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NETIA SA REPORTS 2008 YEAR-END AND FOURTH QUARTER RESULTS

WARSAW, Poland – February 24, 2009 – Netia SA ("Netia" or the "Company") (WSE: NET), Poland's largest alternative provider of fixed-line telecommunications services, today announced its audited consolidated financial results for the year and unaudited results for the quarter ended December 31, 2008.

1. KEY HIGHLIGHTS

1.1. Financial

- **Netia delivered its 2008 guidance, reporting the following results:**

2008 Guidance	Actual Results	Revised Guidance	Original Guidance*
Revenues *(PLN m)*	1,121.2	> 1,100.0	> 950.0
EBITDA *(PLN m)*	170.6	160.0	125.0
Investment outlays (excl. M&A) *(PLN m)*	247.7	240.0	280.0
M&A investment in Ethernet networks *(PLN m)*	45.1	45.0	40.0
Number of broadband service clients	413,645	410,000	> 400,000
Number of voice service clients *(own network and WLR)*	1,065,516	1,060,000	> 580,000
Unbundled local loop (LLU) nodes	133	125	100

- **Revenue from continuing activities came in ahead of revised guidance, growing** by 42% versus 2007 and 75% versus Q4 2007. Total revenue from continuing activities for 2008 rose to PLN 1,112.4m (EUR 266.6m) and Q4 2008 revenue was PLN 369.0m (EUR 88.4m), up by 36% versus Q3 2008. Organic revenue growth from continuing activities, excluding Tele2 Polska Sp. z o.o. ("Tele2 Polska"), was up 26% over 2007 to PLN 982.9m (EUR 235.6m), and up by 22% over Q4 2007 to PLN 258.1m (EUR 61.9m). Tele2 Polska contributed an additional PLN 110.9m (EUR 26.6m) in the first full quarter of consolidated revenue as compared to the PLN 18.5m (EUR 4.4m) contributed during the final two weeks of Q3 2008.

* *Guidance was updated during the course of 2008 following the announcements of H1 2008 interim results and in connection with the Tele2 Polska/Ethernet networks acquisitions.*

The EUR amounts shown the entire document have been translated using an exchange rate of PLN 4.1724 = EUR 1.00, the average rate announced by the National Bank of Poland on December 31, 2008. These figures are included for the convenience of the reader only.

- **EBITDA for the full year 2008** was PLN 170.6m (EUR 40.9m) and PLN 57.6m (EUR 13.8m) for Q4 2008, growing by 31% versus Q3 2008 and by 226% versus Q4 2007. Tele2 Polska contributed EBITDA of PLN 22.6m (EUR 5.4m) in Q4 2008 versus PLN 1.8m contributed in the two weeks of consolidation in Q3 2008. Excluding the impact of Tele2 Polska in Q4 2008, Netia's EBITDA was PLN 34.9m (EUR 8.4m) up 98% versus Q4 2007.

- **Net profit** for the full year 2008 was PLN 230.6m (EUR 55.3m) versus a net loss of PLN 268.9m for 2007. The 2008 figure includes a one-off gain of PLN 353.4m (EUR 84.7m) from the disposal of P4 shares. Excluding the one-off gain from the P4 disposal and Netia's share of P4 start-up losses incurred in 2007 and 2008, Netia's loss narrowed by 3% in 2008 to PLN 100.1m (EUR 24.0m) compared to the previous year.

- **Cash and cash equivalents** at December 31, 2008 totalled PLN 192.7m (EUR 46.2m) and available undrawn credit lines at December 31, 2008 were PLN 375.0m (EUR 89.9m).

- **Investments in tangible and intangible fixed assets** represented 22% of total revenue for 2008 as compared to 29% in 2007 at PLN 247.7m (EUR 59.4m) (excluding M&A activity).

- **Netia's growth plans are fully funded**, which gives the Company flexibility in considering further acquisition opportunities and exploring options to accelerate the remittance of cash to its shareholders.

- **Netia has recently increased its guidance for 2009,** projecting 525,000 broadband subscribers, 1,150,000 voice subscribers and 300 unbundled LLU nodes in total by year end before the positive impact of expected further Ethernet acquisitions. Revenue is expected to be approximately PLN 1,520.0m, with EBITDA of PLN 260.0m and capex of PLN 260.0m.

1.2. Operational

- **Netia's broadband subscriber base** reached 413,645 at December 31, 2008, growing by 19% from 346,939 at September 30, 2008 and by 90% from 217,518 at December 31, 2007. Of the total broadband customers served at December 31, 2008, 44% received service over Netia's own local networks of copper, Fast Ethernet or WiMAX infrastructure. The Company aims to add 112,000 customers through organic growth to reach at least 525,000 broadband subscribers by the end of 2009 before any further acquisitions are taken into account. This growth target factors in possible slower market growth due to the macro-economic situation and an increased tactical sales focus on 2play customers.
- **Netia's voice service customer base** (own network + WLR) reached 1,065,516 at December 31, 2008, increasing by 3% from 1,033,206 at September 30, 2008 and by 153% from 421,752 at December 31, 2007. Of the total voice customers served at December 31, 2008, 37% received service over Netia's own copper or WiMAX infrastructure. The Company aims to have approximately 1,150,000 voice customers (own network + WLR + LLU) through organic growth by the end of 2009.
- In December 2008, the **Regulator (UKE) announced a new reference offer for unbundled local loop** (*RUO – Reference Unbundling Offer*), which (i) significantly reduces the monthly and activation fees paid to the incumbent for the LLU (shared and full) access and (ii) allows for migration of clients from BSA/WLR to LLU during the term of the existing BSA/WLR contracts with the incumbent.
- **Netia is the undisputed leader in the roll-out of LLU services in Poland** with 133 nodes unbundled and total coverage of approximately 1.3m lines as at December 31, 2008. During 2008 Netia acquired 1,320 new LLU clients organically and expects to increase that number during 2009 through both new customer connections and the migration of the existing bitstream clients to LLU. The Company plans to migrate over 20,000 BSA and WLR clients to LLU during 2009. As at February 24, 2009, Netia had 2,474 LLU subscribers and the rate of new sales per available node continues to accelerate.
- In Q4 2008 **Netia acquired five Ethernet networks** which served 33,571 broadband clients in aggregate, bringing the total number of customers acquired in 2008 to 46,103. At December 31, 2008, the Company has acquired a cumulative total of 90,507 subscribers, including organic growth post acquisition of a net 9,110 subscribers, since launching its broadband driven growth strategy in April 2007.

Mirosław Godlewski, Netia's President and CEO, commented: "We are proud to report that Netia has delivered a strong set of results for 2008, once again outperforming our guidance. Our broadband-driven strategy helped us deliver year-on-year revenue growth from continuing activities of 42%, with total revenue of PLN 1,121.2m and full year EBITDA of PLN 170.6m. Our broadband subscriber base at December 31, 2008 nearly doubled over the prior year to 413,645, with Netia's total broadband market share growing from 4.6% to an estimated 7.6%. We are firmly on track to reach our medium-term target to achieve total market share in the high teens. Furthermore, at 2008 year-end we provided voice services to over 1 million customers over Netia's own network and WLR, and have begun selling our broadband and convergent services to these customers. With this convincing performance we have consolidated our position as the largest altnet telecom in Poland with 2009 revenues expected to be almost three times higher than our nearest competitor.

The last twelve months have been a transformational period for Netia, in which we recorded a number of significant milestones. While increasing our focus on broadband, in May 2008 Netia successfully exited its investment in P4, generating a profit of 66%. Then, in September 2008, we acquired Tele2 Polska, significantly increasing the scale of our operations, our customer base and opportunities to create additional efficiencies. Adding to our networks through the acquisition of Ethernet operators has now become a routine process with another eight acquisitions and 46,103 broadband customers added during 2008. Last but not least, Netia continues to lead the process of unbundling the incumbent's local loop in Poland, with 133 nodes unbundled at December 31, 2008, and the pace of new sales of double play LLU is accelerating week-to-week. Following the completion of the migration tests which are currently underway, we intend to migrate over 20,000 bitstream and WLR customers to higher-margin LLU-based services in 2009. The regulatory environment continues to mature and Netia is best placed to invest and profit from recent improvements in the terms of LLU.

Going forward, with the significant scale already built following the Tele2 Polska acquisition, Netia intends to focus its broadband driven growth strategy on driving double play and profitability improvements, economies of scale and LLU roll-out. After two years of commercial transition, 2009 will be increasingly focused on major cost optimization initiatives. In the recently announced guidance for 2009 we revised our revenue target and EBITDA expectations upward to PLN 1,520.0m and PLN 260.0m, respectively, reflecting strong trading in recent months and outperformance following the Tele2 Polska acquisition.

Netia is now solidly on the path to achieving net profitability by 2010 and is well positioned to take advantage of additional industry consolidation opportunities should they arise."

