



OMV Aktiengesellschaft

Wolfgang J. Ruttenstorfer

Chief Executive Officer
Chairman of the Executive Board

Mr. Alexander Medvedev
General Director
OOO "GAZEXPORT"
10, 3-d Golutwinskij per.
119180 Moscow
Russian Federation

27 October 2003

Dear Mr Medvedev,

It was a pleasure to meet you in Vienna and discuss a potential cooperation of Gazprom and OMV in the privatisation of Petrom.

Having reviewed a wide range of alternatives, we do believe that there could be substantial benefits to both Gazprom and OMV from a cooperation in the privatisation of Petrom.

We understand that your primary interest is focused on the gas business of Petrom and that upstream oil and the downstream business are of less strategic relevance to you. Based on this understanding we would like to propose the following.

As outlined in the chart below our cooperation could take the following shape:

- 1) Gazexport or another Gazprom entity enter into a 50:50 joint venture with Petrom which would be responsible for gas supply and gas sale in Romania; and
- 2) Gazexport or Gazprom would be a financial partner of OMV in the holding of the 51% of Petrom to underpin the operational cooperation in the gas business on a corporate level without Gazprom having to commit a disproportionate amount of capital.

Please let us know if this model is of interest to you and we would be happy to discuss details and variations with you.

With my best personal regards,

1 Encl.

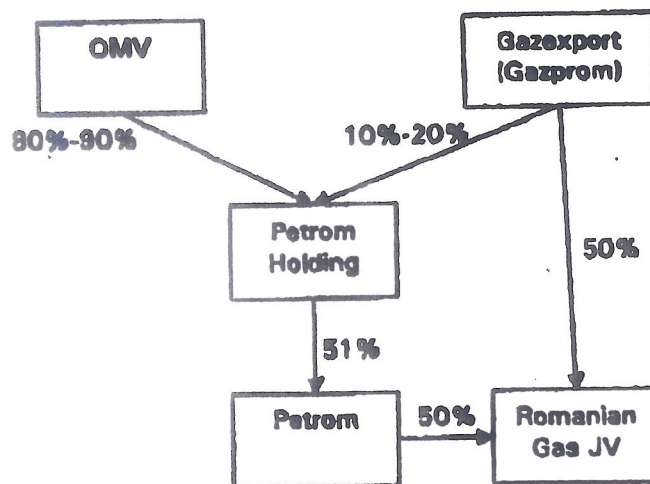


OMV Aktiengesellschaft

A-1080 Vienna, Austria
Otto-Wagner-Platz 5
P.O.B. 18, A-1081 Vienna

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Potential Cooperation Structure



October 29, 2003

Mr. Wolfgang J. Ruttenstorfer
CEO
Chairman of the Board
OMV

Dear Mr. Ruttenstorfer,

Thank you for your letter of October 27, 2003 with an outline of your approach to OMV/Gazprom cooperation in the privatization of Petrom.

I share your opinion that both Gazprom and OMV stand to benefit from cooperation in the Petrom privatization.

In the Petrom privatization, Gazprom is teamed up with its partner in Romania, Marco Group, which owns the controlling shares of three Romanian companies, Conef, Alro, and Alprom.

Gazprom's and Marco's principal interest is in Petrom's gas assets, while its oil upstream and downstream operations are less relevant for us.

While generally supportive of your proposed arrangement, I would like to make the following comments:

- 1) We have in mind a cooperation option whereby Petrom's gas assets will, at some point, be separated to form a stand-alone gas company fully owned by Gazprom and Marco Group. In this case, our side will quit shareholding in Petrom Holding (Option One).
- 2) Should such separation of Petrom's gas assets prove to be technically, economically, or legally impossible or unsustainable, our side would be interested in remaining a Petrom Holding shareholder; have guaranteed opportunities to influence the gas part of the Petrom business; and jointly sell gas produced at Petrom fields in conjunction with Russian gas imports to, and sales in Romania (Option Two).
- 3) Under both Options, our cooperation will have certain particularities at (i) the stage of joint participation in the Petrom privatization; (ii) the stage of joint management of the acquired Petrom shares through the Joint Venture, Petrom Holding (in case of successful privatization); and (iii) the stage of separating gas

