

3 CORPORATE GOVERNANCE STATEMENT

(a) TP S.A.'s corporate governance policy

The Company, as an issuer of securities listed on the Warsaw Stock Exchange (WSE), shall comply with the corporate governance practices set out in the *Code of Best Practice for WSE Listed Companies*, which is available at <http://corp-gov.gpw.pl>.

(b) Corporate governance compliance

In 2009, the Company complied with the corporate governance best practice referred to above.

(c) Description of major features of TP S.A.'s internal control and risk management systems with respect to the process of development of standalone and consolidated financial statements

The system of internal control and risk management has been designed and implemented by the Management Board to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

A new TP Group Code of Ethics was adopted within the Company in 2008 which encompasses TP S.A.'s relationship with customers, shareholders, employees, suppliers, competition and also with respect to the environment in which the TP Group operates. An alert handling system related to ethics and reporting of potential and actual fraud has been enhanced by the Group which is coordinated by the TP Group Ethics Committee. Training on ethics is provided to employees, which is confirmed by a personal certification. Formal channels for whistle blowing have been established, including reporting to the Chairman of the TP S.A. Audit Committee of the Supervisory Board, the Chairman of the TP Group Ethics Committee and the Director of Internal Audit.

Company is diligent in its approach to reporting financial results and its ongoing communication with the Polish and international investment community, as well as fulfilling its disclosure obligations. The TP Group Disclosure Committee is chaired by the Chief Financial Officer. Its role is to oversee public disclosures made by TP Group, ensuring that they are timely, exact, transparent, complete, and presented in accordance with all relevant laws, applicable regulations and recognised practices, as well as being properly representative of the financial and operational condition of the Group. In 2009, the Committee had four meetings.

The key elements of such system include the following procedures:

(1) An internal audit function, which reports directly to the President of the Management Board. The internal audit programme is annually reviewed by the Audit Committee which also analyses the Group's Internal Audit reports. In order to promote an appropriate independent outlook for the Internal Audit Department, Management Board decisions regarding the appointment and remuneration of the Head of the Internal Audit Department require, since 2005, an opinion of the Audit and Remuneration Committees.

(2) The Group conducts ongoing assessments of the quality of risk management system and controls. As part of this process, a Risk Map which enables identification and classification of the Group's financial and non-financial risks is maintained. This Map was developed internally, but also includes findings from the risk assessment project carried out with the support of external experts.

(3) Procedures were implemented in order to identify, report and monitor significant risks (i.e. legal, regulatory, environmental, financial reporting and operational) effectively on an ongoing basis. It provides a framework for the Internal Audit Department's ongoing risk-controlling activities.

In 2009, the Management Board again completed a comprehensive assessment of the Group's internal controls over financial reporting. Main deficiencies were identified and corrected or appropriate action points have been launched. As a result of the assessment, the Management concluded that there were no weaknesses that would materially impact the internal control over the financial reporting at 31 December 2009.

(d) Indication of shareholders holding, directly or indirectly, significant batches of shares, including the number of shares held, the interest in the Share Capital, the corresponding number of votes and the percentage of the total voting power at the General Meeting

Shareholder	Number of shares held	Number of votes at the General Meeting	Percentage of the total voting power at the General Meeting	Nominal value of shares held (in PLN)	Interest in the Share Capital
France Telecom S.A.	664,999,999	664,999,999	49.79%	1,994,999,997	49.79%
State Treasury ⁽¹⁾	55,491,532	55,491,532	4.15%	166,474,596	4.15%
Other shareholders	615,157,490	615,157,490	46.06%	1,845,472,470	46.06%
TOTAL	1,335,649,021	1,335,649,021	100.00%	4,006,947,063	100.00%

⁽¹⁾ The figures presented are based on the number of shares registered by the State Treasury at the Annual General Meeting of Shareholders of TP S.A. held on 23 April 2009.

(e) Indication of holders of any securities granting special control rights and description of such rights

The Company has not issued any securities granting any special control rights to shareholders or other entities.

(f) Indication of any restrictions concerning the exercise of the voting rights on shares, such as restriction of the voting rights to a certain percentage or number of votes or temporary restriction of the voting rights, or regulations according to which, in conjunction with the Company, the rights on securities are separated from the ownership of securities

The Company has not introduced any special restrictions concerning the exercise of the voting rights on shares.

(g) Indication of any restrictions concerning transfer of ownership of the securities issued by TP S.A.

