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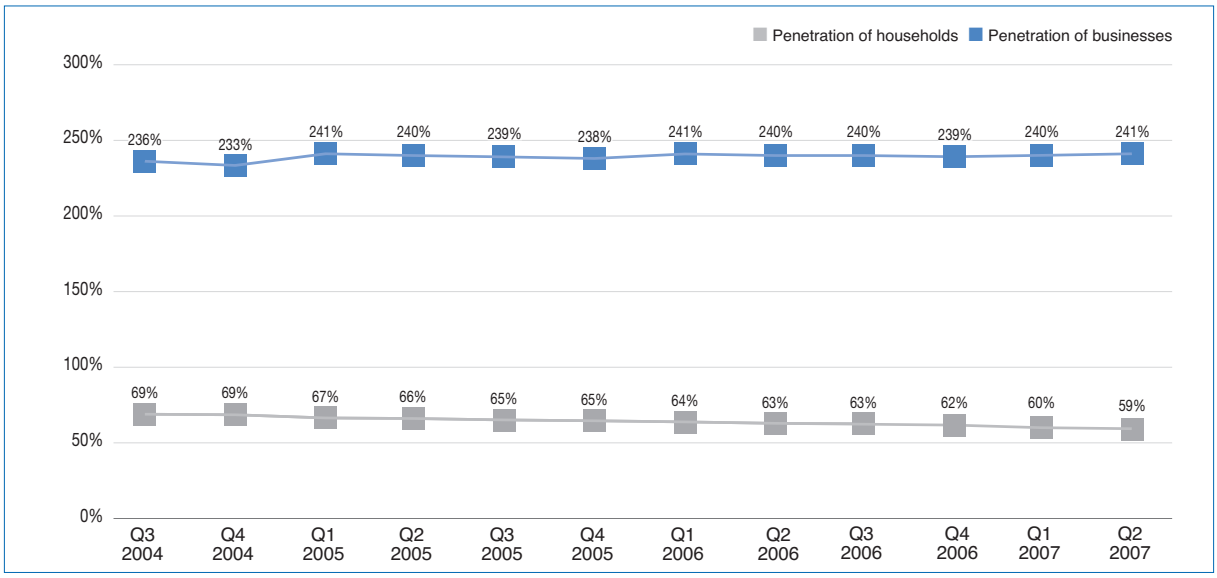
Section 1 | Fixed-link network

Fixed-link penetration

FIXED-LINK PENETRATION REMAINS STABLE AMONG BUSINESS CUSTOMERS

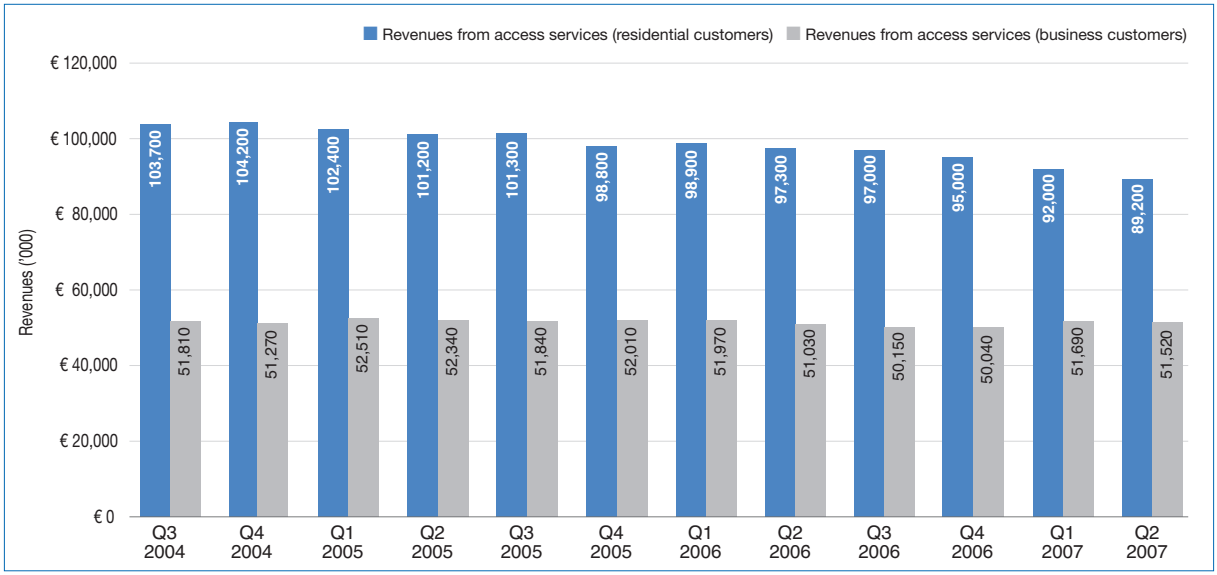


The chart shows fixed-link penetration rates in private households and businesses.
The higher penetration rate among businesses is explained by the fact that companies each generally have a larger number of fixed-link lines.

- The slightly declining trend in the penetration rate of the private household sector is confirmed by the data from Q2 2007: The penetration rate decreased from 62.9% in Q2 2006 to 58.9% in Q2 2007.
- In the business sector, the developments indicate continued stability.
- The growing trend toward substitution by mobile telephony has been decelerated or cushioned by the increase in residential broadband xDSL lines. Due to the generally higher level of broadband penetration, we can expect figures to approach a "base level" in the medium term. In the case of businesses, penetration is expected to level off at far higher rates in the future.

Retail revenues from access services

INCREASE AMONG BUSINESS CUSTOMERS



Retail revenues from access services include periodic base fees and setup charges.

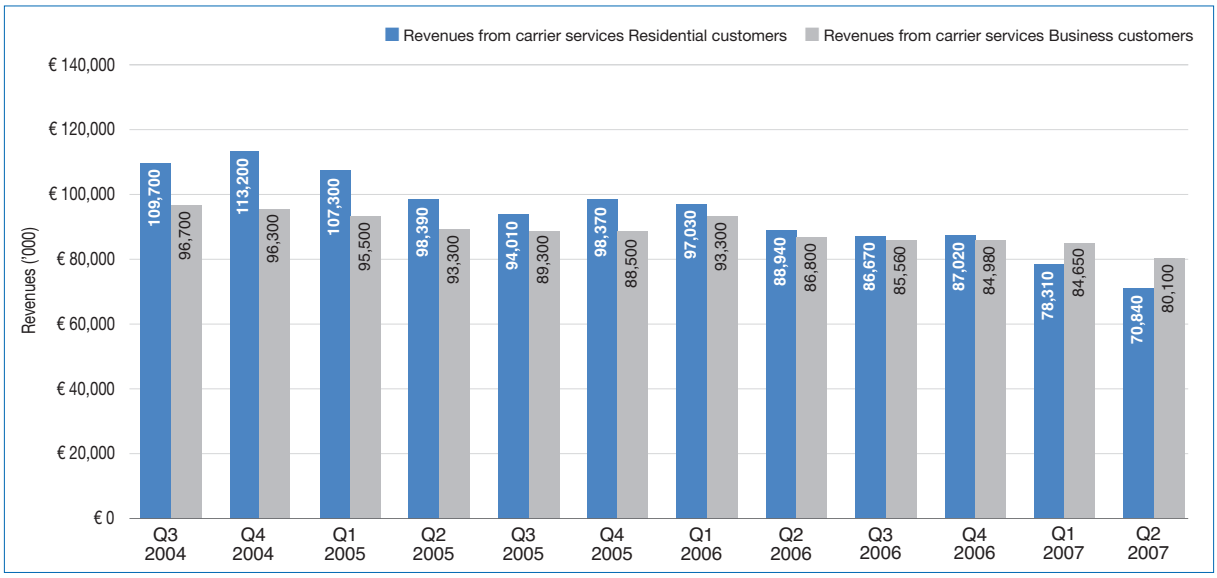
Periodic base fees refer to revenues which are earned periodically and do not depend on the actual use of the subscriber line.

Setup charges for subscriber lines include revenues earned from the setup, transfer and disconnection of subscriber lines for voice telephony.

- Compared to the previous quarter, revenues from access services fell by some 2.7% in the residential segment and by approximately 0.3% in the business segment.
- The share of revenues which can be attributed to business customers increased from about 34.4% in Q1 2006 to approximately 36.6% in Q2 2007.
- However, the residential segment has also seen a decline in revenues, which quickened in the first half of 2007. One reason for this accelerated decline in the first half of the year can be found in the broadband products launched by mobile operators during that period.

Retail revenues from carrier services

BUSINESS CUSTOMERS AHEAD OF RESIDENTIAL SEGMENT



Retail revenues from carrier services are based on call minutes.

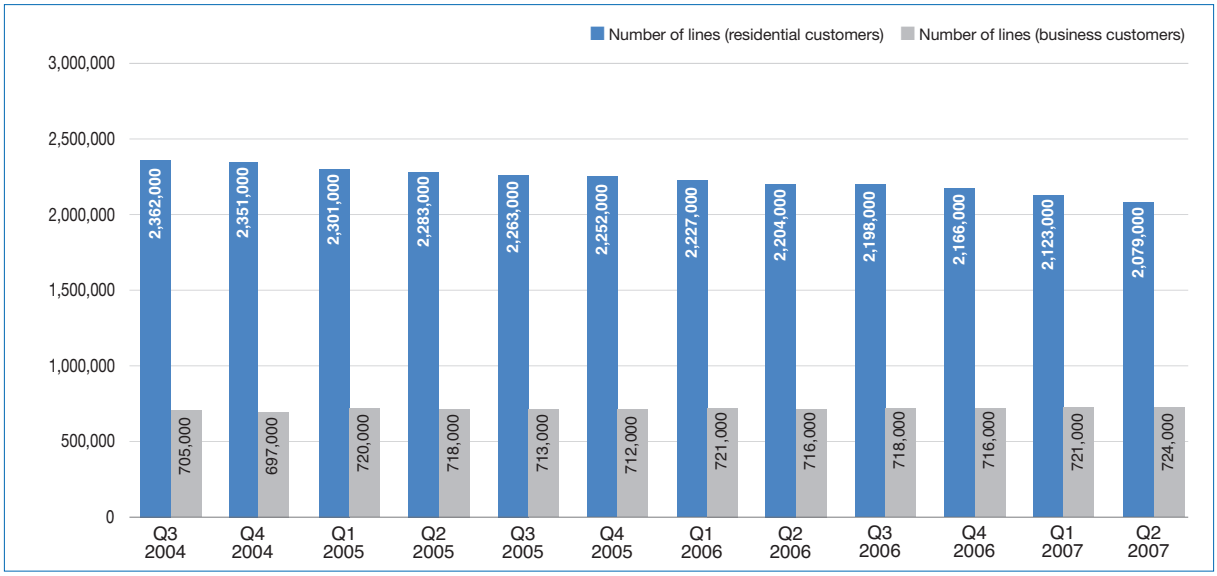
The revenues shown include retail fees charged by operators for calls to the domestic fixed-link network, domestic mobile networks, international destinations, online services and service numbers.

The corresponding wholesale revenues are not included.

- If we compare the aggregate revenues from carrier services in the two customer segments for the year 2007 with the corresponding figures from the previous year, revenues declined by 9.6% in the residential customer segment and by 4.3% in the business customer segment. Therefore, the decline was not as sharp compared to the one in the 2004-2005 period.
- In the first half of 2007, these decreases only came to 19.8% for residential customers and 8.5% for business customers compared to the reference period. These developments are generally more pronounced than in the case of access services, which strongly suggests that competitive impulses from the mobile sector have a far stronger effect on carrier services.
- The trend toward substitution using broadband services (Voice over Internet – VoI) is becoming increasingly noticeable for certain call destinations (e.g., international calls). Especially in the case of residential customers, the rapid decline in revenues in recent years can be attributed to the plummeting significance of narrowband Internet dial-up services. This development is closely linked to the increase in broadband penetration in recent years, and the significance of narrowband Internet traffic is expected to become negligible in the medium term.

