

Results for the Financial Year 2005 and 2004 according to IFRS

Highlights

- No significant impact on the key financial figures from the change of group reporting standard from U.S. GAAP to IFRS
- Group revenues for 2005 according to IFRS are 0.3% lower compared to U.S. GAAP
- Group operating income in 2005 is almost equal under IFRS and U.S. GAAP
- Adjusted EBITDA is slightly higher under IFRS
- Net income for 2005 is 2.0% lower according to IFRS than U.S. GAAP
- Dividend payout ratio for 2005 will be based on U.S. GAAP
- Net debt for 2005 by 1.0% higher according to IFRS than to U.S. GAAP

Summary

in EUR million	IFRS	U.S. GAAP	% Diff.	IFRS	U.S. GAAP	% Diff.
	FY 2005	FY 2005		FY 2004	FY 2004	
Revenues	4,365.2	4,377.3	-0.3%	4,042.9	4,056.3	-0.3%
Operating income	619.7	620.0	0.0%	469.5	452.7	3.7%
Net income	408.9	417.1	-2.0%	220.4	227.3	-3.0%
Adjusted EBITDA*	1,758.5	1,757.2	0.1%	1,585.5	1,568.8	1.1%
Earnings per share (in EUR)	0.84	0.85	-2.0%	0.44	0.46	-3.0%
Capital expenditures	627.6	627.6	0.0%	548.2	548.2	0.0%
in EUR million	Dec. 31,	Dec. 31,	% Diff.	Dec. 31,	Dec. 31,	% Diff.
	2005	2005		2004	2004	
Net debt	3,113.7	3,082.1	1.0%	2,129.8	1,973.9	7.9%

* Adjusted EBITDA is defined as net income excluding interest, taxes, depreciation, amortization, impairment charges, dividend income, equity in earnings of affiliates, other non-operating income/expense, minority interests and the cumulative effect of changes in accounting principles. This equals operating income before depreciation, amortization and impairment charges.

The key figures IFRS of the Telekom Austria Group in excel format („Key figures FY 2005 IFRS“) are available on our website at www.telekom.at

Results for the first quarter 2006 will be announced on May 17, 2006

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Vienna, April 19, 2006 - Telekom Austria AG (VSE: TKA; NYSE: TKA) today announced its results for the Financial Year 2005 and 2004 according to IFRS.

Telekom Austria is not required to prepare consolidated financial statements in accordance with IFRS until the fiscal year commencing on January 1, 2007. However, the company has decided to prepare consolidated financial statements in accordance with IFRS for 2005 with 2004 and 2003 as comparative periods. In this earnings release only 2005 and 2004 are presented.

Starting from 1Q 06 Telekom Austria will publish financial statements in accordance with IFRS only. A reconciliation of net income and stockholders' equity to U.S. GAAP will be provided on annual basis.

The management believes that the impact on financial results from changing from U.S. GAAP reporting to IFRS is not significant. This statement is provided for comparative purpose and to explain the major differences between financial results reported according to U.S. GAAP and IFRS. U.S. GAAP is the basis for Telekom Austria's primary financial statements for 2005. Dividends will continue to be calculated and based on Austrian GAAP. There is no impact on non-financial operational data.

Detailed information about the differences between IFRS and U.S. GAAP is available in the notes to the consolidated financial statements for 2005 according to IFRS. The notes can be downloaded from our website at www.telekom.at

Financial results for the Year 2005 according to IFRS and U.S. GAAP:

In 2005 consolidated group revenues according to IFRS amounted to EUR 4,365.2 million compared to EUR 4,377.3 million according to U.S. GAAP. The difference of EUR 12.1 million was due to a different treatment of rental revenues. Under IFRS rental revenues are not recorded as other revenues but are included in other operating income which is not included in total revenues, but reported below.

The EBITDA margin is calculated as the percentage of adjusted EBITDA to total revenues. EBITDA margin in 2005 was 40.3% according to IFRS compared to 40.1% according to U.S. GAAP.

Group operating income was almost equal, as differences in accounting between U.S. GAAP and IFRS offset each other. Under IFRS group operating income amounted to EUR 619.7 million compared to EUR 620.0 million according to U.S. GAAP.

Group operating income before depreciation, amortization and impairment charges (adjusted EBITDA) amounted to EUR 1,758.5 according to IFRS, EUR 1.3 million higher than according to U.S. GAAP, which amounted to EUR 1,757.2 million.

Net income for 2005 according to IFRS was EUR 408.9 million compared to a net income of EUR 417.1 million according to U.S. GAAP. The difference is mainly due to higher accretion expenses from asset retirement obligation and a lower gain from assets held for sale under IFRS.

