

Letter from the President

of the Management Board of PKN ORLEN SA
to Shareholders, Customers and Employees

Ladies and Gentlemen,

I am sure that you will not hesitate in agreeing that 2000 has been the most important year to date in the history of Polski Koncern Naftowy ORLEN Spółka Akcyjna. It was the first full year of PKN ORLEN SA's existence in its current form, following the merger of Petrochemia Płock SA and CPN SA in September 1999. In 2000, once again, PKN ORLEN SA proved to be the largest Polish enterprise in terms of sales. The second stage of PKN ORLEN SA's privatisation, in June 2000, resulted in the majority of the Company's shares being held by private sector investors. The year 2000 also saw the successful launch of the ORLEN brand.

PKN ORLEN SA is one of the largest oil-refining and petrochemical companies in Central Europe. Last year, the Company and the Capital Group reported record-breaking financial results. The consolidated revenues amounted to PLN 26.9bn according to Polish Accounting Standards – PAS (PLN 18.6bn in accordance with International Accounting Standards – IAS). Operating profit together with EBITDA increased to PLN 2.3bn according to PAS (PLN 2.3bn under IAS), which represents an 18% increase over the 1999 *pro forma* figures. Operating profit in 2000 stood at PLN 1.4bn according to PAS (PLN 1.4bn under IAS), while pre-tax profit was PLN 1.1bn according to PAS (PLN 1.3bn under IAS). Net profit totalled PLN 0.8bn according to PAS (PLN 0.9bn under IAS), while EPS, earnings per share, amounted to PLN 1.92 according to PAS (PLN 2.15 under IAS).

Since June 2000, when Nafta Polska SA succeeded in selling close to 110 million PKN ORLEN shares through a public offering the majority of PKN ORLEN SA shares has been held by private sector investors. Despite rather unfavourable market conditions, investors showed immense interest. The conclusion of this second stage of privatisation increased the free float to 72% of the total capital issued, while the outstanding 28% remains in the hands of Nafta Polska SA and the Ministry of State Treasury. PKN ORLEN SA shares are quoted on the Warsaw Stock Exchange, and the Company's depository receipts on the London Stock Exchange, where they are among the most liquid securities in their respective categories, a fact attesting to investor confidence in the continued growth and development of the Company.

The transfer of the Company to private-sector ownership marks the culmination of efforts begun in 1999 to integrate and restructure the two companies that eventually served as the basis for the establishment of PKN ORLEN SA. From the beginning of 2000 PKN ORLEN SA has operated a new, more effective regional structure, which has been further enhanced by an IT network centred on the main site in Płock. These structural changes have already generated significant savings.

The Company can also boast considerable achievements in the implementation of its long-term investment programme. In 2000 alone, we spent over PLN 1.6bn on state-of-the art equipment and technology for the Capital Group. At the main refinery in Płock, modern Reforming VI and Isomerisation C₅ – C₆ installations were constructed for use in the production of engine fuel components, and these were supplemented by Diesel Oil Hydrodesulphurisation VI and Hydrodesulphurisation of the Heavy Vacuum Residue Unit. It is such forward-looking investments that make PKN ORLEN SA one of the most attractive listed companies in Poland in the eyes of leading investment houses.

The Company's modern production infrastructure has enabled us to further increase operational efficiency. A year ago, I stated that between 2000 and 2002 we would be looking to cut costs by PLN 500m in both PKN ORLEN SA and across the PKN ORLEN SA Capital Group as a whole. This undertaking is now in the process of being fulfilled.

In 2000, thanks to our partnership with KBC, a world leader in the optimisation of refinery management, among others, we were able to realise 40% of the PLN 125m projected production savings. In 2001, at the main site in Płock, we plan to cut costs per processed barrel of crude oil by USD 0.40.

Andrzej Modrzejewski
President and CEO

We expect that the most sizeable cost reductions will be made in wholesale operations and logistics, and will amount to about PLN 300m of the mentioned PLN 500m target. We estimate that in 2000, the Company achieved almost 25% of the projected 2000-2002 PLN 300m savings, that is PLN 75m. The main factor allowing for such considerable economies to be made was the extensive reorganisation process undertaken by the Company. We established 12 Regional Organisational Units comprising Regional Wholesale and Logistics Offices, Regional Retail Trade Offices, Regional Financial Offices as well as Regional Investment and Overhaul Offices. An IT network now links these units with the main site in Plock making it possible for operations to be coordinated using the SAP R/3 programme. At the same time we reduced the number of storage and distribution bases to 42, with the remaining 110 to be sold, leased or liquidated.

New investments being launched in wholesale trade and logistics will also lead to improvements in distribution efficiency. In Ostrów Wielkopolski, we began the construction of a Fuel Storage Depot with a storage capacity of 55,000 m³, along with a product pipeline connecting it to the Plock Refinery. The process of adapting the disused salt mine workings at the IKS "Solino" Salt Mine in Inowroclaw for use as underground fuel storage space was continued. Underground fuel storage facilities for mandatory fuel stocks, required by European Union regulations, will now be constructed in this salt mine.

PKN ORLEN SA manages the largest fuel retail network in Poland, comprising 2,077 stations. We have introduced new standards for the retail operations at our service stations, and have followed this up by organising promotional events for customers and initiating a number of retail trade investments. The development of non-fuel sales was taken out of the hands of individual station operators so that the product range could be standardised. As a result we were able to negotiate new, better terms with suppliers and introduce a new system of product management. The net result of all these activities has been increased profits for PKN ORLEN SA.

We believe that a good product generates shareholder value but only when it is sold through an efficient distribution network and by an effective marketing operation. On the basis of this assumption, and after in-depth analysis, we decided to launch ORLEN, a new brand which has quickly established itself as one of the best-recognised brand names among Polish consumers. By introducing the ORLEN brand simultaneously with the June 2000 public offering, we avoided the necessity of running a separate costly campaign to promote the new brand's image among customers, shareholders, partners and employees.

In 2000, we constructed 57 service stations, including two ultra modern pilot stations built to the new ORLEN design standard, and concurrently carried out modernisation work at 117 of the existing retail facilities. It is PKN ORLEN SA's goal to maintain its 40% market share in retail trade while achieving a rate of return on invested capital in excess of the weighted-average cost of capital. In making decisions concerning the construction of new stations, we will be governed by the selection of optimal sites.

With our business customers in mind, we introduced the FLOTA POLSKA programme. FLOTA cards are accepted at over 1,100 PKN ORLEN SA service stations across Poland, which makes the scheme particularly attractive to organisations operating on a national scale.

None of our competitors' sales networks even approaches the potential of the PKN ORLEN SA-managed retail operation. In order to further exploit our extensive retail network, we launched a pilot loyalty-card scheme, branded VITAY, aimed at individual clients, at the end of 2000. The programme proper was rolled out in our stations across Poland on February 14, 2001.

However, I must concede that retail trade was an area in which we experienced certain difficulties in 2000. These were mainly connected with a weakening in the demand for engine fuels resulting from higher prices. This reflected trends seen worldwide, where crude oil and fuel prices reached their highest level for ten years. The Company's position was further complicated by the decision to lift customs duty on imported fuels in Poland three months ahead of the originally planned date. The economic slowdown has also contributed to a general fall in investment and consumer demand. In the face of such difficulties the Company has shown remarkable resilience in responding to new challenges with a great measure of success.

That this success was achieved is in no small way due to the efforts of PKN ORLEN SA employees. It is no exaggeration to state that without their experience, know-how, personal commitment and determination to advance the development of the Company, our success would not have been possible. Every single one of our

employees makes a crucial contribution towards the building of the value of PKN ORLEN and the PKN ORLEN SA Capital Group. Indeed, it is the employees – refinery engineers, tanker truck drivers, logistics, marketing, trade and IT experts, financial specialists, accident prevention teams, those manning production lines, workers and managers – who are the most important asset of PKN ORLEN SA and the PKN ORLEN SA Capital Group. I would like to extend my thanks to each and every one of them.

As a result of the implementation of new investments, PKN ORLEN SA can now boast both a state-of-the-art infrastructure managed by a well-trained workforce, and a range of products which comply with the strictest environmental protection standards. Confirmation of the latter has taken the form of awards and certificates conferred on PKN ORLEN SA, including the prestigious ISO 14001 for the application of procedures compliant with environmental-protection requirements. Furthermore, the Ekodiesel Plus 50 diesel oil, production of which was launched in the fourth quarter of 2000, meets a quality standard which is foreseen to be binding in the European Union by 2005. Our commitment to a modern environmentally-friendly industry was further confirmed at the end of 2000, when PKN ORLEN SA discontinued the production of leaded in favour of a universal, unleaded gasoline.

With respect to the management of the PKN ORLEN Capital Group attention is being concentrated on areas related to refining and petrochemical operations. In this regard, we have already initiated a search for trade investors for the remaining Group companies. Other PKN ORLEN investments – chiefly in telecommunications – are being treated as medium-term financial investments, eventually to be used as a source for financing the Company's core activities.

In the next few years PKN ORLEN SA will seek to build on its status as the largest Company in Poland, and one of the largest enterprises of its kind in Central Europe, to expand its operations both in Poland and abroad. Mindful of the intensified consolidation sweeping through fuel and petrochemical companies in Central Europe, we are determined not to be left behind by our competitors. Indeed, the current situation presents a unique opportunity for a large Polish Company to participate in international consolidation. As well as benefitting PKN ORLEN SA, this would also reinforce Poland's position within the European Union.

As for the third stage of PKN ORLEN SA privatisation, we support the idea of offering 18% of the shares held by Nafta Polska SA to a strategic investor. We would also favour an exchange of shares with a prospective investor as a prelude to a joint capital venture, which might eventually lead to a merger. However, we recognise that the final say in this matter lies with the shareholders.

For the immediate future, PKN ORLEN SA will continue to seek to improve efficiency and cut operating costs. It will also give priority to increasing customer satisfaction, taking into account both the best interests of shareholders and of society as a whole. As has been true until now, PKN ORLEN SA will continue to be a good corporate citizen, while making every effort to create shareholder value.

This annual report is a summary of the achievements of PKN ORLEN SA and PKN ORLEN SA Capital Group in 2000. It also seeks to map out certain aspects of our future strategy.

I would like to thank all readers of the report: shareholders, representatives of capital market institutions, analysts, media representatives, our employees, partners and customers, for their trust, constructive advice and their frequent demonstrations of support for PKN ORLEN SA.

I look forward to continuing our relationship with all of you.


Andrzej Modrzejewski
 President and CEO

PKN ORLEN SA Management Board

Władysław Wawak

Czesław Bugaj

Tadeusz Szczerba

Marek Mroczkowski

Andrzej Modrzejewski

Jarosław Tyc

Krzysztof Cetnar

Wojciech Weiss

Andrzej Drętkiewicz

The Management Board of PKN ORLEN SA comprises nine persons. Since May 19, 1999 the following have held positions on the Management Board:

Andrzej Modrzejewski	President of the Management Board Chief Executive Officer
Marek Mroczkowski	Vice-President of the Management Board Economic and Financial Director
Jarosław Tyc	Vice-President of the Management Board Retail Sales Director ¹
Czesław Bugaj	Member of the Management Board Production Director
Krzysztof Cetnar	Member of the Management Board Planning and Ownership Supervision Director
Andrzej Drętkiewicz	Member of the Management Board Wholesale and Logistics Director
Tadeusz Szczerba	Member of the Management Board Integration Director ²
Władysław Wawak	Member of the Management Board Technology and Development Director
Wojciech Weiss	Member of the Management Board Employee and Restructuring Director ³

¹ From May 19, 1999 until July 30, 2000 – Employee and Restructuring Director.

² From May 19, 1999 until July 30, 2000 – Retail Sales Director.

³ From May 19, 1999 until July 30, 2000 – Integration Director.

PKN ORLEN SA

Supervisory Board

The following is the composition for the fourth term of the Supervisory Board appointed on May 14, 2001:

Andrzej Herman – Chairman of the Supervisory Board

Jerzy Idzik – Vice Chairman of the Supervisory Board

Marcin Giżewski – Secretary

Jarosław Chotodecki

Kalina Grześkowiak-Gracz

Stanisław Kondracikowski

Aleksander Olas

Szczepan Targowski

Marek Wąsowicz

The following served during the third term of the PKN ORLEN SA Supervisory Board ended on May 14, 2001:

Andrzej Bańkowski	Member of the Supervisory Board – since July 1, 1998 Secretary to the Supervisory Board – from November 2, 1999 to January 10, 2001
Sławomir Cieślak	Member of the Supervisory Board – from July 1, 1998 to October 12, 1999
Michał Frąckowiak	Chairman of the Supervisory Board – from September 7, 1999 to October 12, 1999 Member of the Supervisory Board – from October 12, 1999 to January 10, 2001
Marcin Giżewski	Member of the Supervisory Board – since January 10, 2001 Secretary to the Supervisory Board – since February 1, 2001
Kalina Grześkowiak-Gracz	Member of the Supervisory Board – since July 1, 1998
Ludomir Handzel	Member of the Supervisory Board – since November 10, 2000 Vice-Chairman of the Supervisory Board – since November 20, 2000
Andrzej Herman	Member of the Supervisory Board – since May 15, 2000
Jerzy Idzik	Member of the Supervisory Board – since January 10, 2001
Stanisław Jakubowski	Member of the Supervisory Board – from July 27, 1998 to August 9, 1999 Vice-Chairman of the Supervisory Board – since August 9, 1999
Kazimierz Kloc	Member of the Supervisory Board – from December 8, 1998 to September 7, 1999
Marek Łatacz	Chairman of the Supervisory Board – since January 10, 2001
Rafał Mania	Member of the Supervisory Board – since August 9, 1999 Vice-Chairman of the Supervisory Board – from November 2, 1999 to November 10, 2000
Aleksander Olas	Member of the Supervisory Board – since January 10, 2001
Kazimierz Stasiak	Member of the Supervisory Board – since July 1, 1998 Secretary to the Supervisory Board – from July 27, 1998 to August 9, 1999
Szczepan Targowski	Member of the Supervisory Board – since July 1, 1998
Marek Wąsowicz	Member of the Supervisory Board – since April 3, 2000
Adam Wesołowski	Member of the Supervisory Board – from July 1, 1998 to May 15, 2000
Janusz Wójcik	Member of the Supervisory Board – since July 1, 1998 Chairman of the Supervisory Board – from December 8, 1998 to September 7, 1999 Member of the Supervisory Board – from September 7, 1999 to January 10, 2001
Grzegorz Zarębski	Chairman of the Supervisory Board – from October 12, 1999 to January 10, 2001

Key events in 2000

JANUARY

The network of 11 Regional Wholesale and Logistics Offices commences operations.
Motorcycle team representing PKN ORLEN completes the Paris-Dakar-Cairo Rally.