Number of fixed-link lines

SLIGHT DECREASE IN NUMBER OF LINES



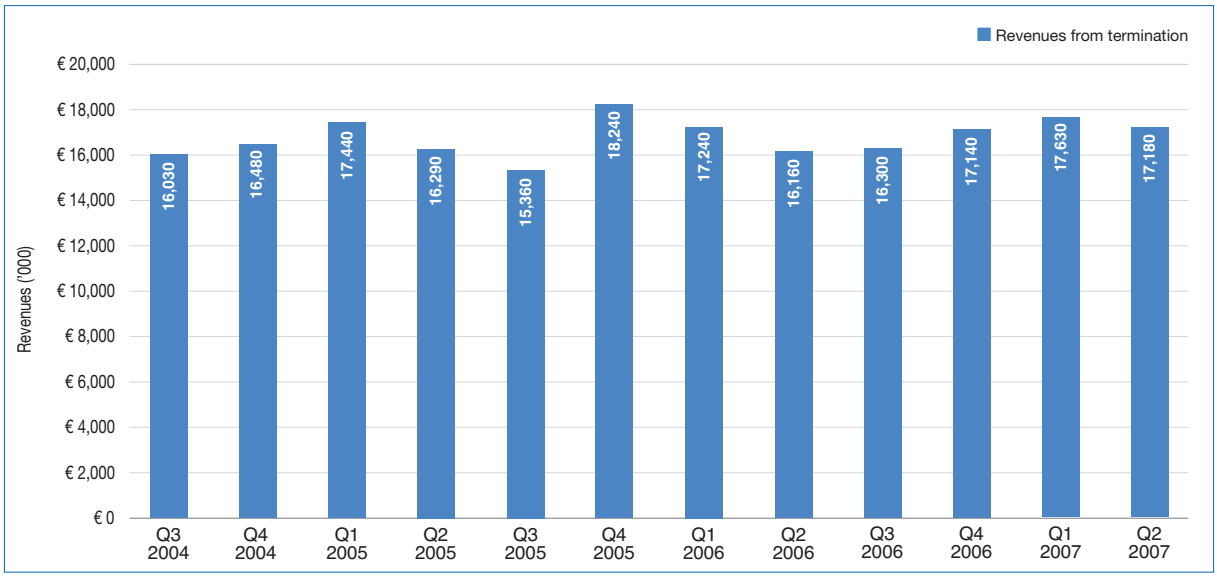
This chart indicates the overall number of fixed-link lines without accounting for the underlying infrastructure (e.g., [own] copper-wire pairs, coaxial cable, leased lines, fiber).

The figures shown assign equal weight to POTS (plain old telephone service), ISDN and multi-ISDN lines.

- The decline continued in both the residential and business segments in Q2 2007. In the first half of 2007, this trend intensified slightly in the residential segment.
- While the number of subscriber lines has remained relatively stable among business customers, a noticeable decline – approximately 2.1% compared to the previous quarter – can be observed among residential customers.

Revenues from termination

CONSPICUOUS SEASONAL FLUCTUATIONS

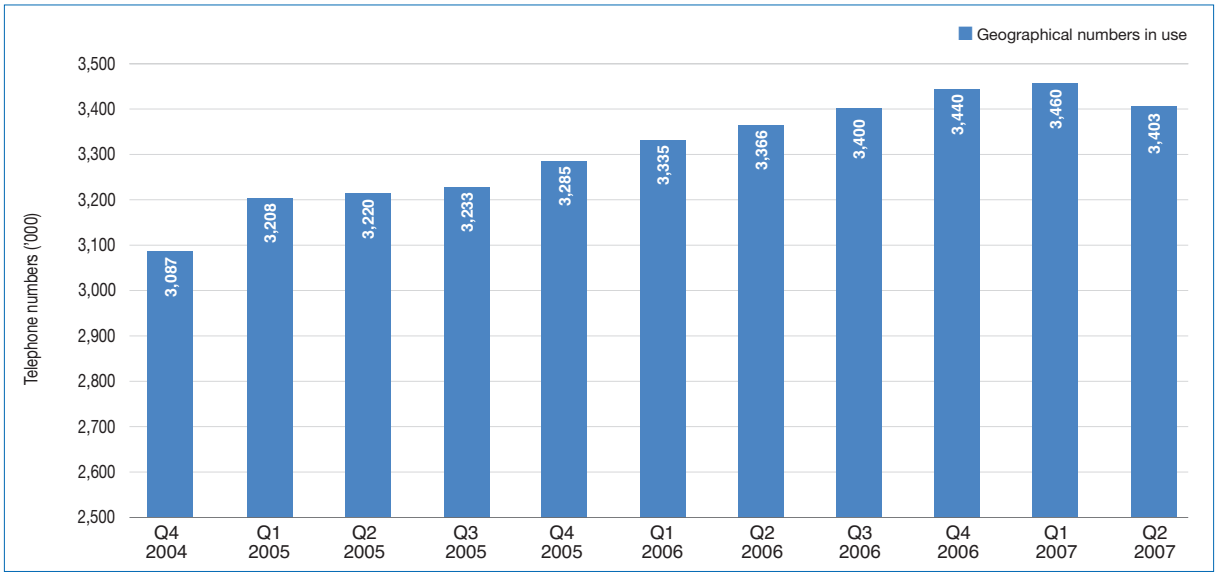


Revenues are earned in this area when a network operator routes a call from an external network to a subscriber connected to its own network. The service of termination is not provided for (or charged to) retail customers, but for other network operators at the wholesale level.

- Termination revenues are subject to fairly large seasonal fluctuations.
- Termination revenues reached a high of approximately EUR 18.2 million in Q4 2005. In Q2 2007, these revenues came to about EUR 17.2 million, thus showing an increase of approximately 6.3% compared to the same quarter in the previous year despite substantial declines in the number of subscriber lines (see page 6) and in the number of active call minutes in the fixed-link network (see page 28). However, the data does not reveal a clear trend over the last few years.

Geographical telephone numbers

➡ DECLINING TREND

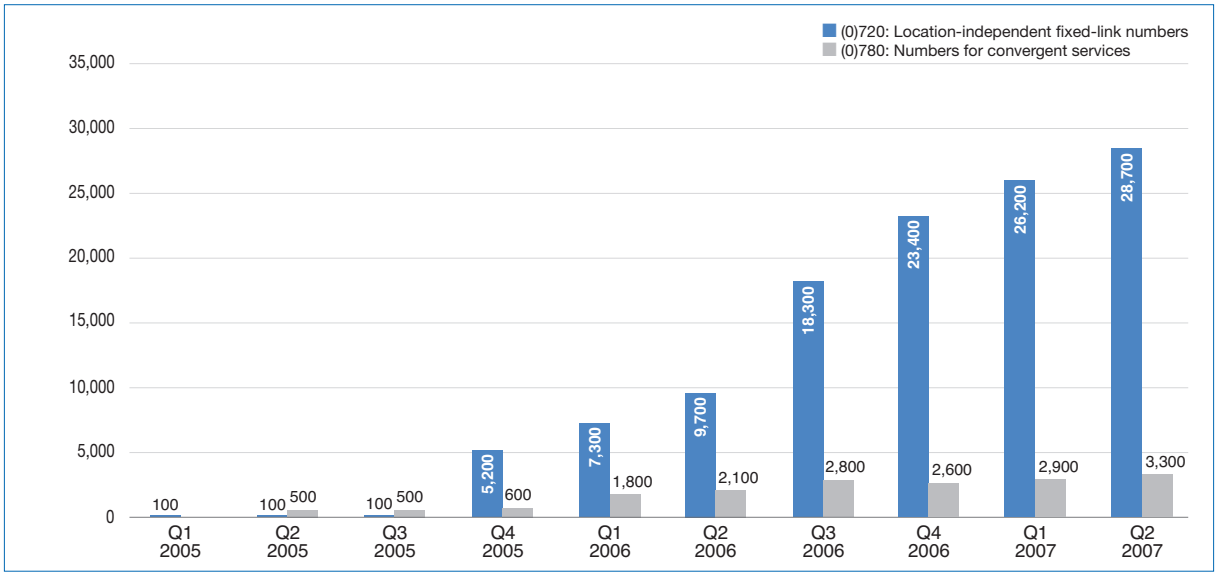


Geographical numbers refer to domestic telephone numbers for the purpose of addressing of fixed physical network termination points (generally fixed-link lines) assigned to local networks as well as providing public telephone services in fixed-link networks. As one line can be assigned multiple numbers, the number of geographical numbers is not identical to the number of fixed-link subscriber lines.

- In contrast to the number of fixed-link lines, the number of geographical numbers in use rose slightly in the period leading up to Q1 2007.
- The number of geographical numbers only began to decline in Q2 2007.

Location-independent fixed-link telephone numbers and numbers for convergent services

RAPID GROWTH



Location-independent fixed-link telephone numbers in the (0)720 range refer to domestic numbers which serve to address subscribers in connection with telephone services that enable them to retain their telephone number regardless of their location.

Services offered in addition to public telephone services are also permitted in this range.

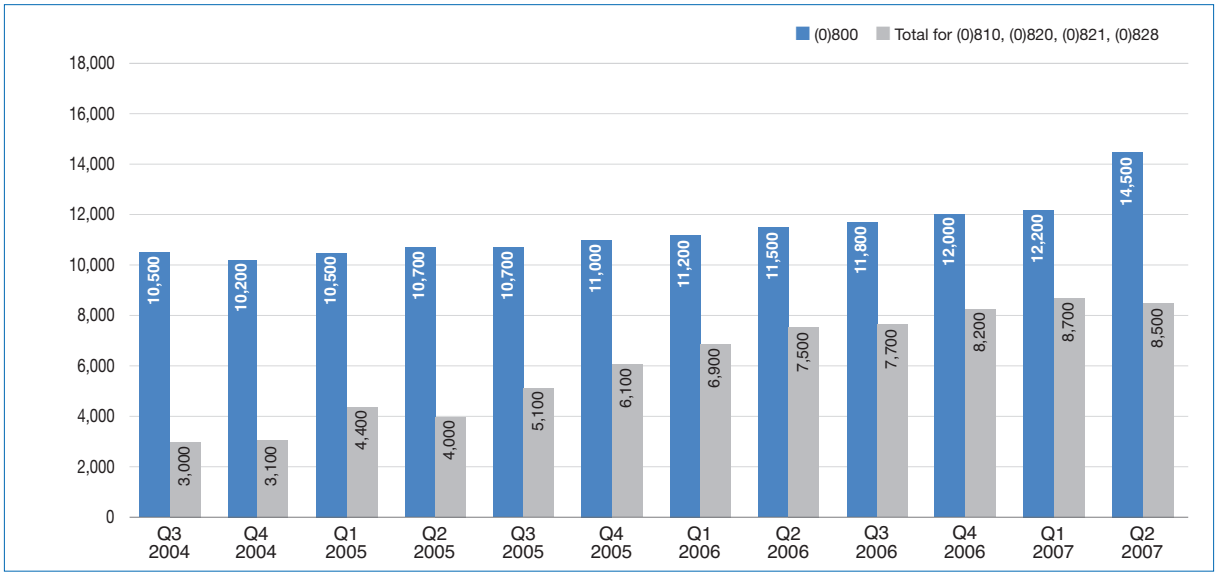
Telephone numbers in the (0)780 range are intended for convergent services. An ENUM entry is compulsory for each number in this range. The ENUM system makes it possible to assign telephone numbers to unique Internet domain names.

These number ranges were introduced in mid-2004 by the Communication Parameters, Fees and Value-Added Services Ordinance (KEM-V). As a result, initial data on the use of these numbers has only been available since Q1 2005.

- As shown in the figure above, the use of location-independent fixed-link telephone numbers and numbers for convergent services has increased sharply in the last year. This can be attributed mainly to the use of these numbers in connection with VoIP services.
- Location-independent fixed-link telephone numbers and numbers for convergent services saw heady growth in Q2 2007. Compared to the previous quarter, the number of telephone numbers in use in the (0)720 range rose by approximately 9%, while numbers in the (0)780 range rose by about 13%.

Service numbers – (0)800, (0)810, (0)820, (0)821, (0)828 number ranges

GROWTH IN (0)800 RANGE



This section mainly provides an overview of the use of toll-free services and services with regulated maximum prices.

