

# CYFROWY POLSAT S.A.

Current report No.: **7/2015**

Report Date: **March 3, 2015**

Subject: **Conclusion of memoranda of understanding regarding the provision of telecommunication services related to data transmission and placing orders for the purchase of data packages**

The Management Board of Cyfrowy Polsat S.A. (the '**Company**') hereby announces that, as a result of negotiations with companies belonging to Midas S.A. capital group, of which the Company informed in current report No. 72/2014 dated November 25, 2014, on March 3, 2015 two memoranda of understanding determining new terms of cooperation in the scope of telecommunication services related to data transmission were concluded:

- (a) **PLK Memorandum** – memorandum concluded between Polkomtel Sp. z o.o. ('**Polkomtel**'), a wholly owned subsidiary of the Company, and Mobyland Sp. z o.o. ('**Mobyland**') under the agreement on the provision of wholesale telecommunications services concluded between Mobyland and Polkomtel on March 9, 2012, and
- (b) **CP Memorandum** - memorandum concluded between the Company and Polkomtel under the agreement on the provision of wholesale telecommunications services, concluded on March 27, 2014, of which the Company informed in current report No. 19/2014 dated March 27, 2014 ('**Framework Agreement**').

In accordance with the PLK Memorandum and CP Memorandum, the parties have established new terms of cooperation between Polkomtel and Mobyland, as well as between the Company and Polkomtel, in particular:

- (a) a new unit price per 1 GB in relation to telecommunication services related to data transmission in the net amount of PLN 2.40 (two zloty forty groszy);
- (b) that the new price will be applicable to both newly ordered data packages as well as unused data packages already partially paid for under previous orders;
- (c) that the new terms of cooperation will be effective as of January 1, 2015 and the placed orders for data transmission will be valid for a period of 4 years;
- (d) that in the event when Mobyland introduces services based on other own frequencies or frequencies to which it acquires usage rights, Mobyland will extend the scope of services related to data transmission provided to Polkomtel.

Pursuant to the PLK Memorandum, on March 3, 2015 Polkomtel placed an order with Mobyland for the purchase of a data package of 1,571.68 million GB (the '**PLK Order**'). The parties agreed that aside from the newly ordered data package, the PLK Order will also include the data package unused but already partially paid for by Polkomtel as at December 31, 2014, which will be recalculated in accordance with the new price of PLN 2.40 net per 1GB.

The total value of the PLK Order amounts to PLN 3,772.04 million net and the surplus payments made for the previous order placed by Polkomtel with Mobyland, in relation to the actual usage, in the amount of PLN 144.56 million shall be credited towards payments for the PLK Order. Payments for the PLK Order will be made in favor of Mobyland according to the following schedule:

- (i) PLN 119.25 million, net – for the first quarter of 2015 in three equal monthly installments,
- (ii) PLN 132.00 million, net – for the second quarter of 2015 in three equal monthly installments,

- (iii) PLN 245.00 million, net – for the third quarter of 2015 in three equal monthly installments,
- (iv) PLN 354.00 million, net – for the fourth quarter of 2015 in three equal monthly installments,
- (v) PLN 989.31 million, net – for the year 2016 in twelve equal monthly installments,
- (vi) PLN 880.00 million, net – for the year 2017 in twelve equal monthly installments, and
- (vii) PLN 907.92 million, net – for the year 2018 in twelve equal monthly installments.

Concurrently, pursuant to the CP Memorandum, on March 3, 2015 the Company placed the CP Order with Polkomtel for the purchase of a subsequent data package of 600.91million GB (the '**CP Order**'). The parties agreed that aside from the newly ordered data package, the CP Order will also include the data package unused but already partially paid for by Cyfrowy Polsat as at December 31, 2014, purchased under the order of which the Company informed in current report No. 19/2014 dated March 27, 2014. The unused data package will be recalculated in accordance with the new price of PLN 2.40 net per 1GB.

The total value of the CP Order amounts to PLN 1,442.19 million net and the surplus payments made for the previous order placed by the Company with Polkomtel, in relation to the actual usage, in the amount of PLN 19.63 million shall be credited towards payments for the CP Order. Payments for the CP Order will be made in favor of Polkomtel according to the following schedule:

- (i) PLN 48.82 million, net – for the first quarter of 2015 in three equal monthly installments,
- (ii) PLN 53.94 million, net – for the second quarter of 2015 in three equal monthly installments,
- (iii) PLN 98.17 million, net – for the third quarter of 2015 in three equal monthly installments,
- (iv) PLN 140.14 million, net – for the fourth quarter of 2015 in three equal monthly installments,
- (v) PLN 385.48 million, net – for the year 2016 in twelve equal monthly installments,
- (vi) PLN 342.78 million, net – for the year 2017 in twelve equal monthly installments, and
- (vii) PLN 353.23 million, net – for the year 2018 in twelve equal monthly installments.

The terms of the PLK and CP Memoranda as well as those of the PLK and CP Orders placed under those memoranda do not vary from market standards applied in such agreements. Concurrently, these orders are considered significant as both the value of the PLK Order and of the CP Order exceed 10% of revenue of Cyfrowy Polsat Capital Group for the last four quarters.

The memoranda of understanding and orders concluded between the Company, Polkomtel and Mobyland constitute an important element of the implementation of the strategy of Cyfrowy Polsat Capital Group to provide its customers with multi-play services, a significant component of which is LTE Internet access. The success of the integrated services program smartDOM and the services of unlimited access to LTE Internet triggered the dynamic growth rate of the number of users of mobile Internet services offered by Cyfrowy Polsat Capital Group, which translates into growing costs of data transmission services. Data packages purchased through the orders described above meet the business needs of Cyfrowy Polsat Capital Group over the medium term, while a lower unit price per 1 GB of data transmission allows to present a more attractive offer to customers, which may help to maintain a high dynamic of customer acquisition or improve margins generated from services in the future.

*Legal basis: Article 56 sect. 1 item 2 of the Act on public offering and the terms for introduction of financial instruments to organized trading and on public companies, dated 29 July 2005 in connection with § 5 Section 1 Clause 3 of the Ordinance of the Minister of Finance of 19 February 2009 on current*

*and periodic information releases by the issuers of securities and the conditions of accepting as equivalent of information required by the laws of a non-member state.*

Signed by:

/s/ Tomasz Gillner-Gorywoda

Tomasz Gillner-Gorywoda  
President of the Management Board