



**Report of the Management Board
of
Österreichische Post Aktiengesellschaft (Austrian Post)
Vienna, FN 180219 d,
on the
authorisation for the Management Board to exclude shareholders' rights of
subscription to financial instruments pursuant to Section 174 Austrian
Stock Corporation Act (AktG)
(AGENDA ITEMS 10 and 11)**

All members of the Management Board submit the following report of the Management Board of Österreichische Post AG, whose headquarters are in Vienna, in accordance with Section 170 Para 2 AktG in conjunction with Section 153 Para 4 (2) AktG to the Annual General Meeting of Österreichische Post AG on 17 June 2020.

1. Österreichische Post AG's headquarters are in Vienna. Its corporate address is 1030 Vienna, Rochusplatz 1. The Company is entered into the Commercial Register of the Commercial Court of Vienna under the number FN 180219 d. The Company has issued 67,552,638 non-par value bearer shares (non-par value shares) equipped with voting rights. The Company's share capital currently amounts to EUR 337,763,190.
2. The Management Board of the Company intends to propose the passing of the following resolution to the Annual General Meeting convening on 17 June 2020 on item 10 of the agenda. The resolution is as follows:
 - a) The Management Board is authorised, upon its rendering of consent to such by the Supervisory Board, to issue until 16 June 2025 financial instruments, as defined by Section 174 AktG, with these especially including convertible bonds, income bonds and participating rights; with their total nominal amount of up to EUR 250,000,000. This authorisation comprises the rights of exchange of and subscription for up to 3,377,632 shares of the Company. This authorisation is also to be configured in a way permitting the shares to be reported as equity. This issuance is to be allowed to be undertaken in several tranches and in a variety of combinations, with this also incorporating the indirect rendering of a guarantee for the issuance of financial instruments by an affiliated

company, and with this extending to the granting of rights of exchange of and/or subscription for the shares of the Company.

- b) To satisfy rights of exchange and/or subscription, the Management Board is entitled to employ the conditional capital or treasury shares, or a combination of both.
 - c) The price and conditions of issuance of financial instruments are to be set by the Management Board. The Supervisory Board has to approve such. The setting of this price is to adhere to recognized financial and mathematical methods of calculation. These are to take into account the price of the Company's shares and are to feature a recognised procedure of price determination.
 - d) The Management Board is authorised to exclude shareholders' rights of procurement of financial instruments, as stipulated in Section 174 AktG, provided that the Supervisory Board so consent.
3. The Management Board of the Company intends to propose to the Annual General Meeting to be held on 17 June 2020 the following resolution for passing on item 11 of the agenda:
- a) The revocation of the Company's conditional increase in share capital approved by the Annual General Meeting held on 15 April 2015 on item 12 of the agenda [Conditional Capital 2015].
 - b) The Company's share capital, in accordance with Section 159 Para 2 (1) AktG, is to be increased by up to EUR 16,888,160 through the issuance of 3,377,632 non-par value bearer shares that are to be issued to creditors of financial instruments, as stipulated in Section 174 AktG, and as stipulated in the resolution passed by the Annual General Meeting convened on 17 June 2020, and featuring the availing of the authorisation granted at the Annual General Meeting to the Company or an affiliated company in the future, inasmuch as the creditors of the financial instruments make use of their rights of exchange or subscription rights to shares in the Company. The issue price and the relationship of exchange are to be determined upon the issuance to creditors of financial instruments. The price and relationship of exchange are to be calculated, as stipulated by Section 159 Para 2 (1) AktG, by using recognised financial and mathematical methods, and by taking into account the share prices of the Company's stock. In any case, the issue price may not be less than the share's proportionate amount of the share capital. The newly issued shares related to the conditional capital increase are entitled to dividends to the same extent as the Company's previously existing ones. The Management Board is

authorised, provided that the Supervisory Board so consent, to establish the further conditions associated with the implementation of the conditional capital increase (with these conditions especially including the issue price and the point in time of dividend entitlement). The Supervisory Board is authorised to resolve upon amendments to the Articles of Association arising through the issuance of shares emanating from the conditional capital.

