

Resolution no. 13/12

of the Supervisory Board of TP S.A.

dated 29 March 2012

on adoption of the Report on the activities of the Supervisory Board and its committees in 2011

Pursuant to article 382 § 1 of the Commercial Companies Code and § 23.1 of the Articles of Association of Telekomunikacja Polska SA, the following is resolved:

§ 1

The Supervisory Board adopts the Report on the activities of the Supervisory Board of Telekomunikacja Polska SA and its committees in 2011 and decides to submit this Report to the Annual General Assembly.

§ 2

The resolution enters into force on the day of its adoption.

1. Andrzej K. Koźmiński
2. Benoit Scheen
3. Nathalie Clere
4. Timothy Boatman
5. Thierry Bonhomme
6. Jacques Champeaux
7. Mirosław Gronicki
8. Henri de Joux
9. Marie-Christine Lambert
10. Pierre Louette
11. Jerzy Rajski
12. Gérard Ries
13. Wiesław Rozłucki

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

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|----------------------------|----------------|
| 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 NetWorkSI, 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.

Attachment No. 1

*to TP SA Supervisory Board Report
on activities in 2011*

Activity of TP Group Audit Committee in 2011

The Audit Committee was established by virtue of the Resolution of the TP Supervisory Board no. 324/V/2002 dated June 14, 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 2011, the Audit Committee was composed of the following persons:

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

Members: Ms. Marie Christine Lambert
Ms. Nathalie Clere - nominated on July 12, 2011
Mr. Ronald Freeman ("Independent Director") – until December 23, 2011 when he resigned
Mr. Olivier Faure – until July 11, 2011 when he resigned.

The Secretary of the Committee was Mr. Jerzy Klonecki. Mr. Jacek Chaber, Director of TP Group Internal Audit, attended all the meetings of the Audit Committee.

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) Reviewing 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) Reviewing annually the Internal Audit program, including the review of independence of the Internal Audit function, and coordinating between the internal and external auditors;
- 4) Analysing reports of the Company's Internal Audit and major findings of any other internal investigations and responses of the Management Board to them;
- 5) Making recommendations in relation to the selection and remuneration of the Director of the Internal Audit and on such function's budget;

- 6) Reviewing and providing an opinion to the TP Management and/or the TP Supervisory Board (where applicable) on significant transactions with related parties as defined by the corporate rules;
- 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) Reviewing the issues giving rise to the resignation of the external auditor;
- 9) Discussing 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;
- 10) Discussing (in or without the presence of the Company Management Board) of any problems or reservations, resulting from the financial statements audit;
- 11) Reviewing the effectiveness of the external audit process, and the responsiveness of the Management Board to recommendations made by the external auditor;
- 12) Considering 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's scope of activity;
- 14) Providing the Supervisory Board with its annual report on the Audit Committee's activity and results.

Activity in 2011

In 2011, the TP Group Audit Committee held 10 meetings, out of which 9 were regular meetings and 1 dedicated ad-hoc meeting, 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, particular attention was paid to those aspects where judgment is required, e.g. impairment of assets including goodwill, major outstanding litigations, revenue recognition and deferred tax;
- 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, its budget and progress reports, as well as monitored the responsiveness of management to Internal Audit findings and recommendations. The Audit Committee was provided with a report regarding the renewal in 2011 of the certification of Internal Audit activities by Institut Français de l'Audit et du Contrôle Interne (IFACI). The Audit Committee reviewed also the independence of the Internal Audit;
- 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 2011 and to review half-yearly financial statements for the period of six months ended June 30, 2011;
- 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. In addition, the Committee met privately with the lead partner of the statutory audit firm;

- 6) Reviewed the development and operation of the Group's Ethics Committee activity, anti-fraud and whistle-blowing programs managed by the Management Board; monitored results of investigations initiated by whistle-blowing;
- 7) Reviewed the Group's 2011 budget and addressed recommendations on it to the Supervisory Board;
- 8) Reviewed the Share Buy Back program and 2011 dividend 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 M&A transactions, the medium and long term financing of the Company and its subsidiaries.

