Fastest growing telco in Poland

May 2012

NETIA

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.

Vision and Mission towards 2020

N E T I A

Mission

Vision

By 2020 Netia will profitably grow to be Poland's No.1 on-line gateway through:

- Delivering integrated and easy to use solutions
- Providing a superior customer experience, and
- the Drive of passionate employees inspired by our values

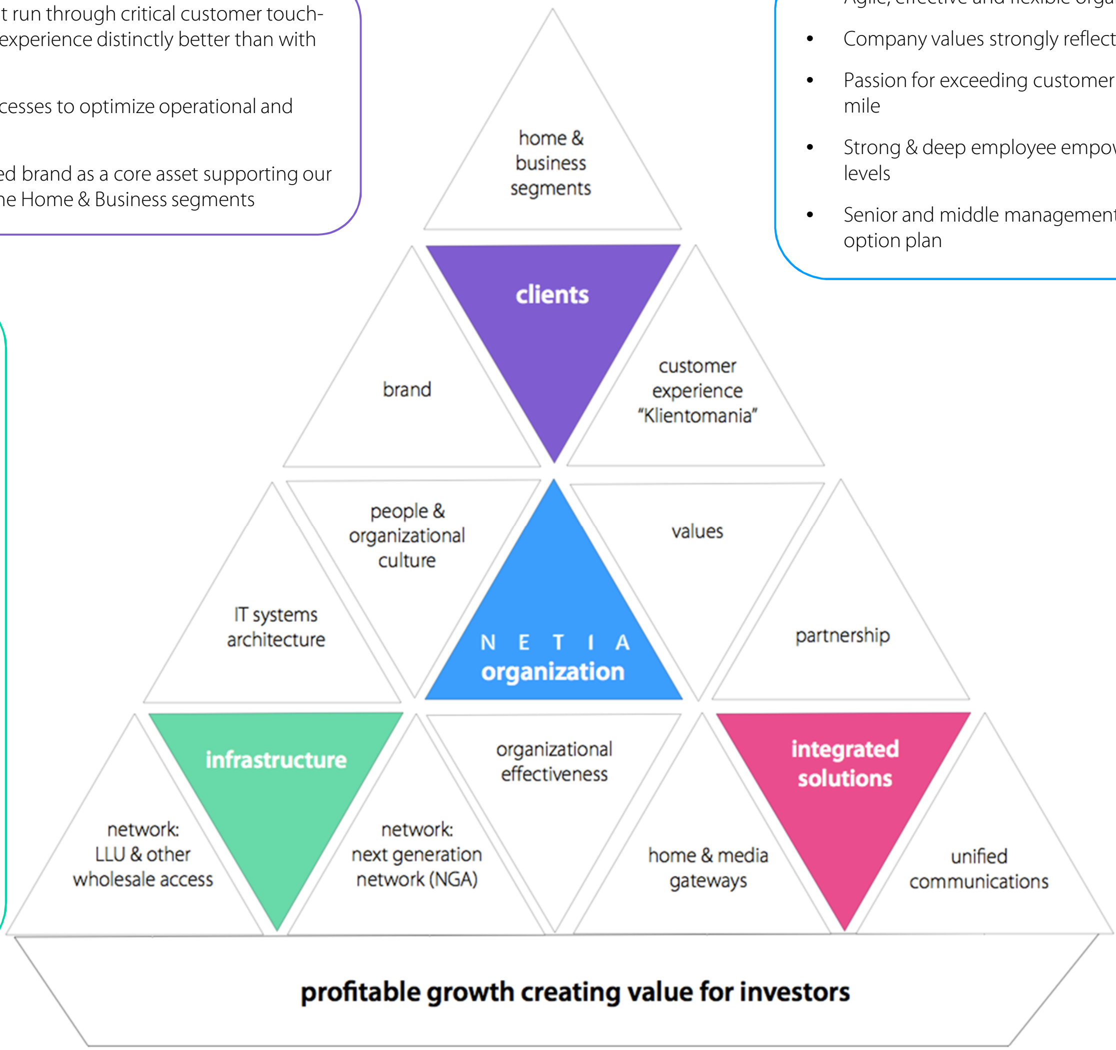
Four strategic focus areas for Netia

N E T I A

- Excellence in processes that run through critical customer touch-points to deliver customer experience distinctly better than with the key competitors
- Streamlining customer processes to optimize operational and financial performance
- Recognized & well-perceived brand as a core asset supporting our strong market position in the Home & Business segments

- Agile, effective and flexible organization & processes
- Company values strongly reflected in employee behavior
- Passion for exceeding customer expectations by going the extra mile
- Strong & deep employee empowerment across all organizational levels
- Senior and middle management strongly motivated by stock option plan

- Own access network infrastructure largely upgraded to Next Generation Access (NGA)
- Migration from regulated & wholesale access to own infrastructure once sufficient local scale has been achieved to enable value-creating own network deployment
- Optimization of network roll-out cost and risk-sharing through co-investment & cooperative arrangements, offering wholesale services to third-parties and leveraging public & EU funds
- IT architecture supporting seamless & effective delivery of critical business processes



- Portfolio of integrated solutions that comprehensively meets the communication & entertainment needs of our Home & Business customers
- Strong expertise to consistently design & launch customer-winning propositions
- Ability to design user-friendly & intuitive interface and deliver effortless user experience
- Strong partnerships and seamless integration of third-party products & devices within our solutions

Investment proposition

NETIA

Poland's fastest growing telco consolidating the market

- Revenues at ~PLN 2.2bn and Adjusted EBITDA at ~25% margin with FCF at ~11% (Pro Forma 2011)
- Modest leverage of 0.8x Adjusted EBITDA guidance for 2012 following another wave of transformational M&A in 2011
- Dynamically growing scale after exit from equity interest in the fourth mobile operator P4 and Tele2 Polska acquisition in 2008 followed by Dialog and Crowley takeovers in 2011
- Stand alone operations with optimized cost base (extra 4pp on EBITDA margin gained in 2010) with a view to further improve profitability from integration synergies
- Actively consolidating the local broadband market with 30+ Ethernet acquisitions since 2007

RGU-driven strategy with focus on multi-play services

- 2.8m services in Poland, of which 1,728k fixed voice and 912k fixed broadband at the end of Q1 2012
- 14.3% market share in fixed broadband and 20.0% market share in fixed voice
- Strong focus on 2play and 3play through delivery of integrated telco and media solutions
- 62k TV clients, 91k mobile broadband and mobile voice services together
- 808k homes passed within the reach of NGA (50 Mbs+) in 2011

Leveraging own network scale and regulatory opportunities

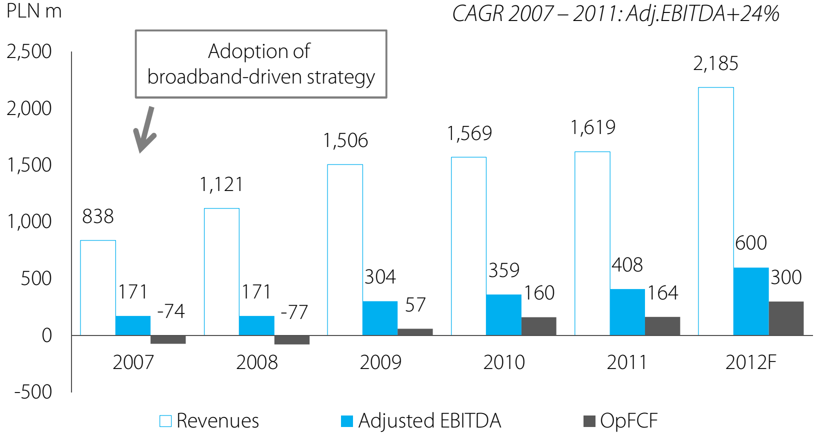
- Almost 5k km of fiber backbone and 4.5k km of fiber metro rings underpin all operations
- 2.2m homes passed with own network, 4.5m homes passed with LLU and national reach from regulated wholesale access
- 46% broadband clients and 37% voice clients served end-to-end over Netia's own network
- Market leader in roll-out of LLU (over 700 nodes unbundled, ~184k clients)
- Uniquely strong position in regulated wholesale access (LLU, voice WLR and broadband BSA)
- Synergistic network assets allowing to render services in B2C and B2B modes

