

REGIONAL COOPERATION FOR GAS SUPPLY

A new, value creating, cross-border business Initiative

Budapest,
December 5, 2007



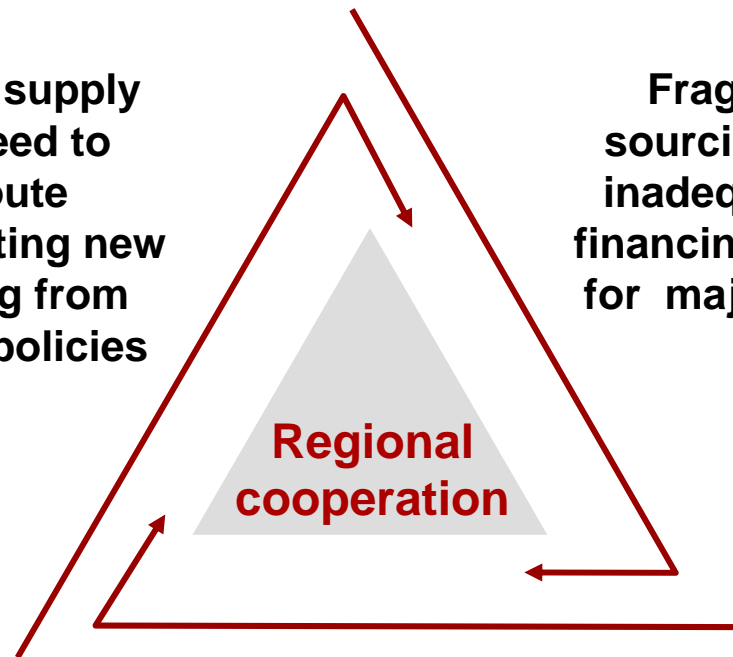
► **MOL GROUP**

Central Eastern Europe and South Eastern Europe face considerable energy supply challenges

Driving forces for a regional solution

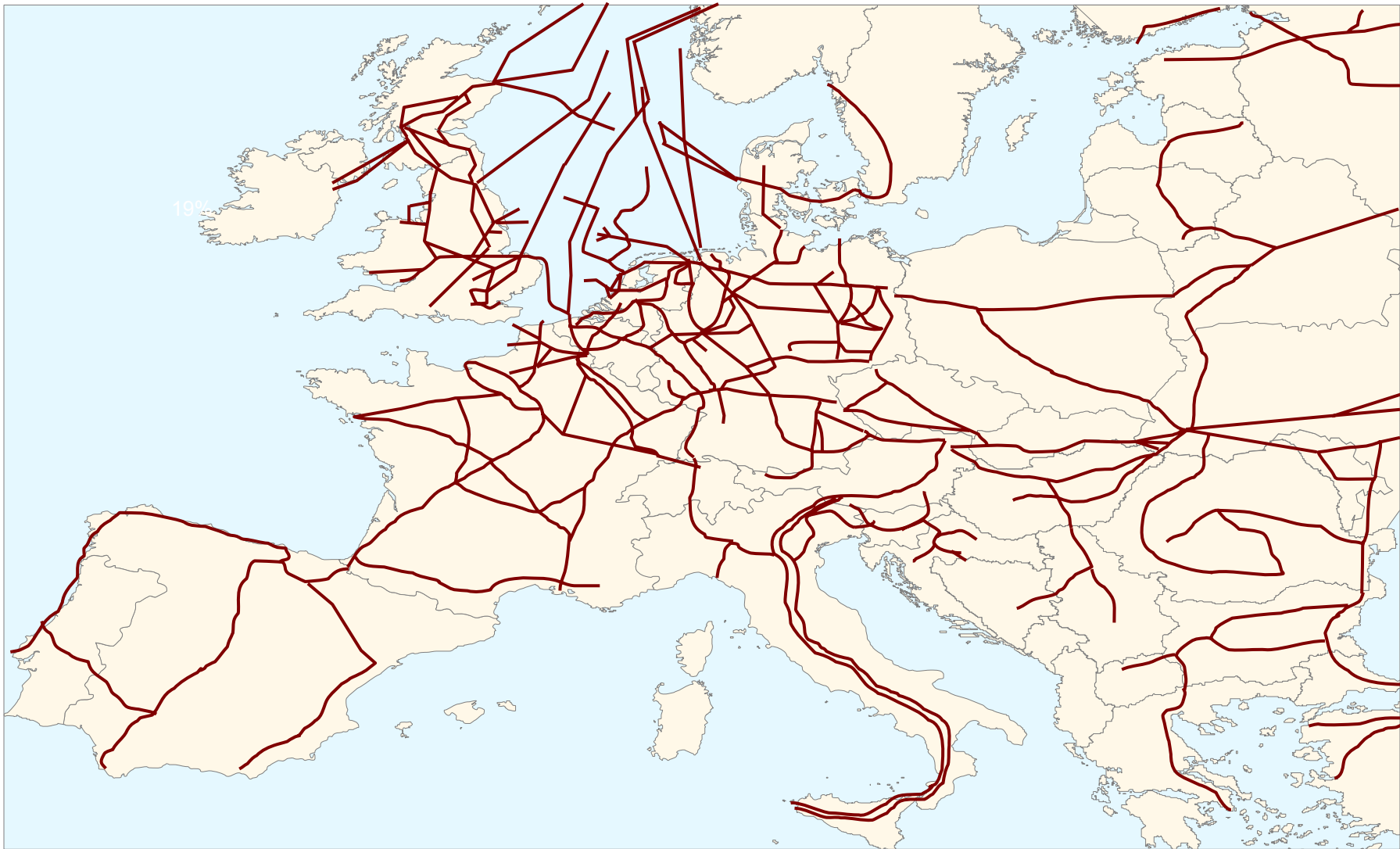
Growing regional gas supply and demand gap, need to increase supply route diversification by creating new infrastructure deriving from national and regional policies

