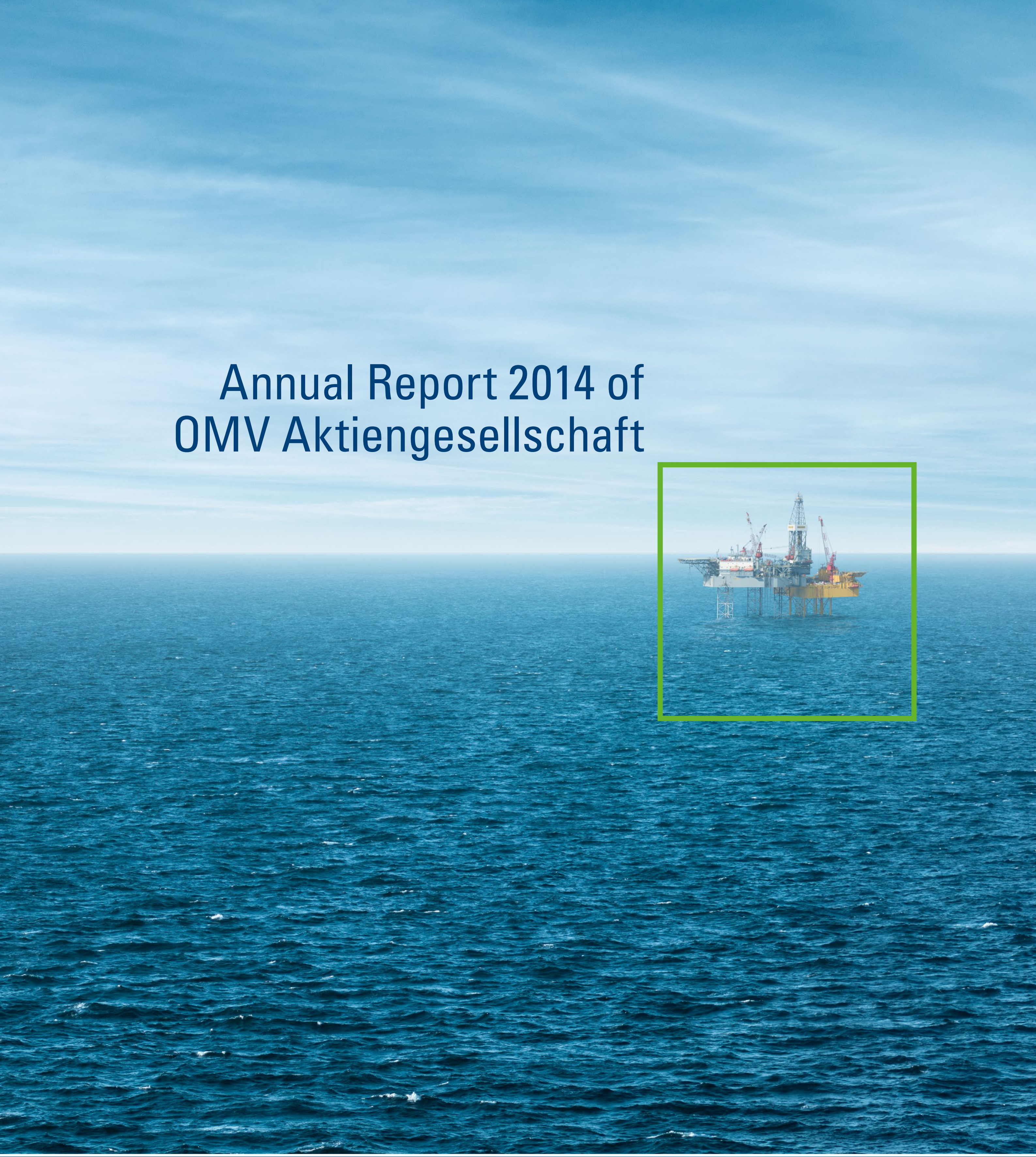
Annual Report 2014 of OMV Aktiengesellschaft



OMV Aktiengesellschaft

Moving more. Moving the future. OMV

Annual Report 2014 of OMV Aktiengesellschaft

Report of the Supervisory Board

Dear shareholders,
In 2014, the Supervisory Board thoroughly monitored the conduct of OMV's business by the Executive Board and advised the Executive Board in the decision-making process. The Executive Board provided us with timely and comprehensive information on business operations, the overall economic situation in the company's core markets and the operating environment, as well as business opportunities and risks for OMV.

Work of the Supervisory Board
In 2014, one of the main focus areas of our work was a thorough assessment of the future strategic positioning of the business segment Gas and Power, taking into account the dramatic change in the market environment. In October, we decided to integrate the business segment Gas and Power into the business segment Refining and Marketing, thereby creating a combined business segment "Downstream". We also intensively discussed with the Executive Board the progress report on OMV's strategy and reconfirmed its principles to grow upstream and to optimize downstream, both being adjusted to changing market conditions. OMV will remain an integrated oil and gas company pursuing value-creating growth by means of an even more balanced risk strategy in the future. In this context, special focus shall be placed on increasing profitability, an optimized risk profile as well as on a sustainable dividend policy. In line with the strategy of targeting upstream growth, the Supervisory Board discussed and approved upstream investment projects in Bulgaria, New Zealand, Norway, Romania, Tunisia and the UK and a divestment in KRI as well as measures aiming at further optimizing the downstream business in Austria, Romania and Turkey. On OMV Group's financing, we supported a new EUR 750 mn Eurobond transaction, a loan agreement with the European Bank for Reconstruction and Development and other refinancing transactions, enhancing OMV's debt maturity profile. Other focus areas included the annual planning process for the medium-term period (2015-2017), the budget for the financial year 2015, and the investment program going forward, reflecting lower oil prices. Finally, we discussed other key issues such as an investor study and the annual report of the compliance officer.

Composition of the Supervisory Board
To expand the Supervisory Board's expertise in the upstream business, Roy Franklin (an internationally-renowned expert in the oil and gas industry) was elected for the first time as a member of the Supervisory Board at OMV's Annual General Meeting on May 14, 2014, following Norbert Zimmermann. Also in that meeting, the following persons were reelected as member of the Supervisory Board: Murtadha Al Hashmi, Alyazia Ali Saleh Al Kuwaiti, Wolfgang C. Berndt, Elif Bilgi Zapparoli, Helmut Draxler, Rudolf Kemler, Wolfram Littich, Herbert Stepic and Herbert Werner. There have been no changes regarding the employee representatives on the Supervisory Board.

Changes in the Executive Board
On September 16, 2014, Jaap Huijskes, Executive Board member responsible for Exploration and Production, informed the Chairman of the Supervisory Board that he intends to step down from his position in the first half of 2016 due to personal reasons. On October 14, 2014, the Supervisory Board and Gerhard Roiss agreed that Gerhard Roiss will resign from his position as Chairman of the Executive Board and CEO as of June 30, 2015. As of December 31, 2014, the process for the identification of suitable successor candidates for the positions of CEO, CFO (whose term is scheduled to end in March 2017 and who is therefore included in the search process) and the Executive Board member for Exploration and Production was ongoing. Following the decision to create a combined business segment Downstream headed by Manfred Leitner as of January 1, 2015, the Supervisory Board and Hans-Peter Floren agreed that Hans-Peter Floren, Executive Board member for Gas and Power, resigns as of December 31, 2014.

Supervisory Board committees
In preparation of the Annual General Meeting 2014, the Presidential and Nomination Committee identified the candidates for election to the Supervisory Board. Furthermore, it closely

monitored and advised on the process that led to the decision to create a business segment "Downstream" by integrating Gas and Power into the Refining and Marketing business segment. Finally, the Committee initiated the process to identify suitable successor candidates for the positions of CEO, CFO and Executive Board member for Exploration and Production. The Remuneration Committee prepared the amendments to the contract terms of Executive Board members Gerhard Roiss, Manfred Leitner and Hans-Peter Floren resulting from the changes in the Executive Board and continued to monitor the impact of the revised variable compensation system for the Executive Board agreed in 2012. To promote a combined focus on the achievement of the strategic objectives of OMV's strategy "Profitable Growth", it also introduced a long-term compensation scheme for Executive Board members (which is also aimed at around 250 members of the executive management). This "Strategic Incentive Plan" is based on virtual share grants paid out in cash equivalents, subject to achievement of defined performance measures, at the end of the plan period. The Audit Committee dealt with key issues relating to accounting processes, internal audit, risk management and improving the Group's internal control and management systems. Furthermore, the Audit Committee examined OMV's preparation for the changes resulting from the implementation of the Austrian Accounting Control Act (Rechnungslegungs-Kontrollgesetz) as well as procedures in the IT-environment safeguarding business and operations. OMV's Group auditor, Ernst & Young, participated in every meeting of the Audit Committee and we also took the opportunity at meetings to exchange views with the auditor without the presence of the members of the Executive Board on a regular basis. In order to keep up with the latest developments in corporate governance and financial reporting, we held a special workshop with OMV's Group auditor again this year. We performed our annual self-evaluation aimed at continuously improving both the efficiency and the effectiveness of our work, as well as to ensure that the Supervisory Board is capable of fulfilling its responsibilities towards shareholders and other stakeholders. Open discussions in an atmosphere of trust form the foundation for our deliberations and our communication with the Executive Board. The Corporate Governance Report contains additional information on the activities of the Supervisory Board and its committees.

Annual financial statements and dividend

After comprehensive review and discussions with the auditors at the Audit Committee and plenary meetings, which did not give rise to any qualifications, the Supervisory Board approved the directors' report, prepared in accordance with section 96 (1) Stock Corporation Act, and the financial statements of OMV Aktiengesellschaft for 2014, which were thereby approved pursuant to section 96 (4) of the Act. The same applies to the consolidated financial statements. The Supervisory Board likewise approved the Corporate Governance Report following its consideration by the Audit Committee. The Supervisory Board accepted the Executive Board's proposal to the Annual General Meeting to pay a dividend of EUR 1.25 per share and to carry forward the remainder of the profit for the year to new account. Finally, we would like to thank the Executive Board and the entire staff of the Group and its associated companies for their commitment and personal contribution in the financial year 2014, as well as all shareholders, customers and partners for their trust.

Vienna, March 18, 2015
For the Supervisory Board

Rudolf Kemler

Corporate Governance Report

OMV, as a publicly listed company with its headquarters in Austria, is dedicated to the principles of sound corporate governance. Austrian law, the articles of association, the internal rules for the corporate bodies and the Austrian Code of Corporate Governance (ACCG) provide the core legal framework for OMV's corporate governance. OMV has always sought to comply with best practice in corporate governance in order to ensure responsible management and control of the OMV Group, a high level of transparency for every stakeholder and, ultimately, the sustainable and long-term creation of value. OMV therefore also complies with the non-compulsory, best practice recommendations of the ACCG ("R-rules").

OMV adheres to the ACCG issued by the Austrian Working Group for Corporate Governance. The code is publicly accessible on www.corporate-governance.at. OMV's compliance with the ACCG in 2014 was evaluated externally by independent advisors. The report on the evaluation is available on www.omv.com and confirms that OMV conformed to all the C- and R-rules. As for C-rule 27, an explanation concerning the Strategic Incentive Plan is provided in the corresponding section in the remuneration report.

Executive Board

From left to right: Gerhard Roiss, David C. Davies, Manfred Leitner, Jaap Huijskes

Gerhard Roiss, *1952
Date of initial appointment: September 17, 1997
End of the current period of tenure:
June 30, 2015 (as agreed between Gerhard Roiss and the Supervisory Board on October 14, 2014).
Chairman of the Executive Board and Chief Executive Officer (since April 1, 2011).
Responsible for the overall management and coordination of the Group.

He studied business at Vienna, Linz and Stanford universities and subsequently had senior appointments at various companies in the consumer goods industry. In 1990, he was appointed to the board of PCD Polymere GmbH. In 1997, he joined the OMV Executive Board, heading Exploration and Production and Plastics until the end of 2001. From 2002 to 2011, he was Deputy Chairman of the Executive Board and responsible for Refining and Marketing.

David C. Davies, *1955
Date of initial appointment: April 1, 2002
End of the current period of tenure:
March 31, 2017
Chief Financial Officer (since April 1, 2002) and Deputy Chairman of the Executive Board (since April 1, 2011). Responsible for Finance and OMV Solutions GmbH.

Deputy chairman of the supervisory board of Borealis AG and member of the supervisory boards of Wiener Börse AG and CEESEG Aktiengesellschaft.

He graduated from the University of Liverpool, UK, with a degree in economics in 1978, and began his working life as a chartered accountant. He subsequently held positions with international corporations in the beverage, food and health industries. Before joining OMV, he was finance director at a number of British companies.

Jaap Huijskes, *1965
Date of initial appointment: April 1, 2010
End of the current period of tenure:
September 30, 2018. Jaap Huijskes has, however, announced to resign as member of the Executive Board in the first half of 2016. Responsible for Exploration and Production (E&P) since July 1, 2010. This business segment was renamed Upstream effective January 1, 2015.

He studied mechanical engineering and started his professional career with Shell. Within the Shell group, he held a number of engineering, petroleum engineering and economic roles and, most recently, held the position of executive vice president, responsible for major worldwide upstream projects. He has worked and lived in the UK, Norway, Oman, Australia and Russia, among other countries.

Manfred Leitner, *1960
Date of initial appointment: April 1, 2011
End of the current period of tenure:
December 31, 2017.
Responsible for Refining and Marketing (R&M), as well as for OMV Group's plastic and chemical interests. Following the integration of the business segment Gas and Power into the business segment R&M effective January 1, 2015, Manfred Leitner has been responsible for the newly combined business segment Downstream.

Member of the supervisory board of Borealis AG and chairman of the supervisory board of Erdöl-Lagergesellschaft m.b.H.

After graduating in commerce at the Vienna University of Economics and Business Administration, he joined OMV in 1985. After working for two years in the finance department of the E&P business unit, he became head of finance at OMV's branch in Tripoli, Libya. Following his return to Austria, he was in charge of the controlling department within E&P until 1997. He then moved to the R&M business segment, where he led the Planning & Controlling Department until 2002, and was Senior Vice President for Downstream Optimization and Supply from 2003 until 2011.

Hans-Peter Floren, *1961
Date of initial appointment: March 1, 2012
Hans-Peter Floren resigned as member of the Executive Board effective December 31, 2014. Responsible for Gas and Power (G&P) until December 31, 2014.

Hans-Peter Floren studied mechanical engineering and economics at the University of Essen, Germany. From 1987 on, he held a number of different management positions in the energy industry. In 1989, he joined Ruhrgas AG. Most recently, he was a member of the management board of E.ON Ruhrgas AG.

Working practices of the Executive Board
The approval requirements, responsibilities of individual Executive Board members, decision-making procedures and the approach to conflicts of interest are governed by the Internal Rules of the Executive Board. The Executive Board holds weekly meetings in order to exchange information and take decisions on all matters requiring plenary approval.

Remuneration report

The remuneration report provides an overview of the remuneration package for the Executive Board members. It outlines the principles of the remuneration policy and details of the different elements of remuneration including incentives and other benefits.

