



ANNUAL REPORT 2001

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Introduction by the Managing Board



Peter Michaelis

An ambitious programme was laid down for ÖIAG in the current legislative period under the ÖIAG Act (Federal Law Gazette No. I/24) passed in 2000 and the associated privatisation mandate issued by the Austrian Federal Government. With the support of the supervisory board, ÖIAG's managing board was able to rapidly implement this programme and has nearly succeeded in completing these plans to date. The privatisation mandate dated 17 May 2000 stipulates the following:

ÖIAG's priority is to sell 100% of the following companies or interests in companies to new shareholders, strategic partners or the public:

Österreichische Staatsdruckerei GmbH	(Interest held by ÖIAG: 100%)
Dorotheum GmbH	(Interest held by ÖIAG: 100%)
Print Media Austria AG	(Interest held by ÖIAG: 100%)
Flughafen Wien AG	(Interest held by ÖIAG: 17.38%)
Österr. Postsparkasse AG	(Interest held by ÖIAG: 100%)
Telekom Austria AG	(Interest held by ÖIAG: 75% – 1 share)
Austria Tabak AG	(Interest held by ÖIAG: 41.1%)

§ 7 para. 3 of the ÖIAG Act 2000 further stipulates that ÖIAG must "suitably address the interests of its equity investments, ÖIAG itself and the Federal Government, particularly with regard to repayment of ÖIAG's debt".

As early as 2000, ÖIAG's liabilities, which originally totalled € 6.29 billion, were reduced to € 3.20 billion using the proceeds from privatisation measures (Postsparkasse, reduction of the interest in Flughafen Wien AG to 8.9%, placement of a 22% interest in Telekom Austria AG on the stock market, sale of Staatsdruckerei GmbH-Sicherheitsdruck).

In 2001, the company continued to implement additional privatisation measures. The share held in Flughafen Wien AG was sold completely, while the 41.1% interest in Austria Tabak AG was sold to Gallaher, a British tobacco company, and Dorotheum and Strohal Rotationsdruck GmbH (formerly known as Print Media Austria) went to groups of Austrian investors.

The net debt of ÖIAG was reduced to approximately € 2 billion including the sale of Strohal Rotationsdruckerei GmbH which did not enter into legal force until this year. With the exception of the 47.82% interest in Telekom Austria AG yet to be sold, the majority of the privatisation mandate of 2000 was completed successfully in 2001. A particularly notable deal was the sale of the interest in Austria Tabak AG, which was a success not only for ÖIAG, but also the rest of the shareholders of this company. At the beginning of 2001, shares of Austria Tabak AG were trading at € 59.6, but in the course of the bidding process in which major European tobacco companies participated, the company's share price reached € 85.0 per share, the selling price that was offered to all shareholders in the subsequent takeover offer. This represents a gain of € 25.4 (43%) over the price of the shares at the beginning of 2001. This development also sent a clear signal to shareholders with holdings in the Vienna Stock Exchange that ÖIAG is also concerned with making a positive impact on the Austrian capital market in the course of implementing its privatisation measures.

With the exception of Telekom Austria, all of the other listed companies in which ÖIAG holds equity interests can be labelled "old economy" companies. The overall share of the ATX stock index accounted for by these companies amounts to more than 40%. For this reason, the Vienna Stock Exchange experienced less severe losses in 2001, a difficult year for the stock market. In 2001, the New York Stock Exchange lost 4.8% of its value due to the events of 11 September and the bursting of the "new economy" bubble. The London Stock Exchange lost 15.1% of its value compared to the start of the year, with Frankfurt sinking by 18% and Tokyo by 23%. ATX was the only stock exchange to beat this trend by growing 6.6%.

Although economic growth in Austria declined to 1.1% in real terms in 2001 after reaching 3% in 2000, the companies in which ÖIAG holds a major interest performed positively on the whole as is evidenced by their share price development.



Rainer Wieltsch

With the exception of the shares of AUA, which were hit hard by the events of 11 September, and VA-TECH shares, which experienced pressure due to the difficult economic situation, all other companies saw share price gains:

Böhler Uddeholm:	+29.3%
OMV:	+17.7%
voestalpine:	+12.6%
Telekom Austria:	+49.4%
VA Technologie:	-21.9%
AUA:	-36.8%

ÖIAG's portfolio of listed companies produced gains of almost 29%, significantly more than the overall growth of the ATX (6.6%).

This development underscores the correctness of the approach taken by ÖIAG's managing board.

The board defines this strategy in conjunction with the managing boards of the equity investments in accordance with criteria such as value preservation and growth, as well as the principle of shareholder value.

The clear commitment of the managing board to increasing the value of the ÖIAG portfolio is underscored by the board's adherence to the prevailing principles of corporate governance. This policy is described in greater detail in a subsequent section of this Annual Report. Moreover, the managing board of ÖIAG is also working together with the well-known US management consultant Stern Stewart & Co. on implementing the necessary criteria for value-based management. These criteria are in line with the provisions of § 9 para. 1 ("Management of Equity Investments") in the ÖIAG Act 2000.

The year 2001 was a notable year in the colourful history of ÖIAG – key privatisation measures were implemented successfully, the interests of the Austrian

economy were safeguarded for the long term and ÖIAG's equity investments received considerable support in strengthening their competitiveness.

With the active participation of ÖIAG in their supervisory boards, even the non-listed equity interests of ÖIAG – Österreichische Post AG, Postbus AG and ÖBAG (ÖIAG Bergbauholding AG) – were able to further improve and expand their positions, implement the necessary structural measures and therefore close out 2001 with key financial figures more positive than in 2000 despite the difficult economic environment in 2001.

The managing board would like to thank all of the employees of ÖIAG's holdings for their commitment and teamwork.

The Managing Board



Peter Michaelis



Rainer Wieltsch

Corporate Governance

Analysts and investors are increasingly paying attention to criteria such as transparency and fairness when making their investment decisions. And many studies have already underscored the correctness of this approach. Companies that meet these criteria typically offer better returns to investors than companies that do not.

Corporate governance initiatives are becoming increasingly important. However, the concept behind the term "corporate governance" involves much more than just management. Ultimately, what is meant here is effective control and efficient monitoring of these management activities. Focal points in this effort are management and financial control of a company or group of companies, along with transparency, fairness and accountability.

The managing board is tasked with acting in the interests of the company's shareholders and employees, as well as its customers and creditors. Decision-making structures and processes should be transparent and information disseminated should be open, timely, and of high quality.

Corporate governance in particular is a matter which requires an independent organisation to formulate appropriate recommendations.

ÖVFA (Austrian Association for Financial Analysis and Investment Advisory Services), which is a member of EFFAS (European Federation of Financial Analysts), ensures that international standards are observed in developing Austria's corporate governance code so that the code can subsequently be presented at the European level. Moreover, various external Austrian representations and universities were included in the process.

The foundation for this "**Austrian Code of Corporate Governance**", which was submitted by the Corporate Governance Sub-Committee of the ÖVFA in April 2002 is the OECD Principles of Corporate Governance issued in May 1999 in which the key aspects of relationships between companies and their shareholders are laid down.

One issue that has come to light is the fact that the Aktiengesetz (Austrian Public Companies Act) already contains many regulations safeguarding shareholder rights. This is covered in the Legal Requirements ("L") section of the code.

In addition, if companies do not comply with certain regulations formulated in line with international standards, they must explain this non-compliance. These regulations are covered in section "C": Comply or Explain.

Furthermore, the code also contains recommendations that are not obligatory and are identified with an "R".

These guidelines and the criteria based on them are intended to aid financial analysts and investors in identifying and evaluating possible qualitative risks.

The common goal of both is responsible, value-based management and control of companies that increases trust among investors and therefore ultimately contributes to stimulating the capital markets.

In contrast, non-compliance with these corporate governance principles contributes toward making the capital markets more prone to crises and volatility.

The Austrian Code of Corporate Governance is broken down into three main chapters:

- The company's relationship with shareholders and stakeholders.
- Another major topic covered by this code involves corporate management, more specifically the cooperation between the supervisory and managing boards, the handling of conflicts of interest and transactions involving supervisory and managing board members, and the competencies and responsibilities of the supervisory and managing boards, and the remuneration, composition and qualifications required of the supervisory board.
- The third main topic includes reporting and transparency, accounting, corporate strategies and goals, the shareholder structure, risk management, investor relations on the Internet and, finally, auditing.

The complete text of the code (in German) is available from the ÖVFA homepage at www.oevfa.at.

Value-based corporate governance

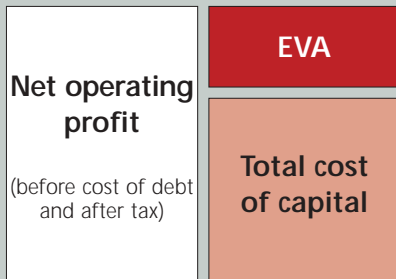
Corporate governance comprises the key principles of responsible management and financial control of public companies. Value-based corporate governance also focuses on increasing the value of these companies. The core concept behind this approach is securing the trust not only of shareholders, but of all stakeholders (owners, employees, customers, suppliers, etc.) in the company's management and monitoring functions.

Although the goals of corporate governance are interpreted fairly uniformly internationally, a number of different systems and guidelines are in use which are rooted principally in the specific characteristics of the various legal systems of the countries in which they are implemented. In Austria, as in other continental European countries, corporate governance is based on a dual-track management system with a managing board that manages the company jointly, and a supervisory board that exercises a consultative and control function and is called upon to assist with key decisions.

Central elements of ÖIAG's mandate are the exercise of its rights as a shareholder and therefore a clear requirement for well-functioning corporate governance mechanisms. Successful privatisation management (§ 1 para. 2a of the ÖIAG Act) requires a value-based approach by the company or holding to be privatised in order to optimise the basis for privatisation, an approach which is in turn guaranteed through the use of tools to manage equity interests in accordance with § 1 para. 2b of the ÖIAG Act.

ÖIAG has decided to implement the EVA financial management and incentive compensation system developed by the management consulting firm Stern Stewart & Co. in order to better fulfil its legal mandate. This internationally accepted system is respected by analysts and investors alike due to its stringent corporate value approach.

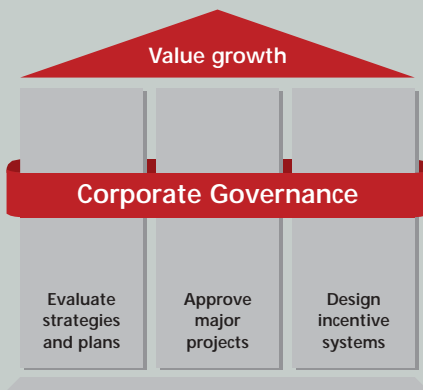
EVA is a financial performance measure that can be calculated directly from open source data. The operating profit of a company is calculated from its net profit, while the total cost of capital includes the minimum return ex-



pected by investors on the assets employed in the business. A company's EVA is the difference between its net operating profit after taxes and its total capital costs.

In contrast to other performance measures still used widely, such as EBIT or EBITDA, EVA takes into account not only earnings, but also the responsible use of capital. Relative performance measures such as ROCE neglect to address economies of scale and therefore do not accurately reflect profitable growth. EVA combines the advantages of an absolute performance measure with the responsible handling of capital associated with a return ratio.

Companies can use the EVA concept to support value-based corporate governance in the following areas in particular:



- Value-based strategy and planning evaluations based on comprehensive industry and portfolio analyses carried out as part of advising and monitoring management with the aim of attaining strategic corporate goals. Capital market expectations are explicitly included in these considerations.
- Authorisation for large-scale projects requiring approval based on the analysis of the value added of the project measured using EVA.
- Variable remuneration of managing board members of the equity interests based on value growth. To this end, the variable portion of the remuneration of managing board members can be linked to the company's performance measured in accordance with the increase in EVA, i.e. value created during the period.

Finally, EVA represents an important cornerstone for unifying the interests of owners and management. This enables the companies in question to gain the attention of a broader circle of investors. In view of our companies' importance to the Austrian capital market, a greater focus on value creation would also lend fresh impetus to Vienna as a financial centre.

Supervisory Board

Alfred H. HEINZEL

Chairman

Managing Director of Heinzl, Bunzl Beteiligungs- und Liegenschaftsverwaltungsgesellschaft m.b.H.

Jürgen HUBBERT

First Vice Chairman

Member of the Managing Board of DaimlerChrysler AG Mercedes-Benz cars and Smart division

Hellwig TORGLER

Second Vice Chairman

Lawyer

Schönherr Solicitors

Paul ACHLEITNER

Member of the Managing Board of Allianz AG

Cornelius GRUPP

Chairman of the Supervisory Board of CAG Holding GmbH

Franz RAUCH

Managing Director of RAUCH Fruchtsäfte Gesellschaft m.b.H.

Veit SCHALLE

Chairman of the Managing Board of Billa AG

Veit SORGER

Chairman of the Managing Board of Frantschach AG

Paul TANOS

Managing Partner of

P. TANOS Immo- und Consulting GmbH

Erich WIESNER

Managing Director of

Wiesner-Hager Baugruppe GmbH

Leopold ABRAHAM

Chairman of the Central Staff Council of OMV AG

Hans Georg DÖRFLER

Chairman of the Central Staff Council of
Österreichische Post AG (until 27 August 2001)

Gerhard FRITZ

Chairman of the Central Committee of
Österreichische Post AG (as of 30 October 2001)

Erich HUHNDORF

Chairman of the Central Committee of
Telekom Austria AG
(as of 25 May 2001)

Josef LETTMAIER

Chairman of the Staff Council of
Elin EBG Elektrotechnik GmbH (until 15 March 2002)

Helmut OBERCHRISTL

Chairman of the Staff Council of
voestalpine Stahl Linz GmbH

Robert SULZBACHER

Chairman of the Central Committee of
Telekom Austria AG
(until 30 April 2001)

Managing Board

Peter MICHAELIS

(as of 1 July 2001)

Rainer WIELTSCH

(as of 1 May 2002)

Rudolf STREICHER

Chairman of the Board
(until 31 January 2001)

Johannes DITZ

(until 31 December 2001)

Management Report

Privatisation mandate as per the ÖIAG Act 2000

In accordance with the ÖIAG Act 2000, ÖIAG has the following key responsibilities:

- selling shares (privatisation management)
- holding, managing and exercising share rights for the companies in which ÖIAG currently has a stake or that are transferred to it in the future by federal law or by legal act (holding management), and
- participating in capital increases to maintain its influence insofar as this is necessary to remain compliant with existing contracts, and acquiring share rights in equity interests in accordance with existing contracts to ensure that ÖIAG has a blocking minority or as part of restructuring.

