

MOL Hungarian Oil and Gas Public Limited Company

EUR 750,000,000 5.875 per cent. Notes due 2017

Issue Price: 99.197 per cent.

The EUR 750,000,000 5.875 per cent. Notes due 2017 (the **Notes**) are issued by MOL Hungarian Oil and Gas Public Limited Company (the **Issuer** or **MOL**).

The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes as described under Condition 6.2 (Redemption for Taxation Reasons). A holder of Notes may, upon the occurrence of a Change of Control as described in Condition 6.3 (Redemption at the option of the Noteholders), require the Issuer to redeem the Notes at par plus accrued interest. The Notes mature on 20 April 2017. Interest will be payable in arrear on 20 April of each year. Interest will accrue from and including 20 April 2010 to but excluding 20 April 2011 and will be at a rate of 5.875 per cent. per annum.

Application has been made to the Commission de Surveillance du Secteur Financier (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 (the **Luxembourg Act**) on prospectuses for securities to approve this document as a prospectus and to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market.

The Notes will be rated BBB- by Fitch Ratings Ltd. and BB+ by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 20 April 2010 (the **Closing Date**) with a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 31 May 2010 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances—see “*Summary of Provisions Relating to the Notes while Represented by the Global Notes*”.

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading “Risk Factors” on pages 2-13.

Joint Lead Managers

BNP PARIBAS
The Royal Bank of Scotland

Deutsche Bank
UniCredit Bank

Managers

BayernLB
ING
OTP Bank Plc.

HSBC
KBC Bank
Raiffeisen Zentralbank Österreich AG

The date of this Prospectus is 14 April 2010

This Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the Prospectus Directive) and for the purposes of the Luxembourg Act.

The Issuer (the Responsible Person) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Prospectus should be read and construed on the basis that such documents are incorporated and form part of the Prospectus. This Prospectus may only be used for the purposes for which it has been published.

The Managers (as defined in “*Subscription and Sale*”) and BNP Paribas Trust Corporation UK Limited (the Trustee) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. The Managers and the Trustee accept no liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Managers.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Managers to any person to subscribe for or to purchase the Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act), and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see “*Subscription and Sale*” below.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Managers do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or

pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of the Notes or the possession or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom), Japan, the Republic of Hungary and France (see "*Subscription and Sale*").

IN CONNECTION WITH THE ISSUE OF THE NOTES, BNP PARIBAS AS STABILISING MANAGER(S) (THE STABILISING MANAGER(S)) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Information sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

All references in this document to *U.S. dollars*, *U.S.\$*, *USD* and *\$* refer to the currency of the United States of America, to *EUR*, *euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, all references to *HUF* and *Forint* are to Hungarian Forint, all references to *SKK* are to Slovakian Koruny, all references to *HRK* are to Croatian Kuna and all references to *Sterling* and *£* refer to Pounds Sterling.

As at 1 April 2010:

the exchange rate for HUF to EUR was HUF 264.99 to EUR 1;
the exchange rate for HRK to EUR was HRK 7.2640 to EUR 1; and
the exchange rate for USD to EUR was USD 1.3496 to EUR 1.

As at 31 December 2009:

the exchange rate for HUF to EUR was HUF 270.84 to EUR 1;
the exchange rate for HRK to EUR was HRK 7.2944 to EUR 1; and
the exchange rate for USD to EUR was USD 1.4401 to EUR 1.

As at 31 December 2008:

the exchange rate for HUF to EUR was HUF 264.78 to EUR 1;
the exchange rate for HRK to EUR was HRK 7.3775 to EUR 1; and
the exchange rate for USD to EUR was USD 1.4091 to EUR 1.

CONTENTS

	Page
Overview	1
Risk Factors	2
Documents Incorporated by Reference	14
Terms and Conditions of the Notes	16
Summary of Provisions Relating to the Notes while represented by the Global Notes	29
Use of Proceeds	31
Description of the Issuer	32
Glossary	74
Material Contracts	80
Taxation	81
Subscription and Sale	84
General Information	86
Pro forma Financial Statements	F1

OVERVIEW

Description:	EUR 750,000,000 5.875 per cent. Notes due 2017
Issuer:	MOL Hungarian Oil and Gas Public Limited Company
Joint Lead Managers:	BNP Paribas Deutsche Bank AG, London Branch The Royal Bank of Scotland plc UniCredit Bank AG
Managers	Bayerische Landesbank HSBC Bank plc ING Bank N.V., London branch KBC Bank NV OTP Bank Plc. Raiffeisen Zentralbank Österreich Aktiengesellschaft
Principal Paying Agent in relation to the Notes:	BNP Paribas Securities Services, Luxembourg Branch
Paying Agent	BNP Paribas Securities Services, London Branch
Luxembourg Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch
Trustee:	BNP Paribas Trust Corporation UK Limited
Denominations:	The Notes will be in denominations of EUR 50,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 99,000.
Listing:	Application will be made to the <i>Commission de Surveillance du Secteur Financier</i> (the CSSF) in its capacity as competent authority under the Luxembourg Act for its approval of this Prospectus and application will be made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.
Use of Proceeds:	The net proceeds from the issue of Notes will be applied by the Issuer for its general corporate purposes and the rationalisation of its existing portfolio of debt.
Yield:	6.019 per cent.
Rating:	The Notes will be rated BBB- by Fitch Ratings Ltd. and BB+ by Standard & Poor's Rating Services, a division of The McGraw Hill Companies Inc.

Risk Factors

MOL believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and MOL is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

MOL believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of MOL to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which are as yet unknown and MOL does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (and any documents incorporated by reference into this Prospectus) and reach their own views prior to making any investment decision.

Factors that may affect MOL's ability to fulfil its obligations under the Notes

Risks related to the MOL Group

Estimates of the MOL Group's crude oil and natural gas reserves are subject to uncertainties

The MOL Group's reserves of crude oil and natural gas are of key importance to its business. A proportion of the oil and gas that the MOL Group sells comes from its own production, and the oil and gas that the MOL Group extracts is generally significantly less expensive than the supplies purchased and imported from third parties. Accordingly, the MOL Group's production and, indirectly, its profitability are dependent upon the levels of its oil and natural gas reserves.

There are a number of uncertainties inherent in estimating quantities of proven reserves, projecting future rates of production and the timing of development expenditures, including many factors beyond the producer's control. This Prospectus includes all reserve data of the MOL Group (see pages 38 – 45 for further information). This data contains estimates and the figures provided should not be considered as exact. Reserve estimation is a subjective process and estimates of different experts often vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may require revision of any such estimate. Accordingly, reserve estimates may be materially different from the quantities of crude oil and natural gas that are ultimately recovered and, if recovered, the revenue from and the costs related thereto could be more or less than the estimated amounts. Reserve estimates are also highly dependent upon the accuracy of the assumptions upon which they were based, the quality of the information available and the ability to verify such information against industry standards. For example, the assumed production rates, prices received for production and costs incurred in recovering reserves may vary from actual results due to government policies, particularly related to natural gas purchase prices, and the uncertainties of supply and demand.

The MOL Group's natural gas and crude oil reserves located in Hungary have gradually decreased over time and this has required MOL to acquire companies and to undertake potentially expensive and time-consuming exploration and production. The recent international growth in the exploration and production portfolio and the acquisition of Industrija Nafte d.d. (**INA**), has doubled the MOL Group's reserves. However, should the MOL Group be required to replace or add reserves in the future, the majority of which might come from its international portfolio, the political risk and regulatory impact and costs associated with doing so may have a material adverse effect on the MOL Group's business, results of operations or financial condition.

The MOL Group's expansion strategy exposes MOL to risks

The MOL Group is an international oil and gas company with a diversified European portfolio as well as several investments in oil and gas businesses outside Europe. As part of its strategy, the MOL Group has sought, as with the acquisition of a 47.16% stake in INA, and may, in the future seek, additional opportunities to further expand its operations where appropriate. The MOL Group is continuing to negotiate with oil and gas companies regarding investment possibilities and assesses each investment it makes on the basis of extensive financial and market analysis, which may include certain assumptions.

The MOL Group cannot assure investors in the Notes that these assumptions will prove to be correct. Among the risks associated with this strategy, which could materially adversely affect the MOL Group's business, results of operations or financial condition, are the following:

- the MOL Group may incur substantial costs, delays or other operational or financial problems in integrating acquired businesses, production sites and distribution networks;
- the MOL Group may not be able to identify, acquire or profitably manage such additional businesses;
- such acquisitions may adversely affect the MOL Group's operating results;
- such acquisitions may divert management's attention from the operation of existing businesses;
- the MOL Group may not be able to fully or effectively enforce its ownership rights in the entities in which it invests;
- the MOL Group may not be able to retain key personnel of acquired businesses;
- the MOL Group may encounter unanticipated events, circumstances or legal liabilities; and
- the MOL Group may encounter significant post-acquisition integration or issues relating to political or governmental interference and investigation, trade union interference or employment issues.

The MOL Group's ability to continue to grow and to penetrate new markets will depend on a number of factors. These include, among others, the availability of internal and external financing, the availability of suitable third party business partners able to share risk and costs as well as existing and future competition. The MOL Group might not be able to implement its growth strategy or successfully manage its growth in the future and this may have a material adverse effect on the MOL Group's business, results of operations or financial condition.

The MOL Group is subject to general operational risks which may result in losses and additional expenditures

The MOL Group business operations, like those of other oil and gas companies, refineries and petrochemical units, may be adversely affected by many factors, including fires, explosions, blowouts, reservoir damage, loss of well control, discharges of gases and toxic chemicals, the breakdown or failure of equipment or processes, performance below expected levels of output or efficiency, labour disputes, natural disasters, weather conditions, terrorist attacks, sabotage, interruption or closure. This can result in personal injuries, loss of life, property damage and delays to, or loss in, production. Although the MOL Group maintains comprehensive property and liability insurance policies, and business interruption insurance in respect of the main sites, its property insurance does not cover the following:

- a significant proportion of its natural gas and oil pipelines;
- approximately 2,300 of the MOL Group's wells producing hydrocarbons;
- all of the MOL Group's exploited and unexploited underground hydrocarbon reserves; and
- all of the MOL Group's 1,658 filling stations.

In addition, as a general policy, the MOL Group does not insure groups of assets where the amount of the joint potential loss resulted from a single occurrence is less than USD 2.5 million. To the extent that the MOL Group incurs losses which are not covered by insurance or are below the relevant excess amount, such losses would generally need to be met by the MOL Group, so increasing the MOL Group's cost base.

The MOL Group's development and exploration projects involve many uncertainties and operating risks that may prevent it from realising profits and may cause substantial losses

The MOL Group's field development, exploration and refinery modernisation projects may be delayed or unsuccessful for many reasons, including cost overruns, lower oil and gas prices, equipment shortages and mechanical difficulties. These projects will also often require the use of new and

advanced technologies which are expensive to develop, purchase and implement and may not function as expected. In addition, the implementation may take more time than reasonably expected. Severe weather conditions could impede the MOL Group's development or exploration operations and plans for its fields and facilities and otherwise materially adversely affect its business, prospects, financial condition or results of operations.

The MOL Group currently conducts a number of exploration projects through joint ventures with other companies and may in the future enter into further joint ventures as a means of conducting its business.

The MOL Group cannot fully control the operations and the assets of its joint ventures, nor can it make major decisions with respect to its joint ventures unless its joint venture partners agree. Accordingly, although the MOL Group has the ability to influence or veto decisions with respect to its joint ventures, it is not in a position to make unilateral decisions. This may constrain the ability of the MOL Group's joint ventures to take action. Furthermore one or more of the MOL Group's joint venture partners may unilaterally decide to withdraw from a joint venture which may mean that the MOL Group is unable to continue with that particular venture, which may result in the MOL Group making a loss or being unable to realise a financial gain.

The MOL Group is dependent on licences and permits to conduct its business

Each of the MOL Group's licences could be suspended, terminated or not renewed by the relevant licensing authorities if the MOL Group is deemed to have violated its terms or repeatedly violated the applicable requirements of law. The termination, modification or failure, for any reason, to renew these licences in a timely manner could have a material adverse effect on the MOL Group's business, results of operations or financial condition as the MOL Group will not be able to carry on some or all of its current activities.

The MOL Group may be subject to significant environmental liabilities

The MOL Group's operations, which are often potentially hazardous, are subject to the risk of liabilities arising from environmental pollution and the cost of any associated remedial work. The MOL Group has insurance to cover the risk of sudden and accidental environmental pollution. While the MOL Group is of the view that this insurance is of sufficient size and that it is in accordance with industry standards there is a risk that the MOL Group could incur environmental liabilities which exceed the amount that it is insured for. This may have a material adverse effect on the financial position of the MOL Group.

The MOL Group is currently responsible for significant remedial work for past environmental damage relating to its operations (primarily soil and groundwater contamination and disposal of hazardous wastes). In addition, the MOL Group may incur significant expenses to comply with increasingly strict environmental legislation in the countries in which it operates. Accordingly, the MOL Group has established a provision of HUF 27.0 billion (USD 143.3 million) for (i) the estimated cost as at 31 December 2009 of rectifying past environmental problems and (ii) future measures required to enable it to comply with existing environmental protection legislation and known future changes to such legislation. This amount excludes the provisions of the INA Group and any contingent liabilities relating to the acquisitions of IES and INA that are recognised on the MOL Group's balance sheet– as required by International Financial Reporting Standards (IFRS 3 on Business Combinations). The provision for environmental liabilities at the MOL Group level (excluding INA and recognised contingent liabilities) was HUF 26.3 billion (USD 140.1 million) at the end of 2008.

As at 31 December 2009, a provision of HUF 101.8 billion (USD 541.4 million) was made for the estimated total costs of plugging and abandoning wells upon termination of production by the MOL Group (excluding INA). As at 31 December 2008, the provision for field operation suspension liabilities amounted to HUF 97.3 billion (USD 517.8 million). The INA Group has established a provision of HRK 2,330.4 million (HUF 86.5 billion, USD 460.1 million) for such field abandonment provision as at 31 December 2009.

There are certain MOL Group premises which may be affected by contamination but the cost of remedial work is currently not quantifiable nor has the legal requirement to carry out such work been

established. As the amount of these potential liabilities is uncertain and the timing of the incurrence of the relevant costs is unknown it is not possible to predict the impact on the MOL Group's business, results of operations or financial condition. The main areas where such contingent liabilities may exist are the Tiszaújváros industrial site (including both the facilities of TVK and the MOL Group's Tisza refinery), certain drilling mud locations in Hungary and the industrial park around the Mantova refinery. As at 31 December 2009, following an internal audit of provisions-based liabilities, MOL had discovered contingent (environmental) liabilities of HRK 744.0 million (HUF 27.6 billion or USD 146.9 million) to cover remediation and rectification costs which mainly relate to environmental issues concerning the refineries in Sisak and Rijeka and the Croatian retail network as well as damage at certain exploration and production sites. If all of these liabilities crystallised they could have a material adverse effect on MOL's financial condition.

As at 31 December 2009, at the MOL Group level the aggregate amount of contingent liabilities for environmental damage was not expected to exceed HUF 48.3-50.3 billion (or USD 256.9-267.5 million) (HUF 20.4-22.4 billion at 31 December 2008). This amount includes HUF 41.3 billion (USD 219.6 million) of contingent liabilities relating to the acquisitions of IES and INA which are recognised on the balance sheet of the MOL Group as required by the International Financial Reporting Standards (IFRS 3 on Business Combinations). If liabilities for environmental damage were to exceed the amount provided for then there could be a material adverse effect on the financial condition of the MOL Group.

Worsening liquidity position of the INA Group could result in an increased financial burden on the MOL Group

The Croatian economy and its oil industry has been and continues to be affected by the global recession. The recession has resulted in lower crude oil prices and declining refinery margins as well as lower recovery rates and slower repayment rates from trade debtors, all of which have weakened the financial position of INA and its subsidiaries (the INA Group).

As at 31 December 2009 INA's net debt was HRK 8.2 billion (USD 1.62 billion) compared with HRK 6.6 billion (USD 1.26 billion) as at 31 December 2008, its accounts payable was HRK 4.29 billion (USD 847 million) compared with HRK 3.82 billion (USD 730 million) as at 31 December 2008 and its accounts receivable remained at a high level of HRK 2.93 billion (USD 578 million). It also accrued HRK 1.78 billion (USD 351 million) in taxes and social contribution liabilities owed to governmental institutions in Croatia. During 2009, as a result of commitments on existing contracts, the INA Group incurred capital expenditure of HRK 4.5 billion (USD 888 million).

INA's loan agreements contain a financial covenant to maintain a Net Debt/EBITDA ratio of 3.0. As at 31 December 2009, INA's Net Debt/EBITDA ratio was 2.03, thus INA has met the Net Debt/EBITDA ratio requirement under its existing loan agreements and is not in default thereunder.

However, in order to improve the liquidity position of the INA Group and to help prevent a default by INA on its loan agreements, the MOL Group and the management of the INA Group are implementing the following measures:

- cutting operating expenses;
- restricting capital expenditure;
- settling overdue tax liabilities due to the Republic of Croatia; and
- establishing funding alternatives which will not increase net debt, including equity-linked transactions or asset sales, etc.

If any of the above measures are not successful or do not deliver the anticipated benefit to the INA Group or if crude oil prices or refinery margins decrease further then there will be a risk that INA's liquidity position may worsen and INA will not be able to comply with its Net Debt/EBITDA ratio. Such non-compliance may be an event of default under INA's loan agreements which in turn could be an event of default under certain of MOL's loan agreements. If, in such a situation, INA or MOL were not able to satisfactorily restructure their loan agreements then there could be a default under those loan agreements which could have a material adverse effect on the financial condition of the MOL Group.

The increasing debt and worsening financial position of the INA Group could also result in a increased and substantive financial burden being placed on the MOL Group as MOL may need to provide financial support to the INA Group. Such an event could have a material adverse effect on the financial condition of the MOL Group.

Ongoing tax, customs, excise and other financial audits

There are a number of tax, customs, excise and other financial audits, investigations and challenges ongoing in relation to various MOL Group entities (including the INA Group). MOL considers these audits, investigations and challenges to be in the ordinary course of its business. However, at this stage MOL is unable to accurately predict the outcome of these procedures. It cannot be guaranteed that they will not have a material adverse effect on the MOL Group's business, results of operations or financial condition.

Litigation and Regulatory proceedings

The MOL Group is subject to numerous risks relating to legal and regulatory proceedings in which a group company is currently a party or that could develop in the future. Although the MOL Group does not currently expect litigation or regulatory proceedings to which it is a party to have a material adverse effect on its financial condition and results of operations, the MOL Group cannot guarantee that the ultimate outcome of such legal proceedings or regulatory proceedings and any consequential legal proceedings or regulatory proceedings thereafter will not have a material adverse effect on its results of operations or financial condition. For further information on the legal and regulatory proceedings facing the Group, see "*Description of the Issuer – Authority Procedures and Litigation*" on pages 60 – 62 of this Prospectus.

General Group Structure

MOL conducts a number of its operating activities through its subsidiaries. MOL has in place agreements with its subsidiaries for the entry into of intra-group indebtedness. Should such a subsidiary cease its business operations, and then be unable to comply with its obligations to repay such intra-group indebtedness, there may be a material adverse impact on the financial condition of the MOL Group.

Risks related to the oil and gas industry

Fluctuations in crude oil and natural gas prices may have a negative effect on the MOL Group's business

As the MOL Group is exposed to commodity price risk on both the crude oil it purchases and the natural gas it sells its business is significantly affected by changes in the market prices it pays for crude oil and natural gas. In 2009, the MOL Group imported 94% of the crude oil it refined. In line with other international oil and gas companies, all purchases by the MOL Group of crude oil and natural gas and all sales of refined products and petrochemical products are undertaken pursuant to agreements priced in or by reference to spot or contract world market prices. Such prices may fluctuate widely in response to changes in many factors over which the MOL Group has no control, including but not limited to:

- economic and political developments in oil and gas producing regions, particularly the Middle East, Russia and Africa;
- global and regional supply and demand and expectations regarding future supply and demand;
- demand for gasoline and diesel;
- spread fluctuations;
- actions taken by oil and gas producing or consuming countries and by major suppliers of oil and natural gas;
- actions taken by governments;
- prices and availability of alternative fuels;
- global economic and political conditions; and

- weather conditions.

Fluctuations in currency exchange rates could increase the MOL Group's costs and reduce its margins

The MOL Group is exposed to foreign exchange risk. The MOL Group buys raw materials in USD and sells products in USD and EUR and accordingly the MOL Group has foreign currency exposure, as its income in EUR and USD exceeds its costs in those currencies. As a result of the currency composition of its operational cost structure, the MOL Group's costs in HUF, RON, HRK and RUB exceed its income in those currencies. The MOL Group is also exposed to foreign exchange risk arising from loans denominated in foreign currencies. As at 31 December 2009 the currency composition of the MOL Group's total debt was 51.2% in EUR, 44.4% in USD and 2.9% in HUF, 1.0% in HRK and 0.5% in PLN.

The wholesale and retail markets for refined products in which the MOL Group operates are free markets. However, a moving price cap has been introduced in Croatia and Slovenia. This price cap allows the MOL Group to adjust the wholesale and retail prices of its products in response to fluctuations in the prices of commodities and currency exchange rates subject to a short time lag of one week in Croatia and two weeks in Slovenia. An amendment to the regulations relating to this price cap could restrict the MOL Group's ability to adjust its wholesale and retail prices, in which case fluctuations in the prices of commodities and currency exchange rates could reduce the MOL Group's margins.

The MOL Group has a number of financing arrangements in place with lenders which provide for a covenant linked to the MOL Group's Net Debt/EBITDA ratio. There is a risk that a sudden extreme devaluation of HUF and HRK would immediately increase Net Debt whereas the EBITDA improvement would be delayed due to it being calculated on an annual basis. This eventuality may expose the MOL Group to financial stress and potential breach of financial covenants. Accordingly, sudden adverse changes in the currency exchange rates to which the MOL Group is materially exposed could materially adversely affect the MOL Group's financial condition, business or results of operations.

A decline in refining margins may negatively affect the MOL Group's business, prospects, financial condition or results of operations

The operating results of the MOL Group's refining business depend largely on the margin between the market prices of its refined petroleum products and the prices of crude oil and other feedstocks which the MOL Group pays for so called 'refinery margin'. The movements in the price of crude oil and refinery margins may not correlate at any given time. The cost to acquire feedstocks and the prices at which the MOL Group can ultimately sell refined products depends on a variety of factors beyond its control. Therefore the MOL Group's refining margins have fluctuated, and will continue to fluctuate, due to numerous factors, including:

- changes in the supply/demand of refined products in the world, specifically in Europe;
- evolution of worldwide refinery capacity in light of world demand for fuels;
- changes in the operation cost of refining such as energy, utilities, maintenances;
- changes in the differentials between sour and sweet crude oil prices on international markets; and
- changes in environmental or other regulations, which could require the MOL Group to make substantial expenditures without necessarily increasing the capacity or operating efficiency of its refineries.

The MOL Group is subject to general political, economic and legal risks

The MOL Group has significant operations outside Hungary where it is registered. In 2009 the MOL Group generated 35.3% of its sales in Hungary, a further 46.0% of sales were generated in major EU markets namely the Slovak Republic, Italy, Austria, the Czech Republic, Romania, Poland, Slovenia, Germany and the United Kingdom, an additional 9.3% of sales were generated in Croatia, with the rest of the world (mainly Serbia, Bosnia-Herzegovina, Russia, Kazakhstan, Syria, Pakistan, Yemen and Northern Iraqi Kurdistan) accounting for 9.4% of sales. The bulk of the MOL Group sales and EBITDA generation takes place in the European Union and in Croatia.

The European Union (accounting for 81.3% of the MOL Group sales in 2009) provides a political and legal framework that represents a lower level of general investment risk than the global average. This includes guarantees of property rights, rule of law and protection against arbitrary state action, enforcement of contracts and, in the absence of explicit price regulation, free market pricing. Nevertheless, in addition to market, operational and technical risks, the MOL Group is exposed to legal and regulatory risk at all three levels of legislation: the effects of EU Directives and Regulations on the MOL Group businesses with special regard to EU law in the field of energy, environment and climate change; the implementation of individual EU Directives and policies into national law over which individual Member States retain a considerable degree of autonomy; and national and local legislation and regulation enacted within the principle of solidarity. The legal and policy decisions over which the MOL Group does not have control potentially include:

- taxation legislation and policies, both general corporate taxes and taxation levels as well as targeted sector-specific fiscal terms such as mining royalties. The MOL Group is subject to a substantial tax burden and any change in tax policy could increase this burden;
- labour law and employment regulations;
- competition policy (including foreign participation restriction laws) and energy regulatory decisions that might constrain the MOL Group's pricing power in certain markets;
- product quality regulations, fuel standards which might affect the MOL Group's market position and production costs and require it to incur further capital expenditure to upgrade plants;
- transportation and energy policies that might constrain demand for the MOL Group products; and
- environmental and health and safety regulations over the MOL Group facilities that might involve investment obligations, higher operating costs and decommissioning liabilities.

Croatia (accounting for 9.3% of the MOL Group sales in 2009) is an EU candidate country in an advanced stage of accession (the energy chapter of the EU accession negotiations has already closed without derogation) and consequently its legal and regulatory environment, including corporate, contractual and energy law, is already extensively harmonised with the EU *acquis communautaire* and significant steps have been taken in the harmonisation of energy law as well. However, the EU accession process could slow down or cease which could cause delays in the liberalisation of natural gas and refined product prices in Croatia and this could have an adverse effect on the MOL Group's revenues.

The wholesale price at which Prirodni Plin d.o.o. (**Prirodni**), a 100% owned natural gas wholesale and trading subsidiary of INA, sells gas to tariff customers is regulated by the Croatian Government. The FAGMA (described on page 58) obliges the Croatian Government to maintain regulated prices at a level sufficient to ensure that Prirodni does not incur losses on the gas that it sells. However, in the event that a party to the FAGMA does not honour its obligations under it and that the FAGMA does not then work as intended, Prirodni may be exposed to the risk of the market price for imported gas being higher than the regulated gas price, this could have an adverse effect on Prirodni's profits.

In Croatia the retail prices of selected refined oil products and LPG (including gasoline, diesel, heating oil, blue diesel, propane, butane, propane-butane mixture and LPG for cars) are regulated by the 'Rulebook' (Official Gazette) according to a stipulated pricing formula which provides for a maximum margin that can be charged by market participants. The price formula sets a maximum retail margin over and above the international market price of such products. In the past there has been a time lag between changes in the international market price and changes in the regulated price in Croatia and this has caused INA to incur a loss. Similar time lags in the future may result in INA incurring further losses.

INA's operations in Croatia are subject to agreements between the Croatian government and the MOL Group and as such are subject to political and counterparty risk. Should the Croatian government fail to honour or seek to modify the terms of these agreements this may have a material adverse effect on the MOL Group's business, results of operations or financial condition.

