

Annual General Meeting 2006

May 23, 2006

Agenda Item 1:

Report of the Management Board 2005

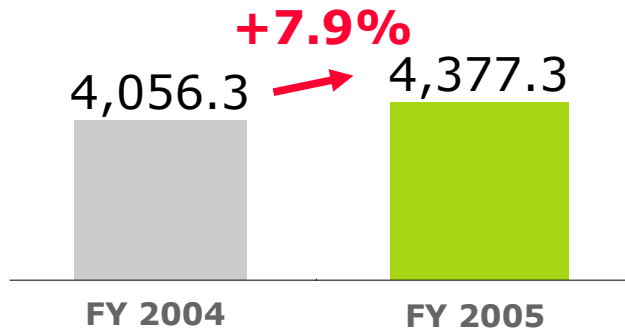
Financial Year 2005: Successful CEE Strategy Drives Growth

- Group revenues, adjusted EBITDA and operating income show strong growth
- Higher operating results in both segments
- Group net income increases by 80%
- Proposed dividend of EUR 0.55 per share corresponds to a 129% increase
- EUR 184.5 million of share buybacks executed in 2005
- Wireline segment demonstrates strong broadband growth, partly offsetting decline from voice revenues
- Strong wireless performance due to strong Christmas business and higher data revenues

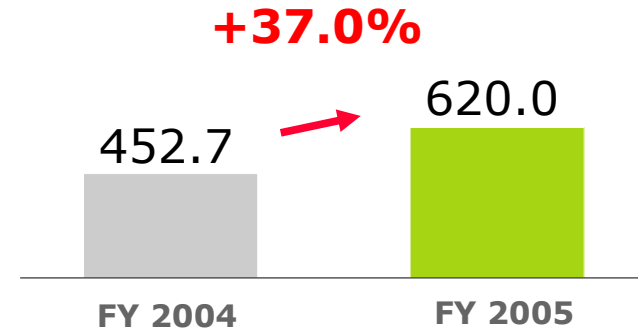
Key Financials: Very Positive Contribution from Mobiltel's Acquisition

(EUR million)

