Q1 2010 Financial Results

Conference call for investors

May 6, 2010

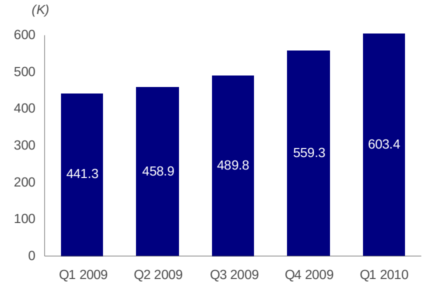
www.investor.netia.pl

netia WOLNOŚĆ WYBORU

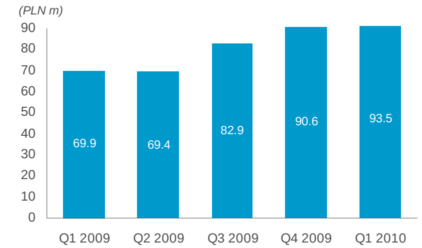
Executive summary | Key achievements in Q1 2010

- **Subscribers base growth boost**
  - 603k broadband services at end Q1 2010 (+37% y-o-y, +8% q-o-q)
  - Fixed broadband net additions share[1] estimated at 35% for Q1 2010
  - 1,173k voice services at end Q1 2010 (+6% y-o-y, +1% q-o-q)
- **Revenue was PLN 387.0m for Q1 2010 (+3% y-o-y, +0.2% q-o-q)**
- **Netia delivers strong EBITDA growth in Q1 2010**
  - Adjusted EBITDA[2] was PLN 90.8m for Q4 2009 (+27% y-o-y, +18% q-o-q)
  - EBITDA was PLN 93.5m for Q1 2010 (+34% y-o-y, +3% q-o-q)
  - Sequential increase in Adjusted EBITDA mainly reflects profitability gains from the major efficiency initiatives conducted in 2009
- **EBIT profit** was PLN 19.5m (Adjusted EBIT[2] was positive PLN 16.8m), up sequentially by 29%
- **Net profit** was PLN 14.3m in Q1 2010 (as compared to PLN 6.4m loss in Q1 2009)
- **Netia was operating FCF[3,4] positive in Q1 2010** (positive PLN 64.5m excl. Ethernets acquisitions of PLN 0.8m)
- **Netia leads the LLU roll out in Poland**
  - 307 nodes unbundled, 59.5k clients as at March 31, 2010
- **A new group-wide project „Klientomania" aimed at delivering market leading customer satisfaction** as another differentiating factor for Netia launched in March 2010
- **2010 FY guidance for the number of broadband subscribers was increased to 700,000**

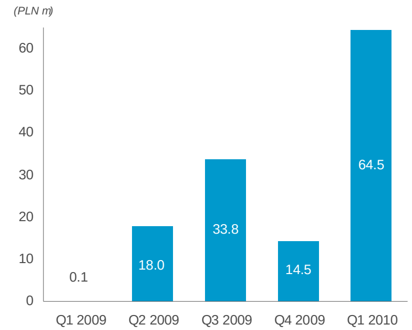
Broadband subscribers



EBITDA quarterly development



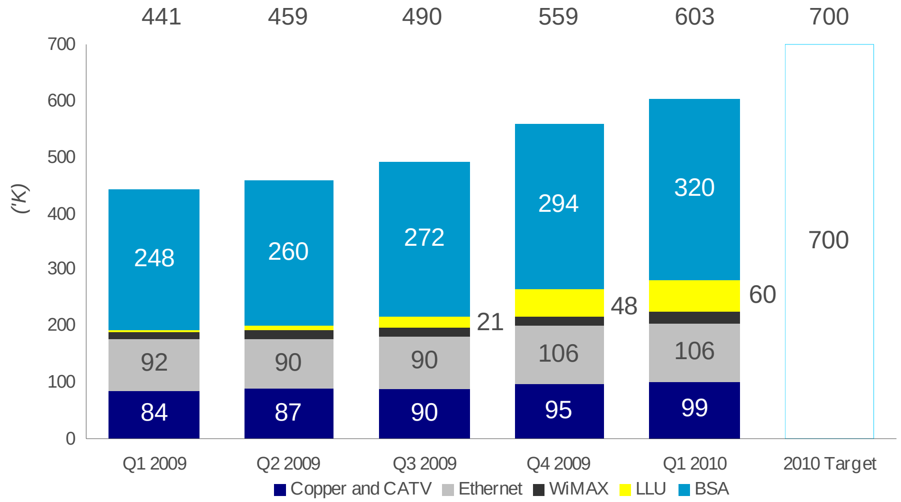
Op. FCF[3,4]



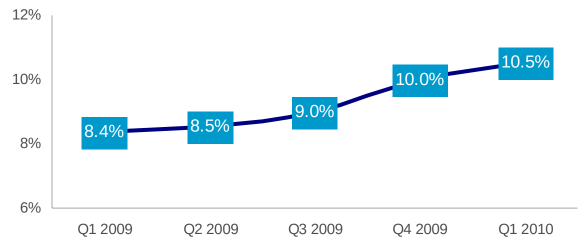
[1] Including Ethernet networks acquisitions
[2] Adjusted EBITDA and Adjusted EBIT exclude one-off restructuring costs related to the „Profit" project, a positive accounting impact from settlement of disputes with TP in Q4 2009 and a gain on sale of the second of three tranches of transmission equipment to P4 in Q1 2010
[3] Operating FCF = EBITDA less capex; EBITDA as reported less investments in tangible and intangible fixed assets
[4] Capex related payments were PLN 56.5m for Q1 2010 as payables related to investments made in Q4 2009 were paid down

Broadband | Strong progress in Netia's subscriber base

Broadband ports

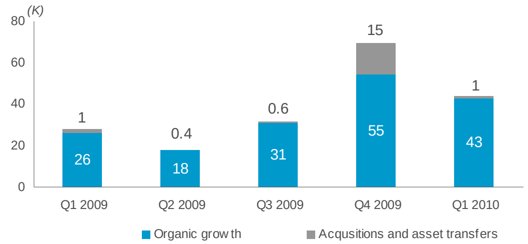


Market share broadband[1]

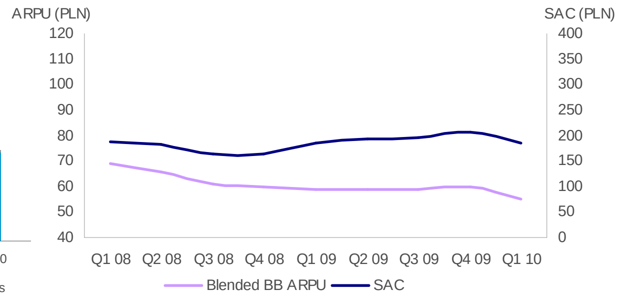


- 603k broadband customers as of Q1
- 37% of customers served directly via Netia's own network
- 35% share of fixed broadband net additions in Q1 2010[1]
- 44k net additions in Q1 2010 includes second highest organic additions (43k) achieved by Netia
- Migration of 2play customers from BSA/WLR onto higher margin full LLU restarted in mid-April 2010
- Netia forecasts 700k broadband customers by 2010YE (revised upwards from 680k)

Broadband net additions



Blended broadband ARPU/SAC

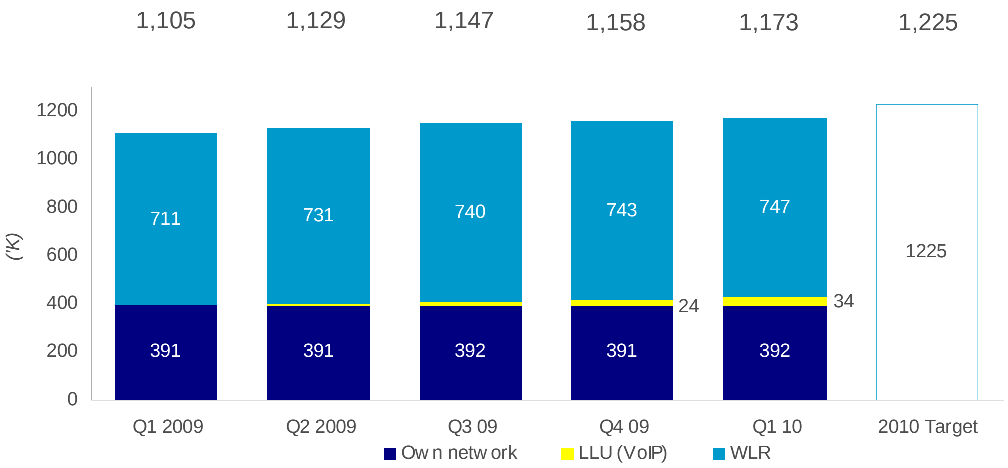


Source: Netia, public domain

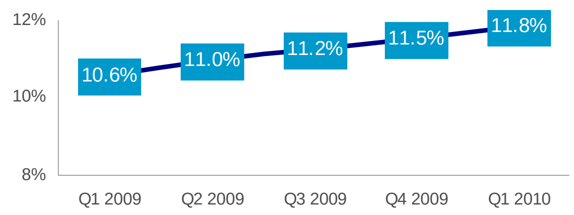
[1] *Based on Netia's internal estimates of the total fixed broadband market volume*

Voice | Continued progress on voice sales

Voice lines

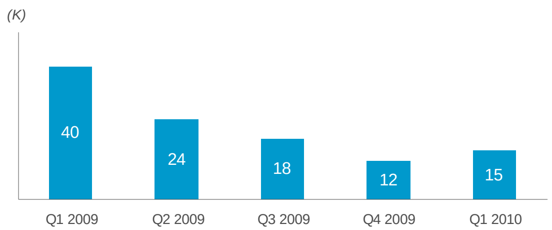


Market share voice[1]

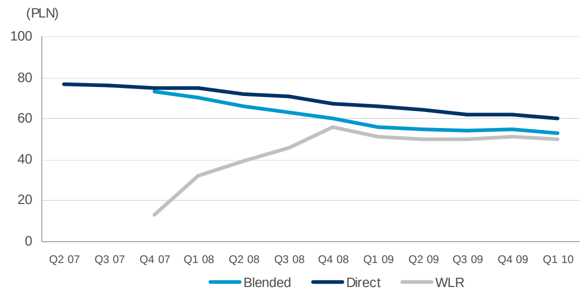


- 1,173k voice customers served as of Q1 2010
- 33% of customers served directly via Netia's own network
- Netia forecasts 1,225k voice customers by 2010 YE
- Business customer ARPU remains under pressure

