

Adhoc Release of CyberTron Telekom AG

CyberTron Telekom AG – Company withdraws application for the official recognition of composition proceedings at the Vienna Commercial Court

- ***Within the framework of composition negotiations, the liabilities relevant to composition proceedings were reduced by more than EUR 50 million.***
- ***Possible fulfillment fails due to the local tax office and three major creditors***

CyberTron Telekom AG, which has been involved in composition proceedings since June 27, 2002, has today withdrawn its application for the official recognition of composition proceedings at the Vienna Commercial Court.

This step had become necessary because it was not possible in the negotiations of the last few months to obtain waivers for the immediate partial payment of receivables from all major creditors throughout the entire period of the composition fulfillment. In addition, no solution was accomplished with the local tax office regarding the repayment of turnover tax credits of CyberTron Telekom AG in the amount of EUR 2.4 million.

The basis for meeting the composition requirements was a settlement offer made by the company and adopted by a large majority of the creditors and the recommendation of the trustee in composition Dr. Schulyok in his report: *“It is sufficiently clear that the debtor in composition proceedings will only be able to meet the composition offered if liabilities are reduced substantially by waivers on the part of the creditors.”*

Since the adoption of the composition on part of the creditors on September 25, 2002, the company has consistently implemented the measures stated in the composition report. Thus the nationwide network of CyberTron was dismantled in the interest of the leasing creditors and the equipment stored in Vienna or returned to the creditors. An essential part for the fulfillment of the settlement quota consisted of liquidity gained as a result of the collection of outstanding receivables. Due to the situation of the company, many customers did not meet their payments to the usual extent so that CyberTron has filed suit in more than 1,200 cases; legal action has been prepared in more than 1,000 cases. Further liquidity was supposed to be provided by the realization of assets. Thus contracts and preliminary agreements on the sale of local exchanges and POPs (points of presence) and the lease of infrastructure were concluded, which should provide free liquidity throughout the entire composition period. Based on these contracts, a significantly larger number of local exchanges and POPs could have been transferred to other

alternative telecom providers if Telekom Austria AG had not obstructed this process by administrative obstacles.

The negotiations with the local tax office, which have been ongoing since November 2002, have, however, resulted in a decision to the disadvantage of CyberTron Telekom AG today. Although the company's fiscal charges account still showed credits amounting to EUR 2.4 million on March 7 following a special audit performed by the local tax office in early March, the use of this amount was refused. The reason quoted for this step was the right to offset this amount against claims from the composition proceedings.

Within the framework of the negotiations with creditors it became possible to reduce the liabilities relevant to the composition by more than EUR 50 million as compared to the liabilities shown in the petition for composition proceedings in the amount EUR 82 million. However, it was not possible to convince all major creditors to waive the immediate payment of part of their claims outstanding in favor of the minor creditors.

Therefore the Board of Management of CyberTron Telekom AG considers the fulfillment of the composition as provided by the settlement offer impossible. As a result, the application for official recognition of the composition proceedings has to be withdrawn; at the same time a petition for the opening of bankruptcy following the failure of composition proceedings will be filed.

Vienna, March 11, 2003

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