
Lines of development of the ATM S.A. capital group in 2010-2011

Warsaw, April 2010

Introduction

This document presents the strategic lines of development for the ATM S.A. capital group (ATM CG) in 2010-2011. It recalls the basic assumptions of the 2008-2009 strategy and the results of its implementation. We also recap the organizational changes introduced in 2009 as the preparation for ATM CG's further development in 2010-2011. We present the key objectives and methods for improving the market position of the companies of our capital group in the next two years within the major segments of our business, i.e. telecommunication and system integration services.

Basic assumptions of the 2008-2009 strategy

Despite the recent economic downturn, in the opinion of the Management Board, the 2008-2009 development strategy was successfully implemented. The key target was to combine innovativeness in the area of offered products and services with a traditional approach towards the financial evaluation of results and of business perspectives. This strategy was implemented by investing and putting particular emphasis on fields of activity which generated the best results and financial profits to ATM CG.

The **ATMAN**-branded telecommunications business was the most viable activity of the Group, showing the highest predictability and stability of earned revenue and profits. The 2008-2009 strategy assumed a significant reinforcement of ATM S.A.'s market position in the area of specific types of telecommunication services for businesses (data center, broadband Internet access and data transmission services based on proprietary fiber-optic networks). The strategy also assumed the preparation of new investments in telecommunications infrastructure to enable a rapid increase of revenue and profits from this business in subsequent years of ATM S.A. activity.

In the domain of system integration, the strategy was to reinforce the market position by tightening the cooperation with global technology leaders (especially with Cisco Systems) and to offer unique, proprietary solutions for selected sectors of the economy on the basis of company's own-developed software.

From the organizational side, the strategy assumed to introduce such modifications to the in-house organization that would contribute to focusing on most profitable products and to stimulate the cooperation within the Group in order to launch joint business initiatives. At the same time, the strategy assumed withdrawing from activity areas which failed to provide the expected results or were non-compliant with Group's preferred lines of development.

Results of implementing the 2008-2009 strategy

Despite the tough macroeconomic environment and relatively poor Q4 results in the system integration area, 2009 was closed successfully by the ATM S.A. capital group. Consolidated revenue and net profit of the group increased by 6% and 21%, respectively.

Telecommunications business

Sales of telecommunication services increased in 2009. This was manifested by the 24% increase of revenue, the similar growth of sales margin and the 44% increase of the operating profit. This performance results from right decisions as to the strategy determined in previous periods and from its successful implementation.

In 2007-2009, the Group focused on investments in the development of telecommunications infrastructure. Now, this allows for keeping dynamic growth rates in spite of unfavorable economic conditions. This success is based on permanent expansion of the telecommunications infrastructure. In 2008-2009, the available net floor area (intended to be used directly by the customers) of our data centers increased from ca. 760 sq. m to nearly 2,000 sq. m. The total length of lines in metropolitan fiber-optic networks increased to ca. 700 km in eight of Poland's largest cities. The ATMAN backbone is currently based on 4,500 km of domestic lines whose large portion is based on proprietary or leased optic fibers, and on 4,400 km of international lines.

Within the Group, telecommunication services are also provided by Linx Telecommunications BV (Linxtelecom), a Dutch company where ATM holds a minority share (21,33% as of now). Linxtelecom is a regional (Central and Eastern Europe) leader of broadband data transmission. Its offer mainly includes wholesale access to worldwide Internet resources and collocation in its proprietary data centers. Linxtelecom owns data centers in Estonia and Russia. Linxtelecom's strategy regarding the development of telecommunication services is similar to that of ATM in many respects. In the last two years, the strategy of Linxtelecom assumed the reinforcement of its market position in the area of broadband data transmission (including by acquiring new international fiber-optic lines), primarily by developing its data centers. Linxtelecom successfully implemented its strategy while making sure next investments are prepared to create new opportunities for growth in the coming years. The largest investments in data centers include extending the currently largest data center in Moscow with additional power supply capacity, and the development of two new data centers: a large facility in Petersburg and a smaller one in Warsaw.