Net additions



Voice ARPU

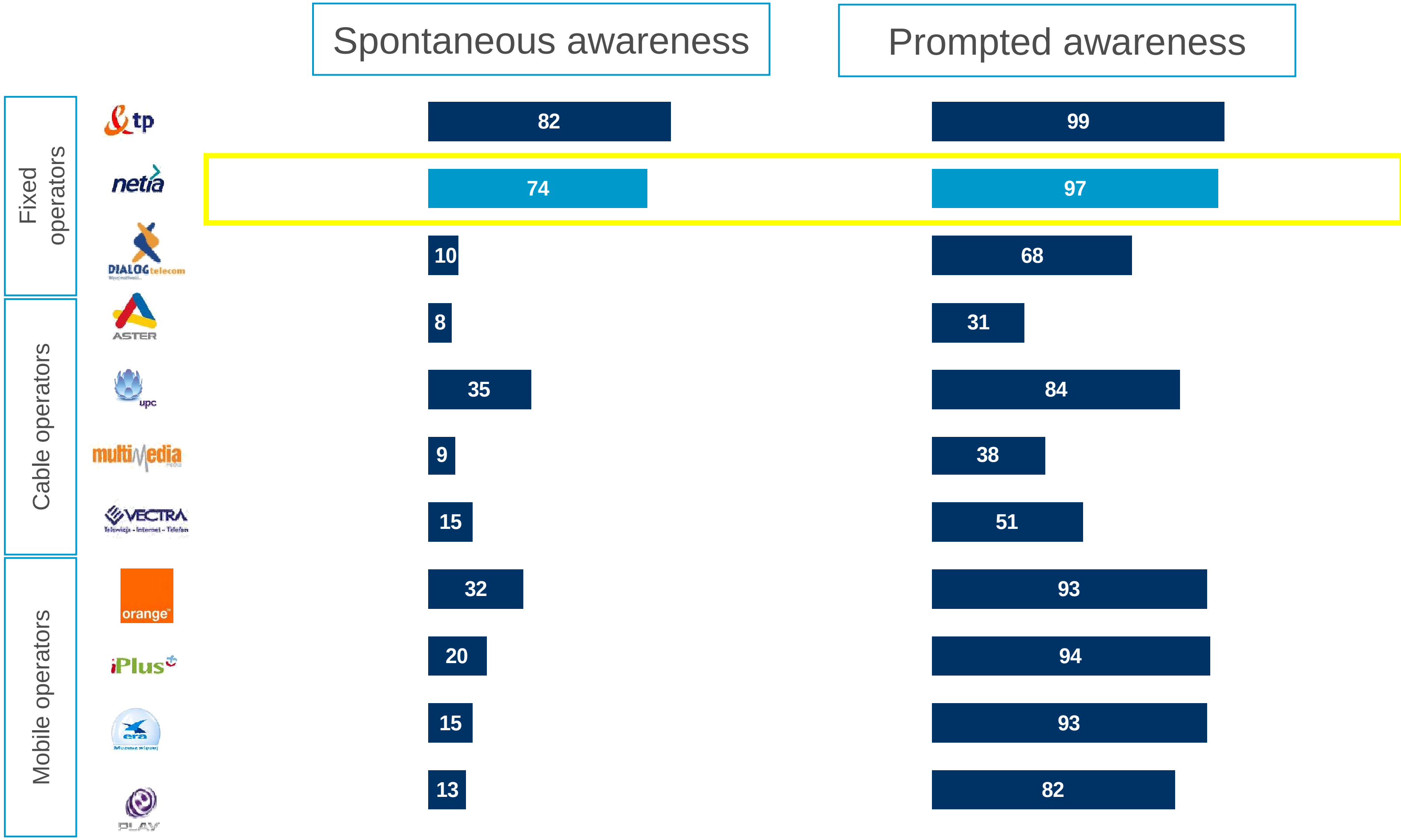


Source: Netia, TP, public domain

[1] Based on Netia's internal estimates of the total market volume as of 2008YE and 9M 2009

Brand awareness | Netia is widely recognized as an Internet provider

BRAND Awareness, March 2010
*What brands of **Internet providers** do you know?*



Note: Computer Aided Web Interviewing (CAWI) on GfK Internet panel (Sample size: N=300)

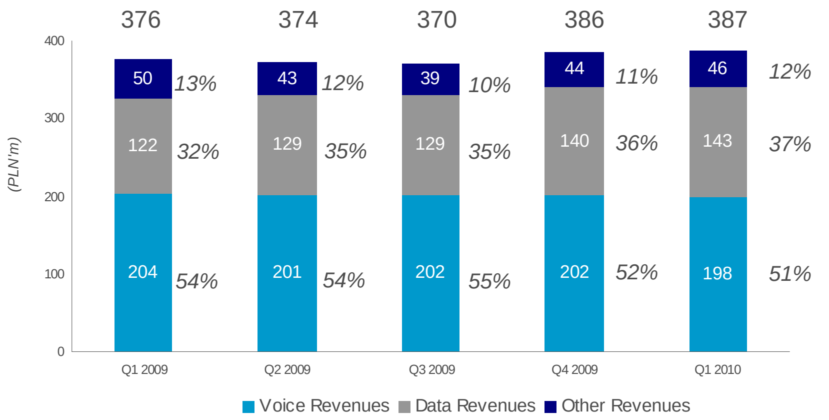
Financial performance | Key metrics for Q1 2010

(PLN' 000)	2009				2010
	Q1	Q2	Q3	Q4	Q1
Revenues	375,665	373,679	370,281	386,246	386,979
Growth (% YoY)	*58.2%*	*53.5%*	*36.6%*	*4.7%*	*3.0%*
Gross profit	123,847	116,416	123,300	136,790	126,755
Margin	*33.0%*	*31.2%*	*33.3%*	*35.4%*	*32.8%*
Adjusted EBITDA[1]	71,530	73,752	81,907	76,729	90,799
Margin	*19.0%*	*19.7%*	*22.1%*	*19.9%*	*23.5%*
Growth (% YoY)	*111.6%*	*108.1%*	*86.9%*	*33.3%*	*26.9%*
EBIT	(3,051)	(4,984)	7,061	15,210	19,554
Profit/(loss) before tax	(6,934)	(8,189)	4,189	12,027	17,425
Net profit/ (loss)	(6,401)	(8,250)	4,228	99,088	14,344
Total assets	2,264,686	2,216,531	2,218,287	2,340,676	2,298,503
Net (debt)/cash and treasury bills	190,571	162,886	211,641	239,345	206,339
Available credit lines	375,000	295,000	295,000	295,000	295,000

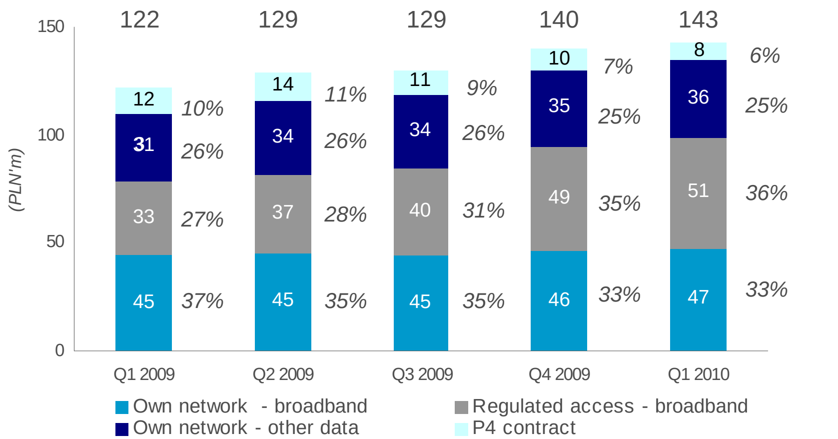
[1] *Adjusted EBITDA excludes the one-off expenses related to the cost optimization program (the 'Profit' project), a positive accounting impact from settlement of disputes with TP and a gain on sale of the first and teh second of three tranches of transmission equipment to P4*

Revenue | Revenue development by service

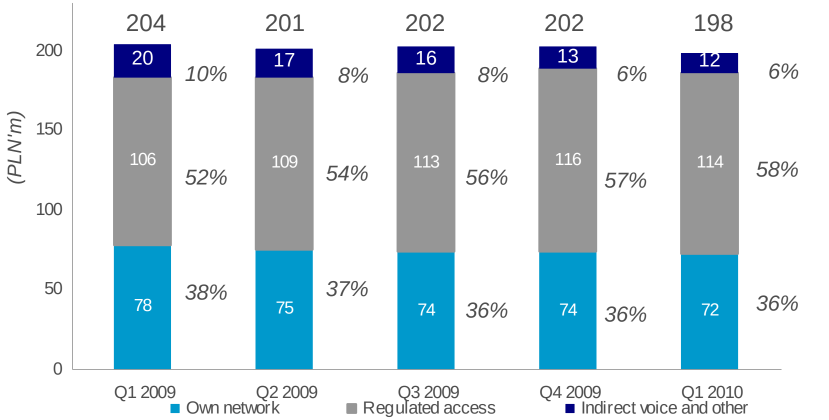
Revenue breakdown by service



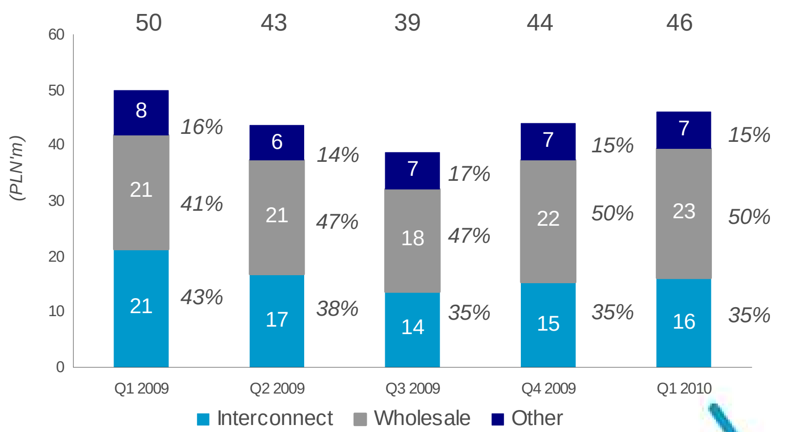
Data revenue breakdown by access



Voice revenue breakdown by access



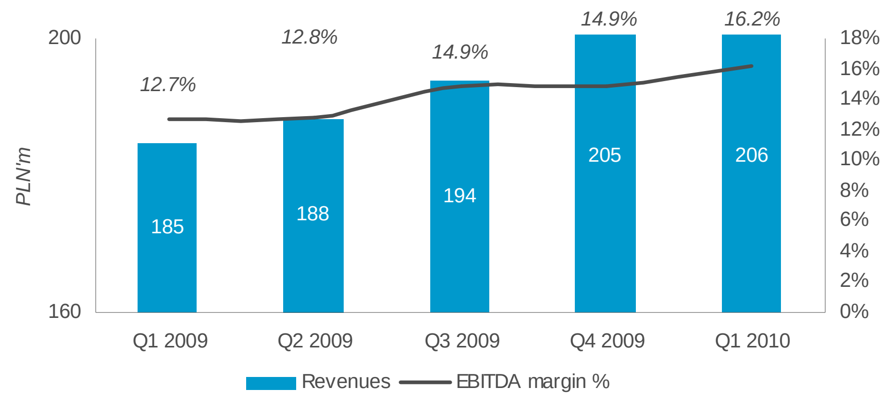
Other revenue



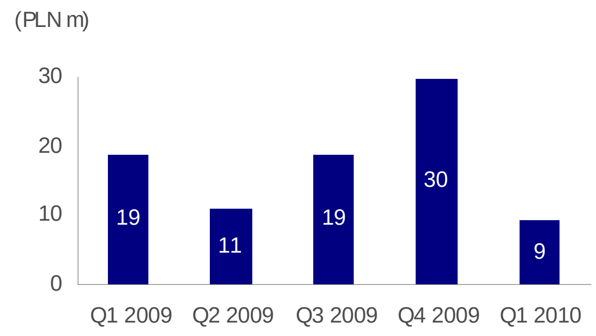
Source: Company

Operating segments | Residential

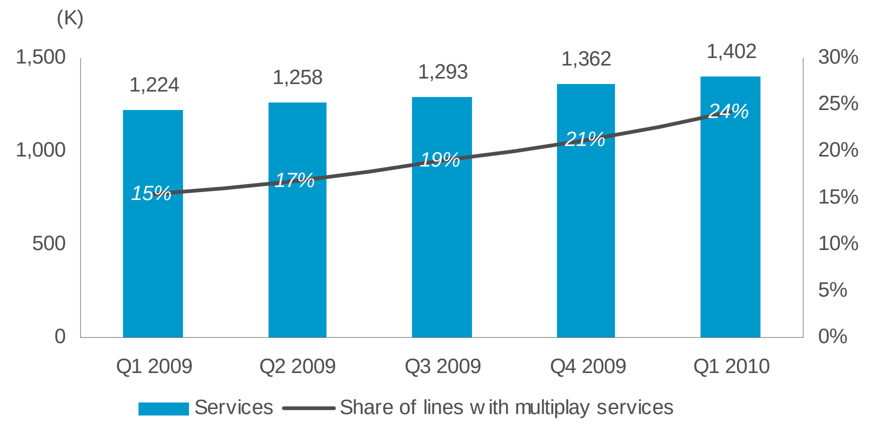
Revenue and EBITDA margin



Capex



Number of services[1]



Comments

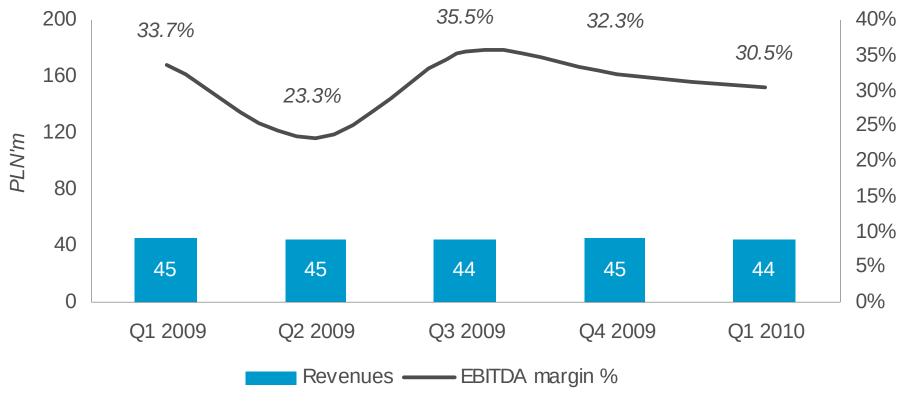
- Contribution of broadband revenues increasing sequentially
- Impact of LLU already noticeable in Q1 2010 in EBITDA margin
- 2play new additions support operating leverage improvements
- Capex to rise with the final wave of LLU roll-out later in 2010

