

Corporate governance



Corporate Governance

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.

MOL's corporate governance practices were rated highly in a report issued on December 30th, 2003 by Deminor Rating, the international corporate governance consultancy and rating firm. The original rating was updated in 2005. Corporate governance initiatives in 2004 and 2005 were taken into consideration, and the overall rating was raised from 7.0 to 7.5 (on a scale of 1-10). In 2007, ISS Corporate Services (successor of Deminor Rating) reviewed and further improved MOL's rating to 8.0. MOL's sub-rating improved on three areas reviewed out of four, the company improved especially on the area of shareholders' rights and duties.

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, 7 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

Michel-Marc Delcommune – non-independent

Dr. Miklós Dobák – independent

Dr. Gábor Horváth – independent

Miklós Kamarás – independent

Dr. Ernő Kemenes – independent

József Molnár (since 12 October 2007) – non-independent (before József Molnár, until 11 October 2007 Mrs. Kálmán Simóka PhD. was the member of the Board of Directors with independent status)

György Mosonyi – non-independent

Iain Paterson – independent

Relationship with the shareholders

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 Depositary 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 2007 MOL participated in 15 roadshows and investor conferences (3 US and 12 European) having over 200 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.molgroup.hu), which has a dedicated section for shareholders and the financial community.

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 Vice Chairman,
- order and preparation of Board meetings and the permanent items of the agenda, and
- decision-making mechanism, and the manner in which the implementation of resolutions is monitored.

Report of the Board of Directors on its 2007 activities

In 2007, the Board of Directors held 10 meetings with an average attendance rate of 91%. 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 the acquisition of the 100% stake in Russian oil producer Matjushkinskaya Vertical LLC, the Italian refiner IES and Tifon, the Croatian retail company, as well as on a strategic alliance with CEZ, the Czech energy concern. In the course of the year, the Board of Directors reviewed the implementation of the strategic and business objectives of the Company's business units and their growth potential.

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
- Mrs. Kálmán Simóka PhD. (from 25 October 2002 until 11 October 2007)

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

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
- Michel-Marc Delcommune, 29 June 2006
- Dr. Ernő Kemenes, 29 June 2006
- Iain Paterson, 29 June 2006

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

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- 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,
 - annual evaluation of the performance of its own work and that of the SDMS.

Report of the Finance and Risk Management Committee on its 2007 activities

In 2007, the Finance and Risk Management Committee held 6 meetings with a 86% 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 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.

Report of the Corporate Governance and Remuneration Committee on its 2007 activities

In 2007, the Corporate Governance and Remuneration Committee held 9 meetings with a 94% 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 2007 activities

In 2007, the Sustainable Development Committee held 2 meetings with a 100% attendance rate. The Committee decided on 2008 targets and formed opinion on Sustainable Development Report.

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,
- 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 Executive Chairman and CEO and the GCEO. Management Levels II, III and IV represent the business unit 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

György Mosonyi – Group Chief Executive Officer

József Molnár – Group Chief Financial Officer

Lajos Alács – 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

The Executive Board provides a forum for preparing for decision-making. Members are required to offer comments and opinions, with the Chairman-CEO taking the final decision. If there is a difference of opinion between the GCEO, GCFO and the Chairman-CEO, the Board of Directors takes the final decision.

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:

Non-executive 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 2007 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 or manager-specific performance ratings.

3. Share option program

The share option program was introduced in 2006, replacing the deferred payment in shares. 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, and is paid out in cash annually 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 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 from 12. 10. 2007)

John I. Charody – independent

Dr. Attila Chikán – independent

Slavomír Hatina – independent

Attila Juhász – non-independent (employee representative from 12. 10. 2007)

Dr. Sándor Lámfalussy – independent

János Major – non-independent (employee representative)

István Vásárhelyi – independent

Ms. Piroska Bognár – non-independent (employee representative until 11. 10. 2007)

József Kudela – non-independent (employee representative until 11. 10. 2007)

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.

Remuneration of the members of the Supervisory Board

The General Meeting held on April 27, 2005 approved a remuneration scheme for the Supervisory Board. Under the 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, Dr. Sándor Lámfalussy.

Report of the Audit Committee on its 2007 activities

In 2007, the Audit Committee held 7 meetings with a 95% 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 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.

External auditors

The MOL Group was audited by Ernst & Young in both 2007 and 2006, excluding the ZMB joint venture in Russia and the operating company of the Fedorovsky Block in Kazakhstan in both years (these entities were audited by Deloitte & Touche and PricewaterhouseCoopers, respectively).

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 flash reports issued quarterly; however they do not perform an audit of such reports.

Ernst & Young also provided other services to MOL Plc. Summary of the fees paid to the auditors in 2007 and 2006 are as follows (HUF mn):

	2007	2006
Audit fee for MOL Plc. (including audit fee for interim financial statements)	177	165
Audit fee for subsidiaries	380	315
Other non-audit services	79	72
Tax advisory services	16	34
Total	648	586

Non-audit services in 2007 and 2006 were 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.

Integrated risk management function – at work

The move of MOL Group towards an integrated risk management framework (Group Risk Management – GRM) and its successful implementation proved to be a right and timely decision. By 2005 MOL Group had accumulated the necessary capabilities for the introduction of Enterprise Risk Management (ERM) and based on the experiences of the last two years there are lot of values generated from this process. The last couple of years (especially of the finance sector) underline the necessity of an effective and comprehensive risk management – which has quickly become a prerequisite for well managed companies. Besides the turmoil events there are several other signs of the growing importance of a proper risk management practice at a company, for example new IFRS requirements (since 2007) on disclosing information on financial risks and their management, S&P currently considers taking into account ERM practices during credit ratings – which is already been done by Dow Jones for its yearly Sustainability Index assessments. MOL Group can state that it has a developed risk management function as an integral part of its corporate governance structure.

