eastern and Southeastern Europe closely to facilitate appropriate reaction in due time if necessary.

Revenues and Operating Income by Segment

Fixed Net

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

Year-to-date comparison:
Fixed Net revenues declined by 2.8% to EUR 1,540.7 million during the first nine months of 2008 as revenue growth in Data & IT solutions and Wholesale Voice Telephony & Internet was offset by lower revenues from Internet Access & Media and Switched Voice.

EBITDA decreased by 15.9% to EUR 478.3 million during the first nine months of 2008 compared to the previous year's period as a result of higher operating expenses, which included exceptional costs in the amount of EUR 19.7 million, as well as lower revenues. The exceptional expenses were incurred for the preparation and the promotion of the UEFA EURO 2008 ™, the switch to MPEG 4 set-top boxes as well as due to consulting costs related to the ongoing restructuring program.

Operating income decreased by 36.4% to EUR 100.3 million compared to the first nine months 2007 as lower depreciation and amortization charges partly compensated for higher operating expenses.

Quarterly comparison:
The introduction of product bundles slowed fixed net access line loss by 53.5% from 59,600 in 3Q 07 to 27,700 in 3Q 08. The number of access lines declined by 152,000 lines to 2.3 million at the end of September 2008 reflecting a material slowdown of fixed net access line loss.

The number of fixed net broadband lines increased by 15.7% to 835,300 including 68,900 wholesale lines at the end of September 2008 as the number of fixed net broadband retail lines grew driven by customer acceptance of product bundles while the number of fixed net wholesale broadband lines declined. The number of broadband net adds turned positive in 3Q 08 to 8,900 after a decline of 1,600 in 3Q 07.

Average revenues per fixed net access line, which mainly consist of revenues from voice, monthly rentals, broadband and aonTV, remained almost stable in 3Q 08 at EUR 33.0 compared to EUR 33.3 in 3Q 07 and grew compared to 2Q 08.

The number of unbundled lines rose to 297,800 at the end of September 2008 compared to 272,800 at the end of September 2007. In a quarter-to-quarter comparison unbundled lines remained stable from 2Q 08 to 3Q 08.

Fixed-to-mobile substitution was the main driver of the decline in voice minutes by 11.7% to 914.4 million in 3Q 08. Fixed Net's voice market share increased to 62.1% in 3Q 08 compared to 60.5% in 3Q 07 due to the positive market response to the new product bundles.

Fixed Net revenues were EUR 496.9 million during 3Q 08 compared to EUR 541.4 million in 3Q 07 mainly due to lower revenues from Internet Access & Media and Switched Voice.

Switched Voice Traffic revenues declined by 10.9% to EUR 79.2 million reflecting a lower volume of minutes, while the average voice tariff remained stable at 7.9 Eurocents per minute.

Revenues from Switched Voice Monthly Rental & Other declined by 5.1% to EUR 110.9 million due to a lower number of access lines.

Revenues from Payphones & Value Added Services declined by 7.8% to EUR 10.7 million in 3Q 08 as a result of lower pay-

Fixed Net

in EUR million	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Revenues	496.9	541.4	-8.2%	1,540.7	1,585.6	-2.8%
EBITDA	165.7	186.8	-11.3%	478.3	568.8	-15.9%
Operating income	47.1	57.3	-17.8%	100.3	157.6	-36.4%

phone revenues and lower revenues from interactive TV-gaming services.

Revenues from Data & IT-solutions including wholesale grew slightly by 0.3% to EUR 110.8 million.

Revenues from Internet Access & Media decreased by 20.7% to EUR 58.7 million as strong growth of the broadband customer base only partly compensated for lower broadband prices marketed to protect the access line base.

Wholesale Voice Telephony & Internet revenues declined by 6.5% to EUR 100.3 million mainly driven by lower wholesale Internet revenues as well as lower national wholesale revenues.

Other Fixed Net revenues decreased by 18.3% to EUR 26.3 million due to lower equipment revenues.

A reduction of operating expenses limited the decline of EBITDA in 3Q 08 to 11.3% to an EBITDA of EUR 165.7 million as cost savings improved the trend compared to 1Q 08 and 2Q 08.

Operating income declined from EUR 57.3 million in 3Q 07 to EUR 47.1 million in 3Q 08 as lower depreciation and amortization charges as well as lower operating costs partly compensated for lower revenues.

Mobile Communication

Note: Detailed operational data of the Mobile Communication segment are shown in the appendix on page 20, 21 and 22

Year-to-date comparison:

Revenues in the Mobile Communication segment rose by 12.0% to EUR 2,506.5 million during the first nine months of 2008. This growth was driven by international operations including the consolidation of Velcom, which more than offset lower roaming revenues following the introduction of the EU roaming regulation. On a comparable basis, excluding Velcom, revenues in the Mobile Communication segment increased by 2.3% to EUR 2,289.6 million.

EBITDA increased by 13.6% to EUR 1,045.0 million in the first nine months of 2008. Growth of established international operations including the consolidation of Velcom compensated for costs associated with the launch of operations in the Republic of Serbia and the Republic of Macedonia. Excluding Velcom, EBITDA in the Mobile Communication segment increased by 1.8% to EUR 936.1 million.

Operating income rose by 5.9% to EUR 566.7 million as EBITDA growth compensated for higher depreciation and amortization charges. Operating income excluding Velcom declined by 3.9% to EUR 513.8 million as a result of higher depreciation and amortization charges for the start-up operations in the Republic of Serbia and the Republic of Macedonia as well as in Bulgaria.

Quarterly comparison:

The number of customers in the Mobile Communication segment grew strongly by 51.5% to 17.0 million customers as of September 30, 2008. Excluding Velcom the organic subscriber growth was 20.1% to 13.5 million subscribers.

Revenues in the Mobile Communication segment grew by 11.2% to EUR 895.7 million in 3Q 08 mainly due to the consolidation of Velcom. Excluding Velcom revenues grew by 1.1% to EUR 813.8 million. The third quarter has traditionally been characterized by seasonally higher roaming volumes due to the summer touristic season. Therefore, as expected, the introduction of international voice roaming regulation during the second half

Mobile Communication*

in EUR million	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Revenues	895.7	805.3	11.2%	2,506.5	2,238.9	12.0%
EBITDA	378.9	339.0	11.8%	1,045.0	919.6	13.6%
Operating income	219.2	205.0	6.9%	566.7	534.9	5.9%

* Consolidated 3Q 08 and 1-9M 08 financial statements of the Telekom Austria Group include the results for Velcom. The results of 3Q 07 and 1-9M 07 do not include Velcom.

of 2007 led to a stronger year-on-year decline in roaming revenues in 3Q 08 compared to the first half 2008.

EBITDA grew by 11.8% to EUR 378.9 million in 3Q 08 as the consolidation of Velcom, a higher profitability of mobilkom austria and lower costs associated with the launch of operations in the Republic of Serbia and the Republic of Macedonia more than offset the impact of lower roaming revenues in other markets. Excluding Velcom, EBITDA decreased by 0.6% to EUR 337.0 million.

Operating income increased to EUR 219.2 million in 3Q 08 compared to EUR 205.0 million in 3Q 07 despite higher depreciation and amortization charges following the consolidation of Velcom and the recently launched operations in the Republic of Serbia and the Republic of Macedonia. Operating income excluding Velcom declined by 4.2% to EUR 196.5 million.

mobilkom austria

The subscriber base of mobilkom austria, the leading mobile operator in Austria, grew by 13.0% to 4.4 million subscribers at the end of September 2008. This growth was primarily driven by strong contract subscriber growth.

mobilkom austria extended its market leadership as the market share increased to 42.5% at the end of 3Q 08 compared to 40.3% at the end of 3Q 07. The mobile penetration rate in Austria rose from 115.3% at the end of 3Q 07 to 122.5% at the end of 3Q 08 due to an increasing number of customers with SIM cards for mobile broadband in addition to SIM cards for voice services.