- c) The corresponding amendment to "Section 5 b Conditional Capital" of the Articles of Association is as follows:

**"§ 5 b
Conditional Capital**

The Company's share capital, in accordance with § 159 Para 2 (1), is to be increased by up to EUR 16,888,160 through the issuance of 3,377,632 non-par value bearer shares that are to be issued in the future to creditors of financial instruments as stipulated in the resolution passed by the Annual General Meeting convened on 17 June 2020, and featuring the exercising of this authorisation granted at the Annual General Meeting to the Company or to an affiliated company. The capital increase shall only be carried out if the creditors of financial instruments exercise their rights of exchange and/or subscription of shares of the Company. The issue price and the relationship of exchange are to be determined upon the issuance to creditors of financial instruments and calculated, as stipulated by Section 159 Para 2 (1) AktG, by using recognized financial and mathematical methods, and by taking into account the share price of the Company's stock. In any case, the issue price may not be less than the share's proportionate amount of the share capital. The newly issued shares related to the conditional capital increase are entitled to dividends to the same extent as the Company's previously existing ones. The Management Board is authorised, provided that the Supervisory Board so consent, to establish the further conditions associated with the implementation of the conditional capital increase (with these conditions especially including the issue price and the point in time of dividend entitlement). The Supervisory Board is authorised to resolve upon amendments to the Articles of Association arising through the issuance of shares emanating from the conditional capital.
[Conditional Capital 2020]"

Exclusion of subscription rights and justification for such

Should the Supervisory Board so approve, the right of shareholders to subscribe for the financial instruments issued in accordance with this authorisation and with Section 174 AktG, with this especially including convertible bonds, warrant bonds, income bonds and participation rights, is to be excluded.

The Management Board views the exclusion of subscription rights in conjunction with this resolution to issue financial instruments as defined in Section 174 AktG to be in the predominant interest of the Company, and, also – indirectly at least, in that of the current shareholders of the Company. In accordance with the relevant legal stipulations, the Management Board is submitting the following report. It lays down the substantiation of the legal and business justification for the exclusion of subscription rights.

Four key aspects should be considered in connection with the exclusion of the subscription rights to financial instruments as stipulated in Section 174 AktG: the Company's ability to avail itself of relatively low and thus attractive costs of financing, the optimisation of a high conversion price, the securing of new groups of investors and raising of capital at the point in the corporate group in which the funds secured will actually be employed, and the gaining of access to hybrid capital.

These attainments can make it requisite to exclude the rights held by shareholders to subscribe to the financial instruments to be issued by the Company and fulfilling the stipulations contained in Section 174 AktG.

A More advantageous ways of financing**I. CONVERTIBLE BONDS**

Investors in convertible bonds are provided with a return on their capital. This bears with it a comparatively low rate of risk of failure to repay capital provided. At the same time, such bonds grant investors the right to acquire the Company's shares at a point in the future. The price for such may have already been established at the time of the issuance of the convertible bonds, or at a previously specified formula ("conversion price") for the setting of prices. This acquisition provides investors with access to the Company's assets and earnings.

Convertible bonds provide the Company with an appropriate way of keeping their capital costs as low as possible. The features described – the high security accruing to holders of the bonds and the option of participating in share price increases, with this ensuing from the right to convert the holdings into shares – provide the Company with flexible and rapid access to attractive financing

conditions. These are generally below the level of costs ensuing from (pure) debt financing instruments.

Thanks to the conditions customarily prevailing on capital markets and pertaining to convertible bonds, the issue price of the shares to be created will be higher than the share price existing at the time the convertible bond is issued ("conversion premium"). This means that the Company can realise a higher issue price – when compared to the one arising from an immediately-performed capital increase. In other words, this means that the Company can secure an additional amount of capital thanks to this.

The value of convertible bonds stems from two components. The first is the debenture bond, the second is the option entitling the debenture to be converted into shares. The value of the option component accompanying the convertible bond is determined by the performance of the Company's share on stock exchanges. This duo and their linkage cause investors to accept a yield lower than those prevailing for classic corporate bonds. The conversion premium contains a valuation of the option component. Its price is influenced by term, rate of interest, performance and volatility of stock on exchanges. In such cases, a high volatility (when it gives rise to corresponding opportunities on exchanges) causes the bond's value to rise. This is due to the application of technical methods in common use on markets and applied to option components. The greater value manifests itself in the relatively low rate of interest borne by the convertible bond. Accordingly, convertible bonds constitute a way of leveraging the share price volatility into an asset for the Company, one that reduces its costs of capital.