Note: Including Dialog Group and Crowley Data Poland, (currently CDP Netia) Pro-forma figures for 2011FY

Customer base and market shares

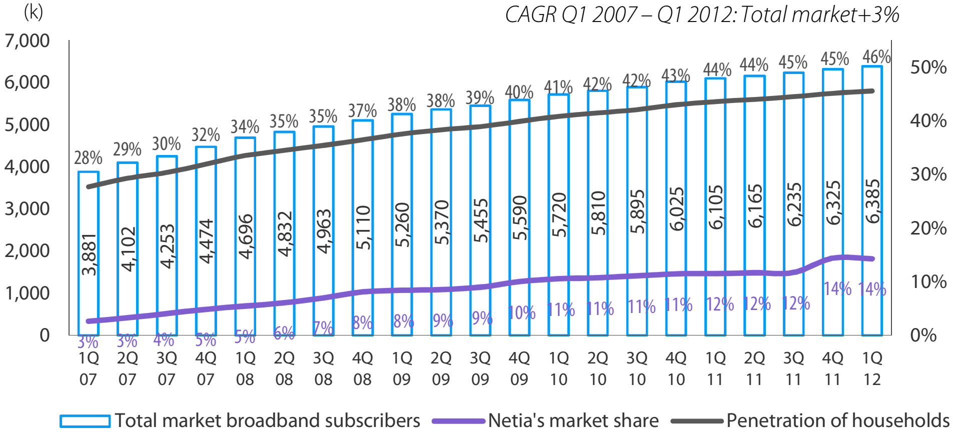
Revenues, EBITDA and OpFCF development

CAGR 2007 – 2011: Revenues +18%
CAGR 2007 – 2011: Adj.EBITDA+24%



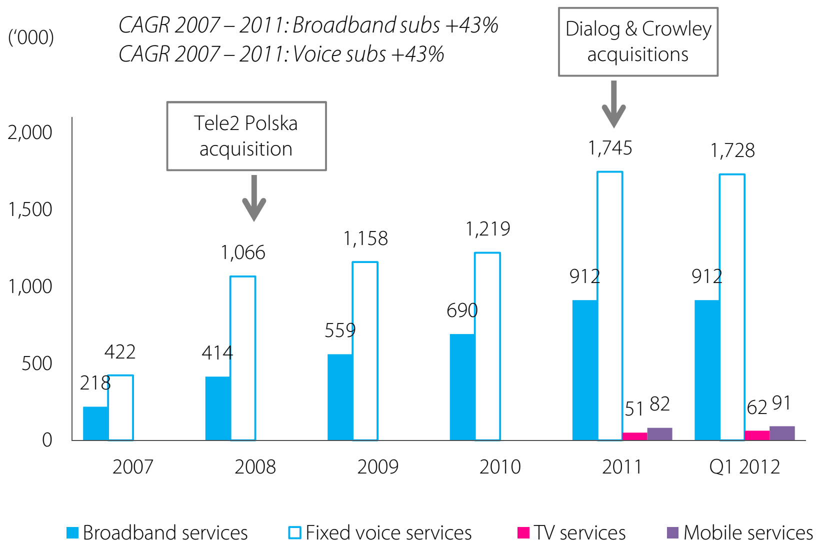
Fixed broadband market share (quarterly)

CAGR Q1 2007 – Q1 2012: Netia +12%
CAGR Q1 2007 – Q1 2012: Total market+3%



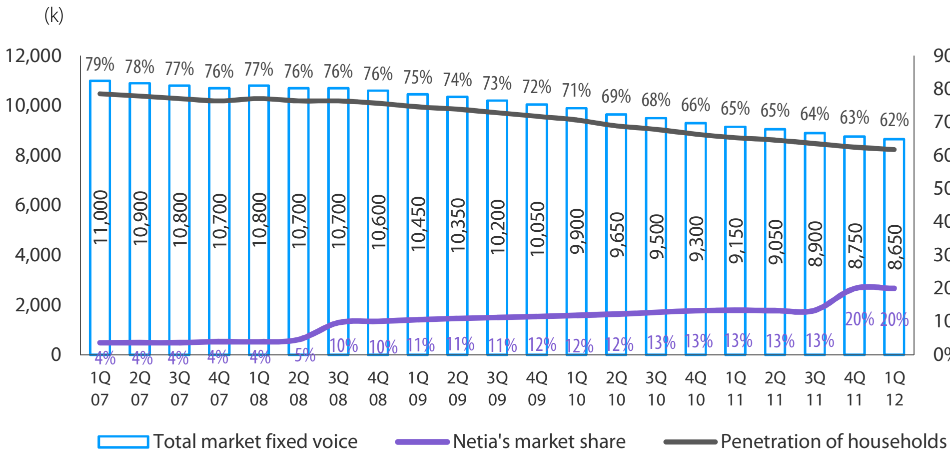
Subscriber base

CAGR 2007 – 2011: Broadband subs +43%
CAGR 2007 – 2011: Voice subs +43%



Fixed voice market share (quarterly)

CAGR Q1 2007 – Q1 2012: Netia +8%
CAGR Q1 2007 – Q1 2012: Total market-1%



Note: For discussion purposes only, more detailed information for reference can be found in Netia Group's quarterly and annual financial statements and press releases

