Petrom Investor News

Bucharest
November 10, 2010
8:30 am
7:30 am (CET), 6:30 am (GMT)

Petrom Group results[1] for Q3 and January – September 2010 reflect a combination of optimized operations and deteriorating macroeconomic environment

- **Q3/10 results burdened by one-off charge in Kazakhstan:** While clean CCS EBIT was only 7% lower compared to Q3/09, Q3/10 EBIT fell 62% due to an impairment in Kazakhstan; however, EBIT recorded in 9m/10 is 41% higher compared to the same period of 2009
- **Investments step up:** Q3/10 CAPEX 50% higher compared to Q3/09, while 9m/10 level is up by 9% compared to the same period of 2009
- **Positive quarterly oil and gas production development**: Q3/10 Group hydrocarbon production relatively stable compared to Q3/09 and 2% higher compared to previous quarter
- **Outlook for 2010:** We expect market conditions to remain challenging throughout the last quarter of 2010, marked by a volatile environment; we will sharpen our focus on cost control and efficiency measures and accelerate the implementation of our considerable investment program, mostly directed towards E&P and G&P

Mariana Gheorghe, CEO of OMV Petrom S.A.: "Throughout the third quarter of 2010, the favorable crude price environment and the continuous optimization of refineries' operations supported our underlying performance. Furthermore, the ongoing improvement in our cost base helped us mitigate the effects of further deterioration of domestic demand, in both the fuels and gas market. Our bottom line was adversely affected in Q3/10 by the impairment of Kazakh assets and FX losses due to USD loans given to our Kazakh subsidiaries. In the past months, in line with our strategic directions, we made visible progress on the power project at Brazi and entered partnerships with internationally reputed companies in order to maximize production on selected mature fields, with cumulative production enhancement of 50% expected from the respective fields in the next five years. In the remaining part of 2010, we will step up our investment efforts with a particular focus on E&P drilling and well workovers in order to largely offset natural decline production whilst keeping our focus on cost management and financial discipline to ensure sound results despite weakening market conditions."

Q2/10	Q3/10	Q3/09	Δ%	Key performance indicators (in RON mn)	9m/10	9m/09	Δ%	2009
728	336	887	(62)	EBIT	2,012	1,426	41	1,620
720	789	931	(15)	Clean EBIT	2,451	1,557	57	2,315
680	760	820	(7)	Clean CCS EBIT [2]	2,354	1,283	84	1,870
718	(100)	642	n.m.	Net income after minorities	1,421	989	44	860
677	226	573	(61)	Clean CCS net income after minorities [2]	1,678	855	96	1,056
0.0127	(0.0018)	0.0114	n.m.	EPS (RON)	0.0251	0.0175	43	0.0152
0.0120	0.0040	0.0101	(60)	Clean CCS EPS (RON) [2]	0.0296	0.0151	96	0.0186
1,289	352	930	(62)	Cash flow from operations	2,565	1,484	73	2,726
-	-	-	n.a.	Dividend per share (RON)	-	-	n.a.	-

[1] *The financials are unaudited and represent Petrom Group's (herein after also referred to as "the Group") consolidated results prepared according to IFRS; all the figures refer to Petrom Group, unless otherwise stated; financials are expressed in mn RON and rounded to closest integer value, so minor differences may result upon reconciliation; Petrom uses the National Bank of Romania exchange rates for its consolidation process*
[2] *Adjusted for exceptional, non-recurring items; clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from the fuels refineries*

PETROM
Member of OMV Group

Financial highlights

Third quarter 2010 (Q3/10)

In Q3/10, despite the increased oil price, results were negatively impacted by the impairment in Kazakhstan and by significant FX losses coming from Petrom's loans in USD given to Kazakh activities. **The Urals crude price**, the reference oil price for Romania, was 11% higher in Q3/10 compared to the level recorded in Q3/09. The **Group reported EBIT** of RON 336 mn was 62% lower than in Q3/09 driven by the impairment of Kazakh assets based on the outcome of the technical assessment for the fields and the re-establishment of an export customs duty in Kazakhstan, and also by higher depreciation, following significant investments made in the last 12 months. **The net financial result** of RON (455) mn was substantially below Q3/09 level due to the significant appreciation of RON against USD and higher interest costs. **Net income after minorities** was RON (100) mn. **Clean CCS EBIT** decreased by 7% to RON 760 mn. The Clean CCS EBIT is stated after eliminating net special expenses of RON 452 mn mainly related to the impairment in Kazakhstan and inventory holding gains of RON 28 mn. **Clean CCS net income after minorities** was RON 226 mn.

In **Exploration and Production (E&P)**, clean EBIT was 2% higher compared to Q3/09, mainly due to increased oil and NGL revenues and the improved cost base. At 183,000 boe/day, the Group's oil and gas production was 1% lower compared to Q3/09 due to lower production in Romania.

In **Refining and Marketing (R&M)**, clean CCS EBIT improved significantly compared to Q3/09, reflecting the flexible refinery operations and cost control efficiency. Furthermore, the result was supported by an adjustment in the internal transfer price regime between E&P and R&M, which was made at the beginning of 2010 in order to properly reflect the high integration value of Petrom's refineries.

In **Gas and Power (G&P)**, clean EBIT was lower compared to Q3/09, reflecting the difficult economic environment and the bad debt provisions booked. Consolidated gas sales volumes in Q3/10 were 26% lower compared to Q3/09 due to the lower demand.

January – September 2010 (9m/10)

In 9m/10, results benefited from the favorable crude price environment and cost management measures. **The Urals crude price** was 34% higher compared to 9m/09. The **Group reported EBIT** of RON 2,012 mn was significantly above the level of 9m/09 of RON 1,426 mn. **The net financial result** was RON (308) mn, 45% below the 9m/09 level, due to higher interest costs that were partially compensated by FX gains driven by the USD appreciation against RON. **Net income after minorities** improved by 44% versus the previous year, amounting to RON 1,421 mn. **Clean CCS EBIT** increased to RON 2,354 mn. The clean CCS EBIT is stated after eliminating net special expenses of RON 440 mn and inventory holding gains of RON 98 mn. **Clean CCS net income after minorities** was RON 1,678 mn.

In **E&P**, clean EBIT was higher by 48% compared to 9m/09, due to the increase in crude oil prices. At 183,000 boe/day, the Group's oil and gas production was 2% lower compared to 9m/09 due to lower production in Romania.

In **R&M**, clean CCS EBIT improved significantly compared to 9m/09 driven by the flexible operations and optimization of supply in Refining. The higher gasoline and middle distillates cracks were fully offset by the higher cost for own crude consumption driven by the significant increase in crude oil prices. Marketing was faced with lower margins and volumes, especially in the commercial sector, negatively affected by the weak economic environment.

In **G&P**, clean EBIT was significantly lower compared to 9m/09, when the result benefited from higher margins on import gas quantities extracted from storage. Provisions made for outstanding receivables further burdened the result. Consolidated gas sales volumes were 4% lower compared to 9m/09 due to the lower demand.

Significant events in Q3/10

On **July 12**, Petrom announced the signing of a 15-year production enhancement contract for several fields in the area of Ticleni, Southwest Romania, with Petrofac, a leading international provider of facilities solutions to the oil and gas production and processing industry. Petrofac will perform services in the respective fields in order to maximize production while improving operational efficiency. The partnership targets cumulative production enhancement out of nine onshore fields in the Ticleni area by at least 50% in the next five years.

On **August 3**, both the Ordinary (OGMS) and Extraordinary (EGMS) General Meeting of Shareholders were held. At the OGMS, Mr. Jacobus Gerardus Huijskes, member of the OMV Executive Board responsible for Exploration and Production, was appointed as a member of the OMV Petrom S.A. Supervisory Board succeeding Mr. Helmut Langanger. The EGMS approved in substance the spin-off of the OMV Petrom marketing activities and the legal transfer to OMV Petrom Marketing S.R.L. (a company fully owned by Petrom), by means of universal title legal transfer of assets and liabilities pertaining to such activities, together with the spin-off plan including its effects. The date on which the spin-off became effective was October 1st, 2010. The EGMS also approved the sell-out procedure with respect to the shareholders of the Company in accordance with article 134 of Company Law no. 31/1990. On September 23, the Trade Registry appointed PricewaterhouseCoopers Management Consultants SRL as the independent expert to define the price of the shares to be paid to those shareholders which exercised their sell-out right.

On **September 6**, Petrom announced the sale of the 74.9% stake in Ring Oil (Russia) to its minority partner Mineral and Bio Oil Fuels Limited (MBO).

On **September 23,** Petrom announced having entered a partnership for onshore exploration with Hunt Oil Company of Romania, an affiliate of the American company Hunt Oil, one of the world’s largest privately owned oil companies. The partnership facilitates joint exploration of two onshore blocks located in Eastern Romania (Adjud and Urziceni). Within the partnership, an extensive seismic data acquisition and study program will be performed in 2010 and 2011. The new seismic data will be jointly evaluated to determine oil and gas opportunities for exploration drilling.

Outlook 2010

Globally, we expect the oil price to remain volatile in 2010, trading broadly within a range of USD 70-85/bbl. Given the continuing volatile economic environment, we expect to see a slightly weakening EUR against the RON and USD compared to last year’s average levels. The market for refined products is forecast to remain challenging in the remaining part of 2010, after the recovery witnessed in the first half of the year. Marketing volumes and margins are expected to remain under pressure until the broader economy shows clearer signs of improvement.

Romanian GDP will continue to contract as consumption, the main engine of growth over recent years, is expected to remain weak throughout 2010. The rise in VAT and the ongoing reduction in consumer purchasing power is likely to restrict further private consumption. Weak credit and labor markets will continue to act as a drag on economic recovery. End-year inflation is now expected to be around 8%, following the VAT increase. Political support for implementing economic reforms and ensuring public sector austerity in line with IMF recommendations are critical for achieving macroeconomic stability.