The year of 2007 was spent by further developments of the integrated risk management function – which had been introduced in 2005, when the already existing Financial Risk Management and Insurance Management functions had been extended with Enterprise Risk Management and completed with Business Continuity Management.

4-pillar system managing a broad variety of risks

The main role of Financial Risk Management is to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured 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 relatively short, 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.

Transferring of excess operational risks is done by Insurance Management. 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 programmes). Since

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

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by Enterprise Risk Management which approach has been rolled out to all the divisions of MOL Group. ERM integrates financial and operational risks along with a wide range of strategic risks. Following identification, different classes of risk are quantified based on a common methodology, on consolidated basis, built on the assessment of their likelihood and possible impacts. 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 divisional and on a group level) 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 by 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. This year GRM is working on adding another important risk to the framework: tracking of corporate reputation among various stakeholder groups and identifying the most important threats to it.

Business Continuity Management (BCM) is the process of preparing for unexpected operational events. Proper Business Contingency Plans, Crisis Management 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. To measure up to our aspirations of safety and preparedness in 2007 GRM continued the roll out of BCM approach to all divisions with high operational risk exposure.

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

The existence of an integrated risk management function enables MOL to exploit the synergies between the above detailed 4 pillars of risk management. The methodology and input sources of modelling financial risks could be applied in ERM as well. Similarly the accumulated information on operational risks gained through managing insurances is also an important factor in the ERM development. The results of ERM on operational risks (i.e. the impact hierarchy of operational risks) can give a better focus to insurance management by highlighting which are those areas that shall be covered by insurance as a must and which are those where further analysis is required to make decision how to manage related risks. Both ERM and insurance management produce inputs to BCM as a priority list of key areas BCM should focus on. BCM and insurance management have anyway strong relationship as they both deal with operational risk management. For example an effective BCM can reduce the exposure of MOL Group for business interruption risk and hence reduces the extent of insurance coverage to be bought. Risk awareness culture across the whole organization had already been enhanced as well, especially via the group-wide involvement of several units during ERM and BCM processes.

Decision making support of capital allocation

The most important role of ERM is not just to provide information on which are the most imperative risks MOL Group faces with, but to enable top management and the Board of Directors to make more educated decisions on investments, taking into consideration the risk profile of each project as well. This is why GRM initiated a development of project evaluation adding risk-return considerations. Based on the results of ERM model the impact of each major project (and potential acquisition target) on MOL Group's risk-return profile on strategic horizon can be analysed.



Board of Directors

Zsolt Hernádi (48)

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

Between 1989-1994 Mr. Hernádi occupied various posts at the Kereskedelmi és Hitelbank Plc., and between 1992-1994 he was Deputy General Manager. He was CEO of the Central Bank of Hungarian Savings Cooperatives between 1994 and 2001, and a member of its Board of Directors between 1994 and 2002. Between 1995 and 2001, Mr. Hernádi was Board member of the Hungarian Banking Association. Since 2001, he has been a member of the European Round Table of Industrials.

Dr. Sándor Csányi (55)

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

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



Other members of the Board of Directors

László Akar (55)

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

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

Michel-Marc Delcommune (60)

MOL Group Chief Financial Officer between 11th October, 1999 and 1st September, 2004, he was Group Chief Strategic Officer until 1st July 2006, and has been a member of the Board of Directors since 28th April, 2000. Member of the Sustainable Development Committee.

Mr. Delcommune joined the PetroFina Group in 1972. From 1990, he was primarily responsible for Corporate Finance and Insurance as Senior Vice-President and Chief Financial Officer. Mr. Delcommune served as Director – Human Resources from 1999, handling the successful merger of PetroFina with Total. Mr. Delcommune is a member of the International Advisory Board of Cornell University Business School and also a Board member of TVK Plc. Mr. Delcommune is a Belgian citizen.

Dr. Miklós Dobák (53)

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

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



Dr. Gábor Horváth (52)

Member of the Board of Directors since 24th February, 1999. Member of the Corporate Governance and Remuneration Committee. Dr. Horváth has lead an independent attorney's office since 1990. His main activities cover corporate, corporate financial and company organisations law. He is member of the Supervisory Board of OTP Bank Plc. and CD Hungary Plc.

Miklós Kamarás (63)

Member of the Board of Directors since 11th October, 2002. Member of the Corporate Governance and Remuneration Committee. Between 1972-1990, Mr. Kamarás held various senior positions at ÉPGÉP Co., finishing as CEO. Between 1995-1998 he was Deputy General Manager of ÁPV Plc. (the Hungarian Privatisation & State Holding Co.). From 1998, Mr. Kamarás was a partner at Deloitte & Touche Hungary and head of several auditor firms. Between 2002 – 2004, he was CEO of ÁPV Plc., a Board member of ÁPV Plc., and Chairman of the Board of Budapest Airport Plc., until 30th May, 2005. At present he is Chairman of the MÁV Plc. and Chairman of the Supervisory Board of BAUGÉP Ltd.

Dr. Ernő Kemenes (68)

Member of the Board of Directors since 11th October, 2002. Member of the Finance and Risk management Committee and the Sustainable Development Committee. Dr. Kemenes was a lecturer, then head of the department at Budapest University of Economic Sciences & Public Administration from 1963. He held various senior positions in the National Planning Office, the Ministry of Education & Culture, and the Office of the Prime Minister between 1968-1997. He was also head of the National Planning Office between 1987-1990. He was head of Deloitte & Touche Hungary and one of the leading managers in the Central & East European Region between 1992-2001 as well as a member of the Council of the Hungarian National Bank between 1992-1998. Dr. Kemenes also contributes to the preparation of country reports for the OECD, EU and IMF. He is a Supervisory Board member at B.I.L. Ltd. and Reneal Ltd.

