

Annual Report 2008  
of OMV Aktiengesellschaft



“Every business  
success enhances  
our global  
responsibility.”



# Annual Report 2008 of OMV Aktiengesellschaft

Executive Board	2
Statement by the Chairman of the Supervisory Board	3
Directors' report of OMV Aktiengesellschaft	4
Financial statements of OMV Aktiengesellschaft	8
Balance sheet	8
Income statement	10
Notes	11
Accounting and valuation principles	12
Notes to the balance sheet	18
Notes to the statement of income	24
Supplementary information	27
Statement of untaxed reserves	30
List of investments	31
Statement of fixed assets	32
Supervisory Board	34
Executive Board	36
Auditor's opinion	37
Abbreviations and definitions	38

## Executive Board



From left to right: Helmut Langanger, Gerhard Roiss, Wolfgang Ruttendorfer, David C. Davies, Werner Auli

### **Wolfgang Ruttendorfer (\* 1950)**

Chairman and Chief Executive Officer since January 1, 2002. Responsible for the overall management and coordination of the Group. A graduate of the Vienna University of Economics and business Administration, he began his career with OMV in 1976. He was a member of the Executive board from 1992 to 1997. After serving as Austrian Secretary of State for Finance between 1997 and 1999, he returned to the OMV Group as Deputy Chief Executive Officer with responsibility for Finance and the Gas segment at the beginning of 2000.

### **Gerhard Roiss (\* 1952)**

Deputy Chairman responsible for Refining and Marketing including petrochemicals and chemicals since January 1, 2002. Gerhard Roiss received his business education 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 Group Executive board, heading up Exploration and Production and Plastics until the end of 2001.

### **Werner Auli (\* 1960)**

Member of the Executive board responsible for Gas and Power since January 1, 2007. Werner Auli joined OMV in 1987 after graduating from the Vienna University of Technology. From 2002 to 2004, he was managing director of EconGas GmbH, from 2004 on he was managing director of OMV Gas GmbH and since 2006 he has been managing director of OMV Gas & Power GmbH.

### **David C. Davies (\* 1955)**

Chief Financial Officer since April 1, 2002. David Davies 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.

### **Helmut Langanger (\* 1950)**

Executive board member responsible for Exploration and Production since January 1, 2002. Helmut Langanger studied Economics in Vienna after graduating from the Leoben University of Mining and Metallurgy. He joined OMV in 1974. In 1992, he was appointed Senior Vice President for Exploration and Production, and in this position he played a key role in building up the Group's international E&P portfolio.

## Statement by the Chairman of the Supervisory Board

Dear shareholders,

**OMV is continuing to play a pacesetter role in corporate governance in Austria, and is making its detailed report on the subject already this year. It goes without saying that the Supervisory Board has considered the new legal requirements that came into force at the start of the current financial year, and especially the duties of the Audit Committee.**

The challenges presented by the current financial and economic crisis, and the potential implications for future business developments were thoroughly discussed at the meetings of the Supervisory board. The board also devoted particularly close attention to the promising gas power station projects and OMV's corporate strategy.

The board's committees addressed key issues relating to the Group's accounting processes, risk management and internal controls. We were also able to satisfy ourselves that a comprehensive group-wide personnel development program, a well designed succession planning system and a functioning issuer compliance system are in place.

The Company posts details of dealings by members of the Executive and Supervisory boards, and their current holdings of OMV shares on its website ([www.omv.com](http://www.omv.com)).

In 2007, the Supervisory board performed a self-evaluation in accordance with international standards. This was aimed at continuously improving our working methods so as to ensure that we are capable of fulfilling our responsibilities to shareholders and other stakeholders. Another evaluation was conducted in 2008, and these reviews have now become a permanent part of the process of critical reflection on the board's activities.

The Corporate Governance Report on the following pages contains additional information on the Supervisory board and its committees.

### **Annual financial statements and dividend**

Following thorough examination and discussions with the auditors at Audit Committee and plenary meetings, the Supervisory board approved the directors' report, prepared in accordance with section 127 Stock Corporation Act, and the parent entity financial statements for 2008, which were thereby adopted under section 125 (2) of the Act, as well as the consolidated financial statements for 2008. The board also approved the Corporate Governance Report.

The Supervisory board has accepted the Executive board's proposal to the Annual General Meeting to pay a dividend of EUR 1.00 per share and to carry forward the remaining EUR 75,402,437 to new account.

Finally, I should like to congratulate the Executive board and the entire workforce on these results, and thank them for their far-sighted approach to their work.

Vienna, March 25, 2009



Rainer Wieltsch  
Chairman of the Supervisory Board

### Business developments in 2008

**Sales** for the 2008 financial year were EUR 74.58 million (mn) (2007: EUR 74.44 mn). As OMV Aktiengesellschaft is a pure holding company, most of the sales consist of corporate service charges billed to the successor companies.

**Earnings before interest and taxes (EBIT)** were EUR 13.63 mn (2007: EUR -41.61 mn). The improvement in EBIT principally reflected gains on reversal of provisions for the stock option plan. In addition, the previous year's earnings were affected by the changeover in the method of providing for the plan to the IFRS model.

The **financial result** in 2008 was EUR 583.05 mn (2007: EUR 1,121.57 mn). Owing to the fact that OMV Aktiengesellschaft acts as a pure holding company the financial items chiefly relate to dividends and other income from investments. Income from investments was down on the previous year at EUR 895.04 mn (2007: EUR 1,106.83 mn). Dividend income from Petrom was stable at EUR 155.15 mn (2007: EUR 155.22 mn).

The contribution of the companies in the **Exploration and Production (E&P)** segment excluding Petrom to income from investments fell to EUR 517.20 mn (2007: EUR 614.99 mn), mainly as a result of the effects of the renewal of the Libyan E&P contracts in 2008 and increased exploration expense.

Investment income from the **Refining and Marketing** segment excluding Petrom decreased to EUR 92.01 mn (2007: EUR 185.71 mn). The main factor behind the decline was the absence of a dividend from OMV Deutschland GmbH.

The investment income contribution from the **Gas and Power** segment excluding Petrom dropped to EUR 92.89 mn (2007: EUR 130.59 mn), owing to finance costs related to the restructuring of the interest in Oberösterreichische Ferngas Aktiengesellschaft.

The **financial result** was also depressed by EUR 365.10 mn in expenses arising from revaluation of the interest in MOL.

### Investment

The largest investment in 2008 was the increase in the holding in Petrol Ofisi – the Turkish retail and commercial market leader – from 39.58% to 41.58%. Petrol Ofisi has about 3,600 filling stations, and is the only operator in Turkey with a nationwide network.

**Cash flows from operating** activities for 2008 were positive at EUR 834.07 mn (2007: EUR 1,101.18 mn), and cash flows from investing activities negative at EUR 758.81 mn (2007: positive at EUR 49.27 mn), while cash flows from financing activities were positive at EUR 201.50 mn. The main investment activities items were the acquisition of an additional interest of about 2% in Petrol Ofisi, an increase of EUR 600 mn in the long-term receivables from OMV Deutschland GmbH, and the sale of securities held as long-term assets. The principal financing activities items were the raising of a EUR 400 mn long-term loan and dividend payments of EUR 373.45 mn.

**Net income for the year** was EUR 583.05 mn (2007: EUR 1,078.32 mn).

**Total assets** rose to EUR 8,752.88 mn (2007: EUR 8,049.73 mn).

At balance sheet date **stockholders' equity** including untaxed reserves was EUR 6,384.48 mn (2007: EUR 6,174.89 mn). The equity ratio as of December 31, 2008 was 72.94% (2007: 76.71%).

The ratio of **fixed assets** to total assets was 54.53% at balance sheet date (2007: 57.04%). Fixed assets were 62.47% (2007: 65.43%) covered by equity and long-term borrowings.

**Return on equity (ROE)**, i.e. net income for the year divided by average shareholders' equity, was 9% (2007: 19%).

In 2008, the average number of **employees** at the holding company was 122 (2007: 113).

