

Letter from the Chairman of the Supervisory Board of Grupa LOTOS



Ladies and Gentlemen,

The year of 2008 was an important and successful year for Grupa LOTOS in the implementation of the development strategy that was updated in the middle of the year. It was also a time of events that originated and developed outside of Poland but strongly affected our economy, including Grupa LOTOS. I want to emphasize that Grupa LOTOS has operated very effectively in crisis conditions. The Company limited its losses, which are mostly pure accounting losses, and created a basis for overcoming difficulties without any risk to its

basic investment processes. It is noteworthy that the Company takes an active role in the process of building Polish energy safety, which is particularly important for present economic development.

Several facts that reflect the professional management of the Company's operations in the crisis time are worth mentioning. At the end of June last year, an agreement was signed with banks and financial institutions with regard to crediting the 10+ Programme. The agreement was ranked as a top example of a long-term realistic financial support structure for an ambitious development strategy on the international financial and oil market. Furthermore, after the appearance of the first symptoms of economic recession, dynamic anti-crisis steps were taken. The Supervisory Board and the Management Board of Grupa LOTOS in close cooperation with shareholders started to adapt the Company to the new, more challenging external conditions. Owing to the mobilization of all employees, a good system of information and the commitment of all stakeholders to defend the Company's position, an anti-crisis package was prepared and implemented. Moreover, a social agreement was executed that guarantees the success of the package. Grupa LOTOS was a pioneer of such measures on the Polish market. The forward-thinking during the changing economic conditions and the business environment provided the LOTOS Group with a fast and effective introduction to the new reality, by minimising the potential impact of the crisis.

The year of 2008 was difficult not only for the Polish fuel sector. The losses recorded in the financial statements of Grupa LOTOS for the last year were mostly accounting only and resulted from crisis phenomena that were out of the Company's control. A positive sign is the result of the operating activity exclusive of the depreciation of stocks, which confirms good management practices. Grupa LOTOS finished the difficult year of 2008 by minimising its losses and creating the foundations for success in the future.

The development programme of Grupa LOTOS implemented at present is extremely ambitious. It provides for the sustainability of all segments typical for an oil concern, i.e. production, refining and trading. Its main aim is to strengthen the market position of Grupa LOTOS on the Polish market and in the region. The performance of the strategy will lead to growing value for shareholders and will improve the energy safety of Poland.

This does not mean that there are no risk factors that may have a negative impact on the situation of our Company in the future. However, I am positive that the process of building the value of Grupa LOTOS will not be disturbed and its pace will keep growing as the crisis recedes. Grupa LOTOS is in a good position to meet and face the challenges of the future.

Kind regards,



Wiesław Skwarko
Chairman of the Supervisory Board
Grupa LOTOS S.A.