

# Third Quarter Results 2010

26 October 2010

# Safe harbor

## **Non-GAAP measures and management estimates**

This financial report contains a number of non-GAAP figures, such as EBITDA and free cash flow. These non-GAAP figures should not be viewed as a substitute for KPN's GAAP figures.

KPN defines EBITDA as operating result before depreciation and impairments of PP&E and amortization and impairments of intangible assets. Note that KPN's definition of EBITDA deviates from the literal definition of earnings before interest, taxes, depreciation and amortization and should not be considered in isolation or as a substitute for analyses of the results as reported under IFRS. In the net debt/EBITDA ratio, KPN defines EBITDA as a 12 month rolling average excluding book gains, release of pension provisions and restructuring costs, when over EUR 20m. Free cash flow is defined as cash flow from operating activities plus proceeds from real estate, minus capital expenditures (Capex), being expenditures on PP&E and software and excluding tax recapture regarding E-Plus.

The term service revenues refers to wireless service revenues.

All market share information in this financial report is based on management estimates based on externally available information, unless indicated otherwise. For a full overview on KPN's non-financial information, reference is made to KPN's quarterly factsheets available on [www.kpn.com/ir](http://www.kpn.com/ir).

## **Forward-looking statements**

Certain statements contained in this financial report 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 the Annual Report 2009.

# Agenda

Chairman's review	Ad Scheepbouwer
Group financial review	Carla Smits-Nusteling
Group operating review	Ad Scheepbouwer
Concluding remarks	Ad Scheepbouwer



## Highlights Q3

Solid performance across the Group

- Revenue growth at Group level y-on-y in Q3
- Continued increase in profitability at Dutch Telco
- Higher service revenue growth in Germany at very strong margin
- High speed data launch in Germany already in Q4
- Outlook confirmed for 2010 and 2011

## Financial highlights Q3

- Financial performance Q3 '10
  - Revenues and other income of € 3,378m, up 1.4% y-on-y
  - EBITDA of € 1,408m, up 5.9% y-on-y
  - Capex of € 431m, up 20% y-on-y
  - Free cash flow of € 681m, € 1,616m YTD
  - Earnings per share of € 0.27, up 8.0% y-on-y
- Improved financial profile in September
  - Repurchased parts of bonds for a total nominal amount of € 1.3bn
  - Issued a 10-year Eurobond of € 1.0bn with an attractive coupon of 3.75%
  - Maturity profile extended from 6.5 to 7.2 years
- Continued focus on shareholder returns
  - € 1.0bn SBB for 2010 started in February, 69% completed to date
  - Interim dividend of € 0.27 per share paid in August, € 419m in total

# Outlook

Outlook for 2010 and 2011 confirmed

	Reported 2009	Outlook 2010
<b>Revenues and other income</b>	€ 13.5bn	In line with 2009
<b>EBITDA</b>	€ 5.2bn Incl. real estate: € 56m	> € 5.5bn Incl. real estate: Not material
<b>Capex</b>	€ 1.8bn	< € 2bn
<b>Free cash flow<sup>1</sup></b>	> € 2.4bn	> € 2.4bn
<b>Dividend per share</b>	€ 0.69	€ 0.80

- Higher revenues in H2 y-on-y, excluding disposals
- EBITDA growth of € 300m for full year 2010 remains unchanged
- Balancing profitability with market shares

## Outlook 2011

- Growth in EBITDA, free cash flow and dividend per share
- Dividend per share at least € 0.85 for 2011

<sup>1</sup> Free cash flow defined as cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture E-Plus

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# Group results Q3 '10

Solid financial performance across the Group

€ m	Q3 '10	Q3 '09	%	YTD '10	YTD '09	%
<b>Revenues and other income</b>	<b>3,378</b>	<b>3,331</b>	<b>1.4%</b>	<b>10,009</b>	<b>10,138</b>	<b>-1.3%</b>
<b>Operating expenses</b>	<b>2,531</b>	<b>2,579</b>	<b>-1.9%</b>	<b>7,530</b>	<b>8,012</b>	<b>-6.0%</b>
— of which Depreciation <sup>1</sup>	353	384	-8.1%	1,052	1,167	-9.9%
— of which Amortization <sup>1</sup>	208	193	7.8%	586	592	-1.0%
<b>Operating profit</b>	<b>847</b>	<b>752</b>	<b>13%</b>	<b>2,479</b>	<b>2,126</b>	<b>17%</b>
Financial income/expense	-310	-181	71%	-696	-568	23%
Share of profit of associates	-17	-5	>100%	-38	-6	>100%
<b>Profit before taxes</b>	<b>520</b>	<b>566</b>	<b>-8.1%</b>	<b>1,745</b>	<b>1,552</b>	<b>12%</b>
Taxes	-114	-171	-33%	-425	-470	-9.6%
<b>Profit after taxes</b>	<b>406</b>	<b>395</b>	<b>2.8%</b>	<b>1,320</b>	<b>1,082</b>	<b>22%</b>
<b>Earnings per share<sup>2</sup></b>	<b>0.27</b>	<b>0.25</b>	<b>8.0%</b>	<b>0.84</b>	<b>0.66</b>	<b>27%</b>
<b>EBITDA<sup>3</sup></b>	<b>1,408</b>	<b>1,329</b>	<b>5.9%</b>	<b>4,117</b>	<b>3,885</b>	<b>6.0%</b>

- Revenue growth of 1.4% at Group level in Q3
- Financial expense up 71% y-on-y mainly due to one-off market premium payment to repurchase certain bonds

<sup>1</sup> Including impairments, if any

<sup>2</sup> Defined as profit after taxes per ordinary share / ADS on a non-diluted basis (in €)

<sup>3</sup> Defined as operating profit plus depreciation, amortization & impairments



# Group cash flow Q3 '10

Free cash flow of € 0.7bn in Q3 '10

€ m	Q3 '10	Q3 '09	%
<b>Operating profit</b>	<b>847</b>	<b>752</b>	<b>13%</b>
Depreciation and amortization <sup>1</sup>	561	577	-2.8%
Interest paid/received	-238	-179	33%
Tax paid/received	-6	-7	-14%
Change in provisions <sup>2</sup>	-93	-102	-8.8%
Change in working capital	23	143	-84%
Other movements	-33	-10	>100%
<b>Net cash flow from operating activities</b>	<b>1,061</b>	<b>1,174</b>	<b>-9.6%</b>
<b>Capex<sup>3</sup></b>	<b>431</b>	<b>360</b>	<b>20%</b>
Proceeds from real estate	51	13	>100%
Tax recapture E-Plus	-	-	-
<b>Free cash flow<sup>4</sup></b>	<b>681</b>	<b>827</b>	<b>-18%</b>
Dividend paid	419	375	12%
Share repurchases	116	201	-42%
<b>Cash return to shareholders</b>	<b>535</b>	<b>576</b>	<b>-7.1%</b>

1 Including impairments, if any

2 Excluding changes in deferred taxes

3 Including Property, Plant & Equipment and software

4 Defined as net cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture E-Plus

- Free cash flow of € 681m in Q3 '10, down 18% y-on-y
  - Interest payments up 33% due to bond issue in Q3 '09 and impact of tender in Q3 '10
- Working capital change down due to € 150m benefit in Q3 '09
  - Change in timing of VAT payment
- Capex up 20% y-on-y
  - Higher Capex in Germany following accelerated network roll-out
- € 51m proceeds from mobile towers sale
- € 535m shareholder returns
  - Higher dividend payment due to increase in DPS
  - Fewer shares repurchased due to timing differences

# Group cash flow YTD '10

On track to meet full-year guidance of at least € 2.4bn free cash flow for 2010

€ m	YTD '10	YTD '09	%
<b>Operating profit</b>	<b>2,479</b>	<b>2,126</b>	<b>17%</b>
Depreciation and amortization <sup>1</sup>	1,638	1,759	-6.9%
Interest paid/received	-604	-461	31%
Tax paid/received	-564	-561	0.5%
Change in provisions <sup>2</sup>	-259	-205	26%
Change in working capital	-270	-296	-8.8%
Other movements	-58	-9	>100%
<b>Net cash flow from operating activities</b>	<b>2,362</b>	<b>2,353</b>	<b>0.4%</b>
<b>Capex<sup>3</sup></b>	<b>1,146</b>	<b>1,202</b>	<b>-4.7%</b>
Proceeds from real estate	73	32	>100%
Tax recapture E-Plus	327	327	-
<b>Free cash flow<sup>4</sup></b>	<b>1,616</b>	<b>1,510</b>	<b>7.0%</b>
Dividend paid	1,152	1,039	11%
Share repurchases	648	712	-9.0%
<b>Cash return to shareholders</b>	<b>1,800</b>	<b>1,751</b>	<b>2.8%</b>

<sup>1</sup> Including impairments, if any

<sup>2</sup> Excluding changes in deferred taxes

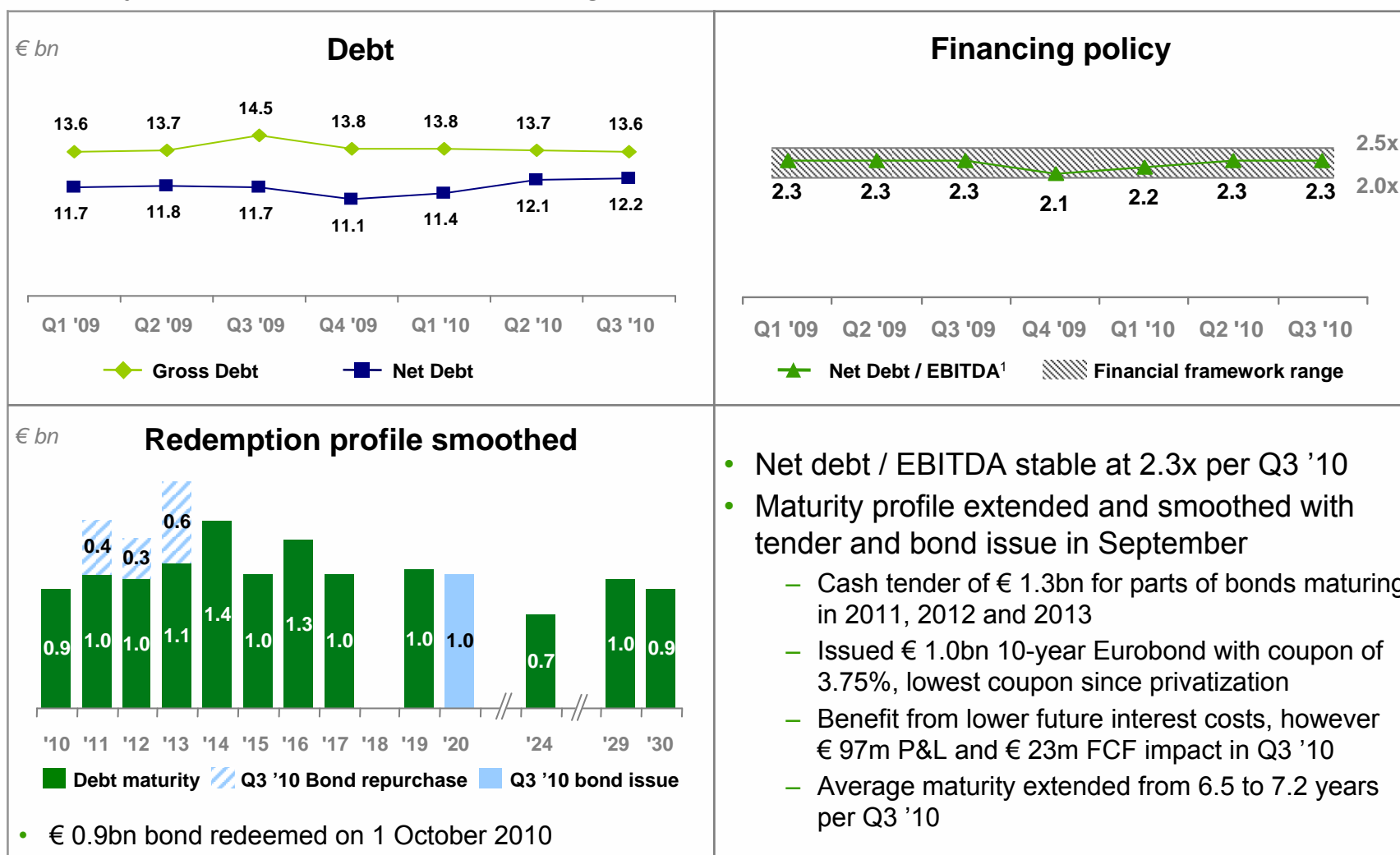
<sup>3</sup> Including Property, Plant & Equipment and software

<sup>4</sup> Defined as net cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture E-Plus

- Free cash flow of € 1.6bn YTD, up 7.0% y-on-y
- Full-year free cash flow > € 2.4bn
  - ~€ 300m higher EBITDA
- Mainly offset by
  - ~€ 120m higher interest payments due to bond issues in Q1 '09 and Q3 '09
  - ~€ 80m higher expected tax expenses, amongst others due to a Q4 '09 tax refund
- Slight positive impact of increasing interest rates on pension fund
  - Coverage ratio at 103% end Q3 '10
  - Q4 '10 recovery payment of € 11m
  - Expected 3% impact on coverage ratio in Q4 '10 from updated mortality tables, all other variables being equal

# Group financial profile

Maturity profile optimized following tender and bond issue in Q3 '10



<sup>1</sup> Based on 12 months rolling EBITDA excluding book gains/losses, release of pension provisions and restructuring costs, all over € 20m