Jon Eastick, Netia's CFO, commented: "Our 2008 financial statements reflect the significant progress made in the execution of our broadband strategy adopted in April 2007, and the fourth quarter of 2008 was the first to reflect a full quarter impact from the Tele2 Polska acquisition. Revenue from continuing activities for Q4 2008 increased 75% year-on-year to PLN 369.0m, including the full quarter contribution of PLN 110.9m from Tele2 Polska. EBITDA for Q4 2008 increased sequentially by 31% to PLN 57.6m, and by 226% year-on-year, with a contribution of PLN 22.6m from Tele2 Polska. Excluding Tele2 Polska, Netia's EBITDA for Q4 2008 was itself up by 98% year-on-year.

The Tele2 Polska integration is going very smoothly, with a large part of the sales integration complete and advertising synergies already realized. Now we are working to complete the legal integration, brand elimination and network synergies, with the IT integration scheduled to be complete by the end of Q3 2009. In total we now expect over PLN 30.0m in annual synergies to be generated from the Tele2 Polska integration.

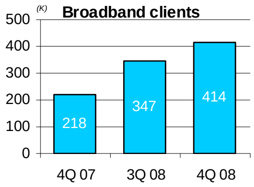
Management has also been running a comprehensive cost review project in order to drive margins in tandem with increasing our customer base and ongoing growth initiatives. We expect to announce significant cost reduction actions once this planning work is complete.

We also continue to work hard on our capital investment efficiency and we have recently cut capex guidance for 2009 by PLN 20.0m to PLN 260.0m. Netia is now quickly closing in on a free cash flow positive position and our cash balances of PLN 192.7m now look sufficient to see us through to cash flow break-even in 2010. We continue discussions with our banking partners to determine the feasibility of increasing our flexibility to use the PLN 375.0m bank facility for share buy-backs or larger acquisitions. Discussions are still ongoing at this stage, and we will keep you apprised of any material developments.

Now well into Q1 2009, we are yet to see any negative impact on our business from the general economic turmoil. Overall, we are confident that our challenger status, strong balance sheet and efficiency initiatives make Netia well placed to deal with the economic situation."

2. Operational Overview

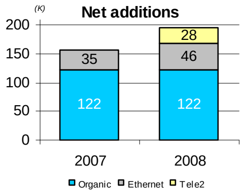
2.1. Broadband



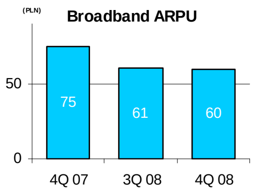
Broadband subscribers increased to 413,645 at December 31, 2008 from 346,939 at September 30, 2008 and 217,518 at December 31, 2008. By the end of 2009, Netia aims to reach approximately 525,000 broadband subscribers through further organic growth, with potential for a higher figure due to further Ethernet networks acquisitions. As at February 24, 2009, the broadband subscriber base was nearly 428,000 ports.

Netia provides its broadband services using the following technologies:

Number of broadband ports	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
xDSL and FastEthernet over Netia's own fixed-line network	171,933	134,311	132,398	120,209	111,223
WiMAX Internet	12,110	9,970	8,444	7,192	5,861
Bitstream access	227,441	201,522	150,641	128,499	99,346
LLU	1,320	213	-	-	-
Other	841	923	987	1,022	1,088
Total	**413,645**	**346,939**	**292,470**	**256,922**	**217,518**



Broadband net additions during 2008 was comprised of 121,870 subscribers from organic growth, 28,154 adds from the acquisition of Tele2 Polska and 46,103 adds from the acquisition of Ethernet operators. Netia estimates that its total broadband market share has increased during the past twelve months from 4.6% to 7.6%. For the first three quarters of 2008, Netia has averaged 19% of market net additions from organic growth. Of the 33,135 organic broadband acquisitions in Q4 2008, 6,133 came from Tele2 Polska as their efforts were focused on up-selling broadband to existing voice subscribers.



Broadband ARPU was PLN 60 (EUR 14) in Q4 2008 as compared to PLN 75 in Q4 2007. The year-on-year decline in broadband ARPU reflects the growing proportion of residential customers in the customer mix. Broadband ARPU is expected to continue to trend downward as Netia continues to add residential broadband subscribers. It is expected to settle between PLN 50 and PLN 60 per month in the medium term as the business/residential mix stabilizes.

Broadband SAC increased to PLN 196 (EUR 47) in Q4 2008 from PLN 164 in Q3 2008, impacted by the first full quarter of consolidating Tele2 Polska's costs. The increase was driven by Tele2 Polska's acquisition costs structure. As the integration proceeds, management expects the cost structure to shift more in line with Netia's and for SAC to fall again as a result.

Important developments in broadband:

Local loop unbundling (LLU). In Q4 2008 Netia continued to extend the reach of its LLU-based services. Netia had 133 unbundled nodes at December 31, 2008 versus 76 at September 30, 2008 and had reached 135 by February 24, 2009. Netia is targeting to unbundle 300 nodes by 2009 year-end, reaching approximately 2.6 million customer lines.

Following the commencement of commercial sales on the first few nodes during Q2 2008, Netia served 1,320 2play customers over LLU as at December 31, 2008 and the observed sales rates per operational node per month are accelerating.

On December 1, 2008, the Regulator announced a new Reference Unbundling Offer (RUO), which significantly reduces the amount of monthly and activation fees paid to the incumbent for the LLU access and allows for the migration of clients from BSA/WLR to LLU during the term of the existing BSA/WLR contracts with the incumbent.

The changes to the LLU rates are set out in the following table:

Amounts in PLN	Previous RUO	New RUO	% change
Monthly fee for full LLU access *(with both internet and voice services being provided by an altnet)*	36	22	-39%
The monthly fees for shared LLU access *(with only Internet services being provided by an altnet)*	13	5.81	-55%
One-time installation fee for full LLU	204	55.51	-73%
One-time installation fee for shared LLU	182	55.51	-70%

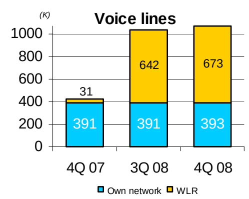
Netia expects to be able to migrate existing bitstream (1play) and BSA/WLR (2play) customers to its higher margin LLU services at the turn of Q2 and Q3 2009, following the successful completion of ongoing migration tests with TP. By the end of 2009, the Company plans to migrate more than 20,000 BSA and WLR clients to LLU.

Acquisitions of local Ethernet network operators. During Q4 2008, Netia continued to consolidate local Ethernet networks into its business with the purchases of AirBites Sp. z o.o., Easy Com Sp. z o.o., Netster Sp. z o.o., Seal-Net Sp. z o.o. and Ticom Sp. z o.o., with a combined total of 33,571 customers, for a total amount of PLN 29.1m (EUR 7.0m), excluding transaction costs. Including these transactions and the organic growth post-acquisition, Ethernet networks acquired by Netia since mid-2007 provided broadband access to a total of 90,507 mostly residential customers as of December 31, 2008, with approximately 304,000 homes passed. The acquisitions are part of Netia's strategic objective to acquire one million broadband customers and up-sell voice services to the existing subscriber base of each acquired Ethernet provider. Post acquisition, Netia works to increase penetration of Ethernet services within its addressable market defined by the number of homes passed and doing so has added 9,110 subscribers.

Progress on IPTV. Netia has successfully completed the laboratory test and is preparing to launch along with ‘n’, Poland’s HDTV platform from the ITI Group. The next step is to run a pilot project of the IPTV services in the cities of Warsaw and Wrocław. The commercial launch, planned currently for this autumn following the successful pilot results, is to include the full package of platform ‘n’ programs, including HD channels, as well as new services and functionalities offered by IPTV. The cooperation with ‘n’ is intended to split the costs and risks of investing in IPTV services, bringing Netia top quality content and an additional sales channel and giving telewizja ‘n’ access to households who would not normally purchase a satellite-based TV service. Discussions over the commercial contract and scope of the initial roll-out are ongoing.

2.2. Voice

2.2.1. Own network & WLR

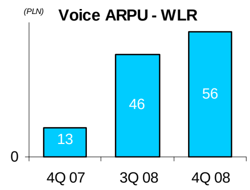


Voice lines (own network and WLR *(wholesale line rental)***)** totalled 1,065,516 at December 31, 2008 as compared to 421,752 at December 31, 2007 and 1,033,206 at September 30, 2008. By the end of 2009, Netia aims to have approximately 1,150,000 voice subscribers (own network + WLR), with the increase acquired organically.

