

Bucharest  
September 20, 2006

## **PETROM IS COMMITTED TO ENSURE THE ROMANIANS GAS SUPPLY AT REASONABLE PRICES**

- ▶ **Petrom sells its gas only in Romania**
- ▶ **Petrom's gas prices are significantly below the import prices**
- ▶ **The domestic price represents only 30% percent in the final price to the captive market**

Petrom, the largest oil and gas producer in the South East Europe, pays a great importance to the gas activities. The development strategy for this segment until 2010 aims at obtaining a gas sales volume of more than 7 billion cubic meters in Romania and at reaching a market share of more than 35%. Petrom plans substantial investments and an increase in its gas production. In addition, Petrom has developed a strategy regarding distribution channels, efficient organization of sales and establishing long-term relationships with clients.

The Romanian gas market is split in captive customers and eligible customers. The captive customers represent around 25% of this market, and the prices for this segment are regulated by ANRGN. The rest of 75% from the market is represented by the eligible customers and for this segment the price is formed based on the market economy mechanisms and following negotiations between gas producers and gas suppliers.

Currently Petrom sells its gas only in the Romanian market and receives a price of around 45% of the Russian gas which is being imported to Romania.

Due to the fact that Romania will be joining the EU most likely by 2007, Petrom has recently adapted prices slightly to a level which still represents less than a half of the import prices.

Petrom is fully committed to ensure that the captive market is being supplied with Romanian gas. Petrom has already shown in the past that this is an absolute priority and has contracted sufficient storage capacity. Moreover, the company is fully aware of the social implications of any gas price increase in Romania and has offered, on several occasions, to find solutions to specifically protect this captive market for a transition period.



Out of the final price to the captive market approved by ANRGN, only a portion of 30% relates to the domestic price, while the remaining 70% relates to import price, distribution, storage and taxes.

As a responsible company, Petrom takes all the measures in order to ensure the Romanians gas supply. Therefore Petrom will invest significantly in securing the gas production and to increase the efficiency in the gas segment.

## **Background Information**

### **Petrom SA**

Petrom is the largest Romanian oil and gas group, with activities in the business segments of Exploration and Production, Refining and Petrochemicals, as well as Sales and Marketing. Petrom has estimated oil and gas reserves of 1 billion boe, an annual refining capacity of 8 million metric tons and around 550 filling stations in Romania. The company also has an international network with 82 filling stations located in Moldova and Hungary. This network was increased by 178 OMV premium stations in Romania, Bulgaria and Serbia-Montenegro, acquired in January 2006. In 2005 the turnover of Petrom was EUR 2,970 million, EBITDA was EUR 766 million. Following the share capital increase OMV, the leading oil and gas group in Central Europe holds a 51,011% share in Petrom. OMV is active in Refining and Marketing, Exploration and Production, Gas as well as Chemicals in 28 countries on five continents. The Romanian state holds 30.862% of Petrom shares, Property Fund SA holds 9,887%, the European Bank for Reconstruction and Development, 2.026% and 6.214% are owned by minority shareholders.

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