



**PANNERGY
PUBLIC COMPANY LIMITED BY SHARES**

SHARE OPTION PROGRAM

2009–2014

set in a unified structure with the amendments approved
by the General Meeting held on 29 April 2011



1. Purpose

This Share Option Program has the objective to reinforce the interests of the members of the Board of Directors and managers of the Company further in the improvement of the Company's profitability and enhancement of the shareholder value. This Share Option Program shall enter effect upon its being accepted by the General Meeting.

2. Terms and definitions

In this Program, the following words and expressions shall have the meaning described hereunder:

- (a) "**Articles of Corporation**" shall mean the Company's effective Articles of Corporation.
- (b) "**Gt**" shall mean Act IV of 2006 on Business Associations.
- (c) "**Board of Directors**" shall mean the Company's board of directors or Board of Directors from time to time.
- (d) "**Third person appointed for draw-down**" shall mean a third person appointed by the Participant to draw the option down
- (e) "**Option**" shall mean the right granted by the Company in this Program for the purchasing of Option Shares.
- (f) "**Option Price**" shall mean the unit price of Option Shares as defined in Section 8.(a) of this Program.
- (g) "**Option Share(s)**" shall mean the equity shares sold by the Company under this Program to Participants or the third person appointed for draw-down through treasury share sales. To avoid any doubt, these shares may not be deemed to be "employee shares" defined in Article 191 of Act IV of 2006 on Business Associations.
- (h) "**Option Contract**" shall mean the option contract concluded by and between the Company and the Participant, or any third person appointed for draw-down upon the opening of the Option, within the meaning of Article 6 herein; the option contract shall be made with the contents provided in the sample contract of Appendix 1.
- (i) "**Option Purchase Price**" shall mean the product of the Shares drawn down and Option Price whenever the Option is exercised in part or full, i.e. the counter-value of the Option Shares purchased by the Participant by way of making the option statement.
- (j) "**Program**" shall mean the Company's Share Option Program.
- (k) "**Participant**" shall mean the person entitled to conclude the option contract on the basis of the Program.



(l) “**Share(s)**” shall mean the equity shares issued by the Company from time to time.

(m) “**Company**” shall mean PannErgy 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 Capital Markets.

3. Role of the General Meeting and Board of Directors

This Program shall be accepted by the Company’s General Meeting by means of its resolution to be adopted with a simple majority vote. The General Meeting shall have the right to modify and terminate the Program.

This Program shall be executed by the Board of Directors. The Board of Directors shall have the right to interpret the Program, and take all the necessary measures required for the execution of the Program, thus in particular prepare and submit its proposals connected with the Program, and needed for the implementation and execution of the same to the General Meeting in line with the requirements of the Program. The Board of Directors shall take such measures in conformance with the rules of procedures of the Board of Directors and the Company’s Articles of Corporation, with or without holding a meeting, in the form of its written resolutions.

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

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

4. Number of Options to be issued under this Program

Within the framework of the Program, Options for altogether and maximally 1,250,000 Shares may be acquired (with respect to the provisions of adjustment set forth in Article 16), which at the present make up 5.94% of the Shares issued by the Company.

5. Participants and the extent of the Option

On the basis of the Program, those persons shall have the right to acquire Options who are the Company’s acting Chief Executive Officer and /or Chairman of the Board of Directors at the time of the opening of the Options described in Article 6.

Among the Participants of the Program, Option Shares shall be divided equally. The Participants of this Program shall have the right to conclude the option contract, or appoint any third person for the conclusion of the option contract.

6. Opening of options



Options shall be opened on 01 May 2009.

From the maximum number of 1,250,000 Shares belonging to the Program, for maximally 410,000 Shares the Options may be exercised if on any trading day preceding the day of draw-down the stock exchange closing rate of the Shares exceeds the Option Price by at least 10%.

From the maximum number of 1,250,000 Shares belonging to the Program, for maximally 410,000 Shares the Options may be exercised if on any trading day preceding the day of draw-down the stock exchange closing rate of the Shares exceeds the Option Price by at least 20%.

