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Contact: Anna Kuchnio (IR)
+48-22-330-2061
Jolanta Ciesielska (Media)
+48-22-330-2407
Netia
- or -
Cristina Ungureanu
Taylor Rafferty, London
+44-(0)20-7614-2900
- or -
Reema Parikh
Taylor Rafferty, New York
+1-212-889-4350

NETIA SA REPORTS 2006 THIRD QUARTER RESULTS

WARSAW, Poland – November 14, 2006 – 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 in accordance with EU IFRS *(*)* for the third quarter and nine months ended September 30, 2006.

Financial Summary:

- **Year-to-date revenues** were PLN 652.2m (EUR 163.7m), representing a year-on-year decrease of 3%. Revenues for Q3 2006 were PLN 230.5m (EUR 57.9m), representing a quarter-on-quarter increase of 13% and remaining unchanged from Q3 2005.
- **Year-to-date EBITDA** was PLN 211.9m (EUR 53.2m), representing an EBITDA margin of 32.5%. EBITDA for Q3 2006 was PLN 94.7m (EUR 23.8m), representing an EBITDA margin of 41.1%. During the first nine months of 2006 Netia recorded a non-cash exceptional gain related to the reassessment of the carrying value of El-Net's license fee liabilities, amounting to PLN 51.2m (EUR 12.8m) (see section "Other Highlights"). Accordingly, year-to-date EBITDA adjusted by the amount of the above one-off item amounted to PLN 160.8m (EUR 40.4m), representing an adjusted EBITDA margin of 24.6%. Adjusted EBITDA for Q3 2006 was 54.0m (EUR 13.6m), representing an adjusted EBITDA margin of 23.4%.
- **Year-to-date loss** was PLN 5.5m (EUR 1.4m). Profit for Q3 2006 was PLN 17.8m (EUR 4.5m).
- **Cash and cash equivalents** at September 30, 2006 were PLN 107.8m (EUR 27.1m) and Netia also held PLN 53.0m (EUR 13.3m) in money market funds.

(*) In accordance with the accounting standards as adopted by the European Commission.

<u>Operational Highlights</u>:

- **Revenues from telecommunications services grew sequentially by 14%** to PLN 228.4m (EUR 57.3m) for Q3 2006 as compared to PLN 201.0m for Q2 2006. The sequential growth was a result of strong performance in data services, up 37% quarter-on-quarter and 31% year-on-year following the Pro Futuro acquisition, valuable contract wins and strong progress with the ADSL roll-out. Netia also saw significant improvement in carrier services, with wholesale revenues up by 12% and interconnection revenues up by 102%. Direct voice revenues remained relatively stable, decreasing 0.3% quarter-on-quarter, supported by important new contract wins and fewer migrations to new cheaper tariffs than in recent quarters. The third quarter of 2006 also saw stabilization in indirect voice revenues, which were up by 0.5% as compared to Q2 2006, following aggressive moves to attract new resellers to Netia's 10xx indirect voice services. Of the PLN 27.4m (EUR 6.9m) in sequential growth, PLN 11.4m (EUR 2.9m) can be attributed to the first quarterly contribution of Pro-Futuro, which was consolidated into Netia's results beginning July 1, 2006.

- **Sales of telecommunications products other than traditional direct voice** (including indirect voice, data transmission, interconnection revenues, wholesale, intelligent network and other telecom services) increased their share of total revenues from telecom services to 55% or PLN 126.5m (EUR 31.8m) in Q3 2006, from 48% in Q3 2005. For the nine-month period ended September 30, 2006 sales of these products grew 14% year-on-year to PLN 332.3m (EUR 83.4m), increasing from 44% to 52% of total telecom revenues.

- **Revenues from business customers** accounted for 77% and 75% of total telecom revenues in Q3 2006 and for the nine-month period ended September 30, 2006, respectively, as compared to 77% in Q3 2005 and 74% for the nine-month period ended September 30, 2005. Going forward, Netia does not expect to see significant increases in the proportion of total revenues from business customers as the Company looks to achieve more balanced growth across its business and residential customer lines.

- **Dividing business revenues** between services purchased primarily by business retail customers and services purchased primarily by other carriers (wholesale, including Netia's Premium Internet SA subsidiary, and interconnection), business retail revenues in Q3 2006 totalled PLN 175.9m (EUR 29.6m) and were down by 5% on Q3 2005 while revenues from other carriers totalled PLN 58.1m (EUR 14.6m), and were up by 14% on the comparative quarter a year earlier.

- **Subscriber lines** (net of voluntary churn and disconnections) were 400,541 at September 30, 2006 as compared to 419,225 at September 30, 2005 and 404,451 at June 30, 2006. Business customer lines increased by 4% year-on-year to 156,888 and now account for 39.2% of total subscriber lines as compared to 36.0% a year ago.

- **ADSL active ports** increased to 50,412 at September 30, 2006, as compared to 34,662 at September 30, 2005, reaching a penetration rate of 13% of Netia's total subscriber lines.

- **ARPU (average monthly revenue per line with regard to direct voice services only)** decreased by 10% to PLN 84 (EUR 21) in Q3 2006 from PLN 93 in Q3 2005, reflecting the continued overall tariff reduction trends in the sector. However, ARPU remained flat compared to Q2 2006.

- **Headcount** of the Netia group was 1,160 at September 30, 2006, compared to 1,210 at September 30, 2005 and 1,295 at June 30, 2006. As of July 1, 2006, 301 Netia employees were transferred to Ericsson under the managed services contract for network maintenance signed on April 28, 2006. In addition, 26 employees were transferred to Ericsson as of November 1, 2006 in conjunction with the acquisition of Pro Futuro (see section "Other Highlights"). A total of 155 employees were added with the acquisition of Pro Futuro from the beginning of July, 2006.

Paweł Karłowski, Netia's Acting President and CEO, commented: "In the third quarter of 2006, Netia was once again faced with a rapidly changing operating environment, however we are pleased to announce that we were still able to meet revenue expectations and achieve sequential growth. Direct voice revenues were stabilized and we consequently grew products other than direct voice, which now account for 55% of total revenues. This includes the contribution from Pro Futuro, which we integrated into Netia's results in the third quarter of this year."

