TP Group
2Q and 1H 2010 results

Warsaw
July 28th, 2010

forward looking statement

This presentation 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, American 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.

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1 introduction

Maciej Witucki
president of the board and CEO

TP Group is well on its way to a turnaround

- significant upturn visible in TP Group’s 2Q financial performance
  - year-on-year revenue evolution improving from -10.2% in 1Q to -4.7% in 2Q
  - EBITDA up vs. 1Q, with EBITDA margin of 36.9% helped by PLN 150mn cost savings
  - strong results in the mobile segment; stabilised revenue evolution and 31.3% EBITDA margin
  - net income up 14% since 1Q

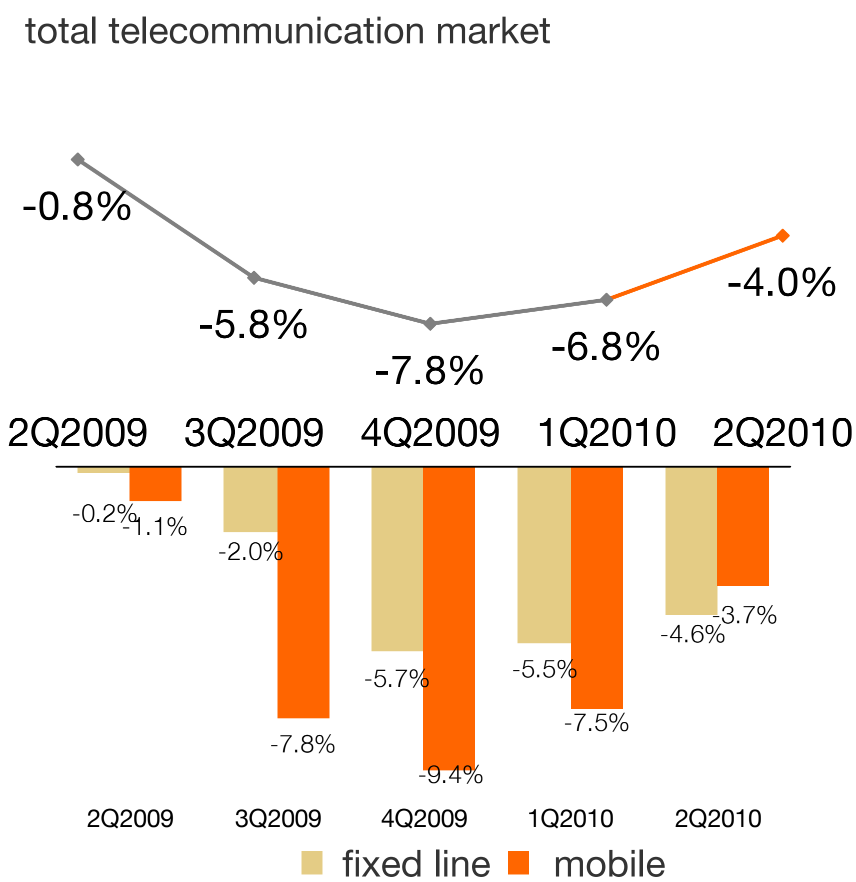
- strong 2Q commercial results
  - mobile: +254 000 net additions and ARPU up from 1Q
  - mobile value market share up to 31.9%
  - fixed voice: retail base contraction significantly limited (to 2.1% per quarter)

- medium term action plan implementation on track, 2H action plan to focus on broadband

- full-year net free cash flow guidance increased

improving market evolution will continue with no MTR impact

market value year-on-year evolution*



* market value is an aggregate of operators' retail and wholesale revenue, 2Q 2010 market data (excl. TPG) are **Company's** preliminary estimates

insights

- 2Q 2010 second consecutive quarter of improving trends for the Polish telecom market
- mobile market evolution improving significantly for the second quarter in a row
  - easier comparison thanks to smaller MTR impact (1)
  - growing usage continues to partially offset price pressure
  - healthy growth of customer bases
- fixed supported by broadband market growth
  - broadband market growing by 5.5% year-on-year
  - fixed voice market affected by regulated F2M price cuts of 2009

(1) MTR cut by 36% in March '09 and 23% in July '09

solid 1H, with 2Q showing strong upturn in performance

in PLN mn	1H2009	1H2010	2Q2009	2Q2010	change	
Revenue	8,497	**7,860**	4,185	**3,987**		▪ improvement in revenue trends ▪ stable mobile revenue despite regulations; good outlook for 2H
y-o-y change		***-7.5%***		*-4.7%*		
EBITDA	3,214	**2,892**	1,556	**1,472**	-5.4%	▪ EBITDA margin maintained since Q1 ▪ PLN 150mn cost savings delivered in 2Q, or PLN 280mn in 1H ▪ 1H opex down by ~6% yoy
as % of revenues	*37.8%*	***36.8%***	*37.2%*	*36.9%*	*-0.3pp*	
CAPEX	905	**719**	394	**518**	31.5%	▪ Investments affected by cold winter and 2Q floods ▪ acceleration expected in 2H
as % of revenues	*10.7%*	***9.1%***	*9.4%*	*13.0%*	*3.6pp*	
Net Free Cash Flow	1,482	**1,175**	955	**711**	-25.6%	▪ cash flow run-rate above FY guidance of at least PLN 2bn* ▪ yoy variance affected by ca PLN -200mn on hedging derivatives

* excluding exceptional items and unpredicted regulatory impact

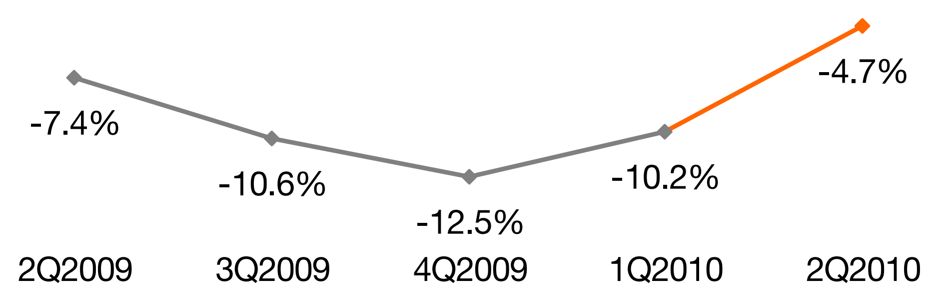
2 financial review

Roland Dubois

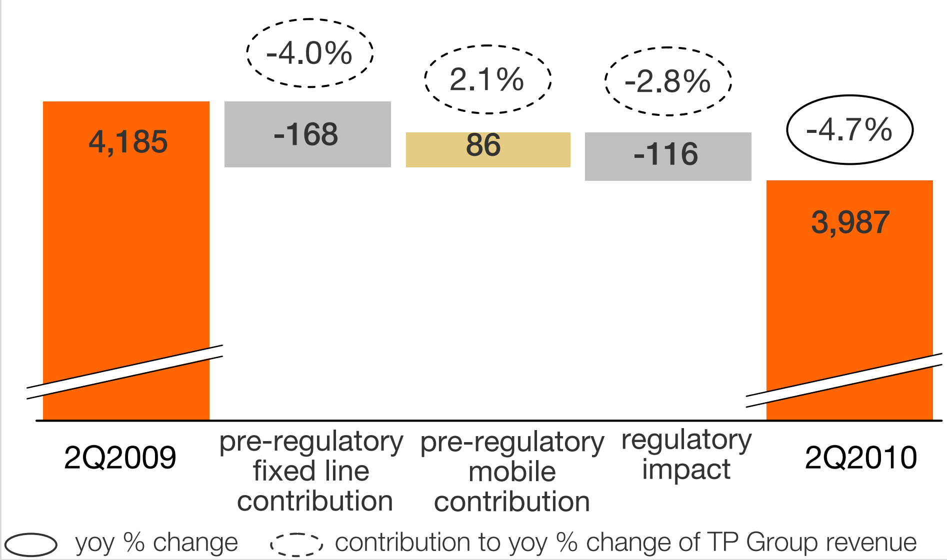
chief financial officer

turnaround clearly visible in revenue trend

TP Group revenue evolution y-o-y (in %)



TP Group revenue evolution (in PLN mn)