Fragmented markets, dominant sourcing, lack of inter-connections, inadequate energy security, lack of financing opportunities and incentives for major infrastructure development

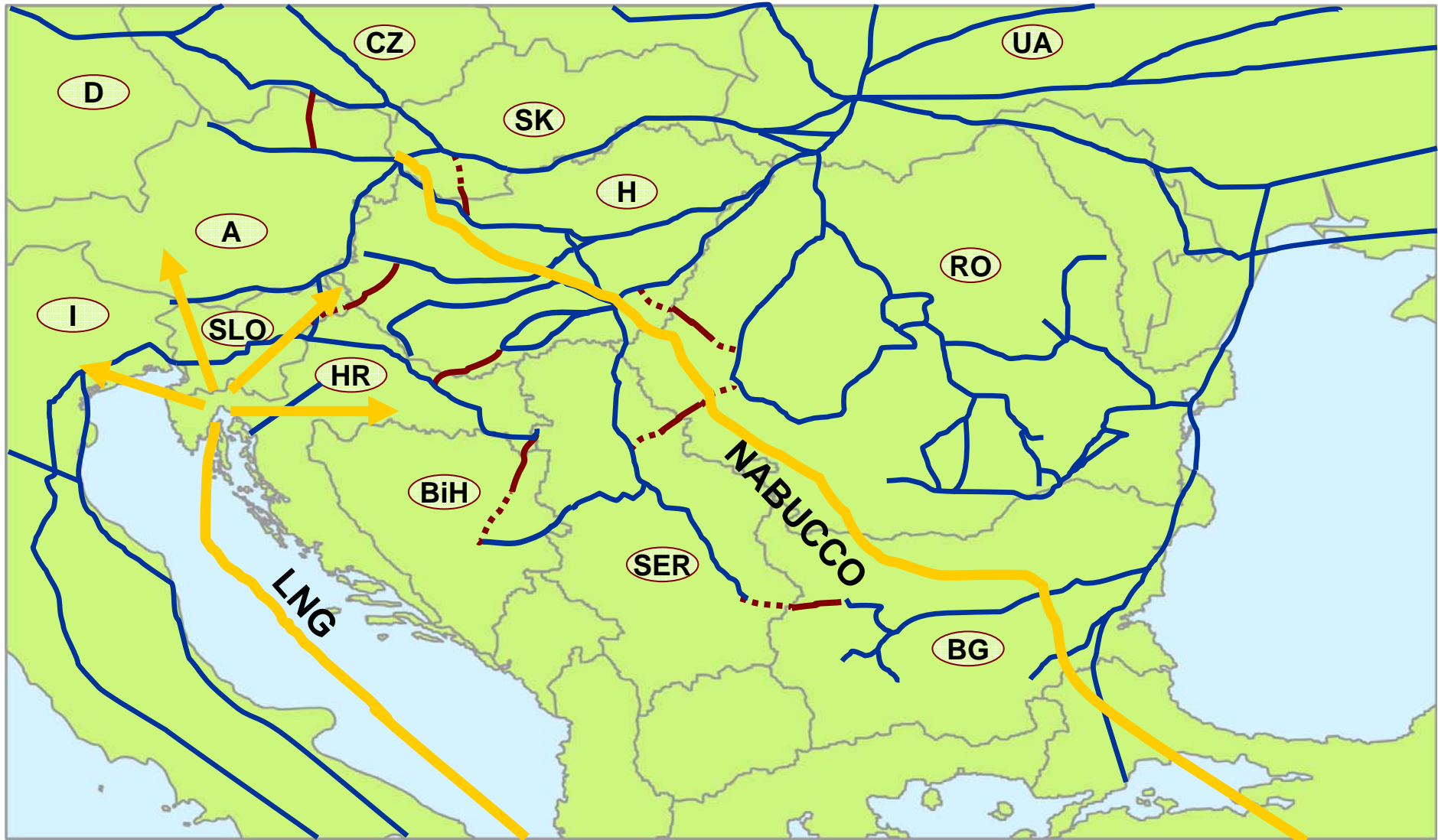


MOL's positive experience with ownership unbundling: creates shareholder value by enabling a focus on core competences and by establishing a clear incentive structure. A well defined corporate structure is needed for policy and financial/investor considerations.

North and Western Europe created a huge, interlinked gas transmission system facilitated by key bilateral cooperations