The transfer of ownership of the securities issued by the Company is subject to no restrictions.

(h) Description of procedures for appointment and removal of managing persons and their rights, particularly the right to make decisions regarding the issuance or redemption of shares

The Management Board consists of between 3 and 10 members, including the President. They are appointed and removed by the Supervisory Board by a simple majority of the votes cast. The term of office of each member of the Management Board shall be three years. The Management Board's remit comprises the management of all aspects of the Company's affairs, with the exception of the matters which under the Polish Commercial Companies Code or the Articles of Association shall be within the competence of the General Meeting or the Supervisory Board. In particular, the powers of the Management Board include development of the Company's strategy, economic and financial plans; establishment, transformation and liquidation of the Company's business units; and governance of TP Group subsidiaries. Any decisions regarding the issuance or redemption of the Company's shares are exclusively within the competence of the General Assembly.

The powers of the Management Board are detailed in the Management Board by-laws, available at www.tp-ir.pl.

(i) Description of procedures for amending the Articles of Association or the deed of the company

Any amendment to the Articles of Association shall be effected only by a resolution of the General Assembly adopted by a majority of the three quarters of votes.

(j) Rules of operation of the general meeting and its major responsibilities, and description of the shareholders' rights and the way of exercise thereof, particularly the rules resulting from the general meeting by-laws, if any, unless the information in this respect results directly from mandatory regulations

I. General Assemblies shall be held in Warsaw. The General Meeting shall be valid irrespective of the number of shares represented. According to the adopted by-laws, the General Meeting shall be opened by the Chairman of the Supervisory Board or his deputy, or, in case of their absence, by the President of the Management Board or a person designated by the Management Board. Thereafter, the Chairman shall be elected from among the persons entitled to take part in the General Meeting. After each subsequent matter on the agenda has been presented the Chairman of the General Meeting shall open a discussion giving floor to speakers in the sequence in which they have declared their willingness to speak. Upon the consent of the General Meeting several items of the agenda may be discussed jointly. The participants may speak only on the matters which have been put on the agenda and are being considered at that moment.

II. Pursuant to the Regulations of the General Meeting of TP S.A., the shareholders have the following rights:

- (1) The shareholders may take part in the General Meeting and exercise the right of vote in person or by attorneys-in-fact (other representatives).
- (2) Each shareholder has the right to candidature for the Chairman of the General Assembly or to put forward one candidature for the position of the Chairman of the General Meeting to the minutes.
- (3) When every point on the agenda is considered each shareholder has the right to one speech of 5 minutes and a reply of 5 minutes.
- (4) Each shareholder has the right to ask questions on any matters on the agenda.
- (5) The shareholder has the right to object a decision of the Chairman of the General Meeting. The General Meeting shall decide in a resolution whether the decision of the Chairman be upheld or reversed.
- (6) Each shareholder has the right to suggest amendments or additions to draft resolutions, which are covered by the agenda of the General Meeting, by the time of closing the discussion over the item on the agenda referring to the draft resolution to which the suggestion is related.

(k) Composition and changes thereof in the last financial year, and description of bodies that manage, supervise or administer TP S.A. and any committees thereof

I. Composition of the Management Board and changes thereof in 2009

Composition on 1 January 2009:

1. Maciej Witucki - President of the Board
2. Roland Dubois - Board Member
3. Jacek Kałaur - Board Member
4. Piotr Muszyński - Board Member
5. Ireneusz Piecuch - Board Member
6. Richard Shearer - Board Member

On 26 March 2009, Mr Mariusz Gaca was appointed by the Supervisory Board as a Member of the Management Board.

The mandate of the President Maciej Witucki expired at the Annual General Meeting held on 23 April 2009, which approved the 2008 financial statements. On the same day, Mr Maciej Witucki was appointed by the Supervisory Board for another term as the President of the Management Board.

On 6 August 2009, the mandate of Mr. Ireneusz Piecuch expired upon his resignation.

On 15 September 2009, the mandates of Mr. Mariusz Gaca and Mr. Richard Shearer expired upon their resignation.

On 15 September 2009, Mr. Vincent Lobry was appointed by the Supervisory Board as a Member of the Management Board.

On 4 November 2009, the mandate of Mr. Jacek Kałaur expired upon his resignation.

