

Telekom Austria Group Results for the First Nine Months 2001*

- Total managed Group revenues rise by 1.1% to EUR 2,950.5million
- Total managed Group EBITDA increases by 37.4% to EUR 1,163.6million; excluding early retirement costs, Group EBITDA rises by 10.7%
- Positive operating performance driven by stabilization of market share losses and cost cutting in the fixed line segment as well as higher mobile margins
- Fixed line headcount reduction continues to be ahead of target
- Consolidated net income of Telekom Austria AG turns positive to EUR 16.1million from a loss of EUR 121.0million in the same period last year
- Net debt continues to fall during the third quarter 2001 due to increasing operating cash flows and lower capital expenditures
- Third quarter forms a solid basis for a further improvement of full year operating results

* Total managed Telekom Austria Group figures including Mobilkom Austria

Vienna, November 27, 2001 -- Telekom Austria AG (VSE:TKA; NYSE:TKA) announced today its results for the first nine months of 2001, with total managed Group revenues up by 1.1% and EBITDA rising by 37.4%.

The following table sets out a summary of Telekom Austria Group's financial results for the first nine months of this year and the corresponding period in 2000. Total managed figures show group figures including the results of the mobile communications business segment.

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|--|---------|-------|----------|----------|----------|----------|
| Total managed revenues | 1,052.2 | 995.5 | 2.0% | 2,950.5 | 2,918.5 | 1.1% |
| Total managed EBITDA* | 459.0 | 207.1 | 121.6% | 1,163.6 | 847.1 | 37.4% |
| Total managed EBIT* | 168.6 | -60.4 | n.m. | 297.2 | 50.3 | 490.9% |
| Net result of Telekom Austria AG with Mobilkom Austria at-equity | 51.6 | -98.5 | n.m. | 16.1 | -121.0 | n.m. |
| Capital expenditures | 155.4 | 184.5 | -15.8% | 452.8 | 654.6 | -30.8% |
| * excluding costs for idle work force | 18.5 | 0.3 | n.m. | 36.8 | 0.3 | n.m. |

Note: EBITDA is defined as operating income excluding depreciation, amortization and costs for idle workforce. Costs for idle workforce include expenses for employees who have been released or transferred from the work force as well as all cash settlements for civil servants who have agreed to leave with severance packages.

Reported EBITDA includes costs for Telekom Austria's early retirement programs which were exceptionally high during the third quarter 2000. For ease of comparison, figures are also shown on an adjusted basis, i.e. without the impact of early retirement costs on the results:

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|---------------------------------------|-------|-------|----------|----------|----------|----------|
| Total managed EBITDA (adjusted)* | 460.6 | 386.0 | 19.3% | 1,167.3 | 1,054.1 | 10.7% |
| Total managed EBIT (adjusted)* | 170.2 | 118.5 | 43.6% | 300.9 | 257.3 | 16.9% |
| * adjusted for early retirement costs | 1.6 | 178.9 | n.m. | 3.7 | 207.0 | n.m. |

While total managed revenues for the Group as a whole rose by 1.1% during the first nine months of 2001, adjusted Group EBITDA increased by 10.7%, driven both by the improved profitability of the fixed line business segment and higher margins in the mobile business. In an intra-year quarterly comparison all four business segments managed to improve margins during the third quarter 2001.

Following the positive operating performance, the consolidated net income of Telekom Austria AG for the first nine months 2001 turned positive to EUR 16.1million after a loss of EUR 121.0 million in the same period in 2000.

The strong efforts to reduce capital expenditures continued to show success during the third quarter 2001 and contributed to the reduction of net debt of Telekom Austria Group, including Mobilkom Austria, to EUR 3,291.2million at the end of September 2001 compared to EUR 3,468.1million at the end of June 2001.

Group Review

Revenues

During the first nine months of the year Group revenues rose by 1.1% to EUR 2,950.5million compared to same period of 2000. Third quarter revenues amounted to EUR 1,015.2 million, which represents an increase of 2.0% compared to the third quarter 2000. Apart from the competition driven decline in the fixed line business, all business segments reported double-digit revenue growth rates for the third quarter.

Revenues by business segment:

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|-------------------------------------|----------------|--------------|-------------|----------------|----------------|-------------|
| Fixed line | 617.8 | 653.6 | -5.5% | 1,862.2 | 2,004.5 | -7.1% |
| Mobile communications | 449.3 | 406.2 | 10.6% | 1,271.8 | 1,116.6 | 13.9% |
| Data communications | 87.1 | 77.7 | 12.1% | 238.6 | 228.6 | 4.4% |
| Internet | 23.1 | 15.4 | 50.0% | 62.3 | 43.2 | 44.2% |
| Other & eliminations | -162.1 | -157.4 | 3.0% | -484.4 | -474.4 | 2.1% |
| Total managed group revenues | 1,015.2 | 995.5 | 2.0% | 2,950.5 | 2,918.5 | 1.1% |

Revenue decline in the fixed line segment slowed to 5.5% during the third quarter 2001 compared to a 9.4% decline during the second quarter. This was in part due to lower revenues in the third quarter of 2000 compared to the previous quarterly figures of the same year as a result of price cuts put in place during the third quarter of 2000. The decline in market share losses also contributed to this improved revenue development.

In mobile communications, the third quarter has traditionally shown the strongest contribution due to the impact of the summer tourist season both in Austria and abroad. Total mobile revenues grew by 13.9% during the first nine months of 2001.