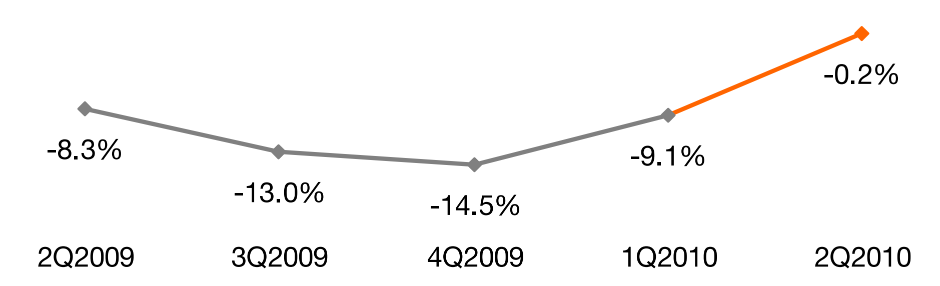


insights

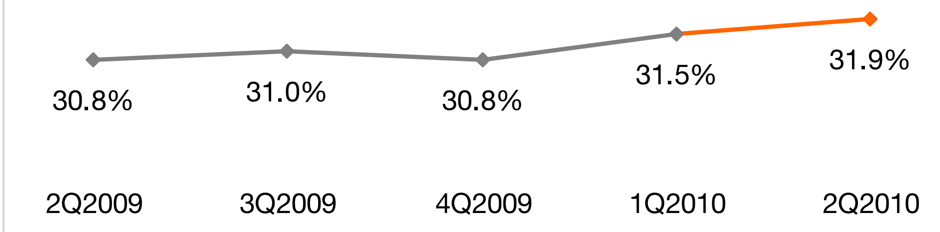
- 2Q y-o-y evolution showing significant progress versus previous quarters
- growing pre-regulatory mobile revenue; driven by strong net adds & good ARPU
- progressive upturn in fixed; helped by improving trend in fixed voice lines
- regulatory impact of -2.8% (further decrease expected in 2H):
  - 1.3% due to MTR cuts
  - 0.5% due to retail F2M price cuts
  - 0.9% impact of mobile roaming and other

mobile segment: revenue evolution stabilised, growth ahead

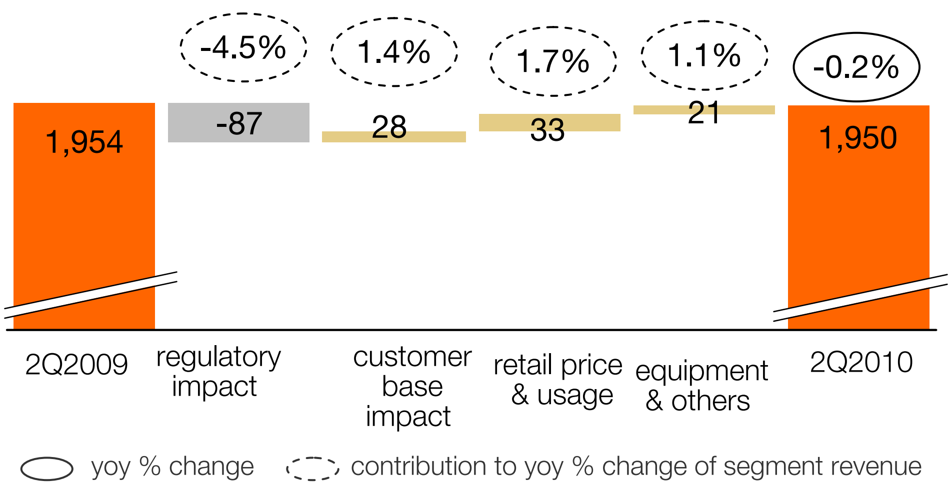
mobile segment revenue* evolution y-o-y (in%)



Orange value market share evolution y-o-y (in%) **



mobile segment revenue* evolution (segment statutory in PLN mn)



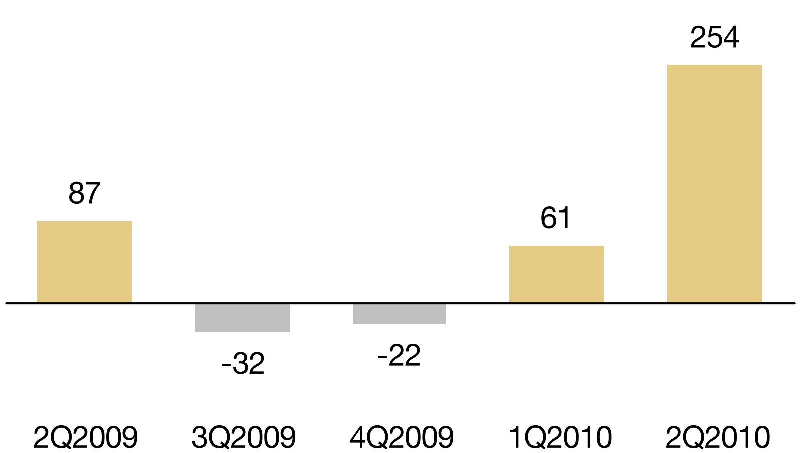
insights

- flattish y-o-y 2Q revenue evolution
- growth before regulatory impact
  - regulatory impact should all but disappear in 2H, leaving room for year-on-year revenue growth
- value market share up to 31.9% in Q2 2010
- strong growth of the subscriber base, resilience of the ARPU to price competition

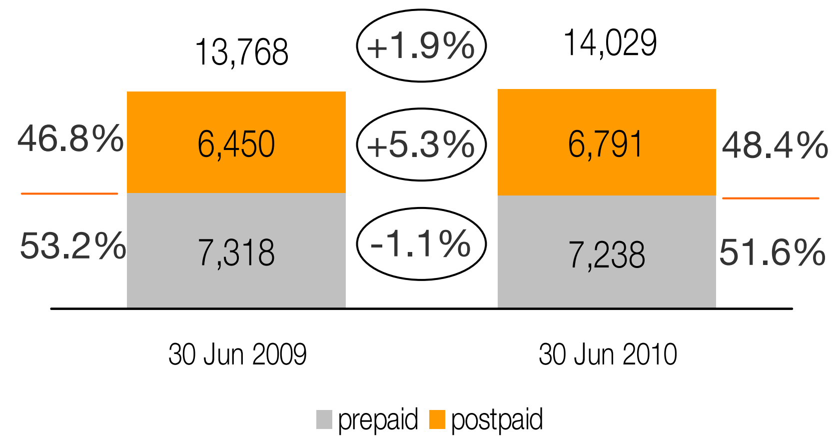
* incl. revenue from Orange Freedom **company's estimation

strong growth of mobile customer base and resilient ARPU

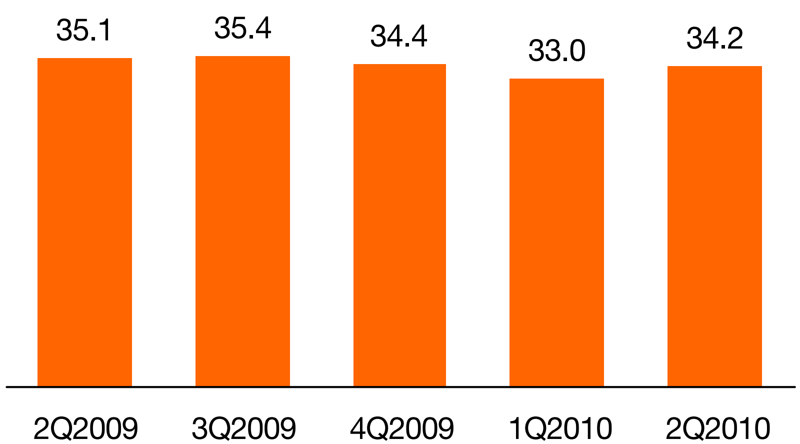
mobile net adds (in ‘000)



customer base evolution (in ‘000)



Retail ARPU evolution (PLN/month)

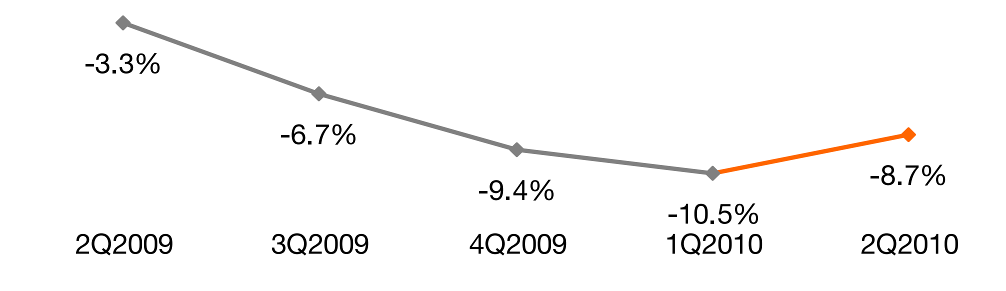


insights

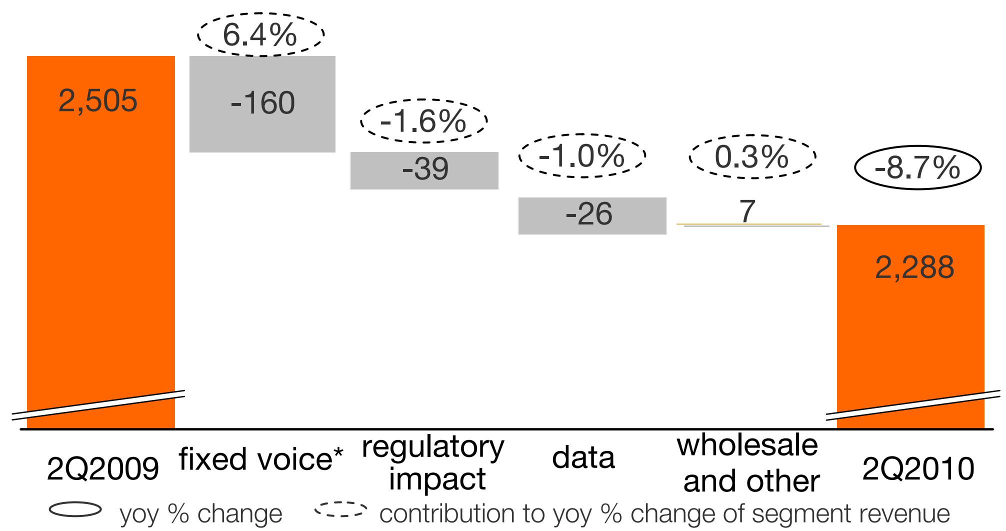
- customer base growing y-o-y, thanks to post-paid (+5.3% yoy)
  - Animal tariffs to foster post-paid growth in 2H
- record 2Q net adds thanks to new prepaid top-ups and loyalty actions; to be continued in 2H
- retail ARPU up by 3.8% since 1Q 2010, resilient to price competition,
- mobile broadband base up by 15% year-on-year

fixed segment upturn helped by good subscriber trends

fixed segment revenue evolution y-o-y (in%)



fixed segment revenue evolution
(segment statutory in PLN mn)



