LSE – Current Report (20/2012)
Telekomunikacja Polska S.A., (TPSA) – Warsaw, Poland
February 14th, 2012

Pursuant to art. 56, clause 1, item 1 of the Law of July 29, 2005 on public offering and the conditions for introducing financial instruments to the organised trading system and on public companies (Journal of Laws of 2005, No. 184, item 1539 with amendments), the Management Board of Telekomunikacja Polska S.A. ("TP S.A", "TP") hereby provides selected financial and operating data related to the activities of TP Group for the 4Q and full year 2011.

TP Group reports results for full year 2011 in line with outlook and guidance

2011 highlights

- **revenue decline contained to 4.1% year-on-year, an improvement vs. -5.1% in 2010**
  - **excluding regulatory impact 2011 revenues down only by 2.6% year-on-year**
  - **mobile top line flat since 2010 and +3% excluding MTR cuts impact**
- **commercial progress shows 326,000 mobile net adds. and 60,000 new broadband clients**
- **solid restated EBITDA[3] at 36.3% revenue, achieved despite adverse forex impact**
  - **excluding forex impact, EBITDA would have stood at 36.9% margin**
  - **cost base[3] down 3.7%, reflecting PLN 182mn cost savings**
- **net income at PLN 1.9bn and EPS at PLN 1.44; providing support for the cash dividend of PLN 1.5 per share proposed by management[4]**
- **2011 cash flow objective achieved, with PLN 2.4bn net free cash flow for the year**
- **good operating performance coupled with key developments: network sharing with PTC, TV cooperation with TVN, and 2,300 headcount reduction agreed with labour unions**
- **PLN 800mn share buyback launched after Emitel disposal, PLN 200mn executed in 2011**
- **DPTG dispute settled early 2012 for €550mn, in the best interest of Company and shareholders**

Key figures (PLN million) IFRS	**4Q 2011**	**4Q 2010 pro-forma[1]**	**Change**	**2011**	**2010 pro-forma[1]**	**Change**
revenue	3,724	3,881	-4.0%	14,922	15,565	-4.1%
fixed line segment[2]	2,052	2,125	-3.4%	8,282	8,866	-6.6%
mobile segment[2]	1,936	2,002	-3.3%	7,706	7,711	-0.1%
restated EBITDA[3]	1,249	1,342	-6.9%	5,410	5,691	-4.9%
restated EBITDA[3] (as a % of revenue)	33.5%	34.6%	-1.1pp	36.3%	36.6%	-0.3 pp
EBITDA	1,037	1,342	-22.7%	5,928	4,630	+28.0%
Net income	358	191	+87.4%	1,918	53	+35.2x
Net free cash flow (reported)	915	443	+106.5%	2,403	2,440	-1.5%

[1] adjusted for deconsolidation of Emitel from 2H 2010, all comparisons are based on such pro-forma, unless otherwise stated
[2] segments as defined in TP Group's Consolidated Financial Statement
[3] 4Q 2011 excluding PLN -172mn restructuring provision, PLN -35mn increase in DPTG provision, PLN -5mn additional costs on Emitel disposal; 2011 additionally excluding PLN 1.2bn gain on Emitel disposal and a PLN -0.46bn provision for EC fine (both recognised in 2Q). 2010 pro-forma (adj. for de-consolidation of Emitel) and excluding the PLN -1.1bn revision of provision for the DPTG dispute. Cost base up to EBITDA.
[4] subject to AGM approval

Commenting on TP Group's performance in 2011, Mr. Maciej Witucki, President of the Board and Chief Executive Officer, said:

"2011 was year of solid performance for TP Group, as we were able to steer a steady course despite tough market and macroeconomic conditions. Disciplined execution of our action plan delivered considerable progress in our commercial field, whilst simultaneously we delivered on our financial targets. The continuously challenging environment has not prevented us from making several strategic moves that are going to be critical for our future success. These include network sharing with T-Mobile, co-operation with TVN and the social agreement reached with trade unions. We have reached a final settlement in the long-lasting dispute with DPTG in the best interest of the Company and its shareholders. In addition, successful disposal of Emitel allowed us to launch a share buyback that further boosts shareholder remuneration.

