

November 11, 2005

**To His Excellency Jonathan Scheele
Head of Permanent Delegation of the European Commission to Romania**

Your Excellency,

We are writing to you in your capacity as the Head of European Commission's Permanent Delegation to Romania to present the main problems faced by Rompetrol for a long time now in its interaction with the Romanian State. Our initiative stems from the very important role conferred to you by your mandate as head of the Delegation, that of monitoring the general political, economic, social and legislative evolution, and especially of those developments with impact on Romania's preparedness for accession to the European Union, including a functional justice system.

The purpose of this letter is to:

- a) briefly present 18 months of prosecutorial abusive conduct, during which rights and interests of Rompetrol and its management (including myself) were repeatedly violated, both from the point of view of domestic legal provisions and international treaties to which Romania is a signatory;
- b) reveal clues which might determine immediate commencement of an appropriate investigation, that such breaches of law were and are part of a concerted and premeditated plan to restrict or eliminate The Rompetrol Group from the market, in relation to which, certain persons in Prosecutor's Office seem to closely collaborate with interested competitors of the Rompetrol Group, in a sustained effort to damage Rompetrol's reputation and interests;
- c) to respectfully request, based on your mandate, to contribute through necessary warnings, including in writing to the Prosecutor's Office, in order to remedy such a situation, without referring to concrete aspects of the file, in order for prosecutors to adopt an appropriate conduct and in accordance with legal requirements. The request should include, if you agree upon such a delicate issue, the clarification that prosecutors are not evaluated mainly according to the number of convictions they determine irrespective of methods they use, but in the same time according to their best efforts in respecting procedural guarantees of the right to defense and the impartial allocation of resources in criminal investigation activities.

To ensure that you are fully informed, we attach a Memorandum which presents the main elements of the situation surrounding Rompetrol, well aware of our responsibilities and the impact that the proper functioning of our company has on the Romanian economy, the society, and not least on Romania's regional role (Annex 1).

We believe that the resolution of all judicial aspects in this case following the letter of the law, especially in full compliance with the constitutional principle regarding the presumption of innocence during an investigation (art. 23, paragraph 11) is of general interest for the proper functioning of state agencies, and, at the same time for Romania's integration process into the European Union.

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This initiative does not only represent the management's position, but also that of the employees of one of the most important Romanian private corporations, exclusively preoccupied to clarify any aspects of our activity, which has become an essential condition for the correct resolution of this situation and the continuation of Rompetrol's development process. We assure you that, from our perspective, we will continue to cooperate with the relevant authorities, as we have done until now, in order to clarify all these issues.

In view of all these elements, on behalf of the Rompetrol Group, we are asking you, based on the stipulations of the European Agreement, and of the Accession Treaty already signed, as well as in observance of the EU Commission Permanent Delegation mandate and of other international treaties to which Romania is a signatory, to acknowledge the facts presented herein and, in accordance with the role you fulfill and in observance of democratic values and EU standards, to monitor the taking of urgent measures so that the systematic violation of the rights of Rompetrol and its management ceases, and that the investigation is performed and finalized in a prompt and transparent manner, and with respecting Rompetrol's right to a just and equitable treatment.

Dinu Patriciu,
Chairman and CEO of The Rompetrol Group



November 11, 2005

MEMORANDUM

The current Memorandum refers to the main problems faced by Rompetrol in its interaction with the Romanian State during the past several years. Our main goal is to assure a complete understanding of all the facts, an understanding of consequences in the spirit of the law and of the public interest, as well as finding a resolution to all judicial issues in this case in accordance with the laws of the country.

This initiative represents our take on issues as the management of one of the most important private corporations in Romania. We are well aware of the responsibilities our corporation has due to its size and the impact its effective functioning has on the Romanian economy, the influence on the population and not least on the regional role of Romania. To exemplify this please see the data in Annex 1. We would like to stress from the beginning that we do not intend to refer to commercial or civil litigations Rompetrol Group has with various private companies or with the Romanian State.

The only reason for our initiative is to ensure that the correct application of the law and the resolution of any problem regarding Rompetrol, is a topic of interest for State agencies and at the same time for Romania's process of European Union (EU) integration. This is why the fact that the Romanian Presidency, the Parliament, The Supreme Council of Magistrates, the Government, and the EU Delegation will benefit from receiving the same data and issues referring to Rompetrol, as presented herein, represents an essential condition to ensure transparency, common comprehension, and a united effort so that these issues are resolved in a correct manner.

