

Zagreb, 28 February 2014

INA INDUSTRIJA NAFTE, d.d.
Av. V. Holjevca 10
10 000 Zagreb, Croatia
Ordinary shares INA-R-A ISIN HRINA0RA0007
Listed on the Zagreb Stock Exchange official market
Announcement in line with Capital Markets Act

Subject: INA-Industrija nafte, d.d. – Announcement

On 27 February 2014 a package of resolutions related to INA's obligation on delivering the gas produced in Croatia under regulated price, put forward by the Ministry of Economy, has been adopted. These resolutions oblige INA to sell the portion of its natural gas production for household supplies to state-owned company HEP as the wholesale market supplier, also introducing distributors' purchase obligation from HEP.

So far INA (through Prirodni plin) was selling gas by 2.200 HRK/m³ for the household segment while now INA shall sell by 1.7058 HRK/m³ for the respective volumes. Parallel, the regulated sales price of HEP towards distributors to household customers will be 2.4032 HRK/m³. According to the new regulation - on a like-for-like basis, taking into account adjustments in cost items - INA will have to transfer, depending on the natural gas quantities, HRK 250-350 mn annually from its own revenues to HEP.

These decisions will have a material negative impact on 2014 and future years' business performance and on funds available for investment projects.

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