ABN AMRO BA-CA/Hypovereinsbank Lehman Brothers

Press Release

Telekom Austria Launches Inaugural Benchmark Eurobond Offering – The Largest Austrian Corporate Bond

10 July 2003. Telekom Austria AG (through Telekom Finanzmanagment GmbH) successfully launched and placed its inaugural Eurobond offering today raising €750 million in a 10-year maturity with a coupon of 5.00% equating to a spread of mid-swaps + 110 basis points.

The bond issue was an undisputed success and met with exceptionally strong demand after Telekom Austria's team, led by the CFO Stefano Colombo, completed a 4-day European roadshow visiting and addressing exclusively institutional investors in Munich, Milan, London, Amsterdam, Paris, Frankfurt and Vienna. The issue represents Telekom Austria's first foray into the international debt capital markets and is an important step in further developing its funding strategy. The proceeds will be used to refinance maturing debt whilst enabling Telekom Austria to extend its overall debt maturity profile.

As the largest Austrian corporate bond in history, demand far outstripped supply, with the transaction attracting over €7bn in orders, as it offered investors a unique opportunity to participate in a debut telecom Eurobond offering and diversify their portfolios. The transaction achieved broad pan-European investor distribution and was placed with over 360 institutional investors whilst simultaneously allowing Telekom Austria to lock in historically low yields.

The issue was documented under the Company's newly established €2.5bn EMTN programme ("the Programme") and is rated Baa2 by Moody's and BBB by Standard & Poor's. The bonds will be listed on the Luxembourg Stock Exchange. Depending on compliance with applicable laws, institutional investors will decide if and when the bonds will be offered to non-institutional investors.

Joint Bookrunners on the transaction were ABN AMRO, BA-CA/Hypovereinsbank and Lehman Brothers.

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Notes to editors

Profile of Telekom Austria AG
Telekom Austria AG is the incumbent telecommunications operator and market leader in all core domestic markets in Austria. With total managed revenues of €3.9 billion and 15,000 employees in 2002, the company is a leading Austrian corporation. Telekom Austria is also present in Croatia, Slovenia, Liechtenstein and in the Czech Republic. Approximately 3.1 million customers in the wireline segment and 4.5 million in the wireless segment use services provided by the Telekom Austria Group in both Austria and abroad.

The securities issued under the Programme have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), and may not be offered or sold, directly or indirectly, in the United States except pursuant to an applicable exemption from the requirements of the Securities Act.

This information does not constitute a public offering within the meaning of Austrian civil law or Austrian capital market law and may not be construed to constitute such public offering. An offering of the securities is exempt from the requirement to draw up and publish a prospectus pursuant to § 3 subpara. 1 no 11 of the Austrian Capital Market Act.

In the Netherlands the Bonds may only be sold, as part of their initial distribution or at any time thereafter, to Professional Market Parties within the meaning of the Exemption Regulation under the Dutch Banking Act that are also professional investors within the meaning of the Exemption Regulation under the Dutch Securities Act.