FOR IMMEDIATE RELEASE

Contact: Anna Kuchnio (IR)
+48-22-330-2061
Małgorzata Babik (Media)
+48-22-330-2520
Netia
- or -
Emilia Whitbread
Taylor Rafferty, London
+44-(0)20-7614-2900
- or -
Jessica McCormick
Taylor Rafferty, New York
+1-212-889-4350

NETIA SA REPORTS 2008 THIRD QUARTER RESULTS

WARSAW, Poland – November 13, 2008 – Netia SA ("Netia" or the "Company") (WSE: NET), Poland's largest alternative provider of fixed-line telecommunications services, today announced its unaudited consolidated financial results for the third quarter and nine months ended September 30, 2008.

1. KEY DEVELOPMENTS

1.1. Financial

- **Revenue from continuing activities increased** by 30% versus the first nine months of 2007 and 41% versus Q3 2007. Total revenue from continuing activities rose year-to-date to PLN 743.3m (EUR 218.1m) and Q3 2008 revenue was PLN 271.2m (EUR 79.5m), up by 11% versus Q2 2008. Organic revenue growth from continuing activities (excluding Tele2 Polska Sp. z o.o. ("Tele2 Polska")) was up 27% over the first nine months of 2007 to PLN 724.8m (EUR 212.6m), and up 32% over Q3 2007 to PLN 252.6m (EUR 74.1m). Two weeks of consolidated revenues from Tele2 Polska contributed an additional PLN 18.5m (EUR 5.4m) to total revenue.

- **EBITDA** was PLN 113.1m (EUR 33.2m) for the year-to-date period and PLN 43.8m (EUR 12.8m) for Q3 2008, growing by 24% over Q2 2008 and by 21% over Q3 2007.

- **Cash and cash equivalents** at September 30, 2008 totalled PLN 232.7m (EUR 68.3m) following EUR 31.4m paid for the acquisition of Tele2 Polska on September 15, 2008. In addition, available credit lines at September 30, 2008 were PLN 275.0m (EUR 110.0m) with an additional PLN 100.0m (EUR 29.3m) available at the Company's option.

- **Investments in tangible and intangible fixed assets** represented 20% of total revenues for the year-to-date period as compared to 25% in the first nine months of 2007 at PLN 153.5m (EUR 45.0m).

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

- Following the completion of the acquisition of Tele2 Polska, on October 14, 2008 Netia announced its **revised guidance reflecting accelerated profitability targets**. The Company now projects 2009 revenue of PLN 1,500.0m (EUR 440.1m) and an increase in EBITDA of 55% to PLN 225.0m (EUR 66.0m). In the medium term, Netia expects revenue growth of 5%-10% per year and to become free cash flow positive and generate net profit in 2010, a year earlier than previously projected.

1.2. Operational

- **Netia acquired Tele2 Polska** on September 15, 2008 for an enterprise value between EUR 29.1m – EUR 33.9m, depending on post-acquisition performance. The maximum acquisition price represents 2.8 times forecast Tele2 Polska EBITDA for 2008 and Netia management is targeting at least PLN 30.0m (EUR 8.8m) of annual operating synergies to be realized within 12 months following the acquisition. The proforma combination of Netia and Tele2 Polska has revenue almost 3 times higher than the next largest altnet. For 2008, Netia's revised full-year guidance, including Tele2 Polska, forecasts over 1,080,000 fixed voice customers (own network + WLR) and over 400,000 broadband customers, representing a projected 10% and 7% market share, respectively.
- **Netia's broadband subscriber base** reached 346,939 at September 30, 2008, growing by 19% from 292,470 at June 30, 2008 and by 102% from 171,368 at September 30, 2007. Of the total broadband customers served at September 30, 2008, 42% received service over Netia's own local networks of copper, Fast Ethernet or WiMAX infrastructure. The Company aims to have more than 400,000 broadband customers by the end of 2008.
- **Organic broadband net additions** during Q3 2008 were 26,315 at Netia and 5,096 at Tele2 Polska. Market share of organic net adds, including Tele2 Polska on a proforma basis, was 24% in Q3 2008 versus 26% in Q2 2008.
- **Netia's voice service customer base** (own network + WLR) reached 1,033,206 at September 30, 2008, increasing 111% from 489,028 at June 30, 2008 and by 162% from 394,440 at September 30, 2007. Included in the total are 504,007 WLR customers of Tele2 Polska and Netia's organic growth of voice customers during Q3 2008 totalled 40,171. Of the total voice customers served at September 30, 2008, 38% received service over Netia's own copper or WiMAX infrastructure. The Company aims to have more than 1,080,000 voice customers (own network + WLR) by the end of 2008.
- In September 2008, **Netia launched mobile and convergent fixed-mobile services to its business clients** in the corporate market segment.

Mirosław Godlewski, Netia's President and CEO, commented: "Netia's 3Q 2008 results reflect our continued progress in successfully executing our strategy. Together with Tele2 Polska we recorded 31 thousand organic net broadband additions despite extremely aggressive price competition from TP Group and our market share of broadband net additions, at a proforma 24%, remained above targeted levels. This excellent performance underscores the strength of our brand as the leading altnet, and the effectiveness of our distribution channels. Our broadband market share climbed another 0.9 p.p. during the quarter to 6.6% and we remain on track to achieve total market share in the high teens in the medium term.

We completed our acquisition of Tele2 Polska on September 15th and our 3Q 2008 results already provide a glimpse into the significant transformational effect that this acquisition will have. Netia is now the largest altnet competitor to TP SA by a significant margin. Our far reaching integration projects are already in full swing and we recently reconfirmed our original expectation that we can yield at least PLN 30m of annual operating synergies from this combination.

As a result of the acquisition we have realigned our strategic priorities, having achieved our desired scale much faster than we had originally planned. We are shifting our medium-term focus toward up-selling and cost reduction and away from expensive market share acquisition. We expect this to help us meet our net profitability target one year earlier, in 2010."

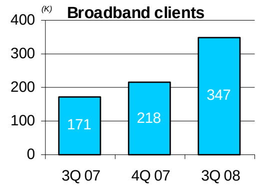
Jon Eastick, Netia's CFO, commented: "Netia has made substantial strategic progress to date in 2008, and this is evident in our 3Q 2008 results. Revenue from continuing activities for the quarter increased by 32% year-on-year for Q3 2008 versus 28% year-on-year growth in Q2 2008. Including the PLN 18.5m generated by Tele2 Polska in the two weeks following the close of the acquisition, total 3Q 2008 revenue reached PLN 271.2m and total year-on-year revenue growth from continuing activities was 41%. EBITDA increased sequentially by 24% to PLN 43.8m, and by 21% year-on-year. Our EBITDA improvement was achieved without any significant one-off items and with a contribution of PLN 1.8m from Tele2 Polska. Therefore, we have recently increased our full year 2008 EBITDA guidance to PLN 145m from PLN 125m.

Based on the rising sales and improving gross profit margins generated by the execution of Netia's growth strategy and the acquisition of Tele2 Polska, we are now projecting 2009 EBITDA to be PLN 225m, an increase of 55% over the 2008 guidance. We also expect to achieve net profit by 2010, one year earlier than previously anticipated.

We believe that Netia is well placed to deal with the current economic uncertainties as we had PLN 232.7m in cash and up to PLN 375m of undrawn credit lines available at September 30, 2008. As a result, our growth plans are fully funded with significant headroom. Moreover, with rising profitability, we have considerable flexibility to consider further consolidation opportunities if they arise."

