

Organisation

The LOTOS Group is divided into the marketing, operational, exploration and production, and management segments.

Decisions concerning the individual business areas of the LOTOS Group, including their development directions, evaluation of their activities and allocation of resources, rest with the management board of the parent company.

A business area is identified on the basis of the following key criteria:

1. it is engaged in business activities which may generate revenues and incur costs,
2. its operating results are regularly reviewed by the parent company's management board to make decisions about resources to be allocated to the segment and evaluate its performance,
3. discrete financial information relating to the area is available.

The following business areas have been identified within the LOTOS Group:

- **Oil and gas exploration and production (upstream)**, to which LOTOS Petrobaltic and its subordinated affiliates have been allocated,
- **Production and sale of petroleum products**, to which the other companies of the LOTOS Group have been allocated: LOTOS Paliwa, LOTOS Asphalt, LOTOS Oil, LOTOS Parafiny, LOTOS Tank, LOTOS Kolej, LOTOS Straż, LOTOS Lab, LOTOS Serwis, LOTOS Ochrona, LOTOS Czechowice with its subordinated affiliates and LOTOS Jasło with its subordinated affiliates,
- **Other**, which includes LOTOS Park Technologiczny, LOTOS Gaz and LOTOS Ekoenergia.

Management of the LOTOS Group is based on the segmental model. A segment is understood as a separate area of business activities managed at the LOTOS Group level by a designated member of the Management Board of Grupa LOTOS, the LOTOS Group's parent company. The segmental management model effectively supports the process of strategy implementation, by enhancing management efficiency and delivering cost and revenue synergies for the entire LOTOS Group.

Segmental management includes:

- implementation of consistent strategy,
- standardisation and coordination of centralised functions in the area of management of human resources, processes, systems management, corporate risks, finances, brand, CSR, safety at work and environment protection, physical security, IT, logistics, etc.,
- coordinated planning and controlling,
- coordination of investment projects at the LOTOS Group level,
- integrated operational management, including maintenance of the LOTOS Group's uniform corporate standards and leveraging synergies, by determining consistent goals and efficiency metrics.

The LOTOS Group is divided into the following segments:

Management segment: falls within the remit of President of the Board, Chief Executive Officer, i.e. head of the management segment. The segment's activities are focused on increasing the LOTOS Group's value through overall management of its operations, including formulation of strategies and monitoring their implementation, setting development directions for the individual business areas and coordination of the back-office function.

The following companies have been allocated to the management segment:

- LOTOS Ochrona,
- LOTOS Ekoenergia,

- LOTOS Park Technologiczny,
- LOTOS Gaz with its subordinated affiliates.

Exploration and production segment: falls within the remit of President of the Board, Chief Executive Officer, i.e. head of the exploration and production segment. The scope of the segment's activities includes formulation of development strategies for the LOTOS Group in the area of oil and gas exploration and production, management and supervision of the LOTOS Group's exploration and production activities and taking responsibility for the implementation of strategies related to that area.

The following company has been allocated to the exploration and production segment:

- LOTOS Petrobaltic with its subordinated affiliates.

Operational Segment: falls within the remit of Vice-President of the Board, Chief Operation Officer, i.e. head of the operational segment. The segment's key tasks include overall management, coordination and supervision of all affairs related to the processing of crude oil, refinery production and technologies, including implementation of the 10+ Programme. The segment's roles include preparation of policy objectives for refinery production, supervision of R&D work in the production area, coordination of investment projects in the area of technical and technological development and formulation of strategies to maintain and expand production facilities.

The following companies have been allocated to the operational segment:

- LOTOS Straż,
- LOTOS Serwis,
- LOTOS Lab,
- LOTOS Czechowice with its subordinated affiliates,
- LOTOS Jasło with its subordinated affiliates.