In this respect, our request is to ensure the actual application in practice of the presumption of innocence as far as we are concerned, and equally in the case of any other company or citizen. We assure you that we will continue to fully cooperate with the relevant authorities, as we have done until now, in order to clarify any legal aspects surrounding the activity of our company.

This request comes as a result of the manner in which the investigations in the Rompetrol file have progressed so far under the National Anticorruption Prosecutor (PNA) and the General Prosecutor of the High Court of Justice (PICCJ).

From the very beginning we would like to point out that the investigation file is based on a report released in March 2004 by the Presidential Administration— Report DSN/C/106/2004, a report that bears the header of the Presidential Administration, the National Security Department.

This Report, which contains various allegations (with criminal implications) concerning the privatization process and the post privatization activity of Petromidia, was commissioned



and then approved by Mr. Ioan Talpes, at that time the National Security Advisor of the Presidential Administration.

With significant delay, on May 27, 2004, PNA admitted through a resolution signed by PNA General Prosecutor, Mr. Ioan Amarie, that *„following a notice received from the Presidential Administration [...] a file was registered [...] concerning the privatization of SC Petromidia SA and the application of the privatization contract”*.

This Report contains categorical accusations, which lack factual fundamentals and which, at times, tend to replace the business rationale and logic of the Rompetrol management. Despite the general unclear wording of the Talpes Report, **what clearly transpires from the methodology and tone of the Report is that it is meant to draw a certain conclusion and bring about one result: the cancellation of the privatization contract of Petromidia. The Report aims to discredit the Rompetrol Group as the buyer of Petromidia and makes various alleged claims determined to void the privatization contract.**

A very sensitive issue is brought up by the official request (nr. 26056/26.05.2005) through which Rompetrol asked the Presidential Administration, on the grounds of Law 544/2001, for access to documents and information used to compile this Report *„to be able to use them as part of our defense rights during the criminal investigation”*. At the same time, Rompetrol pointed out the *„blatant contradiction between the official mission of the National Security Department and the real focus it had, which places the Presidential Administration in an inexplicable position [...] and brings serious prejudices to the image of the presidential institution as well as to the legitimate interests of the company”*. The request was not answered.

A development following the issuing of the Report was a Parliamentary debate on the „Oil Mafia” introduced by the MPs of Romania Mare Party (PRM). The debate ensured large scale publicity for the accusations contained in the Report: ***„experts from the Presidential Administration have produced [...] a real indictment of the huge frauds committed at SC Petromidia SA, which, unfortunately, had no effect, being covered by the Law of Silence (Omerta), [...] requesting the Government [...] to cancel the shares purchase contract of SC Petromidia SA no. 29/31.10.2001”***. It is also of note that on Nov. 14, 2000, two weeks after the Rompetrol Group was declared the new owner of Petromidia through privatization, another initiative was debated in the Parliament aiming to remove the Rompetrol Group from Petromidia.

In March 2004, Rompetrol found out through a PNA press release that PNA opened a criminal file regarding the Petromidia privatization. Rompetrol also learned from another PNA press release on May 31, 2004, that on May 28, 2004 PNA started a criminal investigation *in rem* (meaning an investigation of corruption deeds, without establishing the identity of the corruption perpetrators), regarding the Petromidia privatization.

Despite the fact that the identity of those targeted was very obvious given the purpose of the criminal investigation (i.e. the Petromidia privatization) PNA did not start the investigation *in personam* (identifying the perpetrators) avoiding in this manner the



activation of procedural guarantees stipulated by the Criminal Procedure Code and by international conventions.

We stress that the representatives of Petromidia management requested repeatedly from PNA access to the contents of the criminal investigation file, as well as to the criminal investigation documents attached to the file without notification of the individuals considered to be the perpetrators. These requests filed with PNA on March 29, 2004, April 21, 2004, April 27, 2004, May 4, 2004, May 11, 2004, May 18, 2004, May 26, 2004 and others, were based on the Romanian Criminal Procedure Code, the Constitution and international treaties. We never received any answer.