József Molnár (52)

Member of the Board of Directors since 12th October 2007. Group Chief Financial Officer since 3rd September, 2004, From 1978 to 2001, Mr. Molnár held various management positions at BorsodChem Plc., including Pricing Department Head from 1982 to 1987, and Economics Department Head from 1987 to 1991. Between 1991 and 2001, as Chief Financial Officer and first deputy to the CEO, he contributed to the crisis management and reorganisation of the company, and later to the creation of its vision, and its privatisation. He played a key role in the stock exchange listing of BorsodChem shares. He was CEO of TVK Plc. between 2001 and 2003, and MOL Group Planning & Controlling Director until his appointment as Group CFO in September 2004. Since April 2001, he has been a Board member of TVK Plc., and since January 2004 a Board member of Slovnaft a. s.

György Mosonyi (59)

Group CEO and member of the Board of Directors since 19th July, 1999. Chairman of the Sustainable Development Committee. Chairman of TVK Plc. From 1974 onwards, Mr. Mosonyi worked for the Hungarian Agency of Shell International Petroleum Co. and from 1986 he held the position of commercial director. In 1991 he worked at Shell's headquarters in London. Between 1992-93 he was Managing Director of Shell-Interag Ltd. and between 1994-1999 Chairman and Chief Executive Officer of Shell Hungary Plc. During this period he became Chairman of Shell's Central & East European Region and CEO of Shell Czech Republic in 1998. Mr. Mosonyi is also Honorary President of the Association of Joint Ventures and Vice-Chairman of the Hungarian Chamber of Commerce & Industry.

Iain Paterson (61)

Member of the Board of Directors since 24th February, 1999. Member of the Finance and Risk management Committee and the Sustainable Development Committee. From 1970 onwards, Mr. Paterson held various positions at British Petroleum Plc. in Great Britain, USA and the Middle East. Between 1984 and 1998, he was with Enterprise Oil Plc., serving from 1991 as a Main Board member with responsibility for international activities. He is currently also Chairman of ITE Group Plc., Chairman of Plebble Loyalty Limited, and a non-executive director of Hunting Plc. and ArmourGroup International Plc. Mr. Paterson is a British citizen.



Executive Board

Zsolt Hernádi (48)

Chairman of the Board of Directors since 7th July, 2000, Chairman & Chief Executive Officer since 11th June, 2001, member of the Board since 24th February, 1999. Member of the Corporate Governance and Remuneration Committee. Between 1989-1994 Mr. Hernádi occupied various posts at the Kereskedelmi és Hitelbank Plc., and from 1992-1994 he was Deputy General Manager. He was CEO of the Central Bank of Hungarian Savings Cooperatives (1994 to 2001), and a member of its Board of Directors (1994 to 2002). Between 1995 and 2001, Mr. Hernádi was Board member of the Hungarian Banking Association. Since 2001, he has been a member of the European Round Table of Industrials.

György Mosonyi (59)

Group CEO and member of the Board of Directors since 19th July, 1999. Chairman of the Sustainable Development Committee. Chairman of TVK Plc. From 1974 onwards, Mr. Mosonyi worked for the Hungarian Agency of Shell International Petroleum Co. and from 1986 he held the position of Commercial Director. In 1991 he worked at Shell's headquarters in London. Between 1992-1993 he was Managing Director of Shell-Interag Ltd. and between 1994-1999 Chairman and Chief Executive Officer of Shell Hungary Plc. During this period he became Chairman of Shell's Central & East European Region and CEO of Shell Czech Republic in 1998. Mr. Mosonyi is also Honorary President of the Association of Joint Ventures and Vice-Chairman of the Hungarian Chamber of Commerce & Industry.



József Molnár (52)

Member of the Board of Directors since 12th October 2007. Group Chief Financial Officer since 3rd September, 2004, From 1978 to 2001, Mr. Molnár held various management positions at BorsodChem Plc., including Pricing Department Head from 1982 to 1987, and Economics Department Head from 1987 to 1991. Between 1991 and 2001, as Chief Financial Officer and first deputy to the CEO, he contributed to the crisis management and reorganisation of the company, and later to the creation of its vision, and subsequent privatisation. He played a key role in the stock exchange listing of BorsodChem shares. He was CEO of TVK Plc. between 2001 and 2003, and MOL Group Planning & Controlling Director until his appointment as Group CFO in September 2004. Since April 2001, he has been a Board member of TVK Plc., and since January 2004 a Board member of Slovnaft a. s.

Lajos Alács (45)

Since July 1st, 2006 Lajos Alács is the Executive Vice President of MOL Group, responsible for Strategy & Business Development. He started his career in MOLTRADE-Mineralimpex Plc. in 1988 as Area Manager. In 1992, Mr. Alács was Director of Crude Oil Processing and Risk Management. In 2001, Mr. Alács was Director of Fuel Sales, Director of SCM in 2002 and Director of Commercial between 2003 and 2006. Mr. Alács is also a Member of the Board at Hungarian Hydrocarbon Stockpiling Association.

Zoltán Áldott (40)

Exploration and Production Executive Vice President since September, 2004. Between 1990 and 1991, Mr. Áldott was an associate at Creditum Financial Consulting Ltd., and, between 1992 and 1995, he held various positions at Eurocorp Financial Consulting Ltd. From 1995 to 1997, he was Manager – MOL Privatization Department, and from 1997 until 1999 Director - Capital Markets. From 1999, Mr. Áldott served as Director of Strategy & Business Development. From November 2000, he acted as Chief Strategy Officer and, from June 2001, as Group Chief Strategy Officer. Since September 2004, Mr. Áldott has been Executive Vice President of the MOL Exploration & Production Division. He is also the Vice Chairman of the Supervisory Board of INA d.d., and Board member of the Budapest Stock Exchange.



Ferenc Horváth (47)

Executive Vice President of MOL Refining & Marketing Division, a unit integrated with Slovnaft a.s. since November 2003.