Group capital expenditures in 2005 under IFRS were equal to U.S. GAAP and amounted to EUR 627.6 million.

Net debt according to IFRS was EUR 3,113.7 million compared to EUR 3,082.1 million according to U.S. GAAP. This resulted mainly from the different accounting of the asset backed security transactions.

Outlook for the year 2006

The outlook for the year 2006 published on March 14, 2006 is not affected by the change of reporting standard from U.S. GAAP to IFRS and remains unchanged.

Group Review

Revenues and operating income by segment

Wireline

Wireline revenues for the Financial Year 2005 according to IFRS amounted to EUR 2,123.9 million compared to EUR 2,135.2 million according to U.S. GAAP. The difference is due to a shift of rental revenues from other revenues to other operating income which is reported below total revenues.

Under IFRS operating income for the year 2005 was EUR 68.1 million, 3.3% higher than under U.S. GAAP. The difference results mainly from the different classification of foreign exchange differences and items of other income, net under IFRS. Additionally operating income is affected by the difference in accounting of the asset retirement obligation.

Operating income before depreciation, amortization and impairment charges (adjusted EBITDA) amounted to EUR 789.4 million according to IFRS in 2005 compared to EUR 786.7 million according to U.S. GAAP.

Wireless

Wireless revenues for the Financial Year 2005 according to IFRS amounted to EUR 2,484.8 million compared to EUR 2,489.2 million according to U.S. GAAP. The difference is due to a shift of rental revenues from other revenues to other operating income which is reported below total revenues.

Operating income in 2005 was EUR 549.8 million in accordance with IFRS, 0.4% lower than according to U.S. GAAP, which amounted to EUR 552.2 million. Operating income is affected by the different classification of foreign exchange differences and items of other income, net according to IFRS. Furthermore the difference results from the different accounting of asset retirement obligation and lower gains from sales of assets held for sale under IFRS.

Operating income before depreciation, amortization and impairment charges (adjusted EBITDA) according to IFRS amounted to EUR 967.7 million in 2005 compared to EUR 969.0 million according to U.S. GAAP.

Wireline in EUR million	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.	IFRS FY 2004	U.S. GAAP FY 2004	% Diff.
Revenues	2,123.9	2,135.2	-0.5%	2,170.5	2,184.7	-0.6%
Operating income	68.1	65.9	3.3%	60.4	55.8	8.2%
Adjusted EBITDA*	789.4	786.7	0.3%	819.0	814.3	0.6%

Wireless in EUR million	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.	IFRS FY 2004	U.S. GAAP FY 2004	% Diff.
Revenues	2,484.8	2,489.2	-0.2%	2,121.4	2,125.5	-0.2%
Operating income	549.8	552.2	-0.4%	419.5	407.4	3.0%
Adjusted EBITDA*	967.7	969.0	-0.1%	777.5	765.4	1.6%

* Adjusted EBITDA is defined as net income excluding interest, taxes, depreciation, amortization, impairment charges, dividend income, equity in earnings of affiliates, other non-operating income/expense, minority interests and the cumulative effect of changes in accounting principles. This equals operating income before depreciation, amortization and impairment charges.

Consolidated net profit

Income tax expenses for the Financial Year 2005 amounted to EUR 104.3 million according to IFRS compared to EUR 106.4 million under U.S. GAAP. The difference of 2.0% is due to a lower income before taxes.

The net income for the Financial Year 2005 according to IFRS amounted to EUR 408.9 million which is a difference of 2.0% to a net income of EUR 417.1 million according to U.S. GAAP. The difference is mainly due to higher accretion expenses from asset retirement obligation reported under interest expense under IFRS and a lower gain from assets held for sale under IFRS.

Basic and fully diluted earnings per share according to IFRS for 2005 and 2004 are EUR 0.84 and EUR 0.44 respectively compared to EUR 0.85 and EUR 0.46 according to U.S. GAAP.

Capital expenditures

Total capital expenditures for tangible and intangible assets for the Financial Year 2005 amounted to EUR 627.6 million according to IFRS and U.S. GAAP.

Under IFRS capital expenditures for tangible assets amounted to EUR 529.4 million compared to

EUR 617.9 million under U.S. GAAP. Capital expenditures for intangible assets accounted for EUR 98.2 according to IFRS compared to EUR 9.7 million according to U.S. GAAP. The differences between tangible and intangible capital expenditures resulted from a reclassification of software.

