



**MEDIATEL S.A.**

**A statement on the compliance with the rules  
of corporate governance in 2009**

## **1. Set of corporate governance rules to which Mediatel S.A. (hereinafter 'Mediatel', 'Company', 'Issuer' ) is subject**

The set of corporate governance rules to which Mediatel is subject is contained in the document entitled "Code of Best Practice for WSE Listed Companies" enclosed with resolution no. 12/1170/2007 of the Stock Exchange Board of 4 July 2007. This document is available online at <http://www.corp-gov.gpw.pl/> and the Company web page [www.mediatel.pl](http://www.mediatel.pl).

## **2. Indication of resignation from the set of rules of corporate governance**

In 2009 the Issuer resigned from the application of the following rules:

### **Rule no 1 point 4) section II**

The Company shall publish on their web site information on the time and venue of the General Meeting of Shareholders, the agenda, draft resolutions with their motivation and other available materials related to the General Meeting of Shareholders on the company web page 14 days prior to the set date of the General Meeting of Shareholders.

Draft resolutions for the Extraordinary General Meeting convened for 30 January 2009 were submitted by the Company 14 days prior to the set date of the General Meeting of Shareholders. However, for the fact that the information on the resignation from the position held submitted by a Member of the Supervisory Board in the period shorter than 14 days prior to the set date of the General Meeting of Shareholders, the draft resolutions were supplemented in such shorter period of time, which was due to the circumstances outside the control of the Company.

### **Rule no 1 point 7) section II**

The company uses its corporate web site to post questions from shareholders concerning issues covered by the agenda, asked before and during the general meeting, with answers to the questions asked.

The Chairman decides on respective issues to be included in the minutes of the General Meeting of Shareholders. The decisions are made with the account for the legal provisions, the importance of a respective issue and justified requests filed by the shareholders. In view of technical possibilities, the Management Board is thinking of keeping detailed records of the General Meeting of Shareholders, including the entire discourse and all the questions and answers in future.

### **Rule no 2 section II**

The company makes its corporate web site available in English, at least to the extent indicated in section II point 1.

Following the requirements, as of February 2009 Mediatel maintains its web page in English.

### **Rule no 6 section III**

At least two Members of the Supervisory Board shall meet the criterion of independence with regard to the Company and its related entities. As regards the tasks and operation of committees active in the supervisory board, Annex II to the recommendation of the European Commission of 15 February 2005 concerning the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board shall apply. Regardless of the provisions contained in point b) of the aforementioned Enclosure, an employee of the Company, its subsidiary or a related entity cannot be deemed as meeting the independence criterion, as specified in the Enclosure. Further, an independence criterion is deemed not met by a member of the Supervisory Board in the meaning of the said rule if he or she has actual and significant connection with a shareholder entitled to exercise 5% or more of the total number of votes at the General Meeting of Shareholders.

As at 1 January 2009, two Members of the Supervisory Board met the independence criterion arising under rule no 6, section III: Marcin Łolik and Piotr Sieluk. As a result of the resignation from the position held in the Supervisory Board by Piotr Sieluk, as at 5 January 2009, the Board was composed of one independent member. As of 26 May 2009, that is since Piotr Nadolski was appointed a Member of the Supervisory Board, who according to his declaration met the independence criterion with regard to the Company and its related entities in significant relation with the Company as specified in Rule no 6, section III, the Supervisory Board has been composed of two members meeting the aforementioned independence criterion.

#### Rule no 7 section III

At least one audit committee shall perform the audit functions within the Supervisory Board. The committee shall comprise at least one member independent from the Company and its related entities in significant relation with the Company, and competent in the field of finance and accounting. In Companies where the Supervisory Board is composed of the required minimum number of members, the tasks of the said committee can be performed by the Supervisory Board.

The tasks of the audit committee were performed in the Company by the Supervisory Board, which was composed of the legally required minimum number of members, i.e. 5 by 26 May 2009 since the day Piotr Sieluk filed his resignation from the position of a Member of the Supervisory Board that is since 5 January 2009. A Member of the Supervisory Board who was competent in the field of finance and accounting did not meet the independence criterion. Following the appointment of a 6th member of the Supervisory Board of the Company by General Meeting of Shareholders on 26 May 2009, the Supervisory Board appointed the audit committee within its structure on 26 November 2009. The audit committee was composed as follows: Zbigniew Kazimierczak – Chairman of the Committee, Piotr Nadolski, Marcin Łolik. Piotr Nadolski was a member independent from the Company and its related entities in significant relation with the Company, who was also competent in the field of finance and accounting.

