

ARTICLES OF ASSOCIATION

of

Telekom Austria Aktiengesellschaft

(Company Register Number 144477t of the Vienna Commercial Court)

As amended on **[14 August] 2014**

§ 1

Name, Registered Office, Duration and Business Year

(1) The name of the stock corporation is

Telekom Austria Aktiengesellschaft.

(2) The Company has its registered office in Vienna.

(3) The Company is established for an unlimited period of time.

(4) The Company's business year is the calendar year.

§ 2

Object of the Company

(1) The object of the Company is

- the investment in enterprises and corporations as well as the management and administration of such investments (holding company), including the acquisition and the disposal of investments in Austria and abroad;
- all activities in connection with the performance of services and the creation of the necessary requirements for the operation and provision of (tele-) communication networks and services (including, but not limited to, mobile communication and fixed line) and associated services and infrastructure in Austria and abroad, including, but not limited to, the acquisition of necessary licenses and the distribution of end devices; as well as any services economically connected with such activities; such activities may either be undertaken directly or through affiliated companies.

(2) The Company is authorized to engage in all transactions and take all measures which are necessary or useful to achieve the Company's object, in particular in all areas of business activities similar or related to the object of the Company. The Company may process personal data using automated systems.

§ 3

Communication between Shareholders and the Company

- (1) The Company shall publish information on its website and, if required by law, also in the official gazette of "Wiener Zeitung".
- (2) Unless written form is mandatory by law, resolution proposals, reasons and other statements shall be sent to the Company in text form exclusively to the address disclosed on the website of the Company.
- (3) Resolution proposals, reasons, statements in accordance with Sec 87 para 2 Stock Corporation Act (*AktG*) and any other notifications to the Company shall be submitted in German language. The German version shall always prevail; the Company is not obliged to verify whether foreign language versions comply with the German version.
- (4) Deposit certificates are accepted only in German and in English. The Company is not obliged to verify the correctness of deposit certificates.
- (5) The language used in the General Meeting is German.

§ 4

Share Capital and Shares

- (1) The share capital amounts to EUR 966,183,000 and is divided into 443,000,000 no par value shares issued to bearer.
- (2) Shares from capital increases may be bearer shares or registered shares. If a resolution on a capital increase does not stipulate whether the shares are bearer shares or registered shares, the shares shall be bearer shares.
- (3) Form and content of the share certificates and of the dividend and renewal coupons are fixed by the Management Board. The same applies to debenture bonds, interest warrants and warrants. A shareholder is not entitled to claim certification of his share.
- (4) Authorized Capital 2014: Pursuant to Sec 169 Stock Corporation Act, the Management Board, within five years of registration of the relevant amendment to the Articles of Association in the commercial register, with the consent by the Supervisory Board, is authorized to increase the Company's share capital by a nominal maximum amount of EUR 483,091,500 by issuing up to 221,500,000 bearer shares against cash contribution, also in several tranches, (also indirectly through a credit institution pursuant to Sec 153 para 6 Stock Corporation Act), and to fix the issue price, any other terms of the issue and any further details, and the Management Board may in particular issue new shares carrying dividend rights from the beginning of the business year in which the implementation of the increase of the share capital is registered in the commercial register, provided and on condition that the net issue proceeds for the Company do not exceed EUR 1,000,000,000. The net issue proceeds shall be the total proceeds from the issue less any external costs resulting from the issue which are to be borne by the Company. The Supervisory Board is authorized to adopt any amendments to the Articles of Association resulting from the issue of shares from the Authorized Capital 2014.

§ 5

Management Board – Composition, Representation toward Third Parties, Management

- (1) The Management Board of the Company has two to four members. The Supervisory Board may appoint one member as Chairman and one member as Deputy of the Chairman. Holders of power of commercial representation [*Prokuristen*] may be appointed.
- (2) The Company is represented by two members of the Management Board or by one member of the Management Board together with one holder of power of commercial representation or, within the scope of legal representation authorities, by two holders of power of commercial representation acting jointly.
- (3) The Management Board shall adopt its resolutions by a simple majority of the votes cast. If a ~~member of the Management Board is appointed as~~ Chairman ~~of the Management Board has been appointed~~, he shall not have ~~the~~ casting vote ~~if the votes are equal. The Supervisory Board can pass the order that no valid resolution can be made if the Chairman of the Management Board raises a veto.~~
- (4) The Management Board shall conduct business in accordance with the laws, the Articles of Association and the Rules of Procedure issued to it by the Supervisory Board. In the Rules of Procedure, the Supervisory Board, while maintaining overall responsibility of the Management Board, shall also allocate business areas to the various members of the Management Board.