The Austrian Federal Government resolved the privatisation mandate for the current legislative period in accordance with § 7 para. 1 of the ÖIAG Act 2000. This mandate was issued to ÖIAG at the annual general meeting on 17 May 2000. According to the mandate, ÖIAG is required to transfer 100% of the following companies or interests in companies to completely new owners, strategic partners or the general public:

- Österreichische Staatsdruckerei GmbH
- Dorotheum GmbH
- Print Media Austria AG
- Flughafen Wien AG
- Österreichische Postsparkasse AG
- Telekom Austria AG
- Austria Tabak AG

Furthermore, ÖIAG must also examine the possibility of privatising additional companies or interests in companies and exercise this option if this is possible in line with the company's goals.

In carrying out this privatisation mandate in the interests of the Austrian people, ÖIAG must obtain the maximum revenue possible, taking into consideration the companies' and Austria's interests.

Merger of ÖIAG with PMA and with ÖEBVG and IBVG

The assets of Print Media Austria GmbH were transferred to ÖIAG by way of universal succession in accordance with § 10 of the ÖIAG Act 2000 and the merger agreement dated 8 June 2001.

With effect from 31 July 2001, Siemens AG Österreich acquired ÖIAG-Elektroindustrie Beteiligungsverwaltung GmbH's 26% interest in Siemens SGP Verkehrstechnik GmbH by exercising the contractually agreed call option. Moreover, Siemens AG (Berlin and Munich) acquired an interest amounting to 26% of the shares of Siemens AG Österreich from ÖIAG-Elektroindustrie Beteiligungsverwaltung GmbH with effect from 1 August 2001 by exercising its call option. ÖIAG's two holding companies, IBVG Industrie- und Beteiligungsverwaltung GmbH and its wholly owned subsidiary ÖIAG-Elektroindustrie Beteiligungsverwaltung GmbH, merged with ÖIAG retroactively to 31 December 2000 by way of a merger agreement dated 17 September 2001.

Business development in 2001 and financial position of ÖIAG

ÖIAG's annual financial statements for the year ended 31 December 2001 report net income for the year of € 187 million. This net income was primarily the result of the privatisation carried out in the financial year 2001 and the expense associated with the profit-sharing right held by the Austrian Federal Government, as well as dividend income and net interest.

Based on the privatisation mandate, ÖIAG sold the following shares in 2001:

- 1,873,666 shares equal to 8.9% of Flughafen Wien AG
- 330,000 shares equal to 1% of voestalpine AG
- 9,049,681 shares equal to 41.1% of Austria Tabak AG
- 100% of Dorotheum GmbH

These sales generated net privatisation proceeds of € 925.0 million, while ÖIAG also reported disposals with a book value of € 90.2 million.

In accordance with § 13 para. 2 of the ÖIAG Act 2000, the Austrian Federal Government has an obligatory right to a share of 80% of the profits from the privatisation of ÖIAG's holdings. Due to this profit-sharing right, a profit-

sharing expense of € 626.1 million was reported in the annual financial statements of ÖIAG for the year ended 31 December 2001.

The net interest expense of € 166.80 million includes the interest expense for the shareholder loan by the Federal Government (€ 7.76 million), the interest expense for liabilities for which the interest and payments were refunded by the Republic of Austria to ÖIAG (€ 152.64 million) and the interest expense for former PTBG liabilities (€ 35.49 million).

The extraordinary result reported in the financial year 2001 amounting to € 12.35 million includes the net proceeds from the merger of ÖIAG with Print Media Austria GmbH (€ 30.25 million) along with the payments to the Austrian Fund for Reconciliation, Peace and Cooperation (€ 6.26 million) and the provision for ÖIAG's contribution to the Austrian Restitution Fund (€ 36.34 million).

The privatisation carried out in the financial year 2001 and the resulting reduction in financial liabilities enabled ÖIAG to increase its equity ratio from 37.5% on 31 December 2000 to 41.4%.

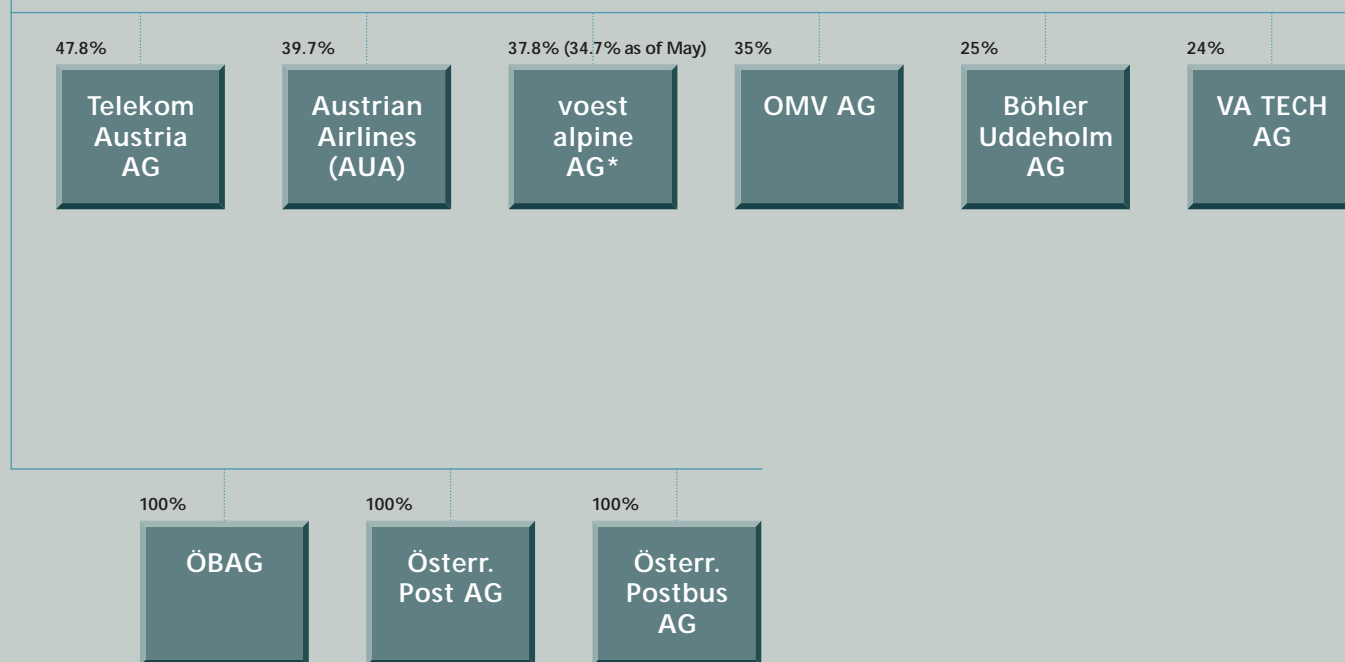
Outlook

ÖIAG's responsibilities for the financial year 2002 continue to be drawn from the ÖIAG Act 2000, as well as from the privatisation mandate based on this Act. This means that the holdings still scheduled for privatisation in accordance with ÖIAG's privatisation plan will be disposed of in the financial years 2002 and 2003 taking into account the interests of the Federal Government, particularly in view of repaying ÖIAG's debt. The time frame and scope of this privatisation will be decided after due consideration of the circumstances by the executive bodies of ÖIAG in accordance with § 8 para. 3 of the ÖIAG Act 2000. The regulations stipulated in the ÖIAG Act 2000 ensure that ÖIAG's financial liabilities will be greatly reduced in the coming years, as was the case in 2000 and 2001.

Organisational Structure



Status per 1 June 2002



* voestalpine AG holds a 19.05% interest in VA TECH AG.



ÖIAG Holdings

Austrian Airlines AG

voestalpine AG

OMV AG

Böhler-Uddeholm AG

VA Technologie AG

ÖIAG-Bergbauholding AG

Österreichische Post AG

Österreichische Postbus AG

Telekom Austria AG



Austrian Airlines AG

www.aua.com

ÖIAG investment: 39.7%

Earnings performance in 2001

The Austrian Airlines Group generated EBIT amounting to –€ 88.9 million in 2001, a turbulent year for the global airline industry; this is € 172.7 million less than the previous year. Earnings before tax (EBT) totalled –€ 164.1 million after reaching € 41.0 million in 2000.

The new managing board implemented extensive countermeasures and restructuring measures as early as the fourth quarter. Passenger traffic at the Austrian Airlines Group increased by 1.2% to a total of 8.55 million passengers transported.

Downward turn in 2001

The Austrian Airlines Group's performance was negative practically from the start of 2001 onward due to insufficient profitability of its routes and fleet. This downward trend was intensified from the spring onward by the increasing weakness of the economy and the resulting decline in demand. The terrorist attacks on 11 September impacted the Austrian Airlines Group when it was in a position that already required restructuring and this intensified the situation dramatically. Additional factors putting pressure on the efficient and target-oriented performance of the Austrian Airlines Group included structural deficiencies such as the unclear division of business in the parent company model (concept in which Austrian Airlines exercises centralized functions for the Group).

Key indicators Austrian Airlines Group		
	2001*	2000
Operating revenue (in million €)	2,172	1,968
Investment (in million €)	–88.9	83.8
Earnings before tax (in million €)	–164.1	41
Dividend per share (in €)	0.0	0.30
Employees (average)	7,946	7,725

* including Rheintalflug

Stagnant traffic figures due to drop in demand

The demand for airline services dropped noticeably around the world in 2001 in line with economic developments from the second quarter onward. Furthermore, demand was also severely affected by the terrorist attacks of 11 September.

Although the number of passengers served by the Group in 2001 exceeded the number for the previous year by 1.2% for a total of 8,550,703 passengers, the number of passenger kilometres (airline flight kilometres "sold") decreased by 1.8%. The main reason for this was the decline in long-haul flights after 11 September. The Group's passenger load factor, an indicator of capacity utilisation in air transportation, remained constant at 68.6% despite the drop in demand due to rapidly implemented production cutbacks (temporary cancellation of long-distance destinations such as Miami, Chicago, Toronto and Osaka). Freight volume including postal deliveries was 6% lower than the previous year at 115,260 tonnes.

Operating result (EBIT) negative

The weakness in demand that took hold in the second quarter of 2001 put significant pressure on the Group's operating result as early as the first six months, exposing the basic weaknesses of the Austrian Airlines Group itself: excessively high costs in relation to low unit revenues and capacity utilisation levels below the industry average. The events of 11 September intensified the situation dramatically. Whereas the Group's EBIT for the first three quarters amounted to –€ 16 million, the operating loss for the fourth quarter alone totalled –€ 72.9 million. In addition to the deterioration in EBIT, the result for 2001 was also affected by extraordinary factors. Proceeds from the sale of tangible assets (€ 17.3 million after € 97.6 million in the previous year) declined substantially due to the collapse of the market for used aircraft. In the course of the financial statement preparation, increases in the provisions for technical maintenance and aircraft valuation became necessary.

This resulted in total EBITDAR (earnings before taxes, depreciation, amortisation and restructuring costs) of € 219.6 million and EBIT of –€ 88.9 million – down on the 2000 figures by € 173.5 million and € 172.7 million respectively.

The new management initiated the first measures for a successful turnaround:

- Weeding-out and redefinition of fields of business.
- Streamlining and reorientation of timetables.
- Implementation of the production company concept and the resulting utilisation of synergies.
- Consistent value orientation of the entire company.

Decline in sales and operating revenue

The increases in sales and operating revenue of the Austrian Airlines Group are primarily attributable to the effects of the consolidation of Lauda Air. When adjusted for this effect, both of these figures actually declined, a fact attributable to the generally unfavourable economic environment.

Increase in unit revenues

Unit revenues (passenger revenue per seat kilometre) grew by 4.2% in the year under review. Structural effects in the fourth quarter resulted from the decrease in long-haul capacity in favour of short- to medium-distance routes with higher unit revenues.

The Austrian Airlines Group was therefore able to initiate improvements in operations which are now continuing due to the consistent and exclusive focus on profitable routes.

Countermeasures and restructuring measures

The serious economic situation in the previous year required the Austrian Airlines Group to implement radical changes and fundamentally rethink its business. The primary goal of the new strategy is to generate sustainable growth in the value of invested capital once again in the foreseeable future.



voestalpine
AKTIENGESELLSCHAFT

voestalpine AG

www.voestalpine.com

ÖIAG interest as of 31 March 2002: 37.8%
(after the capital increase in April 2002: 34.7%)

voestalpine: transformation of the group

In the financial year 2001/02, the voestalpine Group implemented the most sweeping changes since the IPO in 1995. The foundation was laid for the company's goal of transforming itself from a pure steel producer into a top manufacturing company by means of a thoroughly reworked corporate strategy, a new organisational structure and a state-of-the-art image. A shadow was cast over the past financial year by a tragic loss: Peter Strahammer, who had been the managing board chairman of voestalpine AG since 1994, died in August 2001 in a mountain climbing accident.

In September, the supervisory board appointed Franz Struzl as the new managing board chairman and Wolfgang Eder as his deputy.

A new strategy: "Not more steel, just more steel products"

The trend toward mergers in the European steel industry continued unabated in the financial year under review. voestalpine, however, continues to successfully implement the same strategy it has followed for some time which sets the company apart from the volume-based growth approach of its European competitors. As a high-quality niche supplier, voestalpine is positioned as a development and production partner to its customers. The voestalpine Group already maintains the longest value chain of all of the European steel producers and intends to further cement this strength through the sustainable combination of materials and manufacturing expertise.

Key indicators voestalpine Group		
	2001/2002	2000/2001
Sales (in million €)	3,353.7	3,166
EBITDA (in million €)	402.2	478
EBIT (in million €)	159.5	258
Dividend per share (in €)	1.2	1.2
Employees (not including apprentices)	17,129	15,658

The company also anticipates its valuation on the capital market to be more fair due to its transformation from a pure steel producer to a top manufacturing company.

voestalpine's value-based growth strategy focuses on the automotive supply and railway systems sectors.

