

Annual Report

2009

Investment and privatisation management for the Republic of Austria

Österreichische Industrieholding AG is the investment and privatisation agency of the Austrian Republic.

In line with its government mandate, ÖIAG carries out the following tasks. On the one hand, it stimulates increases in the value of the investments for which it is responsible and on the other, where a privatisation mandate exists, it completes partial or full company privatisation. No privatisation mandate exists for the current legislative period.

At present, the ÖIAG portfolio contains three listed companies, Österreichische Post AG, OMV AG and Telekom Austria AG, as well as GKB-Bergbau GmbH and FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes.

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Listed investments 2009

	Revenues	EBIT	Result before tax	Dividend per share	Employees
	EUR m	EUR m	EUR m	EUR	Full-time basis
Österreichische Post AG	2,356.9	149.4	124.8	1.50	25,921 ²
OMV AG	17,917.3	1,409.9	1,181.8	1.00 ¹	37,485 ²
Telekom Austria AG	4,802.0	343.9	106.3	0.75 ¹	16,573 ³

¹ Proposal to the Annual General Meeting

² Average

³ As at Dec. 31

Österreichische Industrieholding AG

Listed investments as at December 31, 2009



ÖIAG

Annual Report 2009

ÖJAG

Introduction of the Managing Director

On September 3, 2009, we succeeded in finally concluding the privatisation of Austrian Airlines. Our highly motivated team worked together with the company for over a year on the realisation of the privatisation mandate. During this project, we received active support from the political decision-makers at both a national and European level. Privatisation took place against the backdrop of a complex, legal framework, partially massive public opposition and a steadily deteriorating economic situation. As opposed to other nations, through this privatisation the Austrian Republic has succeeded in securing the long-term existence of the national airline and hence the retention of all the related advantages for the economic location.

During the crisis year, our corporate investments again achieved respectable results, which allowed the continuation of their dividend policies. As a consequence of this development, ÖIAG will pay a dividend of EUR 200 million to the Republic of Austria and this means that since 2003, the ÖIAG has provided dividends in excess of EUR 1.8 billion.

The control and support of the business conduct of the corporate investments and thereby the securing of their value constitutes a central ÖIAG assignment. Therefore, we encourage strategies that serve long-term, positive company development and accordingly require management concepts and measures. The 2009 financial year witnessed a number of important strategic developments among our corporate investments. For example, the approval of the Postal Market Act has established a platform for the planning and strategic reorientation of the Österreichische Post. Moreover, in the case of Telekom Austria, with the agreement of the Supervisory Board to a resolution concerning the merger of Fixed Network and Mobile Communications activities, a highly significant decision was made with regard to the securing of sustained competitiveness. At the same time, on a personnel level, a number of new appointments that serve both the interests of the companies involved and their shareholders were dealt with in a professional manner. New chairmen were appointed at both Österreichische Post and Telekom Austria in the persons of Georg Pölzl and Hannes Ametsreiter, while at OMV early preparations regarding the choice of a new chairman were initiated and at the turn of the year, Jaap Huijskes, an expert with great international experience, was obtained to head the Exploration and Production area.

I would like to thank our employees, who complete their tasks in a targeted and highly motivated manner. It is due to their endeavours that we were again able to achieve a positive result for our owner, the Republic of Austria.

Vienna, May 12, 2010



Peter Michaelis

Privatisation and investment management

Completion of the Austrian Airlines privatisation

The Austrian Airlines privatisation process dominated the first half of 2009. On the basis of the contracts already concluded with Deutsche Lufthansa on December 5, 2008, during the period under review all the contractual conditions were dealt with along with the legal prerequisites for the completion of privatisation, including the provision for restructuring aid. The entire process was overshadowed by the deepening recession, which resulted in a steady deterioration in the financial position of both Austrian Airlines and the entire branch. The closing on September 3, 2009 marked the end of this extremely demanding privatisation commission and hence the successful conclusion of one of the most complex transactions in ÖIAG history.

The Austrian Airlines stock held by ÖIAG was sold to Deutsche Lufthansa for EUR 366,268.75 (EUR 0.01 per share). In addition, ÖIAG received a warrant, which allows maximum additional earnings of EUR 164 million. The basis for this figure was formed by the offer price for the free float of EUR 4.49 per share. The payment of the warrant is dependent upon the attainment of defined target results by Austrian Airlines for the 2009-2011 financial years, as well as the relative development of the Lufthansa share as compared to those of comparable companies during the same period.

In addition, within Deutsche Lufthansa's acquisition concept, EUR 500 million was required

as a shareholder's grant for restructuring. This sum corresponded with around a third of total Austrian Airlines debts and liabilities on the date of the signing of the contract, which included both financial and pension obligations, as well as liabilities relating to aircraft leasing.

The approval of the restructuring aid by the European Commission was one of the main and most challenging conditions for the realisation of the takeover. Following the extremely careful scrutiny by the Commission of the compatibility with EU regulations regarding state assistance for the rescue and restructuring of companies in difficulties of the funding notified by the Republic of Austria, approval was granted on August 28, 2009. This additionally confirmed that the sales process had attained the highest possible market price for Austrian Airlines. At the same time, the European Commission also gave a positive verdict regarding the merger control process.

For the coverage of the liquidity requirements of Austrian Airlines until the approval of the bridge financing by the EU Commission on January 19, 2009, the ÖIAG allocated a loan of EUR 67.20 million to Austrian Airlines Lease and Finance Company Ltd., a fully owned Austrian Airlines AG subsidiary. Following the receipt of EU legal approval for the bridge financing, this loan was repaid and the financing altered to a bank loan with a maximum limit of EUR 200.00 million. An account with a credit of EUR 200.00 million, which was pledged to the bank, served as collateral for this loan.

In the period prior to the EU Commission's decision, the prerequisites for the completion of the transaction contractually agreed with Lufthansa were created at an extraordinary AGM of Austrian Airlines AG, held on July 14, 2009. These included changes in the articles for the protection of the company seat and the brand, as well as the formation of an advisory committee, which as a consultative body would have the assignment of protecting location interests. Furthermore, it was agreed to appoint new shareholders' representatives to the Supervisory Board, two of whom would represent location interests in line with the privatisation mandate.

A further condition for the realisation of the transaction was the acceptance of Lufthansa's public takeover offer by at least 75 per cent of the Austrian Airlines AG shareholders. By the end of the acceptance period on May 11, 2009, including the ÖIAG holding, over 85 per cent of shareholders had accepted the offer of EUR 4.49

per share. The transfer of the shares took place simultaneously with that of the ÖIAG holding on September 3, 2009. All in all, following the expiry of a period of grace for the takeover offer, Österreichische Luftverkehrs-Holding-GmbH (ÖLH), an investment company of the Lufthansa Group, owned more than 95.4 per cent of shares. On December 16, 2009, an extraordinary Austrian Airlines AGM was held at which, in accordance with §1 para 1 of the Shareholder Exclusion Act, the squeeze-out of minority interests was agreed. The shares of the minority interest holders passed to the Österreichische Luftverkehrs-Holding-GmbH (ÖLH) on February 4, 2010 and the Austrian Airlines' listing was terminated.

The complete privatisation of Austrian Airlines marked the fulfilment of the privatisation mandate of the federal government. No further privatisation mandates are foreseen for the current legislative period.

ÖIAG investment management

With the completion of the privatisation mandate, ÖIAG now concentrates on its other main investment management assignments as defined in the ÖIAG Act 2000. The focus of these activities is formed by active corporate governance aimed at the retention and increase of the value of the portfolio assets, as well as the securing of the cash flow of its corporate investments. Apart from the ongoing monitoring of business models, above all ÖIAG concentrates on the maintenance and consolidation of the ability of the investments to provide dividends.

Due to the difficult economic environment and the related impairment expenses, as well as the low oil price, Economic Value Added (EVA®) of EUR -270.4 million was achieved for the remaining ÖIAG investment portfolio¹. However, as compared to 2001, when this key indicator was introduced, this represents an increase of EUR 156.3 million.

In 2009, ÖIAG investment management with regard to OMV focused on the intensive evaluation of Group strategy with a clear emphasis on the development of the Exploration and Production portfolio. The investment strategy in Turkey was also the object of close attention.

Investment
management focal
points

The main considerations at Telekom Austria were the strategic orientation and positioning of the Fixed Network and Mobile Communications segments.

As far as the Österreichische Post was concerned, the central issue was also the strategic further development of the company against the background of increasingly problematic economic conditions. In addition, the legislative process relating to the Postal Market Act and its effects on Österreichische Post were the object of ongoing evaluations. Other major topics included proactive structural modifications to the branch network, the creation of new delivery models and the Österreichische Post's investment strategy.

During the period under review personnel measures, which were aimed at the retention and consolidation of corporate competitiveness, were prepared and implemented in a professional manner. Following the departure of Boris Nemsic from the Managing Board of the Telekom Austria Group, Hannes Ametsreiter, who had been a member of the Telekom Austria Group Managing Board since the beginning of the year, assumed the Managing Directorship with effect from April 1, 2009.

Investment
management sees
steps taken for the
future

¹ OMV, Telekom Austria and Österreichische Post

Following the resignation of Anton Wais at the end of March, the supervisory board transferred the tasks of the Chairman of the Managing Board to Rudolf Jettmar on an interim basis and requested the presidential committee to pave the way for a new chairperson. In the meeting of the Supervisory Board on June 15, 2009, Georg Pölzl was appointed as Chairman of the Managing Board with effect from October 1, 2009.