In 2014, the structure of the compensation for Executive Board members was supplemented by the Strategic Incentive Plan in order to support OMV's strategy "Profitable Growth".

Executive Board remuneration policy

The Executive Board members are employed under local Austrian terms and conditions and the salaries are therefore set in EUR (gross). Their employment contracts are concluded with OMV Aktiengesellschaft and governed by Austrian law. Reflecting additional responsibilities in Group companies, as of April 1, 2014 also new employment contracts have been concluded with Gerhard Roiss for OMV Exploration & Production GmbH and David C. Davies for OMV Solutions GmbH.

The remuneration of OMV's Executive Board members is at competitive levels for the relevant employment market, and has a strong performance-related component. Conformity with market rates is maintained by regular external benchmarking against peer groups such as European oil and gas companies and relevant Austrian and European industrial companies. PricewaterhouseCoopers LLP (PwC) acted as advisors to the Remuneration Committee throughout the year.

The performance-related component includes both short- and long-term elements. The measures used are based on financial and non-financial metrics. Specific projects related to the implementation of OMV's growth strategy are also taken into account.

Annual Remuneration

Base salary

The fixed base remuneration of Executive Board members is paid monthly as a salary. The employment contracts stipulate 14 payments per year to be paid on the last banking day of a month.

Non-cash benefits

Executive Board members receive a company car and are eligible for an accident insurance. Health coverage is only provided under the Austrian public social insurance system.

Bonus

The annual bonus consists of two elements: the cash bonus and the Matching Share Plan (MSP), both subject to the same performance criteria.

Depending on the achievement, a maximum of 100% of the base salary may be paid as variable cash remuneration in the following financial year **(cash bonus).**

Performance measures are agreed and then assessed at the end of the performance year. The performance criteria for the performance year 2014 are made up of the four areas set out below.

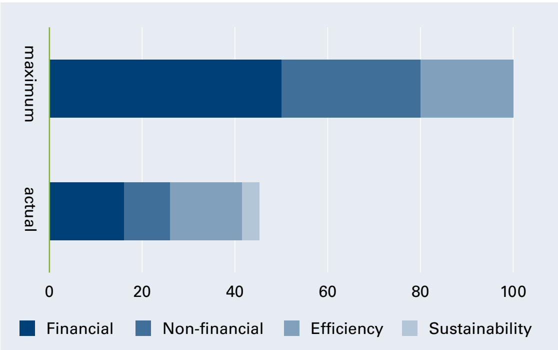
Area	Criteria
Financial	Clean CCS EBIT; Clean CCS ROACE
Non-financial	Production; Reserve Replacement Rate
Efficiency	Includes for example the execution of capital projects in time and in budget
Sustainability	General progress

The achievement of targets shall be determined by comparing agreed targets with actually achieved results. The actual achievements are reviewed by an independent expert. The award of the cash bonus is conditional upon the relative achievement of the performance criteria against agreed threshold, target and stretch levels entitling to an award of 50%, 70% or 100% of the annual base salary, respectively.

The actual achievements in 2014 result in a payment of 45.3% of the base salary to be paid in

2015. Financial and non-financial performance was adversely affected by a more challenging environment. Efficiency targets were mostly met. Improvements in the areas Skills to Succeed, Eco-Efficiency and Eco-Innovation led to a positive adjustment of the bonus achievement.

Bonus achievements in % of base salaries



The **Matching Share Plan** (MSP) for the year 2014, as approved by the Annual General Meeting in 2014, is the second element of the annual bonus agreement and serves as a long-term compensation vehicle for the members of the Executive Board that promotes retention and shareholder alignment in OMV, combining the interests of management and shareholders via a long-term investment in restricted shares. The plan also seeks to reduce inappropriate risk-taking. For Executive Board members, an award of shares will be made to the same amount of their realized gross annual cash bonus. The **performance criteria** for the annual bonus may not be amended during the term of the MSP. On determination of the annual cash bonus by the Remuneration Committee, the MSP 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. Executive Board members can choose between cash payment or shares if and to the extent that they have already fulfilled the minimum shareholding requirements for the Long Term Incentive Plan.

In line with the cash bonus, the actual achievements in 2014 result in a payment of 45.3% of the base salary to be paid in 2015.

In the case of a **clawback** event, shares granted will be reduced or may be clawed back upon request from the Supervisory Board. The following reasons are considered to be clawback events: reopening of audited financial statements due to miscalculation, material failure of risk management which leads to significant damages, and serious misconduct of individual Executive Board members which violates Austrian law. Furthermore, if the shares or cash equivalent

Executive Board remuneration [1] — EUR 1,000

Remuneration 2014	Roiss	Davies	Huijskes	Leitner	Floren	Total
Fixed (base salary)	913 [2]	841 [3]	713	579	600	**3,645**
Variable (cash bonus)	610	533	478	381	506 [4]	**2,508**
Benefits in kind (company car, accident insurance and reimbursed expenses)	10	10	10	9	6	**45**
Total	**1,532**	**1,385**	**1,202**	**969**	**1,112**	**6,199**
Variable (Matching Share Plan; in shares)	17,332 [5]	15,166 [5]	13,595	10,833 [5]	12,999	**69,925**
Fixed/variable ratio [6]	44/56	45/55	44/56	44/56	51/49	**46/54**
LTIP 2011 (in shares)	20,429 [5]	15,192 [5]	8,937 [5]	8,937 [5]	–	**53,495**

[1] There are discrepancies between individual items and totals due to rounding differences. The variable components relate to target achievement in 2013, for which the bonuses were paid in 2014. The base salary for David C. Davies includes an annual accommodation allowance. The base salaries for Gerhard Roiss, David C. Davies and Manfred Leitner were adjusted as of April 1, 2014 and the base salary for Jaap Huijskes was adjusted as of October 1, 2014
[2] Thereof EUR 300 thousand were paid out under the employment contract with OMV Exploration & Production GmbH
[3] Thereof EUR 248 thousand were paid out under the employment contract with OMV Solutions GmbH
[4] Including a fixed bonus component of EUR 181 thousand that was agreed upon joining OMV
[5] (Partly) paid out in cash
[6] Fixed includes base salary, benefits in kind and in case of Hans-Peter Floren the fixed bonus component; variable includes cash bonus and Matching Share Plan

were based on incorrect calculations of the bonus, the Executive Board members are obliged to return or pay back benefits obtained due to such wrong figures.

Summary of annual remuneration
Based on the assumption that the performance criteria for the cash bonus and the MSP are reached at target level, the total annual remuneration corresponds to 240% of the base salaries of the Executive Board members.

Long-term remuneration and incentives

Long Term Incentive Plan
The Long Term Incentive Plan (LTIP) has operated since its introduction in 2009 and has been granted on an annual basis since then. The LTIP 2014, as approved by the Annual General Meeting in 2014, is a long-term compensation vehicle for the members of the Executive Board that promotes mid- and long-term value creation in OMV. The plan seeks to align the interests of management and shareholders by granting OMV shares to management subject to performance against key measures linked to the medium-term strategy and shareholder return.

The maximum share grant for each Executive Board member is expressed as a percentage of the annual gross base salary: 175% for the Chairman of the Executive Board, 150% for the Deputy Chairman of the Executive Board, 125% for other Executive Board members.

The performance period is three years (January 1, 2014 until December 31, 2016). At the start of the program, weightings were established for key indicators:

Measure	Weighting
Relative Total Shareholder Return (Relative TSR)	50%
Reported Return On Average Capital Employed (ROACE)	40%
Sustainability element (including Safety)	10%

Relative TSR is measured against a well-balanced peer group of twelve oil and gas companies (i.e. Shell, BP, Total, Eni, Statoil, BG Group, Repsol, Galp Energia, MOL, Tupras, Neste Oil and PKN). The achievement of targets shall be determined by comparing agreed indicators with actually achieved results.

To the extent the shareholding requirement is not fulfilled, the payment will be automatically made in the form of shares (net after tax deduction). As far as the shareholding requirement is already fulfilled, the payout can be made in cash. The base for the calculation of the respective number of shares is the average closing price on the Vienna Stock Exchange of the OMV share over the three-month period from January 1, 2014 to March 31, 2014 (EUR 33.33). The LTIP 2014 vests on March 31, 2017. The vesting levels for each performance metric are shown in the tables.

ROACE and Sustainability: Level of vesting

Performance	Vesting
Stretch	100%
Target	70%
Threshold	50%
Below threshold	0%

Relative TSR: Level of vesting

Performance	Vesting
Stretch: at or above upper quartile (≥75th percentile)	100%
Target: at median (=50th percentile)	50%
Threshold: at lower quartile (=25th percentile)	25%
Below Threshold: below lower quartile (<25th percentile)	0%

Awards will vest on a straight line basis between the performance levels/quartiles.

Based on the assumption that all performance criteria of the LTIP 2014 are reached at target level, the awards will be 105%, 90% and 75% of the base salary for the Chairman of the Executive Board, the Deputy Chairman of the Executive Board, and the other Executive Board members, respectively.

Executive Board members are required to **accumulate an appropriate shareholding** in OMV and have to hold these shares until retirement or departure from the Company. The shareholding requirement is defined as a percentage of the

Shareholding requirement and fulfillment

	Shareholding requirement		Fulfillment	
	In shares	As % salary	In shares (on Company trustee deposit)	As % requirement
Roiss	68,635	200%	71,456 [1]	104.11%
Davies	52,487	175%	46,070	87.77%
Huijskes	40,210	150%	28,095	69.87%
Leitner	32,438	150%	28,207	86.96%
Floren	33,848	150%	22,725	67.14%

[1] As per January 31, 2015

annual gross base salary: 200% for the Chairman of the Executive Board, 175% for the Deputy Chairman of the Executive Board, 150% for other Executive Board members. The shareholding must be accumulated and achieved within five years after start of the current employment contract as Executive Board member. All Executive Board members have already fulfilled at least a part of their minimum shareholding requirement through MSP payouts, previous LTIP investments and/or transfer of private shares (see table).

The degree of fulfillment of the LTIP 2012 goals is 27.6% and the corresponding allocation of shares or cash payment will be made in 2015.

Strategic Incentive Plan

The Strategic Incentive Plan (SIP) is a long-term compensation scheme for Executive Board members (as well as for members of the executive management and selected E&P experts), promoting a combined focus on the achievement of the strategic objectives of OMV's strategy "Profitable Growth". It is based on virtual share grants that are paid out in cash equivalent, subject to achievement of defined performance measures, at the end of the plan period.

Each Executive Board member has to declare at the beginning of the program or at the beginning of the employment contract if he or she wants to participate in the SIP. Furthermore, each participating Executive Board member has to declare if he or she will participate with an additional personal investment. These declarations are then effective for the entire term of the plan.

Each participating Executive Board member will receive a grant from OMV ("OMV Grant") in virtual shares that reflect the performance of the underlying OMV shares (the "Phantom Shares") in up to five consecutive annual tranches between 2014 and 2018, amounting to 22.5% of the annual gross base salary per year. Every year, Executive Board members having declared to make a personal investment in the form of OMV shares ("Investment Shares") must do so in an amount of 11.25% of the annual gross base salary. Shares on OMV trustee deposits relating to previous share incentive programs will not be counted towards the personal investment component under the SIP. However, vested shares granted under existing share incentive programs that exceed the shareholding requirements of those programs may be counted as Investment Shares. If Investment Shares are contributed, the OMV Grant will be supplemented by OMV with a complementary grant (the "Complementary Grant") in a ratio of 1:2 (i.e. each Phantom Share of the OMV Grant will be supplemented with two additional Phantom Shares under the Complementary Grant).

The performance measures are:

- Average daily production of oil and oil equivalents in barrels on a yearly basis (440 kboe/d – 520 kboe/d, no payout in case production is <440 kboe/d) with vesting levels as shown in the table:

Production	
Performance	**Vesting**
Stretch	130%
Target	100%
Threshold	70%
Below Threshold	0%

- Relative ROACE: Depending on the ROACE in relation to the production growth (compared to a peer group of Shell, BP, Total, Eni, Statoil, BG Group, Repsol, Galp Energia and MOL) over the performance period, the achievement will be adjusted as shown in the table:

Relative ROACE ranking	
Performance	**Adjustment Factor**
Stretch: at or above upper quartile (≥75th percentile)	150%
Target: at median (=50th percentile)	100%
Threshold: at lower quartile (=25th percentile)	50%
Below Threshold: below lower quartile (<25th percentile)	0%

For both performance measures, there is a straight line vesting between threshold and stretch levels.

Further conditions applying in combination as a prerequisite for any payout:

- The target achievement has to be sustainable – minimum of eight years 1P reserves life
- The average ROACE must exceed the average WACC (Weighted Average Cost of Capital) over a three-year period prior to vesting of the SIP. If ROACE falls below WACC after 2021 (or earlier), future payments may be adjusted downwards (sole discretion of the Remuneration Committee of the Supervisory Board)
- No capital increase during the performance period of the SIP

The Supervisory Board and/or its Remuneration Committee retain the substantial discretion to amend the plan in order to reflect significant changes in circumstances at any time.

Under certain circumstances, the Supervisory Board may reduce or forfeit in full the payout under the SIP or may request repayment ("**clawback**"). The clawback provision will apply in defined cases of gross misconduct.

The **cash payout** of the equivalent of the OMV Grant and the Complementary Grant is subject to the fulfillment of the performance criteria as mentioned above and will be paid out at the end of the performance period after calculation of the final performance. Any awards will be released over a period of three years. A payment in the amount of dividend equivalents for the OMV Grant and the Complementary Grant – both adjusted for the level of the final performance achievement – will be paid out in cash as part of the three installments. All payments will be made net of taxes and contributions. If the defined production threshold is not reached or the relative ROACE ranking is below the lower quartile, no payout will be effected at all.

According to C-rule 27 of the ACCG, maximum limits shall be fixed in advance for the variable remuneration component. The SIP is dependent on the development of the share price of OMV and future maximum payouts can therefore not be calculated in advance.

Key facts	
Plan start	July 1, 2014
Grant period	2014-2018 (five annual tranches)
Performance period	July 1, 2014 – December 31, 2021 (only in case the production target of 520 kboe/d is already achieved in 2019 or 2020, the performance and payout periods will be brought forward correspondingly)
Vesting date	Last day of the month following the official performance confirmation
Payout period	2022-2024 (or earlier, analogous to the performance period; share price changes will impact the amounts)
Holding period (for Investment Shares)	Until the end of the payout period

The achievement of the targets shall be determined by comparing the agreed performance criteria with the actually achieved results. The achievement of all performance criteria will be confirmed by an external expert.

Stock Option Programs

Up to and including 2008, long-term incentives took the form of Stock Option Programs, which were in accordance with those of companies of comparable size. These plans provided for a holding period of two years followed by an exercise period of five years. The size of the tranches of options that may be exercised is at plan members' discretion, provided that the conditions are met (increase in the OMV share price set as a target when the plan was approved by the Annual General Meeting) and no blocking period is in force. Under the 2008 plan, an investment of one share confers options on 20 shares at a price of EUR 47.55. The options under the 2008 plan have not been exercised yet. No further stock options were issued after 2008.

