



Results Fourth Quarter 2003

23 February 2004



Safe harbor

Certain statements contained in this presentation constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on KPN's operations, KPN's and its joint ventures share of new and existing markets, general industry and macro-economic trends and KPN's performance relative thereto, and statements preceded by, followed by or including the words 'believes', 'expects', 'anticipates' or similar expressions. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties, and other factors, many of which are outside KPN's control, that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in KPN's Annual Report on Form 20-F for the year ended December 31, 2002.

The figures used in this presentation are preliminary and unaudited. We expect to file our Annual report & Form 20-F for the year ended December 31, 2003 on March 10, 2004

For reconciliation of non-GAAP measures to the nearest GAAP measures, please refer to slide 26



General



Main achievements 2003

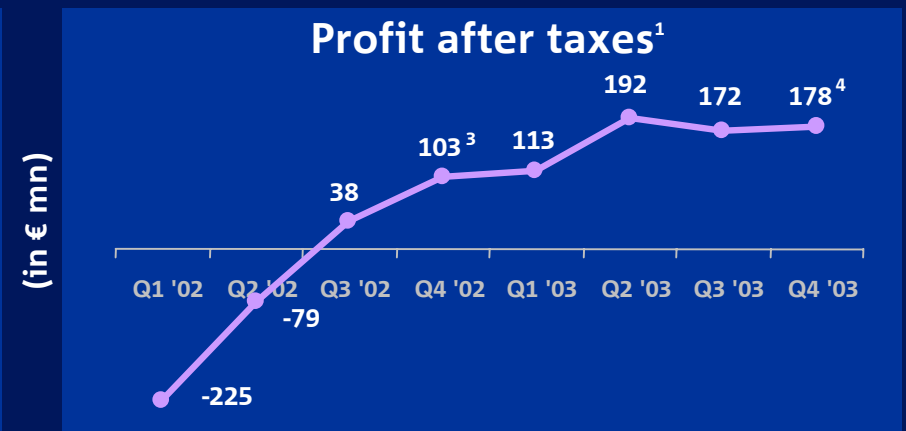
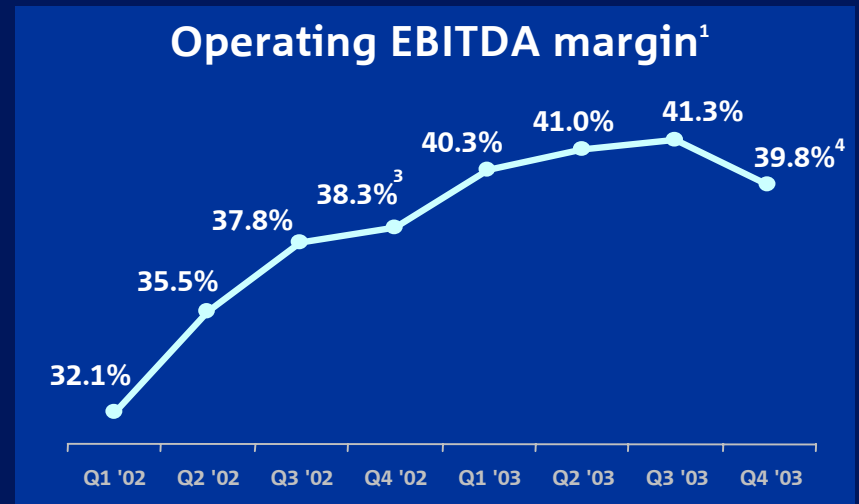
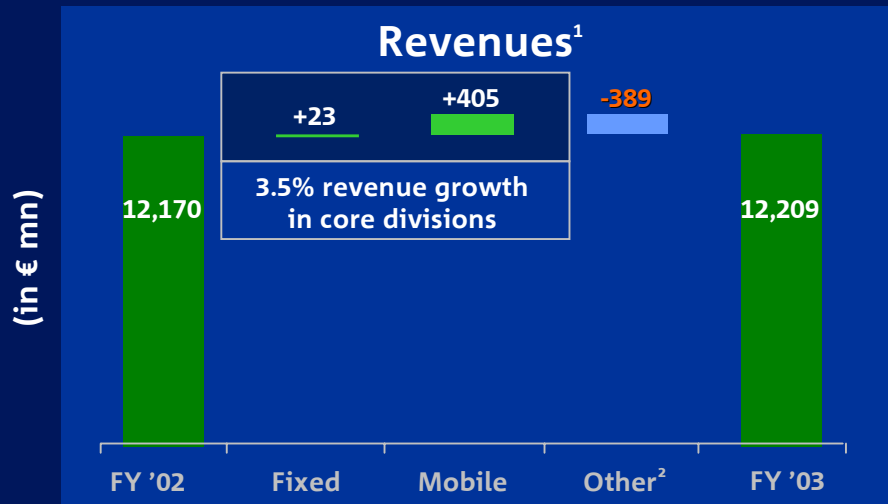
Operational achievements

	YE 2002	YE 2003
◆ Explosive growth broadband and mobile data		
– ADSL	310,000	746,000
– i-mode	236,000	868,000
◆ Strong growth mobile customers	13.4 mn	14.7 mn

Financials

	2002	2003
◆ Most goals achieved		
◆ First profit since 2000		
– Profit after taxes	- € 9,542 mn	€ 2,731 mn
– Earnings per share ¹	- € 3.94	€ 1.09
◆ Cash flow from operations	€ 3,975 mn	€ 4,087 mn
◆ Resumption of dividend payments		
◆ Agreement reached with tax authorities		

Continuous improvement



¹ Excluding exceptional items

² Including inter company sales

³ Including additional € 52 mn pension

⁴ Including additional € 21 mn pension charge and € 29 mn early retirement charges

Highlights Q4 results

Operational achievements

	per Q3 '03	per Q4 '03
◆ Significant growth of mobile customers	14.2 mn	14.7 mn
◆ Broadband: Strongest quarterly growth to date		
– ADSL	609,000	746,000
– i-mode	541,000	868,000
◆ New collective labor agreement in The Netherlands incl. performance related pay		

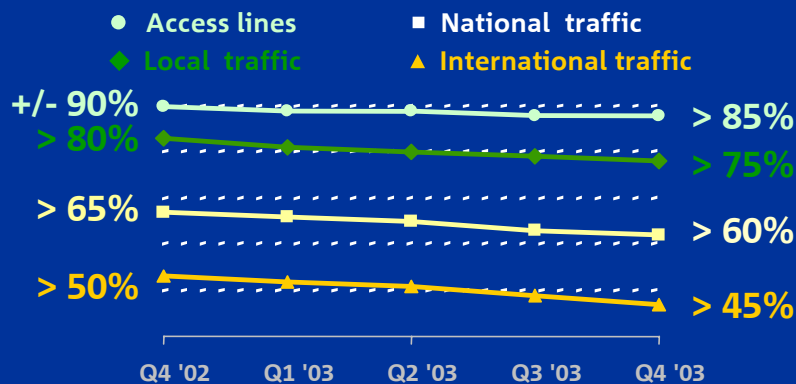
Financials

	Q4 '02	Q4 '03
◆ Profit after taxes ¹	€ 103 mn	€ 178 mn
◆ Sale of indirect stake in Český Telecom		
◆ Sale of stake in Hutchison 3G UK		

Fixed - Switched telephony

Competitive market conditions

Market shares¹



Package penetration²



- ◆ Balancing pricing and market share
- ◆ Exploiting full potential of packages
 - In Q4 75,000 new consumers applied for BelPlus packages leading to approx. 715,000 users
 - In Q4 38,000 BelBusiness packages³ sold
- ◆ Integrated and coordinated regulatory management
- ◆ Headcount reduction of 800 FTE's within Fixed division announced on January 22, 2004

¹ Traffic in minutes; access in number of lines

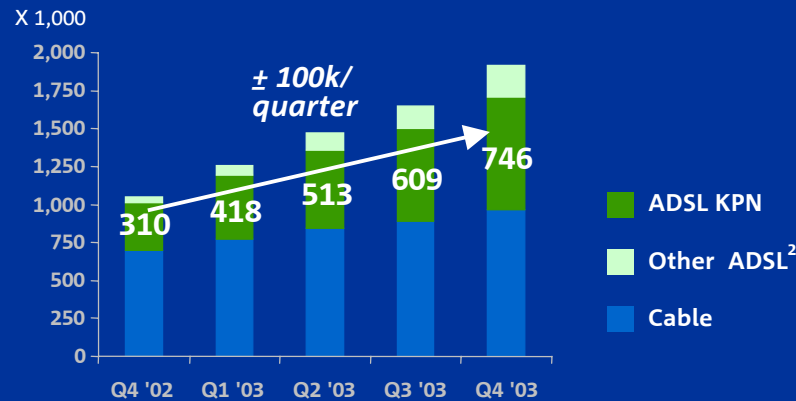
² BelPlus portfolio in consumer market (e.g. 100 minutes for €2.16)

³ BelZakelijk introduced in September 2003

Fixed - Broadband

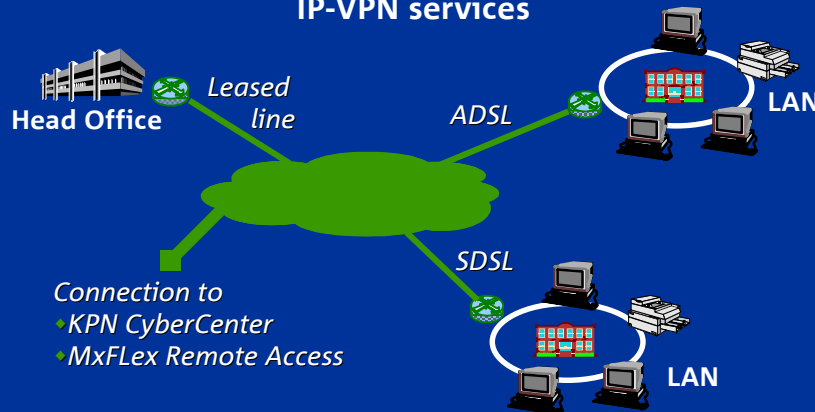
Continued strong growth

Number of Dutch broadband connections¹



- ◆ Market share increased to 39%
- ◆ More than 50% market share of net adds in '03
- ◆ Competitive differentiated portfolio³
- ◆ Target of 1 mn connections in 2nd half '04
- ◆ Increasing attention for content (broadband portal)

IP-VPN services



- ◆ Migration from traditional data solutions to IP-VPN
- ◆ Number of business customers increased from 62 to 807 in '03
- ◆ Number of connections increased from 2,632 to 15,956 in '03

¹ Of which currently approximately 80% consumers and 20% (small) businesses

² Including bit stream

³ Including Direct ADSL as of January '04











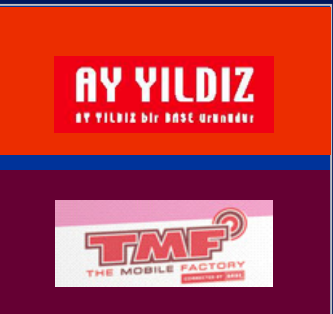
Mobile

Strong customer growth in Q4

	Strategy	Results Q4
	Strengthen market position further	<ul style="list-style-type: none"> ◆ 242,000 net adds leading to 8.2 mn customers ◆ 25.5% operating EBITDA margin
	Market leadership	<ul style="list-style-type: none"> ◆ 167,000 net adds leading to 5.2 mn customers ◆ 43.3% operating EBITDA margin
	Strengthen market position further	<ul style="list-style-type: none"> ◆ 91,000 net adds leading to 1.25 mn customers ◆ 8.2% operating EBITDA margin

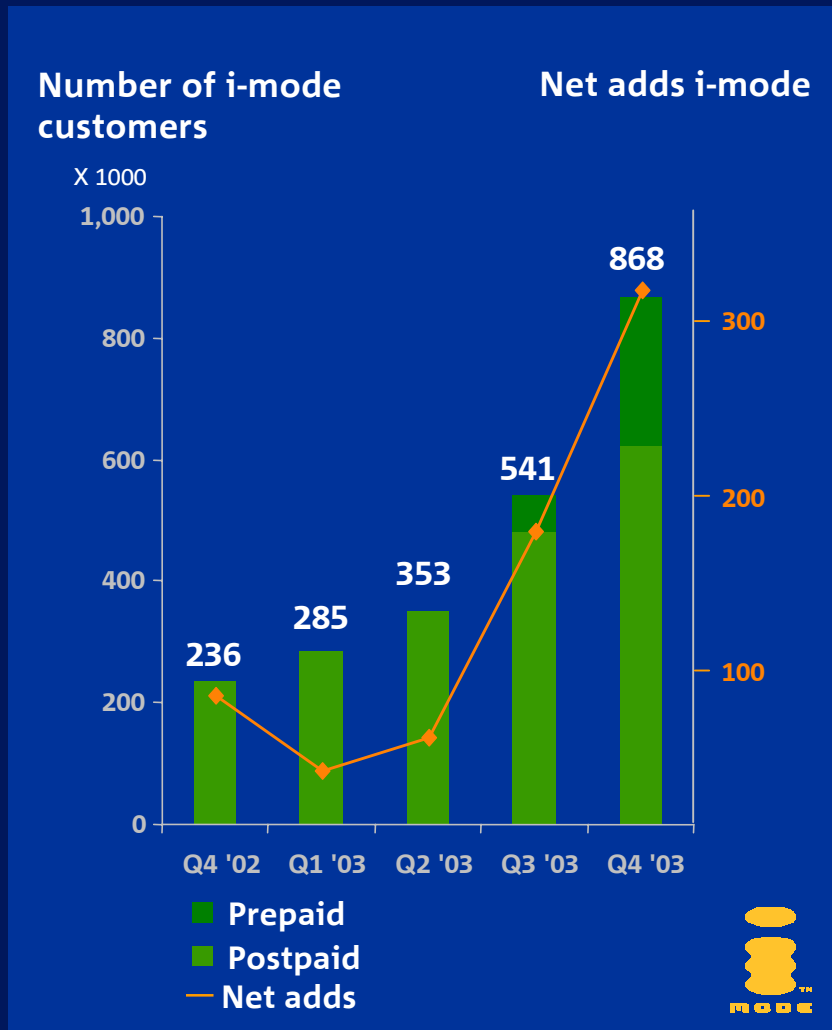
Mobile

Strengthening market positions

	<ul style="list-style-type: none"> ◆ New tariffs: <ul style="list-style-type: none"> – Induce fixed-mobile substitution – Starting March 1, '04 for unlimited period ◆ Network coverage up to par with competitors in 2004 		
			
			
	<ul style="list-style-type: none"> ◆ Market introduction of KPN MobielPlus: <ul style="list-style-type: none"> – One bundle for all mobile services (voice, data, roaming) – Discount of 50% to 10 KPN Friends & Family numbers, handset service 		
	<ul style="list-style-type: none"> ◆ Rebranding completed successfully ◆ Successful targeting of specific market segments ◆ Increasing network usage through MVNO deals 		

Mobile - Data

Accelerated growth of i-mode



- ◆ 327,000 net adds in Q4, of which 187,000 prepaid
- ◆ Currently more than 1 million subscribers
- ◆ Approximately 560 contract sites and 10,000 voluntary sites
- ◆ Expansion of video services in 2004



UMTS will speed up the development of mobile data

- ◆ More than 25% pop-coverage YE '03 in Germany
- ◆ Commercial launch:
 - E-Plus to be announced at CeBIT '04
 - KPN Mobile NL mid '04
 - BASE to follow later
- ◆ Total UMTS Capex € 231 mn in 2003, of which € 137 mn in Q4
- ◆ Total UMTS Capex approx. € 1.2 bn in 2004/2005

Project managers



- ◆ Less travel time
- ◆ Increase possibilities for remote fixing
- ◆ Reduction of idle time

SIEMENS

Pilots



- ◆ Contribution to the safety of the Port of Rotterdam
- ◆ Increase efficiency of pilot process



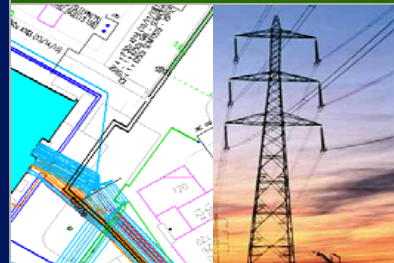
City watch teams



- ◆ Report and resolve incidents more rapidly
- ◆ More visibility of city watch teams on the streets



Service engineers



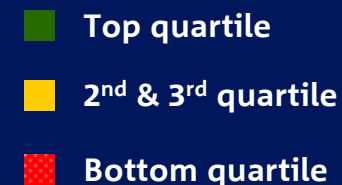
- ◆ Increase efficiency of resolving failures
- ◆ Less travel and repair time
- ◆ Modifications of GIS data in the field



Benchmarking

Ambition: Top quartile in as many metrics as possible

Category	Metric	Q1 '03	Q2 '03	Q3 '03
Growth	Revenue growth	Yellow	Yellow	Yellow
	Operating EBITDA growth	Green	Yellow	Yellow
	PBT growth	Green	Green	Green
Return	Operating EBITDA margin	Yellow	Yellow	Yellow
	PBT margin	Yellow	Yellow	Yellow
	ROIC	Yellow	Yellow	Yellow
	FCF margin	Yellow	Yellow	Yellow
	Total Shareholder Return	Yellow	Red	Green
Efficiency	Revenues per FTE	Green	Green	Green
	Operating EBITDA per FTE	Green	Green	Green



- ◆ Strong performance on efficiency during all quarters
- ◆ Top down implementation within organization to stimulate continuous improvement

Outlook 2004

Reconfirmation of outlook as given on December 10, 2003

Revenue growth¹	0% to -2%
Fixed ²	-5% to -7%
Mobile	5% to 7%
Operating EBITDA margin³	
Fixed ²	43% to 45%
Mobile	31% to 33%
Profit before taxes⁴	€ 1.4 bn to € 1.7 bn
Capex	€ 1.6 bn to € 1.8 bn
Free cash flow³	more than € 2 bn
Dividend	at least € 0.20 per share

Revenues Fixed: decline related to:

- | | | |
|------------------------------|--------------------|----------|
| ◆ Lowering MTA tariffs | approx. - € 300 mn | } - 5.5% |
| ◆ Lower project revenues | approx. - € 70 mn | |
| ◆ Deconsolidation SNT assets | approx. - € 50 mn | |

¹ Compared to 2003 excluding exceptional items

² Before restatement per 2004, see slide 25

³ For reconsolidation to GAAP measures, see slide 26

⁴ Depreciation UMTS licenses starts for E-Plus and KPN Mobile (NL) in 2004 (approx. € 100 mn)



