

Non-certified translation of the

Statement of the Management Board

OF

TELEKOM AUSTRIA AG

on the

**Voluntary public takeover offer (§ 25a of the Austrian Takeover Act)
with the option to convert into a mandatory offer (§ 22 ff. of the
Austrian Takeover Act)**

of

Carso Telecom B.V.

(“Carso Telecom” or “Bidder”)

INHALTSVERZEICHNIS

1.	BACKGROUND AND SHAREHOLDERS' AGREEMENT	3
1.1	BACKGROUND	3
1.1.1.	Telekom Austria AG	3
1.1.2.	Carso Telecom / AMX	4
1.1.3.	Publications / takeover offer / statement of Target Company	4
1.2	SHAREHOLDER AGREEMENT BETWEEN THE BIDDER AND ÖIAG (SHAREHOLDERS' AGREEMENT)	5
1.3	OBLIGATION TO SUBMIT AN OFFER	8
2.	CONTENT OF THE OFFER	9
2.1	SUBJECT OF THE PURCHASE	9
2.2	OFFER PRICE	10
	2.2.1 Relationship between the Offer Price and the historical share price	10
	2.2.2 Key corporate figures	11
	2.2.3 Analyst reports/valuation by third parties	11
2.3	CONDITIONS PRECEDENT FOR THE OFFER TO BECOME EFFECTIVE	12
2.4	OTHER CONDITIONS OF THE OFFER/CONVERSION INTO A MANDATORY OFFER	13
2.5	ACCEPTANCE PERIOD AND OFFER EXECUTION	14
	2.5.1 Offer period	14
	2.5.2 Sell-out period	14
	2.5.3 Offer execution	14
2.6	ANNOUNCEMENTS AND PUBLICATION OF THE RESULT	14
2.7	PARI PASSU	15
3.	STAKEHOLDER INTERESTS	16
3.1	BUSINESS POLITICAL GOALS AND INTENTIONS OF THE BIDDER	16
3.2	IMPACT ON TELEKOM AUSTRIA	17
3.3	IMPACT ON THE SHAREHOLDERS AND STOCK MARKET LISTING	18
3.4	IMPACT ON THE EMPLOYMENT SITUATION AND MATTERS OF LOCATION	19
3.5	IMPACT ON CREDITORS AND PUBLIC INTEREST	20
3.6	SHAREHOLDINGS OF THE ADMINISTRATIVE BODIES	20
4.	ASSESSMENT OF THE OFFER	21
4.1	ENTERPRISE VALUE	21
4.2	POINTS IN FAVOUR OF RETAINING SHAREHOLDER STATUS:	22
4.3	POINTS IN FAVOUR OF ACCEPTANCE OF THE PUBLIC OFFER:	23
4.4	ADDITIONAL INFORMATION	24

1. Background and shareholders' agreement

1.1 Background

1.1.1. Telekom Austria AG

Telekom Austria AG (hereinafter "Telekom Austria" or "Target Company") is a stock corporation with a registered office in Vienna, business address: Lassallestraße 9, 1020 Vienna, entered in the commercial register of the Commercial Court of Vienna under no. 144477 t. The share capital is EUR 966,183,000 divided into 443,000,000 bearer shares without par value. The shares are registered for official trading on the Vienna Stock Exchange (Wiener Börse AG) under ISIN AT0000720008 and are also securitised by the American Depositary Shares issued by the Bank of New York (DR ISIN US87943Q1094) in a 1:2 ratio.

The Telekom Austria Group is a leading communications provider in the CEE region with approximately 23 million customers and is active in the following eight countries: in Austria (A1), Slovenia (Si.mobil), Croatia (Vipnet), the Republic of Serbia (Vip mobile) and the Republic of Macedonia (Vip operator), Bulgaria (Mobiltel), Belarus (velcom) and Liechtenstein (mobilkom liechtenstein). As at 31 December 2013, the Group employed some 16,000 employees and generated revenues of approximately EUR 4.2 billion in the 2013 financial year. Its broad portfolio includes products and services in the areas of voice telephony, broadband internet, multimedia services, cable TV, data hosting, IT solutions and M-payment solutions.

At the time this statement was prepared, the shareholding structure of Telekom Austria was as follows, pursuant to the participation notifications published under § 93 Sec 2 of the *Börsengesetz* (Stock Exchange Act).

Shareholder	Number of shares	Share capital held in %
ÖIAG	125,917,735	28.4239%
Carso Telekom and AMX	118,776,874	26.8120%
<i>Carso Telecom (Bidder)</i>	<i>(110,841,174)</i>	<i>(25.0206%)</i>
<i>AMX</i>	<i>(7,935,700)</i>	<i>(1.7914%)</i>
Free float	197,890,232	44.6704%
Treasury shares	415,159	0.0937%
Total	443,000,000	100%

1.1.2. Carso Telecom / AMX

The bidder, Carso Telecom B.V. (hereinafter “Bidder” or “Carso Telecom”; formerly: AMOV Europe B.V.), is a limited liability company under the law of the Netherlands (*besloten vennootschap met beperkte aansprakelijkheid*), entered under register number 55341535 in the commercial register of the Netherlands, with a registered office in Amsterdam, business address: Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands. The Bidder is an indirect subsidiary of América Móvil, S.A.B. de C.V. domiciled in Mexico City (hereinafter “AMX” or “América Móvil”), a company incorporated under the laws of Mexico. AMX performs primarily telecommunications services in Latin America, is a leading mobile communications operators and, in addition to mobile communications and landline services, also offers broadband internet as well as cable and satellite television. Services are performed by such companies as Telcel, Telmex, Claro, Embratel, Net, TracFone and Simple Mobile. AMX has branches in 18 countries including Mexico, Brazil, Argentina, Chile, Paraguay, Uruguay, Panama, Ecuador, Peru, and the USA.

