

**MANAGEMENT BOARD**  
Av. V. Holjevca 10  
ZAGREB

No: 8-31/14  
Date: 29.04.2014.

Pursuant to the provisions set out in Article 277 of the Companies Act and Article 34 of the Articles of Association of INA – INDUSTRIJA NAFTE, d.d. (hereinafter: "INA d.d." or "Company"), April 29<sup>th</sup>, 2014 the Management Board of the Company rendered decision on convocation of the General Assembly of the Company and hereby invites the shareholders of the Company to the

**GENERAL SHAREHOLDERS' ASSEMBLY of INA – Industrija nafte, d.d.**  
**to be held on June 24, 2014 in Zagreb, Croatia**  
**at the Company headquarters, Zagreb, Avenija V. Holjevca 10**  
**beginning at 12,00 h**

with the following agenda:

- 1. Opening of the General Assembly and establishing the attendance list**
- 2. Consolidated and unconsolidated Financial Statements for the year ended in 2013 together with Independent Auditor's Report, Company and INA Group Status Report for 2013 and Report on the Supervision of the Conduct of Company's Business for 2013**
- 3. Decision on coverage of loss of INA, d.d. in 2013**
- 4. Discharge to the members of the Management Board for business year 2013**
- 5. Discharge to the members of the Supervisory Board for business year 2013**
- 6. Selection of the business auditor for 2014**
- 7. Decision on the amendments to the list of Company's business activities – additional activities**
- 8. Amendments to the Articles of Association of INA, d.d.**
- 9. Approval of the completed Company's Articles of Association and abrogation of the Company's Articles of Association dated June 5, 2013 (completed version)**

INA, d.d.	Banks - Bank	Address - Address	IBAN broj - IBAN Number	Trgovački sud u Zagrebu Commercial Court in Zagreb
Avenija Većeslava Holjevca 10 10 002 Zagreb p.p. 555 Hrvatska - Croatia Telefon - Telephone +385(1)6450000 Faks - Fax + 385(1)6452100	Privredna banka Zagreb d.d. Raiffeisenbank Austria d.d. Zagrebačka banka d.d. Société Générale-Splittska banka d.d. OTP banka Hrvatska d.d. Hrvatska poštanska banka d.d. Sberbank d.d. NATOS UniCredit Bank Austria AG  BNP Paribas (Suisse) SA  ING Bank NV  Credito Agricolo (Suisse) SA	Radnička cesta 50, 10000 Zagreb Petričeva 56, 10000 Zagreb Trg bana Josipa Jelačića 10, 10000 Zagreb R. Bolničkova 16, 21000 Split Demovratnog rata 3, 23000 Zadar Juničkova 4, 10000 Zagreb Varšavska 9, 10000 Zagreb Avenue Pierre Mendès 30, 75013 Paris Schottengasse 8-d, A-1010 Wien  Place de Hollande 2, Case Postale 5080 1211 Geneva 11  PO BOX 1800, 1000 BV Amsterdam  4 quai General - Guesen, CH 1204	HR92 2340 0081 1000 2290 2 HR70 2484 0081 1000 1948 3 HR92 2380 0001 1013 0359 5 HR81 2330 0031 1002 0454 6 HR98 2407 0001 1001 5214 9 HR78 2300 0011 1003 3707 6 HR75 2503 0071 1000 6218 3 FR75 30007 99999 27 021 672 000 59 AT21 1200 0528 4400 3408 (EUR) AT91 1200 0528 4400 3467 (USD) CH95 0898 8001 0887 4000 2 (EUR) CH25 0898 8001 0887 4000 1 (USD) NL98 INGB 0850 7815 38 (EUR) NL23 INGB 0020 0370 90 (USD) CH36 0874 1016 2235 0000 1	MBS: 080000804 Uplaćen temeljni kapital – Paid capital stock 9.000.000.000,00 kn - HRK Broj izdanih dionica / Nominalna vrijednost No. of issued shares / Nominal value 10.000.000 / 900,00 kn - HRK Matični broj – Reg. No. 3586243 OIB – 27759560625 PDV identifikacijski broj / VAT identification number HR27759560625
Predsjednik i članovi Uprave / President and members of the Management Board: Zoltán Ádótt, Niko Dalić, Pál Zoltán Kara, Ivan Krešić, Davor Mayer, Péter Ratatits Predsjednik Nadzornog odbora / President of the Supervisory Board: Siniša Petrović				