Source: Company

1 Adjusted OpFCF excluding one-off New Netia integration capex

Financial performance and network assets

NETIA

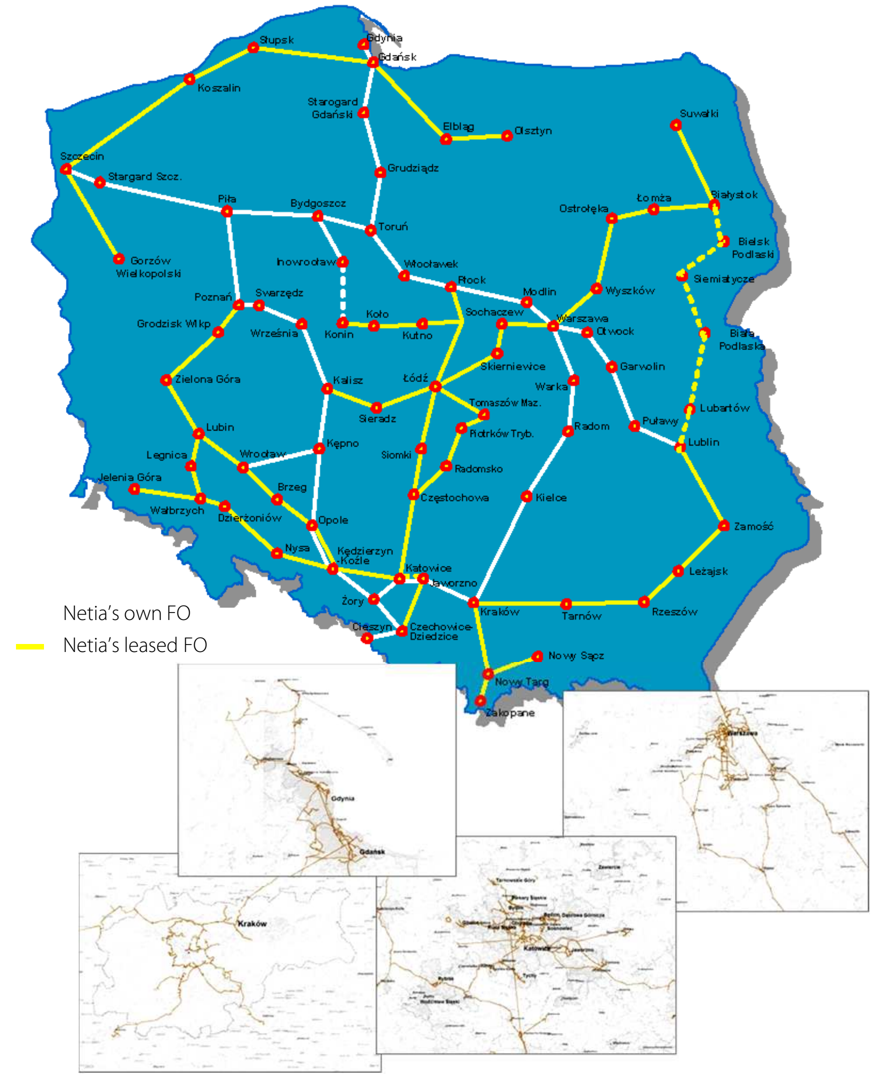
Dynamically growing business

PLN m	2007A	2008A	2009A	2010A	2011A[1]	2012F
Revenue	**838**	**1,121**	**1,506**	**1,569**	**1,619**	**2,185**
Growth (yoy%)	*-2.8%*	*33.8%*	*34.3%*	*4.2%*	*3.2%*	*35.0%*
Adjusted EBITDA	**171**	**171**	**304**	**359**	**408**	**600**
Margin (%)	*20.4%*	*15.3%*	*20.2%*	*22.9%*	*25.2%*	*27.5%*
EBITDA	**171**	**171**	**313**	**586**	**611**	nd
Margin (%)	*20.4%*	*15.3%*	*20.8%*	*37.3%*	*37.7%*	nd
Adjusted Capex *(excl. M&A and integration capex)*	244	248	246	200	244	300
Adjusted OpFCF	**(73)**	**(77)**	**58**	**159**	**164**	**300**
Acquisition outlays	37	178	16	15	978	nd
Total capex	281	426	262	215	1,222	nd
Disposal proceeds	na	460	46	24	9	nd
Net Cash / (Debt) at YE	(37)	193	240	345	(539)	nd

Asset backed with modest leverage

PLN m	2007A	2008A	2009A	2010A	2011A[1]	1Q 2012A
Total assets	**2,071**	**2,283**	**2,341**	**2,568**	**3,549**	**3,484**
Liabilities	343	355	316	271	1,049	**997**
Shareholders funds	1,728	1,928	2,025	2,297	2,500	**2,487**
Net cash / (debt)	(37)	193	239	345	(539)	**(485)**
Undrawn loan facilities	208	375	295	-	-	100

Netia's backbone and access network assets country-wide



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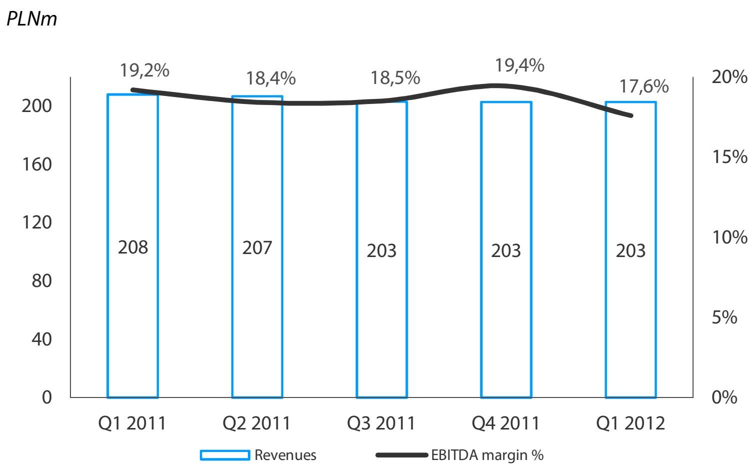
Source: Company

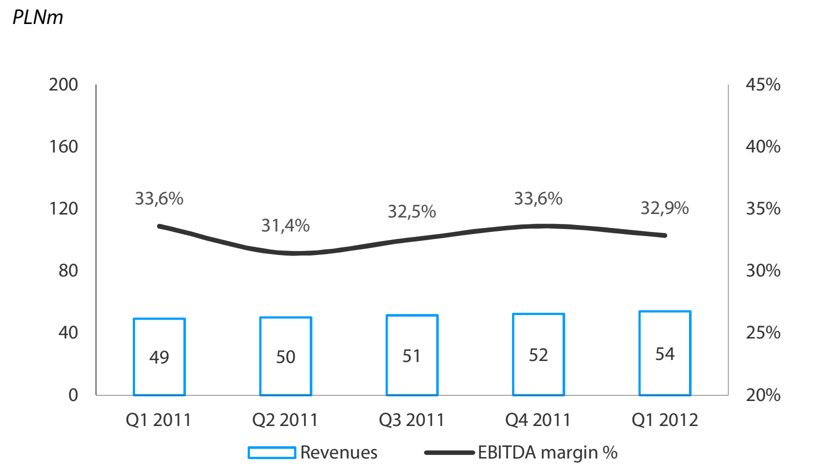
1 Including 2 weeks of Dialog's and Crowley's consolidation in December 2011

We operate accross four customer segments

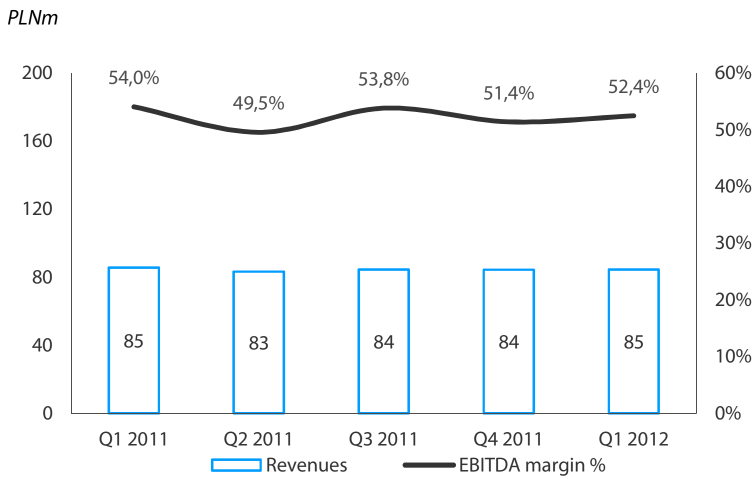
Residential segment (Old Netia)



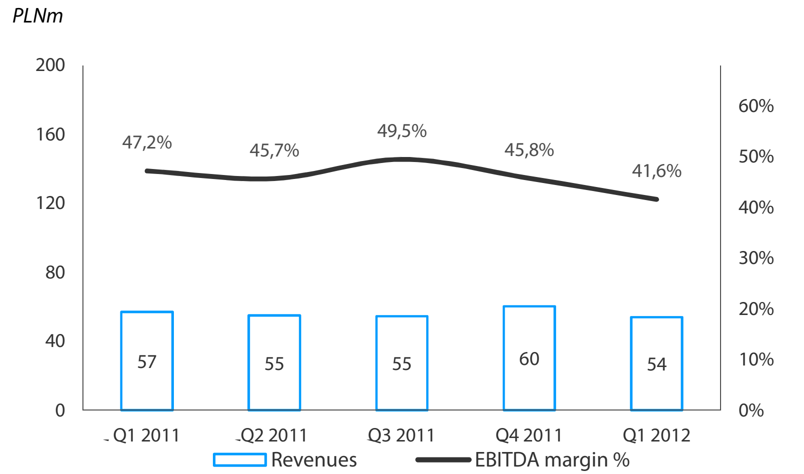
SoHo SME segment (Old Netia)



Corporate segment (Old Netia)