**Information required by § 243a  
Unternehmensgesetzbuch (Austrian Commercial  
Code)**

The following information is disclosed according to § 243a Unternehmensgesetzbuch (Austrian Commercial Code):

1. The capital stock is EUR 300,000,000 and is divided into 300,000,000 bearer shares of no par value. There is only one class of shares.
2. There is a consortium agreement between the two core shareholders International Petroleum Investment Company (IPIC) and Österreichische Industrieholding Aktiengesellschaft (ÖIAG) which provides for coordinated behavior and certain limitations to transfers of stockholdings.
3. ÖIAG holds 31.5% and IPIC holds 19.2% 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 between two and six members. Candidates who would complete their final term of office after reaching the age of 65 may not be appointed. The Company's Supervisory Board must consist of at least six members elected by the General Meeting and of the members nominated under section 110 (1) Arbeitsverfassungsgesetz (Austrian Labor Constitution Act). Members of the Supervisory Board must not be over 65 years of age at the time of their election. To approve capital increases pursuant to section 149 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 the taking of the resolution is sufficient.
7. a) The Executive Board has been authorized by resolution of the Annual General Meeting held on May 24, 2007, to increase, subject to the consent of the Supervisory Board, the capital stock of the Company by May 23, 2012, in one or more tranches, by an aggregate amount not exceeding EUR 36.35 mn by issuance of up to 36,350,000 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).

- b) The capital stock has been conditionally increased by EUR 36.35 mn under section 159 (2) (1) Austrian Stock Corporation Act by issuance of up to 36,350,000 common shares in bearer form (conditional capital). The conditional capital increase will only be carried out if holders of the convertible bonds issued on the basis of the Annual General Meeting resolution held on May 24, 2007, exercise their right to convert them into the Company's stock.
- c) The total number of new shares currently or potentially to be issued under the terms of the convertible bonds and the number of shares to be issued from the authorized capital may not exceed 36,350,000 (amount-related determination of authorizations in accordance with paragraph a and b), whereby the conversion right of the holders of the convertible bonds must be granted in every case.
- d) The Annual General Meeting on May 14, 2008 authorized the Executive Board to repurchase own shares up to the maximum legally permitted (currently 10% of capital stock), during a period of 18 months from the day of the resolution in question. Own shares can be used to satisfy stock option plans or can be sold at any time via the stock exchange or by way of public offering.
8. According to the shareholders' agreement between OMV and Dogan Şirketler Grubu Holding A.S. (Dogan) regarding Petrol Ofisi A.S., the respective other party is, in the event of a change of control either in OMV or in Dogan to defined strategic acquirers (i.e. if the acquirer has to fully consolidate OMV or Dogan according to IFRS or exercises control by means of equal rights jointly with a third party) up to May 16, 2016, entitled to acquire 34% of the shares of Petrol Ofisi at a price based on an agreed formula, thus terminating the shareholders' agreement.
9. 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.
10. The most important elements of the internal control and risk management system regarding the accounting process are: Minimum standards for the internal control system are defined by an internal Corporate Guideline. Corporate Internal Audit controls the compliance with these standards through regular audits of individual group companies and informs the supervisory board about the results

of the audits performed. 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. The effectiveness of these processes is evaluated based on a rolling time schedule and benchmarked against best practice (e.g. derivatives, debtors management). The risk management system is included within the regular audit scope of the auditors. The results of the audits performed are reported to the audit committee.

#### **Risk management**

Risk management is a group-wide integrated function based in Group Treasury at OMV Aktiengesellschaft. The group-wide risk identification and assessment process is coordinated by the department, while the entire portfolio risk is aggregated as a net position. A variety of risk management measures are taken on the basis of this position (which is mitigated by diversification effects), as part of the overall risk avoidance strategy. This concerns, in particular, direct financial risks including interest rate, foreign exchange, liquidity and pension risk. Group Treasury is also responsible for analyzing strategic price risk. In addition, OMV Aktiengesellschaft monitors the Group's exposure to investment risk (value at risk), as well as the transaction risks associated with major investments.

Interest rate and liquidity risk are managed by imposing limits. Derivatives (swaps) may be employed by Group Treasury for risk management purposes. For instance, during the year the existing dollar and euro denominated loans were converted from fixed to variable rates in order to balance the Group's debt portfolio.

Price hedges are proposed to the Executive Board by an operating committee, and are centrally managed and monitored. Part of the E&P segment's output was hedged against the risk of a sharp drop in oil prices in 2008. Derivative instruments were also employed to hedge cash flow against the negative impact of falling oil prices in 2009; the revenues from 25,000 bbl/d were protected in this way. The transactions were concluded with top rated banks on an over the counter (OTC) basis.

The main foreign exchange risks arise from fluctuations in the exchange rate of the USD against the EUR and RON. Sales of oil and gas produced by the Group result in a net long USD position. The

effects of exchange rate movements on cash flow and/or the balance sheet (translation risk) are regularly analyzed, as is the relationship to oil prices. In 2008, Foreign exchange risk management activities did not involve the use of derivatives to hedge long USD positions against transaction risks. OMV Aktiengesellschaft took out hedges totaling USD 1 bn to protect cash flow and cushion the impact of fluctuations in the EUR-USD exchange rate.

The currency risk associated with investments (translation risk) — i.e. the impact on the income statement and balance sheet — is centrally monitored. OMV is exposed to translation risks by large investments in Romania, Turkey and Hungary.

Credit risk exposure associated with the Group's main counterparties continues to be managed on the basis of country and bank limits. The risks related to banks and financial institutions as well as major counterparties are centrally managed by Group Treasury; all other counterparty risks are managed at segment level.

Due to the current financial crisis and the resultant credit shortage Group Treasury is also focusing strongly on managing liquidity risk. The goal for 2009 is to finance investments and dividend payments largely from operating cash flow (neutral free cash flow less dividends).

The fact that Group financing is highly centralized means that OMV Aktiengesellschaft is necessarily obliged to assume the default risk on behalf of Group companies. Frequent reviews of corporate intrayear liquidity planning permit constant monitoring of Group companies' status, and enable countermeasures to be taken where necessary.

The investments are regularly tested for impairment, using generally accepted valuation methods. Valuation adjustments are made as necessary.

#### **Health, Safety, Security and Environment (HSE)**

OMV Aktiengesellschaft plays a dual role in HSE management, performing a strategic management function for the Group as a whole whilst also implementing these policies internally. For instance, the formulation of the Group HSE Strategy, the Carbon Strategy, and the setting of Balance Score Card targets, is led and coordinated by OMV Aktiengesellschaft in consultation with all business segments and Petrom.

In 2008, there was no reported accident in OMV Aktiengesellschaft. Awareness of health, safety and

environmental issues was raised through role descriptions, training courses and information events.

Active involvement of employees in health topics was achieved via the implementation of Health Circles, where employees voice their health concerns and make suggestions.

A voluntary winter-flu vaccination campaign and a psychological stress assessment program figured prominent among other preventative health programs, run during the year.

In 2008, the emergency and crisis management Directive was audited by a second independent party (internal audit). Some improvement measures were raised.

#### **Outlook for 2009**

The second half of 2008 was marked by unexpected upheavals on financial, commodity and currency markets. The oil industry was particularly hard hit by oil, product and gas price, and exchange rate volatility. For 2009 we expect the main market drivers (crude price, refining margins and the EUR-USD exchange rate) to remain highly volatile.

Despite the significant drop in the oil price – from a record USD 144/bbl level for Brent in July 2008 to around USD 40/bbl at the beginning of 2009 – we expect crude oil prices to stabilize in H1/09 and to recover slightly in H2/09.

The average EUR-USD exchange rate for 2009 is expected to be highly volatile, overall we are expecting a weaker EUR compared to the average 2008 level. Based on the recent weakness of several CEE currencies we expect a highly volatile but overall decreasing RON versus the USD and the EUR compared to 2008 average levels.

The current downturn in the global economy is expected to lead to a slowdown in growth rates in OMV's relevant markets. Refinery fuels margins are expected to weaken from the 2008 level and the petrochemicals business is expected to suffer from reduced market demand and lower margins caused by the economic downturn. Marketing sales volumes are expected to decline slightly and marketing margins are expected to be lower.

