

Netia acquisition of Tele2 Polska

Tele2 acquisition rationale



Transformational change to Netia's market position

- Significant consolidation acquisition
- Netia becomes No.1 challenger to TP by a significant margin. Undisputable leadership among alternative telecoms in Broadband (over 300k) and fixed voice (over 1.2 mln) customers
- Over 40% increase in annual revenues with positive incremental EBITDA
- Significant potential for cross-selling of Broadband, VAS, and content

Attractive price

- 2.8 x Forecast EBITDA in 2008 (assuming 100% of additional price paid)
- 156 PLN (46 Euro) per customer - comparable to fully loaded Subscriber Acquisition Costs

Significant and quick synergies

- 20 mln PLN annual network cost savings to be achieved within 12 months
- 10 mln PLN annual marketing savings as customers move to the Netia brand (no further promotional support for the Tele2 brand)
- Improved margins from up to 10% of customers being switched onto Netia's fully-owned infrastructure
- Economies of scale from combined outsourcing, absorption of personnel, IT and sales cost optimization



Transaction overview



Key financial terms

- Purchase price sets an Enterprise Value of 29.1 mln EUR (98.0 mln PLN)
- Including the target net cash of 2.3 mln EUR (7.7 mln PLN), the EV amounts to 31.4 mln EUR (105.8 mln PLN)
- Dependent on performance for 12 months post closing, the EV may be further increased by an additional 4.8 mln EUR (16.2 mln PLN)
- Netia is adding 100 mln PLN (29.7 mln EUR) to its debt facilities in parallel to the acquisition and will remain fully funded

Transaction considerations

- Closing of transaction is subject to:
 - Antimonopoly consent
 - Netia's Shareholder Meeting approval of part of the Rabobank financing
 - No substantial adverse changes to market conditions
- Additional contracts include Migration, Service, Billing and SLA agreements assuring in particular:
 - Full support from Tele2 Sverige and Tele2 Polska during up to 12 months of migrations process
 - Full use of Tele2 Billing system with potential extension to existing Netia customers
- Closing expected in Q3/Q4 2008 and post-merger activities not to exceed 12 months



Netia becomes clear leader amongst alternative telecom operators in Poland

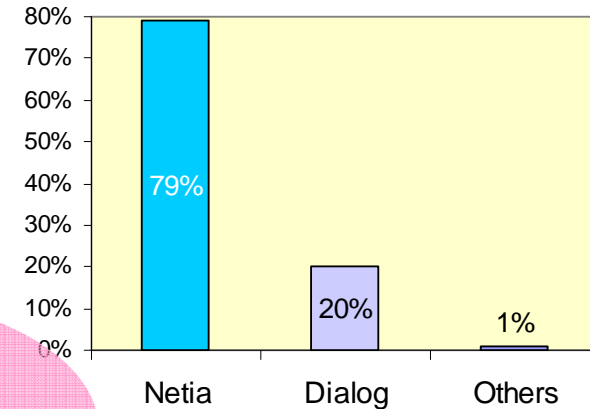
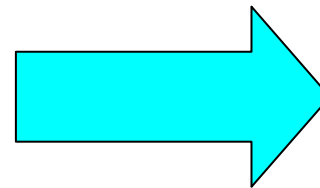
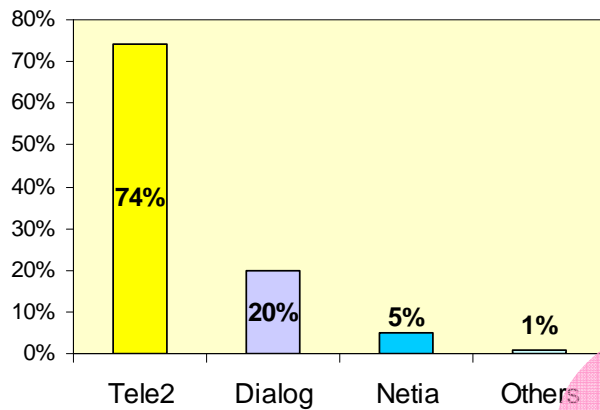


