Estimations of selected financial and operating data for PKN ORLEN Group for the second quarter 2010
Regulatory announcement no 127/2010 dated 29 July 2010

Management Board of PKN ORLEN S.A. ("Company", "PKN ORLEN S.A.") hereby announces its estimates of selected financial and operating data for PKN ORLEN Group ("PKN ORLEN") for the second quarter 2010.

Table 1.

Macroeconomic data	unit	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	change (Q2'10 / Q1'10)	change (Q2'10 / Q2'09)
Average Brent crude oil price	USD/b	**59,1**	68,1	74,5	76,4	**78,3**	*2%*	*32%*
Average Ural crude oil price	USD/b	**58,5**	67,8	74,2	75,3	**77,0**	*2%*	*32%*
URAL/Brent differental[1]	USD/b	**0,9**	0,5	0,7	1,4	**1,8**	*29%*	*100%*
Model refining margin[2]	USD/b	**4,6**	3,1	2,2	4,0	**4,7**	*18%*	*2%*
Model petrochemical margin[3]	EUR/t	**487**	601	600	629	**721**	*15%*	*48%*
Average PLN/USD[4]	PLN	**3,27**	2,94	2,82	2,88	**3,16**	*10%*	*-3%*
Average PLN/EUR[4]	PLN	**4,45**	4,20	4,17	3,99	**4,01**	*1%*	*-10%*
PLN/USD (at the end of period)[4]	PLN	**3,17**	2,89	2,85	2,87	**3,39**	*18%*	*7%*
PLN/EUR (at the end of period)[4]	PLN	**4,47**	4,22	4,11	3,86	**4,15**	*8%*	*-7%*

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	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	change (Q2'10 / Q1'10)	change (Q2'10 / Q2'09)
Throughput in PKN ORLEN Group	th t	**6 560**	7 343	6 605	6 233	**6 901**	*11%*	*5%*
Throughput in Plock	th t	**3 586**	3 870	3 498	3 495	**3 506**	*0%*	*-2%*
Utilisation ratio[5]	%	**100%**	108%	98%	101%	**101%**	*0 p.p.*	*1 p.p.*
Fuel yield[6]	%	**67%**	58%	69%	59%	**68%**	*9 p.p.*	*1 p.p.*
Throughput in Unipetrol	th t	**848**	1 156	1 087	948	**1 082**	*14%*	*28%*
Utilisation ratio[7]	%	**62%**	84%	79%	69%	**79%**	*10 p.p.*	*17 p.p.*
Fuel yield[6]	%	**62%**	63%	65%	62%	**63%**	*1 p.p.*	*1 p.p.*
Throughput in ORLEN Lietuva	th t	**2 054**	2 250	1 944	1 706	**2 257**	*32%*	*10%*
Utilisation ratio[8]	%	**82%**	90%	78%	68%	**90%**	*22 p.p.*	*8 p.p.*
Fuel yield[6]	%	**71%**	73%	75%	73%	**73%**	*0 p.p.*	*2 p.p.*

5) For 15.1 mt/y in 2010 taking into account planned quarterly throughput and 14.3 mt/y in 2009 in PKN ORLEN.
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	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	change (Q2'10 / Q1'10)	change (Q2'10 / Q2'09)
Refining sales	th t	**5 249**	5 885	5 471	4 737	**5 683**	*20%*	*8%*
Retail sales	th t	**1 693**	1 826	1 712	1 541	**1 785**	*16%*	*5%*
Petrochemical sales	th t	**1 197**	1 126	1 250	1 239	**1 076**	*-13%*	*-10%*

9) From 1q 2010 sales volumes realised through DOFO petrol stations, displayed previously as wholesale in refining segment, are 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.

In the second quarter 2010, there was a further improvement of macroeconomic factors influencing PKN ORLEN results.
Model refining margin and URAL/Brent differential increased in total by 1.0 USD/bbl (y/y), as well as model petrochemical margin that increased by 234 EUR/t i.e. 48% (y/y) and amounted to 721 EUR/t.

Crude oil throughput in PKN ORLEN, in the second quarter 2010, increased by 11% (q/q) and 5% (y/y) reaching the level of 6.9 million tonnes.
Plock refinery continued operations at full capacity. Improvement in market conditions as well as lack of maintenance shutdowns that occurred in the second quarter 2009 allowed to increase crude oil throughput in Unipetrol by 28% (y/y) and in ORLEN Lietuva by 10% (y/y).
Increased availability of production units in ORLEN Group refineries allowed for improvement of fuel yield by 1 to 2 p.p. comparing to the second quarter 2009.

Taking into consideration above-mentioned conditions, PKN ORLEN recorded in the second quarter 2010:

- increase of retail sales by 5% (y/y) mainly on the Polish and German market and at lower volumes in the Czech Republic and Lithuania, however increasing fuel prices caused decrease in unit fuel margins,
- increase of refining sales by 8% (y/y) in all companies operating in this segment including export sales,
- slight increase of sales level of olefins and polyolefins in total at higher sales in the Czech Republic and restrictions due to conducted planned maintenance shutdowns in Plock in the second quarter 2010,
- lower PVC sales mainly due to lower demand in the first half of the quarter and after the breakdown in Anwil in June 2010. Lower fertilizers sales as a result of competition pressure and high volumes realized in the first quarter 2010.

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

Total positive impact of macroeconomic factors including: model refining and petrochemical margin, Ural/Brent differential, PLN exchange rate against foreign currencies and higher sales volumes will amount to ca. PLN 0.8 bn (y/y).

Considering that effect of lower operating costs is estimated at ca. PLN 1.0 bn (y/y), the operating result according to LIFO for the second quarter 2010 will amount to ca. PLN 0.7 bn.

Due to growing crude oil prices in the second quarter 2010, estimated LIFO effect will increase PKN ORLEN reported operating result by ca. PLN 0.4 bn.

Strong weakening of PLN against foreign currencies observed mainly in May and June 2010 which had positive impact on operating results resulted in identifying of negative effects of debts revaluation and currencies settlements.
Negative, mainly unrealized net currencies changes differences due to debts revaluation in the second quarter 2010 are estimated at ca. PLN (-) 1.4 bn, including PLN (-) 0.9 bn, mainly of debt in USD connected with investment in ORLEN Lietuva and foreign entities debts, was included in equity. The remaining amount of ca. PLN (-) 0.5 bn, mainly of debt in EUR, was included in the profit and loss account.
Taking into account negative currencies changes differences from other trade and investment positions in the amount of ca. PLN (-) 0.5 bn and interest rates costs in the amount of ca. PLN (-) 0.1 bn, the balance of net financial costs will amount to ca. PLN (-) 1.1. bn in the second quarter of 2010.

Taking into consideration participation in the results of entities accounted for under equity method and taxes the estimated net result in the second quarter 2010 will be positive.

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 result.

All information published in this report is an estimate and the values may differ from the values which are to be published on 31 August 2010 in PKN ORLEN consolidated financial statements for the second quarter and the first half 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.