FEBRUARY

Government approval of the plan for the second public offering of 20%-30% of PKN ORLEN SA shares held by Nafta Polska SA.

MARCH

PKN ORLEN SA launches the FLOTA Card programme, aimed at corporate clients with road transport operations.
The Company is awarded the Environment Management System Certificate in compliance with the ISO 14001 standard issued by Bureau Veritas Quality International.

APRIL

The General Shareholders Meeting adopts a new name for the Company: Polski Koncern Naftowy ORLEN Spółka Akcyjna (PKN ORLEN SA), which was entered in the commercial register kept by the District Court in Płock.

JULY

Public offering in which Nafta Polska SA sells 109.25m of PKN ORLEN SA shares, representing 26% of the Company's share capital.
Launch of 11 Regional Retail Trade Offices of PKN ORLEN SA, which along with the Regional Wholesale and Logistics Offices, are incorporated into the Regional Organisational Units.
Resumption of operations at Line 12 of the Polyethylene II installation, damaged in August 1999.

SEPTEMBER

PKN ORLEN SA awarded the Grand Prix for the production of City "Standard 50" Diesel Oil at the Fifth International Fair of the Oil and Gas Industry "Nafta i Gaz 2000".

OCTOBER

A USD 200m loan agreement concluded with a syndicate of foreign and Polish banks, arranged by ABN AMRO Bank N.V.

NOVEMBER

Completion of the development of the network of Regional Organisational Units with the commencement of operations at 14 Regional Financial Offices and six Regional Investment and Overhaul Offices and at other organisational units providing auxiliary services.
Commissioning of new installations for fuel production at the Płock Refinery – the Reforming VI, C₅ - C₆ Isomerisation and Diesel Oil Hydrodesulphurisation VI.

DECEMBER

End of the production of Etylina 94 leaded gasoline.
Conclusion of an agreement between ten chemical companies, the signatories of SPOT (System Pomocy w Transporcie Materiałów Niebezpiecznych – hazardous material transport support system) and the State Fire Department. The chief aim of the agreement is to minimise the effects of any accidents or failures that occur during the transport of chemical products. The national SPOT centre is located at PKN ORLEN.
Conclusion of the first two annual contracts on fuel sales to BP Polska and Statoil Polska.

The Company and its activities

PKN ORLEN SA is the largest Polish producer and distributor of fuels. The Company in its present form was established as a result of the merger of Petrochemia Płock SA, the largest Polish refinery and petrochemicals producer, and CPN SA, a major motor fuel distributor.

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Recent modernisation work has made the Płock Refinery one of the most advanced refineries in the world with production processes that meet internationally recognised environmental-protection criteria.

The Company's key products may be divided into the following groups:

- Liquid fuels;
- Bitumens and binders;
- Lubricant oils;
- Petrochemical products, including polypropylene, polyethylene and products for synthesis.

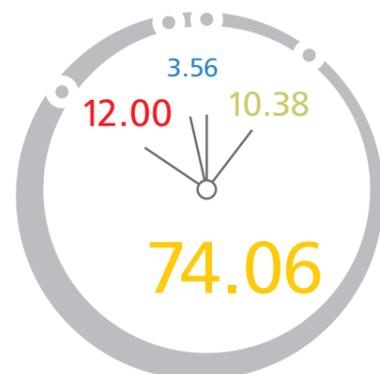
As at the end of 2000, the Company's network of 2,077 service stations was the largest in Poland, with annual fuel sales of 4.6bn litres.

PKN ORLEN SA achieved the sales of 8m tonnes in 2000, and has an approximate over 60% market share of sales on the Polish wholesale gasoline and diesel oil markets.

The investment programme, on which USD 2bn has been spent since it was initiated in 1993, has effectively transformed the Company's technological profile, and has resulted in a production capacity and a continuously evolving sales network which have allowed the Company to maintain its dominant position on the Polish fuel and petrochemical market.

Shareholder structure of PKN ORLEN SA before initial public offering [%]

- State Treasury
- Nafta Polska SA
- Petrochemia Płock SA employees
- CPN SA Employees



Shareholder structure of PKN ORLEN SA after initial public offering [%]

- State Treasury
- Nafta Polska SA
- The Bank of New York (as GDR Depository Bank)
- Other stock market investors



PKN ORLEN SA on the Warsaw and London Stock Exchanges

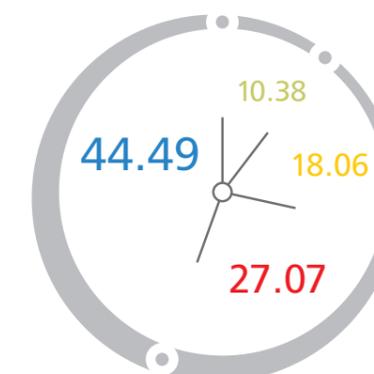
PKN ORLEN SA shares were first quoted on the Warsaw Stock Exchange on November 26, 1999. Initially, 45% of the Company's share capital was publicly traded, including around 15% initially granted to employees in accordance with the Act on the Commercialisation and Privatisation of State-Owned Enterprises. Around 55% percent of the first offering was addressed to foreign investors in the form of Global Depository Receipts (GDR) listed on the London Stock Exchange. The initial public offering generated such interest among investors, that the average buy order reduction in the retail tranche was 93%.

The year 2000 saw the second phase of the Company's privatisation, in which the second public offering of 109.25m PKN ORLEN SA shares were introduced to public trade. Despite unfavourable stock market conditions, this offering also enjoyed great popularity among investors. The average buy order reduction in the domestic retail tranche of approximately 95% was eloquent testimony to the enduring confidence of investors in the future of the Company.

The completion of the second phase of privatisation resulted in significant changes in the shareholding structure. The proportion of shares in the free float increased to 71.56%, with Nafta Polska SA and the State Treasury retaining 18.06% and 10.40%, respectively. The Bank of New York, as the GDR depository, remained an important shareholder with a stake exceeding 27%.

Shareholder structure of PKN ORLEN SA after secondary public offering [%]

- State Treasury
- Nafta Polska SA
- The Bank of New York (as GDR Depository Bank)
- Other stock market investors



millions of years ago

(Jurassic, Triassic, Carboniferous) crude oil is created out of an organic substance accumulated over a million years ago. It was formed out of the biomass of algae and other lower types of living water organisms (plankton), as well as, to a lesser extent, out of higher-developed organisms. Mostly, the basic organic material consists of fats and proteins as well as the remainder of bacteria, participating in the process of transformation of organic matter.

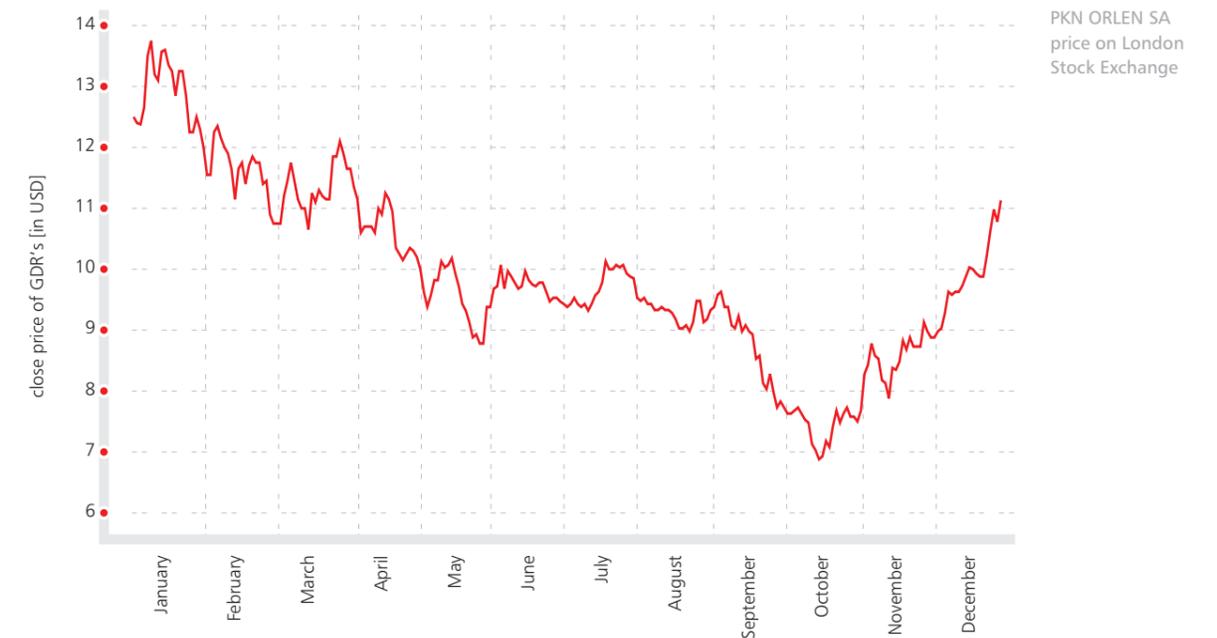
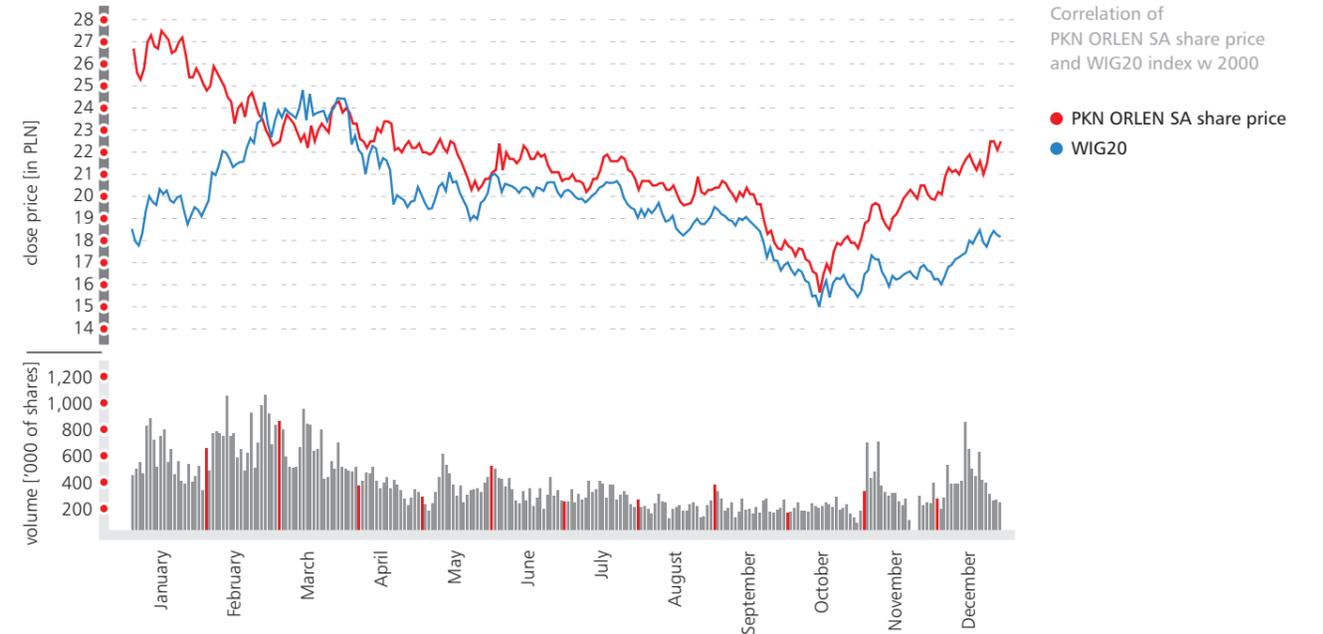
211 BC

The first historic mention of crude oil deposits in Chi-Chin-Linf in China. To this day, natural gas continues to be extracted in this region.

