

CONFIDENTIAL

Dated 30 January 2009

REPUBLIC OF CROATIA

represented by

the Government of the Republic of Croatia

and

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY

FIRST AMENDMENT

TO THE

SHAREHOLDERS AGREEMENT

RELATING TO INA-INDUSTRIJA NAFTE d.d.

THIS AMENDMENT is made on 30 January 2009.

BETWEEN

- (1) **REPUBLIC OF CROATIA**, represented by the Government of the Republic of Croatia (the "**Government**"); and
- (2) **MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY**, a company organised and existing under the laws of Hungary with its registered office at H-1117 Budapest, Október huszonharmadika u. 18., Hungary (the "**Strategic Investor**").

(Government and Strategic Investor being each a "**Party**" and together the "**Parties**"),

WHEREAS

- (A) The Parties concluded a sale and purchase agreement dated as of 17 July, 2003 (the "**Sale and Purchase Agreement**") regarding the sales of 25%+1 shares in Ina-Industrija Nafta d.d. ("**INA**" or the "**Company**") to the Strategic Investor and a shareholders agreement between the Parties dated as of 17 July, 2003 (the "**Agreement**") to set out certain matters relating to the respective rights that they will each have as shareholders in INA upon the acquisition of the Sale Shares by the Strategic Investor under the Sale and Purchase Agreement.
- (B) The Strategic Investor has published a voluntary take-over offer on September 5, 2008, as a result of which it has paid and taken over a total of 2.215.537 ordinary registered shares of the INA. Following the takeover bid the Strategic Investor holds a total of 4.715.538 ordinary registered shares, constituting 47,15538% of the total share capital in INA, and the Republic of Croatia holds a total of 4.483.552 ordinary registered shares, constituting 44,83552% of the total share capital in INA. The Shareholders following the takeover bid, hold together 91,99090% of the total votes borne by the voting shares in INA.
- (C) The Parties want to enter into this Amendment to the existing Agreement, which is intended to provide a basis for their further relationship and cooperation with respect to their shareholdings in the Company.
- (D) The aim of the Government is to revisit the Agreement in order to maintain and strengthen the protection of national energy security interests. At the same time, the Strategic Investor is aiming, based on its respective shareholding, to achieve a controlling position in the company in order to i) improve INA's business performance and market position in Croatia, South Eastern Europe and in the Adriatic region and support focused investments into INA's asset base (e.g. modernisation of both Sisak and Rijeka refineries), ii) develop its commercial capabilities and enhanced customer orientation (iii) combine the businesses of INA and the Strategic Investor for mutual benefits such as higher crude oil and natural gas purchasing power, increasing flexibility of refinery operations and availability of reliable quality products in all segments.



IT IS HEREBY AGREED

1. RULES OF CONSTRUCTION, DEFINITIONS AND INTERPRETATION

- 1.1 This Amendment constitutes an integral part of the Agreement and supersedes all prior discussions, negotiations and agreements among the Parties regarding such subject matters that are addressed in this Amendment. It is agreed that the Clauses and Schedules of the Agreement not having been explicitly replaced, amended or deleted in this Amendment, shall remain in full force, unless the application of certain provisions of this Amendment exclude their simultaneous applicability.
- 1.2 The Schedules of this Amendment shall only serve the purpose of establishing the mutually agreed text of the Articles of Association, Rules of Procedures of the Supervisory and the Management Boards. For the avoidance of doubt, any future amendment to those documents after their approval by the respective bodies of the Company at Completion shall not require the amendment of the Agreement (including this Amendment). The Annexes attached to this Amendment are incorporated herein by reference and are inseparable part hereof for all purposes.
- 1.3 In this Amendment, the following words and expressions shall have the meaning ascribed to them in this Clause 1.1 unless the context expressly requires otherwise. Any capitalized terms not defined in this Amendment shall have the meaning as given to such term in the Agreement. Clause 1.2. of the Agreement shall apply to this Amendment too.
- 1.4 The Parties agree that references to writing shall include any mode of reproducing words in a legible form including authenticated electronic documents as well. Accordingly, Clause 1.2.8. of the Agreement shall be amended too.
- 1.5. The Parties agree that Clause 1.1. (Definitions) of the Agreement shall be replaced and superseded as follows:

- "Affiliate" means in respect of any person, any other person that Controls or is Controlled by that first person or any other person that is Controlled by the same person as that first person;
- "Agreement" means the shareholders agreement signed between the Government and the Strategic Investor dated as of 17 July, 2003;
- "Amendment" means the amendment to the Agreement;
- "Annual Budget" means the approved annual budget for INA in respect of each Financial Year as amended from time to time;

