Quarterly report KPN

Third quarter of 2004

November 1, 2004

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Press Release

KPN profit after tax doubles to EUR 288 million

Solid third quarter performance

Q3 2004	Q3 2003	In millions of euro, unless indicated otherwise	YTD 2004	YTD 2003
2,948	3,009	Net sales	**8,778**	8,872
586	603	Operating result	**1,925**	2,427
288	139	Profit after tax	**1,032**	1,092
0.12	0.05	Earnings per share (in euro)	**0.43**	0.44

Mobile

- Net sales of Mobile division grew by 6.4% driven by particularly strong growth in Germany (+14.2%) and Belgium (+40.8%), which more than offset a 5.4% decline in the Netherlands;
- It has been a generally positive quarter for our mobile businesses with all three mobile businesses increasing their respective market shares: KPN Mobile the Netherlands restored its subscriber market share to 39.9%, E-Plus crossed the 9 million customers mark and broke through the 13% market share barrier, while BASE achieved 17%.

Fixed

- Fixed division's net sales decreased by EUR 149 million or 7.8%, 6.1% of which can be explained by the combined effect of MTA tariff reductions (EUR 67 million or 3.5%) and anticipated and previously communicated lower project revenues (EUR 49 m or 2.6%);
- Operating result improved by 5.3%;
- Ongoing success of ADSL program has driven customer connections to over 1.2 million.

KPN Consolidated

- Profit after tax more than doubled to EUR 288 million as a result of lower operating expenses, lower interest expenses and significantly lower tax charges;
- Operating expenses down 1.9%;
- Excluding one-off book gains, operating result for the first three quarters increased by 6.5% to EUR 1,869 million (YTD 2003: EUR 1,755 million).

Ad Scheepbouwer, CEO of KPN, commented:

"It is satisfying to see that, after an acceleration of growth achieved by E-Plus and BASE, the decisive actions we recently undertook in Mobile the Netherlands are already paying off, evidenced by a significant increase in market share during the quarter. Our prime focus is now on our fixed business where our objective is to maintain market share of our traditional business in a declining market and to aggressively build up our market share in new growth markets. I am pleased to say that KPN has proven to be both agile and resilient, maintaining a reasonable balance between market share and margin, while heavily investing in sales and revenue growth. Although our EBITDA margins are likely to be at the low end of the guidance range as a result, our cash generating ability remains strong and our cash returns to shareholders continue to be market leading. We expect our free cash flow to be comfortably above the guidance figure of EUR 2 billion and our profit before tax outlook remains at the higher end of the range."

Operating Review Q3 2004

Results summary

In millions of euro	Q3 2004	Q3 2003
Net sales		
- Fixed Division	1,770	1,919
- E-Plus	676	592
- KPN Mobile the Netherlands	579	612
- BASE	107	76
- Other KPN entities (incl. intercompany sales)	–184	–190
Total net sales	**2,948**	**3,009**
Operating result	**586**	**603**
Financial income and expenses	–193	–205
Profit before taxes	**393**	**398**

Fixed division

The key challenge of our Fixed division is the same one faced by all fixed operators, namely that of attempting to arrest the decline of revenues from traditional services and to maintain profitability. KPN has been addressing this issue assiduously and by a number of means such as offering customers services based on new technologies (e.g., ADSL, voice over IP, IP-VPN; hereafter 'new services'), offering improved bundled packages and services (e.g., triple play) and by improving our all-round efficiency and cost effectiveness. This is an ongoing process, but the achievements to date are encouraging. The revenues from new services are partially offsetting the decrease in revenues from traditional services.

Due to intensive acquisition programs and the introduction of '*ADSL Tijdsurfen*' by one of our ISPs Het Net, our 'ADSL by KPN' customer base increased by over 160,000 in the third quarter 2004. As a result, our ADSL customer base doubled to more than 1.2 million customers from 609,000 last year. Our share of the total consumer broadband market (including broadband offered by cable operators) increased to 43% (September 2003: 37%).

We are increasingly focusing on providing more value to our voice customers through the voice bundle discount packages, available to the consumer market (*BelPlus* 60, 100, 200, 300) as well as the business market (*BelZakelijk* packages). In addition, we have stepped up our direct marketing efforts to regain and retain voice customers. Since the introduction in the second quarter of 2003, approximately 1.3 million consumers (23% of our residential customers) have opted for *BelPlus* packages, of which 241,000 in the third quarter of 2004. In total, 115,000 customers[1] subscribed for *BelZakelijk*, representing 6% of total business connections and an approximately 15% market penetration in the primary target group of small and medium-sized companies. Through these activities in the traditional voice market, we were able to slow down the quarter-on-quarter

[1] Based on order intake.

decrease of market shares. Market shares at the end of the third quarter of 2004 were respectively >70% (local), approximately 60% (national), approximately 60% (fixed-to-mobile) and approximately 45% (international)[2].

As part of our 'triple play' strategy to become an all-round service provider of voice, broadband Internet and broadcasting services, we introduced wireless digital TV and radio as from October 18, 2004. We are one of the world's first telecom operators to venture into the TV market using advanced DVB-T technology. Expectations are that coverage will extend to most of the Netherlands by the end of 2006. At the moment, 'Digital TV by KPN' can be received throughout the main metropolitan area's where 2.7 million or 45% of the Dutch households reside.

At the end of September, 1,257 business customers (September 2003: 628) migrated from traditional data to IP-VPN networks, whereas the number of IP-VPN connections increased from 12,868 at the end of September 2003 to 27,595 at the end of September 2004.

On September 13, 2004, KPN reached an agreement in principle with Getronics on the transfer of Application Management & Consultancy (KPN AMC) to Getronics. The 120 employees currently employed by KPN AMC will be transferred to Getronics Netherlands once the final contract has been signed, which the parties intend to do by the end of 2004.

On September 10, 2004, SNT Group N.V. (SNT) and KPN jointly announced their intention to make a recommended cash offer of EUR 13.50 per SNT share for all outstanding shares. The offer stems from the intention to restructure our Customer Relationship Management activities. Once the offer is declared unconditional, we intend to terminate SNT's listing on the Official Market of Euronext Amsterdam.

On October 8, 2004, KPN EnterCom Solutions B.V. (EnterCom) announced its intention to reduce its workforce by 750 jobs. This reduction is part of KPN's efforts to continue to improve efficiency. Some 140 jobs will be cut in 2004, while the other jobs will be cut during 2005. The restructuring charge for the 750 jobs cut amounts to EUR 25 million in total, of which EUR 4 million has been recognized in the third quarter of 2004.