From 1984 until 1989, he worked for Mineralimpex, the Hungarian Foreign Trade Company for Oil & Mining Products, in the fields of crude oil and natural gas imports, and crude oil product exports. Between 1991 and 1997, Mr. Ferenc was Managing Director of Allcom Trading Co., the Hungarian Mineralimpex-Phibro Energy joint-venture, dealing with the European trading of crude oil and crude oil products. He joined MOL Plc. in 1998 as Director - LPG Business Unit, and worked from January 2001 onwards as Sales Director, responsible for the sales of MOL's entire product range (petrol, diesel, petroleum products, bitumen, LPG, lubricants). In 2002, he became Commercial Director as sales activities broadened to encompass the supply of crude oil and raw materials necessary for the refining of crude oil.

József Simola (42)

Corporate Centre Executive Vice President since April 2006.

Between 1991-1992 Mr. Simola worked as an SAP expert at General Electric – Tungsram. After that he was employed as auditor and consultant at Arthur Andersen. In 1995, Mr. Simola participated in the French INSEAD MBA programme. In 1996, he joined the Boston Consulting Group, where he held various managerial positions in Hungary, Germany and Australia. Mr. Simola was Director of Corporate Centre of MOL Group in 2003 and Human Resources Director simultaneously in September 2004. He has been Corporate Centre Executive Vice President since April 2006. In addition, Mr. Simola was a member of the Supervisory Board of TVK Plc. between April 2004 and April 2005. He is also a Member of the Board of Directors of Slovnaft a.s. and IES as well as Member of the Board of Directors of TVK Plc. since April 2005.

Supervisory Board

1. Dr. Mihály Kupa (67)

Chairman of the Supervisory Board since 11th October, 2002. Chairman of the Audit Committee and contributes to the Board and to the Finance and Risk Management work. Between 1969 and 1975, Dr. Kupa held various senior positions in the Statistical Office. Between 1975-1984 in the Financial Research Institute, and between 1984-1990 in the Ministry of Finance. From 1990 to 1993, Dr. Kupa was Minister of Finance, and from 1992 to 1993 Vice-President of the Council of Governors of the World Bank and IMF in Hungary. In 1991, and again in 1998, he was Member of the Parliament (Independent). He is Chairman of the Supervisory Board of the National Theatre Company.

2. Dr. Attila Chikán (64)

Member of the Supervisory Board since 30th April, 2004, Deputy Chairman of the Supervisory Board since 5th December, 2005. Member of the Audit Committee. Since 1968, Dr. Chikán has been working for the Budapest University of Economic Sciences. (known as Corvinus University of Budapest since 2004). Between 1989 and 1998 he was Head of the Business Economics Department and acted as Minister of Economic Affairs in 1998 and 1999. He was Rector of Budapest University of Economic Sciences between 2000 and 2003 and is a Doctor of the Hungarian Academy of Sciences. At present, Dr. Chikán holds several positions in Hungarian and international professional organisations, and is a member of the editorial boards of several international journals. He is Chairman of the Supervisory Board of Gedeon Richter Plc.

3. Lajos Benedek (36)

Member of the Supervisory Board since 12th October, 2007, as an Employee Representative. Mr. Benedek joined MOL in 1996, holding various positions within MOL since then. Mr. Benedek has been Manager of Reservoir Engineering and Modelling Department in the E&P Division since 2006. He has also been a member of the MOL Trade Union of Mining Workers and Work Council.

4. John I. Charody (81)

Member of the Supervisory Board since October 11, 2002. Member of the Audit Committee. Member of the British Empire and Justice of Peace, Mr. Charody worked for the Geophysical Institute of the Oil Exploration and Development Company between 1953 and 1956. From 1956, Mr. Charody was a director in Australia for various companies including Bridge Oil Ltd., Aurora Minerals, Project Mining and CEO of Winton Enterprises Pty. Ltd. and Galina Investment international consulting company. His distinctions include: Fellow of the Institute

of Australian Directors since 1971, Fellow of the Australian Institute of Management since 1967, Justice of Peace since 1972. He was awarded the M.B.E. by H.M. the Queen for service to Australia in 1973. In 1990 Mr. Charody was appointed Minister of Commerce in Budapest by the Federal Government of Australia with regional responsibilities in 12 countries. In 1997, the President of the Republic of Hungary awarded him the Officer Cross of the Republic of Hungary for his services to fostering Australian-Hungarian financial and commercial relationships. He has been Deputy Chairman of the Board at QBE Atlasz Insurance Private Ltd. Co. since 1997, Member of the Supervisory Board at Nemzeti Ingatlanfejlesztő Ltd. and Board Member of Pick Rt. and Csányi Foundation and Director of Civil Security Service Ltd.

5. Slavomír Hatina (61)

Member of the Supervisory Board since 11th October, 2002.

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

6. Attila Juhász (44)

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

Mr. Juhász joined the Company in 1986. Throughout his career, Mr. Juhász has held various positions in the Exploration and Production field. He is also Chairman of the Kiskunhalas Branch of MOL Trade Union of Production Workers, and member of the Workers Council since its foundation.

7. Dr. Sándor Lámfalussy (79)

Member of the Supervisory Board since 24th February, 1999.

Dr. Lámfalussy was guest professor at Yale University between 1961 and 1962. He was Director-General of the Bank of Brussels, and then, between 1976 and 1993, a member of management at the Bank for International Settlements and its CEO since 1999. From 1994 to July 1997, he was president of the European Monetary Institute (EMI), the forerunner of the European Central Bank. He first became a university professor, then “professeur extraordinaire” at the Catholic University of Louvain, Belgium. In 2000-2001 he was the Chairman of the Committee of Wise Men on the Regulation of the European security markets, the recommendations of which were accepted by the European Council, and are currently being implemented. At present he is a member of the Board of Directors of CNP Assurance France. Dr. Lámfalussy is a Belgian citizen.

8. János Major (56)

Member of the Supervisory Board since 30th November, 1994, as an Employee Representative.