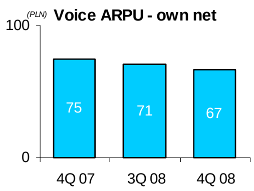
The year-on-year increase in the number of voice lines resulted mainly from growth within WLR-based voice services. Of the total 672,969 WLR customers served at December 31, 2008, 500,234 represent the customer base of Tele2 Polska acquired in Q3 2008 and 172,735 were acquired organically. Netia began offering WLR during Q4 2007, selling to both voice-only customers and bitstream broadband customers as a 2play offering. The Company intends to up-sell its broadband services to the newly acquired Tele2 Polska voice customers and move several thousand of them from WLR to either Netia’s own networks or to LLU, further improving gross margins on the services provided.

Netia provides its voice services through the following types of access:

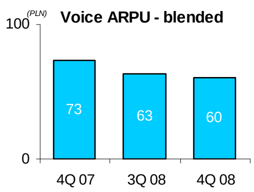
Number of voice lines	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Traditional direct voice	364,722	367,547	368,151	370,418	377,104
Incl. ISDN	*127,304*	*123,186*	*119,312*	*116,262*	*113,704*
Incl. Legacy wireless	*40,742*	*42,372*	*42,304*	*42,703*	*44,755*
Voice over IP	11,921	9,195	5,365	4,840	2,495
WiMAX voice	15,904	14,383	13,510	11,695	11,025
Netia network subscriber voice lines	**392,547**	**391,125**	**387,026**	**386,953**	**390,624**
WLR	672,969	642,081	102,002	64,341	31,128
Total	**1,065,516**	**1,033,206**	**489,028**	**451,294**	**421,752**



Voice ARPU per WLR line amounted to PLN 56 (EUR 13) in Q4 2008 as compared to PLN 46 in Q3 2008 and PLN 13 in Q4 2007. The rising ARPU reflects the start-up nature of Netia's organic growth and the higher ARPUs generated by Tele2 Polska's more mature WLR customer base.

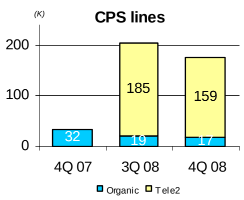


Voice ARPU per Netia network subscriber line amounted to PLN 67 (EUR 16) in Q3 2008 as compared to PLN 75 in Q4 2007 and PLN 71 in Q3 2008. The decrease reflects overall tariff reduction trends and seasonal factors reducing business customer call volumes.

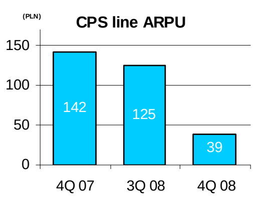


Blended voice ARPU decreased by 18% to PLN 60 (EUR 14) in Q4 2008 from PLN 73 in Q4 2007 and by 5% from PLN 63 in Q3 2008. The decrease reflects overall tariff reduction trends and the inclusion of more WLR customers into the subscriber mix.

2.2.2. Indirect voice



CPS lines *(carrier pre selection)* totalled 176,035 at December 31, 2008 as compared to 33,317 at September 30, 2007 and 204,066 at September 30, 2008. This included 158,729 indirect voice customers from Tele2 Polska. Netia is focused on the conversion of Tele2 Polska's CPS customers to WLR and is not actively acquiring new CPS customers.



Indirect voice ARPU per CPS line decreased by 72% to PLN 39 (EUR 9) in Q4 2008 from PLN 142 in Q4 2007 and by 69% from PLN 125 in Q3 2008, due to the inclusion of Tele2 Polska's largely retail subscriber base into the subscriber mix. CPS clients are not accounted for in the total Netia voice subscriber base of 1,065,516 clients as at December 31, 2008.

2.3. Other

Headcount for the Netia group was 1,673 at December 31, 2008, compared to 1,281 at December 31, 2007 and 1,635 at September 30, 2008. The sequential increase in headcount was driven by the addition of 39 employees of five Ethernet networks acquired by Netia during Q4 2008. The movement in headcount during 2008 can be analysed as follows:

Headcount at December 31, 2007	**1,281**
Acquired headcount	
Tele2 Polska	51
Ethernet networks	108
Temporary contractors (303) converted into full-time equivalent employees	258
Organic growth, net	(25)
Headcount at December 31, 2008	**1,673**

The number of Netia's active business clients from the SME/SOHO sector grew by 23% to 97,204 at December 31, 2008 from 78,820 at December 31, 2007 and by 1% from 95,900 at September 30, 2008. Increasing Netia's focus on SOHO/SME customers and reducing dependence on revenue from large accounts and bespoke offerings for business customers is an important element of Netia's strategy.

Capital investment additions.

Capital investment additions *(PLN'M)*	**2008**	**2007**	*Change%*
Existing network and IT	123.9	122.7	+ 1%
Broadband networks & P4 transmission project	123.8	121.7	+ 2%
Total	**247.7**	**244.4**	**+ 1%**

Higher IT spending in support of new services has resulted in stable overall spending on the existing network and IT. The stable broadband spending reflects lower spending on WiMAX and increasing utilisation of previously rolled out capacity to carry data traffic, offset by the first year of LLU roll-out.

3. OTHER HIGHLIGHTS

Netia acquired Tele2 Polska. On September 15, 2008, Netia acquired a 100% interest in Tele2 Polska. The transaction valued Tele2 Polska's enterprise at between EUR 29.1m and EUR 33.9m, depending on the level of additional performance related payments. The maximum valuation translated to 2.8x the forecasted 2008 stand-alone EBITDA of PLN 40.0m (EUR 9.6m) or 156 (EUR 37) per voice subscriber, which is broadly comparable to a direct acquisition cost for a new single customer acquired organically.

The acquisition of Tele2 Polska is a transformational move in realizing Netia's mass market strategy. Netia forecasts an increase in its annual revenue base by over 40%, becoming nearly 3 times larger by revenue than the next largest altnet. The combined business gains significant scale over Netia's stand-alone operations and significant potential to upsell Netia's broadband, value added and content services to Tele2 Polska's voice clients. Netia management was initially targeting to deliver at least PLN 30.0m (EUR 7.2m) in annualized synergies within 12 months of closing, principally from marketing and network cost savings. Following initial integration work, this estimate is now expected to be comfortably exceeded. Following early progress on marketing and sales synergies, full year 2008 EBITDA for Tele2 Polska legal entity reached PLN 58.6m (EUR 14.0m). As part of the integration project, on February 11, 2009, Netia's shareholders adopted a resolution to merge Tele2 Polska into the parent company Netia SA. This is expected to positively impact Netia Group's operations through reduction of administrative costs and facilitate full rebranding and operational integration.

Netia disposed of its minority stake in P4 for EUR 131.8m. On April 30, 2008 Netia sold all its shares in P4 Sp. z o.o. ("P4") to Novator Telecom Poland S.a.r.l ("Novator") and Tollerton Investments Limited ("Tollerton"), Netia's partners in the P4 project. Netia received EUR 131.8m and other agreed terms of the sale transaction included, among others, the additional price payable to Netia in case of future change of control at P4 during 12 months after signing, and amendments to the trade contracts between the Company and P4 to reflect the fact that following the transaction Netia will no longer be a shareholder of P4.

Despite the sale of its stake in P4, Netia expects to continue to leverage its status as a founding shareholder to continue a close business partnership with P4. This partnership includes: (i) full implementation of the pre-existing mobile service provider agreement that enables Netia to sell convergent fixed and mobile offers under its own brand, (ii) provision of backhaul transmission services to P4's network, and (iii) continued use of the Play Germanos distribution chain for Netia's services.

Netia realized a 66% return on its equity investments in P4 (representing an annualized IRR of 26%).

The transaction resulted in recording a gain of PLN 353.4m (EUR 84.7m) in Netia's income statement in 2008.

Netia diversifying into mobile services. On September 24, 2008, Netia launched mobile and convergent fixed-mobile services to its business clients. The new services are provided based on a long-term service provisioning contract with P4 signed in December 2007, under which Netia is selling P4's mobile services under its own brand and introducing convergent fixed-mobile products together with Play (Play is the brand developed by P4). This allows Netia to achieve the important strategic objective of providing its business customers with a full range of telecommunications services.

Funding. At December 31, 2008, Netia had PLN 192.7m (EUR 46.2m) in cash and PLN 375.0m (EUR 89.9m) of available undrawn bank facilities. Management now considers these cash balances sufficient to finance its broadband-driven growth strategy through to free cash flow break-even. Accordingly, Management is engaged in continuing discussions with its banks syndicate to increasing flexibility in the use of the PLN 375.0m (EUR 89.9m) facility to allow for larger acquisitions and /or share buy-backs.

Mr. Tom Ruhan, Netia's management board member and Chief Legal officer, was appointed a board member of ECTA, effective January 1, 2009 for a two-year term.

ECTA - European Competitive Telecommunications Association - was founded in 1998 and represents the telecommunications industry to key government and regulatory bodies, looks after the regulatory and commercial interests of new entrant telecoms operators and inspires the development of the telecommunications sector in Europe.