Integration business

The system integration business is more susceptible to economic swings than telecommunications business. The natural way of protection against economic downturn and of increasing the predictability of financial results is to enter into multi-year project agreements. In previous years, such agreements contributed to a minor extent to Group's results in the integration business. This situation directly impacted the results in 2009 where the expected outcome was not reached despite the successful first half-year. In 2009, the sales revenue, the sales margin and the operating profit declined, respectively, by 2%, 12% and 26% compared to the previous year.

However, when evaluating the compliance with 2008-2009 system integration assumptions, it is worth noting that significant organizational changes were introduced last year. This is a real opportunity for a positive impact on Group's development in the coming years. The key changes include the separation of the integration business from ATM S.A. to other companies, and investments in the development of proprietary software in specialized companies.

At the beginning of Q2 2009, ATM Systemy Informatyczne (ATM SI), the former Department of Integration Services of ATM S.A., started its own business activity and became one of the leading partners of Cisco Systems in Poland. It also offered solutions based on proprietary software:

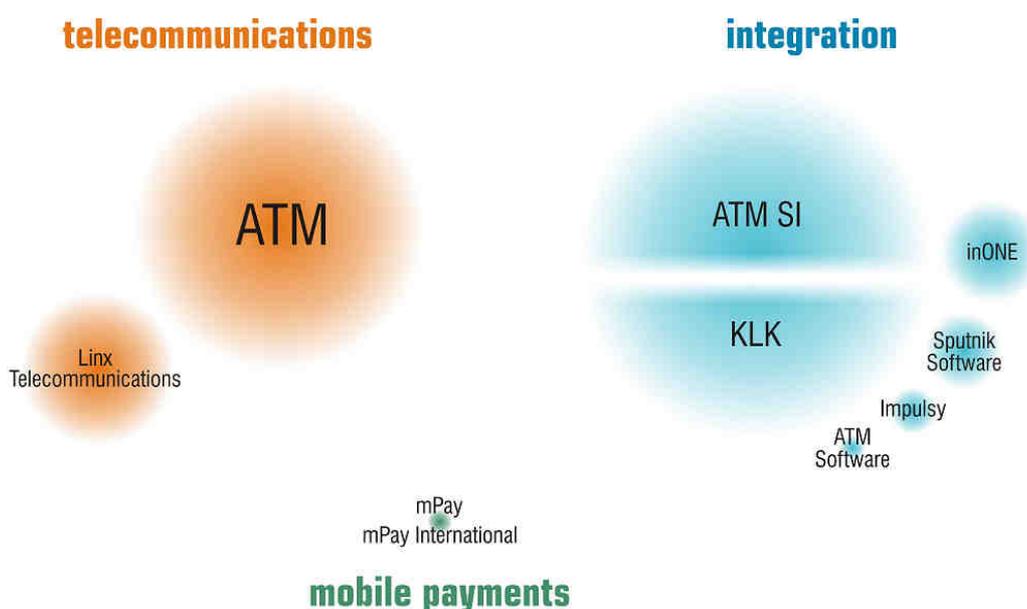
SMaCS — a platform for management of value-added services in IP networks intended for telecommunication operators

Atmeus — a system for management of business continuity plans intended for financial organizations

Appreciation shown by customers resulted in more deployments.

Within its integration activity, at the end of 2009, the company managed to gain large orders for 2010-2011. The largest one, OST 112, is the construction, deployment and maintenance of the “Polish Countrywide ICT Network for the support of the 112 emergency line”. It was the largest IT contract in the public sector in 2009 and the largest one in ATM’s history. Beside stabilizing the 2010-2011 revenue, its scale allows the Group to join Polish leading integration companies.