Quotations of PKN ORLEN SA shares on the Warsaw and London Stock Exchanges

The year 2000 was a period in which price falls and low trade volumes produced bear-market conditions on the Warsaw Stock Exchange. Only in the first quarter was there clear growth in share prices, led by strong telecommunication and technology stocks. PKN ORLEN SA shares reached their year-high of PLN 28.40 on January 10, 2000.

GDR quotations on the London Stock Exchange mirrored the share prices quoted on the Warsaw Stock Exchange. Any differences were more often than not caused by exchange-rate fluctuations.



Antiquity

The term "asphalt" refers to a popular product manufactured through the processing of crude oil and used in construction and derives from the Greek word *asfaltes* (strong, stamina). The Romans cite *asphaltum* (boiling pitch) which is where the modern term "bitumen" originates. It was already in use 3,000 years ago the construction of hydro insulation firstly in Samaria-Arcadia and then in Assyria, Persia and Rome.

Middle Ages

"Grecian fire" – a highly flammable mixture of crude oil, sulphur, calcium oxide and other ingredients, which could not be extinguished with water, is developed. It is "shot out" with the aid of a special fire sling or bullets saturated with it, and later thrown out of slinging machines. It was used by such entities as the Byzantine army. It was with the aid of the Grecian fire that the Arab fleet attacking Constantinople was burned in 673.

16th – 19th Century

Mineral oil self-issuing on the surface of the earth in the regions of crude oil deposits is used for hundreds of years by local inhabitants as a natural lubricant (i.e. for wagon axle) and as a conserving agent (iron tools, weapons).

Refining activity

The modern crude processing installations at the Płock Refinery turn out products which exceed all Polish quality standards, and the majority of standards applied in EU countries.

The PKN ORLEN SA Capital Group accounts for 72% of refining capacity in Poland.

In 2000, the Company processed 12,537,000 tonnes of crude oil in Plock, 4.5% more than in the previous year (12,002,000 tonnes). About 85% of the processed crude oil was imported from Russia, while 15% was low-sulphur crude oil from the North Sea.

Although Russian crude oil has a higher sulphur content, the modern crude processing installations at the Plock Refinery turn out products which exceed all Polish quality standards, and the majority of standards applied in EU countries.

In 2000, the Company produced over 3,182,000 tonnes of motor gasoline, 7.3% more than in 1999. A key event affecting gasoline production was the decision taken in the fourth quarter of 2000 to discontinue the production of leaded gasoline, and replace it with universal unleaded gasoline. As a result, the share of unleaded gasoline in the total production of motor gasoline in 2000 increased to 89.5%.

This shifting of the balance of gasoline production in favour of unleaded gasoline has in great measure been made possible by the perfecting of the technological aspects of processing and by the launch of the cutting-edge Reforming VI Installation and the C₅-C₆ Isomerisation Unit.

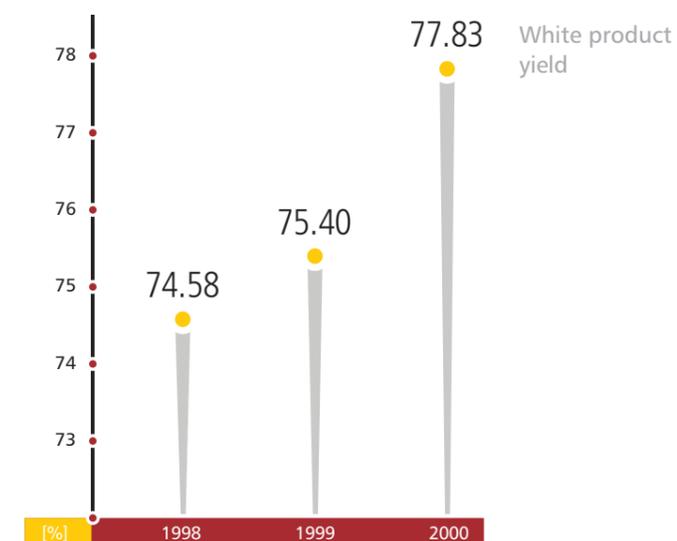
Another important advance is the quality improvements achieved in the production of diesel oils. A key development here was the launch of Ekodiesel Plus 50 production. This oil's sulphur content of 50 ppm (0.005%) conforms to a standard which will not be mandatory in EU countries until 2005.

The production of diesel with such a low sulphur content was achieved thanks to the installation of Diesel Oil Hydrodesulphurisation VI. In 2000, the Company produced almost 210,000 tonnes of 50 ppm diesel oils, which accounted for about 7% of total PKN ORLEN SA diesel production.

Production volume by category

	1999 ('000 of tonnes)	2000 ('000 of tonnes)	Change 2000–1999
Crude oil processing	12,001.585	12,536.620	4.5%
Motor gasoline*	2,966.215	3,182.087	7.3%
Diesel oils	3,287.135	3,147.288	-4.3%
EKOTERM light heating oil	1,039.029	1,525.906	46.9%
LPG		220.613	252,230
14.3%			
JET A-1 fuel	216.698	261.215	20.5%
Heavy heating oil "3"	1,667.355	1,179.968	-29.2%
Lubricant oils	124.813	158.674	27.1%
Bitumen and binders	445.679	507.540	13.9%

* Excluding FCC naphta



The basic yardstick used to estimate the general standing, technological advancement, and capacity utilisation of individual installations is the white product yield (LPG, gasoline, diesel) from the processed crude oil. Judged by this measure, processing capacity demonstrated an upward trend in recent years.

17th – 19th Century

The concept of an internal combustion engine is invented in 1678 by a physician named Christiaan Huygens. However the first internal combustion piston engine is not patented until 1860 by Étienne Lenoir (a two-stroke gas engine, with spark ignition).

19th Century

Azerbaijan means the land of fire (azar, in Persian, means fire). In its Zoroastrian temples, flames are fed with oil derived from nearby sources. On an industrial scale, crude oil begins to be extracted in Azerbaijan at the beginning of the 19th century, when the Russians take possession of the western shore of the Caspian Sea.

second half of 19th Century

Over half of the world's crude is produced in Baku, then part of Russia. From 1872, crude oil production quickly increases and in 1889 surpasses the US output. However, as a result of an irrational extraction policy, in a short period of time the crude oil pools around Baku are damaged while the shallow pools are pumped out – those which lie deeper are inaccessible. By 1908, Baku ceases to be counted on the international crude oil market.

Petrochemical activity

The restoration of full production capacity, together with favourable market conditions, allowed the Company to achieve far better production results than those recorded in preceding years.

The main achievement in this area was the increase in the production volume of high quality petrochemicals. In addition, the integration of petrochemical and refining production has allowed production capacity to be optimised and overall petrochemical production and sales to be boosted to meet growing market demand. As far as the production of ethylene is concerned, the Company recorded its best-ever result of

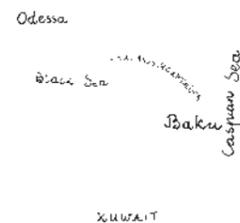
362,000 tonnes in 2000, a considerable increase on the 296,000 tonnes produced in 1999. The middle of the year saw the reactivation of Line 12 of the Polyethylene II installation, which had been put out of action in August 1999. The restoration of full production capacity, together with favourable market conditions, allowed the Company to achieve far better results than those recorded in preceding years.

Growth of petrochemicals production

	1999 ('000 of tonnes)	2000 ('000 of tonnes)	Change 2000-1999
Ethylene	296.0	362.0	22.3%
Propylene	216.0	249.0	15.3%
Polyethylene	112.4	129.4	15.1%
Polypropylene	122.7	124.5	1.5%
Ethylen oxide	12.6	14.8	17.5%
Glycols and coolants	94.2	124.2	31.8%
Butadiene	37.3	45.9	22.9%
Phenol	48.6	52.8	9.0%
Solvents	41.2	51.1	24.0%

second half of 19th Century

The construction of the Baku – Supsa (Georgian Port) pipeline, first ever crude oil pipeline on a grand scale. Its capacity after renovation will be 80,000 barrels of crude per day; total cost of this renovation over USD 350m.



Profit Improvement Programme

In 2000, the Company worked together with KBC to implement the Profit Improvement Programme (PIP), which had been approved at the end of 1999. The aim of PIP is to enable PKN ORLEN SA to save USD 0.40 per barrel of processed crude oil by the end of 2001. We defined the principal areas of the Programme, and began its implementation. As a result of these efforts, the Programme started to show its first tangible results in May and June.

By the end of 2000, the Programme had already generated USD 13m worth of savings, which constitute almost 40% of the planned target. These economies were made possible in particular by efforts to achieve the 100 potential improvements in the production and management of energy, identified with the assistance of KBC. By the end of the year, the savings as expressed per barrel of processed crude oil had achieved a level of USD 0.25.

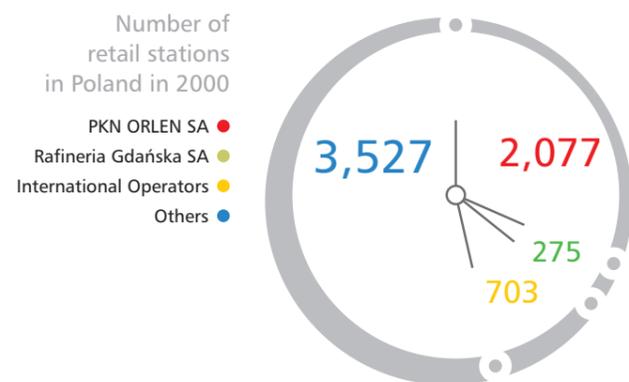
The implementation of the Programme has received the full support and participation of the management team and Company engineers.

1852

Ignacy Lukasiewicz, the Polish scientist, through the process of distillation, develops petroleum. Lukasiewicz also takes steps to interest the world in his invention. He sends out his samples to many cities in Europe including Vienna and Paris, without, however, the hoped-for results.

Retail sales network

At the end of 2000, PKN ORLEN SA operated a network of 2,077 service stations in Poland, of which 631 were franchise service stations. The Company network represented 31% of the total number of service stations nationwide. The PKN ORLEN SA service stations network is the largest in Poland and among the largest in Central and Eastern Europe.



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In 2000, PKN ORLEN SA sold 4.6bn litres of fuels through its network of service stations. The Company's minimum objective for the following years will be to maintain its present share of the retail fuel market (about 40%). Looking further ahead, in the period until 2005 PKN ORLEN SA plans to invest over PLN 2.7bn in its retail operations. The year 2000 saw the modernisation of 117 network stations and the construction of a further 57, all but six of which were located on existing sites. The new projects included two pilot stations bearing the Company's new colours and ORLEN logo. More such stations are scheduled for construction in 2001. As a result of the decision to discontinue production of leaded gasoline in December 2000, the distribution and sales of this type of fuel were also brought to an end. Instead, the Company is now offering its customers the U 95 universal gasoline which has successfully replaced E 94. In order to further enhance the product range, in September 2000 we launched sales of two new, improved types of diesel: Standard 50 and Ekodiesel Plus 50.

Throughout 2000, PKN ORLEN SA carried out long and short-term marketing activities. In March, the Company launched the FLOTA POLSKA fuel card programme, aimed at business customers operating fleets of vehicles. The programme allows for the non-cash purchase of fuel and certain other selected products, as well as services offered at our stations, by means of cards issued for a specific vehicle registration number or in a customer's name. At the end of the first quarter of 2001, FLOTA cards were being accepted at over 1,100 service stations in the retail network.

We also continued with our efforts to implement a loyalty card system for individual customers through the development of the VITAY programme which is designed to reward motorists who make regular purchases at PKN ORLEN SA service stations, and so encourage customer loyalty. Under the VITAY programme, customers collect points, which may be then exchanged for gifts or fuel. Since the launch of the programme on February 14, 2001, the number of programme participants has been growing at a dynamic pace.

All our loyalty cards have built-in microchips, which enable more data to be stored and processed than through the application of standard magnetic strips. In addition, the new cards enhance the security of non-cash transactions. Both the FLOTA POLSKA and VITAY programmes have been developed in such a manner that they can be used at PKN ORLEN SA service stations all over Poland.

July 31, 1853

Ignacy Łukasiewicz, along with Adam Bratkowski, constructs a prototype of an oil lamp. The first trials do not give fully satisfactory effects (the light strength generated by it does not surpass the one of 10 to 15 candles). Subsequently though improved lamps manage to light a hospital in Lvov for the first time – on July 31, 1853, they were used for the first time during a night-time surgery.

1854

Ignacy Łukasiewicz establishes the first oil mine in the world in Bóbrka near Krosno (Poland), launching the industry of extraction and utilisation of this raw material. Fifty tonnes of crude oil was extracted there (by hand) every month.

1859

First oil shaft is constructed in Texas by an American named Edwin Drake. The shaft is 30m deep. There is a rapid expansion and development of crude oil production in the world, which doubles roughly every ten years.

Wholesale and logistics

Last year, in order to consolidate our dominant position in the wholesale trade of all types of fuels, we established a new network of storage depots throughout the country.

Wholesale trade and logistics

The main elements of the PKN ORLEN SA fuel logistics system are:

- System of PERN "Przyjaźń" SA product pipelines linked to storage-distribution depots at pipeline terminals belonging to Naftobazy Sp. z o.o., and at the Company's own storage depot in Mościska;
- Company's own railway shipment unit which services the transfer of fuel and its transport by rail;
- Company's own fuel transfer terminal for tanker trucks;
- Company's own, and jointly managed, storage depots located on the territory of local fuel markets.

