

DOCUMENTS FOR THE ANNUAL GENERAL MEETING

**ANNUAL GENERAL MEETING OF
MOL HUNGARIAN OIL AND GAS PLC.**

TO BE HELD ON 24 APRIL, 2014

**Date and venue of the AGM: 24 April, 2014, 10 a.m.
Budapest Music Center**

Dear Shareholder,

The Annual General Meeting of the Company was convened by the Board of Directors of MOL Plc. for 24 April 2014, 10 a.m., whose agenda is contained in the announcement published as stipulated in the Articles of Association. The announcement was published on 20 March 2014 on the homepages of Budapest Stock Exchange and MOL.

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The brochure contains an English language translation of the original proposals and information in accordance with the items on the agenda. The purpose of documents prepared for the General Meeting is to promote a better orientation of the particular items on the agenda and to provide information for the shareholders regarding the questions to be discussed at the General Meeting. Please see the original Announcement for additional information. In case the General Meeting does not have a quorum at the announced date and time, the repeated General Meeting shall discuss the same agenda items with the same Resolution proposals.

This document is published in Hungarian and in English. The official text of this document is the Hungarian version.

Technical remarks

Conditions for participation and exercising voting rights at the General Meeting:

In order to be registered in the Share Register in the course of the shareholders' identification, shareholders shall comply with the Articles of Association of the Company and the relevant laws. The name of shareholders and shareholders' proxies (nominees) intending to participate in the general meeting shall be registered by the manager of the Share Register on April 22, 2014 based on the data resulting from the shareholder's identification. Upon instruction of the Board of Directors, KELER Zrt. shall **close the Share Register on April 22, 2014**, and no application for registration shall be accepted until the day following the closing of the General Meeting. **The record date of the shareholders' identification shall be April 14, 2014.** In line with the relevant provisions of law, only those persons may exercise shareholder's rights at the General Meeting (participation in the General Meeting, requesting information within the limits specified in the Company Act, making remarks and proposals and voting) whose name is registered in the Share Register at 06.00 p.m. two working days before the starting day of the General Meeting. The Shareholders controlling at least one percent of the votes may submit resolution proposals related to the agenda items, as well.

The securities account managers shall be responsible for registering the shareholders in the Share Register upon instruction of such shareholders. The securities account managers shall provide information to the shareholders on the deadlines for giving instructions to the securities account managers.

The Company shall not be liable for the performance of or the failure to perform the instructions given to the securities account manager. Shareholders may inspect and obtain information in respect of their registration by phone (+36-1-483 6251) or personally at the Share-register Office of KELER Zrt. (address: H-1074 Budapest, Rákóczi út 70-72., R-70 Irodaház) on any workday between 09.00 a.m. and 03.00 p.m. Closing the Share Register does not restrict the right of the persons registered in the Share Register to transfer their shares following the closing date. Transferring shares prior to the General Meeting does not deprive the persons registered in the Share Register of their rights to participate in the General Meeting and exercise their rights they are entitled to as shareholders.

The General Meeting shall have a quorum if the holders of shares representing more than half of the voting rights are present. When determining the quorum, restrictions specified under Articles 10.1 and 10.2 of the Articles of Association shall be applied so that votes exceeding the 10% limit to which each shareholder is entitled shall be disregarded. Holders of registered ordinary shares shall be entitled to one (1) vote attaching to each „A” series share with a par value of HUF 1,000 (i.e. one thousand forint) each subject to the restrictions specified in the Articles of Association. The “B” series preference share entitles its holder to one (1) vote in addition to the voting preference rights defined in the Articles of Associations.

Shareholders shall be entitled to participate in the General Meeting either in person or through a proxy issued or by nominee (hereinafter collectively referred to as „nominee”) in accordance with the provisions of the Company Act and Act CXX of 2001 on the Capital Market.

In case shareholders wish to give a power of attorney in an **official form** (“proxy card”) as defined in Article 13.6 of the Articles of Association, they shall submit such request to the Investor Relations Department of MOL Plc. until April 23, 2014 at the latest in writing (mailing address: 1117 Budapest, Október huszonharmadika u. 18.) or e-mail to investorrelations@mol.hu. The request shall contain the exact name and address (mailing or e-mail address) of the shareholder where the form (proxy card) should be delivered to.

The power of attorney for the nominee (including the power of attorney issued by a proxy card) shall be prepared in the form of a public document or a private document with full probative force taking into account any international agreement or reciprocity between Hungary (the Hungarian State) and the country where the document was issued. If the power of attorney is prepared in any language other than Hungarian a certified Hungarian translation thereof shall be attached. In case of shareholders other than natural persons, powers of representations of the persons signing the power of attorney or representing the shareholder at the general meeting shall be certified by appropriate original documents issued by a public authority or office (e.g. certificate of incorporation) or by a public notary. If the certification of the power of representation is in any language other than Hungarian a certified Hungarian translation thereof shall be attached.

The power of attorney (with the exception of the power of attorney issued by a proxy card) shall be deposited in accordance with the Article 14.3 of the Articles of Association, at the latest during registration prior to the commencement of the general meeting. The power of attorney given by a proxy card shall arrive to the address of the Company (1117 Budapest, Október huszonharmadika u. 18.) by April 23, 2014 at the latest.

The proxy shall vote according to the instructions of the shareholder, otherwise the vote shall be deemed as invalid.

In case of holders of depository receipts (DRs) issued under a foreign law, The Bank of New York Mellon, as the issuer of such DRs, shall be entitled to exercise rights of representation according to the Deposit Agreement concluded between it and the Company. Holders of DRs will be entitled to exercise their voting rights by a Letter of Proxy issued in favour of The Bank of New York Mellon as depository, in accordance with the Articles of Association of MOL, the Deposit Agreement and applicable laws and based on the draft resolutions sent by the Board of Directors of MOL Plc to the DR holders via The Bank of New York Mellon. We request DR holders to obtain information on the detailed rules of procedure at the customer service of the Bank of New York Mellon (101 Barclay Street, 22 West New York, NY 10286, Tel: 00 1 212 815 3503, Fax: 00 1 212 571 3050, email: slawek.soltowski@bnymellon.com).

MOL Investors Relations Department will be pleased to be at your disposal for further information, as well (phone: +361 464 1395, fax: +361 464 1335).

The registration i.e. the certification of the right to participate as shareholder (nominee) will take place at the venue of the General Meeting between 8.00 a.m. and 09.30 a.m.

We kindly request our shareholders to report for registration on time. Following the closing of the registration, shareholders and nominees not listed in the attendance list, but registered in the share register, are entitled to participate in the General Meeting, however, such shareholders may not exercise their voting rights. The shareholders whose voting right is suspended according to Article 8.6. of the Articles of Association are also entitled to participate in the General Meeting, however, such shareholders may not exercise their voting rights.

Pursuant to the Articles of Association no shareholder or shareholder group (as defined under Article 10.1.2. of the Articles of Association) may exercise more than 10% of the voting rights at the General Meeting with the exception of the organization(s) acting at the Company's request as depository or custodian for the Company's shares or securities representing the Company's shares. Exemption from this restriction on voting rights shall be applicable to any depository bank or custodian only if it can verify that the final beneficiary(s) entitled to exercise the shareholders rights associated with the shares and securities in deposit is (are) not subject to the restrictions specified in the Articles of Association.

In case the General Meeting does not have a quorum at the announced date and time, the Board of Directors, considering the provisions of Subsection (1) Section 305 of Act IV of 2006 on Business Associations (Company Act) and Article 13.5 of the Articles of Associations, hereby convenes the repeated General Meeting with the same agenda, at the same venue, on the same day (April 24, 2014) at 11.00 a.m. Such reconvened General Meeting shall have a quorum with respect to issues originally put on the agenda, irrespective of the number of the shareholders present or represented.

Method of voting

The Board of Directors recommends machine electronic voting to be used at the General Meeting, regarding which detailed information shall be provided on the spot. The General Meeting shall first decide on the approval of the electronic voting system then elect the keeper of the minutes, the certifiers of the minutes with the official vote counters.

Summary of the number of shares and voting rights existing on the date of the convocation of the General Meeting

Composition of share capital of the Company on 20 March 2014:

Share series	ISIN Code	Par value (HUF/share)	Issued number	Total par value (HUF)
„A” series	HU0000068952	1,000	104,518,484	104,518,484,000
„B” series	HU0000068960	1,000	1	1,000
„C” series	HU0000065909	1,001	578	578,578
Share capital		-	-	104,519,063,578

Number of voting rights attached to the shares on 20 March 2014:

Share series	Issued number	Shares with voting rights	Voting right per share	Total voting rights	Number of treasury shares
„A” series	104,518,484	104,518,484	1	104,518,484	2,484,346
„B” series	1	1	1	1	0
„C” series	578	578	1.001	578.578	578
Total	-	-	-	104,519,063.578	-

No shareholder or shareholder group (as defined in Article 10.1.2 of the Articles of Association of the Company) may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company’s request as depository or custodian for the Company’s shares or securities representing the Company’s shares (the latter shall be exempted only insofar as the ultimate person or persons exercising the shareholder’s rights represented by the shares and securities deposited with them do not fall within the limitations specified in the Articles of Association).

The “yes” vote of the holder of “B” series of share is required for decisions at the General Meeting on issues enlisted in Article 12.4 of the Articles of Association of the Company. In all other matters, in accordance with the nominal value of the "B" series share, such share entitles its holder for one vote.

AGENDA ITEM No. 1

Report of the Board of Directors on the 2013 business operation; presentation of the financial statements drawn up in compliance with the Accounting Act (the parent company's financial statements in compliance with the Accounting Act and the generally accepted accounting principles in Hungary and the consolidated financial statements in compliance with International Financial Reporting Standards as adopted by the European Union ("IFRS")); proposal on the use of after tax profit

Management Discussion and Analysis of 2013 Business Operations

SUMMARY OF 2013 RESULTS

In 2013, operating cash flow exceeded last year's level by 35%. However in 2013, MOL delivered a clean CCS EBITDA of HUF 516bn which is 9% behind last year's performance. Reported operating profit was negatively influenced by Syrian and Croatian asset write-downs, the latter due to the loss-making INA Downstream operation and items associated with the conversion of the Mantova refinery.

The decline in the Upstream segment's performance was mainly attributable to significantly lower realised hydrocarbon prices (by 9% in 2013 versus 2012) and a 10% decrease in production, excluding Syria, compared with the base period, mainly due to the natural decline of matured fields impacted by Northern Adriatic off-shore gas production as well as the divestiture of the Russian ZMB field.

In line with guidance given at the beginning of this year, the Downstream segment outperformed last year's clean CCS-based EBITDA. Amid strong macroeconomic headwinds, including a collapsing product margin environment and a tightening Brent-Ural spread, this outstanding result can be attributed to the efficiency improvement actions achieved as part of the New Downstream Program as well as higher refined product sales and improving petrochemicals margins.

Gas Midstream delivered similar results to those of last year as the negative effects of the tightening Hungarian gas transmission regulation were compensated for by a lower level of losses in the Croatian gas trading business due to lower sales volumes.

As a result of strong operating cash flow achieved, the Group's financial position improved further. The year-end gearing ratio of 16% is the lowest since 2008.

- ▶ **Upstream:** EBITDA excluding special items decreased to HUF 360bn in 2013, 14% lower versus 2012. On one hand, performance was negatively affected by a 9% drop in average hydrocarbon prices, mainly attributable to a decline in natural gas prices in Hungary and Croatia while, on the other hand, MOL Group faced shrinking production as well, mostly driven by gas production decreases in the CEE region. In addition, MOL divested its Russian ZMB production field in August. Excluding the contributions of ZMB and Syria, production amounted to 100 mboepd, a drop of 7% compared to 2012.
- ▶ **Downstream:** Clean CCS-based EBITDA amounted to HUF 157bn in 2013 representing a 4% improvement compared with the base period, despite being negatively impacted by several external factors such as tighter Brent-Ural spreads and worsening actual refining margins, partially compensated for by improvements in integrated petrochemicals margins. Moreover, we were able to fully offset the negative external environment through positive internal achievements: the efficiency

improvement programme continued and the delivery of the announced USD 250mn (or HUF 55bn) versus 2012 took place. Modest refined product sales increase also had a positive effect.

- ▶ **Gas Midstream:** EBITDA, excluding special items, came in at the previous year's level of HUF 59bn in 2013. Such performance can be considered positive given that the Hungarian gas transmission business was adversely impacted by the cut in regulated returns. The Croatian gas trading business delivered heavy losses again in a challenging price environment. However, decreasing sales volumes made some positive impact on the business. Since the sale of MOL's majority shareholding in the gas storage business was closed at the end of 2013, MMBF's contribution is reported here for the last time.
- ▶ **Net financial expenses** were HUF 58bn in 2013, mainly representing a decrease in FX gains on receivables and payables.
- ▶ **CAPEX spending** stood at HUF 270bn in 2013. In line with our communicated strategy, CAPEX spending is now more focused on Upstream than it was a year ago. Upstream represents 58% or HUF 155bn of total Group CAPEX (versus 48% a year ago), while Downstream was responsible for 35% or HUF 94bn (versus 46% a year ago). The remaining 7% (HUF 21bn) of our capital expenditures targeted gas and corporate projects.
- ▶ **Operating cash flow** increased by 35% to HUF 615bn in 2013 partly due to favourable movements in working capital lines. Operating cash flow, before changes in working capital, decreased marginally (by 7%) to HUF 501bn.
- ▶ **Indebtedness hit the lowest level since 2008: simplified net debt to EBITDA stood at 0.79x** at the closing of the year and decreased from 1.42x in parallel with the gearing ratio, down from 24.9% to 16.0% YoY.

Key financial data by business segment

Net sales revenues	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)⁵	FY 2013 (USD mn)⁵
Upstream	779,080	642,038	3,456	2,870
Downstream	4,810,232	4,847,969	21,341	21,672
Gas Midstream	462,924	385,522	2,054	1,723
Corporate and other	158,535	137,144	703	613
Total	6,210,771	6,012,673	27,554	26,878
Net external sales revenues¹	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)⁵	FY 2013 (USD mn)⁵
Upstream	270,104	209,998	1,198	939
Downstream	4,792,039	4,834,553	21,260	21,612
Gas Midstream	422,590	348,478	1,875	1,557
Corporate and other	36,591	7,388	163	33
Total	5,521,324	5,400,417	24,496	24,141
EBITDA	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)⁵	FY 2013 (USD mn)⁵
Upstream	402,846	370,574	1,788	1,657
Downstream	124,655	108,492	553	485
Gas Midstream	57,806	55,930	256	250
Corporate and other	(41,632)	(49,764)	(184)	(222)
Inter-segment transfers ²	(19,005)	35,826	(85)	159
Total	524,670	521,058	2,328	2,329
EBITDA excl. special items³	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)⁵	FY 2013 (USD mn)⁵
Upstream	417,886	360,067	1,854	1,610
Downstream	153,584	134,579	681	602
<i>Clean CCS-based DS EBITDA^{3,4}</i>	150,565	156,827	668	701
Gas Midstream	58,101	58,781	258	263
Corporate and other	(38,675)	(49,764)	(172)	(222)
Inter-segment transfers ²	(19,005)	(9,437)	(84)	(44)
Total	571,891	494,226	2,537	2,209
<i>Clean CCS-based EBITDA^{3,4}</i>	568,872	516,474	2,524	2,308
Operating profits	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)⁵	FY 2013 (USD mn)⁵
Upstream	256,213	141,520	1,137	633
Downstream	(12,858)	(169,659)	(57)	(758)
Gas Midstream	35,494	34,009	157	152
Corporate and other	(56,669)	(62,489)	(251)	(279)
Inter-segment transfers ²	(16,885)	37,991	(75)	169
Total	205,295	(18,628)	911	(83)
Operating profits excl. special items³	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)⁵	FY 2013 (USD mn)⁵
Upstream	282,169	174,378	1,252	780
Downstream	22,682	6,986	101	31
Gas Midstream	35,789	36,860	159	165
Corporate and other	(53,712)	(62,489)	(238)	(279)
Inter-segment transfers ²	(16,885)	(7,272)	(76)	(33)
Total	270,043	148,463	1,198	664

Notes and special items listed in Appendix I and II.

OUTLOOK OF THE STRATEGIC HORIZON

In 2013, MOL Group maintained its excellent cash flow generating ability even though clean EBITDA decreased by 9%. Our intention is to maintain stable cash flow generation in the short term and increase it in the mid-term. With its roughly 70% contribution, the Upstream Division remained the strongest pillar of the Company. In light of existing organic growth opportunities and the Company's ambition to take attractive inorganic steps, we expect this situation to continue into the coming years. On the other hand, as was proven in 2013, despite a deteriorating refinery environment, we also expect continually improving Downstream results through successful on-going efficiency improvements.

From the current Upstream portfolio, we expect 91-96 mboepd in 2014, while, with gradual growth in the second half of the year, we expect to reach 105-110 mboepd in 2015. In the mid-term, by 2018, we target a 30% increase in Upstream production i.e 125-135 mboepd, with improving unit profitability. Key contributors of production will be the following portfolio elements:

- Significant additional production will come from the **Kurdistan Region of Iraq**. The Shaikan Block is already in production and block production capacity will shortly increase to 40 mboepd, gradually ramping-up production during 2014. In the Akri-Bijeel Block, the 10 mboepd early production facility will deliver its first oil in the first six months of 2014.
- The majority of the recently acquired **North Sea** assets are already in the early development phase. The start of production in the Cladhan field will already add 4-5 mboepd by 2015. Peak production from the total acquired asset portfolio is targeted to reach 16-18 mboepd by 2018.
- Even though contribution from our international portfolio will increase, the **CEE region** will still provide the backbone of our production in the coming years. We are continuing with our aim of keeping production decline within a moderate range i.e. below 5% for the region. Meanwhile, in Croatia, we are intent on increasing production in 2015 due to contributions from some major development projects.

As well as the organic development of its portfolio, MOL is also eyeing inorganic expansion opportunities. Last year was already characterised by a more active portfolio management approach which will continue over the coming years. Recently we locked-in created value in Russia (ZMB, Baitugan), while we announced our strategic entry into the North Sea region. We will continue to assess such growth opportunities and wish to remain active in portfolio development to create a balanced, sizable international one. MOL will make good use of its available financial headroom and look for targets in stable geopolitical environments in new countries as well as new investments in our core regions.

Moving forward, we wish to reach a reserve replacement ratio of over 100% which seems realistic since sizeable reserve bookings will take place in the foreseeable future from the Kurdistan Region of Iraq, Kazakhstan and the North Sea.

In our Downstream business, we expect to operate in a challenging external environment similar to that of 2013 so internal efficiency improvements are of paramount importance.

The goal for 2014 is to achieve a further minimum USD 100mn in improvements meaning that the ultimate target of USD 500-550mn in cost savings and revenue increases compared to 2011 will be reached.

In 2014, our CAPEX expenditure is expected to total USD 1.6-1.9bn, which will be fully covered by operating cash flow. In line with announced strategy, CAPEX spending will be skewed towards Upstream with above 50% being dedicated to that segment. MOL is expected to keep Group CAPEX within the indicated range over the next few years as our international Upstream projects approach the late appraisal and early development phases, particularly projects in the Kurdistan Region of Iraq. At the same time, in Downstream, our petrochemicals growth projects have advanced to the late construction phase. However, in the mid-term, the organic CAPEX needs of Downstream may shrink from the current level.

UPSTREAM OVERVIEW

Highlights

- EBITDA, excluding special items, reached HUF 360bn, a 14% drop, mainly attributable to decreased production as a result of natural field decline and the Russian divestment
- The Group's total SPE 2P reserves stood at 576 MMboe at the end of 2013
- In 2014, we expect production to bottom out at around 91-96 mboepd hydrocarbon production, before ca. 10% growth in 2015 to 105-110 mboepd
- Current portfolio production may peak at 125 – 135 mboepd around 2018, while reserve replacement will exceed 100%
- As in 2013, emphasis will be given to active portfolio management.

Overview of 2013

Upstream remained the main driver of Group EBITDA

EBITDA, excluding special items, amounted to HUF 360bn in 2013, decreasing by HUF 58bn compared to 2012. The main reasons behind the fall back are as follows:

- lower production, mainly due to natural decline in mature fields, lower entitlement of INA in Adriatic-offshore fields as well as the divestiture of the Russian ZMB field, were only partially offset by a production increase in the Russian BaiTex field
- lower average realised hydrocarbon prices, especially for natural gas
- lower contributions from service companies.

Daily production levels decreased by 10% (excluding the Syrian contribution) from the base period...

Average daily hydrocarbon production amounted to 104 mboepd in 2013, a 10% decrease compared to 2012 if we exclude the Syrian contribution from the base period (3 mboepd). **Hungarian and Croatian onshore production performed relatively well, with the YoY decline rate remaining at the moderate level of 6%.** Croatian offshore gas production decreased due to natural depletion of gas fields in the North Adriatic area. Moreover, INA's reduced share of total block production was due to higher investments by the partner in exploration and development projects and restitution of the Annamaria field. In Russia, crude oil production at Baitex increased as a result of intensive development but it could only partly compensate for lower ZMB production, a field divested in August, its contribution up to July 2013 being 6.5 mboepd.

... due to natural decline

... and also the divestiture of the Russian ZMB field.

Average realised prices decreased, mainly driven by lower gas prices in Hungary and Croatia.

Hydrocarbon Production (mboepd)	FY 2012	FY 2013	Ch. %
Crude oil production	42.8	38.2	(10.8)
Hungary	12.2	11.5	(5.6)
Croatia	8.8	8.6	(2.1)
Russia	17.5	14.3	(18.7)
Syria	0.1	0.0	(100)
Other International	4.2	3.8	(8.8)
Natural gas production	66.7	57.8	(13.3)
Hungary	29.0	27.2	(6.2)
Croatia	30.7	26.2	(14.8)
<i>ow. Croatia offshore</i>	15.8	11.9	(24.5)
Syria	2.3	0.0	(100)
Other International	4.7	4.4	(5.3)
Condensate	9.0	7.6	(15.0)
Hungary	5.1	4.5	(11.5)
Croatia	2.5	2.4	(6.8)
Syria	0.7	0.0	(100)
Other International	0.7	0.8	15.2
Average daily hydrocarbon production	118.5	103.7	(12.5)

Main reasons behind production changes

- Hungarian hydrocarbon production decreased** by 7% as a consequence of natural depletion. MOL put several wells into production in the mature Algyő field and accelerated field development projects in 2013 to compensate for production decline. The company is committed to taking further measures to keep the production decrease at 5% in 2014 and 2015 and expects positive impacts from newly-awarded exploration concessions over the longer term
- In 2013, total Croatian production decreased** by 4.9 mboepd or 12% versus the prior year mainly caused by a decrease in offshore gas of 3.9 mboepd or 24.5% as a result of natural decline, water cut and the lower INA share due to higher investments, Annamaria restitution and downtime at the Ika field due to drilling activities in the North Adriatic Contract Area (INAgip). Onshore gas and condensate production decreased by 5%, again due to natural decline. In general the Bilogora gas and Ika B3R HOR production start-up at the end of the year partly compensated for the postponement to Q2 2014 of the start-up of the Izabela field (EdINA). A slight decrease was also experienced in onshore oil, due to natural decline
- In Russia, in the Zapadno-Malobalik (ZMB) field**, MOL Group's share of production amounted to 6.5 mboepd until the divestment which happened in August, 2013. **In the Matjushkinsky Block**, production decreased to 3.9 mboepd, 7% lower than 2012. This was mainly a consequence of lower than expected flow rates of new wells set up in 2012, stronger than expected natural depletion of existing wells and the number of producing wells being changed from 59 to 55 by the year end, as 4 new wells were drilled and 8 wells transformed to water injection wells. In the **Baitugan field**, production reached 6.6 mboepd, an increase of 21% compared to 2012. In 2013, 45

wells were drilled in total of which 41 produce oil, the remaining 4 being injection wells. Various surface facility construction work took place during 2013, including extension of the electrical network and a gathering and water injection system

- In **Pakistan**, production slightly increased to 5.8 mboepd due to the combined effects of new well production versus the natural depletion of the Manzalai and Makori fields. In the **TAL Block**, the drilling and testing of Manzalai-10, started in 2012, has now finished. The well was completed and tied to a processing facility in June 2013. Drilling at the Makori East-3 Block started in January 2013 and was finished by August 2013. The well was completed in October 2013. Tie-in works of Maramzai-2 and Mamikhel-2 were finished in May 2013 and started producing by means of a central processing facility (CPF)
- **Syria:** on 26th February, 2012, INA delivered the '*force majeure*' notice to the General Petroleum Company of Syria in relation to the Production Sharing Agreement for the Hayan Block signed in 1998 and the Production Sharing Agreement for the Aphia Block signed in 2004. Thus, after 26th February, 2012, no further production was accounted for. INA still maintains its economic interest and the '*force majeure*' does not mean that the project has been terminated.

Expenditures

Upstream expenditures, including DD & A, but without special items, decreased by HUF 22bn to HUF 478bn compared to 2012. Royalties from Upstream production, including export duties connected to Russian sales, amounted to HUF 118bn, a decrease of HUF 45bn due to the impact of lower Hungarian regulated gas prices, the ZMB divestiture and lower production. Unit opex, excluding DD & A, amounted to 8.3 USD/boe in 2013, an increase determined by lower production volumes and slightly increasing costs. DD & A increased by HUF 50bn mainly due to the following reasons:

- 2013 results was adversely impacted by HUF 18bn write-downs related to unsuccessful exploration wells in the Kurdistan Region of Iraq and in Oman.
- In Syria, there has been no way to account for production-driven depreciation since the announcement of '*force majeure*'. To fairly reflect equipment depreciation, the methodology was changed in 2013 and had a full-year effect on 2013, whereby the net book value of surface assets was reduced by HUF 25bn.
- EBIT was decreased by a HUF 43bn impairment related to Syrian assets accounted for in Q4 2013 and treated as a special item. (See Appendix I)

Exploration activities in 2013

A drilling success rate of 55% in 2013

During 2013, 20 exploration and appraisal wells were tested of which 11 were successful. An additional 9 wells were under or waiting for testing, while 9 wells were under drilling at the end of the period.

