

DOCUMENTS FOR THE ANNUAL GENERAL MEETING

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

TO BE HELD ON APRIL 23, 2009

Date of the AGM: 23 April, 2009 11 a.m.

Venue of the AGM: Danubius Thermal & Conference Hotel, Helia

Dear Shareholder,

The Annual General Meeting of the Company was convened by the Board of Directors of MOL Plc. for 23 April 2009, 11 a.m., whose agenda is contained in the announcement published as stipulated in the by-laws. The announcement was published on 23 March 2008 on the homepages of Budapest Stock Exchange and MOL.

Agenda items of the Annual General Meeting:

1. Closing the business year 2008:
 - Report of the Board of Directors on the 2008 business performance; presentation of the financial statements prepared 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.
 - Auditor's report on the 2008 financial statements presented by the Board of Directors
 - Report of the Supervisory Board on the 2008 financial statements and proposal for the distribution of after tax profit.
 - Decision on the approval of the parent company's financial statements prepared in accordance with the Accounting Act and the consolidated financial statements prepared in compliance with IFRS, use of after tax profits and amount of dividends.
 - Decision on the approval of the corporate governance declaration.
2. Appointment of the statutory auditor for the 2009 financial year and decision on its remuneration as well as the major contractual terms of its engagement.
3. Decision on the waiver to be granted to the executive officers according to Section 30 (5) of the Companies' Act
4. Authorization of the Board of Directors to acquire treasury shares
5. Election of the members of the Board of Directors
6. Dismissal of employee member of the Supervisory Board, election of new employee member
7. Approval of the amended charter of the Supervisory Board
8. Decision on of the principles and the framework of the Company's long-term incentive scheme for senior employees
9. Amendments of the Articles of Association (Share capital and shares; Shares and share register; Voting Right, Shareholder group; General meeting; Invitation to the general meeting, quorum, Board of Directors; Increase and decrease of share capital; Supervisory Board; Termination)
10. Presentation of the report of the auditors appointed on the basis of the resolutions no. 34-38 of the AGM held on 23 April, 2008 on the proposal of OMV Clearing und Treasury GmbH shareholder under Section 49 (3) of the Companies' Act

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 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 in Hungarian only.

Technical remarks

Conditions for participation and exercise of voting rights at the general meeting

Shareholders may participate and vote at the general meeting, if the holder of the share(s) is registered in the Share Register seven (7) business days prior to the date of the general meeting (on 14 April, 2009) in the framework of the shareholders' identification. The registration in the Share Register based on the shareholders' identification shall be in compliance with the Articles of Association of the Company as well as the relevant laws. In order to be registered in the Share Register in the course of the shareholders' identification, shareholders must comply with the Articles of Association of the Company and the relevant laws. Upon instruction of the Board of Directors, KELER Zrt. shall close the register of shareholders on 14 April, 2009, 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 9 April, 2009.** The securities account holders shall be responsible for registering the shareholders in the Share Register upon instruction of such shareholders. The securities account holders shall provide information to the shareholders on the deadlines for giving instructions to the securities account holders.

MOL shall not be liable for the performance of or the failure to perform the instructions given to the securities account holder. Shareholders may inspect and obtain information in respect of their registration by phone (06-80-390-207) or personally at the Share-register Office of KELER Zrt. (address: 1075 Budapest, Asbóth u. 9-11) 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 at 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 at the general meeting either in person or through a proxy issued or by nominee (hereinafter collectively referred as „nominee”) in accordance with the provisions of Act IV of 2006 on Companies 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 by 22 April, 2009 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 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 Republic of Hungary and the country where the document was issued. If the power of attorney is prepared in any language other than Hungarian an official Hungarian translation thereof shall be attached. Powers of representations of the persons signing the power of attorney shall be certified by appropriate 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 an official 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 at registration prior to the commencement of the general meeting at the latest, in accordance to the Articles of Association. The power of attorney given by a proxy card shall arrive to the address of the Company (1117 Budapest, Október huszonharmadika u. 18.) by 22 April, 2009 at the latest.

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. Holders of DRs will be entitled to exercise their voting rights by a Letter of Proxy issued in favor of The Bank of New York Mellon as depositary, 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: 1 212 815 5021, Fax: 1 212 571 3050, email: mira.daskal@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 8.30 a.m. and 10.30 a.m.

We request our shareholders to kindly 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 at the general meeting, however, such shareholders may not exercise their voting rights.

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.

AGENDA ITEM No. 1

Management Discussion and Analysis about the 2008 Business Operation

Highlights of the challenges of 2008 and our responses

In 2008, global recession, and a historically unprecedented credit crunch imposed several direct and indirect shocks on the oil and gas industry: economic slowdown depressed the growth rate of fuel and polymer demand, while the sharp drop in crude prices squeezed upstream margins and resulted in huge inventory holding losses for refiners.

Past decision-making and planning has positioned MOL to endure a recession as well as any in our peer group, and this was reflected in the FY 2008 results. High complexity refineries can endure longer periods of depressed margins than simple refineries, while integrated supply chain management is a great competitive advantage in a time of a sudden demand shift. Our prudent decision to retain the gas transmission business in 2006 provides a considerable degree of cash-flow stability.

MOL's sustained effort to improve efficiency is a key differentiator. MOL is one of the lowest cost producers in the European Upstream sector, chiefly as a result of continuous technology development and our partnership strategy. MOL is regarded as the efficiency leader in the European Downstream industry and boasts the "Downstream Business of the Year" award from Platts for 2008.

We were among those companies which reacted immediately following the first signs of the crisis and adjusted our operational activities to cope with the increasingly difficult environment. In October 2008, we implemented a range of cost reduction measures to extend our leadership in efficiency, the benefits of which were reflected as early as the Q4 2008 results.

For FY 2008, CCS-based operating profit, which measures profitability by excluding stock holding gains and losses and reflects the actual cost of supplies incurred during the period, increased by 15% to USD 1,667 mn with strong growth in both of our key businesses, Upstream and Downstream, at a time when the Petrochemical segment was in the red.

We remain committed to stringent cost control and we felt it prudent to reduce capital investment to HUF 220 bn for 2009 (a 35% cut against), a level that can be financed through operating cash-flow. In 2009, the Upstream capex focus is on high value and moderate to low risk projects with early cash generation, while other projects are put on hold. The capital intensive parts of the Hydrocrack project at the Duna Refinery have also been re-scheduled.

Hungary appears to be facing a deeper recession than the remainder of our region. Fortunately, due to robust underlying demand in segments like agriculture, railways, public transport, the scope of demand destruction even during severe recession is measured at 10%, which is equivalent to 2% of MOL Group sales. Our integrated supply chain management and logistics system cope comfortably with shifting these volumes to other markets, incurring only limited sales margin erosion.

With a strong balance sheet and access to financial headroom of EUR 1.5 bn of undrawn credit facilities, MOL is well positioned to withstand the current downturn. This financial flexibility together with a disciplined capital expenditure plan show our preparation for the

lean year. The medium-term objective is to establish an even stronger financial position in order to capture the opportunities presented by global economic recovery.

In the current external environment which constrain the opportunities for growth, MOL – by gaining management control over the Croatian national oil and gas company, INA – is positioned to deliver superior returns to its shareholders through improving efficiency and optimizing INA's operational activities. The new Shareholders' Agreement, together with MOL's track record in operational efficiency, creates the potential for INA to deliver significant growth in revenues and profitability.

The first step is the new Gas Master Agreement, permitting INA both to exit from regulated, loss-making sections of the gas supply industry and to secure significant gains in its upstream business. It is a top priority for our management team to deliver for INA the efficiency levels which are a MOL hallmark.

Detailed Analysis of 2008 Results

In FY 2008, operating profit, excluding special items, decreased by 31% year-on-year in USD-terms (down by 35% in HUF-terms) primarily as a consequence of the extreme fall in the oil price in H2 2008. Inventory holding losses were USD 538 mn for 2008, compared to inventory holding gains of USD 175 mn in 2007. CCS-based operating profit, which measures profitability by excluding stock holding gains and losses and reflecting the actual cost of supplies incurred during the period, increased by 15% to USD 1,667 mn with strong growth in both of our key businesses, Upstream and Downstream, while Petrochemical segment was in the red in 2008. Net income, excluding special items, decreased by 30% in USD-terms and by 35% in HUF-terms in 2008 year-on-year, due to weak H2 net income from associates, offset by a lower net financial expenses and a lower income tax expense.

- ▶ **Exploration & Production** operating profit, excluding non-recurring profit from the sale of the Szőreg-1 field in Q1 2008, increased substantially by 71% year-on-year to USD 732 mn (in HUF terms up 59% to HUF 125.7 bn) year-on-year in FY 2008, as natural gas and crude oil prices were stronger on annual average-terms.
- ▶ **Refining & Marketing** CCS-based operating profit, excluding one-off items, increased by 23% in USD-terms to USD 936 mn in FY 2008 year-on-year (up 15% in HUF-terms to HUF 161 bn), due to favourable diesel crack spreads in FY 2008.
- ▶ **The Petrochemical** segment reported a USD 44 mn operating loss in FY 2008 (HUF 7.6 bn loss), due to the historic low integrated petrochemical margin in Q2 2008.
- ▶ **Gas Transmission** operating profit improved by 6% to USD 178 mn in FY 2008. In HUF terms operating profit decreased by 1% in HUF terms to HUF 30.5 bn as higher operating costs eliminated the revenue increases.
- ▶ **Corporate and other** operating loss, excluding one-off items, increased by 22% to HUF 38.3 bn in FY 2008 year-on-year.
- ▶ **Net financial expense** decreased moderately from HUF 16.6 bn in FY 2007 to HUF 16.1 bn in FY 2008.
- ▶ **Capital expenditure and investments** increased to HUF 578.9 bn (USD 3.4 bn) in FY 2008, compared to the HUF 363.4 bn (USD 2.0 bn) in FY 2007. The main driver of the increase was the INA transaction (HUF 227.3 bn).
- ▶ **Net debt position** increased to HUF 689.4 bn, resulting in a gearing ratio of 35.9% at the end of December 2008, compared to a 35.5% at the end of 2007.
- ▶ **Operating cash-flow** improved by 10% to HUF 347.2 bn in FY 2008, primarily as a consequence of working capital changes. Operating cash-flow before changes in working capital decreased by 14% to HUF 384.2 bn.

Key financial data by business segments

NET SALES REVENUES	2007	2008	2007	2008
	(HUF mn)	(HUF mn)	(USD mn)	(USD mn)
Exploration and Production	334,806	428,780	1,822	2,496
Refining and Marketing	2,290,414	3,145,641	12,461	18,310
Gas & Power	90,694	199,124	493	1,159
Petrochemicals	497,616	470,457	2,707	2,738
Corporate and other	102,163	148,703	556	866
TOTAL	3,315,693	4,392,705	18,039	25,569

NET EXTERNAL SALES REVENUES ¹	2007	2008	2007	2008
	(HUF mn)	(HUF mn)	(USD mn)	(USD mn)
Exploration and Production	178,804	237,306	973	1,381
Refining and Marketing	1,932,290	2,768,537	10,513	16,115
Gas & Power	78,244	145,726	426	848
Petrochemicals	398,181	366,090	2,166	2,131
Corporate and other	6,432	17,349	35	101
TOTAL	2,593,951	3,535,008	14,113	20,576

OPERATING PROFIT	2007	2008	2007	2008
	(HUF mn)	(HUF mn)	(USD mn)	(USD mn)
Exploration and Production	78,864	191,018	429	1,112
Refining and Marketing	171,935	72,450	935	422
Gas & Power	38,743	38,661	211	225
Petrochemicals	40,892	(7,589)	222	(44)
Corporate and other	26,446	(37,697)	144	(220)
Inter-segment transfers ²	(1,375)	(57,619)	(7)	(335)
TOTAL	355,505	199,224	1,934	1,160

OPERATING PROFIT EXC. SPEC ITEM ³	2007	2008	2007	2008
	(HUF mn)	(HUF mn)	(USD mn)	(USD mn)
Exploration and Production	80,554	125,699	438	732
Refining and Marketing	171,935	67,821	935	395
Gas & Power	38,743	40,764	211	237
Petrochemicals	40,892	(7,589)	222	(44)
Corporate and other	(31,329)	(38,334)	(170)	(224)
Inter-segment transfers ²	(1,375)	5,597	(7)	33
TOTAL	299,420	193,958	1,629	1,129

¹ Net external sales revenues and operating profit includes the profit arising both from sales to third parties and transfers to the other business segments. Exploration and Production transfers domestically produced crude oil, condensates and LPG to Refining and Marketing and natural gas to the Gas and Power segment. Refining and Marketing transfers chemical feedstock, propylene and isobutane to Petrochemicals and Petrochemicals transfers various by-products to Refining and Marketing. The internal transfer prices used are based on prevailing market prices. The gas transfer price equals the average import price. Divisional figures contain the results of the fully consolidated subsidiaries engaged in the respective divisions.

² This line shows the effect on operating profit of the change in the amount of unrealised profit deferred in respect of transfers between segments. Unrealised profits arise where the item transferred is held in inventory by the receiving segment and a third party sale takes place only in a subsequent quarter. For segmental reporting purposes the transferor segment records a profit immediately at the point of transfer. However, at the company level profit is only reported when the 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 Exploration & Production to Gas and Power and from Refining & Marketing to Petrochemicals. In FY 2008 the transfer between Exploration & Production and Gas and Power included the sales of Szőreg-1 gas field with an operating profit of HUF 63.2 bn recognized by Exploration & Production which has been eliminated in consolidation.

³ Operating profit excluding the combined intersegment impact of the one-off gain on sales of Szőreg-1 gas field and the accumulated depreciation thereof (HUF 65.3 bn and HUF (2.1) bn, respectively) realised in FY 2008, the receivable for subsequent settlement from E.ON in connection with the gas business sale for FY 2008 and 2007 (HUF 6.4 bn and HUF 44.3, respectively), the fine imposed by the European Commission in association with paraffin trading (HUF 5.8 bn, recorded in Corporate and other segment) realised in Q3 2008, the repayment of the unfounded penalty by the Slovak Ministry of Finance in Q4 2008 (HUF 4.6 bn, recorded in Refining and Marketing segment) as well as the one-off gain on the acquisition of TVK shares realised in H1 2007 (HUF 14.4 bn, recorded in Corporate and other segment).

Turbulent external environment

Turbulent year for the world economy...

2008 was a turbulent year for the world economy. Financial problems and the gradual economic slowdown seen in 2007 continued in 2008, reaching the emerging and developing countries, and culminating in a credit crunch not seen in decades. The financial crisis emerged from the US subprime security market and quickly spread globally, impacting the housing, credit and commodity markets. Developed economies moved into recession by the third quarter of the year, heavily affecting the developing world, which proved to be closely tied to its export markets, showing that a global decoupling process is still immature. As a result, global economic growth in 2008 is expected around 3% per annum, after 5% in 2007.

...characterized by dramatic volatility in commodity prices

Volatility of commodity prices increased dramatically in the second half of 2008. Oil and other commodities continued their upward trend and the price of oil peaked just over USD 144 /bbl around July, a record-high level. As a consequence, inflation followed a similar pattern. In emerging and developing countries it soared to 10%, while in the advanced economies it also reached its peak at 4.5% in July. However, all these trends turned backwards in the second half of 2008, when oil prices collapsed to USD 34/bbl in December and inflation dropped to 1.6% in developed economies by November, while the US experienced the highest monthly deflation on record, which continued in December at a slower pace. The average inflation rates were still high in 2008, being 3.6% in the advanced economies and 9.4% in the emerging countries.

Higher oil price, mixed crack spreads

Due to record-high prices which carried into September, the average Brent price for 2008 reached USD 97.3/bbl representing a 34.4% increase from 2007 levels. Ural Med, the most relevant blend in terms of MOL's crude oil purchases, averaged USD 94.8/bbl, up 36.6% compared to 2007 (USD 69.4/bbl). Average FOB Rotterdam gasoline and diesel prices rose by 20.2% and 41.4%, respectively. Average USD-denominated crack spreads of FOB Rotterdam gasoline decreased by 31.9% to slightly below the historical average, while diesel crack spreads increased further by 72.7% in 2008 compared to the previous year and remain well above the 5-year average.

Local currencies strengthened vs USD

The Hungarian forint (HUF) strengthened by approximately 7% against the US Dollar in 2008: the average exchange rate in 2008 was 171.8 HUF/USD (183.8 HUF/USD in 2007). The average value of the HUF against the EUR in 2008 was the same as in 2007 (compared to the strengthening by 4.9% in 2007). The Slovak Crown (SKK) strengthened significantly (by approximately 7.5%) against the EUR in 2008 continuing the trend of 2007 when it was up 9.3% against the EUR. In addition, the Slovak Crown strengthened against the US Dollar, with an average exchange rate in 2008 of 21.4 SKK/USD (24.7 SKK/USD in 2007).

The Harmonised Indices of Consumer Prices (HICP) in Hungary was 6.0% in 2008, compared to 7.9% in 2007. In Slovakia, the average consumer-price inflation increased to 3.9% compared to the 1.9% in 2007. Hungarian GDP growth was 1.5% during Q1-Q3 2008, however, due to the negative impact of the global economic downturn in the fourth quarter, the yearly growth rate was 0.5%. The GDP growth in Slovakia is expected to be 6.4% in 2008 (10.4% in 2007). Across the region, demand for motor gasoline decreased slightly by 2.2%, however, demand for motor gas oil, despite the negative effects of economic downturn in the last quarter, increased by 4.1% in 2008.

MOL's business model is less vulnerable to the crisis

Past decision-making and planning has positioned MOL to endure a recession as well as any in our peer group, and this was reflected in the FY 2008 results. MOL has a well balanced business model including gas transmission providing a considerable degree of cash-flow stability. Operating one of the highest complexity refineries in Europe with integrated supply chain management provide a strong position for our Downstream business.

"Integrated" status – combination of risk and return

Being an "integrated" oil and gas company, with balanced EBITDA from various segments, balances risk and return. (E&P 44%, R&M 39%, Gas & Power 14% and Petrochemicals 3% based on 2008 EBITDA, excluding special items.) Gas transmission is practically immune to recession, while Upstream, being one of the lowest cost producers in the European Upstream sector, faces only crude oil price risk. Wide crude price swings have only a modest impact on MOL's upstream profitability, due to specific tax regimes.

Downstream is protected against significant volume decline

Recession can have an adverse impact on the demand for refined and petrochemical products. Nevertheless, our main markets (Hungary, Slovakia, Austria and Czech Republic) have remained short in diesel and balanced in gasoline in spite of the global supply-demand changes. As these are landlocked markets, they are isolated from the Transatlantic refined products trade, and the import threat is limited. Having one of the highest middle distillate yields in Europe, MOL is well positioned to benefit from the regional diesel shortage. MOL has strong market positions in Hungary and Slovakia (with automotive fuel market coverage of 80-85% and 65%, respectively) and also has solid wholesale market share (15-20%) in the Czech Republic and in Austria. Strong marketing operations supported by extensive logistic systems, give MOL better protection against demand decline.

Efficiency champion

MOL is internationally recognised as one of the most efficient upstream and downstream companies in Europe. In addition, the management team is implementing a range of cost reduction measures to extend our efficiency leadership. We believe this to be a key differentiator positioning MOL to endure a recession as well as any in our peer group.

Exposure to the Hungarian macro environment

Hungary is facing with a deeper recession versus the region. However, due to our robust underlying demand in segments like agriculture, railways, public transport, the scope of demand destruction even during an extreme recession is measured at 10%, which is equivalent to 2% of MOL Group sales. In 2008, only 37% of net external sales were realised in Hungary, with 29% in Eurozone countries and the remainder realised in other CEE countries. Our integrated supply chain management and logistics system cope effectively with shifting these volumes to other markets incurring only limited sales margin erosion.

Forex movements have a complex impact on MOL's operating cash-flow and net debt position. As MOL's pricing is linked to the commodity prices set in USD for crude and refined products, and in EUR for Petrochem products, a weakening HUF is beneficial for the operating cash-flow of MOL. However, a weakening HUF results in unrealised forex losses on the net debt position, as this is predominantly held in EUR and in USD. The currency mix of our debt is in line with the currency mix of free cash-flow, which provides a natural hedge position for MOL.

Changes in the regulatory environment

Changes in regulated gas tariffs

The asset proportional profit – projected on the asset base acknowledged by the regulator (RAB) and enforceable for the regulated activity at the Hungarian natural gas transmission – tariff was 6.9% in 2008. As a result of the tariff change in July 2008, the entry capacity fee was increased by 3.1% and the exit capacity fee was increased by 5.5%. The turnover fee for the year increased by 49.5% as a result of the significant growth (68.5%) in the acknowledged gas price. In addition, the Hungarian Energy Office (HEO) issued odorization tariffs valid from 1 July, 2008 until 30 June, 2009.

Minimal impact from changes to the Mining royalty framework in Hungary...

The Mining Act, which regulates the mining royalty framework in Hungary, was amended in 2007, with changes effective from 8 January, 2008. The modified Mining Act of 2007 and the related by-laws introduced the following key elements:

- Mining royalty rates dependent upon Brent pricing (when the monthly average Brent price exceeds USD 80/bbl, 3 percentage points are added to the base royalty level with an additional 3-6 percentage points in total - above USD 90/bbl);
- Production dependent mining royalty rates on production from fields put into operation after 1 January, 2008;
- Increased base royalty level on crude and gas produced from fields put into operation after 1998 (but before 2008) to 30% from 12%;
- An amended calculation of payments to the energy price compensation budget from royalties; and
- A lowered 8% royalty rate on low calorific gases.

These changes had a limited impact on MOL, as production from fields put into operation after 1 January, 2008 accounted for a low share of domestic production. Additionally, the mining royalty rate on the production from fields named in the agreement signed between MOL and the Minister of Economy and Transport remains determined according to regulation effective at the end of 2005. The bilateral agreement determines the royalty payable by MOL on Hungarian hydrocarbon production from fields named in the agreement until 2020. Other fields including new discoveries were subject to mining royalty rates regulated by the modified Mining Act of 2007 and the related by-laws.

MOL paid 36% of its crude oil and natural gas revenue as mining royalty to the Hungarian State on the crude oil and natural gas produced in Hungary in 2008. The rate of the mining royalty payable on gas produced from fields put into production before 1998 grew from 64% to 71% as increases in the gas price overcompensated the impact of increase in the acknowledged cost on rate in the predetermined formula. In 2008, HUF 72.7 bn was paid to the energy price compensation budget from royalties resulting from production from these fields. In 2008, the average rate of the mining royalty payable on natural gas produced from fields put into production after 1998 was 14.9%, while the average rate for crude oil production was 12.4% (excluding volumes from enhanced oil recovery which represented 13.1% of production and which are subject to a zero royalty rate in Hungary).

