

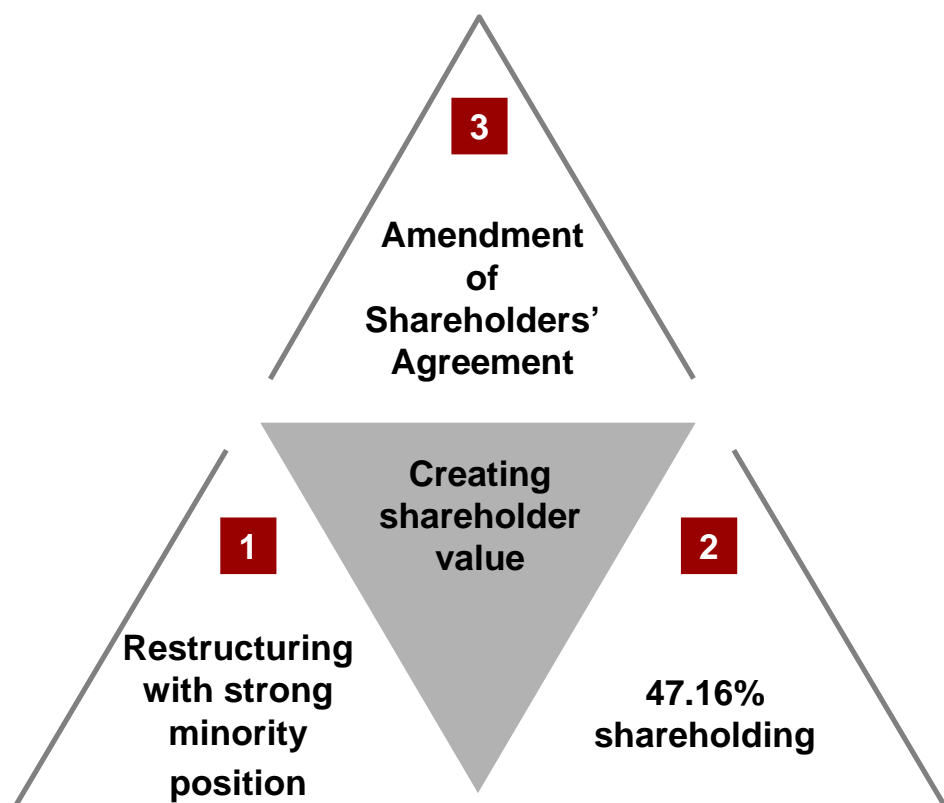
MOL and INA: a strengthened strategic partnership



► MOL GROUP

Creating shareholder value

Controlling stake enables value creation



1 Restructuring with strong minority position

In November 2003 MOL acquired 25% plus one vote in INA for USD 505 mn

The Shareholders' Agreement provided strong minority rights

MOL initiated the restructuring of INA, essential to the harmonisation of the two companies

2 47.16% shareholding

In October 2008 MOL became the largest shareholder of INA raising its stake to 47.16% via voluntary public offer for EUR 873 mn

3 Amendment of Shareholders' Agreement

2009 January: The Amendment to the Shareholders' Agreement provides management control for MOL and consolidation of INA

This opens up the way for the improvement of efficiency and profitability as well as realization of upside potential

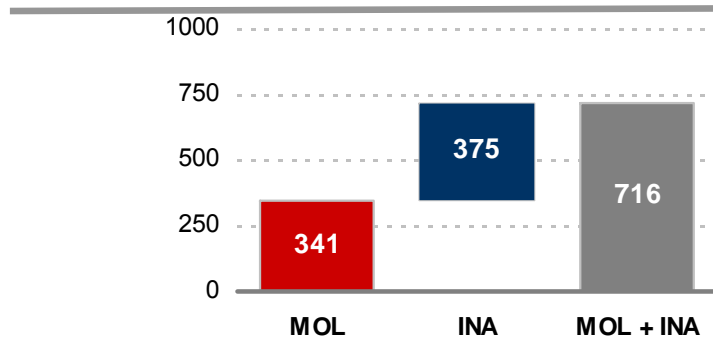
Agreements provide a win-win situation for both Croatia and MOL

	Croatian Government	MOL
Amendment to Shareholders' Agreement	<ul style="list-style-type: none">▶ Development of INA is supported by one of the most efficient integrated player▶ Control strategically important assets by veto and pre-emptive rights	<ul style="list-style-type: none">▶ Operational control over INA▶ Opportunity to realize upside potential
Gas Master Agreement	<ul style="list-style-type: none">▶ Control the gas supply of Croatia▶ Security of energy supply	<ul style="list-style-type: none">▶ INA exits from regulated parts of gas business▶ Gradually converging to international market price▶ Predictable royalty environment

MOL and INA - a perfect match

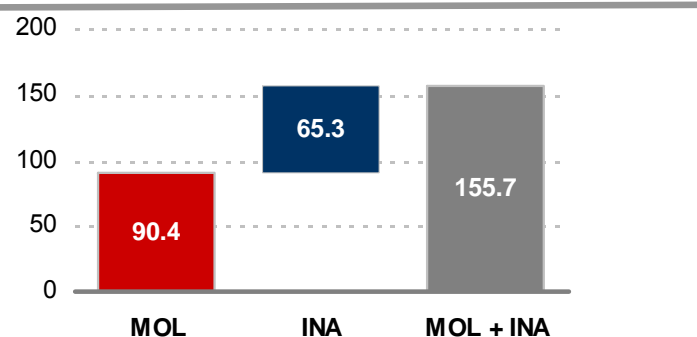
Complementary asset base on adjacent markets