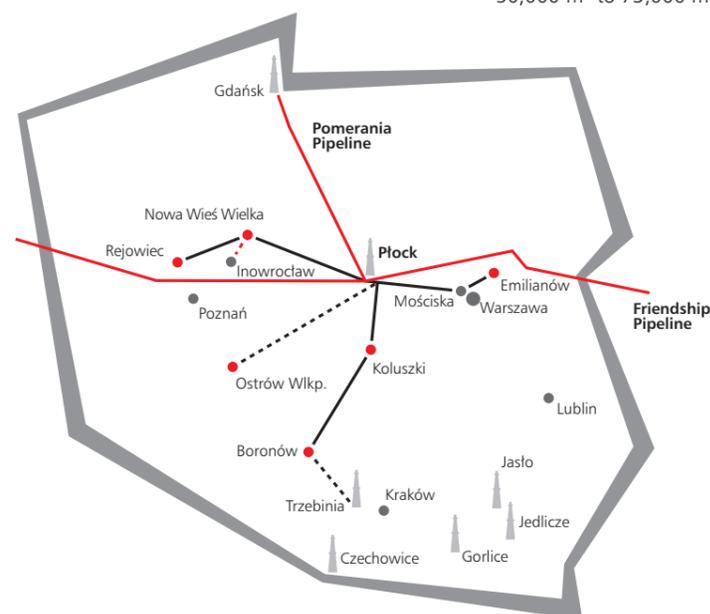
Last year, in order to consolidate our dominant position in the wholesale trade of all types of fuels, we established a new network of storage depots throughout the country.

The construction of a storage depot located in Ostrów Wielkopolski and beginning of the construction of a 212 km product pipeline linking the depot with the site in Płock were the most important logistics investments of 2000. The depot, with a capacity of 55,000 m³, is expected to open for operations in 2001, whereas the pipeline should be brought into use in 2002.

In addition, work was carried out to increase the capacity of the fuel storage tanks at PKN ORLEN SA's Trzebinia Refinery. Once this work has been completed in 2001, the capacity will have expanded from 50,000 m³ to 73,000 m³.

The network of product and feedstock pipelines in Poland

crude pipelines
product pipelines
pipelines planned
or under construction
refineries



Last year, we pressed ahead with the adaptation of salt cavities at the Solino salt mine in Inowrocław. In 2001, the aim is to create a system of underground fuel and oil tank farms with an oil storage capacity of 1,200,000 m³ and a fuel storage capacity of almost 400,000 m³. Eventually it is intended that the mine will house a storage capacity of up to 5,000,000 m³. In accordance with the provisions of the Act on State Reserves and Mandatory Fuel Reserves and the Ordinance of the Polish Minister of Economy, of September 29, 1997, PKN ORLEN SA is obliged to accumulate and maintain mandatory reserves and to increase the level of stored fuels to an amount equivalent to a 90-day production output volume. The storage capacity investment outlined above will allow the Company to meet the requirements of these regulations.

The overhaul of the logistics structure has enabled us to improve operational efficiency. From among the 152 storage and distribution depots acquired with the CPN SA fixed assets, we have selected 42 units which now form the basis of the logistics structure.

Of these depots, 21 are used by the Company in its trading activities, while the rest either serve the reloading, storing of the mandatory reserves, or are leased by OrlenTransport, CPN Serwis, employees' companies and other organisations. Other Plants, which qualify as belonging to what are known as separate assets, are leased or are being held for sale or liquidation. In all, 83 of the storage and distribution depots have been leased, and in each case PKN ORLEN SA has obtained guarantees that no competitive activities will be conducted at the leased facility. Four of the remaining storage and distribution depots were sold, and one was transferred free of charge. The leased depots serve as platforms for companies (including 54 employee companies) engaged in satisfying local market demand by selling Company products. The above actions have contributed to a reduction in costs, have allowed PKN ORLEN SA to cut its workforce and have enabled the Company to release a part of the provisions earmarked for environmental protection.

1861

For the first time oil is transported by sea. The two-masted Elizabeth Watts transports a couple of barrels of crude across the Atlantic Ocean from America to England.

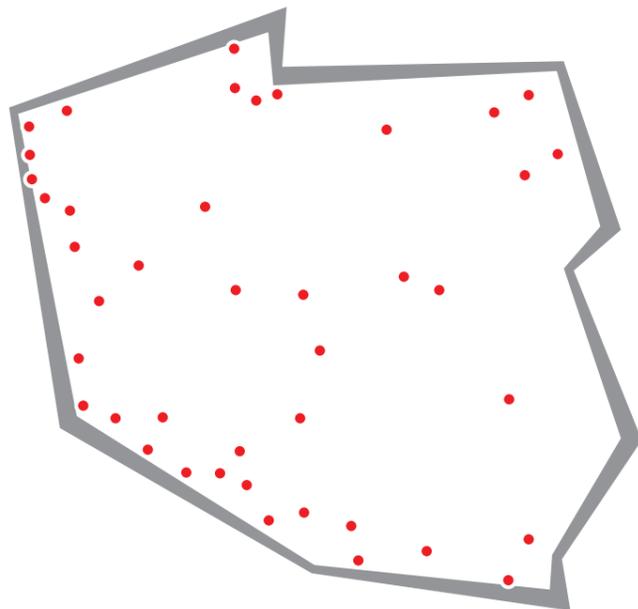
1877

First patent on a four-piston gas engine. It is attained by N.A. Otto, but is soon lost when it turns out that the idea for the functioning of such an engine was already described in 1862 by A. Beau de Rochas.

1883

First light high-speed internal combustion engine is created, followed in 1885 by an automobile and a motorcycle with such a motor. It is constructed by Gottlieb Daimler (1834–1900) – a German engineer, constructor and industrialist.

42 PKN ORLEN SA storage depots



Liquid fuels

The Polish fuel market is exposed to the influence of world economic trends. In 2000, such trends included: sudden changes in the prices of crude oil and fuels, foreign exchange rate fluctuations as well as growing excise tax. Despite such unusually unfavourable market conditions accompanied by a comprehensive lifting of fuel import duties in Poland, PKN ORLEN SA succeeded in maintaining its dominant position on the Polish fuel wholesale market.

Against a backdrop of decline in the annual domestic consumption of gasoline and diesel by approximately 8% and 12% respectively, the Company's estimated market share in 2000 actually increased by approximately 65% in the case of gasoline, and 60% in the case of diesel. Liquid fuel sales achieved a volume of approximately 8m tonnes, while total sale revenues on fuels (including Ekoterm Plus light heating oil and JET A-1 aviation fuel) amounted to approximately PLN 20bn.

Sales of the various types of fuel were as follows:

- 1.5m tonnes of Ekoterm Plus light heating oil;
- 3m tonnes of diesel oil;
- 250,000 tonnes of JET A-1 aviation fuel;
- 3.25m tonnes of gasoline.

Gasoline sales were as follows:

- 2.27m tonnes – Eurosuper 95;
- 410,000 tonnes – U 95;
- 190,000 tonnes – Super Plus 98;
- 380,000 tonnes – Etylina 94.

Sales of Ekoterm Plus light heating oil gradually increased in line with the development of a network of authorised heating oil dealers.

Plastics: polyethylene and polypropylene

In 2000, the Company sold 258,000 tonnes of plastics, with the Main Plant accounting for approximately 70% of this figure, and the remaining 30% being sold through a network of 24 franchise wholesalers.

Coolants

The Company recorded sales of 13,000 tonnes of the "Petrygo" coolant.

The fourth quarter saw the launch of Orlen Qal – a new product suitable for all kinds of coolers, and which meets the requirements of car manufacturers worldwide.

Liquid gas

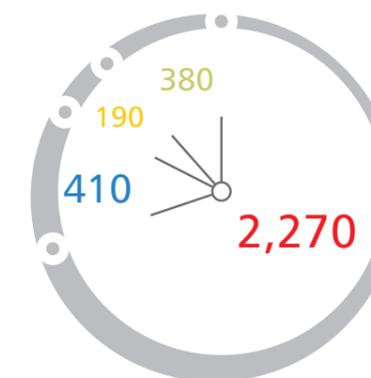
Sales of liquid gas totalled 252,000 tonnes in 2000. The main customers for liquid gas were households (approximately 45% of the sales volume), service stations (the most dynamically developing segment in the liquid gas market), industry and agriculture.

Feedstock for synthesis

In 2000, the sales of feedstock for synthesis rose by 23% over the previous year. The sale of ethylene alone, which is purchased chiefly by Zakłady Azotowe Anwil SA, equalled 143,000 tonnes, compared to the 104,000 tonnes sold in 1999.

Road and industrial asphalts

PKN ORLEN SA is the largest producer of road and industrial asphalts in Poland. In 2000, the Company sold 510,000 tonnes of high-quality asphalts, some of which was exported to Germany, Austria, Slovakia and the Czech Republic. Asphalt is sold either directly through the Plock terminal or through authorised road asphalt dealers.



Gasoline sales structure (w '000 tonnes)

- Eurosuper 95
- U 95
- Super Plus 98
- Etylina 94

1885

First automobile with an internal combustion engine is constructed by Carl Friedrich Benz (1844–1929) – German constructor and industrialist. In 1883, he founds the company of Benz & Co, which, after a merger with the plants of G. Daimler, in 1926, leads to the establishment of Daimler-Benz A.G., manufacturing automobiles of the Mercedes-Benz brand.

1892

The history of asphalt roofing as a hydro insulator begins. Chemist William Griscom comes up with an idea for the production of tar board in the form of a rectangular piece of cardboard saturated with asphalt.

Investments

Capital expenditure on technological and market investments amounted to nearly PLN 1.1bn for the Company, and PLN 1.6bn for the PKN ORLEN SA Capital Group as a whole.

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This money was used to optimise the Company's overall capabilities, and was spent on investments at the Main Plant in Plock, on building up the retail infrastructure, on research and pre-project work, and on project development activities.

The 2000 Investment Plan was the first annual PKN ORLEN plan to be implemented since the merger of Petrochemia Plock SA and CPN SA.

Capital expenditure at the PKN ORLEN SA Main Plant in Plock was mainly used to develop the following elements of the production complex: process installations for the production of fuels, power sector projects, storage units for liquid fuels, environmental protection projects, including the implementation of the Ecological Adaptation Programme.

In accordance with Company strategy, the aim of which is to maintain and strengthen PKN ORLEN's position on the fuel market, significant funds were spent on boosting the Company's marketing capability, through the modernisation of the wholesale and retail distribution networks.

Key projects carried out in 2000

The second quarter saw the commissioning of a modern fuel complex with the following installations: Reforming VI, Diesel Oil Hydrodesulphurisation VI, C₅-C₆ Isomerisation Unit and infrastructure facilities supporting the installations. The complex will allow the Company to increase the variety and volume of top quality unleaded gasoline and to step up the production of highly desulphurised diesel oil. Work was also begun on the modernisation of the Crude Distillation Unit III (CDU III), which is to replace the technologically obsolete CDU I installation and to facilitate an increase in the nominal capacity of crude oil processing by approximately 3m tonnes per year. The modernisation schedule envisages that the installations will be mechanically operational in the first quarter of 2002.

The Company completed construction work on six gasoline and diesel oil storage tanks with a capacity of 10,000 m³, which are now ready for use.

Modernisation work was completed at the Power Plant on Boiler No. 7, which was put into operation in September 2000.

Construction work was completed at the Power Plant on the pass-out, heating, and condensing Turbine (TG-6), which was then made fully operational in March 2001, allowing the Company to improve the efficiency of its electricity management.

External investments

The Company continued with the construction, assembly and modernisation work on the storage depots in Ostrów Wielkopolski, Mościska and Blachownia Śląska. The depot in Ostrów Wielkopolski should be available for use in 2001, and will be used, among other things, for storing mandatory fuel reserves.

The year 2000 also saw the commencement of construction work on the Plock-Ostrów Wielkopolski pipeline (212 km), which will allow the safe transport of fuels to the depot in Ostrów Wielkopolski. According to Company forecasts, the pipeline will be made operational in 2002.

1897

First, fully successful, high pressure diesel engine, self-igniting based on air compression of 3.5 MPa, is constructed by Rudolf Diesel (1858–1913) – German engineer, constructor of internal combustion engines.

