

Telekom Austria Group

German & Austrian Corporate Conference

Frankfurt, May 21, 2010

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.”

Overview of Telekom Austria Group

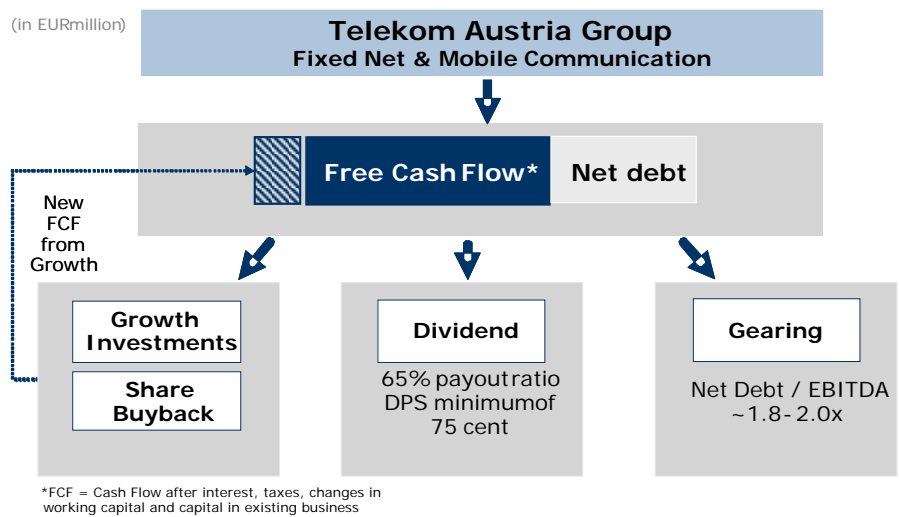
Telekom Austria Group Offers a Sound Domestic Base and Eastern European Growth Potential



Capital Allocation Focuses on Value Creation

Capital Allocation Policy

Priority on Stable Dividend



- | | | | |
|----------------------|--|----------------------|---|
| 1. | Stable Dividend Policy | | |
| 2. | <table border="1"> <tr> <td>Share buyback</td> <td>Profitable growth projects
Return above cost of capital and better than share buyback</td> </tr> </table> | Share buyback | Profitable growth projects
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Return above cost of capital and better than share buyback | | |

Keep Solid Investment Grade Rating

Growth Projects

Assessment for strategic fit and profitability, benchmarked against share buyback

Share Buyback

Subject to stable business and currency conditions; not expected for 2010

Liquidity

Secured financing as precondition for acquisitions and share buyback

Results for the First Quarter 2010

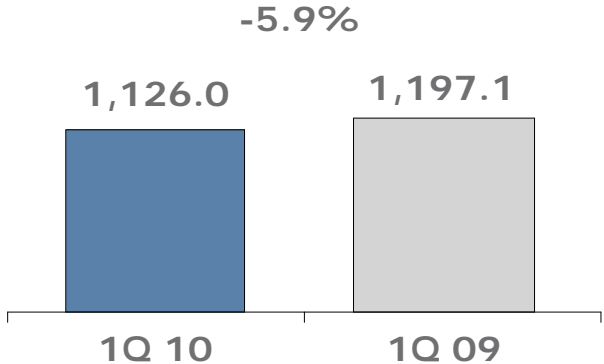
Telekom Austria Group – First Quarter 2010

- Fixed line subscriber base stabilized with line loss of only 0.8%
- Mobile Communication subscriber base grows by 6.0% with contract subscriber growth across all operations
- Revenue decline driven by lower contributions from Austria and Bulgaria
- Cost reductions compensate 60.0% of the revenue decline and limit EBITDA decline to 6.4%
- Net income increases as lower D&A and an improved financial result compensate for the impact of lower revenues
- Outlook for 2010 and DPS-floor of EUR 0.75 for 2010 - 2012 reiterated

