

# OMV Aktiengesellschaft Annual Report 2002





The 2002 financial year has evidenced that even in a challenging environment, we are capable of attaining our ambitious goals by making continuous improvements across all of our business segments. We are conscious of our responsibilities, and of the importance of securing our future by achieving profitable growth. We are growing selectively and profitably through investing in the right areas of business and enforcing strict cost management. In 2002 we worked with energy and enthusiasm towards our long-term objectives without losing sight of our social and environmental responsibilities, and we will continue to do so in the coming years.

**Wolfgang Ruttensdorfer**

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### January

Start of production at the Skene gas and condensate field in the UK sector of the North Sea.

OMV announces plans to invest EUR 2.7 bn in growth over the next three years.

### February

Jade oil and gas field in the UK sector of the North Sea brought onstream using state-of-the-art technology.

### March

Conclusion of purchase and supply contracts with the Pakistani Government and Sui Northern Gas Pipeline Limited opens the way for commercial use of the Sawan gas field in Pakistan.

### April

Fifth significant oil discovery in Libya's Murzuk Basin since 1998 further increases its importance to OMV as one of E & P's five core regions.

### May

The Annual Stockholders' Meeting approves a dividend of EUR 4.30 per share, a stock option plan for the Executive Board and other senior executives.

Rainer Wieltsch joins the Supervisory Board as its new Chairman. Gerhard Mayr is also appointed to the Board.

### June

OMV invests in continued E & P growth, acquiring stakes in three UK offshore exploration blocks.

OMV opens first international retail station in today's Serbia-Montenegro. New OMV administration building inaugurated in Bucharest, Romania.

### July

OMV was granted a gas exploration license for the South West Miano II Block in south-eastern Pakistan.

### August

OMV farms into the development of a 140 million barrel oil field in Block NC 186 in Libya.

OMV is successful bidder in the auction of 36 retail stations in the Czech Republic.

### September

Size of OMV's German retail network is doubled by the acquisition of a total of 72 filling stations in Bavaria and Saxony.

OMV takes a 25.1% interest in Romania's largest private oil company, The Rompetrol Group NV, including the well-placed Petro-midia refinery on the Black Sea, with access to the river Danube.

OMV acquires 10% of the producing Maui gas field and 49% of the Maari exploration permit, both offshore New Zealand.

### October

OMV becomes the first Austrian company to officially commit itself to the Austrian Code of Corporate Governance.

Work starts on construction of a new melamine plant in Lutherstadt Wittenberg, Germany.

OMV wins license to explore for oil and gas in the 2,339 sq km Nawabshah Block in southeastern Pakistan.

### November

OMV was granted an exploration license in the 13,110 sq km Varna-Deep Sea Block, offshore Bulgaria.

### December

Green light for Austrian gas alliance Econ-Gas, in which OMV holds 50%, to supply gas to business customers in Austria and neighboring countries.



Dear Stockholders,

Beyond its central supervising function, the Supervisory Board sought to assist the Executive Board by communicating closely with it and giving it the benefit of the members' valuable experience. In both of these key aspects of its activities, the Supervisory Board's paramount objective is responsible, long-term value creation.

The Supervisory Board met five times, the Accounts Committee twice and the Personnel and Presidential Committee once in 2002. All invitations to the meetings and documents on the various agenda items were delivered on time. Frequent contact with the Chairman of the Executive Board and the Presidential Committee ensured that members were kept fully informed of the progress of important negotiations and the course of business.

The meeting on July 4 2002 was devoted to OMV's strategic positioning, which was a major focus of the Board's work during the year. The Board fully supports the Company's integration strategy, and its ambitious goals for growth in the upstream and downstream, and in particular sees major opportunities for refining and marketing in the restructuring of the regional economy of southeast Europe.

This strategy is reflected in the budget for 2003 and the Company's medium-term business plan, which were unanimously approved at the meeting on December 17, 2002.

The Austrian Corporate Governance Code entered into effect on October 1, 2002. The Supervisory and Executive Boards have committed themselves to observance of the Code, in the strong belief that it represents a valuable contribution towards increased transparency for stockholders. The meeting on December 17, 2002 took steps to implement the Code, and amended the by-laws accordingly.

The interests of private shareholders have been represented by Mr. Herbert Werner since 1996. In 2002 no conflicts of interest arose between the activities of Board members and their duties on behalf of OMV, and no consultancy agreements in the meaning of Article 49 of the Code were concluded. The voting rights of all members of the Board are below the limits prescribed by the Corporate

Governance Code – in some cases by a wide margin. The Supervisory Board hereby states that it has complied with all the provisions of the Corporate Governance Code relating to the Supervisory Board.

The Board also gave close attention to the compliance rules for issuers and their implications for members.

The annual financial statements of OMV Aktiengesellschaft and the consolidated accounts for 2002, and the directors' reports were audited by Auditor Treuhand GmbH, and were granted an unqualified audit certificate. AUDITOR TREUHAND GmbH – a member of the Deloitte & Touche Group – was appointed as auditor by way of universal succession having come into being as a result of the demerger of the auditing and tax consultancy operations of Arthur Andersen Wirtschaftsprüfungsgesellschaft mbH under the Demerger Act (Commercial Register: reg. nos. 180942t and FN 137513a).

Following due examination and discussions with the auditors at Accounts Committee and plenary meetings, the Supervisory Board approved the directors' report prepared in accordance with section 127 Stock Corporation Act, and the annual financial statements for 2002 which are hereby adopted under section 125 para. 2 Stock Corporation Act. Furthermore, the Supervisory Board states its agreement with the consolidated financial statements and the Group directors' report.

The Supervisory Board approved the Executive Board's proposal to pay a dividend of EUR 3.50 per no par value share and to carry forward the remaining EUR 311,631.80 to new account.

Vienna, March 18, 2003

A handwritten signature in blue ink, appearing to read 'R. Wieltsch', is written over a white background.

Rainer Wieltsch  
Chairman of the Supervisory Board

I should like to express my gratitude to the Supervisory and Executive Boards, and to the staff for their efforts on behalf of the OMV Group.



**Rainer Wieltsch** <sup>1 2 3</sup>  
Chairman (from May 24)  
Member of the ÖIAG Management Board  
Member in 5 Supervisory Boards <sup>4</sup>

**Mohamed Nasser Al Khaily** <sup>1 2 3</sup>  
Deputy Chairman  
Managing Director of IPIC

**Peter Michaelis** <sup>1 2 3</sup>  
Chairman (until May 24)  
Deputy Chairman (from May 24)  
Member and spokesman of the Management Board of ÖIAG  
Member in 3 Supervisory Boards <sup>4</sup>

**Helmut Draxler**  
Chairman of the Management Board of RHI AG

**René Alfons Haiden**

**Murtadha Mohammed Al Hashemi** <sup>3</sup>  
Division Manager/Finance of IPIC

**Richard Leutner**  
(until May 24)

**Wolfram Littich** <sup>2 3</sup>  
Chairman of the Board of Management of Allianz Elementar Versicherungs AG

**Gerhard Mayr**  
(from May 24)  
Executive Vice President  
of Eli Lilly and Company  
Member in 1 Supervisory Board <sup>4</sup>

**Herbert Werner**  
Manager  
Member in 2 Supervisory Boards <sup>4</sup>

**Norbert Zimmermann** <sup>3</sup>  
Chairman of the Management Board  
of Berndorf AG

Delegated by the Central Works Council as per section 110 para. 1 Labor Relations Act:

**Leopold Abraham** <sup>1 2 3</sup>

**Hugo Jandl** <sup>1 2 3</sup> until September 17

**Franz Kaba** <sup>1 2 3</sup> from September 17

**Franz Kiegler** <sup>3</sup>

**Herbert Nedbal**  
(until April 12)

**Wolfgang Weigert**  
(from April 12)

<sup>1</sup> Personnel and Presidential Committee

<sup>2</sup> Accounts Committee

<sup>3</sup> Strategy and Projects Committee

<sup>4</sup> number of memberships in supervisory boards of listed companies other than OMV; these listed companies are non-group corporations in accordance with Rule 54 of the Austrian Corporate Governance Code



Helmut Langanger

Wolfgang Rutenstorfer

David C. Davies

Gerhard Roiss

### **Wolfgang Rutenstorfer**

Chairman and Chief Executive Officer  
Born in 1950, married, three children.