Experience shows that issuances featuring exclusions of subscription rights generally attain better conditions. This is because the rapidity of placement enabled by such issuances permits the Company to avoid the encumbrances arising from price-affecting rises occasioned by changes in the market situation. These characteristics stem from the structure of issuances bearing with them rights of subscription, for which legal stipulations require the adherence to a term of procurement of at least two weeks. The exclusion of rights of subscription can – when accompanied by a proper assessment of market conditions – generate relatively more financial means for the Company. This goes hand in hand with a lower number of shares to be issued, in cases of utilization of the rights of conversion. These factors make the exclusion of subscription rights standard operating practice for those issuing convertible bonds on capital markets.

II. WARRANT BONDS

Warrant bonds provide investors with a claim for yields and for a repayment of the nominal amount, and, additionally, the entitlement to acquire a pre-set number of corporate shares, and to do so within a pre-set term and at a pre-set price. These option rights are generally confirmed by a special purpose subscription warrant. These rights are equipped with the entitlement to be split off from the actual warrant bond and to be transferred on a separate basis, starting at a pre-set point in time.

This financial instrument provides investors with a fixed rate of return and the repayment of the nominal amount. These two items translate into a calculable yield for investors, who are also supplied with the possibility of availing themselves of the warrant. Rising share prices enable investors to acquire shares, through the exercising of the warrant, in a cost-advantage way. Investors can also sell the warrant in cases in which its share price rises in a disproportionately high manner. This leverage effect is directly linked to the number of shares capable of being procured for each warrant, and to the spread between the current quote and the warrant's price.

A warrant bond is especially cost-advantageous for the Company, as the bond enables it – due to the separability of the warrant – to issue a financial instrument whose fixed rate of interest is lower than those facing other market conditions.

The explanations provided in connection with convertible bonds are also applicable in this case.

III. INCOME BONDS

These bonds securitise a pre-set claim for compensation and for other benefits. Their calculation sets up a link to the income proportionately devolving to shareholders. This, in turn, means that a fixed rate of interest is accompanied by – or is superseded by – a yield depending on corporate results. In such cases, the supplemental yield – or the entire claim to such – lapses upon no earnings' being achieved or by a sufficient remuneration of bondholders' leading to a net loss, or to the latter's being increased. The right to subsequently claim future earnings can also be agreed upon.

No limits have been imposed on the Company's defining the conditions of repayment and on the term, which can lead to the instrument's being a "perpetual note". "Mixed breeds" of bonds, with this including participating, convertible and warrant bonds, are also possible.

With this depending on their configurations, income bonds provide the Company with cost-advantageous alternative ways of securing financing. The

bonds also preclude the risk of having to satisfy investors' claims in cases of insufficient results. This preclusion benefits the Company and its shareholders. The multiplicity of ways of configuring the contents of income bonds typically makes them the province of institutional investors. This is why the exclusion of rights of subscription to such financial instruments can prove to be advantageous.

IV. PARTICIPATION RIGHTS

The special advantage of using participation rights to secure capital is comprised of their flexibility of configuration and their ability to meld characteristics of own and borrowed capital. Such rights do not grant investors rights of membership. They can, however, be configured in a way enabling them to be classified as equity.

Participation rights used in the securing of capital are generally made out to their owners and have a pre-set par value. They are issued in exchange for a deposit of cash and grant an annual payout whose amount is usually dependent upon the dividend issued. It is possible to agree upon a fixed rate of interest, a high priority entitlement to income, as is the case with preference shares, and a stake in the proceeds from liquidation or those of loss.

A participation right can also feature the confirmed right to convert it into shares of the Company arising from the warrant to do so (such variations bear the names "convertible" or "warrant" participation rights). The participation right's conditions of repayment and term are freely configurable.

