

CYFROWY POLSAT S.A.

Current Report No. 2/2016

Date: 29 January 2016

Subject: **Execution of hedging transactions**

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) announces the decision to publish the inside information previously delayed by the Company on 11 December 2015 (the “**Delay**”). The disclosure was delayed pursuant to Article 57 Section 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies and § 2 Section 1 Clause 1 and 5 of the Ordinance of the Minister of Finance of 13 April 2006 on the type of information that might violate legitimate interests of an issuer and the procedure to be followed by an issuer in connection with any delayed disclosure of inside information to the public.

The inside information subject to the Delay concerned the execution by the Company and its subsidiary, i.e. Polkomtel sp. z o.o. (“**Polkomtel**”) of several FX and Interest Rate Swap transactions (the “**Transactions**”). The Transactions were concluded in connection with the continued refinancing of the existing debts of the Company’s group, including the debt refinancing in respect of senior notes with the total nominal value of EUR 542.5 million and USD 500 million USD, due in 2020 and bearing interest at 11¾% for the EUR tranche and 11½% for the USD tranche (the “**HY Notes**”), issued by Eileme 2 AB (publ), a subsidiary of the Company. The repayment of debts in respect of HY Notes involved, among other things, the repayment by Polkomtel of amounts related to the early redemption of Series D and E Notes issued by Spartan Capital Holdings Sp. z o.o. (Polkomtel is its successor) on 26 January 2012 and acquired by Eileme 3 AB (publ). The details of the repayment of the HY Notes are included in Company’s Current Report No. 1/2016 of 29 January 2016. The funds to repay amounts related to the early redemption of Series D and E Notes were obtained from a term loan in PLN granted to Polkomtel under a material loan agreement, i.e. the Senior Facilities Agreement of 21 September 2015, executed by Polkomtel and other subsidiaries (the “**PLK Facilities Agreement**”), reported by the Company in its Current Report No. 42/2015 of 21 September 2015.

In view of the need to exchange funds from the term loan in PLN, granted under the PLK Facilities Agreement, into EUR and USD funds, Polkomtel executed several FX hedging transactions. In addition, to limit the risk of unfavorable interest rate movements, the Company and Polkomtel executed several Interest Rate Swap transactions. The total value of the Transactions converted into PLN amounted to PLN 6,581.8 million.

The Transactions were concluded on various dates and with various banks such as Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Société Générale Spółka Akcyjna Oddział w Polsce, Bank Zachodni WBK S.A., BNP Paribas Fortis SA/NV and Credit Agricole Bank Polska S.A., and included, in particular:

- (i) FX forward transactions for USD with the total value of USD 529.0 million (PLN 2,109.2 million), the settlement date fixed for 27 January 2016 and the average PLN/USD exchange rate of 3.9872;

- (ii) FX forward transactions for EUR with the total value of EUR 570.0 million (PLN 2,472.6 million), the settlement date fixed for 27 January 2016 and the average PLN/EUR exchange rate of 4.3378; and
- (iii) Interest Rate Swap transactions with the total value of PLN 2,000.0 million involving the swap of interest payments based on the variable WIBOR 3M for interest payments based on the fixed interest rate of 1.553% on average. The transactions were executed for the period from 30 June 2016 to 30 September 2017.

All the Transactions described hereinabove were concluded on an arm's length basis, with terms and conditions typical for similar transactions executed on the market at that time.

The Transactions are deemed material because their aggregate value as well as the value of the Transactions with each of the following: Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Société Générale Spółka Akcyjna Oddział w Polsce and Bank Zachodni WBK S.A. exceeded 10% of revenues of the Company's capital group for the last four financial quarters.

Legal basis: Article 56 Section 1 Clauses 1 and 2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies in conjunction with § 5 Section 1 Clause 3 of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognized as equivalent.

Signed by:

/s/ Tobias Solorz

Tobias Solorz
President of the Management Board