From the maximum number of 1,250,000 Shares belonging to the Program, for maximally 430,000 Shares the Options may be exercised if on any trading day preceding the day of draw-down the stock exchange closing rate of Shares exceeds the Option Price by at least 30%.

7. Expiration of the Options

The Options may be exercised for three years at the maximum in the manner described in the Option Contract.

8. Contents of the Options

Each Option provided within the context of this Program shall be included in an Option Contract whose contents and conditions shall be determined by the Board of Directors in conformance with the terms and conditions of this Program, with the additional requirement that the conditions of each Option shall be compliant with the following requirements (the sample Option Contract shall form Appendix 1 to this Program):

(a) Option Price

The Option Price shall correspond to the weighted stock exchange average rate of the 360-day period preceding the opening of the Option, but be minimum 1,000 HUF/ share.

(b) Option Period

(i) General provisions

The period being open for the exercise of the individual Options may not exceed five (5) years following the date of the General Meeting accepting the Program.

(ii) Termination of the labour relation/commission

With the exceptions described in Paragraph (iii), if the Participant ceases to be the acting Chief Executive Officer and/or the Chairman of the Board of Directors for any reason, including retirement, resignation, ordinary or extraordinary cancellation, any Option granted earlier may still



be exercised during the term of the Option, yet the Option may not be exercised for more Option Shares than the number of Option Shares the Participant had open Options directly before the termination of the labour relation or commission of the Participant.

(iii) Absence

Any military or state service of the Participant, or any other permitted absence shall not allow the termination of the labour relation or commission with respect to this Program.

(c) Exercise of the Option

The Participant or person appointed for draw-down may draw down the Option granted within the meaning of the above Article 6 in the following manner:

- (i) the Participant shall exercise the Option for the given number of Option Shares, and at the same time pay the Option Purchase Price as set forth in Article 11 hereunder. In this case, the Board of Directors shall provide the Shares in relation to which the Options are exercised from the Company's own Shares. If no sufficient own Shares are available, the Participant may redeem the Option in conformance with the provision of Paragraph (ii) hereunder.
- (ii) the Participant may request the Company to pay the difference between the market price calculated from the stock exchange average rate of the Option Share concerned in the exercise of the Option as weighted with the turnover of the Share in the 5 days preceding of the exercise of the Option and the Option Purchase Price of the same Option Shares as a personal income (provided that the person exercising the Option is a private person) after the deduction of the social security and other contributions, as well as the personal income tax imposed on such a payment. If at the time of the exercise of the Option the Participant is not engaged by Company in any labour relation or act as the senior officer of the Company, only the cash-based redemption described in this Paragraph may be requested;

If no sufficient own Shares are available for the fulfillment of all the Options of the Participant, first the Options of those Participants shall be fulfilled on the basis of Paragraph (i) above who first communicated the intent to exercise their Options. If no sufficient own Shares are available for the fulfillment of Options exercised at the very same time, then first the Options of that Participant shall be fulfilled on the basis of Paragraph (i) above whose legal relation ensuring the entitlement for the Option was first established; if no difference may be made on the basis of the starting date of the legal relations between two Participants, the alphabetical order of the surnames of the Participants shall decide.

Until the expiration specified in Article 7 above, the Option may be exercised in full or part, on one or several occasions.

9. Transferability

The Option may not be transferred.



10. Labour relation / Commission

The Option provided to any Participant under this Program shall not prejudice the right of the Company and any associated entity that it may cancel the labour relation or commission of the Participant in compliance with the relevant rules of the Hungarian law.

11. Payment of the Option Purchase Price

If the Option is exercised in conformance with Paragraph (c) (i) of Article 8 of this Program, the Option Purchase Price of the Option Shares shall become fully payable by the Participant or person appointed for draw-down within eight (8) business days following the full or partial exercise of the Option. Until the full payment of the Option Shares intended to be acquired, the Shares may not be transferred, nor may the Participant or person appointed for draw-down exercise his/her shareholder rights arising from the same Shares until the actual transfer of the Option Shares.

