

In the LOTOS Group decisions on various business areas, including directions of development, assessment of activities and allocation of resources to such areas, are made by the Management Board of the parent entity. In Grupa LOTOS financial reporting pursuant to IFRS 8 for business areas is applied.

The criteria which define a business area:

1. involvement in economic activities which may generate costs and revenues,
2. operational results regularly reviewed by the parent entity's Management Board and used for taking decisions on resources allocated to the area and for the assessment of the operating results of the area,
3. availability of separate financial information.

The LOTOS Group comprises the following business areas:

- **oil and gas exploration and exploitation area**, which includes LOTOS Petrobaltic with the subsidiaries,
- **petroleum product sales and production area**, which includes other companies in the Group except LOTOS Park Technologiczny, LOTOS Gaz and LOTOS Ekoenergia,
- **other areas**, which include LOTOS Park Technologiczny, LOTOS Gaz and LOTOS Ekoenergia.

The LOTOS Group introduced the segment management model. A segment is a separated area of business activities, managed in the scale of the Capital Group by an appointed Member of the Management Board of Grupa LOTOS, as the parent entity. The segment management is a management model primarily aimed at: improving management efficiency, utilising benefits of scale, achieving cost and revenue synergies within the entire organisation. The segment management comprises, among others:

- implementation of a coherent strategy,

- co-ordination of investments in the Capital Group,
- co-ordinated planning and controlling,
- integrated operational management including compliance with coherent corporate standards in the Capital Group and synergies by setting out coherent goals and parameters of effectiveness,
- co-ordination of the support function.

The LOTOS Group consists of:

The Management Segment: managed by the President of the Board, the CEO, i.e. the head of the management segment. This segment works to increase the value of the Group by managing the overall activities, preparing and monitoring strategy implementation, setting out the direction of the development of various business areas, co-ordinating the support function (HR management, main business process management, system management, CSR policy, marketing and communication policy, legal and administration, IT, internal audit, physical security).

The following companies are assigned to the Management Segment:

- LOTOS Ochrona
- UAB LOTOS Baltija
- LOTOS Ekoenergia
- LOTOS Park Technologiczny.

The Exploration and Exploitation Segment: managed by the President of the Board, the CEO, i.e. the head of the exploration and exploitation segment. Key tasks of the segment include: preparation of the development strategy for activities of the Capital Group in the area of oil and gas exploration and exploitation, management and supervision over exploration and exploitation activities, and responsibility for the implementation of strategy in this area.

The following company is assigned to the Exploration and Exploitation Segment:

- LOTOS Petrobaltic with subsidiaries.

The Operational Segment: managed by the Vice-President of the Board, the COO, i.e. the head of the operational segment. Key tasks of the segment include: management, co-ordination and supervision over all the matters related to the refinery manufacturing and technology, including implementation of the 10+ Programme. The segment is responsible for preparing assumptions of the refinery manufacturing policy, supervising matters related to manufacturing R&D, co-ordinating investment projects on the technical and technological development, creating the strategy of the maintenance and expansion of the manufacturing facilities.

The following companies are assigned to the Operational Segment:

- LOTOS Straż
- LOTOS Serwis
- LOTOS Lab
- LOTOS Czechowice with subsidiaries
- LOTOS Jasło with subsidiaries.

Sales Segment: managed by the Vice-President of the Board, the CCO, i.e. the head of the sales segment. The segment is responsible for managing the sales, supply and distribution processes within the Capital Group, including creation and implementation of the sales policy, sales planning for all business sectors, distribution channel management, approval of sales plans and policies and development of the supply chain optimisation strategy.

