First quarter results 2014

25 April 2014

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 (‘FCF’). 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 as adopted by the European Union. In the Net Debt / EBITDA ratio, KPN defines Net Debt as the nominal value of interest bearing financial liabilities excluding derivatives and related collateral, representing the net repayment obligations in Euro, taking into account 50% of the nominal value of the hybrid capital instruments, less net cash and short-term investments, and defines EBITDA as a 12 month rolling total excluding restructuring costs, incidentals and major changes in the composition of the Group (acquisitions and disposals). 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. Revenues are defined as the total of revenues and other income unless indicated otherwise. Adjusted revenues and adjusted EBITDA are derived from revenues (including other income) and EBITDA, respectively, and are adjusted for the impact of restructuring costs and incidentals.

The term service revenues refers to wireless service revenues. Underlying service revenues are derived from service revenues adjusted for the impact of MTA and roaming (regulation) and incidentals.

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

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”, “will”, “may”, “could”, “should”, “intends”, “estimate”, “plan”, “goal”, “target”, “aim” 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 and speak only as of the date they are made. A number of these factors are described (not exhaustively) in the Annual Report 2013.

kpn

Contents

Executive summary

- Good strategic progress with continued growth in 4G, IPTV and multi play in The Netherlands
  - Nationwide 4G coverage in The Netherlands, >1 million 4G subscribers
  - 62k IPTV net adds leading to TV market share of 26%
  - Triple play penetration increased to 46%, 62k quad play net adds
  - Business multi play seats increased by 26k to 181k
- Service revenues remain under pressure in competitive Dutch mobile market, but retail postpaid net adds (+26k) promising
- Business market size declining due to continued customer rationalization and optimization
- Underlying service revenue growth in Germany of 3.8%, market outperformance in Belgium

- Lower Group revenues due to competitive mobile markets and declining Business market size
- Adjusted EBITDA (excl. phasing out handset lease) down 15% y-on-y due to declining revenues
- Capex 22% lower y-on-y driven by phasing out handset lease and less elevated investment levels
- Free cash flow reflects phasing

Outlook (continuing operations)

2014	• Financial performance stabilizing towards the end of 2014 • Capex < € 1.4bn[1]
2015	• Capex < € 1.5bn, including Reggefiber[1] • Free cash flow (excl. TEFD dividend)[2] growth expected in 2015 – Limited tax cash out in The Netherlands in coming years due to tax loss on sale of E-Plus – Interest payments trending down due to reduction of gross debt in coming years • Additional excess cash via potential dividend from 20.5% stake Telefónica Deutschland

1 Assuming Reggefiber consolidation per 31 December 2014
2 Free cash flow outlook defined as cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding Telefónica Deutschland dividend

Shareholder remuneration

Recommence dividend, subject to closing E-Plus sale

Dividend

- Recommence sustainable dividend payments, DPS of € 0.07 in respect of 2014
- Growing DPS expected in respect of 2015
- 1/3 interim dividend planned in August 2014, 2/3 final dividend in April 2015

Additional excess cash

- 20.5% stake Telefónica Deutschland
  - Cash upside via potential dividend payments
- Excess cash could be utilized for
  - Operational / financial flexibility
  - (Small) in-country M&A
  - Shareholder remuneration

E-Plus sale

Completion expected mid 2014

Confident on regulatory approval

- Increased competitiveness due to creation of stronger player in size and market presence
- Review by European Commission due to relevance for European landscape

Substantial benefits

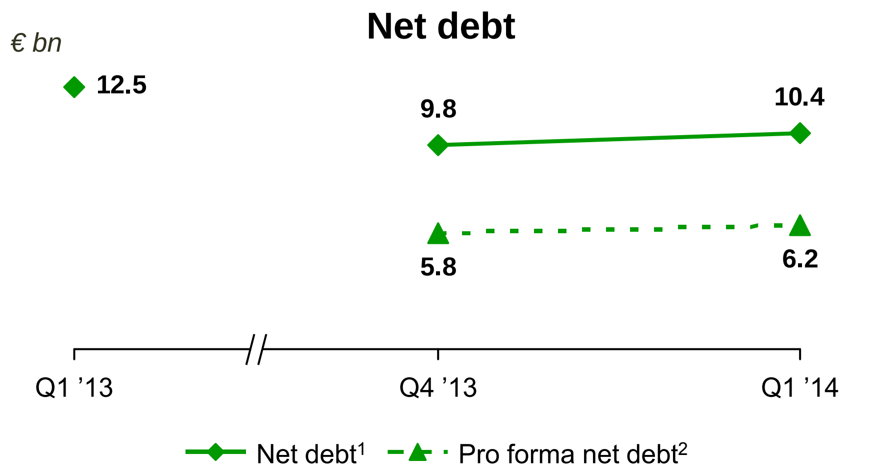
- Combination Telefónica Deutschland and E-Plus to realize substantial synergies
- KPN expected to benefit from (dividend payments via) 20.5% stake in Telefónica Deutschland

20 December 2013	*11 February 2014*	*June 2014*	*Mid 2014*	*Mid 2014*
EC decision to start phase II	EGM Telefónica Deutschland authorized acquisition and financing	Expected final EC decision	Rights issue Telefónica Deutschland	**Completion sale of E-Plus**

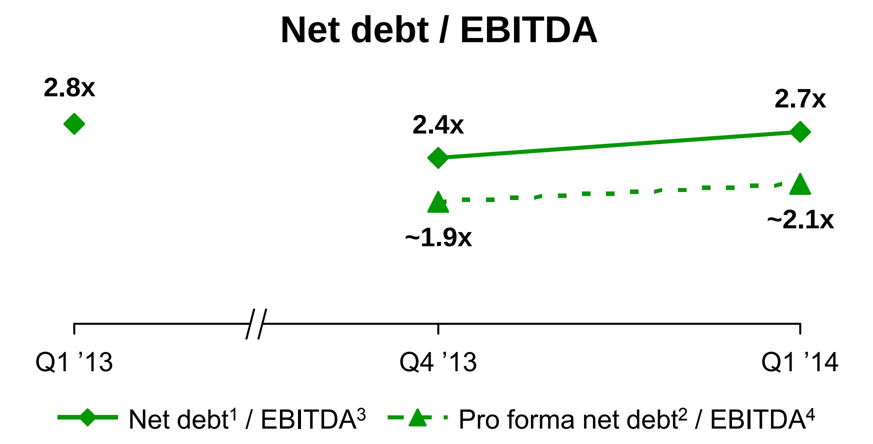
2013 2014

Contents

Group financial profile



- Net debt increased to € 10.4bn
  - Mainly due to intrayear free cash flow phasing
  - Additional shareholder loans to Reggefiber
- Average coupon senior bonds 4.9%, average maturity senior bonds 6.9 years



- Net debt / EBITDA at ~2.1x, pro forma E-Plus sale and Reggefiber consolidation
  - Higher net debt
  - Lower 12 months rolling EBITDA

1 Net repayment obligations in Euro, taking into account 50% of the nominal value of the hybrid capital instruments, less net cash and short-term investments
2 Pro forma adjustment, including net cash proceeds E-Plus sale and Reggefiber consolidation impact
3 Based on 12 months rolling total excluding restructuring costs, incidentals and major changes in the composition of the Group (acquisitions and disposals)
4 Pro forma adjustment: i) excluding last 12 months E-Plus EBITDA; ii) Reggefiber consolidation impact

Group results Q1 ’14 (continuing operations)

E-Plus discontinued operation

€ m (continuing operations)	Q1 ’14	Q1 ’13	*%*
Revenues	1,996	2,175	*-8.2%*
Adjusted revenues[1]	**1,989**	**2,155**	***-7.7%***
Operating expenses (excl. D&A)	**1,372**	**1,375**	***-0.2%***
EBITDA[2]	624	800	*-22%*
Adjusted EBITDA[3]	**621**	**785**	***-21%***
– Depreciation[4]	306	299	*2.3%*
– Amortization[4]	139	146	*-4.8%*
Operating expenses	1,817	1,820	*-0.2%*
Operating profit	**179**	**355**	***-50%***
Financial income/expense	-159	-179	*-11%*
Share of profit of associates	-1	-3	*-67%*
Profit before taxes	**19**	**173**	***-89%***
Taxes	-16	-21	*-24%*
Profit after taxes	**3**	**152**	***-98%***

- Adjusted revenues down 7.7% y-on-y
  - Competitive mobile markets and declining Business market size
- Opex (excl. D&A and impact phasing out handset lease) decreased 4.5% y-on-y
  - Lower personnel costs in The Netherlands
- Adjusted EBITDA (excl. impact phasing out handset lease of ~€ 43m) down 15% y-on-y due to declining revenues

1 Adjusted revenues are derived from revenues and other income and are adjusted for the impact of incidentals
2 Defined as operating profit plus depreciation, amortization & impairments
3 Adjusted EBITDA is derived from EBITDA and is adjusted for the impact of restructuring costs and incidentals
4 Including impairments

kpn

Group cash flow Q1 ’14 (continuing operations)

E-Plus discontinued operation

€ m (continuing operations)	Q1 ’14	Q1 ’13	%
EBITDA	**624**	**800**	***-22%***
Interest paid/received	-332	-297	*12%*
Tax paid/received	2	-59	*n.m.*
Change in provisions[1]	-115	-54	*>100%*
Change in working capital[1]	-135	120	*n.m.*
Other movements	1	-6	*n.m.*
Net cash flow from operating activities	**45**	**504**	***-91%***
Capex[2]	**337**	**433**	***-22%***
Proceeds from real estate	-	2	*-100%*
Tax recapture E-Plus	-	37	*-100%*
Free cash flow[3]	**-292**	**110**	***n.m.***
Coupon on perpetual hybrid	-	-	-

- Free cash flow € 402m lower y-on-y mainly due to
  - € 255m less cash from change in working capital, Q1 ’13 supported by € 167m prepayments made in Q4 ’12
  - € 176m lower EBITDA
  - € 50m cash settlement KPNQwest

  Partly offset by
  - € 96m lower Capex
- Capex 22% lower y-on-y
  - Phasing out handset lease
  - Lower customer driven Capex at Consumer Residential

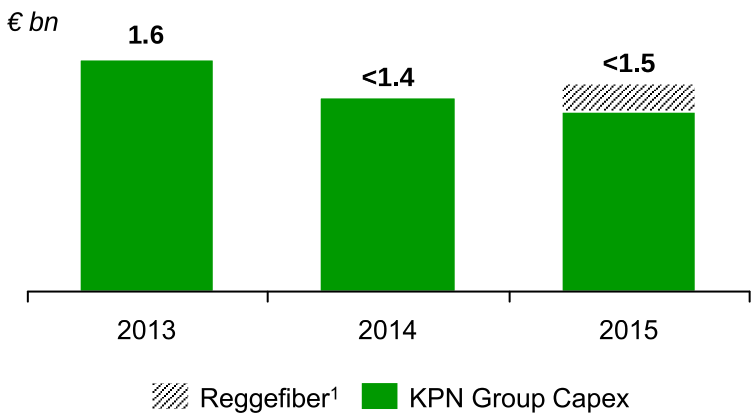
1 Excluding changes in deferred taxes
2 Including property, plant & equipment and software
3 Defined as cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture E-Plus

Capex and Simplification

Capex at less elevated levels going forward

Less elevated levels going forward

- High investments in recent years, of which large part completed
  - Capex improvements H1 ’14 largely driven by phasing out handset lease
  - Nationwide 4G coverage reached end Q1 ’14, lower mobile network investments going forward
  - Simplification program to support Capex reduction in H2 ’14 and beyond