The succession question at OMV was dealt with early through the designation of Gerhard Roiss as the successor to Wolfgang Rutenstorfer as CEO with effect from the end of March 2011. At the same time, the appointment of Jaap Huijskes means that an internationally experienced manager has been obtained for the Exploration and Production area. Jaap Huijskes is to take over from Helmut Langanger, who has headed the division since January 2002, on July 1, 2010.

Corporate bodies

Supervisory Board

Peter MITTERBAUER
Chairman
 CEO, Miba AG

Siegfried WOLF
First Vice-Chairman
 CEO, Magna International Europe AG

Klaus STURANY
Second Vice-Chairman
 Member of various Supervisory Boards

Wolfgang BERNHARD
 Member of the Managing Board Daimler AG

Brigitte EDERER
 CEO, Siemens AG Österreich

Michael ENZINGER
 Lawyer

Wolfgang PFARL
 President, Austropapier

Alexander RIKLIN
 Managing Director, Alcar Holding GmbH

Maria-Elisabeth SCHAEFFLER
 Partner, Schaeffler Holding GmbH & CO. KG

Stefan K. ZAPOTOCKY
 Member of the Managing Board and co-owner,
 BAST AG Value & Invest Development

Extract from the ÖIAG Act 2000

§4 (1) Ten members of the Supervisory Board shall be appointed for reasons of their achievements as generally recognised entrepreneurs from the world of business, members of the executive management of registered companies, or persons with long experience of commercial life. Appointments and their termination take place in accordance with resolutions passed by this circle of Supervisory Board members.

(3) The appointment of each member of the Supervisory Board pursuant to §4 para 1 extends up to the Annual General Meeting, which decides on the discharge for the seventh full financial year following election, whereby the year of election is excluded. Unless a member leaves the Board prematurely, two Supervisory Board members resign their posts every second year, while three members leave the Board in each of the sixth and eighth years. Should a member leave the Board prematurely, the election of a replacement for the remainder of the mandatory period shall be undertaken immediately.

Employee representatives on the Supervisory Board

Leopold ABRAHAM
Chairman of the Group Staff Council, OMV AG

Gerhard FRITZ
Chairman of the Central Employees' Committee,
Österreichische Post AG

Markus HINKER
Chairman of the Central Employees' Committee,
Telekom Austria AG
(since March 19, 2010)

Alfred JUNGHANS
Chairman of the Salaried Commercial and
Technical Staff Council, Austrian Airlines AG
(until September 3, 2009)

Michael KOLEK
Chairman of the Central Employees' Committee,
Telekom Austria AG
(until February 10, 2010)

Werner LUKSCH
Chairman of the Central Employees' Committee,
mobilkom austria AG
(since September 11, 2009)

Markus SIMONOVSKY
Chairman of the Works Council, OMV Austria
Exploration & Production GmbH

As at April 7, 2010

Managing Board

Peter MICHAELIS¹

¹ Within the scope of his activities as the ÖIAG Managing Director, Peter Michaelis serves as the Chairman of the Supervisory Boards of APK Pensionskasse AG, Österreichische Post AG, OMV AG and Telekom Austria AG.

The
Invest

ments

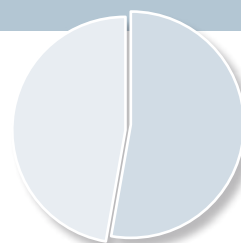
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The portfolio at a glance

Key indicators 2009	Österreichische Post AG	OMV AG	Telekom Austria AG
Area of activity	Austria's leading supplier of postal services	Leading energy group in Central and South-Eastern Europe	Austria's largest supplier of telecommunications
ÖIAG investment (%)	52.85	31.50	28.42
Share price year-end 2009 (EUR)	19.02	30.70	9.95
Revenues (EUR m)	2,356.9	17,917.3	4,802.0
EBIT (EUR m)	149.4	1,409.9	343.9
Result before tax (EUR m)	124.8	1,181.8	106.3
Dividend per share (EUR)	1.50	1.00 ¹	0.75 ¹
Employees (full-time basis)	25,921 ²	37,485 ²	16,573 ³
¹ Proposal to the Annual General Meeting ² Average ³ As at Dec. 31			

Österreichische Post AG

Key indicators	2008	2009	
Revenues (EUR m)	2,441.4	2,356.9	↘
EBITDA (EUR m)	321.7	269.2	↘
EBIT (EUR m)	169.5	149.4	↘
Result before tax (EUR m)	158.2	124.8	↘
Profit for the year (EUR m)	118.9	79.7	↘
Dividend per share (EUR)	1.50	1.50	→
Special dividend per share (EUR)	1.00	–	↘
Fixed asset investments (EUR m)	102.9	65.6	↘
Balance sheet total (EUR m)	1,874.6	1,775.3	↘
Equity (EUR m)	741.5	673.7	↘
Net debt (EUR m)	–270.2	–231.2	↘
ROCE (%)	17.4	16.5	↘
Average number of employees (Full-time basis)	27,002	25,921	↘



ÖIAG investment
52.85%

letter market, the global economic crisis as an additional source of impetus for transitional processes, as well as fundamental, structural upheavals confront the Post companies with fresh challenges. However, at the same time, these also offer an opportunity for successful, further business development.

The company

Austria's leading supplier of postal services

Österreichische Post AG, Austria's leading supplier of postal services, is organised in the three divisions Mail, Parcels & Logistics and Branch Network. The Mail Division incorporates the Letter Mail, Infomail and Media Post business areas. Core business consists of the receipt, sorting and delivery of letters, postcards, addressed and un-addressed advertising mailings, newspapers and regional media. This range is supplemented by new business services along the value added chain for business mail. The Parcels & Logistics Division is responsible for all parcel and express services. The Branch Network Division looks after the post office branches.

The postal market

New Postal Market Act

The market environment in the three traditional core markets of Österreichische Post AG comprised by communications, logistics and retail, is currently subject to massive changes. The increasing digitalisation of communications and business processes, the liberalisation of the

A new legal structure has been created with the publication of Austria's new Postal Market Act. With the exception of the statutory regulations relating to the Österreichische Post's delivery network, which already took effect on December 5, 2009, the new act will come into force on January 1, 2011.

Highlights 2009

- Difficult market environment in 2009; postal services hit by the recession
- Mail Division: economic crisis speeds up electronic substitution
- Parcels & Logistics Division: international price pressure, but increased market share in the Austrian and German core markets
- Branch Network Division: lower mail volume requires structural change
- Successful efficiency improvement and cost reduction measures take effect; savings targets with regard to personnel expenditure and overheads achieved

- High cash flow and stable balance sheet maintained
- Attractive dividend policy continued: dividend of EUR 1.50 per share
- Key strategic issues and medium-term Group objectives defined

Business development 2009

Lower Revenues and EBIT

The business development of Österreichische Post in 2009 was characterised by the economic downturn in key markets. The recession led to an international decline in business mail and parcels and in addition, speeded up the trend towards the replacement of post by electronic media. As a consequence, revenues fell by 3.5 per cent, or EUR 84.5 million, to EUR 2,356.9 million. As a result of sizeable cost savings EBIT of EUR 149.4 million was attained. This represents a fall of 11.9 per cent, or EUR 20.1 million, as compared to the preceding year.

At the end of 2009, Österreichische Post demonstrated an equity ratio of 38.0 per cent and a lower gearing ratio. A liquidity cushion of EUR 350.5 million meant that cash exceeded financial liabilities. A prudent balance sheet policy and high cash flow continue to permit the payment of attractive dividends.

Four key strategies redefined

Strategic cornerstones

In order to ensure that under these circumstances Österreichische Post will be fit for the future, during recent months four cornerstone strategies were defined as clear guidelines for further Group development. In addition to the defence of market leadership in the letter and parcel sector in Austria, in years to come, opportunities for growth are to be actively exploited. Other focal points are formed by further increases in efficiency and cost structure flexibility. Moreover, Österreichische Post intends to place a greater emphasis on innovation and simplification, as well as new services in combination with physical and electronic solutions.

Outlook 2010

Österreichische Post anticipates a continuation of difficult market conditions in 2010 and thus a fall in consolidated revenues of around 1–2 per cent. Primarily, a drop in sales in the Mail Division is expected as a result of electronic substitution, but by contrast an increase is possible in the Parcels and Logistics Division as a result of the friendlier market environment forecast for 2010. The Group aims to obtain a further sustained cut in total costs and maintain its earnings power. An EBITDA margin of 10–12 per cent has been targeted for 2010.

Stable result margins targeted for 2010

Österreichische Post has set itself a number of challenging, medium-term business objectives. Increased sales growth of 1–2 per cent annually has been targeted and the decline in letter business is to be primarily compensated for by expansion in the parcel and logistics field. Österreichische Post's high earnings capacity should find expression in a sustained EBITDA margin of 10–12 per cent on the basis of continuous increases in efficiency and cost cuts. The attractive dividend policy is to be retained and sustained dividends of EUR 1.50 per share are to be sought.

