

CENTRAL DEPOSITORY & CLEARING COMPANY Inc.

Heinzlova street 62a, p.p. 409

10002 Zagreb, Hrvatska

Subject: PETROKEMIJA d. d. – reduction of share capital by merging the shares, with payment

Dear Sir or Madam,

Pursuant to Art. 89 and in conjunction with Art. 90 paragraph 2 of the Rules of the Central Depository and Clearing Company d.d., Art. 583. Guidelines of the Central Clearing and Depository Company d.d. (hereinafter: CDCC) and resolution no. Tt-17 / 39155-2 issued on 17 October 2017 by the Commercial Court in Zagreb, which was entered into the court register, we would like to inform you that as on October 30, 2017, CDCC will enter the reduction of the share capital by merging shares, with payment for Petrokemija, d.d., Kutina, OIB 24503685008 (hereinafter: the Company), in its information system.

Namely, at the General Meeting held on October 11, 2017, the Company adopted a decision to reduce the share capital from the amount of HRK 386,135,400.00 by HRK 343,231,470.00 to the amount of HRK 42,903,930.00, by reducing the individual nominal amount of the ordinary share PTKM-RA from HRK 30.00 to the amount of HRK 3.333, at the same time merging ordinary shares by the 3:1 merger ratio, so that 3 (three) ordinary shares of a single nominal amount of HRK 3.333 will be merged into 1 (one) ordinary share, PTKM-RA of HRK 10.00 nominal value.

For shareholders, who after the calculation of their rights do not have the registered number of shares on their securities accounts that is a multiple of 3 (three), the number of shares will be reduced to the first smaller whole number which, divided by 3 (three), gives the whole number of New Shares. The Company undertakes to pay to each such shareholder the difference in the amount of HRK 15.21 for each share, for which the number of shares registered on the securities account has been reduced.

The last trading day of the existing 12,871,180 ordinary shares, ticker PTKM-RA, for which the settlement is done in the CDCC is on October 25, 2017, and the first trading day with a new quantity, i.e. with 4,290,393 ordinary shares PTKM-RA, which is settled in the CDCC, is 26 October 2017.

The Company share capital, after the corporation's share capital reduction by the merger of the shares, with payment, registered in the CDCC information system, will amount to HRK 42,903,930.00 and will be divided into 4,290,393 ordinary shares, ticker PTKM-RA, with HRK 10.00 nominal value each.

Sincerely,

Vladimir Račić, B.Sc. Econ.

DIRECTOR, OPERATIONS DEPARTMENT