

# Cyfrowy Polsat Newsletter

**20 – 26 June 2011**

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
<p><b>Dziennik Gazeta Prawna: Shares of Cyfrowy Polsat to rise</b> Shares of Cyfrowy Polsat (CP) should recover their Friday losses quickly, most analysts say. The price is expected to start climbing up within the next few days. The valuations made by Trigon and IDM brokerage houses show the current stock price has a lot of potential for growth – the company's shares may gain over 20% to reach the target estimates of PLN 19. Whereas, according to BRE brokerage analysts, who evaluated CP shares at PLN 15.3, the company should reap substantial benefits from the expanding range of thematic channels, contributing to higher advertising and licensing revenues.</p> <p><b>Rzeczpospolita: Polsat and TVP involved in the launch of the first Polish-Ukrainian television in Ukraine</b> TVi Europe, the first Polish and Ukrainian satellite channel, will be put on air in September 2011. The television is going to broadcast films and TV series purchased from TVP as well as to retransmit the Polsat News station feature programmes, including Polsat's "Wydarzenia" (Events) – every day half an hour after the broadcast in Poland, and "To był dzień na świecie" (World News Roundup) – on the next day's morning after the evening transmission in Poland, both translated into Ukrainian.</p>	<p>20.06</p>	<p><b>Dziennik Gazeta Prawna: Aster at first, now Polkomtel and Dialog, and perhaps also Exatel – these operators are likely to change owners any moment.</b> This means better deals for customers, but not necessarily a dramatic drop in prices. According to chief analyst at Audytel consulting company, the sale of Polkomtel will have the greatest impact on customers among all ownership changes in the telecommunications market. From this perspective, the most interesting is going to be a potential takeover of the mobile operator by Zygmunt Solorz-Żak who, together with Cyfrowy Polsat, could create a whole new quality. <i>"High-speed LTE Internet plus a rich television offer may generate an unprecedented product mix. However, I would not expect a sharp decline in prices as the group of companies will need to make costly investments"</i> – says the analyst.</p>
<p><b>Rzeczpospolita: Buy Cyfrowy Polsat shares</b> UBS analysts upgraded their recommendation for the shares of Cyfrowy Polsat from "neutral" to "buy". On 20 June, CP's shares closed at PLN 16.2.</p>	<p>21.06</p>	<p><b>Dziennik Gazeta Prawna: Solorz to get support from banks in his bid for Plus network</b> Zygmunt Solorz offers the most for Plus, which is as much as PLN 18 billion, but is unable to finance the investment on his own and must have partners. According to the findings of <i>Dziennik Gazeta Prawna</i> daily, this is a consortium of five Polish and foreign banks.</p>

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		<p>Analysts stated that the price of PLN 18 billion is high and it only makes sense when followed by market consolidation to protect Polkomtel against the alliance of Orange and T-Mobile operators, who are going to develop and manage the network together. The market speculates that the next operator put up for sale might be P4 – the operator of Play network.</p>
<p><b>Gazeta Wyborcza: Lower shareholding of Solorz in Cyfrowy Polsat</b>            Zygmunt Solorz-Żak and his associate Heronim Ruta want to sell up to 86.1 million shares in Cyfrowy Polsat. This means investors may purchase a 25% stake in the platform. Nonetheless, the businessman is going to retain control of the company.</p>	<p>22.06</p>	<p><b>Rzeczpospolita: Solorz-Żak obtains exclusivity in the race for Polkomtel</b>            Shareholders of Polkomtel decided to grant the businessman an exclusive right to negotiate the purchase of the company's shares, according to unofficial information received by the daily paper.</p>
<p><b>Parkiet: The founders sold a quarter of the company's shares</b>            Zygmunt Solorz-Żak and Heronim Ruta, the founders of Cyfrowy Polsat, received PLN 1.35 billion from the sale of 86.1 million of the company's shares. The buying institutions agreed to pay PLN 15.7 per share, which matched exactly the subsequent stock closing price on Wednesday's session.</p>	<p>24.06</p>	<p><b>Dziennik Gazeta Prawna: Plus for Solorz, trouble for Play</b>            If the billionaire manages to take over Polkomtel, the balance of power in the Polish telecommunications market will change significantly. The transaction will give rise to a large telecom and media group with the potential to be a real counterweight to Telekomunikacja Polska. The mobile market will be dominated by two strong players: Solorz's Plus and Orange cooperating with T-Mobile. P4, the operator of Play network, will be left alone in the middle. Some analysts expect it will be increasingly difficult for Play to stay in the competition with large market players, and therefore it might be poised to change its owner soon. Due to the market concentration, the Office of Competition and Consumer Protection (UOKiK) is not likely to consent to the acquisition of the operator by any of the Big Three players.</p>