First results Simplification program

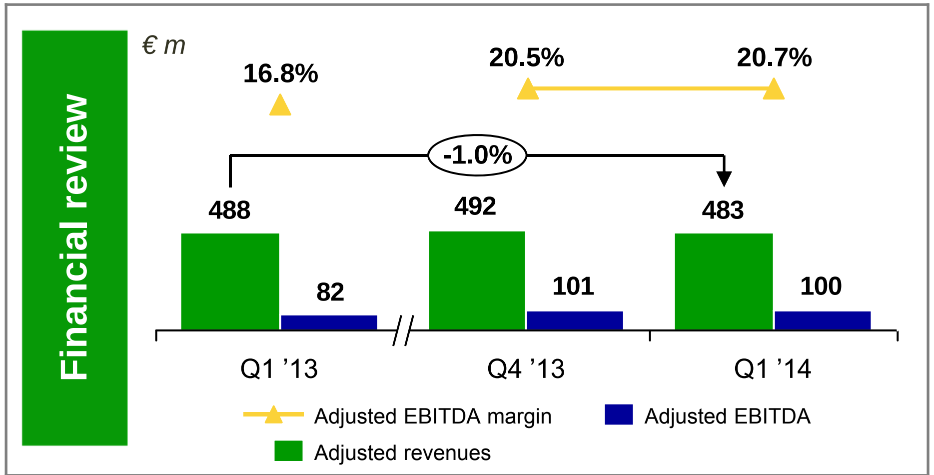
- Reduction product portfolio in Consumer Residential in Q1 ’14
  - Phased out ~90% broadband propositions
- First steps optimization of distribution model Consumer Mobile
  - Increased focus on online distribution
  - Hi brand now available in KPN shops
- Simplification program supporting further opex and Capex reduction in coming years

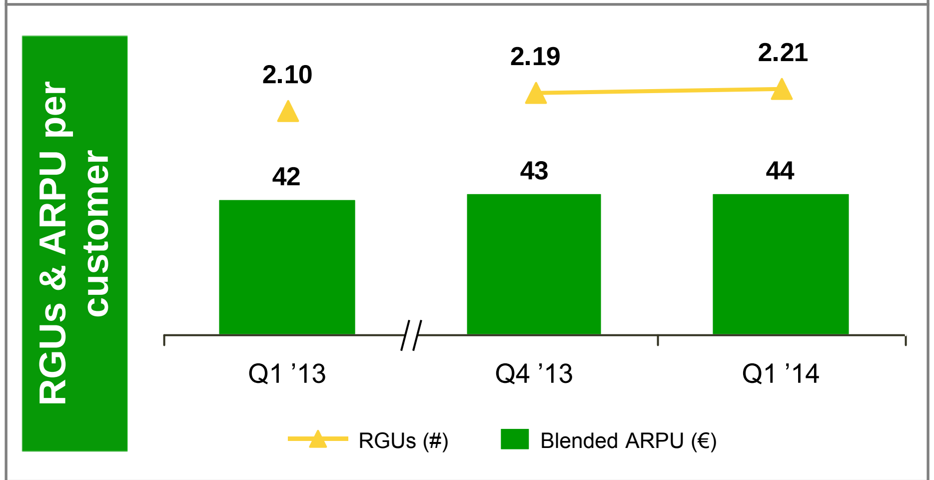
1 Reggefiber Capex included per 1 January 2015

Contents

Consumer Residential

Growing profitability

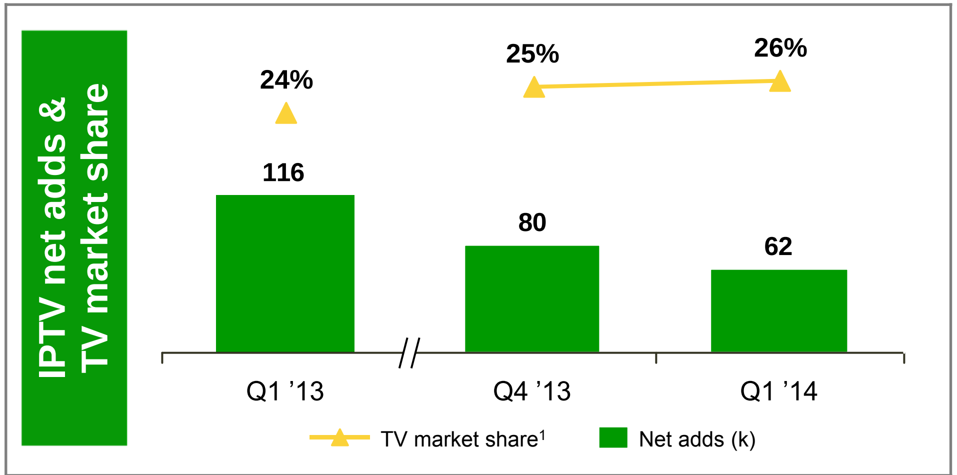


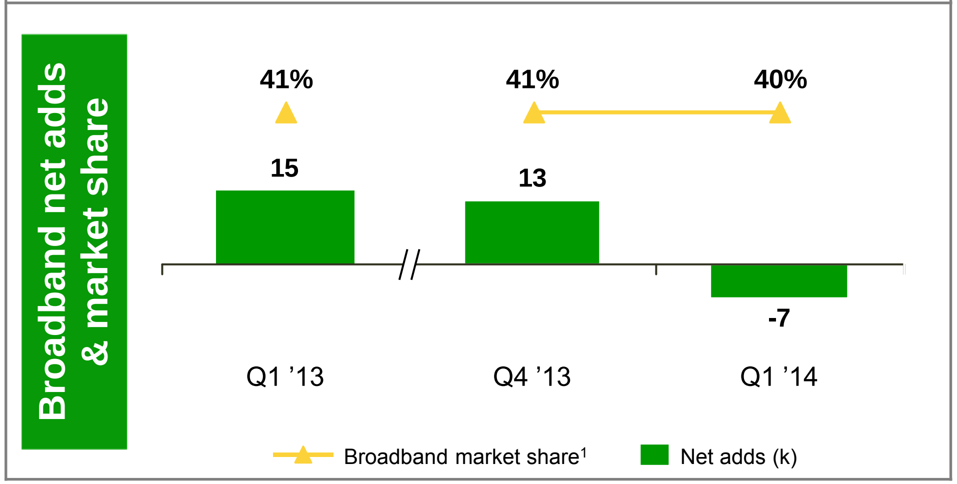


- Adjusted revenues 1.0% lower y-on-y
  - Continued decline traditional voice services
  - Increased promotional activities by competition in Q1 '14
  - IPTV promotions in H2 '13 leading to lower revenues in subsequent quarters
- Adjusted EBITDA margin higher y-on-y at 20.7% supported by lower marketing and personnel costs
- Increasing RGUs per customer driven by take-up triple play
- ARPU per customer continues to increase

Consumer Residential (cont'd)

Full focus on IPTV to grow multi play customer base



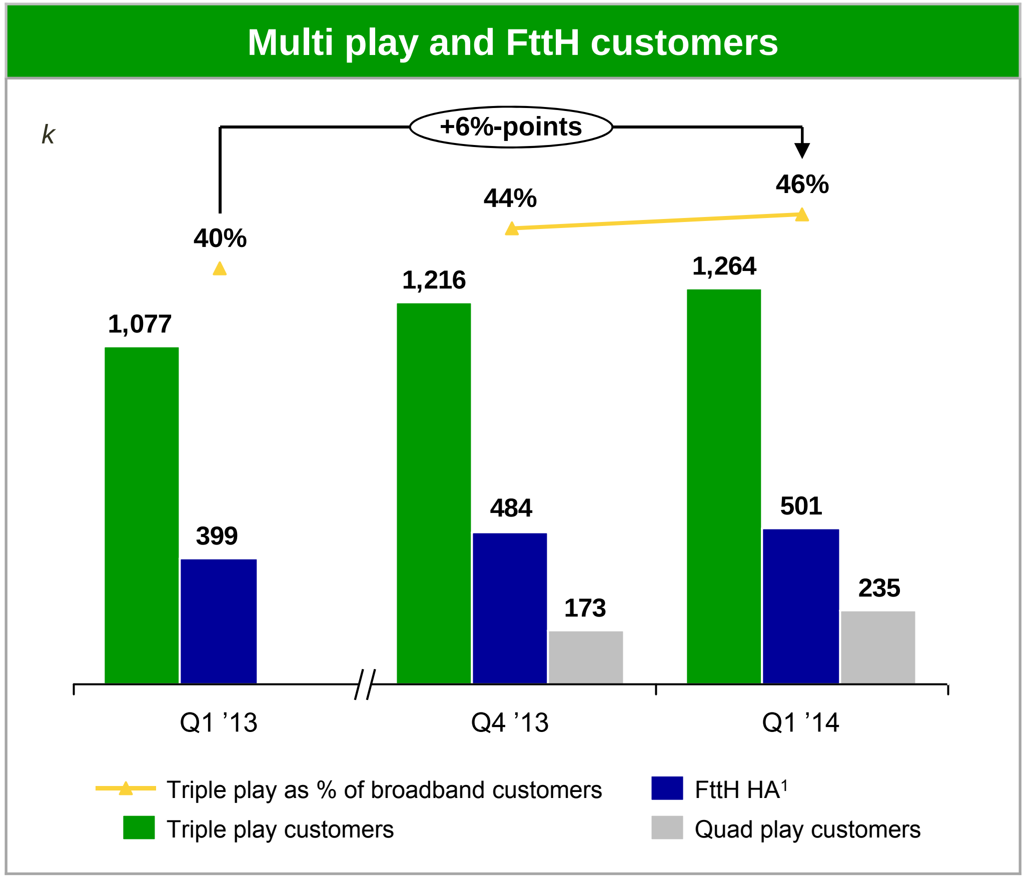


- Continued growth IPTV net adds (62k) leading to TV market share of 26%
- IPTV main driver for triple play growth
- Broadband base slightly lower driven by increased promotional activities of competition

1 Source: Telecompaper, management estimates for Q1 '14

Consumer Residential (cont'd)

Continued focus on growing multi play customer base

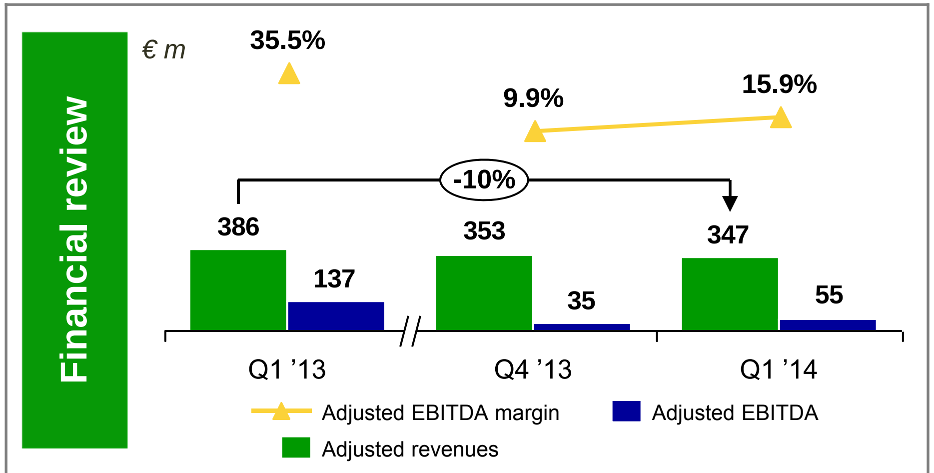


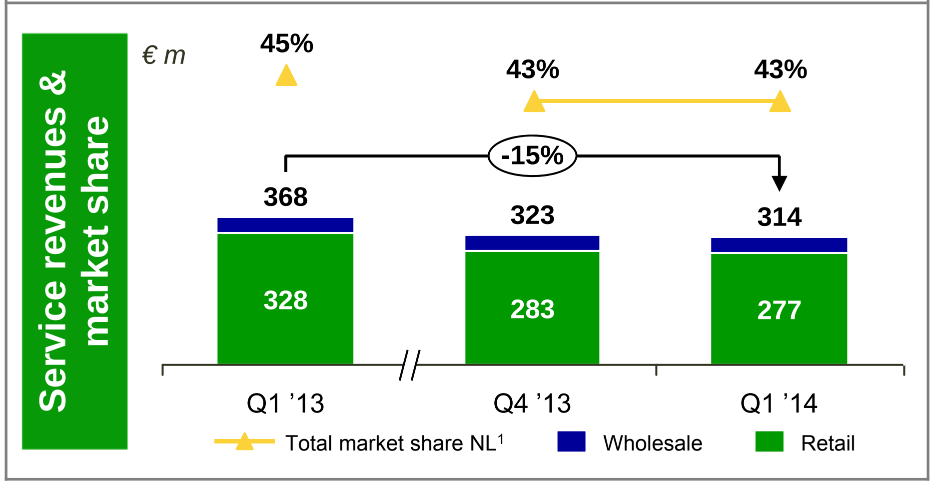
- Continued growth triple play customer base, penetration up 6%-points y-on-y
- 235k quad play customers per Q1 '14
  - 62k quad play customers added
- Telfort quad play introduced in Q2 '14
- KPN FttH customer base showed further growth, now at 501k

