

Cyfrowy Polsat IR Newsletter

19 – 25 May 2014

The press about us

Rzeczpospolita: End of growth of pay TV

The largest pay TV operator in Poland, Cyfrowy Polsat, reported a minor decrease in the number of subscribers (by 0.2%) to 3.53m users at the end of March. Cyfrowy Polsat's competitor, nc+ platform, reported 2.2m users for several past quarters. UPC Polska, the largest operator of cable television, saw a decline in the number of subscribers – in the first quarter of 2014 their total number fell by 1.1% compared to the end of 2013.

This situation forces operators to focus more and more on bundling of services in order to increase ARPU as well as customer loyalty. In consequence, market consolidation will continue. In Poland the leading example is the recent takeover of Polkomtel by Cyfrowy Polsat. According to CEO of Cyfrowy Polsat, Dominik Libicki, service bundling is justified as the Polish multi-play market is half the size of the average for European Union countries. Libicki emphasizes that now is the time to expand bundles beyond their standard elements, which until now included television, telephony and internet access.

Mergers of telecoms and pay TV operators on a fairly saturated market are a world trend. In the U.S. the telecom Comcast is taking over the cable network Time Warner Cable for USD 45bn, and the telecom giant, AT&T, is planning to acquire the largest satellite TV operator on that market – DirecTV – for USD 50bn.

Date

19.05

The press about TMT market in Poland

Parkiet: Kino Polska TV

The company revised its EBIDTA forecast for 2014 from PLN 55m to PLN 42m, justifying it with a decline in the number of subscribers following the merger of nc+ platform. In the first quarter of 2014 Kino Polska TV Capital Group's revenue amounted to PLN 24.1m (YoY decrease by 6.55%), its operational profit – to PLN 40.8m (compared to nearly PLN 5m in the previous year), and net profit attributable to equity holders of the parent – to PLN 39.3m (compared to PLN 4.5m in the previous year). The group's high profits are the result of the sale of shares in Stopklatka to Agora.

Parkiet: Encouraging investments

The president of the Office of Electronic Communications (UKE), Magdalena Gaj, wants to release Orange from the obligation to provide internet access in the wholesale line rental model (Bit Stream Access) to smaller operators on the territory of 76 municipalities. That implies more freedom for Orange (the liberty to shape prices) and easier competition with cable networks. The president of UKE expects that the decision could enter into force in September and does not anticipate a protest from the European Commission. UKE will deregulate Orange in those areas, where effective competition had been ascertained. According to UKE's proposal, operators, who use Orange's infrastructure, can continue to provide services on current conditions for 24 months following the entry into force of the decision.

The press about us

Date

The press about TMT market in Poland

19.05

Dziennik Gazeta Prawna: Will UKE call off the auction?

The Office of Competition and Consumer Protection (UOKiK) pointed out mistakes of the Office of Electronic Communications (UKE) regarding the preparation of the sale of 800 MHz frequencies. Over the past year the conditions set out in the auction documentation had changed significantly, while the reasons behind those changes are unclear. They concern among others the withdrawal of the limitation imposed on entities, who already hold frequencies in the 900 MHz band. Also the definition of a capital group applied in the documentation raises doubts. According to the president of UOKiK, given that offers, which exceed limits and are submitted within one capital group will be excluded from the auction, the definition should be reconsidered before the auction. Furthermore, the president of UOKiK emphasizes that a tender would be a better solution with respect to the development of the competitive market. The key issue is to motivate investors to make investment decisions fairly quickly and fulfill their commitments, which could be hindered in the case of an auction due to numerous doubts voiced by entrepreneurs.

Dziennik Gazeta Prawna: Polsat held on to its audience

As the only one among the great four – Polsat TVN, TVP1 and TVP2 – Polsat managed to break the unfavorable trends of the past years. From April 1 to mid-May of this year the channel gained 3% in audience share compared to the corresponding period of the previous year and thus became the leader among the biggest stations. Novelties were the hit of the spring programming schedule: “Your face sounds familiar”, the culinary show “Hell’s Kitchen” and “Wydarzenia” (News). Polsat’s results are all the more impressive given the increased competition in the DTT segment. The launching of three new channels on multiplexes and investments on programming of other DTT channels contributed to further fragmentation of the audience.

