

ORLEN

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

Delivery of Growth Strategy

December 11th, 2002



ORLEN

Dynamically developing, strong regional player

Strong, regional market player by 2007

Efficient operator, ready to play leading role in regional consolidation

Dominant, growing Polish market player...

- Unique acquisition opportunities:
 - Securing wholesale margin
 - Opportunities to expand abroad and
 - Delivering know-how needed to enter upstream
- Petrochemicals expansion

... benefiting from restructuring program...

- Refocusing from production to marketing, supported by:
 - end of no lay-off period
 - extended cost cutting programme and
 - reorganisation of the PKN ORLEN Group (spinning-off of non-core business)

... and looking for investment opportunities in the region.

- Carefully selected acquisitions to complement and expand core activities

Strategic outlook - strong regional player

1-2 years
(mid-2002 - mid-2004)

3-4 years
(mid-2004 - 06)

5+... years
(2007+...)

Internal strengthening of PKN ORLEN

- Retail
- Cost-cutting
- PKN ORLEN Group

Expansion in Poland

- **Rafineria Gdanska**
- Logistics (Naftobazy...)
- Basell JV
- Upstream (Petrobaltic, PGNiG)

Opportunities in neighbouring countries

- Carefully selected acquisitions to complement and expand core activities (e.g. **retail network in North Germany**)

Full benefits of corporate restructuring allows PKN ORLEN to take...

...a leading role in regional consolidation ...

- Peers (MOL, OMV, ...)

... which does not exclude entering the upstream sector and participation with Russian exploration companies

Strong, fully-integrated, regional player

BP Germany Deal Terms and Timing

- Bid submitted on July 31st, 2002
- Agreement signed on December 10th
- Total consideration of €140 million (effective date December 31st, 2002)
 - Adjustment for working capital at Closing
- Subject to Bundeskartellamt approval
- Closing expected February 28th, 2003

Strategic Rationale

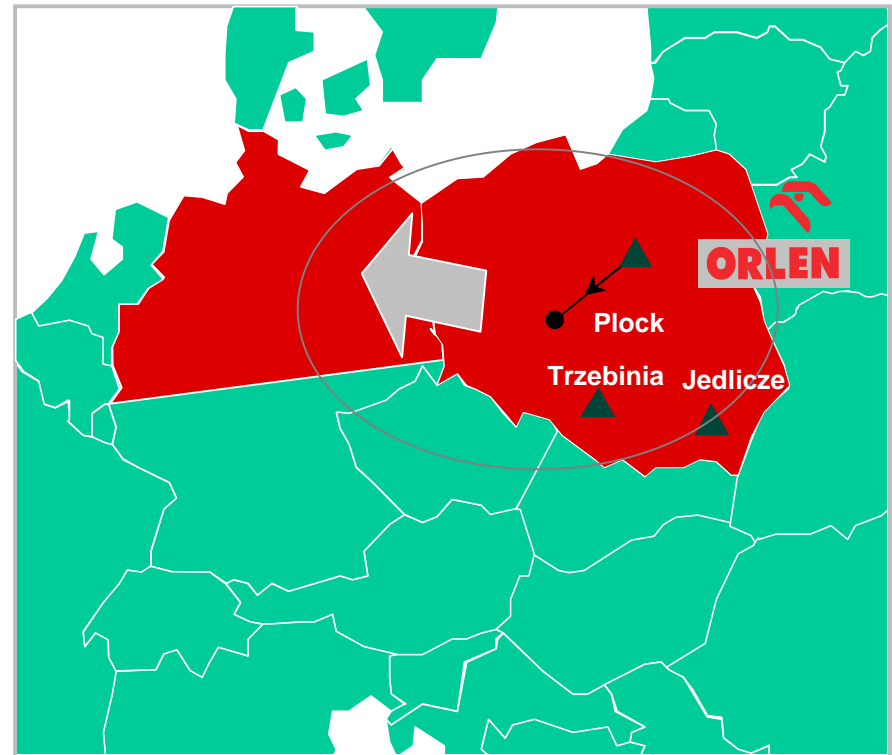
Rationale for Expansion

- Dominant domestic position in retail faces threat
 - Anti-trust limits Polish market expansion
 - Home market erosion by new entrants
- Growth via regional expansion and partnerships
 - Offers risk diversification
 - Opportunity to maintain wholesale margin in Poland with increased sales