1 Homes Activated

Consumer Mobile

Service revenues remain under pressure



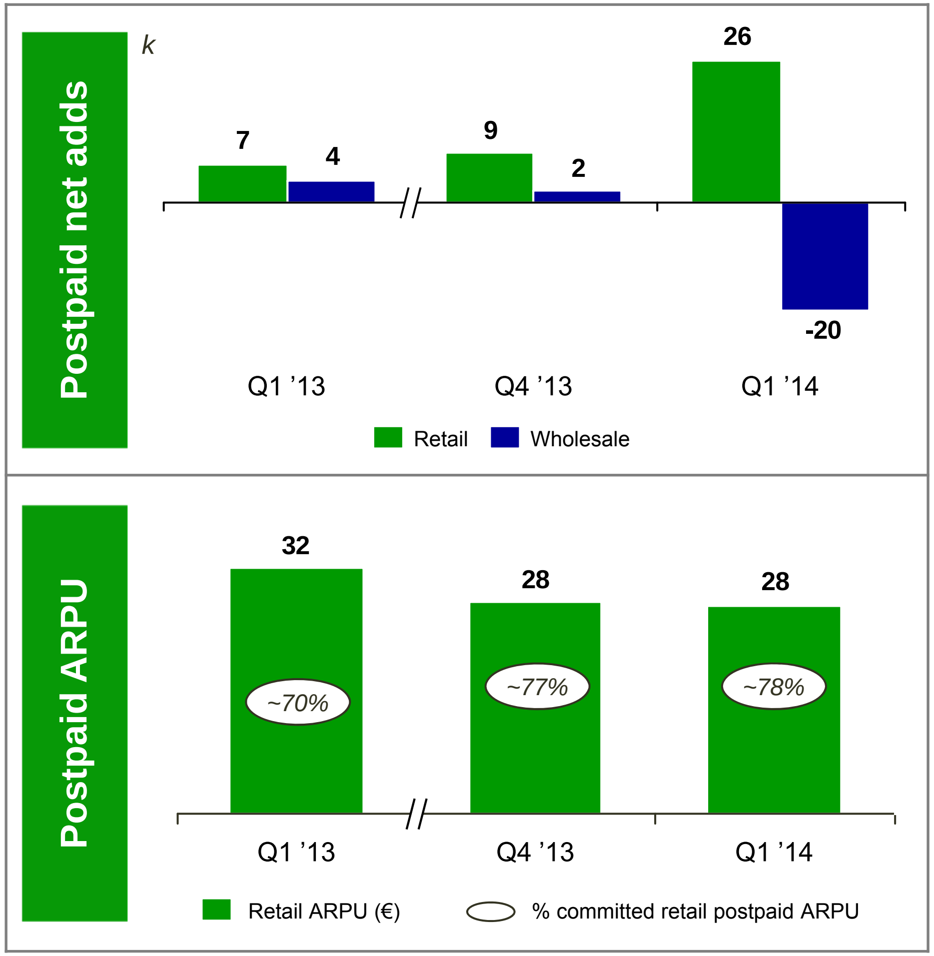


- Market remained competitive, especially due to move towards no frills segment
- Underlying service revenue decline of 12% y-on-y
  - Shift towards SIM-only
  - Lower above bundle usage
  - Continued pressure on pricing levels
- Adjusted EBITDA margin lower y-on-y
  - Phasing out handset lease (~€ 43m)
  - Lower service revenues
  - Higher retention and subscriber acquisition costs
- Market share at 43% in competitive mobile market

1 Total Dutch (Consumer and Business) mobile service revenue market share

Consumer Mobile (cont'd)

Retail postpaid net adds promising

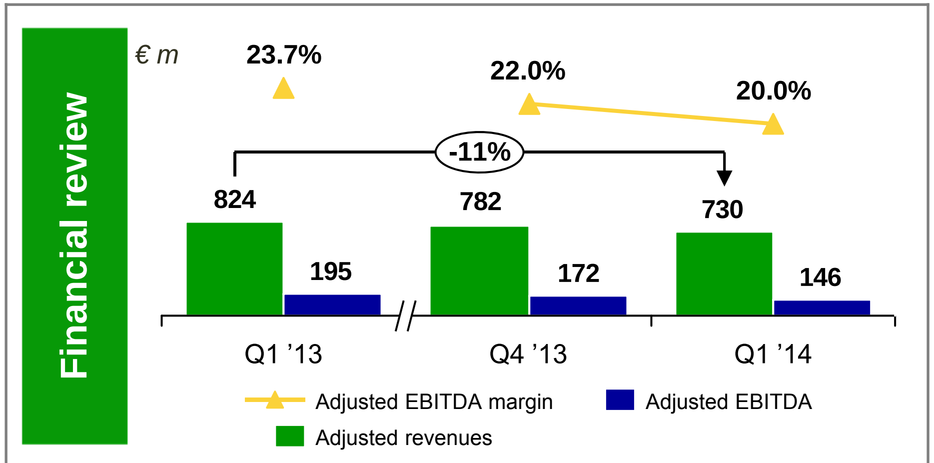


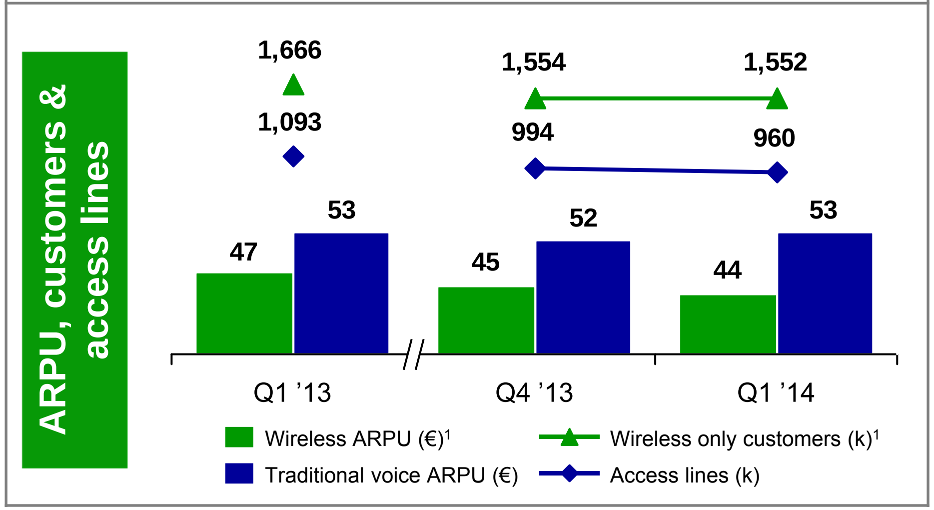
- Retail postpaid net adds at 26k
  - KPN and Hi brands repositioned
  - Lower churn by strong focus on existing customers and quad play
- 4G uptake accelerating, now 610k 4G subscribers in Consumer Mobile (Q4 '13: 323k)
- Nationwide 4G coverage realized, substantially ahead of competition
- Retail postpaid ARPU remains under pressure
  - Continued shift towards SIM-only
  - Decreasing above bundle usage

  Partly offset by
  - Improved performance full service brands (KPN and Hi)
- Committed ARPU up 8%-points y-on-y

Business

Declining market size leading to lower revenues and margins





1 Excluding M2M and multi play customers

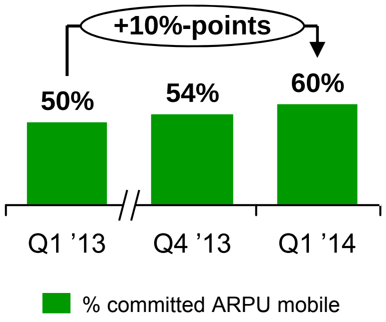
- Adjusted revenues declined 11% y-on-y
  - Continued decline of total market size driven by customer rationalization and optimization
  - Pro-active migration of customers to flat fees at lower ARPU levels
  - Sale of IS&P in Q2 '13 (1.8%)
- Adjusted EBITDA margin lower y-on-y at 20.0%
  - Declining fixed costs, however same level of variable costs to support market positions
  - Investments in new services such as cloud, e-health and M2M
- Decline access lines driven by rationalization and migration towards VoIP
- Wireless only customer base decline fully driven by migration to multi play

Business (cont'd)

De-risking revenues, growing multi play and new services

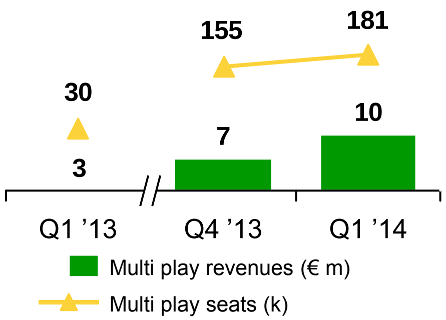
De-risking revenues

- Rapid uptake 4G
  - 412k 4G subscribers (~27% of total base)
- Committed ARPU up 10%-points y-on-y



Growing multi play base

- Focus on growing bundled services
- KPN ONE to drive multi play growth



Growing new services

- New innovative services announced

KLM FastTrack COMPANY

TESLA MOTORS

Luggage tracking & processing

M2M connectivity

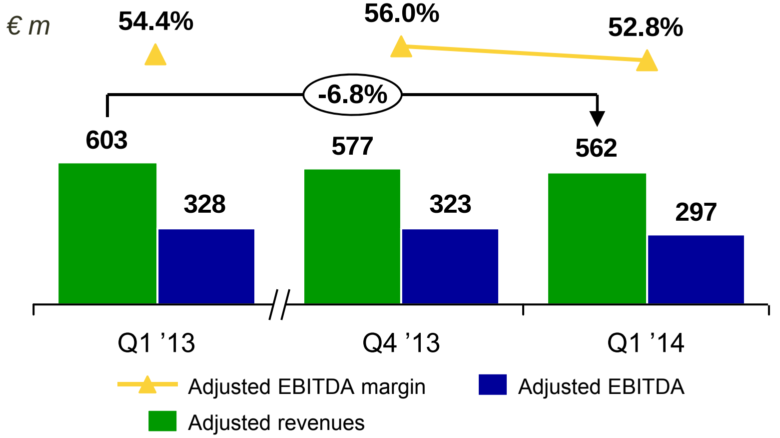
Decreasing fixed costs

- Simplification program resulting in
  - Reduced number of propositions
  - Less complexity
- FTE reductions
- Focus on improving pricing and efficiency of supplier contracts

kpn

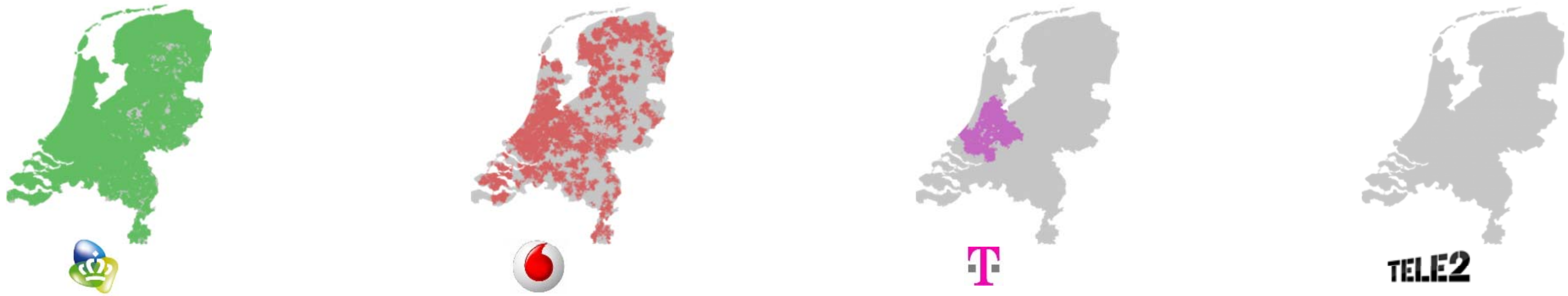
NetCo

Financial review



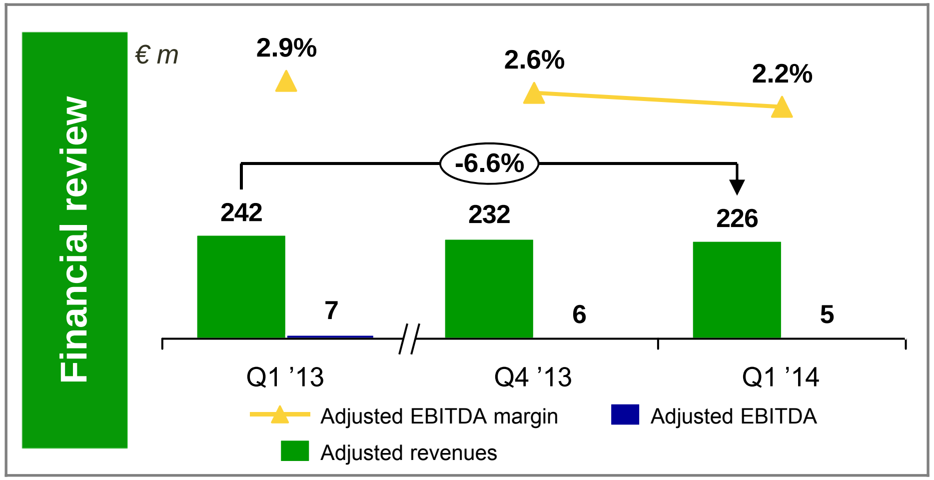
- Adjusted revenues down 6.8% y-on-y
  - Decline traditional services and lower traffic across segments
  - Lower wholesale traffic revenues
- Adjusted EBITDA margin lower at 52.8%
  - Decline of high margin traditional services
  - Increasing FttH customer base leading to higher access costs
  - Partly offset by savings from FTE reductions