Other companies from the system integration sector were also successful, however not all of them managed to achieve satisfactory performance in the difficult year 2009. The integration business is run by six companies of the Group. The largest of them (beside ATM SI), KLK, specializes in the construction and equipment of data centers and in guaranteed power supply systems. It also deploys other system integration projects. ATM Software specializes in offering proprietary solutions enabling the implementation of innovative multimedia projects in the Internet. Its offer includes applications and services related to storage, distribution and presentation of multimedia content. IT outsourcing and virtualization, and in general, the optimization of IT processes, is the specialization field of inONE. Sputnik Software, in turn, specializes in applications for public administration while Impulsy deals in health informatics. The diagram below shows the structure of the Group as at the end of 2009.



In accordance with the assumptions as to restructuring the organization of the Group, in 2009, ATM S.A. has closed or withdrawn its investments in areas non-compliant with Group’s lines of development.

ATM S.A. has sold its shares in Cineman, a joint venture with Monolith Films. Cineman used the multimedia technology currently developed by ATM Software. Today, companies and media corporations show great interest in this technology, which is reflected in many commercial deployments. According to the Management Board, owned capital shares in companies which directly compete with existing and potential customers of the Group is an obstacle to subsequent commercial deployments of the proprietary platform.

The iloggo web service provided the Group with experience on the techniques of supporting individual users and on the technology of social network services (Web 2.0). However, regarding these both

areas, it was decided that the Group will maintain its competencies and provide specialized companies with technological support, but will not deliver services targeted directly at the end user. Therefore, the decision was made to shut down the company.

Recorder, an “impulse buying” company, was also shut down. It was supposed to sell music tracks under the “I buy what I hear” principle backed up by mobile telecommunications technology.

Mobile payment business

The ATM Group is present on the emerging market of mobile payments through mPay S.A., the Polish pioneering company which deployed and commercialized the innovative system of mobile payments. In this area, Group’s 2009 financial results are better than in previous corresponding periods, however the sales revenue still remains definitely below the operating costs. Nevertheless, it has to be noted that services delivered by mPay S.A., especially phone payments for car parking or for public transport, become increasingly popular as more and more Polish cities decide to implement the solution offered by mPay. The key event of Q4 2009 was the decision made by Management Boards of major mobile providers (Plus, Era, Orange and Play) to initiate joint activities aiming at the commercialization of mobile payments under the “pay with your mobile” shared trademark. mPay S.A. is the first, and currently the only, company offering the technological platform supporting the “pay with your mobile” service.

In Q4 2009, mPay was successfully restructured in order to significantly reduce fixed costs and to balance costs against revenue as soon as possible.

The 2010-2011 accelerated growth strategy

The Group will continue to focus its business on two main areas: the delivery of telecommunication services and system integration. The implementation of previous years’ strategy in both of these fields allowed to gain a strong position enabling rapid growth in 2010-2011. As the demand for specific telecommunication services is increasing, and the company follows its strategy allowing to satisfy that demand, rapid growth is assumed in the telecommunications business. Furthermore, the Group achieved a less expected and unprecedented success by ensuring stable, predictable growth in the integration business during the next two years, mainly due to the OST 112 contract awarded in 2009. Both of these factors will jointly contribute to Group’s accelerated growth in 2010-2011.

The third activity area, mobile payment services, has entailed heavy losses in previous years. In 2010, as a consequence of reducing the costs at the end of 2009 and with the expected increase of revenue, its adverse impact on the result will be of minor importance. In the coming years, it is very likely to contribute to the consolidated profit of the ATM Group.

Strategic lines of development in the telecommunications business

Internet access and broadband data transmission based on optic fiber

In the coming years, ATM S.A., provider of ATMAN-branded telecommunication services, will be committed to maintain and strengthen its position among the providers of Internet access and of data transmission for business customers.

On the retail market, ATMAN will focus on services for enterprises and organizations, trying to significantly broaden its customer portfolio in 2010-2011. Service delivery will be based on proprietary metropolitan and domestic fiber-optic networks, and on existing or extended wireless lines.

