Half Year Results 2011

26 July 2011

Safe harbor

Non-GAAP measures and management estimates

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

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

Underlying revenues and other income and underlying EBITDA are derived from revenues and other income and EBITDA, respectively, and are adjusted for the impact of MTA and roaming (regulation), changes in the composition of the group (acquisitions and disposals), restructuring costs and incidentals.

The term service revenues refers to wireless service revenues.

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

Forward-looking statements

Certain statements contained in this financial report constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on KPN's operations, KPN's and its joint ventures' share of new and existing markets, general industry and macro-economic trends and KPN's performance relative thereto and statements preceded by, followed by or including the words "believes", "expects", "anticipates" or similar expressions.

These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside KPN's control that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in the Annual Report 2010 .

Agenda

Chairman’s review	Eelco Blok
Group financial review	Carla Smits-Nusteling
Operational review The Netherlands	Eelco Blok
Operational review Mobile International	Thorsten Dirks
Concluding remarks	Eelco Blok

Highlights Q2 ’11

- Q2 financial results down y-on-y; on track to realize outlook
- Progress made with strategic initiatives to strengthen the business in The Netherlands
- High underlying growth in Germany at strong margin
- First phase of restructuring plan is being implemented to optimize cost structure
- Confirming outlook

Financial highlights Q2 ’11

- Financial performance Q2 ’11
  - