

Telekom Austria Group: Strong cost control absorbs revenue pressure and limits EBITDA decline in the first quarter 2010

- Stabilization of Fixed Net subscriber base with just 0.8% lines lost
- Mobile Communication continues to grow its subscriber base with a 6.0% increase to 19.0 million customers
- Revenues decline by 5.9% to EUR 1,126.0 million primarily driven by lower revenues in domestic operations and Bulgaria
- Cost reductions absorb half of the revenue pressure and limit EBITDA decline to 6.4%
- Free cash flow increases by almost 26% to EUR 165.7 million
- Outlook 2010 reiterated, excluding effects from merger of domestic businesses
- Dividend per share floor of 75 cents reiterated for 2010–2012

in EUR million	1Q 10	1Q 09	% change
Revenues	1,126.0	1,197.1	-5.9%
EBITDA	425.9	454.8	-6.4%
Operating income	166.3	180.1	-7.7%
Net income	91.2	85.3	6.9%
Earnings per share (in EUR)	0.21	0.19	6.7%
Free cash flow per share (in EUR)	0.37	0.30	25.8%
Capital expenditures	136.4	116.0	17.6%

in EUR million	March 31, 10	Dec. 31, 09	
Net debt	3,450.2	3,614.8	-4.6%
Net debt/EBITDA (12 months)	2.0x	2.0x	

All financial figures are based on IFRS; if not stated otherwise, all comparisons are given year-on-year. EBITDA is defined as net income excluding financial result, income tax expense, depreciation and amortization. This equals operating income before depreciation, amortization and impairment charges.

Group Review

Vienna, May 12, 2010 - The Telekom Austria Group (VSE: TKA, OTC US: TKAGY) today announced its results for the first quarter ending March 31, 2010.

Commenting on the Company's performance, Dr. Hannes Ametsreiter, Telekom Austria Group CEO, said: "This quarter's results demonstrate that direct actions taken in both Fixed Net segment and Mobile Communications have delivered tangible results, countering competitive pressures and the challenging economic environment. Fixed Net trends are improving. In the Mobile Communication segment the subscriber base has grown to 19 million customers. Furthermore I am pleased that our plan to build A1 TA into a convergent player is progressing well. Throughout the Group we have demonstrated our ability to control costs hence our EBITDA margin has remained stable. All of this gives us confidence to reiterate our outlook including the DPS floor of EUR 0.75 until 2012".

Summary

In the first quarter of 2010 revenues decreased by 5.9% to EUR 1,126.0 million driven by lower revenues from domestic operations and Bulgaria. Cost reductions in the Mobile Communication segment absorbed half of the pressure on revenues and limited EBITDA declined to 6.4%. EBITDA was EUR 425.9 million in 1Q 10. Operating income fell by 7.7% to EUR 166.3 million. Net income increased from EUR 85.3 million by 6.9% to EUR 91.2 million mainly due to lower depreciation and amortization as well as lower interest expenses. While the ongoing reduction of line losses allowed a stabilization of operating trends in the Fixed Net segment, Mobile Communication continues to be impacted by a fierce competitive environment combined with regulative interventions.

Total capital expenditures increased to EUR 136.4 million in 1Q 10 compared to a particular low amount of EUR 116.0 million in 1Q 09. The increase was mainly driven by investments in the core net of the Fixed Net segment. Net debt declined by 4.6% to EUR 3,450.2 million at the end of March 2010 compared to 3,614.8 million at year-end 2009. Net debt to EBITDA (last 12 months) was 2.0x.

Market Environment

Telekom Austria Group operates in highly competitive environments both in the fixed net and mobile communications markets. The resulting negative impact on pricing levels is further intensified by regulatory measures in both segments. Continuous assessments of cost structures and improvements to productivity and operating efficiency are therefore essential to the success of Telekom Austria Group.

While the sustained migration of Fixed Net voice customers to the Mobile Communication segment has been the main challenge for several years, mobile broadband continues to make steady inroads into the market for internet access. However, following the introduction of attractive product bundles, line loss decelerated significantly during recent quarters. The Fixed Net segment continues to focus on the protection of cash flows by offering a market-oriented product portfolio and attractive pricing schemes as well as a comprehensive cost-cutting program. Innovative products like aonTV and attractive product bundles such as aonKombi and aonSuperKombi continued to be successful.

The Mobile Communication segment continued to show subscriber growth. Austria is regarded as a highly developed mobile communications market characterized by fierce competition and persistent price pressure. With respect to international activities the greenfield operations VIP operator and Vip mobile were able to improve their EBITDA and increase ARPU in 1Q 2010 compared to 1Q 2009

despite the difficult market environment in Eastern Europe. However, fierce competition and the economic slowdown in the markets led to price cuts and declining ARPUs on a segment level.

In summary, the above mentioned challenging and competitive economic environment persists in all markets in which the Telekom Austria Group operates. Regulation remains an important external disrupting factor in all markets primarily due to its impact on roaming tariffs and termination charges.

Outlook 2010: 75 Cents DPS Floor Reiterated until 2012

Telekom Austria Group expects the challenging environment to persist in 2010. This environment is characterized by the concurrence of several negative external effects with the impact of weak economies. The negative external effects mainly encompass ongoing fixed-to-mobile substitution in Austria, continued price pressure in Telekom Austria Group's major markets and the effect from regulatory-induced lower roaming prices as well as reduced mobile termination rates in Austria, Bulgaria, Croatia and Slovenia. Furthermore, the introduction of taxes levied on mobile communication services in Croatia and the Republic of Serbia poses an additional burden.

For the financial year 2010, revenues are expected to amount to approximately EUR 4.7 billion. The company has already initiated significant cost reduction programs in both segments addressing both staff and non-staff related expenses to mitigate the impact from lower revenues. Including the expected cost savings, EBITDA should reach about EUR 1.6 billion. Depending on investments for the migration to an All-IP based voice network in the Fixed Net segment, capital expenditures of the Telekom Austria Group are forecasted to reach approximately EUR 800 million. This amount does not reflect a material roll-out of glass fiber which is not expected to start in 2010.

Operating Free Cash Flow remains the primary focus of the management and is expected to come out at about EUR 800 million. Telekom Austria Group reiterates its intention to distribute the higher of 65% of the annual net income or at least 75 cents per share as dividend until 2012. The Management Board remains committed to its capital allocation policy including returning excess cash to shareholders via share buy-backs within the 1.8x-2.0x net debt/EBITDA target balance sheet structure and provided stability in its main foreign currencies and operations. Hence, in light of the ongoing challenging operating environment share buyback is not expected to start in 2010.

This outlook is given on a constant currency basis and does not yet include the impact of the announced integration of Fixed Net and Mobile Communication activities in Austria.

	Outlook 10* as of May 12	Outlook 10* as of Feb. 24
Telekom Austria Group		
Revenues	~ EUR 4.7 bn	~ EUR 4.7 bn
EBITDA	~ EUR 1.6 bn	~ EUR 1.6 bn
Capital expenditures	~ EUR 0.8 bn	~ EUR 0.8 bn
Operating Free Cash Flow	~ EUR 0.8 bn	~ EUR 0.8 bn
Dividend	65% of net income, DPS of 75 cents minimum	65% of net income, DPS of 75 cents minimum

*Excluding the impact of the merger of domestic operations

Quarterly Analysis

Fixed Net

Fixed Net

in EUR million	1Q 10	1Q 09	% change
Revenues	452.1	469.5	-3.7%
EBITDA	146.4	157.8	-7.2%
Operating income	39.5	45.0	-12.2%

Fixed Net access line loss more than halved with 3,200 lines lost in 1Q 10 compared to 8,000 lines in 1Q 09 due to successful customer retention measures to increase loyalty and reduce churn. The rising number of retail broadband lines grew the total fixed net broadband subscriber base by 13.8% to 1.1 million at the end of March 2010.

The decline in average revenues per fixed net access line decelerated by 3.9% to EUR 34.3 in 1Q 10 compared to EUR 35.7 in 1Q 09 and resulted mainly coming from a lower volume of voice minutes. Fixed-to-mobile substitution remains the main driver of the decline in voice minutes by 14.1% to 784.0 million minutes in 1Q 10. Fixed Net voice market share of total voice minutes including mobile minutes decreased from 16.0% in 1Q 09 to 13.6% in 1Q 10.

The number of unbundled lines declined to 283,000 at the end of March 2010 compared to 295,700 at the end of March 2009.

Fixed Net revenues declined by 3.7% to EUR 452.1 million in 1Q 10 mainly driven by lower revenues from Access, Voice & Broadband and Data. Access, Voice & Broadband revenues declined by 5.2% to EUR 237.0 million due to lower voice volumes and fewer access lines. Revenues from Data declined by 5.9% to EUR 91.7 million compared to the same period of the previous year mainly due to corporate customers migrating from leased lines to lower priced xDSL-based business networks as well as the trend to unified technology solutions.

Wholesale Voice & Internet revenues declined by 1.9% to EUR 88.3 million as higher international wholesale voice revenues partly compensated for lower unbundling tariffs and a one-off revenue of EUR 5.6 million for universal services in 1Q 09.

Other revenues grew by 9.7% to EUR 35.1 million driven by higher revenues from interactive TV-shows.

Other operating income increased by 91.7% to EUR 20.7 million including a one-off effect of EUR 5.7 million from real-estate disposals.

Total operating expenditures remained almost stable at EUR 326.4 million compared to EUR 322.5 in 1Q 2009.

EBITDA declined by 7.2% to EUR 146.4 million compared to EUR 157.8 million in 1Q 09.

Operating income declined by 12.2% to EUR 39.5 million in 1Q 10 compared to EUR 45.0 million in 1Q 09.

Mobile Communication

Mobile Communication

in EUR million	1Q 10	1Q 09	% change
Revenues	734.2	790.3	-7.1%
EBITDA	286.2	306.3	-6.6%
Operating income	133.3	144.1	-7.5%

The customer base of the Mobile Communication segment grew by 6.0% to 19.0 million customers as of March 31, 2010 primarily driven by an increase in contract subscribers in almost all mobile operations.

Revenues in Mobile Communication declined by 7.1% to EUR 734.2 million in 1Q 10 primarily driven by lower revenues in Austria and Bulgaria as well as currency translations in the amount of EUR 7.8 million particularly in Belarus and the Republic of Serbia.

Reductions in operating expenditures partly offset lower revenues and limited EBITDA decline to 6.6% or EUR 286.2 million in 1Q 10. Foreign currency translations had a negative impact of EUR 3.2 million on EBITDA.

Operating income declined to EUR 133.3 million in 1Q 10 compared to EUR 144.1 million in 1Q 09.

mobilkom austria

The subscriber base of mobilkom austria, the leading mobile operator in Austria, grew by 6.8% to 4.9 million subscribers at the end of March 2010 mainly driven by mobile broadband.

mobilkom austria remains the market leader with a stable market share of 42.4% at the end of 1Q 10. The mobile penetration rate in Austria rose to 137.4% at the end of March 2010 compared to 129.1% in the previous year due to an increasing number of customers with SIM cards for both mobile broadband and voice services.

Average revenues per user (ARPU) decreased by 12.9% to EUR 22.2 mainly driven by lower prices for voice and data as well as lower roaming and interconnection tariffs. In addition a higher share of no-frills customer contributed to the current trend in ARPU. Data ARPU declined by 4.2% to EUR 6.9. Average minutes of use charged per subscriber decreased by 5.1% to 159.8 minutes in 1Q 10 primarily due to the dilution from mobile broadband. mobilkom austria grew its mobile broadband subscriber base by 33.8% and had 590,100 mobile broadband customers at the end of March 2010 compared to 440,900 mobile broadband customers at the end of March 2009. Data revenues as a percentage of traffic-related revenues rose from 37.4% in 1Q 09 to 41.3% in 1Q 10.

Revenues of mobilkom austria declined by 9.5% to EUR 365.2 million compared to 1Q 09 as a result of lower traffic revenues following lower prices for voice and data as well as lower interconnection and roaming revenues. Roaming revenues were impacted by tariff cuts.

Subscriber acquisition costs halved from EUR 14.3 million in 1Q 09 to EUR 7.2 million in 1Q 10 driven by a higher number of no-frills customers.

In 1Q 10 mobilkom austria cut costs by 9.3% or EUR 23.5 million compared to 1Q 09. mobilkom austria's EBITDA declined to EUR 144.4 million compared to EUR 160.7 million in 1Q 09 partly

compensating for lower revenues. During 1Q 10 operating income decreased by 14.6% to EUR 87.1 million.

Mobiltel

The subscriber base of Mobiltel, the leading mobile operator in Bulgaria, remained unchanged at 5.3 million customers at the end of March 2010 compared to the end of March 2009 while the number of contract subscribers grew by 12.7% compared to 1Q 09. The mobile broadband subscriber base grew by 130.6% to 66,680 customers. Mobiltel's market share remained almost unchanged at 50.1% compared to 50.0% at the end of 1Q 09. The mobile penetration rate in Bulgaria remains unchanged at 139.0% compared to the end of March 2009.

ARPU decreased by 8.0% to EUR 8.0 compared to EUR 8.7 in 1Q 09 due to lower voice prices and lower interconnection tariffs.

Lower interconnection, subscription and traffic revenues impacted the business of Mobiltel in 1Q 10 and led to a decline in revenues from EUR 150.1 million in 1Q 09 to EUR 135.5 million in 1Q 10.

A cost reduction of 13.8% mitigated the impact of lower revenues and led to an expansion of the EBITDA margin from 51.0% to 53.5% while EBITDA decreased from EUR 76.6 million in 1Q 09 to EUR 72.5 million in 1Q 10.

Mobiltel's operating income decreased from EUR 31.6 million in 1Q 09 to EUR 30.5 million in 1Q 10.

Velcom

At the end of March 2010 Velcom, the second largest mobile operator in Belarus, grew its subscriber base by 9.4% to 4.1 million customers compared to 3.8 million at the end of March 2009. Velcom's market share declined slightly to 41.2% due to an aggressive third player gaining more market share. The penetration rate in Belarus increased to 105.3% at the end of March 2010 compared to 88.8% at the end of March 09.

ARPU was EUR 5.5 including a EUR -0.6 foreign exchange translation effect in 1Q 10 compared to EUR 6.2 in the previous year.

Revenues grew by 1.0% from EUR 72.8 million in 1Q 09 to EUR 73.5 million in 1Q 10 driven by higher revenues from interconnection and equipment. Moreover, revenues were impacted by devaluation of the Belarusian Ruble by EUR 8.4 million. On a local currency basis revenues increased by 12.5%.

In 1Q 10 EBITDA declined by 5.2% to EUR 34.8 million compared to EUR 36.7 million in 1Q 09. On a local currency basis the EBITDA increased by 5.5%.

Velcom's operating income declined by 9.9% to EUR 16.4 million in 1Q 10 compared to EUR 18.2 million in 1Q 09 mainly due to impacts from currency translation.

Vipnet

Vipnet, the second largest mobile operator in Croatia, grew its subscriber base by 5.2% to 2.6 million customers at the end of March 2010. Vipnet mobile broadband subscriber base grew by 75.0% to 145,700 customers.

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At the end of the first quarter 2010 the mobile penetration rate in Croatia was 136.7% compared to 136.9% at the end of 1Q 09. Vipnet's market share increased to 43.7% in 1Q 10 from 41.4% in 1Q 09 mainly due to attractive product offerings.

ARPU declined by 9.1% to EUR 11.0 in 1Q 10 compared to EUR 12.1 in 1Q 09 due to lower interconnection revenues following reductions of mobile termination rates as well as lower prices per subscriber.

Revenues of Vipnet declined by 4.8% to EUR 100.3 million in 1Q 10 compared to EUR 105.4 million in 1Q 09 due to lower interconnection revenues and visitor roaming revenues.

Average minutes of use charged per subscriber declined by 17.7% to 68.5 minutes mainly due to reduced consumer spending caused by the difficult economic environment.

Due to cost saving measures operating expenses including mobile tax decreased by 2.6% to EUR 71.7 million in 1Q 10.

EBITDA decreased by 11.7% to EUR 28.8 million in 1Q 10 mainly due to lower revenues and the burden from the tax on mobile services of 6.0% introduced as of August 1, 2009.

Operating income of Vipnet decreased by 17.8% to EUR 12.0 million in 1Q 10 compared to the same period of the previous year.

Si.mobil

Si.mobil, the second largest operator in Slovenia, grew its subscriber base by 1.5% to 591,300 customers at the end of March 2010.

Si.mobil grew its market share slightly from 28.0% to 28.2%. The mobile penetration rate in Slovenia was 101.7% at the end of 1Q 10 compared to 102.7% at the end of 1Q 09.

ARPU decreased by 10.6% to EUR 19.4 primarily driven by lower voice prices and lower interconnection tariffs. Average minutes of use charged per subscriber increased by 9.9% to 153.4 minutes, positively influenced by a higher contract share of total subscribers and new tariffs.

Revenues decreased by 13.6% to EUR 39.5 million during 1Q 10 mainly as a result of lower traffic, interconnection and equipment revenues. Revenues from fixed fees rose due to a higher share of contract subscribers.

Operating expenses were cut by 23.8% as a result of strict cost management.

EBITDA increased by 11.7% to EUR 11.5 million in 1Q 10 as a consequence of lower material and marketing expenses overcompensating lower revenues.

Operating income increased from EUR 4.6 million in 1Q 09 to EUR 6.3 million in 1Q 10.