Composition on 31 December 2009:

1. Maciej Witucki - President of the Board
2. Vincent Lobry - Vice President of the Board
3. Piotr Muszyński - Vice President of the Board
4. Roland Dubois - Board Member

II. Composition of the Supervisory Board and its Committees and changes thereof in 2009

Composition on 1 January 2009:

1. Prof. Andrzej K. Koźmiński - Chairman and Independent Board Member
2. Olivier Barberot - Deputy Chairman and Chairman of the Strategy Committee
3. Olivier Faure - Board Member and Secretary
4. Antonio Anguita - Board Member
5. Vivek Badrinath - Board Member
6. Timothy Boatman - Independent Board Member and Chairman of the Audit Committee
7. Jacques Champeaux - Board Member
8. Ronald Freeman - Independent Board Member and Chairman of the Remuneration Committee

9. Dr. Mirosław Gronicki - Independent Board Member
10. Stéphane Pallez - Board Member
11. Georges Penalver - Board Member
12. Prof. Jerzy Rajski - Independent Board Member
13. Dr. Wiesław Rozłucki - Independent Board Member

On 16 January 2009, the mandate of Mr. Olivier Faure expired. On the same day, Mr. Olivier Faure was appointed by the Extraordinary General Meeting as a Member of the Supervisory Board.

On 23 April 2009, the mandates of Messrs. Andrzej K. Koźmiński, Olivier Barberot, Vivek Badrinath, Ms. Stéphane Pallez, Mr. Georges Penalver, Prof. Jerzy Rajski and Dr. Wiesław Rozłucki expired. On the same day, Messrs. Vivek Badrinath, Olivier Barberot, Andrzej K. Koźmiński, Ms. Marie-Christine Lambert, Messrs. Jerzy Rajski, Raoul Roverato and Dr. Wiesław Rozłucki were appointed by the Annual General Meeting as Members of the Supervisory Board.

Composition on 31 December 2009:

1. Prof. Andrzej K. Koźmiński - Chairman and Independent Board Member
2. Olivier Barberot - Deputy Chairman and Chairman of the Strategy Committee
3. Olivier Faure - Board Member and Secretary
4. Antonio Anguita - Board Member
5. Vivek Badrinath - Board Member
6. Timothy Boatman - Independent Board Member and Chairman of the Audit Committee
7. Jacques Champeaux - Board Member
8. Ronald Freeman - Independent Board Member and Chairman of the Remuneration Committee
9. Dr. Mirosław Gronicki - Independent Board Member
10. Marie-Christine Lambert - Board Member
11. Prof. Jerzy Rajski - Independent Board Member
12. Raoul Roverato - Board Member
13. Dr. Wiesław Rozłucki - Independent Board Member

At present, TP S.A. has six independent members in the Supervisory Board, namely: Prof. Andrzej K. Koźmiński, Timothy Boatman, Ronald Freeman, Dr. Mirosław Gronicki, Prof. Jerzy Rajski and Dr. Wiesław Rozłucki.

Composition of Committees of the Supervisory Board on 31 December 2009:

The Audit Committee

1. Timothy Boatman – Chairman
2. Olivier Faure
3. Ronald Freeman
4. Marie-Christine Lambert

The Remuneration Committee

1. Ronald Freeman – Chairman
2. Olivier Barberot
3. Jacques Champeaux
4. Dr. Wiesław Rozłucki

The Strategy Committee

1. Olivier Barberot – Chairman
2. Jacques Champeaux
3. Olivier Faure
4. Dr. Mirosław Gronicki
5. Prof. Jerzy Rajski

III. Operations of the Management Board

The operations of the Management Board shall be managed by its President, who shall be the superior of all the Company's employees. Meetings of the Management Board are chaired by the President of the Management Board or, in case of his absence, another member of the Management Board designated by the President. Resolutions may be adopted if all members of the Management Board have been duly notified about the meeting. Resolutions of the Management Board shall be adopted by absolute majority

of votes of all appointed members of the Management Board. Individual members of the Management Board shall manage the areas of the Company's operations assigned to them.

The responsibilities and obligations of the Management Board are detailed in the Management Board by-laws, available at www.tp-ir.pl.

IV. Operations of the Supervisory Board

The work of the Supervisory Board is co-ordinated by the Board Chairman with the assistance of the Board Secretary. The Supervisory Board shall hold a meeting at least once a quarter. The Management Board or a member of the Supervisory Board may demand convening a meeting, specifying a suggested agenda thereof. The Chairman of the Supervisory Board shall call a meeting within two weeks of the receipt of the aforementioned motion. In case the Chairman of the Supervisory Board fails to call a meeting within two weeks, the applicant may call it on his own, specifying the date, place and suggested agenda of the meeting. The Supervisory Board shall adopt resolutions by a simple majority of the votes cast and in the presence of at least half of all members of the Supervisory Board. In case of equal votes, the Chairman of the Supervisory Board shall have the decisive vote.