Cash flow and net debt

Cash generated from operations for the Financial Year 2005 under IFRS amounted to EUR 1,637.7 million which was EUR 124.0 million higher than under U.S. GAAP mainly due to the different treatment of asset backed securities transactions. Under IFRS the cash flows from the asset backed securities transactions are classified as part of the financing cash flow, because the cash received is presented as payments on short-term borrowings. Under U.S. GAAP those cash flows are classified as cash generated from operations, because they result from the sale and the de-recognition of the accounts receivable.

There was no impact of cash used in investing activities which amounted to EUR 1,780.9 million in 2005 under IFRS and U.S. GAAP.

Capital Expenditures in EUR million	IFRS	U.S. GAAP	% Diff.	IFRS	U.S. GAAP	% Diff.
	FY 2005	FY 2005		FY 2004	FY 2004	
Wireline tangible	289.5	314.0	-7.8%	250.8	280.0	-10.4%
Wireless tangible	239.9	303.9	-21.1%	185.8	225.6	-17.6%
Tangible	529.4	617.9	-14.3%	436.6	505.6	-13.6%
Intangible	98.2	9.7	912.4%	111.6	42.6	162.0%
Total	627.6	627.6	0.0%	548.2	548.2	0.0%

Cash flow and net debt in EUR million	IFRS	U.S. GAAP	% Diff.	IFRS	U.S. GAAP	% Diff.
	FY 2005	FY 2005		FY 2004	FY 2004	
Cash generated from operations	1,637.7	1,513.7	8.2%	1,319.2	1,304.7	1.1%
Cash from (used in) investing activities	-1,780.9	-1,780.9	0.0%	-509.3	-509.3	0.0%
Cash from (used in) financing activities	-28.1	96.2	-	-719.5	-704.9	-2.1%
Effect of exchange rate changes	-0.1	-0.4	75.0%	-4.1	-4.2	2.4%
Net increase (decrease) in cash and cash equivalents	-171.4	-171.4	0.0%	86.3	86.3	0.0%
	Dec. 31,	Dec. 31,	% Diff.	Dec. 31,	Dec. 31,	% Diff.
in EUR million	2005	2005		2004	2004	
Net debt	3,113.7	3,082.1	1.0%	2,129.8	1,973.9	7.9%

Consolidated Balance Sheets in EUR million	IFRS	U.S. GAAP	% Diff.	IFRS	U.S. GAAP	% Diff.
	FY 2005	FY 2005		FY 2004	FY 2004	
Current Assets	1,096.5	1,204.6	-9.0%	1,275.7	1,273.9	0.1%
Long Term Assets	6,560.8	7,207.3	-9.0%	5,405.4	5,968.6	-9.4%
Total Assets	7,657.3	8,411.9	-9.0%	6,681.1	7,242.5	-7.8%
Current Liabilities	1,838.6	1,919.2	-4.2%	1,927.0	1,872.1	2.9%
Long Term Liabilities	2,899.9	3,623.2	-20.0%	1,955.7	2,628.8	-25.6%
Stockholders' Equity	2,918.8	2,869.5	1.7%	2,798.4	2,741.6	2.1%
Total liabilities and stockholders' equity	7,657.3	8,411.9	-9.0%	6,681.1	7,242.5	-7.8%

Cash from financing activities according to IFRS showed an outflow of EUR 28.1 million compared to an inflow of EUR 96.2 million according to U.S. GAAP in 2005. The difference of EUR 124.3 million was mainly caused by the change in short-term borrowings due to the different treatment of the asset backed securities transactions.

There was no difference in net decrease in cash and cash equivalents which amounted to EUR 171.4 million according to both GAAPs.

Net debt for the Financial Year 2005 according to IFRS amounted to EUR 3,113.7 million which reflects a difference of 1.0% to the overall net debt of EUR 3,082.1 million according to U.S. GAAP. The difference of EUR 31.6 million was caused by the different treatment of asset backed securities transactions.

The net debt to equity ratio (net gearing) in 2005 was 106.7% according to IFRS compared to 107.4% according to U.S. GAAP.

Net debt includes long-term debt, short-term borrowings, capital leases, cash and cash equivalents, marketable securities available for sale, short-term financing with related parties as well as financial instruments included in other assets and other current assets. Balances from the cross border lease transactions are excluded from net debt calculation.

Consolidated balance sheet

The differences in the balance sheet resulted mainly from cross border lease and asset backed securities transactions.

Under IFRS the major part of the assets and the liabilities resulting from the cross border lease were not recognized while U.S. GAAP required the recognition. For asset backed securities the criteria for de-recognition of receivables were not fulfilled under IFRS. Therefore the company reports higher receivables and short-term borrowings. Detailed explanations for these differences and other minor differences can be found in the notes to the consolidated financial statements for 2005.