20.05

The press about us

It seems that the worst is behind the television industry. In the first quarter of 2014 Polsat's revenue from advertising and sponsorship amounted to PLN 207m, that is 13.5% more than in the previous year (this increase reflects the fact that TV4 and TV6 channels joined the group). Public television also achieved better results, after two months of 2014 it managed to improve its result by PLN 83.3m compared to the corresponding period of 2013. As for TVN, in the first quarter advertising revenue amounted to PLN 265m and was 2.5% higher than in the prior year, compared to dynamics in the industry at the level of 4.7%.

According to a report by Starlink, the first quarter of 2014 is the second since eleven quarters to bring growth of television advertising. Starlink estimated the television market at PLN 823.8m.

Date

20.05

The press about TMT market in Poland

22.05

Rzeczpospolita: Netflix enters new markets

The internet video platform announced that by the end of the year it will enter the German, Austrian, Swiss, Belgian and Luxembourg markets. Poland, Spain and Italy were not on the list announced yesterday. Outside of the U.S. Netflix currently operates in Canada, on Southern American markets, and in Europe - in Great Britain, Ireland, the Netherlands and the Scandinavian countries. According to analysts at Citi Research, in 2020 the number of British clients of Netflix will exceed 11m, in Germany there will be over 6m users, in France – 4.5m, 4m in the Netherlands, almost 1m in the Scandinavian countries, about 900 thousand in Poland and around 600-700 thousand both in Spain and Italy. Netflix does not publish forecasts.

In the first quarter of 2014 Netflix reported revenue exceeding USD 1bn and USD 53m net profit.

The press about us

Date

The press about TMT market in Poland

22.05

Rzeczpospolita: UPC Polska launches Horizon TV

The operator launched a video service available on several devices (i.e. a multiscreening service).

The service Horizon TV will enable access to the VoD library and 98 TV channels in the offer of UPC Polska. 70 of them will be available to users also outside the UPC network, in the open internet. It will be possible to use Horizon on three devices simultaneously – the service will be available on smartphones, tablets and PCs. The Horizon application is compatible with the Android and iOS systems, as over 90% of devices in Poland operate on the basis of those systems. There will not be an application for smart TV not for the Windows system.

The service is and will remain free of charge for subscribers to the Max Extra HD UPC package and clients of the triple play UPC offer. The remaining subscribers will have to pay PLN 5 monthly after a free trial period. Horizon will be available only to UPC clients for now, but the company does not exclude the possibility to launch Horizon TV also as an independent OTT internet service. UPC is working on a set-top box for Horizon.

UPC's competitors on the pay TV market already have similar services. Both nc+ platform (within its nc+ go service) and Cyfrowy Polsat (IPLA) offer multiscreening.

Rzeczpospolita: New structure of Netia's supervisory board

Since Wednesday the largest alternative fixed-line operator is in the hands of new owners. A total of 102 shareholders, representing over 63% of shares, registered for the annual general meeting. The cards were dealt by proxies of new shareholders: Mennica Polska, controlled by Zbigniew Jakubas, and FIP 11 FIZ Aktywów Niepublicznych, established i.a. by Mennica Polska. In accordance with motions of the proxy of FIP 11 FIZ Aktywów Niepublicznych the

The press about us

Date

The press about TMT market in Poland

22.05

agenda of the meeting and the rules of procedure for the remuneration of the supervisory board were changed. FIZ also proposed to reduce the number of supervisory board members from 9 to 6, but finally supported ING OFE's suggestion, that the board should count 7 members.

The annual meeting dismissed all members of the supervisory board and appointed a new board, comprising Katarzyna Iwuś (from Mennica), Zbigniew Jakubas, Cezary Smorszczewski (CEO at MCI), Przemysław Głębocki, Jacek Czernuszenko and former CEO of the company - Mirosław Godlewski, who will assume this function on September 1. Tadeusz Radzyński was reelected. There were votes against these resolutions, however no-one objected officially. The most surprising decision of the annual meeting held on Wednesday was the reduction of the maximum price, which Netia will pay for own shares in the coming years from PLN 8 to PLN 5.5.

23.05

Parkiet: New shareholders of Netia will allow acquisitions. But prudently

New owners will concentrate not only on cost reduction. According to Zbigniew Jakubas, the fixed-line operator will continue to participate in the consolidation of the telecommunications market. – *If Netia is to invest in development and acquisitions, there will simply not be enough funds for buy back and dividends* – the businessman commented.

