

Ladies and Gentlemen,

2009 was a highly challenging year for businesses. It brought particularly adverse conditions for the oil sector: very low global oil prices (which at some point fell to USD 30 per barrel), combined with exceptionally low levels of refining margin, very unfavourable Brent/Ural differential, and dynamic changes in the exchange rate of the zloty.

The LOTOS Group made a good start into the year. However, due to the mounting market challenges, as well as negative recommendations of some analysts, the Company's stock plunged to nearly PLN 7.00 at the beginning of February 2009. A toxic "expert report" by one analyst, who put the value of Grupa LOTOS shares at zero, posed a serious threat to the Company's interests. The Management Board responded immediately with PR effort and business countermeasures, successfully reducing and then eliminating the threats. The promptness and professionalism of the Management Board's reaction, active and open communication as well as direct contact with the capital market and the shareholders, proved decisive for the positive outcome of the crisis management efforts. The actions taken won appreciation of the interested parties and were instrumental in overcoming the crisis and countering negative publicity on the market.

The stake was very high. The Company was in the midst of an extensive 10+ Investment Programme, which in 2009 required outlays of over PLN 2 billion. It necessitated a perfect coordination of work and stream of financing, seamless and uninterrupted operation of the whole Group, and maintenance of a safe level of financial liquidity. The risk of the Company being affected by the fallout of the global crisis created the need to take extraordinary steps to guarantee its efficient operation. The Company's Management Board was the first one in Poland to introduce an Anti-Crisis Package. It was the Company's direct reaction to the unfavourable market developments. The Package should be viewed as more than a detailed plan of cost-cutting and pro-efficiency measures: it was the product of the Management Board's dialogue with the Employees Council and all the trade unions. Given the external crisis and numerous threats faced by the LOTOS Group, the responsibility for the future of the Company, with a major investment programme underway, was tremendous. The support from the employees and their representatives gave the Management Board the strength to accept this responsibility.

Thanks to efficient communication with our workforce we acted in concert to take efficacious decisions enabling further development of the Company. It was a test of effectiveness and responsibility. Ultimately, we managed to protect jobs, generate good results, and at the same time proceed with the key investment projects.

I am convinced that the external stakeholders took this as a clear sign that the situation at the Company was stable, which was evidenced by the steady rise in the price of our stock on the

Warsaw Stock Exchange.

We won the market's trust with successful implementation of the decisions we had taken and the transparency of our actions. We have a reason to be satisfied. The successful implementation of the Anti-Crisis Measures translated into savings of PLN 722.5m, and thus directly improved the Company's liquidity.

The solid standing of the LOTOS Group is attested to by the level of the Group's consolidated net profit for 2009, amounting to PLN 911.8m. The consolidated sales revenue was PLN 14,321m, and the operating profit reached PLN 419.8m. The key contributor to the operating profit was the result posted by the downstream segment, which topped PLN 479.6m.

Our retail sales of fuel grew by 18.2%. Compared with 2008, the Group's share in the total fuel market increased by 2.9 percentage points, to 28.3%. This means that in a difficult crisis year the LOTOS Group expanded its market share by successfully implementing its strategic programme, which assumes that by 2012 we will gain a 30% share in the fuels market.

The financial performance of the LOTOS Group was also positively influenced by restructuring and consolidation of assets. Cases in point are LOTOS Jasło or LOTOS Czechowice as well as the upstream operations concentrated in Petrobaltic S.A. (currently LOTOS Petrobaltic).

Once completed, the restructuring of LOTOS Petrobaltic will pave the way for building of an oil exploration and production business, which is of primary importance to the future of the LOTOS Group.

The Anti-Crisis Package has already brought the intended results. In 2010, the LOTOS Group plans to continue the pro-efficiency programmes. The experience gained in 2009 contributed to further development of the corporate culture and intensification of systemic measures that may result in streamlined management, improved operating efficiency, and increased security in the Company's operations.

At this point I would like to highlight important context of our activities. We operate in line with the principles of sustainable growth, taking care to ensure that our new process units meet most stringent environmental parameters, and providing jobs to employees of many companies along the supply chain.

The 10+ Programme entered into its final stage: at the end of March 2010 it was completed in 97%. The last months of 2009 saw the commissioning of the Crude Distillation Unit/Vacuum Distillation Unit (CDU/VDU), which raised the refinery's annual processing capacity to over 10 million tonnes. The Programme will increase the volumes of processed oil and the feedstock utilization efficiency. The first financial effects of the refinery's upgrade should be reflected in the

Company's results in 2010. The potential we will achieve will allow us to satisfy domestic demand for prime-quality fuels, and surplus output may be easily exported given the plant's seaside location.

Further development plans for the Group will be defined on the basis of a revision of the Group's current strategy, planned for mid 2010. The assumptions of the Strategy will be brought in line with the changed economic situation and will be oriented towards achievement of maximum financial performance and enhancement of Poland's energy security, in which the LOTOS Group plays an important part. The objective of securing the supply of feedstock for the long term is carried out through diversifying the supply sources, which involves both diversification of external suppliers and increased own production of crude oil.

In 2010, the LOTOS Group will continue to focus on activities creating shareholder value. The key contributing factors here will be development of the upstream segment and reinforcement of our market position. The technological processes we are currently implementing will be distinguished by their high degree of innovation. We also do not rule out the option of entering into a joint venture with a strategic partner.

Sustainable growth and corporate social responsibility are the key criteria underlying the development and understanding of the quality of management at the LOTOS Group. Our efforts in those areas have been acknowledged by the market, which explains our presence and high ranking in the new index of the Warsaw Stock Exchange – the RESPECT Index of responsible companies. I declare that we will strive to consistently enhance the quality and effectiveness of our management. Particularly noteworthy in this context is what forms the key value at the LOTOS Group: a highly committed management team and all employees, being a power that means a lot and that can do a lot of good. I strongly believe that these values are appreciated also by the stakeholders having a key role in the Company's development, as they are conducive to building the market position of Grupa LOTOS S.A., the energy security of Poland, and the strength of its economy.

Yours sincerely,

Paweł Olechnowicz
President of the Management Board
Chief Executive Officer
Grupa LOTOS S.A.