

Appendix to the Resolution No. 6/VI/2007
of the Management Board of Grupa
LOTOS S.A. z dated 23.01.2007

MANAGEMENT BOARD REGULATIONS OF GRUPA LOTOS S.A.

I. SCOPE OF ACTIVITIES OF THE MANAGEMENT BOARD

§1

The Management Board shall represent the Company towards third parties and in all legal transactions, except for the activities of the Company towards the members of the Board.

§2

Each member of the Board is authorized to represent the Company in all judicial and extra-judicial acts connected with running an enterprise of the Company, except for the activities restricted with the provisions of the Code of Commercial Partnerships and Companies or the Company Articles as the ones within the competence of the General Meeting or the Supervisory Board and the matters that exceed the ordinary management of an enterprise that require previous resolution of the Management Board and the matters restricted by way of these Regulations to the respective members of the Board.

§3

In the scope of division of work in the Management Board the corporate matters of the Company listed below shall be managed and supervised by the President of the Board:

- convoking meetings of the Management Board and chairing the meetings,
- keeping records and reports of the Management Board,
- discharging duties in the scope of commercial law, the matters of the register of entrepreneurs,
- servicing of the Company's authorities and drawing up reports,
- keeping the stockholders' register and issuing shares,
- representation of the Management Board towards other Company's authorities, subject to the provisions of the Code of Commercial Partnerships and Companies and the Company Articles.

§4

1. For making declarations of will and signing on behalf of the Company two co-operating members of the Board shall be required, or one member of the Board acting together with a signing clerk. For contracting obligations and activities disposing of the amount up to one hundred thousand zloty, a declaration of will and signature of one member of the Board shall be sufficient, in the scope of matters with which he/she was entrusted.

2. Members of the Board shall be authorized to grant one another with special powers of attorney to make declarations of will and sign on behalf of the Company.

3. Each member of the Board and each signing clerk shall be authorized and obliged to receive declarations of will and letters addressed to the Company, both in the registered office of the Company and outside the registered office. After having received a declaration of will or a letter, each of the authorized persons should sign a receipt, marking and documenting the date of receipt for the Company. A received declaration of will should be delivered without delay to a competent member of the Board or to the secretary's office of the Office of the Company Board.

§5

When running the affairs of the Company, the Management Board is subject to restrictions resulting from the legal provisions, as well as from the provisions of the Company Articles and the resolutions of the General Meeting and the Supervisory Board.

II. COMPOSITION AND MANNER OF APPOINTMENT OF THE MANAGEMENT BOARD

§6

1. The Management Board shall be composed of 3 to 7 members, including the President and the Vice-Presidents.

2. Number of members of the Board shall be specified by way of resolution of the Supervisory Board.

§7

The Supervisory Board shall first appoint the President the Board, and subsequently, on his/her application, the Vice-Presidents and other members of the Board.

§8

The term of office of the Board shall be three years.

§9

1. A contract of employment with members of the Management Board shall be concluded on behalf of the Company by the Supervisory Board or a member of the Supervisory Board acting on its authorization.

2. The same procedure shall be followed for other activities connected with the relationship of employment of a member of the Board.

§10

Mandate of a member of the Board shall expire on the day of holding the General Meeting acknowledging the financial statement for the complete last accounting year of holding the function of the member of the Board at the latest.

III. MODE OF OPERATION OF THE MANAGEMENT BOARD

§11

1. The following matters of the Company's enterprise are restricted as belonging to the scope of resolutions of the Board:

- 1) determining organizational regulations of the Company's enterprise, including determination of organization of the Company's enterprise,
- 2) determining annual budget of the Company,
- 3) passing resolutions on the strategy of the Group Business of Grupa LOTOS S.A.,
- 4) specifying the regulations in the Company's enterprise required by law,
- 5) realization of capital investments by the Company, as well as all real investments, except for replacement investments with a value of investment task up to the amount of one hundred thousand zloty,
- 6) exercising of the right to vote by the Company on general meetings and meetings of subsidiary companies in the following matters:
 - appointment or dismissal of members of the Management Board or supervisory boards,
 - covering the loss,
 - increasing or decreasing the initial capital,
 - merger with another company and company transformation,
 - sale and rent of the Company's enterprise, or setting up its usufruct,
- 7) appointment or dismissal of members of the Management Board or members of supervisory boards in the procedure of direct appointment or dismissal by Grupa LOTOS SA,
- 8) setting up commercial law companies,
- 9) acquiring or disposal of shares,
- 10) acquiring or disposal of stock, except for acquiring or disposal of stock in public trade in securities, unless such acquisition or disposal results in gaining or losing a dominant position,
- 11) acquiring or disposal of real estates, right of perpetual usufruct or share in real estate,
- 12) setting up or joining partnerships or undertakings causing unlimited responsibility from the Company's own assets.
- 13) drawing up of:
 - the Company's financial statement for the previous accounting year, in accordance with the requirements of the Accountancy Act, along with the Board's report on the Company's activities for the previous accounting year – not later than within three months from the balance sheet day,

- the consolidated statement for the previous accounting year and the report on activities of the Group Business of Grupa LOTOS S.A. for the previous accounting year – not later than within five months from the balance sheet day,
- 14) convoking ordinary and extraordinary General Meetings on its own initiative, following a written motion of the Supervisory Board or following a motion of a stockholder or stockholders representing at least 1/10 of the initial capital and in other cases provided for in the Code of Commercial Partnerships and Companies and in the required time-limits,
- 15) specifying the agenda of the General Meeting,
- 16) matters exceeding ordinary management of an enterprise,
- 17) matters in the case of which objection was raised by at least one of the remaining members of the Board,
- 18) matters whose settlement by way of a resolution of the Board is required by the President of the Board or at least a half of the members of the Board, which are within competence of individual members of the Board.

2. Ordinary management activities are understood as the activities aimed at maintaining the enterprise, ensuring its normal operation, keeping the market share and maintaining an ability to put products on the market.

3. Appointment of a signing clerk requires consent of all members of the Board, with a reservation that commercial representation may only be granted jointly with a member of the Board. Each member of the Board may revoke the commercial representation.

4. All affairs not listed in subparagraph 1 shall be managed by the respective members of the Board in accordance with division of competence, specified in subparagraph 5, or persons who where entrusted with running such affairs by the Management Board or its members by way of a power of attorney or in the scope of relationship of employment.

5. In the scope of division of work of the Management Board the respective matters of the Company's enterprise shall be managed and supervised in the following way:

A. President of the Board (DN):

a) in the scope of activities of the Group Business of Grupa LOTOS S.A.:

- activities in the scope of increase in the value of the Group Business of Grupa LOTOS S.A.

b) in the scope of activities of Grupa LOTOS S.A.:

- management of activities in the scope of:

- restructuring and consolidation,
- strategy and development,
- organizational and administrative service of the Company's authorities,
- human resources management,
- management of business processes,
- monitoring and identification of threats connected with the Company's activity,
- PR,
- communication,
- strategic marketing,
- sponsoring and charitable activities, activities in the scope of social responsibility of business,
- civil defense,
- ensuring safety and protection of secret information,
- ensuring co-operation with in-plant trade union organizations.

c) In the scope of the above mentioned tasks the President of the Board shall be authorized to issue: dispositions, decisions, orders and instructions.

The President of the Board shall be authorized to give directives in the scope of activities of the Group Business of Grupa LOTOS S.A.

B. Economical and Financial Vice-President of the Board (NF):

a) in the scope of activities of the Group Business of Grupa LOTOS S.A.:

- supervising activities in the scope of financing development programs of the Group Business of Grupa LOTOS S.A.,
- management of assets,
- supervising co-ordination of implementation and observance of the corporate order,
- co-ordination and supervision of drawing up a consolidated financial statement of the Group Business of Grupa LOTOS SA,

b) in the scope of activities of Grupa LOTOS S.A.:

- creation of financial, tax and insurance strategy of the Company and supervising its implementation,
- supervising of the system of financial and tax reporting, along with related settlements,
- supervising of the process of planning and functioning of costs budgeting system,
- supervising of drawing up and application of uniform accountancy rules in the Company and ensuring their conformity with the laws in force,
- supervising of ensuring financing of obligatory reserves gathered on the basis of legal provisions in force,
- preparing a communication strategy with investors,
- discharging of information-related duties of the Company as a public company, in accordance with the legal provisions in force.