Mobile division

In the third quarter, the Mobile division continued to show strong growth adding almost 800,000 new customers. By the end of the quarter, we had 16.4 million mobile customers, a year-on-year increase of 15.5%. The positive impact of a growing customer base was partially negated by the adverse effect of MTA tariff reductions in The Netherlands.

We were successful in our objectives of increasing our market shares in Germany and Belgium and regaining market share in the Netherlands. In the third quarter, we launched UMTS services in Germany, and the Netherlands followed shortly thereafter (UMTS-enabled handsets in October).

[2] Excluding international traffic from telephone cards.

E-Plus

E-Plus delivered on its balanced growth strategy. A total of 349,000 new customers were won in this quarter, giving E-Plus a total customer base of over 9 million subscribers and a 13.1% market share (Q3 2003: 12.7%). The postpaid share of net additions during the quarter amounted to 69%, thereby raising the postpaid share of the customer base to 49% by the end of the quarter. At EUR 24 a month, blended ARPU remained stable quarter-on-quarter.

KPN Mobile the Netherlands

Competition in the Dutch mobile market remains very strong and we have revitalized our commercial strategy in the Netherlands, aimed at strengthening our market leadership. Initiatives include stronger and clearer differentiation between our KPN and Hi brands and the introduction of innovative and value-adding propositions at competitive prices. In addition, we successfully raised our presence in the external distribution channels. These measures, combined with strong media presence, have resulted in an increased influx of new customers. We attracted 367,000 new customers in the third quarter and raised the customer base to almost 5.8 million, which represents a 39.9% market share (Q2 2004: 39.3%). Blended ARPU showed a decrease compared to the same period last year, from EUR 40 to EUR 34, having been EUR 35 at Q2 2004.

BASE

In Belgium, BASE successfully transformed into an integrated network operator. With its policy of combining distinctive and simple offerings with tailor-made propositions for specific segments, BASE continues to grow its subscriber base, revenues and operating results. In the third quarter, BASE added 80,000 customers, taking the customer base to over 1.5 million (Q3 2003: 1.2 million). This represents a 30.6% increase compared to the end of the same period in 2003 and BASE's market share rose to 17%. At EUR 24 a month, blended ARPU was up from EUR 22 a year ago, while remaining stable compared to the second quarter of 2004.

Financial Review Q3 2004

For the third quarter of 2004, we achieved **profit after tax** of EUR 288 million (Q3 2003: EUR 139 million). Earnings per share more than doubled to EUR 0.12 (Q3 2003: EUR 0.05). The **operating result** decreased to EUR 586 million (Q3 2003: EUR 603 million).

Operating revenues saw a 2.1% decrease from EUR 3,082 million to EUR 3,017 million. Reported **net sales** were 2.0% lower at EUR 2,948 million (Q3 2003: EUR 3,009 million) including a EUR 54 million adverse MTA effect, which accounted for 1.8% of the reduced net sales.

- Net sales of the *Fixed division* (EUR 1,770 million) decreased by EUR 149 million or 7.8% due to MTA tariff reductions (EUR 67 million or 3.5%), lower project revenues from Mobirail and Tetraned which were mainly completed in the second half of 2003 (EUR 49 million or 2.6%) and other effects, such as ongoing fixed-for-mobile substitution.
- The *Mobile division* realized a 6.4% increase (EUR 82 million) in net sales to EUR 1,355 million, driven by continued strong performance of its international operations (net sales rose 14.2% in Germany and 40.8% in Belgium), which more than offset a EUR 23 million adverse MTA effect in the Netherlands.

- Revenues of *Other activities* decreased by EUR 27 million, while *inter-division* revenues were EUR 23 million lower than in the same period last year.

Operating expenses decreased by 1.9% (EUR –48 million) to EUR 2,431 million, despite a EUR 36 million extra addition to the early retirement provision. Cost reductions and a EUR 43 million effect of MTA tariff reductions resulted in a decline. The reduced operating expenses in the Fixed division (EUR –167 million) and Other activities (EUR -24 million) were partially offset by Mobile division's increased operating expenses (EUR 120 million) due to increased marketing efforts aimed at restoring market share in The Netherlands and at enhancing growth in Germany and Belgium.

The **net financial expense** amounted to EUR 193 million, a decrease from last year's EUR 205 million, reflecting reduced interest charges following regular and early debt redemptions in 2003 partially offset by one-off expenses (EUR 50 million) related to the renegotiated credit facility and the refinancing of bonds, which resulted in a lengthening of our debt maturity profile.

Total **tax charges** amounted to EUR 86 million resulting in an effective tax rate of 21.9%. In line with the agreement with the Dutch tax authorities, an interest amount of EUR 310 million on shareholder loans to E-Plus is ignored for Dutch tax purposes. Moreover, the tax charge was positively affected by a deferred tax benefit (EUR 44 million) after refinancing BASE.

Cash flow

Cash flow from operating activities decreased by EUR 117 million year-on-year to EUR 1,071 million, as it was EUR 314 million negatively affected by changes in working capital, albeit it is up on the EUR 870 million of Q2 2004. The EUR 314 million adverse impact can mainly be explained from increased inventory levels (EUR -119 million) and non-cash reclassifications of EUR 127 million between deferred taxes (which are not part of working capital) and current taxes (which are part of working capital). Year-to-date, the cash flow from operating activities remained almost similar to prior year at EUR 2,901 million (YTD 2003: EUR 2,946 million).

Net debt

As of September 30, 2004, net debt (interest-bearing debt minus cash and cash equivalents) decreased to EUR 8.3 billion compared to EUR 9.4 billion as of September 30, 2003, but slightly increased compared to EUR 8.2 billion as of June 30, 2004. During this third quarter, significant amounts of cash were allocated to the share repurchase program and the payment of interim dividend (see further below).

Share repurchase program

On June 28, 2004, we announced a new EUR 1 billion share repurchase program. So far, we have repurchased approximately 81 million shares, totaling EUR 500 million. Of this amount, EUR 474 million was settled in the third quarter of 2004 and EUR 26 million early October. The last purchase took place on the 29th of September prior to the start of the closed period. The program will be resumed as soon as the independent investigation, announced on October 19th, into discounts not permitted under the terms of the current traffic regime of the Dutch Regulator Opta has been completed. The shares purchased so far were acquired via on-market transactions for an average price of EUR 6.18 per share. On October 28, 2004, approximately 81 million shares repurchased under the first program were cancelled.