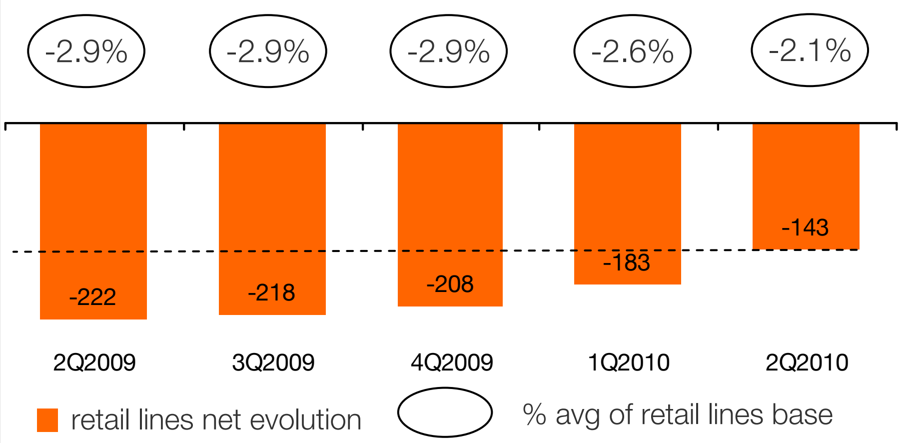
* pre-regulatory impact

insights

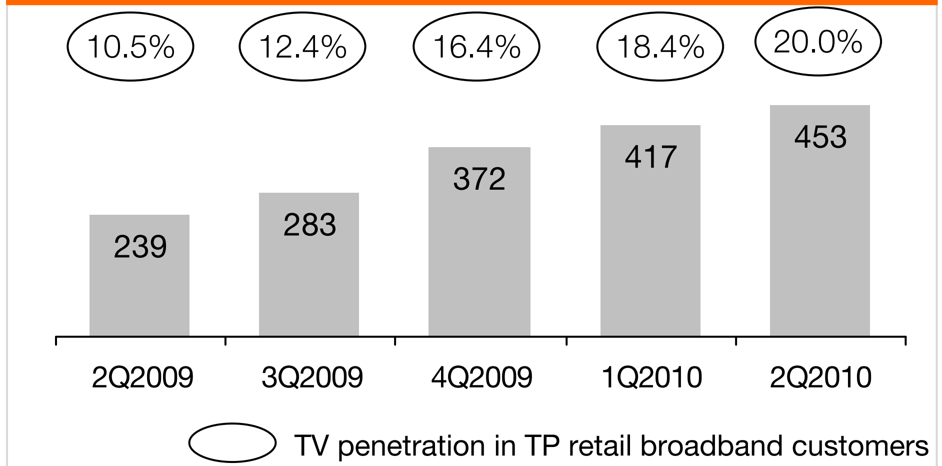
- fixed line subscriber trends improving significantly
- sluggish broadband results
  - retail customer base stabilised
  - share of 6Mb/s+ sales doubled vs. 1Q
  - TV base reaching 20% broadband penetration
- broadband recovery program expected to deliver in 2H
- 1.6% decline in fixed line revenue due to regulated F2M price cut implemented in March and November '09

subscriber trends showing improvement

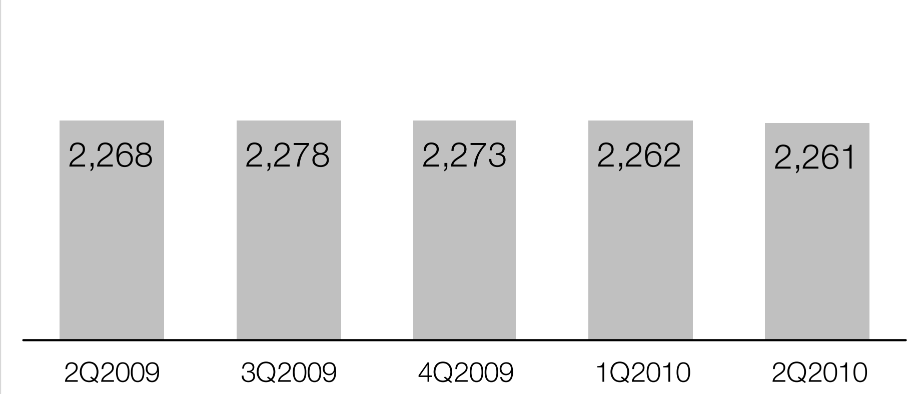
retail lines evolution (in '000)



TV customer base evolution (in '000)



TP Group retail broadband accesses (in '000)



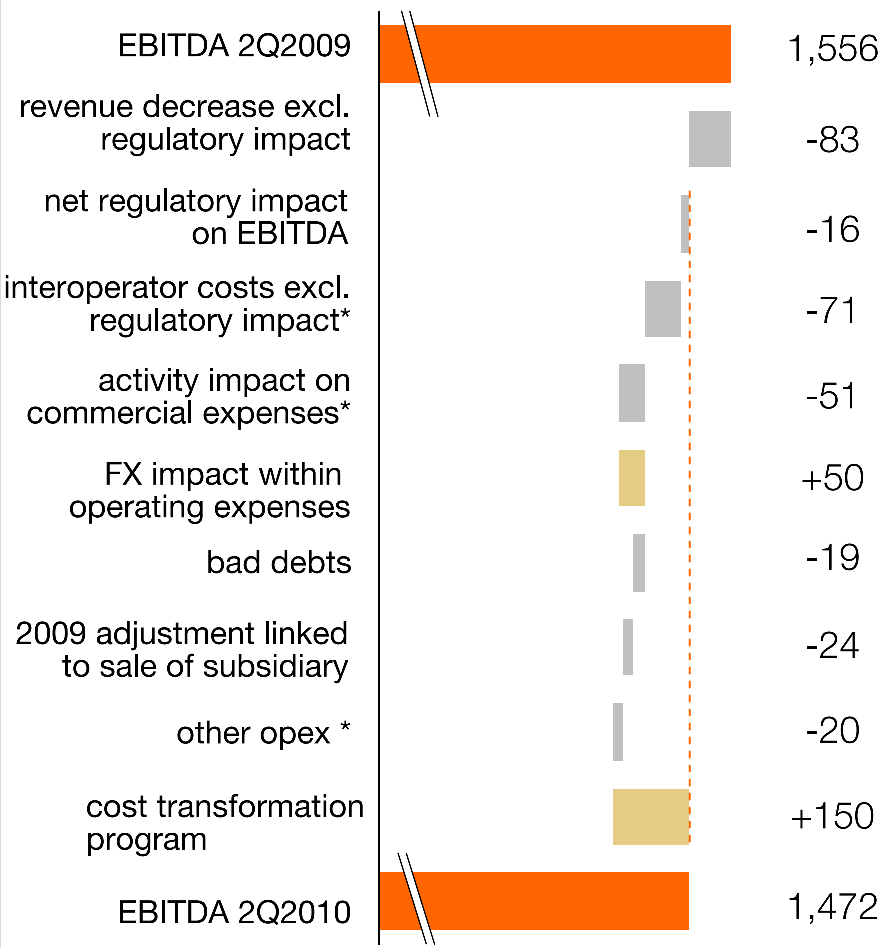
insights

- retail lines evolution is at record low,
  - decrease limited to 2.1% in 2Q vs 2.9% in 2Q 2009
  - new unlimited tariff plans reaching 1.6mn or 24.9% of retail base
- flat broadband customer base
  - retail base evolution stabilised
  - robust program launched to boost 2H performance
- TV subscriber base reached 20% BB penetration
  - increasing protection against broadband churn
  - potential ARPU growth from expanding pay-TV base

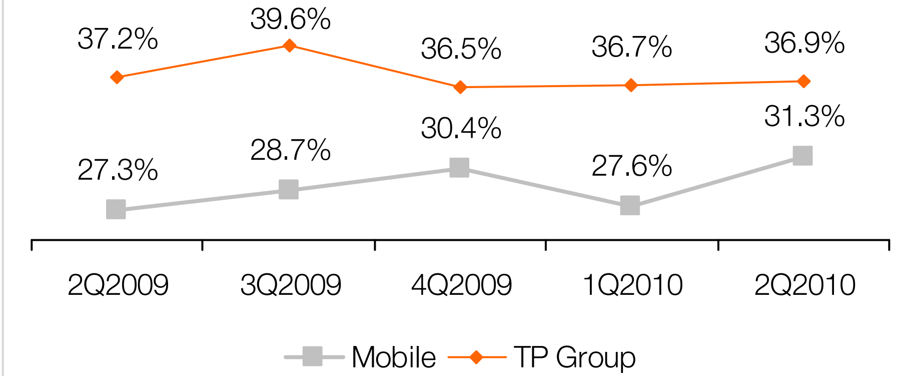
* Including CDMA and Orange Freedom

EBITDA helped by cost savings and mobile contribution

TP Group EBITDA evolution (in PLN mn)