As expected, data communications showed a clear turn-around with a 12.1% revenue growth during the third quarter 2001, after a 7.3% decline in revenues in the second quarter. This was primarily due to higher revenues from corporate networks for large business customers.

With a doubling of the subscriber base in Austria during the first nine months of 2001, revenues from the Internet business segment rose by 44.2% compared to year-end 2000.

EBITDA and EBIT

EBITDA by business segment:

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|---|--------------|--------------|---------------|----------------|----------------|---------------|
| Fixed line | 272.3 | 54.5 | 399.6% | 690.2 | 458.0 | 50.7% |
| <i>Fixed line (adjusted)*</i> | <i>273.6</i> | <i>229.1</i> | <i>19.4%</i> | <i>693.6</i> | <i>660.7</i> | <i>5.0%</i> |
| Mobile communications | 171.0 | 140.0 | 22.1% | 460.6 | 341.5 | 34.9% |
| Data communications | 22.8 | 14.9 | 52.8% | 34.0 | 42.6 | -20.3% |
| <i>Data communications (adjusted)*</i> | <i>23.1</i> | <i>19.2</i> | <i>20.2%</i> | <i>34.3</i> | <i>46.9</i> | <i>-26.9%</i> |
| Internet | -7.3 | -2.3 | 217.4% | -21.4 | 5.0 | n.m. |
| Other & eliminations | 0.2 | 0.0 | n.m. | 0.2 | 0.0 | n.m. |
| Total managed group EBITDA | 459.0 | 207.1 | 121.6% | 1,163.6 | 847.1 | 37.4% |
| <i>Total managed EBITDA (adjusted)*</i> | <i>460.6</i> | <i>386.0</i> | <i>19.3%</i> | <i>1,167.3</i> | <i>1,054.1</i> | <i>10.7%</i> |

* adjusted for early retirement costs

Consistent with previous quarterly reports, both EBITDA and EBIT are shown excluding costs for idle workforce which amounted to EUR 36.8million during the first nine months of 2001. Costs for idle workforce include expenses for employees who have been released or transferred from the workforce as well as all cash settlements for civil servants who have agreed to leave with severance packages. In the first nine months of 2000 no employees were taken out of the workforce, therefore there was no equivalent amount for this in 2000.

Exceptionally high early retirement costs impacted heavily on third quarter earnings in 2000. They amounted to EUR 207.0million for the first nine months of 2000 and to EUR 178.9million for the third quarter alone. These early retirement costs primarily affected the results of the fixed line business segment and, to a much lesser extent, the data communications business segment. Telekom Austria has essentially finalized its early retirement programs and further early retirement expenses relate mainly to interest costs. During the first nine months of 2001, early retirement expenses amounted to EUR 3.7million.

Reported total managed Group EBITDA grew by 37.4% to EUR 1,163.6million during the first nine months of 2001. Excluding the impact of early retirement costs, EBITDA growth amounts to 10.7%.

All four business segments achieved higher earnings during the third quarter 2001 compared to the first two quarters of the current business year. For the first time the fixed line business segment showed the strongest contribution to the quarterly EBITDA improvement in an year-on-year-comparison.

In the fixed line business segment, EBITDA for the first nine months grew by 50.7% to EUR 690.2million EUR. Excluding early retirement costs, EBITDA growth amounts to 5.0%. The main drivers were ongoing cost reductions and lower revenue decline.

In the mobile communications business segment, EBITDA rose by 34.9% to EUR 460.6million during the first nine months of 2001. The growth was driven by higher profitability in Austria and Croatia.

Data communications managed an intra-year turnaround. During the third quarter 2001 EBITDA rose by 52.8% to EUR 22.8million. However the first nine months show a decline of 20.3%, primarily due to higher intercompany prices.

Although negative EBITDA in the Internet business segment rose from EUR 2.3million to EUR 7.3million during the third quarter 2001 compared to the same period of 2000, this still represents an improved EBITDA development compared to the second quarter 2001.

EBIT by business segment:

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|--|--------------|--------------|---------------|--------------|--------------|---------------|
| Fixed line | 72.8 | -148.9 | n.m. | 81.1 | -179.9 | n.m. |
| <i>Fixed line (adjusted)*</i> | <i>74.1</i> | <i>25.7</i> | <i>188.3%</i> | <i>84.5</i> | <i>22.8</i> | <i>270.6%</i> |
| Mobile communications | 103.1 | 96.5 | 6.8% | 268.6 | 219.0 | 22.6% |
| Data communications | 13.8 | 7.0 | 97.1% | 9.4 | 19.2 | -51.0% |
| <i>Data communications (adjusted)*</i> | <i>14.1</i> | <i>11.3</i> | <i>24.8%</i> | <i>9.7</i> | <i>23.5</i> | <i>-58.7%</i> |
| Internet | -9.2 | -2.8 | 228.6% | -28.2 | 4.4 | n.m. |
| Other & eliminations | -11.9 | -12.2 | -2.5% | -33.7 | -12.4 | 171.8% |
| Total managed group EBIT | 168.6 | -60.4 | n.m. | 297.2 | 50.3 | 490.9% |
| <i>Total managed EBIT (adjusted)*</i> | <i>170.2</i> | <i>118.5</i> | <i>43.6%</i> | <i>300.9</i> | <i>257.3</i> | <i>16.9%</i> |

* adjusted for early retirement costs



During the first nine months of 2001, total managed EBIT of Telekom Austria Group rose from EUR 50.3million to EUR 297.2million. Excluding early retirement costs, EBIT rose by 16.9%. Depreciation and amortization charges rose by 8.7% to EUR 866.4million, primarily due to higher capital expenditures in the mobile communications business segment.