Source: Company

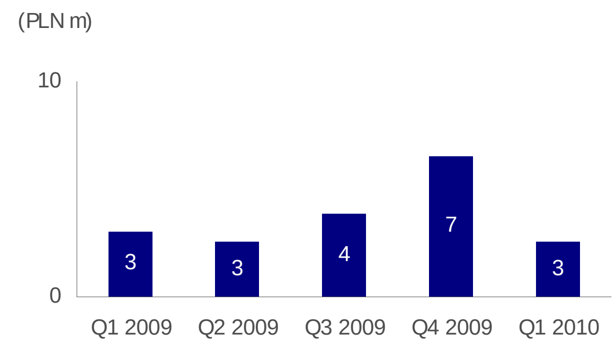
[1] Data and voice services, end of period

Operating segments | SOHO/SME

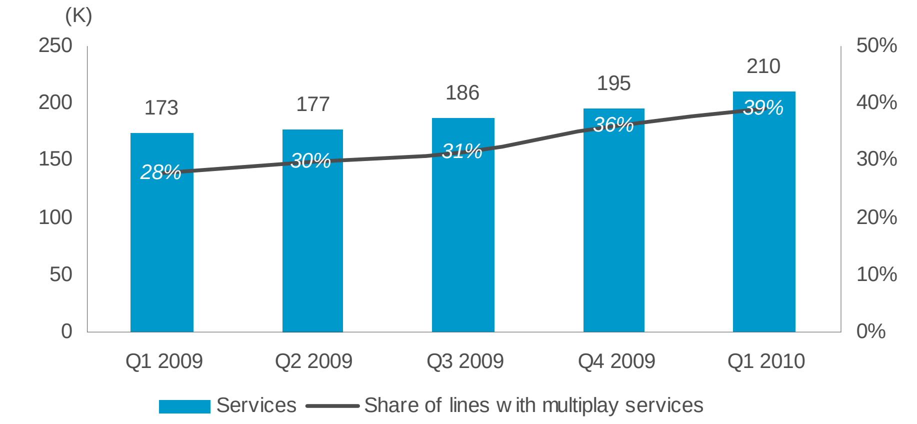
Revenue and EBITDA margin



Capex



Number of services[1]



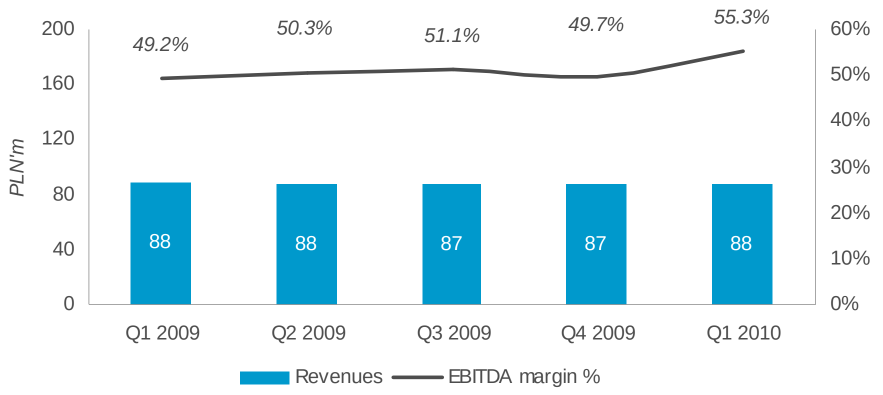
Comments

- Traditionally high and increasing number of services per SOHO/SME customers (bundled offers for firms)
- Pressure on ARPUs due to economic and competitive environment
- OneOffice contributing strongly as a winning concept
- Lower EBITDA margins reflect acquisition spending and ARPU pressure

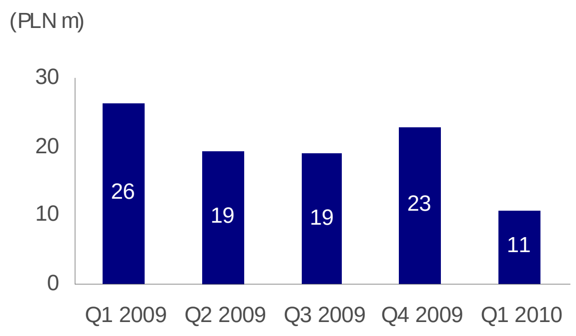
Source: Company
[1] Data and voice services, end of period

Operating segments | Corporate

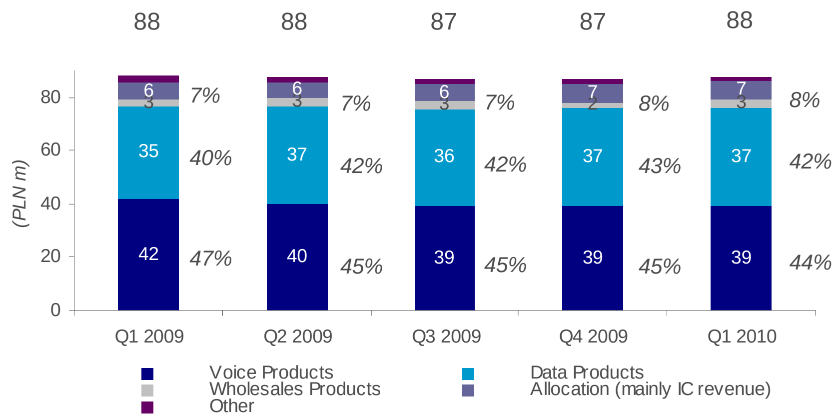
Revenue and EBITDA margin



Capex



Corporate revenue by type



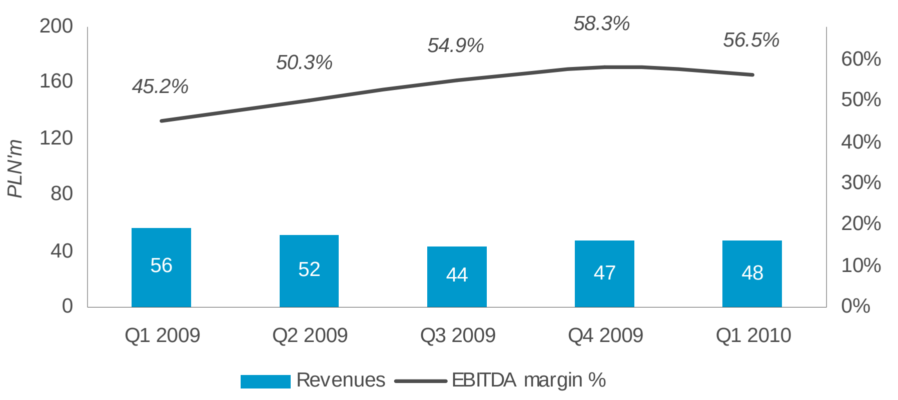
Comments

- Cash generative and stable business model
- Data revenue is increasingly important to the sales mix
- High operating margin as most services provided over Netia's own infrastructure

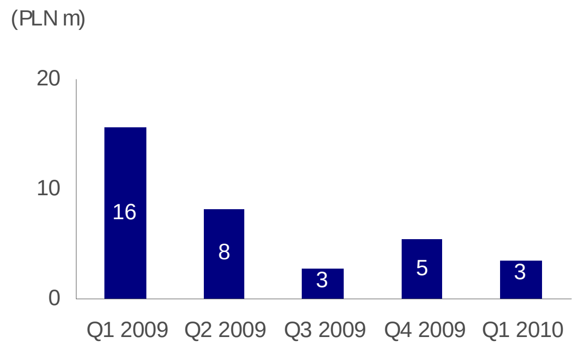
Source: Company

Operating segments | Carriers

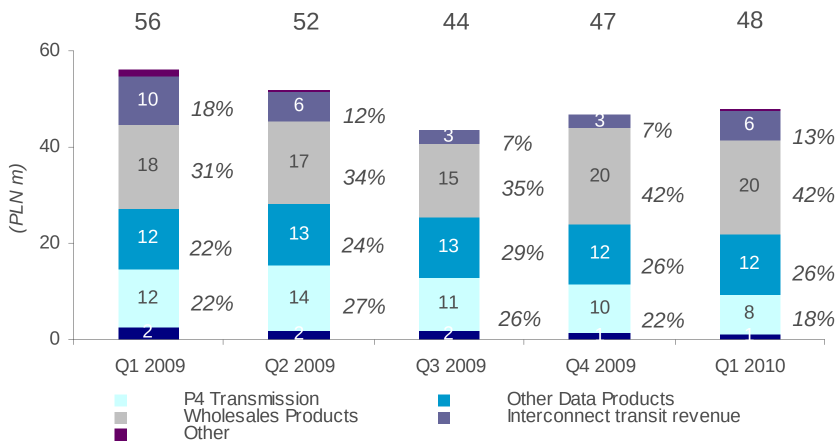
Revenue and EBITDA margin



Capex



Carriers revenue by type



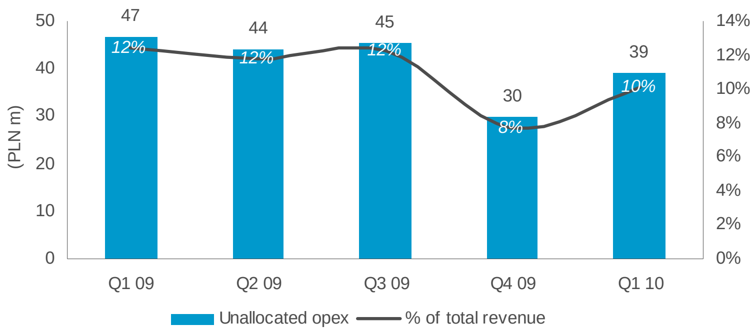
Source: Company

Comments

- Strong cash generative and stable business model
- Contribution mainly from data transmission and opportunistic carrier contracts
- Traditionally high operating margin based on leasing Netia's own capacity
- Gradual loss of P4 contract revenue and margin but also much lower capex

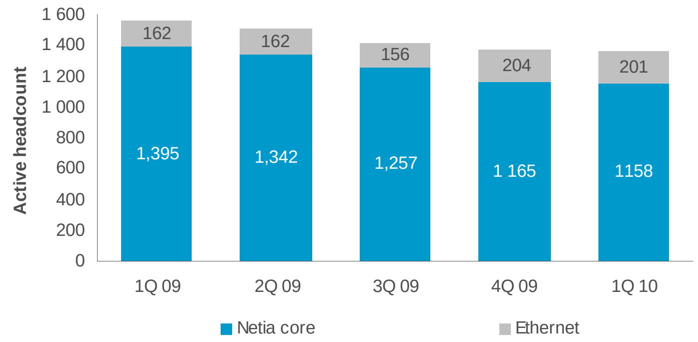
Operating expenses | Visible progress on costs

Other operating segment expenses

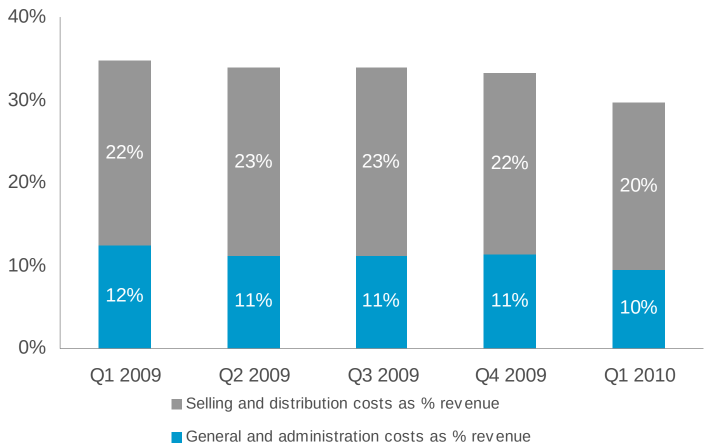


Headcount

Total headcount[1]	1,609	1,606	1,477	1,432	1,410
Active headcount[2]	1,557	1,504	1,413	1,369	1,359



Total SG&A to revenue (%)