Four divisions: voestalpine's new structure

The organisational structure of the voestalpine Group was adapted to this new strategy. The Group has been restructured into four divisions replacing the former Flat and Long Product Divisions:

- The Steel Division comprises the core activities of the former Flat Products Division. This division's focus is on the production of flat steel products for the automotive, household appliance, and construction supply sectors. voestalpine Stahl GmbH is one of the most important suppliers to these industries in Europe.
- The Railway Systems Division took over the activities of the former Long Products Division in the area of rails/switches and total solutions for railways. voestalpine has taken the clear market and technological lead in this area in Europe.
- The Profilform Division combines the tube and pipe and steel profile activities of voestalpine. As a result of the consistent application of its expansion strategy over the past ten years, the Profilform Division now has plants in six countries on two continents (Europe and North America) and today is the specialised steel profile producer with the highest sales in Europe.
- The newly formed Motion Division bundles all of the activities of the voestalpine Group in the areas of processing steel into components, modules and systems for the automotive industry and is the highest growth division of the Group.

The strategic reorientation of the company as a manufacturing group is also reflected in the company's new image: VOESTALPINE STAHL AG is now the voestalpine brand.

Solid results in a difficult environment

The business performance of the voestalpine Group in the financial year 2001/02 was influenced by the generally unfavourable economic situation and by circumstances specific to the steel market.

The European steel industry saw six straight quarters of falling earnings until a recovery began to take shape in early 2002. The hardest hit by this development was voestalpine's Steel Division with earnings decreasing by around 8%. The other three divisions hardly felt the direct effects of the economic situation at all due to their extended value chains and their results were therefore much more stable. The Railway Systems and Profilform Divisions were even able to generate the best results in the company's history in the past financial year.

The voestalpine Group's results in the financial year 2001/02 are certainly satisfactory, especially in view of the aforementioned difficult economic environment. (This is particularly notable in view of the fact that the same figures for the financial year 2000/01 were already at all-time record levels and that European steel companies generally posted losses for the past year with a few exceptions.) The following is an overview of the key financial indicators:

- The voestalpine Group's sales rose by 6% over the previous year to around € 3.4 billion. This is the result of acquisitions on the one hand, and of continued improvements in the product mix on the other.
- EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to € 402.2 million, while EBIT (operating result) totalled € 159.5 million.
- The result on ordinary activities amounted to € 90.8 million, while the company's net income for the period was € 54.9 million.
- As a result of acquisitions, the number of persons employed by the voestalpine Group increased from 15,658 to 17,129.
- Crude steel production by the Group amounted to 5.4 million tonnes.

These consolidated figures include TSTG (Thyssen Schienen Technik), Rotec AG and Euroweld for the first time. Polynorm and Elmsteel will be consolidated from the start of the financial year 2002/03 onward.

Acquisitions in the Railway Systems and Motion Divisions

The company's downstream strategy, i.e. achieving value growth along the entire value chain, was put into practice in the financial year 2001/02 by way of important acquisitions. In the second quarter, the Railway Systems Division expanded with the acquisition of TSTG (Thyssen Schienen Technik), and acquisitions in the third quarter focused on the automotive sector. The Motion Division was expanded by the acquisition of the Netherlands-based automotive supply group Polynorm N. V. and the UK-based precision tube component manufacturer Elmsteel Ltd.

In early December 2001 Rotec GmbH's acquisition of Elmsteel Ltd. added an important supplier of tube components to the world's leading auto manufacturers to the Group. Elmsteel has plants in the UK, Poland and the USA and its 200 employees most recently generated approximately € 32 million in sales.

Polynorm – which was voestalpine's largest acquisition to date at a price of around € 127 million – is one of Europe's leading companies in the development and manufacture of auto body modules and components made of steel, aluminium, plastic and composite materials. Polynorm is a direct (first tier) supplier to the automotive industry in these segments and generates around € 300 million with automotive products. The Group maintains development and production facilities in the Netherlands, Germany, the UK, Brazil, and the USA.

The acquisition of this Dutch company by voestalpine motion gmbh provides voestalpine with expertise in alternative materials and puts the company a large step closer to its goal of becoming one of Europe's top three auto body suppliers.

Employee participation plan and stock option programme

In the course of the financial year 2001/02 the company implemented its employee profit participation model and in January 2002 expanded this to include around 14,000 employees in Austria, who are now shareholders with a total interest of 4% in voestalpine AG.

The stock option programme also implemented in the past financial year is another important step toward value-based management at the company. Around 150 managers in Austria and other countries received an offer to acquire an equity interest in the company (in line with their position) for an investment of their own funds of between € 10,000 and € 100,000. Around 85% of senior executives have already taken advantage of this plan.

Capital increase to fund future growth

The managing board of voestalpine AG was authorised to increase the company's share capital by up to 20% from 33 million shares to a maximum of 39.6 million shares by the annual general meeting on 7 July 1999. With the approval of the supervisory board granted in March 2002, voestalpine AG announced in April 2002 that it would utilise this authorised capital to finance additional acquisitions and investments to meet its strategic goals. The capital increase was completed at the end of April 2002.

Solid share price performance by voestalpine

The performance of voestalpine shares in the financial year 2001/02 was uneven. voestalpine was initially able to boost its share price by around 25% by the summer of 2001 before the stock market in general came under pressure due to the terrorist attacks on 11 September and to uncertainty about future economic performance.

At the beginning of 2002, the expectation of price increases in the second half of 2002 began to take hold, particularly in the steel industry. voestalpine closed out calendar year 2001 with a share price gain of just on 9%, outperforming the ATX by a good 2%. voestalpine also outperformed the European Steel Index by nearly 10% in 2001.



OMV AG

www.omv.com

ÖIAG investment: 35%

The OMV Group is an integrated oil and natural gas group with four divisions: Exploration and Production (E & P), Refineries and Marketing (R & M), Natural Gas, and Chemicals and Plastics (C & P). Key parameters contributing to determining the Group's results are the international crude oil market and refinery margins. Global demand for crude oil rose slightly to 76 million bbl/d (barrels per day, one barrel equals 159 litres) whereas production worldwide increased to 76.9 million bbl/d. The resulting oversupply of oil on the market was kept in check only by production cutbacks by OPEC because non-OPEC member states even increased their production. Crude oil prices fluctuated considerably again in 2001. In mid-March and directly following the terrorist attacks in the USA in September, the market again saw short-term price increases to just under USD 30/bbl. Compared to the previous year, the average price for Brent crude declined from USD 28.4 to USD 24.5/bbl (nearly 14%). After the turbulence in prices in 2000 Rotterdam product prices again drew closer to those of the crude oil markets. Prices took a dive when the economic outlook became increasingly pessimistic after mid-September. On the whole, the prices of the most important petroleum products declined by an average of 13% to 15% for the year.

Despite the deterioration in market conditions, the OMV Group can look back on an extraordinarily successful financial year 2001 with record results. The company's operating result (EBIT) grew by 24% to € 609.65 million and its net income for the year to € 381.65 million. The return on average capital

Key indicators OMV Group		
	2001	2000
Sales (excl. mineral oil tax) (in million €)	7,736	7,455
Operating result (EBIT) (in million €)	610	491
Result on ordinary activities (in million €)	570	453
Dividend per share (in €)	4.3*	4.3
Employees	5,659	5,757

* Dividend proposed to the annual general meeting, including bonus of € 1.30

employed (ROACE) increased to 14% (2000: 12%), while the return on fixed assets (ROfA) rose to 20% (2000: 16%) and the return on equity (ROE) improved slightly to 18%.

Apart from the company's extremely positive financial performance, major progress was also made in implementing structural measures. In the course of the financial year, the Natural Gas Division, which had formerly accounted for most of the business of OMV Aktiengesellschaft, was spun off into an independent company. The new structure enables the Group to better meet the challenges of the changing gas market. Another important restructuring milestone was the formation of the OMV Service Network in mid-2001.

The E & P Division maintained a high level of EBIT (€ 272.97 million) despite declining crude oil prices and nearly unchanged volumes. R & M was able to increase volumes sold in all business segments as compared to the previous year. This positive performance and high petrochemicals earnings resulted in an increase in this division's EBIT to € 223.09 million, a nearly threefold increase over the previous year. In the Natural Gas Division, figures affecting income in the supply and storage business stabilised for the most part and contracted transport capacity increased substantially. These are the main reasons for the rise in EBIT to € 110.54 million. The C & P Division more than compensated for lower chemicals volumes with improved earnings and its EBIT rose by a total of € 13.27 million to € 48.74 million.

Operational focus of the divisions

The **E & P** Division's activities were mainly focused on Austria, Libya, the UK, Pakistan and Australia. In 2001 OMV participated in 36 exploratory wells and 16 extension wells, a significant increase over the previous year. Thirty-four of these resulted in new strikes for an excellent success rate of 65%. Production overall was sustained at around 28.5 million boe (barrel of oil equivalent). In Austria, the company produced 14.2 million boe, more than in any other year since 1980. In Libya, exploration activities in the Murzuk basin continued successfully. The El Shararah field produced an average for the year of 163,000 bbl/d of crude oil, 7.5% of which is attributable to OMV. In Great

Britain, development of the gas export system for the Schiehallion oil field (OMV share: 5.9%) continued as planned. All authorisations required by the authorities were granted for the development of the Jade (OMV interest: 5.6%) and Skene (OMV interest: 3.5%) gas/condensate fields and production began in early 2002. In Pakistan, production began at the Miano gas field on 24 December. Promising wells were dug in Australia, where the company also began developing the Patricia Baleen offshore gas field.

R & M's processing and sales volumes were back at normal levels after planned maintenance activities were completed. The division's refinery margins, which were satisfactory at first, dropped by about one-third as a result of the 11 September terrorist attacks and the decline in the global economy. The Austrian marketing business experienced pressure on margins once again due to the politically motivated limitation on fuel prices instituted in Austria, which does not take into account either additional costs or shortfalls. The situation in international marketing was better on the whole and significant growth was seen in this area.

Both OMV refineries successfully wrapped up additional cost management and income boosting measures. The Group's filling station network comprised 1,160 stations (2000: 1,136) at the end of the year, 626 of which were located outside of Austria. Expansion in this area focused on Romania, where the number of stations doubled to 34, and on Bulgaria, which saw an increase from 36 to 51 filling stations.

The **Natural Gas** Division was spun off into a new wholly owned subsidiary – OMV Erdgas GmbH – which includes the company's transport, storage and Austrian sales activities. The goal behind this new structure was to increase the company's flexibility and speed up its reaction time to keep pace with this deregulated industry.

The transport capacity sold increased substantially: volumes rose by 2% in the North-South system of the trans-Austria gas pipeline (TAG) to Italy and the South-East pipeline to Slovenia. This development was attributable mainly

to the commissioning of the first segment of the TAG Loop II pipeline. The East-West system saw an increase in transport capacity sold of 4%. In addition to domestic production, imports of natural gas amounted to approximately 5.89 billion m³ less than in the previous year because the demand was met mainly with stored gas. The amount of gas in storage amounted to 0.80 billion m³ at the end of the year, which corresponds to a decrease of 39%.

After completion of the new melamine plant in Linz and the expansion of capacity in Castellanza, Italy, last year, the **C & P** Division's high point in 2001 was the groundbreaking for the construction of new capacity amounting to around 80,000 tonnes in Germany in a joint venture with the Degussa subsidiary SKW Piesteritz. The volume sold of both main products declined in line with the development of the economy as a whole.

The result of the 25% interest in Borealis, which is reported in the financial result, declined substantially in part because despite the increase in sales and improved plant availability, the company was unable to generate positive net income for the year. In mid-December a 600,000 tonne cracker and two polyethylene plants were opened in Abu Dhabi in a joint venture with Bourouge.

OMV shares and corporate governance

Performance of OMV shares, which were initially listed on the Vienna Stock Exchange on 3 December 1987 (issuing price of shares with a par value of ATS 100 or € 7.27; ATS 440 or € 31.98) was above average in 2001 despite the difficult situation. Whereas other European stock exchanges experienced losses, Vienna's performance was positive and OMV shares gained substantially, with their price increasing by 14% compared to the industry average. OMV's market capitalisation rose to € 2.54 billion with a closing share price of € 94.12. The price of OMV's shares reached a high of € 122.65 compared with a low for the year of € 78. OMV shares were still the most liquid industrial shares on the Vienna Stock Exchange and accounted for a 15% share of the stock exchange's turnover.

The ordinary annual general meeting resolved an increase of the company's share capital by way of the issue of a maximum of eight million no-par value shares within five years. At the same time, a second stock option programme for the managing board and senior executives was also resolved. The company bought back a total of 96,000 shares. Employees were also able to participate in the success of the OMV Group once again this year through an employee participation plan. OMV is committed to fair corporate communication based on trust and to a balanced ratio of leadership and control in the company's management.

2001: organic growth

At the end of the year, the OMV Group employed 5,659 persons (2000: 5,757) who generated sales of € 7.74 billion (2000: € 7.45 billion). The result on ordinary activities rose to € 570 million from the previous year's figure of € 453 million. Net income for the year also increased markedly to € 382 million due to the excellent performance of the E & P and R & M Divisions, a lower level of extraordinary expenses and the positive effects of cost-cutting measures implemented in previous years. Investments aimed at growth in the E & P, marketing and melamine segments in particular contributed to boosting the company's earnings power and improving its efficiency. The management concept for 2002 is once again in line with this strategy for reaching the company's financial goals, but unfortunately OMV does not anticipate another record year.

OMV's managing board has again proposed a dividend of € 4.30 per share (including a bonus dividend of € 1.30 per share) to the annual general meeting.

 **BÖHLER**
EDELSTAHL



Böhler-Uddeholm AG

www.boehler-uddeholm.com

ÖIAG investment: 25%

The Böhler-Uddeholm Group's special steel activities are handled by four divisions: special steel long products, strip steel, welding technology and forging technology. Böhler-Uddeholm is the world market leader in tool steel, bi-metal strip steel, rule die steel, cutting and creasing rules, and turbine blades for gas and steam turbines.