§ 6

Reporting to the Supervisory Board

- (1) The Management Board shall report to the Supervisory Board at least once per year on general questions of the Company's future business policy and on the future development of the asset, financial and income situation based on a forecast (annual report). Furthermore, the Management Board shall regularly inform the Supervisory Board, at least once every three months, on the business and the situation of the Company as compared to the forecast, taking into account the future development (quarterly report). The Chairman of the Supervisory Board shall immediately be informed of any important issues; in addition, the Supervisory Board shall be notified immediately of any circumstances which are of material importance for the profitability or liquidity of the Company (special report). The annual report and the quarterly reports shall be submitted in writing.
- (2) The Supervisory Board is also authorized to ask the Management Board at any time to submit reports on matters pertaining to the Company, including its relations with companies in which it holds significant participations.

§ 7

Supervisory Board Approval

The Supervisory Board shall define the transactions which - in addition to the cases prescribed by law (Sec 95 para 5 Stock Corporation Act) - require its consent. Where stipulated by law (Sec 95 para 5 clauses 1, 2, 4, 5 and 6 Stock Corporation Act), the Supervisory Board shall define thresholds up to which consent by the Supervisory Board is not required.

§ 8

Supervisory Board – Composition

- (1) The Supervisory Board shall consist of up to ten members elected by the General Meeting and the members delegated by the works council in accordance with Sec 110 para 1 Labour Constitution Act (*ArbVG*).
- (2) Unless elected for a shorter term of office, the members of the Supervisory Board are elected for a period until the end of the General Meeting which decides on their discharge for the fourth business year after the election. The business year in which the member of the Supervisory Board was elected shall not be counted. Members of the Supervisory Board may be re-elected.
- (3) Each Supervisory Board member may resign from office by giving written notice to the Chairman of the Supervisory Board. Such resignation shall become effective four weeks after receipt, unless another date of resignation is specified.
- (4) If elected members of the Supervisory Board resign from the Supervisory Board before the end of their terms of office, ~~re-election should only take place~~ replacement shall in any event be elected without delay if the number of elected Supervisory Board members falls below three. The terms of office of members so elected shall last until the end of the terms of office of the resigning Supervisory Board members, unless the General Meeting decides otherwise. Resigning Supervisory Board members may be re-elected.
- (5) The Supervisory Board shall issue its own Rules of Procedure.

§ 9

Supervisory Board – Chairman

- (1) The Supervisory Board shall, immediately after its election, elect a Chairman and one ~~or two Deputies~~ Deputy. They shall be elected for their entire terms of office as members of the Supervisory Board, unless the Supervisory Board decides otherwise.
- (2) If nobody gets an absolute majority in an election, a second ballot shall be held between the persons who received the most votes. In case of a tie in the second ballot, a decision shall be made by drawing lots.
- (3) The Chairman and ~~the deputies~~ his Deputy may resign from office at any time by giving four weeks' written notice to the Supervisory Board, even if they do not simultaneously resign from the Supervisory Board.
- (4) If the Chairman or ~~one of the deputies~~ his Deputy resigns from office during their terms of office, the Supervisory Board shall immediately replace the person resigned. The Chairman and his Deputy may be re-elected.
- (5) ~~The deputies~~ The Deputy of the Chairman shall have the same rights and obligations as the Chairman when acting as Chairman.
- (6) Statements of intent by the Supervisory Board are made on its behalf by the Chairman.

