

## **Telekom Austria Group Will Invest EUR 1.15 Billion in Austria over the Next 4 Years**

Over the next 4 years, the Telekom Austria Group will invest EUR 1 billion in the modernization of the Fixed Net infrastructure and EUR 500 million in Mobile Communication to meet the ever increasing demand for mobile broadband; "Fiber Cities" and Gigabit transmission rates will provide the basis for the fastest broadband network in Austria within a glass fiber project for over 150,000 private households;  
High-speed broadband for more than 750,000 private households as well as hotels and restaurants in rural areas;  
Further development of the current existing telephone system towards a state-of-the-art ALL IP service platform;  
High-tech infrastructure enables tomorrow's information society and guarantees Austria's sustainable development as a business location.

The Telekom Austria Group (VSE: TKA, OTC US: TKAGY) today announced the beginning of the development of the Next Generation Networks project, Austria's largest technology project of the 21st century. Over the next 4 years, the Telekom Austria Group will invest a total of EUR 1.5 billion in the Austrian telecommunications infrastructure.

Hannes Ametsreiter, Telekom Austria Group's CEO, said at today's press conference in Vienna: "Next Generation Networks will provide the technological infrastructure basis for the 21st century. By modernizing Austria's business and technology location, we are guaranteeing the further sustainable development of our information society. Against the backdrop of a very challenging economic landscape, we are driving growth and stimulating the economy with our investments, making a significant contribution in the current recession."

The Telekom Austria Group plans to invest EUR 1 billion through 2013 in the modernization of the Fixed Net infrastructure despite current challenging economic conditions. The Next Generation Network project will enhance Austria's competitiveness and create new jobs. According to the Austrian Economic Research Institute (WIFO) investments in telecommunications infrastructure totaling EUR 100 million create up to 1,300 new jobs. Moreover, the Telekom Austria Group will invest EUR 500 million in the Austrian mobile communication network. With its broadband network, the Austrian mobile subsidiary mobilkom austria ranks first in Europe in terms of penetration rate, covering over 30% of all Austrian households.

In the initial development phase of the Next Generation Networks, Austria's first "Fiber Cities" will be developed as pilot projects, providing high-speed glass fiber broadband access with transmission rates of up to 1 gbps (= 1,000 mbps) to over 150,000 private households as well as hotels and restaurants nationwide. In the glass fiber test markets of Klagenfurt and the 15th and 19th Vienna districts, preparation work for fiber-to-the-home (FTTH) are currently underway, which will allow fast broadband access to the customers' living rooms of up to 100 mbps by 2010 and, in a further development phase, of up to 1 gbps. The test market Villach will become Austria's first "Fiber City" in September 2009 based on the deployment of fiber-to-the-curb (FTTC), which allows transmission speeds of up to 30 mbps in all of the households of the city and provides the basis for fastest download rates as well as HD TV channels along with a new breed of 3D TV programs.

In addition to the "Fiber Cities", 750,000 private households as well as hotels and restaurants in rural areas will be provided with high-speed broadband access, offering transmission rates of up to 30 mbps, which, among other things, will enable innovative services in the areas of e-health and e-education. This demonstrates Telekom Austria Group's commitment to bridging the "digital gap" between urban and rural areas. "The Telekom Austria Group is making a significant contribution to the social and political goal of equal opportunities: the start of the network upgrade in rural areas is planned for this year," said Hannes Ametsreiter.

As part of the Next Generation Networks project, the current telephone system will be gradually migrated to a state-of-the-art ALL IP service platform, which provides for a new breed of communications and convergent services such as 'unified communication' and 'voice over IP'. Telekom Austria ranks among the first operators in Europe to initiate such a large-scale

telephone network upgrade.

The first switching centers will be up-graded to ALL IP in the Provinces of Lower Austria and Salzburg by the end of the year. These measures will also be shared with alternative network operators to guarantee a coordinated approach country-wide. This migration process is expected to occur over a number of years.

Mobile broadband is gathering momentum also in the mobile communications segment, where the Telekom Austria Group's subsidiary, mobilkom austria, is the country's uncontested market leader with 440,900 mobile broadband customers and around 50% market share in the business customer segment. The planned investment of EUR 500 million over the next 4 years is aimed at enhancing the quality and further expanding the infrastructure of the mobile broadband network. In addition to providing attractive offerings, enhancing customer convenience and deploying user-friendly hardware and software, the following factors will be instrumental for future success:

The intelligent combination of technologies: mobilkom austria's innovation strategy is based on the early deployment of the latest mobile technologies (often as the first mobile provider worldwide or in Europe) and on the provision of its customers with peak transmission speeds. Following the commercial launch of HSPA+ as the first mobile provider in Europe in March 2009, mobilkom austria is the only operator in Austria to offer peak transmission rates of 21 mbps. An upgrade of up to 28 mbps is planned in the course of the year.

Network quality: According to IBK - the Austrian Institute for Broadband Communication of the Vienna Technology University (TU WIEN) – mobilkom austria operates the country's best network in terms of both voice quality and data transmission. Quality checks are carried out on an ongoing basis to guarantee the steady optimization of network infrastructure.

The Telekom Austria Group's wide range of network upgrade and modernization initiatives mentioned above along with the planned investment of EUR 1.5 billion as the basis for innovative and future-proof communications services are aimed at guaranteeing the sustainable competitiveness of Austria as a business and technology location within the international arena. "A modern communications infrastructure is imperative for our information society. Only via quickly available and comprehensive sources of information can we safeguard Austria's standing as a site to do business," concluded Hannes Ametsreiter.

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