"Netia is well positioned to take advantage of the new opportunities created by the dynamic regulatory environment. We have recently seen decisions that have opened the door for bitstream access, wholesale line rental and local loop unbundling. Netia has already signed a bitstream access agreement with TP and is preparing for the launch of ADSL services to TP clients this December. As a result of the current pace of regulatory change, Netia has modified its plans for WiMAX roll-out in 2006 in order to reallocate capital to support bitstream and other new types of access made available by the regulator. The targeted number of WiMAX base stations to be installed this year has been reduced from 80 to 50, with 25 base stations currently up and running. WiMAX has performed satisfactorily in extended commercial trials and Netia remains committed to its further development as part of a balanced portfolio of access technologies to be used to effectively provide customers with value-added broadband services."

"Our affiliated company P4 reached another milestone, securing vendor financing for its UMTS network deployment of EUR 150 million. The financing, together with the equity committed by P4's shareholders, provide the mobile venture with the resources to build its own infrastructure in Poland's largest cities and to launch its mobile services as planned. On the other hand, it was disappointing but unavoidable to delay P4's commercial launch until 2007 due to excessive delays in obtaining the environmental permits necessary to build its network and we continue to work hard together with P4 management to find solutions to this situation. P4's launch of commercial services and completion of its network are essential for Netia to achieve one of its key investment objectives: to tap into P4's mobile products and services and market them to Netia's own customer base. We expect that, once network roll-out issues have been resolved, P4 will make a major impact on the competitiveness of the Polish mobile market during 2007."

"Finally, Netia management is working with its supervisory board to finalize the business strategy for the upcoming five years (2007-2011). This strategy will take into account the new opportunities presented by accelerated changes within the regulatory environment, as well as the challenges faced in our current core activities. We expect to announce the new strategy within the next few weeks and look forward to presenting our new plans to further cement Netia's position as Poland's leading alternative telecommunications provider."

Jon Eastick, Netia's Chief Financial Officer, commented: "As expected, in the third quarter of 2006 Netia returned to sequential growth with stable quarter-on-quarter direct voice revenues underpinning progress in data, wholesale and interconnection services and the first revenue contribution of PLN 11.4 million from new acquisition of Pro Futuro."

"We remain on track to meet our previous revenue guidance for 2006 of PLN 870-895 million. Continued margin pressure, however, results in a need to lower adjusted EBITDA margin guidance to 24% - 25% for the full year."

"We are focusing on various measures to reduce costs in our core business as we adjust to greater reliance on lower margin services in our product mix, thereby maximizing free cash flows to be invested in new opportunities to grow our business access solutions such as WiMAX and bitstream access."

"Financial performance during the first nine months of 2006 has been below previously planned levels and the Netia group has been unable to consistently record an operating profit due, in part, to the burden of depreciating legacy investments in non-current assets, which total PLN 2.2 billion. We are expecting to finish our new long-term plans in the coming weeks and will then also run an impairment test on the value of our existing assets. This may lead to a material impairment of those assets being recorded in the fourth quarter of 2006, but at this time we are unable to actually estimate the size of any of such adjustment."

"Netia's financial position remains strong with PLN 160.8 million in cash and money market funds deposits available at the end of the third quarter. This has recently been supplemented with PLN 200.0 million of overdraft and back-up credit facilities. These facilities provide Netia with short-term operational flexibility and are the first step towards securing the funding necessary to exploit new opportunities opening up in our market place."

"It was particularly pleasing to see P4 close its EUR 150.0 million financing from China Development Bank, thereby enabling the company to progress with building its UMTS network with Huawei equipment. Netia's contribution to the loan's security package consisted of guarantees limited to EUR 27.0 million. The fact that P4 was able to raise non-recourse financing at this early stage of its development reflects the exciting prospects for Poland's fourth mobile operator and for Netia to achieve its strategic objectives from its relationships with P4."

Other Highlights:

- **The acquisition of Pro Futuro SA ("Pro Futuro")**, an independent telecommunications operator providing data transmission, Internet access, hosting and VoIP transmission services**,** was completed by Netia in July 2006. The total purchase consideration amounted to PLN 68.2m (EUR 17.1m), including transaction costs. Pro Futuro's results were consolidated into Netia's as of July 1, 2006, contributing PLN 11.4m (EUR 2.9m) in revenues and PLN 1.1m (EUR 0.3m) of EBITDA, including restructuring reserves booked at PLN 1.1m (EUR 0.3m). Integration of Pro Futuro's operations into the Netia organization is fully underway and is expected to be completed in Q2 2007.

- **WiMAX roll-out.** From July 2006, Netia has been running large-scale commercial trials of its 3.6-3.8 GHz range WiMAX-based services, allowing cost efficient geographic expansion beyond Netia's existing fixed-line network. As of today, over 700 customers have been contracted and 25 base stations are operational. The WiMAX access technology has been operating satisfactorily and Netia has been working to gain sales and installation experience with the new technology during the trial period. As of the beginning of November 2006, Netia has switched the WiMAX project to a normal commercial mode and sales volumes are planned to accelerate significantly. Up to 25 additional nodes will be installed by December 2006. Netia continues to refine its long-term plans for the use of WiMAX relative to regulatory access via bitstream, wholesale line rental and local loop unbundling as well as local market conditions. New guidance will be provided at the time of disclosure of Netia's revised medium-term strategy.