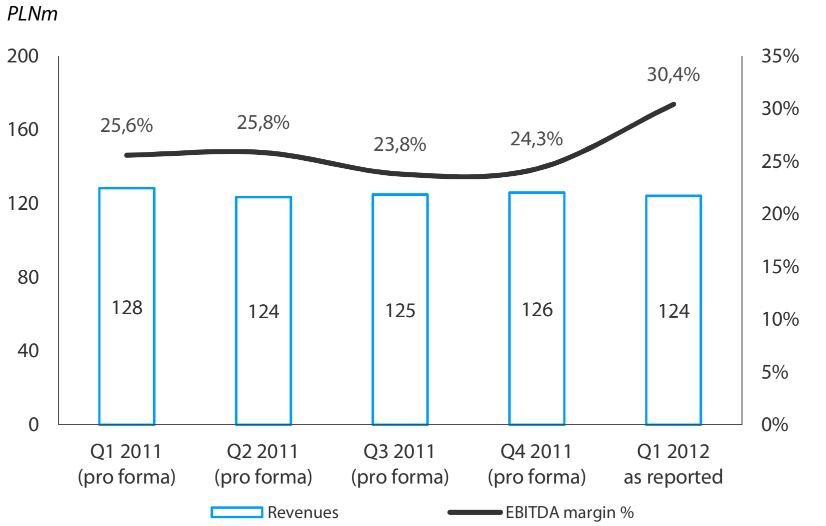
Carrier segment (Old Netia)



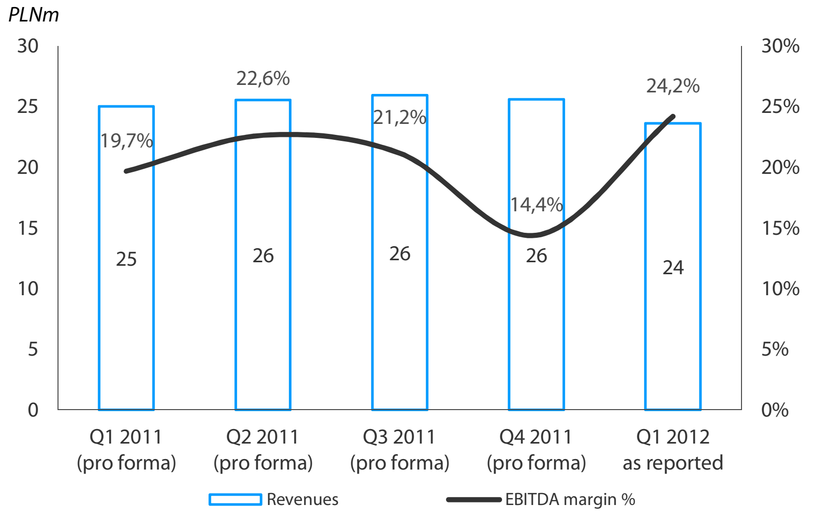
Note: Customer segment EBITDAs presented above exceed Netia's total reported EBITDA due to certain costs being allocated centrally (please refer to notes to financial statements for more details)
Note: Netia Group excluding acquisitions of Dialog and Crowley, intercompany settlements between Netia, Dialog Group and Crowley netted out
Source: Company internal management reports

Recent M&As - Dialog Group and Crowley

Dialog Group (pro forma/as reported)



Crowley (pro forma/as reported)



- During 2012 the new acquisitions will be fully integrated with Netia's four customer segment operating model

Note: Dialog Group and Crowley were acquired by Netia on December 16 and 14, 2011 respectively and are treated temporarily as separate Cash Generating Units until their full alignment ino Netia's four operating segments

Source: Company

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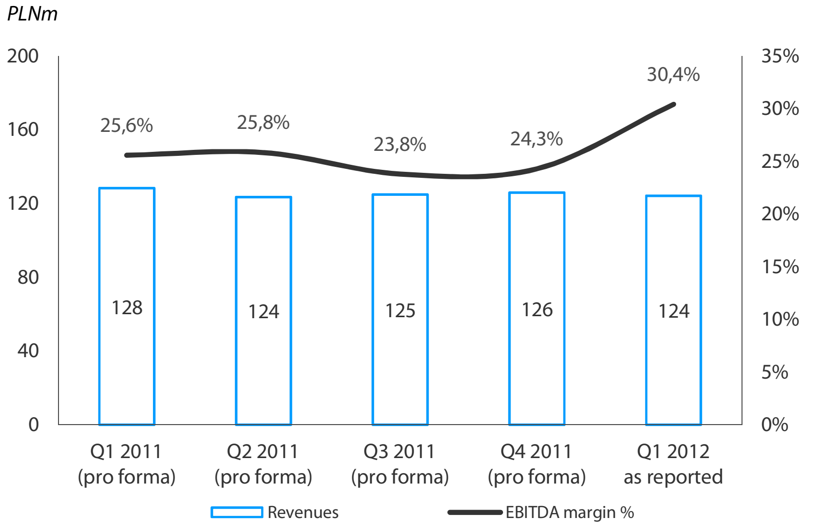
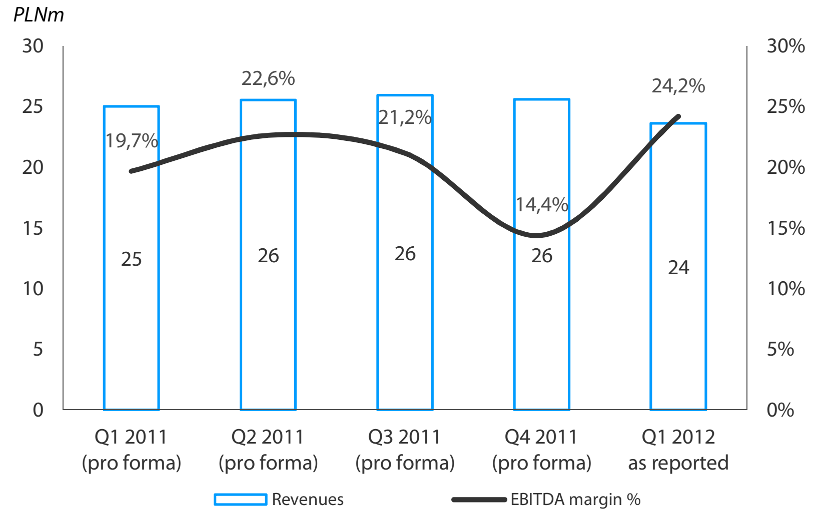


Crowley (pro forma/as reported)



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Source: Company

Products and offering

NETIA

Residential

- Customers served over own network (copper and Ethernet) and regulated access (LLU, BSA, WLR)
- Focus on bundles, especially 3play services (BB+V+IPTV) complemented by mobile broadband and VAS
- Fixed broadband offered on the ‚best effort' basis (highest feasible transfer speed) and mobile broadband with 2/4 GB download limit
    - Netia Spot – an innovative Wi-Fi home router solution
    - Netia Player – a multimedia STB (incl. an IPTV/DTT decoder functions) with content, widgets and multimedia sharing
    - Personal TV including HBO GO content (over-the-top solution)
    - E-store and variety of value-added solutions (incl. virtual disc, antivirus, fax-server, email and other functionalities)

Corporate

- Customers served primarily over Netia's own network (capex driven end-to-end connection to the client's premises)
- Offered services dedicated to all main industrial sectors, including finance & banking, public administration, real estate, FMCG, transport & logistics, construction, power supply, contact centres and media
    - Data transmission (IP VPN, MPLS., MetroEthernet)
    - Voice (ISDN/POTS, SIP Trunk)
    - Co-location services
    - Intelligent network services
    - NGN (IntegralNet – virtual PABX)