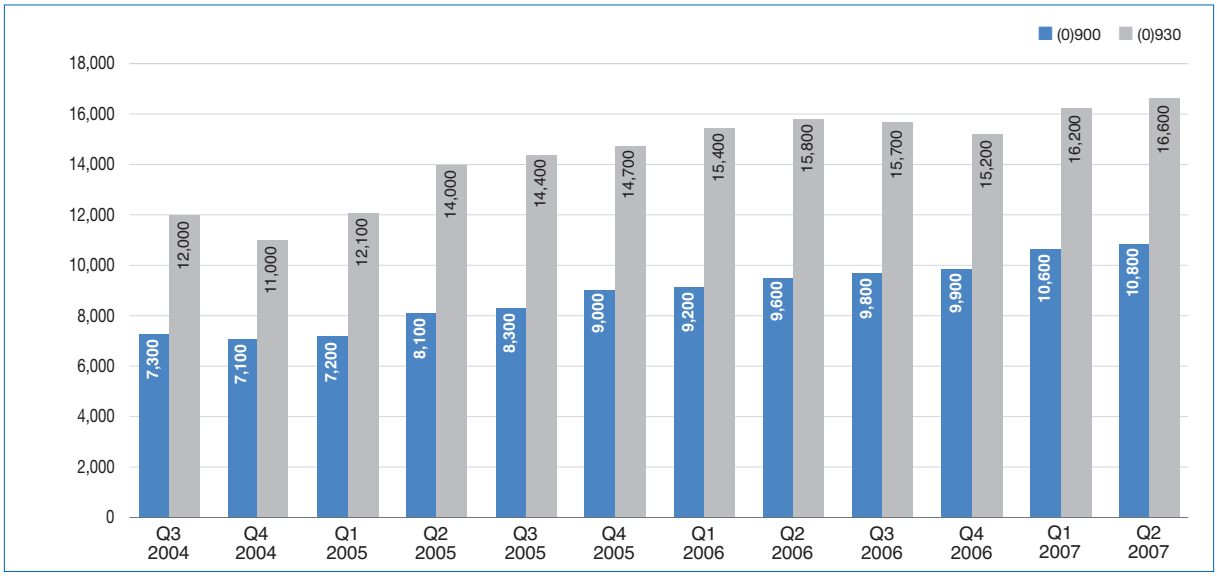
The chart above depicts the following number ranges:

(0)800 range: toll-free services
(0)810 range: max. EUR 0.10 per minute or text message
(0)820 range: max. EUR 0.20 per minute or text message
(0)821 range: max. EUR 0.20 per minute or text message
(0)828 range: text messages only; standard text message charges

- The number of service numbers in use shows an increasing trend in nearly all number ranges.
- In Q2 2007, the number of (0)800 numbers in use exceeded 14,500. Compared to the previous quarter, growth was approximately 18%. This sudden increase can be attributed to the market entry of a new communications service operator specializing in numbers in this range.
- The (0)810, (0)820, (0)821 and (0)828 ranges showed even higher growth rates until Q1 2007: Between the end of 2005 and the end of 2006, growth of more than 36% was recorded in those number ranges. However, in Q2 2007 the number declined by 2.7% compared to the previous quarter.

Service numbers – (0)900, (0)930 number ranges

➡ SLIGHT INCREASE



Service numbers in the (0)900 and (0)930 ranges refer to telephone numbers for value-added services without price regulations.

The chart above depicts the following number ranges:

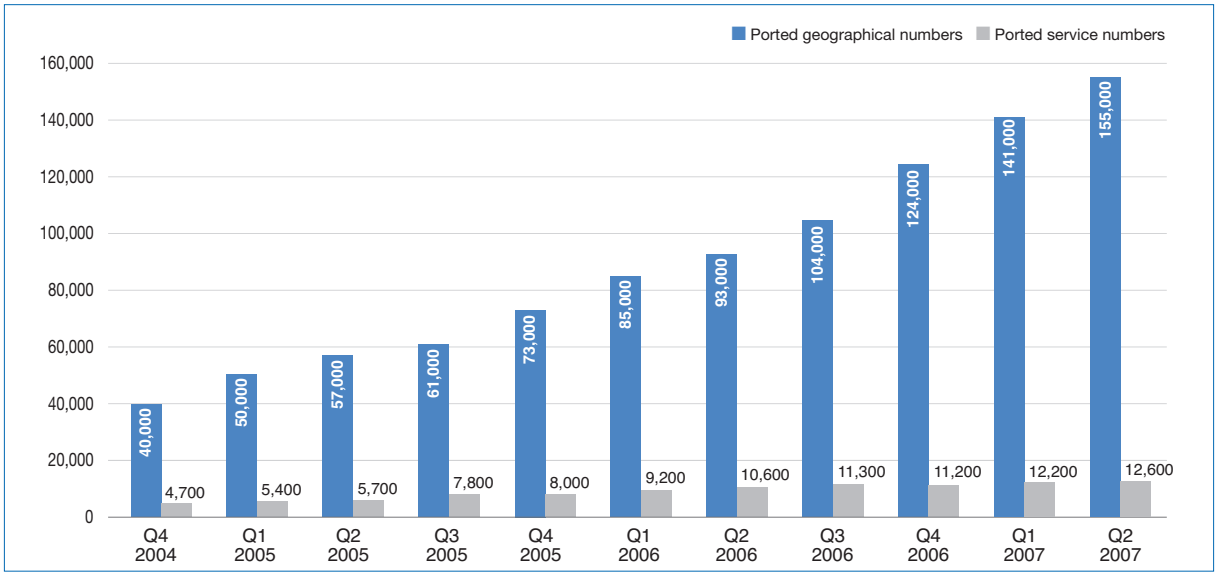
(0)900 range: max. EUR 3.64 per minute or max. EUR 10.00 per text message

(0)930 range: EUR 3.64 per minute or max. EUR 10.00 per text message; erotic hotlines

■ In Q2 2007, numbers in both the (0)900 and (0)930 ranges climbed once again. In that quarter, these service numbers totaled 16,605 in the (0)930 range and 10,831 in the (0)900 range. Therefore, growth in the two number ranges was approximately 2.5% compared to the previous quarter.

Number of geographical numbers and service numbers ported

RAPID GROWTH IN PORTED GEOGRAPHICAL NUMBERS



Number porting allows retail customers to retain their telephone numbers when they switch communications service providers.

This means that customers can keep their original geographical telephone number (within the same local area code) when they switch to a new telephone service provider.

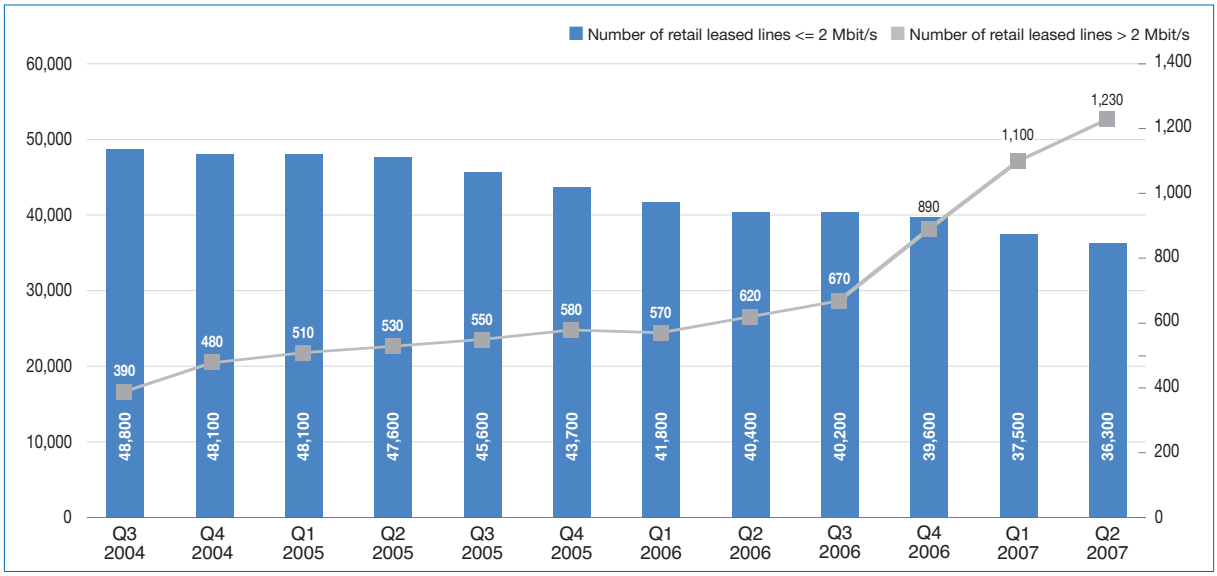
The chart shows the total number of geographical numbers and service numbers ported.

- The number of geographical numbers ported has continued to increase sharply each quarter. Compared to the previous quarter, growth in Q2 2007 came to approximately 9.4%. This can be attributed in part to growth the area of unbundled lines.
- The number of ported service numbers decreased for the first time in Q4 2006. However, in Q2 2007 the number increased by 3.3% compared to the previous quarter.

Section 2 | Leased lines

Number of domestic retail leased lines

INCREASING DEMAND FOR HIGH DATA RATES



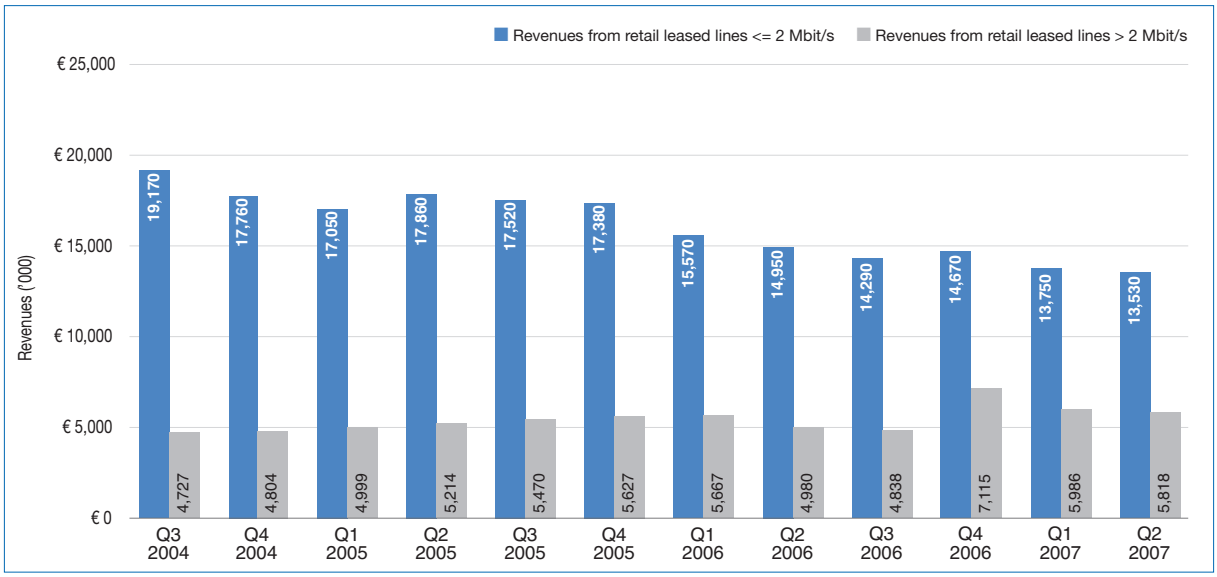
Retail leased lines are those which are not provided for communications network operators or communications service providers (i.e., holders of general licensing approvals).

As regards data transmission rates, a distinction is drawn between <= 2 Mbit/s and > 2 Mbit/s lines. 64 kbit/s equivalents are a unit of measure calculated by comparing the usable bit rate of an actual leased line (as sold to the customer) to a data rate of 64 kbit/s.

- The continuous decline in leased lines up to and including 2 Mbit/s has been partly offset by substantial growth in leased lines with higher data rates (> 2 Mbit/s). Compared to the previous quarter, the number of leased lines with a capacity of more than 2 Mbit/s rose by approximately 10%.
- The total number of domestic retail leased lines across all bandwidths still shows a declining trend. Despite this development, the total leased capacity (not shown) has increased due to the continued trend toward higher bandwidths.

Revenues from domestic retail leased lines

SEASONAL FLUCTUATIONS

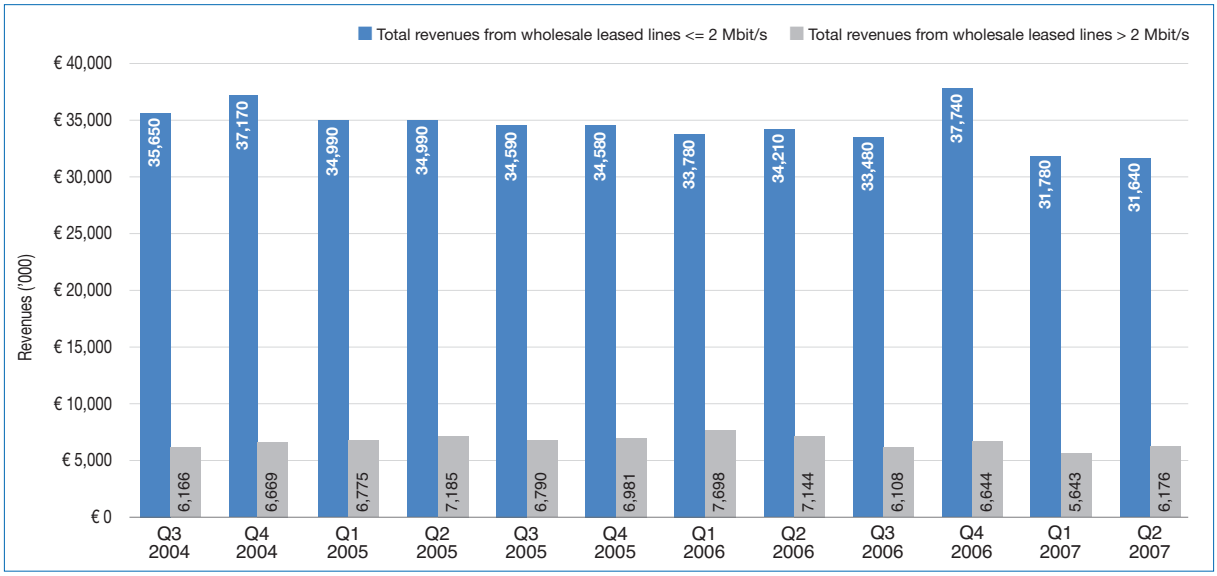


The chart shows the revenues earned from domestic retail leased lines.
As in the previous chart, a distinction between <= 2 Mbit/s and > 2 Mbit/s lines is also drawn in this context.

