LSE – Current Report (14/2013)
Telekomunikacja Polska S.A., (TPSA) – Warsaw, Poland
February 12th, 2013

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. hereby provides selected financial and operating data related to the activities of Telekomunikacja Polska Group ("Group", "Orange Polska") for the 4Q and FY 2012.

Orange Polska reports results for the full year 2012 within the revised guidance

Orange Polska announces a medium term action plan to strengthen the Group's commercial position whilst protecting its financial standing

2012 highlights

- **revenue decline limited to 4.1%, despite MTR cuts and despite escalating price war in mobile market**
  - **excluding regulatory impact, Group's 2012 revenues down by 2.4% year-on-year**
  - **mobile segment's 2012 top line up by 0.3% excluding regulatory impact**
- **mobile customer base grew by 237,000 or 1.6% since 2011, despite fierce competition**
- **broadband ARPU in 4Q up by 5% year-on-year, thanks to 193 000 additional triple-play users**
- **Cost savings of PLN 101 mn limit EBITDA margin decline to 1.8pp**
- **2012 net free cash flow at PLN 1,542 million in line with the revised guidance**
- **Sound balance sheet preserved, with net gearing at 28% and net debt / EBITDA at 1**

management will strive to generate above PLN 800 million of Organic Cash Flow[1] in 2013 (exc. spectrum acquisition, change in consolidation and impact of risk and litigation)

key figures (PLN million) IFRS	**4Q 2012**	**4Q 2011 pro forma[2]**	**Change**	**FY 2012**	**FY 2011 pro forma[2]**	**Change**
Group revenue	3,484	3,722	-6.4%	14,147	14,756	-4.1%
restated EBITDA[3]	1,003	1,247	-19.6%	4,845	5,318	-8.9%
restated EBITDA[3] (as % of revenue)	28.8%	33.5%	-4.7 pp	34.2%	36.0%	-1.8 pp
net free cash flow (reported)	509	915	-44.4%	1,542[4]	2,403	-35.8%
reported net income	51	358	-85.8%	855	1,918	-55.4%

commenting on Group's performance in 4Q 2012, Mr. Maciej Witucki, President of the Board and Chief Executive Officer, said:

"The Polish telecom market started to undergo its most radical change ever, driven by endless MTR cuts and irresponsible price wars in the mobile post-paid market in particular. This is forcing major adaptation at Orange Polska too, because the company's future is at stake.

The medium term action plan that we are presenting today is addressing this situation, in order to protect the interests of all our stakeholders, including our shareholders. We will develop a new business model to work in an environment where growth is no longer a

[1] Organic Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables)+proceeds from sale of assets
[2] adjusted for deconsolidation of Emitel and Paytel
[3] adjusted for deconsolidation of Emitel and Paytel and excluding the impact of gain on disposal of Emitel in Q2 2011 (PLN +1,188 mn), increase in provision for European Commission fine in Q2 2011 (PLN -458 mn), provision for DPTG in Q4 2011 (PLN -35 mn), additional costs on Emitel disposal in Q4 2011 (PLN -5 mn) and restructuring costs in Q4 2011 (PLN -172 mn)
[4] Excluding EUR 550 mn payment to DPTG

given, and where capital allocation has to be prioritised carefully, as cash is more scarce. In order to do so, we will build a much leaner, more flexible and monetization-driven organization that will take us through these extremely challenging times. We have a proven track-record of effectively transforming the Group in the past, and can leverage the unparalleled quality of our assets. Furthermore, with over 20 million customers, we are uniquely positioned to take advantage of the growing demand for convergent telecommunication solution. I am therefore very confident that these measures are the ones we need to take to ensure the Group’s long term viability. They also represent an opportunity for us to emerge even stronger, once the environment improves, a few years down the road.”

Financial Review

(Unless otherwise stated, all references to 2011 hereafter are stated in pro-forma[5] 2011 financial statements)

2012 revenue contraction limited to 4.1%, driven down by price war in the mobile market and mobile termination rates cut

Group's revenue totalled PLN 14,147 million for the full year 2012, and decreased by 4.1% since 2011. This decrease was predominately a result of mobile termination cuts, both in July 2011 and in July 2012. The regulatory impact was coupled with continuation of a structural fixed to mobile substitution, as well as with an intensification of price competition in the mobile market. In result of these impacts, the mobile segment's revenues for 2012 have decreased year-on-year by 3.0%, while the top line in the fixed segment was down by 3.2% since 2011.

PLN 101mn cost savings limited EBITDA margin decline to 1.8pp[6], despite a fierce price war on the mobile market

Group's EBITDA for the full year of 2012 amounted to PLN 4,845 million, as compared to a restated[6] 2011 EBITDA of PLN 5,318 million. It stood at a 34.2% margin, versus 36%[6] restated margin in 2011. The decline of PLN 473 million predominantly reflected the contraction of the top line. The revenue erosion, excluding regulatory impact, affected EBITDA by PLN -356 million. Simultaneously, unlimited plans stimulated growth in off-net traffic, which drove interconnect cost up by PLN 89 million. This was coupled with some non-recurring charges, such as the –PLN 86 million impact of changes made in both years to the employee pension provisions, but it was partly offset by benefits stemming from the Group's ongoing cost optimisation program, which delivered over PLN 100 million of savings in 2012

2012 net income reached PLN 855 million, with EPS at PLN 0.65

Orange Polska's net income amounted to PLN 855 million for full year 2012, compared with PLN 1,918 million reported for 2011. The difference is predominantly driven by the combination of non recurring items in 2011; gain on disposal of Emitel (PLN +1,183 million) and changes in provisions recorded (PLN -665 million in total)[7] but also by the decrease of underlying EBITDA. This was partly offset by depreciation charges, which decreased since 2011 by PLN 442 million, while net finance costs rose by PLN 125 million since 2011 due to higher net debt. Finally, income taxes amounted to –PLN 161 million in 2012, versus a positive charge of PLN 133 million in 2011, as last year reflected recognition of deferred tax asset and tax relief on new technologies.

2012 net free cash flow in line with the revised guidance

In line with the Management guidance revised in October 2012, net free cash flow totalled PLN 1,542[8] million in 2012, vis-à-vis PLN 2,403 million generated in 2011. The PLN 861 million decline resulted mainly from a combination of lower EBITDA, which drove cash flow from operating activities[9] down by PLN 544 million since 2011 and a difference in working capital requirement; it increased by PLN 101 million in 2012 versus a PLN 353 million decrease in 2011. These factors were partly offset by positive difference in tax paid of PLN 142 million. Cash outflows related to capital expenditures were almost flat year-on-year.

[5] adjusted for deconsolidation of Emitel and Paytel

[6] 2011 adjusted for deconsolidation of Emitel and Paytel and excluding the impact of gain on disposal of Emitel in (PLN +1,183 mn), increase in provision for European Commission fine (PLN -458 mn), provision for DPTG (PLN -35 mn), and restructuring costs (PLN -172 mn)

[7] increase in provision for European Commission fine (PLN -458 mn), provision for DPTG (PLN -35 mn), and restructuring costs (PLN -172 mn) in 2011

[8] NFCF for 2012 excluding EUR550mn payment to DPTG

[9] Before income tax and change in working capital requirement

2012: mobile segment review

- **excluding regulatory impact, full year revenues up by 0.3% year-on-year**
- **237,000 net adds in 2012, despite fierce competition lead to 1.6% growth of customer base**
- **value leadership maintained: Orange market share at 29.0% in Q4 2012**
- **dedicated mobile broadband subscriptions up by +33.0% year-on-year**
- **number of smartphones up by 55.1% year-on-year, reaching 3.3 million**

key figures

mobile line indicators	4Q 2012	4Q 2011	Change	FY 2012	FY 2011	Change
revenue (PLN million)	1,815	1,936	-6.3%	7,478	7,706	-3.0%
number of total customers (000's)	14,895	14,658	1.6%			
number of post-paid customers (000's)	6,911	6,977	-0.9%			
number of prepaid customers (000's)	7,984	7,681	3.9%			
number of mobile broadband access (000's)	985	741	33.0%			

Mobile segment's revenue shrank in 2012 by 3.0%, mostly reflecting an adverse impact of PLN 248 million stemming from the voice and SMS MTR cuts. Excluding regulatory impact, mobile segment's top line grew by 0.3% year-on-year, despite pressure that unlimited offers have exerted on the ARPU. This underlying growth was predominantly possible due to growth of the customer base by 237,000. Orange Polska continued to boost data usage by popularising smartphones. Their number has risen by 55% year-on-year, reaching almost 3.3 million, contributing to growth of the revenues from messaging service and content – they increased by over 6% year-on-year.