Mr. Major joined MOL in 1970. He has been Secretary of the MOL Trade Union of Chemical Workers since 1994, and co-ordination secretary of MOL Trade Union of the Chemical Industry since 2003. He has also been a Member of the Legal, Administration & Employment Committee of the Municipality of Százhalombatta since 2002, and a Supervisory Board member of Fókusz Kom Komáromi Training and Cultural KHT, since 2003.

9. István Vásárhelyi (57)

Member of MOL Group Supervisory Board since 27th April, 2005,

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



Report of the Supervisory Board

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 and Corporate Security. 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 2007, the Supervisory Board dealt in detail with the business situation of the MOL Group as well as the strategic development of the Group and its divisions. Numerous special topics and issues requiring the consent of the Supervisory Board have been examined following the decisions of the Board of Directors.

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 1,841.5 billion and the Group's net sales of HUF 2,594.0 billion (according to the International Financial Reporting Standards (IFRS), the largest company in Hungary. In 2007, the weighted average stock exchange price of MOL shares increased by 15.4% to HUF 25,089 (in 2006 this was HUF 21,745). The stock exchange closing price on 31st December, 2007 was HUF 24,495.

The Company's 2007 financial statements 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 86 companies were fully, and a further 19 companies were partially consolidated, using the equity method. Last year the ownership structure changed: at the end of 2007, the shareholding of foreign institutional investors (holding less than 5% of the company) reduced to 31.7%, while the shareholding of OMV increased to 20.2%. In addition to this BNP Paribas held 8.3%, Magnolia 5.5% MFB Invest Ltd. 10.0% of the shares and OTP Bank Plc. had a 9.2% shareholding in the company at the end of 2007. The ownership of domestic institutional and private investors amounted to 6.8% while the company held 8.3% treasury shares at the end of December 2007.

2007 was characterised by progress in several key strategic areas with a number of transactions. As part of the organic growth strategy, the company has decided to implement a development program in the Duna refinery which will result in an additional 1.3 mn tonnes mid-distillate from 2011 onwards. In the Downstream business, MOL has acquired the IES Downstream company in Italy and Tifon, the Croatian retail company. Furthermore, the company has created a strategic alliance with CEZ thereby enhancing the energy integration of MOL Group refineries. CEZ and MOL will focus on gas-fired power generation in four countries of Central and South Eastern Europe, including Slovakia, Hungary, Croatia and Slovenia. The first major investment is the construction of combined cycle gas turbine power plants at the refineries of the MOL Group in Bratislava and Százhalombatta. In both locations the installed capacity will amount to 800 MW. In order to strengthen the strategic alliance CEZ purchased 7% stake for which MOL holds an American call option. In the Upstream business new international exploration blocks have been acquired in Russia, Cameroon and Kurdistan and important alliances have been developed in Qatar and Libya.

On 22 June 2007, based on the decision of the Board of Directors to develop a more efficient capital structure, the company started a capital optimisation program. The Supervisory Board endorses the proposal of the Board of Directors to pay a gross dividend of HUF 85 billion for 2007. The Supervisory Board proposes that the General Meeting approves the audited financial statements of MOL Plc. for 2007, with a balance-sheet total of HUF 2,700 billion, after-tax profit of HUF 217 billion, and tie-up reserve of HUF 260 billion and the audited consolidated financial statements of the MOL Group for 2007, with a balance sheet total of HUF 2,421 billion and profit attributable to equity holders of HUF 258 billion. These reports do not include the impact of the proposed dividend submitted for approval to the General Meeting.

Budapest, 31st March, 2008

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

Dr. Mihály Kupa

Chairman of the Supervisory Board

Corporate and Shareholder Information

Date of foundation of MOL Plc.: October 1, 1991. Registered by the Budapest Court of Justice, acting as Court of Registration on June 10, 1992 with effect as of October 1, 1991, under file number 01-10-041683.

Legal predecessor: Országos Kőolaj- és Gázipari Tröszt (OKGT National Oil and Gas Trust) and its subsidiaries.

The effective Articles of Association were accepted at the EGM held on 26 April, 2007, which was modified with capital increase on 10 September 2007. Access to the Articles of Association can be requested from the company or an electronic version can be downloaded from the company's web site.

Registered share capital as of 31 December 2007: 109,674,923 registered A series ordinary shares with a par value of HUF 1,000 each, 1 registered B series preferred share with a par value of HUF 1,000 with special preferential rights attached and 578 registered C series ordinary shares with a par value of HUF 1,001 each.

Ownership Structure:	12.31.2006		12.31.2007	
	Par value of shares (HUF th)	%	Par value of shares (HUF th)	%
Foreign investors	64,101,497	58.6	34,833,883	31.7
OMV	10,936,000	10.0	22,179,488	20.2
BNP Paribas	9,003,359	8.2	9,105,102	8.3
Magnolia Finance	6,007,479	5.5	6,007,479	5.5
MFB Invest Ltd.	0	0.0	10,933,000	10.0
OTP Bank Plc.	n.a.	n.a.	10,072,890	9.2
Hungarian institutional and private investors	8,382,938	7.7	7,473,063	6.8
MOL Plc. (treasury shares)	10,899,104	10.0	9,070,598	8.3
Total	109,330,377	100.0	109,675,503	100.0

Share Information

MOL share prices are published by the majority of Hungarian daily newspapers and available on the BSE web site (www.bet.hu). Indicative bid and ask prices of MOL's GDRs on IOB can be monitored using the RIC code MOLBq.L on Reuters or MOLD LI on Bloomberg. MOL share prices on the Budapest Stock Exchange can be followed on Reuters using the RIC code MOLB.BU or on Bloomberg using code MOL HB.

The following table shows trading data on MOL shares and GDRs for each quarter of 2007.

Period	BSE volume (no. of shares)	BSE closing price (HUF/share)	IOB volume (no. of GDRs)	IOB closing price (US\$/GDR)
1 st quarter	27,289,985	21,400	20,752,318	115.0
2 nd quarter	47,025,855	27,700	36,017,480	151.8
3 rd quarter	44,869,418	28,500	26,769,748	161.5
4 th quarter	18,212,859	24,495	2,246,498	139.0

Treasury shares

Based on the authorisation granted by the Annual General Meeting of MOL Plc. on 26 April 2007 on 22 June 2007, the Board of Directors decided to start a capital optimisation program.