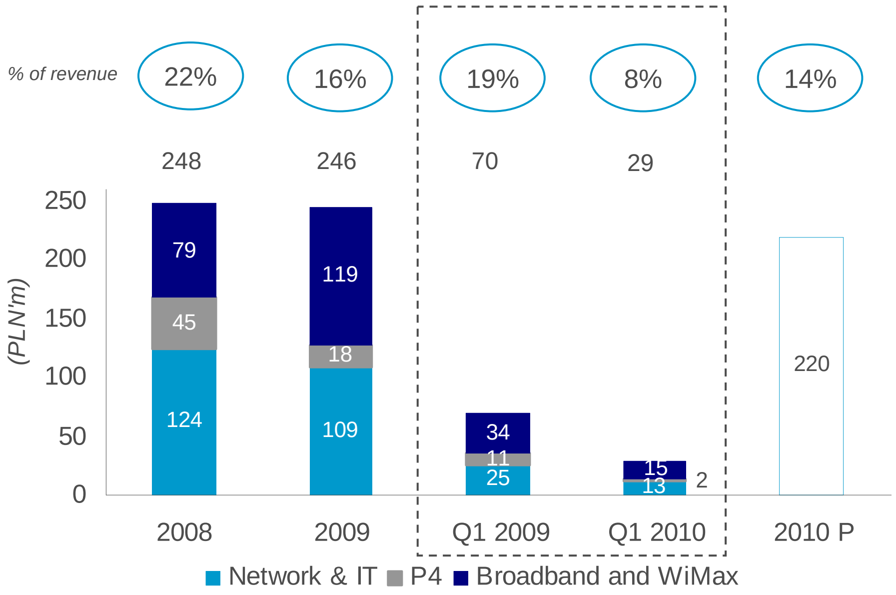
Comments

- SG&A expenses down by 12% y-o-y of as a result of efficiency gains mainly delivered through Project Profit
- Unallocated operating expenses on a decreasing trend
  - Positive accounting impact on settlement with TP netted off PLN 15.3m of costs in Q4 2009
- Headcount reduced to 1,410 in Q1 2010, down by 12% over 12 months

Source: Company
1 Full-time equivalent of employees
2 Full-time employment equivalent with regard to employees who are not during maternity leaves, non-paid leaves nor long-term sick leaves (above 33 days during calendar year), who are not at military service or who were relieved from the obligation to perform work

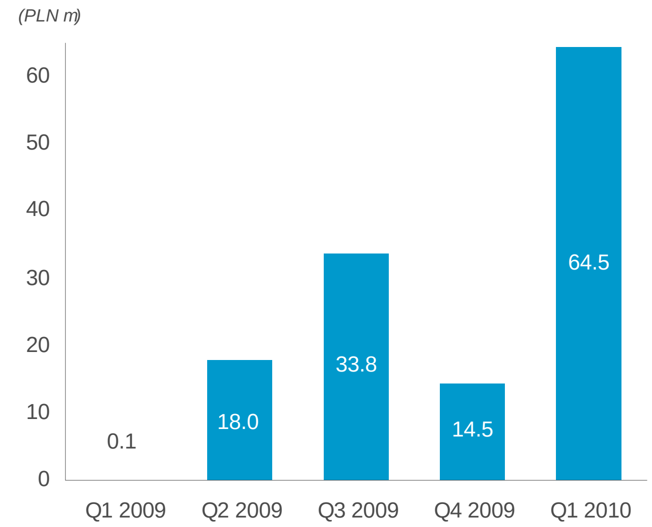
Financial performance | Capital investments and operating FCF

Capital investments



- Netia continues to invest in growth, mainly in residential segment to provide for increasing volumes of subscribers and capacity for higher speeds
- Lower capex in Q1 10 over a prior year quarter reflects strict control measures, differences in the timing of major projects completion and completed P4 transmission roll-out

Operating FCF[1,2]



- Netia is rapidly improving free cash flows from its operations (OpFCF)
- Netia targets PLN 140m of OpFCF in FY2010

[1] Operating FCF = EBITDA less capex; EBITDA as reported less investments in tangible and intangible fixed assets
[2] Ccapex related payments were PLN 56.5m for Q1 2010 as payables related to investments made in Q4 2009 were paid down

EBITDA reconciliation to Net Profit | Comments

PLN'000	Q1 2009	Q1 2010		Change
Adjusted EBITDA	**71,530**	**90,799**	1	*+27%*
Gain on disposal of transmission equipment to P4	-	2,865		*nm*
Project Profit restructuring costs	(1,619)	(138)		*-91%*
EBITDA	**69,911**	**93,526**	1	*+34%*
Depreciation and amortization	(72,962)	(73,972)		*+1%*
EBIT	**(3,051)**	**19,554**	1	*nm*
Net financial costs	(3,883)	(2,129)		*nm*
of which FX gains or losses, net	*(2,394)*	*(661)*	2	*nm*
Income tax credit / (expense)	533	(3,081)		*nm*
Profit/ (Loss)	**(6,401)**	**14,344**		*nm*
Shares outstanding	389,277,294	389,338,353		*na*
EPS (in PLN, basic & diluted)	**(0.02)**	**0.04**		*nm*

1 Surge in profitability due to strong subscriber base growth as well as delivery of savings and synergies

2 Hedging policy implemented in Netia due to high volatility of EUR and USD payments to foreign subcontractors of equipment

FY 2010 guidance | Broadband subscribers up, all other guidance maintained

	Previous	Revised
Broadband subscribers *('000)*	680	700
Voice service customers *(own network + WLR) ('000)*	1,225	1,225
Unbundled local loop *(LLU) nodes*	500+	500+
Total revenues *(PLN'm)*	1,550+	1,550+
Adjusted EBITDA *(PLN'm)*	355+	355+
Adjusted EBITDA margin *(%)*	23%	23%
EBITDA *(PLN'm)*	360+	360+
EBIT *(PLN'm)*	60+	60+
Capital investment *(excl. M&A) (PLN'm)*	220	220

- Netia increases its guidance for the number of broadband clients by 20K by the end of year
- EBITDA guidance maintained as Netia expects higher cost of subscriber acquisitions (SAC) due to accelerated sales of voice services and costs of migration onto full LLU
- Netia guides for FY2010 to be net profitable throughout the whole year with FCF generation to reach PLN 140m
- Ethernet acquisitions come on top of this guidance

Source: Company *Guidance as of May 6, 2010*

Summary

- **Another excellent quarter in sales performance especially in Residential and SOHO/SME segments**
- **Operating efficiency gains delivered as planned through Project Profit and Tele2 synergies**
  - ‘Profit’ project aimed at reducing OPEX by net PLN 100m in FY2010 and beyond
  - Synergies from the Tele2 Polska integration expected 54% ahead of original target at PLN 46m+
- **Broadband strategy driving profitability improvements and FCF generation**
- **Focus on further progress on 2play sales and LLU migration**
- **Netia well positioned for any major acquisitions**
- **Netia welcomes the market pricing shift towards faster speed services**
- **Outlook for 2010:**
  - Broadband subscribers to reach 700k plus Ethernet acquisitions
  - Adjusted EBITDA to reach over PLN 355m and EBITDA to reach over PLN 360m
  - Netia expects to be operating net profitable and generate over PLN 140m of free cash flow before acquisitions
  - Strong focus on customer care and quality of delivered services under new ‘Customer First’ (‘Klientomania’) project

No.1 Altnet in Poland

May 2010

www.investor.netia.pl

WOLNOŚĆ WYBORU

Executive summary | Netia's investment proposition

Poland's largest altnet telecom	

Poland's largest altnet telecom

- Poland's largest altnet telecom operator with 2009 revenue of PLN 1,506m
  - Growth driven via organic subscriber gross additions and bolt-on acquisitions
  - Three times larger than nearest altnet competitors
  - 2010 Adjusted EBITDA margin forecast at 23% with FCF margin at 9% of sales
  - Debt free and ready for further market consolidating acquisitions

Broadband driven growth strategy

- Broadband-driven growth strategy aiming for one million broadband subscribers by FY2012
  - Subscriber base up to 603k in Q1 2010 from 60k in Q4 2006
    - Market share up from 1.5% in Q4 2006 to 10.5% in Q1 2010[1]
  - 35% of net broadband additions in the Polish market during the 12 months to the end of Q1 2010[1]
  - Dominant share of regulated broadband access among altnets (90% in BSA, 95% in LLU)
  - 37% of broadband customers served end-to-end over Netia's own network
  - Netia is guiding for 700k broadband customers by December 2010

Leveraging own network scale

- 1.173 million voice subscribers at the end of Q1 2010
  - Approximately 400k voice customers served end-to-end over Netia's own network
  - More than 746k voice subscribers served via wholesale agreements with incumbent (WLR)
  - Up-selling broadband to existing clients (focus on 2play)
- Approximately 5.0k km of backbone network and 4.5k km of metropolitan rings underpin all operations
- Market leader in roll-out of LLU with migration of wholesale customers to LLU underway
- The Company is guiding for 1,225k voice customers by December 2010

Competitive advantages

- Leveraging competitive advantages of national backbone and residential market know-how
- Attractive market growth potential and a positive regulatory environment
- Largest altnet for business customers, strongly cash generative
- Strong balance sheet and fully funded growth strategy
- Experienced management team with shareholder value driven compensation plans

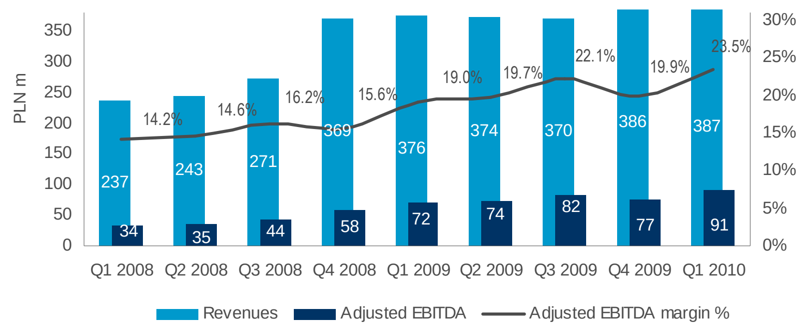
1 Based on Netia's internal estimates of the total fixed broadband market volume

Executive summary | Key financial and operational highlights

Dynamically growing business

PLN m	2006A	2007A	2008A	2009A	2010F	EUR m 2010F
Revenue	**862**	**838**	**1,121**	**1,506**	**1,550**	**371**
Growth (yoy%)	*-5.2%*	*-2.8%*	*33.8%*	*34.3%*	*2.9%*	*2.9%*
Adjusted EBITDA [1]	**221**	**171**	**171**	**304**	**355**	**85**
Margin (%)	*25.6%*	*20.4%*	*15.3%*	*20.2%*	*22.9%*	*22.9%*
EBITDA	**-69**	**171**	**171**	**313**	**360**	**86**
Margin (%)	*-8.0%*	*20.4%*	*15.3%*	*20.8%*	*23.2%*	*23.2%*
Investment outlays *(excl. M&A)*	174	244	248	246	220	53
Acquisition outlays	68	37	178	16	nd	nd
Total capex	242	281	426	262	nd	nd
Disposal proceeds	na	na	460	46	nd	nd

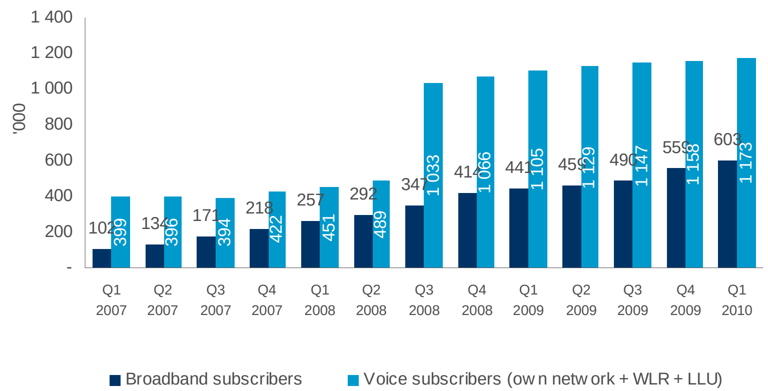
Revenues and EBITDA development



Asset backed with net cash available

PLN m	2006A	2007A	2008A	2009A	1Q 2010 A	EUR m 1Q 2010A
Total assets	**2,155**	**2,071**	**2,283**	**2,341**	**2,298**	**550**
Liabilities	210	343	355	316	256	**61**
Shareholders funds	1,945	1,728	1,928	2,025	2,042	**489**
Net cash / (debt)	144	-37	193	239	206	**49**
Undrawn loan facilities	200	208	375	295	295	**71**
Enterprise value					**1,623**	**389**
Market capitalization *(as of May 6, 2010)*					1,830	438
Shares outstanding *(m)*					389.3	389.3
						2010F
Backbone networks *(km)*	5,002	5,002	5,002	5,002	nd	nd
Metropolitan networks *(km)*		4,068	4,452	4,452	nd	nd
Unbundled local loop nodes	0	0	133	297	307	500
Broadband clients *(k)*	60	217	414	559	603	700
Voice clients *(own network, WLR & LLU) (k)*	398	391	1,065	1,158	1,173	1,225

