



Awaking a Sleeping Giant:

a new retail strategy 2006 – 2009 for BENZINA



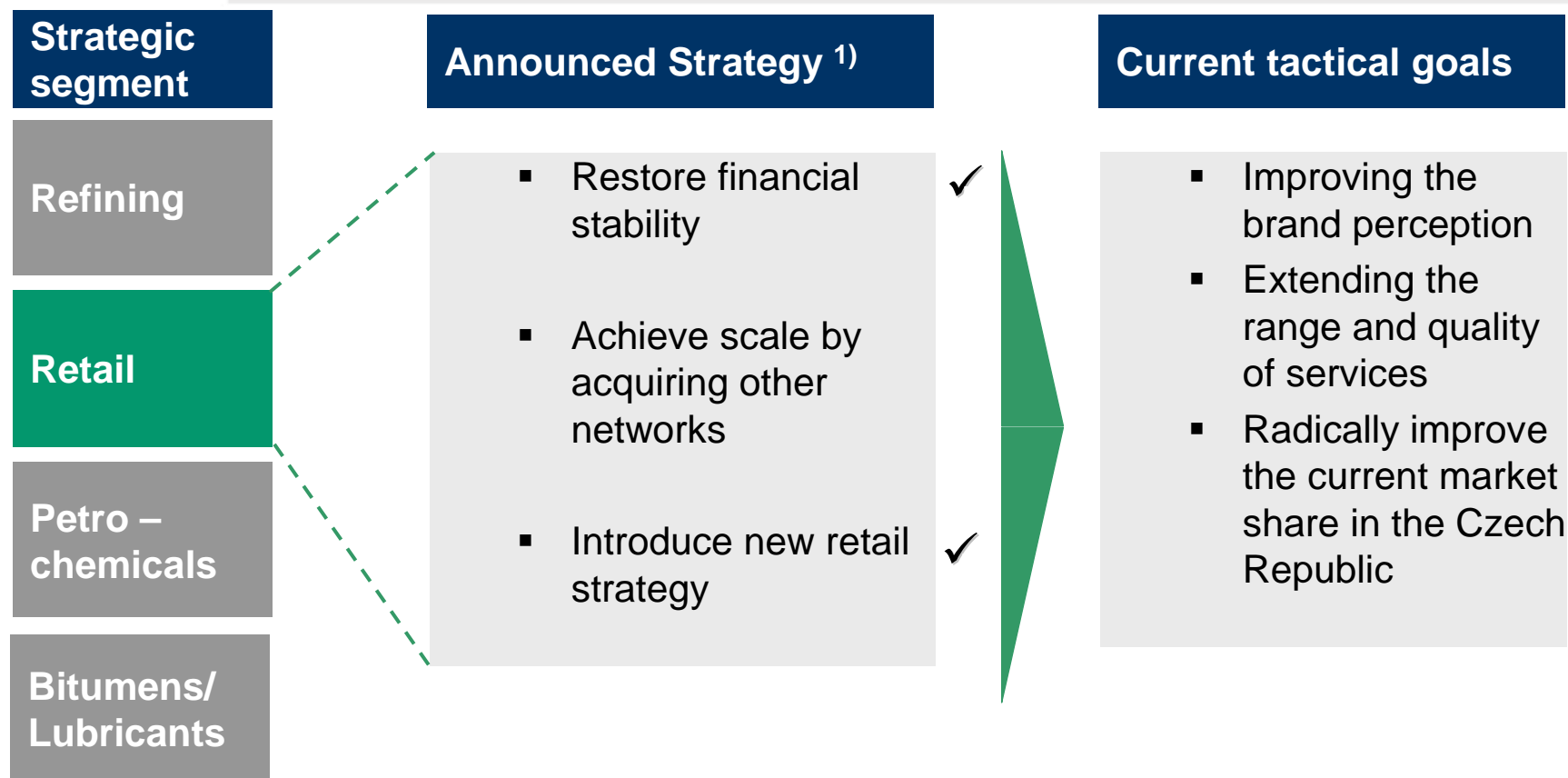
Agenda

- UNIPETROL's view on Retail
- BENZINA's past and key achievements since the takeover
- New retail strategy
- Implementation plan to succeed