... and in Russia

The extraction tax and export duty in Russia is dependent upon the average Urals blend listed prices and the Russian Rouble/US Dollar exchange rate and are calculated by the formulas set out in the tax legislation. The tax authorities inform the public of the extraction tax rate through official announcements on a monthly basis. The export duty rate is published through official announcement every second month; however, due to the volatility of the crude oil price, the Russian government has lately determined the export duty rate on a monthly basis, based upon the

average Urals blend price, and calculated not according to the formula set out in the tax legislation. The extraction tax rate as of 31 December 2008 was USD 6.5/bbl; with an annual average extraction tax rate of 20%, based upon the annual average Urals blend price in 2008. The export duty rate as of 31 December 2008 was USD 26.4/bbl; with an annual average export duty rate of 52.0%, based upon the annual average Urals blend price in 2008.

In addition, the Russian Government decided to increase the threshold of the Mineral Extraction Tax from USD 9 /bbl to USD 15 /bbl, with effect from 1 January, 2009. Furthermore, the corporate income tax rate has been reduced from 24% to 20% with effect from 1 January, 2009.

Sales, Operating Expenses and Operating Profit

Increase in net sales revenues

In 2008, Group net sales revenues increased by 36% to HUF 3,535.0 bn, primarily reflecting the higher revenue as a result of the combined consolidation of IES and higher average sales prices.

One-off incomes

Other operating income in 2008 contains HUF 6.4 bn receivable for subsequent settlement from E.ON Ruhrgas International AG in connection with the gas business sale for the settlement period of January – June 2008, as well as the repayment by the Slovak Ministry of Finance of HUF 4.6 bn from the unfounded penalty paid by Slovnaft in 2005. The comparative period includes subsequent settlement from E.ON Ruhrgas International AG in connection with the gas business sale of HUF 44.3 bn and the impact of the acquisition of a 42.25% minority interest in TVK (HUF 14.4 bn).

Increase to cost of raw materials

The cost of raw materials and consumables used increased by 43%, considerably above the rate of growth in sales. Raw material costs increased by 45%, primarily as a combined effect of the growth in crude oil import prices (HUF 240.1 bn) and the higher quantity of import crude oil processed (HUF 12.4 bn), as well as the contribution of IES (HUF 260.6 bn). The cost of goods sold increased by 47% to HUF 430.0 bn, due to the performance of IES (HUF 77.9 bn). The value of material-type services used increased by 17% to HUF 153.1 bn, largely as a result of IES's contribution (HUF 11.9 bn).

Other operating expenses

Other operating expenses increased by 24% to HUF 280.0 bn, mainly as a result of the higher mining royalty (HUF 17.6 bn) and the increased value of export duty from the Russian operations (HUF 9.0 bn), due to the higher crude prices and despite a decline in domestic and foreign production volumes. The consolidation of IES also increased our operating expenses (HUF 5.0 bn).

Increase in headcount across the Group

Personnel expenses increased by 19% to HUF 139.7 bn, due to the combined effect of an average salary increase (of 7.4% at the parent company) and a 10.3% increase in average headcount of the Group mainly due to the acquisitions of IES and Tifon in Q4 2007 and of I&C Energo a.s. at the end on June 2008 (HUF 11.1 bn, HUF 1.9 bn and HUF 3.7 bn, respectively).

Of the production costs incurred in 2008, HUF 59.6 bn was attributable to the decrease in the level of finished goods and work in progress due to the performance of IES (HUF 34.0 bn), compared to the increase of HUF 70.2 bn in 2007. In the third and fourth quarters of 2008, processing crude oil purchased in the previous quarter at a higher price significantly increased our production cost.

CCS-based operating profit up 7% year-on-year

Operating profit, excluding special items, decreased by 35% to HUF 194.0 bn in FY 2008, primarily as a consequence of the extreme fall in the oil price in H2 2008. Inventory holding losses were HUF 92.4 bn for 2008, compared to inventory holding gains of HUF 32.1 bn in 2007. The CCS-based operating profit, which measures the profitability by excluding stock holding gains and losses and reflecting the actual cost of supplies incurred during the period, increased by 7% to HUF 286.4 bn, with strong growth in both of our key businesses, Upstream and Downstream, while Petrochemical segment was in the red in 2008.

Exploration and Production Overview

Our main 2008 goals were met with significant exploration success

Our main objective is to develop a strong and balanced portfolio with significant upside at an appropriate risk level, by maximizing the value of our existing resource base, acquiring new production, development and exploration assets where we can deploy our skills and capabilities effectively. We also focus on enhanced and improved recovery of our existing producing fields and originating new projects in territories, neighbouring our legacy assets. We made the following steps in 2008 to realise these targets:

- Intensive field development in order to balance production in our cash generating domestic projects.
- Our strong exploration track record continued further, as we claimed 8 discoveries out of a total 12 exploration wells tested in 5 countries.
- Increased total 2P (=P1+P2) reserve base in line with SPE guidelines (excluding 47.16% of INA reserves). New discoveries have added approximately 38.8 MMboe to our SPE 2P reserve base.
- Highly competitive OPEX maintained on Group level.
- Acquiring new exploration assets with strategic fit to enhance our existing portfolio (Cameroon, (Iraq/ Kurdistan).

2009 Outlook: adopting environmental challenges

Giving a fast and decisive answer to the changes occurring in the industrial environment and the global financial crisis, we changed the focus of E&P activities for 2009. We concentrate on high value and moderate or low risk development projects to generate cash, while other projects are delayed. Regarding exploration activities the capex program mainly focuses on committed work programs and we are putting even harder emphasis on partnerships to reduce costs and risks and to sustain exploration level. Regarding production, as already recognized one of the most efficient upstream player in Europe we are implementing further cost reduction measures to have a greater strength for the macro challenges.

Strong operating profit in Upstream

For FY 2008, the operating profit of the E&P segment amounted to HUF 191.0 bn, including a HUF 65.3 bn non-recurring gain from the sale of the Szőreg-1 field. This one-off impact is eliminated from Group figures due to the fact that the buyer of the field was a consolidated subsidiary of the Gas and Power segment, MMBF Ltd.

Robust 59% increase in operating profit, excluding one-off gains

Operating profit, excluding this gain, still showed a robust, 59% growth in HUF-terms to HUF 125.7 bn. In USD-terms, the profit growth was even more impressive at a rate of 71%, from USD 429 mn to USD 732 mn. The annual average Brent oil price was 34% higher year-on-year against a backdrop of extreme crude oil price volatility in 2008. The annual average gas price increased by 57% year-on-year in 2008. The higher realised USD prices were softened by a weaker USD against the HUF in the first half of the year, all combined resulting in an operating profit increase of HUF 54 bn in 2008.

Upstream revenue increased by HUF 161.2 bn to HUF 496.6 bn in 2008 compared to 2007, including the non-recurring revenue of HUF 65.3 bn from the Szőreg disposal, with recurring revenues increasing by 29% year-on-year. Increasing sale prices, supported by higher average realised hydrocarbon and oil product prices, more than compensated for the negative impact of the weaker USD.

Upstream expenditure increased by HUF 49.0 bn to HUF 305.5 bn in 2008 year-on-year. Royalties on Hungarian production were at HUF 108.1 bn, up by HUF 11.0 bn, due to higher prices (of this amount HUF 72.7 bn was the payment to the energy price compensation budget). The mining royalty and export duty paid in Russia increased by HUF 12.5 bn to HUF 57.1 bn in 2008, also due to the higher crude prices.

The natural decline in hydrocarbon production was minimised with stable domestic production

The total hydrocarbon production was 86.3 Mboe/day in 2008, compared to the 90.4 Mboe/day in 2007. Natural gas production was maintained at a stable level of 40.1 Mboe/day, while crude oil production (including condensates) declined by 8% year-on-year to 46.2 Mboe/day. Hungarian assets contributed 72% of the total production, while Russian fields dominated the international production.

In 2008, the average Hungarian hydrocarbon production was 61.7 Mboe/day, compared to 63.0 Mboe/day in 2007. In FY 2008, Hungarian gas production volumes were maintained at a stable level as lower sales, due to a very mild winter in early 2008, were made up through the rest of the year. Hungarian crude oil production, (without condensate) declined by 7% to 15.3 Mboe/day in 2008, compared to 2007.

Intensive field development to put our existing reserves into operation

In 2008, we maintained investment on development of our undeveloped reserves in Hungary almost at the 2007 level spending HUF 6.7 bn in 2008. The returns for such projects are expected to be strong as a result of the proximity of the transportation infrastructure and gathering systems.

EOR/IOR/EGR projects to maximize recovery

In 2008, Enhanced Oil Recovery (EOR) technology was applied at seven fields, representing 13.1% of the total Hungarian crude oil production. The high oil price and favourable royalty regulation motivated us to investigate the further EOR/IOR/EGR potential of our fields. In 2008, we continued preparation of the selected 36 individual EOR project opportunities, to realize the identified domestic upside potential. The start-up of our brownfield development and redevelopment projects (on fields with EOR/IOR/EGR potential) are subject to the changes in macro environment due to the price-sensitivity of these projects.

International production was lower compared to 2007...

International hydrocarbon production decreased by 10% year-on-year to 24.6 Mboe/day in 2008. The decrease in ZMB production is the consequence of natural decline due to the maturing stage of the field and the increased watercut from production wells. In joint efforts with the partnership operator, we have modified the capex program, based upon analysis of well-performing horizontal wells spudded in 2008. These modifications could further optimize production in 2009.

...production from new acquisitions could only partly offset fall from ZMB

Our share of the crude oil production from the ZMB field reached 19.9 Mbbl/day in 2008, a 16.9% decrease compared to the previous year. The Baitugan field (in Russia's Volga-Urals area, with a 100% MOL share) produced 2.2 Mbbl/day and the Matjushkinskaya fields (a 3,231 km² block in Tomsk region with a 100% MOL share) provided an additional 1.3 Mbbl/day average production.

Intensive field development in Russia

In the ZMB field, six production wells and one water injection well were drilled during 2008, including three horizontal producers, with extremely high, (above 1,400 bbl/day) production rates.

In the Baitugan field, field development activity continued in 2008. 3D seismic acquisition was carried out covering the whole field area; the processing and interpretation of which has started. 8 new wells (including 4 horizontals) and 6 horizontals re-entries of existing wells have been drilled. The extension and reconstruction of the gathering system was continued and the construction of water injection system has started.

In the Matyushinskaya block, 400 sqkm 3D seismic was acquired in 2008 (including coverage of exploration fields). 3 producing wells, drilled in 2007, were put into production in January. One horizontal and two vertical wells were deepened and put into production during the year. One of the two successful exploration wells, Ledovoye-101, was put into production by a fast track development; High capacity surface facilities were completed. In 2009, development activity will focus on the Ledovoye field development: 4 production wells, 1 water producer well, 1 water injection well will be deepened and related surface facilities will be constructed. A production increase of 114% is planned for the block.

Production in Pakistan expected to rise sharply...

Gas production in Pakistan decreased by 7.8% year-on-year in 2008, but is expected to rise sharply after the commissioning of the Manzalai central processing facility in first half of 2009. Production in the Manzalai and Makori fields in the Tal Block (8.42% MOL share) was around 1.2 Mboe/day (net to MOL) in 2008. The completion of surface facilities, a 200 km gas pipeline and drilling of 6 production wells is in progress, in line with our Field Development Plan. The Makori-2 appraisal well was unsuccessful, therefore appraisal activity will be continued in 2009.

SEC reserves decreased due to revisions...

According to our reserve review, (excluding MOL's entitlement to 47.16% of INA d.d.'s reserves, but including MMBF Plc's 5.2 MMboe reserves) in line with SEC guidelines, total gross proved developed and undeveloped reserves of the MOL Group at 31 December, 2008 were 155.5 MMboe, consisting of 12.6 bcm (86.4 MMboe) of natural gas (including condensate and gas liquids) and 9.4 million tonnes (69.1 MMboe) of crude oil. The net proved developed and undeveloped reserves at 31 December, 2008 (excluding MOL's entitlement to 47.16% of INA d.d.'s reserves, but including MMBF Plc's 4.3 MMboe reserves) were 130.7 MMboe, consisting of 11.0 bcm (73.5 MMboe) of natural gas and 7.8 million tonnes (57.2 MMboe) of crude oil.

In Hungary, annual production in 2008 reduced our gross proved reserves by 23.0 MMboe. New Hungarian discoveries and field extensions increased MOL's gross proved reserves by 0.3 MMboe, while the revaluation of reserves decreased the gross proved reserves by 33.9 MMboe.

Internationally, reserve revisions resulted in a decrease in gross proved reserves of 34.8 MMboe.

In accordance with SEC guidelines, as at 31 December 2008, MOL's share of gross proved reserves of the ZMB field was 29.5 MMbbls as of 31 December 2008, The Baitugan field had 12.5 MMbbls of proved reserves where economic limit based on Russian prices in December 2008, according to strict SEC rules, cut off all undeveloped reserves and resulted in a 37.6 MMBoe decrease in reserves. Proved reserves of the Matjushinskaya block were 2.6 MMbbls.

The Manzalai and Makori fields in the Tal Block (Pakistan, 8.42% MOL share) had 13.2 MMboe of proved gas and condensate reserves pertaining to our share, according to the reserve evaluation (prepared in line with SPE guidelines) as of 31 December, 2008. Due to the lack of a long-term gas sale agreement, we booked only 0.3 MMboe of proved reserves, in accordance with SEC guidelines.

SPE 2P reserves increased year-on-year

In parallel to the reserves presentation of proved reserves under SEC guidelines, MOL publishes P1 and P2 reserves according to SPE guidelines. In the opinion of the Company, SPE guidelines provide a more realistic framework for reserves presentation. MOL's 2008 year-end SPE gross proved reserves are 224.5 MMboe, excluding MOL's entitlement to 47.16% of INA d.d.'s reserves, but including MMBF Plc's 5.4 MMboe reserves. SPE P1+P2 figures are at 352.3 MMboe (excluding MOL's entitlement to 47.16% of INA d.d.'s reserves, but including MMBF Plc's 5.4 MMboe reserves), which presents an increase of 11.7 MMboe compared to the previous year.

Highly competitive OPEX maintained

Unit opex, excluding DD&A, rose due to increased costs, mainly as a result of energy and oilfield services costs, compared to the previous year, but remained at a very competitive level of USD 5.8 /boe in 2008 (USD 4.2 /boe in 2007).

We carried out intensive exploration activity in Hungary and we continued with our international exploration projects in Russia, Pakistan, Kazakhstan, Oman and Yemen. In addition, we have started new projects in Cameroon, Kurdistan and India in line with our strategic objectives.

Strong exploration track record with 67% success rate

Our strong exploration track record, already observed in the preceding year, continued further in 2008 as we claimed eight discoveries out of a total 12 exploration wells tested in five countries, leading to a solid 67% success rate at the drill-bit. In Russia, we drilled three exploration wells in 2008, all of them resulted oil discoveries. Our Hungarian successes highlight the attractiveness of our acreage position, where promisingly positive results were encountered: we tested six wells from which five wells have been classified as HC producers and one well has been dry. There were eight wells in drilling or testing phase in Hungary at the close of this report.

Strongest acreage position in Hungary with exploration successes in the year

Our Group has the strongest acreage position in Hungary with 32 exploration licences and total exploration acreage of 37,215 km² at the end of 2008. In addition, two new exploration licence permits were underway (2,735 km²).

In Hungary, out of the six wells tested in 2008, Földes-ÉK-1, Körösújfalú-3 and Dombegyház-DNy-7 wells were classified as gas producers, Süllysáp-É-1 as an oil producer and Órtilos-1 as a gas and oil producer. Only Jászberény-Ny-4 well was qualified to be dry. There were eight wells in drilling or testing phase. The spudding of Vízvár-S-1 and Zsáka-1 wells, and further three wells drilled in Makó Basin (unconventional gas accumulation) in partnership with ExxonMobil and TXM were in progress at year-end. The Jánoshalma-D-1 well in Hungary and the Dravica-1 well in Croatia (drilled in partnership with INA) are awaiting well tests. Okány-3 well is scheduled for additional well operations (this well was deepened in partnership with Hungarian Horizon Energy).

Active partnerships in conventional exploration...

In order to maximize the skill base and operating focus, as well as to share risks and costs, we have continued the co-operation with partners on several projects, including our strategic partner INA from Croatia and Hungarian Horizon Energy, an affiliate of US-based Aspect Energy. Both co-operations were successful in 2008 as well, evidenced by one successful

exploratory drilling and one promising well (well waiting for testing) in the two joint operations.

...and in unconventional exploration

In addition, we continued the partnership with ExxonMobil. In 2008 significant steps were made to evaluate and explore the unconventional exploration potential of Hungary, having significant combined original gas-in-place resource potential. Based on the positive results of a technical study completed by MOL and ExxonMobil by the end of 2007, ExxonMobil launched an unconventional exploration program in the Makó basin covered by exploration licenses owned by MOL. As a result of the agreement signed with TXM in April 2008, MOL and ExxonMobil gained a further share of interests covered by the production license of TXM in the Makó basin. As a consequence, MOL has positions in all acreages of the Makó basin: in Makó-West (MOL-Esso with 50% MOL share) and Makó-East (MOL-Esso-TXM with 33.5% MOL share). Three wells drilled in Makó Basin (unconventional gas accumulation) in partnership with ExxonMobil and TXM were in progress at year-end.

Exploration success in Russia

In Russia, we drilled 3 exploration wells in 2008, all of them resulted oil discoveries. The Ledovaya-101 exploration well in the Matjushkinskaya Block was classified as an oil producer with its discovery announced on 15 May 2008, and production rate from the well was around 700 bbl/day in December. A further well in the same block, Kwartovaya-11 exploration well was drilled successfully, followed by an extended well test. Test production will start in 2009. Expected output is around 220 bbl/day.

The Ayskaya exploration well in the Surgut-7 Block (Russia, 100% MOL share) has been tested as productive from several layers. Hydro-fracturing is planned in 2009, to ascertain a sustainable production level. To determine the further potential of the block 300km² 3D and 80 km 2D seismic acquisition was completed, processed, and interpreted in 2008. Drilling of the second exploratory well, Atayskaya-2 is expected in 2009.

Further success in Pakistani exploration

In Pakistan, a commercial discovery from a sidetrack from the Mami Khel well in the Tal Block was announced on 19 March 2008. In the same block, the Makori-2 appraisal well failed to substantiate further upside for that field and was suspended.

In the Margala and Margala North exploration blocks (70% MOL share.) we are in negotiations regarding a further farm-out of up to 20%, in order to share the risks of the exploration with partners. In 2008, we conducted most of the 2D seismic acquisition

We are the operating shareholder (27.5%) of the Fedorovsky exploration block in Kazakhstan. Following non-commercial oil inflow in one of our two prior exploration wells in the southern, basinal part of the block, the focus of exploration activities has been shifted to the northern part of the block. The Rozhkovsky U-10 drilling was finished in May 2008. During testing, it produced 1,503 bbl/day of oil and 8.2 MMCF/day of gas. Following the announcement of the discovery in June 2008, an appraisal programme has been launched and drilling started at the end of January 2009.

Progress in our exploration projects in Kurdistan (Northern Iraq); Yemen and Oman

In late 2007, MOL entered into two blocks in Northern Iraqi Kurdistan, in partnership with Gulf Keystone Petroleum International Ltd. MOL is the operator of Block Akri-Bijeel with a working interest of 80% and has a 20% non-operated working interest in Block Shaikan. Seismic acquisition was completed in both blocks in 2008. In 2009, one exploration well will be drilled in each block.

In Oman, (75% MOL share) the planned geophysical campaign has been completed in 2008. A farm-out of 25% has been approved by the

Government. The new partner is Mari Gas, the operator of Karak Block in Pakistan where MOL has a 40% share. There is an active search for a potential partner to farm into Block 48 (Yemen, 100% MOL share).

New exploration projects in Cameroon...

In Cameroon, we purchased a 40% non-operated interest in the Ngosso Block from Tullow Oil at the end of 2007. The farm-in was approved by the Cameroon Government in July 2008. The first two exploration drillings (Odiong and Tali) did not find commercial quantity of hydrocarbons. One sidetrack confirmed accumulation of oil and gas, however, as the size of this single discovery was not commercially viable, both exploration wells were plugged and abandoned. The consortium will decide on the future of the discovered accumulation in the light of later exploration results in the block. The work program will continue with seismic acquisition in 2009.

...and in India

In India, MOL farmed into Block HF-ONN-2001/1, operated by ONGC. The 35% working interest in the Himalayan Foothills fold belt awaits approval of the Indian Government. The block is in the second phase of exploration, and an exploratory well is expected to be drilled in 2009.

Refining and Marketing Overview

Main 2008 goals were met

The integration work of IES started last year with the aim of improving the efficiency of the current operations through the intensive transfer of our proven know-how and techniques in crude processing, refinery modernization and product marketing. Furthermore, we launched an investment program in 2008 focusing on gas oil desulfurization and related environmental standards. A new gasoil desulphuriser unit and a new Claus plant are the key elements of the refinery upgrade project. The program will be completed by the end of 2009, but as of mid-October 2008 all products became compliant to the 10ppm product specifications required as of Jan 2009 in the EU.

Basic design for Hydrocrack

In 2008, the Basic Design for the Hydrocracking unit was completed and an Open Book Estimation was developed to provide a solid basis for entering into the Engineering-Procurement-Construction (EPC) execution phase. In addition, the Basic Design for the Delayed Coker and crude oil processing unit was completed and the EPC contract for a new Hydrogen unit concluded.

Outstanding efficiency maintained...

The refineries of MOL Group are well-known for their exceptional profitability and outstanding operational excellence, as demonstrated by the 2008 award by Platt's, for "Downstream Business of the year." According to Wood Mackenzie, the net cash margin of our Danube and Bratislava refineries are the highest in Europe.

...due to favourable product yield with strong diesel focus

A key driver of our outstanding downstream performance is the high-quality refining and logistics asset base. The strategic and disciplined deployment of leading edge technologies enable us to convert heavier, sour crudes (95% of the crude supply in 2008) into a portfolio of highly marketable motor fuel products with the lowest possible residue production. The two high complexity refineries (NCI: Duna 10.6, Slovnaft 11.5) contributed to a white product yield of 80%, and a mere 2% fuel oil yield in 2008. The relatively high complexity of IES (NCI: Mantova 8.4) had a white product yield of 67%. In addition, out of the favourable white product yield, middle distillate yields of our refineries were well above the industry average: Duna and Slovnaft had a middle distillate yield of 43%, while Mantova had a middle distillate yield of 50% in 2008, allowing us to leverage the dieselisation of the market.

2009 Outlook: adopting environmental challenges

The main focus of the Downstream business in 2009 is to adopt a disciplined and effective approach to cost consciousness in order to weather the storm. Flexible and contingency plans are in place to address the challenges of the global financial crisis. In addition, MOL aims to improve further the profitability of IES's refining and retailing activities by transferring its best-in-class operating standards. For the retail business in particular, MOL will extend its advanced know-how and sales techniques as well as ensuring that full benefit is gained from economies of scale and local brand strengths.