On Oct. 7, 2004, the PNA General Prosecutor declared on television at Realitatea TV that in the Petromidia file the prosecutors „concluded, based on expert reports, that there were no corruption dedds of PNA’s competence,” and thus the criminal investigation was stopped and the file was transferred to the General Prosecutor (PICCJ). **As a consequence, based on current legislation, in October 2004, representatives of the company requested again a written notice confirming the closure of the criminal investigation by PNA in the Petromidia case. PNA again did not reply to this legitimate request.**

During this entire process, the company and its management found out information about accusations against shareholders and administrators of the company, about the evidence that PNA had, and about the development of the investigation from press releases issued by the PNA to the general public on March 24, 2004, March 29, 2004, April 19, 2004, May 31 2004, etc.

The public statements issued through these PNA press releases (the majority of which were literally copied from the Talpes Report) had an conclusory character, violating in this manner the presumption of innocence stipulated in the Romanian Constitution, the European Convention for Human Rights (ECHR), and the Criminal Procedure Code.

Below are some clear examples:

- *“PNA prosecutors have data and reasons to believe that several companies that conducted business with [...] Petromidia, processed illegally, empirically, more than 400.000 tones of low quality crude, and in some cases even of petroleum waste, which they later sold as premium gasoline and diesel fuel”;*
- *„... anticorruption prosecutors are analyzing [...] the cancellation without proper documents of payment obligations, as well as the ways in which conditions were created for the transfer of Petromidia profits to other companies [n.b. and not if a transfer of profits to other persons occurred], [...] as well as the way in which the share capital was increased and through this the makeup of the shareholding structure was changed [n.b. and not if an inappropriate capital increase occurred (having as natural effect a change in the shareholding structure)], [...] as well as the correlation of imports of feedstock with the export of processed products [n.b and not if there was any incident in the circuit of the processing and of the foreign trade activity]”;*



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- *also, it results that [n.b considering that the criminal investigation was just commenced, and that evidences were to be gathered and administered, evidences which finally proved the contrary, the investigation being dropped] the general privatization and cost terms, the guaranteeing of the payments and meeting of terms and conditions, were significantly below those requested, in so far as the guarantee was formal and the entire stock was sold without keeping one control share. Also, the rescheduling of the payments for the shares was made without the an express mandate to do so [n.b also considering that the criminal investigation was just commenced, and it has as object exactly the verification of such clues]...The prejudice established so far are estimated to reach 300 million USD, representing the difference in the assets, as well as 450 million USD representing fictitious capital share increases [n.b. prior to verifying within the judiciary activity, a prejudice is "established", of which calculation remains unknown]" etc.*

Not only that these statements were made without taking into account the presumption of innocence guaranteed by internal laws, but they also constituted a violation of the magistrates' obligations stipulated by Law nr. 303/2004 regarding the status of the magistrates, which prevents prosecutors from making public statements on the cases they deal with.

During this time, in various occasions, PNA issued orders for lifting of documents, asking banks and auditors of Rompetrol *all* documents related to *all* banking transactions of The Rompetrol Group NV and its affiliates (without specifying a certain period of time), thus violating the legal framework under which investigation authorities have the duty to collect relevant information and specifically only the data in connection with the object of the criminal investigation.

In September 2004, PNA transferred the file to the **General Prosecutor Office (PICCJ)**. Two months later, the prosecutor that handled the file at PNA is transferred from PNA to PICCJ and takes over the criminal investigation in the Petromidia file.

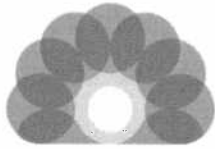
PICCJ, based on the same facts investigated by PNA, decides to start a criminal investigation *in personam* against individual managers of Petromidia in connection with the privatization contract and the post privatization activity of the company.

On January 17, 2005, PICCJ issued a press release announcing the initiation of criminal proceedings, through which it suggest to the public that Petromidia is considered to be an entity connected to „organized crime area“ that PICCJ is investigating. This statement is also in blatant violation of prosecutors' obligation of refraining from making public statements on the cases they instrument.