"Articles of Association"	means the articles of association of INA as amended from time to time;
"Authorised Adviser"	has the meaning given in Clause 9.2.9;
"Breach Notice"	means the notice in the form of Annex 1;
"Business"	means the business of INA as described in Clause 6.1;
"Business Day"	means any day (other than Saturdays or Sundays) on which clearing banks are open for business in Zagreb and Budapest and any other jurisdiction relevant to the settlement of payment in Dollars;
"Business Plan"	means the approved business plan as amended from time to time;
"Company" or "INA"	shall have the meaning provided in Recital A to this Agreement;
"Completion"	means the performance of all the actions as defined in Clause 5 of the Amendment;
"Completion Date"	means the day on which the Completion takes place pursuant to the Clause 5 of the Amendment;
"Control"	means in respect of any person (a) the ability to exercise more than fifty per cent. (50%) of the votes at any general meeting (or equivalent) of that person or (b) the ability to appoint more than fifty per cent. (50%) of the members to the Supervisory Board (or equivalent) of that person, and the verb "to Control" and conjugations thereof shall meaning having Control in accordance with this definition;
"Confidential Information"	means (a) all business, financial, operational or other information relating to the Company or Strategic Investor and/or their Affiliates or data of whatever kind relating thereto which is confidential or not generally known or which can reasonably be expected to be kept confidential (including without limitation trade secrets, know-how, inventions, discoveries and client contact details) whether in oral, written, magnetic or digital (including disk or tape) or other form, other than any information in the public domain obtained otherwise than by a breach of this Agreement, the Sale and Purchase Agreement or the Cooperation

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Agreement and (b) the existence and terms of this Agreement and any other agreements referred to herein;

- "Cooperation Agreement" means the agreement relating to certain strategic objectives between INA and the Strategic Investor dated the same date as the Agreement;
- "Croatian Law" means, with respect to any Person, all laws, statutes, codes, acts, treaties, ordinances, orders, judgments, writs, decrees, injunctions, rules, regulations, government approvals and directives of any Government Authority;
- "Dispute" means any dispute, controversy or claim arising out of, in relation to, or in connection with this Agreement or the existence, validity or interpretation of this Agreement;
- "Dividend Pay-out Ratio" means the ratio between the ordinary dividend distributed by the Company to the shareholders and the Company's normalized net income for the year preceding the year of the dividend announcement;
- "Effective Date" means the date when the Amendment comes into force pursuant to Clause 2 of the Amendment;
- "Executive Director" has the meaning as defined in Clause 7.5;
- "Financial Year" means a financial year of INA commencing on 1 January and ending on 31 December;
- "Gas Agreements" means the agreements as defined in the Gas Master Agreement and the Gas Master Agreement itself;
- "Gas Master Agreement" means the master agreement concluded between the Parties on 30 January 2009 regarding the gas business activity of the Company;
- "Gearing Ratio" shall be in line with international terms: $(\text{net debt} / (\text{net debt} + \text{equity}))$;
- "General Assembly" means a general meeting of the shareholders of INA, in accordance with the Articles of Association;
- "Government" means the Government of the Republic of Croatia from time to time;

"Government Authority"	means any state or Government body and/or any political subdivision thereof, including departments, courts, commissions, boards, bureaux, ministries, agencies or other instrumentalities and/or any organ of judicial and administrative authority, in each case in the Republic of Croatia only;
"Group"	means the Company and the Subsidiaries;
"International Reputable Auditor"	shall mean any of the following auditor companies: Ernst&Young, KPMG, Deloitte, PWC; or such other internationally reputable auditor as agreed by the Parties;
"Investment Agreement"	means the investment agreement as may be agreed between the Parties regarding any potential shareholding of the Republic of Croatia in the Strategic Investor;
"Kuna" or "HRK"	means the lawful currency of the Republic of Croatia from time to time, or, as applicable, the Euro as the successor currency to the Kuna at the fixed conversion rate of the Kuna to the Euro as set by the relevant administrative authority of the European Union at or after the date of accession, if any, of the Republic of Croatia to the European Union and at the date of adoption of the Euro as the lawful currency of the Republic of Croatia;
Law on Gas Market	shall mean the Law published in the Official Gazette Nr 40/2007. of the Republic of Croatia on the gas market effective as of the date hereof;
"Lock – Up Period"	means the period as defined in Clause 11.1.;
"Management Board"	means INA's management board from time to time, in accordance with the Articles of Association;
"Offer"	has the meaning given in Clause 11.5.;
"Party"	means, as the context requires, the Government or the Strategic Investor and "Parties" means both of them;
"Permitted Disposals"	has the meaning as defined in Clause 11.4.;
"Person"	means any natural person, partnership, corporation, limited liability company, unincorporated association, joint venture, trust, Government Authority or other

	organisation;
"Persons Acting in Concert"	means Persons who, pursuant to an agreement (including, without limitation, voting agreement) or understanding (whether formal or informal, written or oral) actively co-operate through the acquisition by any of them of Shares to obtain or consolidate a shareholding of INA;
"Petroleum"	means any mineral, oil or related hydrocarbon and any natural gas existing in its natural condition in strata or produced from these, except for coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation;
"Preferred Supply Terms"	has the meaning given in Clause 9.2.2;
"Privatisation Law"	means the Law on the Privatisation of INA (Official Gazette of the Republic of Croatia No. 32/02) enacted by the Parliament of the Republic of Croatia on 19 March 2002;
"Proposed Purchaser"	has the meaning given in Clause 11.5.;
"Protected Information"	means: <ul style="list-style-type: none"> (i) information relating to the affairs of a Relevant Person, together with all Confidential Information (as defined in sub-paragraph (a) of the definition thereof only), which has been furnished to the Strategic Investor under or pursuant to this Agreement, the Sale and Purchase Agreement, the Cooperation Agreement and the Disclosure Letter; and (ii) other information in the possession of the Strategic Investor which relates to the affairs of a Relevant Person and would not reasonably be expected to be in the possession of the Strategic Investor if the Strategic Investor were not involved with the sale of the Sale Shares under the Sale and Purchase Agreement and as a party to this Agreement and the Cooperation Agreement;
"Relevant Person"	means any member of the Group;