- **P4 Sp. z o.o. ("P4") mobile preparations.** P4 rescheduled the planned launch of its mobile services to Q1 2007 due to delays with obtaining the permits necessary to roll-out P4's UMTS network. On October 31, 2006, P4 signed a credit facility agreement with China Development Bank for EUR 150.0m, providing ten year financing. The funds will be used by P4 for the purchase of equipment for its UMTS network from Huawei, including the acquisition of transmitter construction sites and related network construction costs. P4's shareholders, Netia and Novator, provided certain undertakings and separate guarantees, in direct proportion to their shareholdings in P4, partially securing the repayment of the vendor financing. Netia's maximum exposure under the provided guarantee is limited to EUR 27.0m. This financing, together with the equity already committed by P4's shareholders provides P4 with the financial resources to build its network in Poland's largest cities and to launch its mobile services as planned. This in turn allows Netia to achieve its key original investment objectives by gaining access to mobile products and services to market to its own customers. Netia's share of losses from P4's start-up activities totalled PLN 7.3m (EUR 1.8m) in Q3 2006 and PLN 15.0m (EUR 3.8m) in the nine-month period ended September 30, 2006. Netia holds a 30% minority interest in P4 with the majority 70% stake held by Novator Telecom Poland S.a.r.l.

- **Netia and TP SA ("TP") signed an agreement to obtain bitstream access**, enabling Netia to provide broadband data transmission services, including Internet access, to TP's customers. The agreement was concluded based on the terms introduced by the regulator in its bitstream access reference offer and is binding from August 16, 2006. Currently, Netia is preparing to launch the ADSL services to TP clients in early December 2006.

- **El-Net license fee obligations.** Outstanding obligations related to local license fees of Regionalne Sieci Telekomunikacyjne El-Net SA ("El-Net"), measured at fair value and subsequently at amortized cost, amounted to PLN 13.6m (EUR 3.4m) at September 30, 2006 (PLN 322.4m in nominal terms, including prolongation costs). On March 21, 2006 and June 26, 2006, the decisions on partial cancellation of the outstanding local license fee obligations, along with the prolongation fees owed in connection with the prior deferrals of the license fee installments, were made in exchange for investments in the telecommunications infrastructure incurred by El-Net in years 2001-2003 and 2004-2005, respectively. The total nominal amount of the local license fees and the prolongation fees cancelled was EUR 30.1m and PLN 12.1m, respectively. Furthermore, following El-Net's merger into Netia in July 2006 and the Company's motion, on September 20, 2006, Netia received decisions from the Minister of Transport, enabling the cancellation of all the remaining license fee liabilities based on capital expenditures incurred by Netia from January 1, 2003 to July 31, 2006. Following the receipt of the above decisions, the reassessment of the carrying value of the remaining license fee liabilities was made in the nine-month period ended September 30, 2006. This resulted in a reduction in liabilities on Netia's balance sheet of PLN 10.4m (EUR 2.6m) in Q2 2005 and PLN 40.7m (EUR 10.2m) in Q3 2006, and was accordingly recorded as a gain in the same amounts in the statements of operations. Final decisions with regard to the cancellation of all outstanding license fee liabilities are expected upon the completion of the verification procedure of Netia's capital expenditures by the Minister of Transport, which is currently underway.

- **Changes within Netia's management board.** Effective September 14, 2006 Netia's management board is composed of the following five members: Paweł Karłowski (Acting President & CEO, Chief Commercial Officer), Piotr Czapski (Strategy and Business Development), Jon Eastick (Chief Financial Officer), Paul Kearney (Chief Technology Officer) and Tom Ruhan (Chief Legal Officer).

- **Internal mergers.** In July 2006, Netia concluded the merger with its three wholly-owned subsidiaries: El-Net, Netia WiMax SA and Polbox Sp. z o.o. The merger is expected to result in facilitating the implementation of Netia's business plans thanks to cost reductions and decreased scale of intercompany transactions in Netia group's daily operations. In addition, it allowed for utilization of Netia's capital expenditures as part of the ongoing license fee cancellation proceedings of El-Net. In August 2006, Świat Internet SA, Netia's subsidiary, merged with its wholly-owned subsidiary HFC Internet Sp. z o.o. Currently, Świat Internet SA controls one operating subsidiary: Premium Internet SA.

- **Third Avenue Management LLC informed Netia that its ownership in the Company exceeds 16% of Netia's share capital and voting rights.** As per the investor's notification, dated October 23, 2006, Third Avenue Management LLC held on behalf of its clients 63,770,278 Netia shares, representing 16.26% of both Netia's share capital and the aggregate number of votes at Netia's general meeting of shareholders.

- **Guidance for 2006 – interim update.**

  - **Revenues**. Netia maintains its previous year 2006 revenue guidance of PLN 870m – 895m, including a post-acquisition contribution from Pro Futuro of PLN 20m – 25m.

  - **Adjusted EBITDA**. Due to greater than expected reliance on lower gross margin wholesale and interconnection products in the revenue mix, adjusted EBITDA margin guidance for 2006 is being lowered to 24% – 25% from the previous estimate of above 25%.

  - **Net result**. As indicated previously, management believes that Netia is likely to post a net consolidated loss for the full year 2006, which is largely due to Netia's share of P4's start-up losses.

  - **Impairment test in Q4 2006.** Netia's management expects to complete an impairment test of the Company's non-current assets during Q4 2006 once revised five-year projections have been completed in connection with Netia's new strategy. Management is accounting for certain negative trends in its revised business plan that are likely to result in recognition of an impairment provision against non-current assets, much of which was acquired prior to the Company's restructuring in 2002. However, the size of this impairment reserve cannot be estimated reliably until the ongoing strategic planning process has been completed. It should also be noted that according to IFRS accounting standards, the value enhancing opportunities resulting from recent deregulation in the fixed-line market cannot be reflected in the impairment test calculations until Netia has such projects substantially underway.

Consolidated Financial Information

Please note that, pursuant to the requirements of the IAS 1 "Presentation of Financial Statements", a reclassification within "Net financial income" was made in Q4 2005. The amounts not related to debt and cash management were transferred to relevant revenue and operating income/(expenses) categories. Additionally, finance income and finance cost lines are now shown separately, as opposed to the previous presentation of their net figure in the "Net financial income" line.

Due to the above, the revenues and operating costs comparative figures for periods ended through September 30, 2005 were adjusted accordingly and therefore vary from the figures reported previously.

In addition, a reclassification was made in Q1 2006 with regard to certain financial assets previously shown under "Cash and cash equivalents" line, which are currently presented as a separate balance sheet item "Financial assets at fair value through profit and loss". Accordingly, comparative figures for the periods ended through December 31, 2005 were adjusted and relevant changes to the consolidated cash flow statement were made.