Broadband and voice subscribers



Source: Company, PLN/EUR spot rate as of May 6, 2010 was 4.1771

1 EBITDA for 2006 adjusted for an impairment charge on non-current assets and a gain on reassessment and cancellation of El-Net's license fee liabilities. EBITDA for 2009 adjusted for one-off restructuring expenses related to the cost reduction program (the "Profit" project), a gain on disposal of P4 transmission assets and a positive accounting impact from the settlement agreement with TP

Executive summary | Netia's vision and mission

MISSION

Preferred choice for broadband services

VISION

Be the fastest growing communication service provider in Poland by:

- Satisfying our customers' needs for fully featured, high quality broadband services
- Creating value through dynamic growth of our customer base
- Providing an inspiring, performance driven and entrepreneurial work environment

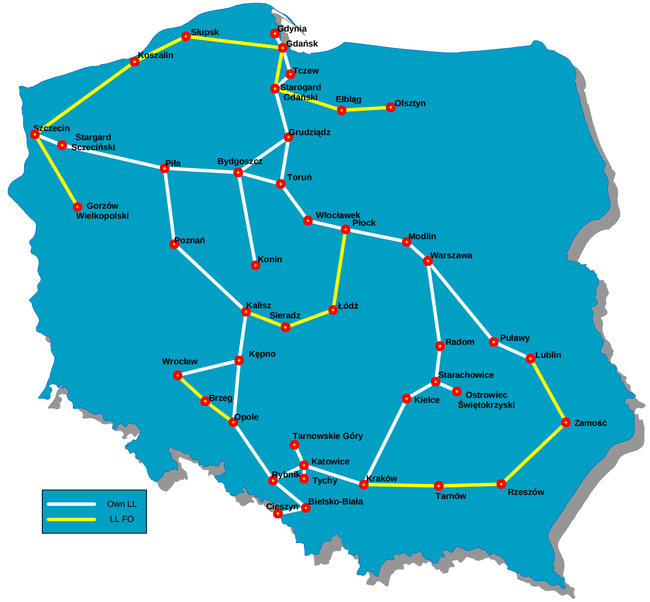
Achieve balanced growth in broadband customer base to extend #1 position among altnets	Grow customer value by increasing penetration of triple-play, mobile and convergent services	Maintain strong and profitable position in Corpo & Carriers segments	Drive cost reduction, capex optimization and efficiency improvement
■ 1.0m broadband lines by 2012 (HOME & SOHO/SME focus) ■ Own network & LLU based access to account for majority of all broadband customers in 2012	■ Voice & BB bundles to become a significant portion of customer base by 2012 ■ Up-sell mobile & convergent services to Business customers ■ Launch TV in 2010	■ Profitable growth of Corporate with EBITDA margin at satisfactory level ■ Profitable growth of Carriers with EBITDA margin at satisfactory level	■ Achieve significant cost reduction and benefits from economies of scale ■ Optimize capex spend on IT and network infrastructure (legacy network & capacity extensions)

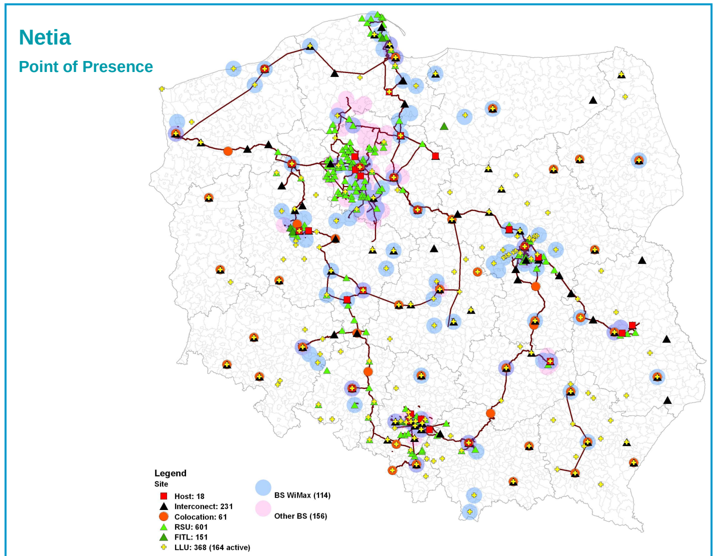
Maintain organizational culture to support value growth focused strategy	■ Visible customer centric, performance driven, entrepreneurial and trusting behavior of employees

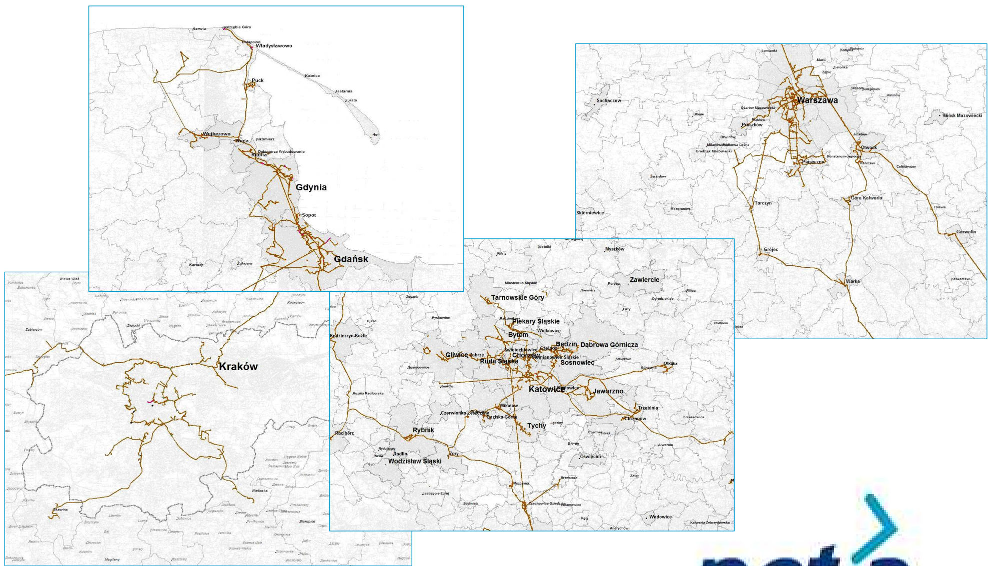
Achieve satisfactory FCF margin by 2012	■ Revenue growth (CAGR) in 2010-12 of 5%-10% for retail market segments and 3%-5% overall ■ Adjusted EBITDA margin at 23% in 2010 and 28% in 2012 ■ CAPEX-to-sales below 15% (2010: 14%)

Executive summary | Netia's own network coverage

- Backbone fiber network of approximately 5,000km
- Metro fiber network of approximately 4,450km
  - Own duct pipe of approximately 3,200km
  - Typical capacity 72j
  - Metropolitan fiber infrastructure in 44 biggest cities of Poland
- Over 40 C/DWDM sites in all major cities
- Alcatel based SDH network (1500+ SDH sites with STM -16 and STM -64)
- Two independent networks carrying all packet traffic
  - Carrier Ethernet and Metro Ethernet for L2 services
    - 30 Ethernet nodes with 10Gb uplink
    - 150 Ethernet nodes with 1Gb uplink
    - 550+ ADSL nodes with 1Gb uplink
  - IP core network for other services
    - 15 Core IP nodes with 10Gb uplink
    - 4 POI with International IP Transit Providers
- 5 Collocation Centers (Tier III class)
- International point of interconnect in Cieszyn (route to Prague and Frankfurt)
- One homogenous management system with end-to-end provisioning capabilities







Source: Company

netia
WOLNOŚĆ WYBORU

Executive summary | Positive regulatory changes

Market status prior to introduction of regulated access in 2006

- Altnets competed with the incumbent in select country concession areas over their own local networks, target addressable market was limited to their own network coverage (Netia's accessible market was 398k lines), nationwide competition only for call-by-call services

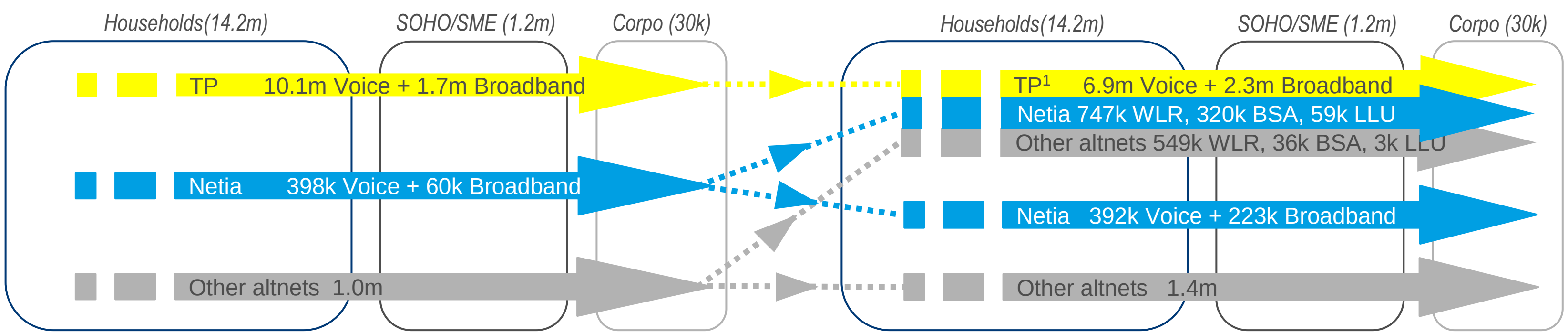
Market status post WLR/BSA regulated access introduction in 2007

- Regulated access over incumbent's network allows altnets to resell voice, broadband services and subscriptions based on wholesale (WLR/BSA) agreements with the incumbent (TP)
- New regulatory regime allows Netia to reach out to more than 10m residential and business customers connected to TP's local networks
- Netia's national backbone network & back-office, brand and business processes are now leveraged across the entire addressable market nationwide

Market status post LLU regulated access implementation in 2007

- LLU legislation in place since 2003 in Poland, but effective unbundling process possible as of 2007, LLU tariffs significantly reduced as of 2009 improve attractiveness of LLU customers to altnets
- Incumbent's network comprises ~5k nodes with average ~2k lines per node (totalling ~10m lines)
- Netia becomes the only truly successful altnet in Poland with 307 nodes unbundled by the end of Q1 2010, targeting 500+ nodes unbundled by 2012 year end (each node with average ~10k lines) in total approximating 50% of TP's access lines

2006 pre regulatory access | Q1 2010 with regulatory access



Netia addressable market today is:

- 8.1m TP lines
- 392k Netia own lines (550k lines of installed capacity)
- WiMax national license
- Ethernet networks acquisitions (415k homes passed to date)

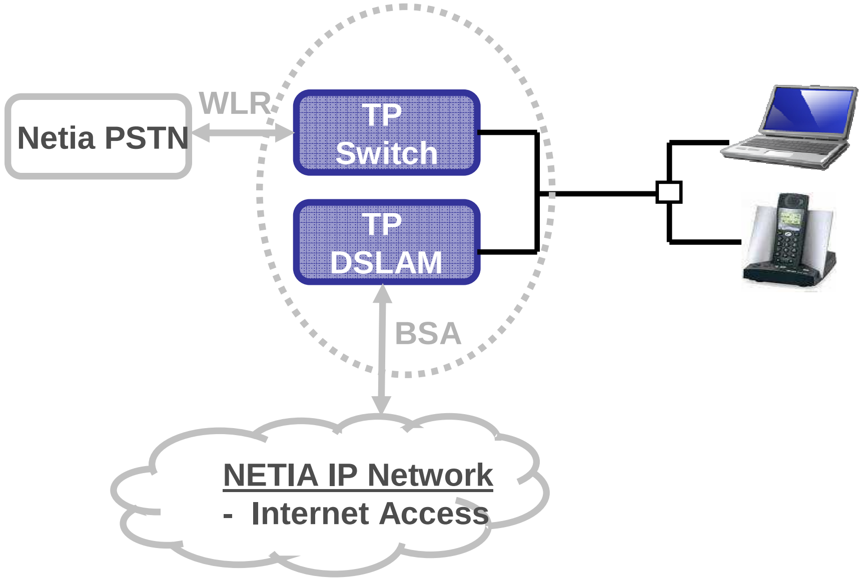
1 TP lines in retail (excluding wholesale to altnets) Source: Company, TP, UKE, press releases