SoHo & SME

- Customers served over own network (copper and Ethernet) and regulated access (LLU, BSA, WLR)
- Focus on business bundles with two main packages
    - One Office (up to 10 employees)
    - Business Office (10 employees and more)
- Unified communications solutions
- Focus on 2play services (BB+V)
    - Similar offered services to those in Residential plus more advanced business-friendly solutions including PABX, IP phones, call centre or teleconferencing
    - Cloud and P2P solutions to play an important role in future

Carrier

- Opportunistic wholesale deals leveraging Netia's own backbone network and metro fibre rings in major Polish cities
    - Voice termination
    - Tele-housing
    - Duct and dark fibre lease
    - IP transit
    - MPLS
- Dedicated services for Internet Service Providers:
    - BDI, Metro Ethernet
    - Leasing of infrastructure

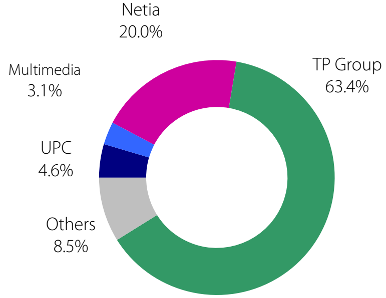
Source: Company

Market overview

Fixed line voice[1]

- Total market of 8.7m lines (-5% y-o-y)
- Penetration of households at ~6%
- Traditional services rendered based on POTS / ISDN protocols with quickly increasing volume of VoIP protocol based solutions
- ARPUs ranging between operators from PLN 30 to PLN 50 for large or unlimited call bundles
- Netia's market share at 20% volume-wise including ~647k services on own networks and ~1,1m services over regulated wholesale WLR (955k) and LLU (126k) access

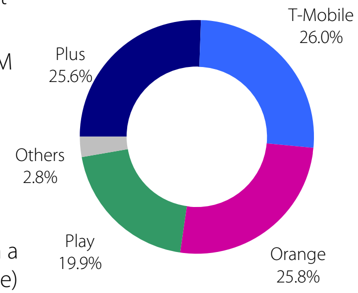
Key market players



Mobile (voice and broadband)[3]

- 51.2m SIM cards in total (voice + data, post- and pre-paid) (+7% y-o-y)
- Penetration of population at ~134% (SIM cards), 3G coverage at ~67% and smartphone penetration at ~13% (2010YE)
- ~3.3m dedicated post-paid mobile broadband SIM cards (dongles)
- Fixed-to-mobile broadband substitution level rather low mainly related to lack of fixed line infrastructure (mainly in rural areas)
  - Mobile broadband speeds today significantly lower compared to fixed broadband and with a download limit (rechargeable with an extra fee)
  - LTE roll-out rather minor at this stage in Poland
- Netia had ~30k mobile broadband and ~61k mobile voice services at the end of Q1 2012

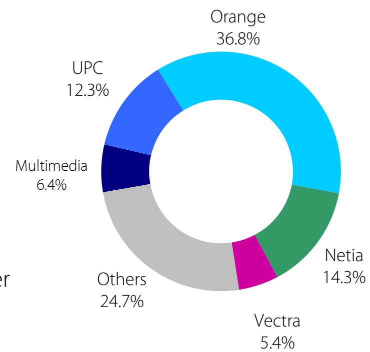
Key market players in mobile broadband



Fixed line broadband[1]

- Total market of ~6.4m subscribers (+5% y-o-y)
- Penetration of households at ~46%
- ARPUs ranging between operators from PLN 40 to PLN 50 for 2-16Mb offer depending on competitive environment and technology
- Expected to continue to be the main internet access type in Poland through 2014[2]
- Netia's market share at14.3% volume-wise including ~ 416k services on own networks (copper, Ethernet, PON) and ~496k services over regulated wholesale BSA (312k) and LLU (184k) access

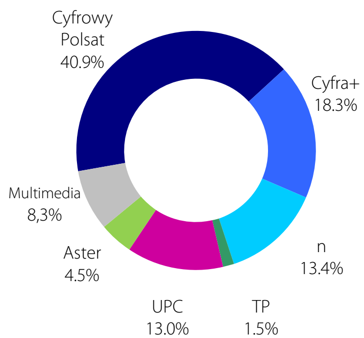
Key market players



Pay TV[3]

- Total market of ~11.3m households (+5% y-o-y)
- Penetration of households at ~80%
- SAT and CATV represent 57% and 35% of all access types, respectively
- ARPUs ranging between operators from PLN 30 to PLN 60 for a stand alone offer comprising 30-80 channel package including premium offer
  - Digital terrestrial FTA TV (DVB-T) and planned analogue switchover to DTT in 2013 country wide will eliminate low end package incentives for many customers
- As at the end of Q1 2011 Netia served ~62k PayTV customers

Key market players



1 Status as of 1Q 2012 2 Source: Analysys Mason, 2008 3 Status as of Q4 2011 (source: companies data, Netia estimates)

NGA and 3play deployment

NGA and IPTV characteristics and current status

- High speed broadband transfer on VDSL (up to 50Mbs), FTTB (up to 100Mbs) and PON (up to 1Gbs)
- Capability to deliver 3play and HD IPTV / streaming content to customers with simultaneous high speed broadband transfer
- Personal TV concept including VOD and PVR functionalities, widgets and potentially new features with dedicated Wi-Fi connection in the household
    - ~62k TV customers today including HBO Go
- IPTV coverage not limited to NGA but also feasible on ADSL2+

NGA upgrade roll-out status update

- 808k NGA ready HPs able to render 3play to date
    - ~550k VDSL upgraded HPs on copper networks
    - ~146k FTTB upgraded HPs on ETTH networks
    - ~112k over PON fiber networks
- Netia Group targets 1.2m NGA ready HPs by 2012YE
- 2.5m NGA potential of the combined Netia Group comparable to the leading Polish cable operator

Maximising NGA and IPTV coverage, optimizing capex

- 2011 roll-out capex at only PLN 12m as focused on VDSL cards to existing DSLAMs and ETTH upgrades in Netia
- 2012 roll-out capex at around 40m as focused on VDSL cards to existing DSLAMs in Dialog, shortening of copper loops and ETTH upgrades in Netia (extra 450k NGA ready HPs)

NGA and IPTV potential coverage for New Netia

	('000 homes passed)	Homes passed (HP)	NGA Potential	NGA + IPTV 2011YE	IPTV ready 2011YE	NGA + IPTV 2012YE Plan	IPTV ready 2012YE Plan
Netia	Cu	1 012	570	434	150	584	150
	ETTH	532	370	122	-	222	-
	LLU	4 545	1 150	-	-	-	650
	Total	6 089	2 090	556	150	806	800
Dialog	Cu	670	420	94	326	294	126
	ETTH	24	24	24	-	24	-
	PON	112	112	112	-	112	-
	Total	694	444	230	326	430	126
Total	Cu	1 682	990	528	476	878	276
	ETTH	556	370	146	-	246	-
	PON	112	112	112	-	112	-
	LLU	4 545	1 150	-	-	-	650
	Total	6 783	2 510	786	476	1 236	926

Total IPTV ready potential by 2012YE = 2 162

Note: IPTV upgrades for LLU roll-out subject to successful trial during H2 2012, IPTV HPs based on ADSL2+ come on top of NGA HPs thus producing the total IPTV (3play) potential for New Netia's addressable market (homes passed)

Netia leverages own network and regulatory access opportunites to maximise growth potential in all segments

Own networks

Strong assets base

- 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

Consolidation opportunities in Ethernets

- 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%

Regulatory access

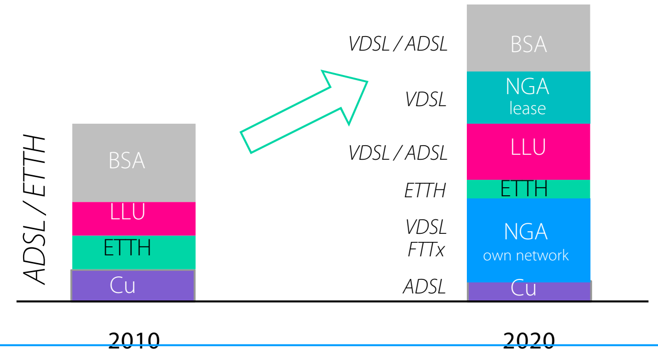
LLU model offers excellent opportunities