Turn of the 19th and 20th Centuries

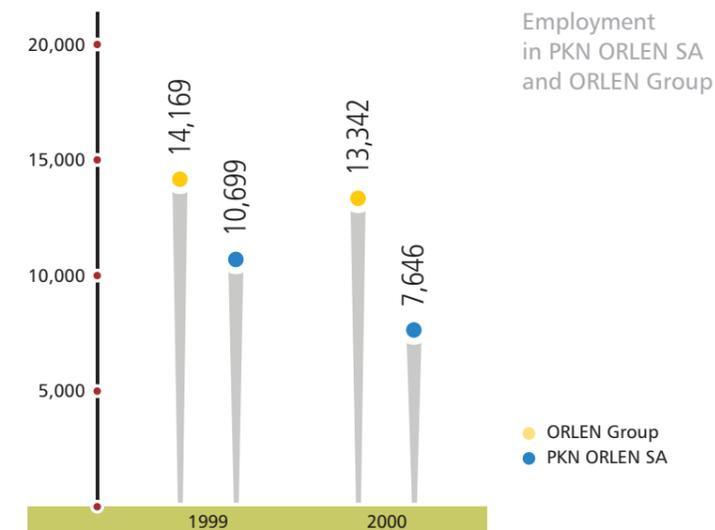
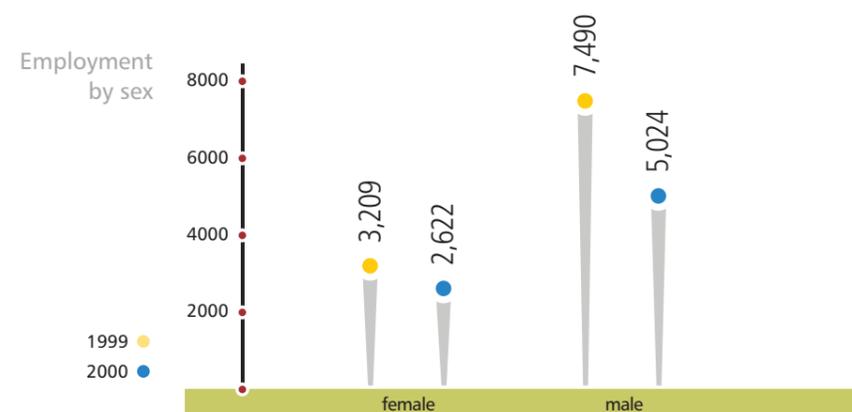
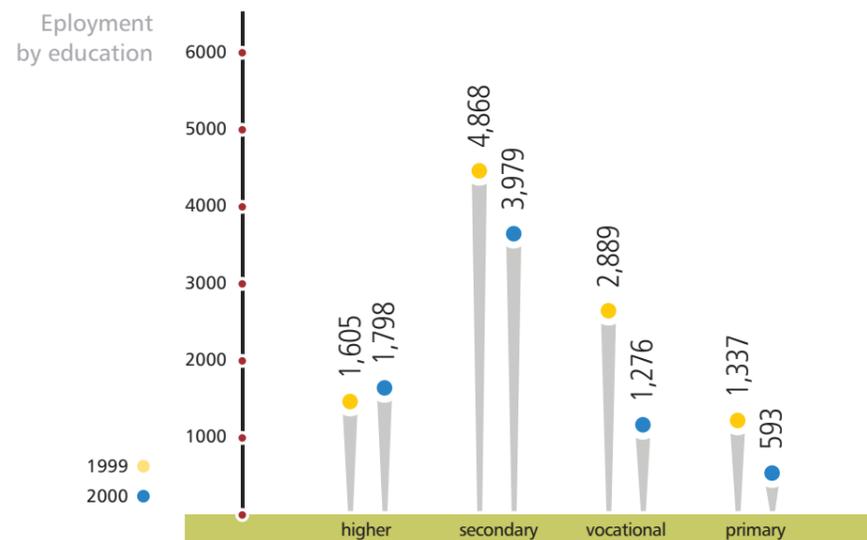
“Naftusia”, mineral water from Truskawiec, a well-known health spa located 100 km to the south of Lvov, has a characteristic crude oil scent. It is considered to be of great medicinal value, very effective in curing such ailments as the inflammation of the lower intestine, catarrh of the large intestine, stomach or duodenum ulcers as well as of gall stones and kidney ailments.

Employees

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At the end of 2000 the PKN ORLEN SA workforce totalled 7,646 employees, 5,184 of whom were employed at the main site in Plock, 2,337 in the Regional Organisational Units, and 125 in the Warsaw Unit. Graduate employees made up 23% of the total.



During the period under review, the Management Board made every effort to develop a rational workforce reduction programme and to make it consistent with the previously adopted schedule. Restructuring measures in 2000 led to the workforce being reduced by 3,053. Of these, 1,575 employees were transferred to subsidiary companies, while the remainder retired or left the Company by mutual agreement.

The Company's human resources management policy attaches particular importance to upgrading employee qualifications. At the time of the merger of Petrochemia Plock SA with CPN SA, the Management Board had already formulated a set of consistent principles to develop a training policy for the entire PKN ORLEN SA organisation. Since the merger, the Company's training policy has been closely linked with the fulfilment of the Company's overall mission and strategy.

1900

For the first time, rotary drilling is used in the creation of a drill-hole. Soon, it becomes the most popular drilling method.

1928

In Achnacarry (Scotland) an oil cartel begins to operate which, as late as 1973, set the "reference" price of crude oil. Its founding members are three oil companies: Standard Oil Company (now Exxon), Royal Dutch Shell and the Anglo-Persian Oil Company (now BP), whose Chairmen sign an agreement on the division of their spheres of business operations in the world as well as establishing rules governing the setting of the price of crude oil.

In 2000, we launched a comprehensive training programme for PKN ORLEN SA employees. In addition, training schemes were put in place to support logistics restructuring measures. An intensive training programme was designed to improve the management skills of representatives of Zakłady Transportu Samochodowego. Entitled "Preparation for the Management of Commercial Companies during the Restructuring Process", the programme included 1,300 participants and cost PLN 1,330,000. Another training programme under the name "Sales Academy", was set up to strengthen PKN ORLEN's market-oriented retail strategy. The first stage of this programme had 520 participants, including directors, managers and staff of the Regional Wholesale and

Logistics Offices and the Regional Retail Trade Offices, as well as managers and supervisors of the larger service stations.

The Management Board is particularly appreciative of employees who are keen to upgrade their professional qualifications. Accordingly, it is prepared to subsidise efforts to achieve individual career goals, where such efforts are of benefit to the Company. For a number of years now, the Company has been providing financial assistance for those employees who combine their duties with individual training schemes, including postgraduate studies.

In 2000, the Management Board introduced a new pay scheme, which seeks to bolster the link between earnings and productivity. The system has already

been introduced in the wholesale and retail trade operations.

Another important aspect of employee motivation is the Management Stock Option Scheme, which was adopted by a resolution of the General Shareholders Meeting of May 15, 2000, and which provides for the issue of a maximum of 11,344,784 bonds convertible into Series D Shares. The Scheme is open to some 150 employees who have made vital contributions to the management of the Company, and is to run for the period 2001–2003. The issue price per share was determined by the General

Shareholders Meeting as the price of one PKN ORLEN SA share in the domestic retail tranche sold by Nafta Polska SA, namely PLN 18.45, plus 10%. In 2000, we continued our cooperation with AIESEC – International Association of Students of Economics and Commerce; we also took part in various career fairs held for students and university graduates in Poland. The idea behind participating in such events was to attract young and creative employees with the best qualifications.

20th Century

Poland's deepest, to date, drill-holes in search for crude oil are Kuzmin 1 with a depth of 7,541m deep and Paszowa 1, 7,210m deep are drilled.

second half of 20th Century

Oil plays an ever more important role as a source of raw materials for the chemical industry. Modern chemistry uses oil to produce not only the basic products of gasoline, oils, petroleum, paraffin, asphalt, heating oil, but also the bulk of organic chemicals, plastics and synthetic rubber.

Corporate Image

The new brand and its image became the fulcrum for all promotional and publicity activities, providing a clear focus for the Company's marketing operations and allowing it to create a strong media profile for PKN ORLEN SA activities.

Corporate Identity

The process of building the Company's corporate identity was initiated by a phase of extensive preparatory work, which included an analysis of the Company's initial position, an analysis of the strengths and weaknesses in the corporate image of the companies in the PKN ORLEN SA Capital Group, an analysis of the profiles of leading world oil and petrochemicals companies, as well as an analysis of world trends affecting branding processes and the establishment of a comprehensive corporate identity.

The point of departure for further work was the corporate image. The Company set about drawing up and defining a hierarchy of concepts such as "national", "modern", "petroleum", "global", which were considered fundamental to the creation of the new corporate image.

The name "ORLEN" was chosen from 10,000 suggestions by means of a series of comprehensive surveys, which investigated such things as the name's association with ideas fundamental to the corporate image, its recognition value, its effect on the public, and its linguistic connotations.

The name "ORLEN" consists of two morphemes, *orl* and *en*. The morpheme *orl* has its origin in the Polish word for eagle – Poland's national symbol, while the morpheme *en* takes its root from *en*, after Polish *energia*. The next step in the establishment of the corporate identity was the creation of the corporate logo. In order to secure the best possible logo, the Company organised a contest for leading Polish graphic artists with extensive experience in the design of corporate logos. The contest was won by Professor Henryk Chyliński, the author of, among others, the "Teraz Polska" (Poland Now) logo.

Promotion

We have devised five key programmes aimed at creating the desired corporate image: economic leader, motorist's friend, sector expert, friend of the environment and local partner. The economic leader programme also includes a sub-programme: promoter of culture.

Under the **economic leader** programme the Company sponsored such events as scientific and economic conferences, including Economic Forum "Poland – Eastern Europe" (Forum Ekonomiczne "Polska – Wschód") and Economic Summit "Poland – Ukraine" (Szczyt Gospodarczy "Polska – Ukraina"). The **motorist's friend** programme included sponsorship of the "Let's Stop Accidents" campaign ("Stop Wypadkom"), and the organisation of customer-oriented promotional campaigns – "Extraordinary Promotion" ("Wyjątkowa Promocja") and "Refuel and Win" ("Zatankuj i Wygraj") – both of which offered participants attractive prizes. The **sector expert** programme was used to run an advertising campaign under the name "The Quality of Gasolines", which was designed to inform customers about the high quality of gasolines produced and sold by PKN ORLEN SA. In addition, this programme also arranged the sponsorship of the Polish motorcycle team which competed in the Paris-Dakar-Cairo Rally, and sponsored a series of motorcycle events as part of the "Rally of Poland", as well as the international aviation show "International Air Show 2000".

1953

The oldest Polish drilling company "Poszukiwania Nafty i Gazu Jasło" (PNI&G Jasło, Oil and Gas Exploration Jasło) is founded. It operates within the umbrella of Polskie Górnictwo Naftowe i Gazownictwo SA (Polish Oil and Gas). It uncovers over 50 sources of hydrocarbons in the region of the Carpathian mountains and Przedgórze. In 1996 the company becomes a member of the International Association of Drilling Contractors (IADC).

1956

The so-called Suez Crisis begins. Egypt announces its plan to nationalise the Suez Canal and block access to it. The British and French, whose oil industries have interests in this region, send out troops and a war breaks out. As a result, a number of oil tankers are sunk, the supply of oil becomes limited and its price goes up. It takes over a year to reopen the canal.



The friend of the environment programme produced promotional and advertising material giving details of PKN ORLEN SA's record on the application of environment-friendly techniques. The Company has also supported environmental education projects, and other activities aimed at raising general environmental awareness.

The idea behind the launch of **the local partner** programme was to build on the Company's close relations with local communities. One of the most important events run under this programme was the

celebration of Chemist's Day, organised for the citizens of Płock and Company employees. Other local events of note included: a country music festival (Eurofolk), the International Festival of Organ Music (Międzynarodowy Festiwal Muzyki Organowej), the Płock History Festival (Dni Historii Płocka), and a concert given by the Płock Symphonic Orchestra during the Summer Music Festival (Letni Festiwal Muzyczny). The Company sponsored the Polish Disabled Tennis Open (Międzynarodowe Mistrzostwa Polski w Tenisie Osób Niepełnosprawnych), a Rowing Club (Towarzystwo Wioślarskie) and the organisation of the second series of the School Sports Championships for the Mazowsze Region (II Mazowieckie Igrzyska Młodzieży Szkolnej).

The Company also sponsors ORLEN Sports Club.

Charitable activities

PKN ORLEN SA provides financial support to non-governmental organisations, social support centres, as well to Poles living in the republics of the former Soviet Union. In 2000, most of the Company's charitable work was concentrated on institutions caring for the sick and disabled. PKN ORLEN SA makes fixed monthly donations to a hospice in Płock and to similar centres in a further 12 towns across Poland. Last year we purchased a specialised, fully equipped ambulance for a volunteer charity foundation – the Great Christmas Aid Foundation (Fundacja Wielka Orkiestra Świątecznej Pomocy). We sponsored a concert for the Association for Help for Disabled Children "Strong Together" (Stowarzyszenie Pomocy Dzieciom Niepełnosprawnym "Silni Wspólnie"), lent support to the Fifth Polish Festival of Special Needs Children and Young People (Ogólnopolski Festiwal Dzieci i Młodzieży Specjalnej Troski), and rendered financial assistance to many schools and educational bodies, social support centres, and other charitable foundations. PKN ORLEN SA also makes a point of providing charitable aid to victims of natural disasters both at home and abroad. In 2000, we also contributed financially to food and medicine deliveries to Chechnya, Kazakhstan, Serbia and Kosovo. We are convinced that such activities play a fundamental part in influencing how PKN ORLEN SA is perceived by its customers, shareholders and other entities and individuals in the Company's wider business and social environment. The need to create a positive image through such charitable work will continue to occupy a central position in the PKN ORLEN SA strategy.

1958

During the ninth session of the Council for Mutual Economic Aid, for countries in the "communist bloc" the price of oil is set at a fixed level which remains the case until 1974. Following the outbreak of the world oil crisis in 1973 this could no longer be maintained.

1960

During a conference in Baghdad (Iraq), the Organisation of Petroleum Exporting Countries (OPEC) is founded. Its founding members are Iran, Iraq, Saudi Arabia, Kuwait, and Venezuela. Its aim is mutual defence against foreign, unknown, corporations.

1960

First practical rotary combustion engine constructed by F. Wankel.