BP Transaction Rationale

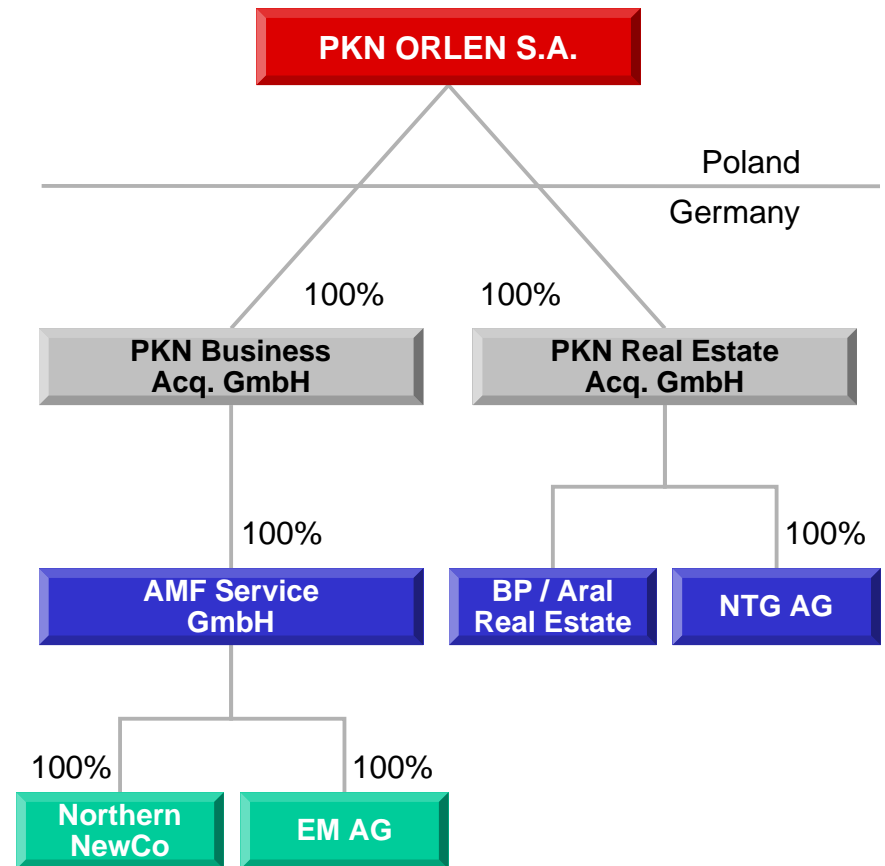
- High quality retail network
 - Good average throughput – 2.9 million litres / year
 - Developed non-fuel sales
 - High proportion of CODO outlets (80% / 20%)
- Regional proximity to home market with potential direct fuel supply opportunities to eastern Germany
- Best practice learning in highly sophisticated market
- Success in Gdansk process would further enhance logic