Detailed status and result of ongoing exploration and appraisal wells:

Exploration and appraisal wells	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Progress	Comment / Test result
THE KURDISTAN REGION OF IRAQ						
Bijell-1B					under drilling	Well was spud on 16 th November, kick-off point is 2000 m, current depth: 3684 m.
Bakrman-1					tested, successful	Bakrman-1 well was spudded on 7th May, 2012. Final depth reached in December was 4,100 m. Ongoing test. Light oil was discovered in Triassic, but a further test to be performed on Triassic to confirm long-term reservoir deliverability.
Gulak-1					tested, unsuccessful	Gulak-1 well was spudded on 15th July. Final depth reached was 3,640m in November, 2012. Well was written off in September, 2013.
Bijell-7 (Sharfuna-1)					tested, suspended	Well was spudded on 19th December, 2012. B-7 final depth reached was 5,050m in Q4. The Triassic Kurra Chine was found wet and Jurassic Sargelu reservoir tight. The well was tested and suspended.
Bijell-4					under drilling	Spudded on 1st December, 2013. Current depth is 1,898m.
Bijell-2					under drilling	Well was spudded on 13th March, 2013. B-2 depth reached was 3,903m at end 2013. Planned TD is 5,330m.
Shaikan-7					under drilling	Spudded on 16th June, 2013. Well test expected in 2014.
RUSSIA						
Prikoltogorskaye-127					waiting for test	Preparation for well test is in progress. Well test is planned to be carried out in 2014 H1 period, with test of Achimov layers.
Kedrovskoye-105					test suspended	Well test is suspended as the priority of the field got lower.
Verkhne Laryoganskoye-201					waiting for test	Well test was postponed to 2014 H1 because of unexpectedly early melting. Construction of winter road and drilling site is in progress.
KAZAKHSTAN						
Rhozkovsky U-21					tested, successful	Well test finished in Q3 2013. Result: 343,060m ³ /day of gas and 390 m ³ /day of condensate on 11 mm choke. (4,407 boepd)
Rhozkovsky U-22					tested, successful	Tournasian: Gas: 189,610m ³ /day Condensate: 171.6m ³ /day (2,168 boepd); Bobrykovskiy: light oil: 97,887 m ³ /day (1,490 boepd)
Rhozkovsky U-24					waiting for test	Spudded on 25th June, 2013. Planned TD is 5,200m. Drilling is ongoing. Actual depth is 4,223m. To be tested in H1 2014. Testing rig mobilisation is ongoing.
Rhozkovsky U-26					tested, successful	Spudded on 20th October, 2012; planned TD was 5,200m. Drilling finished on 24th March, 2013 at 5,300m due to lower Devon layer; well test started on 25th March, 2013. Test results: Tournasian: Gas: 240,508m ³ /day: Condensate: 249m ³ /day (2,943 boepd)
Rhozkovsky U-11					tested, successful	Drilling started on 23rd January, 2013. Final depth reached in June was 4,503m. Test results are as follows: Bobrikovsky reservoir: Gas: 55.354m ³ /d. Condensate: 61m ³ /d (699 boepd). Tournasian reservoir: gas: 155,727m ³ /d. Condensate: 149m ³ /d (1,832 boepd)
SK-1					under testing	Drilling of SK-1 well started on 21st September and MOL acquired a 49% share in the North Karpovsky block on 15th November, 2012. Final depth reached was 5,723m on 23rd September 2013. Well test started on 25th December.
SK-2					under drilling	Spudded on 1 st July, 2013. Planned TD is 5,250m. Actual depth at end of December was 4,383m. Expected finish of drilling is 2014.
Pakistan						
Ghauri X-1					under drilling	Drilling of first exploration well (Ghauri X-1) started on 5th November. Planned TD is 4,250m. Actual drilling depth is 2,950m within Murree Formation. Target reservoirs expected at about 4,000 m.
Kot-1					under testing	Drilling of Kot-1 exploration well started on 26th May, 2013. Planned TD is 5,488m. Drilling finished on 22nd November reaching a final depth of 5,648m within Datta Formation. The lower intervals, testing of most promising Lockhart limestone has commenced
Oman						
Hawasina-1					tested / unsuccessful	Drilling started on 4th December, 2012 with a planned TD of 4,100m. 43B block: The drilling of Hawasina-1 well was finished, plugged and abandoned as a dry well. TD is 4,382m. Rig release was on August 31st, 2013.

Exploration and appraisal wells	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Progress	Comment / Test result
HUNGARY						
Nagykáta-Ny-1					tested, successful	Discovery. Well test completed 9th January, 2013. Test result: 1,206 boepd oil via 6 mm choke
Csévharaszt-2					tested, unsuccessful	Well test completed 10th January, 2013. Dry.
Páhi-2					tested, successful	Discovery. Test result: 59,300m ³ /day gas via 8 mm choke
Ráckeve-Ny-1					tested, unsuccessful	Drilling started 30th January, 2013. Completed in Q2. Dry.
Tófej-Ny-1					tested, successful	Discovery. Well test completed 20th June, 2013. Test result: 25,000m ³ gas/day via 6 mm choke
Belezna-K-1					tested, unsuccessful	Drilling started 29th June, 2013. Completed in Q3. Gas showed dry.
Heresznye-D-1					tested, unsuccessful	Her-D-1 drilling reached target depth. Well status is dry, must be preserved.
Vízvár-D-1					under drilling	Drilling in progress.
Hbag-K-1					waiting for test	Waiting for test.
Tompu-1					under testing	First test result: 4,500m ³ gas/day via 6 mm choke, further testing expected.
Beru-4 / unconventional					under testing	Drilled, fracturing programme completed, under testing, long pilot production test. Gas production rate has stabilised at the level of 15,000m ³ /d.
Beru-6 / unconventional					waiting for test	Drilling completed, conventional test completed, waiting for hydraulic fracturing.
CROATIA						
Bunjani-1 South					Successful but waiting for development solution	Well is drilled (spudded on 2nd April, drilling finished on 8th May). Well testing finished on 14th November and showed well is successful. Well is temporarily abandoned - conserved. Waiting for development solution.
Krunoslavlje-2					Unsuccessful	Spudded on 15 th April. drilling finished on 3 rd June. The well is declared unsuccessful without test. Well has been liquidated.
Caginec-1					Successful but waiting for development solution	Spudded on 20 th June. Drilling finished on 9 th July. Well testing finished on 21st November. Well is temporarily abandoned - conserved. Waiting for development solution.
Iva -2 Du					Waiting for well test	Well is drilled (spudded on 10 th August. Drilling finished on 30 th October, 2013). Total depth was 2,883m. Waiting for well test.
Ilena -1 Dir					Successful but waiting for development solution	Spudded on 4 th July. Drilling finished on 24 th July. Well test performed and showed well is successful. Production casing installed, but well is temporarily abandoned until development solution is defined based on reservoir study to be prepared.
Ivna -1Dir					Unsuccessful	Spudded on 22 nd August. Drilling finished on 6th September. Four cement plugs were set. Well is abandoned as a dry hole, without testing.
Hrastilnica - 4					Under drilling	Spudded on 27th November 27 th . Drilling is in progress.
EGYPT						
Helal-1					Unsuccessful	Helal-1 exploratory well was spudded on 3rd March, 2013. Drilling finished on 27th September, 2013. The well was declared unsuccessful without a test.
drilling	test	drilling and test in the same period				

Key exploration and appraisal results

- **In the Kurdistan Region of Iraq:**
 In the **Akri-Bijeel Block**, after successful tests of the Bakrman-1 exploration well - maximum flow rates of 3,192 bbl light density oil with 40° API gravity and 10.19 MMscfd gas inflow - commerciality of the Akri-Bijeel block was declared in Q4 2013. Two appraisal wells, Bijell-2 and Bijell-4 are currently under drilling in the Bijell Appraisal area. After side-tracking, Bijell-7 has been temporarily suspended. A surface facility for early production with a liquid capacity of 10,000 boepd is ready and hydrocarbons will be introduced immediately after completion of Bijell-1B. In the **Shaikan Block**, its Field Development Plan of the block was approved in June, 2013. Daily oil production from PF-1 reached 10,000 boepd and export of Shaikan crude, produced through PF-1, commenced in January, 2014. Shaikhan-4 has been connected to PF-1 and the contribution from this well is scheduled to commence soon. PF-2 is scheduled to be commissioned by April, 2014.
- **In Russia:**
 In the **Matjushkinsky Block**, 1,000 km² of 2D seismic acquisition commenced in December, 2013 in the eastern part of the Block. Preparation for drilling new wells at Zapadno-Kedrovoye and Verkhne-Koltogorskoye is in progress. 3D seismic work in the **Yerilkinsky field** began in September and were completed in Q4. Processing of seismic data began at the end of the year.
- **In Pakistan:**
 In the **TAL Block**, drilling of the Kot-1 exploration well, which started in May, 2013, finished by mid-December, followed by testing at year's end and continuing into early 2014. A new exploration well, Malgin-1, is planned to be drilled in 2014. In the **Ghauri Block**, drilling of one exploration well, Ghauri X-1, started on 5th November and is to continue in 2014.
- **In Kazakhstan:**
 In the **Fedorovskoye Block**, appraisal of the Rozhkovsky area and preparation of field development continued. 4 appraisal wells were tested successfully during 2013 with an average flow rate of ca. 3,400 boepd. A well test of the U-24 appraisal well is expected to take place in H1 2014. In the **North Karpovskiy Block**, testing of the SK-1 exploration well is expected to finish in Q1 2014 and the drilling of the SK-2 exploration well is expected to finish in Q2 2014.
- **In the CEE region:**
Hungarian exploration: seven drilled and tested wells resulted in 3 discoveries of which Nagykatá-Ny-1 was the most successful. The well was completed for oil production. **Croatian exploration** activities: out of 3+2 (onshore, offshore respectively) exploration wells, 2+1 wells were successful (onshore: Bunjani-1 Jug and Caginec-1; offshore: Ilena -1Dir).

Licences acquired in 2013

Since 2010, the total territory of **Hungary** has been closed area for hydrocarbon exploration. Exploration licenses are not extendable and exploration rights may only be acquired through a concession process. The first tender for 7 concession areas, 4 hydrocarbon and 3 geothermal, was announced on 3rd August, 2013. MOL applied, in the public bidding round, for 3 concession areas (Szege-d-basin West oil block, Battonya-Pusztaföldvár-North gas block and Jászberény geothermal energy exploitation block). An official notification announcement for all three concession areas arrived in Q1 2014 and they were awarded to MOL. Negotiations about Concession Agreements (CAs) with the Hungarian State have started.

Despite the revocation of licences for exploration in the continental part of **Croatia** in 2012, INA remains dedicated to its Croatian exploration activities. It is currently the only entity with the necessary equipment, experience, knowledge and projects to accelerate exploration activities in continental Croatia, pending the decision of the new government regarding licensing.

INA licences and permit procedures are governed by new regulations which came into force in 2013:

- mining Act (in force since May 2013)
- act on exploration and exploitation of hydrocarbons (in force since July 2013).

Production start-up depends on solving property right and issuing concession for the Žutica field (Hrsatilnica, Selec) and the Privlaka field (Đeletovci zapad).

In **Russia**, during July 2013, Baitex LLC, a subsidiary of MOL Group, acquired a licence to explore the Devonian horizon within the Baitugan licence boundaries. The 2014 work programme will consist of 3D seismic reprocessing and reinterpretation to define drillable prospects.

In **Pakistan**, MOL has acquired a 30% share in Ghauri block, to extend MOL's current portfolio. This is a well-known strategic area in which MOL already has a proven track record. Drilling of an exploration well started there in November 2013.

MOL expanded its exploration and production activities to build a broader portfolio in the CEE region when the **Romanian** Ex-6 Block was awarded to the company in a consortium in 2012. In January, 2013, MOL increased its stake in the Ex-6 Block to 100%. Exploration activities will start with 3D seismic acquisition in 2014. The ratification process for a further 2 blocks (Ex-1 and Ex-5) is in progress.

MOL Group's 2013 annual production and divestiture of ZMB and Surgut-7 reduced SPE proved-plus-probable figures of 575.7 MMboe by year-end.

SPE 2P reserves, MMboe	FY 2013
Hungary	140.3
Croatia	208.1
Russia	129.9
Syria	35.8
Kazakhstan	36.7
Other	24.8
Total	575.7

Changes in the mining royalty framework in Hungary

Changes in the Upstream regulatory environment

Legislative changes concerning mining royalty in Hungary in 2013:

- from 1st April, 2013, the own consumption, needed to produce the quantity sold at regulated price, also counts as mining royalty for regulated price, both in royalty rate and in unit price.
- from 1st August, 2013, the mining royalty for regulated prices also depends on the price of Brent. In case the Brent is above 80 USD/bbl, the mining royalty increases by 3%, if the Brent is above 90USD/bbl, the mining royalty increases by an additional 3% to a total 6%.
- from 1st August, 2013, the royalty rate for fields put into production between 1st January, 1998 and 1st January, 2008 increases from 12% to 16% both for crude oil and for natural gas as well.

MOL paid 25.3% of its crude oil and natural gas revenues as a mining royalty to the Hungarian State based on 2013 Hungarian production. The average mining royalty rate of natural gas for fields put into production between 1st January, 1998 and 1st January, 2008 accounted for 20.1%, excluding inert fields. The average royalty rate for natural gas for fields put into production after 1st January, 2008, amounted to 18%. The average royalty rate for crude oil production was 20%. Fields using the EOR technique are subject to a zero royalty rate in Hungary.

Extraction tax and export duty in Russia is dependent upon average Urals blend listed prices (Rotterdam and Mediterranean markets) and the Russian Ruble/US Dollar exchange rate and are calculated by formulae set out in tax legislation. The tax authorities inform the public of the extraction tax rate through official announcements on a monthly basis. The extraction tax rate as of 31st December, 2013 was 24.2 USD/bbl with an annual average extraction tax rate of 21.5%, based on the annual average Urals blend price in 2013. The export duty rate as of 31st December 2013 was 53.0 USD/bbl with an annual average export duty rate of 51.0%, based on the annual average Urals blend price in 2013. The Mineral Extraction Tax rate increased by 5.4% compared to the previous year, which was RUB 446 per ton for 2012 versus RUB 470 per ton for 2013.

The Croatian royalty rate increased to 5.0% from April 2011. In 2013, no further amendments occurred.

Upstream outlook

Return production growth by end 2014 and deliver 30% organic increase by 2018

MOL's existing Upstream portfolio offers great growth potential. In general, current early phase projects will counterbalance the mildly shrinking production decline in the CEE region. The new barrels are expected to drive unit profitability of the overall portfolio upwards on an EBITDA basis. Our key strategic targets are:

- Maximize cash-flow generation in the CEE region, which will also remain the key profit contributor in the coming years
- Increase production of the international portfolio and deliver minimum 125-135 mboepd at Group level from existing assets by 2018 with improving overall group profitability on the EBITDA level
- Return production to a growth trend by the end of 2014 in relation to the existing portfolio and deliver a 10% increase in 2015 (105-110 mboepd) compared to targeted 2014 91-96 mboepd production
- Achieve above 100% reserve replacement ratio to guarantee the long-term viability of the Upstream portfolio
- Conduct active M & A efforts to step up into a new league with special focus on the North Sea, CIS countries and Pakistan

Ongoing development and gradual production growth from both KRI blocks

Our work programme in the Kurdistan Region of Iraq ensures that production will ramp up from both blocks.

After commerciality was declared in the Akri-Bijeel Block, the Field Development Plan will be submitted to the Regional Government in the first half of 2014. Early production from the Bijell area will have already commenced since the 10 mboepd capacity production facility is already in place. We will continue appraisal activities around the Bijell and Bakrman discoveries by drilling at least two and testing at least three wells.

In Shaikan, subsequent to Shaikan Production Facility-1, Shaikan Production Facility-2 is expected to be commissioned in Q2 2014. As a result, combined production capacity will reach 40 mboepd. We also expect to book a significant amount of reserves from the Block, which could support the elevation of the Group's reserve replacement ratio above the targeted 100% in 2014.

The Kurdistan Region of Iraq could well contribute to Group production with 20-25 mboepd at its peak, around 2018.

Maximising cash generation in the CEE region and increasing production in Croatia in 2015

As in previous years, we will aim at maximising recovery rates and mitigating decline rates from matured fields in the CEE region. In Croatia, our aim is to stop natural decline in the mid-term with the continuation of the EOR and Medimurje projects and with a major contribution from 2015 onwards as well as an extensive onshore exploration drilling campaign. In Hungary, besides several new field developments, the work programme includes 9 new exploratory drillings targeting a maximum 5% natural decline rate in 2014. So as to ease the pressure of declining production on unit production costs, an extensive cost optimisation programme has been launched.

Recently acquired North Sea assets offer significant production upside

Following the purchase of the new North Sea assets, the backbone of the work programme will be the continuation of Cladhan development drilling so as to start production by the middle of 2015. Sanctioning of the Catcher field development projects will take place in 2014 since the floating production, storage and offloading unit (FPSO) tender has already reached an advanced stage. Our ultimate aim is to be able to commence oil production during the summer of 2017. The peak of the portfolio is expected to be between 16-18 mboepd by 2018.

Following the sale of 49% of Baitex, MOL will remain the operator of the Russian Baitugan block. To maintain the increasing trend of production at Block level, drilling 50 producing and injection wells will take place so that production will be close to 9 mboepd by the end of 2014.

In Kazakhstan's Fedorovskoye Block, the appraisal programme nears completion as the remaining appraisal well will be tested during the first half of the year. As a result, reserve booking may take place before the end of 2014. Commercial production will be due from H2 2016. The confirmation of the North-Karpovsky Block potential is ongoing, two exploration wells being tested during the year.

In Pakistan's Tal Block, an additional processing facility will be commissioned in Q1 2014 to cater increasing oil and gas production, as well as the start of LPG production. The continuation of the Halini-1 extended well test will take place targeting increased oil production in the Karak Block.

M & A to play an active role in renewing the asset base

MOL is well positioned from the financial perspective to strengthen its Upstream asset base through inorganic steps. Due to the company's strong balance sheet, it has the financial headroom to accommodate M & A deals even in excess of USD 1bn. Our primary targets are shallow offshore areas in stable geopolitical environments in new areas, like the North Sea, as well as new investments in our core regions - for instance in CIS countries and Pakistan.

In addition, partnerships will become increasingly important since jointly-pursued opportunities are beneficial to risk sharing and knowledge transfer. MOL has recently concluded such partnerships with German Wintershall and Turkish TPAO.

30% growth is expected in the mid-term

Overall group production is expected to return to growth in 2014. As a result of our project development efforts, organic production growth will reach 30%, meaning that Group production will be between 125 and 135 mboepd by 2018. In parallel, the reserve to product replacement ratio is targeted to reach an average 100% in the next three years.

DOWNSTREAM OVERVIEW

Highlights

In a seriously deteriorating external environment...

- ... MOL Group increased its clean CCS EBITDA by 4%
- The implementation of the New Downstream Program is on track; its efficiency improvements worth USD 400mn have already been delivered...
- ...with over USD 100mn still to come in 2014
- Butadiene and LDPE investments are on-going; further diversification into synthetic rubber was announced; this will ensure organic growth in Petrochemicals.

Overview of 2013

2013 marked with toughest refining environment

The Downstream macroeconomic environment was characterised by depressed conditions in 2013.

High global refinery utilisation – led by U.S., China and Russia – contributed to abundant product supply, which weighed down crack levels. In Europe, on the other hand, refinery capacity utilisation was close to a historic low during the summer. High import volumes consequently caused significant deterioration of product cracks. The Ural was traded with slight premium over Brent for a short period around the middle of the year but later eased somewhat as the availability of substitute Ural grades grew in the marketplace. As a result, on a yearly average, the Brent-Ural spread dipped well below 1 USD/bbl.

While high crude prices persisted, motor fuel demand dropped further in the CEE region. The integrated petrochemicals margin improved slightly, mainly due to a decrease in quoted naphtha prices.

	FY 2012	FY 2013	Ch. %
Brent dated (USD/bbl)	111.7	108.7	(3)
Ural Blend (USD/bbl)	110.5	108.0	(2)
Brent Ural spread (USD/bbl)	1.09	0.69	(37)
Crack spread – premium unleaded (USD/t)	192	165	(14)
Crack spread – gasoil 10ppm (USD/t)	135	117	(13)
Crack spread – naphtha (USD/t)	65	53	(18)
Crack spread – fuel oil 3.5 (USD/t)	(220)	(234)	(6)
Crack spread – premium unleaded (USD/bbl)	12.8	9.9	(23)
Crack spread – gasoil 10ppm (USD/bbl)	19.9	17.3	(13)
Crack spread – naphtha (USD/bbl)	(9.5)	(10.3)	(8)
Crack spread – fuel oil 3.5 (USD/bbl)	(13.0)	(15.8)	(22)
Integrated petrochemicals margin (EUR/t)	242	295	22

Amid macroeconomic headwinds, the success of internal efficiency improvement efforts are clearly visible as Downstream's clean CCS EBITDA rose by 4% in a year-on-year comparison. The **MOL Group-level New Downstream Program** was launched in 2012 to improve profitability throughout the whole value chain and to reach USD 500-

Most of the New Downstream Program target was already achieved in 2013

550mn EBITDA growth by 2014 on a like-for-like basis, compared with 2011. In 2013, the programme delivered USD 250mn in savings versus 2012 in addition to the USD 150mn already delivered in 2012. Efficiency improvements targeted the implementation of over 300 individual projects and actions across MOL Group's Refining & Marketing, Petrochemicals and Retail operations in 2013.

As a result of depressed macro conditions, MOL Group had no option but to reassess the long-term sustainability of the Mantova operations of IES. MOL Group decided to convert the refinery into a product logistics hub during 2014. The conversion enables us to progressively transform our refinery, which means that MOL Group will remain in business with Mantova based wholesale commercial activities.

Group Downstream results improved amid a collapsing external environment

In light of the severely deteriorating market conditions compared to 2012, Group Downstream results improved exceptionally and the segment delivered a 4% increase to hit HUF 157bn on a clean CCS-based EBITDA basis. The improvement versus 2012 was mainly as a result of:

- The positive effects of
 - The successful delivery of announced USD 250mn incremental yearly improvements within the New Downstream Program's framework
 - 2% higher Group-level sales volumes
 - A higher Petrochemicals contribution supported by margin improvements
- which were partly offset by
 - A significant reduction of crack spreads - by 14% in case of gasoline and 13% in case of gasoil - in a further contracting market environment in the CEE region
 - A narrowing of the Brent-Ural spread by 0.4 USD/bbl or 37%.

CCS-based DS EBITDA ^{3,4}	FY 2012	FY 2013	Ch. %
MOL Group	150.6	156.8	4
MOL excl. INA	175.7	171.8	(2)
INA	(25.1)	(15.0)	40

CCS-based DS operating profits ^{3,4}	FY 2012	FY 2013	Ch. %
MOL Group	19.7	29.2	48
MOL excl. INA	72.8	73.3	1
INA	(53.2)	(44.0)	17

^{3,4} Notes and special items listed in Appendix I and II.

Group performance, excluding INA, slightly decreased while INA, on a standalone basis, improved by HUF 10bn in terms of 'clean' CCS-based figures. The former was driven by the above mentioned macro factors, the latter additionally profited from more stable operations of the MHC unit at the Rijeka refinery, diversified feedstock selection, an extended crude basket and a better marketing contribution.

Refinery processing (kt)	FY 2012	FY 2013	Ch. %
Own produced crude oil	1,117	1,015	(9)
Imported crude oil	15,597	15,863	2
Condensates	275	228	(17)
Other feedstock	3,248	3,401	5
Total refinery throughput	20,237	20,507	1
Purchased and sold products	955	1,049	10

Petrochemicals turned into the positive

In 2013, the **Petrochemicals segment's results improved considerably**. 'Clean' CCS-based EBITDA amounted to HUF 13bn, a complete reversal compared to the HUF 12bn loss of 2012. The key driver behind this encouraging development was significant improvement in the integrated petrochemicals margin which increased by 22% to 295 EUR/t, compared to the prior year.

Sales volumes increased slightly...

External refined and petrochemicals product sales by product (kt)	FY 2012	FY 2013	Ch. %
Total refined products	17,781	18,106	2
o/w Motor gasoline	4,036	4,001	(1)
o/w Diesel	9,065	9,363	3
o/w Fuel oil	624	677	8
o/w Bitumen	1,015	1,026	1
o/w Retail segment sales	3,375	3,479	3
o/w Motor gasoline	1,099	1,105	1
o/w Gas and heating oils	2,186	2,289	5
Total Petrochemicals product sales	1,229	1,302	6
o/w Olefin products	318	306	(4)
o/w Polymer products	911	996	9
Total refined and petrochemicals product sales	19,010	19,408	2

Demand still decreased in the CEE region on a yearly comparison but this shrinking continued at a lower pace and there were clear signs of demand recovery in H2 2013.

Changes in regional motor fuel demand FY 2013 vs. FY 2012 in %	Market*			MOL Group sales**		
	Gasoline	Diesel	Motor fuels	Gasoline	Diesel	Motor fuels
Hungary	0	4	3	(2)	4	2
Slovakia	(7)	(1)	(3)	(6)	0	(2)
Croatia	(4)	0	(1)	10	3	5
Other	(5)	(2)	(3)	29	3	10
CEE 10 countries	(5)	(1)	(2)	10	3	5

* Company estimates ** Sales from own refinery production and purchased from external sources

...as Group motor fuel sales performed better than the market average

MOL Group's total refined product and petrochemicals sales increased by 2%, while motor fuel sales increased by 5%, mostly driven by non-domestic countries' growing market shares.

Total retail sales volume including LPG and lubricants, **was 3% above last year's level** as the positive contribution of Q3 and Q4 2013 sales offset the weaker results of the first months of the year, with a stronger contribution from gasoil volumes.

Retail sales increased slightly

Total retail sales (kt)	FY 2012	FY 2013	YoY %
Hungary	767	789	3
Slovakia	424	422	0
Croatia	1,134	1,106	(2)
Romania	469	503	7
Other	581	659	13
Total retail sales	3,375	3,479	3

- In Hungary, Romania and Bosnia, greater volumes were generated by a higher number of filling stations and the positive effects of the modernisation programme
- Slovakian and Croatian retail sales volumes decreased as a result of the economic slowdown and challenging market conditions
- Higher sales in Other Countries was mainly due to the contribution of PAP OIL volumes in the actual whole-year period.

Downstream outlook

No improvement in the fundamentals

Refining overcapacity is expected to remain in the next few years globally but specifically in Europe. Forecasted incremental demand therefore cannot lift cracks substantially over the coming years. Global demand growth of refined products continues, but total supply potential is increasing at an even higher rate. The situation is even stiffer in Europe because the Continent faces stagnating to decreasing product demand and strong competition from other refining centres such as the Middle East, Russia and India. Consequently European cracks are expected to remain under pressure especially in the case of gasoline.

Following years of decline, motor fuel demand is expected to stabilise or even slightly grow in the CEE region. On the back of economic growth, increases in motor fuel demand will mainly be driven by diesel, meaning that the gasoline/diesel spread in supply and demand will grow further.