2. OPERATIONAL OVERVIEW

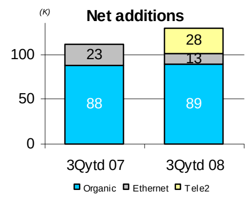
2.1. Broadband



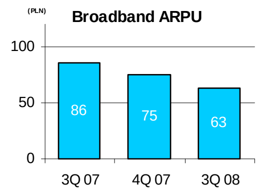
Broadband subscribers increased to 346,939 at September 30, 2008 from 292,470 at June 30, 2008 and 171,368 at September 30, 2007. By the end of 2008, Netia aims to have more than 400,000 broadband customers. As at November 13, 2008, the broadband subscriber base was over 363,000 ports.

Netia provides its broadband services using the following technologies:

Number of broadband ports	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
xDSL and FastEthernet over Netia's own fixed-line network	134,311	132,398	120,209	111,223	94,621
WiMAX Internet	9,970	8,444	7,192	5,861	4,658
Bitstream access	201,522	150,641	128,499	99,346	70,945
Others	1,136	987	1,022	1,088	1,144
Total	**346,939**	**292,470**	**256,922**	**217,518**	**171,368**



Broadband net additions during the first nine months of 2008 were comprised of 88,735 from organic growth, 28,154 from the acquisition of Tele2 Polska and 12,532 from the acquisition of Ethernet operators. Market share in organic growth was 20% in Q3 2008 and 18% for the year to date. Proforma market share of net additions during Q3 2008 including Tele2 Polska was 24%. Netia estimates that its total broadband market share has increased during the past twelve months from 3.8% to 6.6%.



Broadband ARPU was PLN 61 (EUR 18) in Q3 2008 as compared to PLN 86 in Q3 2007. The year-on-year decline in broadband ARPU reflects the growing proportion of residential customers in the customer mix. Broadband ARPU is expected to continue to trend downwards as Netia continues to add residential broadband subscribers. It is expected to settle between PLN 50 and PLN 60 per month in the medium term as the business/residential mix stabilizes.

Broadband SAC fell further to PLN 164 (EUR 48) in Q3 2008 from PLN 182 in Q2 2008, supported by the beneficial impact of the regulator's decision to cut bitstream activation fees to PLN 41 as of July 2, 2008.

Important developments in broadband:

Local loop unbundling (LLU). In Q3 2008 Netia continued to extend the reach of its LLU-based services. The number of unbundled nodes was 76 at September 30, 2008 versus 41 at June 30, 2008 and reached 82 by November 13, 2008. Netia is targeting to unbundle 125 nodes by the year-end, reaching approximately 1.25 million customer lines.

Following the commencement of commercial sales on the first few nodes during Q2 2008, several nodes already have close to 100 customers. Whilst sales rates per operational node per month are accelerating, sales and provisioning issues are still being resolved. Netia expects to be able to migrate existing bitstream customers onto its higher margin LLU services from early 2009 once all necessary regulatory decisions are in place.

Acquisitions of local Ethernet network operators. As of September 30, 2008, the fifteen Ethernet networks acquired by Netia since mid 2007 provided broadband access to a total of 52,250 mostly residential customers (including the organic growth post acquisition), with approximately 164,000 households passed. On October 14, 2008, Netia reduced its estimates of the total M&A investment in Ethernet networks during 2008 from PLN 60.0m to PLN 30.0m (EUR 8.8m) due to possible delays in closing several large Ethernet acquisitions until the beginning of 2009.

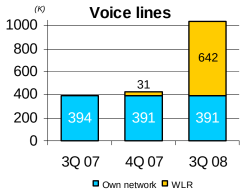
<u>Content streaming.</u> Netia continued to expand its multimedia content package in October 2008, partnering with MTV Networks Polska in launching its first video portal Switch2One.tv (www.s2o.tv). The portal combines a video-on-demand type platform for the most popular entertainment TV channels from the MTV Networks Polska portfolio. The portal can be accessed free of charge, but only Netia customers are able to access its VIP section, which has enriched content. Netia is the portal's main sponsor, with exclusive telecom advertising rights, and also provides hosting services for the portal's Polish services.

Since May 2008, Netia clients have had access to Internet cinema and video on demand services offered by iplex.pl and as of June 2008, the video on demand services from cinema@n.

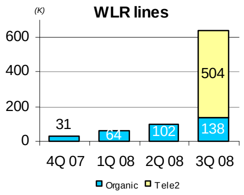
<u>Progress on IPTV.</u> Netia is preparing to launch along with n, Poland's HDTV platform from the ITI Group, the pilot project of the IPTV services in the cities of Warsaw and Wrocław in Q4 2008. The companies have chosen ADB, the leading supplier of digital TV solutions, as their technology partner in the project. The commercial launch is to include the full package of platform n's programs, including HD channels, as well as new services and functionalities offered by IPTV. The cooperation with n is intended to split the costs and risks of investing in IPTV services, bringing Netia top quality content and an additional sales channel and giving telewizja n access to households who would not normally purchase a satellite-based TV service.

<u>2.2. Voice</u>

<u>2.2.1. Own network & WLR</u>



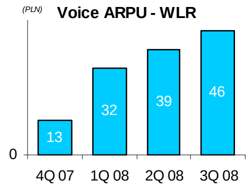
Voice lines (own network and WLR *(wholesale line rental)***)** totalled 1,033,206 at September 30, 2008 as compared to 394,440 at September 30, 2007 and 489,028 at June 30, 2008. The acquisition of Tele2 Polska on September 15, 2008 added 504,007 WLR customers to Netia's voice customer base. By the end of 2008, Netia aims to have more than 1,080,000 voice customers (own network + WLR).



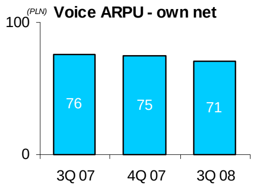
The sequential increase in the number of voice lines resulted from growth within <u>WLR-based voice services.</u> Of the total 642,081 WLR customers served at September 30, 2008, 504,007 represent the customer base of Tele2 Polska acquired in Q3 2008 and 138,074 were acquired organically. Netia began offering WLR during Q4 2007, selling to both voice-only customers and bitstream broadband customers as a double play offering. The Company intends to upsell its broadband services to the newly acquired voice customers of Tele2 Polska and move a significant proportion of them from WLR to either Netia's own networks or to LLU, further improving the gross margins on the provided services.

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

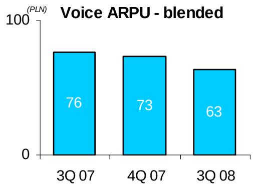
Number of voice lines	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
Traditional direct voice	367,547	368,151	370,418	377,104	383,625
Incl. ISDN	*123,186*	*119,312*	*116,262*	*113,704*	*111,962*
Incl. Legacy wireless	*42,372*	*42,304*	*42,703*	*44,755*	*48,680*
Voice over IP	9,195	5,365	4,840	2,495	2,169
WiMAX voice	14,383	13,510	11,695	11,025	8,646
Netia network subscriber voice lines	**391,125**	**387,026**	**386,953**	**390,624**	**394,440**
WLR	642,081	102,002	64,341	31,128	n/a
Total	**1,033,206**	**489,028**	**451,294**	**421,752**	**394,440**



Voice ARPU per WLR line amounted to PLN 46 (EUR 14) in Q3 2008 as compared to PLN 39 in Q2 2008 and PLN 13 in Q4 2007. The rising ARPU reflects the start-up nature of Netia's organic growth and the higher ARPUs of Tele2 Polska more mature WLR customer base.

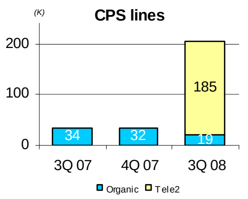


Voice ARPU per Netia network subscriber line amounted to PLN 71 (EUR 21) in Q3 2008 as compared to PLN 76 in Q3 2007 and PLN 72 in Q2 2008.

