

## ANNUAL REPORT 2007

prepared in compliance with the requirements of the Regulation no 1/2006 issued by the National Securities Commission

### SC PETROM SA

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|--|---|
| Headquarters   | 239 Calea Dorobantilor,<br>district 1, postal code<br>010567, Bucharest |
| Telephone/fax:   | 0040-372-868930/<br>0040-372-868544                                     |
| Number and date of registration with the Trade Registry Office:  | J40/8302/1997   |
| Unique Registration Code   | 1590082   |
| Fiscal attribute   | R   |
| Subscribed and paid in share capital   | <b>5,664,410,833.5 lei</b>  |
| The tier, type, number and main characteristics of the securities issued by the company  |   |
| • Dematerialized nominative common shares registered with the Depozitarul Central SA Bucharest, as per Contract No. 13308/11.03.2008 |   |
| • Nominal Value, lei/share   | 0,1   |
| • Number of shares   | 56,644,108,335  |
| • The shares of S.C. Petrom S.A. are traded at the first tier of the Bucharest Stock Exchange  |   |
| • Total market value of the Petrom shares as of December 21, 2007  | 28,152,121,842 lei  |

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## **1. The Activity of the Company**

### **1.1. a) The activity developed or which is to be developed by the company.**

Petrom develops the following main activities:

- The production of crude and natural gas fields located onshore and offshore;
- Product sales through own distribution networks;
- The import and export of crude, petroleum products, equipment, machines and specific technologies;
- Crude refining;
- Surface and underground water management and distribution;
- Power production;
- Thermal energy and heated water production;
- Medical assistance services;
- Other activities established and detailed on in the Constitutive Act of the company.

### **b) The date when the company was established.**

The company S.N.P. Petrom S.A. was established on October 27, 1997 and began its activity as of November 1, 1997, as per the Emergency Ordinance no. 49/1997 approved through Law no. 70/1998. In the General Extraordinary Meeting of Shareholders dated September 14, 2004 the change of the company's name from SNP Petrom SA to SC Petrom SA was approved.

### **c) Mergers or significant reorganizations of the company, the subsidiaries or the companies controlled achieved during the financial year.**

In June 2007, Petrom set up a new petrochemical company, namely Petrochemicals Arges. The company was established as a shell company in order to transfer the petrochemical activities of Arpechim refinery and will operate as a subsidiary company starting at the end of 2007.

Petrom approved in the meeting of the Supervisory Board on June 15, the project to build a gas fired power plant with a capacity of approximately 860 MW. The total investment for the plant including infrastructure investments will be in the magnitude of about EUR 500 mn. The construction of the power plant will start in 2008 and full production capacity of the plant is likely to be delivered to the Romanian power grid by end of 2010. Following this decision in October, Petrom established a new power business unit to run all the future projects in the power field.

Petrom announced in September the undergoing reorganisation process of its gas distribution business and the establishment of a new company, Petrom Distribuție Gaze SRL, based on the European Union Directives in this regard and the Romanian legislation.

Petrom Distribuție Gaze commenced operations at the beginning of October. The new company is 99.99% owned by Petrom SA and will report to the Gas Division of Petrom.

### **d) Asset acquisitions and/or alienation**

In April 2007, Petrom signed a sale and purchase agreement of its entire 95% participating interest in Oztyurk Munai LLP to En-Gin LLP, a Kazakh oil & gas company. Oztyurk Munai LLP is operating the Sinelnikovskoe Oil & Gas Field, located in the Aktobe Region, West Kazakhstan. The transfer of the participating interest has been approved by the competent Kazakh authorities. The sale is part of Petrom's restructuring process of its portfolio in Kazakhstan.

In May Petrom, decided to exercise its pre-emption right regarding the purchase of 55.53% stake of Shell Gas Romania SA and of 60% stake of Trans Gas Services SRL. This transaction gives rise to synergies with our existing LPG business and will allow us to increase our market share, which is now approximately 17% for gas cylinders distribution and 2% for autogas”.

In September Petrom, signed a contract for the acquisition of the oil services activities of Petromservice, related to the exploration and production activities of Petrom. This acquisition and subsequent integration into Petrom will support two strategic objectives of the E&P Division, the stabilization of the oil and gas production and reduction of production cost. The modernization program for oil services will have a major contribution to the achievement of these E&P objectives. The acquisition price is EUR 328.5 mn.

#### **e) Main results of the company's evaluation**

In **E&P** segment, a review of the situation at the end of 2007 resulted in the following:

- ▶ In 2007 Petrom made significant progress in stabilizing the oil production
- ▶ The decline of the oil production was arrested
- ▶ The application of modern reservoir management led to an increase in the domestic reserve replacement rate to 38%
- ▶ Well modernization progress led to good results in the reduction of intervention frequencies
- ▶ Six discoveries of new reservoirs onshore and offshore as a result of the 2D and 3D seismic campaigns: “570 Torcesti” ( gas and condensate), “Delta 4” (oil), “Mamu 4320” (gas and condensate), “900 Ochiuri” (oil), “Abrămuț” (oil and gas) and “7 W Predești”
- ▶ Petrom ratified contracts for three new exploration areas
- ▶ The drilling campaign continued in 2007, with a total number of 163 production wells with finished drilling works realized

In **Refining** segment the valuation of the activity at the end of the year highlighted the following issues:

- ▶ Energy efficiency continued to improve throughout 2007
- ▶ 50% flare loss reduction target achieved three years earlier
- ▶ Increased middle distillates yield from 32% to 35% of product
- ▶ Successful introduction of biofuel blends to the Romanian market
- ▶ Major turnaround executed at Arpechim refinery
- ▶ Rafiserv fully restructured six months ahead of schedule
- ▶ Diesel hydrotreater at Petrobrazi refinery started up on schedule

On **Marketing** segment, the valuation of the activity at the end of 2007 highlighted the following issues:

- ▶ Average sales per filling station increased in the last three years by 83%, reaching a yearly average throughput of 3.2 mn liters in 2007
- ▶ Non-oil business sales almost doubled compared to last year's level
- ▶ Full agency program successfully finished in 2007
- ▶ 100 PetromV premium stations at the end of the year
- ▶ Secondary logistics fully outsourced
- ▶ Acquisition of Shell Gas Romania (LPG)

On Gas segment, the valuation of the activity at the end of 2007 highlighted the following issues:

- ▶ Increase of quantity sold compared to 2006 against the trend in the Romanian gas market
- ▶ The distribution activities were split from E&P, reorganized and concentrated in a separated legal entity, Petrom Distributie Gaze srl, to create an efficient and forward looking business
- ▶ Optimized business model for the gas distribution activity
- ▶ New Power division established
- ▶ Decision to build 860 MW power plant taken by the Executive Board
- ▶ First steps to move into the field of green energy (biogas)

The **sales volume** generated by Doljchim in 2007 increased by 14%, to 688 kt, of which export sales represented approximately 54%. Doljchim's products were exported mainly in the neighboring countries, Hungary, Bulgaria, and Serbia but also to Slovakia, Austria, Macedonia, Italy, Spain and Turkey.

In 2007, Doljchim concentrated its efforts on increasing domestic market sales, especially fertilizers. In 2007, favorable market conditions and improved marketing contributed to a rise of almost 80% in ammonium nitrate sales compared to 2006. In addition, urea and methanol domestic market sales were up by 92% and 26%, respectively compared to 2006. The share of ammonium nitrate products in the domestic market of the Romanian producers was 42% in 2007, higher than in 2006 (35%).

#### 1.1.1. General evaluation elements

| Indicator                                     | 2005   | 2006   | 2007   |
|---|--------|--------|--------|
| Net Profit, RON mn                            | 1,416  | 2,285  | 1,778  |
| Turnover, RON mn                              | 10,760 | 13,078 | 12,284 |
| Operating expenses, RON mn                    | 9,088  | 10,638 | 10,520 |
| Market share retail, %                        | 24     | 28     | 32     |
| Liquidity (cash and cash equivalents), RON mn | 4,500  | 3,451  | 753    |

The net profit decreased by 22% to RON 1,778 mn, while the operating expenses maintained at the same level as previous year. The company's turnover decreased by 6% in comparison with 2006, reaching RON 12,284 mn.<sup>1</sup>

#### 1.1.2. Evaluation of the company's technical expertise

##### a) Main products and services

As Petrom is an integrated oil and gas company, covering the full chain of upstream and downstream activities, the number of products is significant. However, they can be grouped in a few main categories representative for the company's activity:

- Crude, natural gas;
- Petroleum products: gasoline, diesel, heavy fuel oil, kerosene, LFO, mineral oils, bitumen;
- Petrochemicals: benzene, polyethylene, propylene, acrylonitrile;
- Fertilizers: urea, ammonium nitrate, ammonia, methanol, nitric acid.

<sup>1</sup> Please see section 5 for a detailed analysis of the financial statements

Petrom also provides services in connection with the activity of sales within the filling stations (car wash and service, restaurant/fast food/ bar and hotel/motel).

#### b) Main outlets for each product or service and the distribution methods.

Petrom is present on relevant markets as a producer and supplier of crude oil and natural gas, petroleum products, petrochemicals and fertilizers.

- **Crude:** Petrom is the only producer, 95% of the crude oil being delivered to its own refineries, Arpechim – Pitesti and Petrobrazi – Ploiesti and the rest to other refineries; the crude transportation is handled by Conpet.
- **Natural gas:** Natural gas is (1) used internally by other Petrom branches as consumption on site (E&P working points) or as a raw material (Doljchim and Arpechim); (2) sold to industrial and residential customers. For the delivery of the natural gas, Petrom uses the national pipeline system of Transgaz and its own network.
- **Petroleum products, petrochemicals and fertilizers:** These products are sold to both Romanian and international markets.

#### c) The weight of each product or service type in the income and the total turnover of the company during the last three years.

Most part of Petrom revenues resulted from the sale of crude oil, natural gas and petroleum products. In 2007, the turnover of the company decreased by 6%, the volumes sold were lower than previous year levels and the trading conditions have been less favorable. Please see the section 5 for a detailed analyze of the revenues by segments.

The weight of each revenue category in total revenues is presented in the table below:

| Indicator              | Total value – RON th |                   |                   | Percentage in revenues |            |            |
|------------------------|----------------------|-------------------|-------------------|------------------------|------------|------------|
|                        | 2005                 | 2006              | 2007              | 2005                   | 2006       | 2007       |
| Operating revenues     | 10,973,183           | 13,415,790        | 12,484,947        | 95.1                   | 96.3       | 96.2       |
| thereof Turnover       | 10,760,228           | 13,078,308        | 12,284,378        | -                      | -          | -          |
| Financial revenues     | 569,200              | 517,245           | 498,297           | 4.9                    | 3.7        | 3.8        |
| Extraordinary revenues | -                    | -                 | -                 | -                      | -          | -          |
| <b>TOTAL</b>           | <b>11,542,383</b>    | <b>13,933,035</b> | <b>12,983,244</b> | <b>100</b>             | <b>100</b> | <b>100</b> |

#### d) New products

In the first half of 2007 Petrom started to blend biodiesel with diesel. Starting with 1<sup>st</sup> of July, the 2% fuel biodiesel content is supplied on the Romanian market.

In October Petrom introduced on the Romanian lubes market a new range of motor oils, Petrom Motor Oil. Under this brand Petrom have a range of high quality motor oils, from single-grade or multi-grade oils that protect the engine, to hydraulic or transmission lubricants that maintain in good shape the components of industrial equipments and vehicles.

In line with EU specification and market demand, Petrom are now producing Euro IV quality range for gasoline and diesel and has the capability to produce sufficient Euro V (10ppm) fuel to meet domestic market demand.

### 1.1.3 Evaluation of the provision of technical and material resources (domestic and imports)

The main feedstock for an integrated oil company as Petrom is crude oil, which is supplied mainly by E&P - 73%. The remaining of 27% was supplied by OMV Supply & Trading.

### 1.1.4. Evaluation of the sale activity

#### a) Description of the sales evolution on the domestic and/or international market and the medium and long-term estimates

|                           | 2007   | 2006   | 2005   | Δ 07/06 (%) | Δ 07/05 (%) | Δ 06/05 (%) |
|---------------------------|--------|--------|--------|-------------|-------------|-------------|
| Fuel Sales, thousand tons | 4,707  | 5,465  | 5,046  | (13.8)      | (6.7)       | 8.3         |
| Turnover, mn RON          | 12,284 | 13,078 | 10,760 | (6)         | 14          | 21.5        |

As part of our strategy to provide customers with better products and services, we introduced the **PetromV** premium concept for filling stations, in the autumn of 2005. By the end of 2007 we had established a network of 100 Petrom V filling stations, built and operated at highest Western standards.

Following the reorganization process begun in 2005, the **full agency system** for the administration of the filling stations was defined and introduced, replacing the old COCO system (company owned, company operated). Under this concept, the filling stations are managed by a dealer selected by Petrom, who is remunerated via sales-based commission. The dealer is responsible for the personnel of the filling station and has to adhere to strict Petrom rules. In 2007, Petrom finalized the transfer of **all of its filling stations to the full agency administration** system.

Within the Marketing division a strong commercial department is dedicated to wholesale clients for oil products, LPG, lubricants and jet fuel. Commercial fuel sales were aided by the introduction, in September 2005, of the Petrom Card system, offering an efficient fleet control and consumption monitoring tool for corporate customers. In order to better meet customer needs, a centralized key account management system was established.

The retail and commercial segments are supported by the supply and logistics activity, which consists of storage facilities and all means of transportation. Supply and logistics is undergoing a major restructuring process.

