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NETIA SA REPORTS 2009 THIRD QUARTER RESULTS

WARSAW, Poland – November 5, 2009 – Netia SA ("Netia" or the "Company") (WSE: NET), Poland's largest alternative provider of fixed-line telecommunications services, today announced its unaudited consolidated financial results for the third quarter and nine months ended September 30, 2009.

1. Key Highlights

1.1. Financial

- **Revenue from continuing activities** rose by 51% to PLN 1,119.6m for the first nine months of 2009. Q3 2009 revenue was PLN 370.3m as compared to PLN 373.7m in Q2 2009. Lower revenue in the carrier segment and continued weakness in the corporate segment offset a 3% sequential increase in residential revenue, underpinned by robust subscriber growth and stable ARPU.
- **EBITDA** was PLN 222.2m for the nine month period and PLN 82.9m for Q3 2009, growing by 96% YoY versus the first nine months of 2008 and by 19% versus Q2 2009. Excluding one-off restructuring expenses related to Project Profit and a PLN 5.3m gain on the disposal of the first tranche of transmission equipment to P4, Adjusted EBITDA was PLN 227.2m for the nine-month period and PLN 81.9m for Q3 2009, up by 101% over year-to-date 2008 and by 11% over Q2 2009. EBITDA margin was 22.4% in Q3 2009 with Adjusted EBITDA margin at 22.1%. Sequential profitability gains during the first three quarters of 2009 result mainly from steady progress in delivering group-wide cost reductions and synergies from the Tele2 Polska acquisition.
- **EBIT** loss narrowed to PLN 1.0m from PLN 85.0m in the first nine months of 2008. EBIT for Q3 2009 was positive PLN 7.1m (PLN 4.0m when excluding restructuring costs and the P4 transmission gain) as compared to EBIT loss for Q2 2009 of PLN 5.0m (PLN 0.6m loss excluding restructuring costs).
- **Net profit** for Q3 2009 was PLN 4.2m (PLN 3.2m profit excluding restructuring costs and P4 transmission gain) as compared to net loss of PLN 8.2m (PLN 3.9m loss excluding restructuring costs) in Q2 2009. Year-to-date net loss was PLN 10.4m versus net profit of PLN 240.7m for the same period in 2008, when Netia recorded a gain from disposal of its shares in P4 of PLN 353.4m.
- **Cash resources** at September 30, 2009 totalled PLN 211.6m (PLN 163.3m in cash and cash equivalents plus PLN 48.3m in treasury bonds at market value), up by PLN 48.7m from June 2009, while Netia had PLN 295.0m of available undrawn credit lines.
- **Netia was operating free cash flow positive in Q3 2009**. Total capital investments in tangible and intangible fixed assets were PLN 49.1m, which given quarterly EBITDA of PLN 82.9m generated operating free cash flow of PLN 33.8m. Netia is now guiding for positive free cash flow for the full year 2009 including acquisitions of Ethernet networks.

- The implementation of a **comprehensive cost reduction project** ("Project Profit"), which aims at eliminating PLN 100.0m of operating expenses annually as of FY2010 is proceeding smoothly in line with management's expectations, which assume PLN 20.0m of savings during 2009. Employment levels in the Netia group had dropped to 1,477 as of September 30, 2009 versus 1,673 on December 31, 2008. Further employment reduction will be delivered during Q4 2009 as the second wave of reductions in excess of 100 FTEs was undertaken during October 2009. The costs of these reductions were fully provided as at September 30, 2009.

- **Netia is today increasing its EBITDA guidance for FY2009 to PLN 290.0m** from PLN 275.0m and its Adjusted EBITDA guidance to PLN 300.0m from PLN 290.0m, reflecting Project Profit and Tele2 Polska synergies ahead of earlier expectations. In addition, following a strong Q3 2009, the Company now projects at least 525,000 broadband subscribers (revised upwards from 510,000), at least 1,165,000 voice subscribers (revised downwards from 1,200,000) and 300 unbundled LLU nodes (unchanged) by year end before any positive impact of expected further Ethernet acquisitions. Revenue is expected to be approximately PLN 1,495.0m (revised downwards from PLN 1,500.0m) and capex is now expected to total PLN 250.0m (revised downwards from PLN 260.0m).

  Furthermore, Netia is revising its mid-term outlook and now estimates revenue increases for the combined retail segments (Home, Corpo and SOHO/SME) for the 2010-2012 period at 5-10% CAGR, while total revenue is expected to increase at 3-5% CAGR for same period due to the reduction in Carrier segment revenue resulting from the reduced scope of transmission services for P4 and the continued defocusing of lower margin wholesale services. In addition, Netia now guides for being operating free cash flow positive in FY2009 including acquisitions of Ethernet networks, a year earlier than previously expected, and bringing forward its deadline for reducing capex to sales to 15% from 2011 to 2010.

1.2. Operational

- **Netia's broadband subscriber base** reached 489,823 at September 30, 2009, growing by 7% from 458,860 at June 30, 2009 and by 41% from 346,939 at September 30, 2008. Netia's total fixed broadband market share increased to almost 9% from 7% at September 30, 2008 while market share of fixed broadband net additions was 22% in the first nine months of 2009 and 39% in Q3 2009, respectively. Netia added 30,963 net broadband customers during Q3 2009 and made further progress in sale of 2play services, which accounted for 53% of total new additions during Q3 2009. With organic sales returning to trend levels in Q3 2009 despite the weak economy and with aggressive promotions planned for Q4 2009, Netia is today returning to its original 2009 guidance of at least 525,000 broadband customers with any acquisitions to come on top. As at November 1, 2009, Netia had over 505,000 broadband subscribers.
- **Netia's voice service customer base** (own network, WLR and LLU) reached 1,146,876 at September 30, 2009, increasing by 2% from 1,128,728 at June 30, 2009 and by 11% from 1,033,206 at September 30, 2008. Netia's total fixed voice market share increased to 11% from 10% at September 30, 2008. Of the total voice customers served at September 30, 2009, 34% received service over Netia's own access infrastructure. The Company aims to reach approximately 1,165,000 voice customers through organic growth by the end of 2009.
- **Netia is the undisputed leader in the roll-out of LLU service in Poland** with 176 nodes unbundled and total coverage of approximately 1.8m lines as at September 30, 2009. Sales performance continues to accelerate and Netia had acquired a total of 21,281 LLU clients. Netia intends to begin migrations of 2play customers to full LLU access during Q4 2009. As at November 1, 2009, Netia had over 27,000 LLU subscribers.

Mirosław Godlewski, Netia's President and CEO, commented: "Q3 2009 has seen Netia make excellent progress on most fronts as we continue to roll out our broadband-driven growth strategy. Despite the continued difficult economic environment, Netia's Q3 2009 broadband subscriber growth rebounded to the trend level with 31,000 organic net additions. This is an outstanding performance in an otherwise soft market as we estimate that we took a record 39% share of broadband net additions in Q3 2009. Thus, I am happy to report that our total broadband customer base exceeds 500,000 and we are half way to reaching our medium-term target of 1 million broadband customers by the end of 2012. Moreover, this improved growth came whilst further increasing the share of new clients taking double-play voice and broadband to 53% from 39% in the prior quarter and with a further acceleration in the rate of sales of our LLU services. Netia now has over 27,000 LLU customers and over 45% of Q3 2009 net broadband additions came over this relatively high margin, highly flexible type of regulated broadband access. The sales outlook remains strong for Netia and today we are able to return with confidence to our original guidance of at least 525,000 broadband customers by the end of 2009, with several Ethernet acquisitions in the pipeline to contribute above this amount.

It is now more than a year since Netia acquired Tele2 Polska and we are using today's earnings announcement to report excellent performance in delivering operational synergies from this acquisition. Following the migration of former Tele2 Polska customers onto Netia's billing and CRM platforms during Q3 2009, all major steps in the integration programme have been completed. We are now expecting annualised synergies from group-wide integration initiatives of PLN 46m for 2010 versus the original target of PLN 30m and this has been a major contributor to Netia's sequential EBITDA margin improvement over the past four quarters. Most importantly, I am happy to announce that respectively 83% and 91% of former Tele2 Polska WLR and BSA customers are still customers of the Netia group today and that we count over 37,000 of these customers in our broadband customer base today, indicating that churn levels have been kept low and cross-selling of broadband is moving in line with our original expectations. This acquisition and subsequent integration demonstrates the expertise within the Netia organisation that, together with our cash resources and improving free cash flows, leaves us well placed to examine further opportunities to consolidate our market.