EBITDA margin (in %)



insights

- mobile EBITDA margin back above 30% mark
- very limited regulatory impact on EBITDA
- positive FX impact (yoy) thanks to a very low PLN rate last year
- interconnect and costs up due to growing customer base and usage
- commercial costs driven up by growth in customer base
- strong impact of the cost savings program
  – PLN 280mn savings in total delivered in 1H

* excluding FX impact and effect of cost optimisation program

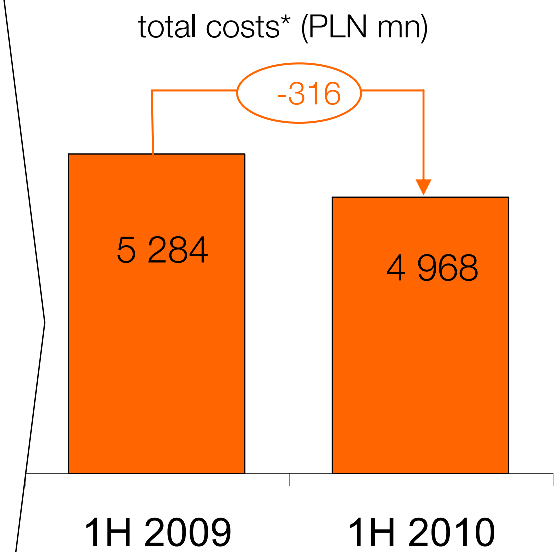
new cost savings initiatives launched for 2H

2009 & 1Q initiatives continued to contribute

- labour productivity resulting from process simplification
- more efficient office space usage
- IT vendor consolidation
- set-top box and livebox cost optimisation (refurbishment)
- car fleet optimisation; fleet reduction followed by a car class downgrade
- other, more classical savings

new initiatives, including

- customer care integration
- mass printing consolidation
- all-electronic communication with customers and e-invoice
- voice recorders in call centres to replace written customer orders
- contract renegotiation for access network maintenance/installation
- support functions consolidation in subsidiaries



* total costs up to EBITDA level

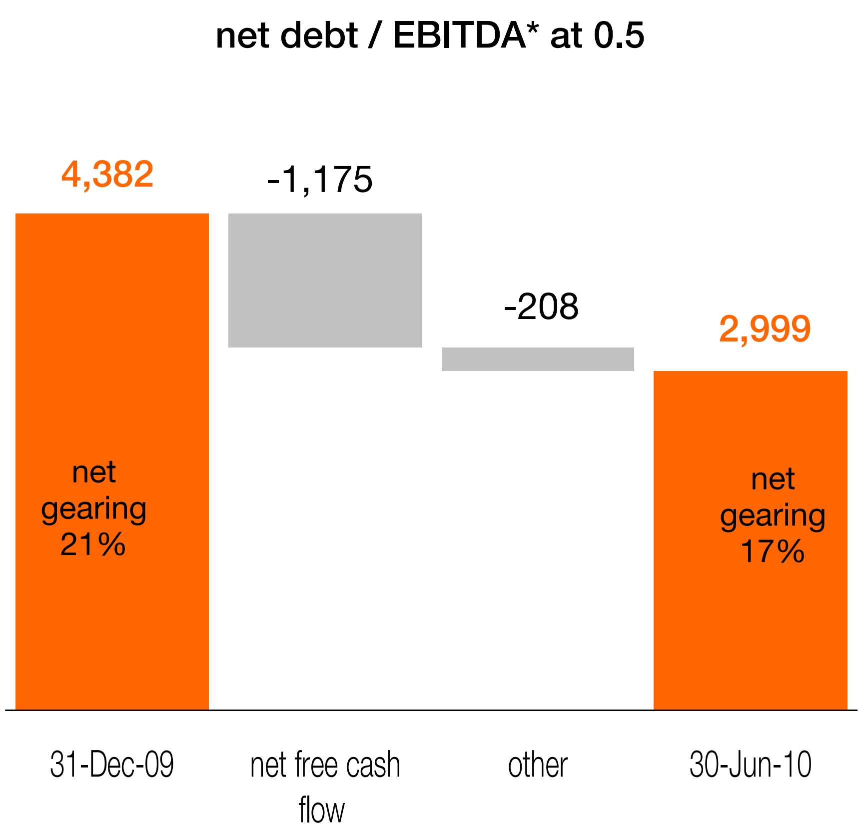
net free cash flow due to lower capex cash-out

in million PLN	1H2009	1H2010	change	2Q2009	2Q2010	change
net cash flow from operating activities before income tax paid and change in working capital	3,208	2,555	-20.3%	1,510	1,300	-13.9%
o/w exchange rate effect on derivatives paid, net	*197*	*-54*	*n/a*	*26*	*1*	*n/a*
change in working capital	-233	-242	3.9%	-32	-138	3.3x
CAPEX*	-905	-715	-21.0%	-394	-515	30.7%
CAPEX payables	-493	-299	-39.4%	-121	121	n/a
income tax paid	-95	-124	30.5%	-8	-57	6x
net free cash flow after tax paid	1,482	1,175	-20.7%	955	711	-25.6%
as % of revenues	*17.4%*	*14.9%*	*-2.5pp*	*22.8%*	*17.8%*	-5.0pp
sales of assets	4	26	5.5x	1	14	13x
proceeds from sale of subsidiaries, net of cash	16	0	n/a	0	0	n/a
other investing activities	-7	-19	1.7x	-32	-6	-81.3%
FCF before financing	1,495	1,182	-20.9%	924	719	-22.2%

* excluding capex financed by lease

strong balance sheet maintained

net debt evolution (in PLN mn)



insights

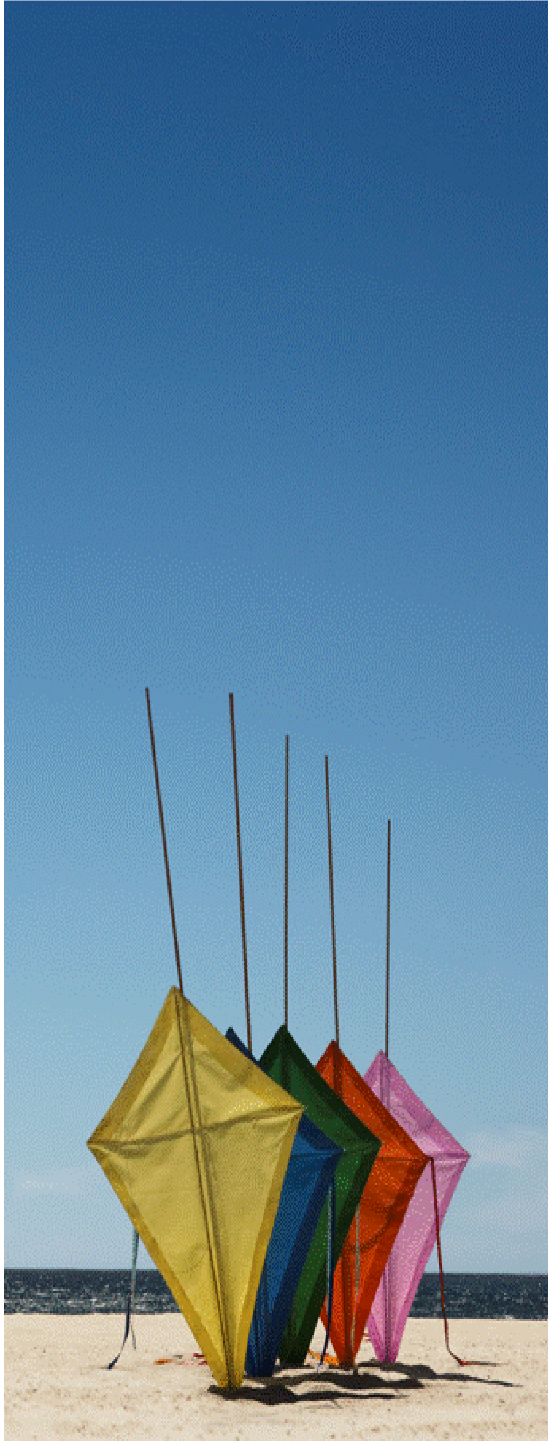
- available liquidity position:
  - cash and equivalents at PLN 3.2 bn
  - unused credit lines at PLN 2.5 bn
- back-up facility at PLN 1.7 bn
- effective hedging policy
- solid credit rating
  - A3 / BBB+ with stable outlook
- PLN 2,003mn dividend paid on 1st July 2010