He began his career with OMV after graduating from the Vienna University of Economics and Business Administration in 1976, going on to head the planning and financial control, corporate development and marketing functions, among others. He was a member of the Executive Board from 1992 to 1997. In January 2000 he returned to the OMV Group as Deputy Chief Executive Officer and head of Finance, as well as taking charge of the Gas segment. On January 1, 2002 he became Chief Executive Officer and Chairman, and is responsible for Gas and the Chemicals businesses. He was head of Finance until March 31, 2002.

### **David C. Davies**

Born in 1955, married, three children.

He graduated from the University in Liverpool in Economics and started his career as a chartered accountant. He then held positions in international companies in the beverage, food and health industry. Before joining OMV he was finance director at Morgan Crucible Company plc, a London Stock Exchange listed British company which specializes in advanced materials. With effect from April 1, 2002 he was appointed to the Board and is head of Finance.

The terms of office of all Board members run until the end of March 2006.

We should like to thank the staff of the OMV Group for their outstanding performance and dedication. With sorrow and gratitude, we remember those of our staff members who have passed on.

### **Gerhard Roiss**

Deputy Chairman  
Born in 1952, married, three children.

His business education at Vienna, Linz and Stanford (USA) prepared him for managerial responsibilities at various companies in the consumer goods industry. In 1990 he took over as head of OMV's Group marketing department. In the same year he was appointed to the board of PCD Polymere GmbH, becoming Chairman in March 1997. Until the end of 2001 he was responsible for Exploration and Production, and for the Plastics operations. On January 1, 2002 Gerhard Roiss became Deputy Chairman with responsibility for Refining and Marketing including petrochemicals.

### **Helmut Langanger**

Born in 1950, married, two children.

Helmut Langanger complemented his education at the Mining University in Leoben with a degree in economics in Vienna. In 1974 he began his career with OMV. He has been Senior Vice President for Exploration and Production since 1992 and played a key role in building the Company's international exploration and production portfolio. As of January 1, 2002 he joined the Board and is in charge of the Exploration and Production segment.



*Dear Stockholders,*

Oil industry earnings are directly correlated to key factors such as crude prices, the dollar exchange rate and refining margins.

In 2002 a negative trend in some of these indicators had resulted in a marked deterioration in results. A weaker US dollar and the worst refining margins in over a decade combined to create testing market conditions for the entire oil industry, and made sharp declines in profits inevitable.

We cautioned of such trends at the end of 2001, controlled our costs accordingly and consequently posted solid earnings before interest and tax (EBIT) of EUR 495 mn in 2002, representing the second best result in the Group's history. However, a combination of relatively poor trading conditions and stronger investment for growth meant that our ROACE target of 13% was not met in the short-term.

Management accepts that in some years of accelerated growth its profitability targets will be hard to attain. However our long-term target of ROACE three percentage points above the weighted average cost of capital remains in place.

In what was largely an extremely unfavorable stock market climate, OMV held up very well. While the FTSE Oil & Gas lost 17% and the FTSE Eurotop 100 shed 34% over the year, OMV stock held its value. This reflects our continued ability to achieve respectable results in spite of adverse market conditions.

Compared to the share prices of our peer group, OMV shares are valued at a discount. Taking the successful implementation of our growth strategy, with its emphasis on earnings stability, to which I shall now turn, we hope to address this issue.

### **Vision and strategy**

Our aim is to grow the business while emphasizing on earnings stability. To achieve that in the face of a volatile business environment, stiffening competition and changing structures in Europe, OMV must become a market-leading Central and Eastern European oil and gas group with international E & P activities.

There are three elements for turning our vision into reality:

- A clear growth strategy, addressing our products, markets and competitive position, aimed at increasing long-term earnings. Our goal is to double market share by 2008 through the further integration of the upstream and downstream businesses while achieving balanced growth and maintaining profits.
- A business and organizational structure that allows for the greatest exploitation of opportunities available to an integrated oil and gas group by ensuring optimum resource allocation whilst giving operational units a maximum of independence.
- A business culture that accepts social and environmental responsibility, and inculcates an understanding among our employees that OMV's new core markets must become a true home market.

### **Earnings oriented growth**

We are looking to grow profitably along an integrated value chain. The products sold by Marketing are processed at our own refineries, and the latter should source half of their feedstock from our upstream operations. Meanwhile, we are turning the Chemicals segment into a global specialist by exploiting our technological lead in melamine. Additionally we are expanding our Gas business in the conviction that we are investing in an energy source with a promising future.

### **Doubling sales volume**

The main thrust of R & M's expansion drive is in Central and Eastern Europe where demand is growing. We are aiming to become the market leader in the Danube region that extends from the Black Forest to the Black Sea, while using this platform to drive vertical integration in our refining and logistics operations. We pushed ahead with this strategy in 2002, acquiring filling station networks in the Czech Republic and Germany, and a 25.1% stake in Romania's Rompetrol Group.

## **Doubling oil and gas output**

We aim to lock in the earnings potential of our E & P operations by boosting our reserves and doubling our oil and gas output. We do so by keeping a tight focus on our core exploration regions and exploiting our technological strengths.

Investments in offshore exploration blocks in the UK, new oil discoveries in Libya and the strengthening of our portfolio in Australia and New Zealand took us further along this road in financial 2002.

Other examples of the ways in which we are putting our strategy into practice are the commencement of construction of a new melamine plant in Germany, the restructuring of our Austrian gas business by founding the EconGas joint venture with the main regional gas companies, and the feasibility study on an international project for the construction of a new gas pipeline from Turkey to Austria.

## **Mobilizing our human resources**

For a strategy like this to succeed, a long-term view is essential – and this calls for the right structures and Corporate culture.

In 2002 we took significant steps towards the introduction of a holding structure. During the year under review we again employed the Human Capital Management which provides metrics for capturing the staff's experience of the corporate culture on the ground. The Human Resources Department is implementing measures designed to promote a spirit of enterprise and international mindedness. These qualities are the key to the skills and enthusiasm needed to make a reality of our strategy.

## **Corporate responsibility**

While we remain committed to delivering superior commercial performance, we are pursuing a Corporate strategy based on sustainability, and this involves accepting social and environmental responsibility.

In 2002 we joined the UN Global Compact, and we issued a code of conduct enshrining the values we stand for. These initiatives involve an ongoing learning process, during which we will endeavor to formulate and communicate our citizenship goals in such a way that we can be held to our promises.

The Austrian Code of Corporate Governance entered into effect on October 1, 2002. OMV was the first Austrian company to give a public undertaking to abide by it.

Delivering our targets for expansion, value growth, financial stability and returns represent a significant challenge in the years ahead.

We have established a long-term gearing ratio target of 30% debt to shareholder equity. During the current accelerated growth phase, however, we are prepared to operate at higher levels of gearing, in excess of 50%. We believe that this represents a conservative financing policy as the Group invests to achieve its ambitious growth targets.

Our dividend policy will naturally be designed to meet shareholder expectations, though it will also have to take into account the need to finance growth from internal resources.

Dividends cannot be set in isolation from earnings performance. We are therefore recommending a dividend of EUR 3.50 per share, not proposing the payment of a bonus this time. Comparing both dividends ex bonus, this recommendation represents an increase of about 17% compared to last year.

Yours truly,



Wolfgang Ruttensstorfer





## Corporate Responsibility.

Customer satisfaction and outstanding financial and technical performance are crucial to sustainable corporate growth. Our prime task as a business is to make profits and achieve value growth.

Despite this clear commercial orientation we pursue sustainable business policies that entail social and environmental responsibility. We see our social responsibility, which goes beyond our legal obligations, as a voluntary commitment to contributing to a caring society and towards a healthy environment.

We have enshrined our value system in a Code of Conduct which outlines our approach to

- labor relations, human rights,
- health, safety and the environment (HSE),
- the community and our
- financial responsibilities.

In so doing, we have set out to achieve a high degree of transparency and to strengthen stakeholder confidence in the OMV Group.



