

## Key issues in 2010 Answers from OMV AG

This year the IVA has again formulated ten questions on key issues, and is inviting listed companies to answer them. The companies' responses are posted online 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 2009? How many employees earned more than 75 percent of the remuneration of an ordinary management board member?

**No OMV employee, including executives, had higher annual remuneration (annual salary, salary, salary incl. overtime pay, executive board member's salary, chief executive's allowance, lump-sum overtime payment, monthly lump-sum compensation and position allowance) than an ordinary member of the Executive Board.**

**No employee earned more than 75% of the remuneration of an ordinary Executive Board member.**

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 senior executives was based on the attainment of certain financial performance targets for the Group as a whole and the business segments for which the persons in question were responsible (e.g. clean constant cost of supply [CCS] EBIT), various segmental cost targets, and individual objectives. In 2010 the latter must include at least two sustainability targets from the "diversity and education", "health and safety" and "CO<sub>2</sub> emission reduction" sustainability focus areas.**

How high is total performance-related pay as a proportion of the total wage and salary bill?

**Average: 8.75% (OMV Austria)**

3. How high were tax-deductible entertainment expenses in 2009?

**There were no tax-deductible entertainment expenses for the fully consolidated OMV Group companies liable for corporate income tax. In Austria entertainment expenses in the meaning of section 12(1)(3) KStG (Corporate Income Tax Act) in conjunction with section 20(1)(3) Income Tax Act are non-deductible.**

**In the case of the fully consolidated Group companies that are not fully liable for tax, applying a definition of entertainment expenses comparable to that of the Austrian Income Tax Act and Income Tax Guidelines, some EUR 2.9 million in such expenses qualified as tax-deductible in the various tax jurisdictions concerned.**

4. What were the effects of the financial crisis on the company's financing, with regard to the terms and the company's ability to raise capital?

**Raising capital by means of bank loans is considerably more difficult than before the outbreak of the financial crisis. While the margin situation has improved significantly since the start of 2010 and medium-term loans are again obtainable, overall bank borrowings are still well below their level prior to the crisis. Despite current restrictive lending policies, OMV's Petrom subsidiary succeeded in borrowing EUR 50 million from ten local and international banks in December 2009. This was the largest syndicated loan that a Romanian company has ever obtained.**

**In 2009 and the first quarter of 2010 the capital market was very strong, and issuers with good credit ratings fared particularly well. The bond market recorded high volumes and spreads narrowed significantly. In 2009 OMV issued EUR 1.250 billion in bonds and EUR 555 million in *Schuldscheindarlehen* (promissary notes). A EUR 500 million eurobond was placed in Q1 2010.**

5. Austria only: How high were your corporate income tax payments in 2009, and any tax loss carryforwards and their impact on deferred tax? How high were subsidies and other funding from the federal government, provincial governments, local authorities and the Chamber of Economics for research and development, investments, employment, exports and marketing?

**Corporate income tax prepayments by fully consolidated Austrian Group companies in 2009 totaled EUR 31.2 million.**

**As of 31 December 2009 there were no tax loss carryforwards in Austria, and hence none were taken into account when calculating deferred tax.**

**In 2009 the following subsidies were accounted for:**

**OMV R&M GmbH: EUR 47,874.48**  
 AMS (Public Employment Service) subsidies pursuant to section 19c BAG (Vocational Training Act) for apprentice training (EUR 41,574.48) and wage allowances arising from the *Behinderteneinstellungsgesetz* (Disabled Persons Employment Act) (EUR 6,300.00).

**OMV Gas GmbH: EUR 250.00**  
 AMS subsidies pursuant to section 19c BAG (apprentice training).

**OMV Austria E&P GmbH: EUR 14,202.96**  
 AMS subsidies pursuant to section 19c BAG (Vocational Training Act) for apprentice training (EUR 12,450.96) and wage allowances arising from the *Behinderteneinstellungsgesetz* (EUR 6,300.00).