Ambitious medium-term targets

OMV AG

Key indicators	2008	2009	
Revenues (EUR m)	25,542.6	17,917.3	↘
EBITDA (EUR m)	3,632.7	2,733.7	↘
EBIT (EUR m)	2,339.7	1,409.9	↘
Result before tax (EUR m)	2,309.1	1,181.8	↘
Profit for the year (EUR m)	1,529.0	716.9	↘
Profit for the year after taking of minority interests (EUR m)	1,374.4	571.7	↘
Dividend per share (EUR)	1.00	1.00 ¹	→
Fixed asset investments (EUR m)	3,099.8	2,009.3	↘
Balance sheet total (EUR m)	21,376.0	21,415.2	↗
Equity (EUR m)	9,363.2	10,034.8	↗
Net debt (EUR m)	3,447.7	3,313.5	↘
Gearing (%)	36.8	33.0	↘
ROACE (%)	12.2	6.0	↘
Average number of employees (Full-time basis)	41,243	37,485	↘

¹ Proposal to the Annual General Meeting

The company

Central and South-Eastern Europe's leading energy group

The OMV Group is Central and South-Eastern Europe's leading energy group. In addition to Exploration and Production (E&P), the Group's core business areas also incorporate Refineries and Marketing, including petrochemical production (R&M), and Gas and Power (G&P). In 2009, the company had daily production of around 317,000 boe and possesses proven reserves amounting to 1.2 billion boe. OMV has refinery capacity of 25.8 million tonnes and in 2009 operated a network of over 2,400 filling stations in 13 Central and South-Eastern European states. Moreover, apart from the operation of gas storage facility with a capacity of around 2.2 billion cubic metres, some 75 billion cubic metres of natural gas were transported to Western Europe in 2009. Sales of natural gas amounted to roughly 13 billion cubic metres.



ÖIAG investment
31.50%

Strategy

OMV's "3plus Strategy" is built on the combination of Group strengths. Firstly OMV concentrates its focus on its three integrated business areas, comprised by E&P, R&M and G&P, and their utilisation by means of the development of the Group portfolio in the direction of sustainability. Secondly, OMV is active in the CEE, SEE and Turkish markets and their related supply regions. Three central terms – pioneers, professionals, partners – shape OMV's identity and not only differentiate the Group from the competition, but also constitute an advantage with regard to its technical and business activities. OMV's corporate vision envisages a continuation of its contributions to the shaping of the energy industry in the European growth belt through the securing of leading downstream positions within its expanding markets, especially in the G&P business area, and the linkage of the supply regions. The orientation of the Group portfolio mirrors this vision with a shift of investment to the E&P and G&P business areas and selective spending on electricity generation and renewable energies. As a result of its positioning as an integrated energy supplier, the Group furthers and utilises the possibilities for realising synergy potential along the value added chain in combination with clearly defined cost and capital discipline.

"3plus Strategy"

Highlights 2009

- Sale of the 21.2 per cent holding in MOL to Surgutneftegas for EUR 1.4 billion
- Issue of an initial international Eurobond with a volume of EUR 1 billion and a period to maturity of five years
- Production start at the Maari oil field in New Zealand
- Production start at the Komsomolskoe oil field in Kazakhstan
- Purchase of 10 per cent holding in Pearl Petroleum Company Limited, a company founded to complete evaluation, development and production in connection with two very large gas fields in the Kurdistan region of Iraq
- Announcement of a new refinery strategy for Petrom and withdrawal from petrochemical business in Romania
- Signing of a political agreement between the Nabucco transit countries
- Start of the joint gas bourse by the Central European gas hub and the Vienna Stock Exchange

Business development 2009

Solid overall result in 2009

In view of the challenging general conditions, the Group achieved a solid overall result for 2009. At EUR 1,410 million, Group EBIT was some 40 per cent down on the 2008 figure and the financial result declined, primarily as a result of lower dividend income following the sale of the MOL holding, smaller contributions from associated companies and higher net interest expenses. The profit for the year after the taking of minority interests amounted to EUR 572 million, which was 58 per cent down on the figure for 2008. Following an adjustment for inventory effects of EUR 172 million, EBIT before one-off effects also fell by 58 per cent to EUR 1,418 million prior to the deduction of net one-off expenses of EUR 180 million. In particular, this decline can be traced to personnel restructuring costs, the write-off of the refinery plant assets of Petrom as a consequence of the changed investment plan and E&P depreciation. The profit for the year before one-off effects, but

adjusted for inventory effects and after the taking of minority interests, totalled EUR 596 million and the corresponding adjusted result per share of EUR 1.99 was markedly lower than in 2008.

Against the background of considerably lower prices, in spite of unchanged volumes, EBIT before one-off effects in the E&P business area fell by 41 per cent. In the R&M business area, EBIT before one-off effects and adjusted for inventory effects fell sharply as compared to the preceding year, due mainly to the decline in refinery business margins. Moreover, as compared to 2008, EBIT before one-off effects in the G&P business area was down by 7 per cent, largely as a consequence of the negative result from the Doljchim fertilizer plant in Romania and the costs involved in the development of power business.

Outlook 2010

In spite of the anticipated continuation of considerable volatility with regard to the most important market parameters, OMV has again set itself ambitious objectives for the 2010 financial year. The effects of the economic crisis, which led to a fall in both energy consumption and the oil price, will continue to be felt strongly in 2010. However, in the long-term, a marked increase in energy requirements is again expected.

In 2010, OMV anticipates a rise in production to around 325,000 boe per day. The cost reduction programmes already initiated will continue to be vigorously pursued in order to achieve a cut in Group costs of EUR 300 million as compared to 2007. Another target is the establishment of an integrated business model in Turkey, which will include all OMV business areas. Moreover, in 2010 further pressure should be applied regarding a decision concerning the Nabucco gas pipeline investment. An important portfolio decision involves the diversion of the bulk of investments in coming years into the upstream sector, in order to secure continuous high contributions from this important business area to the overall Group result in years to come.

Ambitious targets for 2010

Production increase anticipated, cost reduction efforts intensified

Telekom Austria AG

Key indicators	2008 ¹	2009 ²	
Revenues (EUR m)	5,170.3	4,802.0	↘
EBITDA (EUR m)	1,280.8	1,794.0	↗
EBIT (EUR m)	120.7	343.9	↗
Result before tax (EUR m)	-76.4	106.3	↗
Profit/loss for the year (EUR m)	-48.8	94.9	↗
Dividend per share (EUR)	0.75	0.75 ³	→
Investments (EUR m) ⁴	807.6	711.4	↘
Balance sheet total (EUR m)	8,997.4	8,498.7	↘
Equity (EUR m)	2,155.6	1,614.1	↘
Net debt (EUR m)	3,993.3	3,614.8	↘
Net debt to EBITDA	3.1x ⁵	2.0x	↘
ROCE (%)	1.2	4.8	↗
Employees as at Dec. 31 (Full-time basis)	16,954	16,573	↘

¹ Results influenced by restructuring expenses of EUR 632.1 million and adapted in line with the changed reporting of exchange rate differences

² The consolidated financials for 2009 contain depreciation of EUR 352.0 million

³ Proposal to the Annual General Meeting

⁴ Investments in tangible and intangible assets

⁵ Excluding restructuring expenses: 2.1x

The company

Austria's largest telecommunications company

With consolidated revenues of EUR 4,802.0 million and a workforce of 16,573, the Telekom Austria Group numbers among Austria's largest enterprises. The Fixed Network segment is the no.1 supplier in Austria with 2.3 million customers and in many parts of the country forms the national communications technology backbone. In its eight markets, the Mobile Communications segment has some 18.9 million customers. In addition to Austria, the Telekom Austria Group is active in Bulgaria, Belarus, Croatia, Slovenia, Liechtenstein, the Republic of Serbia and the Republic of Macedonia. The two operative segments operate under the umbrella of the listed Telekom Austria AG, which defines the strategic and financial objectives of the Telekom Austria Group.

Strategy

The Telekom Austria Group is an integrated and convergent supplier of intelligent information



ÖIAG investment
28.42%

and communications services and occupies a leading position in its geographic markets. The main approaches adopted for the realisation of operative corporate strategy consist of:

- The Telekom Austria Group as a supplier of convergent services
- Optimisation within the Group's areas of activity through operational excellence
- Value added growth through convergent fixed line and mobile communications in Austria, the use of market consolidation possibilities and geographic expansion

The Telekom Austria Group's strategy with regard to the allocation of free cash flow is targeted on a balance between value-oriented growth investments and consistently attractive shareholder dividends. Growth investments compete with share repurchases and are only activated when linked to higher shareholder value. During the period from 2009–2012, the intention is to pay dividends amounting to 65 per cent of the profit for the year, or at least EUR 0.75 for every share bearing an entitlement.

Attractive dividend policy

Highlights 2009

- In spite of the difficult economic conditions, the customer base in the Mobile Communications segment expands by a further 6.4 per cent to 18.9 million customers.
- For the first time in ten years, the fourth quarter of 2009 shows an increase in the number of fixed network connections.

- Successful cost cutting measures in both segments reduce operating expenses and dampen the effects of falling revenues on EBITDA.
- Operative free cash flow target of EUR 1.1 billion attained in 2009: A reduction in investment compensates for lower adjusted EBITDA.
- The management proposes a dividend of EUR 0.75 per share on the basis of the 2009 result.

Business development 2009

Revenues down,
EBITDA improved

The developments and trends within the two operative segments resulted in a fall in Telekom Austria Group revenues of 7.1 per cent to EUR 4.8 billion. Following restructuring expenses in the preceding year, EBITDA rose from EUR 1.3 billion to EUR 1.8 billion. The economic situation resulted in impairments to the goodwill of Velcom in Belarus and the mobile communications licence in Serbia totalling EUR 352.0 million. This placed a burden on the operative result, which amounted to EUR 343.9 million. In 2009, the Telekom Austria Group achieved a net profit of EUR 94.9 million following a loss of EUR 48.8 million in the year before. As a consequence, the result per share rose from EUR -0.11 to EUR 0.22. The objective of obtaining operative free cash flow of EUR 1.1 billion (EBITDA minus asset additions) was achieved during the year under review.