"Reserved Matters"	has the meaning given in Clause 7.3;
"Restricted Markets"	has the meaning given in Clause 9.2.10;
"Retail Activities"	has the meaning given in Clause 9.2.1;
"Right of First Refusal"	has the meaning as given to it in Clause 11.7.;
"Right to Repurchase"	has the meaning as given to it in Clause 11.6.;
"Rules of Procedure of the Management Board"	means the Rules of Procedure of the Management Board of the Company, as amended from time to time;
"Rules of Procedure of the Supervisory Board"	means the Rules of Procedure of the Supervisory Board, as amended from time to time;
"Sale and Purchase Agreement"	is the sale and purchase agreement between the Parties regarding the sale of Shares representing 25%+1 of the share capital of INA by the Government to the Strategic Investor, dated as of July 17, 2003;
"SEE Markets"	has the meaning given in Clause 9.2.3;
"Shareholders"	means the Republic of Croatia, represented by the Government, and the Strategic Investor in their capacity as shareholders; and "Shareholder" shall mean any of them;
"Shares"	means the ordinary shares in the capital of INA with a nominal value of nine hundred (900) Kuna each;
"Share Swap Agreement"	means the share swap agreement regarding a transaction, as may be agreed between the Parties in the future, including the acquisition by the Government an equity shareholding representing at least 5% of the issued share capital in the Strategic Investor simultaneously with the acquisition by the Strategic Investor of at least 10% further equity shareholding in the Company from the Government in a form of a share swap;
"Signing Date"	means the date of signing of this Amendment and the Gas Master Agreement;




"Specified Termination Events"	<p>(A) In case the Parties do not execute both the Share Swap Agreement and the Investment Agreement on or prior to the second anniversary of the Completion Date, unless both Parties declare in writing their wish no to execute the Swap Agreement and/or the Investment Agreement; or</p> <p>(B) If the Government is in breach of its material obligations under the Transaction Documents, as specified for such purpose in the relevant Transaction Documents, provided that - within 45 (forty five) days after the receipt of a Breach Notice from the Strategic Investor - it has not remedied such breach in a way as prescribed in the Breach Notice;</p>
"Strategic Investor Group"	means the Strategic Investor and any of its Affiliates;
"Subsidiaries"	means the direct and indirect subsidiaries of the Company, details of which are set out in Part B and Part C of Schedule 4 to the Sale and Purchase Agreement and such other Affiliates of the Company from time to time;
"Supervisory Board"	means the supervisory board of INA from time to time, in accordance with the Articles of Association;
"Transaction Documents"	means the (i) Agreement, (ii) the Gas Agreements, (iii) the Share Swap Agreement, if any and (iv) the Investment Agreement, if any, as amended from time to time;
"Transfer Notice"	means the notice in form of Annex 2; and
"Wholesale Activities"	has the meaning given in Clause 9.2.1.

2. EFFECTIVE DATE

- 2.1 This Amendment to the Agreement comes into force on the date of, and is conditional only upon the receipt of the necessary antimonopoly approval of the Croatian competition authority. In case the authority terminates its procedure or otherwise rejects to deal with the matter, the receipt of such decision or the expiration of the respective procedural deadline shall be deemed as approval for the purpose of the effectiveness of this Amendment.
- 2.2 Accordingly, Clause 2 of the Agreement is deleted as obsolete.

3. **WARRANTIES**

- 3.1 The Strategic Investor warrants to the Government at the Amendment's Signing, Effective and Completion Date in the terms of the warranties set out in Schedule 1, Part A of the Agreement.
- 3.2 The Government warrants to the Strategic Investor at the Amendment's Signing, Effective and Completion Date in the terms of the warranties set out in Schedule 1, Part B of the Agreement.
- 3.3 The Parties agree that these Warranties shall be additional to the Warranties under Clause 3 of the Agreement.

4. **PRE-COMPLETION UNDERTAKINGS**

4.1 Prior to the Completion, the Government will procure that:

- 4.1.1 the Management Board is requested to and does call a meeting of the General Assembly to be held within 60 days after the Effective Date;
- 4.1.2 the Chairman of the Supervisory Board calls a meeting of the Supervisory Board to be held on the same date as the General Assembly meeting referred to in Clause 4.1.1 is held, such meeting to be held immediately after the General Assembly meeting has been ended and for the purpose of carrying out the business referred to in Clause 5.2.2; and
- 4.1.3 the President of the Management Board calls a meeting of the Management Board to be held on the same date as the Supervisory Board meeting referred to in Clause 4.1.2 is held, such meeting to be held immediately after the Supervisory Board meeting has been ended and for the purposes of carrying out the business referred to in Clause 5.2.3.;
- 4.1.4 deliver the notice to the Strategic Investor on the members of the Supervisory Board and Management Board to give resignation notice or to be recalled pursuant to this Amendment;
- 4.1.5 deliver the notice to the Strategic Investor on the persons to be elected as members of the Supervisory Board and appointed as members of the Management Board pursuant to this Amendment and the Articles of Association, including the nomination of the President of the Supervisory Board.