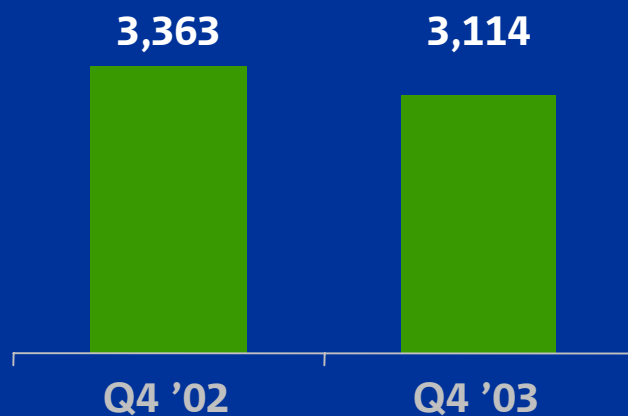
Financial



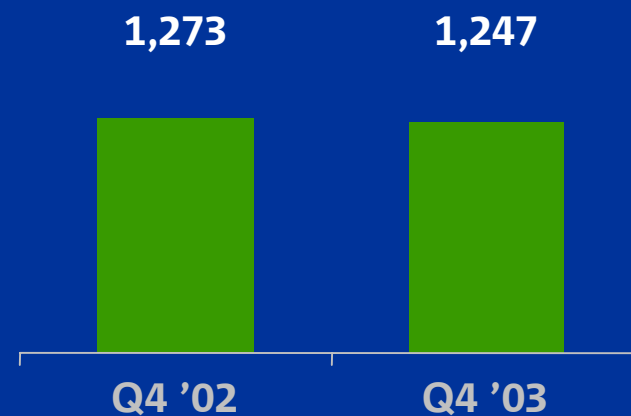
Financial highlights in Q4

(Reported, in € millions)

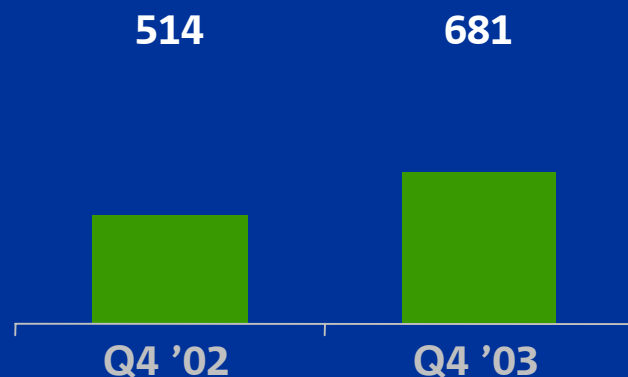
Revenues (-7%)



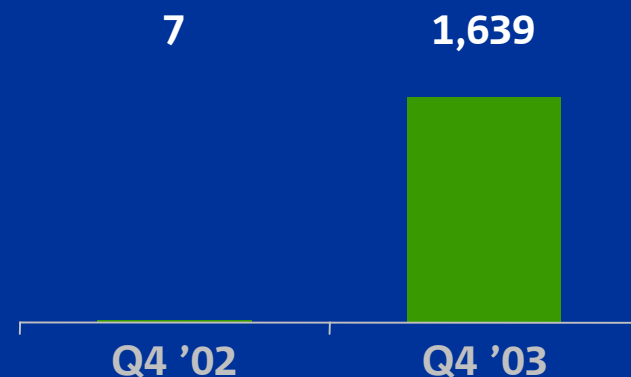
Operating EBITDA (-2%)



EBIT (+32%)



Profit after taxes



Agreement with Dutch tax authorities

Positive impact on 2003 net income of € 1.08 billion

Agreement	<ul style="list-style-type: none">◆ Tax loss at Royal KPN and corresponding tax gain at KPN Mobile set at € 6 bn◆ Temporary tax loss attributable to the German branch of KPN Mobile amounting to EUR 11.5 billion¹◆ Interest accruals on shareholder loans to E-Plus ignored for Dutch tax purposes²
Impact	<ul style="list-style-type: none">◆ Extension of the period that Royal KPN and KPN Mobile will not pay (Dutch) taxes with one year (2003-2005)◆ Positive effect on net income of € 1.08 bn, consequently strengthening shareholders equity by the same amount◆ Effective tax rate trending down over time to more normal levels

¹ This loss will be recaptured by any future profits of E-Plus, reversals of impairments on intangibles to a maximum of € 2 bn or by a fiscal book gain on a theoretical sale of E-Plus.

² Excluding € 500 mn in the period February 2001 – December 2002

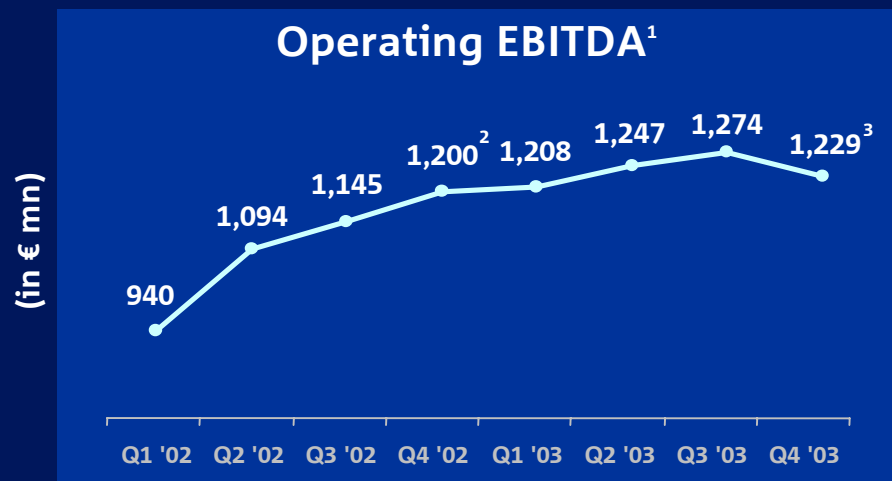
Results

<i>Excluding exceptional items, € millions</i>	Q4 '02	Q4 '03	%
Revenues	3,136	3,088	-2%
Opex	1,936	1,859	-4%
Operating EBITDA	1,200	1,229	2%
Depreciation ¹	675	548	-19%
Amortization ¹	84	75	-11%
EBIT	441	606	37%
Financial income/expense	-338	-223	-34%
Profit before taxes	103	383	>200%
Income participating interests	20	0	
Minority interests	4	12	
Taxes	-24	-217	>200%
Profit or loss after taxes	103	178	73%

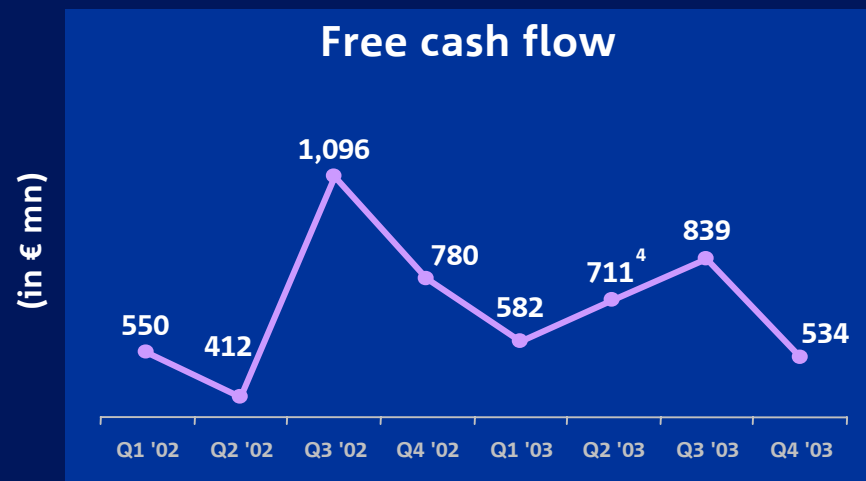
FY '02	FY '03	%
12,170	12,209	0.3%
7,791	7,251	-7%
4,379	4,958	13%
2,374	2,183	-8%
390	314	-19%
1,615	2,461	52%
-1,178	-862	-27%
437	1,599	>200%
-108	-4	
4	20	
-496	-960	94%
-163	655	

Continued focus on cash

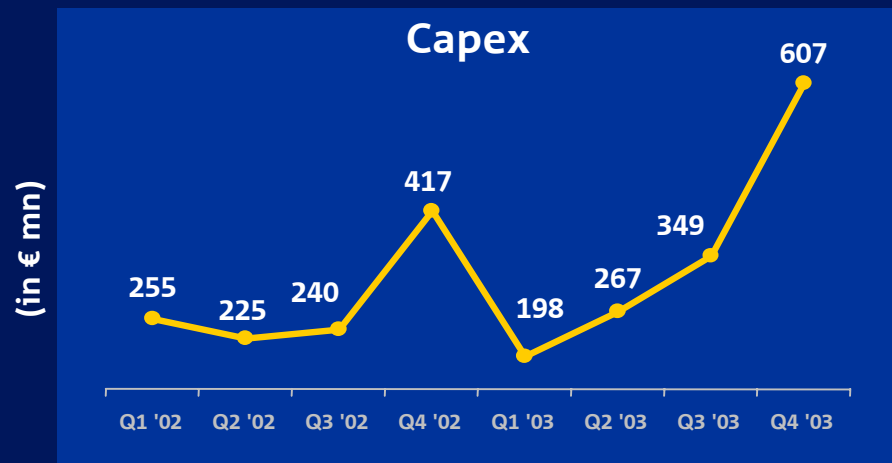
Operating EBITDA¹



Free cash flow



Capex



¹ Excluding exceptional items

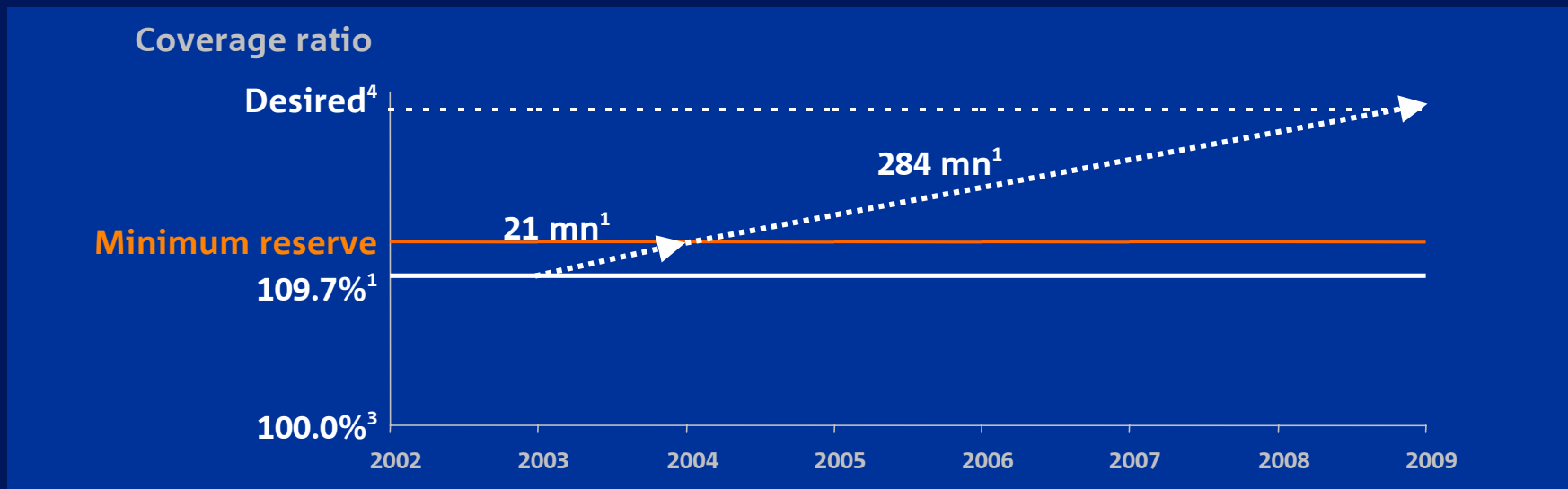
² Including € 52 mn additional pension charge

³ Including € 21 mn additional pension and € 29 mn early retirement charges

⁴ Including € 52 mn additional pension payment (charged in Q4 '02)

Pension charges

Total shortfall of € 305 mn



- ◆ As coverage ratio remained unchanged at 109.7%, the total shortfall remained almost equal at € 305¹ mn (was € 303² mn)
- ◆ As minimum reserve level increased from 109.9% to 110.2%, the additional funding in 2003 will be € 21¹ mn (instead of € 13² mn)
- ◆ € 284¹ mn to be funded in next 5 years, would result in € 57 mn on annual basis

¹ Based on situation December 31, 2003; amount final in May '04 (after filing of Pension fund accounts)

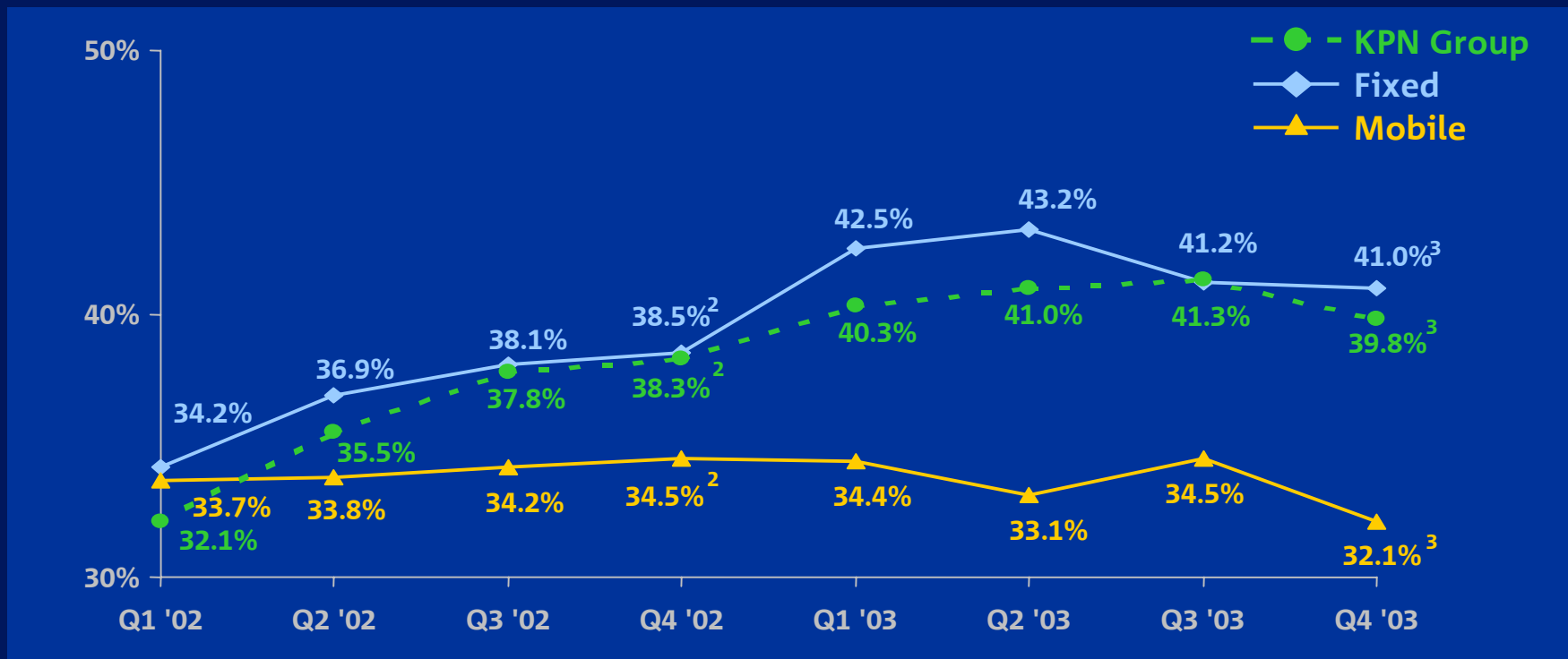
² Based on situation October 31, 2003

³ Any coverage below 100% has to be funded within 12 months

⁴ Based on the long term interest rate and the strategic mix of the pension funds as per December 2003

Operating EBITDA margins¹

Margin impacted by additional pension & early retirement charges



Fixed	Mobile
<ul style="list-style-type: none"> ◆ Y-on-Y increase due to cost reduction program ◆ Q-on-Q decrease mainly related to additional pension and early retirement charge of € 23 mn 	<ul style="list-style-type: none"> ◆ Lower margin due to increased costs related to customer growth and increased weight E-Plus margins

¹ Excluding exceptional items

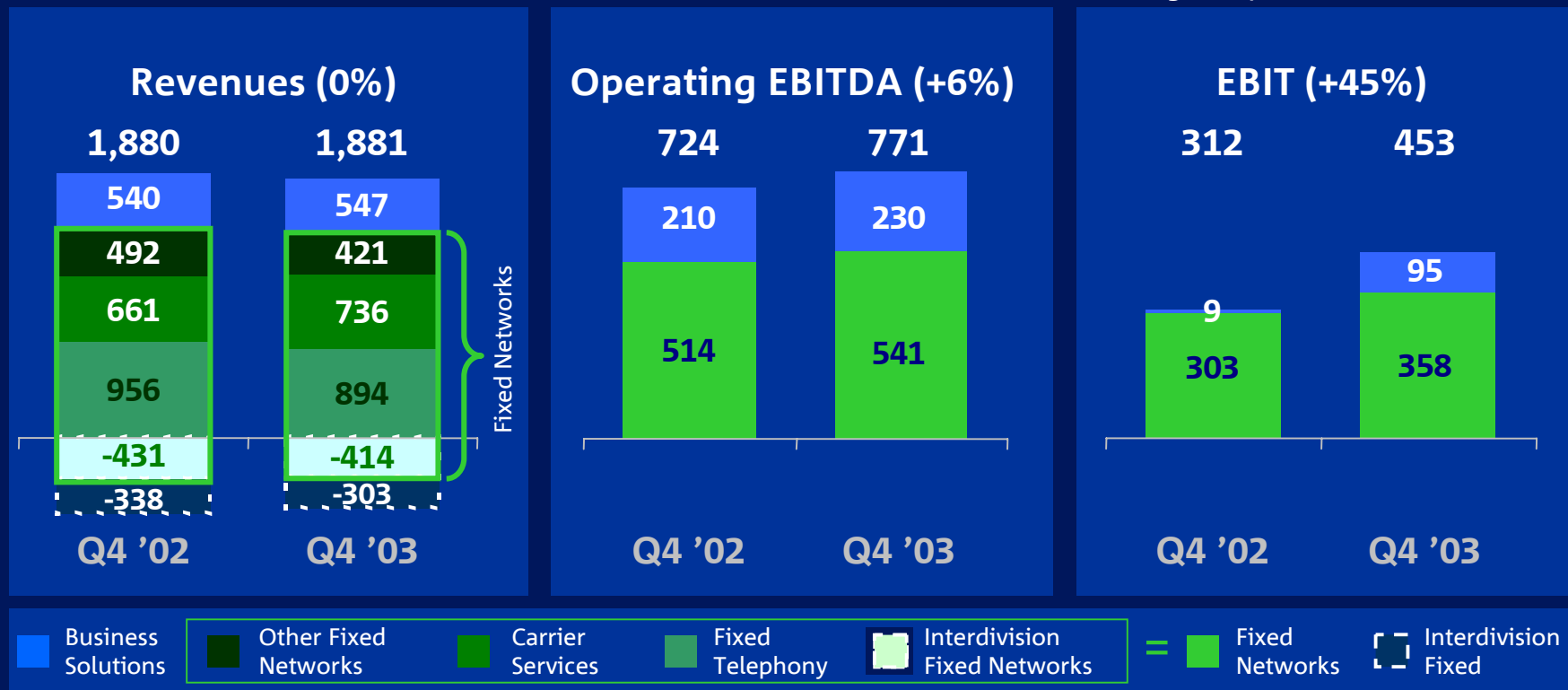
² Including additional pension charge (Total € 52 mn, Fixed € 32 mn, Mobile € 5 mn)