In subsequent press releases, PICCJ made other conclusory statements, again largely copied verbatim from the Talpes Report, in violation of the presumption of innocence stipulated by domestic and international legislation:

Some of the statements were:

- *„...it is concluded [n.b. at the moment the criminal investigation commenced, therefore prior to the verification through proper evidences] that part of the sums*



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brought as share capital to Petromidia SA were utilized by The Rompetrol Group BV of Holland in its own interest”;

- *it transpires that the obligations under the privatization contract to increase the share capital from its own resources or from sources attracted by the buyer, at SC Rompetrol Rafinare SA, was in fact conducted from money owed to the state budget, details which to the extent they were known to AVAS (privatization state agency) would have lead to the application of clause IV, stipulated in the contract, having as a consequence the return of the Romanian State as the majority shareholder at SC Rompetrol Rafinare SA [n.b. a series of assumptions which should have been previously verified within the judicial activity, the criminal investigation having as role exactly the verification of such “clues”, otherwise, if all such deeds were conclusory established at the moment the criminal investigation was commenced, the prosecutor should have been obliged to immediately pass the case to a judge, for criminal trial]”;*
- *it was acknowledged that this quantity of gasoline was „loaned” to SC Rafo SA Onesti, without legal delivery documents, in fact concluding a „hidden trade” etc.*

Rompetrol and its management fully cooperated with the PICCJ, in an effort of dismantling the image transmitted to the public that the Rompetrol Group is a priori guilty as charged. We voluntarily came to all hearings, offered written declarations and explanations, and answered questions that often had nothing to do with official and/or publicized accusations.

Despite all these, the PICCJ conducted the investigation in a manner totally lacking transparency and violating the procedural guarantees stipulated by the Romanian law, as well as the international standards, by adopting measures such as:

- **Groundless infringement in the right to free movement.** During the period March – April 2005, the Petromidia administrators, directors and censors were initially forbidden to travel abroad, thus being violated the stipulations of the Romanian Constitution, the provisions of the Treaty on Romania’s accession to the European Union (Annex VII on the right to free movement), Directive 2004/38/CE of the European Parliament and of the EU Council dated April 29, 2004 and the Government Ordinance no.65/1997 on the passports regime. Later on, in breach of the same legal provisions, the right to use the passport was officially suspended, thus limiting the ability to monitor the international operations of the group and their expansion.

- **Unjustified disregard of the acknowledgement documents issued by the relevant authorities (certificates issued by the FPS/APAPS/AVAS, the official conclusions of the BVB and CNVM investigations, etc).** When accusing the Rompetrol management of fraud, **the PICCJ prosecutors totally ignored the certificates issued by AVAS that were certifying the fact that Rompetrol met the investment obligations assumed under the Petromidia privatization contract.** Given the AVAS stand, the PICCJ magistrates’ insistence to “analyze” the issue seems totally unjustified, taking into consideration the fact that AVAS is the relevant authority in certifying the fulfillment of the obligations assumed by the privatization contract and also the fact that

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such certificates are not issued easily. **In a similar manner, in the case of the prosecutors' investigation of the accusation of manipulation of the capital market, the official conclusions of the BVB (Bucharest Stock Exchange) and CNVM (National Commission for Securities) investigations, concluded one year ago, were ignored.** The conclusions were stating that there had been no violations of the capital market laws or stock exchange regulations, despite the information notes of the SRI (Romanian Intelligence Service) that were stating the contrary and were published in the press.

- **Unjustified and discriminatory measures taken regarding operations run by the entire refining sector.** Petromidia is at the moment the only refinery whose managers and censors are accused by the PICCJ of having conducted some technological operations, determined by the manner in which the warehousing and handling system of the state owned operator Oil Terminal functions, which were in fact a generally accepted practice followed by all market operators.