Refinancing
On July 21, 2004, we successfully completed (i) our offer to exchange our 7.25% Eurobond 2001-2006 for euro-denominated Fixed Rate Notes due 2011 and (ii) our offer to purchase for cash our outstanding 6.5% Eurobond 1996-2006 and 3.5% Subordinated Convertible Bond 2000-2005. In total, a nominal amount of EUR 1,961 million in bonds was exchanged or repurchased resulting in the new issuance of EUR 700 million of Floating Rate Notes due 2009 and a Eurobond of EUR 1,425 million due 2011. On August 17, 2004, we concluded a new EUR 1.5 billion credit facility with improved terms and conditions, maturing in August 2009.

Financial Review YTD 2004 - Highlights

The first nine months of 2003 included book gains (mainly the sale of Directory Services activities and the MobilCom termination agreement) amounting to EUR 672 million, while the same period in 2004 included EUR 56 million book gains on the sale of our interests in Eutelsat and PTC. The book gains affecting both operating revenues and operating result can be summarized as follows:

In millions of euro	YTD 2004	YTD 2003
Book gain on sale of Directory Services	-	435
Termination agreement MobilCom	-	222
Book gain on sale of UMC	-	15
Book gain on sale of Eutelsat	36	-
Book gain on sale of PTC	20	-
	56	**672**

For the first nine months of 2004, we reported an operating result of EUR 1,925 million compared to EUR 2,427 million last year. Excluding the book gains mentioned above, the **operating result** for the first three quarters increased by 6.5% to EUR 1,869 million (YTD 2003: EUR 1,755 million). The **net result**, also excluding these book gains, increased by EUR 556 million (+132.4%) to EUR 976 million.

Operating revenues recorded in the first three quarters of 2004 amounted to EUR 9,052 million (YTD 2003: EUR 9,793 million) and, thus, saw a decrease of 7.6% compared to the same period last year. Excluding book gains, **operating revenues** recorded in the first three quarters of 2004 amounted to EUR 8,996 million (YTD 2003: EUR 9,121 million).

Net sales (EUR 8,778 million), affected by the EUR 170 million adverse impact of MTA tariffs on both mobile and fixed operations, were EUR 94 million or 1.1% lower compared to last year. In the *Fixed* division, net sales decreased by EUR 337 million or 5.8% mainly due to a EUR 206 million negative MTA impact, while net sales of the *Mobile* division (EUR 3,869 million) increased by EUR 238 million (+6.6%). Net sales of *Other activities* were EUR 59 million lower. *Inter-division* revenues decreased by EUR 64 million to EUR 783 million, as they were affected by the MTA tariff reductions (EUR -111 million).

Operating expenses decreased by EUR 239 million or –3.2% to EUR 7,127 million. The decrease reflected the effects of cost savings and MTA tariff reductions (EUR 132 million) partially offset by increased retention and acquisition costs within the Mobile division and a EUR 36 million addition to the early retirement provision.

Net financial expense decreased by EUR 163 million to EUR 476 million due to reduced interest charges following early and regular debt redemptions in 2003.

Total **tax charges** in the first nine months of 2004 amounted to EUR 394 million resulting in an effective tax rate of 27.2%.

Pending investigation

On October 19, 2004, we announced that we conducted a preliminary investigation into the appropriateness of discounts that have been provided to certain customers in our fixed telephony voice business. Based on information currently available to the company, the value of the discounts in question is estimated to amount to approximately EUR 15-20 million paid in aggregate over the period 2003-2004 to date, and to only marginal amounts in the three preceding years. Said discounts do not appear to be permitted under the terms of the current tariff regime of the Dutch telecom regulator, OPTA. The Audit Committee, with the full support of our Management Board, has launched an independent investigation into this matter. We have not provided for any penalties or claims, which may or may not occur. We currently anticipate no changes to the historical consolidated financial statements.

General

Safe harbor

Certain statements contained in this quarterly 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, the investigation into the discounts, 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 and Form 20-F for the year ended December 31, 2003.

All figures shown throughout this quarterly report are unaudited. Certain figures may be subject to rounding differences. All market share information in this quarterly report is based on management estimates based on externally available information, unless indicated otherwise.

Reporting

We have decided to eliminate as much as possible non-GAAP measures and to limit ourselves to general accounting practices, which align with international requirements on financial reporting, which were tightened during 2003. As a consequence, the quarterly reports as from 2004 differ from those of previous years. The most important changes are (i) analysis based on operating result (formerly: EBIT) and result after taxes instead of EBITDA and (ii) analysis based on figures including exceptional items rather than on those excluding such items. In order to facilitate the analysis of trends, we disclose items with significant impact that in our opinion are important to interpret these trends.

In our 2003 quarterly reports, our analyses were based on EBITDA. EBITDA can be calculated as operating result plus depreciation, amortization and impairments.

Profile
We offer telecommunication services to both consumers and businesses. Our core activities are telephony and data services through KPN's fixed network in the Netherlands, mobile telecom services in Germany, the Netherlands and Belgium and data services in Western Europe. We are market leader in the major segments of the Dutch telecom market. Through E-Plus in Germany and BASE in Belgium, we hold the number three position in the mobile markets in these countries.

As of September 30, 2004, we had 7.5 million fixed-line subscribers and 1.6 million Internet customers in the Netherlands as well as 16.4 million mobile customers in the Netherlands, Germany and Belgium. We employed 31,580 individuals.

We were incorporated in 1989 and our shares are listed on the stock exchanges of Amsterdam, New York, London and Frankfurt. The credit ratings remained unchanged during the third quarter at A- with stable outlook (Standard & Poor's) and Baa1 with stable outlook (Moody's).

Annex Financial Statements

Interim financial information

Consolidated Statement of Income

Q3 2004	Q3 2003	In millions of euro, unless otherwise stated	YTD 2004	YTD 2003
2,948	**3,009**	**Net sales**	**8,778**	**8,872**
46	40	Own work capitalized	132	118
23	33	Other operating revenues	142	803
3,017	**3,082**	**Total operating revenues**	**9,052**	**9,793**
273	232	Cost of materials	757	716
1,010	1,062	Cost of work contracted out and other external expenses	2,960	2,938
440	404	Salaries and social security contributions [3]	1,254	1,270
596	660	Depreciation, amortization and impairments	1,788	1,969
112	121	Other operating expenses	368	473
2,431	**2,479**	**Total operating expenses**	**7,127**	**7,366**
586	**603**	**Operating result**	**1,925**	**2,427**
−193	−205	Financial income and expenses	−476	−639
393	**398**	**Profit before taxes**	**1,449**	**1,788**
−86	−256	Tax on profit	−394	−715
−15	−4	Income from participating interests	−11	−4
292	**138**	**Group profit after taxes**	**1,044**	**1,069**
−4	1	Minority interests	−12	23
288	**139**	**Profit after taxes**	**1,032**	**1,092**
0.12	0.05	Earnings per ordinary share/ADS (in EUR)	0.43	0.44
0.13	0.06	Earnings per ordinary share/ADS on a fully diluted basis (in EUR)[4]	0.43	0.44

[3] Salaries and social contributions include a EUR 36 million extra addition to the early retirement provision in the third quarter of 2004.
[4] The earnings per share for the third quarter have been calculated by deducting the year-to-date earnings per share of the last quarter from the year-to-date earnings per share of the current quarter. If the earnings per share for the third quarter of 2004 were calculated on a stand-alone basis (diluted and non-diluted), this had resulted in an amount of EUR 0.12 per share (Q3 2003: EUR 0.06).