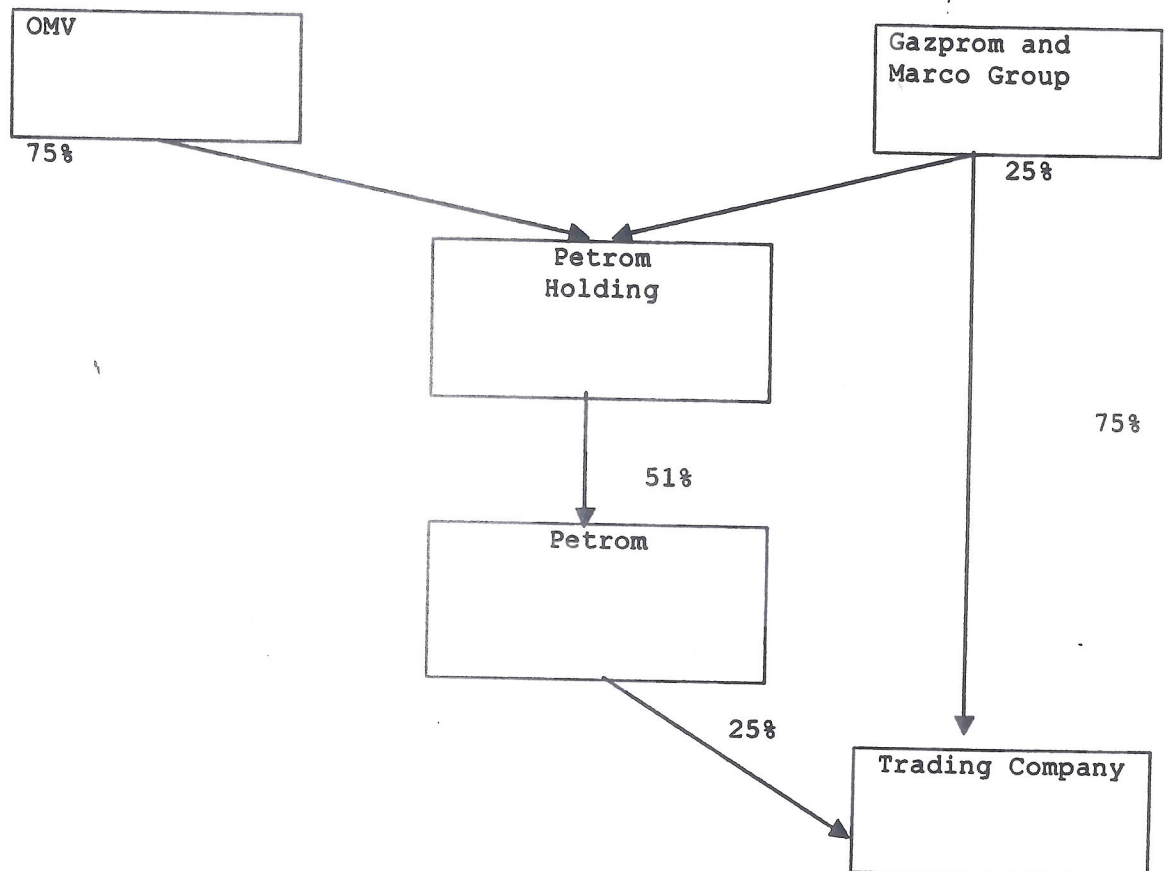
- assets and forming a stand-alone gas company (in case Option One has been implemented).
- 4) At the privatization stage, our cooperation would best be implemented via a Consortium that will submit a single bid to buy 51 percent of Petrom shares. We propose that OMV lead the Consortium. As for Consortium ownership structure, Gazprom and Marco Group could jointly and equally hold 25 percent plus one share, while OMV would have 75 percent minus one share (the final allocation being based on an appraisal of the various businesses, and the respective corporate governance rules).
 - 5) Petrom Holding, which, according to your proposal, will own and manage 51 percent of Petrom shares in case of successful privatization, should have the same ownership structure.
 - 6) We propose the following ownership structure of the joint gas trading company also mentioned in your proposal: Gazprom and Marco group - 50% plus one share; and Petrom - 25 percent minus one share. The trading company will import Russian gas and engage in wholesale trade in Russian gas as well as natural and associated gas produced at Petrom's fields. If Option One is to materialize, the trading company and the separated Petrom gas assets would be merged to form a stand-alone gas company fully controlled by Gazprom and Marco group.