2012: fixed line segment review

- **revenues down by 3.2%[10] year-on-year versus -6.6% evolution in 2011**
- **broadband revenue growth accelerates; 2012 revenues up by 1.3% year-on-year and 4Q 2012 up by 5.1%**
- **substantial improvement in retail fixed line evolution: decrease limited to 91 000 in 4Q 2012 vs 182,000 in 4Q 2011**
  - **at the end of 2012, 336,000 clients used VoIP as their main voice line**
- **commercial success of 3P bundle confirmed with almost 200,000 new users in 2012**
- **TV customer base up by 11% year-one-year, reaching 706,000 subscribers**
  - **59,000 subscribers of "n" offer added in 2012**

Key figures

Fixed line indicators	4Q 2012	4Q 2011	Change	FY 2012	FY 2011	Change
Revenue proforma[10] (PLN million)	1,990	2,047	-2.8%	7,836	8,091	-3.2%
Number of retail fixed lines (000's)	5,104	5,694	-10.4%			
Number of retail broadband accesses (000's)	2,345	2,346	-0.1%			
Number of TV customers (000's)	706	636	+11.0%			

Fixed segment's revenues amounted to PLN 7,836 million in 2012, declining by PLN 255 million or 3.2% year-on-year. The contraction of sales was predominantly driven by continued fixed-to-mobile substitution, which drove fixed voice revenues to a 16% drop year-on-year. Nevertheless, the trends of the fixed voice customer base are improving; decline in the number of retail fixed voice customers has been limited to 91 000 in 4Q 2012, as compared to 182,000 in 4Q 2011. The decline of revenues from fixed voice was partly offset by growth of revenues from ICT services (up by 80.4% year-on-year), as well as from data, which is supported by positive evolution of broadband KPIs; 4Q ARPU from broadband and its bundles has grown by 5% year-on-year and is coupled by positive tendency in the number of broadband customers

proposed 2012 shareholder remuneration

Facing significant and growing market volatility, as well as uncertain significant cash outflows, which include 4G spectrum opportunity, while striving to preserve the sound balance sheet of the Group:

- The Management commits to a floor shareholder remuneration of PLN 0.5 per share, to be paid in July 2013, in form of an ordinary cash dividend
- The articles of association of TPSA allow for an interim shareholder remuneration

Medium term action plan

Over the past three years, the Group's environment has undergone dramatic and in most cases unpredictable changes. Deteriorating macro economic outlook for Poland is changing customer behaviour and hampering cash generation possibilities. The perspectives of the Polish telecom market have also deteriorated significantly. The mobile market has been impacted by fierce price competition, which was based on unlimited tariff plans in post-paid. Its value is again affected by similar developments in 2013 and a steep cut of the mobile termination rate.

Today, the Group announces its medium term strategy with a view to place Orange Polska in a much stronger position once the market will return to growth, armed with a stronger offer, better sales force and a leaner, more flexible organisation

[10] adjusted for deconsolidation of Emitel and Paytel

- The Group will serve its clients with a whole range of customer-oriented convergent solutions, addressing their total telecom needs. The Group plans to provide convergent solutions to roughly 50% of its post-paid customers, as compared to roughly 1% today. These services will be delivered to the customer through a modern sales and distribution network that will serve the customer seamlessly through all contact channels. Orange will provide these solutions through a widely available unified telecommunication network, which will give the customer good connectivity experience. By doing this, the Group plans to secure its leadership position on all core markets and become the telecom operator that is most frequently recommended by clients in Poland.

- The Group will review resource allocation and transform into a leaner and flexible business, one that is even better adjusted to the challenging environment. It will accelerate the ongoing cost optimisation program and increase productivity. At the same time, it will review outsourcing options for various activities and dispose of non-core assets, striving to improve its efficiency. The Group will allocate significantly less resource to standard capital expenditures, preserving the funds for the 4G spectrum investment opportunity, while maintaining the sound financial structure of its balance sheet.

commenting on the 2012 results, Mr Jacques de Galzain, Group Chief Financial Officer said:
“We have decided to modify the way we provide a financial outlook and focus on the performance drivers that are within our control and on a time period for which we have visibility.

Based on the information currently available, we anticipate a steep decline of our revenue in 2013, driven down by the MTR cuts, as well as by the impacts stemming from the ongoing price war in the mobile market. We will significantly accelerate our cost savings measures, striving to transform into a leaner and more agile organization. We do not exclude outsourcing or asset disposals as means to increase efficiency.

