

This document is a non-binding English language convenience translation. The only binding document is the German language offer document published on 15.05.2014

NOTE:

SHAREHOLDERS OF TELEKOM AUSTRIA AG WHOSE SEAT, PLACE OF RESIDENCE OR HABITUAL ABODE IS OUTSIDE THE REPUBLIC OF AUSTRIA SHOULD NOTE THE INFORMATION SET FORTH IN SECTION 8.4 OF THIS OFFER DOCUMENT.

This voluntary public takeover offer with an option to convert into a mandatory offer (the "Offer") is not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States, and the Shares (as defined herein) may not be tendered in the Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States. Accordingly, copies of this Offer Document and any other documents or materials relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded in or into the United States or to persons located or resident in the United States. Any purported tender of Shares in the Offer resulting directly or indirectly from a violation of these restrictions will be invalid and tenders of Shares made by a person located or resident in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal resident in or giving instructions from within the United States will not be accepted. For these purposes, "United States" means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

THIS COMMUNICATION IS NOT AN EXTENSION OF THE OFFER IN THE UNITED STATES.

**VOLUNTARY PUBLIC TAKEOVER OFFER (Sec 25a  
ATA) WITH AN OPTION TO CONVERT INTO A  
MANDATORY OFFER (Sec 22 et seq. ATA)**  
("Offer")

by Carso Telecom B.V.

Prins Bernhardplein 200, 1097 JB, Amsterdam, Nederlands

("Carso Telecom" or "Bidder")

to the shareholders of

TELEKOM AUSTRIA AG

Lassallestraße 9, A-1020 Vienna, Austria

ISIN: AT0000720008

("Target Company")

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## Summary of the Offer

The following summary only contains selected information on this Offer and must be read in conjunction with the detailed information contained elsewhere in this Offer Document.

|                      |   |         |
|----------------------|---|---------|
| Bidder               | Carso Telecom B.V. is a besloten vennootschap (private limited liability company) established under Dutch Law with its corporate seat in Amsterdam and its business address at Prins Bernhardplein 200, 1097 JB, Amsterdam, The Netherlands, registered under 55341535 in the Companies' Register of The Netherlands.   | Sec 3.1 |
| Target Company       | Telekom Austria AG is a joint stock corporation established under Austrian Law with its corporate seat in Vienna and its business address at Lassallestraße 9, 1020 Vienna, Austria, registered with the Commercial Court of Vienna under FN 144477 t.  | Sec 2.2 |
| Offer                | Purchase of all no-par-value ordinary bearer shares in Telekom Austria which are admitted to trading at the Official Market (Amtlicher Handel) of the Vienna Stock Exchange and which are not owned by the Bidder, the América Móvil Group, ÖIAG or Telekom Austria, i.e. 197,890,232 no-par-value ordinary bearer shares, each of which represents a pro rata participation of EUR 2.181 (in words: Euro two point one eight one) in the registered share capital of the Target Company. | Sec 4.1 |
| Offer Price          | EUR 7.15 (in words: Euro seven point one five) per no-par-value share in Telekom Austria (ISIN AT0000720008) ex dividend 2013.  | Sec 4.2 |
| Conditions Precedent | Reaching of the statutory minimum acceptance threshold pursuant to Sec 25a para 2 ATA. As to the inapplicability of this condition precedent see Sec 5.3 below.<br><br>Non-prohibition or clearance of the Offer and the Shareholders' Agreement by the competent antitrust authorities of Austria, Bulgaria,   | Sec 5.1 |

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Croatia, Macedonia, Serbia, Slovenia and Belarus.

Final and binding ruling by the Austrian Telekom-Control-Commission granting its approval pursuant to Sec 56 para 2 of the Austrian Telecommunications Act; or alternatively a final and binding ruling by the Telekom-Control-Commission, stating that this Offer and the conclusion of the Shareholders' Agreement do not fall within the scope of its approval competence.

A final and binding ruling by the Austrian Financial Market Authority, granting its approval pursuant to Sec 20 et seq. of the Austrian Banking Act; or alternatively a final and binding ruling by the Financial Market Authority, stating that this Offer and the conclusion of the Shareholders' Agreement do not fall within the scope of its approval competence pursuant to sec 20 et seq. Austrian Banking Act.

|                             |   |         |
|-----------------------------|---|---------|
| Acceptance Period           | 15.05.2014 until and including 10.07.2014, 17:00 CET, (8 weeks).  | Sec 6.1 |
| Acceptance                  | The acceptance of the Offer must be declared in writing and addressed to the custodian bank of the respective shareholder of the Target Company. The acceptance is made in time if such acceptance is received by the custodian bank of the respective shareholder within the Acceptance Period and (i) the transfer has been completed (that is the transfer from ISIN AT0000720008 to ISIN AT0000A17B35) and (ii) the custodian bank of the respective shareholder has transferred such declaration of acceptance together with the number of placed client orders to the Receiving and Payment Agent until the 2 <sup>nd</sup> (second) Trading Day after expiry of the Acceptance Period. | Sec 6.3 |
| Receiving and Payment Agent | UniCredit Bank Austria AG, Schottengasse 6-8, 1010 Vienna, FN 150714p.  | Sec 6.2 |

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## 1. Definitions

|                                  |   |
|----------------------------------|---|
| Acceptance Period                | has the meaning given to such term in section 6.1   |
| ADR                              | has the meaning given to such term in section 4.1.2   |
| ADS                              | has the meaning given to such term in section 4.1.2   |
| América Móvil or AMX             | América Móvil, S.A.B. de C.V., a sociedad anónima bursátil de capital variable established under Mexican law, registered under 263,770 in Mexico City's Registro Publico de Comercio, with business address at Lago Zurich 245, Plaza Carso/Edificio Telcel, Piso 16, Colonia Granada Ampliación, 11529, México, D.F., México |
| América Móvil Group or AMX Group | América Móvil, S.A.B. de C.V. and subsidiaries  |
| ATA                              | Austrian Takeover Act   |
| BNY                              | has the meaning given to such term in section 4.1.2   |
| Carso Telecom or Bidder          | Carso Telecom B.V., a besloten vennootschap (private limited liability company) established under Dutch law with its corporate seat in Amsterdam and its business address at Prins Bernhardplein 200, 1097 JB, Amsterdam, The Netherlands, registered under 55341535 in the Companies' Register of The Netherlands            |
| Declaration of Acceptance        | Written declaration of the acceptance of this Offer by shareholders of Telekom Austria for a certain number of Shares addressed to the Depository Bank  |

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|                           |   |
|---------------------------|---|
| Depository Bank           | Financial institution or financial service provider with which shareholders of Telekom Austria maintain their securities account and with which they have deposited their Shares  |
| Deposit Agreement         | has the meaning given to such term in section 4.1.2   |
| EU                        | European Union  |
| Family Trust              | has the meaning given to such term in section 3.3   |
| Initial Announcement Date | 23.04.2014, the day on which the intention to make the Offer was announced  |
| Inmobiliaria Carso        | has the meaning given to such term in section 3.3   |
| Offer Shares              | has the meaning given to such term in section 4.1.1   |
| Offer Price               | has the meaning given to such term in section 4.2   |
| ÖIAG                      | Österreichische Industrieholding AG, a stock corporation established under Austrian law with its seat in Vienna and its business address at Dresdner Straße 87, 1201 Wien, registered with the Commercial Court of Vienna under FN 80286v |
| Parties Acting in Concert | has the meaning given to such term in section 3.5   |
| Reference Price           | has the meaning given to such term in section 4.3   |
| Sercotel                  | has the meaning given to such term in section 3.2   |
| Shareholders' Agreement   | Agreement concluded between Carso Telecom and ÖIAG dated 23.04.2014 with respect to Telekom Austria.  |
| Shares or Share           | The shares of Telekom Austria listed at the Official Market of the Vienna Stock Exchange (ISIN AT0000720008)  |

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|                                   |  |
|-----------------------------------|--|
| Slim Family                       | has the meaning given to such term in section 3.3  |
| Telekom Austria or Target Company | Telekom Austria AG, a joint stock corporation established under Austrian law with its corporate seat in Vienna and its business address at Lassallesstraße 9, 1020 Vienna, Austria, registered with the Commercial Court of Vienna under FN 144477 t |
| Telekom Austria Group             | Telekom Austria and its subsidiaries   |
| Trading Day                       | Each day the Vienna Stock Exchange is open for trading shares  |
| VWAP                              | has the meaning given to such term in section 4.3  |

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## 2. Background

### 2.1 Current Situation

The Bidder is part of the América Móvil Group. The América Móvil Group provides telecommunications services in 18 countries and is one of the leading providers of wireless communications services in Latin America. The América Móvil Group also has major fixed-line operations in Latin America. As of December 31, 2013, it had 269.9 million wireless subscribers and 69.4 million fixed revenue generating units in the Americas.