§ 10

Meetings of the Supervisory Board, Agenda, Convocation

- (1) The Supervisory Board shall hold a meeting as often as the interests of the Company require, but at least once every quarter.
- (2) The agenda is set by the Chairman, taking into consideration the motions put forward by the Management Board and the motions from Supervisory Board members.
- (3) Meetings of the Supervisory Board shall be convened in writing, by fax, by e-mail or by phone by the Chairman or by the Management Board on the Chairman's behalf, and the notice shall state the time, the venue and the agenda. There shall be a period of fourteen days between the convocation and the date of the Supervisory Board meeting, and notice shall be given to the addresses of the Supervisory Board members most recently indicated; in urgent cases, the Chairman may shorten this period.
- (4) Any written documents necessary in respect of the individual items of the agenda shall be made available in due time.
- (5) If a request by at least two members of the Supervisory Board or by the Management Board, including purpose of and reasons for the request, to convene a Supervisory Board meeting is not honoured by the Chairman within fourteen days, the individuals requesting a meeting may convene the Supervisory Board themselves and shall give notice of the facts concerned.
- (6) The members of the Management Board shall attend all meetings of the Supervisory Board and its committees, unless the Chairman of the meeting decides otherwise; they do not have a voting right.
- (7) The meetings of the Supervisory Board shall be recorded in minutes which shall include the main proceedings of the meeting and the resolutions adopted and shall be signed by the Chairman of the meeting.

§ 11

Supervisory Board – Quorum, Deliberations, Circular Resolutions

- (1) The Supervisory Board shall form a quorum if all Supervisory Board members have been properly invited and at least half of the members, including the Chairman or ~~one of his deputies, is~~ Deputy, are present; however, in certain cases, the Rules of Procedure of the Supervisory Board may require the presence of the Chairman for the meeting to form a quorum. A member who participates via video conference enabling direct reciprocity, confidentiality and authenticity of communication ("*qualified video conference*") shall also be deemed present. The Chairman shall determine the type of meeting and may especially call a qualified video conference if this seems appropriate in the interest of the Company taking into consideration the urgency of holding a meeting or the absence of Supervisory Board members.
- (2) Any Supervisory Board member who is prevented from attending a meeting may grant written proxy to another Supervisory Board member to represent him at a single meeting; the Supervisory Board member represented shall not be counted for the purpose of establishing a quorum. The right to chair a meeting may not be transferred.
- (3) The type of vote is determined by the Chairman, unless the Supervisory Board determines otherwise.

- (4) Resolutions are adopted by a simple majority of the votes cast. Any abstention shall not count as a vote cast. ~~If the votes are equal – even in the case of elections – the~~ The Chairman shall ~~decide~~ not have a casting vote.
- (5) The Supervisory Board may adopt a resolution on a matter which is not on the agenda only if all Supervisory Board members are present or represented and no member objects to a resolution.
- (6) Circular resolutions: In urgent cases, the Chairman may allow votes in writing or by phone, by fax or e-mail, via the Internet or by video telephony ("*simple video conference*") without the Supervisory Board members gathering for a meeting, provided that no Supervisory Board member objects in writing to this procedure within one week of sending of the documents. A resolution is adopted if all Supervisory Board members have been invited to vote and at least half of the members, including the Chairman or ~~one of his deputies~~ Deputy, have participated in the circular resolution; however, in certain cases, the Rules of Procedure of the Supervisory Board may require the presence of the Chairman for a meeting to form a quorum. Any abstention from voting in circular resolutions shall be counted for the purpose of establishing a quorum, but shall not be counted for the purpose of establishing the results. A member of the Supervisory Board may not be represented by another Supervisory Board member in circular resolutions.

§ 12

Supervisory Board – Tasks

- (1) The Supervisory Board shall monitor the Management Board when conducting the Company's business as prescribed by law.
- ~~(2) The Supervisory Board must audit the reports and requests submitted by the Board and decide on the latter.~~
- ~~(3)~~(2) The Supervisory Board shall review the accounting documents presented by the Management Board (Sec 20 para 1), declare its position about these documents to the Management Board and issue a report to the General Meeting.
- ~~(4)~~(3) In the cases provided by law, the Supervisory Board shall submit to the General Meeting proposals for resolutions concerning the election of Supervisory Board members as well as concerning the appointment of auditors or special auditors, as the case may be.
- ~~(5)~~(4) The Supervisory Board shall be informed in advance of all matters the Management Board wishes to raise at the General Meeting.
- ~~(6)~~(5) The Supervisory Board shall convene a General Meeting whenever the interests of the Company so require.
- ~~(7)~~(6) The Supervisory Board may adopt amendments and additions to the Articles of Association that are editorial in nature.