## **Proposals of decisions:**

### **Ad 3**

Based on the approved 2013 Financial Statements of INA-Industrija nafte, d.d. Zagreb, the loss of earnings for the year 2013 is established in the amount of HRK 1,633,468,532.57 and it will be covered from:

1. Retained earnings up to the amount of the loss.

### **Ad 4**

Discharge is granted to the members of the Management Board of INA, d.d. for the business year 2013.

### **Ad 5**

Discharge is granted to the members of the Supervisory Board INA, d.d. for the business year 2013.

### **Ad 6**

The audit company **Ernst & Young, d.o.o. Radnička cesta 50, 10 000 Zagreb** is selected as the Auditor of INA, d.d. in 2014.

### **Ad 7**

*The Company's list of business activities, article 4, is to be amended by addition of the following lines:*

- \* Protection and rescue activities
- \* Risk assessment preparation
- \* Protection and rescue planning
- \* Preparation of expert analysis and recommendations for development of protection and rescue system
- \* Preparation of special studies, budgets and projections for protection and rescue
- \* Preparation of operational protection and rescue plans for legal persons
- \* gas trade

*The Company's list of business activities, article 4, is to be amended by the change of name of the following lines due to compliance with current classification:*

- \* "Natural gas storage" is to be replaced by "Gas storage"
- \* "Natural gas distribution" is to be replaced by "Gas distribution"
- \* "Natural gas supply" is to be replaced by "Gas supply"
- \* "Electric power market organization" is to be replaced by "Trade of electric power"

*The Company's article 17 (17.1.3.) is to be amended as follows:*

Taking on new debt (borrowings, taking credits, guarantees, etc) that would result in a Gearing Ratio of over 50% for more than 2 consecutive quarters, or over 60% at any time. For the application of this paragraph the Gearing Ratio shall mean in line with international terms: (net debt/ (net debt + equity)

### **Ad 8**

**Decision on the Amendments to the Articles of Association of INA – INDUSTRIJA NAFTE, d.d.**

**Article 4, item 1 is to be changed and amended as follows:**

## Article 1

- the following lines are to be added:

- \* Protection and rescue activities
- \* Risk assessment preparation
- \* Protection and rescue planning
- \* Preparation of expert analysis and recommendations for development of protection and rescue system
- \* Preparation of special studies, budgets and projections for protection and rescue
- \* Preparation of operational protection and rescue plans for legal persons
- \* gas trade

- the following lines are to be replaced:

- \* "Natural gas storage" is to be replaced by "Gas storage"
- \* "Natural gas distribution" is to be replaced by "Gas distribution"
- \* "Natural gas supply" is to be replaced by "Gas supply"
- \* "Electric power market organization" is to be replaced by "Trade of electric power"

### Article 17 (17.1.3.) is to be changed as follows:

Taking on new debt (borrowings, taking credits, guarantees, etc) that would result in a Gearing Ratio of over 50% for more than 2 consecutive quarters, or over 60% at any time. For the application of this paragraph the Gearing Ratio shall mean in line with international terms: (net debt + equity)

Is to be changed as follows:

Taking on new debt (borrowings, taking credits, guarantees, etc) that would result in a Gearing Ratio of over 50% for more than 2 consecutive quarters, or over 60% at any time. For the application of this paragraph the Gearing Ratio shall mean in line with international terms: (net debt/ (net debt + equity)

## Article 2

Other provisions of the Articles of Association shall remain unaffected.

## Article 3

The decision on the Amendments of the Articles of Association shall come into effect on the date of entry into court registry.