#### Rule no 8 section III

As regards the tasks and operation of committees active in the supervisory board, Annex II to the recommendation of the European Commission of 15 February 2005 concerning the role of non-executive directors (...) shall apply.

The aforementioned rule was applied by the supervisory Board of the Company as of the appointment of the Audit Committee in November 2009.

### **3. A description of the basic features of the system of internal control and risk management applied in the Capital Group with regard to the process of preparation of consolidated financial statements**

The Management Board of every company belonging to the Group is responsible for the internal audit system and its effectiveness in preparing financial statements and periodic reports prepared and published in accordance with the provisions of the Regulation of the Minister of Finance of 19 February 2009 on the current and periodic information to be published by the issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws No 33, item 259 as amended). ("Regulation").

The financial statements and periodic reports are to ensure adequacy and correctness of financial information contained in financial statements and periodic reports.

Internal audit and risk management in the financial reporting process is carried out by using the following tools:

- reviews of results of the capital group based on the defined scope of financial reporting,
- regular reviews of the financial statements published by the Capital Group by an auditor,

- determined scope of financial reporting used by the Capital Group and a repeatable set of financial and operating data included in financial reports, compliant with the applicable Regulation, enabling comparison of results of successive periods.

#### 4. Shareholders who hold large blocks of shares directly or indirectly through subsidiaries

Share capital of Mediatel as at 31 December 2009 amounted to 1,816,503 PLN divided into 9,082,515 shares of the nominal value of 0.20 PLN each.

In accordance with the information possessed by the Company, provided to the company by its shareholders, the ownership of Mediatel's shares as at 31 December 2009 was as follows:

| <i>Shareholder</i>                                                                                        | <i>Number of shares held and number of votes exercised at the General Meeting of Shareholders as at 31 December 2009</i> | <i>% in the share capital equal % of votes at the General Meeting of Shareholders as at 31 December 2009</i> |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| NFI Magna Polonia S.A. <sup>(1)</sup>                                                                     | 5.994.459                                                                                                                | 66,00%                                                                                                       |
| Mediatel shareholders' agreement <sup>(2)</sup>                                                           | 735.700                                                                                                                  | 8,10%                                                                                                        |
| <i>including: Maciej Gawęda</i>                                                                           | <i>535.700</i>                                                                                                           | <i>5,90%</i>                                                                                                 |
| Open-end investment funds under the management of Pioneer Pekao Investment Management S.A. <sup>(3)</sup> | 454.130                                                                                                                  | 5,00%                                                                                                        |
| - <i>Pioneer Małych i Średnich Spółek Rynku Polskiego open-end investment fund<sup>(4)</sup></i>          | <i>454 860</i>                                                                                                           | <i>5,01%</i>                                                                                                 |

<sup>(1)</sup> Number of shares as at the day of making the results of the tender for the subscription for Mediatel shares public i.e. as at 6 April 2009, published by NFI Magna Polonia S.A. on 26 February 2009. The purpose of the call was to perform the obligations under art. 73 (2) on Public Offering arising due to the acquisition by NFI Magna Polonia the total of 5,990,000 shares of Mediatel, which constituted 65.95% of the share capital and the total number of votes. The acquisition was effected by virtue of share acquisition agreements of 31 January 2009 concluded with the Company shareholders: Zbigniew Kazimierzak, the BBI Capital Narodowy Fundusz Inwestycyjny S.A. fund seated in Warsaw, and Titiona Limited as well as Rasting Limited companies established under the laws of Cyprus and seated in Nicosia, Cyprus. The agreements put the aforementioned parties to make a contribution into NFI Magna Polonia in the form of Mediatel shares as in-kind contribution. In performance of the agreements, the ownership of 5,990,000 of the shares was transferred for the benefit of NFI Magna Polonia between 3 and 6 February 2009.

Rasting Limited, with the seat in Nicosia, Cyprus, indirectly via NFI Magna Polonia holds 5,994,459 shares of Mediatel entitling Rasting to exercise 5,994,459 votes at the General Meeting of Shareholders of the Company, constituting 66% in the share capital and representing 66% of votes at the General Meeting of Shareholders.