12. Take-over of Shares

Option Shares acquired and fully paid shall be credited on the securities account specified by the Participant or person appointed for draw-down in writing within five (5) business days following the full payment of the Option Purchase Price.

13. Option Shares

The acquired Option Shares shall be fully identical to the equity shares currently issued by the Company.

14. Effective date

This Program shall enter effect on 01 May 2009, and remain effective until 30 April 2014. The termination of this Program may not affect the Options granted earlier, and thus these Options shall remain effective until their becoming exercised under the relevant terms and conditions, or waived or expired.

15. Adjustment of the Option

In the event of any merger or demerger of the Company, the provision of any dividend share by the Company, change in the face values of Shares, share swap or other similar event, the Company shall make the appropriate adjustments to each of the Options. Without prejudice to the generality of the foregoing, in particular the following adjustments shall be made:

- (a) If in relation to the Shares dividends are paid in the form of Shares, the Option Shares for the given Participant shall be added with as many Shares as the Participant would receive within the context of dividend payment if in relation to the individual Option Shares the Participant had formerly had exercised the Option. In this case, the Option Price of the Option Share shall be decreased proportionately.



- (b) If the Shares are converted into Shares of smaller or larger face values, the number of Shares that may be acquired subsequently under this Option shall correspond to the number of Shares that the Participant would have acquired by way of such conversion if the Participant held as many Shares as the number of Shares the Participant still has not exercised the Option for. In this case, the Option Price of the Option Shares shall be increased or decreased proportionately.
- (c) In the event of any other transaction (e.g. share swap, merger, demerger) where the Shares are replaced by new shares or business stakes, or in the case of the dissolution of the Company, the Shares to be acquired under this Program shall be replaced with as many shares, securities, assets or cash as the number or amount that would have been transferred, issued or paid to the Participant if the Participant were the owner of as many Shares as the number of Shares for which he/she still not has exercised the Option. If the Company is involved in any merger or demerger, the Participant shall have the right to receive shares or business stakes in the merged or demerged legal successor, respectively, in a value corresponding to the given Option.
- Any share or security that should be added to Shares or used for the replacement of Shares on the basis of the Option shall be adjusted in the manner and with the contents as the Option initially contained the Shares.

No fractional shares may be issued upon the exercise of the Option. Consequently if as a result of the adjustment described in this Article 15 the Participant were entitled to have any fractional Share, from the adjusted quantity the Participant may acquire as many Shares as the number of Shares remaining after the deduction of the fractional Shares to be ignored.

16. Modification, termination

By way of the resolution of the General Meeting, the Company is entitled to modify or terminate this Program, but without the Participant's written consent the Options granted under this Program earlier may not be altered or limited unless it has been authorized within the framework of this Program.

17. Governing law and final provisions

This Program and the Options granted herein shall be governed by the Hungarian law.

Upon approval by the Company's General Meeting, this Program shall replace and repeal all the earlier Management Incentive Programs or similar programs connected with Pannergy shares.

18. This Program was approved by the Company's General Meeting held on 29 April 2009.
The conditions of the Program have been modified by the Company's General Meeting held on 29 April 2011.

Budapest, 29 April 2011



.....
Chairman of the General Meeting

.....
Minutes Certifier

.....
Minutes Keeper



Sample

DATE: _____

(1) _____
(2) PANNERGY PLC

SHARE OPTION CONTRACT



This **SHARE OPTION CONTRACT** (“**Contract**”) was signed in Budapest on _____ 2009

BY AND BETWEEN THE PARTIES HEREUNDER:

- (1) _____ (hereinafter referred to as the “**Participant**”);
- (2) **PANNERGY 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**”); (the Company and the Participant shall hereinafter collectively referred to as the “**Parties**”, or individually as the “**Party**”).

ANTECEDENTS

On 29 April 2009, the Company’s General Meeting approved the Share Option Program for the incentivization of the Company’s managers in order to reinforce the interests of the managers of the Company further in the improvement of the Company’s profitability and enhancement of the shareholder value.