Marketing segment: falls within the remit of Vice-President of the Board, Chief Commercial Officer, i.e. head of the marketing segment. The scope of the segment's activities includes management of sales, procurement and distribution at the LOTOS Group level, including formulation and implementation of sales policies, sales planning for all business sectors, management of distribution channels, approval of marketing plans and policies and development of strategies to optimise the chain of supplies.

The following companies have been allocated to the marketing segment:

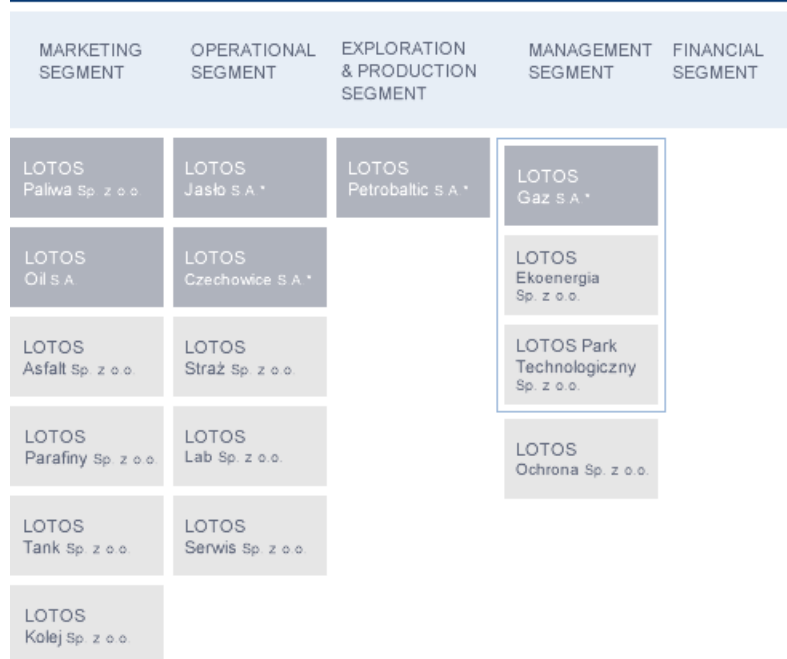
- LOTOS Paliwa,
- LOTOS Oil,
- LOTOS Asfalt,
- LOTOS Parafiny,
- LOTOS Kolej,
- LOTOS Tank.

Financial segment: falls within the remit of Vice-President of the Board, Chief Financial Officer, i.e. head of the financial segment. The scope of the segment's tasks includes overall management of the LOTOS Group's financial and accounting processes, including formulation of policies and monitoring the area of internal capital flows and dividends, formulation of financial, legal and insurance strategies and monitoring their implementation, management of budgeting and controlling, supervision of activities related to arrangement of financing for the LOTOS Group's development programmes, coordination of implementation and compliance with corporate governance standards, development and implementation of financial risk management strategies.

Within the LOTOS Group, the role of Grupa LOTOS is to ingrate the key management and support functions.

Chart of the operational segments As at December 31st 2010

Grupa LOTOS S.A.



■ the companies' governing bodies include: management board, supervisory board and general shareholders meeting

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— within the management segment ongoing supervision over the companies rests with Assets Management Director

* with subsidiaries

In 2010:

- LOTOS Gaz S.A. was moved from the marketing segment to the management segment due to planned termination of its activity (in January 2011, the General Shareholders Meeting of the Company decided to dissolve the Company and open its liquidation);
- as at 31st December 2010, UAB LOTOS Baltija is not listed in the management segment because on 9th December 2010 100% of its shares were sold to LOTOS Petrobaltic S.A. and since then the Company falls under the exploration & production segment;
- in LOTOS Ekoenergia S.A., the status of business was changed from joint-stock company (S.A.) to limited liability company (Sp. z o.o.);
- in LOTOS Ekoenergia Sp. z o.o. and LOTOS Park technologiczny Sp. z o.o., supervisory boards were disbanded;
- the name of the company Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu „Petrobaltic” S.A. was changed into LOTOS Petrobaltic S.A.