

**EANS-Adhoc: Telekom Austria AG / Telekom Austria Group announces capital increase of up to EUR 1 bn net proceeds (Ad-hoc)**

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## Capital measures/Stock Activity

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Vienna, 7 November 2014: Today, the management board of Telekom Austria Aktiengesellschaft ("Telekom Austria" and, together with its consolidated subsidiaries, "Telekom Austria Group"), with the approval of Telekom Austria's supervisory board, has resolved on a capital increase targeting net proceeds in the amount of up to EUR 1.0 bn by offering up to 221,500,000 newly issued no-par value ordinary bearer shares (the "New Shares"). The New Shares will be issued following a share capital increase from authorized capital and will be carrying dividend rights as of 1 January 2014, including the intended dividend of EUR 0.05 per share for the financial year 2014. The capital increase will consist of an offering to existing shareholders (the "Rights Offering"), and potentially followed by private placements of New Shares to qualified investors in Austria and other selected countries, including in the United States to qualified institutional buyers (QIBs) as defined in Rule 144A under the US Securities Act, and outside of the United States to certain other eligible institutional investors in reliance on Regulation S under the US Securities Act (the "Rump Placement" and, together with the Rights Offering, the "Offering").

The Rights Offering will commence on 10 November 2014 and is expected to end on 24 November 2014 (the "Subscription Period"). In the Rights Offering, shareholders of Telekom Austria holding existing shares of Telekom Austria as of 7 November 2014, 24:00 (midnight) Central European Time, will be granted one subscription right for each existing share and will be invited to exercise their subscription rights at a price of EUR 4.57 per New Share (the "Rights Offering Offer Price"). The subscription ratio is 2 to 1. As a result, shareholders owning subscriptions rights (or holders of subscription rights) are entitled to subscribe for 1 New Share for every 2 existing shares of Telekom Austria. Trading of the subscription rights (ISIN AT0000A1AD41) on the Vienna Stock Exchange is expected to commence on 12 November 2014 and to end on 19 November 2014. Subscription rights not exercised by the end of the Subscription Period will expire without the right to any compensation.

Each of América Móvil, S.A.B. de C.V. ("América Móvil"), Carso Telecom B.V. ("Carso") and Österreichische Industrieholding Aktiengesellschaft ("ÖIAG"), Telekom Austria's core shareholders, has committed itself to participate in the capital increase as follows: América Móvil has committed itself to acquire at the Rights Offering Offer Price 3,967,850 New Shares according to its 7,935,700 subscription rights. Carso Telecom has committed itself to acquire at the Rights Offering Offer Price 128,267,215 New Shares according to its 256,534,431 subscription rights. ÖIAG has committed itself to acquire at the Rights Offering Offer Price up to 62,958,867 New Shares according to its 125,917,735 subscription rights such that its participation in the share capital of Telekom Austria after completion of the capital increase corresponds as closely as possible to its current pro-rata participation in the Company (approximately 28.42%).

The Rump Placement is expected to commence on 24 November 2014, after the close of trading on the Vienna Stock Exchange, and to end on 25 November 2014. The Rump Placement consists of those New Shares which have not been subscribed for as part of the Rights Offering or committed to by the core shareholders. The price for the New Shares offered in the Rump Placement is equal to or above the Rights Offering Offer Price and will be determined on the basis of the outcome of a bookbuilding procedure.

Trading of the New Shares on the Vienna Stock Exchange is expected to commence on 27 November 2014. Each of Telekom Austria, América Móvil, Carso Telecom and ÖIAG has committed itself to a lock-up period ending six months after the first

day of trading of the New Shares on the Vienna Stock Exchange.

Telekom Austria intends to use the net proceeds of the capital increase to re-establish its target capital structure and maintain a credit rating of at least BBB (stable) by Standard & Poor's. This will allow Telekom Austria Group to pursue strategic investment priorities with the aim to strengthen the Telekom Austria Group's operational performance and to return to a sustainable growth profile within the stated sound financial framework. In particular, the capital increase will allow Telekom Austria Group to implement an accelerated roll-out of its fibre infrastructure during the years 2015 - 2018 in combination with latest available technologies to ensure CAPEX efficiency. Telekom Austria Group thus aims to meet increasing demand for high bandwidth services and safeguard the Group's network quality leadership in the Austria segment. Furthermore, Telekom Austria Group will be able to finance value-accretive M&A opportunities that strengthen its operational strategy, thereby maintaining the following priorities: (i) in-market consolidation to strengthen existing operations; (ii) the continued pursuit of Telekom Austria Group's convergence strategy to diversify in markets that are currently mobile-only and to enhance existing convergent operations; and (iii) expansion via new operations.

The approval of the prospectus for the capital increase by the Austrian Financial Market Authority is expected for today. Thereafter the prospectus will be available, inter alia, for download on Telekom Austria's website (<http://www.telekomaustria.com/en/ir/14887>).

Citigroup Global Markets Limited and Deutsche Bank AG are acting as Joint Global Coordinators and Joint Bookrunners for the transaction. Erste Group Bank AG, Raiffeisen Centrobank AG and UniCredit Bank Austria AG are acting as Joint Bookrunners.

For further information please see the following link:  
[www.telekomaustria.com/en/ir/ir-news](http://www.telekomaustria.com/en/ir/ir-news)

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Further inquiry note:  
Matthias Stieber

Director Investor Relations

Tel.: +43 (0) 50 664 39126

mailto: [matthias.stieber@telekomaustria.com](mailto:matthias.stieber@telekomaustria.com)

issuer: *Telekom Austria AG*  
*Lassallestrasse 9*  
*A-1020 Wien*

mail: *investor.relations@telekomaustria.com*

WWW: *www.telekomaustria.com/ir*

sector: *Telecommunications*

ISIN: *AT0000720008*

indexes: *WBI, ATX Prime, ATX*

stockmarkets: *official market: Wien*

language: *English*



Aussendung übermittelt durch euro adhoc  
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