BEFORE ACQUISITION

AFTER ACQUISITION

Wholesale Line Rental

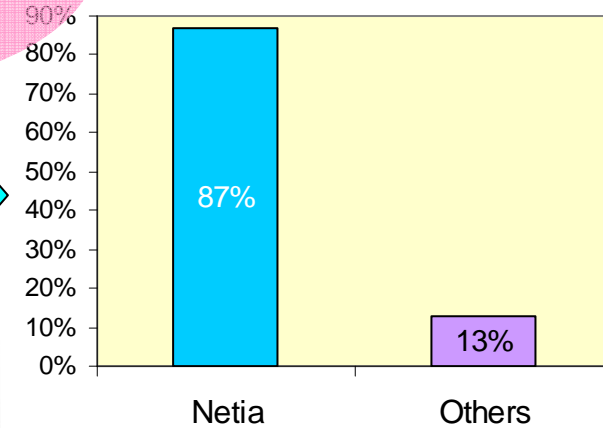
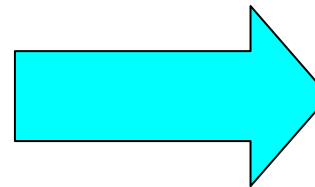
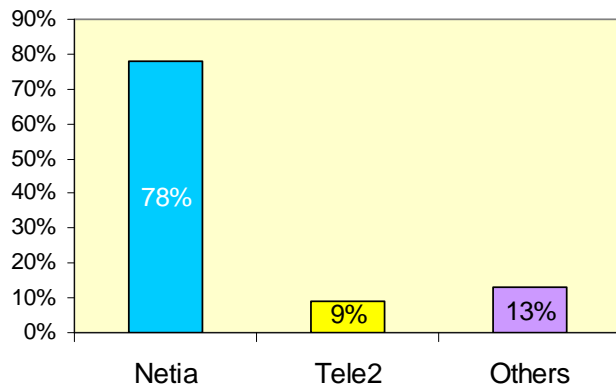
Market share by number of lines



Netia No.1 in Regulated Access in Poland

Bitstream Access

Market share by number of subscribers



All data as at Q1 2008



Proforma impact of acquisition on Netia's 2008 guidance



Netia's 2008 Guidance and Tele2 acquisition impact	2008 Guidance	2008 Proforma Adjusted Guidance *)
Broadband Customers	> 400,000	> 400,000
Voice Service Customers (<i>own network + WLR</i>)	> 580,000	> 1,000,000
Revenues (<i>mln zł</i>)	> 950.0	> 1,050.0
EBITDA (<i>mln zł</i>)	125.0	125.0
Investment outlays (excl. M&A) (<i>mln zł</i>)	280.0	280.0
M&A Investments in Ethernet companies (<i>mln zł</i>)	40.0	40.0

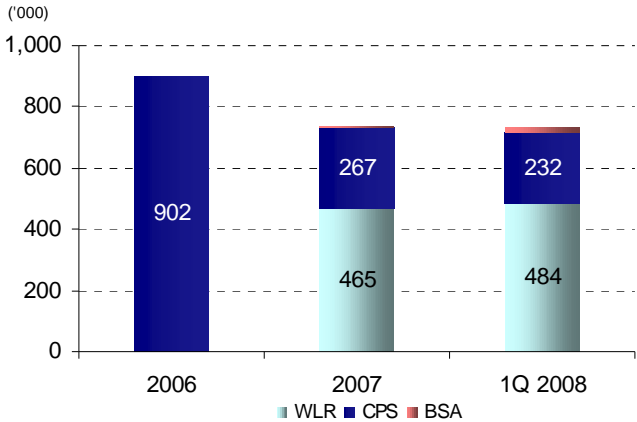
*) Based on the assumption that closing of the transaction will be completed by the end of Q3 2008.



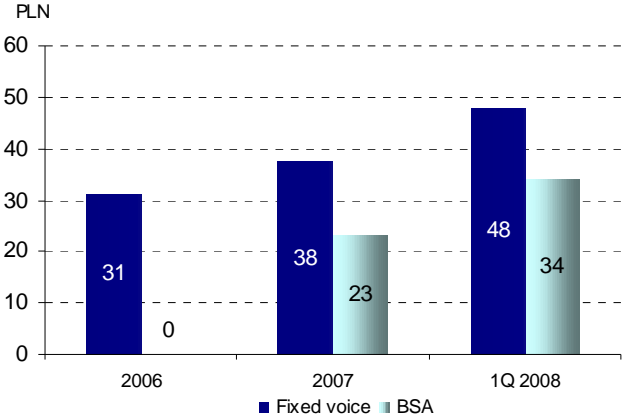
Tele2 in Poland – selected financial data



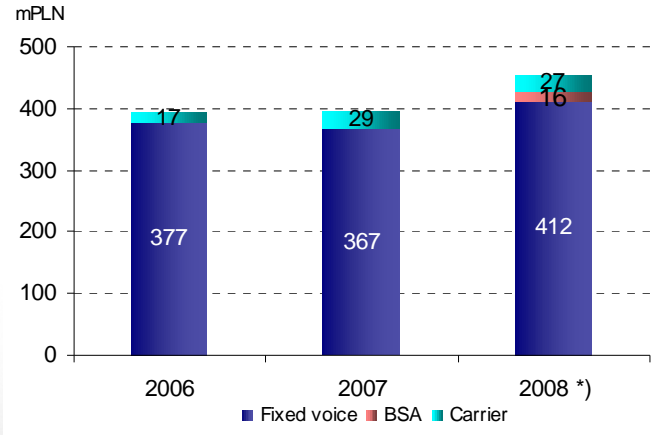
Improving Quality of Customer Mix ...