Please also see our interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2006.

2006 Year-to-Date vs. 2005 Year-to-Date

Revenues decreased by 3% to PLN 652.2m (EUR 163.7m) for the nine-month period ended September 30, 2006 compared to PLN 671.6m for the same period in 2005.

Revenues from telecommunications services decreased by 3% to PLN 645.5m (EUR 162.0m) from PLN 664.1m in the corresponding period of 2005. This was mainly attributable to the challenging market conditions in the direct voice segment*.* The revenues from direct voice services decreased by 16% to PLN 313.2m (EUR 78.6m) during the first nine months of 2006 from PLN 372.0m for the same period in 2005, mainly reflecting the overall tariff reduction trend in this product segment and lower number of residential segment subscriber lines. Total revenues from products other than direct voice increased by 14% to PLN 332.3m (EUR 83.4m) for the nine-month period ended September 30, 2006 from PLN 292.1m for the same period in 2005, and constituted 52% of total revenues from telecommunications services as compared to 44% for the first nine months of 2005. Wholesale revenues, supported by the acquisition of Premium Internet SA in September 2005, were up by 96% to PLN 115.4m (EUR 29.0m) while data revenues rose 31% to PLN 120.9m (EUR 30.3m) due to increased Internet access sales to business and residential customers, and the first quarterly contribution from the acquisition of Pro Futuro.

Interconnection charges increased by 28% to PLN 172.2m (EUR 43.2m) for the nine-month period ended September 30, 2006 as compared to PLN 134.7m for the corresponding period of last year, driven by increased traffic volumes in the wholesale segment.

Operating expenses (comprising services purchased, salaries and benefits, restructuring costs, impairment charges for non-current assets and other expenses) represented 50% of total revenues for the nine-month period ended September 30, 2006 as compared to 41% for the same period last year. The change was mainly attributable to lower revenues combined with increases in operating expenses necessary to support Netia's evolving product mix and strategic initiatives. Additional leased lines to access the premises of key business customers, and the first full quarter of outsourcing network maintenance to Ericsson drove costs of rented lines and network maintenance up by 23% to PLN 67.3m (EUR 16.9m) with salaries and benefits costs correspondingly lower in Q3 2006. WiMAX start-up expenditures and frequency fees totaled PLN 4.2m (EUR 1.1m) while customer retention initiatives increased headcount and salary costs year-on-year. Management fees paid to Zachodni – Inwestycje Telekomunikacyjne Sp. z o.o., ("ZIT") for managing Premium Internet SA during its integration into Netia group totaled PLN 6.7m (EUR 1.7m) and was recorded in professional services. Furthermore, a one-off expenditure representing an investment bank advisory fee of PLN 3.9m (EUR 1.0m), related to services obtained during the public tender offer carried out by Novator in December 2005 and January 2006, also contributed to the 127% increase in cost of professional services. Finally, in Q3 2006 Netia recorded restructuring costs of PLN 1.1m (EUR 0.3m) related to the ongoing integration of Pro Futuro into the Netia group.

Adjusted EBITDA was PLN 160.8m (EUR 40.4m) for the first nine months of 2006 as compared to PLN 266.4m for the same period in 2005. Adjusted EBITDA margin was 24.6% as compared to 39.7% for the nine-month period ended September 30, 2005. The decrease in adjusted EBITDA and margin resulted from lower revenues from direct voice, the shifting revenue mix towards lower margin data and wholesale services and reduced interconnection arbitrage opportunities, as well as increase within "services purchased" cost category as described above.

The following exceptional items impacted the financial results for the first nine months of 2006:

- Professional fees of PLN 3.9m (EUR 1.0m) related to investment bank advisory services obtained during the public tender offer carried out by Novator in December 2005 and January 2006 were recorded in Q1 2006;
- An impairment charge for non-current assets of PLN 5.8m (EUR 1.5m) resulting from the replacement of telecommunications equipment and switching system and the valuation of certain properties classified as held of sale was recorded during the nine-month period ended September 30, 2006;
- Two non-cash exceptional item adjustments totaling PLN 51.2m (EUR 12.8m), related to the reassessment of the carrying value of El-Net's license fee liabilities, were recorded during the nine-month period ended September 30, 2006. Following the receipt of the decisions to cancel part of El-Net's license fee obligations in exchange for investments in the telecommunications infrastructure incurred in years 2001-2005, the value of El-Net's outstanding license fee liabilities was reduced by PLN 10.4m (EUR 2.6m) in Q2 2006. Next, following El-Net's merger into Netia and the decisions to enable the cancellation of the remaining license fee liabilities based on Netia's capital expenditures incurred from January 1, 2003 to July 31, 2006, the value of license liabilities was further reduced in Q3 2006 by PLN 40.7m (EUR 10.2m). Accordingly, the same amounts were recorded as a gain in the income statements;
- A profit of PLN 2.3m (EUR 0.6m) on the sale of certain fixed assets, which were transferred to Ericsson under the managed services contract dated April 28, 2006, was recorded during the nine-month period ended September 30, 2006;
- An impairment charge of PLN 3.6m (EUR 0.9m) related to unpaid receivables from TP was recorded in H1 2006.

Depreciation of fixed assets increased by 9% to PLN 163.7m (EUR 41.1m) compared to PLN 150.2m for the nine-month period ended September 30, 2005, due to capital investments coming into operation and the reassessment of useful lives of narrowband radio equipment performed in Q2 2006, which resulted in an additional charge of PLN 5.3m (EUR 1.3m).

Amortization of intangible assets increased by 7% to PLN 38.4m (EUR 9.7m) from PLN 36.0m for the first nine months of 2005 partially due to a PLN 0.9m (EUR 0.2m) charge following the recognition of Pro Futuro's customer relationships as an intangible asset in Q3 2006, in the amount of PLN 18.8m (EUR 4.7m).

