

LSE – Current Report (131/2012)
Telekomunikacja Polska S.A., (TPSA) – Warsaw, Poland
Oct 24th, 2012

Pursuant to art. 56, clause 1, item 1 of the Law of July 29, 2005 on public offering and the conditions for introducing financial instruments to the organised trading system and on public companies (Journal of Laws of 2005, No. 184, item 1539 with amendments), the Management Board of Telekomunikacja Polska S.A. hereby provides selected financial and operating data related to the activities of Telekomunikacja Polska Group (“Group”, “Orange Polska”) for the 3Q and 9 months 2012.

| key figures (PLN million) IFRS | 3Q 2012 | 3Q 2011 pro forma¹ | change | 9M 2012 | 9M 2011 pro forma¹ | change |
|---|--------------------|--|---------------|----------------|--|---------------|
| Group revenue | 3,473 | 3,677 | -5.5% | 10,663 | 11,034 | -3.4% |
| fixed line segment ² | 1,917 | 1,997 | -4.0% | 5,846 | 6,044 | -3.3% |
| mobile segment ² | 1,853 | 1,947 | -4.8% | 5,663 | 5,770 | -1.9% |
| Group EBITDA ³ | 1,323 | 1,403 | -5.7% | 3,842 | 4,074 | -5.7% |
| fixed line segment ^{2,3} | 732 | 739 | +0.4% | 2,174 | 2,382 | -8.7% |
| mobile segment ² | 591 | 663 | -10.7% | 1,668 | 1,779 | -6.6% |
| Group EBITDA (as a % of revenue) | 38.1% | 38.2% | -0.1 pp | 36.0% | 36.9% | -0.9 pp |
| Group net free cash flow (reported) ⁴ | 324 | 579 | -44.0% | 1,033 | 1,488 | -30.6% |
| Group net income | 307 | 377 | -18.6% | 804 | 310 | 1.6x |
| <i>Excluding tax relief</i> | 307 | 269 | +14.1% | 804 | 202 | 3.0x |

¹ adjusted for deconsolidation of Emitel and Paytel

² segments as defined in Group's Consolidated Financial Statement

³ adjusted for de-consolidation of Emitel and Paytel and gain on disposal of Emitel and increase in provision for European Commission fine imposed in 2Q2011, amounting to +PLN 1.2 bn and -PLN 0.46 bn respectively