Executive summary | Regulatory conditions in Poland

Fixed subscription resale (WLR) cost	PLN 20 (‘Retail minus’ formula)
Bit stream (BSA) wholesale prices	PLN 24-26 (‘Retail minus’ formula)
Full LLU costs (monthly fees)	PLN 22
Shared LLU costs (monthly fees)	PLN 5.81

Source: Company

Executive summary | Wholesale model works successfully



Business Model (2play)

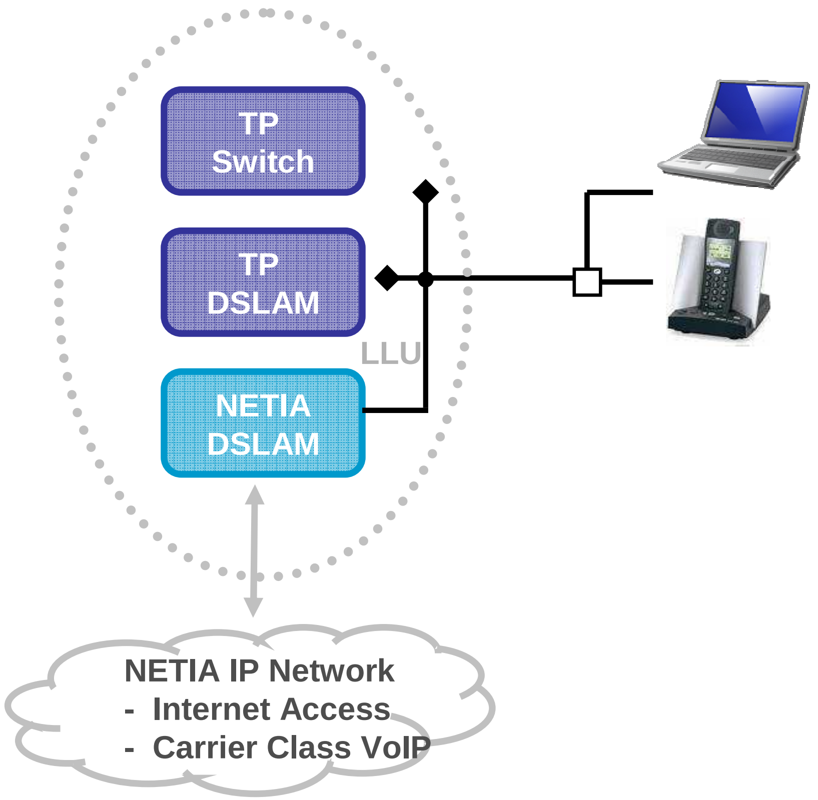
- TP offers Voice & Internet for ~110 PLN
- Netia bills voice and Internet for **~ 90 PLN**
- Netia pays 49% of TP retail to TP for Internet and 47% of monthly fee for WLR
- **TOTAL cost ~ 49 PLN**
- Gross margin 45%
- Netia does not invest in DSLAM
- Netia can only resell services offered by TP i.e. bandwidths

Wholesale Strategy

- Single play customers represent a base for cross selling
- Migration of 1play (BSA) customers to higher margin LLU services (shared LLU) began in Q2 2009
- Migration of 2play customers to full LLU access from November 2009, restarted in mid-April 2010 following introduction of operational improvements to business processes supporting migrations during Q1 2010
- 26k clients migrated by the end of Q1 201

Source: Company

Executive summary | LLU model offers broader opportunities



Business Model (2play)

- Netia bills Double Play Revenues at **~ 90 PLN**
- Netia pays TP 22 PLN monthly line rental fee
- **TOTAL monthly wholesale fee ~22 PLN**
- Gross margin 75%
- Netia has to invest in its own DSLAM (~ 200K PLN / node)
- NETIA controls services delivered over DSLAM
  - Speeds
  - Value Added Services like IPTV, VOD, PVR

LLU roll-out

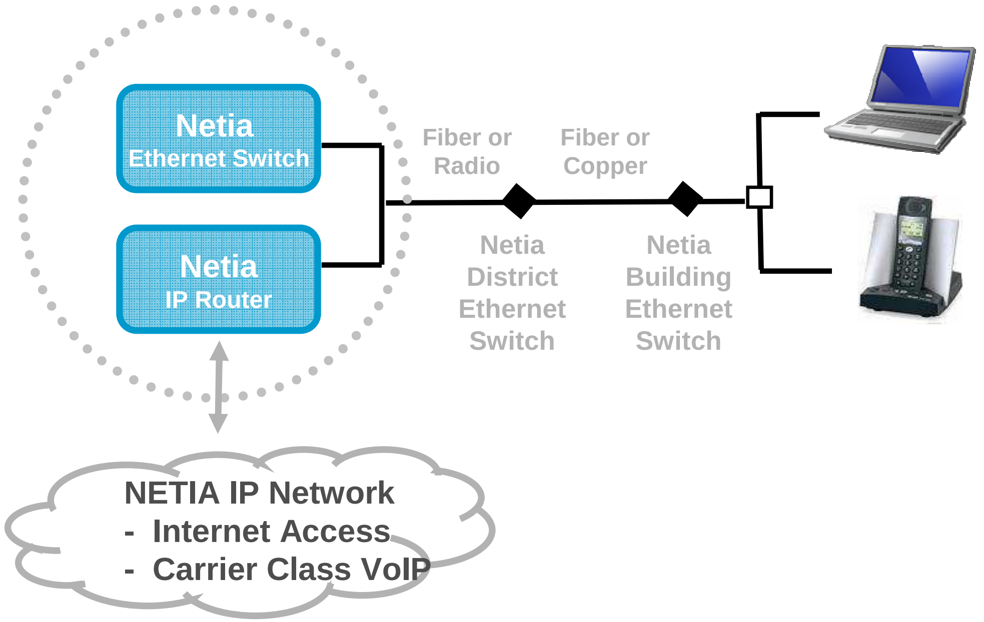
- Target to unbundle 4.2m TP lines with 500 DSLAM in 2008-2010
  - Attractive operating leverage on unbundling ~10% of incumbent's infrastructure accessed ~50% of the total addressable market[1]
- 318 nodes unbundled as at May 6, 2010
- 62k LLU clients by May 6, 2010

- Migration of wholesale customers from Q2 2009 (1play) and Q4 2009 (2play); 26k clients migrated by the end of Q1 2010
- Wholesale prices effective as at October 2009 frozen for a 3 year period to October 2012 as follows:
  - Monthly line rental fee for full LLU at PLN 22
  - Monthly line rental fee for shares LLU at PLN 5.81
  - One-time LLU installation fee at PLN 55.51

1 Netia targets selectively nodes with 10k+ lines per node (average no. of lines per node in PL is ~2k)

Source: Company

Executive summary | Consolidation opportunities in Ethernets



Business Model

- Netia controls all elements of access network = no „last mile" access fees to third parties
- Average Internet ARPU at ~ 43 PLN
- Potential for ARPU increase when introducing VoIP services
- Synergies from the acquired Ethernet networks (scale, infrastructure, organization) leading to the improvement of results after acquisition
- Fast client service – Internet activation and maintenance
- Gross profit margin of ~ 70%

Ethernet Strategy

- 1play Internet access customers represent base for voice up-selling (convergence to 2play)
- Organic growth through increased penetration of acquired homes passed (approximately 415k)
- Investment dedicated to services upgrade and coverage expansion
    - At present Netia's standard offer over ETTH building's last mile is Internet access of up to 4Mbps & VoIP while technology usually allows access speeds of up to 100 Mb/s within the ETTH access network
    - Provisioning of IPTV and higher speed Internet usually requires an upgrade of capacity between the ETTH access network and Netia's backbone network
- Target of 200k Ethernet subscribers by 2012 (organic and acquisitions)

Source: Company

Executive summary | Recent regulatory developments

Agreement between the Regulator and TP (Oct. 09)

- **Non-discrimination rules introduced with respect to TP's cooperation with altnets**, including among others:
  - KPIs analysis and quarterly independent audits
  - A separate incentive system for the wholesale services division
  - Chinese walls between retail and wholesale divisions
- **Stabilised market environment:**
  - Current wholesale access rates frozen for the 3 year period
  - Introduction of a 'cost plus' formula for wholesale prices subject to performance of a margin squeeze test
  - Margin squeeze test to include the cost base of altnets (REO) and pricing of the market offers incl. bundles
  - FTR (fixed termination rates) asymmetry in place until January 2014
  - Pattern of a bi-lateral agreement between TP and altnets established
- **TP committed to invest in 1.2m broadband lines** (700k upgraded lines and 500k newly built lines) within the next three years

Key implications for Netia

- **Non-discrimination tools are expected to increase the competitiveness of Netia's product offering and speed-up the process of activating new clients who are served over an access to the incumbent's network**
- **Attractive investment in LLU/BSA/WLR:**
  - Current wholesale access rates (incl. LLU) drive investment into network and higher speed broadband offers in Netia
  - TP acknowledged the current wholesale prices as profitable
  - Margin squeeze test (incl. bundled offers) should secure the profitability of Netia's regulated access-based services in the future
- **Addressable market for Netia shall increase due to TP roll-out commitments**

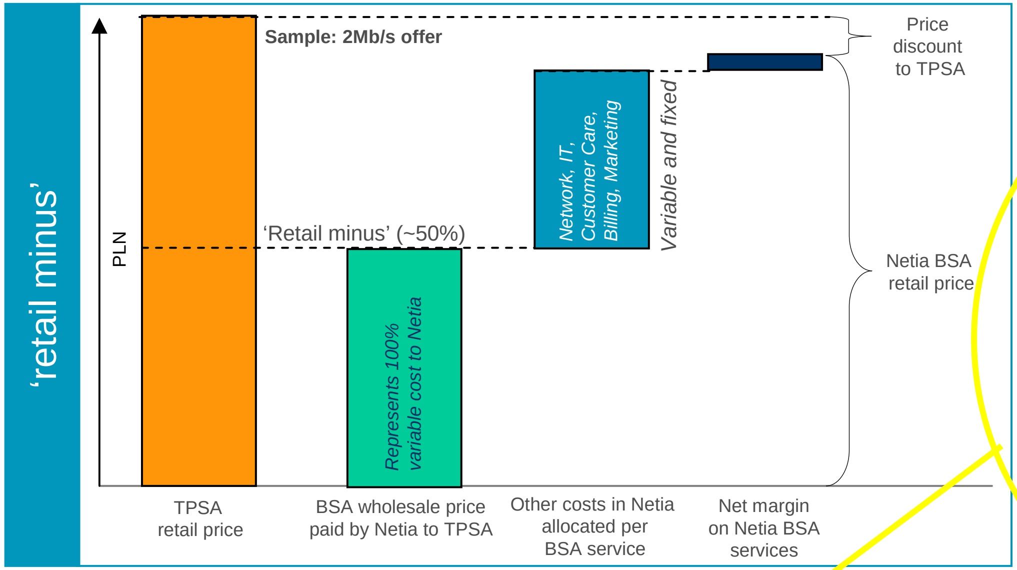
Agreement between Netia and TP (Dec. 09)