Böhler-Uddeholm's production facilities are located in Austria, Sweden, Germany, Belgium, the USA, Brazil and Mexico. In addition, the Group maintains its own distribution network spanning 47 countries on all continents. Böhler-Uddeholm therefore serves around 100,000 customers worldwide. Its most important customers are active in the following segments: automobile and automobile supply industries, tool and machine tool manufacturing, aircraft manufacturing, consumer goods and electronics, lumber and sawmill industries, textile and paper industries, steel and equipment manufacture, and power station and plant engineering.

Böhler-Uddeholm's main markets are Europe, America and Asia, and the Group is one of the few European steel producers which has had a presence in nearly all Asian markets for over 50 years. However, the company's largest individual market is still Germany.

Böhler-Uddeholm AG was listed on the Vienna Stock Exchange on 10 April 1995 and its shares are traded on the most important segment of the cash

Key indicators Böhler-Uddeholm Group

	2001	2000
Sales (in million €)	1,509	1,483
EBIT (in million €)	132	126
Earnings before tax (in million €)	107	101
Dividend per share (in €)	2.7	2.5
Employees (as at 31 December)	9,298	9,071

market in Vienna – the ATX. The shares have also been listed on SEAQ International in London since 1995 and Böhler-Uddeholm has had a sponsored level-1 ADR programme in the USA since 1996. The company's shares were weighted at 4.1% on the Vienna Stock Exchange's leading index, the ATX (Austrian Traded Index) at the end of 2001. Böhler-Uddeholm shares generated a trading volume of € 680.7 million on the Vienna Stock Exchange in the year under review and was therefore one of the top ten shares in Austria in terms of turnover.

The financial year 2001

Despite the expected slowdown in the global economy, the Böhler-Uddeholm Group was able to again slightly outperform its own record results of the previous year in the financial year 2001. Sales in the year under review amounted to € 1,509.4 million, which was just over the figure for the previous year. The company's operating result (EBIT) increased by 5% from € 125.7 million to € 132.1 million. If the one-time book profit of around € 9 million which was included in EBIT in the financial year 2000 from the sale of a Canadian steel hardening plant is taken into account, the satisfactory result of the past year was exceeded by a notable 13%. The Böhler-Uddeholm Group can report excellent results in its 10th anniversary year and has therefore fulfilled expectations.

In the year under review, the management of Böhler-Uddeholm AG continued to pursue its existing policy of focused investment and increased expansion of links to customers in the value chain. This effort is reflected in the increase in the number of electroslag remelting plants, the further development of processing and heat treatment activities, and the expansion of the global distribution network through the acquisition of local steel dealers in several countries.

Böhler-Uddeholm shares and corporate governance

The price of Böhler-Uddeholm shares rose in the financial year 2001 due to the increased interest by primarily Austrian institutional investors. The shares closed out 2001 at a price of € 44.98, which is a 30% increase over the closing

price for 2000. In contrast, the leading index of the Vienna Stock Exchange only gained slightly (6%). The increased interest in Böhler-Uddeholm is also evidenced by the numerous roadshows and presentations that the company's management has given as part of the investor relations programme in Austria and abroad.

A group of private Austrian investors joined the community of Böhler-Uddeholm AG shareholders in the financial year 2001. These shareholders comprise three investment companies: BU Industrieholding GmbH, TECHNO Holding AG and BUB Beteiligungs GmbH. Behind these three companies are prominent Austrian business figures and leading families in industry. The one thing that they all have in common is that these investors view their investment as a long-term commitment to Böhler-Uddeholm and wish to participate in the Group's growth. At the end of the year under review, the total interest held by these three groups of investors amounted to 25.1% of the share capital of Böhler-Uddeholm AG.

Based on the authorisation of the annual general meeting issued on 14 May 2001 and the resolution of the managing board of Böhler-Uddeholm AG approved by the supervisory board, the company launched a share buyback programme as of 4 October 2001. This programme will be in effect no longer than until 14 November 2002 and the plan is to buy back up to 660,000 no-par value shares, the equivalent of 6% of the company's share capital. A total of 159,440 shares were bought back by the company as at the reporting date on 31 December 2001; this amounts to 1.45% of the share capital.

The repurchase of the company's shares will serve to implement the stock option plan approved at the most recent annual general meeting for 58 senior executives in the Group. This stock option programme represents a commitment by Böhler-Uddeholm to bring together the interests of shareholders with the interests of management. In conjunction with all the other investor relations measures taken to date, this tool will contribute to managing the Böhler-Uddeholm Group in line with the expectations of shareholders in the future.



VA Technologie AG

www.vatech.at

ÖIAG investment: 24%

VA Technologie AG (VA TECH) is a listed global technology and service company at the forefront of its industry.

VA TECH is one of today's global market leaders in metallurgical plant engineering, hydraulic power generation and high-voltage power transmission and distribution. The company has a strong international reputation in water systems and holds a top position in electromechanical infrastructure engineering and services its regional core markets of Central and Eastern Europe.

The financial year 2001

The slowdown in economic growth which became noticeable in the last third of 2000 continued throughout the financial year under review.

Global trade, which performed very well in 2000, stagnated in 2001 at the previous year's level. The terrorist attacks on 11 September 2001 additionally intensified the uncertainties felt on global markets, a development which had different effects on various business segments.

New orders: 17% growth

In 2001, the company saw growth of 17% over the previous year in new orders for a total of € 4,551 million – clear evidence that customers trust VA TECH, especially in a difficult market environment typified by restrained investment activity. This record-setting level of new orders saw an influx of

Key indicators VA TECH Group (according to IAS)¹⁾

	2001	2000
Sales (in million €)	3,999	3,985
EBIT (in million €)	83	93
Earnings before tax (in million €)	42	42
Dividend per share (in €)	0.5	1.2
Employees (as at 31 December)	18,847	21,341

¹⁾ Figures in accordance with International Accounting Standards (IAS)

14% more new orders than were invoiced in line with sales.

Of these new orders, 74% were attributable to power technologies, water systems and infrastructure (Power & Water) and 22% to metallurgy, while 55% of the new orders were placed within the company's home market of Europe.

Record high order books

The company's order books rose by 16% over the previous year to a high of € 4,314 million at the end of 2001. This corresponds to an average capacity utilisation period for VA TECH's operations of over one year with sales of € 3,999 million.

The shares of the order books attributable to the divisions were as follows: Metallurgy 26%, Hydro Power Generation 33%, Power Transmission and Distribution 25%, Water Systems 9% and Infrastructure 8%; VA TECH Group services and consolidation amounted to minus 1%.

The project structure of these orders underscores the now significantly improved business model and risk profile of the Group. A broader order base with smaller projects and shorter durations reduces the dependence on large projects and lowers the corresponding risk to earnings.

Sales exceed previous year's level

The Group's 2001 sales amounted to € 3,999 million, which is € 14 million more than the previous year (€ 3,985 million), despite the difficult international situation. The disinvestments of VA TECH VOEST MCE and VA TECH TMS and the deconsolidation of smaller companies along with the initial consolidation of VA TECH Schneider High Voltage and VAI Pomini resulted in a sales volume of around € 486 million being sold off while € 520 million was consolidated for the first time.

The Power Transmission and Distribution Division saw the sharpest increase in sales; this division was the Group's strongest with a share of total sales of 30%.

EBITA increase

In the financial year 2001, EBITA (earnings before interest, taxes and goodwill amortisation) rose by 17% to € 146 million (after € 125 million in the previous year).

In view of the continuing difficult international market conditions, the Group reported higher amortisation charges on the goodwill from companies

acquired. This figure (at € 63 million) is nearly double that of the previous year (€ 32 million). EBIT (earnings before interest and tax) for the year 2001 therefore amounts to € 83 million (after € 93 million in the previous year) as a consequence of this accounting measure.

The company's financial result for 2001 amounted to –€ 41 million after –€ 51 million in the previous year. The change as compared to the previous year resulted largely from higher earnings (+€ 22 million) from the sale of voestalpine shares. Additional factors influencing this outcome were the lower liquidity as compared to the previous year and the formation expenses for the equity investment in the ec4ec (e-commerce for engineered components) electronic marketplace.

Earnings before tax (EBIT) remained stable at around last year's level of € 42 million. Net income for the year increased to € 32 million (after € 30 million in 2000) for earnings per share of € 2.2 (after € 2.1 in 2000).

The annual general meeting on 17 April 2002 approved a dividend of € 0.5 per share for 2001 as an expression of the excellent performance and solid financial structure of the Group.

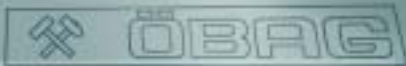
Outlook for 2002

The basic strategy of the Group aims for growth in its business volume and earnings and is implemented as follows:

- Concentration on key markets with attractive growth potential.
- Accelerated expansion of the automation and service businesses.
- Utilisation of the potential generated by sustainable solutions and renewable energies.
- Achievement of long-term improvement in the Group's earnings power by continually increasing productivity and reducing costs.

VA TECH anticipates an increase in sales and its operating result for 2002 based on its current assessment of the market. Whether or not the company is able to exceed the record-high new order level of the previous year depends on the development of the currently unstable global markets. Europe and North America will play a critical role in this regard.

One important aspect of the capital goods sector is the project business in which the majority of the sales and earnings for a given year are invoiced after the first six months of the year. This is also true at VA TECH. For this reason, the majority of its sales and earnings will be realised in the third and especially the fourth quarters after a weaker first two quarters.



ÖIAG-Bergbauholding AG

www.oiag.at

ÖIAG investment: 100%

The efforts which had been underway since 1988 by the holding company ÖBAG to dispose of or sell off its equity investments came to an initial end with the sale of the 100% interest in the Arnoldstein-based industrial estate company EURO NOVA GmbH to a private investor (retroactively to 1 January 2001). ÖBAG therefore now only holds 100% of the shares of its core businesses in siderite and brown coal, and a minority share of 26% in a foreign-owned recycling facility for lead-acid batteries in Arnoldstein. The volume of mining products sold in the financial year 2001 was close to last year's level at around 3.0 million tonnes of mixed ore and coal.

Bleiberger Bergwerks-Union AG, which is in liquidation, completed the complicated remediation work on former factory premises in Arnoldstein with the sale of EURO NOVA and is fulfilling the rest of its obligations, such as the cancellation of its remaining mining rights, with two employees. At the end of the year, the registered office of BBU was moved from Arnoldstein back to Bad Bleiberg.

The operating subsidiary **GKB-Bergbau GmbH** sold 1.1 million tonnes of brown coal from the Köflach mining district in the form of boiler and industrial coal. The sales of this coal amounted to € 45.1 million, or around 7% below the previous year's figure because some additional services (e.g. income from electricity produced by the plant's own grid) were absent this year after the sale of the electrical utility as was the rental income from

Key indicators ÖBAG Group		
	2001	2000
Sales (in million €)	66.5	71.3
Investments (in million €)	1.9	3.6*
Result on ordinary activities (in million €)	12.2	0.1
Employees (as at 31 December)	434	473

* incl. acquisitions via lease or rental

former company-owned apartments. The company's EBIT amounting to € 5.6 million is largely attributable to the diligent completion of sales in 2001, including those of properties. Due to a legal dispute pending at the Commercial Court of Vienna with regard to open claims against Draukraft and ATP (oncharging of the stranded cost components charged by the customer on the GKB coal price), the efforts of management during the year were directed primarily at reinstating the legal certainty of coal deliveries to the Voitsberg 3 power plant. This legal certainty has since been established. The number of employees was reduced in the course of the year from 274 to 251. Coal production will continue according to plan until mid-2004 with lower remaining volumes being extracted until the business is wound up.

VA-Erzberg GmbH produced around 1.9 million tonnes of mixed ore in the Eisenerz mining district and sold the domestic ore to the voestalpine steelworks in Linz and Donawitz. Including mining-related services, the company generated sales of € 21.5 million, down 6% as compared to the previous year primarily due to the decline in services provided. The operating result was slightly in the black for the first time. The number of employees was pared down to 183 and together with VA-Erzberg GmbH's own service company M.S.E., 240 employees still work in Eisenerz (not including apprentices). Erzberg received government subsidies again in 2001 in accordance with the Austrian Mining Assistance Act for the remediation of operations there; this assistance will be terminated permanently in 2002 in line with the end of the ECSC regime.

Outlook for the ÖBAG Group

In 2002 BBU will be in liquidation. It will be reorganised as a small limited company that will wind up the rest of the business. The mining operations in Köflach will continue to focus on settling the uncertain situation with stranded costs. Business activities in Erzberg will be organised so that in the future mining of ore can be ensured without subsidies. All subsidiaries and

associated companies of ÖBAG should develop positively as scheduled, and at the first opportunity pay an appropriate dividend to the holding company ÖIAG in proportion to the company's own funds employed.

The **amendment to the Austrian Mineral Resources Act** that entered into force on 1 January 2002 eases up on administrative rules for mining operations on the one hand, but on the other provides the responsible authorities with new opportunities for the provision of financial guarantees, e.g. for measures to protect the earth's after mining activities have ceased or to secure development of the surface.

 **Post.at**



Österreichische Post AG

www.post.at

ÖIAG investment: 100%

Österreichische Post AG closed out the financial year 2001 with a significant improvement in its earnings. Earnings before interest and tax (EBIT) amounted to around € 23.5 million as compared to € 17.4 million in 2000 and earnings on ordinary activities were € 45.3 million compared to € 38.6 million. Sales totalled approximately € 1,518 million, slightly lower than in the financial year 2000. The main reasons for the decline in sales were the absence of remuneration for public newspaper delivery services and a drop in P.S.K. teller services remuneration. Sales rose despite the increase in competition in the growth market of direct mail and in letter services, the segment with the highest sales level at Österreichische Post AG. Significant savings were achieved in personnel costs and in operating expenses compared to the previous year.

Automated logistics processes

Postal deliveries will be distributed across Austria via six state-of-the-art logistics centres in the future. The largely automatic sorting and optimised transport routes between the logistics centres and the post offices making the deliveries will make possible significant improvements in delivery times as well as cost savings. In the year under review, the logistics centres in Salzburg, Graz and Linz completed transition phases to regular operations. The logistics centre in Vienna is under construction, while the other centres are in the planning phase. Machinery, fleets and personnel deployment will be adjusted to the flow of materials in line with the operating processes that handle the delivery volume.