Mr. Andrzej Kondracki joint Netia as a new Investor Relations Director from January 2009. Mr. Kondracki worked previously as an investment banker at ABN AMRO and UniCredit, being responsible for M&A transactions and international IPOs, including the telecom sector.

4. GUIDANCE FOR 2009 AND MEDIUM-TERM OUTLOOK FOR 2010-2012

Netia announced on February 10, 2009 a revised guidance for 2009, in which the Company expects higher revenue and improved margins relative to previous guidance. This revision was made following a strong 2008 Q4 and January 2009's trading, excellent progress on the integration of Tele2 Polska into the Netia Group and completion of financial planning for 2009:

2009 Guidance	Previous	Revised
Number of broadband service clients	--	525,000
Number of voice service clients *(own network and WLR)*	--	1,150,000
Unbundled local loop (LLU) nodes	--	300
Revenue *(PLN m)*	1,500.0	1,520.0
EBITDA *(PLN m)*	225.0	260.0
Investment outlays (excl. M&A) *(PLN m)*	280.0	260.0

** The previous 2009 guidance was announced on October 14, 2008.*

Subscriber guidance excludes potential for further Ethernet network acquisitions which remain important to Netia's strategy but are difficult to forecast in terms of timing and scale.

Netia's substantially improved market share position following the Tele2 Polska acquisition enabled the Company to rebalance its broadband-driven growth strategy to increase the focus on accelerating improvements in profitability, leverage on scale economies and roll-out of LLU.

The medium term outlook for Netia Group was maintained as follows:

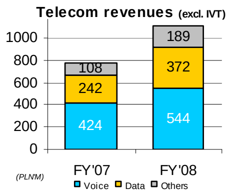
Medium-term outlook	2010 - 2012
Revenue growth (CAGR)	5% - 10%
EBITDA margins at 20% at 25%	 2010 2012
Net profit by	2010
Free cash flow positive by	2010
Capex to sales down to 15% by	2011
1 million broadband subscribers	2012

Consolidated Financial Information

Please also see our financial statements for the year ended December 31, 2008.

2008 vs. 2007

Revenue rose by 34% from PLN 838.0m for 2007 to PLN 1,121.2m (EUR 268.7m) for 2008. Excluding revenue from the IVT *(international voice termination)* activities sold in Q1 2008, revenues rose by 42% to PLN 1,112.4m (EUR 266.6m) from PLN 780.9 in 2007. From this growth, PLN 129.5m (EUR 31.0m) or 17 percentage points were contributed by Tele2 Polska and consolidated by Netia in its financial results beginning September 15, 2008. The remaining 26 percentage points of growth resulted from Netia's broadband-driven growth strategy.



Total telecommunication revenue, excluding IVT, increased by 43% to PLN 1,104.6m (EUR 264.7m) from PLN 773.5m in 2007. Data revenue increased to PLN 371.6m (EUR 89.0m), up by 53% from PLN 242.2m in 2007, of which 36 percentage points were attributed to broadband related organic growth, 8 percentage points to acquisitions of Ethernet operators and 10 percentage points to data transmission connections sold to P4. Revenues from direct voice services increased by 32% to PLN 486.8m (EUR 116.7m) from PLN 369.5m for 2007, supported by the rapid organic addition of WLR voice customers in Netia and the subsequent acquisition of Tele2 Polska.

The overall revenue increase was also supported by higher interconnection revenues (an increase of 213% or PLN 60.7m (EUR 14.5m)), driven mostly by the introduction of the new interconnection agreement with TP from Q4 2007 and transit traffic carried to mobile networks.

Wholesale revenue from continuing activities rose by 33% from PLN 53.8m to PLN 71.9m (EUR 17.2m). The IVT activities excluded from the above analysis, sold during Q1 2008, amounted to PLN 57.1m in 2007 versus PLN 8.7m in Q1 2008 prior to disposal.

Cost of sales increased by 29% to PLN 823.5m (EUR 197.4m) from PLN 637.5m for 2007 and represented 73% of total revenue as compared to 76% in the previous year.

Network operations and maintenance costs increased by 63% to PLN 281.8m (EUR 67.5m) for 2008 from PLN 173.9m in 2007. This increase was driven by the costs of bitstream and WLR wholesale access, the new Ethernet networks and additional leased lines to large business customers.

Interconnection charges increased by 37% to PLN 218.5m (EUR 52.4m) in 2008 as compared to PLN 159.9m for 2007 mainly as a result of the introduction of the new interconnect regime with TP as of Q4 2007 that eliminated the bill-and-keep arrangement for local calls and consolidating Tele2 Polska's interconnection costs as of September 15, 2008.

Other costs increased by 32% to PLN 61.4m (EUR 14.7m) in 2008 from PLN 46.5m in 2007, partly due to a PLN 8.9m increase in provisions.

Depreciation charges for fixed assets related to cost of sales decreased by 4% to PLN 207.7m (EUR 49.8m) from PLN 217.4m in 2007 as a result of Netia completing the accelerated depreciation of the legacy narrowband radio equipment that has already been retired.

Gross profit for 2008 was PLN 297.6m (EUR 71.3m) as compared to PLN 200.5m for 2007. Gross profit margin increased to 26.5% from 23.9% for 2007.

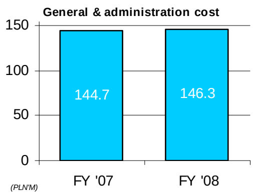
Selling and distribution costs increased by 37% to PLN 275.2m (EUR 65.9m) from PLN 201.2m for the previous year and represented 25% of total revenue as compared to 24% in 2007. Expenditures associated with the acquisition of WLR customers in addition to broadband customers is the main cause of the increased spending.

Other services costs increased by 74% to PLN 68.9m (EUR 16.5m) from PLN 39.7m in 2007, mainly as a result of the third-party commissions paid for the acquisition of new customers and cost of outsourced call centre support.

Advertising and promotion expenditures were up by 50% to PLN 62.0m (EUR 14.8m) from PLN 41.2m in 2007 when Netia's regulated access offer to mass market clients was just getting underway.

Mailing services costs increased by 75% to PLN 18.7m (EUR 4.5m) from PLN 10.7m, mainly due to the increased customer base and logistics costs associated with broadband gross additions.

Salaries and benefits costs related to selling and distribution increased by 9% to PLN 83.8m (EUR 20.1m) from PLN 77.1m in 2007 in connection with addition of new staff and salary increases.



General and administration costs remained almost flat at PLN 146.3m (EUR 35.0m) as compared to PLN 144.7m for 2007 and represented 13% of total revenue as compared to 17% in 2007 which demonstrates efficiency gains made by leveraging economies of scale. Certain categories of general and administrative expenses were reduced year over year due to successful cost saving initiatives.

Other income was PLN 11.6m (EUR 2.8m) as compared to PLN 41.3m in 2007. Other income recorded for 2007 included PLN 24.2m related to the Company's settlement of interconnection disputes with TP.

Other gains/(losses), net were PLN 12.9m (EUR 3.1m) as compared to PLN 5.4m in 2007 and included a gain of PLN 5.1m (EUR 1.2m) recorded in Q1 2008 on the disposal of certain assets of Premium Internet SA comprising its IVT activities and a gain of PLN 6.2m (EUR 1.5m) on property sales in Q2 2008.

Netia's operating costs dedicated solely to development of bitstream, LLU and WLR projects, net of revenue, amounted to PLN 59.4m (EUR 14.2m) in 2008 as compared to PLN 66.0m in 2007. Out of that amount, PLN 44.2m (EUR 10.6m) was attributable to the cost of subscriber' acquisitions and a further PLN 15.2m (EUR 3.6m) to incremental costs of bitstream, WLR and LLU wholesale access, IP transit, advertising and customer care. Revenue generated from above projects was PLN 127.6m (EUR 30.6m) for 2008 as compared to PLN 21.5m for 2007. By Q4 2008, the quarterly loss from these start-up activities had fallen to PLN 5.6m (EUR 1.3m). Going forward, combining with Tele2 Polska's WLR and bitstream activities and related synergies, Netia's regulated access customers are expected to be profitable.

EBITDA was PLN 170.6m (EUR 40.9m) as compared to PLN 170.7m for 2007. EBITDA margin was 15.2% as compared to 20.4% for the previous year. The falling EBITDA margin reflects the increased importance of regulated access services to the revenue base and, in particular, the acquisition of Tele2 Polska's regulated access business.

Depreciation and amortization decreased by 2% to PLN 270.3m (EUR 64.8m) as compared to PLN 274.5m for 2007 as a result of Netia completing the accelerated depreciation of the retiring legacy narrowband radio equipment.

Operating loss (EBIT) was PLN 99.7m (EUR 23.9m) as compared to operating loss of PLN 103.8m for 2007 and was driven by the reduced net loss from the broadband and WLR expansion and the Tele2 Polska acquisition, offset by lower one-off gains than in the previous financial year.