- **Totally unjustified disregard of some final Court rulings.** Thus, PICCJ brought charges of tax evasion against the Petromidia management and censors, regarding the failure to pay certain excises, while totally disregarding the fact that the respective conduct of Petromidia had been imposed by an irrevocable Court ruling of the Craiova Court of Appeal. Moreover, **in the ordinance that started the criminal investigation, the prosecutors stated that the Craiova Court of Appeal had ruled that the excises in question had been owed to Petromidia, while in fact the Court ruling stated exactly the contrary.**

- At the same time, the PICCJ had brought charges of fraud against some Rompetrol managers, saying that Rompetrol SA did not meet the necessary terms to participate in the 1999 VEGA SA privatization process, on grounds that the FPS held a participation of over 10% in Rompetrol SA when the offer was presented. **By acting in this manner, the PICCJ once again ignored an irrevocable Court of Appeal ruling, that had decided that Rompetrol SA met all necessary obligations in view of participating in the Vega SA privatization process, including the issue of the FPS's share stake in the company.**

- **Launching accusations of fraud and money laundering while ignoring evidence according to which the situation had in fact been settled according to law, as a civil matter.** PICCJ also brought charges of fraud and money laundering against some Rompetrol managers. It was stated that Rompetrol SA did not pay to the State budget certain amounts collected from Repsol SA following a rights and obligations assignment contract arising from another exploration and production sharing contract drawn between a subsidiary entirely held by Rompetrol and the Libyan National Oil Company.

Noteworthy is the fact that these charges are made under the circumstances when it is well known that when Rompetrol SA turned into a commercial company, all rights and obligations of the former state owned company were taken over by Rompetrol SA, and not



by the Romanian state. Following the privatization all company assets became the property of individual shareholders who participated in the privatization process, in exchange of a price that was negotiated and fully paid. As a consequence of this process, the receivable from the operations with the Libyan National Oil Company having as owner Rompetrol SA, was correctly collected and declared as income, the claim for its transfer to the state being outside any legal or economic reasoning. **PICCJ made the above mentioned accusations against the Rompetrol management despite the fact that the magistrates were or should have been informed about the fact that Rompetrol SA had made its stand known in a very clear manner to the Ministry of Finance, in December 1999, position that the Ministry of Finance did not object to.**

At the same time, we would like to emphasize with great concern the illegal and profoundly abusive measure recently taken, which was widely debated by the media, of **the PICCJ requesting banking data regarding not only the persons charged in the Petromidia case. The request also includes third parties, such as many members of the current Rompetrol management, but also attorneys of the investigated persons in the Petromidia file (which sadly reminds us of the attorney intimidation measures taken in the Yukos precedent). These persons were not officially communicated to be under investigation, a legal condition without which the measures of verification/monitoring of bank accounts is not possible.**

We would also like to point out that, despite the banks have been requested specific banking data about all banking operations made by these individuals during the period 2001-2005, the PICCJ press release issued through Mediafax on November 3, 2005 mentioned that "DIICOT requested the banks to monitor the bank account of 60 individuals". We emphasize that the measure of monitoring bank accounts may only envisage gathering evidences regarding the bank activity of an investigated person **for a future period of 30 days** (and not in respect of the last five years).

Violation of the legal proceedings and procedural guarantees in the attempt to arrest The President of the Rompetrol Group. Obviously, the harassment conducted by PICCJ focused on the President of the Rompetrol Group. It should be pointed out that this attitude persisted despite the fact that in view of total transparency and cooperation with the investigators, Mr. Patriciu *voluntarily* participated in five hearings at the PICCJ office.

During the hearing held on May 26, 2005, by blatantly disregarding procedure, and in violation of certain specific Constitutional, ECHR and criminal procedure Code provisions, the prosecutors: refused to grant time for the preparation of defense on the new accusations made against the President of the Group on the very same day. At the same time, they refused to set a continuance for the hearing of the accused, despite the extreme state of fatigue after 16 hours during which the first stage of the hearing took place, and formalized such request into a "refusal" to make any more statements, in violation of the right to defense. Moreover, they did not interrogate Mr. Patriciu as an investigated person and issued a 24 hours detention order.

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Therefore, they initiated the arrest proposal against Mr. Patriciu:

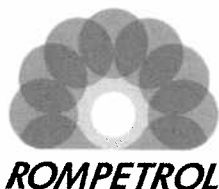
- **before the hand written statement of the accused was finished**
- **before the interrogatory of the investigated person which should have followed the hand written statement**
- **before the hearing in the capacity of indicted person.** Mr. Patriciu was detained on the night of May 27/28, 2005 in humiliating and extremely insalubrious conditions, with the violation of the right to dignity and not to be subjected to bad treatments.

