__Attachment__
to the Supervisory Board
Resolution
No. 13/12 dated March 29, 2012

REPORT
on the activities of the Supervisory Board of Telekomunikacja Polska S.A. and its committees in 2011

I. TP S.A. SUPERVISORY BOARD COMPOSITION:
Supervisory Board composition as of January 1, 2011:
1. Prof. Andrzej K. Koźmiński - Chairman
2. Olivier Barberot - Deputy Chairman and Chairman of the Strategy Committee
3. Olivier Faure - Secretary
4. Timothy Boatman - Board Member and Chairman of the Audit Committee
5. Thierry Bonhomme - Board Member
6. Jacques Champeaux - Board Member
7. Ronald Freeman - Board Member and Chairman of the Remuneration Committee
8. Dr. Mirosław Gronicki - Board Member
9. Marie-Christine Lambert - Board Member
10. Prof. Jerzy Rajski - Board Member
11. Raoul Roverato - Board Member
12. Dr. Wiesław Rozłucki - Board Member
13. Olaf Swantee - Board Member

In 2011 the following changes occurred in the composition of the Supervisory Board:

Mr. Raoul Roverato resigned from his function on the Supervisory Board as from January 26, 2011. On January 27, 2011, Mr. Gérard Ries was appointed by the Supervisory Board as a Member of the Supervisory Board.

Mr. Olivier Barberot resigned from his function on the Supervisory Board as from March 24, 2011. On the same day, Mr. Pierre Louette was appointed by the Supervisory Board as a Member of the Supervisory Board.

On 14 April 14, 2011, the mandates of Mr. Timothy Boatman and Mr. Gérard Ries expired. On the same day, Mr. Timothy Boatman and Mr. Gérard Ries were appointed by the Annual General Assembly as Members of the Supervisory Board.

Mr. Olivier Faure resigned from his function on the Supervisory Board as from July 11, 2011. On July 12, 2011, Ms. Nathalie Clere was appointed by the Supervisory Board as a Member of the Supervisory Board.

Mr. Olaf Swantee resigned from his function on the Supervisory Board as from October 12, 2011. On October 13, 2011, the mandates of Ms. Nathalie Clere and Mr. Pierre Louette expired. On the same day, Ms. Nathalie Clere, Mr. Pierre Louette and Mr. Benoit Scheen were appointed by the Extraordinary General Assembly as Members of the Supervisory Board.

Mr. Ronald Freeman resigned from his function on the Supervisory Board as from December 23, 2011.
\

Supervisory Board composition as of December 31, 2011:

1. Prof. Andrzej K. Koźmiński - Chairman
2. Benoit Scheen - Deputy Chairman and Chairman of the Strategy Committee
3. Nathalie Clere - Secretary
4. Timothy Boatman - Board Member and Chairman of the Audit Committee
5. Thierry Bonhomme - Board Member
6. Jacques Champeaux - Board Member
7. Dr. Mirosław Gronicki - Board Member
8. Marie-Christine Lambert - Board Member

9. Pierre Louette - Board Member
10. Prof. Jerzy Rajski - Board Member
11. Gérard Ries - Board Member
12. Dr. Wiesław Rozłucki - Board Member

On January 5, 2012, Mr. Henri de Joux was appointed by the Supervisory Board as a Member of the Supervisory Board.

At present, TP has five independent members on the Supervisory Board, namely Messrs. Prof. Andrzej K. Koźmiński, Timothy Boatman, Dr. Mirosław Gronicki, Prof. Jerzy Rajski, and Dr. Wiesław Rozłucki.

Three permanent committees operate within the Supervisory Board. Their composition was the following (as of December 31, 2011):

- **Audit Committee**: Timothy Boatman – Chairman, Nathalie Clere and Marie-Christine Lambert – members;
- **Remuneration Committee**: Benoit Scheen, Nathalie Clere and Wiesław Rozłucki – members;
- **Strategy Committee**: Benoit Scheen – Chairman, Jacques Champeaux, Mirosław Gronicki, Jerzy Rajski and Gérard Ries – members.