Key indicators Österreichische Post AG (consolidated)

	2001	2000
Sales (in million €)	1,517.7	1,542.3
Investments (in million €)	117.8	106.6
EBIT (in million €)	23.5	17.4
Result on ordinary activities (in million €)	45.3	38.6
Employees (average for the year FT*)	30,357	31,775

* Full-time employees

Efficient postal delivery organisation

The focus of the "New Distribution" concept is a shift in the postal service's organisational and operational structure in order to optimise delivery and increase productivity. The new organisation was developed on the basis of the results of a several month-long field test: the local post offices will be reorganised across Austria and their number reduced by two-thirds to around 600 delivery centres and post offices. In addition to considerable savings with simultaneous improvement in distribution quality, this plan will generate synergy effects in logistics, especially in route planning. Regional teams will begin to implement this concept starting in 2002.

Central post offices for key accounts

A new service for key accounts with large parcel volumes are the central post offices which are directly linked to the customer's central warehouses. Parcels are presorted and transported directly to the logistics centres in each federal state. The advantages of these central post offices are delivery time improvements and a higher reliability in terms of delivery times in addition to long-term customer loyalty. The first central post office began operating in 2001.

Up-to-date post office network

The current network of post offices which has grown over time will be adapted to changing customer requirements: the focus of Österreichische Post AG's branch concept is on setting up different types of branch post offices, expanding the range of services offered and restructuring the branch network. In the long term, the aim is to achieve sustainable profitability of the branch network while ensuring that the postal service's delivery obligations are met. In the financial year under review, branch post offices with various strategic approaches were developed and pilot tested to increase the postal service's customer orientation and to expand the range of services offered. In addition to conventional post offices, three other post office types will be introduced: "Post-Box" and "Post.at" are mainly aimed at high-traffic locations with many customers. In order to meet the needs of rural, less high-

traffic locations across Austria, the "Post-Partner" agency concept was developed. The pilot branches will be evaluated thoroughly. As part of this concept, the postal service also decided to restructure the excessively large branch network. The accessibility, catchment areas and profitability of all offices were analysed in the year under review for this purpose. This plan will be implemented in 2002 taking into account the need to serve all areas of Austria.

Products tailored to customer groups

Product launches aimed at specific customer groups were another highlight of 2001. New products such as the "Bonus Brief" and the "Premium Brief" were introduced. The provision of digital signatures via the post offices also began in 2001. Direct Marketing Centres are now in operation in six state capitals in Austria which assist primarily small and mid-sized companies with planning and carrying out direct marketing activities.

Outlook

In the year under review, the company resolved to split its operations into five business units each responsible for their own results: Letters; Direct Mail; Courier, Express and Parcels; Media Services and Branch Network. The breakdown into strategic business segments strengthens the market orientation of the company via the clear focus on specific aspects of the business and therefore increases the postal service's competitiveness and attractiveness as a business partner in these segments. Österreichische Post AG fully intends to master the significant challenges of the step-by-step deregulation of the market from 2003 onward. The principal measures to be taken will therefore continue to focus on boosting competitiveness, optimising processes, improving quality and lowering costs.

 **Post.Bus**



Österreichische Postbus AG

www.postbus.at

ÖIAG investment: 100%

The highlight of the financial year 2001 was the positioning of Postbus as an independent and modernised company. The company's head office was reorganised into the following departments: human resources, accounting, transport and transport planning, transport associations, IT, legal, corporate communications, buses/service and marketing. Administrative functions previously provided by Post AG were also successively transferred to the company. In order to more efficiently manage the company, an up-to-date reporting system was implemented which now provides more meaningful information for accounting purposes, particularly in terms of sales data and financial indicators.

After a long project run-up period, the supervisory board unanimously resolved a new organisational structure for the company on 12 October 2001. This new structure ensured that adjustments necessitated by the changes in the market were made, the company concentrated more effectively on its core business, the responsibility for income and expenses was shifted to the regions, the garages were integrated into transport activities, and that, as a result, administration was simplified substantially.

Despite the comprehensive reorganisation of Postbus AG, business activities were not neglected, and measures aimed at increasing productivity were continued. By increasing the number of kilometres driven per bus each year

Key indicators Österreichische Postbus AG Group		
	2001	2000
Sales (in million €)	194.2	195.7
Investments (in million €)	15.3	33.8
EBIT (in million €)	-11.7	-6.8
Result on ordinary activities (in million €)	-11.4	-6.1
Employees (average for the year FT*)	2,953	3,055

* Full-time employees

by 3%, or the total number of kilometres driven overall by 7.4% from 6.7 million km (in November 2000/2001) to 7.2 million km, Postbus was able to become better established as a competitive, dynamic service provider.

In terms of the company's transportation association activities, intensive efforts have led to the settlement of open invoices from previous years and to amendments to contracts that will have an effect on income in subsequent years on the one hand, and improve the company's position in future contract negotiations on the other.

Moreover, the company was also able to agree a price increase of 3% with the Federal Ministry of Social Security and Generations for transport provided to schoolchildren and apprentices free of charge.

The weak level of orders in the garages is largely attributable to the decline in earnings generated by Post and Telekom. This ultimately also led to the decision to tailor all garages to internal requirements with the exception of those in Innsbruck and Dornbirn and to reduce the current level of excess capacity step by step.

Because of the decline in the level of orders at the garages, sales in the year under review amounted to only € 194.2 million, down from the previous year. The operating loss (EBIT) increased from –€ 6.8 million to –€ 11.7 million. In the financial year 2001 the company employed an average of 2,972 persons.

The earnings situation of Österreichische Postbus AG in the financial year 2001 was also marked by the accounting treatment of the restructuring concept resolved in 2001, the core elements of which are the reorientation of human resources in line with the new organisational structure, which is underway, and the re-scaling of the garage concept.

Far-reaching effects of new legislation

The entry into force of the Austrian Local and Regional Passenger Transportation Act in 1999 had a large impact on the structuring and definition of responsibilities at Österreichische Postbus AG. The act stipulates the reorganisation of Austrian transport associations and the abolishment of compensation payments to the transport associations for non-profit public services by the end of 2004. Despite this difficult situation, the company was able to settle open invoices from previous years through intensive negotiations with the transport associations and to amend contracts effective in subsequent years. Moreover, the company also agreed a price increase for transport provided to schoolchildren and apprentices free of charge, formed cooperatives in the transport associations on a regional level and developed new economically viable transport concepts.

Outlook

In view of the reorganisation of Austria's local and regional passenger transport system, the company is intensifying its quality and modernisation efforts and aims to increase its competitiveness. The new streamlined organisational structure will enable the company to keep pace with restructuring in the transport associations and changes in tariffs.

The implementation of additional cost-cutting measures within the company is essential. The "Mobil machen" ("On the Move") project aims to reduce costs by optimising route and personnel scheduling, bus deployment and leasing. At the same time, regional transport concepts are anticipated to result in better capacity utilisation and rising earnings.



Telekom Austria AG

www.telekom.at

ÖIAG investment: 47.8%

Financial benchmarks

Despite increasingly intense competition, the growth segments Mobile Communications, Data Communications and Internet were able to compensate for the falloff in sales in the Fixed Network segment. The combined sales of all four business segments rose by 1.2% to € 3,943.5 million, while EBITDA increased by 38.8% to € 1,472.8 million.

Sales in the Fixed Network segment declined by 7.5% to € 2,456.7 million, but EBITDA (including expenses for early retirement programmes, but not including expenses for employees laid off) improved due to the sustained reduction of all essential expenses by 51.9% to € 869.0 million.

The Mobile Communications segment increased sales by 14.1% to € 1,713.2 million, and EBITDA grew by 30.9% to € 571.3 million.

Sales in the Data Communications segment rose by 5.5% to € 330.2 million, but EBITDA declined by 4.7% to € 54.7 million due to the increase in intra-Group transfer prices. The Internet segment saw sales grow by 62.8% to € 99.5 million while EBITDA shrank by 272.2% to –€ 20.1 million due to the higher level of expenses necessitated by the repositioning and expansion of this segment.

Consolidation and trend reversal in Fixed Network business

The radical transformation of the Telekom Austria Group into a streamlined, market-oriented, end-to-end telecommunications provider was the defining event of 2001. Despite extremely difficult conditions at the start of the year

Key indicators Telekom Austria Group (US GAAP)		
	2001	2000
Sales (in million €)	3,943.5	3,897.2
EBITDA (in million €)	1,472.8	1,060.9
EBIT (in million €)	156.0	-29.4
Employees (at year-end)	16,586	18,301

with a global downturn in the telecommunications sector and extremely fierce national competition within Austria, the Telekom Austria Group was able to turn around its EBITDA figure over the course of the financial year.

The highest priority in the strategy to achieve sustainable value growth in the Group was the restructuring of the Fixed Network segment. An ambitious programme that focused on successful human resources restructuring and aimed to reduce market share losses through the introduction of new calling packages laid the course for the consolidation process.

Business segment leadership and further internationalisation

In view of the company's aim to achieve the greatest possible value growth, the focus in the Mobile Telecommunications segment in 2001 was on optimally meeting the needs of business customers, primarily with mobile data services. The range of services included SMS, various WAP services, m-commerce applications, convergent mobile data services and high-speed mobile network connections.

In 2001 Mobilkom Austria determined not only the speed of innovation, but also intensified activities abroad by increasing the equity investment in VIP-Net in Croatia to 66% and acquiring a 75% plus one share interest in Slovenia-based SI.MOBIL. On the whole, customers abroad already accounted for 28% of the customer base at the end of 2001.

Data Communication – entering new markets

In 2001 Datakom Austria added integrated security, ASP enabling and e-business solutions to its traditional product portfolio consisting of data, value-added data and network services and focused on incorporating current convergence trends into the development of specific products. This enabled this segment to strongly boost its solutions and custom business as a supplement to its core leased line and corporate network businesses.

Internet: Focus on broadband access and interactive media

The launch of the www.jet2web.net destination portal, which provides a variety of content on eight channels, and the company's entry into the

market for video application service provision in cooperation with respected partners enabled the Austrian Internet subsidiary Jet2Web Internet to stake its claim to leadership on the interactive media market in 2001. The product range was dominated by the "aonspeed-Linie" based on ADSL broadband access technology, while dial-up access (aonflash) for cost-sensitive surfers rounded out the offering. The new "bizmarket.at" online marketplace and scalable solutions for e-shop operators also helped the company serve the business segment successfully.

Line figures and market share performance

At the end of 2001, Telekom Austria AG serviced around 3.16 million fixed network lines, approximately 407,000 of which were ISDN lines. The step-by-step reduction in losses of voice service market share (including online services) over the course of the year was mainly the result of the introduction of new rate packages with prices calculated by the second. At the end of 2001, the "TikTak" rate package family had already attracted around 212,000 subscribers. The focus on broadband connections with over 100,000 ADSL lines (penetration: 2.9% of all fixed lines) at the end of 2001 also gave fresh impetus to the fixed network business and made Telekom Austria the number three company in the European DSL rankings. The company was able to solidify its market leadership in the voice and online services segment with a market share of 56.2% (based on paid minutes) and its share of the Internet access line market was roughly 93%.

Mobilkom Austria was the undisputed leader in mobile communications with around 2.85 million customers in Austria and a market share of 42.9% in a highly saturated market with 82.2% market penetration (number three in Europe). Including its business abroad, Mobilkom Austria served nearly 4 million customers at the end of 2001. Furthermore, Mobilkom Austria was able to achieve 8% growth in the attractive contract customer segment in 2001 and therefore clearly demonstrate its top position in the business customer segment with a market share of 69%. Mobilkom Austria also accounted for 40.8% of new customers acquired.

The increased expansion of the mobile data communications product range is reflected in the 448.1 million billable SMS messages, 280,000 registered users at the www.a1.net Internet service portal, around 210,000 WAP users and approximately 26,000 GPRS customers.

VIPNet continued to report dynamic growth in its customer base in the financial year 2001. VIPNet was also the Croatian market leader once again with an increase of 61% to 855,700 customers and a total market share of 48.7% at year-end. SI.MOBIL, which was acquired by Mobilkom Austria in February 2001, more than doubled its customer base in the year under review to about 270,000 customers at the end of the year. This increased the company's market share in Slovenia from 14% at the end of 2000 to 20.8% at the end of 2001.

Datakom Austria successfully defended its top position in the data communication segment in 2001. The majority of the high-value segment of the top 500 (80%) and the top 100 (90%) companies placed its trust in Datakom Austria's solutions expertise and services. Datakom's overall market share in the business customer segment amounted to around 58%. In addition to its core earnings from leased lines and corporate networks, the repositioning of Datakom Austria as the solution provider of the Telekom Austria Group offering an extended product range including integrated, convergent services (solutions and custom business) was primarily responsible for this market success. Aircash, the first mobile payment terminal for location-independent settlement of electronic payments throughout Austria was developed in conjunction with Europay Austria and a state-of-the-art network management centre for even better support for network customers was implemented.

The Austrian Internet provider of the Telekom Austria Group, Jet2Web Internet, was clearly the number one Austrian ISP with around 666,400 customers at the end of 2001. The Telekom Austria Group's share of the private subscriber market (including Mobilkom Austria Internet customers) was approximately 37% after 28% in the previous year.

This market success is the result primarily of successful product diversification in terms of always-on and dial-in connections, accelerated expansion of broadband access (ADSL availability for 80% of Austrian households) and the determined entry into the interactive media (jet2web.net eight-channel portal, speed.at audio and video streaming broadband portal) and digital marketplace (bizmarket.at) segments.

The wholly owned subsidiary Czech On Line a.s. (COL) was also the obvious market leader in the Czech Republic with around 238,000 active dial-up Internet user accounts. This company successfully launched its transformation into a full-service provider for business customers in the year under review.