Retail is one of the strategic segments for UNIPETROL

The implementation of the strategy towards retail segment is well on-track



1) Two more items were also originally announced: a) integration of BENZINA with Paramo Trysk (practically done) and b) Capturing purchasing synergies with PKN ORLEN (in progress)

Source: Equity story

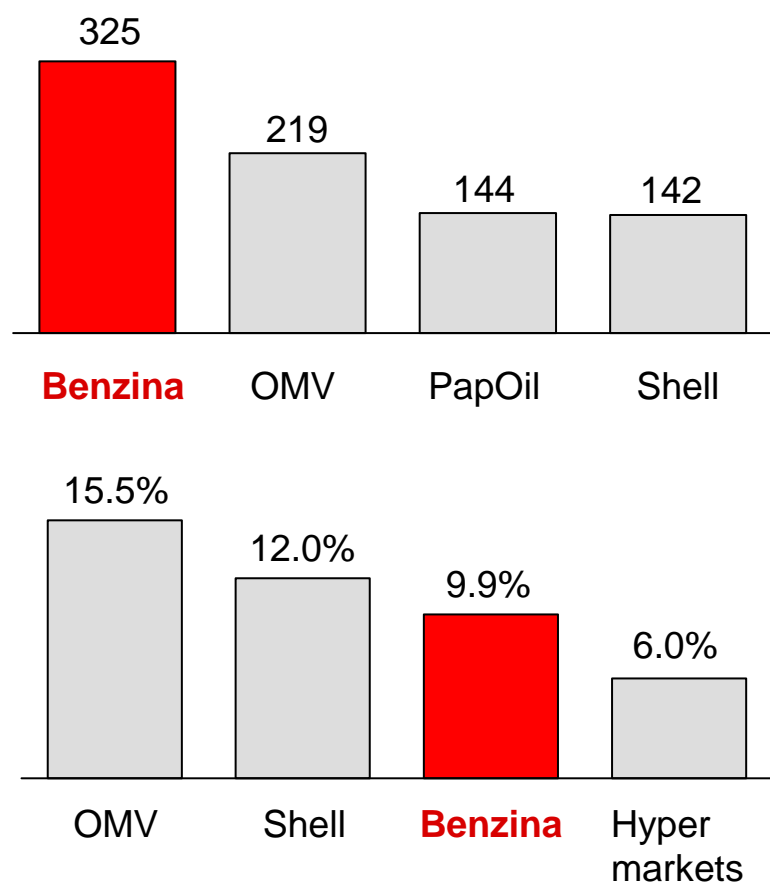
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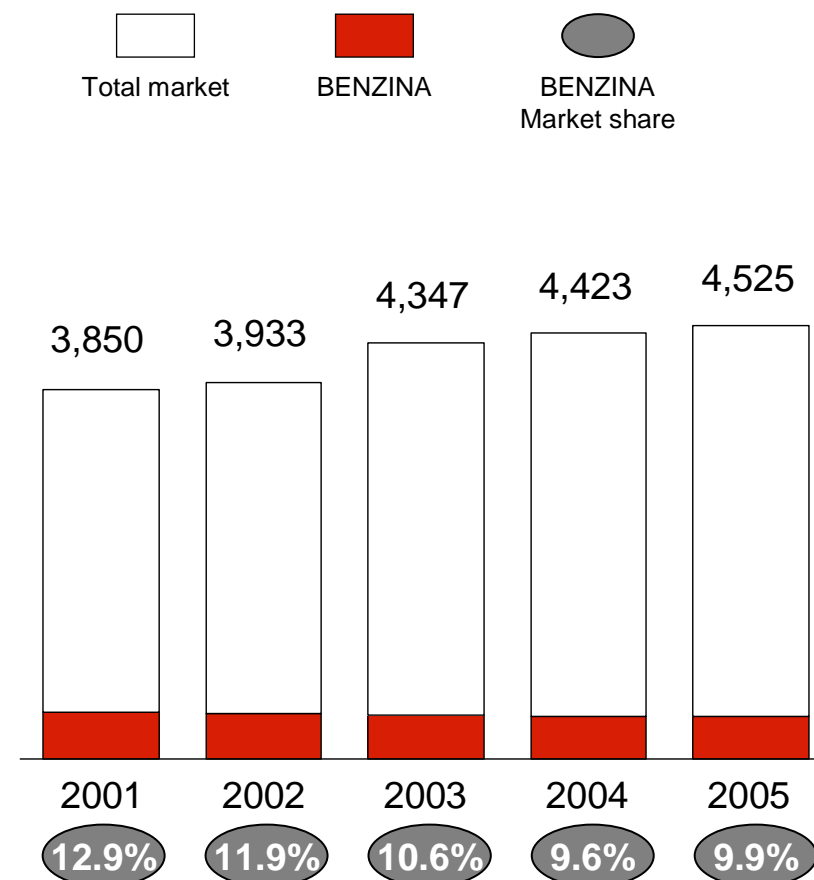