4.2 Prior to the Completion, the Strategic Investor shall:

- 4.2.1 deliver the notice to the Government on the members of the Supervisory Board and Management Board to give resignation notice or to be recalled pursuant to this Amendment;





4.2.2 deliver the notice to the Government on the persons to be elected as members of the Supervisory Board and appointed as members of the Management Board pursuant to this Amendment and the Articles of Association, including the nominations of the Vice-President of the Supervisory Board and the President of the Management Board.

4.3. Accordingly Clause 4 (Pre-Completion) of the Agreement is deleted as obsolete.

5. COMPLETION

5.1 Completion shall take place on the date of the General Assembly as convened pursuant to Clause 4.1.1. as soon as possible but in any case by no later than sixty (60) days after the Effective Date.

5.2 On the Completion Date the Government and the Strategic Investor shall vote in favour of that:

5.2.1 a meeting of the General Assembly, as called pursuant to Clause 4.1.1, is held at which resolutions are passed in the following agenda order:

- (a) dismiss the members of the Supervisory Board (in absence of their resignation) as indicated in writing by the Parties to each other in line with this Amendment;
- (b) appoint to the Supervisory Board the persons nominated in writing by the Parties in line with this Amendment;
- (c) approve and adopt the amended Articles of Association (Schedule 1) and to submit General Assembly's decision and Articles of Association to the Court Register of the Zagreb Commercial Court for registration ("Court Register");
- (d) appoint the two additional persons to the Supervisory Board (one by each Party) as nominated by writing by the Parties in line with this Agreement;

5.2.2 a meeting of the Supervisory Board, as called pursuant to Clause 4.1.2. and constituted in accordance with Clause 4.2., is held at which resolutions, are passed to:

- (a) approve and adopt the amendments to the Rules of Procedure of the Supervisory Board (Schedule 2);
- (b) dismiss (in absence of their resignation) and appoint members of the Management Board as indicated in writing by the Parties to each other in line with this Amendment;



- (c) elect the President of the Supervisory Board in accordance with the nomination by the Government and the Vice-President in accordance with the nomination by the Strategic Investor;
- (d) appoint the President of the Management Board as nominated by the Strategic Investor;
- (e) grant the prior approval to the amended Rules of Procedure of the Management Board (Schedule 3).

5.2.3 a meeting of the Management Board, as called pursuant to Clause 4.1.3 and constituted in accordance with Clause 4.2., is held at which resolutions are passed to:

- (a) adopt the amended Rules of Procedure of the Management Board (Schedule 3);
- (b) appoint the Executive Directors;
- (c) determine the competencies of the Executive Directors and the Management Board members in line with the amended Rules of Procedure of the Management Board;
- (d) authorise the new members of the Management Board and the Executive Directors where necessary to transact Business on behalf of the Company.

On or before the Completion Date, the Shareholders shall procure that the members of the Management Board and the President of the Supervisory Board submit the resolutions passed at the meeting of the General Assembly and the Supervisory Board, to the extent required under Croatian Law, to the Court Register for registration, together with all such other documents that are required to be registered.

5.3. Accordingly, the Parties agree that Clause 5 (Completion) of the Agreement is deleted as obsolete.

6. BUSINESS

The Parties agree that Clause 6 of the Agreement shall remain in effect and full force, unless otherwise agreed between the Parties from time to time (especially in any of the Transaction Documents).

7. CORPORATE GOVERNANCE

The Parties agree that Clause 7 of the Agreement shall be replaced and superseded as follows:

7.1. Supervisory Board

7.1.1. The Supervisory Board of INA shall comprise nine (9) members and, to the extent practicable, the working language of the Supervisory Board shall be Croatian and English with simultaneous translation into both languages.

7.1.1.1. The Government from time to time shall have the right to nominate three (3) members for appointment to the Supervisory Board and the Shareholders undertake that they will vote in favour of the appointment of such nominees at a meeting of the General Assembly.

7.1.1.2. The Strategic Investor from time to time shall have the right to nominate five (5) members for election to the Supervisory Board and the Shareholders undertake that they will vote in favour of the election of such nominees at a meeting of the General Assembly.

7.1.1.3. The Parties acknowledge that one member of the Supervisory Board shall be nominated by the employees in accordance with applicable laws.

7.1.2. A member of the Supervisory Board appointed pursuant to the provisions of Clause 7.1.1 may only be removed with the consent of the Shareholder that nominated such member and the Shareholders agree to exercise their votes at the General Assembly accordingly.

7.1.3. Should a member of the Supervisory Board appointed pursuant to Clause 7.1.1 resign, be removed, be incapacitated, or otherwise be unable or unwilling to perform his or her duties the Shareholder that nominated such member shall be entitled to nominate a successor to that member in which case the provisions of Clause 7.1.1 shall apply in relation to such successor.

