

Proposed resolution for the extraordinary shareholders' meeting of Telekom Austria Aktiengesellschaft, Vienna, on 14. August 2014

In connection with our today's written request pursuant to § 105 Abs 3 AktG to convene an extraordinary shareholders' meeting, we propose the following resolutions:

1. Agenda item: Elections to the supervisory board

To the first agenda item the shareholder Österreichische Industrieholding Aktiengesellschaft proposes to elect Ing. Rudolf Kemler, born on 09.05.1956, as of termination of this extraordinary shareholders' meeting until the termination of such shareholders' meeting that resolves upon the discharge for the business year 2017, to the supervisory board of the Company.

Further, the shareholder Österreichische Industrieholding Aktiengesellschaft proposes to elect Carlos José García Moreno Elizondo Ph.D., born on 06.01.1957, as of termination of this extraordinary shareholders' meeting until the termination of such shareholders' meeting that resolves upon the discharge for the business year 2017, to the supervisory board of the Company.

Further, the shareholder Österreichische Industrieholding Aktiengesellschaft proposes to elect Alejandro Cantu Jimenez J.D., born on 26.04.1972, as of termination of this extraordinary shareholders' meeting until the termination of such shareholders' meeting that resolves upon the discharge for the business year 2015, to the supervisory board of the Company.

Further, the shareholder Österreichische Industrieholding Aktiengesellschaft proposes to elect Mag. jur. Stefan Pinter, born on 15.04.1978, as of termination of this extraordinary shareholders' meeting until the termination of such shareholders' meeting that resolves upon the discharge for the business year 2015, to the supervisory board of the Company.

Further, the shareholder Österreichische Industrieholding Aktiengesellschaft proposes to elect Carlos M. Jarque M.Sc. Ph.D., born on 18.10.1954, as of termination of this extraordinary shareholders' meeting until the termination of such shareholders' meeting that resolves upon the discharge for the business year 2017, to the supervisory board of the Company.

Further, the shareholder Österreichische Industrieholding Aktiengesellschaft proposes to elect Mag. jur. Reinhard Kraxner, born on 07.05.1970, as of termination of this extraordinary shareholders' meeting until the termination of such shareholders' meeting that resolves upon the discharge for the business year 2015, to the supervisory board of the Company.

Further, the shareholder Österreichische Industrieholding Aktiengesellschaft proposes to elect Oscar Von Hauske Solís MBA, born on 01.09.1957, as of termination of this extraordinary shareholders' meeting until the termination of such shareholders' meeting that resolves upon the discharge for the business year 2017, to the supervisory board of the Company.

Further, the shareholder Österreichische Industrieholding Aktiengesellschaft pro-

poses to elect Ronny Pecik, born on 04.03.1962, as of termination of this extraordinary shareholders' meeting until the termination of such shareholders' meeting that resolves upon the discharge for the business year 2017, to the supervisory board of the Company.

Further, the shareholder Österreichische Industrieholding Aktiengesellschaft proposes to elect Dr. Elisabetta Castiglioni, born on 01.10.1964, as of termination of this extraordinary shareholders' meeting until the termination of such shareholders' meeting that resolves upon the discharge for the business year 2015, to the supervisory board of the Company.

Further, the shareholder Österreichische Industrieholding Aktiengesellschaft proposes to elect Mag. Günter Leonhartsberger, born on 12.07.1968, as of termination of this extraordinary shareholders' meeting until the termination of such shareholders' meeting that resolves upon the discharge for the business year 2017, to the supervisory board of the Company.

These election proposals include CVs of the proposed candidates and declarations of the candidates pursuant to § 87 Abs 2 AktG as to their qualification, comparable functions and impartiality.

Note:

The member of the supervisory board DI Harald Stöber deceased on 9. Mai 2014. Further, all other present supervisory board members declared to step down as members of the supervisory board of Telekom Austria Aktiengesellschaft as of expiry of the upcoming extraordinary shareholders' meeting and to withdraw from the supervisory board of Telekom Austria Aktiengesellschaft.

Election to replace SB members shall take place in the extraordinary shareholders' meeting on 14. August 2014, the terms of office of the members shall be staggered as set out above.

Comments to the election proposal of Österreichische Industrieholding Aktiengesellschaft

Pursuant to § 8 Abs 1 of the Articles of Association, the supervisory board consists of up to ten members elected by the shareholders' meeting as well as of the members delegated by the works council pursuant to § 110 Abs 1 ArbVG. In the ordinary shareholders' meeting 2013, ten members were elected. After the decease of one member during his term of office, the supervisory board of Telekom Austria Aktiengesellschaft currently consists of nine elected members. The central works council delegated five members to the supervisory board.

As all 9 present members of the supervisory board shall withdraw from the supervisory board as of termination of the extraordinary shareholders' meeting, during this meeting 10 members shall be elected to reach the number of ten members elected by the shareholders' meeting as after the last election on 29 May 2013.

The supervisory board of Telekom Austria Aktiengesellschaft currently is com-

posed as follows:

Ing. Rudolf Kemler
Ronny Pecik
Univ.-Prof. Dr. Michael Enzinger
Mag. Dr. Alfred Brogyanyi
Dr. Elisabetta Castiglioni
Dr. Henrietta Egerth-Stadlhuber
MMag. Peter J. Oswald
Mag. Dr. Wolfgang Ruttendorfer
Oscar Von Hauske Solis

Delegated from the central works council:

Silvia Bauer
Ing. Walter Hotz
Werner Luksch
Mag. (FH) Alexander Sollak
Ing. Gottfried Zehetleitner

- 2. Agenda item:** Resolution on the creation of Authorized Capital 2014 (§ 169 AktG) against cash contribution. § 4 of the Articles is adapted accordingly.

