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## **EANS-News: OMV Aktiengesellschaft / Report pursuant to section 65 para 1b in conjunction with sections 171 para 1 and 153 para 4 Stock Corporation Act**

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No Keyword

Wien - OMV Aktiengesellschaft  
Corporate register number: 93363z  
ISIN: AT0000743059

Please note:

This report is legally required in order to be able to transfer shares under the long-term, performance based incentive and compensation programs to employees and managers within OMV Group. Please be aware that the numbers of shares stated in this document are maximum amounts. The actual number of shares to be transferred depends on the achievement of different criteria, is - in particular - subject to a separate resolution by the Supervisory Board of OMV Aktiengesellschaft and may be significantly smaller.

Report pursuant to section 65 para 1b in conjunction with sections 171 para 1 and 153 para 4 Stock Corporation Act

The Executive Board of OMV Aktiengesellschaft ("OMV" or "Company") has been authorized by resolution of the Annual General Meeting of the Company held on May 18, 2016, for a period of 5 years from the adoption of the resolution, subject to the approval of the Supervisory Board, to dispose of or utilize stock repurchased or already held by the Company when the resolution was adopted to grant treasury shares to employees, senior employees and/or members of the Executive Board/management boards of the Company or one of its affiliates including for purposes of share transfer programs, in particular long term incentive plans including (matching) share plans or other stock ownership plans, under exclusion of the general purchasing possibility of shareholders (exclusion of subscription rights). The authorization can be exercised as a whole or in parts or even in several tranches by the Company, by a subsidiary (Section 189a Number 7 Commercial Code) or by third parties for the account of the Company.

The Executive Board and the Supervisory Board of OMV intend to make use of such authorization and to resolve upon an allocation of up to a maximum of 97.217 (for members of the Executive Board), a maximum of 633.068 (for other Senior Executives) and a maximum of 25.041 (for Potentials) treasury shares in the Company under the Long Term Incentive Plan 2015 (LTIP 2015), which was approved by the Annual General Meeting of the Company on May 19, 2015, and under the Share Part of the Annual Bonus (previously Matching Share Plan; MSP) 2017, which was approved by the Annual General Meeting of the Company on May 24, 2017, to members of the Executive Board and Senior Executives and Potentials of OMV Group. The actual number of shares to be transferred is subject to performance, depends on the resolution of the Supervisory Board of OMV Aktiengesellschaft and will be published separately. The Executive Board and the Supervisory Board of OMV Aktiengesellschaft, represented by the Remuneration Committee, therefore report as follows.

### **R E P O R T:**

#### **1. Long Term Incentive Plan 2015**

## Plan purpose and objectives

The Long Term Incentive Plan (LTIP) 2015 is a performance based and long-term compensation instrument for the Executive Board, selected Senior Managers and other employees ("Potentials") of OMV Group that promotes mid- and long-term value creation at OMV and aligns the interests of management and shareholders by providing management with the possibility to receive shares in the Company subject to performance (measured against key indicators linked to the medium-term strategy and shareholder return). The plan also seeks to prevent inadequate risk-taking.

The defined performance criteria must not be amended during the performance period of the LTIP 2015.

## Eligibility

Executive Board members are obliged to participate. Selected Senior Managers of OMV Group may participate in the LTIP 2015. Other employees of OMV Group that have been nominated via the Career & Succession Planning process ("Potentials") may also participate in the LTIP 2015.

The nomination of Senior Managers to the LTIP 2015 was made by the Executive Board of OMV Aktiengesellschaft. Potential share transfers are based on the performance of the respective Senior Manager in the respective year and may not be granted at all or granted on a pro rata basis.

## Personal share ownership rules

There is no requirement for an upfront investment in OMV shares to participate in the LTIP 2015. However, Executive Board members and Senior Managers are required to build up an appropriate volume of shares in the Company and to hold these shares until retirement or leaving the Company. The shareholding requirement is defined as a percentage of the annual gross base salary (14 times (i) the January gross base salary or (ii) the gross base salary for the first month as participant in the LTIP 2015):

- \* CEO: 200%
- \* Deputy CEO: 175%
- \* Other Executive Board members: 150%
- \* Senior Managers: 75%

Executive Board members must achieve the required shareholding within 5 years after the start of their respective current contract as Executive Board member.