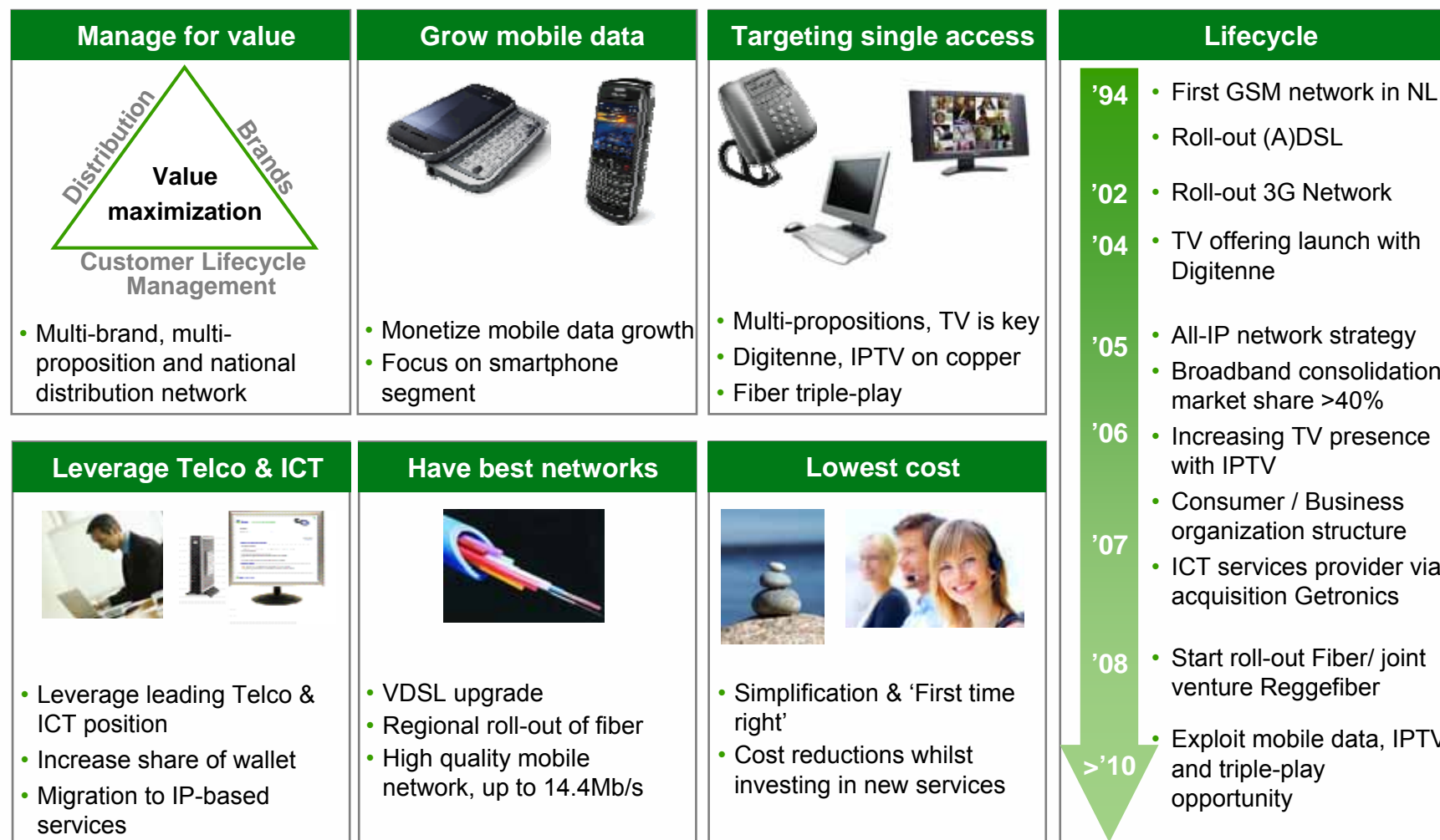
## Agenda

Chairman's review	Ad Scheepbouwer
Group financial review	Carla Smits-Nusteling
<b>Group operating review</b>	<b>Ad Scheepbouwer</b>
	<b>The Netherlands</b>
	International
Concluding remarks	Ad Scheepbouwer



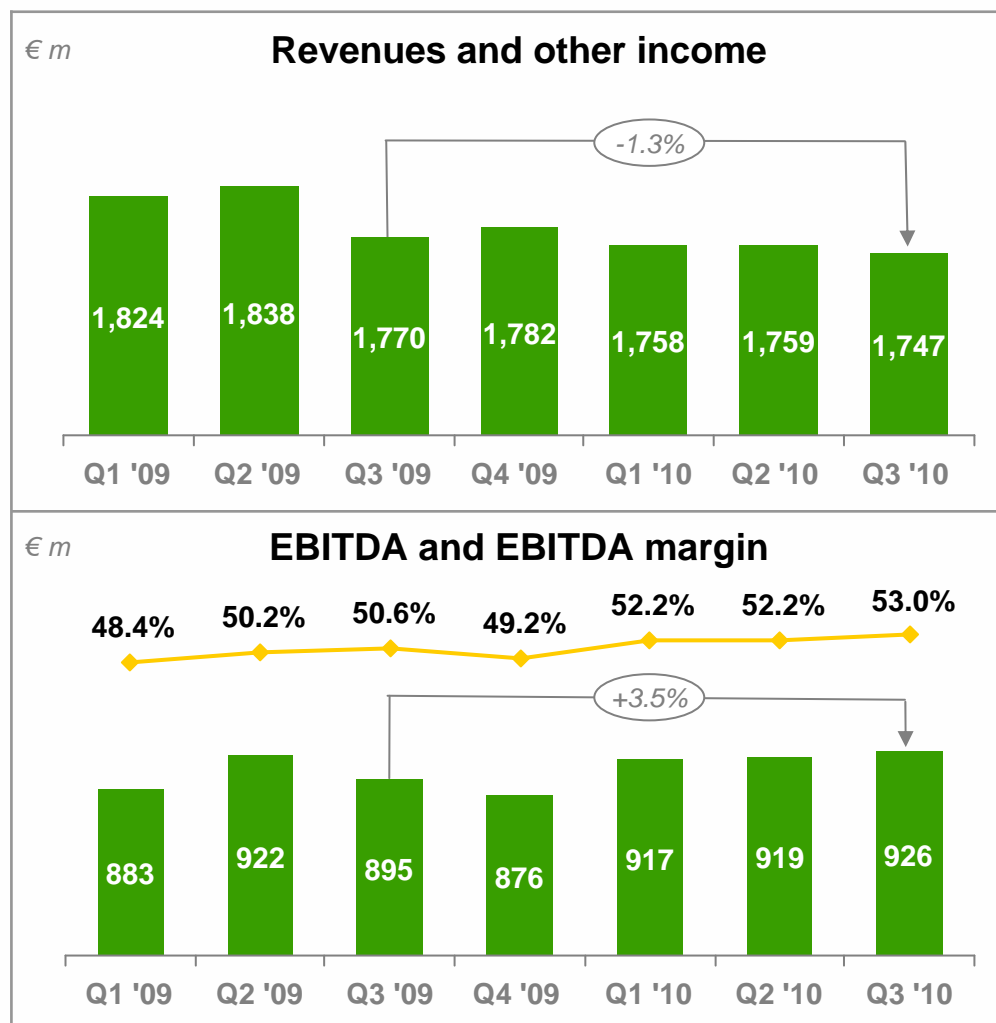
# Dutch Telco - Strategy

## Key elements of value maximizing strategy



# Dutch Telco business

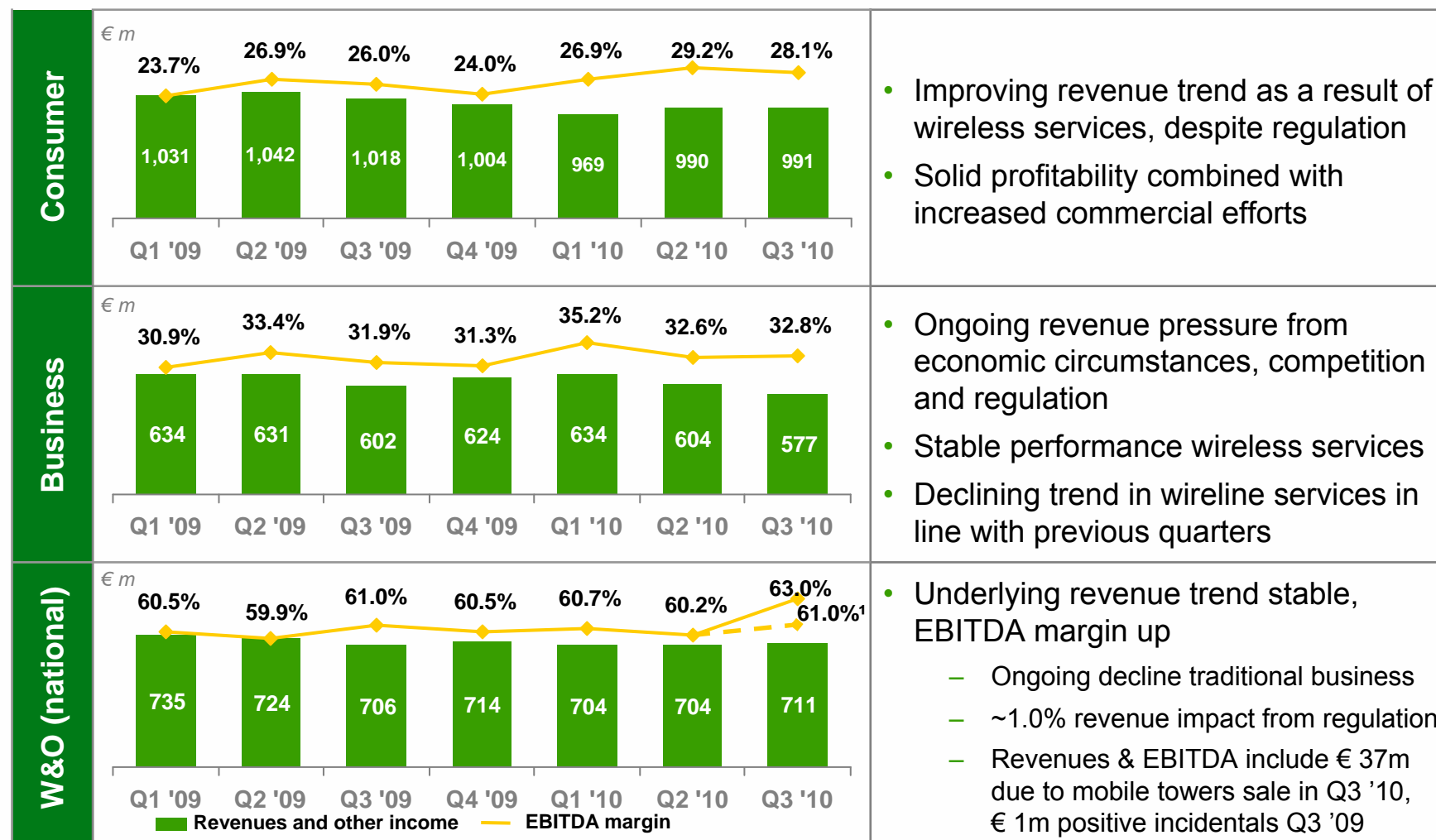
Continued increase in profitability at Dutch Telco



- Revenues and other income down 1.3% y-on-y in Q3 '10
  - Continued pressure on traditional businesses
  - ~1.5% impact from regulation
  - Positive impact from € 26m incidentals vs. € 1m in Q3 '09
- EBITDA up 3.5% y-on-y in Q3 '10
  - Focus remains on maximizing market value and customer value
  - 'Best in class' benchmarking continues to support cost reductions
  - Benefitting from € 26m incidentals vs. € 1m in Q3 '09
- EBITDA margin of 53.0% in Q3 '10

# Financial review - Dutch Telco business by segment

All segments contributing to healthy profitability



1 EBITDA margin excluding mobile towers sale

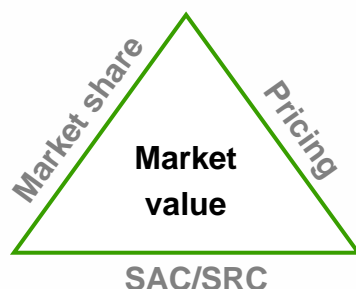


# Operating review - Consumer wireless<sup>1</sup>

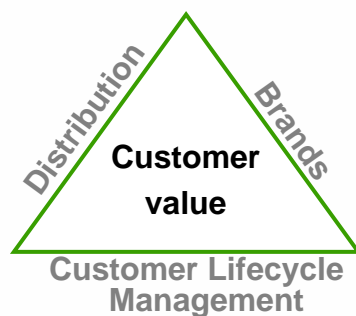
Market position strengthened while carefully watching market value

## Continued focus on successful strategies

- Balancing market share, pricing and SAC/SRC to maximize **market value**



- Distribution, multi-brand and Customer Lifecycle Management to maximize **customer value**



## Positive developments in Q3

Focus on market value remains while improving market position

- Increased commercial efforts have effect
  - High value postpaid net adds up 67k
  - ARPU stable at € 25
  - SAC/SRC remain under control
- Mobile data growth continues
  - iPhone 4 launch in coming months
  - ~60% of new customers take smartphone, penetration >40% of postpaid
  - Non-voice as % of ARPU rising to 36%

Investing in national distribution footprints for three main brands

- Total # of shops increases to 213
  - 16 t for telecom shops rebranded in Q3, remaining 36 shops will go in Q4

