

Directors' report – operational review

Business developments in 2009

Sales for the 2009 financial year were EUR 69.67 mn (2008: EUR 74.58 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 0.96 mn (2008: EUR 13.63 mn). The higher EBIT in 2008 was largely due to gains on adjustments to the provisions for the stock option program.

The **financial result** in 2009 was EUR 11.10 mn (2008: EUR 583.05 mn). Owing to the fact that OMV Aktiengesellschaft operates as a pure holding company the financial items mainly relate to dividends and other income from investments, and thus reflect the Group's overall business performance. Net income from investments was EUR 515.47 mn – down on 2008 (EUR 894.33 mn) In 2009 no dividend was distributed by Petrom (2008: EUR 155.15 mn).

The contribution of the companies in the **Exploration and Production (E&P)** segment excluding Petrom to income from investments fell to EUR 287.37 mn (2008: EUR 517.20 mn). The main factors behind the decline were lower crude prices and the renewal of the Libyan E&P agreements in the second half of 2008.

Investment income from the **Refining & Marketing (R&M)** segment excluding Petrom turned negative by EUR 80.40 mn (2008: EUR 92.01 mn). This was primarily due to the severe deterioration of European refining margins.

The investment income contribution from the **Gas and Power (G&P)** segment excluding Petrom rose to EUR 106.82 mn (2008: EUR 92.89 mn). The 2008 figure was impacted by finance costs related to the restructuring of the OÖFG investment.

During the year under review the interest in Hungarian oil and gas company MOL held by an indirect subsidiary was sold. As a consequence OMV Aktiengesellschaft recognized a net result of EUR (288,000) thousand, including an impairment of EUR 477,056 thousand, which was partly offset by an increase in the investment income of EUR 189,056 thousand from a subsidiary of OMV Solutions GmbH. The increase in investment income results from the reversal of reserves allocated in this context in prior years.

Investment

Key investment items in 2009 were the increases in the capital of OMV Exploration & Production GmbH and OMV Gas & Power GmbH – both wholly owned subsidiaries of OMV Aktiengesellschaft. OMV Aktiengesellschaft also contributed to the increase in the capital of Wiener Börse AG.

Cash flows from operating activities for 2009 were positive by EUR 948.60 mn (2008: EUR 834.07 mn), and cash flows from investing activities negative by EUR 1,828.65 mn (2008: EUR (758.81) mn), while cash flows from financing activities were positive by EUR 855.31 mn (2008: EUR 201.50 mn). Cash outflows from investing activities chiefly related to the increase in long-term receivables from OMV Clearing und Treasury GmbH. The most significant cash inflows from financing activities were from the long-term bond issues with a total volume of EUR 1,250 mn.

Net income for the year was EUR 18.48 mn (2008: EUR 583.05 mn).

Total assets rose to EUR 9,889.01 mn (2008: EUR 8,752.88 mn).

At balance sheet date **stockholders' equity** including untaxed reserves stood at EUR 6,104.20 mn (2008: EUR 6,384.48 mn). The equity ratio as of December 31, 2009 was 61.73% (2008: 72.94%).

The ratio of **fixed assets** to total assets was 49.48% at balance sheet date (2008: 54.53%).

Return on equity (**ROE**), i.e. net income for the year / average shareholders' equity, was 0.3% (2008: 9.3%).

In 2009 the average number of **employees** at the holding company was 124 (2008: 122).

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

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

1. The capital stock amounts to 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 20.0% 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 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).

b) The capital stock has been conditionally increased by EUR 77.9 mn under section 159 (2) (1) Austrian Stock Corporation Act by issuance of up to 77,900,000 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 13, 2009, 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 77,900,000 (amount-related determination of authorizations in accordance with paragraphs a and b), whereby the conversion right of the holders of the convertible bonds must be granted in any case.

d) On May 13, 2009, the Annual General Meeting authorized the Executive Board to repurchase own shares up to the maximum legally permitted (currently 10% of capital stock), during a period of 30 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. The Executive Board is further authorized to cancel treasury shares; use treasury shares for convertible bonds, if issued; use treasury shares in exchange for shares in other companies; use treasury shares to any legally permitted purpose, whatsoever.
8. According to the shareholders' agreement between OMV and Dogan Sirketler 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 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 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, accounting for fixed assets). 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

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 risk portfolio 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. In particular, these measures address direct financial risks including interest rate, foreign exchange, liquidity and pension risk. Group Treasury is also responsible for analyzing strategic market 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, some of 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. To protect the cash flow from the adverse impact of falling oil prices, OMV Aktiengesellschaft concluded derivative instruments on its own account for some of its subsidiaries in order to hedge the proceeds from 25,000 bbl/d in 2010. To achieve this goal, OMV entered into puts

securing an average price floor of USD 55.17/bbl. These puts were financed via call options in order to avoid initial investment (zero cost collar), whereby the Group companies would not be able to profit from oil prices above USD 75/bbl in 2010 for the above stated volume.