The América Móvil Group has been exploring opportunities to expand its operations to other regions outside the Americas in order to achieve geographical diversification and create attractive long-term returns for its shareholders.

Telekom Austria represented one of such investments outside the Americas and, after nearly two years after América Móvil Group's initial investment in Telekom Austria, ÖIAG and the Bidder have come to the conclusion that it will be for the benefit of Telekom Austria and its stakeholders if they enter into a Shareholders' Agreement providing for a framework for the control and corporate governance of Telekom Austria and rules on the uniform exercise of voting rights in the corporate bodies of the Company for the Bidder and specific veto rights for ÖIAG. Ultimately, the Shareholders' Agreement will afford the Bidder the industrial leadership and control of the Company, and define ÖIAG's position as a core shareholder of the Company.

The Target Company's current headquarter together with its main business functions, including research and development, shall remain in Austria.

### 2.2 Target Company

Telekom Austria is a joint stock corporation incorporated under the laws of Austria with its registered seat in Vienna and business address at Lasallestraße 9, 1020 Vienna, Austria, registered with the Companies Register of the Vienna Commercial Court (Handelsgericht Wien) under FN 144477 t. The registered share capital (Grundkapital) of the Company amounts to EUR 966,183,000 and is divided into 443,000,000 non-par value ordinary shares, issued to bearer. Ordinary shares of Telekom Austria, ISIN AT0000720008, are listed on the Official Market (Amtlicher



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Handel) at the Vienna Stock Exchange and are further represented by depository receipts of The Bank of New York, DR ISIN US87943Q1094 at a ratio of 1:2.

Telekom Austria Group is a leading communications provider in Central and Eastern Europe with about 23 million customers across its markets of operations. The Group is currently operating in eight countries: 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 of December 31, 2013, the Group had roughly 16,000 employees and Group revenues were about EUR 4.2 billion as of year-end 2013. Telekom Austria Group's portfolio encompasses products and services of voice telephony, broadband internet, multimedia services, cable TV, data-hosting, IT solutions as well as m-payment solutions.

### 2.3 Current Shareholder Structure of the Target Company

At the time this Offer is published the shareholder structure of the Target Company according to disclosures made under Sec 93 para 2 Austrian Stock Exchange Act is as follows:

| Shareholder  | Number of Shares | %         |
|--|------------------|-----------|
| Carso Telecom (Bidder)                                 | 110,841,174      | 25.0206 % |
| ÖIAG   | 125,917,735      | 28.4239 % |
| AMX  | 7,935,700        | 1.7914 %  |
| Treasury Shares (held by Telekom Austria) <sup>1</sup> | 415,159          | 0.0937%   |
| Free float   | 197,890,232      | 44.6704 % |
| Sum  | 443,000,000      | 100 %     |

<sup>1</sup> Treasury Shares are not subject to this Offer (see also Sec 4 below).

### 2.4 Conclusion of a Shareholders' Agreement

Bidder and ÖIAG entered into a Shareholders' Agreement dated 23.04.2014 for a 10 year term. The Shareholders' Agreement, inter alia, provides Carso Telecom the industrial leadership and control of Telecom Austria, and ÖIAG with certain veto rights defining its role as a core shareholder in Telekom Austria. Moreover, the Shareholders' Agreement contains rules on the uniform exercise of voting

rights in the corporate bodies of Telekom Austria, nomination rights for members of the supervisory and management boards and share transfer restrictions. The effectiveness of the Shareholders' Agreement is subject to the fulfilment or waiver of the regulatory approvals as set out in this Offer. Upon effectiveness of the Shareholders' Agreement the Bidder will obtain a controlling interest in Telekom Austria.

The following key undertakings, among others, ("Austrian package") have been agreed between the Bidder and ÖIAG:

- Telekom Austria's headquarters, main corporate and business functions, including research and development, shall remain in Vienna, Austria.
- Telekom Austria shall retain technological leadership in the Austrian telecommunication market and comply with technology standards of the European Union.
- The Bidder and ÖIAG acknowledge that Telekom Austria's employees, in particular its civil servants, are subject to specific legal provisions under Austrian employment and constitutional laws and will ensure that Telekom Austria shall at all times comply with such provisions.
- ÖIAG and the Bidder acknowledge that Telekom Austria is subject to certain specific legislation such as the Telecommunication Act (TKG) and contractual agreements with the Republic of Austria safeguarding public interests (provision of telecommunication services, information rights of public entities and communication infrastructure in crises). ÖIAG and the Bidder shall ensure, to the extent legally possible, that Telekom Austria complies at all times during the term of such legislation or agreements with such provisions.
- ÖIAG and Carso Telecom undertake that Telekom Austria while improving its overall performance will take into consideration the interests of the various stakeholders including the interests of the Austrian workforce.
- ÖIAG and the Bidder agreed that, unless ÖIAG exercises a veto in connection with capital increases, telecommunications operations in Austria, in countries where Telekom Austria is active already and in defined CEE coun-

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tries, including Poland, Czech Republic, Hungary, Slovakia, Romania, Albania and Ukraine, shall exclusively be conducted through Telekom Austria which shall have strategic and management responsibility of such operations.

- Listing of Telekom Austria on the Vienna Stock Exchange, in the Official Market (Amtlicher Handel), segment Prime Market shall be retained.

#### Supervisory Board

The supervisory board of Telekom Austria will consist of 10 shareholder elected members, 8 (eight) of which members will be nominated by Carso Telecom and 2 (two) will be nominated by ÖIAG. ÖIAG will have the right to nominate the chairman of the supervisory board, who will not have a casting vote, while Carso Telecom will nominate the deputy chairman. Via the majorities in the supervisory board and supervisory board committees Carso Telecom will control the supervisory board of Telekom Austria while ÖIAG will have veto rights.

#### Management Board

The management board of Telekom Austria will consist of three members, two of which, namely the CFO (Chief Financial Officer) and the COO (Chief Operations Officer)/CTO (Chief Technology Officer) will be nominated by Carso Telecom, while one management board member, namely the CEO (Chief Executive Officer), will be nominated by ÖIAG. The CEO will not have a casting vote. Via the majority in the management board, Carso Telecom will control the management board of Telekom Austria while ÖIAG will have certain veto rights.

#### Standing Committee

Carso Telecom and ÖIAG will form a standing committee (Syndikatsversammlung, the "Standing Committee") which will discuss and decide on all matters that are on the agenda of a shareholders' meeting or a supervisory board meeting of Telekom Austria. The Standing Committee consisting of four members (two by Carso Telecom and two by ÖIAG) will be controlled by Carso Telecom via casting vote in all matters except where ÖIAG veto matters are concerned.