### Ad 9

Approval is given by the General Assembly for the completed Articles of Association as in the enclosed text which is regarded as an integral part of this Decision.

On the day the new Articles of Association come into effect, Articles of Association dated June 5, 2013 (completed version) shall no longer be valid.

### ARGUMENTS FOR AGENDA ITEMS OF THE GENERAL ASSEMBLY MEETING:

*Ad 2: Pursuant to the Article 280 of the Companies Act, INA d.d. shall notify the shareholders that pursuant to Article 300d of the Companies Act, the Management Board and the Supervisory Board established the financial statements of the Company and consolidated annual financial statements of INA Group for the year 2013, but the General Assembly shall not decide on the abovementioned. The financial statements shall be presented to the General Assembly of the Company together with the*

*Annual report of the Management Board on Company and Group status and operations in 2013, and Supervisory Board Report on the conducted control in 2013.  
The General Assembly shall not render any decisions under this item.*

**Ad 3:**

*2013 was a tough year for INA as its key markets (Croatia, Bosnia, Slovenia) continued to be depressed from an economic and demand point of view and situation in Syria did not move in any positive direction. Accounting results last year were heavily impacted by external and special factors. Constantly monitoring situation in Syria we adjusted the value of our Syrian assets taking into consideration the prolonged political and security risks. This adjustment, applied to ensure fair valuation of the Syrian assets, decreased operating results by HRK 1,504 mn, however, had no direct cash effects. Reflecting on the incurred losses and the generally unfavorable outlook on the European refining scene, we impaired our downstream assets by HRK 738 mn. The retrospective taxes related to refinery own consumption and losses levied by the Croatian Tax Authority, additionally burdened the bottom line by HRK 220 mn.*

*All the above factors have led to the established loss of earnings for 2013 which is proposed to be covered from retained earnings from previously periods up to amount of loss of earnings.*

*Ad 4 and 5: Pursuant to Article 280 paragraph 3 of the Companies Act, the Management and Supervisory Board propose to the General Assembly adoption of decision on the Discharge of the members of the Management Board and Supervisory Board for the year 2013. Voting on the discharge that is to be given to individual members of the Management Board i.e. Supervisory Board, may be performed separately if decided so by the General Assembly or upon request of the shareholders whose shares combined form at least one tenth of the capital stock of the Company.*

*Ad 6: Pursuant to Article 280 paragraph 3 of the Companies Act, the Supervisory Board proposes to the General Assembly to adopt decision on election of Ernst & Young, d.o.o. Radnička cesta 50, 10 000 zagreb, for the Business Auditor of INA, d.d. in 2014.*

*Ad 7: Amendments to the Company's list of business activities are proposed in accordance to the Company's business purposes and for the purpose of compliance with current classification*

*Ad 8: Amendments to the Article 4 of the Articles of Association are required in terms of addition to the business activities as referred to in item 7 in accordance to Company's business purposes and for the purpose of compliance with current classification.*

*Ad 9: No particular explanation*

**Invitation and instructions for the Shareholders regarding their participation at the Assembly**

**Invitation, time and venue of the General Assembly**

1. The Company's Shareholders are hereby invited to participate in the procedures of the General Assembly of the Company to be held on June 24<sup>th</sup>, 2014, in Zagreb, Croatia, at the Company's headquarters, Avenija V. Holjevca 10, beginning at 12:00 h.
2. Registration of the participants of the General Assembly will take place on June 24<sup>th</sup>, 2014, at the hall entrance on the mezzanine floor at the Company's headquarters, Av. V. Holjevca 10, Zagreb, from 9:30 to 11:30, after which registration will not be possible. We kindly ask that the Shareholders register on time. After the registration is finished, the shareholders or their proxies who are not listed under participants, but are registered with the Central Depository, have the right to participate at the General Assembly, but they will not be able to use their voting right.

3. At the registration, the shareholders, or their authorized agents or representatives must provide a valid identification card prescribed by the law. As for the authorized agents who are legal persons, a court or other register excerpt in which the legal person is listed must be delivered if it was not delivered during submitting applications for participation at the General Assembly.