<sup>(2)</sup> The shareholders' agreement of 9 April 2004, extended with the annex of 10 April 2008 in force until 9 April 2011. The shareholders' agreement was dissolved as of 15 January 2010 in accordance with the notification sent by a representative of the shareholders' agreement, Wojciech Gawęda, of 7 January 2010. The parties to the agreement were: Maria Gawęda, Maciej Gawęda and Wojciech Gawęda.

<sup>(3)</sup> Number of shares based on the notification filed with the Company on 14 September 2009 by Pioneer Pekao Investment Management SA (hereinafter "PPIM") concerning all the PPIM clients in performance by PPIM of the financial instruments portfolio management services, provided with

respect to financial instruments comprised in the managed portfolios as well as in the name of the following funds: Pioneer Akcji Polskich open-end fund, Pioneer Małych i Średnich Spółek Rynku Polskiego open-end fund, Pioneer Zrównoważony open-end fund.

<sup>(4)</sup> Number of shares based on the notification filed with the Company on 13 October 2009 by Pioneer Pekao Investment Management SA in the name of Pioneer Małych i Średnich Spółek Rynku Polskiego open-end fund.

#### *Changes in the ownership structure of major blocks of shares after the reporting period*

On 7 January 2010 the Company received a notification from a representative of Mediatel Shareholders' Agreement - Mr. Wojciech Gawęda acting in the name of: Maria Gawęda, Maciej Gawęda and his own name with the information that the aforementioned persons resolved by mutual agreement of the parties to dissolve the Shareholders' Agreement as of 15 January 2010.

In the notification of 22 January 2010 Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A. pension fund company managing over Pekao Otwarty Fundusz Emerytalny open-end pension-fund provided the information that Pekao Otwarty Fundusz Emerytalny, by virtue of the conclusion of the share acquisition agreement for Mediatel shares of 18 January 2010, increased its share in the total number of votes to over 5%. Currently it holds 513,812 shares of the Company, which constitutes 5.66% in the share capital of the Company and entitles the holder to exercise 513 812 votes, which is 5.66% of the total votes.

#### **5. The holders of any securities that give special control rights, along with a description of these powers**

The Issuer's shares are standard bearer shares and are not linked to any special rights or privileges in addition to those resulting from the Commercial Companies Code. The Management Board of the Company, within its granted powers to increase the share capital, has no powers to issue preference shares nor to grant personal rights to a shareholder, specified in Art. 354 of the Commercial Companies Code.

#### **6. Restrictions on exercise of voting rights attached to shares**

There are no restrictions pertaining to the exercise of voting rights in the company.

#### **7. Restrictions on transfer of ownership of securities of the Issuer**

##### *Agreement of the registered pledge on Mediatel shares, the property of NFI Magna Polonia*

Registered pledge on the Company shares, the property of NFI Magna Polonia, was established for the benefit of BOŚ S.A. Brokerage House as the pledge administrator by virtue of the agreement of the registered pledge on securities entered into the share account and concluded on 8 June 2009 by and between NFI Magna Polonia as the Pledgor and BOŚ S.A. Brokerage House as the pledge administrator, changed with the annex no 1 of 29 June 2009 in order to secure the claims arising under bonds series A issued by NFI Magna Polonia. The registered pledge is established on 5,000,000 shares of the Company. For the term of the pledge agreement, restrictions on transfer of ownership of securities of the Issuer were imposed.

Except for the aforementioned restrictions on transfer of ownership of securities of the Issuer and restrictions on transfer of ownership of shares, which result from the binding legal provisions, there are no other restrictions, in particular contractual restrictions concerning the transfer of ownership of Company shares.

**8. The rules governing the appointment and dismissal of managers, their powers, a description of operation of the management, supervisory or administrative bodies of the issuer and their committees**

**The Management Board**

The Management Board is composed of one or more members. The President of the Management Board, and upon his motion, other members of the Management Board, are appointed and dismissed by the Supervisory Board. The term of office of the first Management Board shall be years. The term of office of all the members of the Management Board is joint. The mandate of a member of the Management Board appointed before the end of the term of office of the Management Board shall expire at the expiry date of the respective term of office. It is admissible to appoint the same persons for members of the Management Board in consecutive terms of office. Members of the Management Board may be dismissed for important reasons at any time before the end of their term of office.

The following persons are authorized to make statements and execute documents in the name of the Company: two members of the Management Board acting jointly or one member of the Management Board and a commercial proxy acting jointly.