Before ORLEN, BENZINA had the largest network, and only third largest market share and declining

BENZINA's position in terms of number of sites and volumes (status for the end of 2005)

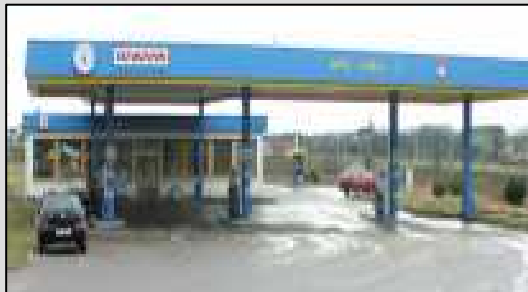
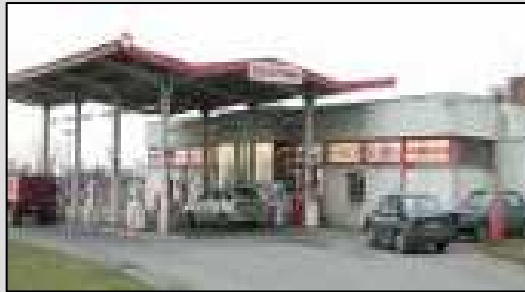


Development of market vs. BENZINA [mln liters]



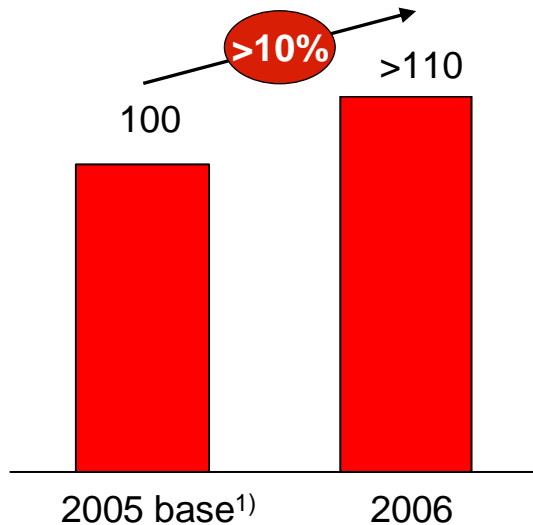
Source: BENZINA, ČAPPO 2005

Reason for the decline was consumers' confusion with BENZINA's identity and disappointment with the value proposition



- Highest brand awareness on the market but...
- ...inferior perception of virtually all quality attributes vs. premium competitors (excl. proximity) and...
- ...perception of higher pricing despite inferior offer
- As a result
 - eroding user base
 - falling market share and financial performance

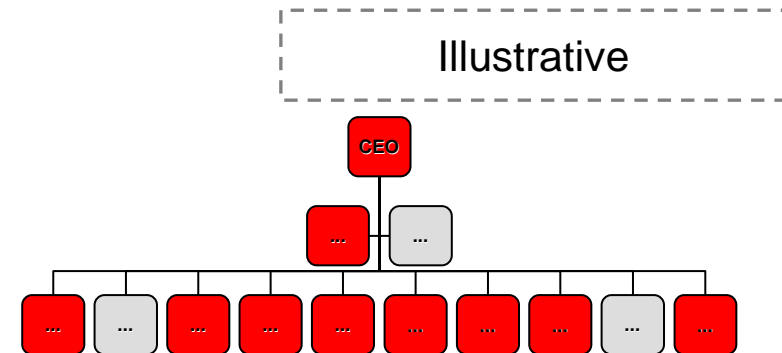
Since ORLEN we have focused on implementing elements of strategy, necessary to stabilize the business...