As a result of strong earnings, disciplined investment policies, the capital structure of the company by early 2007 reached an sub-optimal level. As a solution, the company restarted the treasury buy-back program to optimise the capital structure.

During 2007 the following treasury share transactions took place:

Reasons for change	Number of "A" series Shares	Number of "C" shares Shares
Number of Treasury shares on 31 December 2006	10,898,525	578
Share purchase on BSE in 2007	17,861,856	
Shares lent to OTP Bank Plc.	-8,757,362	
Shares lent to MFB Invest Ltd.	-10,933,000	
Number of Treasury shares on 31 December 2007	9,070,019	578

Changes in organisation and senior management:

As of January 1, 2007, László Geszti was appointed to the position of Managing Director of the Retail Services Division László Geszti was previously assigned to INA (Croatia), our strategic partner as Vice President of the Board of Directors and CFO. Within the MOL Group, László Geszti formerly held the position of Managing Director of the MOL Group Refining and Marketing Division.

As of October 12, 2007, Mr. József Molnár became a member of the Board of Directors, elected at the Annual General Meeting on 26 April 2007. At the same time, Ms. Kálmánné Simóka's appointment ended. As of 12 October 2007, Mr. Lajos Benedek and Mr. Attila Juhász became employee representatives of the Supervisory Board and simultaneously Ms. Piroska Bognár, and Mr. József Kudela's appointments concluded.

MOL securities held by Directors and Officers of the company as of 31 December, 2007

Name	Current position	Number of MOL shares	Number of MOL convertible bonds
Zsolt Hernádi	Executive Chairman and Chief Executive Officer, Member of the Board of Directors	132,697	26
Dr. Sándor Csányi	Member of the Board of Directors, Deputy-Chairman	24,906	7
György Mosonyi	Group Chief Executive Officer, Member of the Board of Directors	74,398	18
József Molnár	Executive Vice President of Finance, Member of the Board of Directors	34,984	13
László Akar	Member of the Board of Directors	25,251	5
Michel-Marc Delcommune	Member of the Board of Directors	45,458	10
Dr. Miklós Dobák	Member of the Board of Directors	25,906	6
Dr. Gábor Horváth	Member of the Board of Directors	18,145	5
Dr. Ernő Kemenes	Member of the Board of Directors	17,158	5
Iain Paterson	Member of the Board of Directors	14,895	5
Miklós Kamarás	Member of the Board of Directors	0	0
Dr. Mihály Kupa	Chairman of the Supervisory Board	0	0
Lajos Benedek	Member of the Supervisory Board, Representative of the employees	0	0
John I. Charody	Member of the Supervisory Board	0	0
Dr. Attila Chikán	Member of the Supervisory Board	0	0
Slavomir Hatina	Member of the Supervisory Board	0	0
Attila Juhász	Member of the Supervisory Board, Representative of the employees	0	0
Dr. Sándor Lámfalussy	Member of the Supervisory Board	380	0
János Major	Member of the Supervisory Board, Representative of the employees	344	0
István Vásárhelyi	Member of the Supervisory Board	167	0
Lajos Alács	Executive Vice President, Strategy and Business Development	15,673	5
Zoltán Áldott	Executive Vice President, Exploration and Production	63,127	13
László Geszti	Executive Vice President Retail	10,682	6
Ferenc Horváth	Executive Vice President, Refining and Marketing	34,937	13
Árpád Olvasó	Senior Vice President, Petrochemicals	0	0
József Simola	Executive Vice President, Corporate Centre	17,078	8

Glossary

Average production cost

Total cost of lifting, gathering and processing of crude oil and natural gas.

Biofuels

Materials of agricultural origin, which can be used as motor fuels, alternative fuels. Currently, they are more expensive than fuels produced from crude oil, but the European Union supports their sales. Typical representatives are rape-oil methyl ester (biodiesel) and ethanol (it is not widely known that so-called Otto motor was originally planned to use ethanol). Recently, European Union decided that fuels of agricultural origin have to be blended to products sold in an increasing portion year by year from 2005 to 2009. From 2009, 5.75% will be the required biofuel portion.

Black products

Collective noun for fuel oils and bunker oils.

Boe (barrel of crude oil equivalent)

Volume equivalent obtained after conversion of the heating value of gas to crude oil on the basis of its thermal quantity. In its practical application, 1 boe is, in general, 6000 cubic feet (about 170 normal m³) of gas.

Barrel (bbl)

Anglo-Saxon unit of measurement applied in the oil sector, one ton crude oil is nearly equal with 7-7,5 barrel. (Conversion rate applied onto crude oil grades in Hungary is 7,55 bbl/ton).

Brent type crude oil

Mix of North Sea crude oils whose quoted price is considered as a benchmark in the international crude oil market.

Brent-Ural Spread

Difference between Brent and Ural crude oil's international price. The price of Ural type crude oil is quoted in Rotterdam (FOB ROT) and Mediterran (CIF MED) region.

Condensates

General term for a group of liquid phase hydrocarbons in which light components dominate and which are extracted at the surface by natural gas separation.

Cogeneration plant

Coal or natural gas fuelled power station that is suitable for the simultaneous generation of electric and thermal energy.

Company

MOL Hungarian Oil and Gas Public Limited Company.

Crack Spread

Difference between product’s quoted price and crude oil price. The crack spread figures change according to global oil market trends (like consumption seasonality, refinery supply, changes of stocks).

Cracking

Collective noun for operations/technologies aiming at production of a mixture of lighter hydrocarbons (having lower boiling point) by cracking longer carbon chains (through splitting carbon-carbon bonds) of heavier hydrocarbon molecules. Cracking can be purely a thermal process as well as catalytic (in this case the cracking process promoted by using of catalysts).