Looking ahead in 2012, we are determined to maintain robust growth in mobile and to bring broadband onto a higher growth path, also thanks to our quality of service. Indeed, effectively delivering on our customer excellence program ranks at the top of our agenda for this coming year and we intend to make the most of the opportunity offered by the sponsoring of the EURO 2012 by Orange. The next 12 months will be devoted to further strengthening our fundamentals and setting the basis for a winning medium term strategy beyond 2012."

Financial Review

(Unless otherwise stated, all references to 2010 hereafter are stated in pro-forma[1] 2010 financial statements)

2011 revenue down by 4.1% year-on-year, in line with TP Group 2011 outlook and guidance

According to the TP Group's estimates, value of the Polish telecom market in 2011 decreased by 0.4% compared to 1.9% fall in the prior year. Evolution of market value throughout the year, predominantly reflected MTR cuts made in January 2011 (SMS MTR from PLN 0.15 to PLN 0.08) and in July 2011 (SMS MTR from PLN 0.08 to PLN 0.07 and voice MTR from PLN 0.1677 to PLN 0.1520). The adverse impact of these was especially visible in trends of the mobile market, which registered a 3.1% growth in 1Q 2011 only to post a 0.6% year-on-year decline in 4Q 2011. Nevertheless, it continued to provide major support to the overall market trend, rising by 1.3% in the full year, while fixed market fell by 2.8%.

Similarly to market trends, the evolution of TP Group's top-line reflected the aforementioned MTR cuts. It declined by 4.1% year-on-year as compared to -5.1% in 2010, while excluding the regulatory impact Group revenues fell by 2.6%. The improvement in revenues dynamics is a combination of solid, 3% pre-regulatory growth in mobile, slower decline in fixed segment (-6.6% year-on-year as compared to -8.5% a year ago), coupled by a -2.0% impact of MTR cuts on Group sales.

solid restated[2] EBITDA margin at 36.3% revenue, despite PLN 90mn adverse forex impact

TP Group's restated[2] EBITDA stood at 36.3% of revenues in 2011, as compared to 36.6% a year ago. It was driven down mainly by the pre-regulatory revenue contraction of PLN -398mn (mainly due to fixed segment), coupled with PLN -90mn due to foreign exchange losses related to weakening of the PLN. Without the FX impact, EBITDA margin would have stood at 36.9%, so near the top-range of the outlook. The EBITDA was boosted by PLN 182mn savings from the cost optimisation program, as rigorous stand towards expenses brought the cost base down by 3.7%[2] since 2010. The mobile segment continued to be important contributor towards Group's EBITDA, with its full- year EBITDA up by 1.7% year-on- year and at solid 29.8% margin.

2011 net income at PLN 1,918mn, resulting in EPS at PLN 1.44

TP Group's net income for 2011 stood at PLN 1.9bn, resulting in earnings per share of PLN 1.44. It was predominantly driven up by a PLN 1.3bn growth of the reported EBITDA. In 2011 EBITDA included PLN +1.2bn gain on disposal of Emitel, PLN -458mn provision for the fine imposed by the European Commission, PLN -172mn impact of restructuring provision and PLN -35mn provision due to the final settlement with DPTG. In 2010, EBITDA included PLN -1.1bn due to a provision booked in relation to the DPTG dispute. Increase in EBITDA was accompanied by a PLN 67mn decrease in depreciation and a PLN 33mn decline in financial cost, as well as by a PLN 464mn positive difference in income tax (due to new technology tax relief booked in 3Q and deferred tax asset recognised on the DPTG settlement).

2011 guidance delivered, with net free cash flow of PLN 2.4 bn

Cash generation remained strong and delivered net free cash flow of PLN 2,403mn in 2011 as compared to PLN 2,440mn in 2010). Net cash from operating activities (before income tax paid and change in working capital) was lower by PLN 247mn since the previous year, primarily due to lower restated EBITDA. This was coupled with PLN 676mn more cash outflows to capital

[1]adjusted for deconsolidation of Emitel from 2H 2010

[2]4Q 2011 excluding: PLN -172mn restructuring costs, PLN -35mn increase in DPTG provision, PLN -5mn additional costs on Emitel disposal; 2011 additionally excluding PLN+1.2bn gain on Emitel disposal and PLN 0.46bn increase in provision for EC fine; 2010 pro-forma (adj. for de-consolidation of Emitel) and excluding PLN -1.1bn revision of provision for the DPTG dispute. Cost base up to EBITDA. Deferred tax has not been adjusted in the net result.

expenditure suppliers and finally offset by a PLN 737mn positive difference in working capital requirements and PLN 149mn lower income tax paid.