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### Veto Rights of ÖIAG

As long as ÖIAG holds 25% plus 1 share or more of the registered share capital of Telekom Austria, ÖIAG shall have the following veto rights:

- certain veto rights deemed to be non-controlling, inter alia veto on capital increases in Telekom Austria and its subsidiaries, appointment of the statutory auditors, related party transactions, relocation of the headquarter and major business functions including R&D, sale of core businesses, amendment of the corporate name of Telekom Austria and of trademarks of the Telekom Austria Group ("Vetoed");
- In addition, ÖIAG will also have the mandatory statutory minority blocking rights of a 25% plus 1 share-minority shareholder.

### Reduced Protection

In the event ÖIAG's shareholding in Telekom Austria falls below 25 % +1 share of the registered share capital of Telekom Austria for the first time, ÖIAG will, in the corridor between 25% and 15%, retain the Vetoes except for the veto on capital increases or other dilutive measures; moreover, ÖIAG will lose the mandatory statutory minority blocking rights of a 25% plus 1 share-minority shareholder. In the event ÖIAG's shareholding falls below 15% of the registered share capital of Telekom Austria for the first time, ÖIAG's Vetoes shall be further limited. The Shareholders' Agreement automatically terminates if a shareholder falls below 10%.

### Change of the Articles of Association

In an extraordinary shareholders' meeting the Articles of Association of Telekom Austria shall be amended as follows: As long as the Republic of Austria, directly or indirectly, holds at least 25% + 1 share in the registered share capital, resolutions on capital increases and on the issuance of instruments which contain a conversion right or a conversion obligation into shares of the Company 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 present at the vote. This majority requirement

ceases to exist without 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.

### 3. Description of the Bidder and Parties Acting in Concert

#### 3.1 Description of the Bidder

The Bidder is Carso Telecom B.V. (formerly known as AMOV Europa B.V.), a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) duly incorporated on 22 May 2012 and validly existing under the laws of The Netherlands, having its seat (statutaire zetel) in Amsterdam, The Netherlands, its registered office at Prins Bernhardplein 200, 1097 JB, Amsterdam, The Netherlands, and registered with the Dutch Commercial Register (Handelsregister) under number 55341535.

The management board of the Bidder consists of Alejandro Cantú Jiménez, Dirk Stolp, Allard van der Veen and Victor Hugo Garcia Padilla. None of the members of the management board of the Bidder hold any Shares

#### 3.2 Direct and Indirect Shareholders of the Bidder

Sercotel, S.A. de C.V. ("Sercotel") holds 100% of the shares of the Bidder. Sercotel is a wholly-owned subsidiary of AMX.

AMX is a Mexico-based company primarily engaged in providing telecommunications services in Latin America. It is a leading provider of wireless services in Latin America. Its activities include offering mobile and landline telephony services, broadband access, as well as cable and satellite television. It distributes its services under the Telcel, Telmex, Claro, Embratel, Net, TracFone and Simple Mobile brands, among others. It has operations established in 18 countries, including Mexico, Brazil, Argentina, Chile, Paraguay, Uruguay, Colombia, Panama, Ecuador, Peru and the United States, among others.

AMX' shares and American depositary shares are listed or quoted on the Mexican Stock Exchanges, the New York Stock Exchange, NASDAQ National Market and the Mercado de Valores Latinoamericanos en Euros (Latibex).

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### 3.3 AMX Capital and Shareholder Structure

The following table sets forth AMX' capital structure as of March 31, 2014:

| Share Class | Shares (mio) | %     | Combined A Shares and AA Shares <sup>*</sup> |
|-------------|--------------|-------|--|
| L –Shares   | 45,488       | 65.4% | ---  |
| AA-Shares   | 23,424       | 33.7% | 97.1%  |
| A-Shares    | 677          | 0.9%  | 2.9%   |
| Sum         | 69,589       | 100%  | 100%   |

<sup>1</sup> The AA shares and A shares of AMX are entitled to elect together a majority of AMX directors

Holders of series "AA" and series "A" shares have full voting rights. Holders of series "L" shares are only entitled to vote to elect two members of the board of directors of AMX and their respective alternate directors and on the following matters: extension of the corporate life of AMX, its voluntary dissolution, a change in its corporate purpose or nationality, transformation of AMX from one type of company to another, mergers, as well as the cancellation of the registration of the shares issued by AMX in the Mexican National Registry of Securities and Intermediaries (Registro Nacional de Valores) and any other foreign stock exchanges where they may be registered, with the exception of quotation systems or other markets not organized as stock exchanges. AMX bylaws contain restrictions and limitations related to the subscription and acquisition of series "AA" shares by foreign investors.

In conformity with AMX' bylaws, series "AA" shares must represent at all times no less than 20% and no more than 51% of AMX' capital stock and also must represent at all times no less than 51% of the combined number of common registered shares (with full voting rights represented by series "AA" and series "A" shares). Series "AA" shares may only be subscribed or acquired by Mexican investors, Mexican corporations and trusts expressly authorized to do so in conformity with the applicable legislation in force.

According to reports of beneficial ownership of AMX' shares filed with the U.S. Securities and Exchange Commission, Mr Carlos Slim Helú, together with his sons and daughters (the "Slim Family"), may be deemed to control AMX through their interests in a Mexican trust that holds AA Shares and L Shares for their benefit

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(the "Family Trust"), their interest in Inmobiliaria Carso, S.A. de C.V. ("Inmobiliaria Carso"), and their direct ownership of AMX' shares.

AMX is the ultimate holding company of the Bidder as AMX is not controlled by any other legal entity. Based on US regulations the members of Slim Family may be deemed to control AMX provided that they would act in concert. However, there is no shareholders' agreement in place based on which the members of the Slim Family would be obliged to act in concert.

The following tables identify each owner of more than 5% of any series of AMX' shares according to public information available as of March 31, 2013. Except as described in the table below and the accompanying notes, AMX is not aware of any holder of more than 5% of any series of AMX shares. Figures below do not include the total number of "L" shares that would be held by each shareholder upon conversion of the maximum number of "AA" shares or "A".

| AA-Shares          |                 |                |
|--------------------|-----------------|----------------|
| Shareholder        | Shares (in Mio) | % of Series AA |
| Family Trust       | 10,894          | 46.5%          |
| AT&T Inc.          | 5,739           | 24.5%          |
| Inmobiliaria Carso | 1,392           | 5.9%           |

| L-Shares        |                 |               |
|-----------------|-----------------|---------------|
| Shareholder     | Shares (in Mio) | % of Series L |
| Family Trust    | 5,998           | 11.4%         |
| BlackRock, Inc. | 3,816           | 7.4%          |

Percentage figures for each shareholder are based on the number of shares outstanding as of the date of its most recently beneficial ownership report filed with the U.S. Securities and Exchange Commission prior to 31 March 2013.

In addition to shares held by the Family Trust, members of the Slim Family, including Mr Carlos Slim Helú, directly owned an aggregate of 3,558 million AA Shares and 9,570 million L Shares representing 7.07% and 18.93%, respectively, of each series. None of the members of the Slim Family individually directly own more than 5% of any class of AMX' shares. Percentage figures are based on the number of shares outstanding as of the date of the most recently filed beneficial ownership report prior to 31 March 2013.

### 3.4 ÖIAG | No Tender Agreement

ÖIAG is the participation and privatization agency of the Republic of Austria, which currently holds 3 (three) major participations in (i) OMV AG, (ii) Post AG and (iii) Telekom Austria. Participation and Privatization management is the main task and duty of ÖIAG pursuant to the ÖIAG-Act. Any privatization requires a privatization order from the Federal Government. Currently ÖIAG has no such privatization mandate with respect to the Target Company.

