

## Development plans

As for the position on the retail market, the strategic objective is to develop consistently the premium and value segments.

The development prospects of the LOTOS Group in the current market environment should be viewed as good. This results from the adjustment of the LOTOS Group's business profile to the needs of the market.

Grupa LOTOS expects changes in the laws regulating the creation and financing of the intervention stocks of crude oil and petroleum products, resulting from the need requirement to implement Directive 2009/119/EC. The Company expects that relevant systemic solutions will be adopted, which will guarantee sufficient level of stocks and reduce, as of 2013, the requirement to finance 1/10th of the value of stocks. As regards the new mandatory stock regulations, Grupa LOTOS is interested in regulatory changes, as well as in the development of new hydrocarbon storage capacities in salt caverns.

Following the completion of the 10+ Programme, Grupa LOTOS produces and sells higher fuel volumes, with an increased share of middle distillates. This product group accounts for the largest share of the consumption of fuels in Europe and has demonstrated an upward trend. Diesel oil consumption increases not only as a reaction to the growing demand from business customers, but also due to the increasingly stronger demand from the segment of passenger cars. As the economy recovers, the demand for aviation fuel is also expected to grow, not only domestically, but also on international markets.

Higher industrial output as well as the expansion and operation of the car fleet drive the demand for different types of industrial and motor oils - the market where the LOTOS Group is a major player. The sustained and high demand for bitumens, which follows from the implementation of the government's programme of construction and modernisation of national and local roads in Poland, is also an important factor.

The development plans of the marketing segment for 2012 and the following years result from the performance of the objectives set for the marketing segment in the LOTOS Group's 2011-2015 strategy.

### Engine fuels

Following the completion of the 10+ Programme, the volume of products sold will increase in 2012 relative to the previous years. Grupa LOTOS will continue and expand its cooperation with international operators. The Company will also actively cooperate with wholesalers in the B2B distribution channel. Grupa LOTOS also considers plans to supply fuels to service station chains operated by hypermarkets. Commodity trading will be intensified as part of the development of the trading activities.

### Development of the service station chain

LOTOS Paliwa, in performance of the LOTOS Group's strategy for retail sales of fuels, will continue its efforts to achieve the strategic objective in that segment. The key tasks include:

- launching new stations,
- development of the LOTOS Optima sales channel,
- promotion of the premium fuels LOTOS Dynamic 98 and LOTOS Dynamic Diesel,
- extension of the LOTOS Biznes fleet programme,
- sustained improvement and monitoring of customer service,
- gradual phase-out of the patronage model, assuming continued cooperation with selected stations under the partner formula,
- ensuring uniform interior design across the chain,
- development of the stations' offering of foods and beverages.

### Aviation fuel

The LOTOS Group plans to step up its jet fuel sales by strengthening relations with the existing customers and acquiring new customers. As regards airport sales, the LOTOS Group will take steps to increase sales at domestic airports.

### Lubricant oils

In the coming year, LOTOS Oil will focus on two major tasks: enhancing its marketing activities and building and strengthening the LOTOS brand. In addition, the company will continue to be actively involved in the efforts undertaken by the corporate sales teams and Authorised Distributors, particularly those targeted at garages, motor oil changing stations, and automotive chains (service stations, garages, KIA Motors Polska, Subaru Import Polska and other strategic partners).

**Bitumens**

In the bitumens segment, complementary efforts will be undertaken with a view to optimising the existing processes in the areas of production, logistics and marketing, particularly with respect to cost base, product availability and bitumen technologies.

**Logistics**

The key tasks in the logistics area include optimisation of the logistics chain based on the assessment of economic costs and benefits, further integration of primary and secondary logistics, securing necessary tank capacities, consistent improvement of the customer service standards and ensuring security of product distribution at the LOTOS Group. LOTOS Kolej focuses primarily on securing resources necessary to handle the increased freight activity of the LOTOS Group companies following the completion of the 10+ Programme, and on developing further its transport operations for external customers, including international freight transport.