Targets and focal points

- Increase in corporate value to the benefit of the owner
- The balance between growth projects and reasonable shareholder dividends
- Defence of market leadership in Austria and the full exploitation of the potential offered by international activities
- Generation of synergy effects through the merger of fixed networks and mobile communications in Austria

Outlook 2010

The Telekom Austria Group expects that the problematic market conditions currently prevailing will continue during 2010. This situation has been caused by the coincidence of several negative, external influences with the effects of the generally unfavourable economic situation. The detrimental external effects consist primarily of the continuing substitution in Austria of fixed networks telephony by mobile communications, the unabated price pressure in all the Group's important markets, and the effects of the regulatory reduction in roaming tariffs and termination fees in Austria, Bulgaria, Croatia and Slovenia. Furthermore, the introduction of a tax on certain mobile communication services in Croatia and the Republic of Serbia also constitutes an additional burden. Nevertheless, as a result of high cash flow generation, the Telekom Austria Group confirms its intention to pay dividends amounting to 65 per cent of the profit for the year, or at least EUR 0.75 per share in the years up to 2012.

Difficult market conditions also expected for 2010

As a consequence of the progressive convergence of fixed network and mobile communications and on the basis of the international developments in the mobile communications market, in coordination with the Supervisory Board, the Telekom Austria AG Board has spoken out in favour of a merger between the Fixed Network and Mobile Communications segments in Austria. The primary aim of this move is to create a single operative company and thus create a framework for the service of the growing demand for integrated communications solutions and convergent products. In addition, the targeted control of sales would facilitate a further increase in sales potential through cross-selling, while apart from these sales-related effects, in the medium-term cost savings can be generated through the merging of processes, management systems and central areas of activity. As a result of the necessary structural adjustments, the realisation of this transformation involves considerable expenditure, however related amortisation can be expected in just a few years.

Merger of fixed network and mobile business

GKB-Bergbau GmbH

Company and strategy

As the legal successor to the former ÖIAG-Bergbauholding (ÖBAG), GKB-Bergbau GmbH (GKB) is a fully owned ÖIAG subsidiary. GKB is completing ÖIAG's orderly withdrawal from the mining sector and in this capacity is also implementing legally anchored closure and safety procedures, which include recultivation.

In accordance with the privatisation mandate from the Austrian federal government, the ÖBAG companies were subjected to a number of privatisation measures in 2004. Subsequently, the mining holding was amalgamated with GKB as the assimilating company, in a downstream merger. A major share of the gains derived from ÖBAG restructuring was paid to ÖIAG in 2004 and 2005 in the form of dividends.

Since then, GKB has been primarily responsible for the workings in the Voitsberg-Köflach brown coal field, which were exhausted in 2004, the disused Pöfing-Bergla field, as well as the former Bleiberger Bergwerksunion (BBU) field in Bad Bleiburg, including the surface workings, and the field of the former Lavanttaler Kohlenbergbau Gesellschaft m.b.H. (LAKOG) in Wolfsberg. In addition, GKB handles a number of long-term obligations and liabilities in disused mining areas, which formerly belonged to GKB and its legal predecessors and are spread across several federal provinces.

Highlights 2009

- The closure plan for the Oberdorf open cast pit, which with an area of some two square kilometres was formerly the largest surface mining operation in Austria, was concluded at the end of 2009. The outstanding preparations for termination were then initiated.
- In addition to ongoing operative closure, recultivation and safety activities in the Voitsberg-Köflach field, extensive safety measures were implemented with regard to the former LAKOG areas. Furthermore, in the course of continuing closure activities in the Bleiberg field, following the removal of the last remaining obstacles, the local mining authorisations for lead and zinc ore were terminated.
- Intensive evaluation and documentation activities in the company's former coal and iron ore mining areas continued, which led to additional insights into the historic workings. This know-how represents an important contribution to the responsible handling of the related coal and ore mines, which partly date back several centuries and occupy an area of over 100 square kilometres.
- In cooperation with the mining authorities, an optimised procedure for the realisation of construction projects on these sites has been developed and the supply of comprehensive information to the affected local government authorities has continued.

Business development 2009

As a consequence of systematic closure measures and the sale of non-essential assets, GKB achieved an ordinary business result of EUR 2.5 million. On the basis of a net profit of EUR 2.4 million (including profit carryforward) a dividend of EUR 1.2 million was paid to ÖIAG. As at December 31, 2009, total assets amounted to EUR 85.5 million. The workforce numbered 12 (full-time basis) as at December 31, 2009, which was slightly fewer than in the preceding year. The average number of employees during 2009 totalled 14.

Outlook 2010

The coming years will see workforce numbers of around 15 employees. This personnel will initially be required beyond the period of closures and recultivation to deal with the critical tasks derived from mining activities, some of which date back centuries. GKB is continually reducing the liability risk through the professional completion of measures aimed at repairing mining damage and maintaining safety in problem areas. These activities create the prerequisites needed for the termination of mining authorisations. From a current perspective, the definitive termination of the company's mining authorisations, which might be cancelled, will take place successively in the medium- to long-term.

GKB is also pursuing the goal of a sustained increase in the value of its land, which was needed and used for mining. The objective is to sell the revitalised properties for appropriate returns, in line with the Austrian Mineral Raw Materials Act (MinroG) and taking into account the local zoning plan, and subject to mining damage claim waivers on the part of the purchasers.

FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes

Company and strategy

ÖIAG founded FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes on November 11, 2008. On the basis of the Financial Market Stability Act, Federal Law Gazette I No. 136/2008, the company has the task of supporting the federal government measures taken for the recapitalisation of banks and domestic insurance companies. To date, this assignment has been carried out through the acceptance in trust of participation capital, which had previously been underwritten by the federal government, and the administration and supervision of the related share rights. In its function as the federal government's trustee, FIMBAG monitors adherence to the conditions and constraints contained in the respective agreements in principle concluded between the federal government and the affected banks, and also supplies the federal government with the necessary reports and information. Furthermore, FIMBAG has to ensure that gains from the share rights are transferred immediately to the federal government and that the tiering of these participations takes place at the best possible moment and subject to optimum conditions.

The acceptance on trust of capital participations of the federal government in banks in the form of ordinary shares would also be possible, but until now was not employed.

Business development 2009

Following an agreement between the Republic of Austria and the shareholders of Kommunalkredit Austria AG concerning the takeover of 99.78 per cent of the share capital of this institute, the transaction was closed at the beginning of January 2009. In addition, the federal government has also taken over the entire stock of Hypo Alpe-Adria-Bank International AG. In both cases, the takeover of shares by the federal government did not involve the transfer of ownership rights to FIMBAG.

All in all, following the underwriting of EUR 900 million in participation capital for Hypo Alpe-Adria-Bank International AG at the end of 2008, within the scope of capital measures pursuant to §2 para 1 Financial Market Stability Act, during 2009 the federal government underwrote participation capital for the following issuers:

	EUR m
RZB	1,750
Volksbanken AG	1,000
Erste Bank	1,224
BAWAG-PSK	550

At the end of 2009, the participation capital in the Hypo Alpe-Adria, RZB and Volksbanken was transferred to FIMBAG, with the result that trust assets of EUR 3,650,000.00 were reported in the balance sheet.

During the 2009 financial year, FIMBAG exercised the rights emanating from the transfer of this participation capital, especially with regard to the information and reporting obligations of the banks. The main focal points in this connection consisted of the development of loan business, viability reports, quarterly, half-year and annual reports, equity and risk development and the design of remuneration systems.

Outlook 2010

The transfer on a trust basis of the participation capital in the Erste Bank and BAWAG-PSK with a total nominal value of EUR 1,774 million is planned for 2010 with the result that the trust assets held by FIMBAG will increase to EUR 5,424 million.

The 20

09

Financial Year

09

Financial Year

Management Report

1. Legal and economic background

1.1. ÖIAG assignments – legal framework

The assignments of ÖIAG are regulated by the ÖIAG Act 2000 (Federal Law Gazette I No. 24/2000) in the amended versions from 2003 (Federal Law Gazette I No. 71/2003), 2005 (Federal Law Gazette I No. 103/2005), 2006 (Federal Law Gazette I No. 73/2006) and 2008 (Federal Law Gazette I No. 136/2008). These tasks largely consist of privatisation and investment management with regard to those companies in which the ÖIAG has been, or will be, allocated a holding by federal law or legal transaction. Under certain circumstances, ÖIAG is entitled to purchase additional shares in its investments, or to participate in capital increases. During the 2008 financial year, the tasks relating to the implementation of measures under the terms of the Financial Market Stability Act, which were aimed at the recapitalisation of banks and insurance companies, were transferred to the FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes, a company newly founded by ÖIAG.

ÖIAG privatisation activities take place on the basis of a privatisation mandate from the federal government, which in line with the ÖIAG Act, is allocated for one legislative period. At the extraordinary Annual General Meeting held on September 5, 2008, ÖIAG was allotted a mandate for the privatisation of its 41.56 per cent participation in Austrian Airlines AG on the basis of a resolution agreed by the federal government on August 12, 2008. This mandate was then extended until December 31, 2008, through a federal government resolution from October 29, 2008. The legal basis for the provision of financial support to Austrian Airlines AG amounting to EUR 500.00 million was created by an amendment to the federal law concerning the transfer of federal government investments to the ownership of ÖIAG (AUA Act), Federal Law Gazette I No. 18/2009. This statutory change came into force with backdated effect as per December 31, 2008.