The facts mentioned above were acknowledged by the Note of the Judicial Inspection of the CSM on July 5, 2005 according to which "following the verifications conducted, the prosecutors have violated the procedural regulations regarding the presentation of evidence as well as the one on preventive detention measure", "the aspects presented by the mass media regarding the prosecutors' conduct were mostly confirmed", and respectively proposed "to present the Note to the CSM plenary and the material to be sent to the PICCJ for analysis and adoption of the relevant measures".

We would like to point out that at the same time with the PNA and PICCJ judicial actions, **the owners of the VGB group, through their affiliated companies Faber Invest & Trade, respectively Info Media Press srl (editing company of Atac newspaper)** continued in the commercial environment and respectively, the media environment the orchestrated action of jeopardizing/paralyzing the economic, development activity, and image of Rompetrol.

Thus, Faber initiated and supported in Court during the period 2004-2005 no less than 11 actions in view of the annulment of some documents of major importance for the functioning of Petromidia refinery, such as credit contracts signed by Romanian and foreign banks, registered capital increase decisions, prospects in preparation of issuing of bonds. Recently Faber opened against Rompetrol and AVAS an action requesting the annulment of the Petromidia refinery privatization contract.

It should be pointed out an extremely severe fact that, to the recent Court summoning, Faber Invest & Trade Inc. attached documents bearing the statute of service secret! Furthermore, they introduced a copy of a document referring to the privatization of the Vega and Petromidia refineries, document that bears the letterhead of the Anticorruption Section of the PNA and which has as designated signatory the prosecutor investigating the criminal case regarding the Petromidia privatization.



Analyzing the annulment action and the document presented as evidence, we noticed with major surprise, that, on one hand, the annulment action is presented as a judicial summary of the statements and conclusions of the Talpes Report, and, on the other hand, the document bearing the letterhead of the PNA, produced in May 2004, reproduces to a shocking extent the text of the charging ordinances and detention ordinances drafted for the detention of the Chairman of the Rompetrol Group, issued on May 26 and 27, 2005 by the PICCJ prosecutor investigating the case. All of these documents were issued one year after the initial production of the document bearing the PNA letterhead.

Under such circumstances, we cannot regard but with total astonishment the public explanations offered on November 1, 2005 by the Prosecutor General Ilie Botos: "*the prosecutor investigating the case is the only one aware of the file details*", respectively on November 2, 2005 "*we are not discussing such cases with anyone.*" This last statement accurately expresses the strong stance (only) against Rompetrol's repeated and legitimate requests made in 2004 by company representatives of being allowed access to consult the criminal file, as per the provisions of the Criminal Procedure Code and the ECHR.

The investigation of the prosecutors of the High Court of Cassation and Justice (PICCJ) re-routed a consistent part of the Rompetrol human and financial resources from the original goals they should have normally had, which is the efficient administration and management of Rompetrol operations.

Moreover, **the investigation being conducted in a discriminating and abusive manner, with the constant violation of the presumption of innocence, generated significant negative publicity and caused serious losses of reputation to Rompetrol and its managers. These facts in turn worsened the company's relationships with the banks, creditors and investors, determined the loss of certain financing and business opportunities, worsened some commercial terms, not to mention the drastic downward quotation on the stock exchange.**

All of these happen while the Rompetrol management continues to struggle to ensure the effective functioning of our group of companies. Although given this constant effort, the Rompetrol group developed and grew also during these last two years, it had to bear the costs inherent to such investigation and did not obtain the results it could have obtained, if this investigation would not have been conducted in the manner that it was, and the image of the Rompetrol group would not have been repeatedly affected by the conclusory press releases of the prosecutors. We would also like to emphasize that **Petromidia is the only refinery that pays all of its contributions to the State budget without having received any state aid, as certified by the Competition Council decision (nr. 135 from July 20, 2005) confirmed by the European Commission Competition Department.**

In view of all these elements, on behalf of the Rompetrol Group, we are asking you, based on Constitutional provisions, Romanian legislation and international treaties, to acknowledge the facts presented herein and, in accordance with the role you fulfill within your

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organization, and in observance of democratic values and EU standards, **to contribute to the taking of urgent measures so that the systematic breach to Rompetrol's rights ceases, and so that the investigation is to be conducted and concluded promptly, transparently and with respect for the right to a just and equitable treatment for Rompetrol and its management.**

I fully trust that you will understand our initiative, which stems from the responsibility towards Rompetrol, its management and employees, as well as from our contribution to the development of Romanian society in accordance with democratic principles and EU standards.