To help protect the company's cash flow in 2010, Petrom entered into crude oil hedges in Q2/09 for a volume of 38,000 bbl/d, securing a price floor of USD 54/bbl via the sale of a price cap of USD 75/bbl (zero-cost structure). We will step up our investment efforts with a particular focus on E&P drilling and well workovers. However, due to the normal project cycle, a certain part of our sizeable investment program planned for OMV Petrom S.A. in 2010 is now expected to occur during the next fiscal year. Given the levels of capital expenditure recorded in the first three quarters of 2010, we reduce our CAPEX expectation for 2010 to EUR 1.1 - 1.2 bn. Furthermore, our sound financial position has reduced the need for a capital increase and allows us to pursue the alignment with State’s initiative to sell part of its stake in Petrom (9.8%). Based on the current information, it is likely that we will request our shareholders to prolong the delegation of the competences to the Executive Board of the Company beyond April 29, 2011.

In **E&P**, the investment efforts will intensify in the last quarter with a focus on drilling of development and production wells, well workovers, production facilities and infrastructure. Our efforts to minimize the natural decline of production will concentrate on reservoir management initiatives, infill drilling and increasing the workovers program compared to 2009. Exploration activity will continue to focus on larger, high impact prospects located in deeper, more frontier areas. The 3D seismic survey in the Moreni area is ongoing. The 3D seismic data acquired in the Neptun deepwater offshore area, explored in a joint venture with ExxonMobil, is currently evaluated to identify prospects. As regards projects, the focus is on close-out of the gas de-bottlenecking project in Hurezani, further progress of our 7 ongoing integrated field re-development projects and the successful implementation of organizational streamlining. As a result of a recent technical assessment of the Kazakh activities, the production forecast for Komsomolskoe was revised downwards to reflect the actual performance of the reservoir as well as its facilities. In the remainder of 2010, our efforts in Kazakhstan will focus on stabilizing production during the winter season at Q3 levels. The 3D seismic acquisition in Kultuk oilfield is progressing well and will be finalized in Q4/10.

In **Refining**, we will pursue flexible refinery operations, optimizing crude imports. Consequently, depending on the prevailing margin and supply conditions, we will continue to operate the Arpechim refinery on an “as needed” basis during 2010 with no plans to restart the refinery this year. As a result, overall capacity utilization is expected to be below 2009 levels. In the remaining months of 2010, we will continue the modernization at Petrobrazi and progress with the revamp of the crude distillation unit. The Brazi terminal, whose construction was finalized in Q3/10, will become operational in Q4/10, with a capacity of approximately 8,000 cbm. In addition, we continue the third part of our Terminal Modernization Program, the construction of the Isalnita storage facility (approximately 11,000 cbm capacity). In **Marketing**, the core aspects of this year's activities are the operations' optimization and efficiency increase, with a main focus on the consolidation process of the Marketing activities of Petrom Group in Romania. The significant decline in fuels demand seen at the end of 2009 intensified further during 2010; the fuels market is expected to continue to be challenging, in line with the development of the Romanian economy.

The **Power** business continues the construction of the Brazi power plant which is scheduled to start operations towards the end of 2011. Moreover, we will focus on the construction of the wind power generation plant acquired in Dobrogea, estimated to be finalized in mid 2011. Through this project, Petrom intends to capitalize on the flexibility of the Brazi gas-fired power plant, benefiting from the strengths of both technologies.

In the **Gas** business, the Romanian gas consumption in Q4/10 is expected to be higher than in Q4/09. This trend is already confirmed by the contracted October volumes. The total increase of consumption, however, will finally be determined by the outside temperatures during November/December 2010. Currently, the gas price for domestic producers in Romania stands at around 40% of the import gas price. Therefore, the convergence of the domestic and imported gas price will be a priority topic in our discussions with the Romanian authorities. In line with management's decision to exit non-core segments, Petrom will close Doljchim by the end of 2010. The dismantling and decontamination of the plant will then commence, in compliance with European environmental standards.

At a glance

Q2/10	Q3/10	Q3/09	∆%	in RON mn	9m/10	9m/09	∆%	2009
4,409	4,815	4,538	6	Sales [1]	13,158	11,866	11	16,090
887	515	886	(42)	EBIT E&P [2]	2,292	1,792	28	2,468
126	86	43	102	EBIT R&M	229	(252)	n.m.	(618)
(47)	(46)	(15)	201	EBIT G&P	(21)	76	n.m.	71
(43)	(21)	(34)	(38)	EBIT Co&O	(85)	(95)	(11)	(140)
(195)	(198)	7	n.m.	Consolidation	(403)	(95)	326	(161)
728	**336**	**887**	**(62)**	**EBIT Group**	**2,012**	**1,426**	**41**	**1,620**
887	956	935	2	Clean EBIT E&P [2, 3]	2,733	1,841	48	2,685
78	70	(71)	n.m.	Clean CCS EBIT R&M [3]	129	(454)	n.m.	(675)
(47)	(46)	(17)	162	Clean EBIT G&P [3]	(20)	85	n.m.	158
(43)	(21)	(34)	(38)	Clean EBIT Co&O [3]	(85)	(95)	(11)	(139)
(195)	(198)	7	n.m.	Consolidation	(403)	(95)	326	(161)
680	**760**	**820**	**(7)**	**Clean CCS EBIT** [3]	**2,354**	**1,283**	**84**	**1,870**
861	(119)	755	n.m.	Income from ordinary activities	1,704	1,214	40	1,169
719	(116)	632	n.m.	Net income	1,411	964	46	833
718	(100)	642	n.m.	Net income after minorities	1,421	989	44	860
677	226	573	(61)	Clean CCS net income after minorities [3]	1,678	855	96	1,056
0.0127	(0.0018)	0.0114	n.m.	EPS (RON)	0.0251	0.0175	43	0.0152
0.0120	0.0040	0.0101	(60)	Clean CCS EPS (RON) [3]	0.0296	0.0151	96	0.0186
1,289	352	930	(62)	Cash flow from operations	2,565	1,484	73	2,726
0.0228	0.0062	0.0164	(62)	CFPS (RON)	0.0453	0.0262	73	0.0481
2,697	3,376	2,402	41	Net debt	3,376	2,402	41	2,614
15	19	14	36	Gearing (%)	19	14	36	16
1,269	990	662	50	Capital expenditures	2,976	2,740	9	4,219
-	-	-	n.a.	Dividend per share	-	-	n.a.	-
-	-	-	n.a.	ROFA (%)	11.5	8.8	31	7.5
-	-	-	n.a.	ROACE (%)	9.8	7.3	34	5.2
-	-	-	n.a.	ROE (%)	11.1	7.9	41	5.2
26,736	26,447	30,553	(13)	Petrom Group employees at the end of the period	26,447	30,553	(13)	28,984

[1] Sales excluding petroleum excise tax;
[2] Excluding intersegmental profit elimination;
[3] Adjusted for exceptional, non-recurring items; clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from the fuels refineries;

Exploration and Production (E&P)

Q2/10	Q3/10	Q3/09	Δ%	In RON mn	9m/10	9m/09	Δ%	2009
2,372	2,479	2,304	8	Segment sales	7,131	5,957	20	8,249
887	515	886	(42)	EBIT [1]	2,292	1,792	28	2,468
0	(441)	(49)	n.m.	Special items	(441)	(49)	n.m.	(217)
887	956	935	2	Clean EBIT [1]	2,733	1,841	48	2,685

Q2/10	Q3/10	Q3/09	Δ%	Key performance indicators	9m/10	9m/09	Δ%	2009
16.54	16.88	17.03	(1)	Total hydrocarbon production (mn boe)	50.10	51.12	(2)	68.29
182,000	183,000	185,000	(1)	Total hydrocarbon production (boe/day) [2]	183,000	187,000	(2)	187,000
8.26	8.44	8.42	0	Crude oil and NGL production (mn bbl)	25.01	24.94	0	33.49
1.27	1.29	1.32	(2)	Natural gas production (bcm)	3.84	4.01	(4)	5.33
44.72	45.59	46.58	(2)	Natural gas production (bcf)	135.59	141.52	(4)	188.16
76.86	75.55	67.88	11	Average Urals price (USD/bbl)	75.92	56.77	34	61.18
66.76	68.48	70.36	(3)	Average Group realized crude price[3] (USD/bbl)	68.37	55.01	24	58.45
149.97	150.11	167.48	(10)	Average gas price for domestic producers in Romania (USD/1,000 cbm)[4]	155.02	159.53	(3)	162.38
53	89	67	34	Exploration expenditure (RON mn)	177	132	34	219
47	61	115	(47)	Exploration expenses (RON mn)	124	221	(44)	275
16.89	15.41	15.12	2	OPEX (USD/boe) [5]	16.31	14.77	10	15.06

[1] *Excluding intersegmental profit elimination*
[2] *Production figures in boe/day are rounded*
[3] *Realized price includes hedging result*
[4] *For detailed information see G&P section at page 9*
[5] *Starting in 2010, the calculation of production cost per boe is based on net production available for sale (i.e. exclusive of own consumption/fuel production). In Q3/10, the impact of this change led to an increase of around USD 0.99 /boe for Petrom Group*

Third quarter 2010 (Q3/10)

- **Clean EBIT increased by 2% in Q3/10 compared to Q3/09, while an extraordinary depreciation in Kazakhstan amounting to RON 441 mn affected the reported EBIT**
- **Significant partnerships concluded: 15 years production enhancement contract with Petrofac for selected fields and partnership for joint exploration of two onshore blocks with Hunt Oil**
- **In Russia, Petrom sold its 74.9% stake in Ring Oil to its minority partner Mineral and Bio Oil Fuels Ltd**

Segment sales increased by 8% compared to the same period of the previous year, supported by the favorable crude price environment and the stronger USD.

The Urals crude price was 11% higher in Q3/10 compared to the level recorded in Q3/09. As a result of lower hedging revenues, the **average Group's realized crude price** decreased by 3% to USD 68.48/bbl. Furthermore, an adjustment in the internal compensation price regime between E&P and R&M in Romania carried out at the beginning of 2010, in order to properly reflect the high integration value of the Romanian refineries, burdened the realized crude price.

