

Estimations of selected financial and operating data for ORLEN Group for the fourth quarter 2010
Regulatory announcement no 13/2011 dated 26 January 2011

Polski Koncern Naftowy ORLEN Spolka Akcyjna ("Company", "PKN ORLEN S.A.") hereby announces its estimates of selected financial and operating data for ORLEN Group ("PKN ORLEN") for the fourth quarter 2010.

Table 1.

Macroeconomic data	unit	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	change (Q4'10 / Q3'10)	change (Q4'10 / Q4'09)
Average Brent crude oil price	USD/b	74,5	76,4	78,3	76,9	86,5	12%	16%
Average Ural crude oil price	USD/b	74,2	75,3	77,0	75,5	85,2	13%	15%
URAL/Brent differential ¹	USD/b	0,7	1,4	1,8	0,9	1,5	67%	114%
Model refining margin ²	USD/b	2,2	4,0	4,7	3,1	3,3	6%	50%
Model petrochemical margin ³	EUR/t	600	629	721	753	667	-11%	11%
Average PLN/USD ⁴	PLN	2,82	2,88	3,16	3,10	2,92	-6%	4%
Average PLN/EUR ⁴	PLN	4,17	3,99	4,01	4,01	3,97	-1%	-5%
PLN/USD (at the end of period) ⁴	PLN	2,85	2,87	3,39	2,93	2,96	1%	4%
PLN/EUR (at the end of period) ⁴	PLN	4,11	3,86	4,15	3,99	3,96	-1%	-4%

1) Spread Ural Rdam vs fwd Brent Dtd = Med Strip - Ural Rdam (Ural CIF Rotterdam).

2) PKN ORLEN model refining margin = revenues from products sold (93.5% Products = 36% Gasoline + 43% Diesel + 14.5% HHO) - costs (100% input: crude oil and other raw materials). Total input calculated acc. to Brent crude quotations. Spot market quotations.

3) PKN ORLEN model petrochemical margin = revenues from products sold (98% Products = 44% HDPE + 7% LDPE + 35% PP Homo + 12% PP Copo) - costs (100% input = 75% Naphtha + 25% LS VGO). Contract market quotations.

4) According to the National Bank of Poland.

Table 2.

Operating data: Production	unit	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	change (Q4'10 / Q3'10)	change (Q4'10 / Q4'09)
Throughput in ORLEN Group	th t	6 605	6 233	6 901	7 406	7 542	2%	14%
Throughput in Plock	th t	3 498	3 495	3 506	3 664	3 788	3%	8%
Utilisation ratio ⁵	%	98%	101%	101%	100%	100%	0 p.p.	2 p.p.
Fuel yield ⁶	%	69%	59%	68%	65%	63%	-2 p.p.	-6 p.p.
Throughput in Unipetrol	th t	1 087	948	1 082	1 182	1 141	-3%	5%
Utilisation ratio ⁷	%	79%	69%	79%	86%	83%	-3 p.p.	4 p.p.
Fuel yield ⁶	%	65%	62%	64%	66%	62%	-4 p.p.	-3 p.p.
Throughput in ORLEN Lietuva	th t	1 944	1 706	2 257	2 481	2 541	2%	31%
Utilisation ratio ⁸	%	78%	68%	90%	99%	102%	3 p.p.	24 p.p.
Fuel yield ⁶	%	75%	73%	73%	73%	73%	0 p.p.	-2 p.p.

5) For 14.4 mt/y in 2010 and 14.3 mt/y in 2009 in PKN ORLEN quarterly. PKN ORLEN nameplate capacity in 2010 were presented so far as 15.1 mt/y and has been updated in 3q2010.

6) Ratio calculated as: production of gasoline, diesel, light heating oil and JET / volume of crude oil processed.

7) For 5.5 mt/y in Unipetrol: CKA [51% Litvinov (2.8 mt/y) and 51% Kralupy (1.7mt/y)] and 100% Paramo (1.0 mt/y).

8) For 10.0 mt/y in ORLEN Lietuva.

Table 3.

Operating data: Sales in PKN ORLEN Group	unit	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	change (Q4'10 / Q3'10)	change (Q4'10 / Q4'09)
Refining sales	th t	5 471	4 737	5 683	6 075	5 903	-3%	8%
Retail sales ⁹	th t	1 712	1 541	1 785	1 940	1 759	-9%	3%
Petrochemical sales	th t	1 249	1 239	1 077	1 212	1 206	0%	-3%

9) From 1q 2010 sales volumes realised through DOFO petrol stations, displayed previously as wholesale in refining segment, are now allocated to retail segment. Comparable data for 2009 were adjusted. DOFO volumes for 1, 2, 3 and 4 quarter 2009 amounted to (th t): 142, 170, 196 and 188 respectively.

MACRO ENVIRONMENT

The fourth quarter 2010 comparing y/y recorded an improvement of macroeconomic factors:

- ▶ Model refining margin and URAL/Brent differential in total increased by 1,9 USD/bbl (y/y) to the level of 4,8 USD/bbl. Average PLN exchange rate against USD weakened by PLN 0,10 (y/y) to the level of 2,92 PLN/USD,
- ▶ Model petrochemical margin increased by 67 EUR/t (y/y) to the level of 667 EUR/t. Positive influence of margin increase was partially offset by strengthening of average PLN exchange rate against EUR by PLN 0,20 (y/y) to the level of 3,97 PLN/EUR.

Comparing to the third quarter 2010 there was recorded:

- ▶ Increase in model refining margin and URAL/Brent differential in total by 0,8 USD/bbl (q/q) partially offset by strengthening of average PLN exchange rate against USD by PLN 0,18 (q/q) calculated in PLN,
- ▶ Decrease in model petrochemical margin by 86 EUR/t (q/q) with additional strengthening of PLN against EUR by PLN 0,04 (q/q).