## Corporate Governance.

### Social responsibility and competitive advantage

Our view of corporate responsibility has also found expression in our adoption of the Austrian Code of Corporate Governance. Expectations in terms of transparent and efficient management and control structures are growing fast, as is public interest in these matters. Many of the points raised in the corporate governance debate may appear to us to be non-issues in the light of the strictness of Austrian legislation and of our routine practice, which is based on far more stringent standards than those imposed by the law. However, we see good corporate governance as being a process of continuous improvement.

Our commitment to a proactive information policy and ongoing improvements reflects our belief that a company with good corporate governance will enjoy a strategic competitive advantage. While one side of good corporate governance involves making rules that amount to principles of ethical business behaviour, the other is to do with putting the “right” organizational structures in place – and these are a key success factor for our strategy.

### Full compliance

We are taking this opportunity to reaffirm our undertaking to abide by the Code of Corporate Governance, and have also stated this commitment on our website ([www.omv.com](http://www.omv.com)).

There is no need for OMV to make any non-compliance disclosures because the Company fully abides by the Code. OMV intends to continue to observe the Code in future.

The “one share – one vote” principle is fully adhered to.

Moreover, the Executive Board’s by-laws precisely regulate the division of responsibilities and the manner in which members are to work together. Board members themselves perform important communication functions such as meeting shareholders and analysts, holding press conferences to announce the Company’s results, and maintaining a steady flow of internal information to the workforce.

Internal auditing is a central management function reporting directly to the Board, and the audit plan and the main results are reported to the Accounts Committee.

Detailed disclosures on the Executive Board’s remuneration and stock option plans are published in the Notes in this Annual Report. In the hope that media attention will not focus exclusively on Board members’ salaries, and that speculation about excessive remuneration can be avoided in this way, the compensation of each member is individually disclosed.

Reporting duties and transactions requiring approval are also laid down by the internal by-laws of our subsidiaries.

A resolution amending the articles of incorporation to introduce age limits for Executive and Supervisory Board members will be put forward at the next Annual General Meeting. There is a clearly defined procedure for the appointment of Executive Board members.

The Supervisory Board has established three committees: the Accounts Committee, the Personnel and Presidential Committee, and the Strategy and Projects Committee. The Personnel and Presidential Committee is empowered to take decisions on matters of urgency. The chairpersons of the Executive and Supervisory Boards and of the Presidential Committee are in frequent contact which is not restricted to Supervisory Board and Committee meetings.

Neither former Executive Board members nor senior executives of the Company sit on the Supervisory Board. There are no directors' cross-memberships. No members of the Supervisory Board hold executive positions in companies which compete with OMV. No loans have been extended to members of the Supervisory Board, nor are there any contracts with them or with companies close to them.

As early as 1996 the Annual General Meeting elected Herbert Werner to the Supervisory Board to represent the minor shareholders. The Supervisory Board members have com-

plied with the provisions of the Code relating to voting rights and attendance.

There is a consortium agreement between International Petroleum Investment Company (IPIC) and Österreichische Industrieholding AG (ÖIAG) which, among other things, provides for the parties to vote together and imposes certain restrictions on the transfer of shares held by them.

Reports on the sale and purchase of shares by members of the Executive Board are posted on the OMV website at [www.omv.com](http://www.omv.com) > Investor Relations Center > Investor News > Directors' dealings.

For some years now, the auditors have compiled a management letter which is considered by the Supervisory Board at the same time as the report on the effectiveness of the Company's risk management system.

### Reliable and good management

Competition and free market economy can only work properly, if rules governing them are adhered to. Nevertheless, we are aware that however excellent our performance with regard to HSE, social responsibility and good corporate governance might be, it will not create value on its own. Good corporate governance must be coupled with good management – and we strive to link the two as closely as we can.

## OMV Stock.



### Anniversary: 15 year on the Stock Exchange

15 years ago, OMV's success story on the Vienna Stock Exchange began on December 3, 1987. The issue price was the equivalent of about EUR 32, and the stock has since roughly trebled in value, leaving aside the annual dividend payments. Our aim is to ensure that our stock remains a good investment.

### Solid performance in 2002

The main features of equity trading on world markets in 2002 were negative economic data

and falling prices. Oil and gas stocks were no exception, though high crude prices boosted the earnings of companies' E & P operations. The FTSE Oil & Gas Index fell by 17% in 2002, but nevertheless held up better than the major indices. The Dow declined by 18%, the Nikkei by 19%, the FTSE by 26%, the CAC 40 by 35%, the DAX by 44% and the NASDAQ by 64%. One of the few exceptions was the Vienna Stock Exchange; the Austrian Trade Index (ATX) ended the year with a modest 0.85% gain. In the course of the new segmentation of the Vienna Stock Exchange, the ATX Prime has been introduced and it gained just under 2% in its first year.

OMV stock outperformed the FTSE Oil & Gas Index for the second year running, although it fell slightly by 0.57%. Taking the dividend of EUR 4.30 per share distributed in May 2002 into account, shareholders nevertheless enjoyed value growth of almost 4%.

Volumes traded on the Vienna exchange declined by 26% to some EUR 12.7 bn, reflecting the poor trading environment. The transaction volume of the OMV stock fell by 38% to EUR 1.58 bn, and its share of total volume to approximately 12% (2001: 15%).

For the first time in 2002 over-the-counter (OTC) turnover of the Prime Market was reported by the Vienna Stock Exchange and the Austrian Financial Market Authority. It amounted to EUR 8.91 bn or 43% of the overall turnover (exchange turnover and OTC turnover) of EUR 20.92 bn. For OMV the OTC turnover amounted to EUR 912.59 mn or around 37% of the total volumes of EUR 2.50 bn.

The market capitalization of OMV at year end was EUR 2.53 bn. The capitalization of all shares listed on the Vienna Stock Exchange increased by 11% to EUR 30.5 bn, and the total capitalization of the Vienna Stock Exchange rose to EUR 32.2 bn (2001: EUR 28.3 bn).

## Results of the Annual General Meeting

On May 24, 2002 the Annual General Meeting approved the repurchase of a further 60,000 shares. These are to be used for a stock option plan aimed at giving management a substantial long-term stake in the success of the Company, thereby aligning its interests more closely with those of shareholders. A total of 35,760 shares were repurchased. In all, the three stock buyback programs launched from 2000 to 2002 resulted in the repurchase of 130,170 shares. Thus the number of shares outstanding were reduced to 26,869,830 shares (for further details visit the Investor Relations Center at [www.omv.com](http://www.omv.com)). An employee stock ownership plan was operated for the third time in 2002, in which approximately 13% of the workforce participated.

At the next Annual General Meeting on May 20, 2003, the Executive Board will propose a dividend of EUR 3.50 per share. This represents a payout ratio of 29%, and a dividend yield, based on the year and price on the last trading day of 2002, of about 4%.

## Investor relations activities

Yet again we mounted a major investor relations effort in 2002. Our activities included frequent one-on-one meetings with analysts and stockholders, as well as regular roadshows in Europe and the US following results announcements. The work was recognized by a number of awards.



At a glance in EUR	2002	2001	2000	1999	1998
Market capitalization in EUR bn	2.53	2.54	2.23	2.61	2.17
Years' high	110.87	122.65	99.40	98.00	141.57
Years' low	82.20	78.88	74.10	72.75	70.49
Years' end	93.58	94.12	82.50	96.50	80.30
Earnings per share	11.85	14.09	11.91	7.11	6.19
Net asset value per share	88.75	82.66	72.21	62.65	56.49
Cash flow <sup>1)</sup> per share	21.60	29.21	22.65	12.53	16.84
Dividend per share	3.50 <sup>2)</sup>	4.30	4.30	2.40	2.25
P/CF <sup>3)</sup>	4.3	3.2	3.6	7.7	4.8

<sup>1)</sup> net cash provided by operating activities

<sup>2)</sup> recommended dividend

<sup>3)</sup> based on year end price



## New structure of the Company

There was a major change in the Corporate structure of OMV Aktiengesellschaft. Since October 25, 2001 OMV's Gas business has been run by a wholly owned subsidiary, OMV Erdgas GmbH. This change has been effective since January 1, 2001 and is shown in the financial statements accordingly.

## Business development in 2002 was characterized by difficult market conditions

In financial 2002 the Company's sales net of petroleum excise tax were EUR 3.13 bn (2001: EUR 3.45 bn). The main contributor to the Company's sales was again Refining and Marketing including petrochemicals, at EUR 2.96 bn (2001: EUR 3.25 bn). Exploration and Production earned EUR 175 mn (2001: EUR 192 mn).