Some of the MOL Group's oil and gas assets and supply sources are located in countries outside Europe with developing economies or unstable political environments. Consequently, a portion of the

MOL Group's revenue is derived from, or is dependent on, countries in which its operations are exposed to economic and political risks, including civil strife and acts of war or terrorism. In addition, in certain countries in which the MOL Group is active, it may be difficult to repatriate investment and profits. Furthermore, the MOL Group has business dealings with, and conducts operations in, countries such as Yemen, Iraq, Syria and Iran which have formerly been, or currently are, subject to international sanctions. Sanctions may be imposed on these and other countries in the future. While the MOL Group has not experienced significant disruptions as a result of economic or political instability in the past, future disruptions could adversely affect its business, prospects, financial condition or results of operations.

In addition to geological and operational risks, exploration and production activities are subject to extensive regulation by the host governments including, but not limited to:

- petroleum law (legislative level);
- energy policies (ministry level);
- regulatory systems (ministry/regulatory body level); and
- government contracts (e.g. concession agreements, production sharing agreements (PSA)/risk sharing contracts, joint venture agreements, service contracts and hybrid contracts).

Unexpected changes in regulatory requirements, licence terms, size and structure of royalties, tariffs, export duties, dedicated sales contracts with government dedicated entities at regulated prices, other trade barriers and price exchange controls in any of these countries could limit operations, make the distribution of products difficult and could result in negative effects to the MOL Group's financial indicators. In addition, uncertainty concerning the legal environment in any of these areas could limit the MOL Group's ability to effectively enforce its rights.

The MOL Group faces significant competition, which may increase in the future

The MOL Group faces increasing competitive pressure in all areas of its business from local and global oil and gas companies. There is increasing world competition for reserves of crude oil and natural gas and exploration and production licences. A significant part of the crude and condensate production is sold within the MOL Group to its local refineries, while the remaining crude production is sold locally at international spot prices. This exposes the MOL Group to the risk of fluctuating sale prices, which may have a material adverse effect on the MOL Group's business, results of operations or financial condition. In Pakistan and Croatia gas prices are regulated. Pakistan and Croatia together constituted 18.4% of the MOL Group's total gas sales in 2009. This exposes the MOL Group to regulatory risk and price risk if the regulated prices are lowered.

In respect of natural gas infrastructure services, i.e. gas transmission and storage, competition is limited because such services are subject to either regulated prices or long-term contracts with state-owned entities.

Automotive fuel is subject to stringent quality requirements (Euro V) and liberalised products within the EU, while in Croatia the introduction and enforcement of such regulations are still ongoing. The MOL Group's market position in Hungary, the Slovak Republic, Croatia, Austria, Czech Republic, Bosnia-Herzegovina and Romania is subject to competition from other regional refiners and wholesale distributors. The MOL Group's retail competitors include multinational and regional oil companies and hypermarkets as well, many of which have significantly greater financial resources than the MOL Group. If these companies are able to increase their market share at the MOL Group's expense then there could be a material adverse effect on the MOL Group's financial condition.

Other oil derivatives (chemical, petrochemical, lubricant products) have wider and thus more competitive markets when compared to automotive fuels, as they are easily transportable over greater distances.

If the MOL Group is unable to effectively compete in any of the markets in which it operates this may have a material adverse effect on the MOL Group's business, results of operations or financial condition.

Recent macroeconomic recession and associated risks

The financial crisis that has followed the breakdown of the US sub-prime mortgage market since the summer of 2007 has led to a worldwide economic downturn and has had a considerable adverse effect on European economies. Growth restarted in the Eurozone during the second half of 2009, but unemployment continued to increase and private consumption remains weak. There is a risk of the recession returning if and when government stimulus measures are withdrawn. The potential negative effects of the macroeconomic climate, which are entirely beyond the control of the MOL Group, may have an adverse effect worldwide, and in particular on the European economies as well as on the overall stability of the Central Eastern and South-Eastern European region. Consequently the assets, financial position and earnings of the MOL Group may be negatively affected. The MOL Group cannot exclude the possibility that further negative events may occur to the MOL Group as a result of or in connection with the ongoing global economic downturn.

Risks related to crude oil supply

The MOL Group refineries processed 16.6 million tonnes of crude oil in 2009, of which 6% was supplied by the MOL Group and the remaining 94% was imported. Russia is the major import source, accounting for 79% of the 2009 crude oil supply. The MOL Group purchases crude oil on the basis of long-term and annual agreements from the resources of different Russian producers. Disputes between Russia and transit countries may induce temporary supply uncertainty. MOL has no control over this crude oil supply route or its costs.

Although the Adria pipeline is currently available as an alternative means of supply and the MOL Group's operational structure and the location of its five refineries help to mitigate supply risk, a sustained interruption in Russian crude oil supply could have a material adverse effect on the MOL Group's business, results of operations or financial condition.

INA obtains its crude oil from its domestic production, from the Mediterranean Sea and from Russia through the Friendship and Adria pipeline networks using the MOL Group's supply system in Hungary. Italiana Energia e Servizi (**IES**) obtains its crude oil from the Mediterranean Sea, with its fully owned pipeline from Marghera port providing sufficient capacity. This infrastructure is subject to the operational risks detailed immediately below and any sustained disruption in supply could have a material adverse effect on the MOL Group's business, results of operations or financial condition.

Pipelines are subject to operational disruptions and significant investments are needed to enable the system to expand capacity to accommodate growth in oil production. The Hungarian pipeline system and the pipeline between Marghera port and the Mantova refinery are owned by MOL and their development and expansion could require the MOL Group to incur significant capital expenditure. The MOL group also uses pipelines which are owned and operated by third parties and a failure to maintain or sufficiently increase the capacity of the pipelines, breakdowns and leakages, or specific court or other actions to limit the MOL Group's access to the system, could require the MOL Group to utilise more expensive alternative export routes that could result in a decline in profit margins. Extra repairs and maintenance of the pipelines could be required where a pipeline passes through areas with a harsh climate, such as Russia.

The uncertainty of availability or the physical condition of the pipeline system and changes in governmental policy on access to the pipelines could affect the MOL Group's ability to sell oil, which could have a material adverse effect on the MOL Group's business, results of operations or financial condition.

The MOL Group is exposed to cost inflation

The MOL Group is exposed to cost inflation in respect of personnel, materials and spare parts. This may cause cost overruns and equipment required for the MOL Group's business may become temporarily unavailable. This might negatively impact the MOL Group's business, prospects, financial condition or results of operations.

The MOL Group is exposed to the cyclical nature of the petrochemical industry

The MOL Group produces and markets petrochemical products, such as ethylene and propylene and polyolefins. Prices of petrochemical products have been cyclical as a result of shifts in European and worldwide production capacity and demand patterns. The petrochemical industry historically has experienced alternating periods of tight supply, causing prices and margins to increase, followed by periods of substantial additions to capacity, resulting in excess supply and declining prices and margins. There can be no assurance that future growth in demand for polyolefins and its co-products will be sufficient to fully utilise the MOL Group's current and anticipated capacity. Excess capacity, to the extent it occurs, may depress prices and margins. Unanticipated additions to industry capacity may adversely affect market conditions. Future changes in petrochemical product prices are unpredictable and may negatively affect the MOL Group's business, prospects, financial condition or results of operations.

Changes in the motor fuel market

Middle distillate sales currently make up 55% of the MOL Group's total external oil product sales, whereas motor gasoline sales make up 22% of the MOL Group's total external sales of fuel. The motor fuel market was affected by the recent economic crisis but the extent of the decline in motor fuel sales was less than the general decline in overall economic activity. Demand has been shifting towards diesel, for which the MOL Group is well positioned. Recently, crack spreads on diesel have been significantly lower than on gasoline. The MOL Group expects that there will be an increase in the demand for European diesel and that diesel crack spreads will improve but, should that fail to happen, a continuation of low diesel margins would have a negative impact on the MOL Group's profitability and on the MOL Group's financial condition.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 14 (Meetings of Noteholders, Modification, Waiver, Authorisation and Determination) and Condition 13 (Substitution).

EU Savings Directive

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to European Council Directive 2003/48/EC (the **EU Savings Directive**), neither MOL nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

The Notes may be redeemed prior to maturity

In the event that MOL would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Hungary or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, MOL may redeem all outstanding Notes in accordance with the Conditions.

Denominations involve integral multiples: definitive Notes

The Notes have denominations consisting of a minimum of €50,000 plus one or more higher integral multiples of €1,000 up to and including €99,000. It is possible that the Notes may be traded in amounts that are not integral multiples of €50,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than €50,000 in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to €50,000.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €50,000 may be illiquid and difficult to trade.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Although application has been made to list the Notes on the Luxembourg Stock Exchange, the Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Credit ratings may not reflect all risks

Fitch Ratings Ltd and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies' Inc. have assigned credit ratings to the Notes and to MOL. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, or other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, this Prospectus:

- (a) the audited consolidated financial statements of the MOL Group for the year ended 31 December 2009 (prepared in accordance with IFRS) and the auditor's reports thereon, the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2008 (prepared in accordance with IFRS) and the auditor's reports thereon; and
- (b) the audited consolidated financial statements of the INA Group for the year ended 31 December 2009 (prepared in accordance with IFRS) and the auditor's reports thereon, the audited consolidated financial statements of the INA Group for the financial year ended 31 December 2008 (prepared in accordance with IFRS) and the auditor's reports thereon,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus and this Prospectus can be obtained from the website of the Luxembourg Stock Exchange, www.bourse.lu. In addition, such documents will be available free of charge from the principal office in Luxembourg of BNP Paribas Securities Services, Luxembourg Branch.

The following documents shall be incorporated in, and form part of, this Prospectus:

<u>Document</u>	<u>Section incorporated</u>
Consolidated financial statements of the MOL Group for the year ended 31 December 2009 prepared in accordance with International Financial Reporting Standards (IFRS) together with the auditors' report	Pages 1 to 9*
Independent Auditors' Report	Pages 1 – 2
Balance sheet (audited information)	Page 4
Income statement (audited information)	Page 5
Statement of Other Comprehensive Income (audited information)	Page 6
Changes in shareholders' equity (audited information)	Page 7
Statements of cash flows (audited information)	Pages 8 – 9
Notes to the financial statements (audited information)	Pages 10 to 116
Consolidated financial statements of the MOL Group for the year ended 31 December 2008 prepared in accordance with International Financial Reporting Standards (IFRS) together with the auditors' report	Pages 78 to 85
Independent Auditors' Report	Page 78
Balance sheet (audited information)	Page 80
Income statement (audited information)	Page 81

* Please note that this page range does not include the cover page.

<u>Document</u>	<u>Section incorporated</u>
Changes in shareholders' equity (audited information)	Pages 82 – 83
Statements of cash flows (audited information)	Pages 84 – 85
Notes to the financial statements (audited information)	Pages 86 – 173
Consolidated financial statements of the INA Group for the year ended 31 December 2009 prepared in accordance with International Financial Reporting Standards (IFRS) together with the auditors' report	Pages 1 – 19
Independent Auditors' Report	Pages 2 – 3
Balance sheet (audited information)	Pages 10 – 11
Income Statement (audited information)	Pages 4 – 5
Changes in shareholders' equity (audited information)	Page 14
Statements of cash flows (audited information)	Pages 16 – 17
Notes to the financial statements (audited information)	Pages 20 – 143
Consolidated financial statements of the INA Group for the year ended 31 December 2008 prepared in accordance with International Financial Reporting Standards (IFRS) together with the auditors' report	Pages 69 – 83
Independent Auditors' Report	Page 69
Balance sheet (audited information)	Pages 74 – 75
Income Statement (audited information)	Pages 70 – 71
Changes in shareholders' equity (audited information)	Page 78
Statements of cash flows (audited information)	Pages 80 – 81
Notes to the financial statements (audited information)	Pages 84 – 157

Any information not listed in the cross reference list above but included in the documents incorporated by reference is given for information purpose only.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The EUR 750,000,000 5.875 per cent. Notes due 2017 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 and forming a single series with the Notes) of MOL Hungarian Oil and Gas Public Limited Company (*MOL Magyar Olaj- és Gázipari Nyilvánosan Működő Részvénytársaság*) (the **Issuer**) are constituted by a Trust Deed dated 20 April 2010 (as amended or supplemented from time to time, the **Trust Deed**) made between the Issuer and BNP Paribas Trust Corporation UK Limited (the **Trustee**, which expression shall include all persons for the time being appointed as trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 20 April 2010 (as amended or supplemented from time to time, the **Agency Agreement**) made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as principal paying agent (the **Principal Paying Agent** which expression shall include any successor or additional principal paying agent appointed from time to time in connection with the Notes), the initial Paying Agents (as defined in the Agency Agreement) and the Trustee are available for inspection on reasonable notice during normal business hours by the Noteholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Notes at 55 Moorgate, London EC2R 6PA, United Kingdom and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of EUR 50,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 99,000 each with Coupons attached on issue.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. STATUS

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. NEGATIVE PLEDGE

3.1 Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed) the Issuer will not, and will ensure that none of its Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (including, without limitation, anything analogous to the foregoing under the laws of any relevant jurisdiction) (each a **Security Interest**) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness (each as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured by the Security Interest(s) equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (b) such other security or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (i) as the Trustee in its absolute discretion considers not materially less beneficial to the interests of the Noteholders or (ii) as is approved by an Extraordinary Resolution (which is defined in the Trust Deed as a resolution duly passed by a majority of not less than three quarters of the votes cast thereon) of the Noteholders.

3.2 Interpretation

For the purposes of these Conditions:

- (a) **Guarantee** means, in relation to any Relevant Indebtedness of any Person, any obligation of another Person to pay such Relevant Indebtedness including (without limitation):
 - (i) any obligation to purchase such Relevant Indebtedness;
 - (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Relevant Indebtedness;
 - (iii) any indemnity against the consequences of a default in the payment of such Relevant Indebtedness; and
 - (iv) any other agreement to be responsible for such Relevant Indebtedness;
- (b) **Relevant Indebtedness** means any borrowings of any Person having an original maturity of more than one year in the form of or represented by bonds, notes, debentures, debenture stock, loan stock, certificates or other debt securities (not comprising, for the avoidance of doubt, preference shares or other equity securities):
 - (i) where more than 50 per cent. in aggregate principal amount of such bonds, notes, debentures or other debt securities are initially offered outside the Republic of Hungary by or with the authorisation of the Issuer; and
 - (ii) which are or are intended to be or are capable of being listed, quoted or traded on any stock exchange, over-the-counter or other organised market for securities (whether or not initially distributed by way of private placing);
- (c) **Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and
- (d) **Subsidiary** means INA d.d. and, in relation to the Issuer, any company (i) in which the Issuer holds a majority of the voting rights or (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

4. INTEREST

4.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 20 April 2010 at the rate of 5.875 per cent. per annum, payable annually in arrear on 20 April (each an **Interest Payment Date**). The first payment (representing a full year's interest) (for the period from and including 20 April 2010 to but excluding 20 April 2011 and amounting to EUR 58.75 per EUR 1,000 principal amount of Notes) shall be made on 20 April 2011.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

5. PAYMENTS

5.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

5.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all related unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8) but not thereafter.

5.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7.

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

In these Conditions, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and **TARGET2 Settlement Day** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (**TARGET2**) System is open.

5.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city;
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; and
- (d) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

6. REDEMPTION AND PURCHASE

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 20 April 2017.

6.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 14 April, 2010, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 7; and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept without further investigation the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

No such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

6.3 Redemption at the option of the Noteholders

If at any time while any Notes remain outstanding there occurs a Change of Control (as defined below), a **Put Event** will be deemed to occur.

For the purposes of this Condition:

A **Change of Control** shall be deemed to have occurred if any person or group of persons (**Relevant Person(s)**) Acting in Concert gains Control of the Issuer, provided that a Change of Control shall not (i) include Control exercisable by and/or owned by the Republic of Hungary, or by the Republic of Hungary and/or by any entity or entities (together or individually) Controlled by the Republic of Hungary from time to time, or in respect of which the Republic of Hungary owns directly or indirectly more than 50 per cent. of the issued voting share capital; or (ii) be deemed to have occurred if the shareholders of the Relevant Person(s) are also, or immediately prior to the event which would otherwise constitute a Change of Control were, all of the shareholders of the Issuer.

Acting in Concert means acting together pursuant to an agreement or understanding (whether formal or informal).

Control means the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise.

If a Put Event occurs, the holder of each Note will have the option (a **Put Option**) (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6.2 (Redemption for Taxation Reasons) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date (as defined below) at its principal amount together with interest accrued to (but excluding) the Put Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction) give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 12 (Notices to the Noteholders) specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, the holder of a Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the **Put Period**) of 30 days after a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Put Notice**). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven Business Days (as defined in Condition 5.5) after the expiration of the Put Period (the **Put Date**), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 11 (Replacement of Notes and Coupons)) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. For the purposes of

these Conditions, receipts issued pursuant to this Condition 6.3 (Redemption at the option of the Noteholders) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed (or purchased) and cancelled.

If 85 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6.3 (Redemption at the option of the Noteholders), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 45 days after the Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Trustee is under no obligation to ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or Change of Control or other such event has occurred.

6.4 No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 6.1 and 6.2 above.

6.5 Purchases

The Issuer or any of its Subsidiaries (as defined above) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

6.6 Cancellations

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries will forthwith be cancelled, together with all related unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be held, reissued or resold.

6.7 Notices Final

Upon the expiry of any notice as is referred to in paragraph 6.2 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

7. TAXATION

7.1 Payment without Withholding

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction, except that no such additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note or Coupon by reason of its having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) presented for payment in the Republic of Hungary; or
- (c) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or
- (e) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (f) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 5).

7.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and
- (b) **Relevant Jurisdiction** means the Republic of Hungary or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

7.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 6.

9. EVENTS OF DEFAULT

9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction) (but, in the case of the happening of any of the events described in paragraphs (b) and (d) to (f) (other than the winding up or dissolution of the Issuer), and (g) to (l) inclusive below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default** and each an **Event of Default**):

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of three Business Days in the case of principal or five Business Days in the case of interest, provided that such default will not be an Event of Default if (i) it occurs by reason only of administrative or technical difficulties affecting the transfer of the funds due from the Issuer, (ii) the Issuer issued the appropriate transfer and payment instructions in sufficient time to permit the transfer and payment of the amount due to be made on its due date and (iii) the holders of the Notes receive from the Issuer that amount within seven Business Days after the due date for payment; or

- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any Indebtedness of the Issuer or a Material Subsidiary is not paid when due after the expiration of any applicable grace period, or any Indebtedness of the Issuer or a Material Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity, provided, however, that no Event of Default shall have occurred if the aggregate amount of such Indebtedness (or its equivalent) which is not paid when due (after the expiration of any applicable grace period) or is due and payable prior to its specified maturity date is equal to or less than EUR 50 million (or its equivalent in another currency); or
- (d) if one or more final and binding judgment(s) or order(s) for the payment of any amount in excess of EUR 50 million is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or
- (f) if any order is made by any competent court or a resolution is passed for the winding up, liquidation or dissolution of the Issuer or a Material Subsidiary save for the purposes of reorganisation whilst solvent on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (g) if the Issuer or a Material Subsidiary ceases or threatens to cease to carry on the whole or substantially the whole of its business, save for the purposes of reorganisation whilst solvent on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or the Issuer or a Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits its inability to, pay its debts (or any class of its debts) as they fall due or is adjudicated or found bankrupt or insolvent; or
- (h) if (i) proceedings are initiated against the Issuer or a Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or a Material Subsidiary or, as the case may be, in relation to the whole or substantially (in the opinion of the Trustee) the whole of the undertaking or assets of the Issuer or a Material Subsidiary or an encumbrancer takes possession of the whole or substantially (in the opinion of the Trustee) the whole of the undertaking or assets of the Issuer or a Material Subsidiary, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially (in the opinion of the Trustee) the whole of the undertaking or assets of the Issuer or a Material Subsidiary, and (ii) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not discharged within 90 days (or such longer period as the Trustee may consider appropriate in relation to the jurisdiction concerned) or unless, and for so long as, the Trustee is satisfied that it is being contested in good faith and diligently; or
- (i) if the Issuer or a Material Subsidiary (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (j) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have an analogous effect to any of the events referred to in paragraphs (f) to (i) above; or

- (k) if a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer or any Material Subsidiary where the value of the undertaking, assets and revenues in question exceeds EUR 50 million; or
- (l) if any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of, the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of Hungary, is not taken, fulfilled or done.

9.2 Interpretation

For the purposes of this Condition:

- (a) **Indebtedness** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other debt securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit; and
- (b) **Material Subsidiary** means, at any time, a Subsidiary of the Issuer whose consolidated tangible net worth or EBITDA (excluding intra-Group items) then equals 10 per cent. of the Consolidated Tangible Net Worth or EBITDA of the Issuer (on a consolidated basis).

For this purpose:

- (i) the consolidated tangible net worth or EBITDA of a Subsidiary of the Issuer will be determined from its latest annual financial statements (consolidated if it has Subsidiaries) upon which the Issuer's latest annual audited consolidated financial statements have been based;
- (ii) if a Subsidiary of the Issuer becomes a member of the Group after the date on which the latest annual audited consolidated financial statements of the Issuer have been prepared, the consolidated tangible net worth or EBITDA of that Subsidiary will be determined from its latest annual financial statements;
- (iii) the Consolidated Tangible Net Worth or EBITDA of the Issuer will be determined from the Issuer's latest annual audited consolidated financial statements, adjusted (where appropriate) to reflect the consolidated tangible net worth or EBITDA of any company or business subsequently acquired or disposed of; and
- (iv) if a Material Subsidiary disposes of all or substantially all of its assets to another Subsidiary of the Issuer, it will immediately cease to be a Material Subsidiary and the other Subsidiary (if it is not already) will immediately become a Material Subsidiary; whether or not a Subsidiary is a Material Subsidiary after that disposal will be determined by reference to the subsequent annual financial statements of that Subsidiary and the Issuer (on a consolidated basis).

However:

- (A) the first determination of whether a company which becomes a Subsidiary of the Issuer after 20 April 2010 is or is not a Material Subsidiary shall be made by reference to its latest annual audited financial statements and the latest annual audited consolidated financial statements of the Issuer, in each case for the financial year after the financial year of the Issuer in which the date of that company's acquisition falls; and
- (B) if there is a dispute as to whether or not a company is a Material Subsidiary, a certificate of the auditors of the Issuer provided by the Issuer to the Trustee that in the auditors' opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

For the purposes of this definition, **consolidated tangible net worth** of a company means total assets as they appear in the financial statements of that company (consolidated if

prepared) less the aggregate of total intangible assets and total liabilities of that company on a consolidated basis, calculated by reference to that company's financial statements (consolidated if prepared).

Where:

Consolidated Tangible Net Worth means total assets as they appear in the consolidated financial statements of the Issuer less the aggregate of total intangible assets and total liabilities of the Issuer on a consolidated basis, calculated by reference to the most recent annual consolidated financial statements of the Issuer.

EBITDA means, in relation to any person and for any Measurement Period, operating profit plus cash dividends received plus any depreciation or amortisation. For the purposes of the definition of Material Subsidiary, cash dividends received shall be calculated by reference to the cashflow statement and each of operating profit, depreciation and amortisation shall be calculated by reference to the relevant person's consolidated (or, if that is not available, unconsolidated) profit and loss account. For the purposes of calculating EBITDA for any Measurement Period, the EBITDA of any company which has been acquired or disposed of by a member of the Group for a consideration in excess of EUR 250 million during that Measurement Period shall be included, in the case of an acquisition, or excluded, in the case of a disposal, on a pro forma basis as if the acquisition, or, as the case may be, the disposal, had been completed on the first day of that Measurement Period.

Group means the Issuer and its Subsidiaries.

Measurement Period means a period of 12 months ending on the last day of a financial year of the Issuer.

10. ENFORCEMENT

10.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (b) it has been indemnified to its satisfaction.

10.2 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent or the Paying Agent in Luxembourg upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. NOTICES TO THE NOTEHOLDERS

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the

Financial Times in London and the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

13. SUBSTITUTION

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of any other company being a Subsidiary or a holding company or another Subsidiary of a holding company of the Issuer, subject to:

- (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (b) certain other conditions set out in the Trust Deed being complied with.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that a resolution in writing signed for the time being by or on behalf of the holders of not less than three-quarters in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders), or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error.

14.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

14.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

15. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

15.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

15.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing Law

The Trust Deed, the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law.

17.2 Jurisdiction of English Courts

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee, the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceeding (together referred to as **Proceedings**) arising out of or in connection with the Trust Deed, the Notes or the Coupons respectively (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

The Issuer has, in the Trust Deed, consented to the enforcement of any judgment and, to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

17.3 Appointment of Process Agent

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at the latter's registered office for the time being as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

18. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Conditions of the Notes while the Notes are represented by the Global Notes.

1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) upon the happening of any of the events defined in the Trust Deed as “Events of Default”; or
- (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available.

Thereupon the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 40 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 31 May 2010, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by

publication as required by Condition 12, provided that, so long as the Notes are listed on the Luxembourg Stock Exchange, notice will also be given by publication in a daily newspaper published in Luxembourg if and to the extent that the rules of the Luxembourg Stock Exchange so require. So long as the Notes are listed on the Luxembourg Stock Exchange, the Issuer will also request that notices to Noteholders be published on the website of the Luxembourg Stock Exchange. Any such notice shall be deemed to have been given to the Noteholders (i) in the case of delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg, on the day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be); and (ii) in the case of publication on the website of the Luxembourg Stock Exchange, on the day on which such notice is first published on the website.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Put Option

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 6.3 (Redemption at the option of the Noteholders (Investor Put)) may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly within the time limits set forth in that Condition.

8. Euroclear and Clearstream, Luxembourg

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

USE OF PROCEEDS

The net proceeds from the issue of Notes will be applied by the Issuer for its general corporate purposes and the rationalisation of its existing portfolio of debt.

DESCRIPTION OF THE ISSUER

KEY INFORMATION

The legal name of the issuer is MOL Hungarian Oil and Gas Public Limited Company (**MOL** or the **Issuer**) (*MOL Magyar Olaj- és Gázipari Nyilvánosan Működő Részvénytársaság*) abbreviated to: MOL Plc. (*MOL Nyrt.*). It also operates under the commercial name MOL. MOL's registered office is at Október huszonharmadika u. 18, Budapest, H-1117, Hungary, telephone number +36 1 209 0000. MOL was founded on 1 October 1991 as the legal successor to the state owned Országos Kőolaj és Gázipari Tröszt (**OKGT**), and was incorporated in Hungary under Act VI of 1988, Act XIII of 1989, Act VII of 1990 and Government Resolution No. 3149/1991 (IV.11.) and was registered as a company limited by shares on 10 June 1992 under registration number Cg. 01-10-041683 by the Metropolitan Court in Budapest acting as Court of Registration, and it was founded for an indefinite period.