- Netia bills 2play revenues for voice and 4Mb/s Internet service at ~ 61 PLN[1]
- Netia pays TP 22 PLN monthly line rental fee
- Gross margin 64%
- 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

Regulated BSA/WLR access strategy

- TP offers Voice & 2 Mb/s Internet for ~76 PLN[1]
- Netia bills voice and Internet for ~ 72 PLN[1]
- Netia pays to TP ~26 PLN for Internet and 20 PLN for WLR
- TOTAL cost ~ 46 PLN
- Gross margin 36%
- Netia does not invest in DSLAM
- Netia can only resell services offered by TP i.e. bandwidths

Planned evolution of Netia clients by technology



1 Based on a standard comparable 2play contract, for illustrative purposes only

Source: Company

Positive regulatory environment since 2006

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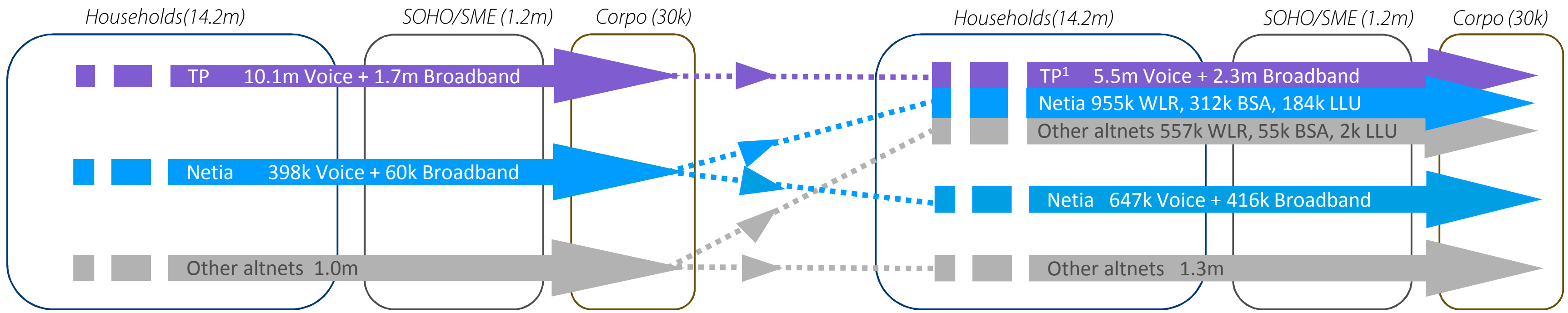
2006 pre regulatory access

Q1 2012 with regulatory access



Netia addressable market today is:

- 7.0m active TP lines plus dormant lines
- 647k Netia own lines (1m homes passed)

- WiMax national license
- Ethernet networks acquisitions (603k homes passed)

Regulated access monthly fees

Full LLU costs (Internet + voice)	PLN 22	Fee frozen until Q4 2012					
Shared LLU costs[3] (Internet)	PLN 5.81	Fee frozen until Q4 2012					
Voice wholesale cost (WLR)	PLN 20	Fee frozen until Q4 2012					
Internet wholesale cost (BSA)	'Cost plus' formula subject to margin squeeze test	0.5 Mb/s	1 Mb/s	2 Mb/s	6 Mb/s	10 Mb/s	20 Mb/s
		PLN 19.05[2]	PLN 21.22[2]	PLN 25.66[2]	PLN 26.76[2]	PLN 29.73[2]	PLN 32.70[2]

1 TP lines in retail (excluding wholesale to altnets) Source: Company, TP, UKE, press releases
2 The amount of a wholesale charge can be lower but cannot be increased by the end of 2012
3 A client should have an active voice service or pay a line maintenance fee of PLN 30 gross
Source: Company

Dialog and Crowley acquisitions

- On December 14th and 16th Netia closed two significant acquisition transactions
    - ***Telefonia Dialog Group*** for EV 880m PLN
      EV/EBITDA 2011 **6.7x** stand alone or EV/EBITDA 2011 **3.8x** including full annualized synergies
    - ***Crowley Data Poland*** for EV 98m PLN
      EV/EBITDA 2011 **7.0x** stand alone or EV/EBITDA 2011 **2.8x** including full annualized synergies
- FCF synergy projections to deliver **130m PLN in annual synergies** by 2014, including PLN 120m cost synergies
    - The above final synergy targets raised from the initial estimates of PLN 115m (for FCF synergies) and PLN 106m (for cost synergies)
- Both acquisitions **fully in line with Netia's Strategy 2020** which will now be adjusted to accommodate new group's potential for further growth
    - ***Telefonia Dialog Group***: Home segment expansion, IPTV competences and platform, MVNO with Polkomtel
    - ***Crowley Data Poland***: Corporate and SME segments ' booster, acquired entrepreneurial team, LMDS technology
- **Objective to utilize surplus cash fully delivered**
    - PLN 328m of own cash funds invested in the two acquisitions
    - PLN 49m of the open market buyback of 2.5% of shares completed in H2 2011
    - Pro-forma 2011 net debt post acquisition at comfortable level of 1.0x Adjusted EBITDA (for consolidated pro-forma 2011)
- Projected boost to profitability and cash generation makes New Netia **a sizeable European altnet with circa 2.8 million unique services (RGUs) in Poland** and appetite for further in-market consolidation supported by significant further borrowing capacity

Acquisitions | Integration on track, 2nd stage completed

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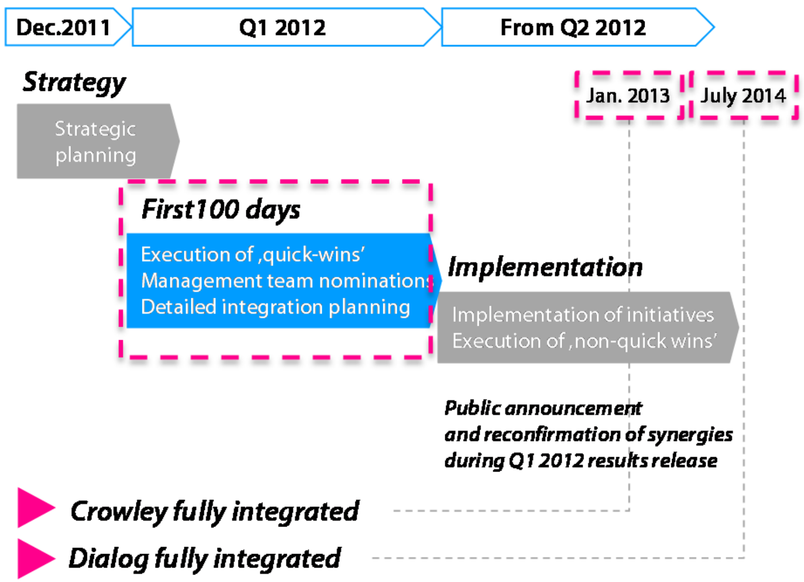
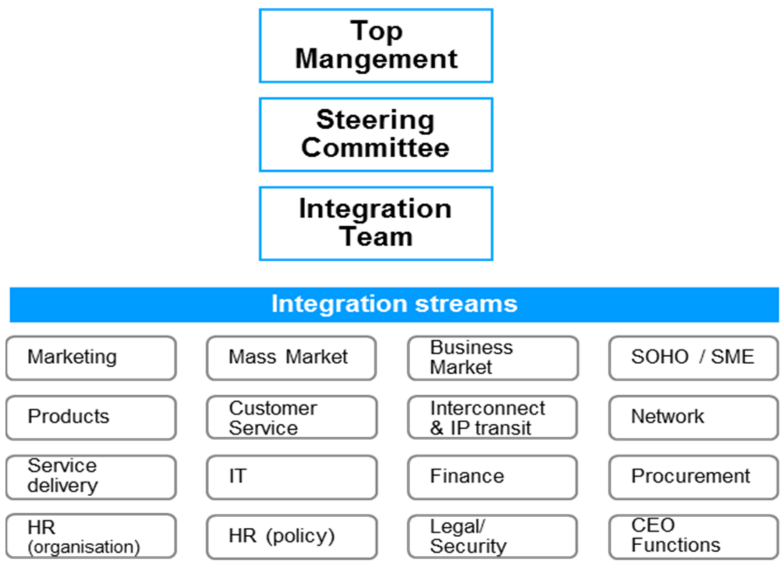
- **1st phase** - Integration Planning **(completed)**
  - ✓ Definition of operational and strategic assumptions for the integration process
  - ✓ Confirmed quick-win synergies
  - ✓ Finalized nominations of key directors (N-1 level)
- **2nd phase** – „the first 100 days" **(completed)**
  - ✓ Execution of quick-win synergies
  - ✓ Nominations of level N-2 and N-3 level managers, organizational structure and location decisions
  - ✓ Planning the detailed implementation of integration initiatives and related synergies (to be executed starting from H2 2012)
- **3rd phase** – Implementation of all other synergy projects
  - Over 100 synergy initiatives with span of responsibilities across all operational departments in the New Netia group