On the basis of the Share Option Program, the Company has granted options (purchase rights) to the Participants in relation to the specified number of the Company’s equity shares.

Within the framework of the Share Option Program, the Participant has acquired option rights for the following number of Shares (as it is defined hereunder), and thus for the establishment of the option the Parties

AGREED AS FOLLOWS:

1. **SHARES**

1.1 **Definition of Option Shares**

On the basis of the Share Option Program, the Participant acquired option rights for [*number of share options opened*] equity shares carrying an individual face value of HUF 20 and issued by Pannergy Plc (“**Option Shares**”).

1.2 **Adjustment of the Option**

In the event of any merger or demerger of the Company, the provision of any dividend share by the Company, change in the face values of Shares, share swap or other similar event, the Company shall make the appropriate adjustments to each of the Options. Without prejudice to the generality of the foregoing, in particular the following adjustments shall be made:

- (a) If in relation to the Shares dividends are paid in the form of Shares, the Option Shares for the given Participant shall be added with as many Shares as the Participant would receive within the context of dividend payment if in relation to the individual Option Shares the Participant had formerly had



exercised the Option. In this case, the Option Price of the Option Share shall be decreased proportionately.

- (b) If the Shares are converted into Shares of smaller or larger face values, the number of Shares that may be acquired subsequently under this Option shall correspond to the number of Shares that the Participant would have acquired by way of such conversion if the Participant held as many Shares as the number of Shares the Participant still has not exercised the Option for. In this case, the Option Price of the Option Shares shall be increased or decreased proportionately.
- (c) In the event of any other transaction (e.g. share swap, merger, demerger) where the Shares are replaced by new shares or business stakes, or in the case of the dissolution of the Company, the Shares to be acquired under this Program shall be replaced with as many shares, securities, assets or cash as the number or amount that would have been transferred, issued or paid to the Participant if the Participant were the owner of as many Shares as the number of Shares for which he/she still not has exercised the Option. If the Company is involved in any merger or demerger, the Participant shall have the right to receive shares or business stakes in the merged or demerged legal successor, respectively, in a value corresponding to the given Option.

Any share or security that should be added to the Shares or used for the replacement of Shares on the basis of the Option shall be adjusted in the manner and with the contents as the Option initially contained the Shares.

No fractional shares may be issued upon the exercise of the Option. Consequently if as a result of the adjustment described in this Article 15 the Participant were entitled to have any fractional Share, from the adjusted quantity the Participant may acquire as many Shares as the number of Shares remaining after the deduction of the fractional Shares to be ignored.

2. THE OPTION

2.1 Subject-matter and term of the Option

By way of this Contract, the Company shall establish option (purchase right) for the benefit of the Participant in relation to the Option Shares, for a term of five (5) years following the effective date of this Contract (“**Option**”).

2.2 Option Price

For each of the Option Shares, the option price shall be HUF [•], in words [•] Hungarian Forints (“**Option Price**”).

2.3 Exercise of the Option

The Participant may draw down the Option on one or several occasions, in part or full by way of such a written option statement (“**Option Statement**”) addressed to the Company whose model shall form an Annex to this Contract.



From the maximum number of 1,250,000 Shares belonging to the Program, for maximally 410,000 Shares the Options may be exercised if on any trading day preceding the day of draw-down the stock exchange closing rate of the Shares exceeds the Option Price by at least 10%.

From the maximum number of 1,250,000 Shares belonging to the Program, for maximally 410,000 Shares the Options may be exercised if on any trading day preceding the day of draw-down the stock exchange closing rate of the Shares exceeds the Option Price by at least 20%.

From the maximum number of 1,250,000 Shares belonging to the Program, for maximally 430,000 Shares the Options may be exercised if on any trading day preceding the day of draw-down the stock exchange closing rate of the Shares exceeds the Option Price by at least 30%.