Average revenues per user (ARPU) declined by 11.5% to EUR 27.8 as an increase in data usage partly offset declining prices for voice and data. Data ARPU increased by 6.1% to EUR 7.0 due to increased data packages.

mobilkom austria had nearly 1.8 million Vodafone live! customers at the end of September 08 and 347,500 mobile broadband customers compared to 250,000 mobile broadband customers at the end of September 2007. Data revenues as a percentage of traffic-related revenues rose from 27.5% in 3Q 07 to 32.1% in 3Q 08.

Revenues of mobilkom austria declined by 1.6% to EUR 420.0 million compared to 3Q 07 primarily as a result of lower roaming revenues as higher usage only partly compensated for lower roaming prices. Higher revenues from monthly rentals compensated for lower traffic revenues. This reflects the shift in the tariff structure from pricing per minute to monthly packages including voice traffic for a monthly flat rate. Interconnection revenues increased as lower prices were offset by higher volumes.

Subscriber acquisition costs decreased from EUR 17.9 million to EUR 9.0 million in 3Q 08 compared to 3Q 07 due to more SIM-only gross adds and lower prices for handsets. Subscriber retention costs increased by 11.1% to EUR 19.0 million.

In spite of lower revenues mobilkom austria's EBITDA increased by 2.7% to EUR 159.7 million, with higher profitability mainly reflecting lower subscriber acquisition costs.

Operating income increased by 9.3% to EUR 101.3 million driven by a higher EBITDA and stable depreciation and amortization charges.

Mobiltel

Mobiltel, the leading mobile operator in Bulgaria, grew its customer base by 7.9% to 5.2 million customers at the end of September 2008 compared to the same period of the previous year. Mobiltel's market share remained nearly stable at 49.9% at the end of 3Q 08 compared to 50.3% at the end of 3Q 07. The mobile penetration rate in Bulgaria rose from 125.2% to 136.8%.

An increase in average minutes of use charged per subscriber by 22.0% partly offset lower prices and resulted in an

ARPU of EUR 10.1 in 3Q 08 compared to EUR 10.4 in 3Q 07.

Revenues of Mobiltel rose by 2.6% to EUR 179.0 million in 3Q 08 driven by higher monthly rental and traffic revenues, which compensated for lower visitor roaming revenues following the introduction of EU roaming regulation.

EBITDA decreased by 1.4% to EUR 100.0 million during 3Q 08 compared to 3Q 07 due to the EU roaming regulation.

Mobiltel's operating income decreased by 10.2% to EUR 56.4 million in 3Q 08 compared to 3Q 07 due to a lower EBITDA and higher depreciation and amortization charges.

Velcom

As of end of September 2008 Velcom, the second largest mobile operator in Belarus, grew its subscriber base to 3.5 million customers compared to 3.4 million at the end of June 2008. Velcom increased its market share from 44.4% in 2Q 08 to 44.7% in 3Q 08. The penetration rate in Belarus was 81.3% at the end of September 08.

Velcom contributed EUR 82.4 million to revenues and EUR 41.9 million to EBITDA in 3Q 08, with an EBITDA margin of 50.8%. Velcom's operating income in 3Q 08 amounted to EUR 22.7 million.

Velcom's ARPU grew from EUR 6.9 in 2Q 08 to EUR 7.6 in 3Q 08 primarily due to new attractive tariffs and, to a lesser extent, to currency fluctuations.

Average minutes of use charged per subscriber slightly declined from 165.8 in 2Q 08 to 162.8 minutes in 3Q 08 due to a over-proportional increase in subscriber base compared to the growth in minutes.

Vipnet

Vipnet, the second largest mobile operator in Croatia, increased its subscriber base by 14.2% to 2.4 million customers at the end of September 2008.

At the end of September 2008 the mobile penetration rate in Croatia stood at 127.1% compared to 108.9% at the end of 3Q 07. Vipnet's market share declined slightly to 42.3% in 3Q 08 from 43.2% in 3Q 07.

ARPU declined by 4.0% to EUR 15.6 in 3Q 08 compared to EUR 16.3 in 3Q 07 as higher data revenues as well as a higher contract subscriber base partly compensated for lower prices. Average minutes of use charged per subscriber declined slightly by 1.8% to 92.1 minutes.

Growth of traffic and rental revenue partly offset lower wholesale roaming revenues and the expiry of the national roaming agreement with Tele2. Although Croatia is not a member of the EU, wholesale roaming prices declined following the introduction of a comprehensive regulation of roaming tariffs by the EU. As a result, revenues of Vipnet declined by 4.8% to EUR 157.8 million in 3Q 08 compared to 3Q 07.

EBITDA decreased by 13.5% to EUR 73.1 million in 3Q 08 mainly due to lower roaming revenues and higher interconnection costs.

Operating income of Vipnet decreased by 16.3% to EUR 55.8 million in 3Q 08 compared to the same period of the previous year reflecting lower EBITDA.

Si.mobil

Si.mobil, the second largest operator in Slovenia, increased its subscriber base by 15.1% to 552,200 customers at the end of September 2008.

Si.mobil increased its market share from 26.7% to 27.5%. The mobile penetration rate in Slovenia was 100.1% at the end of 3Q 08 compared to 89.7% at the end of 3Q 07.

ARPU rose by 3.6% to EUR 25.8 driven by a higher contract subscriber base and an increase in average minutes of use charged per subscriber by 5.6% to 127.7 minutes, which compensated for lower interconnection revenues due to lower interconnection asymmetry.

Revenues grew by 5.0% to EUR 50.5 million during 3Q 08 mainly as a result of higher traffic and monthly rental revenues overcompensating lower visitor roaming revenues due to the roaming regulation.

As a consequence of lower roaming revenues due to the roaming regulation and lower interconnection asymmetry, EBITDA declined by 2.9% to EUR 17.0 million.

Operating income decreased by 3.3% from EUR 12.0 million in 3Q 07 to EUR 11.6 million in 3Q 08 due to lower EBITDA partly offset by lower depreciation and amortization charges.

Vip mobile

Vip mobile, the third largest mobile operator in the Republic of Serbia, grew its subscriber base to 752,600 customers from 666,600 customers at the end of 2Q 08 and had a market share of 7.9% at the end of 3Q 08.

The penetration rate in the Republic of Serbia stood at 127.3% at the end of 3Q 08 as a high number of subscribers reported by the incumbent resulted in an inflated penetration rate.

During 3Q 08 Vip mobile generated revenues of EUR 15.8 million and an EBITDA loss of EUR 9.2 million, a slight decrease compared to the previous quarter. Operating loss amounted to EUR 23.6 million.

Vip operator

Vip operator, the third largest mobile operator in the Republic of Macedonia, had 250,900 customers in 3Q 08 compared to 209,200 customers in 2Q 08 and held a market share of 11.5% at the end of 3Q 08. At the end of September 2008 the penetration rate in the Republic of Macedonia was 107.5%.

Vip operator's revenues amounted to EUR 3.9 million in 3Q 08. The company generated an EBITDA loss of EUR 4.3 million, reflecting a continuing reduction compared to the previous quarter. Operating loss amounted to EUR 5.5 million in 3Q 08.