§ 13

Remuneration

- (1) The Supervisory Board members elected by the General Meeting shall receive an appropriate remuneration for their activities that is fixed by the General Meeting on an annual basis. The Supervisory Board members are entitled to reimbursement of their out-of pocket expenses and a reasonable fee for attending meetings.
- (2) If Supervisory Board members carry out special activities in the interests of the Company, they may be granted a special remuneration by resolution of the General Meeting.
- (3) If the term of office of a Supervisory Board member begins or ends during the business year, the remuneration shall be paid on a pro-rata basis.

§ 14

Supervisory Board – Committees

- (1) The Supervisory Board may set up one or more committees from among its members and define their tasks and authorizations; the committees may be set up permanently or for specific tasks. The committees may also be granted decision-making powers. An audit committee shall be set up in accordance with Sec 92 para 4a Stock Corporation Act.
- (2) The employee representatives in the Supervisory Board are entitled to appoint members to the committees who shall have seats and votes in accordance with the proportion set out in Sec 110 para 1 Labour Constitution Act. This shall not apply to committees dealing with relations between the Company and the members of the Management Board.
- (3) More detailed provisions concerning the committees shall be set forth in the Rules of Procedure of the Supervisory Board. The Supervisory Board may also adopt separate Rules of Procedure of the committees.

§ 15

General Meetings – Convocation, Venue

- (1) The Company's General Meeting shall take place at the Company's registered office or at the place of business of a branch of the Company in Austria or in the capital of an Austrian Federal District.
- (2) The General Meeting shall be convened by the Management Board or by the Supervisory Board according to legal provisions. This shall not affect the right conferred on other persons by law or the Articles of Association to convene a General Meeting.
- (3) With the consent by the Supervisory Board, the Management Board is authorized to provide in the notice of the General Meeting that shareholders may participate in the General Meeting via remote participation (Sec 102 para 3 subpara 2 Stock Corporation Act) and/or via remote voting (Sec 102 para 3 subpara 3 Stock Corporation Act) and may so exercise various or all rights. If the Management Board uses this authorization, the details shall be announced in the notice.

§ 16

General Meeting – Attendance

- (1) The right to participate in the General Meeting and to exercise the shareholder rights to be

asserted during the General Meeting depends on the shareholding in case of bearer shares and on the registration in the share register in case of registered shares, in each case at the end of the tenth day before the day of the General Meeting (record date).

- (2) In case of deposited bearer shares, a deposit certificate according to Sec 10a Stock Corporation Act shall be deemed to constitute sufficient documentary evidence to prove a shareholding on the record date, such deposit certificate to be received by the Company at the address referred to in the notice not later than on the third business day prior to the General Meeting, unless the notice specifies a later date.
- (3) If registered shares have been issued, the shareholders registered in the share register on the record date may participate in the General Meeting, provided that they register at the address referred to in the notice not later than three business days prior to the General Meeting, unless the notice specifies a later date.
- (4) Every shareholder may appoint an individual or a legal entity as representative to participate in the General Meeting and to exercise the shareholder rights to be exercised during the General Meeting. The proxy shall be issued in text form, submitted to the Company and either physically kept or verifiably recorded by the Company. The details for granting such proxies will be announced together with the notice of the General Meeting.
- (5) The notice may request separate registration for remote participation and remote voting (Sec 15 para 3); an earlier date may be fixed concerning the end of the registration period.
- (6) Members of the Management Board and the Supervisory Board may attend the General Meeting by means of an optical and/or acoustical two-way connection.