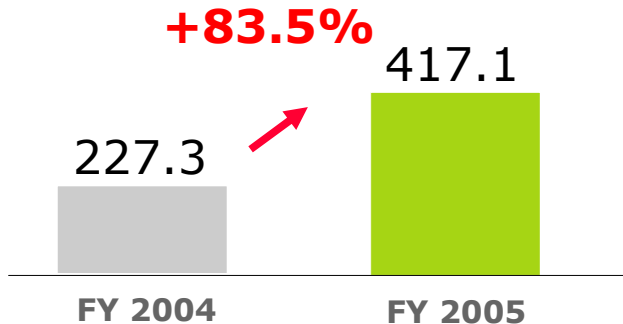
Revenues



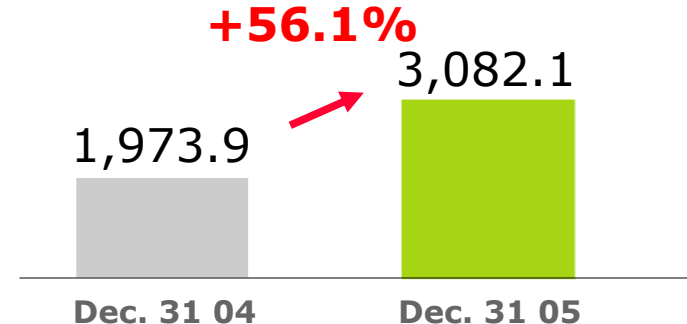
Operating Income



Net Income



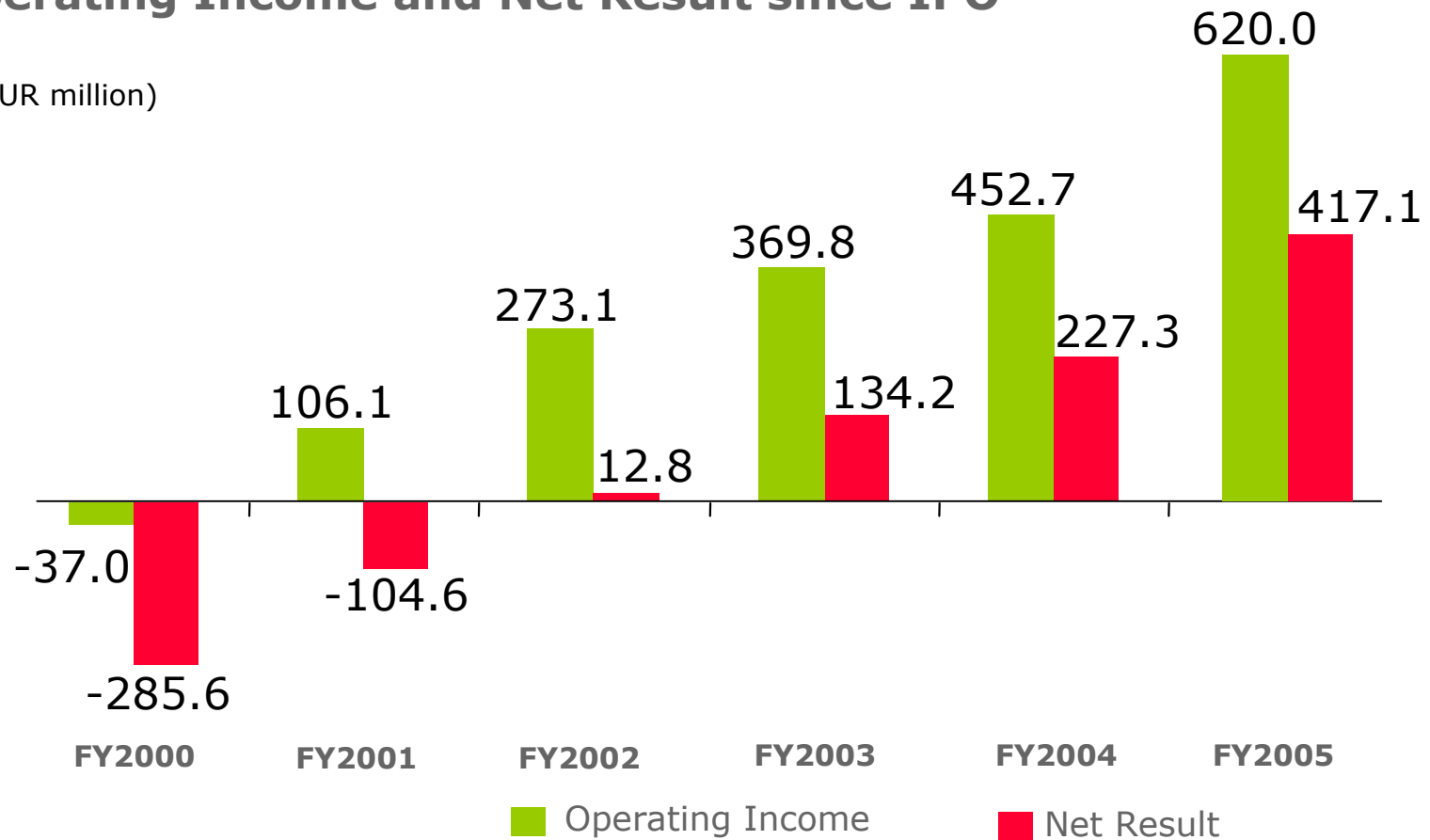
Net Debt



Development Since IPO: Turnaround and Significant Increase

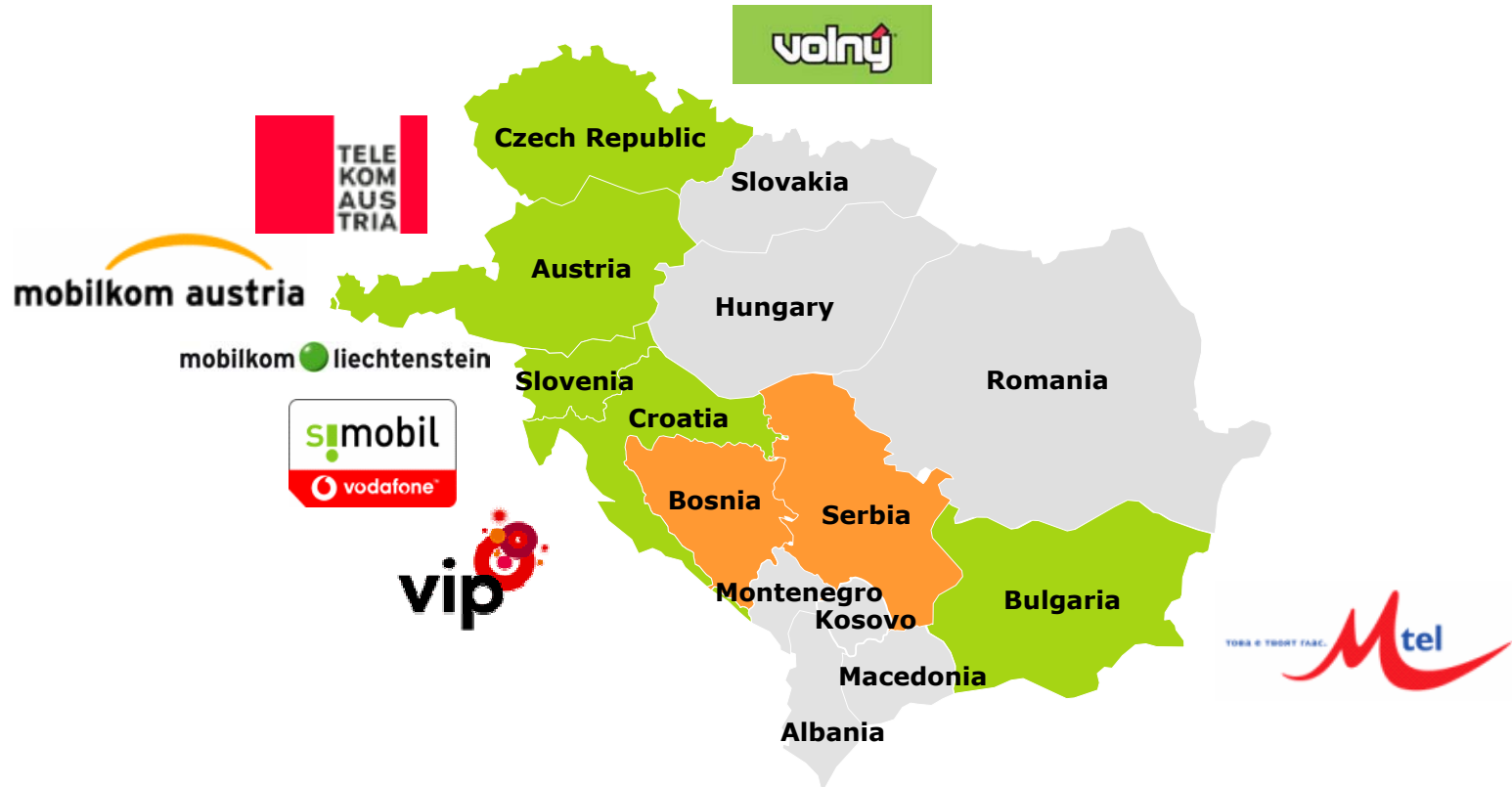
Operating Income and Net Result since IPO