Pensions

Gerhard Roiss is entitled to a defined benefit pension payment. The Company pays the contributions, calculated in accordance with discounted cash flow methods, into a pension fund (APK Pensionskasse AG). David C. Davies, Jaap Huijskes, Manfred Leitner and Hans-Peter Floren are entitled to defined contribution pension payments. The Company pays the contributions into a pension fund (APK Pensionskasse AG). The amount of the company pension depends on the amount of available capital in the pension fund. The annuitization is made in accordance with the pension fund's approved business plan. The retirement age for all Executive Board members is the Austrian statutory retirement age.

Pension fund contribution	EUR 1,000
Roiss	1,006
Davies	311
Huijskes	178
Leitner	145
Floren	150
Total	**1,790**

Termination benefits

In connection with the extension of the mandates of Gerhard Roiss and David C. Davies and a revised focus of their activities in support of OMV's strategy, their existing employment contracts were terminated as per March 31, 2014 and their respective termination benefits under these agreements were fully paid out, as shown in the table, in March 2014. Since then, all Executive Board members have been subject to the Betriebliche Mitarbeiter- und Selbständigenvorsorgegesetz (BMSVG, Salaried Employees and Self-Employed Provident Saving Act).

In accordance with C-rule 27a of the ACCG, the employment contracts with members of the Executive Board provide that settlement payments in the event of premature termination of such contracts without a material breach shall not exceed the amount set forth in the ACCG. No settlement payment is made if the Executive Board member terminates the contract prematurely. There are no other termination entitlements.

Termination benefits		EUR 1,000
	Roiss	**Davies**
Termination benefits	2,340	737
Payment for unconsumed holiday entitlement	624	–
Total	**2,964**	**737**

Note 31 provides additional information on the Long Term Incentive Plan, the Matching Share Plan, the Strategic Incentive Plan and the Stock Option Programs (valuation, outstanding options and exercise in previous years).

Directors' and officers' (D&O) insurance

OMV has concluded a Directors' and Officers' liability insurance (D&O insurance) on a Group-wide basis. The expenses are borne by the Company. This insurance covers Executive Board members, Supervisory Board members and other OMV employees (officers). Coverage is provided for the personal legal liability of insured persons for financial losses out of wrongful acts committed while acting within the scope of their function. For the actual insurance period, the yearly premium (including taxes) for the entire OMV Group D&O insurance amounts to approximately EUR 550,000.

Indemnity

The Executive Board and officers of direct and indirect subsidiaries of OMV Aktiengesellschaft are also indemnified against claims by third parties in respect of their actions in exercise of their duties, except in cases of willful intent or gross negligence.

Policy principles for the remuneration of senior management and expert levels

The basic salaries of such employees are set in accordance with internationally accepted methods for determining market levels of remuneration and with the relevant legal regulations and collective agreements. The principles applicable to the Executive Board are applied to these employees in adapted form.

Consequently, some employees at senior management levels of the Group (99 people) are eligible for membership of the Long Term Incentive Plan. They are also eligible for bonus agreements, as discussed below.

In 2014, a total of some 4,600 managers and experts participated in a graduated Management by Objectives (MbO) program entitling them to bonuses for fulfilling objectives. There are also bonus schemes for other employees, which vary from country to country. Employee representatives are involved in designing these incentive schemes.

In all these systems, payments are conditional on the attainment of financial and non-financial corporate targets, as well as individually agreed objectives.

Participants in MbO programs can inspect their goal-setting agreements using the group-wide Performance and Development System (PDS). This enables them to take account of each other's targets.

Supervisory Board

OMV's Supervisory Board consists of ten members elected by the General Meeting (shareholders' representatives) and five members delegated by the Group works council. All ten current shareholders' representatives were elected at the 2014 Annual General Meeting (AGM) for the maximum period as foreseen by the Aktiengesetz (AktG, Stock Corporations Act). The members of OMV's Supervisory Board in 2014 and their appointments to supervisory boards of other domestic or foreign listed companies are shown below.

Rudolf Kemler, *1956
(Chief Executive Officer, Österreichische Industrieholding AG (ÖIAG)), Chairman
Seats: Österreichische Post AG (chairman) and Telekom Austria AG (chairman).

Wolfgang C. Berndt, *1942
Deputy Chairman
Seats: GfK SE and Miba Aktiengesellschaft (chairman).

Murtadha Al Hashmi, *1966
(Chief Financial Officer, International Petroleum Investment Company (IPIC)), Deputy Chairman
Seat: Banvit Bandirma Vitaminli Yem Sanayii A.Ş.

Alyazia Ali Saleh Al Kuwaiti, *1979
(Head of Midstream, Power & Utilities Investments, IPIC).

Elif Bilgi Zapparoli, *1967
(Co-Head of Emerging Markets (Ex-Asia) Investment Banking, Country Executive for Turkey and Head of Global Sovereign Wealth Funds Coverage, Bank of America Merill Lynch).

Helmut Draxler, *1950
Seat: RHI AG.

Roy A. Franklin, *1953 (from May 14, 2014)
Seats: Keller Group plc. (non-executive chairman), SANTOS Group Ltd. and Boart Longyear Ltd.

Wolfram Littich, *1959
(Chairman of the executive board
of Allianz Elementar Versicherungs-AG).

Herbert Stepic, *1946
(Consultant).

Herbert Werner, *1948
Seats: Innstadt Aktiengesellschaft (chairman), Ottakringer Getränke AG (deputy chairman).

Norbert Zimmermann, *1947 (until May 14, 2014)
Seats: Schoeller Bleckmann Oilfield Equipment AG (chairman) and Oberbank AG (until May 13, 2014).

Delegated by the Group works council (employee representatives)
Christine Asperger, *1964,
Wolfgang Baumann, *1958,
Herbert Lindner, *1961,
Alfred Redlich, *1966,
Martin Rossmann, *1970.

More detailed information about all members of OMV's Supervisory Board, including their professional careers, can be downloaded from OMV's website at www.omv.com > About OMV > Corporate Governance & Organization > Supervisory Board.

Diversity
The main considerations in selecting the members of the Supervisory Board are relevant knowledge and experience in executive positions. Furthermore, aspects of diversity of the Supervisory Board with respect to the internationality of the members, the representation of both genders and the age structure are taken into account. The Supervisory Board includes three women and four non-Austrian nationals. The members of the Supervisory Board are aged between 35 and 72.

Independence
The Supervisory Board has defined the criteria that constitute independence (resolutions dated March 21, 2006 and March 25, 2009). In addition to the guidelines set out in Annex 1 of the ACCG, the Supervisory Board has established the following criteria with regard to its members elected by the General Meeting:

- A Supervisory Board member shall not serve on the executive board of an OMV Group company
- A Supervisory Board member shall not hold stock options issued by the Company or any affiliated company, or receive any other performance-related remuneration from an OMV Group company
- A Supervisory Board member shall not be a shareholder with a controlling interest in the meaning of EU Directive 83/349/EEC (i.e. a shareholder's interest of 50% or a dominant influence, e.g. through the right to appoint board members) or represent such a shareholder

All of the members elected by the General Meeting except (i) Rudolf Kemler, regarding the representation of a shareholder with controlling interest, and (ii) Helmut Draxler and Herbert Werner, regarding the duration of their terms, have declared their independence from the Company and its Executive Board during the 2014 financial year and up to the time of making such declarations (C-rule 53 of the ACCG). Under C-rule 54 of the ACCG, Wolfgang Berndt, Elif Bilgi Zapparoli, Helmut Draxler, Roy Franklin, Wolfram Littich, Herbert Stepic, Herbert Werner and Norbert Zimmermann have made declarations to the effect that they were not shareholders with a stake of more than 10% or represented such shareholders' interests during the financial year 2014 and up to the time of making such declarations. In the case of Norbert Zimmermann these declaration relate to the period up to his leaving office as member of the Supervisory Board on May 14, 2014.

Working practices of the Supervisory Board

The Supervisory Board fulfills its duties – in particular supervising the Executive Board and advising it on strategy – by discussing the Company's situation and objectives during board meetings. Decisions are also taken at these meetings, except in cases of urgency where decisions can be taken by circular vote. The set-up of four committees ensures that best possible use is made of the Supervisory Board members' expertise. Brief descriptions of these committees are given below (see also the Report of the Supervisory Board for an overview of the individual committees' main activities in 2014).

In 2014, the Supervisory Board held six meetings. In two of these meetings the Executive Board and the Supervisory Board thoroughly discussed OMV's strategy. With the exception of Herbert Stepic, no member of the Supervisory Board attended fewer than half of the meetings.

The Supervisory Board performed a self-evaluation and discussed the efficiency of its activities, in particular its organization and work procedures.

Presidential and Nomination Committee

This committee is empowered to take decisions on matters of urgency. The Supervisory Board may transfer other duties and powers of approval to the Presidential and Nomination Committee on an ad hoc or permanent basis. In its capacity as the Nomination Committee, this body makes proposals to the Supervisory Board for the appointment or replacement of Executive Board members and deals with succession planning. It also makes recommendations to the General Meeting for appointments to the Supervisory Board. There were nine meetings of the Presidential and Nomination Committee in 2014, in which discussions focused on OMV's strategy and the future of OMV's R&M and G&P activities leading to the creation of a combined business segment Downstream. Executive and Supervisory Board matters as well as OMV's succession planning system were further key issues of discussions.

Audit Committee

This committee performs the duties established by section 92 (4a) Stock Corporation Act. The committee held six meetings during the year. It predominantly dealt with preparations for the audit of the annual financial statements, assessment of the auditors' activities, internal audit, internal control and risk management systems, as well as the presentation of the annual financial statements.

Auditors

The Supervisory Board monitors auditors' independence and reviews a breakdown of the audit fees and fees for additional services besides auditing activities. In 2014, the auditors Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (including their network in the meaning of section 271b Code of Commerce) received EUR 2.39 mn for the annual audit, EUR 1.25 mn for other assurance services and EUR 0.21 mn for other engagements.

Project Committee

This committee supports the Executive Board in preparing complex decisions on key issues where necessary, and reports on these decisions and any recommendations to the Supervisory Board. In 2014, no meeting of the Project Committee was held.

Remuneration Committee

This committee deals with all aspects of the remuneration of Executive Board members and with their employment contracts. The committee's membership does not include employee representatives. The committee is empowered to conclude, amend and terminate Executive Board members' employment contracts, and to take decisions on the award of bonuses (variable remuneration components) and other such benefits to the latter. The Remuneration Committee met five times during 2014. Executive Board members were invited to attend parts of the meetings of the Remuneration Committee.

PwC provided remuneration advice to the Committee, which included market information drawn from published data, advice on the

Name (current members in bold)	Position and committee memberships in 2014 [1]	Remuneration (in EUR, for 2013)	Term of office [1]
Rudolf Kemler	Chairman; Chairman of the Pres. Com., Proj. Com., Audit Com. and Remun. Com.	77,200 [2]	Nov. 1, 2012 to 2019 AGM
Wolfgang C. Berndt	Deputy Chairman, Deputy Chairman of the Pres. Com., Proj. Com., Audit Com. and Remun. Com.	61,900	May 26, 2010 to 2019 AGM
Murtadha Al Hashmi	Deputy Chairman, Deputy Chairman of the Pres. Com., Proj. Com., Audit Com. and Remun. Com.	61,900	May 10, 2012 to 2019 AGM
Alyazia Ali Saleh Al Kuwaiti	Pres. Com. and Proj. Com.	30,600	May 14, 2008 to 2019 AGM
Elif Bilgi Zapparoli		14,600	May 13, 2009 to 2019 AGM
Helmut Draxler	Audit Com and Remun. Com.	30,600	Oct. 16, 1990 to 2019 AGM
Roy A. Franklin	Proj. Com.	—	May 14, 2014 to 2019 AGM
Wolfram Littich	Proj. Com. and Audit Com.	30,600	May 23, 2001 to 2019 AGM
Herbert Stepic		14,600	May 18, 2004 to 2019 AGM
Herbert Werner	Audit Com.	22,600	June 4, 1996 to 2019 AGM
Norbert Zimmermann	Proj. Com.	22,600	May 23, 2001 to May 14, 2014
Christine Asperger		— [3]	since Jan. 1, 2013 [4]
Wolfgang Baumann	Pres. Com., Proj. Com. and Audit Com.	— [3]	Dec. 16, 1998 to Apr. 1,1999 and again since Nov. 11, 2004 [4]
Herbert Lindner	Proj. Com. and Audit Com.	— [3]	since June 1, 2013 [4]
Alfred Redlich		— [3]	since June 1, 2013 [4]
Martin Rossmann	Pres. Com., Proj. Com. and Audit Com.	— [3]	since May 5, 2011 [4]

[1] Abbreviations: Pres. Com. = Presidential and Nomination Committee; Proj. Com. = Project Committee; Audit Com. = Audit Committee; Remun. Com. = Remuneration Committee; AGM = Annual General Meeting
[2] In accordance with the employment contract as CEO of ÖIAG, Rudolf Kemler transferred his remuneration to ÖIAG
[3] Members delegated to the Supervisory Board by the Group works council do not receive remuneration but just attendance expenses
[4] Delegation by the Group works council is for an indefinite period of time; however, the employee representatives may be recalled at any time by the delegating body

appropriate structure of short-term and long-term incentives (e.g. for the set-up of the Strategic Incentive Plan or the set-up of project measures in executive incentives) as well as information on comparator group pay and performance. They were appointed by the Remuneration Committee and did not advise the OMV Executive Board, ensuring independence with respect to the Austrian Code of Corporate Governance. Besides, PwC provided tax advice and valuation services to the Company in 2014.

Conflicts of interest and dealings by members of the Supervisory Board requiring approval

There were no transactions requiring approval in accordance with section 95 (5) (12) Stock Corporation Act. The Internal Rules of the Supervisory Board contain detailed procedures for the treatment of conflicts of interest on the part of Supervisory Board members.

Remuneration

In accordance with the articles of association, the AGM resolves the remuneration of the Supervisory Board members elected by the General Meeting for the previous financial year. The 2014 AGM adopted the following remuneration scale for the 2013 financial year:

Remuneration for Supervisory Board members	EUR
Chairman	29,200
Deputy Chairman	21,900
Ordinary member	14,600
Committee Chairman	12,000
Committee Deputy Chairman	10,000
Ordinary Committee member	8,000

The amounts for the financial year 2013 were disbursed to the Supervisory Board members concerned in 2014; these were exclusive of expenses (travel and attendance expenses).

The total expenditure incurred by the Supervisory Board in 2014 was EUR 706,773; of this, members' remuneration (for the 2013 financial year) accounted for EUR 367,200, attendance expenses for EUR 73,073, travel expenses for EUR 193,218, and conference equipment, organization and translation for EUR 73,282.