The conclusion of the Shareholders' Agreement does not require a privatization mandate as ÖIAG will not sell any Shares to the Bidder. Carso Telecom alone launches this Offer including, without limitation, the full funding of the Offer and the acquisition of all tendered Shares. Under the transaction documents ÖIAG is neither obliged nor entitled to fund this Offer or acquire any Shares tendered into the Offer. Further, ÖIAG has waived any rights to tender Shares into the Offer.

### 3.5 Parties Acting in Concert

Pursuant to Sec 1 no 6 ATA parties acting in concert are natural or legal entities who, on the basis of an arrangement, cooperate with the Bidder in an attempt to obtain control of or exercise control over the Target Company, especially by coordinating the way in which they exercise their voting rights. If a party holds a direct or indirect controlling interest (Sec 22 para 2 and 3 ATA) in one or more other entities, it will be assumed (rebuttable presumption) that all of these parties are acting in concert with each other ("Parties Acting in Concert"). According to this definition,

- AMX
- Sercotel
- ÖIAG

are deemed to be Parties Acting in Concert with the Bidder. In this context, the Bidder refers to Sec 7 para 12 ATA, pursuant to which information on further Parties Acting in Concert (ie AMX affiliates) can be omitted, if such entities are not of relevance for the decision to be made by the shareholders.

### 3.6 Bidder's and Parties Acting in Concert's Shareholding in the Target Company at the Time of the Publication of the Offer



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| Shareholder            | Shares      | %         |
|------------------------|-------------|-----------|
| Carso Telecom (Bidder) | 110,841,174 | 25.0206 % |
| ÖIAG                   | 125,917,735 | 28.4239 % |
| AMX                    | 7,935,700   | 1.7914 %  |
| Sum                    | 244,694,609 | 55.2359 % |

### 3.7 Significant Legal Relations with the Target Company

The following personal ties exist between the Bidder and Parties Acting in Concert respectively and the Target Company:

Mr. Rudolf Kemler is chairman of the supervisory board of Telekom Austria and the sole managing director of ÖIAG.

Mr. Oscar Von Hauske Solís is a member of the supervisory board of Telekom Austria and member of the board of directors of AMX. He is also Chief Fixed-Line Operations Officer of AMX and CEO of Telmex Internacional, a subsidiary of AMX.

Other material legal relationships between the Bidder, Parties Acting in Concert and Telekom Austria do not exist.

## 4. Offer

### 4.1 Subject of the Offer

#### 4.1.1 Shares of Telekom Austria

This Offer aims at the acquisition of all non-par value Shares of Telekom Austria admitted to trading on the Official Market of the Vienna Stock Exchange (ISIN AT0000720008), each representing a calculatory pro rata amount of EUR 2.181 of the registered share capital of Telekom Austria except for Shares that are already held by the Bidder, its Parties Acting in Concert and Telekom Austria (see Sec 2.3).

Based on the above, the Bidder's purchase offer therefore aims at the acquisition of 197,890,232 Shares ("Offer Shares"). The Offer Shares represent approx. 44.67% of Telekom Austria's entire share capital.

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At the time this Offer is launched, the Bidder assumes that the management of Telekom Austria will propose in the upcoming annual general meeting to distribute a dividend for the business year 2013 in the amount of EUR 0.05 (in words: five Cents) and that the respective resolution will be passed in the annual general meeting.

This Offer is made and to be understood ex dividend for Telekom Austria's fiscal year 2013 which shall be retained by the Telekom Austria shareholders accepting the Offer. Those Shares in respect of which the Offer was accepted before the ex-dividend date will retain their dividend entitlement for 2013 also in case they were already transferred to ISIN AT0000A17B35 "Telekom Austria AG – Zum Verkauf eingereichte Aktien".

#### 4.1.2 American Depositary Shares

As to the knowledge of the Bidder, Telekom Austria and The Bank of New York as depositary ("BNY") concluded a Deposit Agreement dated 17 November 2000 giving holders of Telekom Austria Shares the opportunity to deposit Shares with BNY or Bank Austria Creditanstalt AG being instructed as Custodian by BNY against issuance of so called American Depositary Shares ("ADS", and the agreement the "Deposit Agreement"). ADS represent the Telekom Austria Shares so deposited and the holders of ADS are contractually third-party beneficiaries under the Deposit Agreement. The Deposit Agreement further provides that ADS are certificated by so called American Depositary Receipts ("ADR") upon registration with BNY's ADS Register.

As to the knowledge of the Bidder, every two ADS represent one Telekom Austria Share. BNY passes dividend payments and other payments by Telekom Austria on to the ADS holders whereupon payments by BNY are principally effected in US Dollars after conversion of moneys received in other currency. Each holder of ADS is entitled to receive against return of ADS to BNY such number of Telekom Austria Shares as are represented by the returned ADS at any time.

This Offer does not extend to the above ADS, irrespective of whether or not they are certificated in the form of ADR.

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#### 4.2 Offer Price

The Bidder offers to the holders of Offer Shares to acquire the Offer Shares at the price of EUR 7.15 (in words: Euro seven point one five) per Share ex dividend 2013 ("Offer Price").

"Ex dividend" means that the shareholders accepting the Offer receive the dividend for 2013 in addition to the Offer Price. Said dividend is expected to be resolved upon by the shareholders' meeting on 28<sup>th</sup> May 2014 and paid out by the Target Company on 2<sup>nd</sup> June 2014. The management board will suggest to the shareholders' meeting a dividend for the business year 2013 in the amount of EUR 0.05 (in words: five Cents) per Share.

#### 4.3 Calculation of the Offer Price

The price for a mandatory offer or a voluntary offer aimed at control respectively corresponds at least to the volume weighted average exchange price ("VWAP") of the respective share over the past six months prior to the Initial Announcement Date. Further, pursuant to § 26 para 1 ATA the price of such an offer shall not be less than the highest consideration in money paid or agreed on by the Bidder or Parties Acting in Concert with it, for those Shares of the Target Company within the preceding 12 (twelve) months prior to filing the offer document ("Reference Price"). This shall also apply to the consideration for shares which the Bidder or any Party Acting in Concert with it is entitled to or obliged to acquire in the future.

The VWAP within the past 6 (six) months prior to Initial Announcement Date, this is the time period between 23.10.2013 up until 22.04.2014, amounts to EUR 6.47 per Share. Therefore, the Offer Price corresponds at least to the VWAP.

The Bidder has acquired Shares within the preceding 12 (twelve) months before the Initial Announcement Date at a maximum price of EUR 6.35 per Share. Within the same period, the Parties Acting in Concert with the Bidder have not acquired or agreed to acquire Shares of the Target Company at a higher price. Accordingly, the Reference Price is below the VWAP. Therefore the VWAP is decisive in determining the minimum offer price of this Offer.

#### 4.4 Offer Price in Relation to Historic Prices

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The VWAP for the last 3 (three), 6 (six), 12 (twelve) and 24 (twenty four) calendar months before the Initial Announcement Date amount to:

|      | 3 months <sup>1)</sup> | 6 months <sup>2)</sup> | 12 months <sup>3)</sup> | 24 months <sup>4)</sup> |
|------|------------------------|------------------------|-------------------------|-------------------------|
| VWAP | EUR 6.88               | EUR 6.47               | EUR 6.04                | EUR 6.06                |

Source: Vienna Stock Exchange; Basis: VWAP

<sup>1)</sup> Covered period: 23.01.2014 until 22.04.2014 (incl.)

<sup>2)</sup> Covered period: 23.10.2013 until 22.04.2014 (incl.)

<sup>3)</sup> Covered period: 23.04.2013 until 22.04.2014 (incl.)

<sup>4)</sup> Covered period: 23.04.2012 until 22.04.2014 (incl.)

