

## Focus questions for 2009

The answers from *OMV Aktiengesellschaft*

This year the Austrian Shareholder Association has again drawn up 10 focus questions and invited listed companies to answer them. The companies' answers are published on the Internet at [www.iva.or.at](http://www.iva.or.at).

The questions:

1. How many employees had higher total annual remuneration than an ordinary management board member in 2008? How many employees earned more than 75 percent of the remuneration of an ordinary management board member?

**No employees had higher total compensation than an ordinary Executive Board member or earned more than 75% of the remuneration of such a Board member in 2008.**

2. What performance measures do you use to ensure that the performance related pay of management board members and other senior executives promotes sustainable, long-term value creation in the company? How high is total performance related pay as a proportion of the total wage and salary bill?

**The performance related pay of Executive Board members and senior executives is based on a combination of financial targets and individual (project oriented) objectives. The financial targets are conventional (EBIT and ROCE) while the individual objectives are aimed at promoting project and business driven sustainable, long-term value creation. Eligibility for performance related pay depends on the employee's level in the organizational hierarchy, and with the exception of senior executives typically ranges from 10–30% of total compensation in Austria. In our international operations the percentages vary according to local employment market conditions.**

3. How high was spending on internal and external training? How many man days of training were provided?

**Group training days and expenses in 2008, excl. Petrom and local technical training courses**

Year	Internal training courses		External training courses	
	Training days	Expenses in EUR '000	Training days	Expenses in EUR '000
2008	16,597	5,843	4,072	1,755

4. How many shares were purchased by employees using the tax advantaged scheme (max. of EUR 1,460 under sections 3 and 15 Income Tax Act)?

**“3+1” ESOP: 1,290 employees purchased a total of 179,154 shares (excluding bonus shares) at a price of EUR 27.04.**

5. How high is PR spending, and what proportion of it went to external consultants'/agencies fees?

**PR expenditure (excluding events, trade shows, sponsorship and advertising) totaled EUR 1.85 million (mn) in 2008; of this approx. EUR 942,000 was accounted for by external consultants' and agencies' fees.**

6. What was the cost of external services employed for the annual general meeting, the annual report (please state size of edition) and IR work (inc. roadshows and attendance of investors' meetings)?

**External expenses incurred in connection with the AGM in 2008: approx. EUR 175,000.**

**External expenses incurred in connection with the annual report in 2008: EUR 260,000 (23,500 copies)**

**External expenses incurred in connection with IR work: EUR 310,000**

7. Did your company invest in investment funds in 2008? Please give details of related purchases, disposals, gains and losses.

**As of the start of 2008 the Group had a total of EUR 468 mn in investment funds; most of these units were sold before the end of January 2008. A total loss of EUR 6.84 mn on these disposals is reported in the 2008 balance sheet.**

**As of year end 2008 EUR 6.62 mn was invested in funds.**

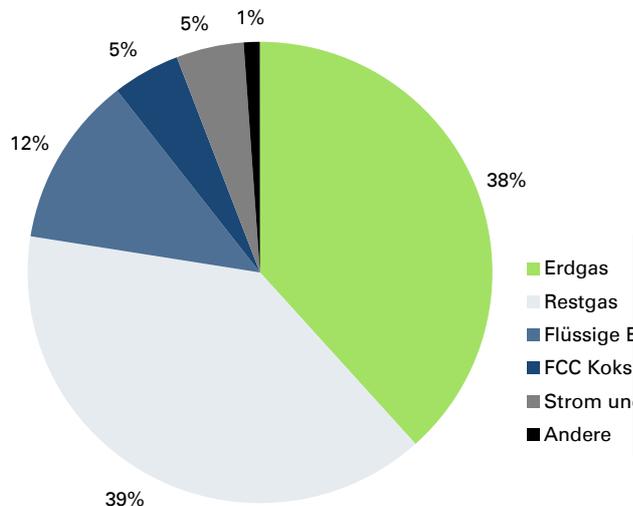
**The Group also has certain top-up obligations arising from defined benefit pension plans, which have been transferred to an external pension fund.**

8. How high are energy costs relative to revenue? What energy sources do you use? What is the energy mix? What action do you plan to maintain security of supply?