Free Cash Flow Increases by 26%, Strong Cost Control Demonstrated

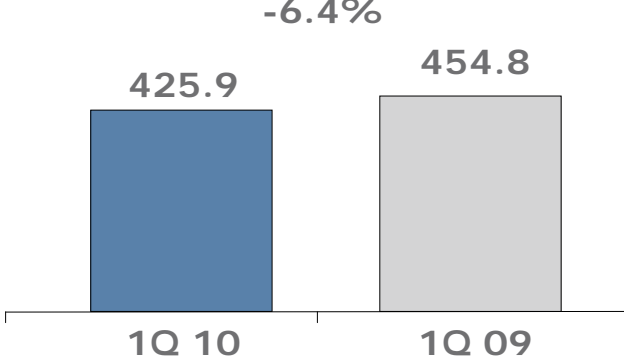
Revenues

(EUR million)



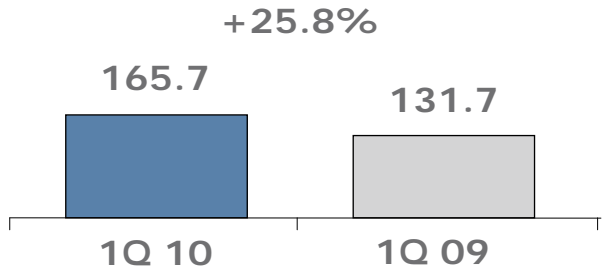
EBITDA

(EUR million)



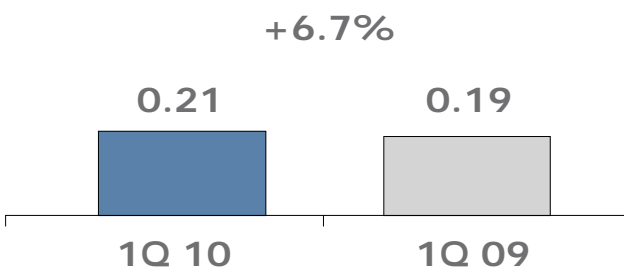
Free Cash Flow

(EUR million)



Earnings per Share

(EUR)

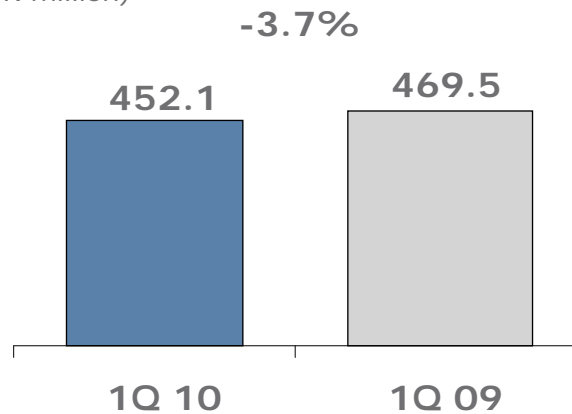


Fixed Net

Revenue Decline Decelerates Further and Hits Four quarter Low

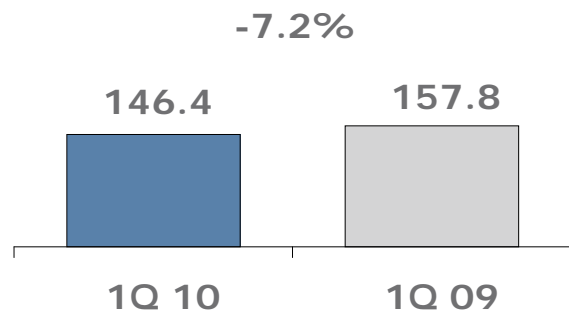
Revenues

(EUR million)



EBITDA

(EUR million)

