

**Letter from the President of the Management Board accompanying the PGNiG S.A.  
and PGNiG Group Annual Report for the 2015**

Ladies and Gentlemen,

I have the pleasure to present to you the Annual Report of PGNiG S.A. and the PGNiG Group for 2015.

Financially, 2015 was a good year – our operating profit of PLN 3.3bn translated into a net profit of PLN 2.1bn, while EBITDA came in at PLN 6.1bn. We more than satisfied the obligation to sell gas by auction or on the exchange market. The Company has retained its investment-grade rating, as confirmed by Moody's Baa3 score with a stable outlook. The available financing will ensure the execution of the Company's investment plans in 2016.

Following the collapse of crude oil prices on global markets, the last year was a difficult time for all companies in the oil and gas industry. Despite an unfavourable business climate and regulatory pressures, the PGNiG Group has maintained its robust market position and improved performance in the distribution and generation segments.

The Company's strategy was implemented consistently. Thanks to further acquisitions in Norway, the PGNiG Group now holds 19 licences on the Norwegian Continental Shelf. Over the past year, the production of gas, oil and NGL grew nearly by half – to 8.5 million barrels of oil equivalent. Our activities on the North Sea should be seen as both beneficial and promising for the Group. The Management Board is working to best leverage our success in Norway.

PGNiG's import portfolio requires a new strategy for obtaining gas after 2022, and Norway appears to be the most promising source. At the same time, the Company is thoroughly analysing the possibility of using LNG supplies. Both options will be taken into account in the Group's updated strategy, which should be unveiled in early Q2 2016.

With its customers in mind, the Company has filed for the change of the pricing terms in our major import contract through the arbitration procedure. Given the growing competitive pressure on the domestic gas market, PGNiG must take special care to secure low purchase prices.

The task currently facing the Management Board is to adapt the Company's structure to the updated strategy. The Efficiency Improvement Programme and efforts to professionalise our operations in individual operating segments will continue.

In the coming year, we will seek to strengthen our position on the Polish and European energy markets through efforts designed to create the PGNiG Group's value. I would like to thank our Customers and Shareholders for the trust they place in us.

Kind regards,

Piotr Woźniak

President of the PGNiG Management Board