Area	Description	Results						
Restore the financial stability	<ul style="list-style-type: none">• 1,3 bln CZK cash injection from UNIPETROL to BENZINA• Admin costs reduction (+70% labour efficiency increase) and disposal of ineffective assets	<ul style="list-style-type: none">• BENZINA's volume  <table><caption>BENZINA's volume (2005 base¹)</caption><tr><th>Year</th><th>Volume</th></tr><tr><td>2005 base¹</td><td>100</td></tr><tr><td>2006</td><td>>110</td></tr></table>	Year	Volume	2005 base¹	100	2006	>110
Year	Volume							
2005 base¹	100							
2006	>110							
Marketing activities	<ul style="list-style-type: none">• Successful consumer and TIR promotions tailored to local Czech brand character• Adjusted pricing tactics to faster respond to market moves	<ul style="list-style-type: none">• Confidence to achieve reasonable positive profit in 2006 vs. 2005						

1) Year to year comparison for the first 9 months for BENZINA stations
Source: BENZINA

... and upgrade capabilities, necessary to develop the strategy

Area	Description
Organization upgrade	<ul style="list-style-type: none">Organization has been strengthened with experienced professionals from international industry (17 new managers)
Know-how sharing	<ul style="list-style-type: none">The brand turnaround is supported by an intensive joint effort of both ORLEN and BENZINA retail managers



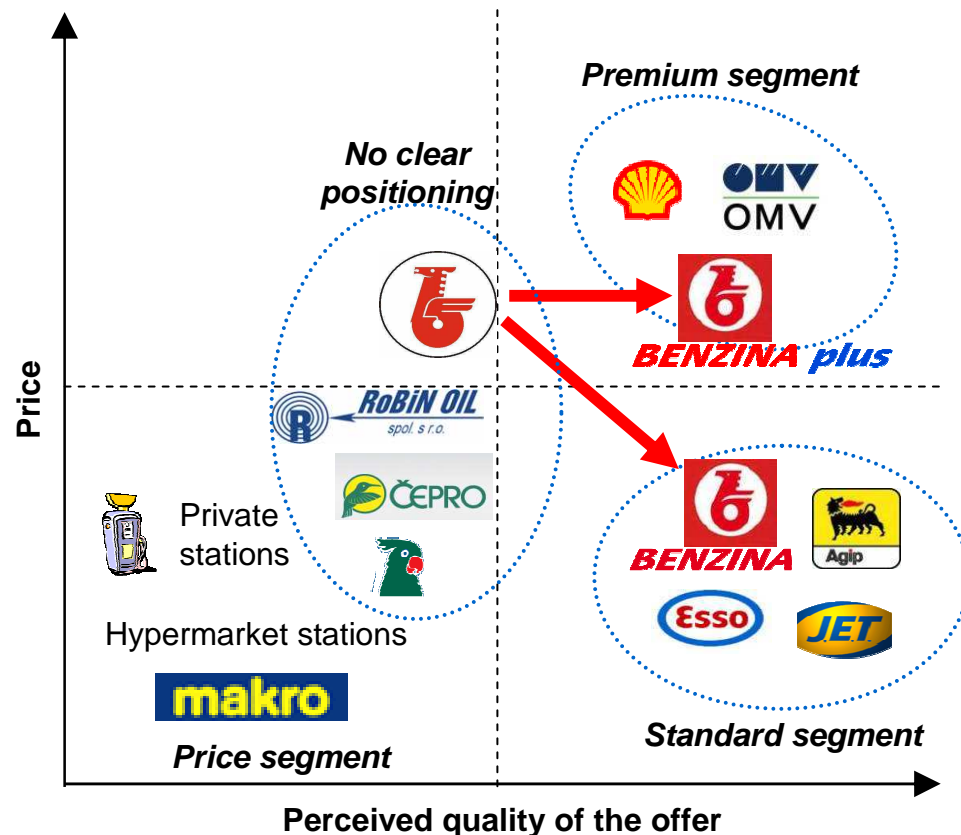
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To improve the quality perception, it was decided to split BENZINA into two sub-brands; our market objective is to become leader in the Czech retail fuel market

