

In 2009 Grupa LOTOS' development directions and actions were determined by two key concern projects: the 10+ Programme and the development and implementation of the Anti-Crisis Package. The major goal of both projects was, on the one hand, to ensure the financial liquidity of Grupa LOTOS and, on the other hand, to prepare the Company to market requirements in the time of economic recovery. All companies coming within the LOTOS Group were involved, to a different extent, in the execution of both the 10+ Programme and the Anti-Crisis Package. Undoubtedly, year 2009 required great commitment of all employees.

10+ Programme

The 10+ Programme is connected with the expansion of the refinery in Gdańsk. The total value of this investment programme exceeds PLN 5 bn. This is one of the biggest projects of this type in Central and Eastern Europe.

As at the end of 2009, the Company used approximately 81.8% of credit facilities allocated to the 10+ Programme. Apart from creditors' funds, Grupa LOTOS also used its own resources to finance the 10+ Programme to an extent defined by the credit facility agreement, generated by its operations. At the end of the fourth quarter of 2009, 94.74% of work under the 10+ Programme was completed. "The Human Resources 2009 – 10+ Programme" Project providing for the employment of 120 operating employees to operate the 10+ Programme installation was completed in 100%.

During the economic crisis, suspending investments and freezing expenses could seem to be the simplest and best solution. However, such a decision would weaken the competitive position of the concern and the Company would not be able to compete efficiently in the market in times of a better economic situation. To ensure financial liquidity and investment security in the Capital Group the Company implemented the Anti-Crisis Package.

Anti-Crisis Package

On 10 February 2009, the Anti-Crisis Package was launched, the primary aim of which was to provide financial liquidity in 2009. The premises for the Package were the continuation of the 10+ Programme, no limitations in outlays on the Spring 2009 Overhaul Down-Time and the parallel reduction of all costs and expenditures that were not absolutely necessary.

The Package focused on cost cutting measures, rational reductions of investment outlays and the implementation of streamlining programmes. The actions taken involved revision and selection of planned and ongoing projects, based on which Grupa LOTOS took the

decision to withdraw from any investment outlays that did not have to be borne in 2009.

The introduction of the Package was preceded by broad consultations with lawyers and trade unions. In compliance with the transparency principle adopted in Grupa LOTOS, the objectives and premises of the Package were thoroughly communicated to all the [stakeholders](#). After the implementation of all the measures provided for in the Package, Grupa LOTOS regularly monitored its execution and the tasks included therein were subject to systematic assessment and revision. The Package resulted in savings of PLN 722.5 m for the LOTOS Group, almost double the amount planned at its launching stage.

Execution of the Anti-Crisis Package

Investments	Cost cutting measures	Streamlining programmes
planned PLN 219 m	planned PLN 53 m	planned PLN 118 m
achieved PLN 470 m	achieved PLN 91 m	achieved PLN 161,5 m

The cost saving objectives of the Package were exceeded in all its areas, i.e. cost cutting measures, streamlining programmes and investments. The largest share in the savings made by its execution had the reductions of investment outlays, while more than one-fifth of the saved money came from the streamlining programmes.

Savings made by the execution of the Anti-Crisis Package (by source)

The launch of the Anti-Crisis Package was accompanied by the first social agreement ever to be concluded in Poland. The consensus on this agreement was reached by the Management Board, all corporate trade unions and the Council of Employees. In course of the negotiations, representatives of employees agreed to freeze remuneration in order to protect workplaces. Every month, special meetings of

the Management Board of Grupa LOTOS and employee representatives were held to monitor the situation in the Company and the progress of the Package implementation.