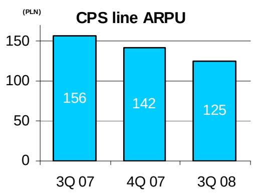


Blended voice ARPU decreased by 17% to PLN 63 (EUR 19) in Q3 2008 from PLN 76 in Q3 2007 and by 4% from PLN 66 in Q2 2008. The decrease reflects overall tariff reduction trends and the inclusion of WLR customers into the subscriber mix.

2.2.2. Indirect voice



CPS lines *(carrier pre selection)* totalled 204,066 at September 30, 2008 as compared to 33,577 at September 30, 2007 and 22,129 at June 30, 2008. This included 184,574 indirect voice customers of Tele2 Polska.



Indirect voice ARPU per CPS line decreased by 20% to PLN 125 (EUR 37) in Q3 2008 from PLN 156 in Q3 2007 and by 24% from PLN 165 in Q2 2008, due to the inclusion of Tele2 Polska's largely retail subscriber base into the subscriber mix.

2.3. Other

Headcount for the Netia group was 1,635 at September 30, 2008, compared to 1,237 at September 30, 2007 and 1,570 at June 30, 2008. The sequential increase in headcount was driven by the addition of 51 Tele2 Polska employees following its acquisition in September 2008. The increase over the previous year is driven by the transfer of temporary employees onto normal employment contracts with the objective of reducing cost associated with staff turnover, and by the acquisition of Ethernet networks. During the first nine months of 2008, 284 contracts were converted to 240 full-time equivalent employees and the total base of temporary contractors fell by 36%. In the same period, 69 employees were added in new Ethernet acquisitions, bringing the total headcount to 129 employees at the fifteen Ethernet companies acquired to date in connection with Netia's broadband-focused strategy.

The number of Netia's active business clients from the SME/SOHO sector grew by 8% to 95,900 at September 30, 2008 from 89,132 at June 30, 2008 and by 22% from 78,820 at December 31, 2007. Increasing Netia's focus on SOHO/SME customers and reducing dependence on revenues from large accounts and bespoke offerings for business customers is an important element of Netia's strategy.

Capital investment additions.

Capital investment additions *(PLN'M)*	**YTD 3Q 2008**	**YTD 3Q 2007**	*Change%*
Existing network and IT	80.2	77.3	+ 4%
Broadband networks & P4 transmission project	73.3	76.1	- 4%
Total	**153.5**	**153.4**	**+ 0.1%**

Higher IT spending in support of new services has driven the increase in existing network and IT spending. The reduction in broadband spending reflects lower spending on WiMAX and increasing utilisation of capacity previously rolled-out to carry data traffic.

Cash paid out for capital investments in the first nine months of 2008 was PLN 187.4m (EUR 55.0m), reflecting Q1 2008 payments for investments made in Q4 2007.

3. OTHER HIGHLIGHTS

Netia acquired Tele2 Polska. On June 29, 2008, Netia concluded an agreement to buy a 100% interest in Tele2 Polska and the transaction closed on September 15, 2008. The transaction values Tele2 Polska's enterprise at between EUR 29.1m and EUR 33.9m, depending on the level of additional performance related payments. This valuation translates to a maximum of PLN 156 (EUR 46) per voice customer, which is broadly comparable to direct acquisition costs for new customers acquired organically.

The acquisition of Tele2 Polska is a transformational move in realizing Netia's mass market strategy. Netia projects to increase its revenue base by over 40%, becoming nearly 3 times larger by revenue than the next largest altnet. The combined business gains significant scale over Netia's stand-alone operations and significant potential to upsell Netia's broadband, value added and content services to Tele2 Polska's voice clients. Netia management is targeting to deliver at least PLN 30.0m (EUR 8.9m) in annualized synergies within 12 months of closing, principally from marketing and network cost savings. The implementation of integration projects is not expected to exceed 12 months.

Netia diversifying into mobile services. On September 24, 2008, Netia launched mobile and convergent fixed-mobile services to its business clients. Currently, these services are offered to customers in the corporate market segment. Netia intends to introduce dedicated mobile and convergent products to small and medium enterprises in Q4 2008 and is presently conducting "friendly user" tests for this new offering. The new services are provided based on a long-term service provisioning contract with P4 Sp. z o.o. ("P4") signed in December 2007, under which Netia is selling P4's mobile services under its own brand and introducing convergent fixed-mobile products together with Play (Play is the brand developed by P4). This allows Netia to achieve an important strategic objective of providing its business customers with the full range of telecommunications services.

Funding. At September 30, 2008, Netia had PLN 232.7m (EUR 68.3m) in cash, PLN 275.0m (EUR 110.0m) of available undrawn bank facilities and an additional PLN 100.0m (EUR 29.3m) facility available at the Company's option. Management considers this funding position more than adequate to finance its business plan through to free cash flow break-even.

Management is considering its options to return excess liquidity to shareholders. Any potential future payments must be first agreed with Netia's banks. The Company projects that it will generate sufficient reserves to make it possible to pay dividends by 2010. However, no binding decisions regarding the dividend policy of Netia have been made. Capital reductions or share buy-backs as a means to return excess liquidity during 2009 are under consideration.

Changes to Netia's supervisory board. Effective September 23, 2008, the composition of the Company's supervisory board was extended from seven to nine members. The two newly appointed members are Mr. Kazimierz Marcinkiewicz, an international advisor to a leading investment bank and a former Prime Minister of Poland, and Mr. Piotr Czapski, a former management board member at Netia.

Changes to Netia's management board.
Piotr Nesterowicz, President and CEO of Tele2 Polska, joined Netia's management board as a member and its Strategy and Business Development Director, effective September 15, 2008.
Piotr Czapski left Netia's management board on August 22, 2008 to become head of the Warsaw office of EQT, a private equity fund.
Bertrand Le Guern, Chief Operation Officer, resigned from the Company's management board, effective December 15, 2008. Mr. Le Guern will be joining Canal+ Cyfrowy Sp. z o.o. as CEO and President of the management board.

Netia's shares are a component of the CECE MID CUP Index at the Wiener Boerse, effective September 22, 2008. The CECE MID CUP is a capitalization-weighted price index for selected medium-sized companies of high market capitalization in Central, Eastern and South-Eastern Europe.

4. GUIDANCE FOR 2008 AND MEDIUM-TERM OUTLOOK FOR 2009-2012

The following guidance is for Netia group and reflects the acquisition of Tele2 Polska.

Having completed the acquisition of Tele2 Polska on September 15, 2008, the new Netia group has commenced a comprehensive integration project that is expected to deliver extensive operational synergies, and has updated its financial plans for the enlarged organisation accordingly. The revised guidance reflects a stronger focus on achieving profitability earlier by building on the scale achieved thus far, and was announced on October 14, 2008 as follows:

2008 Guidance	Previous	Updated
Number of broadband service clients	> 400,000	> 400,000
Number of voice service clients *(own network and WLR)*	> 580,000	> 1,080,000
Unbundled local loop (LLU) nodes	125	125
Revenues *(PLN m)*	960.0 – 975.0	1,100.0
EBITDA *(PLN m)*	125.0	145.0
Investment outlays (excl. M&A) *(PLN m)*	240.0	240.0
M&A investment in Ethernet networks *(PLN m)*	60.0	30.0

Netia increased guidance for 2008.

Following the strong first nine months of 2008 and the consolidation of Tele2 Polska's financial results from September 15, 2008, revenue guidance was raised from PLN 960.0m – PLN 975.0m to PLN 1,100.0m (EUR 322.7m). Similarly, EBITDA guidance was raised from PLN 125.0m to PLN 145.0m (EUR 42.5m).