The procedural rules, responsibilities and rights of the Management Board members are defined by the Company Articles of Association in Sections 24-29 and the Management Board rules approved by the Supervisory Board.

The Management Board shall manage the Company business and represent the Company. Any matters related to managing the affairs of the Company, not reserved for the competence of another governing body of the Company, shall fall within the competence of the Management Board. Within the scope of the competence of the Management Board in particular fall the following issues:

- a. determining the development strategy of the Company,
- b. adopting plans necessary for the proper run of the Company business, allocating tasks to the members of the Management Board and the Company employees, supervising and inspecting their performance;
- c. adopting organizational rules of the Company and other internal regulations which shall prove necessary for the proper run of the Company business,
- d. convening ordinary and extraordinary Meeting of Shareholders and drafting their agenda,
- e. submitting motions, opinions and other necessary documents to other governing bodies of the Company relating to matters requiring a resolution adopted by these bodies,
- f. preparing the financial statement of the Company for a respective accounting year and submitting such statement after it has been reviewed by an expert auditor together with a written report on the Company operations in the respective accounting year to the supervisory bodies of the Company,
- g. making and receiving the declarations of will in the name of the Company,
- h. granting and revoking proxies,
- i. granting and revoking commercial proxies,
- j. representing the Company in court and outside of court, including acting in the name of the Company before authorities, offices, institutions and other third persons, in this concluding any agreements,
- k. appointing and dismissing heads of the Company branches,
- l. ongoing management of the Company's assets,
- m. preparing the draft, annual budget of the Company, submitting the draft to the Supervisory Board in advance for approval,
- n. implementing the resolutions of the General Meeting of Shareholders and the Supervisory Board,
- o. keeping the book of registered shares and share certificates.

The Management Board acts as the collective executive body. Every member of the Management Board has the right and duty to manage the affairs of the Company. Affairs not exceeding the scope of ordinary business of the Company may be managed by each member of the Management Board without the necessity of the Board to adopt a resolution. Management of the overall operations of the Company and such legal and factual acts of the Management Board that should be performed in order to duly perform tasks of the Company in the normal course of business shall fall within the ordinary scope of business. Members of the Management Board are obliged not to engage in competitive businesses.

By 31 January 2009 the Management Board was authorized to increase the share capital by amount not exceeding 455,295.00 PLN. The said authorization did not include the power to increase the share capital out of Company's own funds. The Management Board applied the said powers in 2008 adopting respective resolutions of the Management Board concerning the increase of the share capital within the authorized capital:

- from the amount of PLN 607,060 to the amount of PLN 944,160, that is by the amount of PLN 337,100 by issuing 300,000 shares of series F and 1,385,500 shares of series G, the preference rights excluded,

- from the amount of PLN 1,728,503 to the amount of PLN 1,816,503 that is by the amount of PLN 388,000 by issuing 440,000 bearer shares of series I, the preference rights excluded,

By virtue of a resolution of the General Meeting of Shareholders of 26 May 2009, the Management Board of the Company is authorized till 26 May 2011 to increase the share capital by amount not exceeding 1,362,377 PLN (authorized capital). The Management Board may exercise its powers via one or several increases in the share capital, having prior the consent of the Supervisory Board granted by way of a resolution, following the review of particular investment needs of the Company. The Management Board may issue shares in return for contributions in cash or in kind. The Management Board of the Company has no powers to issue preference shares nor to grant personal rights to a shareholder, specified in Art. 354 of the Commercial Companies Code. The said authorization does not include the power to increase the share capital out of Company's own funds.

### **The Supervisory Board**

The Supervisory Board shall consist of 5 to 11 members, including the Chairman, all of them shall be elected by the General Meeting of Shareholders. Number of the members of the Supervisory Board shall be determined by the General Meeting of Shareholders by way of a resolution adopted by ordinary majority of votes. Members of the Supervisory Board shall be appointed for a joint three year term of office. Mandates of a member of the Supervisory Board appointed at the beginning and of the one appointed during the term of office of the Supervisory Board shall expire at the same time, i.e. at the expiry of the term of office. It is admissible to appoint the same persons for members of the Supervisory Board in consecutive terms of office. The General Meeting of Shareholders may dismiss any or all of the members of the Supervisory Board ahead of the term of office. The Supervisory Board may co-opt another member to replace a deceased member or a member outgoing ahead of term of office of the Supervisory Board. Only the selected or appointed by the General Meeting of the Shareholders members of the Supervisory Board shall participate in voting over the resolution on co-opting a member to the Supervisory Board. Number of the co-opted members may not exceed 50% of the total number of members of the Supervisory Board. The newly added members of the Supervisory Board are presented for approval at the next General Meeting of Shareholders.