6. How high were your expenses for human resource (HR) consulting, legal advice, and PR and lobbying (please itemize)?

**HR consultancy: EUR 1,928,000**  
**Legal advice: EUR 12,491,000**  
**PR and lobbying: EUR 1,509,000**

7. 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, investment fairs and shareholders' events)?

**Total cost of the AGM: approx. EUR 194,000**  
**Cost of the Annual Report 2009: EUR 150,000 (17,000 copies)**  
**Cost of roadshows and investors' meetings of IR team: EUR 60,000**

8. Do you have an internal audit unit? If so, how many employees does it have? If the audit was performed externally, what did this cost?

**There is an internal audit unit (Corporate Internal Audit). The head of the unit (Chief Audit Executive [CAE]) is supervised by the CFO and reports to the entire Executive Board. The CAE can also make representations to**

the chair of the Audit Committee. The CAE reports to the Audit Committee twice yearly on a mandatory basis, and otherwise as necessary.

Corporate Internal Audit has 11 employees in Austria (one on maternal leave). The internal audit department at OMV Petrom has 25 employees. The head of the internal audit department at Petrom is a “dotted line” report to the CAE.

9. What measures were taken in regards to climate protection?

**Targets in the OMV Carbon Strategy refer to the completion year 2015:**

- Reduction of direct GHG emissions from Exploration and Production (E&P) and Refining and Marketing (R&M) by 1 million tonnes, or at least 10%, until 2015, as the result of efficiency improvements
- Contribution to the decarbonization of the energy markets in Central and Southeastern Europe by reducing the carbon intensity of the portfolio, promoting gas, and selectively including power
- Power generation portfolio at no more than 0.37 t CO<sub>2</sub> per MWh, applying state-of-the-art technology.

**Measures and results in the first full year of implementation (2009):**

- Process optimization measures in our refineries led to a sustainable reduction of 133,000 tonnes CO<sub>2</sub> per year: optimization of the summer/winter operation procedure of the isomerization plant and decreased steam consumption at the Schwechat refinery (31,000 t); several fuel-substitution and fuel-saving measures (29,000 t); optimization of the gasholder operation at the Petrobrazil refinery (73,000 t).
- Energy efficiency measures: As shown in international benchmark studies by Solomon Associates, the Energy Intensity Index (EII) of the fuels part of the refineries has been reduced significantly. For Petrom refineries, EII declined by 17% between 2004 and 2008, reaching EII = 178 in 2008 (covering the Arpechim and Petrobrazil refineries). For OMV refineries, EII declined by 16% between 2000 and 2008, resulting in an EII = 89 in 2008, which corresponds to the 2nd quartile in international benchmarking (covering the Schwechat and Burghausen refineries).
- Flaring and venting: Flaring and venting reduction is a key element in E&P's HSE strategy. By applying alternative methods, we substantially reduced methane emissions during gas pipeline tie-in activities.
- The GHG intensity of the product portfolio is slightly decreasing due to the strengthening of the less carbon-intensive gas and power business, investment in renewables, and the non-energy use of oil and gas in downstream activities (e. g. oil and gas used as input for the production of polymers). OMV assesses the GHG intensity of its

products based on the Scope 3 approach according to the GHG Protocol by the WBCSD and the ISO 14064 standards.

- An internal E&P GHG Steering Committee was set up. A new procedure and reporting tool helps the ventures track both their carbon emissions and their energy usage more accurately, and then develop projects to improve it.
- The Corporate Carbon Steering Committee, made up of corporate functions and senior managers from the business segments, meets three to four times a year to evaluate the progress on the Carbon Strategy.

#### **Expenditures**

In reporting environmental expenditures and investments, OMV follows the international IFAC guidelines for environmental management accounting. In 2009, EUR 30 million were spent on air and climate, this is 14% of total environmental expenditures. Environment-related investments commissioned in 2009 totaled EUR 107 million, thereof EUR 44 million (41%) were dedicated to air and climate protection measures.

10. 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.

**The OMV Group conducts no business or transactions via jurisdictions on the list of uncooperative tax havens referred to in the progress report by the OECD (issued on 22 February 2010) on the list published on April 2, 2009.**

**OMV carries out no operational business or financial transactions via the countries in question.**