(EUR million)

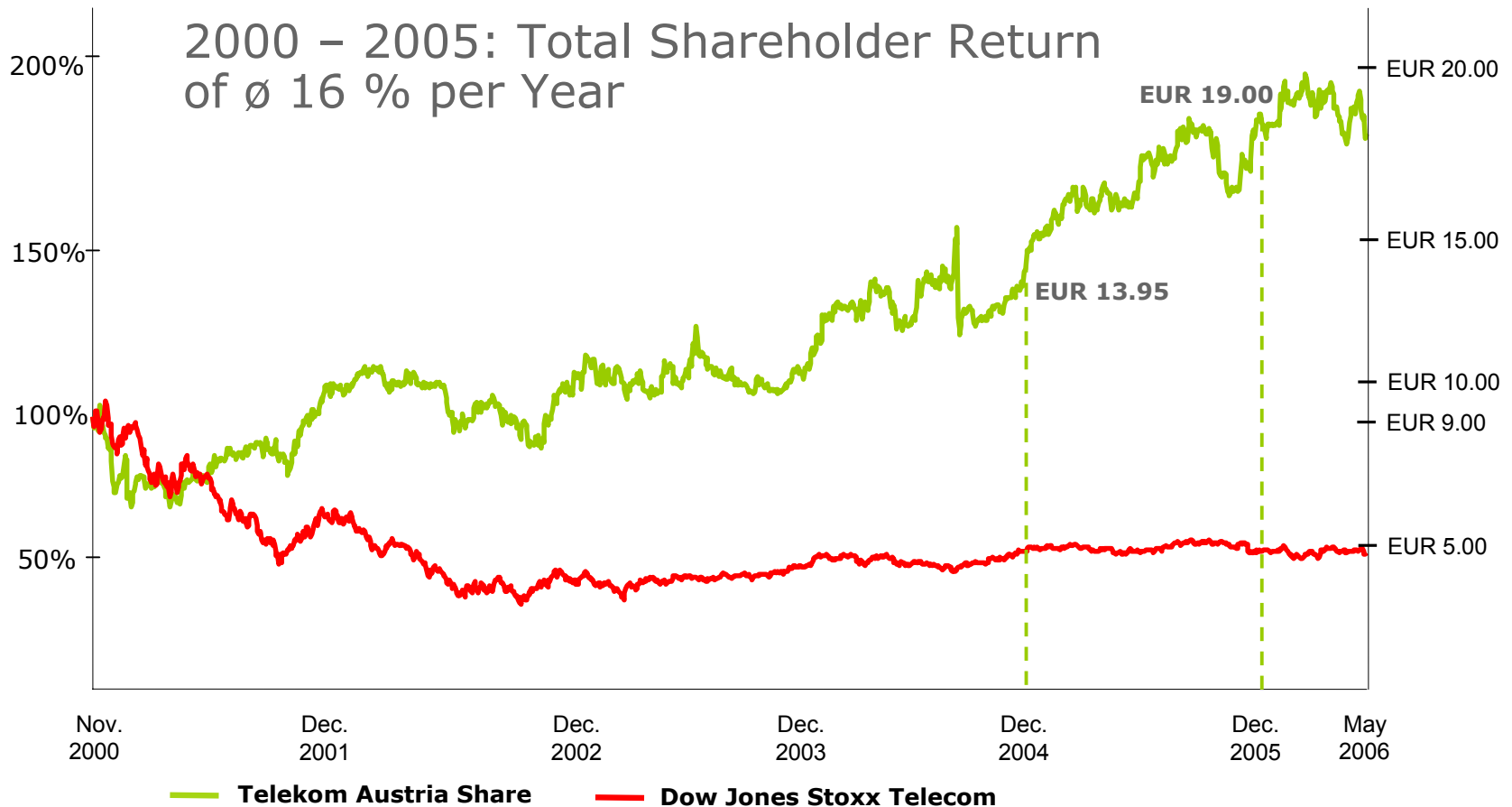


Successful Strategy: Enhancement of Shareholder Value through Expansion

The acquisition of Mobiltel in Bulgaria is a decisive step in the implementation of our growth strategy. Serbia and Bosnia are the next concrete targets.