The procedural rules, responsibilities and rights of the Supervisory Board members are defined by the Company Articles of Association in Sections 17-23 and the Management Board rules approved of by the General Meeting of Shareholders.

The Supervisory Board shall act as a body of permanent supervision and control of the Company. Except for matters regulated by the provisions of the Company articles of Association and of the Commercial Companies Code, the Supervisory Board is in particular empowered to:

- 1) temporarily delegate the duties of the Management Board to a member or members of the Supervisory Board in the event members of the Management Board or all the members of the Management Board, are suspended or dismissed or in the event when the Management Board may not perform its duties for other reasons,
- 2) grant consent for the Company to make dispositions, encumbrances or for the Company to undertake to make dispositions, encumbrances of the assets of the Company with value exceeding PLN 15,000,000.00, at one time or cumulatively during a period of 12 consecutive months, subject to items 3 and 4 below,
- 3) grant consent for the acquisition of shares or bonds of other business entities or any other form of the Company participation in other business entities provided that the transaction value shall exceed PLN 2,500,000.00,
- 4) grant consent for the sale of the Company assets of the value exceeding 10% of the net value of the Company assets at one time transaction within the period of 12 months;
- 5) adopt the annual budget of the Company on the basis of the draft submitted by the Management Board;
- 6) express opinion on distribution and allocation of net profit or on methods of financing losses;
- 7) appoint, suspend or dismiss the President of the Management Board, upon a motion of the President of Management Board, appoint, suspend or dismiss the members of the Management Board;
- 8) set remuneration for the members of the Management Board, paid by the Company under any title, and to represent the Company in agreements and disputes with the members of the Management Board, including granting consent for engagement of a member of the Management Board in competitive business; whereas the consent will not be required, if the performance represents remuneration due under the remuneration rules required under the law or resolution of the General Meeting of shareholders, or if the agreement is concluded under a resolution of the General Meeting,
- 9) adopt work regulations of the Management Board;
- 10) appoint an expert auditor to audit the financial statement of the Company;
- 11) adopt, for internal Company purposes, by way of a resolution, a consolidated text of the Company's Articles of Association;
- 12) grant approval for the Company to enter into or amend agreements with an affiliated entity.

As regards agreements with an affiliated entity, the Supervisory Board, upon the motion filed by the Management Board, may grant consent for the conclusion of this type of agreements, specifying the term of the validity of their consent. As regards loan agreements, subsidies, warranty and suretyship concluded by and between the Company and its subsidiaries or its affiliated entities, the Supervisory Board may grant a general consent on the basis of yearly or long-term plans of financing the entities, specifying the term of the validity of their consent, whereas such term shall not be shorter than one year.

Upon a request filed by any member of the Supervisory Board, the Supervisory Board is obliged to perform the supervisory acts set in such a request for supervision, within the scope set in the provisions of the Commercial Companies Code, with the reservation that the member of the Supervisory Board filing such a request shall be delegated to direct performance of such acts.

At the Annual General Meeting of Shareholders the Supervisory Board shall submit their assessment of the Company standing. The Supervisory Board is entitled to file motions concerning matters within its duties and powers with the General Meeting of Shareholders.

Within its competence, the Supervisory Board is empowered to:

- 1) demand that the Management Board of the Company shall forthwith abandon actions which violate the law, the Articles of Association or the Company's interest;
- 2) request that the General Meeting of Shareholders be convened, and if the Management Board shall fail to do so within the following two weeks, convene such a meeting;
- 3) suspend a member of the Management Board for important reasons;

- 4) temporarily delegate the duties of the member of the Management Board to a member of the Supervisory Board;
- 5) appeal to court against resolutions of the General Meeting of Shareholders, if they are adopted in breach of the law or the provisions of the Company's Articles of Association,
- 6) demand that the Management Board and the Company employees submitted documentation and other materials concerning the Company operations;
- 7) supervise files and documentation of the Company;
- 8) perform audits of the Company assets, control the financial operations of the Company;
- 9) demand that necessary experts' opinions be made and investigate into matters falling within the scope of their supervision;
- 10) demand that the Management Board or the employees of the Company submit the required reports and explanations.

