

Report on Item 7 of the AGM Agenda

Report by the Management Board of Telekom Austria AG with Regard to the Share Buy-Back Effected, the Number of Treasury Shares Held and the Use of Treasury Shares of the Company Pursuant to Para 65 Sec 3 of the Stock Corporation Act

As we did at the last Annual General Meeting 2005, we report the number of treasury shares acquired since the last Annual General Meeting, the number of treasury shares held and the use of treasury shares pursuant to Para 65 Sec 3 Stock Corporation Act.

At the Annual General Meeting 2005, the Management Board was authorized to acquire treasury bearer or registered treasury shares up to the maximum extent legally permitted, during a period of 18 months from the day of this resolution at a minimum price of Euro 9.00 and a maximum price of Euro 21.00 per share.

At the same Annual General Meeting, the Management Board was further authorized to

- a) use treasury shares to serve stock options granted to employees, directors and members of the Management Board of the company or of an affiliated company;
- b) use treasury shares to serve convertible bonds;
- c) use treasury shares – also abroad – as consideration for the acquisition of enterprises, businesses or parts thereof, or shares of one or more companies;
- d) sell treasury shares in accordance with Para 65 Sec 1b Stock Corporation Act (i) anytime via the stock exchange or via a public offer; (ii) for a period of 5 years from the resolution in any other way permitted by law, also other than via the stock exchange, whereas the Management Board is also entitled to exclude the general purchase opportunity.

The Management Board is further authorized to decrease the share capital of the company according to Para 65 Sec 1 No. 8 last sentence in connection with Para 192 Stock Corporation Act by up to Euro 109,050,000 by withdrawing registered or bearer treasury shares with no par value without further resolution by the Annual General Meeting.

According to this authorization to acquire treasury shares, the Management Board acquired a total of 11,592,817 shares for a total amount of Euro 203,620,435.20 from May 25, 2005 to March 31, 2006 over the stock exchange. This equals approximately 2.3% of the share capital or a proportionate amount of Euro 25,283,813.92.

On March 31, 2006, the company held 20,483,610 treasury shares, which represent approximately 4.1% of the share capital or a proportionate amount of Euro 44,674,753.41. These shares were acquired for a total amount of Euro 306,211,649.36.

We will report the current status of treasury shares held at the Annual General Meeting.

Vienna, April, 2006

The Management Board