Basis for the calculation of the respective number of required shares is the average share price over the 3-month period January 1, 2015 - March 31, 2015 (= average of closing prices at Vienna Stock Exchange). Once the above percentage has been reached, subsequent changes in the share price do not influence the number of shares required. In case and to the extent of a salary increase of Executive Board members the number of required shares has to be adapted.

Shares granted to Executive Board members under the Share Part of the Annual Bonus or the Matching Share Plan and vesting under LTIP 2015 and former LTIPs as well as investments made for previous LTIPs and/or Stock Options Plans count towards this shareholding requirement, provided that they are held on an OMV trustee deposit. Private shares may be transferred to the OMV trustee deposit to be counted towards the shareholding requirement.

Dividends for the required shares held on OMV trustee deposits are paid out in cash. Senior Managers are not obliged to hold Company shares if this is prohibited by law in the countries where the respective Senior Managers work.

## Grant levels

The maximum number of shares granted under the LTIP 2015 is expressed as a percentage of the annual gross base salary:

- \* 175% for the CEO
- \* 150% for the Deputy CEO
- \* 125% for other Executive Board members
- \* 112.5% for Senior Managers

In case the respective Executive Board member is appointed later than 1 January 2015, the grant for 2015 is calculated on a pro rata basis. The same applies for an exit during 2015. The allocation of shares to Executive Board members is made by the Supervisory Board or the Remuneration Committee of the Supervisory Board. The allocation of shares to Senior Managers is made by the Executive Board.

#### Plan mechanisms

The maximum number of shares to be granted to the participant at the Vesting Date shall be calculated as follows: The relevant amount for each participant (determined based on the percentage as mentioned under "Grant levels" above) divided by OMV's average share price (= closing price at the Vienna Stock Exchange) over the 3-month period January 1, 2015 to March 31, 2015. The number of shares will be rounded down. Prior to the Vesting Date the potential shares are "virtual", meaning that the participants do not hold these shares and have no voting or dividend rights. On the Vesting Date, the definite number of shares shall be calculated based on the achievement of the performance criteria and then made available to the participant.

The final number of shares is calculated by multiplying the maximum grant of shares with the overall percentage of performance achievement.

#### Effective dates and term

- \* Plan commencement: January 1, 2015
- \* Performance period: 3 years (January 1, 2015 to December 31, 2017)
- \* Vesting date: March 31, 2018

#### Performance criteria and weightings

The performance criteria focus on sustained value creation across three areas of performance: Total Shareholder Return (70%), Long-term transformation management element (20%) and Sustainability element (10%).

In 2015, the specific performance targets were set for the performance period (January 1, 2015 until December 31, 2017) and communicated to the plan participants. The performance criteria must not be modified thereafter.

#### Share transfer/pay-out

To the extent that the shareholding requirement is not fulfilled, the payment will automatically be made in shares until the requirement is reached. In case the shareholding requirement is already fulfilled, the Executive Board Members and Senior Managers can opt for (i) single payment in shares, (ii) single payment in cash, or (iii) cash payment in instalments. Participants must make this decision by quarter three of the year in which the plan starts. If this decision cannot be made due to compliance relevant information the payment will automatically be made in cash. The transfer of shares or cash payment to the participants is generally made net after deduction of taxes (in Austria payroll tax deduction).

If the approval of the share transfer has been given by the Supervisory Board on the Vesting Date or earlier, transfer of the shares to be transferred under the LTIP 2015 will be executed on the business day following the Vesting Date, otherwise the transfer takes place at the beginning of the month following the approval, in each case subject to legal restrictions, if any. The Company does not cover any share price risk caused by the delay or by the transfer.