Share Price Development: Top Performer Compared to Telcos Sector

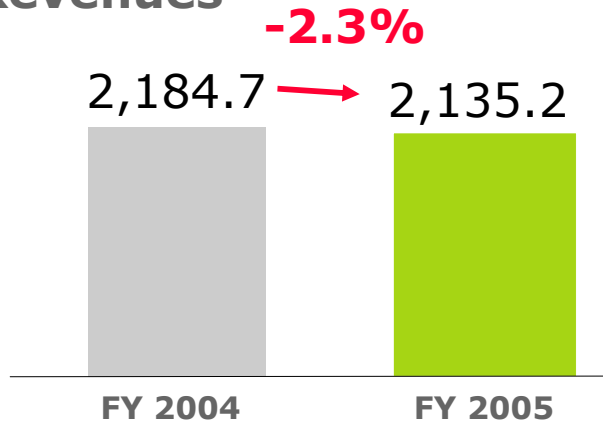


Wireline

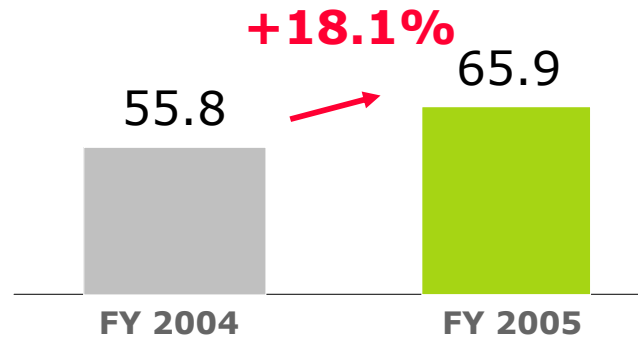
Financial Results: Rise in Operating Income Despite Decrease in Revenues

(EUR million)

Revenues



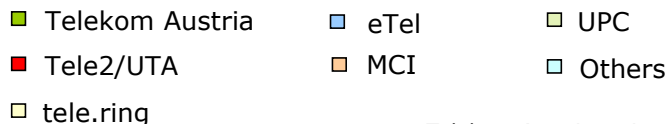
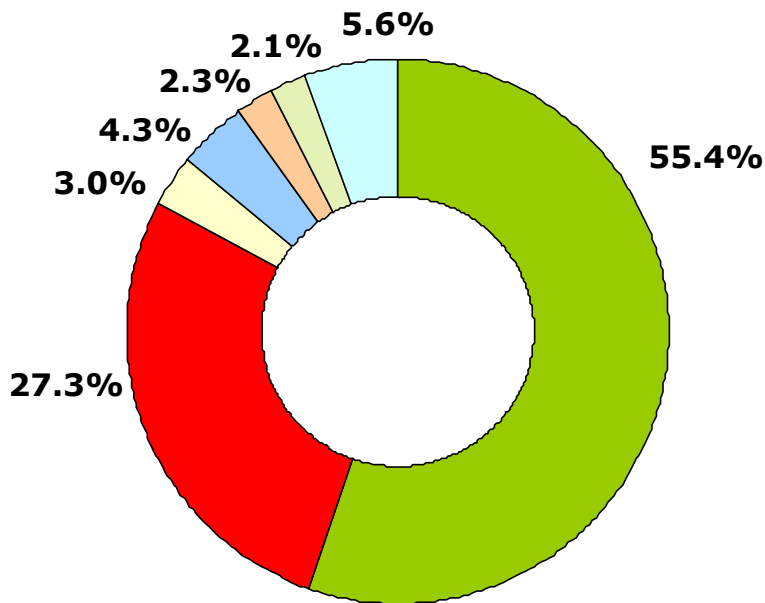
Operating Income



- Declining voice revenues partly offset by broadband revenues
- Increase in revenues from Internet access and media by 16.7%
- Decline in revenues from voice minutes by 1.3% and from monthly rentals by 3.7%
- Nevertheless, considerable increase in operating income due to declining amortization and depreciation charges

Voice Telephony: Increase in Market Share with Total Market Shrinking

Voice Market Share (as of December 2005)

