

In 2000 the Shareholders' Meeting was entitled to determine the remunerations of the Members of the Management Board. It adopted a resolution in this regard during the Extraordinary Shareholders' Meeting in August 2000, by determining the rules of remuneration and employment for the Members of the Management Board. These rules applied until mid-2009. According to the adopted regulations:

- Members of the Management Board were entitled exclusively to a monthly remuneration amounting to:
 - President of the Management Board – not exceeding 4-times the average monthly remuneration in the sector of enterprises without a profit share in the fourth quarter of the preceding year as announced by the President of the Main Statistical Office. The value of the monthly remuneration of the President of the Management Board was determined in a separate resolution of the Shareholders' Meeting,
 - Vice-President of the Management Board – not exceeding 3.9-times the average monthly remuneration in the sector of enterprises without a profit share in the fourth quarter of the preceding year as announced by the President of the Main Statistical Office. The value of the monthly remuneration of the Vice-President of the Management Board was determined in a separate resolution of the Shareholders' Meeting,
 - Member of the Management Board – not exceeding 3.9-times the average monthly remuneration in the sector of enterprises without a profit share in the fourth quarter of the preceding year as announced by the President of the Main Statistical Office. The value of the monthly remuneration of a Member of the Management Board was determined in a separate resolution of the Shareholders' Meeting,

- Should Grupa LOTOS be classified as an entity of special importance for the State, the above-mentioned value of the remuneration shall be increased by 50% according to the procedure specified in Article 9 of the Act on remunerating persons managing certain legal entities.
- The amounts of remuneration, irrespective of the basis of the employment relation or the type of job contracts, encompassed all elements of remuneration resulting from the rules of labour law.
- In the event of a dismissal from a position or dissolving of a job agreement for reasons other than the violation of basic employee obligations, the President, the Vice-President and the Members of the Management Board might be granted severance pay amounting to not more than three-times the monthly remuneration.

The Ordinary Shareholders' Meeting held on 30 June 2009 amended the By-Laws of Grupa LOTOS within the division of competences between the Shareholders' Meeting and the Supervisory Board, by transferring the determination of remunerations for the Management Board Members, the value of the monthly remuneration for a Member of the Management Board and the value of the annual bonus for the President of the Management Board from the competences of the Shareholders' Meeting to the Supervisory Board. Such changes were aimed at making the provisions of the By-Laws more flexible, to meet the general provisions given in Article 378(1) of the Code of Commercial Companies, according to which the Supervisory Board determines the remuneration of the Management Board, 'unless special rules of law provide for otherwise', by referring to the provisions of the Act of 3 March 2000 on the remuneration of persons managing certain legal entities (Journal of Laws from 2000, No. 26, Item 306 with subsequent amendments).

The motion of the Supervisory Board that was put to vote at the Shareholders' Meeting, transferring the competences from the Shareholders' Meeting to the Supervisory Board in the above-mentioned question was justified and was not contradictory with the rules of the so-called 'chimney act' that applies to Grupa LOTOS, as the Shareholders consented during the Meeting to the increase of the authorised capital of Grupa LOTOS by making contributions in kind comprising stakes held in Petrolbaltic, LOTOS Czechowice and LOTOS Jasło owned by the Treasury. According to the decision, the authorised capital of Grupa LOTOS was increased from PLN 113,700,000.00 to PLN 129,873,362.00. Grupa LOTOS issued 16,173,362 new ordinary bearer shares of the C series, which were offered to the Treasury within private subscription, without the preemptive rights of the other shareholders. On the other hand, the Treasury transferred to Grupa LOTOS 2,801,400 shares of Petrolbaltic, 375,000 shares of LOTOS Czechowice and 300,000 shares of LOTOS Jasło. As a result of the abovementioned transactions, upon the registration of the increased authorised capital by the Court, i.e. on 17 July 2009, the ownership structure changed. The share of the shareholder – Nafta Polska S.A. fell from 51.91% to 45.45%, and thus Grupa LOTOS ceased to be subject to the so-called 'chimney act'.

However, on 22 July 2009 the Treasury acquired another major stake in Grupa LOTOS under the agreement concluded on 16 July 2009 between Nafta Polska and the Ministry of the Treasury. Within the execution of the agreement, Nafta Polska transferred to the Treasury 59,025,000 shares of Grupa LOTOS, and holds no more shares of Grupa LOTOS, while the Treasury holds 63.97% shares in the authorised capital of Grupa LOTOS.