#### 4.5 Evaluation of the Target Company

For the purposes of the calculation of the Offer Price, the Bidder has not prepared an independent evaluation of the Target Company. The Offer Price takes into account the statutory minimum purchase price and considers (i) the Reference Price and (ii) the development of the stock market price, whereby the shareholders' accepting the Offer are entitled to receive the dividend for the 2013 financial year in addition to the Offer Price.

#### 4.6 Financial Figures and Current Business Development of the Target Company

Selected Target Company financial figures (reported and accorded with IFRS) derived from the (consolidated) annual financial statements for the past 3 (three) business years are as follows:

| <sup>4)</sup>        | 2013                   | 2012         | 2011         |
|----------------------|------------------------|--------------|--------------|
| Annual All-Time High | 6.75                   | 9.31         | 10.69        |
| Annual All-Time Low  | 4.74                   | 4.51         | 6.8          |
| Profit per Share     | 0.20                   | 0.23         | -0.57        |
| Dividend per Share   | 0.05 <sup>1)</sup>     | 0.05         | 0.38         |
| Book Value per Share | EUR 2.08 <sup>3)</sup> | EUR 1.85     | EUR 1.99     |
| EBITDA <sup>2)</sup> | 1.287,4 Mio.           | 1.455,7 Mio. | 1.527,3 Mio. |
| EBIT                 | 377,6 Mio.             | 457,1 Mio.   | -7,6 Mio.    |
| EBT                  | 109,7 Mio.             | 104,0 Mio.   | -252,8 Mio.  |

<sup>1)</sup> Anticipated dividend for the 2013 financial year (proposal to ordinary shareholders' meeting 2014)

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<sup>2)</sup> Adjusted

<sup>3)</sup> Taking into account the Hybrid Bond issued in 2013

<sup>4)</sup> Source: Telekom Austria Group Report 2013

Further information about Telekom Austria is available on the website of the Target Company ([www.telekomaustria.com](http://www.telekomaustria.com)). Any information on this website is not part of this Offer document.

## 5. Conditions

### 5.1 Conditions Precedent

This Offer is subject to the following conditions precedent:

- 5.1.1 By virtue of law (Sec 25a para 2 ATA), this Offer is subject to the condition precedent that, at the end of the Acceptance Period, the Bidder has received Declarations of Acceptance covering more than 50% of the Offer Shares. According to Sec 25a para 2 ATA, parallel acquisitions of permanent voting Shares (ständig stimmberechtigte Aktien) made by the Bidder or by Parties Acting in Concert with it, shall be included into this calculation. In order to fulfil this condition precedent pursuant to Sec 25a para 2 ATA, the amount of the Shares which have been validly tendered or acquired in a parallel transactions, at the end of the Acceptance Period, therefore, shall amount to at least 98,945,117 Shares corresponding to 22.34% of the permanent voting Shares. Concerning the inapplicability of this condition precedent see Sec 5.3 below.
- 5.1.2 This Offer and the effectiveness of the Shareholders' Agreement are conditional upon the non-prohibition or clearance of the Offer and the Shareholders' Agreement by the competent antitrust authorities of Austria, Belarus, Bulgaria, Croatia, Macedonia, Serbia and Slovenia.
- 5.1.3 This Offer and the effectiveness of the Shareholders' Agreement are conditional upon a final and binding ruling by the Austrian Telekom-Control-Commission (Telekom-Control-Kommission), granting its approval pursuant to Sec 56 para 2 of the Austrian Telecommunications Act (Telekommunikationsgesetz); or alternatively a final and binding ruling by the Telekom-Control-Commission, stating that this Offer and the conclusion of

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the Shareholders' Agreement do not fall within the scope of its approval competence.

- 5.1.4 This Offer and the effectiveness of the Shareholders' Agreement are conditional upon a final and binding ruling by the Austrian Financial Market Authority (Finanzmarktaufsichtsbehörde), stating that this Offer and the conclusion of the Shareholders' Agreement do not fall within the scope of its approval competence pursuant to sec 20 et seq. Austrian Banking Act; or alternatively a final and binding ruling by the Financial Market Authority, granting its approval pursuant to Sec 20 et seq. of the Austrian Banking Act.

This Offer is characterized by the fact that complex procedures are required in order to fulfil the conditions precedent as set forth in Sec 5.1; the result and the timing of such procedures remain open. With respect to the condition precedent under Sec 5.1.3 the Bidder emphasises that under the current laws of Austria and based on the views of the competent authority, the Bidder is not eligible to file for such application under the Austrian Telecommunications Act. Any application for such approval can only be filed by the Target Company, which holds the frequency rights. The fulfilment of the above referred condition precedent is therefore dependent on whether the Target Company and its respective subsidiary file for such approval. The Bidder and ÖIAG undertake, to the extent legally permissible, exercise their influence on the Target Company that such filing is made by the respective affiliate of Telekom Austria.

## 5.2 Waiver, Occurrence, Non-Occurrence of Conditions Precedent

The Bidder reserves its right to waive the fulfilment of certain conditions precedent (with respect to Sec 5.1.2 for specific jurisdictions as well), in which case such conditions precedent are considered to be fulfilled. The condition precedent of reaching the minimum acceptance threshold of more than 50% as set forth in Sec 5.1.1 cannot be waived. However, this condition precedent will cease to apply in case of conversion of this Offer into a mandatory offer (see Sec 5.3 below).

The Bidder will immediately publish a waiver of any condition precedent in the media described in Sec 6.10 of this Offer Document. As soon as the Bidder has information that one of the conditions precedent will not be fulfilled within the time period referred below, it will immediately publish such information, as well as its

possible waiver in the media described in Sec 6.10.

Subject to a conversion into a mandatory offer (see Sec 5.3 below), this Offer and the Shareholders' Agreement will become invalid if the conditions precedent as set forth in Sec 5.1.1 to 5.1.4 have not been within the original Acceptance Period, unless the Bidder has waived the fulfilment of the condition precedent explained in Sec 5.1.2 to 5.1.4 and the condition precedent set forth in Sec 5.1.1 has been fulfilled.

The Bidder will undertake all actions and issue all declarations in order to support the fulfilment of the conditions precedent; furthermore, the Bidder will refrain from any actions possibly impeding the fulfilment of the conditions precedent. However, as outlined above the Bidder is not eligible to file for an application under the Austrian Telecommunications Act.

### 5.3 Conversion into a Mandatory Offer | Inapplicability of the Minimum Acceptance Threshold

Based on the ruling GZ 2001/V/1, the 3<sup>rd</sup> senate of the Austrian Takeover Commission is of the opinion that there should be no obligation to launch a mandatory offer pursuant to Sec 22 ATA as long as the controlling interest cannot be and actually is not implemented due to a statutory implementation prohibition (Durchführungsverbot). As long as the bidder would respect such prohibition of implementation (Durchführungsverbot) a controlling interest would not be obtained by the Bidder. Thus, there would be no obligation to launch a mandatory offer; further, the 20 trading days period to file an offer document pursuant to Sec 22 para 1 ATA would not apply.

However, the 3<sup>rd</sup> senate of the Austrian Takeover Commission is of the opinion that market rumours in February 2014 triggered the 40 trading days period pursuant to Sec 21 ATA according to which the Bidder is obliged to launch a takeover offer failing which would trigger the one year blocking period. Within these 40 trading days the Bidder would have not been able under the current law to obtain the necessary regulatory approvals. In order to resolve the situation, the Bidder now launches a voluntary starting takeover offer aimed to acquire control pursuant to Sec 25a ATA which shall be converted into a mandatory offer upon fulfilment or waiver of the conditions precedent as set forth in Sec 5.1.2 to 5.1.4 as

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follows:

If the conditions precedent as set forth in Sec 5.1.2 to 5.1.4 are fulfilled or waived prior to the expiry of the original Acceptance Period the Shareholders' Agreement will become effective triggering a change of control and this voluntary takeover offer aimed to acquire control pursuant to Sec 25a ATA will be converted into a mandatory offer pursuant to Sec 22 para 1 ATA on the day of publication of the fact that the Shareholders' Agreement became effective, whereby the condition pursuant to Sec 5.1.1 will not be applicable any longer.