The closing of the sale of the shares in Austrian Airlines AG held by ÖIAG to Deutsche Lufthansa took place on September 3, 2009 following the receipt of a positive decision from the European Commission after a financial support and merger control process.

1.2. Economic conditions

2009 was characterised by serious economic slumps in the USA, Japan and the European Union, as well as a rapid increase in unemployment. This downward spiral could be stopped in the middle of the year by massive fiscal policy measures, an expansive monetary policy and reductions in key interest rates by the central banks. On a yearly basis, real economic performance fell worldwide by 1.0 per cent. Austria saw a decline in GDP of 3.6 per cent, while in Europe (EU 27) the real fall was 4.2 per cent and in the USA around 2.4 per cent.¹ Accordingly, this economic environment posed a special challenge to ÖIAG's corporate investments.

The state support measures resulted in a stabilisation of the banking sector and a calming of the financial markets. However, governments were forced to resort to the nationalisation instrument and in Austria, in addition to the Kommunalkredit Austria, the Hypo Group Alpe-Adria was also taken over by the Austrian Republic.

The recovery in the global economy in the second half of 2009 was mirrored by the trend in the international stock markets. On a yearly basis, the German index (DAX) gained some 24 per cent and the ATX roughly 43 per cent. The price for Brent oil rose from approximately USD 35/bbl at the end of 2008 to around USD 76/bbl at the close of 2009.

2. Report concerning the course of business and the economic situation

2.1. Course of business

On the basis of the contracts agreed with Deutsche Lufthansa on December 5, 2008, the full privatisation of Austrian Airlines AG was concluded with the completion of the transaction on September 3, 2009. This required the fulfilment of numerous conditions, which were successfully dealt with during the 2009 financial year.

¹ GDP figures pursuant to the WIFO economic forecast from March 24, 2010

In particular, these included:

- The approval of the rescue aid of EUR 200.00 million by the EU Commission (January 19, 2009)
- The legal empowerment of ÖIAG to provide a shareholder's grant for restructuring of EUR 500.00 million (March 25, 2009)
- The acceptance of the Deutsche Lufthansa takeover bid by more than 75 per cent of Austrian Airlines AG shareholders (May 11, 2009)
- A positive decision on the part of the European Commission with regard to the financial support process (approval of the provision for the shareholder's grant for restructuring) and the merger control process (August 28, 2009)

The sale of 36,626,875 Austrian Airlines AG shares to Deutsche Lufthansa took place at a price of EUR 366,268.75 (EUR 0.01 per share) on September 3, 2009. In addition, ÖIAG received a warrant under which, for legal reasons relating to the takeover, the maximum amount to be paid per share is limited by the free float offer price.

In order to cover the liquidity needs of the Austrian Airlines Group in the period between the contractual signing and the completion of the sale, above all with regard to the ongoing financing of expiring aircraft finance agreements, a credit line of EUR 200.00 million was required as a bridge financing. As collateral for this loan an account with a credit of EUR 200.00 million was pledged to the bank providing the loan. The obligation derived from this pledge expired with the conclusion of the transaction.

Owing to the high level of Austrian Airlines Group debt, as part of the takeover, Deutsche Lufthansa AG demanded a grant of EUR 500.00 million for restructuring, in order to reduce the level of Austrian Airlines' external financial liabilities and hence the future burdens derived from debt servicing. Following the closing of the sale, Deutsche Lufthansa AG has undertaken to employ this amount for a capital increase at Austrian Airlines AG. ÖIAG provided the grant for restructuring on September 3, 2009.

2.2. Branch report

ÖIAG has no branches in Austria.

2.3. Financial performance indicators

Assets and income situation

The most important earnings and expense items in 2009 were:

- Income from investments of EUR 278.19 million, which was lower than in the previous year due mainly to a cut in the OMV Aktiengesellschaft dividend.
- Interest on income and securities of EUR 9.50 million, which was counterbalanced by interest expenses of EUR 2.44 million.
- Other operating expenses amounting to EUR 40.01 million.
- Expenses pursuant to §14 para 5 of the ÖIAG Act amounting to EUR 30.58 million. These expenses correspond with the expiry of refunding claims against the federal government in connection with the payment of refunding liabilities to the same amount, completed during the year under report.
- The release of committed capital reserves totalling EUR 30.58 million pursuant to §14 para 5 ÖIAG Act. This release was completed as stipulated in the ÖIAG Act in connection with the aforementioned, obligatory repayment of refunding liabilities to an identical amount.
- During the period under review, the average ÖIAG workforce numbered 23, which was three people less than in the preceding year. As at the closing date of December 31, 2009, the workforce numbered 22, which corresponded with a full-time equivalent of around 20 employees.

The ÖIAG financial statements as at December 31, 2009, show a profit for the year of EUR 213.5 million. Following the release of committed capital reserves pursuant to §14 para 5 of the ÖIAG Act and including the profit carryforward from the previous year, a net profit of EUR 367.2 million results.

As at December 31, 2009, total ÖIAG assets totalled EUR 1,712.47 million, which was some 32 per cent lower than the figure for 2008 (December 31, 2008: EUR 2,516.31 million). Apart from the marked increase in the dividend paid to the federal government, this decline was due mainly to the provision of a shareholder's grant for restructuring for Austrian Airlines AG.

The provision of EUR 500.00 million formed last year for the grant for restructuring was used accordingly during the period under review and as a consequence, the result for 2009 was not negatively affected. As at December 31, 2009, refunding liabilities bearing a refunding obligation of the Austrian Republic amounted to EUR 22.51 million (December 31, 2008: EUR 53.10 million).

As at December 31, 2009, equity amounted to EUR 1,617.61 million (December 31, 2008: EUR 1,854.09 million). The equity ratio on the balance sheet date stood at 94.5 per cent (December 31, 2008: 73.7 per cent).

ÖIAG portfolio value and net liquidity

As at December 31, 2009, the ÖIAG portfolio had a value of around EUR 4.86 billion. The increase as compared to December 31, 2008 (EUR 3.96 billion) can be traced primarily to the positive stock market trend during 2009.

As at December 31, 2009, cash and cash equivalents provided surplus financial debt coverage of around EUR 0.10 billion (net liquidity).

2.4. Events after the balance sheet date

The reduction in the investment portfolio, especially as a result of the privatisation of Austrian Airlines AG, resulted in a marked reduction in the range of ÖIAG activities. In 2009, the owner did not offer the company the prospect of an allocation of new assignments. For these reasons, the Managing Director initiated restructuring measures, which as in the past will result in an efficient adjustment to capacity.

3. Report concerning probable company development and risks

3.1. Probable company development

In addition to the aforementioned sales price, the agreements signed with Deutsche Lufthansa concerning the sale of the 41.56 per cent holding in Austrian Airlines also contain a warrant under which, for legal reasons relating to the takeover, the maximum amount to be paid per share is limited by the free float offer price (EUR 4.49 per share), less the purchasing price for ÖIAG. The warrant relates to the accumulated development of the results of Austrian Airlines for 2009–2011, as well as the relative development of the Lufthansa share in comparison with those of similar companies during the same period.

3.2. Main risks and uncertainties

On the balance sheet date, ÖIAG was not running any derivative transactions or positions in foreign currency.

A default risk exists regarding monetary deposits at banks. This risk is monitored by a credit limit system for all banking partners. As in previous years, the investment of cash and cash equivalents in 2009 was completed in line with credit rating principles regarding the selection of the banking partner and the attainment of a best rate that conforms with the market and corresponds with the investment instrument and investment period. During the selection of the investment instruments, the greatest attention is paid to the liquidity of the invested amounts at any time. Against the background of the banking crisis, during the first few months of 2009, cash and cash equivalents were used largely for short-term investments with the federal government via the Österreichische Bundesfinanzierungsagentur (ÖBFA). As at December 31, 2009 cash and cash equivalents were deposited at Austrian banks in the form of fixed-term deposits.

The liquidity risk is managed according the statutory framework provided by Article III of the ÖIAG Act regarding financing and debt repayments, and takes the form of periodic reporting and the utilisation of planning instruments.

4. Report concerning research and development

ÖIAG does not carry out any research and development.

Vienna, April 7, 2010

Managing Director

Peter Michaelis m.p.