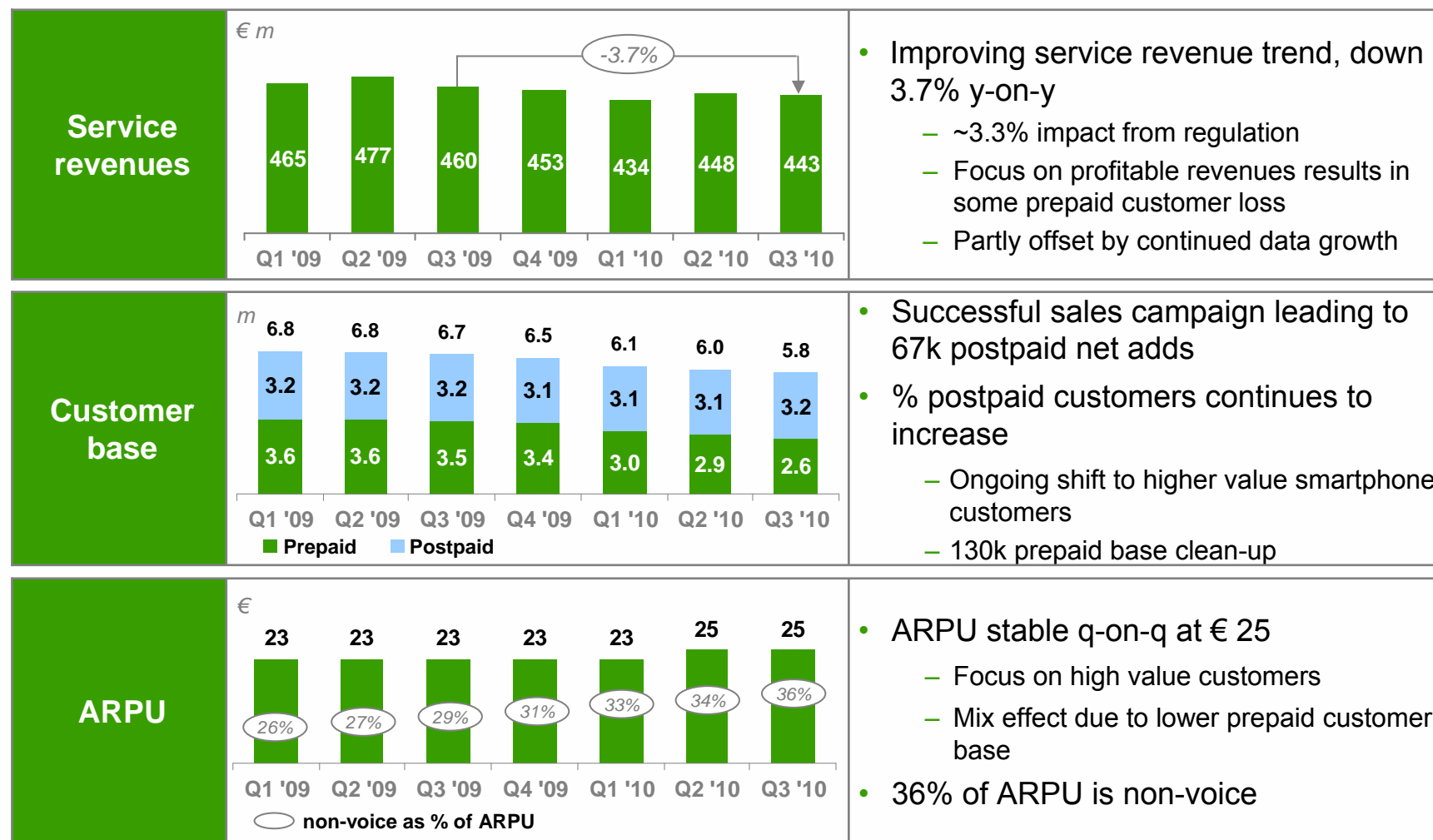


<sup>1</sup> Excluding Mobile Wholesale NL



# Operating review - Consumer wireless<sup>1</sup> (cont'd)

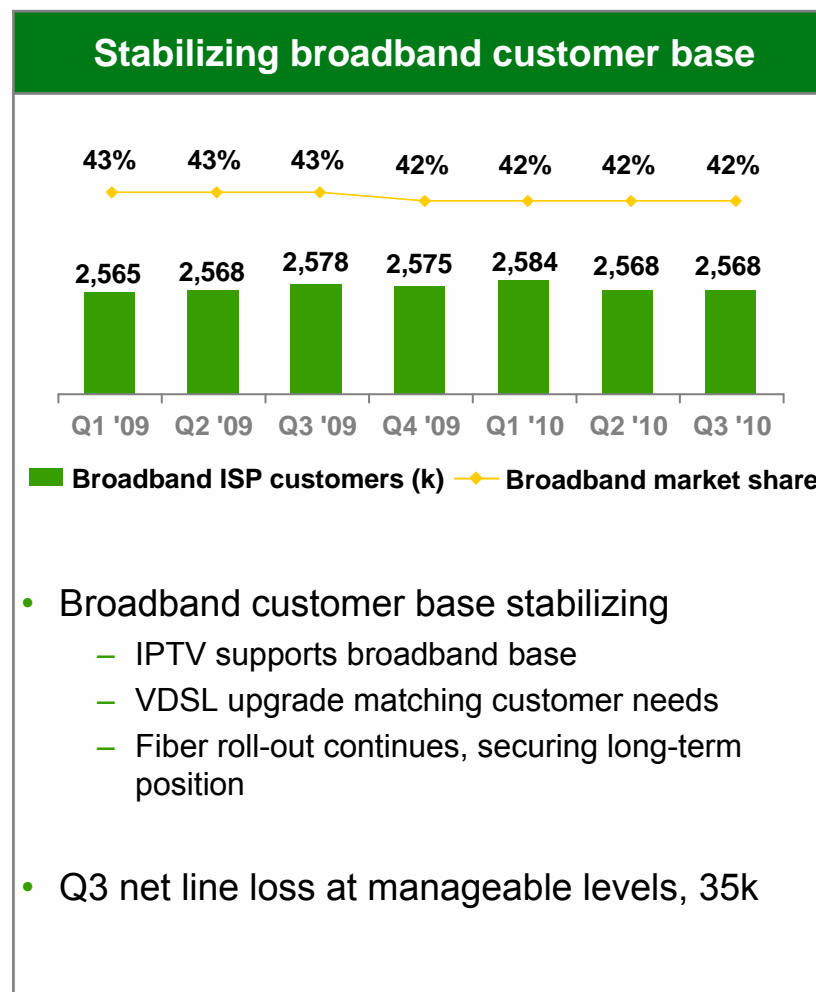
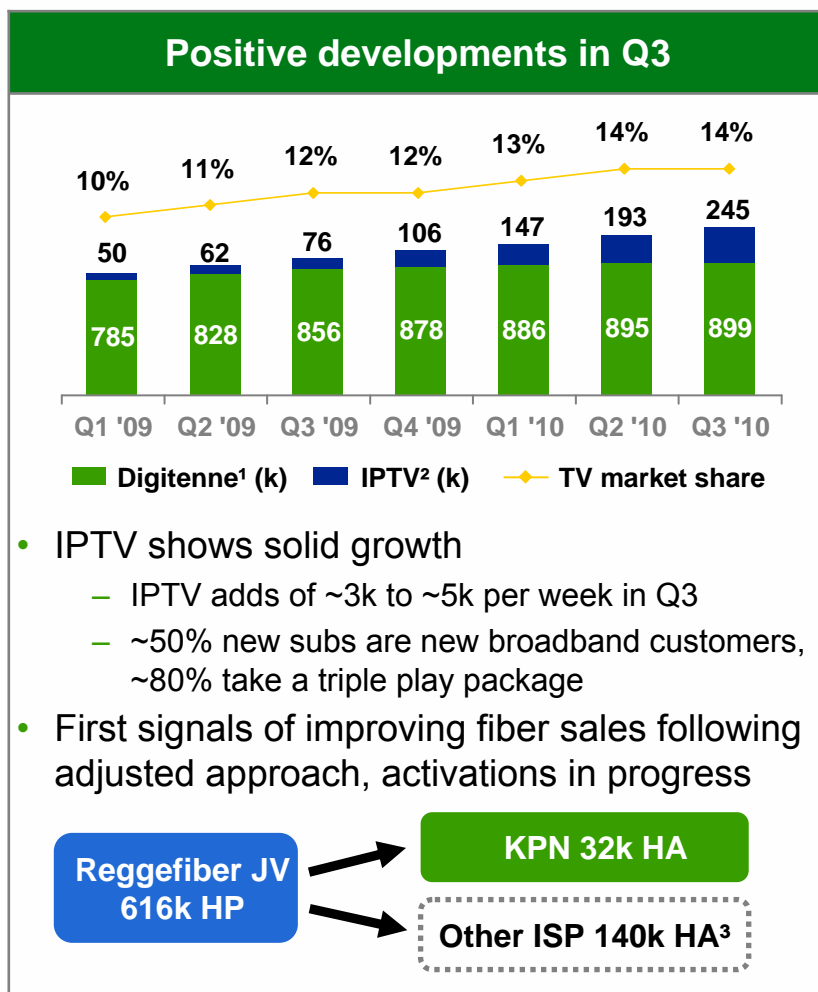
Improving service revenues trend, despite regulation



<sup>1</sup> Excluding Mobile Wholesale NL

# Operating review - Consumer wireline

Broadband customer base stabilizing, supported by continuing IPTV growth



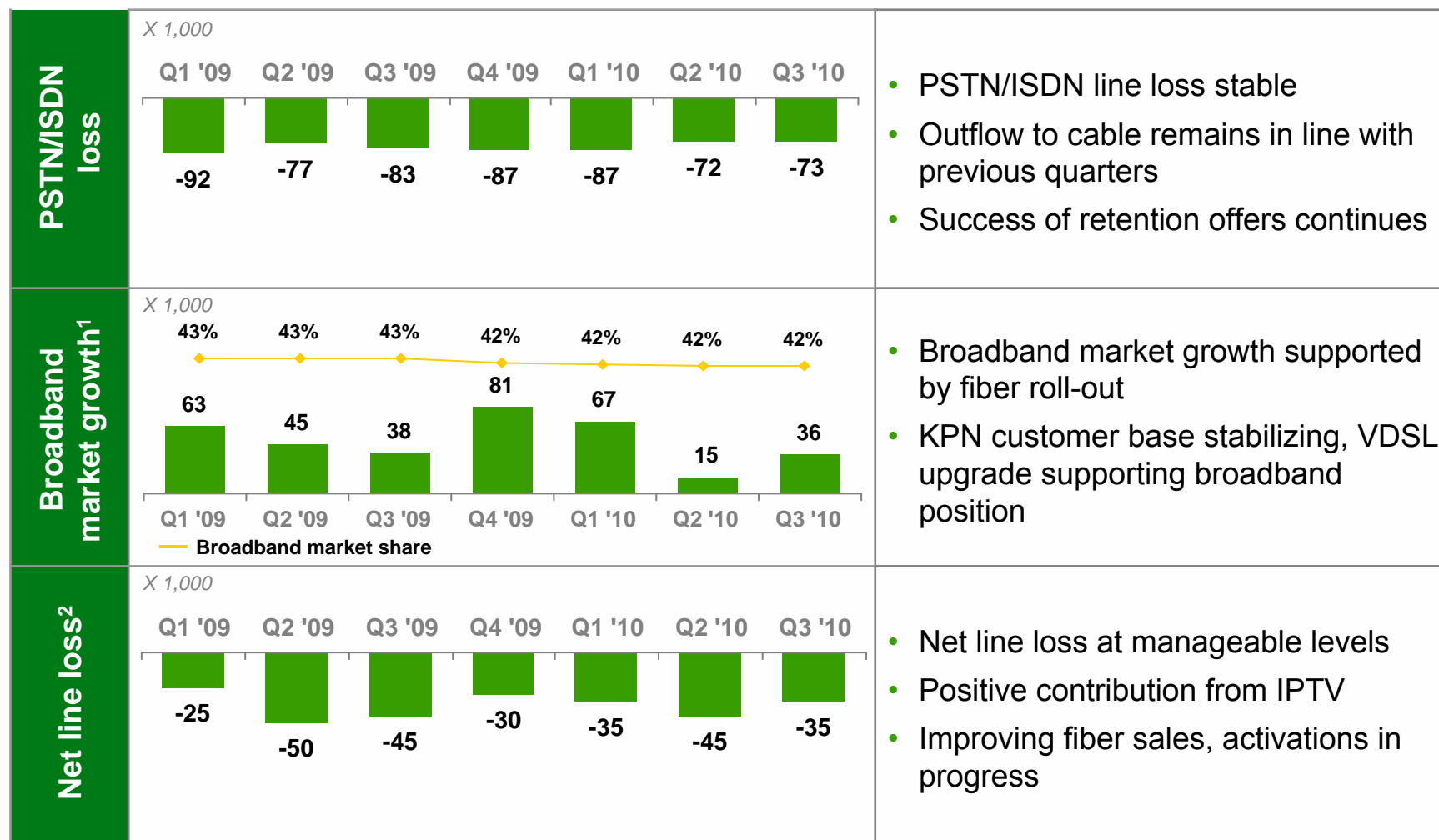
1 Digitenne used as primary TV connection

2 Including FttH IPTV

3 Source: Reggefiber. In Q2 ~160k was mentioned based on an external source, Stratix

# Operating review - Consumer wireline (cont'd)

Net line loss remains at manageable level in Q3

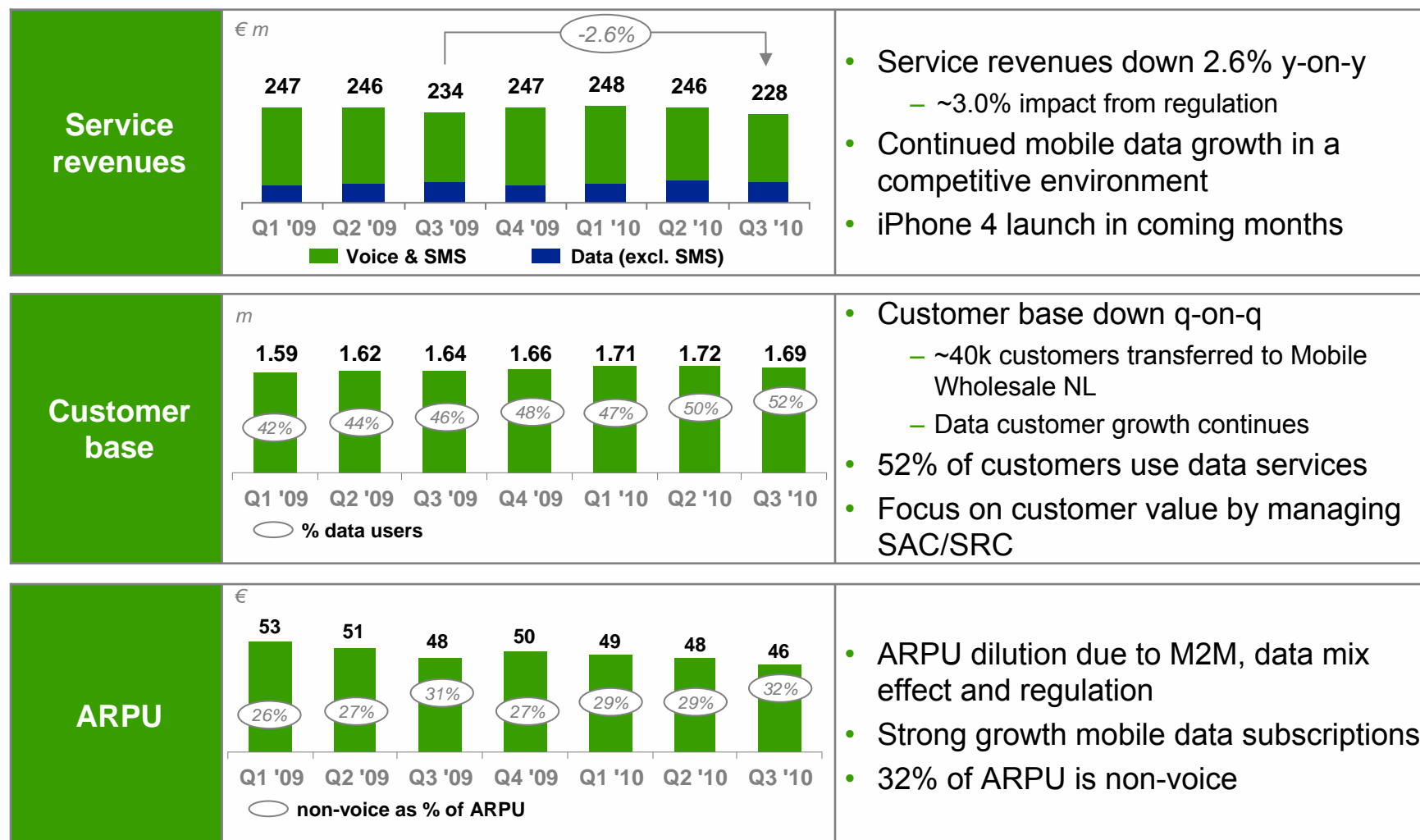


<sup>1</sup> Source: Telecom Paper, broadband market including fiber, management estimates for Q3 '10

<sup>2</sup> Quarterly delta in PSTN/ISDN access lines + delta Consumer VoIP, ADSL Only and delta Consumer Fiber

