



Partnership for Central Europe

Igor Chalupec, CEO PKN ORLEN S.A.

Prague, 8 June, 2005

Conference agenda

Governance model for UNIPETROL within PKN ORLEN Group

Aspirations and value creation plan

“Partnership” Program as the value creation mechanism

Action plan for the first 100 days of integration



UNIPETROL and PKN ORLEN – partnership for Central Europe



PKN ORLEN acquired :

- 62.99% shares in UNIPETROL at CZK 11 303.9 million
- 9.76% shares in SPOLANA at CZK 1.0 million
- Debt of UNIPETROL Group entities*, at the nominal value** of CZK 3 564.3 million for CZK 1 745.1 million

24 May, 2005

Acquisition of 62.99% shares in UNIPETROL by PKN ORLEN

8-9 June 2005

Takeover of corporate control

- Meetings of statutory bodies of key companies of UNIPETROL Group
- Changes in composition of the authorities of UNIPETROL Group companies

* ALIACHEM, BENZINA, PARAMO, SPOLANA

** As of 1 April, 2004

Principles of the new governance model of UNIPETROL Group – single company cooperating with PKN ORLEN

“Single company”

- Single management team with common objectives and shared P&L responsibility, constituting the Management Board of UNIPETROL holding

Elements of segment management

- Companies with similar business profile – refining, chemicals, petrochemicals, retail, grouped into business segments
- Board members of UNIPETROL responsible for specific business segments will sit on the Boards of the key companies in those business segments
- Ultimately, UNIPETROL to be included in the segment management system of PKN ORLEN

Czech-Polish teams

- Dedicated teams comprising employees of UNIPETROL and PKN ORLEN, responsible for meeting the financial target of the integration
- Cooperation between PKN ORLEN and UNIPETROL
 - Exchange of information and best practices
 - Access to best specialists irrespective of the location of employment

New governance model of UNIPETROL Group

SIMPLIFIED

Board of Directors of UNIPETROL

CEO

Refining

Petrochem.

Chemicals

Retail

**CIO
(Investment)**

**CFO
(Finance)**

**CMO
(Merger)**

**HR
(Human
Resources)**

**Refining
companies**

- UNIPETROL
RAFINERIE
- ČESKA
RAFINER-
SKA
- PARAMO

**Petro-
chemical
companies**

- CHEMO-
PETROL
- UNIPETROL
DOPRAVA
- KAUČUK
- UNIPETROL
TRADE

**Chemical
companies**

- SPOLANA
- AGROBO-
HEMIE
- ALIACHEM

**Retail
companies**

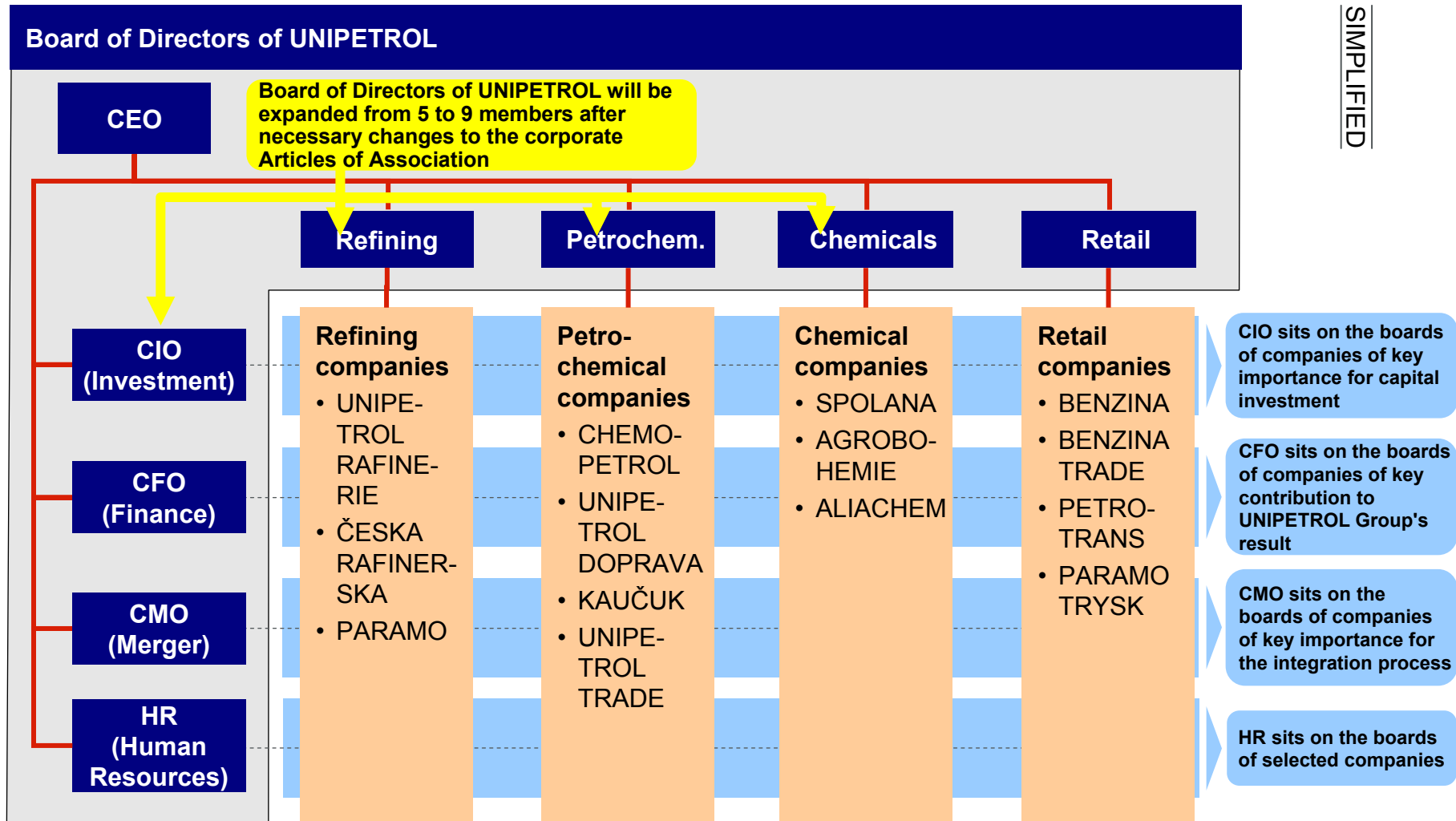
- BENZINA
- BENZINA
TRADE
- PETRO-
TRANS
- PARAMO
TRYSK

Board members of UNIPETROL responsible for the respective business segment sit on the boards of key companies of that segment