Operating profit (EBIT) was PLN 9.8m (EUR 2.5m) as compared to operating profit of PLN 80.2m for the nine-month period ended September 30, 2005.

Finance income and finance costs were PLN 6.8m (EUR 1.7m) and PLN 5.2m (EUR 1.3m), respectively, as compared to PLN 13.2m and PLN 5.4m, respectively, for the nine-month period ended September 30, 2005. Finance income and costs were related mainly to the carrying value of El-Net's license fee liabilities and interest earned on cash and investments.

Share of losses of associates recorded for the first nine months of 2006 was PLN 15.0m (EUR 3.8m) and was related to Netia's 30% equity participation in the P4 mobile venture.

Income tax charge was PLN 2.0m (EUR 0.5m) as compared to an income tax charge of PLN 16.2m for the nine-month period ended September 30, 2005.

Loss was PLN 5.5m (EUR 1.4m) as compared to profit of PLN 71.3m for the first nine months of 2005. The change in the net result was mainly due to lower revenues and the shifting revenue mix towards lower margin higher growth services, exceptional items, higher depreciation and amortization charges and Netia's share of losses recorded by P4, as described above.

Net cash used for the purchase of fixed assets and computer software increased by 25% to PLN 128.0m (EUR 32.1m) for the nine-month period ended September 30, 2006 from PLN 102.6m for the same period in 2005, partly in connection with the execution of the WiMAX project. Capital spending related to the WiMAX project amounted to PLN 9.0m (EUR 2.3m) during the first nine months of 2006. In addition, cash outflow related to the acquisition of Pro Futuro amounted to PLN 68.2m (EUR 17.1m) and PLN 49.5m (EUR 12.4m) was transferred during the first nine months of 2006 to P4 as part of Netia's equity contribution to the mobile venture. At the same time, Netia received PLN 12.2m (EUR 3.1m) and PLN 2.9m (EUR 0.7m) on the sale of certain financial and fixed assets, respectively. As a result, net cash used in investing activities amounted to PLN 232.1m (EUR 58.3m) for the nine-month period ended September 30, 2006 as compared to PLN 229.0m for the corresponding period of 2005.

Cash and cash equivalents at September 30, 2006 in the amount of PLN 107.8m (EUR 27.1m) were available to fund Netia's operations. In addition, at September 30, 2006 Netia held PLN 53.0m (EUR 13.3m) in money market funds deposits.

Q3 2006 vs. Q2 2006

Revenues increased by 13% to PLN 230.5m (EUR 57.9m) for Q3 2006 from PLN 203.3m in Q2 2006.

Revenues from telecommunications services grew sequentially by 14% to PLN 228.4m (EUR 57.3m) for Q3 2006 as compared to PLN 201.0m for Q2 2006. The sequential growth was a result of strong performance in data services, up 37% quarter-on-quarter and 31% year-on-year following the Pro Futuro acquisition, important contract wins and strong progress with the ADSL roll-out. Netia also saw significant improvement in carrier services, with wholesale revenues up by 12% and interconnection revenues up by 102%. Direct voice revenues remained relatively stable, decreasing 0.3% quarter-on-quarter, supported by important new contract wins and fewer customer migrations to new cheaper tariffs than in recent quarters. The third quarter of 2006 also saw stabilization in indirect voice revenues, which were up by 0.5% as compared to Q2 2006, following aggressive moves to attract new resellers to Netia's 10xx indirect voice services. Of the PLN 27.4m (EUR 6.9m) in sequential growth, PLN 11.4m (EUR 2.9m) can be attributed to the first quarterly contribution of Pro Futuro, which was consolidated into Netia's results beginning July 1, 2006.

Adjusted EBITDA increased by 13% to PLN 54.0m (EUR 13.6m) in Q3 2006 as compared to PLN 48.0m in Q2 2006. Adjusted EBITDA margin was 23.4% in Q3 2006 as compared to 23.6% in Q2 2006. The improvement in EBITDA was mainly a result of higher revenues from products and services with lower gross margins than direct voice, partially offset by higher costs of purchased services. In addition, marketing expenditures were higher in Q2 2006 due to Netia's regular spring promotion campaigns and "other expenses" recorded in Q2 2006 included an impairment charge on doubtful receivables from TP of PLN 2.4m. Lower salaries and benefits costs in Q3 2006 reflect the impact of the outsourcing agreement for network maintenance signed with Ericsson in April 2006, offset partially by severance payments recognized during Q3 2006.

Profit of PLN 17.8m (EUR 4.5m) was recorded in Q3 2006 as compared to a loss of PLN 12.7m in Q2 2006. The positive change in net results was due to higher revenues as well as a non-cash exceptional gain related to the reassessment of the carrying value of El-Net's license fee liabilities, amounting to PLN 40.7m (EUR 10.2m).

Operational Review

Subscriber lines in service were 400,541 at September 30, 2006 as compared to 419,225 at September 30, 2005 and 404,451 at June 30, 2006. This included ISDN equivalent lines which increased to 101,802 at September 30, 2006 from 95,637 at September 30, 2005 and 100,790 at June 30, 2006.

Business customer lines in service increased to 156,888 at September 30, 2006, i.e., by 4% from 150,853 at September 30, 2005 and by 0.5% from 156,184 at June 30, 2006.

Business lines as a percentage of total subscriber lines at September 30, 2006 reached 39.2%, up from 36.0% at September 30, 2005 and from 38.6% at June 30, 2006.

Residential lines in service were 243,653 at September 30, 2006 as compared to 268,372 at September 30, 2005 and 248,267 at June 30, 2006.

ADSL active ports increased to 50,412 at September 30, 2006 as compared to 34,662 at September 30, 2005 and 46,566 at June 30, 2006.

ADSL ports' penetration of Netia's total subscriber lines at September 30, 2006 reached 13%, up from 8% at September 30, 2005 and 12% at June 30, 2006.