Vieanna, March 25, 2009-03-29

The Executive Board

## Financial statements

### Balance sheet as of December 31, 2008

Assets	Note	EUR 1,000	
		2008	2007
<b>Fixed assets</b>	<b>1</b>		
Intangible assets		0	0
Tangible assets		8,260	9,446
Financial assets		4,764,684	4,582,274
		<b>4,772,944</b>	<b>4,591,720</b>
<b>Current assets</b>			
<b>Inventories</b>			
Payments on account		–	16
		–	<b>16</b>
<b>Accounts receivable and other assets</b>	<b>2</b>		
Receivables from trade		23	0
Receivables from affiliated companies		3,593,393	3,368,908
Receivables from associated companies		196	0
Other receivables and other assets		61,974	36,692
		<b>3,655,586</b>	<b>3,405,600</b>
Own shares		13,859	13,930
Cash on hand and at bank		296,745	19,986
		<b>3,966,190</b>	<b>3,439,532</b>
<b>Deferred taxes</b>		<b>12,648</b>	<b>17,263</b>
<b>Prepayments and accrued income</b>		<b>1,096</b>	<b>1,213</b>
<b>Total assets</b>		<b>8,752,878</b>	<b>8,049,728</b>

<b>Liabilities</b>		<b>EUR 1,000</b>	
	<b>Note</b>	<b>2008</b>	<b>2007</b>
<b>Stockholders' equity</b>	<b>3</b>		
Capital stock		300,000	300,000
Capital reserves			
appropriated		1,006,610	1,006,610
unappropriated		334	334
Revenue reserves		4,683,032	4,473,961
Reserve for treasury stock		13,859	13,930
Unappropriated income			
thereof income brought forward in 2008: 1,135 (2007: 3,268)		375,181	374,587
		<b>6,379,016</b>	<b>6,169,422</b>
<b>Untaxed reserves</b>	<b>4</b>		
Valuation reserve for impairments		5,464	5,464
<b>Provisions</b>	<b>5</b>		
Provisions for severance payments		6,409	6,694
Provisions for pensions		7,642	8,043
Provisions for taxes		—	21,550
Other provisions		55,543	83,369
		<b>69,594</b>	<b>119,656</b>
<b>Liabilities</b>	<b>6</b>		
Bonds		250,000	250,000
Amounts due to banks		1,400,336	941,662
Accounts payable from trade		8,908	11,825
Accounts payable to affiliates		468,292	317,202
Other liabilities		171,268	234,497
		<b>2,298,804</b>	<b>1,755,186</b>
<b>Total liabilities</b>		<b>8,752,878</b>	<b>8,049,728</b>
Contingent liabilities	<b>7</b>	1,587,564	1,529,414

## Income statement

		EUR 1,000	
	Note	2008	2007
<b>1. Sales</b>	<b>8</b>	<b>74,580</b>	<b>74,436</b>
2. Changes in inventories of finished products, work in progress and services not yet invoiced		–	(6)
3. Other operating income	9	20,761	6,907
4. Expenses for materials and services	10	(3,151)	(2,954)
5a. Personnel expenses	11	(27,168)	(60,874)
5b. Expenses for severance payments and pensions	12	(3,482)	(4,295)
6. Depreciation and amortization		(365)	(426)
7. Other operating expenses	13	(47,545)	(54,402)
<b>8. Subtotal of items 1 to 7 (Earnings before interest and taxes)</b>		<b>13,630</b>	<b>(41,614)</b>
9. Income from investments thereof affiliated companies: 890,420 (2007: 1,105,989)	14	895,039	1,106,815
10. Income from other securities and lendings carried as financial assets thereof affiliated companies: 34,428 (2007: 9,436)		37,255	15,386
11. Other interest and similar income thereof affiliated companies 117,588 (2007: 94,506)		151,114	106,711
12. Gains on disposal and write-up of financial assets and securities held as current assets		1,952	715
13. Expenses arising from financial assets and securities held as current assets thereof depreciation: 365,241 (2007: 2,953) thereof affiliated companies 714 (2007: 585)		(365,955)	(3,881)
14. Interest and similar expenses thereof affiliated companies 38,797 (2007: 21,972)		(136,355)	(104,176)
<b>15. Subtotal of items 9 to 14 (Financial result)</b>		<b>583,050</b>	<b>1,121,570</b>
<b>16. Income from ordinary activities</b>		<b>596,680</b>	<b>1,079,956</b>
17. Taxes on income	15	(13,634)	(1,637)
<b>18. Net income for the year</b>		<b>583,046</b>	<b>1,078,319</b>
19. Allocation to revenue reserves		(209,000)	(707,000)
20. Income brought forward		1,135	3,268
<b>21. Unappropriated income</b>		<b>375,181</b>	<b>374,587</b>

## Notes

The accounts of **OMV Aktiengesellschaft**, A-1090 Vienna, as of December 31, 2008 have been drawn up in accordance with the Austrian Commercial Code (ACC) as amended. As the parent company of 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 is in units of one thousand euro (EUR 1,000; EUR thousand). This may result in rounding differences.

## Accounting and valuation principles

**Intangible assets** and **tangible fixed 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
Buildings	10–50 years
Plant and equipment	4–20 years
Other fixtures and fittings, tools and equipment	4–25 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 writedowns.

**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.

In order to gain a presence in Turkey, one of Europe's largest growth markets, OMV acquired a 34% interest in Petrol Ofisi – the leader in the country's filling station and commercial segments – from Doğan Holding on May 16, 2006. OMV built up its interest in Petrol Ofisi in 2008 and held 41.58% at year end. On August 31, 2006, the Turkish Energy Market Regulatory Authority (EMRA) imposed fines totaling New Turkish lira (TRY) 1.6 bn (EUR 0.9 bn) on 28 of Turkey's 30 distribution companies in respect of litigation with reference to the supply of unlicensed distributors during the transition period following the introduction of the new Turkish Petroleum Act at the beginning of 2005.

The fine imposed on Petrol Ofisi A.S. and its subsidiary ERK Petrol Yatirimlari A.S. amounted to some TRY 600 mn (EUR 349 mn). Petrol Ofisi A.S. has appealed to the Supreme Court and the Administrative Court of Appeal for cancellation of the fine and applied for stay of payment until the case is settled. On January 31, 2007, the Supreme Court granted the application for stay of payment until settlement of the case. On the basis of the Supreme Court's decision, no provision has been made, as in the previous year.

**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 acquisition cost or the European Central Bank (ECB) exchange rate at balance sheet date. All recognizable risks are accounted for by valuation allowances.

In the year under review **deferred taxes** arising from temporary differences were recognized pursuant to section 198(9–10) ACC. Current deferred taxes are reported under the Taxes on income item. In the 2005 financial year, OMV Aktiengesellschaft began charging tax contributions to Group companies due to the formation of a tax group under section 9 Corporate Tax Act. OMV Aktiengesellschaft retains the profits and losses of its successor companies under a profit and loss pooling agreement.

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 made. 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. Actuarial gains and losses falling within a corridor of 10% of the greater of projected benefit obligations and plan assets – measured in both cases at the beginning of

the year – are not recognized in pensions and severance payments provisions. Actuarial gains and losses falling outside this corridor are distributed according to the average remaining years of service of the participants in the plan. Interest expense accruing on pension provisions together with income from pension plan assets is disclosed as part of financial income and expense.

The Company's pension obligations are partly funded by payments to an external pension fund. These are reported as expenses for pensions.

Liabilities arising from personnel separations are recognized if the amounts are fixed and a detailed plan, approved by management, is in existence before the balance sheet date, and is irrevocable.

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 stated at the higher of cost or the ECB exchange rate at balance sheet date.

#### **Stock option plans**

On the basis of resolutions of the relevant Annual General Meetings, OMV has – starting in 2000 – implemented long-term performance oriented compensation plans for the Executive Board and selected senior executives in the Group. The executives in question – provided they themselves invest in OMV shares – are granted options entitling them to acquire OMV shares (or their monetary equivalents) on favorable terms if the stock price has risen by at least 15%.

In the explanations that follow, the numbers of options and the values have been adjusted for the 10-for-1 stock split on July 11, 2005.

At the times the options were granted, details of the plans were as follows:

**Main conditions**

	2008 plan	2007 plan	2006 plan	2005 plan	2004 plan
Start of plan	1.9.2008	1.9.2007	1.9.2006	1.9.2005	1.9.2004
End of plan	31.8.2015	31.8.2014	31.8.2013	31.8.2012	31.8.2011
Vesting period	2 years	2 years	2 years	2 years	2 years
Exercise price	EUR 47.550	EUR 47.850	EUR 45.190	EUR 34.700	EUR 16.368
Option entitlement per OMV share held	20	20	20	20	15
<b>Qualifying own investment</b>					
Executive Board	1,136 shares <sup>1</sup>	1,230 shares <sup>1</sup>	1,242 shares <sup>1</sup>	2,390 shares <sup>1</sup>	3,980 shares <sup>1</sup>
Senior executives	379 shares <sup>1</sup>	410 shares <sup>1</sup>	414 shares <sup>1</sup>	800 shares <sup>1</sup>	1,330 shares <sup>1</sup>
<b>Options granted</b>					
<b>Executive Board members</b>					
Auli <sup>2</sup>	22,720	24,600	8,280	—	19,950
Davies	22,720	24,600	24,840	47,800	59,700
Langanger	22,720	24,600	24,840	47,800	59,700
Roiss	22,720	24,600	24,840	47,800	59,700
Ruttenstorfer	22,720	24,600	24,840	47,800	59,700
<b>Total – Executive Board</b>	<b>113,600</b>	<b>123,000</b>	<b>107,640</b>	<b>191,200</b>	<b>258,750</b>
Other senior executives	428,280	440,760	360,220	532,000	484,350
<b>Total options granted</b>	<b>541,880</b>	<b>563,760</b>	<b>467,860</b>	<b>723,200</b>	<b>743,100</b>
<b>Plan threshold: share price</b>	<b>EUR 54.680</b>	<b>EUR 55.030</b>	<b>EUR 51.970</b>	<b>EUR 39.910</b>	<b>EUR 18.823</b>

<sup>1</sup> Or 25%, 50% or 75% thereof.

