

Zagreb, 29 July 2015

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. – Agreement on new retail operating model

Zagreb, 29 June 2015 - An Agreement, which enables the implementation of the new, business sustainable, retail operating model, has been signed today by the representatives of the three leading unions operating in INA (INAŠ - Oil Industries Trade Union, Oil Industry Union - SING, and Autonomous Trade Union of Workers in Energy, Chemistry and Non-Metal Industry of Croatia- EKN), the representatives of the INA Works Council, and the representative of the INA Maloprodajni Servisi d.o.o. (INA MS).

The Agreement provides for all employees at INA's retail locations to be offered a transfer to a new company within the INA Group; with continuity of service, material rights adjusted to labor market conditions, offering salaries still competitive in the retail market and a six-month compensation for the difference in salaries. In order to make the new model viable in business sense, the Agreement stresses the importance of maintaining the level of retail quality service as a key prerequisite for the realization of a new model. The Agreement is agreed with the condition that significant number of employees decides to be transferred to the new company and that retail quality service do not significantly decrease. In parallel with the Agreement, conditions of the Collective Agreement, which would be applied in INA MS, have also been agreed upon.

The signing of the Agreement launched the preparations for the implementation of the new retail model and it is expected that, if all the necessary preconditions are met, INA MS would take over the management of first petrol station in January 2016.

The Agreement does not cover 60 INA petrol stations, which based on the previous decisions of the INA Management Board, have been, or will be, managed by private entrepreneurs within the "Entrepreneurs model".

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