1962

Official opening of the Friendship pipeline which initiated "petrol aid" from USSR for Czechoslovakia, Hungary, Poland and East Germany.

Investor Relations

Our policy is based on two key fundamentals: the fulfilment of disclosure requirements and regular contacts with investors and analysts. The way in which we have striven to implement this policy has received much international recognition.

Investor Relations are a very important means of shaping the Company's image. Naturally, as an issuer of listed securities, PKN ORLEN SA makes every effort to see that its stock attracts the attention of investors. Its policy in this regard is based on two key fundamentals: the fulfilment of disclosure requirements and regular contacts with investors and analysts. In 2000, the Company fulfilled its duties as an issuer of listed securities without exception. No capital market institution, either domestic or international, the Polish Securities and Exchange Commission, the Warsaw Stock Exchange, the London Stock Exchange or the Securities and Exchange Commission in Washington, D.C. raised the slightest objection with regard to PKN ORLEN SA.

Throughout the period under review, the Company maintained close and frequent contacts with investors and analysts in order to ensure that they had access to full and reliable information on PKN ORLEN SA, and were kept abreast of the events at the Company, its financial results, and the impact on its operations of macroeconomic factors.

The basic principle governing our Investor Relations is complete transparency and openness with our shareholders. The way in which we have striven to implement this policy has received much international recognition.

As a testament to this fact, PKN ORLEN SA was named as one of the five recipients of the Excellence in Corporate Governance Awards in the World, conferred by Institutional Shareholder Services (ISS), an institution advising shareholders of public companies all over the world. The ISS award is conferred annually on listed companies in recognition of their adherence to the highest standards of management and information transparency.

The ISS jurors were especially appreciative of the way in which PKN ORLEN SA provides information to investors, and in particular to international financial institutions. ISS has also commended the Company's general effectiveness in its communications with investors and has recognised PKN ORLEN SA as Central Europe's leader in corporate governance.

1965

Middle East countries become leaders among oil producing countries, with a 27% share, followed by the United States (25%), then Russia (16%), Latin America (13%) and Africa (7%). In total, 1,512m tonnes of oil is being extracted annually.

1967

Another Arab-Israeli conflict; the Suez Canal is closed again, causing serious economic difficulties to large oil corporations.

1968

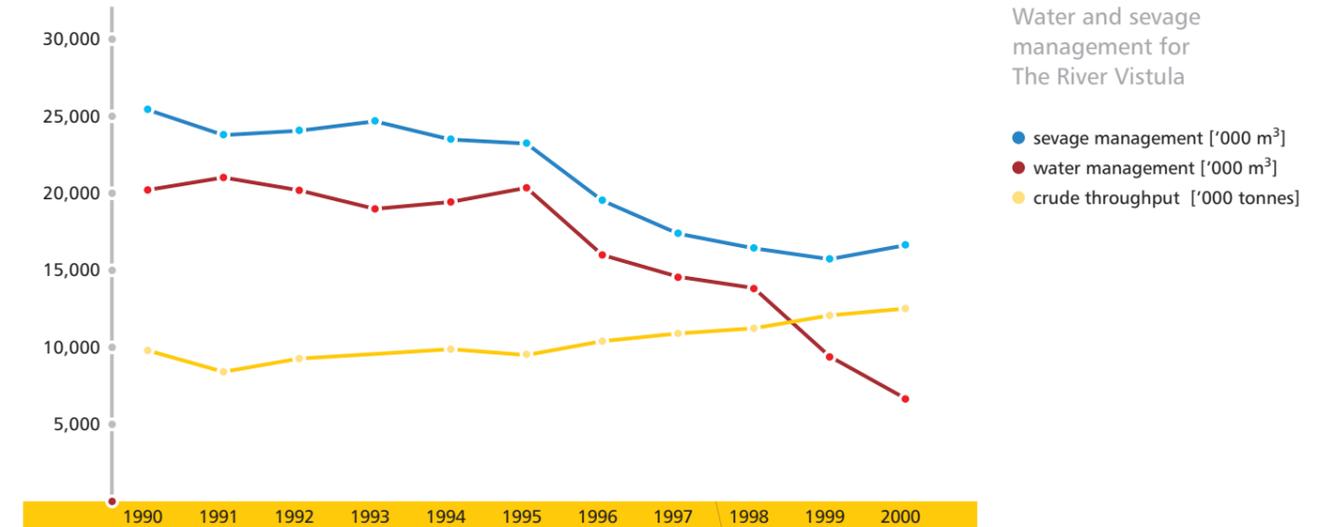
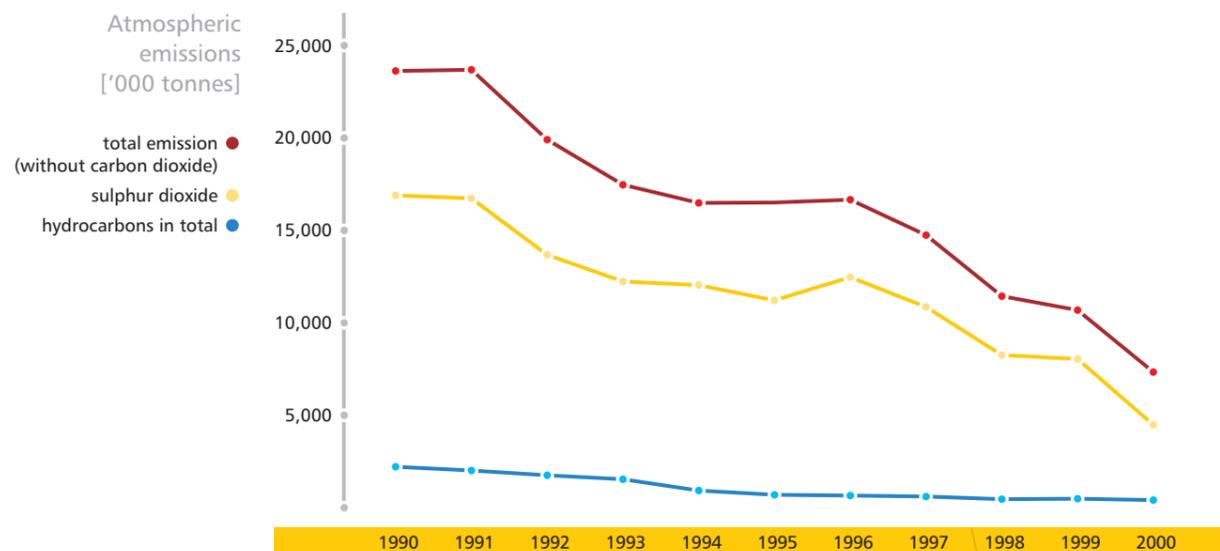
OPEC decides that in future, the reference price for crude oil will be set by the governments of the exporting countries, and not by international corporations. It was also determined that the price of oil will rise in line with the rise of the prices for equipment and technology and other factors necessary for the economic development of OPEC countries.

Environmental Protection

In recognition of our commitment to environmental protection, the Company was in March 2000 awarded a certificate testifying to the fact that the Environmental Management System at the Plock Refinery complies with the international ISO 14001 standard.

The PKN ORLEN SA development strategy takes particular account of the environment. For a number of years now, we have been systematically developing specific projects designed to improve the state of the environment in the region and throughout the country. In 2000, spending on environment-related projects at the PKN ORLEN SA Main Plant exceeded PLN 447m, which is 45% of the total capital expenditure. In recognition of our commitment to environmental protection, the Company was in March 2000 awarded a certificate testifying to the fact that the Environmental Management System at the Płock Refinery complies with the international ISO 14001 standard. The certificate not only makes reference to the fact that the high-quality products manufactured at Płock meet international standards, it also obliges the Company to maintain close supervision of technological processes, to comply with legislation on environmental protection, and to initiate projects designed to limit the adverse effects of operations on the natural environment.

In 2000, the Company participated in the international "Responsible Care" Programme. On November 16, 2000, a verification audit took place, on the basis of which PKN ORLEN SA was awarded a programme-implementer certificate with respect to its efforts to minimise the effects of industry on the environment, to improve work conditions and safety at the Plant, and to operate an open information policy. The Company also performed another series of tasks provided for in the Ecological Adaptation Programme,



to which it has been a signatory since 1997. In the period from the inception of this Programme until the end of 2000, 16 out of the 28 stipulated targets were achieved; the remainder should be realised by the end of 2003. As a result of the work carried out under the Programme, significant strides have been made in reducing the effects of the main site in Płock on the environment (in terms of both atmospheric emissions as well as water and sewage management). In order to meet standards in effect across the European Union since the beginning of 2000, PKN ORLEN SA discontinued the production of leaded gasolines at the end of that year. As a result of the increased production of unleaded gasolines and the discontinuation of leaded gasoline production, lead emissions have fallen dramatically, which has in turn resulted in a drop in the overall amount of lead in the environment. For a number of years now, and in spite of increasing the volumes of crude processing, as well as a rise in such rates in Poland, environmental charges paid by PKN ORLEN SA have been steadily decreasing. We have also used the wealth of experience acquired

in the implementation of environmentally-friendly technological solutions at the main site in Płock, to undertake similar tasks in fuel depots and in various units of the distribution network. The airtight sealing of tanks, the modernisation of water and wastewater management, and the installation of state-of-the-art distribution equipment have all enabled the Company to significantly reduce the effects of its operations on the environment and, thus, contribute to environmental improvements in Poland as a whole.

1973

Another oil crisis caused by a conflict between Israel and the Arab nations. The Arab producers place a limit on oil extraction and a ban on the export of this product to the United States and Holland. There is a rapid jump in fuel prices and usage restrictions are introduced. Roads become empty. And, though after several of months oil is once again supplied on a regular basis, its prices have not fallen to below the level of prior to the crisis, to this day.

1973

The world realises that crude oil deposits are slowly being exhausted. The United States have already extracted 55% of their own oil potential while in California and Texas – as much as between 80% and 90% has been used up. Worldwide, decisions are being made on the future limiting of extraction of this vital raw material.

1975

The Execution Committee of Council for Mutual Economic Aid introduces the rule of "crawling prices". This means the setting of the settlement price each year on the basis of the average price quoted worldwide over the period of the previous five years.

PKN ORLEN SA Capital Group

In accordance with the adopted strategy, the Company is committed to concentrating its capital investments in its core business, i.e. in companies such as Rafineria Trzebinia SA, Rafineria Nafty Jedlicze SA, Anwil SA, IKS "Solino" SA, Naftoport Sp. z o.o. and other profitable industries, such as mobile telephony.

As at the end of December 2000, the PKN ORLEN SA Capital Group comprised 166 companies, including:

- 102 subsidiary companies, in which the Company directly or indirectly holds majority interests (over 50%),
- 18 affiliated companies (a 20% to 50% interest),
- 33 other companies (a minority interest of under 20%).

The Company is the direct owner of 76 subsidiary and affiliated companies.

The amount of capital invested by PKN ORLEN SA was PLN 1,011,718,300 as at the end of 2000, an increase of 23%, PLN 231,588,100 over 1999.

PKN ORLEN SA's strategy for capital investments

The intense competition in the marketplace, the need to increase shareholder value and the continuous growth in operating efficiency ratios have been instrumental in the establishment of a growing number of capital links through which the Company is able to minimise operational risk and optimise its use of capital.

In accordance with the adopted strategy, the Company is committed to concentrating its capital investments in its core business, i.e. in companies such as Rafineria Trzebinia SA, Rafineria Nafty Jedlicze SA, Anwil SA, IKS "Solino" SA, Naftoport Sp. z o.o. However, it also makes investments in other profitable industries, such as mobile telephony. As a rule, the Company will seek to identify highly profitable investment opportunities, which will provide financing for the core business in the future.

Similarly, our development strategy for the Capital Group is also focused on companies engaged in core business activities.

In non-core areas, we are in the process of restructuring assets to promote consolidation and intend to secure trade investors for the companies in question.

Consolidated financial statements (prepared according to IAS) include 37 of the entities which make up the subsidiary and affiliated companies of the PKN ORLEN SA Capital Group.

The changes and restructuring processes still being carried out in the Capital Group have led to the establishment of 16 companies in 2000, including four service companies, nine transportation companies, a forwarding Company in Płock, Zakład Urządzeń Dystrybucyjnych Sp. z o.o. [Distribution Equipment Plant] of Opole, and Petromot Sp. z o.o. of Kędzierzyn-Koźle.

PKN ORLEN SA
capital commitment
in 1999 – 2000

	1999	2000
Capital commitment (PLN '000)	780,130.20	1,011,718.30
Change in commitment (PLN '000)	227,153.40	231,588.10

The 1980s

Change in the power structure of oil producers. Middle East remains first (36% of world extraction), however, the USSR moves into second place (18%), the United States drops to third (15%), followed by Africa (9%) and Latin America (5%). In total, 2,708 m tonnes of crude is extracted annually worldwide.

1978-81

The revolution in Iran results in a three-fold jump in the price of oil worldwide.

The 1980s

Consumption of unleaded gasoline overtakes "leaded" gasoline. Its usage in the European Union member countries reaches an average of 82% of the entire of supply. By the end of the 90s, unleaded fuel makes up 100% of gasoline supplied in Germany, Denmark, Holland, Austria, Finland and Sweden.