EBIT is lower by 42% compared to Q3/09 affected by the impairment of the Kazakh assets amounting to RON 441 mn. The impairment was recorded following a recent technical assessment of the Kazakhstan activities and also the re-establishment of an export customs duty in Kazakhstan, in August 2010 at USD 20/t. Results from hedges entered in Q2/09 for parts of the 2010 oil production had a positive impact on EBIT amounting to RON 39 mn in Q3/10, but were significantly below the level of RON 214 mn recorded in Q3/09. **Clean EBIT** is, at 2%, slightly higher compared to Q3/09, mainly due to increased oil and NGL prices (expressed in RON terms) and the improved cost base. **Exploration expenditures** are above Q3/09 by 34%, due to the intensified activities, while **exploration expenses** are 47% lower.

In **E&P Services**, the transformation process continued towards further integration into Petrom E&P, thereby making further contribution to production cost reduction.

In Q3/10, **group production costs** in USD/boe were 2% higher compared to Q3/09, as the combined negative effect from the new calculation method and slightly lower volumes more than offset the positive FX effect of the weakening RON. Starting 2010, the calculation is based on net production available for sale, lifting the production costs by USD 0.99/boe in Q3/10. Due to declining production, production cost in Romania increased in USD, leveling to USD 14.92/boe (Q3/09: USD 14.64/boe) and increased in RON to RON 49.40/boe (Q3/09: RON 43.21/boe). In Kazakhstan, higher nominal production cost went along with rising production in Komsomolskoe (first oil in Q3/09).

Group oil, gas and NGL production was 16.88 mn boe, lower by 1% compared to the same period of 2009, as a consequence of lower production in Romania. **Total oil, gas and NGL production in Romania** amounted to 15.87 mn boe, 3% lower compared to Q3/09. **Crude oil production** was 7.49 mn bbl, 5% less than the level recorded in Q3/09, mainly due to the natural decline of production not being fully compensated by new wells drilled and the workover program. **Gas production** reached 8.38 mn boe, lower by 2% compared to Q3/09. The gas production decrease was driven by the same factors that negatively impacted the oil production. Furthermore, key gas wells did not contribute to offset the natural decline effect. **Oil and gas production in Kazakhstan** increased by 70% to 1.01 mn boe in Q3/10, mainly due to the Komsomolskoe field being brought gradually on stream.

In Q3/10, the drilling program in Romania intensified as it registered a total number of 42 new wells drilled, which was considerably higher compared to Q3/09 (19 wells) due to the increased level of investments, higher number of rigs and increased efficiency.

In line with our strategy, a 15-year contract was concluded with Petrofac in order to maximize production while improving operational efficiency for 9 fields in the Ticleni area (Southwest Romania). In addition, a partnership for joint exploration of the onshore blocks Adjud and Urziceni Est was concluded with Hunt Oil. In Russia, given the current economic environment and following a prioritization of its investment projects, Petrom sold its 74.9% stake in Ring Oil to its minority partner Mineral and Bio Oil Fuels Limited, closing the transaction in Q3/10.

Compared to Q2/10, clean EBIT increased by 8%. Slightly higher costs were offset by higher revenues, mainly from increased oil sales and hedging activities. Reported EBIT is negatively affected by an extraordinary write-off in Kazakhstan (RON 441 mn). Group oil, gas and NGL production in Q3/10 increased by 2% due to higher oil production in Kazakhstan and Romania. Segment sales in Q3/10 were higher by 5% compared to the previous quarter. In Romania, total oil, gas and NGL production was 1% higher than in Q2/10. Crude oil and NGL production was at the same level recorded as in Q2/10 while gas production increased by 2%.

January – September 2010 (9m/10)

Segment sales increased by 20% compared to the same period of the previous year, due to the improved price environment for crude oil in 2010 and the stronger USD.

The **Urals crude price** was 34% higher in 9m/10 compared to the level recorded in 9m/09. The **average Group's realized crude price** increased by 24% to USD 68.37/bbl, negatively affected by a lower hedging result. Furthermore, the realized crude price was affected by an adjustment in the internal compensation price regime between E&P and R&M carried out at the beginning of 2010 in Romania, in order to properly reflect the high integration value of the Romanian refineries.

Clean EBIT increased by 48%, while the **reported EBIT,** affected by the impairment in Kazakhstan (RON 441 mn) was only 28% higher compared to 9m/09.

In 9m/10, **Group production costs** were USD 16.31/boe, 10% higher compared to 9m/09. Higher costs resulted from the increased activity level in Kazakhstan due to rising production at Komsomolskoe and the change of the calculation method, excluding own consumption from the production quantity in 2010. In Romania, production costs were USD 15.74/boe.

Exploration expenditure amounted to RON 177 mn in 9m/10, increased by 34% compared to 9m/09. Exploration expenses remain 44% below the previous year's level.

Group oil, gas and NGL production was 50.10 mn boe, 2% lower compared to the same period of 2009, as a result of lower production in Romania. **Total oil, gas and NGL production in Romania** amounted to 47.46 mn boe, 4% lower compared to 9m/09. Crude oil production was 22.6 mn bbl, 4% lower than the level recorded in 9m/09. **Gas production** reached 24.9 mn boe, lower by 4% compared to 9m/09. **Oil and gas production in Romania** was adversely affected, in addition to the bad weather conditions in Q1/10, by natural decline of production not fully compensated by new wells drilled and key gas wells.

Oil and gas production in Kazakhstan increased by 67% to 2.64 mn boe in 9m/10, due to the **Komsomolskoe** field being brought gradually on stream.

Refining and Marketing (R&M)

Q2/10	Q3/10	Q3/09	Δ%	in RON mn	9m/10	9m/09	Δ%	2009
3,775	4,149	3,700	12	Segment sales	10,749	9,430	14	12,701
126	86	43	102	EBIT	229	(252)	n.m.	(618)
8	(12)	3	n.m.	Special items	2	(73)	n.m.	(389)
40	28	111	(74)	CCS effect: Inventory holding gains/losses [1]	98	275	(64)	445
78	70	(71)	n.m.	Clean CCS EBIT [1]	129	(454)	n.m.	(675)

Q2/10	Q3/10	Q3/09	Δ%	Key performance indicators	9m/10	9m/09	Δ%	2009
0.99	(1.15)	(0.92)	25	Indicator refining margin (USD/bbl) [2]	0.21	0.61	(66)	0.02
1.08	0.94	1.43	(34)	Refining input (mn t) [3]	3.11	4.21	(26)	5.46
51	44	67	(35)	Utilization rate refineries (%) [4]	49	67	(27)	65
0.93	0.86	1.36	(37)	Refining output (mn t) [5]	2.74	3.94	(30)	4.99
1.37	1.42	1.66	(14)	Total refined product sales (mn t) [6]	3.96	4.73	(16)	6.18
1.03	1.17	1.24	(6)	thereof Marketing sales volumes (mn t) [7]	3.08	3.51	(12)	4.67
804	802	828	(3)	Marketing retail stations	802	828	(3)	814

[1] Current cost of supply (CCS): Clean CCS EBIT eliminates special items and inventory holding gains/losses (CCS effects) resulting from the fuels refineries caused by increasing/decreasing crude oil prices and thus offers a substantially higher transparency of the operating refinery performance
[2] The indicator refining margin is based on the international quotations for products [Augusta] and Urals crude and a standard yield set typical for Petrom's refineries
[3] Figure includes crude and semi-finished products, in line with OMV Group reporting standard
[4] Figure represents cumulated utilization rate of both Petrobrazi and Arpechim refineries
[5] Represents Refining sales volumes excluding traded goods sourced externally by Refining
[6] Includes all products sold by Petrom Group. The figure also includes marginal petrochemical sales volumes for previous periods. It also includes volumes sold to OMV Western refineries
[7] As of Q1/10, the figure excludes export sales which are included in total refined product sales. Figures for previous periods have been restated

Third quarter 2010 (Q3/10)

- **Further positive impact on the results from supply optimization efforts, cost control efficiency and flexible refinery operations**
- **The construction of Brazi terminal was finalized**
- **Weakening market conditions burdened marketing business; total marketing sales decreased by 6% compared to Q3/09 due to low demand**

Segment sales increased by 12% over Q3/09 mainly due to higher price levels.
Clean CCS EBIT improved significantly compared to Q3/09, reflecting flexible refinery operations and cost control efficiency. Furthermore, an adjustment in the internal transfer price regime between E&P and R&M, carried out at the beginning of 2010 in order to properly reflect the high integration value of Petrom's refineries, supported the result. In addition, net special charges of RON 12 mn and positive CCS effects of RON 28 mn due to increased crude prices led to a reported EBIT of RON 86 mn.
The **refining result** was driven by optimization of supply in Refining with no crude imports being made and flexible operations at our refineries with Arpechim functioning in a "stop and go" mode. We aim to drive further improvements in energy efficiency and yield development towards higher value products.
Refining margin indicator value deteriorated in Q3/10 to USD (1.15)/bbl compared to USD (0.92)/bbl in Q3/09 and was mainly caused by the increase in the crude oil price. Although cracks were higher in Q3/10 compared to last year, overall levels remained low. Diesel cracks improved considerably compared to Q3/09, while gasoline cracks were at the same level of last year.
During Q3/10, the **utilization rate** of our refineries was maintained at a low level (44%), with the Arpechim refinery being in economic shutdown throughout the quarter. The utilization rate of the Petrobrazi refinery was 78% in Q3/10. The total quantity of **refining input** was 34% lower compared to Q3/09, mainly due to the flexible refinery operations and Arpechim refinery being in economic shutdown during Q3/10. Total **refining output** in Q3/10 was 37% lower than in Q3/09 and **total refined product sales** were 14% lower due to optimized refinery operations.

The construction of the Brazi terminal (approximately 8,000 cbm capacity) was finalized in Q3/10, commencing operations in Q4/10.

The **clean marketing result** was considerably below the level recorded in Q3/09, mainly due to lower margins and lower marketing sales volumes.

Total group marketing sales stood at 1,170 kt, down 6% compared to Q3/09, driven by the decrease of both retail and commercial sales volumes, due to the weakening demand in a generally unfavorable economic environment. Group retail sales represented 64% of total group marketing sales (corresponding to 53% of total refined product sales) and decreased by 6% compared to Q3/09. The Group's **non-oil business turnover** increased by 12% compared to Q3/09 due to portfolio optimization. The total number of **retail stations** within the Group as of September 30, 2010 declined by 3% compared to the end of September 2009 mainly due to termination of several rental contracts in the Republic of Moldova.

