PKN ORLEN Strategy 2013-2017
Regulatory announcement no 240/2012 dated 30 November 2012

Polski Koncern Naftowy ORLEN Spolka Akcyjna ("PKN ORLEN", "Company") hereby announces that on 29 November 2012 the Supervisory Board of PKN ORLEN approved the document "PKN ORLEN Strategy 2013-2017" ("Strategy").

The Strategy assumes:
- ensuring of possibilities of dividend payments for shareholders,
- achieving of increase in operating cash flow and EBITDA according to LIFO,
- realization of investment program directed to the Company's development, including Upstream and Energy segments,
- maintaining of financial ratios at safe levels.

The Strategy assumes achieving the following financial and operating targets for the ORLEN Capital Group in 2013-2017[1] in comparison to the levels achieved in 2008-2012:

Table 1.

Financial target	Strategy 2013-2017	Realization 2008-2012 [2]	Change in years 2013-2017 in comparison to years 2008-2012
EBITDA acc. to LIFO[3] annual average (PLN bn)	6,3 [4]	4,0 [5]	58%
Operating cash flow annual average (PLN bn)	5,6	3,9	44%
CAPEX in total (PLN bn)	22,5 [6]	14,8	52%
Net financial gearing[7]	up to 30%	58% - 25%	

Table 2.

Operating target	2017	2012	Change 2017 in comparison to 2012
Crude oli throughput (mt)	30,0	27,8	2,2 mt
Fuels yield %	78%	77%	1 pp
Energy consumption - Solomon index	92	96	-4
Utilization of olefins	84%	77%	7 pp
Polymers sales (mt)	0,9	0,8	0,1 mt
PTA sales (mt)	0,6	0,5	0,1 mt
Share in home retail markets	17%	14%	3 pp
Sales per fuel station (m liters)	4,0	3,4	0,6 m liters
Non-fuel margin 2012=100, index	155	100	55
Gas production m m^3 yearly	161	0	-
Crude oil production m bbl yearly	1	0	-
Number of wells (at the end of period)[8]	57	5	52

Financial targets for the ORLEN Capital Group – breakdown by operating segments:

Table 3.

Segment	EBITDA acc. to LIFO (annual average) PLN bn in years		CAPEX (in total) PLN bn in years	
	2013-2017 [4]	2008-2012 [4]	2013-2017	2008-2012
Refining	2,7	2,0 [9]	6,1	5,8
Petrochemicals	2,5	1,5 [10]	4,7	6,6
Retail	1,5	1,1 [11]	2,4	2,2
Upstream	0,4 [12]	0	5,1	0,2
Energy	0,3 [12]	0	4,2	0

Assumed level of CAPEX in 2013 amounts to PLN 3,6 bn. That amount includes the additional resources at the level of PLN 0,5 bn dedicated to Upstream segment, which will be released depending on the progress of works at the current licenses, possibilities of new licenses purchase and acquisition options.
Assumptions that were made imply the achievement of EBITDA according to LIFO at the level of ca. PLN 5,1 bn and CAPEX at the level of ca. PLN 2,0 bn in 2012.

The Strategy introduces also new rules in the Company's dividend policy. They assume the dividend payments at the level of up to 5% of the annual average market capitalization of the Company for the previous year, taking into account the achievement of strategic targets of safe financial standing of ORLEN Capital Group (financial gearing, net debt/EBITDA ratio and rating) and forecasts regarding macro environment.

[1] Targets are presented with the assumption of the following macroeconomic factors in years 2013 – 2017 (annual average):

- Brent crude price: 118 USD/bbl,
- PKN ORLEN model refining margin: 4,9 USD/bbl,
- Brent/Ural differential: 1,3 USD/bbl,
- PKN ORLEN model petrochemical margin: 812 EUR/t,
- EUR/PLN exchange rate: 3,92
- USD/PLN exchange rate: 2,87
- Gas price: 1352 PLN/1000m^3
- Price of CO_2 emission rights: 12 EUR/t

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

[2] Realization in 2008-2012 includes estimates of realization in 4q2012.
[3] EBITDA = operating profit with depreciation; provisions valuation method in acc. with LIFO.
[4] Annual average impact of corporate functions costs on EBITDA in 2013 - 2017 amounts to PLN -0,7 bn and in 2008 - 2012 PLN -0,6 bn
[5] Annual average EBITDA 2008-2012 has been adjusted by impairment of assets (PLN + 0,85 bn) and impact of obligatory reserves buy-back (PLN - 0,15 bn)
[6] Cumulated value in years 2013-2017. CAPEX include the additional resources of PLN 6,9 bn which will be released depending on projects economics and financial standing (including 0,5 Refinery, 1,2 Petrochemical, 0,1 Retail, 2,4 Energy, 2,7 Upstream)
[7] Net financial gearing = net debt / equity.
[8] Within the base capex.
[9] Annual average EBITDA 2008-2012 has been adjusted by impairment of assets (PLN + 0,55 bn) and impact of obligatory reserves buy-back (PLN - 0,15 bn)
[10] Annual average EBITDA 2008-2012 has been adjusted by impairment of assets (PLN + 0,30 bn)
[11] Annual average EBITDA 2008-2012 has been adjusted by impairment of assets at the level of PLN 15 m
[12] Value refers only to 2017.

Details of the Strategy will be presented to capital markets representatives at the press conference and teleconference, which are planned for 30 November 2012.

Moreover, we inform that due to standard procedures in accordance with IAS 36 (Impairment of Assets) the accepted Strategy will be the base to conduct future tests for impairment of assets, what can impact future results, starting from 4q2012.
All information published in this report is an estimate and may differ from values which will be published in PKN ORLEN financial statements.