Looking forward to a continued discussion of cooperation models and coordination of our action plans as part of the on-going privatization process.

With best personal regards,

Alexander I. Medvedev
General Director
OOO Gazexport

**POSSIBLE COOPERATION ARRANGEMENTS
(REVISED VERSION)**



Draga domnule Medvedev,

A fost o placere sa va intalnesc in Viena si sa discutam o potentiala colaborare intre Gazprom si OMV in privatizarea Petrom.

Dupa ce am examinat o serie larga de alternative, credem ca ar putea fi beneficii substantiale pentru Gazprom si OMV intr-o cooperare pentru privatizarea Petrom.

Intelegem ca interesul dumneavoastra principal este axat pe afacerile cu gaze ale Petrom, partile de extractie si de rafinare sunt mai putin relevante strategic pentru dumneavoastra.

Bazandu-ne pe aceasta premiza, am dori sa va propunem urmatoarele.

Asa cum este subliniat mai jos, cooperarea noastra ar putea avea urmatorul parcurs :

- 1) Gazexport sau o alta entitate a Gazprom intra intr-o asociere de 50 : 50 cu Petrom, care ar fi responsabil de alimentarea cu gaze si vanzarea cu gaze in Romania ; si
- 2) Gazexport sau Gazprom ar putea fi partener financiar al OMV in detinerea a 51% din Petrom, pentru a sta la baza unei cooperari operationale in afacerile cu gaz la un nivel corporatist fara ca Gazprom sa fie nevoit sa aloce un capital disproportionat.

Va rugam sa ne spuneti daca acest model va intereseaza si vom fi bucurosi sa discutam detalii si variante cu dumneavoastra.

Cu cea mai inalta apreciere,

Wolfgang J. Ruttenstorfer

Draga domnule Ruttenstorfer,

Va multumesc pentru scrisoarea din 27 octombrie 2003, ce contureaza viziunea dumneavoastra despre cooperarea OMV/Gazprom pentru privatizarea Petrom.

Va impartasesc opinia ca impreuna Gazprom si OMV au de profitat din privatizarea Petrom.

In privatizarea Petrom, Gazprom face echipa cu partenerul sau in Romania, Marco Group, care controleaza actionariatul a trei companii: Conef, Alro si Alrporm.

Principalele interese ale Gazprom si Marco sunt in rezervele de gaze ale Petrom, in timp ce extractia si rafinarea petrolului sunt mai putin relevante pentru noi.

In mare masura suntem de accord cu aranjamentul propus de dumneavoastra, dar as vrea sa fac urmatoarele comentarii :

- 1) ne gandim la o optiune de cooperare in care rezervele de gaz ale Petrom vor fi, la un moment dat, separate pentru aa forma o companie controlata total de Gazprom si Marco Grup. In acest caz, noi vom renunta la actiunile din Petrom Holding.
(Optiunea unu)
- 2) Daca o astfel de separare a rezervelor de gaz ale Petrom s-ar dovedi tehnic, economic sau legal imposibila sau nesustenabila, noi am fi interesati sa ramanem in actionariatul Petrom Holding; sa avem garantate oportunitatile de a influenta partea de afaceri cu gaz a Petrom; si, in comun, sa vindem gazul produs din campurile Petrom impreuna cu gazul rusesc importat si vandut in Romania
(Optiunea doi)
- 3) In ambele cazuri, cooperarea noastra ar trebui sa aiba anumite particularitati in
 - (i) stadiul participarii comune la privatizarea Petrom
 - (ii) stadiul managementului comun al actiunilor Petrom cumparate prin Asociere, Petrom Holding (in caz de privatizare cu succes)
 - (iii) si stadiul separarii rezervelor de gaze si formarea unei companii independente (in cazul in care va fi implementata Optiunea Unu)
- 4) In etapa privatizarii, cooperarea noastra ar fi cel mai bine implementata printr-un Consortiu care va depune o singura oferta pentru cumpararea a 51% din actiunile Petrom. Noi va propunem ca OMV sa fie leaderul Consortiului. In ceea ce priveste structura actionariatului Consortiului, Gazprom si Marco Group ar putea detine impreuna si in egala masura 25 % plus o actiune, in timp ce OMV ar putea avea 75% minus o actiune (impartirea finala fiind bazata pe evaluarea diverselor companii si pe regulile respective de conducere corporatista).
- 5) Petrom Holding, care conform propunerii dumneavoastra, va detine si administra 51 % din actiunile Petrom, in cazul unei privatizari de success, va avea aceeasi structura a actionariatului.