Compared to Q2/10 clean CCS EBIT was lower, mainly due to the lower refining margin environment, which was driven by the deterioration in distillates cracks. As a result of the retail marketing campaigns, summer seasonality effects, the rebranding of PetromV filling stations and commercial measures to increase sales, the marketing business contribution increased considerably compared to Q2/10, driven by better margins in retail and higher volumes in both retail and commercial.

January – September 2010 (9m/10)

Segment sales increased by 14% due to higher crude oil and product price.

Clean CCS EBIT (RON 129 mn vs. RON (454) mn in 9m/09) improved significantly, driven by flexible operations (Arpechim in "stop-and-go" mode) and optimization of supply in refining which more than compensated for the lower marketing result. Furthermore, the adjustment in the internal transfer price regime between E&P and R&M, carried out at the beginning of 2010 in order to properly reflect the high integration value of Petrom's refineries, supported the result.

The **refining result** improved considerably compared to 9m/09, thanks to the added benefit from cost control efficiency achieved through the optimized operations mentioned earlier. In addition, the refining result further benefited from the sale of Arpechim's petrochemicals activities.

The indicator **refining margin** was below the 9m/09 level due to the higher cost of own crude consumption driven by the increased crude oil price.

During the first nine months of 2010, we maintained a low **utilization rate** of our refineries at 49%, mainly due to the Arpechim refinery being in economic shutdown for most of the period. Total **refining output** was down 30% compared to 9m/09.

The **clean marketing result** was considerably lower than the 9m/09 level as margins and volumes, especially in the commercial sector, were negatively affected by the weak economic environment.

Gas and Power (G&P)

Q2/10	Q3/10	Q3/09	Δ%	in RON mn	9m/10	9m/09	Δ%	2009
562	481	602	(20)	Segment sales	1,985	2,115	(6)	2,969
(47)	(46)	(15)	201	EBIT	(21)	76	n.m.	71
0	0	2	n.m.	Special items	(1)	(9)	(91)	(87)
(47)	(46)	(17)	162	Clean EBIT	(20)	85	n.m.	158

Q2/10	Q3/10	Q3/09	Δ%	Key performance indicators	9m/10	9m/09	Δ%	2009
937	770	1,041	(26)	Consolidated gas sales (mn cbm)	3,255	3,405	(4)	4,846
150	150	167	(10)	Average gas price for domestic producers in Romania (USD/1,000 cbm)	155	160	(3)	162
495	495	495	0	Average gas price for domestic producers in Romania (RON/1,000 cbm)[1]	495	495	0	495
360	378	270	42	Import gas price (USD/1,000 cbm)[1,2]	355	373	(4)	353

[1] In 2010, ANRE, the Romanian National Authority for Energy Regulation, ceased to publish the domestic and import prices taken into account for the regulated end user/basket gas price calculation. The gas prices for domestic producers for 2010 in the table above are the latest published by ANRE.
[2] For 2010, the actual import gas prices published retroactively by ANRE on a monthly basis are presented in the table. As of the date of this report, the latest available data is for August 2010, hence Q3/10 and 9m/10 figures are estimates. Import gas prices for 2009 have not been adjusted.

Third quarter 2010 (Q3/10)

- **Lower consolidated gas sales volumes compared to Q3/09**
- **EBIT was lower compared to Q3/09, burdened by bad debt provisions set up for public utilities companies**
- **Visible progress of the Brazi power plant project**

In Q3/10, natural gas consumption in Romania decreased by 6% as compared to the same period of the previous year.

Petrom's **consolidated gas sales** volumes in Q3/10 were 26% lower compared to Q3/09 due to weak demand caused by the economic crisis which predominantly affected the commercial and industrial consumers in Petrom's customer portfolio, as well as lower demand from distribution companies and lower internal transfer volumes due stop of Arpechim and low utilization of Doljchim. The surplus volumes from gas production were stored and will be sold to the market in the following winter period.

EBIT generated by the G&P business in Q3/10 was lower than in Q3/09 reflecting the difficult economic environment. In Q3/10, OMV Petrom Gas SRL was forced to increase the bad debt provisions by RON 34 mn, mainly for municipal companies delivering heat to local communities, which depend heavily on subsidies and grants from the local and state budget.

The domestic gas price charged by Petrom remained unchanged at RON 495/1,000 cbm. The actual import price, which was retrospectively published by ANRE (latest report available is for August 2010) was USD 378/1,000 cbm.

The average **import quota** in Q3/10 was 13% (with a maximum of 15% in July and September), while in Q3/09 the import quota was 22% during the entire period. This quota was unusually high considering the still reduced level of consumption in Romania. The situation is generated by the fact that a major portion of domestic gas was absorbed by interruptible consumers[1] (mainly fertilizer companies). Therefore, the high import quota impacted only households and other non-interruptible consumers.

In line with Petrom's decision to exit the **chemicals business** by the end of 2010, Doljchim was operated on an "as needed" basis. As a result, the negative EBIT of Doljchim was reduced by 38%.

The construction of the **power plant at Brazi** continues according to plan. The civil and mechanical construction activities are ongoing in all areas of the power plant with clear visible progress on the site (all main equipment in position). Brazi Vest substation was finished and handed over to Transelectrica and the commissioning of CCPP Brazi substation primary circuits was finalized. Gas pipeline and metering stations were completed, ready to receive gas and were handed over to Transgaz.

In Q3/10, the construction works for Dorobantu Wind Power Park were started, while the contracts for civil works for roads and foundations were concluded. The civil works for the substation were almost finished

[1] Interruptible consumers are those considered to contribute to securing the operation of the Gas National Transmission and Distribution Systems, by accepting reduction or even interruption in gas supply in order to protect supply to households.

and the approval of the electricity distributor ENEL for the basic design of the switchyard was obtained.

Compared to Q2/10, EBIT slightly improved, reflecting the lower provisions built in the Gas business for outstanding receivables. Consolidated gas sales volumes decreased by 18%, while the decrease of Romanian total consumption compared to Q2/10 amounted to 10%, due to lower demand from distribution companies.

January – September 2010 (9m/10)

In 9m/10, Petrom's **consolidated gas sales** decreased by 4% compared to 9m/09, while the estimated increase in total gas consumption in Romania was 6%. This development offsets the opposite trend experienced in 2009, when Petrom sales decreased at a much lower pace than Romanian total consumption.

At the end of September 2010, the volume of natural gas in storage owned by Petrom amounted to 709 mn cbm compared to 564 mn cbm at the end of September 2009.

EBIT generated by the G&P business of Petrom Group decreased significantly, as in 2009 the Group benefited from higher margins on import gas extracted from storage. Provisions made for outstanding receivable further burdened the result.

The domestic gas price charged by Petrom remained unchanged, at RON 495/1,000 cbm.

The regulated end-user gas price for households and captive industrial customers in Romania, which represents the price ceiling on the market, remained unchanged since July 1, 2009, when it decreased by 5%. This political decision is causing major losses to all suppliers since the increase of the import price and the stronger USD are not acknowledged by the regulating authority.

The negative result in Doljchim in 9m/10 was reduced by 36%, while the Methanol plant was operated according to the company's integration needs.

In 9m/10 the investments in the Brazi power plant reached RON 962 mn.

Financial highlights

Group interim financial statements and notes (condensed, unaudited)

Legal principles and general accounting policies

The interim condensed consolidated financial statements for the nine months ended September 30, 2010 have been prepared in accordance with IAS 34 Interim Financial Statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2009.

The accounting policies adopted in preparation of the interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual financial statements for the year ended December 31, 2009. The valuation methods in effect on December 31, 2009, remain unchanged. The detailed structure of the consolidated companies in Petrom Group at September 30, 2010 is presented in the appendix 1 to the current report.
The interim consolidated financial statements for 9m/10 are unaudited and an external review by an auditor was not performed.

Changes in the consolidated Group

During Q2/10, Petrom acquired 99.99% shares of Wind Power Park SRL.
Starting Q3/10, Petrom Exploration & Production Limited, Douglas and Petromed Solutions Srl, Bucharest, are fully consolidated in E&P and Co&O, respectively.
In Q3/10, Petrom disposed of the Ring Oil Holding and Trading LTD company and its subsidiaries (LLC Management Corsarneft, LLC Artamira, OJSC Chalykneft, OJSC Karneft, Oil Company Renata, LLC Neftepoisk and CJSC Saratovneftedobycha).

Seasonality and cyclicality

Seasonality is of particular significance in G&P and R&M; for details please refer to the relevant section in the business segments.

In addition to the interim financial statements and notes, further information on main items affecting the interim financial statements as of September 30, 2010, is given as part of the description of Petrom Group's business segments.

Exchange rates

Petrom uses the National Bank of Romania (NBR) exchange rates in its consolidation process. Income statements of subsidiaries are translated to RON using average exchange rates published by the National Bank of Romania detailed below.

Statements of the financial position of foreign subsidiaries are translated to RON using the closing rate method based on exchange rates published by the National Bank of Romania detailed below.

