

**PANNONPLAST PLASTICS INDUSTRY
PUBLIC COMPANY LIMITED BY SHARES**

SHARE OPTION PROGRAM

2007–2009

1. Objective

This Share Option Program aims to further reinforce the interest of the members to the Company's Board of Directors and Management in the improvement of the Company's profitability and the enhancement of the shareholder value. This Share Option Program shall come into effect with the related approval by the General Meeting.

2. Definitions

As concerning this Program, the terms and expressions hereunder shall have the following meanings:

- (a) "**Articles of Corporation**" shall mean the effective Articles of Corporation of the Company.
- (b) „**Gt**" shall mean Act IV of 2006 on Business Associations.
- (c) „**Board of Directors**" shall mean the Board of Directors of the Company as established from time to time.
- (d) „**Third person appointed for exercise**" any third person appointed by a Participant for exercising any option
- (e) "**Option**" shall mean the right granted by the Company under this Program to purchase Optioned Shares.
- (f) "**Option Price**" shall mean the unit price of Optioned Shares in accordance with the provisions of Section 8 (a) of this Program.
- (g) "**Optioned Share(s)**" shall mean the treasury shares sold to the Participants or any third person appointed for exercise by the Company on the basis of this Program by means of selling equity shares. In order to avoid doubts, such shares may not be deemed as "employee shares" as defined in Article 191 of Act IV of 2006 on Business Associations.
- (h) "**Option Agreement**" shall mean the option agreement concluded by and among the Company and the Participant or any third person appointed for exercise in conformance with Section 6 upon the opening of the Option; the option agreement shall be concluded as corresponding to the form attached as Appendix 1 herein.
- (i) "**Option Purchase Price**" shall mean the product of the number of Shares exercised and the Option Price upon partially or fully exercising the Option, that is the counter-value of the Optioned Shares purchased by the Participant by means of the option statement.
- (j) "**Program**" shall mean this Share Option Program as launched by the Company.
- (k) "**Participant**" shall mean any person who is entitled to sign an option agreement under this Program.
- (l) "**Share(s)**" shall mean the equity shares issued by the Company from time to time.
- (m) "**Company**" shall mean Pannonplast Plastics Industry Public Company Limited by Shares

(seat: H-1097 Budapest, Könyves Kálmán krt. 5/b.; Company Registration Number: Cg 01-10-041618).

(n) „Tpt” shall mean Act CXX of 2001 on the Capital Market.

3. Function of the General Meeting and the Board of Directors

This Program shall be approved by the Company by means of its resolution adopted with a simple majority. The General Meeting is also entitled to modify and terminate the Program.

This Program shall be executed by the Board of Directors. The Board of Directors is entitled to interpret the Program, as well as to take any measures as being necessary for the enforcement of the Program, especially to prepare and submit any proposal reflecting the requirements of the Program to the General Meeting in relation to the Program, as well as the implementation and execution thereof. The Board of Directors shall take its relevant measures in compliance with the rules of procedure of the Board of Directors, as well as the Company's Articles of Corporation at its meetings or beyond such meetings, in the form of written resolutions.

The Board of Directors shall be responsible for the conclusion of the Option Agreement with the Participants.

Whenever on the basis of the Program, the Board of Directors is entitled or obliged to take any measure, make a decision or formulate an opinion, such measures, decisions and opinions shall belong to the exclusive competence of the Board of Directors.

4. Number of Options to be issued in the framework of the Program

In the framework of the Program, Options may be obtained for a total maximum number of 1,250,000 Shares (also considering the provisions of Section 16 in relation to adjustments), which at the present constitute 5.94% of the Shares issued by the Company.

5. Participants and the extent of Options

On the basis of the Program, any person is entitled to receive an Option who upon the opening of the Option specified in Section 6 is the Company's acting Chief Executive Officer and/or Chairman of the Board of Directors.

Optioned Shares shall be distributed among the Participants of the Program in an equal manner. The Participants of this Program shall be entitled to conclude an option agreement, or appoint any third person for the conclusion of an option agreement.

6. Opening of Options

Options shall be opened on 23 November 2007.

From the total maximum number of 1,250,000 Shares belonging to the Program, the Option may be exercised for a maximum number of 410,000 Shares if on any trading day prior to the date of exercising the stock-exchange closing price of the Shares exceeds the Option Price by at least 15%.