- 6) Va propunem urmatoarea structura a actionariatului companiei comune de vanzare a gazelor naturale mentionata de asemenea in propunerea dumneavoastra : Gazprom si Marco Group – 50% plus o actiune, si Petrom – 25 % minus o actiune. Compania de comert va importa gaz rusesc si va vinde engros gaz produs in campurile Petrom. Daca Optiunea Unu se va materializa, compania de comert si rezervele de gaze seprate ale Petrom vor fi unite, pentru a forma o companie independenta controlata integral de Gazprom si Marco Group.

Asteptam cu interes continuarea discutiei pentru modele de cooperare si coordonare in planurile noastre de actiune ca parte a procesului de privatizare in derulare,

Cu cele mai respectuoase salutari personale,
Alexander I. Medvedev,
Director General,
000 Gazexport.

Nota: Traducerea documentelor a fost facuta de o companie specializata in traduceri si interpretare.

In attention of:
Mr. Wolfgang Ruttenstorfer,
Chairman of the Executive Board

Mr. President,

Having in view the submitted documents, the huge importance of this subject for the Romanian authorities, the way this new information can be perceived as a violation of the Romanian laws, as well as the major concerns these negotiations may rise within the Romanian public opinion, I would like to ask you to provide your stand or any comment you consider to be useful for an accurate and correct understanding of the entire situation.

We would like to have your answer until 28 March, if possible in English and Romanian.

Thank you.

Kind regards,
Marius Draghici

Evenimentul Zilei (www.evz.ro)
Investigative Departament
marius.draghici@evz.ro
0729 729 513
Romania

OMV's statement:

"The outcome of the Petrom privatisation clearly shows that it was and is in the best interest for Petrom, OMV and Romania as such. Petrom as a fully integrated company with the financial strength and know how of OMV is establishing itself as the clear Nr 1 in South eastern Europe. That is a fact and is beyond discussion.

Offering a bid as a consortium was fully in line with the Romanian privatisation law as joint biddings had been explicitly allowed via the rules of the tender process. For instance the consortium of BP-TNK submitted their expression of interest after the sales announcement was published in August 26, 2003.

Looking back historically, for a short time the idea of a joint bidding was considered by OMV and Gazexport. However this idea was not further followed up, because OMV quickly came to the conclusion that it wants to bid stand alone for Petrom. And today's result, Petrom's development, very clearly shows that this has worked out well."

Declaratie OMV

Rezultatul privatizarii Petrom arata in mod clar ca aceasta a reprezentat si reprezinta interesele Petrom, OMV si ale Romaniei. Petrom, ca si companie integrata care beneficiaza de puterea financiara si know-how-ul OMV, se pozitioneaza fara dubiu pe primul loc in Europa de Sud Est. Acesta este un fapt clar care nu mai lasa loc altor interpretari.

Inaintarea ofertei in calitate de consortiu s-a facut in deplina concordanta cu legea privatizarii din Romania deoarece licitatiile

comune fusesera permise in mod explicit prin intermediul regulilor procesului de licitatie. De exemplu, consortiul BP-TNK a depus scrisoarea sa de interes dupa publicarea anuntului de vanzare pe 26 august 2003.

In trecut, la un moment dat OMV si Gazexport au luat in considerare o participare comuna la licitatie. Cu toate acestea, ideea nu a fost continuata deoarece OMV s-a decis imediat sa liciteze pe cont propriu pentru Petrom. Iar rezultatele vizibile astazi, dezvoltarea Petrom, demonstreaza evident ca aceasta decizie a fost una buna."