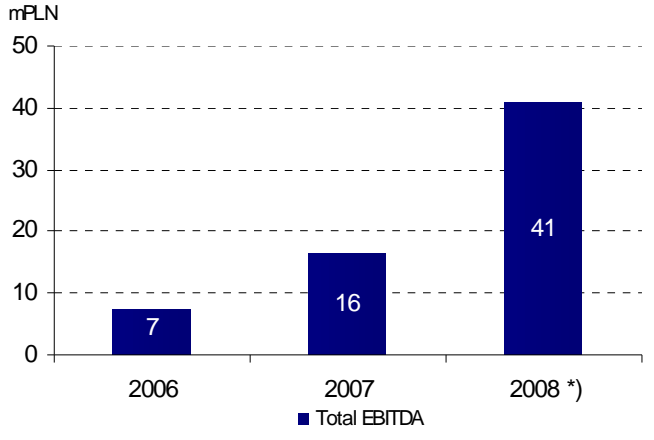
... resulting in improvement of ARPU ...



... growing Revenue ...



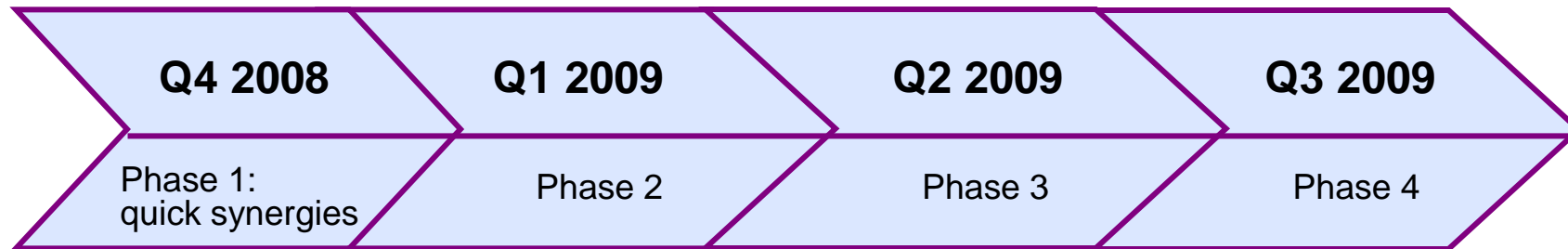
... and increasing EBITDA



*) Forecasted



Migration plan summary



- First improvement of productivity
- Unification of costs of acquisition and quantification of expected savings
- Decreased churn
- Establishment of a first contact with all customers

- Further improvement of productivity
- First A&P savings
- Finalization a detailed ARPU/Churn penetration of term contract of T2 customer base

- Completion of all technical solutions for serving the merged customer base
- Achieve penetration of term contract for T2 WLR comparable to Netia
- Realization of billing migration within 12 months of closing for all customers

- Further reduction of costs of acquisition
- Increase of double play customer base penetration



Main acquisition synergies



Network & IT – annual savings of PLN 20 mln

- Elimination of duplication of interconnection points with TP
- Optimization of network – elimination of leased lines where possible and redirecting of traffic to Netia's backbone

Advertizing and Promotion – annual savings of PLN 10 mln

- Procurement of media campaigns – estimated cost savings of 10% of total spendings
- Increased efficiency – combined A&P budget reduced by 12% compared to standalone budgets

Other Synergies

- Economies of scale in customer care, sales and administration
- Switch an estimated 10% of customers living within Netia's own network coverage away from TP to improve margins and independence of service
- Tele2's highly skilled team to be absorbed into Netia's organisation supporting our ongoing broadband driven growth strategy



Netia midterm outlook



- **1 mln BB customers by 2010**
- **1.5 mln Voice customers by 2010**
- **Revenue growth in mid to high teens from the post acquisition 40% higher base**
- **EBITDA margins above 20% long term**
- **Positive EBIT by 2010 and net profit by 2011**
- **Fully Funded to FCF positive in 2010**