The amount includes goodwill amortization charges of EUR 60.7million (1-9/2000: EUR 13.1million). The increase in goodwill amortization charges is due both to the acquisition of Si.Mobil in 2001 which contributed EUR 21.7million of goodwill amortization during the first nine months 2001 and to a higher charge for goodwill amortization for Czech On Line. Czech On Line was acquired in July 2000 and is therefore included in last year's results for the first nine months only for the period of July to September. In the table shown above amortization charges for the goodwill of Czech On line are included in the line "other & eliminations"

Consolidated net income

In the consolidated figures of Telekom Austria AG, Mobilkom Austria AG & Co. KG is included at-equity. Mobilkom's earnings for the first nine months of 2001 have been included in earnings from equity investees before tax, whereas they were shown after tax in prior periods. This reflects the change in corporate form of Mobilkom Austria from an AG to an AG & Co. KG, and was the main reason for the increase in equity in earnings of affiliates from EUR 90.0million in the first nine months of 2000 to EUR 178.3million in the same period of 2001. Mobilkom Austria changed its tax status from a taxable entity to a non-taxable limited liability partnership.

As one of the partners in the newly formed Mobilkom Austria AG & Co. KG, Telekom Austria now reports a 74.9% portion of Mobilkom's income in its tax return. Mobilkom Austria released its deferred tax asset during the first quarter of 2001. Accordingly, Telekom Austria recorded its 74.9% proportional share of Mobilkom deferred tax assets and recognized a deferred tax benefit.

For the first nine months of 2001, consolidated statements of operations of Telekom Austria show income tax expense of EUR 10.4million, after a benefit of EUR 118.9million in 2000. For 2001 an effective tax rate of 40% is estimated.

With Mobilkom Austria at-equity, consolidated net income of Telekom Austria AG was EUR 16.1million in the first nine months of 2001 compared to a loss of EUR 121.0million in the same time period of 2000.

Balance Sheet: Further net debt reduction

Strong operating performance and lower capital expenditures led to a further reduction of net debt to EUR 3,291.2million at the end of the third quarter 2001, compared to EUR 3,468.1million at the end of June 2001, which represents a decline of EUR 176.9million. Compared to year-end 2000, consolidated stockholders' equity of Telekom Austria AG as of September 30, 2001 remained almost unchanged at EUR 2,605.9million, resulting in a net debt/equity ratio of 126.3%.

Additions to Property, Plant and Equipment:

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|-----------------------|-------|-------|----------|----------|----------|----------|
| Telekom Austria | 87.8 | 116.7 | -24.8% | 250.2 | 428.6 | -41.6% |
| Mobilkom Austria | 67.5 | 67.8 | -0.4% | 202.6 | 226.0 | -10.4% |
| Telekom Austria Group | 155.3 | 184.5 | -15.8% | 452.8 | 654.6 | -30.8% |

Additions to property, plant and equipment, fell both in the fixed line and mobile communications business segments, with a continuing shift of focus from fixed to mobile. In total, reduction amounts to 30.8% during the first nine months of 2001.

Approximately 50% of fixed line capital expenditures was spent for broadband activities, especially for ADSL-access connections, and to adapt the core network to the increase in demand. In mobile communications, 35% of capital expenditures was dedicated to the foreign activities of the business segment, primarily in connection with the rapidly rising number of subscribers in Croatia. In Austria, the focus of capex has been on the enhancement of the existing GSM network.

In addition, Mobilkom Austria acquired GSM 1800 frequencies for the sum of EUR 36.4million in the second quarter of 2001. In connection with the participation in Si.Mobil in 2001 a goodwill charge of EUR 186million has been recorded and is being amortized over five years on a straight line basis.

Personnel Reduction in Line with Plan

Employees per business segment*

| Average of the period | 1-9 M 01 | 1-9 M 00 | change | FY 00 |
|-----------------------|----------|----------|--------|--------|
| Fixed Line | 13,447 | 15,125 | -1,678 | 14,939 |
| Mobile communications | 3,194 | 2,458 | 736 | 2,520 |
| Data communications | 926 | 952 | -26 | 956 |
| Internet | 290 | 75 | 215 | 145 |
| Telekom Austria Group | 17,857 | 18,610 | -753 | 18,560 |

| End of period | Sept. 01 | Sept. 00 | change | Dec. 00 |
|-----------------------|----------|----------|--------|---------|
| Fixed Line | 12,400 | 14,804 | -2,404 | 14,375 |
| Mobile communications | 3,398 | 2,681 | 717 | 2,768 |
| Data communications | 910 | 961 | -51 | 963 |
| Internet | 329 | 79 | 250 | 195 |
| Telekom Austria Group | 17,037 | 18,525 | -1,488 | 18,301 |

* full-time employees

In comparison to September 2000, total headcount of Telekom Austria Group fell by 1,488 as of September 2001. In the fixed line business segment, the focus of the headcount reduction measures, the number of full-time equivalent employees fell by 2,404. Compared to year-end 2000 headcount reduction in the fixed line segment during the first nine month of 2001 amounted to 1,975. Headcount in the mobile business segment at the end of September 2001 includes 261 additional employees due to the consolidation of Si.Mobil.

Outlook for the fourth quarter 2001

The results of the third quarter represent a solid basis for the expected operating improvement of the full year earnings, despite the expectation of seasonal decline of EBITDA margins for the last quarter of the year.