### **Participation and voting at the General Assembly**

4. Each shareholder of the Company who has submitted to the Company, either personally or through their proxy or representative, an application for participation in written form at the latest six days prior to the General Assembly meeting, excluding the date of receipt at the Company, i.e. by June 17<sup>th</sup>, 2014, at 24:00 hours, has the right to participate in the General Assembly. A legal or natural person, who is on the last day for application for participation in the General Assembly i.e. June 17<sup>th</sup>, 2014 registered as a shareholder of the Company with the Central Depository and Clearing Company Inc., Zagreb, is considered a shareholder of the Company.
  5. In the event that a Shareholder wishes to appoint an **authorized agent** (proxy) to attend and vote at the General Assembly, the **Registration Form** is to be supplemented with an **Authorization**. At the General Assembly, the Shareholders may be represented by an authorized agent based on valid authorization issued by the Shareholder, i.e. which on behalf of the Shareholder, which is a legal person, is issued by a person authorized to represent it according to the law.
  6. In the **Registration Form** the Shareholders shall state whether they are to attend the Assembly in person or via an authorized agent. In the event that a Shareholder does not wish to attend the Assembly proceedings in person and wishes to assign the right to attendance and vote to an authorized agent, the Shareholder shall include a valid authorization to this effect.
  7. The **Registration Form** can be found on the Company's website ([www.ina.hr](http://www.ina.hr)) and can also be obtained by fax on request to the Company Secretary's Office.
- o **The Registration Form** shall include the following particulars:
- I. Registration for the Shareholder - natural person
    - Name and family name, residence, address, number of account opened with the Clearance and Depository Company and the total number of shares of the shareholder concerned
  - II. Registration for the Shareholder - legal person
    - company name, headquarters and address, personal identification number
    - account number at the Central Clearance and Depository Company and the total number of shares of the shareholder concerned
    - An excerpt from the court register or from other register in which the legal person is entered or a copy of such document, a certified copy or other appropriate public document clearly showing that the application was signed by a person who is under law authorized to represent the legal person concerned shall be attached to the application Company name of the legal person
  - III. Registration submitted by the Shareholders' Authorized agent
    - a) Authorized agent – natural person:
      - name and surname, place of residence, address of the authorized agent
      - List of shareholders representing, and account numbers at the Central Clearance and Depository Company and the total number of shares for all represented shareholders
      - All individual powers of authority on the recommended form shall be attached to the application
    - b) Authorized agent – legal person:
      - company name, headquarters and address, personal identification number
      - List of shareholders representing, and account numbers at the Central Clearance and Depository Company and the total number of shares for all represented shareholder

- Individual powers of authority given by shareholders in written form shall be attached to the application; if a shareholder is a legal person, the attachment shall contain an excerpt from the court register or other register in which the legal person is entered or a copy of such document, a certified copy or other public document clearly showing that the power of authority was signed by a person who is under law authorized to represent the legal person concerned

- o **The Authorization for the registration for participation and/or voting** at the General Assembly shall include the following particulars of the authorizer: Authorizer's name and surname or the company's name, place of residence, address or headquarters, account number at the Central Clearance and Depository Company and the total number of shares, Authorized agent's name and surname or the company's name, place of residence, address or headquarters, authorizer's signature, or legal representative or representative by law, if the authorizer is a legal person, and the text of the authorization (authorization to vote on Shareholder's behalf) stating that the authorized agent is entitled to attend and vote on behalf of the issuer on all items in the Agenda.

Authorization shall be valid only for one general meeting, however, they will be also valid at the repeated general meeting, if any, reconvened due to lack of quorum.