Amendment to Hydrocracker project capex program

Disciplined project management and the implementation of the revised approved investment program is a key area of focus. As announced, in the short-term, due to the turbulent macro environment MOL intends to finance its capital expenditure from its operational cash-flow. Following a review of the investment plan, the capital intensive parts of the Hydrocrack project have therefore been rescheduled. MOL will complete additional design and planning tasks in 2009.

Operating profit details	2007	2008
Reported operating profit (HUF bn)	171.9	72.4
Replacement modification (HUF bn)	(32.1)	69.9
Impairment on inventories (HUF bn)	-	22.5
One-off impacts* (HUF bn)	-	(4.0)
Estimated CCS-based operating profit excl. one-off effects (HUF bn)	139.8	160.8
Estimated CCS-based operating profit excl. one-off effects (USD mn)	760.6	936.0

**including loss on the complete planned shut down of IES in September, the repayment of the unfounded penalty by the Slovak Ministry of Finance in Q4 2008 (HUF 4.6 bn)*

CCS-based operating profit up 23% in USD-terms and 15% in HUF-terms

R&M CCS-based operating profit increased by 23% in USD-terms to USD 936 mn in 2008 year-on-year. This measure adjusts for impairment on inventories, excluding one-off items, which describes the profitability of the reoccurring operation. The CCS-based operating profit, excluding one-off items, in HUF-terms increased by 15% year-on-year to HUF 160.8 bn for 2008, as local currencies strengthened against the USD.

Inventory loss and impairment on inventory due to the significant fall in the crude oil price

While the inventory holding gain was HUF 32.1 bn in 2007, it turned to an inventory holding loss of HUF 69.9 bn in 2008. The significant inventory loss for 2008 was resulted by a USD 49 /bbl decline in the monthly average Ural crude oil price (from USD 89 /bbl in December 2007 to USD 40 /bbl in December 2008). Furthermore, a HUF 22.5 bn impairment on inventories was recognised in 2008. As a result, the operating profit for the segment decreased by 58% year-on-year to HUF 72.4 bn in 2008.

CCS-based operating profit excluding IES remained stable

The comparable CCS-based operating profit, excluding IES, was maintained in USD-terms in 2008. In 2008, the favourable impact of the USD 12/t improvement in average crack spreads (FOB Rot vs. Brent) was offset by the following three factors: (1) a significant increase in energy cost, (2) unfavourable change in value of refinery own consumption due to higher crude oil price and (3) fx loss on creditors and vendors due to extremely volatile fx movements in H2 2008.

IES was in line with expectations in 2008

The profit contribution of IES, which was acquired in Q4 2007, was in line with our expectations in the first full year of consolidation, in 2008. IES owns the Mantova refinery with a 2.6 Mtpa capacity in Northern-Italy and has a network of 202 retail stations.

IES fuelled the 11% throughput increase

In 2008, we processed 15.0 Mt of crude oil, compared to 13.3 Mt in the previous year (an increase of 12.8%) supported by the throughput of IES (2.3 Mt). Refinery throughput grew by 11% year-on-year to 18.1 Mt in 2008.

At the Duna and Slovnaft refineries, production remained stable at 15.8 Mt on uninterrupted Russian crude supply.

Lower utilisation due to planned shut downs

There was a slight decrease in the utilisation of the Duna and Slovnaft refineries in 2008, due to planned shut downs of some selected residue upgrading units during 2008. By comparison, there were no significant refinery shut downs in 2007. In Q3-Q4 2008 IES had a 4 week shut-down to complete environmental upgrades.

Sales increase fuelled by middle distillates

Aggregate sales volume increased by 19% year-on-year to 15.6 Mt in 2008 (including sales of LPG and gas products, but excluding the chemical raw materials sold to the Petrochemical segment). The sales growth of the higher margin products was considerable: diesel was up by 26%, kerosene by 2% and motor gasoline sales improved by 9%, while the heating oil decreased by 9% year-on-year. The sales volume of the traditional Duna and Slovnaft refineries remained flat. The consolidation of IES added 2.6 Mt to our sales volumes (including 1.4 Mt diesel, 0.4 Mt gasoline and 0.6 Mt bitumen) in 2008.

Leading position in our home markets maintained

We were successful in increasing sales in our most important and closest markets of Hungary, Slovakia and Austria. Hungarian refinery product sales increased by 1% to 4.9 Mt in 2008, of which motor fuel sales increased by 2%, fuelled by a 5% increase in diesel sales in 2008 year-on-year. From the 1st January 2008 only 4.4% (v/v) of biocomponent content motor fuel was sold. Our refinery product sales in Slovakia increased by 7% (to 1.6 Mt), also supported mainly by 8% higher diesel volumes and increase in gasoline sales by 3%. Our Slovakian motor fuel sales grew by 6%, well above the market increase of 3% in 2008.

Growing exports

Our exports increased from 6.7 Mt to 9.0 Mt mainly due to the higher gas and heating oil, gasoline and bitumen exports (up by 37% (1.3 Mt), by 22% (0.3 Mt) and by 195% (0.6 Mt), respectively), partially supported by the acquisitions of IES and Tifon.

Regional demand growth was behind expectations

The Central European motor fuel market was dominated by high price levels in most of 2008. The demand growth was lower than experienced in recent years. The demand for gasoline declined by 2% in response to higher fuel prices. The diesel consumption grew by 4% driven by high economic growth rates sustaining in several countries of the region.

Demand in Hungary: weaker in gasoline, but further increasing in diesel

The gasoline market in Hungary slightly decreased by 1.5% in 2008 due to private consumers' reaction to the high level of fuel prices. As a response to the large fall in prices in Q4, the demand started to increase at the end of the year. Despite the weak economic growth, diesel consumption increased by over 5% driven by increased performance of the agricultural and freight transportation sectors.

Stable market coverage in Hungary

MOL successfully maintained its favourable market position in Hungary. Diesel refinery coverage remained stable at 85% in 2008 as a result of increased sales quantity in international oil companies (IOC) and end-user segments overcompensating the decline of own retail sales. However, refinery coverage of gasoline slightly declined from 85% to 84% in 2008, caused by a decrease in own retail sales.

Growing fuel demand in Slovakia and Slovakian market coverage successfully increased

The diesel market increased by 4% in Slovakia and motor gasoline consumption was slightly up by 2% year-on-year. Sustained favourable economic growth and rising real income all contributed to the demand growth, however high fuel prices somewhat moderated their positive impact.

The diesel market share significantly improved by 3 percentage points to 65%, due to higher sales to IOCs, transportation, white pumpers, agriculture and industry segments. Refinery coverage of gasoline was successfully increased from 66% to 67% in 2008, due to increased sales volumes to major customers of the IOC segment.

Increased bitumen consumption

After a large drop last year, the demand for bitumen increased in both Hungary and Slovakia driven by highway construction activity, which started earlier this year due to the weather conditions. We successfully managed to increase our market share in Hungary from 71% in 2007 to 78% in 2008. In Slovakia, however, the refinery coverage declined from 63% in 2007 to 58% in 2008, as a result of strengthening import competition.

LPG market share: higher in Slovakia but lower in Hungary

LPG refinery coverage in Hungary slightly decreased from 79% in 2007 to 76% in 2008 and the retail coverage also eroded from 23% in 2007 to 22% in 2008. However, the retail market share in Slovakia was successfully increased from 25% in 2007 to 29% in 2008, as a result of an increasing number of filling stations marketing autogas and through competitive pricing.

Petchem feedstock volume was down 6%

The total transferred volumes to the Petrochemical segment decreased by 154 kt to 2,546 kt in 2008. Of this, naphtha amounted to 1,888 kt and chemical gasoil volumes of 60 kt (1,994 kt and 203 kt, respectively, in 2007). In 2008, our Petrochemical segment supplied 669 kt of by-products to our Refining and Marketing segment for further processing.

Retail

Retail strategy successfully pursued

In 2008, we made further steps to reach our retail strategic goals in the North-Adriatic region. We successfully integrated Tifon, a fuel retail and wholesale company in Croatia, and the IES retail network, which is mainly concentrated in Northern Italy, following the acquisition of both companies during Q4 2007. In addition, we increased our Austrian network with 13 MOL branded stations as a result of our acquisition activity in Austria. Furthermore, we made significant achievements in network development by building and rebranding 62 service stations during the year. In line with our multibrand approach, we operate six brands in our region, in line with our basic 'Value For Money' sales philosophy.

New RVI providing success

MOL's 'Retail Visual Identity' (RVI) has been renewed and introduced at newly-built, refurbished, re-branded filling stations. The new design combines the traditional MOL visual elements with a dynamic refreshing image to reflect the company's strategy and MOL's 'Value for Money' sales philosophy. A regional partnership was created between the MOL Group and Marché International to provide a premium gastro offering at motorway locations. The first restaurants were opened at Hungarian motorway locations with great success, and have resulted in a boost to fuel sales.

Retail sales up 17%

Aggregate retail sales volumes (incl. LPG and lubricant volumes) increased by 17% to 2.3 Mt in 2008. The main driver of the growth was the acquisition of IES and Tifon, completed in Q4 2007, adding 225.1 kt, and 107.8 kt to retail sales, respectively. Retail fuel sales volumes, excluding IES and Tifon, remained stable, year-on-year, as Hungary eroded slightly while both Slovakia and Romania grew modestly.

Hungarian retail volumes down 2%

In Hungary, our retail fuel sales volumes decreased by 2% year-on-year, mainly due to the competitive environment, while the average throughput per site showed a 2.8% decrease year-on-year. Diesel sales increased by 3%, while gasoline and LPG sales fell by 4% and 6% year-on-year, respectively. Lower gasoline sales reflect the temporary effect of taking 98

octane gasoline out of our portfolio; the continued Hypermarkets' expansion; expiry of franchise contracts; and the highway reconstructions at our high throughput fuel sites. We completed the reconstruction of three sites by the motorways adding Marche restaurants. Our retail fuel market share, according to MÁSZ (Hungarian Petroleum Association), eroded from 37% in 2007 to 36% in 2008. The ratio of fleet card sales to our total fuel sales rose from 34% to 36% while shop sales revenue decreased by 2% in comparison to 2007.

**Throughput per site:
up 2% in Slovakia**

In Slovakia, our retail sales volume slightly increased in 2008, despite the fierce competition. Diesel sales showed a 3% increase year-on-year, while gasoline sales remained on the level of 2007, however showed a 2% increase in Q4 2008. LPG sales grew by 13%, mainly due to the excise duty abolishment as of 1st of July 2008. We increased the average throughput per site by 2.2% in 2008, as a result of our continued efficiency improvement program. Our retail market share in Slovakia eroded from 40% to 38% in 2008 year-on-year. Fleet card sales decreased by 2%, and the proportion of card sales within Slovakian total fuel sales fell by one percentage points to 29% in 2008 year-on-year.

**Romanian retail volumes
grew by 2%**

In Romania, fuel sales volume grew by 2% in 2008, while the turnover increased by 12% in EUR-terms. Fleet card sales increased by 5% due to a strong focus on increasing client card sales and the partnership with the Romanian Road Transporters Union. Shop sales, in EUR-terms, grew by 6%, due to improved category product management. In 2008, our market share decreased from 12.8% to 10.7%, mainly due to the product portfolio revision and withdrawal of Leaded '95 as of the 1st of April. The number of filling stations increased by nine reaching 131, of which six were opened in Q4 2008.

By executing our strategy to expand our network, fuel sales in Serbia increased by 44.4% to 71.1 million litres in 2008.

**On track with the strategy
realization: over 1000 petrol
stations**

The group operated 1,076 filling stations as of 31 December 2008, including 357 in our main market of Hungary, 209 in Slovakia, 202 in Italy, 131 in Romania, 47 in Austria, 40 in Croatia and 30 in the Czech Republic.

Petrochemicals Overview

**Achievements in an
extremely challenging
environment**

The full year of 2008 was characterised by the crisis management, as the first signs of the recession reached the petrochemicals industry already in April 2008. Given the difficult external environment it was necessary to apply stringent controls over operating costs. We achieved significant savings in maintenance costs, and were able to increase energy consumption savings with regard to steam and electricity. In addition, a special focus on feedstock structure optimization has had a positive impact on our performance.

On the basis of an in-depth market analysis and assessment of core competencies we have updated our sales and marketing strategy. To deepen further our customers' loyalty, we invested in improving the standard of our services. We continued our Open Doors program series and with enhanced direct communication to customers. Furthermore, we worked hard to find the optimum price and volume combination in our markets. As a result of our flexible and fine tuned reaction to market changes we managed to mitigate our losses.

**Further efficiency
improvements and capex
savings for 2009**

In order to survive the turbulent period characterized by critical conditions, we will double our efforts to maximize profits. We will focus on extending our

competitive advantage, improving efficiency and apply more proactive product and customer portfolio management. Furthermore, we intend to reduce capital expenditures to a reasonably minimal level. A review of our project pipeline was carried out and based upon detailed risk analysis, certain projects were renegotiated and rescheduled to minimize spendings.

HUF 7.6 bn operating loss for 2008

The Petrochemical segment reported an operating loss of HUF 7.6 bn for the FY 2008. Significant losses occurred in the first half of the year due to all-time low integrated Petrochemical margins. After the brake even in Q3, significant operating profit of HUF 3.8 bn was achieved in Q4, as a result of a strong recovery in integrated petrochemical margins, cost-cutting and efficiency improvement measures implemented in H1 2008.

2008 was a challenging year

2008 was an exceptionally challenging year with extremely volatile integrated petrochemical margins, as raw material prices reached both record high and low levels, which were only gradually followed by polymer prices. Furthermore, monomer quotations remained fixed on quarterly-basis. In addition energy prices showed a continuous increase and market demand weakened due to recession fears.

19% lower integrated petrochemical margin

The average integrated petrochemical margins declined by 19% in 2008 compared to 2007, as the naphtha quotation increased by 17% in USD-terms, while the polymer quotation decreased between 1-7% in EUR-terms, not offset by the 7% weakening of the USD to the EUR.

7-8% decrease in production volumes

Both monomer and polymer production decreased by 7% and 8%, respectively in 2008, compared to the previous year. Polymer production declined by 97 kt year-on-year in 2008, as a result of the general overhaul carried out in H1, intentional decrease of production due to the sharp margin fall on atmospheric gas oil processing, weak market demand, technical problems which arose in Q3 and process interruptions due to issues in the national electric grid on the 11th of August.

8% decrease in polymer sales volumes

Polymer sales volumes fell by 91 kt (down 8%) in 2008, due to lower production volumes and shrinking market demand. The extent of decrease varied according to product group, as a result of our active product-portfolio management. The sales decline was most significant in the case of HDPE (-10%) and LDPE (-10%) products, mainly due to decreasing production and lower demand. At the same time the sales of PP had a 4% drop in 2008 year-on-year as a reflection of more moderate answer of our PP markets to economic slowdown.

Gas and Power Segment Overview

The operating profit of the Gas and Power segment remained unchanged year-on-year at HUF 38.7bn in 2008. FGSZ Ltd. contributed HUF 30.5 bn (with a revaluated asset value, without revaluation the FGSZ Ltd operating profit amounts to HUF 37.5 bn), while the related gas and power units (MMBF Ltd., MOL Energy Trade Kft., Slovnaft Thermal Power Plant and Duna Boiler Farm and the related head-office organizations) contributed HUF 1.3 bn for 2008.

FGSZ Ltd.

FGSZ Ltd. continued the development fo the import capacity expansion project, which will give an opportunity to fulfil future domestic demand and allow us to access the gas stocks of the strategic storage facility in the future. In addition, it will enable us to enjoy a more pro-active role in future

Main 2008 goals were met	natural gas transmission businesses. On the expansion of the Hungarian import pipeline entry capacity by 30 Mm ³ /day, and the pipeline between the strategic storage and the main nod of the transmission system, FGSZ Ltd. spent HUF 62.2 bn in 2008, out of the total budget of HUF 69 bn and the project will be completed by Q2 2009.
FGSZ continued the negotiations on NETS	<p>FGSZ initiated in December 2007 a large-scale project NETS (New European Transmission System), aiming to create an integrated gas pipeline system in Central and Southern Europe strengthening the security of energy supply. Negotiations progressed in 2008, FGSZ, Plinacro from Croatia and Transgaz from Romania agreed on the foundation of a study company. BH-GAS (Bosnia-Herzegovina) intends to participate in this company as an observer. FGSZ also invited other market players from the region to participate in this project.</p> <p>As part of the NETS launched by FGSZ Ltd. a decision has been made on the interconnection of the Hungarian-Croatian and Hungarian-Romanian natural gas transmission systems in order to improve the security of supply.</p>
Outlook for 2009: new transit connections	<p>Currently no physical connection exists between Hungary and Romania. The pipeline is planned with an initial capacity of 1.75 bcm, to be extended in the future to 4.4 bcm. The overall pipeline length is 109 km with a 47 km section in Hungary and a 62 km section in Romania. A Joint Development Agreement (JDA) has been signed by the Hungarian and Romanian parties. The Open Season procedure was successfully closed. The conclusion of capacity booking contracts is ongoing.</p> <p>FGSZ Ltd. and Plinacro concluded a Joint Development Agreement for the interconnection of Hungarian and Croatian natural gas transmission systems. The planned pipeline is 210 km long on the Hungarian side, and has capacity of 6.5 bcm per annum.</p>
Stable operating profit contribution of FGSZ Ltd.	Operating profit for FGSZ Ltd. was HUF 30.5 bn in FY 2008, HUF 0.4 bn lower year-on-year as higher operating costs, primarily as a consequence of higher compressor usage costs, eliminated the impact of the domestic transmission and transit transmission revenue increase of 7% and 16%, respectively.
Domestic transmission revenue +7%	Revenue from domestic transmission grew by HUF 3.7 bn (7%) to HUF 58.9 bn in FY 2008. The capacity fee revenue increased by HUF 1.6 bn due to the positive impact of the tariff change. Turnover fee revenue, which is dependent upon transmission volume, was HUF 2.1 bn higher year-on-year, due to a 1% volume increase of transmitted natural gas and the favourable impact of the tariff changes effective 1 July, 2008.
Transit revenue +16%	Revenue from transit natural gas transmission was HUF 16.1 bn, being HUF 2.3 bn (16%) higher year-on-year, as a result of higher transmitted volume (2%), as well as the tariff increase.
Operating cost increase offset the revenue growth	Operating costs increased by HUF 7.3 bn (19%) in FY 2008, mainly due to the energy cost increase, as both the price and the volume of natural gas used for operational purpose (mostly to drive compressors) exceeded the basis value. The combined impact of these cost increases, together with the growth of gas cost-based pressure increase fee, resulted in an increase of HUF 4.6 bn. Other operating costs were HUF 2.7 bn higher year-on-year, from which a depreciation surplus of HUF 1.1 bn, related to the asset value growth, was the most significant item.

Gas and Power Division

New division was established in 2008

The Gas and Power Division was formed in order to provide reliable, environmentally friendly and efficient natural gas and energy supply within the MOL Group and for external market participants. MOL reentered to the underground storage business and develops the natural gas trading and sales portfolio strengthening the security of supply in Hungary, providing stable cash-flow with healthy returns for the Group. In addition, MOL aims to create an attractive power portfolio in the region based on the strategic cooperation with CEZ and exploiting further synergy opportunities with the other businesses of MOL Group including green energy concepts. The Gas and Power Division started its operation in the summer of 2008 and had an operating profit contribution of HUF 1.3 bn for FY 2008.

Strategic and commercial storage

We have started to rebuild our gas storage business through the establishment of MMBF Ltd. (72.5% subsidiary of MOL). MMBF Ltd. is developing the underground gas storage with a strategic mobile capacity of 1.2 bcm and 0.7 bcm commercial capacity. The storage facility, in line with legal provisions, will have a daily withdrawal peak capacity of 20 mcm over a period of 45 days for strategic (security) activities and an additional 5 mcm/day peak for the commercial part. The gas storage facility functions through an active reservoir, Szőreg-1.

The development, implemented by MOL Plc, is proceeding according to schedule. The total CAPEX, without the acquisition of mining rights (HUF 67.0 bn), is estimated at HUF 81.5, of which HUF 57.0 bn had been spent by the year end. The development is expected to be completed by 2010 for both the strategic and commercial capacities. MMBF Ltd. spent HUF 50.5 bn CAPEX on the development of the storage facility in 2008.

MMBF Ltd. continued the preliminary storage of natural gas and injected 284 mcm gas until the year-end, of the 300 mcm contracted by January 2009. The storage of strategic gas reserves will be completed by the end of 2009. The present infrastructure already enables MMBF Ltd. to provide strategic gas storage services starting from January 2008 and the whole development is expected to be completed by 2010.

JV with CEZ – entry into the electricity market

In 2008, a new business was established within MOL Group, being responsible for managing the projects related to power generation. We created a strategic alliance and signed a joint venture agreement with CEZ energy company to create a joint gas-fired power and heat generation business in Central and South Eastern Europe, including Slovakia, Hungary, Croatia and Slovenia. The cooperation with CEZ provides an entry into a highly attractive regional electricity market with additional growth opportunities with a reputable partner. Our partnership also enhances our energy security of supply, increases our refinery efficiency and complexity and provides significant synergy opportunities. The MOL-CEZ Joint Venture was incorporated under the name of CM European Power International B.V. on 17 July 2008 with an initial capital of EUR 8.3 mn.

The first major investment is the construction of two combined cycle gas turbine power plants (CCGT) (each with 800MW capacity) fuelled primarily by gas at the Bratislava and Duna refinery sites. In addition, in Bratislava, the current thermal power plant will be modernized and its capacity increased to 160MW. The expected investment by the parties, will be approximately EUR 1.4 bn, and the first year of operation is scheduled for 2013. In 2008, cooperation started in order to deliver preparatory works of the project and tasks assigned to its first year. The investment project is in line with the planned schedule at both refinery locations.

MOL Energy Trade

MOL Energy Trade Ltd. is the natural gas trading subsidiary MOL. In addition to the reliable gas supply of MOL Group demand, it seeks to capture the opportunities of the liberalised gas market. The company signed up to 49 new sales contracts in the Hungarian market in 2008, as well as being active and successful in the Serbian and Austrian trading market. All the above activities resulted in EUR 11.0 mn net profit in 2008, for the company, exceeding its plan.

Corporate and Other Segment Overview

22% increase in operating loss (excluding one-off items)

The Corporate and other segment operating loss, excluding one-off items (in 2007, the gain of HUF 14.4 bn on the interest acquisition in TVK, subsequent settlement of HUF 44.3 bn from E.ON in connection with the gas business, and in 2008, HUF 6.4 bn subsequent settlement from E.On and a fine of HUF 5.8 bn imposed by the European Commission in association with paraffin trading) represented a 22% increase, and amounted to HUF 38.3 bn loss in 2008.