Simultaneously, adapting to the challenging environment requires a very disciplined stance towards capital allocation. Investments executed in the past allow us to limit standard capital expenditures to below 2 billion zloty in 2013, with the view to bring capital expenditure down to roughly 12% to 13% of revenues in the future. We plan to allocate capital to acquire spectrum, which is vital to our future well being. We are absolutely committed to preserve the strength of our financial structure by keeping our net gearing below 40% and the net debt to EBITDA ratio below 1.5x. In this context, recognising the market volatility and potential new capital requirements, we decided to take a more cautious position with regards to shareholder remuneration. We believe that this is a responsible decision that is to the long term benefit of the Company and all its stakeholders, including shareholders.”

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.

Orange Polska 2012 Full Year Results Presentation
Tuesday 12th February 2013

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

Registration: 10.30 CET
Start: 11.00 CET

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

Time:
11:00 (Warsaw)
10:00 (London)
05:00 (New York)

Conference title:
Orange Polska (TP S.A) FY12 results and medium term action plan

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Telekomunikacja Polska Group Consolidated

amounts in PLN millions	2011								2012			
	1Q		2Q		3Q		4Q		1Q	2Q	3Q	4Q
	as reported	pro forma*	as reported	pro forma*	as reported	pro forma*	as reported	pro forma*	as reported	as reported	as reported	as reported
profit & loss statement												
revenues												
fixed line telephony services	**1,190**	**1,190**	**1,141**	**1,141**	**1,134**	**1,134**	**1,104**	**1,104**	**1,055**	**1,027**	**987**	**963**
retail revenue (subscriptions and traffic)	915	915	858	858	836	836	810	810	765	730	694	672
wholesale revenue incl. interconnection	272	272	280	280	296	296	291	291	289	296	292	290
Payphone revenue	3	3	3	3	2	2	2	2	1	1	1	1
Other	0	0	0	0	0	0	1	1	0	0	0	0
mobile telephony services	**1,691**	**1,691**	**1,779**	**1,779**	**1,783**	**1,783**	**1,757**	**1,757**	**1,689**	**1,773**	**1,694**	**1,650**
voice traffic revenue	990	990	1,054	1,054	1,057	1,057	1,011	1,011	942	1,002	967	906
interconnection revenue	301	301	320	320	301	301	314	314	308	333	287	287
messaging services and content	369	369	376	376	389	389	404	404	407	401	405	419
Other	31	31	29	29	36	36	28	28	32	37	35	38
data services	**624**	**616**	**610**	**603**	**599**	**599**	**600**	**600**	**594**	**613**	**603**	**614**
leased lines	71	63	71	64	63	63	64	64	61	66	63	61
data transmission	165	165	158	158	158	158	161	161	157	163	154	159
dial-up	1	1	0	1	1	1	0	0	0	1	0	0
broadband, TV and VoIP revenue	387	387	381	381	377	377	375	375	376	383	386	394
radio communications	**58**	**0**	**55**	**0**	**0**	**0**	**0**	**0**	**0**	**3**	**3**	**2**
sales of goods and other	**166**	**149**	**205**	**188**	**163**	**161**	**263**	**261**	**183**	**253**	**186**	**255**
Total revenue,net	**3,729**	**3,646**	**3,790**	**3,711**	**3,679**	**3,677**	**3,724**	**3,722**	**3,521**	**3,669**	**3,473**	**3,484**