The New Downstream Program: still USD 100mn+ due in 2014

In such a challenging environment continuing the already initiated Group-level New Downstream efficiency improvement program is a priority for the Downstream division. The majority of improvements have already been delivered but, nevertheless, an additional USD 100-150mn in improvements will be due in 2014 on a like-for-like basis versus 2013. As in previous years, the primary focus of the programme is on cost reduction including actions targeting key cost elements, such as energy, maintenance, organisational costs and hydrocarbon losses, margin and market share increase which is in line with the strategic growth directions of the Group Downstream business.

Petchem investments ongoing

The implementation of a 130,000 tons per annum capacity butadiene extraction unit continues. In related investments, as C4/C5 fraction separation unit was built and planned commercial operations will start by May, 2015.

In 2013, MOL announced the creation of a joint-venture with a Japanese partner, JSR. A new plant with a capacity of 60,000 tons per annum will produce synthetic rubber and also provide an off-take possibility to the butadiene unit. Commissioning is scheduled for 2017 and further capacity expansion is also under investigation. The partnership with JSR provides MOL Group with the opportunity to further diversify its petrochemicals product line along the value chain by entering the Solution Styrene-Butadiene Rubber (S-SBR) market and thereby increasing petrochemicals business margins.

In Slovnaft, the LDPE 4 unit will replace all 3 old-fashioned production units currently in operation. The completion of this project is scheduled for the end of 2015. Besides delivering higher production efficiency, this investment will guarantee reliable and safe operations thereby increasing Slovnaft Group's total competitiveness.

**Selective investments to
strengthen captive markets**

MOL remains committed to improving its retail network in the CEE region. In previous years, we achieved significant growth in Romania and Serbia, while inorganic expansion took place in the Czech Republic. We are ready to continue expanding further not only organically, but also inorganically within the supply radius of our refineries.

GAS MIDSTREAM SEGMENT OVERVIEW

Gas Midstream delivered similar results to those of last year as the negative effects of the tightening in the Hungarian gas transmission regulation were compensated for by a lower level of losses in the Croatian gas trading business due to lower sales volumes.

FGSZ Ltd.

Decreasing operating profit contribution (based on IFRS figures)

Operating profit for FGSZ Ltd. in 2013 (based on IFRS figures) was lower compared to previous year in line with the unfavourable changes of economical environment. Strict control of operating costs could not compensate completely the negative effect of decreased operating revenues.

Significantly lower operating revenues of domestic transmission

Revenue from domestic transmission (based on IFRS figures) was HUF 68.2 bn, 15% lower than the base period mainly due to the unfavourable effect of changes in regulatory environment: the lower public utility charges (as a result of shrinking eligible return of household supply) which are valid from 1st January 2013 has significant negative effect. Further to the above, FGSZ Ltd. paid a total of HUF 16.6 bn in refunds in 2013 based on the system usage fees of universal customers.

Despite of lower tariffs of household customers and due to the decreased industrial demands domestic natural gas consumption was behind the previous year figures which has also negative effect on domestic transmission revenues.

Lower transit transmission revenues in line with lower transmission volumes

Serbian and Bosnian natural gas transit transmission volumes shows 5% decrease compared to the base period, this decrease has a negative effect on revenues of traditional transit transmission. Operating revenues of southward transit transmission in 2013 were lower by almost 6% compared to the base period figures. However total transit transmission volumes are higher compared to prior years as a result of the new transit deliveries to Ukraine.

Lower natural gas consumption of transmission system, strict control of operating costs

Operating cost figures are lower than the base period figures mainly due to the lower natural gas consumption of transmission system and lower pressure increase fees in line with lower transmission volumes. To compensate the unfavourable changes of regulatory environment and the negative effect of decreased transmission volumes FGSZ Ltd. had strict control on operating costs in 2013. Despite of the further savings in operating costs compared to prior year FGSZ Ltd. could not compensate completely the negative effect of decreased operating revenues in 2013.

MMBF Ltd.

Strategic and commercial gas storage

MMBF Zrt. EBITDA amounted to HUF 20.8bn in 2013 versus last year's HUF 22.4bn. The company accounted for capacity booking fees on its 1.2bn m³ strategic gas storage and on its 0.7bn m³

**Divestment contract closed
with MFB & MSZKSZ**

commercial gas storage volumes. In addition to storage activities, MMBF sold Szóreg-1 field oil and condensate production which contributed ca. HUF 4.5bn to the EBITDA in 2013 versus around HUF 6bn in 2012.

MOL divested its stake in MMBF Zrt. after closing a transaction with the Hungarian Development Bank Zrt. (MFB) and the Hungarian Hydrocarbon Stockpiling Association (MSZKSZ). According to the sale and purchase agreement which was signed on 7th October, 2013, MFB acquired a 51% shareholding in MMBF from MOL. The remaining 21.46% stake of MOL has been acquired by MSZKSZ.

The asset sale transaction itself resulted in a HUF 3bn adjustment of Midstream results i.e. the difference between the equity value and the proceeds from the sale. However, the inter-segment line was boosted by HUF 45bn relating to the release of the gain from the conversion of the Szóreg field to a gas storage facility implemented by MOL. Both the above items were eliminated as one-offs.

Prirodni Plin d.o.o.

Prirodni Plin, INA's gas trading company, reported a HUF 30.3bn loss in 2013 as a consequence of a negative gap between sales and purchase prices. The main reasons are the fixed maximum price level for household customers and the price pressure after the liberalisation of the market for industrial customers.

A package of resolutions related to INA's obligation on delivering the gas produced in Croatia under regulated price, put forward by the Ministry of Economy, has been adopted on 27th February, 2014. This decision obliges INA to sell the portion of its natural gas production for household supplies to state-owned company HEP as the wholesale market supplier, also introducing distributors' purchase obligation from HEP. So far INA (through Prirodni Plin) received 2.2000 HRK/m³ for sales in the household segment while now INA shall receive 1.7058 HRK/m³ for the respective volumes.

The acquisition of Croplin

In September, 2013, INA acquired ownership of the remaining 50% stake in the Croplin d.o.o. company from E.ON Hungaria Zrt. Thus INA is now the 100% owner of a company which is engaged in gas distribution and infrastructure operations.

CAPITAL EXPENDITURE PROGRAMME

Capital expenditures	FY 2012 (HUF bn)	FY 2013 (HUF bn)
Upstream	138.0	155.2
<i>of which inorganic:</i>	13.5	0.0
Downstream	132.4	93.8
<i>of which inorganic:</i>	22.8	0.0
Gas Midstream	9.9	8.1
Corporate	9.3	12.7
Intersegment	-0.8	0.0
Total	288.8	269.8
<i>of which inorganic:</i>	36.3	0.0

CAPEX spending was focused on Upstream (58%)

Total CAPEX decreased by 7% in 2013 compared to the previous year, however, 7% more was spent on organic investment projects. In line with announced strategy, CAPEX spending is more focused on Upstream than a year ago. Upstream represents 58% of total Group CAPEX vs. 48% of the total a year ago, while Downstream was responsible for 35% vs. 46% of the total a year ago. The remaining 7% or HUF 21bn of our capital expenditures targeted gas and corporate projects.

Upstream CAPEX

FY 2013 (HUF bn)	Hungary	Russia	Kurdistan Region of Iraq	Croatia	Pakistan	Other	Total (HUF bn)
Exploration	9.6	1.8	29.3	9.5	3.8	21.9	75.9
Development	16.3	13.5	7.6	28.9	3.5	7.2	77.0
Service companies, consolidation & other	0.6	0.0	0.0	5.5	0.0	-3.8	2.3
Total	26.5	15.3	36.9	43.9	7.3	25.3	155.2

In 2013, Upstream CAPEX amounted to HUF 155bn, with major investments in Croatia (28%), the Kurdistan Region of Iraq (24%), Hungary (17%) and Russia (10%).

Downstream CAPEX

CAPEX (in bn HUF)	FY 2012 restated	FY 2013	YoY %	Main projects in FY 2013
R & M CAPEX and investments excluding Retail	56.4	43.1	(24)	<ul style="list-style-type: none"> On the MOL and SN side, maintenance and sustaining of operations (T/A, Catalyst etc) type projects are scheduled for different periods. For IES, only vital sustaining and HSE type projects were implemented. CAPEX performance at INA was at last year's level.
Retail CAPEX and investments	45.6*	20.1	(56)	<ul style="list-style-type: none"> INA Retail network modernisation MOL Romania Retail network expansion *(2012 data include the PApoil acquisition)
Petrochemicals CAPEX	19.8	29.1	47	<ul style="list-style-type: none"> While last year's CAPEX spending was mainly sustaining of operations type projects, this year we are focusing on Growth projects (LDPE4, Butadiene – 1st year of implementation).
Power and other	10.6	1.5	(86)	<ul style="list-style-type: none"> SN TPP revamp was completed last year.
Total	132.4	93.8	(29)	

Downstream CAPEX decreased by 29% y-o-y. Spending mainly focused on maintenance-type projects in Refining & Marketing and Retail network modernisation, while in Petrochemicals, Growth projects dominated (e.g. LDPE4 and Butadiene – the 1st year of implementation).

Gas Midstream CAPEX

HUF bn	FY 2012	FY 2013	Main projects in 2013
FGSZ	9.2	7.1	<ul style="list-style-type: none"> Reconstruction projects,
MMBF	0.7	1.0	<ul style="list-style-type: none"> Replenishment of cushion gas, maintenance
Prirodni Plin	0.0	0.0	
Total	9.9	8.1	

Total Gas Midstream Segment CAPEX decreased by 18% with maintenance-type projects predominant.

Capital expenditures of Corporate and Other Segments totalled HUF 12.7bn in 2013 versus HUF 9.3bn in 2012.

FINANCING OVERVIEW

MOL further improved its strong financial position

Corporate financial positions and the ability to generate operational cash flow are key priorities due to the turbulent financial environment and economic slowdown.

During 2013, MOL further improved its financial position and enjoyed EUR 4.4bn available liquidity at year end. Indebtedness hit its lowest level since 2008. Simplified net debt to EBITDA stood at 0.79x at the closing of the year and decreased from 1.42x in parallel with the gearing ratio, down from 24.9% to 16.0% YoY.

Sufficient external financing

MOL Group has sufficient financing for its operations and investments. Our diversified, medium- and long-term financing portfolio consists of revolving syndicated and club loans, long-term bonds and loan facilities through multilateral financial institutions.

Enhancing the maturity profile

To further diversify the Group's funding portfolio, in March MOL Plc. concluded a USD 480mn revolving credit facility which was increased to USD 545mn during July. The tenor of the facility is 3 years with an extension option of 2 additional years. We also enhanced our portfolio through financing transactions at INA and Slovnaft which, concluded revolving credit facilities of USD 400mn for 3+1+1 years and EUR 200mn for 3 years, respectively. MOL Plc. extended EUR 452mn by 1 additional year, up to 10th of June, 2018, out of its EUR 1bn revolving credit facility agreement, signed in 2011, originally with 5 years' tenor.

6-year low gearing ratio

Indebtedness

	2012	2013
Simplified Net debt/EBITDA	1.42	0.79
Net gearing	24.9%	16.0%

65% EURO-denominated debt

Proportion and amount of total debt denominated in the following currencies

31 Dec 2012 (bn own currency)	31 Dec 2012 (bn HUF)	Portion %	Currency	31 Dec 2013 (bn own currency)	31 Dec 2013 (bn HUF)	Portio n %
1.29	284	26.1	USD	1.32	284	28.9
2.62	762	69.9	EUR	2.17	644	65.6
n.a.	44	4.0	Other*	n.a.	54	5.5
n.a.	1,090	100	Total	n.a.	982	100

* Includes mainly HUF, as well as HRK- and PLN-denominated debt

NOTES TO THE PROFIT & LOSS STATEMENT

Sales, Operating Expenses and Operating Profits

Decrease in Sales revenues	Group net sales revenues decreased by 2% to HUF 5,400bn since revenue decreases in Upstream and Gas Midstream, -17% in both cases, could not be offset by the 1% increase in Downstream. The Sales revenues in 2013 included a non-recurring HUF 3.4bn revenue realised on the sale of the accumulated obligatory state reserves of Sloznaft Polska.
Significant increase in Other operating incomes	Other operating income increased by 383% to HUF 75.7bn mainly as the result of the one-off gains realised on divestiture of Russian entities (HUF 10.5 bn) and MMBF Zrt. (HUF 42.4 bn).
Decrease in Other operating expenses	Other operating expenses decreased by HUF 76.6bn to HUF 293.7bn in 2013, mainly as the combined effect of a decrease in mining royalty expenses (HUF 53.9bn) and the cancellation of the crisis tax imposed by the Hungarian State as of 1 st January, 2013, which had increased Other operating expenses by HUF 30.4bn in the prior period. The decrease in mining royalty expenses was primarily due to the impact of capped mining royalty payable per unit with legislative regulation in Hungary, the divestiture of ZMB, release of royalty payables (HUF 11.1 bn) and lower production. In 2013 Other operating expenses also included a one-off tax penalty due to a lost appeal by INA in the amount of HUF 5.0bn.
Operating expenses due to termination of refining activities at IES	In 2013, non-recurring expenses related to the termination of refining activities at IES increased operating expenses by HUF 22.8 bn from which HUF 9.3bn related to the provision made for redundancies, recognised as Personnel expenses.
Increase in Depreciation expenses due to one-off items	In 2013, depreciation expenses increased significantly by 69% to reach HUF 539.7bn mainly as a result of the one-off impairment charges on the refining assets of IES and INA in the amounts of HUF 123.8bn and HUF 26.7bn, respectively. In the Upstream segment, the one-off effect related to the impairment on INA's Syrian assets amounted to HUF 43.4bn in 2013. Furthermore, in 2013 unsuccessful exploration wells were written down in the Kurdistan Region of Iraq, Egypt, Oman and Hungary in the amount of HUF 27.3bn.
Higher net financial expenses in 2013	<p>Financial results</p> <p>A net financial expense of HUF 58.3bn was recorded in 2013, compared with HUF 33.2bn in 2012. In 2013, interest payable slightly increased to HUF 47.5bn vs. HUF 46.5bn in 2012, while interest received increased significantly to reach HUF 15.1bn in 2013 compared to HUF 6.8bn in 2012, mainly as a result of interest income received from securities. In 2013, a foreign exchange loss of HUF 8.2bn was booked on borrowings after recognising in equity a HUF 4.4bn foreign exchange gain on bank loans designated as net</p>

investment hedging instruments. In 2012, a HUF 43.4bn foreign exchange gain on bank loans was accounted for in equity. A fair valuation loss on the conversion option embedded in the capital security issued by Magnolia Finance Ltd. amounted to HUF 0.3bn versus the unrealised gain of HUF 11.8bn in 2012.

Income from associates

Income from associates amounted to HUF 20.1bn in 2013 mainly as the result of the contribution from MET Zrt., (HUF 9.7bn) and from MOL's 10% share in the operations of the Pearl Petroleum Company (HUF 10.9bn).

Profit before taxation

As a result of the above-mentioned items, the Group's loss before taxation in 2013 was HUF 56.9bn, compared to a profit of HUF 205.7bn in 2012.

Taxation

Income tax benefit due to an increase in deferred tax assets

Income tax benefits amounted to HUF 37.5bn in 2013 compared to income tax expenses of HUF 49.7bn in 2012. Despite the significant increase in the Robin Hood tax rate from 8% to 31 % as of 1st January, 2013, implying an effective tax rate increase from around 5.5% to around 21%, changes in income taxes were overwhelmed by large one-off impairment expenses recognised in Q3 and Q4 2013.

Cash flow

Consolidated Cash flow	2012 restated (HUF mn)	2013 (HUF mn)
Net cash provided by operating activities	454,033	614,685
of which: movements in working capital	(21,090)	175,575
Net cash used in investing activities	(298,509)	(124,994)
Net cash provided by/(used in) financing activities	(148,992)	(239,251)
Net increase/(decrease) in cash and cash equivalents	6,532	250,440

Operating cash flow increased by 35%

Operating cash inflow in 2013 amounted to HUF 614.7bn, compared to HUF 454.0bn in 2012. Operating cash flow, before movements in working capital, decreased by 7% to HUF 500.7bn. Income taxes paid amounted to HUF 61.6bn.

Net cash used in investment activities decreased to HUF 125.0bn in 2013 mainly as a result of cash-inflows relating to the divestitures of Russian entities and MMBF.

Net financing cash outflow totalled HUF 239.3bn, primarily as a result of the net repayment of long-term debt and the dividend payment.

SUSTAINABILITY

Turning research and development projects into new products

MOL Group has launched and continues to work on a series of R & D projects designed to reduce the life-cycle emissions of its products. Besides optimising our standard product portfolio, special emphasis is placed on developing technologies that can utilise non-food feedstock to produce advanced renewable fuels and refinery components.

MOL Group developed some important innovations and transformed them into products in 2013. Such new products include 'rubber bitumen' and 'MOL truck diesel'.

Rubber bitumen is produced through recycling waste tyres. Roads constructed using this product, according to a life-cycle assessment made by the Institute for Transport Sciences Non-profit Ltd. (Hungary), are 29-32% more economical than roads built using traditional bitumen. In addition, using MOL Truck diesel reduces CO₂ emissions by up to 3%.

MOL, moreover, continuously monitors developments in various emerging technologies which may have significant potential to reduce the carbon footprints of its products.

Reinforcement of safety awareness among staff

MOL Group safety performance has shown continuous improvement over the last few years in terms of injury frequency. However, since 2009 there have been own employee or contractor fatalities each year. To address this serious issue, a safety initiative called "Life Saving Rules" was launched across the entire MOL Group organisation.

The programme is built around ten rules, with zero tolerance for rule breaking. Selection of the rules was based on an assessment of the causes of serious accidents at the Company over the past five years. Moreover, the experiences of our peers were also taken into consideration.

The new programme was designed to significantly increase compliance through intensive communication and consistent application of disciplinary action against rule-breakers. The campaign was rolled out by the end of 2013 and is in force from 2014. Additional programmes that focus on supplementing compliance with each individual Life Saving Rule (e.g. Energy Control, Fall Protection etc.) are scheduled for launch in the coming years.

As a first positive sign of further improvements in safety performance, the group-level aggregated lost time injury frequency rate (LTIF) for our own employees decreased from 1.6 in 2012 to 1.5 in 2013. At our sites there were no staff or contractor fatalities in 2013, however unfortunately, 2 off-site road accident-related fatalities did occur among our contractors.

Developing the leadership competencies of managers

In 2013, the emphasis of human resources management was on the development and retention of employees with outstanding potential, and so there was a special focus on leadership competency development.

MOL Group launched several programmes at various levels and in various Divisions. The goal is to educate the next generation of

leaders and to confirm MOL Group's strong commitment towards the development of its employees.

In 2013, MOL Group launched a global leadership development programme called LEAD. The programme is organised around three levels of leadership talent pools, starting with experts set for their first leadership assignment through to already experienced leaders ready to take on more senior global roles. This initiative is not a one-off programme but a key component of our changing HR toolset designed to ensure a steady supply of talent for MOL Group's future.

A 1.5-year Leadership Succession programme was launched in MOL's Downstream division in 2013 to prepare 20 young talented people for future leadership roles. Their competence is being increased through their involvement in managing Downstream efficiency development projects and the development of their leadership competencies. The programme involves more than 150 people from the organisation through project work.

In MOL's Upstream division, in order to safeguard Exploration & Production talents, the Key Position Programme was launched in 2013. This programme is designed to help meet the increasing demand for skilled employees in key positions through the provision of a competitive compensation programme. MOL Pakistan is the first Subsidiary to have implemented the KPP.

Strong emphasis on leadership development has not stopped focus on many other areas as well. Attracting talent is always on the agenda, as is working hard in new and pre-existing projects in the field. A good indicator of these efforts is the fact that the MOL young talent programme 'Growww' continued with an unprecedented number of participants, 221 'Growwwers' in 2013, from a record number (11) of countries.

INTEGRATED RISK MANAGEMENT

MOL's integrated risk management is one of the best, according to Dow Jones Sustainability Management

Enterprise Risk Management

The aim of MOL Group Risk Management is to deal with challenges of the business environment to support a stable and sustainable operation and future growth of the company. MOL Group has developed risk management function as an integral part of its corporate governance structure.

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by Enterprise Risk Management (ERM) on group level. ERM integrates financial and operational risks along with a wide range of strategic risks, also taking into consideration compliance issues and potential reputation effects. The ERM process identifies the most significant risks to the performance of the company. Risks are assessed based on a unified methodology and collected into risk maps at different levels. Risk responses and controls are reviewed and mitigation actions set and reviewed for completion regularly by top management.

Enterprise Risk Management is a framework covering Business Units and Functional Units, which ensures incorporation of risks faced by the company into Risk Maps.

Risk analysis activity supports stable and efficient operation by identifying key risks that threaten achievement of company objectives and require specific attention by Top Management through strengthened controls or execution of mitigation actions. The Risk Map is a heat map used to graphically present major risks on a matrix using probability and impact ratings as a result of detailed risk assessment processes. The Risk Maps integrate Strategic, Operational and Financial risks, which are identified and reassessed on a quarterly basis, providing regular updates to Top Management on evolution of risks and status of mitigation actions.

Main risk management tools

To ensure the profitability and the financial stability of the Group, **Financial Risk Management** is in place to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured by using a complex model based on Monte Carlo simulation, and are managed – if necessary - with risk mitigation tools (such as swaps, forwards and options).

Business Continuity Management is the process of preparing for unexpected disruptions that have low probability but high impact. Emergency Response plans, Crisis Management procedures, Disaster Recovery and other risk control programs are crucial in such a business where operational risk exposure is significant as a result of the chemical and physical processes underlying most of the operations.

Transferring of excess operational risks is done by **Insurance Management**. Purchase of insurances represents an important risk mitigation tool used to cover the most relevant operational and liability exposures. The major insurance types are: Property Damage, Business Interruption, Liability and Control of Well Insurance, set

around a yearly cycle (i.e. annual renewal of most insurance programs). Insurance is managed through a joint program for the whole MOL Group to exploit considerable synergy effects.

Valuable synergies can be exploited when risk is approached in a comprehensive way

The existence of an integrated risk management function enables MOL to exploit the synergies between the above detailed pillars of risk management. The input sources of modelling financial risks are applied in ERM as well. Similarly, the accumulated information on operational risks gained through managing insurances is also an important factor in the ERM development. The results of ERM on operational risks (including business continuity management) can give a better direction to insurance management by highlighting areas that shall be covered by insurance as a must and which are those where further analysis is required to make decisions on how to manage the related risks.

Decision making support of capital allocation

Besides providing information on the most imperative risks that MOL Group faces, Risk Management also supports top management and the Board of Directors to take more educated decisions on investments, taking into consideration the risk profile of each project as well. To serve this purpose, Group Risk Management is involved in evaluation of major projects through the utilization of its ERM capabilities by providing opinion on capital allocation and financing headroom.

APPENDIX
APPENDIX I
IMPACT OF SPECIAL ITEMS ON OPERATING PROFIT AND EBITDA (in HUF mn)

	FY 2012	FY 2013
MOL GROUP		
Total impact of special items on operating profit; loss(+) / gain (-)	64,748	167,091
Total impact of special items on EBITDA; loss(+) / gain (-)	47,221	(26,832)
UPSTREAM	25,956	32,858
Crisis tax imposed by the Hungarian state on domestic energy sector	2,544	
Provision for redundancy at INA	300	
Impairment on receivables	1,830	
Recognition of expenses and provision for penalty in Angola	10,061	
Provision for contract termination in Iran	7,673	
Revision of Hungarian field abandonment provision	(7,368)	
Write-off of unsuccessful Bijell-3 well	6,607	
Impairment on Ferdinandovac field	4,309	
Gain on divestiture of Russian companies		(10,507)
Impairment on INA's Syrian assets		43,365
DOWNSTREAM	35,540	176,645
Crisis tax imposed by the Hungarian state on domestic energy sector	27,055	
Provision for redundancy at INA	445	
Impairment on receivables		
Provision made for redundancy relating to New DS Program	1,429	
Impairment on INA's refinery assets	6,611	26,745
Gain on sale of surplus state reserves of Slovnaft Polska		(3,420)
Slovnaft maintenance cost correction		1,665
Scrapping of spare parts in Mantova refinery		3,324
Provision for operational expenses in Mantova refinery		10,255
Provision for redundancy of IES		9,258
Write-off of IES		123,813
Tax penalty of INA		5,005
GAS MIDSTREAM	295	2,851
Crisis tax imposed by the Hungarian state on domestic energy sector	295	
Loss on divestiture of MMBF		2,851
CORPORATE and OTHER	2,957	-
Crisis tax imposed by the Hungarian state on domestic energy sector	496	
Provision for redundancy at INA	2,461	
INTERSEGMENT	-	(45,263)
Gain on divestiture of MMBF		(45,263)

APPENDIX II

Notes

¹ Net external sales revenues and operating profits include profits arising both from sales to third parties and transfers to the other Business Units. Upstream transfers domestically-produced crude oil, condensates and LPG to Downstream and natural gas to Gas Midstream. Internal transfer prices are based on prevailing market prices. Gas transfer prices equal average import prices. Segmental figures include the results of fully-consolidated subsidiaries engaged in their respective segments.

² This line shows the effect on operating profits of the change in the amount of unrealised profit in respect of intersegment transfers. Unrealised profits arise where the item transferred is held in inventory by the receiving segment and a third-party sale takes place but only in a subsequent quarter. For segmental reporting purposes, the transferor segment records a profit immediately at point of transfer. However, at the Company level, profits are only reported when a related third-party sale has taken place. In previous years, this unrealised profit effect was not shown separately, but was included in the reported segmental result of the receiving segment. Unrealised profits arise principally in respect of transfers from Upstream to Gas Midstream.

³ Special items affected operating profits and EBITDA is detailed in Appendix I.

⁴ Estimated Current Cost of Supply-based EBITDA and operating profit/(loss) excluding special items, and impairment on inventories in Refining & Marketing

⁵ In converting HUF financial data into USD, the following average NBH rates were used: for FY 2012: 225.4 HUF/USD, for FY 2013: 223.7 HUF/USD.

