



**Report of the Management Board of
Österreichische Post Aktiengesellschaft (Austrian Post)
Vienna, Commercial Register Number FN 180219 d,
on the
authorisation of the Management Board, upon approval by the Supervisory
Board, to issue new shares, with this to exclude rights of subscription
(AGENDA ITEM 9 - Authorised Capital 2020)**

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 Austrian Stock Corporation Act (AktG) and with Section 153 Para 4 (2) AktG, to the Annual General Meeting of Österreichische Post AG on 17 June 2020.

1. The headquarters of Österreichische Post AG 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. The resolution applies to agenda item 9:
 - a) Authorisation of the Management Board
 - aa) provided that the Supervisory Board so approve, the increasing of the share capital, in accordance with Section 169 AktG, from the current nominal amount of EUR 337,763,190 by a further EUR 16,888,160 through the issuance of up to a further 3,377,632 new, ordinary bearer shares (non-par value shares) in exchange for cash and/or contributions in kind. This can be undertaken in several tranches. The Management Board is also authorised to set the price and conditions of issuance and the other stipulations of the increase in capital to be performed. This requires the approval of the Supervisory Board. Such an issuance, in accordance with lit c (ii), can also contain a favourable issue price, as compared to the

- price prevailing on markets. When offering such, to be adhered to are the limits placed by Section 8a Para 1 AktG,
- bb) should such apply, the new shares are to be offered for acquisition by shareholders, with this to adhere to the indirect right of subscription codified in Section 153 Para 6 AktG,
- cc) provided that the Supervisory Board so approve, the shareholders' right of subscription is to be excluded in cases in which
- (i) the increase in capital results from contributions in kind, meaning that the shares are to be issued for purposes of acquiring companies, operations, parts thereof, or stakes in one or more than one company located in or outside Austria, or
 - (ii) the shares are to be issued to employees, senior managers and members of the Management Board of the company or of one affiliated with it in conjunction with an employee participation programme or with a stock option programme and/or for purposes of issuance to a private foundation constituted to enable employee participation,
 - (iii) to exempt peak amounts from the subscription rights held by shareholders, or
 - (iv) to satisfy an over-allotment option held by a bank of issuance.

[Authorised Capital 2020]

The Supervisory Board is authorised to resolve upon amendments to the Articles of Association arising through the issuance of shares from the authorised capital.

3. In view of the option extant to exclude the rights of subscription when availing itself of the authorised capital, the Management Board, in accordance with Section 170 Para 2 AktG in conjunction with Section 153 Para 4 (2) AktG, is required to submit to the Annual General Meeting a written report on the reason for the exclusion of subscription rights.
4. The Management Board of the company is entitled to issue shares from the authorised capital. This issuance can be in exchange for cash or considerations in kind. It can take place with or without the exclusion of rights of subscription. All such moves require the approval by the Supervisory Board. Such approval is also required for the Management Board's setting of the price and conditions of issuance and of the other stipulations involved in implementing the capital increase.

5. The authorised capital amounts to up to EUR 16,888,160. It can be availed upon in one or more than one tranche in the period expiring on 16 June 2025. A total of 3,377,632 new non-par value shares can be issued from the authorised capital. The new authorised capital proposed [Authorised Capital 2020] has a reduced volume - comprising about 5% of the share capital – compared to the authorised capital resolved upon by the Annual General Meeting on 15 April 2015, which expired on 14 April 2020.

If opportunities for growth arise for Österreichische Post AG, the Company could make use of authorised capital, as such is customarily used by markets as an instrument imparting the requisite flexibility. This capital could be employed to acquire other companies or stakes in such.

A significant reason for the Management Board's proposing the creation of new authorised capital is its providing a basis to enable employees, senior managers and members of the Management Board of the company or of an affiliated company to participate in such. This is to be accomplished through the issuance of shares, with this to be done directly or indirectly via a private foundation set up to enable employee participation.

In order to achieve this and in view of the fact that the existing approved capital expired on 14 April 2020, a new Authorised Capital 2020 is to be created. This capital is to have a reduced volume but the same range of applications and a new term.

6. New shares can be issued from the authorised capital, with this to include the exclusion of subscription rights, in cases in which the sale of the shares will yield the consideration required for the acquisition of companies, operations, parts thereof, and stakes in one or more than one company in or outside Austria.