During Q3 2009 we also continued the steady implementation of the Project Profit cost reduction program, aimed at delivering PLN 100m of further operational costs savings in 2010 and beyond. As part of this programme, two waves of staff reductions have been completed and over 200 separate optimisation projects are under implementation. We are expecting savings to come in ahead of original guidance and for the group's staffing levels to reach approximately 1,375, down by 18% from the peak in Q4 2008.

Based on the accelerated execution of these major cost efficiency initiatives Netia is today increasing its 2009 EBITDA guidance to PLN 290m and Adjusted EBITDA guidance to PLN 300m. The Q3 2009 results include a net profit of PLN 4.2m and we expect profits to continue from hereon. The team remains highly focused on delivering profitable growth and free operating cash flows whilst working hard to develop IPTV services and potential acquisitions to fuel the next wave of growth beyond our one million broadband customer objective."

Jon Eastick, Netia's CFO, commented: "Netia's broadband-driven growth strategy continues to bring excellent progress in financial performance with Netia's Q3 2009 Adjusted EBITDA of PLN 82m representing the seventh consecutive quarter of improvement in this key measure of profitability. With Adjusted EBITDA margin for Q3 2009 up by 2 percentage points at 22.1% and our cost reduction and Tele2 Polska integration projects both delivering ahead of original plans and timelines, we are today increasing EBITDA guidance for the second time this year and we now expect 2009 Adjusted EBITDA to come in at PLN 300m.

It is very pleasing to note that progress on profitability came at the same time as a marked turn-around in broadband sales with 30,961 net additions during Q3 2009 representing a return to trend growth rates despite the generally rather weak economic environment. Compelling market offers for double-play services with our core fixed broadband offering drove the sales performance and we continue to see good demand in Q4 2009 as customers recognise Netia's combination of quality and flexibility at fair prices.

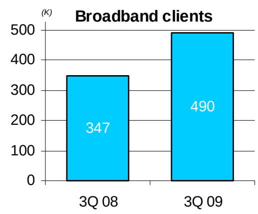
Whilst Q3 2009 revenue is up 37% year-on-year, the sequential decline from Q2 2009 by 1% to PLN 370m reflects our continued efforts to reposition our carrier business and the impact of the economic environment on demand from our business customers. The sale of one-third of the transmission assets serving mobile operator P4 for PLN 23m in Q3 2009 and continued reduction in the level of low margin transit business conducted by the carrier segment saw carrier revenues fall sequentially by 16%. Corporate and small business segment revenue fell sequentially by 1% whereas residential continues to make strong progress behind subscriber growth and stable ARPUs, growing sequentially by 3% to PLN 194m. Releasing capital resources from higher risk or lower margin carrier projects is a process that will take several more quarters and will put a drag on our top-line growth into 2010. Reflecting these expectations, we are adjusting our medium term revenue growth guidance whilst we continue to see our three retail customer segments growing at a combined 5-10% rate over the next three years.

The third quarter saw Netia make further progress in free cash flow generation with our operating free cash flow increasing to PLN 34m from PLN 18.0m a quarter earlier. We expect to see further progress in this key metric over the next year, supplemented by the PLN 40m still to be received for P4 transmission equipment. With over PLN 200m in cash resources and PLN 295m available from our banks, we continue to examine opportunities to consolidate the altnet market in Poland.

Whilst detailed guidance for 2010 will only be provided in Q1 next year, we remain confident that the Company is well placed to meet its mid term guidance with the recently announced settlement between the Telecommunications Regulator (UKE) and TP SA seemingly removing any medium term uncertainty about maintaining access to TP SA's access infrastructure at current rates. In such a regulatory environment and in an economy that we expect to improve, Management is confident of delivering further margin improvement, full year profit and strong free cash flows for 2010."

2. Operational Overview

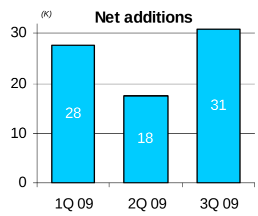
2.1. Broadband



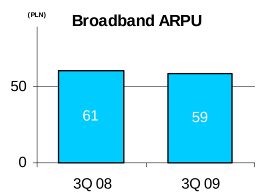
Broadband subscribers increased to 489,823 at September 30, 2009, up from 458,860 at June 30, 2009 and 346,939 at September 30, 2008. By the end of 2009, Netia aims to reach approximately 525,000 broadband subscribers through further organic growth, with potential for a higher figure pending additional Ethernet network acquisitions.

Netia provides its broadband services using the following technologies:

Number of broadband ports	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
xDSL and FastEthernet over Netia's own fixed-line network	134,311	171,933	174,874	176,769	179,733
WiMAX Internet	9,970	12,110	13,416	14,467	15,791
Bitstream access	201,522	227,441	248,455	259,626	272,419
LLU	213	1,320	3,764	7,324	21,281
Other	923	841	757	674	599
Total	**346,939**	**413,645**	**441,266**	**458,860**	**489,823**



Broadband net additions totalled 76,178 during the first nine months of 2009 and 30,963 during Q3 2009, with virtually all additions acquired from organic growth. Netia estimates its Q3 2009 share of broadband net additions at 39%, a record for the Company, with sales returning to trend levels whilst the overall market seems to have continued to slow down. Netia estimates that its total fixed broadband market share has increased during the past twelve months from 6.6% to 8.5% and that its market share of total net additions in the nine month period was 22%. The higher rate of net additions was achieved in parallel with a deliberate focus on 2play offers for new customers, which represented 53% of total new additions in Q3 2009 versus almost 40% in Q2 2009.



Broadband ARPU was PLN 59 in Q3 2009 as compared to PLN 61 in Q3 2008 and PLN 59 in Q2 2009. 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 197 in Q3 2009 from PLN 164 in Q3 2008 and from PLN 194 in Q2 2009. The year-on-year increase was driven mainly by a higher rate of bundled products (OneOffice solution for SOHO/SME clients, 2play WLR+BSA and LLU-based products) in the acquisition cost structure. 2play services are more profitable and Netia therefore offers higher sales commissions per unit. The sequential increase in SAC was associated with growing share of LLU-based products in the acquisition cost structure.

Important developments in broadband:

Local loop unbundling (LLU). In Q3 2009 Netia continued to extend the reach of its LLU-based services. Netia had 176 ready-to-sell unbundled nodes at September 30, 2009 and is targeting to unbundle 300 nodes by the end of 2009, reaching approximately 2.7 million customer lines.

Netia served 21,281 customers over LLU as at September 30, 2009 as compared to 7,324 at June 30, 2009 and 1,320 at December 31, 2008 and continued to observe acceleration of sales rates per operational node per month. Netia has been migrating 1play customers to the higher margin LLU services under a process which began in May

2009. However, migrations of 2play customers to full LLU access has been pushed back into November 2009, pending implementation of technology solutions that are expected to reduce migration costs significantly.

Acquisitions of local Ethernet network operators. As of September 30, 2009, Ethernet networks acquired by Netia since mid-2007 provided broadband access to a total of 90,483 mostly residential customers as compared to 52,250 customers at September 30, 2008, with approximately 304,000 homes passed. The acquisition program is a part of Netia's strategic objective to acquire one million broadband customers and up-sell voice services to the existing subscriber base of the acquired Ethernet providers. Netia remains fully dedicated to consolidation of the fragmented Polish Ethernet ISP market.

During Q2 2009 the Netia group signed conditional agreements to acquire the networks and customers from two more Ethernet operators. These operators together have 3,500 customers and 20,000 homes passed. These ‘asset transfer’ transactions are expected to close during H2 2009. Netia had already performed five similar transactions in the past, acquiring in total 3,200 customers, with 15,400 homes passed, at an average price of PLN 933 per customer including the acquisition of a network for a total price of PLN 0.8m conducted in Q1 2009.

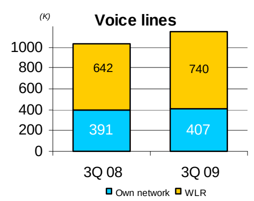
Netia continues to work hard on the integration of its Ethernet acquisitions. During Q3 2009 an important milestone was reached with all Ethernet acquisitions being merged into a single Netia subsidiary, Internetia Sp. z o.o.

Progress on IPTV. Netia and ‘n’, Poland’s DTH platform from the TVN Group, continue with a pilot project for IPTV services in the cities of Warsaw and Wrocław, dedicated mainly to friendly user tests and focused on technical solutions for service delivery.

As negotiations to conclude the commercial terms of co-operation are still ongoing, the commercial launch is now planned for H1 2010. When launched, the IPTV offer from Netia is to include the full package of platform ‘n’ programs, including HD channels as well as new services and functionalities offered by IPTV and will be available as 1play, 2play or 3play offerings with Netia’s voice and Internet services. The cooperation with ‘n’ is intended to split the costs and risks of investing in IPTV services, bring top quality content and an additional sales channel to Netia, while giving ‘n’ access to households who would not normally purchase a satellite-based TV service.

