

REPORT OF THE SUPERVISORY BOARD OF AUSTRIAN POST FOR THE 2013 FINANCIAL YEAR

The 2013 financial year turned out to be a good year for Austrian Post. In spite of a difficult business environment, Austrian Post succeeded in slightly increasing revenue and improving earnings. The main trends impacting the field of logistics and postal services still prevailed over the past year. The electronic substitution of conventional mail is continuing unabatedly. Direct mail volumes depend on the cyclical development of the advertising industry and the state of the economy. The parcel market continues to be characterised by strong competition and extensive price pressure. Austrian Post managed to successfully meet the challenges posed during the past financial year, and is well positioned to sustainably safeguard its competitiveness and profitability.

The Supervisory Board convened four times in the 2013 financial year, and was provided with timely and comprehensive information on all relevant issues relating to the business development of Austrian Post, including the risk situation, within the context of regular reporting by the Management Board. As a result of this reporting, the Supervisory Board supervised and supported the management activities of the Management Board on an ongoing basis.

The average attendance rate at the Supervisory Board meetings was 93.5%. None of the members of the Supervisory Board missed more than half of the sessions.

Personnel changes

Edgar Ernst laid down his Supervisory Board mandate effective June 21, 2013. The election of a new Supervisory Board member is scheduled to take place at the Annual General Meeting 2014. The Supervisory Board meeting held on August 6, 2013, appointed Markus Pichler to serve as his successor on the Audit Committee.

The Supervisory Board would like to take this opportunity to sincerely thank Edgar Ernst for his intensive and good cooperation.

Priorities

At every regular meeting, the Supervisory Board was informed about developments with respect to the balance sheet and income statement of Austrian Post. The Supervisory Board also dealt with the quarterly results of Austrian Post subsidiaries as well as important strategic investment projects.

The Supervisory Board meeting held on March 13, 2013, primarily dealt with the annual financial statements and consolidated financial statements of Austrian Post for 2012 along with preparations for the Annual General Meeting. The Supervisory Board also dealt with the results of its self-evaluation carried out in January 2013. This ensures the continuing improvement of the efficiency and effectiveness of the mode of operation of the Supervisory Board.

At its meeting convened on May 16, 2013, the Supervisory Board focused its attention on the acquisition of a 25% stake in the Turkish parcel company Aras Kargo. The Supervisory Board shares the opinion of the Management Board, which considers the entry into the Turkish parcel market to be an integral growth element in the company's overall strategic development.

In light of the fact that the current term of office of Georg Pölzl ends on September 30, 2014, the Supervisory Board session which took place on August 6, 2013, initiated the process of filling the position of Chairman of the Management Board. The Supervisory Board of November 13, 2013, reappointed Georg Pölzl to serve as Chief Executive Officer and Chairman of the Management Board until September 30, 2017, with an extension option for two more years.

Another focal point of the Supervisory Board's meeting on November 13, 2013, was the approval of the budget of Austrian Post for the 2014 financial year. The Supervisory Board was also provided with detailed information about the company's medium-term planning for the period 2015–2017. Moreover, the Supervisory Board dealt in detail with the implementation of the real estate project "Post am Rochus."

In three meetings, the Audit Committee of the Supervisory Board duly carried out the responsibilities assigned to it. It monitored accounting processes, the audit and the effectiveness of the internal control system, the risk management system and the internal audit system. The auditors and the Audit Committee could exchange information also without the presence of the Management Board. The quarterly results were thoroughly analysed. The Supervisory Board was continually provided with information about the results of the Audit Committee meetings. In accordance with Section 270 Para. 1a of the Austrian Commercial Code, Deloitte Audit Wirtschaftsprüfungs GmbH credibly demonstrated its impartiality towards the Audit Committee.

In the 2013 financial year, the Presidential Committee focused on its proposal for filling the position of “Member and Chairman of the Management Board” and preparing the resolution of the Supervisory Board for appointing the Chairman of the Management Board.

Consolidated and annual financial statements for 2013

Deloitte Audit Wirtschaftsprüfungs GmbH was elected by the Annual General Meeting held on April 18, 2013, to serve as the auditors for the annual financial statements and consolidated annual financial statements of Austrian Post for the 2013 financial year.

The annual financial statements and consolidated annual financial statements of Austrian Post as at December 31, 2013, were audited by Deloitte Audit Wirtschaftsprüfungs GmbH and were granted an unqualified auditor’s opinion. The Management Report and Group Management Report are consistent with the company and consolidated annual financial statements. All documentation relating to the annual financial statements, the profit appropriation proposal as submitted by the Management Board, the Corporate Governance Report and the auditor’s report were thoroughly discussed in the Audit Committee together with the auditors and subsequently presented to the Supervisory Board.

March 12, 2014

Rudolf Kemler m. p.
Chairman of the Supervisory Board

The Supervisory Board examined all the documents in accordance with Section 96 of the Austrian Stock Corporation Act, and did not discover any inconsistencies or objections. As a result, it formally approved the results of the audit. The Supervisory Board formally approved the annual financial statements for the 2013 financial year, which are hereby adopted in accordance with Section 96 Para. 4 of the Austrian Stock Corporation Act, and declares its acceptance of the IFRS consolidated financial statements, the Management Report, the Group Management Report and the Corporate Governance Report pursuant to Section 245a of the Austrian Commercial Code.

The Supervisory Board concurs with the Management Board’s proposal to distribute a basic dividend of EUR 128,350,012.20 from the net profit amounting to EUR 188,812,943.88 and to carry forward the balance of EUR 60,462,931.68 to the new account.

Finally, the Supervisory Board would like to express its gratitude and appreciation to all the members of the Management Board as well as all employees for their valuable achievements in the past financial year. In particular, special thanks are owed to the customers and shareholders of Austrian Post for their confidence in the company.