Key Figures ^

PLN'000	YTD 2006	YTD 2005	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005
Revenues	652,219	671,553	230,531	203,316	218,372	237,073	230,709
y-o-y % change	*(2.9%)*	*4.2%*	*(0.1%)*	*(9.3%)*	*0.8%*	*7.5%*	*4.6%*
EBITDA	211,912	266,361	94,707	58,446	58,759	72,405	92,693
Margin %	*32.5%*	*39.7%*	*41.1%*	*28.7%*	*26.9%*	*30.5%*	*40.2%*
Adjusted EBITDA	160,762	266,361	53,994	48,009	58,759	72,405	92,693
Margin %	*24.6%*	*39.7%*	*23.4%*	*23.6%*	*26.9%*	*30.5%*	*40.2%*
y-o-y change %	*(20.4%)*	*3.9%*	*2.2%*	*(45.4%)*	*(31.4%)*	*10.9%*	*7.8%*
EBIT	9,796	80,189	25,130	(9,491)	(5,843)	10,120	28,755
Margin %	*1.5%*	*11.9%*	*10.9%*	*(4.7%)*	*(2.7%)*	*4.3%*	*12.5%*
Profit/(Loss) of the Netia Group *(consolidated)*	(5,508)	71,277	17,794	(12,664)	(10,638)	(11,086)	22,834
Margin %	*(0.8%)*	*10.6%*	*7.7%*	*6.2%*	*(4.9%)*	*(4.7%)*	*9.9%*
Profit/(Loss) of Netia SA *(stand alone)^^*	45,602	79,545	33,449	1,784	10,369	(6,098)	28,573
Cash and cash equivalents	107,783	174,812	107,783	136,008	228,957	197,387	174,812
Capex related payments	127,999	102,565	44,897	26,580	56,522	43,537	31,412

EUR '000 *	YTD 2006	YTD 2005	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005
Revenues	163,730	168,584	57,871	51,040	54,819	59,514	57,916
y-o-y % change	*(2.9%)*	*4.2%*	*(0.1%)*	*(9.3%)*	*0.8%*	*7.5%*	*4.6%*
EBITDA	53,197	66,866	23,775	14,672	14,751	18,176	23,269
Margin %	*32.5%*	*39.7%*	*41.1%*	*28.7%*	*26.9%*	*30.5%*	*40.2%*
Adjusted EBITDA	40,357	66,866	13,554	12,052	14,751	18,176	23,269
Margin %	*24.6%*	*39.7%*	*23.4%*	*23.6%*	*26.9%*	*30.5%*	*40.2%*
y-o-y change %	*(20.4%)*	*3.9%*	*2.2%*	*(45.4%)*	*(31.4%)*	*10.9%*	*7.8%*
EBIT	2,459	20,130	6,309	(2,383)	(1,467)	2,540	7,218
Margin %	*1.5%*	*11.9%*	*10.9%*	*(4.7%)*	*(2.7%)*	*4.3%*	*12.5%*
Profit/(Loss) of the Netia Group *(consolidated)*	(1,383)	17,893	4,467	(3,179)	(2,671)	(2,783)	5,732
Margin %	*(0.8%)*	*10.6%*	*7.7%*	*6.2%*	*(4.9%)*	*(4.7%)*	*9.9%*
Profit/(Loss) of Netia SA *(stand alone)^^*	11,448	19,969	8,397	448	2,603	(1,531)	7,173
Cash and cash equivalents	27,057	43,884	27,057	34,143	57,476	49,551	43,884
Capex related payments	32,132	25,747	11,271	6,673	14,189	10,929	7,886

* The EUR amounts shown in this table and in the entire document have been translated using an exchange rate of PLN 3.9835 = EUR 1.00, the average rate announced by the National Bank of Poland at September 30, 2006. These figures are included for the convenience of the reader only.

^ Please note that pursuant to the requirements of the IAS 1 "Presentation of Financial Statements", a reclassification within "Net financial income" was made in Q4 2005. The amounts not related to debt and cash management were transferred to relevant revenue and operating income/(expenses) categories. Due to the above, the comparative figures for periods ended through September 30, 2005 were adjusted accordingly and therefore vary from the figures reported previously. In addition, a reclassification was made in Q1 2006 with regard to certain financial assets previously shown under "Cash and cash equivalents" line, which are now presented as a separate balance sheet item "Financial assets at fair value through profit and loss". Accordingly, comparative figures for the periods ended through December 31, 2005 were adjusted and relevant changes to the consolidated cash flow statement were made.

^^ 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.

Key Operational Indicators

	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005
Network data						
Backbone (km)	5,002	5,002	5,002	5,002	5,002	5,002
Number of connected lines (cumulative)	523,742	522,302	521,432	521,432	520,742	518,792
Subscriber data						
(with regard to direct voice services)						
Subscriber lines (cumulative)	400,541	404,451	406,738	413,011	419,225	423,678
incl. ISDN equivalent of lines	*101,802*	*100,790*	*98,451*	*96,949*	*95,637*	*93,807*
Total net additions	(3,910)	(2,287)	(6,273)	(6,214)	(4,453)	(907)
Business net additions	704	3,366	1,031	934	1,760	3,435
Business subscriber lines (cumulative)	156,888	156,184	152,818	151,787	150,853	149,093
Business mix of total subscriber lines (cumulative)	39.2%	38.6%	37.6%	36.8%	36.0%	35.2%
Monthly ARPU (PLN) ^	84	84	89	91	93	98
Other						
Headcount	1,160	1,295	1,246	1,221	1,210	1,201

^ Monthly ARPUs presented in this report are given for a relevant three-month period.

All data, except for the number of connected lines, includes the effect of the acquisition of El-Net.