The Participant or person appointed for draw-down may draw down the Option in the following manner:

- (i) the Participant shall exercise the Option for the given number of Option Shares, and at the same time pay the Option Purchase Price as set forth in Article 11 hereunder. In this case, the Board of Directors shall provide the Shares in relation to which the Options are exercised from the Company's own Shares. If no sufficient own Shares are available, the Participant may redeem the Option in conformance with the provision of Paragraph (ii) hereunder.
- (ii) the Participant may request the Company to pay the difference between the market price calculated from the stock exchange average rate of the Option Share concerned in the exercise of the Option as weighted with the turnover of the Share in the 5 days preceding of the exercise of the Option and Option Purchase Price of the same Option Shares as a personal income (provided that the person exercising the Option is a private person) after the deduction of the social security and other contributions, as well as the personal income tax imposed on such a payment. If at the time of the exercise of the Option the Participant is not engaged by the Company in any labour relation or act as the senior officer of the Company, only the cash-based redemption described in this Paragraph may be requested;

3. PERFORMANCE

3.1 Payment of the Shares

If the Participant or person appointed for draw-down exercises the Option in a manner described in Paragraph (i) of Section 2.3 above, the Option Purchase Price shall be paid within eight (8) business days following the exercise of the Option.

Until the full payment of the Option Shares intended to be acquired, the Option Shares may not be transferred, nor may the Participant or person appointed for draw-down exercise his/her shareholder rights arising from the same Shares until the actual transfer of the Option Shares.

3.2 Take-over of Shares



Option Shares acquired and fully paid shall be available for take-over at the seat of the Company, or credited (in the case of dematerialized shares) on the securities account specified by the Participant in writing within five (5) business days following the full payment of the Option Purchase Price.

4. TRANSFERABILITY

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

5. GENERAL PROVISIONS

5.1 Amendment or modification

This Contract may be amended or modified only by way of a deed duly signed by the Parties hereto.

5.2 Governing law

This Contract shall be governed by the Hungarian law.

5.3 Settlement of disputes

The Parties agree that for the judgment of any dispute arising in between them in connection with the legal relation contemplated in this Contract they shall stipulate the exclusive jurisdiction of the Central District Court of Pest or the Metropolitan Court of Budapest as depending on the given competence of these courts in the light of the value at dispute or the provisions of any other associated legal regulation.

In witness whereof, the Parties have caused this Contract to be executed as being in full compliance with the relevant facts and their intents, after reading the Contract, as well as understanding its contents and legal consequences.

<i>[Name of the Participant]</i>	PANNERGY PLC
	Name: Position:
	Name: Position:



Appendix: model Option Statement

OPTION STATEMENT

PannErgy Plc
H-1097 Budapest,
Könyves Kálmán krt. 5/b.

Dear Madam /Sir,

The Undersigned [•] (address: [•]; mother's name: [•]; personal ID card no.: [•]) as the Participant and the beneficiary of the option right, on the basis of Section 2.3 of the Share Option Contract ("Contract") made by and between me and Pannergy Plc on [•] for [•] Pannergy Plc equity shares with an individual face value of [•] ("Option Share") hereby wish to exercise the option (purchase) right established for me in Section 2.1 of the Contract.

[Third person appointed for draw-down by me:]

The Option Purchase Price for each Share as stipulated in the Contract shall be HUF [•].

The number of Shares drawn down with this option statement shall be [•] Shares.

[Therefore, on the basis of Paragraph (i) of Section 2.3 of the Contract, this day I hereby exercise my option right in relation to [•]Option Shares.

or

On the basis of Paragraph (ii) of Section 2.3 of the Contract, I hereby request the Company to pay me the difference between the market price calculated from the stock exchange average rate of the Shares concerned in the exercise of the Option as weighted with the turnover of the Share in the 5 days preceding of the exercise of the Option, i.e. HUF [•], and the option purchase price of the same Option Shares, i.e. $[number\ of\ Shares \times Option\ Price]$, as a personal income after the deduction of the social security and other contributions, as well as the personal income tax imposed on such a payment.

Budapest, 200

Sincerely Yours

[•]