*annualized EBITDA

3 progress in action plan implementation

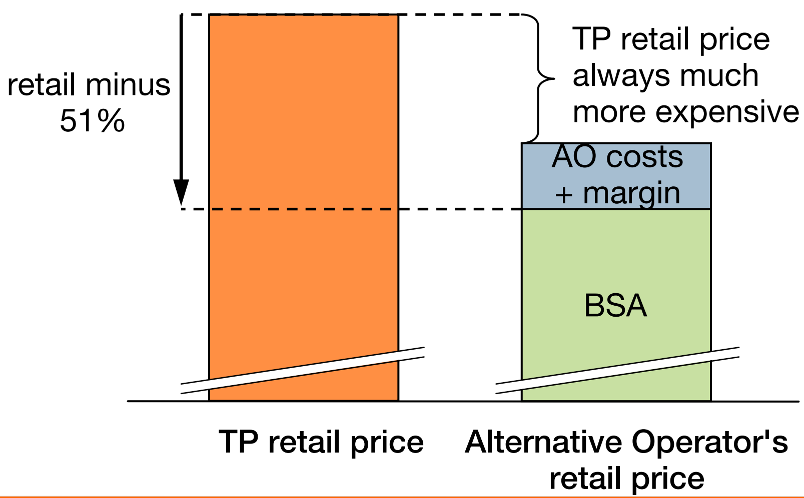
Piotr Muszyński
chief operational officer

Vincent Lobry
chief marketing officer

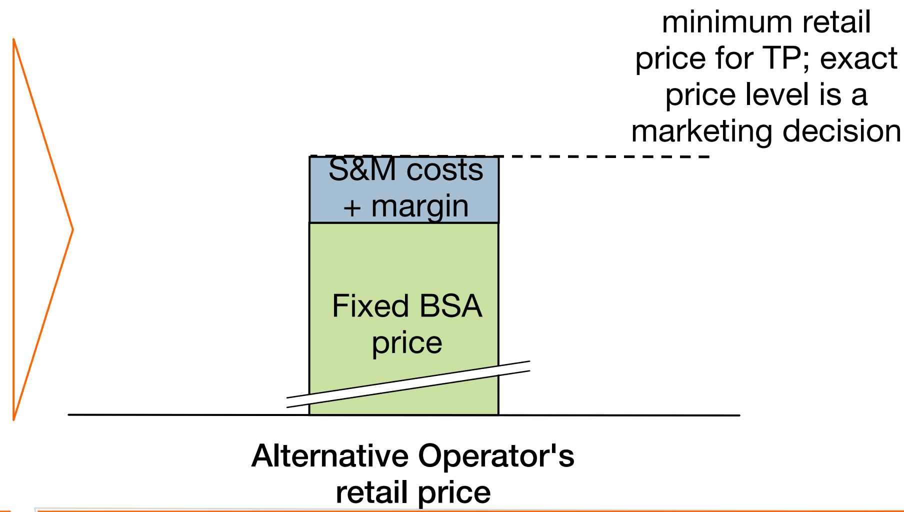


cost plus status; retail prices passed the margin squeeze test

before UKE Arrangement (retail minus)



after UKE Arrangement (cost+)



done

- BSA cost+ legal scheme implemented in reference offer (BSA 2010)
- BSA rates can now be independent on TP's retail prices to freeze BSA rates
- Wholesale annexes with BSA operators need to be signed
- TP retail prices must pass margin squeeze test to verify if alternative operators can compete with TP's retail broadband service using BSA.
- On July 23rd UKE announced that TP's new broadband offers have passed margin squeeze test

to be completed

- BSA annexes with frozen rates are being signed with alternative operators
- after receiving UKE approval, TP may change its retail prices; timing and scope will be a marketing decision (with minimal lag time of 37 to 60 days – depending on how long it took from the first test)

broadband action plan to reverse the trends in 2H

sales and marketing

- segmented regional approach based on competition, customers' income and technical availability
- rebalanced sales targets, commissions and channel mix
- identify demand and direct investment there
- develop and apply sales approach to capture sales potential of new lines

offer and communication

segmented approach to sales

new investments

sales and delivery processes

retention

marketing

- strengthen value proposition of neostrada, provide reasons to buy
- define offers targeting specific segments / geographies
- provide communication that builds confidence in the organization and strengthens purchase intention

marketing, sales, customer care

- improve proactive retention of neostrada
- introduce immediate transfer of resignations from PoS to Save Desk
- improve Safe Desk effectiveness

sales and technical delivery

- capture demand lost, incl. push of alternatives
- increase conversion ratio and shorten delivery times

4 comments on outlook & guidance

Maciej Witucki
president of the board and CEO

TP confirms outlook and raises its net free cash flow* objective

		FY outlook and guidance reminder	status	comments
outlook on trends	market value and revenue	▪ revenue erosion expected at upper-range single digit figure, but smaller than in 2009	confirmed	▪ 2H yoy erosion below 4%
	costs and EBITDA	▪ EBITDA margin is anticipated to decline by a low single digit figure*	confirmed	▪ 2H EBITDA margin at 36%-37%, with high commercial costs impacting 4Q
	capex to sales	▪ capex to sales ratio is anticipated in the range of 16%-18%	confirmed	▪ back-end capex profile, resulting from weather conditions in 1H, accumulation of capex spend in 4Q
guidance	net free cash flow	▪ net free cash flow generation at least at the level of PLN 2bn*	raised	▪ FY guidance raised to at least PLN 2.3 bn (excluding exceptional items and unpredicted regulatory impact)

* excluding exceptional items and unpredicted regulatory impact

5 Q&A session

6 appendices

appendices

I. **financials**

II. regulatory update

III. glossary

net income helped by lower depreciation and smaller financial costs

in million PLN	1H2009	1H2010	2Q2009	2Q2010	change
EBITDA	3,213	2,892	1,556	**1,472**	-5.4%
depreciation and amortization	*-2,113*	*-1,906*	*-1,053*	***-965*** 1	*-8.3%*
impairment of non-current assets	*10*	*-5*	*-3*	***0***	*n/a*
operating income	1,110	981	500	**507**	*1.4%*
net financial costs	*-264*	*-214*	*-65* 2	***-99***	*52.3%*
of which foreign exchange gains / (losses)	-43	11	-3	**-4**	n/a
income taxes	*-143*	*-158*	*-60* 3	***-84***	*40.0%*
net income	703	610	375	**325**	*-13.3%*
# of shares (weighted average, in millions)	*1,336*	*1,336*	*1,336*	***1,336***	
EPS (in PLN per share, basic & diluted)	0.53	0.46	0.28	**0.24**	*-14.3%*

1 increase in deprecation in Q2 vs Q1 2010 mainly due to one-offs:

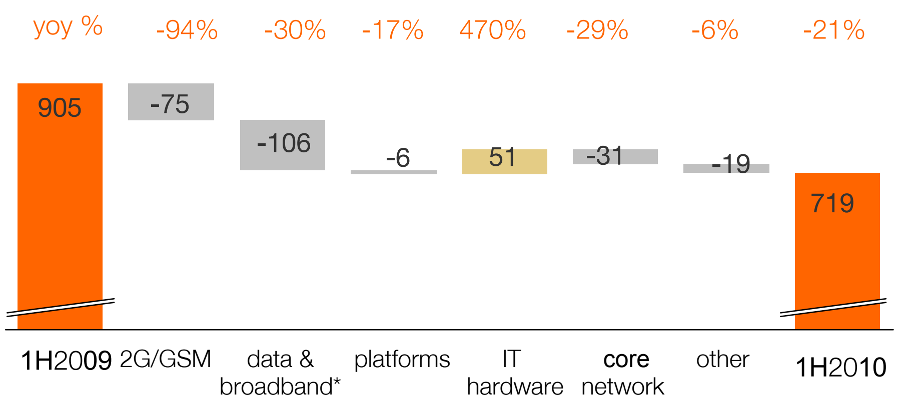
- catch-up deprecation for assets developed in stages
- change in network modernisation schedule

2 exceptionally low in Q2 2009 due to positive impact of derivatives' valuation

3 income tax lower in 2009 due to a non-recurring change in valuation allowance for deferred tax (in 2009)

capex on track; back-loaded phasing expected for 2H

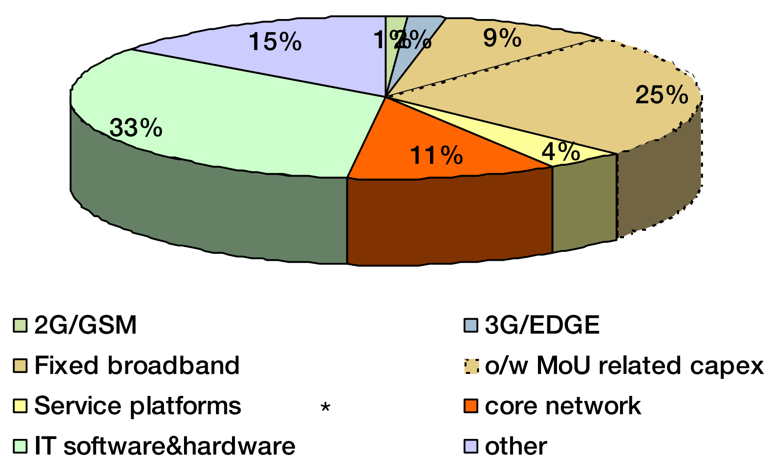
TP Group capital expenditure evolution (in PLN mn)