- Quarterly revenues from domestic retail leased lines <= 2 Mbit/s fell by approximately 9.5% year on year, while revenues from leased lines > 2 Mbit/s rose by nearly 17%. This also reflects the tendency toward higher bandwidths at the retail level.
- Fluctuating revenues from leased lines can increasingly be attributed to project-based business arrangements. This can lead to irregular payment streams, for example in the annual settlement of accounts and one-off payments upon conclusion of a contract.

Revenues from domestic wholesale leased lines

DECLINING REVENUES FOR BANDWIDTHS <= 2 Mbit/s



Wholesale leased lines are those which are provided for communications network operators or communications service providers (i.e., holders of general licensing approvals).

In the context of domestic wholesale leased lines, a distinction is drawn between terminating segments and trunk segments.

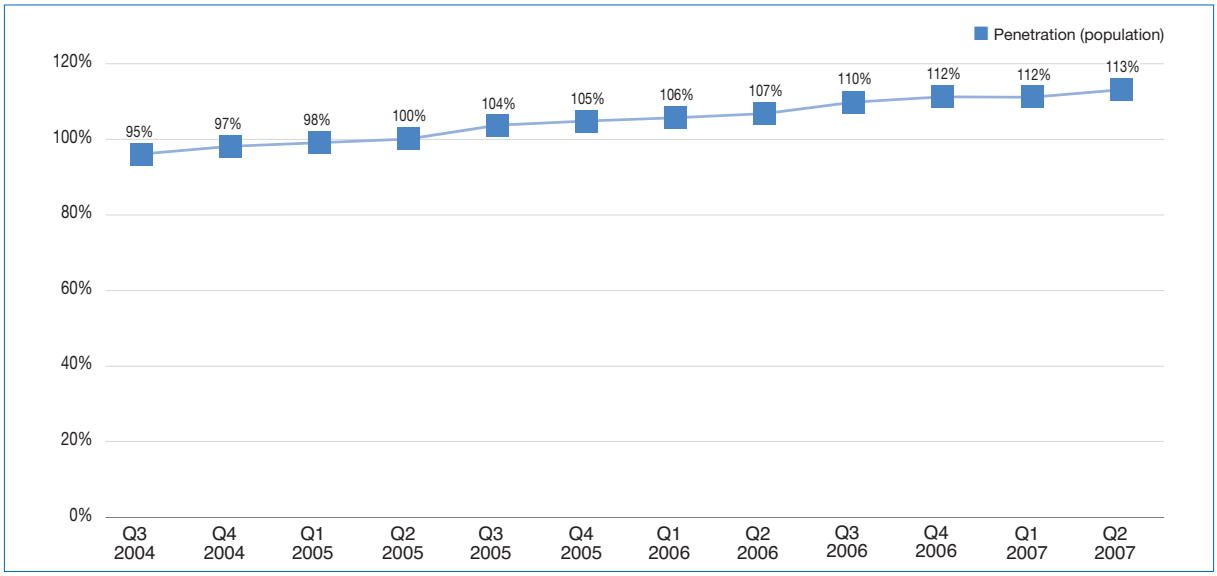
The chart shows the total revenues from trunk segments and terminating segments, broken down into <= 2 Mbit/s and > 2Mbit/s leased lines.

- Despite an increase toward the end of the year, overall revenues in 2006 showed a slight decline compared to 2005. Therefore, the decrease in revenues from leased lines <= 2Mbit/s observed in Q2 2007 is in line with the overall trend. At the same time, however, revenues in the > 2 Mbit/s range have remained relatively stable. The upward trend recorded on the retail market can not be observed in this area.
- In the current quarter, revenues at the wholesale level have remained at the same approximate level as in the previous quarter.

Section 3 | Mobile communications

Mobile penetration

SLOWER GROWTH

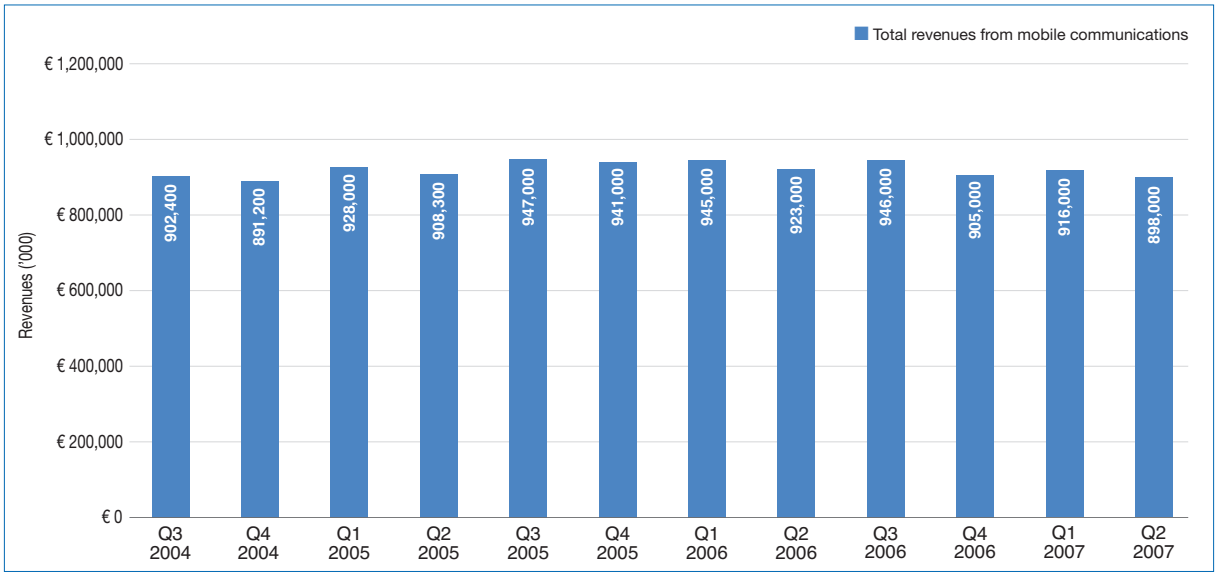


The mobile penetration rate is calculated as the number of activated SIM cards divided by population.

- In October 2006, the EU-25 average came to 103% (source: 12th Implementation Report of the European Commission), while the figure for Austria was just under 110% for the same period. Austria surpassed the 100% mark in mobile penetration during the year 2005 and continued on this course of growth without interruption in 2006.
- In Q2 2007, mobile penetration in Austria came to approximately 113%.

Total revenues from mobile communications

SLIGHT DECREASE IN MOBILE REVENUES IN 2006



The total revenues from mobile communications in the figure above include revenues at both the wholesale and retail levels.

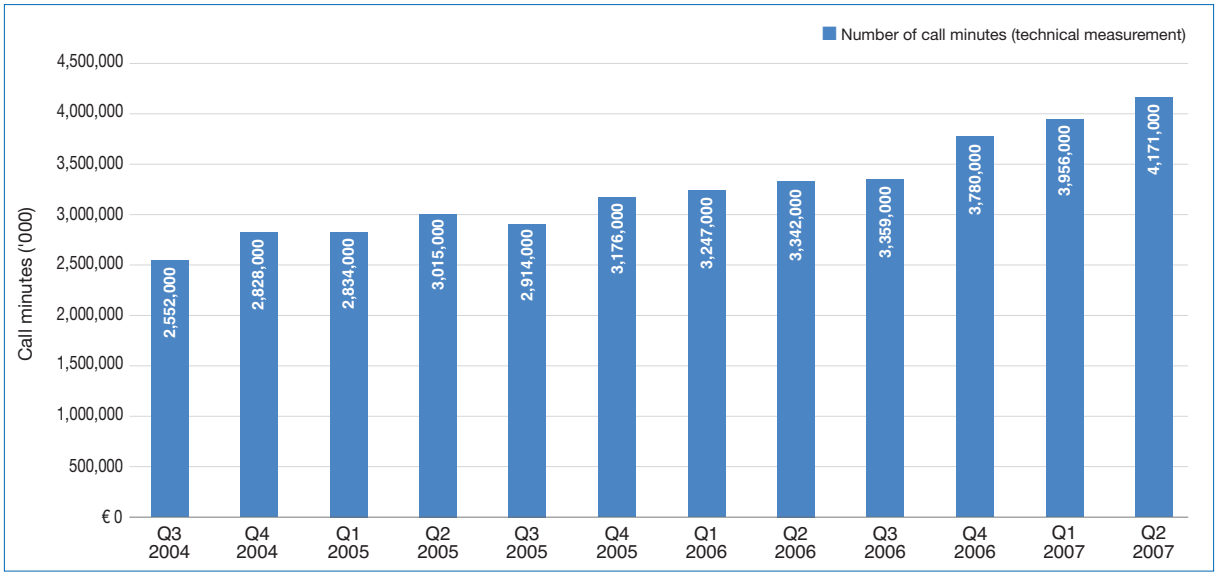
Wholesale revenues: Termination, origination, international roaming, national roaming, sale of airtime to resellers.

Retail revenues: Connection fees for voice calls, periodic base fees, activation fees, text messaging fees, fees for data services and value-added data services, fees for special coverage obligations and fees pursuant to the Telecommunications Fee Subsidies Act, and miscellaneous fees.

- In 2006, overall revenues in the mobile sector dropped by about 0.14% compared to the previous year.
- In Q2 2007, mobile revenues came to approximately EUR 898 million, which represents a decline of approximately 2.6% compared to the same quarter in the previous year.
- There are two reasons behind this decrease in revenues: First, the decline can be attributed to reductions in termination fees. Second, the increases in text message services and call minutes accompanying this decline clearly point to rate reductions at the retail level.

Call minutes on the retail market

RAPID GROWTH CONTINUES



The chart above provides an overview of technically measured call minutes. These minutes refer to the actual time retail customers spent talking on their mobile phones.

In contrast, billed call minutes refer to the number of call minutes charged to retail customers.

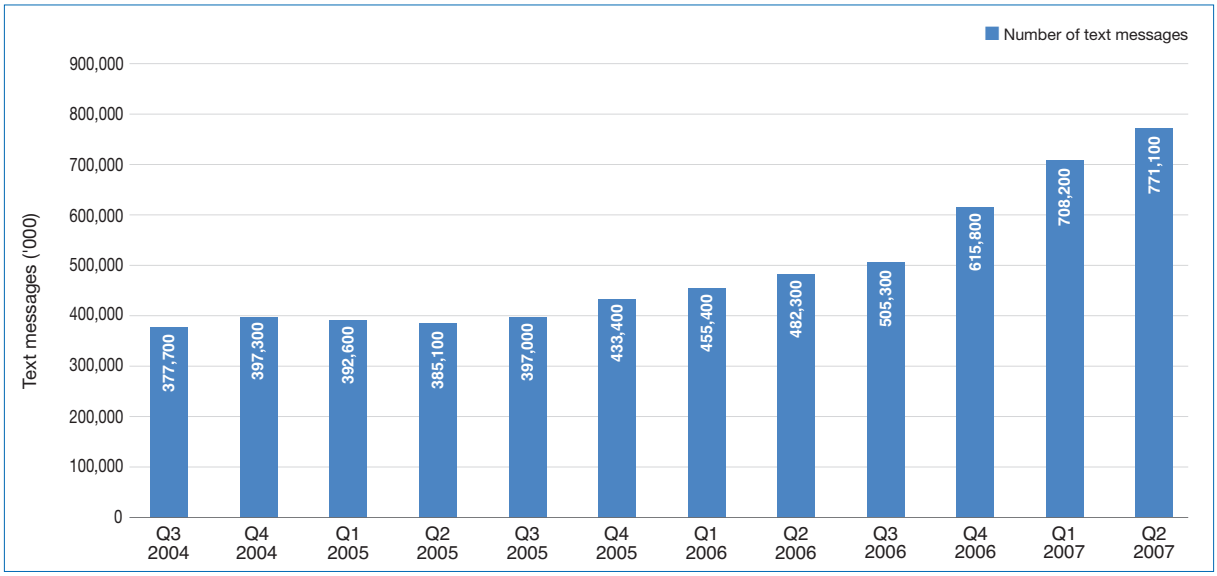
The main factors accounting for the difference between these two figures are the number of free minutes included in the periodic base fee and the pulse rate used for calls.