Net finance income was PLN 0.8m (EUR 0.2m) as compared to net finance loss of PLN 2.5m in 2007 and was related mainly to interest earned on net cash balances.

Gain on disposal of P4 shares of PLN 353.4m (EUR 84.7m) was recorded in Q2 2008. Consequently, share of losses of associates was PLN 22.6m (EUR 5.4m) as compared to PLN 165.2m in 2007 and was related to Netia's equity participation in the P4 mobile venture. Netia ceased to consolidate its share of P4 loss from February 2008.

Profit was PLN 230.6m (EUR 55.3m) for 2008 full year as compared to loss of PLN 268.9m for 2007 and was driven mainly by a one-off gain from the disposal of P4 shares. Tele2 Polska contributed profit of PLN 21.0m (EUR 5.0m).

Capex (cash used for the purchase of fixed assets and computer software) increased by 10% to PLN 258.6m (EUR 62.0m) for 2008 from PLN 235.4m for 2007 due to a net reduction in fixed asset payables. Investments in existing network and IT combined were up by 1% in comparison to 2007 driven by higher IT spending in support of new services. Investment in broadband and the P4 transmission projects were up by 2% over the prior year.

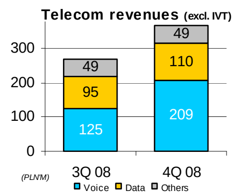
Other significant cash outflow / inflow items during 2008 included proceeds of PLN 453.8m (EUR 108.8m) from the disposal of Netia's P4 investment in Q2 2008, purchase considerations of PLN 87.9m (EUR 21.1m) and PLN 45.1m (EUR 10.8m) for the acquisition of Tele2 Polska and the Ethernet network operators, respectively, as well as PLN 14.8m (EUR 3.5m) received on disposal of non-core assets. As a result, net cash from investing activities amounted to PLN 69.4m (EUR 16.6m) in 2008 as compared to PLN 396.2m of cash used during 2007.

Cash and cash equivalents at December 31, 2008 were PLN 192.7m (EUR 46.2m) as compared to PLN 57.7m a year earlier.

Netia was debt free at December 31, 2008, with a PLN 375.0m (EUR 89.9m) credit facility available until June 30, 2011 to finance Netia's future investment requirements. At the end of 2007, Netia had drawn PLN 94.7m from a PLN 275.0m facility.

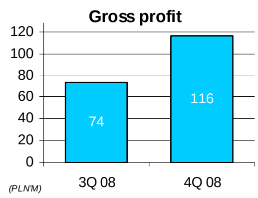
Q4 2008 vs. Q3 2008

Revenue was up sequentially by 36% to PLN 369.0m (EUR 88.4m) in Q4 2008 from PLN 271.2m in Q3 2008, supported by the first full quarter contribution from Tele2 Polska of PLN 110.9m (EUR 26.6m) as compared to PLN 18.5m contributed for the last two weeks of Q3 2008. Excluding the impact of Tele2 Polska, Netia's broadband driven strategy continued to deliver sequential revenue growth with an increase of 2% or PLN 5.5m (EUR 1.3m), despite the weak telecom service demand normally associated with Q4 in Poland.



Total telecommunication revenue increased by 36% to PLN 367.4m (EUR 88.0m) from PLN 269.2m in Q3 2008. Direct voice revenue was up by 63% to PLN 186.6m (EUR 44.7m) from PLN 114.5m in Q3 2008, driven by revenue from Tele2 Polska's WLR subscribers. Data revenue increased sequentially by 16% to PLN 109.7m (EUR 26.3m) in Q4 2008 from PLN 94.9m in Q3 2008.

Cost of sales increased by 28% to PLN 252.7m (EUR 60.5m) from PLN 197.4m in Q3 2008 and represented 68% of total revenue in Q4 2008 as compared to 73% in Q3 2008. The increase was driven by the costs of bitstream and WLR wholesale access.



Gross profit improved sequentially by 58% from PLN 73.7m in Q3 2008 to PLN 116.3m (EUR 27.9m) in Q4 2008, with gross profit margin rising to 31.5% from 27.2%. This progress was driven by scale and cost improvements to network and interconnection expenses at Netia and the first full quarter contribution from Tele2 Polska.

Selling and distribution costs increased by 41% to PLN 92.3m (EUR 22.1m) from PLN 65.3m in Q3 2008, representing 25% of total revenue in Q3 2008 as compared to 24% in Q3 2008. The change reflects mainly the addition of Tele2 Polska's expenditures for the full quarter.

Other services costs were higher by PLN 12.0m (EUR 2.9m) due to the third party commissions and outsourcing costs incurred by Tele2 Polska of PLN 14.5m (EUR 3.5m).

Information technology services were up in connection with Tele2 Polska's outsourced costs of billing of PLN 3.8m (EUR 0.9m). This cost is expected to be eliminated during 2009 once Tele2 Polska customers are migrated to Netia's systems in H2 2009.

Mailing services costs increased as a result of recording in Q4 2008 the Tele2 Polska expenditures of PLN 4.0m (EUR 1.0m).

Amortisation of intangible assets increased by PLN 2.9m (EUR 0.7m) due to the amortisation of Tele2 Polska's customer base.

Salaries and benefits costs related to selling and distribution were up by 14% to PLN 21.8m (EUR 5.2m) from PLN 19.2m in Q3 2008 as a result of higher sales commissions.

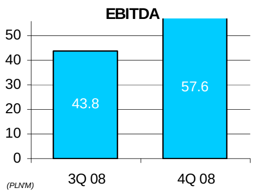
Advertising and promotion costs were higher by PLN 1.7m (EUR 0.4m), driven by Netia's Christmas promotion which included national TV campaign and the final four weeks of Tele2 Polska's media expenditures post acquisition.

General and administrative expenses increased by 30% to PLN 44.6m (EUR 10.7m) as compared to PLN 34.4m in Q3 2008 and represented 12% of total revenue as compared to 13% in Q3 2008 , driven by the addition of Tele2 Polska expenses and its integration into the Netia group.

Other services costs increased by 154% to PLN 7.5m (EUR 1.8m) from PLN 2.9m in Q3 2008, in connection with Tele2 Polska integration costs of PLN 1.9 (EUR 0.5m) and external consultancy on cost efficiencies project of PLN 0.8m (EUR 0.2m).

Salaries and benefits costs related to general and administration cost were up by 17% to PLN 19.2m (EUR 4.6m) from PLN 16.4m in Q3 2008, mainly a result of addition of Tele2 Polska costs of PLN 1.2m (EUR 0.3m)

Other costs increased by 54% to PLN 5.2m (EUR 11.2m) in Q4 2008 from PLN 3.4m in Q3 2008, due to a PLN 0.9m (EUR 0.2m) increase in the cost of training.



EBITDA increased by 31% to PLN 57.6m (EUR 13.8m) as compared to PLN 43.8m in Q3 2008. Tele2 Polska contributed PLN 24.4m (EUR 6.4m) to this figure, although stand-alone results are flattered by most organic sales and advertising spending being shifted into Netia as Q4 2008 progressed as part of the integration process. EBITDA margin was 15.6% in Q4 2008 as compared to 16.2% in the prior quarter due to the impact of the lower margin capital employed business model of Tele2 Polska.

Loss of PLN 10.1m (EUR 2.4m) was recorded in Q4 2008 as compared to a net loss of 18.6m in Q3 2008.

Key Figures

PLN'000	2008	2007	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Revenues from continuing activities	1,112,394	780,884	369,056	271,159	243,483	228,696	211,055
Revenues from IVT activities..................	8,744	57,141	-	-	-	8,744	11,439
Total revenues	1,121,168	838,025	369,056	271,159	243,483	237,470	222,494
y-o-y % change	*33.8%*	*(2.8%)*	*65.9%*	*31.9%*	*18.4%*	*16.2%*	*6.1%*
EBITDA	170,641	170,682	57,576	43,829	35,436	33,800	17,677
Margin %	*15.2%*	*20.4%*	*15.6%*	*16.2%*	*14.6%*	*14.2%*	*7.9%*
y-o-y change %	*(0.0%)*	*(22.9%)*	*225.7%*	*21.2%*	*(43.1%)*	*(38.1%)*	*(70.8%)*
EBIT	(99,706)	(103,840)	(14,683)	(22,714)	(33,230)	(29,079)	(44,967)
Margin %	*(8.9%)*	*(12.4%)*	*(4.0%)*	*(8.4%)*	*(13.6%)*	*(12.2%)*	*(20.2%)*
Profit/(Loss) of the Netia Group *(consolidated)*	230,605	(268,881)	(10,096)	(18,586)	314,581	(55,294)	(99,526)
Margin %	*20.6%*	*(32.1%)*	*(2.7%)*	*(6.9%)*	*129.2%*	*(23.3%)*	*(44.7%)*
Adjusted profit/(loss) of the Netia Group (consolidated) ~	(122,776)	(268,881)	(10,096)	(18,540)	(38,846)	(55,294)	(99,526)
Margin %	*(11.0%)*	*(32.1%)*	*(2.7%)*	*(6.8%)*	*(16.0%)*	*(23.3%)*	*(44.7%)*
Profit/(Loss) of Netia SA *(stand alone)^*	(173,185)	(73,217)	(85,073)	(22,438)	(37,105)	(28,569)	(36,798)
Cash and cash equivalents	192,685	57,700	192,685	232,736	324,017	74,242	57,700
Debt	-	94,741	-	-	-	179,478	94,741
Capex related payments	258,620	235,382	71,259	70,060	47,167	70,134	57,806
Investments in tangible and intangible fixed assets	247,425	244,404	93,872	66,245	52,103	35,205	91,013