Q2/10	Q3/10	Q3/09	∆%	NBR FX rates	9m/10	9m/09	∆%	2009
4.178	4.256	4.225	1	Average EUR/RON FX rate	4.184	4.228	(1)	4.238
3.283	3.302	2.956	12	Average USD/RON FX rate	3.189	3.102	3	3.047
4.352	4.272	4.185	2	Closing EUR/RON FX rate	4.272	4.185	2	4.228
3.570	3.142	2.870	9	Closing USD/RON FX rate	3.142	2.870	9	2.936

Income statement (unaudited)

Q2/10	Q3/10	Q3/09	Consolidated statement of income in RON mn	9m/10	9m/09	2009
4,409.39	4,814.93	4,538.23	Sales revenues	13,158.12	11,866.33	16,089.73
(95.88)	(110.13)	(85.33)	Direct selling expenses	(318.02)	(258.63)	(364.02)
(2,949.88)	(3,700.22)	(2,934.77)	Production costs of sales	(9,043.39)	(8,174.34)	(11,256.27)
1,363.63	**1,004.58**	**1,518.13**	**Gross profit**	**3,796.71**	**3,433.36**	**4,469.44**
115.40	87.78	43.83	Other operating income	349.98	303.78	408.70
(311.41)	(325.54)	(294.21)	Selling expenses	(907.70)	(930.20)	(1,277.45)
(67.72)	(58.70)	(55.19)	Administrative expenses	(174.41)	(157.36)	(225.34)
(47.09)	(61.13)	(115.05)	Exploration expenses	(123.90)	(220.65)	(274.60)
(324.60)	(310.52)	(210.45)	Other operating expenses	(928.90)	(1,002.44)	(1,480.28)
728.21	**336.47**	**887.07**	**Earnings before interest and taxes (EBIT)**	**2,011.78**	**1,426.49**	**1,620.47**
5.00	(0.04)	0.76	Income from associated companies	7.45	6.51	6.07
(134.44)	(181.36)	(63.41)	Net interest expense	(423.54)	(187.07)	(416.01)
262.66	(273.75)	(69.56)	Other financial income and expenses	108.11	(31.50)	(41.11)
133.22	**(455.15)**	**(132.22)**	**Net financial result**	**(307.98)**	**(212.07)**	**(451.05)**
861.43	**(118.68)**	**754.85**	**Profit from ordinary activities**	**1,703.80**	**1,214.42**	**1,169.42**
(142.38)	3.02	(122.41)	Taxes on income	(293.01)	(250.49)	(336.14)
719.05	**(115.66)**	**632.44**	**Net income for the period**	**1,410.79**	**963.93**	**833.28**
717.90	**(100.32)**	**642.19**	**thereof attributable to owners of the parent**	**1,420.57**	**989.42**	**860.24**
1.15	(15.34)	(9.76)	thereof attributable to non-controlling interests	(9.78)	(25.49)	(26.96)
0.0127	**(0.0018)**	**0.0114**	**Basic earnings per share in RON**	**0.0251**	**0.0175**	**0.0152**

Statement of comprehensive income (unaudited)

Q2/10	Q3/10	Q3/09	Δ %	in RON mn	9m/10	9m/09	Δ %	2009
719.05	**(115.66)**	**632.44**	**n.m.**	**Net income for the period**	**1,410.79**	**963.93**	**46**	**833.28**
(2.45)	22.09	(3.34)	n.m.	Exchange differences from translation of foreign operations	(26.34)	34.60	n.m.	26.40
0.00	0.00	3.63	n.a.	Unrealized gains/(losses) on available-for-sale financial assets	0.00	16.20	n.a.	15.20
169.01	(21.43)	(75.48)	(72)	Unrealized gains/(losses) on hedges	148.25	(442.76)	n.m.	(789.97)
(27.04)	3.43	11.50	(70)	Income tax relating to components of other comprehensive income	(23.72)	68.25	n.m.	123.96
139.52	**4.09**	**(63.69)**	**n.m.**	**Other comprehensive income for the period, net of tax**	**98.19**	**(323.71)**	**n.m.**	**(624.41)**
858.57	**(111.57)**	**568.75**	**n.m.**	**Total comprehensive income for the period**	**1,508.98**	**640.22**	**136**	**208.87**
860.92	(99.18)	577.68	n.m.	thereof attributable to owners of the parent	1,525.16	660.96	131	232.29
(2.35)	(12.39)	(8.93)	39	thereof attributable to non-controlling interests	(16.18)	(20.74)	(22)	(23.42)

Notes to the income statement

Third quarter 2010 (Q3/10)

Consolidated sales in Q3/10 increased by 6% compared to Q3/09 to RON 4,815 mn, mainly driven by the positive oil price environment. R&M represented 86% of total consolidated sales, G&P accounted for 10% and E&P for approximately 5% (sales in E&P being largely intra-group sales rather than third party sales).

The **Group's EBIT** amounted to RON 336 mn, 62% lower than the RON 887 mn result recorded in Q3/09, mainly driven by the impairment of Kazakh assets following the technical assessment of the fields. Besides the technical reassessment, the impairment in Kazakhstan is also attributable to the re-establishment of an export customs duty. Further negative impacts were caused by higher depreciation as a results of significant investments made, lower positive effect from 2010 hedges, partially compensated by higher product prices and stringent cost management. **Clean CCS EBIT** stood at RON 760 mn, 7% lower than the RON 820 mn recorded in Q3/09. The Clean CCS EBIT is stated after eliminating net special expenses of RON 452 mn and inventory holding gains of RON 28 mn.

The **net financial result** of RON (455) mn was substantially below the Q3/09 level (RON (132) mn). The significant appreciation at closing rates (September 30 compared to June 30) of RON against USD led to a negative one-off effect in the net financial result, creating FX losses due to USD loans given by Petrom to its Kazakh subsidiaries. As the USD is the functional and reporting currency of the Kazakh subsidiaries, forex effects resulting in Petrom are not compensated by a corresponding effect in Kazakhstan. However, such forex losses are significantly volatile and the cumulative effect in 9m/10 shows a net forex gain. In addition to the negative effect descried above, higher interest costs further burdened the financial result.

Further to the loss from ordinary activities amounting to RON (119) mn, the c**orporate income tax** stood at RON 3 mn positive. **Current taxes** on the Group's income were RON (43) mn while **deferred tax** income amounted to RON 46 mn.

Net income after minorities (i.e. net income attributable to owners of the parent) was RON (100) mn, significantly below the RON 642 mn in Q3/09. **Clean CCS net income after minorities** was RON 226 mn. **EPS** after minorities was RON (0.0018) in Q3/10, versus RON 0.0114 in Q3/09, while **clean CCS EPS** was RON 0.0040, compared to RON 0.010 in Q3/09.

Compared with Q2/10, sales increased by RON 406 mn reaching RON 4,815 mn, mainly driven by higher product prices and higher volumes sold in the R&M business, that compensated lower sales of gas. EBIT was RON 336 mn, lower than Q2/10 (RON 728 mn), further to the Kazakh impairment. The net financial result of RON (455) mn was significantly below Q2/10, mainly as a result of the negative FX impact. Further to the loss from ordinary activities, **corporate income tax** amounted to RON 3 mn positive. **Net income after minorities** was significantly below the Q2/10 value of RON 718 mn.

January – September 2010 (9m/10)

Consolidated sales for 9m/10 increased by 11% compared to 9m/09, to RON 13,158 mn, mainly driven by high crude and product prices. R&M represented 81% of total consolidated sales, G&P accounted for 14% and E&P for approximately 5% (sales in E&P being largely intra-group sales rather than third-party sales).

The **Group's EBIT** amounted to RON 2,012 mn, significantly higher than 9m/09, mainly due to the positive price environment and stringent cost management, such as optimization of supply in Refining, reduced by the impairment booked for Kazakh assets and by the reduction of volumes sold by the R&M business. The increase in EBIT was also influenced by the positive impact from the sale of 1.7 mn carbon certificates following the group strategy on trade emission certificates, amounting to RON 99 mn.

Clean CCS EBIT increased to RON 2,354 mn. The Clean CCS EBIT is stated after eliminating net special expenses of RON 440 mn and inventory holding gains of RON 98 mn.

The **net financial result** of RON (308) mn was 45% below the RON (212) mn of 9m/09. The financial result was negatively influenced by higher interest costs that were partially compensated by FX gains driven by the USD appreciation against RON.

As a result of the increase in profits from ordinary activities in 9m/10 to RON 1,704 mn, the **corporate tax charge** also recorded an increase. **Current taxes** on the Group's income were RON 294 mn while income from **deferred taxes** amounted to RON 1 mn. The **effective corporate tax rate** was 17%, compared to 21% in 9m/09. The decrease in effective tax rate was mainly due to the disposal of Russia operations and the impairment of Kazakhstan assets where the tax rate is above Group's effective tax rate level.

Net income after minorities (i.e. net income attributable to owners of the parent) was RON 1,421 mn, 44% higher than the RON 989 mn of 9m/09. Minority interests were RON (10) mn compared to RON (25) mn in 9m/09. **Clean CCS net income after minorities** was RON 1,678 mn. **EPS** after minorities was RON 0.0251 in 9m/10, versus RON 0.0175 in 9m/09, while **clean CCS EPS** was RON 0.0296 compared to RON 0.0151 in 9m/09.

Statement of financial position, capital expenditure and gearing (unaudited)

Consolidated statement of financial position in RON mn	Sept 30, 2010	Dec 31, 2009
Assets		
Intangible assets	1,258.98	1,360.06
Property, plant and equipment	22,654.56	21,430.58
Investments in associated companies	41.38	36.22
Other financial assets	2,441.30	2,298.20
Other assets	79.84	102.53
Non-current assets	**26,476.06**	**25,227.59**
Deferred tax assets	**673.10**	**712.60**
Inventories	2,803.10	2,582.69
Trade receivables	1,159.82	1,047.74
Other financial assets	183.13	227.11
Other assets	548.55	284.58
Cash and cash equivalents	992.31	384.00
Non-current assets held for sale	85.11	60.33
Current assets	**5,772.02**	**4,586.45**
Total assets	**32,921.18**	**30,526.64**
Equity and liabilities		
Capital stock	18,983.37	18,983.37
Reserves	(1,307.66)	(2,803.84)
Stockholders' equity	**17,675.71**	**16,179.53**
Non-controlling interests	(24.15)	11.30
Equity	**17,651.56**	**16,190.83**
Provisions for pensions and similar obligations	291.72	283.07
Interest-bearing debts	4,274.08	2,810.45
Provisions for decommissioning and restoration obligations	5,940.87	5,564.28
Other provisions	826.51	786.43
Other financial liabilities	176.06	122.48
Non-current liabilities	**11,509.24**	**9,566.71**
Deferred tax liabilities	**41.98**	**62.14**
Trade payables	1,993.20	2,295.41
Interest-bearing debts	62.67	187.52
Provisions for income taxes	19.31	111.01
Other provisions	769.45	928.19
Other financial liabilities	305.79	657.06
Other liabilities	567.98	527.77
Current liabilities	**3,718.40**	**4,706.96**
Total equity and liabilities	**32,921.18**	**30,526.64**

Notes to the statement of the financial position as of September 30, 2010

Capital expenditure increased to RON 2,976 mn (9m/09: RON 2,740 mn), with substantially increased investments in G&P and lower CAPEX in E&P and R&M.

