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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

Vienna - OMV Aktiengesellschaft  
Corporate register number: 93363z  
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### **PLEASE NOTE:**

This report is legally required in order to be able to transfer shares to employees and managers within OMV Group under the long-term, performance based incentive and compensation programs. 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 treasury shares repurchased or already held by the Company when the resolution was adopted to grant 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 and also 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 173.931 (for members of the Executive Board) as well as a maximum of 575.870 (for other Senior Executives) treasury shares in the Company under the Long Term Incentive Plan 2016 (LTIP 2016), which was approved by the Annual General Meeting of the Company on May 18, 2016, and under the Share Part of the Annual Bonus 2018 ("Equity Deferral" previously Matching Share Plan), which was approved by the Annual General Meeting of the Company on May 22, 2018, to members of the Executive Board and Senior Executives of OMV Group. The actual number of shares to be transferred is subject to performance under these programs, depends on the resolution of the Supervisory Board of OMV and will be published separately. The Executive Board and the Supervisory Board of OMV, represented by the Remuneration Committee, therefore report as follows:

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

#### **1. Long Term Incentive Plan 2016**

##### **Plan purpose and objectives**

The Long Term Incentive Plan (LTIP) 2016 is a performance based and long-term compensation instrument for the Executive Board and selected Senior Managers 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.

#### Eligibility

Executive Board members are obliged to participate. Selected Senior Managers of OMV Group may participate in the LTIP 2016. The nomination of Senior Managers to the LTIP 2016 was made by the Executive Board of OMV. 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 2016. 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 2016):

- Chief Executive Officer: 200%
- Deputy Chief Executive Officer: 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, 2016 - March 31, 2016 (= average of closing prices at Vienna Stock Exchange). The calculated number of shares is rounded up. 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 accordingly.

Shares granted to Executive Board members under the Share Part of the Annual Bonus ("Equity Deferral", previously Matching Share Plan) and shares vesting under LTIP 2016 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, if any, for the 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 2016 is expressed as a percentage of the annual gross base salary:

- 175% for the Chief Executive Officer
- 150% for the Deputy Chief Executive Officer
- 125% for other Executive Board members
- 112.5% for Senior Managers

In case the respective Executive Board member is appointed later than 1 January 2016, the grant for 2016 is calculated on a pro rata basis. The same applies for an exit during the year 2016. 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, 2016 to March 31, 2016. 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. After the performance period, the definite number of shares shall be calculated based on the achievement of the performance criteria and made available to the participant on the Vesting Date.

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

## Effective date and term

- Plan commencement: January 1, 2016
- Performance period: 3 years (January 1, 2016 to December 31, 2018)
- Vesting date: March 31, 2019

## Performance criteria and weightings

The performance criteria focus on sustained value creation across three areas of performance: Total Shareholder Return (70%), Cash Flow elements (20%) and Sustainability element (10%).

In 2016, the specific performance targets were set for the performance period (January 1, 2016 until December 31, 2018) and communicated to the plan participants. The performance criteria must not be modified thereafter. However - in order to maintain the incentivizing character of the program - the Supervisory Board will have discretion to adjust the threshold/target/stretch levels (but not the criteria as such) in case of significantly changed market conditions and/or other special circumstances.

## 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 can opt for (i) single payment in shares, or (ii) single payment in cash, and Senior Managers can opt for (i) single payment in shares, (ii) single payment in cash, or (iii) cash payment in instalments. Participants had to make this decision by quarter three of the year in which the plan started. If this decision could not 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 2016 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 (see above).

## 2. Share Part of the Annual Bonus 2018 ("Equity Deferral", previously Matching Share Plan)

#### Plan purpose and objectives

The Share Part of the Annual Bonus 2018 ("Equity Deferral" previously Matching Share Plan), as an integrated element 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 2018 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 22, 2018, an award of shares will be made to Executive Board members in the amount of 1/3 of their Annual Bonus. 2/3 of their Annual Bonus will be paid out as a Cash Bonus. In total, the maximum Annual Bonus can amount to 180% of the target bonus defined in the respective Executive Board member's contract.

