



**Report of the Management Board
of
Österreichische Post Aktiengesellschaft (Austrian Post),
Vienna, FN 180219 d,
on the
authorisation granted to the Management Board to acquire treasury shares in a
way other than on stock exchanges or to sell the treasury shares acquired in
another way as via stock exchanges or via the making of a public offer
(ITEM 7 on the agenda)**

All members of the Management Board submit the following report of the Management Board of Austrian Post, whose headquarters are in Vienna, in accordance with Section 65 Para 1b Austrian Stock Corporation Act (AktG) in connection with Section 170 Para 2 AktG and with Section 153 Para 4 S 2 AktG to the Annual General Meeting of Austrian Post on April 11, 2019.

1. Austrian Post'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 ordinary shares (non-par value shares) equipped with voting rights. The company's share capital currently amounts to EUR 337,763,190.
2. At the Annual General Meeting of April 20, 2017, a resolution was passed on item 8 of the agenda authorising the Management Board to acquire own shares (treasury shares) pursuant to Section 65 AktG. This authorisation expires on October 19, 2019.
The Management Board of the company intends to propose the passing of the following resolution to the Annual General Meeting convening on April 11, 2019 applying to item 7 of the agenda:
 - a) In accordance with Section 65 Para. 1 N 4 and 8 as well as Para. 1a and 1b AktG, the Management Board is authorised to acquire non-par value bearer or registered shares of the company, with this to amount to up to 10% of the company's share capital, with this authorisation to be for 30 months, with this expiring on October 10, 2021, and with this to be performed on or outside exchanges, and with these to be offered for purchase in such cases to individual shareholders or to a single shareholder, especially Österreichische Beteiligungs AG, and with this to be at a lowest equivalent value of EUR 20 (twenty euros) per share, and with this to be at a highest equivalent value of EUR 60 (sixty euros) per share.

Trading in treasury shares is excluded as the objective of the acquisition. The authorisation can be exercised entirely or partially or in two or more partial amounts and for the purposes of realizing one or more than one objective of the company. This realisation may also be undertaken by a subsidiary (Section 228 Para 3. Austrian Commercial Code) or by a third party acting on a paid commission basis on behalf of the company. The undertaking of the acquisition by the Management Board may especially be performed in cases in which the shares are to be offered to employees, senior managers and and/or members of the Management Board of the company or of one affiliated with it within the context

of an employee participation programme, with a stock option programme and/or for purposes of being issued to a private foundation enabling employee participation, whose primary purpose is to hold and administer shares for one or more of the above-mentioned persons (for example an employee participation foundation pursuant to Section 4d Para. 4 Income Tax Act).

- b) The Management Board can resolve to make this acquisition on an exchange. In such cases, the Supervisory Board has to be informed on an ex post facto basis of this resolution. An acquisition not made via an exchange requires the prior approval of the Supervisory Board. In a case of an acquisition not made on the exchange, this acquisition can be undertaken in a way excluding the proportionate right of sale (converse exclusion of right of procurement).
 - c) The Management Board is authorised for a term of five years, with this starting upon the passing of the resolution, with this according to Section 65 Para. 1b AktG, with this requiring approval by the Supervisory Board, and with this not demanding the Annual General Meeting's passing of a resolution, to pass a resolution stipulating that treasury shares are to be sold or used in a way other than their sale via an exchange or via the making of a public offer, with this to appropriately heed the rules established for the exclusion of subscription rights held by shareholders, with this especially applying to shares to be offered 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 issued to a private foundation constituted for purposes of employee participation (for example an employee participation foundation pursuant to Section 4d Para. 4 Income Tax Act). The Management Board is also authorised to establish the conditions of sale. The authorisation can be exercised in two or more partial amounts and for the purposes of realising one or more than one objective of the company. This realisation may also be undertaken by a subsidiary (Section 228 Para. 3 Austrian Commercial Code) or by a third party acting on a paid commission basis on behalf of the company.
 - d) The Management Board is also authorised, should the Supervisory Board so consent and should such be required, to reduce the share capital. This is to be undertaken through the withdrawal of treasury shares and does not require the Annual General Meeting's passing a resolution, in accordance with Section 65 Para 1 N8 last sentence and in connection with Section 122 AktG. The Supervisory Board is authorised to resolve alterations in the Articles of Association arising from the withdrawal of shares.
 - e) This resolution includes revoking the corresponding authorisation granted to the Management Board to acquire the company's own shares in accordance with the resolution on item 8 of the agenda passed by the Annual General Meeting on April 20, 2017.
3. The possibility of acquiring treasury shares in a way not involving exchanges stipulated in Section 65 Para. 1 N4 and N8 AktG join with the sale of treasury shares acquired, in accordance with Section 65 Para. 1 N4 and N8 AktG, in a way other than involving exchanges or the making of a public offer in requiring the Management Board, in accordance with Section 65 Para. 1b AktG and Section 170 Para. 2 AktG and Section 153 Para 4 (2) AktG, to submit a written resolution on the reason for the associated exclusion of subscription rights and for any exclusion of the proportionate right of sale (reverse exclusion of subscription rights) and of any purchase not involving stock exchanges.