Dinu Patriciu

Chairman & CEO of The Rompetrol Group

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WHAT DOES THE ROMPETROL GROUP MEAN TODAY?

1. Petromidia privatization and historic debt

The only refinery from Romania that did not benefit of the fiscal facilities upon privatization – January 2001 (striking off of debts, rescheduling etc).

After the issuance of EGO 118 by which the historic debts amounting to 571 million Euro are converted into bonds (for which annual interest is paid for a 7 year period, the first 2 of the 7 being already paid in September 2004 and September 2005). **Petromidia is the only refinery WHOSE NONE OF THE DEBTS WAS STRIKEN OFF (under the conditions in which the the penalties/delay increases represented approx. 50% of the historic debt).**

The Rompetrol group fulfilled all its commitments arising from the privatization contract of the Petromidia refinery, respectively:

- Payment of price of approximately 50 million USD;
- Increase of the share capital and technological investment amounting to over 225 million USD;
- Environmental investment amounting to 20 million USD;
- Processing a minimal annual quantity of crude oil.

2. Taxes paid to the State Budget and Local Budgets (USD)

Year	2000	2001	2002	2003	2004	2005 (estimated)
Taxes paid to the State Budget / Local Budget	15.000.000	62.000.000	190.000.000	372.000.000	635.000.000	800.000.000

In 2004 and 2005 the taxes paid to the state budget represent over 6% of the total income to the Central State Budget. Also, this figure represents the equivalent of over 1,000,000 average pensions in Romania (out of the 5 million retired persons).

The figure of 800 million USD taxes for the year 2005 is estimated starting from the fact that in the first 9 months of the year 2005 the companies of the Rompetrol group paid 579 million USD.

3. Number of employees

Year	2000	2001	2002	2003	2004	30.09.2005
Number of employees	850	5.000	5.021	5.681	7.279	7.693

Unlike other privatized companies that proceeded to massive lay offs of the existing employees, Rompetrol succeeded to continuously increase the number of employees. From the Petromidia privatization there was no day of strike. Also the average monthly salary doubled – from 300 USD to over 600 USD.

4. Turnover (USD)

Year	2001	2002	2003	2004	2005 estimated
Turnover	674.000.000	1.052.000.000	1.279.000.000	1.615.000.000	2.300.000.000

In 2004 and 2005, the turnover of the Rompetrol group represents over 2% of the total Gross Domestic Product of Romania.

5. Operational profit (USD)

Year	2001	2002	2003	2004	9 months 2005
Operational Profit	15.000.000	(44.500.000)	27.700.000	95.000.000	155.000.000

6. Investment (USD) and production

Year	2001	2002	2003	2004	2005 (estimated)
Investment	34.000.000	53.000.000	88.000.000	106.000.000	150.000.000

Year	2001	2002	2003	2004	30.09.2005
Number of gas stations	65	118	179	208	260
Number of warehouses	-	2	6	7	7

During the entire period from the privatization of the Petromidia refinery, the Rompetrol group continued to massively invest in the modernization of the facilities for refining and distribution, **not distributing in any year dividends to shareholders.**

The effect of the investment in **quality products and modern gas stations warehouses transformed a non-profitable company in 2001-2002 into a company with reasonable profit with a profit rate of 8% in 2005.**

Year	2001	2002	2003	2004	2005
Processed crude oil - tons	2.400.000	3.100.000	3.100.000	3.300.000	3.400.000

Before privatization in 1999- 2000 Petromidia **processed less than 1.000.000 tons of crude oil.** Each year since Petromidia privatization, the Group succeeded in significantly increasing **(up to 3.400.000 tons in 2005)** the quantity of crude oil and other raw materials for supplying the Romanian market with fuels and combustibles.

7. Stock market capitalization

Year	2001	2002	2003	2004	30.09.2005
Stock market capitalization - Rompetrol Rafinare	9.000.000	68.000.000	170.000.000	553.000.000	827.000.000

At the beginning of 2001, the Rompetrol group took over the Petromidia refinery which had a **stock market capitalization under 10 million USD and no liquidity, non-transparent towards the shareholders, in a company with a capitalization over 827 million USD** in September 2005 which is at the same time among the first five at BSB from the point of view of liquidity, being also the most transparent issuer.