Representatives of MCI Management, who indirectly holds 7.15% of shares, talked to analysts about Netia's acquisitions. The fund assumes focus on three business segments of the telecom: business clients (B2B), retail clients (B2C) and infrastructure. According to Parkiet, potential acquisitions of the telecom could include companies, which provide services to business clients.



The press about us

Date

The press about TMT market in Poland

23.05

Rzeczpospolita: Television appreciates seniors

Not only TVP sells advertising packages targeted at audiences in the age group 16-59 instead of 15-49. Channels of Grupa Zjednoczone Przedsiębiorstwa Rozrywkowe, including Eska TV, Polo TV and Fokus TV, decided to follow in TVP's steps, justifying this move with the aging of society. TVN Group does not exclude changing the age group as well, but only following an analysis of the effects of changes made by TVP. Polsat's advertising office does not plan revolutionary changes.

TVP began to sell advertising in the new audience group in February 2014, justifying its decision with the fact that the number of people aged between 50 and 59 are increasingly numerous and they are more wealthy than before. According to the CEO at Codemedia media house, the change introduced by TVP has not led to a revolution on the media market thus far. Time will show whether this is the beginning of a trend.

Latest events

Current report no. 47
May 21, 2014

Information on change of the share in the total number of votes at the General Meeting of Cyfrowy Polsat S.A. and on the indirect acquisition of shares in Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) gives notice that on 20 May 2014 the Company received a notification from Mr. Zygmunt Solorz-Żak, the President of the Company’s Supervisory Board, made pursuant to Article 69 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (the “**Polish Offering Act**”) and pursuant to Article 160 of the Act of 29 July 2005 on Trading in Financial Instruments (the “**Trading Act**”) and notifications, made pursuant to Article 69 of the Polish Offering Act, from Karswell Limited, with its registered office in Nicosia, Cyprus (“**Karswell**”) and Argumenol Investment Company Limited, with its registered office in Nicosia, Cyprus (“**Argumenol**”), direct subsidiaries of Mr. Zygmunt Solorz-Żak, from Pola Investments Ltd., with its registered office in Nicosia, Cyprus (“**Pola**”), an indirect subsidiary of Mr. Zygmunt Solorz-Żak, the direct parent entity of which is a direct subsidiary of Mr. Zygmunt Solorz-Żak, i.e. TiVi Foundation with its registered office in Vaduz, Liechtenstein (“**TiVi Foundation**”), and from Reddev Investments Limited, with its registered office in Nicosia, Cyprus (“**Reddev**”), an indirect subsidiary of Mr. Zygmunt Solorz-Żak and TiVi Foundation, the direct parent entity of which is Pola.

The received notifications refer to: (i) the change of the share in the total number of votes held by Mr. Zygmunt Solorz-Żak (indirectly), Karswell (directly) and Argumenol (directly) in the total number of votes at the General Meeting of the Company and the indirect acquisition of shares in the Company by Mr. Zygmunt Solorz-Żak, resulting from the issuance of 291,193,180 new shares in the Company to the shareholders of Metelem Holding Company Limited (“**Metelem**”), out of which Karswell and Argumenol, acquired outside the regulated market, 157,988,268 and 58,063,948, respectively, series J ordinary bearer shares in the Company, with a nominal value PLN 0.04 each, which have been paid up with a non-cash contribution in the form of 1,085,286 and 398,865, respectively, shares (*udziały*) in Metelem held by Karswell and Argumenol, respectively (the issue price of one share paid up in such a manner was PLN 21.12) (the “**Issue of New Shares**”); (ii) the change of the share held (directly) by Pola in the total number of votes at the General Meeting of the Company, resulting from the Issue of New Shares and from the transfer of 154,204,296 shares in the Company, in the form of a non-cash contribution to Reddev, effected on 20 May 2014; and (iii) the indirect acquisition by Pola of shares in the Company and a change of the share in the total number of votes at the General Meeting of the Company held by Reddev (directly), as a result of Reddev’s acquisition of 154,204,296 shares in the Company from Pola in the form of a non-cash contribution on 20 May 2014.