The closing of storages facilities began in 2005 and continued in the following years, with ten terminals closed in 2007. So far, 111 out of 146 old storages have been closed, VRUs (Vapour Recovery Units) have been modernized, reconstruction of Jilava (main terminal) and preparation works to re-construct eight other terminals have begun. The re-engineering process for the entire primary logistic chain has been completed and the secondary logistic chain was fully outsourced to four hauliers in 2007.

According to Petrom's estimates the retail market share was about 32% in 2007.

**Total marketing sales** in 2007 amounted to 4,707 kt, down by 14% yoy, mainly due to the 34% reduction in export sales (which tend to have very low margins), as a result of the Company's measure to optimize the refining product mix.

**White product sales** on the domestic market were 13% above last year's level, driven by higher demand, the upgrading of the filling station network and improved retail station management. **Domestic gasoline sales** were up by 5% yoy, while **domestic diesel sales** increased by 18% compared to 2006.

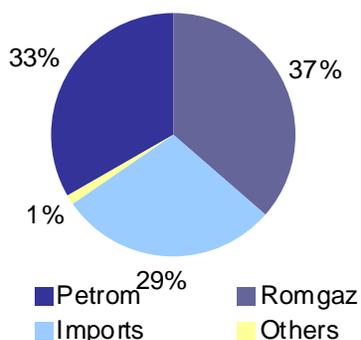
**Retail sales** reached 1,533 mn liters, up by 22% higher compared to 2006. As a result of the implementation of the **full agency system**, the **yearly throughput per filling station** improved considerably in 2007, reaching 3.2 mn liters per year, compared to 2.4 mn liters in 2006.

The **non-oil business** also registered a significant increase. Total turnover increased to RON 318 mn, 74% higher than last year's level thanks to portfolio reorganization and purchase process optimization.

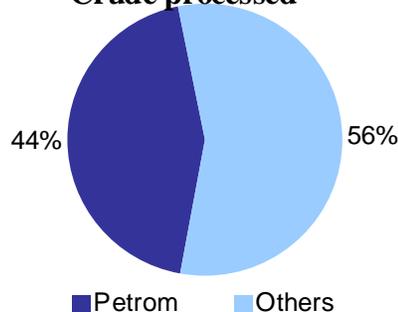
**b) Description of the competition within the company's field of activity, of the market share, of the company's products or services and of its main competitors**

98% of the natural gas is produced by two companies, Romgaz and Petrom, while the rest of 2% represents the production of private operators, Amromco, Aurelian Oil&Gas, Toreador and Wintershall. The Romanian consumption of natural gas is covered 71% from domestic production, while the rest of 29% is supplied from Russia.

**Gas consumption**



**Crude processed**



The Romanian refining sector consists of 10 refineries. Four of them are not operational: Astra, Darmanesti, Vega and Petrolsub. The rest of six refineries: Arpechim and Petrobrazi (owned by Petrom), Petromidia (Rompetrol), Petrotel (Lukoil), Rafo (Balkan Petroleum) and Steaua Romana (Omnimpex) have a total operational capacity of 19.2 mil. tones. In 2007, the refineries have processed a total quantity of 13.4 mil tons of crude in 2007.

Petrom has a strong position on the domestic market, both in terms of market share and number of filling stations. According to Petrom's estimations, the company retail market share at the end of December was 32%.

Out of the 1,740 filling stations existing in Romania, 29% are no brand stations, while almost 26% are owned by Petrom.

**c) Description of any significant dependency of the company on a single customer or on a group of customers whose loss would have a negative impact on the company's income**

Given the wide range of products, Petrom has a large base of customers. Therefore, there are no clients which can materially affect the activity of the company.

If a domestic client decides to change the supplier, Petrom is able to find other customers to do business with. For the products exported, the company organizes auctions, where are participating more bidders so that Petrom is able to choose the best offers with respect to price and payment terms.

In addition, as a member of OMV Group, Petrom has broadened its customers' base with some of the affiliated companies within the Group.

**1.1.5. Evaluation of issues related to the company's employees/staff**

**a) The number and the expertise of the company's employees.**

The number of company employees as of December 31, 2007 was 26,397.

The majority of the employees are affiliated to F.S.L.I. PETROM, while a reduced number of employees are affiliated to "Lazar Edeleanu" union.

**b) The relationship between manager and employees as well as of any conflict elements which characterize this relationship**

The relations between the management and the employees are normal, without the occurrence of collective actions to challenge the management.

The dialogue between unions and management continued on a regular basis. All the steps of the reorganization process that the company has entered were discussed and agreed by both parties.

The defective wording of one stipulation from the Collective Labour Agreement of Petrom resulted in a chain of labour litigations through which several employees requested the payment of Easter and Christmas bonuses allegedly unpaid to them. These litigations are in progress on various stages, in Bucharest and across the country. Petrom's defence is based on the argument that the respective bonuses were included in the base salary of the employees, starting with 2003.

**1.1.6. Evaluation of issues related to the impact of the issuer's main activity on the environment**

Examples of our efforts in this respect during 2007 include the gasoline storage tanks modernization in the refineries in order to reduce VOC emissions, the modernization of heaters by fitting them with low Nox burners, soil remediation and infrastructure improvement works in Petrobrazi, increasing the aeration capacities of the waste water treatment plants of Arpechim and Doljchim, and the installation of overfilling protection systems on all storage tanks in the operational storage terminals of Marketing. In both refineries, the hazardous waste storage elimination concept was implemented and specialized treatment services companies were contracted. In E&P, waste management was also a priority, and by the end of 2007, five temporary storages for non-hazardous waste were built, a public bidding process for oil sludge treatment was initiated and the design and bidding process for five bio-remediation units for polluted soil was finalized.

Efforts to apply international environmental management accounting standards (EMA) continued in 2007 and resulted in the approval of the relevant corporate standard and the implementation of an environmental expenditure evaluation pilot for all Petrom divisions. To increase awareness of the

importance of environmental issues, environmental training courses were conducted across Petrom as well as an awareness campaign on energy efficiency, waste management and oil spills reduction.

### 1.1.8. Evaluation of the company's risk management activity

Petrom Group, as an integrated oil company, is exposed to many different risks, including those related to the international economic climate and other factors that are specific to the oil and gas business.

The principal approach is, firstly, to identify all possible risks and secondly to quantify each risk according to its possible impact on the EBIT of Petrom by combining the estimated adverse impact with the probability distribution of each risk.

The results constitute the input for the Risk Monitor, a tool for reporting, aggregating and analyzing the risk exposures of Petrom as well as OMV. Thus for Petrom Group more the 80 risks have been evaluated and about ten key risks comprise nearly two-thirds of the total exposure. Petrom Group is mainly exposed to different market price and margin risks, USD currency risk as well as to risks of major hazardous incidents (although the probabilities of the later are very low, the theoretical impact of any such incident is high). Likelihood and impacts of risks are continually monitored as well as methodically optimized under the OMV Risk Management approach.

Risk awareness within the Petrom Group and its subsidiaries is reflected in an integrated report which is prepared twice per year each in May and October. The findings are reported to management, and the parameters of all risks are part of the OMV wide simulation model.

As Petrom moves forward, the focus will be incorporating the risk management process such that risk awareness, risk analysis and risk control measures form part of the daily work of each business area and can support the Group strategy and business targets.

A continuing focus going forward is evaluating the risks associated with climate change during the planning phases for major projects and when strategic business decisions are formulated. Another focus will be to apply consistent methodologies for risks arising from new affiliates which need to be aligned with Petrom's overall risk framework, using insurance as mitigator, whenever necessary.

### 1.1.9. Estimates of the company's activity

#### a) Factors which affect or could affect the company's cash position

Although in 2007, for the first time investments were higher than cash flow generated from operating activities, the liquidity of the company was good as a result of the cash flow generated by the operational activity.

#### b) Capital expenditures

| Investments*, lei mn         | 2005         | 2006         | 2007         |
|------------------------------|--------------|--------------|--------------|
| Exploration and Production** | 531          | 1,336        | 2,465        |
| Refining & Marketing         | 585          | 1,298        | 1,004        |
| Gas                          | -            | 1            | 32           |
| Chemicals                    | 1.6          | 5.5          | 16           |
| Corporate                    | -            | 297          | 303          |
| <b>Total</b>                 | <b>1,117</b> | <b>2,937</b> | <b>3,820</b> |

*\*investments include increases of Petrom share participations*

*\*\* include the investments of Corporate (in 2005)*

The investments in 2007 were directed mostly to E&P (65%), while the R&M business received 26% of the total investments. The remaining 9% represents investments in Corporate (mainly Petrom Solutions), Gas and Chemicals.

E&P investments in Romania increased by 85% as compared to 2006, due to drilling, modernization and efficiency programs. In 2007, drilling works were completed at 163 production wells compared to 158 in 2006. Additionally, the Technology roll-out (the Downhole Technology and Well Modernization Program) returned excellent results in terms of reduced intervention frequencies per well per year.

Exploration activity in Romania was successful, with several new discoveries reported during the year. In 2007 a number of eight 3D seismic surveys were started (834 square km of new onshore 3D seismic were acquired) and 23 new exploration and appraisal wells based on new technology were finalized, as compared to 4 in 2006. The E&P segment of Petrom spent RON 335 mn on exploration activity in 2007 of which RON 230 mn was expensed, and RON 105 mn was capitalized.

Capital investment projects in the Refining business progressed during 2007, with the new hydrogen plant commissioned at Arpechim, and with mechanical completion of a new, high efficiency, high pressure steam boiler. At Petrobrazi, the new diesel hydrotreater (HDS) unit was commissioned and construction of the new FCC gasoline hydrotreater unit started, scheduled for start-up in early 2009. These two investments will enable production of Euro 5 fuels at the site.

In December 2007, R&M also acquired Shell Gas Romania and increased its stake in Trans Gas Services to 80%. The acquisition will allow Petrom to strengthen its position on the LPG market in Romania and realize synergies together with its own LPG business.

In 2007, the investments in Doljchim, amounted to RON 16 mn, up by 191% as compared to 2006. These investments related mainly to environmental protection, health and safety, infrastructure and fire prevention.

### **c) Factors which significantly affect the income generated by the company's main activity.**

**Petrom's EBIT** was down by 29% to RON 1,965 mn, compared to RON 2,777 mn recorded in 2006. This was mainly due to the weaker result generated by the E&P segment following the negative impact of the RON appreciation by 13% against the USD, the production decline which was arrested in the second quarter of 2007, and also higher year-end inventories of oil products in segments other than E&P.

**The Exploration and Production (E&P)** business of Petrom SA registered a strong year-on-year decrease in **EBIT** by 24% to RON 2,848 mn, mainly due to the the production decline and oil industry cost inflation, and also to the adverse impact of RON appreciation against the USD.

In **Refining and Marketing (R&M)**, **EBIT** improved versus 2006, to minus RON 1,065 mn, particularly due to the better contribution from Refining as a result of the better product yield (with a higher share of diesel), the progress in reducing own-energy consumption and positive inventory effects. These positive developments were partially offset by higher repair expenses incurred during the turnaround at Arpechim. The 2007 results were adversely impacted by the deteriorating margin environment, on account of rising feedstock and energy costs and lower product prices. The refining

margin environment was on average 0.45 USD/bbl less favourable compared to the previous year, with very low levels during the second half of 2007.

In the **Gas** segment of Petrom SA, **EBIT** increased by 5% to RON 123 mn, mainly due to higher sales than in 2006, supported by the purchase of additional volumes from third parties. The gas sales volume of Petrom SA increased by 6% compared to 2006 due to flexibility in meeting short-term demand surges from power plants. This was achieved despite the fact that the total natural gas consumption of Romania in 2007 dropped by 5.5% (or 900 mn cbm) compared to 2006.

In the **Chemicals** segment (Doljchim) 2007 **EBIT** was up by 16%, compared to 2006, to RON 59 mn due to higher sales volume.

## 2. Tangible Assets of the Company

### 2.1. The location and the main features of the production equipment owned by the company

Petrom S.A. develops its activities in all the counties of the country, in Bucharest and in the Black Sea Continental Shelf, but also in Russia, Kazakhstan and the neighbouring countries (Republic of Moldova, Bulgaria and Serbia).

#### Exploration & Production:

Petrom holds exploration licenses for 17 onshore and two offshore blocks in Romania with a combined area of 59,450 square km. During 2007, Petrom reviewed its core exploration areas, and ratified contracts for three new exploration areas.

The production is ensured by 839 wells for natural gas production and 9,212 wells for oil production.

#### Refining:

Petrom operates two integrated petrochemicals and refining complexes, Arpechim and Petrobrazi, with a total operational capacity of 8 millions tones /year.

#### Marketing:

Petrom is the main player on the Romanian fuels market, with a wide network consisting of 35 terminals and about 450 operating filling stations.

#### Doljchim:

The chemical fertilizer plant has a production capacity of approx.1.4 mil. tones p.a. of chemical products (ammonia, nitric acid, ammonium nitrate, urea and methanol).

