WIK Conference
27 April 2010

Agenda

- Introduction
- Update NGA Netherlands
- Regulatory perspectives

By Way of Introduction

- There is no substitute for competition
  - Surely politicians and regulators must understand this
- Competition serves a purpose
  - Surely politicians and regulators must understand this
- We will all be judged by achieving that purpose
  - Surely ….

KPN Fiber Plans Going Forward

Gradual fiber roll-out, complemented with wireless services

2009

- Copper network based on ADSL2+
- ~900k homes passed with fiber
- Large-scale DVB-T coverage
- ~1 mn TV customers
- Mobile network with HSPA 7.2

2010

- Intermediate step with VDSL upgrade, ready by Q2 ’10
  - 80% IPTV coverage
  - 70% HD coverage
- Further roll-out and activations on fiber
- Symmetrical bandwidths on FttH
- Roll-out HSPA 14.4

2012

- Further roll-out and commercialization of fiber
- Mix of infrastructures (fiber, copper, wireless)
- >1.5 mn TV customers
- Nationwide coverage UMTS/HSPA

Medium term

- Further fiber roll-out, driven by business case per region
- Opportunities for partnering
- Ambition for 30-60% fiber coverage in the Netherlands
- Introduction LTE for further speed and capacity increase

Explanation Medium Term

Medium term

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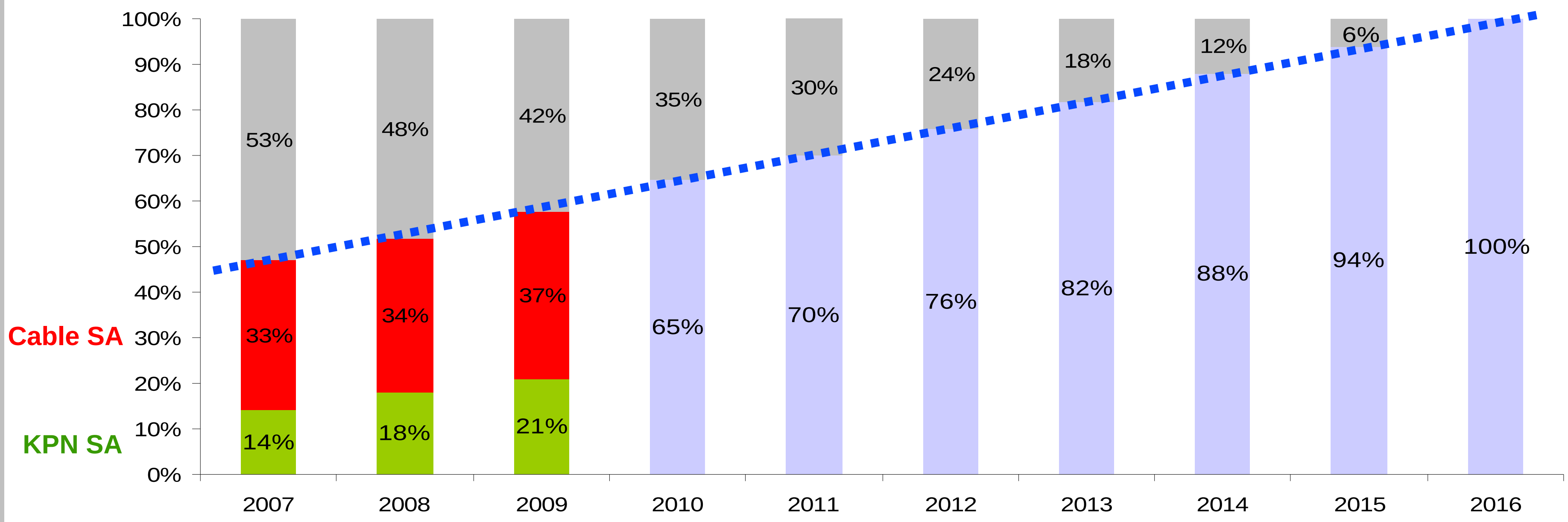
- Further fiber roll-out, driven by business case per region
  - Fiber roll out based on local incentives
  - Demand and supply
- Opportunities for partnering
  - Local authorities can accellerate roll out
  - Low density areas most likely
  - Various mechanisms: tendering, participating
- Ambition for 30-60% fiber coverage in the Netherlands
  - 5-7 years timeframe
  - Many factors at play
  - Cable already everywhere
- Introduction LTE for further speed and capacity increase
  - 2.6 Auction completed
  - Substitute for copper?

Infrastructure Map NL Rapidly Changing:
Market is developing into a full Single Access Market by 2016

Based on current trend: Single Access Market grows ~6% per year



Cable is in comfortable position, KPN has to catch up

= Singles Access Market (KPN SA + Cable SA)
= Dual Access

Leading to New Competition Problems

- Platforms have different performance
  - (HD) TV, multi-room
  - BB speeds
  - Reach
- Only in ftth areas platform competition for simultaneous Hi speed BB and multi-room 100+ HDTV
  - In many areas, cable will be High speed BB provider
  - In many areas, cable will also be dominant Digital TV provider
- Regulation will have to:
  - Go regional
  - Focus on dynamics of 3 Play competition
  - Focus on single access competition
  - Balance copper, wireless, ftth and HFC regulation

We Always Come Back to Regulation

- Again, competition is no substitute for competition
- Europe's middle way
  - Between Japan and USA
- Best is of course to pick and choose
  - Romantic view Japan: lower copper pricing and ftth will arrive
  - Romantic view USA: 2 is not enough and ftth will arrive
- Key aspects
  - Investment climate: public interest
  - Definition of markets
  - Choose the perspective of consumers
  - Sub-national markets
  - Harmonisation of principles
- Resulting in a fairly unworkable regulatory framework?