4. The Management Board requires the prior consent of the Supervisory Board to acquire treasury shares. This consent is also requisite for the Management Board's selling of treasury shares acquired by the company in a way not involving exchanges or the making of a public offer. The Management Board of Austrian Post is entitled to resolve to make purchases on exchanges. This requires, however, the ex post facto notification of the Supervisory Board.
5. The treasury shares acquired, as stipulated in Section 65 Para. 1 N4 and N8 and Para. 1a and 1b AktG, may be sold in a way not involving stock exchanges or the making of public offers, in cases in which this sale of shares constitutes the consideration for the acquisition of companies, operations, parts thereof or stakes in one or more than one company in or outside Austria. These transactions thus entail the latter kind of consideration's leading to the incorporation of participations, companies, operations and parts thereof into the Group.

Viewed legally, such acquisitions of other companies, operations or parts thereof, or 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) will be summarized 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 Austrian Post (the purchaser) and of the seller. An acquisition of a company taking the form of a payment of cash 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 consideration. The company acquiring (Austrian Post) 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-sized stake in Austrian Post, or in which the seller demands a participation in the company in exchange for the sale.

The limitations placed upon the purchasing of treasury shares – which come to a total of (for nearly all cases governed by Section 65 AktG) 10 % of the share capital – mean that a seller cannot leverage this transaction into the attainment of a significant stake in Austrian Post. In cases in which the company has acquired treasury shares at an earlier point in time and in which these shares' quote has since risen, the company realises savings upon its employing of treasury shares as consideration in the acquisition of a company. This is because the measurement of the consideration used in the acquisition of a company entails the treasury shares being deployed as (part of) the consideration's being valued at the current (average) quote or, in some cases, at its intrinsic value, should that be greater – but not at the lower historic costs of procurement.

An acquisition of a company taking the form of the provision of consideration and the exclusion of the rights of subscription held by the other shareholders in the company is generally viewed as being an appropriate justification for the imposition of such an exclusion. Austrian Post's potential for growth gives rise to an interest on its part in enabling the acquisition of companies through the provision of consideration and through the exclusion of the rights of procurement, as such conserves the company's liquidity. The granting of consideration taking the form of treasury shares enables the company to display the requisite speed and flexibility when conducting such transactions.

The selling of treasury shares in a way not involving exchanges or the making of public offer when acquiring companies 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 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. Austrian Post foresees the possibility of strategic or organisational 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 entails the seller's (and in-kind contributor's) being able to attain the participation striven for only upon its receiving new shares. This is because a seller wants to achieve a (expressed as a percentage) participation in Austrian Post that corresponds to the relationship between its in-kind contribution and the corporate value of Austrian Post, and that outfits 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 and the vending of treasury shares in a way not involving exchanges or the making of public offers are in the final analysis appropriate, as it facilitates the attaining of the special interest shown by Austrian Post 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. The value of the company to be incorporated into the group's (or of stakes in it) is compared to that of Austrian Post. The resulting ratio governs the in-kind contributor's receipt of the shares in Austrian Post issued for this purpose. In a further consideration, the previous 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 realisation of synergies arising between the company acquired and Austrian Post.

6. Austrian Post does not currently maintain an employee participation programme. This means that the employees of Austrian Post 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, which would thus be of benefit to all stakeholders of the company. The concrete parameters of the programme cannot yet be delineated at this point in time.

To be noted is that the authorisation to acquire treasury shares up for resolution will especially be deployed to satisfy stock options; to directly issue shares to employees, senior managers and members of the Management Board of the company and of that of one affiliated with it; and to issue shares to a private foundation of Austrian Post whose primary purpose is to hold and administer shares for one or more of the above-mentioned persons (for example an employee participation foundation pursuant to Section 4d Para. 4 Income Tax Act).

