

Estimations of selected financial and operating data for PKN ORLEN Group for the third quarter 2010
Regulatory announcement no 175/2010 dated 21 October 2010

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

Table 1.

Macroeconomic data	unit	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	change (Q3'10 / Q2'10)	change (Q3'10 / Q3'09)
Average Brent crude oil price	USD/b	68,1	74,5	76,4	78,3	76,9	-2%	13%
Average Ural crude oil price	USD/b	67,8	74,2	75,3	77,0	75,5	-2%	11%
URAL/Brent differential ¹	USD/b	0,5	0,7	1,4	1,8	0,9	-50%	80%
Model refining margin ²	USD/b	3,1	2,2	4,0	4,7	3,1	-34%	0%
Model petrochemical margin ³	EUR/t	601	600	629	721	753	4%	25%
Average PLN/USD ⁴	PLN	2,94	2,82	2,88	3,16	3,10	-2%	5%
Average PLN/EUR ⁴	PLN	4,20	4,17	3,99	4,01	4,01	0%	-5%
PLN/USD (at the end of period) ⁴	PLN	2,89	2,85	2,87	3,39	2,93	-14%	1%
PLN/EUR (at the end of period) ⁴	PLN	4,22	4,11	3,86	4,15	3,99	-4%	-5%

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

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

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

4) According to the National Bank of Poland.

Table 2.

Operating data: Production	unit	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	change (Q3'10 / Q2'10)	change (Q3'10 / Q3'09)
Throughput in PKN ORLEN Group	th t	7 343	6 605	6 233	6 901	7 406	7%	1%
Throughput in Plock refinery	th t	3 870	3 498	3 495	3 506	3 664	5%	-5%
Utilisation ratio ⁵	%	108%	98%	101%	101%	100%	-1 p.p.	-8 p.p.
Fuel yield ⁶	%	58%	69%	59%	68%	65%	-3 p.p.	7 p.p.
Throughput in Unipetrol	th t	1 156	1 087	948	1 082	1 182	9%	2%
Utilisation ratio ⁷	%	84%	79%	69%	79%	86%	7 p.p.	2 p.p.
Fuel yield ⁶	%	63%	65%	62%	64%	66%	2 p.p.	3 p.p.
Throughput in ORLEN Lietuva	th t	2 250	1 944	1 706	2 257	2 481	10%	10%
Utilisation ratio ⁸	%	90%	78%	68%	90%	99%	9 p.p.	9 p.p.
Fuel yield ⁶	%	73%	75%	73%	73%	73%	0 p.p.	0 p.p.

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

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

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

8) For 10.0 mt/y in ORLEN Lietuva.

Table 3.

Operating data: Sales in PKN ORLEN Group	unit	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	change (Q3'10 / Q2'10)	change (Q3'10 / Q3'09)
Refining sales	th t	5 885	5 471	4 737	5 683	6 075	7%	3%
Retail sales ⁹	th t	1 826	1 712	1 541	1 785	1 940	9%	6%
Petrochemical sales	th t	1 126	1 249	1 239	1 077	1 212	13%	8%

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

Macro environment in the third quarter 2010 improved in comparison to the third quarter 2009. In the third quarter 2010 there was recorded:

- increase of model refining margin and URAL/Brent differential in total by 0,4 USD/bbl (y/y) to the level of 4,0 USD/bbl,
- weakening of PLN against USD by PLN 0,16 (y/y) to the average level 3,10 PLN/USD,
- increase of model petrochemical margin by 152 EUR/t i.e. 25% (y/y) to the level of 753 EUR/t.

Positive impact of model petrochemical margin increase was partially limited by strengthening of average exchange rate of PLN against EUR by PLN 0,19 (y/y) to the level of 4,01 PLN/EUR.

However, in comparison to the second quarter 2010, macro factors including model refining margin and differential worsened in total by 2,5 USD/bbl. In petrochemical segment model margin increased by 32 EUR/t (q/q).

Crude oil throughput in PKN ORLEN increased by 1% (y/y) and 7% (q/q) and achieved 7,4 million tonnes in the third quarter 2010. It was the highest level since the beginning of 2009.

Plock refinery was operating at the full capacity available in the third quarter 2010. Fuel yield decreased by 3 pp (q/q) mainly due to shutdowns of Hydrocracking unit and Residue Hydrodesulphurization unit.

Improvement of market conditions and lack of maintenance shutdowns allowed to increase the utilisation ratio in ORLEN Lietuva by 9 pp (y/y) to the level of 99% with stable fuel yield on the level of 73%.

Czech refineries increased crude oil throughput by 2% (y/y) reaching at the same time an increase of fuel yield ratio by 3 pp (y/y).

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

- increase of retail sales by 6% (y/y) achieved on the Polish and German market at lower volumes in Czech Republic and Lithuania. Simultaneously fuel sales margins were reduced,
- increase of refining sales by 3% (y/y) recorded mainly on Czech and Lithuanian market,
- increase of petrochemical sales by 8% (y/y) achieved thanks to higher sales of olefins, polyolefins and fertilizers. Sales of plastics still limited due to breakdown of production units in Anwil in June 2010.

As a result, total sales volumes were the highest since the beginning of 2009.

PKN ORLEN Management Board estimates that in the third quarter 2010:

Total positive impact of macro factors including refining and petrochemical margins, URAL/Brent differential, changes of PLN against foreign currencies and higher sales volumes in all operating segments is estimated at the level of ca. PLN 0,5 bn (y/y).

Optimization of fixed costs and wages, lower depreciation and positive balance on other operating activity will increase the result by ca. PLN 0,1 bn (y/y).

As a result, the operating profit according to LIFO for the third quarter 2010 will be the highest since the beginning of 2009 and will amount to over PLN 700 m.

Due to stabilization of crude oil prices in the last four quarters, estimated LIFO effect, that increases reported operating profit of PKN ORLEN, will amount to approximately PLN 50 m.

Strengthening of PLN against foreign currencies observed in the third quarter 2010 resulted in identification of positive effects of debts and currencies settlements revaluation.

Positive net effect of debt revaluation in the third quarter 2010 is estimated at ca. PLN 1,0 bn, including PLN 0,8 bn referred to USD denominated debt connected with ORLEN Lietuva investment and foreign units debts and was booked in equity. The remaining amount of PLN 0,2 bn referred mainly to EUR denominated debt and was entered into profit and loss account.

After taking into account positive foreign exchange changes differences from trading and investment positions in the amount of ca. PLN 0,5 bn and interest rates in the amount of ca. PLN (-) 0,1 bn positive balance in financial operations in the third quarter 2010 will amount to approximately PLN 0,6 bn.

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

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

All information published in this report is an estimate and the values may differ from the values which are to be published on 29 October 2010 in PKN ORLEN consolidated financial statement for the third quarter of 2010.

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

Management Board of PKN ORLEN S.A.