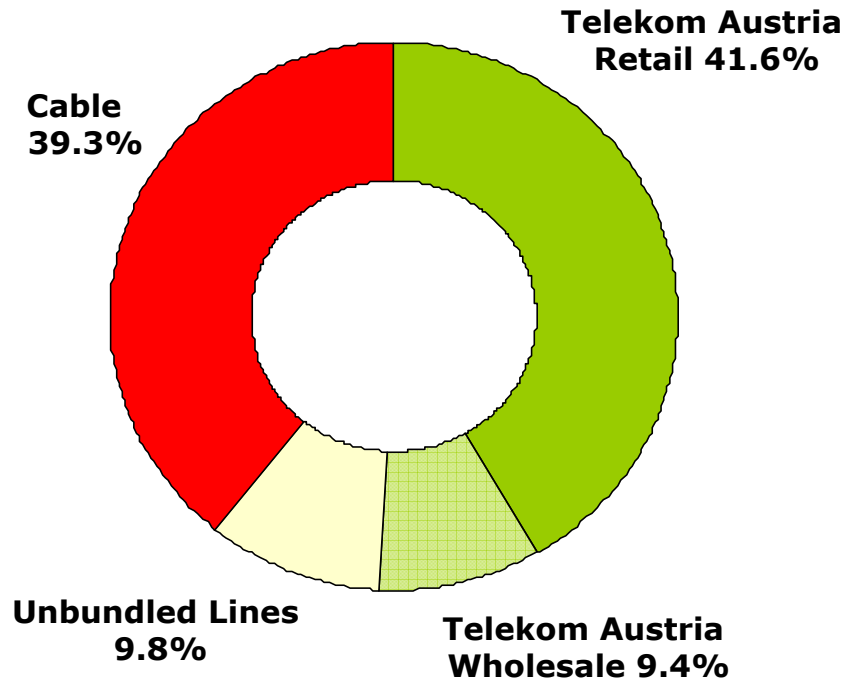


Telekom Austria estimates

- Increase in market share from 54.4% at the end of 2004 to 55.4% at the end of 2005
- Increase in the number of TikTak lines from 1.46 million at year-end 2004 to 1.60 million at year-end 2005
- 60% of all customers use TikTak tariffs
- TikTak bonus packages increased from 322,000 at year-end 2004 to 592,500 at year-end 2005
- Decline in voice minutes by 6.3%

Broadband Market: ADSL Boom and Increase in Market Share to 51%

Broadband Market Share



- Ongoing increase in market share to 51% (year-end 2004 46.3%)
- 574,300 total ADSL lines at year-end 2005
- ADSL growth from year-end 2004 to year-end 2005: 49.7%
- Successful launch of aonPur, the first naked ADSL offer (without fixed-line monthly rental)
- Extension of ADSL blanket coverage to 90% of the population

Wholesale and Business Solutions: Focus on International Carrier Services and ICT Solutions



- Development of Telekom Austria into a ICT solution provider
- Customer convenience via service and solution differentiation
- Communication and emotional appeal through 3 core areas: Productivity Solutions, Marketing Solutions, Stability Solutions
- Extension of international carrier business in the wholesale area
- Cooperation with Loral Skynet

aonDigital TV: Telekom Austria Starts Operating as Triple Player



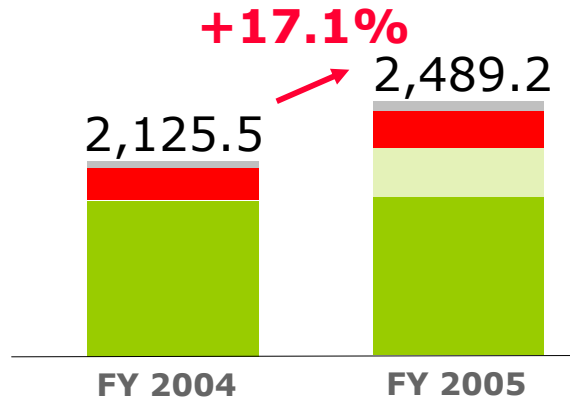
- It supports the strategic goal of defending access lines
- It is an innovative product to enhance customer loyalty
- aonDigital TV was launched on March 6, 2006
- Commercial launch in Vienna, further rollout in other urban areas of the country planned
- Basis package: EUR 19.90 per month, more than 40 TV channels, top movies & serials, EPG, news
- Premium TV package: EUR 7.90 per month; 10 premium channels, action movies, evergreens, cartoons, documentaries, motor sport

Wireless

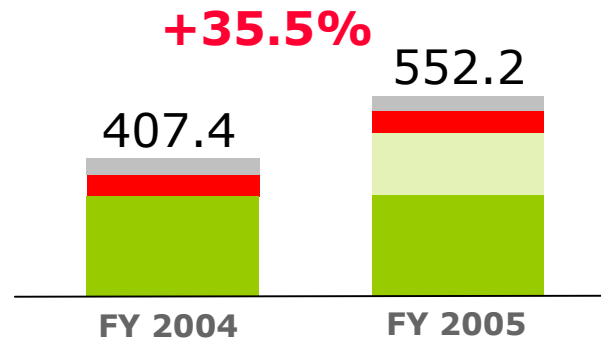
Financial Results: Considerable Increase in Results in all Wireless Subsidiaries

(EUR million)