The reduction of market share losses in the fixed line business segment will continue to be a major focus for the management of Telekom Austria. Although the third quarter has shown further improvement in the market share data, it is still too early to judge their stability. The enhancement of EBITDA margins will continue to be driven by the success of further headcount and cost reductions.

In mobile communications the generally positive trend in Austria will continue. The usual seasonal reduction of margins in the mobile communications segment will be additionally impacted by the negative contribution from Slovenia.

In data communications, the third quarter brought the expected improvement of the operating performance which should continue during the rest of the year.

In Internet, operating losses will increase during the rest of the year due the launch of the broadband portal "speed.at"

With stable development of total managed group revenues, stringent cost cutting efforts are expected to result in higher full year EBITDA margins for the Group as a whole even if excluding the impact of substantially lower early retirement costs. This will lead to a higher full year EBITDA than expected at the time of the publication of the half-year results.

It is expected that the full year results will include an impairment charge for goodwill in Czech On Line of the probable amount of EUR 120million, in addition to the amortization of goodwill of about EUR 46million. Due to the impairment charge and to lower fourth quarter results it will not be possible to sustain a positive consolidated net result for Telekom Austria AG.

The management of Telekom Austria has been informed by one of its major shareholders, Telecom Italia, that it intends to dispose of all of its shareholding in the company. Telecom Italia has not submitted a proposal outlining this proposed disposal. The management of Telekom Austria is making all necessary arrangements to allow the appointment of a financial advisor as promptly as possible, if this is considered necessary in the interest of all shareholders.

Results by Business Segment:

Fixed Line Services:

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|--|--------------|--------------|---------------|--------------|--------------|---------------|
| Revenues | 617.8 | 653.6 | -5.5% | 1,862.2 | 2,004.5 | -7.1% |
| EBITDA* | 272.3 | 54.5 | 399.6% | 690.2 | 458.0 | 50.7% |
| <i>EBITDA (adjusted)**</i> | <i>273.6</i> | <i>229.1</i> | <i>19.4%</i> | <i>693.6</i> | <i>660.7</i> | <i>5.0%</i> |
| EBIT* | 72.8 | -148.9 | n.m. | 81.1 | -179.9 | n.m. |
| <i>EBIT (adjusted)**</i> | <i>74.1</i> | <i>25.7</i> | <i>188.3%</i> | <i>84.5</i> | <i>22.8</i> | <i>270.6%</i> |
| * excluding costs for idle work force | 18.5 | 0.3 | n.m. | 36.8 | 0.3 | n.m. |
| ** adjusted for early retirement costs | 1.3 | 174.6 | n.m. | 3.4 | 202.7 | n.m. |

The third quarter 2001 was an important step in the improvement of the profitability of the fixed line business segment. For the first time, EBITDA margin rose above 40% reaching 44.1% during the third quarter of the year, despite a 5.5% reduction in revenues. This is a clear reflection of stringent cost cutting efforts.

As expected, market share continued to decline to 57.3%, based on minutes including internet dial-up, down from 58.5% at the end of June 2001. Total domestic minutes in the fixed line network of Telekom Austria fell by 5.1% during the first nine months of the year. The trend of declining voice and higher Internet minutes seen during the first half of the year continued during the third quarter.

While the number of lines in service declined by 3.6% to 3.18million at the end of September 2001 compared to September 2000, the number of channels fell only slightly by 0.4% to 3.81million. PSTN channels decreased by 6.6%, while ISDN channels grew by 21.3%. The number of ADSL lines, included in the total number of lines in service, rose to 83,000 installed connections at the

end of September 2001. This figure includes 10,800 lines which were sold to wholesale customers.

The average decline in tariffs during the first nine months of 2001 amounts to 15.2%, primarily due to the reductions of long-distance and international tariffs. During the third quarter 2001 tariffs fell on average by 4.5% compared to last year. Since March, the fixed line business segment has been successfully marketing new second-based tariff packages 'TikTak' tariffs. The introduction of additional schemes during the third quarter caused a substantial upswing in demand. Until September 30, over 130,000 lines have moved to these new tariff options. As the share of minutes resulting from these customers in total volumes is increasing slowly, the impact on the average tariff from the new tariffs was still minimal.

Revenues declined by 7.1% in the fixed line business segment during the first nine months of the year. During the third quarter 2001 alone, revenues fell by 5.5% compared to the level seen in 2000 representing a substantially lower rate of decline than during previous quarters. The improvement was partially driven by smaller reductions of traffic revenues. Revenues from monthly rentals fell about in line with lower access lines. The rising demand for bandwidth drove leased lines revenues, in spite of price reductions of up to 40% in September 2001.

All major expense items were reduced during the first nine months of the year. Excluding early retirement costs, personnel expenses - the focus of the cost cutting measures - fell by 8.5%. The reduction in headcount took place faster than expected and at a lower cost, as the majority of employees left without additional incentives. Other operating expenses fell by over 20%, primarily due to rigid cost control.

EBITDA in the fixed line business segment rose by 50.7% during the first nine months of the year to EUR 690.2million. Reported EBITDA does not include costs for idle workforce which amounted to EUR 36.8million during the first nine months of 2001. Reported EBITDA includes early retirement expenses which fell from EUR 202.7million during the first nine months 2000 to EUR 3.4million in 2001. Excluding the impact of this reduction, fixed line EBITDA rose by 5.0% during the first nine months and by 19.4% during the third quarter of the year.

