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Kärntner Ausgleichszahlungs-Fonds

Kärntner Ausgleichszahlungs-Fonds appoints Offer Agents in connection with planned offers to acquire HETA debt instruments

Klagenfurt, 12 July 2016 – Kärntner Ausgleichszahlungs-Fonds ("K-AF") has appointed Citigroup Global Markets Limited and J.P. Morgan Securities plc as Offer Agents in connection with the planned offers (the "Offers") to acquire certain debt instruments of HETA ASSET RESOLUTION AG ("HETA"), for which the Province of Carinthia and the former Kärntner Landesholding are statutorily liable as deficiency guarantors (the "Instruments"). The Offers are expected to be launched in autumn 2016. Pursuant to the planned Offers the K-AF intends to propose to creditors of HETA holding Instruments ("HETA Creditors") to acquire from HETA Creditors any and all Instruments, at their election, either by way of purchase for cash or by way of exchange for certain zero coupon instruments to be issued by the K-AF and to be guaranteed by the Republic of Austria.

On 18 May 2016 the Republic of Austria and a significant number of HETA Creditors entered into a Memorandum of Understanding (the "Memorandum of Understanding") pursuant to which the parties confirm their common intention to amicably settle their disputes in respect of the Instruments.

As at 18 May 2016, the Federal Ministry of Finance of the Republic of Austria has announced that HETA Creditors which together represent a total nominal amount of Instruments of EUR 4,938,450,000 (the "MoU Creditors") have executed the Memorandum of Understanding. This includes senior MoU Creditors holding together a total nominal amount of EUR 4,828,550,000 representing 48.7% of senior Instruments. In addition, this includes subordinated MoU Creditors holding together a total nominal amount of EUR 109,900,000; this represents 12.3% of subordinated Instruments.

In order to increase the number of HETA Creditors party to the Memorandum of Understanding as MoU Creditors and thereby maximise the chances of the Offers being launched, the K-AF has requested the Offer Agents to contact HETA Creditors, and to direct HETA Creditors that are willing to contemplate acceding to the Memorandum of Understanding to the Republic of Austria and its representatives as appropriate.

The Offer Agents can be contacted as follows: Citigroup Global Markets Limited (tel.: +44 207 986 8969 or e-mail: liabilitymanagement.europe@citi.com) or J.P. Morgan Securities plc (tel.: +44 207 134 2468 or e-mail: emea_lm@jpmorgan.com).

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