The shares and the American Depository Receipts of América Móvil are listed on the Mexican stock exchange, the New York Stock Exchange, the NASDAQ National Market and the Mercado de Valores Latinoamericanos en Euros (Latibex).

1.1.3. Publications / takeover offer / statement of Target Company

Österreichische Industrieholding AG, a stock corporation incorporated under the laws of Austria, domiciled in Vienna with a business address of Dresdner Straße 87, 1201 Vienna, registered with the Commercial Court of Vienna under no. 80286v (hereinafter “ÖIAG”), and the Bidder have announced that they have signed a shareholders’ agreement subject to conditions precedent concerning their shareholdings in Telekom Austria. The Bidder also announced that as a result of the conclusion of the shareholders’ agreement it would submit a public offer to the shareholders of Telekom Austria.

On 15 May 2014 the Bidder submitted a voluntary public takeover offer (§ 25a Austrian of the Austrian Takeover Act) with the option to convert into a mandatory offer (§ 22 ff. of the Austrian Takeover Act). The Bidder is thus anticipating its obligation to submit an offer under § 22 ff. of the Austrian Takeover Act. However, the validity of the acquisition offer depends on a number of conditions precedent (see 2.3 and 2.4 below) which must

occur during the offer period. The Bidder has also stated that AMX, Sercotel and ÖIAG are legal entities acting in unison under § 1 Z 6 of the Austrian Takeover Act.

Under § 14 of the Austrian Takeover Act, the Management Board and Supervisory Board of Telekom Austria AG must create and publish a statement on the offer, including a statement of the Works Council if applicable. In particular, the statement from the Management Board must contain an assessment of whether the price offered and the other content of the offer takes account of the interests of all shareholders and what impact the offer will likely have on the Target Company, especially the employees (concerning jobs, terms of employment and the future of the locations), creditors and public interests based on the Bidder's strategic planning for the Target Company. If no recommendation is given, the Management Board and Supervisory Board must at least present the arguments for and against accepting the offer, with a focus on the most essential aspects.

Through this statement the Management Board of Telekom Austria is hereby meeting its legal obligation.

1.2 Shareholder agreement between the Bidder and ÖIAG (shareholders' agreement)

Pursuant to the information in the public offer published on 15 May 2014, the Bidder and ÖIAG concluded a shareholders' agreement with a term of ten years on 23 April 2014. Among the purposes of the shareholders' agreement is to assign Carso Telecom the commercial management and control of Telekom Austria and to secure ÖIAG's position as core shareholder. Additionally, the shareholders' agreement shall contain rules for the joint exercise of voting rights in the committees of Telekom Austria, nomination rights for the selection of Supervisory Board and Management Board members, and restrictions on the sale of shares. When the shareholders' agreement takes effect, the Bidder will have the controlling stake in Telekom Austria.

According to the information in the mandatory offer, especially the following material framework conditions (hereinafter "Austrian Package") have been agreed between the Bidder and ÖIAG:

- The main headquarters of Telekom Austria, the material business and management functions, and R&D will remain in Vienna, Austria.

- Telekom Austria will retain technological leadership in the Austrian mobile communications market and comply with the technical standards of the EU.
- The Bidder and ÖIAG acknowledge the provisions under labour and constitutional law for employees, in particular the civil servants, of Telekom Austria and will ensure that these regulations are complied with at all times by Telekom Austria
- The Bidder and ÖIAG acknowledge that Telekom Austria is subject to its own specific legal regulations, in particular the Austrian Telecommunications Act (TKG) and contractual agreements with the Republic of Austria to protect the public interest (telecommunications services, information rights of public authorities, safeguarding the communications infrastructure at times of crisis). ÖIAG and the Bidder will, where permitted by law, ensure that Telekom Austria complies with these regulations and agreements during their term of validity.
- Telekom Austria's performance is to be enhanced. At the same time, ÖIAG and Carso Telecom will take the interests of all stakeholders, including the Austrian employees, into consideration.
- ÖIAG and the Bidder have agreed that the telecommunications business in Austria, in countries in which Telekom Austria is already active, and in defined CEE countries, including Poland, the Czech Republic, Hungary, Slovakia, Romania, Albania and Ukraine, will be handled exclusively by Telekom Austria, which shall also have strategic management responsibility, as long as ÖIAG does not veto any capital increases.
- The shares of Telekom Austria shall remain listed on the Vienna Stock Exchange for official trading, in the *Prime Market* segment.

Supervisory Board

The Supervisory Board of Telekom Austria shall consist of ten shareholder representatives, of which Carso Telecom will nominate 8 (eight) members and ÖIAG will nominate 2 (two) members. ÖIAG will have the right to appoint the Chairman of the Supervisory Board. The Chairman of the Supervisory Board will not have a casting vote. Carso Telecom will nominate the Deputy Chairman. Carso Telecom will control the Supervisory Board via the majorities in the Supervisory Board and the committees. ÖIAG will have veto rights.