CIO – Chief Investment Officer
CFO – Chief Finance Officer
CMO – Chief Merger Officer
HR – Human Resources

New governance model of UNIPETROL Group

SIMPLIFIED



CIO – Chief Investment Officer
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HR – Human Resources

Members of the Supervisory Board of UNIPETROL



Chairman of SB:
Igor Chalupiec, CEO,
PKN ORLEN



Vice-Chairman of SB:
Miroslav Grégr



Joanna Chmielewska,
Head of Legal Office,
PKN ORLEN



Zdeněk Černý.
Chairman of ECHO Trade
Union Czech Republic



Dariusz Formela,
Head of Organization
and Development Office,
PKN ORLEN



Piotr Kearney,
Head of Strategy Office,
PKN ORLEN



Milan Kuncíř,
Technical Director
Uniraf



Wojciech Lorenc,
Head of Human Resources
Office, PKN ORLEN



Vlastimil Růžička, Rector
of Institute of Chemical
Technology Prague



Cezary Smorszczewski,
CIO, PKN ORLEN



Miloslav Suchánek
Professor of Institute of
Chemical Technology
Prague



Paweł Szymański,
CFO, PKN ORLEN



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Management selection process in line with best practices

Sources of candidates

Recruitment and assessment process

UNIPETROL

- Assessment of management competencies carried out by reputable human resources advisors
- Performance to-date and HR assessment results taken into account

PKN ORLEN

- Identification of PKN ORLEN candidates for selected business and functional areas
- Assessment of candidate competencies carried out by reputable human resources advisors

External candidates

- Recruitment by professional human resources advisors in Czech Republic and Poland

New management team of UNIPETROL has high qualifications and extensive professional experience



ORLEN

Pavel Švarc – President and CEO



Age: 49

Professional experience:

- 1999 – Present – Unipetrol a.s.; CEO and Chairman
- 1997 – 1999 – Lovochemie a.s.; Managing Director
- 1993 – 1997 – Čížkovická cementárna a.s.; HR Director
- 1993 – 3CA s.r.o.; Managing Director
- 1985 – 1992 – Pražská cukerní společnost a.s.; Managing Director and other management positions
- 1981-1985 – Pražské cukrovary, s.p.; Sugar Plant Managing Director and Production Manager

Education:

- 1983-1988 – Master of Science (CSc.)
- 1976-1981 – Chemical Technology University Praha

Key responsibilities:

- Manages UNIPETROL Group operations
- Co-responsible for UNIPETROL Group Strategy
- Represents UNIPETROL Group in relations with shareholders and government institutions
- Responsible for external communication in UNIPETROL Group

Marek Mroczkowski – Vice Chairman, Chief Financial Officer



Age: 49

Professional experience:

- 2003 – 2004 – ELANA S.A.; President, CEO
- 2001 – 2002 – POLKOMTEL; President, CEO
- 1994 – 2001 – PKN ORLEN; Vice President, CFO
- 1986 – 1994 – EDA; Board Member, CFO
- 1981 – 1986 – POLMO-ELMOT; Finance Manager

Education:

- 2002 – INSEAD, Advanced management program
- 2000 – 2001 – Warsaw School of Economics and University of Wroclaw; Post-graduate studies
- 1974 – 1979 – Warsaw School of Economics, Master Degree in Economics

Key responsibilities:

- Budgeting and controlling
- Financing and risk management
- Accounting and reporting



Vít Šubert – Vice Chairman Responsible for HR



Age: 56

Professional experience:

- 1999-Present – UNIPETROL, a.s., Vice-Chairman of the Board of Directors
- 1997-1999 – Danone, a.s., HR Director
- 1995-1997 – Čokoládovny, a.s. (joint venture of Danone and Nestlé), HR Director
- 1992-1994 – Ministry of Labour and Social Affairs, Managing Director – Czech Public Employment Service
- 1990-1992 – Labour Office of Prague, Director
- 1987-1990 – Škoda VE Praha, Head Engineer in computing centre
- 1981-1987 – PU VHMP, Engineer in computing centre

Education

- Technical University, Prague

Key responsibilities :

- HR management
- Incentive system management
- Career path planning of key managers

Frederik J. Emich – Board Member Responsible for Retail



Age: 45

Professional experience:

- 2004-2005 – MOL; Advisor to the group CEO responsible for Retail
- 1996-2003 – OMV Česká Republika; General Manager
- 1989-1996 – OMV AG Vienna; Retail Sales Manager
- 1987-1989 – MPSI Systems; responsible for sales and client relations in Germany, Austria, and Switzerland
- 1984-1987 – Esso Benelux; Analyst

Education:

- 1984 – Erasmus University Rotterdam; Doctorate in Business Administration (MBA equivalent)
- 1980 – Erasmus University Rotterdam, Undergraduate Studies

Key responsibilities:

- Management of retail network



Adam Życzkowski – Board Member - Chief Merger Officer



Age: 45

Professional experience:

- 2005-Present – PKN ORLEN; Director, UNIPETROL Integration Department,
- 2002-2005 – Spectra sp. z o.o.; Director, Investment and Strategy Department
- 1999-2001 – McKinsey & Company (Poland, USA); Engagement Manager
- 1990-1998 – Procter and Gamble (USA, Czech Republic, Russia, Belgium, Poland); Finance Manager

