
Mobile Wholesale The Netherlands segment

Mobile Wholesale The Netherlands contains the mobile wholesale business of former KPN Mobile The Netherlands. Our approach to mobile wholesale is based on leveraging the capabilities of KPN to the benefit of our partners, customizing our services to their specific needs and exploring opportunities within KPN's footprint.

Our goal is to make our wholesale partners successful as mobile virtual network operators (MVNO). Our flexible customized platforms ensure that partners can successfully introduce their own mobile proposition in the market, irrespective of their background as a mobile provider. It results in the optimal end user experience for the customers of our partners. Over 1.8 million end-users are connected to the KPN network via our mobile wholesale partners, an increase of more than 20% compared to the end of 2006.

Strategy

Mobile Wholesale The Netherlands will further exploit synergies in wholesale between The Netherlands, Belgium and Germany such as expertise and branding, and leverage wholesale partnerships on each of our networks in the current footprint.

Brand strategy

Mobile Wholesale The Netherlands allows service providers and MVNO's to develop and market their own brand and proposition for the niche markets in which they choose to operate. Increasingly service providers and MVNO's leverage their brand and proposition across countries through KPN's international networks.

Distribution and sales

Mobile Wholesale The Netherlands provides partners access to the best mobile network in The Netherlands. While adapting our business model to suit our partner's proposition best, Mobile Wholesale The Netherlands delivers thorough commercial and operational support through marketing, sales and product management.

Products and services, tariffs and competition

Mobile Wholesale The Netherlands makes its network available to partners that wish to offer mobile telecommunications under a private label. These partners are offered a range of standard and value-added mobile voice and data services, both prepaid and postpaid. An increasing amount of service providers have added UMTS/HSDPA services to their portfolio.

Tariffs

Mobile Wholesale The Netherlands offers both prepaid and postpaid to its partners. A wide range of business models is used in order to suit our wholesale partners propositions and allow them to be competitive in the market in which they operate.

In response to regulatory requirements, we reduced our MTA tariffs in August 2007 and plan to reduce them further in 2008 and 2009. For further information, see 'Regulatory Developments'. Also EU roaming tariffs have been reduced in order to comply to EU regulation.

Competition

KPN's competitors in the Dutch mobile market are Vodafone and T-Mobile (after the acquisition of Orange The Netherlands by T-Mobile), both of which offer mobile wholesale to (potential) partners. During the last two years, a growing number of MVNOs and service providers entered the Dutch market; most of these resellers offer private-label mobile services. Some of these resellers have a direct contractual relationship with the customer, while other resellers act as an intermediary for the operators. As a result of the Telfort acquisition, KPN's revenue share generated through MVNOs and service providers increased.

Mobile International Other Segment

This segment includes Ay Yildiz, Simyo and the recently acquired Tele2/Versatel Belgium business. Furthermore Mobile International aims to expand the wholesale business model into other Western European countries. In January 2008, we launched a MVNO under the Simyo brand in Spain.