insights

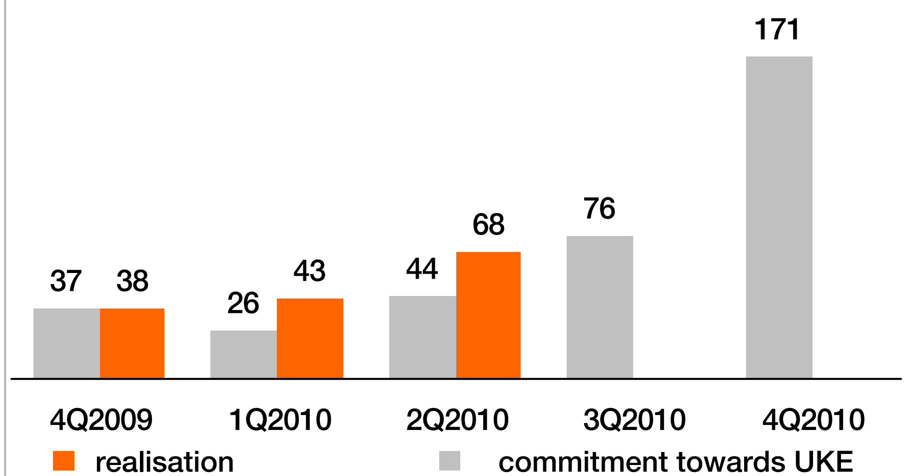
- The pace of capex execution has recovered in Q2. However, H1 level remains below last year due to low Q1.
- broadband/data* represents the largest area of investment (34% of 1H2010 Capex).
- capex resulted from UKE arrangement amounted to PLN 120 mn in Q2, totalling PLN 140 mn in H1.
- capex expected to rise in consecutive quarters as line production is planned to more than double in 2H. First investments related to HSPA+ to occur in H2.

TP Group key investment areas in 1H 2010 (in PLN mn)



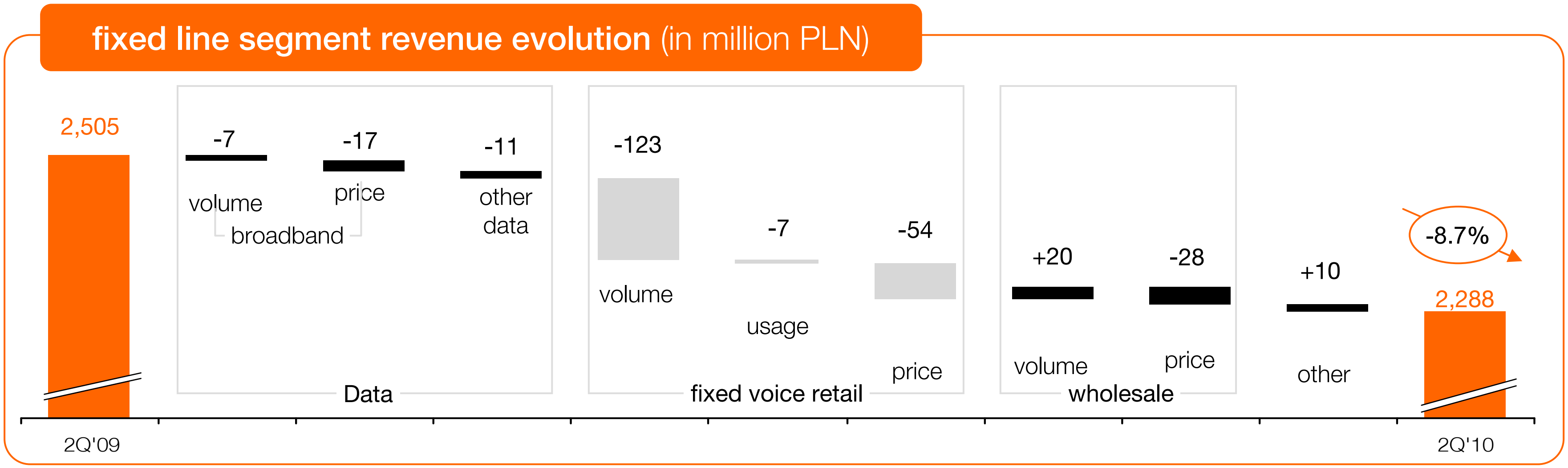
UKE arrangement

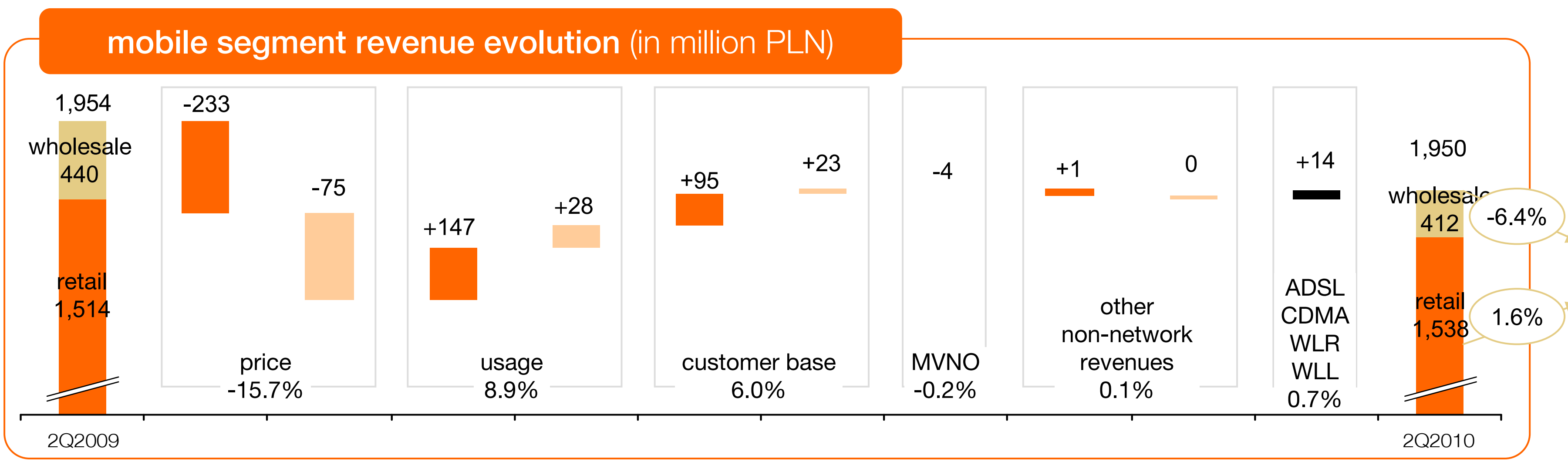
broadband production ('000 lines)



* including capex for customer premises equipment

revenue evolution by segment

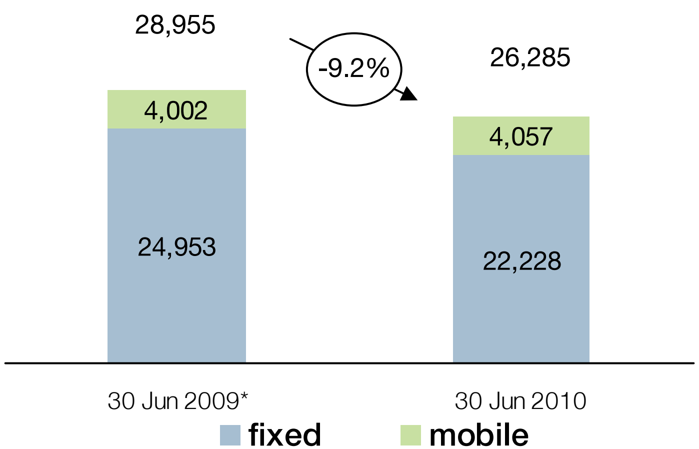




TP Group headcount and labour costs evolution

employment structure of TP Group

in FTEs

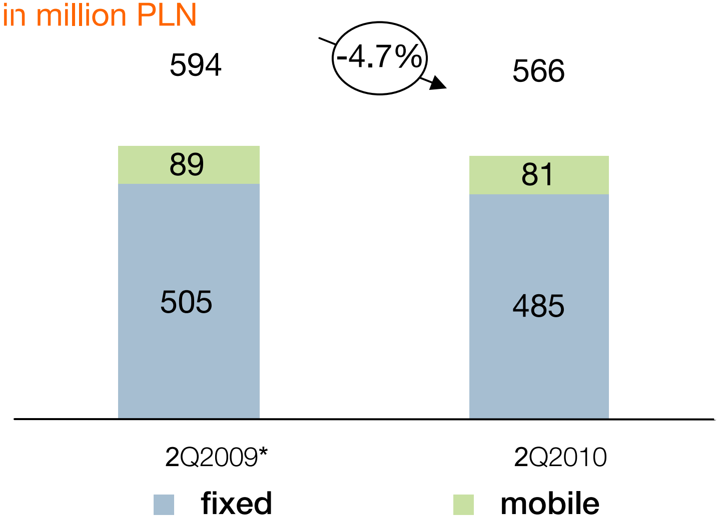


- TP Group headcount decreased in all functions:
  - network & IT by -8.0%,
  - support functions by -12.9%
  - customer functions by -10.2%

*Proforma (including Ramsat & Prado and excluding TP Med)