Latest events

Current report no. 47
cont'd
May 21, 2014

1. Pola

According to Pola's notification made on 20 May 2014, pursuant to Article 69 of the Polish Offering Act, prior to the Issue of New Shares, Pola, an indirect subsidiary of Mr. Zygmunt Solorz-Żak, in relation to which a direct parent entity is a direct subsidiary of Mr. Zygmunt Solorz-Żak, i.e. TiVi Foundation, had directly held a total of 154,204,296 shares in the Company constituting 44.27% of the Company's share capital, carrying the right to 306,709,172 votes at the General Meeting of the Company, which constituted 58.11% of the total number of votes at the General Meeting of the Company, comprising:

- a) 152,504,876 registered preferred shares, constituting 43.78% of the Company's share capital, carrying the right to 305,009,752 votes at the General Meeting of the Company, which constituted 57.79% of the total number of votes at the General Meeting of the Company; and
- b) 1,699,420 ordinary bearer shares, constituting 0.49% of the Company's share capital, carrying the right to 1,699,420 votes at the General Meeting of the Company, which constituted 0.32% of the total number of votes at the General Meeting of the Company.

According to Pola's notification, following the Issue of New Shares, Pola held directly a total of 154,204,296 shares in the Company, constituting 24.11% of the Company's share capital, carrying the right to 306,709,172 votes at the General Meeting of the Company, which constituted 37.45% of the total number of votes at the General Meeting of the Company, comprising:

- a) 152,504,876 registered preferred shares, constituting 23.85% of the Company's share capital, carrying the right to 305,009,752 votes at the General Meeting of the Company, which constitute 37.24% of the total number of votes at the General Meeting of the Company; and
- b) 1,699,420 ordinary bearer shares, constituting 0.27% of the Company's share capital, carrying the right to 1,699,420 votes at the General Meeting of the Company, which constitute 0.21% of the total number of votes at the General Meeting of the Company.

2. Karswell

According to Karswell's notification made on 20 May 2014, pursuant to Article 69 of the Polish Offering Act, prior to the Issue of New Shares Karswell, a direct subsidiary of Mr. Zygmunt Solorz-Żak, had not held any shares in the Company.

According to Karswell's notification, following the Issue of New Shares, Karswell holds 157,988,268 ordinary bearer shares in the Company, constituting 24.70% of the Company's share capital, carrying the right to 157,988,268 votes at

Latest events

**Current report no. 47
cont'd
May 21, 2014**

the General Meeting of the Company, which constitute 19.29% of the total number of votes at the General Meeting of the Company.

According to Karswell's notification, there are no subsidiaries of Karswell which hold shares in the Company and Karswell is not a party to any agreements on the transfer of right to exercise voting rights attached to the Company's shares within the meaning of Article 87 Section 1 Item 3 letter c of the Polish Offering Act and for 12 months from the day of filing the notification, that is as of 20 May 2014, Karswell does not intend to further increase its share in the total number of votes in the Company.

3. Argumenol

According to Argumenol's notification made on 20 May 2014, pursuant to Article 69 of the Polish Offering Act, prior to the Issue of New Shares Argumenol, a direct subsidiary of Mr. Zygmunt Solorz-Żak, had not held any shares in the Company.

According to Argumenol's notification, following the Issue of New Shares, Argumenol holds 58,063,948 ordinary bearer shares in the Company, constituting 9.08% of the Company's share capital, carrying the right to 58,063,948 votes at the General Meeting of the Company, which constitute 7.09% of the total number of votes at the General Meeting of the Company.

According to Argumenol's notification, there are no subsidiaries of Argumenol which hold shares in the Company and Argumenol is not a party to any agreements on the transfer of right to exercise voting rights attached to the Company's shares within the meaning of Article 87 Section 1 Item 3 letter c of the Polish Offering Act.

4. Mr. Zygmunt Solorz-Żak

According to the notification filed by Mr. Zygmunt Solorz-Żak on 20 May 2014, pursuant to Article 69 of the Polish Offering Act and Article 160 of the Trading Act, prior to the Issue of New Shares, Pola, an indirect subsidiary of Mr. Zygmunt Solorz-Żak, in relation to which a direct parent entity is a direct subsidiary of Mr. Zygmunt Solorz-Żak, i.e. TiVi Foundation, had held a total of 154,204,296 in the Company constituting 44.27% of the Company's share capital, carrying the right to 306,709,172 votes at the General Meeting of the Company, which constituted 58.11% of the total number of votes at the General Meeting of the Company, comprising:

- a) 152,504,876 registered preferred shares, constituting 43.78% of the Company's share capital and carrying the right to 305,009,752 votes at the General Meeting of the Company, which constitute 57.79% of the total number of votes at the General Meeting of the Company, and

Latest events

Current report no. 47
cont'd
May 21, 2014

- b) 1,699,420 ordinary bearer shares, constituting 0.49% of the Company's share capital and carrying the right to 1,699,420 votes at the General Meeting of the Company, which constitute 0.32% of the total number of votes at the General Meeting of the Company.