Including 4.5% lower depreciation charges, EBIT reached EUR 81.1million during the first nine months of 2001, compared to a loss of EUR 179.9million in 2000. Excluding early retirement costs, EBIT rose from EUR 22.8million to EUR 84.5million.

Mobile Communications:

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|---|-------|-------|----------|----------|----------|----------|
| Revenues | 449.3 | 406.2 | 10.6% | 1,271.8 | 1,116.6 | 13.9% |
| EBITDA | 171.0 | 140.0 | 22.1% | 460.6 | 341.5 | 34.9% |
| EBIT | 103.1 | 96.5 | 6.8% | 268.6 | 219.0 | 22.6% |
| Consolidated net income of Mobilkom Austria | 86.2 | 59.7 | 44.4% | 103.5 | 140.0 | -26.1% |

EBITDA margin improved from 30.6% for the first nine months of 2000 to 36.2% for the corresponding period in 2001. The improvement was driven by the activities in Austria and Croatia. The Slovenian wireless business which was acquired in February 2001 showed a negative contribution. The Austrian business contributed about 85% of total revenues during the first nine months.

The total number of subscribers in the mobile communications business segment grew by 13.4% up to the end of September 2001, compared to year-end 2000. Due to the high penetration rate of 82.1% in the Austrian market, subscriber growth is coming exclusively from the international business, which contributed 26% of the subscriber base as of September 30, 2001, up from 16% at the end of December 2000.

Mobilkom Austria continued its focus on improving the quality of its subscriber base. During the third quarter of 2001 the number of customers declined in absolute terms, primarily due to a reduction of inactive subscribers. As a result, Mobilkom Austria's market share fell from 43.2% at the end June 2001 to 42.3% at the end of September and the share of contract customers was further enhanced. Although the churn rate rose during the third quarter of 2001 due to the adjustment of the subscriber base, it was kept below 20% for the first nine months.

Mobile penetration in Croatia amounted to 34.5% at the end of September 2001, with VIP-Net holding the market leadership in the GSM-market. Mobile penetration in Slovenia reached a level of 60.1%, with Si.Mobil's market share amounting to 18.1%.

Operating revenues rose by 13.9% during the first nine months. All three operations saw an increase in their ARPU during the third quarter 2001 compared to the level seen earlier this year. Revenue growth was primarily driven by stronger traffic revenues. Growth in roaming revenues was accelerated by the strong summer tourist season. Equipment revenues fell, primarily due to lower sales in Austria. Interconnection revenues rose in parallel to traffic revenues. The recent decision by the regulatory authority to decrease fixed-to-mobile rates from EUR 0.12 to EUR 0.11 will impact interconnection revenues primarily from April 2002 onwards.

EBITDA of the mobile communications business segment rose by 34.9% to EUR 460.6million during the first nine months of 2001 compared to the same period in 2000. The Austrian business increased its margin to 38% from 31%, while the margin of the international business grew slightly from 25% to 27%. In Austria the strong operating performance of the mobile communications business segment was also driven by lower equipment expenses which fell in line with equipment revenues and lower interconnection expenses as a result of price reductions.

The capacity-driven expansion of the network caused an increase in depreciation and amortization charges by 56.7% during the first nine months of 2001, including about EUR 21.7million for the amortization of a goodwill charge in connection with the participation in Si.Mobil. EBIT rose by 22.6% to EUR 268.6million.

The reduction in consolidated net income of Mobilkom Austria is exclusively a result of the change of Mobilkom Austria's tax status from a taxable entity to a non-taxable limited liability partnership in the first quarter 2001, effective retroactively to July 1, 2000. This led to a one-off tax expense of EUR 134.4million, primarily due to the reversal of net deferred tax assets.

Data Communications:

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|---------------------------------------|-------------|-------------|--------------|-------------|-------------|---------------|
| Revenues | 87.1 | 77.7 | 12.1% | 238.6 | 228.6 | 4.4% |
| EBITDA | 22.8 | 14.9 | 52.8% | 34.0 | 42.6 | -20.3% |
| <i>EBITDA (adjusted)*</i> | <i>23.1</i> | <i>19.2</i> | <i>20.2%</i> | <i>34.3</i> | <i>46.9</i> | <i>-26.9%</i> |
| EBIT | 13.8 | 7.0 | 97.1% | 9.4 | 19.2 | -51.0% |
| <i>EBIT (adjusted)*</i> | <i>14.1</i> | <i>11.3</i> | <i>24.8%</i> | <i>9.7</i> | <i>23.5</i> | <i>-58.7%</i> |
| * adjusted for early retirement costs | 0.3 | 4.3 | n.m. | 0.3 | 4.3 | n.m. |

The data communications business segment managed to meet its expected operating turn-around during the third quarter of 2001. Revenues rose by 4.4% during the first nine months, but grew by 12.1% during the third quarter. The improvement was primarily due to higher revenues from corporate networks for large business customers.

The increase in revenues from the solution business more than compensated for the decline in traditional standard products.



The intra-year turn around is reflected more clearly in the development of EBITDA. On an adjusted basis, i.e. excluding last year's early retirement expenses, EBITDA fell by 26.9% during the first nine months, but rose by 20.2% during the third quarter. The overall reduction of the EBITDA margin in the first nine months 2001 from 18.6% to 14.2% resulted from the increase of intercompany purchase prices charged by the fixed line business segment. Reported EBIT fell from EUR 19.2million to EUR 9.4million.