The chart above only includes voice services (i.e., no data services, video telephony, etc.).

- In the years under review, we can identify substantial cyclical fluctuations with a peak in Q4 of each year; these fluctuations can be attributed mainly to increased demand for communications services at the end of the year.
- While revenues in the mobile sector have been declining slightly, technical call minutes have continued to show significant increases.
- In the quarters under review, growth rates averaged 16% compared to the corresponding quarters in the previous year.
- Strong growth was also recorded in Q2 2007. Technical call minutes on the retail market increased by nearly 25% (compared to the same quarter in 2006) to some EUR 4.171 billion. This increase was the most drastic in the entire observation period.
- In the first two quarters of 2007, mobile customers used over 60% more call minutes than in the same period in 2004. The reason for this sharp increase in call volumes can be found in the new pricing policies of mobile operators, which are now offering more flat-rate packages (also for calls to other networks).

Number of text messages

NUMBER OF TEXT MESSAGES CONTINUES TO CLIMB



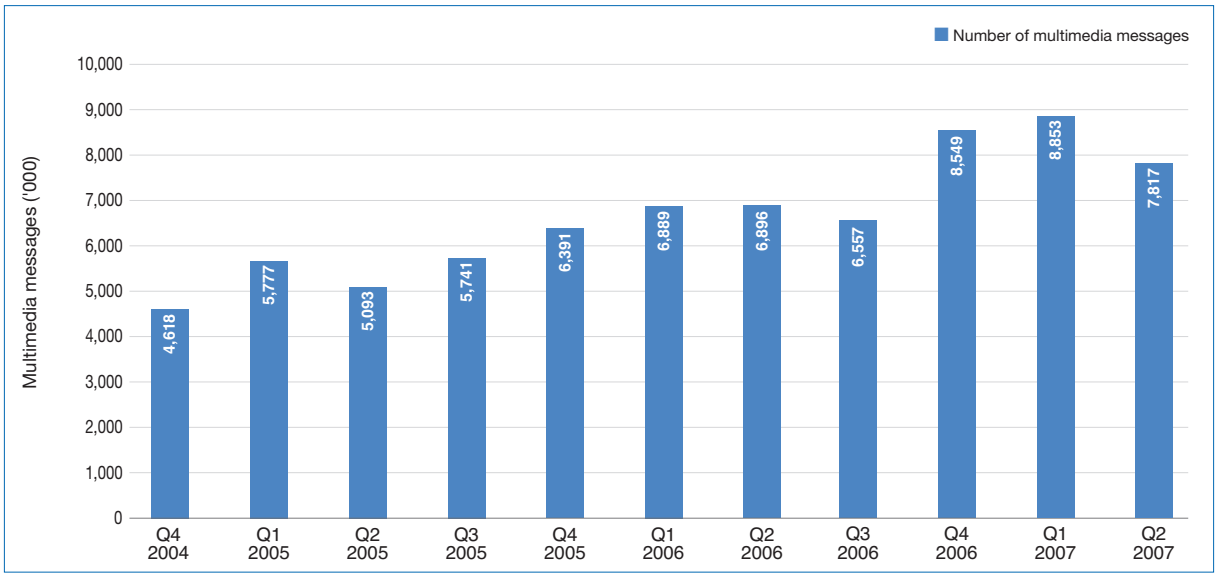
The values in the chart include all text messages sent in each quarter, including value-added text messaging services (technical measurement).

As in the case of call minutes, the term "technical measurement" means that the charts also include text messages which are not charged directly to the retail customer (e.g., text messages included in the periodic base fee). MMS messages are not included.

- Until Q4 2005, growth rates in text messaging (compared to the same quarter in the previous year) were significantly lower than those observed in call minutes. At the beginning of 2006, this development was reversed: since that time, the use of text messaging services has increased far more substantially than that of voice telephony services. In the first two quarters of 2007, 57.8% more text messages were sent than in the same period in 2006, and nearly 90% more text messages were sent in comparison to the same period in 2004. As in the case of call minutes, the main reason for this sharp increase in recent quarters is the introduction of flat-rate packages for text messaging.
- The number of text messages continued to rise in Q2 2007, with more than 770 million messages sent during that period.

Number of multimedia messages

SEASONAL FLUCTUATIONS IN MMS USAGE



The values in the chart include all multimedia messages sent in each quarter, including value-added multimedia messaging services (technical measurement).

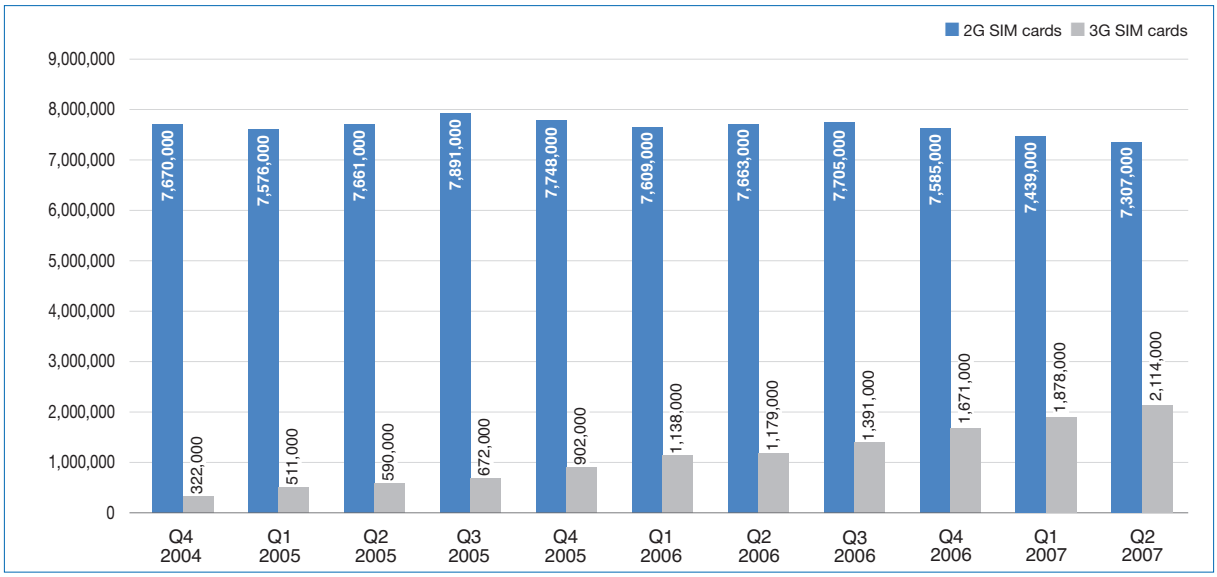
As in the case of call minutes, the term "technical measurement" means that the charts also include multimedia messages which are not charged directly to the retail customer (e.g., messages included in the periodic base fee).

SMS messages are not included.

- The number of multimedia messages declined between Q1 and Q2 2007. However, compared to the same quarter in the previous year, this number increased by approximately 13%, reaching a total of approximately 7,820,000 in the second quarter.

Number of SIM cards in use

3G (UMTS) CONTINUES TO GROW



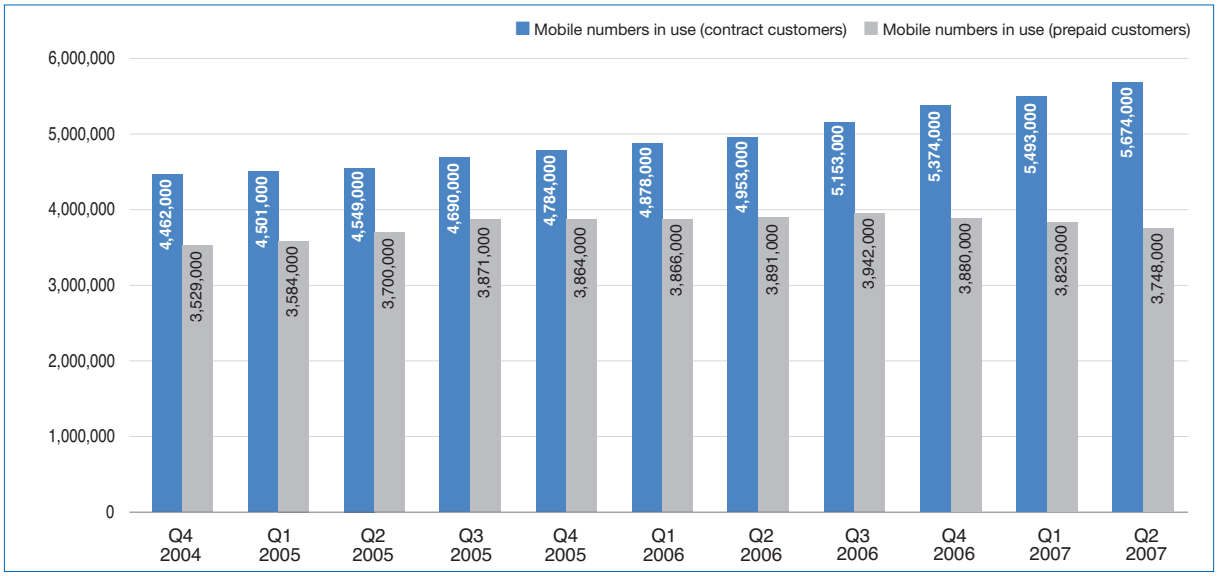
The chart above shows the number of SIM cards activated and in use, broken down into 2G (GSM) and 3G (UMTS) SIM cards.

The number of SIM cards in use is not necessarily the same as the number of subscriber numbers in use, as multiple numbers may be assigned to one SIM card; conversely, multiple SIM cards may also be assigned to the same number.

- Once again, the number of 3G-compatible SIM cards (UMTS) in use increased substantially in Q2 2007. This can be attributed at least in part to the fact that some operators are now only issuing 3G-compatible SIM cards, even in cases where the customer only uses 2G (GSM) services.
- In this area, the increase came to approximately 13% compared to the previous quarter.
- The number of 2G-compatible SIM cards shows a slightly downward trend. Compared to the previous quarter, Q2 2007 saw a decline of approximately 1.8%.

Number of mobile numbers in use

CONTINUED GROWTH AMONG CONTRACT CUSTOMERS

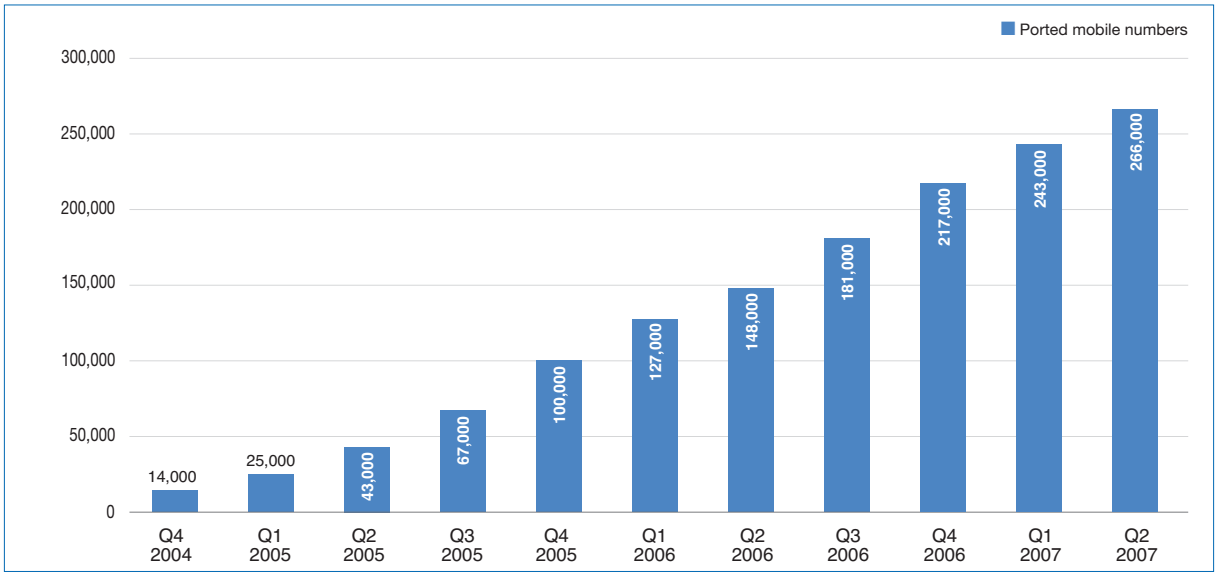


The chart above shows the number of subscriber numbers in use, broken down into contract customers and prepaid customers.

