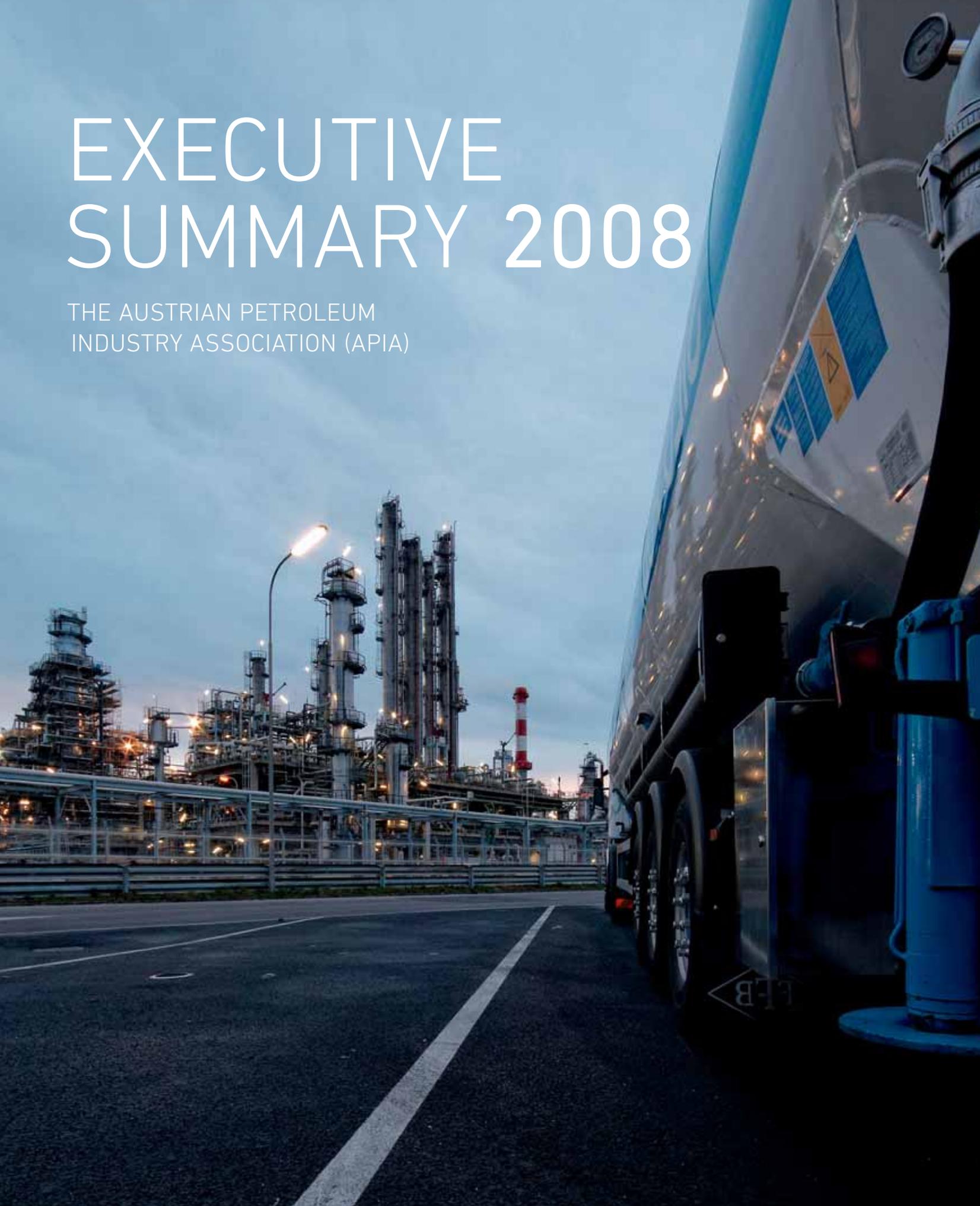


EXECUTIVE SUMMARY 2008

THE AUSTRIAN PETROLEUM
INDUSTRY ASSOCIATION (APIA)