Management Board

The Management Board of Telekom Austria will have 3 (three) members. Two members, namely the CFO (Chief Financial Officer) and COO (Chief Operations Officer)/CTO (Chief Technology Officer), will be nominated by Carso Telecom. One Management Board member, namely the CEO (Chief Executive Officer) will be nominated by ÖIAG. The CEO will not have a casting vote. Carso Telecom will control Telekom Austria via the majority in the Management Board of Telekom Austria. ÖIAG will have veto rights.

Syndicate meeting

Carso Telecom and ÖIAG will form a standing committee which will discuss and decide on all matters on the agendas of the Annual General Meeting and the Supervisory Board. The standing committee, consisting of four members (two members each from Carso Telecom and ÖIAG) will be controlled by Carso Telecom via casting vote, except for certain matters where ÖIAG has veto rights.

Veto rights of ÖIAG

As long as ÖIAG holds more than 25% of the share capital of Telekom Austria, ÖIAG will have the following veto rights:

- Certain veto rights deemed to be non-controlling, inter alia on capital increases in Telekom Austria and its subsidiaries, appointment of the statutory auditors, related party transactions, relocation of Group headquarters and material corporate and business functions, including R&D, sale of core businesses, amendment of the corporate name of Telekom Austria Group and of trademarks of the Telekom Austria Group ("**Veto**es");
- Moreover, ÖIAG will have veto rights on all of those resolutions that have a mandatory 75% majority by law ("**Blocking Minority Rights**").

Reduced veto rights

In the event that in future, ÖIAG's stake drops to less than 25% plus one share in the share capital of Telekom Austria, ÖIAG will retain between 25% and 15% of veto rights, with the exception of veto rights for capital increases and the exception of blocking minority rights. In the event that ÖIAG's stake drops below 15%, ÖIAG's veto rights will be restricted further. The shareholders' agreement will terminate automatically if a shareholder drops below 10%.

Capital increase

In the shareholders' agreement, the Bidder and ÖIAG have mutually agreed to support a cash capital increase in the amount of EUR 1.0 billion (in words: euro one billion) in the second half of 2014 or the first half of 2015, depending on the market environment for Telekom Austria. In this cash capital increase, ÖIAG will exercise its subscription rights in such a way that its stake in the Target Company is at least 25% plus one share after the execution of the cash capital increase. The Bidder will exercise its subscription rights according to the amount of its shareholding at that point in time. In addition, the Bidder can purchase those shares for which other shareholders have not exercised their subscription rights.

Amended Articles of Association

Telekom Austria's Articles of Association shall be amended by resolution at an Extraordinary General Meeting as follows: As long as the Republic of Austria holds a direct or indirect stake of at least 25% plus one share in the share capital of the company, resolutions on capital increases and on the issue of instruments which include conversion rights or an obligation for conversion into company shares, along with amendments to this provision of the Articles of Association, require a majority of at least three-quarters of the share capital represented at the time the resolution is adopted. This majority requirement ceases to exist without the need for an amendment of the Articles of Association once the Republic of Austria's stake in the share capital falls below 25% plus one share.

1.3 Obligation to submit an offer

When the shareholders' agreement takes effect, the Bidder will have a controlling stake in Telekom Austria. Pursuant to § 22 of the Austrian Takeover Act, in the event of change of control, the Bidder is required to submit an offer for all shares of the target company in accordance with the provisions of the Austrian Takeover Act. In anticipation thereof, the Bidder has met this pending obligation to submit an offer with the offer published on 15 May 2014 pursuant to § 25a of the Austrian Takeover Act. Once the conditions precedent of the shareholders' agreement have been met, the offer will convert into a mandatory offer under § 22 ff. of the Austrian Takeover Act.

2. Content of the offer

2.1 Subject of the purchase

The offer is for the acquisition of all shares of Telekom Austria (ISIN AT0000720008) registered for official trading on the Vienna Stock Exchange, with a pro-rata share of the share capital in Telekom Austria in the amount of EUR 2.181 which are not already held by the Bidder, the América Móvil Group, ÖIAG or Telekom Austria.

Based on the foregoing paragraph, the Bidder's purchase offer is therefore aimed at the acquisition of 197,890,232 shares of Telekom Austria (hereinafter also "**Offer Shares**"). This is equivalent to a stake of approximately 44.67% of the total share capital of Telekom Austria.

The Management Board and Supervisory Board of Telekom Austria will propose the distribution of a dividend for the 2013 financial year of EUR 0.05 (in words: five Eurocents) per Telekom Austria share at the Annual General Meeting on 28 May 2014.

The offer is *ex dividend* for the 2013 financial year of Telekom Austria, which is to remain with the shareholders who accept the offer. Those Offer Shares for which the offer was accepted before the ex-dividend date will still be entitled to a 2013 dividend even if they have already been transferred to ISIN AT0000A17B35, "*Telekom Austria AG – Zum Verkauf eingereichte Aktien*".

American Depositary Shares

Pursuant to the custodian agreement dated 17 November 2000 between Telekom Austria and the Bank of New York as custodian bank ("**BNY**"), it is possible for holders of Telekom Austria shares to place them with BNY or UniCredit Bank Austria AG, which was appointed by BNY as depositary, in exchange for the issue of American Depositary Shares ("**ADS**") ("**Deposit Agreement**"). The ADS represent the Telekom Austria shares deposited, and the holders of the ADS are third-party contractual beneficiaries of the Deposit Agreement. The Deposit Agreement also provides that the ADS, upon entry in the ADS Register of BNY, are securitised by American Depositary Receipts ("**ADR**").

