

REPORT ON ACTIVITIES OF THE SUPERVISORY BOARD OF CYFROWY POLSAT S.A. IN 2010

The Supervisory Board presents a report on its activities in the financial year 2010, comprising, in particular, an assessment of the report of the Management Board on the activities of the Company in the financial year 2010, financial statement of the Company for the financial year 2010 and a motion for distribution of profit generated by the Company in the financial year 2010, as well as an assessment of the work of the Supervisory Board itself and the internal control system and management system for risks relevant for the Company.

1. Composition of the Supervisory Board

In the period between 1 January 2010 and 31 December 2010 the Supervisory Board comprised:

- 1) Zygmunt Solorz- Żak;
- 2) Heronim Ruta;
- 3) Andrzej Papis;
- 4) Robert Gwiazdowski;
- 5) Leszek Reksa.

Robert Gwiazdowski and Pan Leszek Reksa were appointed as independent members of the Supervisory Board, in order to implement the principle No.III.6 of the Code of Best Practices for WSE Listed Companies, adopted by a resolution of the WSE Supervisory Board of 4 July 2007, according to which at least two members of Supervisory Board should fulfill the criteria of independence from the Company and parties being related to the Company.

In the period between 1 January 2010 to 31 December 2010 Zygmunt Solorz-Żak was the Chairman of the Supervisory Board.

2. The scope of activities of the Supervisory Board

The Supervisory Board is acting on the basis of Commercial Companies Code as well as the Company's Article of Association and Regulations of Company's Supervisory Board dated 3 December 2007.

In 2010, the Supervisory Board performed constant supervision over the activities of the Company in all the branches of the entity. The Supervisory Board has placed particular focus on the analysis of the financial performance, in particular in relation to the development plans of LTE Internet access services and plans to build the biggest media group on the Polish market through the purchase of 100% shares of Telewizja Polsat S.A. The Supervisory Board, upon familiarizing themselves with the plan of activities for 2010 and the budget allocated to

its execution, approved the plan of activities for 2010 together with the budget allocated to its execution. Pursuant to article 19 section 3 point f) and g) of the Company's Article of Association, the Supervisory Board has repeatedly agreed to incur liabilities of the value exceeding PLN 10,000,000. On the same basis the Supervisory Board also gave consent for the merger of the Company with MPUNKT HOLDINGS LIMITED and for the purchase of 100% shares in Telewizja Polsat S.A., as well as for concluding by the Management Board the senior facility and bridge facility agreements to finance the purchase of 100% shares of Telewizja Polsat S.A.

Since 4 August 2008, when the Supervisory Board appointed the Audit Committee and the Remuneration Committee, Audit Committee has comprised: Heronim Ruta, Robert Gwiazdowski and Leszek Reksa, and Remuneration Committee has comprised: Zygmunt Solorz - Żak and Heronim Ruta. Members of the Audit Committee and the Remuneration Committee held meetings with the Management Board to discuss issues related to: the evaluation of the internal control system and management system for risks relevant for the Company.

Acting pursuant to art. 382 § 3 of the Commercial Companies Code, art. 19 section 2 point a) and b) of the Articles of Association of the Company and point II.1.6 and point III.1.2 of the Code of Best Practices for WSE-Listed Companies, the Supervisory Board approved the report on its activity in the financial year 2009, containing in particular results evaluation of the Management Board's report on the Company's activities in the financial year 2009, financial statement of the Company for financial year 2009 and motion of the Management Board concerning the distribution of the profit generated by the Company in the financial year 2009, and the evaluation of the activities of the Supervisory Board and the evaluation of the internal control system as well as management system for risks relevant for the Company.

Pursuant to art. 19 section 2 point 3 of the Articles of Association of the Company, the Supervisory Board, pursuant the resolutions of June 24, 2010, decided to appoint Dominik Libicki for the position of President of the Management Board and Dariusz Działkowski and Tomasz Szelaż for the position of Member of the Management Board. All the Members of the Management Board were appointed for joint three year term.

Additionally, at the meeting of July 13, 2010, the Supervisory Board appointed Aneta Jaskólska to the Management Board for the position of Member of the Management Board.