PKN ORLEN SA Capital Group results

In 2000, PKN ORLEN SA's subsidiary and affiliated companies recorded sales revenues 47% higher than those achieved in 1999. In the same period, net profit increased by 25% to approximately PLN 197.64m, and the ROA and ROE profitability ratios were 5.69% and 10.38%, respectively.

In all, the Capital Group companies employed a workforce of approximately 10,500. The average profit per employee was approximately PLN 19,000.

Capital investment strategy

PKN ORLEN SA's primary objective is to maximise shareholder value. To meet this objective, the Company continues to search for the most profitable investment opportunities.

PKN ORLEN SA's capital investments have been primarily focussed on the purchase of shares in companies most important to the Capital Group:

- IKS "Solino" SA – the Company increased its ownership to 70.54% (compared with 51% as at the end of 1999) as a result of a capital increase (registered in 2000) and a partial buyout of employee shares.
- ZA Anwil SA – the Company purchased a further 2.95% of the shares from the Municipality of Włocławek for a sum of PLN 5,319,000; the equity interest in ZA Anwil SA was 38.35% as at the end of 2000 (64.82% as of 1Q 2001).
- Rafineria Trzebinia SA – the Company's equity interest increased to 77.07% (from 76.96 % as at the end of 1999) as a result of performance under an agreement with Nafta Polska SA, which transferred 4,800 shares in Rafineria Trzebinia SA to the Company.
- Polkomtel SA – the Company holds 19.61% of shares.

PKN ORLEN SA has also increased its capital commitment in the following companies:

- LG PetroBank SA – the Company increased its holding to 19.99%.
- Telewizja Familijna SA – the Company acquired 11.96% of the shares for PLN 26,000,000 (total share capital – PLN 1.84m).
- Niezależny Operator Międzystrefowy Sp. z o.o. – the Company acquired 35% of the shares for PLN 350,000. In June 2000, the capital was increased to PLN 14bn. The Company participated in the increase in proportion to the shares already held. PKN ORLEN SA's total investment in this telecom business is PLN 49m.
- BHT Dromech SA – the Company acquired 40.57% of the shares from Dromex SA for a total of PLN 1.6m. As a result of the transaction, the Company has a holding of 81.14%.
- Flexpol Sp. z o.o. – the Company holds 40% of the capital stock, worth PLN 12m.

Capital investments in companies not engaged in refining, petrochemicals or related production are financial in nature and have been made with a view to financing the core business in the future.

Selected companies of the ORLEN Group

Zakłady Azotowe Anwil SA

Zakłady Azotowe Anwil SA is one of the largest Polish chemical industrial enterprises.

The Company's business comprises:

- production of nitrogen fertilisers and semi-products and other related products;
- production of polyvinyl chloride and other related products;
- production of polyethylene packaging;
- trading and service activities related to the above areas, and based on the Company's production capabilities.

The Company is principally involved in the production of nitrogen fertilisers and PVC. Anwil is PKN ORLEN SA's largest customer for ethylene (the main feedstock for the production of PVC).

The Company's share capital is PLN 150m.

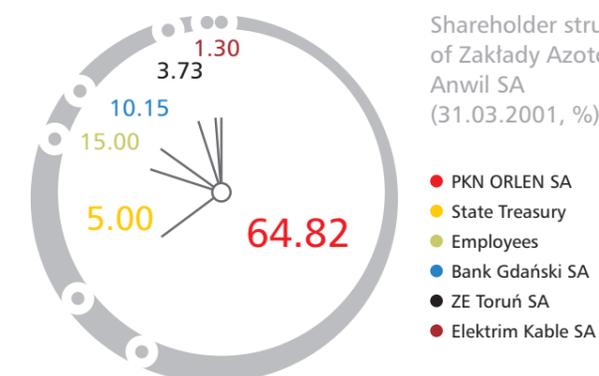
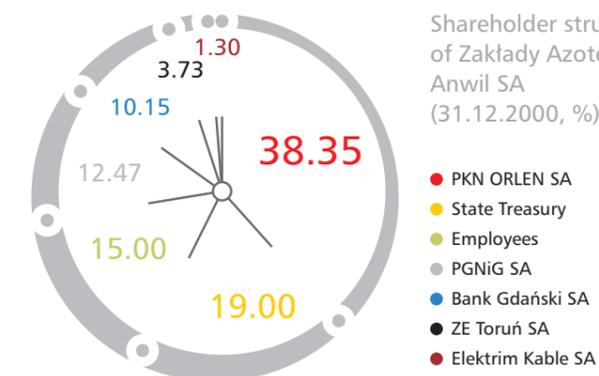
The number of employees as at December 31, 2000, was 1,682.

The 2000 net profit was PLN 70,512,000, up 163% over the previous year.

Polyvinyl chloride and ammonium nitrate account for the largest share of the Company's sales revenues - 47% and 22%, respectively.

At the end of 2000, Zakłady Azotowe Anwil SA held shares in 17 subsidiary or affiliated companies. The Company manages its own capital group and prepares consolidated financial statements.

The Company's equity at the end of 2000 was PLN 755,342,000.



1985

The deepest drill-hole to date is developed on the Kolski Peninsula in Russia. It is 12,200 m deep. The deepest drill site in the world is located on the Marian Shelf on the bottom of the Pacific Ocean, it ranges in depth from 10,000m to 11,000m. The drilling is done at a depth of 7000m below the ocean floor.

1989–1991

War breaks out in the Persian Gulf. Iraq invades Kuwait, almost all oil wells are aflame, which leads to a massive environmental disaster. Once again the price of oil goes up.

1998

The world's largest crude oil deposits are identified around the Caspian Sea. It is estimated that these deposits of natural gas and crude oil are larger than the bed of the North Sea uncovered three decades before; the Caspian Sea deposits are also larger than the deposits of the Kuwait beds. According to the United States Energy Information, the confirmed resources of the Caspian Sea deposits amount to between 184,000 bn and 349,000 bn barrels while those estimated amount to between 253,000 bn and 270,000 bn barrels.

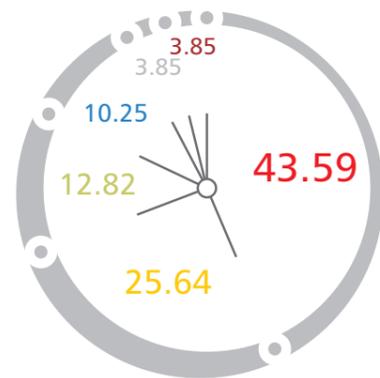
NAFTOPORT SP. Z O.O.

Naftoport Sp. z o.o. is the largest operator of imported crude oil reloading facilities for ships in Poland. The Company's principal business is the reloading of oil and oil products for Polish refineries. Naftoport's annual reloading capacity is 23m tonnes of crude oil. The Company's capital stock is PLN 45,942,000.

The Company employed 19 people as at the end of 2000. In the period being discussed, Naftoport Sp. z o.o. recorded a net profit of approximately PLN 18,301,000, down 4% on 1999. The Company's equity at the end of 2000 amounted to PLN 101,887,000.

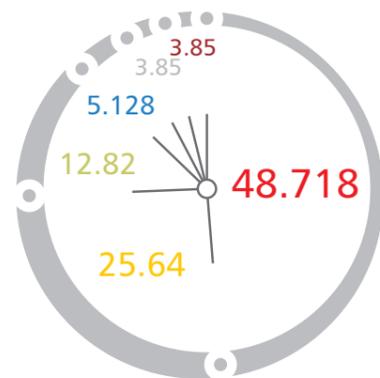
Shareholder structure of Naftoport Sp. z o.o. (31.12.2000, %)

- PKN ORLEN SA
- Rafineria Gdańska SA
- PERN SA
- CIECH SA
- Port Północny Sp. z o.o.
- J&S Service and Investment Ltd



Shareholder structure of Naftoport Sp. z o.o. (31.03.2001, %)

- PKN ORLEN SA
- Rafineria Gdańska SA
- PERN SA
- CIECH SA
- Port Północny Sp. z o.o.
- J&S Service and Investment Ltd



RAFINERIA TRZEBINIA SA

Rafineria Trzebinia SA is one of the oldest refineries in Poland and ranks fourth in terms of crude oil distillation capacity, after the refineries in Plock, Gdańsk and Czechowice. The Company's business comprises:

- crude oil distillation,
- production and sales of fuels, including leaded and unleaded gasolines, diesel oils, and heating oils,
- blending and packaging of lubricating oils,
- processing of paraffin slack waxes,
- manufacture of bitumens and bitumen products.

Rafineria Trzebinia's business is concentrated on the production of specialised high-value products, such as lubricating and industrial oils (hydraulic and tempering oils) and a range of paraffin products. Rafineria Trzebinia SA's share capital amounts to PLN 43,042,000. Pursuant to an agreement for the sale of shares, and a shareholders' agreement of June 16, 1997, concluded between Nafta Polska SA and PKN ORLEN SA, the latter acquired 74.88% of the shares in Rafineria Trzebinia SA. In 1999, an increase in the Company's share capital led to PKN ORLEN SA's interest growing to 76.96%. On September 14, 2000, the remaining shares held by Nafta Polska SA were sold to PKN ORLEN SA, thereby further increasing the Company's stake in Rafineria Trzebinia SA to 77.07%.

The number of employees as at December 31, 2000, was 245. The refinery ended the year with a net profit of PLN 28,587,100, and equity of PLN 191,581,000. The Company has holdings in eight subsidiaries and affiliated companies.

Shareholder structure of Rafineria Trzebinia SA (31.12.2000, %)

- PKN ORLEN SA
- Employees
- State Treasury



1998

Documented reserves of crude oil in the world amount to 146,000 bn tonnes. Two thirds are within the countries of the Middle East. The leaders are: Saudi Arabia (25.4% of world resources), Iraq (11%), Kuwait, Iran and the United Arab Emirates (about 9% each). Europe's leader in crude oil resources is Norway with approximately 1% of the world oil reserves.

1999

United States is the largest world consumer of fuels. In 1994, the crude oil consumption in this country amounts to 17m barrels daily out of which 50% is imported.

2000

Extraction of crude oil in Poland amounts to 0.675m tonnes in 2000, which constitutes 0.01% of the world production. Poland has small deposits in the region of Gorzów Wielkopolski, in the Baltic sea shelf (around Rozewie) as well as deposits continuing to be symbolically exploited on a small scale near Krosno Odrzańskie,

Kamień Pomorski and Krosno, Jasło and Gorlice. Almost all crude processed in Poland is imported (chiefly from Russia). In Poland, there exist two large refineries in Plock and Gdansk, as well as five other small refining plants.

PETRO-OIL SP. Z O.O.

Petro-Oil Sp. z o.o. commenced its business activities on August 31, 1998.

The Company's business comprises:

- production and sales of lubricating and base oils, and chemical products,
- domestic and international trade in chemical, refinery, and petrochemical products,
- provision of services, including storage, transport, and research and design services, and technical consultancy services.

The Company's capital is PLN 14m.

Petro-Oil Sp. z o.o. employed 93 people as at December 31, 2000.

It ended its first financial year with a net profit of PLN 7,315,000.

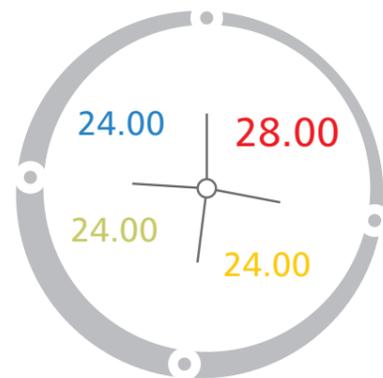
The Company's equity was PLN 21.54m as at the end of 2000. The total interest of ORLEN Group companies in Petro-Oil Sp. z o.o. is 76%.

The Company has holdings in ten subsidiaries and affiliated companies.

Petro-Oil is a producer of lubricating oils and car-care products promoted under the ORLEN brand.

Shareholder structure of Petro-Oil Sp. z o.o. (31.12.2000, %)

- PKN ORLEN SA
- Rafineria Trzebinia SA
- Rafineria Nafty Jedlicze SA
- Rafineria Czechowice SA



POLKOMTEL SA

Polkomtel SA is an important member of the PKN ORLEN SA Capital Group, though it is not included in the Group's consolidated financial statements.

It is one of the three domestic mobile telephony operators utilising the GSM 900 and DCS 1800 systems.

The Company's business includes:

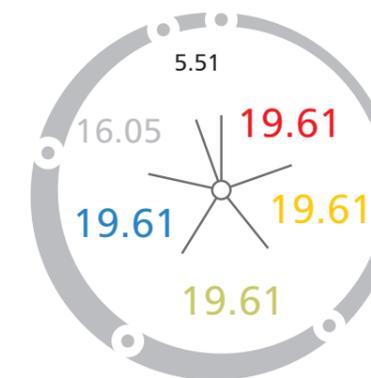
- design, installation, operation, and management of a GSM system,
- provision of mobile telephony services,
- sale of GSM-related products and services.

The Company's share capital was PLN 1.5bn as at December 31, 2000.

Since February 23, 1996, Polkomtel SA has been one of the three entities with a licence to construct a GSM mobile telephony network. It commenced its business activities on October 1, 1996, under the trade name "Plus GSM". Since December 20, 2000, the Company has held a licence for the provision of 3G UMTS services.

At present, Plus GSM has approximately 2.6m subscribers in Poland.

Polkomtel SA's sales revenues were approximately PLN 2,770.9m in 2000, with a net profit of PLN 202.5m (PLN 288.0m under US GAAP).



