

INFORMATION OF THE MANAGEMENT BOARD OF CYFROWY POLSAT S.A.

In connection with shareholders' questions regarding the methodology of an estimate valuation of a non-cash contribution, that is the shares in Metelem Holding Company Limited, which indirectly controls 100% of the shares in Polkomtel Sp. z o.o. ("Metelem"), the Management Board of Cyfrowy Polsat provides the following information:

The Management Board of the Company established that the fair value of the non-cash contribution in the form of 100% of Metelem shares was PLN 6,150,000,000 (six billion one hundred and fifty million zloty) as at 30 September 2013, **taking into account the fair value of the Metelem's debt.**

EY, an advisory company, performed an independent appraisal of the fair value of Metelem, based on the received data and employing standard methods of fair value appraisal. In the opinion of EY, which was presented to the Management Board of Cyfrowy Polsat prior to the announcement of the discussed transaction, the proposed price is fair from the perspective of all the shareholders of Cyfrowy Polsat in general. Details of the opinion are provided on page 62 of the road-show presentation of November 14, 2013. The presentation is available for review at:

<http://www.cyfrowypolsat.pl/inwestor/prezentacje/index.cp>.

In its analysis, Cyfrowy Polsat used the EV/EBITDA ratio assuming a fair market value of the equity and the book value of debt of the Metelem Group. The analysis was conducted for the purpose of comparison only, and the employed multipliers of comparable companies were converted using exactly the same method.

Below is a description of the valuation methods employed by the Management Board to appraise the fair value of the Metelem shares. The Management Board of the Company:

- performed a discounted cash flow valuation, as part of the income-based approach, as well as comparable public companies and comparable transactions valuations, as part of the market approach, at the level of Eileme 2 AB ("**Eileme 2**"), given the availability of a consolidated cash flow forecast. Cash flows related to new business initiatives of Polkomtel Sp. z o.o. were excluded from the financial projections of Eileme 2, and were examined on a separate basis.
- subsequently, the value of shares in Eileme 1 AB ("**Eileme 1**") was appraised using the adjusted net asset value method, taking into account the fair value of shares in Eileme 2.
- as the next step, the value of shares in Metelem was appraised using the adjusted net asset value method, taking into account the fair value of shares in Eileme 1.

The following is a description of the discounted cash flow method in the income-based approach, the comparable public companies and comparable transactions method in the market approach and the adjusted net asset method in the asset-based approach, which were employed for the purposes of the valuation.

Income-based approach: the discounted cash flow method (DCF)

In the income-based approach the value of the object of the valuation was determined based on the anticipated, future economic benefits of holding the object of the valuation. The benefits are expressed as a free cash flow to equity (FCFE) or as a free cash flow to firm (FCFF). The valuation of Metelem's equity was based on the free cash flow to firm (FCFF). Thus the basis for employing the income-based method was to ascribe a specific income stream to the object of the valuation. The DCF method assumes that the value of the equity of a business as at the date of the valuation equals the present value of future cash flows and is the sum of:

- the free cash flow to firm over the projection period, discounted as at the valuation date;
- the residual value of a business following the projection period, discounted as at the valuation date;
- which is subsequently adjusted for the fair value of net interest debt and the value of non-operating assets.

Market-based approach: the comparable listed companies and comparable transactions method

In the market-based approach, the value of the object of the valuation was determined based on market value multipliers of comparable public companies or comparable sale/purchase transactions involving shares of businesses similar to the one covered by the valuation, effected in the period close to the valuation. The value multipliers of comparable companies were determined based on the market capitalization, or the price obtained in recent sale transactions effected by the given company and based on its selected financial data. The key factor in determining the quality of the calculation was the existence of comparable companies and the availability of multipliers. The basic criterion for the selection of comparable companies and transactions was the similarity of the business profile, the characteristics of the market in which they operate and the features of the services they provide.

Asset-based approach: the adjusted net asset value method

In the asset-based approach, the value of the object of the valuation was appraised based on the net asset value, subject to adjustments in areas of significant differences between the book value and the economic or liquidation value of assets and liabilities, including, indirectly, **the adjustment of the debt of the Metelem Group to fair value.**