Internet:

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|----------------|-------|-------|----------|----------|----------|----------|
| Revenues | 23.1 | 15.4 | 50.0% | 62.3 | 43.2 | 44.2% |
| EBITDA | -7.3 | -2.3 | 217.4% | -21.4 | 5.0 | n.m. |
| EBIT | -9.2 | -2.8 | 228.6% | -28.2 | 4.4 | n.m. |

The restructuring of Austrian Internet activities started during the second half of 2000. Therefore, third quarter figures are more comparable than those for the first nine-months. Revenues during the third quarter 2001 grew by 50.0% primarily as a result of the growing subscriber base in Austria. Negative EBITDA grew from EUR 2.3million to EUR 7.3million in the third quarter 2000 compared to the same period of 2001. Nevertheless the third quarter 2001 still shows an improved EBITDA development when compared to the second quarter. Approximately 10% of revenues were contributed by Czech On Line, the Czech Internet business, with a slightly positive EBITDA. Czech On Line was acquired in July 2000 and is therefore included in last year's results for the first nine months only for the period of July to September.

The number of Internet subscribers in Austria almost doubled during the first nine months compared to year-end 2000 to 574,700, with about 72,200 ADSL subscribers. The total subscriber figure includes about 90,000 subscribers acquired during the second quarter 2001. The total market share of Telekom Austria Group in the residential Internet market rose to 42% at the end of September 2001, from 39% at the end of June 2001.

Against a background of intensified competition, Czech On Line increased its subscriber base to 214,000 until September 2001, up from 188,000 at the end of the year 2000. To accelerate the enlargement of its subscriber base, Czech On Line is expanding its access network and will start a new marketing campaign. Through the launch of voice telephony for business customers in autumn 2001, the expansion of its infrastructure and the offer of additional value added services, Czech On Line is transforming itself from an Internet service provider to a full service telecommunications provider.

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Disclaimer:

This news release 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. These risks and uncertainties are discussed in Telekom Austria's SEC filings, including, but not limited to, Telekom Austria's Form 6-K containing the relevant press release and certain sections of the Company's Annual Report on Form 20-F. Figures contained in this presentation are unaudited.

- End -

Telekom Austria AG

Consolidated Statements of Operations

| (in EUR million) | Q3 2001 | Q3 2000 | 1-9 M 01 | 1-9 M 00 |
|---|---------|---------|----------|----------|
| Operating revenues | 671.4 | 696.3 | 2,001.0 | 2,117.2 |
| Operating expenses | | | | |
| Materials | -15.0 | -20.0 | -60.4 | -72.8 |
| Employees costs, including benefits and taxes | -121.2 | -325.4 | -430.3 | -662.8 |
| Idle Workforce | -18.6 | -0.3 | -36.8 | -0.3 |
| Depreciation and amortization | -222.3 | -224.0 | -674.3 | -674.3 |
| Other operating expenses | -247.3 | -283.8 | -807.3 | -876.1 |
| Operating income (loss) | 47.1 | -157.2 | -8.2 | -169.0 |
| Other income (expense) | | | | |
| Interest income | 18.6 | 22.0 | 61.5 | 61.3 |
| Interest expense | -57.6 | -62.6 | -185.2 | -181.6 |
| Dividend income | 1.7 | 0.3 | 2.2 | 0.9 |
| Other, net | -0.9 | -3.3 | -22.2 | -38.2 |
| Income (loss) before income taxes, equity in earnings of affiliates and extraordinary items | 8.9 | -200.8 | -151.8 | -326.5 |
| Equity in earnings of affiliates | 64.8 | 35.7 | 178.3 | 90.0 |
| Income tax benefit (expense) | -22.0 | 66.7 | -10.4 | 118.9 |
| Extraordinary loss, net of tax | 0.0 | 0.0 | 0.0 | -3.5 |
| Net income (loss) | 51.6 | -98.5 | 16.1 | -121.0 |

Consolidated Balance Sheets

| (in EUR million) | September 30, 2001 | December 31, 2000 |
|--|--------------------|-------------------|
| Current assets | 857.7 | 918.0 |
| Fixed assets and intangible assets | 4,859.2 | 5,299.8 |
| Other assets | 1,804.4 | 1,844.9 |
| Total assets | 7,521.3 | 8,062.7 |
| Current liabilities | 1,525.0 | 1,799.4 |
| Long term debt, net of current portion | 2,147.1 | 2,353.9 |
| Lease obligations, net of current portion | 778.6 | 799.0 |
| Employee benefit obligations | 403.0 | 448.5 |
| Other | 61.7 | 58.3 |
| Stockholders' equity | 2,605.9 | 2,603.6 |
| Total liabilities and stockholders' equity | 7,521.3 | 8,062.7 |

Consolidated Cash Flows

| (in EUR million) | Q3 2001 | Q3 2000 | 1-9 M 01 | 1-9 M 00 |
|--|---------|---------|----------|----------|
| Net result | 51.6 | -98.5 | 16.1 | -121.0 |
| Depreciation and other non-cash items | 107.4 | 295.6 | 586.5 | 750.6 |
| Change in working capital | 37.1 | 16.7 | -15.6 | 299.1 |
| Cash generated from operations | 196.1 | 213.8 | 587.0 | 928.8 |
| Cash used in investing activities | -91.0 | -342.8 | -253.3 | -846.2 |
| Cash from (used in) financing activities | -105.0 | -13.3 | -335.2 | -428.9 |
| Effect of exchange rate changes | -0.1 | 0.6 | 0.0 | 0.6 |
| Net increase (decrease) in cash and cash equivalents | 0.1 | -141.7 | -1.5 | -345.8 |