Employee participation

The Group works council holds regular meetings with the Executive Board in order to exchange information on developments affecting employees. Furthermore, the Group works council has made use of its right to delegate members to the Supervisory Board (one employee representative for every two members elected by the General Meeting). Therefore, out of the 15 Supervisory Board members, five members are employee representatives.

Rights of minority shareholders

- General Meeting: An Extraordinary General Meeting must be convened at the request of shareholders holding not less than 5% of the shares
- Agenda items must be included at the request of shareholders holding not less than 5% of the shares
- Shareholders holding not less than 1% of the shares may submit resolution proposals on all agenda items. Such resolution proposals must be posted on the website upon request of the respective shareholders
- Shareholders holding not less than 10% of the shares may require an extraordinary audit in the event of grounds for suspicion of irregularities, or gross violations of the law or the articles of association
- All shareholders having duly provided evidence of their shareholding are entitled to attend General Meetings, ask questions and vote
- Election of the Supervisory Board: If elections to two or more positions on the Supervisory Board are held at the same General Meeting, separate votes must be held for each position. If elections to three or more seats on the Supervisory Board are held at the same General Meeting, and if prior to the vote on the last position to be assigned it is found that at least one third of all the votes have been cast in favor of the same person but he or she has not been elected, then this person must be declared as Supervisory Board member

Women's advancement

- Being active in an industry with a strong technical focus it is particularly challenging for the Company to achieve a satisfactory gender balance in all fields of business activity. Therefore, gender diversity is one of two major focus areas of OMV Group's diversity strategy. OMV is committed to supporting women's advancement to managerial positions. The strategic objective is to achieve the best diversity mix at senior management level, with the target of having 30% female Senior Vice Presidents by 2020
- Mariana Gheorghe is the chairwoman of the executive board of OMV Petrom SA and Gülsüm Azeri is the chairwoman of the executive board of Petrol Ofisi. There are three female members in the OMV Supervisory Board; this corresponds to 20% of the members
- Women currently hold 14.6% of the Senior Vice President positions. The proportion of women in the Group as a whole is about 22.5%. Within OMV's leadership development programs the proportion of women reached 42% in 2014. Within OMV's integrated graduate development program the proportion of women has tripled from 11% in 2011 to 34% in 2014
- So far, a variety of measures to foster diversity at OMV has been initiated and implemented successfully. OMV especially supports the recruitment and development of women in

technical positions. Gender diversity measures include scholarships for female students in technical fields and the "Technikqueens" project designed to spark girls' interest in technical careers early. Furthermore, OMV offers a mentoring program for female talents

- Through new flexible working time models such as job-sharing, flexible working time, and home office options, OMV helps to improve the individual work-life balance and supports parents who would like to continue their careers while working part time

Vienna, March 18, 2015

The Executive Board

Gerhard Roiss

David C. Davies

Jaap Huijskes

Manfred Leitner

Directors' report – operational review

Business developments in 2014

Sales for the 2014 financial year were EUR 132.09 mn (2013: EUR 131.80 mn). As OMV Aktiengesellschaft is a pure holding company most of the sales consist of corporate service charges billed to the subsidiaries, which slightly increased compared to the previous year.

Earnings Before Interest and Taxes (EBIT) were EUR (36.35) mn (2013: EUR (48.24) mn). Higher EBIT in 2014 was mainly coming from lower personnel expenses related to incentive programs.

The **financial result** in 2014 was EUR (775.24) mn (2013: EUR 193.07 mn). The financial items of OMV Aktiengesellschaft as a pure holding company mainly consist of the dividends and other income from investments of the operative companies. Net income from investments was at EUR (697.36) mn and thus substantially below 2013 (EUR 320.75 mn), mainly because of impairments of participations in 2014. For the investment in OMV Petrol Ofisi A.Ş., an impairment of EUR 1,067.57 mn (2013: EUR nil) has been reported, mainly due to a regulatory intervention (margin ceiling) and an overall higher risk assessment in Turkey.

The contribution of the companies in the **Exploration and Production (E&P)** segment excluding OMV Petrom was in line with previous year's dividend, at EUR 200.00 mn (2013: EUR 220.00 mn).

The investment income contribution from the **Gas and Power (G&P)** segment excluding OMV Petrom of EUR 13.32 mn was above the previous year (2013: EUR (102.85) mn). The result 2013 was substantially influenced by the challenging market environment and impairments of participations.

Investment income from the **Refining and Marketing (R&M)** segment excluding OMV Petrom decreased to EUR (67.40) mn (2013: EUR nil). The lower result compared to 2013 was mainly related to the drastic decrease of oil and product prices at year end, which lead to substantial effects from inventory valuation. In 2013, revenue reserves were allocated in OMV Refining & Marketing GmbH, based on articles of association.

Investment

Key investment items in 2014 were capital injections to OMV Petrol Ofisi Holding Anonim Şirketi, OMV Solutions GmbH, and to OMV Exploration & Production GmbH.

Cash flows from operating activities for 2014 amounted to EUR 64.48 mn (2013: EUR 948.72 mn), and cash flows from investing activities to EUR (160.18) mn (2013: EUR (1,697.99) mn) and cash flows from financing activities to EUR 17.10 mn (2013: EUR 133.38 mn).

Net loss for the year amounted to EUR (920.31) mn (2013: EUR 192.37 mn net income for the year).

Total assets decreased to EUR 13,386.42 mn (2013: EUR 14,332.30 mn).

At balance sheet date, **stockholders' equity** including untaxed reserves stood at EUR 6,333.26 mn (2013: EUR 7,657.55 mn). The equity ratio as of December 31, 2014, was 47.31% (2013: 53.43%).

The ratio of **fixed assets** to total assets was 93.69% at balance sheet date (2013: 87.98%).

Return On Equity (**ROE**) was (13.16)% (2013: 2.48%).

In 2014, the average **number of employees** at the holding company was 442 (2013: 405).

For definitions of these ratios, readers are referred to the glossary of abbreviations and definitions, which is an integral part of the Directors' report.

Information required by section 243a Unternehmensgesetzbuch (Austrian Commercial Code)

The following information is disclosed according to section 243a Austrian Commercial Code:

1. The capital stock amounts to EUR 327,272,727 and is divided into 327,272,727 bearer shares of no par value. There is only one class of shares.

2. There is a consortium agreement between the two core shareholders, Österreichische Industrieholding Aktiengesellschaft (ÖIAG) and International Petroleum Investment Company (IPIC), which provides for coordinated behavior and certain limitations to transfers of stockholdings.

3. ÖIAG holds 31.5% and IPIC holds 24.9% of the capital stock.

4. All shares have the same control rights.

5. Employees who are shareholders directly exercise their voting right at the Annual General Meeting.

6. The Company's Executive Board must consist of two to six members. The Company's Supervisory Board must consist of at least six members elected by the Annual General Meeting and of the members nominated under section 110 (1) Arbeitsverfassungsgesetz (Austrian Labor Constitution Act). To approve capital increases pursuant to section 149 Aktiengesetz (Austrian Stock Corporation Act) and alterations of the Articles of Association (except those concerning the Company's objects), simple majorities of the votes and capital represented in adopting the resolution is sufficient.

7.a) The Executive Board has been authorized by resolution of the Annual General Meeting held on May 13, 2009, to increase, subject to the consent of the Supervisory Board, the capital stock of the Company by May 13, 2014, in one or more tranches, by an aggregate amount not exceeding EUR 77.9 mn by issuance of up to 77,900,000 new common shares in bearer form against cash or contributions in kind, also to the exclusion of shareholders' rights of subscription in the event of contributions in kind and, subject to the consent of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital). By partly exercising the said authorization, the Executive Board, based on its resolutions dated May 16, 2011 and June 6, 2011 and upon approval by the Supervisory Board, increased the capital stock from EUR 300,000,000 by EUR 27,272,727 to EUR 327,272,727 by issuing 27,272,727 new shares (capital increase in cash from authorized capital). As a result of the mentioned capital increase, the Executive Board was authorized to increase, subject to the consent of the Supervisory Board, the capital stock of the Company by May 13, 2014, in one or more tranches, by an aggregate amount not exceeding EUR 50.6 mn by issuance of up to 50,627,273 new common shares in bearer form against cash or contributions in kind, also to the exclusion of shareholders' rights of subscription in the event of contributions in kind and, subject to the consent of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital).

b) With regard to the expiration on May 13, 2014 of the authorized capital decided upon by the Annual General Meeting on May 13, 2009, the Annual General Meeting has authorized the Executive Board on May 14, 2014, subject to the approval of the Supervisory Board, to increase by May 14, 2019, once or in several tranches, also by way of indirect offer for subscription after taking over by one or several credit institutions according to Section 153 Paragraph 6 Stock Corporation Act, against cash contributions, the share capital by not more than EUR 32,727,272 by issuing up to 32,727,272 new no-par value common voting shares in bearer form. Subject to the approval of the Supervisory Board, the Executive Board has been authorized to exclude in this connection the subscription right of the shareholders (i) to adjust fractional amounts or (ii) to satisfy stock options or Long Term Incentive Plans including Matching Share Plans for employees, senior employees and members of the Executive Board/ management boards of the Company or one of its affiliates, or other employees' stock ownership plans and subject to the approval of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital).

The Supervisory Board has been authorized to adopt amendments to the Articles of Association resulting from the issuance of shares according to the authorized capital.

c) On May 17, 2011, the Annual General Meeting authorized the Executive Board to repurchase treasury shares of up to 10% of the capital stock during a period of 30 months from the day of the resolution in question. Treasury shares could be repurchased via the stock exchange, by way of public tender or in any other legally permitted way and to any legally permitted purpose until November 16, 2013. The Executive Board had also been authorized to rescind treasury shares upon repurchase as well as treasury shares currently owned by the Company without any further resolution by the Annual General Meeting until the same date.

d) The Executive Board has also been authorized until May 16, 2016, upon approval by the Supervisory Board but without any further resolution by the Annual General Meeting, to sell or use treasury shares upon repurchase as well as treasury shares currently owned by the Company via the stock exchange, by way of public tender, or in any other way. In particular, treasury shares can be utilized (i) to satisfy stock option and Long Term Incentive Plans for employees, executive staff and members of the Executive Board or the management of the Company or affiliated subsidiaries as well as other employees' bonus schemes, (ii) for convertible bonds, if issued, (iii) as a compensation for the acquisition of enterprises, participations or other assets and (iv) to any other legally permitted purpose. The general shareholders' subscription rights can be excluded and this authorization can be exercised wholly or partly.

8. In addition to the capital increase, a hybrid bond with a size of EUR 750 mn was placed on the market on May 25, 2011. The hybrid bears a fixed interest rate of 6.75% until April 26, 2018, thereafter a reset fixed rate (to be determined) until April 26, 2023, and thereafter a

floating interest rate with a 100 basis points step up. The hybrid bond has no scheduled maturity date and may be redeemed at the option of OMV under certain circumstances. OMV has in particular the right to repay the hybrid bond at certain dates. In the case of a change of control, OMV may call the hybrid bond for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid bond.

9. At December 31, 2014, no other material agreements to which OMV is a party are in place which in case of change of control due to a takeover offer would come into effect, be amended or terminated.

10. There are no agreements between the Company and members of the Executive Board and Supervisory Board or employees regarding the payment of compensation in the event of a public takeover bid.

11. The most important elements of the internal control and risk management system regarding the accounting process are the following: Standards for the internal control system are defined by internal Corporate Guidelines. Corporate Internal Audit controls the compliance with these standards through regular audits, based on the annual audit plan approved by the audit committee, or through ad-hoc audits. The results of those audits are presented to the audit committee. The establishment of group-wide standards for the preparation of annual and interim financial statements by means of the corporate IFRS Accounting Manual is also regulated by an internal Corporate Guideline. The Group uses a comprehensive risk management system. The essential processes of the financial reporting system have been identified and analyzed. For the main "End-to-end" processes (e.g. Purchase-to-Pay, Order-to-Cash) group-wide standards are defined. Based on a rolling time plan, the implementation and the effectiveness are being monitored. In addition, the effectiveness of the risk management system is regularly evaluated by external auditors. The results of the evaluation are reported to the audit committee.

Risk management

OMV is an integrated, international oil and gas company. Its operations extend from hydrocarbon exploration and production and processing through to trading and marketing of mineral products and gas. Furthermore, OMV is operating two gas-fired power plants, in Romania and in Turkey. In common with the entire oil and gas industry, OMV is exposed to a variety of risks – including market, operational, strategic, regulatory, financial and political as well as hazard risks. It is OMV's view that the Group's overall risk is significantly reduced due to its substantial diversification and the related, partially offsetting effects of different risks. The balancing effects of offsetting industry risks, however, often lag or can weaken. Therefore, OMV's risk management activities focus on the group-wide net risk exposure of the existing and future portfolio. The areas of risk management and insurance are centrally coordinated within the Corporate Finance department, which ensures that well-defined and consistent risk management processes, tools and techniques are applied across the entire organization.

The overall objective of the risk policy is to safeguard the cash flows required by the Group and to maintain a strong investment grade credit rating in line with the Group's risk appetite. New business strategies and the associated risks are also monitored with respect to rating implications. Financial risks (e.g. market prices, currencies) are reviewed quarterly by the Financial Risk Committee. A cross functional committee with senior management members of the OMV Group – the Risk Committee – ensures that an Enterprise Wide Risk Management (EWRM) program is in place to effectively manage the integrated risks across the OMV Group.

EWRM is continuously enhanced. The main purpose is to deliver value through risk-based management decision making. Thorough assessment of financial, operational and strategic risks should support the exploitation of business opportunities in a systematic manner in order to ensure sustainable growth in OMV's value. Since 2003, the EWRM system has helped to enhance risk awareness and risk management skills across the entire organization, including subsidiaries in more than 20 countries.

The risk culture is supported by an IT application facilitating the risk management processes established within OMV Group: Risk identification, risk analysis, risk evaluation, risk treatment, reporting and risk reviewing through continuous surveillance of changes to the risk profile. Overall risk resulting from the bottom-up risk management process is computed with the aid of Monte Carlo simulations and compared against planning data. This is further combined with a senior management view from a top-down approach to capture the strategic risks. Reports on the findings of the EWRM process, together with risk reports from material associated companies, are submitted to the Executive Board and to the Audit Committee twice a year. In compliance with the Austrian Code of Corporate Governance, the effectiveness of the EWRM system is evaluated by the external auditor on an annual basis. The key non-financial and financial risks identified in respect of OMV's medium-term plan are market price risks, political risks, regulatory and compliance risks, business process risks, foreign exchange risks (particularly relating to the USD, RON, NOK and TRY), project risks, personnel risks as well as hazard risks.

Although OMV has extensive experience in the political environment in CEE and SEE and in its core oil and gas production areas, political developments in all markets where OMV operates are kept under constant observation. Furthermore, country-specific risks are assessed before entering new countries. Risks related to the EU Emission Trading Scheme (EU ETS) are separately recorded, aggregated for the Group as a whole, and monitored by a group-wide committee (Carbon Steering Committee) on an ongoing basis. In particular, the impact of the revised allocation rules in the EU ETS from 2013 onwards is being analyzed in detail. Furthermore, OMV is monitoring emerging regulations related to climate change in all operating countries. Through systematic staff succession and development planning, Corporate Human Resources plans for suitable managerial staff to meet future growth requirements in order to mitigate personnel risks.