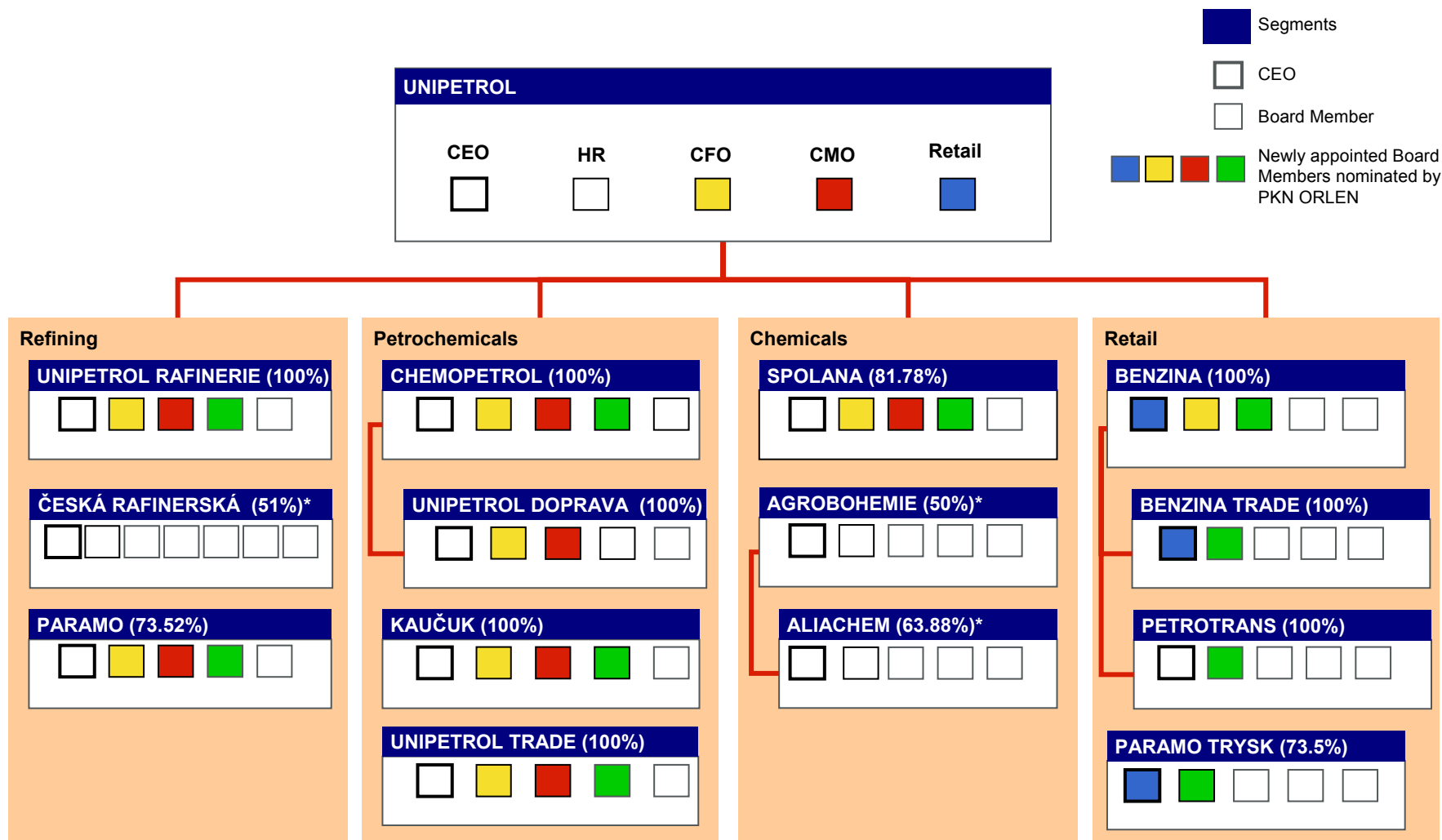
Education:

- 1990 – University of Notre Dame, IN, USA, MBA
- 1987 – Rutgers University, New Brunswick, NJ, USA, Msc

Key responsibilities :

- Management of UNIPETROL and PKN ORLEN integration process
- Management of effective communication between UNIPETROL and PKN ORLEN
- Partnership Program Management
- Coordination of integration process of all companies within UNIPETROL Group

To reflect the new shareholder structure, changes also take place in the boards of subsidiaries



* The changes in the statutory bodies require alignment with other shareholders

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Aspirations and value creation plan

“Partnership” Program as the value creation mechanism

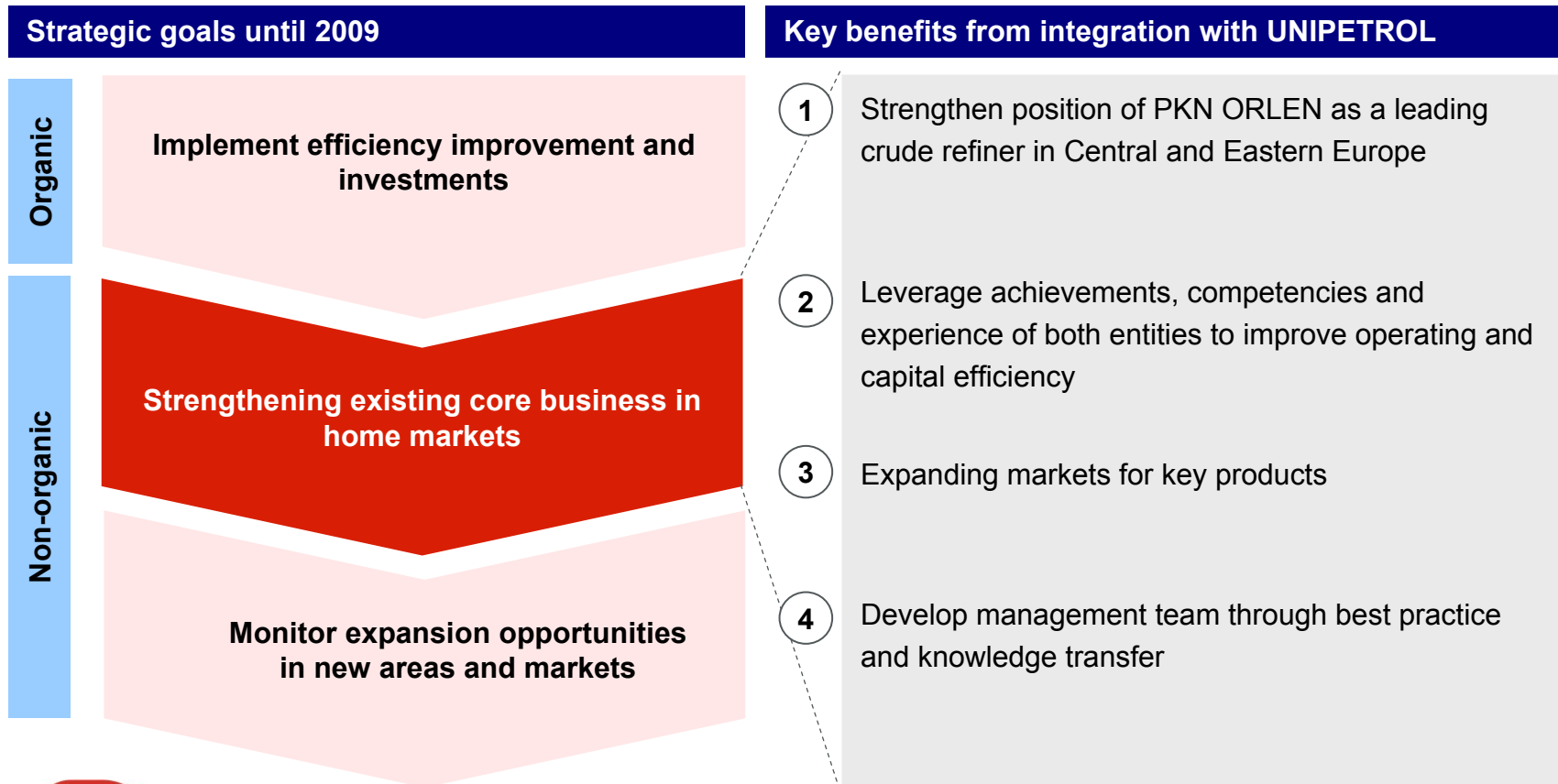
Action plan for the first 100 days of integration