Consolidated Net Profit

Year-to-date comparison:

During the first nine months of 2008 net interest expenses increased by 55.6% to EUR 153.1 million compared to the same period of the previous year, due to higher net debt following the acquisition of Velcom and a higher average interest rate.

Primarily due to a lower taxable income, income tax expense fell by 5.8% to EUR 111.7 million during the first nine months of 2008.

Net income declined by 13.9% to EUR 388.9 million mainly due to a lower operating income and higher interest expenses.

Basic and diluted earnings per share declined by 11.2% to EUR 0.88 in the first nine months of 2008 compared to the same period in 2007 mainly as a result of lower net income.

Quarterly comparison:

During 3Q 08 net interest expenses increased to EUR 51.0 million from EUR 37.8 million during 3Q 07 due to higher average net debt mainly as a result of the acquisition of Velcom and a higher average interest rate.

Income tax expense increased by 3.9% from EUR 46.1 million in 3Q 07 to EUR 47.9 million in 3Q 08 due to a higher effective tax rate.

Quarterly net income decreased by 6.2% to EUR 162.9 million in 3Q 08 due to higher interest expenses. Basic and diluted earnings per share declined by 5.5% to EUR 0.37.

Capital Expenditures

Year-to-date comparison:

Total capital expenditures for tangible and intangible assets remained almost stable at EUR 534.3 million during the first nine months of 2008 despite enlarged operations and the consolidation of Velcom. Capital expenditures for tangible assets declined slightly by 0.3% to EUR 415.7 million, while capital expenditures for intangible assets rose by 0.6% to EUR 118.6 million.

Quarterly comparison:
During 3Q 08 capital expenditures for tangible and intangible assets increased by 16.4% to EUR 184.0 million. Capital expenditures for tangible assets increased by 12.9% to EUR 141.1 million and capital expenditures for intangible assets rose by 29.6% to EUR 42.9 million.

In the Fixed Net segment capital expenditures for tangible assets decreased by 29.2% to EUR 40.8 million during 3Q 08 mainly due to separate reporting of network hardware and software as well as lower investments in access and core Infrastructure due to a restrictive investment policy.

In the Mobile Communication segment capital expenditures for tangible assets increased by 48.8% to EUR 100.3 million in 3Q 08 mainly due to higher capital expenditures in Bulgaria and the consolidation of Velcom in Belarus.

Capital expenditures for intangible assets in the Fixed Net segment increased from EUR 7.3 million in 3Q 07 to EUR 7.9 million in 3Q 08.

In the Mobile Communication segment capital expenditures for intangible assets increased by 35.7% to EUR 35.0 million in 3Q 08 mainly due to higher investments in software in Bulgaria and the Republic of Serbia as well as to the consolidation of Velcom.

Balance Sheet and Net Debt

The total assets of the Telekom Austria Group decreased from EUR 9,003.7 million as of December 31, 2007 to EUR 8,770.0 million as of September 30, 2008.

During the first nine months of 2008 current assets remained nearly stable at EUR 1,319.2 million. Goodwill increased from EUR 1,939.6 million as of end of 2007 to EUR 1,972.3 million due to currency translation as goodwill is recognized in local currency. Other intangible assets declined from EUR 2,433.0 million to EUR 2,329.3 million at the end of September 2008 as a result of amortization exceeding additions and currency translation. Property, plant and equipment declined by 5.0% to EUR 3,027.4 million due to depreciation charges exceeding additions and currency translation.

Current liabilities decreased from EUR 2,557.2 million at the end of December 2007 to EUR 1,972.2 million at the end of September 2008 mainly due to a shift of short-term borrowings to long-term debt and repayment of short-term borrowings

Non-current liabilities increased by 5.7% to EUR 4,103.4 million due to the shift of short-term borrowings to long-term debt.

Stockholders' equity increased from EUR 2,565.3 million as of December 31, 2007 to EUR 2,694.4 million as of September 30, 2008. Stockholders' equity increased as net income generated during the first nine months of 2008 more than offset the distribution of EUR 331.7 million in dividends. Additionally, translation

Capital expenditures in EUR million	**3Q 08**	**3Q 07**	**% change**	**1-9M 08**	**1-9M 07**	**% change**
Fixed Net tangible	40.8	57.6	-29.2%	141.6	166.1	-14.8%
Mobile Communication tangible	100.3	67.4	48.8%	274.1	250.8	9.3%
Tangible	**141.1**	**125.0**	**12.9%**	**415.7**	**416.9**	**-0.3%**
Fixed Net intangible	7.9	7.3	8.2%	39.6	22.7	74.4%
Mobile Communication intangible	35.0	25.8	35.7%	79.0	95.2	-17.0%
Intangible	**42.9**	**33.1**	**29.6%**	**118.6**	**117.9**	**0.6%**
Total capital expenditures	**184.0**	**158.1**	**16.4%**	**534.3**	**534.8**	**-0.1%**

Cash flow and net debt

in EUR million	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Cash generated from operations	433.5	401.3	8.0%	1,105.7	1,197.6	-7.7%
Cash used in investing activities	-185.4	-162.1	14.4%	-531.4	-629.9	-15.6%
Cash used in financing activities	-269.9	-78.9	242.1%	-619.0	-412.7	50.0%
Effect of exchange rate changes	-8.3	0.7	n.a.	0.9	2.2	-61.2%
Net decrease in cash and cash equivalents	**-30.2**	**161.0**	**-118.7%**	**-43.9**	**157.2**	**-127.9%**

in EUR million	Sept. 30, 08	Dec. 31, 07	% change
Net debt	4,170.8	4,407.2	-5.4%

adjustments mainly resulting from the Belarusian Ruble positively affected the shareholders' equity.

Net debt decreased to EUR 4,170.8 million as of September 30, 2008 as a result of free cash flow generation despite the payment of the dividend in the amount of EUR 331.7 million. Net debt to EBITDA (last 12 months) decreased from 2.4x at the end of December 2007 to 2.2x at the end of September 2008.

Cash Flow

Year-to-date comparison:
Cash generated from operations decreased by 7.7% to EUR 1,105.7 million in the first nine months of 2008 due to an increase in accounts receivable, a decrease in accounts payable as well as an increase in deferred tax liabilities.

Cash outflows for investing activities decreased by 15.6% to EUR 531.4 million mainly due to the acquisition of eTel included in the first nine months of 2007.

Cash from financing activities recorded a net outflow of EUR 619.0 million during the first nine months of 2008 compared to a net outflow of EUR 412.7 million during the same period of the previous year. This was caused by higher repayment of long-term and short-term debt in 2008 despite the cash outflow for the share buyback program in 2007.

Quarterly comparison:
During 3Q 08 cash generated from operations increased by 8.0% to EUR 433.5 million mainly due to an increase of other liabilities in 2008 compared to a decrease in 2007.

Cash outflow from investing activities increased from EUR 162.1 million in 3Q 07 to EUR 185.4 million in 3Q 08 mainly due to higher capital expenditures in the Mobile Communication segment.

Cash used in financing activities increased from a net outflow of EUR 78.9 million in 3Q 07 to a net outflow of EUR 269.9 million in 3Q 08 following the repayment of short-term borrowings.

Personnel

The total number of employees of the Telekom Austria Group grew by 1,478 to 17,705 employees at the end of September 2008 compared to the same period of the previous year.