The loss increase was driven by the higher operating costs at IES due to the differences in the consolidating period (acquired in Q4 2007), and higher consultancy fees, as a consequence of our capital structure optimization program.

Financial results

Net financial expense decreased by 3%

The net financial expense decreased slightly to HUF 16.1 bn in FY 2008, from HUF 16.6 bn in FY 2007. Interest payable was HUF 37.8 bn in FY 2008, (HUF 16.9 bn in FY 2007, reflecting our lower-than-optimal gearing in the comparative period), while interest received amounted to HUF 19.2 bn in FY 2008 (HUF 13.4 bn in FY 2007). A net foreign exchange loss of HUF 19.9 bn was recognised in FY 2008, compared to the gain of HUF 7.6 bn in FY 2007. The fair valuation gain on the conversion option, embedded in the capital security issued in the monetization of treasury shares by Magnolia Finance Ltd., was HUF 64.6 bn (compared to a loss of HUF 13.0 bn in FY 2007). The gain reflects that the fair value of the conversion option liability has decreased to nil as at 31 December 2008, since the market of the underlying convertible instrument has temporarily become inactive, also the quoted prices of the Capital Securities and of the underlying MOL shares declined significantly. In addition, a non-cash expense of HUF 39.3 bn was incurred on the fair valuation of the call option on MOL shares owned by CEZ in FY 2008. This result also reflects the stressed share prices experienced since the end of the third quarter, and is associated with the worldwide financial crisis.

Loss from associates

INA contributed a loss of HUF 25.5 bn

Loss from associates includes INA's 2008 contribution of HUF 25.5 bn (including MOL's additional 22.16% shareholding from Q4 2008), compared to the income of HUF 5.1 bn in 2007 (reflecting the 25% MOL shareholding owned at that time). The decrease in INA's profit reflects the loss on its discontinued gas trading operation, the weaker downstream contribution and significant financial losses.

Profit before Taxation

As a result of the above-mentioned items, the Group's profit before taxation in FY 2008 was HUF 158.0 bn, compared to HUF 344.3 bn in FY 2007.

Taxation

Income tax expense was lower

Income tax expense decreased by HUF 65.1 bn from the previous year to HUF 16.7 bn in FY 2008. The subsequent impact of MOL share transactions and certain options attached to shares held by third parties is treated differently for IFRS and tax purposes, and resulted in a HUF 33.2 bn decrease in our tax expense. Furthermore, the non-realised gain on the conversion option of our capital securities issued by Magnolia Finance Ltd. did not affect our tax base.

Cash-flow

Consolidated Cash-flow	2008 (HUF mn)	2007 (HUF mn)
Net cash provided by operating activities	347,203	315,506
of which movements in working capital	24,898	(61,511)
Net cash used in investing activities	(474,792)	(336,978)
Net cash provided by/(used in) financing activities	209,070	(245,951)
Net increase/(decrease) in cash and cash equivalents	81,481	(267,423)

Operating cash-flow increased by 10%

Operating cash inflow in FY 2008 was HUF 347.2 bn, compared to HUF 315.5 bn in FY 2007. Operating cash-flow before movements in working capital decreased by 14%. The change in the working capital position increased funds by HUF 24.9 bn, arising from an increase in other current assets and other payables (of HUF 7.1 bn and HUF 9.6 bn) and decrease in inventories, trade receivables and trade payables (of HUF 77.4 bn, HUF 34.3 bn and HUF 89.3 bn). Income taxes paid amounted to HUF 61.9 bn, due to a cash outflow from the income taxes of MOL Plc., Slovnaft and the ZMB joint venture.

Acquisitions boosted net cash used in investing activities

Net cash used in investing activities was HUF 474.8 bn in FY 2008, compared with net cash of HUF 337.0 bn used in FY 2007. The cash outflow of the current period reflects the combined effect of the increasing capital expenditure mainly on expansion of the Hungarian import pipeline capacity, consideration paid for 22.16% of INA, the purchase price adjustment paid for IES and the consideration paid for I&C Energo. The comparative figure for FY 2007 contains the consideration paid for the acquisition of a minority interest in TVK, the second instalment paid for BaiTex LLC and the consideration of the acquisition of IES, Tifon and Energopetrol. Both periods contain the net settlement of post-closing price adjustment from the sale of MOL Földgázellátó Zrt. to E.ON Ruhrgas International AG. (HUF 28.1 bn received and HUF 7.5 bn paid in FY 2008 and FY 2007, respectively).

Net financing cash inflows from drawdown of long-term loans

Net financing cash inflow amounted to HUF 209.1 bn in FY 2008, primarily as a result of a net drawdown of long-term debt, the dividend payment and issuing shares previously held as treasury stock to CEZ.

Funding overview

The financial position and ability to generate operational of corporates came into the front due to the turbulent financial environment and economic slowdown.

Expectation of a severe economic downturn led to credit rating downgrades across the region...

Due to the expectation of a severe economic downturn, credit rating agencies started to downgrade companies across the region. Standard & Poor's downgraded the long-term corporate credit rating of MOL Plc., from BBB- (with negative outlook) to BB+ (with stable outlook). S&P's decision was made following the downgrade of the sovereign credit rating of the Republic of Hungary to BBB (with negative outlook) in November, reflecting the general expectation of recession in the country and the region. The unfavourable changes in the industry and the financial market outlook influenced this decision significantly.

... however MOL retains its strong liquidity position

This has not changed the fact that MOL has a strong liquidity position. MOL has nearly EUR 1.5 bn undrawn credit facilities and cash deposits,

considered as a golden reserve, which provide full financial flexibility in the short and medium term. These financial vehicles together with the disciplined capital expenditure plan show MOL's preparation for the lean year.

No new external funding transaction is necessary until Oct 2010

MOL Group has sufficient external funding for its operations and investments and no new financing is necessary until October 2010. The main pillars of the existing funding are the EUR 2.1 bn syndicated loan facility signed in October 2007, the EUR 825 mn syndicated loan facility, the 700 mn syndicated loan facility and the EUR 750 mn 10 year Eurobonds issued in September 2005. The EUR 2.1 bn facility is the largest ever Euroloan transaction for MOL which clearly shows the success of the company's financial strength and excellent operational outlook, as well as the high level of support from MOL's relationship banks in spite of the global credit market difficulties. The proceeds of the facility can be used for general corporate purposes (including acquisitions).

66% EUR-denominated debt

MOL Group's total debt increased from HUF 636.2 bn at year-end 2007 to HUF 911.5 bn at 31 December 2008, primary as a result of the INA acquisition. The currency composition of total debt was 66.2% EUR, 32.2% USD, 1.6% HUF and other currency as of 31 December 2008. Our net debt amounted to HUF 689.4 bn (EUR 2.6 bn) at the end of 2008.

Our gearing ratio is unchanged

Our gearing ratio (net debt to the sum of net debt and total equity) was 35.9% at 31 December 2008 compared to 35.5% at the end of 2007 which reflects the strong capitalization of MOL Group.

Integrated Risk management

The recent turbulent environment underlined the necessity of an effective and comprehensive risk management

MOL operates a developed risk management function as an integral part of its corporate governance structure. The recent developments on the global economic and financial scene have underlined the necessity of effective and comprehensive risk management as a prerequisite tool of good corporate governance. Besides the turmoil, there are several other requirements of proper risk management at a company, for example IFRS requirements, introduced in 2007, on disclosing information on financial risks and their management, the rating agency focus on implementations of effective Enterprise Risk Management (ERM) frameworks, and the heightened scrutiny on corporate governance practices by investors.

MOL has a four-pillar an integrated risk management system for managing a broad variety of risk:

Enterprise Risk Management

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by Enterprise Risk Management (ERM) at a group level. ERM integrates financial and operational risks along with a wide range of strategic risks. The most important role of ERM is not just to provide information on the most imperative risks that MOL faces, but to enable top management and the Board of Directors to make more educated decisions on investments, taking into additional consideration, the risk profile of each project.

Financial Risk Management

The main role of the Financial Risk Management is to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured by using a complex model based on the Monte Carlo simulation, which additionally takes into account portfolio effects, and are managed, if necessary, with risk mitigation tools such as swaps, forwards and options.

Insurance Management

The transference of excess operational risk is carried out by Insurance Management through the purchase of insurance, an important risk mitigation tool used to cover the most relevant operational exposures.

Business Continuity Management

Business Continuity Management (BCM) is the process of preparing for unexpected operational events. Proper Business Contingency Plans (BCP), Crisis Management (CM) processes and other risk control programs, such as regular engineering reviews, are crucial for business where operational risk exposure is significant as a result of the chemical and physical processes underlying most of the operations, such as MOL.

The existence of an integrated risk management function enables MOL to exploit the synergies between the above detailed four pillars of risk management.

Capital expenditure program

CAPITAL EXPENDITURES	2007 Restated	2008
Exploration and Production	56,691	73,568
Refining and Marketing*	206,400	119,385
Gas and Power	28,823	129,884
Petrochemicals	7,032	10,227
Corporate and other	64,454	245,837
TOTAL	363,400	578,901

* Including Refining & Marketing, Retail and Lubricants segments

59% increase in CAPEX fuelled by the INA acquisition and investment in Gas and Power

Our Group capital expenditures (CAPEX) including exploration costs, increased from HUF 363.4 bn in 2007 to HUF 578.9 bn in 2008, on the one hand due to the Gas and Power Segment key projects' implementations, and on the other hand, to the higher acquisition spending.

In 2008, we spent HUF 227.3 bn acquiring a further 22.16% stake in INA, via a voluntary public offer. In 2007, we spent a total HUF 207.6 bn for acquisitions including IES, the TVK share purchase, retail network acquisition in Croatia, Tifon and extended interests in Russia.

Excluding these acquisitions, organic CAPEX amounted to HUF 332.2 bn in 2008, up by 113.2% from HUF 155.8 bn in 2007. The Gas Import Capacity Increase and Underground Gas Storage (UGS) projects were the main drivers of the organic CAPEX growth (up by HUF 95.9 bn to HUF 108 bn).

Exploration & Production CAPEX up 30%

Upstream CAPEX and investment increased by HUF 16.9 bn year-on-year to HUF 73.6 bn in 2008 due to intensified international exploration and development activities. Within exploration activities, HUF 11.8 bn (equal to 16% of the total capex) was spent on the acquisition of two exploration blocks in Kurdistan and one in Cameroon. HUF 27.9 bn (equal to 38%) was dedicated to organic exploration, with a spend of HUF 9.7 bn in Hungary, HUF 5.9 bn in Russia, HUF 4.8 bn in Cameroon, and HUF 7.5 bn in other regions. The total development expenditure was HUF 24.7 bn (equal to 34%), of which HUF 7.6 bn was spent in Hungary, whilst in Russia HUF 15.0 bn was invested with focus on Matjushkinskaya (HUF 8.2 bn) and Baitex (HUF 4.0 bn), and further development in ZMB (HUF 2.8 bn). In Pakistan, our share in the development cost of the Manzalai field was HUF 2.1 bn. A further HUF 4.8 bn (equal to 7%) was spent on upgrading the assets of our seismic and well-logging service subsidiaries in order to provide support for our activities and a further HUF 3.5 bn (equal to 5%) on maintenance-type projects.

**Refining & Marketing
CAPEX down by 42%**

R&M CAPEX was HUF 119.4 bn in 2008, down from HUF 206.4 bn in 2007, which included HUF 138.6 bn spent on IES and Tifon acquisitions in Q4 2007. This segment consists of following businesses:

- **Refining and Wholesale** expenditures were HUF 92.6 bn in 2008 versus HUF 170.6 bn in 2007, which included the acquisition of the Italian Refinery (IES: HUF 121.6 bn). In 2008, Slovnaft spent HUF 27.1 bn on investment projects. The CAPEX of Duna Refinery and the subsidiaries of MOL Plc. was HUF 42.4 bn included the spending on VGO Hydrocrack of HUF 10.6 bn. IES spent HUF 23.1 bn in 2008 on environmental project (Product Quality Development).
- **Retail CAPEX** was HUF 26.4 bn in 2008 including the HUF 8.6 bn spent on network development in Hungary, HUF 3.0 bn in Romania, HUF 4.1 bn at Tifon, HUF 4.4 bn in Serbia and HUF 4.1 bn spent by IES. Retail CAPEX was lower than the basis by HUF 8.8 bn in 2008, which included the HUF 4.6 bn acquisition through capital increase in Bosnia's Energopetrol and HUF 16.9 bn in Tifon's acquisition.
- **Lubricant CAPEX** decreased by 28% year-on-year due to the lower volume of sales and production development.

**FGSZ Ltd
CAPEX up HUF 51.4 bn**

CAPEX of FGSZ Ltd. was particularly high in 2008, at HUF 73.8 bn due to strategically important projects (import capacity expansion: HUF 62.2 bn, Pilisvörösvár – Százhalombatta gas pipeline construction: HUF 2.3 bn and Romanian transit: HUF 1.5 bn). A further HUF 7.8 bn was spent on network development, securing the safe and long-term operation of the domestic system.

MMBF Ltd. spent HUF 50.5 bn on the development of the storage facility in 2008. The company developed the underground gas storage with a strategic mobile capacity of 1.2 bcm and 0.7 bcm commercial capacity. The gas storage facility functions through an active reservoir, Szőreg-1.

Gas and Power CAPEX was at HUF 5.6 bn in 2008. We created a strategic alliance and signed a joint venture agreement with CEZ, to create a joint gas-fired power and heat generation business in Central and South Eastern Europe, including Slovakia, Hungary, Croatia and Slovenia.

The first major investment is the construction of two combined cycle gas turbine power plants (CCGT) (each with 800MW capacity) fuelled primarily by gas at the Bratislava and Duna refinery sites. Additionally, in Bratislava, the current thermal plant (TPP) will be modernized and its capacity increased to 160MW. In 2008, the major activities were focused on the preparation of technical studies for the CCGT projects and reconstruction of the TPP.

**Petrochemicals segment
CAPEX up HUF 3.2 bn**

Petrochemical CAPEX increased by 45% to HUF 10.2 bn year-on-year, fuelled mainly by the key projects of Slovnaft (ECO Vision and SPC development), which focused on the efficiency improvement of production on Steam Cracker and improvement of operating reliability.

**Corporate & Other segment
CAPEX up HUF 181.4 bn**

Capital expenditures of the **Corporate and Other segment** increased by HUF 181.4 bn year-on year to HUF 245.8 bn, mainly driven by acquisition spending (INA: HUF 227.3 bn and I&C Energo: HUF 7.6 bn). In addition, HUF 4.8 bn was spent on the further development of our Group information system and HUF 2.7 bn on property maintenance.

Outlook on Strategic Horizon

Key Value Driver - INA

Despite the turbulent economic environment...

The global recession has inflicted direct and indirect shocks on the global and Central European oil and gas industry. MOL, however, was among those companies to react immediately following the first signs of the crisis and adjusted its operational activities to cope with an increasingly difficult environment.

...MOL is well positioned to generate superior returns

With a strong balance sheet and access to financial headroom of EUR 1.5 bn of undrawn credit facilities, MOL is well positioned to withstand the current downturn. In an environment where the opportunity for shareholder value creation through growth is rather limited, MOL – by gaining management control over the Croatian national oil and gas company, INA – is well positioned to deliver superior returns to its shareholders through improving efficiency and optimizing INA's operational activities.

Strengthened cooperation with INA

With the largest ever transaction in the company's history (EUR 873 mn), MOL became the biggest shareholder of INA (47.16%) in October 2008. Through the amendment of the Shareholders' Agreement between the Croatian Government and MOL in early 2009, MOL and INA have strengthened their strategic partnership receiving operational control. The amended Shareholders' Agreement provides MOL with management control rights and enables the full accounting consolidation of INA in MOL's financial statements.

INA - solid basis for value creation

The new agreement provides MOL with the opportunity to extract value from MOL and INA's complementary asset base in their respective markets. INA's Upstream portfolio more than doubles the proven and probable reserves of MOL Group, while boosting the hydrocarbon production by 68% (based on 2008 data). Together with INA's Downstream capacity, MOL's regional refining capacity has increased by 40% and the number of retail outlets by 45%. The joint operation of the two companies enables MOL to optimise a larger asset portfolio, provides economies of scale and more flexible operations, as well as the transfer of knowledge.

Value creation through harmonised operations

MOL is regarded as one of the efficiency leaders in the European Downstream business. MOL is also among the lowest cost producers in the European Upstream sector. MOL's track record in company restructuring, refinery modernisation, and the development of market-based commercial policy provides INA with the opportunity to achieve significant performance improvement. The management team is highly committed to elevate the efficiency of INA to MOL's standards.

Gas Master Agreement is first step to realize upside

The first and key step in value creation has already been made through the signing of the Gas Master Agreement in January 2009. The contract allows INA to exit from loss-making sections of the gas supply value chain, eliminates the regulatory risk and also provides significant upside in its upstream business through a stable royalty framework for the next 15 years.

Maintain strong financial position for future recovery

In addition to exploiting the upside potential from INA, MOL intends to take every possible measure for the Group to navigate the current climate by maintaining a strong financial position. MOL's management team is implementing a range of cost reduction measures to extend its leadership in efficiency. A disciplined capex plan will be financed through operating cash-flow thus not utilizing available credit lines. The medium-term objective is to establish an even stronger financial position for the Group in order to prepare for the opportunities presented by the global economic recovery.

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2008

Statistical code: 10625790-2320-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
A.	NON-CURRENT ASSETS	1,165,007	541	1,766,645
I.	INTANGIBLE ASSETS	61,838	2	73,363
1.	Capitalised cost of foundation and restructuring	0	0	0
2.	Capitalised research and development cost	744	0	1,114
3.	Property rights	1,962	0	2,246
4.	Intellectual property	11,666	2	12,083
5.	Goodwill	47,466	0	57,920
6.	Advances on intellectual property	0	0	0
7.	Revaluation of intangible assets	0	0	0
II.	PROPERTY, PLANT AND EQUIPMENT	336,196	539	344,267
1.	Land and building and related property rights	198,449	401	201,581
2.	Plant, machinery and vehicles	95,696	520	96,529
3.	Other equipment, fixtures and vehicles	8,871	11	8,817
4.	Livestock	0	0	0
5.	Assets under construction	33,095	(393)	36,787
6.	Advances on assets under construction	85	0	553
7.	Revaluation of property, plant and equipment	0	0	0
III.	NON-CURRENT FINANCIAL INVESTMENTS	766,973	0	1,349,015
1.	Long-term investments	744,791	0	1,060,793
2.	Long-term loans to related parties	21,643	0	287,718
3.	Other long-term investments	432	0	432
4.	Long-term loans to other investments	0	0	0
5.	Other long-term loans	107	0	72
6.	Long-term debt securities	0	0	0
7.	Revaluation of financial investments	0	0	0
8.	Fair valuation difference of financial investments	0	0	0

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2008

Statistical code: 10625790-2320-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
B.	CURRENT ASSETS	1,433,207	1,588	793,591
I.	INVENTORIES	163,343	2	125,009
1.	Raw materials and consumables	54,762	(16)	42,326
2.	Unfinished production and semi-finished products	47,551	0	39,096
3.	Grown, fattened and other livestock	0	0	0
4.	Finished products	45,355	0	30,046
5.	Merchandises	15,675	18	13,541
6.	Advances on stocks	0	0	0
II.	RECEIVABLES	988,693	1,588	396,825
1.	Receivables from the supply of goods and services (customers)	79,588	(15)	76,583
2.	Receivables from related parties	309,253	19	177,429
3.	Receivables from other investments	3,272	0	46
4.	Receivables from bills of exchange	0	0	0
5.	Other receivables	539,434	1,584	115,281
6.	Fair valuation difference of receivables	0	0	0
7.	Positive valuation difference of derivative transactions	57,146	0	27,486
III.	SECURITIES	241,852	0	103,590
1.	Investments in related parties	209	0	183
2.	Other investments	360	0	0
3.	Treasury shares	239,263	0	103,407
4.	Debt securities for trading purposes	2,020	0	0
5.	Fair valuation difference of securities	0	0	0
IV.	CASH AND CASH EQUIVALENTS	39,319	(2)	168,167
1.	Cash and cheques	1,218	0	1,063
2.	Bank accounts	38,101	(2)	167,104
C.	PREPAYMENTS	101,854	54	35,079
1.	Accrued income	29,486	56	12,083
2.	Prepaid cost and expenses	72,368	(2)	22,996
3.	Deferred expenses	0	0	0
TOTAL ASSETS		2,700,068	2,183	2,595,315

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2008

Statistical code: 10625790-2320-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
D.	SHAREHOLDERS' EQUITY	1,602,544	1,004	1,376,897
I.	SHARE CAPITAL	109,675	0	104,519
	Of which: treasury shares at nominal value	9,070	0	8,782
II.	REGISTERED BUT UNPAID CAPITAL (-)	0	0	0
III.	SHARE PREMIUM	222,354	0	223,866
IV.	RETAINED EARNINGS	878,448	0	1,140,817
V.	TIED-UP RESERVE	260,396	0	130,702
VI.	VALUATION RESERVE	0	0	0
1.	Revaluation adjustment reserve	0	0	0
2.	Fair valuation reserve	0	0	0
VII.	NET INCOME FOR THE PERIOD	131,671	1,004	(223,007)
E.	PROVISIONS	112,434	(60)	123,576
1.	Provisions for expected liabilities	112,434	(60)	123,576
2.	Provisions for future expenses	0	0	0
3.	Other provisions	0	0	0
F.	LIABILITIES	940,968	1,193	1,052,439
I.	SUBORDINATED LIABILITIES	0	0	0
1.	Subordinated liabilities to related parties	0	0	0
2.	Subordinated liabilities to other investment	0	0	0
3.	Subordinated liabilities to third parties	0	0	0
II.	LONG-TERM LIABILITIES	502,129	557	711,442
1.	Long-term loans	0	0	0
2.	Convertible bonds	0	0	0
3.	Liability from bond issue	190,012	0	198,585
4.	Liabilities from capital investment and development loans	0	0	0
5.	Liabilities from other long-term loans	312,089	0	512,455
6.	Long-term liabilities to related parties	0	0	0
7.	Long-term liabilities to other investments	0	0	0
8.	Other long-term liabilities	28	557	402

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2008

Statistical code: 10625790-2320-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
III.	SHORT-TERM LIABILITIES	438,839	636	340,997
1.	Short-term borrowings	3,860	0	0
	Of which: convertible bonds	3,860	0	0
2.	Short-term loans	34,172	0	79,434
3.	Advances from customers	1,111	0	1,572
4.	Liabilities from the supply of goods and services (suppliers)	125,894	552	111,575
5.	Bills of exchange	0	0	0
6.	Short-term liabilities to related parties	99,831	(25)	75,417
7.	Short-term liabilities to other investments	55	0	145
8.	Other short-term liabilities	168,612	109	57,933
9.	Fair valuation difference of liabilities	0	0	0
10.	Negative valuation difference of derivative transactions	5,304	0	14,921
G.	ACCRUALS	44,122	46	42,403
1.	Deferred revenues	12	0	110
2.	Accrued cost and expenses	34,928	(101)	35,168
3.	Other deferred income	9,182	147	7,125
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,700,068	2,183	2,595,315