2011: mobile segment review

- **revenues stable year-on-year due to MTR cuts**
  - **excluding MTR impact, mobile top line up by 3.0% since 2010**
- **2011 EBITDA up by 1.7% year-on-year, with solid margin at 29.8% (+0.5p.p. year-on-year)**
- **good commercial momentum maintained: 326,000 net additions, including 44,000 in 4Q, leads to a 2.3% year-on-year growth of mobile customer base**
- **leadership in market value maintained, with a stable 30.2% market share in 4Q**
- **dedicated mobile broadband subscriptions growing by 35.4% year-on-year**
- **post-paid data ARPU in 4Q up by 20.8% since 2010, reflecting substantial contribution from smartphones, as their share in postpaid sales and retentions reached 35% in 4Q**

Key figures

Mobile line indicators	4Q 2011	4Q 2010	Change	2011	2010	Change
Revenues (PLN million)	1,936	2,002	-3.3%	7,706	7,711	-0.1%
Number of total customers (000's)	14,658	14,332	+2.3%			
Number of post-paid customers (000's)	6,977	6,956	+0.3%			
Number of prepaid customers (000's)	7,681	7,375	+4.1%			
Number of mobile broadband access (000's)	741	547	+35.4%			
EBITDA margin (as a % of revenue)	26.9%	28.9%	-2.0 pp	29.8%	29.3%	+0.5 pp

Mobile segment's revenues were flat year-on-year as its evolution reflected the adverse impact of SMS and voice MTR cuts. Excluding this impact, revenues were up by 3.0% as compared to 2010, driven by solid growth of Orange customer base (326,000 or +2.3% year-on-year), which has more than offset market price pressure. The number of smartphones continued to rise, driven by a systematic growth of their share in postpaid sales and retentions - from 22% in 4Q 2010 to 35% in 4Q 2011. This had a positive effect on data ARPU[1], which posted a 20.8% year-on-year growth.

The mobile EBITDA delivered a solid performance, and grew by 1.7% year-on-year, and stood at a 29.8% margin, as compared to 29.3% a year ago. This was achieved thanks to flat top-line, coupled with a 5.5% decrease of the interconnect costs (due to MTR cuts and a decrease in MTR asymmetry towards P4).

[1] data ARPU in post-paid

2011: fixed line segment review

- **revenue down by 6.6% year-on-year, vs. -8.5% in 2010**
  - **4Q decline contained to 3.4%, helped by growth in wholesale and ICT projects**
- **restated[3] EBITDA at 37.6% margin, due to lower sales and -PLN 52mn adverse FX impact**
- **broadband recovery confirmed, as 60,000 broadband net adds drove customer base to a 2.6% growth year-on-year**
- **47% of all Neostrada sales made with 6Mb/s and faster options *versus* ca. 18% in 2010**
- **TV customer base up by 17.0% year-on-year reaching 636,000 subscribers**

Key figures

Fixed line indicators	4Q 2011	4Q 2010	Change	2011	2010	Change
Revenue pro-forma[1] (PLN million)	2,052	2,125	-3.4%	8,282	8,866	-6.6%
Number of retail fixed lines (000's)[2]	5,623	6,346	-11.4%			
Number of retail broadband accesses (000's)	2,346	2,286	+2.6%			
Number of TV customers (000's)	636	544	+17.0%			
restated[3] EBITDA margin (as a % of revenue)	35.5%	36.3%	-0.8 pp	37.6%	38.9%	-1.3pp

Fixed segment's revenues decline was contained to 6.6% year-on-year versus -8.5% in 2010. It reflected an improving trend over the course of the year: from 7.8% decline in 1Q 2011 to only 3.4% fall in 4Q 2011. The low decline in 4Q was primarily driven by: lower fixed voice erosion (PLN -141mn in 4Q vs PLN -165mn average in first 3 quarters), higher international traffic and ICT related projects. Top-line erosion continued to be predominantly driven by fixed-to-mobile substitution, as illustrated by a 11% fall in the number of fixed retail lines in 2011. TP Group's broadband strategy resulted in the product's progressive upturn, as its customer base grew by 60,000 or 2.6% year-on-year, with positive net adds reported in each quarter. Moreover, share of high speed options (6Mb/s and more) in total Neostrada sales reached 47% in 2011, which is a meaningful improvement as compared to 18% in 2010. TP's TV offering continued to grow, with customer base up by 17% and reaching over 27% penetration in retail broadband.

