

Zagreb, June 10 2011

INA INDUSTRIJA NAFTE, d.d.  
Av. V. Holjevcica 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: Reaction

Večernji list published an article under the title "Moltrade handling INA's USD 3bn for oil", on which Ina made a following reaction:

Until 2010 crude oil supply for INA has been executed by INA Crude Supply Department using financing through INTERINA. In 2010 INA started to introduce a new optimization procedure meaning that apart from the crude quantity and types INA also specified the purchasing price limits.

At present, INA is purchasing crude oil in its own name which means that contracts are concluded between sellers (reputable international oil companies) and INA. All deals are made in strict accordance with INA requirements and are negotiated either by INA, or via MOLTRADE based on Trading Representation Agreement between the two companies.

INA requirements for crude oil has are covered through the term contract, and by spot purchases through INA announced tenders or direct negotiations with sellers in which MOLTRADE represents INA in close cooperation with the latter and provides full market information and support for decision making.

It should be also mentioned that since the legal regulation has changed at the beginning of this year, INA could takeover trade financing for oil purchase previously arranged by INTERINA, what increased operational efficiency.

The synergy that is coming in a straight forward way - when the company is buying larger quantities, it will have more favorable terms and conditions in purchase, thus it is logical that INA jointly cooperates within the MOL Group in order to negotiate better conditions for itself. Due to all those reasons, there was no need for INTERINA to operate any longer since our goal is to rationalize the costs and to bring them closer to industry benchmarks. These changes have been contributing to INA better financial and operational performance and have resulted with approximate savings of more than 10 million kuna.

Hence, as far as INA is concerned, a decision about oil purchase is strictly and fully in the hands of the company. Improving overall operational efficiency remains in the focus of the company, by concentrating on controlling costs, further improving procurement process with an aim of reaching additional savings, although it might hurt some external business interests.

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