If the authorizer is a legal person, the authorization shall be signed by the authorized representative. If the Registration Form and the Authorization are not prepared in Croatian, a Croatian translation certified by an official court interpreter shall be attached. The Registration Form, either for attendance in person or via an authorized agent, shall be delivered in person or via registered mail 6 days prior to the scheduled date of the Assembly at the latest (by 24 p.m. -- June 17<sup>th</sup>, 2014) to the following address:

**INA - INDUSTRIJA NAFTE, d.d.**  
**Company Secretariat**  
**ZAGREB, Avenija V. Holjevca 10**  
**Fax: +385 1/6452-103; Tel: +385 1/6450-103**  
**"For the General Assembly of INA, d.d."**


8. Voting shall be performed electronically. The voting procedure shall be explained as part of item 1 of the Agenda.  
The share capital is divided into 10 million shares, and each Company's share equals one vote at the General Assembly. The Shareholder may vote in person or via an authorized agent or via shareholders' association.
9. Materials pertaining to the individual items on the Agenda shall be available to all interested Shareholders at the Company's premises, as of the announcement date, at the address stated above, from 10 a.m. to 3 p.m. on working days. The materials shall also be released on the Company's website ([www.ina.hr](http://www.ina.hr)) on the same day.
10. In case of holders of depository receipts (DRs) issued pursuant to a foreign law, Citibank N.A. as the issuer of such DRs, shall be entitled to exercise rights of representation. Holders of DRs will be entitled to exercise their voting rights by a Letter of Authorized agent issued in favour of Citibank as the depository, in accordance with the Articles of Association of the Company, the Deposit Agreement and applicable laws. We request the DR holders to obtain information on the detailed rules of procedure at the customer service of the Citibank. INA shall have no liability for the performance of, or failure to perform, the instructions given to securities account holder.

**Shareholders rights to ask questions, requests amendments to the agenda, counterproposals and the right to information**

11. The shareholders who intend to ask questions or submit proposals regarding individual agenda items at the General Assembly are hereby requested, for the purpose of an efficacious

organization of the work of the General Assembly, to announce their intention in writing when submitting their application for participation in the General Assembly or during the registration of participants at the latest prior to the General Assembly, and to indicate the agenda item to which their question or proposal will refer and the content of their question.

12. If Shareholders, who jointly hold a twentieth part of the share capital of the Company request, after the General Assembly is convened, that an additional item is included in the agenda and published, the new agenda item should be accompanied by an explanation and respective decision proposal. Shareholders shall deliver the requests to add new items to the agenda at least 30 days prior to the day of holding of the General Assembly. This deadline does not include the day that the request is received by the Company. In case the previously stated deadline is not observed, the proposed additional items of the Agenda will not be considered as validly published and no decision on them can be made at the General Assembly.
13. Shareholders have the right to submit counterproposals to the proposals submitted relating to a particular agenda item. Counterproposals, together with the names and surnames of shareholders, explanation and opinion by the Management Board if any, shall be reported to credit or financial institutions and to shareholder associations that voted on behalf of shareholders at the previous General Assembly and made available to shareholders on the web pages of the Company ([www.ina.hr](http://www.ina.hr)), in case a shareholder submits his/her counterproposal to the Company at the Company's address, at least 14 days prior to the day the General Assembly takes place. The date counterproposal is received by the Company is not included in this 14-day deadline, which expires on –June 9<sup>th</sup>, 2014 accordingly. In case the shareholder does not exercise this right, he shall still be entitled to make counterproposals at the General Assembly. The same applies to shareholders proposals regarding the election of the Supervisory Board Members or appointment of the auditor of the Company.
14. In the event of a lack of quorum for the Assembly scheduled for 12:00 h, i.e. jointly, the present or represented shareholders do not make up at least 50% of the total number of votes, the Assembly shall be convened at 2 p.m. on the same day and at the same premises with the same agenda. Such repeatedly convened general meeting shall have a quorum for issues originally put on the agenda irrespective of the number of the shareholders present or represented.
15. The official language of the general meeting is Croatian; the Company will provide simultaneous English-Croatian and Croatian-English translation. This announcement is published in Croatian and in English, whereas the official text of this announcement is in Croatian only.

  
**Zoltán Sándor Áldott**  
**President of the Management Board**  
**of INA, d.d.**