In financial 2002 OMV Aktiengesellschaft's exports were EUR 323 mn (2001: EUR 368 mn), or some 10% (2001: 11%) of total sales. During the period under review Hungary accounted for the highest share of exports at 34% (2001: 21%), followed by the Czech Republic at 26% (2001: 44%), and the European Union and Switzerland with a combined total of 15% (2001: 16%).

Earnings before interest and tax (EBIT) were EUR 110.67 mn. The year-on-year decline of EUR 85.66 mn was due to lower earnings from the Refining and Marketing, and Exploration and Production segments. This fall, caused by market conditions, was only partly cushioned by reduced expenditure on personnel reduction programs.

Earnings were also affected by the allocation of EUR 26.4 mn to provisions for additional contributions to the APK pension fund to cover funding shortfalls.

The downturn in the earnings of the Exploration and Production segment was mainly attributable to a weakened US dollar and lower gas prices.

The results of the Refining and Marketing segment were impacted by the collapse of refining margins, which was particularly pronounced in the first quarter of 2002. The

adverse market situation improved continuously during the year, however the Rotterdam margins declined more than 50% compared to last year. Meanwhile petrochemical profits were hit by the steep decline in monomer prices.

Cash earnings in financial 2002 were EUR 357 mn (2001: EUR 513 mn).

Total assets advanced slightly to EUR 4.10 bn (2001: EUR 3.92 bn).

At balance sheet date stockholders' equity including untaxed reserves amounted to EUR 1.98 bn (December 31, 2001: EUR 1.88 bn), an increase of around 5%. The equity ratio as of December 31, 2002 was 49% (2001: 48%).

The ratio of fixed assets to total assets stand at 63% at the balance sheet date. Fixed assets were 118% covered by equity and long-term debt. Capital expenditure in the year under review amounted to some EUR 303 mn (2001: EUR 301 mn).

In the Exploration and Production segment investment was mainly channeled into exploration drilling and development programs at domestic oil and gas fields.

Capital expenditure in the Refining and Marketing segment largely focused on upgrading and expansion projects in the Refining business aimed at enhancing product quality to meet the targets set by the new EU Fuels Directive. Work is due for completion in 2004. In the petrochemical business the ethylene plant was modified, and the Company invested in a new filling system for road asphalt and in upgrading of the process control system. In addition the complete distributing center in the cogeneration plant was upgraded.

The main investments in Marketing business were new filling stations in Windischgarsten, Haiming, Hall and Bruck an der Mur. Spending on installing convenience shops and catering outlets at existing stations continued.

OMV Aktiengesellschaft's research and development expenditure, which was principally targeted at the Refining and Marketing segment, totaled EUR 13.60 mn (2001: EUR 14.64 mn).

## Important transactions after the closing date of balance sheet

OMV concluded two important transactions: OMV acquired the international upstream activities of Preussag Energie GmbH and significant downstream assets from Deutsche BP AG which represent a major growth step for the OMV Group in its core market.

The acquisition of Preussag Energie GmbH's international E & P business from TUI AG will add some 20,000 bbl/d to the OMV Group's output in 2003. This, and other projects that are already in the pipeline, will mark a major step forward towards our growth targets. However, the contribution to earnings for 2003 will depend heavily on crude price trends, which are virtually impossible to assess at present. The deal is expected to be closed in mid-2003, and the terms of the agreement and ACC accounting rules mean that consolidation will be from January 1, 2003.

Beginning of February OMV announced the acquisition from Deutsche BP AG of 313 filling stations in Germany, Hungary and Slovakia, as well as a 45% interest in BAYERNOIL refining network, and an 18% holding in the TAL oil pipeline. The transaction will extend the market leadership of the OMV Group in Central and Eastern Europe. The positive impact on earnings should begin to be felt in the second half of 2003.

Vienna, March 7, 2003  
The Executive Board



Wolfgang Ruttenstorfer  
Chairman



Gerhard Roiss  
Deputy-Chairman



David C. Davies



Helmut Langanger

## Outlook for 2003

OMV Aktiengesellschaft's earnings in 2003 will essentially mirror crude price trends. At the time of writing crude prices are well above average 2002 levels because of the threat of war in Iraq. However, some political scenarios could spell a sharp fall in oil prices during the year, and together with the weakness of the dollar since the start of the year this would result in a decline in our profits.

In the Refining business, margins still look set to move in line with our forecasts. This would signify an improvement in profits on bulk products as compared to 2002 — a year when Central European refining margins came under heavy pressure in the first quarter. However, the current squeeze on petrochemical margins (due to rising feedstock prices) points to negative trends in petrochemical earnings for 2003.

The impact of the termination of third party processing contracts in 2002 will be noticed in 2003. Apart from coordinating sales of mineral oil products to the former customers, OMV will have to increase the volumes held as compulsory storage requirements.

In the retail business, high price levels in Germany, coupled with the opening of profitable new outlets and simultaneous weeding out of under-performing stations, points to a continued improvement in margins.



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**Annual accounts of OMV Aktiengesellschaft**

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Note	Assets	2002	2001
	EUR 1,000		
<b>1</b>	<b>A. Fixed assets</b>		
	I. Intangible assets	23,683	32,752
	II. Tangible assets	918,547	916,148
	III. Financial assets	1,638,587	1,535,116
		<b>2,580,817</b>	<b>2,484,016</b>
	<b>B. Current assets</b>		
	I. Inventories		
	1. Raw materials and supplies	88,738	34,527
	2. Work in progress	83,611	49,695
	3. Finished goods and merchandise	66,975	61,446
	4. Services not yet invoiced	12,236	8,717
	5. Payments on account	1,454	294
		253,014	154,679
<b>2</b>	II. Accounts receivable and other assets		
	1. Receivables from trade	304,749	308,388
	2. Receivables from affiliated companies	669,145	683,795
	3. Receivables from associated companies	30,038	35,583
	4. Other receivables and assets	12,623	21,026
		1,016,555	1,048,792
	III. Own shares	12,181	9,036
	IV. Cash in hand, checks, and cash at bank	33,939	67,819
		<b>1,315,689</b>	<b>1,280,326</b>
	<b>C. Deferred taxes</b>	<b>159,640</b>	<b>146,097</b>
	<b>D. Prepaid expenses and deferred charges</b>	<b>11,564</b>	<b>6,492</b>
		<b>4,067,710</b>	<b>3,916,931</b>

## Balance sheet as of December 31, 2002.



Note	Liabilities	2002	2001
	EUR 1,000		
	<b>A. Stockholders' equity</b>		
3	I. Capital stock	196,290	196,290
	II. Capital reserves	417,663	417,663
	III. Revenue reserves	1,193,379	1,059,790
	IV. Own shares	12,181	9,036
	V. Unappropriated income [thereof income brought forward in 2002: 311 (2001: 310)]	94,356	115,998
		<b>1,913,869</b>	<b>1,798,777</b>
4	<b>B. Untaxed reserves</b>		
	1. Valuation reserve for special depreciation allowances	39,505	36,472
	2. Other untaxed reserves	27,470	41,207
		<b>66,975</b>	<b>77,679</b>
5	<b>C. Provisions</b>		
	1. Provisions for severance payments	81,098	74,547
	2. Provisions for pensions	393,501	406,509
	3. Provisions for taxes	31,972	509
	4. Other provisions	243,115	220,853
		<b>749,686</b>	<b>702,418</b>
6	<b>D. Liabilities</b>		
	1. Long-term special financing, not shown under items 2 to 7	301	509
	2. Amounts due to banks	304,597	316,366
	3. Payments received on account	2,167	2,371
	4. Accounts payable form trade	163,504	164,815
	5. Accounts payable to affiliated companies	283,763	266,905
	6. Accounts payable to associated companies	29,468	25,881
	7. Other liabilities	355,161	368,797
		<b>1,138,961</b>	<b>1,145,644</b>
7	<b>E. Accrued decommissioning and restoration expenses</b>	<b>185,514</b>	<b>178,379</b>
8	<b>F. Deferred income</b>	<b>12,705</b>	<b>14,034</b>
		<b>4,067,710</b>	<b>3,916,931</b>
9	<b>Contingent liabilities</b>	<b>251,844</b>	<b>272,628</b>