Integration process - timeline



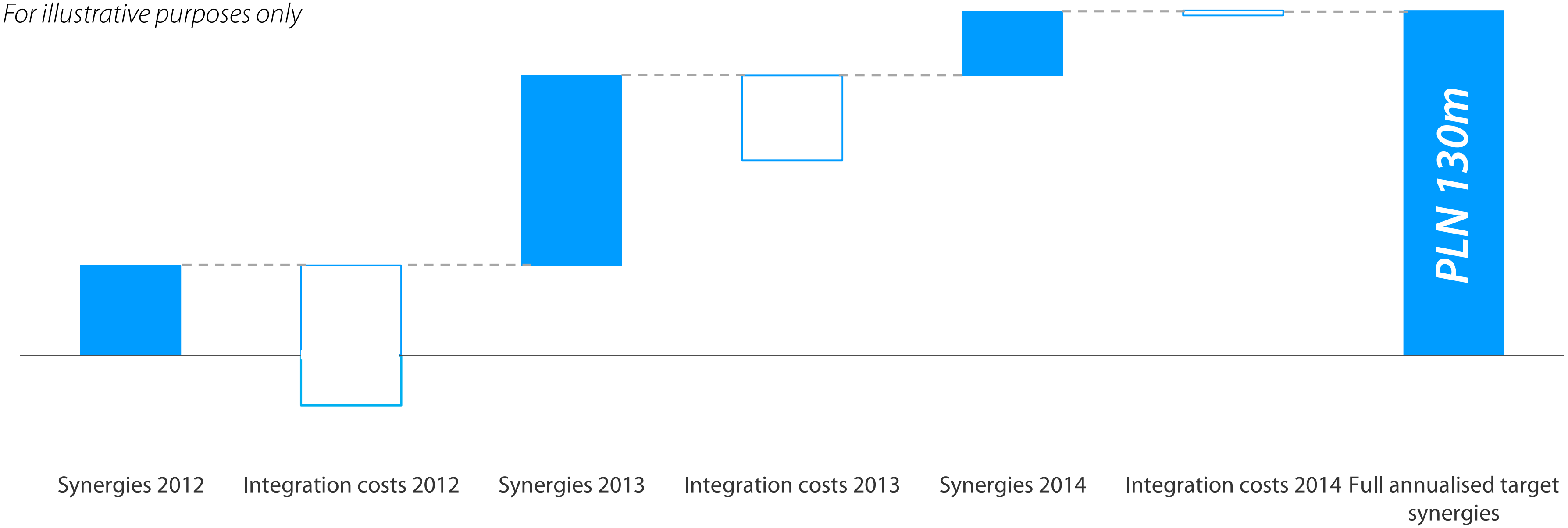
Integration process – team



Acquisitions | Annual synergies target increased from PLN 115m to PLN 130m annually

Timeline for extraction of synergies and integration spendings (cash flow impact)

For illustrative purposes only



Key focus and synergy sources for 2012

Focus

- *Optimisation*
- *Quick-wins (marketing, procurement)*
- *Increasing efficiency*
- *Offer consolidation*

Sources

- *Marketing*
- *Procurement*
- *Sales commissions*
- *Printing house synergies*
- *IP transit*
- *Network leases*
- *Service agreements*
- *Support functions*

Key focus and synergy sources for 2013

Focus

- *Complete IT migration*
- *Operating synergies*
- *Increasing efficiency*
- *Elimination of duplicate platforms*
- *Network integrations*

Sources

- *Termination of lease agreements*
- *Network synergies*
- *Contact center optimization*
- *E-invoice*
- *Marketing*
- *Procurement*

Key focus and synergy sources for 2014

Focus

- *CRM Migrations / Architecture Project*
- *Network migrations*

Sources

- *Customer service*
- *Procurement*

- ***Cost synergies target rising from PLN 106m to PLN 120m***
- ***FCF synergies target rising from PLN 115m to PLN 130m***
- ***2012 Integration Opex up to PLN 50m (one-off)***
- ***2012 Integration Capex up to PLN 30m (one-off)***

Acquisitions | New Netia integration process - recent developments

NETIA

A comprehensive integration project progresses smoothly

- **Over 100 synergy projects defined**
- **Quick wins projects already completed and starting to deliver savings in**
  - ✓ Marketing
  - ✓ Logistics
  - ✓ Postal
  - ✓ Printing
  - ✓ Insurance
  - ✓ Sales

  worth PLN 14m annually
- Integration to create New Netia is expected to take **up to 2 years**, although the **90% of synergy projects should be completed within 2012**
  - IT platform consolidations and some long-term contracts remaining to implement in 2013 and beyond
- Dialog and Crowley operations integrated into Netia's four customer segment organisations in 2012 with integrated financial reporting catching up by Q3-Q4 2012

Lay-offs announced in April 2012

- **April 10**
  Decision on lay-offs
  - 519 employees – termination of employment contracts
  - 129 employees – significant modifications to employment conditions
- **May 7**
  Decision on terms and conditions of contracts terminations
  - Equal terms and conditions for all New Netia Group employees
  - Additional (above legal requirements) compensation:
    - > 12 months medical insurance
    - > Outplacement program (June 2012 - April 2013)
    - > Additional financial compensations, dependent on the length of employment
- **2nd half of June**
  Initiation of lay-offs process

2012 Guidance and Strategic Financial Goals

NETIA

2012 Full Year Guidance

Number of services (RGUs) ('000)	**2,900**
Revenues (PLNm)	**2,185**
Adjusted EBITDA (PLNm)	**600**
EBITDA margin (PLNm)	**27.5%**
Adjusted EBIT (PLNm)	**125**
Capex (excl. integration outlays) PLNm)	**300**
Adjusted OpFCF (PLNm)	**300**

The above financial guidance excludes the impact of one-off integration costs and one-off integration capex

Integration Opex (PLNm)	**up to 50**
Integration Capex (PLNm)	**up to 30**

Strategic Financial Goals (Until 2020)

Progressive growth in the total number of services (RGUs)

Services per subscriber to reach 2.0x (RGUs per sub)

Continuously increasing value share in the fixed telco market

EBITDA margin in 27% - 29% range throughout

Capex to sales ratio to stay below 15% during network upgrade (2012 – 2013) and falling to 10% - 12% thereafter (2014 – 2020)