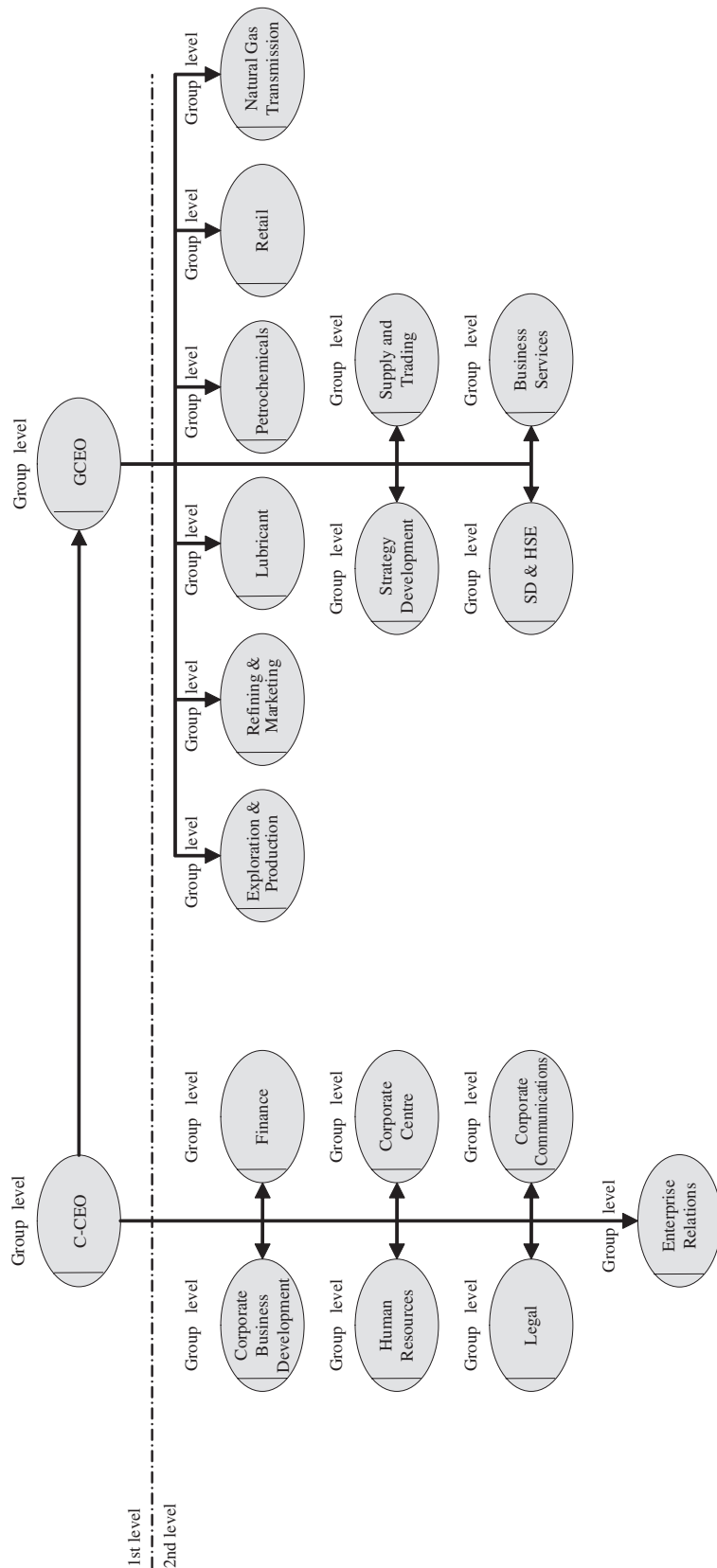
INTRODUCTION

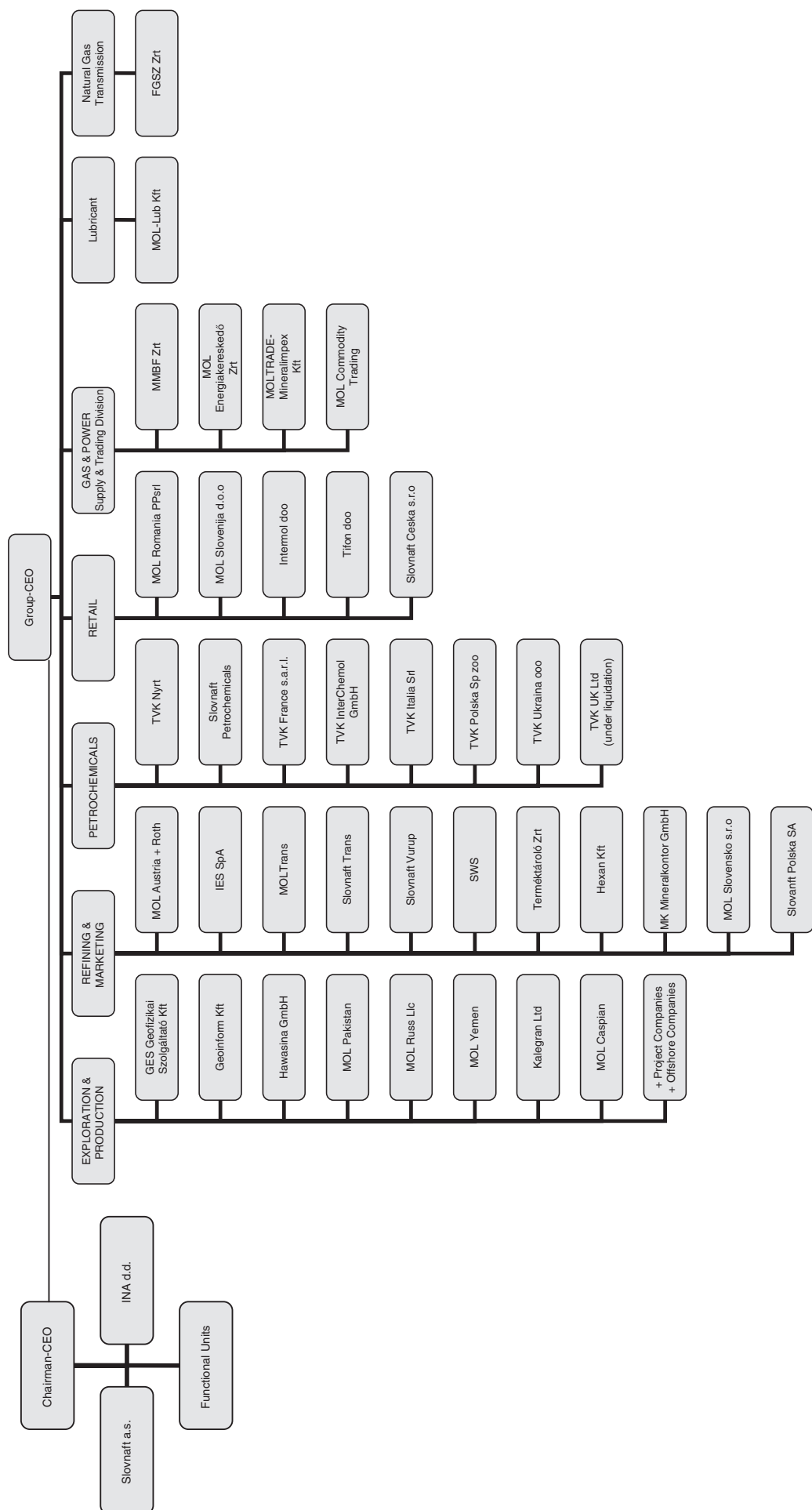
MOL is the parent company of the MOL group (the **MOL Group** or the **Group**). The MOL Group is an international integrated oil and gas group with a diversified European portfolio. The MOL Group is primarily engaged in the exploration and production of crude oil and natural gas, the refining of crude oil, wholesale and retail sales of refined petroleum products and the production and sale of olefins and polyolefins. In addition, the MOL Group is involved in gas infrastructure services, supply and trading activities, and power activities. As at 31 December 2009 the total tangible and intangible assets and the total net sales revenues of the MOL Group amounted to HUF 2,967 billion and HUF 3,226 billion respectively.

The MOL Group operates through a number of direct and indirect, wholly owned, majority owned or minority owned subsidiaries. Its operations are broadly divided among the following five businesses:

- (1) the Exploration and Production business;
- (2) the Refining and Marketing business;
- (3) the Petrochemicals business;
- (4) Gas transmission through FGSZ Földgázszállító Zrt. (**FGSZ**); and
- (5) the Gas and Power business.

The following two diagrams give an overview of the different corporate functions within the MOL Group and the principal subsidiaries that operate within them:





STRATEGY

The core strategic aims of the MOL Group are to maintain its position in Croatia, Hungary and Slovakia as an international integrated oil and gas company and to exploit further organic and selective acquisitive growth opportunities in its core markets. The MOL Group acquired operational control of INA during 2009 and a major strategic goal is to further integrate INA's business divisions and operations into the MOL Group and improve INA's operational and financial performance. With the full consolidation of INA MOL aims to achieve a more balanced integrated business structure to provide a more stable cash flow and to better deal with the cyclicity of the oil and gas industry.

The MOL Group's short term goals are to maintain financial stability, improve efficiency and maximise the value of the enlarged group's portfolio.

In respect of the Exploration and Production business the MOL Group believes that its existing portfolio provides a solid foundation for further growth of its reserve base as well as increases in oil and gas production. The management of the MOL Group intends to increase production levels through development projects in Syria, CEE, Pakistan, Kurdistan and Russia. In addition, the management of the MOL Group intends to increase its oil and gas reserve base by intensifying exploration activity.

In respect of the Refining and Marketing business the management of the MOL Group hopes to extend the MOL Group's market position through selected projects designed to support operations and their sustainability and reliability. The Refining and Marketing business aims to increase its efficiency by properly integrating the MOL Group's new subsidiaries into the MOL Group and ensuring that they meet MOL Group standards. It aims to improve product quality and yield and will focus on the joint optimisation of five refineries and two petrochemical units.

In respect of the Gas and Power Business the MOL Group aims to strengthen its position along the gas value chain and intends to enter into the power generation business through the MOL-CEZ joint venture (as defined below).

CORPORATE HISTORY

MOL was formed in October 1991 through the merger of nine companies which had previously been part of OKGT. The privatisation of MOL started in November 1995 with the listing of MOL's shares on the Budapest Stock Exchange and the Luxembourg Stock Exchange. MOL Group shares are currently listed on the Budapest, Luxembourg and Warsaw Stock Exchanges and its depositary receipts are traded on the US Pink Sheet and on London's International Order Book. By 1998, Hungarian state ownership of MOL had decreased to 25% and MOL became a fully privatised company in November 2006.

Since 1999, the MOL Group has expanded its Exploration and Production business significantly and now undertakes activities around the world. The MOL Group has also substantially expanded its Refining and Marketing business and its Petrochemical business through a combination of organic growth and strategic acquisitions. As a result it is now one of the main oil and gas companies in the CEE.

KEY DEVELOPMENTS IN RECENT YEARS

In recent years the MOL Group has made efforts to consolidate the CEE oil market by acquiring Slovnaft, a.s. (**Slovnaft**), Tisza Chemical Group Public Limited Company (**TVK**), Italiana Energia e Servizi Spa (**IES**), INA and various retail companies. Furthermore, the MOL Group has expanded its exploration and production portfolio in Russia, Syria, Pakistan and Northern Iraq. The MOL Group has entered new markets whilst seeking to protect its existing market positions through expansionary acquisitions. Below are the key developments for the MOL Group over the last five years.

1. INA

MOL recently became the largest shareholder of INA, the formerly state controlled Croatian integrated oil and gas company, following a successful voluntary public offer and it obtained the right to manage INA through the First Amendment to the Shareholders Agreement (the **First Amendment to the Shareholders Agreement**) (as discussed further below).

In September 2008 MOL launched a voluntary public offer, which was completed on 10 October 2008, and increased its shareholding in INA to 47.16%. The Croatian Government's shareholding in INA remained at 44.84%.

On 30 January 2009 MOL and the Republic of Croatia represented by the Government of Croatia signed two agreements: (A) the First Amendment to the Shareholders Agreement and (B) a Gas Master Agreement (the **Gas Master Agreement**).

Amendment to the Shareholders Agreement

Under the First Amendment to the Shareholders Agreement, MOL gained operational control of INA. Since 30 June 2009 INA's and MOL's balance sheets have been consolidated.

Under the First Amendment to the Shareholders Agreement the Government of Croatia still has veto rights in relation to certain reserved matters to ensure that INA remains an energy supplier. The Government of Croatia also has a right of first refusal on the purchase of the INA shares; and in the event that MOL undergoes a change of control not recommended by its board of directors, the Government of Croatia has the right to repurchase all of the INA shares from MOL.

The Shareholders Agreement and the First Amendment to the Shareholders Agreement are in force for an indefinite period provided that both parties continue to hold at least a 25%+1 share ownership in INA.

The transaction was closed on 10 June 2009 with the election of the new supervisory board of INA, following the conditional approval of the Croatian Competition Agency regarding the transaction. A new management board of INA was elected in conjunction with the changes to the supervisory board of INA.

Gas Master Agreement

The Gas Master Agreement and its first amendment dated 16 December 2009 (the **First Amendment to the Gas Master Agreement** or the **FAGMA**) were entered into between the Republic of Croatia and MOL. The FAGMA regulates the separation and sale of the gas trading activities of INA. These agreements allow the Government of Croatia to gain control over Croatian gas supply and storage activities and also to clarify the pricing of the gas sold on the Croatian market. Please see "Gas Trading in Croatia" on page 58.

2. MOL-CEZ strategic partnership

On 20 December 2007 MOL and CEZ a.s. (**CEZ**) agreed to set up a joint venture (the **MOL-CEZ Joint Venture**) to leverage opportunities in a steadily growing electricity market in Central and South Eastern Europe. CEZ is a leading electricity producer and distributor in the Czech Republic and one of the largest electricity companies in Central and South-Eastern Europe, with a market capitalisation of EUR 18 billion as of 31 December 2009.

Within the next five years 15% of the CEE's energy generating capacity is expected to be decommissioned according to a private McKinsey & Company report commissioned by MOL. As environmental regulations are a key focus for the EU it is likely that there will be a need for new and less polluting power generating technologies in the region. Currently the MOL-CEZ Joint Venture focuses on gas-fired electricity power generation opportunities in Slovakia and Hungary. Further opportunities in Croatia and Slovenia may be considered in the future. The preparations for the construction of two gas-fired power plants to produce electricity and potentially steam in the Duna and Slovnaft refineries has already commenced.

The MOL-CEZ Joint Venture received all necessary approvals from the relevant competition authorities. It was approved by the European Commission in May 2008 and by the relevant authorities in Ukraine, Serbia and Bosnia-Herzegovina in June 2008.

The MOL-CEZ Joint Venture's corporate organisation consists of a holding company and three project companies. Each company in the MOL-CEZ Joint Venture is jointly owned, with MOL and CEZ having equal 50% stakes, which ensures equal voting rights and an equal say in operational decision making.

3. Pearl

In May 2009 MOL acquired a 10% stake in Pearl Petroleum Company Ltd. (**Pearl**), which is the licence holder for two gas-condensate fields, Khor Mor and Chemchemal, in the Kurdistan region of Iraq.

THE MOL GROUP'S BUSINESSES

1. THE EXPLORATION AND PRODUCTION BUSINESS

Introduction

MOL Exploration and Production (**MOL E&P**) is the exploration and production division of the MOL Group. MOL E&P has oil and gas exploration activities in 15 countries and producing assets in seven countries. For the year ended 31 December 2009 it contributed 55.6% to the MOL Group's EBITDA (excluding special items, and discontinued operations), its net sales revenues were HUF 461.2 billion and its total tangible and intangible assets were HUF 1,312.1 billion.

MOL and its predecessors have been involved in exploration for natural gas and crude oil in Hungary since the 1930s, while in the last two decades it has built an international asset portfolio in Russia, Northern Iraq, Pakistan, Kazakhstan, India, Yemen, Oman and Cameroon. As a result of the acquisition of INA the portfolio also includes significant exploration and production assets in Croatia, Syria, Namibia, Egypt, Iran and Angola.

As at 31 December 2009 the 2P reserves of MOL E&P were 665 MMboe according to SPE rules. 27% of these reserves are located in Hungary and 39% are in Croatia. Further reserves are located in Russia, Pakistan, Syria, Egypt and Angola.

In 2009 MOL E&P produced approximately 108,000 barrels of oil equivalent per day (40% crude oil, 50% gas and 10% condensate), of which INA's production between 1 July 2009 and 31 December 2009 contributed approximately 29,100 barrels of oil equivalent per day on an annual basis. INA's production for the whole of 2009 amounted to approximately 56,600 barrels per day. The bulk of the production (46% of crude oil, 95% of gas and 98% of condensate) was realised in Hungary and Croatia, while international assets contributed 54% to crude oil, 5% to gas and 2% to condensate production in 2009.

The majority of the MOL Group's short-term EBITDA and cash generating assets are located in Hungary and Croatia. Most of the fields are in the mature phase, which has led to a slight decrease in the total production levels; however, profitability in this region is still high as these fields require little additional investment. A description of MOL E&P's activities in Hungary and Croatia is provided on pages 39 – 42. In the forthcoming years, significant production and EBITDA increases are expected from the Russian, Syrian and Pakistani assets where intensive field development activities have been implemented in recent years.

As at 31 December 2009, the MOL Group had 32 exploration licences covering more than 37,215 square kilometres in Hungary. The MOL Group also has the right to explore for hydrocarbons in nine Croatian onshore blocks covering a total area of approximately 70,174 square kilometres and in three Croatian offshore blocks with a total area of 37,840 square kilometres. In addition, through its subsidiaries, the MOL Group participates in the exploration of numerous international exploration blocks located in 13 countries.

MOL E&P benefits from its ability to maintain and, in certain cases, decrease its unit production costs. MOL E&P can benefit from cost savings as a result of its in-house seismic and drilling companies (Crosco dd, Rotary Zrt, Geoinform Zrt and GES Kft), which allows it to mitigate the effects of the recent global increase in costs and provides preferential access to key services.

As a result of improved economies of scale it is anticipated that MOL's integration with INA should lead to improved operations, procurement processes, maintenance, logistics and energy consumption. The MOL Group should also benefit from a larger body of expertise and a more effective know-how system.

Natural gas and crude oil reserves of the MOL Group

There are numerous difficulties in estimating the quantities of proven reserves, projecting future rates of production and the timing of development expenditure because there are many factors which are beyond the control of the MOL Group. The reserve data set forth in this Prospectus represent estimates and should not be construed as exact quantities.

There are two methods used for estimating reserves, the SEC method and the SPE 2P method. The SEC method is the more stringent.

Gross proven/developed and undeveloped reserves (according to SEC rules)

	2008				2009			
	Hungary	Russia	Pakistan	Total	Hungary	Russia	Pakistan	Total
Natural gas (MMboe)	86.1	0.0	0.2	86.3	71.7	0.0	10.9	82.6
Crude oil (MMboe)	24.5	44.6	0.1	69.2	26.3	42.5	1.9	70.7
Total (MMboe)	110.6	44.6	0.3	155.5	98.0	42.5	12.8	153.3

Notes:

- 1) INA has no reserve estimation according to SEC rules.
- 2) Crude oil includes condensates and natural gas includes gas liquids.
- 3) *Proven oil and gas reserves.* Proven oil and gas reserves are those quantities of oil and gas which, by analysis of geo-science and engineering data, can be estimated with reasonable certainty to be economically producible – from a given date forward, from known reservoirs and under existing economic conditions, operating methods, and government regulations – prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

Source: SEC

In 2009, MOL's reserves were fully consolidated with INA's 325 million barrels of crude oil equivalent reserves according to SPE/PRMS (2P reserve category), while MOL's reserves were 340 million barrels of crude oil equivalent, together totalling 665 million barrels of crude oil equivalent as at 31 December 2009.

Gross reserves – SPE 2P (according to SPE rules – proven plus probable reserves)

	2008					2009						
	Hungary	Russia	Pakistan	INA (47.16%)	Total	Hungary	Russia	Pakistan	INA Croatia	INA Syria	INA Other	Total
Natural gas (MMboe)	135.5	0.0	12.4	137.3	285.2	128.8	0.0	11.9	180.7	50.3	0.0	371.7
Crude oil (MMbe)	48.3	154.1	2.0	43.0	247.4	51.0	146.3	2.0	77.8	5.6	10.6	293.3
Total (MMboe)	183.8	154.1	14.4	180.3	532.6	179.8	146.3	13.9	258.6	55.9	10.6	665.1

- 1) Crude oil includes condensates and natural gas includes gas liquids.
- 2) According to SPE/PRMS rules, Proven Reserves are those quantities of petroleum, which, by analysis of geo-science and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date, with known reservoirs, under defined economic conditions and operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
- 3) According to SPE/PRMS rules, Probable Reserves are those additional Reserves which analysis of geo-science and engineering data indicate are less likely to be recovered than Proven Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proven plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Production

During 2009 the MOL Group's upstream operations were characterised by intensified production at existing fields and test production at new fields. Production in 2009 was 24.8% higher than in 2008, reaching 39.4 million barrels of oil equivalent (approximately 108,000 barrels of oil equivalent per day).

During 2009 73% of MOL E&P's production (excluding INA) came from Hungary compared with 72% (excluding INA) in 2008. Most of MOL E&P's larger fields in Hungary have been in production for a number of years and therefore Hungarian production decreased by 7.1% from 2008 to 2009. International production decreased by 12.9% between 2008 and 2009 due to a decrease of 14.4% in Russian production. Russian production decreased as a result of a decline in production at the Zapadno-Malobalyk Oil Field (the **ZMB Field**) which was only partially offset by increased production at the Matjushkinskiy, Ledovoye and Baitex field. In Pakistan, the Manzalai central processing facility was put into production in 2009 and as a result Pakistani gas production increased compared with the previous year. After its full consolidation into the MOL Group INA contributed to joint production in 2009 with approximately 10.6 MMboe (approximately 29,100 boe/d). This was 26.9% of the MOL Group's 2009 total hydrocarbon production.

The following table shows MOL E&P's detailed daily hydrocarbon production in 2008-2009:

<u>(thousand boepd)</u>	<u>2008</u>	<u>2009*</u>		<u>Deviation</u>		<u>Deviation %</u>
Hungarian	15.3	14.8	—	0.5	—	3.4
Russian Crude oil	23.4	20.1	—	3.3	—	14.2
Croatian crude oil	—	5.4		5.4		—
Syria	—	0.8		0.8		—
Egypt	—	1.1		1.1		—
Angola	—	1.7		1.7		—
Total crude	38.7	43.8		5.1		13.2
Hungarian gas	39.1	36.0	—	3.1	—	7.9
Pakistani gas	1.0	1.2		0.3		26.5
Croatian onshore gas	—	7.9		7.9		—
Croatian offshore gas	—	7.4		7.4		—
Syrian gas	—	1.4		1.4		—
Total gas	40.1	53.9		13.8		34.5
Hungarian condensate	7.3	6.7	—	0.6	—	8.6
Pakistani condensate	0.2	0.2	—	0.1	—	24.6
Croatian condensate	—	3.4		3.4		—
Syrian condensate	—	0.1		0.1		—
Condensate (separated)	7.5	10.3		2.8		37.4
Total hydrocarbon	86.3	108.0		21.7		25.2

* Data for INA for 2009 is consolidated as from July 2009.

The following is a description of MOL's E&P activities in each of the main countries in which it operates.

Hungarian activities

Exploration

In the last 75 years MOL and its predecessors have discovered more than 300 oil and gas fields in Hungary. In Hungary, the MOL Group's exploration activity is currently focused on four regions: East Hungary, the Paleogene basin, the Zala basin and the Drava basin. In addition, the MOL Group also seeks growth opportunities through unconventional exploration projects in five prospective basins in Hungary.

The MOL Group and ExxonMobil formed a strategic partnership to undertake unconventional exploration in Hungary and over the last two years they have explored the Makó Trough. ExxonMobil withdrew from the project in February 2010 as test results showed that the potential of the Makó Trough is not as promising as expected. The MOL Group will continue activities in the Makó West area. In the Békés basin the MOL Group drilled one well in 2009 to test unconventional potential and had promising results. In the Derecske basin the MOL Group is already producing gas from unconventional reservoirs. In other basins with unconventional hydrocarbon potential joint technical studies were prepared in cooperation with INA.

The MOL Group seeks to reduce the risks associated with exploration activities through the use of 3D seismic surveys, special data processing and interpretation techniques. It also focuses on the

“traditional” exploration areas adjacent to existing fields in Hungary with the intention of finding hydrocarbons by drilling small to mid-size, moderate risk prospects closer to existing infrastructure. As a result the MOL Group achieved a 70% success rate in finding hydrocarbons over the last four years in Hungary.

The Hungarian exploration activities of the MOL Group are generally conducted through MOL. In recent years great emphasis has also been placed on partnerships. This has allowed MOL to combine its local knowledge with its partners and to share risks. MOL’s most recent successful joint conventional exploration operations were conducted in partnership with INA, Hungarian Horizon Energy and Petro-Hungaria-Ascent.

Field development and production

The basic role of the MOL Group’s Hungarian field development and production unit is to secure continuous production from hydrocarbon fields through new discoveries and the development of oil and gas fields in Hungary. There have been no unforeseen declines or shutdowns in the last five years and the operation meets Hungarian and EU quality and environmental requirements.

Domestic production comes from three major production areas across four basins, covering more than 174 fields. The MOL Group also operates three gas plants near the Algyő, Ortaháza and Hajdúszoboszló gas fields where natural gas is processed in order to ensure its quality by separating the natural gas and condensates from extraneous solids, liquids and other gases.

As a result of the proper utilisation of existing technology and equipment and cost reduction measures over the last ten years, MOL E&P was nominated as the leading low-cost onshore producer in Europe several times in succession (IHS Herold Global Upstream Performance Review 2004 to 2009).

The MOL Group is aiming to bring undeveloped reserves into production quickly and to maximise production from its currently operating reservoirs. Due to the favourable geological structure of the domestic reservoirs and the knowledge of production experts, the recovery ratio of produced crude oil represents an average of 42%. Typical values for the recovery ratio are in the range of 20-50%. In case of natural gas the average recovery ratio is 69%.

The application of different recovery methods may result in additional commercially viable recovery. Such methods, for example Enhanced Oil Recovery (**EOR**), aim to maximise recoveries from existing fields. In 2009 13% of MOL E&P’s crude oil production was realised through EOR techniques.