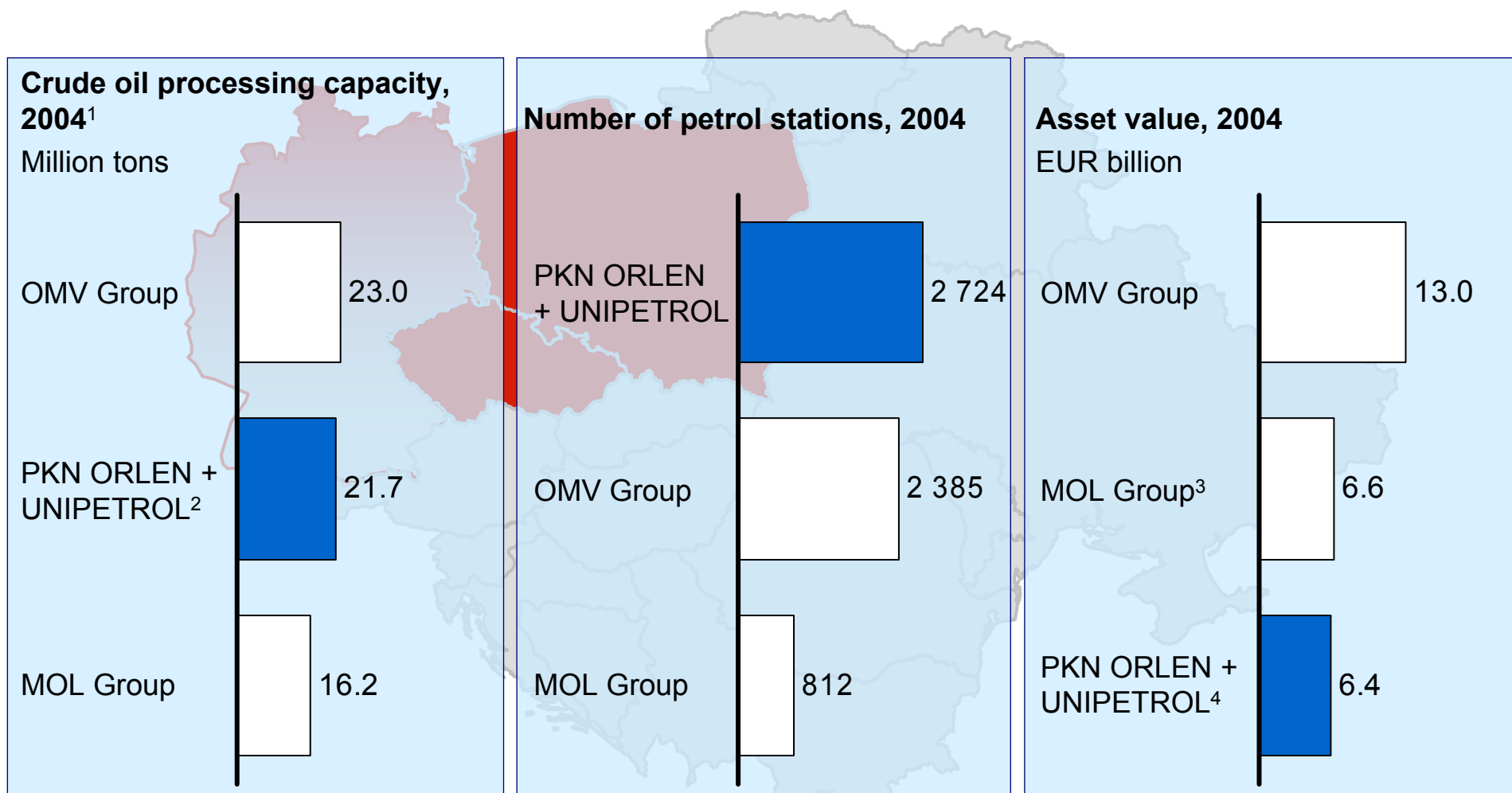
Acquisition of UNIPETROL fits into strategy of PKN ORLEN

From the mission of PKN ORLEN:

"Aiming to become the regional leader we ensure long-term value creation for our shareholders by offering our customers products and services of the highest quality."