7.1.4. Meetings of the Supervisory Board shall be called and held in accordance with the Articles of Association and the Rules of Procedure of the Supervisory Board in force from time to time.

7.1.5. Any resolution before the Supervisory Board that relates to a Reserved Matter will require the affirmative vote of seven (7) out of nine (9) of the members of the Supervisory Board.

7.1.6. The President of the Supervisory Board shall be nominated by the Government, while the Vice President by the Strategic Investor.

7.1.7. The rights and obligations of the President and the Vice President as defined in the revised Rules of Procedure of the Supervisory Board shall reflect the new shareholders structure of the Company and shall follow the principle that the Vice-President is authorized to exercise all the rights of the President, in case the President is breaching his duty, unreasonably delays, or being unable, incapacitated, or unwilling to perform its rights and obligations. In this paragraph "unreasonable delay" ought to mean the case, in which the President delays to perform certain actions, although the applicable laws, the Articles of Association, the Rules of Procedures stated a certain deadline for such

performance, or such action ought to be performed promptly, provided that the President had either no discretion in the execution of such actions, or it abused such discretion.

7.2. Management Board

7.2.1. The Management Board of INA will comprise six (6) members.

7.2.1.1 .The Government from time to time shall have the right to nominate three (3) members for election to the Management Board and the Shareholders undertake that they will procure that their representatives on the Supervisory Board will vote in favour of such nominees at a meeting of the Supervisory Board.

7.2.1.2. The Strategic Investor from time to time shall have the right to nominate three (3) members for election to the Management Board, and the Government undertakes that it will procure that their representatives on the Supervisory Board will vote in favour of such nominees at a meeting of the Supervisory Board.

7.2.2. The Strategic Investor shall be entitled to nominate the President of the Management Board. With respect to the decision making in case of tied vote the vote of the President of the Management Board will be the tie-breaking vote.

7.2.3. A member of the Management Board elected pursuant to the provisions of Clause 7.2.1 and/or 7.2.2 may only be removed with the consent of the Shareholder that nominated such member and the Shareholders agree to procure that their representatives exercise their votes at the Supervisory Board accordingly.

7.2.4. Should a member of the Management Board elected pursuant to Clause 7.2.1 and/or 7.2.2 resign, be removed, be incapacitated, or otherwise be unable or unwilling to perform his duties the Shareholder that nominated such member shall be entitled to nominate a successor to that member in which case the provisions of Clause 7.2.1 shall apply in relation to such successor.

7.2.5. Meetings of the Management Board shall be called and held in accordance with the Articles of Association and the Rules of Procedure of the Management Board in force from time to time.

7.3. Reserved Matters

Resolutions or decisions of the Management Board in relation to the following matters (the "Reserved Matters") will require the prior approval of the Supervisory Board in accordance with Clause 7.1.5 and the Articles of Association:

7.3.1. The cessation of any of the core business activities of the Group or the re-organisation of substantially all of its Business;

7.3.2. Changing the name or the registered seat of the Company;

- 7.3.3. Taking on new debt (borrowings, taking credits, guarantees, etc) that would result in a Gearing Ratio of over 50% for more than 2 consecutive quarters or over 60% at any time. For the application of this paragraph the Gearing Ratio shall mean in line with international terms: (net debt/ (net debt+equity));
- 7.3.4. The sale, lease, exchange, transfer or other disposition of any real property or other assets of a member of the Group which have a value of 5% of consolidated non-current asset value of the Group of the latest closing financial year or where the total value of such assets disposed within a given financial year exceeds 10% of consolidated non-current asset value of the Group of the latest closing financial year;
- 7.3.5. Where the value of such real property or asset is less than the thresholds above, the sale, lease, exchange, transfer or other disposition of any real property or other assets of a member of the Group which are, in the opinion of the Management Board, significant to the business of the Group;
- 7.3.6. De-listing of Company's shares from the Zagreb stock-exchange;
- 7.3.7. The variation or termination of any existing contract to which a member of the Group is a party with a value in excess of HRK 80,000,000 where such variation or termination is otherwise than in the ordinary course of the business of the Group (contracts related to the customary business activities of the Group shall be considered as ordinary course of the business);
- 7.3.8. The entering into any joint venture by a member of the Group in respect of a material part of the downstream, wholesale or retail business of the Group. Material part means 5 % of consolidated non-current asset value of the Group of the latest closing financial year or where the total value of such transactions within a given financial year exceeds 10% of consolidated non-current asset value of the Group of the latest closing financial year;
- 7.3.9. The acquisition of any real property by a member of the Group where the consideration for the acquisition exceeds 5% of consolidated non-current asset value of the Group of the latest closing financial year or where the total value of such acquisitions within a given financial year exceeds 10% of consolidated non-current asset value of the Group of the latest closing financial year;
- 7.3.10. The granting of a "*prokura*";
- 7.3.11. Changing the accounting policies of the Company or the Group save for adjustments to the Strategic Investor's standard accounting policies as amended from time to time;
- 7.3.12. Amending or replacing those parts of the amended Rules of Procedure of the Supervisory Board and the amended Rules of Procedure of the Management Board that relates to the corporate governance rights (i.e. nomination and replacement rights) of the Government;
- 7.3.13. Approval of a dividend payout ratio above 40%;

7.3.14. Disposal of the Company's retail assets when with such disposal a certain territory of Croatia would remain without alternative fuel supply possibility. For the application of this paragraph the reasonable customer's perspective shall be taken by the Parties to decide whether alternative fuel supply possibility exists;

7.3.15. Any investment in the underground natural gas storage activity, as such term is defined in the Law on Gas Market.