If a payment is made in cash, the amount will be calculated by using OMV's average share price (=average of the closing prices at the Vienna Stock Exchange) of the time period 14 working days (where the Vienna Stock Exchange is

open) prior to the Vesting Date until Vesting Date (if this day is not a business day, then the respective business day before).

In case any payment in cash or transfer of shares is based on incorrect data, the amounts will be corrected accordingly.

#### Rules for leaving participants

- \* Bad leavers: Unvested awards are forfeited
- \* Good leavers: Unvested plans continue
- \* Retirement, permanent disability: Unvested plans continue
- \* Death: Unvested plans are valued and settled in cash per date of death. The value shall be calculated based on the actual performance until the date of death plus budget/MTP numbers for the remaining time.

#### Change of control in the ownership structure

In case of early termination of the appointment as an Executive Board member and/or the related employment contract declared by the company following a change of control in OMV, the full amount of the award is paid out in cash immediately subject to the projected target achievement at that time.

All other early terminations following a change of control in OMV result in the application of the leaver concept (bad leaver or good leaver, see above).

#### LTIP for Potentials

For the LTIP for Potentials certain deviations from the LTIP as described above apply. In particular there is no requirement for an own shareholding. The maximum award for each participating person amounts to EUR 35,000.--. Payment is generally made in shares and in one single transaction.

## 2. Share Part of the Annual Bonus 2017

#### Plan purpose and objectives

The Share Part of the Annual Bonus 2017, as integral part of the annual bonus agreement is a long-term incentive and compensation instrument for Executive Board members that promotes retention and shareholder alignment, combining the interests of management and shareholders via a long-term investment in restricted shares of OMV. The plan also seeks to prevent inadequate risk-taking. The Share Part of the Annual Bonus provides for a transfer of shares which are counted towards the shareholding requirements under existing and future Long Term Incentive plans until the requirements are reached (see Vesting/Payout below). All shares to be granted under the Share Part of the Annual Bonus 2017 will be used to fulfill such personal investment and shareholding requirements under the LTIPs, will be transferred to a trustee deposit account of the Company and will be subject to a holding period.

Based on the resolution of the Annual General Meeting of the Company held on May 24, 2017, an award of shares will be made to Executive Board members to match 100% of their gross annual cash bonus. The maximum gross annual cash bonus can amount to 100% of the annual gross base salary and - as the Share Part of the Annual Bonus - is based on the following performance criteria: 60% financial targets, 20% cost reduction targets and 20% capital projects targets.

The shares granted have to be reduced or returned in the case of a clawback event. Furthermore, if the shares were based on incorrect calculations of the bonus, the Executive Board members are obligated to return or pay back benefits obtained due to such wrong figures.

The performance criteria defined for the annual bonus must not be amended during the term of the Share Part of the Annual Bonus. However, significant changes in tax, legal and royalty issues might require target adjustments. A cap of 100% of the base salary is applicable.

## Plan mechanisms

Upon determination of the annual cash bonus by the Remuneration Committee of the Supervisory Board, the share grant will be allocated net (after deduction of taxes) in Company shares which shall be transferred to a trustee deposit, managed by the Company, to be held for three years. Dividends, if any, earned from the vested shares are paid out to the Executive Board members in cash.

## Determination of number of shares

Upon determination of the gross annual cash bonus an award of 100% of the total annual cash bonus earned in the previous year is allocated in Company shares. The number of shares awarded is calculated as follows:

Gross annual cash bonus amount divided by the average closing price for OMV shares at the Vienna Stock Exchange over the 3-month period November 1, 2017 - January 31, 2018. The resulting number of shares will be rounded down.

## Effective dates and term

- \* Plan start: January 1, 2017 as an integral part of the annual bonus agreement
- \* Vesting Date: March 31, 2018, subject to Supervisory Board approval
- \* Holding period: 3 years from vesting

## Share transfer/Pay-out

If authorization of the share transfer has been given by the Supervisory Board on Vesting Date or earlier, the transfer of bonus shares will be executed on the business day following the Vesting Date, otherwise the transfer takes place at the beginning of the next month following the authorization. The Company does not cover any share price risk caused by the delay or by transfer.