Investments in **E&P** (RON 1,418 mn) represented 48% of the total figure in the first nine months of 2010 and were focused on development wells, workover activities and sub-surface operations. Approximately 37% of investments were realized in **G&P** (RON 1,100 mn), mainly comprising the investments related to the Brazi power plant. In **R&M**, investments accounted for 12% of the total investments in the first nine months of 2010 (RON 369 mn). In Refining, investments were mainly related to the rehabilitation of storage tanks for oil products, crude unit modernization, the cycle end turnaround in Petrobrazi and the Brazi terminal. Small investments in the marketing division accounted for signage, rebranding and the modernization of filling station complementary equipment at various sites. Corporate & Other (**Co&O**) continued the construction works at "Petrom City", the new Petrom head office in Bucharest, and small investments were realized for IT projects (in total RON 89 mn).

Compared to year-end 2009, **total assets** increased by RON 2,395 mn to RON 32,921 mn. The change was mainly driven by the net increase in property, plant and equipment by RON 1,224 mn, and also by the increase in cash and cash equivalents by RON 608 mn.

Equity amounted to RON 17,652 mn as of September 30, 2010 and increased by 9% compared with the end of 2009 (RON 16,191 mn), as a result of the net profit generated in the current year. The Group's **equity ratio** [1] slightly increased to 53.6% at September 30, 2010 compared with 53.0% at the end of 2009.

Short and long-term interest bearing debts increased from RON 2,998 mn in December 2009 to RON 4,337 mn as of September 30, 2010 due to additional amounts drawn from the EBRD (European Bank for Reconstruction and Development) EIB (European Investment Bank), BSTDB (Black Sea Trade Development Bank) and second club deal loans (credit facility obtained in December 2009), while the existing loan from OMV AG (EUR 150 mn) and overdrafts were repaid during the first nine months of 2010.

Considering new liabilities contracted for financing needs, Petrom Group's **net debt** [2] shows a significant increase to RON 3,376 mn, compared to RON 2,614 mn at the end of 2009. Also, as of September 30, 2010, the **gearing ratio** [3] increased to 19.1%, from 16.2% in December 2009.

[1] *Equity ratio is calculated as Equity/(total assets) x 100*
[2] *Net debt is calculated as interest bearing debts including financial lease liability less cash and cash equivalents*
[3] *Gearing ratio is calculated as Net debt/(equity) x 100*

Cash flows (unaudited)

Q2/10	Q3/10	Q3/09	Summarized statement of cash flows (in RON mn)	9m/10	9m/09	2009
861.43	(118.68)	754.85	Profit before taxation	1,703.80	1,214.42	1,169.42
(47.17)	(41.88)	(22.96)	Net change in provisions	(250.84)	(505.14)	(221.25)
(10.12)	4.67	3.52	Losses / (gains) on the disposal of non – current assets	(13.07)	(62.98)	(72.26)
553.91	1,032.70	578.58	Depreciation, amortization including write-ups	2,100.33	1,580.83	2,466.27
(214.58)	250.82	(210.39)	Other adjustments	8.18	(300.29)	377.62
1,143.47	**1,127.63**	**1,103.60**	**Sources of funds**	**3,548.40**	**1,926.84**	**3,719.80**
(183.63)	(244.34)	(12.83)	(Increase)/decrease in inventories	(255.25)	151.86	128.99
49.12	(429.96)	187.71	(Increase)/decrease in receivables	(219.04)	506.70	(147.55)
474.32	27.65	(270.88)	(Decrease)/increase in liabilities	(60.66)	(934.02)	(652.48)
(77.19)	27.60	(15.88)	Net interest received / (paid)	(62.90)	6.89	(28.69)
(117.26)	(157.06)	(62.09)	Tax on profit paid	(386.01)	(174.17)	(293.91)
1,288.83	**351.52**	**929.63**	**Net cash from operating activities**	**2,564.54**	**1,484.10**	**2,726.16**
(1,492.34)	(992.14)	(727.90)	Intangible assets and property, plant and equipment	(3,230.96)	(2,923.95)	(4,402.65)
9.63	8.29	12.74	Proceeds from sale of non-current assets	107.17	117.95	141.46
0.00	0.00	206.38	Investments, loans and other financial assets	(1.78)	193.76	198.65
(35.42)	(2.87)	0.00	Acquisition of subsidiaries and businesses net of cash acquired	(68.42)	0.00	(8.68)
0.00	(3.40)	0.00	Proceeds from sale of subsidiaries, net of cash disposed	(3.40)	0.00	0.00
(1,518.13)	**(990.12)**	**(508.78)**	**Net cash used in investing activities**	**(3,197.39)**	**(2,612.24)**	**(4,071.22)**
209.10	705.94	33.31	(Decrease) / increase in borrowings	1,236.41	1,658.58	1,163.78
(0.13)	(0.04)	(0.25)	Dividends paid	(0.25)	(14.57)	(14.68)
208.97	**705.90**	**33.06**	**Net cash from financing activities**	**1,236.16**	**1,644.01**	**1,149.10**
16.37	(10.21)	(69.83)	Effect of exchange rate changes on cash and cash equivalents	5.00	4.88	7.46
(3.96)	**57.09**	**384.08**	**Net (decrease)/increase in cash and cash equivalents**	**608.31**	**520.75**	**(188.50)**
939.18	935.22	709.17	Cash and cash equivalents at beginning of period	384.00	572.50	572.50
935.22	**992.31**	**1,093.25**	**Cash and cash equivalents at end of period**	**992.31**	**1,093.25**	**384.00**

Notes to the cash flows

In 9m/10, **free cash flow** (defined as net cash from operating activities less net cash used in investing activities) showed an outflow of funds of RON 633 mn (9m/09 outflow of RON 1,128 mn). No dividend was distributed for the financial year 2009 (same as 2008), in accordance with the Group's strategy of preserving resources for financing in the context of the challenging environment. **Free cash flow less dividend payments** resulted in a cash outflow of RON 633 mn (9m/09: outflow of RON 1,114 mn).

The inflow of funds from profit before tax, adjusted for non-cash items such as depreciation, net change of provisions and other non-cash adjustments was RON 3,548 mn (9m/09: RON 1,927 mn); **net working capital** generated a cash outflow of RON 984 mn (9m/09 outflow of RON 443 mn).

Cash flow from investing activities (outflow of RON 3,197 mn; 9m/09: outflow of RON 2,612 mn) mainly includes payments for investments in intangible assets and property, plant and equipment.

Cash flow from financing activities reflected an inflow of funds amounting to RON 1,236 mn (9m/09: RON 1,644 mn), mainly coming from the increase in loans in OMV Petrom S.A. The net inflow reflects the fact that during 2010 OMV Petrom S.A. drew down the second club deal loan (RON 350 mn) and an additional EUR 405 mn to finance the power plant construction from Brazi and various environmental projects and repaid the existing loan to OMV AG (EUR 150 mn) and the overdrafts to Raiffeisen and Intesa Bank.

Condensed statement of changes in equity (unaudited)

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
January 1, 2010	**18,983.37**	**(2,756.64)**	**(47.20)**	**-**	**16,179.53**	**11.30**	**16,190.83**
Total comprehensive income for the period		1,420.57	104.59		1,525.16	(16.18)	1,508.98
Dividends distribution						(0.05)	(0.05)
Purchase of own shares				(1.78)	(1.78)		(1.78)
Distribution of own shares				1.55	1.55		1.55
Change non-controlling interests			(28.75)		(28.75)	(19.22)	(47.97)
September 30, 2010	**18,983.37**	**(1,336.07)**	**28.64**	**(0.23)**	**17,675.71**	**(24.15)**	**17,651.56**

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
January 1, 2009	**18,983.37**	**(3,616.88)**	**578.39**	**-**	**15,944.88**	**44.87**	**15,989.75**
Total comprehensive income for the period		989.42	(328.46)		660.96	(20.74)	640.22
Dividends distribution						(0.07)	(0.07)
Purchase of own shares							
Change non-controlling interests			(1.94)		(1.94)	(10.68)	(12.62)
September 30, 2009	**18,983.37**	**(2,627.46)**	**247.99**		**16,603.90**	**13.38**	**16,617.28**

[1] *Other reserves contain mainly exchange differences from the translation of foreign operations and unrealized gains and losses from hedges and available-for-sale financial assets.*

Dividends

On April 29, 2010, the Annual General Meeting approved the proposal not to distribute dividends for the 2009 financial year. The decision is consistent with our conservative financing structure in the far more challenging market environment which we currently face and will ensure the necessary funds to sustain the sizeable investment needs of the company.