<sup>2</sup> Member of the Executive Board since January 1, 2007.

At balance sheet date, all options for the 2003 plan and some of the options for the 2004 and 2005 plans were exercised. As of December 31, 2007, some of the options for the 2003, 2004 and 2005 plans were exercised.

Participation in the stock option plans is subject also to the following terms and conditions:

1. Eligibility to participate in the stock option plans is conditional on investment by the participant, who must hold the shares at the start of the plan and for the entire period until exercise.
2. For all plans, the number of shares participants are required to hold is calculated by dividing the maximum permitted investment by the average quoted price of the stock in the month of May in the year of issue. Options may also be exercised at levels of 25%, 50% or 75% of the maximum holding.
3. In the event of participants disposing of their underlying investments, the options are forfeited. The options are not transferable and expire if not exercised.
4. The exercise price is the average price for the period from May 20 to August 20.

5. Provided that the plan thresholds are attained, the options may be exercised in the exercise period for the 2004 plan during the 20 trading days after publication of the quarterly reports (exercise window). For the plans for 2005–2008 exercise windows are periods where exercise is not prohibited according to the following criteria. Options may not be exercised:
- when the plan participant is party to insider information;
  - during the blackout period specified in the Issuers Compliance Regulation (six weeks before scheduled publication of the annual results, three weeks before publication of the quarterly results or any other restricted periods defined by compliance officers);
  - if the Executive Board forbids the exercise for a specific period.
6. Evidence of the participant's underlying investment must be furnished when exercising an option. The options may be exercised by purchasing the shares or by having the difference between the current market price and the exercise price paid out in cash or in the form of shares, provided always that the market price of OMV stock at the time of exercise exceeds the exercise price by at least 15%.

In 2008 and 2007 movements in options under the stock option plans were as follows:

**Stock option plans**

	2008		2007	
	Number of options	Weighted average exercise price EUR	Number of options	Weighted average exercise price EUR
<b>Outstanding options as of January 1</b>	<b>1,905,850</b>	<b>37.163</b>	<b>2,085,585</b>	<b>28.529</b>
Options granted	541,880	47.550	563,760	47.850
Options exercised	(325,340)	21.029	(743,495)	21.048
<b>Outstanding options as of December 31</b>	<b>2,122,390</b>	<b>42.288</b>	<b>1,905,850</b>	<b>37.163</b>
<b>Options exercisable at year end <sup>1</sup></b>	<b>–</b>	<b>–</b>	<b>874,230</b>	<b>25.974</b>

<sup>1</sup> The options for the plans 2004, 2005 and 2006 would have been exercisable at year end if the share price had been above the respective plan threshold.

During 2008, a total of 325,340 options granted under the 2003, 2004 and 2005 plans were exercised. The amount due in respect of all options was the difference between the current share price and the exercise price. For 42,000 options, the options were exercised through the purchase of shares. The weighted average market price at the time of exercise in 2008 was EUR 54.376. Considering the plan threshold, the intrinsic value of the options exercisable as of December 31, 2008 was EUR 0. (As of December 31, 2008 the share price was below the plan threshold for all plans.)

During 2007, 743,495 options granted under the 2003, 2004 and 2005 plans were exercised. For 722,495 options the difference between the current share price and the exercise price was paid; the amount due in respect of all options was settled in cash. For 21,000 options, the options were exercised through the purchase of shares. The weighted average market price at the time of exercise in 2007 was EUR 50,087. The intrinsic value of the options exercisable as of December 31, 2007 was EUR 25,742 thousand.

Exercise of options by plan participants was as follows:

**Options exercised**

	2008		2007	
	Options exercised	Weighted average exercise price in EUR	Options exercised	Weighted average exercise price in EUR
<b>Executive Board members</b>				
Auli	—	—	—	—
Davies	107,500	24.519	84,000	10.404
Langanger	42,000	10.404	71,850	12.882
Roiss	29,700	16.368	—	—
Ruttenstorfer	59,700	16.368	42,000	10.404
<b>Total – Executive Board</b>	<b>238,900</b>	<b>18.987</b>	<b>197,850</b>	<b>11.304</b>
Other senior executives	86,440	26.672	545,645	24.581
<b>Total options exercised</b>	<b>325,340</b>	<b>21.029</b>	<b>743,495</b>	<b>21.048</b>

Compensation expense arising from the exercise of options reflects the value of the options exercised at the date of exercise and amounted as follows:

Compensation expense	EUR 1,000	
	2008	2007
2003 plan	1,711	6,722
2004 plan	6,944	10,694
2005 plan	2,194	4,174
<b>Total</b>	<b>10,849</b>	<b>21,590</b>

Of this amount, EUR 8,293 thousand (2007: EUR 7,447 thousand) was attributable to Executive Board members and EUR 2,556 thousand (2007: EUR 14,143 thousand) to other senior executives.

As of December 31, 2008, **outstanding options** under the various plans were as follows:

**Outstanding options**

Plan	Exercise price EUR	Options outstanding	Remaining maturity in years	Options exercisable at year end <sup>1</sup>
2004	16.368	173,490	2.7	—
2005	34.700	375,400	3.7	—
2006	45.190	467,860	4.7	—
2007	47.850	563,760	5.7	—
2008	47.550	541,880	6.7	—
<b>Total</b>		<b>2,122,390</b>		<b>—</b>

<sup>1</sup> The options for the plans 2004, 2005 and 2006 would have been exercisable at year-end if the share price had been above the respective plan threshold.

The options are valued using the Black-Scholes model. The expected average volatility of the stock has been calculated on the basis of the volatility of the past five years. The possibility of earlier exercise is reflected in the risk-free interest rate selected, which is based on rates prevailing at balance sheet date.

The fair value as of December 31, 2008 is calculated on the basis of the options still outstanding, while the fair value as of the time of award is based on the total options granted. Assuming that the conditions for exercise are fulfilled during the exercise period, the fair value of the stock option plans is as follows:

**Valuation as of December 31, 2008**

	2008 plan	2007 plan	2006 plan	2005 plan	2004 plan
Market value of plan (EUR 1,000)	4,031	4,497	3,312	1,191	664
<b>Calculation variables</b>					
Market price of stock (EUR)	18.72	18.72	18.72	18.72	18.72
Risk-free rate of return	3.349%	3.232%	3.092%	2.951%	2.664%
Maturity of options (including vesting period)	6.7 years	5.7 years	4.7 years	3.7 years	2.7 years
Average dividend yield	6.7%	6.7%	6.7%	6.7%	6.7%
Share price volatility	40%	40%	40%	40%	40%

Provision is made for the expected future costs of options unexercised at balance sheet date based on fair values. For new plans, the expense is spread over the two-year vesting period. As of December 31, 2008, the provision amounted to EUR 8,836 thousand (2007: EUR 34,976 thousand), and the net decrease was EUR 26,140 thousand (2007: increase EUR 4,259 thousand).

## Notes to the balance sheet

### 1 Fixed assets

In the year under review, fixed tangible assets were itemized in accordance with minimum statutory requirements. Movements in fixed assets in 2008 are presented in the statement of fixed assets.

The land and buildings item includes land valued at EUR 5,835 thousand (2007: EUR 5,901 thousand).

