

Cyfrowy Polsat IR Newsletter

24 – 30 September 2012



The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
	25.09	<p>Dziennik Gazeta Prawna: Offers for Multimedia According to Dziennik’s sources, the deadline for submitting binding offers for Multimedia has passed. Liberty Global, owner of UPC Polska and two investment funds: Cinven and Permira, enter the final fight for the second largest cable network on the Polish market, with over 830 thousand clients. The companies have been scrutinizing the operator for a long time. The Multimedia’s owners expected bids of EUR 0.8 -1bn.</p> <p>Rzeczpospolita: TVP’s winnig game After many weeks of negotiations Telewizja Polska and Sportfive reached an agreement regarding transmissions of matches of the Polish football representation for the next two years. The parties did not disclose the value of the transaction. It was only admitted that Sportfive lowered its expectations. <i>- We managed to negotiate an agreement on which we will not loose. We bought the package at a market price which we are able to get back from advertisers and sponsors – says Marian Kubalica, vice-director of TVP Sport.</i></p>
	26.09	<p>Rzeczpospolita: TK Telekom will not change the owner any soon Hawe in a consortium with IT Polpager lost the exclusivity for negotiations regarding the purchase of TK Telekom that is to be privatized. PKP (Polish Railways), which sells the company, came back to negotiations with all three entities interested in acquiring TK Telekom: except from the mentioned consortium – also GTS and Netia.</p>
<p>Rzeczpospolita: Increasingly functional set-top boxes Currently, as smartTVs are not so common in Poland, additional TV services are promoted by pay-TV operators. They are offered through set-top boxes. Those media groups that except pay-TV operator include also OTT services (online video services), have quickly decided to give their pay-TV subscribers a bonus: free access to the content of their online video services. Cyfrowy Polsat is a</p>	27.09	<p>Dziennik Gazeta Prawna: Orange and Netia’s common fibre network plans Orange Polska and Netia hold talks with the Office of Electronic Communication (UKE) regarding the terms and conditions of joint investment in transmission infrastructure. Experts claim that such ventures are a good way to improve the quality of the network and to strengthen competitiveness towards cable operators that since long offer the Internet at a speed of up to 150 Mb/s.</p>



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<p>good example: after the acquisition of Ipla, the operator integrated the service to the offer for pay-TV subscribers enabling the reception through its set-top boxes.</p>	27.09	<p>Rzeczpospolita: Applications serving the operators Telecommunication operators try to get back their dominant position on the mobile applications market through diversifying the offered services. Telecoms have formed an alliance aimed at creating a common platform for Polish application developers. Only three years ago, telecoms were the main players on the market of applications and games - users were able to download programs from the Internet only through their services by sending text messages to Premium numbers. Currently, the operators increasingly often use Google and Microsoft shops to distribute their own applications. As an example: Orange TV application ("Tu i Tam") is distributed in online shops of Google, Microsoft or Apple. Cyfrowy Polsat's application "TV Mobilna" is distributed likewise.</p>
<p>Parkiet: Cyfrowy Polsat BDM broker analysts have reduced the recommendation for the company from "accumulate" to "hold". At the same time, however, they have increased the target price from PLN 13.44 to PLN 15.15.</p>	29.09	

Latest events

**Current report no 23,
September 28, 2012**

Memorandum of Understanding with Mobyland Sp. z o.o.

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby informs that on 28 September 2012 the Company signed a Memorandum of Understanding ("Memorandum") to the agreement concluded between the Company and Mobyland Sp. z o.o. ("Mobyland") for the provision of Data Transfer Services, about which the Company informed in its current report no. 34/2010 of 16 December 2010.

The Memorandum defines in particular the terms and conditions of settlement of the unused Data Transfer Services resulting from the first two orders placed by the Company, about which the Company informed in its current reports no. 34/2010 of 16 December 2010 and 4/2012 of 24 January 2012.

Under the first two orders the Company ordered 25 million GB of Data Transfer Services, out of which 4.4 million GB were used until 31 August 2012. The Company paid in full for Order No. 1, and subsequently placed Order No. 2 which is being paid for in accordance with the terms and conditions of both the order and the agreement.

Under the signed Memorandum, the Parties agreed as follows:

1. The company will order more Data Transfer Services by submitting Order No. 3. Therefore, the Parties agree to the following terms and conditions under which the unused portions of Order No. 1 and Order No. 2 will be included into Order No. 3:
 - a. The volume and value of services utilized by the Company under Order No. 1 has been determined to be exactly 4.4 million GB as at 31 August 2012, leaving 7.6 million GB of unused data transfer under Order No. 1;
 - b. Order No. 2 for 13 million GB of data transfer, all remaining to be used by the Company, will be paid by the Company in the amounts and on the dates specified and effective as at the order's submission date;
 - c. On the date of concluding the Memorandum, the Company will submit Order No. 3, the volume of which shall correspond to the total of:
 - i. 7.6 million GB unused by the Company under Order No. 1 (in accordance with item a. above),
 - ii. 13 million GB to be used under Order No. 2 (in accordance with item b. above),
 - iii. and additional 10.4 million GB, totaling 31 million GB of data transfer;
 - d. The price for the Data Transfer Services requested under Order No. 3 will amount to PLN 0.00645 net per 1 MB. Hence, the total value of Data Transfer Services to be provided under Order No. 3 will reach PLN 204,748,800 net;

Latest events

e. Considering that the Company has already paid in full for the Order No. 1 and that the Company's payments under the Order No. 2 are made in accordance with the agreement, the payments required under Order No. 3 will be settled as follows:

- i. the net amount of PLN 139,098,816 resulting from the prepayments made by the Company for the unused data transfer under the Order No. 1 and Order No. 2 as determined as of 31 August 2012,
- ii. from September 2012 to December 2012 - in four equal installments amounting to PLN 8,586,240 net each, representing the payments referred to in item b. above,
- iii. from January 2013 to December 2013 - in twelve equal installments amounting to PLN 957,552 net each, and
- iv. one-off payment amounting to PLN 19,814,400 net to be made in the month following the month in which the Company uses up the entire Order No. 3.