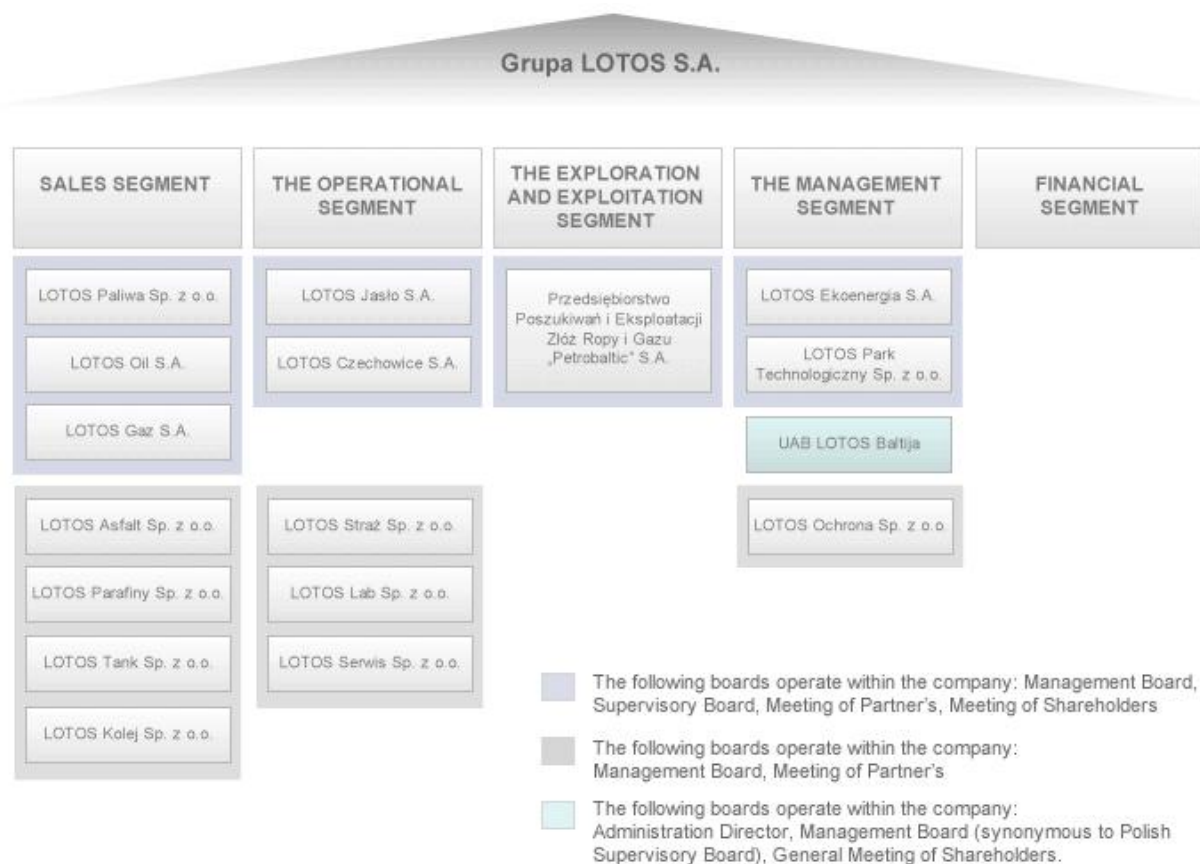
The following companies are assigned to the Sales Segment:

- LOTOS Paliwa
- LOTOS Oil
- LOTOS Asfalt
- LOTOS Parafiny
- LOTOS Gaz with subsidiaries
- LOTOS Kolej
- LOTOS Tank.

Financial Segment: managed by the Vice-President of the Board, the CFO, i.e. the head of the financial segment. The segment is responsible for managing the whole financial and accounting activities of the Capital Group, including the creation of policy and monitoring the area of internal equity flows and dividends, the creation and monitoring of the financial, tax and insurance strategy, supervision over the organisation of financing development programmes of the Capital Group, co-ordination of implementation of and compliance with the corporate governance, development and implementation of the financial risk management strategy.

Grupa LOTOS acts as the integrator of key management and supporting functions in the Capital Group companies.

Segments of activities
31 Dec 2009



Since Q1 2010, LOTOS Gaz S.A. falls under the Management Sector.