Labour costs

in million PLN



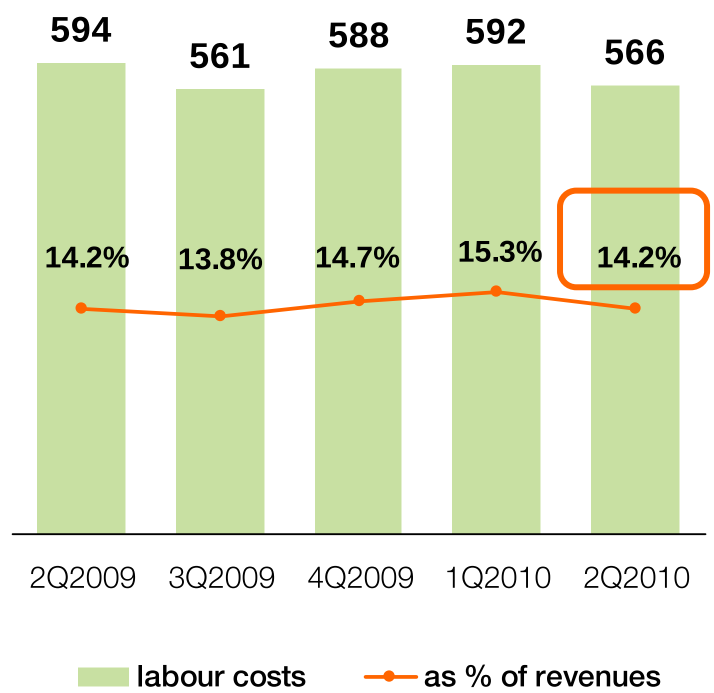
- social agreement in TP:
  - 2007: 2,350 employees
  - 2008: 2,342 employees
  - 2009: 2,440 employees
  - 1Q2010: 268 employees
  - 2Q2010: 920 employees
- Based on the agreement concluded in December 2009 with the Trade Unions, up to 1,980 employees will leave the Company in 2010.

TP Group: Labour

labour, YoY growth

	2Q2009	3Q2009	4Q2009	1Q2010	2Q2010
reported YoY growth*	-1,1%	+0,4%	+4,3%	-3.6%	-4.7%
adjusted YoY growth**	+2,8%	-2,3%	+6,9%	-3.6%	-8,3%
comparable basis YoY growth***	-0,1%	-2,4%	+8,3%	-3.6%	-6.3%

Labour costs



* 2009 – proforma 09 (without TP Med, with Ramsat)

** Adjusted YoY- labour costs restated for important one-offs concerns actuarial provisions. In April'09 in TP there was a change in a medical care system (-23,3 MPLN).

*** Comparable basis YoY growth = labour costs restated for one-offs and holiday pay provision effect.

appendices

1.1. regulatory update

memorandum of understanding between TP and UKE

	done / launched	status	expected 2010
Memorandum of understanding between TP and UKE	▪ The memorandum of understanding signed between TP and UKE should assure legal and regulatory stabilization of telecom market and will decrease regulatory risk related to telecom activity of operators. Implementation of the statements by TP should ensure that functional separation will not be imposed on TP. ▪ The main consequences of the Memorandum are as followed: – Maintenance of wholesale prices on unchanged level until 31.12.2012 provided TP's offers meet Margin Squeeze and Price Squeeze tests. – Realization of investment policy for next three years - TP will Invest in fixed broadband access infrastructure to provide at least 1,2 million new broadband lines. – Implementation of mechanisms of equal treatment rules and operational changes in scope of cooperation with alternative operators. –Withdrawal of administrative proceedings against UKE's decision on Reference Offers and decisions changing agreements with Alternative Operators.	▪ On 22/10 the memorandum between TP and UKE has been concluded. ▪ TP is implementing the resolutions specified in Memorandum of Understanding - the schedule of implementation of resolutions is a part of Memorandum. Implementation compliance with MoU requirements is verified by external auditor. ▪ Executing Investment Declaration, TP has already built over 149k lines between Oct 22, 2009 when the Memorandum was signed, and June 30th, 2010. There are still 312k lines in production planned till the end of 2010. ▪ TP has also selected and agreed with the Regulator, 68 municipal white zone regions, where over 150k lines are to be delivered (60k of which in 2010).	▪ Further implementation of the MoU in accordance with official schedule

1.2. regulatory update

wholesale market

	done / launched	status	expected 2010
bsa offer	▪ On 12/04 UKE issued decision on TP's motion to change the price list of BSA Offer 2008 in accordance with signed Arrangement with UKE. The offer implements freezing mechanism for wholesale Bitstream rates (not to be subject for retail minus). ▪ On 24/06 The EC decided to send Poland a letter of formal notice because it is concerned that UKE may have failed to respect consultation obligations under the EU's telecoms rules on wholesale broadband access tariffs. On 12/04, UKE adopted TP's BSA offer which fixed TP wholesale broadband access tariffs and the way they are calculated. The draft of this decision had not been the subject of a consultation with stakeholders at national level or made available to the EC as required by EU telecoms rules.	▪ Some of the regulations are not in line with TP's motion (eg. implementation TTM proceedings). ▪ On 26/04 TP appealed the UKE decision changing the price list of BSA Offer. ▪ The Polish case is at the first step (letter of formal notice). Next steps are: – reasoned opinion – decision to sent the case to ECJ. ▪ UKE announced in media that they are planning to notify EC the One Offer, including rates.	▪ UKE decision ▪ New BSA offer included in one offer
one offer (SOR)	▪ On 31/03 TP submitted to UKE project of one offer. ▪ On 30/06 TP received UKE's decision, issued on TP and KIGEiT motions to reconsider the UKE's decision obliging TP to prepare SOR. ▪ On 01/07 UKE launched consultation proceedings on SOR.	▪ The draft SOR version which is the subject of consultation is not in line with the draft prepared by TP. ▪ Consultations are pending till July, 30th	▪ Final decision implementing SOR
MTR	▪ On 30/04 MTR cost calculation results for PTK Centertel were delivered to UKE. Cost of MTR = 19,3gr ▪ On 17/05 PTK received UKE decision that sustained UKE decision from 3/02/2010 that extinguished MTR II decision (of 30/09/2009). UKE presented the same arguments as previously - justification for extinguishing the MTR decision is always the same - the fact that new MTR decision was issued according to UKE is enough to extinguish the previous one.		▪ PTK lodged a complain to the Administrative Court (WSA)

1.3. regulatory update

retail market

	done / launched	status	expected 2010
retail prices to Play	▪ On 02/04 UKE issued a motion to decrease prices for calls to Play in PTK offers. ▪ UKE did not accept PTK's previous explanations and called for change of PTK's price lists within 2 months (6/06/2010) - relation of wholesale costs of calls to Plus and Era networks vs Play should be taken into account in calculating of prices for calls to Play - 1:1,63	▪ Retail prices are not regulated ▪ Price for calls to Play is the same as price for calls to the other operators within commitment. ▪ Risk - financial penalty up to 3 % of PTK annual revenues	
roaming prices	▪ Since July, 1st PTK will reduce roaming prices. The decrease results from EC Decree from 18 June 2009. According to the decree prices shall be decreased to 0,39 EUR/min for outgoing calls and to 0,15 EUR/min for incoming calls.		
regulating neostrada	▪ On 6/05 European Court of Justice gave the verdict regarding the consistence of neostrada regulation by UKE with the European law. According to the UKE position, the Regulator had the power to approve the price list and terms of contract of neostrada. TP was punished by UKE many times for not providing such documents to UKE for its approval.	▪ According to ECJ, Polish Regulator had no power to regulate neostrada. Such service was not regulated under previous telecommunication regime. UKE also did not impose on TP such regulation during market analysis process.	▪ The verdict should be taken into account by national courts when they will analysis the cases of fees imposed by UKE
	▪ On 27/05 NSA issued verdict regarding UKE decision imposing on TP obligation of separating neostrada and POTS. The Court dismissed TP complaint. The verdict of NSA was passed after verdict of ECJ dated 11.03.2010, but the WSA verdict was dismissed mainly from formal reasons.	▪ The verdict doesn't have the impact on neostrada fines cases, because no fine was issued for binding neostarda and POTS	▪ TP did not appeal against the verdict.