Doubling Proven + Probable reserves (MMboe)*

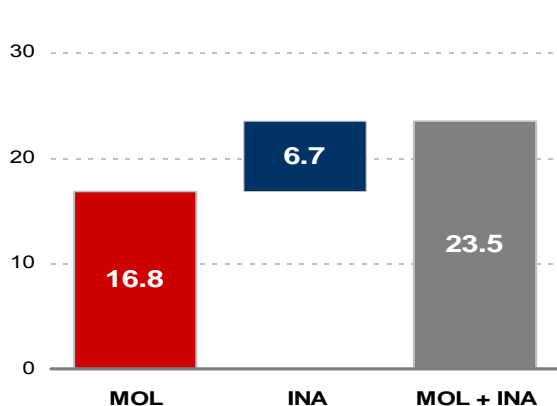


* As of 31 December 2007

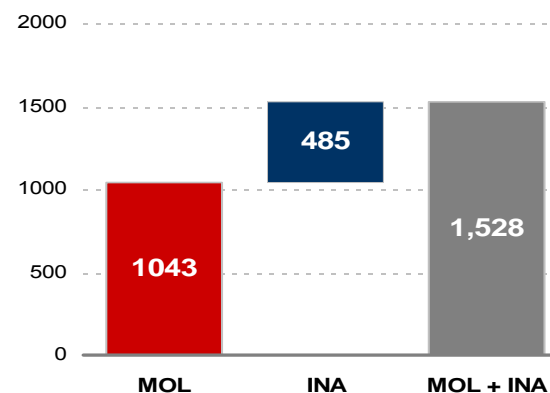
72% increase in Hydrocarbon production, 2007 (Mboe/d)



40% increase in refining capacities (mtpa)



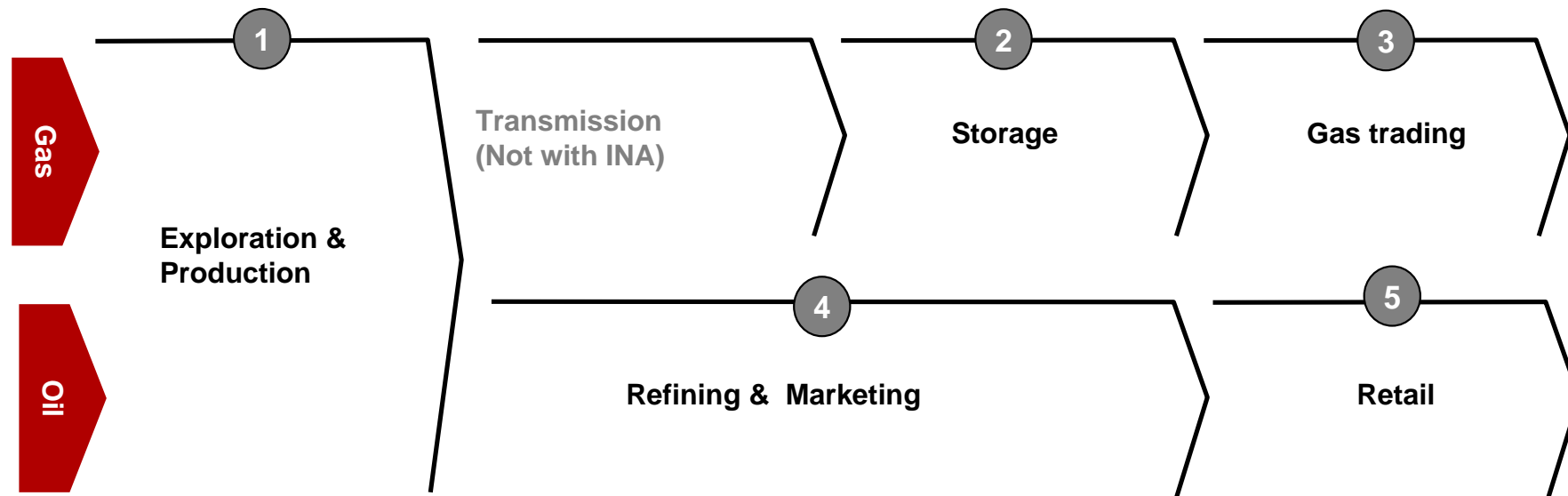
More than 1500 petrol stations (units)*



* As of 30 September 2008

INA provides value creation potential accross the value chain

Current business portfolio of INA



1 Exploration & Production

- ▶ INA suffered huge opportunity loss in Croatian natural gas production due to regulated gas prices
- ▶ Regulatory risk of royalty regime change

2 Storage

- ▶ Gas storage cost in Croatia is not part of the regulatory cost base

3 Gas trading

- ▶ Direct loss on gas imports due to regulated gas prices vs. market price of imported gas