MOL Hungarian Oil and Gas Public Limited Company
Income Statement for the year ending on 31 December 2008

Statistical code: 10625790-2320-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
01.	Net domestic sales revenue	1,465,896	(7)	1,750,497
02.	Net export sales revenue	375,605	17	472,674
I.	NET SALES REVENUES	1,841,501	10	2,223,171
03.	Changes in own produced inventory	25,411	0	(23,764)
04.	Work performed by the enterprise and capitalised	7,703	0	11,270
II.	CAPITALISED OWN PERFORMANCE	33,114	0	(12,494)
III.	OTHER OPERATING INCOME	17,745	95	82,786
	Of which: reversed impairment	15	0	0
05.	Raw material costs	821,558	44	1,044,399
06.	Value of services used	91,407	445	97,831
07.	Other services	211,039	(1)	224,168
08.	Cost of goods sold	192,069	23	218,229
09.	Value of services sold (intermediated)	9,174	(115)	48,818
IV.	MATERIAL EXPENSES	1,325,247	396	1,633,445
10.	Wages and salaries	34,187	0	35,089
11.	Other personnel expenses	6,607	71	7,474
12.	Tax and contribution	12,213	11	12,383
V.	PERSONNEL EXPENSES	53,007	82	54,946
VI.	DEPRECIATION	55,604	(396)	57,311
VII.	OTHER OPERATING EXPENSES	349,607	32	445,471
	Of which: impairment	20,336	0	106,632
A.	PROFIT OR LOSS FROM OPERATING ACTIVITIES	108,895	(9)	102,290

MOL Hungarian Oil and Gas Public Limited Company
Income Statement for the year ending on 31 December 2008

Statistical code: 10625790-2320-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
13.	Received (due) dividend	67,967	0	65,701
	Of which: received from related parties	67,906	0	65,620
14.	Gain from the sale of investments	44,269	0	6,821
	Of which: received from related parties	0	0	0
15.	Interest and exchange rate gains on financial investments	4,947	0	20,504
	Of which: received from related parties	4,934	0	20,490
16.	Other received (due) interest and interest-type revenues	23,226	0	32,613
	Of which: received from related parties	12,057	0	14,035
17.	Other revenues of financial transactions	78,733	110	251,572
	Of which: fair valuation difference	36,893	0	30,765
VIII.	TOTAL FINANCIAL INCOME	219,142	110	377,211
18.	Exchange rate loss on financial investments	0	0	32
	Of which: to related parties	0	0	0
19.	Interest and interest-type expenses	15,658	0	36,692
	Of which: to related parties	2,375	0	1,888
20.	Impairment on investments, securities, bank deposits	20,075	0	132,460
21.	Other financial expenses	37,539	(1,038)	416,649
	Of which: fair valuation difference	3,411	0	233,872
IX.	TOTAL FINANCIAL EXPENSES	73,272	(1,038)	585,833
B.	FINANCIAL PROFIT OR LOSS	145,870	1,148	(208,622)
C.	ORDINARY BUSINESS PROFIT	254,765	1,139	(106,332)
X.	Extraordinary revenues	1,734	42	11,390
XI.	Extraordinary expenses	689	49	128,065
D.	EXTRAORDINARY PROFIT OR LOSS	1,045	(7)	(116,675)
E.	PROFIT BEFORE TAXATION	255,810	1,132	(223,007)
XII.	Income tax	39,139	128	0
F.	PROFIT AFTER TAXATION	216,671	1,004	(223,007)
22.	Use of retained earnings for dividend	0	0	0
23.	Approved dividend and profit share	85,000	0	0
G.	NET INCOME FOR THE PERIOD	131,671	1,004	(223,007)

MOL Hungarian Oil and Gas Public Limited Company and Subsidiaries
Consolidated balance sheet as of 31 December 2008 prepared in accordance
with International Financial Reporting Standards

<i>Description</i>	2008	2007 <i>Restated</i>
	HUF million	HUF million
ASSETS		
Non-current assets		
Intangible assets	191,402	169,190
Property, plant and equipment, net	1,417,199	1,180,254
Investments in associated companies	338,984	140,701
Available-for-sale investments	842	1,362
Deferred tax assets	56,223	20,162
Other non-current assets	23,249	32,567
Total non-current assets	2,027,899	1,544,236
Current assets		
Inventories	222,781	318,604
Trade receivables, net	327,484	354,119
Other current assets	81,378	82,397
Prepaid taxes	34,797	3,680
Cash and cash equivalents	222,074	129,721
Total current assets	888,514	888,521
TOTAL ASSETS	2,916,413	2,432,757
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	72,812	65,950
Reserves	898,751	468,418
Profit for the year attributable to equity holders of the parent	141,418	257,796
Equity attributable to equity holders of the parent	1,112,981	792,164
Minority interests	118,419	127,417
Total equity	1,231,400	919,581
Non-current liabilities		
Long-term debt, net of current portion	728,735	526,537
Provisions	147,528	126,982
Deferred tax liabilities	56,206	67,371
Other non-current liabilities	10,488	140,812
Total non-current liabilities	942,957	861,702
Current liabilities		
Trade and other payables	549,971	523,224
Current tax payable	2,934	6,234
Provisions	6,436	12,304
Short-term debt	80,918	57,976
Current portion of long-term debt	101,797	51,736
Total current liabilities	742,056	651,474
TOTAL EQUITY AND LIABILITIES	2,916,413	2,432,757

MOL Hungarian Oil and Gas Public Limited Company and Subsidiaries
 Consolidated income statement for the year ending on 31 December 2008 prepared in accordance
 with International Financial Reporting Standards

<i>Description</i>	<i>2008</i>	<i>2007 Restated</i>
	HUF million	HUF million
Net revenue	3,535,008	2,593,951
Other operating income	19,751	75,063
Total operating income	3,554,759	2,669,014
Raw materials and consumables used	2,745,501	1,916,196
Personnel expenses	139,745	117,260
Depreciation, depletion, amortisation and impairment	151,908	140,538
Other operating expenses	279,976	225,098
Change in inventories of finished goods and work in progress	59,617	(70,181)
Work performed by the enterprise and capitalized	(21,212)	(15,402)
Total operating expenses	3,355,535	2,313,509
Operating profit	199,224	355,505
Financial income	114,742	22,096
Of which: Fair valuation difference of conversion option	64,550	-
Financial expense	130,818	38,663
Of which: Fair valuation difference of conversion option	-	12,966
Financial expense, net	16,076	16,567
Income from associates	(25,190)	5,318
Profit before tax	157,958	344,256
Income tax expense	16,734	81,853
Profit for the year	141,224	262,403
Attributable to:		
Equity holders of the parent	141,418	257,796
Minority interests	(194)	4,607
Basic earnings per share		
Attributable to ordinary equity holders of the parent (HUF)	1,604	3,057
Diluted earnings per share		
Attributable to ordinary equity holders of the parent (HUF)	815	2,981

Proposal to Item 1 of the Agenda

The auditor's report on the 2008 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 2008 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 2008 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.

This is a translation of the Hungarian Report

Independent Auditors' Report

on the annual financial statements presented to the shareholders' meeting for approval

To the Shareholders of MOL Hungarian Oil and Gas Plc.

1.) We have audited the accompanying 2008 annual financial statements of MOL Hungarian Oil and Gas Plc. ("the Company"), which comprises the balance sheet as at 31 December 2008 - showing a balance sheet total of HUF 2,595,315 million and a loss for the year of HUF 223,007 million-, the related profit and loss account for the year then ended and the summary of significant accounting policies and other explanatory notes.

2.) We issued an unqualified opinion on the Company's annual financial statements as at 31 December 2007 on 20 March 2008.

Management's Responsibility for the Financial Statements

3.) Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Hungarian Accounting Law and generally accepted accounting principles in Hungary. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

4.) Our responsibility is to express an opinion on these financial statements based on the audit and to assess whether the business report is consistent with the financial statements. 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 whether the financial statements are free from material misstatement.

5.) 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 and fair presentation of the financial statements 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. Our work regarding the business report is restricted to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non-audited financial records.

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

Opinion

7.) We have audited the elements of and disclosures in the annual financial statements, along with underlying records and supporting documentation, of MOL Hungarian Oil and Gas Plc. in accordance with Hungarian National Auditing Standards and we have gained sufficient and appropriate evidence that the annual financial statements have been prepared in accordance with the Hungarian Accounting Law and with generally accepted accounting principles in Hungary. 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 2008 and of the results of its operations for the year then ended. The business report corresponds to the disclosures in the financial statements.

8.) Without qualifying our opinion, we draw the attention to 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.

9.) Without further qualifying our opinion, we draw attention to the fact that 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. Accordingly, the accompanying annual financial statements and this independent auditor's report are not suitable, nor should be used, for statutory reporting and disclosure purposes.

Budapest, 19 March, 2009

(The original Hungarian language version has been signed.)

Judit Szilágyi

Ernst & Young Kft.

Registered Auditor

Registration No.: 001165

Chamber membership No.: 001368

This is a translation of the Hungarian Report

Independent Auditor's Report

To the Shareholders of MOL Hungarian Oil and Gas Plc.

- 1.) We have audited the accompanying 2008 consolidated annual financial statements of MOL Hungarian Oil and Gas Plc. ("the Company"), which comprises the consolidated balance sheet as at 31 December 2008 - showing a balance sheet total of HUF 2,916,413 million and a profit for the year of HUF 141,224 million -, the related consolidated profit and loss account for the year then ended, changes in shareholder's equity, consolidated cash-flows for the year then ended and the summary of significant accounting policies and other explanatory notes.
- 2.) We issued an unqualified opinion on the Company's consolidated annual financial statements prepared in accordance with the International Financial Reporting Standards as adopted by EU as at 31 December 2007 on 20 March 2008.

Management's Responsibility for the Consolidated Financial Statements

3.) Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

4.) Our responsibility is to express an opinion on these consolidated financial statements based on the audit and to assess whether the consolidated business report is consistent with the consolidated financial statements. 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 whether the consolidated financial statements are free from material misstatement.

5.) 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 and fair presentation of the consolidated financial statements 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. Our work regarding the consolidated business report is restricted to assessing whether the consolidated business report is consistent with the consolidated

financial statements and does not include reviewing other information originated from non-audited financial records.

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

Opinion

7.) We have audited the elements of and disclosures in the consolidated annual financial statements, along with underlying records and supporting documentation, of MOL Hungarian Oil and Gas Plc. in accordance with Hungarian National Auditing Standards and we have gained sufficient and appropriate evidence that the consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by EU. 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 2008 and of the results of its operations for the year then ended. The consolidated business report corresponds to the disclosures in the consolidated financial statements.

Budapest, 19 March 2009

(The original Hungarian language version has been signed.)

Ernst & Young Kft.
Registration No. 001165

Judit Szilágyi
Registered Auditor
Chamber membership No.: 001368

Proposal to Item 1 of the Agenda

Report of the Supervisory Board on the 2008 financial statements and the proposal for the distribution of profit after taxation

The Supervisory Board performed its duties in full accordance with its statutory obligations, held 5 meetings during the year, regular agenda points of the meetings include the quarterly report of the Board of Directors on company's operations and the reports of Internal Audit, Corporate Security and Audit Committee. In addition, the Supervisory Board reviewed the proposals for the Annual General Meeting. The report of the Supervisory Board has been prepared pursuant to the report of the Board of Directors, the opinion of the auditors, the scheduled regular midyear reviews and the work of the Audit Committee. In its meetings during 2008, the Supervisory Board dealt in detail with the business situation of the MOL Group, the strategic development of the Group and its Divisions as well as respectively paid highlighted attention to the treatment of the economic crisis by the company. The Supervisory Board regularly got information about the decisions of the Board of Directors and issues concerning the company.

MOL is the leading integrated oil and gas company in Central and Eastern Europe, the market leader in Hungary, and with the parent company's net sales of HUF 2,223.2 billion and the Group's net sales of HUF 3,535.0 billion according to the International Financial Reporting Standards (IFRS), the largest company in Hungary. In 2008, the weighted average stock exchange price of MOL shares decreased by 32.6% to HUF 16,900 (in 2007 this was HUF 25,089). Similarly to shares of the regional oil companies the stock exchange price decreased during the year and its closing price on 31st December, 2008 was HUF 9,870.

The Company's 2008 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 the 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.

For the MOL Group a total of 91 companies were fully, and a further 18 companies were partially consolidated, using the equity method. Last year the ownership structure changed: at the end of 2008, compared to the end of last year the shareholding of foreign institutional investors reduced from 31.7% to 24.1%, while the ownership of domestic institutional and private investors increased from 6.8% to 10.3%. Shareholders who holding more than 5% OMV reduced shares to 0.65%. OMV transferred its earlier holding shares with so-called repo transaction - will be due in 2009 - to Bayerische Hypo- and Vereinsbank AG. (16.3%) and Societe Generale (4.4%). At the end of 2008 OTP Bank Plc. held 8.5%, CEZ MH B.V. 7.4%, BNP Paribas Arbitrage 7.3%, OmanOil (Budapest) Limited 7.0% of the shares and Magnolia Finance Ltd. had a 5.8% shareholding in the company. The company held 8.4% treasury shares at the end of December 2008.

Significant advancements have been made in the area of the strategy accomplishment in 2008. The company continued the development of value creating partnerships and the enhancement of mutual synergies. MOL decided on strengthening the strategic cooperation with INA d.d. (the largest shareholder with 47.16% by means of acquisition bid) and forming proprietary alliance with Oman Oil Company S.A.O.C which has 7% shares in MOL Plc. The aim of both companies is to collectively take part in business development projects as strategic partners. As part of the New European Transportation System launched by FGSZ

Ltd. - 100% owned subsidiary of MOL - a decision has been made on the interconnection of the Hungarian-Croatian and Hungarian-Romanian natural gas transmission systems in order to improve the security of supply. The company continued strengthening its regional Retail position, it appeared with own brand name and increased the number of the filling stations in a swap transaction in Austria. It launched a joint non-conventional hydrocarbon exploration program with subsidiaries of Exxon-Mobil and Falcon in the Mako Trough. MOL extended its activities, started up a joint venture with CEZ a.s. the Czech energy concern and entered the electric energy production industry. The company came out of the traditional business region, decided on the development of the Italian refinery IES and continued the focused hydrocarbon portfolio building, the acquisition of one exploration block with Oil and Natural Gas Corporation Limited (ONGC) in India. MOL respectively paid highlighted attention to the treatment of the significantly changed external environment, the impacts of the global economic and financial crisis with initiatives of additional efficiency improvement and cost cutting arrangements.

The Supervisory Board endorses the recommendation of the Board of Directors not to pay dividend in 2009 connected to the year ended 31 December 2008 and the total net income shall be booked as retained earnings. The Supervisory Board proposes that the General Meeting approves the audited consolidated financial statements of the MOL Group for 2008, with a balance sheet total of HUF 2,916 billion and profit attributable to equity holders of HUF 141 billion and the audited financial statements of MOL Plc for 2008, with a balance-sheet total of HUF 2,595 billion, net income for the period of HUF (223) billion, and tie-up reserve of HUF 131 billion.

Budapest, 30th March, 2009

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

Dr. Mihály Kupa
Chairman of the Supervisory Board

Proposal to Item 1 of the Agenda

Decision on the approval of the 2008 consolidated financial statements prepared in compliance with IFRS and the parent company financial statements prepared in accordance with the Hungarian Accounting Standards, the use of the after tax profits and the amount of dividend

Resolution proposal on the financial statements

The Board of Directors proposes to the General Meeting to approve the consolidated financial statements of MOL Group prepared based on chapter 10 of the Hungarian Accounting Act, in accordance with IFRS and the related auditor's report with total assets of HUF 2,916 bn and profit attributable to equity holders of HUF 141 bn.

The Board of Directors proposes to the General Meeting to approve the annual report of MOL Plc. prepared in accordance with Hungarian Accounting Standards and the related auditor's report with total assets of HUF 2,595 bn, net income for the period of HUF (223) bn and tied-up reserve of HUF 131 bn.

Proposal to Item 1 of the Agenda

Decision on amount of dividend after 2008

MOL included an explicit statement in the five year strategy on its intention to increase the absolute level of dividend and to reach the dividend payout ratio of peers (30% of normalised earnings at the time of strategy announcement) by 2010. In addition, Board of Directors stated in July 2007, that it intends to increase the dividend payout ratio towards 40% of the normalised earnings (excluding special items) from 2008 in line with industry practice, depending on investment opportunities.

In the last 5 years the Board of Directors continuously increased the dividend level from HUF 6 bn paid after the 2003 financial year to HUF 85 bn paid after the 2007 results, while several smaller M&A transactions have been successfully closed during the same period.

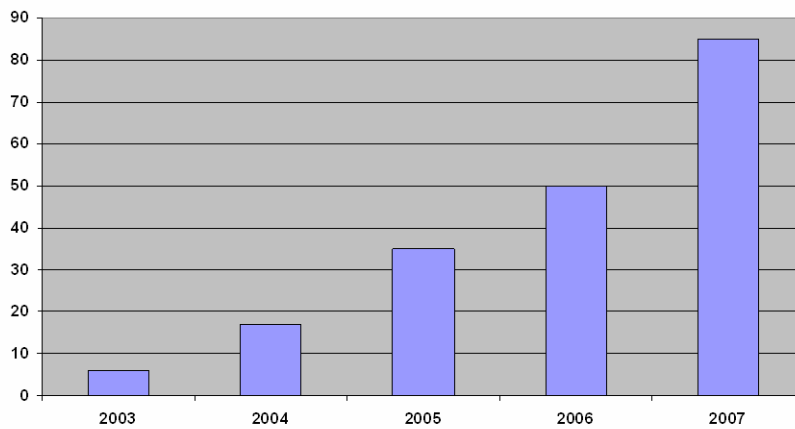
Normalised earnings in 2007 (excluding the gain on TVK share purchase and subsequent price adjustment paid or payable by E.ON) were HUF 210.4 bn, after which HUF 85 billion dividend was paid. This dividend payment represented 40% payout ratio in line with the target set by the Board of Directors in June, 2007.

The company, in line with the strategy, acquired further 22.16% stake in the Croatian INA for EUR 873 million via voluntary public offer and became the largest shareholder of INA in 2008. This transaction was the largest and the most important in MOL's history, which provides excellent growth potential for the coming years. After the transaction closing MOL's gearing ratio was 35.9% at the end of 2008, while the net debt/EBITDA ratio was below 2.

The main goal of the company is to keep its financial flexibility even in the turbulent financial environment assuring the efficient operation in the global recession and exploiting joint organic growth potential of MOL and INA. Board of Directors decided on significant OPEX and CAPEX decrease in January 2009, reducing CAPEX budget by 35% to HUF 220 bn, planned to be financed by operating cash-flow. The Board of Directors made this step in order to keep financial flexibility in the turbulent environment characterized by uncertain global oil industrial, Hungarian and regional macro outlook.

In addition, the Board of Directors recommends to the shareholders to pay no dividend in 2009 connected to the year ended at 31 December 2008 and the total net income shall be booked as retained earnings. Meanwhile the Board of Directors maintains its long term dividend policy, so it intends to pay out 40% of the normalised earnings (excluding special items) as dividend, depending on investment opportunities.

Dividend (HUF bn)



Resolution proposal

The Board of Directors recommends to the General Meeting to pay no dividend in 2009 connected to the year ended 31 December 2008 and the total net income shall be booked as retained earnings.

Proposal to Item 1 of the Agenda

Decision on the 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 new 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 140 questions had to be responded.

In 2008 the Recommendations did not change, the first part is a description about corporate governance practices, the questions are the same as last year as well.

The Corporate Governance Guidelines of the Budapest Stock Exchange are available on:
www.bse.hu

Resolution proposal

The Board of Directors upon the approval of the Supervisory Board agrees to propose the AGM the approval of 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 recognised the importance of maintaining the highest standards of corporate governance. 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 relevant stock exchange corporate governance recommendations to both markets each year.

MOL's corporate governance meets the requirements of the regulations of the Budapest Stock Exchange, the directives 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. In 2006, MOL approved its Corporate Governance Code, which 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.

In 2008 SAM Research AG ranked MOL's corporate governance practice above the oil and gas industry's average in its Dow Jones Sustainability Index and Benchmarking report. SAM Research AG is a Zurich based Investment Group specialized for Sustainability Investment.

Board of Directors

MOL's Board of Directors acts as the highest governance 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, improving efficiency and profitability and ensuring transparency in corporate activities. It also aims to ensure appropriate risk management, environmental protection and conditions for safety at work.

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 recommendations) and the declaration of directors.

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

Zsolt Hernádi, Chairman-CEO	non-independent
Dr. Sándor Csányi, Vice Chairman	independent
László Akar	independent
Mulham Al-Jarf (since 24 April 2008)*	independent
Dr. Miklós Dobák	independent
Dr. Gábor Horváth	independent
Miklós Kamarás	independent
Dr. Ernő Kemenes	independent
József Molnár	non-independent
György Mosonyi	non-independent
Iain Paterson	independent

*Before Mulham Al-Jarf, until 23 April 2008 Michel-Marc Delcommune was the member of the Board of Directors with non-independent status.

As well as the member of the Board of Directors appointed by the Hungarian Energy Office:

dr. Gyula Dávid*	independent
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*The Annual General Meeting on 23 April 2008 appointed him to the member of the Board of Directors in accordance with Natural Gas Supply Law (4/A § of Act XLII of 2003). He does not have the disposal of right of voting due to the determined legal status in this law.

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 are regularly updated 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,
- provision of information to the Board,
- main responsibilities of the Chairman and the Deputy 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.

In accordance with this Charter, members of the Board have signed a declaration on conflict of interest and that they have reported their position as director in the Board to their employer or principal as regards other key management positions.

For the purpose of the efficient control over MOL's operation the Chairman of the Board also serves as Chief Executive Officer (CEO) of the Company. The Chairman-CEO is the head of the functional units, while the Group Chief Executive Officer (GCEO) is the head of the business units.

The Board of Directors prepares a formal evaluation of its own performance (the Committees evaluate their performance as well) and it reviews continuously its annual activity.

Report of the Board of Directors on its 2008 activities

In 2008, the Board of Directors held 8 meetings with an average attendance rate of 90% (6 ordinary and 2 extraordinary meetings). Alongside regular agenda items, such as reports by the Committees' chairmen on the activities pursued since the last Board meeting, or an overview of capital market developments, the Board of Directors also individually evaluates the performance of each of the company's business units.