Moreover the Company plans to use data transfers provided by Mobyland in the 3G/2G networks of Polkomtel Sp. z o.o., based on 2100 MHz and 900 MHz frequencies in HSDPA and EDGE/GPRS technologies, respectively.

The signing of the abovementioned Memorandum is an important element in implementing the Company's strategy to provide its customers with multi-play services, including Internet access.

Submitting Order No. 3 will enable the Company to achieve its business objectives over the medium term. Lower price for 1MB of data transfer also allows to present a more attractive offering for its customers, contributing to a faster rate of subscriber acquisition in the future and improvement of margins generated from the telecommunications services.

The renegotiation of the contractual terms and conditions with Mobyland, as well as the submission of Order No. 3, will have an immaterial effect on the Company's cash flows in 2013 and subsequent years.

The total value of the agreements between the Company and Mobyland was considered significant as their value in the last 12 months exceeds 10% of the revenues for the past 4 financial quarters.

Latest events

**Press release,
September 30, 2012**

Cyfrowy Polsat and Mobyland signed a memorandum of understanding regarding the rates for data transfer services

Cyfrowy Polsat and Mobyland (NFI Midas Group) have signed a memorandum of understanding regarding the agreement for the provision of data transfer services, defining the terms and conditions of settlement of the unused data packages from the first two orders together with the third order. As a result, all unused packages purchased so far will be settled at a new lower rate of PLN 0.00645 net for 1MB.

(...)

- The signed memorandum of understanding and then an appendix concerning the use of Polkomtel's radio network are an important part of implementation of our strategy that involves provision of integrated services. The order enables the realization of business targets in the medium term. New terms and conditions of cooperation with Mobyland, in particular lower price for 1 MB, will allow us to create a more attractive offer for our customers, which in the future may result in the faster increase in the number of internet service subscribers and higher profitability of our telecommunications offers. It is worth stressing, that re-negotiation of the agreement with Mobyland and placement of the new order will have an insignificant impact on the cash flow of our company in 2013 and in subsequent years – said Dominik Libicki, President of the Management Board of Cyfrowy Polsat.

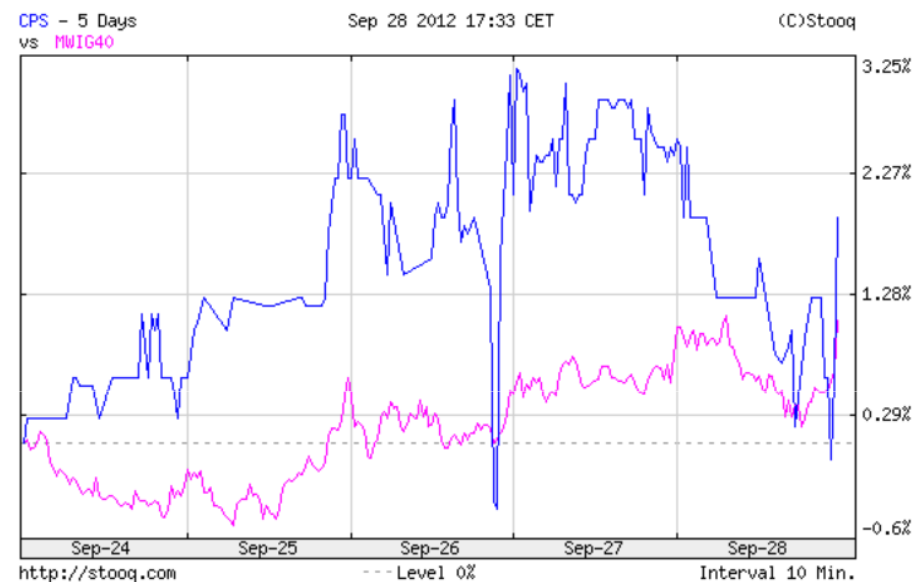
**Press release,
September 26, 2012**

New ZTE MF669 modem at Cyfrowy Polsat

Cyfrowy Polsat introduced to its offer a new ZTE M669 modem that provides fast and easy wireless Internet access. The device operates in HSPA+ MIMO technology and enables downloading data at a speed of up to 28 Mb/s. The modem is available in the operator's latest special offer from just PLN 1.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
24-09-2012	14.58	14.40	14.50	0.00%	2 906
25-09-2012	14.83	14.50	14.75	1.72%	2 345
26-09-2012	14.89	14.34	14.88	0.88%	1 329
27-09-2012	14.89	14.70	14.78	-0.67%	5 284
28-09-2012	14.84	14.40	14.70	-0.54%	4 631



Investors' calendar

31 October – 14 November 2012	Closed period prior to the publication of Q3 2012 results
14 November 2012	Publication of report for Q3 2012