#### Performance criteria and weightings

The Annual Bonus is based on the following performance criteria: 80% financial targets, 20% operational target. In addition, a Sustainability Multiplier with a value between 0.8 and 1.2 (this is +/- 20%) is applicable to the overall target achievement, which will be determined at the discretion of the OMV Supervisory Board on the basis of pre-defined criteria.

The shares granted have to be reduced or returned in the case of a clawback event. Furthermore, if the shares were allocated 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 ("Equity Deferral" previously Matching Share Plan). However - in order to maintain the incentivizing character - the Supervisory Board has the discretion to adjust the threshold/target/maximum levels for the Financial Targets based on actual oil/gas price, fx-rate, etc. compared to assumptions at the time of target setting in case of material changes in external influences. The adjustment is possible in both directions and will be determined by the OMV Supervisory Board.

#### Plan mechanisms

Upon determination of the Annual Bonus by the Supervisory Board, one third of the Actual Annual Bonus is allocated in shares and deferred / the other two thirds are paid out in cash. The share grant will be made 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 (holding period). Dividends, if any, earned from the vested shares are paid out to the Executive Board members in cash.

#### Determination of number of shares

The number of shares awarded is calculated as follows:

One third of the gross amount of the Actual Annual Bonus divided by the average closing price for OMV shares at the Vienna Stock Exchange over the 3-month period November 1, 2018 - January 31, 2019. The resulting number of shares will be rounded down. Executive Board members may be granted shares up to a maximum of one third of the Annual Bonus (i.e. one third of the maximum total target achievement of 150% and the maximum Sustainability Multiplier of 20%).

#### Effective dates and term

- Plan start: January 1, 2018 as an integral part of the Annual Bonus
- Vesting Date: March 31, 2019, subject to Supervisory Board approval
- Holding period for share part ("Equity Deferral"): 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. As the plan's payout structure is pre-defined and does not require an active decision by the Executive Board members, transfer will be executed irrespective of trading windows. 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, in each case subject to legal restrictions, if any. The shares have to be held three years from vesting (holding period).

In addition to the payout caps defined for the LTIP and the Annual Bonus, a maximum Total Annual Compensation is defined by the Supervisory Board for each Executive Board member. This maximum Total Annual Compensation consists of the fixed remuneration, the Annual Bonus (Cash Bonus and Equity Deferral at the time of vesting) and the payout under the LTIP (cash or share value at the time of vesting). The value of shares vesting under the Equity Deferral and LTIP will be calculated by using OMV's share price at vesting date.

#### Leaving Executive Board members

The rules outlined above for the LTIP 2016 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

Based on the above mentioned criteria of the LTIP 2016 as well as the Share Part

of the Annual Bonus 2018 and the respective maximum achievements of the performance criteria, the maximum numbers of bonus shares awardable to the current and former members of the Executive Board and other Senior Executives 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:

Chief Executive Officer : 86.691

Deputy Chief Executive Officer/ Executive Board member responsible for Upstream  
43.334

Executive Board member responsible for Finance: 29.834

Executive Board member responsible for Downstream: 14.072

Former Executive Board members: 0

(ii) Other Senior Executives: 575.870

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 (<https://www.omv.com/en/investor-relations/omv-share/mandatory-disclosures>).

#### 4. Exclusion of shareholders' general right to purchase shares

As outlined above, OMV treasury shares shall be granted to the members of the Executive Board and other Senior Executives of OMV Group under the LTIP 2016 and under the Share Part of the Annual Bonus 2018. OMV thereby intends to increase the focus of the participants on the long-term Company value and their identification with the Company. The LTIP 2016 and the Share Part of the Annual Bonus 2018 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 2016 and the Share Part of the Annual Bonus 2018, the shareholders' right to purchase OMV shares. The

LTIP 2016 was approved by the Annual General Meeting of the Company on May 18, 2016. The Share Part of the Annual Bonus 2018 was approved by the Annual General Meeting of the Company on May 22, 2018.

Therefore, in relation to the utilization of the treasury shares described above, the interest of the Company prevails over the shareholders' interest in having a possibility to purchase OMV shares in the course of the utilization/ sale of 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 2019 The Executive Board and the Supervisory Board

Further inquiry note:

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