Y-o-Y growth**	**-3.7%**	**n/a**	**-4.9%**	**n/a**	**-3.8%**	**n/a**	**-4.0%**	**n/a**	**-3.4%**	**-1.1%**	**-5.5%**	**-6.4%**
** growth in revenues is calculated based on proforma figures												
labour expenses	(556)	(531)	(531)	(510)	(477)	(475)	(467)	(466)	(552)	(517)	(481)	(483)
o/w profit-sharing	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(2)	(3)	(2)
o/w share-based compensation	0	0	0	0	0	0	0	0	0	0	0	0
external purchases	(1,703)	(1,694)	(1,767)	(1,759)	(1,676)	(1,674)	(1,866)	(1,865)	(1,743)	(1,845)	(1,568)	(1,797)
- interconnection costs	(475)	(474)	(492)	(492)	(474)	(474)	(469)	(469)	(447)	(470)	(413)	(441)
- network and IT	(215)	(208)	(221)	(214)	(219)	(219)	(221)	(221)	(226)	(238)	(220)	(229)
- commercial expenses	(605)	(604)	(608)	(607)	(588)	(586)	(692)	(691)	(641)	(691)	(547)	(671)
- content costs	(32)	(32)	(49)	(49)	(29)	(29)	(30)	(30)	(34)	(38)	(33)	(33)
- Other external purchases	(376)	(376)	(397)	(397)	(366)	(366)	(454)	(454)	(395)	(408)	(355)	(423)
other operating incomes & expenses	(130)	(125)	(546)	(541)	(130)	(130)	(188)	(190)	(10)	(24)	(104)	(221)
- o/w dispute with DPTG							(35)	(35)				
restructuring costs	0	0	0	0	0	0	(172)	(172)	0	0	0	8
gain/loss on diposals of assets	5	5	10	10	6	6	11	11	8	12	3	12
disposal of shares			1,188			0	(5)					
EBITDA	**1,345**	**1,301**	**2,144**	**911**	**1,402**	**1,404**	**1,037**	**1,040**	**1,224**	**1,295**	**1,323**	**1,003**
% of revenues	*36.1%*	*35.7%*	*56.6%*	*24.5%*	*38.1%*	*38.2%*	*27.8%*	*27.9%*	*34.8%*	*35.3%*	*38.1%*	*28.8%*
restated EBITDA **	**1,345**	**1,301**	**1,414**	**1,369**	**1,402**	**1,404**	**1,249**	**1,247**	**1,224**	**1,295**	**1,323**	**1,003**
% of revenues	*36.1%*	*35.7%*	*37.3%*	*36.9%*	*38.1%*	*38.2%*	*33.5%*	*33.5%*	*34.8%*	*35.3%*	*38.1%*	*28.8%*
depreciation & amortisation	(978)	(964)	(989)	(989)	(900)	(900)	(836)	(836)	(817)	(833)	(801)	(810)
impairment of fixed assets			(4)	(4)	(2)	(2)	(3)	(3)	(4)	(6)	(1)	(5)
share of profit of investments accounted for using the equity method							1	1	1	1	2	1
EBIT	**367**	**337**	**1,151**	**(82)**	**500**	**502**	**199**	**202**	**404**	**457**	**523**	**189**
% of revenues	*9.8%*	*9.2%*	*30.4%*	*-2.2%*	*13.6%*	*13.7%*	*5.3%*	*5.4%*	*11.5%*	*12.5%*	*15.1%*	*5.4%*
financial result	**(131)**	**(131)**	**(89)**	**(89)**	**(111)**	**(111)**	**(101)**	**(101)**	**(108)**	**(127)**	**(146)**	**(176)**
- interest expenses, net	(116)	(116)	(77)	(77)	(68)	(68)	(78)	(78)	(100)	(102)	(136)	(152)
- foreign exchanges gains (losses)	5	5	7	7	(8)	(8)	3	3	9	5	8	6
- discounting expenses	(20)	(20)	(19)	(19)	(35)	(35)	(26)	(26)	(17)	(30)	(18)	(30)
income tax	(47)	(40)	(67)	(61)	(13)	(13)	260	260	(54)	(75)	(70)	38
consolidated net income after tax	**189**	**166**	**995**	**(232)**	**376**	**378**	**358**	**361**	**242**	**255**	**307**	**51**

* pro forma accounts adjusted for de-consolidation of Emitel and Paytel, disposed on 22/06/2011 and 27/01/2012, respectively.

** 2011 excluding PLN 1.183mn gain on Emitel disposal in Q2 and a PLN -458mn provision for EC fine recognised in 2Q and excluding PLN -172mn restructuring provision, PLN -35mn increase in DPTG provision, PLN -5mn additional costs on Emitel disposal, all recognised in 4Q