To the second agenda item the shareholder Österreichische Industrieholding Aktiengesellschaft suggests the following resolution:

“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.”

The Articles shall be adopted accordingly and a new sub para 4 shall be created in § 4 as follows:

“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.”

Explanation to the resolution proposal of Österreichische Industrieholding Aktiengesellschaft

The proposed authorization shall give the Company the opportunity to strengthen by a capital increase its capital structure and financial position and thereby protect the existing investment grade rating. This financial flexibility shall allow the Company to continue to invest *inter alia* in state-of-the-art infrastructure, research and development as well as product and service innovations and to position itself so that it may profit from its investment opportunities in such countries as the Company is currently active in as well as in the expanded Central- and South Eastern European region and to utilize its value accretive growth potential.

3. Agenda item: Resolution on changes in the Articles of Association in §§ 5, 8, 9, 11, 12, 17 and 18.

To the third agenda item the shareholder Österreichische Industrieholding Aktiengesellschaft proposes to amend the Articles of Telekom Austria Aktiengesellschaft in §§ 5, 8, 9, 11, 12, 17 and 18 as follows:

- § 5: In sub para (3) the second and the third sentences shall be deleted and a new second sentence „If a Chairman has been appointed, he shall not have a casting vote.” shall be included. Thus, § 5 sub para (3) reads as follows:

(3) The Management Board shall adopt its resolutions by a simple majority of the votes cast. If a Chairman has been appointed, he shall not have a casting vote.

- § 8: In sub para (4) the words „re-election should only take place” in the first sentence shall be replaced by the words „a replacement shall in any event be elected.“. Thus, § 8 sub para (4) reads as follows:

(4) If elected members of the Supervisory Board resign from the Supervisory Board before the end of their terms of office, a 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.

- § 9: In sub para (1) the words „or two Deputies” in the first sentence shall be replaced by the word „Deputy”. Thus, § 9 sub para (1) reads as follows:

(1) The Supervisory Board shall, immediately after its election, elect a Chairman and one Deputy. They shall be elected for their entire terms of office as members of the Supervisory Board, unless the Supervisory Board decides otherwise.

- § 9: In sub para (3) the words „ the deputies” shall be replaced by the words „his Deputy”. Thus, § 9 sub para (3) reads as follows:

(3) The Chairman and 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.

- § 9: In sub para (4) the words „one of the deputies” in the first sentence shall be replaced by the words „his Deputy”. Thus, § 9 sub para (4) reads as follows:

(4) If the Chairman or 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.

- § 9: In sub para (5) the words „The deputies” shall be replaced by the words „The Deputy”. Thus, § 9 sub para (5) reads as follows:

(5) The Deputy of the Chairman shall have the same rights and obligations as the Chairman when acting as Chairman.

- § 11: In sub para (1) the words „one of his deputies, is present” in the first sentence shall be replaced by the words „his 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.” Thus, § 11 sub para (1) reads as follows:

(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 his 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.”

- § 11: In sub para (4) the third sentence is replaced by the sentence „The Chairman shall not have a casting vote.”. Thus, § 11 sub para (4) reads follows:

(4) Resolutions are adopted by a simple majority of the votes cast. Any abstention shall not count as a vote cast. The Chairman shall not have a casting vote.

- § 11: In sub para (6) the words „one of his deputies" in the second sentence shall be replaced by the words „his Deputy”. Further, the following wording shall be included after the second sentence: “; 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." Thus, § 11 sub para (6) reads as follows:

(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 his 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: Sub para (2) shall be deleted. The numbering of the following paragraphs changes so that the existing paragraphs (3), (4), (5), (6) and (7) become paragraphs (2), (3), (4), (5) and (6).

- § 17: In § 17 a new sub para (3) shall be inserted, reading: „, 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 determine at the beginning of the General Meeting whether the majority requirements referred to in the first sentence of this paragraph are applicable." The numbering of the following paragraphs thus changes, so that the existing paragraphs (3) and (4) become paragraphs (4) and (5).

- § 18: In sub para (1) the word order „one of his deputies" shall be deleted and shall be replaced by the words „his Deputy“. Thus, § 18 sub para (1) reads as follows:

(1) The General Meeting is chaired by the Chairman of the Supervisory Board; if neither he nor his 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.

Explanation to the resolution proposal of Österreichische Industrieholding Aktiengesellschaft

The Chairman of the management board as well as the Chairman of the supervisory board shall have no casting vote in future. Thus, the §§ 5 sub para 3 and 11 sub para 4 are to be amended accordingly.

Further, there shall be only one deputy chairman of the Chairman of the supervisory board in future instead of two. Thus, the §§ 9 sub para 1, 3, 4 and 5, 11 sub para 1 and 6 as well as 18 sub para 1 are to be amended.

The supplementary additions of § 11 sub para 1 and 6 as well as the introduction of the new sub para 3 in § 17 shall serve to ensure the rights of ÖIAG from the shareholders' agreement with América Móvil, in particular of the "Austria Package" presented in the last ordinary shareholders' meeting.

The proposed amendments to § 8 sub para 4 and the deletion of § 12 sub para 2 are of formal nature only.

The shareholder Österreichische Industrieholding Aktiengesellschaft applies to make its resolution proposals available together with its name, the explanation and a statement by the management board or the supervisory board, if any, on the internet homepage of Telekom Austria Aktiengesellschaft.