A joint regional business would have the scope to attract capital, accelerate infrastructure development, enhance value, competition and supply security

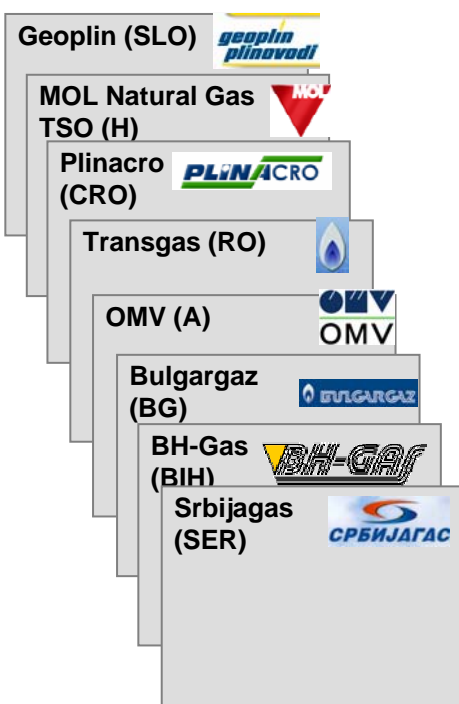


NETS: a potential top 5 European transmission company, with 27000 kms network length, 6000 employees, serving a population of 68.5M people

Rank	Company	Country	Length of Transmission Network (km)
1	GRTgaz	France	31 600
2	Snam Rete Gas	Italy	30 889
3	NETS (New Europe Transmission System) Co.	CEE & SE Europe	26 854
4	Gaz system	Poland	14 054
5	Gas Transport Services	Netherlands	11 600
6	E.ON Gastransport	Germany	11 000
7	Gassco	Norway	7 800
8	Enagas	Spain	7 600
9	VNG	Germany	7 000
10	National Grid	UK	6 919