The workforce in the Fixed Net segment decreased by 395 to 9,337 full time equivalents primarily due to voluntary redundancy programs and to a lesser extent to the sale of eTel Polska and eTel Hungary.

The number of employees of the Mobile

	End of period			Average of period		
Personnel (full-time equivalent)	**Sept. 30, 08**	**Sept. 30, 07**	**change**	**1-9M 08**	**1-9M 07**	**change**
Fixed Net	9,337	9,732	-395	9,466	9,610	-144
Mobile Communication	8,368	6,495	1,873	8,199	6,270	1,929
Telekom Austria Group	**17,705**	**16,227**	**1,478**	**17,665**	**15,880**	**1,785**

Communication segment increased by 1,873 to 8,368 employees mainly as a result of the acquisition of Velcom.

Other Events

Rudolf Fischer, the Vice Chairman of the Board and CEO of the Fixed Net segment resigned as of August 31, 2008. He will continue to support the Fixed Net segment for another year to foster an efficient transition. Boris Nemsic, CEO of Telekom Austria Group took over Rudolf Fischer's position and heads the Fixed Net segment as of September 1, 2008.

On August 6, 2008 the Company issued promissory notes with a total volume of EUR 300 million and a maturity of four years. The notes consist of a fixed interest rate tranche of EUR 100 million with a coupon of 6.08% and a floating interest rate tranche of EUR 200 million with an initial coupon valid for the first 6 month period at 6.20%.

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 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.

Major Subsequent Events after September 30, 2008

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

On November 10, 2008 the Telekom Austria Group announced the next step from the current restructuring program of its Fixed Net operations.

Under the plan announced, about 1,250 employees, who cannot be laid off mainly due to their civil servant status, will be made redundant from the Fixed Net operations in the course of 2009. IFRS accounting rules require a non-cash provision for the net present value of the estimated future personnel expenses of the redundant employees up to their retirement for the total amount of approximately EUR 630 million, which will impact reported results in 4Q 2008. However, this provision will not have any effects on the operating performance and the cash flow of the Telekom Austria Group and it will improve future earnings. The planned provision will not be included in the net debt calculation but it will be interest bearing starting from 2009.

The Telekom Austria Group will offer a social plan to eligible employees, who can no longer be employed in the Fixed Net segment. Under this social plan the Telekom Austria Group expects approximately 400 employees to voluntary leave the company in the next years, 250 of which already by the end of 2009. The total estimated cost for this social plan of about EUR 60 million will be provided for in the financial statements of 2008 as part of the aforementioned non-cash provision for the redundant workforce in the amount of EUR 630 million.

The measures announced are expected to improve 2009 EBITDA by approximately

EUR 35 million, primarily as a result of lower personnel expenses, with roughly EUR 10 million resulting from cash savings due to the reduction of personnel expenses and personnel-related operating costs such as extra allowance, overtime, travel and trainings costs.

Outlook for 2008

The Telekom Austria Group fully reiterates its full-year outlook 2008 for the operating business as announced with the 2008 half-year results. The restructuring plan will have an impact on reported results but not on the operating business. The Telekom Austria Group continues to expect revenues to increase by approximately 5% in 2008 compared to the previous year. Excluding the planned non-cash provision for the restructuring program, EBITDA is expected to grow by about 3%, with growth from international operations overcompensating for a lower contribution from the Fixed Net segment. Operating income is expected to remain stable, excluding the impact of the restructuring program.

Net debt increased in 2007 mainly due to the acquisition of Velcom in Belarus. This will lead to higher interest expenses and a decline in net income by approximately 12% in 2008, excluding the impact of the planned provision for the restructuring program. Telekom Austria Group's operating free cash flow continues to be expected to rise by about 10%.

Including the non-cash provision for the restructuring program and its accounting treatment, the Telekom Austria Group expects reported EBITDA to fall by about 30% and reported operating income to decrease by about 85%. Furthermore, due to the above described restructuring program, net result will turn slightly negative despite lower income tax expenses.

The planned provision described above will impact reported earnings in 2008, however, it will not have any effects on Telekom Austria Group's cash flow. Thus, the Management Board has reiterated its plan to propose a dividend of at least EUR 0.75 per eligible share for the 2008 financial year to be paid following prior approval of the Annual General Meeting in 2009.

Furthermore, the set of accounting measures described above will not affect the net debt position of the company and therefore will not influence the timing of Telekom Austria Group's share buyback program.

Outlook 2008	**Expected Reported Results Including Restructuring Program**	**Expected Operating Performance reiterated as of Nov 10, 08**	**Expected Operating Performance as Announced on Feb 27, 08; May 14, 08 and Aug 20, 08**
Telekom Austria Group			
Revenues	5%	5%	5%
EBITDA	-30%	3%	3%
Operating income	-85%	Stable	Stable
Net income	Slightly negative net result	-12%	-12%
Capital Expenditures	-5%	-5%	-5%
Fixed Net			
Revenues	-3%	-3%	-3%
EBITDA	Slightly negative EBITDA	-12%	-12%
Mobile Communications			
Revenues	10%	10%	10%
EBITDA	10%	10%	10%

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

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

Through its expansion into the Eastern and South-eastern European region, the company operates in markets that have been experiencing political and economic change. This circumstance has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Eastern and South-eastern European region involve uncertainties, including tax uncertainties 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

Condensed Consolidated Balance Sheets

in EUR million	Sept. 30, 08 unaudited	Dec. 31, 07 audited
ASSETS		
Current assets		
Cash and cash equivalents	165.2	209.1
Short-term investments	33.6	19.5
Accounts receivable - trade, net of allowances	776.5	751.2
Receivables due from related parties	2.6	3.3
Inventories	132.5	128.3
Prepaid expenses	121.8	124.8
Income taxes receivable	15.8	30.9
Non-current assets held for sale	0.3	0.2
Other current assets	70.9	58.9
Total current assets	**1,319.2**	**1,326.2**
Non-current assets		
Investments in associates	12.8	5.7
Financial assets long-term	47.1	60.0
Goodwill	1,972.3	1,939.6
Other intangible assets, net	2,329.3	2,433.0
Property, plant and equipment, net	3,027.4	3,186.5
Other non-current assets	34.1	8.5
Deferred tax assets	25.7	44.1
Receivables due from related parties, long-term finance	2.1	0.1
Total non-current assets	**7,450.8**	**7,677.5**
TOTAL ASSETS	**8,770.0**	**9,003.7**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	-784.5	-1,236.1
Accounts payable - trade	-525.1	-637.1
Provisions and accrued liabilities	-216.9	-229.3
Payables to related parties	-8.2	-17.3
Income taxes payable	-24.3	-21.8
Other current liabilities	-248.2	-237.8
Deferred income	-165.0	-177.8
Total current liabilities	**-1,972.2**	**-2,557.2**
Non-current liabilities		
Long-term debt	-2,977.5	-2,793.8
Lease obligations and Cross Border Lease	-28.1	-49.7
Employee benefit obligation	-116.9	-113.0
Provisions long-term	-107.8	-89.6
Deferred tax liabilities	-209.5	-195.4
Other liabilities and deferred income	-663.6	-639.7
Total non-current liabilities	**-4,103.4**	**-3,881.2**
Stockholders' equity		
Common stock	-1,003.3	-1,003.3
Treasury shares	334.4	334.4
Additional paid-in capital	-548.9	-548.9
Retained earnings	-1,442.9	-1,385.7
Revaluation reserve	5.8	-0.1
Translation adjustments	-39.4	38.3
Equity attributable to equity holders of the parent	**-2,694.3**	**-2,565.3**
Minority interests	-0.1	0.0
Total stockholders' equity	**-2,694.4**	**-2,565.3**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**-8,770.0**	**-9,003.7**