Control and mitigation of identified and assessed risks takes place at all organizational levels using clearly defined risk policies and responsibilities. The key Group risks are governed centrally to ensure the ability to meet the strategic objectives, through the essence of corporate directives, including those relating to health, safety, security and environment, legal matters and compliance, human resources and corporate social responsibility, with special emphasis on human rights and market price risks.

Analysis and management of financial risks arising from foreign currencies, interest rates, commodity prices, counterparties, CO_2 emissions, liquidity as well as insurable risks are undertaken in a consolidated way within Corporate Finance.

Market price risk is monitored and analyzed centrally as to the potential cash flow impact using a specific risk analysis model that considers portfolio effects. Results of the risk analysis are discussed by the Financial Risk Committee comprising senior management of the business segments and corporate functions. Proposals for hedging strategies are submitted to the Executive Board for approval.

The primary foreign currency risks are related to RON, USD, TRY and NOK currency exposure. The Group has a net USD long position, mainly resulting from sales of oil and gas production. The effects on cash flows and/or the statement of financial position (translation risk) as well as the correlation with the oil price are regularly monitored. Translation exposure also arises from consolidation of assets in Romania, Turkey, Norway and USD functional affiliates.

To balance the Group's interest rate portfolio, loans can be converted from fixed to floating rates and vice versa, according to predefined rules. The main counterparty credit risks are assessed, monitored and controlled at Group and segment level, using predetermined credit limits for all counterparties, banks and security providers. The procedures are governed by guidelines at OMV, OMV Petrom and Petrol Ofisi level.

Sustainability & HSSE (Health, Safety, Security, Environment)

At OMV, we have a long tradition of responsibility towards society and the environment. In 2014, we embedded sustainability further in our operations. Together with the wider oil, gas and energy sectors, we face a global rise in demand, increased scrutiny and more stringent environmental and social requirements. Our industry is facing stricter environmental regulatory requirements, notably in Europe in relation to the European Union's 2020 emissions reduction targets. The OMV sustainability strategy, "Resourcefulness", focuses on achieving profitable growth in a sustainable and responsible way. Being in the natural resources business, we see it as our responsibility to secure energy supply for the present and for the future.

Sustainability Governance: Our "Resourcefulness" strategy is managed and overseen by two governance bodies: the Resourcefulness Executive Team comprises representatives of each "Resourcefulness" topic and business segment and is responsible for further developing the "Resourcefulness" strategy and implementing it into operations; the Resourcefulness Advisory Board comprises high ranking external experts who advise us on how we can best develop the strategy, as well as providing feedback on current programs.

HSSE is a key value of our business. The physical and mental well-being and safety of our people, as well as the integrity of our operating facilities is of crucial importance to us. Loss prevention and proactive risk management are essential to maintaining OMV's license to operate. In 2014, OMV provided group-wide 281,952 HSSE training hours for its employees. OMV's goal is to optimize the processes in order to use natural resources as efficiently as possible, and to reduce emissions and discharges.

Research and Development

OMV Aktiengesellschaft is not performing research and development projects itself, but coordinates the group-wide research and development projects.

Subsequent events

The Supervisory Board decided to integrate the business segment Gas and Power into the business segment Refining and Marketing, thereby creating a combined business segment Downstream headed by Executive Board member Manfred Leitner as of January 1, 2015.

Outlook for OMV Group

In order to reflect the significant decline of the oil price together with the unpredictability of our Libyan production, we have scaled back our investment program. The guidance for the average Group CAPEX for the period 2015-2017 is at approximately EUR 2.5 to 3.0 bn p.a. (the lower end of the range represents an oil price assumption of approximately USD 50/bbl going forward for the next three years) with roughly 80% being directed to Upstream. While we remain committed to the major projects expected to contribute to our previously stated 2016 production target of ~400 kboe/d, the changes to the investment program will inevitably lead to a delay in reaching this production level. Our target remains to achieve a broadly neutral free cash flow after dividends over the medium term. The revisions to the investment program support us in this objective. ROACE performance in the mid-term will be adversely affected by capital invested in field development projects as well as by the low oil price. We continue to stay committed to our long-term gearing ratio target of ≤30% and to our dividend policy (long-term payout ratio target of 30%).

Vienna, March 18, 2015

The Executive Board

Gerhard Roiss
Chairman

David C. Davies
Deputy-Chairman

Jaap Huijskes

Manfred Leitner

Auditors’ report

We have audited the accompanying financial statements, including the accounting system, of OMV Aktiengesellschaft, Vienna, for the fiscal year from January 1, 2014 to December 31, 2014. These financial statements comprise the balance sheet as of December 31, 2014, the income statement for the fiscal year ended December 31, 2014, and the notes.

Management’s responsibility for the financial statements and for the accounting system

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

Auditor’s responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit did not give rise to any objections.

Opinion

In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of December 31, 2014 and of its financial performance for the fiscal year from January 1, 2014 to December 31, 2014 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the management report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company’s position. The auditor’s report also has to contain a statement as to whether the management report is consistent with the financial statements and if the information is applicable pursuant § 243a UGB.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, March 18, 2015

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Walter Krainz (Wirtschaftsprüfer) Mag. Gerhard Schwartz (Wirtschaftsprüfer)

This report is a translation of the original report in German, which is solely valid. Publication of the financial statements together with our auditors' opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

Financial Statements
Balance sheet as of December 31, 2014

Assets		EUR	EUR 1,000
	Note	2014	2013
Fixed assets	1		
Intangible assets		0	0
Tangible assets		1,210,836	1,136
Financial assets		12,541,044,004	12,608,730
		12,542,254,840	**12,609,866**
Current assets			
Accounts receivable and other assets	2		
Trade Receivables		–	72
Receivables from affiliated companies		545,712,068	1,469,452
Receivables from associated companies		35,725,979	40
Other receivables and other assets		26,897,080	40,247
		608,335,127	**1,509,812**
Securities and shares			
Other Securities		128,765,997	–
Own shares		11,137,080	11,393
		139,903,077	**11,393**
Cash on hand and at bank		69,292,47	147,917
		817.530.451	**1,669,121**
Deferred taxes		–	**23,048**
Prepayments and accrued expenses		**26,633,664**	**30,269**
Total assets		**13,386,418,955**	**14,332,304**

Liabilities		EUR	EUR 1,000
	Note	2014	2013
Stockholders' equity	3		
Capital stock		327,272,727	327,273
Capital reserves			
appropriated		1,729,337,821	1,729,338
unappropriated		333,728	334
Capital reserves for share-based payments		10,158,756	6,311
Revenue reserves			
unappropriated reserve		3,760,798,226	5,160,542
Reserve for treasury stock		11,137,080	11,393
Unappropriated income, thereof income brought forward EUR 14,101,938 (2013: EUR 9,549 thousand)		493,789,840	421,924
		6,332,828,178	**7,657,114**
Untaxed reserves	4		
Valuation reserve for impairments		431,303	432
Provisions	5		
Provisions for severance payments		8,007,009	11,634
Provisions for pensions		4,241,649	3,681
Provisions for taxes		133,311,616	67,029
Other provisions		43,356,333	56,749
		188,916,607	**139,093**
Liabilities	6		
Bonds		4,750,000,000	4,701,730
Amounts due to banks		443,400,165	12,392
Accounts payable from trade		11,919,778	9,839
Accounts payable to affiliates		1,416,735,765	1,502,740
Accounts payable to associates		1,087	—
Other liabilities		242,080,655	308,390
		6,864,137,450	**6,535,091**
Prepayments and accrued income		**105,417**	**575**
Total liabilities		**13,386,418,955**	**14,332,304**
Contingent liabilities	7	1,504,774,756	1,445,875

Income statement

		Note	EUR 2014	EUR 1,000 2013
1.	**Sales**	8	**132,092,696**	**131,796**
2.	Other operating income	9	7,605,362	7,314
3.	Expenses for materials and services	10	(12,987,700)	(15,162)
4a.	Personnel expenses	11	(73,984,701)	(78,490)
4b.	Expenses for severance payments, payments to occupational pension funds and expenses for pensions	12	(6,902,387)	(10,509)
5.	Depreciation and amortization		(150,982)	(116)
6.	Other operating expenses	13	(82,019,274)	(83,074)
7.	**Subtotal of items 1 to 6 (Earnings before interest and taxes)**		**(36,346,986)**	**(48,241)**
8.	Income from investments thereof affiliated companies EUR 432,187,063 (2013: EUR 421,297 thousand)	14	437,611,911	423,593
9.	Income from other securities and lendings carried as financial assets thereof affiliated companies EUR 29,882,414 (2013: EUR 38,441 thousand)		30,972,576	39,382
10.	Other interest and similar income thereof affiliated companies EUR 128,481,014 (2013: EUR 140,024 thousand)		150,050,799	169,289
11.	Gains on disposal and write-up of financial assets and securities held as current assets Thereof write-up EUR 6,444,261 (2013: EUR nil)		6,956,192	903
12.	Expenses arising from financial assets and securities held as current assets thereof amortization EUR 1,067,565,700 (2013: EUR 5,702 thousand) thereof affiliated companies EUR 1,134,962,201 (2013: EUR 102,848 thousand)	14	(1,134,972,341)	(108,587)
13.	Interest and similar expenses thereof concerning affiliated companies EUR 38,710,088 (2013: EUR 113,788 thousand)		(265,854,350)	(331,513)
14.	**Subtotal of items 8 to 13 (Financial result)**		**(775,235,213)**	**193,067**
15.	**Loss/Profit from ordinary activities**		**(811,582,199)**	**144,826**
16.	Taxes on income	15	(108,730,389)	47,549
17.	**Net loss/Net income for the year**		**(920,312,588)**	**192,375**
18.	Release of untaxed reserves		490	0
19.	Release of revenue reserves		1,400,000,000	220,000
20.	Income brought forward from previous years		14,101,938	9,549
21.	**Unappropriated income**		**493,789,840**	**421,924**

Notes

The accounts of **OMV Aktiengesellschaft**, Vienna, as of December 31, 2014 have been drawn up in accordance with the Austrian Commercial Code (ACC) as amended. As the parent company of the OMV Group, OMV Aktiengesellschaft also prepares separate consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs).

In the interests of clear presentation, some items of the balance sheet and income statement have been aggregated. The detailed disclosures are shown in the notes to the accounts. The total cost format is used for the presentation of the income statement.

The annual financial statements were prepared in euro (EUR). The presentation in the notes is in EUR 1,000 as well as EUR thousand, which may result in rounding differences.

Accounting and valuation policies

Intangible and **tangible assets** are capitalized at cost and amortized/depreciated on a straight-line basis.

Depreciation is based on the following useful economic lives:

Category	Useful life
Other fixtures and fittings, tools and equipment	4–10 years

In accordance with the relevant fiscal law provisions, a whole year’s depreciation is recognized for **additions** in the first half of the year, and half a year’s depreciation for additions in the second half.

Sustained and material **impairments** of fixed assets in excess of scheduled depreciation are recognized by write-downs.

Low value assets up to EUR 400 are capitalized and fully written off in the year of acquisition, and are shown as additions and disposals in the statement of fixed assets.

Investments are carried at acquisition cost less any permanent, material impairment. Securities held as fixed assets are carried at the lower of cost or market value at the last trade date of the year. The valuation of the investments were ascertained using the discounted cash flow method, taking into account the weighted average cost of capital (WACC) for each individual company.

Accounts receivable and other assets are stated at cost. Non-interest bearing receivables with maturities of over one year are discounted. Foreign currency receivables are stated at the lower of cost or fair value. All recognizable risks are accounted for by valuation allowances.

Securities and shares are stated at the lower of cost or fair value.

Due to insufficient taxable profit, no deferred tax income was recognized in the reporting period. Deferred tax expenses resulted from the reversal of the opening balance, adjusted for reclassifications not recognized in profit or loss. Deferred taxes are reported under the Taxes on income item. A tax group was formed with effect from January 1, 2005, under section 9 KStG (Corporate Tax Act), with OMV Aktiengesellschaft as the top-tier corporation. Due to group taxation, tax group members that make profits pay OMV Aktiengesellschaft tax contributions equal to the corporate tax attributable to those profits. If a tax group member makes an annual tax loss, OMV Aktiengesellschaft pays it a tax contribution of 25% of the transferred tax loss or the applicable corporate tax rate if different. The top-tier corporation does not recognize corporate tax contributions received from or paid to tax group members in profit or loss. OMV Aktiengesellschaft retains the profits and losses of its successor companies under a profit and loss pooling agreement. Based on the profit and loss transfer agreement OMV Aktiengesellschaft gets income transferred from its subsidiaries and has to cover subsidiaries' losses. With eight companies OMV Aktiengesellschaft has a tax pooling agreement with liability method.

OMV Group has both **defined contribution and defined benefit pension plans.** In the case of defined contribution plans, OMV has no obligations beyond payment of the agreed premiums, and no provision is therefore recognized. In contrast, participants in defined benefit plans are promised pensions at certain levels. Defined benefit pension obligations are accounted for by setting up provisions for pensions, or by means of payments to an external pension fund. The risks associated with these defined benefit pension plans remain with OMV.

Provisions for pensions, severance payments and jubilee payments are calculated using the projected unit credit method, which divides the costs of the estimated benefit entitlements over the whole period of employment and thus takes future increases in remuneration into account.

When calculating pension and severance payment provisions, actuarial gains and losses for the current financial year are disclosed under personnel expenses or other operating income. Actuarial losses of EUR 4,248 thousand arising from the discontinuation with the corridor method at year-end 2011 were recognized as personnel expenses over a period of five years, in accordance with the supplements to the Chamber of Accountants and Tax Consultants Statements KFS/RL 2 and 3. The unrecognized actuarial losses arising from the discontinuation of the corridor method amounted to EUR 1,700 thousand as of December 31, 2014 (December 31, 2013: EUR 2,549 thousand).

Expenses of accrued interests for pension provisions together with income from pension plan assets are disclosed as part of financial income and expense.

Payments for defined contribution plans are reported as expenses for pensions.

Provisions for voluntary and non voluntary separations under restructuring programs are recognized if a detailed plan has been approved by management prior to balance sheet date, and an irrevocable commitment is thereby established.

All risks recognizable in the light of sound commercial judgment and contingent liabilities are provided for.

Liabilities are stated at the higher of nominal value or the amount repayable. Foreign currency liabilities are valued at the higher of cost or amount repayable.

The **currency hedges** were concluded on behalf of OMV Aktiengesellschaft's affiliates and are disclosed in the affiliates' financial statements.