In line with the Company's strategic objectives, the Board of Directors decided on strengthening of the strategic cooperation with INA d.d. (MOL Plc. is the largest shareholder with 47.16% by means of acquisition bid); forming the strategic alliance with Oman Oil Company S.A.O.C; development of the Italian refiner IES; as well as launching joint venture company with CEZ, a.s. the Czech energy concern, entered into the electric power production industry. Based on the decisions of the Board of Directors, the Company made an agreement on the connection of the Hungarian and Croatian and Hungarian and Romanian natural gas transmission systems; launched unconventional exploration program with subsidiaries of ExxonMobil and Falcon in the Mako Trough and acquired interest of one international exploration block with Oil and Natural Gas Corporation Limited in India. The Company made a decision of strengthening the regional position of Retail (presence with own brand and increase the number of filling stations with swap in Austria) moreover, respectively paid highlighted attention to the treatment of the economic crisis.

Committees of the Board of Directors

Certain specific tasks are carried out by the Board's Committees. These Committees have the right to approve preliminary resolutions concerning issues specified in the Decision-making and Authorities List (LDA), 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 Board allocates responsibilities to the various Committees as follows:

Finance and Risk Management Committee (previously Audit Committee):

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

- Dr. Miklós Dobák – Chairman, 25 October 2002
- László Akar, 25 October 2002
- Dr. Ernő Kemenes, 25 October 2002
- Iain Paterson, 8 September 2000

Responsibilities:

- review of financial and related reports,
- monitoring the efficiency of the internal audit system,
- review of planning, scope and results of the audit,
- ensuring the independence and objectivity of the external auditor.

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
- Zsolt Hernádi, 8 September 2000
- Dr. Gábor Horváth, 8 September 2000
- Miklós Kamarás, 25 October 2002
- Mulham Al-Jarf 23 April 2008

Responsibilities:

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

Sustainable Development Committee:

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

- György Mosonyi – Chairman, 29 June 2006
- Dr. Ernő Kemenes, 29 June 2006
- Iain Paterson, 29 June 2006
- Michel-Marc Delcommune, 29 June 2006 (until 23 April 2008)

Responsibilities:

- ensuring integrated management of SD (Sustainable Development) issues at MOL Group and at divisional level,
- follow up and verification of the operation and appropriateness of the Sustainable Development Management System (SDMS) compared to rules, regulations and international best practice,
- regular review and evaluation of all proposals for SD audit and evaluation, the objectives set, and the results and report within SDMS extended to the business units,
- annual evaluation of the performance of its own work and that of the SDMS.

Report of the Finance and Risk Management Committee on its 2008 activities

In 2008, the Finance and Risk Management Committee held 5 meetings with a 100% 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 also devoted a considerable amount of time to the following topics:

- Risk management: 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 committee discussed further opportunities to apply Enterprise Risk Management (ERM).
- Internal audit: the Committee evaluated the internal audit reports and the accomplishment of the annual audit plan.
- Financial position: the Committee continuously monitored the Company's financial position.
- Other Group-level function: the Committee provide for duties of Slovnaft a.s Audit Committee.

Report of the Corporate Governance and Remuneration Committee on its 2008 activities

In 2008, the Corporate Governance and Remuneration Committee held 9 meetings with a 93% 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 Sustainable Development Committee on its 2008 activities

In 2008, the Sustainable Development Committee held 3 meetings with a 100% attendance rate. The Committee evaluated the accomplishment of the actions in 2008, formed opinion on Sustainable Development Report and decided on 2009 directions and targets. The Committee considered with highlighted attention the achieved results of the Dow Jones Sustainability Evaluation and reports of business units.

Relationship between the Board and the Executive Management:

The LDA sets out the manner in which the Board delegates authority and decision-making rights to the Executive Management in order to ensure that business, HSE, ethical, risk management and internal control policies as set forth by the Board can be implemented with maximum efficiency.

Guidelines of the Decision-making and Authorities List (LDA) include the following:

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

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

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

The Executive Board (EB) operates as an intermediary between the Board of Directors and the above management levels. Its members are:

Zsolt Hernádi	Chairman-CEO (C-CEO)
György Mosonyi	Group Chief Executive Officer (GCEO)
József Molnár	Group Chief Financial Officer (GCFO)
Lajos Alács (until 14 June 2008)*	Executive Vice President, Strategy and Business Development
Zoltán Áldott	Executive Vice President, Exploration and Production
Ferenc Horváth	Executive Vice President, Refining and Marketing
József Simola	Executive Vice President, Corporate Centre

*Lajos Alács as Executive Vice President of Gas and Power Division has not been member of the EB

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

In 2008, the Executive Board held 44 meetings and discussed 8 issues on a meeting on average.

Incentives provided for non-executive directors

In addition to fixed remuneration, MOL operates an incentive scheme for non-executive directors, which allows the Company to motivate its directors, supporting the continued improvement in long-term Company performance, and value of the MOL shares. In addition, the aim of the scheme is to ensure that directors' interests remain in line with the interests of the Company's shareholders.

The basis of the effective incentive scheme for non-executive directors was approved by the Extraordinary General Meeting (EGM) on 1st September 2003. Updates and further revision of the scheme were authorised by the subsequent General Meetings (AGMs) in 2004 and 2005.

Elements of the incentive scheme:

- **Convertible bond program:** the amount of available income in this element of the incentive scheme depends on the growth of the MOL share price, thus providing the highest possible alignment between the management's and shareholders' interests.

On 9th October 2003, directors participating in the program and the entitled top managers had a chance to subscribe for bonds convertible to privately issued "A" series ordinary shares, using a bank loan. As part of the program, 1,200 bonds with a 10 million HUF/bond nominal value were issued, with the option to convert to MOL shares in equal proportions within 5 years. The maturity of the convertible bonds is October 2008.

Board members were entitled to subscribe for 25 bonds/person, committee chairmen 30 bonds/person, and the chairman of the Board of Directors (or the deputy chairman if the chairman was an employee) 35 bonds/person, respectively.

Board members, who were not entitled to participate in the initial subscription as a result of certain limitations, had a chance to join the program in accordance with the resolution adopted by the AGM held on 30th April 2004.

Directors who are still unable to participate in the program due to legal restrictions will be compensated by the Company in cash, taking into consideration the profit that other directors are able to realise.

- **Fixed remuneration:** In addition to their rights to subscribe for convertible bonds, as of 1st April 2003, directors are provided with the following fixed net remuneration, following each AGM:

Directors	25,000 EUR/year
Chairman*	41,500 EUR/year

*if the Chairman is not a non-executive director, the deputy chairman (who is a non-executive) is entitled to this remuneration

Other benefits

Directors who are not Hungarian citizens and do not have a permanent address in Hungary are provided with 1,500 EUR for each Board meeting (maximum 15 times) they travel to Hungary for. Directors who act as chairmen of the committees are provided with 1,000 EUR per month.

Incentive system for the top management

The incentive system for the top management in 2008 included the following elements:

1. Incentive (bonus)

The maximum bonus amount is 40-100% of the annual base salary, paid in cash on the basis of the evaluation following the AGM. The elements of the incentive system include:

- Identification and evaluation of corporate and Group level key financial indicators (e.g. ROACE, operating cash-flow, Lost time injury frequency, CAPEX efficiency, unit production, processing, operating, logistics costs, etc.).
- Identification and evaluation of particular individual targets related to the responsibilities of the particular manager in the given year.

2. Relative performance incentive

The basis of the relative incentive is 10% of the annual base wage, and is determined on the basis of rank of manager-specific performance ratings.

3. Share option program

The share option program was introduced in 2006, replacing the deferred payment incentive. The aim of the program is to motivate the management of MOL Group to increase the Company's long-term share price. The incentive is calculated on the basis of a MOL share purchase option annually, and is paid out in cash with a term of 5 years.

4. Bond program

Certain members of the Executive Board, top managers of MOL Plc., and some further key managers of MOL Group are also entitled to take part in the new, long-term convertible bond programme approved by the EGM of 1st September 2003. (The participants of this program do not take part in the above-mentioned option program.)

The following bonds were subscribed through the bond program in October 2003:

Members of the Executive Board (4 persons)	335 bonds
Other top managers (4 persons)	220 bonds
Key managers of the MOL Group (8 persons)	250 bonds

In July 2004, 3 other managers joined the program and were entitled to buy a total of 105 bonds from the bond portfolio.

In September 2004, a total of 80 bonds were repurchased from 2 top managers. In October 2004, the Executive Chairman-CEO of the Company approved a purchase of 24 additional bonds by 2 top managers who were

already taking part in the bond program. In 2005, the company repurchased 36 bonds from a top manager, whilst there were no changes in the program in 2006.

In September 2007 the company repurchased 5 bonds from a manager and in October 2007 repurchased 5 bonds from member of the Board.

Other Fringe Benefits

These include company cars (also used for private purposes), life insurance, accident insurance, travel insurance, liability insurance, and an annual medical check up.

Supervisory Board

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

The members of the Supervisory Board and their independence status:

Dr. Mihály Kupa, Chairman	independent
Lajos Benedek	non-independent (employee representative)
John I. Charody	independent
Dr. Attila Chikán, Deputy Chairman	independent
Slavomír Hatina	independent
Attila Juhász	non-independent (employee representative)
Sándor Lámfalussy Prof	independent
János Major	non-independent (employee representative)
István Vásárhelyi	independent

As well as the member of the Supervisory Board appointed by the Hungarian Energy Office:

István Gergely*	independent
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*The Annual General Meeting on 23 April 2008 appointed him to the member of the Supervisory Board in accordance with Natural Gas Supply Law (4/A § of Act XLII of 2003). He does not have the disposal of right of voting due to the determined legal status in this law.

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. In addition, the Supervisory Board reviews the proposals for the Annual General Meeting. The Supervisory Board reviews its annual activity during the year.

In 2008 the Supervisory Board held 5 meetings with an 91% attendance rate.

Remuneration of the members of the Supervisory Board

The General Meeting held on April 27, 2005 approved a new remuneration scheme for the Supervisory Board. Under the new 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 EUR 1,500 for participation in each Board of Directors or Board Committee meeting, up to 15 times per annum.

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:

- providing opinion on the report as prescribed by the Accounting Act,
- auditor proposal and 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 General Meeting on necessary 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.

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

- John I. Charody, 27 April, 2006
- Dr. Attila Chikán 27 April, 2006
- Dr. Mihály Kupa 27 April, 2006

and in case of long-term incapacitation of any of the permanent members, Sándor Lámfalussy Prof.

Report of the Audit Committee on its 2008 activities

In 2008, the Audit Committee held 6 meetings with a 100% 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 also devoted a considerable amount of time to the following topics:

- Risk management: 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 committee discussed further opportunities to apply Enterprise Risk Management (ERM).
- Internal audit: the Committee evaluated the internal audit reports and the accomplishment of the annual audit plan.
- Financial position: the Committee continuously monitored the Company's financial position.
- Auditor election: the Committee made a proposal for the appointment of the Auditor for the Annual General Meeting.
- Annual General Meeting: the Committee reviewed the materials of the Annual General Meeting (i.e. financial reports, statements of the Auditor).

Integrated risk management function

4-pillar system managing a broad variety of risks:

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by **Enterprise Risk Management (ERM)** on a group level. ERM integrates financial and operational risks along with a wide range of strategic risks. Following identification, different classes of risks are quantified using a unified methodology. The time horizon of the model emphasises long term view (according to strategic horizons): up to 10 years and even beyond, when analysing the variability of net present values. The ERM process identifies the most significant risks to the performance of the company (both on divisional and on group levels) and calls for a decision to be made regarding which risks should be retained and which should be mitigated and how. Some of the risks are managed centrally, while some are dealt with the divisions, overseen by nominated risk owners. Risk Management regularly controls the realization of these risk mitigation actions – in a form of quarterly required reports from the risk owners.

The main role of **Financial Risk Management (FRM)** is to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured by using a complex model based on the Monte Carlo simulation (which takes into account portfolio effects as well) and are managed – if necessary - with risk mitigation tools (such as swaps, forwards and options). This function concentrates on a 12-month time horizon. Reports on compliance with limits linked to strategic and financial objectives of the Group are compiled for the senior management on a monthly basis whereby mitigation action plans are proposed on an ad-hoc basis when required.

Transferring of excess operational risks is done by **Insurance Management (IM)**. It means purchase of insurance, which is an important risk mitigation tool used to cover the most relevant operational exposures. The major insurance types are: Property Damage, Business Interruption, Liability, and Control of Well Insurance. Due to the peculiarity of the insurance business major tasks of this function are set around a yearly cycle (i.e. annual

renewal of most insurance programs). Since insurance is managed through a joint program for the whole group (including MOL, TVK, Slovnaft and IES), MOL Group is able to exploit considerable synergy effects.

Business Continuity Management (BCM) is the process of preparing for unexpected operational events. Proper Business Contingency Plans (BCP), Crisis Management (CM) processes and other risk control programs (like regular engineering reviews) are crucial in such a business like MOL Group's where operational risk exposure is significant as a result of the chemical and physical processes underlying most of the operations. The quality of both BCP and CM is often measured in financial terms when dealing with insurance agencies during policy placements and regular renewals.

External auditors

The MOL Group was audited by Ernst & Young in both 2008 and 2007, excluding the operating company of the Fedorovsky Block in Kazakhstan in both years and I&C Energo which was acquired in 2008 (these entities were audited by PricewaterhouseCoopers and TPA Horwath Notia Audit s.r.o., respectively). INA Group, in which MOL acquired a further 22.16% ownership in October, 2008 in addition to the previously held 25% was audited by Deloitte in 2008 and 2007. INA Group has been consolidated using the equity method in both years.

Within the framework of the audit contract, Ernst & Young 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.

Ernst & Young also provided other services to MOL Plc. Summary of the fees paid to the auditors in 2008 and 2007 are as follows (HUF mn):

	2008	2007
Audit fee for MOL plc (including audit fee for interim financial statements)	182	177
Audit fee for subsidiaries	422	380
Other non-audit services	7	79
Tax advisory services	90	16
Total	701	652

Non-audit services in 2007 mainly related to due diligence services performed for MOL.

The Board of Directors does not believe that non-audit services provided by Ernst & Young compromised their independence as auditors.

Relationship with the shareholders, 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 results 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 PSZÁF (Hungarian Financial Supervisory Authority) publication site and on MOL's homepage. In addition, presentations on the business, its performance and strategy are given to shareholders at the Annual General Meeting and extraordinary General Meetings. 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.

In 2008 MOL participated in 10 roadshows and investor conferences (2 US and 18 European) having over 100 meetings with potential and existing shareholders.

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 this 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 Group is committed to the fair marketing of publicly-traded securities. Insider dealing in securities is regarded as a criminal offence in most of the countries in which we carry 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.

MOL Group employees:

- should not buy or sell shares in MOL Group or any other company while in possession of insider information
- should not disclose insider information to anyone outside the company, without prior approval.
- should be careful, even with other MOL Group employees, should disclose insider information to a co-worker when they have permission to do so and if it is necessary to do their job.
- should protect insider information from accidental disclosure.

Exercise of 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, when requesting the registration into the share register, 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.

According to Article 10.1.1 of Articles of Associations: „No shareholder or shareholder group (as defined below) may exercise more than 10% of the voting rights with the exception of the Hungarian State, the Hungarian Privatization and Asset Holding Company, any of its legal successors, any entity exercising ownership rights on behalf of the Hungarian State, and the organization(s) acting at the Company's request as depositary 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 five per cent of the voting rights may request the Board of Directors to add an item to the agenda. The shareholders having at least one per cent of the voting rights may request the Board of Directors to add supplements to the agenda of the General Meeting. 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. The ordinary general meeting is usually held in late April, in line with the current regulation.

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 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. The special rights attached to the "B" share were cancelled by the Annual General Meeting of 26 April 2007, except the veto right related to voting right ceiling, scope of issues requiring special majority voting and the amendment of rights of the holder of the "B" share, the proposed cancellation of which was not supported by special majority of the shareholders. 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 Hungarian State, the Hungarian State Holding Company, any of its legal successors, any entity exercising ownership rights on behalf of the Hungarian State, and 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 2008, there were no shareholders' comments on the items on the agenda before the AGM, OMV Clearing und Treasury GmbH requested for putting items on the of agenda. The Board of Directors of the Company put on the agenda of the ordinary general meeting the proposed items excluding two items not falling within the competence of the general meeting either on the basis of the Companies Act, or on the basis of the Articles of Association of the Company.

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 2008, there were no shareholders' comments on the items on the agenda before the AGM, OMV Clearing und Treasury GmbH requested for putting items on the of agenda. The Board of Directors of the Company put on the agenda of the ordinary general meeting the proposed items excluding two items not falling within the competence of the general meeting either on the basis of the Companies Act, or on the basis of the Articles of Association of the Company.

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 Management 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 Managing Body requested a confirmation of their independent status from those members considered independent.

Yes (Complies)

No (Please explain)

R 2.5.5 At regular intervals (in connection with the CG Report) the Supervisory Board requested a confirmation of their independent status from those members considered independent.

Yes (Complies)

No (Please explain)

R 2.5.7 The company disclosed on its website the guidelines on the independence of the Managing Body and the 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 (who is the chairman of the Audit Committee as well).

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)

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

Yes (Complies)

No (Please explain)

The Supervisory Board reviews continuously its annual activity. In addition, the report of the Supervisory Board includes a general evaluation on the work of the Supervisory Board.

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.

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.

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.
- Yes (Complies) No (Please explain)
- The Internal Audit reported at least once to the Audit Committee 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.
- 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, the Nomination Committee and 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 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 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 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 and the remuneration of individual persons.
- Yes (Complies) No (Please explain)
- The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the executive management.
- Yes (Complies) No (Please explain)
- 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)
- Between 2003 and 2007, MOL's corporate governance practice was rated by Deminor Rating (later ISS Corporate Services) international corporate governance rating and advisory firm. The rating firm has not commented the combination of the remuneration and nomination committee functions. Therefore the Board of Directors has not discussed the separation of nomination and remuneration committee tasks.*
- R 3.5.2 The Managing Body carried out the duties of the Remuneration and Nomination Committees 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)

Each year MOL assigns a London based independent investor relations consulting firm to make a survey among investors and analysts, about the general understanding of MOL strategy and whether the market players are satisfied with the performance of the management and investor relations department, including the disclosure processes.

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 and 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 internal organisation and operation of the Managing Body and the Supervisory Board and 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.

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 2008, there were no shareholders' comments on the items on the agenda before the AGM, OMV Clearing und Treasury GmbH requested for putting items on the of agenda. The Board of Directors of the Company put on the agenda of the ordinary general meeting the proposed items excluding two items not falling within the competence of the general meeting either on the basis of the Companies Act, or on the basis of the Articles of Association of the Company.

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.

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.

Yes 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 No

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.

S 1.4.2 The company disclosed its policy regarding anti-takeover devices.

Yes No

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.

Yes 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.

Yes 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.

Yes 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.

Yes No

The charter of the Board of Directors regulates this issue.

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.

Yes No

S 2.4.2 The composition of boards and the number of members complies with the principles specified in 2.4.2

Yes 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.

Yes 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.

Yes 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 No

[However, the operation of the management is assessed by the Corporate Governance and Remuneration Committee. The chairman and the majority of committee members are independent.]

S 2.5.6 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 No

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.

Yes 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.

Yes 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.

Yes 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

Yes 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.

Yes No

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).

S 2.9.1 The rules of procedure of the Managing Body, the Supervisory Board and the committees cover the procedure to be followed when employing an external advisor.

Yes No

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, Nomination Committee, Remuneration Committee (and any other committees operating at the company) regularly inform the Managing Body about the meetings of the committee, and the committees prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes No

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 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 2008.

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.

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

Election of the auditor for the 2009 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 2008 performance and its binding offer for the 2009 audit tasks, proposes further cooperation with Ernst & Young in 2009.

Resolution proposal

The Audit Committee proposes to the Annual General Meeting the election of Ernst & Young Könyvvizsgáló Kft. (1132 Budapest, Váci út 20.), namely Judit Szilágyi (registration number: MKVK-001368), substituted in case of hindrance by Zsuzsanna Bartha (registration number: MKVK-005268), to be the independent auditor of MOL Plc. for the year 2009, until the AGM closing the year but latest 30 April 2010. The Audit Committee proposes the audit fee for MOL Plc. for 2009 to be HUF 77.81 million plus VAT.

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 2009 in accordance with Law C of 2000 on accounting and the audit of the consolidated financial statements of MOL Group prepared for the year 2009 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 23 April 2009 until the Annual General Meeting closing the year 2009 but latest 30 April 2010.

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

AGENDA ITEM NO. 3

Decision on the waiver to be granted to the executive officers according to Section 30 (5) of the Companies' Act

In compliance with Section 30 (5) of the Companies' Act, Article 12.12 of the Articles of Association sets forth that the annual 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.

Based on the above, we propose that the general meeting approve the work of the Board of Directors performed in the 2008 business year and provide waiver for the Board of Directors under Section 30 (5) of the Companies' Act.

Resolution proposal

The Board of Directors proposes that the general meeting – under Article 12.12 of the Articles of Association - approve the work of Board of Directors performed in the 2008 business year and grant waiver to the Board of Directors under Section 30 (5) of the Companies' Act.

AGENDA ITEM NO. 4

Authorization of the Board of Directors to acquire treasury shares

Background, evaluation of the current situation

The authorisation granted by the Annual General Meeting of MOL Plc on 23 April 2008 for the Board of Directors to purchase treasury shares shall expire at the end of October 2009. The Board of Directors asks for a new authorisation from the General Meeting to purchase treasury shares from the General Meeting to October 2010.

The Board of Directors of MOL would like to maintain the authorisation for further share purchases in order:

- to protect shareholders from possible share overhang, similarly to the APV transaction made in 2005, MOL should be able to purchase a larger block of shares, or
- to use treasury shares as acquisition currency like in the case of Slovnaft, like share swap with the Croatian Government to increase stake in INA, or
- to be able to exercise in the money call options, or
- to maintain flexibility for further shareholder structure optimisation and share cancellation.

Resolution proposal

The Board of Directors proposes the Annual General Meeting to authorise the Board of Directors of the Company to acquire treasury shares – simultaneously setting aside the resolution No 8 of the April 23 2008 AGM – pursuant to the following terms and conditions:

- Purpose of acquiring the treasury shares may be any of the following:
 - supporting the achievement of the strategic goals of MOL, particularly use of treasury shares as consideration in acquisition transactions, or
 - operation of share-based incentive schemes, or
 - adding a new potential measure to optimize the capital structure through the repurchase of outstanding share capital (eventually, if justified by later cancellation of shares re-purchased), or
 - facilitating the implementation of potentially attractive share-based or hybrid financing instruments.
- 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.
- The authorisation empowers the Board of Directors to acquire any 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 authorisation: from 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 can be paid in return for one piece of share is HUF 1, while the maximum amount is the highest amount of the effective stock exchange price level of the day of the transaction, or of the volume weighted average stock exchange prices of 90 trading days before the date of the transaction or of the volume-weighted average stock exchange price of 90 trading days before the date of signing the agreement for acquiring the treasury shares (particularly purchase agreement, call option agreement or other collateral agreement).