Legal background of Hungarian oil and gas exploration and production activities

In accordance with international practice, the Hungarian Government levies a tax on most crude oil and natural gas produced in Hungary. The mining royalty agreement (the **Mining Royalty Agreement**) agreed in 2005 between MOL and the Hungarian Minister of Economy and Transport (the **Ministry**) determines the royalty payable by MOL until 2020 on Hungarian hydrocarbon production from fields named in the agreement, whilst other fields, including new discoveries, are subject to mining royalty rates regulated by the Mining Act and the related by-laws. MOL paid 29% of its crude oil and natural gas revenue as mining royalty to the Hungarian State on the crude oil and natural gas produced in Hungary in 2009. In 2009, HUF 44.4 billion was paid into the energy price compensation budget from royalties resulting from production derived from Hungarian fields. In 2009, the average rate of the mining royalty payable on natural gas produced from fields put into production after 1998 and for crude oil production was 12.2% (excluding volumes from Enhanced Oil Recovery, which represented 13% of oil production and which are not subject to any royalty rate in Hungary), while the mining royalty payable on natural gas produced from fields put into production before 1998 was 61.8%. In 2009 the EU Commission opened a state aid investigation into the Mining Royalty Agreements between MOL and the Hungarian Government. The Hungarian Government and not the MOL Group is the party currently being investigated.

Holders of exploration permits can apply to conduct hydrocarbon production upon demonstrating to the Mining Bureau of Hungary that reserves are economically recoverable. The production permits provide the right to produce oil and natural gas until the completion of production and abandonment of the fields.

Croatian activities

Exploration

INA and its legal predecessors have been involved in exploration and production activities in Croatia since 1952. Currently INA holds 12 exploration licences in Croatia.

In recent years INA's conventional exploration activities in North Croatia have been focused on the evaluation of less risky prospects located near producing areas in the Pannonian basin. In addition, the Drava and Mura basins' unconventional gas potential are also being evaluated. In the North Adriatic offshore area INA is pursuing exploration programmes with partners, including INAgip D.O.O (**INAgip**) and EdINA D.O.O. (**EdINA**).

Field development activities

Croatian onshore field development operations include mostly workovers of existing production wells in mature fields to enhance production levels and recovery rates. In recent years 318 workover operations and 33 well equipment overhauls have been completed.

The North Adriatic offshore area is covered by three contract areas (all of them covered by PSAs) operated by two companies, INAgip and EdINA. The Aiza-Laura and Ivana contract areas are operated by INAgip which was established in 1996 and which is jointly and equally owned by INA and ENI SpA. The Izabela contract area is operated by EdINA, which was established in 2002 and in which Edison SpA has a 70% shareholding and INA has a 30% shareholding. In the contract areas operated by INAgip production commenced in 1999 and production currently comes from 44 wells in 16 platforms. In INA's joint activities with Edison production is expected to start in the first half of 2010.

Legal background to the Croatian oil and gas exploration and production activities

In accordance with international practice the Croatian government levies a tax on most crude oil and natural gas produced in Croatia. The hydrocarbon royalty obligation of INA is currently 3.1% on produced hydrocarbon quantities. According to the Gas Master Agreement INA's hydrocarbon royalty obligation will increase by 0.5% per year until 2015 and will be fixed at 10% for ten years thereafter.

On 30 July 2009 a new Croatian Mining Law was passed subjecting exploration licences to new terms and conditions. Exploration licences are granted for a three-to five-year period. INA's existing Croatian licences are due to expire at various points between now and 31 December 2013. Once a license expires INA will be obliged to take part in a public tender process to apply for new licences. This process is standard and is part of the ordinary course of business for participants in Croatia's oil and gas industry.

On 30 December 2009 the Croatian government passed the Act on Exploration Fees, which will obligate INA to pay a fee for its exploration licences based on each exploration well area. This will be in addition to the fees that it currently pays for its exploitation licences. The Act on Exploration Fees came into force on 1 January 2010 and is likely to increase INA's licence fees by approximately EUR 6,000,000 per annum.

Currently INA is the only holder of licences for the exploration and production of oil and natural gas in Croatia. INA holds and operates all onshore licences and holds all offshore production licences relating to the Adriatic Sea in partnership with Eni and Edison.

Russian activities

The MOL Group undertakes extensive exploration and production activities in Russia. Its main areas of exploration and production are:

- the mature ZMB Field in Western Siberia, of which the MOL Group's share of production in 2009 was 14,971 boe/d;
- the Baitugan oil field in the Volga-Ural oil province. This is in a redevelopment phase and production was 3,044 boe/d in 2009;
- the producing fields of the Matjushkinskiy Block, where production was 2,043 boe/d in 2009 and which has further exploration potential in Western Siberia; and

- the Surgut-7 Block in Western Siberia, which is approximately ten kilometres south-east of the ZMB Field and for which the MOL Group has an exploration licence.

According to the reserve evaluation of 2009 the MOL Group's SPE 2P recoverable reserves from these oil fields are 146.3 MMboe. The reserves of each of the ZMB Field, the Baitugan fields, the Matjushkinskiy Block and the Surgut-7 Block were 43.2 MMboe, 63.6 MMboe, 30.5 MMboe and 9.1 MMboe respectively.

The ZMB Field is operated under a joint venture between OAO NK Russneft and MOL CIS, which is the Russian subsidiary of MOL. MOL-CIS and Russneft each have a 50% share in ZMB Ltd (**ZMB**), which is the operating company for the joint venture. All the other assets in Russia are fully owned and operated by MOL through its Russian subsidiaries. ZMB's exploration and production licence in relation to the ZMB Field is valid until 2016. The exploration and production licence of the Baitugan field is valid until the end of 2012. In the Matjushkinskiy Block there is an exploration licence which is valid until 2010 and a production licence in relation to Matjushkinskiy field which is valid until the end of 2029. Arrangements for the extension of the exploration licence are currently in progress. Based on current practice in Russia production licences can be extended beyond the original expiry dates in the event that commercial production is possible.

In July 2009 the Russian state mining authority (**Rosnedra**) examined ZMB's compliance with the terms of its exploration and production licence and decided that unless ZMB complied with its obligations Rosnedra would revoke this licence. ZMB took all feasible steps to fulfil its obligations and to mitigate the risk of the licence being revoked. A work programme for the ZMB Field designed to achieve the required 95% utilisation of produced associated gas is in progress. This includes the installation of gas turbine driven electric generators. ZMB has submitted a report to Rosnedra about the action that it has taken. Since implementing these measures the MOL Group have not received any notices of investigation from the Russian authorities. The MOL Group does not expect to be investigated in 2010.

Legal background to Russian oil and gas exploration and production activities

The MOL Group is subject to an extraction tax and export duty in Russia. The extraction tax rate as at 31 December 2009 was USD 13.0/bbl compared with USD 6.5/bbl as at 31 December 2008. The annual average extraction tax rate in 2009 was 16.6% compared with 20.0% for 2008. The export duty rate as at 31 December 2009 was USD 39.4/bbl compared with USD 26.4/bbl in 2008. The annual average export duty rate in 2009 was 40.7% compared with 52.0% in 2008.

Pakistani activities

The MOL Group undertakes extensive exploration and production activities in Pakistan and its activities are focused on the Tal Block, Margala and Margala North Blocks in Northern Pakistan and the Karak Block in North West Pakistan. The MOL Group's SPE 2P recoverable reserves in Pakistan are currently 13.9 MMboe. These come exclusively from the Manzalai and Makori fields located in the Tal Block. The other blocks are still in the exploration phase. In 2009 production of gas was 0.187 million scm/d (1,214 boe/d) and production of condensate was 28.67 scm/d (180 boe/d).

Based on a petroleum concession agreement signed with the Pakistani authorities, the MOL Group is currently the operator of the Tal block and has a 10% stake in the exploration phase of this block. After Government Holdings (Private) Limited, which is a local company, joins the project the MOL Group's stake in the development and production phase of this block will be 8.421%. The MOL Group's partners in the Tal block are Pakistani nationals and private oil and gas companies. The MOL Group's share in the Margala and Margala North blocks is 70%; both of these blocks are operated by MOL. The Karak block is operated by a Pakistani private oil company and the MOL Group has a 40% share in its exploration activity.

Syrian activities

The MOL Group acquired exploration and production activities in Syria through INA. A production sharing contract has been signed in respect of the Hayan Block, which is in the development and production phase. The production sharing contract in respect of each field in the Hayan Block is valid

from the date that commercial production begins in that field. It lasts for 25 years in respect of each field and provides for the possibility of a five-year extension. Exploration activities are being pursued in the Aphantia Block.

Hydrocarbon exploration in the Hayan Block started in 1998 and resulted in the discovery of six hydrocarbon fields. According to the reserve audit of 2009 the MOL Group's share of the SPE 2P recoverable reserves is 55.88 MMboe. The Jihar Oil and Gas Station was finished in autumn 2009 and the capacity of the plant is 1,000 scm/d of oil and 670,000 scm/d of gas. The construction of a Gas Treatment Plant with an LPG Plant is also ongoing in this block.

After acquiring the Aphantia Block in 2004, 2D and 3D seismic surveys have been acquired and two wells had been drilled in this area by the end of 2009 but no commercial discovery has been made.

Activities in the Kurdistan Region of Iraq

The MOL Group conducts activities in the Akri Bijel and Shaikan Blocks in the Kurdistan region of Iraq. The MOL Group operates the Akri-Bijel Block and owns an 80% share. Gulf Keystone Petroleum owns the remaining 20%. A 2D seismic survey was acquired and the drilling of an exploration well is ongoing. The first tests of this well have been successful, producing 3,200 bbl/d oil and 0.9 MMcf/d (~150 boe/d) of gas. The MOL Group owns a 20% share of the Shaikan Block with Gulf Keystone Petroleum, which is the operator, owning 75% and Texas Keystone owning the remaining 5%. In this block the Shaikan-1 exploratory well was drilled in 2009 and produced a combined rate of over 7,000 bbl/d oil, 23 MMcf of gas and 8,000 bbl/d of condensate during tests. In addition, in May 2009, MOL acquired a 10% stake in Pearl Petroleum Company Ltd. (**Pearl**), which owns two gas-condensate fields, Khor Mor and Chemchemal.

Other international activities

Besides its Hungarian, Croatian, Russian, Pakistani, Syrian and Northern Iraqi operations, MOL E&P has further exploration, field development and production activities in 18 blocks located in ten countries in the international arena. These portfolio elements can support the long-term growth of MOL E&P. The following table provides information about these elements of the portfolio:

Block	Owned since	Country	Phase	Reserves* MMboe	Production boe/d	Partners (operator indicated by bold)	Current Status
Block 3/05A	1981	Angola	Exploration-appraisal	—	—	Sonangol (25%), INA (4%)	2,290 sqkm 3D seismic was acquired. Minimum obligations include the drilling of one exploration well, which is planned to be performed in 2010.
Block 3/05	1981	Angola	Production	6.4	1,700	Sonangol, INA (4%)	Block 3/05 is the biggest part of Block 3 and consists of six oil fields. The licence for the block was renewed in 2005 and is valid until 2025. The project is in the late development phase.
Block 3/85	1981	Angola	Production	—	—	Total, INA (5%)	Block 3/85 consists of two oilfields, the licence for which will expire in 2010-2011. The project is in the late development phase with production running since 1997.
Block 3/91	1981	Angola	Production	—	—	Total, INA (5%)	Block 3/91 consists of one oilfield, Oombo, the licence for which will expire in 2012. The project is in the late development phase with production running since 1997.
Ngosso Permit	2007	Cameroon	Exploration-appraisal	—	—	Addax (60%), MOL (40%)	Two wells were drilled in 2008, and both of them showed hydrocarbon traces. In 2009, the JV operating the Ngosso Permit entered the next (two years) exploration phase. A new transitional 3D seismic survey was acquired in 2009, and processing and interpretation is ongoing to support a multi-well drilling programme in the northern part of the Block.
East Kalabsha	2005	Egypt	Exploration-appraisal	4.2	2,160	IEOC (50%), INA (25%), RWE-DEA (25%)	All obligations in connection with this block have been fulfilled.
East Yidma	2004	Egypt	Exploration	—	—	INA (50%), RWE DEA (50%)	466 km 2D and 1,587.5 sqkm 3D seismic data was acquired, and six wells were drilled. Two wells, Sidi Rahman-1 and Rizk-1 proved to be a discovery.
Sidi Rahman	2007	Egypt	Production	—	—	INA (50%), RWE DEA (50%)	The development lease for the Sidi Rahman field was granted by the Egyptian Oil Ministry in January 2007. The Sidi Rahman-1 well has been in production since September 2007.
North Bahariya	1998	Egypt	Exploration/ Production	—	—	Sipetrol (50%), IPR Transoil (30%), INA (20%)	The contract is valid until 2019. Four fields were discovered that were put into production in September 2004: Ferdous, Ganna / Rayan, Abrar and Rawda. 15 production wells were drilled in these fields.
Ras Qattara	1994	Egypt	Production	—	—	IEOC (75%), INA (25%)	Production began in 1994 and the contract expires in 2017. Seven development wells were put into production while four wells were drilled as water injection wells in 2008-2009. In the two fields in this concession, a total of 61 wells are in production.
West Abu Gharadig	1995	Egypt	Production	—	—	IEOC (45%), Devon Energy (30%), INA (25%)	Production started in 1996. During 2008, six new development wells were drilled and put into production. In total, 30 wells are in production in the two fields in this concession, as of end 2008. Two producer wells were drilled in 2009.
HF-ONN-2001/1 Block	2008	India	Exploration	—	—	ONGC (65%), MOL (35%)	The HF-ONN-2001/1 Block covers an area of 1,513 sqkm. A well site of Kasauli-1 exploration well has been prepared during 2009. Drilling of the exploration well is to be commenced in February 2010.
Moghan 2 Block	2008	Iran	Exploration-appraisal	—	—	INA 100%	The minimum contract obligation includes seismic surveys and the drilling of one exploration well. A proposed programme of 2D surveys was prepared on the basis of this study. In the event of commercial discovery, the term of the contract would be 25 years.

Block	Owned since	Country	Phase	Reserves*		Production boe/d	Partners (operator indicated by bold)	Current Status
				MMboe				
Fedorovskoye Block	2004-05	Kazakhstan	Exploration-appraisal	—	—	—	EVL (50%), FIOC (22.5%), MOL (27.5%)	With the successful Rozh-U10 exploration well a discovery was made in 2008 in the Rozhkovskiy field of the Fedorovskoy block. The first appraisal well Rozh-U-12 was completed with drilling in January 2009 targeting 4500 metres depth. During the successful well test significant gas and condensate volumes were produced. Based on the discovery the partners were granted an appraisal licence for four years to evaluate the commercial significance of the field. Trial production of the field is planned in the near future.
Zaris Block	2005	Namibia	Exploration-appraisal	—	—	—	INA 100%	INA's obligation under the agreement included a 2D seismic survey of 500 km, which was completed in 2008. Two prospects were delineated and were prepared for drilling. All work and financial obligations of the initial exploration period have been fulfilled. In 2009, seismic reprocessing was carried out.
Block 43B	2006	Oman	Exploration	—	—	—	MOL (67.5%), MGCL (22.5%), State (10% Carried)	Based on the results of recent years' activities, we decided to enter into an extension of the first exploration phase of block 43/B, which started in July 2009 and will last until mid-2012. During 2009, geological-geophysical studies were carried out and reinterpretation of the magnetotelluric results was finalised. We plan to acquire a 2D seismic survey in Hawasina area in order to clarify a location for a well.
Aphamia	2004	Syria	Exploration-appraisal	—	—	—	INA 100%	A PSA was ratified by the Syrian parliament in 2004. Exploration activities up until 2009 included 504 km of 2D and 270 sqkm of 3D seismic survey acquisition, and the drilling of two wells.
Block 48	1999	Yemen	Exploration	—	—	—	MOL 100%	Licence expired on 16 January 2010. All obligations have been fulfilled.

* SPE 2P reserves

2. THE REFINING AND MARKETING BUSINESS

Introduction

The Refining and Marketing business is responsible for the refining of oil and the transportation of wholesale and retail oil products. For the year ended 31 December 2009 the Refining and Marketing business contributed 30.4% to the MOL Group's EBITDA (excluding special items), its total net sales revenues were HUF 2720.8 billion and its total tangible and intangible assets were HUF 1046.4 billion.

The Refining and Marketing business operates five refineries located in Hungary, Slovakia, Croatia and Northern Italy, providing a total annual refining capacity of 23.5 million tonnes of crude oil distillation per year (mtpa). These refineries together enjoy the benefit of joint supply-chain optimisation which is the application of processes and tools to ensure the optimal operation of a manufacturing and distribution supply chain. The MOL Group's wholesale and retail activities are supported by an extensive logistics infrastructure which includes pipelines and storage facilities.

The Retail business is responsible for retail fuel sales and convenience retailing across ten European countries, operating more than 1,600 filling stations. Retail and wholesale activities are supported by an extensive crude oil, product pipeline and depot system.

In 2009 the MOL Group processed 19.7 million tonnes of crude oil and other feedstock in its five refineries. INA's production from 1 July 2009 is included in this total.

Integrated supply chain management

An integrated supply chain system co-ordinates the MOL Group's commercial opportunities, raw material supply, production units, logistic capabilities and petrochemical activities for the MOL Group's five refineries and two petrochemical sites. Supply chain management is aided by custom-built optimisation software (PIMS) which aims to maximise the profitability of the whole Refining and Marketing Business. The MOL Group believes that this co-ordinated approach increases the efficiency of its Refining and Marketing Business activities by focusing on the level of inventory and operational effectiveness and ensures that the MOL Group is able to respond faster and in a more flexible way to changes in its internal and external operating environment.

Refining

The MOL Group's refineries are located in Hungary, Slovakia, Italy and Croatia.

The consolidation of INA into the MOL Group expanded the MOL Group's refinery pool significantly, adding to a portfolio of refineries including the coastal Rijeka and the landlocked Sisak refineries.

In 2009, MOL E&P supplied 7% of the processed crude oil and feedstock to the MOL Group's Duna, Bratislava and Mantova refineries, 79% of processed crude oil feedstock was imported from Russia and 14% was imported from Mediterranean sources. Since the acquisition of INA the MOL Group's production has increased and is expected to increase further in 2010. In 2009 the total amount of processed feedstock was 19.7 million tonnes and from this the crude oil processed in the five refineries was 16.6 million tonnes. This includes the consolidation of INA in the second half of 2009.

The charts below represent the MOL Group refineries' capacity to process heavier, sour crude oil raw material, which provides a cost advantage through the cycle as Urals tend to be cheaper than sweet blends. Moreover, high refinery complexity provides a broad range of products (valuable light products and low-sulphur middle distillates), which tend to command higher prices. The ability of the MOL Group's complex refineries to convert cheaper crude oil blends to high-quality, valuable products is beneficial to the MOL Group.

The Duna refinery

The Duna refinery is close to Budapest. Its crude oil distillation capacity is 8.1 mtpa and its complexity ratio is 10.6 NCI.

The Duna refinery is a complex refinery with deep conversion units, allowing the high yield of motor fuels from heavy and sour crudes. Gasoil and gasoline desulphurisers were installed during 2005 to comply with the Euro V motor fuel regulation.

The crude oil processed at the Duna refinery mainly comes from Russian imports via the Friendship pipelines and in smaller amounts from the MOL Group's own production in Hungary via a domestic pipeline. In 2009 the total throughput (crude oil and other feedstocks) of the MOL Group's refineries was 8.26 million tonnes compared with 9.0 million tonnes in 2008. The Duna refinery's white product yield was more than 77% in 2009.

The Bratislava refinery

The Bratislava refinery, operated by Slovnaft, is the second largest refinery in the MOL Group (its crude oil distillation capacity is 6.1 mtpa and its complexity ratio is 11.5 NCI). It is a complex refinery with deep conversion units, allowing for a high yield of motor fuels from heavy and sour crudes. A high-capacity hydrogenation middle distillates facility (HRP 7) was put into operation in 2004 and a new strategic polypropylene production unit (PP3) was started in 2005. These investments in the first half of the decade enabled Slovnaft to produce the total fuel quantity of Euro V.

The Bratislava refinery processes only Russian Export Blend crude oil. This refinery's white product yield is more than 84%, and its throughput was almost 6.93 million tonnes in 2009, the same level as in 2008.

The Mantova refinery

The Mantova refinery operated by IES in North Italy has a crude oil distillation capacity of 2.6 mtpa and a complexity ratio of 8.4 NCI. Its white product yield is 69%. It is a medium complexity, thermal cracking type refinery, focusing on diesel and bitumen production. The Mantova refinery is designed to mainly process heavy crude oils. The crude oil is transferred to the refinery through its own 124km pipeline from the Mediterranean via Porto Marghera (Venice). In 2009 Euro V motor fuel quality was introduced in Italy and the refinery's products comply with these regulations. Its throughput was 2.45 million tonnes of crude oil and other feedstock in 2009, approximately the same quantity as in 2008.

The Rijeka refinery

The Rijeka refinery is operated by INA in Croatia. It has a 4.5 mtpa nominal crude oil distillation capacity and its complexity ratio is 5.8 NCI. Its white product yield is 69%. The refinery is located in Rijeka, next to the Adriatic sea. Production at this refinery is focused on white products, including gasoline and diesel motor fuels in different qualities (EURO IV and lower), kerosene, LPG and heating oils; however, the refinery still produces a considerable amount of fuel oils. Most recently, the reconstruction of the Isomerisation unit was finished in 2008. There is also an ongoing upgrading project at the Rijeka refinery which aims both to comply with the relevant EU environmental and product quality standards and improve the profitability of the refinery through product yield, efficiency improvement and an increase in operational capacity. The aim of Phase 1 of the programme is to enable the Rijeka refinery to produce Euro V quality gasoline and diesel fuels by mid-2010. The aim of Phase 2 is to establish a residue upgrade unit which converts heavy fuel oil into motor fuels. The exact scope and options are under consultation and are not yet finalised.

The Rijeka refinery imports and refines both sweet and sour crudes supplied from the Mediterranean Sea and Russian and Middle Eastern sources. The refinery receives crude oil via the Janaf pipeline from the Omisalj terminal from the Mediterranean Sea or directly from the seaport of Urinj, which is part of the refinery.

The Sisak refinery

The Sisak refinery is operated by INA in Croatia and is currently undergoing a modernisation programme. It has a 2.2 mtpa nominal crude oil distillation capacity and its complexity ratio is 6.1 NCI. Its white product yield is 71%. The Sisak refinery is located close to the Croatian oil fields. The refinery's main products are motor fuels, which are produced in different qualities (mostly EURO IV and lower), naphtha, fuel oils, bitumen and coke. In parallel with the Rijeka modernisation programme, there is also an upgrade project ongoing at the Sisak refinery. This aims to (i) achieve compliance with EU environmental and product quality standards and (ii) improve refinery profitability through product yield, increased efficiency and increased operational capacity. Under the framework of phase 1 of this

upgrade project, the refurbishment of the Coker Gasoil Hydrodesulphurisation unit was completed in 2007. The new Claus plant and new FCC-gasoline Hydrodesulphurisation unit were completed in 2008 and came on stream in mid-2009. In December 2009, Euro V quality of unleaded gasoline and diesel fuel was achieved.

The Sisak refinery currently processes Russian Export Blend (**REB**) and domestic crude oil. The JANAF pipeline is connected both to the Mediterranean Sea and to Russian crude oil sources via Hungary. Domestic crude oil is transferred mainly by a local pipeline from the Moslavina oil fields. Nearly 40% of total processed oil in 2009 came from domestic crude oil.

The following table describes the MOL Group's major refineries with their total feedstock in the periods indicated.

<u>(thousand tonnes)</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Duna Refinery	8,252	9,033	9,104	8,634	8,652
Bratislava Refinery	6,927	6,928	7,079	6,716	6,444
Mantova Refinery	2,447	2,394	298		
Sisak Refinery	856				
Rijeka Refinery	1,553				

Source: MOL

The following table sets out the product yields of the MOL Group refineries in 2009.

<u>Production yields (%)</u>	<u>Duna</u>	<u>Bratislava</u>	<u>Mantova</u>	<u>Rijeka</u>	<u>Sisak</u>
LPG	1.1	2.8	2.0	5.9	6.3
Naphtha	13.2	8.3	2.9	3.0	2.6
Motor gasolines	15.8	22.8	14.8	25.1	23.1
Middle distillates	40.6	43.1	48.2	31.4	33.3
Fuel oils & Bitumens	9.3	7.8	26.0	20.6	14.6
Others	10.6	7.7	0.8	3.4	7.3
Used by own + losses	9.4	7.5	5.3	10.7	13.0
consumption of refineries	8.6	6.8	4.9	10.1	8.0
consumption of power plant	n/a	0.0	n/a	n/a	4.6
losses	0.8	0.7	0.4	0.6	0.5

Source: MOL

Oil and oil product's logistics

The MOL Group owns and operates approximately 850 kilometres of crude oil transportation pipelines in Hungary, which supply refineries with crude oil. These pipelines have a throughput capacity totalling approximately 24.0 million tonnes per year. The crude oil pipeline network in Croatia is operated by JANAF d.d., an independent pipeline operating company in which INA has an 11.8% stake.

Wholesale and retail activities are supported by an extensive product logistics system, including product pipelines in Hungary and Slovakia, a road tanker fleet and 28 product distribution depots throughout Hungary, Slovakia, Austria and Croatia.

Wholesale

In 2009, the MOL Group sold 17.4 million tonnes of oil products in external markets, including 2.2 million tonnes which were sold by INA. The MOL Group sells directly to wholesale customers, third-party petroleum product wholesalers and retailers and multinational oil companies, as well as to business users such as freight transport companies, public transport companies, agricultural companies, general industrial companies, road construction companies, governmental institutions, state companies and power stations.

The MOL Group is a market leader in the sale of petroleum products in Hungary, the Slovak Republic and the Croatian Republic. Its wholesale products include a wide range of goods, including motor gasoline, diesel, heating and fuel oils, liquefied petroleum gas (**LPG**), lubricants, naphtha, bitumen and several petrochemical products. In addition to its domestic markets the MOL Group sells its products to several countries mainly in the CEE and it is also present in Italy via its subsidiary IES.

MOL's position in the wholesale European motor fuel markets

The CEE is the core oil derivative market for the MOL Group.

Hungary and Slovakia are among the most important markets for the MOL Group. The MOL Group has a strong wholesale market position in both Hungary and Slovakia. The main competitors are oil companies with refinery capacities in neighbouring countries such as OMV AG, Unipetrol RPA s.r.o. (the Czech subsidiary of Polish refiner PKN-Orlen), Agip, Shell and Lukoil.

INA and Tifon together have a strong position in the Croatian motor fuel market. The market is characterised by strong competition. Imports usually come through the Mediterranean region and products are transported through seaports to Croatia. Refined oil product prices are regulated in Croatia and prices are determined according to market conditions. The retail prices of selected refined oil products (including gasoline, diesel, heating oil, blue diesel and LPG) are regulated by the state. The prices are revised on a weekly basis. Market participants are required to sell below or at the maximum capped prices.