New BENZINA to target two market segments



BENZINA plus

- Wide product offer
- Better quality of services

BENZINA

- Improved offer along all attributes for consumers, who balance quality and price

Two sub-brands will have clear value propositions by target segments

BENZINA plus

Is for consumers seeking best offering (premium), who:

- Look for premium fuels
- Do not compromise on shop, facilities and services
- Enjoy the best food

BENZINA

Is for these consumers loyal to the brand and local site, and also those seeking the best value, who:

- Look for high quality fuel
- Look for better shop, facilities and service than other near by locations

← • Like filling nearby →

In both cases substantial improvement vs. today on all dimensions

Our customers will notice a significant change at stations which are upgraded to BENZINA Plus and ...

Before the change



After the change



Source: BENZINA

... on the rest of the network as well

Before the change

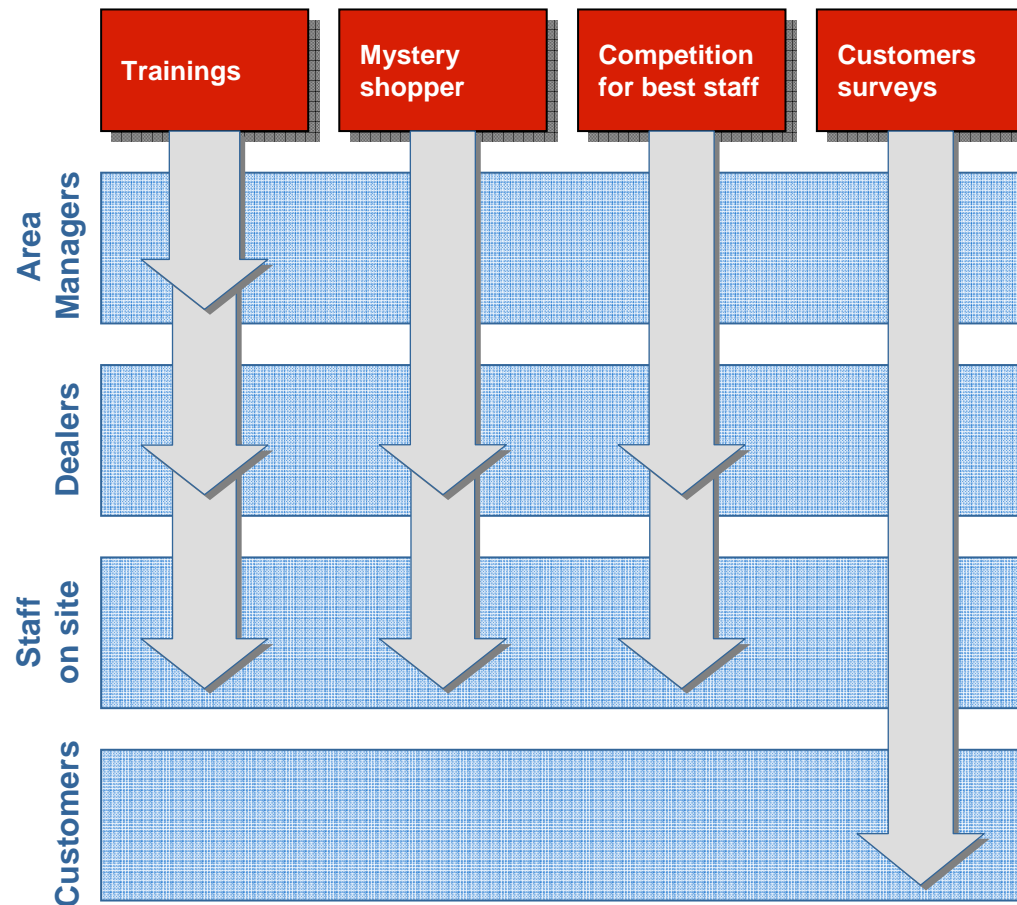


After the change



BENZINA will dramatically improve its customer service standards in both sub-brands, BENZINA and BENZINA Plus