The Parties each agree that, to maximize the shareholders' value, they shall in exercising their rights pursuant to this Clause 7, act in good faith and reasonable manner, taking into account the financial needs of the Company, the Business Plan and the size of their shareholdings in the Company.

7.4 Referral to Supervisory Board

7.4.1. At any time when this Agreement is in force and the Management Board wish to decide on the Annual Budget and the Business Plan, the proposal shall be referred to the Supervisory Board for prior approval. It is agreed that such matter is not a Reserved Matter, and the approval of the Supervisory Board requires only simple majority of the members attending the Supervisory Board meeting that decides on such proposal.

7.5 Executive Directors and Executive Board

7.5.1. Executive Directors, including the Chief Executive Officer, will be appointed by the Management Board and shall be responsible for day-to-day operation of each business and function ("Executive Directors"). The Management Board members shall not be Executive Directors at the same time.

7.5.2. The key selection criteria for the appointment of the Executive Directors shall be the relevant business expertise and knowledge. Their tasks and responsibilities will be regulated and controlled by the Management Board.

7.5.3. Executive Directors shall form an Executive Board. The Executive Board will be headed by the Chief Executive Officer.

7.5.4. The Management Board shall issue the Rules of Procedure of the Executive Board, which in any case can not hurt the fulfilment of the Management Board's obligation with respect to the necessary prior approval of the Supervisory Board in case of Reserved Matters.

7.6. The Parties agree that the Corporate Governance structure above shall be reviewed and re-considered by the Parties with the aim of increasing the effectiveness of the decision making process, including but not limited to the purpose of analyzing the possibility of a single one-tier board structure on or prior to the second anniversary of the Effective date of this Amendment. This review shall not effect the nomination rights agreed hereby.



8. DIVIDEND POLICY

The Parties agree that Clause 8 of the Agreement is deleted as obsolete.

9. UNDERTAKINGS

The Parties agree that Clause 9.5 is deleted as obsolete; other provisions of Clause 9 of the Agreement shall remain in force.

10. CONFIDENTIALITY

The Parties agree that Clause 10 of the Agreement shall be replaced as follows:

- 10.1 Each Party will, and so far as it is able using reasonable efforts, procure that its directors, officers, agents, advisors and Affiliates will, keep confidential any Confidential Information and each Party will not, and so far as it is able using reasonable efforts, procure that its directors, officers, agents and advisors Affiliates will not, disclose such information to third persons.
- 10.2 The provisions of Clause 10.1 do not apply to:
- 10.2.1 information which is or becomes publicly available (otherwise than through a breach of Clause 10.1);
 - 10.2.2 information which is (as can be demonstrated by that Party's written records or other reasonable evidence) developed independently by a Party or its Affiliates;
 - 10.2.3 information which is (as can be demonstrated by that Party's written records or other reasonable evidence) lawfully in the possession of a Party or its Affiliates free of any restriction on disclosure;
 - 10.2.4 the disclosure by a Party of Confidential Information to its directors, employees, agents, professional advisers, accountants and auditors or its Affiliates that have a need to know the Confidential Information, provided that those directors, employees, agents, professional advisers or Affiliates are under an obligation of confidentiality in relation to the Confidential Information similar to and no less onerous than that set out in Clause 10.1.;
 - 10.2.5 if and to the extent required by financing institutions in connection with financing provided or to be provided to the Strategic Investor or any of its Affiliates or by any rating agency covering the Strategic Investor or any of its Affiliates; or
 - 10.2.6 the disclosure of Confidential Information to the extent that it is required to be disclosed by any applicable law, stock exchange regulation, financing agreement, court of competent jurisdiction (including arbitration) or Government Authority provided that, where any such disclosure is required to be made by a Party or one of its Affiliates that Party will inform the other Party and consult with them as to

the extent of such disclosure. Any disclosure made pursuant to this Clause 10.2.6 will be the minimum required by the Person that requires such disclosure.

- 10.3 Without prejudice to any other rights or remedies that a Party may have, the Parties acknowledge and agree that damages may not be an adequate remedy for breach of this Clause 10 and the remedies of injunction, specific performance and other equitable relief (preliminary or final) are appropriate and shall be available to each Party for any threatened or actual breach of any such provision.
- 10.4 The restrictions contained in this Clause 10 shall continue to apply to each Party without limit in time.