From the total maximum number of 1,250,000 Shares belonging to the Program, the Option may be exercised for a maximum number of 410,000 Shares if on any trading day prior to the date of exercising the stock-exchange closing price of the Shares exceeds the Option Price by at least 30%.

From the total maximum number of 1,250,000 Shares belonging to the Program, the Option may be exercised for a maximum number of 430,000 Shares if on any trading day prior to the date of exercising the stock-exchange closing price of the Shares exceeds the Option Price by at least 45%.

7. Expiration of the Options

Options may be exercised for a maximum of three years in a manner stipulated in the Option Agreement.

8. Content of the Options

Each and every Option granted under this Program shall be determined in the related Option Agreement, whose contents and conditions shall be defined by the Board of Directors in conformance with the conditions of this Program provided that the conditions of each option should comply with the following requirements (the form of the Option Agreement constitutes Appendix 1 of this Program):

(a) Option Price

The Option Price shall be the equivalent of the mean of stock-exchange prices weighted with the turnover of the 180-day period as from the opening of the Option, but a minimum amount of HUF 1,750 per Share.

(b) Option Period

(i) General provisions

The period being open for exercising the individual Options may not exceed three (3) years following the date of the General Meeting approving the Program.

(ii) Termination of labour relation/commission

Except for the cases specified in Section (iii), if the Participant for any reason ceases to be the acting Chief Executive Officer and/or the Chairman of the Board of Directors, including retirement, resignation, ordinary or extraordinary dismissal, the Option granted earlier may be exercised in the term thereof, yet may not be exercised for more Optioned Shares than the number of Optioned Shares for which the Participant has opened Option directly before the termination of the labour relation or commission.

(iii) Absence

The Participant's military or state service, or other permitted absence may not entail the termination of the labour relation or commission with a view to this Program.

(c) Exercising the Options

The Participant or any third person appointed for exercising may exercise the Option granted in conformance with Section 6 in the following manners:

- (i) The Participant or any third person appointed for exercising the Option for the given number of Optioned Shares, and at the same time pays the Option Purchase Price in accordance with Section 11. In this case, the Board of Directors shall grant the Shares for which the Option has been exercised from the Company's treasury Shares. In case no sufficient number of treasury shares should be available, the Participant is entitled to redeem the Option as specified in Section (ii) hereunder.
- (ii) The Participant may request the Company to pay him/her the difference of the market price of the Optioned Shares involved in exercising the Option as an income calculated from the mean stock-exchange prices weighted by the turnover in the 60 days preceding the date of exercising the Option and the Option Purchase Price of such Optioned Shares, as after deducting the related social security contributions and other dues, as well as the personal income tax (if the person exercising the Option is a private person). If upon exercising the Options the Participant has no labour engagement with the Company, or is not in a senior managerial position, exclusively the pecuniary redemption contemplated in this Subsection may be claimed;

If no sufficient number of treasury shares is available for the satisfaction of the Options of all the Participants, then the Options of those Participants shall be satisfied first on the basis of Section (i) who have first announced their intentions to exercise their respective Options. If for the satisfaction of the Options exercised at the very same time no sufficient number of treasury shares are available, then the Options of those Participant shall be satisfied first on the basis of Section (i) whose legal relation ensuring his/her entitlement for the give Option has been established first; if no distinction may be made among the Participants on the basis of the time of the establishment of the associated legal relations, then it is the alphabetic order of the family names of the Participants that shall be decisive.

The Option may be exercised partially or fully within the term of expiration defined in Section 7 above either on one, or several occasions.

9. Transferability

The Option may not be transferred.

10. Labour relation/Commission

No Option granted to a Participant under this Program prejudices the right of the Company and any associated company thereof to terminate the Participant's labour relation or commission in conformance with the relevant Hungarian legal regulations.

11. Payment of the Option Purchase Price

In case the Option is exercised in accordance with Section 8 (c) (i) of this Program, the Participant or any third person appointed for exercise is obliged to pay the Option Purchase Price of the Optioned Shares fully within eight (8) business days following the date when the Participant is fully or partially exercising the Option. Until full payment for the Optioned Shares intended to be obtained in this manner, the Shares may not be transferred, and the Participant or any third person appointed for exercise is not entitled to exercise its shareholding rights arising from such Shares until the transfer of the Optioned Shares to the Participant.