Fixed line restated[3] EBITDA stood at a 37.6% margin, as compared to 38.9% in 2010, as the decline in revenues and adverse FX impact have not been fully offset by benefits of the cost optimisation program. Reported EBITDA stood at a high 43.8%, mainly helped by the PLN 1.2bn gain on disposal of TP Emitel.

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[1] adjusted for de-consolidation of Emitel from 2H 2010

[2] including Orange WLR and Orange WLL

[3] 4Q 2011 excluding: PLN -172mn restructuring provision, PLN -35mn increase in DPTG provision, PLN -5mn additional costs on Emitel disposal; 2011 additionally excluding PLN +1.2bn gain on Emitel disposal and PLN -0.46bn provision for EC fine. 2010 excluding PLN -1.1bn revision of the provision for DPTG dispute recorded in 3Q, fixed segment EBITDA margin is not based on proforma comparison.

proposed 2011 shareholder remuneration

Based on the 2011 results, the Management Board will submit to shareholders' approval a shareholder remuneration of PLN 1.50 per share, resulting in an estimated total of PLN 1,987 million (due to an ongoing share buy back program, estimate based on number of TPSA shares in circulation as of December 31, 2011) to be distributed in the form of an ordinary cash dividend.

outlook on operational trends and net free cash flow guidance for 2012

outlook on operational trends for 2012

- The evolution of Polish telecom market value will be affected by MTR cuts (sms and voice) implemented in July 2011, as well as new MTR cuts announced for 2012. Nonetheless, the anticipated growth of the mobile and broadband volumes, coupled with increasing usage should offset MTR impact and total market value is anticipated to near stabilisation. In this context TP Group's revenue is anticipated to decrease in 2012, but by no more than 3%[1].

- TP Group will maintain rigorous cost control with a view to bring the cost base further down[1], although the volatility of the PLN is decreasing predictability of the results. As a consequence, the EBITDA margin for 2012 is anticipated in the 35% to 37% range[1].

- Capital expenditure is anticipated in the range of 15% to 17%[1] of revenues, as it will be mainly driven by completion of the broadband investment program agreed with the Regulator in 2009.

2012 net free cash flow guidance

- In line with the Group's medium term action plan, 2012 net free cash flow generation is anticipated to be at least PLN 2 bn[1].

Commenting on the 2011 results, Mr Jacques de Galzain, TP Group's Chief Financial Officer said:

"TP Group's solid performance once again demonstrates our commitment to execution of the medium term strategy. We have delivered on our financial targets and maintained a very healthy balance sheet, despite the €550 mn final settlement of the dispute with DPTG. The successful disposal of TP Emitel has not only allowed us to launch a PLN 800mn share buy back, but also contributed to a net result of PLN 1.9bn, which nearly fully covers our dividend for 2011. We believe that together with the share buyback program, our proposal of PLN 1.5 dividend per share further underscores our commitment to offer shareholders an appropriate remuneration of their ongoing support."

[1] excluding €550mn payment to DPTG, exceptional items, and change in consolidation scope

Forward-looking statement

This press release contains forward-looking statements, including, but not limited to, statements regarding anticipated future events and financial performance with respect to our operations. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like 'believe', 'expect', 'anticipate', 'estimated', 'project', 'plan', 'pro forma' and 'intend' or future or conditional verbs such as 'will,' 'would,' or 'may.' Factors that could cause actual results to differ materially from expected results include, but are not limited to, those set forth in our Registration Statement, as filed with the Polish securities and exchange commission, the competitive environment in which we operate, changes in general economic conditions and changes in the Polish and/or global financial and/or capital markets. Forward-looking statements represent management's views as of the date they are made, and we assume no obligation to update any forward-looking statements for actual events occurring after that date. You are cautioned not to place undue reliance on our forward-looking statements.