Consolidated Balance Sheet
(Before appropriation of net result)

ASSETS

In millions of euro	**Sep. 30, 2004**	**Dec. 31, 2003**
FIXED ASSETS		
Intangible fixed assets		
Licenses	4,405	4,457
Goodwill	3,937	4,126
	8,342	**8,583**
Property, plant and equipment		
Land and buildings	821	881
Plant and equipment	6,574	7,082
Other tangible fixed assets	374	431
Assets under construction	987	725
	8,756	**9,119**
Financial fixed assets		
Participating interests	162	194
Loans to participating interests	31	19
Other loans	75	119
Prepayments and accrued income	1,701	1,986
	1,969	**2,318**
Total fixed assets	**19,067**	**20,020**
CURRENT ASSETS		
Inventory	265	164
Receivables	1,534	1,452
Prepayments and accrued income	669	641
Marketable securities and other financial interests	-	9
Cash and cash equivalents	1,014	1,839
Total current assets	**3,482**	**4,105**
TOTAL	**22,549**	**24,125**

LIABILITIES

In millions of euro	**Sep. 30, 2004**	**Dec. 31, 2003**
GROUP EQUITY		
Shareholders' equity	6,334	7,163
Minority interests	204	196
	6,538	**7,359**
PROVISIONS		
Pension provisions	810	814
Deferred tax liabilities	2,338	2,111
Other provisions	383	414
	3,531	**3,339**
LONG-TERM LIABILITIES		
Loans	9,049	9,207
Accruals and deferred income	13	23
	9,062	**9,230**
CURRENT LIABILITIES		
Other liabilities[5]	1,360	2,107
Accruals and deferred income	2,058	2,090
	3,418	**4,197**
TOTAL	**22,549**	**24,125**

[5] Of which interest-bearing debts: EUR 300 million (December 31, 2003: EUR 952 million).

Consolidated Cash Flow Statement

Q3 2004	Q3 2003	In millions of euro	YTD 2004	YTD 2003
288	**139**	**Profit or loss after taxes**	**1,032**	**1,092**
4	−1	Minority interests	12	−23
596	660	Depreciation, amortization and impairments	1,788	1,969
159	119	Changes in provisions	185	335
63	7	Changes in deferred tax assets	302	−33
15	4	Income from participating interests	11	4
-	-	Results from sale of assets, operations and participating interests	−56	−461
1,125	**928**	**Net cash flow provided by operating activities before changes in working capital**	**3,274**	**2,883**
		Changes in working capital:		
−54	65	Inventory	−101	18
10	15	Trade receivables	22	22
−103	−22	Other current assets	−94	−60
93	202	Current liabilities (excluding short-term financing)	−200	83
−54	**260**	**Net cash flow provided by/(used in) changes in working capital**	**−373**	**63**
1,071	**1,188**	**Net cash flow provided by operating activities**	**2,901**	**2,946**
-	-	Group companies/joint ventures sold	-	499
-	-	Investments in intangible fixed assets	−8	−6
−474	−349	Investments in property, plant and equipment	−1,177	−814
1	-	Disposals of property, plant and equipment	3	42
−8	−18	Changes in other financial fixed assets	77	315
−481	**−367**	**Net cash flow provided by/(used in) investing activities**	**−1,105**	**36**
−507	-	Share repurchase	−974	-
−4	-	Shares purchased for option plans	−33	−9
−190	-	Dividends paid	−796	-
1,120	12	Long-term loans contracted	1,120	37
−986	−733	Redemption of long-term loans	−1,929	−3,921
−3	-	Changes in interest-bearing current liabilities	-	-
−570	**−721**	**Net cash flow used in financing activities**	**−2,612**	**−3,893**
20	**100**	**Changes in cash and cash equivalents**	**−816**	**−911**
994	**1,646**	**Cash and cash equivalents at beginning of period**	**1,839**	**2,657**
-	−6	Cash and cash equivalents in group companies and joint ventures acquired and sold	−9	−6
20	100	Changes in cash and cash equivalents	−816	−911
1,014	**1,740**	**Cash and cash equivalents at end of period**	**1,014**	**1,740**

Statement of changes in shareholders' equity

In millions of euro (except for number of shares)	2004	2003
Balance as of January 1	**7,163**	**4,508**
Change in accounting principles	-	−6
Shares repurchased	−974	-
Shares repurchased for option plans	−33	−9
Dividends paid	−796	-
Net income for the period	1,032	1,092
Translation differences and other changes	−58	−14
Balance as of September 30	**6,334**	**5,571**
Number of issued shares as of September 30 [6]	**2,490,996,845**	**2,490,996,877**
Weighted average number of outstanding shares (excluding average number of repurchased shares and shares for option plans) during first three quarters of the year.	**2,412,897,188**	**2,468,777,382**

Additions to fixed assets

Q3 2004	Q3 2003	In millions of euro	YTD 2004	YTD 2003
-	-	Additions to intangible fixed assets	8	6
464	347	Additions to tangible fixed assets	1,172	886
2	2	Additions to financial fixed assets	20	64

Accounting principles

The interim financial information has been prepared applying the accounting principles disclosed in the 2003 Annual Report and Form 20-F.

Contingencies

On July 8, 2004, the Enterprise Chamber of the Amsterdam Court ruled in the SOBI case ordering us to make certain reclassifications and give additional disclosures in the 2000 statutory financial statements. Although the ruling had no impact on the net result of 2000, we appealed against the ruling with the Supreme Court on October 8, 2004. Pending the appeal, we are not required to make any adjustments to our financial statements.

[6] Including 161,596,876 shares repurchased before September 30, 2004 under the share repurchase programs, of which 4,213,913 settled in October 2004. After cancellation, the number of outstanding shares will decrease; approximately 81 million shares were cancelled on October 28, 2004.

Workforce

As of September 30, 2004, we employed a total of 28,427 (full time equivalent) employees (September 30, 2003: 29,607), of which 18,140 FTEs (September 30, 2003: 18,966) were subject to our collective labor agreement in the Netherlands. Social plans and natural attrition accounted for a reduction of 509 FTEs from 18,649 as of December 31, 2003 to 18,140 as of September 30, 2004.