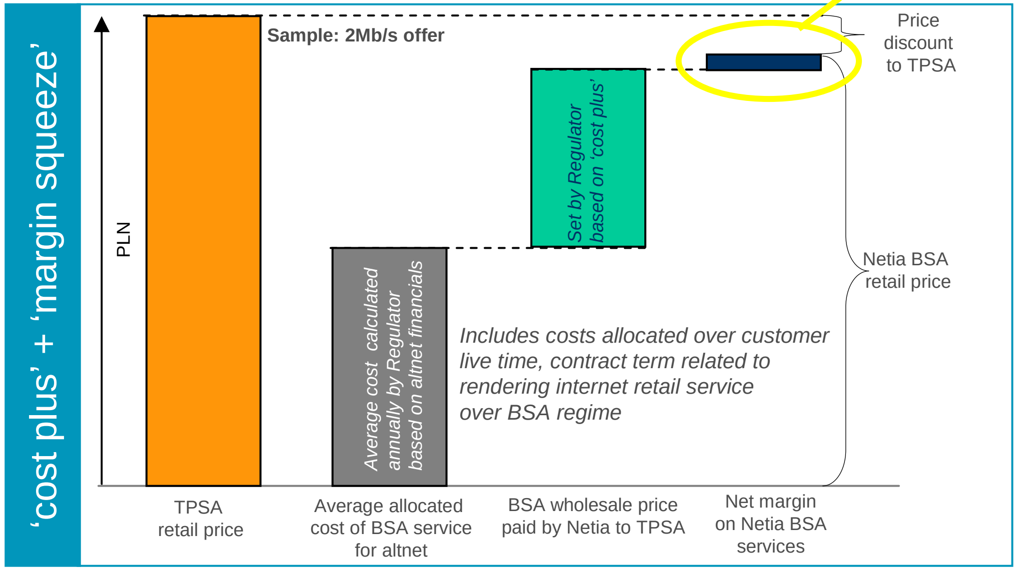
- **The wholesale rates for telecommunications access binding in the reference offers as at October 10, 2009 will remain in force until the end of 2012** as follows:
  - LLU & WLR charges will remain unchanged for the 3 year period
  - BSA charges for broadband services delivered by Netia to existing subscribers at currently offered transmission speeds will remain at the level not higher than the amount of charged fees as agreed on October 10, 2009 for the 3 year period
  - BSA charges for new Netia subscribers, which shall be based on a 'cost plus' formula, including the margin squeeze test, to be negotiated. For existing speeds, prices paid may not rise.
- **Netia and TP withdrew their law suits and terminated all court disputes, including the resignation from claims**

Key implications for Netia

- **Financial predictability for developing LLU/BSA/WLR services, including visibility of earnings and confidence to invest**
- **Improved co-operation with TP expected to result in quicker line activation and higher quality of customer service**
- **Litigation risks removed**
- **In Q4 2009 Netia recorded a positive accounting impact on settlement of disputes and claims with TP of PLN 15.3m**

Source: Company, UKE (the Regulator)





‘margin squeeze test’

- Based on the cost allocation for rendering broadband service on BSA regime by altnets, the Regulator sets the average cost base used in the ‘margin squeeze test’ in order to determine whether competitors have room to provide broadband services profitably
- Margin squeeze test is performed prior to introduction of any new offer on the market commercially.
- If margin squeeze test is passed, it means that after recognition of average cost base on BSA for altnets and including a wholesale tariff on BSA to TPSA, Netia is able to compete profitably with TPSA
- If margin squeeze test is not passed then a ‘retail minus’ regime is reemployed to determine wholesale tariff on BSA from altnets to TPSA
- Margin squeeze test protects altnets from unfair competition and potential monopolistic practices

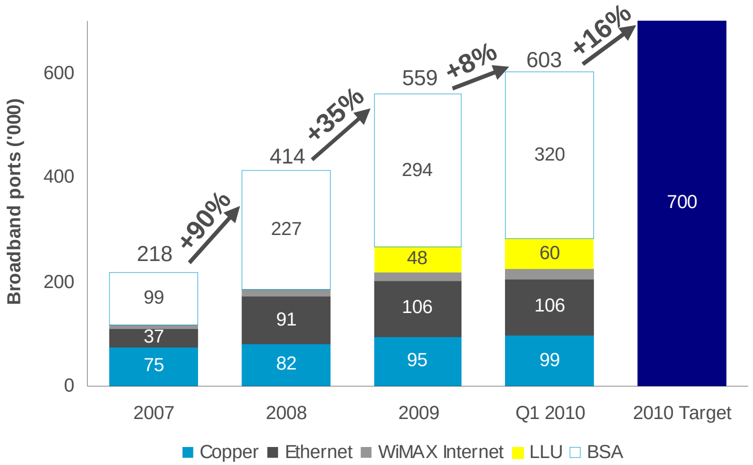
Key conclusions

- Incumbent has little room to increase wholesale fees as most service speeds were already capped for 2010 – 2012
- Margin-squeeze test protects Netia’s profit margin on BSA services
- At lower speeds TPSA would need to cut wholesale fees in order to pass margin-squeeze test to be able to undercut Netia pricing

Source: Company

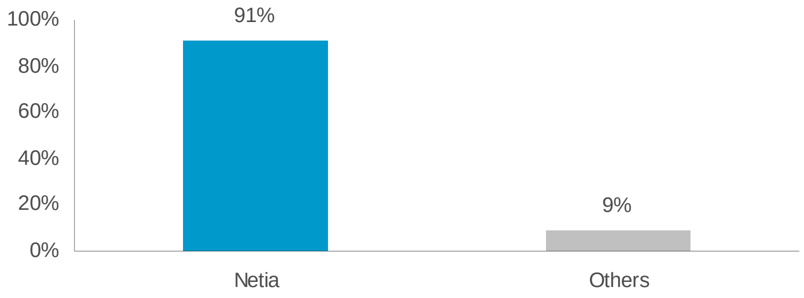
Executive summary | No.1 altnet in broadband services in Poland

Broadband services by type of technology as of Q1 2010

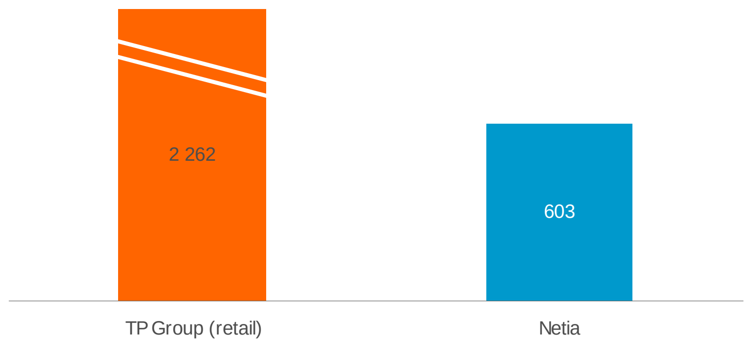


- 603k broadband customers served at March 31, 2010
- Netia's market share in broadband grew from 2.4% in Q1 2007 to 10.5% in Q1 2010
- Netia's market share in broadband net adds in the past 12 months to Q1 2010 was 35%
- 37% of broadband customers served directly by Netia's own access networks
- Netia aims at 700k broadband customers through organic growth by the end of 2010, excluding potential further Ethernet acquisitions

Altnets' market shares in regulated access (BSA & LLU) as of Q1 2010



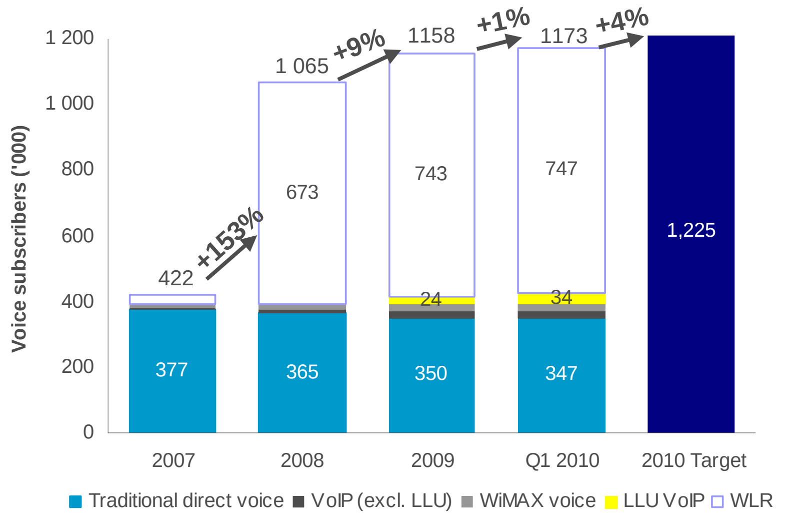
Broadband ports as of Q1 2010



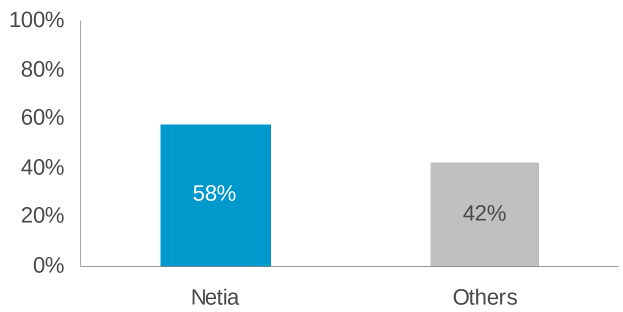
Source: Company, public information

Executive summary | No.1 altnet in voice services in Poland

Voice customers by type of technology as of Q1 2010

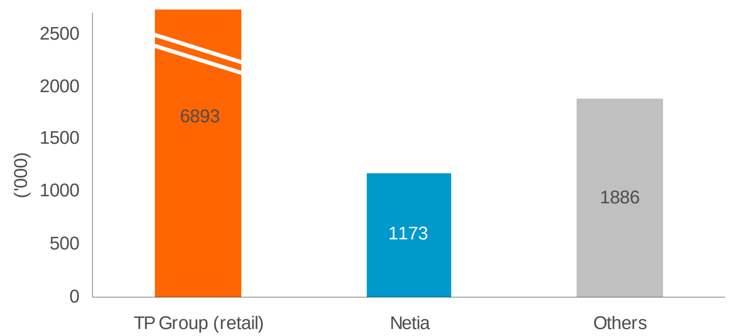


WLR[1] market shares as of Q1 2010



- 1,173k voice customers served at March 31, 2010
- Over 500k customers acquired in 2008 through Tele2 Polska transaction
- 33% of voice customers served directly over Netia's own access network
- Netia has 58% of WLR customers among altnets
- Netia aims at 1,225k voice customers (own network + WLR + LLU) through organic growth by the end of 2010
- Voice market share estimated at 11.8%

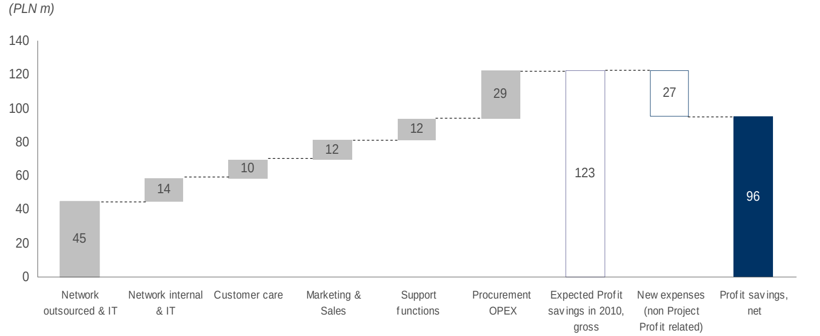
Total voice subscriber lines as of Q1 2010



Source: Company, public information 1 Wholesale line rental

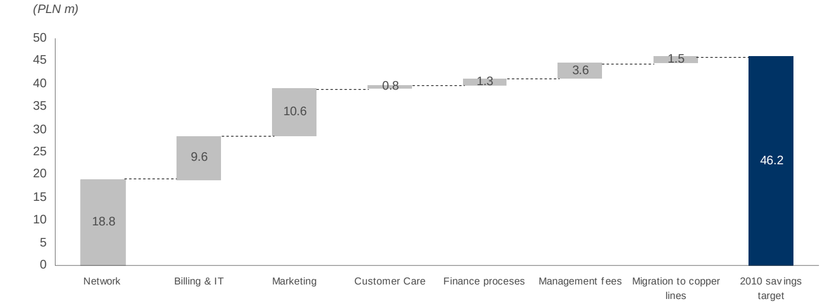
Executive summary | Major initiatives implemented in 2009

