

# Cyfrowy Polsat Newsletter

**13 – 19 June 2011**

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
	15.06	<p><b>Rzeczpospolita: Wavebands not an obstacle to battle over Plus</b>                      Zygmunt Solorz-Żak is not afraid of losing Polkomtel due to too many wavebands. <i>There is no such thing as a frequency market. Companies taking over mobile operators value share in revenues and customers, not in wavebands</i> – was the answer provided by Zygmunt Solorz-Żak to the question whether he fears that the Office of Competition and Consumer Protection will not allow him to acquire Polkomtel, as the acquisition would result in the companies controlled by him, including the Plus network, taking over the majority of radio frequencies in the country. The assumption that the take-over would strengthen his position results from the calculations carried out by P4, operator of the Play network, which is concerned about the domination of the Solorz-Żak group.</p> <p><b>Puls Biznesu: Solorz forced to return frequencies?</b>                      The Office of Electronic Communications annulled the 2007 bid for 1800 MHz frequencies. The winners were CenterNet and Mobyland (nowadays both companies belong to Zygmunt Solorz's group). PTC appealed against the procedure, as its offer was declared invalid. The tender procedure will be repeated and PTC's offer will be re-assessed on the basis of previously submitted offers. The author's sources say that even if the whole call for proposals was annulled and frequencies were taken away from CenterNet and Mobyland, Solorz's position would not be weakened. Especially if he bought Polkomtel. The frequencies are being used only for purposes of testing, and if the 2007 decision was annulled, both companies would demand not only return of funds, but also high compensation for the investments made.</p>
	16.06	<p><b>Puls Biznesu: Zygmunt Solorz-Żak closest to Plus</b>                      One of the richest Poles bids highest. Telenor and Apas are still in the game. Zygmunt Solorz-Żak gave most for Polkomtel, according to the Bloomberg agency, which based this item of news on information from</p>

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		<p>unofficial sources. In the opinion of Bloomberg, Solorz-Żak wants to buy Polkomtel for PLN 18 billion. The price is most important to the sellers, so he has best chances of acquiring the Plus network operator.</p> <p><b>Parkiet: Subscribers on the rise</b>                      The Polish pay TV market is a leader in Europe, the Middle East and Africa (EMEA) - according to PricewaterhouseCoopers' report. In the opinion of PwC experts, Poland currently has 11.97 million households with access to pay television (satellite, cable and IPTV). Its share in the whole TV market amounts to 83.4%. Only Russia has more customers of such services in CEE and Eastern Europe (nearly 19.9 million). In EMEA, Poland is surpassed only by France (20.5 million), Germany (22.1 million) and UK (14.3 million). It is estimated that in 2015 the number of Polish households with pay television will equal 13.3 million. This result would allow Poland to take fifth place in EMEA. This means that the share of pay television in the Polish TV market will amount to 90.9% in 2015.</p>
<p><b>Rzeczpospolita: Solorz pinches pennies to buy Plus</b>                      Zygmunt Solorz-Żak, who is the front-runner in the race for Polkomtel, intends to sell shares in Cyfrowy Polsat. As one may read in the media release, the funds obtained thanks to the sale are necessary to make investments in telecommunications. It is not yet clear how many shares will be sold.</p> <p><b>Polish Press Agency (PAP): Solorz-Żak to allocate funds from sales of Cyfrowy Polsat shares to investing in construction of the LTE network</b>                      PAP was informed by Zygmunt Solorz-Żak that the funds obtained thanks to sale of shares in Cyfrowy Polsat will be allocated to the construction of the LTE network, and not for</p>	<p>17.06</p>	<p><b>Dziennik Gazeta Prawna: Plus to be sold in less than a month</b>                      Three, four weeks - that's how much longer the process of selling Polkomtel might take - according to transaction insiders. The closer to the transaction, the fiercer the competition. Zygmunt Solorz-Żak considers the accusations of P4 unfounded. P4, operator of the Play network, appealed to the Office for Competition and Consumer Protection for re-analysing the transaction and claimed Zygmunt Solorz-Żak is aiming at monopolising frequencies. <i>A monopoly is out of the question here. If one takes all the available frequencies, and all the frequencies which will be available on the market in a moment, even after dissolution of the digital dividend, then the share of our frequencies together with those held by Polkomtel would amount to approximately 20% - said Solorz-Żak to DGP.</i></p>

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<p>the acquisition of Polkomtel. Solorz-Żak added that the funds allocated to a possible acquisition of the network are already secured on bank accounts and in the form of loans.  <i>In terms of financing, Polkomtel is a settled issue. Funds for the acquisition have been secured on bank accounts and in the form of loans. The amount obtained from the sale of shares in Cyfrowy Polsat will be allocated to the construction of telecommunication networks, or to be more precise, the LTE network - said Solorz-Żak.</i></p>		<p><b>Gazeta Wyborcza: Digital start</b>                      The first stations, which were established thanks to the introduction of on-ground digital television, are not doing so well as the moment. They are more often viewed on platforms and in cable networks than through standard antennas.                      Theoretically, as many as 46% of Polish citizens can view TV 6 – the new entertainment television channel owned by the company Polskie Media – via standard antennas, and from August this number might be increased to 87%. The channel is available in the second package of digital terrestrial television, which is quickly expanding. Only currently most viewers access TV 6 via digital platforms and cable networks. Preliminary estimates performed by Nielsen Audience Measurement show that only 4% of viewers access DTT, which translates into approx. half a million households.</p>
<p><b>Parkiet: Solorz-Żak and Ruta test demand for Cyfrowy Polsat</b>                      The sales offer of Cyfrowy Polsat shares might, according to analysts, include from 63 million to 90 million shares, i.e. over 25% of all issued shares. The sale was announced by the founders of Cyfrowy Polsat – Zygmunt Solorz-Żak and Heronim Ruta. If demand is high – and according to analysts it will be – the owners of the company will make even as much as about PLN 1.4 billion.</p>	<p>18.06</p>	<p><b>Parkiet: Offers for purchasing Dialog: Vectra to replace Hawe?</b>                      It is highly likely that three offers for the purchase of the stationary operator were submitted by investors. Netia and MNI did not change their minds, they want to buy Dialog, whereas the public company Hawe withdrew its proposal. Jerzy Karney, President of the company, justifies this decision with the lack of understanding with KGHM's advisor regarding the contents of the agreement and the scope of formal and legal examination of Dialog.</p>