Customer service implementation and control tools



Customer service targets

- Achieve perception of customer service at the level of premium competition in 1-2 years
- The same level of customer service for premium and standard segments

Key tactics

- Assuring focus on „Moments of truth“
- Positively involve staff by constant motivation program

BENZINA Plus and Standard will provide superior food offering via four formats

BENZINA
plus

Restaurant

BENZINA

Description

- Partnership with specialized business partner for superior food



- Warm fast food fresh sandwiches, soups and premium coffee



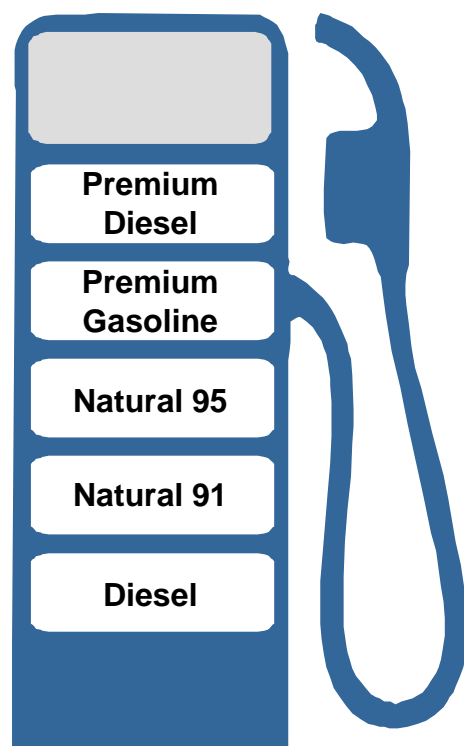
- Hot-dogs and premium coffee



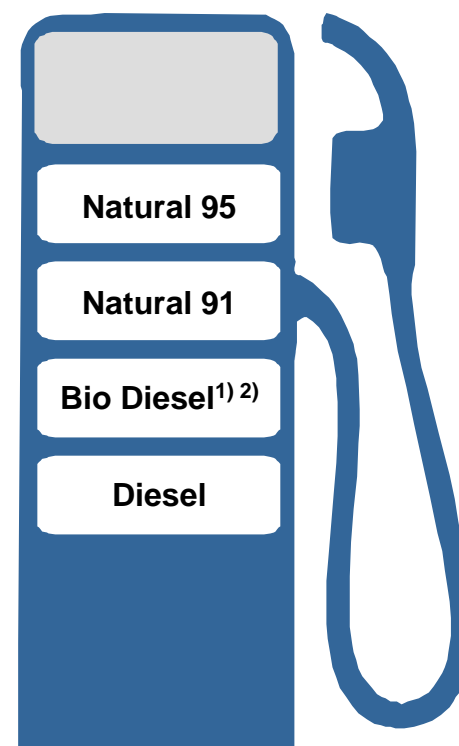
- Freshly brewed premium coffee

**BENZINA plus fuel offer will be extended by premium fuels,
BENZINA standard will additionally sell BioDiesel**

BENZINA plus



BENZINA



1) 30% Bio components in the formula; 2006 volume exceptionally low, due to regulatory issues, that are not expected to repeat in the future

2) Selected sites selling over 5 ths liters per month of Biodiesel

Source: BENZINA



verva



To address the need for premium fuels BENZINA plus is introducing VERVA



Consumer needs

Better achievements

Qualities of new fuels ¹⁾

- Higher octane number than fuels so far, giving faster engine reaction and higher rotative momentum
- 3 – 4 % lower consumption of fuel

Protects engine

- Special additives and higher content of additives for better lubrication
- Lower corrosion

Friendly to the environment

- Content of sulphur bellow 10 mg/kg (fulfilling EU norms for 2009)
- Lower emissions of NO_x and CO

•Verva's formula and concept has been successfully tested in Poland (16 % market share of premium fuels)

•We will introduce VERVA successively on newly opened BENZINA plus stations

1) Only gasoline was tested, Diesel tests in progress

Source: External tests

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The new BENZINA strategy will be implemented in three phases