Members of the Supervisory Board shall perform their duties personally, with the reservation that the Supervisory Board may, at the expense of the Company, and upon permission of the Management Board, engage experts and advisers also from outside of the Company. Members of the Supervisory Board delegated to permanent, individual supervision shall be obliged to observe the same principles as the members of the Management Board, i.e. no competition, restricted participation in competitive businesses. Members of the Supervisory Board shall perform their duties for remuneration in the amount set by the General Meeting of Shareholders.

### **Audit Committee**

Since 26 November 2009 an Audit Committee has been appointed within the Supervisory Board structure. The Supervisory Board of the Company appointed 3 persons out of its members to act as the Audit Committee. One of them is an independent member meeting the independence criteria and having the right qualifications specified in Art. 86 section 4 and 5 of the Act of 7 May 2009 on statutory auditors and their self-government, audit firms and public oversight (Journal of Laws no 77, item 649).

The following are in particular the tasks of the Audit Committee:

- 1) monitoring the financial reporting process,
- 2) monitoring the efficiency of internal control systems, internal audit and risk management,
- 3) monitoring the performance of financial audit activities,
- 4) monitoring the independence of the expert auditor and the entity authorized to examine financial statements,  
and
- 5) recommending to the Supervisory Board the entity authorized to examine financial statements to carry out financial audit of the Company.

### **9. The modus operandi of the General Meeting and its key powers, and a description of the rights of shareholders and the manner in which they are exercised**

The rules for convening and participating in General Meetings are determined by the Code of Commercial Companies, the Company's Articles of Association in Sections 12-16 and the Rules of Procedure of the General Meeting.

In view of the fact that provisions of the Commercial Companies Code were amended in 2009 (the amendments came into effect as of 3 August 2009 - except for some exceptions - provisions of the Act of 5 December 2008 on the change to the Act - Commercial Companies Code and the Act on Trading in Securities - Journal of Laws no 13 item 69), the Company operated based on the amended provisions of mandatory law nature. The provisions of the Company Articles of Association and Rules of Procedure of the General Meeting of Shareholders did not apply in the scope contrary to the binding legal provisions.

The following rules of procedure were binding prior to the effective date of the new provisions:

The General Meeting of Shareholders shall be convened as an ordinary or extraordinary meeting.

The Management Board shall convene the General Meeting of Shareholders on its own initiative or upon a written motion of the Supervisory Board or shareholders representing at least 10% of the share capital. Convocation of the General Meeting of Shareholders upon the motion filed by the Supervisory Board or the shareholders shall take place within 2 weeks of the motion filing date.

If, within two weeks from the date of request made to the Management Board the Extraordinary General Meeting of is not convened, the court of registration may, after notice to the board to make a statement, give the power to convene the Extraordinary General Meeting to the shareholders making this request. The Ordinary General Meeting shall be convened not later than within 6 months after the end of each accounting year.

The Supervisory Board has the right to convene the Ordinary General Meeting, if the Management Board does not convene it within this period, and to convene the Extraordinary General Meeting, if, in spite of submission of a relevant request, the Company's Management Board does not convene an Extraordinary General Meeting within 2 weeks of making the request.

The General Meetings shall take place in Warsaw.

The General Meeting shall be convened by notice, which should be made at least three weeks before the date of the General Meeting. The announcement should designate the date, time and place of the general meeting and a detailed agenda. In the case of an intended amendment to the Articles of Association, the existing regulations should be referenced, as well as the content of the proposed changes. If it is justified by a significant scope of the intended changes, the notice may include a proposal for a new consolidated text of the Articles of Association together with the enumeration of new or revised provisions of the Articles of Association.

The General Meeting may be revoked only due to force majeure or obvious irrelevancy of its holding, complying with the same procedure as provided for its convening.

Resolutions may not be passed on matters outside the agenda unless the entire share capital is represented at the General Meeting and none of the shareholders objects to the adoption of such resolution. Motions on convening an Extraordinary General Meeting and motions on formal issues may be adopted, even if not included in the agenda.