Expanded Regional Presence



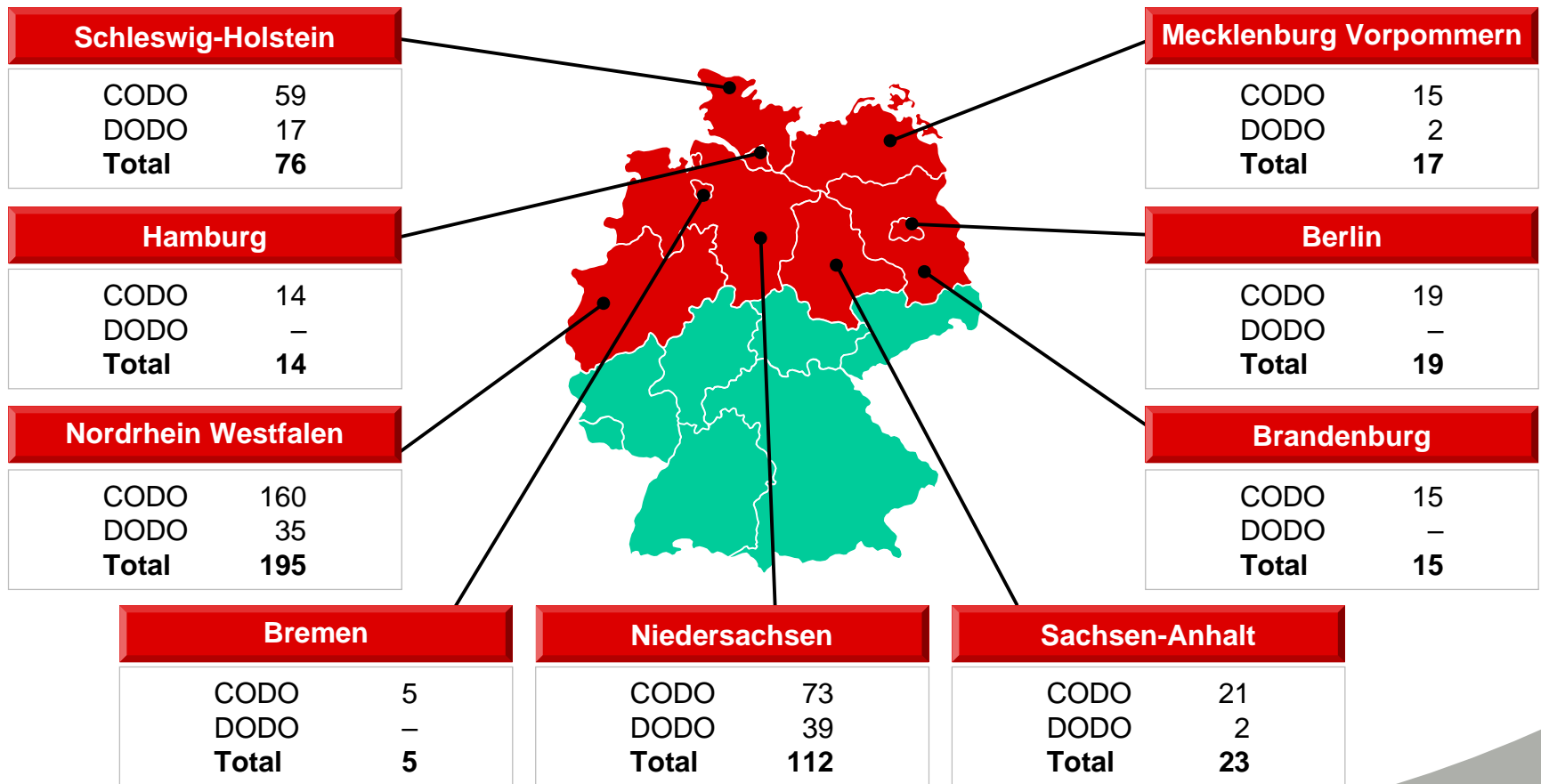
Transaction Overview

- **PKN ORLEN** acquires 494 Northern German assets operating currently under three brands: BP, Aral and EM (“Eggert”);
 - Eggert acquired as fully operational company with ca. 50 employees, operating network of 171 sites;
 - Remaining 323 sites (205 Aral, 118 BP) transferred to shelf company “Northern NewCo” created at time of Closing
- All stations to be re-branded with target completion by end-2003
 - All stations will continue to be operated by dealers
- Operations headquartered in Hamburg area
 - Staff recruitment for new operations to be carried out in period leading up to transaction Closing
 - Likely candidates for new management will include former employees of BP / Aral and it is expected that majority will be German



Asset Overview

- Asset package provides strong footprint in northern Germany



Asset Overview

Operational

- In 2001, total sales of the assets were over 1.4 billion litres of fuel
 - 73% gasoline, 27% diesel
 - Lubricant sales of approximately 540,000 litres

Financial

- Average EBITDA 1999 – 2001 of €25.3 million
 - Estimated 2002 EBITDA of approximately €31 million
- Average Gross Margin 1999 – 2001 of €7.7c/litre
 - Estimated 2002 margins anticipated 15-20% above 2001

Financial Benefits

The Transaction has several financial benefits for PKN ORLEN

- Transaction expected to be positive to earnings and cash flow per share by 2004
- Acquisition allows **PKN ORLEN** access to cash flows / dividends from operations in a Euro-zone country
- Transaction to be financed from existing Company facilities
- **PKN ORLEN** does not currently envisage providing significant additional financial resources for operation of acquired assets
 - Assets have certain additional debt capacity which **PKN ORLEN** may use to further develop its German business

Valuation Considerations

- **PKN ORLEN's** total Transaction consideration amounts to €140 million (including assumed debt) plus additional working capital adjustments to be determined at Closing
- Considering that **PKN ORLEN** acquires 494 petrol stations with a throughput of approximately 1.4 billion litres of fuel, this translates into attractive implied multiples:
 - Valuation per petrol station of approximately €280,000 excluding working capital
 - Valuation per litre of annual fuel throughput of €10.0c excluding working capital
- These implied valuation multiples reflect the attractive terms of the Transaction for **PKN ORLEN**

Synergies

- €8 - 10 million per annum of additional benefits for **PKN ORLEN** from supplies of fuels to Germany
- Various supply advantages identified:
 - Swap with German refineries – **PKN ORLEN** increases sales volumes in Poland and receives fuels in Germany
 - Swap with Rafineria Gdanska (if privatisation not completed) or direct supplies from Gdansk (if privatisation successful)
 - Potential supply routes Gdansk – to Rostock and Hamburg or further via inland channels to Magdeburg via Hamburg or to Duisburg via Rotterdam
- Reduction of sales of less profitable exports
- Profitable implementation of best practices