Such conversion constitutes an amendment of the Offer analogous to Sec 15 ATA which is why the conversion has to take place at least 8 (eight) trading days prior to the end of the original Acceptance Period (Sec 15 para 2 ATA). Provided the Acceptance Period is not prolonged pursuant to Sec 19 Abs 1b ATA, the Bidder can declare a conversion on 30 June 2014 at the latest and grants to those Telekom Austria shareholders who have accepted the Offer prior to the amendment of such conversion, the opportunity to revoke their Declaration of Acceptance within 3 (three) trading days from the day of publication of such conversion. If a shareholder does not exercise his/her right to revoke, his/her Declaration of Acceptance remains legally binding and effective. The declaration of withdrawal must be in writing and should be sent to the Receiving and Payment Agent.

In case of conversion of this voluntary takeover offer to acquire control into a mandatory offer, the conditions precedent as set forth in Sec 5.1.2 to 5.1.4 have necessarily already been fulfilled or their fulfilment has been waived. The remaining condition precedent pursuant to Sec 5.1.1 will cease to apply upon the publication.

## 6. Acceptance and Settlement of the Offer

### 6.1 Acceptance Period

The Acceptance Period for this Offer amounts to 8 (eight) weeks. Thus, the Offer can be accepted between 15.05.2014 until and including 10.07.2014, 17:00 CET. The Bidder explicitly reserves its right to prolong the Acceptance Period. The Acceptance Period defined in this paragraph is the "Acceptance Period".



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## 6.2 Receiving and Payment Agent

The Bidder has appointed UniCredit Bank Austria AG, registered under FN 150714 p, with corporate seat in Vienna and business address at Schottengasse 6-8, 1010 Vienna to act as Receiving and Payment Agent for this Offer, handling the Offer, accepting the Declarations of Acceptance and paying the Offer Price to shareholders who delivered Declarations of Acceptance.

## 6.3 Acceptance of the Offer

The Bidder recommends that shareholders willing to accept the Offer shall get into contact with their Depository Bank at least 3 (three) Trading Days prior to the end of the Acceptance Period.

Telekom Austria shareholders can only accept this Offer vis-a-vis the Depository Bank by means of a written Declaration of Acceptance of the Offer for a specified number of Shares, which number should in any case be indicated in the Declaration of Acceptance. The Depository Bank promptly transfers such Declaration of Acceptance of this Offer to the Receiving and Payment Agent by specifying the number of the placed client orders as well as the overall number of Shares of these Declarations of Acceptance which the Depository Bank has received during the Acceptance Period, and will keep the deposited Shares with ISIN AT0000720008 blocked from the time of receipt of the Declaration of Acceptance of the Offer as well as the registration as "Telekom Austria AG – Zum Verkauf eingereichte Aktien" under the new ISIN AT0000A17B35.

The Receiving and Payment Agent has filed an application with OeKB for ISIN AT0000A17B35 "Telekom Austria AG – Zum Verkauf eingereichte Aktien" for the tendered Shares. Until transfer of ownership of the tendered Shares, the Shares specified in the Declaration of Acceptance remain (albeit with a different ISIN) blocked in the securities account of the accepting shareholder and are not tradable; however, they will be re-booked and newly registered as "Telekom Austria AG – Zum Verkauf eingereichte Aktien".

The Declaration of Acceptance is deemed to be made in time if and to the extent it has been received by the Depository Bank within the Acceptance Period, and if and to the extent, by the 2<sup>nd</sup> (second) Trading Day after the expiration of the Acceptance Period at the latest, (i) re-booking (meaning the registration of ISIN

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AT0000A17B35 and the blocking of ISIN AT0000720008) has been effectuated, and (ii) the Depository Bank has transferred the Declarations of Acceptance to the Receiving and Payment Agent by specifying the number of the placed client orders as well as the overall number of Shares of these Declarations of Acceptance which the Depository Bank has received during the Acceptance Period.

#### 6.4 Legal Consequences of Acceptance

Upon acceptance of the Offer, a conditional contract for the purchase of the tendered Offer Shares shall come into existence between the accepting shareholders of the Target Company and the Bidder on the terms and conditions set out in this Offer. This share purchase agreement shall become effective on fulfilment of all conditions precedent (see Sec 5 above)

#### 6.5 Acceptance during the Additional Acceptance Period ("Sell-out")

For those shareholders who have not accepted the Offer within the Acceptance Period, the Acceptance Period is extended for 3 (three) months upon publication of the result (Additional Acceptance Period pursuant to Sec 19 para 3 ATA).

Sec 6.3 shall apply mutatis mutandis to the acceptance of this Offer during the Additional Acceptance Period provided Shares tendered during such period receive the separate ISIN AT0000A17B43 and are labelled "Telekom Austria AG – zum Verkauf eingereichte Aktien/Nachfrist".

For those shareholders that have accepted the Offer within the Additional Acceptance Period, the Offer Price will be paid out 10 (ten) Trading Days after the end of the Additional Acceptance Period.

#### 6.6 Payment of the Offer Price and Transfer of Ownership ("Settlement")

The Offer Price will be paid to those holders of Shares who accepted the Offer within the Acceptance Period the latest at the 10<sup>th</sup> (ten) Trading Day after expiration of the Acceptance Period and the Offer becoming unconditional simultaneously (Zug um Zug) in return for the transfer of Shares.

Holders of Shares who accept the Offer during the Additional Acceptance Period pursuant to Sec 19 para 3 ATA will receive the Offer Price simultaneously (Zug um Zug) with the transfer of their Shares 10 (ten) Trading Days after expiry of this

period at the latest.

#### 6.7 Settlement Fees

The Bidder shall bear fees and costs directly connected with the handling of this Offer but limited to an amount of EUR 7.50 per deposit. The Depository Banks shall receive a one-time lump sum payment in the amount of EUR 7.50 per deposit to cover all costs, if any, including without limitation commissions and expenses, etc. Concerning this matter, the Depository Banks will be asked to contact the Receiving and Payment Agent.

Each accepting shareholder shall itself bear all expenses, costs, taxes or stamp duties, if any, exceeding the above lump-sum payment.

Neither the Bidder nor any Party Acting in Concert with the Bidder assumes any liability towards a shareholder of the Target Company or a third party for any expenses, costs, taxes or stamp duties or other similar levies and taxes in connection with the acceptance or handling of this Offer in Austria or abroad; these shall be borne by each shareholder of the Target Company.

#### 6.8 Representations and Warranties

The owners of Offer Shares who have accepted this Offer thereby represent and warrant that all the Shares covered by the Declarations of Acceptance are legally owned by them and are not encumbered by any third parties' rights. Each tendering shareholder is also deemed to irrevocably make certain acknowledgments, representations, warranties and undertakings to the Bidder that, as of the time of its tender of the Shares and on the date of settlement:

- 6.8.1 it has not received or sent copies or originals of this Offer Document or any other related documents in, into or from the United States and has not otherwise utilized in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including without limitation facsimile transmission, telex, telephone or e-mail) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States; and
- 6.8.2 either (a) (i) it is the beneficial owner of the Shares that are being tendered in the Offer and (ii) it is located and resident outside the United

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States and is submitting the written Declaration of Acceptance from outside the United States or (b) (i) it is validly acting on behalf of the beneficial owner of the Shares that are being tendered in the Offer and has been duly authorized to so act and is submitting the Declaration of Acceptance from outside the United States and (ii) such beneficial owner has confirmed to it that it is located and resident outside the United States and is giving instructions to tender the Shares in the Offer from outside the United States.