Two ADS represent one Telekom Austria share. The BNY forwards dividend payments and other distributions from Telekom Austria to the holders of ADS, whereby monetary payments by the BNY are always made in US dollars following conversion from amounts received in other currencies. Upon redemption of the ADS with the BNY under the terms

of the Deposit Agreement, all holders of ADS are entitled at any time to receive as many Telekom Austria shares as were represented by the ADS redeemed.

2.2 Offer price

The Bidder is offering to purchase the Offer Shares in accordance with the provisions of this offer from the owners of the Offer Shares at a price of EUR 7.15 (seven euros and fifteen cents) per share ex dividend 2013 ("**Offer Price**").

At the Annual General Meeting on 28 May 2014, the shareholders of Telekom Austria are expected to resolve to distribute a dividend of EUR 0.05 (five eurocents) per share for the 2013 financial year, so that each shareholder who accepts the offer will receive in addition to the purchase price per share of EUR 7.15 (seven euros and fifteen cents) a dividend of EUR 0.05 (five eurocents) for 2013.

The Bidder has expressly confirmed that neither it nor any legal entity acting in concert with it in the last 12 months prior to tendering the public offer has acquired shares of Telekom Austria at a price higher than the Offer Price. In the last 12 months prior to tendering the offer, the Bidder purchased shares of the Target Company at a maximum price of EUR 6.35 per share ("**Reference Price**"). Over the same period, the legal entities acting in concert with the Bidder neither acquired shares of the Target Company at a higher price nor agreed to make such a purchase.

The Bidder has set the Offer Price without valuing the Target Company.

2.2.1 Relationship between the Offer Price and the historical share price

Compared to the Offer Price, the volume-weighted average price in EUR for the past 3 (three), 6 (six), 12 (twelve) and 24 (twenty-four) calendar months prior to the announcement of the intent to tender an offer (which was 23 April 2014) results in the following premiums:

	3 months ¹⁾	6 months ²⁾	12 months ³⁾	24 months ⁴⁾
Average price	EUR 6.88	EUR 6.47	EUR 6.04	EUR 6.06
Premium	3.92%	10.51%	18.38%	17.99%

Source: Wiener Börse AG; Starting point: average Target Company share price weighted by respective trading volumes

- 1) Period covered: 23 Jan. 2014 to 22 April 2014 (including the start and end dates)
2) Period covered: 23 Oct. 2013 to 22 April 2014 (including the start and end dates)
3) Period covered: 23 April 2013 to 22 April 2014 (including the start and end dates)
4) Period covered: 23 April 2012 to 22 April 2014 (including the start and end dates)

2.2.2 Key corporate figures

⁴⁾	2013	2012	2011
Year high	6.75	9.31	10.69
Year low	4.74	4.51	6.8
Earnings per share	0.20	0.23	-0.57
Dividend per share	0.05 ¹⁾	0.05	0.38
Book value per share	EUR 2.08 ³⁾	EUR 1.85	EUR 1.99
EBITDA ²⁾	1.287.4 m	1,455.7 m	1,527.3 m
Operating income (EBIT)	377.6 m	457.1 m	-7.6 m
Earnings before taxes (EBT)	109.7 m	104.0 m	-252.8 m

- 1) Dividend for 2013 (Proposal to the Annual General Meeting 2014)
2) Comparable
3) Taking into account the hybrid bond issued in 2013
4) Source: Target Company's Annual Report 2013

2.2.3 Analyst reports/valuation by third parties

The Management Board of Telekom Austria reviewed a selection of recent analyst reports. Results were as follows:

Date of Report	Bank	Rating	Target Price (EUR)
26.02.2014	Berenberg	Sell	3.80
01.04.2014	Espirito Santo IB	Sell	3.90
26.02.2014	New Street	Reduce	4.50
26.02.2014	Kepler Cheuvreux	Hold	7.50
07.03.2014	UBS	Buy	7.70
16.04.2014	Exane BNP Paribas	Outperform	8.00

The Management Board notes that these analyst reports are not taken from the Bidder's offer documents. The analyst reports were selected by the following logic: the most current reports before the announcement of the intention to submit an offer were reviewed. The Management Board chose the reports that included the highest or lowest values in order to better illustrate the valuation range.

2.3 Conditions precedent for the offer to become effective

The Bidder's offer as well as the shareholders' agreement are subject to the following conditions precedent, namely:

- a) The merger must not be prohibited, that is, it must be approved by the responsible anti-trust authorities in Austria, Bulgaria, Croatia, Slovenia, Belarus, the Republic of Macedonia and the Republic of Serbia;
- b) The execution of this offer must not be prohibited, that is, the conclusion of the shareholders' agreement must be approved by the Telekom Control Commission in accordance with § 56 Sec 2 of the Austrian Telecommunications Act. This is equal to a binding letter from the Telekom Control Commission stating that the execution of this offer and/or the conclusion of the shareholders' agreement do not require official authorisation; and
- c) The execution of this offer must not be prohibited, that is, the conclusion of the shareholders' agreement must not be prohibited in accordance with § 20 of the Austrian Banking Act (BWG – *Bankwesengesetz*) by the Financial Market Authority. This is equal to a binding letter from the Financial Market Authority

stating that the execution of this offer and/or the conclusion of the shareholders' agreement do not require announcement in accordance with § 20 Sec 1 of the Austrian Banking Act.