Through its Italian affiliate IES, the MOL Group sells motor fuels in Italy and has a significant market presence in the Italian bitumen market.

In Austria the MOL Group sells mainly motor fuels and heating gasoil.

The MOL Group operates five storage depots in Austria, which together are able to supply the majority of the country. The depots are mainly supplied from the MOL Group's refineries.

The Czech Republic is another key export market for the MOL Group. The Bratislava refinery has a direct pipeline connection to the Czech product logistic system. The MOL Group is active in both the retail and the wholesale markets in the Czech Republic. The MOL Group's main competitors are Unipetrol RPA s.r.o. (a subsidiary of PKN-Orlen), Agip and Shell. OMV AG has refineries in Austria and Bavaria and has a significant market presence there.

In Bosnia-Herzegovina the MOL Group had a small motor fuel market share in 2009. The main competitor in Bosnia-Herzegovina is the Bosanski Brod refinery, which is the only refinery in Bosnia-Herzegovina.

Hungary is the MOL Group's main market for its wholesale products followed by Italy, Slovakia, Austria, Croatia, the Czech Republic and Bosnia-Herzegovina. The MOL Group's small share of the market in other countries makes up the remainder.

Its main product is middle distillate but motor gasoline and petrochemical feed also make substantial contributions to the MOL Group's overall wholesale product sales. The remainder of its wholesale product sales comes from bitumen, fuel oil and LPG.

Retail

As an integrated part of the Refining and Marketing business, the Retail Division is responsible for fuel sales and convenience retailing across ten countries. The Retail Division has improved filling station network efficiency and increased customer value incentives as well as brand loyalty. It has also expanded MOL's branded network in the region in line with the MOL Group's strategy. The MOL Group currently operates more than 1,600 filling stations in ten European countries in a multi-brand structure with three international brands (MOL, Slovnaft and INA) and four country-specific brands (IES, Tifon, Roth and Energopetrol).

The MOL Group is the retail sales market leader in Hungary, the Slovak Republic and Croatia. In 2009, the MOL Group sold 3,709.4 million litres of fuel (up from 2851.9 million litres in 2008). MOL Plc. sold 1,798.0 million litres of fuel in Hungary, Romania, Serbia and Slovenia in 2009 (compared with 1,764.2 million litres in 2008). Slovnaft sold 547.9 million litres of fuel in Slovakia and the Czech Republic in 2009 compared with 597.0 million litres in 2008. INA sold 796.1 million litres of fuel in the second half of 2009. These figures exclude sales of LPG.

The average fuel sale volume for MOL-branded filling stations in Hungary, Romania, Serbia and Slovenia in 2009 was approximately 3.64 million litres per station compared with 3.74 million litres per station in 2008 and for Slovnaft-branded stations in Slovakia and the Czech Republic it was 2.37 million litres per station compared with 2.56 million litres per station in 2008. According to data from the Hungarian Petroleum Association (**MÁSZ**) in 2009 the MOL Group's retail market share by sales volume in motor gasoline was 33.5% compared with 33.0% in 2008, and in diesel it was 39.4% compared with 38.4% in 2008. Slovnaft's market share in 2009 according to the Slovakian Association of Petroleum Industry and Trading (**SAPPO**) was 35.3% compared with 37.9% in 2008 in motor gasoline and 38.0% compared with 38.3% in 2008 in diesel.

The Hungarian, Romanian and Slovenian retail markets

The Hungarian retail market was liberalised in 1991 and several privatisation measures followed to diversify the ownership of Hungary's retail filling station network. As at 31 December 2009, there were approximately 1,603 retail filling stations in Hungary, of which approximately 1,073 were branded stations and the others were non-branded stations typically owned by independent operators.

According to MASZ the MOL Group is the market leader in the Hungarian retail market, both in terms of the number of filling stations and the volume of fuel sold. The MOL Group's market share for gasoline and diesel amounted to 33.5% and 39.4% respectively. The MOL Group's closest retail competitors in the Hungarian market in 2009 were Shell Hungary Zrt. with a 24.4% market share, OMV Hungária Ásványolaj Kft. with a 17.1% market share and AGIP with a 13.1% market share. Other major participants in the Hungarian retail market holding less than a 10% market share in 2009 include Lukoil Magyarország Kft., Mabanft Hungary Kereskedelmi Kft. and Tesco-Shell. Unlike other markets in Europe, the Hungarian retail petroleum product market is characterised by a large number of independent operators. Hypermarket chains also operate as discount retailers and had opened 68 hyperstations by the end of 2009.

The MOL Group has a presence in the Romanian market through its 100% owned subsidiary, MOL Romania. The MOL Group currently operates 126 filling stations and has obtained national coverage through network development programmes. The MOL Group currently has approximately 11% of the market share.

In Slovenia the MOL Group maintains a 3% share of the retail network. InterINA d.o.o., which is a subsidiary of INA, operates an additional six filling stations in Slovenia.

The Slovak and Czech retail markets

The Slovak retail market is highly competitive. There were approximately 716 filling stations in the Slovak Republic at the end of 2009, of which 507 were operated by branded companies. Slovnaft was a market leader in terms of volumes of sales with a market share of 31% in 2009. Slovnaft faces heavy competition from OMV Slovensko s.r.o., Shell Slovakia, s.r.o., LUKOIL Slovakia, s.r.o., Esso Slovakia, s.r.o. and the Jurki-Hayton s.r.o. private filling station network. The hypermarkets also established retail networks, operating 14 filling stations by the end of 2009. Currently the market is undergoing a consolidation process whereby multinational companies are buying smaller chains or retailers.

In the Czech Republic Slovnaft has 28 filling stations representing a 1% market share focused mainly in the eastern part of the country.

The Croatian retail market

The supply of fuel in the Croatian market has been liberalised and is competitive. However, with the exception of OMV Hrvatska d.o.o. and Lukoil Croatia d.o.o. it does not include major international competitors. The MOL Group estimates that, as of 31 December 2009, there were approximately 787 filling stations in Croatia, of which INA owned 417. Petrol was the second largest petroleum product retailer with approximately 73 of Croatia's filling stations as of 31 December 2009. Other important market participants are OMV Hrvatska d.o.o. with 61, Tifon with 43 and Lukoil Croatia d.o.o. with 19 of Croatia's filling stations. The large number of independent operators runs 180 filling stations, which constitute 20% of the market.

INA retail

INA's group has 437 filling stations in Croatia. The MOL Group plans to sell Crobenz, a subsidiary of INA, which operates 14 filling stations. In addition, the MOL Group's retail business extends its advanced know-how, sales techniques and operating standards to INA and ensures that benefits are gained from economies of scale and local brand strengths. The two companies have integrated further through a mutual fuel card acceptance agreement, which allows MOL & INA cards to be used interchangeably in their networks across Hungary and Croatia.

TIFON in Croatia

In 2007, the MOL Group purchased 100% of Tifon, a fuel retail and wholesale company in Croatia. Tifon holds a 7% share of Croatia's retail market and currently owns and operates 43 well positioned fuel stations all over Croatia with an average throughput per station of 4.2 million litres per year.

The Italian retail market

IES, the northern Italian firm is in a favourable location in the middle of the industrialised north Italian region and markets oil products in its domestic market. IES retail sold 227 kilotonnes of fuel products in 2009, mainly in north-eastern Italy. IES currently supplies 224 retail stations, of which 39 are owned by IES. These are mainly located within the supply radius of the Mantova refinery. The market share of IES in the Italian market is currently 0.9%. It is expected that 20 additional filling stations will open by the end of 2010.

The Austrian retail market

The Austrian retail market is characterised by strong competition. OMV, AGIP, BP and Shell are the most significant market participants. The general retail market in Austria is going through significant structural changes, where major participants are either reducing the number of filling stations that they operate or are leaving the market completely. These stations are then purchased either by other international companies or by smaller regional entrepreneurs.

In July 2004, the MOL Group acquired 75% of Roth Heizöle GmbH, which operates 38 filling stations and has logistic facilities in the Linz and Graz regions. In 2009 MOL became the 100% owner of Roth Heizöle GmbH. In addition MOL Austria Handels GmbH acquired 13 filling stations in 2008 and an additional 15 filling stations in Austria in 2009, mainly around Vienna and Styria. The MOL Group had opened 28 filling stations by the end of 2009.

Energopetrol in Bosnia-Herzegovina

MOL and INA have a 67% stake in Bosnia-Herzegovina's major fuel retail company, Energopetrol, which owns and operates 64 filling stations throughout Bosnia-Herzegovina as of 31 December 2009. Purchasing Energopetrol's shares and spreading business to Bosnia-Herzegovina significantly contributed to the further improvement of the oil industry in Bosnia-Herzegovina. The market share of Energopetrol is 5.5%. Energopetrol introduced a fuel card payment system during 2009 and a website where customers can track their fuel consumption. MOL introduced EuroMOL D5 at Energopetrol's filling stations. Holdina which is a subsidiary of INA operates an additional 44 filling stations in Bosnia-Herzegovina.

Co-operation with Marché International

In addition to expanding the number of retail filling stations, the MOL Group intends to focus on improving its filling stations in order to increase revenue per site and network efficiency. In particular, the MOL Group is seeking to improve the appearance of its brands and broaden the range of products and services on offer. The new co-operation between MOL and the Swiss company Marché has resulted in the opening of motorway cafés along Hungary's busiest highways. Since 2009 onwards Marché restaurants have also been opening in Croatia's Tifon filling stations, which are owned by the MOL Group.

Card programmes

The MOL Group has also achieved economies of scale with respect to its fuel card programme. Currently the majority of fuel cards issued by the MOL Group companies function on the same technical platform and bear a unified image. The MOL Group has implemented a number of marketing initiatives to build the MOL Group cards brand, enforcing the regional use of cards in a multi-branded network, together with the brands of MOL, Slovnaft and Tifon cards. In this way the MOL Group can benefit from local branding as well as its own MOL Group brand. In particular, the MOL Group has continued fuel card programmes that allow holders of such fuel cards to pay with MOL Group fuel cards in more than 1,200 filling stations across the region.

3. PETROCHEMICALS

Introduction

The MOL Group's Petrochemicals business is responsible for polyolefin production and sales and for the year ended 31 December 2009 it contributed 0.8% to the MOL Group's EBITDA (excluding special items), its net sales revenues were HUF 388.3 billion and its total tangible and intangible assets were HUF 187.8 billion.

The Petrochemical Business includes the Tisza Chemical Group Plc. (**TVK**) located in Tiszaújváros and Slovnaft Petrochemicals, s.r.o. (**SPC**) in Bratislava.

MOL Petrochemicals sites have two major business lines:

Olefin plants – these are steam crackers which process petrochemical feedstock, mainly naphtha and atmospheric gasoil supplied by the Refining and Marketing Business. This process produces ethylene, propylene and refinery co-products. TVK supplies ethylene to BorsodChem, the sole Hungarian PVC producer.

Polyolefin plants – these process ethylene and propylene to produce polyolefins. Based on density and feedstock type, MOL Petrochemicals polyolefin product groups are high-density polyethylene, low-density polyethylene, and polypropylene.

The benefits to the MOL Group of the Petrochemical business are twofold. First, MOL Petrochemicals purchases more than two million tonnes of naphtha annually from the MOL Group's refining business. This provides a captive market for the refining business and allows for higher operational flexibility and utilisation rates in the refining business. Second another important benefit of the integration of the petrochemical business with refineries is the efficient use of energy and steam supplies. The volume of steam cracker co-products sold to refineries amounts to approximately 30% of the total processed petrochemical feedstock.

Since the Petrochemical business is a cyclical business, integration with the MOL Group can provide a strong financial background and a reasonable cost of capital. Since the supply-chain is optimised from crude oil to plastics, MOL Petrochemicals can still operate and generate profit at the MOL Group level whilst some regional competitors are considering capacity cuts.

Production, supply, maintenance shutdowns, investment in technology, sales and marketing activities are integrated between the two sites. Polyolefins of a competitive quality are produced and TVK and SPC products are delivered via integrated sales channels to European plastic processing companies. International polyolefin sales operations are carried out by TVK subsidiaries in Europe (TVK France s.a.r.l., TVK Inter-Chemol GmbH, TVK Italia S.r.l., TVK Polska Sp, z o.o. and TVK Ukraina tov) or through MOL-affiliated companies (MOL Austria Handels GmbH and MOL Romania PP srl). Sales and support in respect of other markets and key accounts are carried out directly by TVK. In domestic markets TVK and SPC manage the local sales operations in Hungary and Slovakia. TVK and SPC products are sold under the common brands of Tipelin, Tipolen, Bralen (polyethylenes) and Tatren and Tipplen (polypropylenes).

The effect of the economic crisis on petrochemical margins

There is a strong correlation between the increase in the use of plastics and the growth rate of GDP. In 2009, the GDP rate in real terms dropped by 4.1% in the European Union and by 6.3% in Hungary. In Slovakia a 2.7% decrease was reported for 2009. As a vast majority of petrochemical products are sold in Europe, these unfavourable trends have significantly affected MOL Petrochemicals' business earnings in 2009.

The general economic downturn has had a negative effect on major customers of MOL's petrochemical business. The automotive and construction industries have reported a significant reduction in demand. Demand in the consumer goods and consumer packaging industry has increased slightly, while sold volume in the industrial segments (both goods and packaging) dropped by approximately 10% compared with 2008. The MOL Group's petrochemicals sales to the agricultural industry have increased considerably.

After a strong 2007 and a volatile 2008, polyolefin prices dropped to low levels in 2009 and this, combined with high feedstock prices, has resulted in the lowest petrochemical margin in the past 20 years. During 2009 the integrated petrochemical margin dropped by 25% from its 2008 level. The third quarter has brought some recovery in the market, mitigating the overall effect on the annual figures.

During the second half of 2009 and mainly in the third quarter, the economic recovery produced an increase in demand for petrochemical products in Europe which has led to an increase in their price.

The relevant business factors that continue to affect the petrochemical business are a trailing recession, weak demand in household consumption and stagnation in the automotive and construction sectors as well as large scale capacities that are coming on stream in the Middle East and that use up-to-date technologies and the cost advantage of ethylene production from ethane gas.

The Hungarian Polyolefin Market

The Hungarian market for all polyolefin products is characterised by good earnings but also by increasing competition. The market is still attractive despite 2009 sales figures being affected by the global economic crisis. Polyolefin sales figures dropped by 5% in 2009. The most important segment in this market is packaging; for example foils, bottles, etc. The MOL Group is a market leader in the Hungarian polyolefin market.

The Slovakian Polyolefin Market

All of the market segments in Slovakia are considered to be attractive and favourable. Packaging materials such as foils and bags are the most significant products made from MOL petrochemical products. The MOL Group is a market leader in the Slovak Republic. MOL Group polyolefin sales increased by 3% in 2009, as a result of MOL's customer base being less exposed to the negative effects of the financial crisis.

Despite the adverse petrochemical market environment, MOL Group's polyolefin sales outside Hungary and Slovakia increased by 6% in 2009 due to regional competitors temporarily stopping production or running at reduced capacity. The MOL Group is a preferred supplier with a strong market position in the fast-growing Central and Eastern European markets.

In Central Europe, apart from Hungary, Slovakia, Poland, the Czech Republic and Austria are relevant markets for the MOL Group's polyolefin sales. The MOL Group is competing with domestic polyolefin producers in these markets (Borealis in Austria, Unipetrol RPA, s.r.o. in the Czech Republic and Basell-Orlen Polyolefins in Poland).

The most important Western European polyolefin markets for the MOL Group are Germany and Italy. Despite high sales volumes, the MOL Group only supplies a small share of the German and Italian markets. The MOL Group adopts the same sales and marketing strategy throughout Eastern Europe, as the countries in this region have similar infrastructures as well as similar economic and demographic features. The consumption of polyolefins per capita is still much lower than in Western Europe but the packaging industry is developing fast in this region.

Since overall profitability is very much determined by external factors (with feedstock and utilities accounting for approximately 90% of total costs) polyolefin sales and marketing have an important role in profit generation. The MOL Group's petrochemicals sales prices are based on European quoted polyolefin prices.

The MOL Group's petrochemicals sales and marketing strategy focuses on increasing sales in the fast-growing CEE region. Shorter transportation distances enable the MOL Group to reduce transportation and other logistics costs and to provide better technical support to customers.

The MOL Group's differentiated petrochemical sales and marketing strategy also focuses on added value for customers both in terms of logistics and technical support. Such services and the MOL Group's regional expertise are key advantages over other competitors in the MOL Group's core region.

Optimisation of product and customer portfolios is an important tool to strengthen the MOL Group's Petrochemical position in more attractive and profitable market segments.

Chart 1. MOL Group total petrochemical sales in kilotonnes

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Domestic (Hungary + Slovakia)	465	525	575	551	537
Export	881	833	912	819	758
Total	1,346	1,358	1,487	1,370	1,295

The proportion of exports increased from 52% in 2004 to 65% in 2009.

Competitive asset base

The MOL Group's Petrochemical business has one of the largest olefin and polyolefin capacities in the CEE. TVK's operating ethylene capacity is 660 kilotonnes per annum (ktpa) and SPC's capacity is 219 ktpa, representing 27% of the total for the CEE. TVK's 65 ktpa and SPC's 178 ktpa LDPE capacities represent 25% of the total LDPE production in the CEE. TVK's 420 ktpa HDPE capacity accounts for one third of total production in the CEE. MOL's Petrochemicals business accounts for 28% of total PP production in the CEE. Other major olefin and polyolefin producers in the CEE are Borealis in Schwechat (Austria), Basell Orlen Polyolefins Sp. z o.o. in Plock (Poland) and Unipetrol RPA, s.r.o. in Litvinov (Czech Republic).

Maintenance and reconstruction programmes

The EcoVision project started in 2008 at the SPC steam cracker in Bratislava. The project aims to substantially improve profitability through increasing energy efficiency and yields by rebuilding three furnaces; two of these were completed in 2009.

Maintenance and reconstruction programmes in TVK Steam Cracker-1 and maintenance of Steam Cracker-2 were successfully completed, covering the planned technical content of the project within budget in 2009.

These well managed maintenance and reconstruction activities provide a good basis for excellent operational reliability. In order to improve the utilisation and business potential of the steam cracker, sales of butadiene-rich fraction to a regional partner were launched in the second half of 2009.

Despite the closure of the oldest, low scale TVK LDPE-1 unit, polyolefin production increased slightly in 2009, due to the high availability of polyolefin production units. Operational reliability and availability of the two newest polymerisation units (SPC PP-3 and TVK HDPE-2) significantly improved during 2009.

Chart 2. MOL Group polyolefin production in kilotonnes

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Polyolefin production	1,129	1,122	1,219	1,119	1,078
- LDPE	231	246	270	263	284
- HDPE	387	361	404	360	353
- PP	511	515	545	496	441

From the total production of 1,129 ktons in 2009, the LDPE amounted to approximately 21%, HDPE was 34% and PP proportion was 45%, which illustrates that the MOL Group Petrochemicals has a well-balanced product portfolio.

4. GAS TRANSMISSION THROUGH FGSZ

Introduction

The MOL Group is the 100% owner of FGSZ. FGSZ is the exclusive holder of a natural gas transmission licence and transmission system operator licence in Hungary and is also involved in international gas transit activities. The company owns and maintains full operational control of the entire Hungarian domestic high-pressure pipeline system and for the year ended 31 December 2009 contributed 14.5% to the MOL Group's EBITDA (excluding special items). In addition to the natural gas transmission operations in Hungary, FGSZ also transmits natural gas to Serbia and Bosnia-Herzegovina.

FGSZ's primary responsibilities are:

- (i) to ensure that users of the high-pressure transmission pipeline system have safe and equal access to it;
- (ii) to ensure that there are secure, reliable, efficient and environmentally friendly operations and transportation from and to natural gas shippers; and
- (iii) to operate the interconnected Hungarian transmission gas network.

Regulated Hungarian Gas Transmission business provides stable cash flow

FGSZ has stable cash generation on an existing asset base in accordance with the Hungarian regulatory framework. It had a regulated 6.9% rate of return on its asset base between 2006 and 2009. FGSZ transmitted 14.9 billion cm of gas in Hungary in 2009, including storage injection. The maximum fees to be paid by system users to FGSZ for natural gas transmission and system operation are regulated by decree of the minister of transport, telecommunications and energy, and such fees are subject to change upon the decision of the said minister.

Unbundling of the Gas Transmission Business

Since 1 January 2004 MOL has outsourced its natural gas activities to MOL Földgázszállító Rt – the natural gas transmission company, MOL Földgázellátó Rt – the natural gas trading company and MOL Földgáztároló Rt. – the natural gas storage company. MOL Földgázellátó Rt and MOL Földgáztároló Rt have been sold and are no longer part of the MOL Group.

The unbundling of these outsourced gas companies was required by Directive 2003/55/EC concerning common rules for the internal market in natural gas (the **Second Gas Directive**) passed in 2003 as well as by Hungarian decrees in force at that time. The organisational, operational and decision making structures developed as a result of these rules are still in force. However, in 2009 the EU passed Directive 2009/73/EC concerning common rules for the internal market in natural gas (the **Third Gas Directive**). The Hungarian State implemented the Third Gas Directive on 14 January 2010 with the appropriate amendment to the Gas Act (Act XL of 2008).

The new unbundling rules described in the Third Gas Directive provide three main unbundling packages and Member States can choose the solution to be applied in their respective countries. Hungary chose the "Independent Transmission Operator Model".

As a result of the Third Gas Directive, FGSZ will be unbundled in accordance with the Independent Transmission Operator Model. The Independent Transmission Operator Model allows MOL to remain the majority shareholder of FGSZ but FGSZ's core day-to-day activities are conducted independently of MOL.

However, despite the unbundling FGSZ remains under MOL's ownership in line with the relevant EU and Hungarian unbundling regulations and MOL has control over decisions which may have a significant impact on the value of the assets of the shareholders. Therefore, this unbundling process has no material financial impact on MOL's natural gas business.

Technical description

FGSZ owns and maintains full operational control of all of the Hungarian high-pressure natural gas transmission pipeline systems (5,530.2 km as at 2009). It owns and operates 374 gas delivery stations, five compressor stations and the high-pressure natural gas transmission pipeline network that transports both domestically produced and imported natural gas to gas distribution companies, natural gas-fired power stations and certain other large industrial users. The annual overall transportation capacity of the transmission system is approximately 18 to 21 billion cubic metres, depending on the average pressure maintained in the pipeline.

Approximately 23.5% of the pipeline network is less than 15 years old, 31.2% of the pipeline network is more than 15 years old, a further 14.2% is more than 25 years old and 31.1% is more than 30 years old. Its five compressor stations are in Városföld (built in 1976), Beregdaróc (built in 1979), Nemesbikk (built in 1982), Mosonmagyaróvár (built in 2000) and Hajdúszoboszló (built in 2001). As part of a complete modernisation programme all of its compressor units in Városföld and Nemesbikk were changed in 2007 and 2008 and the modernisation project is ongoing in Beregdaróc. The compressor stations have already met the relevant environmental regulations.

5. THE GAS AND POWER BUSINESS

Introduction

The Gas and Power business encompasses the activities (i) of the Supply and Trading division and (ii) the Power and Heat Generation business. The Supply and Trading Division manages gas storage activities, the supply and trading of crude oil, gas, electricity, CO₂ and oil derivatives – both within the MOL Group and for external market participants. The division focuses on the diversification of gas sources and the development of infrastructure (underground gas storage and pipelines) as well as utilising the MOL Group's existing primary and secondary resources. The MOL Group is investigating opportunities to create a power portfolio. For the year ended 31 December 2009 the Gas and Power business contributed 5.7% to the MOL Group's EBITDA (excluding special items). Its net sales revenues were HUF 363.1 billion and its total tangible and intangible assets were HUF 171.2 billion.

Supply and Trading Division

Supply activities

Crude oil supply

The following table describes the MOL Group's sources of crude oil (by volume) in the periods indicated.

Sources of crude oil (tonnes)	2008	2009
Purchases for Duna Refinery ⁽¹⁾	6,189,478	5,424,571
From own production for Duna Refinery ⁽²⁾	771,300	769,500
Purchases for Bratislava Refinery	5,859,051	5,693,200
Purchases for IES/Mantova Refinery	2,178,461	2,301,290
Purchases for INA Sisak Refinery (01 July - 31 Dec. 2009.)		425,155
Purchases for INA Rijeka Refinery (01 July - 31 Dec. 2009.)		1,580,641
From own production for INA Refineries (01 July -31 Dec. 2009.)		361,354

(1) Includes purchases from Lukoil, Tatneft, ZMB and Mangistaunaygaz.

(2) Without condensate and gas liquids.

Source: MOL

Crude oil purchasing for the Issuer, Slovnaft, INA & IES is now integrated. The MOL Group has a long-term crude oil supply contract with Lukoil, which was signed in January 2005 and should continue to secure a stable supply until the end of 2010. This crude oil supply contract can be prolonged for further years on similar terms. The MOL Group also purchases crude oil on the basis of annual contracts with different Russian producers.

Russian supplies of crude oil to the MOL Group have historically been stable with no significant interruptions in recent years. However any possible disputes between Russia and the transit countries

may make the supply temporarily uncertain. In the event of such an interruption in this supply, the Adria pipeline is currently available as an alternative means of supply after a transitional period of two to three weeks. The Adria pipeline has sufficient capacity to satisfy the entire Hungarian demand for crude oil and part of the Slovakian demand for crude oil.

The MOL Group's refineries run with an operational crude oil stock. Owing to the possibility of integrated group-level purchase and stock transfer, the security of supply has increased considerably. In the event of any disruption the MOL Group may also have access to strategic reserves in the various countries in which it operates refineries.

Crude oil supply logistics

The MOL Group owns and operates approximately 850 kilometres of crude oil transportation pipelines, with a throughput capacity of approximately 24.0 million tonnes per year, consisting of the Friendship I and II, Adria and local pipelines. The MOL Group utilises the following pipelines to transport crude oil:

- *Friendship I and II pipelines.* The MOL Group owns and operates the Hungarian sections of the two crude oil pipelines that connect Hungary to the Friendship pipeline system (Friendship I and II). Ural Blend crude oil is imported from Russia into Hungary through the Friendship pipeline via Ukraine. The Friendship pipeline system has a total annual throughput capacity of approximately 11.4 million tonnes, consisting of approximately 3.5 million tonnes through the Friendship I pipeline, which enters Hungary from the Slovak Republic, and approximately 7.9 million tonnes through the Friendship II pipeline, which enters Hungary from Ukraine.
- *Adria pipeline.* The MOL Group owns and operates the Hungarian part of the Adria pipeline, which is capable of transporting a variety of crude oils through Croatia from the Omisalj terminal in the Adriatic Sea. The Adria pipeline has an annual throughput capacity of 10 million tonnes. INA holds an 11.8% interest in JANAF, d.d., the company which owns and operates the Adria pipeline system in Croatia.
- The IES pipeline from Marghera port has a capacity of 2.6 million tonnes and provides a sufficient supply for the Mantova refinery from the Mediterranean. The MOL Group owns and operates this pipeline, however the terminal at Marghera port is owned and operated by a third party.