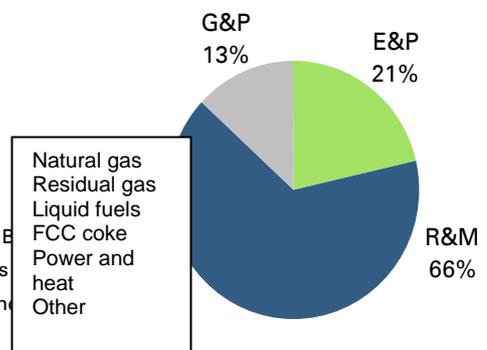
Part of the OMV Group's energy demand is met by own production (e.g. refinery gas, natural gas and heavy heating oil), and part is bought-in (electricity and natural gas). Energy costs are well under 10% of revenue. Since the main energy-intensive installations in Austria, Germany and Romania are covered by the EU Emission Trading Scheme, not only OMV's output and CO2 emissions but also its energy consumption trends, energy intensity, benchmarks and energy saving potential are the subjects of internal and external studies and verification.

The total energy consumption of the OMV Group was 165.4 PJ in 2008. The main energy sources are natural gas (38%) and residual refinery gas (39%). Outside purchases of energy such as power and heat met about 5% of total energy demand. The charts below show the Group's energy mix.

Energy mix (OMV Group)



Energy demand by business segments



OMV's investment projects are key to European energy supply security initiatives. OMV's hydrocarbon exploration and development activities in its core E&P regions, and the expansion and optimization of its oil and gas production operations are helping to bolster European supply security for many decades to come.

Oil and gas transportation infrastructure development is essential both for the European internal market and for cooperation with the EU's neighbors (the Balkan countries, the Maghreb states, Norway, Russia, Turkey and Ukraine).

**OMV and its partners in the Nabucco consortium see a pipeline link with the large gas reserves in the Caspian and the Middle East as a key project for European gas supply security, which would be significantly strengthened by diversification of the continent's supply sources and infrastructure. We are also working on LNG supply, gas storage and power generation projects intended to enhance the flexibility and stability of network based energy supplies. Another thrust of current and planned activities is refinery modernization and expansion projects aimed at transforming our plants into energy centers. In future our refineries may not only produce oil, chemical and petrochemical products, but also generate heat and electricity for internal and external use highly efficiently.**

**The projects mounted by the OMV Future Energy Fund are designed to include renewable energy sources in our portfolio, thus adding to our existing supply chains.**

#### **Energy efficiency**

**Energy efficiency is important to all our business operations. In the past few decades we have made significant progress with heat integration and recovery, and process optimization at our Austrian and German locations. New projects are starting out from what are already high levels of efficiency. At Petrom, modernization projects with a total investment cost of about EUR 3 billion (bn) between 2005–2010 are exploiting what are still large potential energy efficiency gains. In 2008 our Exploration und Production (E&P) segment launched a large-scale energy efficiency program. Energy efficiency plans are being drawn up, benchmarking with competitors and other OMV facilities carried out, and technical solutions designed to increase overall efficiency developed.**

9. Do you channel business and financial transactions via tax havens such as Caribbean islands, the Channel Islands, Cyprus, Liechtenstein, Malta and Singapore?

If so, please state the scale of these operations and the reasons for them.

**Firstly, we wish to note that the OMV Group conducts no business or transactions via jurisdictions on the list of uncooperative tax havens published by the OECD on April 2, 2009.**

**As regards the countries specifically mentioned in the question, an OMV subsidiary operates a holding company in Cyprus, through which interests in seven Russian companies were acquired in the past. This was a direct consequence of the vehicles for acquisitions that are standard international practice and that the Group was obliged to use.**

10. What action do you plan or are you already taking to cushion or avert the negative impact of the economic crisis?

**Conservative financial strategy:** With a gearing ratio of 37% at year end 2008, OMV remains well placed to tackle the challenges of the current operating environment. Current cost reduction and rationalization programs are aimed at cutting operating expenses and overheads. Planned investments are being reviewed and prioritized with a view to trimming investment spending to a level that reflects the current challenging environment.

In 2008 we entered into a number of major hedging transactions. To limit the impact of falling oil prices on Group cash flow and support the E&P segment's results, OMV is employing derivative instruments to hedge 65,000 bbl/d of output in 2009, and has taken out put spreads to this end. If oil prices fall below USD 65/bbl these transactions pay USD 15/bbl. Between USD 65–80/bbl the hedge secures a price of USD 80/bbl. The put spreads were financed via call options in order to avoid initial investments (zero cost structure.) If oil prices rise above an average of USD 110/bbl in 2009 OMV loses the upside on the above output. Derivative instruments are also being used to hedge Group cash flow and profits against the potential effects of EUR-USD exchange rate volatility. Around USD 1 bn of exposure has been hedged. Exposure to exchange rate movements is limited to a range of EUR-USD 1.15–1.32.