Distillation capacity utilisation

The utilisation of the primary distillation capacity of a refinery.

Downstream

Refining and Marketing and Retail.

Dry well

An investigated borehole which does not confirm the existence of a hydrocarbon site or is not able to profitably produce crude oil or natural gas.

Enhanced oil recovery (EOR)

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

FAME – Fatty acid methyl ester

Biocomponent blended in dieselgasoil.

FCC – Fluid Catalytic Cracking plant

Biocomponent blended in dieselgasoil.

Field development

Process of implementing underground and aboveground facilities necessary for the recovery of hydrocarbon reserves.

Gross production

Total quantity of crude oil and natural gas from hydrocarbon fields prior to the deduction of royalties.

HDPE

High density polyethylene.

Hydrocrack

Cracking of light or heavy gas oils or residue hydrocarbons, mixed with hydrogen, under high pressure and temperature, in the presence of a catalyst, to produce light oils.

Horizontal drilling

Drilling at which horizontal or near horizontal range is created in the target layer following the vertical section in order to expand the inflow cross-section.

Hungarian Petroleum Product Association (MÁSZ)

Association of the most important Hungarian crude oil product trading companies.

Increased oil recovery (IOR)

A comprehensive term to define increased petroleum recovery methods, which includes all methods or processes other than production based on the energy of and in the reservoir (enhanced oil recovery (EOR), secondary and updated primary methods)

Liquified Propane Gas (LPG)

Hydrocarbon gas compound mainly consisiting of propane and butane, liquified under high pressure, which is sold in cylinders for household purposes. These days the motoric usage of LPG spreads. This fuel is the „autogas”.

LDPE

Low density polyethylene.

M bbl

Thousand barrel.

MM bbl

Million barrel.

M boe

Thousand barrel of crude oil equivalent.

MMSCF

Million cubic feet. The key imperial measure used in the natural gas industry. One cubic meter is equivalent to 35.314 cubic feet.

MEH

Hungarian Energy Office.

Mining royalty

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

MOL filling station operated in franchise

Filling station operated under MOL-logo and with MOL product slate, but not owned by MOL.

Monomers

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

MSZKSZ

Hungarian Hydrocarbon Stockpiling Association responsible for the strategic stockpiling of crude oil, crude oil product, natural gas.

Natural gas liquids

Liquefied hydrocarbons separated from natural

gas, ranging from propanes to gasolines and also containing heavier components.

NCI

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

Net dry natural gas production

Total gas recovered, reduced by the quantity of produced or separated carbon dioxide and/ or the condensates.

Net production

Total crude oil and natural gas quantity from the hydrocarbon fields following the deduction of mining royalties.

Olefin

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

Polyethylene

This is a kind of thermoplastics produced by polymerisation of ethylene. Today polyethylene has the largest share among commodity plastics. Parameters (such as pressure, temperature, applied additives and catalysts) of industrial processes aiming at production of PE show significant differences, consequently a wide range of products with different characteristics can be produced. All of them can be classified into two groups according to their density: LDPE (low-density polyethylene) and HDPE (high-density polyethylene). There are significant differences at molecular level: LDPE shows inordinate structure, a mixture of heavily branched components resulting in softer, more flexible material, while HDPE is a

denser, harder and stronger (with higher tensile strength) plastic due to its more structured hydrocarbon chains.

Polyolefins

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

Polypropylene (PP)

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

PPM

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

Production Sharing Agreement (PSA)

Agreement for sharing the production of an oil field or a gas field between the State and the Investors.

Proved developed non-producing reserve

Reserves that can be extracted from existing wells during the period of time available, but where, due to a lack of pipeline connections or lack of other mechanical elements or contractual obligations, the production and marketing of hydrocarbons has not yet started.

Proved developed producing reserve

The reserve that can be extracted from existing wells during the period of time available for production.

Proved reserve

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

Proved undeveloped reserve

Reserve that can be extracted from new wells located in areas where no drilling has been made yet or from existing wells in which relatively significant expenditure is required for development.

Putting into production

Accomplishment of surface and underground facilities necessary for the production of hydrocarbon reserves.

Pyrolysis

Thermal cracking of hydrocarbons at high (usually above 650°C) temperature and low (few bars) pressure, which is the basic process in operation of olefin plants. Process is conducted in the presence of steam in order to minimize coke-formation.

Pyro-naphtha

Mixture of valuable by-products with significant aromatic content, having boiling points within the range of naphtha, arising besides main products (ethylene and propylene) in the course of pyrolysis of petrochemical feedstocks (naphtha, chemical gasoil and other light hydrocarbons) in olefin plants. Can be converted to basic aromatics (benzene, toluene, xylenes, etc.) by further processing, while after appropriate hydrogenation it can also be used as high-quality, high-octane mogas blending component.

Refinery margin

Difference between product's international quoted price and the actual crude oil price. Or:

The unit profitability of a (theoretical or actual) refinery, which is determined by crude oil product, as well as unit refining costs.

Refinery complexity – Nelson complexity index

Refinery complexity demonstrates, what white product yield can be achieved from 1 barrel of crude oil. The more complex the refinery, the higher is the white product yield from the same quality crude oil ie. the less fuel oil it produces. One of the best measures for complexity is the Nelson index, which calculates complexity from the existence of different refinery plants and from the the ratio of their capacity to distillation capacity.

Refining cover

Total refining capacity divided by total volumes of product sold.

Reserve

Estimated volume of crude oil, condensate, natural gas and other components that we assume can be extracted in commercial quantities by using known recovery methods from a known accumulation following a given point in time under the actual economic circumstances and Government regulation.

Residue upgrading

To transform residues (heavy fuel oil) into more valuable white products.

Russian export blend

(API degree: 32.5, sulphur content: 1.25%) Mix of Russian crude oils whose quoted price is considered as a benchmark in the international crude oil markets.