#### 6.9 Withdrawal Rights of the Shareholders in Case of Competing Offers

If a competing offer is launched during the term of this Offer, the holders of Offer Shares may withdraw from their Declaration of Acceptance not later than 4 (four) Trading Days prior to the expiry of the original Acceptance Period pursuant to Sec 17 ATA.

The declaration of withdrawal must be in writing and should be sent to the Receiving and Payment Agent.

#### 6.10 Publication of the Result

The result of this Offer will be published without undue delay after expiry of the Acceptance Period and the Offer becoming unconditional in the Official Gazette of Wiener Zeitung, as well as on the websites of the Target Company ([www.telekomaustria.com](http://www.telekomaustria.com)) and the Austrian Takeover Commission ([www.takeover.at](http://www.takeover.at)).

#### 6.11 Equal Treatment

The Bidder confirms that the Offer Price is the same for all shareholders. Neither the Bidder nor any Party Acting in Concert with the Bidder has acquired any Shares at a price exceeding EUR 6.35 per Share within the last 12 (twelve) months prior to the Initial Announcement Date, nor has a higher acquisition price been agreed upon.

The Bidder and the Parties Acting in Concert with it must not make any legal declarations, directed to the acquisition of Shares at conditions that are more favourable than those contained in this Offer, until the end of the Acceptance Period or, if applicable, until the end of the Additional Acceptance Period (Sec 19 para 3

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ATA), unless the Bidder improves this Offer or the Takeover Commission grants an exemption for important cause.

If the Bidder or any Party Acting in Concert with it declares that it will acquire Shares at conditions that are more favourable than those contained in this Offer, then such more favourable conditions apply also for all other shareholders of the Target Company, irrespective of whether they have already accepted this Offer, unless they waive such right for equal treatment.

If the Bidder or Party Acting in Concert with the Bidder acquire Shares within a period of 9 (nine) months after the expiration of the Acceptance Period or, if applicable, after the Additional Acceptance Period and a higher price is paid or negotiated for such acquisition, the Bidder is obliged to pay the difference to all the shareholders who have accepted the Offer pursuant to Sec 16 para 7 ATA.

The above does not apply if the Bidder or Party Acting in Concert with it exercise subscription rights and acquire Shares in Telekom Austria at a higher consideration in the course of an increase of the registered capital (see sec 7.6 below and the statement of the Austrian Takeover Commission GZ 2014/3/1-9 dated 16.04.2014) or in case of a procedure pursuant to the Austrian Squeeze-Out Act.

If the Bidder sells a controlling interest in the Target Company for a higher consideration than the Offer Price within a period of 9 (nine) months after the expiry of the Acceptance Period or the Additional Acceptance Period, if applicable, a pro rata portion of the capital gain must be paid to all shareholders pursuant to Sec 16 para 7 ATA.

In case of such improvement event, the Bidder will publish an announcement without undue delay. The settlement of such subsequent payments will be organized by the Bidder at its own cost through the Receiving and Payment Agent within 10 (ten) Trading Days after the announcement. In case no improvement event has occurred within the 9 (nine) months period after the expiry of the Acceptance Period or the Additional Acceptance Period, if applicable, the Bidder will make a respective filing with the Austrian Takeover Commission. The independent expert of the Bidder will review such filing and will confirm its content.

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## 7. Future Participation and Business Policy

### 7.1 Reasons for the Offer

#### 7.1.1 Legal Reasons for the Offer

The Bidder and ÖIAG have concluded a conditional Shareholders' Agreement dated 23.04.2014. With effectiveness of this Shareholders' Agreement the Bidder will acquire a controlling position in Telekom Austria. In case of a change of control pursuant to Sec 22 et seq. ATA the Bidder is obliged to launch an Offer for all Shares of the Target Company. Launching this Offer pursuant to Sec 25a ATA will anticipate such legal obligation whereby the Offer includes an option to convert the Offer into a mandatory offer pursuant to Sec 22 et seq. ATA.

#### 7.1.2 Commercial Reasons for the Offer

AMX's commercial reasons for the offer are mainly to facilitate greater operational co-operation and co-ordination between the América Móvil Group and the Telekom Austria Group, to exploit all areas for potential partnerships and to intensify the realisation of synergy potential for both group of companies. The Bidder and AMX aim to support to a greater extent Telekom Austria's plans in a rapidly changing environment in Europe so that both companies benefit from their respective experiences in the sector. In this respect, AMX will explore existing and new opportunities to expand Telekom Austria's business, whereby growth in specific CEE countries shall exclusively take place via Telekom Austria.

The Bidder believes that the transaction could provide essential benefits to both the Telekom Austria Group and the América Móvil Group because:

- a) AMX' focus on advanced telecommunication services and its global reach will provide a good opportunity for Telekom Austria to continue to remain competitive with a view to maintain its position as a leading operators in a highly competitive market environment to the benefit of Telekom Austria's customers;
- b) AMX and Telekom Austria could benefit from sharing of marketing and innovation skills and knowledge;

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- c) AMX is committed to people development and training and sees many opportunities for the management and employees of both the Telekom Austria Group and the AMX Group as a result of a combination through best practice transfer, skill development and international career enhancement; and
- d) Telekom Austria and its customers could derive benefits from being a part of an enterprise with significant access to technology on a global scale with a view to allow Telekom Austria to continue having access to state-of-art technology.
- e) The capital increase will support Telekom Austria's capital structure and financial position and will allow Telekom Austria to continue to invest in state-of-the-art infrastructure, research and development, innovation of products and services, amongst others, and to position Telekom Austria to benefit from investment opportunities arising in the countries in which it currently operates and in emerging markets in Central and Eastern Europe.

The Bidder believes that this will enable Telekom Austria to continue to compete in an even more increasing competitive market environment with competitors being often global players, in particular given the expected European wide consolidation of the telecom sector.

## 7.2 Future Business Policy

Under the Shareholders' Agreement, the Bidder has to respect the identity of Telekom Austria and more particularly, to retain the Telekom Austria headquarters in Vienna, Austria. Telekom Austria shall continue to offer services under the Telekom Austria's brands. The Bidder will consider expansion investments through organic growth or acquisitions; Telekom Austria shall continue to be a leading telecom service provider in its home markets. (see also "Austrian Package" under Sec 2.4).

With the Bidder retaining industrial leadership and control in Telekom Austria, Telekom Austria can focus on executing its business plans, positioning itself as a competitive leader in all areas of its operations and providing outstanding services to its customers, all backed by the operational experience of AMX.

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The Telekom Austria Group shall continue to be a state-of-the-art telecom operator (in terms of quality, technology and innovation among other things) in Austria and the other countries in which Telekom Austria operates, while retaining its existing licences (including operating licences) and continuing to fulfil the conditions necessary to maintain such licences. To this effect the Bidder and ÖIAG in their function as shareholders will support that Telekom Austria devotes reasonable financing measures and research and development.

Further, from today's perspective the Bidder and Parties Acting in Concert do not intend to exercise their influence as majority shareholders in a way to change the Target Company's current fundamental strategy. The parties under the Shareholders' Agreement have the obligation to maintain the Target Company's headquarters' in Austria as well as to maintain its identity, trade mark and service profile (see also "Austrian Package" under Sec 2.4).

### 7.3 Implications for the Employment and Headquarter Function

A successful Offer will not have any material effects on the Target Company's headquarter and employees. A transfer of corporate headquarters is not planned and would not be permitted under the Shareholders' Agreement. Based on information available to the Bidder, no major job cuts are planned in the near future.