The voice service clients target was increased from 580,000 to 1,080,000, as a result of adding 504,000 Tele2 Polska WLR clients to the previous *Netia-only* target. The broadband customer base and the unbundled LLU nodes targets were maintained, along with guidance of PLN 240.0 (EUR 70.4m) for investment outlays.

The target for broadband customers remained stable, despite the addition of 28,000 broadband clients of Tele2 Polska, due to possible delays in closing a number of Ethernet networks acquisitions currently under negotiation. Consequently, funding for bolt-on acquisitions of Ethernet operators was reduced from PLN 60.0 to PLN 30.0m (EUR 8.8m).

Outlook for 2009	
Revenues *(PLN m)*	1,500.0
EBITDA *(PLN m)*	225.0
Investment outlays (excl. M&A) *(PLN m)*	280.0
M&A investment in Ethernet networks *(PLN m)*	75.0

Outlook for 2009.

Netia forecasts to raise its 2009 revenue by 36% over the prior year to PLN 1,500.0m (EUR 440.1m), driven by the continued development of broadband and double play bundles and the full-year impact of the Tele2 Polska acquisition.

EBITDA is projected to grow by 55% year-on-year to PLN 225.0m (EUR 66.0m). Netia confirmed its earlier estimates of at least PLN 30.0m (EUR 8.8m) in annual synergies to be achieved from the merger with Tele2 Polska and continues to expect almost all synergies to be delivered within the first 12 months of the acquisition date. The expected synergies include marketing and network cost savings of PLN 10.0m (EUR 2.9m) and PLN 20.0m (EUR 5.9m), respectively. In particular, Netia intends to transfer a significant portion of Tele2 Polska customers to its own copper networks or onto LLU, further improving the gross margins.

Capital expenditures guidance is PLN 280.0m (EUR 82.2m) as compared to PLN 240.0m for 2008. The increase is driven by the cost of rolling out the LLU and IPTV projects.

Investment in the acquisition of Ethernet networks is projected to be PLN 75.0m (EUR 22.0m) up from PLN 30.0m for 2008, reflecting the anticipated shift towards 2009 in completing a number of larger acquisitions.

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

Medium-term outlook.

Netia's substantially improved market share position following the Tele2 Polska acquisition enables management to rebalance its broadband driven growth strategy to increase the focus on accelerating improvements in profitability.

The Company expects annual revenue growth of 5%-10% from the enlarged base of PLN 1,500.0m (EUR 440.1m) in 2009, as opposed to the previous CAGR estimate of 15%-20% for Netia stand-alone.

Management has accelerated the targets of achieving 20% EBITDA margin, net profit and positive free cash flow by one year from 2011 to 2010.

Capital expenditures are expected to peak in 2009 and then to drop steadily as a percentage of sales thereafter.

Given the focus on upselling products to the existing clients and acquiring new broadband subscribers through less expensive sales channels, the target of acquiring 1 million broadband customers is being postponed from 2010 to 2012.

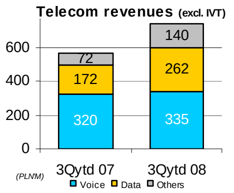
Becoming free cash flow positive by 2010 remains a key objective and Netia is more than adequately funded to complete its expansion plans in the meantime. As a result, management has the flexibility to consider acquisition opportunities, should they arise. Furthermore, management is considering options to accelerate remitting cash to shareholders.

Consolidated Financial Information

Please also see our interim condensed consolidated financial statements for the nine-month period ended September 30, 2008.

2008 Year-to-Date vs. Year-to-Date 2007

Revenue rose by 22% from PLN 615.5m for the nine-month period ended September 30, 2007 to PLN 752.1m (EUR 220.7m) for the same period in 2008. Excluding revenues from the IVT *(international voice termination)* activities sold in Q1 2008, revenues rose by 30% to PLN 743.3m (EUR 218.1m) from PLN 569.8 in the nine-month period ended September 30, 2007. Of this growth, PLN 18.5m (EUR 5.4m) were contributed by Tele2 Polska, consolidated by Netia in its financial results from September 15, 2008.



Total telecommunications revenues, excluding IVT, increased by 31% to PLN 737.2m (EUR 216.3m) from PLN 564.4m in the corresponding period of 2007. Data revenues increased to PLN 261.8m (EUR 76.8m), up by 52% from PLN 172.2m in the first nine months of 2007, with 34 percentage points from general organic growth, 8 percentage points from acquisitions of Ethernet operators and 10 percentage points from data transmission connections sold to P4. Revenues from direct voice services increased by 7% to PLN 300.2m (EUR 88.1m) from PLN 280.5m for the nine-month period ended September 30, 2007, supported by the rapid addition of WLR voice customers and the acquisition of Tele2 Polska.

The overall revenue increase was also supported by higher interconnection revenues (an increase of 343% or PLN 50.8m (EUR 14.9m)), driven mostly by the introduction of the new interconnection agreement with TP from Q4 2007 and transit traffic carried to mobile networks. Wholesale revenues from continuing activities rose by 36% from PLN 39.3m to PLN 53.5m (EUR 15.7m).

The IVT activities excluded from the above analysis, sold during Q1 2008, amounted to PLN 45.7m in the nine-month period ended September 30, 2007 versus PLN 8.7m in Q1 2008 prior to disposal.

Cost of sales increased by 22% to PLN 570.8m (EUR 167.5m) from PLN 468.5m for the nine-month period ended September 30, 2007 and represented 76% of total revenues for the year-to-date in both 2008 and 2007.

Interconnection charges increased by 50% to PLN 171.0m (EUR 50.2m) in the first nine months of 2008 as compared to PLN 114.2m for the corresponding period of 2007 mainly as a result of the introduction of the new interconnect regime with TP as of Q4 2007 that eliminated the bill and keep arrangement for local calls.

Network operations and maintenance costs increased by 33% to PLN 162.1m (EUR 47.5m) for the nine-month period ended September 30, 2008 from PLN 121.8m in the same period of 2007. This increase was driven by the costs of bitstream and WLR wholesale access, the new Ethernet networks and additional leased lines to large business customers.

Depreciation charges for fixed assets related to cost of sales decreased by 9% to PLN 154.1m (EUR 45.2m) from PLN 169.3m in the nine-month period ended September 30, 2007 as a result of Netia completing the accelerated depreciation of the legacy narrowband radio equipment that has already been retired.

Other costs increased by 36% to PLN 44.4m (EUR 13.0m) in the first nine months of 2008 from PLN 32.7m in the same period of 2007, principally due to a PLN 7.4m increase in provisions.

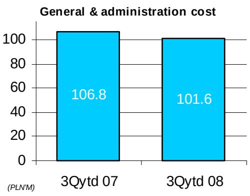
Gross profit for the nine-month period ended September 30, 2008 was PLN 181.3m (EUR 53.2m) as compared to PLN 147.1m for the corresponding period of 2007. Gross profit margin increased to 24.1% from 23.9% for the nine-month period ended September 30, 2007.

Selling and distribution costs increased by 35% to PLN 182.9m (EUR 53.7m) from PLN 135.8m for the same period last year and represented 24% of total revenues as compared to 22% in the nine-month period ended September 30, 2007. Expenditures associated with the acquisition of WLR customers in addition to broadband customers is the main cause of the increased spending.

Advertising and promotion expenditures were up by 93% to PLN 44.5m (EUR 13.1m) from PLN 23.0m in the nine-month period ended September 30, 2007 when Netia's regulated access offer to mass market clients was just getting underway.

Other services costs increased by 46% to PLN 40.1m (EUR 11.8m) from PLN 27.5m in the nine-month period ended September 30, 2007, mainly as a result of the third-party commissions paid for the acquisition of new customers and costs of outsourced call center support.