The overall impact on shareholders' equity as of December 31, 2005 was 1.7% or EUR 49.3 million resulting in shareholders' equity according to IFRS of EUR 2,918.8 million. The difference was mainly due to the differences in accounting for income taxes standards which amounted to EUR 59.2 million. In accordance with U.S. GAAP a deferred tax liability was recorded for the difference of taxable goodwill of mobilkom austria resulting from the foundation of the company in 1996 and the goodwill arising from the acquisition of the remaining 25.001% in June 2002. In 2004, the deferred tax liability had to be adjusted due to the change in tax rate in Austria from 34% to 25%. Under IFRS no such regulation exists, which resulted in the de-recognition of the deferred tax liability on the transition date. This effect was partly offset by the different treatment of provisions for pensions and similar obligations resulting in a difference between IFRS and U.S. GAAP of EUR 12.7 million. Detailed explanations for these differences and some minor further impacts can be found in the notes to the consolidated financial statements 2005.

This news release 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.

TELEKOM AUSTRIA AG

Consolidated Balance Sheets

(in EUR millions)	IFRS Dec. 31, 05	U.S. GAAP* Dec. 31, 05	IFRS Dec. 31, 04	U.S. GAAP* Dec. 31, 04
ASSETS				
Current assets				
Cash and cash equivalents	116.8		288.2	
Short term investments	15.1		17.2	
Accounts receivable - trade, net of allowances	714.3		723.2	
Receivables due from related parties	0.0		0.0	
Inventories	90.9		83.1	
Prepaid expenses	121.7		100.2	
Income taxes receivable	9.2		0.3	
Non current assets held for sale	0.9		9.4	
Other current assets	27.6		54.1	
Total Current Assets	1,096.5	1,204.6	1,275.7	1,273.9
Investments in associates	3.7		3.6	
Financial assets long-term	86.8		80.2	
Goodwill	1,148.9		596.3	
Other intangible assets, net	1,664.0		842.8	
Property, plant and equipment, net	3,583.1		3,746.7	
Other assets	6.0		15.1	
Deferred tax assets	68.3		120.7	
TOTAL ASSETS	7,657.3	8,411.9	6,681.1	7,242.5
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Short-term borrowings	704.1		821.0	
Accounts payable - trade	544.2		549.6	
Provisions and accrued liabilities	166.3		175.2	
Payables to related parties	11.3		12.1	
Income taxes payable	6.3		18.0	
Other current liabilities	206.9		182.1	
Deferred income	199.5		169.0	
Total Current Liabilities	1,838.6	1,919.2	1,927.0	1,872.1
Long-term debt, net of current portion	2,557.7		1,647.2	
Lease obligations, net of current portion	68.7		63.5	
Employee benefit obligation	119.9		123.2	
Provisions long-term	85.7		65.3	
Deferred tax liabilities	17.9		3.8	
Other liabilities and deferred income	50.0		52.7	
Total Long Term Liabilities	2,899.9	3,623.2	1,955.7	2,628.8
Stockholders' equity				
Common stock, issued and outstanding shares with zero par value, 560,000,000 authorized (2004: 560,000,000) issued 500,000,000 (2004: 500,000,000) outstanding 482,502,894 (2004: 493,744,306)	1,090.5		1,090.5	
Treasury shares	-256.4		-71.9	
Additional capital	460.1		464.6	
Retained Earnings	1,624.1		1,333.1	
Revaluation reserve	0.4		-3.5	
Translation adjustments	0.0		-14.4	
Equity attributable to equity holders of the parent	2,918.7		2,798.4	
Minority Interests	0.1		0.0	
Total Stockholders' equity	2,918.8	2,869.5	2,798.4	2,741.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	7,657.3	8,411.9	6,681.1	7,242.5

* Due to differences in the structure of the balance sheets between IFRS and U.S. GAAP only main positions under U.S. GAAP are shown.