Liabilities arising from the use of off-balance sheet fixed assets were as follows:

	EUR 1,000	
	2008	2007
Maturing in one year	558	1,293
Maturing within the next five years	275	2,089
<b>Total</b>	<b>833</b>	<b>3,382</b>

Loans with maturities of up to one year amounted to EUR 9 thousand (2007: EUR 9 thousand). All the loans to affiliated companies have maturities of over one year. OMV Aktiengesellschaft extended a new loan of EUR 600,000 thousand to OMV Deutschland GmbH during the year under review. OMV Pakistan Exploration GmbH was accorded a USD 35,000 thousand credit line to develop the South West Miano Block gas field; USD 8,644 thousand was utilized.

In 2008, the Company acquired an additional 2% interest in Petrol Ofisi A.S. for EUR 30,567 thousand. During the year, Petrol Ofisi effected a capital increase of TRY 58,000,000 from own resources.

### 2 Accounts receivable and other assets

	EUR 1,000			
	2008		2007	
	≤ 1 year	> 1 year	≤ 1 year	> 1 year
Receivables from trade	23	–	–	–
Receivables from affiliated companies	3,593,393	–	3,368,908	–
[thereof trade]	[4,508]	[–]	[7,552]	[–]
Receivables from associated companies	196	–	–	–
[thereof trade]	[196]	[–]	[–]	[–]
Other receivables and assets	61,974	–	36,692	–
<b>Total</b>	<b>3,655,586</b>	<b>–</b>	<b>3,405,600</b>	<b>–</b>

Other receivables include a revolving loan of EUR 12,030 thousand (2007: EUR 4,677 thousand) to Trans Austria Gasleitung GmbH, as well as a tax credit of EUR 48,183 thousand (2007: EUR 28,652 thousand) in respect of corporate tax prepayments.

### 3 Stockholders' equity

The **capital stock** of OMV Aktiengesellschaft consists of 300,000,000 (2007: 300,000,000) fully paid no par value shares with a total nominal value of EUR 300,000 thousand (2007: EUR 300,000 thousand). 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 2008, with the exception of treasury shares held by OMV Aktiengesellschaft.

The Executive Board has been authorized by resolution of the Annual General Meeting 2007, to increase the capital stock of OMV Aktiengesellschaft with the approval of the Supervisory Board by up to EUR 36,350 thousand by the issue of up to 36,350,000 no par value shares until May 23, 2012 (authorized capital).

The Annual General Meeting of May 14, 2008, authorized the Executive Board for a period of 18 months after the date of the authorization to purchase the Company's stock up to the maximum amount permissible by law

(currently 10% of the authorized share capital). Repurchased shares may be used to service the stock option plans or can at any time be sold through the stock exchange or by means of a public offer.

For 2008, OMV Aktiengesellschaft proposes a dividend of EUR 1.00 per eligible share.

For 2007, OMV Aktiengesellschaft proposed a dividend of EUR 1.25 per eligible share. This dividend was paid in May 2008.

The Annual General Meetings for the years 2000 to 2008 approved the repurchase of own shares (treasury shares) in connection with the provision of stock option plans. The costs of repurchased shares have been reflected in a reduction in equity. Gains or losses on the re-issue of own shares (issue proceeds less acquisition cost) result in an increase or reduction in **capital reserves**.

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

#### Treasury shares

	Number of shares	Repurchase cost EUR 1,000
<b>January 1, 2007</b>	<b>1,289,606</b>	<b>14,141</b>
Additions	1,627,390	64,861
Disposals	(1,647,930)	(65,072)
<b>December 31, 2007</b>	<b>1,269,066</b>	<b>13,930</b>
Additions	15,774	446
Disposals	(31,941)	(378)
<b>December 31, 2008</b>	<b>1,252,899</b>	<b>13,997</b>

The number of shares in issue was as follows:

#### Number of shares in issue

	Number of shares	Treasury shares	Shares in issue
<b>January 1, 2007</b>	<b>300,002,400</b>	<b>1,289,606</b>	<b>298,712,794</b>
Capital decrease	(2,400)	(2,400)	—
Purchase of treasury shares	—	1,627,390	(1,627,390)
Used to cover conversions and stock options	—	(1,645,130)	1,645,130
Sale of own shares	—	(400)	400
<b>December 31, 2007</b>	<b>300,000,000</b>	<b>1,269,066</b>	<b>298,730,934</b>
Purchase of treasury shares	—	15,774	(15,774)
Used to cover stock options	—	(31,266)	31,266
Sale of own shares	—	(675)	675
<b>December 31, 2008</b>	<b>300,000,000</b>	<b>1,252,899</b>	<b>298,747,101</b>

#### 4 Untaxed reserves

The **untaxed reserves** are valuation reserves related to undeveloped and developed land, amounting to EUR 5,464 thousand (2007: EUR 5,464 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					
	2008			2007		
	Pensions	Severance payments	Jubilee payments	Pensions	Severance payments	Jubilee payments
Present value of obligations financed through funds	23,440	—	—	23,140	—	—
Market value of plan assets	(11,876)	—	—	(12,242)	—	—
Unrecognized actuarial gains/(losses)	(3,922)	—	—	(2,855)	—	—
<b>Provision for obligations financed through funds</b>	<b>7,642</b>	<b>—</b>	<b>—</b>	<b>8,043</b>	<b>—</b>	<b>—</b>
Present value of obligations not financed through funds	—	6,990	443	—	7,485	409
Unrecognized actuarial gains/(losses)	—	(581)	—	—	(790)	—
<b>Provision for obligations not financed through funds</b>	<b>—</b>	<b>6,409</b>	<b>443</b>	<b>—</b>	<b>6,695</b>	<b>409</b>
<b>Provision at January 1</b>	<b>8,043</b>	<b>6,695</b>	<b>409</b>	<b>7,525</b>	<b>5,798</b>	<b>417</b>
Expense for the period	1,200	873	48	1,238	918	32
Allocation to the fund	(1,406)	—	—	(720)	—	—
Disbursements	—	(921)	(15)	—	—	(5)
Group transfer	(195)	(238)	1	—	(21)	(35)
<b>Provision at December 31</b>	<b>7,642</b>	<b>6,409</b>	<b>443</b>	<b>8,043</b>	<b>6,695</b>	<b>409</b>
Interest expense	1,020	319	18	979	292	19
Expense due to employee service in current period	649	551	39	638	626	13
Service expense not relating to period	—	—	—	—	—	—
Expected return on plan assets	(659)	—	—	(663)	—	—
Recognized actuarial (gains)/losses	190	3	(9)	284	—	—
<b>Expense for the period</b>	<b>1,200</b>	<b>873</b>	<b>48</b>	<b>1,238</b>	<b>918</b>	<b>32</b>

Underlying assumptions for calculating pension expense and expected defined benefit entitlements as of December 31, 2008:

	2008		2007	
	Pensions	Severance, jubilees	Pensions	Severance, jubilees
Capital market interest rate	5.50%	5.50%	4.50%	4.50%
Future increases in salaries	3.85%	3.85%	3.85%	3.85%
Inflation	2.50%	—	1.90%	—
Long-term rate of return on plan assets	5.50%	—	6.00%	—

Allocation of plan assets as of December 31, 2008:

Asset category	2008		2007	
	VRG IV	VRG VI	VRG IV	VRG VI
Equity securities	23.1%	25.6%	37.3%	42.1%
Debt securities	54.7%	47.2%	37.7%	45.9%
Cash and money market investments	16.4%	27.2%	18.3%	12.0%
Other	5.8%	—	6.7%	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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 funds of funds and the selection of fund managers. New categories of investments or the employment of a wider range of funds requires the approval of the APK-Pensionskasse AG management board. Diversification for both equity and debt securities is global; however, the bulk of the debt securities are EUR-denominated.

The funds of the asset allocation and risk group (VRG) IV are invested in EUR-denominated bond funds, international equity funds and money market investments. As part of the policy of risk diversification, in selecting the asset managers, their different management styles and investment approaches have been taken into account.

In 2005, the investment management policy for the funds of VRG VI was changed to a value-at-risk approach. The process involves investing in European equities and in low-risk assets, with a defined worst-case loss limit, but also with the opportunity of benefiting from positive stock market performance.

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. As a consequence of the decline of the global financial markets starting in September 2008 also the performance of VRG IV was negative in 2008; due to the value-at-risk approach the performance of VRG VI was balanced in 2008.

For 2009, defined benefit related contributions to APK-Pensionskasse AG of EUR 5,378 thousand are planned.