4 Refining & Marketing

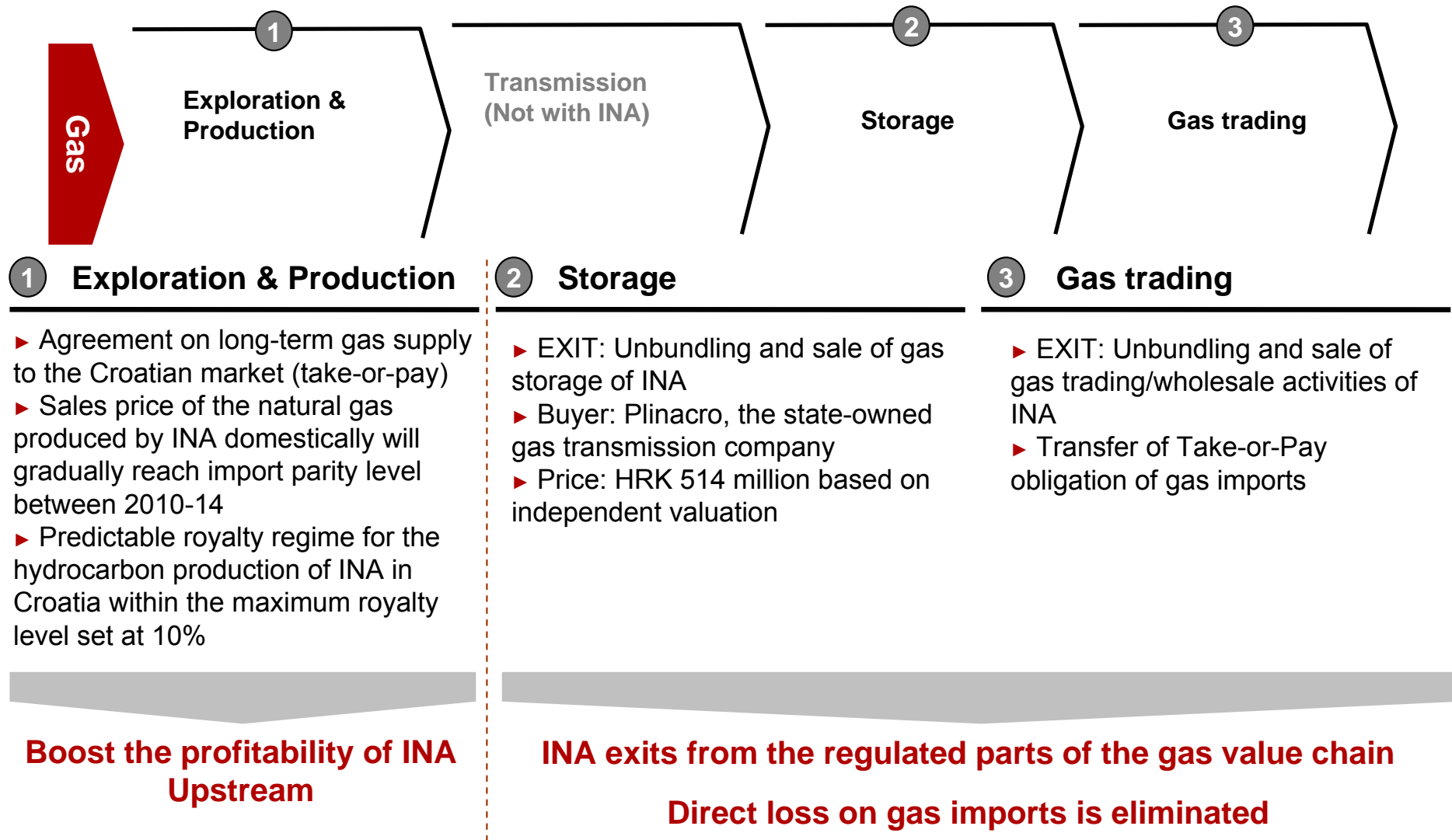
- ▶ Well located refineries in need of modernisation

5 Retail

- ▶ Good market coverage but unit profitability needs to be improved

Gas Master Agreement: near-term value creation

Gas operation restructuring in H1 2009



Downstream: INA refinery upgrade program provides medium-term value creation

Main goals

- ▶ Comply with EU environmental standards and produce EU quality products
- ▶ Enhance INA profitability via product yield improvement
- ▶ Increase operational capacity
- ▶ Improve overall efficiency

Project details

Sisak

Rijeka

1st phase

- ▶ Revamp of the Coker Gasoil Hydrodesulphurisation unit was completed in 2007
- ▶ New Claus plant was completed in 2008
- ▶ FCC-gasoline Hydrodesulphurisation unit reached its mechanical completion in November 2008, currently the pre-commissioning activities are in progress

- ▶ The key element of the upgrading program is the construction of a Mild Hydrocracker unit. Its expected completion date is Q1 2010.
- ▶ A Claus plant and a Hydrogen plant (with a completion date of Q4 2009), are necessary for production of low sulphur diesel

2nd phase

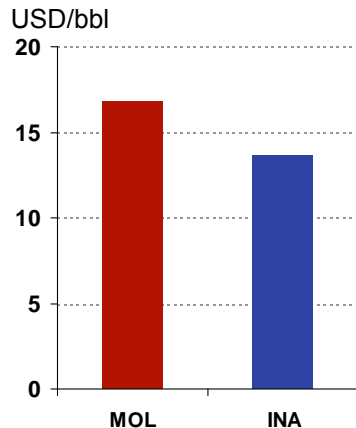
- ▶ Coker reconstruction and a Hydrocracker Complex will further increase capacity and improve yields

- ▶ Residue upgrading project is under development and it will complete the yield improvement program

Proven track record of MOL to upgrade assets and improve efficiency of operations will be at use in INA

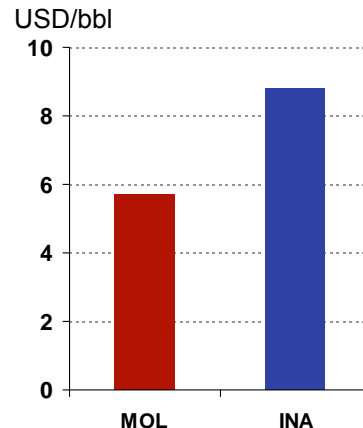
UPSTREAM

Net income / boe



Source: Herold

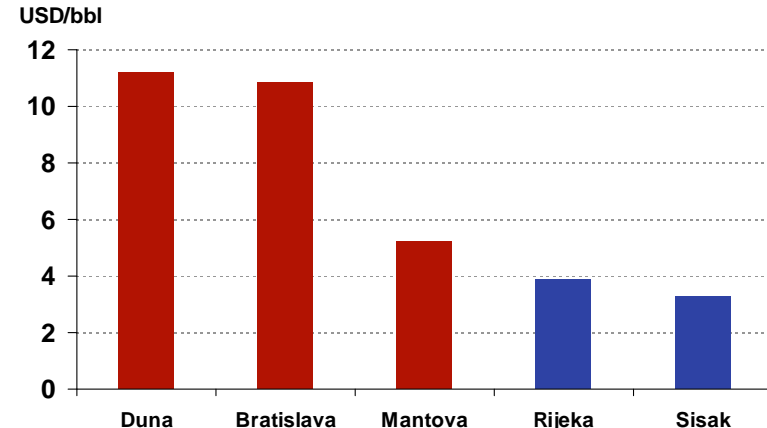
Lifting costs / boe



- ▶ Partnering in certain projects
- ▶ Optimization of international presence
- ▶ Utilizing a bigger expert pool and knowledge transfer
 - ▶ EOR/IOR activity
 - ▶ Offshore experiences
- ▶ In-house drilling and seismic companies
- ▶ Cost reduction
 - ▶ in operation and maintenance, and
 - ▶ via inventory optimization