Segment reporting

Intersegmental sales

Q2/10	Q3/10	Q3/09	∆%	in RON mn	9m/10	9m/09	∆%	2009
2,233.73	2,252.30	2,007.02	12	Exploration and Production	6,523.44	5,427.63	20	7,551.45
26.02	27.57	17.88	54	Refining and Marketing	83.12	61.67	35	81.30
41.87	16.82	44.20	(62)	Gas and Power	108.27	148.19	(27)	199.63
107.70	163.69	104.93	56	Corporate and Other	375.69	341.75	10	469.65
2,409.32	**2,460.38**	**2,174.04**	**13**	**Total**	**7,090.52**	**5,979.24**	**19**	**8,302.03**

Sales to external customers

Q2/10	Q3/10	Q3/09	∆%	in RON mn	9m/10	9m/09	∆%	2009
138.19	227.05	297.00	(24)	Exploration and Production	607.20	529.22	15	697.67
3,748.53	4,121.86	3,682.37	12	Refining and Marketing	10,666.12	9,368.18	14	12,619.55
519.83	464.37	557.96	(17)	Gas and Power	1,876.53	1,966.52	(5)	2,768.87
2.83	1.65	0.90	83	Corporate and Other	8.27	2.41	243	3.64
4,409.39	**4,814.93**	**4,538.23**	**6**	**Total**	**13,158.12**	**11,866.33**	**11**	**16,089.73**

Total sales

Q2/10	Q3/10	Q3/09	∆%	in RON mn	9m/10	9m/09	∆%	2009
2,371.92	2,479.35	2,304.02	8	Exploration and Production	7,130.64	5,956.85	20	8,249.12
3,774.55	4,149.43	3,700.25	12	Refining and Marketing	10,749.24	9,429.85	14	12,700.85
561.70	481.19	602.17	(20)	Gas and Power	1,984.80	2,114.72	(6)	2,968.50
110.54	165.34	105.83	56	Corporate and Other	383.96	344.15	12	473.29
6,818.71	**7,275.31**	**6,712.27**	**8**	**Total**	**20,248.64**	**17,845.57**	**13**	**24,391.76**

Segment and Group profit

Q2/10	Q3/10	Q3/09	∆%	in RON mn	9m/10	9m/09	∆%	2009
887.06	514.94	886.09	(42)	EBIT Exploration and Production	2,291.88	1,791.78	28	2,467.73
126.28	86.49	42.75	102	EBIT Refining and Marketing	229.02	(251.65)	n.m.	(618.27)
(46.85)	(45.74)	(15.19)	201	EBIT Gas and Power	(20.78)	76.11	n.m.	71.37
(42.87)	(21.25)	(34.07)	(38)	EBIT Corporate and Other	(84.90)	(95.05)	(11)	(139.71)
923.62	**534.44**	**879.58**	**(39)**	**EBIT segment total**	**2,415.22**	**1,521.19**	**59**	**1,781.12**
(195.41)	(197.97)	7.49	n.m.	Consolidation: Elimination of intercompany profits	(403.44)	(94.70)	326	(160.65)
728.21	**336.47**	**887.07**	**(62)**	**Petrom Group EBIT**	**2,011.78**	**1,426.49**	**41**	**1,620.47**
133.22	**(455.15)**	**(132.22)**	**244**	**Net financial result**	**(307.98)**	**(212.07)**	**45**	**(451.05)**
861.43	**(118.68)**	**754.85**	**n.m.**	**Petrom Group profit from ordinary activities**	**1,703.80**	**1,214.42**	**40**	**1,169.42**

Assets[1]

in RON mn	Sept 30, 2010	Dec 31, 2009
Exploration and Production	16,646.96	16,686.04
Refining and Marketing	4,510.22	4,506.95
Gas and Power	1,893.22	764.11
Corporate and Other	863.14	833.54
Total	**23,913.54**	**22,790.64**

[1] *Segment assets consist of intangible assets and property, plant and equipment*

Other notes

Significant transactions with related parties

Business transactions in the form of supplies of goods and services take place on a constant and regular basis with companies from OMV Group such as OMV Supply & Trading AG and OMV Refining & Marketing GmbH.

Subsequent events

On **October 1** the spin-off of OMV Petrom's marketing activities to OMV Petrom Marketing S.R.L. (a company fully owned by Petrom) became effective as approved in the EGMS of August 3, 2010.

On **October 18**, Petrom announced the signing of a 17-year production enhancement contract for nine onshore fields in the Arad area, with PetroSantander, a private Canadian company specialized in the operation and rehabilitation of mature fields. In the first five years, through specific operations, PetroSantander expects production to be enhanced by at least 50%, compared to the production trend.

Declaration of the management

The financial statements for the third quarter of 2010 have been prepared in accordance with the International Financial Reporting Standards and offer a true and fair view of Petrom Group's assets, liabilities, financial positioning and profit and statements of operations; the information presented in this report gives a true and fair view of important events that have occurred during the first nine months of the financial year and their impact on the condensed interim financial statements.

Bucharest, November 10, 2010

The Executive Board

Mariana Gheorghe
Chief Executive Officer

Reinhard Pichler
Chief Financial Officer

Johann Pleininger **Siegfried Gugu** **Gerald Kappes** **Neil Morgan** **Rainer Schlang**

Further information

EBIT breakdown

EBIT

Q2/10	Q3/10	Q3/09	Δ%	in RON mn	9m/10	9m/09	Δ%	2009
887	515	886	(42)	Exploration and Production [1]	2,292	1,792	28	2,468
126	86	43	102	Refining and Marketing	229	(252)	n.m.	(618)
(47)	(46)	(15)	201	Gas and Power	(21)	76	n.m.	71
(43)	(21)	(34)	(38)	Corporate and Other	(85)	(95)	(11)	(140)
(195)	(198)	7	n.m.	Consolidation	(403)	(95)	326	(161)
728	**336**	**887**	**(62)**	**Petrom Group reported EBIT**	**2,012**	**1,426**	**41**	**1,620**
8	**(452)**	**(44)**	**n.m.**	**Special items**	**(440)**	**(131)**	**236**	**(695)**
0	(2)	6	n.m.	thereof: Personnel and restructuring	(2)	0	n.m.	(212)
(4)	(451)	(6)	n.m.	Unscheduled depreciation	(456)	(19)	n.m.	(301)
6	0	5	n.m.	Asset disposal	9	12	(28)	16
0	0	0	-	Provision for litigation	0	0	-	0
6	0	(49)	n.m.	Other	10	(124)	n.m.	(198)
40	28	111	(74)	CCS effects [2]: Inventory holding gains /(losses)	98	275	(64)	445
680	**760**	**820**	**(7)**	**Petrom Group clean CCS EBIT**	**2,354**	**1,283**	**84**	**1,870**
887	956	935	2	thereof: Exploration and Production	2,733	1,841	48	2,685
78	70	(71)	n.m.	Refining and Marketing	129	(454)	n.m.	(675)
(47)	(46)	(17)	162	Gas and Power	(20)	85	n.m.	158
(43)	(21)	(34)	(38)	Corporate and Other	(85)	(95)	(11)	(139)
(195)	(198)	7	n.m.	Consolidation	(403)	(95)	326	(161)

[1] *Excluding intersegmental profit elimination*

[2] *Current cost of supply (CCS): Clean CCS EBIT eliminates special items and inventory holding gains/losses (CCS effects) resulting from the fuels refineries caused by increasing/decreasing crude oil prices and thus offers a substantially higher transparency of the operating refinery performance*

EBITD

Q2/10	Q3/10	Q3/09	Δ%	in RON mn	9m/10	9m/09	Δ%	2009
1,295	1,387	1,329	4	Exploration and Production [1]	3,953	2,977	33	4,082
239	213	147	45	Refining and Marketing	573	62	n.m.	117
(45)	(44)	(14)	222	Gas and Power	(16)	86	n.m.	83
(11)	10	(3)	n.m.	Corporate and Other	10	0	n.m.	(12)
(195)	(198)	7	n.m.	Consolidation	(403)	(95)	326	(161)
1,282	**1.368**	**1,467**	**(7)**	**Petrom Group**	**4,117**	**3,029**	**36**	**4,109**

[1] *Excluding intersegmental profit elimination*

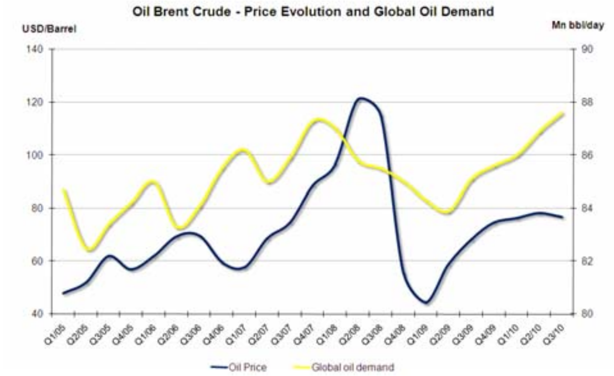
Financial Ratios (presented in accordance with National Securities Commission Instruction No. 1/2006 requirements)

Financial Ratio	Formula	Value
Current ratio	Current assets / current liabilities	1.55
Gearing ratio	Net debt/ equity*100	19%
Days in receivables	Receivables average balance / turnover*273	22.6
Fixed assets turnover [1]	Turnover / Fixed assets	0.77

[1] *Fixed assets turnover is calculated based on turnover for Q3/10*(365/270) days.*

Business environment

The latest economic surveys tend to indicate that global economic recovery has lost some of its momentum in Q3/10. However, growth continues to be uneven with developing countries such as China and India driving the world economy. In both Europe and the US the effects of public sector stimuli have started to fade out and, to a large extent, have failed to jump start private sector consumption and investment. Weak credit and labor markets coupled with subdued consumer confidence are widely expected to lead to a slow down in economic growth in the second half of the year.
According to the IEA preliminary data, **world oil demand** rose during the 9m/10 by 2.8% to 86.9 mn bbl/d. Demand in non-OECD countries jumped by 5%, or 2 mn bbl/d with China continuing to be the main driver, accounting for more than half of the increase. On the other hand, demand in OECD countries rose by a feeble 0.9% to 45.7 mn bbl/d as economic growth in these economies struggle to pick up.



