

Gas Loan

As provided for in HEPURA Resolution No. 1567/2013 (MFGT operational licence) and also in Section 141/G of Act No. XL of 2008 on natural gas supply, MFGT owns 120 million m³ (15 °C)* working gas, for the lending of which – under specified conditions – it has a permit from HEPURA.

Borrower is entitled to borrow the whole or part of the reclassified working gas for its own use, for a gas lending fee, while providing the required collateral (bank guarantee).

During the period specified in the contract, Borrower takes over the gas in the unified storage facility – at a date determined by the Borrower –, and shall return it to MFGT upon the expiry of the loan, but not later than until 30th April 2016. In case of customers with other storage contracts, the energy quantity contracted via the Gas Loan contract shall be managed separately from their existing agreements.

It is a precondition for the transaction that upon notification from the Hungarian Energy and Public Utility Regulatory Authority (HEPURA), the total energy quantity withdrawn/borrowed shall be replaced (injected) immediately, but not later than within 30 calendar days.

If in spite of the HEPURA notification, the Borrower fails to return the natural gas according to the schedule as per contract, MFGT shall be entitled to use the gas injected by the Borrower for securing other storage services and to fulfil the HEPURA requirement therefrom. Such utilization shall not exempt the Borrower from paying the fees related to other storage services.

The Gas Loan shall further be conditional on the certification of the bank guarantee securing the value of the borrowed gas, and also on the payment of fees payable in advance in relation to the transaction.

Neither primary, nor secondary trading of the product is possible.

* As of 01.10.2015, kWh-based (GCV, 0 °C) settlement is required, therefore the energy quantity specified in the auction announcement notice shall be offered

Gas Loan Transaction Fee

shall consist of:

Fee payable by the Borrower

- a. The loan fee (including the working gas capacity fee related to the energy quantity of the natural gas lent) payable by the Borrower upon the delivery of the Natural Gas Lent to the Borrower shall be: HUF + VAT / kWh.

which shall be calculated using the following formula:

The unit price (HUF/kWh) of the loan fee payable by the Borrower when taking over the Natural Gas = $(CEGH * \text{Contract Volume}) * \text{Risk Premium} * \text{Exchange Rate} / \text{Contract Volume} + \text{Product Fee}$

where:

CEGH: The daily "Settlement Price" published on the day MFGT receives the Borrower's request for the conclusion of the Gas Loan contract, in the "CEGH AT VTP Front Month Single Day Select" section for the month following the base month, rounded to 3 decimal digits in EUR/MWh. If on the on the day MFGT receives the Borrower's request for the conclusion of the Gas Loan contract, no daily "Settlement Price" is published in the "CEGH AT VTP Front Month Single Day Select" section for the month following the base month, the last daily "Settlement Price" published in the "CEGH AT VTP Front Month Single Day Select" section for the month following the base month.

<http://www.cegh.at/gas-futures-market>

Contract Volume: Energy quantity in kWh, requested and booked pursuant to the Contract on Establishing the Right of Using Gas Loan

Risk Premium: 48%

Product Fee: 0.618 HUF/kWh

Exchange Rate: MNB HUF/EURO exchange rate applicable on the day of issuing the invoice

- b. In addition to the above fees, with regard to usage, as per the provisions of MFGT's Code of Business Conduct, the fees of services used in relation to the natural gas lent (Daily Peak+, Storage +, etc.) and the Volume fees shall also be payable."

Payment Conditions

The loan fee shall be invoiced by MFGT in one sum to the Borrower. The payment deadline shall be 15 days, or if it is sooner, the day preceding the start of withdrawal by the Borrower. MFGT shall accept nomination for withdrawal only if the loan fee has already been credited to its account until this payment deadline.

Collateral

Method of calculating the extent of the financial collateral (bank guarantee) required by MFGT with regard to the gas lent via the Gas Loan product:

150% of the daily "Settlement Price" published on the day MFGT receives the Borrower's request for the conclusion of the Gas Loan contract, in the "CEGH AT VTP Front Month Single Day Select" section for the month following the base month, multiplied by the energy quantity requested and booked via the contract on Establishing the Right of Using Gas Loan, in MWh. If on the on the day MFGT receives the Borrower's request for the conclusion of the Gas Loan contract, no daily "Settlement Price" is published in the "CEGH AT VTP Front Month Single Day Select" section for the month following the base month, the last daily "Settlement Price" published in the "CEGH AT VTP Front Month Single Day Select" section for the month following the base month shall be the basis of calculating the bank guarantee.

Borrower shall provide the bank guarantee in EURO currency.

The bank guarantee, the beneficiary of which is MFGT, shall be submitted by the Borrower to MFGT upon initiating the use of the Gas Loan, prior to nomination/physical withdrawal.

Duration of Contract

Entry into force shall be conditional on the authentic certification of the bank guarantee securing this legal relationship, and on the prior payment of the gas loan fee.

The contract shall terminate when the natural gas quantity (energy quantity) lent and actually withdrawn is recovered in full, the deadline of which shall be specified jointly by the Parties, but it shall not be later than 30th April, or if recovery is required by HEPURA, the 30th calendar day from notifying MFGT thereof.

Liability

In the event of a delay or failure in the recovery/injection of the borrowed/withdrawn natural gas, any and all damage incurred by MFGT, including public administration fines and any third party damage caused by this contract, shall be borne by the Borrower.