Consolidated Financial Statements Telekom Austria Group

Condensed Consolidated Statements of Operations*

in EUR million, except per share information	3Q 08 unaudited	3Q 07 unaudited	1 - 9M 08 unaudited	1 - 9M 07 unaudited
Operating revenues	1,328.0	1,277.1	3,863.8	3,630.9
Other operating income	15.0	18.9	72.6	45.9
Operating expenses				
Materials	- 104.4	- 103.1	- 299.2	- 277.8
Employee costs, including benefits and taxes	- 192.5	- 185.2	- 610.5	- 572.1
Depreciation and amortization	- 278.2	- 263.3	- 856.0	- 795.5
Other operating expenses	- 506.2	- 486.6	- 1,519.1	- 1,363.4
Operating income	**261.7**	**257.8**	**651.6**	**668.0**
Financial result				
Interest income	6.8	5.0	18.2	15.1
Interest expense	- 57.8	- 42.8	- 171.3	- 113.5
Foreign exchange differences	0.2	0.0	0.2	0.5
Result from investments	0.1	0.0	2.0	0.2
Equity in earnings of affiliates	- 0.2	- 0.2	- 0.1	- 0.2
Income before income taxes	**210.8**	**219.8**	**500.6**	**570.1**
Income tax expense	- 47.9	- 46.1	- 111.7	- 118.6
Net income	**162.9**	**173.7**	**388.9**	**451.5**
Attributable to:				
Equity holders of the parent	162.9	173.7	388.8	451.5
Minority interests	0.0	0.0	0.1	0.0
Basic and fully diluted earnings per share	**0.37**	**0.39**	**0.88**	**0.99**
Weighted average number of ordinary shares outstanding	**442,211,742**	**446,486,784**	**442,211,742**	**454,890,222**

* Consolidated 3Q 08 and 1 - 9M 08 financial statements of the Telekom Austria Group include the results for Velcom. The results of 3Q 07 and 1 - 9M 07 do not include Velcom.

Consolidated Financial Statements Telekom Austria Group

Condensed Consolidated Statements of Cash Flows*

in EUR million	3Q 08 unaudited	3Q 07 unaudited	1-9M 08 unaudited	1-9M 07 unaudited
Cash flow from operating activities				
Net Income	162.9	173.7	388.9	451.5
Adjustments to reconcile net income to cash generated from operations				
Depreciation, amortization and impairment charges	278.2	263.3	856.0	795.5
Write-offs from and appreciation to investments, net	-0.1	0.0	0.0	0.0
Employee benefit obligation - non-cash	2.5	5.5	7.1	9.0
Allowance for doubtful accounts	13.9	7.3	33.2	22.5
Change in deferred taxes	21.5	37.5	36.8	56.3
Equity in earnings of affiliates - non-cash	0.3	0.2	0.1	0.2
Stock compensation	-2.2	0.9	-9.1	3.4
Asset retirement obligation - accretion expense	1.7	0.9	4.3	2.7
Result on sale of investments	-0.1	0.0	-1.8	-0.1
Result on disposal / retirement of equipment	0.4	0.7	-9.9	0.2
Other	-0.6	-0.7	-0.5	0.4
	478.3	489.3	1,305.1	1,341.6
Changes in assets and liabilities, net of effect of business acquired				
Accounts receivable - trade	-33.2	-20.7	-62.0	-26.8
Receivables due from related parties	0.7	0.0	0.7	0.3
Inventories	-7.7	-13.5	-4.1	-17.0
Prepaid expenses and other assets	9.0	-13.5	-19.2	-12.0
Accounts payable - trade	-25.8	-20.4	-117.3	-80.0
Employee benefit obligation	-3.3	-10.4	-4.1	-22.0
Provisions and accrued liabilities	-9.1	8.0	-11.2	-5.5
Payables due to related parties	-3.0	0.5	-9.1	-4.1
Other liabilities and deferred income	27.5	-18.0	26.9	23.1
	-44.8	-88.0	-199.4	-144.0
Cash flow from operating activities	**433.5**	**401.3**	**1,105.7**	**1,197.6**
Cash flow from investing activities				
Capital expenditures, including interest capitalized	-184.0	-158.1	-534.3	-534.8
Acquisitions and investments, net of cash acquired	-4.9	-10.2	-14.2	-106.6
Sale of subsidiary, net of cash	0.0	0.0	1.4	0.0
Proceeds from sale of equipment	-0.0	1.3	16.8	5.8
Purchase of investments	0.3	-1.5	-5.9	-4.1
Proceeds from sale of investments	3.2	6.4	4.9	9.8
Cash flow from investing activities	**-185.4**	**-162.1**	**-531.4**	**-629.9**
Cash flow from financing activities				
Proceeds from issuance of long term debt	495.0	320.0	632.5	470.0
Principal payments on long-term debt	0.0	0.0	-327.3	-77.3
Changes in short-term borrowings	-764.9	-204.1	-592.6	-92.5
Purchase of treasury shares	0.0	-194.8	0.0	-369.9
Dividends paid	0.0	0.0	-331.7	-343.0
Cash flow from financing activities	**-269.9**	**-78.9**	**-619.0**	**-412.7**
Effect of exchange rate changes	**-8.3**	**0.7**	**0.9**	**2.2**
Change in cash and cash equivalents	**-30.2**	**161.0**	**-43.9**	**157.2**
Cash and cash equivalents at beginning of period	195.4	121.3	209.1	125.1
Cash and cash equivalents at end of period	165.2	282.3	165.2	282.3

* Consolidated 3Q 08 and 1-9M 08 financial statements of the Telekom Austria Group include the results for Velcom. The results of 3Q 07 and 1-9M 07 do not include Velcom.

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	Total	Minority interest	Total stockholders' equity
Balance at January 1, 2008	**1,003.3**	**-334.4**	**548.9**	**1,385.7**	**0.1**	**-38.3**	**2,565.3**		**2,565.3**
Net unrealized result on securities, net of EUR 0.3 deferred income tax					-0.8		-0.8		-0.8
Net realized result on securities, net of EUR 0.0 deferred income tax					-0.1		-0.1		-0.1
Unrealized net result on hedging activities, net of EUR 0.1 deferred income tax					-5.1		-5.1		-5.1
Foreign currency translation adjustment, net of EUR 0.0 deferred income tax						77.7	77.7		77.7
Net result recognized directly in equity							71.7		71.7
Net income				**388.8**			**388.8**	**0.1**	**388.9**
Total recognized income for the period							460.6	0.1	460.7
Distribution of dividends				-331.7			-331.7		-331.7
Balance at September 30, 2008	**1,003.3**	**-334.4**	**548.9**	**1,442.9**	**-5.8**	**39.4**	**2,694.3**	**0.1**	**2,694.4**

in EUR millions (unaudited)	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation adjustment	Total	Minority interest	Total stockholders' equity
Balance at January 1, 2007	**1,090.5**	**-654.6**	**461.6**	**1,924.7**	**0.4**	**0.9**	**2,823.5**		**2,823.5**
Net unrealized result on securities, net of EUR 0.0 deferred income tax					0.1		0.1		0.1
Net realized result 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 result 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 at September 30, 2007	**1,003.3**	**-336.0**	**548.8**	**1,344.7**	**0.4**	**4.8**	**2,566.0**		**2,566.0**