KPN realized nationwide 4G network coverage, substantially ahead of competition[1]



1 Source: 4Gdekking.nl

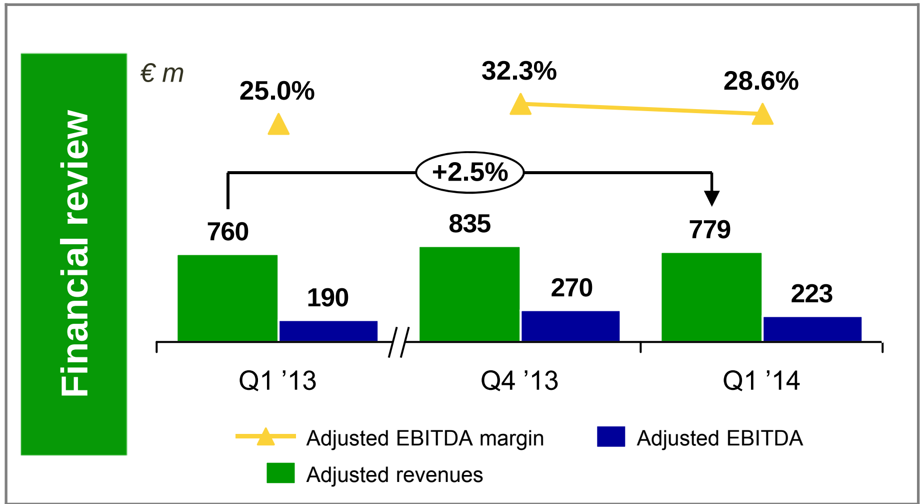
iBasis

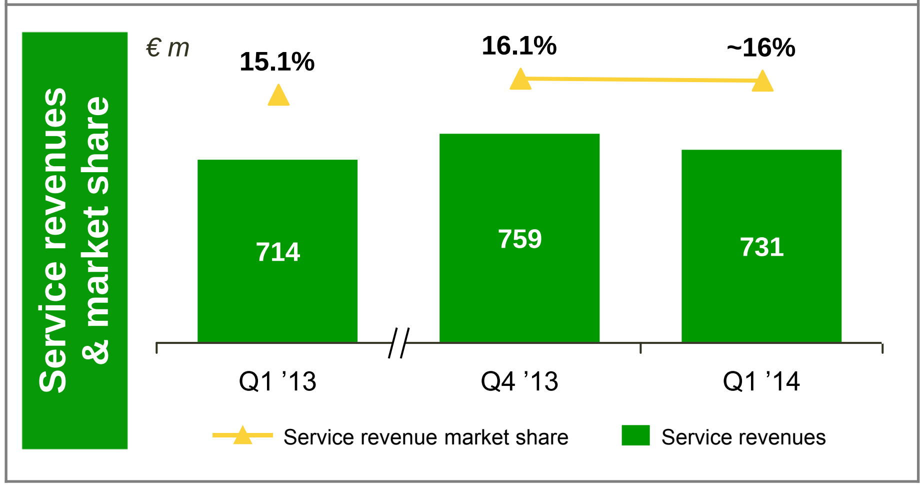


- Adjusted revenues down 6.6% y-on-y
  - Competitive international wholesale traffic market
  - Including 1.4% negative currency effect
- Adjusted EBITDA margin at 2.2%
  - High margin revenue decline
  - Investments in new services

Germany (discontinued operation[1])

Growing service revenues and market share



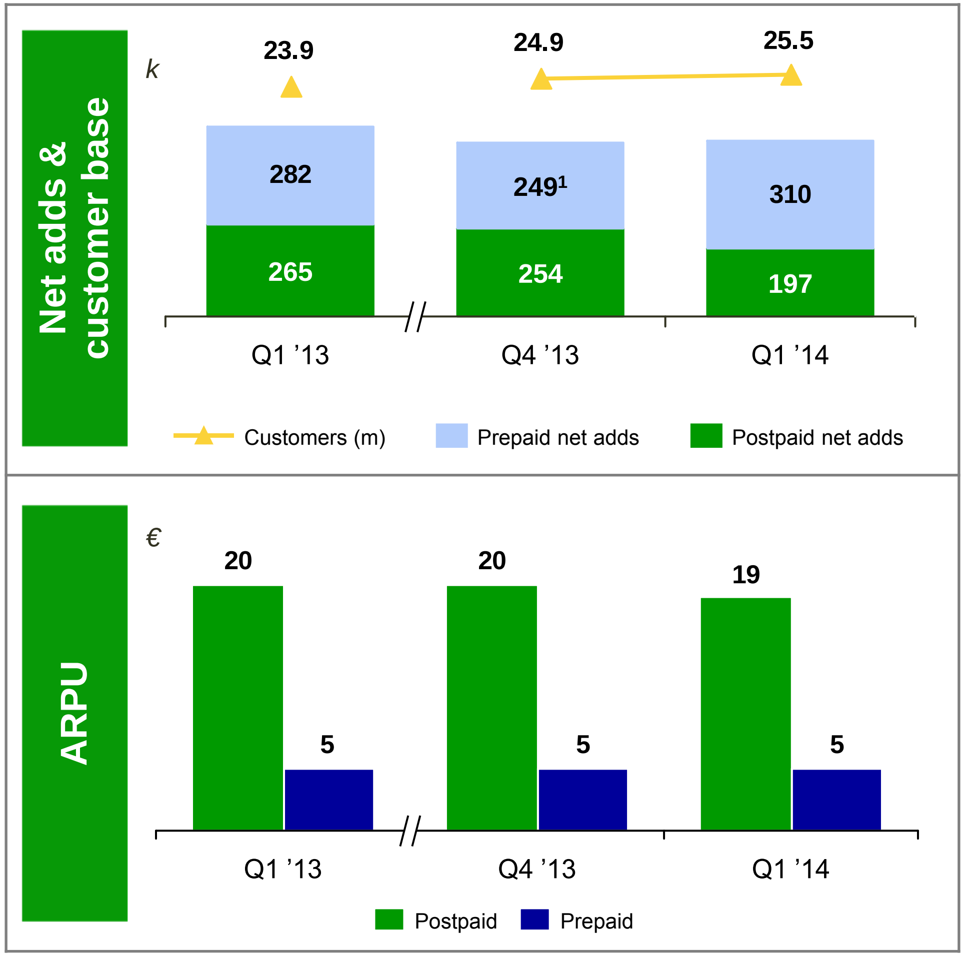


- Underlying service revenue growth of 3.8% y-on-y
- Improving service revenue trend driven by growing postpaid service revenues and stabilization of prepaid decline
- Adjusted EBITDA margin at 28.6%
- Market share increased y-on-y to ~16% in competitive mobile market environment

1 Some small operations in Germany will not be sold and remain reported in continuing operations

Germany (discontinued operation) (cont'd)

Continued strong postpaid net adds

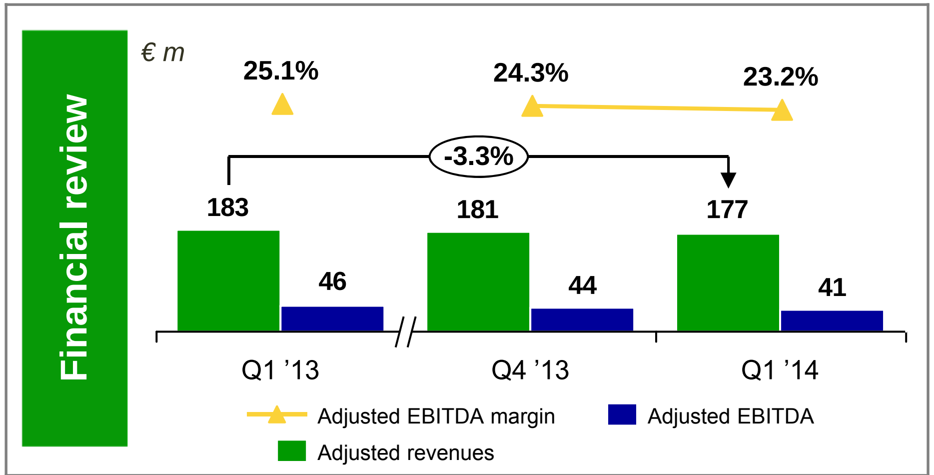


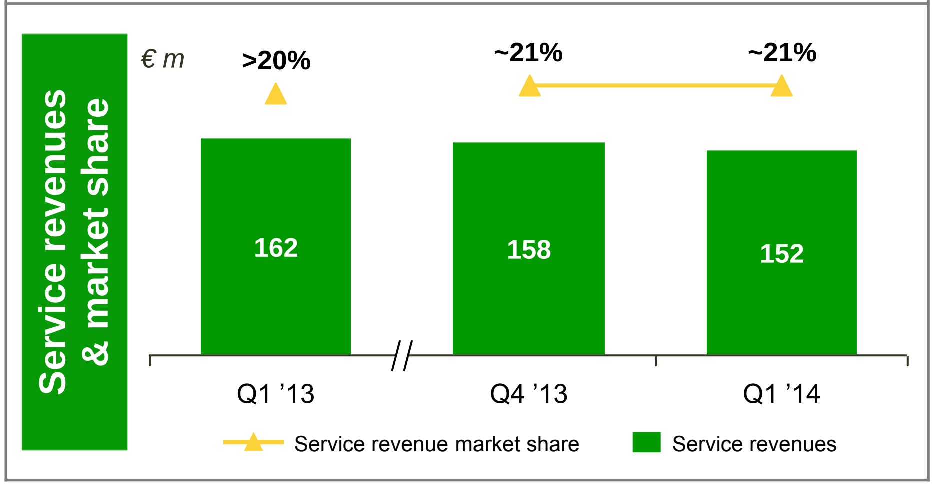
1 Excluding prepaid clean-up of 360k inactive SIM cards

- Continued strong postpaid net adds of 197k
  - Majority postpaid net adds from underpenetrated regions
- Further network quality improvements
  - LTE launched, population coverage at ~22%
  - Data speeds and throughput more than doubled in last twelve months
- New partnerships announced
  - First operator to launch MVNO with WhatsApp
  - Wholesale partnership with United Internet (1&1)
- Postpaid ARPU impacted by continued customer optimization, but supported by high inflow ARPU