TP Group 4Q/FY 2011 results presentation

Tuesday 14th February 2012

Venue address:
Warsaw Stock Exchange
Książęca 4
00-498 Warsaw
Poland

Registration: 11.30 CET
Start: 12.00 CET

The presentation will also be available via a live webcast on our website and via a live conference call:

Time:
12:00 (Warsaw)
11:00 (London)
06:00 (New York)

Conference title:
TP SA Results Call

Dial in numbers:
UK/Europe: + 44 20 7190 1595
US: + 1 480 629 9818

Toll free numbers:
UK: 0800 358 5256
US: + 1 877 941 8609

TP Group Consolidated

amounts in PLN millions	2010 1Q	2010 2Q	2010 3Q		2010 4Q		2011 1Q	2011 2Q	2011 3Q	2011 4Q	2010 FY	2011 FY
	as reported	as reported	as reported	proforma	as reported	proforma	as reported	as reported	as reported	as reported	proforma	as reported
profit & loss statement												
revenues												
fixed line telephony services	**1 350**	**1 315**	**1 251**	**1 251**	**1 241**	**1 241**	**1 190**	**1 141**	**1 134**	**1 104**	**5 157**	**4 569**
retail revenue (subscriptions and traffic)	1 077	1 029	979	979	948	948	915	858	836	810	4 033	3 419
wholesale revenue incl. interconnection	269	283	267	267	290	290	272	280	296	291	1 109	1 139
Payphone revenue	4	3	5	4	2	3	3	3	2	2	14	10
Other	0	0	0	0	1	1	0	0	0	1	1	1
mobile telephony services	**1 678**	**1 787**	**1 785**	**1 785**	**1 815**	**1 815**	**1 691**	**1 779**	**1 783**	**1 757**	**7 065**	**7 010**
voice traffic revenue	998	1 079	1 073	1 073	1 043	1 044	990	1 054	1 057	1 011	4 194	4 112
interconnection revenue	312	349	345	345	355	355	301	320	301	314	1 361	1 236
messaging services and content	358	345	356	357	377	378	369	376	389	404	1 438	1 538
Other	10	14	11	10	40	39	31	29	36	28	73	124
data services	**644**	**642**	**630**	**623**	**625**	**619**	**624**	**610**	**599**	**600**	**2 528**	**2 433**
leased lines	73	74	71	64	73	66	71	71	63	64	277	269
data transmission	172	176	164	164	165	165	165	158	158	161	677	642
dial-up	2	1	1	1	1	1	1	0	1	0	5	2
broadband and TV revenue	397	391	394	394	386	387	387	381	377	375	1 569	1 520
radio communications	**52**	**52**	**54**	**0**	**57**	**1**	**58**	**55**	**0**	**0**	**105**	**113**
sales of goods and other	**149**	**191**	**178**	**165**	**219**	**205**	**166**	**205**	**163**	**263**	**710**	**797**
Total revenue,net	**3 873**	**3 987**	**3 898**	**3 824**	**3 957**	**3 881**	**3 729**	**3 790**	**3 679**	**3 724**	**15 565**	**14 922**
Y-o-Y growth*	**-10,2%**	**-4,7%**	**-3,9%**	**n/a**	**-1,2%**	**n/a**	**-3,7%**	**-4,9%**	**-3,8%**	**-4,0%**	**n/a**	**-4,1%**