Pension funds

The funding agreement with our pension funds obliges us to make additional payments in case of a shortfall. The actual coverage level as of September 30, 2004, based on preliminary calculations, exceeds the minimum reserve level for the funds. The actual coverage level is however below the reserve deficit limit. The total reserve deficit amounts to EUR 312 million as of September 30, 2004 (June 30, 2004: EUR 350 million). The decrease is partially the result of the transfer of pension assets and liabilities of former KPN employees. In 2005, we have to pay 20% of any shortfall as of December 31, 2004 on top of our regular pension contributions. The actual reserve deficit as of December 31, 2004 will therefore determine the payment due in 2005.

Annex Business performance by division

Fixed division

General

The results for the third quarter and year-to-date September 2004 were as follows:

Q3 2004	Q3 2003	In millions of euro	YTD 2004	YTD 2003
1,779	**1,925**	**Operating revenues**	**5,449**	**5,788**
		Of which:		
1,770	1,919	Net sales	5,424	5,761
5	4	Own work capitalized	17	14
4	2	Other operating revenues	8	13
1,365	**1,532**	**Operating expenses**	**4,110**	**4,479**
		Of which:		
309	369	Depreciation, amortization and impairments	940	1,065
414	**393**	**Operating result**	**1,339**	**1,309**
		Of which:		
312	325	Fixed Networks	1,021	981
102	68	Business Solutions	318	328

Operating revenues

Operating revenues decreased by 7.6% in the third quarter and 5.9% in the first nine months of 2004. Excluding the lower Mobirail and Tetraned project revenues (EUR 49 million), operating revenues decreased by 5.2% in the third quarter (Q2 2004: -6.8%) and by 5.3% year-to-date 2004.

The decrease in operating revenues in the third quarter and year-to-date was the result of the following major effects:

- continuing migration from traditional services (such as voice telephony and data transport via leased lines) to new services (e.g., ADSL, Voice over IP, IP-VPN), which are usually rendered at lower tariffs;
- lower Mobirail and Tetraned project revenues, as these projects were mainly completed in the second half of 2003;
- MTA tariff reductions (total impact: EUR 67 million in the third quarter of 2004 and EUR 206 million in the first nine months of 2004);
- ongoing fixed-to-mobile substitution; and
- deconsolidation of SNT France and Scandinavia and KPN Belgium (only year-to-date).

Operating revenues of the Fixed division can be analyzed as follows:

Q3 2004	Q3 2003	In millions of euro	YTD 2004	YTD 2003
1,521	**1,596**	**Fixed Networks**	**4,663**	**4,871**
796	893	Fixed Telephony	2,465	2,735
677	709	Carrier Services	2,062	2,127
48	−6	Other FN (including intercompany revenues)	136	9
517	**581**	**Business Solutions**	**1,561**	**1,660**
338	343	Connectivity	1,006	1,036
122	152	Integrated & Managed Solutions	354	356
104	120	EnterCom	324	354
−47	−34	Other BS (including intercompany revenues)	−123	−86
−259	**−252**	**Intra-division sales**	**−775**	**−743**
1,779	**1,925**	**Operating revenues**	**5,449**	**5,788**

Fixed Networks

Fixed Telephony

<u>Q3 2004 versus Q3 2003</u>
In the third quarter of 2004, operating revenues decreased to EUR 796 million (-10.9%) due to MTA tariff reductions (EUR -25 million), continued migration to new services, mobile-only usage (September 30, 2004: 11% of the Dutch households; 9% by the end of 2003) and overall market decline. These trends are visible from developments in the number of connections and traffic volumes. As a result of ongoing competition in the business market and mobile-only usage, domestic traffic decreased by 0.68 billion minutes (-13.5%) to 4.34 billion minutes in the third quarter of 2004. In the same quarter, Internet traffic fell by 1.44 billion minutes (-46.2%) to 1.68 billion minutes due to ADSL growth.

Number of connections (in thousands)	Q3 2004	Q3 2003
PSTN	5,979	6,166
ISDN	1,525	1,555
Total	**7,504**	**7,721**

Q3 2004	Q3 2003	Traffic volumes (in billions of minutes)	YTD 2004	YTD 2003
2.69	3.08	Domestic local	8.85	10.38
1.65	1.94	Domestic long-distance	5.37	6.27
4.34	**5.02**	**Total domestic traffic volumes**	**14.22**	**16.65**
1.68	3.12	Internet-related	6.63	10.70
0.59	0.61	Fixed-to-mobile	1.82	1.89
0.24	0.28	International	0.76	0.87
6.85	**9.03**	**Total traffic volumes Fixed Telephony**	**23.43**	**30.11**
3.16	3.11	Terminating	10.07	9.12
2.79	2.77	Originating voice	8.95	8.66
0.80	1.44	Originating internet	3.18	5.04
1.48	1.44	Transit	4.54	4.47
1.76	1.70	International	5.11	4.92
9.99	**10.46**	**Total traffic volumes Carrier Services**	**31.85**	**32.21**
−0.24	−0.26	Other/intra-division traffic [7]	−0.76	−0.87
16.60	**19.23**	**Total traffic volumes Fixed division**	**54.52**	**61.45**

The following table provides an overview of the development in average tariffs:

Q3 2004	Q3 2003	In euro per minute (= rate)	YTD 2004	YTD 2003
0.0309	0.0311	Domestic local	0.0308	0.0301
0.0442	0.0436	Domestic long-distance	0.0440	0.0421
0.0244	0.0218	Internet-related	0.0234	0.0205
0.2129	0.2585	Fixed-to-mobile	0.2122	0.2562
0.1934	0.2019	International	0.1885	0.1964

<u>YTD 2004 versus YTD 2003</u>

In the first nine months of 2004, total operating revenues decreased by 9.9% to EUR 2,465 million as a result of MTA tariff reductions (EUR 78 million), the increase in fixed-to-mobile substitution, migration to new services and overall market decline.

Carrier Services

<u>Q3 2004 versus Q3 2003</u>

In the third quarter of 2004, higher volumes for terminating, originating voice, transit and international traffic were offset by lower volumes of Internet traffic and the adverse impact on revenues from MTA tariff reductions (EUR 42 million). Compared to the same period last year, total operating revenues decreased by 4.5% to EUR 677 million.

<u>YTD 2004 versus YTD 2003</u>

Due to the EUR 128 million effect of MTA tariff reductions, which was to a large extent offset by higher traffic volumes, total operating revenues decreased by 3.1% to EUR 2,062 million in the first nine months of 2004.