ATMAN will also strive to maintain and strengthen its position on the wholesale market. These services will be based on the network of 12 AC-X access nodes which gather local operators and extended

international lines: three Tier-1 transit providers and ATM S.A.'s participation in three European traffic exchange nodes in Frankfurt, Amsterdam and London (currently, the Company is the only Polish operator to be present in all of these nodes). The lease of optic fibers will continue to be a major part of ATM S.A.'s business.

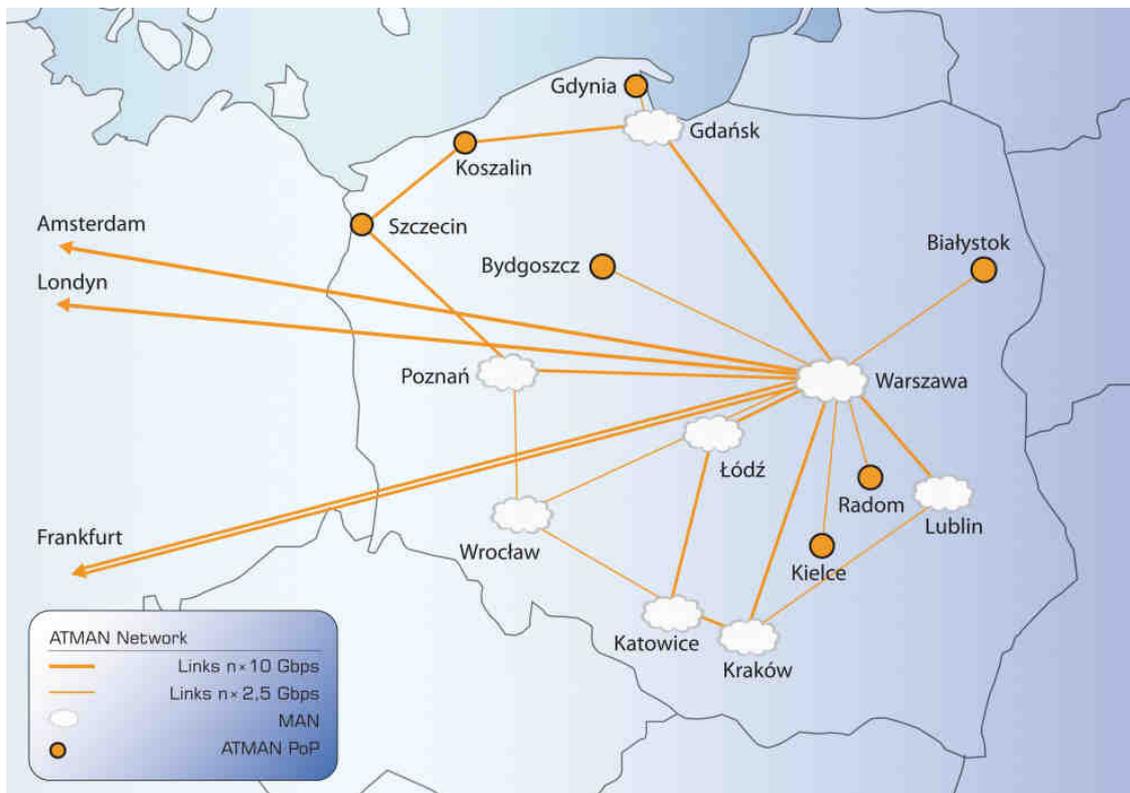
Expected market development

We see the following factors of increasing demand for broadband lines:

- Increased need for fiber-optic lines resulting from companies' increased demand for broadband data transmission lines and from subsequent changes in Internet technologies which entail a leap increase of the demand for bandwidth (lately, e.g. the rapidly increasing popularity of HD movies on the web). ATM S.A. will continue to invest both in the expansion of fiber-optic networks and in the active infrastructure (replacing primary routers).
- The gradual increase of organizations' demand for Internet lines with higher throughput than that offered by DSL, and with higher quality and reliability than those offered on the mass market. Beside the investments in fiber-optic networks, it is planned to build new wireless LMDS-based nodes. These lines will allow to satisfy the needs of smaller customers and to significantly increase the number of prospects within the range of the ATMAN network.
- The increased importance of interconnect nodes and peering (free exchange of IP traffic) at the expense of transit operators, both in domestic and in long-distance lines (currently, in ATM S.A., this accounts for ca. 50% of the entire IP traffic). ATM is actively involved in that process as one of major companies on the Polish market. Recently, the Company started to introduce new services based on the presence of ATMAN in AMS-IX (Amsterdam), DE-CIX (Frankfurt) and LINX (London) nodes.

The annual average level of investments in network upgrades, in the expansion of existing fiber-optic lines, and in the connection of new customers in 2010-2011 will be similar to the 2009 CAPEX.

The figure below shows the main lines of ATMAN.



1.1.1 Data center services

Today, ATM S.A. is a leading company on the Polish collocation and hosting market. The process of investing in the proprietary data center infrastructure is already in progress and is spread over the coming years. After it is complete, ATM S.A. will have the opportunity to become the undisputed leader with a market standing similar to that of worldwide providers operating on mature western markets.

Linx Telecommunications, the Dutch operator owned by ATM CG, runs a business with a very similar profile which includes, just as in the case of ATM, investments in new data centers. The company expands its presence in Russia, the largest market of Central and Eastern Europe. In addition to the data center in Moscow, one of the biggest centers operated in Russia, it plans to launch, by the end of this year, the data center in Petersburg which currently is under construction. It also runs and expands a data center in Estonia, and intends to launch, by the end of this year, a data center in Poland (in Warsaw) dedicated primarily to its international customers.

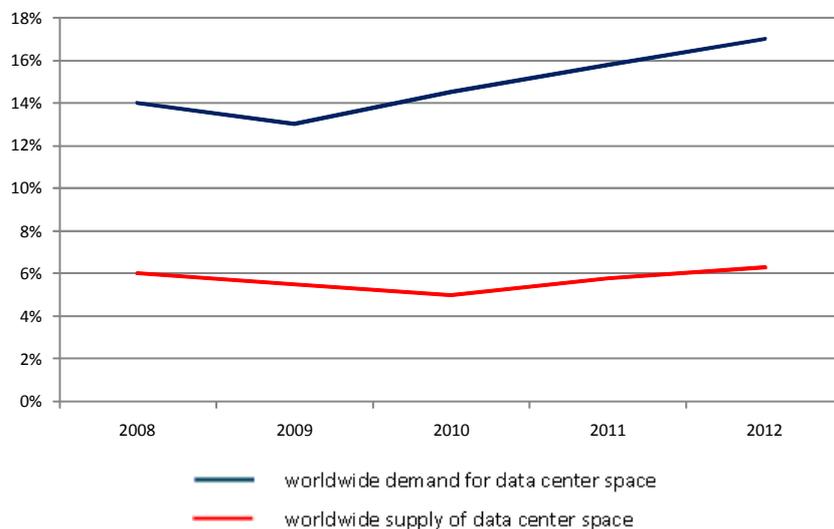
Expected development of market situation

Below is the list of key factors of increasing demand for data center space:

- Development of outsourcing (cloud computing, searching for service quality)
- General growth of demand (increasing digitization, increasing quantities of processed data)
- New trends and changes in lifestyle and consumption (Internet, new media, social networking sites, video as a communication medium)
- Streamlining of investments (optimization of costs during economic downturn)

According to some analytic companies, the global trend shown at the figure below will persist. The increase of demand is so high that the supply is unable to satisfy the growing needs in the coming years.