✓ - Done/Well advanced

**Phase I:
Restore stability**

**Phase II:
Introduce two
„sub-brands”**

**Phase III:
Finalizing the sub-brand
concept**

Timing

Key elements of the strategy

• 2006

- Improve operations within current infrastructure including
 - Volume drive ✓
 - Pricing ✓
 - Costs ✓
- Ensure financial stability
- Strengthening organization (new managers, know-how support from PKN ORLEN) ✓

• 2007

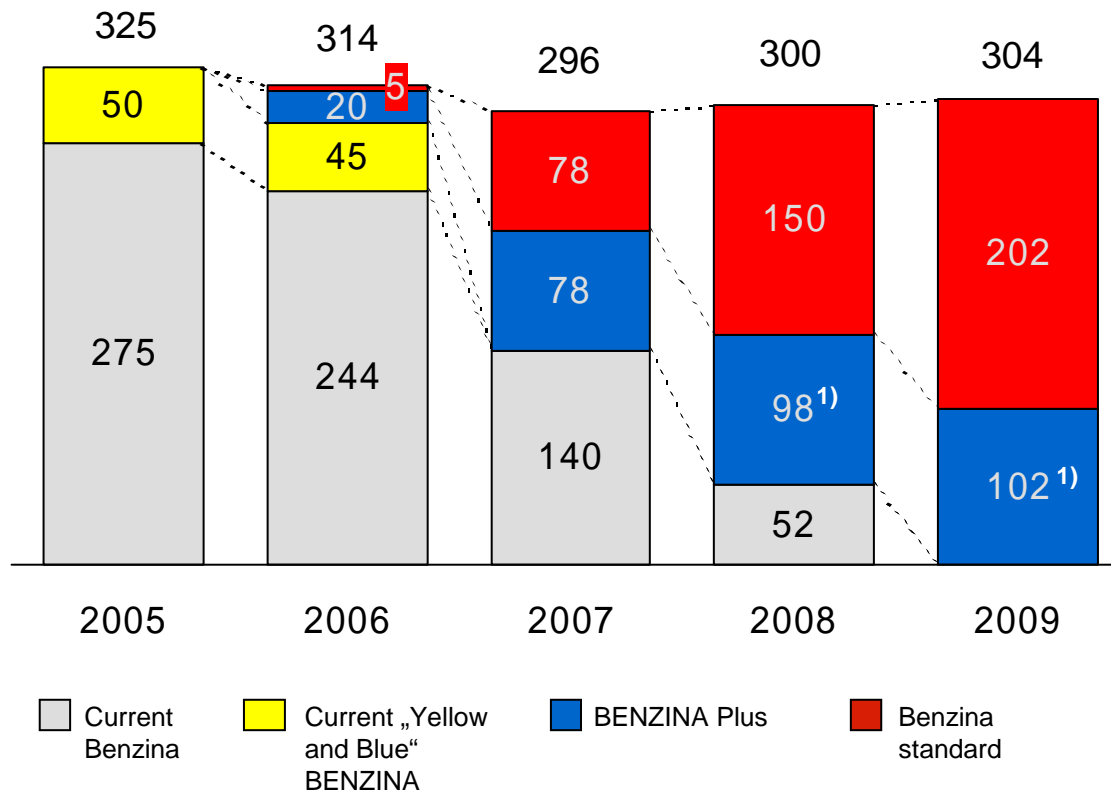
- Introduce BENZINA Plus ✓
- Introduce new BENZINA Standard
- Continue improving operations

• 2008-2009

- Mass roll-out of BENZINA Standard

Most of the network will be rebranded already in 2007, however full completion is planned for 2009