OPERATIONAL PARAMETERS

Crude oil throughput in PKN ORLEN in the fourth quarter 2010 increased by 14% (y/y) and 2% (q/q) achieving over 7,5 million tonnes.

- ▶ Plock refinery was operating at the full available capacity and fuel yield decreased by (-) 2 pp (q/q) mainly due to breaks in working time of Hydrogen plant, which in result lowered utilisation of Hydrocracking, HDS and Residue Hydrodesulphurization unit,
- ▶ Lack of crucial shutdowns in ORLEN Lietuva allowed to achieve a record-high level of crude oil throughput maintaining high fuel yield ratio at the level of 73%,
- ▶ Crude oil throughput utilisation of refineries in the Czech Republic increased by 4 pp (y/y). Fuel yield ratio decreased by (-) 4 pp (q/q) due to lower utilisation of Hydrocracker unit in Litvinov.

Taking into account the above mentioned conditions in the fourth quarter 2010 PKN ORLEN recorded:

- ▶ Increase of refining sales by 8% (y/y) achieved mainly on the Lithuanian and Czech market. Technical constraints described above resulted in lower fuels share in total refining products sales,
- ▶ Increase of retail sales by 3% (y/y) achieved mainly on the Polish market while keeping Czech and German sales volumes stable. Unit margins were under pressure of rising fuel prices,
- ▶ Sales volumes increase in olefins, polyolefins and fertilizers while maintaining stable sales volumes in PVC despite breakdown of electrolysis installation in Anwil in June 2010. After taking into consideration lower volumes of other petrochemical products, total sales volumes in petrochemical segment decreased by 3% (y/y).

FINANCIAL PARAMETERS

The Management Board of PKN ORLEN S.A. estimates that in the fourth quarter 2010:

Total positive impact of macro factors including: refining and petrochemical margins, URAL/Brent differential, changes of PLN against foreign currencies and higher sales volumes is estimated at the level of ca. PLN 0,3 bn (y/y).

Operating result in the fourth quarter 2010 will be reduced by ca. PLN (-) 0,3 bn due to one-off effects connected with impairment of assets. Consequently impact of a change in the balance of other operating activities will be negative and will amount ca. PLN (-) 0,2 bn (y/y).

Due to growing crude oil prices, estimated LIFO effect increasing operating result will be higher by ca. PLN 0,3 bn (y/y) and will amount ca. PLN 0,5 bn in the fourth quarter 2010.

As a result estimated operating profit of PKN ORLEN in the fourth quarter 2010 will exceed PLN 0,7 bn.

Negative net effect of debt revaluation in the fourth quarter 2010 is estimated at ca. PLN (-) 50 m and refers mainly to USD denominated debt connected with ORLEN Lietuva investment and foreign units debts that were booked in equity.

Positive result from EUR denominated debt revaluation in amount of ca. PLN 0,1 bn was offset by negative foreign exchange differences realized on debt repayment. Net foreign exchange differences from other trading and investment positions were immaterial in the fourth quarter 2010.

After taking into account interest costs in amount of ca. PLN (-) 0,1 bn negative balance in financial operations in the fourth quarter 2010 will amount to approximately PLN (-) 0,1 bn.

PKN ORLEN OPERATING AND FINANCIAL PARAMETERS FOR 2010:

The Management Board of PKN ORLEN S.A. estimates that:

Crude oil throughput in PKN ORLEN in 2010 exceeded 28 mt and was by 3% higher than in the last year. Increases were achieved mainly in ORLEN Lietuva and Unipetrol, at full capacity in PKN ORLEN S.A.

Total volume sales increased in 2010 by 2% (y/y) and exceeded 34 mt.

Refining and retail sales increased in this period by 1% (y/y) and 5% (y/y) respectively, achieving total level of over 29 mt.

Sales volume of olefins and polyolefins was by 6% higher than in 2009 and achieved in this period almost 1,4 mt.

Fertilizers sales increased in 2010 by 9% (y/y) and achieved almost 1,2 mt.

Reduction of sales volumes was noticed in the area of other petrochemical products and PVC due to breakdown of electrolysis unit in Anwil in June 2010.

Average crude oil price in 2010 increased by almost 20 USD/bbl to the level of 80 USD/bbl.

Estimated LIFO effect, that increases operating result for 2010, amounted to approximately PLN 1,4 bn.

As a result, estimated operating profit of PKN ORLEN in 2010 will exceed PLN 3,0 bn and will be higher by ca. PLN 2,0 bn comparing to result achieved in 2009.

Moreover, we inform that due to standard quarterly procedures concerning IFRS 36 (Impairment of Assets) there are currently carried out analysis of potential reasons to conduct tests for impairment of assets.

Additionally, in accordance with IFRS 10 (Events After the Balance Sheet Date), significant events taking place after the balance sheet date till the date of financial statements approval, in particular risks evaluation, can impact the reported results.

All information published in this report is an estimate and the values may differ from the values which are to be published on 10 February 2011 in PKN ORLEN consolidated financial statement for the fourth quarter of 2010.

This announcement has been prepared pursuant to §5 item 1 p 25 and §31 of the Regulation of the Minister of Finance, dated 19 February 2009, on current and periodic information to be published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not a member state (Journal of Laws No. 33, item 259) and Article 56 section 1 p 1 of the Act on Public Offerings, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies dated 29 July 2005 (Journal of Laws No. 184, item 1539).

Management Board of PKN ORLEN S.A.