#### Gas:

Petrom's gas distribution network has a grid of 950 km through which more than 14,000 customers are supplied with natural gas.

| <b>Fixed assets, tangible assets, RON<br/>(Net Book Value)</b> | <b>Balance at<br/>1.01.2007</b> | <b>Balance at<br/>31.12.2007</b> |
|--|---------------------------------|----------------------------------|
| Lands  | 157,945,917                     | 192,944,167                      |
| Buildings and constructions                                    | 4,411,518,961                   | 4,432,121,870                    |
| Machinery and equipment  | 2,166,773,871                   | 2,407,088,781                    |
| Other equipment and furniture                                  | 49,123,969                      | 69,548,752                       |
| Advances and tangible assets in progress                       | 1,620,069,728                   | 3,462,629,207                    |
| <b>Total fixed assets, tangible assets</b>                     | <b>8,405,432,446</b>            | <b>10,564,332,777</b>            |

### 2.2. The degree of wear-out for fixed assets

Due to the change of the reporting system this information cannot be computed anymore. The wear-out is reflected in the depreciation of the assets.

| <b>Fixed assets, tangible assets, lei<br/>(Accumulated depreciation)</b> | <b>Balance at<br/>1.01.2007</b> | <b>Balance at<br/>31.12.2007</b> |
|--|---------------------------------|----------------------------------|
| Lands  | -                               | -                                |
| Buildings and constructions  | 1,346,353,929                   | 1,836,494,522                    |
| Machinery and equipment  | 781,418,396                     | 974,753,575                      |
| Other equipment and furniture  | 26,697,409                      | 37,078,435                       |
| <b>Total fixed assets, tangible assets</b>                               | <b>2,154,469,734</b>            | <b>2,848,326,532</b>             |

### **2.3. Potential issues related to ownership rights over the company's tangible assets.**

The company received notifications regarding the restitution of the assets abusively taken over by the state between March 6, 1945 and December 22, 1989, which falls under the incidence of the Law no. 10/2001; this law provides the modalities, the terms and the legal framework for the restitution of these assets. The summarized status and the solutions to these notifications as of December 31, 2007 are the following:

- 1095 notifications were transmitted to Petrom, out of which:
  - 13 buildings were returned;
  - 1018 notifications were rejected;
  - 27 notifications were redirected towards other entities.
- 10 files are under analysis.

As per Article 7.2, in conjunction with the provisions of Article 26 of the Methodological Norms for the application of Law no. 10/2001, approved through Government Decision no. 498/2002, the City Halls or the notified Prefectures are under the obligation to identify the owning entity and to direct the notifications to these entities for resolution. In the same time, those who submitted the notifications are communicated that the requested asset is not under administration of these entities and also the name of the entity in charge to solve the notification. Due to the fact that up to this date is still in progress the activity of solving notifications within the City Halls' and Prefectures' Commissions, part of the notifications received may be further directed to Petrom.

### **3. The Market of the Securities issued by the Company**

#### **3.1. The markets in Romania and in other countries where the securities issued by the company are traded**

Petrom shares are traded on the Bucharest Stock Exchange as of September 3, 2001.

#### **3.2. Description of the company's dividend policy for the last 3 years.**

The General Meeting of Shareholders held on April 25, 2006 decided the payment of dividends for 2005 amounting to 738,420 thousand lei (0.0130/share), resulting in a payout ratio of 52%. The payment of dividends was possible due to the capital restructuring which took place in the fourth quarter of 2005 and which placed the company in a stronger position to recommence the payment of dividends to its shareholders. The loss carry forward was netted to the maximum extent possible by the set-off with the revaluation reserve and the share premium account.

For the year 2006, the General Meeting of Shareholders held on April 17, 2007 approved the payment of dividends amounting to 1,013.9 mn lei (0.0179 lei per share), resulting in a payout ratio of 44%. This has been made possible due to the strong results supported by favourable oil prices.

Petrom's Annual General Meeting on April 22, 2008 approved the payment of a dividend of RON 0.0191 per share (RON 1,081.9 mn in total) to its shareholders for 2007, resulting in a payout ratio of 61%.

#### **3.3 Description of any activity involving the company's purchasing its own shares**

During 2007, Petrom did not repurchase or hold, at any moment, any of its own shares.

#### **3.4. Where the company owns subsidiaries, mention of the number and the nominal value of the shares issued by the parent company and held by the branches**

Petrom has subsidiaries, but none of these own shares issued by the parent company.

#### **3.5. Where the company has issued bonds and /or other debt securities, presentation of the way in which the company fulfilled its obligations towards the holders of such securities**

The distribution of dividends, approved on GMS from April 22, 2008, is performed based on the following procedure:

1. To the natural-person shareholders having their residence in Romania, the payment of the dividend will be made by the BANCPOST S.A. units, starting with **May 22, 2008**, upon the presentation of a valid identification document;
2. To the Romanian legal-entity shareholders, the payment of the dividend will be made by bank transfer, based on a specific request, addressed to Petrom SA, Corporate Affairs & Compliance Department, Corporate Projects Office, mentioning the full name of the holder, the bank and the account number where the payment should be made;
3. To the foreign natural-person shareholders -, the payment of the dividends will be made by bank transfer, based on a specific request, addressed to Petrom SA, Corporate Affairs & Compliance Department, Corporate Projects Office, mentioning the full identity data of the holder (surname, name, individual identification number, domicile), the bank and the account number where the

payment should be made, the bank address and SWIFT code, accompanied by the Fiscal Residence Certificate, in original and notarized translation, and a copy of the valid identity card.

4. To the foreign legal-entity shareholders –, the payment of dividend will be made by bank transfer, based on a specific request, addressed to Petrom SA, Corporate Affairs & Compliance Department, Corporate Projects Office, mentioning the holder's full name, the bank and the account number where the payment should be made, the address of the bank and its SWIFT code, together with the Fiscal Residence Certificate, in original and notarized translation.

The company acknowledges as shareholders only the persons registered with the Depozitarul Central S.A.

On September 28, 2007 the High Court of Cassation & Justice, Commercial Section, rejected as groundless the final appeal of Mr. Dan Paul Viorel against the commercial decision nr. 543/06.11.2006. The decision is final and irrevocable. Following the Decision no. 2844 dated September 28, 2007, the National Securities Commission released the Certificate no. 338 on October 12, 2007 unlocking the shares subscribed based on Decision 2, 3 and 4 of the Extraordinary General Meeting of Shareholders held on November 22, 2005. The execution of the National Securities Commission's decision was performed accordingly by the Depozitarul Central SA.

#### 4. Company administration

##### 4.1. Presentation of the company's administrators and the following information for each administrator:

###### a) CV (family name, first name, age, skills, professional expertise, position and length of employment)

On April 17, 2007, Petrom's Extraordinary General Meeting of Shareholders approved the change of the Company's management system into a dual board structure, whereby the Company is managed by an Executive Board, which is supervised by a Supervisory Board, consisting of nine members. The Supervisory Board structure in 2007 was as follows:

| Name                   | Age (years) | Position   | Other information  |
|------------------------|-------------|--|--|
| Wolfgang Ruttenstorfer | 58          | CEO and Chairman of the OMV Executive Board  | Doctorate at the University of Economics and Business Administration in Vienna<br>Started to work at OMV in 1976   |
| Gerhard Roiss          | 56          | Deputy Chairman of OMV Executive Board and responsible for Refining and Marketing including petrochemicals and Chemicals | Economics studies in Vienna, Linz and Stanford, USA.<br>Started to work at OMV in 1990   |
| David Davies           | 53          | Member, Chief Financial Officer of OMV   | Graduated Liverpool University<br>Since April 1, 2002, he is member of the Executive Board and CFO of OMV  |
| Helmut Langanger       | 58          | Member, Member of the OMV Executive Board, responsible for Exploration and Production                                    | Graduated Leobon University and obtained a Bachelor's Degree in Economics in Vienna.<br>Started to work at OMV in 1974   |
| Werner Auli            | 47          | Member, Member of the OMV Executive Board, responsible for Gas   | Graduated Technical University of Vienna and he is a Doctor of Technical Sciences. He started working for OMV in 1987  |
| Kevin E. Bortz         | 48          | Member, Director of Natural Resources Team within EBRD   | Graduated Indiana University of Pennsylvania and holds a Master of International Affairs at Columbia University, New York. He started working for BERD in 1993 |
| Victor Paul Dobre      | 56          | Member, Secretary of State for the Relation with Prefectures, Ministry of Administration and Interior                    | Graduated the Mechanics Faculty, Galati – Ships Section  |
| Emanoil Negut          | 40          | Member, Secretary of State in the Government's Controlling   | Graduated the Academy of Economic Studies, Faculty   |

|                         |    |   |   |
|-------------------------|----|---|---|
| Cristian Marian Olteanu | 30 | Authority within the Prime Minister's Office<br>Counsellor of the President of the Authority for State Assets Recovery, representative of the Property Fund | of Economics and Agricultural Accounting<br>Graduated the Bucharest University – Faculty of Political and Administrative Sciences |
|-------------------------|----|---|---|

**b) Any agreements, understanding or family connection between the respective Director and another person who is responsible for appointing of the respective person in the position of Director.**

There are no such agreements and understandings.

**c) The participation of the director at the share capital of the company.**

None of the members of the Board of Directors held at any moment in 2007 shares issued by the company.

**e) The list of related parties to the company**

Please see appendix c.

**4.2. Executive Board**

**a) Terms of office for the person who is member of the executive management**

The Executive Board who ran in 2007 the daily business activity of the company is shown in the table below.

| <b>Name</b>       | <b>Position</b>  |
|-------------------|--|
| Mariana Gheorghe  | Chief Executive Officer of Petrom, President of the Executive Board              |
| Werner Schinhan   | Deputy Chief Executive Officer of Petrom   |
| Reinhard Pichler  | Chief Financial Officer  |
| Jeffrey Rinker    | Member of the Executive Board, responsible for Refining and Petrochemicals       |
| Tamas Mayer       | Member of the Executive Board, responsible for Marketing                         |
| Johann Pleininger | Member of the Executive Board responsible for Exploration and Production Romania |
| Werner Ladwein    | Member of the Executive Board responsible for E&P International                  |

On June 15, 2007 the Supervisory Board decided to appoint Mr. Johann Pleininger, an experienced E&P manager working with Petrom for the past two years, to assume responsibility for the domestic E&P business, which remains the core focus. Mr. Werner Ladwein, who had been heading Petrom E&P and had extensive experience and a strong track record in international expansion, remained in charge of Petrom's international portfolio until his retirement at the end of 2007.

At the end of 2007 two Board members retired:

Werner Schinhan – Member of the Executive Board. He held the position of Deputy CEO between January 2005 and December 2007, with responsibilities for Corporate Affairs, Legal, M&A, Capital Market Relations, Treasury and Risk Management, Gas, Power and Doljchim.

Werner Ladwein – Member of the Executive Board. He was responsible for Exploration and Production during January 2005 – June 15, 2007 and until the end of 2007 he was responsible for the International E&P activities.

Each member of the Executive Board was granted representation powers and signature rights. The Executive Board members mandate is for four years.

**b) Any agreement, understanding or family connection between that person and another person who is responsible for appointing him/her member of the executive management**

There are no such agreements or understandings.

**c) The participation of the respective person at the share capital of the company.**

Not applicable.

**4.3. The possible litigation instances and administrative procedures in which all persons presented under Sections 4.1 and 4.2 were involved during the last 5 years**

A litigation resulted from the claim of Foraj Sonde Braila SA, and has as respondents Petrom SA and the former Board of Directors and Censors. The litigation is pending in Bucharest Tribunal, file number 5896/3/2007, and hearing scheduled on May 12, 2008.

## 5. Analysis of the Financial Condition

| Financial highlights, mn lei  | Year ended December 31 |        |        |
|---|------------------------|--------|--------|
|   | 2005                   | 2006   | 2007   |
| Sales   | 10,760                 | 13,078 | 12,284 |
| EBIT  | 1,884                  | 2,777  | 1,965  |
| EBITDA  | 2,775                  | 3,596  | 3,111  |
| Net (loss)/profit   | 1,416                  | 2,285  | 1,778  |
| Fixed assets  | 10,609                 | 13,093 | 16,375 |
| Current assets  | 7,204                  | 6,366  | 4,786  |
| Non-current liabilities   | 4,855                  | 4,878  | 5,396  |
| Current liabilities   | 2,231                  | 2,258  | 2,580  |
| Shareholders' Equity  | 10,727                 | 12,325 | 13,184 |
| Net cash flow from operating activities incl. change in Working Capital | 2,771                  | 2,955  | 2,485  |

In 2007, the profitability ratios registered good levels. The results were in line with management's expectation, despite the mixed impact of the volatile macroeconomic environment, increasing international oil prices and supply costs.

Liquidity ratios decreased in comparison with 2006, as current assets are lower in 2007 due to the decrease of the cash position as a result of the heavy investments in all business activities.

| Ratio         | Formula  | 2005 | 2006 | 2007 |
|---------------|--|------|------|------|
| RoFA          | NOPAT / Average Fixed Assets, %                      | 13   | 17   | 11   |
| ROACE         | NOPAT / Average Capital Employed, %                  | 22   | 21   | 16   |
| ROE           | Net Profit / Average Equity, %                       | 14   | 20   | 14   |
| Current ratio | Current Assets / Current Liabilities                 | 3.2  | 2.8  | 1.9  |
| Quick ratio   | (Current Assets - Inventories) / Current Liabilities | 2.6  | 2.2  | 1.1  |

| Key operating statistics, % | Year ended December 31 |      |      |
|-----------------------------|------------------------|------|------|
|                             | 2005                   | 2006 | 2007 |
| Revenues growth (yoy)       | 24                     | 22   | (7)  |
| EBIT margin                 | 18                     | 21   | 16   |
| EBITDA margin               | 26                     | 28   | 25   |
| Net profit margin           | 13                     | 17   | 14   |

The Company's **turnover** for 2007 decreased by 6% yoy mainly due to lower R&M export sales volumes and prices. This was partly offset by the higher turnover generated by the Gas business.

**Other operating revenues** decreased in 2007 due to lower asset sales, partly compensated by revenues resulting from stock movements.