2.2. Voice

2.2.1. Own network & WLR

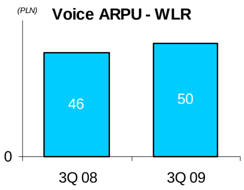


Voice lines (own network, WLR and LLU) totalled 1,146,876 at September 30, 2009 as compared to 1,033,206 at September 30, 2008 and 1,128,728 at June 30, 2009. By the end of 2009, Netia aims to have approximately 1,165,000 voice subscribers (own network + WLR + LLU), with the additional subscribers to be acquired organically.

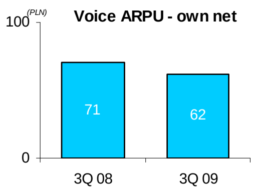
The year-on-year increase in the number of voice lines resulted mainly from growth within WLR-based voice services. Netia began offering WLR during Q4 2007, selling to both voice-only customers and bitstream broadband customers as a 2play offering. Subsequently, in September 2008 Netia acquired Tele2 Polska, thereby acquiring an additional 504,007 WLR customers. The Company has begun to up-sell its broadband services to the Tele2 Polska voice customers and intends to migrate several thousand former Tele2 Polska clients 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:

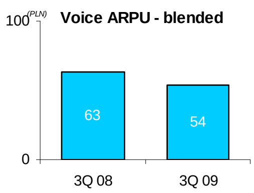
Number of voice lines	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
Traditional direct voice	367,547	364,722	361,963	359,024	355,726
Incl. ISDN	*123,186*	*127,304*	*129,810*	*132,024*	*134,478*
Incl. Legacy wireless	*42,372*	*40,717*	*39,728*	*38,791*	*39,324*
Voice over IP *(excl. LLU)*	8,986	10,507	11,421	13,546	16,618
WiMAX voice	14,383	15,904	17,330	18,349	19,758
Netia network subscriber voice lines	**390,916**	**391,133**	**390,714**	**390,919**	**392,102**
WLR	642,081	672,969	710,633	730,913	740,086
LLU voice over IP	209	1,414	3,696	6,896	14,688
Total	**1,033,206**	**1,065,516**	**1,105,043**	**1,128,728**	**1,146,876**



Voice ARPU per WLR line amounted to PLN 50 in Q3 2009 as compared to PLN 46 in Q3 2008 and PLN 50 in Q2 2009. The year-on-year increase in ARPU reflects the then start-up nature of Netia's organic growth and the higher ARPUs generated by Tele2 Polska's more mature WLR customer base acquired in September 2008.

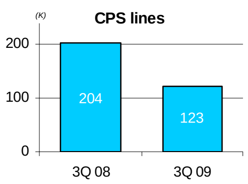


Voice ARPU per Netia network subscriber line amounted to PLN 62 in Q3 2009 as compared to PLN 71 in Q3 2008 and PLN 64 in Q2 2009, with the decrease reflecting overall tariff reduction trends and reduced usage, by corporate customers in particular, in light of the economic environment.

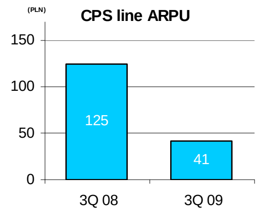


Blended voice ARPU was PLN 54 in Q3 2009 as compared to PLN 63 in Q3 2008 and PLN 55 in Q2 2009. The decrease reflects overall tariff reduction and lower usage trends. In the medium term, Netia expects blended voice ARPU to stabilize.

2.2.2. Indirect voice



CPS lines *(carrier pre selection)* totalled 122,501 at September 30, 2009 as compared to 204,066 at September 30, 2008 and 132,159 at June 30, 2009. 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 was PLN 41 in Q3 2009 as compared to PLN 125 in Q3 2008 and PLN 40 in Q2 2009. The year-on-year decrease was due to the inclusion of Tele2 Polska's largely retail subscriber base into the subscriber mix.

CPS clients are not counted in the total Netia voice subscriber base of 1,146,876 clients as at September 30, 2009.

2.3. Other

Headcount for the Netia group was 1,477 at September 30, 2009, compared to 1,635 at September 30, 2008 and 1,606 at June 30, 2009.

The sequential decrease in headcount was driven by the ongoing "Profit" restructuring project, in implementation from Q2 2009, and completion of relevant notice periods with respect to cancelled job positions. In October 2009 Netia began terminating an additional 100 job positions. As at November 4, 2009, almost all employees subject to this reduction had received their termination notices. The year-on-year decrease in headcount was achieved despite the addition of employees of new Ethernet networks acquired during the comparative period.

The movement in headcount can be analyzed as follows:

Headcount at September 30, 2008	**1,635**
Ethernet networks' acquired headcount	35
Headcount reductions, net	(193)
Headcount at September 30, 2009	**1,477**

Management expects group headcount to fall to approximately 1,375 employees by the end of 2009, subject to any new employees acquired along with Ethernet networks. This new employment level is expected to remain broadly stable during 2010.

Capital investment additions

Capital investment additions *(PLN'M)*	**YTD Q3 2009**	**YTD Q3 2008**	*Change %*
Existing network and IT	75.3	80.2	-6%
Broadband networks & P4 transmission project	95.0	73.3	+30%
Incl. broadband networks	*78.0*	*42.6*	*+83%*
incl. P4 transmission project	*17.0*	*30.7*	*-45%*
Total	**170.3**	**153.5**	**+11%**

The year-on-year increase in capital investments largely results from project completion dates being deferred into FY2009 as part of an effort to smooth out the annual investment cycle. As compared to the first nine months of 2008, the relatively significant increase in capital expenditures related to broadband networks was driven by the dynamic growth in Internet customer base and the LLU roll-out.

Comparing Q3 2009 to the prior year quarter, capital investments were down by 26% from PLN 66.2m to PLN 49.1m. Given the completion of P4 transmission roll-out, in Q3 2009 the amount of related investments declined with no further significant capex outlays planned in future pertaining to this project.

Following ongoing activities to reduce capital expenditure in the group, Netia today issued reduced new 2009 capex guidance of PLN 250.0m. A significant part of the foreign exchange exposure on capital investment for 2009 and 2010 has been hedged with forward contracts.

3. OTHER HIGHLIGHTS

Post acquisition integration of Tele2 Polska. September 2009 saw the first anniversary of Netia's acquisition of Tele2 Polska. During Q3 2009, Netia migrated billing and customer care processes from Tele2 Polska's outsourced legacy systems onto Netia's systems, thereby completing the last major element of Tele2 Polska's integration into the Netia group. Annualised synergies projected to be delivered in 2010 from completed initiatives total PLN 46.2m, 54% above the original estimate of PLN 30.0m, and are made up as follows:

Original annualised savings target *(PLN'M)*	Area	% Complete	2010 savings secured *(PLN'M)*	New 2010 target *(PLN'M)*	Description
20.0	Network	80%	15.0	18.8	Leased lines cancellation, IC points rationalisation
	Billing and IT	100%	9.6	9.6	Consolidation into single platform
10.0	Marketing	100%	10.6	10.6	Brand elimination, reduced joint A&P budget
	Customer Care	100%	0.8	0.8	Consolidation into single common least cost process
	Finance processes	100%	1.3	1.3	Optimised cash collection, financial services and audit fees
	Management fees	100%	3.6	3.6	Not payable
	Migration to copper lines	10%	0.0	1.5	Pilot project completed. Full migration of approx. 8k customers planned for 2010
30		**TOTAL:**	**40.9**	**46.2**	

Synergies delivered from the integration of Tele2 Polska are additional to the cost savings expected from the Profit Project described below. These synergies represent approximately 11% of Tele2 Polska's stand-alone sales for 2008.

Migration of Tele2 Polska customers onto Netia's billing and IT platforms triggered certain reclassification of select client categories from Home segment to SOHO/SME segment. This reclassification and resulting historical restatement of customer segments is reflected in Netia's Q3 results.