December 31, 2000 audited, all other figures unaudited

Mobilkom Austria AG & Co KG

Consolidated Statements of Operations

| (in EUR million) | Q3 2001 | Q3 2000 | 1-9 M 01 | 1-9 M 00 |
|--|---------|---------|----------|----------|
| Operating revenues | 449.3 | 406.1 | 1,271.8 | 1,116.6 |
| Operating expenses | | | | |
| Materials | -60.1 | -69.8 | -169.4 | -220.4 |
| Employees costs, including benefits and taxes | -32.5 | -24.1 | -93.6 | -70.0 |
| Depreciation and amortization | -68.0 | -43.5 | -192.0 | -122.5 |
| Other operating expenses | -185.6 | -172.3 | -548.2 | -484.7 |
| Operating income | 103.0 | 96.5 | 268.6 | 219.0 |
| Other income (expense) | | | | |
| Interest income | 5.3 | 4.7 | 15.4 | 13.5 |
| Interest expense | -13.2 | -8.8 | -37.6 | -25.4 |
| Other, net | -3.4 | 2.4 | 1.1 | 4.1 |
| Income before income taxes, minority interests and extraordinary items | 91.7 | 94.8 | 246.9 | 211.2 |
| Income tax expense | -1.2 | -31.6 | -134.8 | -68.0 |
| Minority interests | -4.3 | -3.5 | -8.7 | -1.9 |
| Extraordinary loss, net of tax | 0.0 | 0.0 | 0.0 | -1.3 |
| Net income | 86.2 | 59.7 | 103.5 | 140.0 |

Consolidated Balance Sheets

| (in EUR million) | September 30, 2001 | December 31 31, 2000 |
|--|--------------------|----------------------|
| Current assets | 388.0 | 358.7 |
| Fixed assets and intangible assets | 1,466.6 | 1,168.4 |
| Other assets | 265.0 | 394.4 |
| Total assets | 2,119.6 | 1,921.5 |
| Current liabilities | 563.5 | 439.7 |
| Long term debt, net of current portion | 630.9 | 430.8 |
| Lease obligations, net of current portion | 232.1 | 215.0 |
| Other | 42.4 | 34.6 |
| Stockholders' equity | 650.7 | 801.4 |
| Total liabilities and stockholders' equity | 2,119.6 | 1,921.5 |

Consolidated Cash Flows

| (in EUR million) | Q3 2001 | Q3 2000 | 1-9 M 01 | 1-9 M 00 |
|--|---------|---------|----------|----------|
| Net result | 86.2 | 59.7 | 103.5 | 140.0 |
| Depreciation and other non-cash items | 72.9 | 67.6 | 371.2 | 153.3 |
| Change in working capital | 1.5 | -62.3 | -56.1 | -54.2 |
| Cash generated from operations | 160.5 | 65.0 | 418.5 | 239.2 |
| Cash used in investing activities | -80.6 | -67.8 | -398.9 | -243.3 |
| Cash from (used in) financing activities | -78.2 | 8.3 | -25.0 | -49.8 |
| Effect of exchange rate changes | 6.8 | -1.0 | 3.5 | -1.5 |
| Net increase (decrease) in cash and cash equivalents | 8.5 | 4.5 | -1.8 | -55.5 |

December 31, 2000 audited, all other figures unaudited

Telekom Austria Group

Operating results by business segments

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|-------------------------------------|----------------|--------------|-------------|----------------|----------------|-------------|
| Fixed line | 617.8 | 653.6 | -5.5% | 1,862.2 | 2,004.5 | -7.1% |
| Mobile communications | 449.3 | 406.2 | 10.6% | 1,271.8 | 1,116.6 | 13.9% |
| Data communications | 87.1 | 77.7 | 12.1% | 238.6 | 228.6 | 4.4% |
| Internet | 23.1 | 15.4 | 50.0% | 62.3 | 43.2 | 44.2% |
| Other & eliminations | -162.1 | -157.4 | 3.0% | -484.4 | -474.4 | 2.1% |
| Total managed group revenues | 1,015.2 | 995.5 | 2.0% | 2,950.5 | 2,918.5 | 1.1% |

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|---|--------------|--------------|---------------|----------------|----------------|---------------|
| Fixed line | 272.3 | 54.5 | 399.6% | 690.2 | 458.0 | 50.7% |
| <i>Fixed line (adjusted)*</i> | <i>273.6</i> | <i>229.1</i> | <i>19.4%</i> | <i>693.6</i> | <i>660.7</i> | <i>5.0%</i> |
| Mobile communications | 171.0 | 140.0 | 22.1% | 460.6 | 341.5 | 34.9% |
| Data communications | 22.8 | 14.9 | 52.8% | 34.0 | 42.6 | -20.3% |
| <i>Data communications (adjusted)*</i> | <i>23.1</i> | <i>19.2</i> | <i>20.2%</i> | <i>34.3</i> | <i>46.9</i> | <i>-26.9%</i> |
| Internet | -7.3 | -2.3 | 217.4% | -21.4 | 5.0 | n.m. |
| Other & eliminations | 0.2 | 0.0 | n.m. | 0.2 | 0.0 | n.m. |
| Total managed group EBITDA | 459.0 | 207.1 | 121.6% | 1,163.6 | 847.1 | 37.4% |
| <i>Total managed EBITDA (adjusted)*</i> | <i>460.6</i> | <i>386.0</i> | <i>19.3%</i> | <i>1,167.3</i> | <i>1,054.1</i> | <i>10.7%</i> |