Key operational performance indicators for Group

Fixed Voice	2011 1Q	2011 2Q	2011 3Q	2011 4Q	2012 1Q	2012 2Q	2012 3Q	2012 4Q
customer base								
Main lines (thousands)								
POTS	*5,163*	*5,007*	*4,849*	*4,638*	*4,365*	*4,158*	*3,990*	*3,850*
ISDN	*856*	*840*	*821*	*807*	*780*	*762*	*740*	*718*
WLR PTK	*111*	*117*	*120*	*124*	*127*	*128*	*124*	*119*
WLL PTK	34	*40*	*47*	*54*	61	*69*	*76*	*81*
VoIP first line	30	*34*	*39*	*71*	152	*209*	*264*	*336*
Total retail main lines	***6,194***	***6,038***	***5,875***	***5,694***	***5,484***	***5,326***	***5,195***	***5,104***
WLR (external to Group)	*1,373*	*1,396*	*1,419*	*1,470*	*1,512*	*1,539*	*1,518*	*1,472*
ARPU per month								
Retail fixed voice ARPU from POTS/ISDN (in PLN)	48.8	47.3	47.3	47.5	46.8	46.6	46.0	45.8
fixed voice market								
Fixed voice penetration (in households)[1]	52.7%	52.0%	51.5%	51.1%	49.8%	49.2%	49.0%	48.4%
Local access market in Poland-estimated (in million)	9.7	9.6	9.5	9.5	9.3	9.3	9.2	9.2
Fixed voice market share (%)[1]								
Group retail local access[1,2]	*63.8%*	*62.9%*	*61.6%*	*60.0%*	*58.7%*	*57.5%*	*56.2%*	*55.8%*
Value market share[1]	*67.9%*	*66.7%*	*66.6%*	*65.9%*	*64.7%*	*64.0%*	*63.0%*	*62.4%*

[1] Company's estimation
[2] Local access without Wholesale Line Rental but with Orange WLR part

Fixed Broadband and TV	2011 1Q	2011 2Q	2011 3Q	2011 4Q	2012 1Q	2012 2Q	2012 3Q	2012 4Q
customer base								
Broadband access lines (thousands)								
ADSL[3] & SDI	2,143	2,148	2,157	2,157	2,151	2,146	2,134	2,139
VDSL			1	6	11	16	23	26
CDMA	154	163	174	183	186	182	181	180
Group retail broadband - total	**2,297**	**2,311**	**2,332**	**2,346**	**2,348**	**2,344**	**2,338**	**2,345**
Bitstream access (external to TP Group)	*375*	*373*	*366*	*366*	*367*	*367*	*356*	*347*
LLU	*149*	*162*	*178*	*186*	*186*	*184*	*187*	*185*
TV client base								
IPTV	113	111	109	110	113	114	116	119
DTH (TV over Satellite)	464	482	506	527	550	562	578	588
TV client base (thousands)	**577**	**592**	**615**	**636**	**663**	**677**	**695**	**706**
o/w customers with pay TV packages[4]	153	154	143	139	142	144	146	146
-o/w 'n' packages			7	24	43	57	69	83
3P services (TV+BB+VoIP)	**27**	**29**	**32**	**55**	**112**	**151**	**191**	**248**
ARPU per month								
Group ARPU - Broadband, TV & VoIP (in PLN)	56.3	55.1	54.1	53.4	53.3	54.5	54.9	56.1
broadband market[5]								
B2C Broadband penetration (in households)[5]	44.2%	44.6%	44.8%	45.3%	45.6%	45.7%	45.8%	46.1%
Total broadband market customers - estimated (in '000)[5]	6,606	6,681	6,757	6,879	6,950	6,996	7,045	7,127
Group net adds market share[5]	10.1%	19.3%	27.4%	11.6%	2.6%	-7.7%	-14.3%	9.0%
Group volume market share (in %)[5]	34.8%	34.6%	34.5%	34.1%	33.8%	33.5%	33.2%	32.9%
Group value market share (in %)[5]	42.5%	41.2%	40.7%	40.0%	39.5%	39.7%	39.7%	40.3%

[3] includes PTK based on BSA
[4] includes TP's M-, L – packages, Orange Sport and HBO
[5] company's estimation