** growth in revenues is calculated based on proforma figures*

	2010 1Q	2010 2Q	2010 3Q		2010 4Q		2011 1Q	2011 2Q	2011 3Q	2011 4Q	2010 FY	2011 FY
	as reported	as reported	as reported	proforma	as reported	proforma	as reported	as reported	as reported	as reported	proforma	as reported
labour expenses	(592)	(566)	(522)	(501)	(538)	(517)	(556)	(531)	(477)	(467)	(2 176)	(2 031)
o/w profit-sharing	(4)	(4)	(4)	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(16)	(12)
o/w share-based compensation	(2)	(2)	(2)	(2)	2	1	0	0	0	0	(5)	0
external purchases	(1 738)	(1 786)	(1 754)	(1 748)	(1 896)	(1 886)	(1 703)	(1 767)	(1 676)	(1 866)	(7 158)	(7 012)
- interconnection costs	(506)	(538)	(545)	(543)	(550)	(548)	(475)	(492)	(474)	(469)	(2 135)	(1 910)
- network and IT	(231)	(232)	(213)	(209)	(229)	(223)	(215)	(221)	(219)	(221)	(895)	(876)
- commercial expenses	(602)	(615)	(600)	(599)	(692)	(692)	(605)	(608)	(588)	(692)	(2 508)	(2 493)
- content costs	(25)	(31)	(27)	(27)	(42)	(42)	(32)	(49)	(29)	(30)	(125)	(140)
- Other external purchases	(374)	(370)	(369)	(370)	(383)	(381)	(376)	(397)	(366)	(454)	(1 495)	(1 593)
other operating incomes & expenses	(132)	(168)	(1 203)	(1 197)	(134)	(128)	(130)	(546)	(130)	(188)	(1 625)	(994)
- FX impact	(2)	(4)	(2)	1	0	0	(5)	2	(62)	(6)	(5)	(71)
- Dispute with DPTG			(1 061)	(1 061)		0				(35)	(1 061)	(35)
- provisions for claims and litigation	(4)	(23)	7	7	(101)	(101)	(3)	(474)	(5)	(8)	(121)	(490)
- other operating expenses, net	(126)	(142)	(147)	(144)	(33)	(28)	(122)	(74)	(63)	(139)	(440)	(398)
restructuring costs	0	0	0	0	(34)	(34)	0	0	0	(172)	(34)	(172)
gain/loss on diposals of assets	9	5	20	18	25	26	5	10	6	11	58	32
disposal of shares				0		0		1 188		(5)	0	1 183
EBITDA	**1 420**	**1 472**	**439**	**396**	**1 380**	**1 342**	**1 345**	**2 144**	**1 402**	**1 037**	**4 630**	**5 928**
% of revenues	*36,7%*	*36,9%*	*11,3%*	*10,4%*	*34,9%*	*34,6%*	*36,1%*	*56,6%*	*38,1%*	*27,8%*	*29,7%*	*39,7%*
restated EBITDA**	**1 420**	**1 472**	**1 500**	**1 457**	**1 380**	**1 342**	**1 345**	**1 414**	**1 402**	**1 249**	**5 691**	**5 410**
% of revenues	*36,7%*	*36,9%*	*38,5%*	*38,1%*	*34,9%*	*34,6%*	*36,1%*	*37,3%*	*38,1%*	*33,5%*	*36,6%*	*36,3%*
depreciation & amortisation	(941)	(965)	(941)	(928)	(945)	(936)	(978)	(989)	(900)	(836)	(3 770)	(3 703)
impairment of fixed assets	(5)	0	(1)	(1)	(5)	(5)		(4)	(2)	(3)	(11)	(9)
share of profit of investments accounted for using the equity method										1	0	1
EBIT	**474**	**507**	**(503)**	**(533)**	**430**	**401**	**367**	**1 151**	**500**	**199**	**849**	**2 217**
% of revenues	*12,2%*	*12,7%*	*-12,9%*	*-13,9%*	*10,9%*	*10,3%*	*9,8%*	*30,4%*	*13,6%*	*5,3%*	*5,5%*	*14,9%*
financial result	**(115)**	**(98)**	**(128)**	**(131)**	**(118)**	**(121)**	**(131)**	**(89)**	**(111)**	**(101)**	**(465)**	**(432)**
- interest expenses, net	(113)	(66)	(117)	(121)	(103)	(105)	(116)	(77)	(68)	(78)	(405)	(339)
- foreign exchanges gains (losses)	15	(4)	5	6	7	7	5	7	(8)	3	24	7
- discounting expenses	(17)	(28)	(16)	(16)	(22)	(23)	(20)	(19)	(35)	(26)	(84)	(100)
income tax	(74)	(84)	(89)	(84)	(94)	(89)	(47)	(67)	(13)	260	(331)	133
consolidated net income after tax	**285**	**325**	**(720)**	**(748)**	**218**	**191**	**189**	**995**	**376**	**358**	**53**	**1 918**

** 4Q 2011 excluding PLN -172mn restructuring provision, PLN -35mn increase in DPTG provision, PLN -5mn additional costs on Emitel disposal; 2011 additionally excluding PLN 1.2bn gain on Emitel disposal and a PLN -0.46bn provision for EC fine (both recognised in 2Q). 2010 pro-forma (adj. for de-consolidation of Emitel) and excluding the PLN -1.1bn revision of provision for the DPTG dispute