KEY FIGURES

Austrian Petroleum Industry

		2008	2007	2006	2005	2004
Number of association companies		23	25	25	24	23
Sold production	EUR mn	10,227	8,040	8,054	6,855	5,742
Total employees		3,725	4,066	3,923	3,911	3,936
thereof blue-collar		1,050	1,321	1,346	1,340	1,450
thereof white-collar		2,500	2,590	2,500	2,500	2,400
thereof apprentices		175	155	77	71	86
Domestic oil production incl. NGL	tons	942,030	944,741	944,641	933,040	981,588
Domestic natural gas production	m ³ n bn	1.532	1.848	1.819	1.637	1.963
Crude oil import	tons mn	7.943	7.645	7.698	7.837	7.562
Natural gas import	m ³ n bn	9.779	8.740	9.212	9.180	8.009
Oil transport/pipelines ¹	tons mn	7.900	7.602	7.831	7.874	7.556
Oil refining products (incl. semifinished products)	tons mn	9.38	9.09	8.81	9.00	8.93
Domestic oil consumption	tons mn	11.919	12.009	12.785	12.856	12.408
Petroleum imports/products	tons mn	6.719	6.808	7.142	6.987	6.867
Petroleum exports/products	tons mn	2.441	2.125	1.635	2.083	1.532
Domestic gas consumption	m ³ n bn	8.391	7.939	8.456	9.061	8.583
Number of filling stations ²		2,802	2,810	2,812	2,833	2,815
thereof multis		1,809	1,844	1,921	1,950	1,833
Car population		5,873,281	5,796,973	5,722,624	5,646,882	5,575,677
thereof passenger cars and station wagons		4,284,919	4,245,583	4,204,969	4,156,743	4,109,129

¹ Adria-Wien Pipeline

² excluding 302/300/314/324/312 agricultural diesel-outlets



Austrian Petroleum Industry Association (APIA)

Wiedner Hauptstrasse 63

1045 Vienna, Austria

Tel. +43 (0)5 90900-4892

Fax +43 (0)5 90900-4895

office@oil-gas.at

www.oil-gas.at

PREFACE



Extreme market movements and a sharp reversal of gears in mid-year characterised the year 2008. Global oil consumption kept swelling until the summer months and it was feared that demand would rise inexorably especially in the price-regulated threshold countries. As a consequence, the Brent crude price surged to substantially over USD 140/bbl in July and product prices subsequently reached a level never known before. When in the second half of the year the credit crisis caused a global crunch, both crude prices and stock exchange prices went into a tailspin. Oil consumption fell off and by the end of the year Brent crude was quoted at USD 37/bbl, down to a level last reached in July 2004. OPEC production cuts failed to halt the plunge. Yet seen as an annual average of USD 97.26/bbl, Brent crude was still dearer by 34% than in the year before.

Global demand for crude ran at 86.2 million barrels per day, a decline of 0.3 million barrels per day over 2007, caused mostly by the 3.4% fall in demand in the industrialised countries. On the other hand, consumption in the non-OECD countries continued to rise by 4.7%. Global crude production, at 86.5 million barrels per day, was higher by 0.8 million barrels per day than in the previous year. The net production surplus resulted in full stores. OPEC extended its market share to just under 42%, with most of the production increase coming from Saudi Arabia, Iraq and Angola.

Austria's crude production remained almost unchanged against the previous year, at 942,000 tons including natural gas liquids (NGLs). Crude imports into Austria were

7.94 million tons (a plus of 4%), chiefly from Kazakhstan, Iraq, Algeria and Libya. In addition to crude, Austria imported 6.7 million tons of ready-made products (such as petrol, diesel, fuel oil and bitumen), mostly from Germany, Italy and Slovakia. Petroleum consumption (excluding petrochemicals) was 11.9 million tons, of which more than 50% was diesel fuel. Exports made up 2.4 million tons, predominantly in the form of diesel and petrol.