DOWNSTREAM

Refining Net cash margin - 2007



Source: WoodMackenzie

- ▶ Global Supply Chain Optimisation
- ▶ Economies of scale in refinery management
- ▶ Harmonized refinery operation, maintenance and marketing activities
- ▶ Logistic system integration
- ▶ Knowledge transfer
- ▶ Operational efficiency improvement in
 - ▶ procurement,
 - ▶ energy consumption,
 - ▶ maintenance,
 - ▶ logistics

Amendment to the Shareholders' Agreement provides control and allows IFRS consolidation of INA

MOL gains operational control of INA:

- ▶ Supervisory Board: MOL delegates 5 out of 9 members (incl. the Vice-president)
- ▶ Management Board: MOL delegates 3 out of 6 members (incl. the President who has tie-casting vote)

The Government will have veto rights ensuring the national security of energy supply and key decisions with respect to strategic assets of INA

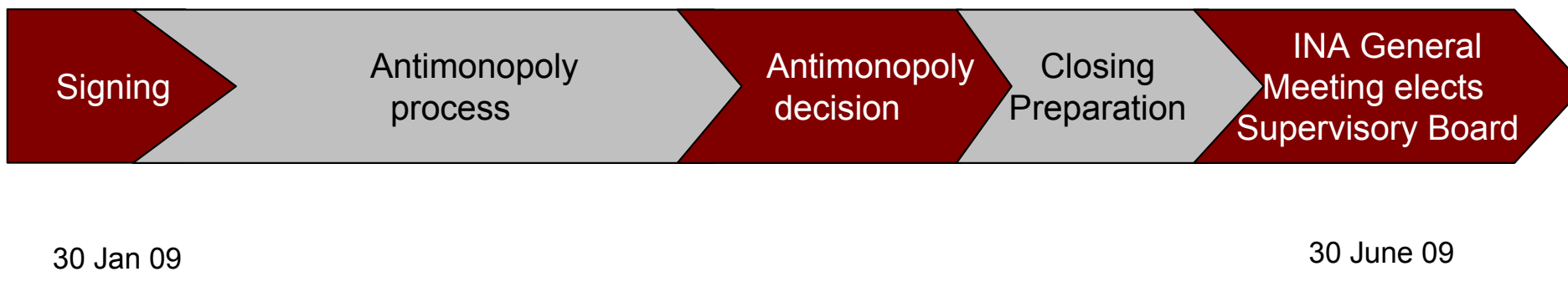
The Government has certain transfer limitations for INA shares from MOL:

- ▶ MOL has taken an additional lock-up period of 5 years (2+3 years)
- ▶ Following the expiration of the lock-up period the Government will have the right of first refusal for the shares owned by MOL
- ▶ The Government can repurchase INA shares in case of non-recommended change of control of MOL

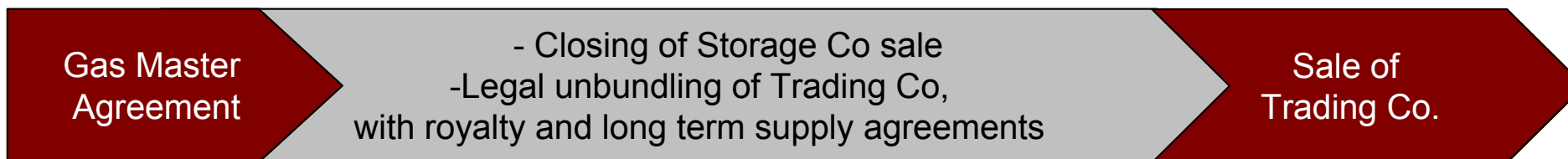
*The Shareholders Agreement was concluded with the Government of Croatia for indefinite period of time, whilst both parties continue to hold at least 25%+1 share ownership in INA.

Timeline to close the transactions

Amendment to the Shareholders Agreement



Gas Business Reorganization



IFRS consolidation of INA when new Supervisory Board will be in place

Key milestones of boosting INA's profitability and value

2009

- ▶ Non recurring revenue from sale of gas storage of HRK 514 mn
- ▶ Loss on Russian gas imports will be eliminated from mid-2009
- ▶ Gas revenue expected to remain stable at USD 240/th cm
- ▶ Royalty rate remains unchanged at 2.6%
- ▶ Launch the second phase of refinery upgrade
- ▶ Efficiency review and first actions

2010-2014

- ▶ Gas price gradually converging to import parity
- ▶ Royalty rate for oil and gas produced in Croatia gradually increases to 10% by 2014 and remains unchanged afterwards
- ▶ Refinery upgrade program
- ▶ Efficiency improvements accross the businesses and functional support areas

- ▶ INA in snapshot
- ▶ INA Upstream
- ▶ INA Downstream
- ▶ Corporate Governance rights
- ▶ Reserved Matters
- ▶ Restructuring of INA's gas businesses
- ▶ Divestment of INA's gas trading
- ▶ Divestment of INA's gas storage

INA – an integrated oil & gas company



Exploration & Production

Focused E&P Portfolio with Development Upside

- ▶ EBIT 2007: USD 381 mn*
- ▶ 375 MMboe of proved and probable reserves
 - ▶ > 70% gas
- ▶ Core regions
 - ▶ Onshore Croatia
 - ▶ Offshore Croatia
 - ▶ Middle East (Syria)
 - ▶ North and West Africa
- ▶ Integrated Oil Services