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[7] Other/Intra-division traffic is related to international retail minutes Fixed Telephony handled by Carrier Services and charged to Fixed Telephony as international wholesale minutes.

Other units within Fixed Networks

Other units within Fixed Networks include ISPs Planet Internet, Het Net and XS4ALL, call center SNT and the units Fixed Network Operator and Broadband.

Q3 2004 versus Q3 2003

In the third quarter of 2004, total operating revenues of Fixed Networks' other units rose 6.5% to EUR 509 million mainly as a result of increased sales of ADSL connections. Revenues of the ISPs remained stable. Moreover, intercompany revenues in the third quarter of 2004 decreased to EUR 461 million (2003: EUR 484 million).

Operational data[8]	**Q3 2004**	**Q3 2003**
Number of ADSL connections (in thousands)	1,217	609
ADSL coverage	99%	87%
Market share consumer broadband (incl. cable operators)	43%	37%

YTD 2004 versus YTD 2003

In the first nine months of 2004, total operating revenues of Fixed Network's other units increased by 3.2% to EUR 1,537 million, while intercompany revenues were lower at EUR 1,401 million (2003: EUR 1,481 million).

Business Solutions

Q3 2004 versus Q3 2003

In the third quarter of 2004, total operating revenues of Business Solutions' units decreased by 11.0% to EUR 517 million primarily due to the revenues from the Mobirail and Tetraned projects, which were mainly completed in the second half of 2003.

Operating revenues of Connectivity decreased by 1.5% to EUR 338 million as a result of migration of traditional lease lines and Frame relay to IP-VPN networks or new xDSL products.

As EUR 49 million lower revenues from the Mobirail and Tetraned projects were not fully offset by increased revenues from a growing number of customer programs, additional growth in existing programs and an increase in the number of managed routers, operating revenues of Integrated & Managed Services (IMS) decreased by 19.7% to EUR 122 million.

In addition, operating revenues of EnterCom decreased by 13.3% to EUR 104 million resulting from a decline in market volume in voice equipment and lower service revenues.

Operational data	**Q3 2004**	**Q3 2003**
Number of leased lines (in thousands), of which:	61	78
• Analog	73%	64%
• Digital	27%	36%
IP-VPN connections	27,595	12,868
VPN (customers)	1,257	628
Customer programs	100	69

[8] Market shares ADSL are based on externally available information.

YTD 2004 versus YTD 2003

In the first nine months of 2004, operating revenues of Business Solutions' units decreased by 6.0% to EUR 1,561 million, mainly as a result of lower revenues of the business units Connectivity and EnterCom as well as lower intercompany revenues.

Operating expenses

Q3 2004 versus Q3 2003

The 10.9% decrease in operating expenses in the third quarter of 2004 reflects the effects of cost-cutting programs within the Fixed division, MTA tariff reductions and lower costs related to the Tetraned and Mobirail projects. The operating expenses were also affected by lower purchasing expenses (especially Fixed Telephony and Carrier Services) offset by higher operating expenses within the Broadband and IMS units in line with the strong growth in broadband services and customer programs. Furthermore, this quarter included a EUR 32 million addition to the early retirement provision. Depreciation, amortization and impairment charges decreased as a consequence of investment optimization programs as well as the fact that the Q3 2003 operating expenses included an impairment charge of EUR 42 million for certain fixed assets.

YTD 2004 versus YTD 2003

In the first nine months of 2004, operating expenses decreased by 8.2% to EUR 4,110 million. This decrease shows the effect of cost-cutting programs, MTA tariff reductions, the deconsolidation of certain activities and lower costs related to the Tetraned and Mobirail projects. Increased operating expenses in the Broadband and IMS units offset reduced purchase expenses from especially Fixed Telephony and Carrier Services. Operating expenses in the first nine months of 2004 included also a net restructuring charge (EUR 11 million) and an addition to the early retirement provision (EUR 32 million). Depreciation, amortization and impairment charges fell due to investment optimization programs as well as the fact that the 2003 operating expenses included impairment charges of EUR 80 million related to goodwill within SNT (EUR 38 million) and certain fixed assets (EUR 42 million).

Mobile division

Q3 2004	Q3 2003	In millions of euro	YTD 2004	YTD 2003
1,409	**1,324**	**Operating revenues**	**4,034**	**4,039**
		Of which:		
1,355	1,273	Net sales	3,869	3,631
40	36	Own work capitalized	114	104
14	15	Other operating revenues	51	304
1,247	**1,127**	**Operating expenses**	**3,547**	**3,293**
		Of which:		
263	260	Depreciation, amortization and impairments	786	785
162	**197**	**Operating result**	**487**	**746**

Operating revenues

Q3 2004 versus Q3 2003

In the third quarter of 2004, operating revenues increased by 6.4% to EUR 1,409 million driven by net sales increases in Germany and Belgium due to strong subscriber growth. In the Netherlands, the effect of a growing customer base on operating revenues was almost entirely offset by the MTA effect (EUR -23 million).

The total number of customers rose from 14.2 million on September 30, 2003 to 16.4 million by the end of September 2004. The increase consisted of 0.9 million postpaid customers and 1.3 million prepaid customers.

YTD 2004 versus YTD 2003

In 2003, income from the MobilCom termination agreement (EUR 222 million) positively affected revenues in Q1. Operating revenues were up 5.7% excluding this income. Subscriber growth is the main driver for the increase in net sales (+6.6%). E-Plus and BASE contributed to this growth. In the Netherlands, the effect of the increased customer base was more than offset by the MTA tariff reductions (EUR -75 million). As a consequence, the Dutch operating revenues were 1.8% lower.

Customers (in thousands)	**Sep. 30, 2004**	**June 30, 2004**	**March 31, 2004**	**Dec. 31, 2003**	**Sep. 30, 2003**
Pre-paid	9,536	9,107	8,844	8,555	8,235
of which i-mode	*730*	*596*	*443*	*246*	*59*
Postpaid	6,819	6,452	6,242	6,109	5,929
of which i-mode	*913*	*856*	*747*	*622*	*482*
Total	**16,355**	**15,559**	**15,086**	**14,664**	**14,164**
of which i-mode	*1,643*	*1,452*	*1,190*	*868*	*541*

Operating expenses

Q3 2004 versus Q3 2003
Operating expenses increased by 10.6% to EUR 1,247 million due to higher sales-related expenses (mainly cost of materials and distribution expenses) reflecting the division's ongoing customer acquisition and retention programs in highly competitive markets.

YTD 2004 versus YTD 2003
Operating expenses rose 7.7% to EUR 3,547 million due to intensive acquisition and retention activities in all markets, resulting in higher sales-related expenses.