11. TRANSFERS OF SHARES

The Parties agree that Clause 11 of the Agreement shall be replaced and superseded as follows:

- 11.1. Save for Permitted Disposals and subject to Clauses 11.2., 11.3., 11.5., 11.6, the Strategic Investor may not until the fifth anniversary of the Effective Date (the "Lock-Up Period") without the prior written consent of the Government:

- (a) directly or indirectly transfer any Shares held by it;
- (b) pledge, mortgage, charge or otherwise encumber any Shares held by it;
- (c) directly or indirectly grant, declare, create or dispose of any right or interest in any Shares held by it (including entering into any consortium agreement or any arrangement in respect of the exercise of the votes in relation to any such Sale Shares).

Failure by the Government to reply within 45 (forty five) calendar days from the receipt of the written request for approval of the Strategic Investor in a form of a Transfer Notice shall be deemed to constitute an approval for the purpose of this Clause 11.1.

11.2 Termination of the Lock-Up Period

11.2.1. In case of occurrence of a Specified Termination Event (A) the Parties shall conduct negotiations in good faith in order to reach mutually acceptable extension for the deadline of such execution. If no Agreement will be made until the sixtieth (60th) day following the second anniversary of the Completion Date the Lock-Up Period terminates.

11.2.2. In case of occurrence of a Specified Termination Event (B) the Lock-Up Period terminates.

11.3. Consequence of Lock-Up Period expiry or early termination

11.3.1. In the event of the expiry of the Lock-Up Period pursuant to Clause 11.1., the Strategic Investor shall be entitled to freely transfer the Shares, however, the



Shares, save for Permitted Disposals, shall be subject to the Right of First Refusal of the Government;

11.3.2. In the event of occurrence of a Specified Termination Event (B), the Strategic Investor shall be entitled to freely transfer the Shares, and the Right of First Refusal shall not apply.

11.4. Permitted Disposals

11.4.1. The Strategic Investor shall be entitled to freely transfer the Shares at any time to any of its Affiliates, provided that the Strategic Investor shall remain liable to the Government for the performance by such Affiliate of any obligations under the Transaction Documents.

11.4.2. The Strategic Investor will not, without the Government's prior written consent, transfer the control over or dispose of any shares in such controlled affiliate, during the Lock-Up Period. The Parties shall enter into such further documents and take such further actions that enable the Government to enforce also vis-à-vis third parties its rights and the Strategic Investor's obligations with respect to the Shares in such Affiliates as well under applicable law.

Failure by the Government to reply within 45 (forty five) calendar days from the receipt of the written request for approval of the Strategic Investor in a form of a Transfer Notice shall be deemed to constitute an approval for the purpose of this Clause 11.4.

11.5. Save for (i) those Shares that are subject to sale pursuant to the Privatisation Law pursuant to Article 4(1), paragraphs 1, 2, 4 and 6 (ii) those Shares that are subject to sale pursuant to the Privatisation Law pursuant to Article 4(2) where such sale is by means of a public offering and (iii) any other Shares that are subject to any public offering, where the Government agrees to sell any or all of its Shares (the "Offer") to a third party (the "Proposed Purchaser") and the Proposed Purchaser (and Persons acting in concert with the proposed Purchaser) will as a result of such purchase hold more than twenty-five per cent plus one (25% + 1) Share in the share capital of INA, the acceptance of such Offer by the Government is conditional upon the terms of Clause 11.5.1. being complied with in all respects and that condition not being waived.

11.5.1. The Government may complete a sale pursuant to the Offer if:

11.5.1.1. it despatches a notice within 30 days of conditionally accepting the Offer notifying the Strategic Investor of the main terms of the Offer and that it has contracted to accept the Offer only as permitted by this paragraph;

11.5.1.2. the Proposed Purchaser has made a binding written offer to the Strategic Investor at the same price per share and on terms that are not worse than those in the Offer and that is kept open for at least 60 days from delivery of the notice sent by the Government to the Strategic Investor; and

11.5.1.3. the period mentioned in sub-clause 11.5.1.2 has elapsed without the Strategic Investor refusing or accepting the Offer made to it or the Strategic Investor has accepted and completed the Offer made to it.

11.6. Right to Repurchase

11.6.1. Government or a party nominated by the Government may repurchase all the Shares held by Strategic Investor at fair value (established by an independent International Reputable Auditor selected by the Government and the costs of which shall be born by Government) within 30 days following a non-recommended change of control at Strategic Investor, meaning that a third party shareholder (or group of shareholders) acquire, directly or indirectly, more than 50% of the total voting rights attached to the outstanding share capital of Strategic Investor and which are exercisable at a general meeting; or is otherwise able to change, or procure the change of, the majority of the members of the Board, provided that such change of control was qualified as non-recommended, hostile takeover by the Board of Directors of Strategic Investor. This right under this Clause 11.6.1 is applicable only to the whole share package held by the Strategic Investor and not to the part of such share package.

11.6.2. Government's right to repurchase shall cease in case of the occurrence of a Specified Termination Event (B).

11.7. Right of First Refusal

11.7.1. Save for Permitted Disposals and transfers made by the Strategic Investor to the Proposed Purchaser in line with Clause 11.5, after the termination or expiration of the Lock-Up Period if the Strategic Investor wishes to transfer Shares, the Government shall have Right of First Refusal with regards to those Shares, except in case of occurrence of Specified Termination Event (B), in such cases the Government shall have no Right of First Refusal.