	September 30, 08	December 31, 07	September 30, 07
Number of shares of common stock	460,000,000	460,000,000	460,000,000
Number of treasury shares	17,788,258	17,788,258	17,875,000
Average purchase price of treasury shares	18.80	18.80	18.80

Consolidated Financial Statements Telekom Austria Group

Condensed Segment Reporting*

	1-9M 08				
in EUR million (unaudited)	**Fixed Net**	**Mobile Communication**	**Corporate & Other**	**Eliminations**	**Consolidated**
External revenues	1,419.2	2,444.6	0.0	0.0	3,863.8
Intersegmental revenues	121.5	61.9	0.0	-183.4	0.0
Total revenues	**1,540.7**	**2,506.5**	**0.0**	**-183.4**	**3,863.8**
Other operating income	42.5	46.1	5.0	-21.0	72.6
Segment expenses	-1,104.9	-1,507.6	-20.8	204.5	-2,428.8
EBITDA	**478.3**	**1,045.0**	**-15.8**	**0.1**	**1,507.6**
Depreciation and amortization	-378.0	-478.3	0.0	0.3	-856.0
Operating income	**100.3**	**566.7**	**-15.8**	**0.4**	**651.6**
Segment assets	2,445.1	7,753.1	6,659.7	-8,087.9	8,770.0
Segment liabilities	-897.0	-4,990.2	-4,934.0	4,745.6	-6,075.6
Capital expenditures	181.2	353.1	0.0	0.0	534.3

	1-9M 07				
in EUR million (unaudited)	**Fixed Net**	**Mobile Communication**	**Corporate & Other**	**Eliminations**	**Consolidated**
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

* Consolidated 3Q 08 and 1-9M 08 financial statements of the Telekom Austria Group include the results for Velcom. The results of 3Q 07 and 1-9M 07 do not include Velcom.

Net Debt

in EUR million	**Sept. 30, 08**	**Dec. 31, 07**
	unaudited	audited
Long-term debt	3,605.3	3,389.3
Short-term borrowings	784.5	1,236.1
- Short-term portion of capital and cross border lease	-30.3	-8.7
+ Capital lease obligations	1.0	1.0
Cash and cash equivalents, short-term and long-term investments, financing with related parties	-188.9	-230.4
Derivative financial instruments for hedging purposes	-0.8	19.9
Net debt	**4,170.8**	**4,407.2**
Net debt/EBITDA (last 12 months)	**2.2x**	**2.4x**

Results by Segments*

in EUR millions (unaudited)	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Revenues						
Fixed Net	496.9	541.4	-8.2%	1,540.7	1,585.6	-2.8%
Mobile Communication	895.7	805.3	11.2%	2,506.5	2,238.9	12.0%
Corporate, Other & Eliminations	-64.6	-69.6	-7.2%	-183.4	-193.6	-5.3%
Revenues	**1,328.0**	**1,277.1**	**4.0%**	**3,863.8**	**3,630.9**	**6.4%**
Mobile Communication on a comparable basis, excl. Velcom	813.8	805.3	1.1%	2,289.6	2,238.9	2.3%
EBITDA						
Fixed Net	165.7	186.8	-11.3%	478.3	568.8	-15.9%
Mobile Communication	378.9	339.0	11.8%	1,045.0	919.6	13.6%
Corporate, Other & Eliminations	-4.7	-4.6	2.2%	-15.7	-24.8	-36.7%
EBITDA	**539.9**	**521.2**	**3.6%**	**1,507.6**	**1,463.6**	**3.0%**
Mobile Communication on a comparable basis, excl. Velcom	337.0	339.0	-0.6%	936.1	919.6	1.8%
Operating income						
Fixed Net	47.1	57.3	-17.8%	100.3	157.6	-36.4%
Mobile Communication	219.2	205.0	6.9%	566.7	534.9	5.9%
Corporate, Other & Eliminations	-4.6	-4.5	2.2%	-15.4	-24.5	-37.1%
Operating income	**261.7**	**257.8**	**1.5%**	**651.6**	**668.0**	**-2.5%**
Mobile Communication on a comparable basis, excl. Velcom	196.5	205.0	-4.2%	513.8	534.9	-3.9%

* Consolidated 3Q 08 and 1-9M 08 financial statements of the Telekom Austria Group include the results for Velcom. The results of 3Q 07 and 1-9M 07 do not include Velcom.

Capital Expenditures*

in EUR millions (unaudited)	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Fixed Net tangible	40.8	57.6	-29.2%	141.6	166.1	-14.8%
Mobile Communication tangible	100.3	67.4	48.8%	274.1	250.8	9.3%
Tangible	**141.1**	**125.0**	**12.9%**	**415.7**	**416.9**	**-0.3%**
Fixed Net intangible	7.9	7.3	8.2%	39.6	22.7	74.4%
Mobile Communication intangible	35.0	25.8	35.7%	79.0	95.2	-17.0%
Intangible	**42.9**	**33.1**	**29.6%**	**118.6**	**117.9**	**0.6%**
Total capital expenditures	**184.0**	**158.1**	**16.4%**	**534.3**	**534.8**	**-0.1%**
Mobile Communication capital expenditures on a comparable basis, excl. Velcom	121.7	93.2	30.6%	327.4	346.0	-5.4%

* Consolidated 3Q 08 and 1-9M 08 financial statements of the Telekom Austria Group include the results for Velcom. The results of 3Q 07 and 1-9M 07 do not include Velcom.

Personnel

	End of period			Average of period		
Personnel (full-time equivalent)	**Sept. 30, 08**	**Sept. 30, 07**	**change**	**1-9M 08**	**1-9M 07**	**change**
Fixed Net	9.337	9.732	-395	9.466	9.610	-144
Mobile Communication	8.368	6.495	1.873	8.199	6.270	1.929
Telekom Austria Group	**17.705**	**16.227**	**1.478**	**17.665**	**15.880**	**1.785**

Operational Data Fixed Net

Lines (in '000):	Sept. 30, 08	Sept. 30, 07	% change
PSTN access lines	1,953.4	2,071.4	-5.7%
Basic ISDN access lines	335.7	369.3	-9.1%
Multi ISDN access lines	6.4	6.8	-5.2%
Naked broadband lines	43.7	34.5	26.7%
Access lines	**2,339.2**	**2,482.0**	**-5.8%**
Fixed Net broadband retail lines	766.4	626.7	22.3%
Fixed Net broadband wholesale lines	68.9	95.4	-27.7%
Fixed Net broadband lines	**835.3**	**722.1**	**15.7%**
Lines unbundled	297.8	272.8	9.2%

Traffic minutes (in millions of minutes):	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
National	635	736	-13.7%	2,041	2,282	-10.6%
Fixed-to-mobile	180	191	-6.1%	555	562	-1.3%
International	100	108	-7.9%	307	312	-1.6%
Total voice minutes	**914**	**1,036**	**-11.7%**	**2,903**	**3,156**	**-8.0%**
Internet dial up	72	167	-56.9%	276	592	-53.4%
Total Fixed Net minutes	**987**	**1,203**	**-18.0%**	**3,178**	**3,748**	**-15.2%**
Total voice market share				62.1%	60.5%	
Total market share (incl. Internet dial up)				66.0%	60.9%	

	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Average voice telephony tariff (EUR/min.)	0.079	0.079	0.5%	0.078	0.077	1.4%
Fixed Net average revenues per access line	33.0	33.3	-0.9%	33.6	33.4	0.6%
Fixed Net broadband penetration in Austria				50.9%	46.1%	