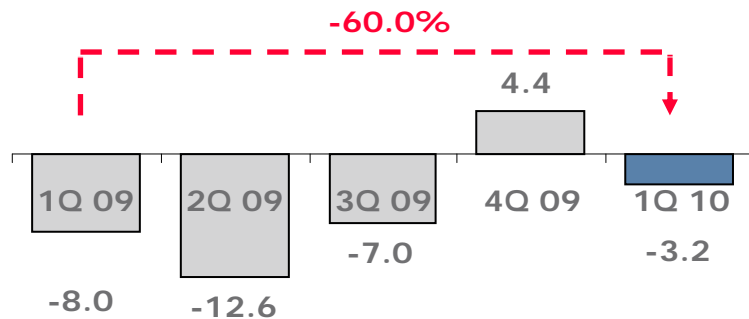


- Revenue decline hits 4 quarter low (4Q 09: -7.0%, 3Q 09: -5.3%, 2Q 09: -12.5%)
- Reduction of voice minutes is driving factor for revenue development
- Deceleration induced by growing share of product bundles customer
- Product bundles contribute to stabilization of subscriber base

Access Line Loss Cut by 60%, Product Bundles Instrumental to Stabilize Subscriber Base

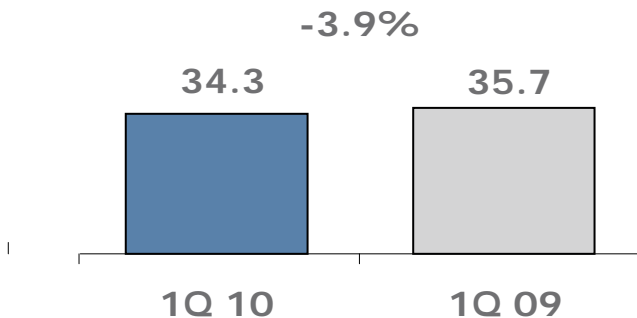
Line Development

(in 000)



Average Revenues per Access Line

(in EUR)



- Access line loss cut by 60.0% year on year with only 3,200 lines lost
- ARPL decline hits four quarter low with 3.9% (4Q 09: -4.9%, 3Q 09: -4.4%, 2Q 09: -8.0%)
- One third of subscriber base has product bundles with contract binding periods
- TV subscriber base grows to 110,200 customers and develops into retention instrument

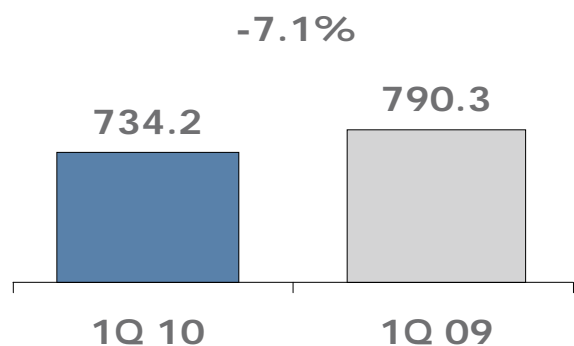
Results for the First Quarter 2010

Mobile Communication

Higher Profitability on Lower Revenues, Cost Control Mitigate Impact of Lower Prices

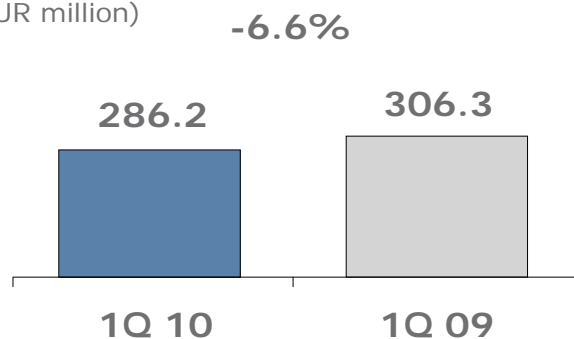
Revenues

(EUR million)



EBITDA

(EUR million)

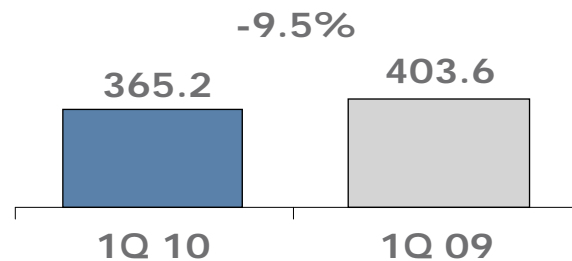


- Mobile Communication's customer base grows by 6.0% to 19.0 mn subscribers
- Rising or stable market position in almost all mobile operations
- Lower prices and regulation of roaming and mobile termination are the main driver for revenue decline
- Cost cuts bolster EBITDA margin at 39.0% and demonstrate cost control