Although the Board performs its tasks collectively, it delegates some of the work. The committees to which these tasks are delegated are described in further paragraphs.

The Supervisory Board by-laws are available at www.tp-ir.pl.

In particular, the Supervisory Board is responsible for the appointment and remuneration of the members of the Management Board, the appointment of the Company's independent auditors, and the supervision of the Company's business. As part of its supervisory responsibilities, it examines the Company's strategic plan and annual budget, monitors the Company's operating and financial performance, formulates opinions on incurring liabilities that exceed the equivalent of €100,000,000, formulates opinions on disposal of the Company's assets in exceed the equivalent of €100,000,000, evaluates the Management Board's report on the Company's activities and the Management Board's proposals regarding distribution of profits or covering losses. In considering these matters, the Board takes into account the social, environmental and ethical considerations that relate to Company businesses.

V. Operations of the Committees of the Supervisory Board

(A) The Audit Committee

The task of the Committee is to advise the Supervisory Board on proper implementation of financial reporting, budgetary and internal control, including risk management, principles in TP Group and to cooperate with the auditors of TP Group.

The key functions of the Audit Committee include:

- (1) Monitoring the integrity of the financial information provided by the Company in particular by reviewing:
 - (a) The relevance and consistency of the accounting methods used by the Company and the TP Group, including the criteria for the consolidation of the financial results;
 - (b) Any changes to accounting standards, policies and practices;
 - (c) Major areas of financial reporting subject to judgment;
 - (d) Significant adjustments arising from the audit;
 - (e) Statements on going concern; and
 - (f) Compliance with the accounting regulations;
- (2) Review at least annually the Group's system of internal control and risk management systems with a view to ensuring that the main risks (including those related to compliance with existing legislation and regulations) are properly identified, managed and disclosed;
- (3) Annual review of the internal audit programme, including the review of independence of the internal audit function, and co-ordination between the internal and external auditors;
- (4) Analysis of reports of the Company's internal audit department and major findings of any other internal investigations and responses of the Management Board to them;
- (5) Make recommendations in relation to the selection and remuneration of the Director of the Internal Audit department and on such department's budget;
- (6) Review and providing an opinion to the TP S.A. Management Board on transactions with related parties;

- (7) Monitoring the independence and objectivity of the Company's external auditors and presentation of recommendations to the Supervisory Board with regard to selection and remuneration of the Company's auditors, with particular attention being paid to remuneration for additional services;
- (8) Discussion with the Company's external auditors before the start of each annual audit on the nature and scope of the audit and monitoring the auditors' work;
- (9) Review the issues giving rise to the resignation of the external auditor;
- (10) Discussion (in or without the presence of the Company Management Board) of any problems or reservations, resulting from the financial statements audit;
- (11) Review the effectiveness of the external audit process, and the responsiveness of the Management Board to recommendations made by the external auditor;
- (12) Consideration of any other matter noted by the Audit Committee or the Supervisory Board;
- (13) Regularly informing the Supervisory Board about all important issues within the Committee scope of activity; and
- (14) Providing the Supervisory Board with its annual report on the Audit Committee's activity and results.

(B) The Remuneration Committee

The Remuneration Committee's task is to advise the Supervisory Board and Management Board on the general remuneration and nomination policy of TP Group, determining the conditions of employment and remuneration (including the setting of objectives) of the Members of Management Board and giving recommendations to the Supervisory Board regarding salaries and the amounts of bonuses for the members of the Management Board.

(C) The Strategy Committee

The tasks of the Strategy Committee include:

- (1) giving its opinion and recommendation to the Supervisory Board on the strategic plans put forward by the Management Board and any further suggestions made by the Supervisory Board regarding such strategic plan(s), and in particular on the main strategic options involved; and
- (2) consulting on all strategic projects related to the development of TP Group, the monitoring of the evolution of industrial partnerships within TP Group and projects involving strategic agreements for TP Group. It then reports and makes recommendations on each of these projects to the Supervisory Board.

In particular, the Committee is invited to consider projects such as:

- (1) strategic agreements, alliances, and technological and industrial co-operation agreements, including aspects of the strategic partnership between France Telecom and TP Group; and
- (2) significant acquisitions and sales of assets.