During the course of the year, the Audit Committee reviewed the *Recommendations on the work of the Audit Committee* issued in November 2010 by the Office of the Financial Supervision Authority in Poland and satisfied itself that it complies in all material respect with these recommendations.

In the year under review, the Audit Committee, especially its two independent members, reviewed and gave opinions to the Management Board of TP on significant transactions with related parties as defined by the corporate rules and received reports on them from the Company's Internal Audit.

Timothy Boatman
Chairman of the Audit Committee of the Supervisory Board

March 29, 2012

Attachment No. 2

*to TP SA Supervisory Board Report
on activities in 2011*

REPORT

on the activity of the Remuneration Committee of the Supervisory Board of Telekomunikacja Polska S.A. in 2011

The Remuneration Committee was established by virtue of the Resolution of the TP Supervisory Board no. 385/04 dated June 16, 2004 regarding TP S.A. Supervisory Board's Remuneration Committee establishment as consultative body acting under the Supervisory Board.

The task of the Committee is to advise the Supervisory and Management Board on general remuneration policy of TP Group and to make recommendations on appointment, performance objectives, remuneration procedures and amounts to the Supervisory and Management Board.

Composition:

In 2011, the Remuneration Committee was composed of the following persons:

Chairman:

Ronald Freeman ("Independent Director") – until December 23, 2011

Members:

Olivier Barberot – until March 24, 2011

Wiesław Rożucki ("Independent Director")

Olaf Swantee – until October 12, 2011

Olivier Faure – from March 24, 2011 until July 11, 2011

Nathalie Clere – from July 12, 2011

Benoit Scheen – from October 13, 2011

The Secretary of the Committee was Jacek Kowalski, TP Management Board Member in charge of Human Resources.

Activity in 2011

In 2011, the Remuneration Committee held five meetings and in particular developed recommendations for Supervisory Board consideration focused on the following remuneration-related issues:

1. Benefits under the employment contract for the Management Board Members.
2. Discussion and approval of CEO proposal on new solution of Management Board Members motivational system.
3. Assessment of performance relative to objectives and decision on the bonus percentage for Management Board Members for H2 2010 and H1 2011.
4. Validation of objectives for Management Board Members for H2 2011 and H1 2012.
5. Discussion on overall level of remuneration of the Management Board members and direct reports of the CEO.

Jacek Kowalski
Secretary of the Remuneration Committee

March 29, 2012

Attachment No. 3

*to TP SA Supervisory Board Report
on activities in 2011*

**Report
from the activities of the Strategy Committee
of the Supervisory Board of Telekomunikacja Polska S.A. in 2011**

The Strategy Committee was established by virtue of the Resolution of the TP Supervisory Board no. 417/05 dated June 15, 2005.

The major goal for the Strategy Committee is to give necessary support and advice for the Management Board in the area of TP Group strategic plans and initiatives of strategic importance.

Strategy Committee members in 2011:

Chairman of the Strategy Committee:

Olivier Barberot – until March 24, 2011
Olaf Swantee – from March 24, 2011 until October 12, 2011
Benoit Scheen – from October 13, 2011

Members of the Strategy Committee:

Jacques Champeaux
Olivier Faure – until March 24, 2011
Mirosław Gronicki
Jerzy Rajski
Gérard Ries – from March 24, 2011

Vincent Lobry was Secretary of the Strategy Committee in 2011.

Activities in 2011:

In 2011, the activities of the Strategy Committee of TP Group Supervisory Board concentrated on the key strategic directions for the TPG development included in the Group's medium term action plan and investment strategies for fixed and mobile networks.

Strategy Committee also widely discussed TPG activities in new growth areas like ICT and TVE and the role of R&D in TP Group and France Telecom Group structures.

In all these areas the members of TP Group Management Board actively participated.

There were four Strategy Committee meetings in 2011 during which other Supervisory Board Members also participated: Chairman of the Supervisory Board, prof. Andrzej K. Koźmiński, Chairman of the Audit Committee, Timothy Boatman and Chairman of the Remuneration Committee, Ronald Freeman.

Benoit Scheen
Chairman of the Strategy Committee

March 29, 2012