Salaries and benefits costs related to selling and distribution increased by 17% to PLN 62.0m (EUR 18.2m) from PLN 52.9m in the first nine months of 2007 in connection with addition of new staff and salary increases. As temporary staff have been switched to employment agreements, cost has migrated from other service costs to salaries and benefits.



General and administration costs decreased by 5% to PLN 101.6m (EUR 29.8m) from PLN 106.8m for the nine-month period ended September 30, 2007 and represented 14% of total revenues as compared to 17% in the same period of 2007. Most categories of general and administrative expenses were reduced year over year, reflecting the success of our cost saving initiatives.

Other income was PLN 6.1m (EUR 1.8m) as compared to PLN 36.3m in the first nine months of 2007. Other income recorded for the nine-month period ended September 30, 2007 included PLN 24.2m related to the Company's settlement of interconnection disputes with TP.

Other gains/(losses), net were PLN 12.2m (EUR 3.6m) as compared to PLN 5.2m in the nine-month period ended September 30, 2007 and included a gain of PLN 5.1m (EUR 1.5m) recorded in Q1 2008 on disposal of certain assets of Premium Internet SA comprising its IVT activities and a gain of PLN 6.2 (EUR 1.8m) on property sales in Q2 2008.

Operating costs related to Netia's bitstream, LLU and WLR projects, net of revenues, amounted to PLN 54.7m (EUR 16.0m) in the first nine months of 2008, out of which PLN 37.1m (EUR 10.9m) was attributable to the cost of subscriber' acquisitions and a further PLN 17.6m (EUR 5.2m) in incremental costs of bitstream, WLR and LLU wholesale access, IP transit, advertising and customer care.

EBITDA was PLN 113.1m (EUR 33.2m) as compared PLN 153.0m for the nine-month period ended September 30, 2007. EBITDA margin was 15.0% as compared to 24.8% for the corresponding period of 2007. Customer acquisition costs for WLR and broadband customers, increased advertising and commercial expenditures to support rapid growth and lower one-off gains are the main reasons for the EBITDA margin decline. Consolidation of Tele2 Polska from September 15, 2008 contributed PLN 1.8m (EUR 0.5m) to the EBITDA line.

Depreciation and amortization decreased by 6% to PLN 198.1m (EUR 58.1m) as compared to PLN 211.9m for the nine-month period ended September 30, 2007 as a result of Netia completing the accelerated depreciation of the retiring legacy narrowband radio equipment.

Operating loss (EBIT) was PLN 85.0m (EUR 24.9m) as compared to operating loss of PLN 58.9m for the nine-month period ended September 30, 2007 and was driven by the costs of the broadband and WLR expansion and lower one-off gains than in the prior year comparative period.

Net finance loss was PLN 3.0m (EUR 0.9m) as compared to net finance income of PLN 3.2m in the nine-month period ended September 30, 2007 and was related mainly to interest from the credit facility and foreign exchange losses. Net financial income recorded in the prior year period was related mainly to interest earned on net cash balances.

Gain on disposal of P4 shares in Q2 2008 of PLN 353.4m (EUR 103.7m) was recorded in the first nine months 2008.

Share of losses of associates was PLN 22.6m (EUR 6.6m) as compared to PLN 112.3m in the nine-month period ended September 30, 2007 and was related to Netia's equity participation in the P4 mobile venture. Netia ceased to consolidate its share of P4 loss from February 21, 2008, once the consent from the supervisory board to sell Netia's P4 shares was obtained.

Profit was PLN 240.7m (EUR 70.6m) as compared to loss of PLN 169.4m for the nine-month period ended September 30, 2007 and was driven by a gain from P4 shares disposal. Tele2 Polska contributed net profit of PLN 1.3m (EUR 0.4m).

Net cash used for the purchase of fixed assets and computer software increased by 6% to PLN 187.4m (EUR 55.0m) for the nine-month period ended September 30, 2008 from PLN 177.6m for the corresponding period of 2007. Investments in existing network and IT combined were up by 4% in comparison to the first nine months of 2007 driven by higher IT spending in support of new services. Investment in broadband and the P4 transmission projects decreased by 4%, with the reduction reflecting lower spending on WiMAX and increasing utilisation of capacity previously rolled-out to carry data traffic.

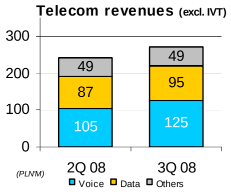
Other significant cash outflow / inflow items during the first nine months of 2008 included Netia's proceeds from the disposal of its P4 investment in Q2 2008 of PLN 453.8m (EUR 133.1m), purchase considerations of PLN 82.6m (EUR 24.2m) and PLN 16.1m (EUR 4.7m) for the acquisition of Tele2 Polska and the Ethernet network operators, respectively, and PLN 14.2m (EUR 4.2m) received on disposal of non-core assets. As a result, net cash provided by investing activities amounted to PLN 174.2m (EUR 51.1m) for the nine-month period ended September 30, 2008 as compared to PLN 286.2m of cash used in the same period of 2007.

Cash and cash equivalents at September 30, 2008 were PLN 232.7m (EUR 68.3m).

Netia was debt free at September 30, 2008, with a PLN 275.0m (EUR 80.7m) credit facility available until December 31, 2010 to finance Netia's future investment requirements and an additional facility of PLN 100.0m (EUR 29.3m) available at the Company's option.

Q3 2008 vs. Q2 2008

Revenues were up sequentially by 11% to PLN 271.2m (EUR 79.5m) in Q3 2008 from PLN 243.5m in Q2 2008, supported by an addition of PLN 18.5m (EUR 5.4m) of revenue from the Tele2 Polska acquisition, which was consolidated from September 15, 2008. Excluding the effect of Tele2 Polska, revenues increased sequentially by 4% or PLN 9.1m (EUR 2.7m).



Total telecommunications revenues increased by 11% to PLN 269.2m (EUR 79.0m) from PLN 241.4m in Q2 2008. Direct voice revenues were up by 22% to PLN 114.5m (EUR 33.6m) from PLN 93.6m in Q2 2008, including two weeks' revenue of Tele2 Polska of PLN 16.4m (EUR 4.8m). Data revenues increased sequentially by 9% to PLN 94.9m (EUR 27.8m) in Q3 2008 from PLN 86.7m in Q2 2008, with Tele2 Polska contributing PLN 0.8m (EUR 0.2m).

Cost of sales increased by 3% to PLN 197.4m (EUR 57.9m) from PLN 191.6m in Q2 2008 and represented 73% of total revenues in Q3 2008 as compared to 79% in Q2 2008.

Interconnection charges increased by 12% to PLN 62.7m (EUR 18.4m) in Q3 2008 from PLN 55.7m in Q2 2008, driven by an addition of Tele2 Polska interconnection cost of PLN 8.9m (EUR 2.6m).

Network operations and maintenance costs increased by 4% to PLN 57.0m (EUR 16.7m) in Q3 2008 from PLN 54.9m in Q2 2008, driven by the acquisition of new broadband and WLR customers.

Depreciation charges for fixed assets related to cost of sales decreased by 5% to PLN 51.5m (EUR 15.1m) from PLN 54.1m in Q2 2008 after a one-off adjustment of PLN 4.0m (EUR 1.2m) to legacy narrowband depreciation charges was recorded in Q2 2008.

Excluding the impact of Tele2 Polska acquisition, costs of sales decreased between the consecutive quarters by 2% or PLN 4.4m (EUR 1.3m), driven by lower depreciation charges as mentioned above, lower interconnection charges resulting from the less low-margin voice traffic termination and the introduction of flat-rate interconnection points for some Netia services.

Gross profit improved sequentially by 42% from PLN 51.9m in Q2 2008 to PLN 73.7m (EUR 21.6m) in Q3 2008, with gross profit margin rising from 21.3% to 27.2%. This progress was driven by scale and cost improvements to network and interconnection expenses at Netia, lower depreciation charges and the first contribution from Tele2 Polska.