Cementing the Group's technical leadership

In 2001 the Telekom Austria Group strongly underscored its leading position as an operator of fixed, mobile, and data networks across Austria with technology projects in all of these areas. In its fixed network business, the Group increased its efforts to implement the conversion begun in 2000 of its network infrastructure into an all-IP-based multi-service network. In addition to the upgrade of the ATM backbone to the future-ready MPLS technology (multi-protocol label switching), Telekom Austria invested in its own network infrastructure abroad for the first time in 2001 with the construction of the 1,900 km (Vienna-Brno-Prague-Frankfurt-Munich-Vienna) fibre optic ring (European Jet2Web Stream). Additional major projects included networking the various sites of ACONet, the Austrian scientific data network, via the Austrian Jet2Web Stream to a high-performance Gigabyte Ethernet, where the state-of-the-art DWDM Metro technology was used, and the construction of a unique high-speed network (high-quality content delivery network) for the uncompressed transmission of digital multimedia content between ORF production facilities.

Rapid GPRS (general packet radio service) expansion and the preparations for UMTS (universal mobile telecommunications system) were highlights of the

financial year 2001 for Mobilkom Austria. After the decision on the system type was made in March 2001 (Ericsson Austria AG, Nortel Networks), Mobilkom Austria was able to set up its first UMTS test network in December 2001 in order to run series of experiments to ensure compatibility between various elements of the UMTS network and the existing GSM and GPRS networks. The acquisition of licences for two additional frequency packages in the 1,800 MHz range and the erection of additional base stations were Mobilkom Austria's concrete investment in expanding its indoor capability.

In the financial year 2001, Datakom Austria completed its Austria-wide MPLS network. This enables the company to provide time-critical applications such as video on demand, Internet telephony and music broadcasts at a guaranteed level of quality via IP-based LANs. Moreover, the company also implemented an Austria-wide infrastructure for application service provision in 2001. The range of Datakom's ASP-enabling services includes ASP access, Internet connectivity, firewall management, and ASP server hosting and housing.

Jet2Web Networks, which is responsible for the active marketing of network resources and innovative supplementary services to alternative network operators for fixed and mobile networks and the Internet within the Telekom Austria Group, made a good showing in its first full financial year with a professional portfolio of services (housing and sites, multimedia in-house systems, engineering and general infrastructure services) and set itself apart by using state-of-the-art technologies (radio over fibre, wireless LAN, multimedia solutions, UMTS, TETRA).

Regulation: highest level of competition in the EU

Austria has deregulated its market to the extent that there were around 40 operational voice providers and 236 ISPs in the country in 2001 – more than in any other European country. The very strict regulation of companies with significant market power in Austria has further increased the competition that Telekom Austria faces because Telekom Austria is classified as the market-dominating company in all sub-markets in the fixed network business by Rundfunk und Telekom Regulierungs (RTR) GmbH (Austrian Regulatory

Authority for Telecommunications and Broadcasting). Austria was also one of the first countries in the EU in which statutory guidelines were implemented on unbundling subscriber lines for alternative network operators and on carrier preselection for local calls.

Telekom shares and investor relations

Telekom Austria shares made an important contribution to the positive performance of the ATX. With a 55% share price increase to € 9.31 at the end of 2001, Telekom Austria was the top performing stock among all of the shares listed on the A segment of the Vienna Stock Exchange. Its market capitalization rose to approximately € 4.7 billion. Given its trading volume of over 195 million shares and a trading turnover of about € 1.4 billion, Telekom Austria ranked among the three most heavily traded issues.

As the largest publicly traded company in Austria, Telekom Austria is very proactive in providing information to private investors. This policy includes participation by the company in important investor conferences and shareholder events as well as the provision of information on an ongoing basis to around 10,000 shareholders listed in a shareholder database. In 2001 the number of investment banks publishing analyst reports about Telekom Austria doubled.

Outlook 2002

In 2002 Telekom Austria will further intensify its customer oriented approach. An aggressive marketing campaign (WIN) is designed to end the era of shrinking market shares and to promote customer loyalty for the long term in all segments. The integration of the fixed network, data and Internet segments into the Wireline Division will create the conditions necessary to develop new sales channels (merger of Fixed Network's key account management and Datakom Austria's sales activities into "Business Solutions") as well as enable the company to tailor products and services to meet customer requirements. The concentration on complex IT and telecom solutions will place greater emphasis on income sources with higher profit margins.

In mobile telecommunications, the focus will continue to be on building a high-quality and high-value customer base in 2002 in order to ensure that the company benefits fully from the growth opportunities of the mobile data communications market. The still low penetration rates in Croatia and Slovenia will be utilised to boost customer and sales growth.

The former Internet business segment will no longer handle access in the new Wireline organisation, but instead will concentrate exclusively on the portal and content business.

The company is confident that this strategy will enable it to consolidate its sales and earnings and to convince Telekom Austria shareholders of the sustainable nature of the company's turnaround.

Report by the Supervisory Board of ÖIAG on the financial year 2001

In meeting its legal commitments, the supervisory board held eight plenary meetings and four committee meetings during the financial year 2001. The supervisory board's priorities at its meetings were the changes in the managing board of the company, the privatisation steps taken in the financial year 2001, and especially the sale of the interest in Austria Tabak AG and the privatisation of Dorotheum GmbH and Strohal Rotationsdruck GmbH. Another important topic covered at supervisory board meetings was the reports by the managing board members of ÖIAG's subsidiaries and holdings to the supervisory board, particularly the reports by the chairmen of the managing boards of the publicly traded holdings; the situation at the Austrian Airlines Group and Telekom Austria AG were discussed in particular.

In late January 2001, the contract with ÖIAG's chairman of the managing board, Director General Rudolf Streicher, was terminated prematurely by mutual agreement. Johannes Ditz was subsequently the sole member of the managing board until 30 June 2001. As of 1 July 2001, the vacant seat on the managing board was filled with the appointment of Peter Michaelis. At the end of December 2001, Johannes Ditz also terminated his contract prematurely by mutual agreement.

Both Rudolf Streicher and Johannes Ditz played key roles in implementing the government's privatisation programme. The most important decisions relating to the sale of PSK as well as shares in Flughafen AG, Dorotheum, Staatsdruckerei, Austria Tabak AG, Strohal Rotationsdruck GmbH and the Telekom Austria IPO were taken during their terms of office. The supervisory board wishes to express its particular appreciation to both men for their achievements.

The extraordinary meeting of the supervisory board on 15 February 2002 appointed Rainer Wieltsch to fill this vacancy with effect from 1 May 2002. Continuity within the board has been ensured for the future with these new appointments to the board. At the same meeting, Peter Michaelis was voted chairman of the managing board.

The managing board reported to the supervisory board both verbally and in writing on the progress of business and the position of the company, the companies of the Group and the ÖIAG Group as a whole, and obtained the approval of the supervisory board on business decisions for which this was required in accordance with the provisions of the articles of association or the company's rules of procedure.

The annual financial statements and management report were audited by Europa Treuhand Ernst & Young, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft m.b.H.

The supervisory board declares its acceptance of the financial statements for the financial year 2001, which are hereby adopted under the terms of § 125 para. 2 of the Austrian Public Companies Act. The supervisory board also concurred with the managing board's proposal to carry forward the net profit of € 340,707,937.30 to the new financial year.

In accordance with § 270 para. 1 of the Austrian Commercial Code, the supervisory board proposes to the annual general meeting that Europa Treuhand Ernst & Young, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft m.b.H. be appointed auditors of the financial statements for the financial year 2002.

The supervisory board would like to express its gratitude to the managing board and the company's employees for their hard work during the previous financial year.

Vienna, 28 June 2002

Alfred H. Heinzl
Chairman of the Supervisory Board

Annual Financial Statements

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Holdings

Balance Sheet as of 31 December 2001

Assets

	€	€	as of 31.12.2001 €	as of 31.12.2000 € 000
A. Fixed assets				
I. Intangible assets				
1. Concessions, rights	118,308.23			47
2. Prepayments	<u>187,015.26</u>			<u>0</u>
		305,323.49		<u>47</u>
II. Tangible assets				
1. Land, rights equivalent to real property and buildings incl. buildings on third-party land of which real property value € 3,586,401.60 (2000 € 3,841 thousand)	4,949,636.22			5,354
2. Other assets, plant and office equipment	645,008.20			797
3. Prepayments and plant under construction	<u>159,168.00</u>			<u>0</u>
		5,753,812.42		<u>6,151</u>
III. Financial assets				
1. Holdings	2,865,426,916.04			3,375,518
2. Investment securities	24,838,518.83			17,730
3. Miscellaneous loans	<u>54,444.05</u>			<u>75</u>
		<u>2,890,319,878.92</u>		<u>3,393,323</u>
			2,896,379,014.83	<u>3,399,521</u>
B. Current assets				
I. Receivables and other assets				
1. Receivables from the supply of goods and services	6,041,798.35			85
2. Receivables from companies in which shares are held	294,870.03			107
3. Other receivables and assets	<u>7,729,120.40</u>			<u>556,009</u>
		14,065,788.78		<u>556,201</u>
II. Securities and interests				
Miscellaneous securities and interests		167,647,692.60		<u>1,415</u>
III. Cash and credit balances with banks		<u>544,355,453.40</u>		<u>165,491</u>
			726,068,934.78	<u>723,107</u>
C. Counterclaims related to liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria			1,977,872,348.21	<u>2,603,973</u>
D. Prepaid expenses and accrued income				
1. Disagio, costs of raising capital		20,438.76		26
2. Other		<u>9,229.61</u>		<u>41</u>
			29,668.37	<u>67</u>
			<u>5,600,349,966.19</u>	<u>6,726,668</u>

	€	€	Liabilities and Equity	
			as of 31.12.2001 €	as of 31.12.2000 € 000
A. Equity				
I. Capital stock		363,365,000.00		363,365
II. Capital reserves				
1. Committed	1,780,062,343.28			1,780,062
2. Uncommitted	<u>190,244,037.85</u>			<u>190,244</u>
		1,970,306,381.13		<u>1,970,306</u>
III. Revenue reserve (Statutory reserve)		36,336,417.08		<u>36,337</u>
IV. Net profit		340,707,937.30		<u>152,613</u>
of which € 152,612,951.75 carried forward (2000 € 101,713 thousand)				
			2,710,715,735.51	<u>2,522,621</u>
B. Miscellaneous untaxed reserves			190,094.32	36
C. Provisions				
1. Provisions for severance payments		1,414,340.00		1,461
2. Provisions for pensions		1,715,441.88		2,122
3. Other provisions		<u>119,068,247.54</u>		<u>68,667</u>
			122,198,029.42	<u>72,250</u>
D. Liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria		1,981,619,200.34		2,871,569
of which not covered by rights of recourse		<u>-3,746,852.13</u>		<u>-267,596</u>
			1,977,872,348.21	<u>2,603,973</u>
E. Liabilities				
1. Subordinated shareholder loan		67,985,436.36		289,907
2. Bonds		2,180,185.01		4,360
3. Other long-term liabilities		0.00		175,137
4. Liabilities to banks		664,554,892.98		730,526
5. Trade payables		3,873,670.46		9,093
6. Liabilities to companies in which shares are held		25,539,278.44		22,512
7. Other liabilities		25,240,295.48		296,253
of which in connection with taxes € 40,727.07 (2000 € 13 thousand), of which in connection with social security € 66,318.03 (2000 € 75 thousand)				
			<u>789,373,758.73</u>	<u>1,527,788</u>
			<u>5,600,349,699.19</u>	<u>6,726,668</u>
Contingent liabilities			<u>3,724,482.75</u>	<u>0</u>

Schedule of Fixed Assets according to § 226 (1) of the Austrian Commercial Code as of 31 December 2001

	as of 31.12.2000	Additions due to mergers	Carried forward 01.01.2001	Purchase/manufacturing cost Additions	Disposals
	€	€	€	€	€
Fixed assets					
I. Intangible assets					
1. Concessions, rights	470,659.70	12,399.74	483,059.44	115,611.03	367,115.16
2. Prepayments	0.00	0.00	0.00	187,015.26	0.00
	<u>470,659.70</u>	<u>12,399.74</u>	<u>483,059.44</u>	<u>302,626.29</u>	<u>367,115.16</u>
II. Tangible assets					
1. Land, rights equivalent to real property and buildings incl. buildings on third-party land					
a) Developed land					
Real property value	449,035.49	1,237,240.47	1,686,275.96	0.00	1,461,734.11
Value of buildings	3,609,526.16	12,468,523.76	16,078,049.92	0.00	7,742,967.48
b) Vacant land	<u>3,438,377.07</u>	<u>0.00</u>	<u>3,438,377.07</u>	<u>0.00</u>	<u>37,325.01</u>
	7,496,938.72	13,705,764.23	21,202,702.95	0.00	9,242,026.60
2. Technical plant and machinery	0.00	2,312,587.03	2,312,587.03	0.00	1,639,546.86
3. Other assets, plant and office equipment	2,518,634.42	1,578,714.42	4,097,348.84	137,953.09	1,279,008.47
4. Prepayments and plant under construction	0.00	0.00	0.00	159,168.00	0.00
	<u>10,015,573.14</u>	<u>17,597,065.68</u>	<u>27,612,638.82</u>	<u>297,121.09</u>	<u>12,160,581.93</u>
III. Financial assets					
1. Holdings	4,245,108,646.14	10,087,971.73	4,255,196,617.87	19,695,713.38	280,938,004.24
2. Investment securities	19,051,836.92	6,860,857.68	25,912,694.60	0.00	0.00
3. Miscellaneous loans	<u>76,972.60</u>	<u>8,073,588.51</u>	<u>8,150,561.11</u>	<u>0.00</u>	<u>8,096,117.06</u>
	<u>4,264,237,455.66</u>	<u>25,022,417.92</u>	<u>4,289,259,873.58</u>	<u>19,695,713.38</u>	<u>289,034,121.30</u>
	<u>4,274,723,688.50</u>	<u>42,631,883.34</u>	<u>4,317,355,571.84</u>	<u>20,295,460.76</u>	<u>301,561,818.39</u>

as of 31. 12. 2001	Accummulated depreciation	Book value 31. 12. 2001	Book value 31. 12. 2000	Depreciation in the year under review	Write-ups
€	€	€	€	€	€
231,555.31	113,247.08	118,308.23	46,591.93	46,044.53	0.00
187,015.26	0.00	187,015.26	0.00	0.00	0.00
418,570.57	113,247.08	305,323.49	46,591.93	46,044.53	0.00
224,541.85	0.00	224,541.85	449,035.49	0.00	0.00
8,335,082.44	6,971,847.82	1,363,234.62	1,513,259.58	752,875.72	0.00
3,401,052.06	39,192.31	3,361,859.75	3,392,056.28	0.00	0.00
11,960,676.35	7,011,040.13	4,949,636.22	5,354,351.35	752,875.72	0.00
673,040.17	673,040.17	0.00	0.00	11,680.33	0.00
2,956,293.46	2,311,285.26	645,008.20	797,054.00	358,684.09	0.00
159,168.00	0.00	159,168.00	0.00	0.00	0.00
15,749,177.98	9,995,365.56	5,753,812.42	6,151,405.35	1,123,240.14	0.00
3,993,954,327.01	1,128,527,410.97	2,865,426,916.04	3,375,518,380.55	262,619,831.23	0.00
25,912,694.60	1,074,175.77	24,838,518.83	17,729,781.48	0.00	247,879.67
54,444.05	0.00	54,444.05	75,369.07	0.00	1,603.53
4,019,921,465.66	1,129,601,586.74	2,890,319,878.92	3,393,323,531.10	262,619,831.23	249,483.20
4,036,089,214.21	1,139,710,199.38	2,896,379,014.83	3,399,521,528.38	263,789,115.90	249,483.20