Resolutions may be adopted without any formal convocation of the General Meeting of Shareholders, if the total share capital of the Company is represented and no objection on holding the General Meeting of the Shareholders nor on any of the points of the agenda is raised. The General Meeting of shareholders is valid irrespectively of the number of shares represented at the meeting. The General Meeting can announce a break in the proceedings with a two-thirds majority of votes. In total the meeting may not be adjourned for more than thirty days. This shall not apply to short breaks ordered by the Chairman of the General Meeting. Breaks ordered in that manner may not be ordered with the purpose of posing an obstacle to the exercise of rights by the Shareholders.

Shareholders and pledgees and users, who are entitled to vote, are entitled to participate in the General Meeting, in accordance with the provisions of Art. 406 of the Commercial Companies Code.

The list of the shareholders entitled to participate in the General Meeting, containing first and family names of persons, or company names of the authorized parties, their place of abode (seat), quantity, type and numbers of shares, and the number of votes shall be displayed in the seat of the Management Board for three working days prior to the date of the General Meeting. An individual can provide a mailing address rather than the place of abode. A shareholder can review a list of shareholders in the premises of the Management Board and request a copy of the list with reimbursement of the cost of its preparation. If the voting right attached to shares is granted to a pledgee or user, this fact must be indicated in the list of shareholders at the request of the authorized party.

Shareholders may attend the General Meeting or exercise their right to vote personally or by a proxy. A Member of the Management Board and an employee of the Company can not be at proxy at the General Meeting. The power of attorney authorizing the proxy to participate in the General Meeting of Shareholders shall be made in writing under pain of nullity and attached to the minutes of the General Meeting. The Proxy made in a foreign language shall be translated into Polish by a certified translator.

Proxies of legal persons are obliged to submit current and valid copies of their acts of incorporation issued by proper registration office, specifying the persons authorized to represent those legal persons. Members of the Management Board and the Supervisory Board should also participate in the General Meeting.

The voting is open. Secret voting is ordered at elections and over motions for the dismissal of members of the governing bodies of the Company and for holding them liable for any damage caused as well as over personal cases. Further, secret voting shall be held upon a request of at least one shareholder who is present or represented at the General Meeting. Electronic means of carrying out voting may be applied here. A Shareholder may not, either personally, by proxy, or as a proxy of another shareholder vote on the adoption of resolutions related to any form of his/her liability with respect to the Company, including granting the acceptance of performance of duties, releasing from liability to the company or concerning a dispute between him/her and the Company.

Due to a change in the provisions, the Company was obliged as of 3 August 2009 to apply new regulations of mandatory law nature, in particular with regard to:

- powers to convene the General Meeting of Shareholders or to demand that particular issues be included in the agenda, to propose draft resolutions - Art. 399 to Art. 401 Commercial Companies Code,
- manner of convocation of the General Meeting of Shareholders of public corporations - Art. 402<sup>1</sup> to Art. 402<sup>3</sup> Commercial Companies Code,
- right to participate in the General Meeting of Shareholders of public corporations and the voting right - Art. 406<sup>1</sup> to Art. 406<sup>4</sup> Commercial Companies Code,
- proxy to participate in the General Meeting of Shareholders and to exercise the voting rights - Art. 412 to Art. 413 Commercial Companies Code,
- shareholders right to split vote vested with him/her under each share held - Art. 411<sup>3</sup> Commercial Companies Code.

## **10. A description on the rules for changing the statutes or the company articles of association**

Amending the Articles of Association requires a resolution of the General Meeting and an entry in the register. A detailed procedure for adopting resolutions on the amendments to the Company Articles of Association is determined by the generally applicable provisions of law and the Rules of Procedure for the General Meeting of the Company and the Company's Articles of Association. Pursuant to Art. 415 Section 1 Commercial Companies Code, a resolution on amending the article is passed with a majority of three fourths of votes, and moreover pursuant to Art. 415 Section 3 Commercial Companies Code, a resolution on amending the article, increasing the benefits for shareholders or reducing the rights granted personally to specific shareholders would require approval of all shareholders to whom it pertains.

In accordance with the provisions of the Articles of Association, subject to the provisions of Article 417 Section 4 of the Commercial Companies Code, a change in the Articles of Association with reference to the line of business may take place without the redemption of shares from those shareholders who are against the change.