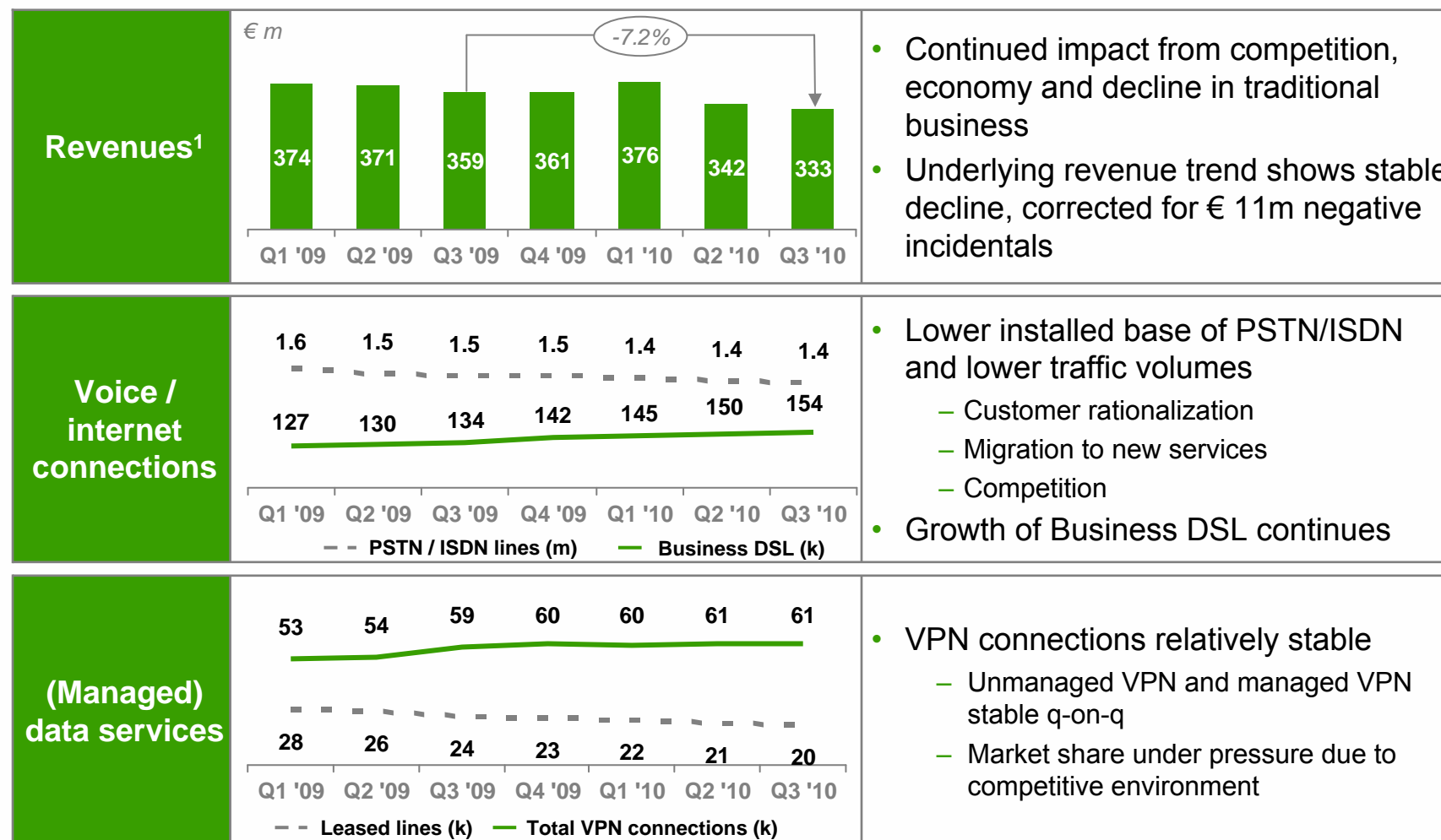
# Operating review - Business wireless

Stable performance of wireless services corrected for regulation



# Operating review - Business wireline

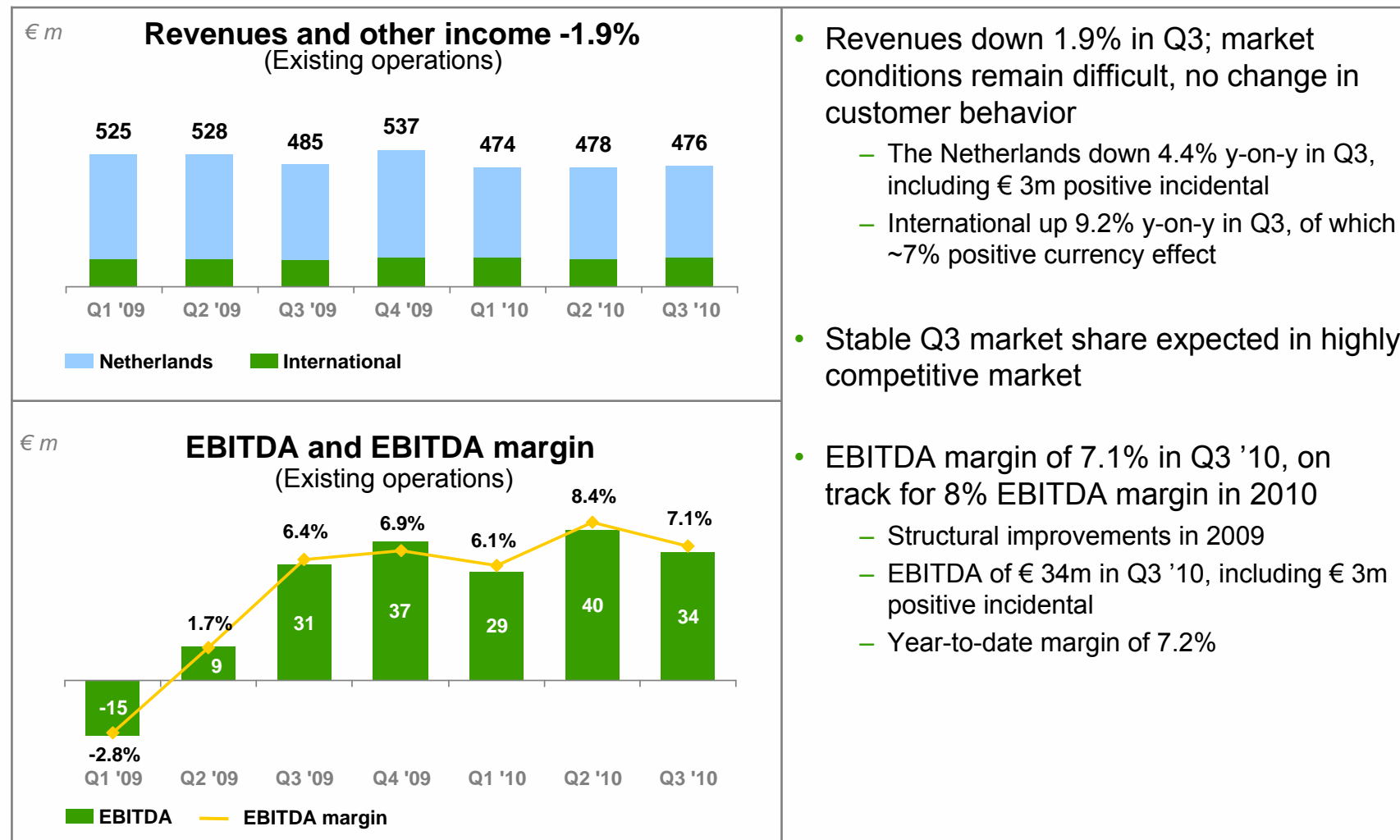
Continued decline in revenues



<sup>1</sup> Revenues for Voice & Internet wireline and Data network services

# Operating review - Getronics

On track for 8% EBITDA margin in 2010



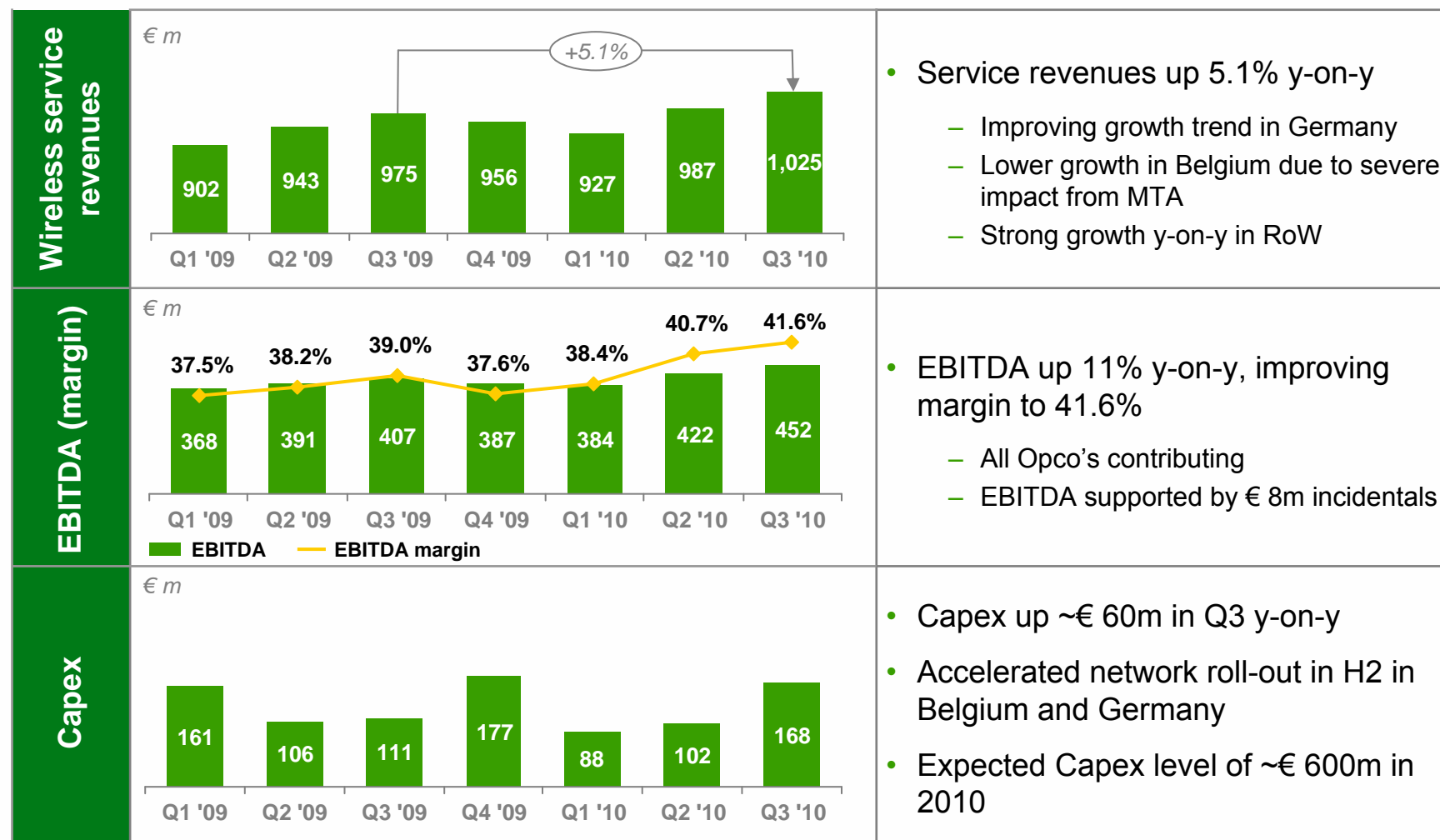
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# Mobile International

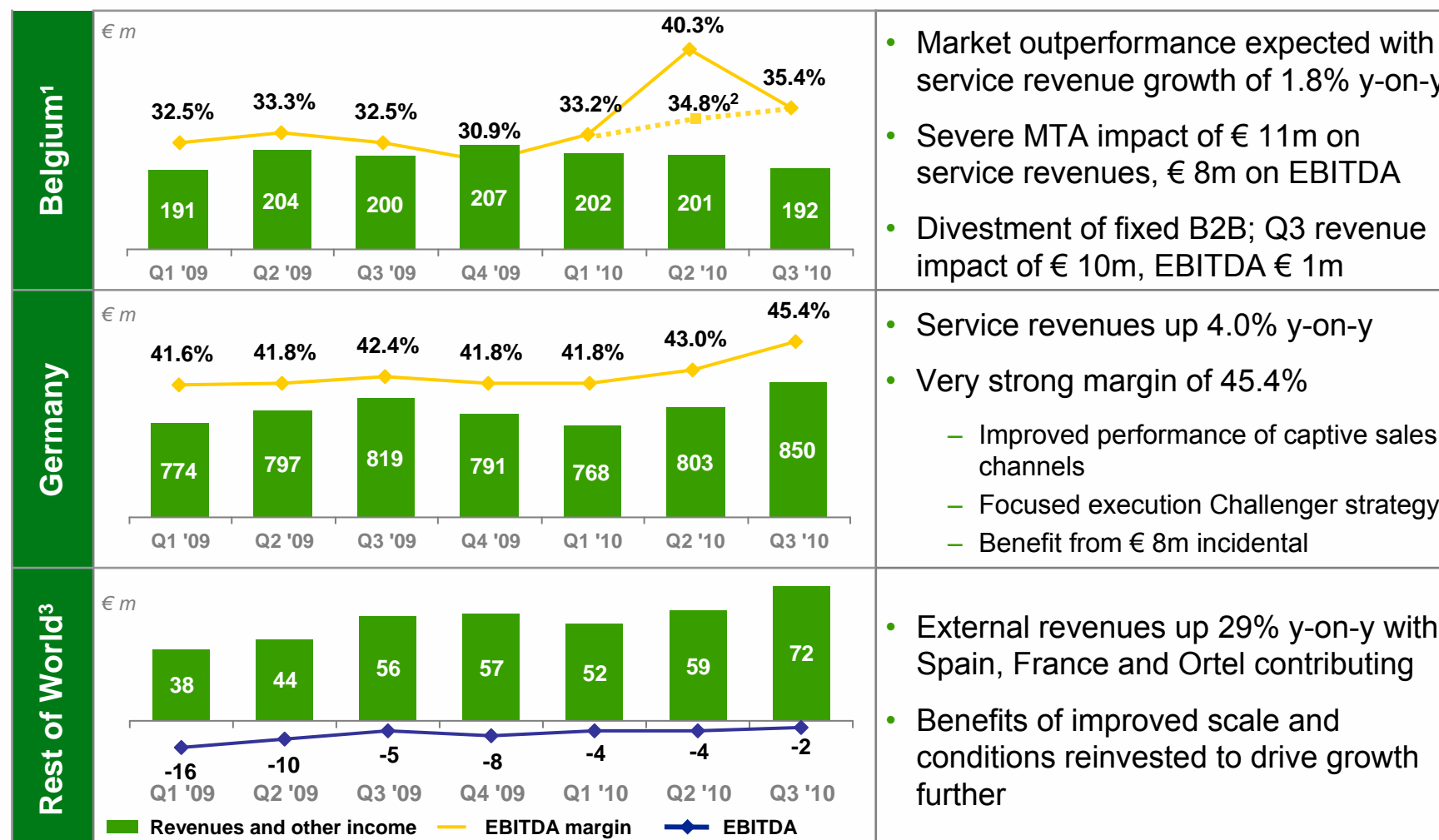
Continued service revenue growth with strong profitability