TELEKOM AUSTRIA AG
Consolidated Statements of Operations*

(in EUR millions, except per share information)		IFRS FY 2005	U.S. GAAP FY 2005	IFRS FY 2004	U.S. GAAP FY 2004
Operating revenues	a)	4,365.2	4,377.3	4,042.9	4,056.3
Other operating income		54.8	-	50.5	-
Operating expenses	b)				
Materials		-350.1	-346.5	-327.5	-324.5
Employee costs, including benefits and taxes		-698.5	-679.0	-692.0	-673.7
Depreciation and amortization		-1,121.4	-1,119.8	-1,114.8	-1,114.8
Impairment charges		-17.4	-17.4	-1.3	-1.3
Other operating expenses		-1,612.9	-1,594.6	-1,488.3	-1,489.3
Operating income		619.7	620.0	469.5	452.7
Other income (expense)					
Interest income	c)	32.7	89.1	17.5	70.0
Interest expense	d)	-144.9	-198.2	-142.1	-188.8
Foreign exchange differences		1.3	-	0.0	-
Income from investments		3.8	-	10.5	-
Equity in earnings of affiliates		0.6	0.6	0.5	0.6
**		-	12.0	-	15.6
Income before income taxes, minority interests		513.2	523.5	355.9	350.1
Income tax expense		-104.3	-106.4	-135.5	-122.2
***		-	0.0	-	-0.6
Net income		408.9	417.1	220.4	227.3
Attributable to:					
Equity holders of the parent		408.9	-	219.8	-
Minority interests		0.0	-	0.6	-
Basic and fully diluted earnings per share		0.84	0.85	0.44	0.46
Weighted-average number of ordinary shares in issue		489,050,517	489,050,517	496,495,378	496,495,378
a) includes revenues from related parties of		39.9	57.5	71.8	62.1
b) includes operating expenses from related parties of		0.0	117.9	0.0	124.7
c) includes interest income from related parties of		0.0	0.0	0.0	0.1
d) includes interest expense from related parties of		0.0	0.0	0.0	0.0

* Consolidated FY 2005 financial statements of Telekom Austria include financial figures for Mobiltel for the period from July 12 through December 31, 2005. Mobiltel financial results are not included in FY 2004 results.

** The line represents the position "other net" according to U.S. GAAP which does not exist under IFRS.

*** The line represents the position "minority interests" according to U.S. GAAP which are reported as a component of stockholders' equity under IFRS.

TELEKOM AUSTRIA AG
Consolidated Statements of Cash Flows*

(in EUR million)	IFRS FY 2005	U.S. GAAP FY 2005	IFRS FY 2004	U.S. GAAP FY 2004
Cash generated from operations				
Net Income	408.9	417.1	220.4	227.3
Adjustments to reconcile net income to cash generated from operations				
Depreciation, amortization and impairment charges	1,138.8	1,137.2	1,116.1	1,116.2
Write-offs from investments	0.3	0.3	-5.2	0.7
Employee benefit obligation - non cash	3.7	4.2	0.5	0.9
Allowance for doubtful accounts	43.4	43.4	23.6	23.6
Change in deferred taxes	65.1	67.6	89.0	62.9
Equity in earnings of affiliates less than (in excess of) dividends received	-0.1	-0.1	0.0	0.0
Stock compensation	13.3	13.3	4.6	4.8
Asset retirement obligation - accretion expense	3.2	3.1	5.8	5.8
Gain/Loss on sale of investments	-4.0	-4.0	-11.7	-5.2
Loss on disposal / retirement of equipment	7.8	-1.5	28.9	28.8
Other	-6.3	-5.8	0.7	-0.3
	1,674.3	1,674.8	1,472.7	1,465.5
Changes in assets and liabilities, net of effect of business acquired				
Accounts receivable - trade	28.1	-76.6	-29.3	-45.9
Due from related parties	0.0	0.6	0.0	1.5
Inventories	-2.6	-2.6	0.4	0.4
Prepaid expenses and other assets	-0.8	0.4	-26.5	-19.5
Accounts payable - trade	-19.6	-19.3	-58.6	-58.8
Employee benefit obligation	-7.3	-7.3	-46.9	-46.9
Accrued liabilities**	-18.7	-46.9	-39.9	-29.3
Due to related parties	-0.8	-6.8	-1.6	-0.7
Other liabilities and deferred income	-14.9	-2.6	48.9	38.4
	-36.6	-161.1	-153.4	-160.8
	1,637.7	1,513.7	1,319.2	1,304.7
Cash from (used in) investing activities				
Capital expenditures, including interest capitalized	-627.6	-627.6	-548.2	-548.2
Acquisitions and investments, net of cash acquired	-1,185.7	-1,185.7	-2.2	-2.2
Sale of subsidiary, net of cash	0.0	-	0.0	-
Proceeds from sale of equipment	24.2	24.2	36.2	36.2
Purchase of investments - short-term	-48.9	-48.9	-51.6	-51.6
Purchase of investments - long-term	-1.7	-1.7	-2.0	-2.0
Sale of American call options	0.0		0.0	
Proceeds from sale of investments - short-term	57.2	57.2	51.9	51.9
Proceeds from sale of investments - long-term	1.6	1.6	6.6	6.6
Cash used in investing activities	-1,780.9	-1,780.9	-509.3	-509.3
Cash from (used in) financing activities				
Proceeds from issuance of long-term debt and bonds	1,169.0	1,169.0	0.0	0.0
Principal payments on bonds	-348.6	-348.6	-2.2	-2.2
Principal payments on long-term debt	-760.5	-760.5	-568.0	-568.0
Changes in short-term bank borrowings	214.4	338.6	-21.3	-6.7
Purchase of treasury shares	-184.5	-184.5	-64.2	-64.2
Proceeds from treasury stock	0.0	0.0	0.8	0.8
Dividends paid	-117.8	-117.8	-64.6	-64.6
Cash generated from (used in) financing activities	-28.1	96.2	-719.5	-704.9
Effect of exchange rate changes	-0.1	-0.4	-4.1	-4.2
Net increase (decrease) in cash and cash equivalents	-171.4	-171.4	86.3	86.3
Cash and cash equivalents at beginning of period	288.2	288.2	201.9	201.9
Cash and cash equivalents at end of period	116.8	116.8	288.2	288.2