AGENDA ITEM NO. 5

Election of the members of the Board of Directors

Among the members of the Board of Directors of MOL Plc. the mandate of Dr. Sándor Csányi (vice-chairman) and Dr. Miklós Dobák will expire on 28th April, 2009, accordingly it is reasonable to elect (re-elect) their membership on the Annual General Meeting of MOL Plc. to be held on 23rd April, 2009, without holding extraordinary meeting.

Resolution proposal

The Board of Directors proposes the Annual General Meeting to elect Dr. Sándor Csányi to be member of the Board of Directors from 29th April 2009 until 29th April 2014.

Resolution proposal

The Board of Directors proposes the Annual General Meeting to elect Dr. Miklós Dobák to be member of the Board of Directors from 29th April 2009 until 29th April 2014.

AGENDA ITEM NO. 6

Dismissal of employee member of the Supervisory Board, election of new employee member

The Workers' Council, having right to appoint the employee members of the Supervisory Board, informed the Board of Directors on its intention to dismiss 1 of the 3 employee members of the Supervisory Board elected by the 18th resolution of the AGM held on April 27, 2007 and to nominate one new employee member of the Supervisory Board.

The Board of Directors announced the general meeting agenda item necessary to the resolution in compliance with the request of the Workers' Council.

Resolution proposal

The AGM dismisses János Major from its position as employee member of the Supervisory Board from May 1, 2009.

Resolution proposal

The AGM elects József Kohán as employee member of the Supervisory Board from May 1, 2009 to October 11, 2012.

AGENDA ITEM NO. 7

Approval of the amended Charter of the Supervisory Board

Deleted amendments are ~~crossed~~ and new amendments are **bold and underlined** in the amended Charter of the Supervisory Board.

Resolution proposal

The Supervisory Board proposes to the General Meeting to approve the amended Charter of the Supervisory Board in accordance with the verbal proposal.

CHARTER OF THE SUPERVISORY BOARD of MOL Hungarian Oil and Gas Public Limited Company

The Supervisory Board of MOL Hungarian Oil and Gas Public Limited Company hereby adopts its Charter in accordance with the Act No. ~~CXLIV~~ of 1997 on business associations (the "Company Act") and with the provisions of the Articles of Association as it follows:

I. LEGAL STATUS AND SCOPE OF AUTHORITY OF THE SUPERVISORY BOARD

1. On behalf of the supreme body of the Company the Supervisory Board supervises the Board of Directors responsible for the management of the Company.
2. The Supervisory Board shall have minimum three (3) and maximum nine (9) members to be elected by the Company's General Meeting. The Workers Council shall appoint the employees' representatives (one-third of the members of the Supervisory Board) pursuant to the comments and opinion of the trade unions operating at the Company.
The term of the appointment of the Supervisory Board members will be for definite period, but for a maximum of five (5) years. The Supervisory Board members may be reelected and recalled at any time.

The Supervisory Board shall elect from its members its Chairman and Vice Chairman. The Vice Chairman shall substitute and act on behalf of the Chairman in his absence with full authority, and, in the course of such substitution, he will bear all rights and authorities as entitled onto the Chairman of the Supervisory Board.

3. The Supervisory Board shall adopt its Charter that shall be approved by a resolution of the General Meeting.
The General Meeting shall have an exclusive authority to elect and recall the Supervisory Board members, as well as to determine their remuneration, provided, however, that with respect to the election of the employees' representatives it shall proceed in accordance with the applicable provisions of the Company Act.
4. The members of the Supervisory Board shall not be employees of the Company, except the employees appointed by the Workers Council.
5. Any person elected as a member of the Supervisory Board shall inform in writing all other companies where he or she is also a member of the supervisory board on his or her new membership within 15 days following the acceptance of such membership.

6. No shareholder or employee of the Company shall be entitled to give any instruction to the member of the Supervisory Board in such capacity.
7. The membership of the Supervisory Board shall cease in the following cases:
 - the term of appointment/election expires,
 - the member is recalled,
 - the member resigns,
 - the member deceases, or
 - when any reason for the exclusion from the membership pursuant to the Company Act occurs.

The employees' representative shall cease to be a member of the Supervisory Board also when his or her employment terminates. The Company's General Meeting may recall the employees' representative only upon the proposal of the Workers Council, except if the Workers Council fails to perform its obligation to make such proposal despite the reason of exclusion as specified by law.

II. THE RESPONSIBILITIES OF THE SUPERVISORY BOARD

1. The Supervisory Board supervises the compliance with applicable laws as well as resolutions and decisions adopted by the General Meeting.
2. The Supervisory Board also supervises the Company's business management, its profitability and appropriateness of the business administration.
3. The Supervisory Board shall be obliged to analyse in full details any and all material reports on business policy, which are on the agenda of the Company's General Meeting, as well as any and all proposals, which fall within the exclusive scope of authority of the Company's General Meeting. The General Meeting should adopt any resolution on the annual report and the distribution of the profit after taxation only if the Supervisory Board has submitted its written report thereon.
4. The Supervisory Board shall prepare in writing a report to the General Meeting presenting its findings and conclusions regarding the issues that fall within its scope of authority at least 15 days prior to the date of the Annual General Meeting, but always in accordance with the timetable specified in the relevant laws.
5. In the period between the acceptance of two consecutive financial statements pursuant to the Act on Accounting the Board of Directors may decide on the acceptance of interim balance sheet and the payment of interim dividend only with the prior consent of the Supervisory Board.
6. The Supervisory Board is entitled to delegate the responsibility for performing its supervisory actions to any of its members, or to permanently share such actions among its members. Such sharing of responsibilities will have no effect either on the responsibility of the Supervisory Board member, or on his right to extend the supervision onto any activity or operation, which falls within the scope of authority of the Supervisory Board.

III. OPERATIONS OF THE SUPERVISORY BOARD

1. The Supervisory Board operates in accordance with its working plan that should be prepared at the beginning of the year but amended during the year as required. The Supervisory Board shall hold its meeting at the dates as determined in its working plan, but at least four (4) times a year.

2. The Chairman shall with the assistance of the secretariat of the Board of Directors and the Supervisory Board convene and preside over the meetings of the Supervisory Board. Any member of the Supervisory Board shall be entitled to propose to the Chairman in writing to hold a meeting by giving the reason and purpose thereof, and the Chairman shall take an action on convening the meeting of the Supervisory Board within eight (8) days following the receipt of such request for a date within 30 days. In case the Chairman fails to do so, the member proposing the meeting will be entitled to convene the meeting.
3. The Supervisory Board shall have a quorum if two-thirds of its members, but at least three (3) members are present. The resolutions shall be adopted with simple majority of votes. In case of a tie vote the proposed resolution shall be regarded as rejected. If any urgent issue arises between two Supervisory Board meetings and if the Chairman deems that the issue can as an exceptional case be decided upon without a verbal discussion the Chairman shall be entitled to order a circular voting in writing. In such an event the Chairman shall send the proposal and the draft resolution with a relevant notice (by mail, telex, telefax or e-mail) to the members and inform them on the submission date set by him for the members to return their unambiguous votes in writing (by mail, telex, telefax or e-mail).

In order to determine the quorum the Secretary of the Board of Directors and the Supervisory Board shall confirm the delivery of the written proposal and record its result in writing.

Any member of the Supervisory Board who fails to meet the deadline set forth by the Chairman shall be disregarded for the determination of the quorum required to adopt the resolution.
4. In the event of a voting procedure under section 3 the Chairman shall determine the result of the voting. The result of voting in writing shall be valid only if every member agreed to the writing method of voting. The proposals communicated and responses sent back within the course of such voting procedure shall be filed the same way as the documents of ordinary meetings. The Chairman shall inform the members of the Supervisory Board about the result of the circular voting also orally on the next meeting of the Supervisory Board.
5. The auditor(s) of the Company shall always be informed about the meeting of the Supervisory Board and entitled to attend the meeting if they wish.
6. **By invitation of the Chairman – in addition to the members – professionals may also attend the meetings. The Supervisory Board may involve external experts to decide specific cases.**
7. The meetings of the Supervisory Board shall be recorded in minutes. The minutes shall contain the place and date of the meeting, names of participants, including the title of their participation, items of the agenda, main conclusions, results of the voting, and the minority opinion of the employee delegates.

IV. RIGHTS AND OBLIGATIONS, AND THE RESPONSIBILITY OF THE MEMBERS OF THE SUPERVISORY BOARD AND CONFLICT OF INTEREST

1. The members of the Supervisory Board shall act personally, no representation or substitution shall be permitted.
2. The members of the Supervisory Board shall be entitled to request any information from the senior managers and key employees of the Company on any issues that fall within the

scope of authority of the Supervisory Board and to inspect the books, files and documents of the Company.

Members of the Supervisory Board shall be entitled to participate in the General Meeting of the Company with the right of consultation.

3. If the Supervisory Board comes to the conclusion that the activity of the Company's Management (Board of Directors) breaches the provisions of law or the Articles of Association or the resolutions of the General Meeting, or it is otherwise contrary to or injurious the interests of the Company or its shareholders, it is entitled to convene an Extraordinary General Meeting of the Company and to submit proposals to its agenda.
4. The employees' representatives in the Supervisory Board shall have equal rights and obligations as the other members. In the event the opinion of the employees' representatives is unanimously different to the majority position of the Supervisory Board the minority position or opinion of the employees' representatives shall be reported to the General Meeting.
5. Members of the Supervisory Board shall have unlimited, joint and several liability for any and all damages or losses caused to the Company by breaching their supervisory obligations.

6. Members of Supervisory Board shall sign a declaration on conflict of interest in accordance with the form in Appendix 1.

V. AUDIT COMMITTEE

1. The audit committee appointed from the independent members of the Supervisory Board pursues its activities in accordance with its charter adopted by its members.
2. In case the rendering of an opinion, submission of proposal, exercise of control, adoption of any measure or decision is within the scope of competence of the audit committee pursuant to laws or stock exchange rules, the audit committee decides about such in accordance with its own charter and informs the Supervisory Board at its next meeting thereof.

VI. CLOSING PROVISIONS

The Supervisory Board discussed and approved this amended Charter on its meeting dated **30 March 2009**.

Appendix 1: Declaration on conflict of interest

CLAUSE

The Annual General Meeting approved the Charter of the Supervisory Board based on the ... resolution.

Budapest, 23 April 2009

On behalf of MOL Plc. Supervisory Board
Dr. Kupa Mihály
Chairman

Appendix 1.
to the Charter of
the Supervisory Board

DECLARATION ON CONFLICT OF INTEREST

Undersigned,, as member of MOL's Supervisory Board hereby declare that myself, my companion or close relatives or an economic organizations in which myself and/or my companion or close relatives have significant-, majority- or qualified influence or in which myself or my close relatives hold key management position have significant-, majority or dominant influence or hold key management position in the following economic organizations:

<u>economic organization:</u>	<u>influence</u>	<u>position:</u>
.....		
.....		
.....		
.....		
.....		

I hereby declare, that there is no conflict of interest pursuant to the applicable regulations in respect of my membership in the Supervisory Board and further positions proposed.

In addition, hereby I declare that I have reported my membership accepted in the Supervisory Board of MOL to my employer or principal. Furthermore,

1.) I accept the obligation that if my employer/principal, companion, close relative, and/or the employer/principal of any of my close relatives or companion, and/or any economic organization in which myself and/or my companion or close relatives have significant-, majority- or qualified influence or in which myself, my companion or my close relatives hold key management position enter into business transaction with MOL and/or any of its subsidiaries –except for those businesses, which are in the scope of everyday-life activities and are entered into or contracted according to this characteristic-, I shall without any delay report such business transaction to MOL's Supervisory Board, and I shall not participate in decisions by the Supervisory Board related to such business transaction.

2.) In the event of any change may occur in the conditions of my declaration on conflict of interest I shall be obliged to report such change to the Supervisory Board of MOL within 15 days, and if such change results in any conflict of interest, I shall make any and all actions required to eliminate such conflict of interest simultaneously with my report.

Date:

.....
signature

Definitions

Key management personnel - Members of the Board of Directors, members of the Supervisory Board or directors having authority and responsibility for planning, directing and controlling the activities of the enterprise.

Close relatives - are "spouses, next of kin, adopted persons, stepchildren, foster children, adoptive parents, stepparents, foster parents, brothers, and sisters;"

Companion - (common law spouse/concubine) are two unmarried persons living in the same household and being bonded emotionally and economically with each other.

Economic organization - are "state-owned companies, other state-owned economic agencies, cooperatives, business associations, Societas Europaea (SE), professional associations, European Economic Interest Group (EEIG), nonprofit companies, companies of certain legal entities, subsidiaries, water management organizations, forest management associations, and private entrepreneurs. The provisions governing economic organizations shall be applied to the state, local governments, budgetary agencies, associations, public bodies, and foundations in connection with their economic activities, unless the law provides otherwise for such artificial persons".

Significant influence - members (shareholders) hold a significant interest if they control more than twenty-five per cent of the votes of the controlled company.

Majority interest control - members or shareholders hold a majority interest control (hereinafter referred to as "dominant member") if they control more than fifty per cent of the votes of the controlled company

Qualified control - members hold a qualified controlling interest if they control directly or indirectly at least three-quarters of the votes of the controlled company.

Subsidiaries of MOL - Companies listed in its latest annual report

Transaction -

- Purchase or sale of finished and unfinished goods
- Purchase or sale of property and other assets
- Purchase or sale of shares or quotas
- Borrowings
- Rendering or receiving of services
- Agency arrangements
- Leasing and rental agreements
- Transfer of research and developments, licenses
- Financing, except for normal dealing with financial institutions
- Providing and benefiting of guarantees and collaterals
- Management contracts

Purchase of products and services at market price from MOL in the course of the normal business are exceptions.

AGENDA ITEM NO. 8

Decision on the principles and framework of the long term incentive system of managers

The General Meeting of the Company decided on the principles and framework of the long term incentive programme of managers with its Resolution No. 25. decided on 27 April 2006.

The system developed in 2006 ensured suitable incentive for managers in that economic environment. In the elapsed period the external economic environment has changed considerably. The Company needs a long term incentive system that is able to correspond to the all-time economic environment; therefore it is necessary to renew the managerial incentive system as well. In the course of this, it is reasonable to consider the principles of the incentive system of the Board of Directors effective from 1 January 2009.

Resolution proposal

The Board of Directors recommends that the General Meeting of the Company repeals its Resolution No. 25. decided on 27 April 2006 on the principles and framework of the long term incentive program of managers of MOL, as from the 2009 business year, on the stipulation that the repeal does not effect the call-option of the managers acquired between 1 January 2006 and 31 December 2008 and to be exercised between 1 January 2009 and 31 December 2013.

Simultaneously the General Meeting is recommended to ratify the principles and framework of the long term incentive program of managers as follows:

- The long term incentive has to create consonant interest for managers with shareholders' aims, through setting targets that incite the increase of the long term profitability of the Company.
- Long term incentive might be paid upon the achievement of such predetermined target(s) that the Company and the participants of the incentive system have effect on; which might primarily be increase of the profitability, increase of the share price, achievement of determined strategic goals, or the rate of return.
- The paid incentive might be dependent on achievement and rate of achievement of the predetermined targets.
- Within the group of managers several subgroup of managers might be determined on the basis of their rate of affect on achievement of the predetermined targets. Different rates of incentive might be set for different subgroups, which reflect their rate of affect on achievement of the predetermined targets.

The General Meeting is recommended to empower the Board of Directors to determine the details of the long term incentive system of managers, and operating it in respect of managers, upon which it will inform the General Meeting through the Annual Report.

AGENDA ITEM NO. 9

Amendments of the Articles of Association (Share capital and shares; Shares and share register; Voting Right, Shareholder group; General meeting; Invitation to the general meeting, quorum, Board of Directors; Increase and decrease of share capital; Supervisory Board; Termination)

7. SHARE CAPITAL AND SHARES

Amendment of Article 7.2.b)

According to the present Article 7.2. b) of the Articles of Associations, the preferential rights attaching to the "B" series share shall be attached to such "B" series share until and only until such share remains in the possession of the Hungarian State, the Hungarian Privatization and Holding Company ("ÁPV Rt."), any organization being the legal successor of ÁPV Rt., or any other Hungarian entity entitled to exercise ownership rights on behalf of the Hungarian State.

Taken into consideration that the above provision may be qualified as a restriction of free movement of capital, we propose that the above restrictive provision be deleted, notwithstanding, however, the rights attached to the "B" series share.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 7.2.b of the Articles of Association as follows (*text proposed to be deleted is crossed*):

„7.2. [...]

- b.) one (1) piece registered voting preference share of the series "B" with a par value of HUF 1,000, that entitles the holder thereof to preferential rights as specified in the present Articles of Association, ~~provided, that such preferential rights shall be granted and associated to this share until and only until said share remains in the shareholding of the Hungarian State, the Hungarian Privatization and Holding Company ("ÁPV Rt."), any organization being the legal successor of ÁPV Rt., or any other Hungarian entity entitled to exercise ownership rights on behalf of the Hungarian State."~~

8. SHARES AND SHARE REGISTER

Amendment of Article 8.5

According to Section 202 (10) of the Companies' Act, any third party may have access to the share register. Article 8.5 of the Articles of Associations provides, that any third party may have access to the share register, if he/she renders his/her interest probable.

In order to ensure full compliance of Article 8.5 with the above provision of the Companies' Act, we propose the amendment of Article 12.7 as follows:

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 8.5 of the Articles of Association as follows (*text proposed to be deleted is crossed, new text in bold*):

"8.5 The shareholder shall have access to the share register and shall be entitled to request a copy of the parts thereof including information related to the relevant shareholder from the Board of Directors or its delegate. Any third party **may also have access to the share register** if he/she renders his/her interest probable. ~~The Board of Directors shall have the authority to form an opinion on such interest.~~"

Amendment of Article 8.6

Article 8.6 of the Articles of Associations sets forth severe conditions for the registration of shareholders into the registry of shareholders.

The above provisions of the Articles of Associations make it difficult for the shareholders to be identified upon dividend payment. In its announcement concerning the dividend payment of the previous year, the Board of Directors agreed to submit a proposal to the next general meeting on the facilitation of the 2 % declaration process.

Considering the above and considering that Section 176 (1) of the Companies' Act distinguishes between shareholders' membership and property rights, we propose that - for the purpose of facilitating interpretation - Article 8.6 of the Articles of Association be amended.

At the same time, the present changes in the shareholder structure compel the Company to operate reasonable mechanisms against a creeping control and to receive a fair view on the ultimate beneficial owners of the Company.

Based on the above, we propose that Article 8.6. of the Articles of Association be amended as follows:

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 8.6 of the Articles of Association as follows (*wording proposed to be deleted is crossed, new wording in bold*):

"8.6 Each shareholder - **at the shareholders' 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. In the event the conditions described in the previous sentence are met, the shareholder shall **simultaneously** report the composition of the shareholders' group in accordance with the provisions specified in Articles 10.1.1 and 10.1.2. In case the shareholder ~~asking for registration fails to comply herewith~~ **with or performs incorrectly the**

obligation on reporting the composition of the shareholders' group defined in the previous sentence, or in case there is a reasonable ground to assume that a shareholder made false representation regarding the composition of the shareholders' group, its voting right shall be suspended (and any time further on as well) and the shareholder shall be prevented from exercising it until full compliance with said requirements. **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.** The compliance with the ~~present~~ **declaring and reporting obligations defined in this Article** does not affect the reporting and announcing obligations of the shareholders under the legal regulations applicable to the acquisition of influence."

10. VOTING RIGHT, SHAREHOLDER GROUP

Amendment of Articles 10.1.1

Article 10.1.1 of the Article of Associations, in compliance with Section 299 (1) of the Companies' Act, sets forth the highest rate of voting rights exercisable by a shareholder or shareholder group. However, the second phrase of this Article exempts the Hungarian State and any entity exercising ownership rights on behalf of the Hungarian State from the above voting limit.

In order not to differentiate between the shareholders in the course of determining the highest rate of voting rights, in compliance with the second sentence of Section 299 (1) of the Companies' Act, we propose that the above-mentioned provisions of Articles 10.1.1 of the Articles of Association be deleted.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 10.1.1 of the Articles of Association, as follows (*wording proposed to be deleted is crossed*):

„10.1.1 No shareholder or shareholder group (as defined below) may exercise more than 10% of the voting rights with the exception of ~~the Hungarian State, the Hungarian Privatization and Asset Holding Company, any of its legal successors, any entity exercising ownership rights on behalf of the Hungarian State, and 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).

All relevant restrictions specified in these Articles of Association applicable to shareholders shall be appropriately applied to the holders of certificates of deposit issued on the Company's shares abroad on behalf of the Company."

12. GENERAL MEETING

Amendment of Article 12.2.b)

Section 252 (1) of the Companies' Act provides that, unless excluded in the Articles of Association, the general meeting may in its resolution authorize the Board of Directors to increase the share capital. According to the above provision of the Companies' Act, the conditions of such authorization shall be determined in the given resolution of the general meeting.

Considering that the authorization of the Board of Directors by the general meeting need not be included in the Articles of Association, we propose that Article 12.2.b) of the Articles of Associations be amended as follows.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 12.2.b) of the Articles of Association as follows (*wording proposed to be deleted is crossed*):

"12.2 The general meeting shall have the exclusive scope of authority and competence in the following matters:

[...]

- b) save for the increase and conditional increase of the share capital by the Board of Directors ~~in accordance with the authorization granted in the Articles of Association~~ the (conditional) increase of the share capital; in the event of capital increase through private placement resolved by the general meeting, to assign or select person(s) and shareholder(s) who will have exclusive right to subscribe such shares;"

Amendment of Article 12.2.h)

Section 252 (1) of the Companies' Act provides that, unless excluded in the Articles of Association, the general meeting in its resolution may authorize the Board of Directors to increase the share capital of the company. According to the above provision of the Companies' Act, the conditions of the authorization shall be determined in the resolution of such general meeting.

Considering that the authorization of the Board of Directors by the general meeting need not be included in the Articles of Association, we propose that Article 12.2.h) of the Articles of Associations be amended as follows.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 12.2.h) of the Articles of Association as follows (*wording proposed to be deleted is crossed*):

"12.2 The general meeting shall have the exclusive scope of authority and competence in the following matters:

[...]

h) save for the conditional capital increase through issuance of convertible bonds within the competence of the Board of Directors ~~pursuant to the authorization granted in the Articles of Association~~, decision on issuance of convertible bonds or bonds with the right of subscription;"

Amendment of Article 12.2.i)

According to Article 12.2.i) of the Articles of Association, the general meeting has exclusive competence with respect to decision on the conversion of the share type.

According to Section 177 of the Companies' Act, shares may exclusively be registered securities and shares may no longer be produced as or converted into bearer securities (the Act no longer differentiates between "share types"). Accordingly, such competence of the general meeting is not applicable.