Balance Sheet as at December 31, 2009

Assets	EUR	EUR	As at 31.12.2009 EUR	As at 31.12.2008 TEUR
A. Fixed assets				
I. Intangible assets				
Licences, rights		65,807.75		69
II. Tangible assets				
1. Land, rights equivalent to real property and buildings, including buildings on third-party land	2,364,136.18			2,364
2. Other plant, factory and office equipment	162,330.53			143
		2,526,466.71		2,507
III. Financial assets				
1. Investments	1,540,465,975.24			1,540,466
2. Investment securities	26,492,814.42			26,492
		1,566,958,789.66		1,566,958
			1,569,551,064.12	1,569,534
B. Current assets				
I. Receivables and other assets				
1. Trade accounts receivable	27,257.04			226
2. Receivables from associated companies	19,568.91			26
3. Other receivables and assets	38,709.15			68,307
		85,535.10		68,559
II. Cash and credit balances at banks		120,304,498.02		825,074
			120,390,033.12	893,633
C. Counterclaims related to liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria			22,512,923.80	53,096
D. Prepaid expenses			13,935.94	48
			1,712,467,956.98	2,516,311

Equity and Liabilities	EUR	As at 31.12.2009 EUR	As at 31.12.2008 TEUR
A. Equity			
I. Share capital	363,365,000.00		363,365
II. Capital reserves			
1. Committed	350,751,285.96		381,335
2. Non-committed	500,000,000.00		500,000
III. Retained earnings			
Statutory reserve	36,336,417.08		36,336
IV. Net profit			
thereof profit carryforward of EUR 123,051,782.26 (2008: TEUR 153,133)	367,157,418.57		573,052
		1,617,610,121.61	1,854,088
B. Provisions			
1. Provisions for severance payments	929,099.00		848
2. Provisions for pensions	2,329,395.00		2,311
3. Other provisions	59,822,117.76		583,908
		63,080,611.76	587,067
C. Liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria		22,512,923.80	53,096
D. Liabilities			
1. Trade accounts payable	158,282.24		454
2. Liabilities to associated companies	8,943,199.59		21,321
3. Other liabilities			
thereof relating to taxes EUR 120,597.41 (2008: TEUR 187),			
thereof relating to social security EUR 36,464.03 (2008: TEUR 39)	162,817.98		285
		9,264,299.81	22,060
		1,712,467,956.98	2,516,311

Schedule of fixed assets

pursuant to §226 para 1 of the Austrian Commercial Code as at December 31, 2009

	Acquisition/Production costs			
	As at 1.1.2009	Additions	Disposals	As at 31.12.2009
	EUR	EUR	EUR	EUR
I. Intangible assets				
Licences, rights ¹	845,836.98	42,254.87	1,585.73	886,506.12
II. Tangible assets				
1. Land, rights equivalent to real property and buildings, including buildings on third-party land				
a) Developed land				
Value of buildings	60,906.17	0.00	0.00	60,906.17
b) Undeveloped land	2,368,434.26	0.00	0.00	2,368,434.26
	2,429,340.43	0.00	0.00	2,429,340.43
2. Other plant, factory and office equipment ²	1,323,256.64	147,666.06	83,516.04	1,387,406.66
	3,752,597.07	147,666.06	83,516.04	3,816,747.09
III. Financial assets				
1. Investments	2,332,994,766.19	0.00	350,711,548.99	1,982,283,217.20
2. Investment securities	26,527,814.42	0.00	0.00	26,527,814.42
	2,359,522,580.61	0.00	350,711,548.99	2,008,811,031.62
Total	2,364,121,014.66	189,920.93	350,796,650.76	2,013,514,284.83
¹ thereof low-value assets		1,585.73	1,585.73	
² thereof low-value assets pursuant to §13 of the Austrian Income Tax Act		3,427.99	3,427.99	

Accumulated depreciation	Book values		Depreciation in the year under review
	As at 31.12.2009	As at 31.12.2008	
EUR	EUR	EUR	EUR
820,698.37	65,807.75	68,557.59	45,004.71
60,906.17	0.00	0.00	0.00
4,298.08	2,364,136.18	2,364,136.18	0.00
65,204.25	2,364,136.18	2,364,136.18	0.00
1,225,076.13	162,330.53	142,406.66	125,496.36
1,290,280.38	2,526,466.71	2,506,542.84	125,496.36
441,817,241.96	1,540,465,975.24	1,540,465,975.31	0.00
35,000.00	26,492,814.42	26,492,814.42	0.00
441,852,241.96	1,566,958,789.66	1,566,958,789.73	0.00
443,963,220.71	1,569,551,064.12	1,569,533,890.16	170,501.07
			1,585.73
			3,427.99

Income statement

for the period from January 1, 2009 to December 31, 2009

	2009		2008	
	EUR	EUR	TEUR	TEUR
1. Revenues		28,533.61		29
2. Other operating income				
a) Gains on the disposal of assets other than financial assets	9,600.00		138	
b) Gains on the release of provisions	210,371.00		809	
c) Other	911,431.83		344	
		1,131,402.83		1,291
3. Personnel expenses				
a) Salaries	2,851,906.64		3,431	
b) Expenses for severance payments	101,605.63		155	
c) Expenses for contributions to employee pension funds	9,769.28		7	
d) Expenses for pensions	128,562.09		20,288	
e) Expenses for compulsory social security contributions and payroll taxes	459,767.95		494	
f) Other social expenditure	115,823.61		120	
		-3,667,435.20		-24,495
4. Depreciation of intangible and tangible fixed assets		-170,501.07		-168
5. Other operating expenses				
a) Taxes not included in Item 16	13,651.45		12	
b) Other	39,994,258.43		11,607	
		-40,007,909.88		-11,619
6. Sub-total of Items 1–5 (operating result)		-42,685,909.71		-34,962
7. Income from investments		278,188,291.25		301,054
8. Income from other securities and financial asset loans		1,007,602.53		1,048
9. Other interest and similar income		8,495,880.19		18,087
10. Gains on the disposal and write-up of financial assets and current asset securities		1,547,587.22		2,401
11. Expenses relating to §14 (5) ÖIAG Act		-30,583,241.99		-136,273
12. Expenses relating to financial assets and current asset securities				
Expenses relating to investments, thereof from depreciation and amortisation EUR 0.00 (2008: EUR 274 m)		0.00		-773,804

	2009		2008	
	EUR	EUR	TEUR	TEUR
13. Interest and similar expenses		-2,444,315.17		-10,058
14. Sub-total of Items 7-13 (financial result)		256,211,804.03		-597,545
15. Ordinary business result		213,525,894.32		-632,507
16. Income taxes		-3,500.00		-3
17. Profit/Loss for the year		213,522,394.32		-632,510
18. Release of capital reserves				
a) Pursuant to §14 (5) ÖIAG Act	30,583,241.99		136,273	
b) Pursuant to §4 AUA Act	0.00		761,804	
c) Pursuant to §14 (6) ÖIAG Act	0.00		154,352	
		30,583,241.99		1,052,429
Profit for the year		244,105,636.31		419,919
19. Profit carryforward from the previous year		123,051,782.26		153,133
20. Net profit		367,157,418.57		573,052

Notes to the Financial Statements

A. General remarks

The company is under the sole ownership of the Republic of Austria.

The company was formed in accordance with the ÖIG Act, published in the Federal Law Gazette No. 23/1967, as amended in the Federal Law Gazette No. 439/1984. There followed several legislative changes that affected the legal basis of the company.

The company received a changed statutory basis through a new federal law concerning the revised legal relationship between Österreichische Industrieholding Aktiengesellschaft and Post und Telekombeteiligungsverwaltungsgesellschaft (ÖIAG Act 2000), published in the Federal Law Gazette I No. 24/2000.

The annual financial statements are based on the amended ÖIAG Act 2000 contained in the Federal Law Gazette I No. 71/2003, Federal Law Gazette I No. 103/2005, Federal Law Gazette I No. 73/2006 and Federal Law Gazette I No. 136/2008, as well as the federal law concerning the transfer of federal government investments to the ownership of ÖIAG (AUA Act) in the Federal Law Gazette I No. 18/2009 version.

Pursuant to §1 para 2 of the ÖIAG Act 2000, the principal tasks of the company involve the disposal of shares (privatisation management), the holding, administration and exercise of ownership interests (investment management) in companies in which ÖIAG has investments, or in which such ownership interests are to be transferred by federal law, or legal transaction (holdings), and the acquisition of ownership interests in accordance with §9 para 3 and 4 of the ÖIAG Act 2000. As a result of the amendment to the ÖIAG Act pursuant to the Federal Law Gazette I No. 136/2008 from October 26, 2008, ÖIAG was assigned the task of completing the realisation of measures in line with §2 para 1 items 1-3 and 6 of the Financial Market Stability Act (FinStaG) as the authorised agent of the federal government, and purchasing investments in legal entities pursuant to §1 of the FinStaG in accordance with §2 para 1 items 4 and 5 of the FinStaG. In 2008, in line with §1 para 2a, these responsibilities were allotted to the FIMBAG

Finanzmarkteteiligung Aktiengesellschaft des Bundes, which was newly founded by ÖIAG.

The federal government's existing guarantee for ÖIAG liabilities will remain in effect until all such liabilities have been honoured.

Accounting and valuation principles

General principles

The financial statements as at December 31, 2009 have been prepared in accordance with the financial reporting requirements of the Austrian Commercial Code as amended.

The financial statements, prepared under the accounting principles generally accepted in Austria, present a true and fair view of the assets and liabilities, the financial situation of the company as well as of the results of its operations (§222 para 2 Austrian Commercial Code).

Accounting and valuation methods are based on generally accepted accounting principles. §201 para 2 Austrian Commercial Code was adhered to, as were the provisions on classification and valuation of the balance sheet and income statement items under §§195 to 211 and 222 to 235 of the Austrian Commercial Code. The income statement was prepared using the total cost format.

Otherwise, the preparation of the financial statements took place in accordance with the ÖIAG Act 2000.

Fixed assets

Intangible assets are generally reported at acquisition cost and subjected to scheduled, straight-line depreciation using rates of 33.3 per cent.

Tangible assets are reported at the acquisition/production cost less scheduled depreciation, which is principally determined using the straight-line method. Extraordinary depreciation is applied in cases where lasting value impairment is probable.