Cost saving initiatives (the "Profit" project). Following the acquisition of Tele2 Polska in September 2008 which significantly augmented the scale of the business, Netia performed a comprehensive cost review across all functional areas of the Company. Areas for operating cost optimization were indentified, with a target to reduce full year operating expenses for FY2010 and onwards by PLN 100.0m. Now in implementation for over 6 months, the program includes a reduction of Netia's headcount, review of control and reporting processes, increase in work effectiveness, span of control increase and contract renegotiations. The Profit project is proceeding smoothly, with 75% of all initiatives already completed and another 25% in the implementation phase. Value-wise, already implemented initiatives are projected to produce 85% of the total savings envisaged for FY2009 and 63% of FY2010 savings target. One-off reorganization costs of up to PLN 15.0m associated with this project are expected to be recorded during FY2009. The first PLN 10.3m of one time restructuring cost was recorded in the nine month period ended September 30, 2009 pertaining mainly, but not limited to the labour downsizing process. Management is confident that the 2009 and 2010 savings objectives of the Profit project will be met or exceeded.

Funding. On September 30, 2009, Netia had PLN 163.3m in cash plus PLN 48.3m in treasury bonds (market value) and PLN 295.0m of available undrawn bank facilities. Management considers these cash sources more than sufficient to finance Netia's broadband-driven growth strategy, including the program of Ethernet acquisitions, and gives the Company flexibility to consider further market consolidating acquisitions.

Decision of the Director of the Tax Control Office. On August 17, 2009, Netia received information about the delivery of a decision of the Director of the Tax Control Office in Warsaw ("UKS Director") according to which its corporate income tax ("CIT") due for the year 2003 was set at PLN 58.7m plus accrued penalty interest of PLN 41.5m. The decision was issued despite the legal arguments presented by the Company, which stated that the conclusions delivered by the Tax Control Office were incorrect and groundless. According to the UKS Director, Netia understated its taxable revenues by PLN 303.0m by excluding from its revenues the accrued and not received interest from loans granted by Netia in previous years to its subsidiaries which subsequently merged with Netia on December 31, 2003. In the opinion of the UKS Director, the fact that the Company did not claim the repayment of the loans and accrued interest from its subsidiaries justifies the adjustment of Netia's revenues pursuant to Article 11 of the CIT Act. According to Netia, the decision of the UKS Director is in conflict with the relevant tax regulations.

Netia has appealed against the decision issued by the UKS Director. The Company has received opinions from several independent tax and legal advisors which conclude that the claims of the Director of the Tax Control Office have no legal grounds. Due to the above, Netia has not created a provision for the amount of the tax arrears claimed in the tax decision.

Netia is awaiting material new developments as the tax authorities consider our appeals in this matter. Whilst management are confident that the matter will be resolved in the Company's favour, the tax authorities do posess the legal means to enforce their decisions without first ruling on the merits of the Company's appeal.

Netia's extraordinary shareholders meeting held on October 6, 2009 adopted resolutions regarding amendments to the Company's statute and the merger of Netia UMTS Sp. z o.o. and Netia Spółka Akcyjna UMTS s.k.a. with Netia SA. The merger is a part of the consolidation process which aims at simplifying the organisational structure of the Netia capital group. It is expected to streamline the management of the capital group's resources, contribute to the reduction of labour and administrative costs and improve the performance of the entire group.

Mr. Grzegorz Esz joined Netia as a member of the Management Board and Chief Commercial Director responsible for sales and marketing, effective October 1, 2009. Mr. Esz is a well qualified executive with rich experience in marketing and sales management developed in leading telecommunications companies such as MTS, the largest mobile operator in Russia, and Polska Telefonia Cyfrowa Sp. z o.o. (PTC), one of the largest mobile operators in Poland. Most recently Mr. Esz was Vice President of Polskie Przedsiębiorstwo Wydawnictw Kartograficznych SA (PPWK), a company publicly listed on the Warsaw Stock Exchange.

4. REVISED GUIDANCE FOR FY2009 AND MEDIUM TERM OUTLOOK

Netia today increased its EBITDA guidance for FY2009 to PLN 290.0m and Adjusted EBITDA guidance to PLN 300.0m. Capital investment guidance was decreased to PLN 250.0m and revenue guidance was decreased to PLN 1,495.0m.

The continued weakness in corporate segment sales and reduction of the carrier segment's exposure to low margin or riskier projects is behind reduced revenue guidance whilst accelerated delivery on Tele2 Polska integration synergies and Project Profit cost reductions are driving the profitability upgrades.

At the same time, a stronger than previously expected rebound in demand for broadband services and an aggressive promotions pipeline has allowed Netia to return to its original 2009 guidance of 525,000 broadband customers. In parallel, the voice service target has been revised downwards to 1,165,000.

Full revised guidance for 2009 is set out below:

	Previous	Updated
Number of broadband service clients *(excl. Ethernet acquisitions)*	510,000	525,000 +
Number of voice service clients *(own network, WLR and LLU)*	1,200,000	1,165,000 +
Unbundled local loop (LLU) nodes	300	300
Revenue *(PLN m)*	1,500.0	1,495.0
Adjusted EBITDA [1] *(PLN m)*	290.0	300.0
EBITDA *(PLN m)*	275.0	290.0
Investment outlays (excl. M&A) *(PLN m)*	260.0	250.0

[1] *Adjusted EBITDA excludes one-off restructuring costs related to the cost reduction program (the "Profit" project) of PLN 15m and a gain of PLN 5m on the sale of the first tranche of P4 transmission assets.*

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

In the medium term, Netia expects to sustain the annual revenue growth in the retail market segments (Home, Corpo, SOHO/SME) at a combined 5% - 10% CAGR. However, due to lower revenue contribution from the carrier segment following the sale of part of the transmission network to P4, Netia's total revenue growth is now expected at the level of 3% - 5% CAGR in FY2010 – FY2012 period. At the same time Netia is now guiding for positive free cash flows including acquisitions of Ethernet networks already in 2009, a year earlier than forecast previously. Moreover, the Company is bringing forward its deadline for reducing capex to sales to 15% from 2011 to 2010.

Full revised mid-term outlook for FY2010 – FY2012 is set out below:

	Previous	Updated
Revenue growth (CAGR) total	5% - 10%	3% - 5%
Revenue growth (CAGR) in retail market segments	---	5% - 10%
EBITDA margin in 2010 (%)	23%	23%
EBITDA margin in 2012 (%)	28%	28%
Net profit by	2010	2010
Free cash flow positive by	2010	2009
Capex to sales down to 15% by	2011	2010
1 million broadband subscribers	2012	2012

Detailed Company guidance for FY2010 will be published during Q1 2010.

Consolidated Financial Information

Please note that a new reporting format, aligned with internal management reporting has been implemented as of January 1, 2009. Presentations of revenue and expenses have been reclassified in order to better reflect the specifics of the operations, but without any impact on already reported total revenue, EBITDA, EBIT and net results. As a result, certain revenue or cost items for the comparative periods may vary from data as reported previously.
Furthermore, in the interim consolidated financial statements for the nine-month period ended September 30, 2009, Netia now presents the revenue and net results information by reportable operating segments (Home, SOHO/SME, Corporate and Carriers).

Please also refer to our interim condensed consolidated financial statements for the nine-month period ended September 30, 2009.

2009 Year-to-Date vs. 2008 Year-to-Date

Revenue rose by 49% YoY to PLN 1,119.6m for the nine-month period ended September 30, 2009 from PLN 752.1m for the same period in 2008. Excluding revenue from the IVT *(international voice termination)* activities sold in Q1 2008, revenue rose by 51% year over year. This strong growth results from Netia's broadband-driven growth strategy and the acquisition of Tele2 Polska in September 2008.

Telecommunication revenue, excluding IVT, increased by 51% YoY to PLN 1,115.6m from PLN 737.2m in Q3 2008. Data revenue increased to PLN 380.8m, up by 45% YoY from PLN 263.4m in the first nine months of 2008, 31 percentage points being attributable to broadband-related organic growth, 7 percentage points to acquisitions of Ethernet operators and 7 percentage points to data transmission connections for P4. Revenue from direct voice services increased by 85% YoY to PLN 554.0m from PLN 299.3m for the nine-month period ended September 30, 2008, driven by Netia's rapid organic addition of WLR voice customers and the acquisition of Tele2 Polska.

The overall revenue increase was also supported by higher revenue in indirect voice (an increase of 44% YoY or PLN 16.1m), associated with the acquisition of Tele2 Polska's CPS client base, and wholesale services (an increase of 11% YoY or PLN 6.1m). Interconnection revenue decreased between the comparable periods by 21% YoY or PLN 13.9m, mostly as a result of lower volumes of transit traffic.

The IVT activities excluded from the above figures, disposed of by Netia during Q1 2008, amounted to PLN 8.8m in Q1 2008 prior to disposal.

Cost of sales increased by 32% YoY to PLN 756.0m from PLN 570.8m for the nine-month period ended September 30, 2008 and represented 68% of total revenue as compared to 76% for the year-to-date in 2008. The margin improvement reflects increased scale, better interconnection rates and cost reduction initiatives.

