

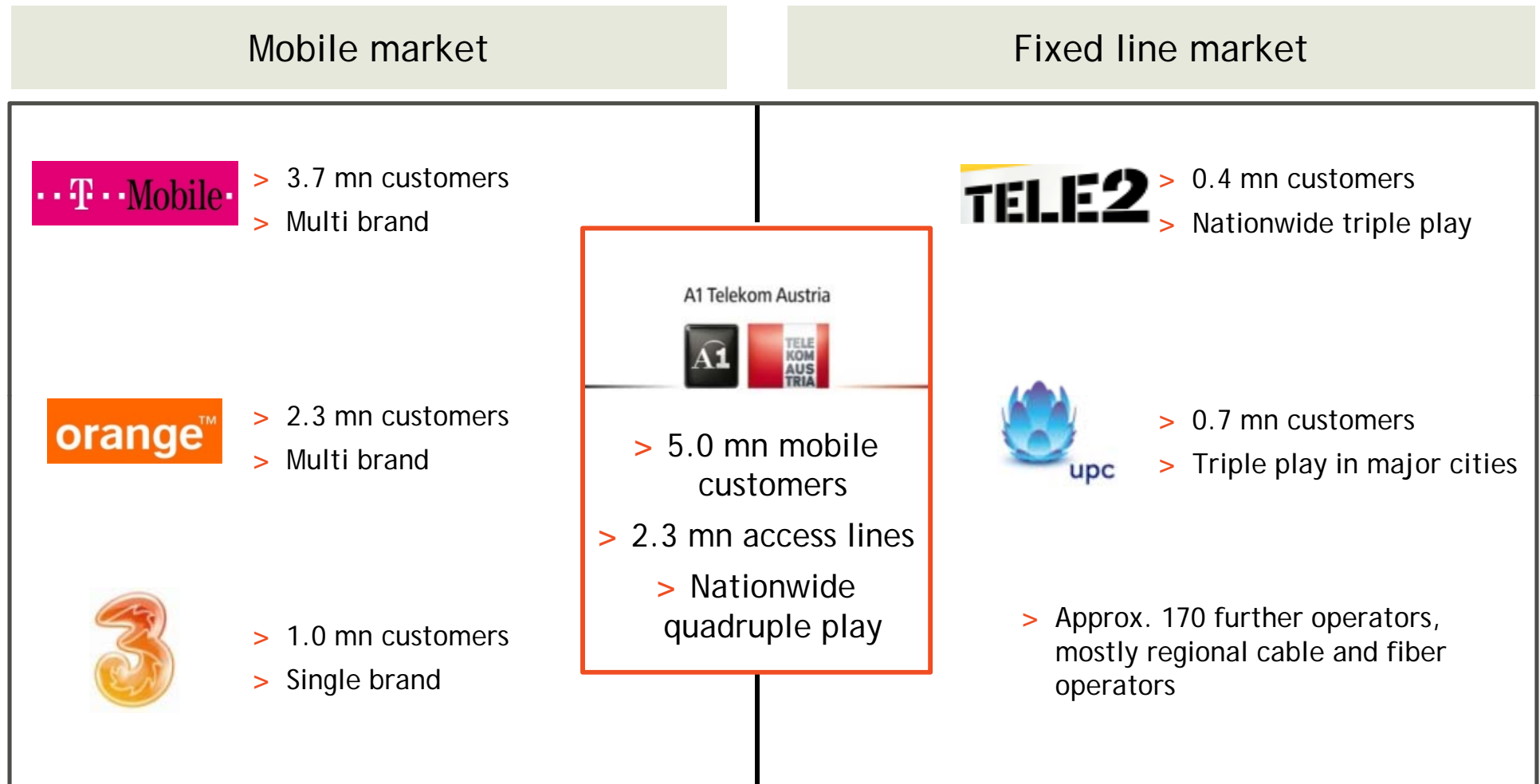
TELEKOM 
AUSTRIA
GROUP

A1 Telekom Austria

Cautionary Statement

“This presentation contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Forward-looking information involves risks and uncertainties that could significantly affect expected results.”

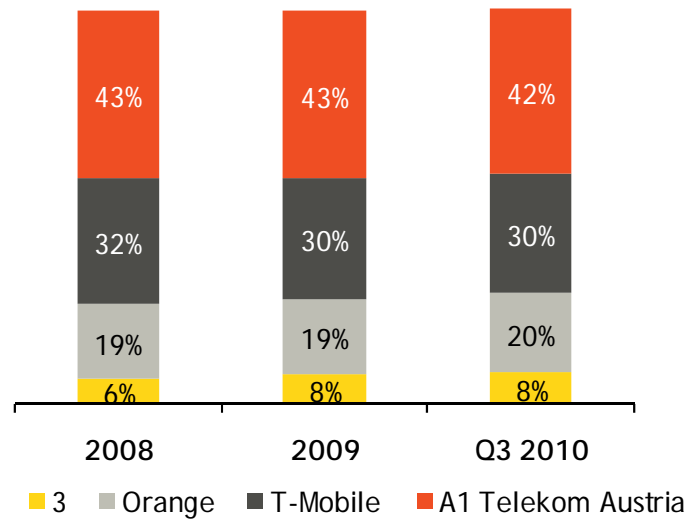
Full Integration Puts A1 Telekom Austria in a Unique Position in Austria



Despite High Level of Competition A1 Telekom Austria Retains Leading Market Position

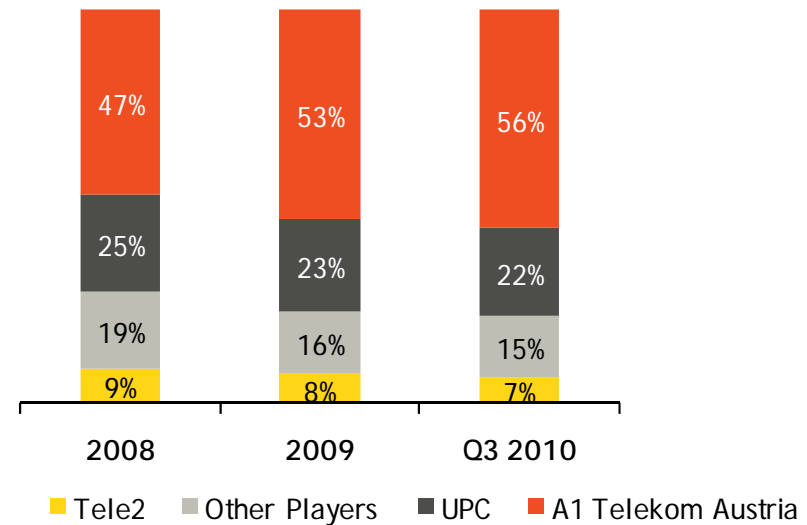
Total Mobile Market Shares

(in %)

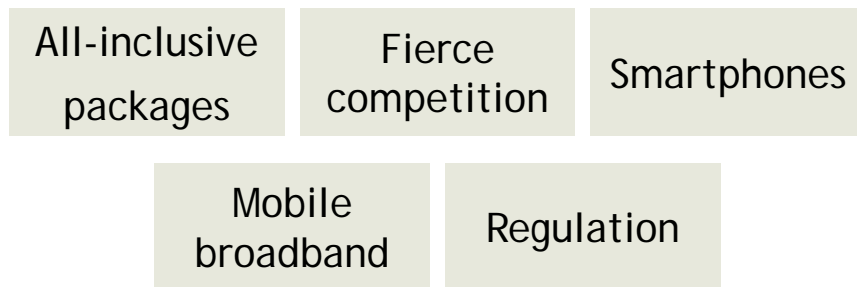


Fixed Broadband Market Shares

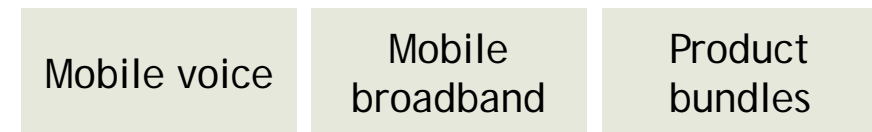
(in %)