12. Receipt of the Shares

The Optioned Shares obtained and fully paid shall be credited to the securities deposit account designated by the Participant or any third person appointed for exercise in writing within five (5) business days as from the payment of the full Option Purchase Price.

13. Optioned Shares

The Optioned Shares obtained are fully identical to the equity shares issued by the Company.

14. Effective date

This Program shall come into effect on 23 November 2007, and remain in full force and effect until the 23 November 2010. The termination of this Program may not prejudice Options granted earlier, as such Options shall remain in full force and effect until their being exercised in accordance with the respective conditions, or any waiver or expiration thereof.

15. Adjustment of the Option

In the event of the Company's merger, demerger, granting of share dividends by the Company, changes in the face value of the Shares, share exchange or other similar cases, the Company shall effectuate the required adjustments to each and every Option. Without prejudice to the generality of the foregoing, especially the following adjustments shall be made:

- (a) In case such dividends are paid on the Shares that are to be granted in Shares, the number of Shares to be added to the number of Optioned Shares for the given Participant shall be equivalent to the number of Shares to be issued in consideration of the payment of the dividend under the assumption that the Participant had exercised his/her right Option in relation to the individual Optioned Shares. In this case the Option Price of the Optioned Share shall be reduced proportionately.
- (b) In case the Shares are converted into Shares of smaller or larger face value, the number of Shares that may be obtained under the Option shall be identical to the number of Shares that the Participant could have obtained by such conversion assuming that the Participant were the holder of such a number of Shares that the Participant still has not exercised his/her Option for. In this case the Option Price of the Optioned Share shall be reduced or increased proportionately.
- (c) In the case of any other transaction (e.g. share exchange, merger, demerger) whereby the Shares are replaced by new shares or business stakes, or in the event of the Company's dissolution, the Shares to be obtained under the Program shall be replaced by such a number of shares, securities, assets or cash that is equivalent to the number of Shares to be transferred, issued or paid to the Participant assuming that the Participant were the holder

such a number of Shares that is equivalent of the number of Shares the Participant has still not exercised his/her Option for. In case the Company is involved in merger or demerger, the Participant shall be entitled to receive such a number of shares or business stake that is equivalent to the number of such shares or business stakes corresponding to the Option in the merged or each of the demerged successors, respectively.

Any share or securities that are to be added to the Shares under the Option or that are to replace for the Shares shall be adjusted with the same method and in the same contents as the Shares have been originally comprised by the Option.

Towards exercising the Option, no fractional shares may be issued. Consequently, if the Participant were entitled to receive any fractional Share as a result of the adjustment as in accordance with this Section 16, the Participant may obtain such part of the adjusted amount that remains after the deduction of the fractional parts to be ignored.

16. Modification and termination

This Program may be modified and terminated by means of the related resolution of the Company's General Meeting, but the Options granted under the Program may not be modified or restricted without the written approval of the Participant, unless the General Meeting has been authorized thereto in this Program.

17. Governing law and final provisions

This Program and the Options granted accordingly shall be governed by the Hungarian Law.

Upon the approval of this Program by the Company's General Meeting, all and any earlier, Incentive Programs for the Management or other similar schemes shall be replaced by this Program, and concurrently such earlier programs shall be deemed as null and void.

18. This Program was approved by the Company's General Meeting held on 23 November 2007.

Budapest, 23 November 2007

.....
Chairman of the General Meeting

.....
Certifier of the Minutes

.....
Keeper of the Minutes

DATED: _____

(1) _____
(2) **PANNONPLAST PLASTICS INDUSTRY PLC.**

SHARE OPTION AGREEMENT

This **SHARE OPTION AGREEMENT** (hereinafter referred to as the "**Agreement**") was executed in Budapest, on _____2007

BY AND BETWEEN THE FOLLOWING PARTIES:

(1) _____ (hereinafter referred to as the "**Participant**");

(2) **PANNONPLAST PLASTICS INDUSTRY PUBLIC COMPANY LIMITED BY SHARES** (seat: H-1097 Budapest, Könyves Kálmán krt. 5/b.; Company Registration Number: Cg. 01-10-041618) (hereinafter referred to as the "**Company**"); (hereinafter the Company and the Participant shall be jointly referred to as the "**Parties**", or separately as the "**Party**").