# Financial review - Mobile International by segment

Continued revenue growth with strong margins



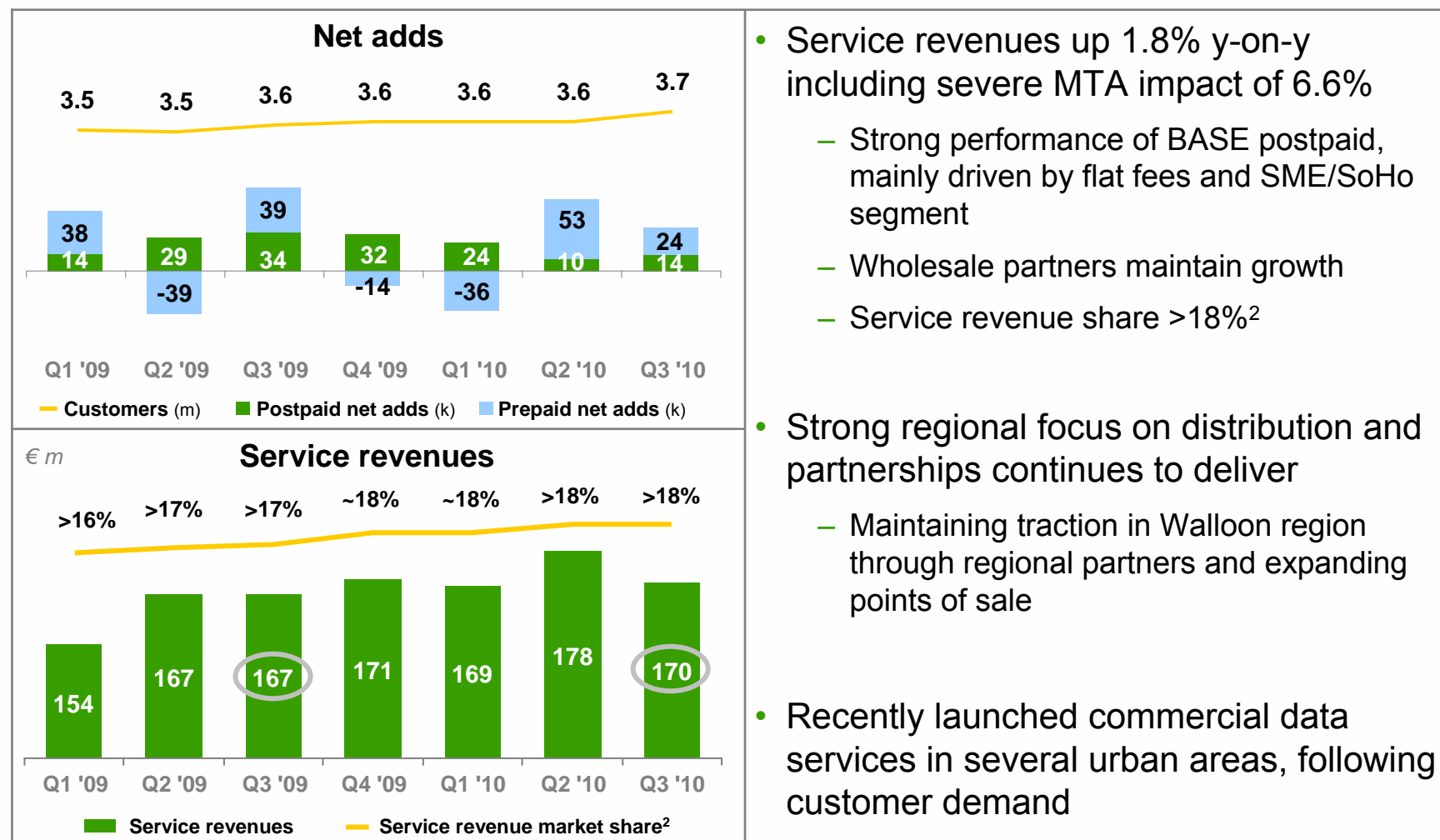
<sup>1</sup> Including fixed Belgian B2B and Carrier business, including the fiber network; divested per 31 March 2010

<sup>2</sup> Normalized EBITDA margin, excluding one-off release of € 11m

<sup>3</sup> External revenues, excluding intercompany

# Operating review - Belgium<sup>1</sup>

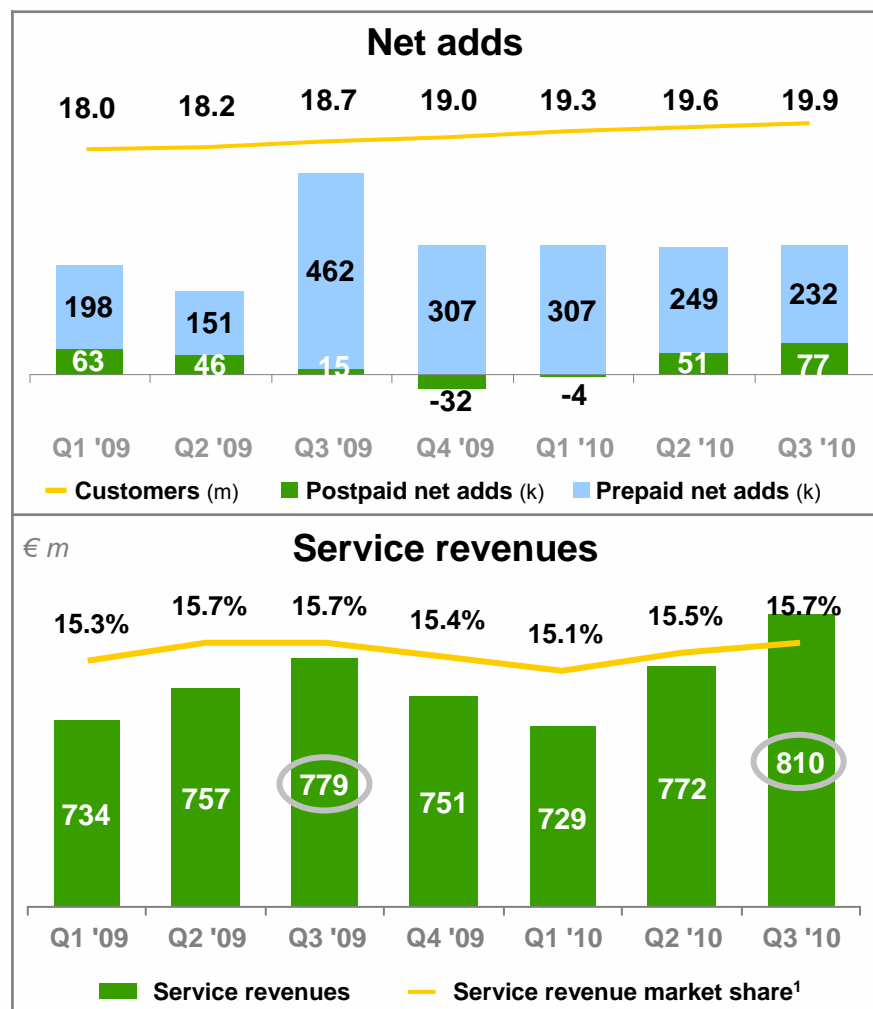
Service revenues up 1.8% including severe regulatory impact



<sup>1</sup> Wireless services only  
<sup>2</sup> Management estimates

# Operating review - Germany

Higher service revenue growth, expecting further improvement in next quarters



- Growing customer numbers through partnerships and focused marketing
  - Net adds of 309k with increasing postpaid adds to 77k through BASE
  - Continued strong performance of wholesale partners
- Improving trend of BASE following relaunch
  - Regional approach
  - Strong captive channel performance
  - Upselling additional 'Mein BASE' options
- Higher service revenue growth, up 4.0%
  - Supported by 1.3% from consolidating Multiconnect<sup>2</sup>
  - Stable service revenue market share y-on-y
  - Underlying growth expected to improve in next quarters

<sup>1</sup> Management estimates, based on service revenues

<sup>2</sup> Former part of SNT Germany

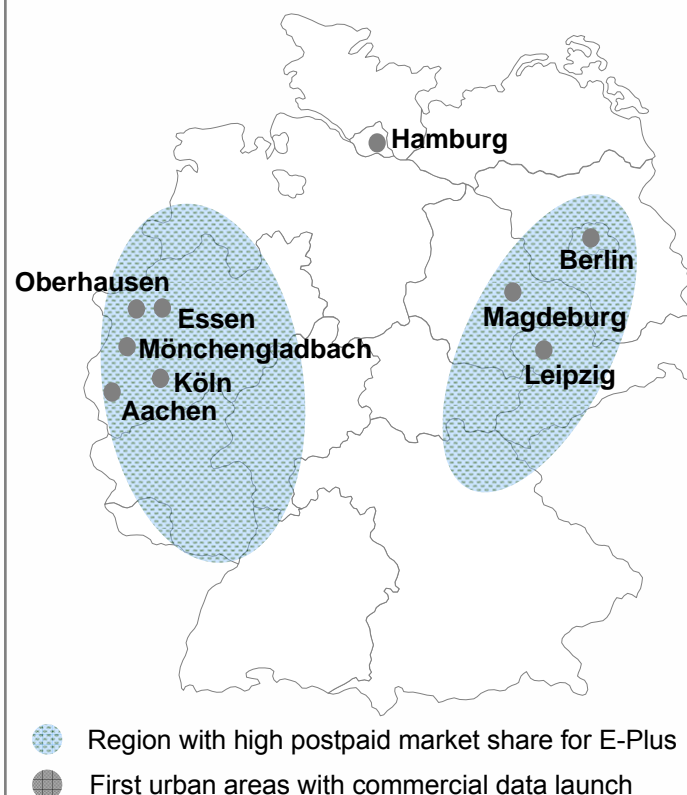
# High speed data launch - Strategy

Key enablers in place, regional approach for roll-out & commercial offers

## Road to high speed data launch

- Q4 '09** • Strategic partnership with ZTE, incl. equipment at favorable terms
- Q1 '10** • Relaunch of BASE brand
- Q2 '10** • Acquired valuable spectrum for high speed data network, highest capacity in standardized bands
- Q2 '10** • Commenced accelerated roll-out of high speed data network with partners
- Q3 '10** • Regionalization strategy operational
- Q4 '10** • Partnership for low cost Android smartphones
- Q4 '10** • High speed data launch in first 9 urban areas, following customer demand
- >'10** • Further exploiting mobile data opportunity on regional basis
- Q4 '12** • 12k HSPA+ sites in place (21.6Mb) with highest capacity in Germany


## Regional approach Germany



**Similar approach Belgium; first 6 urban areas live, next 20 areas & main hot spots by YE '10**

# High speed data launch - Commercial

Offering value for money data propositions to mass market through partnerships

Lowest cost to serve	Multi-brands & partners	Handsets
 <ul style="list-style-type: none"> <li>Challenger business model enabling price leadership</li> </ul>	 <ul style="list-style-type: none"> <li>High awareness through distinctive branding and distribution</li> </ul>	 <ul style="list-style-type: none"> <li>Branded smartphones; first one provided in Q4</li> <li>Low cost devices based on Android</li> </ul>

## Attractive commercial propositions

### Value for money & transparent pricing



**SIM-only for data**  
€ 5-10-15 per month  
Monthly changeable  
50Mb–200Mb-1Gb



**Nokia 5230**  
€ 11 per month  
24 month contract  
Internet flat inclusive



**SE X10 mini**  
€ 14 per month  
24 month contract  
Internet flat inclusive



**Samsung Galaxy S**  
€ 29 per month  
24 month contract  
Internet flat inclusive

German example

## Operating review - RoW

Strong revenue increase with Spain, France and Ortel all contributing

### Spain



- Continued subscriber growth with healthy ARPU, mainly from Simyo
- Benefit from improved network conditions reinvested to accelerate growth
- Launch of “40 Móvil” brand in Q3 with media partner Quarenta
  - Targeting youth segment through leveraging its strong brand and media presence

### France



- Ongoing revenue growth from Simyo
- Continued success of Ortel France after launch in Q1
- Focus on further expanding distribution channels of Ortel
- Continuing efforts on improving network conditions

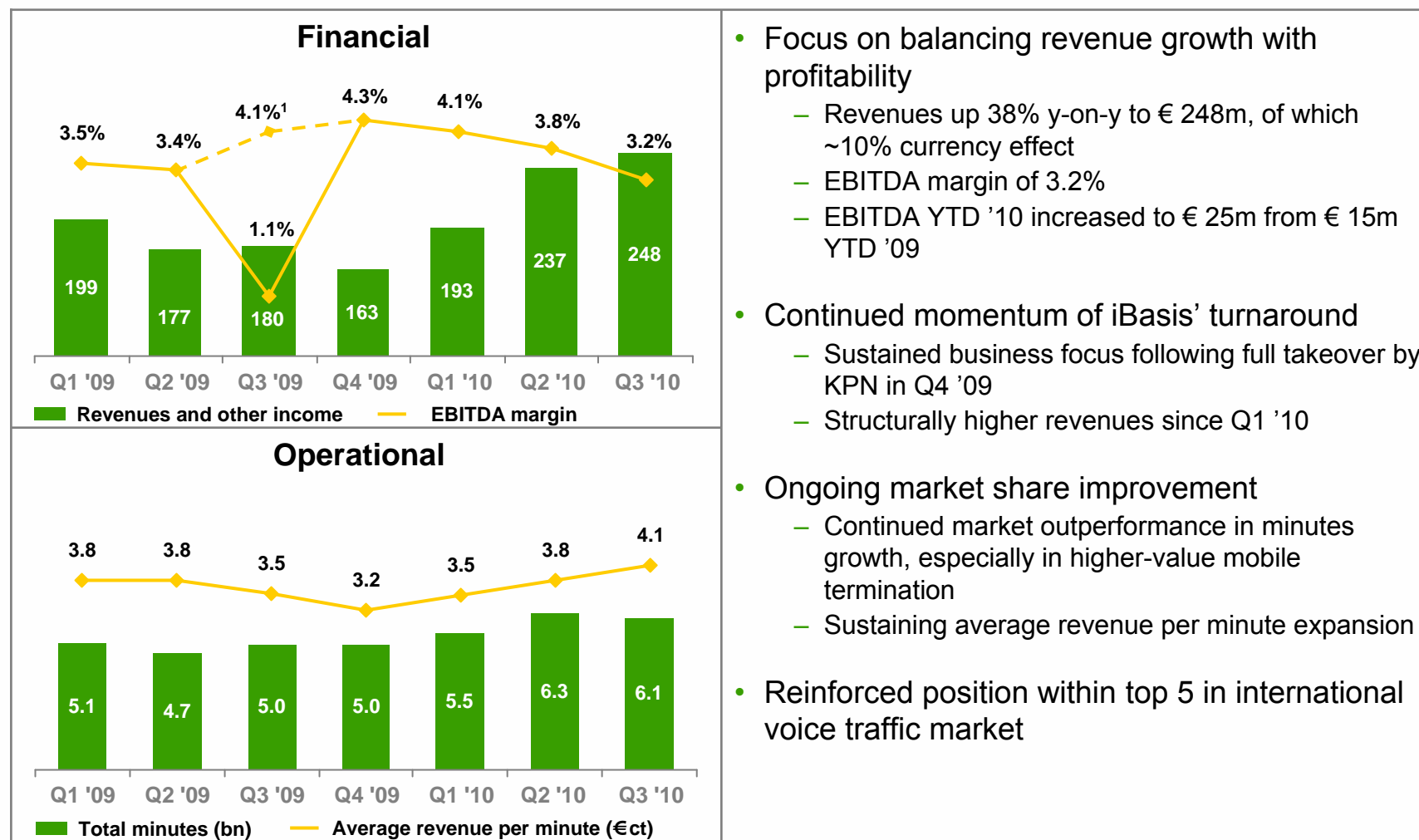
### Ortel



- Profitable growth in existing markets, mainly Germany and Belgium
- Focus on quality through distribution and targeted promotions
- On track for further footprint expansion to Spain in November 2010

