Telekom Austria AG

EANS-Adhoc: Telekom Austria Group Announces Expectations for 2010 and Reiterates
75 Cents DPS Floor for 2009-2012 (Ad-hoc)

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Vienna, December 9, 2009: Following today´s approval of the budget by the Supervisory Board, the Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announced its expectations for the financial year 2010. The forecast is based on the assumption of constant currencies.

As published earlier on, the Telekom Austria Group expects the difficult environment which has dominated the current financial year to prevail also in 2010. This environment is characterized by the coincidence of several negative external effects with the impact of weak economies. The negative external effects mainly encompass ongoing fixed-to-mobile substitution in Austria, continued price pressure in Telekom Austria´s major markets and the effect from regulatory-induced lower roaming prices as well as mobile termination rates in Austria, Bulgaria, Croatia and Slovenia. Furthermore, the introduction of taxes levied on selected mobile communication services in Croatia and the Republic of Serbia poses an additional burden.

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

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

Telekom Austria Group on constant currency basis	2010
Revenues	~ EUR 4.7bn
EBITDA	~ EUR 1.6bn
Capex	up to EUR 800mn
Operating Free Cash Flow (EBITDA less Capex)	~ EUR 800mn
Dividend 2009-2012	65% of net income or at least 75 cents per share

Further inquiry note:

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