<u>Network operations and maintenance costs</u> increased by 99% YoY to PLN 361.0m for the nine-month period ended September 30, 2009 from PLN 181.6m for the corresponding period of 2008. This increase was driven by the costs of rapidly expanding bitstream and WLR wholesale access customer bases, including Tele2 Polska's operations, the new Ethernet networks and an overall increase in the scale of Netia operations.

<u>Depreciation and amortization</u> related to cost of sales increased by 8% YoY to PLN 187.6m from PLN 173.1m in the nine-month period ended September 30, 2008. This was mainly due to accelerating depreciation of certain narrowband radio equipment, resulting from the changes in frequencies allocation as imposed by the regulator and the expiration of the existing frequency permits in 2009, and new depreciation charges for assets brought into use during the period.

<u>Interconnection charges</u> decreased by 6% YoY to PLN 149.7m in the first nine months of 2009 as compared to PLN 159.7m for the corresponding period of 2008. This was mainly a result of the introduction of lower MTR (mobile termination rates) in 2009, lower transit and wholesale termination volumes and Netia's shift to greater reliance on flat rate agreements for domestic fixed-line traffic.

Costs of goods sold increased by 79% YoY to PLN 10.1m from PLN 5.6m in the nine-month period ended September 30, 2008, driven by the currency impacts on the cost of modems sold to new broadband customers.

Salaries and benefits related to cost of sales (excluding restructuring costs) increased by 15% YoY to PLN 16.8m from PLN 14.5m in the nine-month period ended September 30, 2008 reflecting the overall increase in the scale of Netia operations.

Restructuring costs related to cost of sales were PLN 2.4m, and represented employment termination benefits recorded in connection with the headcount reduction executed under the “Profit” project.

Gross profit for the nine-month period ended September 30, 2009 was PLN 363.6m as compared to PLN 181.3m for the corresponding period of 2008, an increase of 100% YoY. Gross profit margin increased to 32.5% from 24.1% for the prior year period.

Selling and distribution costs increased by 39% YoY to PLN 253.6m from PLN 182.9m for the same period last year and represented 23% of total revenue as compared to 24% in the nine-month period ended September 30, 2008. The inclusion of expenditures related to Tele2 Polska customer operations was the main driver of this increase.

Billing, mailing and logistics costs increased by 167% YoY to PLN 41.2m from PLN 15.5m in the nine-month period ended September 30, 2008, mainly due to the increase in the size of the customer base. Tele2 Polska’s cost of outsourced billing, included in this category, will be eliminated from Q4 2009 following the completed migration of Tele2 Polska customers to Netia’s systems in Q3 2009.

Outsourced customer service costs increased by 158% YoY to PLN 21.0m from PLN 8.1m in the nine-month period ended September 30, 2008, driven by the addition of Tele2 Polska’s mainly outsourced customer care operations.

Third party commissions paid for the acquisition of new customers were up by 32% YoY to PLN 33.2m from PLN 25.1m, reflecting higher gross additions, higher commissions paid on 2play contracts and increased reliance on door-to-door sales in support of LLU and WLR products.

Depreciation and amortization related to selling and distribution was up by 46% YoY to PLN 23.5m from PLN 16.0m in the first nine months of 2008, mostly due to the amortization of the customer bases of newly acquired companies, particularly Tele2 Polska and Internetia (previously AirBites).

Salaries and benefits costs related to selling and distribution (not including the restructuring costs) increased by 8% YoY to PLN 66.9m from PLN 62.0m in the corresponding period of 2008 in connection with the addition of new staff and salary increases.

Restructuring costs related to selling and distribution were PLN 3.3m, representing termination benefits recorded in the first nine months of 2009 in connection with the “Profit” project.

Advertising and promotion expenditures were up by only 4% YoY to PLN 44.7m from PLN 42.9m in the nine-month period ended September 30, 2008, despite the acquisition of Tele2 Polska. This reflects the significant synergy from elimination of the entire ATL spending supporting theTele2 Polska brand.

General and administration costs increased by 27% YoY to PLN 129.5m from PLN 101.6m for the first nine months of 2008 and represented 12% of total revenue as compared to 14% in the same period of 2008, reflecting the increased scale of Netia operations. The cost increase was driven by the addition of Tele2 Polska’s expenses and increasing use of leased assets by the Netia group.

Office and car maintenance costs increased by 78% YoY to PLN 15.4m from PLN 8.6m in the nine-month period ended September 30, 2009, mainly due to the cost of leasing Netia’s new head office, which is priced in Euro, and the recognition of an estimated loss on a rental contract for the former Tele2 Polska’s head office, which Netia now subleases.

Electronic data processing costs related to general administration were up by 96% YoY to PLN 12.4m from PLN 6.3m in the nine-month period ended September 30, 2008 in connection with the cost related to migrating the Tele2 Polska's outsourced billing system to Netia's own platform.

Restructuring costs related to general administration were PLN 4.5m, of which PLN 4.1m represented termination benefits recorded in connection with the "Profit" project.

Other income was PLN 9.1m as compared to PLN 6.1m in the first nine months of 2008.

Other gains, net were PLN 9.7m as compared to PLN 12.2m in the nine-month period ended September 30, 2008. This included a gain of PLN 5.3m on disposal of the first of three tranches of radio transmission equipment to P4 while in the prior year period Netia recorded a gain of PLN 5.1m on the disposal of certain assets related to the Company's IVT activities and a gain of PLN 6.2m on property sales.

Adjusted EBITDA increased by 101% YoY to PLN 227.2m from PLN 113.1m for the nine-month period ended September 30, 2008. After excluding severance costs of PLN 10.3m and the P4 transmission gain of PLN 5.3m, EBITDA was PLN 222.2m. Adjusted EBITDA margin increased to 20.3% and EBITDA margin increased to 19.8% as compared to EBITDA margin of 15.0% in the first nine months of 2008.

Depreciation and amortization increased by 13% YoY to PLN 223.2m as compared to PLN 198.1m for the nine-month period ended September 30, 2008 as a result of Netia accelerating the depreciation schedule of the retiring narrowband radio equipment, higher base of fixed assets and the amortization of acquired customer bases, as described above.

Operating loss (EBIT) was PLN 1.0m as compared to operating loss of PLN 85.0m for the nine-month period ended September 30, 2008, reflecting increased scale, synergies realized on the Tele2 Polska acquisition and falling interconnection costs as a percentage of revenue. In addition, EBIT for the first nine months of 2009 included a gain of PLN 5.3m recorded in Q3 2009 on sale of the first tranche of radio transmission equipment to P4 and restructuring costs of PLN 10.3m.

Net finance cost was PLN 10.0m as compared to net finance cost of PLN 3.0m in the nine-month period ended September 30, 2008 and was related mainly to foreign exchange losses.

Net loss was PLN 10.4m as compared to a profit of PLN 240.7m for the nine-month period ended September 30, 2008. Profit for the prior year period included a gain from disposal of Netia's shares in P4 of PLN 353.4m. Excluding this gain, loss recorded for the first nine months of 2008 was PLN 112.7m.

Capital investment (cash used for the purchase of fixed assets and computer software) increased by 2% to PLN 191.7m for the nine month period ended September 30, 2009 from PLN 187.4m for the corresponding period of 2008.

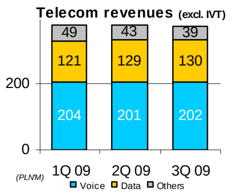
Other significant cash outflow / inflow items during the nine-month period ended September 30, 2009 included (i) PLN 47.5m related to the purchases of the short-dated treasury bonds, (ii) payments of PLN 45.0m made in connection with the acquisitions executed in 2008, including PLN 26.5m paid to Tele2 AB to reimburse the seller for excess cash and working capital outstanding in Tele2 Polska versus the amounts targeted at the acquisition date in the share purchase agreement and paid in Q2 2009, (iii) in Q3 2009 Netia recorded proceeds on sale of fixed assets to P4 (representing the first tranche of transmission equipment under the sale transaction) of PLN 22.8m. As a result, net cash used in investing activities amounted to PLN 255.3m in the nine-month period ended September 30, 2009 as compared to PLN 174.2m provided in the nine-month period ended September 30, 2008, when Netia recorded PLN 453.8m of proceeds from the disposal of its P4 shares.

Cash and cash equivalents at September 30, 2009 were PLN 163.3m as compared to PLN 232.7m a year earlier. In addition, Netia held treasury bonds at a market value of PLN 48.3m at September 30, 2009.

Netia was debt free at September 30, 2009, with a PLN 295.0m credit facility available until June 30, 2011 to finance Netia's future investment requirements.