## Statement of income.



Note	EUR 1,000	2002	2001
	1. Sales	4,678,273	4,865,945
	2. Petroleum excise tax	(1,544,419)	(1,416,103)
10	3. Subtotal of items 1 to 2	3,133,854	3,449,842
	4. Changes in inventories of finished products, work in progress and services not yet invoiced	42,964	(25,233)
	5. Other own work capitalized	14,250	12,625
11	6. Other operating income	64,387	113,945
12	7. Cost of materials and services	(2,397,650)	(2,581,720)
13	8a. Personnel expenses	(232,279)	(239,598)
14	8b. Expenses for severance payments and pensions	(71,388)	(75,401)
	9. Depreciation and amortization	(107,266)	(115,664)
15	10. Other operating expenses	(336,200)	(342,462)
	11. Subtotal of items 3 to 10 (EBIT)	110,672	196,334
16	12. Income from equity interests [thereof affiliated companies 184,306 (2001: 227,619)]	190,817	233,182
	13. Income from other securities and loans shown under financial assets [thereof affiliated companies 6,745 (2001: 6,173)]	13,889	15,907
	14. Other interest and similar expenses [thereof affiliated companies 11,780 (2001: 18,400)]	17,032	22,534
	15. Income from the disposal and write-up of financial assets and securities held as current assets	1,921	1,162
17	16. Expenses arising from financial investments and securities held as current assets	(19,612)	(37,190)
	17. Interest and similar expenses [thereof affiliated companies 30,639 (2001: 13,068)]	(66,749)	(53,611)
	18. Subtotal of items 12 to 17	137,298	181,984
	19. Income from ordinary activities	247,970	378,318
18	20. Taxes on income	(28,052)	(41,001)
	21. Net income for the year	219,918	337,317
	22. Reversal of untaxed reserves	14,971	17,662
	23. Allocation to untaxed reserves	(4,129)	(6,430)
	24. Allocation to revenue reserves	(136,715)	(232,861)
	25. Income brought forward	311	310
	26. Unappropriated income	94,356	115,998

## Statement of untaxed reserves.



EUR 1,000	As of Jan. 1, 2002	Restruc- turing	Additions	Reversals	As of January 31, 2002
<b>Valuation reserve for special depreciation allowances</b>					
<b>I. Intangible assets</b>					
1. Concessions, patents, similar rights and licenses	—	—	304	61	243
<b>II. Tangible assets</b>					
1. Land and buildings	32,385	—	3,472	735	35,122
2. Plant and equipment	—	59	—	6	53
<b>III. Financial assets</b>					
1. Investments in affiliated companies	3,997	—	—	—	3,997
2. Securities	90	—	—	—	90
	4,087	—	—	—	4,087
	<b>36,472</b>	<b>59</b>	<b>3,776</b>	<b>802</b>	<b>39,505</b>
<b>Other untaxed reserves</b>					
1. Investment allowance under section 10 Income Tax Act					
1993	83	—	—	83	—
1994	197	—	—	197	—
1995	82	—	—	82	—
1996	744	—	—	744	—
1997	3,732	—	—	3,719	13
1998	6,791	7	—	6,798	—
1999	13,827	—	—	438	13,389
2000	14,121	72	—	478	13,715
	<b>39,577</b>	<b>79</b>	—	<b>12,539</b>	<b>27,117</b>
2. Transfer reserve under section 12 Income Tax Act					
	1,630	—	353	1,630	353
	<b>77,679</b>	<b>138</b>	<b>4,129</b>	<b>14,971</b>	<b>66,975</b>

**Statement of fixed assets under section 226 para. 1  
Austrian Commercial Code.**



EUR 1,000	As of Jan. 1, 2002	Restructuring	Reclassifications
<b>I. Intangible assets</b>			
1. Concessions, patents, similar rights and licenses	104,410	243	(162)
2. Goodwill	10,779	—	—
3. Payments on account	0	—	—
	115,189	243	(162)
<b>II. Tangible assets</b>			
1. Land and buildings	641,164	946	187
2. Plant and equipment	2,418,181	3,022	(54)
3. Other fixed assets, tools and equipment	667,420	228	58
4. Payments on account and assets under construction	32,842	—	(29)
	3,759,607	4,196	162
<b>III. Financial assets</b>			
1. Investments in affiliated companies	1,169,242	—	7,267
2. Loans to affiliated companies	128,036	—	(7,267)
3. Investments	586,750	—	—
4. Securities	166,480	11	—
5. Other loans	21,437	—	—
	2,071,945	11	—
	5,946,741	4,450	—

Additions	Transfers	Disposals	As of Dec. 31, 2002	Write-ups 2002	Depreciation (cumulative)	Net book value as of Dec. 31, 2002	Net book value as of Dec. 31, 2001	Depreciation	Other depreciation 2002
5,259	—	27,654	82,096	—	58,458	23,638	32,691	4,496	—
—	—	18	10,761	—	10,716	45	61	16	—
—	—	—	—	—	—	—	—	—	—
5,259	—	27,672	92,857	—	69,174	23,683	32,752	4,512	—
11,169	384	10,972	642,878	—	366,231	276,647	284,294	16,566	158
20,594	15,105	55,401	2,401,447	—	1,967,409	434,038	451,065	52,342	355
18,939	5,344	53,997	637,992	—	509,533	128,459	147,947	33,333	—
67,423	(20,833)	—	79,403	—	—	79,403	32,842	—	—
118,125	—	120,370	3,761,720	—	2,843,173	918,547	916,148	102,241	513
45,858	—	—	1,222,367	—	526,318	696,049	643,169	—	245
89,199	—	5,000	204,968	504	27,863	177,105	128,036	—	28,195
37,178	—	6,954	616,974	—	12,097	604,877	584,653	—	10,000
7,154	—	7,301	166,344	351	15,383	150,961	158,166	—	7,419
357	—	11,859	9,935	5	340	9,595	21,092	—	—
179,746	—	31,114	2,220,588	860	582,001	1,638,587	1,535,116	—	45,859
303,130	—	179,156	6,075,165	860	3,494,348	2,580,817	2,484,016	106,753	46,372



The annual financial statements of OMV Aktiengesellschaft have been drawn up in accordance with the Austrian Commercial Code (ACC) as amended by the 1996 EU Company Law Harmonization Act and the 1997 Insolvency Law Amending Act.

In the interests of clarity, some items of the balance sheet and income statement have been aggregated. The detailed disclosures are shown in the notes to the accounts.

The annual financial statements were prepared in euro (EUR).

Presentation is in units of one thousand euro (EUR 1 thousand).

## Accounting and valuation principles

**Intangible and tangible fixed assets** are capitalized at acquisition and production costs and depreciated on a straight-line basis. Scheduled straight-line depreciation is largely based on the following useful economic lives:

Category	Useful life
Intangible assets	4–30 years
Buildings	10–50 years
Plant and equipment	4–40 years
Other fixtures and fittings, tools and equipment	4–25 years

In accordance with the provisions of fiscal law, a whole year's depreciation is allowed for **additions** in the first half of the year, and half a year's depreciation for additions in the second half.

Sustained and material **impairments** of fixed assets in excess of scheduled depreciation are recognized by unscheduled depreciation.

**Minor assets** are capitalized and fully depreciated in the year of acquisition.

Since 1999 the cost of comprehensive upgrades of large-scale plant has been accounted for by the component depreciation method, in accordance with international standards.

Expenses directly attributable to plant modernization are capitalized in the year in which they arise, and thereafter written off on a straight-line basis over the period until the next upgrade.

**Investments** are carried at acquisition cost less any permanent, material impairment. Securities held as fixed assets are carried at the lower of cost or market value at balance sheet date. In accordance with section 208 (1–2) ACC, write-ups of EUR 232,034 thousand for equity interests were unrecorded.

**Work in progress, finished goods** and purchased crude are valued according to the last-in, first out (LIFO) method, as is usual in the international oil industry. Due to the high crude oil price level the replacement value of inventories valued according to the LIFO method at balance sheet date was EUR 163,394 thousand more than the amount reported in the balance sheet. Own production of crude oil is reported at the lower of average production cost or market.

