keywords: other/OMV/oil/gas/energy

euro adhoc: OMV Aktiengesellschaft / other / OMV revokes declaration of intent to combine OMV and MOL

06.08.2008

- OMV revokes its intention published on September 25, 2007 to make an offer to shareholders of MOL of HUF 32,000 per share
- The European Commission has indicated that it would not accept commitments that OMV had proposed; since other commitments would be unacceptable to OMV, OMV has decided to withdraw the merger notification filed with the European Commission on January 31, 2008
- Further pursuit of proposed combination with MOL under given conditions would be against OMV´s economic and strategic rationale
- OMV continues its successful growth strategy in Central Europe

On September 25, 2007, OMV publicly announced that it would be in a position to make an offer to shareholders of MOL of HUF 32,000 per share once certain impediments to achieve voting control over MOL would have been removed. Today, OMV revokes its intention to make an offer to shareholders of MOL. Accordingly, OMV has decided to withdraw the merger notification filed with the European Commission on January 31, 2008.

On June 16, 2008, the European Commission issued a Statement of Objections, outlining its concerns regarding OMV´s potential combination with MOL. OMV does not share these concerns and has submitted its observations on the Statement of Objections. Nonetheless, OMV proposed commitments that OMV would have been willing to offer. The European Commission has, however, indicated that these commitments would not be acceptable. OMV is not prepared to offer more far-reaching commitments without jeopardizing the economic and strategic rationale for the transaction. Therefore, the Board of OMV has decided today to revoke OMV´s intention published on September 25, 2007 to make an offer to shareholders of MOL of HUF 32,000 per share and to withdraw the merger notification that OMV had filed with the European Commission on January 31, 2008.

"In addition to the sale of retail stations in various countries, OMV had proposed a `shared-refinery´/cost center model to address the Commission´s principal concerns regarding the concentration of refining capacity across the region," said Gerhard Roiss, OMV´s Deputy Chairman and responsible for Refining and Marketing. "OMV proposed the creation of a refinery centre, in which an independent third party could have held a capacity share with a share in corporate governance equal to OMV." The proposal included the integration of the Schwechat and Slovnaft refineries, which are only 55 km apart from each other, creating one refinery complex. Such a commitment would have allowed the independent buyer access to significant refining capacity and products, crude transport facilities, storage infrastructure, the ability to sell product at highly competitive terms and, therefore, to become a strong competitor throughout the region. This is an existing business model elsewhere in Europe. For example, OMV already shares refining capacity along with BP, ENI and Ruhroil at the Bayernoil refinery network.

"The EU has stated the need for a common European energy policy and to support a policy of creating stronger European energy companies to ensure the security of supply for the region - fundamental objectives for our proposed combination with MOL," said Wolfgang Ruttenstorfer, Chief Executive of OMV.

"We strongly believe in our original rationale for a strategic alliance with

MOL. The combination of both companies would have significantly enhanced the security of energy supply throughout the region through both greater diversification of crude oil supply, as well as the greater scale in upstream to generate additional growth of the combined resource base," stated Wolfgang Ruttenstorfer.

An immediate benefit of the combination with MOL would have been the creation of a more efficient downstream business. OMV believes that increased efficiency, together with optimizations both at corporate level and in the upstream, gas and petrochemical divisions, would have helped the combined group to deliver total pre-tax synergies of approximately EUR 400 mn per annum.

"OMV has a core principle to only follow and implement value accretive deals. We pursued our goal as long as there was a reasonable chance that such a transaction would meet our disciplined criteria for value generation. Given the indication from the European Commission that it would not accept our remedy proposal, OMV´s board has concluded that such a merger would not fulfil our standards." Ruttenstorfer added.

OMV continues to believe strongly that consolidation in the Central European oil and gas industry will continue. OMV is now considering various options to maximize the value of its 20.2% stake in MOL and to benefit from value creation in the consolidation process.

As an active shareholder in MOL, OMV will continue to seek ways that ensure the best principles of corporate governance are applied. Therefore, the law suits regarding MOL´s corporate governance will be continued.

OMV´s desire to achieve a combination with MOL has always been independent from its strategy for the growth of the existing businesses - as an integrated oil and gas company. OMV´s business remains firmly on track to deliver the targets that have been set through to 2010. OMV remains focused on delivering its strategy and continuing to play an active role in the growth region of Central Europe. In addition, OMV´s diversified geographic portfolio of upstream assets continues to provide OMV with real strength, with new developments in New Zealand, Kazakhstan, Austria and Yemen in the second half 2008.

Further inquiry note:
OMV
Investor Relations:
Ana-Barbara Kuncic
Tel. +43 1 40 440-21443; e-mail: investor.relations@omv.com
Press:
Bettina Gneisz-Al-Ani
Tel. +43 1 40 440-21660; e-mail: bettina.gneisz@omv.com
Thomas Huemer
Tel. +43 1 40 440-21660; e-mail: thomas.huemer@omv.com

Internet Homepage: http://www.omv.com

emitter: *OMV Aktiengesellschaft*
Otto-Wagner-Platz 5
A-1090 Wien
phone: *+43 1 40440/21600*
FAX: *+43 1 40440/29496*
mail: *investor.relations@omv.com*
WWW: *http://www.omv.com*
sector: *Oil & Gas - Downstream activities*
ISIN: *AT0000743059*
indexes:
stockmarkets:
language: *English*