EUR '000 *	2008	2007	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Revenues from continuing activities	266,608	187,155	88,452	64,989	58,356	54,812	50,584
Revenues from IVT activities	2,096	13,695	-	-	-	2,096	2,742
Revenues	268,711	200,850	88,452	64,989	58,356	56,914	53,325
y-o-y % change	*33.8%*	*(2.8%)*	*65.9%*	*31.9%*	*18.4%*	*16.2%*	*6.1%*
EBITDA	40,898	40,907	13,799	10,505	8,493	8,101	4,237
Margin %	*15.2%*	*20.4%*	*15.6%*	*16.2%*	*14.6%*	*14.2%*	*7.9%*
y-o-y change %	*(0.0%)*	*(22.9%)*	*225.7%*	*21.2%*	*(43.1%)*	*(38.1%)*	*(70.8%)*
EBIT	(23,897)	(24,887)	(3,519)	(5,444)	(7,964)	(6,969)	(10,777)
Margin %	*(8.9%)*	*(12.4%)*	*(4.0%)*	*(8.4%)*	*(13.6%)*	*(12.2%)*	*(20.2%)*
Profit/(Loss) of the Netia Group *(consolidated)*	55,269	(64,443)	(2,420)	(4,455)	75,396	(13,252)	(23,853)
Margin %	*20.6%*	*(32.1%)*	*(2.7%)*	*(6.9%)*	*129.2%*	*(23.3%)*	*(44.7%)*
Adjusted profit/(loss) of the Netia Group (consolidated) ~	(29,426)	(64,443)	(2,420)	(4,443)	(9,310)	(13,252)	(23,853)
Margin %	*(11.0%)*	*(32.1%)*	*(2.7%)*	*(6.8%)*	*(16.0%)*	*(23.3%)*	*(44.7%)*
Profit/(Loss) of Netia SA *(stand alone)^*	(41,507)	(17,548)	(20,389)	(5,378)	(8,893)	(6,847)	(8,819)
Cash and cash equivalents	46,181	13,829	46,181	55,780	77,657	17,794	13,829
Debt	-	22,707	-	-	-	43,016	22,707
Capex related payments	61,984	56,414	17,079	16,791	11,305	16,809	13,854
Investments in tangible and intangible fixed assets	59,300	58,576	22,498	15,877	12,488	8,438	21,813

* The EUR amounts shown in this table and in the entire document have been translated using an exchange rate of PLN 4.1724 = EUR 1.00, the average rate announced by the National Bank of Poland on December 31, 2008. These figures are included for the convenience of the reader only.

^ The profit of Netia SA (stand alone) is being used for purpose of calculation of the amounts available for potential cash distribution to shareholders through dividends or share buy-backs.

~ Net result for FY 2008, Q2 and Q3 2008 excluding the impact of the gain from the disposal of P4 shares.

Key Operational Indicators

	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Broadband data					
Total number of broadband ports (cumulative)	413,645	346,939	292,470	256,922	217,518
xDSL and FastEthernet over Netia's own fixe-line network	*171,933*	*134,311*	*132,398*	*120,209*	*111,223*
WiMAX Internet ports	*12,110*	*9,970*	*8,444*	*7,192*	*5,861*
Others	*841*	*1,136*	*987*	*1,022*	*1,088*
Netia network broadband ports	184,884	145,417	141,829	128,423	118,172
Bitstream access ports	*227,441*	*201,522*	*150,641*	*128,499*	*99,346*
Total net additions	66,706	54,469	35,548	39,404	46,150
Monthly Broadband APRU (PLN)	60	61	66	69	75
Monthly Bitstream SAC (PLN)	196	164	182	187	264
Subscriber data *(own network and WLR)*					
Subscriber lines (cumulative)	1,065,516	1,033,206	489,028	451,294	421,752
Traditional direct voice	*364,722*	*367,547*	*368,151*	*370,418*	*377,104*
incl. ISDN equivalent of lines	*127,304*	*123,186*	*119,312*	*116,262*	*113,704*
incl. legacy wireless	*40,717*	*42,372*	*42,304*	*42,703*	*44,755*
Voice over IP	*11,921*	*9,195*	*5,365*	*4,840*	*2,495*
WiMAX voice	*15,904*	*14,383*	*13,510*	*11,695*	*11,025*
Netia network subscriber voice lines	392,547	391,125	387,026	386,953	390,624
WLR	*672,969*	*642,081*	*102,002*	*64,341*	*31,128*
Total net additions	32,310	544,178	37,734	29,532	27,312
Business mix of total subscriber lines (cumulative)	22.9%	22.7%	44.6%	45.2%	42.0%
Monthly Voice ARPU in own network (PLN)	67	71	72	75	75
Monthly Voice ARPU for WLR (PLN)	56	46	39	32	13
Monthly Voice ARPU blended (PLN)	60	63	66	70	73
Indirect voice data					
CPS lines (cumulative)	176,035	204,066	22,129	25,518	32,317
Monthly Voice ARPU for CPS	39	125	165	141	142
Network data					
Backbone (km)	5,002	5,002	5,002	5,002	5,002
Number of connected lines (cumulative)	542,107	540,920	539,942	539,942	536,432
Other					
Headcount	1,673	1,635	1,570	1,487	1,281

(Tables to Follow)

Income Statement (PLN in thousands unless otherwise stated)