Belgium

Increasing market share

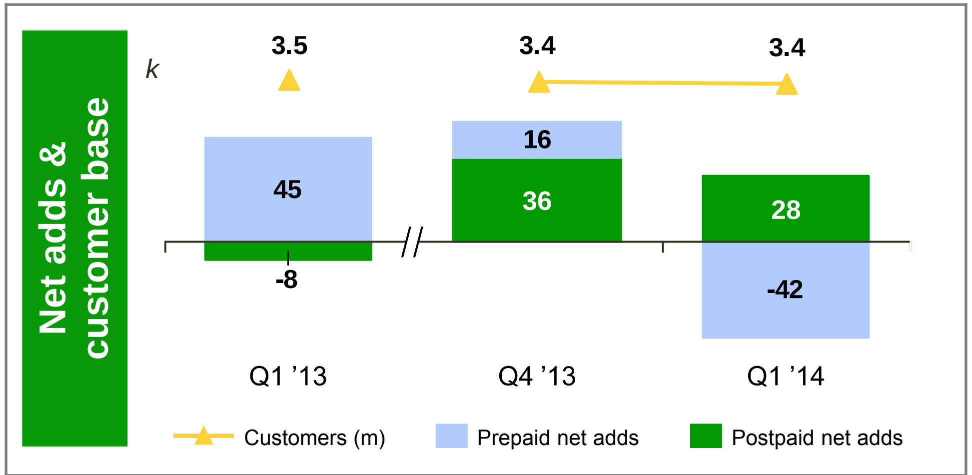


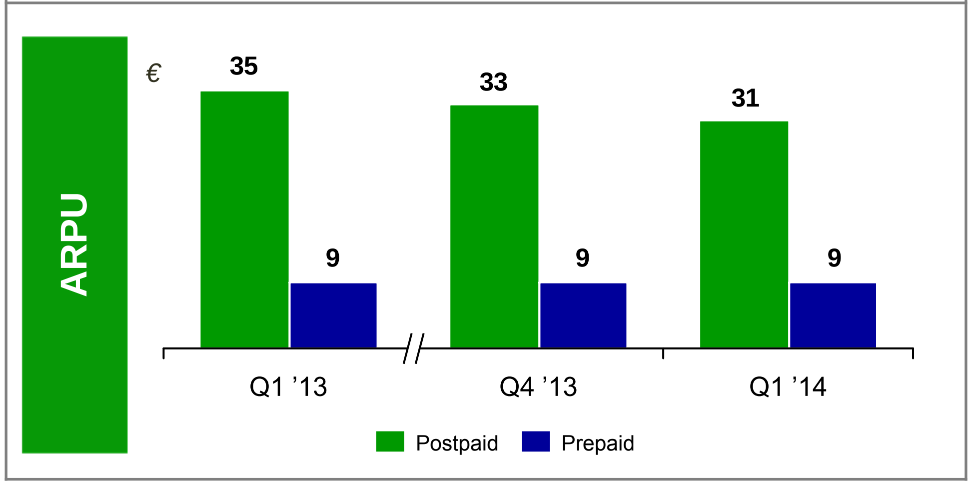


- Underlying service revenue decline 4.4% y-on-y in competitive market
  - Postpaid service revenue trend improving, prepaid under pressure
  - Continued tariff optimization by customers
- Adjusted EBITDA margin at 23.2%
  - Higher traffic costs driven by new portfolio
  - Provision for Walloon region site taxes (€ 2m)
- Market share increased to ~21%
- Continued strong data revenue growth of ~60% y-on-y

Belgium (cont'd)

Continued strong postpaid net adds, ARPU remains under pressure





- Continued strong postpaid net adds performance
  - Low postpaid churn levels maintained
- BASE Company launched 4G for all customers
  - 4G coverage at ~46% end Q1 '14, covering 591 cities, towns and villages
- Postpaid ARPU remains under pressure

Contents

Concluding remarks

- Good strategic progress with continued growth in 4G, IPTV and multi play in The Netherlands
- Service revenues remain under pressure in competitive Dutch mobile market, but retail postpaid net adds promising
- Business market size declining due to continued customer rationalization and optimization
- Service revenue growth in Germany and market outperformance in Belgium
- Confident to obtain regulatory approval and complete sale of E-Plus mid-2014

Q&A

Q1 2014 - Information Pack

For further information please contact

KPN Investor Relations

+31 70 44 60986

ir@kpn.com

www.kpn.com/ir

Contents

KPN ADR program

KPN has a sponsored Level 1 ADR program

ADR program	
Bloomberg ticker	KKPNY
Trading platform	Over-the-counter (OTC)
CUSIP	780641205
Ratio	1 ADR : 1 Ordinary Share
Depositary bank	Deutsche Bank Trust Company Americas
Depositary bank contact	Stanley Jones
ADR broker helpline	+1 212 250 9100 (New York) +44 207 547 6500 (London)
E-mail	adr@db.com
ADR website	www.adr.db.com
Depositary bank's local custodian	Deutsche Bank, Amsterdam

Contents

Analysis of adjusted results

Impact incidentals and restructuring costs

€ m			Q1 ’14	Q1 ’13
EBITDA effect (incl. discontinued operations)				
Restructuring costs	Restructuring	Group	-4	-17
Release of provisions	Incidental	NetCo	-	17
Revenue & EBITDA effect (incl. discontinued operations)				
Adjustment contract revenues	Incidental	NetCo	7	-
Release of deferred revenues	Incidental	Consumer Residential	-	13
Release of deferred revenues	Incidental	Consumer Mobile	-	7

kpn

Restructuring costs

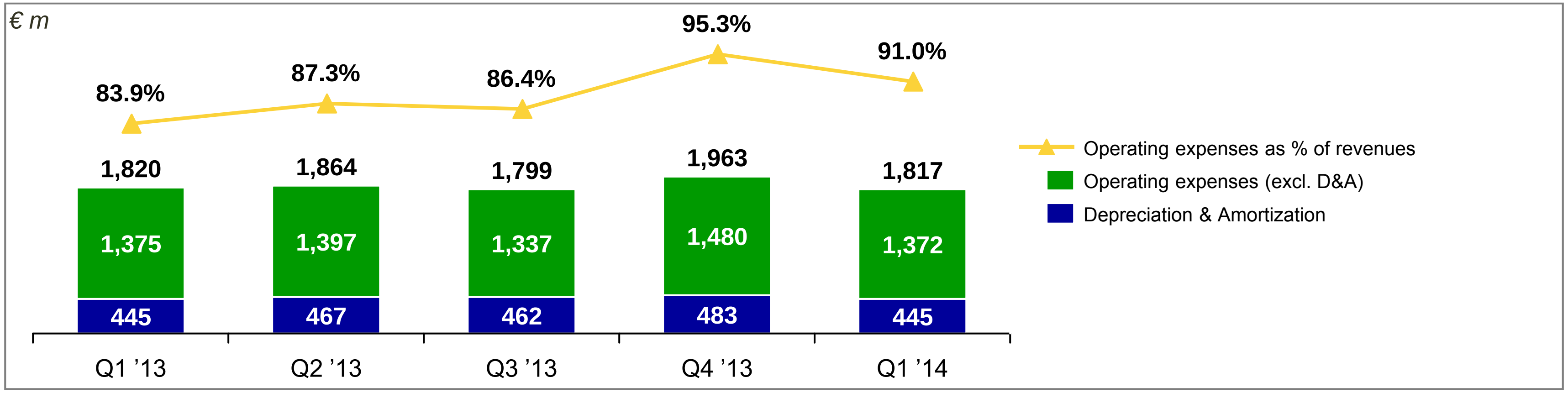
€ m	Q1 ’14	Q1 ’13
Germany (incl. discontinued operations)	-	5
Belgium	-	-
Mobile International (incl. discontinued operations)	**-**	**5**
Consumer Mobile	-	-3
Consumer Residential	-3	-2
Business	3	-5
NetCo	-	-3
Other	1	-6
The Netherlands	**1**	**-19**
Other	-5	-3
KPN Group (incl. discontinued operations)	**-4**	**-17**
Of which discontinued operations	*-*	*5*
KPN Group continuing operations	**-4**	**-22**

Impact regulation

€ m	Q1 ’14		Q1 ’13	
	Revenues	EBITDA	Revenues	EBITDA
Germany (incl. discontinued operations)	-10	-7	-35	-20
Belgium	-3	-2	-11	-7
Mobile International (incl. discontinued operations)	**-13**	**-9**	**-46**	**-27**
Consumer Mobile	-5	-1	-4	-3
Of which: Mobile Wholesale	*-1*	-	-	-
Business	-4	-3	-3	-3
NetCo	-2	-	-1	-
The Netherlands	**-11**	**-4**	**-8**	**-6**
KPN Group (incl. discontinued operations)	**-24**	**-13**	**-54**	**-33**
Of which discontinued operations	*-10*	*-7*	*-35*	*-20*
KPN Group continuing operations	**-14**	**-6**	**-19**	**-13**

Operating expenses

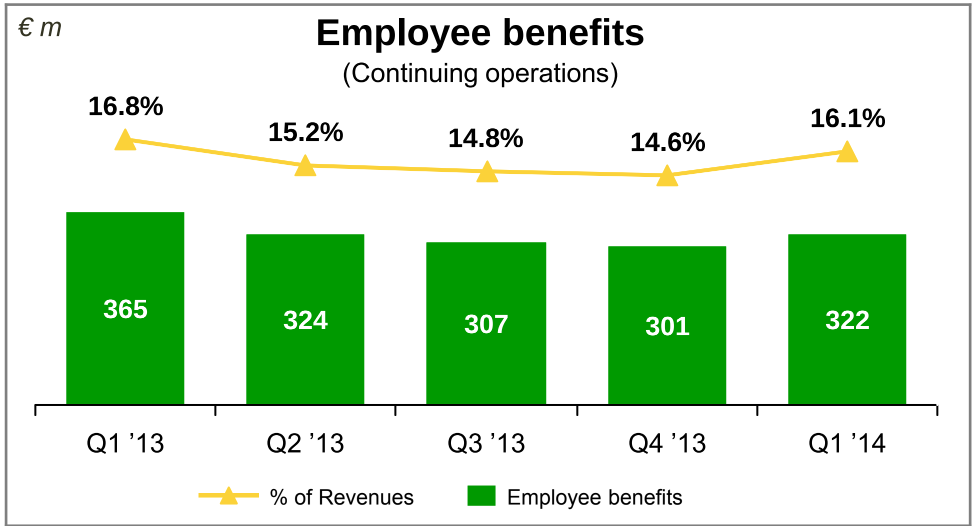
€ m	Q1 '14	Q1 '13	%
Employee benefits	322	365	-12%
Cost of materials	175	112	56%
Work contracted out and other expenses	811	796	1.9%
Own work capitalized	-20	-21	-4.8%
Other operating expenses[1]	84	123	-32%
Depreciation[2]	306	299	2.3%
Amortization[2]	139	146	-4.8%
Total operating expenses from continuing operations	**1,817**	**1,820**	**-0.2%**

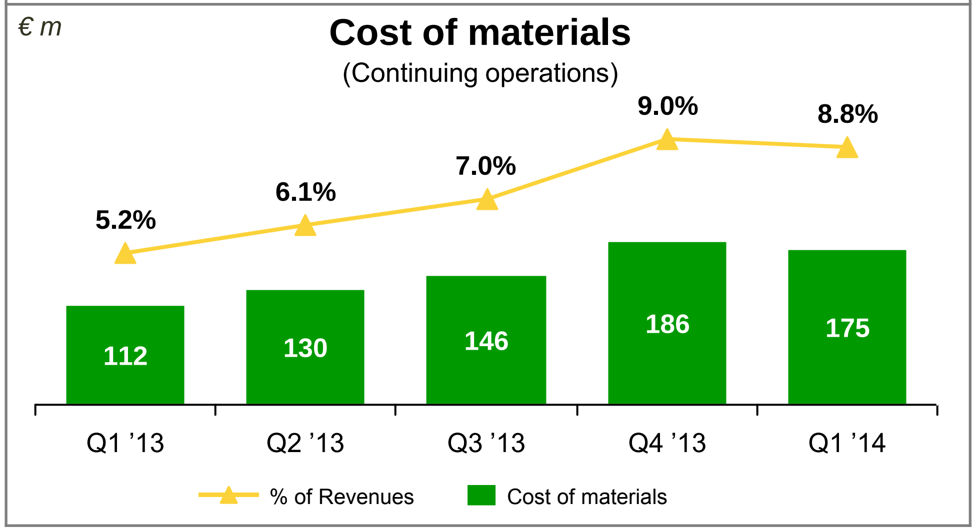


1 Including restructuring costs
2 Including impairments (if any)

Operating expenses - analysis

Employee benefits & Cost of materials





Y-on-Y decrease

- Lower cost as a result of FTE reduction program

Q-on-Q increase

- Lower pension expenses in Q4 2013 due to impact of changes in Dutch law
- Release of provision for several incentive schemes in Q4 2013