Mobile Segment	2011				2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
customer base								
Mobile customer base (thousands)								
Post-paid	6,962	6,967	6,972	6,977	6,927	6,937	6,894	6,911
-o/w B2B	*2,501*	*2,514*	*2,508*	*2,479*	*2,446*	*2,436*	*2,420*	*2,428*
Pre-paid	7,457	7,568	7,641	7,681	7,685	7,820	7,865	7,984
Total[1]	**14,419**	**14,535**	**14,613**	**14,658**	**14,612**	**14,757**	**14,758**	**14,895**
MVNOs customers	73	78	83	87	88	87	78	69
Dedicated mobile broadband subscription client base (thousands)[2]	599	645	691	741	800	848	907	985
Number of smartphones (thousands)	1,725	1,804	1,881	2,103	2,256	2,574	2,887	3,262
ARPU								
Monthly mobile customer ARPU in quarter (PLN)								
post-paid	62.7	66.1	65.3	64.5	62.0	64.8	61.7	60.4
-o/w B2B	*87.6*	*91.2*	*90.2*	*88.5*	*83.8*	*87.6*	*81.6*	*79.6*
pre-paid	17.5	18.0	18.1	18.0	16.8	17.9	17.0	16.3
Blended	39.4	41.1	40.7	40.1	38.3	40.0	38.0	36.8
Retail ARPU (PLN)	31.8	33.2	33.3	32.6	31.1	32.2	31.4	30.2
Wholesale ARPU (PLN)	7.5	8.0	7.3	7.5	7.2	7.8	6.6	6.7
Voice ARPU (PLN)								
post-paid	47.5	50.4	49.5	47.7	45.2	47.9	44.9	42.8
pre-paid	12.1	13.1	13.0	12.7	12.4	13.7	12.8	12.1
Blended	29.2	31.0	30.4	29.4	27.7	29.5	27.5	26.0
Data ARPU (PLN)								
post-paid	5.5	5.7	6.1	6.3	6.6	6.3	6.6	6.7
pre-paid	0.4	0.4	0.4	0.5	0.6	0.5	0.6	0.6
Blended	2.9	2.9	3.2	3.2	3.4	3.2	3.4	3.4
SMS&MMS and other ARPU (PLN)								
post-paid	9.7	10.0	9.7	10.5	10.2	10.6	10.2	10.9
pre-paid	5.0	4.6	4.7	4.8	3.8	3.7	3.6	3.7
Blended	7.3	7.2	7.1	7.5	7.2	7.4	7.1	7.4
volumes & churn								
AUPU (in minutes)								
post-paid	229.0	236.3	236.6	235.9	236.5	239.6	243.4	251.7
pre-paid	92.6	96.7	97.5	93.7	92.3	95.8	91.3	90.6
Blended	158.6	163.9	164.0	161.4	160.8	163.7	162.6	165.6
Quarterly mobile customer churn rate (%)								
post-paid	3.8	3.4	3.5	4.0	3.9	3.4	3.5	3.4
pre-paid	14.3	15.8	17.2	16.1	16.7	16.8	17.2	15.0
subsidies								
SAC (PLN)								
post-paid	562.1	559.3	577.2	565.4	627.2	544.0	563.4	655.0
pre-paid	8.5	9.2	8.5	10.4	9.0	7.6	8.2	8.5
Blended	140.2	124.9	114.4	134.1	132.5	107.3	113.3	156.7
SRC (PLN)	563.7	542.1	555.6	591.4	628.8	651.2	599.9	622.0
network coverage								
Group 2G coverage in % of population:	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%	99.8%	99.8%
Group 3G coverage in % of population:	60.9%	61.9%	61.9%	62.4%	62.6%	62.7%	64.8%	69.0%
Mobile market								
Market penetration rate for mobile network services	125.8%	127.1%	129.3%	132.7%	134.1%	135.3%	137.8%	140.8%
Group mobile market share in volume	30.1%	30.0%	29.7%	29.0%	28.6%	28.4%	27.9%	27.6%
Group mobile market share in value[3]	31.0%	31.3%	30.7%	30.4%	30.2%	30.4%	29.6%	29.0%

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

Employment structure of Group as reported *Full time positions (end of period)*	2011				2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
TP SA	15,210	15,020	14,886	14,854	14,885	14,698	14,424	14,067
Other (incl Orange Customer Service)	7,732	6 741*	6 628	6,673	6,540	6,405	6,204	6,066
Total fixed line	**22,941**	**21,761**	**21,514**	**21,527**	**21,425**	**21,103**	**20,628**	**20,132**
PTK Centertel	2,157	2,122	1 743**	1,743	1,750	1,745	1,732	1,729
Other	420	456	477	534	542	563	524	552
Total mobile segment	**2,577**	**2,578**	**2,220**	**2,278**	**2,292**	**2,308**	**2,256**	**2,281**
Group	**25,519**	**24,339**	**23,734**	**23,805**	**23,716**	**23,411**	**22,884**	**22,413**

*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"