

# Invitation to the Annual General Meeting

## Telekom Austria Aktiengesellschaft

We are pleased to invite our shareholders to the Annual General Meeting, which will take place on Tuesday, **May 23, 2006** at 10:00 a.m. at the Austria Center Vienna, Saal F, Bruno-Kreisley-Platz 1, A-1220 Vienna.

## Agenda

Agenda Item 1: Presentation of the Financial Statements and the Management Report as well as the Consolidated Financial Statements including the Consolidated Management Report and the Reconciliation Report according to Para 245a of the Commercial Code for the Fiscal Year 2005 and the Supervisory Board Report on the Fiscal Year 2005.

Agenda Item 2: Resolution on the Distribution of the Net Profit.

Agenda Item 3: Resolution on the Discharge of the Members of the Management Board and of the Members of the Supervisory Board for the Fiscal Year 2005.

Agenda Item 4: Resolution on the Compensation for the Members of the Supervisory Board for the Fiscal Year 2005.

Agenda Item 5: Election of the Auditors of the Financial Statements and of the Consolidated Financial Statements for the Fiscal Year 2006.

Agenda Item 6: Changes in the Supervisory Board.

Agenda Item 7: Management Report on Treasury Shares Acquired, Number of Shares Held and Use of Treasury Shares.

Agenda Item 8: Resolution on the authorization of the Management Board in accordance with Para 65 Sec 1 No 8 Stock Corporation Act to acquire treasury bearer or registered shares up to the maximum extent legally permitted, during a period of 18 months from the day of this resolution at a minimum price of Euro 10 and a maximum price of Euro 25 per share.

The Management Board shall further be authorized to

- a) use treasury shares to serve stock options granted to employees, managers and members of the Management Board of the Telekom Austria Group\* and/or issue said treasury shares to employees of the Telekom Austria Group\*, be it with or without consideration ;

\*) The Telekom Austria Group is comprised of the Telekom Austria AG and its affiliated companies.

- b) use treasury shares to serve convertible bonds;
- c) use treasury shares – also abroad – as consideration for the acquisition of enterprises, businesses or parts thereof, or shares of one or more companies;
- d) decrease the share capital of the company according to Para 65 Sec 1 No 8 last sentence in connection with Para 192 of the Stock Corporation Act by up to Euro 109,050,000 by withdrawing treasury registered or bearer shares with no par value without further resolution by the Annual General Meeting. The Supervisory Board is authorized to resolve upon the amendments of the Articles of Association required upon the withdrawal of shares;
- e) sell treasury shares in accordance with Para 65 Sec 1b of the Stock Corporation Act (i) any time via the stock exchange or by public offer; (ii) for a period of 5 years from the day of this resolution in any way permitted by law, also other than via the stock exchange, whereas the Management Board is entitled to exclude the general purchase opportunity.

This Authorization replaces the Authorization of the last Annual General Meeting as of May 25, 2005 with regard to the share buy back and the use of treasury shares (Item 9 of the Agenda).

Agenda Item 9: Resolution on Authorized Conditional Capital.

- 9a) Resolution on the prolongation of the authorized conditional capital of the Annual General Meeting 2003:

Resolution on the authorization of the Management Board to increase the share capital of the company according to Para 159 Sec 3 Stock Corporation Act until June 30, 2010 by up to Euro 9,487,350 by issuing up to 4.35 million bearer or registered shares with no par value in order to serve stock options, which have been granted to employees, managers and members of the Management Board of Telekom Austria Group\* in January 2006.

This resolution replaces the authorization resolved in the Annual General Meeting 2003 (Item 7 of the Agenda 2003) to the extent that the Management Board has not yet executed the authorization.

At the same time Section 8 in Para 4 of the Articles of Association shall be amended as follows:

*"(8) Authorized conditional capital 2003: The Management Board is authorized to increase the share capital according to Para 159 Sec 3 Stock Corporation Act upon approval of the Supervisory Board until June 30, 2010 by up to Euro 9,487,350 by issuing up to 4.35 million new bearer or registered shares with no par value in order to serve stock options, which have been granted to employees, managers and members of the Management Board of the company or of an affiliated company, in January 2006. The capital increase may only be executed to the extent that owners of stock options exercise their options.*

*The Supervisory Board is authorized to resolve upon the amendments of the Articles of Association resulting from the issuance of shares out of the authorized conditional capital."*

\*) The Telekom Austria Group is comprised of the Telekom Austria AG and its affiliated companies.

9b) Resolution on the authorized conditional capital 2006:

Resolution on the authorization of the Management Board to resolve upon a conditional increase of the share capital – if need be in several tranches – upon approval by the Supervisory Board during a period of five years from the registration of the amendment of the Articles of Association with the Commercial Register in order to grant stock options to employees, managers and members of the Management Board of Telekom Austria Group\* by up to Euro 21,810,000 by issuing up to 10 million new bearer or registered shares with no par value, against cash contribution. The stock option program terminates as per the end of the second quarter 2013 at the latest. Exercise of the options is linked to the profitability of the company, measured on indicators customary in the company's line of business. The exercise price is determined in consideration of the stock-market price and amounts to at least Euro 10 per share.

At the same time, a Section 10 shall be inserted in Para 4 of the Articles, which shall read as follows:

*" (10) Authorized conditional capital 2006: The Management Board is authorized to resolve upon a conditional increase of the share capital upon approval by the Supervisory Board during a period of five years from the registration of the amendment of the Articles of Association with the Commercial Register in order to grant stock options to employees, managers and members of the Management Board of the company or of an affiliated company by up to Euro 21,810,000 by issuing up to 10 million new bearer or registered shares with no par value, against cash contribution. Within the determined maximum amount, the authorized conditional capital can be exercised in several tranches. The Supervisory Board is authorized to resolve upon the amendments of the Articles of Association resulting from the issuance of shares out of the authorized conditional capital."*

According to Para 16 of the Articles of Association, shareholders are entitled to participate in this Annual General Meeting after having deposited their shares by May 17, 2006 at the latest at Telekom Austria Aktiengesellschaft, at the office of an Austrian public notary, or at the head office of a domestic financial institution until the end of the Annual General Meeting. The shares are also properly deposited if, by agreement of one of the depositories, the shares are frozen at another bank until the end of the Annual General Meeting.

The depositories are obliged to submit certification about the deposits made to Telekom Austria Aktiengesellschaft by May 18, 2006 at the latest (fax in advance to number: +43 (0) 59 059 9 230506).

The Annual Report of Telekom Austria Aktiengesellschaft for 2005 including the Consolidated Financial Statements and the Financial Statements 2005 comprising the Management Report and the Reconciliation Report according to Para 245a Commercial Code, as well as the Reports on Items 7, 8 and 9 of this Agenda are now available to the public at Telekom Austria Aktiengesellschaft, 1020 Vienna, Lassallestraße 9, at Bank Austria Creditanstalt AG, 1010 Vienna, Am Hof 2 and 1030 Vienna, Vordere Zollamtsstraße 13, and at Raiffeisen Centrobank AG, 1015 Vienna, Tegetthoffstraße 1 and on the Internet under [www.telekom.at/annual\\_reports](http://www.telekom.at/annual_reports) and [www.telekom.at/agm](http://www.telekom.at/agm)

Vienna, April, 2006

The Management Board

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