Project Profit



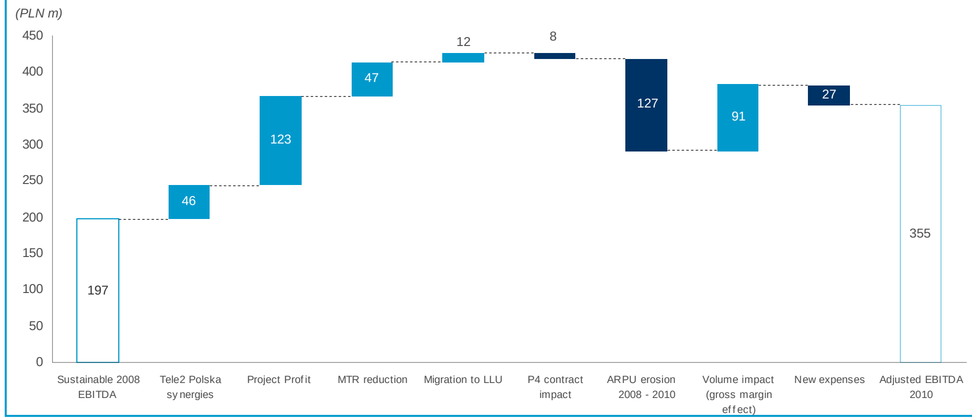
- Savings delivered by the 'Proft' project in 2009 amounted to PLN 74m gross; savings expected from 2010 and onwards at PLN 123m gross
- Netia headcount dropped from 1,673 at Dec. 31, 2008 to 1,414 at Jan. 31, 2010

Tele2 Polska integration synergies



- Savings delivered by the post acquisition integration of Tele2 Polska amounted to PLN 27m in 2009
- Savings projected to be delivered in 2010 total PLN 46m

EBITDA Bridge - accelerated improvement in profitability during 2008 - 2010



- EBITDA growth in FY2010 driven mainly by Netia's efficiency initiatives - 'Profit' project and Tele2 Polska synergies - as well as increased scale of operations
- Additionally, positive impact from regulatory changes - introduction of lower mobile termination rates (MTR) - as well as migration from BSA to LLU from FY2009
- EBITDA margin expected to increase by approximately 7 percentage points from 16% in FY2008 (annualized Q4 08) to 23% in FY2010

Source: Company

Executive summary | 2010 guidance and mid-term outlook

Guidance FY2010

Broadband subscribers *('000)*	700
Voice service customers *(own network + WLR) ('000)*	1,225
Unbundled local loop *(LLU) nodes*	500+
Total revenues *(PLN'm)*	1,550+
Adjusted EBITDA *(PLN'm)*	355+
Adjusted EBITDA margin *(%)*	23%
EBITDA *(PLN'm)*	360+
EBIT *(PLN'm)*	60+
Capital investment *(excl. M&A) (PLN'm)*	220

Medium term outlook

Revenue growth (CAGR) – overall	3% - 5%
Revenue growth (CAGR) – retail segment[1]	5% - 10%
EBITDA margins	
at 23%	2010
at 28%	2012
Increasing net operating profit trend	2010 - 2012
Increasing free cash flow trend	2009 - 2012
Capex to sales down to 15% by	2010
1 million broadband subscribers	2012

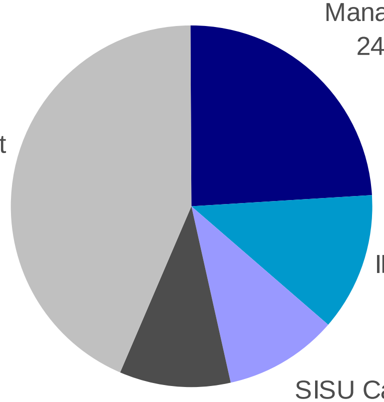
- Netia guides for FY2010 to be net profitable in each quarter
- Estimated FCF generation in FY2010 to reach PLN 140m
- Ethernet acquisitions come on top of this guidance

Source: Company [1] *Retail segment means Home, SOHO/SME, Corpo*

Guidance for FY2010 as published on May 6, 2010; Mid term outlook as of November 5, 2009

Executive summary | Netia shareholders and share price performance

Shareholder structure



As of March 31, 2010

Shareholder	Number of shares (m)	% Capital	% Votes
Third Avenue Management	93.7	24.07%	24.07%
ING OFE	48.0	12.33%	12.33%
SISU Capital	39.0	10.03%	10.03%
Pioneer Pekao[1]	38.9	9.99%	9.99%
Free float	169.672755	43.58%	43.58%
Total	**389.338353**	**100.0%**	**100.0%**

Source: Company

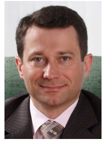
Share price performance since launch of broadband driven growth strategy (April 2007)

	PLN m	EUR m
Enterprise value (as of May 6, 2010)	**1,623.4**	**388.6**
Market capitalisation (as of May 6, 2010)	1,829.7	438.0
Debt outstanding (as of March 31, 2010)	-	-
Cash (as of March 31, 2010)	206.3	49.4
Shares outstanding (m)	389.3	389.3
Share price (as of May 6, 2010)	4.70	1.13
Daily volume average (k shares) (as of May 6, 2010 YTD)	362	362
PLN/EUR spot rate as of May 6, 2010	*4.1770*	*nm*

Source: Company

1 Notification by Pioneer Pekao IM, which referred to holdings of Netia shares by all clients of PPIM, was filed on August 4, 2009. Subsequently, PPIM informed on April 15, 2010 that Pioneer FIO fund owns 5.005% interest in Netia.

Executive summary | Management team



Mirosław Godlewski, *Chief Executive Officer*, 42, joined Netia in February 2007. Previously he served as President and CEO in Opoczno SA (2006) and Dec Sp. z o.o., a subsidiary of GATX, (2003-2005). Earlier, he worked at Pepsi-Cola General Bottlers Poland Sp. z o.o. as General Manager (2000-2003) and Sales Director (1999-2000); at PepsiCo Trading Sp. z o.o. (1993-1999) and at Polskie Biuro Badań Marketingowych Sp. z o.o. as Retail Audit Manager (1991-1993). Mr. Godlewski graduated from the Warsaw Technical University with a M. Sc. in Industrial Management. He also holds an MBA from Ashridge Management College, Great Britain. Active member of Young Presidents Organisation and Chapter Chair of its Polish chapter. Member of the management board of SEG (the Polish Association of Stock Exchange Issuers), effective March 25, 2009.

Jon Eastick, *Chief Financial Officer*, 42, joined Netia's management board in April 2006. Previously, he spent five years as Chief Financial Officer of the then leading Polish mobile operator PTC Sp. z o. o. Earlier, he worked at Lucent Technologies Poland SA as Country CFO (1998-2001); at PTK Centertel Sp. z o. o. as Strategy and Financial Planning Manager (1995-1998); and at Arthur Andersen, working in London and later in Warsaw (1989-1995). He graduated from the London School of Economics and is a UK Qualified Chartered Accountant.

Grzegorz Esz, *Chief Marketing Officer*, 37, joined Netia's management board in October 2009. Previously he was Vice President of Polskie Przedsiębiorstwo Wydawnictw Kartograficznych SA (PPWK) (2007-2009). Mr. Esz has rich experience in marketing and sales management developed in leading telecommunications companies such as MTS, the largest mobile operator in Russia (2006-2007), and Polska Telefonia Cyfrowa Sp. z o.o. (PTC), one of the largest mobile operators in Poland (1997-2005). During his term at PTC he served at various managerial positions and was responsible for, among others, developing the concept and full commercial launch of a new pre-paid service under the HEYAH brand. He graduated with distinctions in Marketing and Management from the Warsaw University of Technology. He also holds an Executive MBA diploma from the London Business School in London.

Piotr Nesterowicz, *Business Development and Technology Director*, 39, joined Netia in September 2008. Previously he was Managing Director of Tele2 Polska Sp. z o.o. (from 2004). From 1995 to 2004 he worked at McKinsey & Company as a Business Analyst and Associate, an Engagement Manager and an Associate Principal (Junior Partner). At that time, he was consulting to a number of domestic and foreign companies mostly from the telecommunications, power and banking sectors. He started his career in 1994 in Procter & Gamble. Mr. Nesterowicz has a M.A. degree in Management and a Ph.D. degree in Management and Organization from the Academy of Economics, Wrocław, Poland.

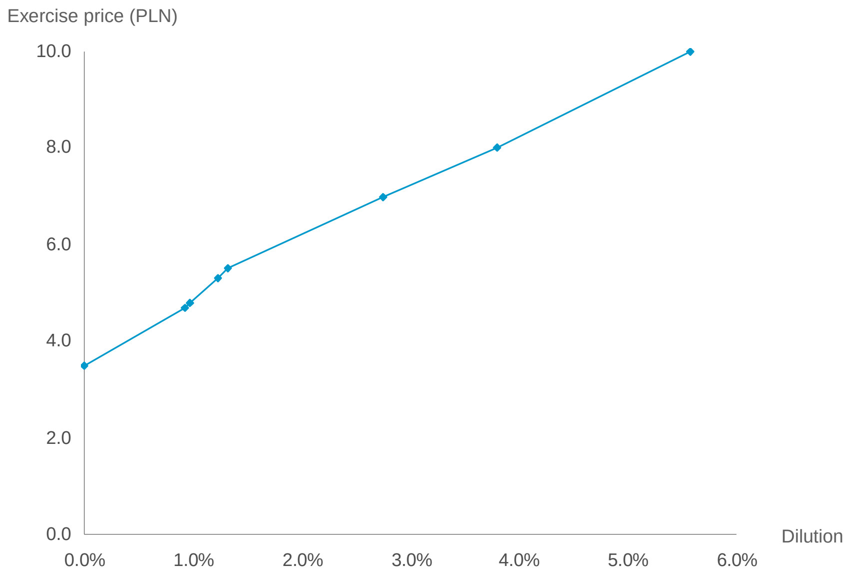
Tom Ruhan, *Chief Legal Officer*, 45, was appointed to Netia's management board in April 2006. He has been the Chief Legal Officer of Netia since March 2003. Prior to his employment with Netia, he worked at Wardyński & Partners for 12 years in various positions, being Of Counsel immediately before moving to Netia. During his 12 years there Mr. Ruhan advised on a number of privatisations including, amongst others, Telekomunikacja Polska SA and also worked on the financial restructuring of Netia. He graduated in law from the University of Warwick, UK. Mr. Ruhan is the Deputy Chairman of the Board of Directors of the European Competitive Telecommunications Association (ECTA)(www.ectaportal.com) and the Chairman of the Public Policy Committee of the Board of Directors. He is also a Deputy Chairman of SOT KIGEiT (Telecommunications Operators Section of the Polish Chamber of Commerce for Electronics and Telecommunications) for a second term of office and is a member of the Arbitration Committee (Komisja Rozjemcza) of KIGEiT.

Executive summary |Key managers highly incentivised

Strike price:	PLN 3.50[1]	PLN 5.50	PLN 7.00	PLN 8.25	Other	
Participants:						**Total**
Members of the Management Board	10,000,000	12,200,000	9,150,000	9,150,000	271,814	**40,771,814**
Employees[2] and former MB members	3,832,500	4,784,000	3,616,000	300,000	432,059	**12,964,559**
Total	**13,832,500**	**16,984,000**	**12,766,000**	**9,450,000**	**703,873**	**53,736,373**

Exercise date:	until December 20, 2012
Maximum number of shares issuable under this SOP:	13,258,206

Where options are exercised at a market price above the relevant strike price, the participant receives a number of shares equivalent to the value of the difference.



1 Strike price is pegged to the market price of Netia shares at the date of entering the scheme, however it cannot be lower than PLN 3.50

2 Management Board have discretion to issue up to 0.6 million of PLN 3.50 options and 3.2 million of other options to senior management

Source: Company

Summary

- **Netia is Poland's largest altnet telecom operator delivering strong EBITDA growth**
- **Broadband-driven growth strategy aiming for one million broadband subscribers by FY2012**
  - Subscriber base up to 603k in Q1 2010 from 60k in Q4 2006
  - Market share up to 10.5% in Q1 2010 from 1.5% in Q4 2006
  - Growth driven via organic subscriber gross adds and bolt-on acquisitions
- **Own network infrastructure underpins all operations**
  - Approximately 5.0k km of backbone network and 4.5k km of metropolitan rings
  - Over 1.1 million voice subscribers at the end of Q1 2010
    - Approximately 400k voice subs served end-to-end over Netia's own network
    - More than 746k voice subs served via wholesale agreements with incumbent (WLR)
  - Market leader in roll-out of LLU with migrations of wholesale customers to LLU underway
- **Competitive advantages stimulate continuous growth of Netia operations in Poland**
  - Leveraging competitive advantages of national backbone and residential market know-how
  - Attractive market growth potential and a positive regulatory environment
  - Largest altnet for business customers, strongly cash generative
  - Strong balance sheet and fully funded growth strategy
  - Experienced management team with shareholder value driven compensation plans

Source: Company

Disclaimer

Some of the information included in this material 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. For a more detailed description of these risks and factors, please see Netia's most recent financial report and press release. Netia undertakes no obligation to publicly update or revise any forward-looking statements.