Market Drivers



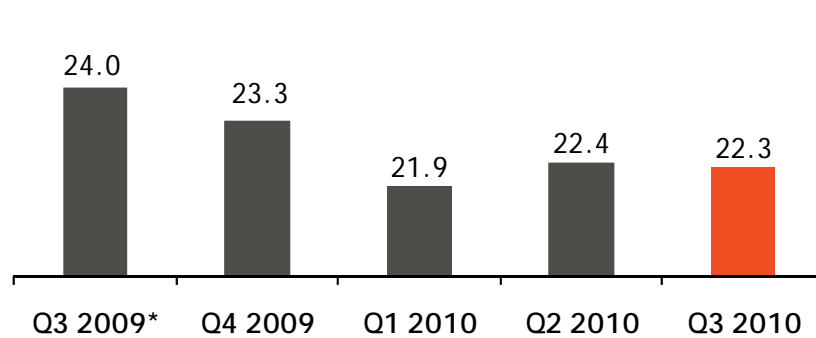
Market Drivers



Fixed-to-Mobile Substitution Impacts Revenues Whilst Product Bundles Stabilize Line Losses

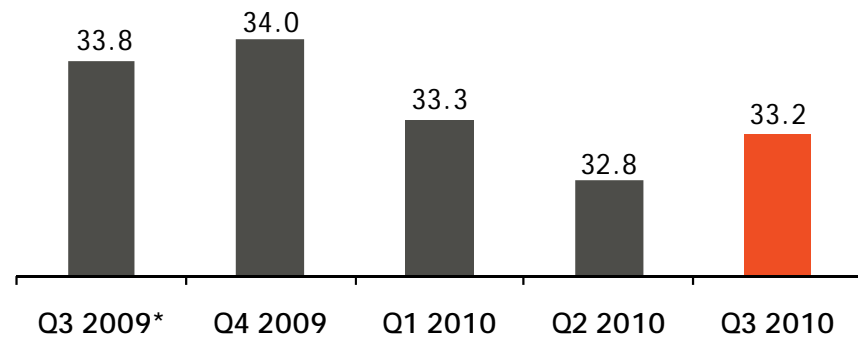
ARPU Development

(in EUR)



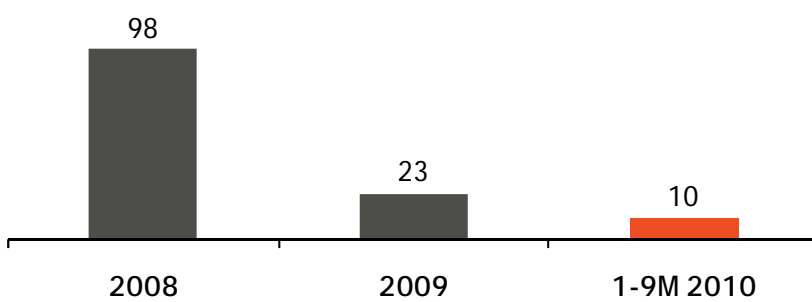
ARPL Development

(in EUR)



Line Losses

(in 000)



* Adjusted to new reporting structure as of Q3 2009

Product Bundles

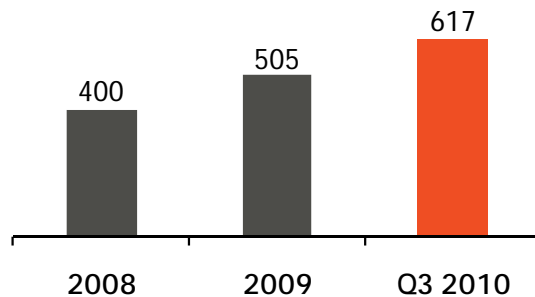
(in 000)



Evolution of Fixed Line and Mobile Products Results in Substantial Growth of Data Volumes

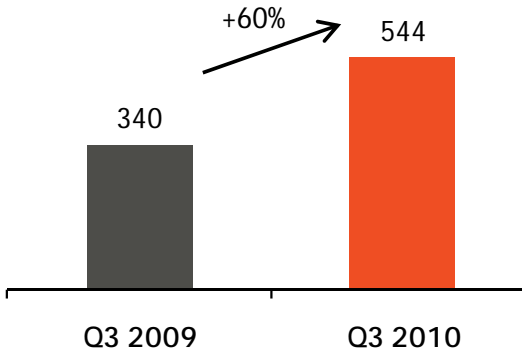
Mobile Broadband Subscribers

(in 000)



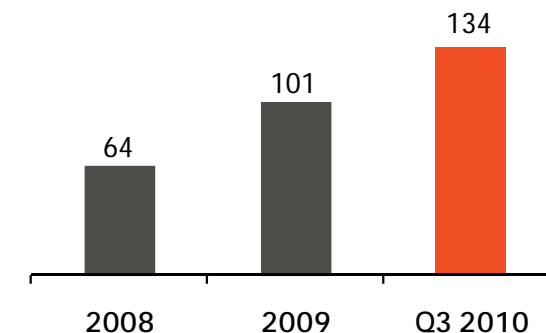
Smartphones*

(in 000)



aonTV Subscribers

(in 000)

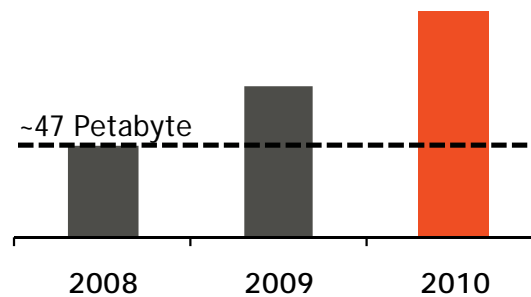


Best mobile network in German-speaking region



Fixed Line & Mobile Data Usage

(in Petabyte)



Continued upgrade of fixed line infrastructure meets customer demand for higher bandwidth



* Definition based on operating systems : Windows Mobile/Windows Phone, S60, Symbian^3, MeeGo, Maemo, Android, iOS, BB OS and Bada (Samsung)

Strategic Challenges Going Forward

1. Integration

- > Swift and efficient execution
- > Positive cash flow effect of EUR 100 mn by 2014/2015
- > Revenue synergies, OPEX & CAPEX savings

2. Cost stabilization

- > Alleviate revenue pressure on EBITDA
- > Address inflexible cost structure
- > Keep personnel costs stable

Strategic challenges

3. Revenue stabilization

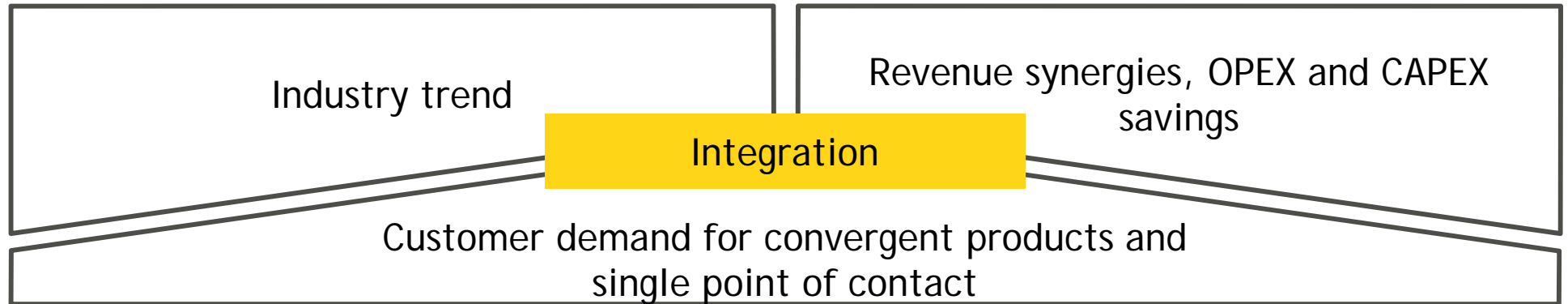
- > Leverage the potential of the integration
- > Smart innovation leader
- > Remain competitive in all segments