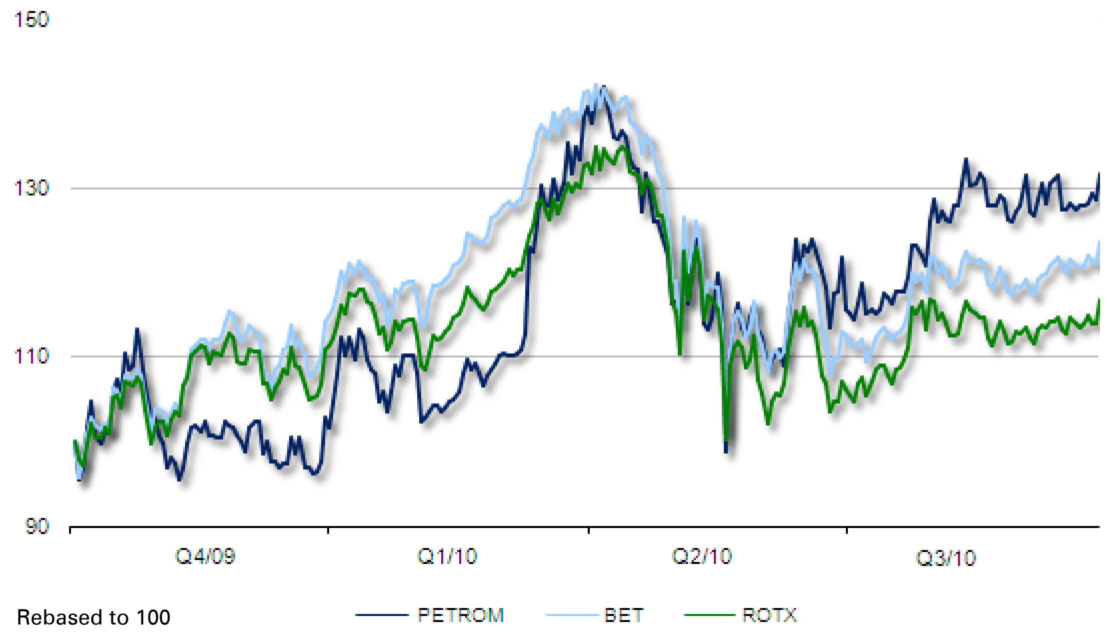
Global oil output rose by 2.0 mn bbl/d to 86.7 mn bbl/d with OPEC supply increasing by 1.6% to 29.1 mn bbl/d. OECD oil production remained unchanged at 18.8 mn bbl/d but Latin America countries boosted supply as well as the output of LNG and biofuels. In its latest monthly report IEA revised upwards its 2010 crude forecast by 2.5%, to 86.9 mn bbl/d.
Over the 9m/10 period, the average **Brent price** was USD 77.14/bbl, 35% higher relative to the same period a year ago. The end of the third quarter saw a fall in volatility of trading oil prices. Moreover, monthly oil price differential between maximum and minimum quotations also fell from USD 12.6/bbl in August to USD 6/bbl in September. The average **Urals price** increased to USD 75.92/bbl over the 9m/10, up by 34% compared to 9m/09.
Second quarter GDP preliminary data for Romania showed that the economy fared slightly better than expected, falling by a smaller amount than initially anticipated. The quarterly GDP contracted by 0.5% compared to Q2/09 but the cumulated figure fell by 1.5% in 6m/10 versus 6m/09. According to the IMF, during this recession, the Romanian economy has so far contracted by a cumulative 9.7%, the largest drop among the EU countries, excluding the Baltic states. For Q3/10 economic prospects are less favorable.
The VAT increase together with the public sector wage reduction is likely to have a negative impact on domestic consumption. The consensus view is that the economy will remain in recession in Q3/10 with GDP expected to fall at an annualized rate of 2-3%. **Industrial production,** which so far has been leading the nascent economic recovery, had a relatively feeble performance during Q3/10. Export demand for industrial products has been weakening as the effects of restocking and fiscal stimuli have started to diminish throughout Europe.
Domestic demand for **credit of the private sector** fell strongly during Q3/10. Average annual real growth of non-governmental credit contracted by 2.8% compared to a fall of 1.5% in Q2/10 and a rise of 2% in Q3/09. The slump in consumer purchasing power continued as wage growth remained lower than inflation growth. Persisting uncertainty over the length of recession and job security drove consumers to continue postponing the acquisition of durable goods and avoid making long-term investment decisions such as housing.
The evolution of the budget deficit showed some positive signs in Q3/10. Government revenues rose by 4% in real terms, the first increase over the last six quarters. However, the recent performance of total revenues is largely attributable to the increase in VAT revenues. Profit and income tax revenue components continued to fall, reflecting the persistence of weak economic activity. The reduction in government spending on goods and services as well as the marked fall in wage expenditure brought the budget deficit to -4.6% of GDP at the end of September, slightly lower than the target agreed with the IMF.
CPI inflation rose to 7.8% at the end of Q3/10, largely reflecting the price increases due to the VAT increase. September monthly inflation rose by 0.6%, higher than the markets expected, as a few companies delayed the price increase to prevent an already weak level of demand for their products from worsening. Other than commodities prices, on the supply side, inflation pressures continue to remain weak. In particular, net wages showed negative annual growth in both July and August, falling by 2.5% and 0.7% respectively.

Compared to Q2/10, the RON fell by 1.7% against the EUR but rose by a marginal 0.1% against the USD. The slight depreciation trend of the RON against the EUR continued in the third quarter, partly accommodating a higher inflation differential caused by the VAT increase. Concerns about the fading strength of recovery in the US and a likely extension of the quantitative easing program by the Federal Reserve caused investors to shun the US dollar.

Q2/10	Q3/10	Q3/09	Δ%	European Central Bank average FX-rates	9m/10	9m/09	Δ%	2009
4.185	4.255	4.226	1	Average EUR/RON FX-rate	4.186	4.230	(1)	4.240
3.301	3.298	2.956	12	Average USD/RON FX-rate	3.193	3.104	3	3.048
1.271	1.291	1.430	(10)	Average EUR/USD FX-rate	1.315	1.367	(4)	1.395

Stock watch

Evolution of Petrom share price, BET and ROTX indices (October 2009 – September 2010)



In Q3/10, Petrom's share price had a stronger performance compared to the previous quarter, in line with the local capital market's performance. After reaching its quarterly low of RON 0.2950 on July 7, the Petrom share price embarked on a volatile increasing trend, overall similar to the Bucharest Stock Exchange (BSE) reference index, recording its quarterly maximum of RON 0.3440 on August 17. The Petrom share closed at RON 0.340 at the end of September, up 12% in comparison with the closing price at the end of Q2/10 (0.303 RON/share at June 30). In the same time frame, both BET, the reference index for the BSE market, and BET-NG, the energy and utilities sector index, had a similar increase of 12%, whilst the average Brent price increased by 8%.

ISIN: ROSNPPACNOR9	Market capitalization, September 30	RON 19.3 bn
Bucharest Stock Exchange: SNP	Market capitalization, September 30	EUR 4.5 bn
Reuters: SNPP.BX	Closing price, September 30 (RON/share)	0.3400
Bloomberg: SNP RO	Year's high, April 9 (RON/share)	0.3660
	Year's low, January 4 (RON/share)	0.2520
	Number of shares	56,644,108,335

Abbreviations and definitions

ANRE	Romanian Energy Regulatory Authority
bbl	barrel(s), i.e. 159 liters
bcf	billion cubic feet; 1,000 standard cubic meters = 35.3147 bcf for Romania or 34.7793 bcf for Kazakhstan
boe	barrels of oil equivalent
bn	billion
bcm	billion cubic meters
cbm	cubic meters
Co&O	Corporate and Other
CAPEX	Capital expenditure
CCPP	Combined-cycle power plant
CCS	Current cost of supply
CFPS	Cash Flow Per Share
EBIT	Earnings before interest and tax
EBITD	Earnings before interest, taxes and depreciation
E&P	Exploration and Production
EPS	Earnings per share
EUR	Euro
FX	Foreign Exchange
G&P	Gas and Power
GDP	Gross Domestic Product
ENEL	Member of Enel Group, Italy's largest power company and Europe's second listed utility company by installed capacity. It is an integrated player which produces, distributes and sells electricity and gas.
IEA	International Energy Agency
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
IMF	International Monetary Fund
IT	Information Technology
kt	thousand tons
mn	million
MW	Megawatt
NBR	National Bank of Romania
NGL	Natural Gas Liquids
n.a.	not applicable
n.m.	not meaningful i.e. deviation exceeds (+/-)500% or comparison is made between positive to negative values
OPEC	Organization of Petroleum Exporting Countries
OPEX	Operating Expenditures
ROACE	Return On Average Capital Employed = NOPAT / Average Capital Employed
ROE	Return On Equity = Net Profit / Average Equity
ROFA	Return On Fixed Assets = EBIT / Average Fixed Assets
ROTX	Romanian Traded Index (made up of 15 Romanian blue chip stocks traded at Bucharest Stock Exchange)
RON	Romanian leu
R&M	Refining and Marketing
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
t	metric tons
Transelectrica	The Romanian Transmission and System Operator which plays a key role in the Romanian electricity market.
Transgaz	The technical operator of the national gas transmission system.
VAT	Value Added Tax
USD	United States dollar

Appendix 1

Consolidated companies in Petrom Group at September 30, 2010

Parent company
OMV Petrom S.A.

Subsidiaries

EXPLORATION & PRODUCTION		**REFINING & MARKETING**	
Tasbulat Oil Corporation LLP (Kazakhstan)	100.00%	ICS Petrom Moldova S.A. (Republic of Moldova)	100.00%
Korned LLP (Kazakhstan)	100.00%	Petrom LPG S.A. (Romania)	99.99%
Kom Munai LLP (Kazakhstan)	95.00%	OMV Petrom Marketing S.R.L. (Romania) [1]	100.00%
Petrom Exploration & Production Ltd.	50.00%	OMV Bulgaria OOD (Bulgaria)	99.90%
		OMV Srbija DOO (Serbia)	99.90%
GAS & POWER		MP Petroleum Distributie S.R.L. (Romania)	100.00%
OMV Petrom Gas S.R.L. [2]	99.99%	Aviation Petroleum S.R.L. (Romania)	100.00%
Petrom Distributie Gaze S.R.L.	99.99%	Petrom Aviation S.A. (Romania)	100.00%
Wind Power Park S.R.L.	99.99%		
		CORPORATE & OTHER	
		Petromed Solutions S.R.L.	99.99%

[1] *Formerly named OMV Romania Mineraloel S.R.L. (name changed as of March 17, 2010)*
[2] *Formerly named Petrom Gas S.R.L. (name changed as of March 1, 2010)*

Associated company, accounted for at equity	
Congaz S.A. (Romania)	28.59%

Contact details

Sorana Baciu, Corporate Development & Investor Relations
Tel: +40 21 60765; Fax: +40 372 868518
E-mail address: investor.relations.petrom@petrom.com

Next release:

The next results announcement for January - December and Q4 2010 will be released on February 23, 2011, presenting preliminary Petrom Group consolidated results prepared according to IFRS.