**Operating expenses** decreased in 2007 by 1%, mainly due to the decrease of raw materials expenses due to lower crude import volumes, lower expenses with utilities (as a result of the renegotiation of contracts), reduced provisions (due to improved credit risk management) and lower staff costs mainly due to a reduced headcount as a result of the restructuring programs. These positive effects on operating expenses were offset by higher expenses for third party related services and higher depreciation of the tangible and intangible assets.

**Petrom's EBIT** was down by 29% to RON 1,965 mn, compared to RON 2,777 mn recorded in 2006. This was mainly due to the weaker result generated by the E&P segment following the negative impact of the RON appreciation by 13% against the USD, the production decline which was arrested in the second quarter of 2007, and also higher year-end inventories of oil products in segments other than E&P.

| EBIT per segments of activity, lei mn | Year ended December 31 |         |         |
|---------------------------------------|------------------------|---------|---------|
|                                       | 2005                   | 2006    | 2007    |
| Exploration and Production            | 2,782                  | 3,744   | 2,848   |
| Refining and Marketing                | (914)                  | (1,136) | (1,065) |
| Gas*                                  | -                      | 118     | 123     |
| Chemicals (Doljchim)                  | 17                     | 51      | 59      |
| Total                                 | 1,884                  | 2,777   | 1,965   |

*\*The reporting of gas results started in 2006, previously included in E&P*

The company's **financial result** improved from negative RON 231 mn in 2006 to positive RON 185 mn in 2007, mainly due to FX effects and to the provision booked in 2006 for financial investment (Oztyurk Munai), which was absent in 2007.

The **corporate tax charge** increased in 2007 by RON 111 mn to RON 372 mn due to the termination of the geological quota facility with effect from 2007.

**Total assets** amounted to RON 21,160 mn at the end of 2007 up by 8.7% compared to the end of 2006 (RON 19,460 mn), mainly as a result of the increase in investments, advances and tangible assets in progress, offset by lower cash and bank position. The positive effect from operating cash flows was offset by cash outflows for investments and dividends resulting in a lower net cash position at the 2007 year-end.

**Non current assets** increased by 25% to RON 16,376 mn, mainly driven by significant investments related to E&P with respect to well modernization program, the Midia terminal and production equipments.

Despite the increase in both inventories (both volumes and price effect) and receivables (mainly due to higher turnover in December 2007), **total current assets** recorded a 25% decrease to RON 4,784 mn over 2006 mainly due to the decrease in cash and bank accounts.

**Total liabilities** increased in 2007 by 12%, amounting to RON 7,976 mn mainly due to an increase in trade payables.

**The shareholders' equity** was RON 13,184 mn per year end 2007, up by 7% from 2006, as a result of the net profit for 2007 of RON 1,778 mn partly offset by the dividend distributed for 2006, which amounted to RON 1,014 mn.

The **taxes** paid by Petrom to the state budget in 2007 amounted to RON 5,679 mn, 8.8% higher than in the last year. **Excise tax** [RON 2,903 mn], **VAT** [RON 972 mn] and **royalties** [RON 524 mn] accounted for 77% of the total taxes payable.

The cash flow statement of Petrom was prepared using the indirect method, whereby adjustments were made for other noncash transactions.

**Cash flow from operating activities** decreased by RON 469 mn or 16% from RON 2,955 mn to RON 2,486 mn.

The reconciliation of net income for the year to net cash from operating activities (before changes in working capital) resulted in a net upward adjustment of RON 725 mn for 2007 (2006: RON 427 mn). Depreciation and amortization added RON 860 mn (2006: RON 846 mn), and gains on disposal of fixed assets provided another RON 15 mn (2006: RON (197) mn loss on disposal) to the cash flow.

Higher net allowances for impairment of assets (mainly increase in impairment for fixed assets and lower allowances for receivables, inventories and financial assets) resulted in an increase of RON 116 mn (2006: RON 84 mn). Lower net long-term provisions (primarily lower restructuring and environmental expenditure and higher litigation provisions) resulted in a decrease of RON 21 mn (2006: RON 31 mn). Operating cash outflows were also generated by payments of income tax of RON 263 mn (2006: RON 642 mn).

Funds invested in working capital as of December 31, 2007 decreased by RON 362 mn (2006: increase of RON 398 mn) as a result of higher inventories and receivables that were not fully compensated by higher payables.

**Net cash outflow from investment activities** was RON 3,761 mn (2006: RON 3,168 mn).

The increase was mainly due to capital expenditure for tangible and intangible assets amounting to RON 3,638 mn (2006: RON 1,920 mn) compensated by lower investments in financial assets RON 359 mn (2006: RON 1,657 mn) representing shares and other financial instruments totaling RON 172 mn (2006: RON 1,014 mn) and loans given to group companies of RON 187 mn (2006: RON 643 mn). Investment outflows for non-current assets were partly offset by inflows from proceeds from the sale of non-current assets amounting to RON 235 mn (2006: RON 410 mn).

As a result, cash outflows for capital expenditure for tangible/intangible assets, shares and other financial instruments was amounting RON 3,810 mn (2006: RON 2,934 mn). This was RON 10 mn (2006: RON 3 mn) lower than the capital expenditure presented for each segment in the table below due to non-cash land titles transactions.

**Cash outflows from financing activities** amounted to RON 1,423 mn (2006: RON 836 mn).

In 2007 cash outflows from financing activities were fully represented by dividend payments amounting to RON 1,423 mn (2006: RON 396 mn). In 2006 the Company had also repaid loans amounting RON 478 mn and increased its share capital with RON 38 mn.

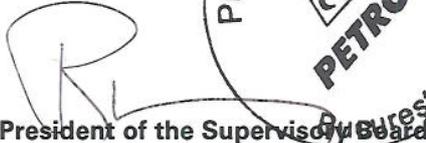
In conclusion, during the year ended December 31, 2007 positive cash inflows from operations were fully used to cover significantly higher investments and to pay higher dividends, which resulted in a decrease of the net cash position at the end of the year.

## 6. Annexes.

Please find attached the following documents:

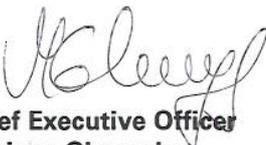
- a) The Constitutive Act of SC Petrom SA.
- b) The list of the subsidiaries and of the companies controlled by Petrom;
- c) The list of the persons affiliated to the company.

The financial statements for 2007 have been prepared in accordance with the Romanian Accounting Standards and offer a fair and appropriate image with the situation of Petrom's assets, liabilities, financial positioning and profit and statements of operations, whilst the information presented in this report reflect fairly and completely the company's activity.

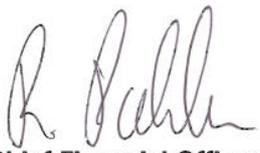


**PETROM S.A.**  
**PETROM**  
Bucharest - Romania

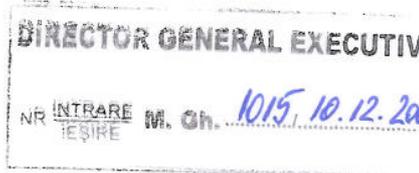
**President of the Supervisory Board**  
**Wolfgang Ruttenstorfer**



**Chief Executive Officer**  
**Mariana Gheorghe**



**Chief Financial Officer**  
**Reinhard Pichler**



1



**PETROM**  
Member of OMV Group

**PETROM S.A.**

**CONSTITUTIVE ACT**  
**of the company "PETROM" S.A.**  
- consolidated November, 2007 -

**Chapter 1**  
**Corporate name, corporate form, headquarters, duration**

**Article 1**  
**Corporate name**

The name of the company is **PETROM S.A.** (hereinafter, interchangeably, "**Petrom**" or the "**Company**").

Any invoice, offer, order, tariff, prospectus or other document issued by the Company shall specify the name of the Company, its legal form, its registered headquarters, the number of registration in the Commercial Registry, the fiscal code and the share capital, of which the actually paid-up capital, in accordance with the Company's last approved balance sheet.

**Article 2**  
**Company Corporate form**

Petrom is a Romanian legal person established as a joint stock company.  
Petrom is a publicly held company.

The Company's logo is a red-coloured Dacian wolf head, positioned inside of the "P" letter. The "P" letter is stylized and slightly right-slanted full-bodied in the yellow colour, with a thin blue border, placed against a dark-blue shadow on the right side and with a zigzag pattern on the base of the letter. Below the "P" letter, the company's name "PETROM" is written in blue, bold, capital letters. Under the name there is a thin black horizontal line, under which the words "Membru OMV Group" are printed with capital black letters of a smaller font-size than that used for the word "PETROM"; the letters "M, O, M, V and G" being capital letters.

**Article 3**  
**Headquarters of the Company**

The headquarters of the Company are situated in 239 Calea Dorobantilor, sector 1, Bucharest, Romania. The headquarters of the Company may be changed to any another location in Romania pursuant to a resolution of the Extraordinary General Assembly. The Company may establish branches, agencies, representative offices or any other such units without legal personality, as well as subsidiaries organized as separate legal entities, in Romania or abroad, according to the law, pursuant to the decision of the Executive Board.

**Article 4**  
**Duration of the Company**

The Company shall operate for an unlimited period of time, commencing on the date of its registration with the Commercial Registry.

PETROM S.A.  
Company managed in a dualist system  
Share and paid-up capital:  
5,664,410,833.50 lei  
www.petrom.com

PETROM S.A.  
239, Calea Dorobantilor  
cod postal 010567,  
Sector 1, Bucuresti, ROMANIA

PETROM S.A.  
Fiscal attribute R,  
C.U.I. 159 0082,  
RC J40/8302/1997

## PETROM S.A.

### Chapter 2 Purpose and business object of the Company

#### Article 5

The purpose of Petrom is the exploration and exploitation of petroleum and natural gas deposits, the transport of petroleum and petroleum products, the trading of products through its own distribution networks, the import and export of crude oil, petroleum products, machinery, specific equipment and technologies, technical-economic and scientific collaboration, the performance of works abroad.

The Company's main business field is: Extraction of hydrocarbures, CAEN Code 111.

#### Article 6

##### Business object

The core business object of Petrom is the following:

- the exploration and exploitation of petroleum and natural gas deposits

In addition to its core business, the Company shall also carry out the following activities:

- the transport and marketing of crude oil and natural gas through its own distribution networks;

- the drilling of wells;

- the refining of crude oil;

- the distribution, transport, storing, marketing, bunkering of ships and the supply of airships with petroleum products;

- wholesale and retail trade in merchandise and miscellaneous products;

- research and designing;

- construction-erection, maintenance and repair of machinery, tools and equipment;

- emergency works, commissioning and repair of wells;

- geological and geo-physical investigations;

- specific works and technologies;

- import and export of crude oil, petroleum products, petrochemical and chemical products, specific machinery, equipment and technologies;

- import and export of explosive products;

- economic and technical-scientific collaboration and the performance of works abroad in its field of business;

- technical-material supply, transport by own vehicles, by ships and airships, of persons and materials for specific technological operations and works;

- provision of services to companies and to the public;

- medical and social activity for its own employees and third parties.

According to the Classification of Activities in the National Economy, the scope of business of Petrom is the following:

#### Core business:

1110 Extraction of hydrocarbures

## PETROM S.A.

**In addition to the core business, the Company shall also carry out the following activities:**

- 0111 Growing of cereals, maize and other plants
- 0112 Growing of vegetables, horticultural specialities and greenhouse products
- 0113 Growing of fruit, nut-trees, plants for beverages and spices
- 0123 Swine breeding
- 0141 Ancillary agricultural services; landscape gardening (landscape architecture)
- 1120 Ancillary services to the extraction of petroleum and natural gas (excluding prospecting activities)
- 1450 Other extractive activities
- 1581 Making of bread; fresh pastry
- 1598 Production of mineral water and soft drinks
- 2010 Sawmilling and planing of wood; impregnation of wood
- 2125 Manufacturing of other items made of paper and cardboard
- 2215 Other publishing activities
- 2222 Other printing activities
- 2223 Bookbinding
- 2224 Pre-printing preparatory services
- 2225 Other printing house related activities
- 2233 Reproduction of IT records
- 2320 Manufacturing of products obtained from the processing of crude oil
- 2411 Production of industrial gas
- 2412 Manufacturing of dye-stuff and pigments
- 2413 Manufacturing of basic inorganic chemical products
- 2414 Manufacturing of other basic organic chemical products
- 2415 Manufacturing of fertilisers and nitrous products
- 2416 Manufacturing of plastic materials in primary form
- 2417 Manufacturing of synthetic rubber in primary form
- 2420 Manufacturing of pesticides and other agro-chemical products
- 2430 Manufacturing of paints, varnish, printing ink and mastics
- 2451 Manufacturing of soap, washing powder and beauty products
- 2461 Manufacturing of explosives, including Import-export of explosive materials
- 2462 Manufacturing of glue and gelatine
- 2463 Manufacturing of essential oils
- 2464 Manufacturing of chemicals for photography purposes
- 2465 Manufacturing of recordings related devices
- 2466 Manufacturing of other chemical products not elsewhere classified
- 2811 Manufacturing of metallic constructions and component parts of metallic structures
- 2812 Manufacturing of joinery items and metallic hardware
- 2821 Manufacturing of tanks, reservoirs and metallic containers
- 2822 Manufacture of central heating radiators and boilers
- 2840 Forging, pressing, stamping and roll forming of metal; powder metallurgy
- 2851 Treatment and coating of metals
- 2852 Operations of general mechanics
- 2862 Manufacture of tools
- 2863 Manufacture of locks and hinges