# Operating review - iBasis

Focus on revenues and profitability, continued momentum of turnaround



1 EBITDA margin excl. one-off costs

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<b>Concluding remarks</b>	<b>Ad Scheepbouwer</b>





## Concluding remarks

- Revenue growth at Group level y-on-y in Q3
- Continued increase in profitability at Dutch Telco
- Higher service revenue growth in Germany at very strong margin
- High speed data launch in Germany already in Q4
- Outlook confirmed for 2010 and 2011

# Q&A



# Annex

*For further information please contact*

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# Analysis of results

Key items worth mentioning in results interpretation

€ m		Q3 '10	Q3 '09
Revenue effect			
MTA tariff reduction	Group	-34	-59
Roaming tariff reduction	Group	-9	-39
Wholesale Price Cap	W&O	-	-24
EBITDA effect			
MTA tariff reduction	Group	-14	-21
Roaming tariff reduction	Group	-5	-29
Wholesale Price Cap	W&O	-	-18
Restructuring charges	Group	1	-
Release of provisions	Germany	8	11
Revenue & EBITDA effect			
Book gain on sale of real estate	Group	37	25
Release of deferred connection fees	Business	-3	-
Corrected revenue recognition	Business	-8	-
Book gain on sale of business	Getronics	3	-

# Regulatory

## MTA update

### The Netherlands

#### MTA glide paths

- New glide path implemented per 7 July 2010
  - KPN has started an annulment procedure and requested suspension of the decision

€ ct / min	Until 7 July '10	7 July '10	Sep '10	Jan '11	Sep '11	Sep '12
KPN	7.00	5.60	5.60	4.20	2.70	1.20
Vodafone	7.00	5.60	5.60	4.20	2.70	1.20
T-Mobile	8.10	7.10	5.60	4.20	2.70	1.20

### Belgium

- New glide path implemented per 1 August 2010
  - KPN has started an annulment procedure and requested suspension of the decision

€ ct / min	Until Aug '10	Aug '10	Jan '11	Jan '12	Jan '13
KPN Group Belgium	11.43	5.68	4.76	2.92	1.08
Mobistar	9.02	4.94	4.17	2.62	1.08
Proximus	7.20	4.52	3.83	2.46	1.08

### Germany

- Tariffs in place until December 2010

€ ct / min	Current	Dec '10
E-Plus, O2	7.14	t.b.d.
Vodafone, T-Mobile	6.59	t.b.d.

## Impact MTA reduction

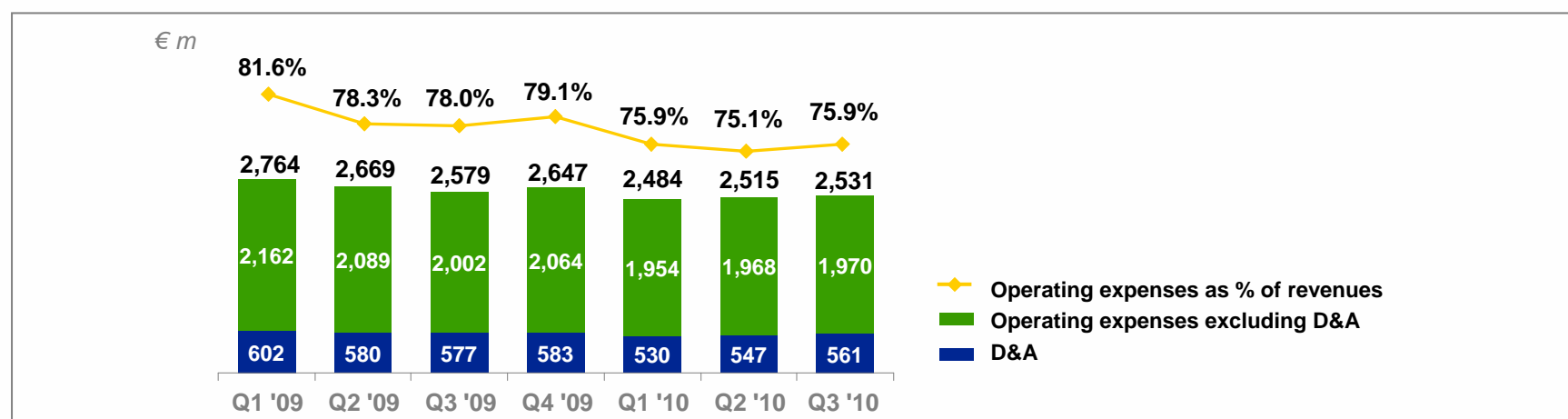
€ m	Q3 '10		YTD '10	
	Revenues	EBITDA	Revenues	EBITDA
Germany	-	-	-21	-10
Belgium	-11	-8	-11	-8
Rest of World	-	-	-	-
<b>Mobile International</b>	<b>-11</b>	<b>-8</b>	<b>-32</b>	<b>-18</b>
Consumer	-13	-5	-44	-12
<i>Of which: Mobile Wholesale</i>	-	-	-2	-1
Business	-7	-1	-26	-2
Wholesale & Operations	-5	-	-16	-1
Intercompany	2	-	6	-
<b>The Netherlands</b>	<b>-23</b>	<b>-6</b>	<b>-80</b>	<b>-15</b>
<b>KPN Group</b>	<b>-34</b>	<b>-14</b>	<b>-112</b>	<b>-33</b>

## Restructuring charges

€ m	Q3 '10	Q3 '09	YTD '10	YTD '09
Germany	1	-	-1	-1
Belgium	-	-	-	-
Rest of World	-	-	-	-
<b>Mobile International</b>	<b>1</b>	<b>-</b>	<b>-1</b>	<b>-1</b>
Consumer	-	-	-2	-4
Business	-	-	-	-
Wholesale & Operations	-	1	3	-4
<b>Dutch Telco</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-8</b>
Getronics	-	-1	1	-30
<b>The Netherlands</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-38</b>
Other	-	-	1	4
<b>KPN Group</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>-35</b>

# Operating expenses

€ m	Q3 '10	Q3 '09	%
Salaries and social security contributions	471	502	-6.2%
Cost of materials	226	207	9.2%
Work contracted out and other expenses	1,160	1,137	2.0%
Own work capitalized	-24	-21	14%
Other operating expenses	137	177	-23%
Depreciation <sup>1</sup>	353	384	-8.1%
Amortization <sup>1</sup>	208	193	7.8%
<b>Total</b>	<b>2,531</b>	<b>2,579</b>	<b>-1.9%</b>

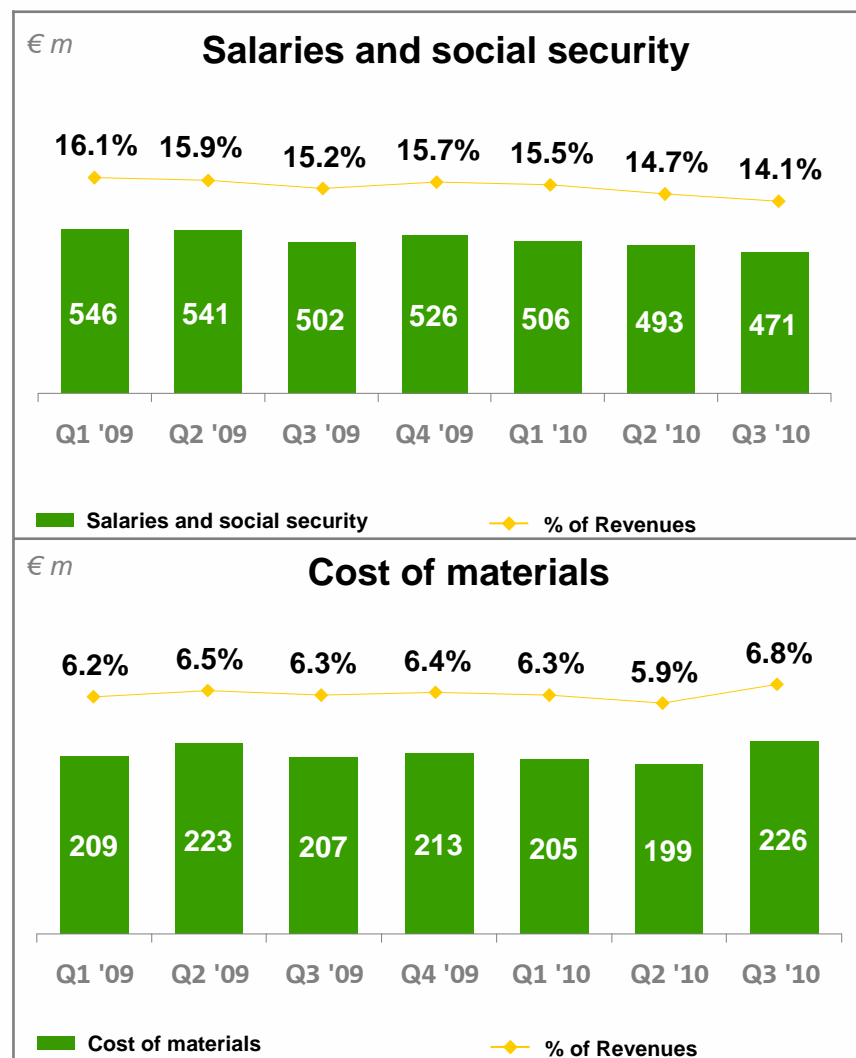


<sup>1</sup> Including impairments, if any



# Analysis operating expenses

## Salaries and social security contributions & Cost of materials



### Y-on-Y decrease

- Reduction of own personnel at all segments

### Q-on-Q decrease

- Reduction of own personnel at Dutch Telco business, Getronics and Germany

### Y-on-Y increase

- Increased commercial efforts leading to more handsets distributed at Dutch Telco

Partly offset by

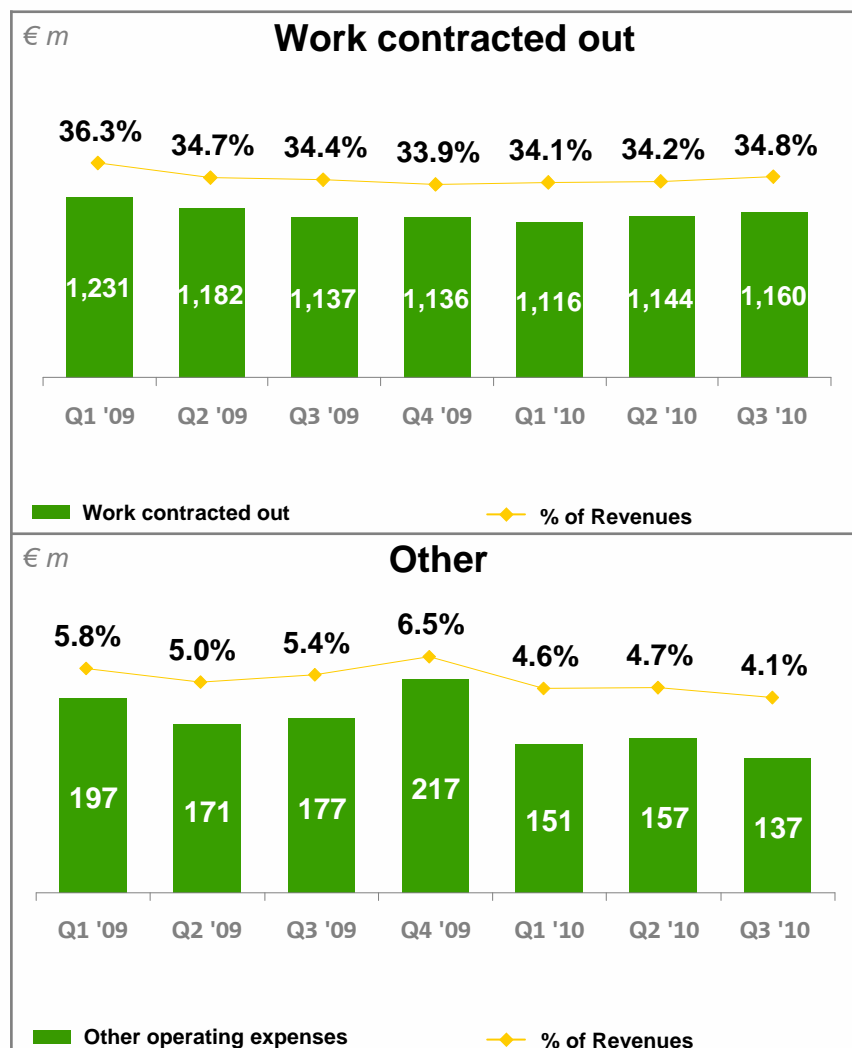
- Continued decline in handset prices leading to lower procurement costs

### Q-on-Q increase

- Increased commercial efforts leading to more handsets distributed at Dutch Telco

# Analysis operating expenses

## Work contracted out & Other



### Y-on-Y increase

- Higher revenues at iBasis leading to higher costs
- Partly offset by
- Lower traffic costs due to regulatory tariff cuts