**Materials and supplies** are valued using the lower of the moving average cost or market. Safety equipment and non-standard spare parts are written down in accordance with the rate of turnover. Slow-moving inventories were previously fully written down after four years, which understated their value. At the same time the depreciation rates for individual years were adjusted to economic circumstances. This change in the valuation method had a **positive income effect** of EUR 6,762 thousand. A residual value of 25% from the fifth year onwards was therefore introduced in 2002, whilst recognizing the cost of holding stocks of safety equipment and spare parts for long periods. At the same time the depreciation rates for individual years were equalized. This change in the valuation method had a **positive income effect** of EUR 6,762 thousand.

**Accounts receivable and other assets** are stated at acquisition cost. Non-interest bearing receivables with maturities of over one year are discounted. Accounts receivable denominated in foreign currency are stated at the lower of acquisition cost or the European Central Bank (ECB) exchange rate at balance sheet date. Receivables denominated in currencies of European Monetary Union member states are valued at the irrevocably fixed exchange rates. All recognizable risks are accounted for by valuation allowances.

In the year under review **deferred taxes** arising from temporary differences were recognized pursuant to section 198 (9–10) ACC to show an economical correct financial statement. Current deferred taxes are reported under the "Taxes on income" item. The rate of taxation of deferred taxes is 34%. Deferred tax assets, net of deferred tax liabilities, are capitalized as "Deferred taxes".

Provisions for **severance payments** are calculated according to the discounted standard entry age method. The discount rate applied is 3.5%.

**Pension obligations** are accounted for by provisions for pensions and by expenses for payments to an external pension fund. The balance sheet figure for provisions for pensions is arrived at by using the standard entry age method and the tables for salaried staff of the Austrian Association of Actuaries (AVÖ 1999-P). The discount rate applied is 4%.

During the 2001 financial year OMV Aktiengesellschaft transferred the pension obligation attributable to the Gas segment to OMV Erdgas GmbH, by way of a joint assumption of debt. OMV Aktiengesellschaft continues to be responsible for the processing of pension payments.

Following this joint assumption of liability for pension obligation the breakdown of the pension provisions on December 31, 2002 was as follows:

OMV Aktiengesellschaft	EUR 393,501 thousand
OMV Erdgas GmbH	EUR 43,722 thousand

Payments to the external pension fund are reported as expenses for pensions. Payments to the external pension fund are reported as expenses for pensions. During the year under review the pension entitlements of 154 staff members, who had terminated their employment prior to 2001, amounting to approximately EUR 15.8 million, were transferred to the pension fund. In the case of defined benefit pension plans, provisions are formed or liabilities to the pension fund recognized to cover funding shortfalls and anticipated obligations to make additional contributions

The provisions for **jubilee payments** are calculated according to the discounted standard entry age method, applying a discount rate of 3.5% and the tables for salaried staff of the Austrian Association of Actuaries (AVÖ 1999-P).

All risks recognizable in the light of sound commercial judgement and contingent liabilities are provided for by forming provisions.

**Liabilities** are stated at the higher of nominal value or the amount repayable. Accounts receivable denominated in foreign currency are stated at the lower of acquisition cost or the European Central Bank (ECB) exchange rate at balance sheet date. Liabilities denominated in currencies of European Monetary Union member states are valued at the irrevocably fixed exchange rates.

On July 3, 2002, the annual stockholders' meeting of Van Sickle GmbH resolved to demerge the company's oil production operations with effect from January 1, 2002 and transfer them to the sole shareholder, OMV Aktiengesellschaft, by way of universal succession, under a demerger and takeover agreement concluded on May 28, 2002. The demerger was entered in the commercial register on September 28, 2002.

The balance sheet of Van Sickle's oil business as of December 31, 2001, was as follows:

ASSETS in EUR 1,000		LIABILITIES in EUR 1,000	
A. Fixed assets		A. Stockholders' equity	
I. Tangible assets	1,028	I. Revenue reserves	19
II. Financial assets	11		
	<u>1,039</u>	B. Untaxed reserves	139
B. Current assets		C. Provisions	59
I. Inventories	24		
II. Accounts receivable and other assets	2,347	D. Liabilities	254
	<u>2,371</u>		
C. Deferred taxes	352	E. Accrued decommissioning and restoration costs	3,291
	<u>3,762</u>		<u>3,762</u>

## Stock option plan

As in the two previous years, on May 24, 2002 the Annual Stockholders' Meeting of OMV Aktiengesellschaft approved a long-term incentive plan for the Executive Board and certain senior executives of the Group. The beneficiaries of these value related plans are granted options to acquire OMV stock on condition that certain targets are met.

Main conditions	2002 stock option plan	2001 stock option plan	2000 stock option plan
Duration	1.7.2002 – 30.6.2007	1.7.2001 – 30.6.2006	1.7.2000 – 30.6.2005
Holding period	1.7.2002 – 30.6.2004	1.7.2001 – 30.6.2003	1.7.2000 – 30.6.2002
Exercise period (see Note 4)	1.7.2004 – 30.6.2007	1.7.2003 – 30.6.2006	1.7.2002 – 30.6.2005
Exercise price	EUR 100.90	EUR 103.92	EUR 91.43
Number of options per own share held	10	10	10
Eligibility conditions:			
- Own investment, Executive Board	595 shares <sup>1</sup>	420 shares	477 shares
- Own investment, senior executives	199 shares <sup>1</sup>	140 shares	159 shares
<b>Number of options granted</b>			
Executive Board members:			
Davies	5,950		
Langanger	4,460		1,590
Roiss	5,950	4,200	4,770
Ruttenstorfer	5,950	4,200	4,770
<b>Total, Executive Board</b>	<b>22,310</b>	<b>8,400</b>	<b>11,130</b>
Former Executive Board members:			
Peyrer-Heimstätt		4,200	4,770
Schenz		4,200	4,770
<b>Total, former Executive Board members</b>		<b>8,400</b>	<b>9,540</b>
Total, other senior executives	13,430	25,200	31,800
<b>Total number of options granted</b>	<b>35,740</b>	<b>42,000</b>	<b>52,470</b>
Plan threshold	Share price of EUR 116.04	Share price of EUR 119.51	Share price of EUR 105.14 and 15% increase in ROACE compared to 1999 <sup>2</sup>
<sup>1</sup> or 25%, 50% or 75% thereof			
<sup>2</sup> in the event that the ROACE fails to attain its 1999 level during the blocking period, the average amount by which the target has been undershot is added to the target level			



Eligibility for participation in the stock option plans is subject to the following conditions:

1. Own investments must be held at plan commencement (July 1 of each year) and for the entire period until redemption. For the 2000 and 2001 plans the minimum own investment is EUR 43,604 for Executive Board members and EUR 14,535 for other senior executives. Eligibility for the 2002 plan is conditional on an own investment of at least EUR 60,000 in the case of Executive Board members and of EUR 20,000 in that of other senior executives. Under the 2002 plan the exercise of options on 25%, 50% or 75% of the maximum holding is permitted.
2. The participants' own investment, divided by the average price of the stock in May 2000, 2001 or 2002, determines the number of shares on which the number of options issued is based; participants receive ten options per own share.
3. In the event of the disposal of participants' own equity interests the option rights are forfeited. The options are not transferable and expire if not exercised.
4. Provided that the plan thresholds have been attained the options can be exercised during the 20 trading days after publication of the quarterly reports (exercise window). Evidence of participants' own investment in the Company must be furnished when exercising an option. Participants in the 2001 and 2002 plans immediately receive the corresponding number of shares upon notification of their intention to exercise of their options. The exercise price is due within 14 days of notice of exercise. Under the 2000 plan the options may be exercised by acquiring the optioned shares, by requesting payment of the difference between the current share price and the exercise price in cash, or by requesting payment in the form of shares.

The threshold (share price of EUR 105.14) for the 2000 plan was not attained during the two exercise windows in the second half of 2002, and it was thus not possible to exercise options.

Valuation of the options is according to the Black-Scholes model.