Österreichische Post AG can encounter opportunities to register further growth. These may arise in Austria or abroad and can be in existing or new fields of business, in existing markets or new markets, with the latter requiring their development and expansion. This growth can also ensue from the acquisition of other companies or operations. Viewed legally, such acquisition of other companies, operations or parts thereof can, in the case of the purchasing of certain assets (and liabilities) of a company, operations or parts thereof, fulfil the forms of so-called "asset deals" or, in the case of the purchasing of stakes in a company, of "share deals". Both forms of purchases of corporations and of operations (or parts thereof) – the so-called "asset deals" and "share deals" – will be summarised and referred to in the following elucidations to be "corporate acquisitions".

In cases of corporate acquisitions, the consideration paid can take the forms of money or of shares of the company making the purchase. Undertaking the latter can be in the interests of both Österreichische Post AG (the purchaser) and of the seller. An acquisition of a company taking the form of a seller's consigning the company (or stakes in it) to Österreichische Post AG, and receiving for this consideration new shares – in this case, emanating from the authorised capital – will cause the share capital and thus the equity of Österreichische Post AG to increase. The payment of cash to purchase a company gives rise to an outflow of liquidity on the part of the purchaser. This does not occur in the case of a company's being acquired for considerations in kind. The company acquiring (Österreichische Post AG) another in this way will not register an outflow of liquidity, but, rather, an increase in equity. Cases may arise in which strategy dictates that it is necessary and appropriate to enable the seller of the company to take a minor stake in Österreichische Post AG, or in which the seller demands a participation in the company in exchange for the sale.

The acquisition of a company in the form that the company or shares in the company are brought into the corporation against contributions in kind and the exclusion of the rights of subscription held by the other shareholders in the company, is generally viewed as an appropriate justification for the imposition of such an exclusion. Österreichische Post AG's potential for growth gives rise to an interest on its part in enabling the acquisition of companies through the provision of consideration in kind and through the exclusion of the rights of procurement, as such conserves the company's liquidity. The authorised capital enables the company to display the requisite speed and flexibility when conducting such transactions.

The exclusion of subscription rights is required by the fact that it is the only way for the company to acquire another without suffering a loss of liquidity and through the provision of consideration in kind for such a transaction, and by sellers' often only being prepared to consent to a transferring of a company or of stakes in it in cases in which they receive a participation in the company whose value is equivalent to the former. Österreichische Post AG foresees the possibility of strategic or organizational reasons making it necessary to incorporate the seller into the Group by the former's becoming a shareholder in it. The acquisition of a company through the provision of consideration in kind entails the seller's (and in-kind contributor's) only being able to attain the participation striven for if only he receives the new shares. This is because

a seller wants to achieve a (expressed as a percentage) participation in Österreichische Post AG that corresponds to the relationship between the value of its company and the corporate value of Österreichische Post AG, and that equips it with the corresponding quantity of voting rights (and thus rights of participation in decisions) in the company.

The exclusion of the rights of subscription is appropriate in the final analysis, as it facilitates the attaining of the special interest shown by Österreichische Post AG in the acquisition in the company involved or in stakes in it. The safeguarding of the interests of the legacy shareholders is ensured by the appropriately sized granting of shares in cases of acquisitions of companies, with this generally occurring subsequent to the performance of a valuation of the latter. An acquisition of a company through the provision of consideration in kind taking the form of the issuance of new shares emanating from the authorised capital entails the value of the company to be incorporated into the group's (or of stakes in it) being compared to that of Österreichische Post AG. The resulting ratio governs the in-kind contributor's receipt of the shares in Österreichische Post AG issued for this purpose. In a further consideration, the legacy shareholders will, in the future, partake of the profits earned by the company to be acquired. As a rule, these earnings are set to rise. This increase is due to the realization of synergies arising between the company acquired and Österreichische Post AG.

The term of the authorised capital is five years. This does not enable the specification at this point in time of the details of the issue price of the new shares provided to the sellers of companies. This is because the price depends on the performance of Österreichische Post AG and of its share price development. The cases depicted here do not require the granting of an authorisation's being accompanied by a specification of the issue price. The legacy shareholders will be informed of the issue price in the following way. The Management Board is required to publish a further report upon the issuance of new shares emanating from the authorised capital and comprising an exclusion of the rights of subscription. This is to occur within two weeks at the latest before the passing of the resolution by the Supervisory Board establishing its consent to the issuance of shares emanating from the authorised capital. This publication is an application of the stipulations contained in Section 153 Para 4 (2) AktG. The report is to include a justification of the issue price of the new shares (Section 171 Para 1 AktG).