Q3 2009 vs. Q2 2009

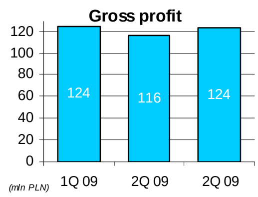
Revenue was PLN 370.3m in Q3 2009 as compared to PLN 373.7m in Q2 2009.



Telecommunication revenue fell slightly between the consecutive quarters to PLN 368.8m in Q3 2009 versus PLN 372.4m in Q2 2009. Data revenue increased slightly to PLN 129.6m in Q3 2009 versus PLN 129.2m in Q2 2009, despite lower revenue from leased lines following the sale of the first tranche of the transmission equipment to P4 and increased pricing pressure in the business market segment. Voice revenue increased sequentially by 0.3% to PLN 201.7m from PLN 201.1m, supported by higher direct voice revenue due to the addition of new 2play customers, which offset lower indirect voice revenue associated with decreased traffic volumes. Lower transit traffic volumes and introduction of lower mobile termination rates from July 2009 caused the wholesale and interconnection revenue to decrease by PLN 5.1m.

Whilst the residential segment grew sequentially by PLN 5.6m or 3% due to strong subscriber growth and stable ARPUs, the economic situation put ARPUs under pressure in the business segments with revenue slightly declining sequentially by PLN 0.8m in corporate and by PLN 0.5m in SOHO/SME.

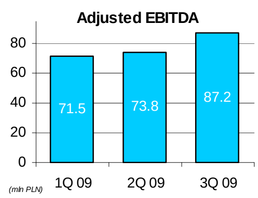
Cost of sales decreased by 4% QoQ to PLN 247.0m from PLN 257.3m in Q2 2009 and represented 67% of total revenue in Q3 2009 as compared to 69% in Q2 2009. The decrease resulted mainly from reduced interconnection cost associated with lower volumes of transit traffic and introduction of lower mobile termination rates from July 2009. Project Profit contributed to falling payroll and network maintenance expenses between the quarters.



Gross profit increased sequentially by 6% to PLN 123.3m in Q3 2009 from PLN 116.4m in Q2 2009, with gross profit margin increasing to 33.3% from 31.2%.

Selling and distribution costs decreased by 1% to PLN 84.2m from PLN 85.3m in Q2 2009, representing 23% of total revenue in both Q2 and Q3 2009. The change was driven by a decrease in advertising and promotion expenses associated with less intensive advertising in Q3 2009, building upon the brand campaign investments of Q2 2009.

General and administrative expenses remained stable QoQ at PLN 41.3m as compared to PLN 41.6m in Q2 2009 and represented 11% of total revenue in both Q3 and Q2 2009. Excluding restructuring costs, general and administrative expenses were down by 2% or PLN 0.8m with higher depreciation and amortization charges being largely netted with salary reductions associated with the Profit Project.



EBITDA was PLN 82.9m as compared to PLN 69.4m in Q2 2009. After deducting severance costs of PLN 4.3m related to project "Profit" and the P4 transmission gain of PLN 5.3m, Adjusted EBITDA was PLN 81.9m in Q3 2009 as compared to PLN 73.7m in Q2 2009 and adjusted EBITDA margin increased to 22.1% from 19.7% in Q2 2009. EBITDA margin was 22.4% versus 18.6% in Q2 2009.

Operating profit (EBIT) was PLN 7.1m as compared to operating loss of PLN 5.0m in Q2 2009. Excluding restructuring costs related to the Profit project and the PLN 5.3m gain on P4 transmission equipment sale, operating profit was PLN 6.1m in Q3 2009 as compared to operating loss of PLN 0.6m in Q2 2009.

Net financial costs totalled PLN 2.9m versus PLN 3.2m in the previous quarter and were related mainly to hedging losses.

Net profit of PLN 4.2m was recorded in Q3 2009 as compared to net loss of PLN 8.2m in Q2 2009.

Key Figures

PLN'000	YTD 2008	YTD 2009	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
Revenues from continuing activities	743,338	1,119,625	271,159	369,056	375,665	373,679	370,281
Revenues from IVT activities	8,744	-	-	-	-	-	-
Total revenues	752,112	1,119,625	271,159	369,056	375,665	373,679	370,281
y-o-y % change	*22.2%*	*48.9%*	*31.9%*	*65.9%*	*58.2%*	*53.5%*	*36.6%*
Adjusted EBITDA	113,065	227,189	43,829	57,576	71,530	73,752	81,907
Margin %	*15.0%*	*20.3%*	*16.2%*	*15.6%*	*19.0%*	*19.7%*	*22.1%*
y-o-y change %	*(26.1%)*	*100.9%*	*21.2%*	*225.7%*	*111.6%*	*108.1%*	*86.9%*
EBITDA	113,065	222,208	43,829	57,576	69,911	69,404	82,893
Margin %	*15.0%*	*19.8%*	*16.2%*	*15.6%*	*18.6%*	*18.6%*	*22.4%*
EBIT	(85,023)	(974)	(22,714)	(14,683)	(3,051)	(4,984)	7,061
Margin %	*11.3%*	*(0.1%)*	*(8.4%)*	*(4.0%)*	*(0.8%)*	*(1.3%)*	*1.9%*
Profit/(Loss) of the Netia Group *(consolidated)*	240,701	(10,423)	(18,586)	(10,096)	(6,401)	(8,250)	4,228
Margin %	*(23.3%)*	*(23.3%)*	*(6.9%)*	*(2.7%)*	*(1.7%)*	*(2.2%)*	*1.1%*
Adjusted profit/(loss) of the Netia Group (consolidated) [1]	(112,680)	(10,423)	(18,540)	(10,096)	(6,401)	(8,250)	4,228
Margin %	*(15.0%)*	*(0.9%)*	*(6.8%)*	*(2.7%)*	*(1.7%)*	*(2.2%)*	*1.1%*
Profit/(Loss) of Netia SA *(stand alone)* [2]	(88,112)	(18,288)	(22,438)	(85,073)	(32,708)	4,134	10,286
Cash and cash equivalents	232,736	163,338	232,736	192,685	170,796	112,975	163,338
Treasury bonds (market value)	-	48,303	-	-	19,775	49,911	48,303
Debt	-	-	-	-	-	-	-
Capex related payments	187,361	191,723	70,060	71,259	74,766	66,783	50,174
Investments in tangible and intangible fixed assets	153,553	170,318	66,245	94,110	69,784	51,436	49,098

EUR '000 [3]	YTD 2008	YTD 2009	Q3 2008	Q4 2008	Q1 2008	Q2 2009	Q3 2009
Revenues from continuing activities	176,038	265,151	64,216	87,400	79,907	88,495	87,690
Revenues from IVT activities	2,071	-	-	-	-	-	-
Revenues	178,116	265,151	64,216	87,400	79,907	88,495	87,690
y-o-y % change	*22.2%*	*48.9%*	*31.9%*	*65.9%*	*58.2%*	*53.5%*	*36.6%*
Adjusted EBITDA	26,776	53,803	10,380	13,635	15,215	17,466	19,397
Margin %	*15.0%*	*20.3%*	*16.2%*	*15.6%*	*19.0%*	*19.7%*	*22.1%*
y-o-y change %	*(26.1%)*	*100.9%*	*21.2%*	*225.7%*	*111.6%*	*108.1%*	*86.9%*
EBITDA	26,776	52,624	10,380	13,635	14,871	16,436	19,631
Margin %	*15.0%*	*19.8%*	*16.2%*	*15.6%*	*18.6%*	*18.6%*	*22.4%*
EBIT	(20,135)	(231)	(5,379)	(3,477)	(649)	(1,180)	1,672
Margin %	*11.3%*	*(0.1%)*	*(8.4%)*	*(4.0%)*	*(0.8%)*	*(1.3%)*	*1.9%*
Profit/(Loss) of the Netia Group *(consolidated)*	57,003	(2,468)	(4,402)	(2,391)	(1,362)	(1,954)	1,001
Margin %	*(23.3%)*	*(23.3%)*	*(6.9%)*	*(2.7%)*	*(1.7%)*	*(2.2%)*	*1.1%*
Adjusted profit/(loss) of the Netia Group (consolidated) [2]	(26,685)	(2,468)	(4,391)	(2,391)	(1,362)	(1,954)	1,001
Margin %	*(15.0%)*	*(0.9%)*	*(6.8%)*	*(2.7%)*	*(1.7%)*	*(2.2%)*	*1.1%*
Profit/(Loss) of Netia SA *(stand alone)* [3]	(20,867)	(4,331)	(5,314)	(20,147)	(6,957)	979	2,436
Cash and cash equivalents	55,117	38,682	55,117	45,632	36,330	26,755	38,682
Treasury bonds (market value)	-	11,439	-	-	4,254	11,820	11,439
Debt	-	-	-	-	-	-	-
Capex related payments	44,371	45,404	16,592	16,876	15,903	15,816	11,882
Investments in tangible and intangible fixed assets	36,365	40,335	15,688	22,287	14,907	12,181	11,627

[1] Net result for FY 2008 and Q3 2008 excluding the impact of the gain from the disposal of P4 shares.