Low value assets (cost of acquisition/production of up to EUR 400) are written off entirely during the year of purchase and reported as an addition and disposal.

The following rates are applied to the scheduled depreciation of tangible fixed assets:

Plant and equipment	10–33.3 per cent
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Corporate investments are generally reported at the cost of acquisition. Permanent value impairments are taken into account through extraordinary depreciation.

Investment securities are reported at the cost of acquisition, or in the case of value impairment, at the lower value quoted on the closing date.

Current assets

Receivables and other assets are capitalised at nominal value, funds at the acquisition value. Recognisable risks are accounted for through the creation of appropriate provisions.

Provisions and liabilities

Provisions for severance payments as at the balance sheet date are reported according to the amount calculated using actuarial methods. The discount value method is employed at an interest rate of 3.0 per cent. The amount of the **provisions for pensions** is established using actuarial principles bearing an interest rate of 3.0 per cent and the discount value method. The AVÖ 2008-P (salaried staff) tables are utilised as a basis for this calculation. A notional retirement age of 62 is assumed for both men and women for the calculation of the provisions for severance payments and pensions.

Other provisions take into account all identifiable risks on the balance sheet date, as well as uncertain liabilities.

Liabilities are reported at the amount repayable.

Amounts in foreign currencies are reported according to the lowest or highest value method.

B. Notes to the balance sheet

a. Intangible and tangible assets

Movements in the intangible and tangible assets are shown in the schedule of fixed assets (enclosure to the Notes).

Obligations arising from the use of tangible assets not reported in the balance sheet amount to EUR 0.37 million in the following financial year (2008: EUR 0.36 million). The total amount for the following five years adds up to EUR 1.91 million (2008: EUR 1.88 million).

b. Financial assets

Movements in the financial assets are presented in detail in the schedule of fixed assets (enclosure to the Notes).

The disposals among the investments relate to the sale of the 41.56 per cent holding in Austrian Airlines AG to Deutsche Lufthansa with closing on September 3, 2009, and VOEST-ALPINE STEINEL Gesellschaft m.b.H. in Liqu., which was erased from the commercial register in the year under review. The agreements signed with Deutsche Lufthansa concerning the sale of shares in Austrian Airlines also contain a warrant. This relates to the accumulated results of Austrian Airlines for 2009–2011, as well as the relative development of the Lufthansa share as compared to those of similar companies during the same period.

In accordance with the fair value principle, an audit of the value of listed investments showed a positive difference between the book values and the investments valued at the market prices as at December 30, 2009, amounting to EUR 3.32 billion (2008: EUR 2.42 billion).

The value of unlisted investments, as well as of fixed asset securities, corresponds with the book values reported as at December 31, 2009, as laid down by the fair value principle. The same applies to the rights contained in the fixed assets.

c. Receivables and other assets

Items	Balance sheet value EUR m
Trade accounts receivable (previous year)	0.03 (0.23)
Receivables from associated companies (previous year)	0.02 (0.02)
Other receivables and assets (previous year)	0.04 (68.31)
Total (Total previous year)	0.09 (68.56)

The fall in “Other receivables and assets” as compared to December 31, 2008, can be traced primarily to the ÖIAG loan reported last year in connection with the bridge financing of Austrian Airlines. Following the receipt on January 19, 2009 of EU legal approval for the Austrian Airlines bridge financing, this loan of EUR 67.20 million was recovered and the financing altered to a bank loan (borrower: Austrian Airlines Lease and Finance Company Ltd.) with a maximum limit of EUR 200.00 million. An account with a credit of EUR 200.00 million, which until the closing of the transaction on September 3, 2009, was pledged to the bank, served as collateral for this loan.

The item “Receivables from associated companies” consists largely of services charged to IMIB Immobilien und Industriebeteiligungen GmbH, SHOELLER-BLECKMANN Gesellschaft m.b.H. and Österreichische Post Aktiengesellschaft.

The item “Other receivables and assets” contains income of EUR 0.04 million (2008: EUR 1.10 million), which were first recognised after the balance sheet date.

All receivables are short-term.

d. Cash and credit balances at banks

The amount reported under this item refers primarily to fixed-term deposits at Austrian banks.

In addition to the marked increase in the dividend paid to the federal government as compared to previous years, the fall in comparison with December 31, 2008 relates in particular to the closing of the AUA privatisation and the connected payment of the shareholder's grant of EUR 500.00 million for restructuring.

e. Counterclaims related to liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria

Pursuant to §14 para 5 of the ÖIAG Act 2000, the refunding obligation of the federal government expires, insofar as following the complete repayment of those obligations derived from the merger that were transferred to ÖIAG (liabilities from PTBG and PTA) in accordance with Article II, ÖIAG disposes over liquid assets (cash and cash equivalents) derived from privatisation revenues that can be employed for the repayment of liabilities for which the federal government is obliged to refund interest and repayments. The reduction in the counterclaims of the federal government in 2009 can be traced to the scheduled repayment of refunding liabilities amounting to EUR 30.58 million completed on the basis of §14 para 5 of the ÖIAG Act (2008: scheduled repayments of EUR 92.62 million and premature repayments of EUR 43.65 million).

f. Prepaid expenses and accrued income

The reported prepaid expenses relate to amounts paid prior to December 31, 2009, insofar as they represent expenses for a particular period after this date.

g. Equity

The share capital of EUR 363,365,000 is composed of 5,000 shares. In line with a resolution passed by the Annual General Meeting on May 27, 2009, a dividend of EUR 450.00 million was paid to the federal government from the net profit for 2008 and an amount of EUR 123.05 million was carried forward to new account.

The change in committed capital reserves relates to §14 para 5 of the ÖIAG Act. Committed capital reserves totalling EUR 30.58 million (2008: EUR 136.27 million) were released. This amount corresponds to the deletion of claims against the federal government in connection with the obligatory repayment of refunding liabilities and interest.

h. Provisions

The fall in "Other provisions" as compared to December 31, 2008, derives mainly from the closing of the sale of the 41.56 per cent holding in Austrian Airlines AG on September 3, 2009. The provision of EUR 500.00 million for the shareholder's grant for restructuring was used accordingly during the period under review. Within the scope of its contractual obligations, ÖIAG provided this shareholder's grant for restructuring to Deutsche Lufthansa on the date of the closing.

The item "Other provisions" largely consists of provisions for the topping-up of obligations for pensions and provisions for unconsumed leave, long-service bonuses and other personnel expenses totalling EUR 25.13 million (2008: EUR 43.80 million) and other provisions (especially for investments) of EUR 33.25 million (2008: EUR 33.99 million).

i. Liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria

On the balance sheet date, these liabilities amounted to EUR 22.51 million (2008: EUR 53.10 million). The reduction as compared to December 31, 2008 resulted from the aforementioned repayments.

(Liabilities maturing < 1 year: EUR 9.14 million (2008: 30.58 million); maturing in 1-5 years: EUR 13.37 million (2008: EUR 22.51 million); due > 5 years: EUR 0.00 million (2008: EUR 0.00 million).

j. Liabilities

Items	With a residual term of less than one year EUR m	With a residual term of more than one year EUR m	Balance sheet value EUR m
Trade accounts payable (previous year)	0.16 (0.45)	0.00 (0.00)	0.16 (0.45)
Liabilities to associated companies (previous year)	8.94 (21.32)	0.00 (0.00)	8.94 (21.32)
Other liabilities (previous year)	0.16 (0.23)	0.00 (0.06)	0.16 (0.29)
Total (Total previous year)	9.26 (22.00)	0.00 (0.06)	9.26 (22.06)

The item “Liabilities to associated companies” consists of trade accounts payable (EUR 0.62 million GKB-Bergbau GmbH), liabilities from investments with ÖIAG by associated companies (EUR 3.36 million, thereof mainly IMIB Immobilien und Industriebeteiligungen GmbH with EUR 3.30 million and SCHOELLER-BLECKMANN Gesellschaft m.b.H. with EUR 0.06 million), and liabilities from shareholder’s grants (EUR 4.96 million from IMIB Immobilien und Industriebeteiligungen GmbH).

The fall as compared to the preceding year was due primarily to the use of the shareholder’s grant (EUR 12.00 million) allotted to IMIB Immobilien und Industriebeteiligungen GmbH during the previous year amounting to EUR 9.00 million and the reduction of the investments by associated companies.

The item “Other liabilities” contains expenses of EUR 0.16 million (2008: EUR 0.28 million) first recognised after the balance sheet date.