Assuming that the conditions are fulfilled during the exercise period, the fair market value of the stock option plans is as follows:

	2001 stock option plan		2001 stock option plan		2000 stock option plan	
	1.7. 2002	31.12. 2002	1.7. 2001	31.12. 2002	1.7. 2000	31.12. 2002
Total market value (EUR 1,000)	541	291	743	299	1,080	499
Calculation variables:						
- Market price of the stock in EUR	100.0	93.58	102.2	93.58	90.6	93.58
- Risk-free interest rate	4.8%	3.3%	5.25%	3.1%	5%	2.8%
- Term of the options (including blocking period)	5 years	4.5 years	5 years	3.5 years	5 years	2.5 years
- Average dividend yield	4.6%	4.6%	4%	4.1%	4%	4.4%
- Stock price volatility	21%	21%	21%	21%	28%	21%

The total cost format is used for the presentation of the income statement.

## Notes to the balance sheet

1

### Fixed assets

In the year under review fixed assets were itemized in accordance with minimum statutory requirements.

The "Land and buildings" item includes land valued at EUR 78,439 thousand (2001: EUR 78,408 thousand).

Liabilities arising from the use of off-balance sheet fixed assets were as follows:

EUR 1,000	2002	2001
Maturing in one year	15,866	17,843
Maturing within the next five years	64,052	68,785

Loans with maturities of up to one year amounted to EUR 11,849 thousand (2001: EUR 12,095 thousand). During the year under review loans with maturities of up to one year amounting to EUR 11,140 thousand were extended to affiliated companies (2001: zero).

2

### Accounts receivable and other assets

EUR 1,000	2002		2001	
	< 1 year	> 1 year	< 1 year	> 1 year
Receivables from trade	304,749	—	308,123	265
Receivables from affiliated companies	517,097	152,048	572,969	110,826
Receivables from associated companies	30,038	—	35,583	—
Other receivables and assets	11,662	961	20,315	711
<b>Total</b>	<b>863,546</b>	<b>153,009</b>	<b>936,990</b>	<b>111,802</b>

Receivables in an amount of EUR 75 thousand were secured by bills of exchange.

"Other receivables and assets" includes some EUR 2,222 thousand in amounts due after balance sheet date. This primarily relates to interest on securities and gains on the disposals of fixed assets.

3

### Capital stock

The capital stock of OMV Aktiengesellschaft is EUR 196,290,000 in the form of 27,000,000 shares of no par value.

In connection with the stock option plans approved by Annual Stockholders' Meetings over the period from 2000-2002 OMV Aktiengesellschaft has repurchased own shares as follows: 70,000 own shares at a cost of EUR 6,478,671 in 2000; 26,000 shares at a cost of EUR 2,729,256 in mid-2001; and 35,760 shares at a cost of EUR 3,532,666 in mid-2002. Towards the end of the year under review 1,590 shares were resold for EUR 148,241 in order to adjust holdings to the coverage requirements for the stock option plans; this resulted in a loss of EUR 3,424. The book value of the 130,170 shares was EUR 12,181 thousand (2001: EUR 9,036 thousand) as of December 31, 2002; this is reported as a separate item.

The Annual Stockholders' Meeting of 2001 authorized the Executive Board to increase the capital stock by up to EUR 58,160,000 by issuing up to eight million shares against cash or contribution in kind, subject to the partial or complete exclusion of subscription rights (authorized capital). This authorization was conferred for a maximum period of five years.

#### 4

##### *Untaxed reserves*

Additions of EUR 4,129 thousand and the reversal of EUR 3,786 thousand in untaxed reserves reduced the "Taxes on income" item by EUR 116 thousand in the year under review.

#### 5

##### *Provisions*

"Other provisions" largely consist of the following:

EUR 1,000	2002	2001
Decommissioning and restoration costs	10,940	14,827
Compulsory crude inventories	46,143	42,047
Personnel provisions	180,984	155,604
Other provisions	5,048	8,375
<b>Total</b>	<b>243,115</b>	<b>220,853</b>

The personnel provisions include EUR 70,706 thousand in future restructuring costs and EUR 23,633 thousand in funding shortfalls in respect of defined benefit pension plan commitments transferred to the pension fund.

#### 6

##### *Liabilities*

EUR 1,000	2002		2001	
	< 1 year	> 1 year	< 1 year	> 1 year
Long-term special financing	255	46	218	291
Amounts due to banks	89,281	215,316	58,453	257,913
Payments received on account	2,167	—	2,371	—
Accounts payable from trade	163,091	413	164,239	576
Accounts payable to affiliated companies	264,763	19,000	266,224	681
Accounts payable to associated companies	25,440	4,028	21,853	4,028
Other liabilities	240,079	115,082	220,286	148,511
[thereof taxes]	[189,915]	[—]	[169,769]	[—]
[thereof social security expenses]	[3,521]	[—]	[3,706]	[—]
<b>Total</b>	<b>785,076</b>	<b>353,885</b>	<b>733,644</b>	<b>412,000</b>

"Other liabilities" include petroleum excise tax and personnel separation expenses of which EUR 155,206 thousand is payable after balance sheet date (2001: EUR 141,171 thousand).

The investment loan to finance the refinery upgrading project, in an amount of EUR 40,833 thousand, is secured by the pledging of securities.

Liabilities against banks with maturities of more than five years amount to EUR 58,263 thousand (2001: EUR 93,200 thousand).

7

**Accrued decommissioning and restoration costs**

EUR 1,000	2002	2001
Oil, gas and storage wells	140,583	136,788
Above-ground equipment	31,036	27,172
Filling stations	9,710	9,992
Landfills	4,185	4,427
<b>Total</b>	<b>185,514</b>	<b>178,379</b>

Accrued decommissioning and restoration costs arising from oil and gas production, and the operation of filling stations and landfills are reported under this special item.

8

**Deferred income**

"Deferred income" also includes EUR 11,640 thousand in insurance payments arising from a claim relating to a refinery (2001: EUR 13,427 thousand).

9

**Contingent liabilities as per section 199 ACC**

Contingent liabilities are as follows:

EUR 1,000	2002	2001
Garanties	185,757	200,668
[thereof for affiliated companies]	[157,107]	[169,583]
Notes payable	75	14
[thereof for affiliated companies]	[—]	[—]
Other	66,012	71,946
[thereof for affiliated companies]	[66,012]	[71,946]
<b>Total</b>	<b>251,844</b>	<b>72,628</b>
[thereof for affiliated companies]	[223,119]	[241,529]

OMV Aktiengesellschaft has given an undertaking to OMV Clearing & Treasury GmbH, which runs the Group's clearing operations, to maintain its liquidity for the duration of its membership of the Group.

In connection with the disposal of Chemie Linz GmbH (now DSM Chemie Linz) the Company assumed liability for contingent environmental liabilities.

In connection with the disposal of PCD Polymere GmbH the Company assumed, inter alia, liability for contingent environmental liabilities. The total amount of the contingent liabilities in question is limited to EUR 101.7 million.

As of the balance sheet the Company was not aware of any claims arising from the above disposals.

The following **other financial commitments** are not reported under liabilities or contingent liabilities:

OMV Aktiengesellschaft has issued guarantees and letters of comfort for certain exploration, production and distribution companies in respect of the fulfillment of concession and license agreements, and of various other agreements of indeterminate amount. In connection with the disposal of PCD Polymere GmbH, OMV Aktiengesellschaft has taken out an option to acquire real estate owned by PCD in Schwechat.

OMV Aktiengesellschaft is jointly liable to make pension payments under obligations assumed by OMV Erdgas GmbH.

The shareholders of Ferngas Beteiligungs-Aktiengesellschaft are entitled to require OMV Aktiengesellschaft to purchase their shares until 2005.

OMV Aktiengesellschaft has given an undertaking to rectify any unforeseen lack of capital coverage of pension entitlements transferred to an external pension fund by making additional contributions. As of the balance sheet date there was such an obligation, amounting to EUR 23,968 thousand, in respect of the VRG VI fund.

## Notes to the statement of income

### 10

#### *Sales*

The geographical breakdown of sales excluding petroleum excise tax is as follows:

EUR 1,000	2002	2001
Domestic	2,606,095	2,830,821
Exports from Austria	323,389	367,944
Foreign	204,370	251,077
<b>Total</b>	<b>3,133,854</b>	<b>3,449,842</b>

An analysis by segment is included in the Directors' report.

The results of hedging activities are reported as net increases or decreases in sales, and under "Expenses for materials and services".