⁴ excluding the EUR 550mn payment to DPTG

Telekomunikacja Polska Group Consolidated

| amounts in PLN millions | 2011 | | | | | | | | 2012 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1Q | | 2Q | | 3Q | | 4Q | | 1Q | 2Q | 3Q |
| | as reported | pro forma* | as reported | pro forma* | as reported | pro forma* | as reported | pro forma* | as reported | as reported | as reported |
| profit & loss statement | | | | | | | | | | | |
| revenues | | | | | | | | | | | |
| fixed line telephony services | 1,190 | 1,190 | 1,141 | 1,141 | 1,134 | 1,134 | 1,104 | 1,104 | 1,055 | 1,027 | 987 |
| retail revenue (subscriptions and traffic) | 915 | 915 | 858 | 858 | 836 | 836 | 810 | 810 | 765 | 730 | 694 |
| wholesale revenue incl. interconnection | 272 | 272 | 280 | 280 | 296 | 296 | 291 | 291 | 289 | 296 | 292 |
| Payphone revenue | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 |
| mobile telephony services | 1,691 | 1,691 | 1,779 | 1,779 | 1,783 | 1,783 | 1,757 | 1,757 | 1,689 | 1,773 | 1,694 |
| voice traffic revenue | 990 | 990 | 1,054 | 1,054 | 1,057 | 1,057 | 1,011 | 1,011 | 942 | 1,002 | 967 |
| interconnection revenue | 301 | 301 | 320 | 320 | 301 | 301 | 314 | 314 | 308 | 333 | 287 |
| messaging services and content | 369 | 369 | 376 | 376 | 389 | 389 | 404 | 404 | 407 | 401 | 405 |
| Other | 31 | 31 | 29 | 29 | 36 | 36 | 28 | 28 | 32 | 37 | 35 |
| data services | 624 | 616 | 610 | 603 | 599 | 599 | 600 | 600 | 594 | 613 | 603 |
| leased lines | 71 | 63 | 71 | 64 | 63 | 63 | 64 | 64 | 61 | 66 | 63 |
| data transmission | 165 | 165 | 158 | 158 | 158 | 158 | 161 | 161 | 157 | 163 | 154 |
| dial-up | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 1 | 0 |
| broadband, TV and VoIP revenue | 387 | 387 | 381 | 381 | 377 | 377 | 375 | 375 | 376 | 383 | 386 |
| radio communications | 58 | 0 | 55 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 |
| sales of goods and other | 166 | 149 | 205 | 188 | 163 | 161 | 263 | 261 | 183 | 253 | 186 |
| Total revenue, net | 3,729 | 3,646 | 3,790 | 3,711 | 3,679 | 3,677 | 3,724 | 3,722 | 3,521 | 3,669 | 3,473 |
| Y-o-Y growth** | -3.7% | n/a | -4.9% | n/a | -3.8% | n/a | -4.0% | n/a | -3.4% | -1.1% | -5.5% |
| ** growth in revenues is calculated based on proforma figures | | | | | | | | | | | |
| labour expenses | (556) | (531) | (531) | (510) | (477) | (475) | (467) | (466) | (552) | (517) | (481) |
| o/w profit-sharing | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (2) | (3) |
| o/w share-based compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| external purchases | (1,703) | (1,694) | (1,767) | (1,759) | (1,676) | (1,674) | (1,866) | (1,865) | (1,743) | (1,845) | (1,568) |
| - interconnection costs | (475) | (474) | (492) | (492) | (474) | (474) | (469) | (469) | (447) | (470) | (413) |
| - network and IT | (215) | (208) | (221) | (214) | (219) | (219) | (221) | (221) | (226) | (238) | (220) |
| - commercial expenses | (605) | (604) | (608) | (607) | (588) | (586) | (692) | (691) | (641) | (691) | (547) |
| - content costs | (32) | (32) | (49) | (49) | (29) | (29) | (30) | (30) | (34) | (38) | (33) |
| - Other external purchases | (376) | (376) | (397) | (397) | (366) | (366) | (454) | (454) | (395) | (408) | (355) |
| other operating incomes & expenses | (130) | (125) | (546) | (541) | (130) | (130) | (188) | (190) | (10) | (24) | (104) |
| - o/w dispute with DPTG | | | | | | | (35) | (35) | | | |
| restructuring costs | 0 | 0 | 0 | 0 | 0 | 0 | (172) | (172) | 0 | 0 | 0 |
| gain/loss on disposals of assets | 5 | 5 | 10 | 10 | 6 | 6 | 11 | 11 | 8 | 12 | 3 |
| disposal of shares | | | 1,188 | | | | | (5) | | | |
| EBITDA | 1,345 | 1,301 | 2,144 | 911 | 1,402 | 1,404 | 1,037 | 1,040 | 1,224 | 1,295 | 1,323 |
| % of revenues | 36.1% | 35.7% | 56.6% | 24.5% | 38.1% | 38.2% | 27.8% | 27.9% | 34.8% | 35.3% | 38.1% |
| restated EBITDA*** | 1,345 | 1,301 | 1,414 | 1,369 | 1,402 | 1,404 | 1,249 | 1,247 | 1,224 | 1,295 | 1,323 |
| % of revenues | 36.1% | 35.7% | 37.3% | 36.9% | 38.1% | 38.2% | 33.5% | 33.5% | 34.8% | 35.3% | 38.1% |
| depreciation & amortisation | (978) | (964) | (989) | (989) | (900) | (900) | (836) | (836) | (817) | (833) | (801) |
| impairment of fixed assets | | | (4) | (4) | (2) | (2) | (3) | (3) | (4) | (6) | (1) |
| share of profit of investments accounted for using the equity method | | | | | | | 1 | 1 | 1 | 1 | 2 |
| EBIT | 367 | 337 | 1,151 | (82) | 500 | 502 | 199 | 202 | 404 | 457 | 523 |
| % of revenues | 9.8% | 9.2% | 30.4% | -2.2% | 13.6% | 13.7% | 5.3% | 5.4% | 11.5% | 12.5% | 15.1% |
| financial result | (131) | (131) | (89) | (89) | (111) | (111) | (101) | (101) | (108) | (127) | (146) |
| - interest expenses, net | (116) | (116) | (77) | (77) | (68) | (68) | (78) | (78) | (100) | (102) | (136) |
| - foreign exchanges gains (losses) | 5 | 5 | 7 | 7 | (8) | (8) | 3 | 3 | 9 | 5 | 8 |
| - discounting expenses | (20) | (20) | (19) | (19) | (35) | (35) | (26) | (26) | (17) | (30) | (18) |
| income tax | (47) | (40) | (67) | (61) | (13) | (13) | 260 | 260 | (54) | (75) | (70) |
| consolidated net income after tax | 189 | 166 | 995 | (232) | 376 | 378 | 358 | 361 | 242 | 255 | 307 |