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		<p><b>Rzeczpospolita: Aero2 launches free Internet for the social benefit</b> The service has been initiated to fulfil one of the key obligations imposed by the Office of Electronic Communications in the tender for the 2.6 GHz radio frequency intended for the provision of broadband services in LTE technology. The social Internet access will enable the basic use of the Web, with speeds up to 256 Kbps during the first year and 512 Kbps for two consecutive years (commitment to the regulator is expected to last 3 years).</p>

## Latest events

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### Current report no 41 21 June 2011

#### **Establishment of security on assets carrying a significant value**

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby gives notice of the establishment of further security in connection with the Senior Facilities Agreement (the "Senior Facilities Agreement") concluded by the Company on March 31, 2011 and the High Yield Notes (the "High Yield Notes") issued on May 20, 2011 by Cyfrowy Polsat Finance AB (publ), a subsidiary of the Company, which was notified by the Company in its current report Nos. 11/2011 and 34/2011 dated on 31 March 2011 and 20 May 2011 respectively.

On June 20, 2011, in connection with the transformation of the Company's subsidiary - Telewizja Polsat S.A. - into a limited liability company, the Company entered into a pledge agreement by which it established a financial and registered pledge on all the shares of Telewizja Polsat Sp. z o.o. held by the Company.

On the same day of June 20, 2011, Telewizja Polsat Sp. z o.o. and Telewizja Polsat Sp. z o.o.'s subsidiaries: RS TV S.A., Polsat Media Sp. z o.o., Media-Biznes Sp. z o.o., Nord License AS with its registered office in Norway, Polsat License Ltd. with its registered office in Switzerland and Polsat Futbol Ltd. with its registered office in the United Kingdom executed agreements and other documents, on the basis of which additional security were established to secure the repayment of a term facility loan and a revolving facility loan granted under the Senior Facilities Agreement and the repayment (redemption) of the High Yield Notes, in particular, without limitation. (....)

### Current report no 42 21 June 2011

#### **Notice of the significant shareholders' decision to sell shares in the Company**

The Management Board of Cyfrowy Polsat S.A. (the "Company") gives notice that on June 21, 2011 the Company received a notice (the "Notice") from Polaris Finance B.V., Karswell Limited and Sensor Overseas Limited (hereinafter the "Significant Shareholders") vehicles controlled respectively by Mr. Zygmunt Solorz - Żak and Mr. Heronim Ruta, that the Significant Shareholders had decided to sell up to 86.111.018 of shares held by them in the Company through an accelerated bookbuilding (the "Placement"). The Significant Shareholders have also informed the Company that it is their intention for the completion of Placement to result in Mr. Zygmunt Solorz - Żak's keeping the majority of the Company's share capital. The proceeds from the completion of the Placement will be used for investments in the telecommunications sector.

The Company's Management Board supports the Placement, as it will result in a free float increase.

The transaction will be managed by Deutsche Bank, acting as lead joint bookrunner, Credit Agricole Corporate and Investment Bank, acting as joint bookrunner, and Trigon, acting as domestic co-bookrunner.

According to the Notice, the Placement will be only directed at persons who are qualified investors as described in Article 8 of the Act on the Public Offering and the Conditions Governing the Introduction of Financial Instruments to an Organized System of Trading and on Public Companies.

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## Latest events

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**Current report no 43**  
**22 June 2011**

### **Notice of the completion of the book building process for the Company's shares**

The Management Board of Cyfrowy Polsat S.A. (the "Company") gives notice that on June 22, 2011 the Company received a notice (the "Notice") from Polaris Finance B.V., Karswell Limited and Sensor Overseas Limited (hereinafter the "Significant Shareholders"), vehicles controlled respectively by Mr. Zygmunt Solorz - Żak and Mr. Heronim Ruta, that on June 22, 2011 the book building process (the "Placement") for 86.111.018 of the Company's shares held by the Significant Shareholders had been completed. The price was fixed at PLN 15.70 per share. The Significant Shareholders have also informed the Company that the completion of the Placement will result in Mr. Zygmunt Solorz-Żak's keeping the majority of Company's share capital.

The Placement is managed by Deutsche Bank, acting as lead joint bookrunner, Credit Agricole Corporate and Investment Bank, acting as joint bookrunner, and Trigon, acting as domestic co-bookrunner.

According to the Notice, the Placement is only directed at persons who are qualified investors as described in Article 8 of the Act on the Public Offering and the Conditions Governing the Introduction of Financial Instruments to an Organized System of Trading and on Public Companies.

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### Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
24-06-2011	16.00	15.60	16.00	1.91%	26 789.97
22-06-2011	16.10	15.60	15.70	-2.30%	67 879.69
21-06-2011	16.40	15.95	16.07	-0.80%	1 433.72
20-06-2011	16.23	15.60	16.20	2.53%	10 996.61