The Supervisory Board recommended to the Annual General Meeting to approve the financial statements for 2009 and to grant approval of the performance by the members of the Management Board in 2009. The Supervisory Board after conducting analysis of the motion of the Management Board as for the profit distribution for 2009, including the dividend payment for shareholders, gave a positive opinion on it. The Supervisory Board of the Company appointed KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. certified auditors for review of the financial statements of the Company and the consolidated financial statements for the financial year 2010.

In 2010 the Supervisory Board did not conduct the control or explanatory process, or it did not suspend members of the Company's Management Board.

3. Assessment of activities performed by the Supervisory Board in 2010

The Supervisory Board performing its duties in compliance with the provisions of the law in force, in particular with the scope of competences set out in the Commercial Companies Code, the Articles of Association of the Company, and the Rules of Conduct of the Supervisory Board, exercised control (among others through Audit Committee) over the management of the Company on behalf of its shareholders. The Supervisory Board comprised persons with comprehensive professional experience, equipped with potential enabling them to analyze the information supplied by the Company and take key decisions for the Company. Since 4 July 2008 Supervisory Board has comprised two members that are fulfilling criteria of independence according to the Code of Best Practices for WSE-Listed Companies.

The Supervisory Board, as a circle of experts, also performed advisory services to the Management Board, bringing their expertise and knowledge, resulting from the various positions they hold with other entities, and supporting the Management Board of the Company in the undertaken activities.

4. Assessment of the internal control system and the management system for risks relevant for the Company

In the Company there is an internal control system and the Management Board of the Company is responsible for its efficiency. The internal control system covers main processes of activities of the Company, where there is a need of establishing control mechanisms serving the purpose of monitoring and limiting risks relevant to the Company. The primary task of this system is to assure realization of business goals of the Company. The Company maintains and updates the organizational structure on daily basis, incorporating clearly defined reporting lines, responsibilities and levels of authorization, which enables offsetting the risks related to the business conducted. In the opinion of the Supervisory Board, the internal control system and management of risks relevant for the Company is at a satisfactory level.

5. Assessment of report of the Management Board on activities of the Company in the financial year 2010, financial statements of the Company for the financial year 2010 and the motion of the Management Board regarding appropriation of profits made by the Company in the financial year 2010

The Supervisory Board of Cyfrowy Polsat S.A. with registered office in Warsaw presents a report on results of assessment of the following financial statements of the Company for the financial year 2010:

1. financial statements of the Company
2. report of the Management Board on the activities of the Company and
3. assessment of the motion of the Management Board regarding distribution of profit.

Ad. 1

The Supervisory Board, having considered the opinion and report of the certified auditor on the course and results of the audit of the financial statements of the Company for 2010 and after evaluation of the report states that the financial statements of the Company for the financial year 2010 were created on the basis of properly held ledgers, are compliant with regards as to the form and contents with the provisions of law in force and fairly present all the information relevant for the evaluation of profitability and the financial results in the audited period, and also the financial and economical situation of the Company as on 31 December 2010. Moreover, the Supervisory Board acknowledges that the financial statement of the Company for the financial year 2010 are compliant with the books and documents of the Company and the actual state. Due to the above facts, the Supervisory Board forwards a motion to the Annual General Meeting of Shareholders to approve the financial statements of the Company for the financial year 2010.

Ad. 2

The Supervisory Board, having considered the analysis and assessment of the report of Management Board on the activities of the Company for 2010, acknowledges that the report of the Management Board on the activities of the Company in the financial year 2010 is compliant with the books and documents of the Company and the actual state. Due to the above facts, the Supervisory Board approves the presented report and forwards a motion to the Annual General Meeting of Shareholders to approve it. Moreover, the Supervisory Board forwards a motion to the Annual General Meeting of Shareholders to grant approval of the performance of the duties by the President of the Management Board - Mr. Dominik Libicki, and Members of the Management Board: Mr. Tomasz Szelağ, Mr. Dariusz Działkowski, Mrs. Aneta Jaskólska and Mr. Andrzej Matuszyński for the financial year 2010.

Ad. 3

The Supervisory Board, having considered the motion of the Management Board regarding the appropriation of profit for 2010 in the amount of PLN 884,165,232.13 to the reserve capital, issues a positive opinion and forwards a motion to the Annual General Meeting to adopt a resolution regarding appropriation of profits in the way proposed by the Management Board.