



Letter from the Chairman of the Supervisory Board

Vision, reason and flexibility are the keys to the LOTOS Group's business efficiency.

Dear All,

2011 was a year dominated by uncertainty and unpredictability. Anxieties resulting from the instability and possible insolvency of the eurozone shook both the European and global economy. Their impact was also felt in Poland. Our country's economy, however, continues to show great resilience in the face of the turmoil, and Grupa LOTOS has set an example of agile adaptation to the changing market conditions and operational efficiency amid threats and tensions.

It was a good year for Grupa LOTOS. First of all, it confirmed the soundness of the Company's strategy for 2011-2015, as the steps taken in its first year have laid down solid foundations for the future.

Moreover, 2011 was a year of several landmarks for Grupa LOTOS. In March, the Company officially celebrated the completion of the 10+ Programme. Also in the first quarter it signed an agreement on the acquisition of 100% of the shares in AB Geonafta, a Lithuanian company operating in the field of hydrocarbon exploration and production. This segment of the LOTOS Group's activity was further strengthened when LOTOS Exploration and Production Norge AS became the operator of, and acquired a 25% interest in, another North Sea licence.

The launch of a new, economy chain of service stations under the brand of LOTOS Optima has proved the right response to the situation faced by the retail fuel market in 2011. The brand was eagerly received by customers, who appreciated the combination of high product and service quality with the optimal pricing.

The Company's leading position was confirmed by the 2011 ranking of 500 largest CEE companies, in which it moved up eight places, to the eleventh position.

According to all analyses, the prices of crude oil will remain high. The trend will favour petroleum companies relying on their own oil resources and efficient refineries, as they are positioned to deliver the best performance. Therefore, it is all the more important to continue to pursue its strategy in the coming years, with the goal of increasing its own production of hydrocarbons, for instance by launching the exploitation of the YME field. The state-of-the art technologies introduced to the Gdańsk refinery as part of the 10+ Programme have opened up excellent growth prospects for Grupa LOTOS.

High quality management and human capital are the Company's major assets. By following global economic, financial and industry trends, it is able to flexibly adjust to the dynamically changing conditions. Keeping in mind the 2008-2009 financial crisis, in late 2011 the Company's managers developed the Optimal Expansion Programme, which envisages action plans for several scenarios, depending on how the market situation develops. I believe that the year 2012 will see Grupa LOTOS solidify its market position and role in the Polish economy, while contributing to the country's energy security.

Yours faithfully,

Niestaw Skwanko

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