Network segmentation and development plan 2005-2009



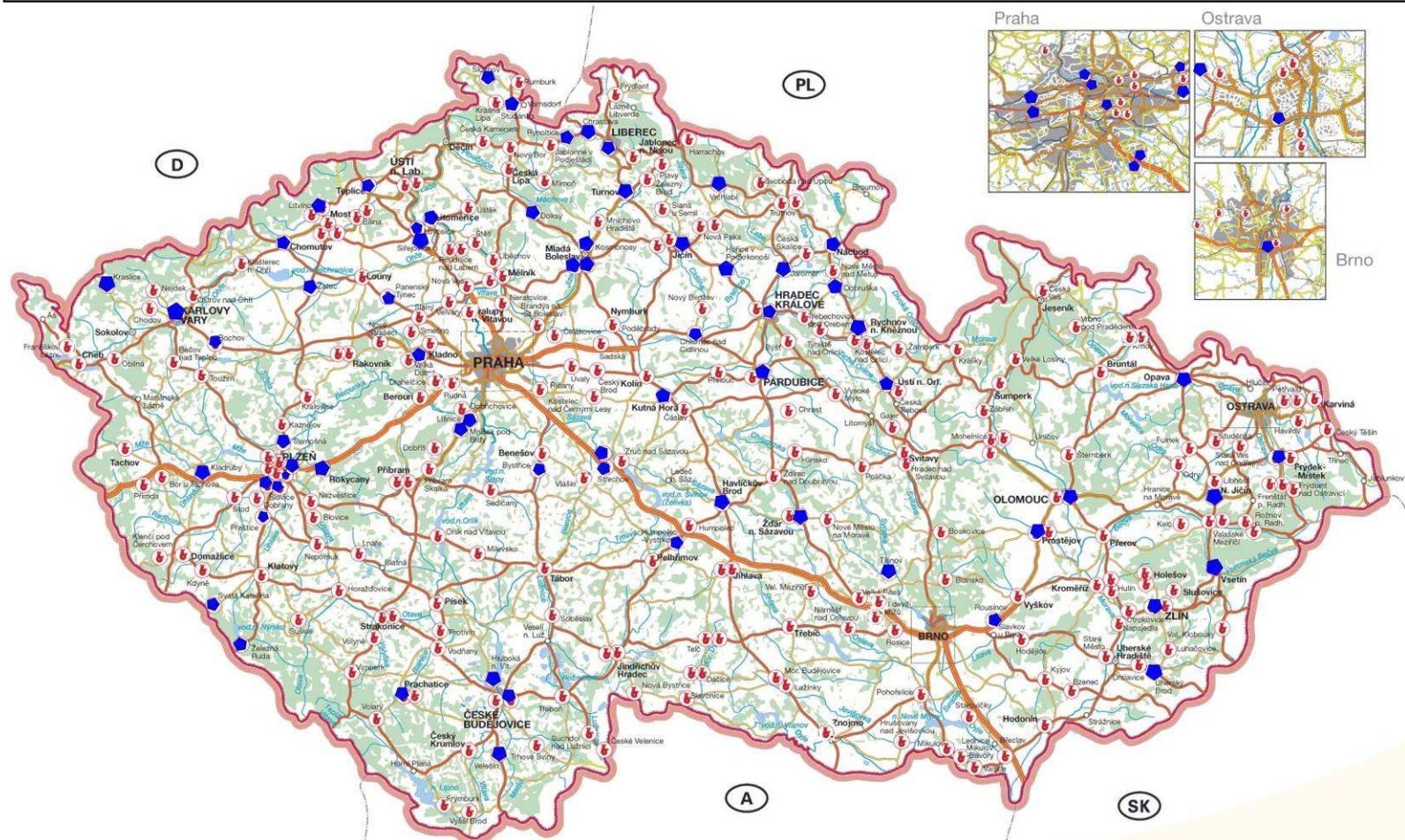
- Pilots launched in 2006
- Core Plus network in 2007
- „Yellow“ and „Blue“ Benzina sites fully rebranded in 2007
- 4 new builds a year in Plus
- Sub-brand strategy fulfilled in 2009

1) Assumed that 16 sites which were conditionally approved for Benzina Plus will be rebranded.
Condition for approval: meeting volume and margin expectations in 2007

Source: BENZINA

BENZINA Plus stations will appear across the whole republic

Tentative locations for respective sub-brands



◆ - BENZINA Plus stations

◆ - BENZINA stations

Summary

- BENZINA, the largest retail network in the Czech republic, will strive to radically improve market share
- To best address consumer needs we will introduce two sub-brands BENZINA plus and BENZINA and substantially upgrade our offering
- We will also introduce new customer standards, new gastronomy and shop offer and VERVA - new premium fuels on BENZINA plus stations
- We will create a big “Plus“ for consumers, employees and shareholders



**THANK YOU FOR YOUR
ATTENTION**