Meeting the requirements for effectiveness calls for a number of complicated procedures to be followed in multiple jurisdictions, the outcome of which with respect to duration and content presently remains unforeseen. The Bidder will keep the shareholders of Telekom Austria informed as to whether conditions precedent have taken effect.

On 29 April 2014 Telekom Austria and its subsidiaries submitted a request to be filed with the Telekom Control Commission pursuant to § 56 Sec 2 of the Austrian Telecommunications Act, thereby establishing the conditions to be ensured by Telekom Austria for the conditions precedent to take effect.

2.4 Other conditions of the offer/conversion into a mandatory offer

The effectiveness of the offer also depends by law (§ 25a Sect 2 of the Austrian Takeover Act) on whether the Bidder receives declarations of acceptance encompassing more than 50% of the shares that are the subject of the offer by the end of the acceptance period. This condition shall be void as soon as the conditions stipulated in Section 2.3 of this statement are fulfilled or the Bidder waives their taking effect prior to expiration of the original deadline for acceptance. This will convert the voluntarily initiated public takeover offer pursuant to § 25a of the Austrian Takeover Act into a mandatory offer pursuant to § 22 Sec 1 of the Austrian Takeover Act, with the condition of 50% acceptance threshold pursuant to § 25a Sec 2 of the Austrian Takeover Act being void.

The Management Board of Telekom Austria wishes to point out that conversion into a mandatory offer represents a change in offer in accordance with § 15 of the Austrian Takeover Act. After the conversion has been announced, the shareholders of Telekom Austria must be given at least another 8 (eight) trading days to accept the offer (cf. § 15 (2) of the Austrian Takeover Act).

The Bidder can therefore declare the conversion – reserving the right to extend the acceptance period in accordance with § 19 Sec 1b of the Austrian Takeover Act – only up to (and including) 30 June 2014, granting those shareholders of Telekom Austria who already accepted the offer before the announcement of the declaration of the conversion the right to withdraw their acceptance within three (3) trading days following the announcement of the conversion into a mandatory offer. If any such shareholders do not

make use of the right of withdrawal, their acceptance shall remain effective. Declaration of withdrawal must be submitted in writing and addressed to the accepting and paying agent.

2.5 Acceptance period and offer execution

2.5.1 Offer period

The period for accepting the offer is 8 (eight) weeks. Thus, the offer can be accepted from 15 May 2014 until and including 10 July 2014, 5:00 p.m. local time in Vienna. The Bidder reserves the express right to extend the acceptance period.

2.5.2 Sell-out period

All Telekom Austria shareholders who have not accepted the offer by the end of the acceptance period will be granted an extension of the acceptance period by 3 (three) months from the date of announcement (publication) of the results (extension pursuant to § 19 Sec 3 of the Austrian Takeover Act).

The Management Board of Telekom Austria wishes to point out that shareholders who only accept the offer during the sell-out period pursuant to § 19 Sec 3 of the Austrian Takeover Act will be paid the purchase price no later than 10 (ten) trading days after the end of the sell-out period.

2.5.3 Offer execution

The offer will be conducted through UniCredit Bank Austria AG, which also serves as accepting and paying agent. In all other matters, the Management Board refers to Section 6 of the takeover offer.

2.6 Announcements and publication of the result

Immediately following expiration of the offer period, the result of this offer will be published as an announcement in the *Wiener Zeitung* gazette as well as on the websites of Telekom Austria (www.telekomaustria.com) and the Austrian Takeover Commission (www.takeover.at). The same applies to all other declarations and announcements by the Bidder as required by the Austrian Takeover Act in connection with the mandatory offer.

2.7 Pari passu

The Bidder confirms in its offer documents that the Offer Price is the same for all shareholders. Within the last 12 (twelve) months prior to announcement of the offer, neither the Bidder nor any legal entities acting in concert with the Bidder have acquired shares of the Target Company at a price higher than EUR 6.35 per share or agreed to make such a purchase at a higher price.

Until both the offer period and the sell-out period (§ 19 Sec 3 of the Austrian Takeover Act) have expired, the Bidder and the legal entities acting in concert with it are prohibited from making any legally binding statements about the purchase of shares at conditions better than those in the offer, unless the Bidder raises its offer or the Austrian Takeover Commission allows an exception for due cause.

If the Bidder or any legal entity acting in concert with it does make a statement concerning the purchase of shares at conditions better than those stated in the offer, then said better conditions shall apply to all other shareholders of the Target Company, even if they have already accepted this offer, unless they dissent.

If the Bidder or legal entities acting in concert with it purchases shares within 9 (nine) months following expiration of the sell-out period and they pay or agree to pay a higher price than that in the offer, then the Bidder shall be obliged in accordance with § 16 Sec 7 of the Austrian Takeover Act to pay the difference to all shareholders who accepted the offer.

This does not apply if the Bidder or the legal entities acting in concert with it acquire Target Company shares as part of a capital increase through exercising their subscription rights (we hereby expressly refer to the statement issued by the Austrian Takeover Commission regarding GZ 2014/3/1-9) or in the event that they pay a higher price as part of a procedure in accordance with the Austrian Shareholder Squeeze-Out Act (*Gesellschafter-Ausschlussgesetz*).