Long Term Incentive (LTI) plans 2009–2014
Since 2009 LTI plans have been granted to the Executive Board and selected senior executives in the Group. From 2010 to 2014, yearly LTI plans were granted, with similar conditions. Participants of the plans 2009, 2010 and 2011 must hold shares until the end of the holding period. At vesting date, bonus shares will be granted to the participants. The number of bonus shares is determined depending on the achievement of defined performance targets. Disbursement is made in cash or in shares. Since 2011, participation to the plan was also granted to selected employees with outstanding development potential (potentials). Executive Board members and senior executives as participants of the 2012, 2013 and 2014 plans are required to build up an appropriate volume of shares and to hold those shares until retirement or departure from the Company.

Provision is made for the expected future costs of the LTI plans at statement of financial position date based on fair values. Fair values are determined using a model considering the expected target achievement and the expected share price. Expected dividends were incorporated into the measurement according to the Company's mid-term planning. For new plans, the expense is spread over the three-year vesting period. As of December 31, 2014, the provision amounted to EUR 11,324 thousand (2013: EUR 19,495 thousand) and the net decrease was EUR 8,171 thousand (2013: increase of EUR 4,049 thousand).

Main conditions

	2014 plan	2013 plan	2012 plan	2011 plan	2010 plan	2009 plan
Start of plan	1/1/2014	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009
End of performance period	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011
Vesting date	3/31/2017	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
End of holding period	—	—	—	3/31/2016	3/31/2015	3/31/2014
Shareholding requirement (plans 2012 to 2014)/ Qualifying own investment (plans 2009 to 2011)						
Executive Board Chairman	200% of gross base salary	200% of gross base salary	200% of gross base salary	100% of gross base salary	100% of gross base salary	100% of gross base salary
Executive Board Deputy Chairman	175% of gross base salary	175% of gross base salary	175% of gross base salary	85% of gross base salary	85% of gross base salary	85% of gross base salary
Executive Board members	150% of gross base salary	150% of gross base salary	150% of gross base salary	70% of gross base salary	70% of gross base salary	70% of gross base salary
Senior executives	75% of gross base salary	75% of gross base salary	75% of gross base salary	EUR 15,000 or 30,000 or 60,000 or 90,000 or 120,000 in shares	EUR 15,000 or 30,000 or 60,000 or 90,000 or 120,000 in shares	EUR 15,000 or 30,000 or 60,000 or 90,000 or 120,000 in shares
Potentials	n.a.	n.a.	n.a.	EUR 15,000 in shares		
Personal investment held in shares						
Executive Board members						
Auli †	—	—	—	20,096 shares	20,096 shares	20,096 shares
Davies	46,070 shares	46,070 shares	32,855 shares	25,614 shares	20,096 shares	20,096 shares
Floren	22,725 shares	16,226 shares	7,500 shares	—	—	—
Huijskes	28,095 shares	21,298 shares	12,136 shares	12,136 shares	12,136 shares	—
Langanger	—	—	—	—	20,096 shares	20,096 shares
Leitner [1]	28,207 shares	27,406 shares	16,060 shares	12,993 shares	—	—
Roiss	60,173 shares	60,173 shares	44,259 shares	34,932 shares	28,469 shares	28,469 shares
Ruttenstorfer	—	—	—	—	38,278 shares	38,278 shares
Total — Executive Board	**185,270 shares**	**171,173 shares**	**112,810 shares**	**105,771 shares**	**139,171 shares**	**127,035 shares**
Other senior executives	263,809 shares	271,434 shares	278,497 shares	299,449 shares	240,390 shares	202,412 shares
Potentials	—	—	—	9,460 shares [2]	—	—
Total personal investment	**449,079 shares**	**442,607 shares**	**391,307 shares**	**414,680 shares**	**379,561 shares**	**329,447 shares**
Expected bonus shares as of December 31, 2014	**485,342 shares**	**496,183 shares**	**255,135 shares**	—	—	—
Maximum bonus shares as of December 31, 2014	**831,655 shares**	**805,105 shares**	**916,311 shares**	—	—	—
Fair value of plan (EUR 1,000)	**12,156**	**11,501**	**5,577**	—	—	—

[1] Manfred Leitner takes part in the 2009 and 2010 plans with 5,742 shares in his position as senior executive
[2] Personal shares are provided by OMV

Strategic Incentive Plan (SIP)
In 2014, the Strategic Incentive Plan (SIP) was granted to Executive Board members, selected executive managers and selected E&P experts in the Group. The SIP is a long-term compensation scheme, promoting a combined focus on the achievement of the strategic objectives of OMV's strategy "Profitable Growth". It is based on virtual share grants that are paid out in cash equivalent, subject to achievement of defined performance measures, at the end of the plan period. Further conditions apply in combination as a prerequisite for any payout (grant period 2014-2018, performance period 2014-2021, payout period 2022-2024).

Each potential participant has to declare at the beginning of the program, if he or she wants to participate in the SIP. Furthermore, Executive Board members and participating senior executives have to declare if they will participate with an additional personal investment ("Investments Shares"). These declarations are then effective for the entire term of the plan.

Each participant will receive a grant from OMV ("OMV Grant") in virtual shares that reflect the performance of the underlying OMV shares (the "Phantom Shares") in up to five consecutive annual tranches between 2014 and 2018. If Investment Shares are contributed, the OMV Grant will be supplemented by OMV with a complementary grant (the "Complementary Grant") in a ratio of 1:2 (i.e. each Phantom Share of the OMV Grant will be supplemented with two additional Phantom Shares under the Complementary Grant).

As of December 31, 2014, the maximum number of Phantom Shares granted amounts to 267,009, thereof 43,210 for Executive Board members.

Provision is made for the expected future costs of the Strategic Incentive Plans at statement of financial position date based on fair values. Fair values are determined using a model considering the expected target achievement, the likelihood of the fulfilment of the prerequisite conditions, and the expected share price using a Monte Carlo simulation. Expected dividends were incorporated into the measurement according to the Company's mid-term planning and a discount rate of 0.71% was used. For new plans, the expense is spread over the vesting period. As of December 31, 2014, the provision amounted to EUR 943 thousand (2013: EUR nil).

Matching Share Plan (MSP)
The Matching Share Plan for the year 2014, as approved by the Annual General Meeting in 2014, is an integral part of the annual bonus agreement and serves as a long-term compensation vehicle for the members of the Executive Board that promotes retention and shareholder alignment in OMV, combining the interests of management and shareholders via a long-term investment in restricted shares. The plan also seeks to reduce inappropriate risk-taking. For Executive Board members, an award of shares will be made to match 100% of their realized gross annual cash bonus. The performance criteria for the annual bonus may not be amended during the term of the MSP. On determination of the annual cash bonus by the Remuneration Committee, an equivalent matching bonus 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.

Executive Board members can choose between cash payment or shares if and to the extent that they have already fulfilled the minimum shareholding requirements for the LTI Plans 2012 to 2014. As of December 31, 2014, a provision amounting to EUR 1,433 thousand was recorded (2013: EUR 1,718 thousand).

Stock option plans

On the basis of resolutions of the relevant Annual General Meetings, OMV has implemented long-term performance oriented compensation plans for the Executive Board and selected senior executives in the Group from 2000 to 2008. Eligible executives – provided they invested in OMV shares – were granted options entitling them to acquire OMV shares (or their monetary equivalents) on favorable terms if the stock price rises by at least 15% (plan threshold share price).

No options were exercised by plan participants during 2014 and 2013. 524,820 options from the Stock Options Plan from 2008 with an exercise price of EUR 47.55 per share will expire on August 31, 2015. All options from previous plans were forfeited. During 2014, a total of 524,660 options granted under the 2007 and 2008 plans were forfeited. Considering the plan threshold of EUR 54.68 per share, the intrinsic value of the options exercisable as of December 31, 2014 was EUR nil, as the share price at year-end was below the plan threshold for the plans. The market value of the outstanding options was EUR nil. The provision for the expected future cost is EUR nil and the net decrease was EUR 909 thousand.

Total expense

In 2014, total expense of EUR 5,194 thousand (2013: EUR 21,847 thousand) has been recognized arising from share-based payment transactions, thereof EUR 3,848 thousand (2013: EUR 1,522 thousand) from transactions accounted for as equity-settled share-based payment transactions.

Notes to the balance sheet

1 Fixed assets

During the reporting period fixed tangible assets were itemized in accordance with minimum statutory requirements. Movements in fixed assets in 2014 are shown in the statement of fixed assets.

The Land and buildings item includes land valued at EUR 790 thousand (2013: EUR 790 thousand).

Commitments arising from the use of off-balance sheet tangible assets were as follows:

EUR 1,000

	2014	2013
Maturing in one year	377	442
Maturing in the next five years	1,005	1,441

Loans with maturities of up to one year amounted to EUR 730,010 thousand (2013: EUR 10 thousand). During the reporting period OMV Aktiengesellschaft extended a loan of USD 40,000 thousand to OMV (Tunesien) Production GmbH and one of EUR 280,000 thousand to GAS CONNECT AUSTRIA GmbH. OMV Finance Services GmbH received a loan of USD 13,360 thousand. Pearl Petroleum Company Limited has a credit facility of USD 31,128 thousand, of which USD 23,109 thousand have been utilized by the balance sheet date.

In 2014, grandparent company contributions were granted to the following companies: EUR 150,000 thousand to OMV (Yemen Block S 2) Exploration GmbH; EUR 277,000 thousand to OMV (WEST AFRICA) Exploration & Production GmbH; NOK 2,674,759 thousand to OMV Finance Services NOK GmbH and USD 3,600 thousand to OMV (Tunesien) Production GmbH. In addition, a grand-grandparent contribution of EUR 8,000 thousand was granted to OMV Bina Bawi GmbH.

During the reporting period payments of TRY 344,250 thousand arising from capital increases were made to OMV Petrol Ofisi Holding Anonim Şirketi and purchases of shares in OMV Petrol Ofisi A.Ş. from minority shareholders amounted to TRY 53,730 thousand. OMV Deutschland GmbH resolved upon a capital reduction, therefore investment decreased by EUR 69,300 thousand.

Baumgarten-Oberkappel Gasleitungsgesellschaft m.b.H. was merged with GAS CONNECT AUSTRIA GmbH in 2014.

2 Accounts receivable and other assets

EUR 1,000

	2014		2013	
	≤1 year	>1 year	≤1 year	>1 year
Trade Receivables	—	—	72	—
Receivables from affiliated companies	545,712	—	1,469,453	—
[thereof trade]	[4,145]	[—]	[2,428]	[—]
Receivables from associated companies	35,726	—	40	—
[thereof trade]	[—]	[—]	[8]	[—]
Other receivables and assets	26,897	—	40,247	—
Total	**608,335**	**—**	**1,509,812**	**—**

The reduction in receivables from affiliated companies largely resulted from the settlement of receivables from OMV Refining & Marketing GmbH amounting to EUR 830,925 thousand. Receivables from associated companies include a loan of EUR 35,689 thousand extended to Trans Austria Gasleitung GmbH (2013: EUR 15,024 thousand). Due to a change in the ownership structure of Trans Austria Gasleitung GmbH, from 2014 on, it is recognized as an associated company. Other receivables include EUR 24,639 thousand (2013: EUR 24,157 thousand) in corporate tax prepayments. The Other receivables and assets item includes no material income due after balance sheet date.

3 Stockholders' equity

The **capital stock** of OMV Aktiengesellschaft consists of 327,272,727 (2013: 327,272,727) fully paid no par value shares with a total nominal value of EUR 327,272,727 (2013: EUR 327,272,727). There are no different classes of shares and no shares with special rights of control. All shares are entitled to dividends for the financial year 2014, with the exception of treasury shares held by OMV Aktiengesellschaft.

The Executive Board had been authorized by resolution of the Annual General Meeting 2009, to increase the capital stock of OMV Aktiengesellschaft with the approval of the Supervisory Board by up to EUR 77,900,000 by the issue of up to 77,900,000 no par value shares until May 13, 2014 (authorized capital). By partly exercising the said authorization, the Executive Board, based on its resolutions dated May 16, 2011 and June 6, 2011 and upon approval by the Supervisory Board, increased the capital stock from EUR 300,000,000 to EUR 327,272,727 by issuing 27,272,727 new shares (capital increase in cash from authorized capital). As a result of this capital increase, the Executive Board was authorized to increase, subject to the consent of the Supervisory Board, the capital stock by May 13, 2014, in one or more tranches, by an aggregate amount not exceeding EUR 50,627,273 by issuance of up to 50,627,273 new common shares in bearer form.

With regard to the expiration on May 13, 2014 of the authorized capital decided upon by the Annual General Meeting on May 13, 2009, the Annual General Meeting has authorized the Executive Board on May 14, 2014, subject to the approval of the Supervisory Board, to increase by May 14, 2019, once or in several tranches, also by way of indirect offer for subscription after taking over by one or several credit institutions according to Section 153 Paragraph 6 Stock Corporation Act, against cash contributions, the share capital by not more than EUR 32,727,272 by issuing up to 32,727,272 new no-par value common voting shares in bearer form. Subject to the approval of the Supervisory Board, the Executive Board has been authorized to exclude in this connection the subscription right of the shareholders (i) to adjust fractional amounts or (ii) to satisfy stock options or long term incentive plans including matching share plans for employees, senior employees and members of the Executive Board/ management boards of the Company or one of its affiliates, or other employees' stock ownership plans and subject to the approval of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital). The Supervisory Board has been authorized to adopt amendments to the Articles of Association resulting from the issuance of shares according to the authorized capital.

On May 17, 2011, the Annual General Meeting authorized the Executive Board to repurchase treasury shares of up to 10% of the capital stock during a period of 30 months from the day of the resolution in question. Treasury shares could be repurchased via the stock exchange, by way of public tender or in any other legally permitted way and to any legally permitted purpose until November 16, 2013. The Executive Board had also been authorized to rescind treasury shares upon repurchase as well as treasury shares currently owned by the Company without any further resolution by the Annual General Meeting until the same date.

The Executive Board has also been authorized until May 16, 2016, upon approval by the Supervisory Board but without any further resolution by the Annual General Meeting, to sell or use treasury shares upon repurchase as well as treasury shares currently owned by the Company via the stock exchange, by way of public tender, or in any other way. In particular, treasury shares can be utilized (i) to satisfy stock option and Long Term Incentive Plans for employees, executive staff and members of the Executive Board or the management of the Company or affiliated subsidiaries as well as other employees' bonus schemes, (ii) for convertible bonds, if issued, (iii) as a compensation for the acquisition of enterprises, participations or other assets and (iv) to any other legally permitted purpose. The general shareholders' subscription rights can be excluded and this authorization can be exercised wholly or partly.

Capital reserves have been formed by the contribution of funds into OMV Aktiengesellschaft by its shareholders over and above the capital stock, on the basis of their ownership relationship.

For 2014, the Executive Board of OMV Aktiengesellschaft proposes a dividend of EUR 1.25 (2013: EUR 1.25) per eligible share, which is subject to approval by the Annual General Meeting in 2015. The dividend for 2013 was paid in May 2014 and amounted to EUR 407,822 thousand (2013 payment amounted to EUR 391,481 thousand).

The Annual General Meetings for the years 2000 to 2011 (with the exception of 2010) approved the repurchase of treasury shares.