Fixed Voice	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
customer base								
Main lines (thousands)								
POTS	*5 895*	*5 742*	*5 536*	*5 331*	*5 163*	*5 007*	*4 849*	*4 638*
ISDN	*946*	*930*	*912*	*887*	*856*	*840*	*821*	*807*
WLR PTK	*50*	*67*	*84*	*100*	*111*	*117*	*120*	*124*
WLL PTK	*2*	*12*	*20*	*26*	*34*	*40*	*47*	*54*
Total retail main lines	***6 893***	***6 750***	***6 553***	***6 346***	***6 164***	***6 004***	***5 837***	***5 623***
WLR (external to TP Group)	*1 246*	*1 279*	*1 315*	*1 351*	*1 373*	*1 396*	*1 419*	*1 470*
ARPU per month								
Retail fixed voice ARPU (in PLN)	50,9	49,9	49,0	49,1	48,8	47,3	47,3	47,5
fixed voice market								
Fixed voice penetration (in households)[1]	56,7%	56,2%	55,5%	54,4%	53,7%	53,2%	53,0%	52,0%
Local access market in Poland-estimated (in million)	10,4	10,4	10,2	10,2	10,1	10,0	10,0	9,9
Fixed voice market share (%)[1]								
TP Group retail local access[1,2]	*66,3%*	*65,2%*	*64,1%*	*62,5%*	*61,4%*	*60,2%*	*58,6%*	*57,2%*
Value market share[1]	*70,5%*	*70,1%*	*69,2%*	*68,8%*	*67,9%*	*66,7%*	*66,6%*	*65,9%*

[1] Company's estimation

[2] Local access without Wholesale Line Rental but with Orange WLR part

Fixed Broadband and TV	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
customer base								
Broadband access lines (thousands)								
TP (ADSL & SDI)	2 040	2 022	2 004	1 994	1 988	1 991	2 000	2 000
TP (VDSL)							1	6
Orange - based on CDMA	88	101	121	141	154	163	174	183
Orange - based on BSA	134	138	144	151	155	157	157	157
TP Group retail broadband - total	**2 262**	**2 261**	**2 269**	**2 286**	**2 297**	**2 311**	**2 332**	**2 346**
Bitstream access (external to TP Group)	*356*	*370*	*371*	*376*	*375*	*373*	*366*	*366*
LLU	*62*	*76*	*102*	*130*	*149*	*162*	*178*	*186*
TV client base								
IPTV	111	113	114	115	113	111	109	110
DTH (TV over Satellite)	306	340	383	428	464	482	506	527
TV client base (thousands)	**417**	**453**	**497**	**544**	**577**	**592**	**615**	**636**
o/w customers with pay TV packages[3]	64	79	97	125	153	154	143	139
-o/w 'n' packages							7	24
VoIP client base (thousands)	123	143	140	137	137	134	136	165
ARPU per month								
TP Group ARPU - Broadband & TV (in PLN)	58,5	57,7	57,9	56,7	56,3	55,1	54,1	53,4
broadband market[4]								
B2C Broadband penetration (in households)[4]	42,1%	42,4%	42,8%	43,7%	44,2%	44,6%	44,8%	45,3%
Total broadband market customers - estimated (in '000)[4]	6 190	6 267	6 356	6 505	6 606	6 681	6 757	6 865
TP Group net adds market share[4]	-9,9%	-0,7%	8,7%	11,8%	10,1%	19,3%	27,4%	13,2%
TP Group volume market share (in %)[4]	36,5%	36,1%	35,7%	35,2%	34,8%	34,6%	34,5%	34,2%
TP Group value market share (in %)[4]	46,6%	45,4%	44,8%	43,9%	42,5%	41,2%	40,7%	40,3%