* pro forma accounts adjusted for de-consolidation of Emitel and Paytel, disposed on 22/06/2011 and 27/01/2012, respectively.

*** 4Q 2011 excluding PLN -172mn restructuring provision, PLN -35mn increase in DPTG provision, PLN -5mn additional costs on Emitel disposal; 2011 additionally excluding PLN 1.2bn gain on Emitel disposal and a PLN -0.46bn provision for EC fine (both recognised in 2Q)

Key operational performance indicators for Group

| Fixed Voice | 2011 | | | | 2012 | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| customer base | | | | | | | |
| Main lines (thousands) | | | | | | | |
| POTS | 5,163 | 5,007 | 4,849 | 4,638 | 4,365 | 4,158 | 3,990 |
| ISDN | 856 | 840 | 821 | 807 | 780 | 762 | 740 |
| WLR PTK | 111 | 117 | 120 | 124 | 127 | 128 | 124 |
| WLL PTK | 34 | 40 | 47 | 54 | 61 | 69 | 76 |
| VoIP first line | 30 | 34 | 39 | 71 | 152 | 209 | 264 |
| Total retail main lines | 6,194 | 6,038 | 5,875 | 5,694 | 5,484 | 5,326 | 5,195 |
| WLR (external to Group) | 1,373 | 1,396 | 1,419 | 1,470 | 1,512 | 1,539 | 1,518 |
| ARPU per month | | | | | | | |
| Retail fixed voice ARPU from POTS/ISDN (in PLN) | 48.8 | 47.3 | 47.3 | 47.5 | 46.8 | 46.6 | 46.0 |
| fixed voice market | | | | | | | |
| Fixed voice penetration (in households) ¹ | 52.7% | 52.0% | 51.5% | 51.1% | 49.8% | 49.2% | 48.7% |
| Local access market in Poland-estimated (in million) | 9.7 | 9.6 | 9.5 | 9.5 | 9.3 | 9.3 | 9.2 |
| Fixed voice market share (%)¹ | | | | | | | |
| Group retail local access ^{1,2} | 63.8% | 62.9% | 61.6% | 60.0% | 58.7% | 57.5% | 56.6% |
| Value market share ¹ | 67.9% | 66.7% | 66.6% | 65.9% | 64.7% | 64.0% | 63.2% |