4. Network strategy

- > Cope with exponential data growth
- > Demand-driven fiber roll-out

1. Integration

Integration of Mobile Communication and Fixed Line Reflects Development of Customer Demand



Swift and Efficient Execution

- ★ Announcement of merger on February 23, 2010
- +1 Week Appointment of first-line management
- +1 Month Appointment of second-line management
- +2 Months Completion of new organizational structure
- +3 Months Harmonization of critical processes & governance
- +5 Months Realization of legal merger on July 8, 2010

Integration Well on Track with Focus on Operational Implementation

Market

- > Implementation of a single brand
- > Single point of contact for all customers and products
- > Improve cross-selling initiatives

Technology

- > Harmonization of IT-systems architecture
- > Optimization of service platforms architecture
- > Convergent network strategy - continued roll-out of hybrid Giganet*

Support

- > Implementation of harmonized processes
- > Integrated management of profitability and target setting
- > Simplification and unification of internal administration services

Human Resources

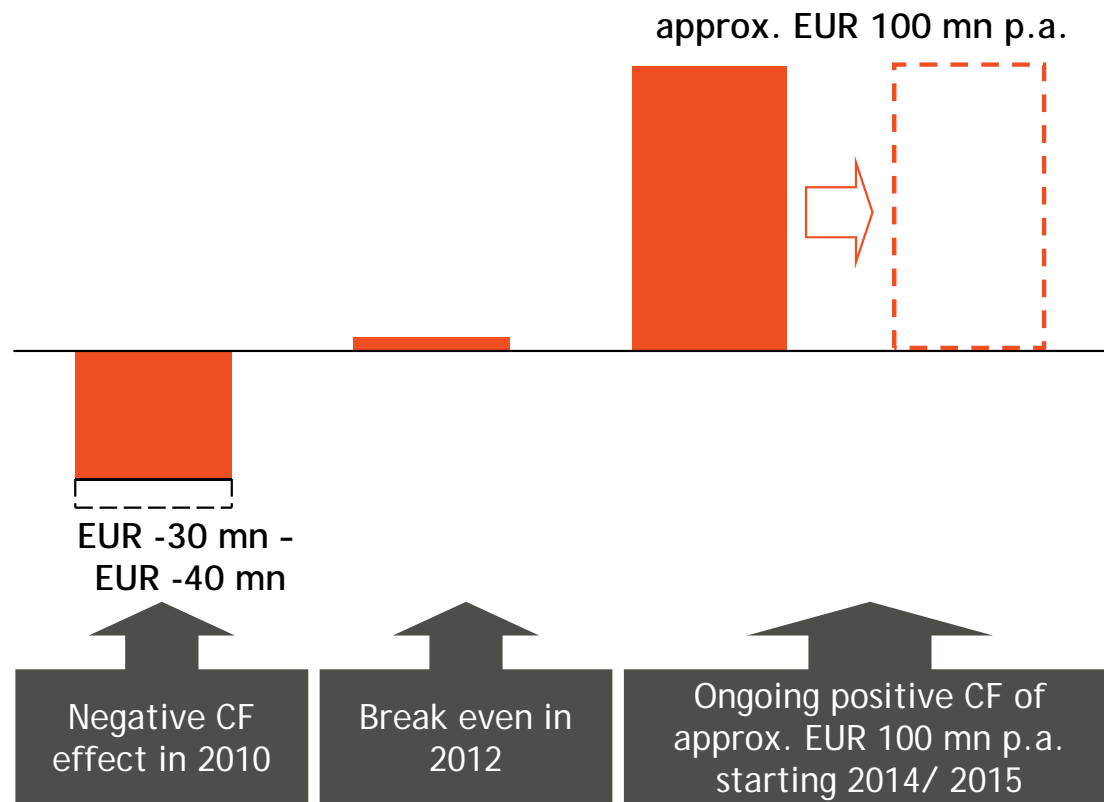
- > Harmonization of compensation system
- > Unified performance management
- > Convergent product trainings for all sales personnel

* Integrated fixed and mobile network

Full Cash Flow Potential to be Realized by 2014/2015

Cash Flow Effect of Merger of Domestic Operations

(in EUR mn)

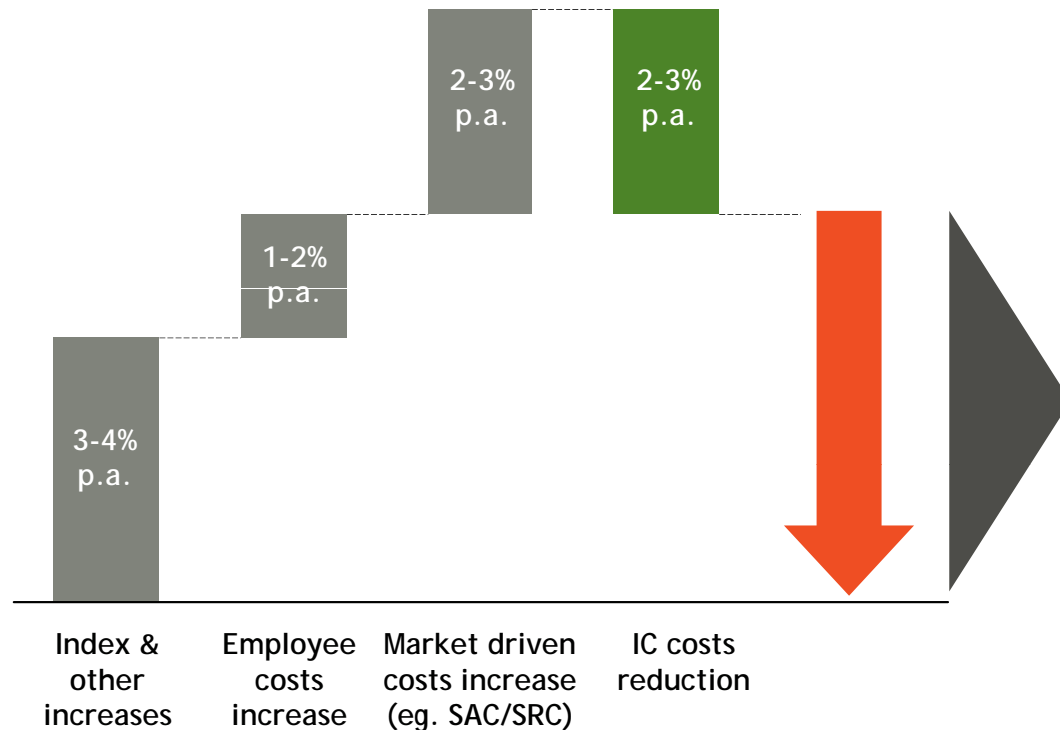


Cash Flow - Drivers

- > **Approx. 30% Revenue Growth**
 - > Cross- and up-selling in wholesale- and retail-business
 - > Unified communications/ convergent product bundles
 - > Integrated churn-management
- > **Approx. 55% OPEX Synergies**
 - > Elimination of redundant systems
 - > Increased management efficiency
 - > Continuation of existing social plans and natural fluctuation
 - > Migration of civil servants to government bodies
- > **Approx. 15% CAPEX**
 - > Integration of IT- and network components