Shareholder structure of Polkomtel SA (31.12.2000, %)

- PKN ORLEN SA
- KGHM SA
- Vodafone Americas Asia, Inc.
- TeleDanmark A/S
- PSE SA
- Other Polish companies

2000

Worldwide, approximately 9m tonnes of crude oil is extracted daily, 40% of which is within the OPEC countries. Saudi Arabia produces the most – 1,060,000 tonnes. United States extracts 800,000 tonnes. Every year, the worldwide production of oil increases – output in 2000 increased by 2.8% over 1999.

20th Century

The basic raw material in the manufacturing of nylons, fishing lines, kitchen foil, toothbrushes, various detergents, insecticides and many other items without which it would be difficult for us to get by, are ethyl, ethylene and propylene produced through the destruction process from crude oil. Crude oil is also the basis of the production of synthetic rubber and plastics.

INOWROCŁAWSKIE KOPALNIE SOLI "SOLINO" SA

The Company's business comprises:

- production of industrial brine;
- processing and packaging of vacuum salt;
- trade in the Company's own products on domestic and foreign markets;
- trade in mining, mechanical, electrical, construction and transport assets.

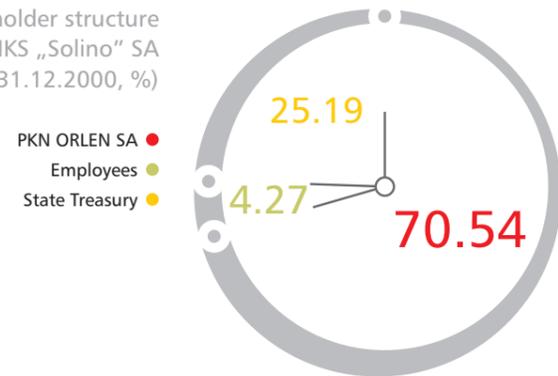
The Company mines and processes salt, and produces industrial brine and salt. The brine is supplied to such companies as Zakłady Azotowe Anwil SA in Włocławek, a member of the PKN ORLEN SA Capital Group.

Requirements linked to the maintenance of reserves under the Act on State Reserves and Mandatory Fuel Reserves have been instrumental in the development of a concept for the utilisation of disused salt-mine workings as storage facilities for oil and fuel. The first such facility will be ready for use in 2001.

The share capital of Inowrocławskie Kopalnie Soli "Solino" SA stands at approximately PLN 19,145,600. On September 28, 1996, PKN ORLEN SA acquired from the Ministry of Privatisation 723,465 registered shares in Inowrocławskie Kopalnie Soli "Solino" SA, with a total par value of PLN 7,235,000, which constituted 51% of the Company's share capital. Following the acquisition of the new issue in December 1999 and the buyout of employee shares in 2000, PKN ORLEN SA's equity interest in the Company had increased to 70.54%.

The Company employed a workforce of 394 as at December 31, 2000. Sales revenues increased by 6% compared to 1999, to PLN 62.13m. The net profit totalled PLN 7.05m. As at the end of 2000, the Company's equity was PLN 66,289,000.

Shareholder structure of IKS „Solino” SA (31.12.2000, %)



RAFINERIA NAFTY JEDLICZE SA

The Company's business comprises:

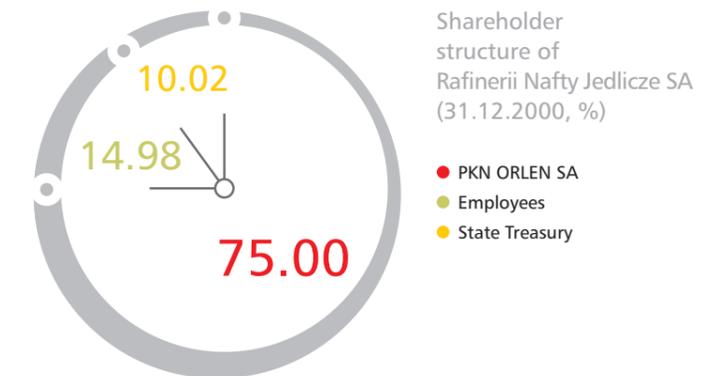
- processing, storage and trade in crude oil and oil derived products, as well as in used oils,
- preparation of lubricating oils and other industrial fluids,
- manufacture of oil solvents and fuels,
- manufacture of lubricants and bitumens,
- manufacture of containers and packaging of oils and other industrial fluids.

Pursuant to a share purchase agreement and a shareholders' agreement of November 19, 1998, concluded between Nafta Polska SA and PKN ORLEN SA, the latter acquired 75% of the shares in Rafineria Nafty Jedlicze SA. The agreement took effect as of January 1, 1999.

The Company ranks second in Poland in terms of the production of lubricating oils. It also produces limited quantities of engine fuels and heating oils. In addition, Rafineria Nafty Jedlicze regenerates used oil in its regeneration facilities, which have a processing capacity of 80,000 tonnes per year. The collection of used oils is carried out by a network of companies with capital links to Rafineria Nafty Jedlicze SA. The Company's share capital was approximately PLN 78m.

The number of employees was 679 as at December 31, 2000. The refinery closed the year with a net profit of approximately PLN 8,594,100. Its equity was approximately PLN 145,723,000 as at the same date. Rafineria Nafty Jedlicze SA is implementing a wide-ranging investment programme, the main project of which is the construction of a used oil hydrofinishing installation.

The Company holds shares in 35 subsidiaries and affiliated companies.



Shareholder structure of Rafinerii Nafty Jedlicze SA (31.12.2000, %)

- PKN ORLEN SA
- Employees
- State Treasury

20th Century

The methods of oil processing are being continually improved. This means that this process has no waste materials. Liquid fuels are used in the heating of housing as well as their seemingly ever-increasing consumption as automobile liquid fuel. Gasoline is used in the powering of vehicles as well as, indirectly, in the production of petrochemicals. Diesel fuels

power diesel engines. Lube oil is used in lubrication of machine parts. The residues of the oil process are used in the production of heating oil and asphalt applied in road construction.

20th Century

Polski Koncern Naftowy ORLEN Spółka Akcyjna is established as a result of the merger of Petrochemia Plock SA, the largest Polish refinery and petrochemicals producer, and CPN SA, a major motor fuel distributor.

PKN ORLEN SA Group
as at 31.12.2000

2000

Core business companies

Fuel companies	
Petrocentrum	100,00%
ORLEN Petroprofit	85,00%
ORLEN Petro-Tank	60,00%
PetroZachód	51,83%
Petromor	51,30%
Petrolot	51,00%
Malnaft	45,07%
Gas distribution companies	
Petrogaz Płock	100,00%
Petrogaz Jaworzno	100,00%
Petrogaz Redaki	100,00%
Petrogaz Hrubieszów	100,00%
ORLEN Petrogaz N. Brzeźnica	52,00%
ORLEN Petrogaz Wrocław	51,61%
Petrogaz Inowrocław	51,00%
Petrogaz Łapy	39,55%
Sector companies	
Rafineria Trzebinia SA	77,07%
Rafineria N. Jedlicze SA	75,00%
IKS Solino SA	70,54%
Naftoport	43,59%
Zakłady Azotowe Anwil SA	38,35%
Petro-Oil	28,00%
Chemiepetrol	20,00%

Non-Core business companies → → →

Servicing companies	
CPN Serwis Kielce	100,00%
CPN Serwis Gdańsk	100,00%
Zakład Urządzeń Dystrybucyjnych	100,00%
CPN Serwis Słupsk	99,76%
CPN Serwis N. Wieś Wielka	99,32%
CPN Serwis Łódź	97,25%
CPN Serwis Rzeszów	96,21%
CPN Serwis Mazowsze	89,91%
CPN Serwis Podlasie	89,66%
CPN Serwis Kraków	83,35%
CPN Serwis Wrocław	83,31%
CPN Serwis Kędz. Koźle	80,00%
CPN Serwis Szczecin	78,09%
CPN Serwis Zachód	74,31%
CPN Serwis Katowice	55,00%
CPN Serwis Poznań	51,00%
Maintenance and support	
Petro Kan	82,28%
Petro Mechanika	68,17%
ORLEN Automatyka	52,63%
ORLEN Remont	51,28%
ORLEN Eltech	51,00%
Petro EnergoRem	51,00%
Petro Wir	51,00%

Non-Core business companies

Other	
ORLEN Budonaft	100,00%
ORLEN Medica	100,00%
ORLEN Polimer	100,00%
ORLEN S.SA	100,00%
Petro Ochrona	100,00%
ZW Mazowsze	100,00%
Petromot	97,56%
Zakład Budowy Aparatury SA	96,56%
Petrotel	93,08%
DW Mazowsze	86,90%
BHT Dromech SA	81,14%
CPN Marine Serwis	70,00%
Centrum Edukacji	69,43%
SU Krystynka	51,00%
Petroprojekt SA	51,00%
Flexpol	40,00%
Motell	35,00%
PU Zieleń	22,07%

Transportation companies	
ORLEN KolTrans	100,00%
PKN Transport Szczecin	99,56%
ORLEN Transport Kraków	98,31%
ORLEN Transport Płock	97,86%
ORLEN Transport Lublin	97,61%
PKN Transport Nowa Sól	97,38%
ORLEN Transport Poznań	96,39%
PKN Transport Słupsk	96,18%
ORLEN Transport Warszawa	95,28%
ORLEN Transport Olsztyn	93,05%
ORLEN Transport Kędz. Koźle	87,88%
Equity investments	
ORLEN Powiernik	100,00%
NOM	35,00%
LG Petro Bank SA	19,99%
Polkomtel SA	19,61%
Telewizja Familijna SA	11,96%
BOŚ SA	4,99%
NFI Piast SA	4,88%
Walcownia Rur „Jedność”	3,38%
BWR SA	0,81%
<20%	
39 spółek	<20,00%

PKN ORLEN SA Group
as at 31.03.2001

2001

Core business companies

Fuel companies	
ORLEN Petrocentrum	100,00%
ORLEN Petroprofit	85,00%
ORLEN Petro-Tank	60,00%
PetroZachód	51,83%
Petromor	51,30%
Petrolot	51,00%
Malnaft	45,07%
Gas distribution companies	
ORLEN Petrogaz Płock	100,00%
ORLEN Petrogaz N. Brzeźnica	52,00%
ORLEN Petrogaz Wrocław	51,61%
Petrogaz Inowrocław	51,00%
Petrogaz Łapy	39,55%
Sector companies	
Rafineria Trzebinia SA	77,07%
Rafineria Nafty Jedlicze SA	75,00%
IKS Solino SA	70,54%
Zakłady Azotowe Anwil SA	64,81%
Naftoport	48,72%
Petro-Oil	28,00%
Chemiepetrol	20,00%

Non-Core business companies → → →

Servicing companies	
CPN Serwis Kielce	100,00%
CPN Serwis Gdańsk	100,00%
Zakład Urządzeń Dystrybucyjnych	100,00%
CPN Serwis Słupsk	99,76%
CPN Serwis N. Wieś Wielka	99,32%
CPN Serwis Rzeszów	97,26%
CPN Serwis Łódź	97,25%
CPN Serwis Podlasie	89,66%
CPN Serwis Mazowsze	88,50%
CPN Serwis Kraków	83,34%
CPN Serwis Wrocław	83,31%
CPN Serwis Kędz. Koźle	80,00%
CPN Serwis Szczecin	78,09%
CPN Serwis Zachód	74,31%
CPN Serwis Katowice	55,00%
CPN Serwis Poznań	51,00%
Maintenance and support	
ORLEN WodKan	82,28%
ORLEN Mechanika	68,17%
ORLEN Automatyka	52,62%
ORLEN Remont	51,27%
ORLEN Eltech	51,00%
ORLEN EnergoRem	51,00%
ORLEN Wir	51,00%

Non-Core business companies

Other	
ORLEN Budonaft	100,00%
ORLEN Medica	100,00%
ORLEN Polimer	100,00%
ORLEN S.SA	100,00%
Petro Ochrona	100,00%
ZW Mazowsze	100,00%
Petromot	97,56%
Zakład Budowy Aparatury SA	96,56%
Petrotel	93,07%
DW Mazowsze	86,90%
BHT Dromech SA	81,14%
CPN Marine Service	70,00%
Centrum Edukacji	69,43%
Petroprojekt SA	51,00%
SU Krystynka	51,00%
Flexpol	40,00%
Motell	35,00%
PU Zieleń	22,06%

Transportation companies	
ORLEN KolTrans	100,00%
ORLEN Transport Szczecin	99,55%
ORLEN Transport Kraków	98,31%
ORLEN Transport Płock	97,85%
ORLEN Transport Lublin	97,61%
ORLEN Transport Nowa Sól	97,38%
ORLEN Transport Poznań	96,38%
ORLEN Transport Słupsk	96,17%
ORLEN Transport Warszawa	95,27%
ORLEN Transport Olsztyn	93,05%
ORLEN Transport Kędz. Koźle	87,87%
Equity investments	
ORLEN Powiernik	100,00%
NOM	35,00%
LG Petro Bank SA	19,99%
Polkomtel SA	19,61%
Telewizja Familijna SA	11,96%
<20%	
43 spółki	<20,00%

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Regional Wholesale and Logistics Offices

Regional Retail Trade Offices

Regional Investment and Overhaul Offices

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