Strong Cost Control Compensates for Lower Prices and Interconnection Rates in Austria

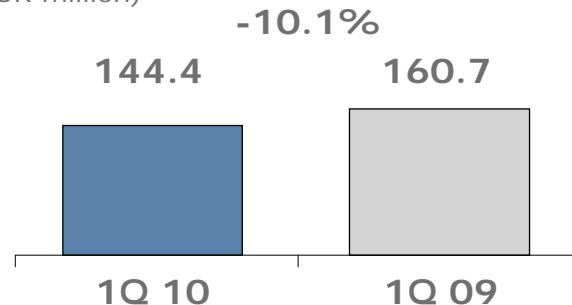
Revenues

(EUR million)



EBITDA

(EUR million)

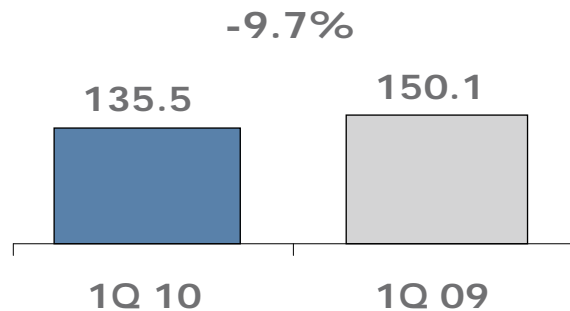


- mobilkom austria's customer base grows by 6.8% to 4.9 mn subscribers
- Lower prices and regulation are major drivers for 9.5% decrease in revenues
- SAC cut in half reflecting higher no-frills share
- Cost reductions compensate two third of revenue decline and mitigate impact on EBITDA

Higher Profitability as Cost Cuts Soften Impact From Lower Termination Rates and Prices

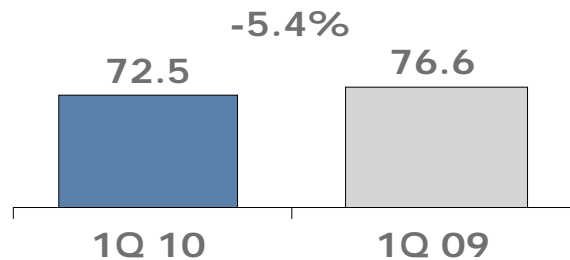
Revenues Mobilitel

(EUR million)



EBITDA Mobilitel

(EUR million)

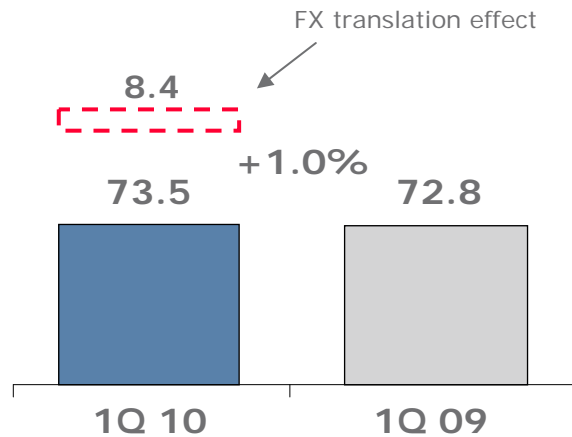


- Steep reduction of termination rates and lower prices are main driver for lower revenues
- Stable customer base of 5.3 mn, market share at 50.1%
- Mobile broadband customer base grows by 130.6%, data accounts for approximately 18% of revenues
- Higher profitability driven by cost cuts as margin reaches 53.5%