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2013

Statistical code: 10625790-1920-114-01

Company registration number: 01-10-041683

data in HUF million

<i>Code</i>	<i>Description</i>	<i>Previous year</i>	<i>Current year</i>
A.	NON-CURRENT ASSETS	2,231,013	2,100,190
I.	INTANGIBLE ASSETS	29,982	32,432
1.	Capitalised cost of foundation and restructuring	724	967
2.	Capitalised research and development cost	3,223	2,950
3.	Property rights	10,749	12,683
4.	Intellectual property	2,089	3,136
5.	Goodwill	13,197	12,696
6.	Advances on intellectual property	0	0
7.	Revaluation of intangible assets	0	0
II.	PROPERTY, PLANT AND EQUIPMENT	286,448	281,647
1.	Land and building and related property rights	165,272	155,718
2.	Plant, machinery and vehicles	71,935	66,713
3.	Other equipment, fixtures and vehicles	5,087	5,480
4.	Livestock	0	0
5.	Assets under construction	44,154	53,735
6.	Advances on assets under construction	0	1
7.	Revaluation of property, plant and equipment	0	0
III.	NON-CURRENT FINANCIAL INVESTMENTS	1,914,583	1,786,111
1.	Long-term investments	1,434,374	1,362,409
2.	Long-term loans to related parties	349,911	300,351
3.	Other long-term investments	119,745	118,225
4.	Long-term loans to other investments	10,552	5,118
5.	Other long-term loans	1	8
6.	Long-term debt securities	0	0
7.	Revaluation of financial investments	0	0
8.	Fair valuation difference of financial investments	0	0

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2013

Statistical code: 10625790-1920-114-01

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data in HUF million

<i>Code</i>	<i>Description</i>	<i>Previous year</i>	<i>Current year</i>
B.	CURRENT ASSETS	782,136	937,065
I.	INVENTORIES	167,863	165,203
1.	Raw materials and consumables	57,368	61,585
2.	Unfinished production and semi-finished products	45,255	44,364
3.	Grown, fattened and other livestock	0	0
4.	Finished products	54,913	49,004
5.	Merchandises	10,327	10,250
6.	Advances on stocks	0	0
II.	RECEIVABLES	290,273	284,411
1.	Receivables from the supply of goods and services (customers)	96,793	82,770
2.	Receivables from related parties	133,520	78,306
3.	Receivables from other investments	0	1
4.	Receivables from bills of exchange	0	0
5.	Other receivables	41,949	109,006
6.	Fair valuation difference of receivables	0	0
7.	Positive valuation difference of derivative transactions	18,011	14,328
III.	SECURITIES	115,180	38,514
1.	Investments in related parties	402	825
2.	Other investments	0	0
3.	Treasury shares	85,798	31,085
4.	Debt securities for trading purposes	28,980	6,604
5.	Fair valuation difference of securities	0	0
IV.	CASH AND CASH EQUIVALENTS	208,820	448,937
1.	Cash and cheques	1,813	1,377
2.	Bank accounts	207,007	447,560
C.	PREPAYMENTS	20,093	21,554
1.	Accrued income	5,778	7,551
2.	Prepaid cost and expenses	14,315	14,003
3.	Deferred expenses	0	0
TOTAL ASSETS		3,033,242	3,058,809

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2013

Statistical code: 10625790-1920-114-01

Company registration number: 01-10-041683

data in HUF million

<i>Code</i>	<i>Description</i>	<i>Previous year</i>	<i>Current year</i>
D.	SHAREHOLDERS' EQUITY	1,853,512	1,774,055
I.	SHARE CAPITAL	104,519	104,519
	Of which: treasury shares at nominal value	5,148	2,485
II.	REGISTERED BUT UNPAID CAPITAL (-)	0	0
III.	SHARE PREMIUM	223,866	223,866
IV.	RETAINED EARNINGS	1,414,526	1,476,077
V.	TIED-UP RESERVE	98,222	45,912
VI.	VALUATION RESERVE	3,138	1,339
1.	Revaluation adjustment reserve	0	0
2.	Fair valuation reserve	3,138	1,339
VII.	NET INCOME FOR THE PERIOD	9,241	(77,658)
E.	PROVISIONS	144,646	132,069
1.	Provisions for expected liabilities	144,646	132,069
2.	Provisions for future expenses	0	0
3.	Other provisions	0	0
F.	LIABILITIES	1,012,402	1,128,937
I.	SUBORDINATED LIABILITIES	0	0
1.	Subordinated liabilities to related parties	0	0
2.	Subordinated liabilities to other investment	0	0
3.	Subordinated liabilities to third parties	0	0
II.	LONG-TERM LIABILITIES	641,185	599,691
1.	Long-term loans	0	0
2.	Convertible bonds	0	0
3.	Liability from bond issue	447,935	445,365
4.	Liabilities from capital investment and development loans	0	0
5.	Liabilities from other long-term loans	84,139	47,818
6.	Long-term liabilities to related parties	108,809	106,217
7.	Long-term liabilities to other investments	0	0
8.	Other long-term liabilities	302	291

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2013

Statistical code: 10625790-1920-114-01

Company registration number: 01-10-041683

data in HUF million

Code	Description	Previous year	Current year
III.	SHORT-TERM LIABILITIES	371,217	529,246
1.	Short-term borrowings	0	11,000
	Of which: convertible bonds	0	0
2.	Short-term loans	30,241	42,159
3.	Advances from customers	429	1,008
4.	Liabilities from the supply of goods and services (suppliers)	106,324	152,729
5.	Bills of exchange	0	0
6.	Short-term liabilities to related parties	78,327	115,572
7.	Short-term liabilities to other investments	4	3
8.	Other short-term liabilities	103,549	94,974
9.	Fair valuation difference of liabilities	0	0
10.	Negative valuation difference of derivative transactions	52,343	111,801
G.	ACCRUALS	22,682	23,748
1.	Deferred revenues	472	745
2.	Accrued cost and expenses	19,306	20,651
3.	Other deferred income	2,904	2,352
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,033,242	3,058,809

MOL Hungarian Oil and Gas Public Limited Company
Income Statement for the year ending on 31 December 2013

Statistical code: 10625790-1920-114-01

Company registration number: 01-10-041683

data in HUF million

Code	Description	Previous year	Current year
01.	Net domestic sales revenue	1,920,260	1,880,460
02.	Net export sales revenue	609,259	589,169
I.	NET SALES REVENUES	2,529,519	2,469,629
03.	Changes in own produced inventory	(16,643)	(6,800)
04.	Work performed by the enterprise and capitalised	9,356	10,404
II.	CAPITALISED OWN PERFORMANCE	(7,287)	3,604
III.	OTHER OPERATING INCOME	29,418	41,498
	of which: reversed impairment	1	4
05.	Raw material costs	1,417,852	1,380,678
06.	Value of services used	92,566	93,742
07.	Other services	199,612	169,313
08.	Cost of goods sold	205,841	295,462
09.	Value of services sold (intermediated)	5,132	3,968
IV.	MATERIAL EXPENSES	1,921,003	1,943,163
10.	Wages and salaries	39,816	40,764
11.	Other personnel expenses	5,976	6,423
12.	Tax and contributions	12,468	12,582
V.	PERSONNEL EXPENSES	58,260	59,769
VI.	DEPRECIATION	49,555	45,702
VII.	OTHER OPERATING EXPENSES	413,076	382,660
	of which: impairment	3,186	4,759
A.	PROFIT OR LOSS FROM OPERATING ACTIVITIES	109,756	83,437

MOL Hungarian Oil and Gas Public Limited Company
Income Statement for the year ending on 31 December 2013

Statistical code: 10625790-1920-114-01

Company registration number: 01-10-041683

data in HUF million

Code	Description	Previous year	Current year
13.	Received (due) dividend	56,791	93,758
	of which: received from related parties	54,326	90,824
14.	Gain from the sale of investments	1,509	2,288
	of which: received from related parties	0	0
15.	Interest and exchange rate gains on financial investments	27,355	23,318
	of which: received from related parties	27,346	23,288
16.	Other received (due) interest and interest-type revenues	7,173	14,520
	of which: received from related parties	2,319	514
17.	Other revenues of financial transactions	137,398	108,838
	of which: fair valuation difference	49,056	33,046
VIII.	TOTAL FINANCIAL INCOME	230,226	242,722
18.	Exchange rate loss on financial investments	4,866	0
	of which: to related parties	0	0
19.	Interest and interest-type expenses	28,190	35,434
	of which: to related parties	2,921	8,454
20.	Impairment on investments, securities, bank deposits	20,646	160,898
21.	Other financial expenses	222,493	206,436
	of which: fair valuation difference	58,268	136,434
IX.	TOTAL FINANCIAL EXPENSES	276,195	402,768
B.	FINANCIAL PROFIT OR LOSS	(45,969)	(160,046)
C.	ORDINARY BUSINESS PROFIT	63,787	(76,609)
X.	Extraordinary revenues	1,596	21,284
XI.	Extraordinary expenses	4,125	21,628
D.	EXTRAORDINARY PROFIT OR LOSS	(2,529)	(344)
E.	PROFIT BEFORE TAXATION	61,258	(76,953)
XII.	Income tax	6,017	705
F.	PROFIT AFTER TAXATION	55,241	(77,658)
22.	Use of retained earnings for dividend	0	0
23.	Approved dividend and profit share	46,000	0
G.	NET INCOME FOR THE PERIOD	9,241	(77,658)

MOL Hungarian Oil and Gas Public Limited Company and Subsidiaries

 Consolidated balance sheet as of 31 December 2013 prepared in accordance
with International Financial Reporting Standards

	Notes	2013	2012
		HUF million	Restated HUF million
ASSETS			
Non-current assets			
Intangible assets	4	323,646	345,950
Property, plant and equipment, net	5	2,252,927	2,608,375
Investments in associated companies and joint ventures	10	128,220	123,974
Available-for-sale investments	11	14,636	20,571
Deferred tax assets	30	46,314	34,750
Other non-current assets	12	36,899	36,658
Total non-current assets		2,802,642	3,170,278
Current assets			
Inventories	13	494,407	507,151
Trade receivables, net	14	512,584	570,994
Securities		6,604	29,202
Other current assets	15	221,034	156,186
Prepaid taxes		39,447	14,742
Cash and cash equivalents	16, 36	564,170	317,654
Total current assets		1,838,246	1,595,929
TOTAL ASSETS		4,640,888	4,766,207
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	17	79,215	79,202
Reserves		1,587,082	1,468,430
Profit for the year attributable to equity holders of the parent		21,442	151,484
Equity attributable to equity holders of the parent		1,687,739	1,699,116
Non-controlling interests		473,517	547,205
Total equity		2,161,256	2,246,321
Non-current liabilities			
Long-term debt, net of current portion	19	673,248	674,046
Provisions	20	303,553	290,860
Deferred tax liabilities	29	74,877	123,762
Other non-current liabilities	21	27,247	57,646
Total non-current liabilities		1,078,925	1,146,314
Current liabilities			
Trade and other payables	22	1,038,797	913,014
Current tax payable		2,537	2,138

Provisions	20	49,976	42,452
Short-term debt	23	211,223	145,838
Current portion of long-term debt	19	98,174	270,130
Total current liabilities		1,400,707	1,373,572
TOTAL EQUITY AND LIABILITIES		4,640,888	4,766,207

MOL Hungarian Oil and Gas Public Limited Company and Subsidiaries

Consolidated income statement for the year ending on 31 December 2013 prepared in accordance with International Financial Reporting Standards

	Notes	2013	2012
		HUF million	Restated HUF million
Net revenue	3, 24	5,400,417	5,521,324
Other operating income	25	75,696	15,662
Total operating income		5,476,113	5,536,986
Raw materials and consumables used		4,418,408	4,424,275
Personnel expenses	26	259,747	264,741
Depreciation, depletion, amortisation and impairment		539,686	319,375
Other operating expenses	27	293,727	370,314
Change in inventories of finished goods and work in progress		24,748	(981)
Work performed by the enterprise and capitalized		(41,575)	(46,033)
Total operating expenses		5,494,741	5,331,691
Operating profit		(18,628)	205,295
Financial income	28	29,385	51,336
Of which: Fair valuation difference of conversion option	28	-	11,764
Financial expense	28	87,729	84,493
Of which: Fair valuation difference of conversion option	28	271	-
Financial expense, net	28	58,344	33,157
Income from associates		20,062	33,608
Profit before tax		(56,910)	205,746
Income tax expense	30	(37,500)	49,721
Profit for the year		(19,410)	156,025
Attributable to:			
Equity holders of the parent		21,442	151,484
Non-controlling interests		(40,852)	4,541
Basic earnings per share			
Attributable to ordinary equity holders of the parent (HUF)	31	160	1,643
Diluted earnings per share			
Attributable to ordinary equity holders of the parent (HUF)	31	160	1,488

Proposal to Item No. 1 of the Agenda

Auditor's report on the 2013 financial statements presented by the Board of Directors

Our shareholders are requested to note that the Auditor's Reports form integral parts of the Annual Report and Consolidated Annual Report for 2013 of MOL Plc. and the information set out in these reports should be considered in conjunction with the financial statements indicated in said reports (Balance-sheet and Profit and Loss Statement) and with the supplementary notes, not present in the General Meeting materials. For a better understanding of MOL Plc.'s and MOL Group's consolidated financial position as of 31 December 2013 and the results of its operations for the year then ended, the accompanying balance sheets and statements of operations should be read in conjunction with the supplement (notes) to the financial statements.

Independent Auditors' Report

To the Shareholders of MOL Hungarian Oil and Gas Plc.

Report on financial statements

1.) We have audited the accompanying 2013 annual financial statements of MOL Hungarian Oil and Gas Plc. ("the Company"), which comprise the balance sheet as at 31 December 2013 - showing a balance sheet total of HUF 3,058,809 million and a loss for the year of HUF 77,658 million, the related profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

2.) Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with the Hungarian Accounting Law, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3.) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6.) In our opinion the annual financial statements give a true and fair view of the equity and financial position of MOL Hungarian Oil and Gas Plc. as at 31 December 2013 and of the results of its operations for the year then ended in accordance with the Hungarian Accounting Law.

Emphasis of matter

7.) We draw attention to note Note 3.4.6 in the supplementary notes to the financial statements describing that the Company departed from § 41. (1) of the 2000. C. accounting law based on its allowance described in § 4. (4) in order to harmonise field abandonment provisioning with the international industry practice. Our opinion is not modified in respect of this matter.

Other matters

8.) This independent auditor's report has been issued for consideration by the forthcoming shareholders' meeting for decision making purposes and, as such, does not reflect the impact, if any, of the resolutions to be adopted at that meeting.

Other reporting requirement- Report on the business report

9.) We have reviewed the business report of MOL Hungarian Oil and Gas Plc. for 2013. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law. Our responsibility is to assess whether the business report is consistent with the financial statements for the same financial year. Our work regarding the business report has been restricted to assessing whether the business report is consistent with the financial statements and did not include reviewing other information originated from non-audited financial records. In our opinion, the business report of MOL Hungarian Oil and Gas Plc. for 2013 corresponds to the disclosures in the 2013 financial statements of MOL Hungarian Oil and Gas Plc.

Other reporting requirement- Report on the Unbundling of the activities

10.) In accordance with section 105A/(1) of act LXXXVI of 2007 on Electric Energy we have examined note 48 to the accounts which presents Unbundling of the activities to the financial statements of the Company for 2013.

Management is responsible for development and application of the accounting policies pertaining to unbundling, for pricing the various activities to ensure that various activities are free from cross financing and for the separate presentation of unbundled activities in the notes to the financial statements in accordance with section 105/(2)-(4) of act LXXXVI of 2007 on Electric Energy.

Our responsibility is to express a conclusion on information included in note 48. We performed our limited assurance engagement in accordance with Hungarian National Standard on Assurance Engagements. Those standards require that we comply with ethical requirements and plan and perform the limited assurance engagement in order to obtain a limited assurance that the Company meets the requirements on cross financing and separate presentation of unbundled activities contained in the Hungarian Accounting law and the guidance of the Hungarian Energy Office. The evidence-gathering procedures are more limited than for a reasonable assurance engagement, and that therefore less assurance is obtained than in a reasonable assurance engagement. We have also not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accounting policies applied by the Company and the information included in note 48, in all material respects, are not in line with the Hungarian Accounting law with section 105/(2)-(4) of act LXXXVI of 2007 on

Electric Energy and the guidance of the Hungarian Energy Office related to unbundling and elimination of cross financing between activities.

Budapest, 20 March 2014

(The original Hungarian language version has been signed)

Havas István
Ernst & Young Kft.
Registration No.: 001165

Bartha Zsuzsanna
Registered auditor
Chamber membership No.: 005268

Independent Auditors' Report

To the Shareholders MOL Hungarian Oil and Gas Plc.

Report on financial statements

1.) We have audited the accompanying 2013 consolidated annual financial statements of MOL Hungarian Oil and Gas Plc. ("the Company"), which comprise the consolidated balance sheet as at 31 December 2013 - showing a balance sheet total of HUF 4,640,888 million and a loss for the year of HUF 19,410 million -, the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

2.) Management is responsible for the preparation and presentation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3.) Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Hungarian National and International Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6.) In our opinion the consolidated annual financial statements give a true and fair view of the equity and financial position of MOL Hungarian Oil and Gas Plc. as at 31 December 2013 and of the results of its operations for the year then ended in accordance with the International Financial Reporting Standards as adopted by EU.

Other reporting requirement – Report on the consolidated business report

7.) We have reviewed the consolidated business report of MOL Hungarian Oil and Gas Plc. for 2013. Management is responsible for the preparation of the consolidated business report in accordance with the Hungarian legal requirements. Our responsibility is to assess whether the consolidated business report is consistent with the consolidated financial statements for the same financial year. Our work regarding the consolidated business report has been restricted to assessing whether the consolidated business report is consistent with the consolidated annual financial statements and did not include reviewing other information originated from non-audited financial records. In our opinion, the consolidated business report of MOL Hungarian Oil and Gas Plc. for 2013 corresponds to the disclosures in the 2013 consolidated annual financial statements of MOL Hungarian Oil and Gas Plc.

Budapest, 20 March 2014

Havas István
Ernst & Young Kft.
Registration No.: 001165

Bartha Zsuzsanna
Registered auditor
Chamber membership No.: 005268

Proposal to Item No. 1 of the Agenda

Report of the Audit Committee and the Supervisory Board on the 2013 financial statements and the report of the Supervisory Board on the proposal for the distribution of after tax profit

The Supervisory Board and the Audit Committee performed their duties in full accordance with their statutory obligations; 5 meetings were held jointly during the year to review various agenda points in common. Regular agenda points of these meetings included quarterly reports of the Board of Directors on Company operations as well as reports by Internal Audit, Corporate Security and the Audit Committee itself. In addition, the Supervisory Board reviewed proposals for the Annual General Meeting. The report of the Supervisory Board was prepared pursuant to the report of the Board of Directors, the opinions of the auditors, scheduled regular mid-year reviews and the work of the Audit Committee. At its meetings during 2013, the Supervisory Board dealt in detail with MOL Group's business situation and the strategic development of the Group and its Divisions. The Supervisory Board regularly received information on the decisions of the Board of Directors and issues concerning the Company.

MOL, with its close to USD 7 billion market capitalisation at end of 2013, is a leading integrated, upstream-driven company in the region and the largest company in Hungary. In 2012, the weighted average stock exchange price¹ of MOL shares was HUF 17,596 while in 2013 it decreased to HUF 16,303. At the end of 2012 and 2013, the share price closed at HUF 17,755 and at HUF 14,475 respectively.

The Company's 2013 financial statements - in accordance with Accounting Law - provide a true and fair picture of its economic activities and were audited by Ernst & Young Kft. The accounting methods applied in developing these financial reports are supported by the report of the Audit Committee, comply with the provisions of the Accounting Act and are consistent with the accounting policies of the Company. All figures in the balance sheet are supported by analytical registration. Assessment and payment of tax obligations were implemented as prescribed by law.

A total of 135 companies were fully, and a further 12 companies partially, consolidated in MOL Group, using the equity method. Last year, the ownership structure changed to a limited extent: at the end of 2013, compared to the end of the prior year, the shareholding of foreign institutional investors increased slightly while the ownership of domestic institutional and private investors also increased, from 4.4% to 5.7%. As a new shareholder, Credit Agricole Corporate & Investment Bank owned 2% of stocks at the end of 2013. According to requests for the registration of shares received and published shareholder notifications, the Company had six shareholders or shareholder groups that held more than 5% voting rights on 31 December 2013. MOL's largest shareholder is the Hungarian State which holds 24.7% of MOL shares. The Company held 2.4% treasury shares at the end of December 2013, down from 4.4% a year before.

Despite a challenging business environment, MOL Group delivered a satisfactory performance in 2013. The Upstream division, with a close to 70% EBITDA contribution to Group profitability, achieved relatively firm results despite further decreasing natural gas prices in CEE and lower hydrocarbon production. Beyond the natural decline of MOL's matured assets, this was attributable to INA's lower entitlement in Adriatic offshore fields and the divestiture of the Russian ZMB field. However, MOL continued its intensive exploration activities focusing on key areas such as the

¹ Calculated using closing prices.

Kurdistan Region of Iraq, Kazakhstan and the CEE countries. As in previous years, MOL achieved an excellent exploration success ratio of over 50%. Moreover, in 2013, MOL announced commerciality of its Akri-Bijeel block in the Kurdistan Region of Iraq. Finally, in December 2013, MOL entered the UK North Sea Region which will serve as a new hub for further growth in the mid-term. 2013 accomplishments and 2014 deliverables are expected to provide a good basis for an awaited turnaround in hydrocarbon production by the end of 2014. While the full year's average of MOL's total hydrocarbon production is expected to be between 91 and 96 mboepd in 2014, the Company foresees a 10% increase in 2015.

Despite a considerably worsening external environment, Downstream division was able to deliver a 4% improvement on the CCS-based EBITDA level compared to 2012. This was mainly attributable to the achievements of MOL's internal efficiency improvement programme, the New Downstream Program. This programme has already contributed USD 400mn to the P & L on a like-on-like basis, compared to 2011 base figures, of which USD 250mn were delivered in 2013. For 2014, additional USD 100mn plus in improvements is targeted to achieve the original target of USD 500-550mn.

During the year, MOL further strengthened its financial position as evidenced by lower gearing and net debt to the EBITDA level. Despite all the abovementioned challenges, owing to MOL's diversified portfolio and conservative financial policy, the Group not only maintained its financial stability, but was able to strengthen it even further. In addition, MOL realised positive gains by divesting some of its subsidiaries in Russia and Hungary.

MOL remains committed to maintaining a firm financial position in the coming years. However, previous years' achievements created room for possible sizeable inorganic steps targeting excellent growth opportunities so as to renew MOL's asset base in Upstream and further strengthen its Downstream position across the CEE region.

A tightening regulatory environment, permanently challenging Downstream macro conditions and still slow CEE economic recovery foreshadow a tough year in 2014. However, we are confident that in line with the Company's plans and expectations, MOL can successfully address these challenges underpinned by the solid foundations laid down over the previous years.

The Supervisory Board endorses the recommendation of the Board of Directors to pay out HUF 60 billion dividend in 2014 based on the year ended 31st December, 2013. The proposed amount is a noteworthy increase compared to the last year's total. In addition to the regular dividend of HUF 47bn, which exceeds last year's level, MOL also intends to pay out 25% of the gain realised by the liquidation of the above-mentioned subsidiaries as a special dividend of HUF 13bn.

The Supervisory Board proposes that the General Meeting approve the audited financial statements of MOL Plc. for 2013, with a balance-sheet total of HUF 3,059 billion, net income of minus HUF 78 billion and tied-up reserve of HUF 46 billion and the audited consolidated financial statements of MOL Group for 2013, with a balance sheet total of HUF 4,641 billion and profit attributable to equity holders of HUF 21 billion.

Budapest, 27 March, 2014

For and on behalf of the Supervisory Board and Audit Committee of MOL Plc.:

György Mosonyi
Chairman of the Supervisory Board

dr. Attila Chikán
Chairman of the Audit Committee

Proposal to Item No. 1 of the Agenda

Decision on the approval of the parent company's 2013 financial statements prepared in accordance with the Accounting Act and the consolidated financial statements prepared in compliance with IFRS, use of after tax profit and amount of dividends

Proposed resolution

The Board of Directors proposes to the General Meeting to approve the consolidated financial statements of MOL Group prepared based on Section 10 of the Hungarian Accounting Act, in accordance with IFRS and the related auditor's report with total assets of HUF 4,641 bn and profit attributable to equity holders of HUF 21 bn.

The Board of Directors proposes to the General Meeting to approve the annual report of MOL Plc. prepared in accordance with Hungarian Accounting Act and the related auditors' report with total assets of HUF 3,059 bn, net loss for the period of HUF 78 bn and tiedup reserve of HUF 46 bn.

Proposal to Item No. 1 of the Agenda

Decision on amount of dividend after 2013

After fiscal years 2011 and 2012, MOL paid out dividends totalling HUF 45bn and HUF 46bn, respectively.

MOL has always followed a conservative financial policy but has, nevertheless, remained committed to paying out a dividend to shareholders if there is room in the balance sheet to do so, whilst maintaining adequate financial stability, at the same time. In 2013 and also in future, the Board of Directors' dividend payment proposal will be determined by the actual balance sheet position, which has always been the top priority, as well as by the outlook of organic and inorganic growth opportunities.

MOL has several planned organic growth projects with sizeable investment requirements, especially in international Upstream operations, where exploration and development programmes have been accelerated such as those in the Kurdistan Region of Iraq. In addition, MOL entered the UK North Sea Region in December 2013. MOL is also continuously looking for other inorganic growth opportunities so as to renew its asset base in Upstream and further strengthen its Downstream position in the CEE region.

2013 was a difficult year just taking into account the unfavourable changes in external conditions like further decreasing natural gas prices in CEE or the seriously deteriorating Downstream macro environment. Moreover, reported net result was negatively affected by more non-cash special items, among others affected by impairments related to refinery conversion initiative at MOL's Italian subsidiary. Consequently, reported net result turned into negative in 2013. Despite all these challenges MOL not only successfully maintained its financial stability, but was able to strengthen it even further owing to our diversified portfolio and conservative financial policy. As a result, by the end of 2013, MOL's simplified Net Debt to EBITDA ratio dropped to 0.79x from 1.42x a year before. In parallel, MOL's net gearing ratio dropped to 16% from 25%.

Additionally MOL realised gains from the divestment of some of its subsidiary investments such as selling its 50% stake in OOO Zapadno-Malobalykskoye, holder of the ZMB hydrocarbon licence in Russia, its 100% stake in OOO MOL Western Siberia, owner of the exploration licence for the Surgut-7 block in Russia and also selling its 72.5% stake in MMBF Zrt., operator of the 1.9 billion cubic meter capacity gas storage facility, established in 2009. The cumulative gain on these transactions amounted to HUF 52.5bn.

Based on these achievements and taking into account its abovementioned financial principles, the Board of Directors proposes to the Annual General Meeting the disbursement of HUF 60bn as dividend, after the financial results of 2013, from reserves available for dividend distribution. The proposed amount is a noteworthy increase compared to the last year's dividend since, in addition to the amount of last years' regular dividend of HUF 47bn, MOL also intends to pay out 25% of the gain realised from the liquidation of the abovementioned subsidiaries as a special dividend of HUF 13bn.