Selling and distribution costs increased by 8% to PLN 65.3m (EUR 19.1m) from PLN 60.6m in Q2 2008, representing 24% of total revenues in Q3 2008 as compared to 25% in Q2 2008.

Other services costs increased by 40% to PLN 16.8m (EUR 4.9m) in Q3 2008 from PLN 12.0m in Q2 2008, driven by outsourcing costs of Tele2 Polska, the third party commissions and Netia's move to a leased head office building.

Mailing services costs increased by 52% to PLN 4.7m (EUR 1.4m) in Q3 2008 from PLN 3.1m in Q2 2008, mainly as a result of couriering new contracts to customers for their signatures and Tele2 Polska expenditures of PLN 0.9m (EUR 0.3m).

Salaries and benefits costs related to selling and distribution were down by 11% to PLN 19.2m (EUR 5.6m) from PLN 21.5m in Q2 2008 as a result of lower sales commissions.

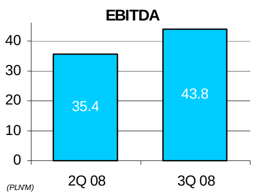
Excluding Tele2 Polska, selling and distribution costs decreased by 2% or PLN 1.3m (EUR 0.4m) driven by lower costs of salaries and benefits and lower advertising and promotion costs. This was partly offset by increased costs of other services, as described above.

General and administrative expenses increased by 5% to PLN 34.4m (EUR 10.1m) as compared to PLN 32.7m in Q2 2008 and represented 13% of total revenues in both Q3 and Q2 2008.

Office and car maintenance costs increased to PLN 3.4m (EUR 1.0m) in Q3 2008 from PLN 1.5m in Q3 2008, as Netia moved in to its new leased offices and switched to leasing its car fleet. The old head office buildings are up for sale.

Salaries and benefits costs related to general and administration cost were down by 15% to PLN 16.4m (EUR 4.8m) from PLN 19.2m in Q2 2008, partly as a result of derecognition in the income statement of PLN 1.8m (EUR 0.5m) of the stock option cost following the changes in Netia's management board.

Excluding Tele2 Polska acquisition, general and administrative costs were up by 3% or PLN 1.1m (EUR 0.3m).



EBITDA increased by 24% to PLN 43.8m (EUR 12.8m) as compared to PLN 35.4m in Q2 2008. Tele2 Polska contributed PLN 1.8m (EUR 0.5m) to this result. EBITDA margin improved to 16.2% in Q3 2008 from 14.6% in the prior quarter.

Loss of PLN 18.6m (EUR 5.4m) was recorded in Q3 2008 as compared to a profit of 314.6m in Q2 2008. Excluding Netia's gain on the sale of its P4 shares of PLN 353.4m from Q2 2008 result, Netia's loss narrowed by 52%.

Key Figures

PLN'000	YTD 2008	YTD 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
Revenues from continuing activities	743,338	569,829	271,159	243,483	228,696	211,055	191,569
Revenues from IVT activities.................	8,744	45,702	-	-	8,744	11,439	13,990
Total revenues	752,112	615,531	271,159	243,483	237,470	222,494	205,559
y-o-y % change	*22.2%*	*(5.6%)*	*31.9%*	*18.4%*	*16.2%*	*6.1%*	*(10.8%)*
EBITDA	113,065	153,005	43,829	35,436	33,800	17,677	36,160
Margin %	*15.0%*	*24.9%*	*16.2%*	*14.6%*	*14.2%*	*7.9%*	*17.6%*
y-o-y change %	*(26.1%)*	*(4.8%)*	*21.2%*	*(43.1%)*	*(38.1%)*	*(70.8%)*	*(33.0%)*
EBIT	(85,023)	(58,873)	(22,714)	(33,230)	(29,079)	(44,967)	(35,714)
Margin %	*(11.3%)*	*(9.6%)*	*(8.4%)*	*(13.6%)*	*(12.2%)*	*(20.2%)*	*(17.4%)*
Profit/(Loss) of the Netia Group *(consolidated)*	240,701	(169,355)	(18,586)	314,581	(55,294)	(99,526)	(80,543)
Margin %	*32.0%*	*(27.5%)*	*(6.9%)*	*129.2%*	*(23.3%)*	*(44.7%)*	*(39.2%)*
Adjusted profit/(loss) of the Netia Group (consolidated) ~	(112,680)	(169,355)	(18,540)	(38,846)	(55,294)	(99,526)	(80,543)
Margin %	*(15.0%)*	*(27.5%)*	*(6.8%)*	*(16.0%)*	*(23.3%)*	*(44.7%)*	*(39.2%)*
Profit/(Loss) of Netia SA *(stand alone)^*	(88,112)	(36,419)	(22,438)	(37,105)	(28,569)	(36,798)	(30,768)
Cash and cash equivalents	232,736	48,416	232,736	324,017	74,242	57,700	48,416
Debt	-	4,963	-	-	179,478	94,741	4,963
Capex related payments	187,361	177,576	70,060	47,167	70,134	57,806	67,415
Investments in tangible and intangible fixed assets	153,553	153,391	66,245	52,103	35,205	91,013	64,049

EUR '000 *	YTD 2008	YTD 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
Revenues from continuing activities	218,096	167,189	79,558	71,438	67,100	61,924	56,207
Revenues from IVT activities	2,566	13,409	-	-	2,566	3,356	4,105
Revenues	220,671	180,598	79,558	71,438	69,674	65,280	60,311
y-o-y % change	*22.2%*	*(5.6%)*	*31.9%*	*18.4%*	*16.2%*	*6.1%*	*(10.8%)*
EBITDA	33,173	44,892	12,859	10,397	9,917	5,186	10,609
Margin %	*15.0%*	*24.9%*	*16.2%*	*14.6%*	*14.2%*	*7.9%*	*17.6%*
y-o-y change %	*(26.1%)*	*(4.8%)*	*21.2%*	*(43.1%)*	*(38.1%)*	*(70.8%)*	*(33.0%)*
EBIT	(24,946)	(17,273)	(6,664)	(9,750)	(8,532)	(13,193)	(10,479)
Margin %	*(11.3%)*	*(9.6%)*	*(8.4%)*	*(13.6%)*	*(12.2%)*	*(20.2%)*	*(17.4%)*
Profit/(Loss) of the Netia Group *(consolidated)*	70,622	(49,689)	(5,453)	92,299	(16,223)	(29,201)	(23,631)
Margin %	*32.0%*	*(27.5%)*	*(6.9%)*	*129.2%*	*(23.3%)*	*(44.7%)*	*(39.2%)*
Adjusted profit/(loss) of the Netia Group (consolidated) ~	(33,060)	(49,689)	(5,440)	(11,397)	(16,223)	(29,201)	(23,631)
Margin %	*(15.0%)*	*(27.5%)*	*(6.8%)*	*(16.0%)*	*(23.3%)*	*(44.7%)*	*(39.2%)*
Profit/(Loss) of Netia SA *(stand alone)^*	(25,852)	(10,685)	(6,583)	(10,887)	(8,382)	(10,797)	(9,027)
Cash and cash equivalents	68,285	14,205	68,285	95,067	21,783	16,929	14,205
Debt	-	1,456	-	-	52,659	27,797	1,456
Capex related payments	54,972	52,101	20,556	13,839	20,577	16,960	19,780
Investments in tangible and intangible fixed assets	45,053	45,005	19,436	15,287	10,329	26,703	18,792

* The EUR amounts shown in this table and in the entire document have been translated using an exchange rate of PLN 3.4083 = EUR 1.00, the average rate announced by the National Bank of Poland on September 30, 2008. These figures are included for the convenience of the reader only.