Fixed Net revenues in EUR millions (unaudited)	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Switched voice traffic revenues	79.2	88.9	-10.9%	242.1	261.2	-7.3%
Switched voice monthly rental & other voice telephony revenues	110.9	116.9	-5.1%	344.6	359.1	-4.0%
Payphones & value added services	10.7	11.6	-7.8%	31.7	34.3	-7.6%
Data & IT-solutions including wholesale	110.8	110.5	0.3%	343.2	321.1	6.9%
Internet access & media	58.7	74.0	-20.7%	180.2	215.2	-16.3%
Wholesale voice telephony & Internet	100.3	107.3	-6.5%	314.9	308.5	2.1%
Other	26.3	32.2	-18.3%	84.0	86.2	-2.6%
Fixed Net revenues	**496.9**	**541.4**	**-8.2%**	**1,540.7**	**1,585.6**	**-2.8%**

Operational Data Mobile Communication*

Mobile Communication in EUR millions (unaudited)	**3Q 08**	**3Q 07**	**% change**	**1-9M 08**	**1-9M 07**	**% change**
Revenues	895.7	805.3	11.2%	2,506.5	2,238.9	12.0%
EBITDA	378.9	339.0	11.8%	1,045.0	919.6	13.6%
Operating income	219.2	205.0	6.9%	566.7	534.9	5.9%
Data as a portion of traffic-related revenues	25.4%	23.2%				

Mobile Communication, on a comparable basis, excl. Velcom (unaudited)	**3Q 08**	**3Q 07**	**% change**	**1-9M 08**	**1-9M 07**	**% change**
Revenues	813.8	805.3	1.1%	2,289.6	2,238.9	2.3%
EBITDA	337.0	339.0	-0.6%	936.1	919.6	1.8%
Operating income	196.5	205.0	-4.2%	513.8	534.9	-3.9%

	Sept. 30, 08	**Sept. 30, 07**	**% change**
Subscribers ('000)	17,007.8	11,229.3	51.5%
Subscribers ('000), on a comparable basis, excl. Velcom	13,482.8	11,229.3	20.1%

mobilkom austria in EUR millions (unaudited)**	**3Q 08**	**3Q 07**	**% change**	**1-9M 08**	**1-9M 07**	**% change**
Revenues	420.0	426.7	-1.6%	1,226.4	1,264.4	-3.0%
EBITDA	159.7	155.5	2.7%	469.5	468.4	0.2%
Operating income	101.3	92.7	9.3%	284.7	278.9	2.1%
Monthly ARPU (EUR)	27.8	31.4	-11.5%	28.2	31.7	-11.0%
Data as a portion of traffic-related revenues	32.1%	27.5%		31.6%	27.0%	
Subscriber acquisition cost	9.0	17.9	-49.7%	32.6	51.2	-36.3%
Subscriber retention cost	19.0	17.1	11.1%	53.8	55.3	-2.7%
Churn (3 months)	3.5%	3.4%		10.8%	10.9%	
Monthly MOU charged/ø subscriber	169.5	174.0	-2.6%	176.5	173.2	1.9%

	Sept. 30, 08	**Sept. 30, 07**	**% change**
Subscribers ('000)	4,355.8	3,853.7	13.0%
Contract share	68.5%	65.8%	
Market share	42.5%	40.3%	
Market penetration	122.5%	115.3%	

Mobiltel, Bulgaria, in EUR millions (unaudited)	**3Q 08**	**3Q 07**	**% change**	**1-9M 08**	**1-9M 07**	**% change**
Revenues	179.0	174.4	2.6%	499.0	475.1	5.0%
EBITDA	100.0	101.4	-1.4%	288.6	274.7	5.1%
Operating income	56.4	62.8	-10.2%	160.9	162.9	-1.2%
Monthly ARPU (EUR)	10.1	10.4	-2.9%	9.8	10.2	-3.9%

	Sept. 30, 08	**Sept. 30, 07**	**% change**
Subscribers ('000)	5,193.7	4,813.7	7.9%
Contract share	49.8%	39.4%	
Market share	49.9%	50.3%	
Market penetration	136.8%	125.2%	

* Consolidated 3Q 08 and 1-9M 08 financial statements of the Telekom Austria Group include the results for Velcom. The results of 3Q 07 and 1-9M 07 do not include Velcom.

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

Operational Data Mobile Communication

Velcom*, Belaurs, in EUR millions (unaudited)	**3Q 08**	**3Q 07**	**% change**	**1-9M 08**	**1-9M 07**	**% change**
Revenues	82.4	-	n.a.	218.0	-	n.a.
EBITDA	41.9	-	n.a.	108.9	-	n.a.
Operating income	22.7	-	n.a.	52.9	-	n.a.
Monthly ARPU (EUR)	7.6	-	n.a.	7.0	-	n.a.

	Sept. 30, 08	**Sept. 30, 07**	**% change**
Subscribers ('000)	3,525.0	-	n.a.
Market share	44.7%	-	
Market penetration	81.3%	-	

Vipnet*, Croatia, in EUR millions (unaudited)	**3Q 08**	**3Q 07**	**% change**	**1-9M 08**	**1-9M 07**	**% change**
Revenues	157.8	165.7	-4.8%	402.5	392.4	2.6%
EBITDA	73.1	84.5	-13.5%	164.9	170.2	-3.1%
Operating income	55.8	66.7	-16.3%	111.1	115.0	-3.4%
Monthly ARPU (EUR)	15.6	16.3	-4.0%	15.0	15.5	-3.2%

	Sept. 30, 08	**Sept. 30, 07**	**% change**
Subscribers ('000)	2,372.0	2,077.0	14.2%
Contract share	22.1%	20.2%	
Market share	42.3%	43.2%	
Market penetration	127.1%	108.9%	

Si.mobil, Slovenia, in EUR millions (unaudited)	**3Q 08**	**3Q 07**	**% change**	**1-9M 08**	**1-9M 07**	**% change**
Revenues	50.5	48.1	5.0%	141.0	127.1	10.9%
EBITDA	17.0	17.5	-2.9%	47.1	41.6	13.2%
Operating income	11.6	12.0	-3.3%	31.4	24.0	30.8%
Monthly ARPU (EUR)	25.8	24.9	3.6%	24.3	23.2	4.7%

	Sept. 30, 08	**Sept. 30, 07**	**% change**
Subscribers ('000)	552.2	479.9	15.1%
Contract share	64.7%	61.2%	
Market share	27.5%	26.7%	
Market penetration	100.1%	89.7%	

* 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.

Operational Data Mobile Communication

Vip mobile, Republic of Serbia, in EUR millions (unaudited)	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Revenues	15.8	-	n.a.	40.6	-	n.a.
EBITDA	-9.2	-	n.a.	-32.1	-	n.a.
Operating income	-23.6	-	n.a.	-68.9	-	n.a.

	Sept. 30, 08	Sept. 30, 07	% change
Subscribers ('000)	752.6	-	n.a.
Market share	7.9%	-	
Market penetration	127.3%	-	

Vip operator, Republic of Macedonia, in EUR millions (unaudited)	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Revenues	3.9	-	n.a.	8.2	-	n.a.
EBITDA	-4.3	-	n.a.	-15.5	-	n.a.
Operating income	-5.5	-	n.a.	-18.5	-	n.a.