Vip mobile

Vip mobile, the third largest mobile operator in the Republic of Serbia grew its subscriber base by 16.2% to 1.2 million customers compared to 1Q 09. Vip mobile had a market share of 12.2% at the end of 1Q 10 compared to 10.2% at the end of 1Q 09.

The penetration rate in the Republic of Serbia stood at 128.4% at the end of 1Q 10 compared to 130.8% at the end of 1Q 09, mainly due to elimination of inactive subscribers by the incumbent customer base.

During 1Q 10 Vip mobile grew its revenues by 50.6% to EUR 23.2 million compared to EUR 15.4 million in 1Q 09 as a result of higher revenues from subscription and traffic revenues due to a higher number of customers. Foreign currency translation impacted revenues negatively by EUR 1.3 million. On a local currency basis revenues increased by 58.9%.

The EBITDA improved by EUR 1.8 million to EUR -5.0 million compared to EUR -6.8 million in 1Q 09 and the operating loss was reduced to EUR 16.2 million in 1Q 09 compared to a loss of EUR 21.4 million in 1Q 09. On a local currency basis EBITDA improved by 23.3%.

Vip operator

Vip operator, the third largest mobile operator in the Republic of Macedonia, had 333,300 customers in 1Q 10 compared to 213,000 customers in 1Q 09. Vip operator's market share was 16.4% at the end of 1Q 10 compared to 9.3% in 1Q 09. At the end of March 2010 the penetration rate in the Republic of Macedonia was 99.8%.

Vip operator's revenues increased by 76.9% to EUR 6.9 million in 1Q 10 compared to EUR 3.9 million in 1Q 09 as a result of higher subscription and traffic revenues driven by a strong increase of the subscriber base and usage.

The EBITDA improved from EUR -4.3 million in 1Q 09 to EUR -1.5 million in 1Q 10 reflecting a continuing operating improvement.

Operating loss was reduced to EUR 3.7 million in 1Q 10 compared to an operating loss of EUR 6.0 million in 1Q 09.

Consolidated Net Income

In 1Q 10 net interest expenses declined to EUR 49.3 million from EUR 59.1 million during 1Q 09 mainly due to lower interest-bearing liabilities and lower interest rates.

Effects from foreign currency valuations in the financial result improved from a loss of EUR 13.0 million in 1Q 09 to a loss of only EUR 0.2 million in 1Q 10 mainly due to a more stable development of the Belarusian Ruble.

Income tax expense increased from EUR 24.2 million in 1Q 09 to EUR 26.0 million due to a higher income before taxes in 1Q 10. The effective tax rate remained nearly stable at 22.2%.

Net income amounted to EUR 91.2 million in 1Q 10 after a net income of EUR 85.3 million in 1Q 09 as a result of lower depreciation and amortization as well as lower interest expenses. Basic and diluted earnings per share amounted to EUR 0.21 in 1Q 10 compared to EUR 0.19 in 1Q 09.

Balance Sheet and Net Debt

The total assets of the Telekom Austria Group decreased from EUR 8,498.7 million as of December 31, 2009 to EUR 7,853.3 million as of March 31, 2010 primarily due to the repayment of long term debt.

During the first quarter of 2010 current assets decreased by EUR 511.2 million to EUR 1,512.6 million mainly driven by lower cash and cash equivalents due to the repayment of the EUR 500.0 million bond. Other intangible assets declined from EUR 1,900.3 million to EUR 1,851.7 million at the end of March 2010 mainly as a result of amortization charges exceeding additions. Similarly property, plant and equipment declined by 2.8% to EUR 2,599.9 million due to depreciation exceeding additions.

Current liabilities decreased from EUR 2,679.5 million at the end of December 2009 to EUR 1,951.6 million at the end of March 2010 mainly due to the repayment of the EUR 500 million bond and the repayment of short term debt. Non-current liabilities decreased from EUR 4,205.1 to EUR 4,191.7 million.

Total stockholders' equity increased from EUR 1,614.1 million as of December 31, 2009 to EUR 1,710.0 million as of March 31, 2010 due to retained earnings in 1Q 10.

Net debt declined from EUR 3,614.8 million to EUR 3,450.2 million as of March 31, 2010. Reduction is due to usage of free cash flow for deleveraging. Net debt to EBITDA (last 12 months) remained stable at 2.0x.