The payment of shares to the participants is made net after deduction of taxes (payroll tax deduction), in each case subject to legal restrictions, if any. The shares are subject to a holding period of 3 years.

## Leaving Executive Board members

The rules outlined above for the LTIP 2015 apply, however, the vesting of unvested awards for good leavers and in the case of retirement and permanent disability remains subject to a decision to be made by the Supervisory Board at its discretion.

## Clawback

Under the following circumstances, the Supervisory Board may reduce the number of shares vesting under the Share Part of the Annual Bonus or may request from the Executive Board members a retransfer of shares which have been granted or allocated under the Share Part of the Annual Bonus:

- \* Adjustment of audited financial statements due to a mistake
- \* Material failure of risk management which leads to significant damages (like Deep Water Horizon accident, Texas City Refinery accident)
- \* Serious misconduct of individual Executive Board member which violates Austrian law

## 3. Number of awardable shares

According to the above mentioned criteria of the LTIP 2015 as well as the Share Part of the Annual Bonus 2017 and the maximum achievements of the performance criteria the maximum numbers of bonus shares awardable to the current and former members of the Executive Board (EB member), other Senior Executives and Potentials are as set out below. The actual number of shares to be transferred is subject to a resolution by the Supervisory Board of OMV and will be published separately.

(i) Current and former members of the Executive Board:

CEO: 50.045

Deputy CEO/ EB member responsible for Upstream: 19.969

EB member responsible for Finance: 11.259

EB member responsible for Downstream: 13.135

Former EB members: 2.809

(ii) Other Senior Executives and Potentials:

Other Senior Executives: 633.068

Potentials: 25.041

The numbers of shares mentioned above are gross numbers at maximum performance achievement level. The actual number of shares to be transferred after assessment of the actual performance achievement will be a net amount after deduction of taxes and duties and will be published after the transfer on the website of OMV ([http://www.omv.com/portal/01/com/omv/OMV\\_Group/investors-relations/OMV\\_Share/Share\\_Buybacks\\_Sales/2018](http://www.omv.com/portal/01/com/omv/OMV_Group/investors-relations/OMV_Share/Share_Buybacks_Sales/2018) [[http://www.omv.com/portal/01/com/omv/OMV\\_Group/investors-relations/OMV\\_Share/Share\\_Buybacks\\_Sales/2018](http://www.omv.com/portal/01/com/omv/OMV_Group/investors-relations/OMV_Share/Share_Buybacks_Sales/2018)])).

4. Exclusion of shareholders' general possibility to purchase treasury shares

As outlined above, OMV treasury shares shall be granted to the members of the Executive Board, other Senior Executives and Potentials of OMV Group under the Long Term Incentive Plan 2015 and under the Share Part of the Annual Bonus 2017. OMV thereby intends to increase the focus of the participants on the long-term Company value and their identification with the Company. The LTIP 2015 and the Share Part of the Annual Bonus 2017 are performance-based and long-term compensation and incentive instruments which shall promote the mid- and long-term value creation at OMV, align the interests of the management and shareholders through long-term investment in shares and minimize risks. For such purpose it is necessary to exclude, in respect of the treasury shares used for the LTIP 2015 and the Share Part of the Annual Bonus 2017, the shareholders' possibility to purchase OMV treasury shares.

The LTIP 2015 was approved by the Annual General Meeting of the Company on May 19, 2015. The Share Part of the Annual Bonus 2017 was approved by the Annual General Meeting of the Company on May 24, 2017.

Therefore, the interest of the Company prevails over the shareholders' interest in having a possibility to utilize or purchase OMV treasury shares. Taking into account all considerations set out above, the exclusion of the shareholders' possibility to purchase treasury shares is necessary, reasonable, appropriate, in the best interest of the Company and therefore objectively justified.

Vienna, February 2018 The Executive Board and the Supervisory Board

Further inquiry note:

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