Refining and Marketing

Two Refineries and Extensive Logistics Network

- ▶ EBIT 2007: USD 11 mn
- ▶ Two refineries in Croatia
 - ▶ Rijeka (4.5 mtpa)
 - ▶ Sisak (2.2 mtpa)
- ▶ Marketer of nearly 5 mt of fuel products in Croatia and South East Europe

Retail

Country wide Retail Network

- ▶ EBIT 2007: USD (17mn)
- ▶ Operator of 436 petrol stations in Croatia**
- ▶ 49 stations in Bosnia&Herzegovina and Slovenia**
- ▶ Acquisition of Energopetrol (50/50 with MOL), adding 65 stations in Bosnia&Herzegovina

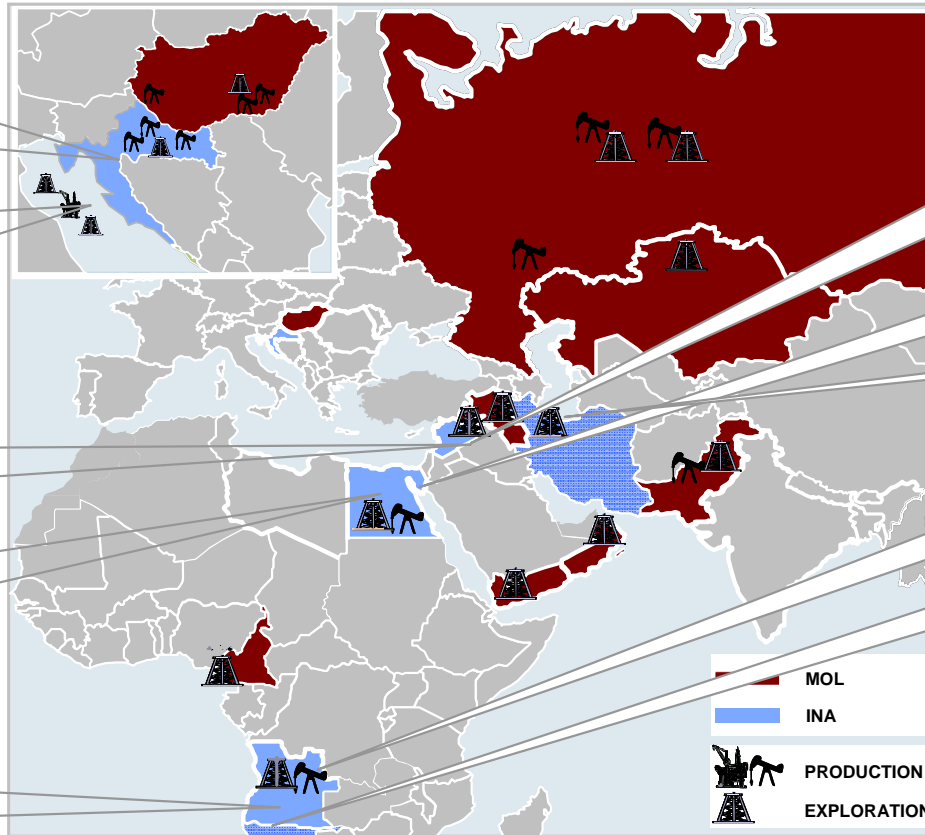
* Including USD 124 mn loss on gas imports and USD 240 mn opportunity loss on domestic gas production

** as of 30 September 2008

INA Upstream: significant portfolio

Production assets

- Croatia onshore**
 - ▶ 44.0 Mboepd condensate, crude and gas production
 - ▶ Reserves: 217.7 MMboe (2P)
 - ▶ EOR/IOR upside potential
- Croatia offshore**
 - ▶ 14.8 Mboepd gas production
 - ▶ Reserves: 95.4 MMboe (2P)
 - ▶ Exploration upside potential
- Syria, Hayan Block**
 - ▶ 1.3 Mboepd condensate, oil and gas production
 - ▶ Reserves: 39.3 MMboe (2P)
- Egypt, West Abu Gharadig, North Bahariya, Ras Qattara and East Yidma Blocks**
 - ▶ 2.9 Mboepd crude production
 - ▶ Reserves: 9.4 MMbbl (2P)
- Angola, Block 3/05A**
 - ▶ 1.6 Mboepd crude production
 - ▶ Reserves: 13 MMbbl (2P)