[3] includes TP's M-, L – packages, Orange Sport and HBO

[4] company's estimation

Mobile Segment	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
customer base								
Mobile customer base (thousands)								
Post-paid	6 712	6 791	6 828	6 956	6 962	6 967	6 972	6 977
Pre-paid	7 062	7 238	7 312	7 375	7 457	7 568	7 641	7 681
Total[1]	**13 774**	**14 029**	**14 141**	**14 331**	**14 419**	**14 535**	**14 614**	**14 658**
MVNOs customers	54	56	52	70	73	78	83	87
Dedicated mobile broadband subscription client base (thousands)[2]	400	433	478	547	599	645	691	741
Number of smartphones (thousands)	1 214	1 299	1 408	1 489	1 725	1 804	1 881	2 103
ARPU								
Monthly mobile customer ARPU in quarter (PLN)								
post-paid	64,5	69,0	66,9	67,2	62,7	66,1	65,3	64,5
pre-paid	19,2	19,7	20,3	19,4	17,5	18,0	18,1	18,0
Blended	41,2	43,6	42,8	42,5	39,4	41,1	40,7	40,1
Retail ARPU (PLN)	33,0	34,6	34,0	33,6	31,8	33,2	33,3	32,6
Wholesale ARPU (PLN)	8,2	9,0	8,8	8,9	7,5	8,0	7,3	7,5
Voice ARPU (PLN)								
post-paid	48,8	53,0	51,3	50,3	47,5	50,4	49,5	47,7
pre-paid	12,8	13,5	14,0	13,1	12,1	13,1	13,0	12,7
Blended	30,3	32,7	32,0	31,1	29,2	31,0	30,4	29,4
Data ARPU (PLN)								
post-paid	4,5	4,4	4,7	5,2	5,5	5,7	6,1	6,3
pre-paid	0,3	0,3	0,3	0,4	0,4	0,4	0,4	0,5
Blended	2,4	2,3	2,5	2,7	2,9	2,9	3,2	3,2
SMS&MMS and other ARPU (PLN)								
post-paid	11,3	11,6	10,8	11,8	9,7	10,0	9,7	10,5
pre-paid	6,1	5,9	5,9	5,9	5,0	4,6	4,7	4,8
Blended	8,6	8,6	8,3	8,7	7,3	7,2	7,1	7,5
volumes & churn								
AUPU (in minutes)								
post-paid	219,2	229,0	229,3	235,2	229,0	236,3	236,6	235,9
pre-paid	78,0	98,4	99,2	99,4	92,6	96,7	97,5	93,7
Blended	146,6	161,8	162,1	165,1	158,6	163,9	164,0	161,4
Quarterly mobile customer churn rate (%)								
post-paid	3,1	2,8	3,6	3,1	3,8	3,4	3,5	4,0
pre-paid	15,1	13,7	16,2	16,1	14,3	15,8	17,2	16,1
subsidies								
SAC (PLN)								
post-paid	485,2	486,6	533,7	536,4	562,1	559,3	577,2	565,4
pre-paid	9,8	10,5	9,4	9,8	8,5	9,2	8,5	10,4
Blended	133,5	121,2	128,5	143,6	140,2	124,9	114,4	134,1
SRC (PLN)	531,0	535,8	537,7	554,0	563,7	542,1	555,6	591,4
network coverage								
Orange 2G coverage in % of population:	99.5%	99,6%	99,6%	99,6%	99,6%	99,6%	99,6%	99,6%
Orange 3G coverage in % of population:	55,4%	56,0%	56,3%	58,5%	60,9%	61,9%	61,9%	62,4%
Mobile market								
Market penetration rate for mobile network services	118,5%	119,8%	121,4%	124,3%	125,8%	127,1%	129,3%	132,7%
Orange mobile market share in volume	30,5%	30,7%	30,5%	30,2%	30,1%	30,0%	29,7%	29,0%
Orange mobile market share in value[3]	31,1%	31,5%	30,6%	31,0%	30,8%	31,1%	30,5%	30,2%

[1] excluding NMT
[2] includes Business Everywhere and Orange Free
[3] company's estimation

Employment structure of TP Group *Full time positions (end of period)*	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
TP SA	20 466	19 594	19 090	15 286	15 210	15 020	14 886	14 854
Other (incl Orange Customer Service)	2 582	2 634	2 669	7 783	7 732	6 741*	6 628*	6 673
Total fixed line	**23 048**	**22 228**	**21 759**	**23 069**	**22 941**	**21 761**	**21 514**	**21 527**
PTK Centertel	3 652	3 659	3 653	2 161	2 157	2 122	1 743**	1 743
Other	388	398	397	406	420	456	477	534
Total mobile segment	**4 040**	**4 057**	**4 050**	**2 567**	**2 577**	**2 578**	**2 220**	**2 278**
TP Group	**27 089**	**26 285**	**25 809**	**25 636**	**25 519**	**24 339**	**23 734**	**23 805**

*excluding Emitel's headcount amounting to 941 employees

** excluding 344 employees transferred to NetWorkS! JV

Terms used:

Churn rate – The number of customers who disconnect from a network in a given period. divided by the weighted average number of customers in the same period

ARPU – Average Revenue Per User

AUPU – Average Minutes of use Per User

LLU - Local Loop Unbundling

MTR - Mobile Termination Rates

SAC – Subscribers Acquisition Cost

SRC - Subscribers Retention Cost

WLR – Wholesale Line Rental

WLL - Wireless Local Loop - a term for the use of a wireless communications, the "first mile"