Each of the Friendship pipeline system and the Adria pipeline has sufficient capacity to satisfy the entire Hungarian demand for crude oil. The Friendship pipeline system has sufficient capacity while the Adria pipeline is partly sufficient to satisfy the Slovakian demand for crude oil.

The MOL Group management currently envisages utilising the Friendship pipeline system as its principal source of supply for the foreseeable future. However, the MOL Group believes that the Adria pipeline is an important strategic source of imported crude oil because it lowers the risk of supply disruptions and creates price competition for the supply of crude oil to Hungary. In addition, the import of crude oil through the Adria pipeline allows the MOL Group to lighten its crude oil product mix by bringing lighter, sweeter (i.e. lower sulphur content) Middle Eastern and African crude oils from the Mediterranean.

Crude oil transit

To maximise the utilisation of its fixed assets, the MOL Group provides third parties with transit of crude oil through its pipelines to the extent that it has spare capacity. This primarily involves the flow of crude oil to Croatia and Bosnia-Herzegovina through the Hungarian section of the Friendship and Adria pipeline systems that MOL owns and operates. The MOL Group charges transit fees based on the volume of oil and the distance transported.

Given the Russian interest in maintaining crude oil transportation to Serbia and Bosnia-Herzegovina via Hungary the transit activity of the MOL Group to these countries provides additional security of supply to the MOL Group.

Trading activities

Hungary

After the sale of its Hungarian gas supply and wholesale activity (clearing all minimum level purchase (take-or-pay) obligations) the MOL Group re-entered the gas trading business. However, its gas trading venture operates as a non-consolidated subsidiary thereby minimising the risks to the MOL Group.

Croatia

Prirodni Plin d.o.o. (**Prirodni**) is the 100% owned natural gas wholesale and trading subsidiary of INA. Prirodni was separated from INA's upstream division and started to operate on 1 July 2009.

Prirodni is the holder of the gas supply obligation to tariff customers (mainly households buying natural gas for heating purposes at a regulated price) in Croatia. Prirodni operates in the regulated and the eligible markets:

- The regulated market includes distributor companies, who re-sell natural gas to tariff customers. The size of the regulated market is approximately 800 mcm per year. The wholesale price on this market is regulated by the Croatian Government, so there is a significant regulatory risk if market commodity prices exceed the regulated gas price.
- The eligible market represents the rest of Croatia's consumption, i.e. approximately 2,400 mcm per year. It includes distributors reselling gas to eligible customers as well as direct supply to industrial gas consumers. Prices on this market are negotiated with the consumers; they are linked to international market prices and reflect exchange rate movements as well. Therefore price risk is limited compared with the regulated market. Prirodni currently covers 100% of the eligible market.

Due to low and partly regulated gas sales prices in Croatia and high international gas purchase prices, Prirodni incurred losses during 2009. Based on the price increase stipulation of the FAGMA, it is expected that Prirodni can reduce or eliminate its losses in 2010 subject to favourable market conditions.

The Gas Master Agreement and the FAGMA (the First Amendment to the Gas Master Agreement) between the Republic of Croatia and MOL stipulate that:

- Prirodni will be sold to the Croatian Government by 1 December 2010;
- the underground gas storage facility of INA be transferred to a newly established gas storage company (Podzemno Skladiste Plina d.o.o). This has been done and was sold to a Croatian government controlled entity in early 2009;
- the Croatian Government will maintain regulated prices at a level sufficient to ensure that Priordni does not incur losses on the gas that it sells;
- the price of domestically produced natural gas will gradually increase to import price level between now and 2014; and
- in 2010 the hydrocarbon royalty obligation of INA will be 3.1% in respect of production fields. It will increase by 0.5% per year until 2015 and then be fixed at 10% for ten years thereafter.

Gas storage – MMBF Ltd.

The MOL Group is also an active participant in the gas storage business through MMBF Ltd., a 72.5% subsidiary of MOL. With the primary goal of ensuring the security of the gas supply, MMBF has developed underground gas storage with a strategic mobile capacity of 1.2 bcm and a commercial mobile capacity of 0.7 bcm.

MMBF generates reliable cash flow with fully booked (strategic and commercial) capacities in the long term. A 30-year contract for strategic gas storage (1.2 bcm) is now in effect and an additional 0.7 bcm commercial capacity of Szöreg-1 storage has been booked over a period of ten years starting from 1 April 2010, thereby generating reliable cashflow for the MOL Group.

Power and heat generation

MOL, together with its strategic partner, CEZ, the Czech Energy Company, is hoping to implement three major investments in the production of steam and energy sources for the Bratislava and Duna refineries. The MOL Group does not expect to undertake any major capital expenditure on this project until 2011 at the earliest.

REGULATION

The MOL Group conducts its operations in compliance with all the material regulatory requirements of the relevant countries in which it operates. It is subject to the general laws and no exemptions apply.

The European Union provides a general legal framework for the MOL Group's operations in EU member countries. This includes guarantees of property rights, rule of law and protection against arbitrary state action, enforcement of contracts and, in the absence of explicit price regulation, free market pricing.

The most important legal regulations affecting the MOL Group's operations are taxation legislation, involving general corporate taxes as well as targeted sector-specific fiscal terms applicable to areas such as mining royalties, labour laws and employment regulations, competition policy and energy regulatory decisions, product quality regulations, fuel standards, transportation and energy policies, and environmental and safety regulations applied to the MOL Group's facilities.

As the MOL Group fulfils fundamental responsibilities in the modern economy, it pays particular attention to maintaining good relations and effective co-operation with legislative assemblies, government institutions, professional associations and local authorities. The MOL Group's relations with the principal regulators are based on communication, sharing of information, credibility and the fact that the MOL Group's representatives, leaders and experts are involved in round-table discussions and other forums to establish dialogue between businesses and the government.

The MOL Group is determined to provide technical assistance to governments in order to fulfil regulatory requirements and to ensure compliance with environmental regulations, enabling sustainable growth for the economy.

The most important licences, authorisations and approvals to enable the MOL Group to conduct its business in the countries in which it operates are:

- mining licences of the relevant mining leases;
- technical and environmental licences of the refineries; and
- natural gas transmission, transmission system operator and natural gas trading licences,

issued in accordance with the applicable requirements of the relevant laws.

Mining licences can be suspended and/or terminated by the licensing authorities (mining bureaus) if a member of the MOL Group is deemed to have violated their terms or to have repeatedly violated the relevant provisions of law. Licences for mining activities are updated according to their expiry date.

A number of authorisations and licences for the refineries dealing with environmental or technological issues are regulated at an international and national level. In general the most important authorisations are the Integrated Pollution Prevention and Control licence, water laws, carbon dioxide emissions licences, the waste management plans and environmental certificates. The renewal of authorisations and licences is dependent on several circumstances. Some of them have unlimited validity, and some of them require renewal only in the case of a serious event occurring. Others have definite renewal dates and some of them have to be renewed annually.

Licences for the transportation of natural gas are valid for an indefinite period of time and the licence for the operating system operation is valid until 30 January 2019.

AUTHORITY PROCEDURES AND LITIGATION

EU investigation into paraffin cartel activities

The European Commission started an investigation in April 2005 into the alleged cartel activities of paraffin producers and traders in Europe. The investigation covered MOL and nine other major paraffin producers and traders throughout Europe. In October 2008 the European Commission decided that the ten paraffin producers had harmonised their commercial activities on the European (European Economic Area) paraffin market and had acted as a cartel. MOL received a fine of EUR 23.7 million, which it paid in early 2009.

As a result of the decision of the European Commission the former paraffin customers may have the right to claim private damages from the paraffin cartel participants. This could affect MOL. Other paraffin producers that were also subject to the investigation are currently appealing against the decision of the European Commission in the European Court of Justice. For the time being MOL is not currently able to make any legal or financial estimation about potential claims, if any.

Proceedings initiated by Surgutneftegas OJSC (“Surgutneftegas”)

Surgutneftegas acquired 21.2% of MOL “A” ordinary shares in March 2009. Under the Hungarian Act XLII of 2003 on Natural Gas Supply a party acquiring shares in an authorised natural gas company must notify the Hungarian Energy Office (the **Office**) if its interest in the share capital of that gas company is 5% or more and the Office shall then issue acknowledgement of such notification. The Office did not acknowledge Surgutneftegas’s notice and so the MOL Board of Directors adopted a resolution (the **Resolution**) preventing the entry of Surgutneftegas into MOL’s share register. Since Surgutneftegas was not registered in the share register it was not able to take part in MOL’s annual general meeting held on 23 April 2009 (the **AGM**).

Surgutneftegas brought four legal proceedings against MOL: two law suits in the Budapest Municipal Court and two judicial reviews in the Municipal Court of Budapest which acts as the Court of Registration.

In its first claim Surgutneftegas alleges that the Resolution of the Board of Directors violated the provisions of relevant laws. The first hearing was held on 11 November 2009 but the court has not yet examined the case on its merits. The next hearing is set for 5 May 2010.

In its second claim Surgutneftegas is primarily seeking to repeal all of the resolutions of the AGM. Failing which, it is seeking the repeal of the resolution which amended the Articles of Association of MOL. The first hearing was held before the Budapest Municipal Court on 13 November 2009, but the court has not yet examined the case on its merits. The next hearing is scheduled for 7 May 2010.

Surgutneftegas has initiated a judicial review before the Municipal Court of Budapest, which acts as the Court of Registration (**Court of Registration**). The Court of Registration is responsible for the lawful operation of companies and is therefore entitled to conduct judicial reviews upon request. Surgutneftegas has asked the Court of Registration to investigate the lawfulness of the Resolution. The Court of Registration rejected the claim of Surgutneftegas at first instance. Surgutneftegas has not appealed against this decision.

In the second judicial review before the Court of Registration, Surgutneftegas supplemented its request in connection with the Resolution by asking that the Court of Registration, repeal all the resolutions of the AGM. On 2 February 2010 the Court of Registration rejected Surgutneftegas’s claim at first instance. Surgutneftegas has not appealed against this decision.

These disputes relate to the ownership of MOL but their outcome should not have a material financial impact on the MOL Group.

Proceedings initiated by OMV Treasury and Clearing GmbH (“OMV”)

A judicial review has been initiated by OMV against MOL in the Municipal Court of Budapest, acting as Court of Registration. As described on page 63 of this Prospectus MOL’s Articles of Association prevent any shareholder from exercising more than 10% of the voting rights in MOL (the **10% voting**

limitation). Prior to the AGM the Hungarian State was exempt from the 10% voting limitation and also had specific rights arising from MOL's preferential B share. At the AGM MOL's Articles of Association were amended and the Hungarian State is no longer exempt from the 10% voting limitation and is no longer the sole entity entitled to the specific rights that attach to MOL's "B" share.

OMV's claim relates to the period before the AGM. OMV claims that the provisions of the Articles of Association of MOL regarding its "B" share and the 10% voting limitation breach the requirements of Act XXVI of 2007 and Act IV of 2006 (the **Hungarian Corporate Act**). Furthermore, OMV states that it was discriminatory to allow certain entities, namely Magyar Nemzeti Vagyonkezelő Zrt., which exercise ownership rights on behalf of the Hungarian State and its legal successors, not to comply with the 10% voting limitation imposed by the Articles of Association. The court of first instance has rejected OMV's request. OMV has filed an appeal against the decision.

At the 2007 annual general meeting MOL passed a resolution which meant that only three members of the board of directors of MOL could have their appointments terminated at the annual general meeting. OMV have brought a claim in relation to this and are alleging that the resolution was contrary to the Hungarian Corporate Act.

OMV have requested that the courts allow MOL's AGM to take the necessary measures to correct the issues described above. MOL stated that the 30-day time period that OMV had to initiate any procedure against the resolutions of the AGM had already elapsed and that accordingly OMV had no other legal basis on which to proceed against these resolutions. The Court of First Instance accepted these arguments and dismissed OMV's claim. OMV filed an appeal against this judgment. The Court of Second Instance set aside the appealed judgment and referred the case back to the Court of First Instance. The Court of First Instance has held two hearings but has not yet reached a decision. The next hearing before this court is scheduled for 1 June 2010.

Administrative Proceedings conducted by the Anti-Monopoly Office of the Slovak Republic

The Anti-Monopoly Office of the Slovak Republic stated in a letter dated 21 November 2005 that it was commencing administrative proceedings against Slovnaft in relation to a possible breach of the Protection of Competition Act No. 136/2001 Coll. Such administrative proceedings are focused on control of Slovnaft's pricing and discount policy with an emphasis on oil and petrol prices. In its decision on 22 December 2006 the Anti-Monopoly Office of the Slovak Republic stated that Slovnaft had abused its dominant position in the relevant diesel oil and motor petrol wholesale markets and imposed a fine of SKK 300 million (EUR 9,958,175).

In January 2008, Slovnaft as plaintiff filed an action against the decision of the Anti-Monopoly Office of the Slovak Republic in the Regional Court in Bratislava and requested a review of the lawfulness of the decision and of the procedure carried out in making that decision. This included the first instance decision of the Anti-Monopoly Office of the Slovak Republic, especially in relation to the administrative procedure. On 20 March 2008 the Regional Court in Bratislava found in favour of Slovnaft and suspended the obligation of Slovnaft to pay the fine of SKK 300 million until a final and legally binding court decision on the merits of the case was provided.

The Regional Court in Bratislava decided the case at its last hearing, held on 15 December 2009, and overruled the first and second instance decisions of the Anti-Monopoly Office. The case has been sent back to the Anti-Monopoly Office for their review. The Regional Court in Bratislava alleged several serious legal breaches during the proceedings held by the Anti-Monopoly Office and stated that the calculation of the imposed penalty was excessive, incorrect and inappropriate relative to the alleged breach of competition law by Slovnaft. The Anti-Monopoly Office is bound by the decision of the Regional Court in Bratislava and must adopt a new resolution with regard to the level of the imposed penalty in accordance with the instructions and findings of the Regional Court in Bratislava.

Mende-Rossi/Ashford Technologies Corporation

Mende-Rossi, which is a Russian company, claimed that it entered into a contract with Slovnaft in 1993 for the supply of crude oil products. The Russian Court of Arbitration found that Slovnaft was liable to pay Mende-Rossi USD 15.7 million together with 16% default interest per annum on an amount of USD 9 million for a period starting from 24 June 1994 and lasting until final payment is made. In addition Slovnaft was ordered to pay the costs of the arbitration proceedings.

Mende-Rossi also applied for the enforcement of the decision of the Russian Court of Arbitration in Austria in 1998 and Slovakia in 1997. This was refused. In addition, Mende-Rossi sought enforcement in the Czech Republic, where proceedings are ongoing. The probability of success in this case cannot currently be quantified.

Czech Republic enforcement

On 24 February 2009 the Municipal Court of Prague approved the decision of the first instance court (District Court Prague 4), made on 16 September 2005, and an enforcement order was therefore placed on Slovnaft's property in the Czech Republic. Slovnaft does not have any tangible property in the Czech Republic nor does it have any shares in legal entities or other enterprises. However, the enforcement order could apply to receivables arising from contracts that Slovnaft has with its Czech customers.

Slovnaft has brought parallel proceedings to prevent this enforcement and the District Court Prague 4 has held that enforcement of its original decision is on hold whilst a decision is reached regarding Slovnaft's application to prevent the enforcement.

On 12 October 2005 Slovnaft filed a separate petition to stop or terminate the enforcement of the decision of the Russian Court of Arbitration. This claim has yet to progress any further.

On 29 May 2009 Slovnaft also filed an extraordinary appeal to the Supreme Court of the Czech Republic against the decision adopted by the Municipal Court of Prague on 24 February 2009 ordering enforcement proceedings against the property of Slovnaft.

SHAREHOLDING STRUCTURE

MOL has 104,518,484 "A" and 578 "C" series ordinary shares and one "B" series voting preference share owned by the Hungarian State Holding Company Ltd.

MOL shares are listed on the Budapest and Warsaw Stock Exchanges. MOL Depositary Receipts are listed on the Luxembourg Stock Exchange and are traded on the International Order Book of the London Stock Exchange.

The shareholding structure of MOL is as follows (based on public data as of 31 December 2009):

Foreign investors (mainly institutional)	25.7%
Surgutneftegas OJSC	21.2%
OmanOil (Budapest) Limited	7.0%
CEZ MH B.V.	7.3%
Magnolia Finance Limited	5.7%
ING Bank N.V.	5.0%
Crescent Petroleum	3.0%
Dana Gas PJSC	3.0%
OTP Bank Nyrt.	6.4%
Hungarian institutional investors	5.4%
Hungarian private investors	3.0%
MOL Nyrt. (treasury shares)	7.1%
	100.0%

There are approximately 400 domestic institutional investors. None holds more than 5% of MOL's shares.

On 18 May 2009, Crescent Petroleum and Dana Gas made a notification that each of their respective voting rights had increased to 3%. They are parties in concert and so their combined voting rights are 6%.

MOL's ownership structure contained in MOL's share register differs from the data above. Surgutneftegas OJSC is not registered in the share register due to the lack of compulsory acknowledgement of a notice issued by the Hungarian Energy Office. Registration in the share register is not mandatory. In order for shareholders to exercise their rights as shareholders of MOL they must be registered in the share register.

According to the Articles of Association no shareholder or shareholder group may exercise more than 10% of the voting rights in MOL.

Option Rights/Stock Borrowings

MOL and ING Bank N.V. (**ING**) signed a share option agreement on 11 March 2010 as a result of which ING received a put option from MOL and MOL received a call option from ING for the 5,220,000 "A" series MOL ordinary shares held by ING. The maturity is one year and the strike price is EUR 75.3628 per share for both options.

On 31 December 2009, under the share lending agreement concluded on 21 June 2007 between MOL and OTP Bank Plc. (**OTP**), the number of "A" series MOL ordinary shares borrowed by OTP was 371,301. On 16 April 2009 MOL and OTP entered into a share exchange and share swap agreement under which MOL transferred 5,010,501 "A" series MOL ordinary shares to OTP in return for 24,000,000 OTP ordinary shares. The share swap agreement expires on 11 July 2012; until that time each party can initiate a cash or physical settlement of the deal.

On 2 July 2007 MOL signed an agreement with MFB Invest Zrt. (**MFB**) to lend a maximum of 10,933,000 shares held in treasury. On 31 December 2009 MFB borrowed 1,273,271 "A" series MOL ordinary shares.

In December 2007, CEZ purchased 7,677,285 series "A" MOL ordinary shares from MOL and on 9 October 2009 the parties signed a new call option agreement for 7,677,285 series "A" MOL ordinary shares, exercisable by MOL at any time before 23 January 2014. The new call option has a strike price of the EUR equivalent of HUF 20,000.

On 13 March 2006, MOL signed a share purchase agreement to sell 6,007,479 Series "A" ordinary shares of MOL held in treasury to Magnolia Finance Limited (**Magnolia**), incorporated in Jersey, which thereby acquired a 5.58% stake in MOL.

Magnolia issued EUR 610 million of perpetual exchangeable capital securities (the **Capital Securities**), exchangeable into Series "A" Ordinary Shares of MOL between 20 March 2011 and 12 March 2016 (the **Exchange Period**), to international financial investors outside the United States, Canada, Jersey, Japan, Hungary and Poland. Capital Securities were sold at nominal value and with a fixed coupon payment of 4% per annum for the first ten years, based on an exchange rate of HUF 26,670 per share.

MOL, concurrently with the sale of ordinary shares, has entered into a swap agreement with Magnolia that gives MOL a call option to buy back all or some of the series "A" ordinary shares of MOL in certain limited circumstances at a volume-weighted average price during a certain period before exercising the option right and if the Capital Securities holders do not exercise, or have partially exercised, their conversion right, upon expiration of the Exchange Period and quarterly afterwards for the Series "A" ordinary shares which have not yet been exchanged. If Magnolia redeems the Capital Securities after 2016 and the market price of ordinary MOL shares is below EUR 101.54 per share, MOL will pay the difference.

MOL does not have any direct or indirect equity interest in or control rights over Magnolia, but consolidates Magnolia for IFRS purposes in line with the requirements of SIC 12 – Consolidation: Special Purpose Entities.

EMPLOYEES

The table below specifies the number of employees of the MOL Group between 2007 and 2009:

2007	15,058
2008	17,213
2009	34,090 (out of which 16,304 are employees of INA)

Despite several recent acquisitions, staffing levels within the MOL Group have been managed to date so as to maintain efficiency.

Approximately 50% of MOL's, 45% of Slovnaft's and 95% of INA's employees are represented by trade unions. The MOL Group's management has a good working relationship with the trade unions who represent the employees of MOL and Slovnaft. The MOL Group is only just establishing its relationship with the trade unions that represent INA's employees and the MOL Group hopes to develop a good working relationship with them in due course.

There is no employee share scheme at any of the MOL Group's companies.

CORPORATE GOVERNANCE AND MANAGEMENT

Board of Directors

MOL's Board of Directors acts as the highest governing body of MOL and as such has collective responsibility for all corporate operations.

The Board's key activities are focused on achieving increasing shareholder value, improving efficiency and profitability, and ensuring transparency in corporate activities. It also aims to ensure appropriate risk management, environmental protection, and conditions for safety at work.

The principles, policies and goals take account of the Board's specific and unique relationship with MOL's shareholders, the executive management and MOL. The composition of the Board reflects this with the majority (eight of 11 members) made up of non-executive directors. At present, seven members of the Board of Directors qualify as independent on the basis of its own set of criteria (based on NYSE recommendations) and the declarations of directors.

The Board acts and makes resolutions as a collective body.

The Board adopted a set of rules (Charter) to govern its own activities when MOL was founded in 1991. These rules are regularly updated to ensure continued adherence to best practice standards.

The members of MOL's Board of Directors are as follows:

Name	Position	Year of appointment	Date of expiry of term of office
Zsolt Hernádi ⁽¹⁾	Chairman and Chief Executive Officer	1999	February 2014
László Akar ⁽²⁾	Director	2002	October 2012
Mulham Al-Jarf ⁽¹⁾	Director	2008	April 2013
Dr Sándor Csányi ⁽¹⁾	Vice Chairman	2000	April 2014
Dr Miklós Dobák ⁽²⁾	Director	1996	April 2014
Dr Gábor Horváth ⁽¹⁾	Director	1999	February 2014
Miklós Kamarás ⁽¹⁾	Director	2002	October 2012
Dr Erno Kemenes ^{(2) (3)}	Director	2002	October 2012
József Molnár	Group Chief Financial Officer	2007	October 2012
György Mosonyi ⁽³⁾	Group Chief Executive Officer	1999	October 2012
Iain Paterson ^{(2) (3)}	Director	1999	February 2014

(1) Members of the Corporate Governance and Remuneration Committee

(2) Members of the Finance and Risk Management Committee

(3) Members of the Sustainable Development Committee

Committees of the Board of Directors

The Board operates committees to increase the efficiency of the Board's operations, and to provide the appropriate professional background for decision making.

Currently there are three standing committees: (i) the Corporate Governance and Remuneration Committee, (ii) the Finance and Risk Management Committee, and (iii) the Sustainable Development Committee.

The scope of the committees' responsibility is primarily defined in their respective charters. The Board is responsible for appointing committee members. The majority of the committee members shall be non-executive and independent.

The Board can also appoint ad-hoc committees for the performance of specific tasks in addition to its standing committees.

Relationship between the Board and the Executive Management

The List of Decision-Making and Authorities (**LDA**) sets out the manner in which the Board delegates authority and decision-making rights to executive management in order to ensure that business, health, safety and environment, ethics, risk management and internal control policies as set forth by the Board can be implemented with maximum efficiency.

Guidelines of the LDA include the following:

- ensuring the representation and enforcement of shareholders' interests through and by the Board;
- supporting a consistent and more efficient decision-making process at corporate level;
- achieving an appropriate balance between management freedom in decision-making and strict internal control and performance measurement system requirements;
- decisions should be taken only when information of sufficient detail and quality is available;
- application of transparent decision-making mechanisms;
- maintaining appropriate post-implementation reviews and controls; and
- implementation of a functional business matrix management system, both at MOL and at a subsidiary level.

The system laid down by the LDA is controlled by the internal audit process. Its role is to ensure compliance with, and to prevent deviation from, policies and strategies approved by the Board.

The structure of the LDA covers MOL's management levels, i.e. Management Level 1 denotes the Executive Chairman and CEO and the GCEO. Management Levels II, III and IV represent the business unit and functional managers and the senior managers of the subsidiaries.

The Executive Board (EB)

The EB operates as an intermediary between the Board of Directors and the various management levels. The EB is a decision preparation forum where every member has an obligation to express an opinion, on the basis of which the final decision is made by the Chairman-CEO. If there is a difference of opinion between the Group Chief Executive Officer, Group Chief Financial Officer and the Chairman-CEO, the Board of Directors shall make the decision.

The members of MOL Group's Executive Board are as follows:

<u>Name</u>	<u>Current Title</u>	<u>Year of appointment</u>
Zsolt Hernádi	Chairman and Chief Executive Officer	2001
György Mosonyi	Group Chief Executive Officer	1999
József Molnár	Group Chief Financial Officer	2004
József Simola	EVP Corporate Centre	2006
Zoltán Áldott	EVP Exploration & Production	2004
Ferenc Horváth	EVP Refining & Marketing	2003
Oszkár Világi	Slovnaft Chief Executive Officer	2010

Supervisory Board

The Supervisory Board is responsible for monitoring and supervising the Board of Directors on behalf of the shareholders. In accordance with MOL's Articles of Association, the maximum number of members is nine (present membership is nine). In accordance with Company Law, three members of the MOL Supervisory Board are elected employee representatives, with the other six appointed by the shareholders.

The members of MOL's Supervisory Board are listed below:

<u>Name,</u>	<u>Position</u>	<u>Year of appointment</u>	<u>Date of expiry of term of office</u>
Dr. Mihály Kupa ⁽¹⁾	Chairman	2002	October 2012
Attila Juhász	Employee Representative	2007	October 2012
Prof. Sándor Lámfalussy		1999	October 2012
Dr. Attila Chikán ⁽¹⁾		2004	October 2012
István Vásárhelyi		2005	April 2010
John I. Charody ⁽¹⁾		2002	October 2012
József Kohán,	Employee Representative	2009	October 2012
Lajos Benedek	Employee Representative	2007	October 2012
Slavomír Hatina		2002	October 2012

(1) Members of the Audit Committee

Audit Committee

In 2006, the general meeting appointed the Audit Committee comprised of independent members of the Supervisory Board. The Audit Committee strengthens the independent control of the financial and accounting policy of MOL.

INA

After the conclusion of the Shareholders Agreement between MOL and the Republic of Croatia in June 2009, and according to the resolutions of the general meeting of INA held on 10 June 2009, a new corporate governance structure has been established for INA.