Revenues



Operating Income

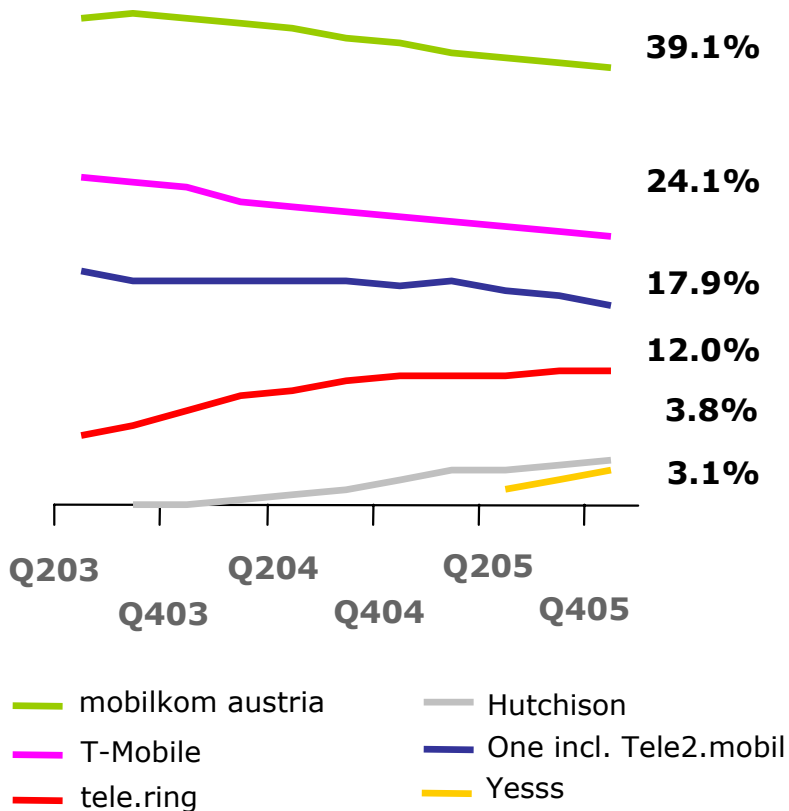


■ mobilkom austria ■ Mobilitel ■ Vipnet ■ Si.mobil

- Increase in total subscriber numbers by 81.1% to approx. 9 million customers
- International wireless subsidiaries account for 62.2% of total wireless customers
- Strong revenue rise especially due to the contribution of Mobilitel, higher subscriber numbers and increased data revenues
- Operating income improved by 35.5%

Austria: UNLIMITED Tariffs Led to an Increase in Customer Net Adds and Voice Minutes

Market Shares



- Expansion of customer base by 3.6% to 3.4 million, further increase in the share of contract customers
- Increase in data ARPU partly offset decline in voice ARPU
- Successful launch of new A1 UNLIMITED tariffs led to an increase in customer net adds and minutes of use (MoU) per customer
- Despite challenging market environment approx. 119,000 new customers were won in 2005

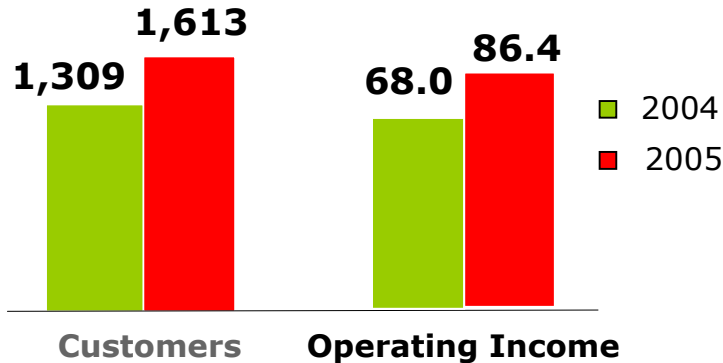
Croatia: Strong Customer Growth

Slovenia: Enhancement of Profitability

Vipnet

(in 000)

(EUR million)

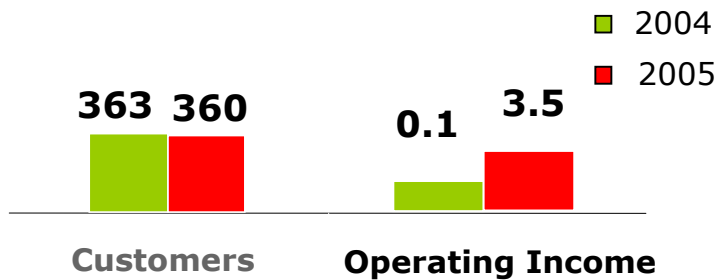


- Increase in customer base by 23.3% despite intensive competition
- More than 304,000 new customers
- Increase in revenues by 12.4% and in operating income by 27.1%

Si.mobil

(in 000)

(EUR million)

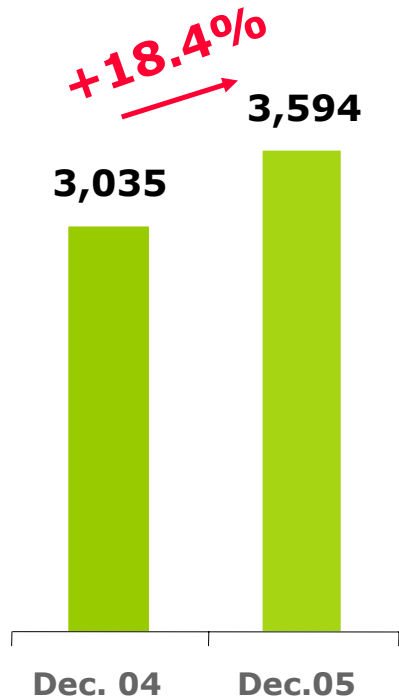


- Increase in contract customers by 6.2 percentage points
- Rise in ARPU by 12.7% to EUR 16.9
- Revenue growth by 14.8%, strong increase in operating income