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**PETROM S.A.**

- 2871 Manufacturing of vessels, containers and other similar products made of steel
- 2872 Manufacture of light metal packaging
- 2874 Manufacture of fasteners, screw machine products, chain and springs
- 2875 Manufacturing of other items made of metal
- 2912 Manufacture of pumps and compressors
- 2922 Manufacturing of lifting and handling equipment
- 2952 Manufacturing of machinery for extraction and construction purposes
- 2956 Manufacturing of specific machinery and equipment
- 3110 Manufacture of electric motors, generators and transformers
- 3120 Manufacture of electricity distribution and control apparatus
- 3162 Manufacture of other electrical equipment
- 3320 Manufacture of instruments and appliances for measuring, checking, testing, navigating and other purposes, except industrial process control equipment
- 3330 Manufacture of industrial process control equipment
- 3410 Manufacture of motor vehicles
- 3420 Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers
- 3430 Manufacture of parts and accessories for motor vehicles and their engines
- 3520 Construction and repair of rolling stock
- 3710 Recovery of waste and recyclable scrap metal
- 3720 Recycling of non-metal waste and scrap
- 4011 Production of electricity
- 4012 Transport of electricity
- 4013 Distribution and marketing of electricity
- 4021 Production of gas
- 4022 Production and marketing of gaseous fuel through pipelines
- 4030 Production and distribution of heating energy and warm water
- 4100 Catching, treatment and distribution of water
- 4511 Demolition of constructions, embankments and construction site organisation
- 4512 Drilling and welling works for construction purposes
- 4521 Construction of buildings and civil engineering
- 4522 Erection of roof covering and frames
- 4525 Other special construction works
- 4531 Installation of electrical wiring and fittings
- 4532 Insulation work activities
- 4533 Technical and sanitation installation works
- 4534 Other installation works
- 4542 Joinery installation
- 5010 Trade with motor vehicles
- 5020 Maintenance and repair of motor vehicles, including installation of LPG installations on the motor vehicles
- 5030 Retail trade with parts and accessories for motor vehicles
- 5050 Retail trade with fuel for motor vehicles
- 5111 Brokerage of raw agricultural products, livestock, raw textile materials and semi-products
- 5112 Brokerage of fuels, minerals and chemical products for the industry
- 5113 Brokerage of wood and constructions materials

PETROM S.A.  
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**PETROM S.A.**

- 5114 Brokerage of industrial machines, equipment, ships and airships
- 5115 Brokerage in the trade with furniture, household devices and hardware
- 5116 Brokerage of textiles, clothes, footwear and leather items
- 5117 Brokerage in the trade with foodstuff, beverage and tobacco
- 5118 Brokerage in the trade specialised in the sale of products with specific character, not classified elsewhere
- 5119 Brokerage of miscellaneous products
- 5121 Wholesale trade of cereals, seeds and fodder
- 5122 Wholesale trade of flowers and plants
- 5123 Wholesale trade of livestock
- 5124 Wholesale trade of raw skins and processed skins
- 5125 Wholesale trade of unprocessed tobacco
- 5131 Wholesale trade of fruits and vegetables
- 5132 Wholesale trade of meat and meat products
- 5133 Wholesale trade of dairy products, eggs, edible oils and fats
- 5134 Wholesale trade of beverages
- 5135 Wholesale trade of tobacco products
- 5136 Wholesale trade of sugar, chocolate and sugar products
- 5137 Wholesale trade of coffee, tea, cocoa and spices
- 5138 Specialised Wholesale trade of other foodstuff, including fish, shell fish and molluscs
- 5139 Non-specialised Wholesale trade of foodstuff, beverages and tobacco
- 5141 Wholesale trade of textile products
- 5142 Wholesale trade of clothing and footwear
- 5143 Wholesale trade of household electrical devices, radio and TV sets
- 5144 Wholesale trade of ceramics, glass, wallpaper and maintenance products
- 5145 Wholesale trade of cosmetics and perfumery
- 5147 Wholesale trade of other non-food stuff
- 5151 Wholesale trade of solid, liquid and gaseous fuels and derived products
- 5152 Wholesale trade of metals and metallic ore
- 5153 Wholesale trade of wood and construction materials
- 5154 Wholesale trade of hardware equipment and fittings for sanitary and heating installations
- 5155 Wholesale trade of chemical products
- 5156 Wholesale trade of other intermediary products
- 5157 Wholesale trade of waste and scraps
- 5181 Wholesale trade of machine-tools
- 5182 Wholesale trade of machines for the mining and construction industry
- 5183 Wholesale trade of machines for the textile industry and sewing and knitting machines
- 5184 Wholesale trade of computers, peripherals and software
- 5185 Wholesale trade of other office machines and equipment
- 5186 Wholesale trade of other electronic components and equipment
- 5187 Wholesale trade of other devices used in industry, commerce and transport
- 5188 Wholesale trade of machines, accessories and farming tools, including tractors
- 5190 Wholesale trade of other products

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- 5211 Retail trade in non-specialised shops which sell mainly foodstuff, beverages and tobacco
- 5212 Retail trade in non-specialised shops which sell mainly non-foodstuff products
- 5221 Retail trade with fresh fruits and vegetables
- 5222 Retail trade with meat and meat products
- 5223 Retail trade with fish, shell fish and mollusc
- 5224 Retail trade with bread, pastry and sweets
- 5225 Retail trade with beverages
- 5226 Retail trade with tobacco products
- 5227 Retail trade in specialised shops with foodstuff
- 5231 Retail trade with pharmaceutical products
- 5233 Retail trade with cosmetics and perfumes
- 5242 Retail trade with clothes
- 5243 Retail trade with footwear and leather products
- 5247 Retail trade with books, newspapers and stationery
- 5248 Retail trade in specialised shops with other products not classified elsewhere
- 5262 Retail trade in stalls and markets
- 5263 Retail trade that cannot be carried out in shops
- 5522 Camping, including parks for trailers
- 5540 Bars
- 5552 Other units for preparing food
- 5510 Hotels
- 5521 Youth camps and mountain shelters
- 5523 Other forms of accommodation
- 5530 Restaurants
- 5551 Canteens
- 6010 Railway transport
- 6021 Other scheduled passenger land transport
- 6023 Non-permanent public road transportation
- 6024 Local and international road transport of goods
- 6030 Transport through pipelines
- 6110 Sea and coast transport
- 6120 Transport on interior navigable routes
- 6220 Occasional air transport
- 6311 Handling
- 6312 Storage
- 6321 Other activities ancillary to land transport
- 6322 Other activities ancillary to water transport
- 6323 Other activities ancillary to air transport
- 6340 Activities of transport agencies, including agency-related activities for ships, freighting
- 6420 Telecommunications
- 6521 Financial leasing
- 6522 Other crediting activities
- 7012 Purchase and sale of own immovable property
- 7020 Lease and sub-lease of own or rented immovable property
- 7110 Renting of automobiles

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- 7121 Lease of other road transport means
- 7122 Lease of other water transport means
- 7131 Renting of agricultural machinery and equipment
- 7132 Lease of machines and equipment for constructions without related attending staff
- 7134 Lease of other machines and equipment
- 7210 Consulting for hardware
- 7221 Publishing of software
- 7222 Consulting and supply of other software products
- 7230 IT data processing
- 7240 Data base related activities
- 7250 Maintenance and repair of office equipment, accounting equipment and computers
- 7260 Other IT related activities
- 7310 Research-development in physics and natural sciences
- 7412 Accounting, accounting verification, fiscal consultancy activities
- 7420 Architecture, engineering and technical consulting services related thereto, including research, exploration, geological prospecting and cartography activities
- 7430 Testing and technical analyses, including:
  - metrological verifications of metrological devices
  - calibration of liquid measurement tanks
  - installation, erection and repair of measurement devices
- 7440 Advertising
- 7450 Selecting and placing labour force
- 7482 Packing, including cylinder filling
- 7485 Secretarial and translation activities
- 7487 Other services provided mainly to undertakings, including:
  - verification, repair and loading of fire-extinguishers and other fire-extinguishing devices
  - verification, maintenance and repair of fire signalling, alarm and alerting devices
  - verification, maintenance and repair of fire limiting and extinguishing devices
  - verification, maintenance and repair of special trucks and fire fighting equipment
- 8042 Other forms of education
- 8511 Hospital and sanatorium assistance activities
- 8512 Out-patient medical assistance activities
- 8513 Dentistry assistance activities
- 8514 Other services with respect to human health
- 8532 Social assistance activities without accommodation
- 9001 Collection and treatment of wastewater
- 9002 Collecting and treatment of other residues
- 9003 Sanitation, remediation and similar activities
- 9252 Activities related to museums, conservation of monuments and buildings
- 9261 Activities pertaining to sports grounds
- 9262 Other sports activities

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9272 Other recreational activities

9304 Fitness activities

Import and export of the goods and products which are the subject matter of the activities included in the scope of business.

**Chapter 3**  
**Share capital, shares**

**Article 7**  
**Share capital**

The issued share capital of PETROM SA is as much as RON 5,664,410,833.50, fully subscribed and paid up, of which RON 5,602,816,732.80 and EUR 9,544,163.19 in cash, and RON 26,697,708.80 in kind contribution, divided in 56,644,108,335 common, nominative shares of stock with a face value of RON 0.1 each.

The shareholding structure is as follows:

| Nr. crt. | Shareholders  | Domicile (or corporate registered office)  | Number of shares | Share capital, of which:               |   | Percent [%] |
|----------|---|--|------------------|--|---|-------------|
|          |   |  |                  | lei                                    | Euro  |             |
| 1.       | OMV<br>AKTIENGESELLSCHAFT   | A-1090<br>Vienna, Otto<br>Wagner-<br>Platz nr. 5,<br>Austria                             | 28,894,467,414   | 2,889,446,741.40<br>lei, out of which: |   | 51.011      |
|          |   |  |                  | 2,856,025,810.00 lei                   | 9,140,624.74 EUR  |             |
| 2.       | AVAS, on behalf of the<br>Romanian State  | 50 Cpt Av<br>Alexandru<br>Serbanescu<br>Street, 1st<br>district,<br>014294,<br>Bucharest | 11,690,694,418   | 1,169,069,441.80<br>Lei, out of which: |   | 20.639      |
|          |   |  |                  | 1,142,371,733.00 lei                   | 26,697,708.80<br>lei contribution<br>in kind                      |             |
| 3.       | Property Fund   | Bucuresti,<br>str.<br>Apolodor<br>nr. 17,<br>sector 5                                    | 11,391,130,186   | 1,139,113,018.60<br>lei, out of which: |   | 20.110      |
|          |   |  |                  | 1,139,113,018.60 lei                   |   |             |
| 4.       | European Bank for<br>Reconstruction and<br>Development                          | One<br>Exchange<br>Square,<br>London,<br>EC2A 2JN,<br>Anglia                             | 1,147,770,061    | 114,777,006.10<br>lei, out of which    |   | 2.026       |
|          |   |  |                  | 113,449,432.10<br>lei                  | 363,091.49<br>EUR   |             |
| 5.       | Natural and Legal Persons, mentioned<br>with Depozitarul Central S.A. București |  | 3,520,046,256    | 352,004,625.60<br>lei, out of which    |   | 6.214       |
|          |   |  |                  | 351,856,739.10 lei                     | 40,446.96 EUR   |             |
| TOTAL    |   |  | 56,644,108,335   | 5,664,410,833.50 lei,<br>out of which: |   | 100.000     |
|          |   |  |                  | 5,602,816,732.80<br>lei                | 9,544,163.19 EUR and<br>26,697,708.80 lei<br>contribution in kind |             |

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### **Article 8**

#### **Reduction or increase of share capital**

The share capital may be reduced or increased pursuant to a resolution of the extraordinary general assembly of shareholders according to and in compliance with the procedure prescribed by law.

### **Article 9**

#### **Shares**

The Company shall keep the record of the shares and of the shareholders in a shareholders' Registry which is to be maintained by an independent registry company, opened and operated in accordance with the law. The independent company shall be selected by the Executive Board. The employees of Petrom have the right to acquire from the State, shares in the Company up to the limit of 8% of the share capital, for a price equal to the price for which shares have been sold in the privatisation process.

The Company's shares are nominative shares issued in dematerialized form, by registration in a registry.

The shares of the Company are freely transferable.

The Company may acquire its own shares according to the terms of the law.

### **Article 10**

#### **Bonds**

Petrom is authorised to issue bonds under the law.

### **Article 11**

#### **Rights and obligations attached to shares**

Each share subscribed and fully paid by the shareholders, shall confer on its holder, according to the law, the right for one vote in the general assembly of shareholders, the right to elect and to be elected to the management bodies of the Company, the right to partake in the distribution of the profits in accordance with this constitutive act and with the law, and other rights provided by the constitutive act, respectively.

The ownership of the share shall imply, by operation of the law, the acceptance by the holder thereof of this constitutive act.

All rights and obligations attached to or deriving from any share shall be assumed by any new holder of such share in the event such share passes into such person's ownership.

The liabilities of the Company shall be guaranteed with the company's assets and the shareholders being obliged just to pay their shares. The debts or other personal obligations of the shareholders cannot encumber the assets of the Company. A creditor of a shareholder may only raise claims on that portion of the profits of the Company which shall be distributed by the general assembly of shareholders or on the pro rata portion due to the subject shareholder upon the liquidation of the Company pursuant to the law and this constitutive act.

The shareholders are entitled to a correct and complete information in the general assembly of shareholders on the status of the Company. If new shares are issued, the existing shareholders shall have a pre-emptive right to subscribe for such shares under the law.

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**Article 12**  
**Assignment of shares**

Shares are indivisible with respect to the Company which acknowledges the existence of only one owner for each share.

