

Attachment No. 1

*to TP SA Supervisory Board Report
on activities in 2009*

Activity of TP Group Audit Committee in 2009

The Audit Committee was established by virtue of the Resolution of the TP Supervisory Board no. 324/V/2002 dated 14 June 2002 regarding the establishment of the Audit Committee as a consultative body acting under the Supervisory Board.

The task of the Committee is to advise the Supervisory Board on the proper implementation of budgetary and financial reporting and internal control (including risk management) principles in the TP Group and to liaise with the auditors of TP Group.

Composition

In 2009, the Audit Committee was composed of the following persons:

Chairman: Mr. Timothy Boatman ("Independent Director")

Members: Ms. Stéphane Pallez – until 23 April 2009 when her mandate expired
Ms. Marie Christine Lambert – nominated on 23 April 2009
Mr. Ronald Freeman ("Independent Director")
Mr. Olivier Faure – until 16 January 2009 when his mandate expired and from 26 March 2009 when nominated again.

The Secretary of the Committee was Jerzy Klonecki.

Functions of the Committee

The key functions of the Audit Committee include:

- 1) Monitoring the integrity of the financial information provided by the Company in particular by reviewing:
 - a. The relevance and consistency of the accounting methods used by the Company and the TP Capital Group, including the criteria for the consolidation of the financial results;
 - b. Any changes to accounting standards, policies and practices;
 - c. Major areas of financial reporting subject to judgment;
 - d. Significant adjustments arising from the audit;
 - e. Statements on going concern;
 - f. Compliance with the accounting regulations;
- 2) Review at least annually the Group's system of internal control and risk management systems with a view to ensuring that the main risks (including those related to compliance with existing legislation and regulations) are properly identified, managed and disclosed;
- 3) Annual review of the internal audit program, including the review of independence of the internal audit function, and coordination between the internal and external auditors;
- 4) Analysis of reports of the Company's internal audit department and major findings of any other internal investigations and responses of the Management Board to them;
- 5) Make recommendations in relation to the selection and remuneration of the Director of the Internal Audit department and on such department's budget;
- 6) Review and providing an opinion to the TP Management Board on transactions with related parties;
- 7) Monitoring the independence and objectivity of the Company's external auditors and presentation of recommendations to the Supervisory Board with regard to selection and remuneration of the Company's auditors, with particular attention being paid to remuneration for additional services;
- 8) Discussion with the Company's external auditors before the start of each annual audit on the nature and scope of the audit and monitoring the auditors' work;

- 9) Review the issues giving rise to the resignation of the external auditor;
- 10) Discussion (in or without the presence of the Company Management Board) of any problems or reservations, resulting from the financial statements audit;
- 11) Review the effectiveness of the external audit process, and the responsiveness of the Management Board to recommendations made by the external auditor;
- 12) Consideration of any other matter noted by the Audit Committee or the Supervisory Board;
- 13) Regularly informing the Supervisory Board about all important issues within the Committee scope of activity;
- 14) Providing the Supervisory Board with its annual report on the Audit Committee's activity and results.

Activity in 2009

The TP Group Audit Committee held 15 meetings in 2009, out of which 10 were regular meetings and 5 dedicated ad-hoc meetings, and in particular performed the following:

- 1) Reviewed the Company's and Group's published financial statements, notably the relevance and consistency of the accounting methods used by the Company and the TP Capital Group;
- 2) Reviewed the Group's system of internal control (including risk management) as reported by the Management Board and, in particular, the way risks were identified, managed and disclosed by the Management. The Audit Committee received reports from Management on action plans in response to comments on internal controls from the internal and external auditors;
- 3) Reviewed the annual plan of the Internal Audit Department, its budget and progress reports, as well as monitored the responsiveness of management to internal audit findings and recommendations;
- 4) Made recommendation to the Supervisory Board on the external auditor, its remuneration and terms of engagement. In accordance with the Code of the Best Practices for companies listed on the Warsaw Stock Exchange, the Audit Committee recommended to the Supervisory Board the appointment of Deloitte Audit Sp. z o.o. to the audit of TP S.A. and Telekomunikacja Polska Group for the financial year 2009 and to review half-yearly financial statements for the period of six months ended June 30, 2009. TP S.A. had previously engaged Ernst & Young Audit Sp. z o.o. to perform audit services since 2002. The Audit Committee would like to express its gratitude to Ernst & Young Audit Sp. z o.o. for its professional support over this period of time.
- 5) Kept under review the scope and the results of the external audit, independence and objectivity of the auditors and reported its conclusions to the Supervisory Board; monitored the Company's responsiveness to the recommendations from the external auditor made in its management letter;
- 6) Reviewed the development and operation of the Group's anti-fraud and whistle-blowing programs managed by the Management Board; monitored results of investigations initiated by whistle-blowing;
- 7) Reviewed the Group's 2010 budget and addressed recommendations on it to the Supervisory Board;
- 8) Reviewed the 2009 cash distribution policy proposed by the Management;
- 9) Issued opinions on other matters referred to the Committee by the Supervisory Board and/or the Management Board including a M&A transaction, the medium and long term financing of the Company and its subsidiaries and the financing proposals regarding the planned new head office of the Group.

In the year under review, the Audit Committee, especially its two independent members, reviewed and gave opinion to the Management Board of TP on transactions with related parties and received reports on them from the Company's Internal Audit department.

Timothy Boatman
Chairman of the Audit Committee of the Supervisory Board

25 March 2010