The rise of fuel prices worldwide in the first half of 2008 generated heated discussions in the Austrian media as well. The Austrian Petroleum Industry Association dedicated its public relations activities to pointing out economic facts and European prices for petrol and diesel in the past year. A look at fuel prices in the 27-EU member states and Switzerland shows that motorists could still enjoy low petrol prices in Austria. For both Super 95 and diesel, Austria ranked fairly in the middle and clearly below the EU average. Motorists had to pay noticeably more at the petrol stations in the neighbouring countries of Germany and Italy, as well as at times in the Czech and Slovak Republics. This beneficial bias still applies today, when fuel prices are generally lower, and pump prices in Slovenia once again exceed Austrian prices at times.

The fuel market and Austria's petrol pump business serve as battleground for intense competition. Outward signs of this are the constant changes of prices that reflect both the local competitive scene and day-to-day changes in quotations at the international product market. Against this background of a weak economy and rising unemployment I wish to raise awareness that the petroleum industry is a guarantor for the security of supply with liquid fuels and a top economic constant in Austria that, through the major petroleum companies and the many traders and petrol station operators linked with it, stands for thousands of jobs.

Vienna, September 2009

A handwritten signature in blue ink, appearing to be 'W. Ruttendorfer', written in a cursive style.

Wolfgang Ruttendorfer, CEO
President of the Austrian Petroleum Industry Association (APIA)

THE AUSTRIAN ECONOMY IN 2008

The economic environment in Austria was overshadowed by an international financial and economic crisis that assumed threatening proportions in 2008, initiating a dramatic downward spiral of value annihilation. Governments and central banks made every effort to contain the crisis by state intervention, cash injections and coordinated cuts in their prime rates. The slump initially caught out the OECD countries before spreading to all economic regions. Altogether, real global growth shrank to about 3%. Austria's economy similarly could not withdraw from the global slowdown: for 2008, the Austrian Economic Research Institute (WIFO) calculated an increase of only just 1.8% for the gross domestic product, compared to 3.1% in the previous year. The rate of contraction accelerated in the second half of the year. After stagnating in the third quarter, GDP in the fourth quarter recorded its first decline since 2001, by 0.4% against the previous period.

With crude prices rising to very high levels by the mid-year and food prices soaring, monthly inflation rates went up to just under 4% by September, even though the euro evaluation compensated for part of the rise in commodity prices. As a result, the highest inflation rate in 15 years was reported for June (3.9%). When crude prices started to crumble in October, inflationary pressure was halted and inflation went down to 1.3% in December. As an annual average, the inflation rate settled at 3.2%, compared to 2.2% in 2007. A quarter of the rise was caused by fuel prices which were, on average, higher by 16% against 2007. When excepting fuels, the core inflation rate would have been 2.6%.

Both exports (EUR 117.5 billion) and imports of goods (EUR 119.6 billion) once more achieved peak levels in 2008, even though growth rates were markedly lower than in 2007. The trade balance, which in 2007 had shown a surplus for the second time since the 1950s, was again down to a deficit in 2008. Owing to its low oil and gas resources, Austria depends largely on energy imports, which made up 12% of

total goods imports in 2008 (5.2% of GDP). As to exports of Austrian goods, the primary sales market continued to be Europe (almost 84%). More than half of the goods were sold into the EU-15 (54%), and fully 17.6% went into the 12 new EU member states. The foremost trading partner was again Germany (just under 30%), followed by Italy, the United States and Switzerland.

Based on figures by Statistik Austria, the number of dependently employed persons continued to rise at an extremely brisk rate during the first half of 2008, before flattening due to the economic slowdown. As an annual average, gainful employment increased by 62,000 to 4,090,000 (a plus of 1.5%), of whom 426,000 were non-Austrian nationals. The domestic labour market employed 3,528,000 in a dependent capacity (including persons in national service and on parental leave). Self-employed and family workers made up 562,000 women and men as an annual average, according to Statistik Austria. Unemployment declined to 5.8% (2007: 6.2%) when calculated by the traditional method, or to 3.8% (2007: 4.4%) pursuant to Eurostat figures.