Other provisions largely consisted of the following:

	EUR 1,000	
	2008	2007
Personnel provisions	18,637	44,066
Sundry provisions	36,906	39,303
<b>Total</b>	<b>55,543</b>	<b>83,369</b>

Personnel provisions include a provision for share options granted, amounting to EUR 8,836 thousand (2007: EUR 34,976 thousand). Due to the fall in the share price the provision was reduced by EUR 26,140 thousand. Other provisions include reinsurance amounting to EUR 34,123 thousand (2007: EUR 35,047 thousand) and a long-term provision of EUR 890 thousand (2007: EUR 1,679 thousand) for dismantling and removing costs.

## 6 Liabilities

	EUR 1,000			
	2008		2007	
	≤1 year	> 1 year	≤1 year	> 1 year
Bonds	—	250,000	—	250,000
Amounts due to banks	720,336	680,000	661,662	280,000
Accounts payable from trade	2,108	6,800	5,017	6,808
Accounts payable to affiliates	171,164	297,128	40,074	277,128
[thereof trade]	[79]	[—]	[118]	[—]
Other liabilities	164,908	6,360	228,216	6,280
[thereof taxes]	[163,420]	[—]	[218,211]	[—]
[thereof social security expenses]	[195]	[—]	[167]	[—]
<b>Total</b>	<b>1,058,516</b>	<b>1,240,288</b>	<b>934,969</b>	<b>820,216</b>

Other liabilities include personnel separation expenses of EUR 1,920 thousand (2007: EUR 1,704 thousand). They also include a prepayment of EUR 4,750 thousand received in 2006 arising from the disposal of fixed assets.

Liabilities with maturities of more than five years amounted to EUR 160,000 thousand (2007: EUR 160,000 thousand); all of these related to borrowings from banks.

## 7 Contingent liabilities under section 199 ACC

Contingent liabilities are as follows:

	EUR 1,000	
	2008	2007
<b>Guarantees</b>	<b>1,587,564</b>	<b>1,529,414</b>
[thereof in favor of affiliated companies]	[1,587,564]	[1,529,414]

The change in contingent liabilities largely resulted from the reduction in the guaranty extended on behalf of OMV Finance Limited to EUR 850,000 thousand (2007: EUR 1,000,000 thousand). A new guaranty of EUR 30,750 thousand was made on behalf of EconGas GmbH to back a regasification contract.

OMV Aktiengesellschaft is liable for the redemption of the USD 320,000 thousand (EUR 229,935 thousand) US bond issue by OMV (U.K.) Limited.

Disposals of subsidiaries in past years (Chemie Linz GmbH and PCD Polymere GmbH) have led to the Company's assuming liability for potential environmental risks. The total amount of these contingent liabilities is limited to EUR 101,740 thousand. As at balance sheet date, no claims had arisen in consequence of the above disposals.

As part of the agreement for the disposal of AMI Agrolinz Melamine International GmbH contingent liabilities up to a maximum of EUR 67,500 thousand were assumed, in particular for any environmental risks and any costs of ongoing litigation. The period of liability (with some exceptions) is limited to 60 months from the date the transaction was closed.

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 assumed liability on behalf of OMV Finance Limited for a EUR 1,500,000 thousand credit facility which had not been utilized as of the balance sheet date.

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. In connection with the sale of the PCD group in 1998, agreements expiring in 2017 have been arranged on real estate in Schwechat and Burghausen; exercise of the options would lead to an exchange of properties.

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	
	2008	2007
Domestic	70,993	65,229
Foreign	3,587	9,207
<b>Total</b>	<b>74,580</b>	<b>74,436</b>

As OMV Aktiengesellschaft has been operating as a holding company since January 1, 2004, most of the sales consist of corporate service charges billed to the successor companies.

### 9 Other operating income

	EUR 1,000	
	2008	2007
Gains on disposal of fixed assets other than financial assets	376	51
Gains on reversal of provisions	18,867	5,749
Other	1,518	1,107
<b>Total</b>	<b>20,761</b>	<b>6,907</b>

The gains on reversal of provisions are mainly caused by a reduction from stock options.

### 10 Expenses for materials and services

	EUR 1,000	
	2008	2007
Cost of materials	186	213
Cost of services	2,965	2,741
<b>Total</b>	<b>3,151</b>	<b>2,954</b>

The main components of cost of materials and services are expenses for temporary labor and other third-party services.

### 11 Personnel expenses

	EUR 1,000	
	2008	2007
Salaries	23,257	56,957
Statutory social security, and pay-related levies and compulsory contributions	3,785	3,548
Other expenses for employee benefits	126	369
<b>Total</b>	<b>27,168</b>	<b>60,874</b>

The reduction in salaries in the year under review chiefly reflects lower stock option plan expense (2008: proceeds EUR 8,101 thousand; 2007: expenses EUR 23,919 thousand).

## 12 Expenses for severance payments and pensions

	EUR 1,000	
	2008	2007
Expenses for severance payments	873	918
Payments to occupational pension funds	69	48
Defined contribution personnel expense	790	722
Defined benefit personnel expense	1,750	2,607
<b>Total</b>	<b>3,482</b>	<b>4,295</b>

Defined contribution pension expense includes EUR 615 thousand in provisions for personnel reduction programs (2007: EUR 1,292 thousand).

The breakdown of expenses for severance payments and pensions is as follows:

	EUR 1,000			
	2008		2007	
	Severance payments	Pensions	Severance payments	Pensions
Executive Board	304	652	268	611
Senior executives	106	335	90	294
Other employees	532	1,553	608	2,424

## 13 Other operating expenses

	EUR 1,000	
	2008	2007
Taxes not shown under item 17 (Taxes on income)	470	854
Other	47,075	53,548
<b>Total</b>	<b>47,545</b>	<b>54,402</b>

Other expenses include: EUR 10,175 thousand in insurance premiums, legal and consultancy fees (2007: EUR 15,364 thousand), EUR 12,844 thousand in advertising expenditure (2007: EUR 13,007 thousand), and EUR 11,336 thousand in services (2007: EUR 13,603 thousand).

## 14 Financial income and expenses

Income from investments of EUR 895,039 thousand (2007: EUR 1,106,815 thousand) included EUR 735,265 thousand (2007: EUR 941,918 thousand) in income from profit pooling arrangements, EUR 155,154 thousand (2007: EUR 164,071 thousand) in income from affiliated companies, and EUR 4,620 thousand (2007: EUR 826 thousand) in other 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 Exploration & Production GmbH; OMV Insurance Broker GmbH; OMV Gas & Power GmbH; and OMV Future Energy Fund GmbH.

This item also includes EUR 714 thousand in expenses arising from profit pooling arrangements (2007: EUR 585 thousand), as well as EUR 138 thousand in writedowns (2007: EUR 2,953 thousand). Gains on disposal of securities held as fixed assets were EUR 1,018 thousand (2007: —). During the year under review the interest in OMV Solutions GmbH was reduced by recognition of an impairment of EUR 365,102 thousand. This arose from a writedown of the investment in MOL Hungarian Oil and Gas Plc., held by a subsidiary of OMV Solutions GmbH, to a fair value calculated in an enterprise valuation carried out by OMV.

## 15 Taxes on income

	EUR 1,000	
	2008	2007
Current taxes	9,004	(8,814)
Deferred taxes	4,630	10,451
<b>Total</b>	<b>13,634</b>	<b>1,637</b>

Current taxes comprise EUR 3,834 thousand in deferred tax credits (2007: EUR 1,131 thousand), as well as the portion of the corporate income tax attributable to the top-tier corporation in consequence of the formation of a tax group under section 9 KStG (Corporate Tax Act) EUR 12,838 thousand (2007: EUR 13,084 thousand). The reduction in deferred tax chiefly reflects the provision for stock options and the utilization of one-seventh of the impairments recognized in previous years.

## Supplementary information

### 16 Interest rate risk management and derivatives

To facilitate management of interest rate risk, OMV's 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. Since 2005, interest on EUR 100 mn and USD 50 mn 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					
		Nominal value	Fair value	2008 Carrying value	Nominal value	Fair value	2007 Carrying value
Interest rate Swap, Societe Generale	EUR	50,000	1,201	—	50,000	(755)	(755)
Interest rate Swap, Barclays	EUR	50,000	1,275	—	50,000	(631)	(631)
Interest rate Swap, ÖVAG	USD	35,927	5,705	—	33,965	1,000	—
FX Swap EUR-HUF	HUF	70,679	(394)	(394)	—	—	—
FX Swap EUR-HRK	HRK	12,236	313	—	6,821	(86)	(86)

Derivative instruments are recognized at fair value, which 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 have been used to estimate the fair value of financial instruments at balance sheet date. Price calculation in these models is based on the forward prices and foreign exchange rates as well as volatility indicators which were in effect at the balance sheet date.