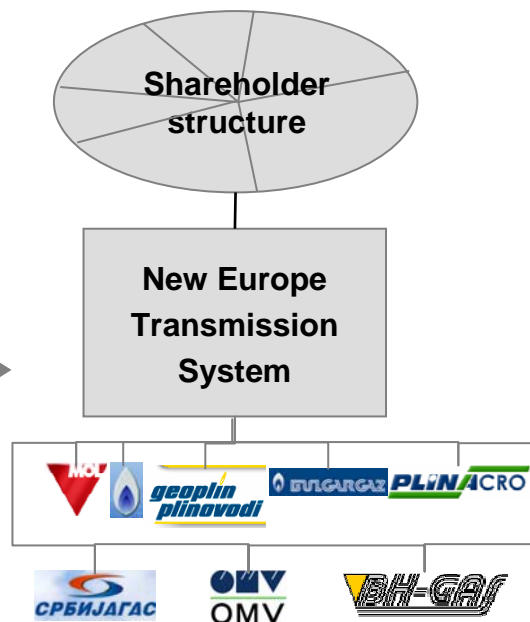
Regional transmission assets could be put into a single corporate framework, potentially under a unified regional regulatory environment

Partners



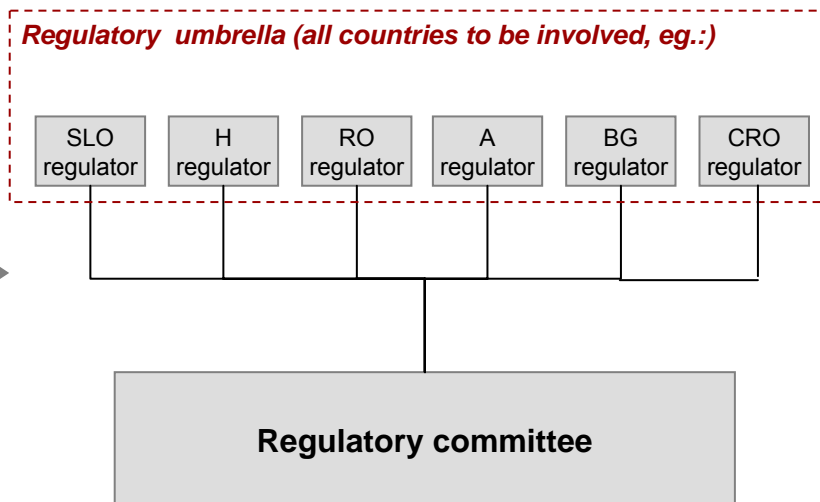
Third party audit and valuation of all TSOs according to a unified and accepted valuation methodology

Holding structure



TSO assets based on estimated enterprise value would be in-kind contributions creating a major, energy infrastructure operator