Should the right be appropriately configured, the Company secures "share equivalent" capital that does not lessen the governing rights of shareholders. In cases in which the rights place a ceiling of the servicing of this form of capital, and in which its size is determined by that of income, the rights do not constitute an intrusion into the rights of shareholders to assets. Even in cases in which the rights bear a yield determined by profits or feature a subordinate right to the results of liquidation, they do not compete with those of the shareholders to assets, but rather with the risks the latter bear on such. In turn, this speaks for an exclusion of subscription rights.

B Issue and conversion price

The issue price of the shares to be issued and to be subscribed for through the exercising of the right to convert and/or procure by the creditors holding warrant or convertible bonds, and by the subscribers to income bonds and participation rights bearing rights of conversion or subscription (conversion or subscription price) is based, in accordance with practices on international capital markets, on the share price for the Company's stock prevailing at the issuance of the bond plus a premium. The amount of the premium corresponds

to the assessment of the development of the Company's share price and how it relates to the premiums accorded to comparable transactions on the relevant capital markets.

The share price prevailing at the date of the issuance of the issue is of importance to the configuration of the conditions of a warrant or convertible bond. This fact makes it important to the Company to gain the greatest possible "control" over the Company's stock's reference price by setting this date, as this determines the configuration of conditions of issuance.

Stock markets have shown a great volatility. One cause of this was the USA's sub-prime crisis. These fluctuations have also been clearly experienced by the stock of Österreichische Post AG. This volatility makes it clear that the share price and the market's assessment of such can experience very substantial changes within the two-week term of subscription that would have to be adhered to should there be no exclusion of subscription rights. These facts have to be taken into consideration.

An issuance featuring an exclusion of subscription enables the Company, by way of contrast, to quickly and flexibly select a time of allocation that it believes to be advantageous.

This enables the Company to flexibly establish attractive conditions of issuance within the term of authorisation, and to select what it regards as the optimal time for doing such. In turn, this permits it to optimise the conditions of conversion and financing in ways which best serve the interests of all shareholders. This preview can also take into account the expected development of share prices and can satisfy the conditions and customs prevailing on international financial markets as of the time of issuance.

The issuance price of such other financial instruments, as stipulated by Section 174 AktG, as convertible bonds and participation rights that are not equipped with a right of conversion to shares is determined through the use of recognized financial and mathematical methods. In turn, these comprise the basis for the procedure of price identification.

C Potential institutional investors

Financial instruments, as defined by Section 174 AktG, are customarily procured only by institutional investors that have specialized in purchasing this kind of investment. These investors are to be reached on the basis of the securities to result from this authorisation and whose issuance is in accordance with Section 174 AktG. The issuance of such financial instruments will enable the Company to thus gain access to a new base of investors. The issuance of financial instruments bearing rights of subscription would conversely lead to these investors' not being able to be secured, or to their taking up only a low volume of such issues. This would result from the instruments' configuration

and allocation mechanisms, which would not accord to market conditions, and from the two weeks' term of subscription (at the least) and the risks on markets resulting from them.

Further to be noted about a valuation of an issuance of financial instruments bearing rights of subscription and according to market conditions (meaning the best conditions to be realised on markets, which are thus to be striven for by the Company) is that the subscription rights themselves have no stand-alone business significance.

The refraining from the time and thus cost-intensive processing of subscription rights enables the Company to satisfy its needs for capital in a very timely way, with this referring to its taking advantage of opportunities rapidly emerging on markets. This refraining will also permit the Company to reach new investors, with these to be located in Austria and abroad.

The possibility of the exclusion of subscription rights will give rise, viewing it as a whole, to a strengthening of the equity and a reduction of financing costs. Both achievements are in the interests of the Company and of all shareholders. Issuances of financial instruments, as defined by Section 174 AktG, that are exclusively designed to be purchased by institutional investors (and for which the right of subscription is thus excluded) can be issued without having to publish a prospectus on them, provided that they have the appropriate denominations and structures. This substantially reduces the costs of issuance, in comparison to ones featuring such a prospectus.