(Tables to Follow)

Income Statement *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	**YTD 2006**	**YTD 2005**	**Q3 2006**	**Q2 2006**
Telecommunications revenue				
Direct Voice	313,155	371,950	101,898	102,230
monthly charges	102,093	106,894	32,759	33,864
calling charges	211,062	265,056	69,139	68,366
– *local calls*	*61,289*	*84,083*	*18,723*	*20,129*
– *domestic long-distance calls*	*38,202*	*51,094*	*12,086*	*12,150*
– *international long-distance calls*	*21,381*	*27,399*	*7,217*	*6,920*
– *fixed-to-mobile calls*	*79,439*	*87,503*	*27,206*	*25,999*
– *other*	*10,751*	*14,977*	*3,907*	*3,168*
Indirect Voice	37,812	62,499	12,003	11,943
Data	120,874	92,653	49,524	36,151
Interconnection revenues	38,849	56,776	18,733	9,257
Wholesale services	115,418	58,899	39,330	35,098
Intelligent network services	11,341	15,275	3,560	3,524
Other telecommunications revenues	8,054	6,038	3,385	2,794
Total telecommunications revenue	**645,503**	**664,090**	**228,433**	**200,997**
Radio communications revenue	6,716	7,463	2,098	2,319
Total revenues	**652,219**	**671,553**	**230,531**	**203,316**
Interconnection charges	(172,180)	(134,670)	(66,937)	(49,124)
Services purchased	(152,393)	(123,235)	(56,105)	(50,638)
Salaries & benefits, incl. social security costs	(102,416)	(96,356)	(33,456)	(34,623)
Restructuring costs	(1,104)	-	(1,104)	-
Impairment charges for non-current assets	(5,774)	-	(87)	46
Reversal of impairment charges	1,315	-	925	61
Reassessment of license fee obligations	51,150	-	40,713	10,437
Other gains/(losses), net	832	2,157	927	79
Other income	3,921	2,957	1,661	1,440
Other expenses	(63,658)	(56,045)	(22,361)	(22,548)
EBITDA	**211,912**	**266,361**	**94,707**	**58,446**
Margin (%)	***32.5%***	***39.7%***	***41.1%***	***28.8%***
Reversal of reassessment of the carrying value of license fee liabilities	*(51,150)*	*-*	*(40,713)*	*(10,437)*
Adjusted EBITDA	***160,762***	***266,361***	***53,994***	***48,009***
Margin (%)	***24.6%***	***39.7%***	***23.4%***	***23.6%***
Depreciation of fixed assets	(163,674)	(150,173)	(55,984)	(55,327)
Amortization of intangible assets	(38,442)	(35,999)	(13,593)	(12,610)
EBIT	**9,796**	**80,189**	**25,130**	**(9,491)**
Margin (%)	***(1.5%)***	***11.9%***	***10.9%***	***(4.7%)***
Finance income	6,826	13,190	1,425	2,324
Finance costs	(5,176)	(5,359)	(1,628)	(1,835)
Share of losses of associates	(14,989)	(524)	(7,262)	(4,650)
Profit / (Loss) before tax	**(3,543)**	**87,496**	**17,665**	**(13,652)**
Tax benefit / (charge)	(1,965)	(16,219)	129	988
Profit / (Loss)	**(5,508)**	**71,277**	**17,794**	**(12,664)**
Attributable to:				
Equity holders of the Company	(5,958)	70,665	17,651	(12,828)
Minority interest	450	612	143	164
Margin (%)	***(0.8%)***	***10.6%***	***7.7%***	***(6.2%)***
Earnings per share (not in thousands)	(0.02)	0.19	0.05	(0.03)
Diluted earnings per share (not in thousands)	(0.02)	0.18	0.05	(0.03)
Weighted average number of shares outstanding (not in thousands)	387,352,052	378,750,743	389,167,839	388,313,746
Weighted average diluted number of shares (not in thousands)	388,694,647	392,592,292	389,273,571	389,063,308

Adjusted EBITDA / EBITDA Reconciliation to Operating Profit *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2006	YTD 2005	Q3 2006	Q2 2006
Operating profit / (loss)	**9,796**	**80,189**	**25,130**	**(9,491)**
Add back:				
Depreciation of fixed assets	163,674	150,173	55,984	55,327
Amortization of intangible assets	38,442	35,999	13,593	12,610
EBITDA	**211,912**	**266,361**	**94,707**	**58,446**
Less:				
Reassessment of the carrying value of license fee liabilities	(51,150)	-	(40,713)	(10,437)
Adjusted EBITDA	**160,762**	**266,361**	**53,994**	**48,009**

Note to Finance Income *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2006	YTD 2005	Q3 2006	Q2 2006
Interest income	4,909	10,616	1,080	1,811
Gain on fair value adjustment of financial assets	1,548	2,038	528	405
Net foreign exchange gains	195	391	(242)	48
Other financial income	174	145	59	60
Total	**6,826**	**13,190**	**1,425**	**2,324**

Note to Finance Costs *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2006	YTD 2005	Q3 2006	Q2 2006
Interest expense	5,176	5,098	1,628	1,835
Net foreign exchange losses	-	261	-	-
Total	**5,176**	**5,359**	**1,628**	**1,835**

Note to Services Purchased *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2006	YTD 2005	Q3 2006	Q2 2006
Professional services	19,033	8,379	5,505	5,491
Including managerial services rendered to Premium Internet SA by ZIT	*6,694*	*-*	*2,612*	*2,997*
Including an investment bank advisory fee related to services obtained during the public tender offer carried out by Novator	*3,890*	*-*	*-*	*-*
Advertising & promotion	20,118	16,716	4,792	11,103
Cost of rented lines & network maintenance	67,341	54,736	29,812	19,686
Information technology	11,393	11,158	3,860	3,343
Office and car maintenance	7,658	7,461	2,874	2,435
Insurance	4,700	4,750	1,550	1,424
Mailing services	4,637	5,040	1,560	1,546
Travel and accommodation	3,426	3,569	1,038	1,270
Other services	14,087	11,426	5,114	4,340
Total	**152,393**	**123,235**	**56,105**	**50,638**

Note to Other Expenses *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2006	YTD 2005	Q3 2006	Q2 2006
Taxes and fees	40,358	34,719	14,306	12,907
Provision for impaired receivables	8,585	7,900	1,964	4,691
Materials and energy	6,850	6,152	2,334	2,276
Other operating costs	7,865	7,274	3,757	2,674
Total	**63,658**	**56,045**	**22,361**	**22,548**

Balance Sheet

(PLN in thousands unless otherwise stated)