The assignment of all or part of the shares among the shareholders or third parties shall be performed under the terms and in keeping with the procedure stipulated by law.

Transactions involving the Company's shares shall be carried out in accordance with the legislation in force, on the organized securities markets.

**Chapter 4**  
**The General Assembly of Shareholders**

**Article 13**

**13.1 – Authority; Duties; Functions**

**13.1.1 – Ordinary General Assembly**

The Ordinary General Assembly shall have the following authority, duties and functions:

- (a) to discuss, approve or modify the annual financial statements after having reviewed the reports of the Executive Board, of the Supervisory Board, of the financial auditor and of the internal auditors;
- (b) to distribute the profit and to establish the dividends;
- (c) to elect the members of the Supervisory Board and the financial auditor and to revoke the appointment of each of the foregoing;
- (d) to establish the remuneration of the members of the Supervisory Board and of the financial auditor for the current fiscal year;
- (e) to assess the activity of the members of the Executive Board and of the members of the Supervisory Board, to evaluate their performance and to discharge them of their liability;
- (f) to decide upon suing the members of the Executive Board, the members of the Supervisory Board, as the case may be, for damages caused to the Company;
- (g) to approve the income and expenditure budget, as well as the business programme for the next fiscal year;
- (h) to approve the reports of the Supervisory Board with respect to the supervision activity performed by it;
- (i) to decide upon other matters related to the Company that it is legally entitled to decide upon, provided such matters are placed on the agenda of the Ordinary General Assembly.

**13.1.2 - Extraordinary General Assembly**

The Extraordinary General Assembly shall be entitled to decide only upon:

- (a) changing the corporate form of the Company;
- (b) altering the scope of business of the Company;
- (c) increasing the share capital of the Company;
- (d) reducing the share capital of the Company;
- (e) merging with other companies;
- (f) de-merging the Company;

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- (g) an early dissolution of the Company;
- (h) converting shares from one class into another;
- (i) converting bonds from one class into another or into shares;
- (j) issuing bonds;
- (k) the execution of any legal deed (*act juridic*) (including, but not limited to, purchase, disposal, exchange or encumbrance agreement with respect to the assets classified as fixed assets of the Company) or the delivery of any order, if the value of the agreement or the order exceeds 20% of the booking value of the Company assets;
- (l) the execution of any agreements relating to acquisition, disposal, exchange or encumbrance of certain assets classified as fixed assets of the Company the value of which exceeds, individually or in the aggregate, throughout a fiscal year, 20% of the total fixed assets less the accounts receivable;
- (m) any changes to the Constitutive Act;
- (n) any other decision that requires the approval of the Extraordinary General Assembly.

### Article 14

#### The Convening of the General Assembly of Shareholders

The General Assembly of Shareholders shall be convened by the Executive Board whenever this is necessary. The date of the meeting may not be less than 30 (thirty) days after publishing the convening notice in the *Official Gazette of Romania (Monitorul Oficial al Romaniei)*, part IV. The convening notice shall be published in the Official Gazette of Romania, part IV and in one of the widely-spread newspapers in Romania.

The period of notice shall in each case be exclusive of the day on which it is served and of the day on which the meeting is to be held.

Every notice calling a General Assembly shall specify the day and hour of the meeting, as well as the fact that the meeting shall be held at the Company's headquarters (unless the members of the Executive Board choose to hold the meeting at a different location, in which case the address of such different location shall be expressly specified in the notice). The notice of the General Assembly of Shareholders shall also specify the general nature of all businesses to be transacted at the meeting, as well as the decisions that shall be proposed for resolution at the meeting. When the agenda contains proposals concerning modifications of the Constitutive Act, the call notice shall contain the full text of such proposals.

The General Assembly of Shareholders shall carry out its procedures in the Romanian language and the Company shall make available, on its own expenses, a translator for the simultaneous translation into the English language.

In exceptional cases, when the Company's interest requires it, the Supervisory Board may convene the General Assembly of Shareholders.

### Article 15

#### The Functioning of the General Assembly of Shareholders

##### 15.1 – Quorum and voting rights

##### 15.1.1 - Quorum and voting rights in the Ordinary General Assembly

##### (i) First convening

No business other than the appointment of a chairman and a secretary for the respective meeting (and one or more technical secretaries, if the case may be) shall be

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transacted at any Ordinary General Assembly unless the quorum requirements are complied with at the time the Assembly proceeds to business. For the purposes of this article, the quorum requirements are satisfied only if the shareholders representing at least fifty percent (50%) of the value of the share capital are present.

In the event the quorum requirements are met, a resolution may be passed only with the vote of the shareholders who make up the majority (i.e. more than fifty percent) of the value of the share capital represented at that particular meeting.

### (ii) Second convening

If within 30 minutes from the time scheduled for an Ordinary General Assembly (or any other interval as the chairman of the meeting may think fit to allow) the quorum requirements are not met or if during the meeting the quorum requirements cease to be met, the Ordinary General Assembly shall be adjourned to such day, time and place as may have been specified for this purpose in the notice convening the meeting.

In the event an originally scheduled Ordinary General Assembly is adjourned, the Ordinary General Assembly may be held after a second notice and may decide on the issues included on the agenda of the first scheduled meeting, irrespective of the number of attending shareholders, by the vote of shareholders representing the majority of the share capital represented in such second meeting.

### 15.1.2 - Quorum and voting rights in the Extraordinary General Assembly

#### (i) First convening

No business other than the appointment of a chairman and a secretary of the respective meeting (and one or more technical secretaries, if the case may be) shall take place at any extraordinary general assembly unless the quorum requirements are met at the time when the assembly proceeds to business. For the purposes of this article, quorum requirements are met only if the shareholders representing at least seventy-five percent (75%) of the value of the share capital are present.

In the event the quorum requirements are met, a resolution can be taken only with the vote of shareholders who make up at least fifty percent (50%) of the value of the share capital.

#### (ii) Second convening

If within 30 minutes from the time scheduled for an Extraordinary General Assembly (or any other interval as the chairman of the meeting may think fit to allow) the quorum requirements are not met or if during the meeting the quorum requirements cease to be met, the Extraordinary General Assembly shall be adjourned to such day, time and place as may have been specified for this purpose in the notice convening the meeting.

No business other than the appointment of a chairman and a secretary shall take place at such second Extraordinary General Assembly unless the quorum requirements are met at the time when the assembly proceeds to business. For the purposes of this Article, quorum requirements are satisfied only if shareholders representing at least fifty percent (50%) of the value of the share capital are present.

In the event quorum requirements are met, a resolution may be taken at a second Extraordinary General Assembly on the issues included on the agenda for the originally scheduled meeting with the votes representing at least one third (1/3) of the share capital.

### 15.1.3 - Special Provisions related to Quorum and Voting

Notwithstanding the provisions of Articles 15.1.1 and 15.1.2, prior to 31 December 2009 the resolutions specified in Article 13.1.2 Paragraphs (a), (c), (d), (e), (f), (g), (k), and (m)

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above, as the case may be, shall be passed, either at the first meeting or at any other subsequent meeting, as follows:

(a) for as long as the Romanian state or any other Romanian public authority hold together shares representing at least 25% of the Company shares, by the favourable vote of the shareholders representing at least seventy-five percents (75%) of the share capital of the Company; or

(b) for as long as the Romanian state or any other Romanian public authority hold together shares representing at least 15% of the Company shares, by the favourable vote of the shareholders representing at least sixty-six percents (66%) of the share capital of the Company.

### 15.2 Process of the meeting

The General Assembly of Shareholders is chaired by the President of the Supervisory Board, who may designate a member of the Executive Board to chair such assembly.

The President of the Supervisory Board or the person appointed by him designates two or more secretaries to verify the fulfilment of the formalities required by law for the carrying out of the meeting and for the drafting of the minutes thereof.

### 15.3 Minutes

The minutes, signed by the president and by the secretaries, shall ascertain the fulfilment of the formalities relating to the summoning, the date and venue of the meeting, the agenda, the shareholders present, the number of shares, a summary of the issues discussed, the decisions made and, upon the request of the shareholders, the statements made by the shareholders during the meeting.

The decisions of the General Assembly shall be drafted pursuant to the minutes and shall be signed by the President of the Supervisory Board or by another person appointed by the President.

### 15.4 Other Formalities

In order to be binding to third parties, the decisions of the General Assembly of Shareholders shall be submitted no later than 15 days to the Commercial Registry Office, in order for an excerpt to be registered and published in the *Official Gazette of Romania*.

The decisions shall not be carried out without prior fulfilment of the above-mentioned formalities.

## Article 16

### Exercising the voting right in the General Assembly of Shareholders

Shareholders may be represented in any general assembly by other shareholders or by third parties.

The decisions of the General Assembly of the Shareholders shall be made by public vote.

Only the shareholders registered in the shareholders' register of the Company as at the record date determined by the Executive Board when convening the General Assembly of Shareholders will be entitled to participate in the assembly and vote, after duly proving their identity.

The secret voting procedure shall be mandatory for electing the members of the Supervisory Board, for their revocation and for making decisions regarding the liability of the members of the Executive Board and of the members of the Supervisory Board.

The following secret voting procedure shall be applied in mandatory cases, in order to ensure secrecy of the vote during the General Assembly of Shareholders:

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- (i) each shareholder shall be handed by the technical secretaries of the assembly a voting bulletin listing the number of its shares and voting instructions;
- (ii) each shareholder shall vote by filling-in the bulletin and submitting it to the secretaries of the assembly who will determine the result of the voting.

The decisions of the General Assembly of the Shareholders are mandatory even for absent or non-represented shareholders.

### Chapter 5 The Supervisory Board

#### Article 17 Organisation

17.1 Petrom S.A. shall be managed in a dualist system, by an Executive Board supervised by a Supervisory Board. The Supervisory Board will consist of 9 members. The members of the Supervisory Board may be shareholders of the Company. The members of the Supervisory Board cannot be members of the Executive Board.

17.2 The members of the Supervisory Board are elected by the General Assembly in accordance with the provisions of the law and of the special provisions of this Constitutive Act. The mandate of the members of the Supervisory Board is granted for a four (4) year period.

17.3 The President of the Supervisory Board will be elected by the members of the Supervisory Board.

17.4 Four out of the nine members of the Supervisory Board shall in any case be independent of the Majority Shareholder ("**Independent Members of the Supervisory Board**"). For the purpose of this Constitutive Act, independence shall be deemed as the absence, while in office and for the three year period preceding the appointment, of any long-term legal relationships between the proposed director and the Majority Shareholder, an Affiliate of the Majority Shareholder or a person having a long-term contractual relationship with the Majority Shareholder, or as director, executive officer, employee or consultant of such person.

17.5 As long as the Romanian state or any Romanian public authorities collectively hold shares representing more than 15% of the share capital of Petrom, two of the four Independent Members of the Supervisory Board shall be elected at the proposal of AVAS.

As long as the Romanian state or any Romanian public authorities collectively hold shares representing more than 10% of the share capital of Petrom, but less than 15% of such capital, one of the four Independent Members of the Supervisory Board shall be elected at the proposal of the AVAS.

17.6 At least one of the four Independent Members of the Supervisory Board shall meet the independence criteria set out in the Companies Law.

17.7 Should a position of a member of the Supervisory Board become vacant, the Supervisory Board may appoint a provisional replacement member until the next convening of the shareholders' meeting or it may instruct the Executive Board to convene the General Assembly in order to elect another member. If the new member is appointed by the General Assembly, the duration of the appointment for the new member shall be equal to the remaining period of the mandate of the preceding

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member, except when the entire Supervisory Board is reconfirmed for a new four-year mandate.

17.8 The Supervisory Board cannot validly function (except on urgent matters, whose delay would cause substantial prejudice to Petrom) if more than two of the four positions of Independent Member of the Supervisory Board is vacant. If one of the positions of Independent Member of the Supervisory Board is vacant and the other shareholders do not file any recommendation with respect to the appointment of a new Independent Member of the Supervisory Board, upon the first General Assembly convened for this purpose, the Majority Shareholder shall have the right to make the recommendation for the election of the Independent Member of the Supervisory Board.

17.9 The revocation of the members of the Supervisory Board shall be decided by the General Assembly. The Independent Members of the Supervisory Board may only be revoked if the General Assembly simultaneously appoints their successors in accordance with this Constitutive Act.

### Article 18 Operation

18.1 The meetings of the Supervisory Board shall be convened as follows:

- (i) by the President of the Supervisory Board (or a member of the Supervisory Board based on an authorisation given by the President) whenever he/she thinks fit, but in any event at least once every 3 months;
- (ii) by the President of the Supervisory Board upon the grounded request of any two members of the Supervisory Board or of the entire Executive Board, provided the request includes only issues that are part of the duties of the Supervisory Board;
- (iii) by two members of the Supervisory Board or by the Executive Board, if the President fails to summon the Supervisory Board's meeting as stipulated under Articles 18.1(i) or 18.1 (ii).

18.2 The meetings of the Supervisory Board shall be called by notice sent at least three days before the proposed meeting. The period of notice shall in each case be exclusive of the day on which it is served and of the day on which the meeting is to be held. The notice shall be given in a manner hereinafter mentioned to all the members of the Supervisory Board.

18.3 The notice of a Supervisory Board meeting shall be delivered to each member of the Supervisory Board in writing, or by facsimile or electronic mail or other lawfully permissible means of notice sent to the address or facsimile number of the particular member of the Supervisory Board. Each member of the Supervisory Board has the duty to notify the Company in writing, or by facsimile or electronic mail or other lawfully permissible means of notice of any change in such Supervisory Board member's address and/or facsimile number, as the case may be, and shall not be heard to complain of any defects in notice unless such change is so notified.