According to the notification filed by Mr. Zygmunt Solorz-Żak, following the Issue of New Shares, Pola holds, a total of 154,204,296 shares in the Company, constituting 24.11% of the Company's share capital, carrying the right to 306,709,172 votes at the General Meeting of the Company, which constitute 37.45% of the total number of votes at the General Meeting of the Company, comprising:

- a) 152,504,876 registered preferred shares, constituting 23.85% of the Company's share capital and representing 305,009,752 votes at the General Meeting of the Company, which constitute 37.24% of the total number of votes at the General Meeting of the Company, and
- b) 1,699,420 ordinary bearer shares, constituting 0.27% of the Company's share capital and representing 1,699,420 votes at the General Meeting of the Company, which constitute 0.21% of the total number of votes at the General Meeting of the Company.

Additionally, according to the notification filed by Mr. Zygmunt Solorz-Żak, following the Issue of New Shares, Mr. Zygmunt Solorz-Żak holds, via Karswell and Argumenol, a total of 216,052,216 shares in the Company, constituting 33.78% of the Company's share capital, carrying the right to 216,052,216 votes at the General Meeting of the Company, which constitute 26.38% of the total number of votes at the General Meeting of the Company, comprising:

- a) 157,988,268 ordinary bearer shares held by Karswell, constituting 24.70% of the Company's share capital, carrying the right to 157,988,268 votes at the General Meeting of the Company, which constitute 19.29% of the total number of votes at the General Meeting of the Company; and
- b) 58,063,948 ordinary bearer shares held by Argumenol, constituting 9.08% of the Company's share capital, carrying the right to 58,063,948 votes at the General Meeting of the Company, which constitute 7.09% of the total number of votes at the General Meeting of the Company.

According to the notification filed by Mr. Zygmunt Solorz-Żak, following the Issue of New Shares, the above mentioned entities hold a total of 370,256,512 Company's shares constituting 57.89% of the Company's share capital, carrying the right to 522,716,388 votes at the General Meeting of the Company, which constitute 63.83% of the total number of votes at the General Meeting of the Company.

Latest events

Current report no. 47
cont'd
May 21, 2014

According to the notification filed by Mr. Zygmunt Solorz-Żak, other than the entities listed above, no subsidiaries of Mr. Zygmunt Solorz-Żak hold any shares in the Company, nor is Mr. Zygmunt Solorz-Żak a party to any agreement on the transfer of right to exercise voting rights attached to the Company's shares within the meaning of Article 87 Section 1 Item 3 letter c of the Polish Offering Act.

5. Pola – Reddev

On 20 May 2014, in a notification made pursuant to Article 69 of the Polish Offering Act, Pola informed the Company of transferring of 154,204,296 shares in the Company to Reddev, a direct subsidiary of Pola, in the form of a non-cash contribution on 20 May 2014 (the "**Transfer**").

According to the notification filed by Pola on 20 May 2014, pursuant to Article 69 of the Polish Offering Act, prior to the Transfer, Pola held directly a total of 154,204,296 share in the Company, constituting 24.11% of the Company's share capital, carrying the right to 306,709,172 votes at the General Meeting of the Company, which represented 37.45% of the total number of votes at the General Meeting of the Company, comprising:

- a) 152,504,876 registered preferred shares, constituting 23.85% of the Company's share capital, carrying the right to 305,009,752 votes at the General Meeting of the Company, representing 37.24% of the total number of votes at the General Meeting of the Company; and
- b) 1,699,420 ordinary bearer shares constituting 0.27% of the Company's share capital, carrying the right to 1,699,420 votes at the General Meeting of the Company, representing 0.21% of the total number of votes at the General Meeting of the Company.

Based on Pola's notification, following the Transfer, Pola does not directly hold any shares in the Company.

On 20 May 2014, in a notification made pursuant to Article 69 of the Polish Offering Act, Reddev informed the Company of acquiring from Pola 154,204,296 shares in the Company in the form of a non-cash contribution on 20 May 2014 (the "**Acquisition**").

