AD-HOC REPORT
In compliance with Law no. 297/2004 and Regulation no.1/2006 of CNVM

Date of report: **March 25, 2011**
Name of issuer: **OMV PETROM S.A.**
Headquarters: **Bucharest, Calea Dorobantilor nr. 239 sector 1**
Telephone/fax number: **+40 372 429082/ +40 372 868518**
Sole registration number at the Trade Register Office: **1590082**
Fiscal attribute: **R**
Trade Register Number: **J 40/8302/1997**
Share capital: **5,664,410,833.5 RON**
Regulated market on which the issued shares are traded: **Bucharest Stock Exchange**

Significant event to be reported:

Petrom took the decision to permanently close the Arpechim refinery

- **In 2010, the Arpechim refinery operated only 3 months for economic reasons**
- **A sale of the refinery – which was also an option - is not feasible**
- **Several refineries in Europe are closed or announced to be closed**
- **Site will be partially converted into a crude and fuel storage**
- **Employees will benefit from severance payments and other social protection measures**

Petrom, the largest oil and gas producer in Southeastern Europe, announces the decision to permanently close Arpechim refinery. The decision was taken in the Supervisory Board meeting that took place on March 24, 2011, and is in line with Petrom's strategy to maximize the integration value of the company and to increase efficiency. The sale option, which the company investigated in the past year, is not feasible as no credible buyer was identified that would have the experience and financial resources necessary to safely and sustainably operate the refinery. On the other hand, Arpechim refinery is a challenging investment case considering that it is a landlocked refinery needing to import crude oil and mainly exporting finished products. In Europe, a series of other refineries that are more technologically advanced and better positioned than Arpechim face the same situation and are already closed or not operating.

Neil Anthony Morgan, member of Petrom Executive Board, responsible for Refining: "The two options evaluated up to this moment for Arpechim were closure or sale. The proposal to permanently close Arpechim came after we made efforts to identify a buyer, capable of performing the necessary investments in order to operate the refinery safely and sustainably. In addition to the fundamental economic challenges of a small, inefficient and landlocked refinery, the international industry environment also provides an unfavorable context, with several refineries closed or about to be shut down in Europe, after unsuccessful attempts for their sale."

It is expected that total refining capacities in Europe will be reduced significantly in the years to come in order to adjust to the market development. Romania is also characterized by a refining overcapacity. In 2010, the aggregated utilization rate of refining capacities in Romania was around 40%, given the fact that only 4 refineries were on stream out of the existing 10 refineries operating in previous years.

Considering the context and the medium and long term outlook for the Romanian and international refining industry, characterized by a very low margin level and capacity surplus, during 2010 Arpechim was operated on "as needed" basis. The flexible

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operation of the refining assets, with Arpechim being closed for economic reasons for around 9 months and the optimization of the supply activities contributed remarkably to the improvement of the R&M results.

This decision will not adversely impact the supply of the Romanian fuel market.

Following permanent closure of the refinery, a number of tanks, logistic infrastructure and auxiliary facilities will continue to be operated as a terminal. To this end, a corresponding number of employees will continue to perform activities. In the coming period, the management will evaluate further potential synergies related to asset utilization.

The employees who will be affected by this decision will receive severance payments, with amounts varying according to seniority. In addition to such severance payments, Petrom has committed itself to bear costs for re-qualifications courses that the former employees might apply for. Furthermore, the company supports the laid-off employees in view of their re-integration in the labour market, by means of the Outplacement Centres. Those were set up to offer, depending on personal options, services for reintegration on the labour market or counselling for starting their own business.

The total value of severance payments and other social protection measures will amount up to EUR 10 mn.

About Arpechim

Situated in an industrial area in the south of Romania, near the city of Pitesti, Arpechim has a nameplate capacity of around 3.5 mn t/year. Arpechim was initially designed as part of a petrochemical complex; the first installation was inaugurated in 1964 and in 1971 the refinery was integrated into the petrochemical complex.

Petrom Group

Petrom Group is the largest oil and gas group in Southeastern Europe, with activities in the business segments of Exploration and Production, Refining and Marketing as well as Gas and Power. The Group consolidated its position on the oil market in Southeastern Europe following a far-reaching modernization and efficiency increase process whereas investments accounted for more than EUR 6 bn during the last six years. In Romania and Kazakhstan, the Group exploits proved oil and gas reserves of approximately 832 mn boe (in Romania 805 boe) and has a maximum annual refining capacity of 8 mn tonnes.

On the distribution market of oil products, Petrom Group is present through a network of approximately 800 filling stations, operated under two brands, Petrom and OMV. The activity in Romania is performed through OMV Petrom Marketing, 100% owned by Petrom. OMV Petrom Marketing operates 546 filling stations, out of which 389 are Petrom and 157 OMV. The Group also owns an international network of approximately 250 filling stations, located in Republic of Moldova, Bulgaria and Serbia.

For the Group's sustainable development, its strategy includes business diversification by approaching the power market. In this context, Petrom is building an 860 MW gas fired power plant in Brazi and acquired the project for the construction of a 45 MW wind park. In 2010 the Group's turnover was EUR 4,421 mn, EBIT was EUR 709 mn.

OMV, the leading energy group in the European growth belt holds a 51.01% share in Petrom. OMV is active in 13 countries in its Refining and Marketing business segment and in 16 countries on four continents in Exploration and Production. Ministry of Economy holds 20.64% of Petrom shares, Property Fund SA holds 20.11%, the European Bank for Reconstruction and Development 2.03% and 6.21% is free float on Bucharest Stock Exchange.

Mariana Gheorghe
Chief Executive Officer

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