* Consolidated FY 2005 financial statements of Telekom Austria include financial figures for Mobiltel for the period from July 12 through December 31, 2005. Mobiltel financial results are not included in FY 2004 results.

** The position "settlement of asset retirement obligation" which is separately reported under U.S. GAAP is included under "accrued liabilities" under IFRS.

TELEKOM AUSTRIA AG
Consolidated Statement of Changes in Stockholders' Equity in IFRS

(in EUR millions)	Common stock*	Treasury stock**	Additional paid in capital	Retained earnings	Revaluation Reserve	Translation adjustment	Total	Minority Interest	Total stockholders' equity
Balance December 31, 2004	1,090.5	-71.9	464.6	1,333.1	-3.5	-14.4	2,798.4	0.0	2,798.4
Net unrealized gains on securities, net of EUR -0.2 deferred income tax					0.6		0.6		0.6
Net realized gains on securities, net of EUR 0.0 deferred income tax					0.0				
Foreign currency translation adjustment net of EUR -0.3 deferred income tax)						14.4	14.4		14.4
Realized net gain on hedging activities, net of EUR -1.1 deferred income tax					3.3		3.3		3.3
Net income recognized directly in equity							18.3		18.3
Net income				408.9			408.9		408.9
Total recognized income for the period							427.2		427.2
Distribution of dividends				-117.9			-117.9		-117.9
Stock Options granted			-4.5				-4.5		-4.5
Purchase of Treasury shares		-184.5					-184.5		-184.5
Addition from acquisition								0.1	0.1
Acquisition of minority interests									
Balance December 31, 2005	1,090.5	-256.4	460.1	1,624.1	0.4	0.0	2,918.7	0.1	2,918.8

* Number of shares of common stock per December 31, 2005 amounted to 500,000,000 unchanged to December 31, 2004.

** Number of shares of treasury stock per December 31, 2005 amounted to 17,497,106 compared to 6,255,694 per December 31, 2004.

Net Debt

(in EUR millions)	IFRS	U.S. GAAP	IFRS	U.S. GAAP
	Dec. 31, 2005	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2004
Long-term debt	2,557.7	2,557.7	1,647.2	1,647.2
Short-term borrowings	704.1	785.8	821.0	751.1
- Short-term portion of capital and cross border lease	-9.4	-122.7	-9.3	-95.3
+ Capital lease obligations	0.6	0.6	1.6	1.6
Cash and cash equivalents, short-term and long term investments	-139.3	-139.3	-312.9	-312.9
Financial instruments, included in other assets and other current assets	0.0	0.0	-17.8	-17.8
Net debt	3,113.7	3,082.1	2,129.8	1,973.9
Net debt/equity	106.7%	107.4%	76.1%	72.0%

TELEKOM AUSTRIA AG
Reconciliation from Adjusted EBITDA to Net Income*

(in EUR millions)	IFRS FY 2005	U.S. GAAP FY 2005
Adjusted EBITDA (excluding impairment charges)**	1,758.5	1,757.2
Impairment charges	-17.4	-17.4
Consolidated adjusted EBITDA (including impairment charges)	1,741.1	1,739.8
Depreciation and amortization	-1,121.4	-1,119.8
Interest income	32.7	89.1
Interest expense	-141.7	-198.2
Accretion expense	-3.2	-
Foreign exchange differences	1.3	-
Income/loss from investments	3.8	-
Equity in earnings of affiliates	0.6	0.6
***	-	12.0
Income before income taxes, minority interests and cumulative effect of change in accounting principle	513.2	523.5
Income tax expense	-104.3	-106.4
****	-	0.0
Net income	408.9	417.1

* Consolidated FY 2005 financial statements of Telekom Austria include financial figures for MobilTel for the period from July 12 through December 31, 2005. MobilTel financial results are not included in FY 2004 results.