C. Production and Development Vice-President of the Board (NO):

a) in the scope of activities of the Group Business of Grupa LOTOS S.A.:

- preparation of assumptions to specify the policy of the Group Business of Grupa LOTOS S.A. concerning refinery production,
- supervision in the area of production of the Group Business of Grupa LOTOS S.A. of all the issues connected with development, as well as technical and technological research,
- creating a strategy in the scope of maintenance and extension of the production installations,
- co-ordination of all the issues connected with investment undertakings related to technical and technological development of the Group Business of Grupa LOTOS SA, including supervision of the process of implementation of decisions made by the Management Board of the Company in the above-mentioned scope,
- supervision of maintaining appropriate technical efficiency of the assets of the Group Business of Grupa LOTOS S.A.,
- supervision of obtaining and maintaining the licenses and permits required for production.

b) in the scope of activities of Grupa LOTOS S.A.:

- ensuring supervision in the area of production in the scope of its conformity with the quantitative and qualitative assumptions,
- ensuring that production equipment is maintained in the condition that allows for implementation of the assumptions made,
- ensuring implementation of investment and modernization tasks in accordance with the assumptions,
- co-ordination of all the issues connected with planning, preparation to implementation and implementation of the Project of Comprehensive Technical Extension (PKRT),
- ensuring supervision in the scope of observance in the production activity of the requirements connected with environmental protection and observance of administrative decisions in this scope,
- ensuring the power utilities required for production,

- ensuring supervision of technical safety,
- ensuring supervision of supply with materials and spare parts of the production installations,
- ensuring fire prevention on the required level,
- ensuring supervision and control of observance of provisions in the scope of occupational health and safety and environmental protection, protection of nature, as well as provision of adequate means in this scope,
- ensuring the required quality inspection in the production area,
- supervision of ensuring product mass in order to fulfill the schedule of maintaining obligatory reserves in Grupa LOTOS S.A.

D. Commercial Vice-President of the Management Board (NH):

- a) in the scope of activities of the Group Business of Grupa LOTOS S.A.:
- preparation of strategic decisions concerning sales,
 - approval of long-term and short-term commercial plans and policies,
 - supervising of the process of optimizing logistic resources of the Group Business of Grupa LOTOS S.A., along with management of the chain of supplies,
 - supervision of marketing activities of the commercial segment companies in the Group Business,
- b) in the scope of activities of Grupa LOTOS S.A.:
- management of all processes connected with product sales,
 - co-ordination of the processes of sales planning for all the business sectors,
 - efficient management of all distribution channels,
 - supervision of preparation and execution of the contracts concluded in the scope of commercial sector,
 - approval of the rules and standards concerning sales and market research,
 - development of strategies in the scope of optimizing the chain of supplies in accordance with the business strategy,
 - approval of policy in the scope of management of reserves and transfer prices,
 - supervision of a strategy in the scope of diversification and acquiring of oil, as well as purchasing components, chemicals and semi-products,
 - supervision of preparation and implementation of logistic contracts,
 - monitoring of implementation of strategies in the scope of management of the chain of supplies and business activity,
 - supervision of observance of provisions and obligations on the areas of sales, supply and distribution, including obtaining of appropriate licenses and permits,
 - supervision of the process of optimizing obligatory reserves.

E. Prospecting and Output Vice-President the Management Board (NU):

- a) in the scope of activities of the Group Business of Grupa LOTOS S.A.:
- creating assumptions of prospecting and output policy basing on the Company's strategy,
 - initiating of prospecting and output works,
 - preliminary analysis and assessment of projects in respect of resources, technology of development and profitability,
 - supervision of processing of geological, technological and economic data for the needs of promotion and marketing,
 - supervision of discharge of duties resulting from the respective provisions in the scope of output.

6. In case of the Company's enterprise affairs that are not subject to provisions of the subparagraph 5, the Management Board of the Company shall run and supervise such affairs.