2. Cost Stabilization

Strict Cost Management Aims at Flat OPEX Until 2013



Strict Cost Management

Short-term

- > Monetization of synergies
- > Adjustment of scope of activities
- > Stabilization of employee costs
- > General cost cutting

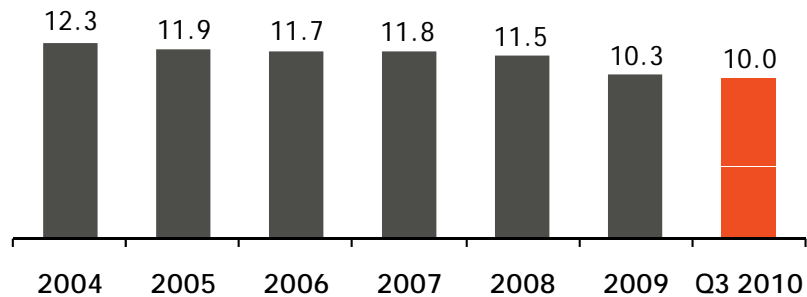
Medium-term

- > Clean network
- > Clean product portfolio
- > Clean workflow
- > Clean procurement

Ongoing Restructuring Efforts Target Inflexible Personnel Structure in Austria

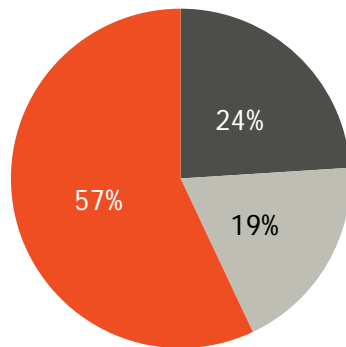
Full Time Equivalents

(Average, in 000)



Personnel Structure

(in %)



■ Employees ■ Employees with restrictive contracts ■ Civil servants

- > Approximately 10,000 employees
- > 76% of employees have restrictive contracts
- > Average age 47 years
- > Employee costs driven by mandatory biennial increases and collective bargaining agreements
- > Restructuring program in 2008/2009: 1,481 persons accepted social plans or were released from work
- > Ongoing restructuring activities depending on legal framework

Cost Management for 2011 Will Focus on Four Key Target Areas

Monetization of synergies

- > Marketing spend efficiency
- > Harmonization of management of accounts receivables
- > Harmonization of internal services

Adjustment of scope of activities

- > Reduction of system maintenance costs by adjustment of service levels
- > Reduction of external staff
- > Reduction of internal projects

Short-term cost management

Stabilization of employee costs

- > Management of headcount based cost structure
- > Socially acceptable reduction of workforce
- > Transfer of civil servants to Austrian governmental departments

General cost cutting

- > Optimization of logistics system for field service
- > Reduction of energy costs
- > Reduction of travel and vehicle expenses

Medium-Term Cost Management Will Focus on Clean Cost Structure

Clean network

- > Life cycle management of technology platforms
- > Designing of optimal system architecture
- > Planning migration and optimization strategies

Clean product portfolio

- > Phase-out of 400 products
- > Reduction of costs due to complexity in network, IT and customer service
- > Reduction of IT maintenance

Medium-term cost management

Clean workflow

- > Remote fault management
- > Consolidation of logistics processes
- > Optimization of sales to activation processes in residential and support processes in business area

Clean procurement

- > Supplier management (reduce supplier fragmentation, group-wide sourcing)
- > Demand management (standardize specifications, minimize customization)
- > Process management (best practice purchasing policy and processes)

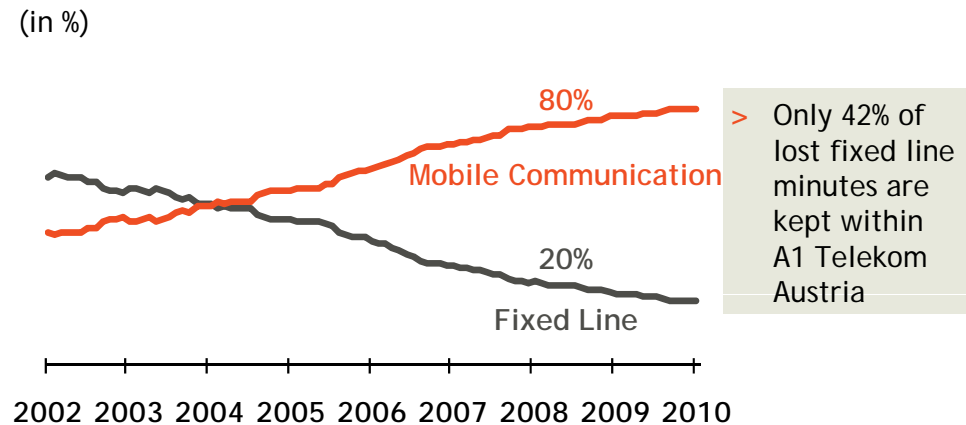
3. Revenue Stabilization

Competition, Fixed Minute Loss and Regulation Are Key Challenges to Revenue Stabilization