³ Including additional pension charge (Total € 21 mn, Fixed € 9 mn, Mobile € 1 mn) and early retirement charges (Total € 29 mn, Fixed € 23 mn, Mobile € 3 mn)

Fixed in Q4

Stable revenues and increased profitability

(Excluding exceptional items, € millions)

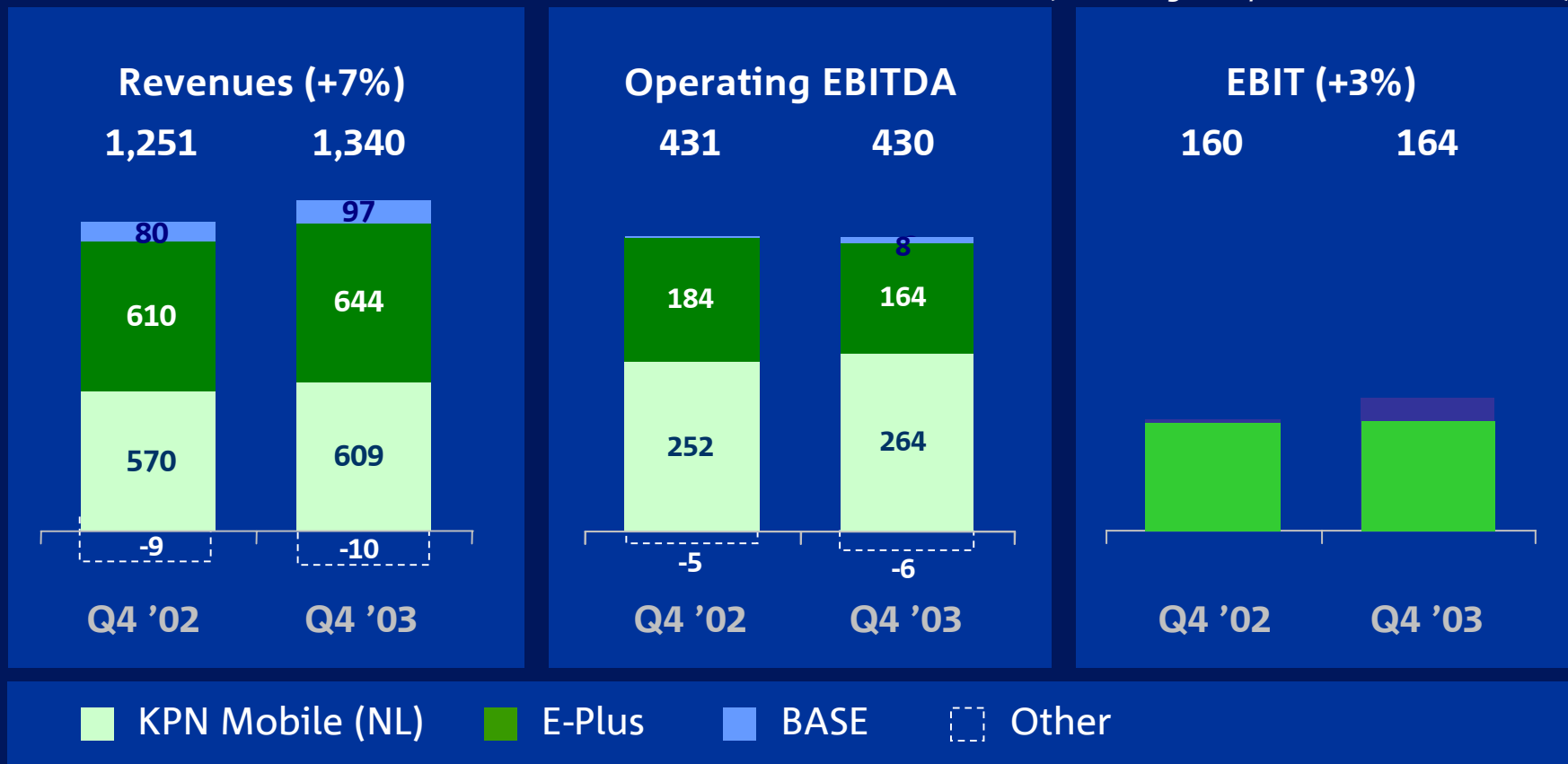


- ◆ **Fixed Telephony** Decrease in revenues due to CPS competition, Fixed to Mobile substitution and migration to broadband
- ◆ **Carrier Services** Increase in revenues as result of higher wholesale volumes (mainly transit)
- ◆ **Business Solutions** Increase in revenues due to ADSL growth and project revenues
- ◆ **Other** Higher revenues from ISP services offset by lower revenues of SNT (deconsolidation effects) and lower internal revenues (cost savings)

Mobile in Q4

Further increase in revenues

(Excluding exceptional items, € millions)

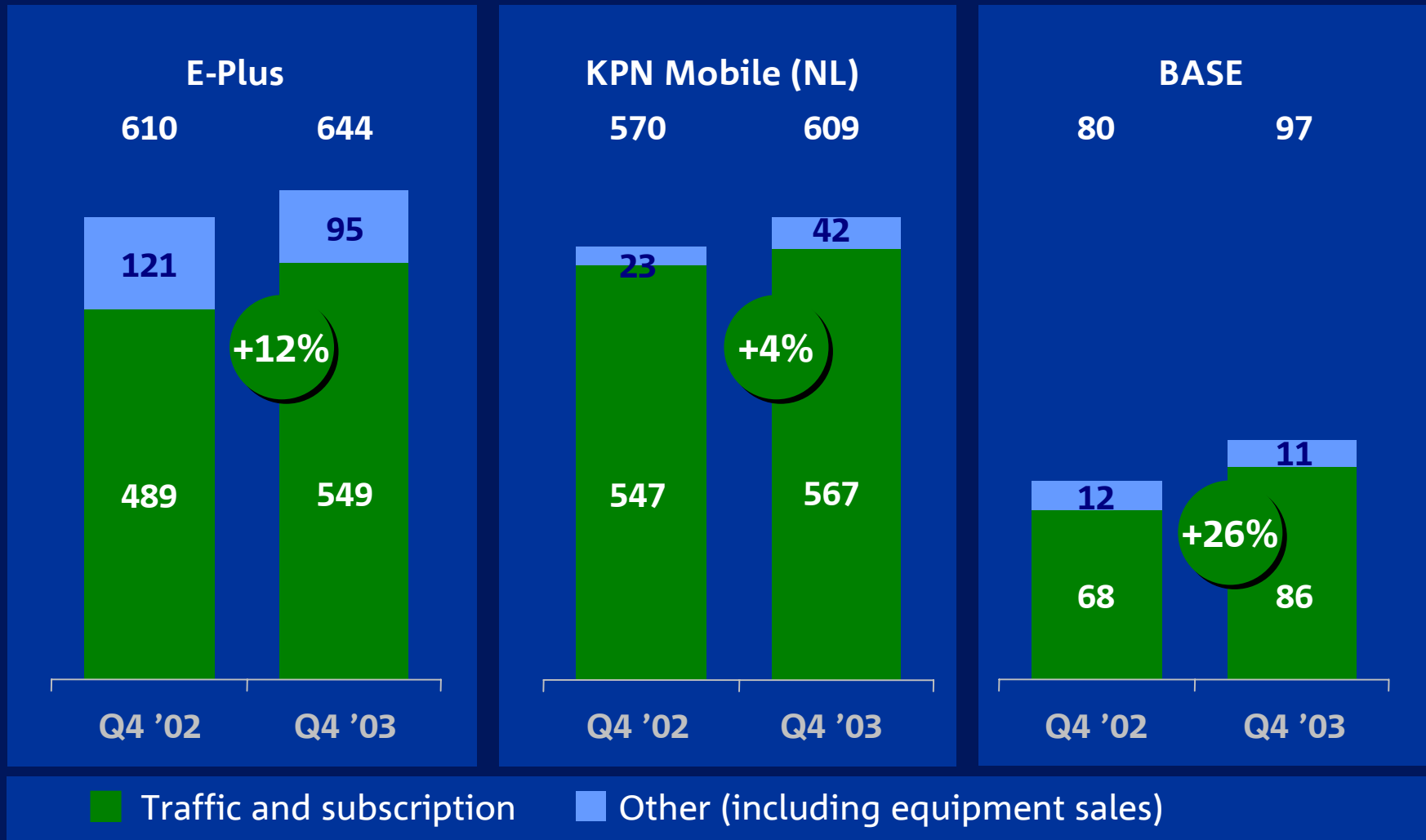


- ◆ KPN Mobile (NL) Revenue growth 7% through increase postpaid MoU and number of postpaid subscribers
- ◆ E-Plus Revenue growth 6% through increase of customer base partly offset by lower handset revenues
- ◆ BASE Revenue growth 21% through increase of customer base partly offset by lower handset revenues

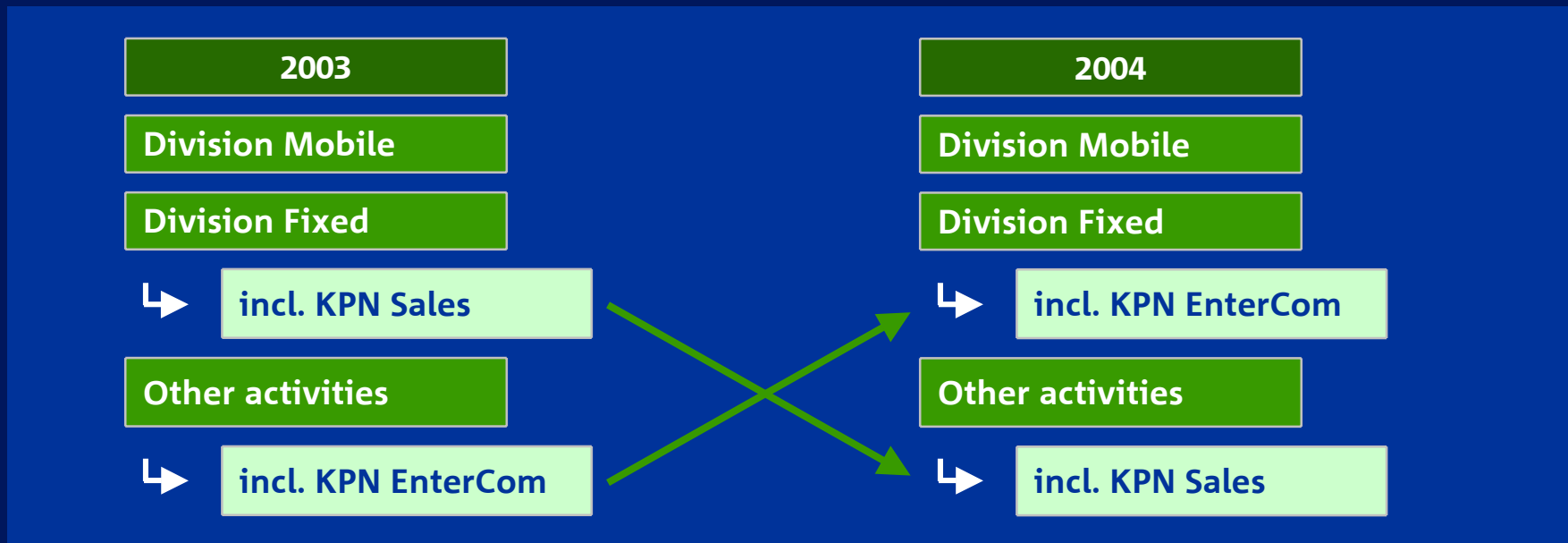
Mobile traffic and subscription revenues in Q4

Increase in all countries

(Excluding exceptional items, € millions)



Organizational change in 2004



- ◆ Will lead to higher revenues and lower margin at the Fixed division (no change KPN total numbers)

Reconciliation non-GAAP measures

Changes in reporting items as per Q1 '04

Old

<i>Excluding</i> exceptional items, € millions	Q4 '03
Revenues	3,088
Opex	1,859
Operating EBITDA	1,229
Depreciation ¹	548
Amortization ¹	75
EBIT	606
Financial income/expense	-223
Profit /(Loss) before Taxes	383
Income participating interests	0
Minority interests	12
Taxes	-217
Profit/(Loss) after Taxes	178

+

Exceptional items
26
8
18
0
-57
75
0
75
165
32
1,189
1,461



New

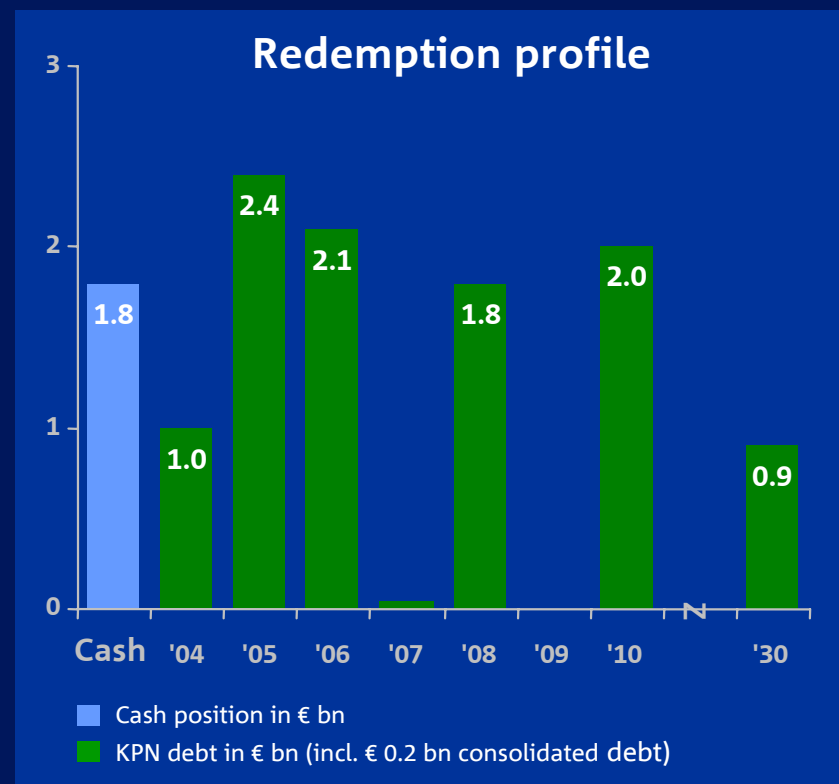
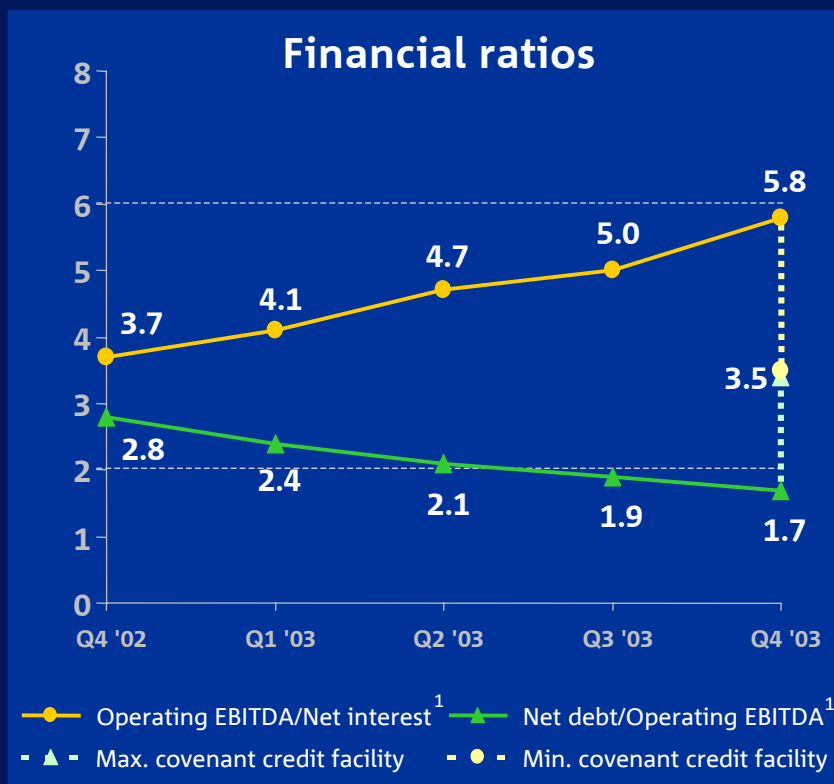
<i>Including</i> exceptional items, € millions	Q4 '03
Operating revenues	3,114
Operating expenses	2,433
of which:	
- Depreciation ¹	548
- Amortization ¹	18
Operating result	681
Financial income/(expense)	-223
Profit/(Loss) before Taxes	458
Income Participating Interests	165
Minority Interests	44
Taxes	972
Profit/(Loss) after Taxes	1,639

Free cash flow	534
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Capex
607

Net cash flow from operating activities	1,141
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Financial profile



- ◆ Early redemptions Q4 result in approx. € 30 mn savings on net interest as of 2004
- ◆ Upgrade to A-, stable outlook by S&P in January '04

Financial framework

- ◆ Maintain flexibility to grow and invest in our business
- ◆ Target financial ratios:
 - Net debt / EBITDA: maximum $2x^1$
 - EBITDA / Net interest: minimum $6x^1$
- ◆ Comfortable with current credit ratings

Dividend policy

- ◆ Dividend over year ending December 2003¹
 - Dividend of € 0.12 per share
 - Additional special dividend € 0.13 per share due to tax agreement

- ◆ Dividend policy as of 2004
 - At least € 0.20 per share per annum
 - Reinstate interim dividend as of August 2004

- ◆ Surplus cash returned to shareholders either via additional special dividends or share buybacks

Focus 2004



- ◆ Maximum customer focus
- ◆ Unchanged efficiency drive

Maintain cash generation existing business

Target profitable top-line growth



Return cash to shareholders



Q & A





Annex

For more information please contact:

KPN Investor Relations

Tel: +31 70 44 60986

Fax: +31 70 44 60593

mailto: ir@kpn.com

www.kpn.com

Over/about KPN – Investor Relations



Results Q4 (Reported)

€ millions	Q4 '02	Q4 '03	%	FY '02	FY '03	%
Revenues	3,363	3,114	-7%	12,784	12,907	1%
Opex	2,090	1,867	-11%	8,113	7,264	-10%
Operating EBITDA	1,273	1,247	-2%	4,671	5,643	21%
Depreciation	675	548	-19%	2,567	2,225	-13%
Amortization	84	18	-79%	7,685	310	-96%
EBIT	514	681	32%	-5,581	3,108	n.a.
Financial income/expense	-338	-223	-34%	-1,178	-862	-27%
Profit before taxes	176	458	160%	-6,759	2,246	n.a.
Taxes	29	972	>200%	-983	257	n.a.
Income participating interests	-98	165	n.a.	-1,700	161	n.a.
Minority interests	-100	44	n.a.	-100	67	n.a.
Profit or loss after taxes	7	1,639	>200%	-9,542	2,731	n.a.