Increase of demand for and supply of data center space



source: *The Jones Lang LaSalle Data Centre Barometer Survey — September 09 (Tier-1 Research)*

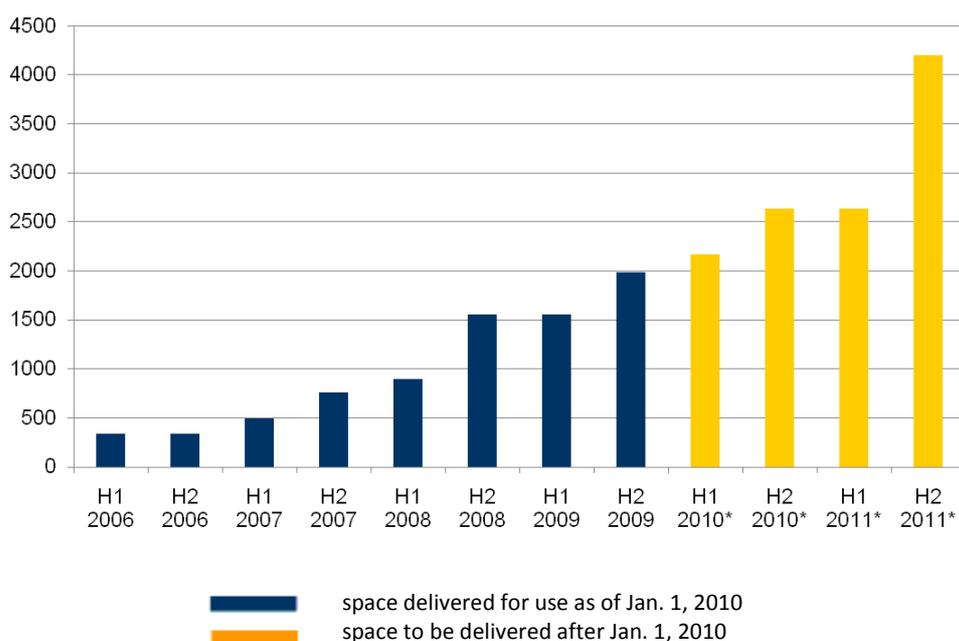
According to the Management Board of ATM S.A., the Polish market stays far behind Western European countries as regards the use of professional data centers. This is another factor contributing to the dynamics of demand growth in our country. Currently, the Polish market is in the initial stage of development, and therefore the disproportion between market needs and the capacity to satisfy them is even bigger than in other countries.

In Poland, there is growing demand for data center services. This trend should persist at least in the next 2 or 3 years. With its completed and ongoing investments, ATM S.A. is well prepared to take advantage of this market situation.

Pending investments

According to the assumptions of the current strategy, the successful implementation of data center investment projects planned for the coming years will allow the Company to become the leader of collocation and hosting services on the Polish market.

The space offered in ATM Data Centers



The main tools for the implementation of the adopted development strategy in the field of telecommunications include two strategic investment projects: Telehouse.Poland, the already launched data center, and the ATM Innovation Center whose first server room will be ready to use at the beginning of 2011. The advantage of investing in data centers is that the initial costs, e.g. the lease or construction of the dedicated building, represent a minor part of the total cost related to equipping such buildings in necessary devices. Therefore, the construction of data centers may be split into stages, so that the investments in expensive tools and equipment are made in line with already concluded contracts. By dedicating the first parts of the data center area to collocation services, we acquire the funds to invest in the equipment of next parts of the center, until the space is fully used. We plan to use the entire space of Telehouse.Poland by the end of 2011, and the entire space of the ATM Innovation Center by the end of 2015. The schedule of launching subsequent fully equipped parts of data centers will depend on how fast we acquire our customers. It is worth noting that this implementation method ensures financial security throughout the investment.