Y-on-Y increase

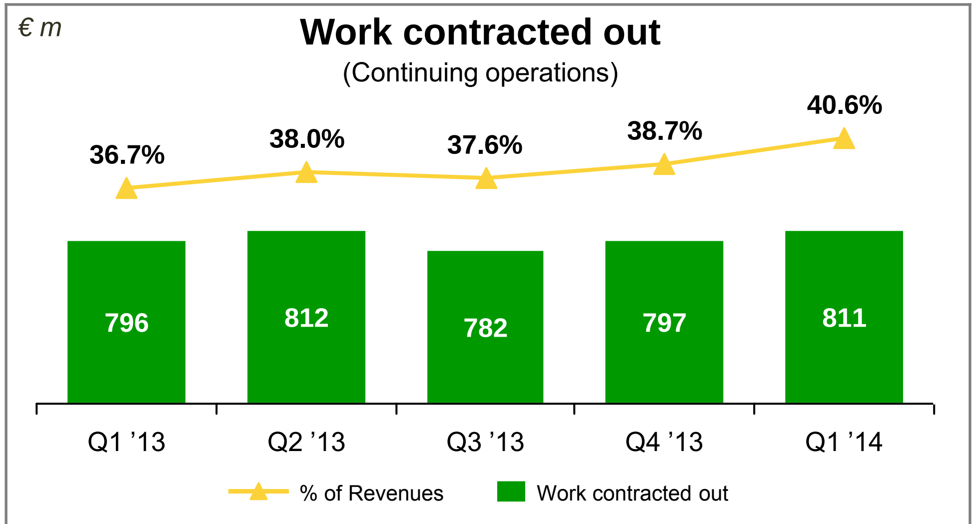
- Higher costs due to phasing out of handset lease at KPN and Hi brands at Consumer Mobile

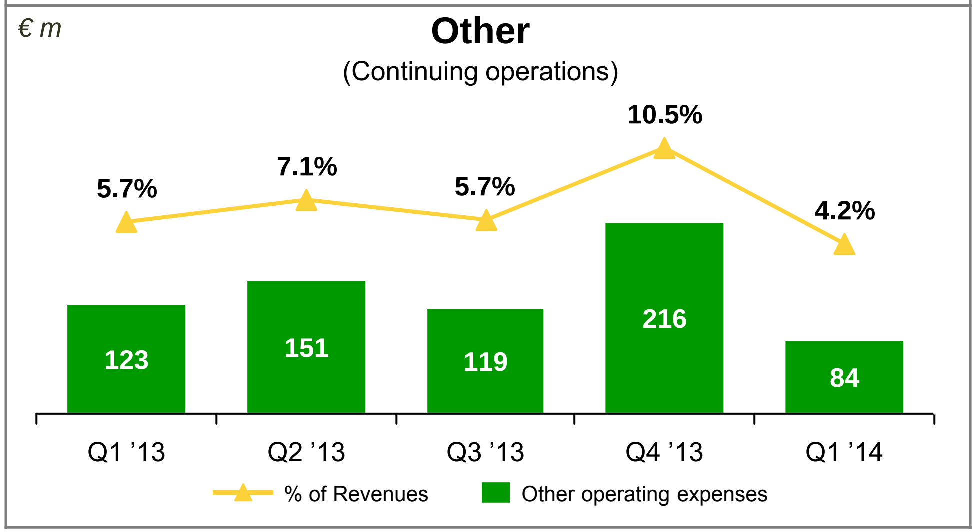
Q-on-Q decrease

- Lower hardware sales at Business

Operating expenses - analysis

Work contracted out & Other





Y-on-Y increase

- Higher content costs at Consumer Residential
- Release of provision in Q1 2013 at NetCo
- Partly offset by lower traffic costs at Consumer Mobile and iBasis

Q-on-Q increase

- Higher content costs at Consumer Residential

Y-on-Y decrease

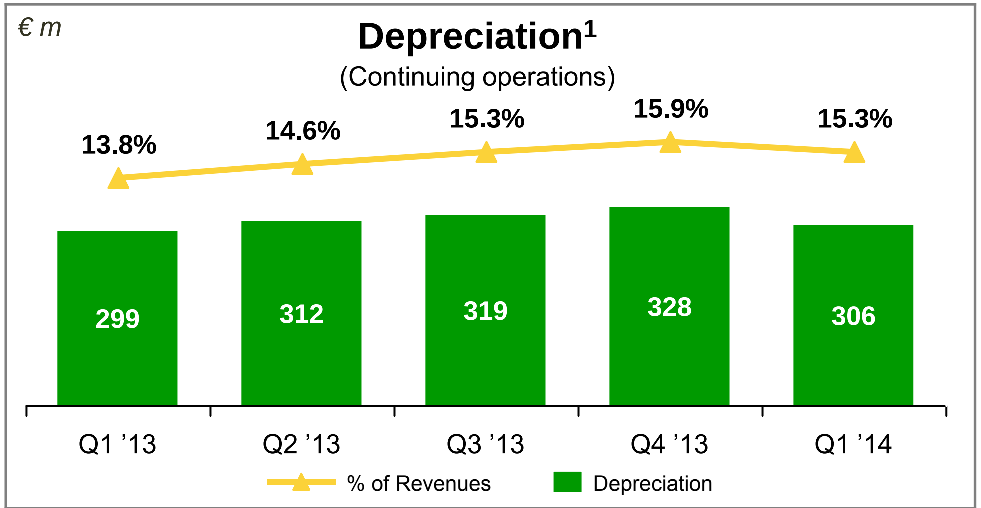
- Lower restructuring costs
- VAT return Dutch Tax Authorities relating to prior years

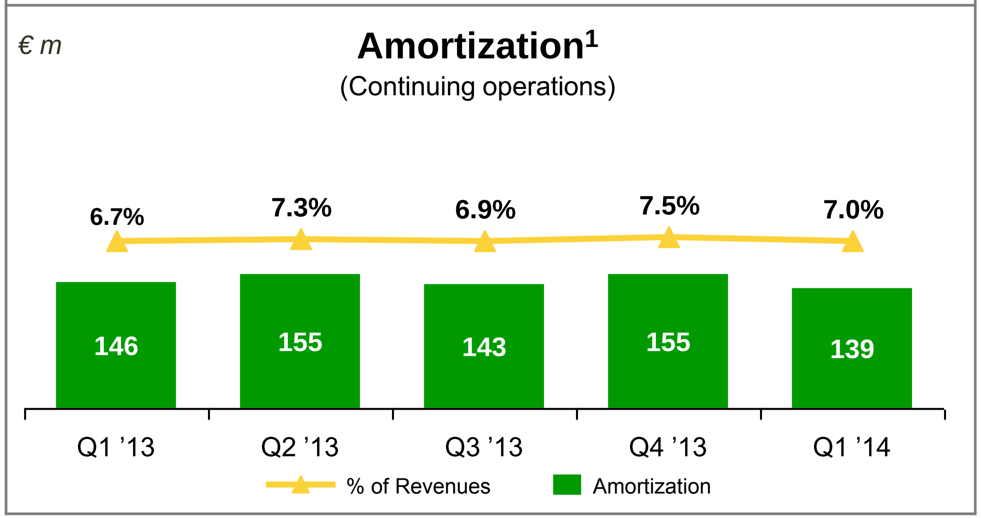
Q-on-Q decrease

- Lower restructuring costs
- Dotation to provisions in Q4 2013 mainly at Other activities

Operating expenses - analysis

Depreciation & Amortization





Y-on-Y increase

- Higher depreciation following fixed and mobile network modernization at NetCo
- Partly offset by phasing out of handset lease at KPN and Hi brands at Consumer Mobile

Q-on-Q decrease

- Phasing out of handset lease at KPN and Hi brands at Consumer Mobile
- Additional depreciation assets under construction in Q4 2013 at NetCo

Y-on-Y decrease

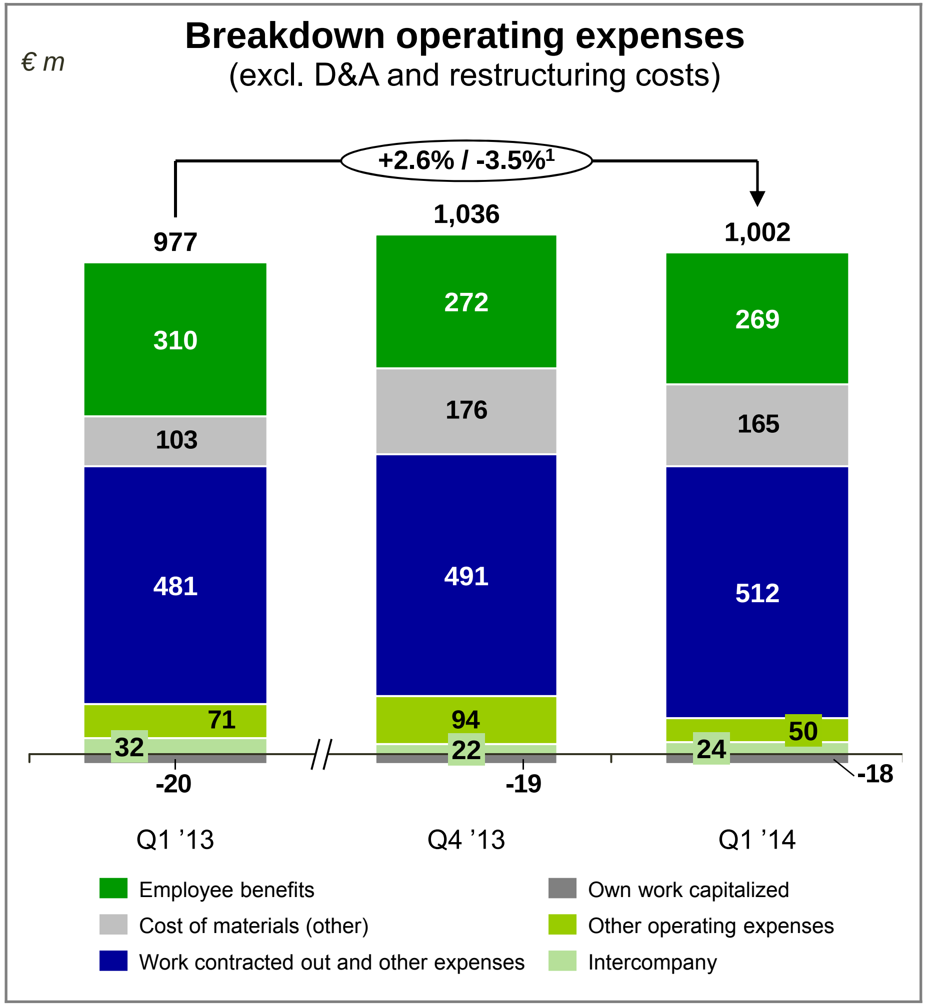
- Lower amortization of software and other intangibles in The Netherlands

Q-on-Q decrease

- Lower amortization of software and other intangibles in The Netherlands
- Higher amortization due to network investments (software) in Q4 2013 at NetCo

1 Including impairments, if any

The Netherlands – operating expenses



1 Excluding impact phasing out handset lease

- Operating expenses (excl. D&A, restr. costs and impact phasing out handset lease) down 3.5% y-on-y
- Employee benefit costs down 13% y-on-y
- Cost of materials (excl. impact phasing out handset lease) increased 3.3% y-on-y
- Work contracted out increased 6.4% y-on-y
  - Higher content costs at Consumer Residential
  - Release of provision in Q1 2013 at NetCo

  Partly offset by
  - Lower traffic costs
- Simplification program supporting further opex reduction in coming years

Dutch wireless disclosure

	Q1 '14	Q1 '13	%
Service revenues (€ m)	**527**	**613**	***-14%***
− Consumer retail	277	328	*-16%*
− Business	210	241	*-13%*
− Other[1]	40	44	*-9.1%*
SAC/SRC per subscriber (€)			
− Consumer retail[2]	213	153	*39%*
− Business	214	261	*-18%*

1 Includes amongst others Consumer Mobile wholesale and visitor roaming revenues at NetCo
2 Including handset subsidies, commissions, SIM costs and capitalization of handsets corrected for residual value