Where necessary, the Company hedges its own and Group companies' foreign currency risks.

To protect the cash flow from the adverse impact of falling oil prices, OMV Aktiengesellschaft concluded put spreads on its own account for some of its subsidiaries in order to hedge the proceeds of 25,000 bbl/d in 2009. A price floor of USD 80/bbl is secured as long as the oil price is above USD 65/bbl. In case the oil price is below USD 65/bbl in 2009, the hedge pays out USD 15/bbl in addition to the realized market price. The put spreads were financed via call options in order to avoid initial investment (zero cost structure), whereby the Group companies would not be able to profit from oil prices above USD 110/bbl in 2009 for the above stated volume. The hedges are over-the-counter (OTC) contracts with first class banks and were transferred to the respective subsidiaries. The derivative contracts concluded with banks and Group companies are valued collectively by OMV Aktiengesellschaft, and they are therefore reported not by the parent but by the Group companies involved. As of 31 December 2008, the nominal value of these options was EUR 239,616 thousand and the fair value EUR 82,562 thousand.

OMV Aktiengesellschaft entered into currency option contracts on its own account for an exposure of approximately USD 1 bn for 2009, to secure cash flow and reduce the impact of EUR-USD exchange rate movements. OMV is therefore only exposed to exchange rate movements within the range of EUR-USD 1.32 to 1.15 for the stated volume. These options were concluded with first class domestic and foreign banks.

These options were also transferred to the Group companies concerned, and they are therefore reported in the accounts of those entities. As of 31 December 2008, the nominal value of these options was EUR 735,791 thousand and the fair value EUR 54,131 thousand.

## 17 Governing bodies and employees

The average number of employees was:

	2008	2007
Salaried employees	122	113
<b>Total</b>	<b>122</b>	<b>113</b>

Total remuneration of the Executive Board was made up as follows:

Remuneration of the Executive Board						EUR 1,000
2008	Auli	Davies	Langanger	Roiss	Ruttenstorfer	Total
Fixed remuneration for 2008	452	572	507	593	679	2,803
Variable remuneration (for 2007)	625	1,044	1,044	1,203	1,362	5,277
Pension fund contributions	96	222	338	270	444	1,371
Benefits in kind (company car, accident insurance) and reimbursed expenses	8	9	8	8	8	42
<b>Total</b>	<b>1,181</b>	<b>1,848</b>	<b>1,897</b>	<b>2,073</b>	<b>2,494</b>	<b>9,493</b>

Remuneration of the Executive Board						EUR 1,000
2007	Auli	Davies	Langanger	Roiss	Ruttenstorfer	Total
Fixed remuneration for 2007	350	525	460	530	600	2,465
Variable remuneration (for 2006)	68	1,105	1,105	1,273	1,442	4,993
Pension fund contributions	72	208	129	99	145	653
Benefits in kind (company car, accident insurance) and reimbursed expenses	8	9	8	8	8	42
<b>Total</b>	<b>498</b>	<b>1,847</b>	<b>1,702</b>	<b>1,910</b>	<b>2,195</b>	<b>8,153</b>

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 Board members.

Compensation of former members of the Executive Board and their surviving dependants amounted to EUR 1,071 thousand (2007: EUR 1,043 thousand).

In 2008, the total remuneration in OMV Group (excluding stock option plans) of 39 top executives (excluding the Executive Board; 2007: 39) amounted to EUR 13,485 thousand (2007: EUR 10,707 thousand), of which basic remuneration, such as salaries, accrued vacations and bonuses was EUR 11,134 thousand (2007: EUR 8,997 thousand) and EUR 1,027 thousand (2007: EUR 1,250 thousand) were expenses for pension fund contributions. The expenses for severance benefits were EUR 1,264 thousand (2007: EUR 437 thousand), and other long-term benefits amounted to EUR 60 thousand (2007: EUR 23 thousand). Details of the stock option plan are given in the discussion of accounting and valuation policies.

In 2008 remuneration expenses for the Supervisory Board of EUR 383 thousand (2007: EUR 374 thousand, including EUR 5 thousand decrease in provisions) were recorded.

As of the balance sheet date the provision for stock options granted to Executive Board members and senior executives amounted to EUR 8,836 thousand (2007: EUR 34,976 thousand). The change during the year under review was a negative EUR 26,140 thousand (2007: positive EUR 4,259 thousand).

OMV Aktiengesellschaft is the parent company of OMV Group and as such acts as a holding company. Furthermore, OMV Aktiengesellschaft renders financing and group management services to the other Group companies.

Unappropriated income for the 2008 financial year was EUR 375,181 thousand (2007: EUR 374,587 thousand).

We recommend payment of a dividend of EUR 1.00 per share (excluding treasury stock) for the 2008 financial year, and carrying forward of the remainder.

**18 Dividend  
recommendation**

## Changes in untaxed reserves

	EUR 1,000			
	As of January 1, 2008	Allocations/ utilization	Transfer	As of December 31, 2008
<b>Valuation reserve for impairments</b>				
<b>I. Tangible assets</b>				
1. Land and buildings	5,464	–	–	5,464
	<b>5,464</b>	<b>–</b>	<b>–</b>	<b>5,464</b>

## Direct and indirect investments of OMV Aktiengesellschaft (interests of at least 20 %)

in stated currency 1,000

	Equity interest in %	Equity/negative equity as of Dec. 31, 2008	Net income/loss in 2008
<b>Domestic</b>			
OMV Gas & Power GmbH, Vienna <sup>1</sup>	100.00	EUR 125,638	92,891
OMV Exploration & Production GmbH, Vienna <sup>1</sup>	100.00	EUR 253,946	517,197
OMV Future Energy Fund GmbH, Vienna <sup>1</sup>	100.00	EUR 35	(714)
OMV Insurance Broker GmbH, Vienna <sup>1</sup>	100.00	EUR 35	1,416
OMV Refining & Marketing GmbH, Vienna <sup>1</sup>	100.00	EUR 699,980	91,366
OMV Solutions GmbH, Vienna <sup>1</sup>	100.00	EUR 480,857	(333,348)
students4excellence GmbH, Vienna <sup>3</sup>	20.00	EUR —	—
<b>Non-domestic</b>			
Amical Insurance Limited, Douglas	100.00	EUR 24,126	(1,351)
OMV AUSTRALIA PTY LTD, Perth <sup>1</sup>	100.00	AUD (18,116)	(15,329)
OMV FINANCE LIMITED, Douglas	100.00	EUR 905	608
Petrol Ofisi A.S, Istanbul <sup>2</sup>	41.58	TRY 1,614,273	47,037
PETROM SA, Bucharest	51.01	RON 13,568,597	1,022,383

<sup>1</sup> Tax group member under section 9 Corporate Tax Act.

<sup>2</sup> Preliminary figures for 2008.

<sup>3</sup> Formed in 2008: no figures currently available.

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

	As of Jan. 1, 2008	Additions
<b>I. Intangible assets</b>		
1. Concessions, patents, similar rights and licenses	4	–
	<b>4</b>	<b>–</b>
<b>II. Tangible assets</b>		
1. Land, leasehold rights and buildings, including buildings on third-party land	20,636	–
2. Plant and equipment	1,029	–
3. Other fixtures and fittings, tools and equipment	4,968	235
	<b>26,633</b>	<b>235</b>
<b>III. Financial assets</b>		
1. Investments in affiliated companies	3,540,639	–
2. Loans to affiliated companies	138,912	649,428
3. Other investments	885,204	30,574
4. Securities (loan stock rights) held as fixed assets	89,703	–
5. Other loans	42,976	–
	<b>4,697,434</b>	<b>680,002</b>
	<b>4,724,071</b>	<b>680,237</b>

EUR 1,000

Disposals	As of Dec. 31, 2008	Depreciation (cumulative)	Carrying value as of Dec. 31, 2008	Carrying value as of Dec. 31, 2007	Depreciation	Impairment in 2008
—	4	4	—	—	—	—
—	4	4	—	—	—	—
6,634	14,002	6,240	7,762	8,900	127	—
16	1,013	1,004	9	10	—	—
1,327	3,876	3,387	489	536	238	—
<b>7,977</b>	<b>18,891</b>	<b>10,631</b>	<b>8,260</b>	<b>9,446</b>	<b>365</b>	—
—	3,540,639	452,168	3,088,471	3,453,573	—	365,102
55,024	733,316	18,603	714,713	122,516	—	—
—	915,778	—	915,778	885,204	—	—
83,212	6,491	3,696	2,795	78,049	—	138
9	42,967	40	42,927	42,932	—	—
<b>138,245</b>	<b>5,239,191</b>	<b>474,507</b>	<b>4,764,684</b>	<b>4,582,274</b>	—	<b>365,241</b>
<b>146,222</b>	<b>5,258,086</b>	<b>485,142</b>	<b>4,772,944</b>	<b>4,591,720</b>	<b>365</b>	<b>365,241</b>