Revenue Growth Almost Entirely Offset by FX-Effects in Belarus

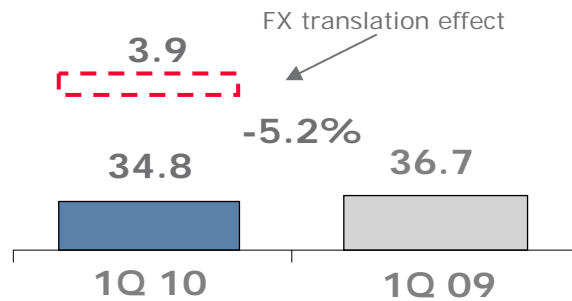
Revenues Velcom

(EUR million)



EBITDA Velcom

(EUR million)

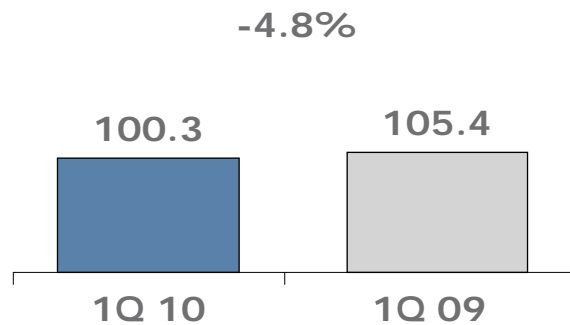


- Subscriber base grows by 9.4% to 4.1 million at the end of 1Q 10
- Mobile penetration up to 105.3% from 88.8%
- On a local currency basis revenues grow by 12.5%, EBITDA increased by 5.5%
- Currency stable during the last quarter

Cost Reduction in Croatia Despite Mobile Tax, Double Digit EBITDA Growth in Slovenia

Revenues Vipnet

(EUR million)

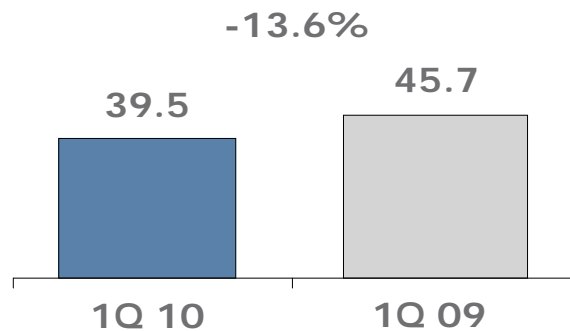


Vipnet in Croatia

- Subscriber base grows by 5.2% to 2.6 mn customers
- EBITDA impacted by 28.0% cut of MTRs since January 09 and a 6% mobile tax

Revenues Si.mobil

(EUR million)



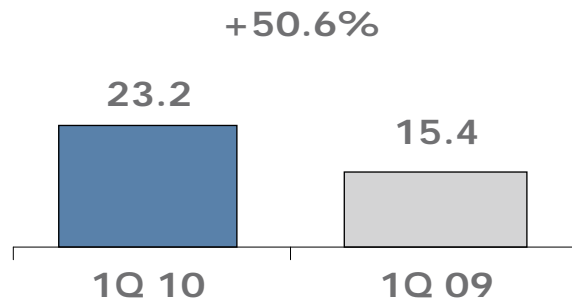
Si.mobil in Slovenia

- Subscriber base grows by 1.5% to 591,300 customers
- EBITDA increases by 11.7%, driven by an approximately 24% reduction of costs

Customer Growth Drives EBITDA of Greenfield Operations

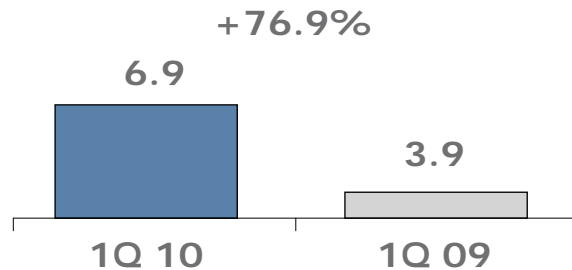
Revenues Vip mobile

(EUR million)



Revenues Vip operator

(EUR million)



Vip mobile in Serbia

- Subscriber base grows by 16.2% to 1.2 mn customers
- Market share grows to 12.2% up from 10.2%
- Improvement of EBITDA continues