Integration of UNIPETROL and PKN ORLEN will strengthen the Group's competitive position in the region



1 Atmospheric distillation; processing capacity weighted by subsidiary shares

2 Sum of ~63% UNIPETROL (51% ČESKA RAFINERSKA; 73,5% PARAMO) and 100% PKN ORLEN capacity

3 1 EUR = 246,19 HUF (year end)

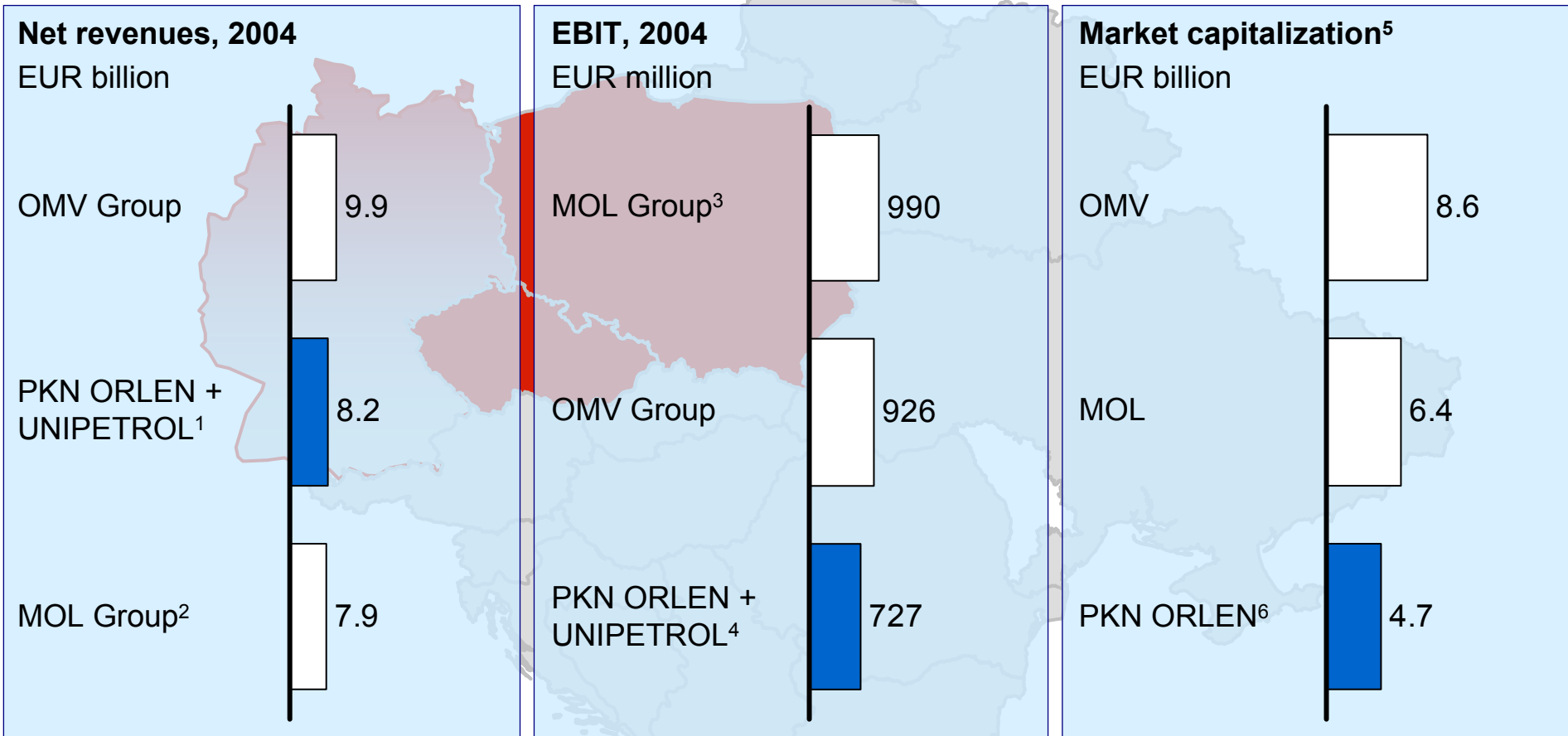
4 Sum of assets (~63% UNIPETROL + 100% PKN ORLEN); 1 EUR = 4,09 PLN; 1 EUR = 31,51 CZK (year end)

Source: Annual reports; Petrofinance; OANDA; web sites



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Integrated UNIPETROL and PKN ORLEN Group aspires to match the valuation of its competitors in the region



1 Sum of revenues (~63% UNIPETROL + 100% PKN ORLEN); for UNIPETROL excludes CZK 10,3 million of excise; 1 EUR = 31,95 CZK; 1 EUR = 4,53 PLN (annual average exchange rate)

2 1 EUR = 252,08 HUF (annual average exchange rate)

Source: Annual reports; BOSSA.PL; OANDA; web sites

3 1 EUR = 252,08 HUF (annual average exchange rate)

4 1 EUR = 4,53 PLN; 1 EUR = 31,95 CZK (annual average exchange rate); not consolidated, includes ~63% PKN ORLEN share in UNIPETROL