	Sept. 30, 08	Sept. 30, 07	% change
Subscribers ('000)	250.9	-	n.a.
Market share	11.5%	-	
Market penetration	107.5%	-	

mobilkom liechtenstein in EUR millions (unaudited)	3Q 08	3Q 07	% change	1-9M 08	1-9M 07	% change
Revenues	5.3	5.0	6.0%	15.6	15.9	-1.9%
EBITDA	0.8	0.9	-11.1%	2.5	2.4	4.2%
Operating income	0.7	0.6	16.7%	2.0	1.7	17.6%

	Sept. 30, 08	Sept. 30, 07	% change
Subscribers ('000)	5.6	5.2	7.7%

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, 2007. 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, 2007.

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, 2007 except for the following:

During 2007 and as of January 1, 2008, IFRIC 11 "IFRS 2 - Group and Treasury Share Transactions", IFRIC 12 "Service Concession Arrangements" and IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset" became effective. The Company has adopted these standards as of January 1, 2008. 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 tele-communication 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 March 28, 2008 the Company acquired the Austrian mobile operation of Tele2, MobilNet, for a purchase price of EUR 2.1 million. MobilNet has previously operated as mobile virtual network operator on a competitor's network. The investment in MobilNet is presented in the Mobile Communication segment.

In order to continue the consolidation of the Austrian Fixed Net market the Company acquired a reseller for a total purchase price of EUR 5.4 million, of which EUR 0.3 million are not yet paid in cash. The investments are presented in the Fixed Net segment.

The table "Acquisitions 1-9M 08" summarizes assets, liabilities and contingent liabilities of the acquirees immediately before the combination and the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Acquisitions 1-9M 08 in EUR million (unaudited)	Fair values on acquisition	Fair value adjustments	Carrying amounts before the combination
Property, plant and equipment	0.9	0.0	0.9
Intangible assets	5.3	5.3	0.0
Deferred tax assets	5.2	-0.6	5.8
Trade and other receivables	1.4	0.0	1.4
Cash and cash equivalents	0.2	0.0	0.2
Deferred tax liabilities	-1.4	-0.8	-0.6
Trade and other payables	-10.0	0.0	-10.0
Net identifiable assets and liabilities	**1.7**	**3.9**	**-2.2**
Goodwill on acquisition	1.9		
Debt paid on behalf of the acquirees	3.9		
Total Consideration	7.5		
Purchase price not yet paid	-0.3		
Cash acquired	-0.2		
Net cash outflow	7.0		

Since the effect of the acquired entities prior to the acquisitions on the consolidated financial statements of the Company is not considered significant, no pro-forma information as if the acquisition had taken place as of January 1, 2008 and 2007 is presented.

In February 2008, the Company sold its stake in eTel Polska for a purchase price of EUR 3.2 million, of which EUR 0.8 million are still outstanding.

On April 24, 2008 the Company acquired 37.47% of Infotech Holding GmbH in the Fixed Net segment for a purchase price of EUR 7.2 million. InfoTech Holding GmbH is targeting to bundle companies in Austria to become a comprehensive ICT service provider for business customers.

Non-current liabilities, Short-Term Borrowings and Net Debt

An amount of EUR 327.3 million of long term debt was repaid and EUR 332.5 debt maturing 2010, 2012 and 2013 and interest rates from 3.7% to 5.7% was issued in the nine month period ended September 30, 2008. On August 6, 2008 the Company issued promissory notes with a total volume of EUR 300 million and a maturity of four years. The notes consist of a fixed interest rate tranche of EUR 100 million with a coupon of 6.08% and a floating interest rate tranche of EUR 200 million with an initial coupon valid for the first 6 month period at 6.20%.

Short-term borrowings decreased mainly due to the repayment of short-term bank debt.

In context of cross border lease transactions between 1999 and 2001 the Telekom Austria Group entered into finance agreements with the US insurance group American International Group (AIG). As a consequence of recent downgrade of AIG's rating Telekom Austria Group will provide additional guarantees whereby the cost of these guarantees are expected to be immaterial. An impairment of financial and contingent assets of the cross border lease transactions is not expected.

Income Taxes

The effective tax rate for the nine month periods ended September 30, 2008 and 2007 was 22.3% and 20.8%. In the nine month period ended September 30, 2008, the effective tax rate was less than the Austrian statutory tax rate of 25% mainly due to foreign income tax rate differentials and tax-exempted income

ESOP Parameters	Sept. 30, 08	Dec. 31, 07
Expected average dividend per share (in Euro)	0.75 - 0.98	0.75-1.00
Expected volatility	35%	27%
Risk - free interest rate range	4.173% - 4.692%	3.618% - 4.585 %
Stock price (in Euro)	12.39	19.03
Fair value per option first tranche (in Euro)	-	7.34
Fair value per option second tranche (in Euro)	0.97	5.61
Fair value per option third tranche (in Euro)	0.47	2.17
Fair value per option fourth tranche (in Euro)	0.63	1.98
Fair value per option fifth tranche (in Euro)	0.81	-

related to investments in associated companies.

Net deferred tax liabilities of EUR 151.3 million as of December 31, 2007 increased to EUR 183.8 million mainly due to the recognition of deferred tax liabilities due to the write down of treasury shares for tax purposes and to the amortization of goodwill for tax purposes.

Stock Based Compensation

In the first quarter 2008 the company launched the fifth tranche (or "ESOP 2008+") of the stock option plan 2004.

For the nine month period ended September 30, the Company recorded a benefit of EUR 9.1 million in 2008 and an expense of EUR 3.4 million in 2007 excluding related payroll taxes and social contributions, mainly due to the decline of the Telekom Austria share price on September 30, 2008 compared to December 31, 2007.

Compensation expense is measured based on the fair value of the options at each reporting date and recognized over the service period on a straight-line basis. The fair value estimation is based on a binomial option pricing model by applying the parameters summarized in table "ESOP Parameters".

Stockholders' equity

The foreign currency translation adjustment mainly results from the consolidation of Velcom.

The purchase price liability resulting from the acquisition of Velcom at a present value of USD 860.6 million at acquisition date will be due in the fourth quarter of 2010. Therefore the Company entered into forward exchange contracts, which were designated as Hedging Instrument starting in the second quarter of 2008 (Cash Flow Hedge according IAS 39). The interest element of the forward rate together with the addition of the accrued interest of the purchase price liability now establish the effective interest, which is reported in the financial result until third quarter 2010.

Segment Reporting

The Company operates in three segments: Fixed Net, Mobile Communication and Corporate & Other.

In 2008, the Company reduced estimated useful lives of certain technical and office equipment due to the rapid development of technological environment in the relevant areas. The change in estimate resulted in an increase of depreciation by EUR 5.1 million in the Mobile Communication and by EUR 0.3 million in the Fixed Net segment. Additionally estimated useful lives in the Fixed Net segment for certain equipment was extended which resulted in a decrease of depreciation by EUR 0.4 million.

In the second quarter 2008 the Company increased both the interest rate for calculation of asset retirement obligation from 5.00% to 6.00% and the inflation rate from 2% to 3% based on general development of both factors. This change in estimate resulted in an increase of the asset retirement obligation of EUR 0.5 million in the Mobile Communication. In the Fixed Net segment additionally estimated outflows of resources to settle the obligation and useful lives were changed in the third quarter leading to a total increase of EUR 7.3 million.

Subsequent Events

On November 10, 2008 the Supervisory Board approved a restructuring program of the Fixed Net segment in the amount of up to EUR 630 million. This provision covers social plans for employees who will voluntarily leave the Company and labour displacements related to employees who cannot be laid off due to civil servant status.

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