### 11

#### *Other operating income*

EUR 1,000	2002	2001
Income from the disposal and write-up of fixed assets other than financial assets	3,187	3,800
Income from the release of provisions	3,383	385
Other	57,817	109,760
<b>Total</b>	<b>64,387</b>	<b>113,945</b>

### 12

#### *Expenses for materials and services*

EUR 1,000	2002	2001
Expenses for materials	2,282,985	2,453,479
Expenses for services	114,665	128,241
<b>Total</b>	<b>2,397,650</b>	<b>2,581,720</b>

Expenses for materials chiefly comprise crude oil, petroleum products and natural gas.

**13****Personnel expenses**

EUR 1,000	2002	2001
Wages	68,632	72,606
Salaries	122,926	124,069
Statutory social security contributions, and pay-related levies and compulsory contributions	40,121	41,959
Other expenses for employee benefits	600	964
<b>Total</b>	<b>232,279</b>	<b>239,598</b>

**14****Expenses for severance payments and pensions**

EUR 1,000	2002	2001
Expenses for severance payments	9,649	13,637
Pension payments and pension fund contributions	60,333	60,859
Adjustments to pension provisions	1,406	905
<b>Total</b>	<b>71,388</b>	<b>75,401</b>

"Expenses for pension payments and pension fund contributions" include EUR 25 million in charges for personnel reduction plans, and EUR 26,386 thousand in pension fund contributions to cover a shortfall in the funding of defined benefit plans.

The breakdown of "Expenses for severance payments and pensions" is as follows:

EUR 1,000	Severance payments	Pensions
Executive Board	288	(319)
Senior executives	576	1,201
Other employees	8,785	60,857

**15****Other operating expenses**

EUR 1,000	2002	2001
Taxes not shown under item 20	29,840	34,523
Other	306,360	307,939
<b>Total</b>	<b>336,200</b>	<b>342,462</b>

**16****Income from investments**

Of "Income from equity interests" totaling EUR 190,817 thousand (2001: EUR 233,182 thousand) EUR 140,768 thousand (2001: EUR 143,887 thousand) arose from profit pooling agreements.

**17****Expenses arising from financial assets and securities held as current assets**

This item includes EUR 1,675 thousand in expenses arising from profit pooling arrangements (2001: EUR 996 thousand), EUR 7,419 thousand in write-downs of securities held as fixed assets (2001: EUR 3,540 thousand), EUR 235 thousand in write-downs of securities held as current assets, a EUR 10,000 thousand write-down of the investment in OMV Istrabenz Holding Company, and a EUR 245 thousand write-down of that in Van Sickle GmbH.

The item also includes EUR 34 thousand in losses on the disposal of securities held as financial assets and EUR 4 thousand in losses on the disposal of securities held as current assets.

**Taxes on income**

EUR 1,000	2002	2001
Taxes on income	41,243	16,201
Deferred taxes	(13,191)	24,800
<b>Total</b>	<b>28,052</b>	<b>41,001</b>

"Taxes on income" include current taxes on income for 2002 of EUR 27,393 thousand. Tax expense of EUR 15,000 less deferred taxes of EUR 1,925 carried to provide for an ongoing inspection of the integrated tax group, as well as tax income of EUR 1,150 thousand arising from assessment notices are attributable to previous years.

Current taxes on income are EUR 27,510 thousand and while deferred tax income is EUR 11,266 thousand, such that the profit on ordinary activities includes net tax expenditure of EUR 16,244 thousand.

**Governing bodies and employees**

The average number of employees was:

	2002	2001
Salaried staff	1,578	1,632
Non-salaried staff	1,271	1,353
<b>Total</b>	<b>2,849</b>	<b>2,985</b>

During the year under review the total remuneration of the Executive Board amounted to EUR 2,609 thousand (2001: EUR 4,020 thousand). Of the Board's remuneration 30.3% was performance related.

Allocation of the remuneration for the individual members of the Executive Board:

	2002
Davies	615
Langanger	515
Roiss	697
Ruttenstorfer	782
<b>Total</b>	<b>2,609</b>

Total payments to former members of the Executive Board and their surviving dependents amounted to EUR 1,613 thousand (2001: EUR 1,254 thousand). The remuneration of the Supervisory Board amounted to EUR 223 thousand (2001: EUR 219 thousand).

**Dividend recommendation**

Unappropriated income for the 2002 financial year amounted to EUR 94,356,036.80 thousand (2001: EUR 115,997,986.76 thousand).

We recommend payment of a dividend of EUR 3.50 per share (apart from own shares) or EUR 94,044,405 for the 2002 financial year, and carrying forward of the remaining EUR 311,631.80 to new account.

## Investments of OMV Aktiengesellschaft.

With an interest of at least 20%

<b>Domestic</b>		<b>EUR 1,000</b>	<b>EUR 1,000</b>
	Equity interest in %	Equity (loss) not covered by equity	Net income (loss) for the year
Adria-Wien Pipeline Gesellschaft m.b.H., Klagenfurt	55.00	11,793	1,330
Agrolinz Melamin GmbH, Linz	100.00	167,448	40,489
AUSTRIA Mineralöl GmbH, Vienna <sup>1</sup>	100.00	6,648	998
Autobahn-Betriebe Gesellschaft m.b.H., Vienna <sup>2</sup>	47.19	25	(11)
Aircraft Refuelling Company GmbH	50.00	33	(3)
Colpack Austria Brennstoffhandel GmbH, Vienna	50.00	5,930	271
Erdöl-Lagergesellschaft m.b.H., Lannach	55.60	(31,155)	3,866
GENOL Gesellschaft m.b.H., Vienna	29.00	38	1
GENOL Gesellschaft m.b.H. & Co, Vienna	29.00	1,400	2,138
OMV Erdgas GmbH, Vienna <sup>1</sup>	100.00	137,796	73,180
OMV – International Services Ges.m.b.H., Vienna <sup>1</sup>	100.00	37	41
OMV (PAKISTAN) Exploration Gesellschaft m.b.H., Vienna <sup>1</sup>	100.00	(39,381)	(1,039)
OMV PEX Öl und Gas Exploration Gesellschaft m.b.H., Vienna <sup>1</sup>	100.00	56,556	61,648
OMV Proterra GmbH, Vienna <sup>1</sup>	100.00	3,151	1,122
OMV Service Netzwerk GmbH, Vienna <sup>1</sup>	100.00	3,800	3,689
POLYFELT Gesellschaft m.b.H., Linz	100.00	37,813	2,405
van Sickle Gesellschaft m.b.H., Neusiedl an der Zaya <sup>1</sup>	100.00	814	(606)
VIVA Tankstellenbetriebs-GmbH, Vienna <sup>1</sup>	100.00	35	(74)
WÄRME-ENERGIE VORARLBERG Beratung- und Handels GmbH, Lustenau	79.67	1,854	259

<b>Non-domestic</b>			<b>1,000</b>	<b>1,000</b>
Abu Dhabi Petroleum Investments LLC, Abu Dhabi <sup>2</sup>	25.00	USD	99,687	4,776
Amical Insurance Limited, Douglas	100.00	EUR	19,283	(2,180)
IOB Holdings A/S, Kopenhagen <sup>2</sup>	50.00	DKK	4,790,932	(194,758)
Istrabenz holdinska druzba, d.d., Koper <sup>2</sup>	25.00	SIT	29,260,366	3,345,226
OMV AUSTRALIA PTY LTD., Perth	100.00	AUD	59,757	(10,557)
OMV Bulgarien EOOD Einmangesellschaft mbH, Sofia	100.00	BGL	40,873	1,130
OMV Deutschland GmbH, Burghausen	100.00	EUR	113,648	10,644
OMV EXPLORATION & PRODUCTION LIMITED, Douglas	100.00	USD	(573)	(1,076)
OMV Hungária Asványolaj Kft., Budapest	85.00	HUF	12,993,094	2,565,296
OMV ISTRABENZ Holding Company Plc., Koper	50.00	SIT	21,256,208	(2,622,166)
OMV – JUGOSLAVIJA d.o.o., Belgrade	100.00	YUM	258,173	(89,101)
OMV OF LIBYA LIMITED, Douglas	100.00	USD	47,523	14,421
OMV Slovensko, s.r.o., Bratislava	100.00	SLK	1,227,367	87,438
OMV Supply & Trading AG, Zug	100.00	USD	40,474	7,404