II. OPERATION

The Supervisory Board, acting in compliance with the provisions of the Commercial Companies Code and the Company's Articles of Association, exercised permanent supervision over the Company's operations in all fields of its activities.
In 2011 the Supervisory Board fulfilled its duties resulting from the provisions of the Commercial Companies Code:
1. Evaluation of the Management Board's report on TP SA operations and the financial statements
for the financial year 2010 and the Management Board's motion for distribution of the Company's profit;
2. Evaluation of the Management Board's report on TP Group's operations and the consolidated financial statements for the financial year 2010;
3. Filing with the General Assembly of the Shareholders reports presenting the results of the above mentioned evaluation.

The Supervisory Board took due care to ensure that the Management Board's reports and the financial statements were in compliance with the law.

The Supervisory Board also executed its rights and obligations arising from the Company's Articles of Association and the Best Practices for Companies listed on the Warsaw Stock Exchange, of which the following should be mentioned:

1) expressing opinions on motions addressed to the General Assembly,
2) selecting an independent auditor to audit the Company's financial statements,
3) preparing opinions on TP and TP Group budgets,
4) supervising the execution of TP Group's operating and financial objectives,
5) expressing opinions on financial commitments of a value exceeding the equivalent of EUR 100 million,
6) concise assessing of the TP Group's standing in 2010, including an assessment of the internal control system and the significant risks management system,
7) expressing opinion on the TP S.A. programme of own shares buy-back for the purpose of their redemption,
8) expressing opinion on the Long Term Incentive Program 2011-2013 for the TP Group Senior Executives,
9) executing changes in the Management Board of the Company.

Throughout 2011 the Supervisory Board and its permanent committees put a particular emphasis on the following issues:

a) Group's financial results and performance in comparison to the budget,

b) continued implementation of the Group's medium term action plan,
c) resolving the dispute with DPTG,
d) execution of the Memorandum of Understanding with UKE (the Office of Electronic Communication - the Polish Regulator),
e) customer satisfaction – the customer excellence programme,
f) disposal of TP Emitel and subsequent allocation of part of proceeds to a share buy back program,
g) execution of agreements between PTK Centertel (PTK) and Polska Telefonia Cyfrowa (PTC) regarding the operations of NetWorkS!, a jointly controlled company conducting management, planning, operations, development and maintenance of the radio access networks of PTK and PTC,
h) related parties transactions, including the proposed rebranding of the fixed-line business and TP Group's participation in BuyIn SA – a purchasing joint-venture between France Telecom and Deutsche Telecom,
i) establishing a new company Integrated Solutions sp. z o.o. as a response to growing demand for services related to comprehensive management of the ICT infrastructure,
j) giving opinion regarding development of convergent services in fixed and mobile.
The Supervisory Board met 7 times in 2011. The Board adopted 49 resolutions, of which 4 in writing (by correspondence).

The Supervisory Board used in its operations opinions of its Committees (the Audit Committee, the Remuneration Committee and the Strategy Committee), wherever applicable.

The reports of the three permanent committees of the Supervisory Board on their activities in 2011 are attached hereto.

The Supervisory Board formulated a number of recommendations, remarks and motions to the Management Board, referring to different aspects of the company's operations.

The Supervisory Board was regularly monitoring the execution of its resolutions and recommendations, analysing the information presented by the Management Board.

CONCISE ASSESSMENT OF THE GROUP'S STANDING IN 2011 PREPARED BY TP S.A. SUPERVISORY BOARD

This document is the Supervisory Board assessment of TP Group performance in 2011 in accordance with recommendation no. III.1.1 of the Code of Best Practices for WSE Listed Companies, introduced by the Warsaw Stock Exchange. The assessment is based on the 2011 Financial Results of the Group (the Company and its subsidiaries), as well as, on information obtained by the Supervisory Board during conducting its statutory tasks.

Throughout 2011, the Supervisory Board focused on the following issues:

a) Group's financial results and performance in comparison to the budget,
b) Continued implementation of the Group's medium term action plan,
c) Resolving the dispute with DPTG,
d) Execution of the Memorandum of Understanding with UKE (the Office of Electronic Communication - the Polish Regulator),
e) Customer satisfaction – the customer excellence programme,
f) Disposal of TP Emitel and subsequent allocation of part of proceeds to a share buy back program,
g) Execution of agreements between PTK Centertel (PTK) and Polska Telefonia Cyfrowa (PTC) regarding the operations of NetWorkS!, a jointly controlled company conducting management, planning, operations, development and maintenance of the radio access networks of PTK and PTC,
h) Related parties transactions, including the proposed rebranding of the fixed-line business and TP Group's participation in BuyIn SA – a purchasing joint-venture between France Telecom and Deutsche Telecom,

i) Establishing a new company Integrated Solutions sp. z o.o. as a response to growing demand for services related to comprehensive management of the ICT infrastructure,

j) Giving opinion regarding development of convergent services in fixed and mobile.