### Y-on-Y decrease

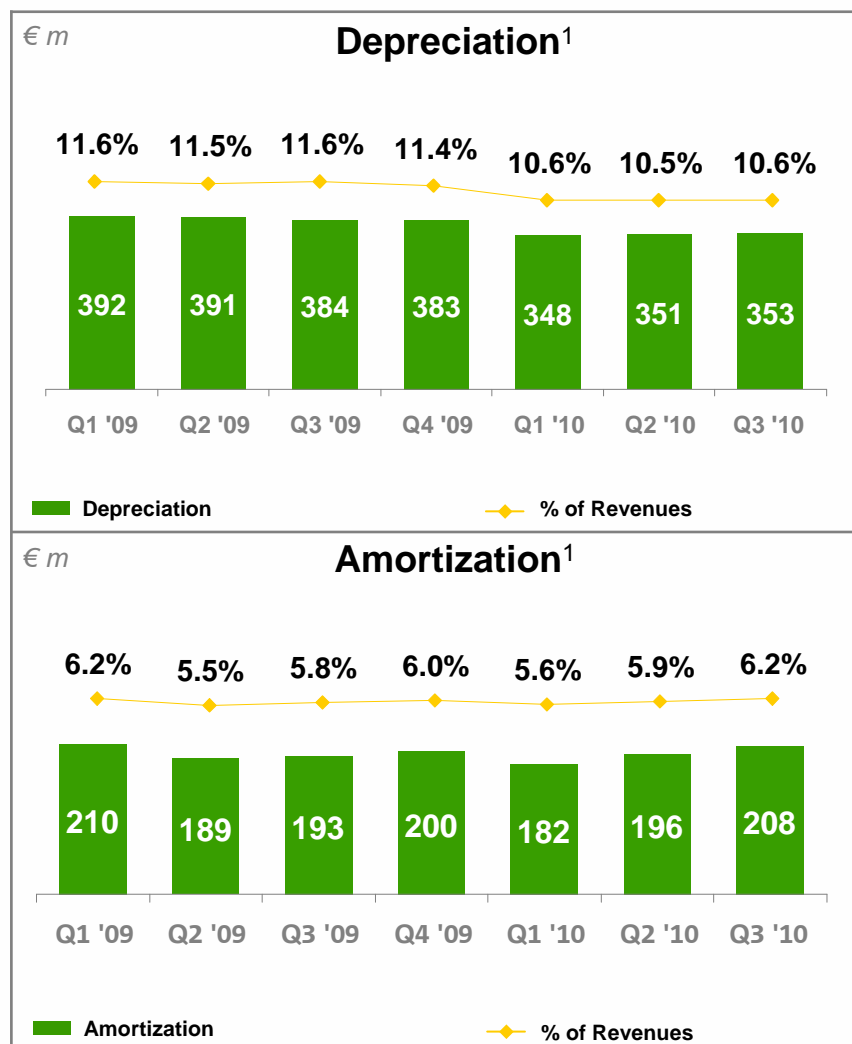
- Release of provision at E-Plus
- Lower costs due to divestment of SNT
- Lower costs due to divestment of B2B and Carrier Business in Belgium

### Q-on-Q decrease

- Release of provision at E-Plus

# Analysis operating expenses

## Depreciation & Amortization



### Y-on-Y decrease

- Lifetime of mobile masts increased in Q1 '10
- Smaller asset base across all segments

### Y-on-Y increase

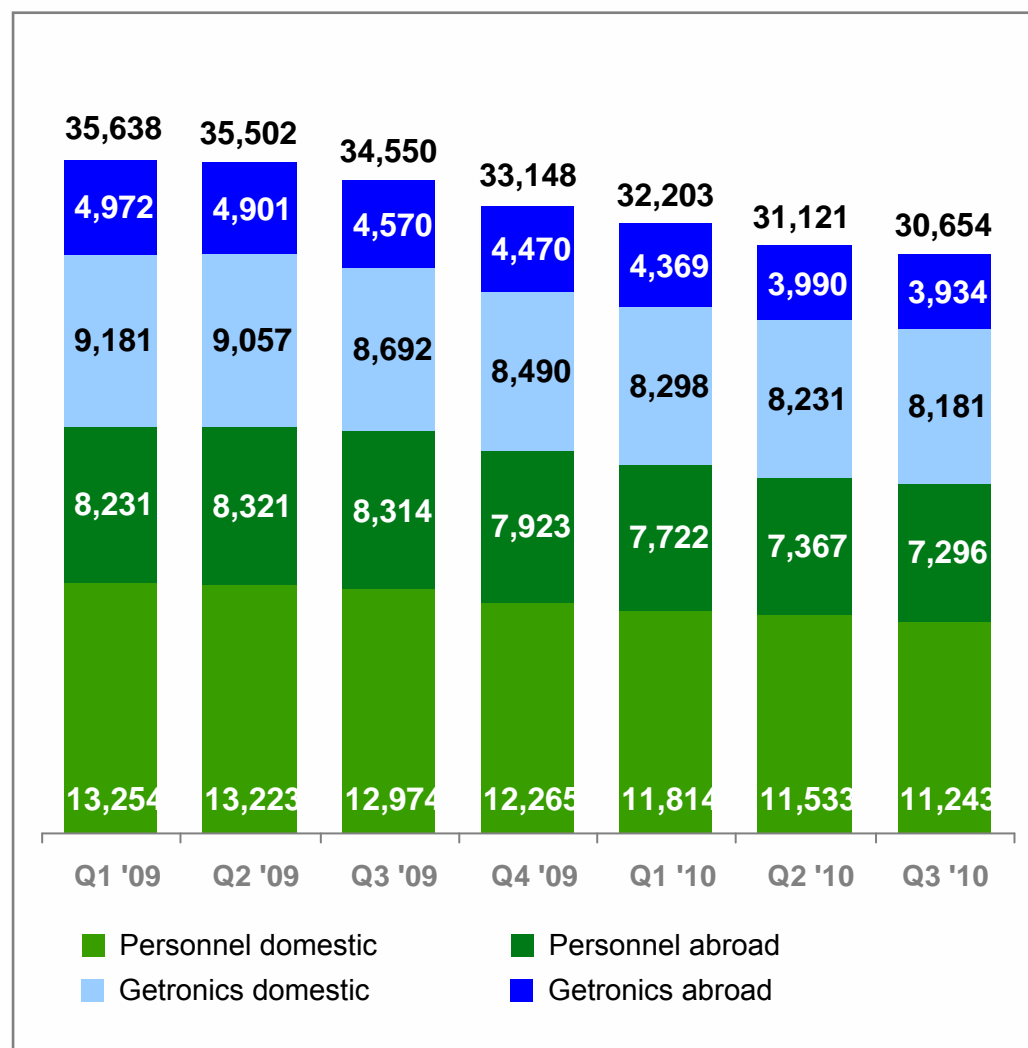
- Extended spectrum licenses in the Netherlands and acquired spectrum in Germany
- Acquired software in Belgium
- Partly compensated by final write-down of Telfort customer base per Q3 '09

### Q-on-Q increase

- Acquired spectrum in Germany

<sup>1</sup> Including impairments, if any

# Personnel



- Decrease of 3,896 FTE y-on-y
  - Reduction of 1,731 FTE in the Netherlands (excl. Getronics) from all segments and due to divestment of SNT Netherlands (Q4 '09)
  - Reduction of 1,147 FTE at Getronics, mainly from divestments and restructuring
  - Reduction of 1,018 FTE at KPN abroad, mainly from Belgium, Germany and due to divestment of SNT Belgium
- Decrease of 467 FTE q-on-q
  - Reduction of 290 in the Netherlands, specifically at Dutch Telco
  - Reduction of 106 FTE at Getronics
  - Reduction of 86 FTE in Germany partly related to closing of SMS Michel shops
- Cumulative reduction of 9,247 FTE in the Netherlands since 2005
  - Excluding Getronics and acquisitions
  - Expected reduction of 9,500 FTE in the Netherlands by year end 2010

# Tax

	P&L		Cash flow	
<b>Fiscal units</b> (€ m)	Q3 '10	Q3 '09	Q3 '10	Q3 '09
Dutch activities	-75	-99	-1	1
Getronics	1	-1	-	-
German Mobile activities	-29	-58	-4	-6
Belgian Mobile activities	-9	-8	-	-
Other	-2	-5	-1	-2
<b>Total</b>	<b>-114</b>	<b>-171</b>	<b>-6</b>	<b>-7</b>

- Lower tax expense Dutch activities mainly due to costs of € 97m related to repurchase of bonds in Q3' 10
- Effective tax rate decreased from 29.9% in Q3 '09 to 21.3% in Q3 '10
  - Decrease is due to new DTA valuation methodology which results in lower tax expense at E-Plus, see tax paper published on 26 January 2010 for more information
- Effective tax rate decreased from 26.0% in Q2 '10 to 21.3% in Q3 '10
  - One-off charges of € 11m leading to temporarily inflated tax rate in Q2 '10
  - Expected effective tax rate for FY 2010 is around 23%, excluding DTA revaluations at 31 December 2010

# Share repurchase progress

Date <sup>1</sup>	Value (€ m)	Shares (m)	Avg. share price (€)
<b>Q1 '10</b>	<b>103.1</b>	<b>8.9</b>	<b>11.60</b>
<b>Q2 '10</b>	<b>454.1</b>	<b>42.1</b>	<b>10.79</b>
July	44.3	4.2	10.48
August	23.4	2.1	10.93
September	34.2	3.0	11.34
<b>Q3 '10</b>	<b>101.9</b>	<b>9.4</b>	<b>10.86</b>
October <sup>2</sup>	26.4	2.3	11.35
<b>Total</b>	<b>685.4</b>	<b>62.7</b>	<b>10.93</b>

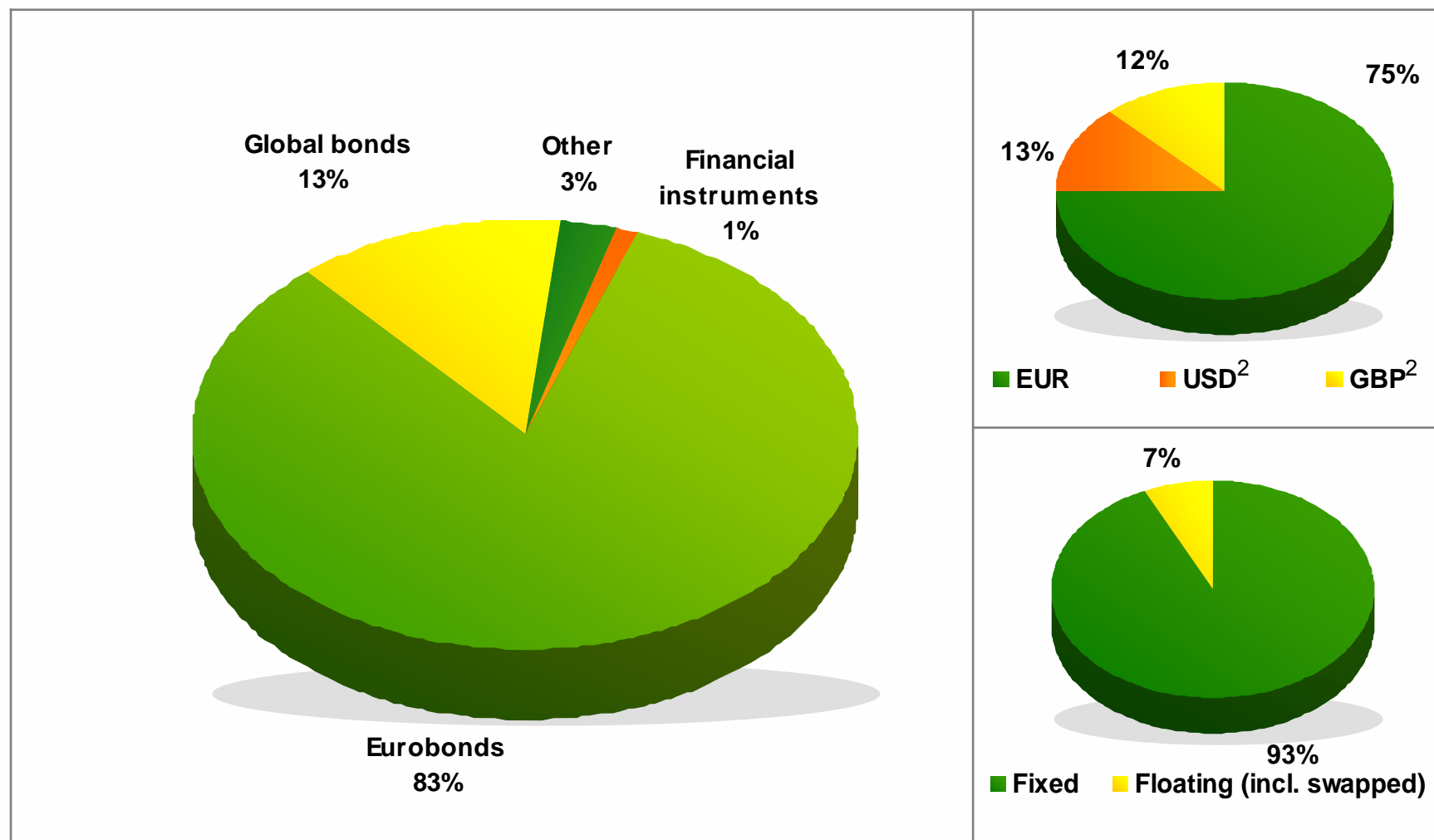
- € 1bn share repurchase program for 2010 started on 4 February 2010
  - 69% completed to date<sup>2</sup>
  - 9.4m shares repurchased in Q3 '10, average price of € 10.86
- € 8.5bn in shares repurchased since start in 2004, average price of € 9.07
  - ~37% of outstanding shares cancelled since 2004
- Number of outstanding shares amounting to 1,572,609,884 per 30 September 2010
  - 45,533,785 shares cancelled in Q3 '10

<sup>1</sup> Figures based on transaction date of share repurchases, some rounding changes may be applicable

<sup>2</sup> Until 25 October 2010

# Debt portfolio

Breakdown of € 13.6bn gross debt<sup>1</sup>



<sup>1</sup> Book value of interest bearing financial liabilities plus the fair value of financial instruments related to these financial liabilities

<sup>2</sup> Foreign currency amounts hedged into Euro

# Consumer voice market<sup>1</sup>

<i>m</i>	Q3 '10	Q2 '10	Q3 '09
KPN PSTN / ISDN	1.77	1.85	2.11
Wholesale Line Rental (WLR)	0.40	0.40	0.42
<b>Total traditional voice</b>	<b>2.17</b>	<b>2.25</b>	<b>2.53</b>
KPN VoIP	1.28	1.26	1.20
Cable VoIP	1.74	1.66	1.44
Alternative DSL VoIP	0.43	0.42	0.38
<b>Total VoIP</b>	<b>3.45</b>	<b>3.34</b>	<b>3.02</b>
Mobile-only	1.25	1.25	1.25
<b>Total households</b>	<b>6.87</b>	<b>6.84</b>	<b>6.80</b>