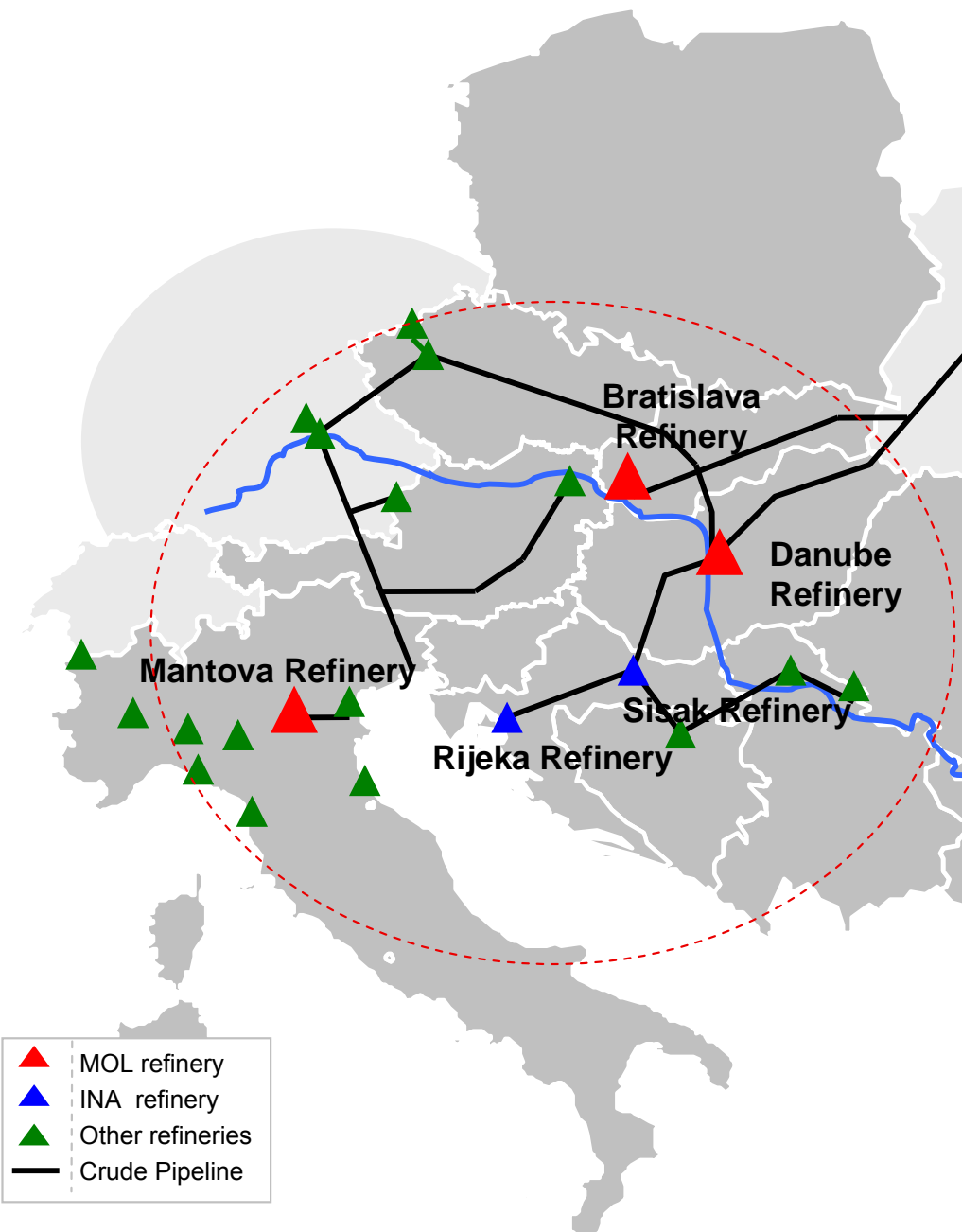
Exploration assets

- Syria, Hayan&Aphania Blocks
- Egypt, East Yidma, Ras El Ush and East Kalabsha Bl.
- Iran, Moghan-2 Block
- Angola, Block 3/05, 3/85, 3/91
- Namibia, Zaris Block

Total proven + probable reserves of INA: 375 MMboe*
Hydrocarbon production in 2007: 65.3 Mboe/d

*as of 31. 12. 2007

INA Downstream: strategically located assets under modernisation



Refining

Refineries:	Rijeka	Sisak
Capacity:	4.5 mtpa	2.2 mtpa
NCI:	5.8	6.1

- ▶ INA owns and operates the only two fuel refineries in Croatia :
 - ▶ the Sisak refinery located in the middle of the country,
 - ▶ the Rijeka refinery at the Adriatic seashore
- ▶ Appr 15 % of the crude oil requirement covered from its own Upstream production in 2007
- ▶ INA sold a total of 4.8 mt oil derivatives, of which 60% on the domestic market in 2007,
- ▶ Development programs are ongoing at both refineries to modernize the facilities in line with market demand and regulatory standards

Retail

- ▶ 485 FSs in Croatia, Bosnia and Slovenia, in the supply radius of INA refineries
- ▶ INA fuel retail markets has significant growth potential
- ▶ Traditional, strong brand fitting into MOL's multibrand strategy

Amendment of the Shareholders Agreement – Corporate Governance

	MOL	Government of Croatia
2003 - 2008	<ul style="list-style-type: none"> ▶ INA Supervisory Board (7 members) <ul style="list-style-type: none"> ▶ 2 MOL delegates ▶ INA Management Board (7 members) <ul style="list-style-type: none"> ▶ 2 MOL delegates (incl CFO position) 	<ul style="list-style-type: none"> ▶ INA Supervisory Board (7 members) <ul style="list-style-type: none"> ▶ 3 Government of Croatia delegates (the other 2 members are delegated by the Croatian Veterans Fund (1) and by INA employees (1)) ▶ INA Management Board (7 members) <ul style="list-style-type: none"> ▶ 5 Government of Croatia delegates
2009 -	<ul style="list-style-type: none"> ▶ INA Supervisory Board (9 members) <ul style="list-style-type: none"> ▶ 5 MOL delegates (incl the Vice-president) ▶ INA Management Board (6 members) <ul style="list-style-type: none"> ▶ 3 MOL delegates (incl the President) ▶ In case of tie vote President has the casting vote 	<ul style="list-style-type: none"> ▶ INA Supervisory Board (9 members) <ul style="list-style-type: none"> ▶ 3 Government delegates ▶ 1 employee representative ▶ INA Management Board (6 members) <ul style="list-style-type: none"> ▶ 3 Government delegates