¹ Company's estimation

² Local access without Wholesale Line Rental but with Orange WLR part

| Fixed Broadband and TV | 2011 | | | | 2012 | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| customer base | | | | | | | |
| Broadband access lines (thousands) | | | | | | | |
| ADSL ³ & SDI | 2,143 | 2,148 | 2,157 | 2,157 | 2,151 | 2,146 | 2,134 |
| VDSL | | | 1 | 6 | 11 | 16 | 23 |
| CDMA | 154 | 163 | 174 | 183 | 186 | 182 | 181 |
| Group retail broadband - total | 2,297 | 2,311 | 2,332 | 2,346 | 2,348 | 2,344 | 2,338 |
| Bitstream access (external to TP Group) | 375 | 373 | 366 | 366 | 367 | 367 | 356 |
| LLU | 149 | 162 | 178 | 186 | 186 | 184 | 187 |
| TV client base | | | | | | | |
| IPTV | 113 | 111 | 109 | 110 | 113 | 114 | 116 |
| DTH (TV over Satellite) | 464 | 482 | 506 | 527 | 550 | 562 | 578 |
| TV client base (thousands) | 577 | 592 | 615 | 636 | 663 | 677 | 695 |
| o/w customers with pay TV packages ⁴ | 153 | 154 | 143 | 139 | 142 | 144 | 146 |
| -o/w 'n' packages | | | 7 | 24 | 43 | 57 | 69 |
| 3P services (TV+BB+VoIP) | 27 | 29 | 32 | 55 | 112 | 151 | 191 |
| ARPU per month | | | | | | | |
| Group ARPU - Broadband, TV & VoIP (in PLN) | 56.3 | 55.1 | 54.1 | 53.4 | 53.3 | 54.5 | 54.9 |
| broadband market⁵ | | | | | | | |
| B2C Broadband penetration (in households) ⁵ | 44.2% | 44.6% | 44.8% | 45.3% | 45.6% | 45.7% | 45.9% |
| Total broadband market customers - estimated (in '000) ⁵ | 6,606 | 6,681 | 6,757 | 6,879 | 6,950 | 6,996 | 7,052 |
| Group net adds market share ⁵ | 10.1% | 19.3% | 27.4% | 11.6% | 2.6% | -7.7% | -12.4% |
| Group volume market share (in %) ⁵ | 34.8% | 34.6% | 34.5% | 34.1% | 33.8% | 33.5% | 33.1% |
| Group value market share (in %)⁵ | 42.5% | 41.2% | 40.7% | 40.0% | 39.5% | 39.7% | 39.5% |