The crude oil price rose for the seventh year in a row, based on the 2008 dollar (+34%). With the euro appreciating against the dollar (annual average: USD 1.47 to the euro), the rise was only 25% in Austria. When looking at the annual average, however, it should be noted that crude prices soared from about USD 90/bbl at the start of the year to substantially over USD 140/bbl by mid-2008, before taking a dive to below USD 40/bbl by the end of the year. Price trends at the Rotterdam product market more or less followed the course taken by crude oil, albeit varying between products. Changes in crude prices must not be compared directly to pump prices at the petrol stations because the latter sell a refined mineral oil product and are influenced by national sales tax and VAT rates which make up a considerable percentage of the price.

THE AUSTRIAN PETROLEUM INDUSTRY IN 2008

In Austria, successful prospecting work for oil and natural gas has been carried on for decades at the Wiener Becken, a sedimentary basin around Vienna, and in the molasse zone of Upper Austria and Salzburg, with both sites producing economically relevant quantities.

In 2008, OMV sank 47,000 metres of pipes in the course of its drilling works, an increase of 14,619 metres or 45.1% over the previous year. Altogether, OMV contributed 49.3% of the domestic drilling performance, whereas Rohöl-Aufsuchungs-AG (RAG) added 48,300 metres, a plus of 17,300 metres over the past year.

Excepting natural gas liquids (NGLs: the condensate and liquid constituents of natural gas production), oil production yielded 861,639 tons in 2008, of which 782,373 tons came from the Vienna Basin and 79,266 tons from the molasse zone. NGL production made up 80,391 tons, 99.5% of which derived from the Vienna Basin. Of the total oil production of 942,030 tons, OMV extracted 89% (837,960 tons) and RAG recovered 11% (104,070 tons). Broken down by fields, the Vienna Basin produced 91.5% (862,333 tons) and the molasse zone added 8.5% (79,697 tons).

Oil deliveries to Austria comprised 7,94 million tons, derived from 16 countries. The chief crude oil supplier to Austria's domestic petroleum system was Kazakhstan with 1,98 million tons. Almost all of the crude oil is transported by pipelines (Transalpine pipeline and Adria-Vienna pipeline) from Trieste to Schwechat near Vienna, the only refinery in Austria.

In 2008, production ran to 1.53 billion m³n (standard cubic metres) of natural gas including petroleum gas, an amount made up of 1.27 billion cubic metres (83%) of natural gas and 259 million cubic metres (17%) of associated gas. Of this volume, 79% was contributed by OMV and 21% by RAG. Domestic natural gas production yielded 16% of the natural gas required in Austria, and the remaining 84% had to be provided through imports. Due to the cold winter of 2007/08, almost 6% or 8.4 billion more natural gas needed to be supplied to domestic consumers than in the year before.

OMV's refinery at Schwechat processed altogether 8.73 million tons of crude in 2008 (2007: 8.57 million tons, of which 10% came from domestic production and 90% from abroad) and 0.65 million tons of semi-finished products (2007: 0.52 million tons). The refinery worked at 92% capacity and covered some 47% of Austria's demand for petroleum; about 34% of the production was exported.

Combined with the storage depot at Vienna-Lobau and the depot at St. Valentin, the Schwechat refinery is the largest industrial complex in Austria. Together, the refinery and two depots have a storage capacity of 3.4 million cubic metres.

In 2008, the fuel market in Austria accounted for 7.98 million tons (-3.7%) or about 9.7 billion litres. Demand for petrol fell once again, from 1.97 million tons in 2007 to 1.84 million tons in 2008, a drop of fully 6.7%. As to diesel fuel, rather than continuing the rise of past years, sales declined by about 174,000 tons, from 6.32 million tons in 2007 to 6.15 million tons in 2008 (a minus of 2.7% including biofuel shares). Total petroleum consumption in Austria, ranging from LPG to petrol, gas oil, fuel oil and bitumen, came at 11.9 million tons, just short of one percent less than in the previous year (2007: 12.0; 2006: 12.8; 2005: 12.9).