Fierce Competition



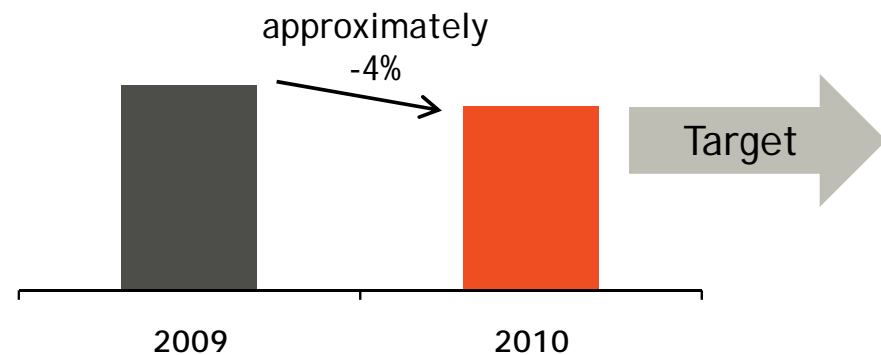
Fixed-Mobile Voice Minutes Substitution



Regulation Impacts Revenues

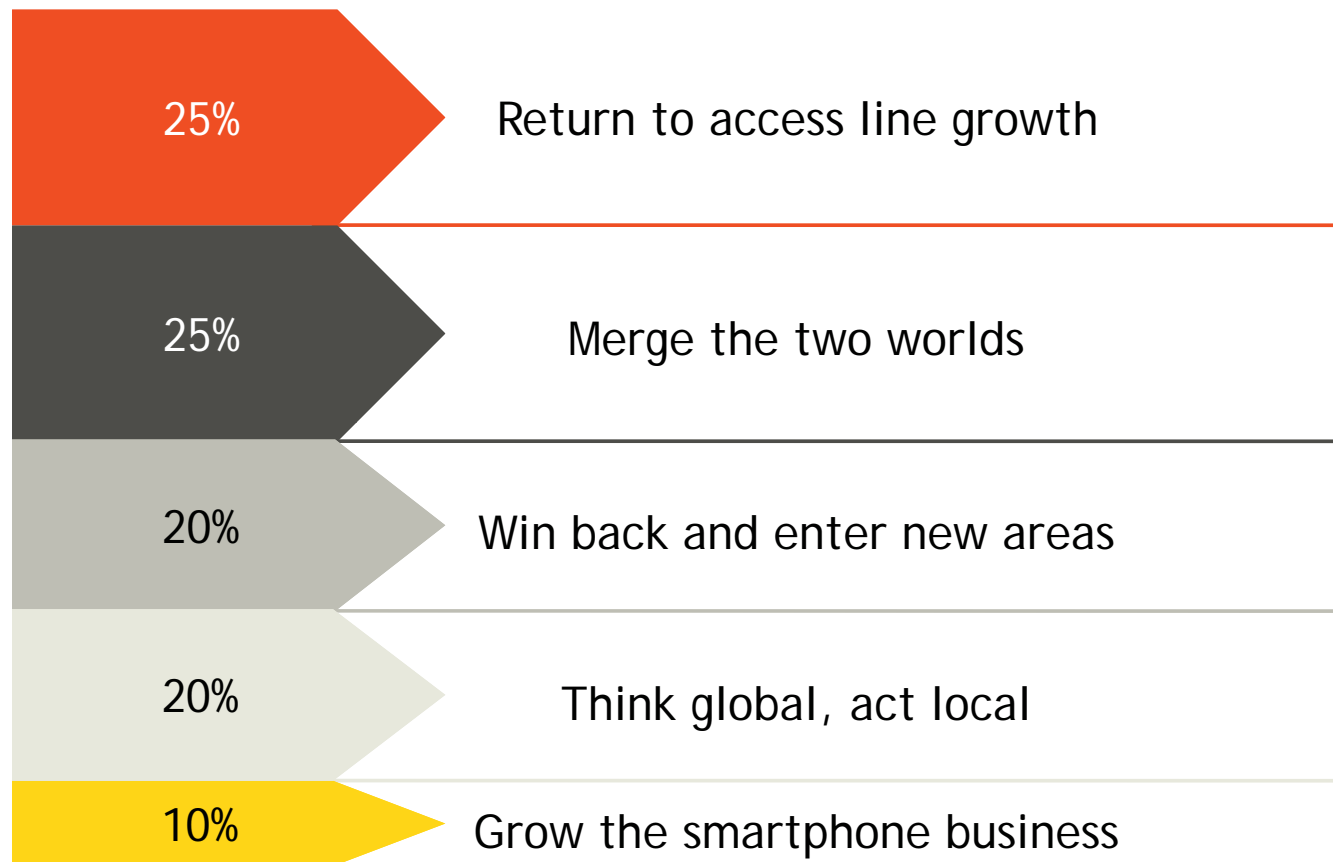


Revenue Development Austria



Five Initiatives Drive Revenue Stabilization in Austria

Contribution to Revenue Stabilization



Revolutionizing the Austrian Market - Returning to Access Line Growth

The Right "Kombi" for Everyone

Comprehensive and additional Kombi offers

Address diversity of customer needs

Multi-screen world

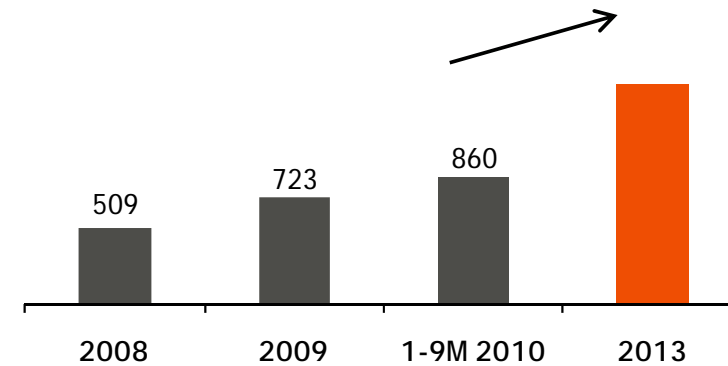
Leverage on Potential of Integration

Exploit integration for truly convergent Kombis

Increase line penetration by using combined customer databases

Product Bundles (Kombis)

(in 000)



Lines Losses

(in 000)



Demand for fixed broadband will overcompensate declining fixed voice

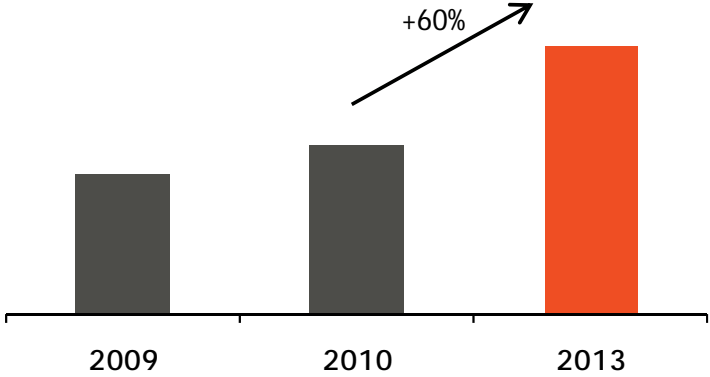
Merge the Two Worlds

Cross and Up Selling

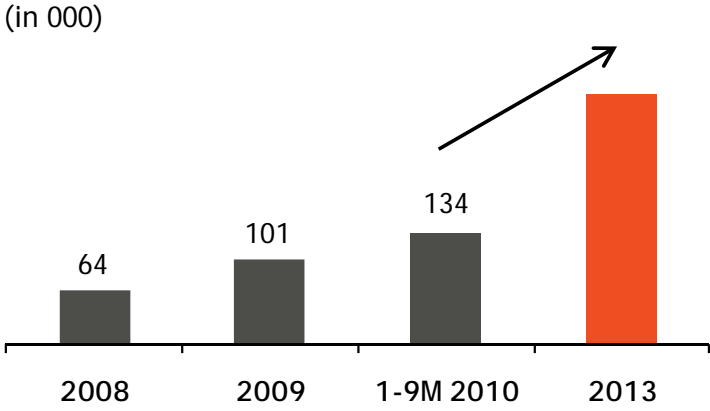
- Consolidate customer bases
- Integrated customer view and highly efficient and unerring communication
- Significant increase of double & triple play rate
- Up selling of additional TV and broadband options



Dual Customers

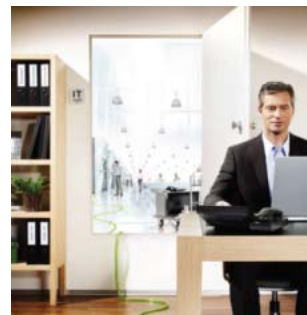
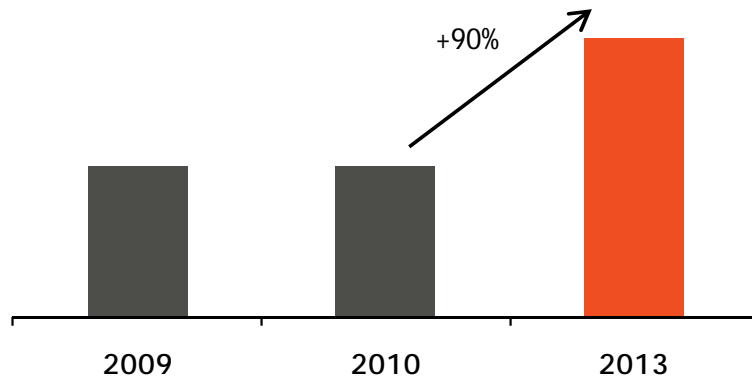


aonTV Subscribers



Win Back and Enter New Areas

Revenues from ITO*, UC** & Health



Focus on business customers with A1TA history

Convergent offers

One key account manager

One service line

Entering new business areas

Unified communication & video conferencing

IT outsourcing

Health care

* IT Outsourcing

** Unified communication

Think Global, Act Local



Grow the Smartphone Business - The Best Smartphones in the Best Network

Smartphone shipments will rise 55% worldwide in 2010

A1 Telekom Austria offers

- > Biggest smartphone portfolio in Austria
- > Best network within the German speaking region
- > iPhone positioning driven by highly competitive pressure



Applications are major factors to increase customer convenience and loyalty

- > A1 Telekom Austria launched 14 own „A1 Apps“ as well as a number of „powered by A1“ apps
- > Telekom Austria Group member of the WAC* board