ANTECEDENTS

On 23 November 2005, the Company's General Meeting approved the Share Option Program as an incentive scheme for the managers of the Company in order to further reinforce the interest of the Company's Management in the improvement of the Company's profitability and the enhancement of the shareholder value.

Under the Share Option Program, the Company has granted options (call options) to the Participants for a specified number of equity shares in the Company.

In the framework of this Share Option Program, the Participant has been given entitlement for the Option in relation to the following number of Shares (as the term has been defined hereunder), and in connection with the establishment of the Option the Parties hereto

AGREE AS FOLLOWS

1. SHARES

1.1 Definition of Optioned Shares

On the basis of the Share Option Program, the Participant has been given option entitlement for [*number of share options opened*] equity shares with an individual face value of HUF 20, as issued by Pannonplast Plastics Industry Plc. (hereinafter referred to as the "**Optioned Shares**").

1.2 Adjustment of the Option

In the event of the Company's merger, demerger, granting of share dividend by the Company, changes in the face value of the Shares, share exchange or other similar events, the Company shall effectuate the required adjustments to each and every Option. Without prejudice to the generality of the foregoing, especially the following adjustments shall be made:

- (a) In case such dividends are paid on the Shares that are to be granted in Shares, the number of Shares to be added to the number of Optioned Shares for the given Participant shall be equivalent to the number of Shares to be issued in consideration of the payment of the dividend under the assumption that the Participant had exercised his/her right Option in relation to the individual Optioned Shares. In this case the Option Price of the Optioned Share shall be reduced proportionately.

- (b) In case the Shares are converted into Shares of smaller or larger face value, the number of Shares that may be obtained under the Option shall be identical to the number of Shares that the Participant could have obtained by such conversion assuming that the Participant were the holder of such a number of Shares that the Participant still has not exercised his/her Option for. In this case the Option Price of the Optioned Share shall be reduced or increased proportionately.
- (c) In the case of any other transaction (e.g. share exchange, merger, demerger) whereby the Shares are replaced by new shares or business stakes, or in the event of the Company's dissolution, the Shares to be obtained under the Program shall be replaced by such a number of shares, securities, assets or cash that is equivalent to the number of Shares to be transferred, issued or paid to the Participant assuming that the Participant were the holder such a number of Shares that is equivalent of the number of Shares the Participant has still not exercised his/her Option for. In case the Company is involved in merger or demerger, the Participant shall be entitled to receive such a number of shares or business stakes that is equivalent to the number of such shares or business stakes corresponding to the Option in the merged or each of the demerged successors, respectively.

Any share or securities that are to be added to the Shares under the Option or that are to replace for the Shares shall be adjusted with the same method and in the same contents as the Shares have been originally comprised by the Option.

Towards exercising the Option, no fractional shares may be issued. Consequently, if the Participant were entitled to receive any fractional Share as a result of the adjustment in conformance with Section 1.2, the Participant may obtain such part of the adjusted amount that remains after the deduction of the fractional parts to be ignored.

2. THE OPTION

2.1 Scope and term of the Option

By means of this Agreement, the Company shall establish Option (call option) for the Optioned Shares in favour of the Participant for a term of three (3) years as from the effective date of this Agreement (hereinafter referred to as the "**Option**").

2.2 Option Price

The Option Price for each Optioned Share shall be HUF [•], that is [•] Hungarian Forints ("**Option Price**").

2.3 Exercising the Option

The Option may be exercised by the Participant fully or partially, on one or more occasion by way of submitting a written option statement to the Company (hereinafter referred to as the "**Option Statement**").

From the total maximum number of 1,250,000 Shares belonging to the Program, the Option may be exercised for a maximum number of 410,000 Shares if on any trading day prior to the date of exercising the stock-exchange closing price of the Shares exceeds the Option Price by at least 15%.

From the total maximum number of 1,250,000 Shares belonging to the Program, the Option may be exercised for a maximum number of 410,000 Shares if on any trading day prior to the date of exercising the stock-exchange closing price of the Shares exceeds the Option Price by at least 30%.

From the total maximum number of 1,250,000 Shares belonging to the Program, the Option may be exercised for a maximum number of 430,000 Shares if on any trading day prior to the date of exercising the stock-exchange closing price of the Shares exceeds the Option Price by at least 45%.