- There are far more contract customers than prepaid customers in Austria.
- In Q2 2007, the number of prepaid subscriber numbers in use declined once again, this time by approximately 2% compared to the previous quarter.
- Contract subscriber numbers showed an increase of approximately 3.3% compared to the previous quarter.
- In 2006, the overall number of mobile numbers in use increased by 7% compared to 2005.

Number of mobile numbers ported (cumulative)

NUMBER PORTING DOUBLED WITHIN ONE YEAR



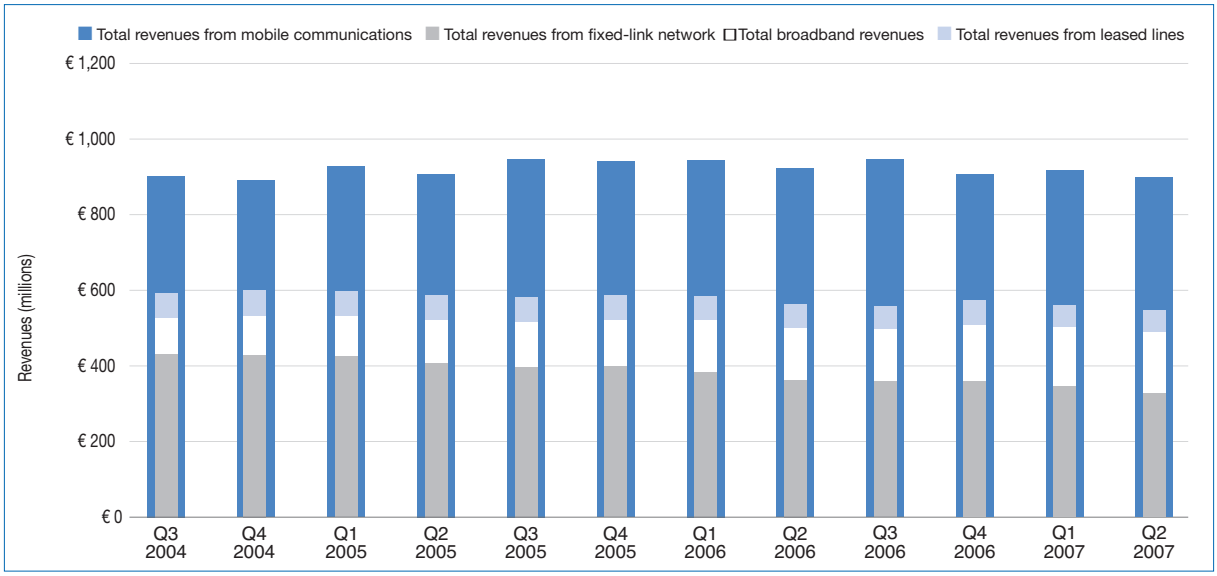
The chart above shows the total number of cases in which mobile numbers have been ported (number of imports) since mobile number portability (MNP) was introduced in October 2004.

- At the end of 2005, the cumulative total of numbers ported surpassed the 100,000 mark.
- In Q1 2007, this figure nearly reached 266,000.

Section 4
Comparisons of fixed-link and mobile networks

Total revenues in the fixed-link, mobile, broadband and leased line sectors

➡ SLIGHT DECLINE IN MOBILE SECTOR



The revenues in the chart above include the following:

Fixed-link network: Revenues from residential and non-residential customers as well as public pay telephones, retail revenues from periodic base fees, setup charges and connection fees, wholesale revenues from origination, termination, transit, revenues from additional services and other fees, remuneration pursuant to the Telecommunications Fee Subsidies Act and remuneration for special coverage obligations;

Broadband: Retail revenues from periodic base fees, setup charges and volume-based charges, wholesale revenues from setup charges, ongoing charges and volume-based charges;

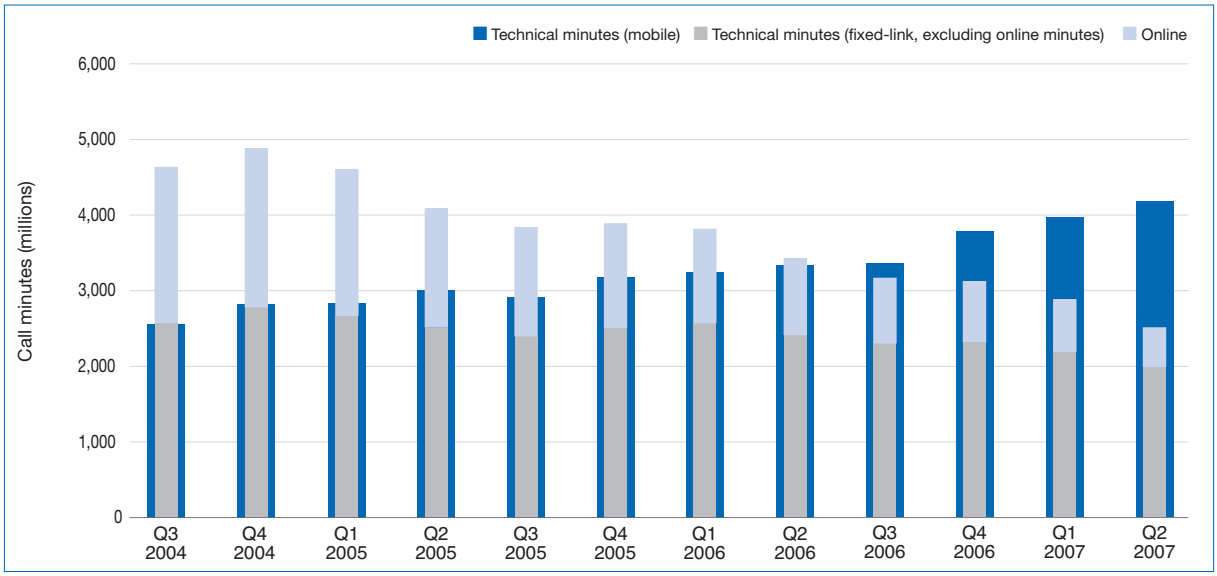
Leased lines: Retail revenues from periodic base fees and setup charges for domestic retail leased lines, wholesale revenues from periodic base fees and setup charges for terminating and trunk segments;

Mobile communications: Retail revenues from periodic base fees, activation fees, connection fees and data services, remuneration for special coverage obligations and remuneration pursuant to the Telecommunications Fee Subsidies Act, wholesale revenues from termination, origination, international roaming, national roaming, sale of airtime to resellers.

- In Q4 2006, fixed-link network revenues equaled nearly 40% of mobile revenues; in Q2 2007, this proportion fell below 37%.
- Revenues in the mobile sector as well as the fixed-link sector (not including leased lines and broadband) continue to decline slowly but steadily.
- In 2006, revenues in the broadband sector rose by more than 21% compared to 2005. In Q2 2007, the broadband sector showed a slightly increasing trend, with growth coming to 2.2% compared to the previous quarter.
- Between 2005 and 2006, total revenues (i.e., retail and wholesale revenues in all areas) fell by approximately 1.3%. The reasons for this decline in revenues include rate reductions in the mobile sector (visible in the increasing quantities of call minutes and text messages accompanied by a decline in revenues) and the reduction of termination fees.

Technical minutes in fixed-link and mobile networks

MOBILE SECTOR INCREASES EDGE OVER FIXED-LINK NETWORKS



The call minutes in the chart above include the following:

Fixed-link network: Call minutes to the domestic fixed-link network, domestic mobile networks, international destinations, service numbers and directory assistance services as well as online services;

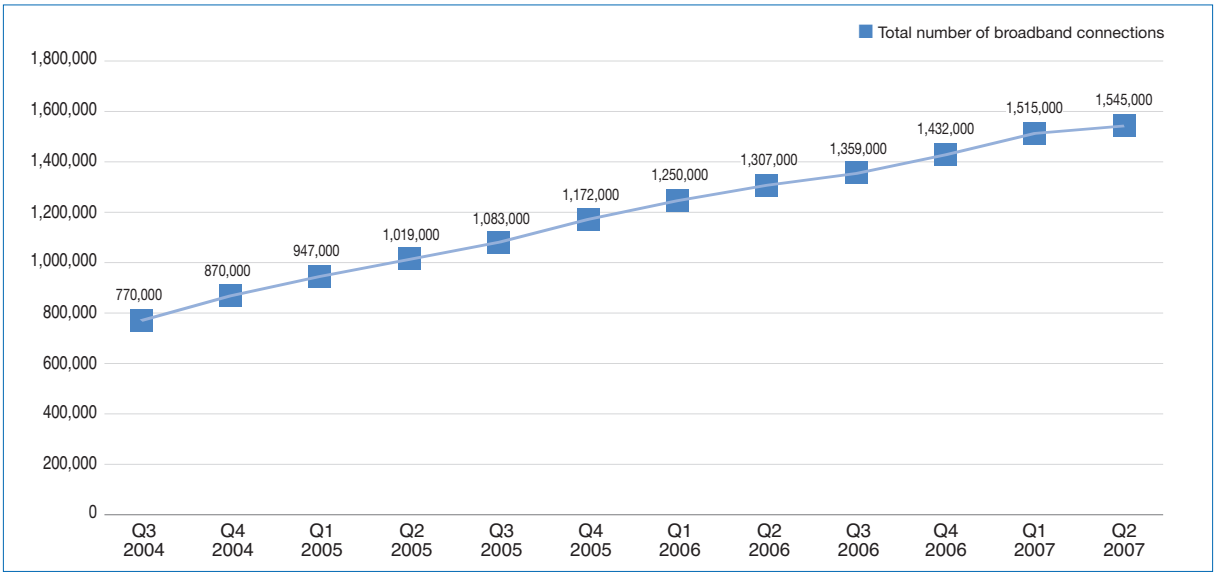
Mobile communications: Call minutes to the domestic fixed-link network, domestic mobile networks, international numbers, service numbers and directory assistance services.

- Technical call minutes in fixed-link and mobile networks are subject to seasonal fluctuations, and the overall number of voice call minutes shows an upward trend.
- In terms of call minutes, the mobile sector overtook the fixed-link networks by a slight margin at the end of 2004. In Q2 2007, the number of call minutes in mobile networks was nearly twice as high as in fixed-link networks. The trend in the total number of voice minutes continues to point upward (due to strong growth in minutes in the mobile sector).
- At the end of 2004, the number of call minutes to online services (dial-up Internet services) was approximately the same as the total remaining voice telephony minutes in fixed-link networks (call minutes to the fixed-link network, mobile networks, international calls, etc.), but this figure declined substantially in the year 2005. This development can be attributed to heady growth in the number of broadband connections.
- In Q2 2007, the number of online minutes declined sharply once again, this time by 26% compared to the previous quarter. Technical voice telephony minutes rose by 5.4% compared to the previous quarter, while the corresponding figure dropped by 9% in fixed-link networks. Fixed-link minutes are expected to decline further in the second half of 2007. The mobile sector has long since surpassed the fixed-link networks (including dial-up Internet services).

Section 5 | Broadband

Total number of broadband connections in Austria

SLACKENING GROWTH



The chart above shows the total number of broadband connections in Austria (regardless of the technology used for the connections).