Changes in **treasury shares** were as follows:

Treasury shares

	Number of shares	Cost EUR 1,000
January 1, 2013	**1,078,780**	**11,847**
Disposals	(40,376)	(443)
December 31, 2013	**1,038,404**	**11,404**
Disposals	(23,302)	(256)
December 31, 2014	**1,015,102**	**11,148**

The **number of shares in issue** was as follows:

Number of shares in issue

	Number of shares	Treasury shares	Shares in issue
January 1, 2013	**327,272,727**	**1,078,780**	**326,193,947**
Used for share-based compensations	–	(40,376)	40,376
December 31, 2013	**327,272,727**	**1,038,404**	**326,234,323**
Used for share-based compensations	–	(23,302)	23,302
December 31, 2014	**327,272,727**	**1,015,102**	**326,257,625**

4 Untaxed reserves

The **untaxed reserves** are valuation reserves related to undeveloped and developed land, amounting to EUR 431 thousand (2013: EUR 432 thousand).

5 Provisions

Provisions for employee benefits are recognized in accordance with IAS 19. The indexed pension commitments in respect of currently active employees of OMV Aktiengesellschaft were transferred to an external pension fund managed by APK-Pensionskasse AG in earlier years. The defined benefit plans are generally based on years of service and the employee's average compensation over the last five calendar years of employment.

These pension plans are non-contributory. Changes in the funding of defined benefit plans, and in provisions for jubilee payments were as follows:

EUR 1,000

			2014			2013
	Pensions	Severance payments	Jubilee payments	Pensions	Severance payments	Jubilee payments
Present value of funded obligations	37,960	—	—	36,587	—	—
Market value of plan assets	(31,427)	—	—	(29,468)	—	—
Unrecognized actuarial gains/(losses)	(2,291)	—	—	3,438	—	—
Provision for funded obligations	**4,242**	**—**	**—**	**3,681**	**—**	**—**
Present value of unfunded obligations	—	7,416	1,616	—	10,746	1,589
Unrecognized actuarial gains/(losses)	—	591	—	—	888	—
Provision for unfunded obligations	**—**	**8,007**	**1,616**	**—**	**11,634**	**1,589**
Provision as of January 1	**3,681**	**11,634**	**1,589**	**3,333**	**11,128**	**1,749**
Expense for the year	2,796	34	177	3,633	1,700	127
Payments to funds	(2,235)	—	—	(3,285)	—	—
Benefits paid	—	(3,475)	(131)	—	(800)	(121)
Group transfer	—	(186)	(19)	—	(394)	(166)
Provision as of December 31	**4,242**	**8,007**	**1,616**	**3,681**	**11,634**	**1,589**
Interest cost	615	407	73	502	446	76
Current service cost	299	404	100	305	458	99
Expected return on plan assets	—	—	—		—	—
Amortized actuarial (gains)/losses	1,882	(777)	4	2,826	796	(48)
Expenses of defined benefit plans for the year	**2,796**	**34**	**177**	**3,633**	**1,700**	**127**

Underlying assumptions for calculating pension expenses and expected defined benefit entitlements as of December 31:

	2014		2013	
	Pensions	Severance, jubilees	Pensions	Severance, jubilees
Capital market interest rate	4.60%	4.60%	4.90%	4.90%
Future increases in salaries	3.25%	3.25%	3.50%	3.50%
Future increases in pensions	1.80%	—	2.00%	—
Long-term rate of return on plan assets	3.00%	—	3.75%	—

The biometrical basis for the calculation of provisions for pensions, severance and jubilee entitlements is provided by AVÖ 2008 P – Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance) – Pagler & Pagler, using the variant for salaried employees. Employee turnover was estimated based on age or years of service respectively. The expected retirement age used for calculations is based on the earliest possible retirement age according ASVG regulations.

Allocation of plan assets as of December 31

	2014		2013	
	VRG IV	VRG VI	VRG IV	VRG VI
Asset category				
Equity securities	26.04%	9.45%	26.71%	14.23%
Debt securities	59.98%	33.74%	53.12%	10.42%
Cash and money market investments	11.66%	56.81%	16.79%	75.35%
Other	2.32%	—	3.38%	—
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Investment policies aim to achieve an optimal investment portfolio structure and to ensure that existing entitlements are covered at all times. The investment of plan assets is governed by section 25 Austrian Pension Fund Act and the Investment Fund Act. In addition to these regulations, the investment guidelines of APK-Pensionskasse AG regulate the spread of asset allocation, the use of umbrella funds and the selection of fund managers. New categories of investments or the employment of a wider range of funds require the approval of the APK-Pensionskasse AG management board. Diversification of both equity and debt securities is global; however, the bulk of the debt securities is EUR-denominated.

The funds of the asset allocation and risk group VRG IV are invested in international equity and bond funds, alternative investment strategies (absolute return strategies, real estate and private equity) as well as money market investments. As part of the risk diversification policy, in selecting the asset managers, their different management styles and investment approaches have been taken into account. The long-term investment objective of the VRG IV is to outperform the benchmark (20% global equity, 45% global bonds and 35% absolute return/money market instruments, from 2015 onwards 20% global equity, 65% global bonds, 5% cash, 5% alternatives, 5% real estate) and to cover existing and future entitlement payments of the VRG IV. The assets of the VRG IV are in accordance with section 25 of the Austrian pension fund, invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole. The asset allocation and the regional allocation of the VRG IV can and will deviate from the benchmark allocation if this in the judgment of APK is warranted by current asset prices and or future expected returns. To enhance the return potential, active strategies for all asset classes will be used when justified by market characteristics and or cost/benefit considerations. The majority of the assets of the VRG IV are invested in liquid active markets for which quoted (exchange or OTC) prices are available. A smaller allocation to assets for which only observable but not quoted prices are available (e.g. real estate and certain absolute return strategies) is allowed when the risk return profile of such assets is believed to be favorable. Risk is managed actively and it is generally expected that the volatility and especially the drawdown risk of the VRG IV will be lower than that of the benchmark.

The investment management policy for the funds of VRG VI is a value-at-risk approach. The process involves investing in global equity markets, European bond instruments and low-risk money market funds with a defined worst-case loss limit, whereby the tactical allocation of funds is very flexible and model-driven. At the same time, the opportunity of benefiting from positive stock market performance shall be partly maintained. The long-term investment objective of the VRG VI is to provide stable, predictable returns that to the greatest possible extent cover the existing and future entitlement payments of the VRG VI. To increase the efficiency of the portfolio management and for cost considerations the portfolio is set-up as a base portfolio consisting of short maturity government bonds and a futures overlay strategy. Active quoted prices are available for all assets of the VRG VI.

Favorable or adverse variances in the performance of individual VRGs compared with target returns on plan assets exist, due to their different maturities and to different developments in the capital markets. In 2014, the performance of VRG IV was slightly below the target return with a performance of +6.75%. The performance of VRG VI amounted to +3.72%.

In 2015, defined benefit related contributions for 2014 to APK-Pensionskasse AG of EUR 12,900 thousand are planned.

Other provisions largely consist of the following:

		EUR 1,000
	2014	2013
Personnel provisions	26,788	37,307
Sundry provisions	16,568	19,442
Total	**43,356**	**56,749**

Personnel provisions include provisions for the Long Term Incentive Plan amounting to EUR 11,324 thousand (2013: EUR 19,495 thousand), provisions for existing stock option plan of EUR nil (2013: EUR 909 thousand), and provisions of EUR 942 thousand for the Strategic Incentive Plan. Other provisions include a provision of EUR 15,155 thousand (2013: EUR 18,345 thousand) for possible recourse to a reinsurance policy.

Due to the recognition of corporate income tax to account for the recapture of losses by foreign group members at top-tier corporate level, a provision of EUR 50,801 thousand (2013: EUR 67,029 thousand) was reported for the period. In addition, a provision of EUR 82,510 thousand (2013: EUR nil) was recognized for future tax contribution liabilities arising from the transfer of losses incurred by domestic tax group members.

6 Liabilities

EUR 1,000

	2014		2013	
	≤1 year	>1 year	≤1 year	>1 year
Bonds	—	4,750,000	701,730	4,000,000
Amounts due to banks	330,954	112,446	12,392	—
Accounts payable from trade	11,920	—	9,839	—
Accounts payable to affiliates	1,416,736	—	1,227,798	274,942
[thereof trade]	[1,225]	[—]	[1,225]	[—]
Accounts payable to associates	1	[—]	[—]	[—]
[thereof trade]	[—]	[—]	[—]	[—]
Other liabilities	234,195	7,886	299,753	8,637
[thereof taxes]	[150,173]	[—]	[184,955]	[—]
[thereof social security expenses]	[832]	[—]	[767]	[—]
Total	**1,993,806**	**4,870,332**	**2,251,512**	**4,283,579**

Other liabilities include personnel separation expenses of EUR 9,546 thousand (2013: EUR 10,432 thousand) and interest expenses for bonds of EUR 79,308 thousand (2013: EUR 111,100 thousand). Other liabilities include expenses in 2014, which are payable in 2015. The most important amounts comprise of interests for bonds of EUR 79,308 thousand (2013: EUR 111,100 thousand).

An EUR 750,000 thousand Eurobond was issued in 2014.

Liabilities with maturities of more than one year include liabilities with maturities of more than five years: bond liabilities amounting to EUR 3,250,000 thousand (2013: EUR 3,750,000 thousand) and liabilities due to banks amounting to USD 16,000 thousand (2013: EUR nil)

7 Contingent liabilities under section 199 and other obligation under section 237 ACC

Contingent liabilities are as follows:

EUR 1,000

	2014	2013
Guarantees	1,504,775	1,445,875
[thereof in favor of affiliated companies]	[1,504,621]	[1,443,622]

The change in contingent liabilities mainly resulted from extension of a guarantee for OMV OF LIBYA LIMITED of USD 45,500 thousand, an increase in the guarantee extended to OMV (NORGE) AS by NOK 683,000 thousand, as well as reduction of guarantees extended to OMV Trading GmbH, to OMV Exploration & Production GmbH as well as to OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş. of EUR 54,455 thousand.

OMV Aktiengesellschaft is liable for the redemption of the USD 138,000 thousand (EUR 113,664 thousand) US bond issued by OMV (U.K.) Limited.

The following **other financial commitments** are not reported under liabilities or contingent liabilities:

OMV Aktiengesellschaft has given an undertaking to OMV Clearing und Treasury GmbH, which runs the Group's clearing operations, to maintain its liquidity for the duration of its membership of the Group.

OMV Aktiengesellschaft has issued guarantees and letters of comfort on behalf of certain exploration, production and distribution companies in respect of the fulfillment of concession and license agreements, and of various other agreements of indeterminate amounts.

OMV Aktiengesellschaft is liable in the event of default by its successor companies on pensions, additional contributions to rectify shortfalls in the funding of obligations transferred to external pension funds, and bridging payments to separated employees.

Notes to the income statement

8 Sales

EUR 1,000

	2014	2013
Domestic	123,918	123,973
Foreign	8,175	7,823
Total	**132,093**	**131,796**

As OMV Aktiengesellschaft has also been carrying out operational tasks since January 1, 2011, its sales consist both of corporate service charges paid by Group companies and of revenues generated by operational activities performed within Group companies.

9 Other operating income

EUR 1,000

	2014	2013
Gains on the disposal of fixed assets other than financial assets	28	3
Gains on reversal of provisions	6,552	3,924
Other	1,025	3,387
Total	**7,605**	**7,314**

The gains on reversal of provisions arose from the provision for reinsurance as well as from the provision for personnel.

10 Expenses for materials and services

EUR 1,000

	2014	2013
Cost of materials	228	303
Cost of services	12,760	14,859
Total	**12,988**	**15,162**

The expenses for services contain costs of services provided by third parties.

11 Personnel expenses

EUR 1,000

	2014	2013
Salaries	63,136	68,634
Statutory social security, and pay-related levies and compulsory contributions	10,644	9,483
Other expenses for employee benefits	205	373
Total	**73,985**	**78,490**

12 Expenses for serverance payments, payments to occupational pension funds and expenses for pensions

	2014	2013
		EUR 1,000
Expenses for severance payments	–	1,254
Payments to occupational pension funds	623	542
Defined contribution personnel expense	3,296	2,729
Defined benefit personnel expense	2,983	5,984
Total	**6,902**	**10,509**

Defined contribution pension expense includes EUR 569 thousand in provisions for personnel reduction programs (2013: EUR 2,588 thousand).

The breakdown of expenses for severance payments and pensions, and gains on reversal of provisions is as follows:

				EUR 1,000
		2014		2013
	Severance payments	Pensions	Severance payments	Pensions
Executive Board	165	973	187	713
Senior executives	167	802	190	640
Other employees	695	2,622	623	4,534
Actuarial (gains) and losses	(777)	1,882	796	2,826

13 Other operating expenses

		EUR 1,000
	2014	2013
Taxes not shown under item 16 (Taxes on income)	1,174	893
Other	80,845	82,181
Total	**82,019**	**83,074**

The tax item largely concerns fees paid to Austrian Financial Market Authority. Other expenses include: EUR 21,053 thousand in insurance premiums, and legal and consultancy fees (2013: EUR 19,391 thousand), EUR 16,635 thousand in advertising expenditure (2013: EUR 14,962 thousand), and EUR 23,644 thousand in services (2013: EUR 22,625 thousand).

14 Financial income and expenses

Income from investments amounting to EUR 437,612 thousand (2013: EUR 423,593 thousand) include EUR 18,813 thousand (2013: EUR 15,620 thousand) from profit-pooling arrangements, EUR 413,374 thousand from affiliated companies (2013: EUR 405,677 thousand) and EUR 5,425 thousand (2013: EUR 2,296 thousand) from investment income. As of the balance sheet date, there were profit and loss pooling agreements with the following companies: OMV Solutions GmbH; OMV Refining & Marketing GmbH; OMV Insurance Broker GmbH; OMV Gas & Power GmbH. Income from investments includes loan revaluations amounting to EUR 6,444 thousand (2013: EUR nil). The expenses arising from financial assets include EUR 67,397 thousand (2013: EUR 102,848 thousand) in expenses arising from profit pooling agreements. This item also contains impairment losses of EUR 1,067,565 thousand (2013: EUR nil) related to OMV Petrol Ofisi A.Ş. on account of the difficult market environment. There were no write-downs of given loans in the reporting period (2013: EUR 5,702 thousand).

15 Taxes on income

EUR 1,000

	2014	2013
Current taxes	85,729	(52,376)
Deferred taxes	23,001	4,828
Total	**108,730**	**(47,548)**

Current taxes comprise EUR 22,381 thousand in deferred tax income (2013: EUR 9,202 thousand) and EUR 108,110 thousand in corporate tax expense (2013: corporate tax income of EUR 43,174 thousand) attributable to the top-tier corporation in consequence of the formation of a tax group under section 9 Corporate Tax Act, after the tax contributions charged. Current corporate tax expense includes corporate tax income of EUR 16,227 thousand (2013: corporate tax expense of EUR 32,781 thousand) due to the change in the corporate tax provision for the retroactive taxation of tax losses declared by foreign tax group members. Corporate tax expense includes a provision of EUR 82,510 thousand (2013: EUR nil) recognized for future tax contribution liabilities arising from the transfer of losses incurred by domestic tax group members.