Bulgaria: Strong Growth and High Profitability

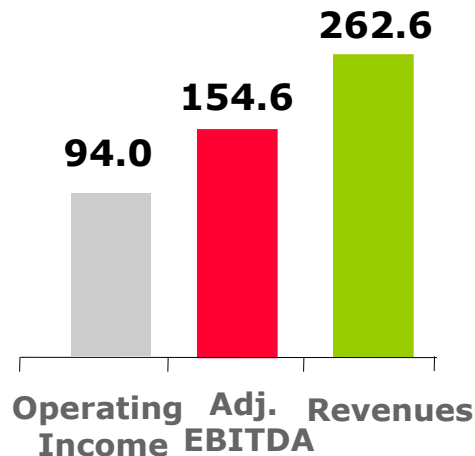
Customer Development

(in 000)



Contribution to Group Results

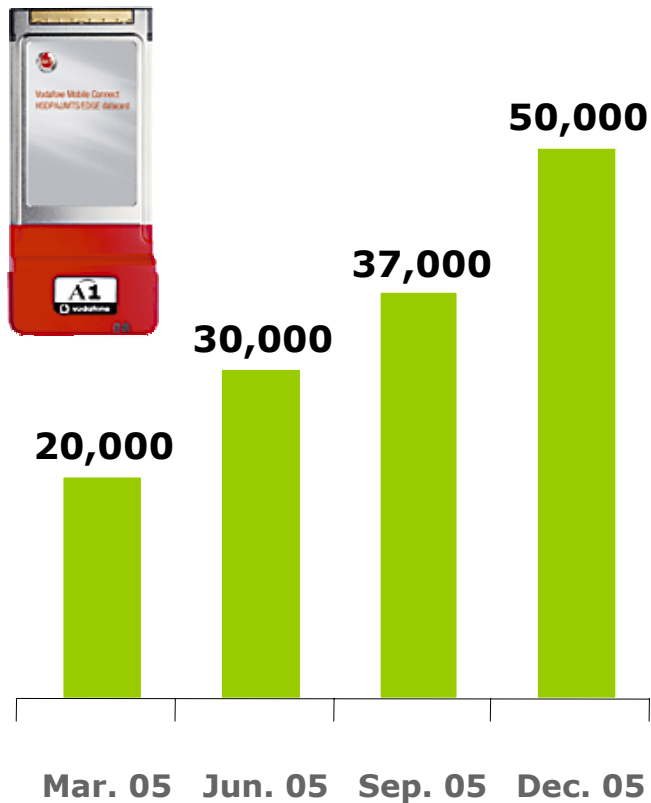
(EUR million)



- Increase in customer numbers by 18.4% to 3.6 million
- Total revenues: EUR 527.9 million, consolidated revenues: EUR 262.6 million
- Adj. EBITDA: EUR 324.7 million, adj. EBITDA: EUR 154.6 million
- Despite market entry of a fourth provider Vivatel market share stable at 57.6%
- With 58.9% best EBITDA margin among all wireless subsidiaries

mobilkom austria: Successful Data Business, Data Revenues Exceed SMS Revenues

Mobile Broadband



- Over 50,000 mobile broadband data cards sold in Austria
- Increase in the data share of total revenues by 38%
- For the first time data revenues exceed SMS revenues
- 936,000 Vodafone Live! customers
- Vodafone live! innovations: live TV, A1 MUSIC ZONE and A1 RADIO ZONE
- HSDPA launch in January 2006 as the first operator in Austria