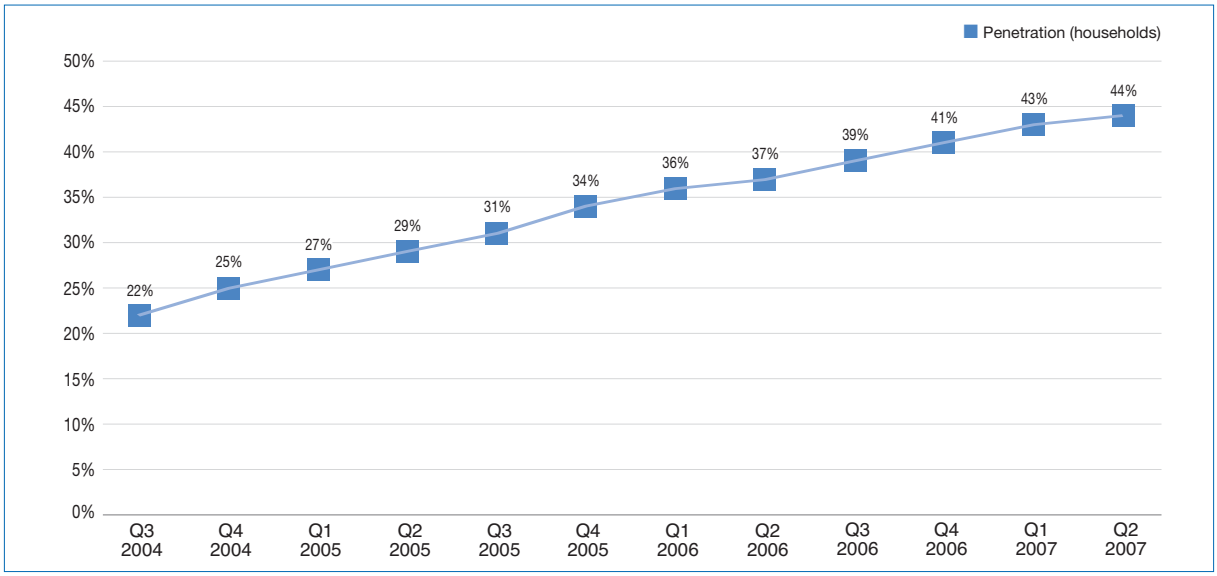
In this context, broadband connections include copper-wire pairs in the Telekom Austria network, unbundled lines, coaxial cable, FWA (fixed wireless access, e.g., WLAN, WiFi and WLL for "fixed" access, not hot spots) and other infrastructure.

Broadband Internet connections based on mobile technology (UMTS) are not included in these statistics.

- In recent years, the broadband market has seen substantial growth. In 2006, there were already some 73 million broadband connections throughout the EU (source: 12th Implementation Report of the European Commission).
- In Austria, the total number of broadband connections came to 1,545,000 in Q2 2007, thus showing an increase of over 18% within one year.
- In the period described, average growth came to approximately 6.5% per quarter. In absolute terms, the number of broadband connections rose by 83,000 between Q4 2006 and Q1 2007. Growth in this figure between Q1 and Q2 2007 only amounted to approximately 30,000 connections.
- For one, this slowdown in growth is due to a change in the parameters used to extrapolate figures for the overall population. The changed parameters are based on a new comprehensive survey in the broadband sector (Broadband Operator Survey 2007) carried out by RTR in the first half of 2007. In addition, the increasing penetration of broadband connections (see page 34) has also had a dampening effect on the development of the other connection types. Finally, the total number of broadband connections is also limited by PC penetration in Austrian households.

Broadband penetration in Austria (% of households)

BROADBAND PENETRATION IN HOUSEHOLDS REACHES 44%

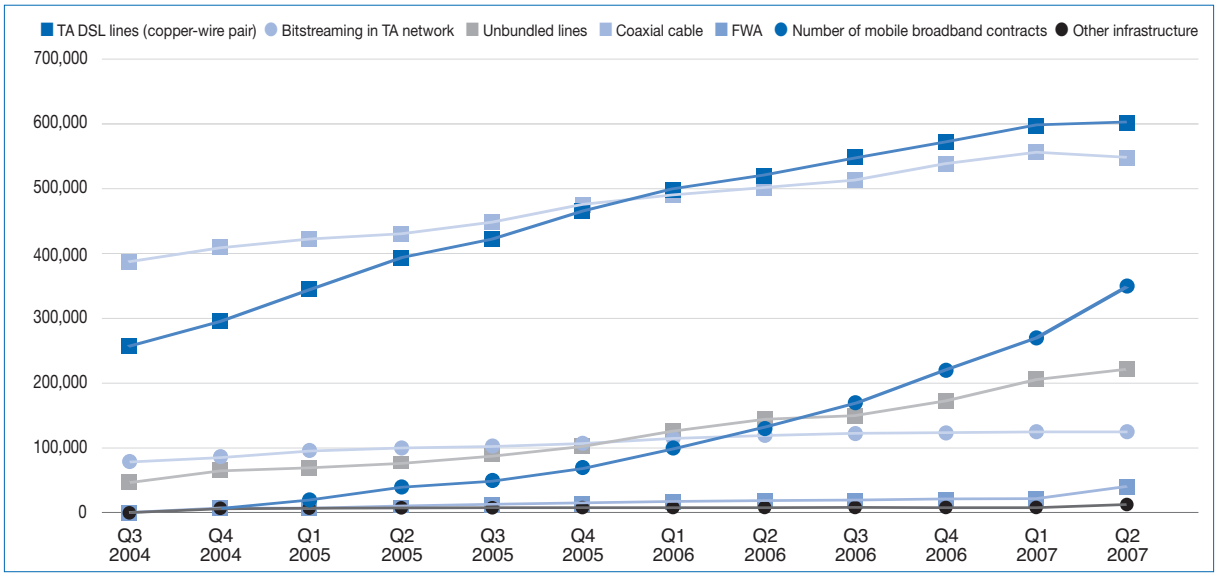


Broadband penetration refers to the ratio of the number of broadband connections to the total number of households. The number of broadband connections also includes those used in businesses. Broadband Internet connections based on mobile technology (UMTS) are not included in the chart.

- Broadband penetration in Austria rose from 37% in Q2 2006 to nearly 44% in Q2 2007.
- Measured against the population of Austria (i.e., per capita), broadband penetration was just over 18.3% in Q1 2007. The EU-25 average for the same time was 18.1% (source: http://www.ectaportal.com, Broadband Scorecard Q1/2007).

Number of retail broadband connections 1/2

DIMINISHING GROWTH IN FIXED-LINK NETWORK-BASED BROADBAND CONNECTIONS



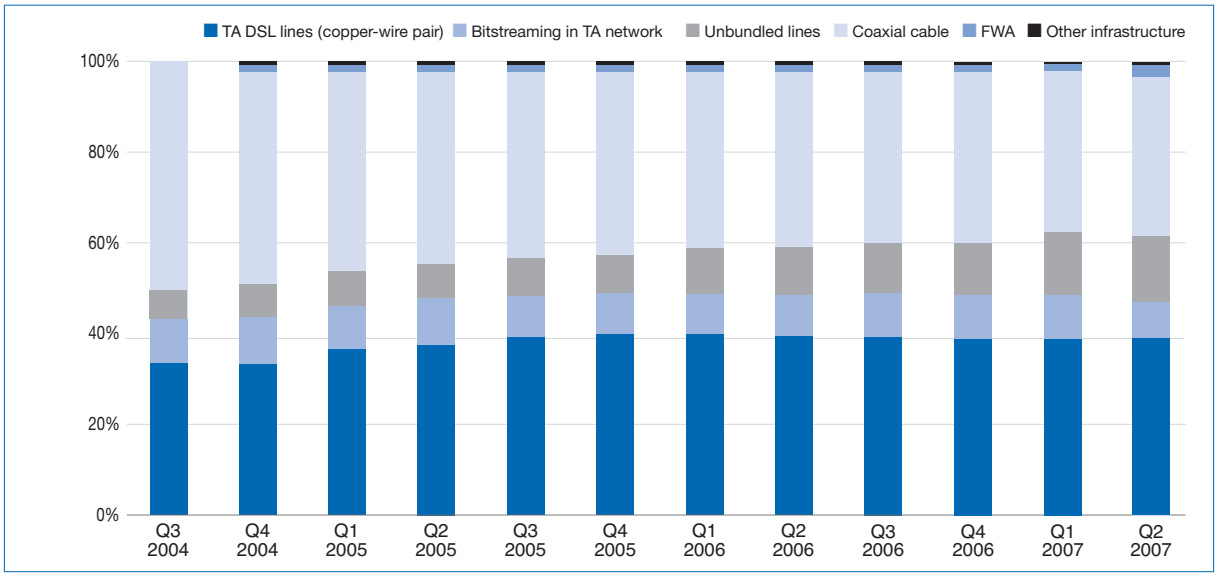
The number of retail broadband connections includes all connections which offer a download bandwidth of more than 144 kbit/s. The number of mobile broadband connections refers to the number of mobile communications contracts which include a data transfer volume of at least 250 MB per month.

The chart above provides a breakdown according to the infrastructure used: copper-wire pairs in the Telekom Austria network (subdivided into Telekom Austria's retail broadband connections and broadband connections realized by means of bitstreaming), unbundled lines, coaxial cable, FWA (fixed wireless access, e.g., WLAN, WiFi and WLL for "fixed" access, not hot spots), mobile broadband connections and other infrastructure.

"Other infrastructure" includes leased lines, FTTH (fiber to the home), PLC (power line communication) and satellite broadband connections.

- All of the access technologies have shown substantial growth. In 2006, growth in mobile broadband connections surpassed the sharp increases in unbundled lines, which had recorded the most significant growth up to that point.
- The decline in retail broadband connections using coaxial cable in Q2 2007 can be attributed to the reclassification of one operator's broadband connections (from the retail to the wholesale level).
- The sharp increase in FWA connections can be put down to a change in the extrapolation method after a new comprehensive survey was carried out by RTR in the first half of the year.
- Overall, it appears that the market is slowly reaching saturation. The total number of broadband connections increased by approximately 2% compared to the previous quarter.

Number of retail broadband connections 2/2

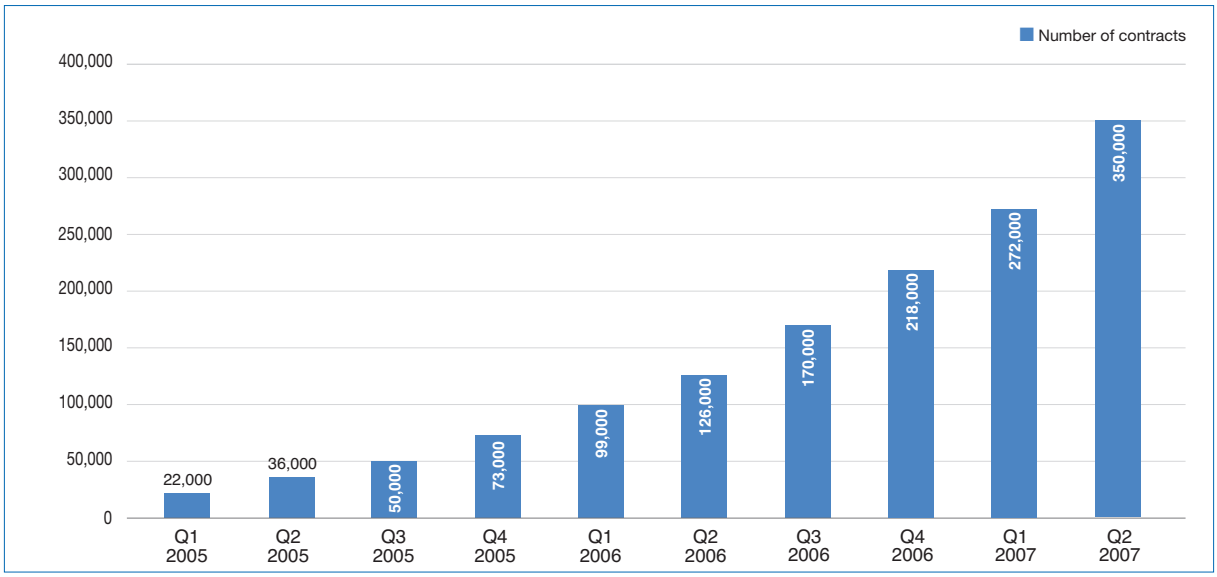


The chart shows the total number of all broadband connections (retail and wholesale) and distinguishes between connections which use copper-wire pairs in the Telekom Austria (TA) network, unbundled lines, coaxial cable, FWA (fixed wireless access) and other infrastructure. Broadband Internet connections based on mobile technology (UMTS) are not included in the chart.

- The chart shows that the broadband connections realized by TA (copper-wire pairs on the retail market and bitstreaming on the wholesale market) account for the largest share of connections.
- By Q3 2006, the share of TA connections had exceeded 49%. This share declined to approximately 48.5% in Q4 2006 and again to about 46.8% in Q2 2007. This can mainly be attributed to the larger relative increase in unbundled lines. However, growth in unbundled lines is also slowing down at the moment. Measured against the total number of broadband connections in Austria, the share of unbundled lines rose from approximately 12% in Q4 2006 to approximately 14.4% in Q2 2007.
- The chart also shows that (since mid-2006) over 60% of retail broadband connections have been realized using Telekom Austria infrastructure (TA connections, bitstreaming and unbundling), that this share is still growing, and that alternative access technologies have lost in significance over the years.