Vip operator in Macedonia

- Subscriber base grows by 56.5% to 333,300 customers
- Market share rises to 16.4% from 9.3%
- EBITDA continues to improve as customer base enlarges

Outlook

Outlook 2010 Fully Reiterated, DPS Floor Maintained

Telekom Austria Group 2010 on a Constant Currency Basis*

Revenues	~ EUR 4.7 bn
EBITDA	~ EUR 1.6 bn
CAPEX	~ EUR 0.8 bn
Operating Free Cash Flow**	~ EUR 0.8 bn
Dividend	DPS of 75 cents minimum

*Excluding Impact from Merger of Domestic Operations

**Operating Free Cash Flow = EBITDA - Capex

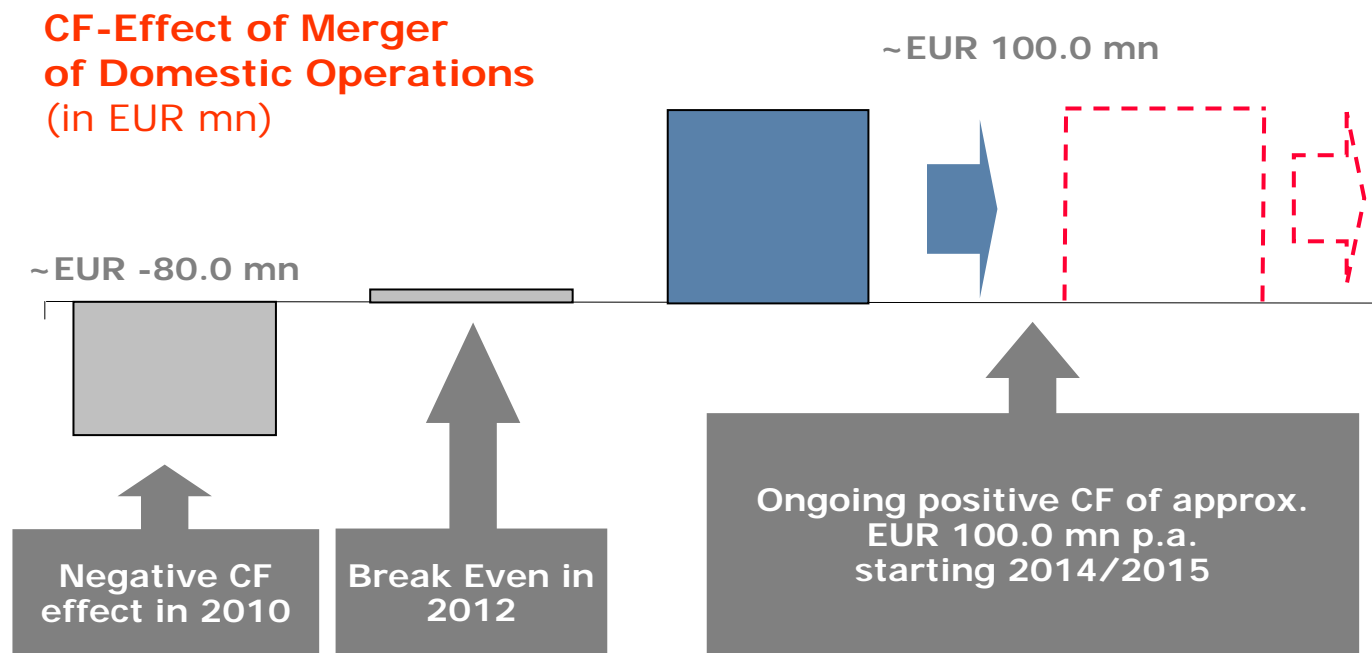
Update on Merger of Domestic Operations

Integration of Domestic Operations to Build a Convergent Player on Track

- Telekom Austria announced its plan to merge its domestic Fixed Net and Mobile Communication operations in February 2010
- Alignment of domestic operations to match future market requirements and build a convergent player
- Swift appointment of first and second management levels finished by end of April 2010
- Legal and organizational merger scheduled for summer 2010
- Update on expected costs still excluded from 2010 outlook will be provided with H1 2010 results