Deferred tax expense amounts to EUR 23,001 thousand (2013: EUR 4,828 thousand).

16 Interest rate risk management and derivates

To facilitate management of interest rate risk, liabilities are analyzed in terms of fixed and floating rate borrowings, currencies and maturities. Appropriate ratios for the various categories are established, and where necessary derivative instruments are used to hedge fluctuations outside predetermined ranges.

Interest rate swaps are used from time to time to convert fixed rate debt into floating rate debt, and vice versa. At balance sheet date, interest for a nominal of USD 50 million has been swapped from fixed to floating rates. The interest rate spread between the swap and the loan is accounted for as an adjustment to interest expense.

EUR 1,000

			2014			2013
	Nominal value	Fair value	Carrying value	Nominal value	Fair value	Carrying value
Interest rate Swap (USD)	41,183	901	—	36,256	2,504	—
FX Swap EUR-CZK	12,681	(62)	(62)	37,821	98	—
FX Swap EUR-AUD	31,632	(717)	(762)	24,822	(315)	(315)
FX Swap EUR-NOK	20,156	180	—	—	—	—
FX Swap EUR-HUF	—	—	—	22,869	(18)	(18)

The fair value of the derivative instruments reflects the estimated amounts that OMV would pay or receive if the positions were closed at balance sheet date. Quotations from banks or appropriate pricing models are used to estimate the fair value of financial instruments at balance sheet date. These models apply the forward/futures prices and exchange rates ruling at balance sheet date, as well as volatility indicators to the price calculations. Recognition is under other provisions.

Where necessary, the Company hedges its own and Group companies' foreign currency risks. OMV Aktiengesellschaft has entered hedges with banks, and transferred them to Group companies. For these hedges a valuation unit has been built, and these hedges are accounted in Group companies.

17 Governing bodies, employees and related parties

The **average number of employees** was:

	2014	2013
Salaried employees	442	405
Total	**442**	**405**

The **remuneration received** by the Executive Board was made up as follows:

Remuneration received by the Executive Board EUR 1,000

2014	Davies	Floren	Huijskes	Leitner	Roiss	Total
Fixed remuneration for 2014	841 [1]	600	713	579	913 [2]	**3,645**
Variable remuneration [3]	533	506	478	381	610	**2,508**
Benefits in kind (company car, accident insurance) and reimbursed expenses	10	6	10	9	10	**45**
Total (excluding severance and post-employment payments, pension fund contributions and payments in lieu of holiday)	**1,385**	**1,112**	**1,202**	**969**	**1,532**	**6,199**
Number of gross shares from the Matching Share Plan [4]	15,166 [5]	12,999	13,595	10,833 [5]	17,332 [5]	**69,925**
Number of gross shares from the Long Term Incentive Plan 2011	15,192 [5]	–	8,937 [5]	8,937 [5]	20,429 [5]	**53,495**

1 Thereof EUR 248 thousand were paid out under the employment contract with OMV Solutions GmbH
2 Thereof EUR 300 thousand were paid out under the employment contract with OMV Exploration & Production GmbH
3 Includes only cash bonus for target achievement 2013
4 Part of the variable remuneration of the Executive Board. First time paid out in 2013
5 (Partly) paid out in cash

Remuneration received by the Executive Board EUR 1,000

2013	Davies	Floren	Huijskes	Leitner	Roiss	Total
Fixed remuneration for 2013	744	600	631	500	800	**3,275**
Variable remuneration [1]	690	–	517	493	788	**2,488**
Benefits in kind (company car, accident insurance) and reimbursed expenses	10	4	9	8	9	**40**
Total (excluding severance and post-employment payments, pension fund contributions and payments in lieu of holiday)	**1,443**	**604**	**1,157**	**1,001**	**1,597**	**5,802**
Number of gross shares from the Matching Share Plan [2]	24,433 [3]	17,452	18,324	17,452	27,923 [3]	**105,584**
Number of gross shares from the Long Term Incentive Plan 2010	17,472 [3]	–	14,560 [3]	5,240	25,484 [3]	**62,756**

1 Includes only cash bonus for target achievement 2012. Hans-Peter Floren's cash bonus was paid out in 2012
2 Part of the variable remuneration of the Executive Board. First time paid out in 2013
3 (Partly) paid out in cash

The total remuneration including severance payments, post-employment payments, pension fund contributions and payments in lieu of holiday in 2014 amounted to EUR 11,688 thousand (2013: EUR 7,452 thousand) (excl. Matching Share Plan and Long Term Incentive Plan).

The members of the Executive Board and the members of the Supervisory Board are covered by directors and officers liability insurance (D&O) and legal costs insurance. A large number of other OMV employees also benefit from these two forms of insurance, and the insurers levy lump-sum premiums, which are not specifically attributed to the Executive Board members.

Compensation of former members of the Executive Board or their surviving dependents amounted to EUR 1,166 thousand (2013: EUR 3,639 thousand).

In 2014, remuneration expenses for the Supervisory Board amounted to EUR 398 thousand (2013: EUR 394 thousand).

All transactions with related parties were concluded at arm's length.

OMV Aktiengesellschaft is the parent company of the OMV Group and acts as a holding company. OMV Aktiengesellschaft also provides the other Group companies with corporate financial and management services.

Regarding the expenses rendered by the Auditor for the year just ended OMV Aktiengesellschaft refers to the consolidated financial statements of OMV Aktiengesellschaft.

18 Dividend recommendation

Unappropriated income for the 2014 financial year amounted to EUR 493,790 thousand (2013: EUR 421,924 thousand).

For 2014, the Executive Board of OMV Aktiengesellschaft proposes a dividend of EUR 1.25 (2013: EUR 1.25) per eligible share, which is subject to approval by the Annual General Meeting in 2015. The dividend for 2013 was paid in May 2014 and amounted to EUR 407,822 thousand (2013 payment amounted to EUR 391,481 thousand).

Changes in untaxed reserves

				EUR 1,000
	As of Jan. 1, 2014	Utilization	Transfer	As of Dec. 31, 2014
Valuation reserve for impairments				
Tangible assets				
Land	432	1	—	431
Total	**432**	**1**	**—**	**431**

Direct investments by OMV Aktiengesellschaft (interest of at least 20%)

1,000 in stated currency

	Equity interest in %	Currency	Equity as of 31 Dec. 2014	Net income/loss in 2014
Domestic				
OMV Exploration & Production GmbH, Vienna [1]	100.00	EUR	2,242,377	305,279
OMV Gas & Power GmbH, Vienna [1]	100.00	EUR	181,802	13,322
OMV Insurance Broker GmbH, Vienna [1]	100.00	EUR	45	13
OMV Refining & Marketing GmbH, Vienna [1]	100.00	EUR	1,302,387	(69,450)
OMV Solutions GmbH, Vienna [1]	100.00	EUR	3,209,882	5,323
Foreign				
Amical Insurance Limited, Douglas	100.00	EUR	63,160	11,958
OMV AUSTRALIA PTY LTD, Sydney [1]	100.00	AUD	(107,890)	(4,233)
OMV FINANCE LIMITED, Douglas	100.00	EUR	195	(21)
OMV International Oil & Gas GmbH, Zug	100.00	EUR	1,195	1,031
OMV Petrol Ofisi Holding Anonim Şirketi, Istanbul	100.00	TRY	6,483,484	267,900
OMV Petrol Ofisi A. Ş., Istanbul [2]	43.39	TRY	1,387,696	(148,302)
OMV PETROM SA, Bucharest	51.01	RON	26,317,304	1,838,837

[1] Tax group member under section 9 Corporate Tax Act

[2] OMV Petrol Ofisi Holding Anonim Şirketi holds 55.40% indirectly, and OMV owns a total of 98.79%

Supervisory Board

Rudolf Kemler
Chairman

Wolfgang C. Berndt
Deputy Chairman

Murtadha Al Hashmi
Deputy Chairman

Alyazia Ali Saleh Al Kuwaiti

Elif Bilgi Zapparoli

Helmut Draxler

Wolfram Littich

Roy A. Franklin (from May 14, 2014)

Herbert Stepic

Herbert Werner

Norbert Zimmermann (till May 14, 2014)

Delegated by the Works Council:
Christine Asperger
Wolfgang Baumann
Herbert Lindner
Alfred Redlich
Martin Rossmann

In addition to internationally experienced board members and directors of the core shareholder, the Supervisory Board appointed in the Annual General Meeting is made up of highly qualified independent members. OMV observes EU recommendations relating to independence.

Presidential and Nomination Committee:
Kemler (Chairman), Berndt (Deputy), Al Hashmi (Deputy), Al Kuwaiti, Baumann, Rossmann

Audit Committee:
Kemler (Chairman), Berndt (Deputy), Al Hashmi (Debuty), Draxler, Littich, Werner, Baumann, Lindner, Rossmann

Project Committee:
Kemler (Chairman), Berndt (Deputy), Al Hashmi (Deputy), Al Kuwaiti, Littich, Zimmermann (till May 14, 2014), Baumann, Franklin (from May 14, 2014), Lindner, Rossmann

Remuneration Committee:
Kemler (Chairman), Berndt (Deputy), Al Hashmi (Deputy), Draxler

Executive Board

Vienna, March 18, 2015

The Executive Board

Gerhard Roiss
Chairman

David C. Davies
Deputy Chairman

Jaap Huijskes

Manfred Leitner

Statement of fixed assets in accordance with section 226 (1) ACC

	As of Jan. 1, 2014	Additions
Intangible assets		
Licenses	3	—
	3	**—**
Tangible assets		
Land	790	—
Other fixtures and fittings, tools and equipment	986	253
	1,776	**253**
Financial assets		
Investments in affiliated companies	11,415,891	898,415
Loans to affiliated companies	2,039,705	322,066
Other investments	26,634	—
Securities (loan stock rights) held as fixed assets	165,136	—
Other lendings	13,842	3,528
	13,661,208	**1,224,009**
	13,662,987	**1,224,262**

							EUR 1,000
Disposals	As of Dec. 31, 2014	Depreciation and amortization (cumulative)	Carrying value as of Dec. 31, 2014	Carrying value as of Dec. 31, 2013	Depreciation and amortization	Write-up	Impairment in 2014
3	—	—	—	0	0	—	—
3	**—**	**—**	**—**	**0**	**0**	**—**	**—**
—	790	—	790	790	—	—	—
355	884	463	421	346	151	—	—
355	**1,674**	**463**	**1,211**	**1,136**	**151**	**—**	**—**
69,302	12,245,004	2,109,889	10,135,115	10,373,567	—	—	1,067,565
—	2,361,771	—	2,361,771	2,033,264	—	6,441	—
9	26,625	—	26,625	26,634	—	—	—
156,939	8,197	3,691	4,506	161,445	—	—	—
4,324	13,046	19	13,027	13,820	—	3	—
230,574	**14,654,643**	**2,113,599**	**12,541,044**	**12,608,730**	**—**	**—**	**—**
230,932	**14,656,317**	**2,114,062**	**12,542,255**	**12,609,866**	**151**	**6,444**	**1,067,565**

Abbreviations and definitions

ACC
Austrian Commercial Code
ACCG
Austrian Code of Corporate Governance
AGM
Annual General Meeting
bbl, bbl/d
Barrel (1 barrel equals approximately 159 liters), barrels per day
bcf, bcm
Billion standard cubic feet (60 °F/16 °C), billion standard cubic meters (32 °F/0 °C)
bn
Billion
boe, boe/d
Barrel of oil equivalent, boe per day
CAPEX
Capital Expenditure
capital employed
Equity including non-controlling interests plus net debt
cbm, cf
Standard cubic meters (32 °F/0 °C), standard cubic feet (60 °F/16 °C)
CCS
Current Cost of Supply
CEE
Central and Eastern Europe
Co&O
Corporate and Other
E&P
Exploration and Production
EBIT
Earnings Before Interest and Taxes
EBITD
Earnings Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets
EPS
Earnings Per Share; net income attributable to stockholders divided by total weighted average shares
EPSA
Exploration and Production Sharing Agreement
equity ratio
Equity divided by balance sheet total, expressed as a percentage
EU
European Union
EUR
Euro
FX
Foreign exchange
G&P
Gas and Power
gearing ratio
Net debt divided by equity, expressed as a percentage
H1, H2
First, second half of the year
HSSE
Health, Safety, Security and Environment
IASs
International Accounting Standards
IFRSs
International Financial Reporting Standards
kbbl, kbbl/d
Thousand barrels, thousand bbl per day
kboe, kboe/d
Thousand barrels of oil equivalent, thousand boe per day
km^2
Square kilometer
KPI
Key Performance Indicator
LNG
Liquefied Natural Gas
LTIR
Lost-Time Injury Rate per million hours worked
mn
Million
MW
Megawatt
MWh
Megawatt hour
n.a.
Not available
n.m.
Not meaningful
net debt
Interest-bearing debts including bonds and finance lease liabilities less liquid funds (cash and cash equivalents)
net income
Net operating profit after interest, tax and extraordinary items
NGL
Natural Gas Liquids; natural gas which is extracted in liquid form during the production of hydrocarbons
NOK
Norwegian Krone
NOPAT
Net Operating Profit After Tax; profit on ordinary activities after taxes plus net interest on net borrowings, +/– result from discontinued operations, +/– tax effect of adjustments
OECD
Organisation for Economic Cooperation and Development
OPEX
Operating Expenditures; cost of material and personnel during production excluding royalties
payout ratio
Dividend per share divided by earnings per share, expressed as a percentage
PJ
Petajoule, 1 petajoule corresponds to approx. 278 mn kilowatt hours
ppm
Parts per million
PRT, PRRT
Petroleum Revenue Tax, Petroleum Resource Rent Tax; these taxes exist in the UK and Australia
Q1, Q2, Q3, Q4
First, second, third, fourth quarter of the year
R&M
Refining and Marketing including petrochemicals
ROACE
Return On Average Capital Employed; NOPAT divided by average capital employed expressed as a percentage
ROE
Return On Equity; net income/loss for the year divided by average equity, expressed as a percentage
ROFA
Return On Fixed Assets; EBIT divided by average intangible and tangible assets, expressed as a percentage
RON
New Romanian leu
RRR
Reserve Replacement Rate; total changes in reserves excluding production, divided by total production
sales revenues
Sales excluding petroleum excise tax
SEE
Southeastern Europe
t, toe
Metric tonne, tonne of oil equivalent
TRIR
Total Recordable Injury Rate
TRY
Turkish lira
TSR
Total Shareholder Return
TWh
Terawatt hour
USD
US dollar

For more abbreviations and definitions please visit www.omv.com > Press Room > Glossary.

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In the interest of a fluid style, which is easy to read, non-gender specific terms have been used in the directors' report and notes chapter of this annual report.

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