The Participant or any third person appointed for exercising may exercise the Option:

- (i) The Participant or any third person appointed for drawing exercises the Option for the given number of Optioned Shares, and at the same time pays the Option Purchase Price in accordance with Section 11. In this case, the Board of Directors shall grant the Shares for which the Option has been exercised from the Company's treasury Shares. In case no sufficient number of treasury shares should be available, the Participant is entitled to redeem the Option as specified in Section (ii) hereunder.
- (ii) The Participant may request the Company to pay him/her the difference of the market price of the Optioned Shares involved in exercising the Option as an income calculated from the mean stock-exchange prices weighted by the turnover in the 60 days preceding the date of exercising the Option and the Option Purchase Price of such Optioned Shares, as after deducting the related social security contributions and other dues, as well as the personal income tax (if the person exercising the Option is a private person). If upon exercising the Options the Participant has no labour engagement with the Company, or is not in a senior managerial position, exclusively the pecuniary redemption contemplated in this Subsection may be claimed;

3. FULFILLMENT

3.1 Payment for the Shares

In case the Option is exercised as in accordance with Section 2.3 (i) above, the Participant or any third person appointed for exercising is obliged to pay the Option Purchase Price within eight (8) business days as from the date of exercising the Option.

Until full payment for the Optioned Shares intended to be obtained in this manner, the Optioned Shares may not be transferred, and the Participant or any third person appointed for exercising is not entitled to exercise its shareholding rights arising from such Shares until the transfer of the Optioned Shares to the Participant.

3.2 Receipt of the Shares

The Optioned Shares obtained and fully paid shall be made available at the Company's seat or – in the case of dematerialized shares – they shall be credited at the securities deposit account designated by the Participant in writing within five (5) business days as from the payment of the full Option Purchase Price.

4. TRANSFERABILITY

The Option may not be transferred, but a third legal or natural person may be appointed to exercise the Option.

5. GENERAL PROVISIONS

5.1 Amendment or modification

This Agreement may be amended or modified only with the proper instrument duly executed by the Parties hereto.

5.2 Governing law

This Agreement shall be governed by the Hungarian Law.

5.3 Settlement of disputes

The Parties hereto agree that for any disputed issues arising between them or originating from the engagement set forth in this Agreement shall be judged by the Central Districts Court of Pest or the Metropolitan Court of Budapest as exclusively competent bodies of jurisdiction; the involvement of either of the above bodies of jurisdiction shall depend on the value of the matter disputed or on which of the two courts of justice is to be deemed to have competence in hearing the dispute on the basis of other legal regulations.

Having read and interpreted its contents and legal consequences, the Parties execute this Agreement in full compliance with the facts and their will.

<i>[Name of the Participant]</i>	PANNONPLAST PLASTICS INDUSTRY PLC.
	Name: Title:
	Name: Title:

Appendix: Form of the Option Statement

OPTION STATEMENT

Pannonplast Plastics Industry Plc.
H-1097 Budapest,
Könyves Kálmán krt. 5/b.
Dear Sir/Madam,

The Undersigned [•] (place of residence: [•]; mother's name: [•]; ID card number: [•]) as a Participant and beneficiary of the option hereby represent that in accordance with Section 2.3 of the Option Agreement concluded by and between me and Pannonplast Plastics Industry Plc. dated as of [•] as concerning [•]Pannonplast Plastics Industry Plc. equity shares of HUF [•] face value (hereinafter referred to as "Optioned Shares") I intend to exercise the option rights established in favour of me under Section 2.1 of the Agreement as follows.

[Third person appointed for exercising by me:]

The Option Purchase Price for each Share under the Agreement is [•] Hungarian Forints.

The number of Shares to be exercised with this Option Statement is [•].

[In accordance with Section 2.3 (i) of the Agreement, I hereby exercise my Option in relation to [•] Optioned Shares.

or

In accordance with Section 2.3 (ii) of the Agreement, I hereby request the Company to pay me as an income the difference of the market price of [•] Optioned Shares, that is [•] Hungarian Forints as calculated from the mean stock-exchange prices weighted by the turnover in the 60 days preceding the date of exercising the Option and the Option Purchase Price of such Optioned Shares [*product of the number of Shares and the Option Price*], as after deducting the related social security contributions and other dues, as well as the personal income tax.

Budapest, 200

Sincerely Yours

[•]