According to the notification filed by Reddev on 20 May 2014, pursuant to Article 69 of the Polish Offering Act, following the Acquisition Reddev holds directly a total of 154,204,296 shares in the Company, constituting 24.11% of the Company's share capital, carrying the right to 306,709,172 votes at the General Meeting of the Company, which represent 37.45% of the total number of votes at the General Meeting of the Company, comprising:

- a) 152.504.876 registered preferred shares, constituting 23,85% of the Company's share capital, carrying the right to 305.009.752 votes at the General Meeting of the Company, representing 37,24% of the total number of votes at the General Meeting of the Company, and

Latest events

Current report no. 47
cont'd
May 21, 2014

- b) 1.699.420 ordinary bearer shares constituting 0,27% of the Company's share capital, carrying the right to 1.699.420 votes at the General Meeting of the Company, representing 0,21% of the total number of votes at the General Meeting of the Company.

Based on Reddev's notification, prior to the Acquisition, Reddev had not held any shares in the Company.

According to Reddev's notification, Reddev has no subsidiaries that hold any shares in the Company, and Reddev is not a party to any agreements on the transfer of right to exercise voting rights attached to the Company's shares within the meaning of Article 87 Section 1 Item 3 letter c of the Polish Offering Act and for 12 months from the day of filing the notification, that is as of 20 May 2014, Reddev does not intend to further increase its share in the total number of votes in the Company.

On 20 May 2014, in another notification made pursuant to Article 69 of the Polish Offering Act, Pola informed the Company of an indirect acquisition, as a result of the acquisition by Pola's direct subsidiary, i.e. Reddev on 20 May 2014 of 154,204,296 shares in the Company, in the form of a non-cash contribution (the "**Indirect Acquisition**").

Based on the subsequent Pola's notification, prior to the Indirect Acquisition, Pola had directly held 154,204,296 shares in the Company, constituting 24.11% of the Company's share capital, carrying the right to 306,709,172 votes at the General Meeting of the Company, which represent 37.45% of the total number of votes at the General Meeting of the Company, comprising:

- a) 152,504,876 registered preferred shares, constituting 23.85% of the Company's share capital, carrying the right to 305,009,752 votes at the General Meeting of the Company, representing 37.24% of the total number of votes at the General Meeting of the Company, and
- b) 1,699,420 ordinary bearer shares constituting 0.27% of the Company's share capital, carrying the right to 1,699,420 votes at the General Meeting of the Company, representing 0.21% of the total number of votes at the General Meeting of the Company.

According to the subsequent Pola's notification, following the Indirect Acquisition, Pola holds, through Reddev, its direct subsidiary, 154,204,296 shares in the Company, constituting 24.11% of the Company's share capital, carrying the right to 306,709,172 votes at the General Meeting of the Company, which represent 37.45% of the total number of votes at the General Meeting of the Company, comprising:

- a) 152,504,876 registered preferred shares held by Reddev, constituting 23.85% of the Company's share capital, carrying the right to 305,009,752 votes at the General Meeting of the Company, representing 37.24% of the total number of votes at the General Meeting of the Company, and

Latest events

Current report no. 47
cont'd
May 21, 2014

- b) 1,699,420 ordinary bearer shares held by Reddev, constituting 0.27% of the Company's share capital, carrying the right to 1,699,420 votes at the General Meeting of the Company, representing 0.21% of the total number of votes at the General Meeting of the Company.

According to the subsequent Pola's notification, other than Reddev there are no subsidiaries of Pola which hold any shares in the Company and Pola is not a party to any agreements on the transfer of right to exercise voting rights attached to the Company's shares within the meaning of Article 87 Section 1 Item 3 letter c of the Polish Offering Act, and for 12 months from the day of filing the notification, that is as of 20 May 2014, Pola does not intend to further increase its share in the total number of votes in the Company.

Current report no. 48
May 21, 2014

Information on indirect acquisition of shares in Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the "**Company**") hereby gives notice that on 20 May 2014 the Company received a notification from Mr. Heronim Ruta, a Member of the Company's Supervisory Board, made pursuant to Article 160 of the Act of 29 July 2005 on Trading in Financial Instruments.