As to the market of petrol stations in Austria, the number of publicly accessible stations remained more or less stationary (2,802 compared to 2,010 in 2007). Still, the trend seen in the past years – the “majors” divesting themselves from low-profit stations – continued unabated.

In Austria, petrol station prices (including taxes) in early 2008 were set at about EUR 1.17 to 1.20 per litre of Eurosuper and some EUR 1.15 to 1.18 per litre of diesel fuel. Over the following months, prices rose at a breakneck pace, reflecting the stormy international market development, so that pump prices reached a previously unheard-of level by early July. By mid-year, Austria-wide surveys by the Association found averages of EUR 1.35 per litre of Eurosuper and EUR 1.43 per litre of diesel. By mid-December prices had plummeted as a result of the credit crunch and economic crisis to arrive at averages of 90.9 cents for Eurosuper and 95 cents per litre for diesel.

INTRODUCTION TO THE ASSOCIATION

The Austrian Petroleum Industry Association (APIA, or FVMI to give it its proper German title) is an Austrian-wide association of industries operating within the scope of the Austrian Federal Economic Chamber (WKO). As a legal interest group, the Association acts as a link between business and the public. Its members are Austrian companies that operate upstream (exploration and production of crude oil), midstream (transport in pipelines) and downstream (processing at their own or associated refineries and sale of petroleum products). At present, the Association has 23 petroleum companies operating in the up-, mid- and/or downstream sectors.

The Association drafts and coordinates statements for the sectoral assessment of EU directives and comments on national bills and draft ordinances for ministries and other government agencies. Issues of relevance for the industry, such as environment and energy (climate strategy, emission trading, dust pollution, fuel and biofuel regulations, standards, waste water, garbage, etc.), taxes, industrial law and social policies, are covered in technical as well as organisational terms by the Association in collaboration with company representatives within numerous working panels. Sector-specific information as well as information on general economic issues are passed on to its members in cooperation and harmonised with the responsible departments of the Federal Economic Chamber.

The Association's remit comprises not just representation of its members' interests as provided in the Economic Chamber Act (WKG), but also regular surveys of prices and quantities, such as the weekly poll of petrol station prices for fuels under the Price Transparency Act which furnishes data for a EU-wide comparison, non-company-based evaluations and market estimates.

Another core competence of the Association is negotiations for collective bargaining agreements with the trade unions for metal, textile and food, for chemistry workers and for employees in private businesses, printing, journalism and the paper industries, covering some 4,000 workers. The agreements are published on the Association's homepage and filed in the Economic Chamber's database for collective bargaining agreements and are regularly updated.

The Association also supplies its members with sector-specific information as well as communications on general business subjects, in cooperation with the Federal Industrial Division and the competent departments at the Economic Chamber. Its particular brief includes:

- organising and handling several panel meetings per year for segments such as commercial business, public relations activities, retail, statistics, HSSE, REACH, biofuels, waste and transport of hazardous substances;
- press releases and statements for print and broadcast media, on subjects such as market development, crude oil and fuel prices and supply security;
- regular updating of the Association's homepage (www.oil-gas.at) and preparation of the annual report;
- collaboration with the Austrian Ministry of Economy, Family and Youth and the Federal Ministry for Agriculture, Forestry, Environment and Water Management, especially with regard to issues of energy provision, supply security and fuel qualities, as well as close cooperation with specialised organisations in the industry;
- response to technical enquiries by government authorities, the social partners, consumers, students and national and international organisations;
- participation as the sponsoring organisation in the "Liquid Bio Fuels" working group;
- cooperation with the Hauptstelle für das Grubenrettungs- und Gasschutzwesen GmbH (main office for mine life-saving and gas protection services);
- support of the Österreichische Gesellschaft für Erdölwissenschaften (Austrian Society for Petroleum Sciences; ÖGEW).