The Supervisory Board, through the work of its committees and all its members (including six independent members until December 23, 2011[1]), was actively engaged in the process of evaluation of the most important initiatives, having in mind the interest of all the Group's shareholders. In addition, it maintained oversight of the Group's operational and financial goals through management reporting at its quarterly meetings and was able, through the Audit Committee, to review and challenge the control, risk management and budgeting function performed by the Management.

TP Group operational review

Throughout 2011, the Group focused most of its efforts on execution of the medium term action plan, developed in 2009. In particular, this included capitalising on the meaningful changes to the mobile commercial offers made in April 2010 and regaining growth momentum in the number of Group's broadband customers. The mobile marketing approach has proved to be a success, enabling the Group to grow its mobile customer base by 326,000 (or 2.3%) in 2011, which has allowed Orange to maintain its market share leadership. Mobile broadband was also very popular in 2011, with number of dedicated mobile broadband subscribers growing by 35%. In order to facilitate this trend further, TP made the necessary investments and rolled-out the HSPA DC network, with speeds up to 42Mb/s. Further mobile network development could significantly benefit from a network sharing agreement, signed in 2011 with Polska Telefonia Cyfrowa (PTC); TP Group and PTC have signed a letter of intent providing for future reciprocal use of each others' radio access networks and associated frequencies. In turn, upon implementation, this could increase TP Group's mobile coverage potential, whilst limiting investments needed to cope with increasing traffic.

In 2011, the Group also paid close attention to execution of the Arrangement with the President of UKE (signed in October 2009). Amongst other items, TP has gone to great efforts to ensure equal treatment of alternative operators and equivalence of access. The Group has also respected its investment commitments, as specified in the Arrangement, by investing into 406,000 broadband lines in 2011. On the other hand, TP benefitted from the Arrangement, as the 'cost plus' methodology, implemented in the 4th quarter of 2010, allowed TP Group to re-price its retail broadband offering, bringing its prices back to competitive levels, while increased broadband investments made it possible for TP S.A. to promote speed options exceeding 6Mb/s. This brought positive results, as the adverse trend in Group's retail broadband base was reversed and TP group achieved four consecutive quarters of customer base growth in 2011, resulting in 60,000 (2.6%) growth of the number of broadband customers in 2011. Simultaneously TP was able to increase the share of higher speed options in its sales numbers, with the proportion of speed options at or exceeding 6Mb/s rising to 49% in 4Q 2011.

TP Group's TV offering continued to be popular amongst consumers, which was reflected in a 17% growth of the number of its subscribers, which in 2011 reached 636,000. In 2011, TP Group implemented the agreement, signed in 2010 with TVN Group, relating to its TV activity, which, amongst others providing for reciprocal sales of both sides' services, co-operation in the field of content acquisition.

TP Group financial overview

Operating in more stable regulatory conditions and yet, in a very competitive market, the Group's key strategic goals in 2011 were to:

- maintain positive momentum on the mobile market;
- revamp the broadband offering, by returning to growth of the number of broadband customers,
- strengthen promotion of integrated services to increase ARPU and improve customer retention and customer satisfaction;
- further integrate fixed and mobile units and gain efficiency from integrated business processes;

[1] Mr. Ronald Freeman resigned from his function on the Supervisory Board as from December 23, 2011

- further rationalise Group's operations and processes in order to optimize operating expenses
- meet the investment targets in broadband, as committed in the Arrangement with UKE;
- continue to optimise Capex spending based on sound investment criteria and without hampering growth;
- generate Net Free Cash Flow of at least PLN 2.4 billion;
- continue Group's balance sheet optimisation to improve return on assets base, including optimisation of the real estate portfolio;
- improve quality of service and shorten time to market for new products by continuing IT systems transformation and integration with CRM systems;
- deliver an attractive return to shareholders keeping in mind conditions set up in the shareholder remuneration policy;
- promote predictable regulations according to the European Regulatory Framework and consistent with comparable benchmarks;
- further enhance internal control and risk management measures.