## **11. The composition and the rules of operation of the Management and Supervisory Boards of the Company**

### **The Management Board**

In accordance with par. 26 (1) and (2) of the Company Articles of Association, members of the Management Board shall be appointed for a three year, joint term of office. The current term of office of the Management Board began on 30 June 2008 and expires on 30 June 2011, whereas the mandates of the members of the Management Board shall expire no later than on the date of the General Meeting held to approve the financial statements for the last complete accounting year of the member's term of office, i.e. for the accounting year ending on 31 December 2010.

On the 31 December 2008 the Management Board was composed of the following persons:

Macin Kubit - President of the Management Board  
Marek Nowakowski - Member of the Management Board,  
Jerzy Cegliński - Member of the Management Board.  
Jacek Niedziałkowski – Member of the Management Board,

*Changes in the composition of the Management Board in the reporting period*

During the reporting period the composition of the Management Board changed as follows:

- On 7 April 2009 Jerzy Cegliński submitted a notification on his resignation from the position of a Member of the Management Board as of 15 May 2009 and Jacek Niedziałkowski submitted a notification on his resignation from the position of a Member of the Management Board as of 7 April 2009. Jacek Niedziałkowski also filed his resignation from the positions he so far held in the Management Boards of the companies forming Mediatel Capital Group: Elterix and Concept- T;
- At the meeting of the Supervisory Board of the Company held on 7 April 2009 Ms Iwona Rytel was appointed to the composition of the Management Board as of 15 May 2009;
- On 16 October 2009 Marek Nowakowski filed his resignation from the position of a Member of the Management Board effective as of 31 October 2009.

Composition of the Management Board as at 31 December 2009 and as at the date of submitting the annual report:

Macin Kubit - President of the Management Board  
Iwona Rytel - Member of the Management Board.

### **The Supervisory Board**

In accordance with par. 19 (2) of the Company Articles of Association, members of the Supervisory Board shall be appointed for a three year, joint term of office. The current term of office of the Supervisory Board began on 30 June 2008 and expires on 30 June 2011, whereas the mandates of the members of the Supervisory Board shall expire no later than on the date of the General Meeting held to approve the financial statements for the last complete accounting year of the member's term of office, i.e. for the accounting year ending on 31 December 2010.

Composition of the Supervisory Board as at 31 December 2008

Piotr Sieluk,  
Zbigniew Kazimierczak,  
Mirosław Janisiewicz,  
Marcin Łolik,  
Dawid Sukacz.

*Changes in the composition of the Supervisory Board in the reporting period*

- On 6 January the Company received the resignation from the position of a Member of the Supervisory Board as of 5 January 2009 filed by Piotr Sieluk,
- On 23 January the Company received the resignation from the position of a Member of the Supervisory Board as of 26 January 2009 filed by Dawid Sukacz,
- In connection with the resignation from the position of a Member of the Supervisory Board filed by Piotr Sieluk, Albert Kuźmicz has been coopted to the Supervisory Board of the Company by the Supervisory Board to act as a Member of the Supervisory Board as of 15 January 2009,
- On 30 January 2009 the Extraordinary General Meeting of Shareholders of the Company approved of the appointment of Albert Kuźmicz for the position of a Member of the Supervisory Board by the Supervisory Board and appointed Krzysztof Urbański a Member of the Supervisory Board of Mediatel

as of 30 January 2009.

- On 26 May 2009 the Ordinary Meeting of Shareholders of the Company adopted a resolution concerning the number of members of the Supervisory Board. The number was set to be six and Piotr Nadolski was appointed Member of the Supervisory Board.

Composition of the Supervisory Board as at 31 December 2009 and as at the date of submitting the annual report:

|                         |                                    |
|-------------------------|------------------------------------|
| Zbigniew Kazimierczak – | Chairman of the Supervisory Board, |
| Mirosław Janisiewicz –  | Member of the Supervisory Board,   |
| Marcin Łolik –          | Member of the Supervisory Board,   |
| Albert Kuźmicz –        | Member of the Supervisory Board,   |
| Krzysztof Urbański –    | Member of the Supervisory Board,   |
| Piotr Nadolski –        | Member of the Supervisory Board.   |

Marcin Łolik and Piotr Nadolski, in accordance with their declarations, meet the criteria of independence with respect to the Company and its related entities, specified in rule no 6, section III of the 'Code of Best Practices for WSE Listed Companies'.

On 26 November 2009 the Supervisory Board of the Company elected within its structure the Audit Committee, composed as follows:

Zbigniew Kazimierczak – Chairman of the Committee,  
Piotr Nadolski,  
Marcin Łolik.