11.7.2. In the event the Strategic Investor wish to transfer its Shares off-stock exchange to a third party, the Government may purchase the respective shares within 45 days (or in case of public offer in line with applicable regulations) from the written notification of the Strategic Investor at the price and conditions the Strategic Investor has negotiated with the potential buyer. In case of an on stock exchange sale by the Strategic Investor the Government has 10 Business Days from the written notification of the Strategic Investor to purchase the respective shares at market price. In case of off-stock exchange sale when the Government have reasonable doubts about the fairness of such price, the Government has the right to initiate - within 45 days after the receipt of the notification on the targeted transfer - the engagement of an independent International Reputable Auditor selected by the Government to confirm the fair value of the respective shares at the time of such sale, which would extend the period during Government may exercise its right of first refusal, at the price established by the International Reputable Auditor, with additional 30 days, provided that such right to dispute the fairness of the price shall not be granted if the

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Strategic Investor receives a public offer, or a full-cash offer from an unrelated third party.

11.7.3. If the Government does not exercise its right of first refusal, the Strategic Investor shall be entitled to execute the envisaged transaction (at same or more favourable terms and conditions disclosed to the Government) within (i) 60 (sixty) days off stock exchange, and (ii) 30 trading days on stock exchange, provided that at least 1 (one) Business Day prior to each on stock exchange transaction the Strategic Investor shall notify the Government in writing on the timing of the transaction.

11.7.4. In case the Strategic Investor is in material breach of its obligations related to the Government's right of exercising its Right of First Refusal and failed to remedy the same within 30 days following receiving written notice by the Government regarding the breach of the right of first refusal, the Government may terminate its undertakings regarding the royalty provisions as part of the Gas Agreements.

12. DURATION AND TERMINATION

The Parties agree that Clause 13.2. of the Agreement shall be amended and superseded as follows:

This Agreement will automatically terminate upon the date that either Party (together with its Affiliates) ceases to own directly or indirectly at least twenty-five per cent (25%) plus one share of the issued share capital of the Company.

13. MISCELLANEOUS

13.1 The Parties agree that original Schedules 2 (Articles of Association, Rules of Procedure of the Supervisory Board and Rules of Procedure of the Management Board), 3 (Initial Budget) and 4 (Initial Business Plan) of the Agreement are deleted.


13.2 For the avoidance of doubt, the Parties agree that for the purpose of Specified Termination Event (B) the breach of the following clauses of the Agreement (after the incorporation of changes based on this Amendment) shall be deemed material in any case: Clauses 3, 5, 7, 9, 11. of the Agreement. The Parties agree that the failure to comply with the following undertakings under the Gas Master Agreement shall be deemed material breach in any case: Clauses 2.1.3, 2.1.5, 2.2.1., 2.2.2, and 3 of the Gas Master Agreement. The Parties agree that the failure to achieve the amendment of the relevant laws of Croatia (including Amendment of the Mining Law and Amendment of Law on Gas Market as defined in the Gas Master Agreement) or the failure to execute the agreements under Clauses 2.1.3., 2.2.1., 2.2.2., 3.1.1. and 3.2.1. of the Gas Master Agreement until the time stated by the Gas Master Agreement, shall be deemed a Specified Termination Event (B) irrespectively to the Government's responsibility for such failure, unless such non-fulfilment directly and exclusively resulted from the Strategic Investor's breach. The Parties agree the failure of the entity designated by the Government shall be treated as the Government's failure; and that INA's failure to execute the above agreements shall be treated as mutual failure, unless INA's action or omission can be attributed to one Shareholder or its nominated Management Board or

Supervisory Board members. The material provisions of other Transaction Documents shall be defined by the respective Transaction Document.

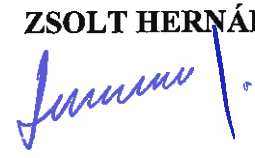
- 13.3 This Amendment shall be binding on all successors and permitted assigns of the Parties and shall enure to the benefit of the respective successors and permitted assigns of the Parties.
- 13.4 If any term, provision, covenant, or condition of this Amendment is determined to be invalid, void, or unenforceable, the rest of this Amendment shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.
- 13.5 This Amendment may be signed in any number of counterparts and by the Parties on separate counterparts, each of which when so executed shall be an original, but all counterparts shall together constitute one and the same document.
- 13.6 This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of Republic of Croatia.

IN WITNESS WHEREOF, the Parties have executed this Addendum in duplicate originals as of the date first above written

SIGNED by Mr. Damir Polančec, Vice-) **DAMIR POLANČEC**
Prime Minister and Minister of Economy,)
Labour and Entrepreneurship for and on)
behalf of the **REPUBLIC OF CROATIA**



SIGNED by Mr. Zsolt Hernádi, Chairman) **ZSOLT HERNÁDI**
and Chief Executive Officer for and on)
behalf of **MOL HUNGARIAN OIL AND**)
GAS PUBLIC LIMITED COMPANY.



SIGNED by Mr. Zoltán Áldott, Executive) **ZOLTÁN ÁLDOTT**
Vice President for Upstream and Member)
of the Executive Board for and on behalf of)
MOL HUNGARIAN OIL AND GAS
PUBLIC LIMITED COMPANY.