** Adjusted EBITDA is defined as net income excluding interest, taxes, depreciation, amortization, impairment charges, dividend income, equity in earnings of affiliates, other non-operating income/expense, minority interests and the cumulative effect of changes in accounting principles. This equals operating income before depreciation, amortization and impairment charges.

*** The line represents the position "other net" according to U.S. GAAP which does not exist under IFRS.

**** The line represents the position "minority interests" according to U.S. GAAP which are reported as a component of stockholders' equity under IFRS.

Operating Results by Segment*

(in EUR million)	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.	IFRS FY 2004	U.S. GAAP FY 2004	% Diff.
Revenues						
Wireline	2,123.9	2,135.2	-0.5%	2,170.5	2,184.7	-0.6%
Wireless	2,484.8	2,489.2	-0.2%	2,121.4	2,125.5	-0.2%
Other & eliminations	-243.5	-247.1	1.5%	-249.0	-253.9	1.9%
Totals revenues	4,365.2	4,377.3	-0.3%	4,042.9	4,056.3	-0.3%
Operating income						
Wireline	68.1	65.9	3.3%	60.4	55.8	8.2%
Wireless	549.8	552.2	-0.4%	419.5	407.4	3.0%
Other & eliminations	1.8	1.9	-5.3%	-10.4	-10.5	1.0%
Consolidated operating income	619.7	620.0	0.0%	469.5	452.7	3.7%
Adjusted EBITDA**						
Wireline	789.4	786.7	0.3%	819.0	814.3	0.6%
Wireless	967.7	969.0	-0.1%	777.5	765.4	1.6%
Other & eliminations	1.4	1.5	-6.7%	-11.0	-10.9	-0.9%
Consolidated adjusted EBITDA**	1,758.5	1,757.2	0.1%	1,585.5	1,568.8	1.1%

Capital expenditures

in EUR million	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.	IFRS FY 2004	U.S. GAAP FY 2004	% Diff.
Wireline tangible	289.5	314.0	-7.8%	250.8	280.0	-10.4%
Wireless tangible	239.9	303.9	-21.1%	185.8	225.6	-17.6%
Tangible	529.4	617.9	-14.3%	436.6	505.6	-13.6%
Intangible	98.2	9.7	912.4%	111.6	42.6	162.0%
Total	627.6	627.6	0.0%	548.2	548.2	0.0%

Personnel

Personnel (full-time employees)	End of period			Average of period		
	Dec. 31, 05	Dec. 31, 04	change	FY 2005	FY 2004	change
Wireline	9,557	9,682	-125	9,603	9,995	-392
Wireless	6,038	3,625	2,413	4,800	3,643	1,157
Telekom Austria Group	15,595	13,307	2,288	14,403	13,638	765

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Operational Data Wireline

Lines and channels (in '000):	Dec. 31, 05	Dec. 31, 04	% change
PSTN access lines	2,374.5	2,455.5	-3.3%
Basic ISDN access lines	420.1	443.6	-5.3%
Multi ISDN access lines	7.3	7.6	-3.9%
Total access lines	2,801.9	2,906.7	-3.6%
Total access channels	3,433.7	3,570.7	-3.8%
ADSL retail access lines	468.5	298.4	57.0%
ADSL wholesale access lines	105.8	85.2	24.2%
Total ADSL access lines	574.3	383.6	49.7%

Traffic minutes (in millions of minutes) during the period:	FY 2005	FY 2004	% Diff.
National	3,866	4,174	-7.4%
Fixed-to-mobile	839	854	-1.8%
International	442	467	-5.3%
Total voice minutes	5,147	5,495	-6.3%
Internet dial up	2,287	3,376	-32.3%
Total wireline minutes	7,433	8,871	-16.2%
Total voice market share	55.4%	54.4%	
Total market share (incl. Internet dial up)	55.7%	55.2%	

Total average voice telephony tariff (EUR/min.)	0.077	0.075	2.7%
Total average Internet dial-up tariff (EUR/min.)	0.017	0.016	6.3%
ADSL ARPU residential	30.3	36.6	-17.2%

	Dec. 31, 05	Dec. 31, 04	% change
Internet subscribers in Austria ('in 000)	1,424.2	1,187.0	20.0%
Czech On Line customers ('in 000)	187.9	247.1	-24.0%