* WAC = Wholesale Application Community



High demand

Successful launch

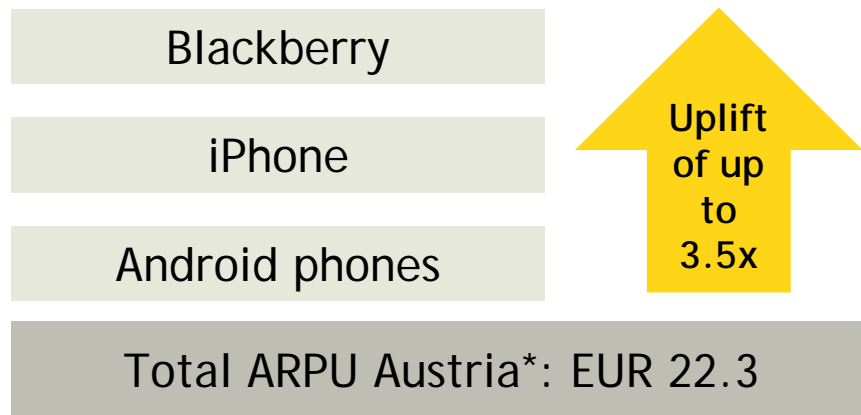
Sold out after 8 days

Attracting new customers

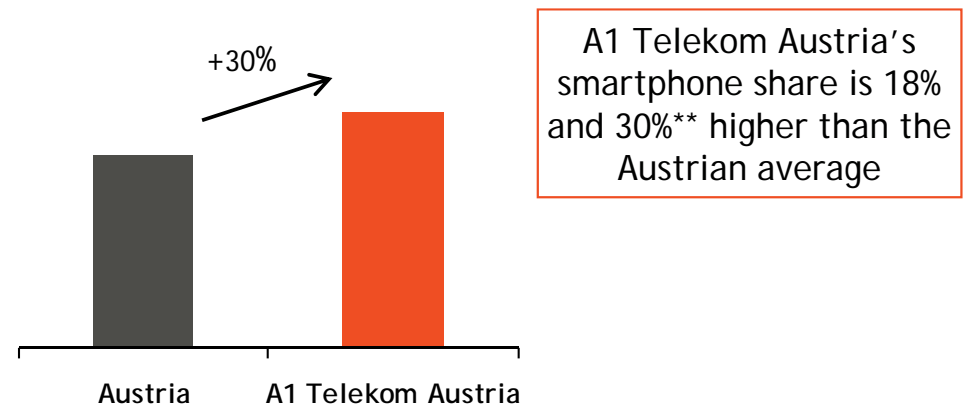
Moving customers into high ARPU tariffs

Smartphones Complement Strategy to Stabilize Revenues Whilst Protecting the Margin

Significantly Higher ARPU



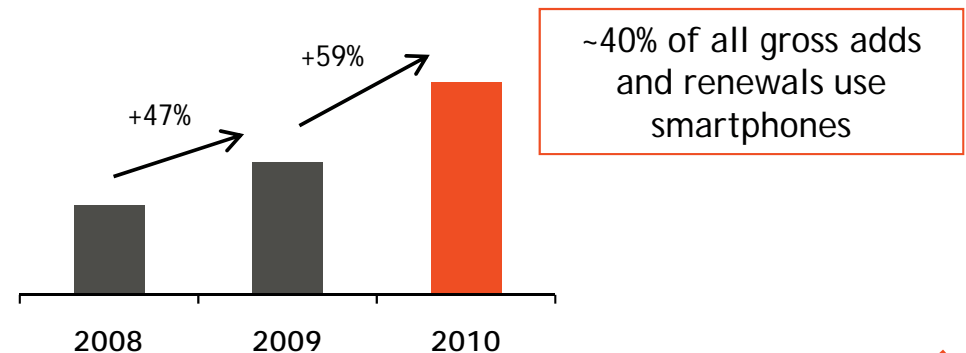
Smartphone Share



Smartphone SACs/SRCs are expected to remain stable due to deflationary trends in the handset market

ARPU uplift from smartphones will soften anticipated decline of total ARPU

A1 Telekom Austria Smartphone Share



* as of Q3 2010

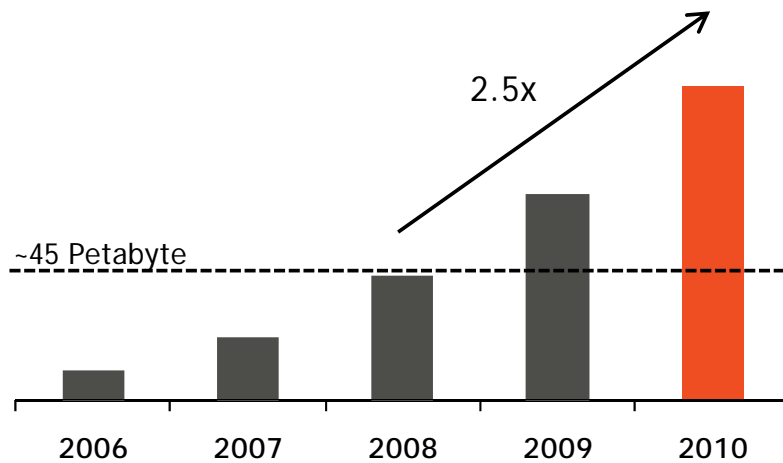
** Social Impact Study 2010/GfK Austria

4. Network Strategy

Data Growth Well Covered by Austria's Best Network

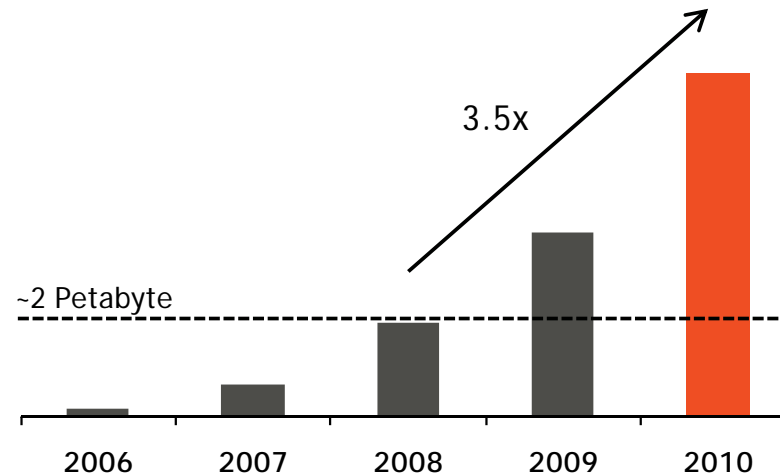
Data Usage Fixed Line

(in Petabyte*)



Data Usage Mobile

(in Petabyte*)



Continued upgrade of fixed line infrastructure meets customer demand for higher bandwidth

A1 network best GSM and UMTS network in German speaking region in 2009 and 2010



* 1 Petabyte = 1 mn Gigabyte

A1 Telekom Austria Fiber Trials Stimulate Change in Customer Behavior

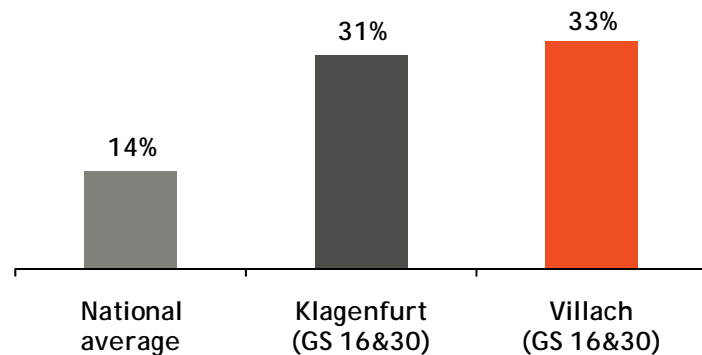
Fiber trials to stimulate bandwidth demand