INA's Articles of Association define the allocation of authority and responsibility between the General Assembly, the Supervisory Board and the Management Board. Besides these bodies the Executive Board of INA has also been established and is an advisory and consultative body to the Executive Directors on operational topics.

INA's LDA defines how decision-making authority is delegated by the Management Board to the managers of INA. INA's LDA defines the "Consultation Process", which means that specific decisions can be made by the appropriate decision makers at INA with the professional support of the relevant MOL units, managers and decision-making bodies.

Members of Board of Directors

Zsolt Hernádi (50)

Chairman of the Board of Directors since 7 July 2000, Chairman and Chief Executive Officer since 11 June 2001, member of the Board since 24 February 1999, member of the Corporate Governance and Remuneration Committee.

Between 1989 and 1994 he occupied various posts at the Kereskedelmi és Hitelbank Plc., and between 1992 and 1994 he was its Deputy General Manager. He was CEO of the Central Bank of Hungarian Savings Cooperatives between 1994 and 2001, and a member of its Board of Directors between 1994 and 2002. Between 1995 and 2001, Mr. Hernádi was a Board Member of the Hungarian Banking Association. Since 2001, he has been a member of the European Round Table of Industrialists. Since September, 2009 he has held an honorary position at the Corvinus University of Budapest.

Dr. Sándor Csányi (57)

Member of the Board of Directors since 20 October 2000, and Vice Chairman since 2001, Chairman of the Corporate Governance and Remuneration Committee.

Specialising in finance at university, where he also took a doctorate, he later became a licensed pricing specialist and a chartered accountant, and his first job was at the Ministry of Finance. He also worked for the Ministry of Food & Agriculture and at the Hungarian Credit Bank. From 1989 to 1992 he was Deputy CEO of the Commercial & Credit Bank (K&H), and since 1992 he has been the Chairman & CEO of the National, Savings and Commercial Bank Plc. (OTP Bank Plc.). On 28 April 2006, a shareholders' meeting re-elected him for another five-year term as Chairman & CEO of OTP Bank Plc. He is a European Board member of MasterCard; co-chairman of the National Association of Entrepreneurs & Employers (VOSZ); and a member of the Board of the Hungarian Banking Association. He is also Chairman of the Supervisory Board of OTP Bank Group and a member of the Supervisory board, DSK Bank in Bulgaria. He has been an honorary professor of the University of Western Hungary since 2004. Dr Sándor Csányi is a member of the International Association of Business Leaders, and of the Institut International d'Etudes Bancaires.

László Akar (57)

Member of the Board of Directors since 11 October 2002, Member of the Finance and Risk Management Committee.

Between 1977 and 1990 he held various positions in the National Planning Office and Ministry of Finance. Between 1994 and 1998 he was political state secretary at the Ministry of Finance, secretary of the Government's Economic Committee, and deputy governor of the IMF, representing Hungary. Since 1998 he has been CEO of GKI Economic Research Co.; since 2008 he has been GCEO. From 2002 till 2007 he was Chairman of the Supervisory Board of the National Bank of Hungary. In 2005 he won the Farkas Heller prize. In 2006 he received the French Chevalier de l'Ordre National du Mérite.

József Molnár (54)

Member of the Board of Directors since 12 October 2007, Group Chief Financial Officer since 3 September 2004.

From 1978 to 2001, Mr. Molnar held various management positions at BorsodChem Plc, including Head of the Pricing Department from 1982 to 1987, and was Head of the Controlling Department from 1987 to 1991. Between 1991 and 2001, as Chief Financial Officer and first deputy to the CEO, he contributed to the crisis management and reorganisation of MOL, and later to the development of its strategy, and subsequent privatisation. He played a key role in the stock exchange listing of BorsodChem shares. He was CEO of TVK between 2001 and 2003, and MOL Group Planning & Controlling Director until his appointment as the Group CFO in September 2004. Since April 2001, he has been a Board member of TVK and between 2004 and 2008 he was a Board member of Slovnaft a.s.

Dr. Miklós Dobák (55)

Member of the Board of Directors since 29 May 1996, Chairman of the Finance and Risk Management Committee.

He is the Chairman of the Institute of Management and Professor of the Department of Management & Organisation at Corvinus University. He is also an international partner of Horváth & Partners Consulting Company.

Dr. Gábor Horváth (54)

Member of the Board of Directors since 24 February 1999, Member of the Corporate Governance and Remuneration Committee.

He has led an independent attorney's office since 1990. His main activities cover corporate, corporate financial and company organisation law. He is the Vice President of the Supervisory Board and Chairman of the Audit Committee of OTP Bank Plc.

Miklós Kamarás (65)

Member of the Board of Directors since 11 October 2002, Member of the Corporate Governance and Remuneration Committee.

Between 1972 and 1990, Mr Kamarás held various senior positions at ÉPGÉP Co., finishing as CEO. Between 1995 and 1998 he was Deputy General Manager of ÁPV Plc. (the Hungarian Privatisation & State Holding Co.). From 1998, Mr. Kamarás was a partner at Deloitte & Touche Hungary and head of several auditing firms. Between 2002 and 2004, he was CEO of ÁPV Plc., a Board member of ÁPV Plc., and Chairman of the Board of Budapest Airport Plc., until 30 May 2005. He was Chairman of MÁV Plc until 18 October 2008. Since 16 July 2009 he has been the CEO of MNV Ltd.

Dr. Ernő Kemenes (70)

Member of the Board of Directors since 11 October 2002, Member of the Finance and Risk Management Committee and the Sustainable Development Committee.

Dr. Kemenes was a lecturer, then head of department, at the Budapest University of Economic Sciences from 1963. He held various senior positions in the National Planning Office, the Ministry of Education & Culture, and the Office of the Prime Minister between 1968 and 1997. He was also head of the National Planning Office between 1987 and 1990. He was head of Deloitte & Touche Hungary and one of the leading managers in the Central & East European Region between 1992 and 2001. He was a member of the Council of the Hungarian National Bank between 1992 and 1998, and is a retired university professor of Budapest University of Economic Sciences & Public Administration. He participates in preparing country reports for the OECD, EU and IMF. He is also a Supervisory Board member at Reneal Ltd.

György Mosonyi (61)

Group Chief Executive Officer and member of the Board of Directors since 19 July 1999. Chairman of the Sustainable Development Committee. Chairman of TVK Plc.

From 1974 onwards, Mr Mosonyi worked for the Hungarian Agency of Shell International Petroleum Co. and from 1986 he held the position of Commercial Director. In 1991 he worked at Shell headquarters, London. Between 1992 and 1993 he was managing director of Shell-Interag Ltd and between 1994 and 1999 Chairman and Chief Executive Officer of Shell Hungary Rt. During this period he became the Chairman of Shell's Central & Eastern European Region and CEO of Shell Czech Republic in 1988. He is Honorary President of the Association of Joint Ventures, Vice-Chairman of the Hungarian Chamber of Commerce & Industry and Vice-President of the Confederation of Hungarian Employers and Industrialists.

Iain Paterson (63)

Member of the Board of Directors since 24 February 1999, Member of the Finance and Risk Management Committee and the Sustainable Development Committee.

From 1970 onwards, he held various positions at British Petroleum Plc in Great Britain, the USA and the Middle East. Between 1984 and 1998, he was with Enterprise Oil Plc, serving from 1991 as a Main Board member with responsibility for international activities. He is currently Chairman of ITE Group Plc, Chairman of Plebble Loyalty Limited, Chairman of AnTech Limited, and a non-executive director of Hunting Plc. Mr. Paterson is a British citizen.

Mulham Al-Jarf (40)

Member of the Board of Directors since 24 April 2008, Member of the Corporate Governance and Remuneration Committee.

Mr Al-Jarf obtained a degree in International Business and Finance and is a registered Barrister at Law of the Bar of England and Wales. He has been the deputy CEO of Oman Oil Company since 2004. He is a member of the board of the following companies: Sohar Aluminium Co LLC, Oman Arab Bank SAOC, Oman Oil Marketing Co SAOG, and Takamul Investments SAOC. He has work experience in Oman Gas Company, Ministry of Oil and Gas and General Telecommunications Co in Oman, and is a citizen of Oman.

Supervisory Board members

Dr. Mihály Kupa (69)

Chairman of the Supervisory Board since 11 October 2002, Chairman of the Audit Committee and contributor to the Board and to Finance and Risk Management work.

Between 1969 and 1975 Dr. Kupa held various senior positions in the Statistical Office; and between 1975 and 1984 at the Financial Research Institute; and between 1984 and 1990, in the Ministry of Finance. Between 1990 and 1993 he was Minister of Finance; and from 1992 to 1993, Vice-President of the Council of Governors and President of World Bank and IMF in Hungary in 1993. From 1991, and again in 1998, he was a Member of Parliament (Independent). He is Chairman of the Supervisory Board of the National Theatre Company.

Lajos Benedek (38)

Member of the Supervisory Board since 12 October 2007, as an Employee Representative.

Mr. Benedek joined MOL in 1996. During that time he held various positions in the E&P Division, and has been Manager of the Reservoir Technology Department since 2006. He has also been member of the MOL Trade Union of Mining Workers and Works Council.

John I. Charody (83)

Member of the Supervisory Board since 11 October 2002, Member of the Audit Committee.

Mr. Charody is a member of the British Empire (MBE) and a Justice of the Peace, and worked in the Geophysical Institute of the Oil Exploration and Development Company between 1953 and 1956. Then he was a director in Australia of various companies, including Bridge Oil Ltd., Aurora Minerals, and Project Mining, and was CEO of Winton Enterprises Pty. Ltd. and Galina Investment international consulting company. Fellow of the Institute of Australian Directors since 1971, fellow of the Australian Institute of Management since 1967, and Justice of the Peace since 1972, he was awarded the M.B.E. by H.M. the Queen for services to Australia in 1973. In 1990 he was appointed Minister of Commerce in Budapest by the Federal Government of Australia with regional responsibilities in 12 countries. In 1997 the President of the Republic of Hungary awarded him the Officer Cross of the Republic of Hungary for his services to fostering Australian-Hungarian financial and commercial relationships. He is a Board Member of Pick Rt. and the Csányi Foundation and a consultant of MFB Invest Zrt.

Dr. Attila Chikán (66)

Member of Supervisory Board since 30 April 2004; Deputy Chairman of the Supervisory Board since 5 December 2005, Member of the Audit Committee.

Since 1968 Dr. Chikán has been working for the Budapest University of Economic Sciences (until 2004, predecessor of Corvinus University of Budapest). Between 1989 and 1998 he was Head of the Business Economics Department and acted as Minister of Economic Affairs in 1998 and 1999. He was Rector of Budapest University of Economic Sciences between 2000 and 2003 and is a Doctor of the Hungarian Academy of Sciences. At present he holds several positions in Hungarian and international professional organisations, and is a member of the editorial boards of several international journals. He is Chairman of the Supervisory Board of Richter Gedeon Plc.

Slavomír Hatina (63)

Member of the Supervisory Board since 11 October 2002.

Mr. Hatina joined Slovnaft in 1970, working in various positions. From 1994 to December 2001, he worked for Slovnaft a.s., Bratislava (1994-1998 as CEO, 1998-2001 as President). From 1994 to February 2005, Mr. Hatina was Chairman of the Board of Slovnaft, a.s. A Doctorate Honoris Causa was bestowed on Mr Hatina by the Slovak University of Technology in 2001. He is Chairman of Slovintegra a.s. Mr. Hatina is a citizen of Slovakia.

József Kohán (58)

Member of the Supervisory Board since 1 May 2009, delegated by employees.

Employed by MOL as a chemical engineer M.Sc. since 1977, Mr Kohán has held various positions in the refining business. He has been responsible for preparing development projects in the area of refining since 1998. Author of several scientific technical publications, and a member of the Society of Hungarian Chemists, he is also a member of MOL Plc. Oil Industrial Trade Union.

Dr. Sándor Lámfalussy (81)

Member of the Supervisory Board since 24 February 1999.

Between 1955 and 1975 Dr. Lámfalussy worked at the Banque de Bruxelles; first, as an economist, and during the second part of this period as a member, and later as Chairman, of the Management Board. On leave of absence from his bank he was visiting professor at Yale University during the academic year 1961-1962. In 1976 he joined the Bank for International Settlements as a member of management and as Economic Adviser and became the Bank's CEO from 1984 until 1993. From 1994 until July 1997 he was President of the European Monetary Institute, the forerunner of the European Central Bank. In 2000-2001 he was Chairman of the Committee of Wise Men for the Regulation of European Securities Markets, the recommendations of which were accepted by the European Council, and are now being implemented. At present he is Chairman of a committee advising the Belgian Government on improving the crisis resistance capability of the financial system. Throughout his professional career he has been teaching at the Catholic University of Louvain (Belgium), where he is now a Professor Emeritus. He is a Belgian citizen.

Attila Juhász (46)

Member of the Supervisory Board since 12 October 2007, delegated by employees.

Mr Juhász joined MOL in 1986. During his employment he has held various positions in MOL E&P. Chairman of the Kiskunhalas Branch of MOL Trade Union of Production Workers, and member of the Workers' Council since its foundation, he is currently acting as an observer in the Workers' Council.

István Vásárhelyi (59)

Member of MOL Group Supervisory Board since 27 April 2005.

Between 1978-1989, Mr Vásárhelyi held various managerial positions at Budapest Rozmaring MGTSZ (an agricultural co-operative), for 11 years. From 1992 to 1998, he was a trustee of the "Foundation against Cancer for Man and the Future". At the same time he was CEO of Budapest Capital Holding Management Plc and in 1995 he was appointed Managing Director, and since 2000, Director-General. From 2006 he has been Managing Director of ROZA-PORTA Trading Ltd. Between 1994 and 2000, he was a Board member of Helia hotels plc and a member of the Supervisory Board of ÁPV Plc. Between 1995-2002 he worked at the State Privatisation Company, and in 2000 was appointed Chairman of the Board of Képcsarnok Plc. (Fine Arts Trading), becoming chairman of the Supervisory Board from 2001 to 2003. Between 2002 and 2004, he was also a Board member of Dunafer Plc. Since 2002, he has been Vice-Chairman of the Board of ÁPV Plc, and Chairman of the Board of ÁPV Plc from 1 December 2006 to 30 June 2007. Since 2005 he has been a member of the Board of Directors of Hitelgarancia Plc. Mr Vásárhelyi has been a member of the Board of Directors of MVM Plc since 8 January 2008 and was Chairman from 14 February to 13 May 2008. He was elected trustee of the Szalmaszál Foundation Endowment for the Homeless in 2006. He is a member of the Board of Directors and a CEO of Főkert Nonprofit Zrt.

None of the members of MOL's administrative, management or supervisory bodies has a potential or actual conflict of interest between any duties owed to MOL and his/her private interests or other duties.

CONSOLIDATED COMPANIES

MOL is the parent company in the MOL Group which means MOL as a parent company and its consolidated affiliates (together **MOL Group**). The following table sets out the structure of the MOL Group with the shareholdings of MOL in each subsidiary entity:

Company name	Country (Incorporation /Branch)	Range of activity	Ownership 2009	Ownership 2008
<i>Integrated subsidiaries</i>				
INA-Industrija nafte d.d.	Croatia	Integrated oil and gas company	47%	c)
<i>Subsidiaries in discontinued operations</i>				
Prirodni plin d.o.o.	Croatia	Natural gas trading	47%	c)
<i>Exploration and Production</i>				
Adriagas S.r.l.	Italy	Pipeline project company	47%	c)
BHM OIL-Invest Ltd	Cyprus	Exploration investment management	100%	100%
Surgut Trading Ltd	Russia	Trade of crude oil	50%	50%
BMN Investment Ltd	Cyprus /India	Exploration and production activity	100%	e)
Croscos Naftni Servisi d.o.o.	Croatia	Oilfield services	47%	c)
CorteCros d.o.o.	Croatia	Production of anticorrosion products	28%	c)
Croscos B.V.	Netherlands	Oilfield services	47%	c)
Nordic Shipping Ltd.	Marshall Islands	Platform ownership	47%	c)
Croscos International d.o.o. (Slovenia)	Slovenia	Oilfield services	47%	c)
Croscos International d.o.o. (Tuzla)	Bosnia and Herzegovina	Oilfield services	47%	c)
Croscos International Ltd.	United Kingdom	Oilfield services	47%	c)
Croscos S.A. DE C.V	Mexico	Maintaining services	47%	c)
Drill-Trans Zrt.	Hungary	Road cargo transport	47%	c)
Mobilgas Zrt.	Hungary	Road cargo transport	47%	c)
Drill-Car Kft.	Hungary	Car selling	47%	c)
Geotechnika International LLC	United Arab Emirates	Oilfield services, drilling wells	23%	c)
Mideast Integrated Drilling & Well Services Company LLC	Oman	Integrated drilling and completion services	23%	c)
Rotary Zrt.	Hungary	Oilfield services	47%	c)
Rotary Pumping Services Kft.	Hungary	Oilfield services	47%	c)
Sea Horse Shipping Inc.	Marshall Islands	Platform ownership	47%	c)
Geoinform Kft.	Hungary	Hydrocarbon exploration	100%	100%
GES Kft.	Hungary	Geophysical surveying and data processing	100%	100%
Geophysical Services Middle- East LLC	Oman	Geophysical surveying and data processing	70%	70%
Greentrade Ltd	Cyprus	Exploration investment management	100%	100%
Matjushkinskaya Vertical LLC	Russia	Exploration and production activity	100%	100%
Hawasina GmbH	Switzerland / Oman	Exploration and production activity	100%	100%
INA Naftaplin International Exploration and Production Ltd	United Kingdom	Exploration and production activity	47%	c)
Kalegran Ltd	Cyprus / Iraq	Exploration investment management / Exploration and production activity	100%	100%
Lamorak Enterprises Ltd (former MOL Tunisia Oil and Gas Ltd.)	Cyprus / Tunisia	Exploration and production activity	100%	100%
MOL Caspian Oil and Gas Ltd	Cyprus / Kazakhstan	Exploration investment management	100%	100%
Ural Group Ltd (joint venture)	British Virgin Islands	Exploration and production activity	28%	28%
Ural Oil Group Ltd (joint venture)	Kazakhstan	Exploration and production activity	28%	28%
MOL Central Asia Oil and Gas Co. B.V. (former MOL Syria Oil and Gas Co. B.V.)	Netherlands / Syria / Kazakhstan	Exploration and production activity	100%	100%
MOL CIS Oil and Gas Ltd.	Cyprus	Exploration investment management	100%	100%
ZMB Ltd (joint venture)	Russia	Exploration and production activity	50%	50%
MOL Pakistan Oil and Gas Co. B.V.	Netherlands / Pakistan	Exploration and production activity	100%	100%
MOL Yemen Oil and Gas (Cyprus) Ltd	Cyprus / Yemen	Exploration and production activity	100%	100%
Platounko Investments Ltd	Cyprus	Exploration financing	100%	e)
Pronodar Ltd	Cyprus / Cameroon	Exploration and production activity	100%	100%
Pyrogol Ltd	Cyprus	Exploration and production activity	100%	100%
RUSI Services Ltd	Cyprus	Exploration financing	100%	100%

Company name	Country (Incorporation /Branch)	Range of activity	Ownership 2009	Ownership 2008
SHM Seven Investments Ltd (former MOL Greece Oil and Gas Ltd)	Cyprus	Exploration investment management	100%	100%
MOL Western Siberia LLC (former NWOG-MOL Ltd)	Russia	Exploration and production activity	100%	100%
UBA Services Ltd	Cyprus / Russia	Exploration investment management	100%	100%
USI Ltd	Cyprus	Exploration investment management	100%	100%
BaiTex LLC	Russia	Exploration and production activity	100%	100%
<i>Natural Gas & Energy</i>				
CM European Power International B.V. (joint venture)	Netherlands	Power plant investment management	50%	50%
CM European Power International s.r.o. (joint venture)	Slovakia	Power plant investment management	50%	50%
CM European Power Slovakia s.r.o.	Slovakia	Operation of thermo-power plant	50%, d)	98%
CM European Power Hungary Kft. (former Dunai Gőzfejlesztő Kft.) (joint venture)	Hungary	Steam and hot water supply, electricity production	50%	100%
FGSZ Földgázszállító Zrt. (former MOL Földgázszállító Zrt.)	Hungary	Natural gas transmission	100%	100%
NETS Study Company	Hungary	Natural gas transmission project company	100%	b)
MMBF Földgázról Zrt.	Hungary	Strategic natural gas storage	72%	72%
MOL Energiakereskedő Zrt. (former MOL Energiakereskedő Kft.) (associated company from 31.12.2009)	Hungary	Natural gas trading	a)	100%
MOLTRADE-Mineralimpex Zrt.	Hungary	Importing and exporting energetical products	100%	100%
<i>Refining and Marketing</i>				
Crobenz d.d.	Croatia	Trading of oil products	47%	c)
Energopetrol d.d.	Bosnia-Herzegovina	Retail trade	49%	34%
FPC Ltd.	United Kingdom	Trading of oil products	47%	c)
Holdina (Cyprus) Ltd	Cyprus	Intermediate holding company	47%	c)
Holdina (Guernsey) Ltd	United Kingdom	Trading of oil products	47%	c)
Holdina (Ireland) Ltd	Ireland	Trading of oil products	47%	c)
Holdina d.o.o.	Bosnia and Herzegovina	Trading of oil products	47%	c)
IES SpA	Italy	Refinery and marketing of oil products	100%	100%
Enersol S.c.r.l. (under liquidation)	Italy	Marketing of oil products	81%	81%
Greengas S.r.l.	Italy	Hydrogen plant operation	49%, d)	49%, d)
Nelsa S.r.l.	Italy	Marketing of oil products	74%	74%
Panta Distribuzione S.r.l.	Italy	Marketing of oil products	100%	100%
Recon S.r.l. (merged into IES)	Italy	Marketing of oil products	—	100%
INA d.o.o.	Serbia	Trading of oil products	47%	c)
INA BH d.d.	Bosnia and Herzegovina	Trading of oil products	47%	c)
INA BL d.o.o.	Bosnia and Herzegovina	Trading of oil products	47%	c)
INA Crna Gora d.o.o.	Montenegro	Trading of oil products	47%	c)
INA Hungary Kft.	Hungary	Trading of oil products	47%	c)
INA Kosovo d.o.o.	Kosovo	Trading of oil products	47%	c)
INA-Osijek – Petrol d.d.	Croatia	Trading of oil products	36%	c)
Interina d.o.o. Ljubljana	Slovenia	Trading of oil products	47%	c)
Interina d.o.o. Skopje (in bankruptcy)	Macedonia	Trading of oil products	47%	c)
Inter Ina Ltd	United Kingdom	Trading of oil products	47%	c)
Inter Ina (Guernsey) Ltd	United Kingdom	Trading of oil products	47%	c)
Intermol d.o.o.	Serbia	Retail trade of fuels and lubricants	100%	100%
Maziva Zagreb d.o.o.	Croatia	Lubricants production and trading	47%	c)
MK Mineralkontor GmbH	Germany	Trade of oil products	100%	100%
MOL Austria GmbH	Austria	Wholesale trade of lubricants and oil products	100%	100%
MOL Tankstellen GmbH	Austria	Retail trade	100%	100%
MOL-LUB Kft.	Hungary	Production and trade of lubricants	100%	100%
MOL Romania PP s.r.l.	Romania	Retail and wholesale trade of fuels and lubricants	100%	100%

Company name	Country (Incorporation /Branch)	Range of activity	Ownership 2009	Ownership 2008
MOL Slovenija d.o.o.	Slovenia	Retail trade of fuels and lubricants	100%	100%
Moltrans Kft.	Hungary	Transportation services	100%	100%
Petrol d.d.	Croatia	Trading of oil products	39%	c)
Polybit d.o.o. (joint venture)	Croatia	Production and trading	24%	c)
Proplin, d.o.o.	Croatia	Production and LPG trading	47%	c)
Rossi Biofuel Zrt. (joint venture)	Hungary	Biofuel component production	25%	25%
Roth Heizöle GmbH	Austria	Trading of oil products	100%	75%
Alpenkohle Mineralölhandels GmbH	Austria	Trading of oil products	100%	75%
Egon von Lenz GmbH	Austria	Trading of oil products	100%	75%
Heizöl Blitz Stadler GmbH	Austria	Trading of oil products	100%	75%
Rumpold Energie & Brennstoffhandels GmbH	Austria	Trading of oil products	100%	75%
Slovnaft a.s.	Slovakia	Refinery and marketing of oil and petrochemical products	98%	98%
Apollo Oil Rohstoffhandels GmbH	Austria	Trading of crude oil	66%	66%
Apollo Rafinéria s.r.o.	Slovakia	Wholesale and retail trade	98%	98%
Meroco a.s. (joint venture)	Slovakia	Production of bio-diesel component (FAME)	25%	25%
MOL Slovensko spol s.r.o.	Slovakia	Wholesale and retail trade	98%	98%
Slovnaft Polska S.A.	Poland	Wholesale and retail trade	98%	98%
Slovnaft Trans a.s.	Slovakia	Transportation services	98%	98%
SWS s.r.o.	Slovakia	Transport support services	50%	50%
Zväz pre skladovanie zásob a.s.	Slovakia	Wholesale and retail trade, warehousing	98%	98%
Slovnaft VÚRUP a.s.	Slovakia	Research & development	98%	98%
Slovnaft Ceska Republika s.r.o.	Czech Republic	Wholesale and retail	100%	100%
Terméktároló Zrt.	Hungary	Oil product storage	74%	74%
Tifon d.o.o.	Croatia	Retail trade of fuels and lubricants	100%	100%
<i>Petrochemicals</i>				
Slovnaft Petrochemicals s.r.o.	Slovakia	Petrochemical production and trading	98%	98%
TVK Plc.	Hungary	Petrochemical production and trading	95%	95%
Tisza-WTP Kft.	Hungary	Feed water and raw water supply	0%, d)	0%, d)
TVK-Erőmű Kft.	Hungary	Power plant	25%, d)	25%, d)
TVK France S.a.r.l. (former TVK- MOL-Chem S.a.r.l.)	France	Wholesale and retail trade	95%	95%
TVK Inter-Chemol GmbH	Germany	Wholesale and retail trade	95%	95%
TVK Italia Srl.	Italy	Wholesale and retail trade	95%	95%
TVK Polska Sp.Zoo.	Poland	Wholesale and retail trade	95%	95%
TVK UK Ltd	England	Wholesale and retail trade	95%	95%
TVK Ukrajna tov.	Ukraine	Wholesale and retail trade	95%	95%
<i>Corporate and other</i>				
Balatongáz Kft. (under liquidation)	Hungary	Gas-utility development and management	77%	77%
EMS Management Services Ltd	Cyprus	Management services	100%	100%
FER Tűzoltóság és Szolgáltató Kft.	Hungary	Fire service, ambulance service	82%	82%
Hermész Kft.	Hungary	Consultancy	100%	100%
Hostin d.o.o.	Croatia	Tourism	47%	c)
I&C Energo a.s.	Czech Republic	Power plant engineering	99%	99%
ITR d.o.o.	Croatia	Car rental	47%	c)
Magnolia Finance Ltd	Jersey	Financial services	0%, d)	0%, d)
MOL Reinsurance Ltd	Cyprus	Captive insurance	100%	100%
MOL-RUSS Ooo.	Russia	Management services	100%	100%
Petrolszolg Kft.	Hungary	Maintenance services	100%	100%
Sinaco d.o.o.	Croatia	Security	47%	c)
Slovnaft Montáže a opravy a.s.	Slovakia	Repairs and maintenance	98%	98%
STSI integrirani tehnički servisi d.o.o.	Croatia	Maintenance services	47%	c)
TVK Ingatlankezelő Kft.	Hungary	Real estate management	95%	95%

a) Partially disposed of in 2009

b) Established in 2009

c) Consolidated in 2009

d) Consolidated as required by SIC-12 Consolidation – Special Purpose Entities

e) Dormant company in 2008

Glossary

2P

Proved Reserves (1P) plus Probable Reserves (P2).