The Bidder points out that the statements to be published by the management board and the supervisory board of the Target Company pursuant to Sec 14 ATA will have to address the probable impact of the Offer on the workforce (jobs, employment conditions, future of sites) also. Moreover, the Target Company's works council will have the opportunity to issue a statement on the Offer.

### 7.4 Austrian Post-Structure Act (Poststrukturgesetz)

Pursuant to Sec 19 para 3 Post-Structure Act, Telekom Austria as employer and the Associations of Austrian Labor Unions, Labor Union of the Post and Telecommunications Employees as employee representative, are empowered to negotiate and conclude collective bargaining agreements as long as ÖIAG holds a participation of more than 25% in Telekom Austria's registered share capital. In this regard no changes will occur due to this Offer and the conclusion of the Shareholders' Agreement.



Sec 17 para 1 Post-Structure Act assigns the active civil servants (Beamte) formerly employed with the Post- and Telecommunications Administration to Telekom Austria for the term of their active duty, as long as ÖIAG (or its legal successor) holds more than 25% of the Shares in Telekom Austria. As stated above, ÖIAG will continue to hold more than 25% of Telekom Austria's registered Share Capital after this transaction. As regards this assignment of civil servants, no changes are thus anticipated to occur.

#### 7.5 Regulatory Framework and Listing

From today's perspective a delisting of the Target Company is not the aim of this Offer (see Sec 2.4 above) and a delisting would be subject to a veto by ÖIAG. However, in case of a high acceptance of this Offer, the minimum free float / market capitalization required for a listing in the market segment "Prime Market" of the Vienna Stock Exchange may not exist any longer and the Shares might be relisted to another segment. In case of a free float of 25 %, the market capitalization of the free float must be at least EUR 15 million; in case of a free float of below 25% the market capitalization of the free float must be at least EUR 30 million (the Euro amounts have to be indexed according to the segment index Prime Market). Furthermore, a recall of the listing on the Official Market of the Vienna Stock Exchange is required, if the statutory listing requirements according to Sec 66a para 1 no. 7 Stock Market Act (in particular the minimum statutory free float) are not fulfilled any longer. A delisting from the market segment "Prime market" and the potential stop of the stock market trading would likely result in a restricted liquidity of the Shares in the Target Company and limit the price fixing on the market.

#### 7.6 Capital Increase

Pursuant to the Shareholders' Agreement the Bidder and ÖIAG agreed to subscribe to a capital increase which shall take place either during H2 2014 or H1 2015, markets permitting. The capital increase shall have a volume of EUR 1000 million (in words: Euro one thousand million). ÖIAG agrees to participate as necessary in the capital increase in order for it to maintain at least 25% + 1 ownership in Telekom Austria. The Bidder has agreed to participate pro-rata to its then current participation in Telekom Austria. Further, the bidder may take-up Shares for which existing shareholders have not exercised their subscription rights.

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In case the subscription price in such capital increase will be above the Offer Price, a subsequent payment obligation pursuant to Sec 16 para 7 ATA does not apply according to the ruling of the ATC under GZ 2014/3/1-9 dated 16.04.2014 in case the capital increase would be conducted within the price warranty period.

#### 7.7 Transparency on the Bidder's Covenant to Target Company's Representatives

Neither the Bidder nor any Party Acting in Concert with the Bidder have granted, or promised monetary benefits to the remaining or retiring members of the management board or supervisory board of Telekom Austria in connection with this Offer.

### 8. Further Information

#### 8.1 Financing of the Offer

Based on the Offer Price of EUR 7.15 (in words: seven point one five) per Share and not taking into account the expected transactions and handling costs, the Bidder is looking at a total financing volume for the Offer including transaction costs in the amount of approx. EUR 1.41 billion (in words: one point four one billion).

The Bidder has sufficient funds for financing the Offer and has ensured that these funds will be available on time.

#### 8.2 Tax Issues

The Bidder bears solely its own transaction costs, in particular costs for the Receiving and Payment Agent. Profit tax and other taxes and tariffs that may not be considered being transaction costs are not borne by the Bidder (see Sec 6.7 above). Shareholders of Telekom Austria are advised to seek independent tax advice prior to the acceptance of this Offer.

#### 8.3 Applicable Law and Venue

This Offer and its handling, in particular the share purchase and transfer agreements, as well as non contractual claims resulting in connection with or out of this Offer are governed by Austrian law. The courts competent for Vienna, Innere Stadt, shall have jurisdiction, except in case of consumer contracts.

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#### 8.4 Restriction of Publication

Other than in compliance with applicable law, the publication, dispatch, distribution, dissemination or making available of (i) this Offer Document, (ii) a summary of or other description of the conditions contained in this Offer Document or (iii) other documents connected with the offer outside of the Republic of Austria is not permitted. The Bidder does not assume any responsibility for any violation of the above-mentioned provision. In particular, the offer is not being made, directly or indirectly, in the United States, its territories or possessions or any area subject to its jurisdiction, nor may it be accepted in or from the United States. Further, this offer is not being made, directly or indirectly, in Australia or Japan, nor may it be accepted in or from Australia or Japan.

This offer document does not constitute a solicitation or invitation to offer Shares in the Target Company in or from any jurisdiction where it is prohibited to make such invitation or solicitation or where it is prohibited to launch an offer by or to certain individuals. The offer will neither be approved by an authority outside the Republic of Austria nor has an application for such an approval been filed.

Shareholders who come into possession of the offer document outside the Republic of Austria and/or who wish to accept the offer outside the Republic of Austria are advised to inform themselves of the relevant applicable legal provisions and to comply with them. The Bidder does not assume any responsibility in connection with an acceptance of the Offer or its acceptance outside the Republic of Austria.

#### 8.5 German Version of the offer document prevails

This offer document is drawn up in a German version. The only binding document is the German offer document. The unauthenticated English translation of the offer documentation is not binding and for convenience only.

#### 8.6 Advisors to the Bidder

Advisors to the Bidder are:

- Schönherr Rechtsanwälte GmbH, FN 266331p, Tuchlauben 17, A-1014 Wien, is the Bidder's advisor and representative vis à vis the Takeover Commission.

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- PwC Transaction Services Wirtschaftsprüfung GmbH, FN 84985d, address Erdbergstraße 200, A-1030 Vienna, is expert of the Bidder pursuant to Sec 9 of the ATA.

#### 8.7 Further Information

For further information regarding the handling of this offer, please contact the Receiving and Payment Agent UniCredit Bank Austria AG, Julius-Tandler-Platz 3, 1090 Vienna, E-Mail: 8473\_Issuer\_Services@unicreditgroup.at.

Further Information can be obtained from the Target Company's website ([www.telekomaustria.com](http://www.telekomaustria.com)) and the Austrian Takeover Commission ([www.takerover.at](http://www.takerover.at)). Any information on these websites is not part of this Offer document.

#### 8.8 Information on the Bidder's Expert

The Bidder has appointed PwC Transaction Services Wirtschaftsprüfung GmbH, FN 84985d, address Erdbergstraße 200, A-1030 Vienna, as its expert pursuant to Sec 9 of the ATA.

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Amsterdam, 09.05.2014

Carso Telecom B.V.

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9. Confirmation of the Expert pursuant to Sec 9 ATA

According to our investigation pursuant to Sec 9 para 1 ATA we have come to the conclusion that this of the Bidder to the shareholders of Telekom Austria is complete and complies with all applicable laws, in particular the statements made with respect to the offered consideration are in compliance with legal requirements.

The Bidder has the necessary financial means to fulfil all terms and obligations under this offer on time.

Vienna, 09.05.2014

PwC Transaction Services Wirtschaftsprüfung GmbH

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Dr. Christine Catasta  
(Auditor)

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Mag. Miklós Révay