

## **Shareholders' Questions at the Annual General Meeting on 11 April 2013**

### 1. Question of a Shareholder:

“Why has the fact that Ms. Henryka Bochniarz, a current member of TP S.A. Supervisory Board, used to sit on WGI TFI Supervisory Board been omitted in her resume?”

An answer to this question was provided by the Company in the form of a current report on 26 April 2013.

### 2. Question of a Shareholder:

“In connection with a settlement signed with DPTG in the beginning of January 2012, I expected that some white paper on the actions and expenses related to this matter would be presented at this Annual General Meeting, as it had lasted very long and involved very high costs for TP S.A. Whose fault has it been and where? Why do I have to pay for it as a shareholder? Presumably, each predecessor is to blame. Well, if he is, then he should be made to explain himself at the moment of taking over from him.”

Answer of the Company's representative:

“As you know, this settlement was signed in the wake of over ten year long proceedings, which in fact were carried out before a number of judicial instances by two or three management teams with due diligence and in compliance with the relevant procedures, as well as with external support. It is difficult to comment on the actions of one's predecessors. It occasionally happens in the life of companies, that there are some matters which drag on for years and which are not under one's full control. As you know, this case and the amount of settlement resulted from decisions of the Arbitration Tribunal, which in our opinion were unjustified; as the Management Board which is currently responsible for the Company had to make decisions in the best interest of the Company and its shareholders, it signed the settlement. The case was handled by both our internal legal departments and external advisors, which is well documented. It all stemmed from a contract concluded in the 1990s by TP S.A.'s legal predecessor, Poczta Polska Telegraf i Telefon. As for the amount of the settlement, it resulted from an unfortunate and, in our opinion, unjustified decision of the Arbitration Tribunal in Vienna.”

### 3. Question of a Shareholder:

“TP Group's liquidity ratios considerably deteriorated at the end of 2012 as compared to 2011. In this context, what is the Management Board's assessment of the Company's ability to pay its liabilities and to carry out the intended capital investments, and what steps does the Management Board intends to take in order to improve the Company's liquidity status?”

Answer of the Company's representative:

“The Management Board has taken the relevant decisions to ensure the safety of the Company's balance-sheet despite changes on the revenue side. The Company intends to keep its net gearing ratio (debt leverage) at 35–40% and the net debt to EBITDA ratio below 1.5x. It will continue capital investments at PLN 2 billion annually, which accounts for all network development needs. Owing to the co-operation with T-Mobile and completion of the broadband network development programme agreed with the Regulator, Orange Polska is able to carry out further investments, while its balance-sheet remains safe. The Company has decided to decrease dividend in order to retain more cash, particularly in consideration of the European Commission's fine and the upcoming auction for frequencies. Hence, a decision to reduce dividend to PLN 0.50. Taking into account all these factors, Orange Polska is able to maintain its financial standing.”

### 4. Question of a Shareholder:

“In what areas of activity does the Management Board see the greatest potential for operating cost optimisation? In particular, in what areas does the Management Board see the greatest chance for a potential reduction of operating costs?”

Answer of the Company's representative:

"The Company has followed a clear cost reduction path for years. I do not mean just workforce reduction, but also a reduction in the actual costs of its functioning, to which we have been forced by the market conditions, as we operate in a very aggressive market, which necessitates the need for adjusting our cost base to our revenues. As for the areas, these remain virtually the same. The greatest room for cost reduction is in the customer service area, and Orange Polska wants to achieve it through further automation of processes (as this function involves the highest number of employees and the highest number of operations that require further automation) and enhanced use of e.g. on-line sales channels as a partial substitute of the physical sales network, which we keep optimising, anyway; each year, the number of permanent points of sale is reduced as the Group focuses on those with the highest productivity, while shifting a considerable portion of sales to the Internet.

Other cost lines include still very high costs of electricity, where a cost reduction may be achieved through tender procedures for suppliers or investments in equipment which consumes less power (equipment optimisation). We will review all the available further outsourcing options.

There are areas where the outsourcing cursor may be moved even further. This applies to a portion of administrative activities or tasks related e.g. to real estate management; for example, I am certain that the next Annual General Meeting will be held in a building whose cost per m<sup>2</sup> will be 30% lower than that of the one in which we are today, that is at our new Warsaw headquarters."

5. Question of a Shareholder:

"I have a question to Mr. President about the current state of affairs. It is well known that as a TP S.A. shareholder I lost 20% on the value of my holding and 2/3 on the value of dividend in 2012. How should the shareholder feel, if he sees that as a result of all this performance he lost 28% on his shares and 2/3 of dividend in 2012, while the CEO received PLN 2.8 million in cash (most likely exclusive of non-pay benefits)? What is the situation of a shareholder who has lost money, knowing that the CEO has received such exorbitant remuneration?"

Answer of the Company's representative:

"I am a shareholder of a telecommunications company myself and most telecom companies remain under huge competitive, regulatory and market pressure. This is a market on which we are to evolve, and the most important task of the whole Management Board of this Company is to steer it through this difficult period in the best possible standing and in the best interest of all shareholders."