SAPPO

Slovak Association of Petroleum Industry and Trade.

Steam cracker (olefin plant)

Technology for production of key basic petrochemical products (olefins: ethylene, propylene, and aromatics: benzene, toluene, xylenes), on the basis of thermal

decomposition (cracking) and dehydrogenation of petrochemical feedstocks (naphtha and chemical gasoil) produced by the refineries or lighter saturated hydrocarbons (ethane, propane, butane) in the presence of steam. Main products of the process (ethylene, propylene) are raw materials of polyethylene and polypropylene production, while the by-products can widely be used in organic chemical industry, plastics and rubber production or as gasoline blending components.

SCM (Supply Chain Management)

Supply Chain Management coordinates the procurement of crude oil, other refinery feedstock and products, refining, logistics related to procurement or sales, as well as the wholesale of crude oil products. It targets to maximise MOL Group profit with optimising through the whole value chain.

SPE based reserve valuation

Method used by the Society of Petroleum Engineers.

Spot contract/sales

Short term sales, usually in a contract for one delivery.

Term contract/sales

Long term contract, usually for one year or longer term.

Toe (tonne of crude oil equivalent)

Mass equivalent received from the heating value of gas following conversion to crude oil on the basis of heat unit. As a rule, 1200 Nm³ gas is equivalent to 1 toe.

Transit

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

Upstream

Exploration and Production Segment.

Ural Blend and Brent-Ural spread

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

White products

Products (LPG, gasolines, and gas oils) that can be extracted from crude oil, having lower viscosity (in general, higher value products).

Financial Terms

CAPEX

Capital Expenditure

Cash Flow at Risk (CF@R)

Methodology to measure the risks of the MOL Group. It takes into account the exposures and the volatilities of the different businesses within the MOL Group portfolio.

DR

American Global Depository Receipt, depository certificates issued by a foreign depository on the issuers shares, which are deposited with a Hungarian custodian.

EBITDA Earnings before interest, tax, depreciation and amortisation

Operating profit plus depreciation and amortisation.

EBITDA margin

Ratio of EBITDA divided by net sales revenues.

EPS

Basic earnings per Share is based on the profit attributable to ordinary shareholders using the weighted average number of shares

outstanding during the year after deduction of the average number of treasury shares held over the period.

Financial Covenant

It is the rate calculated from specific terms of P&L, Balance Sheet and Cash-Flow. (Eg.: Net Debt per EBITDA, EBITDA per Total Interest Expense) Financial Covenants are primarily applied in loan facility agreements to limit lenders’ credit risk.

Gearing

Ratio of net debt to net debt plus equity. Net debt – Long-term debt, net of current portion + short-term debt + current portion of long-term debt – short-term investments – cash and cash equivalents.

IFRS

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

ISDA International Swap Dealers Association

The ISDA Master Agreement is a general agreement between counterparties to provide legal assistance with regards to derivative transactions.

Market capitalisation

Number of shares (issued share capital excluding Treasury stock) multiplied by the actual stock market price.

Net income

Attributable to equity holders of the parent Profit after taxation after the Groups share of associated companies and the deduction of profits due to minority interest.

NOPLAT

Net Operating Profit Less Calculated Tax.

Operating cash flow

Net cash provided by operating activities to be used for investment activities, interest

payments and dividend payments to shareholders.

Return on average capital employed (ROACE)

Operating profit after taxation / average capital employed.

Operating profit after taxation – operating profit x (100% - corporate tax ratio)

Average capital employed – opening capital employed/2 + closing capital employed/2.

Capital employed – total assets – long term financial investments – work in progress – cash and cash equivalents – securities – short term liabilities + short term loans and credits.

Return on Equity (ROE)

Net income divided by shareholders equity.

Shareholder’s return

Return resulting from the movements of the share price and the amount of dividend paid.

Short position

Exposure to a factor (e.g. commodity price, foreign exchange rate, interest rate) where the profit and/or the cash flow of a company is negatively influenced by an increase of such factor.

Shareholder Information

Corporate Address

MOL Hungarian Oil and Gas Plc. (MOL Plc.)
H-1117 Budapest, Október huszonharmadika u. 18.
H-1502 Budapest, Pf.: 22
Phone: (36-1) 209-0000, 209-1010, 209-2020

Share Registrar

KELER Zrt.
H-1075 Budapest, Asbóth u. 9-11.
Phone: (36-1) 483-6253

Stock Exchange Trading Information

Budapest Stock Exchange
H-1062, Budapest, Andrássy út 93.
Phone: (36-1) 429-6636
Fax: (36-1) 429-6654

Warsaw Stock Exchange

Giełda Papierów Wartościowych w Warszawie S.A., Książeca 4
00-498 Warsaw
Poland
Phone: (4822) 628 32 32
Fax: (4822) 628 17 54
E-mail: wse@wse.com

DR Information

The Bank of New York
101 Barclay Street, 22 West New York, NY 10286 USA
Phone: 00 1 212 815 3503
Fax: 00 1 212 571 3050.

Announcements

The company publishes its announcements in MOL's website: www.mol.hu
and in Budapest Stock Exchange's website: www.bet.hu

Investor Relations

H-1117 Budapest, Október huszonharmadika u. 18.
Phone: (36-1) 464-1395
Fax: (36-1) 464-1335
E-mail: investorrelations@mol.hu

Investor Relations Director

Richard Benke

Phone: (36-1) 464-0159
E-mail: rbenke@mol.hu

Analyst and shareholder contacts

Judit Huszárik

Phone: (36-1) 464-1572
E-mail: jhuszarik@mol.hu

Zsuzsanna Kun

Phone: (36-1) 464-0747
E-mail: zskun@mol.hu

Ildikó Nagy

Phone: (36-1) 464-1775
E-mail: ivnagy@mol.hu

Small shareholder and custody contact

Zoltán Fogarasi

Phone: (36-1) 464-1316
E-mail: zfogarasi@mol.hu