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

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

Key Operational Indicators

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
Broadband data					
Total number of broadband ports (cumulative)	346,939	292,470	256,922	217,518	171,368
xDSL and FastEthernet over Netia's own fixe-line network	*134,311*	*132,398*	*120,209*	*111,223*	*94,621*
WiMAX Internet ports	*9,970*	*8,444*	*7,192*	*5,861*	*4,658*
Others	*1,136*	*987*	*1,022*	*1,088*	*1,144*
Netia network broadband ports	145,417	141,829	128,423	118,172	100,423
Bitstream access ports	*201,522*	*150,641*	*128,499*	*99,346*	*70,945*
Total net additions	54,469	35,548	39,404	46,150	37,390
Monthly Broadband APRU (PLN)	63	66	69	75	86
Monthly Bitstream SAC (PLN)	164	182	187	264	308
Subscriber data *(own network and WLR)*					
Subscriber lines (cumulative)	1,033,206	489,028	451,294	421,752	394,440
Traditional direct voice	*367,547*	*368,151*	*370,418*	*377,104*	*383,625*
incl. ISDN equivalent of lines	*123,186*	*119,312*	*116,262*	*113,704*	*111,962*
incl. legacy wireless	*42,372*	*42,304*	*42,703*	*44,755*	*48,680*
Voice over IP	*9,195*	*5,365*	*4,840*	*2,495*	*2,169*
WiMAX voice	*14,383*	*13,510*	*11,695*	*11,025*	*8,646*
Netia network subscriber voice lines	391,125	387,026	386,953	390,624	394,440
WLR	*642,081*	*102,002*	*64,341*	*31,128*	*n/a*
Total net additions	544,178	37,734	29,532	27,312	(2,023)
Business mix of total subscriber lines (cumulative)	22.7%	44.6%	45.2%	42.0%	40.9%
Monthly Voice ARPU in own network (PLN)	71	72	75	75	76
Monthly Voice ARPU for WLR (PLN)	46	39	32	13	n/a
Monthly Voice ARPU blended (PLN)	63	66	70	73	n/a
Indirect voice data					
CPS lines (cumulative)	204,066	22,129	25,518	32,317	33,517
Monthly Voice ARPU for CPS	125	165	141	142	156
Network data					
Backbone (km)	5,002	5,002	5,002	5,002	5,002
Number of connected lines (cumulative)	540,920	539,942	539,942	536,432	533,372
Other					
Headcount	1,635	1,570	1,487	1,281	1,237

(Tables to Follow)

Income Statement *(unaudited)* (PLN in thousands unless otherwise stated)

Time periods:	**YTD 2008**	**YTD 2007**	**Q3 2008**	**Q2 2008**
Telecommunications revenue				
Direct Voice	300,197	280,463	114,518	93,567
monthly charges	116,631	92,273	49,265	35,396
calling charges	183,566	188,190	65,253	58,171
– *local calls*	*41,244*	*49,918*	*13,882*	*12,817*
– *domestic long-distance calls*	*25,027*	*30,183*	*8,335*	*7,861*
– *international long-distance calls*	*20,569*	*20,748*	*7,076*	*6,567*
– *fixed-to-mobile calls*	*73,129*	*76,161*	*26,254*	*23,119*
– *other*	*23,597*	*11,180*	*9,706*	*7,807*
Indirect Voice	34,888	39,990	10,401	11,756
Data	261,848	172,198	94,886	86,701
Interconnection revenues	65,614	14,806	25,552	26,058
Wholesale services	53,514	39,310	17,820	16,594
Intelligent network services	11,084	10,803	3,101	3,559
Other telecommunications revenues	8,206	6,215	2,438	2,458
Total telecommunications services revenues	**735,351**	**563,785**	**268,716**	**240,693**
Sales of goods	1,903	618	505	720
Total telecommunications revenue	**737,254**	**564,403**	**269,221**	**241,413**
Radio communications revenue	6,084	5,426	1,938	2,070
Revenues from continuing activities	**743,338**	**569,829**	**271,159**	**243,483**
Revenues from IVT activities	8,774	45,702	-	-
Total revenues	**752,112**	**615,531**	**271,159**	**243,483**
Cost of sales	(570,790)	(468,470)	(197,439)	(191,557)
Interconnection charges	*(171,007)*	*(114,161)*	*(62,674)*	*(55,687)*
Network operations and maintenance	*(162,072)*	*(121,781)*	*(57,035)*	*(54,856)*
Costs of goods sold	*(5,650)*	*(5,061)*	*(1,580)*	*(1,676)*
Depreciation of fixed assets	*(154,112)*	*(169,298)*	*(51,481)*	*(54,105)*
Amortization of intangible assets	*(19,042)*	*(17,482)*	*(6,453)*	*(6,361)*
Salaries and benefits	*(14,542)*	*(8,001)*	*(4,581)*	*(5,055)*
Other costs	*(44,365)*	*(32,686)*	*(13,635)*	*(13,817)*
Gross profit	**181,322**	**147,061**	**73,720**	**51,926**
Margin (%)	***24.1%***	***23.9%***	***27.2%***	***21.3%***
Selling and distribution costs	(182,896)	(135,815)	(65,279)	(60,562)
Advertising and promotion	*(44,510)*	*(23,006)*	*(15,821)*	*(15,162)*
Mailing services	*(10,784)*	*(7,599)*	*(4,671)*	*(3,065)*
Information technology services	*(4,656)*	*(3,713)*	*(1,897)*	*(1,219)*
Other services	*(40,137)*	*(27,507)*	*(16,779)*	*(12,020)*
Impairment of receivables	*(2,678)*	*(2,177)*	*(1,104)*	*(1,043)*
Depreciation of fixed assets	*(2,962)*	*(3,395)*	*(882)*	*(1,130)*
Amortization of intangible assets	*(13,062)*	*(13,393)*	*(4,250)*	*(4,433)*
Salaries and benefits	*(62,032)*	*(52,896)*	*(19,167)*	*(21,479)*
Other costs	*(2,075)*	*(2,129)*	*(708)*	*(1,011)*
General and administration costs	(101,650)	(106,826)	(34,432)	(32,662)
Professional services	*(6,068)*	*(7,822)*	*(2,214)*	*(1,306)*
Information technology services	*(6,364)*	*(6,028)*	*(2,262)*	*(2,194)*
Office and car maintenance	*(6,675)*	*(5,574)*	*(3,438)*	*(1,551)*
Insurance	*(1,057)*	*(1,711)*	*(359)*	*(260)*
Other services	*(9,355)*	*(10,412)*	*(2,953)*	*(3,167)*
Depreciation of fixed assets	*(3,175)*	*(3,546)*	*(1,181)*	*(923)*
Amortization of intangible assets	*(5,735)*	*(4,764)*	*(2,296)*	*(1,714)*
Salaries and benefits	*(54,991)*	*(58,662)*	*(16,373)*	*(19,196)*
Other costs	*(8,230)*	*(8,307)*	*(3,356)*	*(2,351)*
Other income	6,090	36,317	2,520	1,207
Other expense	(73)	(4,764)	(22)	(31)
Other gains/ (losses), net	12,184	5,154	779	6,892
EBIT	**(85,023)**	**(58,873)**	**(22,714)**	**(33,230)**
Margin (%)	***(11.3%)***	***(9.6%)***	***(8.4%)***	***(13.6%)***
Finance income	8,414	3,349	3,696	4,085
Finance cost	(11,449)	(103)	592	(9,707)
Gain on sale of investment in P4	353,381	-	(46)	353,427
Share of losses of associates	(22,625)	(112,345)	-	-
Profit / (Loss) before tax	**242,698**	**(167,972)**	**(18,472)**	**314,575**
Tax benefit / (charge)	(1,997)	(1,383)	(114)	6
Profit / (Loss)	**240,701**	**(169,355)**	**(18,586)**	**314,581**
Attributable to:				
Equity holders of the Company	240,701	(169,582)	(18,586)	314,581
Minority interest	-	227	-	-
Margin (%)	***32.0%***	***(27.5%)***	***(6.9%)***	***129.2%***
Earnings per share for loss attributable to equity holders (not in thousands)	0.62	(0.44)	(0.05)	0.81
Diluted earnings per share for loss attributable to equity holders (not in thous.)	0.62	(0.44)	(0.05)	0.81