D Guarantees rendered for the issuance of financial instruments by an affiliated Company

The authorisation applied for by the Management Board also encompasses the possibility of the issuance of financial instruments, as defined by Section 174 AktG, by a company affiliated with Österreichische Post AG. In such case, the Company would guarantee the issue, and the owners of the financial instruments would be granted the rights to exchange them for ordinary shares of Österreichische Post AG, or to subscribe for such.

One consideration is enabling the Company to be able to exploit, through the selection of the venue by the issuers, tax-advantageous framework and double taxation conditions, as this, in turn, will permit the further optimisation of conditions of financing. However, what must be primarily taken into account is that a large part of the financing secured by the corporate group is not directly undertaken by the Company itself, but, rather, by its subsidiaries in Austria and abroad, and that the funds obtained by the Company are often transferred in intra-group processes to these subsidiaries. The structure described would enable the Company's directly situating the corporate group's securing of capital at the place where the funds to be made available will actually be

employed and/or where financing – with this, in the final analysis burdening the Company and the group it heads – can be gathered only through the experiencing of a substantially higher interest rate spread. The combination of the capital's being secured by a subsidiary and its bearing the right of conversion to Company shares promises to yield for the Company (in addition to reasons listed in paragraph A) the ability to reach creditors and/or investors whose risk profiles or business orientation would preclude their being interested in conventional loans or corporate bonds.

E Financial instruments with equity status

The Management Board is to be authorised to be able to configure financial instruments, as defined by Section 174 AktG, with this especially applying to hybrid loans and to participation rights, so that they can be reported as equity. The state of affairs is especially deemed to exist, according to the statement issued by the Expert Committee for Commercial Law and Auditing, in cases in which the financial instruments are issued for compensation, in which the provision of capital is not limited in term, in which the remuneration depends on successes being achieved, in which the repayment adheres to the rules established for capital reduction or for the conversion of free reserves at the amount of repayment into share capital, and in which the repayment is subordinate in cases of insolvency or liquidation.

The International Accounting Standards Board (IASB) has stated that the classification of callable financial instruments as equity requires their evincing the following characteristics: an unlimited term, an increasing right that is however linked to a yield and to a right of issuer's termination, with this to be derived from a resolution to pay out in which the cancellation can be relatively securely determined to be a specific and expected point of time, with this cancellation to result from such business conditions such as a jump in interest rates.

Summarized weighing of interests

The proposed possibility of the exclusion of subscription rights is objectively justified by its ability to foster the attainment of the goals targeted. These are an optimisation of capital structure, a reduction of financing costs, the attainment of a high conversion price, the reaching of new groups of investors, and the securing of capital by the corporate group directly at the point in which the funds procured will actually be deployed. In turn, all these accomplishments further enhance and improve the Company's competitive position. This guarantees the serving of the interests of the Company and of its shareholders. Another reason why the exclusion of subscription rights is appropriate and requisite stems from the inflow of borrowed, hybrid and own equity capital

expected to occur. These financial instruments, which accord to the stipulations of Section 174 AktG, are oriented towards target groups, and take the place of capital measures that are more cost-intensive. The former come with advantageous financing conditions and ensure the capability of undertaking flexible long-term planning for the Company, and the related realisation of the objectives set for it. In turn, these achievements foster the Company's success, and, since the two are related, that of all shareholders. Were there to be no exclusion of subscription rights, the Company would not be capable of responding in a relative rapid and flexible way to advantageous conditions on markets.

The Management Board of the Company expects the advantages arising to the Company from the issuance of financial instruments as defined in Section 174 AktG, with this comprised of the exclusion of subscription rights, to benefit all shareholders. This benefit will clearly outweigh the (potential) proportionate loss of participation experienced by shareholders excluded from subscription. In turn, this means that, viewing the matter as a whole, the serving of the Company's interests is of far greater importance than the disadvantages experienced by the shareholders due to the exclusion of the participation rights. In summary, the weighing of all of the circumstances listed above leads to the conclusion that the exclusion of subscription rights, with this being within the bounds described, is requisite, suitable, appropriate and in the predominant best interests of the Company. This in turn justifies such a move.

Vienna, 13 May 2020

The Management Board

Georg Pölzl m.p.
Chairman

Walter Oblin m.p.

Peter Umundum m.p.