18.4 Every notice calling the meeting of the Supervisory Board shall specify the day and hour of the meeting, as well as the fact that the meeting shall be held at the Company's headquarters (unless the members of the Supervisory Board choose to hold the meeting at a different location, in which case the address of such different location shall be specified in the notice). The notice of the Supervisory Board meeting shall also specify the agenda of the meeting.

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No resolution upon issues not included on the agenda shall be taken by the Supervisory Board, except for emergency cases and provided the resolutions are ratified at the next meeting by the absent members.

The President shall decide on whether issues are of an urgent nature.

18.5 A Supervisory Board meeting may be called at any time, but in any event shall take place at least once every three months. If the Supervisory Board is called upon the request of two of its members or upon the request of the Executive Board, it shall take place no later than seven days after the receipt of the subject request.

18.6 The Supervisory Board meeting is chaired by the President of the Supervisory Board or, in his/her absence, by another member, by virtue of a mandate from the President. The President shall appoint a secretary from amongst the members of the Supervisory Board or not. The Supervisory Board may hold meetings by telephone or video conference or other communication equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at such meeting for the purpose of fulfilling the requirements regarding the quorum and voting conditions. Any member of the Supervisory Board may delegate to another member the power to vote in a specific meeting of the Supervisory Board. The Supervisory Board adopts the rules detailing the conditions of exercise of such delegation of power.

18.7 In urgent cases, the Supervisory Board may take decisions by circulation, without an actual meeting being held.

18.8 At least 5 of the Supervisory Board members must be present for the resolutions to be valid.

The decisions of the Supervisory Board shall be validly passed by the affirmative vote of the majority of the members present or represented at such Supervisory Board meeting. In the event of parity of votes, the President of the Supervisory Board or the person empowered by him to chair the meeting shall have a casting vote.

18.9 However, until 31 December 2009, the decisions of the Supervisory Board provided in Article 19.2, letters (b) and (c) shall be validly passed by the affirmative vote of eight (8) members of the Supervisory Board. The members of the Supervisory Board that were elected at the proposal of the AVAS shall validly express their vote in respect of these decisions only to the extent that they were granted a special mandate from the AVAS in respect thereof.

18.10 The Supervisory Board's debates shall be registered in the minutes of the meeting, which shall be sealed and stamped by the President of the Supervisory Board. The minutes shall be signed by the person presiding over the meeting and the secretary.

18.11 The Supervisory Board may delegate limited issues to certain of its members, acting individually or as part of special committees, and may also resort to experts to study certain issues.

18.12 The members of the Supervisory Board may exercise any act related to the control over the management of the Company, in the Company's interest, within the limit of the rights conferred upon them.

The Supervisory Board appoints, by the vote of the majority of its members, the members of the Executive Board that shall be formed of executive officers of the Company and chaired by the Chief Executive Officer.

## PETROM S.A.

18.13 The meetings of the Supervisory Board and of the Executive Board shall be held in the English language and shall be simultaneously translated into the Romanian language. The minutes and the other documents related to the Supervisory Board's meetings shall be drafted in English as well as in Romanian.

### Article 19

#### Powers of the Supervisory Board

19.1 The Supervisory Board has the following main powers:

- (a) to exercise control over the management of the Company by the Executive Board;
- (b) to determine the structure and the number of positions in the Executive Board; to appoint and revoke the members of the Executive Board;
- (c) to create an audit committee and other specialised committees, if appropriate, comprising no less than two of its members;
- (d) to check that the acts undertaken in the course of the management of the Company are compatible with the law, the Constitutive Act and any relevant decisions of the General Assembly of Shareholders;
- (e) to submit to the General Assembly of Shareholders a report concerning the supervision activity undertaken;
- (f) to represent the Company in relation to the Executive Board;
- (g) to approve the internal rules of the Supervisory Board and of the Executive Board;
- (h) to make recommendations to the shareholders regarding the distribution of profits, based on the proposal of the Executive Board;
- (i) to verify the Company's financial statements;
- (j) to verify the report of the members of the Executive Board;
- (k) to propose the financial auditor.

19.2 Furthermore, the Supervisory Board's approval is needed for the conclusion of the following types of operations:

- (a) the changing of the Company's headquarters;
- (b) subject to the voting requirements set out in Article 18.9, the disposition of, establishing or transfer of any rights in rem with respect to any of the following assets:
  - the Petrobrazi refinery;
  - the Câmpina Research and Technological Design Institute and the Ploiești INCERP Institute; or
  - any other assets whose value exceeds Euro 75,000,000 or the equivalent thereof in any other currency;
- (c) subject to the voting requirements set out in Article 18.9, the execution of any agreement (act juridic) with or the delivery of any order to the Majority Shareholder or to an Affiliate of the Majority Shareholder having a value of more than ten million Euro (€ 10,000,000) individually or twenty five million Euro (€ 25,000,000) in the aggregate in the course of a year until 31 December 2007 (or, after 31 December 2007, fifteen million Euro (€ 15,000,000) in the aggregate per year) or, in the case of transactions in the ordinary course of business with crude oil or oil products, fifty million Euro (€ 50,000,000) or the equivalent thereof in any other currency.

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### Article 20

#### Duties of the members of the Supervisory Board and of the members of the Executive Board

20.1 The members of the Supervisory Board and the members of the Executive Board have a duty of care and a duty of loyalty to Petrom. Such duties must be discharged considering the interests of the shareholders, in general, and not of certain shareholders, in particular. In the event of a crisis, the members of the Supervisory Board and the members of the Executive Board shall also consider the consumers' interests and the Romanian national interest and shall endeavour to achieve a balance between such interests and the interests of the shareholders, provided such actions do not place the Company at a disadvantage from the point of view of the competition, in comparison with its competitors on the Romanian market.

20.2 In the absence of bad faith, the members of the Executive Board and the members of the Supervisory Board shall not be held liable for business or supervisory decisions made after due inquiry of the relevant circumstances existing as at the date when such decisions were made. For purposes of such inquiry, the members of the Supervisory Board and the members of the Executive Board have the right to rely on the information made available by the officers and employees within Petrom, or by outside professional advisers.

### Article 21

#### Related Party Transactions

21.1 The execution of any agreement (*act juridic*) by the Company or any subsidiary of the Company with or the delivery of any order to, or a series of related agreements, related deliveries or related orders, with or to the Majority Shareholder or an Affiliate of the Majority Shareholder, shall be allowed provided that this transaction is carried out in good faith and in compliance with the Company's interests ("arm's length transaction"). As long as the Romanian state or any Romanian public authority is a shareholder of the Company, the AVAS (or any successor thereof) shall be allowed full access to all registers and information held by the Company in relation to any transaction concluded by the Company with the Majority Shareholder or an Affiliate of the Majority Shareholder.

21.2 The execution of any agreement (*act juridic*) by the Company or any subsidiary of the Company with the Majority Shareholder or an Affiliate of the Majority Shareholder, or the delivery of any order to, or a series of related agreements, related deliveries or related orders, where the relevant value exceeds EURO 10,000,000 individually or Euro 25,000,000 on aggregate during the course of one year or until December 31, 2007 (or after December 31, 2007, Euro 15,000,000, in the aggregate per year) or in the case of transactions during the day-to-day activity related to the trading of crude oil and petroleum products, Euro 50,000,000 or the equivalent thereof in any other currency to the Majority Shareholder or an Affiliate of the Majority Shareholder, shall be approved by the Supervisory Board (with the voting requirements set out in Article 18.9) provided that this transaction is carried out in good faith and in compliance with the Company's interests ("arm's length transaction").

21.3 The execution of any agreement (*act juridic*) by the Company or any subsidiary of the Company or delivery of any order, or a series of related agreements, related deliveries or related orders, the value of which does not exceed Euro 10,000,000

## **PETROM S.A.**

individually and Euro 25,000,000 in the aggregate in the course of a year until 31 December 2007 (or, after 31 December 2007, 15,000,000 in the aggregate per year) or, in case of transactions in the ordinary course of business with crude oil or oil products, Euro 50,000,000, or their equivalent in any other currency, with the Majority Shareholder or an Affiliate of the Majority Shareholder shall be approved and performed by the competent members of the Executive Board in accordance with the provisions of this Constitutive Act, provided that this transaction is carried out in good faith and in compliance with the Company's interests ("arm's length transaction"). The competent member of the Executive Board shall inform the Supervisory Board of all transactions between the Company and the Majority Shareholder or an Affiliate of the Majority Shareholder which were approved as set out herein.

For purposes of this Constitutive Act, in relation to a person or entity, "Affiliate" means, in relation to any person, any other person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such person; for the purposes of this definition, the term "control" as applied to any person means legal control or control in fact, including, but not limited to the right or the possibility to exercise a determinant influence, directly or indirectly, through one or more intermediaries, (a) by way of possession of any of the following: (i) ownership of more than half of the capital or goodwill, or (ii) the right to exercise more than half of the voting rights, or (iii) the right to appoint more than half of the members of the executive board or other statutory bodies legally representing such person; or (b) through economic dependence by way of contract or other means.

### **Chapter 6 The Executive Board**

#### **Article 22 Organisation**

22.1 The Executive Board is appointed and revoked by the Supervisory Board. The number of members shall be determined by the Supervisory Board, provided that such number is not lower than three and not higher than seven.

22.2 The mandate of the members of the Executive Board is granted for a 4 (four) year period.

22.3 Should a position of a member of the Executive Board become vacant, the Supervisory Board will appoint another member, for the rest of the duration of the mandate of the member being replaced.

22.4 The members of the Executive Board cannot be at the same time members of the Supervisory Board.

#### **Article 23 Operation**

23.1 The operation of the Executive Board shall be established through the Internal Rules for the Executive Board, approved by the Supervisory Board.

23.2 The Executive Board shall convene at regular intervals (usually, every week) and whenever necessary for the operative resolution of the current issues of the Company.

23.3 At least half of the members in office of the Executive Board must be present for the resolutions to be valid, unless the internal rules require a higher quorum. The

## PETROM S.A.

decisions of the Executive Board shall be validly passed by the affirmative vote of the majority of the members present or represented at such Executive Board meeting. In the event of parity of votes, the Chairman of the Executive Board or the person empowered by him to chair the meeting shall have a casting vote.

23.4 Should the nature of the situation require it, the Executive Board can adopt a resolution based on the written unanimous agreement, without a meeting being convened. The Chairman of the Executive Board will assess whether such a procedure is called for.

23.5 The Executive Board must provide the Supervisory Board with a written report concerning the management of the Company, the activity of the Company and the possible evolution of the Company at least every 3 months.

### Article 24

#### Duties of the Executive Board

The main duties of the Executive Board, performed under the supervision of the Supervisory Board, are:

- (a) to approve the conclusion of material lease agreements (renting or hiring);
- (b) to negotiate the collective bargaining agreement together with the employees' representatives;
- (c) to establish the strategy and the policies regarding the development of the Company, including the organizational chart of the Company and the operational divisions;
- (d) to approve the opening or closing down of territorial units (branches, agencies, representative offices);
- (e) to annually submit to the approval of the General Assembly of Shareholders, within four months as of the end of the fiscal year, the report regarding the business activity of the Company, the balance sheet and the profit and loss account for the previous year, as well as the business activity project and the budget project of the Company for the current year;
- (f) to conclude legal acts on behalf of and for the account of the Company, in accordance with the terms of this Constitutive Act regarding the double signature and with observance of the matters reserved to the General Assemblies of Shareholders or to the Supervisory Board;
- (g) to hire and to dismiss, to establish the duties and responsibilities of the Company's personnel, in line with the Company's overall personnel policy;
- (h) to undertake all the measures necessary and useful for the management of the Company, implied by the daily management of each division or delegated by the General Assembly of Shareholders or by the Supervisory Board, with the exception of those reserved to the General Assembly of Shareholders or to the Supervisory Board through operation of the law or of the Constitutive Act.

### Article 25

#### Representation of the Company

In its relations to third parties, the Company is represented and bound by the signature of two persons, as follows:

- (a) the Chairman of the Executive Board may represent the Company and sign any act, together with any other person empowered to represent the Company in

PETROM S.A.  
Company managed in a dualist system  
Share and paid-up capital:  
5,664,410,833.50 lei  
www.petrom.com

PETROM S.A.  
239, Calea Dorobantilor  
cod postal 010567,  
Sector 1, Bucuresti, ROMANIA

PETROM S.A.  
Fiscal attribute R,  
C.U.I. 159 0082,  
RC J40/8302/1997

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compliance with the provisions of this Constitutive Act (including by delegation, as set out below);

(b) each of the members of the Executive Board may represent the Company and sign any act binding on the Company, together with the Chairman of the Executive Board, with another member of the Executive Board, or with another person empowered to represent the Company in compliance with the provisions of this Constitutive Act (including by delegation, as set out below);

(c) the Chairman of the Executive Board and the members of the Executive Board may delegate the power to represent the Company to other persons, based on general or specific powers-of-attorney countersigned by one of the members of the Executive Board. The conditions and manner of such delegation shall be established by the internal regulations approved by the Executive Board. The requirement of two signatures in order for any act to be binding on the Company shall be observed, with the exception of the case where, by special power of attorney, two authorized representatives of the Company, acting jointly, have expressly granted the authority to represent the Company in respect of a certain act to a single person, acting individually.

(d) The heads of the branches or the heads of other secondary offices of the Company shall not have the authority to represent the Company in commercial transactions unless such authority was expressly granted to them by power-of-attorney, pursuant to the provision of this article.

(e) The members of the Executive Board shall file their signatures with the competent commercial registry.

