

Zagreb, 23 March 2016

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. – decrease of regulated gas price for households**

Further on Government decision on the price of gas adopted today, which obliges INA to sell gas to HEP at the new regulated price from April 1<sup>st</sup> 2016, we would like to point out that the decision of the Government will have an untoward effect on the company's revenues in the estimated amount of HRK 160 million in the next one-year period. This is yet another in a series of unfavorable decisions in recent years which significantly damaged INA's gas business.

We would like to remind you that the price of gas in April 2014 was decreased from HRK 2.20 per m<sup>3</sup> to HRK 1.71 per m<sup>3</sup>, and last year additionally to HRK 1.59 per m<sup>3</sup>.

Despite the negative effects of the previously mentioned decision on INA's income the company remains the most reliable supplier of gas on the Croatian market. The company believes that the liberalization of the market and the competition are the most effective ways to ensure security of supply.

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