8. Transparency towards the state/shareholders/financial partners/suppliers

The fact that the Rompetrol group is the most transparent Romanian company (fact confirmed by the National Securities Association) is grounded on the following facts:

- It has worked and still works only with **worldwide/national famous banks**: the German group HVB, CITIBANK, Raiffeisen Bank, BRD – Soci t  G n rale; Banca Comercial  Romana;
- All the companies of the Rompetrol group **have been audited since 2000 by an international audit company (Big Four) – Deloitte & Touche**;
- It is one of the few Romanian companies that is assessed by **international rating companies Fitch Ratings and Standard & Poors**;
- Currently among the **listed company shareholders** there are **20 of the important investment funds with capital from UE and SUA**;
- It is the only company from Romania (Rompetrol Rafinare) that has quarterly meetings with stock market analysts / economic mass media, during which it transparently presents its financial and operational results.

9. Other important aspects

- Investment in Bulgaria/Moldova/Albania/Georgia show that Rompetrol can be considered among the few **Romanian multinational companies**;
- The Petromidia refinery – **The first from Romania that market as of 2003 only Euro 3 products**;
- **Refinery of the Year from Central and Eastern Europe in 2003– World Refining Association**
- Important investment in information technology (over 6 million USD) and in employees:
 - o Implementing an integrated system (increase from 200 computers in 2001 to over 950 in 2005);
 - o The access of all employees to computers (including the workers in the refinery) lead to the increase of the knowledge level and lead to **communication among people** – one of the most important attributes of a modern company.

WHAT DOES THE ROMPETROL GROUP MEAN TODAY?

1. Petromidia privatization and historic debt

The only refinery from Romania that did not benefit of the fiscal facilities upon privatization – January 2001 (striking off of debts, rescheduling etc).

After the issuance of EGO 118 by which the historic debts amounting to 571 million Euro are converted into bonds (for which annual interest is paid for a 7 year period, the first 2 of the 7 being already paid in September 2004 and September 2005). **Petromidia is the only refinery WHOSE NONE OF THE DEBTS WAS STRIKEN OFF (under the conditions in which the the penalties/delay increases represented approx. 50% of the historic debt).**

The Rompetrol group fulfilled all its commitments arising from the privatization contract of the Petromidia refinery, respectively:

- Payment of price of approximately 50 million USD;
- Increase of the share capital and technological investment amounting to over 225 million USD;
- Environmental investment amounting to 20 million USD;
- Processing a minimal annual quantity of crude oil.

2. Taxes paid to the State Budget and Local Budgets (USD)

Year	2000	2001	2002	2003	2004	2005 (estimated)
Taxes paid to the State Budget / Local Budget	15.000.000	62.000.000	190.000.000	372.000.000	635.000.000	800.000.000

In 2004 and 2005 the taxes paid to the state budget represent over 6% of the total income to the Central State Budget. Also, this figure represents the equivalent of over 1,000,000 average pensions in Romania (out of the 5 million retired persons).

The figure of 800 million USD taxes for the year 2005 is estimated starting from the fact that in the first 9 months of the year 2005 the companies of the Rompetrol group paid 579 million USD.

3. Number of employees

Year	2000	2001	2002	2003	2004	30.09.2005
Number of employees	850	5.000	5.021	5.681	7.279	7.693

Unlike other privatized companies that proceeded to massive lay offs of the existing employees, Rompetrol succeeded to continuously increase the number of employees. From the Petromidia privatization there was no day of strike. Also the average monthly salary doubled – from 300 USD to over 600 USD.

4. Turnover (USD)

Year	2001	2002	2003	2004	2005 estimated
Turnover	674.000.000	1.052.000.000	1.279.000.000	1.615.000.000	2.300.000.000

In 2004 and 2005, the turnover of the Rompetrol group represents over 2% of the total Gross Domestic Product of Romania.

5. Operational profit (USD)

Year	2001	2002	2003	2004	9 months 2005
Operational Profit	15.000.000	(44.500.000)	27.700.000	95.000.000	155.000.000

6. Investment (USD) and production

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