Exceptional items

Impact on operating EBITDA

€ millions	Q4 '02	Q4 '03	FY '02	FY '03
Fixed division				
<i>Write-down of assets held for sale and inventories</i>	-	-	-53	-
<i>Addition/release restructuring provision</i>	3	-16	3	-7
<i>Provision settlement and related issues KPNQwest / charges KPN Belgium</i>	-	-	-47	-
<i>Additional loss on sale of SNT France</i>	-	-	-	-5
<i>Write down of short-term receivables Business Solutions</i>	-	-	-	-6
Mobile division				
<i>Gain resulting from the termination agreement with MobilCom</i>	-	-	-	222
<i>Book gain on sale of UMC</i>	-	-	-	15
<i>Gain from termination roaming agreement Quam</i>	210	-	210	-
<i>Book gain on sale of Pannon GSM</i>	-	-	335	-
<i>Settlement Indonesian intermediate holding companies of Telkomsel</i>	-	-	30	-
<i>Addition/release restructuring provision</i>	2	1	2	1
<i>Capital tax on conversion of shareholder loans</i>	-77	33	-77	33
Other activities				
<i>Book gain on sale of Directory Services</i>	-	-	-	435
<i>Book loss on sale of Network Construction</i>	-	-	-68	-
<i>Book gain on sale of real estate</i>	17	-	39	-
<i>Book gain on sale of Inmarsat by Xantic</i>	-	26	-	26
<i>Addition/release restructuring provision</i>	-82	-26	-82	-29
Total impact on operating EBITDA	73	18	292	685

Exceptional items

Impact on EBIT

€ millions	Q4 '02	Q4 '03	FY '02	FY '03
Total impact on operating EBITDA	73	18	292	685
<i>Impairment charges</i>				
<i>Tangible fixed assets (Fixed)</i>	-	-	-	-42
<i>Goodwill on SNT (Fixed)</i>	-	-	-	-38
<i>Tangible fixed assets relating to KPNQwest (Fixed)</i>	-	-	-87	-
<i>Goodwill E-Plus and BASE (Mobile)</i>	30	-	-1,852	-
<i>UMTS license E-Plus and UMTS/GSM licenses BASE (Mobile)</i>	-30	103	-5,412	103
<i>Intangible fixed assets (Other activities)</i>	-	-	-	-15
<i>Goodwill on Xantic (Other activities)</i>	-	-46	-	-46
<i>Goodwill on KPNQwest (Other activities)</i>	-	-	-31	-
<i>Tangible fixed assets relating to KPNQwest (Other activities)</i>	-	-	-6	-
<i>Tangible fixed assets KPN Belgium (Other activities)</i>	-	-	-100	-
Total impact on EBIT	73	75	-7,196	647

Exceptional items

Impact on net profit

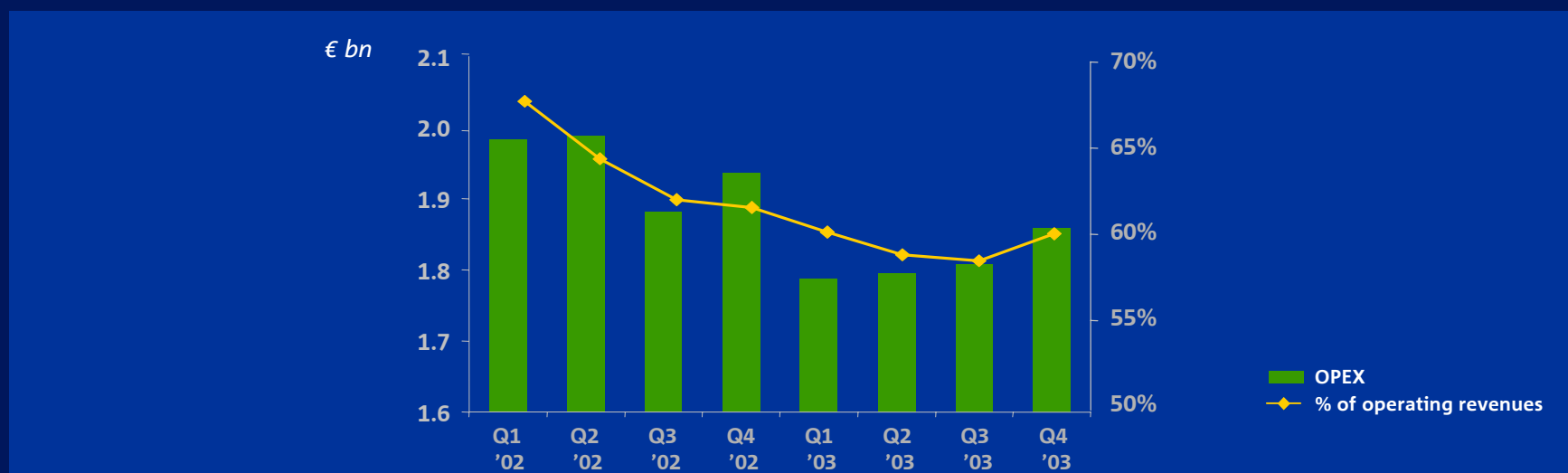
€ millions	Q4 '02	Q4 '03	FY '02	FY '03
Total impact on EBIT	73	75	-7,196	647
Total impact on profit or loss before taxes	73	75	-7,196	647
Taxation				
<i>Valuation allowance deferred tax assets E-Plus and BASE</i>	-	-	-606	-
<i>Tax effect on refund of capital tax following agreement with authorities</i>	-	-11	-	-11
<i>Recognition of tax losses carry forward of E-Plus</i>	-	87	-	87
<i>Agreement with tax authorities</i>	-	1,080	-	1,080
<i>Tax effect on exceptional items</i>	53	33	119	61
Income from participating interests				
<i>Adjustment to net realizable value Hutchison 3G UK</i>	-	119	-1,166	119
<i>Adjustment to net realizable value Český Telecom</i>	-118	46	-156	46
<i>Write down net asset value KPNQwest</i>	-	-	-270	-
Minority interests				
<i>Minority's share of impairment goodwill SNT (net of tax effect)</i>	-	-	-	15
<i>Minority's share of impairment goodwill Xantic (net of tax effect)</i>	-	12	-	12
<i>Effect on NTT DoCoMo on reversal impairment BASE</i>	-	-2	-	-2
<i>Effect on NTT DoCoMo on recognition of tax losses carry forward of E-Plus</i>	-	-1	-	-1
<i>Effect on NTT DoCoMo on agreement with tax authorities</i>	-	23	-	23
<i>Effect on NTT DoCoMo after conversion of shareholder loan</i>	-104	-	-104	-
Total impact on profit or loss after taxes	-96	1,461	-9,379	2,076

Operating expenses

Further decrease

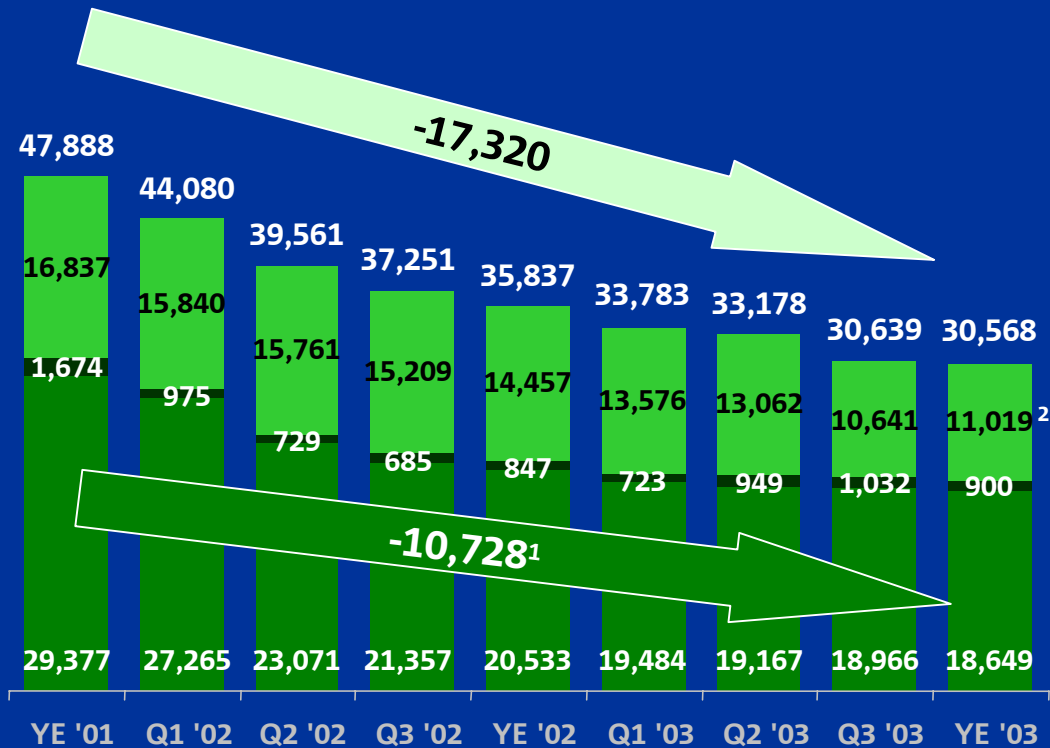
Excluding exceptional items, € millions	Q4 '02	Q4 '03	%
Salaries and social security contributions	496	433	-13%
Cost of materials	282	267	-5%
Work contracted out and other expenses	1,060	1,061	0.1%
Other	98	98	0%
Total	1,936	1,859	-4%

FY '02	FY '03	%
1,975	1,703	-14%
947	983	+4%
4,125	3,993	-3%
744	572	-23%
7,791	7,251	-7%



Personnel

Decline by 17,320 FTE during 2002 and 2003



Deconsolidation effect of 3,882 FTE, of which 700 in 2003

Remainder via 2001 social plan and natural attrition

¹ Collective labor agreement personnel, including deconsolidation effects of 3,882 FTE

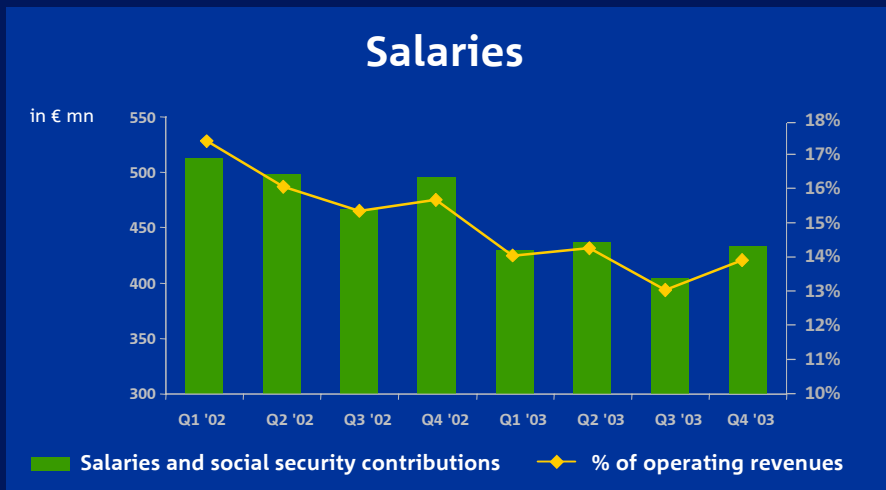
² Q-on-Q increase mainly related to SNT Germany, which opened a new platform

New Collective Labor Agreement

- ◆ Agreement reached on a new Collective Labor Agreement with term of two years
- ◆ Introduction of a system of performance related bonus payment
 - Payout range from 0% to 3.5%, but may be as much as 5.5% for exceptionally good results (based on results achieved in relevant organizational unit)
 - Pre-payment of 2% on the ultimate payout over 2004 in March 2004
 - Structural pay rise of 1% will be included in pay increases awarded on 1 January 2005
- ◆ Main elements of 2001 Social Plan unchanged

Analysis operating expenses

Salaries & Cost of materials

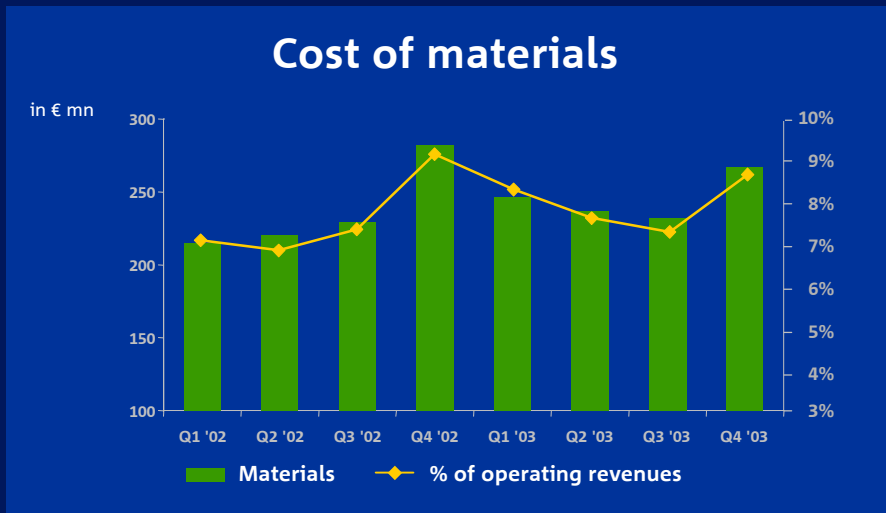


Y-on-Y decrease

- ◆ Lower number of personnel due to reorganization
- ◆ Deconsolidation and sale of non-core activities

Q-on-Q increase

- ◆ Due to additional pension and early retirement charges in Q4



Y-on-Y decrease

- ◆ Deconsolidation and sale of non-core activities and cost reductions (mainly at Fixed Network Operator)
- ◆ In part offset by higher number of mobile handsets sold

Q-on-Q increase

- ◆ Higher number of mobile handsets sold

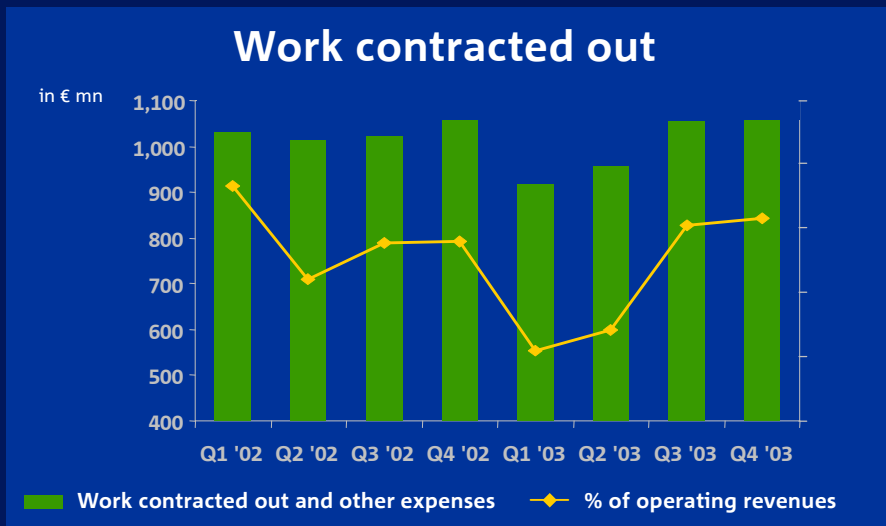
Additional pension charge

Split per division

Division	YE '02	YE '03
Fixed	32	9
– Fixed Networks	24	7
– Business Solutions	8	2
Mobile	5	1
Other	15	11
Total	52	21

Analysis operating expenses

Work contracted out & Other



Y-on-Y/Q-on-Q stable

- ◆ Higher purchasing costs due to traffic growth Carrier Services
- ◆ Offset by lower maintenance costs and deconsolidation and sale of non-core activities



Y-on-Y decline

- ◆ Lower marketing/ sales costs, strict cost control and deconsolidation and sale of non-core activities
- ◆ In part offset by higher marketing and sales costs at E-Plus and ISP's

Q-on-Q stable

- ◆ Lower marketing/ sales costs, strict cost control and deconsolidation and sale of non-core activities
- ◆ Higher marketing and sales costs at E-Plus and ISP's

Depreciation and amortization

Excluding exceptional items, € millions	Q4 '02		Q4 '03		%	
	Depr.	Amort.	Depr.	Amort.	Depr.	Amort.
Fixed	406	6	312	6	-23%	0%
- Fixed Networks	206	5	178	5	-14%	0%
- Business Solutions	200	1	134	1	-33%	0%
Mobile	199	72	195	71	-2%	-1%
Other	70	6	41	-2	-41%	n.a.
Total	675	84	548	75	-19%	-11%

Excluding exceptional items, € millions	FY '02		FY '03		%	
	Depr.	Amort.	Depr.	Amort.	Depr.	Amort.
Fixed	1,417	28	1,273	21	-10%	-25%
- Fixed Networks	814	26	732	20	-10%	-23%
- Business Solutions	603	2	541	1	-10%	-50%
Mobile	768	335	769	282	0%	-16%
Other	189	27	141	11	-25%	-59%
Total	2,374	390	2,183	314	-8%	-19%

Taxes

Excluding exceptionals Q4 and FY

Excluding exceptionals, € millions	Q4 '03		FY '03	
	P&L charge	Payments (-) Receipts (+)	P&L charge	Payments (-) Receipts (+)
Fixed division & Other activities	-70	+7 ¹	-376	+179 ²
German Mobile activities	-	No	-	No
Dutch Mobile activities	-147	No ³	-584	No ³
Belgian Mobile activities	-	No	-	No
	-217	+7	-960	+179
	Charge Q4	Cash Q4	Charge FY	Cash FY

¹ Cash inflow relates to SNT, which impaired on French and Scandinavian activities

² Cash inflow relates to refund of preliminary tax assessment 2002 (€ 194 mn)

³ Losses of German mobile activities can temporarily be deducted from the Dutch mobile profits, which results in a postponed payment for Dutch mobile activities (excluding the effects from re-financing KPN Mobile)

Taxes

Reported Q4 and FY

<i>Reported, € millions</i>	Q4 '03		FY '03	
	P&L charge	Payments (-) Receipts (+)	P&L charge	Payments (-) Receipts (+)
Fixed division & Other activities	2,068	+7 ¹	1,790	+179 ²
German Mobile activities	87	No	87	No
Dutch Mobile activities	-1,183	No ³	-1,620	No ³
Belgian Mobile activities	-	No	-	No
	972	+7	257	+179
	Charge Q4	Cash Q4	Charge FY	Cash FY

¹ Cash inflow relates to SNT, which impaired on French and Scandinavian activities

² Cash inflow relates to refund of preliminary tax assessment 2002 (€ 194 mn)

³ Losses of German mobile activities can temporarily be deducted from the Dutch mobile profits, which results in a postponed payment for Dutch mobile activities (excluding the effects from re-financing KPN Mobile)

Net result affiliates

Income from participating interests

<i>Excluding exceptional items, € millions</i>	Q4 '02	Q4 '03	FY '02	FY '03
UMC	2	-	10	2
Český Telecom	-	1	24	1
Infonet	3	-6	-9	-12
Hutchison 3G UK	-	-	-13	-
KPNQwest	-	-	-113	-
Other	15	5	-7	5
Total	20	0	-108	-4

Minority interests

<i>Excluding exceptional items, € millions</i>	Q4 '02	Q4 '03	FY '02	FY '03
KPN Mobile (2.16% NTT DoCoMo owned)	-	-4	-	-7
Xantic (35% Telstra owned)	0	16	0	26
Other	4	0	4	1
Total	4	12	4	20

