



EANS-Adhoc: Telekom Austria Group Finalizes Acquisition of Velcom According to Agreement (Ad Hoc Release)

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Shareholder Information

Telekom Austria Group Finalizes Acquisition of Velcom According to Agreement (Ad Hoc Release)

Vienna, October 4, 2010 - Today, the Telekom Austria Group (VSE: TKA, OTC US: TKAGY) informs that it will acquire the remaining 30% of SB Telecom Limited, the sole owner of Velcom, as agreed in the course of the 70% acquisition of SB Telecom Limited in October 2007. The put-option related to this agreement was exercised by the co-owners of SB Telecom Limited on October 4, 2010. The total purchase price for the 30%-stake amounts to EUR 335.0 mn, including interest. Settlement will take place within 10 business days.

This transaction will bring the Telekom Austria Group's stake in Velcom to 100%, finalising the acquisition that was initiated in October 2007. This step underlines the Telekom Austria Group's strong commitment to the continuing emerging and liberalizing Belarusian telecommunication market.

In addition, a EUR 247.7 mn portion of the total performance based deferred consideration of EUR 313.3 mn is payable on October 4, 2010 as predetermined performance criteria have been fulfilled. The next evaluation date of the settlement of the remaining EUR 65.6 mn of the performance related deferred payment will be Q1 2011. Final settlement of the performance related consideration is expected not earlier than Q1 2012.

Telekom Austria Group will settle these obligations out of its existing cash-flow. All of the above payments are included in the Group's current net debt position and will have no impact on the stated Group outlook for 2010.

Further information on the acquisition of Velcom is available in the IR section of our website www.telekomaustria.com.

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Disclaimer: This document contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are usually accompanied by words such as "believe," "intend," "anticipate," "plan," "expect" and similar expressions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include, but are not limited to, the following: the level of demand for telecommunications services or equipment, particularly with regard to access lines, traffic, bandwidth and new products; competitive forces in liberalized markets, including pricing pressures,

technological developments, alternative routing developments and new access technologies, and our ability to retain market share in the face of competition from existing and new market entrants; the effects of our tariff reduction or other marketing initiatives; the regulatory developments and changes, including the levels of tariffs, the terms of interconnection, unbundling of access lines and international settlement arrangements; our ability to achieve cost savings and realize productivity improvements; the success of new business, operating and financial initiatives, many of which involve start-up costs, and new systems and applications, particularly with regard to the integration of service offerings; our ability to secure the licenses we need to offer new services and the cost of these licenses and related network infrastructure build-outs; the progress of our domestic and international investments, joint ventures and alliances the impact of our new business strategies and transformation program; the availability, terms and deployment of capital and the impact of regulatory and competitive developments on capital expenditure; the outcome of litigation in which we are involved; the level of demand in the market for our shares which can affect our business strategies; changes in the law including regulatory, civil servants and social security law, including pensions and tax law; and general economic conditions, government and regulatory policies, and business conditions in the markets we serve.

Through its expansion into the Eastern and South-eastern European region, the company operates in markets that have been experiencing political and economic change. This circumstance has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Eastern and South-eastern European region involve uncertainties, including tax uncertainties and risks related to foreign exchange rates that typically do not exist in other markets.

Due to rounding differences deviations in subtotals and totals may occur.

Further inquiry note:

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