Built "Data Highways" are being used

Fiber trials show significant higher uptake of value added services driving ARPL

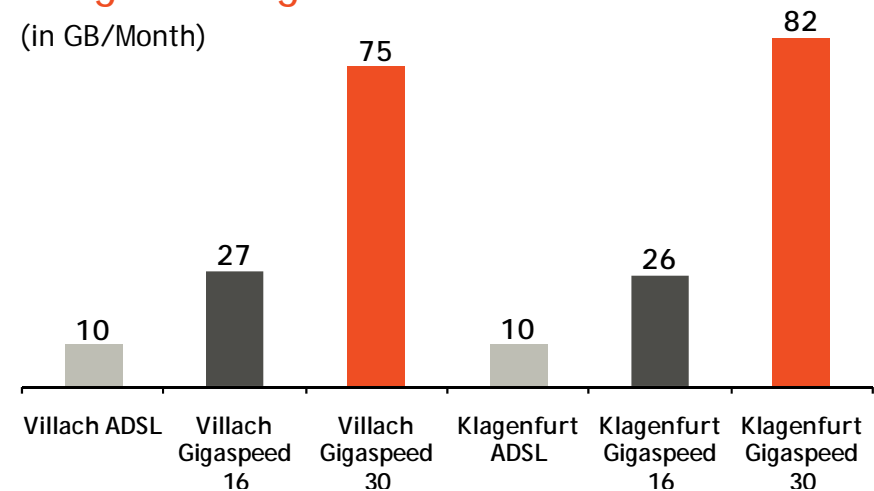
Take-Up Rate aonTV

(in %)



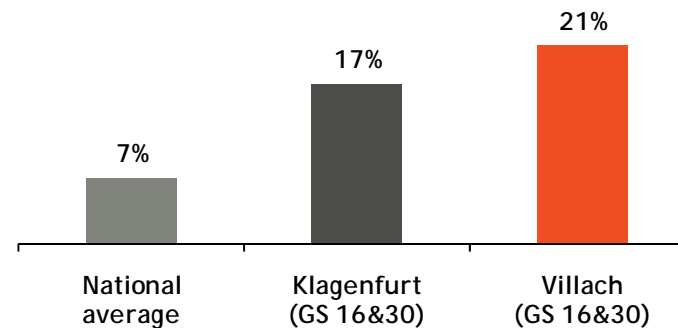
Usage Average

(in GB/Month)



Take-Up Rate HDTV

(in %)



Exponential Growth of Fixed Line and Mobile Data Anticipated

Fixed Line Data Trends

Future expectations:
100 GB/Month & 20-100 MBit/s



Drivers:

- > HD and 3D-TV
- > Smart home
- > Cloud services
- > Gaming

Today at home/at work:
8 GB/Month & 8 MBit/s

Mobile Data Trends

Future expectations:
10 GB/Month & 5 MBit/s



Drivers:

- > Mobile broadband
- > Video streaming
- > Applications

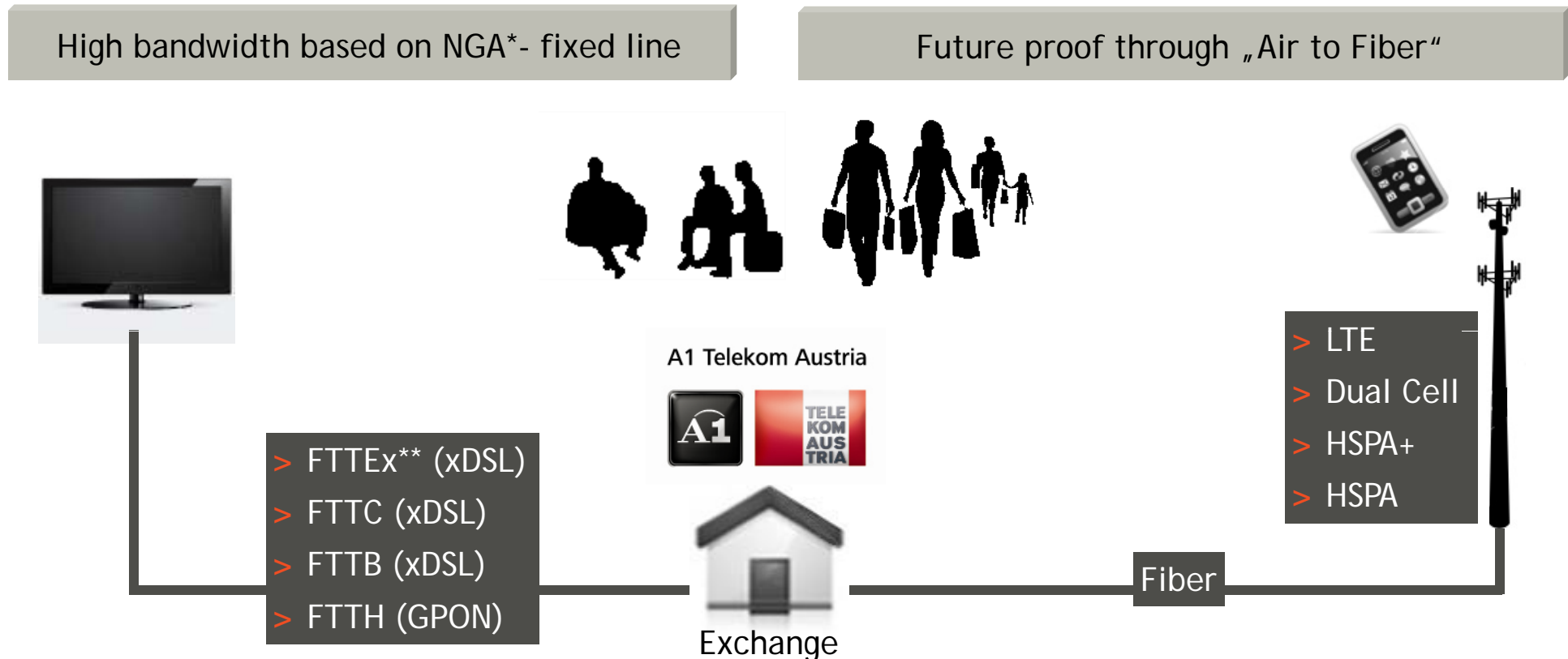
Today on the move :
1.5 GB/Month & 2.5 MBit/s



Hybrid Giganet Strategy - Efficient Use of Technologies to Cope With Data Growth

High Bandwidth Fixed Network

High Bandwidth Mobile Network



Integration allows full exploitation of fixed and mobile technologies

* NGA = Next Generation Access

** FTTEx = Fiber To The Exchange

Future Proof Backhauling Enables Implementation of High Bandwidth Mobile Technologies