Changes in Untaxed Reserves

Item	as of 31. 12. 2000 €	Additions due to merger €	Carried forward 01. 01. 2001 €	Released €	as of 31. 12. 2001 €
a) Transfer of hidden reserves according to § 12 Austrian Income Tax Act					
Land and buildings					
Real property value	0.00	230,867.06	230,867.06	230,867.06	0.00
Value of buildings	0.00	563,780.51	563,780.51	563,780.51	0.00
	0.00	794,647.57	794,647.57	794,647.57	0.00
b) Other untaxed reserves					
Exempt for capital expenditure according to § 10 Austrian Income Tax Act					
1997	0.00	13,780.60	13,780.60	13,780.60	0.00
1998	0.00	150,336.29	150,336.29	53,399.95	96,936.34
1999	36,321.21	60,002.56	96,323.77	3,286.79	93,036.98
2000	0.00	1,281.81	1,281.81	1,160.81	121.00
	36,321.21	225,401.26	261,722.47	71,628.15	190,094.32
Total	36,321.21	1,020,048.83	1,056,370.04	866,275.72	190,094.32

Income Statement for the period from 1 January 2001 to 31 December 2001

	2001		2000	
	€	€	€ 000	€ 000
1. Sales		232,089.68		509
2. Changes in goods and services not yet invoiced		0.00		-32
3. Other operating income				
a) Income from the disposal and writing-up of fixed assets	695,131.46		21	
b) Gains from the release of reserves	3,546,949.87		5,240	
c) Other	<u>4,607,654.56</u>	8,849,735.89	<u>1,365</u>	6,626
4. Personnel expenses				
a) Wages	56,207.52		0	
b) Salaries	5,088,398.69		5,765	
c) Expenses for severance payments	1,306,483.52		1,612	
d) Expenses for pensions	11,238,426.82		1,239	
e) Expenses for compulsory social security contributions and payroll taxes	1,072,429.96		1,131	
f) Other social expenditure	<u>100,567.60</u>	-18,862,514.11	<u>107</u>	-9,854
5. Depreciation of intangible fixed assets and tangible assets		-1,169,284.67		-537
6. Other operating expenses				
a) Taxes not included in line 23	49,578.11		56	
b) Other	<u>30,063,766.18</u>	-30,113,344.29	<u>62,190</u>	-62,246
7. Sub-total of lines 1 to 6 (Operating result)		<u>-41,063,317.50</u>		<u>-65,534</u>
8. Income from Holdings		472,256,276.78		242,676
9. Income from other securities and loans under financial assets		1,120,646.80		1,211
10. Other interest and similar income		31,148,037.18		29,041
11. Gains from the disposal and writing-up of financial assets and current securities		834,267,154.71		1,004,039

	2001		2000	
	€	€	€ 000	€ 000
12. Expense relating to the Republic of Austria's profit-sharing rights		-626,101,120.42		-755,130
13. Currency losses		-11,475,306.64		-31,126
14. Expenses relating to financial assets and current securities				
a) Depreciation	7,276.38		52	
b) Expenses relating to Holdings	<u>262,620,185.81</u>	-262,627,462.19	<u>137,798</u>	-137,850
15. Interest payments and similar expenditure		<u>-197,947,336.41</u>		<u>-238,127</u>
16. Sub-total of lines 8 to 15 (Financial result)		<u>240,640,889.81</u>		<u>114,734</u>
17. Result of ordinary activities		199,577,572.31		49,200
18. Extraordinary income		30,275,600.49		0
19. Extraordinary expenses		<u>-42,621,364.21</u>		<u>-25,435</u>
20. Extraordinary result		<u>-12,345,763.72</u>		<u>-25,435</u>
21. ÖIAG income and expenses according to § 16 ÖIAG Act 2000				
a) Income from Holdings	0.00		12,727	
b) Interest income	0.00		1,993	
c) Income from disposal of Holdings	0.00			
d) Other expenses for privatisation	0.00		-135	
e) Expenses from annulment of refund entitlements of the Republic of Austria for interest	<u>0.00</u>		<u>-14,585</u>	
22. Sub-total of lines 21 a) to e)		0.00		0
23. Income taxes		<u>-3,098.76</u>		<u>-19</u>
24. Profit for the year		187,228,709.83		23,746
25. Release of untaxed reserves		866,275.72		3
26. Release of capital reserves		0.00		27,151
27. Profit carried forward from the previous year		<u>152,612,951.75</u>		<u>101,713</u>
28. Net profit		<u>340,707,937.30</u>		<u>152,613</u>

Notes to the Financial Statements

A. General remarks

The ÖIAG Act, published in the Federal Law Gazette No. 23/1967, as amended in the Federal Law Gazette No. 439/1984, regulated the formation of the company. There followed several changes of law that affected the legal basis of the company.

The company received a new legal underpinning with a new Act regulating the revised legal relationships of Österreichische Industrieholding Aktiengesellschaft and Post und Telekombeteiligungsverwaltungsgesellschaft (ÖIAG Act 2000 published in the Federal Law Gazette I No. 24/2000).

§ 1 para. 2 of the ÖIAG Act 2000 lists the principal purposes of the company are the disposal of shares (privatisation management); holding, administering and exercising ownership interests (investment management) in companies in which ÖIAG has invested or in which such ownership interests are due to be transferred to it by act of parliament or legal transaction (holdings); as well as the acquisition of ownership interests in accordance with § 9 paras. 2 and 3 of the ÖIAG Act 2000.

The ÖIAG Act 2000 gives the Republic of Austria a mandatory claim to 80% of the profits arising from the privatisation of holdings. Counterclaims related to liabilities for which the Republic of Austria refunds interest and repayments to ÖIAG limit the level of this mandatory claim. 20% of the profits are used to service the subordinated shareholder loan shown in ÖIAG's balance sheet. Once the subordinated shareholder loan has been repaid, the Republic of Austria's claim increases to 100% of the profits arising from the privatisation of holdings.

Interest payments due in any particular year on the liabilities for which interest and repayments are refunded, have to be covered by the net profit from the previous year. The Republic of Austria's outstanding guarantee for ÖIAG and Post und Telekombeteiligungsverwaltungsgesellschaft's liabilities remains in effect until all such liabilities have been honoured.

In accordance with the ÖIAG Act 2000, Post und Telekombeteiligungsverwaltungsgesellschaft (PTBG) and Post und Telekom Austria AG (PTA) merged into

ÖIAG as of 31 December 1999 without being wound up by transferring all their assets by way of universal succession. As of 31 December 2000, Print Media Austria AG and IBVG Industrie- und Beteiligungsverwaltung GmbH together with its subsidiary ÖIAG-Elektroindustrie Beteiligungsverwaltung GmbH were merged by way of universal succession into ÖIAG.

Accounting and valuation principles

Accounting and valuation are undertaken according to the going-concern approach, exercising due diligence and the principles of imparity of realisation. The presentation complies with the legal requirements and is consistent with past accounting and valuation practices.

There was no change in the valuation methods employed during the year under review as compared to those of the previous year. No accounting aids were employed.

The financial statements as of 31 December 2001 were presented for the first time in euro.

Fixed assets

Intangible assets are assessed at purchase cost and subjected to scheduled depreciation by the straight-line method, using depreciation rates of 20 – 33.3%.

Tangible assets are valued at acquisition and/or production cost less scheduled depreciation, arrived at using the straight-line method. Extraordinary depreciation is taken in cases where there is likely to be a lasting reduction in value.

Low-value assets (costing up to € 400 to acquire or produce) are fully depreciated in the first year and shown as disposals.

The following charges are assessed in relation to the scheduled depreciation of tangible fixed assets:

Buildings	1.7 – 10%
Factories and office equipment	10.0 – 25%

Holdings are valued at the cost of acquisition, with long-term decreases in value taken into account through extraordinary depreciation.

Investment securities are shown at the cost of acquisition or, in the case of a reduction in value, at the value quoted on the reporting date.

Miscellaneous loans are shown at their nominal value or at the lower cash value as of the reporting date.

Current assets

Goods and services not yet invoiced are shown at the cost of production. Receivables and other assets are capitalised at their nominal value. Recognisable risks are taken into account through the application of appropriate adjustments in value. Non-interest-bearing or low-interest receivables are discounted.

Provisions and liabilities

Provisions for severance payments as of the reporting date are created in an amount arrived at using actuarial methods. An interest rate of 6% p.a. is used in accordance with actuarial principles. The amount of **provisions for pensions** is arrived at using actuarial methods based on an interest rate of 3.5% and the going-concern method.

Other provisions take into account all identifiable risks as of the reporting date as well as unquantifiable liabilities.

Liabilities are shown at the amount repayable.

Amounts in foreign currencies are translated conservatively at their highest/lowest value except for currencies that have a fixed value in relation to the euro.

B. Notes to the balance sheet

a. Intangible assets and Tangible assets

Changes in intangible assets and tangible assets are reflected in the Schedule of Fixed Assets.

Obligations arising from the use of tangible assets not shown in the balance sheet amount to € 0.43 million in the following financial year. The total amount for the following five years adds up to € 2.16 million.

b. Financial assets

Details of the development of financial assets can be seen from the Schedule of Fixed Assets.

Securities include shares in investment funds as security cover for provisions for severance payments, pensions and anniversaries, and for any subsequent obligations arising from provisions transferred to the APK pension fund.

Miscellaneous loans on the reporting date include a long-term loan in the amount of € 0.05 million of which € 0.02 million is repayable within one year.

c. Receivables and other assets

Items	Balance-sheet value € million
Receivables from the supply of goods and services (previous year)	6.04 (0.08)
Receivables from associated companies (previous year)	0.29 (0.11)
Other receivables and assets (previous year)	7.73 (556.01)
Total	14.06
(Total previous year)	(556.20)

All of the receivables are due within one year.

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

According to § 14 para. 5 of the ÖIAG Act 2000, the obligation on the Republic of Austria to refund interest and repayments is reduced to the extent that its rights to share in ÖIAG'S profits arising from privatisations, can be set off in accordance with § 13 para. 2 (§ 1348 of the Austrian Civil Code). The Republic of Austria's profit-sharing rights in 2001 amounted to € 626.10 million. The Counterclaims accordingly dropped to € 1,977.87 million (previous year: € 2,603.97 million) as of 31 December 2001.

e. Prepaid expenses and accrued income

The prepaid expenses relate to amounts paid out before 31 December 2000 insofar as they represent expenses for a particular period after this date.

f. Capital stock

The Capital stock of € 363,365,000.00 is composed of 5,000 shares.

g. Provisions

Other provisions include specifically individual and general provisions for holdings totalling € 26.16 million and provision for leave not taken up, anniversary bonuses and other personnel expenses (€ 25.24 million) as well as provision for the compensation fund (€ 33.34 million).

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

On the reporting date, these liabilities amounted to € 1,977.87 million. In the balance sheet, those liabilities that were no longer covered by Counterclaims arising from the Republic of Austria's profit-sharing rights were transferred to Other liabilities. Following such transfer of € 3.75 million Counterclaims have now been fully set off.

i. Liabilities

Items	With a residual term of less than one year € million	With a residual term of more than one year € million	Balance-sheet value € million
Subordinated shareholder loan (previous year)	67.99 (289.91)	0.00 (0.00)	67.99 (289.91)
Bonds (previous year)	2.18 (2.18)	0.00 (2.18)	2.18 (4.36)
Other long-term liabilities (previous year)	0.00 (0.00)	0.00 (175.14)	0.00 (175.14)
Liabilities to banks (previous year)	61.64 (36.39)	602.91 (694.13)	664.55 (730.52)
Trade payables (previous year)	3.87 (9.09)	0.00 (0.00)	3.87 (9.09)
Liabilities to companies in which shares are held (previous year)	25.54 (22.51)	0.00 (0.00)	25.54 (22.51)
Other liabilities (previous year)	25.24 (296.25)	0.00 (0.00)	25.24 (296.25)
Total	186.46	602.91	789.37
(Total previous year)	(656.33)	(871.45)	(1,527.78)

§ 13 para. 1 of the ÖIAG Act 2000 requires that 20% of the profits arising from the privatisation of holdings be used to repay the Subordinated shareholder loan. The time left until the loan matures therefore depends on the extent to which profits are made on privatisations.

€ 24.85 million of the Liabilities to banks are due after 31 December 2006.