According to the Management Board, when the entire available floor area of Telehouse.Poland is used, ATM S.A.'s annual operating profit should be increased by ca. PLN 17,000,000. This illustrates the potential positive impact of pending investments. Likewise, providing the customers with access to the entire available space of the ATM Innovation Center should increase the annual operating profit by over PLN 50,000,000. Obviously, this will happen in a few or more years, and the complete implementation of both of these projects will depend on whether the demand persists. Nevertheless, these figures are a good illustration of the potential behind the implemented investments. If the actual demand turns out to be lower, the scope of investments will be restricted without any risks to Company's financial security.

Telehouse.Poland

Poland's first premise of this class:

- 3,700 sq. m of gross floor area
- located in the business center of Warsaw, at Konstruktorska street
- access to 100+ local, countrywide and international operators
- technological excellence: compliance with Tier-3 Data Center requirements
- step-by-step equipment in accordance with customers' orders
- annual operating profit of over PLN 17,000,000 if fully used
- quick return on investment assumed: up to 4-5 years
- UP AND RUNNING, installations of first customers in progress!

ATM Innovation Center

Multi-year investment project (2010-2015):

- equipment with state-of-the-art infrastructure and expansion of data centers and related office space at Grochowska street
- reasonably split into stages
- total investment of over PLN 320,000,000, including an EU subsidy of PLN 72,300,000
- state-of-the-art technologies will be used for data archiving, virtualization of servers and the construction of energy-efficient green server rooms
- financing with own funds and through leasing, without the need to significantly increase Company's debt
- expected increase of operating profit as a result of implementing the project: over PLN 50,000,000 per year
- 5 years as the assumed maximum period for the return on each investment stage
- first server room to be launched at the beginning of 2011

1.2 Strategic lines of development in the integration business

System integration is the core activity of two larger (ATM Systemy Informatyczne and KLK) and of four smaller companies (inONE, Sputnik Software, Impulsy and ATM Software) of the ATM Capital Group.

The 2010-2011 strategy assumes to merge the two largest of them, ATM SI and KLK, into one organization, and to develop the other ones on the basis of their own potential. As regards the entire integration activity, the strategy is to focus on products and services with best results, especially on those performed on the basis of proprietary software and of company's own solutions. At the same time, we plan to use the opportunities brought by the presence in the capital group to a much larger extent than in previous years, and to seek for related synergies.

The activity of ATM SI and KLK is complementary to such a degree that the advantages of merging them into one organization seem obvious. The objective of the merger is to create one of the largest integrators in Poland. The total 2010 revenue of both companies may exceed PLN 250,000,000. Such potential would allow them to implement even the biggest projects on their own and to efficiently compete on the market. Previously signed contracts ensure a significant position in the telecommunication and public sectors to the merged company. The strategic objective for the coming years is to build and reinforce the presence on other markets, such as the finance or energy market. In order to implement this strategy, we need to continue our cooperation with global technological companies and market leaders, especially with Cisco Systems, and to further develop our own solutions adapted to the needs of specific sectors and markets.

Smaller companies will develop independently on the basis of industry-specific application solutions. They will continue the process of establishing their position in their activity sectors by streamlining the offered solutions:

- InONE specializes in the outsourcing and optimization of IT systems, mainly for small and medium enterprises. InONE will also offer and develop the **Atmosfera** software family. Atmosfera is a proprietary application platform enabling fast and efficient development of multi-purpose applications, such as: Service Desk, transaction database systems or workflow management systems.
- The activities of Sputnik Software focus on software development and service delivery for the public sector. It will continue to offer and develop the **Nowoczesny Urząd** (Modern Office) software suite, an end-to-end solution covering the key aspects of operation of a modern organization or public administration office, dedicated in particular to local government bodies. The **Integrated Security System** is another important product to be developed by the Company. It combines the control of physical access, work time registration, facility management, parking systems, monitoring and other solutions into a single coherent system.
- The activity of Impulsy includes sales, deployment and support of ICT systems for healthcare organizations. Its offer is based on proprietary software developed under the brand of **Medicus On-line**. This state-of-the-art system may be easily customized to most organizations. It supports the management and control both in large hospitals and in small clinics.
- The offer of ATM Software includes services and proprietary software developed under the brand of **ATM InternetTV** which enables effective implementation of innovative multimedia projects using Internet as the basic transmission medium.