³ includes PTK based on BSA

⁴ includes TP's M-, L - packages, Orange Sport and HBO

⁵ company's estimation

| Mobile Segment | 2011 | | | | 2012 | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| customer base | | | | | | | |
| Mobile customer base (thousands) | | | | | | | |
| Post-paid | 6,962 | 6,967 | 6,972 | 6,977 | 6,927 | 6,937 | 6,894 |
| Pre-paid | 7,457 | 7,568 | 7,641 | 7,681 | 7,685 | 7,820 | 7,865 |
| Total¹ | 14,419 | 14,535 | 14,613 | 14,658 | 14,612 | 14,757 | 14,758 |
| MVNOs customers | 73 | 78 | 83 | 87 | 88 | 87 | 78 |
| Dedicated mobile broadband subscription client base (thousands) ² | 599 | 645 | 691 | 741 | 800 | 848 | 907 |
| Number of smartphones (thousands) | 1,725 | 1,804 | 1,881 | 2,103 | 2,256 | 2,574 | 2,887 |
| ARPU | | | | | | | |
| Monthly mobile customer ARPU in quarter (PLN) | | | | | | | |
| post-paid | 62.7 | 66.1 | 65.3 | 64.5 | 62.0 | 64.8 | 61.7 |
| pre-paid | 17.5 | 18.0 | 18.1 | 18.0 | 16.8 | 17.9 | 17.0 |
| Blended | 39.4 | 41.1 | 40.7 | 40.1 | 38.3 | 40.0 | 38.0 |
| Retail ARPU (PLN) | 31.8 | 33.2 | 33.3 | 32.6 | 31.1 | 32.2 | 31.4 |
| Wholesale ARPU (PLN) | 7.5 | 8.0 | 7.3 | 7.5 | 7.2 | 7.8 | 6.6 |
| Voice ARPU (PLN) | | | | | | | |
| post-paid | 47.5 | 50.4 | 49.5 | 47.7 | 45.2 | 47.9 | 44.9 |
| pre-paid | 12.1 | 13.1 | 13.0 | 12.7 | 12.4 | 13.7 | 12.8 |
| Blended | 29.2 | 31.0 | 30.4 | 29.4 | 27.7 | 29.5 | 27.5 |
| Data ARPU (PLN) | | | | | | | |
| post-paid | 5.5 | 5.7 | 6.1 | 6.3 | 6.6 | 6.3 | 6.6 |
| pre-paid | 0.4 | 0.4 | 0.4 | 0.5 | 0.6 | 0.5 | 0.6 |
| Blended | 2.9 | 2.9 | 3.2 | 3.2 | 3.4 | 3.2 | 3.4 |
| SMS&MMS and other ARPU (PLN) | | | | | | | |
| post-paid | 9.7 | 10.0 | 9.7 | 10.5 | 10.2 | 10.6 | 10.2 |
| pre-paid | 5.0 | 4.6 | 4.7 | 4.8 | 3.8 | 3.7 | 3.6 |
| Blended | 7.3 | 7.2 | 7.1 | 7.5 | 7.2 | 7.4 | 7.1 |
| volumes & churn | | | | | | | |
| AUPU (in minutes) | | | | | | | |
| post-paid | 229.0 | 236.3 | 236.6 | 235.9 | 236.5 | 239.6 | 243.4 |
| pre-paid | 92.6 | 96.7 | 97.5 | 93.7 | 92.3 | 95.8 | 91.3 |
| Blended | 158.6 | 163.9 | 164.0 | 161.4 | 160.8 | 163.7 | 162.6 |
| Quarterly mobile customer churn rate (%) | | | | | | | |
| post-paid | 3.8 | 3.4 | 3.5 | 4.0 | 3.9 | 3.4 | 3.5 |
| pre-paid | 14.3 | 15.8 | 17.2 | 16.1 | 16.7 | 16.8 | 17.2 |
| subsidies | | | | | | | |
| SAC (PLN) | | | | | | | |
| post-paid | 562.1 | 559.3 | 577.2 | 565.4 | 627.2 | 544.0 | 563.4 |
| pre-paid | 8.5 | 9.2 | 8.5 | 10.4 | 9.0 | 7.6 | 8.2 |
| Blended | 140.2 | 124.9 | 114.4 | 134.1 | 132.5 | 107.3 | 113.3 |
| SRC (PLN) | 563.7 | 542.1 | 555.6 | 591.4 | 628.8 | 651.2 | 599.9 |
| network coverage | | | | | | | |
| Group 2G coverage in % of population: | 99.6% | 99.6% | 99.6% | 99.6% | 99.6% | 99.6% | 99.8% |
| Group 3G coverage in % of population: | 60.9% | 61.9% | 61.9% | 62.4% | 62.6% | 62.7% | 64.8% |
| Mobile market | | | | | | | |
| Market penetration rate for mobile network services | 125.8% | 127.1% | 129.3% | 132.7% | 134.1% | 135.3% | 137.8% |
| Group mobile market share in volume | 30.1% | 30.0% | 29.7% | 29.0% | 28.6% | 28.4% | 27.9% |
| Group mobile market share in value ³ | 31.0% | 31.3% | 30.7% | 30.4% | 30.2% | 30.4% | 30.0% |

¹ excluding NMT

² includes Business Everywhere and Orange Free

³ company's estimation

| Employment structure of Group as reported Full time positions (end of period) | 2011 | | | | 2012 | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| TP SA | 15,210 | 15,020 | 14,886 | 14,854 | 14,885 | 14,698 | 14,424 |
| Other (incl Orange Customer Service) | 7,732 | 6 741* | 6 628 | 6,673 | 6,540 | 6,405 | 6,204 |
| Total fixed line | 22,941 | 21,761 | 21,514 | 21,527 | 21,425 | 21,103 | 20,628 |
| PTK Centertel | 2,157 | 2,122 | 1 743** | 1,743 | 1,750 | 1,745 | 1,732 |
| Other | 420 | 456 | 477 | 534 | 542 | 563 | 524 |
| Total mobile segment | 2,577 | 2,578 | 2,220 | 2,278 | 2,292 | 2,308 | 2,256 |
| Group | 25,519 | 24,339 | 23,734 | 23,805 | 23,716 | 23,411 | 22,884 |

*excluding Emitel's headcount amounting to 941 employees

** excluding 344 employees transferred to NetWorkSI JV