Questions asked by Shareholders at Annual General Meeting of Cyfrowy Polsat S.A. and answers given by the Management Board

1. **What was the level of costs of obtaining the debt financing for acquisition of TV Polsat? *(Stowarzyszenie Inwestorów Indywidualnych – Association of Individual Investors)***

Tomasz Szeląg, Member of the Management Board explained that these costs amounted in total to approximately PLN 150 million, out of which PLN 100 million related to obtaining the financing, and about PLN 50 million were transaction costs. Mr. Szeląg emphasized that these costs were relatively low compared to the value of the transaction and constituted respectively 3.3% and 1.6% of the obtained financing.

2. **35% of operating costs are denominated in foreign currencies, while the scale of hedging against the currency risk is much lower (several million). Why doesn't the Company apply more hedging instruments? *(Stowarzyszenie Inwestorów Indywidualnych – Association of Individual Investors)***

Tomasz Szeląg, Member of the Management Board explained that according to the description provided in the Consolidated Financial Statements of Cyfrowy Polsat S.A. Capital Group for the year 2011, foreign exchange risk hedging transactions were concluded in order to secure future cash flows related to planned interest payments on the Senior Notes which are denominated in euros. Currently the open positions hedging foreign exchange risk cover four coupon payments related to the notes issued (three coupons in 100% and the fourth in 50%).

Tomasz Szeląg informed that the foreign exchange exposure of the operating costs has been reduced in the last 3 years from 50% to about 35% through natural hedging. To diminish currency risk related to license agreements and agreements concerning the lease of satellite capacity we have been renegotiating the contracts in order to have a significant part of the agreements denominated in PLN.

Mr. Szeląg emphasized that the Company applies the most effective tools to minimize currency risk. The Management Board considers the full hedging of the currency risk as cost-ineffective for the Company, and the aim of the Management Board is to provide the highest value for Shareholders, while maintaining the most competitive prices for customers. At the moment, the Management Board evaluates the level of currency exposure between 30 and 35% as the optimal level for the Company.

3. **What is the useful life of one set-top box / reception equipment? The book value of the reception equipment as of the end of 2011 was PLN 408.6 million. *(Stowarzyszenie Inwestorów Indywidualnych – Association of Individual Investors)***

Tomasz Szeląg, Member of the Management Board explained that according to the table presented in the Consolidated Financial Statements for 2011, the period of depreciation of the reception equipment is 5 years. Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful life of an item of property, plant and equipment estimated by the Group. Correctness of the applicable useful lives, depreciation methods and residual values of property, plant and equipment (if significant) is verified by the Group on annual basis. The book value of reception equipment has increased in recent years, due to changes in the business model dictated by changing needs of customers who now prefer to lease equipment rather than buying it.

4. **The value of „Polsat" Brand presented in the non-current assets was PLN 840 million as of the end of 2011. Who performs impairment tests and how often is it done? *(Stowarzyszenie Inwestorów Indywidualnych – Association of Individual Investors)***

Tomasz Szeląg, Member of the Management Board informed that Polsat brand value was initially estimated by an independent entity from among so-called "Big Four" audit companies. Impairment tests are carried out once a year (unless reasons for loss of the value are identified in-between), in accordance with the provisions of MSR.10.a. The tests are carried out by the Company and its results are described in the financial statements and are audited by a certified auditor.

5. **How was the amortization of film licenses charged in 2011? (PLN 93.2 million in 2011, PLN 36.7 million in Q4'11) What will be the costs in the following periods? What was the value of the film licenses as of the end of 2011 (purchased in 2011 – PLN 178 million)? *(Stowarzyszenie Inwestorów Indywidualnych – Association of Individual Investors)***

Tomasz Szeląg, Member of the Management Board explained that Programming assets are amortized using the method reflecting the manner of consuming the economic benefits embodied in the licenses acquired within their estimated useful lives limited by the term of the respective license agreements. Amortization method and rates applied depend on the category of programming assets and the number of broadcasts permitted. Amortization of films and series starts at the first broadcast. Consumption of the economic benefits is measured using a declining balance method according to a standardized rate matrix and depends on the number of showings permitted or planned. In general, depreciation is charged in accordance with the following scheme:

<u>FILMS</u>
1 depreciable run 100%
2 depreciable runs 80% / 20%
3 depreciable runs 60% / 20% / 20%

<u>TV SERIES</u>
1 depreciable run 100%
2 depreciable runs 80% / 20%

6. **What are the items presented in the other costs position of the operating costs (nearly PLN 163 million)? *(Stowarzyszenie Inwestorów Indywidualnych – Association of Individual Investors)***

Tomasz Szeląg, Member of the Management Board explained that as described in the Management Board's report on activities of the Company, in the part related to the sources of operating costs, other costs include i.a. charges from mobile network operators, costs of SMART and SIM cards provided to customers, costs of IT services, taxes and other charges, infrastructure rental and network maintenance costs. Tomasz Szeląg pointed out that none of the individual items of these costs exceeds 18% of the total amount mentioned in the question.

Mr. Szeląg explained that although the nominal value of these costs is relatively high, it is less than 9% of all costs of the Company, and the largest single cost item in this group amounts to 1.6% of the total costs of the Company. He added that based on Q1'12 vs. Q1'11 and excluding the consolidation of TV Polsat Group, this group of costs was characterized by a negative growth rate year on year.