Based on the above provision of the Companies' Act, we propose that Article 12.2.i) of the Articles of Association be deleted.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 12.2.i) of the Articles of Association as follows (*wording proposed to be deleted is crossed*):

"12.2 The general meeting shall have the exclusive scope of authority and competence in the following matters:

[...]

i) ~~decision on conversion of share types;~~"

Amendment of Article 12.2.l)

According to the last phrase of Article 12.2.l) of the Articles of Association, the general meeting has exclusive competence with respect to decision on the acceptance of a public purchase offer regarding treasury share(s).

Considering that, according to the Companies' Act and the Capital Market Act, the acceptance of a public purchase offer does not belong to the exclusive competence of the general meeting, we propose that the last phrase of Article 12.2.l) of the Articles of Association be deleted.

Further, considering that the authorization of the Board of Directors by the general meeting need not be included in the Articles of Association, we propose that the initial part of Article 12.2.l) of the Articles of Association be deleted.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 12.2.l) of the Articles of Association as follows (*wording proposed to be deleted is crossed*):

"12.2 The general meeting shall have the exclusive scope of authority and competence in the following matters:

[...]

- l) save for the decision of the Board of Directors on the acquisition of treasury shares ~~based on the authorisation granted in these Articles of Association, decision on the acquisition of treasury share(s) and on the acceptance of public purchase offer of treasury share(s);~~"

Amendment of Article 12.2.o)

According to Article 12.2.o) of the Articles of Association, the general meeting has exclusive competence with respect to decision on converting previously issued printed shares or other securities into dematerialized securities.

Considering, that the Company only possesses dematerialized shares, and that according to Section 286 (1) of the Companies' Act and Section 6 (3) of the Capital Market Act, a public limited company may only possess dematerialized shares, we propose that Article 12.2.o) of the Articles of Association be deleted.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 12.2.o) of the Articles of Association as follows (*wording proposed to be deleted is crossed*):

"12.2 The general meeting shall have the exclusive scope of authority and competence in the following matters:

[...]

- o) ~~decision to transform previously issued shares or other securities, from certified form into dematerialized securities;~~"

Amendment of Article 12.3.

According to Article 12.3 of the Articles of Association, the increase of the share capital and the issuance of convertible bonds or bonds with rights to subscription shall require the three quarter majority vote of the general meeting.

Considering, that Section 236 of the Companies' Act requires a simple majority with respect to decision on share capital increase, as well as considering the deletion of Article 12.2.i), we propose that respective Article 12.3 be amended accordingly.

Further, the present changes in the shareholder structure compel the Company to operate reasonable mechanisms against a creeping control. As part of this, it is proposed to amend the required (simple) majority of votes to $\frac{3}{4}$ majority on the dismissal of members of the Board of Directors as follows:

Based on the above, we propose that Article 12.3. of the Articles of Association be amended as follows:

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 12.3 of the Articles of Association as follows (*wording proposed to be deleted is crossed, new text in bold*):

„12.3 The general meeting shall decide on matters specified in Articles 12.2 (a) ~~(b)~~, (c), (d), ~~(h)~~ ~~(i)~~ (j), (q) and (r) **and on the dismissal of any member of the Board of Directors** by three-quarter majority of votes, taking into consideration restrictions stipulated in Articles 10.1, 10.2 and 10.3.”

Amendment of Article 12.4.

The present changes in the shareholder structure compel the Company to operate reasonable mechanisms against a creeping control. As part of this, it is proposed to extend the rights attached to “B” series share as follows:

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 12.4. of the Articles of Association as follows (*new text in bold*):

„12.4. The “yes” vote of the holder of “B” series of share is required to adopt decisions in the following matters: decision on amending the provisions of Articles 7.2(b), 10.1, 10.2, 10.3, 10.4, 12.3. and 12.4 of the present Articles of Association.
The “yes” vote of the holder of “B” series of share is required to adopt decisions at a general meeting on any proposal not supported by the Board of Directors in the following matters:

- **election and dismissal of the members of the Board of Directors,**
- **election and dismissal of the members of the Supervisory Board,**
- **election and dismissal of the auditors,**

- **decision on distribution of profit after taxation,**
- **amending the provisions of Articles 7.2. (save for para 7.2(b)), 12.2., 15.2, 15.4., 17. of the present Articles of Association.”**

13. INVITATION TO THE GENERAL MEETING, QUORUM

Amendment of Article 13.4.

According to Article 13.4. of the Articles of Association, a condition of participation and voting at the general meeting for holders of registered shares is that the holder of the share(s) or the proxy shall be listed in the share register at least seven (7) business days prior to the date of the general meeting. The registration in the share register is based on shareholder identification

Considering that, according to Section 177 of the Companies' Act, shares may exclusively be registered securities, the Company may issue exclusively registered shares, we propose to amend Article 13.4. as follows.

Resolution proposal

The Board of Directors proposes the Annual General Meeting the amendment of Article 13.4. of the Articles of Association as follows (*wording proposed to delete crossed*):

„13.4. A condition of **shareholders'** participation and voting at the general meeting ~~for holders of registered shares~~ is that the holder of the share(s) or the proxy shall be listed in the share register at least seven (7) business days prior to the date of the general meeting. The registration in the share register is based on shareholder identification.”

15. BOARD OF DIRECTORS

Amendment of Article 15.2.n)

With respect to the amendment of Articles 12.2.b) and 12.2.h) of the Articles of Association, it is necessary to amend Article 15.2.n) accordingly.

Based on the above, we propose that Article 15.2.n) of the Articles of Association be amended as follows.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 15.2.n) of the Articles of Association as follows (*wording proposed to be deleted is crossed, new wording in bold*):

”15.2 The Board of Directors shall be competent in the following matters:
[...]

n) n.) decision on the increase of the Company's share capital pursuant to Article ~~17. d) and e.)~~ of the Articles of Association **or the authorization granted by the shareholders' meeting;**"

Amendment of Article 15.4.

The present changes in the shareholder structure compel the Company to operate reasonable mechanisms against a creeping control. As part of this, it is proposed to increase the severity the regulations of the Articles of Associations with respect to the dismissal of members of the Board of Directors as follows:

Resolution proposal

The Board of Directors proposes that the general meeting of the Company amend Article 15.4. of the Articles of Association as follows (*wording proposed to be deleted is crossed, new text in bold*):

„15.4. The general meeting for a maximum term of five (5) years shall elect members of the Board of Directors. Their appointment, as provided for by this Article, can be terminated at any time or may be renewed after the expiry of the five-year term. In the event any shareholder initiates the termination of appointment of one or more members of the Board of Directors, the general meeting may only decide on ~~terminating the appointment~~ **dismissal** of maximum ~~13~~ members of the Board of Directors validly with the restrictions that during the ~~threesix~~ months period following the decision on **dismissal** ~~termination of the onethree~~ members of the Board of Directors, no further **dismissal** ~~appointment of the a~~ members of the Board of Directors **may take place** ~~can be terminated. ; any General Meetings held after six months following the General Meeting deciding on the termination of the three members appointment may terminate the appointment of any members of the Board of Directors. The provisions of the above sentence shall not be applied should any shareholder or shareholders' group hold over 33% of the shares of the Company acquired via a public purchase offer.~~"

Amendment of Article 15.5

The general meeting held on April 23, 2008 decided on the deletion of Article 15.1 of the Articles of Association.

With respect to the deletion of the second sentence of Article 15.1, Article 15.5 has become unnecessary as well, therefore, we propose that such provision be deleted.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company delete Article 15.5 of the Articles of Association as follows (*wording proposed to delete crossed*):

„15.5 In the event the number of the members of the Board of Directors falls below nine, a general meeting shall be convened to elect new members.”

17. INCREASE AND DECREASE OF SHARE CAPITAL

Amendment of Article 17.d)

Though, based on Article 17.d) of the Articles of Association, the Board of Directors is entitled, under certain conditions, to increase the share capital until April 27, 2010, as a consequence of the present world economic crisis it is especially necessary for the Board of Directors to be entitled to increase liquidity quickly and with as little restriction as possible. Thus, we find it reasonable to amend the authorization provided in Article 17.d as follows.

According to 313 § (1) of the Companies' Act, the validity of the resolution on the authorization of the Board of Directors to increase the share capital requires the separate approval of the holders of the class of shares directly affected by the capital increase, in the manner specified in the Articles of Association as well. According to the second paragraph of Article 12.10 of the Articles of Association, the holders of the series of shares present at the general meeting shall decide upon such approval by simple majority of the votes.

Resolution proposal

The Board of Directors proposes 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 according to the Article 17.d) of the Articles of Associations to be amended.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company

- pass a decision according to which the Board of Directors shall be authorized to increase the share capital until April 23, 2014, in compliance with the conditions defined in Article 17.d of the Articles of Association amended below, and
- amend Article 17.d of the Articles of Association as follows (*wording proposed to be deleted is crossed, new text 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 27~~3~~, 201~~0~~~~4~~ 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** ~~15 % of the share capital effective as of the date of this authorization through public issue or private placement of ordinary shares and resolve the amendment of the Articles of Association in connection thereof. The Board of Directors is entitled to increase the share capital through private placement of new shares within the time and value limits set in this authorization exclusively for the purposes of implementation of its strategic goals through exchange of shares or as consideration for the acquisition of shares and/or assets of other companies. In case of a capital increase through private placement of new shares resolved by the Board of Directors the issue~~

~~price of the shares shall not be less than the 180 days average weighted stock exchange price of the listed ordinary shares prior to the date of the resolution. Based on and within the limits of this authorization the Board of Directors is entitled to resolve the capital increase in one or more installments, but the total amount of such capital increase shall not exceed 15 % of the share capital, i.e. HUF 16,292,816,486."~~

Cancellation of Article 17.e)

Article 17 e) of the Articles of Associations, which regulated the authorization of the Board of Directors to issue convertible bonds, was applicable until September 1, 2008. Considering the expiry of the authorization, we propose that Article 17e) be deleted as follows.

Resolution proposal

The Board of Directors proposes that the general meeting of the Company delete Article 17e) of the Articles of Association as follows (*wording proposed to be deleted is crossed*):

"17. INCREASE AND DECREASE OF SHARE CAPITAL

[...]

~~e.) Based on the authorization granted in the Articles of Association the Board of Directors is entitled to conditionally increase the share capital until 1 September 2008 by not more than 2% of the share capital, i.e. HUF 2,164,548,000 through the private issuance of convertible bonds convertible into series (or to the supplanter of these series) of registered ordinary "A" shares for the purpose of the implementation of the Company's long term incentive scheme.~~

~~Based on the prevailing provisions of the Articles of Association and the Company Act following the conditional increase of the share capital through the issuance of convertible bonds and the conversion of bonds into shares, the Board of Directors is entitled to amend the Articles of Association accordingly after the closing of each conversion periods."~~

22. SUPERVISORY BOARD

Amendment of Article 22.3.

According to point d) of Article 22.3. of the Articles of Associations, the preliminary approval of the Supervisory Board is required to conclude a contract between the Company and any of its registered shareholders or their close relatives, provided that such shareholder has a voting right amounting to at least 10%.

Considering that, as a consequence of the changes of the Companies' Act, the above approval of the Supervisory Board is not required, we propose to cancel point d) of article 22.3.

Resolution proposal

The Board of Directors proposes the Annual General Meeting the cancellation of point d) of Article 22.3. of the Articles of Association as follows (*wording proposed to delete crossed*):

„22.3. The Supervisory Board shall:

- a) supervise the management (Board of Directors) of the Company;
- b) review and survey all significant business policy reports to be submitted to the general meeting;
- c) review and survey the business reports of the Company prepared in accordance with the Accounting Act, and the utilization of the profit after taxation, as well as report to the general meeting on such reviews;
- ~~d) the preliminary approval of the Supervisory Board is required to conclude a contract between the Company and any of its registered shareholders or their close relatives, provided that such shareholder has a voting right amounting to at least 10%.~~

If, based on the authorization granted by these Articles of Association, the Board of Directors decides on the approval of interim balance sheet, the decision of Board of Directors requires the previous approval of the Supervisory Board.”

27. TERMINATION

Amendment of Article 27

The cases of termination defined in of Article 27 d) of the Article of Associations is irrelevant as a result of recent changes in the law, i.e. an “ex officio” deletion procedure pursued by the Court of Registration no longer exists.

Considering the above, we propose that Article 27 d) be deleted as follows:

Resolution proposal

The Board of Directors proposes that the general meeting of the Company cancel Article 27 d) of the Articles of Association as follows (*wording proposed to be delete is crossed, new wording in bold*):

“27. TERMINATION

The Company shall be terminated if:

a.) the general meeting decides to terminate the Company without legal successor;

b.) the general meeting decides to terminate (transform) the Company through legal succession;

c.) the Court of Registration establishes that the Company is terminated;

~~d.) the Court of Registration orders "ex officio" to delete the Company from the company register;~~

d. e.) the Court terminates the Company in a liquidation proceeding.

In the event the Company terminates without legal successor - except in liquidation due to permanent insolvency - a voluntary dissolution shall follow."

AGENDA ITEM NO. 10

Presentation of the report of the auditors appointed on the basis of the resolutions no. 34-38 of the Annual General Meeting held on April 23, 2008 on the proposal of OMV Clearing und Treasury GmbH shareholder under Section 49 (3) of the Companies' Act

The general meeting held on 23 April 2008 decided on to the proposal of the shareholder OMV Clearing und Treasury GmbH the appointment of an auditor in order to examine:

- the Company's annual report for 2007 according to the Accounting Act,
- the Company's share lending agreement concluded with MFB Invest Zrt. dated 2 July 2007,
- the share lending agreement entered into with OTP Bank Plc., announced on 22 June 2007,
- the option agreements agreed with BNP Paribas SA on December 13, 2007,
- the share purchase agreement entered into with CEZ MH BV on 20 December 2007, together with all ancillary agreements related to the share purchase agreement on the basis of 49 § 3 of the act on Companies with the scope and to the extent stipulated by legal provisions related to auditors and auditing

The Annual General Meeting decision has relegated the selection of the Auditor and the contracting with the Auditor into the competence of the Board of Directors, with the specification that the Board has to proceed both the selection and the contracting in good faith in order to enforce the shareholders right secured by law regarding audit and at the same time to enforce the Annual General Meeting decisions regarding designation.

The Annual General Meeting decision ordered the Auditor to set out in a detailed form all facts on which its Auditor opinion was based. If the fact mentioned above is a business secret of the Company, then, by referring to this, it is enough if the Auditor in its Report represents such information to the extent it is necessary to interpret the opinion of the Auditor and at the same time to reasonably assess the opinion.

Based on the delineated Annual General Meeting decisions the Board of Directors has contracted BDO Forte Audit Kft. and Ernst & Young Könyvvizsgáló Kft. to perform the investigations.

Resolution proposal

The Board of Directors proposes to the Annual General Meeting to take notice of the presented auditor reports.

INDEPENDENT REVIEW REPORT
to the Shareholders of MOL NyRt.

We have been engaged by MOL Nyrt to review the condensed set of financial statements comprising of the balance sheet, income statement and related explanatory notes to the financial statements as of 31 December, 2007 of MOL Nyrt. (hereinafter the Company), as well as the consolidated set of financial statements (consisting of the balance sheet, income statement, statement of the shareholders' equity changes, the cash-flow statement and the related explanatory notes) of the MOL Group (MOL Nyrt. and its consolidated subsidiaries) as of 31 December, 2007, prepared in accordance with the IFRS. The financial statements including the financial information contained therein are the responsibility of the Company's management. Our responsibility is to issue a report regarding the financial statements on the basis of the independent review performed by us.

The independent review was performed by us in accordance with the Hungarian Standard No. 2400 "Independent review of financial statements". Pursuant to the above standard, in designing and performing the review, we had to obtain reasonable assurance of whether the financial statements contain any material misstatement. The review was limited to making enquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently provides less assurance than an audit would have provided. 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 condensed set of financial statements of MOL Nyrt as of 31 December, 2007 is not prepared, in all material respects, in accordance with the provisions of the Hungarian Accountancy Act and the general principles in application in Hungary or of the consolidated financial statements of the MOL Group as of the year ended 31 December, 2007 prepared in accordance with the International Financial Reporting Standards.

Budapest, 15.01.09.

BDO Forte Audit Kft.
MKVK: 002387

Béla Szolnoki
Managing Director

Ferenc Baumgartner
Managing Director

This is the translation of the original Hungarian independent review report. In case of any discrepancies, the original Hungarian version prevails.

This is a translation of the Hungarian Original

To the shareholders of MOL Hungarian Oil and Gas Plc.

We have audited the presentation of the Share lending agreement concluded by MOL Hungarian Oil and Gas Plc. („the Company”) with MFB Invest Zrt. dated July 2, 2007, the Share lending agreement concluded with OTP Bank Nyrt. on June 22, 2007, the option agreements agreed with BNP Paribas SA on December 13, 2007, the share sale and purchase agreement with all ancillary agreements concluded with CEZ MH BV, dated December 20, 2007 (“the Agreements”) in the 2007 annual financial statements of MOL Hungarian Oil and Gas Plc. prepared **in accordance with the Hungarian Accounting Law** and generally accepted accounting principles in Hungary and issued an unqualified audit opinion on January 21, 2009 thereon. Our audit report is fully disclosed in the materials presented for the Annual General Meeting. The 2007 annual financial statements of MOL Hungarian Oil and Gas Plc. prepared in accordance with the Hungarian Accounting Law and generally accepted accounting principles in Hungary are not attached.

The referred annual financial statements are available on the website of the Company and the materials of the 2008 Annual General Meeting.

Ernst & Young Kft.
Registration No: 001165

This is a translation of the Hungarian Report

Independent Auditor's Report

To the shareholders of MOL Hungarian Oil and Gas Plc.

We have audited the presentation in the 2007 annual financial statements of MOL Hungarian Oil and Gas Plc. ("the Company") of the Share lending agreement concluded by MOL Hungarian Oil and Gas Plc. with MFB Invest Zrt. dated July 2, 2007, the Share lending agreement concluded with OTP Bank Nyrt. on June 22, 2007, the option agreements agreed with BNP Paribas SA on December 13, 2007, the share sale and purchase agreement with all ancillary agreements concluded with CEZ MH BV, dated December 20, 2007 ("the Agreements"). We have previously reported on the 2007 annual financial statements of MOL Hungarian Oil and Gas Plc. prepared **in accordance with the Hungarian Accounting Law** and generally accepted accounting principles in Hungary, in which the above referred agreements are reflected, and issued an unqualified opinion on those annual financial statements on March 20, 2008. The presentation of the Agreements in the annual financial statements is the responsibility of MOL Hungarian Oil and Gas Plc.'s management. Our responsibility is to express an opinion whether as at the date of approval by the Board of Directors of the 2007 annual financial statements the agreements were presented fairly in accordance with the relevant regulations of the Hungarian Accounting Law and with generally accepted accounting principles in Hungary based on our audit.

We conducted our audit in accordance with Hungarian National Standards on Auditing relevant for Special Purpose Audit Engagements. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the presentation is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the agreements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Share lending agreement concluded with MFB Invest Zrt., the Share lending agreement concluded with OTP Bank Nyrt., the option agreements agreed with BNP Paribas SA, the share sale and purchase agreement with all ancillary agreements concluded with CEZ MH BV is presented fairly in the 2007 annual financial statements in accordance with the relevant regulations of the Hungarian Accounting Law and with generally accepted accounting principles in Hungary.

Our report is solely for the purpose to assist you in the execution of the no. 35-38/2008 resolution of the annual general meeting held on April 23, 2008. This report relates only to items specified above and does not extend to the 2007 annual financial statements of the Company, taken as a whole.

Budapest, 21 January 2009

Ernst & Young Kft.
Registration No. 001165

This is a translation of the Hungarian Original

To the shareholders of MOL Hungarian Oil and Gas Plc.

We have audited the presentation of the Share lending agreement concluded by MOL Hungarian Oil and Gas Plc. („the Company”) with MFB Invest Zrt. dated July 2, 2007, the Share lending agreement concluded with OTP Bank Nyrt. on June 22, 2007, the option agreements agreed with BNP Paribas SA on December 13, 2007, the share sale and purchase agreement with all ancillary agreements concluded with CEZ MH BV, dated December 20, 2007 (“the Agreements”) in the 2007 consolidated annual financial statements of MOL Hungarian Oil and Gas Plc. prepared **in accordance with the International Financial Reporting Standards** as adopted by EU and issued an unqualified audit opinion on January 21, 2009 thereon. Our audit report is fully disclosed in the material presented for the 2008 Annual General Meeting. The 2007 consolidated annual financial statements of MOL Hungarian Oil and Gas Plc. prepared in accordance with the International Financial Reporting Standards as adopted by EU are not attached.

The referred annual financial statements are available on the website of the Company and the materials of the 2008 Annual General Meeting.

Ernst & Young Kft.
Registration No: 001165

This is a translation of the Hungarian Report

Independent Auditor's Report

To the shareholders of MOL Hungarian Oil and Gas Plc.

We have audited the presentation in the 2007 consolidated annual financial statements of MOL Hungarian Oil and Gas Plc. ("the Company") of the Share lending agreement concluded by MOL Hungarian Oil and Gas Plc. with MFB Invest Zrt. dated July 2, 2007, the Share lending agreement concluded with OTP Bank Nyrt. on June 22, 2007, the option agreements agreed with BNP Paribas SA on December 13, 2007, the share sale and purchase agreement with all ancillary agreements concluded with CEZ MH BV, dated December 20, 2007 ("the Agreements"). We have previously reported on the 2007 consolidated annual financial statements of MOL Hungarian Oil and Gas Plc. prepared **in accordance with the International Financial Reporting Standards** as adopted by EU, in which the above referred agreements are reflected, and issued an unqualified opinion on those consolidated annual financial statements on March 20, 2008. The presentation of the Agreements in the consolidated annual financial statements is the responsibility of MOL Hungarian Oil and Gas Plc.'s management. Our responsibility is to express an opinion whether as at the date of approval by the Board of Directors of the 2007 consolidated annual financial statements the agreements were presented fairly in accordance with the International Financial Reporting Standards as adopted by EU based on our audit.

We conducted our audit in accordance with Hungarian National Standards on Auditing relevant for Special Purpose Audit Engagements. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the presentation is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the agreements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Share lending agreement concluded with MFB Invest Zrt., the Share lending agreement concluded with OTP Bank Nyrt., the option agreements agreed with BNP Paribas SA, the share sale and purchase agreement with all ancillary agreements concluded with CEZ MH BV is presented fairly in the 2007 consolidated annual financial statements in accordance with the relevant International Financial Reporting Standards as adopted by EU.

Our report is solely for the purpose to assist you in the execution of the no. 35-38/2008 resolution of the annual general meeting held on April 23, 2008. This report relates only to items specified above and does not extend to any financial statements of the Company, taken as a whole.

Budapest, 21 January 2009

Ernst & Young Kft.
Registration No. 001165