C. Notes to the income statement

a. Sales

	<u>2001</u>	€ million	<u>2000</u>
Allocations	0.07		0.10
Other	0.16		0.41
Revenues from domestic sales	0.23		0.51

b. Other operating income

	<u>2001</u>	€ million	<u>2000</u>
Income from the disposals of fixed assets with the exception of financial assets	0.69		0.02
Gains from the release of reserves	3.55		5.24
Other	4.61		1.37
	8.85		6.63

Other operating income in 2001 was mostly from current income such as rent and reimbursement of costs.

c. Personnel expenses

	<u>2001</u>	€ million	<u>2000</u>
Wages	0.05		0.00
Salaries	5.09		5.76
Expenses for severance payments	1.31		1.61
Expenses for pensions	11.24		1.24
Expenses for compulsory social security contributions and payroll taxes	1.07		1.13
Other social expenditure	0.10		0.11
	18.86		9.85

d. Other operating expenses

	<u>2001</u>	€ million	<u>2000</u>
Taxes, excluding income taxes	0.05		0.06
Other	30.06		62.19
	30.11		62.25

Along with expenses related to the privatisation of holdings, miscellaneous other operating expenses include operating and administrative costs for real estate, rents, fees and valuation adjustments.

e. Income from Holdings and related expenditure

	<u>2001</u>	€ million	<u>2000</u>
Dividends	472.26		242.68
Expenditure relating to Holdings	<u>-262.63</u>		<u>-137.80</u>
	+209.63		+104.88

f. Interest income and expenditure

	<u>2001</u>	€ million	<u>2000</u>
Other interest and similar income	31.15		29.04
Interest payments and similar expenditure	<u>-197.95</u>		<u>-238.13</u>
	-166.80		-209.09

g. Gains from the disposal and writing-up of financial assets and from current securities

The gains arose primarily from the sale of holdings in Austria Tabak AG (41.1%), Dorotheum Auktions-, Versatz- und Bank-GmbH (100%), Flughafen Wien AG (8.9%) and voestalpine AG (1%).

h. Expenses relating to the Republic of Austria's profit-sharing rights

The Expenses relating to the Republic of Austria's profit-sharing rights amounting to € 626.10 million (previous year: € 755.13 million) represents the Republic's mandatory right in 2001 under § 13 para. 2 of the ÖIAG Act 2000 to 80% of the profits arising from the privatisation of holdings. The Counterclaims related to liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria on the Assets side of the balance sheet are reduced by this amount.

i. Financial expenses from exchange rate losses

An exchange rate loss amounting to € 11.48 million arose in the financial year 2001 in connection with liabilities in Swiss Francs as a result of the higher exchange rate compared to the rate in the books.

j. Extraordinary result

The Extraordinary result of € 12.35 million (previous year: € 25.44 million) is composed of the result arising from mergers (+ € 30.25 million) less voluntary contributions by ÖIAG to the compensation fund (-€ 36.34 million) and to the Austrian Reconciliation Fund (-€ 6.26 million; previous year: -€ 25.44 million).

D. Boards, employees

a. In 2001, ÖIAG had an average of 54 employees (previous year: 58).

b. Severance payments and pensions:

Expenditure for	Severance payments		Pensions	
	2001 € million	2000 € million	2001 € million	2000 € million
Managing Board and senior executives	1.10	1.43	0.50	0.77
Other employees	0.20	0.18	10.74	0.46
Total	1.30	1.61	11.24	1.23

The increase in pensions under Other employees is due to the topping-up requirements for pensions that have been taken on by APK Pensionskasse AG; these topping-up obligations as of 31 December 2001, shown under Liabilities in the balance sheet, arise from the negative result of the assessment of the risks connected with the insured parties. The pension obligations come mainly out of previous mergers of companies (Austrian Industries AG / Vereinigte Edelmetallwerke AG) into ÖIAG.

c. Payments to Supervisory Board members totalled € 0.27 million.

d. Managing Board

Peter MICHAELIS (as of 1 July 2001)

Rainer WIELTSCH (as of 1 May 2002)

Rudolf STREICHER, Chairman of the Board
(until 31 January 2001)

Johannes DITZ (until 31 December 2001)

e. Supervisory Board

Alfred H. HEINZEL

Chairman

Managing Director of Heinzl, Bunzl Beteiligungs- und Liegenschaftsverwaltungsgesellschaft m.b.H.

Jürgen HUBBERT

First Vice Chairman

Member of the Managing Board of DaimlerChrysler AG Mercedes-Benz cars and Smart division

Hellwig TORGLER

Second Vice Chairman

Lawyer

Schönherr Solicitors

Paul ACHLEITNER

Member of the Managing Board of Allianz AG

Cornelius GRUPP

Chairman of the Supervisory Board of CAG Holding GmbH

Franz RAUCH

Managing Director of RAUCH Fruchtsäfte Gesellschaft m.b.H.

Veit SCHALLE

Chairman of the Managing Board of Billa AG

Veit SORGER

Chairman of the Managing Board of Frantschach AG

Paul TANOS

Managing Partner of

P. TANOS Immo- und Consulting GmbH

Erich WIESNER

Managing Director of Wiesner-Hager Baugruppe GmbH

Leopold ABRAHAM

Chairman of the Central Staff Council of OMV AG

Hans Georg DÖRFLER

Chairman of the Central Staff Council of
Österreichische Post AG (until 27 August 2001)

Gerhard FRITZ

Chairman of the Central Committee of
Österreichische Post AG (as of 30 October 2001)

Erich HUHNDORF

Chairman of the Central Committee of
Telekom Austria AG (as of 25 May 2001)

Josef LETTMAIER

Chairman of the Staff Council of
Elin EBG Elektrotechnik GmbH (until 15 March 2002)

Helmut OBERCHRISTL

Chairman of the Staff Council of
voestalpine Stahl Linz GmbH

Robert SULZBACHER

Chairman of the Central Committee of
Telekom Austria AG (until 30 April 2001)

E. Holdings

The information relating to equity and annual profits (losses) relates to the individual financial statements of the companies listed below. In the case of Böhler-Uddeholm AG, there is a significant difference between the company's financial statements (€ 36.32 million) and the consolidated financial statements (€ 69.64 million).

Name	Registered office	Year	Equity in €/ATS million	%-age equity holding	Annual profit (loss) in €/ATS million
APK Pensionskasse AG	Vienna	2000	ATS 192.96	27.3	ATS 7.06
Austrian Airlines					
Österreichische Luftverkehrs AG	Vienna	2001	€ 388.86	39.7	-€ 179.41
Böhler-Uddeholm AG	Vienna	2001	€ 374.45	25.0	€ 36.32
IMIB AG	Linz	2001	€ 17.63	100.0	-€ 3.32
ÖIAG-Bergbauholding AG	Vienna	2001	€ 16.72	100.0	€ 0.75
Österreichische Post AG	Vienna	2001	ATS 9,333.14	100.0	ATS 626.05
Österreichische Postbus AG	Vienna	2001	€ 89.29	100.0	-€ 42.06
OMV AG	Vienna	2001	€ 1,798.78	35.0	€ 337.32
SCHOELLER-BLECKMANN G.m.b.H.	Ternitz	2001	€ 3.85	99.0	€ 0.18
Strohal Rotationsdruck GmbH	Müllendorf	2000	€ 37.34	100.0	€ 2.95
Telekom Austria AG	Vienna	2001	ATS 27,923.96	47.8	-ATS 2,414.41
VOEST-ALPINE TECHNOLOGIE AG	Linz	2001	€ 423.71	24.0	-€ 130.22
voestalpine AG	Linz	2000/2001	€ 805.02	37.8	€ 61.54
VOEST-ALPINE Steinel GmbH	Linz	2001	€ 0.12	100.0	€ 0.00

The federal law dated 26 April 2000 which came into force on 17 May 2000, specifically rules out the consolidation of ÖIAG with its holdings.

ÖIAG is charged with the task of ensuring that companies in which it has a direct majority interest take all necessary steps to bring about the most favourable conditions for their privatisation. ÖIAG is only empowered to give instructions and guidelines aimed at achieving this goal.

Vienna, 3 May 2002

The Managing Board

Peter Michaelis m.p.
(Peter Michaelis)

Rainer Wieltch m.p.
(Rainer Wieltch)

Auditor's report

After due examination, we certify that the accounts and annual financial statements comply with the relevant legal provisions. The annual financial statements observe the principles of adequate and orderly accounting and to the maximum extent possible present a true and fair view of the company's assets, financial situation and profitability. The report of the Managing Board is in accordance with the annual financial statements.

Vienna, 3 May 2002

EUROPA TREUHAND  ERNST & YOUNG

Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft m.b.H.

Alfred Brogyányi m.p.
(Alfred Brogyányi)
Chartered Accountant

Gerhard Schwartz m.p.
(Gerhard Schwartz)
Chartered Accountant

Subsidiaries and associated companies

List of ÖIAG holdings
as of 31 December 2001

Abbreviation	Company, location	total ¹⁾ %	Holding of which indirect %	through
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Österreichische Industrieholding Aktiengesellschaft, Vienna

Domestic Holdings:

IMIB	IMIB Immobilien und Industriebeteiligungen AG, Vienna	100.000		
OEBAG	ÖIAG-Bergbauholding Aktiengesellschaft, Vienna	100.000		
ÖSTPOST	Österreichische Post Aktiengesellschaft, Vienna	100.000		
POSTBUS	Österreichische Postbus Aktiengesellschaft, Vienna	100.000		
SRD	Strohal Rotationsdruck GmbH, Müllendorf	100.000		

IMIB Immobilien und Industriebeteiligungen AG, Vienna

Domestic Holdings:

VAMED	VAMED Aktiengesellschaft, Vienna	13.000		IMIB
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ÖIAG-Bergbauholding Aktiengesellschaft, Vienna

Domestic Holdings:

BBU	Bleiberger Bergwerks-Union Aktiengesellschaft i.L., Bad Bleiberg	100.000	99.000 1.000	OEBAG OEBAV
GKB-B	GKB-Bergbau GmbH, Köflach	100.000	98.040 1.960	OEBAG OEBAV
OEBAV	ÖBAG-Beteiligungsverwaltung Gesellschaft m.b.H., Vienna	100.000		OEBAG
ERZBG	VOEST-ALPINE Erzberg Gesellschaft m.b.H., Eisenerz	100.000		OEBAG
MSE	Maschinen-Service Erzberg Gesellschaft m.b.H., Eisenerz	100.000	100.000	ERZBG
BMG	BMG Metall und Recycling GmbH, Arnoldstein	26.000		OEBAG

Abbreviation	Company, location	total ¹⁾ %	Holding of which indirect %	through
Österreichische Post Aktiengesellschaft, Vienna				
<i>Domestic Holdings:</i>				
PTHA Co	Post & Co Handels KG, Vienna	100.000	99.000 1.000	ÖSTPOST PTI
PTA OEG	Post & Co Vermietungs OEG, Vienna	100.000		ÖSTPOST
PTI	Post & Telekom Immobiliengesellschaft m.b.H., Vienna	100.000		ÖSTPOST
POSTBET	Post Beteiligungsges.m.b.H., Vienna	100.000		ÖSTPOST
PPSG	Post Paket Service GmbH, Vienna	100.000		ÖSTPOST
POSTADR	Postadress Austria GmbH, Vienna	100.000		ÖSTPOST
POSTVERS	POSTVERSICHERUNG Aktiengesellschaft, Vienna	60.000		ÖSTPOST
PTII	PTI Immobilienvermittlung GmbH, Vienna	100.000	100.000	PTI
SPÄTH	Späth Gesellschaft m.b.H., Vienna	74.000	59.000 15.000	OMW MEDIAS
GELDS	GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H., Vienna	0.200		ÖSTPOST
OMW	Omnimedia Werbegesellschaft m.b.H., Vienna	21.000		ÖSTPOST
OMNITEC	OMNITEC Informationstechnologie-Systemservice GmbH, Vienna	50.000		ÖSTPOST
EFSP	EFSP Immobilienentwicklung GmbH, Vienna	49.000	49.000	PTI
PTLI	PTL Immobilienentwicklungsges.m.b.H., Vienna	49.000	49.000	PTI
GWPD	Gebrüder Weiss Paketdienst Gesellschaft mbH, Feldkirch	30.000	30.000	PPSG
LMPD	Lagermax Paketdienst GmbH & Co KG, Salzburg	30.000	30.000	PPSG
SPD	Schachinger Paketdienst Gesellschaft m.b.H., Linz	30.000	30.000	PPSG

Abbreviation	Company, location	total ¹⁾ %	Holding of which indirect %	through
DPD	DPD Direct Parcel Distribution Austria GmbH, Vienna	74.500	37.250 18.625 18.625	GWPD LMPD SPD
M.A.I.	M.A.I. Werbegesellschaft m.b.H., Vienna	60.000	30.000 30.000	MEDIAS OMW
MEDIAS	MEDIASELECT Werbegesellschaft m.b.H., Vienna	85.000	85.000	OMW
MEDIAR	MediaRelations Werbegesellschaft m.b.H., Vienna	100.000	100.000	OMW
<i>International Holdings:</i>				
YELLOG	YELLOGISTICS Logistic Services Ltd., Slovenia	100.000		ÖSTPOST

Österreichische Post Aktiengesellschaft, Vienna

Domestic Holdings:

KOCH	Karl Koch Gesellschaft m.b.H., Horn	100.000		POSTBUS
PBK	Postbus Kraftfahrlinien GmbH, Judenburg	100.000		POSTBUS

Strohal Rotationsdruck GmbH, Müllendorf

Domestic Holdings:

RB	Registerschnitt Buchbinderei Gesellschaft mbH, Müllendorf	50.000		SRD
KSV	KS Vertriebs GmbH, Müllendorf	100.000	100.000	KSB

International Holdings:

KSB	KS Beteiligungs GmbH, Wassenberg	100.000		SRD
SZE-H	Széchenyi Nyomda Kft, Győr	100.000		SRD
K+S	Kraft-Schlötels GmbH, Wassenberg	100.000	100.000	KSB

Abbreviation	Company, location	total ¹⁾ %	Holding of which indirect %	through
Other ÖIAG Holdings				
<i>Domestic Holdings:</i>				
SB	SCHOELLER-BLECKMANN Gesellschaft m.b.H., Ternitz	100.000	1.000	OEBAV
VASHO	VOEST-ALPINE STEINEL Gesellschaft m.b.H., Linz	100.000		
APK	APK-Pensionskasse Aktiengesellschaft, Vienna	27.284		
AUA	Austrian Airlines Österreichische Luftverkehrs-Aktiengesellschaft, Vienna	39.720		
BUAG	Böhler-Uddeholm Aktiengesellschaft, Vienna	25.000		
OMV	OMV Aktiengesellschaft, Vienna	35.000		
TA	Telekom Austria Aktiengesellschaft, Vienna	47.800		
VATHO	VA Technologie Aktiengesellschaft, Linz	24.000		
STAAG	voestalpine AG, Linz	37.800		

¹⁾ = Total holding with respect to ÖIAG