<sup>1</sup> Management estimates



## Dutch wireless services disclosure

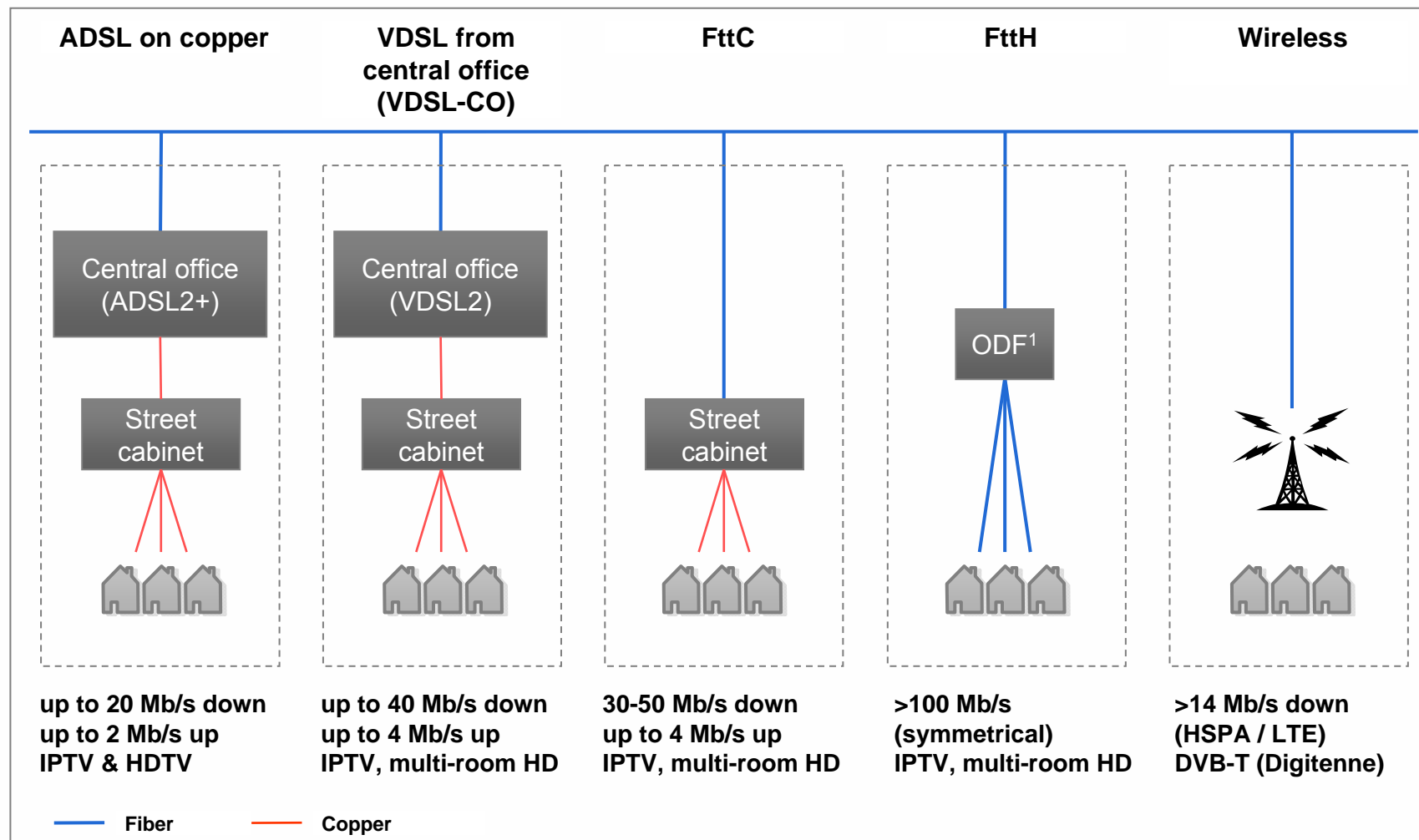
	Q3 '10	Q2 '10	Q3 '09
<b>Service revenues (€ m)</b>	<b>742</b>	<b>761</b>	<b>757</b>
- Consumer	443	448	460
- Business	228	246	234
- Other Dutch activities <sup>1</sup>	71	67	63
<b>SAC / SRC (€)</b>			
- Consumer	162	157	150
- Business <sup>2</sup>	242	215	287

1 Indicates amongst others Mobile Wholesale NL, Simyo and visitor roaming revenues within KPN the Netherlands

2 Restated numbers following recalculation, now also including all data SAC/SRC in addition to voice SAC/SRC

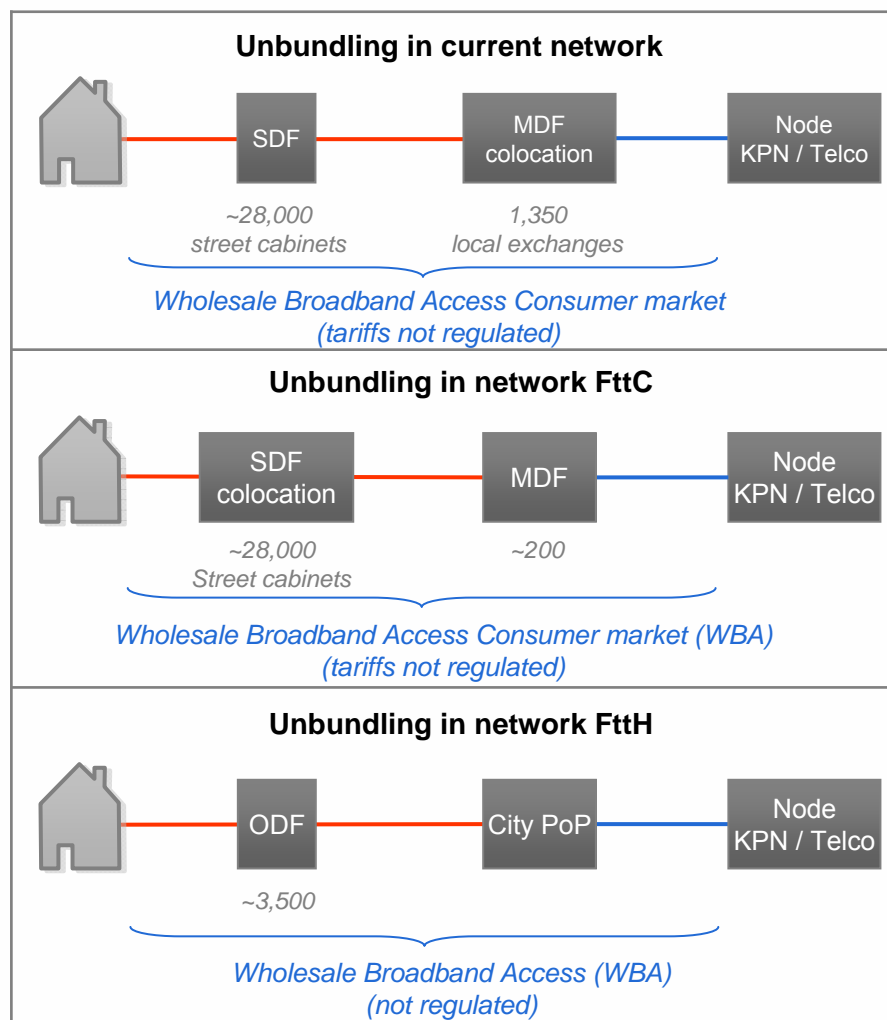
# Infrastructure

Deploying mix of technologies going forward



1 Optical distribution frame

# Unbundling tariffs



Regulated

Not-regulated

1) Tariffs refer to WPC 2009-2011 [(WPC 2A); 2) FttO tariff expected to be confirmed in Q4 '10

Category	Monthly tariff
Line sharing (LLU) <sup>1</sup>	€ 0.10 / line
Fully unbundled (LLU) <sup>1</sup>	€ 6.53 / line
MDF colocation <sup>1</sup>	€ 839.60 / footprint / year
MDF backhaul	Commercial pricing, not regulated
Wholesale Broadband Access (WBA) <sup>1</sup>	€ 5.32 shared € 13.00 non-shared

Category	Monthly tariff
Line sharing (SLU) <sup>1</sup>	€ 7.58 / line
Fully unbundled (SLU) <sup>1</sup>	€ 7.44 / line
SDF colocation <sup>1</sup>	€ 1.20 / line or 5.36 / per unit One-off € 492.74/ per unit
SDF backhaul	To be regulated
Wholesale Broadband Access (WBA) <sup>1</sup>	€ 5.32 shared € 13.00 non-shared

Category	Monthly tariff
Fully unbundled (ODF FttH)	€ 12.14 – € 17.71
ODF FttH colocation	≤ € 506 / month /per Area Pop One-off ≤ € 3,036 /per Area Pop
ODF FttH Backhaul	≤ 607 / month
Wholesale Broadband Access (WBA) FttH	€ 25.00 - € 45.00 non-shared
ODF FttO <sup>2</sup>	To be regulated

# German spectrum auction

Good auction outcome, capacity and standardization are key

																Total	E-Plus	
800MHz Paired	O	O	V	V	T	T										60.0MHz	0%	
	2x5	2x5	2x5	2x5	2x5	2x5												
900MHz Paired	E	O	T	V	T	V										69.6MHz	14%	
	2x5	2x5	2x5	2x5	2x7.4	2x7.4												
1.8GHz Paired	T	T	T	T	E	O	O	O	V	E	E	E	E			140.4MHz	39%	
	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x7.4	2x5.4	2x5	2x5	2x5	2x7.4					
2.1GHz Paired	V	V	V	E	E	E	E	O	O	O	T	T				120.0MHz	33%	
	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5						
2.1GHz Unpaired	E	T	V	O	O											34.2MHz	15%	
	1x5	1x5	1x5	1x5	1x14.2													
2.6GHz Paired	V	V	V	V	T	T	T	T	E	E	O	O	O	O		140.0MHz	14%	
	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5	2x5				
2.6GHz Unpaired	E	E	V	V	V	V	V	T	O	O						50.0MHz	20%	
	1x5	1x5	1x5	1x5	1x5	1x5	1x5	1x5	1x5	1x5								
																614.2MHz	23%	

Standardized

2

- 1 4 connecting blocks, leading to highest capacity in most standard spectrum for data
- 2 E-Plus has obtained and holds most spectrum in standardized bands
- 3 E-Plus doubled capacity, now at 23% of total spectrum in the German mobile market

# Spectrum in Belgium

Currently fairly allocated, potential new entrant

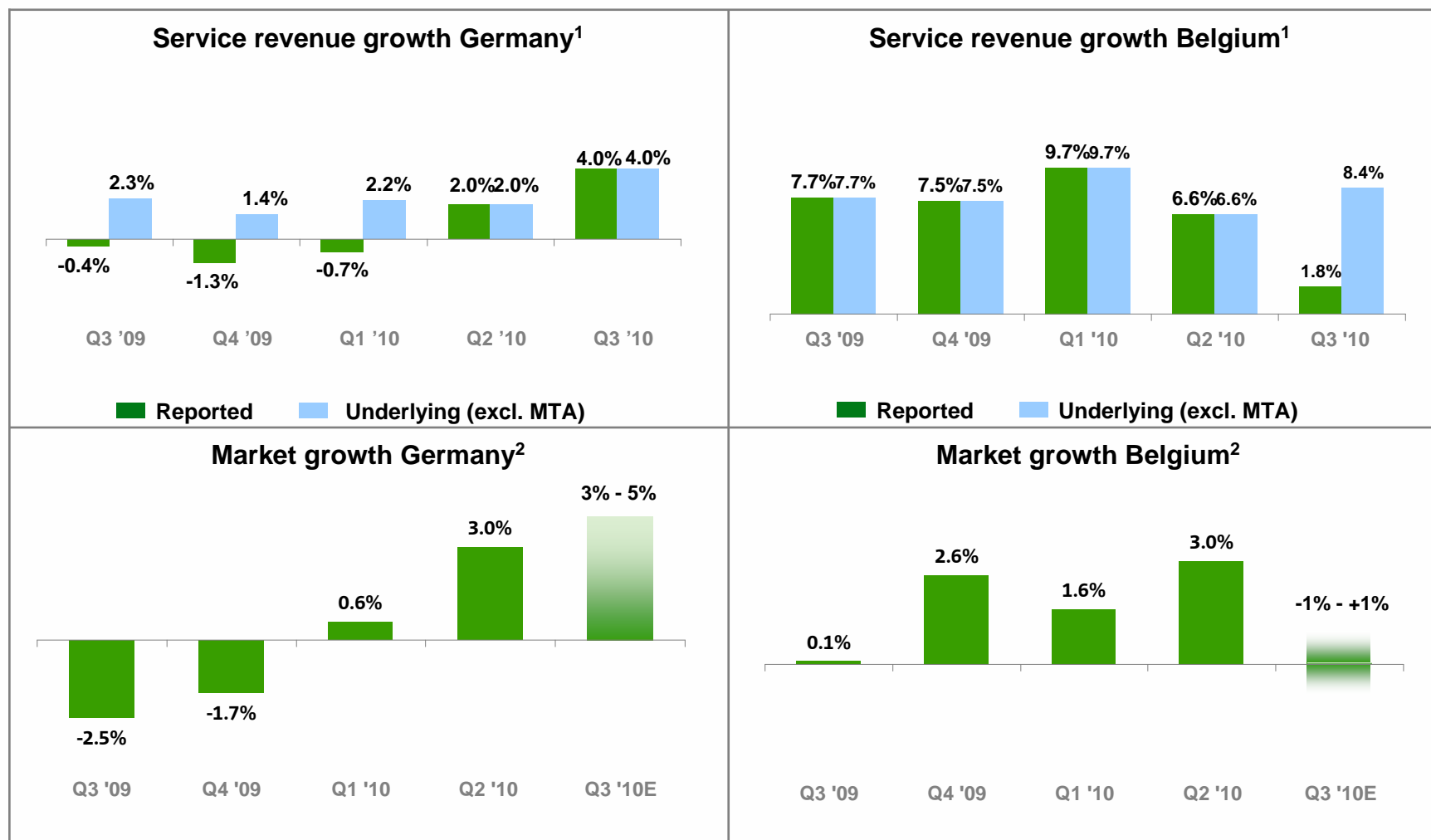
## Current status

900MHz	KPNgB	Proximus	Mobistar				
	2x10.8	2x12	2x12				
1.8GHz	KPNgB		Proximus	Mobistar	Prox	Mob	Free
	2x22		2x15	2x15	2x5.8	2x5.8	2x11.4
2.1GHz	KPNgB		Proximus		Mobistar		Free
	2x15	1x5	2x15	1x5	2x15	1x5	2x14.8 1x5
2.6GHz	Free						
	140MHz paired, 50MHz unpaired						
Total	KPNgB		Proximus	Mobistar		Free	
	100.6MHz		100.6MHz	100.6MHz		247.4MHz	

## Upcoming auctions

- Auction of 15MHz in 2.1GHz band in coming quarters, 5MHz reserved for possible fourth entrant
  - New entrant could receive 900MHz and 1.8GHz spectrum in 2015
- Auction of 190MHz in 2.6GHz spectrum in coming quarters
  - Operators capped at 2x20MHz
- Current 2G licenses can be extended to 2021
- No clarity on 800MHz frequency yet

# Service revenue growth Mobile International



1 Management estimates for MTA impact

2 Management estimates for market service revenue growth, based on equity research