If the Bidder sells its controlling stake in the Target Company within 9 (nine) months following expiration of the sell-out period, then it shall be obliged in accordance with § 16 Sec 7 of the Austrian Takeover Act to make an additional payment to shareholders equal to the prorated share of proceeds from the sale.

The Bidder shall immediately announce its obligation to make such an additional payment. The Bidder shall have the additional payment processed by the accepting and paying agent at its own expense within 10 (ten) trading days from the date of publication. If the Bidder is not obligated to make an additional payment within the nine-month

period, it shall file a corresponding declaration with the Austrian Takeover Commission. The Bidder's expert council will review the declaration and confirm its accuracy.

3. Stakeholder interests

3.1 Business political goals and intentions of the Bidder

In its offer documents, the Bidder states that it aims to promote the continued operational collaboration between the América Móvil Group and Telekom Austria, to explore options for additional partnerships, and to harness the potential for synergies for both parties. It is understood that the Bidder and AMX intend to support the plans by Telekom Austria in a rapidly changing European market to the largest extent possible, such that both groups can benefit from their respective market experience. In this regard, the América Móvil Group will investigate additional expansion opportunities for Telekom Austria through which growth in specified CEE countries shall occur exclusively through Telekom Austria (as long as ÖIAG does not veto any capital increases).

The Bidder is of the opinion that the transaction will benefit both parties, i.e. Telekom Austria and the América Móvil Group.

- a) Both the forward-looking telecommunication services of the AMX Group and the global orientation of the AMX Group are a unique opportunity to safeguard Telekom Austria's ability to compete so as to position itself as the top telecommunications provider in a highly competitive market to the benefit of its customers;
- b) Telekom Austria and AMX can jointly benefit through combined marketing and the pooling of knowledge and innovative capacity;
- c) The AMX Group is committed to training and developing personnel and is of the opinion that by combining their capacities, both the management and staff of Telekom Austria and the AMX Group will benefit through knowledge transfer and international career opportunities; and

Telekom Austria and its customers will benefit from being part of a company that has global access to technology; Telekom Austria will thus continue to have access to state-of-the-art technology.

- d) The capital increase will support Telekom Austria's capital structure and financial situation and enable the company to continue to invest in state-of-the-art infrastructure, research and development as well as innovative products and services among other things; in addition, Telekom Austria could thus use investment opportunities to position itself in existing markets and the emerging markets of CEE and profit from this.

The Bidder is of the opinion that Telekom Austria thus remains competitive in an increasingly competitive market environment faced with impending consolidation throughout Europe with world market leaders as competitors.

Under the shareholders' agreement, the Bidder is obliged to respect Telekom Austria's independent identity. Telekom Austria's main headquarters will remain in Vienna. Telekom Austria will continue to offer its services under its current branding. The Bidder will investigate expansion opportunities by means of additional acquisitions as well as organic growth; Telekom Austria shall remain a top telecommunications provider in its domestic markets (see "Austrian Package" under Section 1.2).

The Bidder will obtain industrial management and control over Telekom Austria. On the one hand Telekom Austria is to draw upon the operational experience of the AMX Group, and on the other hand it can continue to position itself as a leading and competitive provider as per its business plan.

Telekom Austria Group shall continue to remain a state-of-the-art telecommunication services provider (quality, technology, innovation capacity) in Austria and in the CEE countries where the Group already operates. All existing licenses shall be upheld and the necessary requirements for these shall be satisfied. In their function as Telekom Austria shareholders, ÖIAG and the Bidder also are committed to support the Target Company in funding measures as well as research and development.

According to the offer documents, the Bidder and the legal entities acting in concert with it do not currently intend to exert their influence in such a way as to alter the fundamental strategy of Telekom Austria. ÖIAG and the Bidder have agreed to leave the headquarters in Austria with retention of identity, brand and service profile (see "Austrian Package" in Section 1.2).

3.2 Impact on Telekom Austria

As clearly stated in the offer documents, by concluding the shareholders' agreement, Telekom Austria will obtain a strategic partner in addition to ÖIAG that – as an important,

globally active telecommunications group – can strengthen Telekom Austria in its strategic alignment in the highly competitive European market. No geographical overlaps exist with the Bidder, so it can be assumed that the activities of Telekom Austria and the Bidder ideally complement each other.

As a result of assuming operational responsibility, the Management Board assumes that the Bidder can in future also facilitate access to its global telecommunications infrastructure for Telekom Austria.

The Bidder and ÖIAG have an excellent credit rating, which could have a positive effect on Telekom Austria's financial position. Furthermore, the parties to the shareholders' agreement have agreed to vote in favour of a capital increase for Telekom Austria in the amount of EUR 1 billion and to also support this increase in capital. The shareholders' agreement also ensures that Telekom Austria can continue its business policy that has characterised it thus far based on the contractual assurance of independence.

The implementation of the planned capital increase offers Telekom Austria the opportunity to strengthen its financial position and to invest more strongly in state-of-the-art infrastructure as well as convergent technologies. In addition, the capital increase enables the company to pursue further consolidation activities and thus grow organically as well as through acquisitions and as a result benefit from economies of scale. Moreover, such a capital raise will strengthen Telekom Austria's ability to foster research and development as well as product and service innovation. This also supports the long-term reinforcement of the market position and additional expansion of Telekom Austria's infrastructure in its domestic market and in the CEE region.