The notification concerns an indirect acquisition of the Company's shares by Mr. Heronim Ruta in such a manner that upon the registration of series J shares, on 14 May 2014, on the securities account of Sensor Overseas Limited with its registered office in Nicosia, Cyprus ("**Sensor**"), a subsidiary of Mr. Heronim Ruta, Sensor acquired, outside the regulated market, 27,880,274 series J ordinary bearer shares with the nominal value of PLN 0.04 each, which have been paid up with a non-cash contribution in the form of 191,521 shares (*udziały*) in Metelem Holding Company Limited held by Sensor (the issue price of one share paid up in such a manner was PLN 21.12) (the "**Acquisition of Shares**").

Prior to the Acquisition of Shares, Mr. Heronim Ruta had held indirectly (i.e. through Sensor) a total of 25,341,272 shares of the Company, constituting 7.27% of the Company's share capital and carrying the right to 50,382,647 votes at the General Meeting of the Company, which constituted 9.55% of the total number of votes at the Company's General Meeting, comprising:

- a) 25,041,375 registered preferred shares, constituting 7.19% of the Company's share capital, carrying the right to 50,082,750 votes at the Company's General Meeting, which constituted 9.49% of the total number of votes at the General Meeting of the Company; and
- b) 299,897 ordinary bearer shares, constituting 0.09% of the Company's share capital, carrying the right to 299,897 votes at the Company's General Meeting, which constituted 0.06% of the total number of votes at the General Meeting of the Company.

Latest events

Current report no. 48
cont'd
May 21, 2014

Following the Acquisition of Shares, Mr. Heronim Ruta holds indirectly (i.e. through Sensor) a total of 53,221,546 shares of the Company, constituting 8.32% of the Company's share capital carrying the right to 78,262,921 votes at the Company's General Meeting, which constitute 9.56% of the total number of votes at the General Meeting of the Company, comprising:

- a) 25,041,375 registered preferred shares, constituting 3.92% of the Company's share capital carrying the right to 50,082,750 votes at the Company's General Meeting, which constitute 6.12% of the total number of votes at the General Meeting of the Company; and
- b) 28,180,171 ordinary bearer shares, constituting 4.41% of the Company's share capital carrying the right to 28,180,171 votes at the Company's General Meeting, which constitute 3.44% of the total number of votes at the General Meeting of the Company.

Except for Sensor, there are no other subsidiaries of Mr. Heronim Ruta which hold shares in the Company.

Current report no. 49
May 21, 2014

Information on the change in the share of the total number of votes at the General Meeting of Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the "**Company**") announces that on 21 May 2014 the Company received a notification from TiVi Foundation with its registered office in Vaduz, Liechtenstein ("**TiVi Foundation**"), a subsidiary of Mr. Zygmunt Solorz-Żak, Chairman of the Supervisory Board of the Company, submitted pursuant to Article 69 in conjunction with Article 87 Section 5 item 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (the "**Public Offering Act**").

The notification concerns the information received by TiVi Foundation on 21 May 2014 to the effect that the indirect share of TiVi Foundation in the total number of votes at the General Meeting of the Company changed as a result of the delivery of 291,193,180 new shares in the Company to the shareholders of Metelem Holding Company Limited (the "**Issue of New Shares**") and, also, the information that on 20 May 2014 Pola Investments Ltd. with its registered office in Nicosia, Cyprus, a subsidiary of TiVi Foundation ("**Pola**") contributed as a non-cash contribution all the shares in the Company held directly by Pola to Reddev Investments Limited with its registered office in Nicosia, Cyprus ("**Reddev**"), an indirect subsidiary of TiVi Foundation, the immediate parent company of which is Pola (the "**Contribution of Shares**").

Latest events

Current report no. 49
cont'd
May 21, 2014

Prior to the Issue of New Shares and the Contribution of Shares, TiVi Foundation held indirectly (i.e. through Pola) 154,204,296 shares in the Company in total, constituting 44.27% of the Company's share capital, carrying the right to 306,709,172 votes at the General Meeting of the Company, which constituted 58.11% of the total number of votes at the General Meeting of the Company, comprising:

- a) 152,504,876 registered preferred shares, constituting 43.78% of the Company's share capital, carrying the right to 305,009,752 votes at the General Meeting of the Company, which constituted 57.79% of the total number of votes at the General Meeting of the Company; and
- b) 1,699,420 ordinary bearer shares, constituting 0.49% of the Company's share capital, carrying the right to 1,699,420 votes at the General Meeting of the Company, which constituted 0.32% of the total number of votes at the General Meeting of the Company.