Cash Flow and Capital Expenditures

Cash flow and Net debt

in EUR million	1Q 10	1Q 09	% change
Cash from operations	302.1	247.7	22.0%
Cash from investing	-97.8	-209.0	-53.2%
Cash from financing	-700.5	392.3	n.a.
Effect of exchange rate changes	-2.2	31.6	n.a.
Net increase/decrease in cash and cash equivalents	-498.4	462.6	n.a.

in EUR million	March 31, 10	Dec. 31, 09	% change
Net debt	3,450.2	3,614.8	-4.6%
Net debt/EBITDA (12 months)	2.0x	2.0x	

Capital expenditures

in EUR million	1Q 10	1Q 09	% change
Fixed Net	65.2	33.5	94.6%
Mobile Communication	71.2	82.5	-13.7%
Total capital expenditures	136.4	116.0	17.6%
Thereof tangible	95.2	81.0	17.5%
Thereof intangible	41.2	35.0	17.7%

During 1Q 10 cash generated from operating activities increased by 22.0% to EUR 302.1 million mainly due to a considerably lower cash outflow concerning changes in working capital.

Cash outflow from investing activities decreased from EUR 209.0 million in 1Q 09 to EUR 97.8 million in 1Q 10.

During 1Q 10 total capital expenditures increased by 17.6% to EUR 136.4 million from an unusual low level in 1Q 09. Capital expenditures for tangible assets increased by 17.5% to EUR 95.2 million and capital expenditures for intangible assets increased by 17.7% to EUR 41.2 million.

In the Fixed Net segment capital expenditures increased by 94.6% to EUR 65.2 million during 1Q 10 following an exceptionally low amount in 1Q 09 as a consequence of postponements of capital expenditures into the second half of the year.

In the Mobile Communication segment capital expenditures decreased by 13.7% to EUR 71.2 million in 1Q 10 as lower capital expenditures in Bulgaria and Austria more than offset higher capital expenditures in the other countries.

Cash flow from financing activities decreased from a net inflow of EUR 392.3 million in 1Q 09 to a net outflow of EUR 700.5 million in 1Q 10 mainly due to the repayment of the EUR 500 million bond and the repayment of short-term debt. In 1Q 09 a EUR 750.0 million bond was issued.

Risks & Uncertainties

The Telekom Austria Group faces various risks and uncertainties that could affect its results. These risks include, but are not limited to a further reduction of prices for mobile communication services in Austria and elsewhere as well as an acceleration of fixed-to-mobile substitution resulting in further access line loss and a decline in fixed net minutes.

The Telekom Austria Group is also subject to risks related to the planned reduction of the number of employees in the Fixed Net segment. Furthermore, the Telekom Austria Group is subject to intensive regulation.

Through its expansion into the Eastern and South-Eastern European region, the company operates in markets that have been experiencing political and economic change. This circumstance has affected and may continue to affect the activities of enterprises operating in this environment. Consequently, operations in the Eastern and South-Eastern European region involve uncertainties, including foreign exchange and tax uncertainties that typically do not exist in other markets.

In recent years, the growth of Telekom Austria Group's business was marked by an expansion in various markets in Eastern and South-Eastern Europe. However, further growth will be affected by a number of factors, over which Telekom Austria Group has no influence. Further organic growth also depends on the growth of the respective economies and individual telecommunication markets the Telekom Austria Group operates in.

Further impacts of the economic downturn on Telekom Austria Group's results cannot be fully ruled out. In the Mobile Communication segment there are uncertainties with regard to lower roaming revenues as a result of a decrease in travelling. Moreover, customer usage behaviour might change as a result of the economic crisis impacting the financial result of the Telekom Austria Group.

Personnel

The total number of employees of the Telekom Austria Group declined by 152 to 16,637 employees at the end of March 2010 compared to the same period of the previous year.

The workforce in the Fixed Net segment decreased by 274 to 7,991 full-time equivalents. The number of employees of the Mobile Communication segment increased by 122 to 8,646 employees mainly as a result of a larger workforce in Belarus and the Republic of Serbia.

Other Events

In February 2010 Telekom Austria Group announced that it will restructure its Fixed Net and Mobile Communication operations in Austria. The Supervisory Board of Telekom Austria AG approved the Management Board's proposal to merge the two domestic subsidiaries.

Subsequent Events

On April 16, 2010 the Telekom Austria Group agreed to acquire the remaining stake of 16.67 % in paybox austria GmbH for a purchase price of approximately EUR 0.6 million. The acquisition is pending for approval of the Austrian competition authorities.

Further Information

For more detailed information about the full-year 2009 please refer to the corresponding report on Telekom Austria Group's website at http://www.telekomaustria.com/interim_reports

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- 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;

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- 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.