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|--|--------------|--------------|---------------|--------------|--------------|---------------|
| Fixed line | 72.8 | -148.9 | n.m. | 81.1 | -179.9 | n.m. |
| <i>Fixed line (adjusted)*</i> | <i>74.1</i> | <i>25.7</i> | <i>188.3%</i> | <i>84.5</i> | <i>22.8</i> | <i>270.6%</i> |
| Mobile communications | 103.1 | 96.5 | 6.8% | 268.6 | 219.0 | 22.6% |
| Data communications | 13.8 | 7.0 | 97.1% | 9.4 | 19.2 | -51.0% |
| <i>Data communications (adjusted)*</i> | <i>14.1</i> | <i>11.3</i> | <i>24.8%</i> | <i>9.7</i> | <i>23.5</i> | <i>-58.7%</i> |
| Internet | -9.2 | -2.8 | 228.6% | -28.2 | 4.4 | n.m. |
| Other & eliminations | -11.9 | -12.2 | -2.5% | -33.7 | -12.4 | 171.8% |
| Total managed group EBIT | 168.6 | -60.4 | n.m. | 297.2 | 50.3 | 490.9% |
| <i>Total managed EBIT (adjusted)*</i> | <i>170.2</i> | <i>118.5</i> | <i>43.6%</i> | <i>300.9</i> | <i>257.3</i> | <i>16.9%</i> |

Reconciliation between segmental results and consolidated results of Telekom Austria AG

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|------------------------------|--------------|--------------|--------------|----------------|----------------|--------------|
| Fixed line | 617.8 | 653.6 | -5.5% | 1,862.2 | 2,004.5 | -7.1% |
| Data communications | 87.1 | 77.7 | 12.1% | 238.6 | 228.6 | 4.4% |
| Internet | 23.1 | 15.4 | 50.0% | 62.3 | 43.2 | 44.2% |
| Other & eliminations | -56.6 | -50.4 | 12.3% | -162.1 | -159.1 | 1.9% |
| Consolidated revenues | 671.4 | 696.3 | -3.6% | 2,001.0 | 2,117.2 | -5.5% |

| in EUR million | 3Q 01 | 3Q 00 | % change | 1-9 M 01 | 1-9 M 00 | % change |
|--------------------------------------|-------------|---------------|-------------|-------------|---------------|---------------|
| Fixed line | 72.8 | -148.9 | n.m. | 81.1 | -179.9 | n.m. |
| Data communications | 13.8 | 7.0 | 97.1% | 9.4 | 19.2 | -51.0% |
| Internet | -9.2 | -2.8 | 228.6% | -28.2 | 4.4 | n.m. |
| Other & eliminations | -11.9 | -12.2 | -2.5% | -33.7 | -12.4 | 171.8% |
| Consolidated EBIT | 65.5 | -156.9 | n.m. | 28.6 | -168.7 | n.m. |
| Idle workforce costs | -18.5 | -0.3 | n.m. | -36.8 | -0.3 | n.m. |
| Consolidated operating result | 47.0 | -157.2 | n.m. | -8.2 | -169.0 | -95.1% |

* adjusted for early retirement costs



Telekom Austria Group: Key Operating Data

Fixed line:

| Traffic minutes (in million of minutes) during the period: | 1-9 M 2001 | 1-9 M 2000 |
|---|----------------|----------------|
| Local | 3,348 | 4,805 |
| Long distance | 628 | 775 |
| Fixed-to-mobile | 619 | 719 |
| Internet dial-up | 3,180 | 2,849 |
| Other | 3,034 | 2,236 |
| Total domestic fixed line traffic | 10,809 | 11,384 |
| International fixed line traffic | 353 | 390 |
| Carrier services: | | |
| Incoming international | 831 | 994 |
| Outgoing international | 777 | 919 |
| | September 2001 | September 2000 |
| Lines and channels (in '000): | | |
| PSTN access lines | 2,785 | 2,985 |
| Basic ISDN access lines | 387 | 312 |
| Multi ISDN access lines | 8 | 7 |
| Total access lines | 3,180 | 3,304 |
| of these ADSL access lines | 83 | 28 |
| Total access channels | 3,810 | 3,826 |
| Total market share (based on minutes) | 57.3% | 68.7% |

Mobile communications:

| | | |
|-------------------------------|-------|-------|
| Mobile subscribers (in '000): | | |
| Austria | 2,810 | 2,691 |
| International | 973 | 522 |
| Total mobile subscribers | 3,783 | 3,213 |
| Market shares: | | |
| Austria | 42.3% | 49.7% |
| Croatia | 48.4% | 49.0% |
| Slovenia | 18.1% | - |

Internet:

| | | |
|------------------------|-----|-----|
| Subscribers ('in 000): | | |
| Austria | 575 | 237 |
| Czech Republic | 214 | 168 |

Employees per business segment*:

| (End of period) | September 2001 | September 2000 |
|-----------------------|----------------|----------------|
| Fixed Line | 12,400 | 14,804 |
| Mobile communications | 3,398 | 2,681 |
| Data communications | 910 | 961 |
| Internet | 329 | 79 |
| Total | 17,037 | 18,525 |
| (Average of period) | 1-9 M 2001 | 1-9 M 2000 |
| Fixed Line | 13,447 | 15,125 |
| Mobile communications | 3,194 | 2,458 |
| Data communications | 926 | 952 |
| Internet | 290 | 75 |
| Total | 17,857 | 18,610 |

* Full-time equivalents