[2] 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. The stand alone loss of Netia SA for 2008 does not include Tele2 Polska's result as this entity was merged into Netia SA in Q1 2009.

[3] The EUR amounts shown in this table and in the entire document have been translated using an exchange rate of PLN 4.2226 = EUR 1.00, the average rate announced by the National Bank of Poland on September 30, 2009. These figures are included for the convenience of the reader only.

Key Operational Indicators

	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
Broadband data					
Total number of broadband ports (cumulative)	346,939	413,645	441,266	*458,860*	*489,823*
xDSL and FastEthernet over Netia's own fixed-line network	*134,311*	*171,933*	*174,874*	*176,769*	*179,733*
WiMAX Internet ports	*9,970*	*12,110*	*13,416*	*14,467*	*15,791*
Others	*923*	*841*	*757*	*674*	*599*
Netia network broadband ports	145,204	184,884	189,047	191,910	196,123
Bitstream access ports	*201,522*	*227,441*	*248,455*	*259,626*	*272,419*
LLU access ports	*213*	*1,320*	*3,764*	*7,324*	*21,281*
Total net additions	54,469	66,706	27,621	17,594	30,963
Monthly Broadband APRU (PLN)	61	60	59	59	59
Monthly Broadband SAC (PLN)	164	165	184	194	197
Subscriber data					
(own network and WLR)					
Subscriber lines (cumulative)	1,033,206	1,065,516	1,105,043	1,128,728	1,146,876
Traditional direct voice	*367,547*	*364,722*	*361,963*	*359,024*	*355,726*
incl. ISDN equivalent of lines	*123,186*	*127,304*	*129,810*	*132,002*	*134,478*
incl. legacy wireless	*42,372*	*40,717*	*39,728*	*38,791*	*39,324*
Voice over IP (excl. LLU)	*8,986*	*10,507*	*11,421*	*13,546*	*16,618*
WiMAX voice	*14,383*	*15,904*	*17,330*	*18,349*	*19,758*
Netia network subscriber voice lines	390,916	391,133	390,714	390,919	392,102
WLR	*642,081*	*672,969*	*710,633*	*730,913*	*740,086*
LLU voice over IP	*209*	*1,414*	*3,696*	*6,896*	*14,688*
Total net additions	544,178	32,310	39,527	23,685	18,148
Business mix of total subscriber lines (cumulative)	22.7%	22.9%	22.6%	22.6%	25.1%
Monthly Voice ARPU in own network (PLN)	71	67	66	64	62
Monthly Voice ARPU for WLR (PLN)	46	56	51	50	50
Monthly Voice ARPU blended (PLN)	63	60	56	55	54
Indirect voice data					
CPS lines (cumulative)	204,066	176,035	150,076	132,159	122,501
Monthly Voice ARPU for CPS	125	39	40	40	41
Other					
Headcount	1,635	1,673	1,609	1,606	1,477

(Tables to Follow)

Income Statement (PLN in thousands unless otherwise stated)

Time periods:	**YTD 2008**	**YTD 2009**	**Q2 2009**	**Q3 2009**
Telecommunications revenue	*unaudited*	*unaudited*	*unaudited*	*unaudited*
Direct Voice	299,307	554,020	184,128	185,948
Incl. monthly fees	*116,631*	*339,230*	*112,723*	*118,131*
Incl. calling charges	*181,983*	*214,501*	*71,264*	*67,770*
Indirect Voice	36,471	52,593	16,974	15,777
Data	263,400	380,764	129,179	129,557
Interconnection revenues	65,614	51,656	16,611	13,719
Wholesale services	53,514	59,592	20,624	18,375
Other telecommunications revenues	18,948	17,001	4,934	5,413
Total telecommunications revenue	**737,254**	**1,115,626**	**372,450**	**368,789**
Radio communications revenue	6,084	3,999	1,229	1,492
Revenue from continuing activities	**743,338**	**1,119,625**	**373,679**	**370,281**
Revenues from IVT activities	8,774	-	-	-
Total revenue	**752,112**	**1,119,625**	**373,679**	**370,281**
Cost of sales	(570,790)	(756,062)	(257,263)	(246,981)
Interconnection charges	(159,724)	(149,652)	*(51,506)*	(42,178)
Network operations and maintenance	(181,596)	(361,041)	*(122,190)*	(121,369)
Costs of goods sold	(5,650)	(10,098)	*(3,202)*	(4,460)
Depreciation and amortization	(173,154)	(187,586)	*(63,595)*	(64,155)
Salaries and benefits	(14,542)	(16,787)	*(5,478)*	(4,986)
Restructuring (Project Profit)	-	(2,437)	*(1,712)*	(725)
Taxes, frequency fees and other expenses	(36,124)	(28,461)	*(9,580)*	(9,108)
Gross profit	**181,322**	**363,563**	**116,416**	**123,300**
Margin (%)	***24.1%***	***32.5%***	***31.2%***	***33.3%***
Selling and distribution costs	(182,896)	(253,647)	(85,316)	(84,227)
Advertising and promotion	(42,865)	(44,681)	*(20,632)*	(15,061)
Third party commissions	(25,075)	(33,196)	*(9,400)*	(10,563)
Billing, mailing and logistics	(15,462)	(41,224)	*(13,798)*	(13,207)
Outsourced customer service	(8,141)	(21,017)	*(5,816)*	(6,693)
Impairment of receivables	(2,678)	(6,219)	*(1,417)*	(2,736)
Depreciation and amortization	(16,024)	(23,465)	*(7,377)*	(7,242)
Salaries and benefits	(62,032)	(66,918)	*(22,013)*	(21,576)
Restructuring (Project Profit)	-	(3,323)	*(1,069)*	(1,517)
Other costs	(10,619)	(13,604)	*(3,794)*	(5,632)
General and administration costs	(101,650)	(129,487)	(41,588)	(41,314)
Professional services	(6,068)	(8,120)	*(2,724)*	(2,910)
Electronic data processing	(6,349)	(12,416)	*(3,922)*	(3,887)
Office and car maintenance	(8,633)	(15,361)	*(4,812)*	(5,327)
Depreciation and amortization	(8,910)	(12,131)	*(3,416)*	(4,435)
Salaries and benefits	(54,991)	(58,223)	*(18,364)*	(17,463)
Restructuring (Project Profit)	-	(4,519)	*(1,567)*	(2,070)
Other costs	(16,699)	(18,717)	*(6,783)*	(5,222)
Other income	6,090	9,152	3,119	3,090
Other expense	(73)	(300)	(100)	(100)
Other gains/ (losses), net	12,184	9,745	2,485	6,312
EBIT	**(85,023)**	**(974)**	**(4,984)**	**7,061**
Margin (%)	***(11.3%)***	***(0.1%)***	***(1.3%)***	***1.9%***
Finance income	8,414	5,296	1,730	1,462
Finance cost	(11,449)	(15,256)	(4,935)	(4,334)
Gain on sale of investment in P4	353,381	-	-	-
Share of losses of former associates	(22,625)	-	-	-
Profit / (Loss) before tax	**242,698**	**(10,934)**	**(8,189)**	**4,189**
Tax benefit / (charge)	(1,997)	511	(61)	39
Profit / (Loss)	**240,701**	**(10,423)**	**(8,250)**	**4,228**
Cash flow hedges	(284)	(4,669)	(6,766)	(1,042)
Income tax relating to components of other comprehensive income	-	(4)	495	63
Other comprehensive Income / (Loss)	**(284)**	**(4,673)**	**(6,271)**	**(979)**
Total comprehensive Income / (Loss)	**240,417**	**(15,096)**	**(14,521)**	**3,249**
Attributable to:				
Equity holders of the Company	240,417	(15,096)	(14,521)	3,249
Minority interest	-	-	-	-