Time periods:	2008	2007	Q4 2008	Q3 2008	Q4 2007
Telecommunications revenue	*audited*	*audited*	*unaudited*	*unaudited*	*unaudited*
Direct Voice	486,781	369,499	186,584	114,518	89,036
monthly charges	226,436	122,348	109,805	49,265	30,075
calling charges	260,345	247,151	76,779	65,253	58,961
– *local calls*	*59,559*	*65,250*	*18,315*	*13,882*	*15,332*
– *domestic long-distance calls*	*34,429*	*38,994*	*9,402*	*8,335*	*8,811*
– *international long-distance calls*	*28,788*	*27,457*	*8,219*	*7,076*	*6,709*
– *fixed-to-mobile calls*	*102,956*	*100,149*	*29,827*	*26,254*	*23,988*
– *other*	*34,613*	*15,301*	*11,016*	*9,706*	*4,121*
Indirect Voice	56,809	54,203	21,921	10,401	14,213
Data	371,582	242,226	109,734	94,886	70,028
Interconnection revenues	89,175	28,517	23,561	25,552	13,711
Wholesale services	71,905	53,854	18,391	17,820	14,544
Intelligent network services	14,726	14,374	3,642	3,101	3,571
Other telecommunications revenues	11,148	8,757	2,942	2,438	2,542
Total telecommunications services revenues	**1,102,126**	**771,430**	**366,775**	**268,716**	**207,645**
Sales of goods	2,506	2,118	603	505	1,500
Total telecommunications revenue	**1,104,632**	**773,548**	**367,378**	**269,221**	**209,145**
Radio communications revenue	7,762	7,336	1,678	1,938	1,910
Revenues from continuing activities	**1,112,394**	**780,884**	**369,056**	**271,159**	**211,055**
Revenues from IVT activities	8,774	57,141	-	-	11,439
Total revenues	**1,121,168**	**838,025**	**369,056**	**271,159**	**222,494**
Cost of sales	(823,513)	(637,552)	(252,723)	(197,439)	(169,082)
Interconnection charges	*(218,510)*	*(159,866)*	*(58,775)*	*(56,886)*	*(45,705)*
Network operations and maintenance	*(281,856)*	*(173,015)*	*(108,512)*	*(62,823)*	*(51,234)*
Costs of goods sold	*(8,781)*	*(7,306)*	*(3,131)*	*(1,580)*	*(2,245)*
Depreciation of fixed assets	*(207,712)*	*(217,360)*	*(53,600)*	*(51,481)*	*(48,062)*
Amortization of intangible assets	*(25,693)*	*(23,499)*	*(6,651)*	*(6,453)*	*(6,017)*
Salaries and benefits	*(19,568)*	*(9,971)*	*(5,026)*	*(4,581)*	*(1,970)*
Other costs	*(61,393)*	*(46,535)*	*(17,028)*	*(13,635)*	*(13,849)*
Gross profit	**297,655**	**200,473**	**116,333**	**73,720**	**53,412**
Margin (%)	***26.5%***	***23.9%***	***31.5%***	***27.2%***	***24.0%***
Selling and distribution costs	(275,185)	(201,170)	(92,289)	(65,279)	(65,355)
Advertising and promotion	*(62,018)*	*(41,255)*	*(17,508)*	*(15,821)*	*(18,249)*
Mailing services	*(18,718)*	*(10,664)*	*(7,934)*	*(4,671)*	*(3,065)*
Information technology services	*(10,077)*	*(5,027)*	*(5,421)*	*(1,897)*	*(1,314)*
Other services	*(68,953)*	*(39,703)*	*(28,816)*	*(16,779)*	*(12,196)*
Impairment of receivables	*(4,618)*	*(2,028)*	*(1,940)*	*(1,104)*	*149*
Depreciation of fixed assets	*(4,293)*	*(4,416)*	*(1,331)*	*(882)*	*(1,021)*
Amortization of intangible assets	*(20,203)*	*(17,987)*	*(7,141)*	*(4,250)*	*(4,594)*
Salaries and benefits	*(83,761)*	*(77,126)*	*(21,729)*	*(19,167)*	*(24,230)*
Other costs	*(2,544)*	*(2,964)*	*(469)*	*(708)*	*(835)*
General and administration costs	(146,270)	(144,751)	(44,620)	(34,432)	(37,925)
Professional services	*(8,454)*	*(10,615)*	*(2,386)*	*(2,214)*	*(2,793)*
Information technology services	*(9,406)*	*(8,201)*	*(3,042)*	*(2,262)*	*(2,173)*
Office and car maintenance	*(10,080)*	*(7,259)*	*(3,405)*	*(3,438)*	*(1,685)*
Insurance	*(1,405)*	*(2,291)*	*(348)*	*(359)*	*(580)*
Other services	*(16,860)*	*(15,160)*	*(7,505)*	*(2,953)*	*(4,748)*
Depreciation of fixed assets	*(4,779)*	*(4,695)*	*(1,604)*	*(1,181)*	*(1,149)*
Amortization of intangible assets	*(7,667)*	*(6,565)*	*(1,932)*	*(2,296)*	*(1,801)*
Salaries and benefits	*(74,211)*	*(78,429)*	*(19,220)*	*(16,373)*	*(19,767)*
Other costs	*(13,408)*	*(11,536)*	*(5,178)*	*(3,356)*	*(3,229)*
Other income	11,599	41,315	5,509	2,520	4,998
Other expense	(447)	(5,068)	(374)	(22)	(304)
Other gains/ (losses), net	12,942	5,361	758	779	207
EBIT	**(99,706)**	**(103,840)**	**(14,683)**	**(22,714)**	**(44,967)**
Margin (%)	***(8.9%)***	***(12.4%)***	***(4.0%)***	***(8.4%)***	***(20.2%)***
Finance income	10,689	3,994	2,275	3,696	645
Finance cost	(9,859)	(1,517)	1,590	592	(1,414)
Gain on sale of investment in P4	353,381	-	-	(46)	-
Share of losses of associates	(22,625)	(165,237)	-	-	(52,892)
Profit / (Loss) before tax	**231,880**	**(266,600)**	**(10,818)**	**(18,472)**	**(98,628)**
Tax benefit / (charge)	(1,275)	(2,281)	722	(114)	(898)
Profit / (Loss)	**230,605**	**(268,881)**	**(10,096)**	**(18,586)**	**(99,526)**
Attributable to:					
Equity holders of the Company	230,605	(269,484)	(10,096)	(18,586)	(99,902)
Minority interest	-	603	-	-	376
Margin (%)	***20.6%***	***(32.1%)***	***(2.7%)***	***(6.9%)***	***(44.7%)***
Earnings per share for loss attributable to equity holders (not in thousands)	0.59	(0.69)	(0.03)	(0.05)	(0.26)
Diluted earnings per share for loss attributable to equity holders (not in thous.)	0.59	(0.69)	(0.03)	(0.05)	(0.26)

EBITDA Reconciliation to Loss

(PLN in thousands unless otherwise stated)

Time periods:	2008 *audited*	2007 *audited*	Q4 2008 *unaudited*	Q3 2008 *unaudited*	Q4 2007 *unaudited*
Operating loss	**(99,706)**	**(103,840)**	**(14,683)**	**(22,714)**	**(44,967)**
Add back:					
Depreciation of fixed assets	216,784	226,471	56,535	53,544	50,232
Amortization of intangible assets	53,563	48,051	15,724	12,999	12,412
EBITDA	**170,641**	**170,682**	**57,576**	**43,829**	**17,677**
Margin (%)	***15.2%***	***20.4%***	***15.6%***	***16.2%***	***7.9%***

Note to Other Income

(PLN in thousands unless otherwise stated)

Time periods:	2008 *audited*	2007 *audited*	Q4 2008 *unaudited*	Q3 2008 *unaudited*
Reminder fees and penalties	5,210	1,955	2,352	1,539
Forgiveness of liabilities	210	1,024	210	-
Sale of services to P4	904	3,404	61	181
Settlement of disputes with TP	-	24,239	-	-
Financial guarantee contract	435	6,882	-	-
Reversal of impairment charges and provisions	1,000	509	1,000	-
Other operating income	3,840	3,302	1,886	800
Total	**11,599**	**41,315**	**5,509**	**2,520**

Note to Other Expense

(PLN in thousands unless otherwise stated)

Time periods:	2008 *audited*	2007 *audited*	Q4 2008 *unaudited*	Q3 2008 *unaudited*
Impairment charges for specific individual assets	(447)	(304)	(374)	(22)
Transaction tax on contribution in-kind to subsidiary company	-	(4,764)	-	-
Total	**(447)**	**(5,068)**	**(374)**	**(22)**

Note to Other Gains / (losses), net

(PLN in thousands unless otherwise stated)

Time periods:	2008 *audited*	2007 *audited*	Q4 2008 *unaudited*	Q3 2008 *unaudited*
Decrease of purchase consideration	-	1,940	-	-
Gain on sale of impaired receivables	1,204	2,040	4	499
Gain on disposal of fixed assets	6,446	1,747	98	134
Gain on disposal of a group of assets comprising Premium Internet's IVT activities	5,093	-	-	-
Gain on sale of investments	9	-	9	
Net foreign exchange gains / (losses)	190	(366)	647	146
Total	**12,942**	**5,361**	**758**	**779**

Balance Sheet (PLN in thousands unless otherwise stated)

Time Periods	December 31, 2008 *audited*	December 31, 2007 *audited*
Property, plant and equipment, net	1,415,994	1,408,597
Intangible assets	411,448	267,946
Investment property	36,133	-
Investments in associates	-	150,435
Deferred income tax assets	564	2,162
Available for sale financial assets	10	10
Long-term receivables	6,623	250
Prepaid expenses and accrued income	16,867	5,667
Total non-current assets	**1,887,639**	**1,835,067**
Inventories	5,060	2,903
Trade and other receivables	170,477	127,339
Current income tax receivables	201	22
Prepaid expenses and accrued income	18,294	10,899
Other financial assets	5,905	-
Restricted cash	2,712	-
Cash and cash equivalents	192,685	57,700
	395,334	**198,863**
Non-current assets classified as held for sale	513	36,721
Total current assets	**395,847**	**235,584**
TOTAL ASSETS	**2,283,486**	**2,070,651**
Share capital	389,277	389,277
Share premium	1,556,489	1,641,398
Other supplementary capital related to former associate	-	40,102
Other reserves	23,960	14,251
Retained earnings	(41,245)	(356,759)
TOTAL EQUITY	**1,928,481**	**1,728,269**
Borrowings	-	87,344
Provisions	7,537	97
Deferred income	7,779	8,567
Deferred income tax liabilities	9,121	1,954
Other long-term liabilities	2,898	3,454
Total non-current liabilities	**27,335**	**101,416**
Trade and other payables	296,390	219,486
Borrowings	-	7,397
Other financial liabilities	304	-
Current income tax liabilities	53	154
Provisions	8,545	562
Financial guarantee contract	-	435
Deferred income	22,378	12,932
Total current liabilities	**327,669**	**240,966**
Total liabilities	**355,005**	**342,382**
TOTAL EQUITY AND LIABILITIES	**2,283,486**	**2,070,651**

Cash Flow Statement (PLN in thousands unless otherwise stated)

