

COUNTERPROPOSAL OF SHAREHOLDER INCLUDING STATEMENT OF BOARD OF DIRECTORS

On 31 May 2016 UNIPETROL, a.s., Company ID no.: 61672190, having its registered seat in Praha 4, Na Pankráci 127, ZIP code 140 00, received a letter from PAULININO LIMITED, having its registered seat at Kyriakou Matsi, 16 EAGLE HOUSE, 8th floor, Agioi Omologites, P.C. 1082, Nicosia, Cyprus, Identification no: HE326908 (“PAULININO”) , shareholder of UNIPETROL, a.s., defined as „Shareholder Counterproposal to item 9 (Decision on distribution of 2015 profits) of agenda of General Meeting, to be held on 21 June 2016 at 11.00 o’clock, in Konferenční centrum CITY, Praha 4 – Nusle, Na Strži 1702/65, 140 00”.

1. Shareholder’s Counterproposal

The counterproposal of PAULININO reads:

„Shareholder of Unipetrol hereby proposes to the General Meeting of Unipetrol approving resolution on distribution of profits and part of the retained earnings for 2015 and distribute a dividend of CZK 15 per one company share before taxation to the shareholders.“

2. Position of Board of Directors

Regarding the counterproposal of PAULININO, the Board of Directors states:

1. The Board of Directors proposal for distribution of UNIPETROL, a.s. 2015 net profit is outlined in the invitation to the Annual General Meeting to be held on 21 June 2016. The Board of Directors justifies its proposal as follows:

The Board of Directors is focusing on long term and stable shareholder value growth in order to ensure a stable dividend pay-out and create the possibility for continuous dividend growth in the future. The Board of Directors believes that the last two years’ positive macroeconomic environment, which fortunately was not fully disrupted by the accident in August 2015, has allowed to return the company to be a regular dividend payer after 8 years of being unable to distribute profits to shareholders at all. The proposed and well balanced dividend amount allows the company to maintain the ability to finance multiple ongoing business development projects, including the largest petrochemical project in the Czech Republic, that being the new polyethylene unit which will undoubtedly contribute to future value growth for shareholders. The Board of Directors’ proposal for profit distribution emphasizes that UNIPETROL, a.s. aims to secure an adequate level of liquidity in the company needed to finance the reinstatement of the Steam Cracker unit in Litvinov after the largest industrial loss in UNIPETROL, a.s. history. Despite a most comprehensive insurance policy in place returning the damaged Steam Cracker unit to operation will adversely affect working capital.

The high level of net cash position at the end of Q1 2016 argued in the counterproposal will be quickly consumed after Steam Cracker unit and Litvinov refinery will be back to its full capacity utilization. The normal level of working capital assuming the current level of crude oil prices will be more than 12 bn. CZK and will require corresponding financial resources to finance these needs.

The Board of Directors has also taken into consideration various financial risks resulting from a volatile and unpredictable macroeconomic environment. Sudden changes in crude oil prices or underlying payment terms may very quickly deteriorate the cash position of the company. The Board of Directors is also aware that the proposal to pay in excess of 3.,6% of average stock value of UNIPETROL, a.s. in 2015, is within the range of other dividend payers in the region and creates an attractive return to its shareholders compared to a low interest rate environment or a return from alternative investments.

2. Due to the above mentioned reasons the Board of Directors took a negative position towards the shareholder counterproposal.

Wording of the shareholder counterproposal including position of the Board of Directors of UNIPETROL, a.s. are available at the Company’s office at Prague 4, Na Pankráci 127, Postal Code: 140 00, in business days (Monday to Friday) from 9 a.m. until 12 a.m. and in accordance with Sections 362 (1) of Act on Business Corporations are published in the Commercial Bulletin (*Obchodní věstník*), on the company website (www.unipetrol.cz) in section “Investor relations” under the reference “General Meeting” and on the internet portal www.patria.cz.