EBITDA Reconciliation to Loss

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2008 *unaudited*	YTD 2009 *unaudited*	Q2 2009 *unaudited*	Q3 2009 *unaudited*
Operating Profit / (Loss)	**(85,023)**	**(974)**	**(4,984)**	**7,061**
Add back:				
Depreciation and amortization	198,088	223,182	74,388	75,832
EBITDA	**113,065**	**222,208**	**69,404**	**82,893**
Add back:				
Project Profit restructuring costs	-	10,279	4,348	4,312
Less:				
Gain on disposal of transmission equipment to P4	-	(5,298)	-	(5,298)
Adjusted EBITDA	**113,065**	**227,189**	**73,752**	**81,907**
Margin (%)	***15.0%***	***20.3%***	***19.7%***	***22.1%***

Note to Other Income

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2008 *unaudited*	YTD 2009 *unaudited*	Q2 2009 *unaudited*	Q3 2009 *unaudited*
Reminder fees and penalties	2,858	5,900	1,857	1,764
Forgiveness of liabilities	-	186	-	37
Sale of services to P4	843	-	-	-
Financial guarantee contract relating to P4	435	-	-	-
Fair value adjustments on other receivables and reversal of provisions	184	597	597	-
Other operating income	1,770	2,469	665	1,289
Total	**6,090**	**9,152**	**3,119**	**3,090**

Note to Other Expense

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2008 *unaudited*	YTD 2009 *unaudited*	Q2 2009 *unaudited*	Q3 2009 *unaudited*
Impairment charges for specific individual assets	(73)	(300)	(100)	(100)
Total	**(73)**	**(300)**	**(100)**	**(100)**

Note to Other Gains / (losses), net

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2008 *unaudited*	YTD 2009 *unaudited*	Q2 2009 *unaudited*	Q3 2009 *unaudited*
Gain on sale of impaired receivables	1,200	949	337	262
Gain on disposal of fixed assets	6,348	7,712	1,512	6,191
Gain on disposal of a group of assets comprising Premium Internet's IVT activities	5,093	-	-	-
Net foreign exchange gains / (losses)	(457)	1,084	636	(141)
Total	**12,184**	**9,745**	**2,485**	**6,312**

Balance Sheet (PLN in thousands unless otherwise stated)

Time Periods	Dec. 31, 2008 *audited*	March 31, 2009 *unaudited*	June 30, 2009 *unaudited*	Sept. 30, 2009 *unaudited*
Property, plant and equipment, net	1,415,994	1,424,295	1,411,882	1,375,168
Intangible assets	412,480	400,674	390,114	382,053
Investment property	36,133	35,995	35,784	35,608
Deferred income tax assets	564	138	233	67
Available for sale financial assets	10	10	10	10
Long-term receivables	6,623	6,623	6,623	6,623
Prepaid expenses and accrued income	16,867	14,787	12,323	6,931
Total non-current assets	**1,888,671**	**1,882,522**	**1,856,969**	**1,806,460**
Inventories	5,060	4,885	3,372	5,571
Trade and other receivables	168,664	153,650	160,033	161,029
Current income tax receivables	201	275	96	119
Prepaid expenses and accrued income	18,294	20,407	22,303	21,671
Derivative financial instruments	-	4,228	3,042	3,876
Financial assets at fair value through profit and loss	5,905	5,001	5,086	5,590
Held to maturity investments	-	19,775	49,911	48,303
Restricted cash	2,712	2,634	2,626	2,330
Cash and cash equivalents	192,685	170,796	112,975	163,338
	393,521	**381,651**	**399,444**	**411,827**
Non-current assets classified as held for sale	513	513	118	-
Total current assets	**394,034**	**382,164**	**399,562**	**411,827**
TOTAL ASSETS	**2,282,705**	**2,264,686**	**2,216,531**	**2,218,287**
Share capital	389,277	389,277	389,277	389,277
Share premium	1,556,489	1,556,489	1,356,652	1,356,652
Retained earnings	(41,245)	(47,646)	143,941	148,169
Other components of equity	23,960	29,779	25,557	26,774
TOTAL EQUITY	**1,928,481**	**1,927,899**	**1,915,427**	**1,920,872**
Provisions	7,537	8,005	7,964	8,126
Deferred income	7,779	7,656	7,534	7,411
Deferred income tax liabilities	9,121	8,421	7,870	7,372
Other long-term liabilities	2,898	9,740	8,455	7,235
Total non-current liabilities	**27,335**	**33,822**	**31,823**	**30,144**
Trade and other payables	297,809	268,469	229,476	216,833
Derivative financial instruments	-	3,673	6,038	9,803
Financial liabilities at fair value through profit and loss	304	164	176	271
Current income tax liabilities	53	29	1	1
Provisions	6,345	7,327	5,771	9,197
Deferred income	22,378	24,503	27,819	31,166
Total current liabilities	**326,889**	**302,965**	**269,281**	**267,271**
Total liabilities	**354,224**	**336,787**	**301,104**	**297,415**
TOTAL EQUITY AND LIABILITIES	**2,282,705**	**2,264,686**	**2,216,531**	**2,218,287**

Cash Flow Statement (PLN in thousands unless otherwise stated)

Time periods:	YTD 2008 *unaudited*	YTD 2009 *unaudited*	Q2 2009 *unaudited*	Q3 2009 *unaudited*
Profit / (Loss)	**240,701**	**(10,423)**	**(8,250)**	**4,228**
Depreciation and amortization	198,088	223,182	74,388	75,832
Impairment charges for specific individual assets	73	300	100	100
Share of losses of former associates	22,625	-	-	-
Deferred income tax charge / (benefit)	1,621	(1,256)	(151)	(270)
Interest expense charged on bank loans and transaction costs write-off	7,040	3,188	1,744	1,444
Other interest charged	281	942	286	(196)
Financial guarantee contract	(435)	-	-	-
Share-based compensation	8,312	7,688	2,133	2,313
Fair value (gains)/losses on financial assets/liabilities......	(381)	283	(73)	(409)
Fair value (gains)losses on derivative financial instruments	(284)	2,588	(2,085)	2,719
Foreign exchange (gains) / losses	2,924	6,304	4,022	488
Gain on disposal of fixed assets	(5,990)	(7,512)	(1,390)	(6,178)
Gain on sale of a former associate (P4)	(353,381)	-	-	-
Gain on disposal of group of assets	(5,093)	-	-	-
Changes in working capital	(9,617)	8,920	6,398	749
Net cash provided by operating activities	**106,484**	**234,204**	**77,122**	**80,820**
Purchase of fixed assets and computer software	(187,361)	(190,916)	(66,783)	(50,174)
Purchase of operational networks	-	(807)	-	-
Proceeds from sale of non-core assets	8,242	26,699	2,010	24,508
Proceeds from sale of group of assets	6,000	2,000	-	-
Investment in former associate	(8,124)	-	-	-
Proceeds from sale of Netia's investment in P4	453,770	-	-	-
Purchase of subsidiaries, net of received cash	(98,708)	(45,009)	(32,761)	(5,285)
Purchase of treasury bonds	-	(47,464)	(29,729)	2,027
Loan and interest repayments	392	231	70	92
Net cash (used in)/provided by investing activities	**174,211**	**(255,266)**	**(127,193)**	**(28,832)**
Finance lease payments	(1,723)	(2,137)	(788)	(864)
Proceeds from borrowings	85,000	-	-	-
Loan repayments	(180,196)	-	-	-
Interest repayments	(5,814)	-	-	-
Net cash (used in)/provided by financing activities ...	**(102,733)**	**(2,137)**	**(788)**	**(864)**
Net change in cash and cash equivalents	**177,962**	**(23,199)**	**(50,859)**	**51,124**
Effect of exchange rate change on cash and cash equivalents	(2,923)	(6,148)	(6,962)	(761)
Cash and cash equivalents at the beginning of the period...	57,697	192,685	170,796	112,975
Cash and cash equivalents at the end of the period ..	**232,736**	**163,338**	**112,975**	**163,338**

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.
Broadband SAC	–	a cost per unit related to the acquisition of new customers through broadband access (i.e., Bitstream, LLU, WiMAX, xDSL), including a one-time payment to TP (the incumbent), sales 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;
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. EBITDA has been further adjusted for one-off restructuring expenses related to the cost reduction program (the "Profit" project) and a gain on disposal of the transmission equipment to P4 and is therefore defined as Adjusted EBITDA. 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;

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)); 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; 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 November 5, 2009 at 09:00 AM (UK) / 10:00 AM (Continent) / 04:00 AM (Eastern).

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Replay number:
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Passcode: 4053886#

A link to an audio recording of the conference call for replay on a later date will be posted on Netia's investor website (www.investor.netia.pl)

For further information, please contact Anna Kuchnio at +48 22 352 2061, email: anna_kuchnio@netia.pl or Aneta Lipiec at +48 22 352 2525, e-mail: aneta_lipiec@netia.pl.

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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