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euro adhoc: Telekom Austria AG / Earnings Forecast / Telekom Austria Group Takes Next Step in the Restructuring of its Fixed Net Operations, Planned DPS of EUR 0.75 for 2008 Reiterated, Preliminary 3Q Key Figures (Ad-hoc)

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Vienna, November 10, 2008: The Telekom Austria Group (VSE: TKA, OTC US: TKAGY) today announced the next step of the current restructuring program of its Fixed Net operations.

Under the plan announced today, 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.

"Against the backdrop of a shrinking domestic fixed line market, downsizing measures are imperative and consequently, we have initiated a comprehensive cost cutting program in the fourth quarter of 2007. While we have already achieved a number of milestones, a decision on the creation of a personnel agency for the redundant workforce has been postponed. Nevertheless, we will continue with our restructuring program until a decision has been made," says Boris Nemsic, CEO Telekom Austria Group.

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 voluntarily 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.

"With the social plan we have opted for a socially responsible instrument to reduce current personnel expenses and provide affected employees with the basis for a new start. The planned restructuring measures will require a provision in the financial statements for the year 2008 and impact reported results in 4Q 08. However, it will have no effects on the operational performance and cash flow of the Telekom Austria Group. Therefore, we reiterate our plan to distribute a dividend of EUR 0.75 per eligible share for the 2008 financial year," adds Hans Tschuden CFO Telekom Austria Group.

The measures announced today 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.

Planned DPS of EUR 0.75 for the 2008 financial year reiterated despite impact of

restructuring measures on reported earnings

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.

Full-year outlook 2008 for operating business reiterated, however, lower reported results due to planned non-cash provision for restructuring program

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.

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	Expected Results Including Restructuring Program	Expected Operating Performance as of Nov 10, 08	Expected Operating Performance as Announced on Feb 27, 08 and Reiterated on May 14, 08 and August 20, 08
Outlook 2008			
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%

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Selected preliminary 3Q 08 key figures

The Telekom Austria Group today disclosed selected preliminary key figures for the third quarter and the first 9 months of 2008. Results for the third quarter and the first 9 months of 2008 will be announced on November 12, 2008.

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Telekom Austria Group

Preliminary Results (in EUR m)

	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%
CAPEX	184.0	158.1	16.4%	534.3	534.8	-0.1%

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