5 Based on exchange rates as of 01.06.2005

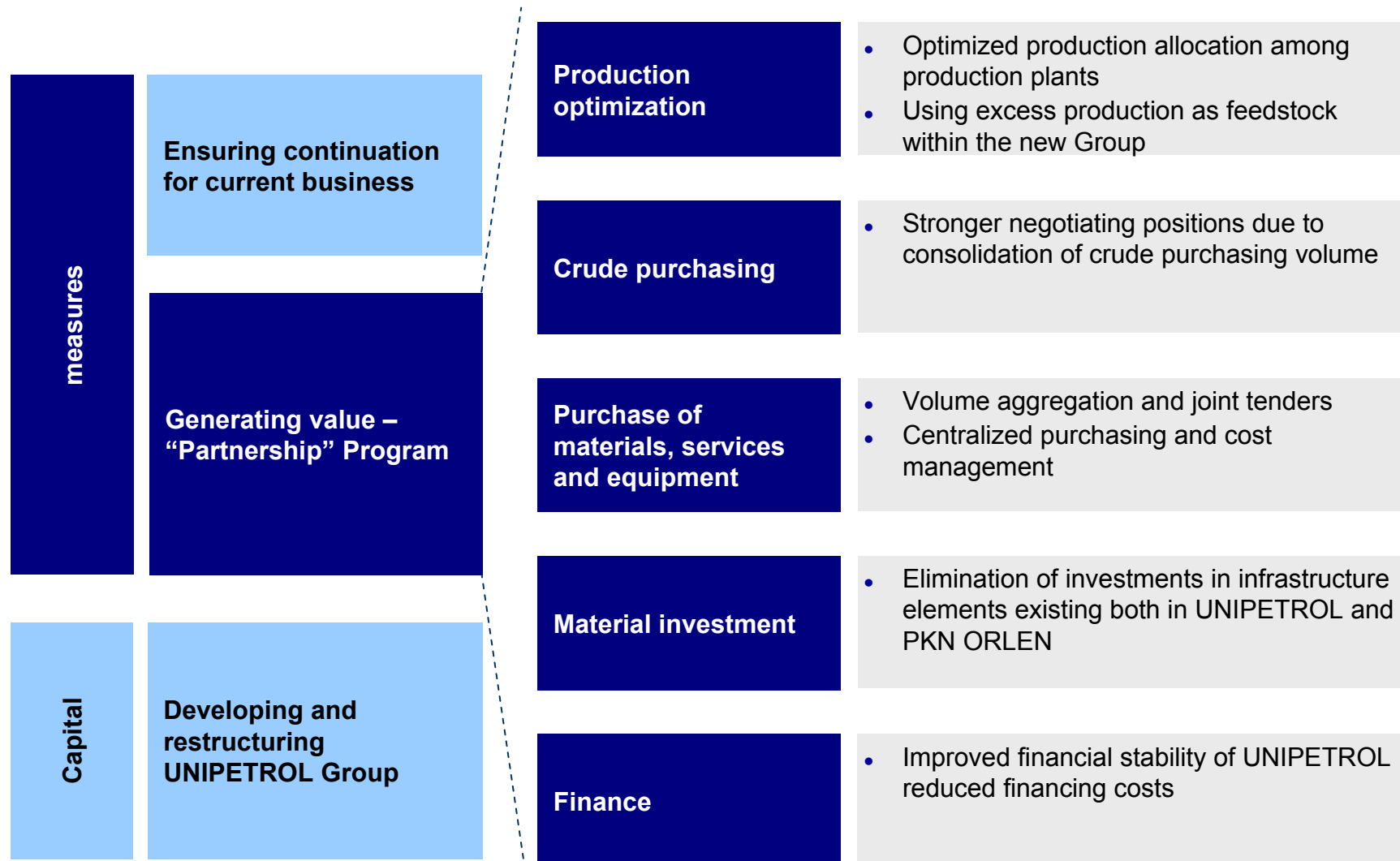
6 PKN ORLEN valuation includes UNIPETROL value

Approach to value creation is based on three foundations

Organic	Ensuring continuation for current business	<ul style="list-style-type: none">• Continuation of ongoing business operations of UNIPETROL Group• Control over key business elements
	Generating value – “Partnership” Program	<ul style="list-style-type: none">• Taking maximum advantage of unique opportunities resulting from the merger of two capital groups operating in different national markets in fuel, petrochemical and chemical industries<ul style="list-style-type: none">➢ Efficiency improvement➢ Revenue and cost synergies➢ Knowledge and experience transfer
Capital	Developing and restructuring UNIPETROL Group	<ul style="list-style-type: none">• Potential further acquisitions of assets in strategic areas• Simplification and improved transparency of UNIPETROL Group structure• Disinvestment of non-strategic assets – all transactions supported with fairness opinion by renowned independent advisors

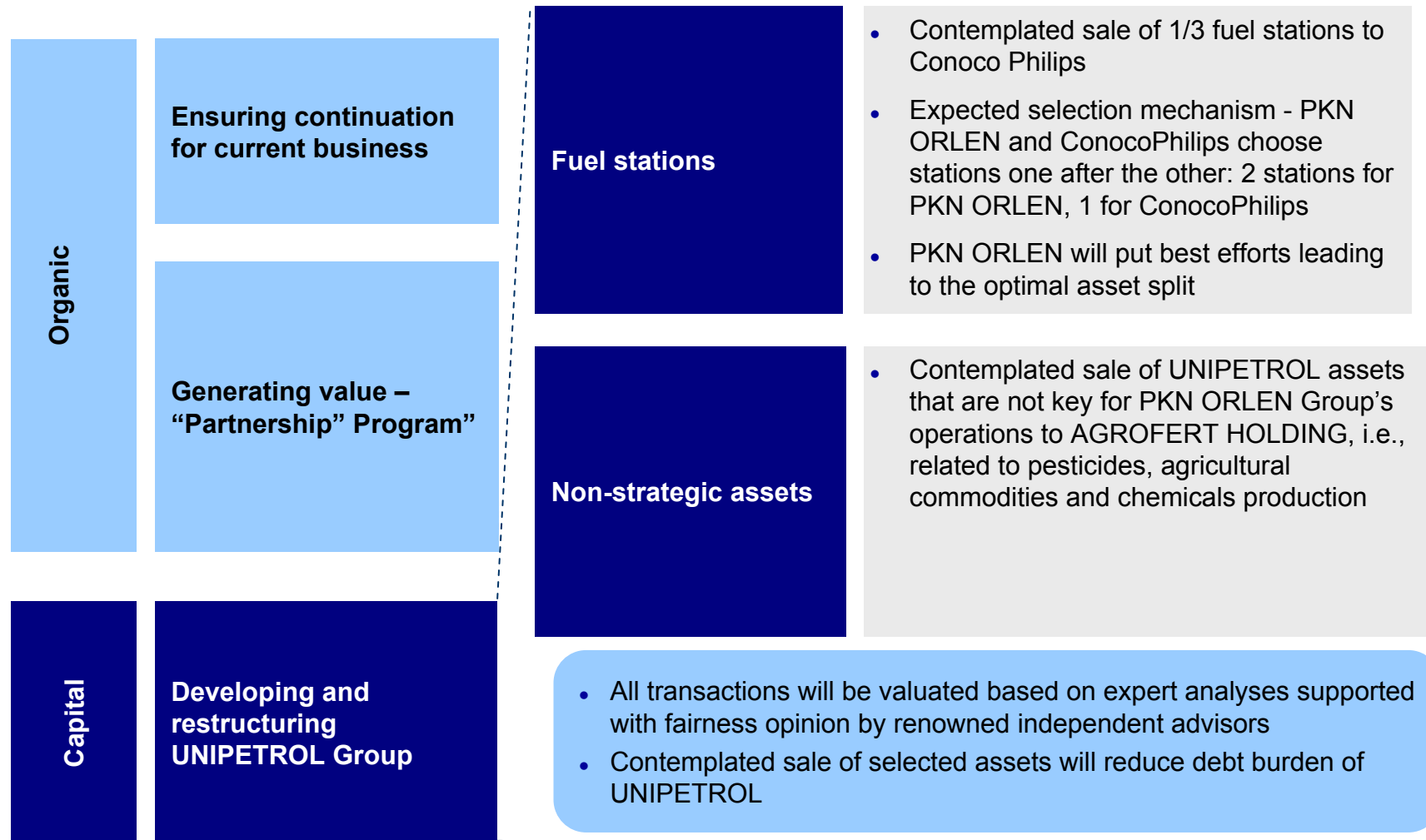
Integration of UNIPETROL and PKN ORLEN will yield measurable financial synergies