Proposed resolution

The Board of Directors proposes to the General Meeting that HUF 60bn shall be paid out as a dividend in 2014, for the financial year ended 31 December 2013, from reserves available for dividend distribution. The dividend on treasury shares will be distributed to those shareholders eligible for such dividend, in proportion to their number of shares. The net loss shall be transferred to retained earnings.

Proposal to Item No. 1 of the Agenda

Approval of the Corporate Governance Declaration

Budapest Stock Exchange published its corporate governance recommendations ("Recommendations") in 2004. In the same year, MOL voluntarily submitted its declaration on the compliance with the Recommendations among first issuers. From 2005 MOL is obliged to submit its declaration on the Recommendations. The Board of Directors approved the declaration in both years. Pursuant to the Company Act from 1 July 2006 the declaration needs to be approved by general meeting, MOL however playing a pioneer role approved already in 2006 by its annual general meeting the declaration to be submitted to the Budapest Stock Exchange.

In 2007, Budapest Stock Exchange issued new Corporate Governance Recommendations ("CGR"). According to the CGR, companies listed on the stock exchange are required to express their views on their corporate governance practices in two ways. In the first part of the statement they have to give account of the corporate governance practices applied by their company in the given business year, including their corporate governance policy, and a description of any unusual circumstances.

In the second part of the statement, in accordance with the "comply or explain" principle, they have to indicate their compliance with those recommendations included in specified sections of the CGR ("R" - recommendation) and whether they apply the different suggestions formulated in the CGR ("S" - suggestion). If the issuer does not apply the recommendation or applies it in a different manner, an explanation of what the discrepancies are and the reasons for the said discrepancies should be provided ("comply or explain" principle). In the case of suggestions, companies shall only indicate whether they apply the given guideline or not; there is no need for a specific explanation. The size of the declaration increased significantly. Until 2007, issuers had to make declaration consisting of 22 questions, from that year more than 100 questions had to be responded.

The CGR was modified and the new Recommendation are effective from 1 December 2012. There were only smaller updates not referring to the content of the recommendations (neither conceptual nor structural changes). The number of questions increased as some recommendations and suggestions used to refer to several bodies or committees within the same item, such questions were separated in order to allow responses differentiated by bodies or committees.

The Corporate Governance Guidelines of the Budapest Stock Exchange are available on:

www.bse.hu

Proposed resolution

The Board of Directors upon the approval of the Supervisory Board proposes to the General Meeting to approve the Corporate Governance Report, based on the Corporate Governance Recommendations of the Budapest Stock Exchange.

DECLARATION

MOL Group Corporate Governance Report in accordance with

Budapest Stock Exchange Corporate Governance Recommendations

MOL has always been committed to implementing the highest standards of corporate governance structures and practices. This is not only with regard to national expectations but also with reference to the continually evolving and improving standards of good governance on an international level. As a result MOL is geared towards shareholders' interests, whilst taking into account the interests of a broader group of stakeholders inevitably necessary to enhance the generation of exceptional value for MOL's shareholders and people.

Among other things, the voluntary approval of the declaration on the Budapest Stock Exchange Corporate Governance Recommendations by the Annual General Meeting in 2006, before the official deadline, served as testament to the Company's commitment to corporate governance. In addition, MOL made a declaration concerning the application of the corporate governance recommendations of the Warsaw Stock Exchange prior to the admission of its shares to the Warsaw Stock Exchange in December 2004. The Company submits its declaration on this topic to both stock exchanges each year.

MOL's corporate governance practice meets the requirements of the regulations of the Budapest Stock Exchange, the recommendations of the Hungarian Financial Supervisory Authority and the relevant regulations of the Capital Market Act. MOL also subjects its policies to regular review to ensure that they take account of continually evolving international best practice in this area. MOL's Corporate Governance Code containing the main corporate governance principles of the Company was adopted in 2006 for the first time and its last update was fulfilled in 2012. This Code summarises its approach to shareholders' rights, main governing bodies, remuneration and ethical issues. The Corporate Governance Code has been published on the homepage of the Company.

Board of Directors

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

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

Given that MOL and its subsidiaries effectively operate as a single unit, the Board is also responsible for enforcing its aims and policies and for promoting the MOL culture throughout the entire Group.

The principles, policies and goals take account of the Board's specific and unique relationship with MOL's shareholders, the executive management and the Company. The composition of the Board reflects this with the majority (eight of eleven members) made up of non-executive directors. At present, 8 members of the Board of Directors qualify as independent on the basis of its own set of criteria (based on NYSE and EU recommendations) and the declaration of directors.

The members of the Board of Directors and their independence status in 2013 (professional CVs of the members are available on corporate homepage):

Zsolt Hernádi, Chairman-CEO	non-independent
Dr. Sándor Csányi, Deputy Chairman	independent
Mulham Al-Jarf	independent
Dr. Miklós Dobák	independent
Dr. Gábor Horváth	independent
Zsigmond Járai	independent
József Molnár	non-independent
Dr. László Parragh	independent
Iain Paterson	independent
Dr. Martin Roman	independent
Dr. Oszkár Világi	non-independent

Operation of the Board 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 the company was founded in 1991; these rules were updated in October, 2010 to ensure continued adherence to best practice standards.

The Board Charter covers:

- scope of the authority and responsibilities of the Board,
- scope of the committees operated by the Board,
- the scope of the information required by the Board and the frequency of reports,
- main responsibilities of the Chairman and the Vice Chairman,
- order and preparation of Board meetings and the permanent items of the agenda, and
- decision-making mechanism and the manner in which the implementation of resolutions is monitored.

Members of the Board have signed a declaration on conflict of interest and they have reported their position as director in the Board to their employer or principal as regards other key management positions.

The Board of Directors prepares a formal evaluation of its own and its Committees performance and it reviews continuously its activity on a yearly basis.

Report of the Board of Directors on its 2013 activities

In 2013, the Board of Directors held 6 meetings with an average attendance rate of 80%. Alongside regular agenda items, such as reports by the Committees' chairmen on the activities pursued since the last Board meeting, update on key strategic issues or an overview of capital market developments, the Board of Directors also individually evaluates the performance of each of the company's business units.

The Board of Directors respectively paid highlighted attention to the follow-up of the industry macro trends, the treatment of the challenges driven by the external environment, the financial, operation

and efficiency improvement challenges regarding INA consolidation and the strategy update process. MOL continuously adjusts its operation to the external environment and became more international, more efficient and more upstream driven in the recent years. Besides maintaining its strong financial position, MOL continued the key development projects, hereby established an outstanding position for the upturn period in each business division.

The Company's key task for the coming years is to maximize the value of its extended portfolio by harmonizing the operation and exploiting the synergies.

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. The Committees are bodies for preparation, advising, opinion-forming and proposal-preparing support concerning issues specified in the Decision-making and Authorities List, which sets out the division of authority and responsibility between the Board and the executive management.

- The responsibilities of the Committees are determined by the Board of Directors.
- The Chairman of the Board of Directors may also request the Committees to perform certain tasks.

The members and chairs of the Committees are elected by the Board of Directors. The majority of the committee members is non-executive and independent.

The Board allocates responsibilities to the various Committees as follows:

Corporate Governance and Remuneration Committee:

Members and dates of appointment (professional backgrounds of members are available on company homepage):

- Dr. Sándor Csányi – Chairman, 17 November 2000
- Zolt Hernádi, 8 September 2000
- Dr. Gábor Horváth, 8 September 2000
- Dr. Martin Roman, 29 April 2010
- Mulham Al-Jarf, 23 April 2008

Responsibilities:

- analysis and evaluation of the activities of the Board of Directors,
- issues related to Board/ Supervisory Board membership,
- promoting the relationship between shareholders and the Board,
- procedural and regulatory issues,
- reviewing corporate processes, procedures, organisational solutions and compensation and incentive systems and making recommendations on the introduction of best practice standards.

Finance and Risk Management Committee:

Members and dates of appointment (professional backgrounds of members are available on company homepage):

- Dr. Miklós Dobák – Chairman, 25 October 2002
- Zsigmond Járai, 29 April 2010
- Iain Paterson, 8 September 2000

The Chairman of the Supervisory Board and the Chairman of the Audit Committee are permanent invitees to the Finance and Risk Management Committee meetings.

Responsibilities:

- review of financial and related reports,
- monitoring the efficiency of the internal audit system,
- review of planning, scope and results of the audit,
- oversight of the risk management,
- monitoring the liquidity position of the Company, the financial and operational risks as well as the methodology and strategy of management thereof, review the operation of Enterprise Risk Management (ERM) system,
- ensuring the independence and objectivity of the external auditor.

Sustainable Development Committee:

Members and dates of appointment (professional backgrounds of members are available on company homepage):

- Iain Paterson – Chairman, 29 June 2006
- Dr. László Parragh, 29 April 2010
- József Molnár, 5 September, 2013

The Chairman and the Deputy Chairman of the Supervisory Board are permanent invitees to the Sustainable Development Committee meetings.

Responsibilities:

- regularly review, evaluate and comment for the Board of Directors all proposals related to SD.
- monitor the development and implementation of all SD related policies (e.g. HSE, Code of Ethics, etc.) and discuss ethical issues
- supervise the progress on the strategic focus areas of SD in MOL Group
- request and discuss reports from business divisions and subsidiaries about their SD performance
- review sustainability related data and information of the external reports

Report of the Corporate Governance and Remuneration Committee on its 2013 activities

In 2013 the Corporate Governance and Remuneration Committee held 4 meetings with a 70% average attendance rate. In addition to the issues of corporate governance, remuneration and the

composition of the management, the Committee discussed a number of key strategic and results-related topics prior to their presentation to the Board of Directors for discussion.

Report of the Finance and Risk Management Committee on its 2013 activities

In 2013, the Finance and Risk Management Committee held 5 meetings with a 93% average attendance rate. In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance with the auditor's work and the regular monitoring of internal audit, the Committee reviewed the major risk factors of the Company, considering the changed international financial position and the status reports on risk management actions attached to these factors.

Report of the Sustainable Development Committee on its 2013 activities

In 2013, the Sustainable Development Committee held 4 meetings with a 100% attendance rate. The Committee evaluated the accomplishment of the actions in 2013, formed opinion on Sustainable Development Report and decided on 2014 directions and targets. The Committee considered with highlighted attention the achieved results of the Dow Jones Sustainability Evaluation together with the necessary development actions as well as sustainable development reports of business units.

Relationship between the Board and the Executive Management

The governance of the Company is carried out in line with standardised corporate governance principles and practice, and, within its framework, the Board of Directors will meet its liabilities for the integrated corporate governance by defining the responsibilities and accountabilities of the Executive Board, established by the Board and securing the corporate operative activities, operating and organisational procedures, as well as standardised system for target-setting, reporting and audit (performance control system and business control system).

A consistent document prescribes the distribution of decision-making authorities between the Board of Directors and the company's organisations, defining the key control points required for efficiently developing and operating MOL Group processes.

Control and management of MOL Group will be implemented through business and functional organisations. The Executive Board (hereinafter "EB") will be responsible for harmonising their activities.

The EB is a forum for decision preparation that has the role to provide a direct link between the Board of Directors and the Company's staff and at the same time canalize the matters submitted to the full Board. The EB renders preliminary opinions on certain proposals submitted to the Board, the EB is also responsible for the oversight of the execution of the Board's resolutions.

On the EB meetings each member has an obligation to express their opinion, on the basis of which final decision is made by the Chairman-CEO. In case of a difference of opinion between the Chairman-CEO, GCEO or GCFO, the decision shall be made by the Board of Directors.

The Executive Board (EB) members in 2013:

Zsolt Hernádi	Chairman-CEO (C-CEO)
József Molnár	Group Chief Executive Officer (GCEO)
Zoltán Áldott	Executive Vice President, President of the Management Board, INA d.d.
Sándor Fasimon	Executive Vice President, MOL Hungary (COO)
Ferenc Horváth	Executive Vice President, Downstream
József Simola	Group Chief Financial Officer (GCFO)
Dr. Oszkár Világi	Executive Vice President, C-CEO, Slovnaft a.s.
Alexander Dodds*	Executive Vice President, Exploration and Production

* Between 1 October 2012 and 17 June 2013 Mr. József Molnár was in charge of Exploration and Production Division as GCEO.

In 2013, the Executive Board held 37 meetings and discussed 10 issues on a meeting on average.

Annual remuneration for the members of the Board of Directors

As of January 1, 2009, the members of the Board of Directors have been entitled to the following fixed net remuneration after each AGM:

Members of the Board of Directors	25,000 EUR/year
Chairmen of the Committees	31,250 EUR/year

Directors who are not Hungarian citizens and do not have a permanent address in Hungary are provided with gross **1,500 EUR** for each Board or Committee meeting (maximum 15 times) when they travel to Hungary.

Incentive scheme for the members of the Board of Directors

To ensure uniformity and transparency, in addition to fixed remuneration, MOL operates an incentive scheme for the members of MOL Board of Directors, which supports further commitment of the participants and takes the Company's profitability and long term growth into consideration. This can ensure that the interests of the participants in the compensation program coincide with interests of the shareholders.

Main principles of the incentive scheme for the Board of Directors were approved by the Annual General Meeting (AGM) on April 26, 2012 and it has been effective since 2012.

Incentive based on share allowance

From January 1, 2012 the Profit Sharing Incentive Plan based on the value added method has been replaced by the incentive based on share allowance as the long-term incentive for the members of the Board of Directors. Shares are granted first from 2013.

The aim of the new share based incentive is to ensure the interest of the long-term stock price growth and maintain motivation in addition to the dividend payment for which 1 year retention obligation (restraint on alienation) has been also determined for 2/3 of the shares (the retention obligation terminates at the date of the expiration of the mandate).

The incentive consists of two parts: share allowance and cash allowance related thereto.

- **Share allowance**

Number of shares:

for the Members of the Board of Directors: 100 pieces of „A” series of MOL ordinary shares per month

for the Chairman of the Board of Directors: additional 25 pieces of „A” series of MOL ordinary shares per month

If the Chairman is not a non-executive director, the deputy chairman (who is non-executive) is entitled to this extra remuneration (25 pieces / month).

The share allowance is provided once a year, within 30 days after the Annual General Meeting closing the given business year.

- **Cash allowance**

The incentive based on share allowance is a net incentive that is the Company ensures to pay the taxes, contributions and other payables incurred upon acquisition of the shares in line with the relevant and effective laws. Such cash-based coverage of taxes and contributions does not include any further tax(es) or cost(s) incurred in relation with exercising rights attached to the shares or disposal of the shares (e.g. dividend tax, income tax); these shall be borne by the respective members of the Board of Directors. In line with these, there is a cash allowance part of the incentive system.

Rate of the cash allowance is the gross value of taxes, contributions and other payables incurred upon acquisition of the shares in line with the relevant and effective laws, including also the tax difference and contributions incurring in the country of tax-residence in case of non-Hungarian members of the Board of Directors.

- **Other benefits**

Other non-financial benefits include a life and accident, travel- and liability insurance. Besides that an annual health screening and an exclusive healthcare package is also available for the members of the Board of Directors.

Incentive system for the top management

The incentive system for the top management in 2013 included the following elements:

1. Short term incentive (bonus)

The basis of the short term incentive is 60-100% of the annual base salary. The amount thereof is defined in line with the performance evaluation of the given manager.

Bonus is paid annually following the AGM.

The elements of the target setting are:

- a) Corporate key financial indicator (EBITDA)
- b) Organizational level key performance indicators (e.g. EBIT, EBITDA, ROACE, frequency of occupational accidents involved work time lost, CAPEX efficiency, operating cost, etc.).
- c) Individual targets related to the responsibilities of the particular manager in the given year

2. Long term managerial incentive system

The long term managerial system has been renewed in the Company from 2013.

Purpose of the long-term incentive system is the implementation of an outstanding, long-term incentive system for top managers, enhancing management's long term interest in the increase of the MOL stock price.

The new system consists of two elements:

50% Stock Option Plan + 50% Performance Share Plan

Main characteristics of the two incentives:

a) Stock Option Plan

The Stock Option Plan is an option to sell hypothetically MOL shares granted on a past strike price at a spot price and so realizing profit with the difference between these prices. The incentive has the following characteristics.

- Covers a 5-year period starting annually, where periods are split into a 2-year vesting period (exercising Stock Options is not possible) and a 3-year redeeming period. If the Stock Option will not be redeemed, it lapses on December 31 of the last year of the redeeming period.
- The grants are defined in line with job categories
- The rate of incentive is linked to individual short-term performance

As a new part of the managerial remuneration package, from 2013 the managers who are entitled to long-term incentive, are eligible for an annual one-time payout, in case the Annual General Meeting of MOL Plc. decides on dividend payment regarding the given year. The amount thereof equals to the product of the dividend paid for one share and of the numbers of Stock Option provided to the given the manager.

b) Performance Share Plan

Other part of the Long Term Incentive Plan for the top management is the Performance Share Plan that was introduced in 2013 replacing the previous Profit Sharing Plan.

The Performance Share Plan is a 3-year cash based programme using a comparative share price methodology with the following characteristics:

- Programme starts each year on a rolling scheme with a 3-year vesting period. Payments are due after the 3rd year.
- Target is the development of MOL's share price compared to relevant and acknowledged regional and industry specific indicators (the CETOP20 and DJ Emerging Market Titans Oil&Gas 30 Index).
- Basis of the evaluation is the average difference in MOL's year-on-year share price performance in comparison to the benchmark indices during 3 years.
- Payout rates are defined on the basis of ratio of the over / underperformance of MOL share price.
- The rate of incentive is linked to individual short-term performance

As the previous 1-year based Profit Sharing incentive was replaced by the 3-year based Performance Share Plan, a 1-year based incentive was introduced for 2013 and a 2-year based incentive was introduced for 2013-2014 to ensure continuity.

Other Fringe Benefits

These include company cars (also used for private purposes), life&accident insurance, travel insurance, liability insurance, an annual health check and a complex healthcare service.

Supervisory Board

The Supervisory Board is responsible for monitoring and supervising the Board of Directors on behalf of the shareholders (General Meeting). Members of the Supervisory Board shall be elected by the General Meeting for a definite period, but for a maximum of five (5) years, the present membership is nine. In accordance with Company Act, 1/3 of the members shall be representatives of the employees, accordingly three members of the MOL Supervisory Board are employee representatives with the other six external persons appointed by the shareholders.

The members of the Supervisory Board and their independence status:

György Mosonyi, Chairman	non-independent
John I. Charody	independent
Dr. Attila Chikán, Deputy Chairman	independent
Slavomír Hatina	independent
Attila Juhász	non-independent (employee representative)
Dr.sc. Žarko Primorac	independent
Andrea Hegedűs	non-independent (employee representative)
Dr. Sándor Puskás	non-independent (employee representative)
István Töröcskei	independent

The Chairman of the Supervisory Board is a permanent invitee to the meetings of the Board of Directors, Finance and Risk Management Committee and Sustainable Development Committee meetings.

Regular agenda points of the Supervisory Board include the quarterly report of the Board of Directors on company's operations and the reports of Internal Audit and Corporate Security and besides it is informed and is kept updated on other relevant issues, topics as well. In addition, the Supervisory Board reviews the proposals for the Annual General Meeting. The Supervisory Board reviews its annual activity during the year.

In 2013 the Supervisory Board held 5 meetings with an 89% attendance rate.

Remuneration of the members of the Supervisory Board

The Annual General Meeting held on April 27, 2005 approved the remuneration scheme for the Supervisory Board. Under this scheme, the members of the Supervisory Board receive remuneration of EUR 3,000/month, while the Chairman of the Supervisory Board receives remuneration of EUR 4,000/month. In addition to this monthly fee, the Chairman of the Supervisory Board is entitled to receive gross EUR 1,500 for participation in each Board of Directors or Board Committee meeting, up to 15 times per annum. From January 1, 2012, the Chairman of the Audit Committee is also entitled to receive gross EUR 1,500 for participation in each Board Committee meeting, up to 15 times per

annum. Besides the monthly remuneration both the Chairman and the members of the Supervisory Board are entitled to receive further EUR 1,500 for each extraordinary meeting that is held in addition to the scheduled annual meetings. This remuneration is provided maximum two times a year.

Other benefits

The members of the Supervisory Board are entitled to receive further non-financial benefits, including life and accident insurance, travel- and liability insurance. Besides that an annual health screening and an exclusive healthcare package is also available for the members of the Supervisory Board.

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 over the financial and accounting policy of the Company. The independent Audit Committee's responsibilities include the following activities among others:

- providing opinion on the report as prescribed by the Accounting Act,
- proposal for the auditor and its remuneration,
- preparation of the agreement with the auditor,
- monitoring the compliance of the conflict of interest rules and professional requirements applicable to the auditor, co-operation with the auditor, and proposal to the Board of Directors or to the Supervisory Board on measures to be taken, if necessary,
- evaluation of the operation of the financial reporting system, proposal on necessary measures to be taken, and
- providing assistance to the operation of the Supervisory Board for the sake of supervision of the financial reporting system,
- the tasks of the audit committees of its subsidiaries which are consolidated by the Company, operate as public limited companies or issue securities admitted to trading on regulated market, if the relevant laws allow that and the subsidiary in question does not operate a separate audit committee.

Members of the Audit Committee and dates of appointment (professional backgrounds of members are available on company homepage):

- Dr. Attila Chikán - Chairman, 27 April, 2006
- John I. Charody, 27 April, 2006
- István Töröcskei 1 May, 2011

and in case of long-term incapacitation of any of the permanent members, Dr.sc. Žarko Primorac.

Report of the Audit Committee on its 2013 activities

In 2013, the Audit Committee held 5 meetings with an 60% average attendance rate. In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance with the auditor's work and the regular monitoring of Internal Audit, the Committee reviewed the major risk factors of the Company, considering the changed international financial position and the status reports on risk management actions attached to these factors. The Audit Committee continuously monitored the Company's financial position in particular with regard to the

impacts caused by the crisis. The Audit Committee reviewed the materials of the Annual General Meeting (i.e. financial reports, statements of the Auditor).

Integrated corporate risk management function

The aim of MOL Group Risk Management is to deal with challenges of the business environment to support a stable and sustainable operation and future growth of the company. MOL Group has developed risk management function as an integral part of its corporate governance structure.

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by **Enterprise Risk Management (ERM)** on group level. ERM integrates financial and operational risks along with a wide range of strategic risks, also taking into consideration compliance issues and potential reputation effects. The ERM process identifies the most significant risks to the performance of the company. Risks are assessed based on a unified methodology and collected into risk maps at different levels. Risk responses and controls are reviewed and mitigation actions set and reviewed for completion regularly by top management.

The main risk drivers of the Group are the following

- **Commodity price risk:** MOL is exposed to commodity price risk on both the purchasing side and the sales side. The main commodity risks stem from long crude oil position to the extent of its group level production, long refinery margin position to the extent of the refined product volumes and long petrochemical margin position. Investors buying oil companies' share are generally willing to take the risk of oil business so commodity price risk should not be fully eliminated from the cash flow. However, commodity hedge deals are considered to eliminate risks other than 'business as usual' risks or general market price volatility.
- **Foreign Exchange (FX) risk:** Business operation is economically driven mainly by USD. The overall operating cash flow exposure of the Group is net long USD, EUR, RON, and net short HUF, HRK, RUB from economic point of view. According to MOL's current FX risk management policy the long FX exposures of the operating cash flow are decreased by the short financing cash flow exposures.
- **Regulatory risk:** Due to the economic crisis the risk of potential government actions increased as well as potential impact of such decisions.
- **Country risks:** The internationally extending portfolio requires the proper management of country risk exposures. Country exposures are monitored to enhance the diversification effect in the investment portfolio.
- **Drilling risks:** The uncertainty related to drilling success is a typical business risk in the exploration activity.
- **Equipment breakdown:** Due to the high asset concentration in Downstream business it is a significant risk driver. The potential negative effects are mitigated besides comprehensive HSE activities through a Group wide insurance management program.
- **Market demand uncertainties:** External factors like drop in market demand can affect MOL's results negatively.
- **Reputation risk:** Reputation of energy industry players has been in the focus of media for the past years due to extreme negative events (e.g. BP oil spill, Fukushima nuclear accident).

MOL as a major market player in the region operates under special attention from stakeholders.

Some of the risks are managed centrally, while some are dealt by affected MOL Group companies or within the Business Units or Functions, overseen always by nominated risk owners. Risk Management regularly controls the realization of these risk mitigation actions – in a form of quarterly reports.

Main risk management tools

Enterprise Risk Management is a framework covering Business Units and Functional Units, which ensures incorporation of risks faced by the company into Risk Maps.

Risk analysis activity supports stable and efficient operation by identifying key risks that threaten achievement of company objectives and require specific attention by Top Management through strengthened controls or execution of mitigation actions. The Risk Map is a heat map used to graphically present major risks on a matrix using probability and impact ratings as a result of detailed risk assessment processes. The Risk Maps integrate Strategic, Operational and Financial risks, which are identified and reassessed on a quarterly basis, providing regular updates to Top Management on evolution of risks and status of mitigation actions.

To ensure the profitability and the financial stability of the Group, **Financial Risk Management** is in place to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured by using a complex model based on Monte Carlo simulation, and are managed – if necessary - with risk mitigation tools (such as swaps, forwards and options).

Transferring of excess operational risks is done by **Insurance Management**. Purchase of insurances represents an important risk mitigation tool used to cover the most relevant operational and liability exposures. The major insurance types are: Property Damage, Business Interruption, Liability and Control of Well Insurance, set around a yearly cycle (i.e. annual renewal of most insurance programs). Insurance is managed through a joint program for the whole MOL Group to exploit considerable synergy effects.

Valuable synergies can be exploited when risk is approached in a comprehensive way

The existence of an integrated risk management function enables MOL to exploit the synergies between the above detailed pillars of risk management. The input sources of modelling financial risks are applied in ERM as well. Similarly, the accumulated information on operational risks gained through managing insurances is also an important factor in the ERM development. The results of ERM on operational risks (including business continuity management) can give a better direction to insurance management by highlighting areas that shall be covered by insurance as a must and which are those where further analysis is required to make decisions on how to manage the related risks.

Decision making support of capital allocation

Besides providing information on the most imperative risks that MOL Group faces, Risk Management also supports top management and the Board of Directors to take more educated decisions on investments, taking into consideration the risk profile of each project as well. To serve this purpose, Group Risk Management is involved in evaluation of major projects through the utilization of its ERM capabilities by providing opinion on capital allocation and financing headroom.

External auditors

The MOL Group was audited by E&Y in both 2013 and 2012, excluding INA Group and Energopetrol (audited by Deloitte in both years) and FGSZ Zrt. (audited byPwC). Within the framework of the audit contract, E&Y performs an audit of statutory financial statements, including interim financial statements of MOL Plc. prepared in accordance with Law C of 2000 on Accounting and the

consolidated annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Audits of the above mentioned financial statements are carried out in accordance with the Hungarian National Standards on Auditing, the International Standards on Auditing (ISA), the provisions of Accounting Law and other relevant regulations. The auditors ensure the continuity of the audit by scheduling regular on-site reviews during the year, participating in the meetings of MOL's governing bodies and through other forms of consultation. The auditors also review the stock exchange reports issued quarterly; however they do not perform an audit of or issue any opinion on such reports with regards to these.

