TELEKOM AUSTRIA GROUP

Change to a previous Ad-Hoc Announcement - Telekom Austria Accelerates the Acquisition of Mobiltel (Ad hoc Release)

Telekom Austria Group will acquire 100% of Mobiltel for a total consideration (Enterprise Value) of up to EUR 1,600 million through early exercise of the call option acquired on December 17, 2004 and has signed a Share Purchase Agreement with the owners of Mobiltel today. Mobiltel is owned by a consortium of Austrian and international financial investors. The closing of the transaction is expected to occur in July 2005.

The Enterprise Value of up to EUR 1,600 million remains unchanged and includes several components:

> A deferred contingent payment component of up to EUR 100 million. This payment is deferred until 4Q 2005 and made contingent upon Mobiltel achieving certain financial and operating criteria in 3Q 2005. The initial cash purchase price payable upon closing will be reduced by this payment;
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> A deferred consideration of EUR 182 million. Due to the acceleration of the transaction, the formerly contingent consideration of up to 150 million was increased by 32 million and the date for the operating and financial performance criteria was brought forward to April 30, 2005. This deferred consideration has already become unconditional and is now payable in 4Q 2005. The initial cash purchase price payable upon closing will be reduced by this payment;
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> The cash purchase price for 100% of the shares in Mobiltel. The call option price of EUR 80 million paid by Telekom Austria in Q1 2005 will be fully creditable against the purchase price; and
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> Net debt of Mobiltel which will be assumed by Telekom Austria at closing.

The Enterprise Value of EUR 1,600 million implies an EV/EBITDA multiple (based on 2004 figures) of 5.2x which compares favorably to recent transactions. This announcement amends communications distributed on 17 December, 2004 via EURO Ad-Hoc.

“The acceleration of the acquisition gives Telekom Austria Group a strategic advantage in Bulgaria and the earlier financial consolidation will have a stronger positive impact on our financial statements” said Heinz Sundt, CEO of Telekom Austria.

Preparations for integration of Mobiltel into mobilkom austria group, the wireless segment of Telekom Austria, are on track and ahead of the original schedule. mobilkom austria group will realize benefits of full operational control of Mobiltel and introduction of new products and services earlier than previously planned. Acceleration of the acquisition allows for 6 months of consolidation of Mobiltel’s financials by Telekom Austria Group in 2005.

“The Mobiltel core integration team of mobilkom austria group has already done substantial work to ensure smooth ownership transition and integration of the Bulgarian business into our wireless operations and we are operationally ready for the accelerated acquisition,” said Boris Nemsic, COO Wireless Telekom Austria and CEO mobilkom austria.

As of 31 March 2005 , Mobiltel had 3.14 million subscribers, making it the largest mobile communications operator in Bulgaria with a subscriber market share of approximately 63.9% compared to 3.03 million subscribers at year end 2004. For the 12 months ended December 31, 2004, Mobiltel had revenues and EBITDA of around EUR 486 million and EUR 306 million, respectively (pro forma financial data according to IFRS). Capex in 2004 was EUR 102 mn, primarily for network extension. In 1Q 2005 Mobiltel generated revenues and EBITDA of EUR 119 mn and EUR 80 mn, respectively. Capex in Q1 2005 was EUR 14.3 million reflecting normal first quarter seasonality. The company has made a payment of EUR 39.9 mn for the UMTS license in 2Q 2005.

For the full year 2005 Mobiltel projects to continue generating growth of revenues and subscribers levels while maintaining industry leading operating margins. Net debt is forecast to fall rapidly as a result of excellent cash flow generation.

Upon acquisition of Mobiltel, Telekom Austria Group will be able to maintain its strong financial position. Telekom Austria Group intends to finance the purchase price for Mobiltel with internally generated cashflows, cash on the balance sheet and available credit lines. Telekom Austria confirms that no equity will be raised in order to finance the acquisition and will maintain its current share buyback program.

The transaction is expected to be accretive from the first year of consolidation and is expected to improve Telekom Austria Group's growth profile. Mobiltel is expected to be consolidated by Telekom Austria starting from July 2005.

Lehman Brothers and Raiffeisen Investment AG are advising Telekom Austria on this transaction.

Additional information on Bulgaria and on Mobiltel

www.mobiltel.bg

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1) Source: MobilTel, MobilTel's pro forma financials for FY 2004 and Q1 2005 according to IFRS can be accessed at http://www.mtel.bg/mobiltel/about/financials.php