1.4. regulatory update

retail market (2)

	done / launched	status	expected 2010
universal service	▪ On 14/05 UKE announced consultations of legal framework for Universal Service Obligations. Main assumptions of UKE proposal are as following: - Broadband services not included in scope of Universal Service - Designation of US Provider (in scope of connection, line maintenance and calls) preceded by market analyses of availability of analysis if on telephone services. - Decisions designating US Provider shall be issued for each service separately and if possible and necessary for local areas of Poland. - Network neutrality for services of connection to network, maintenance of subscriber line and dial up and fax calls - The provision of directory enquires (Ogólnopolskie Biuro Numerów) shall be opened to competition and will be provided on commercial conditions. - Possible exclusion of obligation to provide Public Phones. - Proposal of direct financial support for low income or unemployed customers. Alternatively UKE may demand from US provider to offer special subscription plan. - Net cost will be refund from public funds (obligatory for services added to scope of Universal Service) or sector fund as currently.	▪ TP proposes to include mobile services in a market analyses preceding designation of US Provider, this does not mean that TP proposes to include mobile services in Universal Service ▪ TP supports application of network neutrality principle in provision of Universal Service. ▪ Results of UKE analyses should be consulted with the market ▪ TP supports option of removing services provided over public phones from scope of Universal Service ▪ TP supports solution of financing net cost of USO from public fund ▪ TP is against participation of operators in process of verification of USO net cost calculations	▪ Draft of amendments of telecommunications law

1.5. regulatory update

analyses of relevant markets

relevant markets	done / launched	status	expected 2010
	Mobile termination of sms (new market) ▪ On 14/04 UKE informed PTK about starting of administrative proceeding in order to designate SMP on individual mobile network of PTK on market of termination of sms services.	▪ It is very likely that PTK will be designated as SMP and that UKE will impose on PTK cost calculation remedy ▪ PTK criticised draft market definition and pointed out examples of self-regulation of market as justification for lack of basis for regulation.	▪ PTK will prepare its position as soon as draft of decision will be available.
	Call origination in fixed networks (market 2/2007) ▪ On 20/04 UKE informed about launching the proceeding for designating TP as SMP operator on market 2/2007 and imposition regulatory obligations.	▪ No significant changes are expected. TP is regulated on that market today.	▪ The draft decision imposing obligations on TP is expected.
	Wholesale broadband (market 5/2007) ▪ On 27/04 UKE started analyzing market 5/2007 in the context of geo segmentation.	▪ Such process may lead to the deregulation of the market in big cities. ▪ Remedies imposed on TP in big cities may be lifted	▪ The draft decision imposing obligations on TP is expected.

1.6. regulatory update

other issues (1)

	done / launched	status	expected 2010
cost calculation	▪ On 4/05 UKE issued decision of acceptation of cost calculation descriptions for the year 2011 and accounting separation for the year 2009. The decision was issued on TP's motion for reconsideration the decision issued in January 2010. UKE sustained the approach towards the "avoidable costs" in LRIC cost calculation, which will result in low costs of wholesale access services. This situation is similar as in the last year.	▪ On 02/06 - TP submitted the claim to WSA court against UKE decision of acceptation cost calculation descriptions for the year 2011. TP contradicts to the UKE`s approach towards the "avoidable costs" in LRIC cost calculation.	▪ WSA verdict.
	▪ On 30/04 TP delivered to UKE instruction of accounting separation for 2010 and cost calculation descriptions for 2012.	▪ Documents amended according to the Arrangement with UKE.	▪ UKE decision
	▪ On 10/05 the auditor E&Y started the regulatory audit in TP. The subject of the audit is cost calculation for the year 2011 and accounting separation for the year 2009.	▪ The audit is pending	▪ Auditor's opinion expected on July, 30th.
net cost deficit	▪ On 30/06 TP submitted a motion regarding the net cost deficit application for the year 2009. TP in its motion requested 236,2 mln PLN.	▪ So far TP applied for net cost deficit for years 2006, 2007 and 2008. All cases are pending. ▪ UKE announced a tender for the auditor of calculations of net costs deficit.	▪ Announcement of the auditor. ▪ Decisions regarding TP motions.

1.7. regulatory update

other issues (2)

	done / launched	status	expected 2010
EC proceedings	▪ In September 2008, the European Commission conducted an inspection at the premises of TP S.A. and PTK-Centertel Sp. z o.o. The aim of the inspection was to gather evidence of a possible breach by TP S.A. of competition rules on the broadband Internet market. ▪ On 1 March 2010, TP S.A. received a Statement of Objections from the European Commission regarding an alleged abuse of dominant position, by refusing to supply access to its wholesale broadband services.	▪ The Company responded to the Statement of Objections on 2 June 2010.	▪ The audience before the European Commission scheduled on 10 September 2010.

1.8. regulatory update

fines imposed on TP and its subsidiaries (1)

	done / launched	status	expected 2010
main penalties	▪ 100,000,000 PLN penalty imposed on TP by UKE on 25th September 2006 for establishing the price of neostrada services not in line with the cost and on clear, objective and non-discriminatory criteria. On 22 May 2007, the Court invalidated the fine on procedural grounds. On 28 June 2007, UKE appealed this verdict. On 10 April 2008, the Appeal Court revoked the judgment of SOKiK and remanded the case back to reconsideration by SOKiK. On 2 June 2009, SOKiK suspended the proceeding until the end of the proceeding against Poland in the European Court of Justice, the result of which may, in SOKiK opinion, impact the proceeding suspended by SOKiK.	▪ On 6 May 2010 the European Court of Justice passed a judgment in the European Commission proceeding against Poland. The Court ruled that by regulating retail tariffs for broadband access services without carrying out a prior market analysis, Poland has failed to fulfill its obligations under the Universal Service Directive in conjunction with the Framework Directive.	▪ SOKiK has not yet resumed the proceedings.
	▪ 339,000,000 PLN penalty imposed on TP by UKE on 21st February 2007, after TP S.A. had separated providing neostrada tp from fixed line services, for introduction of new price list for neostrada tp services without UKE acceptance and for the infringement of the obligation to determine the price of the services on the basis of the cost of their provision and on clear, objective and non-discriminatory criteria. SOKiK has suspended also this proceeding.	▪ See above	▪ SOKiK has not yet resumed the proceedings.
	▪ 75,000,000 PLN penalty imposed on TP by UOKiK on 20th December 2007 for degradation of IP traffic.	▪ First hearing took place on 15th December 2009.	▪ The matter is currently being investigated by SOKiK.

1.8. regulatory update

fines imposed on TP and its subsidiaries (2)

	done / launched	status	expected 2010
development in other penalties exceeding PLN 1 mln	▪ On 2 June 2010 the President of UKE issued a decision to impose a fine of 2 mln PLN on TP for failure to meet the obligation to ensure toll-free connections to emergency numbers (112, 999, 998, 997) and to route calls to the correct units of emergency services for the territory of Białystok, Leszno and Aleksandrów Kujawski in July and September of 2009.	▪ On 21 June 2010 TP appealed against the decision to SOKIK.	▪ Hearing in SOKiK.
	▪ On 30 June 2010 the Appeal Court annulled TP appeal (after Supreme Court verdict) concerned abusing of TP dominant position on the market of access to domestic long distance telephony services and international telephony services by numbering 0 708. The UOKiK decision with the fine of 12,2 ml PLN concerned TP breaching competition by increase of the first group premium rates tariffs (0 708), which were used by OA to provide long distance and international calls is legally binding.	▪ After Supreme Court judgment ordering Appeal Court to reconsider the case, TP sent the request to UOKiK to return already paid fine, and on 5 May TP had got the fine with interest rates - now, TP is obliged to pay the fine once again.	▪ After receiving written justification of the verdict TP will consider the cassation claim.
	▪ In 2009 TP paid 10.8 M PLN fine imposed by UOKiK in 2004 (reduced by the Court of Appeal from 14,15 M PLN) for abuse of dominant position by unfair determination of the prices for leases of the cable ducts.	▪ In May 2010, after verdict by the Supreme Court, UOKiK repaid 11.7 M PLN fine with interest. After re-judgment, the Court of Appeal overruled UOKiK's decision imposing the fine on 14 July 2010.	▪ The appeal proceedings has been completed

appendices

I. financials

II. regulatory update

III. glossary

glossary (1/3)

ARPL	Average Revenue per Line
ARPU	Average Revenue per User
AUPU	Average Usage per User
CATV	Cable Television
Catch-up	A type of VoD where broadcasters make programming available for streaming
CPS/CS	Carriers Pre-Selection/ Carriers Selection
DLD	Domestic Long Distance Calls
DSLAM	Digital Subscriber Line Access Multiplexer
DTH	Direct To Home
DVB-T	Digital Video Broadcasting - Terrestrial
DVB-H	Digital Video Broadcast - Handheld
EBITDA	Operating income + depreciation and amortization + impairment of goodwill + impairment of non-current assets
F2M	Fixed to Mobile Calls
FTTH	Fiber To The Home
HFC	Hybrid Fibre Coax
HSDPA	High Speed Downlink Packet Access

glossary (2/3)

HSPA	High Speed Packet Access
ICT	Information and Communication Technologies
ILD	International Calls
IP TV	TV over Internet Protocol
IVR	Interactive Voice Response
LC	Local Calls
Liquidity Ratio	Cash and unused credit lines divided by debt to be repaid in the next 18 months
LLU	Local Loop Unbundling
LTE	Long Term Evolution *(3GPP 4G technology)*
LTO	Local Telecommunication Operator
MoU wth UKE	Memorandum of Understanding signed with UKE
MTR	Mobile Termination Rates
MVNO	Mobile Virtual Network Operator
Net FCF	Net Free Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables)
NGA	Next Generation Access
NGN	Next Generation Network

glossary (3/3)

POS	Point-Of-Sale
POTS	Plain Old Telephone Service
PVR	Personal Video Recorder
RIO	Reference Interconnection Offer
RLLO	Reference Leased Line Offer
RUO	Reference Unbundling Offer
SAC	Subscriber Acquisition Costs
SDI	Permanent (Rapid) Access to Internet
SMP	Significant Market Power
USO	Universal Service Offer
UKE	Office of Electronic Communications - Regulator
VAS	Value Added Services
VDSL	Very High Speed Digital Subscriber Line
VoIP	Voice over Internet Protocol
WLL	Wireless Local Loop - a term for the use of a wireless communications, the "first mile"
WLR	Wholesale Line Rental