Sale of 15% stake in Hutchison 3G UK

Cash & accounting consequences

<i>millions</i>	Cash		P&L
	£	€	€
Q4 '03	+ £ 60	+ € 87	+ € 119 ¹
Q4 '04	-	-	-
Q4 '05	+ £ 10	+ € 14	-
Q4 '06	+ £ 10	+ € 14	-
Q4 '07	+ £ 10	+ € 13	-
Total	+ £ 90	+ € 128	+ € 119

Cash flow

€ millions	Q4 '02	Q4 '03	FY '02	FY '03
Net cash flow provided by operating activities	1,197	1,141	3,975	4,087
Capex	-417	-607	-1,137	-1,421
Sale of non-core assets	0	499 ¹	640	1,344 ²
Other (including real estate)	107	24	162	29
Net cash flow from investing activities	-310	-84	-335	-48
Redemptions	-525	-283	-4,056	-1,810
Early redemptions	-2,746	-688	-4,344	-3,082 ³
Other (new loans and purchase of own shares)	-2	11	71	39
Net cash flow used in financing activities	-3,273	-960	-8,329	-4,853
Changes in cash and cash equivalents	-2,386	97	-4,689	-814

¹ Including € 87 mn Hutchison 3G UK, € 347 mn Český Telecom, € 70 mn Inmarsat

² Including € 500 mn Directory Services, € 570 mn Český Telecom, € 87 mn Hutchison 3G UK and € 70 mn Inmarsat

³ Including € 241 mn rehedged cross currency swap

Free cash flow

€ millions	Q4 '02	Q4 '03	FY '02	FY '03
Profit or loss after taxes	7	1,639	-9,542	2,731 ¹
Minority interests	100	-44	100	-67
Depreciation, amortization and impairments	759	566	10,252	2,535
Income from participating interests	98	-165	1,700	-161
Results from sale of assets minus received dividend	-17	42	-409	-419
Change in provisions and deferred taxes	-84	-501	777	-199
Net cash flow from operating activities before changes in working capital	863	1,537	2,878	4,420
Inventory	67	47	97	65
Receivables	145	92	390	114
Other current assets	108	12	517	-48 ¹
Current liabilities	14	-547	93	-464 ^{1,3}
Change in working capital	334	-396	1,097	-333
Net cash flow from operating activities	1,197	1,141	3,975	4,087
Capex	-417	-607	-1,137	-1,421
Free cash flow²	780	534	2,838	2,666

¹ Including effect termination MobilCom agreement in Q1 '03

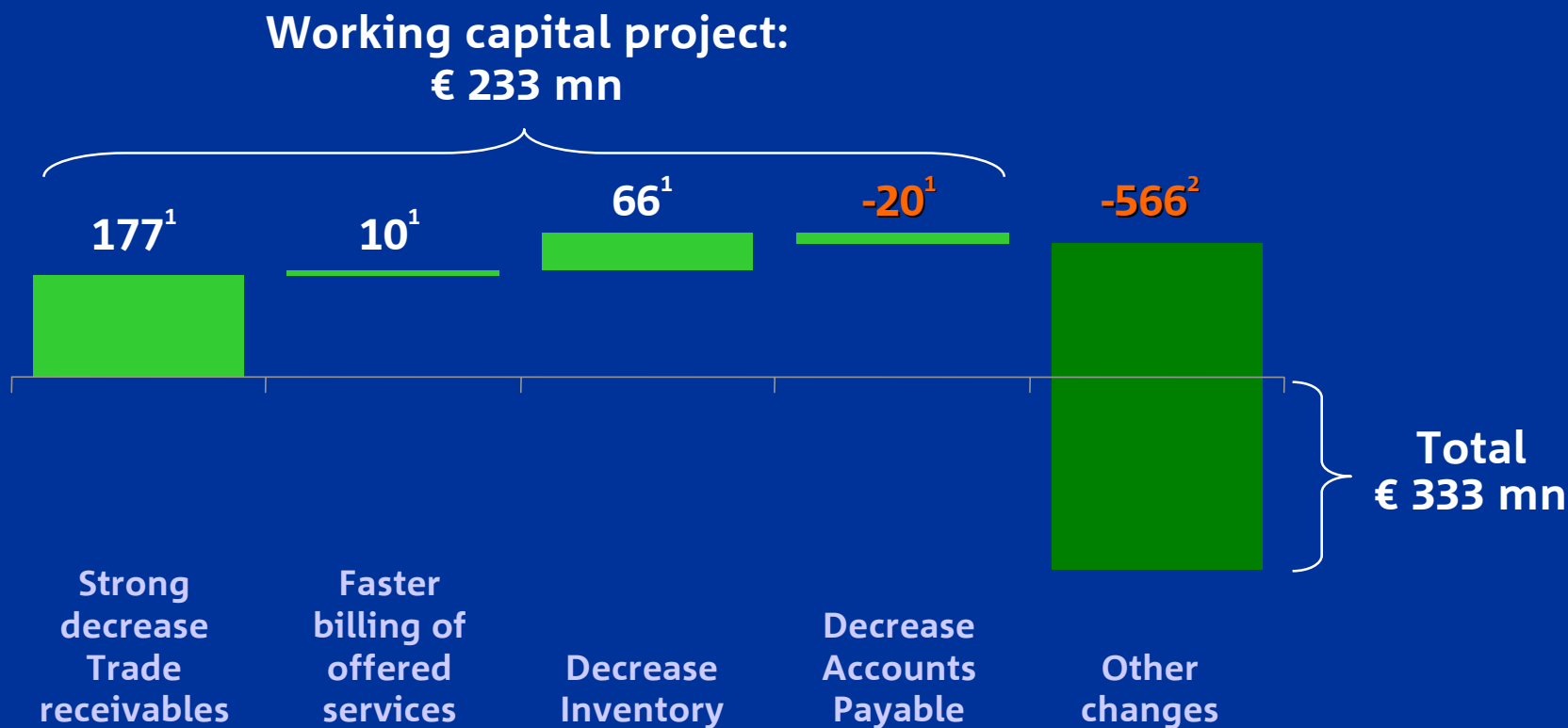
² Operational cash flow after Capex, interest, tax and restructuring expenses

³ Including reallocation from current liabilities to deferred tax asset of € 592 mn as a result of the tax agreement

Working capital achievement in 2003

Improvement continued

€ millions



¹ Change in balance position (includes non-cash effects)

² Including reallocation from current liabilities to deferred tax asset as a result of the tax agreement (- € 592 mn), accrued pension shortfall '03 (€ 21 mn), capital tax paid (- € 77 mn) related to Mobile re-structuring, preliminary tax refund over '02 (€ 194 mn), payment pension shortfall '02 (- € 52 mn)

Capex

<i>Excluding exceptional items, € millions</i>	Q4 '02	Q4 '03	%
Fixed	212	181	-15%
<i>% revenues</i>	<i>11%</i>	<i>10%</i>	
Fixed Networks	82	58	-29%
<i>% revenues</i>	<i>5%</i>	<i>4%</i>	
Business Solutions	130	123	-5%
<i>% revenues</i>	<i>24%</i>	<i>22%</i>	
Mobile	184	418	127%
<i>% revenues</i>	<i>15%</i>	<i>31%</i>	
E-Plus	113	326	188%
<i>% revenues</i>	<i>19%</i>	<i>51%</i>	
KPN Mobile (NL)	28	78	179%
<i>% revenues</i>	<i>5%</i>	<i>13%</i>	
BASE	45	14	-69%
<i>% revenues</i>	<i>56%</i>	<i>14%</i>	
Other	-2	0	<i>n.a.</i>
Other	21	8	-62%

Total	417	607	46%
<i>% revenues</i>	<i>13%</i>	<i>20%</i>	

FY '02	FY '03	%
558	532	-5%
<i>8%</i>	<i>7%</i>	
288	255	-11%
<i>4%</i>	<i>4%</i>	
270	277	3%
<i>13%</i>	<i>13%</i>	
519	854	65%
<i>11%</i>	<i>17%</i>	
320	576	80%
<i>15%</i>	<i>23%</i>	
51	178	>200%
<i>2%</i>	<i>7%</i>	
144	100	-31%
<i>46%</i>	<i>30%</i>	
4	0	<i>n.a.</i>
60¹	35	-42 %

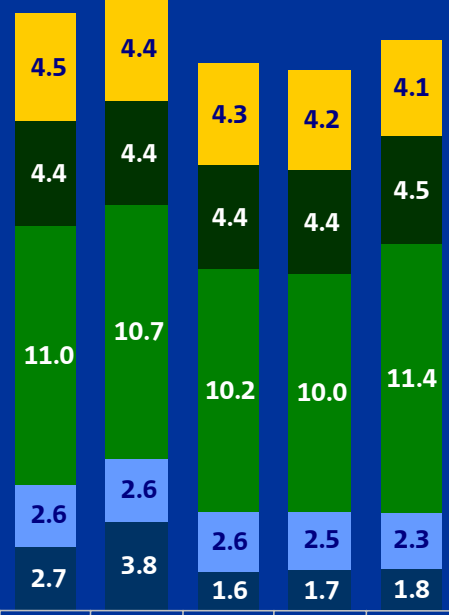
1,137	1,421	25%
<i>9%</i>	<i>12%</i>	

Balance sheet

Assets

€ billions

25.2 25.9 23.1 22.8 24.1

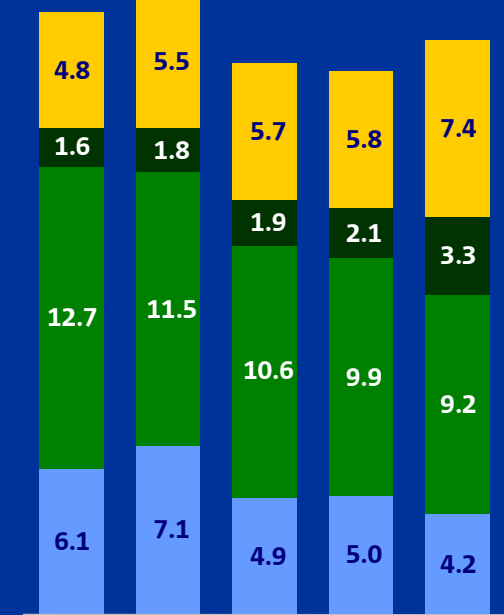
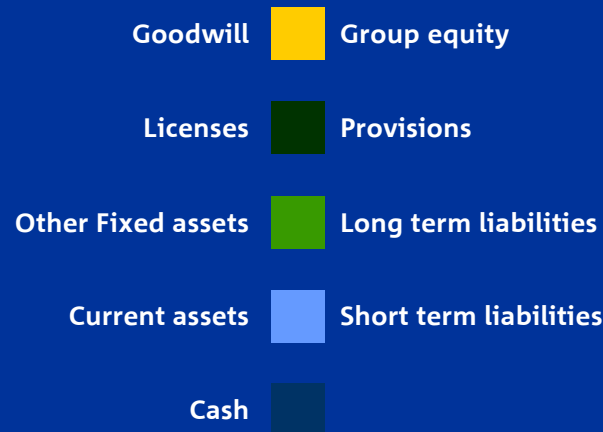


YE '02 Q1 '03 Q2 '03 Q3 '03 YE '03

Liabilities and equity

€ billions

25.2 25.9 23.1 22.8 24.1



YE '02 Q1 '03 Q2 '03 Q3 '03 YE '03

- ◆ Strengthened group equity
- ◆ Total increased due to effect of the tax agreement and debt reduction

Debt summary

€ billions	YE '02	Q3 '03	YE '03
Subordinated convertible bonds	1.5	1.2	1.1
Subordinated loans	1.8	0.1	-
Eurobonds	6.3	5.2	4.7
Global bonds	4.3	4.0	3.9
Other loans at Royal KPN	0.7	0.4	0.3
Consolidated debt			
<i>E-Plus</i>	0.2	0.1	0.1
<i>Other</i>	0.2	0.2	0.1
Total debt	15.0	11.1	10.2
<i>of which short-term</i>	2.4	1.2	1.0
Cash and cash equivalents	2.66	1.74	1.84
Total net debt	12.4	9.4	8.3

Early redemptions

<i>€ millions</i>	Q4 '03	YTD '03
Open Market Repurchases		
Subordinated convertible bond 2000 – 2005	87	373
Eurobond 1996 – 2006	155	155
Eurobond 2001 – 2006	326	431
Global bond 2000 – 2005 (EUR)	103	146
Other		
Private loans	3	8
BellSouth loan	-	1,638
Securitization program	-	50
Financial leases E-Plus	-	26
Xantic shareholder loan (Telstra part)	14	14
<i>Global Bond 2000-2030 (Rehedge of cross currency swap)</i>	-	241
Total	688	3,082
<i>One-off P&L charge</i>	<i>53</i>	<i>69¹</i>

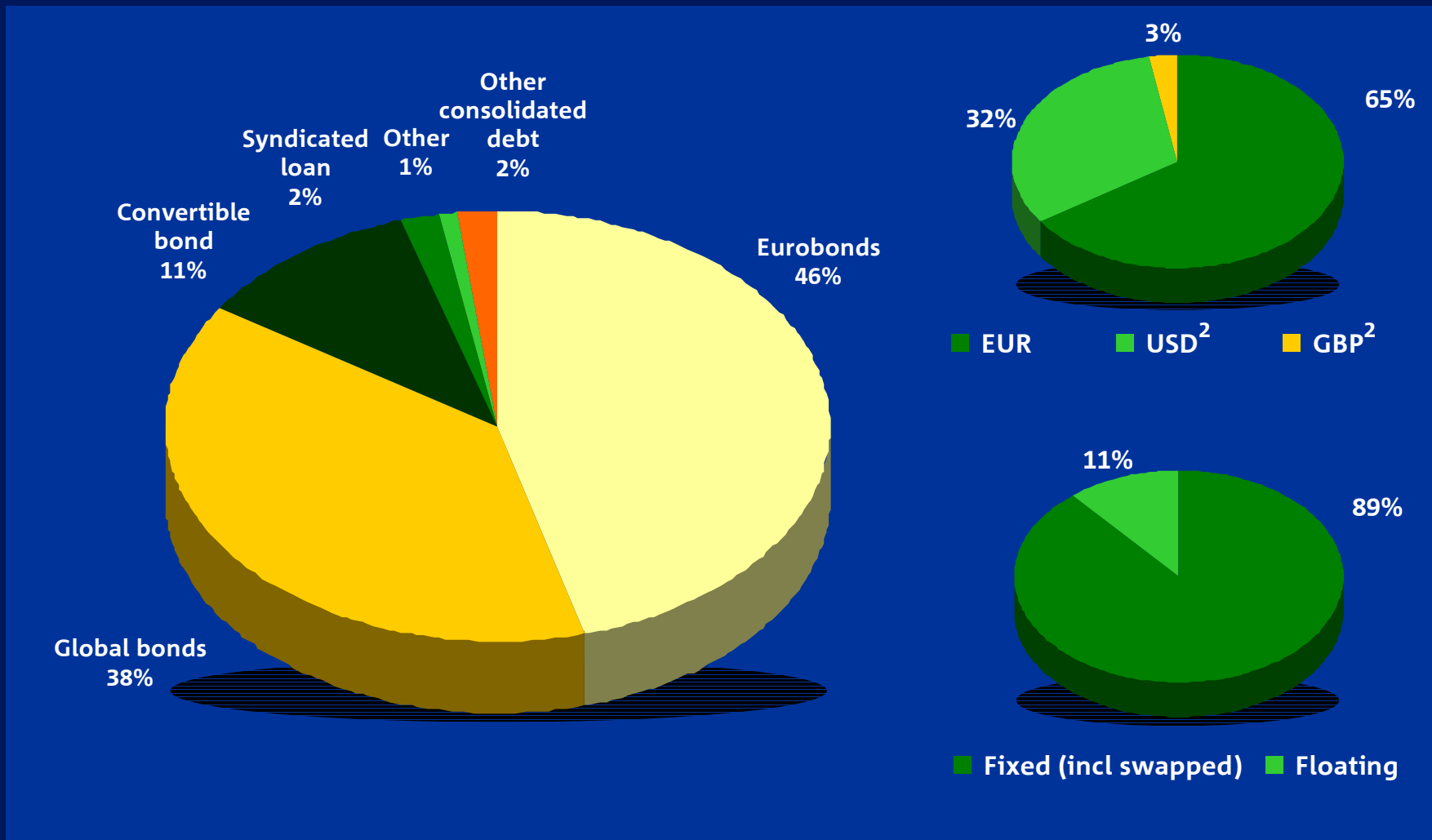
Bond portfolio

Overview changes during life of bonds

<i>millions</i>	Principal in GBP / USD	Principal in €	Early redemptions 2002 in €	Early redemptions 2003 in €	Rehedge currency risk in €	Outstanding principal YE '03 in GBP / USD	Outstanding principal YE '03 in €
Sub. convertible bond 2000 - 2005		1,500	-	-373	-		1,127
Eurobond 1996 - 2006		590	-	-155	-		435
Eurobond 1998 - 2008		1,500	-	-	-		1,500
Eurobond 1999 - 2004		1,250	-375	-	-		875
Eurobond 2001 - 2006		2,000	-	-431	-		1,569
Eurobond 2001 - 2008 GBP	175	280	-	-	-	175	280
Global bond 2000 - 2005 USD	750	875	-542	-	-	285	333
Global bond 2000 - 2010 USD	1,750	2,002	-	-	-	1,750	2,002
Global bond 2000 - 2030 USD	1,000	1,132	-	-	- 241	1,000	891
Global bond 2000 - 2005 EUR		1,000	-195	-146	-		659
Total bonds outstanding		12,129	-1,112	-1,105	-241		9,671