E&Y also provided other services to MOL Group. Summary of the fees paid to them in 2013 and 2012 are as follows (HUF mn):

	2013	2012
Audit fee for MOL Plc. (including audit fee for interim financial statements)	154	156
Audit fee for subsidiaries	373	400
Other audit related services*	23	96
Other non-audit services *	2	-
Tax advisory services	330	264
Total	882	916

*The specification has been modified for more transparent communication.

Other audit-related services in 2013 included primarily the audit related to the divestiture of MMBF, minor IT audit services and services relating to the Sustainable Development Report. The Board of Directors does not believe that non-audit services provided by E&Y compromised their independence as auditors.

Relationship with the shareholders, prohibition of insider trading

The Board is aware of its commitment to represent and promote shareholders' interests, and recognises that it is fully accountable for the performance and activities of the MOL Group. To help ensure that the Company can meet shareholders' expectations in all areas, the Board continually analyses and evaluates developments, both in the broader external environment as well as at an operational level.

Formal channels of communication with shareholders include the Annual Report and Accounts and the quarterly interim management reports, as well as other public announcements made through the Budapest Stock Exchange (primary exchange) and the Warsaw Stock Exchange. Regular and extraordinary announcements are published on MOL's homepage and the Financial Authority's publication site. Moreover we send e-mail announcements to those who registered to be subscribed to the distribution list of e-mail announcements of the Investor Relations. In addition, presentations on the business, its performance and strategy are given to shareholders at the Annual General Meeting. Regular Roadshow visits are also made to various cities in the UK, the US and Continental Europe where meetings are held with representatives of the investment community, including MOL shareholders and holders of MOL's Global Depository Receipts. Furthermore, investors are able to raise questions or make proposals at any time during the year, including the Company's General Meeting. Investor feedbacks are regularly reported to the Board of Directors.

MOL has an Investor Relations department which is responsible for the organisation of the above activities as well as for the day-to-day management of MOL's relationship with its shareholders (contact details are provided in the "Shareholder Information" section at the end of Annual report). Extensive information is also made available on MOL's website (www.mol.hu), which has a dedicated

section for shareholders and the financial community. MOL has always given special care to provide a considerably wide range of information to the capital markets, in line with international best practice. Therefore Investor Relations Department of MOL continuously renewing its website (direct link at: ir.mol.hu). The aim of the development is to make the website even more user-friendly, in accordance with the intention to continuously improve our services, in order to meet the requirements of our shareholders, analysts and other capital market participants.

In 2013 MOL participated in 15 roadshows and investor conferences (2 US and 13 European) having around 220 meetings with potential and existing shareholders. Moreover 2 dedicated road show were organised to bond investors. In 2012, our company held a two-day investor and analysts' conference in Budapest and published its business outlook for the coming years. All presentations are available on MOL's website ir.mol.hu/en. Several investors and analysts participated on the event and there was also a special opportunity to go to a site-visit at the Duna Refinery of the Group in Százhalombatta.

MOL Group is committed to the fair marketing of publicly-traded securities. Insider dealing in securities is also regarded as a criminal offence in most of the countries in which MOL Group carries out business. Therefore, we require not only full compliance with relevant laws, but also the avoidance of even the appearance of insider securities trading and consultancy.

In line with the laws and MOL's insider trading regulation:

- it is prohibited to conclude a transaction, directly or indirectly, using inside information involving financial instruments to which the inside information pertains, or to commission the services of others to transact such deals, to convey inside information to others, to make a suggestion to another person to engage in dealing with any financial instrument to which the inside information pertains.
- in case the inside information concerns another listed company, belonging to MOL Group, the trading prohibition shall be also applied to the related financial instruments of that company.

Exercising the shareholders' rights, general meeting participation

Voting rights on the general meeting can be exercised based on the voting rights attached to shares held by the shareholders. Each "A" Series share entitles its holder to one vote. The actual voting power depends on how many shares are registered by the shareholders participating in the general meeting.

A condition of participation and voting at the general meeting for shareholders is that the holder of the share(s) shall be registered in the Share Register. The depositary shall be responsible for registering the shareholders in the Share Register pursuant to the instructions of such shareholders in line with the conditions set by the general meeting invitation. According to Article 8.6 of Articles of Associations: „Each shareholder – at the shareholder's identification related to the closing of the share registry prior to the next general meeting –, shall declare whether he, or he and any other shareholder belonging to the same shareholder group as specified in Articles 10.1.1 and 10.1.2 holds at least 2% of the Company's shares, together with the shares regarding which he asks for registration.” If the conditions described in the previous sentence are met, the shareholder requesting registration is obliged to declare the composition of the shareholder group taking into account Article 10.1.1 and 10.1.2.

Further, the shareholder shall, for the request of the Board of Directors, immediately identify the ultimate beneficial owner with respect to the shares owned by such shareholder. In case the shareholder fails to comply with the above request or in case there is a reasonable ground to assume that a shareholder made false representation to the Board of Directors, the shareholder's voting right shall be suspended and shall be prevented from exercising it until full compliance with said requirements.

According to Article 10.1.1 of Articles of Associations: „No shareholder or shareholder group (as defined in Article 10.1.2 of Articles of Associations) may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company's request as depository or custodian for the Company's shares or securities representing the Company's shares (the latter shall be exempted only insofar as the ultimate person or persons exercising the shareholder's rights represented by the shares and securities deposited with them do not fall within the limitations specified here below).”

In accordance with the Company Act the shareholders have the right to participate, to request information and to make remarks and proposals at the General Meeting. Shareholders are entitled to vote, if they hold shares with voting rights. The shareholders having at least one per cent of the voting rights may request the Board of Directors to add an item to the agenda of the General Meeting, and may submit resolution proposals with respect to the points of the agenda. The conditions to participate in the general meeting are published in the invitation to the general meeting. Invitations to the general meeting are published on company homepage according to the Articles of Association. The ordinary general meeting is usually held in late April, in line with the current regulations.

The ordinary general meeting, based on the proposal of Board of Directors approved by the Supervisory Board, shall have the authority to determine profit distribution, i.e. the amount of the profit after taxation to be reinvested into the Company and the amount to be paid out as dividends. Based upon the decision of the general meeting, dividend can be paid in a non-cash form as well.

The starting date for the payment of dividends shall be defined by the Board of Directors in such way as to ensure a period of at least 10 working days between the first publication date of such announcement and the initial date of dividend distribution. Only those shareholders are entitled to receive dividend, who are registered in the share register of the Company on the basis of shareholders identification executed on the date published by the Board of Directors in the announcement on the dividend payment. Such date relevant to the dividend payment determined by the Board of Directors may deviate from the date of the general meeting deciding on the payment of dividend.

Corporate Governance Declaration on Compliance with the Corporate Governance Recommendations

As part of the Corporate Governance Report, by completing the following tables, the company declares to what extent it applied in its own practice of corporate governance the recommendations and suggestions formulated in the different points of the Corporate Governance Recommendations published by the Budapest Stock Exchange Ltd.

By reviewing the tables, market participants may receive information on the extent to which the corporate governance practice of different companies meets certain requirements included in the CGR, and may easily compare the practices of the different companies.

Level of compliance with the Recommendations

The company should indicate whether it applies the relevant recommendation or not, and in the case of a negative answer, it should provide the reasons for not applying the given recommendation.

R 1.1.1 The Managing Body ensured that shareholders received access to information in time to enable them to exercise their rights.

Yes (Complies)

No (Please explain)

R 1.1.2 The company applies the "one share - one vote" principle.

Yes (Complies)

No (Please explain)

"B" series share is a voting preference share held by Hungarian State Holding Company presently. Par value of "A" series shares is HUF 1,000, while the par value of "C" series shares is HUF 1,001, but the rights attached to these shares, taking into account the different par value, are identical. Currently all "C" series shares are held by MOL.

According to the Articles of Associations, no shareholder or shareholder group may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company's request as depository or custodian for the Company's shares or securities representing the Company's shares. This voting limitation was approved by a general meeting held in 1995 and since that time all of our investors purchased shares knowing this limitation.

R 1.2.8 The company ensures that shareholders must meet the same requirements in order to attend at the general meeting.

Yes (Complies)

No (Please explain)

R 1.2.9 Items on the general meeting agenda only include subjects which are correctly detailed and summarized clearly and unambiguously.

Yes (Complies)

No (Please explain)

The proposals included the suggestions of the Supervisory Board and a detailed explanation of the effects of the decision.

Yes (Complies)

No (Please explain)

The proposals included the explanation of the effects of the decision. Though the Supervisory Board analyses all proposals, which fall within the exclusive scope of authority of the Company's General Meeting, it submits written report only on the proposal on the annual report and the distribution of the profit after taxation.

R 1.2.10 Shareholders' comments on and supplements to the items on the agenda were published at least two days prior to the general meeting.

Yes (Complies)

No (Please explain)

In 2013, there were no shareholders' comments on the items on the agenda before the AGM.

R 1.3.8 Comments on the items of the agenda were made available to shareholders simultaneously with registration at the latest.

Yes (Complies)

No (Please explain)

Written comments made on the items on the agenda were published two working days prior to the general meeting.

Yes (Complies)

No (Please explain)

In 2013, there were no shareholders' comments on the items on the agenda before the AGM.

R 1.3.10 The election and dismissal of executives took place individually and by separate resolutions.

Yes (Complies)

No (Please explain)

R 2.1.1 The responsibilities of the Managing Body include those laid out in 2.1.1.

Yes (Complies)

No (Please explain)

R 2.3.1 The Managing Body held meetings regularly, at times designated in advance.

Yes (Complies)

No (Please explain)

The Supervisory Board held meetings regularly, at times designated in advance.

Yes (Complies)

No (Please explain)

The rules of procedure of the Managing Body provide for unscheduled meetings and decision-making through electronic communications channels.

Yes (Complies)

No (Please explain)

The rules of procedure of the Supervisory Board provide for unscheduled meetings and decision-making through electronic communications channels.

Yes (Complies)

No (Please explain)

R 2.5.1 The Board of Directors / Supervisory Board of the company has a sufficient number of independent members to ensure the impartiality of the board.

Yes (Complies)

No (Please explain)

R 2.5.4 At regular intervals (in connection with the CG Report) the Board of Directors / Supervisory Board requested a confirmation of their independent status from those members considered independent.

Yes (Complies)

No (Please explain)

R 2.5.6 The company disclosed on its website the guidelines on the independence of the Board of Directors/ Supervisory Board, as well as the criteria applied for assessing independence.

Yes (Complies)

No (Please explain)

R 2.6.1 Members of the Managing Body informed the Managing Body (Supervisory Board/Audit Committee) if they (or any other person in a close relationship to them) had a significant personal stake in a transaction of the company (or the company's subsidiary).

Yes (Complies)

No (Please explain)

R 2.6.2 Transactions between board and executive management members (and persons in close relationship to them) and the company (or its subsidiary) were conducted according to general rules of practice of the company, but with stricter transparency rules in place.

Yes (Complies)

No (Please explain)

Transactions which according to 2.6.2, fell outside the normal course of the company's business, and their terms and conditions were approved by the Supervisory Board (Audit Committee).

Yes (Complies)

No (Please explain)

According to MOL's practice, these transactions are approved by the Board of Directors, with the simultaneous notification to the chairman of the Supervisory Board.

R 2.6.3 Board members informed the Supervisory Board/Audit Committee if they received an offer of Board membership or an offer of an executive management position in a company which is not part of the company group.

Yes (Complies)

No (Please explain)

Board members declare at the time of their appointment, if they have Board membership or an executive management position in a company which is not part of the company group. According to the charter of the Board of Directors, a member of the Board of Directors informs the Board of Directors, if he/she receives an offer of Board membership or an offer of an executive management position in a company which is not part of the company group. Chairman of the Supervisory Board participates in Board meetings as permanent invitee.

R 2.6.4 The Managing Body established its guidelines on information flow within the company and the handling of insider information, and monitored compliance with those guidelines.

Yes (Complies)

No (Please explain)

The Managing Body established its guidelines regarding insiders' trading in securities and monitored compliance with those guidelines.

Yes (Complies)

No (Please explain)

R 2.7.1 The Managing Body formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

No (Please explain)

The Supervisory Board formed an opinion on the remuneration guidelines.

Yes (Complies)

No (Please explain)

The guidelines regarding the remuneration for the Managing Body and the Supervisory Board and the changes in those guidelines were approved by the general meeting, as a separate item on the agenda.

Yes (Complies)

No (Please explain)

R 2.7.2 The Managing Body prepared an evaluation of the work it carried out in the given business year.

Yes (Complies)

No (Please explain)

R 2.7.2.1 The Supervisory Board prepared an evaluation of the work it carried out in the given business year.

Yes (Complies)

No (Please explain)

R 2.7.3 It is the responsibility of the Managing Body to monitor the performance of and determine the remuneration for the executive management.

Yes (Complies)

No (Please explain)

The frameworks of benefits due to members of the executive management that do not represent normal practice, and the changes in those benefits were approved by the general meeting as a separate agenda item.

Yes (Complies)

No (Please explain)

R 2.7.4 The structure of share-incentive schemes were approved by the general meeting.

Yes (Complies)

No (Please explain)

Prior to the decision by the general meeting on share-incentive schemes, shareholders received detailed information (at least according to those contained in 2.7.4).

Yes (Complies)

No (Please explain)

R 2.7.7 The Remuneration Statement was prepared by the company and submitted to the general meeting.

Yes (Complies)

No (Please explain)

The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person, in relation to this position, is published simultaneously with the annual general meeting announcement.

The Remuneration Statement includes information about the remuneration of individual members of the Managing Body, the Supervisory Board, and the executive management.

Yes (Complies)

No (Please explain)

The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person , in relation to this position, is published simultaneously with the annual general meeting announcement.

R 2.8.1 The Managing Body or the committee operated by it is responsible for monitoring and controlling the company's entire risk management.

Yes (Complies)

No (Please explain)

The Managing Body requests information on the efficiency of risk management procedures at regular intervals.

Yes (Complies)

No (Please explain)

The Managing Body took the necessary steps to identify the major risk areas.

Yes (Complies)

No (Please explain)

R 2.8.3 The Managing Body formulated the principles regarding the system of internal controls.

Yes (Complies)

No (Please explain)

The system of internal controls established by the executive management guarantees the management of risks affecting the activities of the company, and the achievement of the company's performance and profit targets.

Yes (Complies)

No (Please explain)

R 2.8.4 When developing the system of internal controls, the Managing Body took into consideration the viewpoints included in 2.8.4

Yes (Complies)

No (Please explain)

R 2.8.5 It is the duty and responsibility of the executive management to develop and maintain the system of internal controls.

Yes (Complies)

No (Please explain)

R 2.8.6 The company created an independent Internal Audit function which reports to the Audit Committee / Supervisory Board.

Yes (Complies)

No (Please explain)

The Internal Audit reported at least once to the Audit Committee/ Supervisory Board on the operation of risk management, internal control mechanisms and corporate governance functions.

Yes (Complies)

No (Please explain)

R 2.8.7 The internal audit activity is carried out by the Internal Audit function based on authorisation from the Audit Committee / Supervisory Board.

Yes (Complies)

No (Please explain)

The Internal Audit reports to the Financial and Risk Management Committee, with the simultaneous notification to the Audit Committee. The Audit Committee carries out works set in the Company Act.

As an organisation, the Internal Audit function is independent from the executive management.

Yes (Complies)

No (Please explain)

R 2.8.8 The Internal Audit schedule was approved by the Managing Body (Supervisory Board) based on the recommendation of the Audit Committee.

Yes (Complies)

No (Please explain)

R 2.8.9 The Managing Body prepared its report for shareholders on the operation of internal controls.

Yes (Complies)

No (Please explain)

The Managing Body developed its procedures regarding the receipt, processing of reports on the operation of internal controls, and the preparation of its own report.

Yes (Complies)

No (Please explain)

R 2.8.11 The Managing Body identified the most important deficiencies or flow in the system of internal controls, and reviewed and re-evaluated the relevant activities.

Yes (Complies)

No (Please explain)

R 2.9.2 The Managing Body, the Supervisory Board and the Audit Committee were notified in all cases when an assignment given to the auditor may have resulted in significant additional

expense, caused a conflict of interest, or affected normal business practices significantly in any other way.

Yes (Complies)

No (Please explain)

R 2.9.3 The Managing Body informed the Supervisory Board of any assignment given to the external auditor or an external advisor in connection with any event which held significant bearing on the operations of the company.

Yes (Complies)

No (Please explain)

The Managing Body pre-determined in a resolution what circumstances constitute "significant bearing".

Yes (Complies)

No (Please explain)

R 3.1.6 On its website, the company disclosed duties delegated to the Audit Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies)

No (Please explain)

R 3.1.6.1 On its website, the company disclosed duties delegated to the Nomination Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies)

No (Please explain)

R 3.1.6.2 On its website, the company disclosed duties delegated to the Remuneration Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies)

No (Please explain)

R 3.2.1 The Audit Committee / Supervisory Board monitored the efficiency of risk management, the operation of internal controls, and the activity of the Internal Audit.

Yes (Complies)

No (Please explain)

R 3.2.3 The Audit Committee / Supervisory Board received accurate and detailed information on the work schedule of the Internal Auditor and the independent auditor, and received the auditor's report on problems discovered during the audit.

Yes (Complies)

No (Please explain)

R 3.2.4 The Audit Committee / Supervisory Board requested the new candidate for the position of auditor to submit the disclosure statement according to 3.2.4

Yes (Complies)

No (Please explain)

R 3.3.1 There is a Nomination Committee operating at the company.

Yes (Complies)

No (Please explain)

The Corporate Governance and Remuneration Committee manages issues related to the composition of the Board of Directors and the Supervisory Board. Therefore at the following questions on Nomination Committee, MOL makes declaration on the Corporate Governance and Remuneration Committee.

R 3.3.2 The Nomination Committee provided for the preparation of personnel changes.

Yes (Complies)

No (Please explain)

The Nomination Committee reviewed the procedures regarding the election and appointment of members of the executive management.

Yes (Complies)

No (Please explain)

The Nomination Committee evaluated the activity of board and executive management members.

Yes (Complies)

No (Please explain)

The Nomination Committee examined all the proposals regarding the nomination of board members which were submitted by shareholders or the Managing Body.

Yes (Complies)

No (Please explain)

R 3.4.1 There is a Remuneration Committee operating at the company.

Yes (Complies)

No (Please explain)

The works of the Remuneration Committee are carried out by the Corporate Governance and Remuneration Committee. Therefore at the following questions on Remuneration Committee, MOL makes declaration on the Corporate Governance and Remuneration Committee.

R 3.4.2 The Remuneration Committee made a proposal for the system of remuneration for the boards and the executive management (individual levels and the structure of remuneration), and carries out its monitoring.

Yes (Complies)

No (Please explain)

R 3.4.3 The remuneration of the executive management was approved by the Managing Body based on the recommendation of the Remuneration Committee.

Yes (Complies)

No (Please explain)

The remuneration of the Managing Body was approved by the general meeting based on the recommendation of the Remuneration Committee.

Yes (Complies)

No (Please explain)

The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.

Yes (Complies)

No (Please explain)

R 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines.

Yes (Complies)

No (Please explain)

R 3.4.4.1 The Remuneration Committee made proposals regarding the remuneration of individual persons.

Yes (Complies)

No (Please explain)

R 3.4.4.2 The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the executive management.

Yes (Complies)

No (Please explain)

R 3.4.4.3 The Remuneration Committee ascertained whether the company fulfilled its disclosure obligations regarding remuneration issues.

Yes (Complies)

No (Please explain)

R 3.4.7 The majority of the members of the Remuneration Committee are independent.

Yes (Complies)

No (Please explain)

R 3.5.1 The Managing Body disclosed its reasons for combining the Remuneration and Nomination Committees.

Yes (Complies)

No (Please explain)

Since 2003, MOL's corporate governance practice has been rated by several international corporate governance rating and advisory firm. None of the rating firms have commented the combination of the remuneration and nomination committee functions.

R 3.5.2 The Managing Body carried out the duties of the Nomination Committee and disclosed its reasons for doing so.

Yes (Complies)

No (Please explain)

The duties of the Remuneration and Nomination Committees were carried out by the Corporate Governance and Remuneration Committee.

R 3.5.2.1 The Managing Body carried out the duties of the Remuneration Committee and disclosed its reasons for doing so.

Yes (Complies)

No (Please explain)

The duties of the Remuneration and Nomination Committees were carried out by the Corporate Governance and Remuneration Committee.

R 4.1.1 In its disclosure guidelines, the Managing Body established those principles and procedures which ensure that all relevant information about the operations of the company and

circumstances influencing its share price are disclosed and made available accurately, in a timely fashion and in full.

Yes (Complies)

No (Please explain)

R 4.1.2 The company ensured in its disclosure activities that all shareholders and market participants were treated equally.

Yes (Complies)

No (Please explain)

R 4.1.3 The company's disclosure guidelines include the procedures governing electronic, on-line disclosure.

Yes (Complies)

No (Please explain)

The company develops its website taking into consideration disclosure guidelines and the provision of information to investors.

Yes (Complies)

No (Please explain)

R 4.1.4 The Managing Body assessed the efficiency of disclosure processes.

Yes (Complies)

No (Please explain)

R 4.1.5 The company published its corporate events calendar on its website.

Yes (Complies)

No (Please explain)

R 4.1.6 In the annual report and on the website of the company, the public was informed about the company's corporate strategy, its main business activities, business ethics and its policies regarding other stakeholders.

Yes (Complies)

No (Please explain)

R 4.1.8 In the annual report the Managing Body disclosed the character and size of any other assignments given by the company or its subsidiaries to the auditing firm responsible for auditing the financial statements.

Yes (Complies)

No (Please explain)

R 4.1.9 In the annual report and on the website the company discloses information on the professional career of the members of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

No (Please explain)

R 4.1.10 The company provided information on the internal organisation and operation of the Managing Body and the Supervisory Board.

Yes (Complies)

No (Please explain)

R 4.1.10.1 The company provided information on the criteria considered when evaluating the work of the Managing Body, the executive management and the individual members thereof.

Yes (Complies)

No (Please explain)

The company provided information on the criteria considered when evaluating the work of the Managing Body, the executive management. However, there was no information on the criteria considered when evaluating individual members.

R 4.1.11 In the annual report and in the Remuneration Statement on the company's website, the company informed the public about the applied remuneration guidelines, including the remuneration and fees provided for members of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

No (Please explain)

The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person, in relation to this position, is published simultaneously with the annual general meeting announcement.

R 4.1.12 The Managing Body disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as information about major risks.

Yes (Complies)

No (Please explain)

R 4.1.13 In order to provide market participants with information, the company publishes its report on corporate governance at the same time that it publishes its annual report.

Yes (Complies)

No (Please explain)

R 4.1.14 The company discloses its guidelines governing insiders' trading in the company's securities on its website.

Yes (Complies)

No (Please explain)

The company published in the annual report and on its website ownership in the company's securities held by the members of the Managing Body, the Supervisory Board and the executive management, as well as any interests held in share-incentive schemes.

Yes (Complies)

No (Please explain)

R 4.1.15 In the annual report and on its website, the company disclosed any relationship between members of the Managing Body and the executive management with a third party, which might have an influence on the operations of the company.

Yes (Complies)

No (Please explain)

Level of compliance with the Suggestions

The company should indicate whether the relevant suggestion of the CGR is applied or not (Yes / No)

S 1.1.3 The company has an investor relations department.

Yes No

S 1.2.1 The company published on its website the summary document regarding the conducting of the general meeting and the exercise of shareholders' rights to vote (including voting via proxy)

Yes No

S 1.2.2 The company's articles of association are available on the company's website.

Yes No

S 1.2.3 The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).

Yes No

S 1.2.4 Information and documents according to 1.2.4 regarding general meetings (invitations, proposals, draft resolutions, resolutions, minutes) were published on the company's website.

Yes No

S 1.2.5 The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.

Yes No

S 1.2.6 Additions to the agenda were published within 5 days of receipt, in the same manner as the publication of the original invitation for the general meeting.

Yes No

In 2013, there were no shareholders' comments on the items on the agenda before the AGM.

S 1.2.7 The voting procedure applied by the company ensured unambiguous, clear and fast decision making by shareholders.

Yes No

S 1.2.11 At the shareholders' request, the company also provided information on the general meeting electronically.

Yes No

S 1.3.1 The identity of the chairman of the general meeting was approved by the company's general meeting prior to the discussion of the items on the agenda.

Yes No

S 1.3.2 The Managing Body and the Supervisory Board were represented at the general meeting.

Yes No

S 1.3.3 The company's articles of association render possible that at the initiation of the chairman of the Managing Body or the shareholders of the company, a third party be invited to the company's general meeting and be granted the right of participation in the discussion of the relevant items on the agenda.

Yes No

S 1.3.4 The company did not prevent shareholders attending the general meeting from exercising their rights to request information, make comments and proposals, and did not set any pre-requisites to do so.

Yes No

The company has not made any further requirements above those set by the law.

S 1.3.5 The company published on its website within three days its answers to those questions which it was unable to answer satisfactorily at the general meeting. Where the company declined to give an answer it published its reasons for doing so.

Yes No

The company answered the questions related to the items of the agenda during the general meeting in 2013.

S 1.3.6 The chairman of the general meeting and the company ensured that in answering the questions raised at the general meeting, national laws and regulations of the Stock Exchange pertaining to disclosure were complied with.

Yes No

S 1.3.7 The company published a press release and held a press conference on the decisions passed at the general meeting.

Yes No

S 1.3.11 The company's general meeting decided on the different amendments of the articles of association in separate resolutions.

Yes No

S 1.3.12 The minutes of the general meeting containing the resolutions, the presentation of draft resolutions, as well as the most important questions and answers regarding the draft resolutions were published by the company within 30 days of the general meeting.