§ 17

Voting Rights, Resolutions

- (1) Each no-par value share grants one vote.
- (2) Unless mandatory law or the Articles of Association provide otherwise, the General Meeting shall adopt its resolutions by a simple majority of the votes cast; in cases where a capital majority is required, it shall adopt its resolutions by a simple majority of the share capital represented upon the resolution.
- (3) As long as the Republic of Austria, directly or indirectly, holds at least 25% + 1 share in the registered share capital of the Company, resolutions pursuant to Sec 149 Stock Corporation Act and Section 174 Stock Corporation Act, where instruments including a conversion right or a conversion obligation into shares of the Company are concerned, as well as changes to this provision of the Articles of Association shall require a majority of at least three quarters of the share capital represented upon the resolution. These majority requirements cease to exist without requiring a change of the Articles of Association once the shareholding of the Republic of Austria for the first time falls below 25% + 1 share in the registered share capital. The effective date shall be the notification of the Company according to Sec 92 Stock Exchange Act or the provision replacing the same. Provided that the agenda of a General Meeting includes issues referred to in the first sentence of this paragraph, the Chairman, in the context of chairing the meeting pursuant to Sec 116 para 1 Stock Corporation Act in connection with Sec 121 para 1 Stock Corporation, shall deter-

mine at the beginning of the General Meeting whether the majority requirements referred to in the first sentence of this paragraph are applicable.

~~(3)~~(4) If, in case of elections, a simple majority is not achieved in the first ballot, a second ballot will take place between the two candidates who received the most votes. In case of a tie, a decision will be made by drawing lots.

~~(4)~~(5) Every resolution of the General Meeting shall be notarized by an Austrian notary public in a written record of the proceedings to be valid.

§ 18

Chair, Direction and Broadcasting of the General Meeting

- (1) The General Meeting is chaired by the Chairman of the Supervisory Board; if neither he nor ~~one of his deputies~~Deputy is present in person or willing to chair the meeting, the notary present to record the proceedings shall chair the meeting to elect a Chairman.
- (2) The Chairman of the General Meeting shall conduct the proceedings and in particular determine the order in which the items on the agenda are dealt with and the order of the speakers, the form and order of voting on resolution proposals concerning every item on the agenda, as well as the procedure for counting votes, unless mandatory law provides otherwise.
- (3) The General Meeting may be publicly broadcast by picture and/or sound in whole or in part and made available on the internet.

§ 19

General Meeting and Scope of Activities

- (1) The ordinary General Meeting shall take place every year within the first eight months of the business year. Besides the presentation of documents in accordance with Sec 20 para 1, the agenda shall include, in the cases provided by law, the adoption of the financial statements, the resolution on the use of net profits, if the financial statements show a net profit, and the discharge of the members of the Management Board and the members of the Supervisory Board.
- (2) The General Meeting shall also adopt resolutions in the cases expressly referred to by law and in the Articles of Association, in particular elect and remove Supervisory Board members or amend the Articles of Association.
- (3) The General Meeting may decide on questions relating to the management of the Company only if the Management Board or – insofar as a transaction requiring consent by the Supervisory Board according to Sec 95 para 5 Stock Companies Act is concerned – the Supervisory Board so requests.

§ 20

Financial Statements, Dividends

- (1) Within the first five months of the business year, the Management Board shall draw up the financial statements and the management report as well as the consolidated financial statements and the group management report for the previous business year and submit these documents after audit by the auditor to the Supervisory Board together with the cor-

porate governance report and, if the financial statements show a net profit, together with a proposal for the use of net profits.

- (2) The Supervisory Board shall review the documents referred to in para 1 above within two months after submission, declare its position about these documents to the Management Board and issue a report to the General Meeting.
- (3) If the Supervisory Board approves the financial statements, these shall be deemed adopted, unless the Management Board and the Supervisory Board decide that the financial statements shall be adopted by the General Meeting.
- (4) If the financial statements show a net profit, the ordinary General Meeting will resolve on the use of net profits. In this context, the General Meeting shall be bound by the financial statements adopted by the Management Board with the consent by the Supervisory Board. Contrary to the proposed use of net profits, the General Meeting may exclude all or parts of the net profits from distribution. The Management Board shall make any change to the financial statements as may become necessary in this respect.
- (5) The shareholders' dividends are distributed in proportion to the contributions made in respect of the pro-rata amount of the share capital of the shares. Contributions made during a business year shall be taken into account in proportion to the time that has passed since such contributions were made. When new shares are issued during a business year, the point in time as of which they carry dividends shall be determined.
- (6) A dividend declared by the General Meeting shall become due thirty days after a relevant resolution by the General Meeting, unless the General Meeting decides otherwise.
- (7) Dividends not claimed within three years after falling due will forfeit in favour of the Company.