Debt portfolio

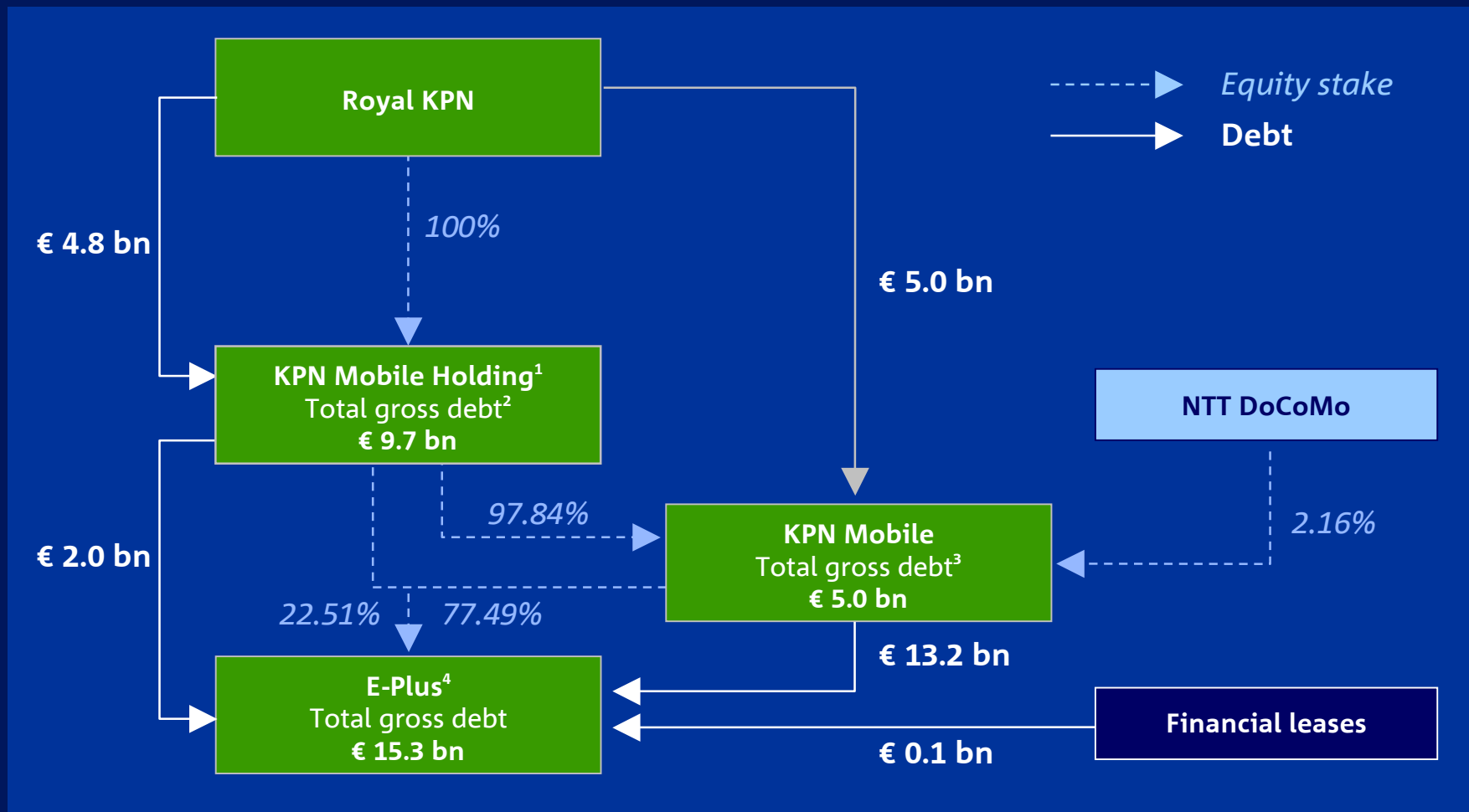
Gross debt at YE '03: € 10.2 bn¹



¹ Including money market, other short term funding

² Foreign currency amounts hedged into Euro

Mobile internal financing



¹ KPN Mobile Holding includes GMI (which is financed via shareholder loans from Royal KPN of € 2.9 bn and owns 22.5% of E-Plus Holding)

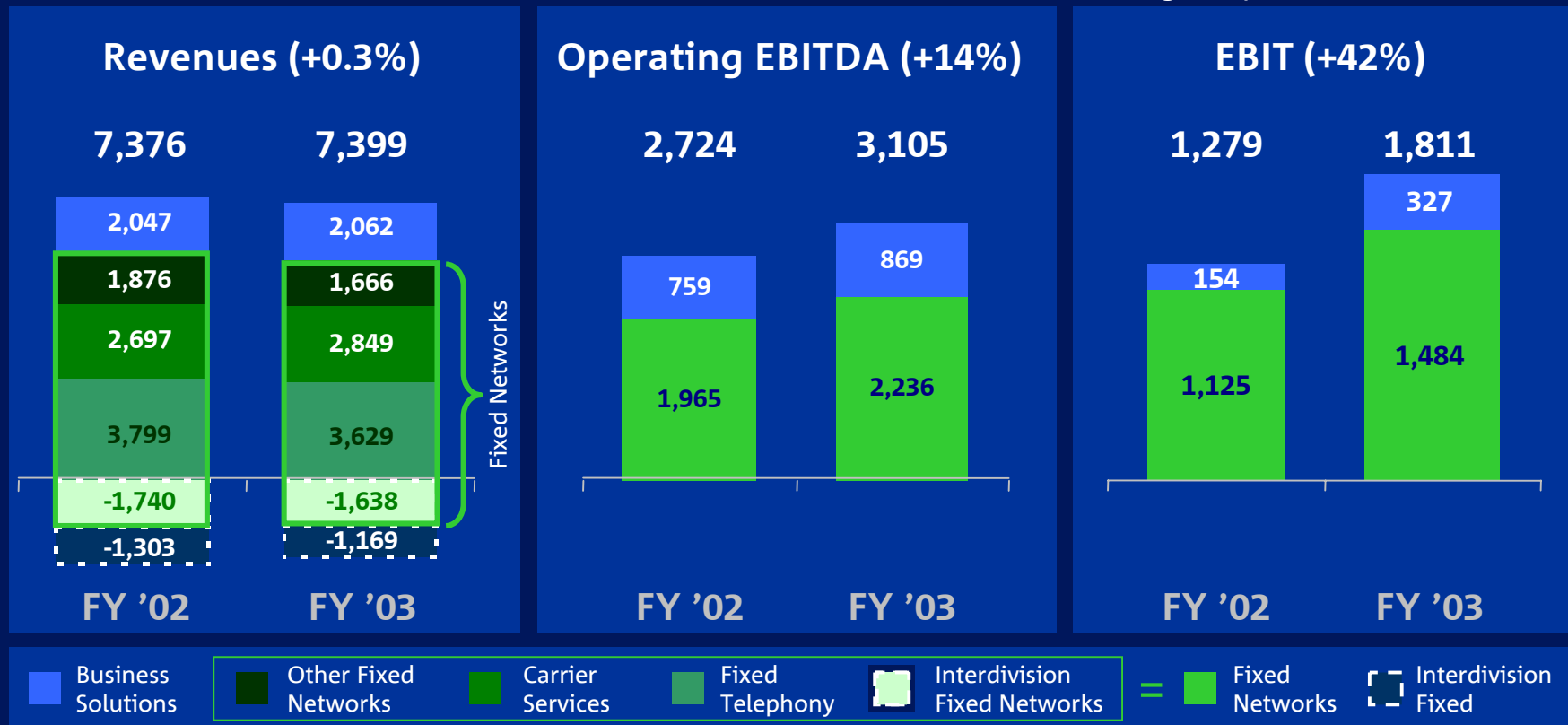
² Including nearly 100% of external E-Plus financing (financial leases)

³ Including 77.5% of external E-Plus financing (financial leases)

⁴ E-Plus includes E-Plus Holding (gross debt € 2.1 bn) and E-Plus (gross debt € 13.2 bn)

Fixed FY '03

(Excluding exceptional items, € millions)



- ◆ Fixed Telephony: Decrease in revenues due to CPS competition, Fixed to mobile-substitution, and migration to broadband
- ◆ Carrier Services: Increase in revenues as result of higher wholesale volumes
- ◆ Business Solutions: Slight increase in revenues due to ADSL growth and other revenues
- ◆ Other: Higher revenues from ISP's were more than offset by lower revenues of SNT (deconsolidation) and lower internal revenues (cost savings)

KPIs Fixed Fixed Networks

	Q4 '02	Q1 '03	Q2 '03	Q3 '03	Q4 '03	YE '03
Market shares						
<i>Local</i>	> 80%	> 80%	+/- 80%	+/- 80%	> 75%	> 75%
<i>National</i>	> 65%	> 65%	+/- 65%	> 60%	> 60%	> 60%
<i>International</i>	> 50%	> 50%	> 50%	+/- 50%	> 45%	> 45%
<i>Fixed to Mobile</i>	> 65%	> 65%	+/- 65%	+/- 65%	> 60%	> 60%
Channels	10,017	9,992	9,979	9,934	9,895	9,895
<i>PSTN</i>	6,316	6,257	6,218	6,166	6,120	6,120
<i>ISDN 2/15/20/30</i>	3,701	3,735	3,761	3,768	3,775	3,775
Call rate¹	3.20	3.09	2.90	2.63	2.65	2.81
Call duration²	276	280	264	265	267	269

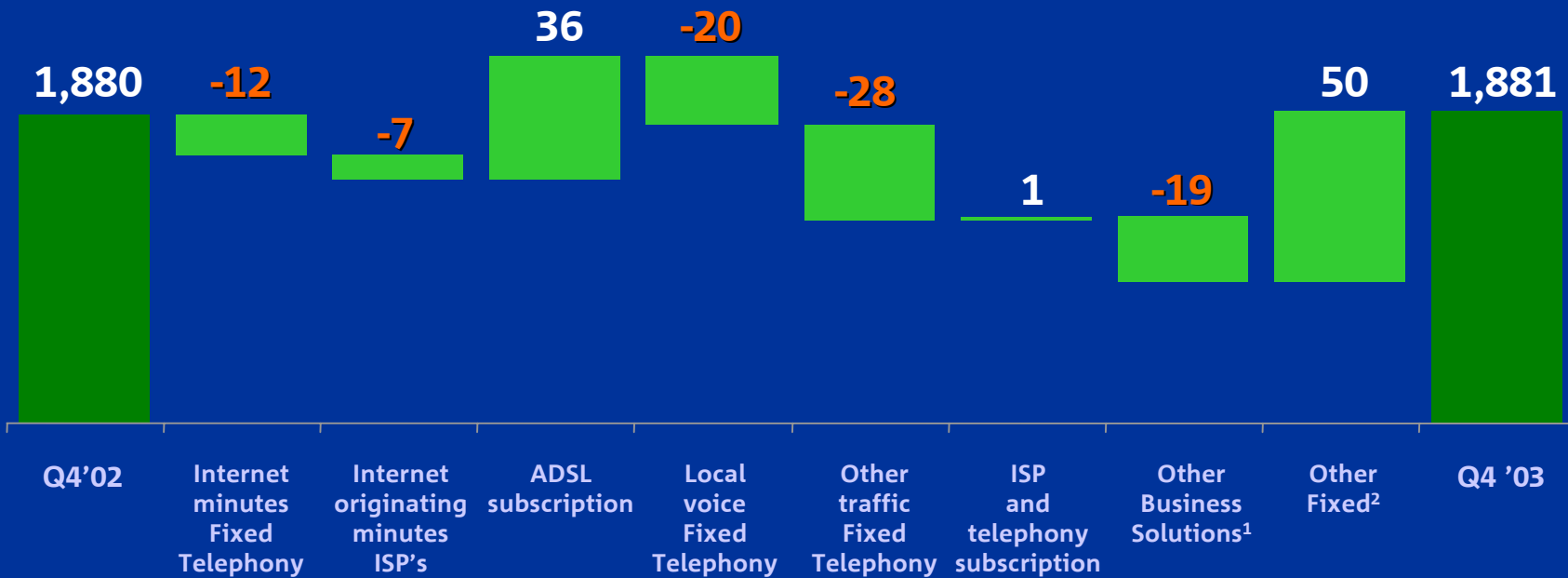
Minutes (in bn)						
BU Fixed Telephony	11.66	11.13	9.95	9.03	9.31	39.42
<i>Local/National</i>	6.06	6.06	5.47	5.02	5.28	21.93
<i>Internet</i>	4.21	4.04	3.54	3.12	3.14	13.84
<i>International</i>	0.31	0.30	0.29	0.28	0.27	1.14
<i>Fixed to Mobile</i>	0.66	0.63	0.65	0.61	0.62	2.51
BU Carrier Services, of which	10.60	10.92	10.85	10.46	11.30	43.52
<i>Originating Internet (MIACO)</i>	2.08	1.98	1.63	1.44	1.43	6.47
Total Division Fixed	21.96	21.74	20.50	19.23	20.36	81.80

¹ Number of calls per channel per day

² Average duration per call in seconds

Fixed revenue development

€ millions



¹ Excluding ADSL subscription revenues of IP Services (€ 26 mn)

² Increase Carrier Services and lower intercompany revenues

Discount packages

Introduced in 2003

BelPlus

- 100 minutes^{1,3} for € 2.16 per month, additional to subscription fee
- 10% discount on all national and international minutes
- *Attractive if most calls are local*

BelPlus 200

- 200 minutes^{2,3} for € 4.50 per month, additional to subscription fee
- 12.5% discount on all national and international minutes
- Surplus balance minutes valid for two additional months
- *Attractive if most calls are national*

BelPlus 300

- 300 minutes^{2,3} for € 6.30 per month, additional to subscription fee
- 15% discount on all national and international minutes
- Surplus balance minutes valid for four additional months
- *Attractive if most calls are national*

BelBusiness (BelZakelijk)

- Choose applicable call credit for each site, plus small additional charge per connection⁵
- Valid 24 hours a day and 7 days per week on all local, national, fixed-to-mobile and international calls^{3,4}
- All connections per site can use 1 bundle
- Balance 12 months valid, change of discount package free of charge

Call credit per month	Discount			
	Local	National	Fixed-to-Mobile	International
Min. credit € 25	- 4%	- 10%	- 3%	- 15%
Max. credit € 1000	- 4%	- 15%	- 3%	- 25%

¹ Call credit of € 2.25 for local calls in the evening and weekends, equalling approximately 100 minutes

² Call credit for national calls in the evening and weekends. The credit includes 30 (BelPlus 200) or 35 (BelPlus 300) call set-ups

³ Internet, 0900 en mobile numbers are excluded

⁴ Star services, 0676-, 084-, 087- and 090x-numbers are excluded

⁵ Varies from € 0.55 (PSTN) to € 9 (ISDN30)

KPIs Fixed Business Solutions

	Q4 = YE '02
Leased lines (x 1,000)¹	95
<i>Analogue</i>	<i>61%</i>
<i>Digital</i>	<i>39%</i>

Q1 '03	Q2 '03	Q3 '03	Q4 = YE '03
91	82	78	71
<i>61%</i>	<i>63%</i>	<i>64%</i>	<i>66%</i>
<i>39%</i>	<i>37%</i>	<i>36%</i>	<i>34%</i>

VAS	
Frame Relay (# ports)	10,074
MVPN-routers ²	5,930
IP-VPN connections	2,632
VPN's (# customers)	62

10,691	10,281	9,410	8,788
5,961	6,206	6,581	7,354
5,258	9,122	12,868	15,956
148	302	628	807

ADSL (x 1,000)	
Installed	310
<i>% Go/Lite (384-1,024/128-320 kbit/s)</i>	<i>25%</i>
<i>% Basic (2,048/320 kbit/s)</i>	<i>66%</i>
<i>% Extra (4,096/640 kbit/s)</i>	<i>9%</i>

418	513	609	746
<i>39%</i>	<i>46%</i>	<i>52%</i>	<i>57%</i>
<i>54%</i>	<i>47%</i>	<i>43%</i>	<i>38%</i>
<i>8%</i>	<i>6%</i>	<i>6%</i>	<i>5%</i>

¹ As from Q1 2003, only leased lines with external revenues are stated. Figures 2002 are restated accordingly

² Restated as from Q1 2003

KPIs Fixed Internet and ADSL

<i>X 1,000</i>	Q4 = FY '02
ISP customers	
<i>Planet Internet</i>	696
<i>Het Net</i>	573
<i>XS4ALL</i>	154
Total	1,423

Broadband subscriptions	
<i>Planet Internet</i>	161
<i>Het Net</i>	6
<i>XS4ALL</i>	65
Total	232

Local exchanges	
<i>Number DSL enabled</i>	511
<i>ADSL coverage NL</i>	85%

Q1 '03	Q2 '03	Q3 '03	Q4 = FY '03
727	740	751	738
593	583	587	596
165	166	191	206
1,486	1,489	1,529	1,540

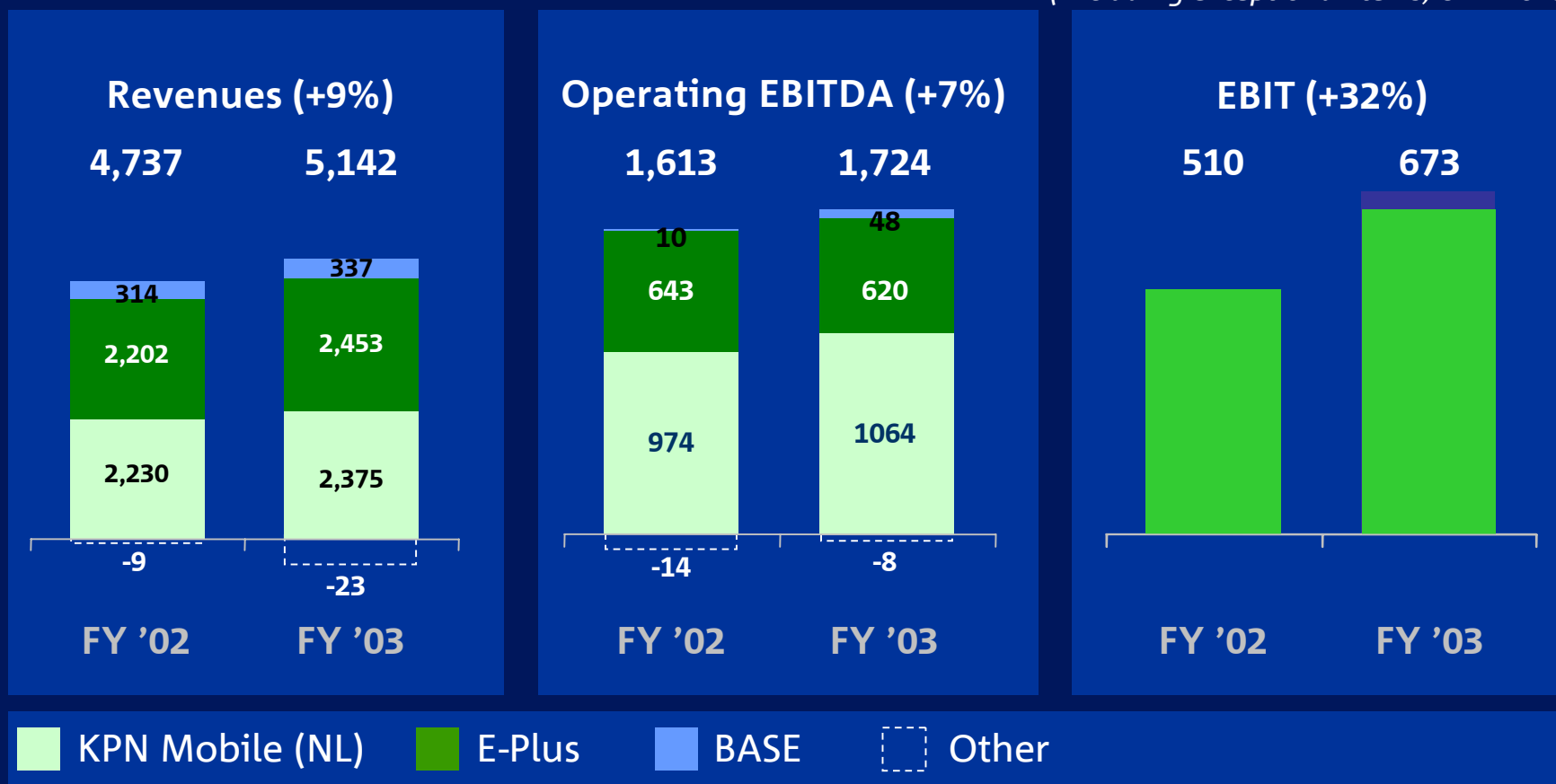
197	229	260	280
24	34	39	67
80	92	104	121
301	355	403	468