Time periods:	2008 *audited*	2007 *audited*	Q4 2008 *unaudited*	Q3 2008 *unaudited*
Profit / (Loss)	**230,605**	**(268,881)**	**(10,096)**	**(18,586)**
Depreciation and amortization	270,347	274,522	72,259	66,543
Impairment charges for specific individual assets	447	304	374	22
Reversal of impairment charges	-	(509)	-	-
Share of losses of former associates	22,625	165,237	-	-
Deferred income tax charge / (benefit)	846	1,664	(775)	(5)
Interest expense charged on credit facility	7,667	702	627	-
Other interest accrued	928	184	628	104
Financial guarantee contract	(435)	(6,882)	-	-
Interest accrued on loans granted	(24)	(43)	(4)	(6)
Share-based compensation	9,568	14,004	1,256	1,089
Fair value gains/(losses) on financial assets/liabilities at fair value through profit and loss	17	(21)	214	(84)
Fair value adjustments on other receivables	(184)	-	-	-
Foreign exchange (gains) / losses	(315)	579	(2,955)	(1,023)
Gain on disposal of fixed assets	(5,748)	(780)	242	-
Gain on sale of an associate (P4)	(353,381)	-	(9)	46
Gain on disposal of group of assets	(5,093)	-	-	-
Gain on sale of investments	(9)	-	-	-
Decrease of purchase consideration	-	(1,940)	-	-
Changes in working capital	(11,551)	38,919	(1,935)	12,087
Net cash provided by operating activities	**166,310**	**217,059**	**59,826**	**60,187**
Purchase of fixed assets and computer software	(258,620)	(235,382)	(71,259)	(70,060)
Proceeds from sale of non-core assets	8,851	6,067	609	555
Proceeds from sale of group of assets	6,000	-	-	-
Investment in former associate	(8,124)	(136,689)	-	-
Proceeds from sale of Netia's investment in P4	453,770	-	-	-
Purchase of subsidiaries, net of received cash	(132,976)	(37,372)	(34,268)	(82,638)
Increase of interest in subsidiary	-	(7,872)	-	-
Sale of investments	25	-	25	-
Sale of financial assets at fair value through profit and loss	-	14,777	-	-
Loan and interest repayments	462	278	70	69
Net cash used in investing activities	**69,388**	**(396,193)**	**(104,823)**	**(152,074)**
Cost of share issuance	-	(73)	-	-
Finance lease payments	(2,150)	(626)	(427)	(537)
Proceeds from borrowings	110,000	95,000	25,000	-
Loan repayments	(205,502)	-	(25,306)	(190)
Interest repayments	(5,980)	(477)	(166)	-
Redemption of notes for warrants	-	(1)	-	-
Net cash provided by financing activities	**(103,632)**	**93,823**	**(899)**	**(722)**
Net change in cash and cash equivalents	**132,066**	**(85,311)**	**(45,896)**	**(92,609)**
Effect of exchange rate change on cash and cash equivalents	2,922	(578)	5,845	1,328
Cash and cash equivalents at the beginning of the period	57,697	143,586	232,736	324,017
Cash and cash equivalents at the end of the period	**192,685**	**57,697**	**192,685**	**232,736**

Definitions

Backbone	–	a telecommunications network designed to carry the telecommunications traffic between the main junctions of the network;
Bitstream access	–	A type of regulatory broadband access enabling provision of broadband service by an altnet to customers connected by a copper line owned by TPSA. The altnet connects to the TPSA data network and may only offer services identical to those of TPSA, paying TPSA on a retail minus basis for use of the TPSA network.
Bitstream SAC	–	a cost per unit related to the acquisition of new customers through a bitstream access, including a one-time payment to TP (the incumbent), the third-party commissions, postal services and the cost of modems sold;
Broadband ARPU	–	average monthly revenue per broadband port during the period; Broadband ARPU is obtained by dividing the amount of monthly revenues from data services related to provisioning fixed Internet access by the average number of broadband ports, in each case for the referenced three-month period; Where significant promotional discounts are given at the beginning of contracts, revenues are averaged over the life of the contract.
Broadband port	–	a broadband port which is active at the end of a given period;
Cash	–	cash and cash equivalents at the end of period;
Connected line	–	a telecommunications line which was constructed, tested and connected to Netia's network/switching node and is ready for activation after signing an agreement for providing telecommunications services;
Cost of network operations and maintenance	–	cost of rentals of lines and telecommunications equipment, as well as maintenance, services and related expenses necessary to operate our network;
Data revenues	–	revenues from provisioning Frame Relay (including IP VPN-virtual private network services), lease of lines (including leased lines for carriers), Internet fixed-access services (provided, among others, through bitsteam and WiMAX types of access) and IP Transit;
Direct voice revenues	–	telecommunications revenues from voice services offered by Netia to its subscribers (through various types of access, including, among others, WiMAX). Direct voice services include the following traffic fractions: local calls, domestic long-distance (DLD) calls, international long distance (ILD) calls, fixed-to-mobile calls and other services (incl. Internet dial-in, emergency calls and 0-80x/0-70x -type calls originated by Netia's subscribers);
DSLAM	–	Technical infrastructure that splits data from voice traffic over a copper line and is deployed in the local network of a telecommunications operator to provide ADSL services to customers connected to a given local network node.
EBITDA / Adjusted EBITDA	–	to supplement the reporting of our consolidated financial information under IFRS, we will continue to present certain financial measures, including EBITDA. We define EBITDA as profit/(loss) as measured by IFRS, adjusted for depreciation and amortization, financial income and expense, income taxes and results of investments in associates. We believe EBITDA and related measures of cash flow from operating activities serve as useful supplementary financial indicators in measuring the

		operating performance of telecommunication companies. EBITDA is not an IFRS measure and should not be considered as an alternative to IFRS measures of profit/(loss) or as an indicator of operating performance or as a measure of cash flows from operations under IFRS or as an indicator of liquidity. The presentation of EBITDA, however, enables investors to focus on period-over-period operating performance, without the impact of non-operational or non-recurring items. It is also among the primary indicators we use in planning and operating the business. You should note that EBITDA is not a uniform or standardized measure and the calculation of EBITDA, accordingly, may vary significantly from company to company, and by itself provides no grounds for comparison with other companies;
Headcount	–	full time employment equivalents;
Indirect voice revenues	–	telecommunications revenues from the services offered through Netia's prefix (1055) or Tele2 Polska's prefix (1061) to customers being subscribers of other operators. Indirect access services include the following traffic fractions: domestic long-distance (DLD) calls, international long distance (ILD) calls and fixed-to-mobile calls;
Intelligent network services	–	revenues from provisioning free-phone, split-charge and premium rate services (i.e., 0-800, 0-801 and 0-70x type services), netted against the cost of revenue sharing;
Interconnection charges	–	payments made by Netia to other operators for origination, termination or transfer of traffic using other operators' networks;
Interconnection revenues	–	payments made by other operators to Netia for origination, termination or transfer of traffic using Netia's network, netted against the cost of traffic termination;
Local Loop Unbundling (LLU)	–	A type of regulatory broadband access enabling provision of broadband service by an altnet to customers connected by a copper line owned by TPSA. The altnet installs DSLAM equipment at a TPSA local network node and connects it to its own backbone network. The altnet may offer broadband and voice service to any customer connected by TPSA copper line to the given node. The alnet can offer an unrestricted range of services and pays TPSA space rental and monthly fees per customer line used.
Professional services	–	costs of legal, financial and other services (excluding insurance and taxes and fees, which are presented separately) provided to Netia by third parties;
Other telecommunications services revenues	–	revenues from provisioning Internet dial-in services for Netia's indirect customers (based on a call-back principle and an access number (0-20)), as well as other non-core revenues;
Radiocommunications revenue	–	revenues from radio-trunking services provided by Netia's subsidiary, UNI-Net Sp. z o.o.;
Subscriber line	–	a connected line which became activated and generated revenue at the end of the period;
Voice ARPU	–	average monthly revenue per direct voice line during the period; ARPU is obtained by dividing the amount of monthly revenues from direct voice services (excluding installation fees) by the average number of subscriber lines, in each case for the referenced three-month period;
Wholesale Line Rental (WLR)	–	A type of regulatory voice access enabling provision of voice service by an altnet to customers connected by a copper line

owned by TPSA. The altnet connects to the TPSA voice network and charges the customer for both line rental and calls made. TPSA receives a payment for line rental plus call origination fees and keeps all interconnection revenues from incoming calls.

Wholesale services – revenues from providing commercial network services such as voice termination, incoming Voice over Internet Protocol (VoIP), telehousing and collocation as well as backbone-based services.

Netia management will hold a conference call to review the results on February 24, 2009 at 09:00 AM (UK) / 10:00 AM (Continent) / 04:00 AM (Eastern). To register for the call and obtain dial in numbers please contact Emilia Whitbread at Taylor Rafferty London on +44 (0) 20 7614 2900 or Jessica McCormick at Taylor Rafferty New York on +1 212 889 4350.

Some of the information contained in this news release contains forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Netia undertakes no obligation to publicly update or revise any forward-looking statements.

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