- | | | |
|---|------------|-----------|
| | <u>Yes</u> | No |
| S 1.4.1 The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation. | | |
| | Yes | <u>No</u> |
| <i>The dividend was paid on the starting day of dividend payment to those shareholders who had provided all the necessary information and documentation. Following this date, dividend is paid monthly to those shareholders providing the necessary documentation.</i> | | |
| S 1.4.2 The company disclosed its policy regarding anti-takeover devices. | | |
| | Yes | <u>No</u> |
| S 2.1.2 The rules of procedure define the composition of the Managing Body and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other related matters. | | |
| | <u>Yes</u> | No |
| S 2.2.1 The rules of procedure and the work schedule of the Supervisory Board gives a detailed description of its operation and duties, as well as procedures and processes which the Supervisory Board followed. | | |
| | <u>Yes</u> | No |
| S 2.3.2 Board members had access to the proposals of a given meeting at least five days prior to the board meeting. | | |
| | <u>Yes</u> | No |
| S 2.3.3 The rules of procedure regulate the regular or occasional participation at board meetings of persons who are not members of the boards. | | |
| | <u>Yes</u> | No |
| S 2.4.1 The election of the members of the Managing Body took place in a transparent way, information on candidates was made public at least five days prior to the general meeting. | | |
| | <u>Yes</u> | No |
| S 2.4.2 The composition of boards and the number of members complies with the principles specified in 2.4.2 | | |
| | <u>Yes</u> | No |
| S 2.4.3 Newly elected, non-executive board members were able to familiarize themselves with the structure and operations of the company, as well as their duties as board members through a tailored induction programme. | | |

<u>Yes</u>	No
S 2.5.2 The separation of the responsibilities of the Chairman of the Managing Body from those of the Chief Executive Officer has been outlined in the basic documents of the company.	
<u>Yes</u>	No
S 2.5.3 The company has published a statement about the means it uses to ensure that the Managing Body gives an objective assessment of the executive management's work where the functions of Chairman and CEO are combined.	
Yes	<u>No</u>
S 2.5.5 The company's Supervisory Board has no member who held a position in the Managing Body or the executive management of the company in the three years prior to his nomination.	
Yes	<u>No</u>
S 2.7.5 The development of the remuneration system of the Managing Body, the Supervisory Board and the executive management serves the strategic interests of the company and thereby those of the shareholders.	
<u>Yes</u>	No
S 2.7.6 In the case of members of the Supervisory Board, the company applies a fixed amount of remuneration and does not apply a remuneration component related to the share price.	
<u>Yes</u>	No
S 2.8.2 The Managing Body developed its risk management policy and regulations with the cooperation of those executives who are responsible for the design, maintenance and control of risk management procedures and their integration into the company's daily operations.	
<u>Yes</u>	No
S 2.8.10 When evaluating the system of internal controls, the Managing Body took into consideration the aspects mentioned in 2.8.10	
<u>Yes</u>	No
S 2.8.12 The company's auditor assessed and evaluated the company's risk management systems and the risk management activity of the executive management, and submitted its report on the matter to the Audit Committee / Supervisory Board.	
Yes	<u>No</u>
<p><i>The company's auditor receives regular information on the risk management system and the risk management operations, and it can follow and monitor these activities. During the audit process the audit reviews and analyses the risk management system and the efficiency of the risk management operations for its own purposes, but it does not issue a report on such audits to any external party (e.g. Audit Committee).</i></p>	

S 2.9.1 The rules of procedure of the Managing Body cover the procedure to be followed when employing an external advisor.

Yes

No

S 2.9.1.1 The rules of procedure of the Supervisory Board cover the procedure to be followed when employing an external advisor.

Yes

No

S 2.9.1.2 The rules of procedure of the Audit Committee cover the procedure to be followed when employing an external advisor.

Yes

No

Audit Committee did not employ and external auditor in 2013.

S 2.9.1.3 The rules of procedure of the Nomination Committee cover the procedure to be followed when employing an external advisor.

Yes

No

Corporate Governance and Remuneration Committee did not employ and external auditor in 2013.

S 2.9.1.4 The rules of procedure of the Remuneration Committee cover the procedure to be followed when employing an external advisor.

Yes

No

Corporate Governance and Remuneration Committee did not employ and external auditor in 2013.

S 2.9.4 The Managing Body may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.

Yes

No

S 2.9.5 The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.

Yes

No

S 3.1.2 The chairmen of the Audit Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes

No

Audit Committee regularly inform the Board of Directors on the above mentioned subject.

S 3.1.2.1 The chairmen of the Nomination Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes

No

Corporate Governance and Remuneration Committee regularly informs the Board of Directors on the above mentioned subject.

S 3.1.2.2 The chairmen of the Remuneration Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes

No

Corporate Governance and Remuneration Committee regularly informs the Board of Directors on the above mentioned subject.

S 3.1.4 The company's committees are made up of members who have the capabilities, professional expertise and experience required to perform their duties.

Yes

No

S 3.1.5 The rules of procedure of committees operating at the company include those aspects detailed in 3.1.5

Yes

No

S 3.2.2 The members of the Audit Committee / Supervisory Board were fully informed about the accounting, financial and operational peculiarities of the company.

Yes

No

S 3.3.3 The Nomination Committee prepared at least one evaluation for the chairman of the Managing Body on the operation of the Managing Body and the work and suitability of the members of the Managing Body.

Yes

No

There was an evaluation on the operation of the Board of Directors and some (but not each) individual members in 2013.

S 3.3.4 The majority of the members of the Nomination Committee are independent.

Yes

No

S 3.3.5 The rules of procedure of the Nomination Committee includes those details contained in 3.3.5.

Yes

No

S 3.4.5 The Remuneration Committee prepared the Remuneration Statement.

Yes No

The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person, in relation to this position, is published simultaneously with the annual general meeting announcement.

S 3.4.6 The Remuneration Committee exclusively consists of non-executive members of the Managing Body.

Yes No

S 4.1.4 The disclosure guidelines of the company at least extend to those details contained in 4.1.4

Yes No

The Managing Body informed shareholders in the annual report on the findings of the investigation into the efficiency of disclosure procedures.

Yes No

S 4.1.7 The company's financial reports followed IFRS guidelines.

Yes No

S 4.1.16 The company also prepares and releases its disclosures in English.

Yes No

AGENDA ITEM No. 2

Waiver to be granted to the executive officers according to Subsection (5) of Section 30 of the Company Act

According to Article 12.12 of the Articles of Association the General Meeting shall put on its agenda each year the evaluation of the work of the Board of Directors performed in the previous business year and pass a resolution on the waiver (discharge) that may be granted to the Board of Directors.

In compliance with Subsection (5) of Section 30 of the Company Act by granting a waiver the General Meeting verifies that the executive officers have performed their work during the period under review by giving priority to the interests of the company.

Based on the above, we propose to the General Meeting to approve the work of the Board of Directors performed in the business year 2013 and provide waiver for the Board of Directors and for the members of the Board of Directors under Subsection (5) of Section 30 of the Company Act.

Proposed resolution

The Board of Directors proposes to the General Meeting – under Article 12.12 of the Articles of Association – to approve the work of Board of Directors performed in the business year 2013 and grant waiver to the Board of Directors and its members under Subsection (5) of Section 30 of the Company Act.

AGENDA ITEM No. 3

Election of the statutory auditor for the 2014 financial year and determination of its remuneration as well as the material elements of its engagement

The Audit Committee of the Company, after evaluating Ernst & Young in respect of its 2013 performance and its binding offer for the 2014 audit tasks, proposes further cooperation with Ernst & Young in 2014.

Proposed resolution

The Audit Committee proposes to the General Meeting the election of Ernst & Young Könyvvizsgáló Kft. (1132 Budapest, Váci út 20.) to be the independent auditor of MOL Plc. for the year 2014, until the AGM closing the year but latest 30 April 2015. The Audit Committee proposes the audit fee for MOL Plc. for 2014 to be HUF 75.8 million plus VAT.

Auditor personally responsible appointed by Ernst & Young Könyvvizsgáló Kft. is Zsuzsanna Bartha (registration number: MKVK-005268), in case of her hindrance substituted by István Havas (registration number: MKVK-003395).

In addition to the abovementioned, the material elements of the contract with the auditor are as follows:

- Scope:

Audit of the statutory financial statements of MOL Plc. prepared for the year 2014 in accordance with Law C of 2000 on accounting and the audit of the consolidated financial statements of MOL Group prepared for the year 2014 in accordance with the International Financial Reporting Standards (IFRS).

- Billing and settlement:

In 12 equal monthly installments, invoices are submitted by the 5th day of the following month and MOL Plc. is obliged to settle them in 30 days.

- Term of the contract:

From 25 April 2014 until the General Meeting closing the year 2014 but latest 30 April 2015.

- In any other questions the general terms and conditions relating to audit agreements of Ernst & Young Könyvvizsgáló Kft. shall apply.

AGENDA ITEM No. 4

Authorization of the Board of Directors to acquire treasury shares

The authorization granted by the General Meeting of the Company held on 25 April 2013 for the Board of Directors to acquire treasury shares will expire at the end of October 2014. The Board of Directors asks for a new authorization from the General Meeting to acquire treasury shares from the date of the General Meeting until the end of October 2015.

The Board of Directors of MOL would like to maintain the authorization for further share acquisitions in order for the Company:

- to be able to use treasury shares as acquisition consideration or
- to be able to exercise certain contractual rights (eg. call options) including but not limited to exercising rights ensured by financial instruments for acquiring treasury shares (eg.: conversion right, exchange right) and perform certain obligations or
- to protect shareholders from the negative effects of a possible share overhang in which case the Company shall be able to acquire a larger block of shares or
- to maintain flexibility for further share capital structure optimization, share cancellation and/or other investments or
- to be able to operate share-based incentive schemes or
- to be able to implement or amend share-based or hybrid financing instruments and other investment structures.

Proposed resolution

The Board of Directors proposes to the General Meeting to authorize the Board of Directors of the Company to acquire treasury shares – simultaneously setting aside the resolution No 8 of the 25 April 2013 AGM – pursuant to the following terms and conditions:

- Mode of acquisition of treasury shares: with or without consideration, either on the stock exchange or through public offer or on the OTC market if not prohibited by legal regulations, including but not limited to acquiring shares by exercising rights ensured by financial instruments for acquiring treasury shares (eg.: call right, exchange right etc.).
- The authorization empowers the Board of Directors to acquire any type of shares of the Company with any par value.
- The amount (number) of shares that can be acquired: the total amount of nominal value of treasury shares owned by the Company at any time may not exceed 25 % of the actual share capital of the Company.
- The period of validity of the authorization: from the date of the resolution made on the Annual General Meeting for an 18 months period.

If the acquisition of the treasury shares is in return for a consideration, the minimum amount which can be paid for one piece of share is HUF 1, while the maximum amount cannot exceed 150 % of the highest of the following prices:

- a.) the highest price of the deals concluded with the shares on the Budapest Stock Exchange ("BÉT") on the date of the transaction or
- b.) the daily volume weighted average price of the shares on any of the 90 BÉT trading days prior to the date of the transaction or
- c.) the volume-weighted average price of the shares during 90 BÉT trading days prior to
 - (i) the date of signing the agreement for acquiring the treasury shares (particularly purchase agreement, call option agreement or other collateral agreement), or
 - (ii) the date of acquisition of financial instruments ensuring rights to acquire treasury shares or
 - (iii) the date of exercising option rights, pre-emption rights; rights ensured by collateral or by financial instruments for acquiring treasury shares or
- d.) the closing price of the shares on the BÉT on the trading day which falls immediately prior to
 - (i) the date of signing the agreement for acquiring the treasury shares (particularly purchase agreement, call option agreement or other collateral agreement), or
 - (ii) the date of acquisition of financial instruments ensuring rights to acquire treasury shares or
 - (iii) the date of exercising option rights, preemption rights; rights ensured by collateral or by financial instruments for acquiring treasury shares.

AGENDA ITEM No. 5

Election of member of the Board of Directors

The mandate of Dr. Sándor Csányi as member of the Board of Directors will expire on 29 April 2014. With respect to the above, the Board of Directors proposes to the Annual General Meeting to re-elect Dr. Sándor Csányi as a member of the Board of Directors of the Company from 30 April 2014 to 29 April 2019.

(Dr. Sándor Csányi's CV can be found after the Proposed resolution.)

Proposed resolution

The Board of Directors proposes to the General Meeting to elect Dr. Sándor Csányi to be a member of the Board of Directors from 30 April 2014 to 29 April 2019.

CURRICULUM VITAE

Dr. Sándor Csányi

MOL Group positions:

- **Member of the Board of Directors since 20 October 2000, and Deputy 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 Chief Executive Officer of the Commercial & Credit Bank (K&H), and since 1992 he has been the Chairman & Chief Executive Officer of the OTP Bank Plc. On 29 April, 2011, the annual shareholders meeting re-elected him for another five-year term as Chairman and Chief Executive Officer of OTP Bank Plc. He is a European Advisory Board member of MasterCard, one of the world's leading payment systems, and co-chairman of the National Association of Entrepreneurs & Employers (VOSZ). He has been an honorary professor of the University of Western Hungary since 2004. He is a member of the Institut International d' Études Bancaires. Since July 2010 he is the President of the Hungarian Football Federation. In January 2012 he was elected as the Co-Chairman of the Chinese-Hungarian Business Council.

Mr. Mulham Al-Jarf, member of the Board of Directors has notified the Board of Directors in writing that he resigns from his position as member of the Board of Directors effective from 29 April 2014.

Based on the above, we propose to the Annual General Meeting to elect Dr. Anwar al-Kharusi as member of the Board of Directors of the Company from 30 April 2014 to 29 April 2019. Furthermore, we propose to the Annual General Meeting to approve Dr. Anwar al-Kharusi's membership in the Board of Directors of Oman Oil Company, in compliance with Subsection (1) of Section 25 of the Company Act.

(Dr. Anwar al-Kharusi's CV can be found after the Proposed resolution.)

Proposed resolution

The Board of Directors proposes to the General Meeting to elect Dr. Anwar al-Kharusi to be a member of the Board of Directors from 30 April 2014 to 29 April 2019.

In compliance with Subsection (1) of Section 25 of the Company Act the General Meeting approves Dr. Anwar al-Kharusi's position as member of the Board of Directors of Oman Oil Company.

CURRICULUM VITAE

Dr. Anwar al-Kharusi

Dr. Anwar al-Kharusi is a Ph.D. in Petroleum Engineering from the University of London, UK. He has 20 years of oil and gas industry experience: he has been working at Petroleum Development in Oman, Shell International Exploration and Production in the Netherlands and Knowledge Reservoir in the United Kingdom. Dr. Anwar al-Kharusi has been working in various positions at Oman Oil Company since 2009, recently as the Head of Mergers & Acquisitions - Upstream International. He is a citizen of Oman.

We propose to the General Meeting to elect Dr. Anthony Radev as a member of the Board of Directors of the Company from 30 April 2014 to 29 April 2019.

(Dr. Anthony Radev's CV can be found after the Proposed resolution.)

Proposed resolution

The Board of Directors proposes to the General Meeting to elect Dr. Anthony Radev to be a member of the Board of Directors from 30 April 2014 to 29 April 2019.

CURRICULUM VITAE**Dr. Anthony Radev**

Dr. Anthony Radev was a Director of McKinsey & Company for over 22 years. Joining the Firm in 1991 in Germany, he was one of the founding partners of the Eastern European office in 1993. He opened up personally the McKinsey offices in Budapest (1995), Zagreb (2003), Sofia (2005) and Bucharest (2008). He was also leading McKinsey Financial Institutions Practice in Eastern Europe. With McKinsey, Anthony has completed a vast number of engagements in almost all sectors of the economy and the public sector – from financial institutions through service industries to manufacturing industries. He is a citizen of Hungary, Germany and Bulgaria.

AGENDA ITEM No. 6

Amendment of the provisions of the Articles of Association (Article 7: Share capital and shares, Article 8: Shares and share register, Article 10: Voting rights, Shareholder Group, Article 11: Transfer of shares, Article 12: General Meeting, Article 13: Invitation to the General Meeting, quorum, Article 14: Proceedings of the General Meeting, Article 15: Board of Directors, Article 16: Convening the Board of Directors and its procedures of operation, Article 17: Increase and decrease of share capital, Authorization of the Board of Directors to increase the share capital, Article 18: Documents, Article 20: Representation, Article 22: Supervisory Board, Article 25: Auditors, Article 26.: Publications, Article 27: Termination, Article 28: Applicable law) and decision on the application of the new Civil Code (Act V of 2013 on the Civil Code) for the Company

Act V of 2013 on the Civil Code (“new Civil Code”) entered into force on 15 March 2014 among other provisions includes the legal provisions regarding business associations as well. (Act IV of 2006 on business associations (“Company Act”) has been replaced by the new Civil Code that contains both civil law and corporate law provisions.)

Considering the entry into force of the new Civil Code, the Company reviewed its Articles of Association and proposes to amend the Articles of Association as set out in this proposal.

The aim of the proposed amendments is to ensure the compliance with the obligatory and permissive provisions of the new Civil Code, however, as a result of the revision of the Articles of Association, some proposals serve to improve accuracy and coherency of the Articles of Association.

With respect to the large number of the amendments and in order to ensure the undisturbed and efficient conduct of the General Meeting, the Board of Directors proposes that the General Meeting decides on the different amendments of the Articles of Association by joint resolution, except for the decision on the authorization granted for the Board of Directors to increase of share capital and respective amendment of Article 17.d.), which shall be adopted by a separate resolution by the General Meeting.

In line with suggestion 1.3.11. of the Corporate Governance Recommendations of the Budapest Stock Exchange, the Board of Directors proposes that prior to the amendments of the Articles of Association the General Meeting adopts a separate resolution on the way of passing resolutions proposed by the Board of Directors. Considering Subsection (1) of Section 12 of the Act CLXXVII of 2013 on transitional and authorizing provisions regarding the entry into force of the new Civil Code, the Board of Directors further proposes to the General Meeting to adopt a separate resolution after the amendment of the Articles of Association on the application of the new Civil Code for the Company.

Proposed resolution

The Board of Directors proposes to the General Meeting to make decisions on the amendment of the Articles of Association of the Company within the Agenda Item No. 6 as follows:

- authorization granted for the Board of Directors to increase the share capital and respective amendment of Article 17.d.) shall be adopted by a separate resolution,
- all other amendments shall be adopted by a joint resolution.

The Board of Directors further proposes to the General Meeting, following the amendments of the Articles of Association, to adopt a separate resolution on the application of the new Civil Code for the Company.

6./I.
Authorization granted for the Board of Directors to increase the share capital and respective amendment of Article 17.d.)

- Amendment of Article 17.d.). (*wording proposed to delete crossed, new wording in bold*):

“d.) Based on the authorization granted in the Articles of Association the Board of Directors is entitled to increase the share capital until ~~April 23, 2014~~ **23 April 2019** in one or more installments by not more than HUF 30,000,000,000 (i.e. Thirty billion forints) in any form and method provided by the ~~Company Act~~ **Civil Code** and resolve the amendment of the Articles of Association in connection thereof.”

Reason: The authorization of the Board of Directors to increase the share capital granted through the amendment of Article 17.d.) of the Articles of Association by the Annual General Meeting held on 23 April 2009 will expire on 23 April 2014. Considering that it is still very important for the Board of Directors to be entitled to increase liquidity quickly – if necessary – and with as little restriction as possible, thus, the Board of Directors finds it reasonable to maintain the authorization provided in Article 17.d.) with the same conditions for further 5 years and to amend Article 17.d.) of the Articles of Association accordingly.

According to Subsection (1) of Section 313 of the Company Act, the validity of the resolution on the authorization of the Board of Directors to increase the share capital also requires the separate approval of the holders of each types or classes of shares directly affected by the capital increase, in the manner specified in the Articles of Association. According to the second paragraph of Article 12.10 of the Articles of Association, holders of the series of shares present at the General Meeting shall decide upon such approval prior to the resolution of the General Meeting by voting separate of each series of shares and by the simple majority of the votes.

Furthermore posting the changed reference to laws.

Proposed resolution

The Board of Directors proposes to the holders of “A” series shares present at the General Meeting to grant their approval to the authorization of the Board of Directors to increase the share capital in accordance with the conditions defined in Article 17.d.) of the Articles of Associations to be amended.

Proposed resolution

The Board of Directors proposes to the holder of “B” series share present at the General Meeting to grant his approval to the authorization of the Board of Directors to increase the share capital in accordance with the conditions defined in Article 17.d.) of the Articles of Associations to be amended.

Proposed resolution

The Board of Directors proposes to the General Meeting to

- pass a resolution according to which the Board of Directors shall be authorized to increase the share capital until 23 April 2019 in accordance with the conditions defined in Article 17.d.) of the Articles of Association amended as proposed above, and
- amend Article 17.d.) of the Articles of Association as proposed above.

6./II.**Other amendments of the Articles of Association****7. SHARE CAPITAL AND SHARES**

- Deletion of Article 7.3. (wording proposed to delete crossed):

~~7.3. The Company has issued through private placement registered, dematerialised, convertible, interest-bearing bonds at nominal value, in 5 series, each series consisting of 240 pieces of bonds, each with a nominal value of HUF 10,000,000., with series numbers MOL-2008/X "A", "B", "C", "D", and "E".~~

~~The terms of the bonds are: between October 09, 2003 and October 08, 2008.~~

~~Holders of the convertible bonds may convert their bonds by unilateral written declaration to the Board of Directors of the issuer once every year, namely on September 2, 2004, September 2, 2005, September 1, 2006, September 4, 2007, and August 27, 2008, into the issuer's "A" series of ordinary shares, provided that the bond holders may convert those series of their bonds, for which the possibility for conversion has already been opened. The possibility for conversion pertaining to the various series impact the following years: Series "A": 2004 to 2008, Series "B": 2005 to 2008, Series "C": 2006 to 2008, Series "D": 2007 to 2008, Series "E": 2008. Shares that are to be issued during the course of conversion shall be introduced on the Budapest Stock Exchange similarly to all of the Company's other "A" series of ordinary shares.~~

~~In the event that a bondholder does not convert some or any of the bonds despite the possibility for conversion being opened, such bonds will continue to be convertible until the expiry of the terms of the bonds.~~

~~The exchange rate of the bonds shall be as follows: each bond shall be converted into 1779 pieces of "A" series of ordinary shares.~~

~~Should the bondholders fail to convert their bonds into shares, they shall be entitled to an amount equal to the nominal value of the bonds in one sum at the time of the bonds' maturity.~~

~~The bonds bear variable interest rates. The amount of the interest rate shall be formulated so as to exceed the average yield achieved at the last 12-month discounted Treasury Bill auction organised by the Hungarian Government Debt Management Agency Ltd. directly preceding the interest period by 20 base points. During the term of the bonds interest shall be paid on September 1, 2004, September 1, 2005, September 1, 2006, September 3, 2007, August 26, 2008, and October 8, 2008.~~

~~The Company reserves the right to purchase the bonds by unilateral declaration addressed to the bondholder(s) pursuant to the detailed regulations approved by the Board of Directors (purchase right). The Company reserves the right to redeem a single or all of the bond series from each and every bondholder in a standard manner, and by giving notice to them to this effect, through purchasing the bonds (purchase right) subject to the decision of the Board of Directors if as a result of capital market, taxation or other changes in the financial environment, subsequent to the bond issue, the conversion of the bonds will no longer be in the best interest of either the Company or~~

~~the bondholders. The Company shall be entitled to exercise its purchase right pertaining to the bonds throughout the full term of the bonds, with the simultaneous payment of the nominal value of the bonds plus accrued interest.~~

~~The conditionally increased share capital of the Company following the issuance of the convertible bonds amounts to HUF 110,362,196,578, i.e. one hundred ten billion three hundred sixty two million one hundred ninety six thousand and five hundred seventy eight Forint. In the event that the owners of the convertible bonds convert by their unilateral declarations the entire series of bonds into "A" series of ordinary shares within the term of the bonds, the share capital of the company amounting to HUF 108,227,396,578 will be increased by the issuance of 2,134,800 pieces of ordinary shares of the series "A" with a par value of HUF 1,000 each with an amount of HUF 2,134,800,000.~~

~~In consideration of the fact that during the terms of the bonds the bonds may be converted into shares once every year, at the time defined in advance, following the announcement of intents to convert the Board of Directors shall decide annually about the actual amount of the capital increase, the number of shares to be issued the related modification of the Articles of Association.~~

~~Based on the conversion of 220 pieces of convertible bond, on September 2 2004 the Board of Directors decided on the issuance of 391,380 pieces of "A" series ordinary shares, due to the above exchange rate, with an issue value of HUF 5,621, each.~~

~~Based on the conversion of 206 pieces of convertible bond, on September 1 2005 the Board of Directors decided on the issuance of 366,474 pieces of "A" series ordinary shares, due to the above exchange rate, with an issue value of HUF 5,621, each.~~

~~Based on the conversion of 194 pieces of convertible bond, on September 7 2006 the Board of Directors decided on the issuance of 345.126 pieces of "A" series ordinary shares, due to the above exchange rate, with an issue value of HUF 5,621, each.~~

~~Based on the conversion of 194 pieces of convertible bond, on September 5 2007 the Board of Directors decided on the issuance of 345.126 pieces of "A" series ordinary shares, due to the above exchange rate, with an issue value of HUF 5,621, each.~~

~~Based on the conversion of 184 pieces of convertible bond, on September 1 2008 the Board of Directors decided on the issuance of 327.336 pieces of "A" series ordinary shares, due to the above exchange rate, with an issue value of HUF 5,621, each.~~

~~Upon written declarations of the Bondholders on the conversion the Board of Directors decided between the years 2003 and 2008 on the issuance of totally 1.775.442 pieces registered ordinary shares of the series „A" with a par value of HUF 1.000, and in accordance with the share capital of the Company has been increased totally to HUF 1.775.442.000.~~

Reason: this provision became inoperative.

8. SHARES AND SHARE REGISTER

- Amendment of Article 8.1. (*wording proposed to delete crossed*):

“8.1. The shares shall be produced in dematerialized form ~~and those shall bear data as specified by the Company Act and relevant regulation.~~”

Reason: Deleting the reference to annulled laws.

- Amendment of Article 8.2. (*wording proposed to delete crossed, new wording in bold*):

“8.2. The Board of Directors of the Company shall keep a share register, by share categories of the holders, of registered shares and general proxies, indicating the name (corporate name), address (seat), shareholding ratio of such shareholders or shareholders’ proxies and indicating the series, number, and par value of the shares, as well as the date of registration, and in events specified under Article 8.6 the composition of the shareholder group to which the shareholder belongs in accordance with Article 10.1.1 and 10.1.2, and any other data that may be required to meet the requirements specified by law or these Articles of Association. The Board of Directors is entitled to commission **a third person** ~~a clearinghouse or trader~~ to keep the share register.”

Reason: Clarification and amendment proposed to ensure compliance with Subsection (3) of Section 3:245 of the new Civil Code.

- Amendment of Article 8.5. (*wording proposed to delete crossed, new wording in bold*):

“8.5. ~~The shareholder shall~~ **Anyone may** have access to the share register. ~~and shall be entitled to Anyone concerning whom the share register contains current or deleted data may~~ request a copy of the section which pertains to him or her from the Board of Directors or its delegate. ~~Any third party may also have access to the share register.~~”

Reason: Amendment proposed to ensure compliance with Section 3:247 of the new Civil Code.