Tax

Fiscal units *(€ m)*	P&L Q1 '14	P&L Q1 '13	Cash flow Q1 '14	Cash flow Q1 '13
The Netherlands	-14	-19	4	-59[1]
Germany	8	-14	-2	-1
Belgium	1	-	-	1
Other	-3	-2	-2	-1
Total reported tax (incl. discontinued operations)	**-8**	**-35**	**0**	**-60**
Of which discontinued operations	*8*	*-14*	*-2*	*-1*
Reported tax continuing operations	**-16**	**-21**	**2**	**-59**
Effective tax rate continuing operations	*80.3%*	*11.9%*		

- In Q1 '14, the effective tax rate for continuing operations is strongly influenced by
  - One-off effects, mainly consisting of prior years' settlements with Dutch tax authorities
  - Reassessment of deferred tax positions
  - Changing mix of taxable results in the various countries
- For the 2014-2016 period, the effective tax rate, excluding one-off effects[2], is expected to be ~20%

1 Including tax recapture E-Plus
2 Excluding effects of, amongst others, settlements with tax authorities, impairments, revaluations

Contents

Debt summary

€ bn	Q1 '14	Q4 '13	%
Nominal debt	**13.44**	**14.42**	**-6.8%**
Eurobonds	10.08	10.83	-6.9%
Global bonds	0.76	0.76	-
Hybrid bonds	2.03	2.03	-
Credit facility	-	-	-
Preference shares (issued to Foundation Preference Shares B KPN)[1]	-	0.26	-100%
Financial leases and other loans	0.57	0.54	5.6%
Adjustments to nominal debt	**-1.02**	**-1.02**	-
Equity credit hybrid bonds	-1.01	-1.01	-
Cash collateral on derivatives	-0.01	-0.01	-
Gross debt[2]	**12.42**	**13.40**	-7.3%
Of which short-term	*0.95*	*1.93*	*-51%*
Net cash & cash equivalents	**2.01**	**3.62**	***-44%***
Cash & cash equivalents	2.15	3.95	-46%
Bank overdraft	-0.14	-0.33	-58%
Net debt[3]	**10.41**	**9.78**	***6.4%***

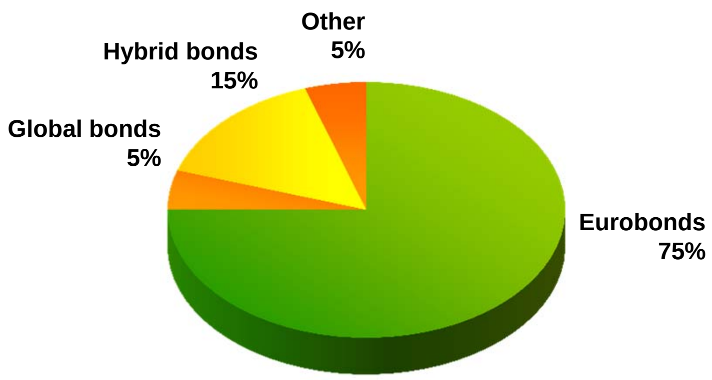
1 Preference shares B KPN are treated as debt
2 Gross debt defined as the nominal value of interest bearing financial liabilities, excluding derivatives and related collateral, representing the net repayment obligations in Euro, taking into account 50% of the nominal value of the hybrid capital instruments
3 Net debt defined as gross debt less net cash and short-term investments

kpn

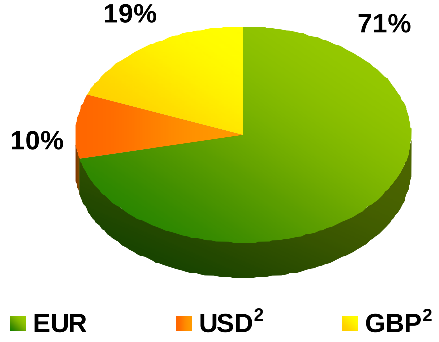
Debt portfolio

Breakdown of € 13.4bn nominal debt[1] including hybrid bonds

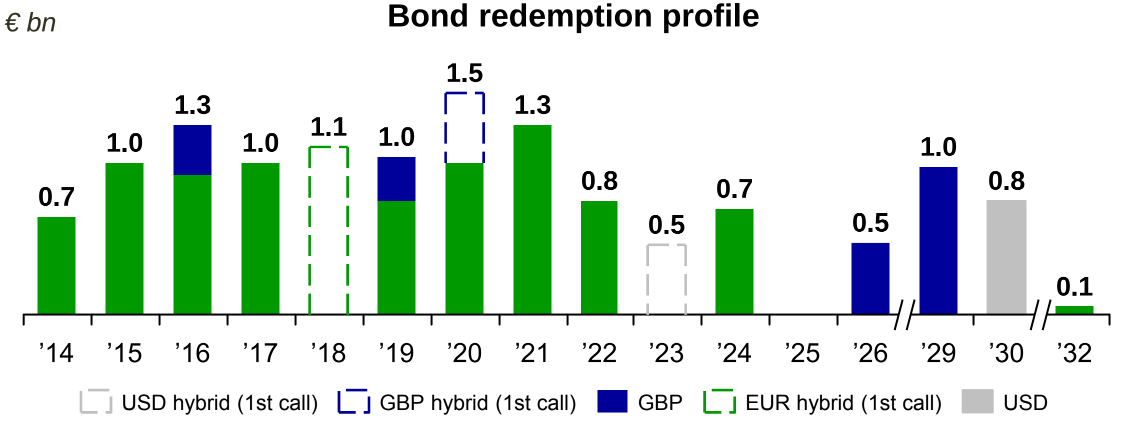
Breakdown nominal debt[1] (total € 13.4bn)



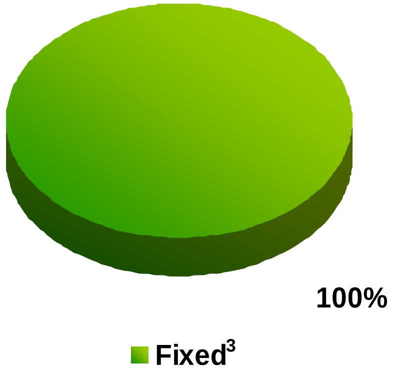
Nominal debt by currency



Bond redemption profile



Fixed vs. floating interest



1 Based on the nominal value of interest bearing liabilities after swap to EUR, including EUR 1.1bn hybrid bond, GBP 400m hybrid bond and USD 600m hybrid bond
2 Foreign currency amounts hedged into EUR
3 Excludes bank overdrafts

Treatment of hybrid bonds

KPN & Credit rating agencies

- Each tranche of the hybrid bonds is recognized as 50% equity and 50% debt by the rating agencies
- Definition of KPN net debt includes: *'[…], taking into account 50% of the nominal value of the hybrid capital instrument'*
  - Hybrid bonds are part of KPN's bond portfolio
  - Independent of IFRS classification
  - In line with treatment by credit rating agencies

IFRS

- EUR tranche is a perpetual, accounted for as equity
  - Coupon payments treated as equity distribution, hence not expensed through P&L, not included in FCF, but in financing cash flow[1]
- GBP and USD tranche have 60 years specified maturity, accounted for as financial liability
  - Coupon payments treated as regular bond coupon, hence expensed through P&L, included in FCF

Tranche	Nominal (swapped to EUR)	KPN net debt	Maturity	Rates (swapped)[1]	IFRS principal	IFRS coupon
EUR 1.1bn 6.125%	€ 1,100m	€ 550m	Perpetual (non-call 5.5)	6.125%	Equity	Financing cash flow[2] (not incl. in FCF)
GBP 0.4bn 6.875%	€ 460m	€ 230m	60 years (non-call 7)	6.777%	Liability	Interest paid (incl. in FCF)
USD 0.6bn 7.000%	€ 465m	€ 233m	60 years (non-call 10)	6.344%	Liability	Interest paid (incl. in FCF)
Total	€ 2,025m	€ 1,013m				

1 EUR tranche had short first coupon payment (0.5 years was payable in September 2013), annual coupon payments in September thereafter; USD tranche has semi-annual coupon payments (March / September); GBP tranche has annual coupon payments in March
2 Cash flow item *'Coupon on perpetual hybrid bond'*

Contents

Regulation

MTA rates across the Group

NL

- ACM decision to base MTA rates on 'pure BULRIC' of € 1.019 cent per minute as of 1 September 2013 is under appeal
- Dutch court suspended ACM decision and mandated interim rates based on 'plus BULRIC' of € 1.861 cent per minute

€ ct / min	Until 7 July '10	7 July '10	Sep '10	Jan '11	Sep '11	Sep '12	Sep '13
MTA rate	7.00	5.60	5.60	4.20	2.70	2.40	1.861

GER

- Legal proceedings against former MTA decisions ongoing
- EC expressed serious doubts for not applying 'pure BULRIC'
- On 19 July 2013 BNetzA ruled that earlier announced MTA tariffs retroactively apply as of 1 December 2012

€ ct / min	Until 1 Dec '10	1 Dec '10	1 Dec '12	1 Dec '13 - 30 Nov '14
MTA rate	7.14	3.36	1.85	1.79

BE

- BIPT new tariffs setting (2014-2016) in progress

€ ct / min	Until Aug '10	Aug '10	Jan '11	Jan '12	Jan '13
MTA rate	11.43	5.68	4.76	2.92[3]	1.08[3]

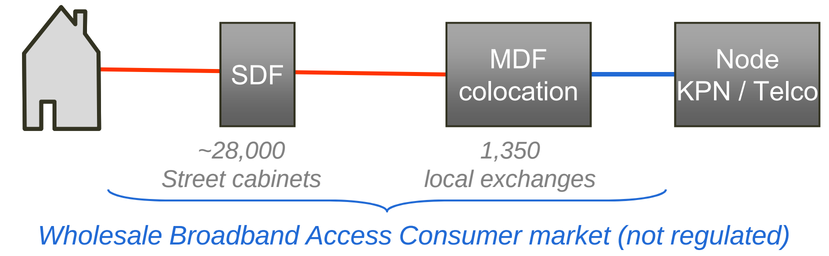
MTA impact on Group[1] revenues & EBITDA

€ m	2012	2013	2014E[2]
Revenues	102	164	~30
EBITDA	40	81	~10

1 Including discontinued operations
2 MTA impact on revenues and EBITDA for The Netherlands based on MTA rate of € 1.861 cents per minute pursuant to Dutch court ruling
3 After indexation the MTA rates applicable as of January 2012 and January 2013 are calculated at € ct / min 3.11 and € ct / min 1.18 respectively

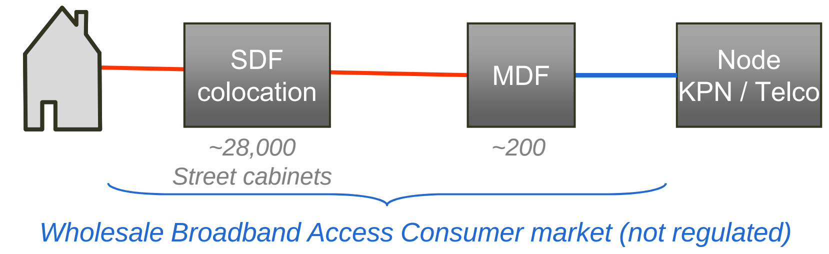
Unbundling tariffs

Unbundling in copper network



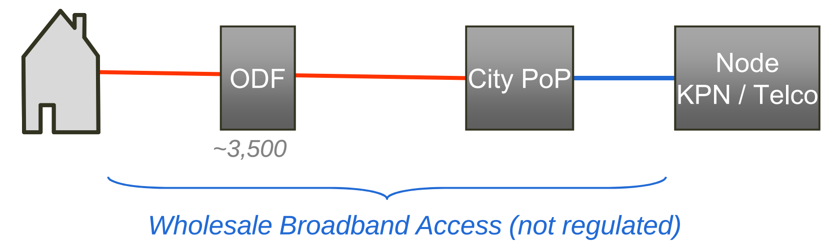
Category	Monthly tariff
Line sharing (LLU)	€ 0.12 / line
Fully unbundled (LLU)	€ 7.03 / line
MDF colocation	€ 936.36 footprint / year
Wholesale Broadband Access[1]	€ 5.32 / line shared € 13.00 / line non-shared