OpFCF margin to sales continuously above 12%

All guidance excludes impact of further potential transformational M&A

Dividend policy and M&A guidelines

NETIA

M&A Activity

- Several transformational M&A opportunities still remain feasible in the fixed telco segment
  - Netia will try to maintain financial flexibility to acquire select targets throughout 2012
  - Further expansion via M&A remains the optimal way to increase leverage up to a sustainable level of up to 2.0x EBITDA
    - An increase in senior debt and / or issuance of 5 year PLN denominated bonds is being considered by Management as the optimal to fund acquisitions
- Key targets are EBITDA positive businesses therefore additional funding for acquisitions should be available
- Netia will continue to consolidate ETTH operators from its own free cash flow generation

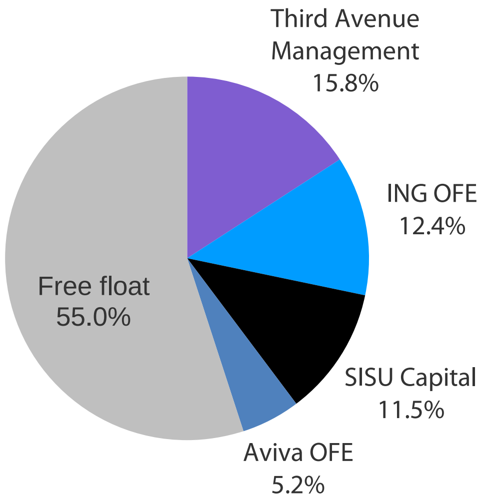
Distribution Policy

- The AGM held on June 2, 2011 adopted a share buy-back program to acquire and redeem up to 12.5% of the Netia's share capital utilizing assigned funds totaling up to PLN 350m
  - Within this program, Netia has already completed a buy-back for 2.5% of equity for PLN 49m and redeemed 9.8m shares
  - A new buy-back tranche to acquire and redeem up to 3.5% of Netia's share capital for up to PLN 75m was launched on May 18, 2012 and is continuing
    - The amount of up to PLN 75m should not hinder Netia's further M&A activity
- The Management expects a significant increase in EBITDA and free cash flow generation once the synergies from Dialog and Crowley transformational acquisitions are fully delivered in 2013 and beyond
  - Should no major transformational acquisitions be concluded by Netia throughout 2012, the Management considers the institution of a long term dividend policy from 2013

Netia shareholders and stock performance

NETIA

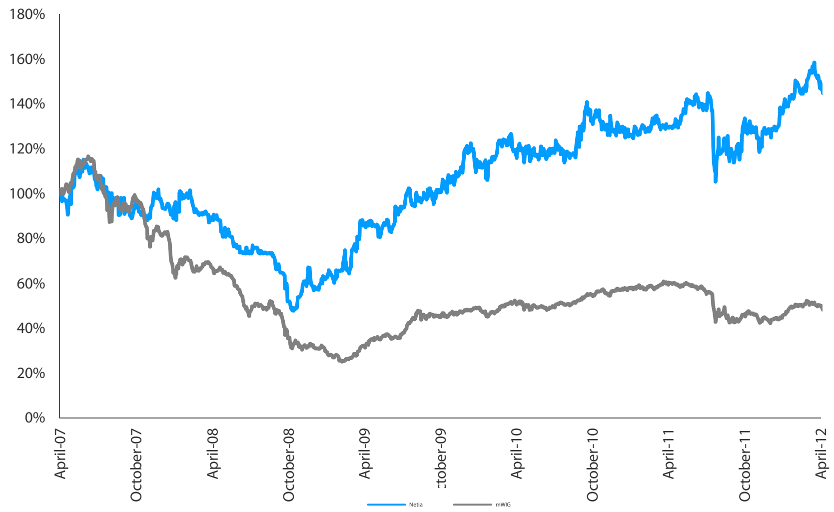
Shareholder structure



As of May 22, 2012

Shareholder	Number of shares (m)	% Capital	% Votes
Third Avenue Management	61.2	15.84%	15.84%
ING OFE	48.0	12.43%	12.43%
SISU Capital	44.3	11.48%	11.48%
Aviva OFE	20.2	5.24%	5.24%
Free float	212.4	55.01%	55.01%
Total	**386.2**	**100.00%**	**100.0%**

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



	PLN m	EUR m
Enterprise value (as of May 21, 2012)	**2,608.7**	**603.8**
Market capitalisation (as of May 21, 2012)	2,124.1	491.6
Bank debt outstanding (as of March 31, 2012)	644.1	149.1
Cash (as of March 31, 2012)	159.5	36.9
Shares outstanding (m)	386.2	386.2
Share price (as of May 21, 2012)	5.50	1.27
Daily volume average (k shares) (as of May 21, 2012 YTD)	808	808
PLN/EUR spot rate as of May 22, 2012	*4.3205*	*nm*

Source: Company

Management team

Mirosław Godlewski, *Chief Executive Officer*, 45, 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. Member of the supervisory boards of SEG (the Polish Association of Stock Exchange Issuers) and ABC Data SA.

Jon Eastick, *Chief Financial Officer*, 45, 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.

Tom Ruhan, *Chief Legal Officer*, 49, 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 Chairman of the Board of Directors of the European Competitive Telecommunications Association (ECTA)(www.ectaportal.com). 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.

Miroslaw Suszek, *Chief Operating Officer*, 47, was appointed to Netia's management board in May 2012. Prior to commencement of his cooperation with Netia, he served from 2004 as Chief Operating Officer and management board member of UPC Polska, the largest cable TV operator in Poland. As COO he was responsible for such areas as customer care, subscriber service, service installation, logistics, vindication and settlements as well as maintenance and development of the HFC telecommunication network. From 2001 to 2004 Mr. Suszek worked as New Services Development Director in Wizja TV, a satellite TV operator, and then as Project Director and Development Director in UPC Polska.

Mr. Suszek graduated in Electrical Engineering from the Warsaw University of Technology (Politechnika Warszawska). He also holds the diploma of Executive MBA from Warsaw University of Technology Business School (Szkoła Biznesu Politechniki Warszawskiej) in partnership with London Business School, HEC School of Management and Norwegian School of Economics and Business Administration.

Key managers highly incentivised

NETIA

New stock option plan for 2011-2020[1]

- The highest number of options which can be granted: 27,253,674
  - The highest grant per annum: 3,893,382

  out of which the options which can be granted to the Management Board : 1,946,691
- The highest number of shares which may be issued under the new stock option plan: 13,626,837
- Options may be exercised within the defined open periods and not earlier that three years from the grant date and not later than on May 26, 2020
- As well as three years' service, option vesting is dependent on delivering business goals set by the Supervisory Board
- 5.3m options were outstanding as of May 2012, with strike prices ranging between PLN 5.23 and PLN 6.16 and the earliest vesting date in 2014

Earlier stock option plan expires in December 2012[2]

Options (m) / Strike price:	PLN 5.50	PLN 7.00	PLN 8.25	Other	Total
Participants:					
Members of the Management Board	0m	6.9m	6.9m	0m	**13.8m**
Employees[4] and former MB members	1.7m	5.2m	2.9m	0.4m	**10.2m**
Total	**1.7m**	**12.1m**	**9.8m**	**0.4m**	**24.0m**

- Exercise date: until December 20, 2012
- Number of shares issued: 11,722,009
- 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, eg., options exercised at PLN 8 would create 2.0m new shares (0.5% dilution)

The Management Board hold significant shareholding[5]

- Mirosław Godlewski, *Chief Executive Officer* 393,716
- Jon Eastick, *Chief Financial Officer* 499,175
- Tom Ruhan, *Chief Legal Officer* 592,379

1 New stock option plan was adopted by Netia's supervisory board on February 25, 2011
2 Status as at December 31, 2011
3 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
4 Management Board have discretion to issue up to 0.6 million of PLN 3.50 options and 2.8 million of other options to senior management
5 Status as of the end of Q1 2012

Source: Company