Number of mobile broadband connections (UMTS)

RAPID GROWTH

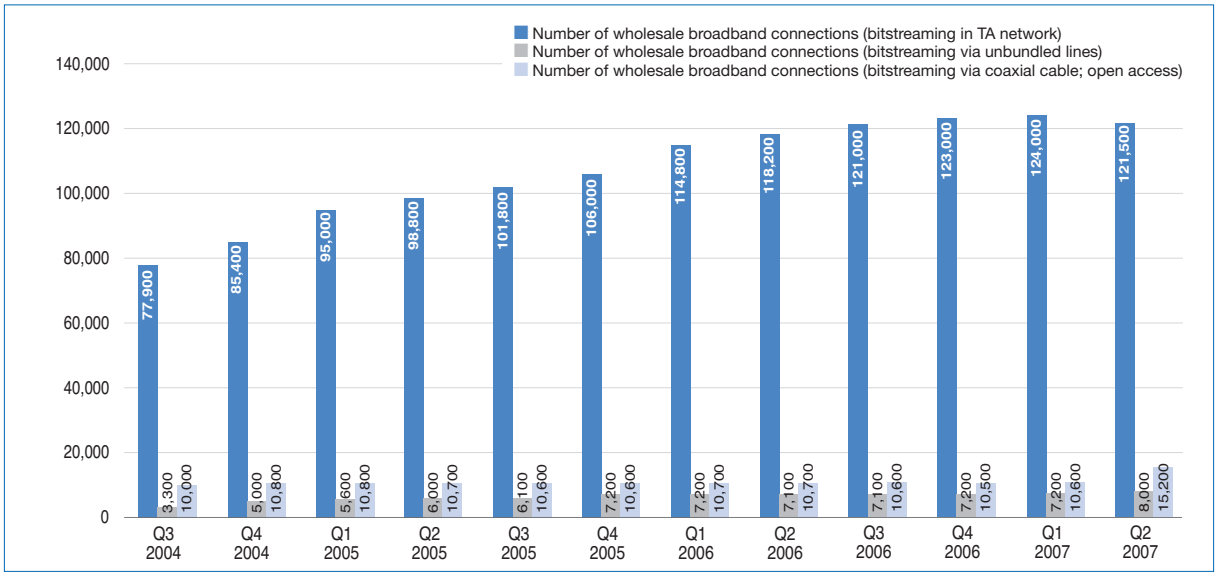


The chart shows the number of mobile communications contracts which include a data transfer volume of 250 MB or more per month. This indicator is currently not surveyed on an ongoing basis and is therefore not updated regularly.

- The number of mobile broadband connections has increased rapidly, reaching approximately 350,000 in Q2 2007.
- Compared to broadband connections realized using the fixed-link network, the number of mobile broadband connections is still relatively low. However, fixed-link broadband connections have seen a slowdown in growth.
- According to the current Telecommunications Market Ordinance, mobile broadband Internet connections are not included in the broadband market.
- If we add the number of mobile broadband connections to the total number of broadband connections in Austria (see page 32), broadband penetration at the household level amounts to nearly 53.6%.

Wholesale broadband connections

➡ SLIGHT DECREASE



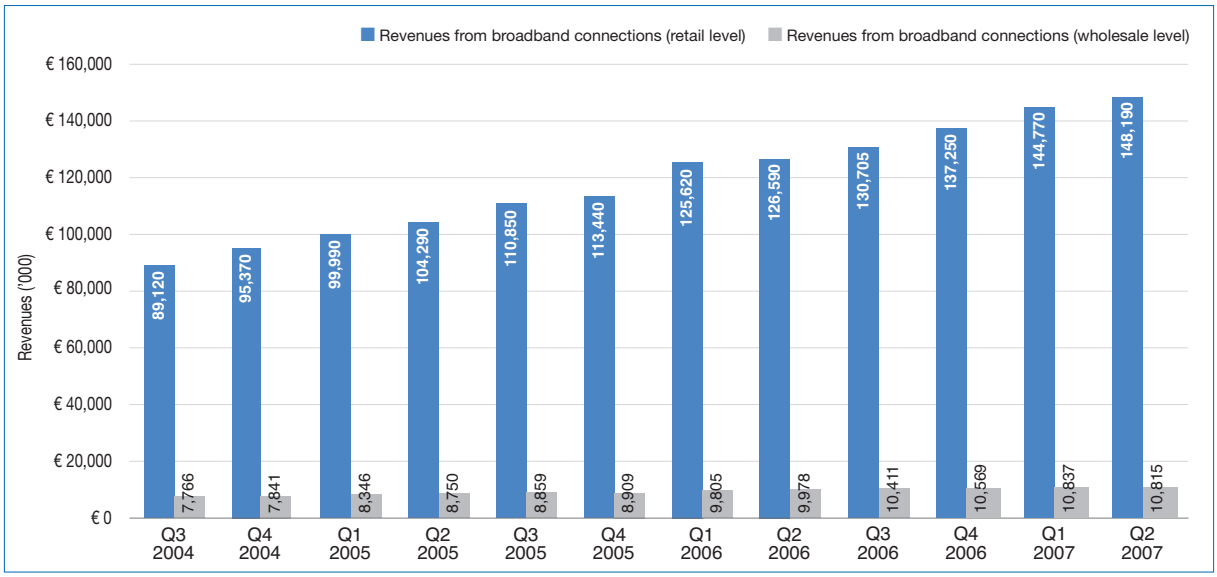
The chart shows the number of wholesale broadband connections made available to other communications service providers by means of wholesale offers; in contrast to the market definition in the TKMVO, the figures shown do not include own services.

The figures are broken down by infrastructure: bitstreaming realized in the Telekom Austria network, by unbundling partners and in coaxial networks (open access).

- The number of bitstreaming connections realized by Telekom Austria has declined on the wholesale market. Presumably, this development can be attributed to the increased demand for unbundled lines.
- The chart clearly shows that Telekom Austria provides a majority of broadband connections on the wholesale market by means of its bitstreaming offer.
- The increase in the number of broadband connections realized using coaxial cable in Q2 2007 can be attributed to the reclassification of one operator's broadband connections (from the retail to the wholesale level).

Revenues from broadband connections

STEADY GROWTH IN REVENUES



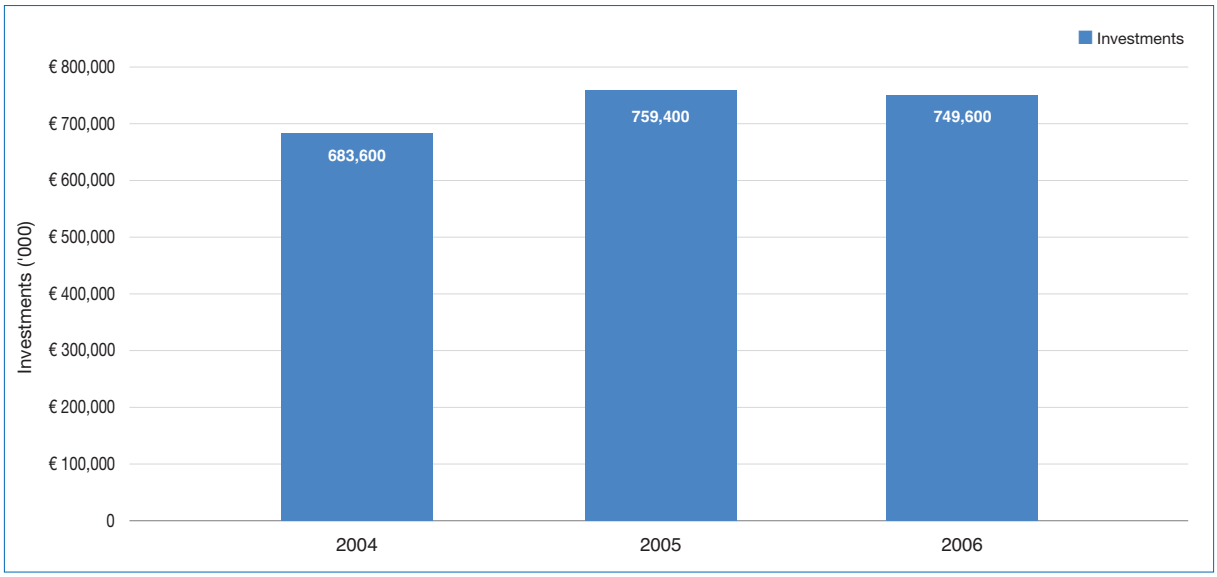
The chart above shows the revenues earned from retail and wholesale broadband connections in Austria. Retail revenues represent the total of ongoing monthly charges, volume-based data transfer charges and miscellaneous revenues in the retail segment. Wholesale broadband revenues refer to the total of one-off setup charges, ongoing monthly charges for ATM connections, ongoing monthly charges based on retail customers, data volume charges and other revenues earned in connection with wholesale offers.

- Growth in the number of connections is also reflected in the corresponding revenues.
- Due to falling prices, however, the rate of revenue growth is not as high as the rate of growth in the number of connections.
- Compared to Q2 2006, revenues at the retail level rose by approximately 17.1%, while revenues at the wholesale level increased by about 8.4%.
- The clear differences between the two categories shown are in part due to the large share of broadband connections of vertically integrated enterprises.

Section 6 | Business Indicators

Investments

EUR 750 MILLION IN INVESTMENTS IN 2006



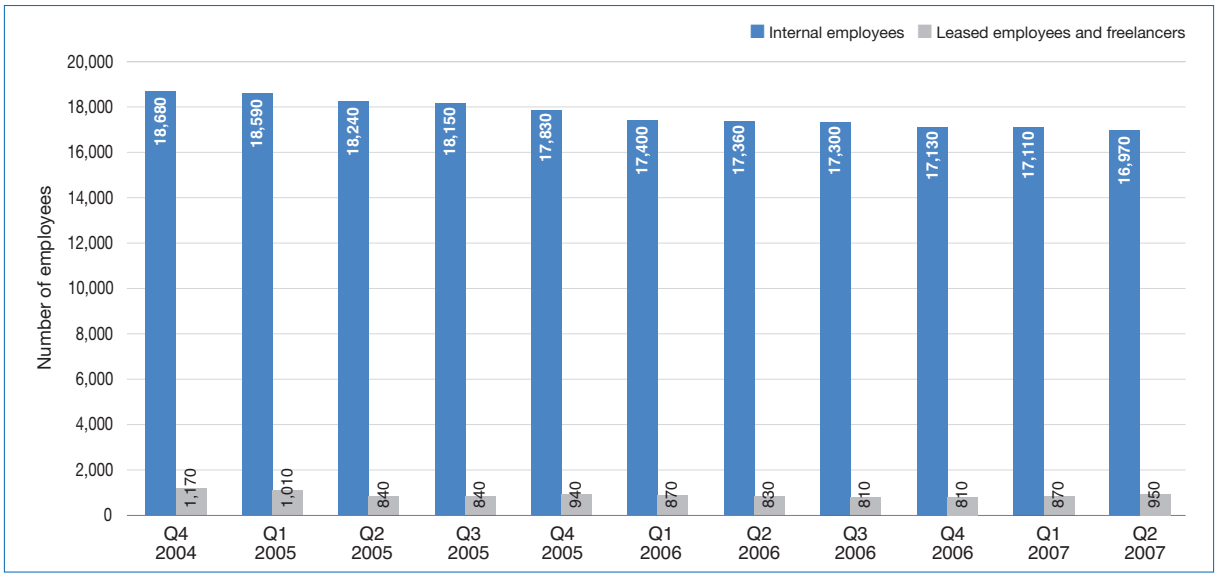
The chart above shows the development of investments in frequencies, technical infrastructure, sales and customer service in the years 2004, 2005 and 2006. In this context, it is important to note that the values reported are based in part on estimates and extrapolations from individual quarters for entire years. As a result, the exact figure for total investments can not be calculated reliably.

The amounts shown here only include those investments made directly by telecommunications enterprises. They do not include investments in upstream branches of the industry.

■ Investments totaled approximately EUR 750 million in 2006.

Number of employees

SLIGHT DECREASE



The chart above shows the number of employees in the telecommunications sector, broken down into internal employees, leased personnel and freelancers, in terms of full-time equivalents (FTEs).

When interpreting these figures, please note that the charts only cover staff employed directly by telecommunications enterprises.

The statistics do not include employees in supplier industries, external call-center employees or outsourced positions.

- While the number of internal employees has dropped slightly over time, the number of leased employees and freelancers has increased slightly. Compared to the previous quarter, the overall number of employees decreased by a small margin in Q2 2007.