Unbundling in network FttC



Category	Monthly tariff
Line sharing (SLU)	€ 7.03 / line
Fully unbundled (SLU)	€ 7.03 / line
SDF colocation	€ 5.64 / per unit One-off € 516.23 / per unit
Wholesale Broadband Access[1]	€ 5.32 / line shared € 13.00 / line non-shared

Unbundling in network FttH



Category	Monthly tariff
Fully unbundled (ODF FttH)	€ 14.23 - € 18.09 / line
ODF FttH colocation	≤ € 548 / month / per Area Pop One-off ≤ € 3,289 / per Area Pop
ODF FttH Backhaul	≤ € 657 / month
Wholesale Broadband Access FttH[2]	€ 26.38 - € 45.00 non-shared

Regulated — Not regulated

1 List prices excluding PVC/VLAN tariffs
2 List prices including PVC/VLAN tariffs

Spectrum in The Netherlands

Current status

800MHz Paired	Tele2 2*10; VOD 2*10; KPN 2*10	2*30
900MHz Paired	VOD 2*10; KPN 2*10; T-Mob 2*15	2*35
1.8GHz Paired	KPN 2*20; VOD 2*20; T-Mob 2*30	2*70
1.9GHz Unpaired	T-Mob 10; KPN 5; VOD 5.4; T-Mob 14.6	1*35
2.1GHz Paired	VOD 2*14.6; KPN 2*14.8; T-Mob 2*10; KPN 2*5; VOD 2*5; T-Mob 2*10	2*59.4
2.6GHz Unpaired	T-Mob 25; KPN 30; Tele2 5	1*60
2.6GHz Paired	VOD 2*10; Ziggo4 2*20; T-Mob 2*5; KPN 2*10; Tele2 2*20	2*65
Total	KPN 174.6MHz; VOD 144.6MHz; T-Mob 189.6MHz; Tele2 65MHz; Ziggo4 40MHz	614MHz

kpn

Spectrum in Germany

Current status

800MHz Paired	O2: 2*5, 2*5; VOD: 2*5, 2*5; DT: 2*5, 2*5	2*30
900MHz Paired	E+: 2*5; O2: 2*5; DT: 2*12.4; VOD: 2*12.4	2*34.8
1.8GHz Paired	DT: 2*5, 2*5, 2*5, 2*5; E+: 2*5; O2: 2*17.4; VOD: 2*5; E+: 2*5, 2*17.4	2*69.8
2.1GHz Paired	VOD: 2*4.95, 2*9.9; E+: 2*4.95, 2*4.95, 2*9.9; O2: 2*4.95, 2*9.9; DT: 2*9.9	2*59.4
2.1GHz Unpaired	O2: 5, 14.2; E+: 5; DT: 5; VOD: 5	1*34.2
2.6GHz Paired	VOD: 2*5, 2*5, 2*5, 2*5; DT: 2*5, 2*5, 2*5, 2*5; E+: 2*5, 2*5; O2: 2*5, 2*5, 2*5, 2*5	2*70
2.6GHz Unpaired	E+: 5, 5; VOD: 5, 5, 5, 5, 5; DT: 5; O2: 5, 5	1*50
Total[1]	VOD: 154.5MHz; DT: 154.6MHz; E+: 139.4MHz; O2: 163.7MHz	612MHz

Upcoming auction

In 2016, the 900MHz and part of the 1800MHz licenses will expire. On 31 March 2014, BNetzA published a draft opinion to generally auction expiring usage rights (and possibly 700MHz spectrum) shortly after EU approval of the Telefónica Deutschland / E-Plus merger. Post-auction, the spectrum holdings shall be reassessed against the regulatory framework.

1 E-Plus also has a block of 2*42MHz available in the 3.5GHz spectrum band

Spectrum in Belgium

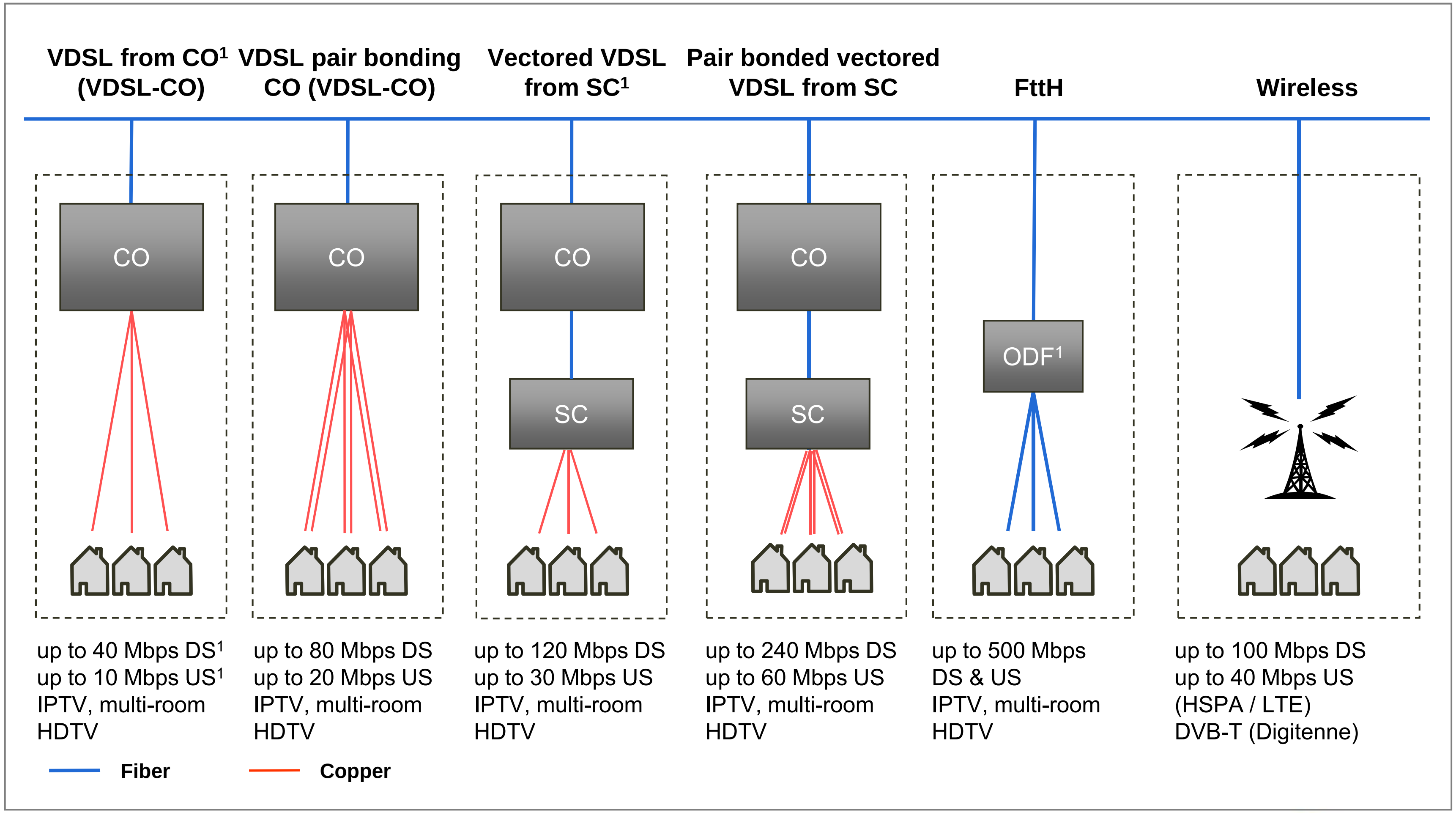
Current status

800MHz Paired	BASE 2*10	Belgacom 2*10	Mobistar 2*10			2*30
900MHz Paired	BASE 2*10	Belgacom 2*12	Mobistar 2*12			2*34
1.8GHz Paired	BASE 2*22	Belgacom 2*20.8	Mobistar 2*20.8			2*63.6
2.1GHz Paired	Belgacom 2*15	BASE 2*14.8	Telenet 2*14.8	Mobistar 2*14.8		2*59.4
2.1GHz Unpaired	B 5	M 5	B 5			1*15
2.6GHz Paired	Belgacom 2*20	BASE 2*15	Mobistar 2*20			2*55
2.6GHz Unpaired	BUCD 45					1*45
Total	Belgacom 160.6MHz	BASE 148.6MHz	Telenet 29.6MHz	Mobistar 160.2MHz	BUCD 45MHz	544MHz

Contents

Infrastructure

Deploying mix of technologies going forward



1 Abbreviations: CO: Central Office; SC: Street Cabinet; ODF: Optical Distribution Frame; DS: Download Speed; US: Upload Speed

Roadmap to Reggefiber consolidation

Option structure

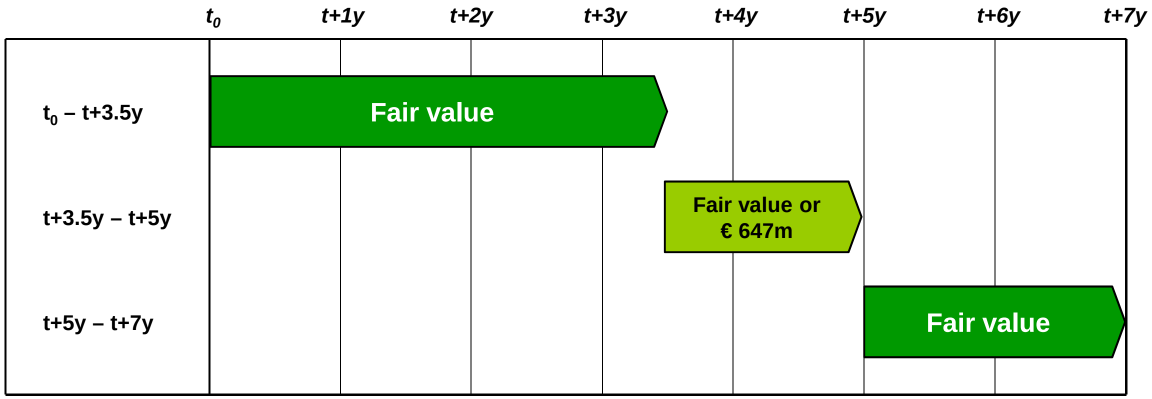
	Option I[1]	Option II[3]	Option III
Ownership stake	• Additional 10% • 51% ownership	• Additional 9% • 60% ownership	• Remaining 40% • 100% ownership
Option type	Call and Put option	Call and Put option	Put option
Exercise price	€ 99m	€ 116m - € 161m	'Fair value' or € 647m
Option trigger	• 1m Homes Connected or • 1 January 2013	• 1.5m Homes Connected or • 1 January 2014	• Put vests at settlement of option II • Expires 7 years later
Consolidation	No[2]	Yes	Yes

Reggefiber financials FY 2013

(in € m)	
Revenue	119
Opex (excl. D&A)	36
Capex	359
Shareholder loans	526
Net bank debt	602

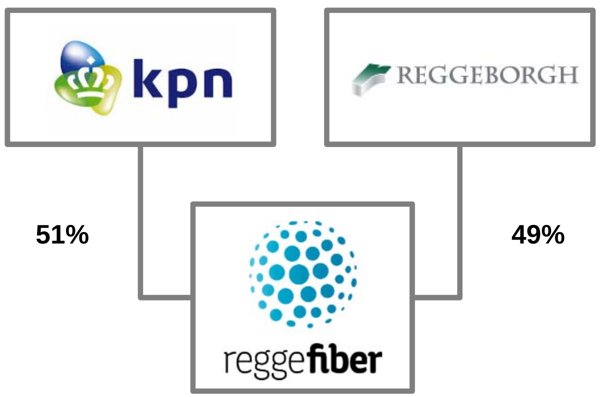
Indicative, simplified financials based on Dutch GAAP; Balance Sheet items per 31 December 2013

Exercise price option III



t_0 = settlement option II

Organizational chart



1 KPN acquired an additional 10% of the shares in Reggefiber, increasing its share to 51%, for an amount of € 99m on 8 November 2012
2 KPN does not obtain management control at 51% ownership, therefore no consolidation triggered
3 Option II exercised on 2 January 2014; Dutch Competition Authority (ACM) approval is required to increase KPN ownership from 51% to 60% after which Reggefiber will be consolidated