Time Periods	September 30, 2006 *unaudited*	December 31, 2005 *audited*
Property, pant and equipment, net	1,743,291	1,766,911
Intangible assets	307,570	309,430
Investments in associates	140,136	105,633
Deferred income tax assets	11,896	14,182
Available for sale financial assets	10	10
Other receivables	539	-
Other long-term assets	-	323
Total non-current assets	**2,203,442**	**2,196,489**
Inventories	1,819	2,262
Trade and other receivables	131,302	156,924
Current income tax receivables	-	38
Prepaid expenses	23,155	10,876
Financial assets at fair value through profit and loss	53,013	63,059
Restricted cash	6,100	-
Cash and cash equivalents	107,783	197,387
	323,172	**430,546**
Non-current assets classified as held for sale	2,329	-
Total current assets	**325,501**	**430,546**
TOTAL ASSETS	**2,528,943**	**2,627,035**
Share capital	389,168	408,615
Treasury shares	-	(122,806)
Supplementary capital	1,809,434	1,939,572
Other reserves	28,891	1,758
Retained earnings	89,702	126,502
Total capital and reserve attributable to the Company's equity holders	**2,317,195**	**2,353,641**
Minority interest	6,799	6,349
TOTAL EQUITY	**2,323,994**	**2,359,990**
Liabilities for licenses	3,509	14,000
Provisions	789	1,231
Deferred income	8,227	-
Deferred income tax liabilities	2,789	-
Other long-term liabilities	288	741
Total non-current liabilities	**15,602**	**15,972**
Liabilities for licenses	10,062	43,413
Trade and other payables	164,486	193,957
Current income tax liabilities	19	-
Provisions	2,957	2,969
Deferred income	11,823	10,734
Total current liabilities	**189,347**	**251,073**
Total liabilities	**204,949**	**267,045**
TOTAL EQUITY AND LIABILITIES	**2,528,943**	**2,627,035**

Cash Flow Statement *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	**YTD 2006**	**YTD 2005**	**Q3 2006**	**Q2 2006**
Profit / (Loss)	**(5,508)**	**71,277**	**17,794**	**(12,664)**
Depreciation of fixed assets and amortization of licenses and other intangible assets	202,116	186,172	69,577	67,937
Impairment charges for non-current assets	5,774	-	87	(46)
Reversal of impairment charges	(1,315)	-	(925)	(61)
Share of losses of associates	14,989	524	7,262	4,650
Deferred income tax charge / (benefit)	1,684	15,769	(222)	(1,097)
Reassessment of the carrying value of license fee liabilities	(51,150)	-	(40,713)	(10,437)
Interest expense accrued on license liabilities	4,933	4,830	1,538	1,754
Interest accrued on loans	5	(592)	5	-
Share-based compensation	625	1,024	99	169
Fair value gains on financial assets at fair value through profit and loss	(1,722)	(2,182)	(587)	(464)
Other provisions	-	117	-	-
Decrease/(Increase) in long-term assets	323	(250)	-	-
Foreign exchange (gains)/losses	1,961	(3,209)	(501)	1,680
Profit on sale of fixed assets	(2,677)	(138)	(472)	(1,781)
Gain on sale of subsidiaries and other investments	(20)	(11)	-	-
Changes in working capital	6,770	(5,311)	(8,514)	1,101
Net cash provided by operating activities	**176,788**	**268,020**	**44,428**	**50,741**
Purchase of fixed assets and computer software	(127,999)	(102,565)	(44,897)	(26,580)
Proceeds from sale of fixed assets	2,902	768	2,006	7
Investment in associate	(49,500)	(108,460)	(22,500)	(21,000)
Purchase of subsidiary, net of received cash	(68,227)	5,177	(6,638)	(61,589)
Sale of subsidiaries and other investments; net of cash in subsidiaries	25	70	-	-
Sale of financial assets at fair value through profit and loss	12,161	4,953	3,750	8,411
Loans granted	(1,533)	(24,899)	(1,533)	-
Loans repaid	23	-	23	-
Payments for licenses	-	(4,050)	-	-
Net cash used in investing activities	**(232,148)**	**(229,006)**	**(69,789)**	**(100,751)**
Proceeds from share issue	19,385	62,761	-	7,922
Cost of share issuance	(175)	(1,707)	-	(160)
Dividend paid to the Company's shareholders	(50,323)	(38,710)	-	(50,323)
Repurchase of shares and warrants	-	(122,138)	-	-
Repayment of installment obligations	-	(1,511)	-	-
Finance lease payments	(150)	-	(51)	(50)
Loans repaid	(2,500)	-	(2,500)	-
Interest repaid	(167)	-	(167)	-
Redemption of notes for warrants	(334)	(1)	-	(324)
Net cash used in financing activities	**(34,264)**	**(101,306)**	**(2,718)**	**(42,935)**
Effect of exchange rate change on cash and cash equivalents	20	1,167	(146)	(4)
Net change in cash and cash equivalents	**(89,604)**	**(61,125)**	**(28,225)**	**(92,949)**
Cash and cash equivalents at the beginning of the period	197,387	235,937	136,008	228,957
Cash and cash equivalents at the end of the period	**107,783**	**174,812**	**107,783**	**136,008**

Definitions

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;
Backbone	–	a telecommunications network designed to carry the telecommunications traffic between the main junctions of the network;
Capex	–	cash spending related to capital expenditures during the 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 rented lines & network 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 and IP Transit;
Direct voice revenues	–	telecommunications revenues from voice services offered by Netia to its subscribers. 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);
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 share of losses of associates. EBITDA has been further adjusted for a gain recorded upon reassessment of carrying value of El-Net's license fee liabilities 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) 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;
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 expenses	–	include primarily costs of taxes and fees, provision for impaired receivables, and costs of materials and energy;
Other telecommunications 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;
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 tomorrow, November 15, at 3:30 PM (UK) / 4:30 PM (Continent) / 10:30 AM (Eastern). To register for the call and obtain dial in numbers please contact Cristina Ungureanu at Taylor Rafferty London on +44 (0) 20 7614 2900 or Reema Parikh 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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