EXAMPLES



ORLEN

Possible disinvestment in UNIPETROL Group



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“Partnership” Program as a mechanism of value creation

Goal of “Partnership” Program



Identification and preparation of a plan to implement value creation initiatives based on integration of UNIPETROL and PKN ORLEN

Value Creation Teams

- Dedicated to specific business, functional or support areas
- Composed of experts from UNIPETROL Group and PKN ORLEN Group
- Managed jointly by representatives of UNIPETROL and PKN ORLEN

Team tasks

- Identification and valuation of detailed value creation levers
- Detailed description of individual initiatives and preparing their implementation plans
- Achievement of financial targets – including short-term initiatives as soon as in 2005



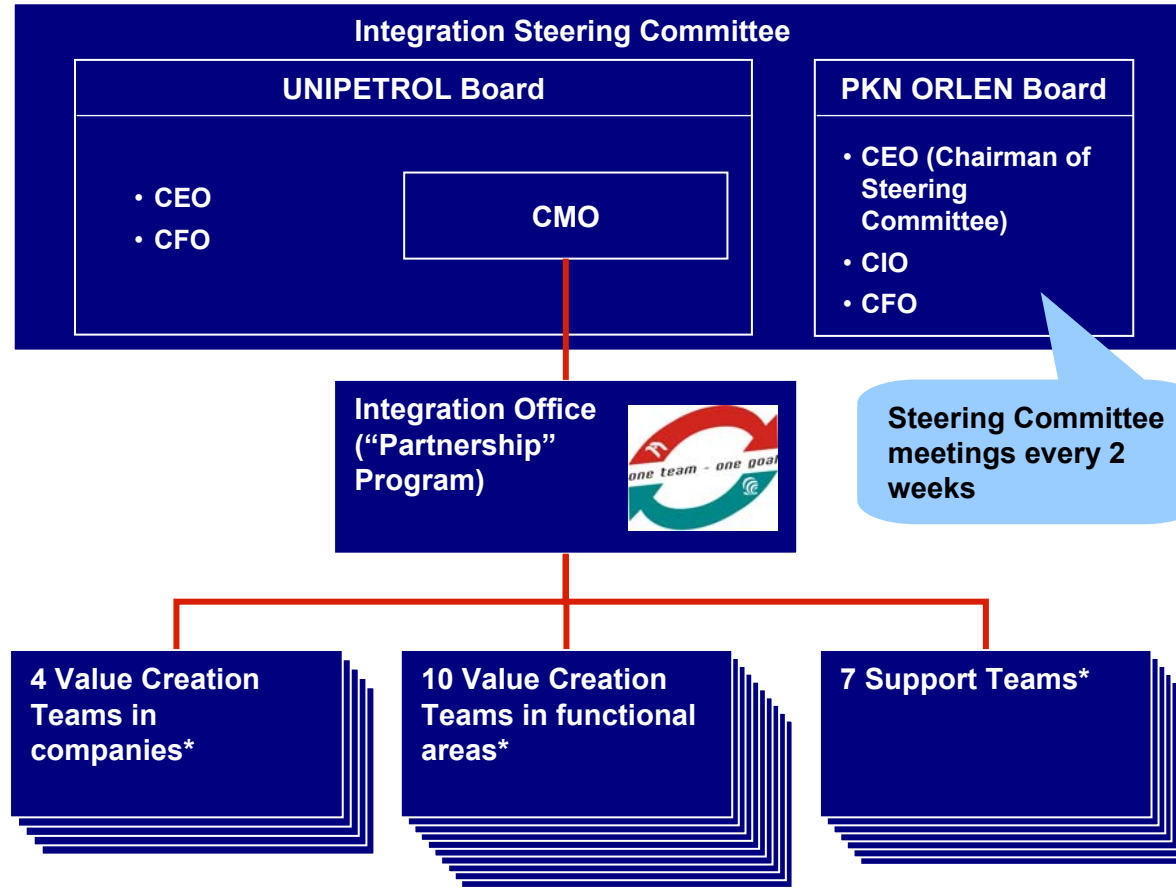
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Organization of “Partnership” Program

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Units responsible for integration

Responsibility



- Set aspirations and objectives for integration process
- Monitor team efforts
- Make decisions
- Resolve key issues

- Coordinate day-to-day efforts and administrative support for teams
- Prepare meetings of Integration Steering Committee

- Define initiatives
- Plan and implement initiatives
- Report initiative progress to Integration Project Office and Steering Committee

* Value Creation Teams in companies – responsible for initiatives within business segments; Value Creation Teams in functional areas supply expertise and share best practices between business segments ; Support Teams coordinate the integration process