Amendment of the Shareholders' Agreement – Reserved Matters

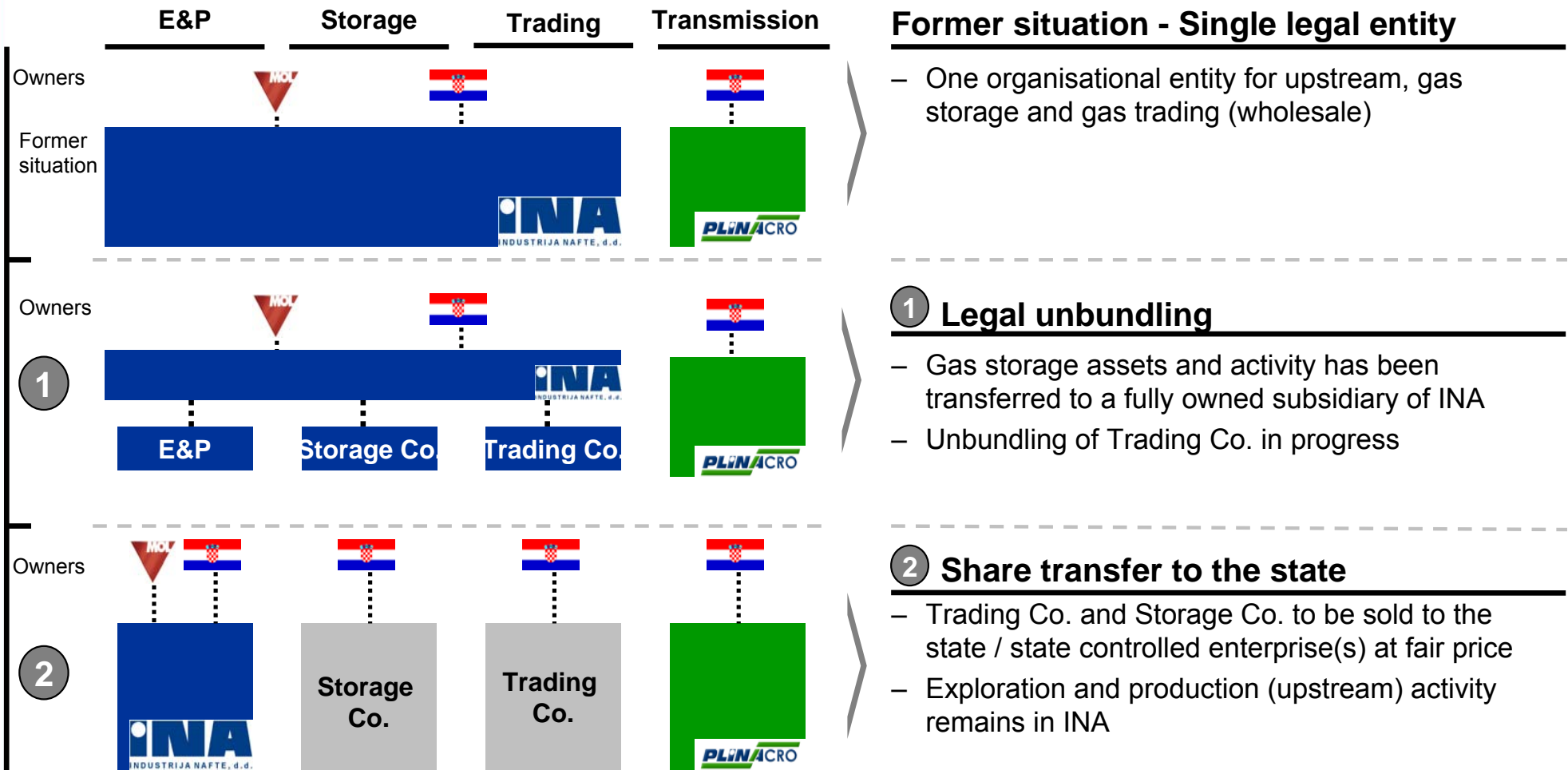
Key veto rights of the Government

- ▶ The **cessation of the core business activities** of INA Group or the substantial re-organization of its business
- ▶ **Changing the name or the registered seat** of INA
- ▶ **De-listing** of INA's shares **from the Zagreb stock-exchange**
- ▶ Taking on new debt that would result in high indebtedness (**Gearing Ratio of over 50%** for more than 2 consecutive quarters or exceeding 60% at any time)
- ▶ **Disposition/ acquisition of assets** which have a value of **5% of consolidated non-current asset** value, or where the value of such asset is less than the thresholds, but in the opinion of the Management Board, significant to the business of INA
- ▶ Approval of a **dividend payout ratio above a certain level**

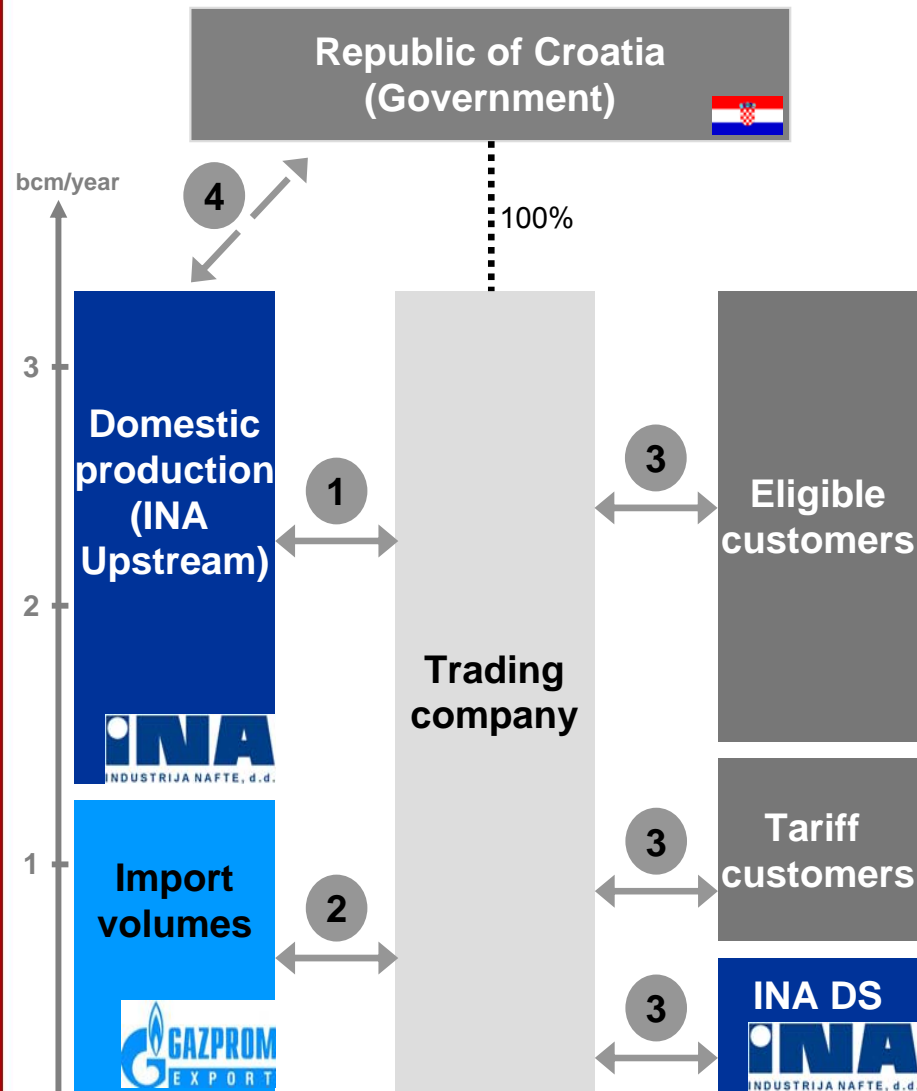
Government ensures the national security of energy supply and
some decisions on the strategic assets of INA