Financial Overview

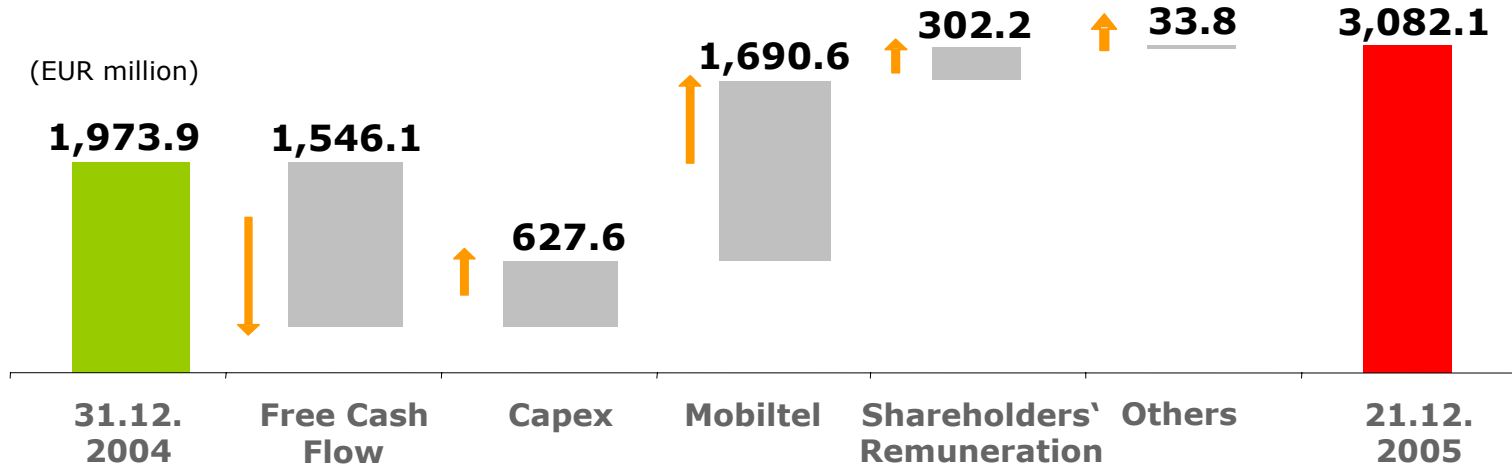
Profit & Loss: Clearly Rising Profitability

(EUR Million)	FY 04	FY 05*	%
Revenues	4,056.3	4,377.3	+7.9%
Operating Expenses	2,485.7	2,620.1	+5.3%
Adjusted EBITDA	1,568.8	1,757.2	+12.0%
Operating Income	452.7	620.0	+37.0%
Net Income	227.3	417.1	+83.5%

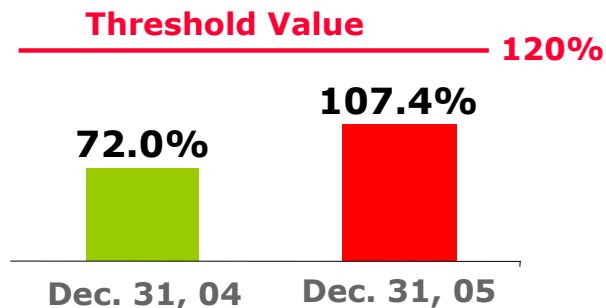
* Contribution of Mobiltel from July 12 to December 31, 2005.

Net Debt: Well Below the Threshold Value

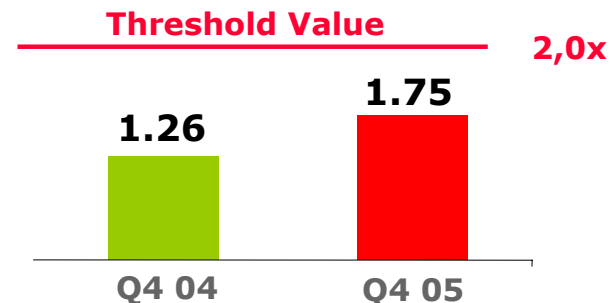
Development of Net Debt



Net Debt/Equity



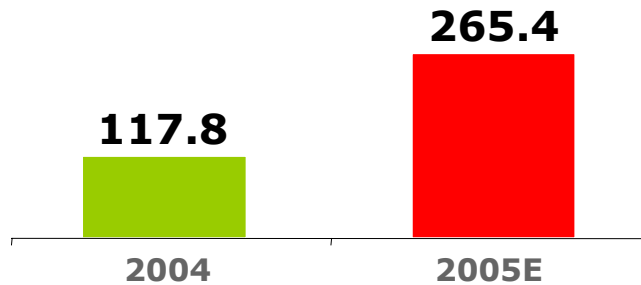
Net Debt/EBITDA



Shareholder Remuneration: Strong Increase through Share Buybacks and Higher Dividends

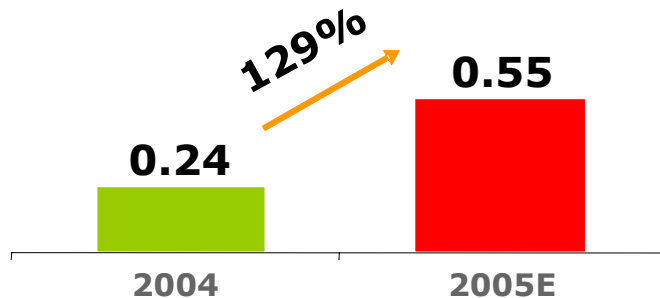
Dividend Payment

(EUR million)



Dividend per Share

(EUR)



- Number of shares bought back increases to 17.5 million by year-end 2005
- Total amount of EUR 248.5 million spent on share buybacks in 2005
- Management proposes dividend of EUR 0.55 per share
- Dividend per share increases by 129% to 0.55 EUR

Outlook

Outlook 2006: Further Growth Thanks to Mobilitel

Outlook Telekom Austria Group 2006

- Revenue growth of approx. 5% and increase in adjusted EBITDA by approx. 10%, net income rises by approx. 20%
- Constant pay-out ratio of 65%
- Increase in capex due to consolidation of Mobilitel
- Reduction of net debt through strong cash flow

Thanks for your
attention!