Following the Issue of New Shares and the Contribution of Shares, TiVi Foundation holds indirectly, i.e. through Reddev, an indirect subsidiary of TiVi Foundation, the immediate parent company of which is Pola, 154,204,296 shares in the Company in total, constituting 24.11% of the Company's share capital, carrying the right to 306,709,172 votes at the General Meeting of the Company, which constitutes 37.45% of the total number of votes at the General Meeting of the Company, comprising:

- a) 152,504,876 registered preferred shares held by Reddev, constituting 23.85% of the Company's share capital, carrying the right to 305,009,752 votes at the General Meeting of the Company, which constitute 37.24% of the total number of votes at the General Meeting of the Company; and
- b) 1,699,420 ordinary bearer shares held by Reddev, constituting 0.27% of the Company's share capital, carrying the right to 1,699,420 votes at the General Meeting of the Company, which constitute 0.21% of the total number of votes at the General Meeting of the Company.

Except for the entities specified hereinabove, there are no other direct or indirect subsidiaries of TiVi Foundation holding shares in the Company and TiVi Foundation is not a party to any agreements the subject matter of which is the transfer of any right to vote shares in the Company within the meaning of Article 87 Section 1 item 3 letter (c) of the Public Offering Act.

Latest events

**Current report no. 50
May 23, 2014**

Acquisition of assets carrying a significant value by Cyfrowy Polsat S.A (share capital increase in a subsidiary of Cyfrowy Polsat S.A. - Metelem Holding Company Limited)

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby announces that the Company acquired 212,000 new ordinary shares (the “**New Shares**”) in the increased share capital of its subsidiary - Metelem Holding Company Limited (“**Metelem**”), with the nominal value of EUR 1 (i.e. approx. PLN 4.15 at the average exchange rate of the Polish National Bank as at 23 May 2014) per share and the issue price of EUR 1,000 (i.e. approx. PLN 4,152 at the average exchange rate of the Polish National Bank as at 23 May 2014) per share. The total issue price for the New Shares amounts to EUR 212,000,000 (i.e. approx. PLN 880,308,800 at the average exchange rate of the Polish National Bank as at 23 May 2014). The total book value of the New Shares amounts to PLN 883,515,437.80.

The New Shares represent approx. 9.6% of the share capital of Metelem and carry approx. 9.6% of the voting rights at the Shareholders’ Meeting of Metelem.

Prior to the share capital increase in Metelem, the Company held 2,000,325 shares in Metelem with the nominal value of EUR 1 per share and the total nominal value of EUR 2,000,325 (i.e. approx. PLN 8,306,149.53 at the average exchange rate of the Polish National Bank as at 23 May 2014), representing 100% of the share capital of Metelem. Currently, the Company holds 2,212,325 shares in Metelem with the nominal value of EUR 1 per share and the total nominal value of EUR 2,212,325 (i.e. approx. PLN 9,186,458.33 at the average exchange rate of the Polish National Bank as at 23 May 2014), which still represent 100% of the share capital of Metelem.

The New Shares are held by the Company as a long-term capital investment. The acquisition of the New Shares was financed from the Company’s own funds and the funds from the term facility and the revolving facility granted to the Company pursuant to the Senior Facilities Agreement of 11 April 2014 of which the Company gave notice in its current report No. 26/2014 of 11 April 2014.

The Company is the sole shareholder of Metelem. There are no other links between the Company, the persons managing or supervising the Company and Metelem as well as persons managing Metelem.

The New Shares are deemed to constitute assets carrying a significant value since their aggregate value exceeds 10% of the revenues of the Company’s capital group for the last four financial quarters.

The share capital increase in Metelem is one of the actions aimed at changing the structure of the indebtedness of Metelem group by way of the repayment by Eileme 1 AB (publ), Metelem subsidiary, of its indebtedness under PIK Notes due in 2020, bearing interest at 14.25%, of which the Company gave notice in its current report No. 34/2014 of 30 April 2014.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
19-05-2014	21.39	21.00	21.00	-0.71%	4 308
20-05-2014	20.98	20.46	20.68	-0.29%	2 870
21-05-2014	20.92	20.45	20.75	0.34%	5 784
22-05-2014	21.50	20.79	21.48	3.52%	10 119
23-05-2014	21.54	21.22	21.51	0.14%	5 354