Wireline operating revenues (in EUR million)	IFRS	U.S. GAAP	% Diff.	IFRS	U.S. GAAP	% Diff.
	FY 2005	FY 2005		FY 2004	FY 2004	
Switched voice traffic revenues	398.1	398.1	0.0%	403.4	403.4	0.0%
Switched voice monthly rental & other voice telephony revenues	548.8	548.8	0.0%	570.1	570.1	0.0%
Payphones & value added services	48.1	48.1	0.0%	52.6	52.6	0.0%
Data & IT-solutions including wholesale	419.7	419.7	0.0%	441.0	441.0	0.0%
Internet access & media	241.9	241.9	0.0%	207.2	207.2	0.0%
Wholesale voice telephony & Internet	349.3	349.3	0.0%	369.0	369.0	0.0%
Other	118.0	129.3	-8.7%	127.2	141.4	-10.0%
Total wireline operating revenues	2,123.9	2,135.2	-0.5%	2,170.5	2,184.7	-0.6%

Operational Data Wireless*

Wireless (EUR million)	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.	IFRS FY 2004	U.S. GAAP FY 2004	% Diff.
Revenues	2,484.8	2,489.2	-0.2%	2,121.4	2,125.5	-0.2%
Operating income	549.8	552.2	-0.4%	419.5	407.4	3.0%
Adjusted EBITDA**	967.7	969.0	-0.1%	777.5	765.4	1.6%
Wireless, on a comparable basis, excluding Mobiltel	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.	IFRS FY 2004	U.S. GAAP FY 2004	% Diff.
Revenues	2,223.0	2,227.3	-0.2%	2,121.4	2,125.5	-0.2%
Operating income	456.0	458.2	-0.5%	419.5	407.4	3.0%
Adjusted EBITDA**	813.3	814.4	-0.1%	777.5	765.4	1.6%
	Dec. 31, 05	Dec. 31, 04	% change			
Subscribers ('000)	8,963.1	4,949.0	81.1%			
Subscribers, on a comparable basis, excluding Mobiltel	5,368.9	4,949.0	8.5%			
mobilkom austria*** (EUR million)	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.	IFRS FY 2004	U.S. GAAP FY 2004	% Diff.
Revenues	1,714.9	1,719.1	-0.2%	1,674.7	1,678.7	-0.2%
Operating income	362.1	358.8	0.9%	337.1	341.1	-1.2%
Adjusted EBITDA**	616.7	612.8	0.6%	600.3	593.4	1.2%
	Dec. 31, 05	Dec. 31, 04	% change			
Subscribers ('000)	3,392.2	3,273.6	3.6%			
Contract share	56.9%	54.3%				
Market share	39.1%	41.0%				
Market penetration	106.0%	98.0%				
Mobiltel (EUR million)	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.			
Revenues	262.6	262.6	0.0%			
Operating income	93.7	94.0	-0.3%			
Adjusted EBITDA**	154.3	154.6	-0.2%			
	Dec. 31, 05	Dec. 31, 04	% change			
Subscribers ('000)	3,594.2	3,034.9	18.4%			
Contract share	34.3%	35.2%				
Market share	57.6%	64.4%				
Market penetration	79.5%	59.7%				

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

Vipnet* (EUR million)	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.	IFRS FY 2004	U.S. GAAP FY 2004	% Diff.
Revenues	422.0	422.0	0.0%	375.4	375.4	0.0%
Operating income	88.2	86.4	2.1%	73.1	68.0	7.5%
Adjusted EBITDA**	168.7	166.9	1.1%	157.6	152.7	3.2%
	Dec. 31, 05	Dec. 31, 04	% change			
Subscribers ('000)	1,612.9	1,308.6	23.3%			
Contract share	15.6%	14.8%				
Market share	44.1%	46.0%				
Market penetration	82.9%	64.5%				
	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.	IFRS FY 2004	U.S. GAAP FY 2004	% Diff.
Si.mobil* (EUR million)						
Revenues	100.8	100.8	0.0%	87.8	87.8	0.0%
Operating income	3.8	3.5	8.6%	-0.1	0.1	-
Adjusted EBITDA**	24.8	24.5	1.2%	20.2	20.4	-1.0%
	Dec. 31, 05	Dec. 31, 04	% change			
Subscribers ('000)	359.6	363.3	-1.0%			
Contract share	49.1%	42.9%				
Market share	22.7%	23.3%				
Market penetration	80.1%	79.1%				
	IFRS FY 2005	U.S. GAAP FY 2005	% Diff.	IFRS FY 2004	U.S. GAAP FY 2004	% Diff.
mobilkom liechtenstein (EUR million)						
Revenues	15.6	15.7	-0.6%	10.9	11.0	-0.9%
Operating income	1.6	1.9	-15.8%	1.2	1.2	0.0%
Adjusted EBITDA**	2.3	2.6	-11.5%	1.9	1.8	5.6%
	Dec. 31, 05	Dec. 31, 04	% change			
Subscribers ('000)	4.2	3.5	20.0%			

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