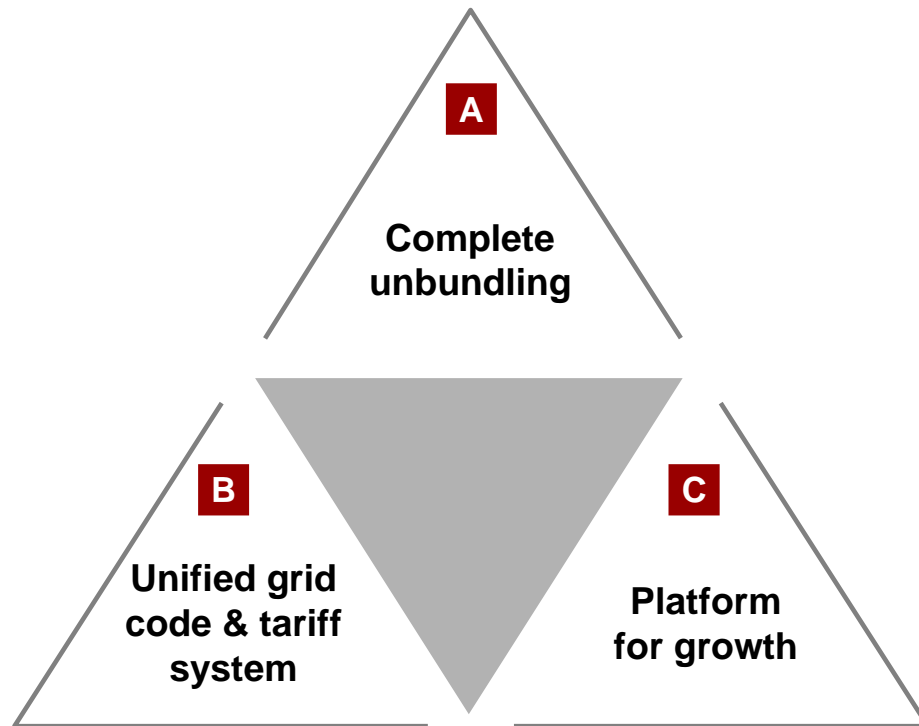
Regulatory framework



The existing regulatory cooperation framework of the South East Europe initiative could be upgraded to incorporate the regulatory oversight of NETS

A joint, regional transmission company could address all challenges and start a growth story for all owners and companies

Major levers of NETS Co.'s long term success



A Complete unbundling

- ▶ Regional transmission assets to be pooled into a single corporate framework
- ▶ Value of the transmission assets to be based on enterprise valuation
- ▶ Corporate governance structure to follow the strictest unbundling requirements

B Unified grid code and tariff system

- ▶ NETS Co. to operate as a single regional control zone
- ▶ Regulators to form a regulatory committee, which could operate under the umbrella of South Eastern European Single Market energy initiative
- ▶ A unified regional regulatory environment would further facilitate the development of an efficient market

C Platform for growth

- ▶ As a regional transmission company, NETS Co. would provide a perfect platform for major international investments
- ▶ NETS Co. could be an active player in privatization and unbundling-related transactions in line with national policy considerations
- ▶ An eventual IPO could raise further growth capital

Benefits provided to stakeholders by NETS

Customers/ Consumers

- ▶ Higher service level through increased network reliability
- ▶ Efficiency gains through transfer of best practice
- ▶ Unified entry/exit tariff system applying the same principles across the region.

Shareholders

- ▶ Opportunity for growth & ability to more readily participate in bigger transnational projects
- ▶ Better access to international capital markets
- ▶ Allows governments to save state funds for other important projects
- ▶ Improved capital efficiency
- ▶ Better negotiation power with suppliers

National Interests

- ▶ Enhanced security of supply and system planning
- ▶ Integrated/unbundled structure would help protect network interests vs. supplier interests
- ▶ Investment plan ensures network safety and reliability and also employment
- ▶ Owners/governments enjoy higher income than they could via national transmission operators
- ▶ Potentially enhanced access to EU funds for trans-national network development available

EU Policy & Regulation

- ▶ Enhances energy security, efficiency and competitiveness
- ▶ Supports EU principle of supply solidarity
- ▶ Consistent with Commission's "third package" proposals on unbundling
- ▶ Adds transparency and independence to European gas infrastructure
- ▶ Supports drive for cohesion and regulatory co-operation, regulatory coordination

MOL calls for a multi stakeholder dialogue and international cooperation for the establishment of NETS In CEE and SEE.

Beneficiaries

New entrants/Companies/Countries/Customers/Consumers/Government owners/Other shareholders/Investors/EU energy policy & Regulation support

Preconditions to establish NET Co.



Political support

- Elaboration of bi/multi-lateral intergovernmental agreements
- Discuss all possible energy and political forums

Regulatory support

- Evaluate and promote the concept on a national/governmental level
- Active support and representation in the framework of the SEE energy initiative

Shareholder/TSO support

- Internal analysis of business concept
- Inter-company agreements to evaluate the feasibility of NETS Co.