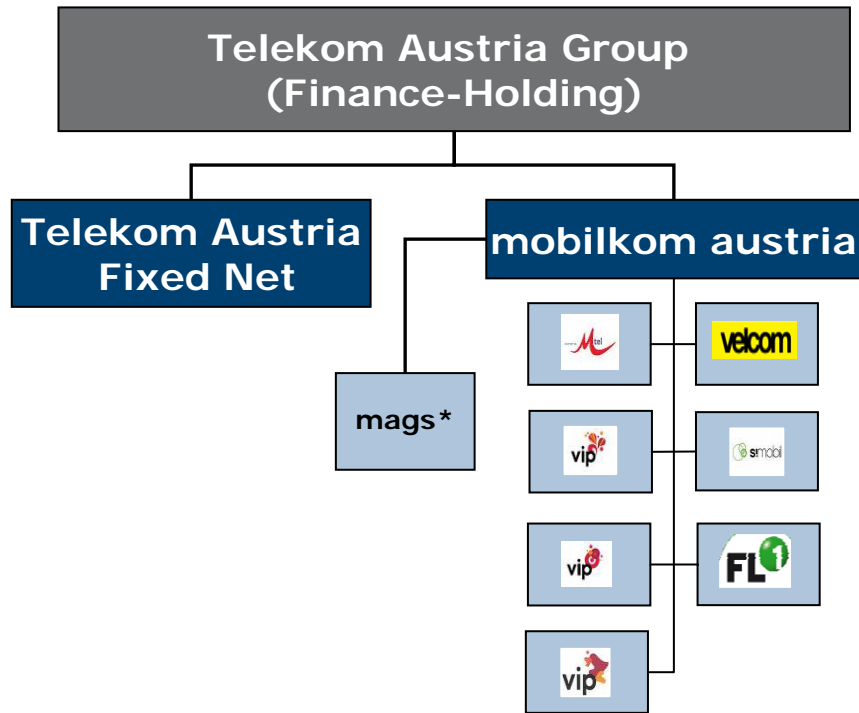
Positive Effect on Cash Flow in 2012, Payback in 2014/2015

- In 2010 initial costs will affect cash flow by EUR 80.0 mn
- Break even in 2012 expected
- Based on preliminary forecasts, Telekom Austria Group expects this merger to generate an ongoing positive cash flow of approximately EUR 100.0 mn p.a. from 2014/2015 onwards

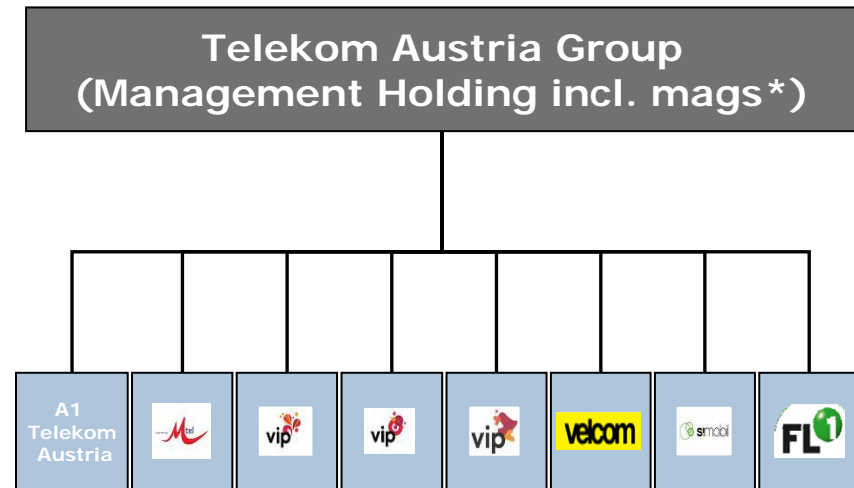


Efficient Group Structure Through Merger, Shortened Reporting Lines

Actual Group Structure



New Group Structure after Merger



- Merger of domestic operations and creation of new group structure will be implemented in 2010

*mags: mobilkom austria group services GmbH (shared service company)