539	648	736	1,257
85%	87%	87%	97%

Mobile FY '03

Further increase in revenues, operating EBITDA and EBIT

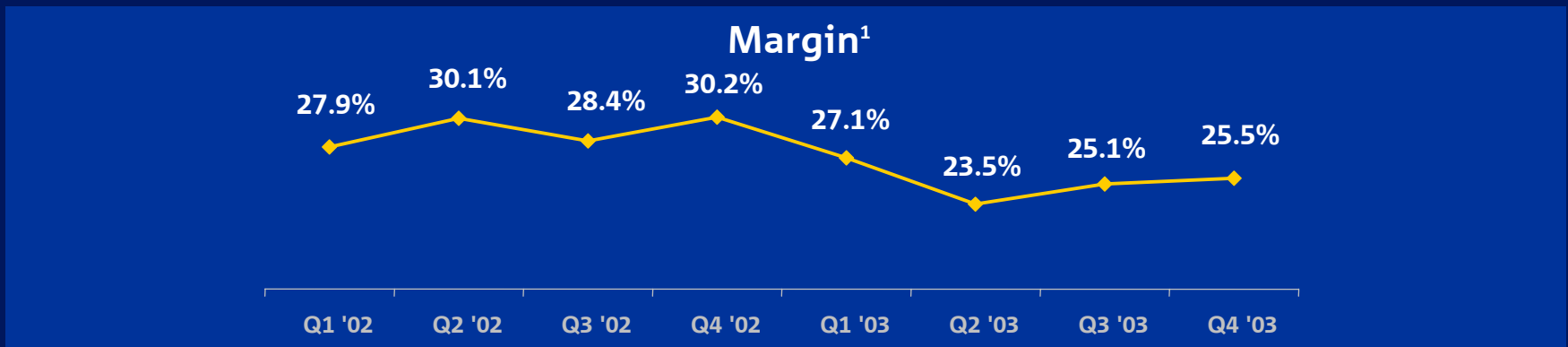
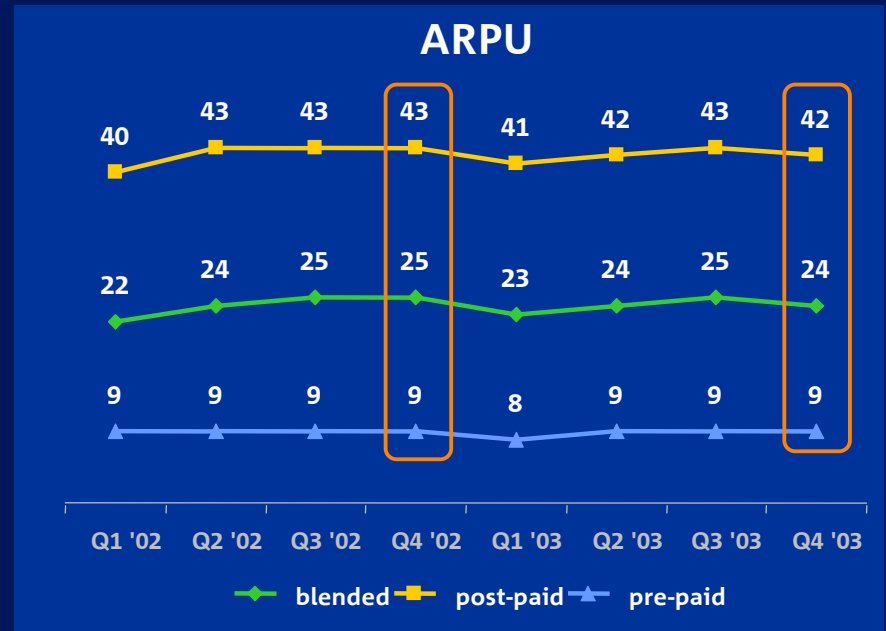
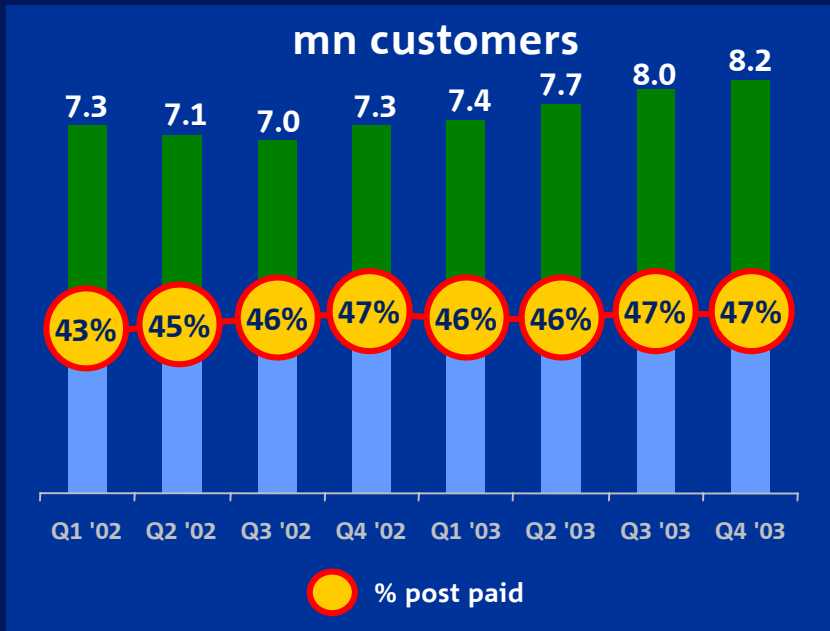
(Excluding exceptional items, € millions)



- ◆ KPN Mobile (NL) Revenue growth 7% FY '03; continued strong margin performance: 45%
- ◆ E-Plus Revenue growth 11% FY '03; Growth customer base to 8.2 mn
- ◆ BASE Continued improvement of operating EBITDA and operating EBITDA margin

E-Plus

Growth continues with stable mix and margin



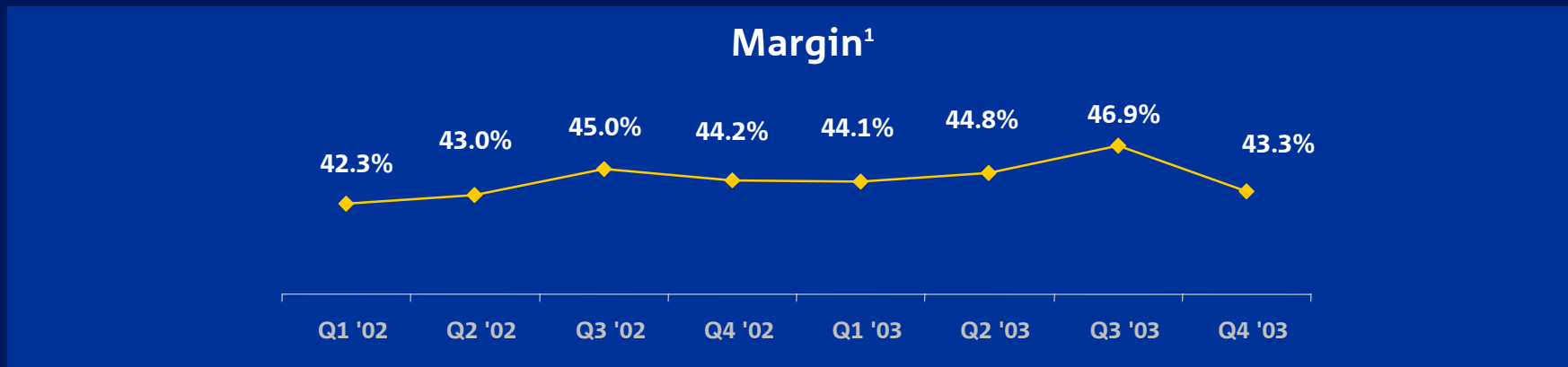
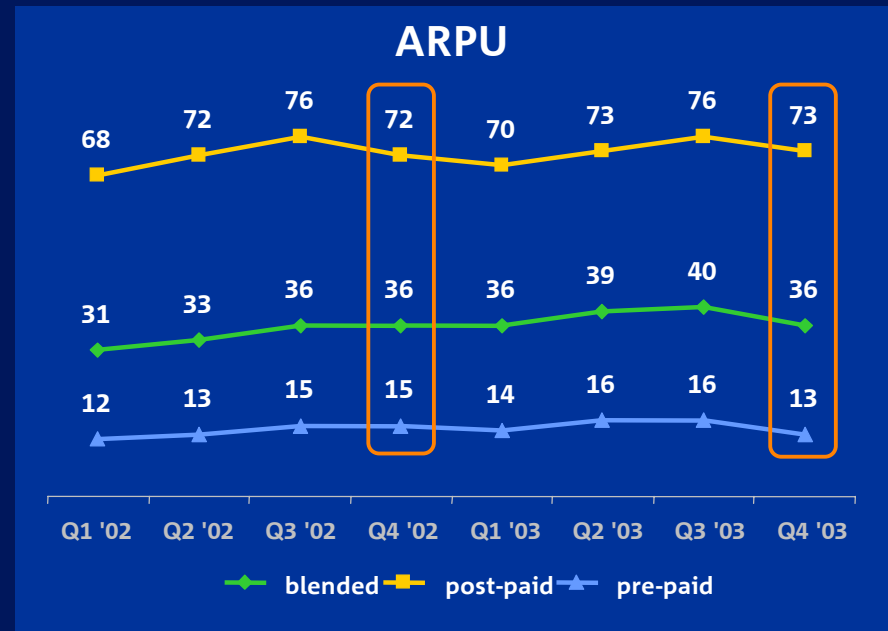
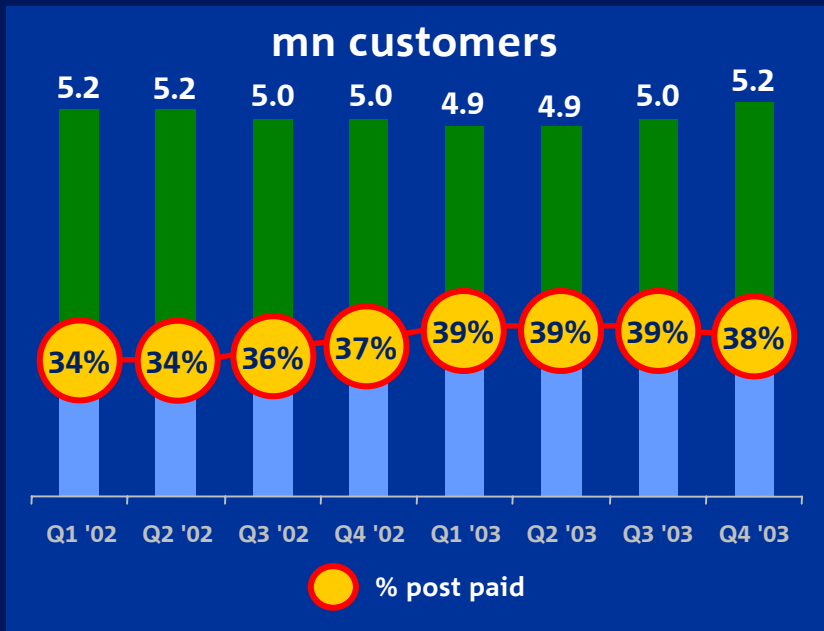
KPIs Mobile

E-Plus

	Q4 '02	Q1 '03	Q2 '03	Q3 '03	Q4 '03	FY '03
Market share base	12.3%	12.4%	12.6%	12.7%	12.7%	12.7%
Customers (x 1,000)	7,269	7,446	7,716	7,964	8,206	8,206
Post-paid	3,398	3,453	3,578	3,707	3,877	3,877
Of which i-mode	123	140	191	265	358	358
Pre-paid	3,871	3,993	4,138	4,257	4,329	4,329
Of which i-mode	-	-	-	8	82	82
ARPU (€)	25	23	24	25	24	24
Post-paid	43	41	42	43	42	42
Pre-paid	9	8	9	9	9	9
Non-voice as % of ARPU	15%	16%	15%	14%	15%	15%
SAC (€)	145	141	142	152	142	144
Post-paid	250	229	249	239	199	227
Pre-paid	45	60	50	67	75	63
SRC (€)	-	167	167	181	173	172
MoU (minutes)	79	73	79	79	78	77
Post-paid	140	130	138	140	137	137
Pre-paid	26	24	27	26	25	26

KPN Mobile (NL)

Growing customer base



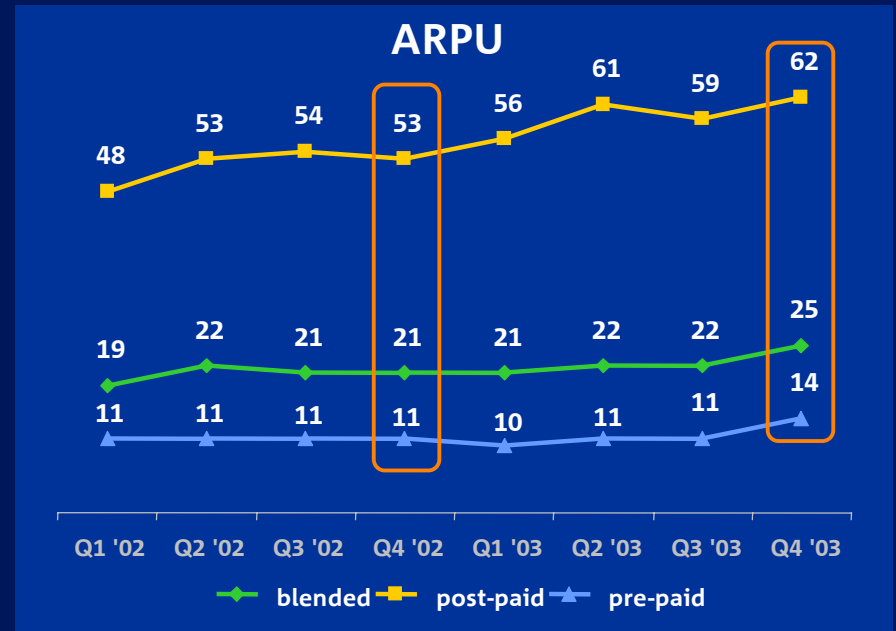
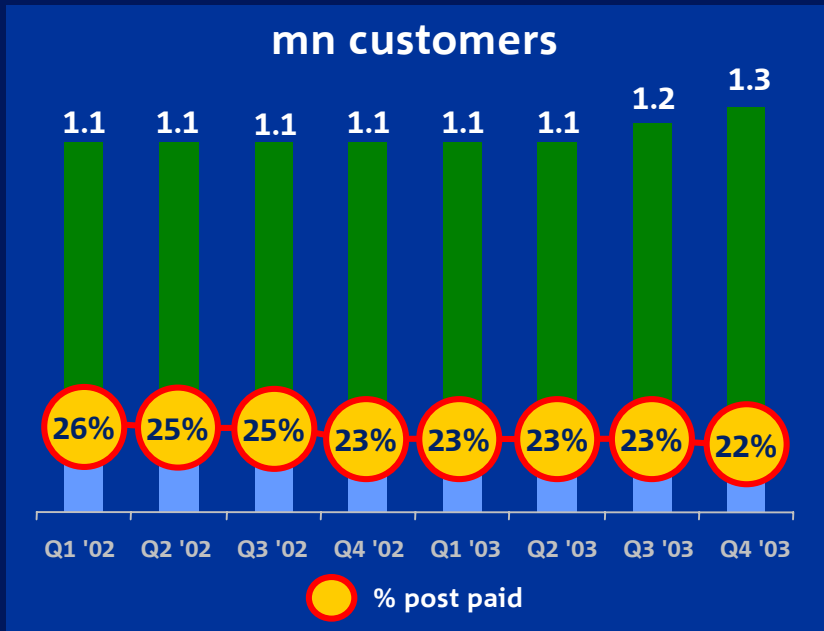
KPIs Mobile

KPN Mobile (NL)

	Q4 '02	Q1 '03	Q2 '03	Q3 '03	Q4 '03	FY '03
Market share base	41.8%	40.7%	40.5%	40.6%	40.2%	40.2%
Customers (x 1,000)	5,034	4,908	4,919	5,038	5,205	5,205
Post-paid	1,877	1,900	1,930	1,953	1,953	1,953
Of which i-mode	111	137	148	197	240	240
Pre-paid	3,157	3,008	2,989	3,085	3,252	3,252
Of which i-mode	-	-	-	51	163	163
ARPU (€)	36	36	39	40	36	38
Post-paid	72	70	73	76	73	74
Pre-paid	15	14	16	16	13	15
Non-voice as % of ARPU	7%	8%	8%	9%	9%	8%
SAC (€)¹	161	134	125	102	121	116
Post-paid ¹	288	289	356	304	348	325
Pre-paid ¹	11	27	7	27	42	24
SRC (€)	-	274	279	226	258	258
MoU (minutes)	128	126	136	131	130	131
Post-paid	266	257	269	259	272	265
Pre-paid	47	45	50	48	41	46

BASE

Growth combined with increased ARPU



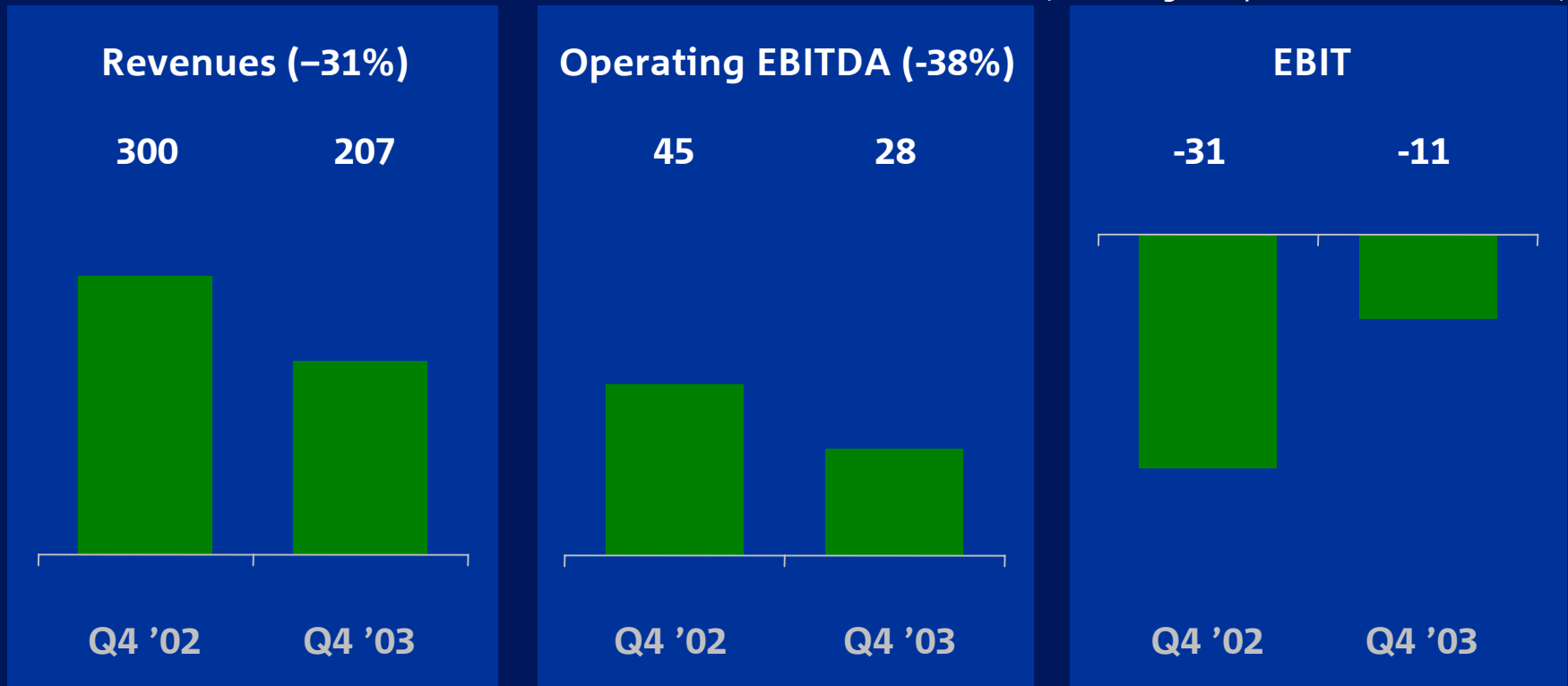
KPIs Mobile

BASE

	Q4 '02	Q1 '03	Q2 '03	Q3 '03	Q4 '03	FY '03
Market share base	14.5%	14.1%	14.1%	14%¹	15%¹	15%¹
Customers (x 1,000)	1,138	1,131	1,131	1,162	1,253	1,253
Post-paid	266	261	255	269	279	279
Of which i-mode	2	8	14	20	24	24
Pre-paid	872	870	876	893	974	974
Of which i-mode	-	-	-	-	1	1
ARPU (€)	21	21	22	22	25	22
Post-paid ¹	53	56	61	59	62	59
Pre-paid ¹	11	10	11	11	14	11
Non-voice as % of ARPU	16%	16%	15%	15%	14%	15%
SAC (€)	24	31	10	20	20	20
Post-paid	39	61	-14	32	81	52
Pre-paid	21	20	15	18	10	14
SRC (€)	-	n.a.	n.a.	n.a.	n.a.	n.a.
MoU (minutes)	77	76	86	92	90	86
Post-paid	201	208	234	205	204	213
Pre-paid	37	36	42	57	57	48