For 2009, put spreads (financed via call options) for 25,000 bbl/d were used to secure a price floor of USD 80/bbl as long as the oil price was above USD 65/bbl. When oil prices were below USD 65/bbl, the hedge paid out USD 15/bbl in addition to the realized market price. These hedges lead to a positive cash flow of approximately USD 108 mn (thereof USD 13 mn in 2010) in the respective group companies.

The key foreign currency risks are associated with the fluctuations of the USD against the EUR and RON. The Group has a net USD long position resulting mainly from sales of oil and gas production. Their effects on cash flow and/or the balance sheet (translation risk) as well as the correlation with the oil price are also regularly analyzed. Derivatives were not used to hedge the Group's operational long USD position as it was roughly matched by planned USD denominated or linked outpayments. OMV Aktiengesellschaft entered into currency derivatives (EUR-USD) for an exposure of approximately USD 1 bn for 2009, where the Group companies were only exposed to exchange rate movements within the range of EUR-USD 1.32 to 1.15 for the respective amount. These hedges lead to a positive cash flow of EUR 42 mn (thereof EUR 6 mn in 2010) in the respective group companies.

The currency risk associated with investments (translation risk) – i.e. the potential impact on the income statement and balance sheet – is centrally monitored. OMV is exposed to currency translation risk by major investments in Romania and Turkey.

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 major counterparties are centrally managed by Group Treasury; all other counterparty risks are managed at segment level.

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. Impairment is recognized as necessary.

Health, safety and environment (HSE)

OMV Aktiengesellschaft plays a dual role in HSE management, performing a strategic management function for the Group as a whole while also implementing corporate HSE policies internally. OMV Aktiengesellschaft leads and coordinates the formulation of the Group-wide HSE and climate change strategies, and the Balanced Score Card objectives in consultation with the business segments and Petrom.

There were no reported accidents or near-misses at OMV Aktiengesellschaft in 2009. Awareness of health, safety and environmental issues was raised by training courses and information events. The educational activities focused on traffic safety, and on safety at headquarters following the transfer of about 1,800 employees from a number of sites to the new building.

Employees are actively involved in health issues by health circles which enable them to raise their concerns and make suggestions. After the move to the new headquarters building a new, intersegmental health circle was established. The occupational health center at the new site offers a wide range of courses in Yoga, Pilates and similar techniques, as well as providing outpatient medical care. The center also provides regular access to physiotherapists and nutritional advisers. Over 470 headquarters employees had medical check-ups during the year.

After the move all the workplaces were inspected, and measurements were taken to check the air-conditioning system. The results did not reveal any

cause for concern about the internal climate in the building, radiation or temperatures.

In 2009 Internal Audit performed an audit of the corporate HSE management system directive. Some improvements recommended by the audit report are currently being implemented.

Significant events after the balance sheet date

A 10-year bond with a notional amount of EUR 500 mn was issued on February 10, 2010.

Outlook for 2010 for OMV Group

We expect the Brent oil price to remain volatile during 2010 trading within a range of USD 60-80/bbl, similar to that experienced in H2/09. The Brent-Urals spread is expected to remain tight. We expect the relevant FX rates (EUR-USD, EUR-RON and USD-RON) to remain volatile though a significant change from the average rates for 2009 is not expected. The market for refined products is expected to remain challenging throughout the year 2010. Petrochemical margins will face the additional challenge of new production capacity being brought on stream in the Middle East. Marketing volumes as well as margins are expected to remain under pressure until the overall economy shows clearer signs of improvement. To partly protect the Group's cash flow from the negative impact of lower oil prices in 2010, OMV entered into crude oil hedges in the second quarter of 2009 for a volume of 63,000 bbl/d of the 2010 production securing a price floor of USD 54/bbl via the sale of a price cap of USD 75/bbl. After having postponed several investment projects in 2009, OMV plans to increase CAPEX excluding major acquisitions to approximately EUR 2.8 bn in 2010 while staying firmly committed to maintaining its strong investment credit grade rating and a stable financial profile.

Vienna, March 23, 2010

The Executive Board



Wolfgang Ruttenstorfer
Chief Executive Officer and Chairman
of the Executive Board



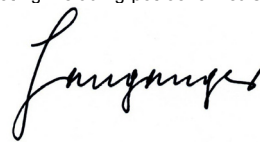
Gerhard Roiss
Deputy Chairman of the Executive Board
Refining and Marketing including petrochemicals



Werner Auli
Member of the Executive Board
Gas and Power



David C. Davies
Member of the Executive Board
Chief Financial Officer



Helmut Langanger
Member of the Executive Board until Sept. 30, 2010
Exploration and Production