Integration - a strategic priority with significant dedicated resources

Resources of PKN ORLEN

- Members of PKN ORLEN board in the Supervisory Board of UNIPETROL and the Integration Steering Committee
- Approx. 150 PKN ORLEN employees involved in the integration process, including approx. 50 delegated to Value Creation Teams for a limited time period

External resources

- Assistance of experienced and reputable companies (over 100 people):
 - Integration process management: McKinsey & Company
 - HR advisors and personnel selection : Kienbaum and Russell Reynolds
 - Financial audit: KPMG
 - Asset valuation: PricewaterhouseCoopers
 - Legal advisors: Dewey Ballantine
 - Preparation of Tender Offer: Patria
 - Public relations: EMC
 - Tax advice: Deloitte



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Closing UNIPETROL share purchase transaction

Price adjustment

- Final transaction value will be defined based on the adjusted net asset value of UNIPETROL determined by an independent auditor (maximum price increase from the purchase price allowed is 15%; maximum price reduction is 25%)*
- In line with the privatization agreement, the price adjustment will be defined the latest by the second half of October 2005
- PKN ORLEN is prepared to pay a price that reflects the real value of UNIPETROL

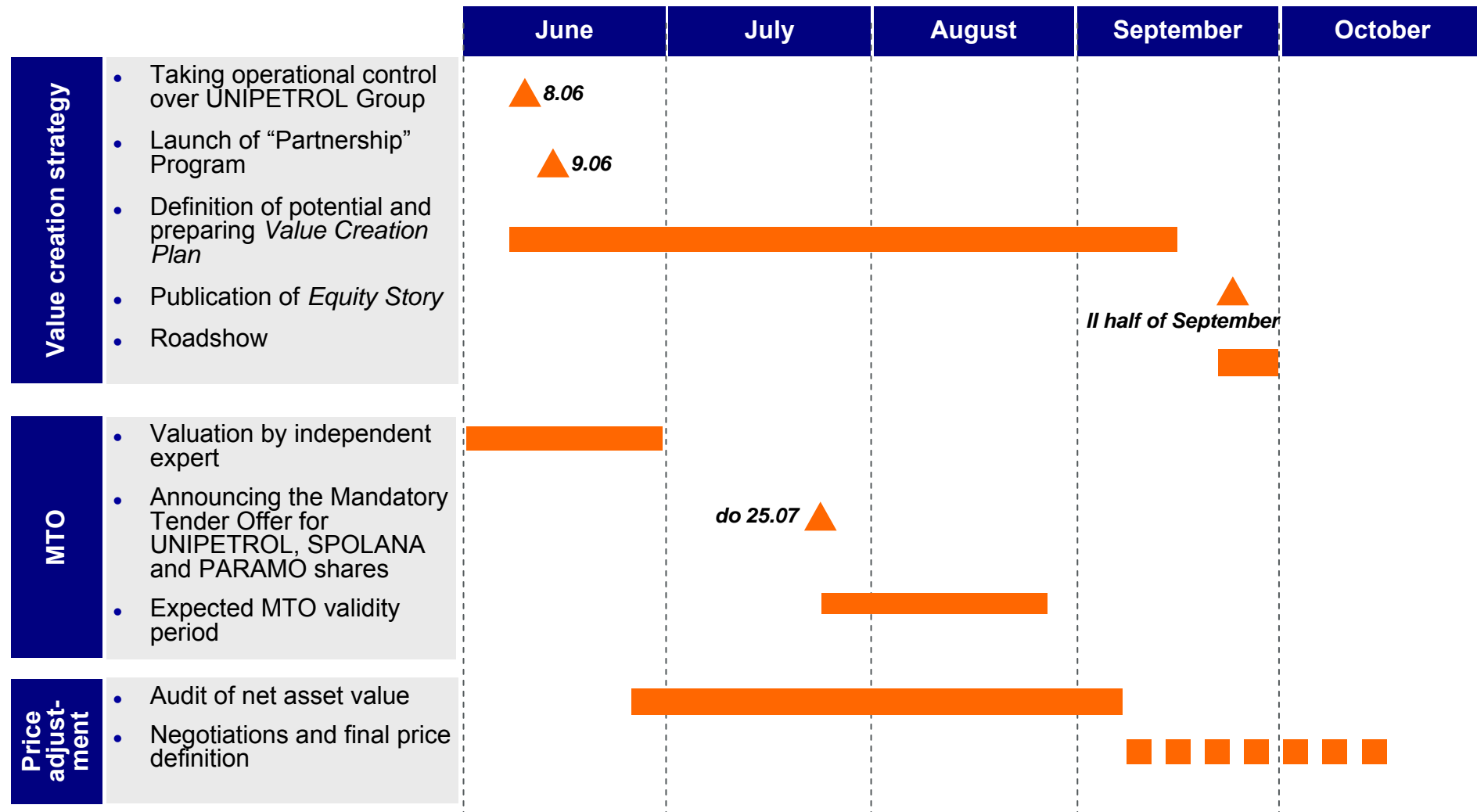
Mandatory Tender Offer (MTO)

- Within 60 days of the transaction closing a Mandatory Tender Offer for minority shareholders for purchase of the remaining UNIPETROL, PARAMO and SPOLANA shares will be announced
 - Price in the tender offer will be defined based on the valuation of an independent expert and the average UNIPETROL share price** for the period of 6 months before the transaction closure (purchase of UNIPETROL shares by PKN ORLEN)
 - PKN ORLEN will try to take into account the potential effect of the price adjustment mechanism in the price of MTO buyout
 - PKN ORLEN will make a motion to the SEC for a four weeks duration of MTO
- At the moment PKN ORLEN is not planning to withdraw UNIPETROL shares from public trading

* The price adjustment will take place only when the difference between Net Asset Value at the end of 2003 and 2nd of May 2005 is bigger than 5%

**Average weighted by turnover; includes price to be paid by PKN ORLEN

Key milestones – the first 100 days of integration



Contact



For more information please contact

Investor Relations Office:

Tel.: + 48 24 365 33 90
fax: + 48 24 365 56 88
e-mail: ir@orlen.pl

Press Office:

tel: + 48 24 365 41 50
+ 48 22 695 34 57
fax: + 48 22 695 35 27
e-mail: media@orlen.pl

www.orlen.pl