Restructuring of INA's gas business

The process of the legal and ownership unbundling



Divestment of gas trading



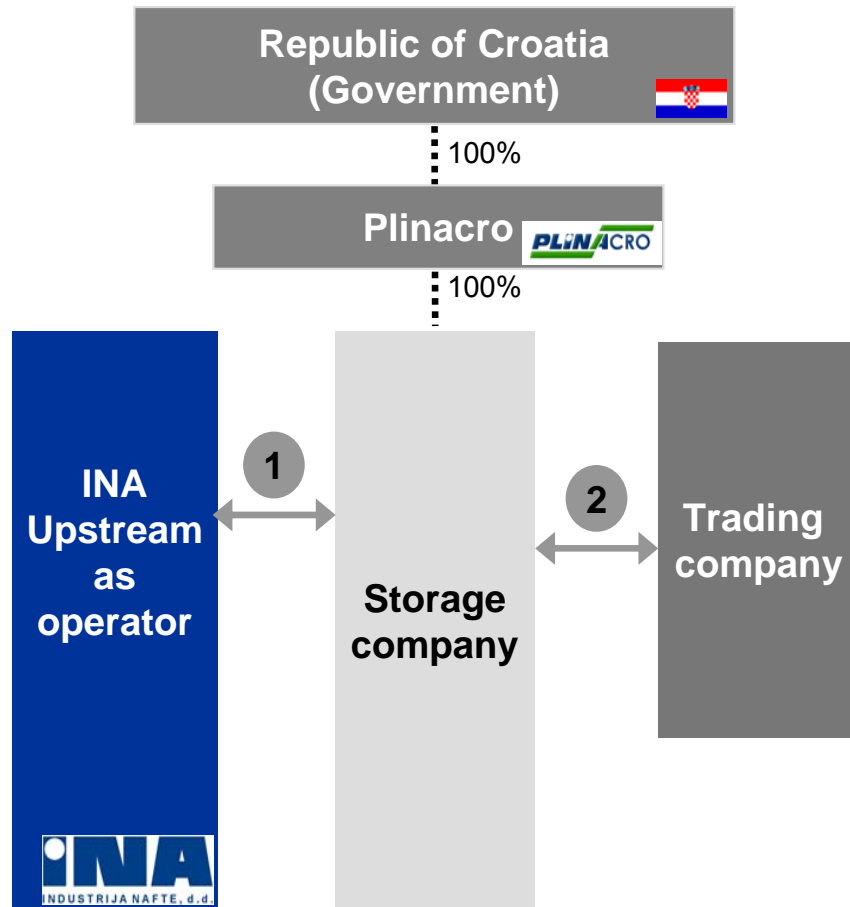
- 1 **Long term gas supply contract (to be signed)**
 - ▶ sale of INA's Croatian onshore and offshore natural gas production to Trading Co. (magnitude of 2 bcm/year)
 - ▶ 15 years term, take-or-pay obligation
 - ▶ gas price convergence to import price level during 2010-14
- 2 **Import contract (to be transferred)**
 - ▶ take-or-pay contract on 1.2 bcm/year gas at market terms
 - ▶ Currently loss making for INA
- 3 **Gas sales contracts (to be transferred/signed)**
 - ▶ existing gas sales contracts of INA to be transferred to Trading Co.,
 - ▶ INA refineries will also purchase gas from Trading Co.
- 4 **Royalty Agreement (to be signed)**
 - ▶ Mining Law authorizing the Government to set the level of royalty on Croatian hydrocarbon production at a maximum of 10%.
 - ▶ The maximum level of royalty will be agreed between Government and INA
 - ▶ 15 years term

Elimination of regulated price risk and loss making import obligation

Converging gas price and predictable royalty

MOL GROUP

Divestment of gas storage



- 1 Operation and Maintenance Agreement (O&M)**
 - ▶ INA Upstream provides operational services to Storage Co. (On a cost plus basis.)
- 2 Contract with the domestic Trading company**
 - ▶ Three years contract for the sale of all available free capacities of Storage Co. to Trading Co.

Okoli gas storage facility

- ▶ The only Croatian underground storage facility
- ▶ 55km South-East from Zagreb in Okoli
- ▶ Depleted gas and condensate field commissioned in 1987
- ▶ Overall capacity of 0.53 Bcm with
- ▶ Maximum injection capacity of 3.6 Mcm/day
- ▶ Withdrawal capacity of 5 Mcm/day

Plinacro will purchase Okoli UGS at a fair price of HRK 514 mn

INA upstream provides operational services – stable cash flow

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