Unlike in previous years, where the strategy assumed the development of key solutions and their first deployments, the objective of the abovementioned integration companies will be to reinforce their market position, to build their brand and, indirectly, to largely contribute with their revenues and profits to those of the Group. Meanwhile, an important element of the strategy will be to mutually seize the opportunities brought by being part of the same capital group. This will be achieved in the two following ways, among other methods:

- Smaller entities will serve as a competency back-office for large integration companies (ATM SI, KLK), allowing them to participate in large, complex, industry-specific integration projects whose participants are required to offer proven solutions operating on the market. The smaller company would act as the subcontractor or a member of the consortium.
- Smaller companies will be allowed to contribute to projects that correspond to their competencies, without being restricted by necessary performance bonds or by special tender requirements, and will be backed up by the cooperation within the Group.

1.2.1 Plans of capital acquisition for further growth

If large capital is needed to ensure further growth of companies, it will be acquired on the capital market, e.g. by entering the security market as a separate entity. This plan is to be followed, in particular, by the company formed through the merger of ATM SI and KLK. Beside acquiring capital, the company who enters the stock exchange increases its credibility. For a company who intends to take the position of the contractor awarded with the largest projects in the country, this is an important factor.

1.3 Mobile payments strategy

In addition to tight control over the costs, the strategy assumes the continuation of activities aimed at balancing operating costs against revenue, not only with the fees for payments made through mPay but also with the fees related to developed transaction platforms made available to other companies, including those from the telecommunications and finance sectors.

However, the primary task is to focus on providing mobile operators with access to the mPay platform which may be used within the emerging "Pay with your mobile" universal mobile payment platform.

Meanwhile, in addition to implementing the process of optimization of ongoing operating costs, the Management Board of ATM S.A., in agreement with the Management Board of mPay S.A., continues to look for a middle-term investor interested in co-financing the development of the company until it reaches the profitability threshold.

2 Summary and Message from the Management Board

In this document, the Management Board of ATM S.A., the leading company of the ATM capital group, specified the primary directions of its 2010-2011 strategy. The fulfillment of the adopted strategy in Group's core activity sectors, i.e. in telecommunications and integration activity, should result in the reinforcement of its market position as regards both of these domains, and in a steep increase of revenues and profits in 2010-2011 as against previous years. When it comes to mobile payments, we expect mPay S.A. to stabilize its position as the leading provider of the mobile payments platform on the Polish market. We believe that even if this business remains unprofitable, its adverse impact on Group's result will be of minor importance.

It is worth noting that in the telecommunications sector, the two coming years will be the time to build the leadership on the Polish data center market, and perhaps to become a major player on a European scale. Thanks to its previous investments, ATM already has, and will have throughout 2010, large space (Telehouse.Poland) that may be offered under collocation and hosting services, taking advantage of global trends and of the increasing demand for such services. In 2011, ATM will have additional space in the ATM Innovation Center. Recently completed investments in metropolitan and long-distance fiber-optic networks should contribute to the increasing revenue from broadband data transmission and traffic exchange in the Internet. The expected increase of revenue and profits from telecommunications business should not be affected by any economic downturn. If the economic outlook is favorable, the prepared investments should ensure a steep growth in 2010-2011 as against previous periods due to the forecasted increase of demand for services delivered by ATM S.A.

As regards the integration business, while experiencing an unprecedented growth in 2010-2011, ATM will perform the contracts it has already signed and will build its position in several key areas, including the telecommunications and public sectors. The performed and planned organizational changes, including the merger of the largest integration companies and the better use of synergy within the cooperation between Group's integration companies, should result not only in the accelerated growth but also in the increased predictability of revenues. For the Group, the integration business should be a pillar of growth just as strong as the telecommunications activity.