



Letter of the President of the WSE Management Board

Dear Sirs,

The year 2011 was the first full calendar year for the WSE as a public company listed on the Warsaw Stock Exchange. During the year, the WSE reinforced the image of the Exchange as an effective company in the perception of domestic and international investors. This was possible thanks to improved investor relations based on systematic and valuable communication with investors as well as a continuation of the previously initiated dividend policy and dynamic achievement of development targets.

The WSE took further steps to support and implement its development strategy. As a result, the three pillars of the strategy defined as the strategic objectives found their reflection in practice.

One of the pillars is to expand to new business areas and to develop new services for the participants of financial markets and organised commodity markets, and to continue development in the existing business lines. In 2011, decisions were made and implemented to acquire a controlling block of shares of the Polish Power Exchange (PolPX). The deal was successfully closed in Q1 2012. With this process, the engagement of the WSE in organising a secondary market of electric power trade largely increased both in terms of the income base and from the perspective of the mission of the WSE Group. The activity of the WSE in this business segment goes back to 2010. The acquisition of PolPX opens the door to the creation of new commodity exchange markets, which will be one of the main thrusts of the activity of the WSE Group in 2012.

With regard to markets in financial instruments, Catalyst was growing dynamically, especially as measured by the number and the value of corporate

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Warsaw Stock Exchange with its seat in Warsaw, registered by the District Court of the City of Warsaw,
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bond issues; new products were developed in the derivatives segment; and equities markets grew by trading value, the number of IPOs and the quality parameters of trading.

The second pillar of the WSE's strategy is to internationally position the Warsaw Stock Exchange as the capital market hub of the Central and Eastern European region. Indicators such as the growth of the number of foreign companies listed on the WSE, the proportion of foreign companies listed only on the WSE to those dual-listed, the number of foreign investment firms active on the Polish market and their share in total trading, as well as the share of foreign investors in equities and derivatives trading all attest to the great progress made in expanding the geographic footprint of the WSE.

The third pillar of the WSE Group's strategy is to consolidate and create synergies between infrastructure institutions of the Polish financial and exchange markets. The WSE began the year 2011 with a significant and long-held equity stake in the National Depository for Securities (KDPW) and the subsidiary BondSpot which performs important functions in Treasury bond and non-Treasury debt instrument trading. By the end of 2011, the WSE Group was finalising the acquisition of assets which operate a trading business (Polish Power Exchange – PolPX) and a commodity trade clearing and clearing risk management business (Warsaw Commodity Clearing House – WCCH).

The financial position of the Company and the Group is very good. The WSE's diversified business model, which is subject to competitive pressures and comprises service segments that are either anti-cyclical or correlated with market cycles in different sectors of the economy, has proved most reliable in times of increased uncertainty and stress prevalent on today's financial markets.

The Company and the Group enjoy very strong confidence of both individual and institutional participants of the capital markets. This was put to a test during the issue of the WSE's bonds in late 2011 and early 2012. The success was demonstrated by the financial parameters of the issue and its oversubscription, despite the yield of the bonds being set at a level typical of top-quality issuers, close to the Treasury yield, both for the bonds offered to institutional and individual investors.

In 2012, the WSE Group will continue to strengthen the three pillars of its business strategy. This will be pursued among others through sustainable development of all financial instruments trading segments as well as projects in commodities trading markets. One of the key projects necessary to maintain a very high growth rate of the markets in financial instruments will be the implementation of the WSE's new trading system planned for Q4 2012.

Ludwik Sobolewski

President and CEO