3D seismic surveys

Used to map the subsurface structure of rock formations.

Barrel

Unit of measurement applied in the oil sector – one ton of crude oil is almost the equivalent of 7-7.5 barrels. (Conversion rate applied to crude oil grades in Hungary is 7.55 bbl/ton.)

bbl

Barrel of oil.

boe (barrel of crude oil equivalent)

Volume equivalent obtained after conversion of the heating value of gas to crude oil on the basis of its thermal quantity. In its practical application, 1 boe is, in general, 6,000 cubic feet (about 170 normal m³) of gas.

CEE

Central Eastern Europe.

cm/mcm/bcm:

cubic metre/million cubic metre/billion cubic metre.

Company

MOL Hungarian Oil and Gas Public Limited Company.

Condensates

Liquid hydrocarbons of very light crude oil composition that occur as a gas under subsurface reservoir conditions (high temperature and high pressure) and condensate into a liquid upon production and surface conditions.

Crack spread

The difference between product's international quoted price and the actual market crude oil price.

Cracking

Collective noun for operations/technologies aimed at the production of a mixture of lighter hydrocarbons (having a lower boiling point) by cracking longer carbon chains (through splitting carbon-carbon bonds) of heavier hydrocarbon molecules. Cracking can be purely a thermal process as well as catalytic (in this case, the cracking process is promoted by using catalysts). One of the most important methods of modern mineral oil processing is a cracking process, promoted by using catalysts, at a temperature of 480-540°C, during which hard distillates and distillate residues are used to produce 'high grade' motor oil, while other malleable gases arise.

Downstream

Refining, Marketing and Retail.

EBITDA – earnings before interest, tax, depreciation and amortisation

Operating profit plus depreciation and amortisation.

Enhanced Oil Recovery (EOR)

Processes/technologies that can be used to recover more oil relative to the primary and secondary methods.

EUR

Euro.

Euro IV; V

European regulations on automotive fuel (petrol, diesel) quality determine, among other things, the maximum sulphur content of motor fuel. Euro IV took effect in the European Union from 2005 and Euro V from 2009. The maximum sulphur content of motor fuels according to Euro IV is 50ppm and, according to Euro V, 10ppm.

Feedstock

Any raw material.

Field development

The process of implementing underground and overground facilities necessary for the recovery of hydrocarbon reserves.

GDP

Gross Domestic Product.

HDPE

High-density polyethylene.

HRK

Croatian kuna.

HUF

Hungarian forint.

Hungarian Petroleum Product Association (MÁSZ)

Association of important Hungarian crude oil product trading companies.

IFRS

International Financial Reporting Standards, formerly International Accounting Standards (IAS).

LDPE

Low-density polyethylene.

Liquefied Propane Gas (LPG)

Hydrocarbon gas compound mainly consisting of propane and butane, liquefied under high pressure, which is sold in cylinders for household purposes. The motoric usage of LPG has recently increased. This fuel is known as “autogas”.

LPG Plant

Liquefied Propane Gas plant.

Middle distillate

A general classification of fuels that includes heating oil, diesel fuel and kerosene.

Mining royalty

In accordance with international practice and the relevant provisions of the Mining Law, the Hungarian State requires the payment of a mining royalty on any and all crude oil and natural gas produced in Hungary (except production applying Enhanced Oil Recovery methods). The rate of this royalty has been 12% since 1 January 1998, except for the extra mining royalty payable on any natural gas produced from fields developed prior to 1998. The royalty rate was modified from 2006 with a multiplier of 1.02-1.05 as per the agreement between MOL and the Minister of Economy and Transport.

MMboe

Million barrel of crude oil equivalent.

Monomers

Basic compounds of polyolefins (plastics, rubbers) and basic elements (links) of polyolefin chains in high-molecular-weight materials. Nowadays, the most important monomers, the basic petrochemicals, are short-chained olefins (ethylene, propylene, butadiene) along with their simple derivatives, and the simplest aromatic compound: benzene. Primary sources of all these monomers are the olefin plants.

NCI (Nelson Complexity Index)

The Nelson Complexity Index, developed by Wilbur Nelson in 1960, is a measure of the secondary conversion capacity of a petroleum refinery relative to the primary distillation capacity.

Net cash margin

Net cash margin represents the competitiveness and profitability of an individual refinery. It is calculated as gross margin less cash operating costs from crude oil procurement in relation to product sales. In this way, its meaning is similar to EBITDA.

Net debt

Long-term debt, net of current portion + short-term debt + current portion of long-term debt – short-term investments – cash and cash equivalents.

Olefin

This is the collective noun for open-chained hydrocarbons including unsaturated double carbon-carbon bond(s). The simplest representatives of these compounds, ethylene and propylene, are basic petrochemicals. The most important asset in olefin production is the steam cracker (olefin plant), which converts naphtha, chemical gasoil and other light hydrocarbons to key products such as ethylene and propylene by cracking and dehydrogenation.

PLN

Polish Złoty.

Polyethylene

This is a kind of thermoplastic produced by polymerisation of ethylene. Currently, polyethylene has the largest share among commodity plastics. Parameters (such as pressure, temperature, applied additives and catalysts) of industrial processes relating to the production of polyethylene show

significant differences, and consequently a wide range of products with different characteristics can be produced. All of them can be classified into two groups according to their density: LDPE and HDPE. There are significant differences at the molecular level: LDPE shows inordinate structure, a mixture of heavily-branched components resulting in softer, more flexible material, while HDPE is a denser, harder and stronger (with higher-tensile strength) plastic due to its more structured hydrocarbon chains.

Polyolefins

This is a collective noun for thermoplastics produced by polymerisation (polyaddition) of olefin monomers (e.g. ethylene and propylene). The most important commodity plastics, polyethylene and polypropylene, belong to this class.

The MOL Group polyolefin products are unimodal and bimodal HDPE, LDPE and polypropylene (homo-, random- and copolymers and PP).

Polyethylenes are used for blown film (e.g. plastic bottles) as well as for undergarments for wetsuits. Polyolefin elastomer polyethylene is used as a main ingredient in moulded flexible foam technology such as is used in the fabrication of self-skinned footwear, seat cushions, armrests and spa pillows.

Polypropylene (PP)

A thermoplastic produced by polymerisation of propylene. It has a significant – and increasing – share among commodity plastics. Parameters (such as pressure, temperature, applied additives and catalysts) of industrial processes relating to PP production show significant differences, and consequently a wide range of products with different characteristics can be produced. The addition of ethylene into the polymerisation process as a co-monomer leads to PP copolymers. PP can be used in a wide variety of applications. It has good resistance to heat and low water absorption.

PPM

PPM is a measure of the concentration of a substance in a liquid, used where low levels of concentration are significant. The ppm value is equivalent to the absolute fractional amount multiplied by one million. For example, 10 ppm equals 10 kilograms of a substance for a million kilograms (one kiloton) of a liquid.

PRMS

Petroleum Resources Management System. The Society of Petroleum Engineers determines the classification of oil and gas reserves. This classification is used by oil and gas companies and the United States Securities and Exchange Commission in determining the reserves.

Production Sharing Agreement or PSA

Agreement for sharing the production of an oil field or a gas field between a government and investors who hold the production licence for the field.

Proved reserve

Estimated quantity of crude oil, natural gas and liquefied gas products that can commercially be extracted from known reservoirs with a high degree of certainty (over 90%) under the prevailing economic and operating conditions.

Refinery complexity – NCI

Refinery complexity is a measure of the white product yield that can be achieved from one barrel of crude oil. The more complex the refinery, the higher the white product yield is from the same quality crude oil. One of the best measures for complexity is the NCI, which calculates complexity from a range of refinery plants and from the ratio of their capacity to distillation capacity.

Refinery margin

The profitability of a (theoretical or actual) refinery, which is determined by the spread between crude oil and oil product prices, sophistication of a refinery, crude slate, as well as unit refining costs.

Reserve

The estimated volume of crude oil, condensate, natural gas and other components that the MOL Group assumes can be extracted in commercial quantities by using known recovery methods from a known accumulation at a given point in time under the prevailing economic conditions and Government regulations.

Reserves

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations at a given point in time under defined conditions.

RON

Romanian lei.

RUB

Russian ruble.

Russian export blend

Mix of Russian crude oils, the quoted price of which is considered as a benchmark in the international crude oil markets.

SAPPO

Slovak Association of Petroleum Industry and Trade.

Scm/d

Standard cubic metre per day.

SEC

The United States Securities and Exchange Commission.

SPE

Society of Petroleum Engineers, a not-for-profit professional organisation whose object is to collect, disseminate and exchange technical knowledge concerning the exploration, development and production of oil and gas resources.

Steam Cracker (olefin plant)

Technology for the production of key basic petrochemical products (olefins such as ethylene and propylene and aromatics such as benzene, toluene and xylene), on the basis of thermal decomposition (cracking) and dehydrogenation of petrochemical feedstocks (naphtha and chemical gasoil) produced by the refineries or lighter saturated hydrocarbons (ethane, propane and butane), in each case in the presence of steam. The main products of the process (ethylene and propylene) are the raw materials of polyethylene and polypropylene production, while the by-products can be widely used in the organic chemical industry, plastics and rubber production or as gasoline-blending components.

Strategic gas storage

The mobile natural gas reserve and the relevant peak withdrawal capacity aimed at implementing Hungarian Law XXVI of 2006 on the strategic storage of natural gas. This reserve and capacity can be exclusively used for ensuring the security of natural gas supply in the case of a supply crisis.

Transit

Gas transmission through a pipeline, which crosses the border of one member of the European Economic Area with its starting or end-point being outside the European Economic Area.

Transmission pipeline

This pipeline, including its accessories and fittings, is used for transmitting natural gas; its starting points are the national border of the country, inlet points of gas production facilities and inlet and outlet points of underground gas storage facilities, and the end or terminal points are the national border of the country, outlet points of gas transfer stations (city gates) and inlet and outlet points of underground gas storage facilities.

Unconventional exploration

A programme aimed at the exploration of non-conventional hydrocarbon occurrences. A hydrocarbon occurrence can be non-conventional because of the reservoir quality (low permeability), the hydrocarbon quality (e.g. high viscosity oils) or a combination thereof. These occurrences cannot be considered as commercial reserves without well-stimulation techniques. Significant technical and economic risks are attributable to these projects in addition to the normal hydrocarbon exploration risks. The application of different well-stimulation techniques (e.g. hydraulic fracturing) materially increases the exploration costs compared to conventional exploration.

Upstream

The Exploration and Production Business.

Ural Blend and Brent-Ural spread

Russian, export-quality crude oil; heavy and sour (with high sulphur content) crude oil, therefore the price of Ural Blend is lower than that of light Brent crude oil, which has a low sulphur content. The Brent-Ural spread is the differential between world market prices of Brent- and Ural-type crude oils. The price of Ural crude is quoted in Rotterdam and the Mediterranean region.

USD

US dollar.

White products

Liquid light and middle distillates (gasolines, gas oils and jet/kerosene) produced from crude oil processing.

Workover Operation

A general term for any remedial operation on a completed well that is designed to maintain, restore or improve production from a reservoir that is currently producing. Workover can include well stimulation but excludes routine repair and maintenance that is generally covered under well servicing. Sand cleanout, removal of scale or paraffin buildup, acidising, fracing, deepening and plugging back are common workover procedures and are done with a workover rig.

ZMB (Zapadno-Malobalyk) Ltd.

A parity joint venture of MOL with Rosneft in Western Siberia's Khanty-Mansi region.

MATERIAL CONTRACTS

The Issuer has not entered into any material contracts outside the ordinary course of business which could result in it or any Group member being under an obligation or entitlement that is material to the Issuer's ability to perform its obligations under the Notes.

TAXATION

Hungarian Taxation

The following is a general discussion of certain Hungarian tax consequences of the acquisition, ownership and disposition of Notes. It does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Hungary currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive effect.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country in which they are tax-resident. The acquisition of the Notes by non-Hungarian tax-resident Noteholders or the payment of interest under the Notes may trigger additional tax payments in the country of tax residence of the Noteholder, which is not covered by this summary but is where the provisions of the treaties on the avoidance of double taxation should be taken into consideration.

Taxation of non-Hungarian tax-resident Noteholders other than individuals

Non-Hungarian tax-resident Noteholders other than individuals are not subject to Hungarian withholding tax on interest received in respect of the Notes if the Notes are listed on a recognised stock exchange of the EEA or the OECD.

Profits realised by non-Hungarian tax-resident Noteholders other than individuals in the form of interest or as capital gains on the sale of the Notes are not subject to corporate income tax in Hungary provided that the acquisition, ownership and disposition of the Notes are not attributable to any Hungarian permanent establishment of such Noteholders.

Taxation of individual non-Hungarian tax-resident Noteholders

Individual non-Hungarian tax-resident Noteholders are subject to tax in Hungary only with respect to their Hungarian source income or income that is otherwise taxable in Hungary if an international treaty or reciprocity so requires. Interest received with respect to the Notes is regarded as Hungarian source income if the Issuer obliged to pay the interest is Hungarian tax-resident. In general, such income is subject to a 20 per cent. withholding tax in Hungary provided that Hungary has an applicable treaty on the avoidance of double taxation in place with the country of residence of the Noteholder. However, such treaty may fully exempt Noteholders from withholding tax or may reduce the applicable withholding tax rate.

Effective from 1 January 2010, a 30 per cent. withholding tax is levied on interest paid to individual non-Hungarian tax-resident Noteholders where Hungary does not have an applicable treaty on the avoidance of double taxation in place with the country of residence of the Noteholder.

Interest, as defined in Schedule 7 of Act XCII of 2003 on the Rules of Taxation (**ART**) implementing certain provisions of the EU Savings Directive, realised on the Notes by citizens of any Member State of the European Union other than Hungary is not subject to Hungarian withholding tax where the payor (*kifizető*) of such interest provides data to the Hungarian state tax authority in accordance with Schedule 7 of the ART.

An individual non-Hungarian tax-resident Noteholder is not subject to tax in Hungary where such Noteholder realises capital gains income from Hungary since such income is not considered to be Hungarian source income.

Taxation of Hungarian tax-resident Noteholders other than individuals

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax (**Corporation Tax Act**), Hungarian resident, non-individual taxpayers are subject to full, all-inclusive corporate income tax liability. Resident entities are those established under the laws of Hungary. Foreign persons having their place

of management in Hungary are also considered to be Hungarian resident taxpayers. Taxable income is based on the pre-tax profit as shown in the financial statements and adjusted by certain increasing and decreasing items set forth by tax legislation. Taxable income includes all types of income realised during the financial year, such as interest income and income from capital gains. The regular rate of Hungarian corporate income tax is 19 per cent.

Taxation of individual Hungarian tax-resident Noteholders

Individual Hungarian tax-resident Noteholders are subject to tax on their worldwide income. Interest received and capital gains realised with respect to publicly traded debt securities, such as the Notes, are subject to tax at 20 per cent.

Individual Hungarian tax residents are persons: (i) who are Hungarian citizens; (ii) whose stay in Hungary exceeds 183 days within a calendar year; (iii) who only have a permanent domicile (*állandó lakóhely*) in Hungary; or (iv) whose centre of vital interests (*léteérdekek központja*) is in Hungary, if they do not have a permanent domicile in Hungary or have permanent domiciles both in Hungary and in any other country.

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or certain other persons established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

SUBSCRIPTION AND SALE

Bayerische Landesbank, BNP Paribas, Deutsche Bank AG, London Branch, HSBC Bank plc, ING Bank N.V., London branch, KBC Bank NV, OTP Bank Plc., Raiffeisen Zentralbank Österreich Aktiengesellschaft, The Royal Bank of Scotland plc, UniCredit Bank AG (the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 14 April 2010, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.197 per cent. of the principal amount of Notes, less a combined management and underwriting commission. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Notes will be issued in compliance with U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D) (the **D rules**) have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the **FIEA**) and each Manager has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hungary

Each Manager has represented and agreed that if the Notes are offered in a private placement in Hungary (i) all written documentation prepared in connection with a private placement in Hungary will

clearly indicate that it is a private placement; (ii) it will ensure that all investors receive the same information which is material or necessary to the evaluation of the Issuer's current market, economic, financial or legal situation and its expected development, including that which was discussed in any personal consultation with an investor; and (iii) the following standard wording will be included in all such written communication:

"PURSUANT TO SECTION 18 OF ACT CXX OF 2001 ON THE CAPITAL MARKETS, THIS [NAME OF DOCUMENT] WAS PREPARED IN CONNECTION WITH A PRIVATE PLACEMENT IN HUNGARY."

France

Each of the Managers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties; and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

General

No action has been taken by the Issuer or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations, and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

The issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 18 January 2010.

Listing of Notes

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Documents Available

For the period of 12 months following the date of this Prospectus copies of the following documents will be available (in the case of (d) below, for inspection only) from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the consolidated audited financial statements of the MOL Group in respect of the financial years ended 31 December 2008 and 2009, together with the audit reports prepared in connection therewith;
- (c) the consolidated audited financial statements of the INA Group in respect of the financial years ended 31 December 2008 and 2009 (with an English translation thereof), together with the audit reports prepared in connection therewith;
- (d) the Subscription Agreement, the Agency Agreement, the Trust Deed and the forms of the Global Notes, the Notes in definitive form and the Coupons;
- (e) a copy of this Prospectus; and
- (f) any supplements to this Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Prospectus and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at www.bourse.lu. Any potential supplements to this Prospectus will also be made available on the Luxembourg Stock Exchange's website at www.bourse.lu.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0503453275 and the Common Code is 050345327.

The address of Euroclear is 1 Boulevard Du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, 1855 Luxembourg, Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer since 31 December 2009 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2009.

Solvency of the Issuer

There are no recent events particular to the Issuer or the Group which are material to an evaluation of the Issuer's or the Group's solvency.

Litigation

Save as disclosed in the section entitled “*Authority Procedures and Litigation*” beginning on page 60 of this Prospectus, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The auditors of the Issuer are Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság of Váci út 20. H-1132 Budapest, Hungary, who have audited the Issuer’s consolidated accounts, without qualification, in accordance with International Financial Reporting Standards for each of the two financial years ended on 31 December 2008 and 31 December 2009. The auditors of the Issuer are members of *Magyar Könyvvizsgálói Kamara* (the Chamber of Hungarian Auditors). The auditors of the Issuer have no material interest in the Issuer.

The reports of the auditors of the Issuer are included or incorporated in the form and context in which they are included or incorporated. As far as the Issuer is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Trust Deed provides that the Trustee may rely on certificates or reports of any experts in accordance with the provisions of the Trust Deed whether or not any such certificate or report or any engagement letter or other document entered into by the Issuer and/or the Trustee and such expert in connection therewith contains any limit on liability (monetary or otherwise) of such expert.

U.S. tax

The Notes and Coupons will contain the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to this issue of Notes.

Managers transacting with the Issuer

Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

PRO FORMA FINANCIAL STATEMENTS

Unaudited Financial Information

The following unaudited pro forma income statement and pro forma balance sheet (the **Pro forma financial information**) has been included for illustrative purposes only in order to show what the MOL Group's 2009 financial information would look like if the acquisition of INA had not taken place. Due to its nature, this Pro forma financial information addresses a hypothetical situation and, therefore, does not represent the MOL Group's actual financial position or results. The Pro forma financial information has been prepared in a manner consistent with the accounting policies adopted by the MOL Group on the basis of the MOL Group's historical consolidated financial information as at 31 December 2009, adjusted as described in the notes below.

MOL Group Consolidated Income Statement (excluding INA Group) 31 December 2009

	Historical unadjusted information 2009 ¹	Adjustments ²	Pro forma 2009	2008 restated ³
	HUF million	HUF million	HUF million	HUF million
Net revenue	3,226,036	(346,272)	2,879,764	3,535,001
Other operating income	138,424	(85,012)	53,412	19,751
Total operating income	3,364,460	(431,284)	2,933,176	3,554,752
Raw materials and consumables used	2,513,444	(282,457)	2,230,987	2,745,501
Personnel expenses	200,827	(52,982)	147,845	139,745
Depreciation, depletion, amortisation and impairment	219,117	(52,694)	166,423	151,908
Other operating expenses	270,216	(43,127)	227,089	279,969
Change in inventories of finished goods and work in progress	(55,837)	49,950	(5,887)	59,617
Work performed by the enterprise and capitalised	(31,878)	7,981	(23,897)	(21,212)
Total operating expenses	3,115,889	(373,329)	2,742,560	3,355,528
Operating profit	248,571	(57,955)	190,616	199,224
Financial income	16,388	(4,705)	11,683	114,742
Of which: Fair valuation difference of conversion option	—	—	—	64,550
Financial expense	75,172	(5,649)	69,523	130,818
Of which: Fair valuation difference of conversion option	19,698	—	19,698	—
Financial expense, net	58,784	(944)	57,840	16,076
Income from associates	(1,664)	3,539	1,875	269
Profit before tax	188,123	(53,472)	134,651	183,417
Income tax expense	80,131	(1,840)	78,291	16,734
Profit (loss) for the year from continuing operation	107,992	(51,632)	56,360	166,683
Profit (loss) for the year from discontinued operation	(3,342)	(3,342)	—	—
Profit for the year	104,650	(48,290)	56,360	166,683
Attributable to:				
Equity holders of the parent	115,796	(60,039)	55,757	166,877
Non-controlling interests	(11,146)	(11,749)	603	(194)
Basic earnings per share				
Attributable to ordinary equity holders of the parent (HUF)	1,357	(704)	653	1,892
Diluted earnings per share				
Attributable to ordinary equity holders of the parent (HUF)	1,357	(704)	653	1,085

1 This column has been extracted without material adjustment from the audited full year results for the MOL Group for the financial year ended 31 December 2009.

2 This column has been included to remove the impact of the INA Group on the Consolidated Income Statement as if the acquisition of INA by MOL had not taken place. The figures which appear in this column have been sourced from the financial results of INA Group for the period since it was acquired by MOL.

3 This column has been extracted without material adjustment from the audited full year results for the MOL Group for the financial year ended 31 December 2009.

MOL Group Consolidated Balance Sheet (excluding INA Group)
31 December 2009

	Historical unadjusted information 2009 ⁴	Adjustments ⁵	Pro forma 2009	2008 restated ⁶
	HUF million	HUF million	HUF million	HUF million
ASSETS				
Non-current assets				
Intangible assets	425,337	(232,233)	193,104	191,402
Property, plant and equipment, net	2,541,653	(1,077,272)	1,464,381	1,417,199
Investments in associated companies	59,830	363,715	423,545	368,227
Available-for-sale investments	18,614	(16,977)	1,637	842
Deferred tax assets	36,855	—	36,855	56,223
Other non-current assets	47,512	24,825	72,337	23,249
Total non-current assets	3,129,801	(937,942)	2,191,859	2,057,142
Current assets				
Inventories	328,010	(91,804)	236,206	222,781
Trade receivables, net	410,668	(65,846)	344,822	327,484
Other current assets	116,635	(23,305)	93,330	81,378
Prepaid taxes	22,104	(934)	21,170	34,797
Cash and cash equivalents	184,594	(12,033)	172,561	222,074
Assets classified as held for sale	37,587	(37,587)	—	—
Total current assets	1,099,598	(231,509)	868,089	888,514
TOTAL ASSETS	4,229,399	(1,169,451)	3,059,948	2,945,656
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	79,202	—	79,202	72,812
Reserves	1,119,492	35,913	1,155,405	902,535
Profit for the year attributable to equity holders of the parent	115,796	(60,039)	55,757	166,877
Equity attributable to equity holders of the parent	1,314,490	(24,126)	1,290,364	1,142,224
Non-controlling interests	558,605	(441,294)	117,311	118,419
Total equity	1,873,095	(465,420)	1,407,675	1,260,643
Non-current liabilities				
Long-term debt, net of current portion	829,111	(189,881)	639,230	728,735
Provisions	282,693	(127,104)	155,589	146,543
Deferred tax liabilities	133,236	(79,273)	53,963	56,206
Other non-current liabilities	38,745	(5,164)	33,581	12,032
Total non-current liabilities	1,283,785	(401,422)	882,363	943,516
Current liabilities				
Trade and other payables	745,315	(206,956)	538,359	549,412
Current tax payable	2,784	(542)	2,242	2,934
Provisions	32,865	(9,774)	23,091	6,436
Short-term debt	178,457	(71,493)	106,964	80,918
Current portion of long-term debt	103,577	(4,323)	99,254	101,797
Liabilities classified as held for sale	9,521	(9,521)	—	—
Total current liabilities	1,072,519	(302,609)	769,910	741,497
TOTAL EQUITY AND LIABILITIES	4,229,399	(1,169,451)	3,059,948	2,945,656

4 This column has been extracted without material adjustment from the audited full year results for the MOL Group for the financial year ended 31 December 2009.

5 This column has been included to remove the impact of the INA Group on the Consolidated Balance Sheet as if the acquisition of INA by MOL had not taken place. The figures which appear in this column have been sourced from the financial results of the INA Group for the period since it was acquired by MOL.

6 This column has been extracted without material adjustment from the audited full year results for the MOL Group for the financial year ended 31 December 2009.

REGISTERED OFFICE OF THE ISSUER

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MANAGERS

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United Kingdom

KBC Bank NV
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Belgium

OTP Bank Plc.
16 Nádor Street
H-1051 Budapest
Hungary

Raiffeisen Zentralbank Österreich Aktiengesellschaft
Am Stadtpark 9
1030-Vienna
Austria

TRUSTEE

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ISSUING AND PRINCIPAL PAYING AGENT AND LUXEMBOURG LISTING AGENT

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L-2085 Luxembourg

PAYING AGENTS

Luxembourg

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