In a consequence, Grupa LOTOS is again subject to provisions of the so-called 'chimney act'. According to the law in question, the remuneration of President of the Management Board is determined by the Shareholders' Meeting upon the motion of the Supervisory Board. On the other hand, all issues related to the remuneration policy for other members of the Management Board remain within the competences of the Supervisory Board.

As the share of the Treasury exceeds 50% in the authorised capital of Grupa LOTOS (50% number of shares), provisions of Article 8(4) of the Act apply to Grupa LOTOS.

Therefore, the Supervisory Board, acting within its competences under Article 14(2)(1) of the By-Laws of Grupa LOTOS and pursuant to the Act of 3 March 2000, determined the value of remuneration for the Vice-Presidents of the Board on 13 November 2009 at 6-times value of the monthly remuneration in the sector of enterprises without a profit share in the fourth quarter of the preceding year as announced by President of the Main Statistical Office and submitted to the Shareholders' Meeting to determine the value of the monthly remuneration of the President of the Management Board on the same level.

The Shareholders' Meeting, having examined the motion of the Supervisory Board submitted in the Resolution No. 63/VII/2009 of 13 November 2009, determined the following rules of remuneration concerning President of the Management Board:

- President of the Management Board is entitled to a monthly remuneration not exceeding 6-times the average monthly remuneration in the sector of enterprises without a profit share in the fourth quarter of the preceding year as announced by the President of the Main Statistical Office,
- shall Grupa LOTOS be classified among the entities of special importance for the State, in compliance with Article 9 of the Act of 3 March 2000 on remuneration of persons managing certain legal entities, the Shareholders' Meeting has authorised the Supervisory Board to increase the above-mentioned monthly remuneration of President of the Management Board by 50% in compliance with the provisions of the above-mentioned Act.

Moreover, the Shareholders' Meeting repealed the resolution of the Shareholders' Meeting of 18 August 2000 that governed the remunerations due to the Members of the Management Board.

According to individual employment agreements, members of the Management Board of Grupa LOTOS are entitled to the following additional benefits:

- costs of life insurance policy (including monthly insurance premiums),
- above-standard medical care provided by a private healthcare centre, both in Poland and abroad, for a member of the Management Board and his family.

Moreover, President of the Board and Vice-President of the Board (CCO) are entitled to additional benefits, namely accommodation in the TriCity (covering additional costs of rent and utilities), which they do not use.

Moreover, according to the Act of 3 March 2000 on the remuneration of persons managing certain legal entities (Journal of Laws from 2000, No. 26, Item 306 with subsequent amendments) and the Regulation by the Minister of the Treasury of 12 March 2001 on the detailed rules and mode of granting annual bonuses to persons managing certain legal entities (Journal of Laws from 2001, No. 22, Item 259), members of the Management Board may receive an annual bonus. The bonus may be granted if the Company:

- has improved its financial results,
- has strengthened its market or sectoral position,
- has effectively implemented a restructuring or development plan,
- has not exceeded the maximum annual index of increasing an average monthly remuneration, and
- pays all its public and legal liabilities in a timely manner.

A bonus may be granted once all financial statements are approved. A Member of the Management Board is entitled to a bonus if he/she worked in this position for the entire financial year and did not violate his/her obligations in this period, the job contract was not terminated by his/her fault and the management agreement was not terminated and he/she was not dismissed for reasons that are the basis for the termination of the job contract without notice. According to the regulations, the maximum bonus equals 3-times the average monthly remuneration in the preceding year. The decision to grant the annual bonus to President of the Management Board is taken by the Shareholders' Meeting upon the motion of the Supervisory Board, while for other members of the Management Board by the Supervisory Board.

According to the declaration of the Management Board of Grupa LOTOS on the compliance with the corporate governance, the remuneration of members of the Management Board should be determined in compliance with transparent procedures and rules, taking into account its motivating nature, and to stimulate further effective management of Grupa LOTOS. The remuneration should correspond to the size of the enterprise and be reasonably correlated to its financial results. It should be also related to the scope of responsibilities resulting from the function and take account of remunerations of members of the Management Board in similar companies in a comparable market.

Value of remuneration of members of the Management Board of Grupa LOTOS in 2009

Member of the Management Board	Amount [in PLN]
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Paweł Olechnowicz	199,862
Marek Sokołowski	196,565
Mariusz Machajewski	197,625
Maciej Szozda	118,947

Marek Sokołowski, Vice-President of the Board, holds 8,638 shares of Grupa LOTOS. Other members of the Management Board do not own any shares of Grupa LOTOS.