However, the strategic partnership with the Bidder and the legal entities acting in concert with it will also restrict existing and future options for Telekom Austria to enter into, expand or continue strategic alliances with other competitors.

3.3 Impact on the shareholders and stock market listing

By consolidating the voting rights within the syndicate, which already combined over 50% of Telekom Austria's share capital with voting rights prior to execution of the public offer, the co-determination rights of the remaining shareholders in the Annual General Meeting may be limited. The consolidation of the voting right ownership can be further increased by means of the current offer and the planned capital increase.

The Bidder has indicated that delisting Telekom Austria is not an objective of the offer at present (see Section 1.2 above). However, if there is a particularly high acceptance rate,

the minimum free float / market capitalisation required to remain in the Prime Market segment of the Vienna Stock Exchange might no longer be met. In such case, a switch in listing to a different market segment would be possible. For instance, with a free float of at least 25% the threshold for the free-float market capitalisation is EUR 15 million; with a free float of under 25%, it is EUR 30 million (each amount in euros must be valued as per the rules of the Prime Market). In addition, revocation of admission for official trading on the Vienna Stock Exchange is mandated if the legal requirements for admission are no longer met according to § 66a Sec 1 Subsection 7 of the Austrian Stock Exchange Act (especially as regards the legal minimum free float). Moving out of the Prime Market segment and the potential termination of stock exchange trading would probably result in a severely limited liquidity of the shares and would limit market pricing.

No other direct effects on Telekom Austria shareholders are observable.

3.4 Impact on the employment situation and matters of location

From the Management Board's point of view, a successful offer should not, from a current perspective, have any significant impact on Telekom Austria's employment or location situation. According to the offer documents, a transfer of headquarters is not planned either on the part of the Bidder or on the part of Telekom Austria's management. What is more, this would not be permitted according to the shareholders' agreement concluded between the Bidder and ÖIAG.

This also applies for the active officials formerly with the Post and Telecommunication Administration employed under § 17 Sec 1 of the Austrian Post Structure Act (*Poststrukturgesetz*), who are assigned to Telekom Austria for the duration of their employment, provided that ÖIAG (or one of its legal successors) directly or indirectly holds a stake of more than 25% in Telekom Austria's share capital. After successful execution of this transaction, ÖIAG will retain a holding in Telekom Austria with a stake of over 25% in the share capital. The new assignment to Telekom Austria AG under § 17 Sec 1a will not be affected either. Thus, no change will result in the assignment status according to § 17 Sec 1 and § 17 Sec 1a of the Austrian Post Structure Act.

As such, according to § 19 Sec 3 of Austrian Post Structure Act, Telekom Austria (as employer) and the Association of Austrian Labour Unions and the Labour Union of the Post and Telecommunications Employees as labour representatives will retain the right to conclude collective bargaining agreements. This applies as long as ÖIAG directly holds a stake of more than 25% in Telekom Austria's share capital.

Upon conclusion of the shareholders' agreement and execution of this offer, no changes will take effect according to which Telekom's right to conclude collective bargaining agreements under § 19 Sec 3 of Austrian Post Structure Act is terminated.

3.5 Impact on creditors and public interest

Based on the participation of financially sound core shareholders and the announced support of a EUR 1 billion capital increase, no negative effects are to be feared for creditors or public interest.

The fact that the Telekom Austria's business and company headquarters, along with key company functions such as research and development, will be secured for the medium term based on the 'Austrian Package' as stipulated in the shareholders' agreement, will have a positive effect on Austria as an industrial centre.

In addition, the EUR 1 billion capital increase supported by the parties to the shareholders' agreement will facilitate trendsetting investment and infrastructure projects in Austria that will result in a considerable positive impact on the national economy and will prove beneficial for Austria as a location for business and employment.

3.6 Shareholdings of the administrative bodies

No member of the Telekom Austria Management Board is a related party to the Bidder or to ÖIAG.

The following Management Board members hold shares in Telekom Austria as at 31 December 2013:

Dr. Hannes Ametsreiter: 25,674

Mag. Hans Tschuden: 40,000

DI Günther Ottendorfer: 20,872

With these shareholdings, these Management Board members participate in Telekom Austria's Long Term Incentive Programme ("LTI Programme"). If these shares are sold by the Management Board members during the term of the LTI Programme, they will be excluded from further participation in the LTI Programme. Accordingly, the Management Board members will retain their shares irrespective of the Bidder's offer.

4. Assessment of the offer

4.1 Enterprise value

The Management Board of Telekom Austria has compared the present offer with its own valuation of the company (discounted cash flow method) and created scenarios for validating plausibility. The resulting enterprise value varies greatly depending on the future development of the markets (market recovery).

The Management Board specifically points out that in the DCF valuation of the company under review, any effects of the fortified strategic partnership with AMX as well as the effects of the EUR 1 billion capital increase agreed to by AMX and ÖIAG are not taken into consideration.

Based on planning assumptions of the Management Board, the enterprise value per share is higher than the offer price. A sustained market recovery in the saturated markets of Austria, Bulgaria and Croatia is a key assumption of Telekom Austria's business plan. In addition to successful implementation of the strategic targets – particularly convergence and a trend reversal of the negative market developments – the business plan is also supported by the incipient recovery of the economic climate in Southeast Europe. However, if market recovery is slightly delayed, the resulting enterprise value is lower than the Offer Price. This results in a valuation range; the Offer Price of EUR 7.15 per share is within this valuation range.