Germany

Q3 2004	Q3 2003	In millions of euro	YTD 2004	YTD 2003
712	**630**	**Operating revenues**	**2,008**	**2,031**
		Of which:		
676	592	Net sales	1,903	1,682
27	28	Own work capitalized	81	81
9	10	Other operating revenues	24	268
726	**651**	**Operating expenses**	**2,057**	**1,905**
		Of which:		
197	179	Depreciation, amortization and impairments	567	552
–14	**–21**	**Operating result**	**–49**	**126**

Operating revenues

Q3 2004 versus Q3 2003
Total operating revenues rose 13.0% to EUR 712 million as a result of higher net sales (+14.2%). Main driver for this increase is a grown customer base (+13.8%) resulting in more traffic volume, while ARPU remained stable. Furthermore, revenues from peripheral and other equipment were up as 55.6% more handsets were sold.

YTD 2004 versus YTD 2003
Due to a EUR 222 million MobilCom termination fee recognized in the first quarter of 2003, operating revenues decreased by 1.1%. Excluding this income, operating revenues increased by 11.0%. Net sales increased due to a growth customer base, resulting in more traffic volume, as well as the higher number of handsets sold. Compared to the same period last year, ARPU remained almost stable.

Customers (in thousands)	Sep. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003	Sep. 30, 2003
Pre-paid	4,639	4,531	4,453	4,329	4,257
of which i-mode	*349*	*273*	*181*	*82*	*8*
Postpaid	4,426	4,185	3,995	3,877	3,707
of which i-mode	*653*	*582*	*470*	*358*	*265*
Total	**9,065**	**8,716**	**8,448**	**8,206**	**7,964**
of which i-mode	*1,002*	*855*	*651*	*440*	*273*

Q3 2004	Q3 2003	Traffic volumes and weighted average revenues in Germany	YTD 2004	YTD 2003
2,042	1,862	Total traffic volume (in millions of minutes)	5,833	5,263
77	79	Weighted monthly MoU (average Minutes of Use):	76	77
22	26	- Prepaid	23	26
135	140	- Postpaid	134	136
24	25	Total monthly ARPU (average revenues per user; in EUR):	24	24
8	9	- Prepaid	8	9
42	43	- Postpaid	41	42

Operating expenses

Q3 2004 versus Q3 2003

Primarily due to higher cost of materials (+30.7%) as more handsets were sold and increased work contracted out (+14.6%) resulting from more gross additions and higher commission payments per gross addition, operating expenses rose 11.5%. Amortization charges increased as the UMTS license is amortized as from September 2004.

YTD 2004 versus YTD 2003

Cost of materials rose 17.3% on higher handsets sales, whereas work contracted out was up 14.2% due to more gross additions. Other operating expenses fell 6.8% on reduced marketing expenses. As the UMTS license is amortized as from September 2004, amortization charges increased.

The Netherlands

Q3 2004	Q3 2003	In millions of euro	YTD 2004	YTD 2003
596	**618**	**Operating revenues**	**1,734**	**1,766**
		Of which:		
579	612	Net sales	1,681	1,746
13	4	Own work capitalized	30	13
4	2	Other operating revenues	23	7
400	**376**	**Operating expenses**	**1,152**	**1,106**
		Of which:		
35	48	Depreciation, amortization and impairments	120	140
196	**242**	**Operating result**	**582**	**660**

Operating revenues

Q3 2004 versus Q3 2003

Compared to the second quarter, we achieved a faster year-on-year customer base growth (Q3: +14.6%, Q2: +9.9%) in a very competitive market, with both the postpaid and prepaid customer base contributing. Reduced MTA tariffs and declined average prepaid usage more than offset the effect of a growing customer base. Consequently, operating revenues decreased by 3.6% to EUR 596 million in the third quarter. Without the EUR 23 million MTA effect, operating revenues were slightly above the same quarter last year. Due to the rollout of UMTS, own work capitalized increased in the third quarter.

YTD 2004 versus YTD 2003

The positive effect of the increasing customer base was more than offset by MTA tariff reductions, and a decline in average prepaid usage. As a result, reported net sales were 3.7% lower, but excluding the EUR 75 million MTA effect net sales rose slightly by 0.6%. Own work capitalized and other operating revenues increased due to the UMTS network rollout and a non-recurring royalty fee of EUR 15 million in the first quarter of 2004. Overall, operating revenues showed a decline of 1.8% compared to last year.

Customers (in thousands)	**Sep. 30, 2004**	**June 30, 2004**	**March 31, 2004**	**Dec. 31, 2003**	**Sep. 30, 2003**
Pre-paid	3,679	3,429	3,310	3,252	3,085
of which i-mode	*378*	*320*	*260*	*163*	*51*
Postpaid	2,094	1,977	1,959	1,953	1,953
of which i-mode	*234*	*247*	*249*	*240*	*197*
Total	**5,773**	**5,406**	**5,269**	**5,205**	**5,038**
of which i-mode	*612*	*567*	*509*	*403*	*248*

Q3 2004	Q3 2003	Traffic volumes and weighted average revenues in the Netherlands	YTD 2004	YTD 2003
1,973	1,941	Total traffic volume (in millions of minutes)	5,956	5,815
117	131	Weighted monthly MoU (average Minutes of Use):	123	131
36	48	- Prepaid	37	48
261	259	- Postpaid	270	262
34	40	Total monthly ARPU (average revenues per user; in EUR):	34	38
11	16	- Prepaid	11	15
73	76	- Postpaid	73	73

Operating expenses

Q3 2004 versus Q3 2003

In the third quarter, operating expenses were 6.4% higher compared to the same quarter last year. Increasing handset sales volumes caused a further rise in costs of materials. Higher dealer commissions and bonuses also added to the increased operating expenses. This was partly offset by a EUR 19 million release from accruals, among which a partial release from the amount accrued for the NMa claim.

YTD 2004 versus YTD 2003

Operating expenses rose 4.2% compared to the nine-month period last year. The same reasons as mentioned in the quarter-to-quarter analysis affected the increase in this period.

Belgium

Q3 2004	Q3 2003	In millions of euro	YTD 2004	YTD 2003
109	**81**	**Operating revenues**	**318**	**240**
		Of which:		
107	76	Net sales	311	228
1	3	Own work capitalized	4	9
1	2	Other operating revenues	3	3
121	**102**	**Operating expenses**	**342**	**292**
		Of which:		
32	32	Depreciation, amortization and impairments	100	92
–12	**–21**	**Operating result**	**–24**	**–52**

Operating revenues

Q3 2004 versus Q3 2003

Operating revenues grew 34.6% compared to the same quarter last year. The higher operating revenues are entirely driven by a 30.6% customer base growth and higher average usage and ARPU.