7. Österreichische Post AG does not currently maintain an employee participation programme. This means that the employees of Österreichische Post AG do not generally have the way that the shareholders possess of partaking in the successes achieved by the company. The Management Board's pursuit of the objective of ensuring the long-term success of the company leads it to view the forging of closer ties between the company and its employees and the achieving of their orienting their actions towards serving the interests of shareholders as being accomplished by the launching of such a programme. Accordingly, this would be of benefit to all stakeholders. The concrete parameters of the programme cannot yet be delineated at this point in time.

It is important to note that the authorised capital up for resolution will especially be employed to satisfy stock options, to issue shares to employees, senior managers and members of the Management Board of the company and of an affiliated company, and to issue shares to a private foundation of Österreichische Post AG whose purpose is enabling employee participation.

In accordance with Section 153 Para 5 AktG, the primary issuance of shares to employees, senior managers and members of the Management Board or of the Supervisory Board of the company and of an affiliated company constitutes a ground sufficient for the exclusion of subscription rights. According to the Management Board, the same applies to the issuance for shares to a private foundation for employees. This is because the incentives for performance emanating from the issuance of shares and applying to employees as well as the ramifications of the exclusion of the subscription rights upon shareholders are identical in both cases.

The exclusion of subscription rights is also appropriate and justified because

- (i) the introduction of an employee participation plan and its being secured are in the interests of Österreichische Post AG. A participation by employees in the company and thus in its successes can enhance the motivation of the employees and their identification with the company. The measures foreseen constitute an essential and important component of the fostering of the dedication and devotion shown by employees. The positive ramifications of these will also benefit individual shareholders,
- (ii) the exclusion of the rights of subscription when issuing shares comprising the authorised capital being applied for is capable of providing the security needed by an employee participation programme. A further factor is the lack of an alternative featuring a

preclusion of this exclusion of subscription rights and yielding a comparable kind and extent of this security for the company, and (iii) the exclusion is appropriate, due to the limited scope of the Authorised Capital 2020. As far as the Management Board is aware, the relatively small scope of the capital increase will hardly or only slightly impair the company's minority interests. No new majority interests will come into being through this measure. According to the Management Board, any disadvantages imposed upon shareholders involving rights to assets will be more than compensated by the results of the establishment of incentives to perform ensuing from the employee programme. This programme will positively impact the company and will cause it to achieve new successes. The linkage between the Management Board and the company and its interests is secured by the Management Board's only being permitted to issue shares from the authorised capital with the approval of the Supervisory Board, which also has to consent to the price and other conditions of issuance. It is clear that any favourable issue price – as compared to those prevailing on markets – will adhere to the limits imposed by Section 8a Para 1 AktG.

8. For the sake of completeness, the new authorised capital requires the issuance of new shares bearing the indirect right of procurement, in accordance with Section 153 Para 6 AktG. This safeguards the legal right of subscription. This could apply to an increase in capital in exchange for cash.
9. The authorisation to exclude rights of subscription from peak amounts facilitates the configuration of a practicable relationship of subscription for the amount of the respective increase in capital. The new shares that have been excluded – since they constitute free remainder amounts – from the subscription rights of shareholders will be employed in the best possible way for the company. This will entail their either being sold on exchanges or employed in another way.
10. Implementing a capital increase from authorised capital can require the granting of an over-allotment option to banks of issuance. Exercising this option can entail the exclusion of subscription rights.
11. In accordance with Section 171 Para 1 AktG, the Management Board is required to publish, within two weeks at the latest before the passing of

the Supervisory Board's resolution on the issuance of shares, a corresponding report on the exclusion of subscription rights. In the case of the granting of shares to members of the Management Board, the Supervisory Board is to issue this report.

12. In summary, the Management Board of Österreichische Post AG has come to the conclusion that an authorisation of the Management Board of the company to increase the capital through the issuance of new shares comprised in the authorised capital, with this to require the approval of the Supervisory Board and to possibly include the exclusion of subscription rights, completely adheres to the applicable legal rules.

Vienna, 13 May 2020

The Management Board

Georg Pözl m.p.
Chairman

Walter Oblin m.p.

Peter Umundum m.p.