In 2011, due to consistency in the deployment of the medium term action plan and to a stable regulatory environment, TP Group reported meaningful progress, both in the commercial field and the cost optimisation program. In turn, this allowed the Management to meet its outlook for revenue decline, restated EBITDA margin and Capex as percentage of revenue. TP Group has also delivered on the Management's Cash Flow guidance, by reporting Net Free Cash Flow for 2011 of PLN 2.4bn.

In June 2011 TP S.A. finalised the disposal of its subsidiary – TP Emitel. It was acquired by EM Bidco sp. z o.o., controlled by funds managed by Montagu Private Equity, for a total of PLN 1.7bn, providing TP Group with capital gains of PLN 1.2bn. In turn, this has allowed TP Group's Management to allocate up to PLN 800mn to a share buy back, which gained shareholders' approval during an Extraordinary General Meeting held in October 2011.

In January 2012, acting in the best interest of the Company and its shareholders, TP S.A.'s Management Board signed a final settlement in the TPSA vs. DPTG dispute, for the total of €550mn. The Supervisory Board supported the Management in its actions taken with regards to the dispute.

TP Group has followed on the Supervisory Board recommendations and continued its progress in terms of its financing activity. Throughout 2011, the Company has reduced its net debt, and despite the € 550mn payment made to DPTG, its pro-forma net gearing was kept at ~23%. It continued to pay focus to its gross debt structure, keeping a high share of bonds (at ~66%). Coupled with a strong liquidity position and an effective hedging policy, this enabled TP to maintain its credit rating of A3/BBB+ with a stable outlook.

TP Management Board has proposed an ordinary dividend of PLN 2,003 million, an equivalent of PLN 1.5 per share, payable in cash in 2012. That proposal obtained a positive opinion of the Supervisory Board and is subject to approval by the General Assembly of TP S.A.'s shareholders.

Conclusions and 2012 recommendations

Despite intensive competition across all segments as well as regulatory pressure, TP Group has delivered satisfactory results in 2011. The Supervisory Board believes TP's Management Board has made the appropriate efforts to reach the 2011 objectives. Moreover, the Group, with its integrated offers and the commercial and investment program for broadband, is in a strong position to continue creating and exploiting new opportunities on the Polish telecommunication market.

The Supervisory Board's opinion is that in 2012 the Group should focus its activities to continue to implement the medium term action plan, to prepare the next action plan for the future, and also to:

- Monitor business performance closely so as to be able to react quickly to unfavourable trading conditions caused by the continued volatility of the financial markets;
- Strive for leadership in value on fixed voice, mobile and broadband markets;
- Increase customer satisfaction and loyalty, also by implementing the newly launched customer excellence program;
- Monitor TP Group EBITDA margin, with particular reference to the mobile segment;
- Monitor capital expenditure, with a specific focus on the spend and efficiency of the broadband investment program, which is executed in connection with the Arrangement with the Regulator
- Mitigate foreign exchange effect on commercial expenses, financial costs and capital expenditure;
- Further optimise operating cost base;

- Maintain financial stability;
- Generate Net Free Cash Flow of at least PLN 2 billion;
- Successfully implement the Arrangement with the Regulator;
- Deliver an attractive return to shareholders keeping in mind conditions set up in the shareholder remuneration policy;
- Further enhance internal control and risk management measures;
- Continue with the Radio Access Network sharing cooperation with PTC (T-Mobile brand) through the NetWorkS! joint venture.

Assessment of the Group's internal control including risk management

The Supervisory Board is responsible for reviewing the effectiveness of the Group's system of internal control and risk management established by the Management Board. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements of this system of internal control, including risk management were presented in the Management Board's Report on the Activity of Telekomunikacja Polska Group for 2011, published on February 14, 2012.

In 2011, the Group again completed a comprehensive assessment of its processes of internal control over financial reporting within the framework of Sarbanes-Oxley Program of France Telecom Group. Main deficiencies both in design and in effectiveness of the internal control have been either identified and corrected, or appropriate action points have been launched. As a result of the assessment, the Management concluded that there were no weaknesses that would materially impact the internal control over the financial reporting at December 31, 2011. Continued efforts by Management in this regard are also needed in 2012.

Both the internal and external auditors report to the Management Board and also to the Audit Committee on control deficiencies which they identified during their audit. Their recommendations are being implemented.