EBITDA Reconciliation to Loss *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2008	YTD 2007	Q3 2008	Q2 2008
Operating loss	**(85,023)**	**(58,873)**	**(22,714)**	**(33,230)**
Add back:				
Depreciation of fixed assets	160,249	176,239	53,544	56,158
Amortization of intangible assets	37,839	35,639	12,999	12,508
EBITDA	**113,065**	**153,005**	**43,829**	**35,436**
Margin (%)	***15.0%***	***24.9%***	***16.2%***	***14.6%***

Note to Other Income *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2008	YTD 2007	Q3 2008	Q2 2008
Sale of services to P4	843	2,137	181	255
Settlement of disputes with TP	-	24,239	-	-
Fair value adjustments on other receivables	184	-	-	-
Financial guarantee contract	435	5,707	-	-
Other operating income	4,628	3,726	2,339	952
Forgiveness of liabilities	-	508	-	-
Total	**6,090**	**36,317**	**2,520**	**1,207**

Note to Other Expense *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2008	YTD 2007	Q3 2008	Q2 2008
Impairment charges for specific individual assets	(73)	-	(22)	(31)
Transaction tax on contribution in-kind to subsidiary company	-	(4,764)	-	-
Total	**(73)**	**(4,764)**	**(22)**	**(31)**

Note to Other Gains / (losses), net *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2008	YTD 2007	Q3 2008	Q2 2008
Decrease of purchase consideration	-	1,940	-	-
Gain on sale of impaired receivables	1,200	2,040	499	701
Gain on disposal of fixed assets	6,348	1,585	134	6,434
Gain on disposal of a group of assets comprising Premium Internet's IVT activities	5,093	-	-	-
Net foreign exchange gains / (losses)	(457)	(411)	146	(243)
Total	**12,184**	**5,154**	**779**	**6,892**

Balance Sheet

(PLN in thousands unless otherwise stated)

Time Periods	September 30, 2008 *unaudited*	December 31, 2007 *audited*
Property, plant and equipment, net	1,376,389	1,408,597
Intangible assets	395,196	267,946
Investments in associates	-	150,435
Deferred income tax assets	563	2,162
Available for sale financial assets	4,938	10
Long-term receivables	277	250
Other financial assets	1,227	-
Prepaid expenses and accrued income	15,686	5,667
Total non-current assets	**1,794,276**	**1,835,067**
Inventories	3,778	2,903
Trade and other receivables	171,692	127,339
Current income tax receivables	34	22
Prepaid expenses and accrued income	17,872	10,899
Restricted cash	2,873	-
Cash and cash equivalents	232,736	57,700
	428,985	**198,863**
Non-current assets classified as held for sale	36,943	36,721
Total current assets	**465,928**	**235,584**
TOTAL ASSETS	**2,260,204**	**2,070,651**
Share capital	389,277	389,277
Share premium	1,556,489	1,641,398
Other supplementary capital related to former associate	-	40,102
Other reserves	22,704	14,251
Retained earnings	(31,149)	(356,759)
TOTAL EQUITY	**1,937,321**	**1,728,269**
Borrowings	-	87,344
Provisions	-	97
Deferred income	7,901	8,567
Deferred income tax liabilities	15,005	1,954
Other financial liabilities	340	-
Other long-term liabilities	3,284	3,454
Total non-current liabilities	**26,530**	**101,416**
Trade and other payables	268,793	219,486
Borrowings	-	7,397
Current income tax liabilities	31	154
Provisions	2,080	562
Financial guarantee contract	-	435
Deferred income	25,449	12,932
Total current liabilities	**296,353**	**240,966**
Total liabilities	**322,883**	**342,382**
TOTAL EQUITY AND LIABILITIES	**2,260,204**	**2,070,651**

Cash Flow Statement *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	YTD 2008	YTD 2007	Q3 2008	Q2 2008
Profit / (Loss)	**240,701**	**(169,355)**	**(18,586)**	**314,581**
Depreciation and amortization	198,088	211,878	66,543	68,666
Impairment charges for specific individual assets	73	-	22	31
Share of losses of former associates	22,625	112,345	-	-
Deferred income tax charge / (benefit)	1,621	999	(5)	(136)
Interest expense accrued on credit facility	7,040	-	-	4,908
Other interest accrued	301	-	104	101
Financial guarantee contract	(435)	(5,707)	-	-
Interest accrued on loans granted	(20)	(34)	(6)	(6)
Share-based compensation	8,312	9,245	1,089	2,599
Fair value gains/(losses) on financial assets/liabilities	(197)	(21)	(84)	(219)
Fair value adjustments on other receivables	(184)	-	-	-
Foreign exchange (gains) / losses	2,640	52	(1,023)	3,754
Gain on sale of an associate (P4)	(353,381)	-	46	(353,427)
Gain on disposal of group of assets	(5,093)	-	-	-
Gain on disposal of fixed assets	(5,990)	(1,585)	-	(6,390)
Decrease of purchase consideration	-	(1,940)	-	-
Changes in working capital	(9,617)	30,520	12,087	(3,509)
Net cash provided by operating activities	**106,484**	**186,397**	**60,187**	**30,953**
Purchase of fixed assets and computer software	(187,361)	(177,576)	(70,060)	(47,167)
Proceeds from sale of non-core assets	14,242	4,778	555	9,659
Investment in former associate	(8,124)	(101,106)	-	-
Proceeds from sale of Netia's investment in P4	453,770	-	-	453,770
Purchase of subsidiaries, net of received cash	(98,708)	(27,238)	(82,638)	(8,222)
Sale of financial assets at fair value through profit and loss	-	14,777	-	-
Loan and interest repayments	392	208	69	70
Net cash used in investing activities	**174,211**	**(286,157)**	**(152,074)**	**408,110**
Cost of share issuance	-	(73)	-	
Finance lease payments	(1,723)	(284)	(537)	(716)
Proceeds from borrowings	85,000	5,000	-	-
Loan repayments	(180,196)	-	(190)	(180,006)
Interest repayments	(5,814)	-	-	(4,229)
Redemption of notes for warrants	-	(1)	-	-
Net cash provided by financing activities	**(102,733)**	**4,643**	**(722)**	**(184,951)**
Net change in cash and cash equivalents	**177,962**	**(95,118)**	**(92,609)**	**254,112**
Effect of exchange rate change on cash and cash equivalents	(2,923)	(52)	1,328	(4,337)
Cash and cash equivalents at the beginning of the period	57,697	143,586	324,017	74,242
Cash and cash equivalents at the end of the period	**232,736**	**48,416**	**232,736**	**324,017**

Definitions

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

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

network and charges the customer for both line rental and calls made. TPSA receives a payment for line rental plus call origination fees and keeps all interconnection revenues from incoming calls.

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

Netia management will hold a conference call to review the results on November 13, at 09:00 AM (UK) / 10:00 AM (Continent) / 04:00 AM (Eastern). To register for the call and obtain dial in numbers please contact Emilia Whitbread at Taylor Rafferty London on +44 (0) 20 7614 2900 or Jessica McCormick at Taylor Rafferty New York on +1 212 889 4350.

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

# # #