## Supervisory Board

### **Rainer Wieltsch**

Chairman

Member of 3 supervisory boards

appointed to the Board in the AGM of May 24, 2002

### **Mohamed Nasser Al Khaily**

Deputy Chairman until May 14, 2008

Managing Director of IPIC

Member of 1 supervisory board

appointed to the Board in the AGM of June 7, 1995

### **Alyazia Ali Saleh Al Kuwaiti**

Deputy Chairman from May 14, 2008

Assistant Manager/Evaluation & Execution of IPIC

appointed to the Board in the AGM of May 14, 2008

### **Peter Michaelis**

Deputy Chairman

Member of the Management Board of ÖIAG

Member of 3 supervisory boards (3 chairmanships)

appointed to the Board in the AGM of May 23, 2001

### **Murtadha Mohammed Al Hashemi** member until May 14, 2008

Division Manager/Finance of IPIC

Member of 1 supervisory board

appointed to the Board in the AGM of May 18, 1999

### **Helmut Draxler**

Member of 1 supervisory board

appointed to the Board in the AGM of October 16, 1990

### **Mohamed Al Khaja** member from May 14, 2008

Division Manager/Research & Business Development of IPIC

appointed to the Board in the AGM of May 14, 2008

### **Wolfram Littich**

Chairman of the Management Board of

Allianz Elementar Versicherungs-AG

appointed to the Board in the AGM of May 23, 2001

### **Gerhard Mayr**

Member of 3 supervisory boards

appointed to the Board in the AGM of May 24, 2002

### **Herbert Stepic**

Deputy Chairman of the Managing Board of

Raiffeisen Zentralbank Österreich AG

appointed to the Board in the AGM of May 18, 2004

### **Herbert Werner**

Chief Executive Officer

Member of 2 supervisory boards (1 chairmanship)

appointed to the Board in the AGM of June 4, 1996

### **Norbert Zimmermann**

Member of the Management Board of Berndorf

Industrieholding AG

Member of 3 supervisory boards (1 chairmanship)

appointed to the Board in the AGM of May 23, 2001

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.

**Delegated by the Works Council:**

Leopold Abraham  
Wolfgang Baumann  
Franz Kaba  
Ferdinand Nemesch  
Markus Simonovsky

The information relating to membership of supervisory boards refers to listed, non-Group companies. External supervisory board memberships are memberships of OMV Supervisory Board members outside their Groups, which under Rule 57 of the Austrian Corporate Governance Code are not included in the count.

**Presidential and Nomination Committee:**

Wieltsch (Chairman), Al Kuwaiti (Deputy), Michaelis (Deputy), Al Khaja, Abraham, Baumann

**Audit Committee:**

Wieltsch (Chairman), Al Kuwaiti (Deputy), Michaelis (Deputy), Draxler, Littich, Werner, Abraham, Baumann, Nemesch

**Project Committee:**

Wieltsch (Chairman), Al Kuwaiti (Deputy), Michaelis (Deputy), Al Khaja, Littich, Zimmermann, Abraham, Kaba, Nemesch

**Remuneration Committee:**

Wieltsch (Chairman), Al Kuwaiti, Michaelis, Zimmermann

## Executive Board

Vienna, March 25, 2009

The Executive Board



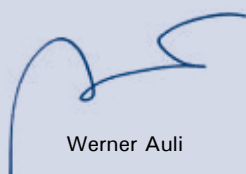
Wolfgang Ruttendorfer

CEO and Chairman of the Executive Board



Gerhard Roiss

Deputy Chairman; Refining and Marketing including  
petrochemicals



Werner Auli

Gas and Power



David C. Davies

Chief Financial Officer



Helmut Langanger

Exploration and Production

## Auditors' Report

We have audited the financial statements, including the accounting records of OMV Aktiengesellschaft, Vienna, for the fiscal year from 1 January 2008 to 31 December 2008. The Company's management is responsible for the preparation and content of the financial statements and the accounting records and the management's report in accordance with Austrian regulations. Our responsibility is to express an opinion on these financial statements based on our audit and to state whether the management report is in accordance with the financial statements.

We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement and whether we can state that the management report is in accordance with the financial statements. In determining audit procedures we considered our knowledge of the business, the economic and legal environment of the company and expectations about potential errors.

The audit involves procedures to obtain evidence about amounts and disclosures in the financial statements predominantly on a sample basis. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements are in accordance with legal requirements and present fairly in all material respects, the financial position of the OMV Aktiengesellschaft as of 31 December 2008 and of the results of its operations and its cash-flows for the fiscal year from 1 January 2008 to 31 December 2008 in accordance with Austrian generally accepted accounting principles. The management report is in accordance with the financial statements.

Vienna, March 25, 2009

Deloitte Wirtschaftsprüfungs GmbH



Mag. Walter Müller



Dr. Bernhard Vanas

Certified Public Accountants

## Abbreviations and definitions

**ACC** Austrian Commercial Code

**ACCG** Austrian Code of Corporate Governance

**AGM** Annual General Meeting

**bbl, bbl/d** Barrels (1 barrel equals approximately 159 liters), barrels per day

**bcf, bcm** billion standard cubic feet (60 °F/16 °C), billion cubic meters (32 °F/0 °C)

**Bitumen** is produced when high grade crude oil is distilled. It is used to surface roads, and in roofing and insulation materials.

**bn** billion

**boe, boe/d** barrels of oil equivalent, boe per day

**CAPEX** capital expenditure

**capital employed** equity including minorities plus net debt and provisions for pensions, less securities used for asset coverage of pension provisions

**cbm, cf** standard cubic meters, standard cubic feet

**CFPS** cash flow from operating activities per share

**Co&O** Corporate and Other

**E&P** Exploration and Production

**EBIT** Earnings before interest and taxes

**equity ratio** stockholders' equity divided by balance sheet total expressed as a percentage

**EPS** earnings per share

**EPSA** Exploration and Production Sharing Agreement

**EU, EUR** European Union, euro

**F&D (finding & development) cost** total exploration expenses divided by changes in proved reserves (extensions, discoveries and revisions of previous estimates)

**G&P** Gas and Power

**gearing ratio** net debt divided by stockholders' equity expressed as a percentage

**HSE** Health, Safety, Security and Environment

**IASs, IFRSs** International Accounting Standards, International Financial Reporting Standards

**LTIR** lost time incident rate

**mn** million

**monomers** collective term for ethylene and propylene

**MW** megawatt

**n.a., n.m.** not available, not meaningful

**net debt** bank debt 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

**NOPAT** net operating profit after tax; profit on ordinary activities after taxes plus net interest on net borrowings and interest on pensions, less extraordinary result +/- tax effect of adjustments

**payout ratio** total dividend payment divided by net income after minorities expressed as a percentage

**P/CF** price cash flow ratio; share price divided by cash flow from operating activities per share

**production costs, operating expenditures (OPEX)** cost of materials and personnel during production excluding royalties

**PRT, PRRT** Petroleum Revenue Tax, Petroleum Resource Rent Tax – these taxes exist in the UK and Australia

**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 for the year divided by average stockholders' 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

**sales revenues** sales excluding petroleum excise tax

**SEC** United States Securities and Exchange Commission

**SFAS** Statement on Financial Accounting Standards

**t, toe** metric tonne, tonne of oil equivalent

**TRIR** total recordable incident rate

**USD** US dollar

**WACC** weighted average cost of capital

**OMV Investor News** is a mailing service for shareholders and everybody who is interested in OMV Group. This service provides financial and company information, e. g. quarterly financial reports, information about current events, etc. either by e-mail or by mail.

**Please contact:**

OMV Aktiengesellschaft,  
Investor Relations  
Trabrennstraße 6-8, 1090 Vienna, Austria  
Tel.: +43 1 40 440-21600  
Fax: +43 1 40 440-29496  
E-mail: [investor.relations@omv.com](mailto:investor.relations@omv.com)  
Internet: [www.omv.com](http://www.omv.com)