### Latest events

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**Current report no 38**  
**11 June 2011**

**Termination of the security interest agreement and creation of security interest**

The Management Board of Cyfrowy Polsat S.A. (the "Company"), in relation to Current Report No. 34/2011 dated May 20, 2011, hereby announces the creation of security interest on assets of significant value by the Company's subsidiary and the termination of the agreement regarding the creation of security interest on assets of significant value.

On June 10, 2011, Cyfrowy Polsat Finance AB (publ) with its registered office in Stockholm ("CP Finance"), in which Company holds 100% of shares, concluded a pledge agreement with Citicorp Trustee Company Limited with its registered office in London ("Citicorp") under which CP Finance established in favor of Citicorp, subject to the completion of registration proceedings and satisfaction of other legal requirements, a registered pledge and a financial pledge over 10 registered Series A bonds numbered 01 through 10 governed by Polish law and issued by the Company on May 20, 2011 with the nominal value of EUR 35,000,000 each (interest rate 8.16% p.a. on the nominal value of the bonds) and the total nominal value of EUR 350,000,000 maturing in 2018 (the "Bonds"); the issue of the Bonds was disclosed by the Company in its Current Report No. 34/2011 dated May 20, 2011. The aforementioned pledges secure the senior secured bonds with the total nominal value of EUR 350,000,000 maturing in 2018, issued by CP Finance as disclosed by the Company in its Current Report No. 34/2011 dated May 20, 2011 as well as liabilities of the Company and other debtors under the loan agreements disclosed by the Company in its Current Report No. 11/2011 dated March 31, 2011.

In addition, on June 10, 2011, the security assignment agreement of May 20, 2011 between CP Finance as the assignor and Citicorp as the assignee (acting as a security agent), under which the CP Finance assigned conditionally to the Citicorp its rights under the Bonds, was terminated; the execution of the agreement was disclosed by the Company in its Current Report No. 34/2011 dated May 20, 2011.  
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**Current report no 39**  
**16 June 2011**

**Notice of the intended sale of the Company's shares by its Significant Shareholders**

The Management Board of Cyfrowy Polsat S.A. (the "Company") informs that on June 16 2011 the Company received a notice (the "Notice") from Zygmunt Solorz - Żak and Heronim Ruta (the "Shareholders") that the Shareholders have asked Deutsche Bank, Credit Agricole CIB as well as Trigon, to investigate a potential placement of a portion of the Company's shares held directly or indirectly by the Shareholders. The Shareholders have also informed the Company that it is their intention for the completion of any potential placement to result in Mr. Zygmunt Solorz - Żak's keeping a majority of the share capital in the Company. The proceeds from the completion of the potential placement would be used by Shareholders for investments in the telecommunications sector.

The Company's Management Board would support such a potential placement, as it should result in a free float increase, and will be available for investor meetings over the coming days.

According to the Notice, the potential placement would be only directed at persons who are qualified investors as described in Article 8 of the Act.

### Latest events

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According to the Notice, the potential placement would be only directed at persons who are qualified investors as described in Article 8 of the Act.

Moreover, the potential placement would be only directed at (a) persons who are outside the United Kingdom or (b) persons who are qualified investors as described in section 86(7) of the Financial Services and Markets 2000 and who are (i) persons who have professional experience in matters relating to investments falling within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on any announcement related to the potential placement. Any investment or investment activity to which any announcement on potential placement relates would be available only to and will be engaged in only with relevant persons. Any offer of Company's shares to the public that may be made during the realization of the potential placement in any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive") will only be addressed to and only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

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#### Current report no 40 17 June 2011

#### **Standard & Poor's Rating Services assigned 'BB-' long-term corporate credit rating to Cyfrowy Polsat S.A. and 'BB-' issue rating to the EUR 350 million senior secured notes issued by Cyfrowy Polsat Finance AB (publ)**

The Management Board of Cyfrowy Polsat S.A. ("Cyfrowy Polsat") informs that Standard & Poor's Rating Services ("S&P") assigned 'BB-' long-term corporate credit rating to Cyfrowy Polsat with stable outlook. S&P also assigned 'BB-' issue rating to the EUR 350 million senior secured notes due 2018 (the "Senior Notes"), which was issued on May 20, 2011 by Cyfrowy Polsat Finance AB (publ), a wholly owned Swedish subsidiary of Cyfrowy Polsat.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

### Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Volume (PLN ths.)
17-06-2011	15.98	15.17	15.80	-1.86%	22 122.55
16-06-2011	16.73	15.95	16.10	-3.48%	5 848.18
15-06-2011	17.06	16.60	16.68	-1.88%	4 955.31
14-06-2011	17.00	16.61	17.00	0.77%	678.09
13-06-2011	16.90	16.30	16.87	3.05%	1 169.46