### Chapter 7 Audit of the Company

#### Article 26 The Internal Auditors and Financial Audit

The Company is subject to the financial audit. In addition, the company shall organise an internal audit function in accordance with the legal requirements in force.

The internal auditors shall have as their main duties to supervise the Company's administration, to verify whether the financial situations are legally prepared and in accordance with the Company's records, if the records are adequately kept and whether the evaluation of the elements of the patrimony was made in accordance with the rules established for the preparing and presenting of the financial situations. In addition, the internal auditors shall carry out the audit task appointed by the Executive Board with respect to any particular business issues or area of operations of the Company. The internal auditors shall bring to the attention of the members of the Supervisory Board the irregularities in the administration and the breaches of the provisions of the law and of the Constitutive Act; the important cases shall be brought to the attention of the General Assembly of Shareholders.

The internal auditors shall take into account the complaints made by any shareholder when preparing the reports for the Supervisory Board.

The powers and duties of the internal auditors and the manner in which they operate, as well as the internal auditors' rights and obligations shall be supplemented with the relevant legal provisions in the field.

## **PETROM S.A.**

### **Chapter 8 The activity of the Company**

#### **Article 27 The funding of its own activities**

In order to meet its scope of business and in keeping with the established powers, the Company makes use of the financing sources set up in accordance with the law, of bank loans and other financial sources.

#### **Article 28 The fiscal year**

The fiscal year starts on 1 January and ends on 31 December of each year. The first fiscal year starts on the date of the establishment of the Company.

#### **Article 29 Company personnel**

The personnel is employed or dismissed as provided under this Constitutive Act. However, executive officers of the Company, the directors of the branches, representative offices and agencies of the Company are employed or dismissed by the Executive Board. The Executive Board may delegate such task to the other officers of the Company.

#### **Article 30 Company's Accounting Books and Balance Sheet**

The Company shall keep the accounting records in Romanian lei, shall draw up the balance sheet and the profit and loss account on an annual basis, in compliance with the methodological norms issued by the Ministry of Finance.

The balance sheet and the profit and loss account shall be published in the *Official Gazette of Romania*, in keeping with the relevant legal provisions.

#### **Article 31 Profit Calculation and Distribution**

The profit of the Company shall be established based on the balance sheet approved by the general assembly of shareholders. The taxable profit shall be established under the terms of the law.

The profit of the Company remaining after the payment of the profit tax shall be distributed according to the decisions of the general assembly of shareholders, without the breach of the legal provisions in force.

Funds designed for modernisation, research and development, investments, repairs, as well as for other purposes established by the general assembly of shareholders, in compliance with the law, may be established from the profits remained after the payment of the profit tax of the Company.

The Company shall create a reserve fund as well as other funds, in accordance with the law.

The dividends shall be distributed among the shareholders on a pro rata basis according to the number of the shares they own.

## **PETROM S.A.**

The payment of dividends due to shareholders shall be effected by the Company pursuant to the law, subsequent to the approval of the balance sheet by the General Assembly of Shareholders.

Should the Company register a loss, the general assembly of shareholders shall analyse the causes and shall take actions accordingly.

The losses shall be borne by the shareholders on a pro rata basis according to their contribution to the share capital and within the limits of the contributed share capital.

### **Article 32**

#### **Records of the Company**

The Company shall keep the records as stipulated by law.

### **Chapter 9**

#### **Partnerships**

### **Article 33**

Petrom may form partnerships with other commercial companies acting in the oil industry as well as in other fields of activity connected with the Company's scope of business. The partnership shall be performed on the basis of a partnership agreement.

### **Article 34**

The companies forming a partnership with Petrom shall comply with and apply the unitary procedures and rules established by mutual agreement in the partnership agreement, for the carrying out of the main commercial, production and financial relations etc.

### **Article 35**

The withdrawal of the companies from the partnership shall be carried out in accordance with the law.

### **Article 36**

The terms of the partnership during the partnership period, as well as the terms of withdrawal shall be stipulated in the partnership agreements that shall be concluded between Petrom and each of its partner companies.

## **Chapter 10**

### **Modification of the legal form, dissolution, liquidation, litigation**

### **Article 37**

#### **Modification of the Legal Form**

The Company may be transformed into another type of company by decision of the general assembly of shareholders.

## PETROM S.A.

### Article 38 Dissolution of the Company

The Company may be dissolved in the following situations:

- (a) impossibility to achieve the scope of business;
- (b) bankruptcy;
- (c) loss of half of the share capital after exhaustion of the reserve fund, if the Extraordinary general assembly of shareholders does not decide to supplement the share capital or to reduce it to the remaining value;
- (d) in any other circumstances, based on the unanimous decision of the extraordinary general assembly of shareholders;

The dissolution of the Company shall be registered with the Commercial Registry and published in the *Official Gazette of Romania*.

### Article 39 Liquidation of the Company

In the event of dissolution, the Company shall be liquidated.

The liquidation of the Company and the distribution of the Company's assets shall be performed in compliance with the legal procedures.

### Chapter 11 Final provisions

#### Article 40

The provisions of the Constitutive Act shall be supplemented with the legal provisions regarding commercial companies.

**Mariana Gheorghe**

**Chief Executive Officer,  
President of the Executive Board  
PETROM SA**



**Apendix b)**

**PETROM'S PARTICIPATIONS AT DECEMBER 31, 2007**

| <b>EXPLORATION AND PRODUCTION</b>       |        | <b>GAS</b>                                      |        |
|---|--------|---|--------|
| Tasbulat Oil Corporation                | 100%   | Petrom Gas Bucuresti                            | 99.99% |
| Kom Munai                               | 95%    | Petrom Distributie Gaze                         | 99.99% |
| Ring Oil                                | 74.90% | Congaz Constanta                                | 28.59% |
| Petrom Exploration & Production limited | 100%   |   |        |
| MD India                                | 0.01%  |   |        |
| <b>REFINING &amp; MARKETING</b>         |        | <b>CHEMICALS</b>                                |        |
| Rafiserv Petrobrazi                     | 99.94% | Poliflex Romania                                | 96.84% |
| OMV Romania                             | 99.9%  | Robiplast Co Bucuresti                          | 45%    |
| OMV Bulgaria                            | 99.9%  | Beyfin Gaz                                      | 40%    |
| OMV Srbija                              | 99.9%  |   |        |
| Rafiserv Arpechim                       | 99.78% |   |        |
| Petrom Nadlac                           | 98.51% | <b>OTHERS</b>                                   |        |
| MP Petroleum Distributie                | 95%    | Petromed Solution                               | 99.99% |
| Aviation Petroleum                      | 95%    | Trans Gas Services                              | 80%    |
| ICS Petrom Moldova                      | 65%    | Societatea Romana de Petrol                     | 49%    |
| Petrom LPG                              | 99.99% | Franciza Pitesti                                | 40%    |
| Petrochemicals Arges                    | 95%    | Bursa Maritima si de Marfuri Constanta          | 20.09% |
| Petrom Aviation Otopeni-Ilfov           | 48.5%  | Asociatia Romana pentru Relatia cu Investitorii | 20%    |
| Brazi Oil & Anghelescu Prod Com         | 37.7%  | Bursa de Marfuri Oltenia                        | 2.63%  |
| Fontegas Peco Mehedinti                 | 37.4%  | Telescaun Tihuta                                | 1.68%  |
| Deem Algocar Buzias                     | 27.92% | Agribac Bacau                                   | 0.79%  |
| GTI Oil Co                              | 13%    | Credit Bank                                     | 0.22%  |
| Prima Petrol                            | 11.98% | Institutul Roman pentru Asigurari               | 0.1%   |
| Air Total Romania                       | 6.41%  | Oficiul Patronal Judetean Mures                 | 0.01%  |
| Butan Gas Romania                       | 6.07%  |   |        |
| Benz Oil                                | 0.48%  |   |        |

## List of OMV companies

Appendix c)

OMV Group

December 2007

| Code   | Company name   |
|--------|--|
| AGGM   | AGGM Austrian Gas Grid Management AG, Vienna                     |
| ALBON  | OMV (ALBANIEN) onshore Exploration GmbH (in liquidation), Vienna |
| ALBSEA | OMV (ALBANIEN) Adriatic Sea Exploration GmbH, Vienna             |
| AMIC   | Amical Insurance Limited, Douglas                                |
| AUS    | OMV Wärme VertriebsgmbH, Vienna                                  |
| AWPIP  | Adria-Wien Pipeline GmbH, Klagenfurt                             |
| BAYRN  | OMV Bayern GmbH, Burghausen                                      |
| BOGL   | Baumgarten-Oberkappel Gasleitungsgesellschaft m.b.H., Vienna     |
| DIRA   | Diramic Insurance Limited, Gibraltar                             |
| ECOGAS | EconGas GmbH, Vienna   |
| ECONDE | EconGas Deutschland GmbH, Regensburg                             |
| ECONHU | EconGas Hungaria Főgazkereskedelmi Kft., Budapest                |
| ECONIT | EconGas Italia S.r.l, Milan                                      |
| FBET   | Ferngas Beteiligungs-Aktiengesellschaft, Vienna                  |
| GASEX  | OMV Oil and Gas Exploration GmbH, Vienna                         |
| GERMY  | OMV Gas Germany GmbH, Burghausen                                 |
| HUB    | Central European Gas Hub GmbH, Vienna                            |
| INSB   | OMV Insurance Broker GmbH, Vienna                                |
| ISERV  | OMV – International Services Ges. m.b.H., Vienna                 |
| NZEA   | OMV New Zealand Limited, Wellington (NZEA)                       |
| OAUST  | OMV AUSTRALIA PTY LTD, Perth                                     |
| OBAY   | OMV (BAYERN) Exploration GmbH, Vienna                            |
| OBGN   | OMV (Bulgaria) Offshore Exploration GmbH, Vienna                 |
| OBIH   | OMV BH. d.o.o., Sarajevo   |
| OCTS   | OMV Clearing und Treasury GmbH, Vienna                           |
| OEPA   | OMV Austria Exploration & Production GmbH, Gänserndorf           |
| OEPL   | OMV EXPLORATION & PRODUCTION LIMITED, Douglas                    |
| OFARO  | OMV (FAROE ISLANDS) Exploration GmbH, Vienna                     |
| OFE    | OMV Future Energy Fund GmbH, Vienna                              |
| OFIN   | OMV FINANCE LIMITED, Douglas                                     |
| OGG    | OMV Gas GmbH, Vienna   |
| OGI    | OMV Gas International GmbH, Vienna                               |
| OHRVAT | OMV Croatia d.o.o., Zagreb                                       |
| OHUN   | OMV Hungária Asványolaj Korlátolt Felelősségű Társaság, Budapest |
| OILEX  | OMV Oil Exploration GmbH, Vienna (OILP)                          |
| OILP   | OMV Oil Production GmbH, Vienna                                  |
| OIRAN  | OMV (IRAN) onshore Exploration GmbH, Vienna                      |
| OIRE   | OMV (IRELAND) Exploration GmbH, Vienna                           |
| OITA   | OMV Italia S.r.l., Verona  |
| OLIB   | OMV OF LIBYA LIMITED, Douglas                                    |
| OMV    | OMV Aktiengesellschaft   |
| OMVD   | OMV Deutschland GmbH, Burghausen                                 |
| OMVEP  | OMV Exploration & Production GmbH, Vienna                        |
| OMVRM  | OMV Refining & Marketing GmbH, Vienna                            |
| ONOR   | OMV (NORGE) AS, Stavanger  |

| Code   | Company name   |
|--------|--|
| OPEI   | Preussag Energie International GmbH, Lingen                        |
| OPI    | OMV Power International GmbH, Vienna                               |
| OPK    | OMV (PAKISTAN) Exploration Ges.m.b.H., Vienna                      |
| OPROT  | OMV Proterra GmbH, Vienna  |
| ORUS   | OMV (RUSSLAND) Exploration & Production GmbH, Vienna               |
| OSLO   | OMV Slovensko s.r.o., Bratislava                                   |
| OSUD   | OMV (SUDAN) Exploration GmbH (in liquidation), Vienna              |
| OSUD5B | OMV (SUDAN BLOCK 5B) Exploration GmbH (in liquidation), Vienna     |
| OSUP   | OMV Supply & Trading AG, Zug                                       |
| OTCH   | OMV Česká republika, s.r.o., Prague                                |
| OTN    | OMV (Tunesien) Exploration GmbH, Vienna                            |
| OTNPR  | OMV (Tunesien) Production GmbH, Vienna                             |
| OUK    | OMV (U.K.) Limited, London   |
| OYEM   | OMV (YEMEN) Exploration GmbH, Vienna                               |
| PEIV   | PEI Venezuela Gesellschaft mit beschränkter Haftung, Düsseldorf    |
| PETEX  | OMV Petroleum Exploration GmbH, Vienna                             |
| PIL    | Petroleum Infrastructure Limited, Wellington                       |
| SLOVJA | OMV SLOVENIJA trgovina z nafto in naftnimi derivati, d.o.o., Koper |
| SNO    | OMV Solutions GmbH, Vienna   |
| VANSI  | van Sickle Gesellschaft m.b.H., Vienna                             |
| VIVTS  | VIVA International Marketing- und Handels-GmbH, Vienna             |
| WEV    | WÄRME-ENERGIE VORARLBERG Beratung- und Handels GmbH, Lustenau      |
| YEALMA | OMV (YEMEN) Al Mabbar Exploration GmbH, Vienna                     |
| YEM2   | OMV (Yemen Block S2) Exploration GmbH, Vienna                      |
| YEMSH  | OMV (YEMEN) South Hood Exploration GmbH, Vienna                    |