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 one affiliated with it constitutes a ground sufficient for the exclusion of subscription rights. Moreover, pursuant to Section 65 Para. 1b last sentence AktG, the sale of own shares to employers, senior managers and/or members of the Management Board of the company or of one affiliated with it within the context of a share option programme is justified. According to the views held by the Management Board, the same applies to the issuance of own shares to a private foundation, whose primary purpose is to hold and administer shares for one or more of the above-mentioned persons. 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 the rights of subscription and the sale of treasury shares in ways not involving exchanges or the making of a public offer are also appropriate and justified because

- (i) the introduction of an employee participation plan and its being secured are in the interests of Austrian Post. 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. Such a measure constitutes 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 and the sale of treasury shares in ways not involving exchanges or the making of a public offer are 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. This is due to the limited scope of the authorisation. As far as the Management Board is aware, the increase in capital's relatively small scope will hardly or only slightly impair the company's minority interests. No new majority interests will come into being through this measure. A disadvantaging of the shareholders involving rights to assets will be more than offset, according to the Management Board, by the results of the establishment of incentives to perform ensuing from the employees' programme. This programme will ramify positively on 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 Board's being permitted to issue shares from the authorisation only with the approval of the Supervisory Board, which also has to consent to the price and other conditions of issuance.
7. The sale, in accordance with Section 65 Para. 1 N4 and N8 and Para. 1a and 1b AktG, of treasury shares acquired in ways not involving exchanges or the making of a public offer requires the Management Board's publishing within at the latest two weeks prior to the Supervisory Board's reaching of a resolution on the matter (the Supervisory Board's consent has to be secured for any sales not involving exchanges or the making of public offers). This report has to – among other things – substantiate the reason for the setting of the price of sale of the shares (Section 65 Para 1b in connection with Section 171 Para. 1 AktG).
 8. The Management Board is to be imparted the high level of flexibility and rapidity required to make any acquisitions. Needed for this purpose may well be the possessing of the requisite amount of currency of acquisition. This could entail the purchasing from individual shareholders or from an individual one of packages of shares, with this especially referring to Österreichische Beteiligungs AG, and being performed outside of exchanges. The expeditious availability of such a currency – taking the form of treasury shares – for the purposes elucidated above in this report constitutes the justification for the reverse exclusion of subscription rights. This entails the exclusion of the proportionate rights of sale held by shareholders.
 9. Finally to be mentioned is that the authorisation of the Management Board to acquire treasury shares, provided that the Supervisory Board so consent on a prior basis, or to sell treasury shares acquired in ways not involving exchanges or the making of a public offer, and to do so without the Annual General Meeting's reaching of a new resolution, and in any case for purposes of issuing the shares so as to constitute consideration to be employed in the purchasing of companies or to be provided to employees, senior

managers and members of the Management Board of this company or of one affiliated with it or to a private foundation whose primary purpose is to hold and administer shares for one or more of the above-mentioned persons, is a common and generally accepted practice on the part of a large number of publicly listed companies in Austria (and in Germany) and a generally recognised procedure. This also manifests itself in Section 5 Para 2 (7) VeröfentlV. This stipulates that the publication to be made at the specified time has to contain the kind and objective of the reacquisition and/or of the sale of the treasury shares, with this particularly specifying whether the re-acquisition and/or the sale is to be made via and/or outside the exchange.

As explained above, to be emphasized in this regard once more is that the sale of treasury shares and the purchase of such in ways not involving exchanges or the making of public offers is possible without the Annual General Meeting's passing of a resolution. Requisite is, however, the consent of the Supervisory Board. The Management Board of Austrian Post is not entitled to reach in such cases decisions on its own.

10. The objectives and intentions of the Management Board of Austrian Post, underpinned by the corresponding resolution on item 8 of the agenda passed by the Annual General Meeting held on April 20, 2017, remain unchanged. Even if the Management Board did not exercise this authorisation granted by the resolution approved by the Annual General Meeting on April 20, 2017, the Management Board has the opinion that a renewed resolution makes sense, and that this is a common and generally accepted practice among many publicly traded Austrian companies.
11. In summary, the Management Board of Austrian Post has come to the conclusion that an authorisation of the Management Board of the company to acquire treasury shares in a way not involving stock exchanges, or to sell, in accordance with Section 65 Para. 1 N4 and N8 and Para. 1a and 1b AktG, treasury shares acquired in ways not involving exchanges or the making of public offers, with this to require the approval of the Supervisory Board, completely adheres to the applicable legal regulations.

Vienna, March 7, 2019
The Management Board