Prior to disclosure of the offer price, external analysts estimated Telekom Austria's market value and/or enterprise value per share to be partly higher and partly lower than the Offer Price, such that no clear assessment of the Offer Price can be drawn from this either.

As a result, the Management Board is refraining from giving an explicit recommendation regarding acceptance or rejection of the public offer. However, according to the legal provisions of the Austrian Takeover Act, the Management Board is obliged to present arguments that are in favour of and/or against acceptance of the offer. Below, the Management Board therefore refers to individual assessment and decision-making criteria which should certainly be considered as arguments in favour of or against acceptance by individual shareholders in their assessment of the offer.

However, the Management Board of Telekom Austria also points out that each shareholder must decide on his own whether the offer is beneficial for him or not based on his individual situation (investment perspective, legal and tax law framework etc.) and

on his subjective evaluation of the future development of the company, the capital market and the share price.

4.2 Points in favour of retaining shareholder status:

- Telekom Austria is strengthened by the long-term partnership contracted between the bidder and ÖIAG. This will allow the company to more efficiently leverage resources and strengthen technological know-how. In addition, in the bidder and the legal entities acting in concert with it Telekom Austria obtains a strategic partner next to ÖIAG which – as an important, globally active telecommunications Group – can strengthen Telekom Austria in its strategic focus in the highly competitive European market.
- The parties to the shareholders' agreement have an excellent credit rating, which could have a positive effect on Telekom Austria's financial position. Furthermore, the parties to the shareholders' agreement have agreed to vote in favour of a capital increase for Telekom Austria in the amount of EUR 1 billion and to also support this capital increase.
- After implementation of a EUR 1 billion capital increase, market opportunities for Telekom Austria will improve both in the countries in which it currently operates and in the emerging markets in Central and Eastern Europe. In addition, such a capital increase will allow the company to pursue further consolidation projects and thus grow organically as well as through acquisition.
- As a result of the planned capital increase, Telekom Austria can invest more vigorously in state-of-the-art infrastructure, research and development as well as product and service innovation, thus making possible the strengthening and expanding of its market position in the CEE region on a sustainable basis. It might also thus have the opportunity to actively partake in further consolidation steps and to expand that way.
- The Bidder and ÖIAG have stipulated in the shareholders' agreement that Telekom Austria will remain an autonomous and independent operating company. Since the Bidder operates exclusively in markets other than Telekom Austria, the Management Board rules out an overlap with or encroachment on Telekom Austria's market position and business development through the market activities of its shareholder AMX.

- If the market recovery anticipated by the Management Board occurs or if future market development surpasses these expectations of the Management Board, Telekom Austria's enterprise value could be further increased. By accepting the offer, a shareholder renounces participation in this potential increase in Telekom Austria's enterprise value.

4.3 Points in favour of acceptance of the public offer:

- The future development of the macroeconomic environment, the telecommunications markets and the regulatory environment continue to be associated with substantial uncertainty. In particular, a delayed market recovery can negatively impact business development and thus the enterprise value as well as the share price of Telekom Austria.
- The effect of the extensive countermeasures introduced by Telekom Austria to improve its earnings situation is still uncertain. Among other things, this will determine whether the business development of Telekom Austria expected by the Management Board can be realised as planned. A sustainable assessment is not possible before the second half of 2014 at the earliest.
- The strategic partnership with the Bidder and the legal entities acting in concert with it can also restrict any options for Telekom Austria to enter into, expand or continue strategic alliances with other companies.
- Telekom Austria's share price has risen noticeably in recent months. According to the Management Board's assessment, on the one hand this is due to the measures to increase Telekom Austria's enterprise value. On the other hand, the current share price trend is also driven by the public takeover offer from the Bidder expected by the market. Since it is not certain that the market actually prices in increases in the enterprise value, shareholders cannot be sure that they will be able to sell their shares on the stock market at the Offer Price once the offer procedure has completed.

- Through the consolidating of voting rights in the hands of the parties to the shareholders' agreement, who together already owned over 50% of Telekom Austria's share capital with voting rights prior to execution of the public offer, the co-determination rights of the remaining shareholders in the Annual General Meeting may be limited.
- Neither AMX nor ÖIAG are aiming to delist Telekom Austria. However, it cannot be ruled out that executing the offer procedure will reduce market liquidity. It is, however, unlikely that a delisting will occur or that the Telekom Austria share will leave the ATX.

In summary, the Management Board of Telekom Austria establishes that it acknowledges the offer and the business political goals and intentions of the Bidder, supports them, and is neutral about the offer for the reasons mentioned above.

4.4 Additional information

Additional information on Telekom Austria can be accessed on the company's website at www.telekomaustria.com. In addition, Matthias Stieber – Director Investor Relations, tel.: +43 50 664 39126 – is available to provide information on the statement by the Management Board of the Target Company.

In closing, the Management Board points out that Telekom Austria has authorised BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft ("BDO") as an independent expert as per § 13 of the Austrian Takeover Act. According to § 14 Sec 2 of the Austrian Acquisitions Act, BDO must also submit an assessment of the offer, which can be accessed on the homepage of the Austrian Takeover Commission at www.takeover.at as well as on Telekom Austria AG's homepage at www.telekomaustria.com.

Vienna, on 26 May 2014

Dr. Johannes Ametsreiter
(Chairman of the Management Board)

Dipl. Ing. Günther Ottendorfer
(Member of the Management Board)