“Air to Fiber” Strategy

Connecting base stations via fiber to the backbone

More than 1,000 base stations already connected

Future proof backhauling ensured

Dual Cell Roll-Out

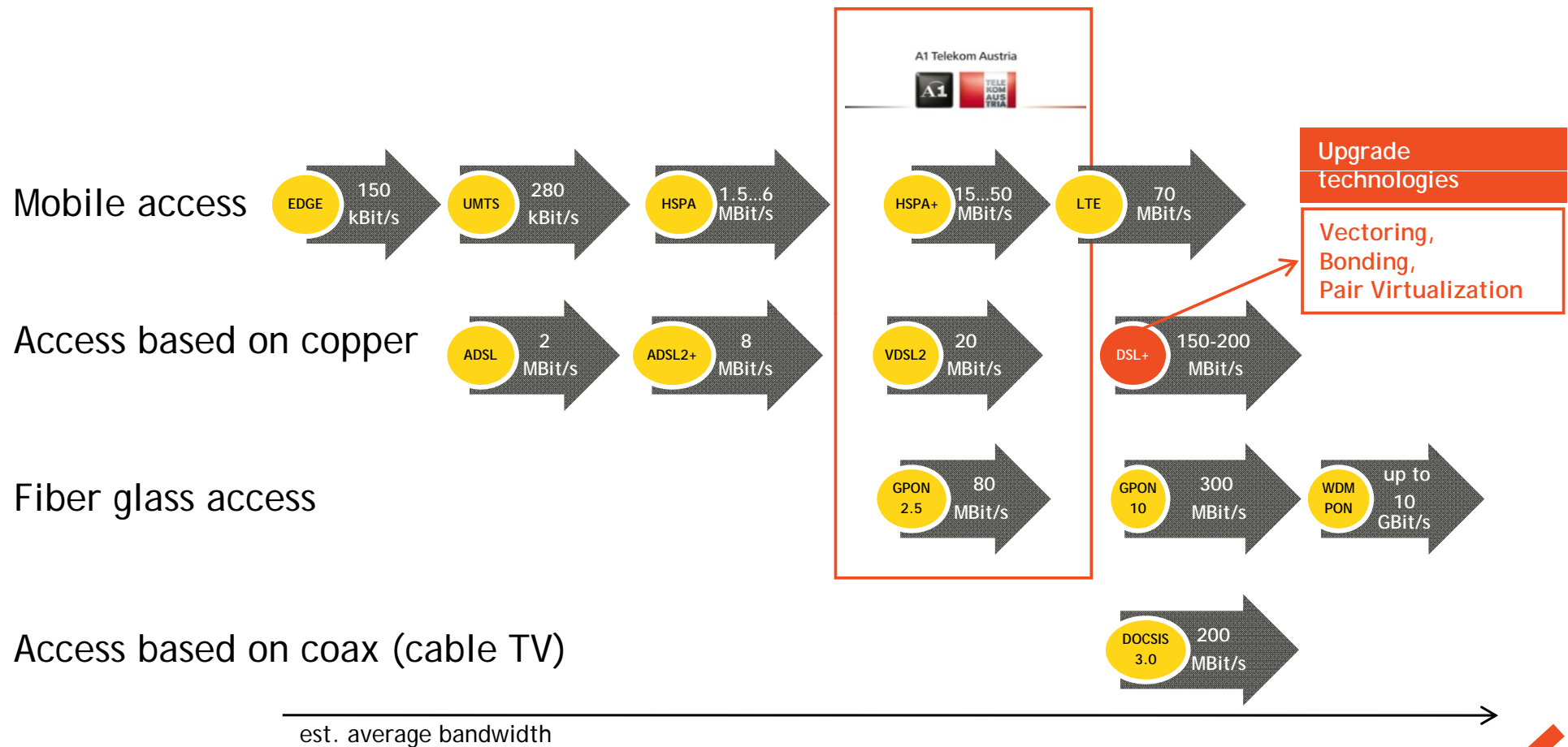
- > Installation of a second carrier per cell and implementation of “dual cell” features
- > Speeds up to 42 Mbit/s achievable
- > Base station on HSPA+ and direct glass fiber link required
- > 25% of base stations to be upgraded by end of year

Commercial Launch of LTE

- > First Austrian operator to launch mobile broadband tariff for LTE technology in November 2010
- > Approximately 50 base stations already upgraded
- > Speeds up to 150 Mbit/s achievable
- > LTE operated on acquired 2.6 GHz spectrum in September 2010

New Technologies Highlight Ample Potential of Existing Copper Network

- > Capacity of existing copper network not yet fully exploited
- > Trials of new technologies suggest additional potential beyond VDSL2



Driving Life Cycle Management

- > Life cycle of technology platforms from design, introduction, maintenance to phase-out
- > Optimal system architecture/roadmap
- > Migration and optimization strategies

- > Increases profitability and cost efficiency of platforms
- > Improvement of customer satisfaction and fulfillment of internal demands
- > Minimizes negative effects of platform migrations or phase-outs

E.g. ongoing projects:

- > X.25 / Frame relay phase-out
- > Migration towards managed access systems (business, mobile backhauling)
- > Legacy voice platform phase-out (NGN voice)
- > Single radio access network

Demand Oriented Giganet Rollout Leads to Efficient Use of CAPEX

Roll-Out Criteria

1 Population density & demand
(City vs. rural area, aid)

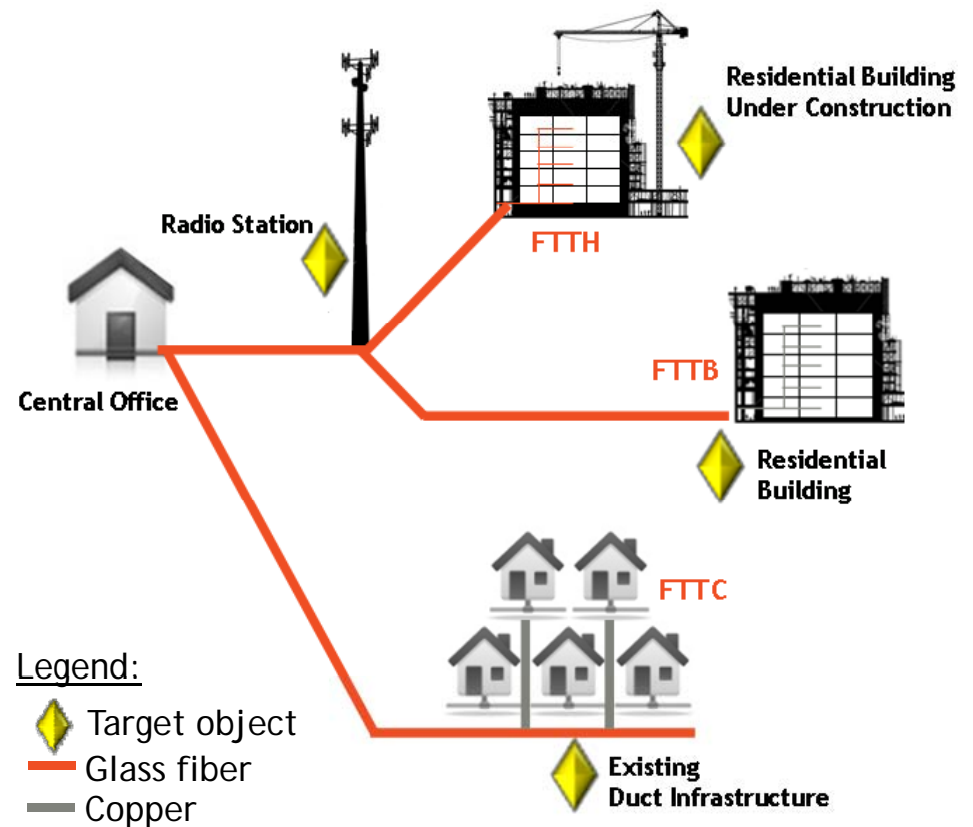
2 Competition
(market shares, infrastructure of competition)

3 Existing TAG infrastructure
(pipework, mobile position)

4 Technology factors
(costs, speed of roll-out, bandwidth)

Giganet cities

Giganet roll-out focused on target objects



Giganet Access for 50% of Austrian Households by 2011

Total Household Coverage

(in 000, % of total households)

Adressable market	2010		2011	
FTTEx	1,600	38%	1,900	45%
FTTB, FTTC & FTTH	150	4%	210	5%
	1,750	42%	2,110	50%

Additional roll-out of fiber technologies demand driven

FTTEx roll-out will be finished by beginning of 2012

Approximately 55% households by 2013*

Giganet roll-out included in CAPEX outlook

* Subject to annual assessment of demand and roll-out environment

Thank you!