Other in Q4

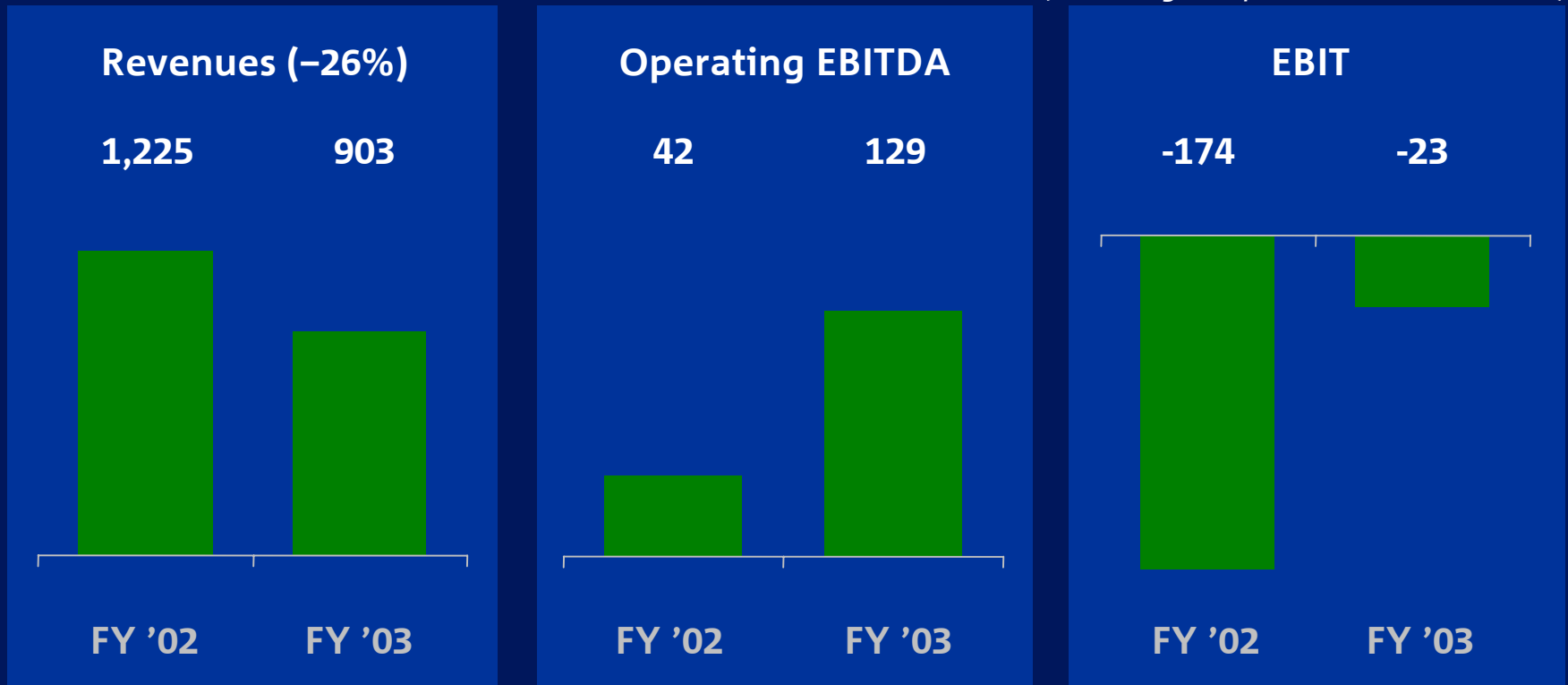
(Excluding exceptional items, € millions)



- ◆ Revenue decline due to lower revenues from retail activities deconsolidation of Directory Services lower corporate voice revenues at KPN EnterCom
- ◆ Operating EBITDA decrease due to lower external revenues in combination with stable operating EBITDA margins

Other FY '03

(Excluding exceptional items, € millions)



- ◆ Revenue decline due to downsized retail activities, deconsolidation of network construction and directory services and lower revenues from Xantic¹
- ◆ Operating EBITDA increase due to cost reduction program and sale of network construction, partially offset by sale of directory services

Reconciliation non-GAAP measures

Changes in reporting items as per Q1 '04

Old

<i>Excluding exceptional items, € millions</i>	FY '03
Revenues	12,209
Opex	7,251
Operating EBITDA	4,958
Depreciation ¹ Amortization ¹	2,183 314
EBIT	2,461
Financial income/expense	862
Profit/(Loss) before Taxes	1,599
Income participating interests	-4
Minority interests	20
Taxes	-960
Profit/(Loss) after Taxes	655



Exceptional items
698
13
685
42 -4
647
0
647
165 47 1,217
2,076



New

<i>Including exceptional items, € millions</i>	FY '03
Operating revenues	12,907
Operating expenses	9,799
of which: - Depreciation ¹ - Amortization ¹	2,225 310
Operating result	3,108
Financial income/(expense)	-862
Profit/(Loss) before Taxes	2,246
Income Participating Interests	161
Minority Interests	67
Taxes	257
Profit/(Loss) after Taxes	2,731

Free cash flow	2,666
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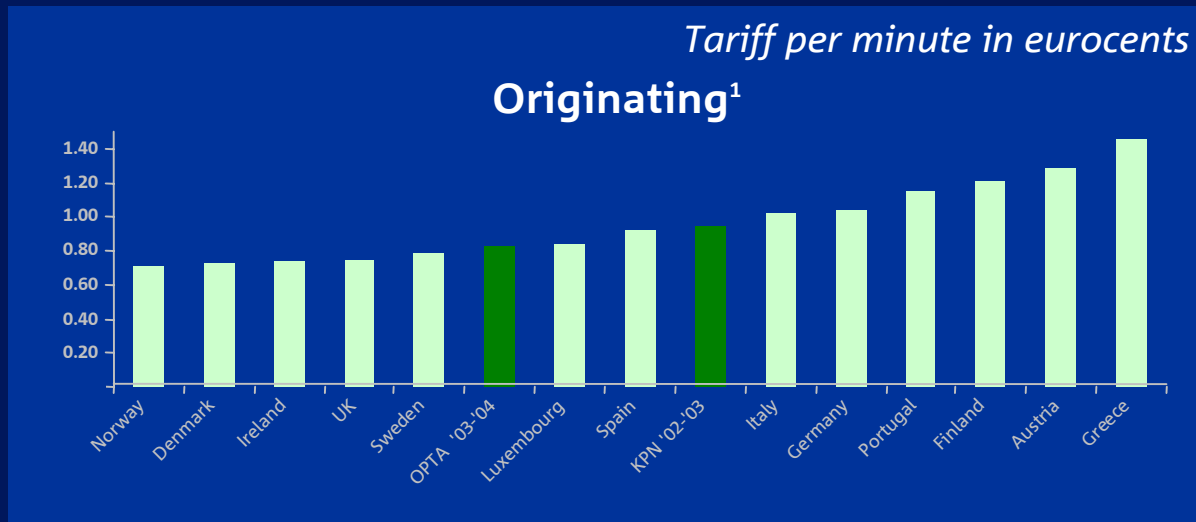
Capex
1,421

Net cash flow from operating activities	4,087
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EU New Regulatory Framework (NRF)

- ◆ Timing;
 - Expected to come into force in NL end Q1/start Q2
 - Proposed law has passed the Second Chamber on 4 November and is currently under consideration in the First Chamber
 - Implementation in Belgium and Germany also delayed
- ◆ Market definitions and dominance tests will be based on general competition law instead of current sector specific regulation
- ◆ OPTA must substantiate its decisions by means of an assessment of the foreseeable relevant consequences, which provides KPN with a certain sense of comfort
- ◆ Dutch Minister of Economic Affairs is requested by Parliament to propose a policy on telecommunication with subsequent general guidelines for OPTA
- ◆ After implementation, market definition of broadband, access to the PSTN/Wholesale line rental and mobile call termination (as of 1 December '05) will be important issues

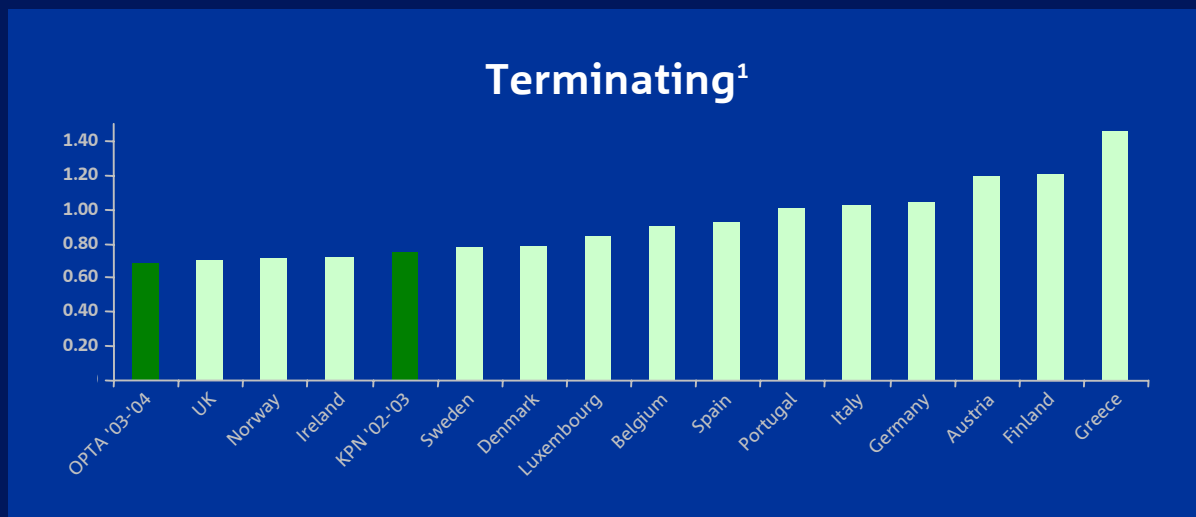
Regulation Fixed Interconnection tariffs



- ◆ On July 24, OPTA targeted new rates for origination (-10%) and termination (-5%)

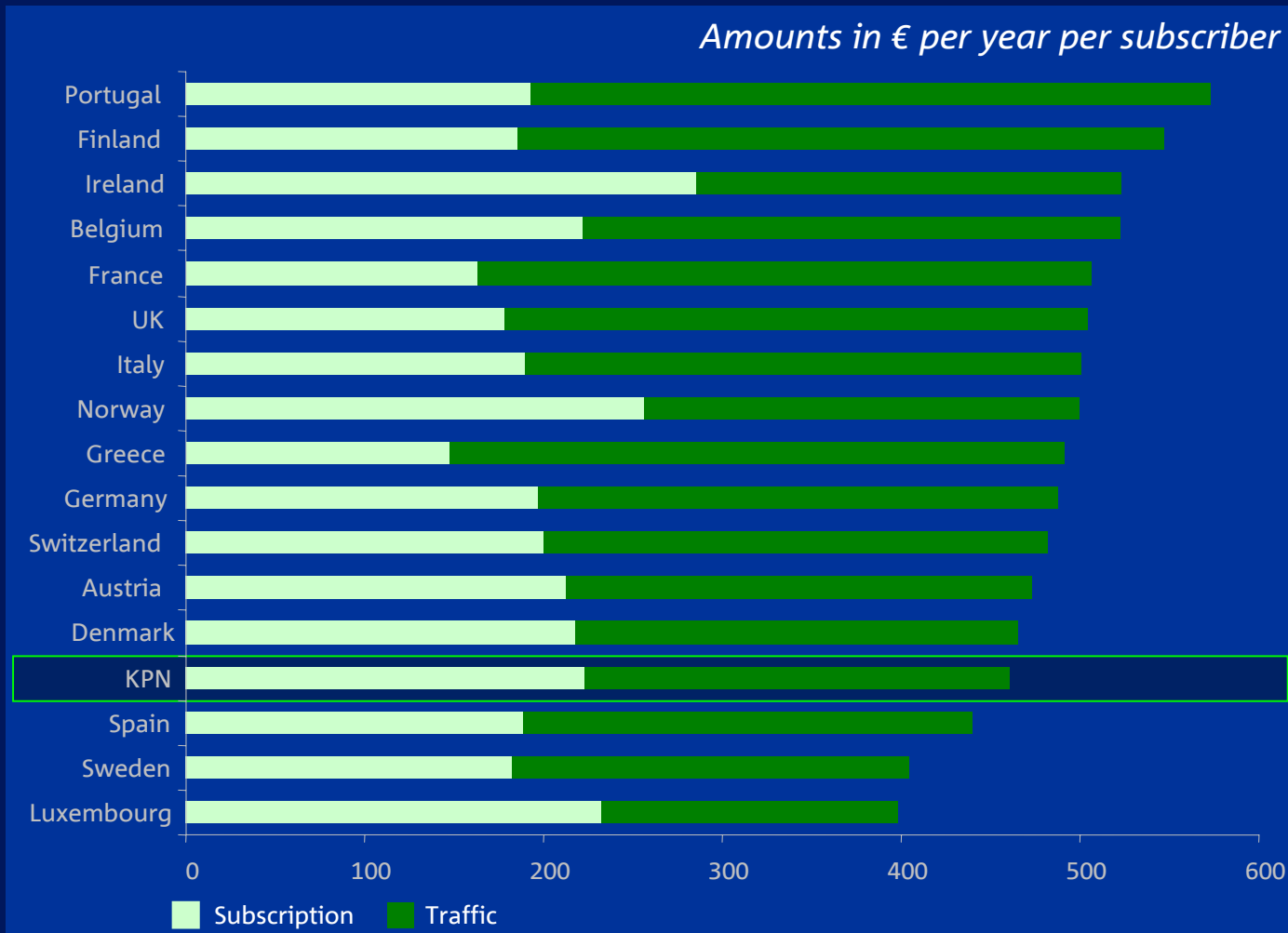
- ◆ Originating tariffs were already in middle of EU range; terminating tariffs were amongst the lowest

- ◆ KPN has lodged an appeal at OPTA; decision expected end of Q1 '04



Comparison retail tariffs¹ fixed telephony

Consumer basket



KPN's tariffs low in European context

Subscriptions in higher end of the range

Traffic rates in bottom end of the of range

Regulation Fixed

Restrictions on retail discount packages for fixed telephony

On August 6, OPTA decided not to allow KPN any additional scope for discounts and savings packages

KPN objects to being restricted in offering attractive packages to customers

Currently only limited number of discount schemes offered, for example flat fee schemes are not allowed

Regulation Fixed Wholesale Bit stream

- ◆ KPN is currently required to provide wholesale bit stream access for the business market. The main requirement is on non-discrimination, not on strict cost orientation. Appeal lodged by KPN
- ◆ Tiscali filed a request with OPTA for consumer wholesale bit stream. OPTA granted such request and applied retail-minus price regulation. KPN successfully filed for injunction (twice). OPTA has appealed
- ◆ OPTA will have regulatory powers on these markets under the NRF. The broadband Internet market is however highly competitive (cable TV; multiple DSL), though KPN's share is expected to increase and this might evoke a finding of dominance in the future
- ◆ KPN's obligations re. ULL notice have been fulfilled. Currently some 200k ULL local loop lines are in use by external broadband network operators

MTA effect

Mobile terminating access tariffs

- ♦ OPTA and NMa¹ announced to accept a three step tariff reduction for all mobile operators on 4 December '03

<i>Maximum MTA tariffs (per minute)</i>	KPN, Vodafone	Orange, Telfort, T-Mobile, Tele2
As of 1 January '04	€ 0.155	€ 0.175
As of 1 December '04	€ 0.130	€ 0.147
As of 1 December '05	€ 0.110	€ 0.124

- ♦ Hereupon NMa¹ terminated its investigations; OPTA announced that it will not regulate further prior to December '05, when it expects to decide under NRF²

<i>Impact in € mn</i>	2004		2005	
	Revenues	EBITDA	Revenues	EBITDA
Fixed	- 300	0	- 480	0
KPN Mobile NL	- 110	- 65	- 185	- 110
Inter company	+ 160	-	+ 255	-
KPN Group	- 250	- 65	- 410	- 110

¹ Dutch competition authority

² New Regulatory Framework

Benchmarking

Summary of metric definitions

Metric	Definition
Revenue growth	Total reported revenues -/- exceptional items for current period/ Total reported revenues -/- exceptional items for same period in prior year
Operating EBITDA growth	Reported operating EBITDA -/- exceptional items for current period/ Reported operating EBITDA -/- exceptional items for same period in prior year
PBT growth	Reported PBT -/- exceptional items for current period/ Reported PBT -/- exceptional items for same period in prior year
Operating EBITDA margin	Reported operating EBITDA -/- exceptional items for current period/ Reported revenues -/- exceptional items for current period
PBT margin	Reported PBT -/- exceptional items for current period/ Reported revenues -/- exceptional items for current period
Return on Invested Capital	NOPLAT -/- exceptional items for current period/ Unweighted average Invested Capital in current period
Free cash flow margin	FCF for the current period/Reported revenues for the current period FCF defined as: Cash flow from operations -/- capex
Total Shareholder Return	Share price at end of period x adjusted number of shares/Share price at start of period Time frame defined as x quarters from Q1 2002
Revenue per FTE	Total reported revenues -/- exceptional items for current period/ Unweighted average number of FTEs during the current period
Operating EBITDA per FTE	Reported operating EBITDA -/- exceptional items for current period/ Unweighted average number of FTEs during the current period