7. By virtue of these Regulations it is determined that absent members of the Board shall be substituted by the members of the Board authorized by them. Should no authorized member of the Board be appointed, the following system of substitution is established:

- the President of the Management Board shall be substituted by the Production and Development Vice-President;
- the Production and Development Vice-President shall be substituted by the Economical and Financial Vice-President;
- the Economical and Financial Vice-President shall be substituted by the Commercial Vice-President;
- the Commercial Vice-President shall be substituted by the Production and Development Vice-President;
- the Prospecting and Output Vice-President shall be substituted by the President of the Board.

§12

Matters that do not require resolutions of the Board belong to the scope of competence of the respective members of the Board – directors of the Company's enterprise in accordance with § 11 of these Regulations and the organizational regulations of the Company's enterprise.

IV. MEETINGS OF THE MANAGEMENT BOARD

§13

The Management Board shall hold meetings, if need be.

§14

1. Meetings of the Board shall be convoked by the President and in the event of his/her absence, by a member of the Board authorized by him/her, who chairs a meeting in absence of the President.

2. Following a motion of a member of the Board, a meeting should be held not later than within 7 days from the date of lodging such a motion.

3. A Chairman of the Supervisory Board shall be authorized – on behalf and on the basis of a resolution of the Supervisory Board – to demand convoking of a meeting of the Company Board and putting certain issues on its agenda. The Chairman or other member of the Supervisory Board authorized by him/her shall participate – without the right to vote – in the meeting convoked on the initiative of the Supervisory Board. A meeting should be held within the time-limit specified in subparagraph 2.

4. The Chairman or other member of the Supervisory Board authorized by him/her shall be authorized to participate in every meeting of the Board without any special invitation, on the condition of prior notification of the President of the Company Board.

§15

1. Notices of meetings shall be delivered to the members of the Board at least 2 days before the date of meeting.

2. The President may order a different method and time-limit for notification of the members of the Board about the date of meeting.

3. A notice should include the agenda, conclusions and materials concerning matters on the agenda in a form of appendices.

§16

Employees of the Company or other persons appropriate for the discussed issues – without the right to vote – may be invited to a meeting.

§17

1. For validity of resolutions of the Management Board all members of the Board must be notified about a meeting and at least 3/5 of the Board composition must be present on the meeting.

2. The resolutions of the Board are passed with a relative majority of votes „for” in relation to the votes „against”; abstainers are not taken into consideration.
3. Voting is open. Secret ballot takes place following a motion of the President or two members of the Board.
4. In case of the same number of votes, the Board President’s vote prevails.
5. The Management Board may also pass resolutions in a written procedure or using the means of direct remote communication. Passing a resolution in such a mode requires prior presentation of a draft resolution to all members of the Board, and the resolutions passed will be presented on the nearest meeting of the Board along with information on the results of voting.

§18

1. Minutes shall be taken of the Management Board meetings.
2. A report should state the presence of the Board members, place and time of the meeting, as well as the agenda, names and surnames of persons present on the meeting, the course of meeting, content of passed resolutions and their results, the manner of voting, as well as reservations and dissenting opinions of the members of the Board.
3. A report shall be signed by all members of the Board present on the meeting.

V. OTHER PROVISIONS CONCERNING MEMBERS OF THE MANAGEMENT BOARD

§19

When discharging their duties the members of the Board shall be obliged to act with diligence of a conscientious trader and shall be responsible towards the Company for damages caused by lack of such a diligence.

§20

A member of the Management Board shall be obliged to obtain a permission of the Supervisory Board to hold a position – a function in supervisory or managing authorities of other entities and to receive remuneration on this account.

§21

Should there be any discrepancies between the Company’s interest and personal interests of a member of the Board, his/her spouse, relatives and in-laws to the second degree or persons with whom he/she has personal connections, the member of the Board should refrain from settlement of such matters and may demand that it is stated in the report.

VI. FINAL PROVISIONS

§22

To all matters not provided for in these Regulations the Code of Commercial Partnerships and Companies and the Articles of the Company shall be applicable.

§23

When these Regulations enter into force, the previous Regulations of the Management Board passed on 10th September 2003, as amended, shall lose its binding force.

§24

The Regulations shall enter into force on the day of its approval by the Supervisory Board, subject to provisions of §4 subparagraph, 1 sentence 2, which shall enter into force on the day when amendments are introduced in the Articles by the General Meeting and the day of validation of the Court's decision on registration of these amendments.