YTD 2004 versus YTD 2003

Operating revenues increased by EUR 78 million or 32.5% compared the nine-month period 2003 as a result of 36.4% higher net sales due to the grown customer base and higher average usage and ARPU.

Customers (in thousands)	**Sep. 30, 2004**	**June 30, 2004**	**March 31, 2004**	**Dec. 31, 2003**	**Sep. 30, 2003**
Pre-paid	1,218	1,147	1,081	974	893
of which i-mode	*3*	*3*	*2*	*1*	*0*
Postpaid	299	290	288	279	269
of which i-mode	*26*	*27*	*28*	*24*	*20*
Total	**1,517**	**1,437**	**1,369**	**1,253**	**1,162**
of which i-mode	*29*	*30*	*30*	*25*	*20*

Q3 2004	**Q3 2003**	Traffic volumes and weighted average revenues in Belgium	**YTD 2004**	**YTD 2003**
460	318	Total traffic volume (in millions of minutes)	1,315	866
104	92	Weighted monthly MoU (average Minutes of Use):	104	85
79	57	- Prepaid	77	45
205	205	- Postpaid	209	215
24	22	Total monthly ARPU (average revenues per user; in EUR):	24	22
13	11	- Prepaid	13	11
67	59	- Postpaid	66	59

Operating expenses

Q3 2004 versus Q3 2003

Operating expenses in the third quarter of 2004 were up 18.6% compared to the same period last year as a result of more traffic-related expenses in line with the grown net sales. Moreover, the expenses increased due to a restructuring charge (EUR 9 million) and higher advertising expenses. The amortization charge was higher due to the reversal of the GSM license impairment in Q4 2003.

YTD 2004 versus YTD 2003

Operating expenses are up 17.1% compared to the same period last year. The increase in the YTD figures is caused by the same reasons as mentioned in the quarter-to-quarter analysis.

Other activities

Q3 2004	Q3 2003	In millions of euro	YTD 2004	YTD 2003
94	**121**	**Operating revenues**	**352**	**813**
		Of which:		
88	105	Net sales	268	327
1	-	Own work capitalized	1	-
5	16	Other operating revenues	83	486
84	**108**	**Operating expenses**	**253**	**441**
		Of which:		
24	31	Depreciation, amortization and impairments	62	119
10	**13**	**Operating result**	**99**	**372**

Operating revenues

Q3 2004 versus Q3 2003
In the third quarter of 2004, operating revenues (EUR 94 million) showed a EUR 27 million or 22.3% decrease due to Xantic achieving lower sales levels and the deconsolidation of Logistics & Repair as of the end of 2003 upon the sale thereof.

YTD 2004 versus YTD 2003
In the first nine months of 2004, operating revenues decreased by EUR 461 million (-56.7%) to EUR 352 million. The book gain on Directory Services recorded in 2003 (EUR 435 million) was partly offset by EUR 56 million book gains on the sale of Eutelsat and PTC in 2004. Furthermore, the trends described in the quarter-to-quarter analysis contributed to the lower operating revenues.

Operating expenses

Q3 2004 versus Q3 2003
In the third quarter of 2004, operating expenses decreased by 22.2% to EUR 84 million resulting from the deconsolidation of Logistics & Repair and lower operational expenses within Xantic due to termination of certain activities. As a result of an office space reduction in 2002 and 2003, the smaller depreciation base resulted in lower charges.

YTD 2004 versus YTD 2003
In the first three quarters of 2004, operating expenses decreased by 42.6% to EUR 253 million benefiting from lower additions to the restructuring provision and the effect of cost reduction programs. Moreover, the trends set out in the quarter-to-quarter analysis contributed to the reduction of operating expenses.

Glossary

ADSL
Asymmetric Digital Subscriber Line
With ADSL, transmission from provider to user takes place at a higher speed than vice versa. ADSL allows high-speed digital communication, including video signals, over an ordinary twisted-pair copper phone line. An ADSL modem is required.

ARPU
Average Revenue Per User
The sum of connection fees, subscription fees and airtime service revenues during one month minus related discounts and divided by the average number of customers for that period.

DSL
Digital Subscriber Line
DSL is a technology bringing high-bandwidth information to homes and small businesses over ordinary copper phone lines. The widely used term xDSL refers to different variations of DSL, such as ADSL, HDSL, VDSL and SDSL.

DVB-T
Digital Video Broadcasting – Terrestrial
DVB-T constitutes a transparent transmission channel, via which all types of digital signal can be broadcast. In addition to digitalized video and audio data, multimedia and computer data can be broadcast just as well.

IP-VPN
Internet Protocol – Virtual Private Network
A secured and private network based on an IP infrastructure.

i-mode
Mobile data services platform that is originally developed and launched by NTT DoCoMo.

ISDN
Integrated Services Digital Network
A worldwide digital communications network evolving from existing telephone services. A standard ISDN connection consists of three channels, i.e. two B channels to carry data and voice at a speed of 64 Kb/s and one D channel to carry control information at a speed of 16 Kb/s.

MoU
Minutes of Use
Total airtime traffic in a month divided by the average number of customers for that period.

MTA tariff
Mobile Terminating Access tariff

The tariff, charged by a mobile operator for the termination of incoming telephone traffic (originating from either fixed or mobile networks) on its network.

MVNO
Mobile Virtual Network Operator
A mobile operator that does not own a spectrum or network structure but has business arrangements with traditional mobile operators to buy minutes of use to sell to its customers.

MVPN
Managed Virtual Private Network
MVPN (formerly known as LAN Interconnect) is a complete solution for companies that want to (inter) nationally connect user applications between separate offices into one VPN.

PSTN
Public Switched Telephone Network
A traditional telephone system using twisted-pair copper lines (voice traffic: up to 64 KB/s; data traffic: up to 56 Kb/s).

SMS
Short Message Service
Via this service, text messages of up to 160 characters can be sent to mobile phones using GSM technology.

UMTS
Universal Mobile Telecommunications System
As one of the major third generation mobile communications systems, UMTS is suited to deliver voice, text, music and video. Data can be sent via UMTS at six times the speed of ISDN.

Wi-Fi
Wireless Fidelity
A wireless connection that provides Internet access at the same speed as broadband

Financial calendar

March 1, 2005
Publication of results for the fourth quarter of 2004

April 12, 2005
Annual General Meeting of Shareholders

May 10, 2005
Publication of results for the first quarter of 2005

August 9, 2005
Publication of results for the second quarter of 2005

November 7, 2005
Publication of results for the third quarter of 2005

Please note that dates may be subject to change.

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