10. VOTING RIGHTS, SHAREHOLDER GROUP

- Amendment of Article 10.1.2. (ii) (*wording proposed to delete crossed*) :

“(ii) any shareholder not described in (i) above exercising voting rights jointly with such shareholder or sharing in exercise of voting rights by such shareholder or controlling or having the power to control such shareholder’s exercise of voting rights, in each case with respect to the Company, directly or indirectly, including by way of contract, assignment or relationship (such as executive officer, employee, principal, agent, mandatory, representative, assignor, assignee, pledgor, pledgee or close relative ~~as defined in Article 685(b) of the Civil Code~~) or in any other way. (Employees of the same company who are shareholders shall not be deemed by virtue of that relationship to be exercising voting rights joint with each other or sharing in exercise of voting rights unless proven otherwise.)

For purposes of this Article, indirect ownership or indirect exercise of voting rights shall mean the control of a majority of the capital or the exercise of a majority of the voting

capital of an enterprise (hereinafter: “original enterprise”) through the direct or indirect control of the majority share and/or votes, or a combination thereof, of one or more other enterprises (hereinafter: “intermediate enterprise”) having ownership rights and/or votes in the original enterprise. If the enterprise controls a majority ownership or voting share in the intermediate enterprise, this shall be considered as if the enterprise had full ownership of all shares in the original enterprise held by the intermediate enterprise.

In the event any shareholders’ group, as defined above, holds more than 10% of the voting rights, the total voting rights of the shareholders’ group shall be reduced to 10% by disregarding the voting rights of the shares (or the relevant portion of those) most recently acquired by the shareholder group. ”

Reason: Deleting the reference to an annulled provision of the previous Civil Code.

11. TRANSFER OF SHARES

- Amendment of Article 11.1. (*wording proposed to delete crossed, new wording in bold*):

“11.1. Shares shall be transferred in compliance with the relevant provisions of the ~~Company Act~~ **Civil Code**. Transfer shall only be binding upon the Company and the shareholder shall be entitled to exercise his shareholder’s rights only if such shareholder (or shareholder’s proxy) has been duly registered into the share register in compliance with the applicable rules.”

Reason: Posting the changed reference to laws.

- Deletion of Article 11.2. (*wording proposed to delete crossed*):

“11.2. ~~[Deleted] The keeper of security account or the depository, if the shareholder previously registered in the share register, shall report to the Company within two workdays that the shareholder’s ownership on the share(s) is terminated by debiting of the shareholder’s security account or by termination of the deposit. The keeper of the share register shall be responsible for the deletion from the share register on the basis of such reporting. The deleted data shall, however, remain observable.~~”

Reason: The new Civil Code does not take over such provisions of the Company Act; furthermore it is not required to be included in the Articles of Association.

- Amendment of Article 11.3. (*wording proposed to delete crossed, new wording in bold*):

“11.3. The Company shall accept the statement of account issued by the Central Clearing House and Depository ~~Co.~~ **Ltd.** (KELER), or shareholder identification executed according to the procedural rules of KELER, as a certificate of the ownership of the share.”

Reason: Clarifying the corporate name of KELER Ltd.

12. GENERAL MEETING

- Deletion of Article 12.2. k.) (*wording proposed to delete crossed*):

“k.) ~~[Deleted] approval of the by-laws of the Supervisory Board;~~”

Reason: Considering that the main operational rules of the Supervisory Board are set out in Article 22 of the Articles of Association, there is no reason to require the approval of the General Meeting for the by-laws of the Supervisory Board.

- Amendment of Article 12.2. q.) (*wording proposed to delete crossed, new wording in bold*):

“q.) in case of a decision of the General Meeting on the capital increase against a provision of cash contribution, the exclusion of the shareholders’ **and/or bond holders’ preference** right ~~to subscribe or take over the shares,~~ based on the written proposal of the Board of Directors;”

Reason: Clarification and simplification.

- Amendment of Article 12.7. (*wording proposed to delete crossed, new wording in bold*):

“12.7. The Board of Directors shall specify the exact place, date and agenda of the General Meeting. In case a General Meeting does not have a quorum, then the **reconvened** ~~a second~~ general meeting **convened within 15 (fifteen) days from the date of the first meeting** shall have a quorum in respect of all issues put on the original Agenda, irrespective of the number of shareholders being present.”

Reason: Amendment proposed to ensure compliance with Subsection (1) of Section 3:275 of the new Civil Code.

- Amendment of Article 12.9. (*wording proposed to delete crossed, new wording in bold*):

“12.9. The Board of Directors shall convene the extraordinary general meetings, except in cases otherwise provided by the ~~Company Act~~ **Civil Code** or by these Articles of Association.”

Reason: Posting the changed reference to laws.

- Amendment of Article 12.10. (*new wording in bold*):

“12.10. In case under the applicable laws or provisions of the Articles of Association as in effect from time to time, a resolution of the General Meeting requires the prior approval of the shareholders, the holders of a series of shares or shareholders representing certain percentage of the votes, the shareholders shall be requested to submit their declaration on the approval in a public announcement pursuant to Article 26 of the Articles of Association. Unless different majority is not required by law, in case at least the majority of the relevant shareholders do not submit a written declaration on the refusal of the approval within 30 days from the date of the public announcement the approval is deemed to be granted. The date of the written declaration in case of registered letter shall be the date of its posting, in any other case the date of its receipt at the address as indicated in the public announcement.

In case the validity of a resolution of the General Meeting requires under the applicable laws the separate approval of the holders of **the types, classes or a** series of shares, the holders of the series of **affected** shares present at the General Meeting shall decide upon such approval prior to the resolution of the General Meeting, by voting separate of each series of shares, and by simple majority of the votes attached to the shares belonging to the relevant series of shares. Applicable law may prohibit the application of the exclusion or limitation of voting rights attached to the shares within the course of the approval of the holders of certain series of shares.”

Reason: Harmonizing Article 12.10 with the provisions of Subsection (2) of Section 3:293 of the new Civil Code and with Article 17.b.) of the Articles of Association.

- Deletion of Article 12.11. (*wording proposed to delete crossed*):

~~“12.11. **[Deleted]** The general meeting shall decide on an issue provided for under Article 12.2.) of these Articles of Association only if any investor undertakes, in advance, the obligation to submit a public offer to purchase the shares of those shareholders who had not voted in favour of the resolution concerning the withdrawal of the shares.”~~

Reason: Unnecessary Article due to different obligatory provisions set out in the Act CXX of 2001 on the Capital Markets.

13. INVITATION TO THE GENERAL MEETING, QUORUM

- Amendment of Article 13.2. (*wording proposed to delete crossed, new wording in bold*):

“13.2. The invitation and the announcement shall clearly indicate **the corporate name and registered office of the Company, the procedure for holding the General Meeting**, the date, place and agenda of the meeting, as well as **the conditions of making additions to the agenda**, the conditions of exercising voting rights as provided for in the present Articles of Association, ~~as well as~~ the place and date of the reconvened meeting for the event that the first Meeting does not have a quorum, **as well as the place, where the original and full drafts of proposed resolutions and documents to be presented to the General Meeting can be accessed.**”

Reason: Amendment proposed to ensure compliance with Section 3:269 and Subsection (1) of Section 3:272 of the new Civil Code.

- Amendment of Article 13.3. (*wording proposed to delete crossed, new wording in bold*):

“13.3. The invitation and the announcement shall state that the shareholders may exercise their rights at the General Meeting through appointed representative. **A representative may represent more than one shareholder; however, one shareholder may appoint only one representative.** Unless otherwise provided for by law, members of the Board of Directors and the Supervisory Board, ~~company secretary, executives of the Company~~, as well as the auditor, may not represent a shareholder at the General Meeting. The power of attorney has to be

provided to the Company in the form of a public or a private document with full probative force or proxy card sent by the Company.”

Reason: Amendment proposed to ensure compliance with Subsection (1) of Section 3:255 of the new Civil Code. The sentence proposed to insert aims to avoid the possibility of receiving different – thus null and void – votes from more representatives, and to establish clear rules for exercising the voting rights.

- Amendment of Article 13.4. (*wording proposed to delete crossed, new wording in bold*):

“13.4. A condition of shareholders’ participation and voting at the General Meeting is that the shareholder or the proxy shall be listed in the share register based on shareholder identification. The provisions of the **Company Act Civil Code** as in effect from time to time shall be applicable to the time of the registration in the share register prior to the General Meeting as well as to any other connected deadlines; and the closing of the share register as well as the registration in the share register shall take place at the time required by the **Company Act Civil Code** as in effect from time to time. ~~In case the provisions of the Company Act as in effect from time to time either do not define a certain time with respect to the closing of the share register prior to the general meeting and the registration in the share register, or allow deviation from the provisions of the Company Act, then the closing of the share register as well as the registration in the share register shall take place at least seven (7) business days prior to the starting date of the general meeting.~~”

At the shareholder’s identification related to the closing of the share register prior to the General Meeting, the keeper of the share register shall delete all data contained in the share register at the time of the shareholder identification, and shall simultaneously register the data obtained upon the shareholder identification into the share register and close the share register with the data obtained upon the shareholder identification. After this closing, any registration into the share register pertaining to the ownership of shareholders may not take place until the first business day following the closing of the General Meeting.”

Reason: Posting the changed reference to laws and deleting the third sentence to ensure compliance with Subsection (2) of Section 3:273 of the new Civil Code.

- Amendment of Article 13.5. (*wording proposed to delete crossed, new wording in bold*):

“13.5. The General Meeting has a quorum if shareholders representing more than **half one third** of the shares entitled to vote are present. In determining whether the General Meeting has a quorum the restrictions of Articles 10.1 and 10.2 shall be applied so that the voting right beyond the 10% limitation shall be disregarded. If the General Meeting does not have a quorum, the reconvened general meeting shall have a quorum for the matters indicated on the original agenda, irrespective of the number of shareholders present. ~~Such re-convened general meeting may be reconvened for the same day as the general meeting having no quorum, however, the period between the two general meeting cannot be longer than 21 days.~~”

Reason: Subsection (1) of Section 3:275 of the new Civil Code prescribes that if the general meeting fails to have a quorum, not less than ten days and not more than twenty-one days shall pass between the original time of the general meeting and the reconvened general meeting. Deletion of the fourth sentence is necessary in order to ensure compliance with this provision. Considering that according to Subsection (2) of Section 3:4 of the new Civil Code the quorum required for the general meeting may be defined in the Articles of Association and with regard to the new provisions concerning the time of the reconvened general meeting, we propose to define the quorum as the presence of shareholders representing more than one third of the shares entitled to vote.

14. PROCEEDINGS OF THE GENERAL MEETING

- Amendment of Article 14.3. (*wording proposed to delete crossed, new wording in bold*):

“14.3. Representatives shall deposit their powers of attorney at the Company’s **head registered** office or any suitable place indicated on the announcement on the General Meeting prior to the date of the General Meeting. In the event the power of attorney is not deposited in the manner defined above, it shall be deemed null and void. The power of attorney shall be valid for one general meeting or a definite term, but for a 12 months period at the maximum. Such power of attorney shall be applicable to the continued general meeting after suspension or the general meeting reconvened due to lack of quorum.”

Reason: Clarification.

- Supplement of the Articles of Association with the new Article 14.5. (*new wording in bold*):

“**14.5. The Chairman of the Board of Directors may invite anybody to the General Meeting of the Company and may grant them the right to participate in the discussions and express opinion, if, in his opinion, their presence and expert opinion are important and may facilitate providing information to the shareholders and passing resolutions by the General Meeting.**”

Reason: Amendment proposed on the basis of the Corporate Governance Recommendations of the BSE to facilitate passing the resolutions of the General Meeting.

15. BOARD OF DIRECTORS

- Amendment of Article 15.1. (*new wording in bold*):

“15.1 The Board of Directors is the executive management body of the Company. **The Board of Directors shall consist of minimum 3 and maximum 11 members.**”

Reason: According to Subsection (1) of Section 3:282 of the new Civil Code the Board of Directors consists of three members as a general rule, and in case of different number of members, it shall be explicitly determined in the Articles of Association.

- Amendment of Article 15.2.j.) (*wording proposed to delete crossed, new wording in bold*):

“j.) commissioning ~~a clearinghouse or trader~~ **a third person** to keep the share register (The Company shall publish such commissioning **and data of the delegate as specified in Article 26 of the Articles of Association in the Cégközlöny (Companies’ Bulletin), Napi Gazdaság (Daily Economy), Népszabadság and Magyar Nemzet (daily papers).**);”

Reason: Amendment proposed to ensure compliance with Subsection (3) of Section 3:245 of the new Civil Code and conformity with Article 26 of the Articles of Association.

- Deletion of Article 15.2.k.) (wording proposed to delete crossed):

“k.) ~~[Deleted] permitting the access to the share register;~~”

Reason: Subsection (1) of Section 3:247 of the new Civil Code stipulates that anyone shall have unlimited access to the share register.

- Amendment of Article 15.7. (wording proposed to delete crossed, new wording in bold):

“15.7. The prohibitions and restrictions of the ~~Company Act~~ **Civil Code** on conflict of interest and all consequences stipulated for infringement of such provision shall be applicable to the members of the Board of Directors. In the event the Chairman of the Board of Directors is terminated, for any reason, as a member of the Board of Directors, his position as Chairman shall likewise be terminated.”

Reason: Posting the changed reference to laws.

- Amendment of Article 15.10. (wording proposed to delete crossed, new wording in bold):

“15.10. **If the General Meeting has explicitly granted its consent, the members of the Board of Directors may hold a position as executive officer in any other business association with the main business activity identical to the business activity of the Company.** The members of the Board of Directors may also be members of the Board of Directors in subsidiaries or affiliates of the Company with **main business activity activities** identical to that of the Company **without explicit approval of the General Meeting.**”

Reason: Amendment proposed to establish conformity with Subsection (1) of Section 3:115 of the new Civil Code and to make it possible to follow the existing practices of the General Meeting.

16. CONVENING THE BOARD OF DIRECTORS AND ITS PROCEDURES OF OPERATION

- Deletion of Article 16.6. (wording proposed to delete crossed):

~~“16.6. The Board of Directors shall publish at least the most significant data of the annual report, the proposal for profit distribution, and the reports of the Board of Directors and the Supervisory Board at least 15 days prior to the general meeting.”~~

Reason: Subsection (3) of Section 3:272 of the new Civil Code sets out in detail the information and documents to be published by the Board of Directors, therefore Article 16.6. is unnecessary.

17. INCREASE AND DECREASE OF SHARE CAPITAL

- Amendment of the Article's title (*new wording in bold*):

"17. INCREASE AND DECREASE OF SHARE CAPITAL AUTHORIZING THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL"

Reason: Clarification with respect to Article 17.d.) of the Articles of Association.

- Amendment of Article 17.b.) (*new wording in bold*):

"b.) The Company may, at any time, increase its share capital through a resolution adopted by the General Meeting or the decision of the Board of Directors based on the authorization granted in the Articles of Association **or in the General Meeting's resolution.**

The share capital may be increased by:

- the issuance of new shares;
- the transfer of funds from the equity capital in excess of share capital;
- issuance of employee shares;
- conditional increase of share capital, through the issuance of convertible **or equity** bonds.

The General Meeting's resolution on the increase of share capital shall be considered valid if the holders of each affected types or classes of shares separately grant their explicit consent to the increase of the share capital in the manner specified in the Article 12.10 of the Articles of Association. In respect of the explicit consent those shareholders shall be considered affected who hold the same types or series of shares to be issued, furthermore the shareholders whose rights attached to any series of shares (in particular, but not limited to the voting rights, eligibility for dividends) change disadvantageously by the increase of share capital."

Reason: Clarification and amendment to ensure the compliance with Subsection (2) of Section 3:293, Subsection (5) of Section 3:297 and Sections 3:303-305 of the new Civil Code.

- Amendment of Article 17.c.) (*new wording in bold*):

"c.) In case the shareholders or bond-owners of the Company have preference right to subscribe or take over shares (hereinafter jointly referred to as "preference right") provided by law, and the exercise of such preference right is not excluded, the Board of Directors shall call the shareholders and bond owners for exercising their preference right in a public announcement according to Article 26 of these Articles of Association. Shareholders and bond-owners may exercise their preference right by sending a declaration in the manner, within the time and to the address as specified in the public announcement. **The Board of Directors shall specify the period (at least 15 days), during which the preference right may be exercised.** The declaration shall contain the category, class, series, number, par value and issuance price of the shares to be subscribed or taken over, as well as the irrevocable commitment of the shareholder or bond-owner on the subscription or taking over the shares stipulated in the declaration and on the payment the issuance price according to the decision of the General Meeting. The validity of the declaration is subject to the performance of the payment obligation included therein by the shareholder or bond-owner in due time. If the shareholder or bond-owner does not submit a declaration within the time specified in the public announcement on the exercise of his/her preference right, he/she shall be deemed not to exercise his/her preference right. **Unless the resolution of the General Meeting prescribes otherwise, preference right shall be granted – in this sequence – first to shareholders of the Company (within**

that first to the holders of shares belonging to the same series of issue) and then to the holders of convertible bonds and in the same order of rank to the holders of bonds with subscription right.

Unless otherwise provided for in the decision of the General Meeting, if shareholders or bond-owners with the same preference right intend to subscribe or take over more shares than shares to be issued within the course of the capital increase, they can exercise their preference right in the proportion of the par value of their shares or bonds.

The General Meeting may exclude the preference right pertaining to subscribe or take over shares based on the written proposal of Board of Directors. The General Meeting shall discuss the proposal on exclusion of the preference right together with the proposal pertaining to the capital increase but it shall render separate decisions on them. In addition to the content required by law the proposal on exclusion of the preference right shall also contain the reason of the capital increase, in case of private placement the introductions of persons entitled to take over the shares, and the modification of the voting ratio of the existing shareholders as a result of the capital increase.”

Reason: Amendment proposed to ensure compliance with Subsection (2) of Section 3:297 of the new Civil Code.

18. DOCUMENTS

- Amendment of Article 18.1. (*wording proposed to delete crossed, new wording in bold*):

“18.1. An attendance list shall be drawn up at the General Meeting pursuant to the relevant Articles of the **Company-Act Civil Code**. The signatures of the Chairman and the keeper of the minutes of the General Meeting shall certify this list.”

Reason: Posting the changed reference to laws.

- Amendment of Article 18.2. (*wording proposed to delete crossed, new wording in bold*):

“18.2. Minutes taken at the General Meeting shall contain all data defined by the **Company-Act Civil Code**, whereas minutes taken at meetings of the Board of Directors shall contain the following:

- a) the names of participants in the meeting;
- b) the procedure of the meeting and each resolution adopted; and
- c) all appointments made by the Board of Directors.

The minutes shall be certified by the signature of the Chairman of the General Meeting and by the keeper of the minutes, ~~as well as by a designated member of the Board of Directors~~, and by a shareholder appointed for such purpose.”

Reason: Posting the changed reference to laws and amendment proposed to ensure compliance with Subsection (2) of Section 3:278 of the new Civil Code.

- Amendment of Article 18.3. (*wording proposed to delete crossed, new wording in bold*):

“18.3. The Board of Directors shall file the minutes and **the attendance list** ~~(or authenticated summary thereof)~~ of the General Meeting ~~and its Appendices~~ with the Court of Registration ~~and with the Budapest Stock Exchange.~~”

Reason: Amendment proposed to ensure compliance with Subsection (4) of Section 3:278 of the new Civil Code.

20. REPRESENTATION

- Amendment of Article 20.1. (*wording proposed to delete crossed, new wording in bold*):

“20.1. The Board of Directors - as a body - shall be entitled to represent the Company in general, in each case and with respect to any third person, pursuant to the ~~Company Act~~ **Civil Code.**”

Reason: Posting the changed reference to laws.

- Amendment of Article 20.3. (*wording proposed to delete crossed*):

“20.3. The Board of Directors may authorize employees of the Company to represent the Company in respect of specific group of matters. The Chief Executive Officer and the employee authorized for representation shall not assign such right of representation to third persons except in the event of authorization defined in ~~Articles 221 through 223 of~~ the Civil Code.”

Reason: Deleting the reference to annulled laws.

22. SUPERVISORY BOARD

- Amendment of Article 22.1. (*new wording in bold*):

“22.1. **The Supervisory Board shall consist of minimum 3 and maximum 15 members.** The members of the Supervisory Board shall be elected by the General Meeting for a maximum term of five (5) years. The Works Council, by taking into consideration the opinion of trade unions active at the Company, shall appoint the employee members of the Supervisory Board (one third of the members of the Supervisory Board).”

Reason: According to Subsection (1) of Section 3:121 of the new Civil Code the Supervisory Board consists of three members as a general rule, and in case of different number of members, it shall be explicitly determined in the Articles of Association.

- Amendment of Article 22.2. (*wording proposed to delete crossed*):

“22.2. Members of the Supervisory Board shall elect a chairman from among themselves. The Supervisory Board itself shall define the by-laws of the Supervisory Board, ~~and these shall be approved by a resolution of the general meeting.~~ Members of the Supervisory Board shall not be in employment relationship with the Company except for the employee members appointed by ~~Central~~ Works Council.”

Reason: Considering that the main operational rules of the Supervisory Board are set out in Article 22 of the Articles of Association, there is no reason to require the approval of the General Meeting for the by-laws of the Supervisory Board. The term “Central” was deleted due to clarification.

- Amendment of Article 22.3.b.) (*wording proposed to delete crossed, new wording in bold*):

“b.) review and survey all ~~significant business policy reports~~ **proposals of the Board of Directors** to be submitted to the General Meeting, **present its opinion thereof at the General Meeting;**”

Reason: Amendment proposed to ensure compliance with Subsection (1) of Section 3:27 of the new Civil Code.

- Amendment of Article 22.6. (*wording proposed to delete crossed, new wording in bold*):

“22.6. The Supervisory Board shall submit a written report to the General Meeting on issues within the scope of the Supervisory Board’s competence, at least ~~15~~ **21** days prior to the ordinary annual General Meeting, but in any event by the deadline as defined by the applicable laws.”

Reason: Amendment proposed to ensure compliance with Subsection (3) of Section 3:272 of the new Civil Code.

25. AUDITOR

- Amendment of the Article’s title (*new wording in bold*):

“25. **STATUTORY** AUDITOR”

- Amendment of Article 25.1. (*wording proposed to delete crossed, new wording in bold*):

“25.1. The General Meeting shall elect the **statutory** auditor (**hereinafter: “auditor”**). The auditor may not be the Company’s shareholder, executive officer (member of the Board of Directors), member of the Supervisory Board, any ~~close~~ relative of the foregoing (~~in accordance with Article 685 Section b) of the Civil Code~~) and the Company’s employee **during the existence** and for a three year period from the termination of ~~employment this relationship~~.”

- Amendment of Article 25.3. (*wording proposed to delete crossed, new wording in bold*):

“25.3. ~~The auditor shall audit the business reports prepared in accordance with the Accounting Act to establish the authenticity and legality thereof. Furthermore, the auditor shall audit any significant business report submitted to the general meeting whether such reports contain true and correct data, and comply with the applicable laws and regulation. The auditor shall submit a written report to the general meeting thereon.~~ **The auditor shall be responsible for performing the audits of accounting documents according to the relevant regulations, and to provide an independent audit report to determine whether the annual account of the business association is in conformity with legal requirements, and whether it provides a true and fair view of the company’s assets and liabilities, financial position and profit or loss.**”

Reason: Amendments proposed to ensure compliance with Sections 3:129 – 131 of the new Civil Code.

26. PUBLICATIONS

- Amendment of Article 26. (*wording proposed to delete crossed*):

“26. PUBLICATIONS

In addition as required by laws or stock exchange rules the Company shall publish its announcements on the website of the Company, and, in events required by law, in the Company Gazette ~~and in the Magyar Tőkepiac daily newspaper~~, whereas the invitation to the General Meeting shall be published on the website of the Company.”

Reason: Amendment proposed due to the termination of the Magyar Tőkepiac daily newspaper.

27. TERMINATION

- Amendment of Article 27.b.) (*wording proposed to delete crossed*):

“b.) the General Meeting decides to terminate ~~(transform)~~ the Company through legal succession;”

Reason: Amendment proposed due to terms used in the new Civil Code.

28. APPLICABLE LAW

- Amendment of Article 28. (*wording proposed to delete crossed, new wording in bold*):

“28. APPLICABLE LAW

The provisions of the ~~Company Act~~ **Civil Code**, as amended from time to time, shall govern issues not provided for in these Articles of Association.”

Reason: Posting the changed reference to laws.

Proposed resolution

The Board of Directors proposes to the General Meeting to

- delete Article 7.3 ,
- amend Articles 8.1., 8.2. and 8.5.,
- amend Article 10.1.2. (ii),
- delete Article 11.2. and amend Articles 11.1. and 11.3.,
- delete Articles 12.2.k.) and 12.11. and amend Articles 12.2.q.), 12.7., 12.9. and 12.10.,
- amend Articles 13.2.,13.3., 13.4. and 13.5.,
- amend Article 14.3. and supplement Article 14 with a new Article 14.5.,
- amend Articles 15.1., 15.2.j.), 15.7. and 15.10. and delete Article 15.2.k.),
- delete Article 16.6.,
- amend the title of Article 17 and amend Articles 17.b.) and 17.c.),

- amend Articles 18.1., 18.2. and 18.3.,
- amend Articles 20.1. and 20.3.,
- amend Articles 22.1., 22.2., 22.3.b.) and 22.6.,
- amend the title of Article 25 and amend Articles 25.1. and 25.3.,
- amend Article 26.,
- amend Article 27.b.),
- amend Article 28.

of the Articles of Association according to the above proposal of the Board of Directors.

6./III.

Decision on the application of the new Civil Code (Act V of 2013 on the Civil Code) for the Company

According to Subsection (1) of Section 12 of the Act CLXXVII of 2013 on transitional and authorizing provisions regarding the entry into force of the new Civil Code business associations registered into the company register at the time of entry into force of the new Civil Code shall decide on the application of the new Civil Code simultaneously with the first amendment of the articles of association, and submit the resolution of the supreme body to the Court of Registration.

The Company shall apply the provisions of new Civil Code from the date of decision mentioned above (for lack thereof, from 15 March 2016 at the latest) and after that time the Articles of Association of the Company shall not contain any provision that is not in line with the new Civil Code.

Considering that the amendment of the Articles of Association is put on the agenda of this General Meeting, based on the above we propose to the General Meeting to make decision on the application of the new Civil Code (Act V of 2013 on the Civil Code) for the Company.

Proposed resolution

The Board of Directors proposes that the General Meeting decides on the application of the new Civil Code (Act V of 2013 on the Civil Code) for the Company in the future.