C. Notes to the income statement

a. Other operating income

	2009 EUR m	2008 EUR m
Gains on the disposal of fixed assets other than financial assets	0.01	0.14
Gains on the release of provisions	0.21	0.81
Other	0.91	0.34
Total	1.13	1.29

As in the past year, the remaining other operating income includes, amongst others, various cost repayments and rent earnings.

b. Personnel expenses

	2009 EUR m	2008 EUR m
Salaries	2.85	3.43
Expenses for severance payments and contributions to employee pension funds	0.11	0.16
Expenses for pensions	0.13	20.29
Expenses for compulsory social security contributions and payroll taxes	0.46	0.49
Other social expenditure	0.12	0.12
Total	3.67	24.49

The expenses for pensions include the changes of the provision for the pension obligations outsourced to the APK-Pensionskasse Aktiengesellschaft.

c. Other operating expenses

	2009 EUR m	2008 EUR m
Taxes, excluding income taxes	0.01	0.01
Other	40.00	11.61
Total	40.01	11.62

Apart from expenses relating to privatisation, "Other operating expenses" include operating and administrative costs for real estate, rents, fees, consulting and other expenditures.

d. Interest income and expenditure

	2009 EUR m	2008 EUR m
Dividends	8.50	18.09
Expenditure relating to investments	-2.44	-10.06
Total	6.06	8.03

e. Gains on the disposal and write-up of financial assets and current asset securities

In addition to the book gain derived from the liquidation of VOEST-ALPINE STEINEL Gesellschaft m.b.H. in Liqu. (EUR 1.11 million), the income from the sale of the 41.56 per cent holding in Austrian Airlines AG is also reported under this item with EUR 0.37 million.

f. Expenses relating to §14 para 5 ÖIAG Act

The amount reported, totalling EUR 30.58 million (2008: EUR 136.27 million) relates to the deletion of refunding claims against the federal government in connection with the repayment of liabilities, for which the Austrian Republic is liable for refunding interest and repayment. In accordance with §14 para 5 of the ÖIAG Act, committed capital reserves had to be released to the same amount.

g. Release of capital reserves

Pursuant to §14 para 5 of the ÖIAG Act, committed capital reserves totalling EUR 30.58 million (2008: EUR 136.27 million) were released. This amount corresponded to the deletion of claims against the federal government in connection with the obligatory repayment of refunding liabilities and interest.

h. Net profit

Including the release of reserves and the profit carryforward from the preceding year, the net profit amounts to EUR 367.2 million (2008: EUR 573.1 million). This includes an amount of EUR 123.1 million, which derives from the write-up of the holding in Österreichische Post AG dating from the 2006 financial year and was unsuitable for distribution as a dividend.

D. Corporate bodies, employees

a. In 2009, ÖIAG had an average of 23 employees (2008: 26).

b. Severance payments and pensions

Expenses for severance payments and contributions to employee severance payment funds	2009 EUR m	2008 EUR m
Managing Board and senior executives	0.06	0.13
Other employees	0.05	0.03
Total	0.11	0.16

Expenses for pensions	2009 EUR m	2008 EUR m
Managing Board and senior executives	-0.92	-0.37
Other employees	1.05	20.66
Total	0.13	20.29

The decline in the amount reported under the expenses for pensions results primarily from the changes to the provision for the topping-up of requirements for pensions, the management of which has been transferred to APK Pensionskasse Aktiengesellschaft.

The liability side topping-up obligations arose from the cover required according to actuarial calculations, minus the probable ÖIAG credits at APK Pensionskasse Aktiengesellschaft on its balance sheet date of December 31, 2009. APK Pensionskasse Aktiengesellschaft will complete the final calculation of ÖIAG assets with the accounts for the year 2009. The pension obligations (300 recipients as at December 31, 2009, 2008: 315 recipients) derived mainly from the previous mergers of companies (Vereinigte Edelstahlwerke AG/Austrian Industries AG) with ÖIAG.

Expenses for contributions to the employee severance payment fund within the framework of the BMVG ("betriebliches Mitarbeitervorsorgegesetz") are reported separately in the income statement.

c. Emoluments to the Supervisory Board amounted to EUR 0.23 million (2008: EUR 0.24 million).

d. Managing Board**Peter MICHAELIS**

The remuneration¹ paid to the Managing Director during the 2009 financial year amounted to EUR 0.35 million and a variable, partial amount from 2008 of EUR 0.26 million, together with EUR 0.09 million from previous years.

The ÖIAG Managing Director has renounced in favour of Österreichische Industrieholding AG all claims to payment and other financial advantages derived from his membership of the APK Pensionskasse AG, Austrian Airlines AG, OMV AG, Österreichische Post AG and Telekom Austria AG Supervisory Boards.

e. Supervisory Board**Peter MITTERBAUER**

Chairman

CEO, Miba AG

Siegfried WOLF

First Vice-Chairman

CEO, Magna International Europe AG

Klaus STURANY

Second Vice-Chairman

Member of various Supervisory Boards

Wolfgang BERNHARD

Member of the Board of Management Daimler AG

Brigitte EDERER

CEO, Siemens AG Österreich

Michael ENZINGER

Lawyer

Wolfgang PFARL

President, Austropapier

Alexander RIKLIN

Managing Director, Alcar Holding GmbH

Maria-Elisabeth SCHAEFFLER

Partner, Schaeffler Holding GmbH & CO. KG

Stefan K. ZAPOTOCKY

Member of the Managing Board and co-owner, BAST AG Value & Invest Development

Leopold ABRAHAM

Chairman of the Group Staff Council, OMV AG

Gerhard FRITZ

Chairman of the Central Employees' Committee, Österreichische Post AG

Markus HINKER

Chairman of the Central Employees' Committee, Telekom Austria AG

(since March 19, 2010)

Alfred JUNGHANS

Chairman of the Salaried Commercial and Technical Staff Council, Austrian Airlines AG

(until September 3, 2009)

Michael KOLEK

Chairman of the Central Employees' Committee, Telekom Austria AG

(until February 10, 2010)

Werner LUKSCH

Chairman of the Central Employees' Committee, mobilkom austria AG

(since September 11, 2009)

Markus SIMONOVSKY

Chairman of the Works Council, OMV Austria Exploration & Production GmbH

¹ Excluding any expenses in kind and social expenses

E. Investments

The information concerning equity and the profit (loss) for the year relates to the individual financial statements of the companies.

Company	Reg. office	Year of equity total or result	Equity	Equity holding	Profit (loss) for the year
			EUR m	%	EUR m
APK Pensionskasse Aktiengesellschaft	Vienna	2008	25.88	27.6	2.59
FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes	Vienna	2009	0.25	100.0	0.18
IMIB Immobilien und Industriebeteiligungen GmbH	Vienna	2008	2.81	100.0	-15.85
GKB-Bergbau GmbH	Bärnbach	2009	31.62	100.0	1.87
Österreichische Post Aktiengesellschaft	Vienna	2009	624.06	52.9	119.96
OMV Aktiengesellschaft	Vienna	2009	6,098.74	31.5	18.48
SCHOELLER-BLECKMANN Gesellschaft m.b.H.	Ternitz	2009	5.40	100.0	0.83
Telekom Austria Aktiengesellschaft	Vienna	2009	2,991.62	28.4	356.91

The increase in the percentage of the ÖIAG holding in Österreichische Post Aktiengesellschaft and Telekom Austria Aktiengesellschaft as compared to the preceding year relates to a withdrawal of own shares during the 2009 financial year.

The federal law from April 26, 2000, which came into force on May 17, 2000 (ÖIAG Act 2000), expressly forbids the consolidation of ÖIAG with its investments.

Vienna, April 7, 2010

Managing Director

Peter Michaelis m.p.

Auditor's Report

We draw attention to the fact that the English translation of this auditor's report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Report on the Financial Statements

We have audited the accompanying financial statements including the accounting system of Österreichische Industrieholding Aktiengesellschaft, Vienna, for the fiscal year from January 1 to December 31, 2009. These financial statements comprise the balance sheet as of December 31, 2009, the income statement for the fiscal year ended December 31, 2009, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles as well as in accordance with the legal framework of the ÖIAG Act 2000. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of December 31, 2009 and of its financial performance for the fiscal year from January 1 to December 31, 2009 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements.

In our opinion, the management report is consistent with the financial statements.

Vienna, April 7, 2010

PwC PricewaterhouseCoopers GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Mag. Gerhard Prachner
Austrian Certified Public Accountant

Disclosure, publication and duplication of the financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

Supervisory Board Report

In meeting its legal commitments, the Supervisory Board held four plenary meetings and three meetings of the auditing committee during the 2009 financial year. The focal points of Supervisory Board activities consisted of consulting and resolutions relating to the fulfilment of the conditions for the completion of the sale of Austrian Airlines AG to Deutsche Lufthansa AG, and investment management. The main topics with regard to the latter related to the preparation of Österreichische Post for liberalisation and the strategic orientation of both OMV and Telekom Austria.

As in past financial years, during 2009 members of the managing boards of subsidiaries and investments, especially those of listed companies, provided the Supervisory Board with reports concerning the current situation in their respective companies.

The Managing Board of ÖIAG informed the Supervisory Board both verbally and in writing on the progress of business and the status of the company, as well as with regard to the investments and the ÖIAG Group as a whole, and obtained the approval of the Supervisory Board for business decisions where this was required in accordance with the articles of association or the company's rules of procedure.

PwC PricewaterhouseCoopers GmbH audited the annual financial statements and the management report.

The Supervisory Board declares its approval of the financial statements for 2009, which were thereby adopted under the terms of §96 para 4 of the Austrian Stock Corporation Act. The Supervisory Board also concurs with the Managing Board's proposal to pay a dividend of EUR 200,000,000.00 from the net profit of EUR 367,157,418.57 and to carry forward the remainder of EUR 167,157,418.57 to new account.

In accordance with §270 para 1 of the Austrian Commercial Code, the Supervisory Board proposes to the Annual General Meeting that PwC PricewaterhouseCoopers GmbH be appointed as the auditors of the financial statements for 2010.

The Supervisory Board would like to express its gratitude to the Managing Board and the company's employees for their endeavours during the past financial year.

Vienna, May 12, 2010

Peter Mitterbauer m.p.
Chairman of the Supervisory Board

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This Annual Report was prepared with the greatest possible care and the data presented thoroughly checked. However, errors relating to rounding, transmission, typesetting, translation or printing cannot be excluded.

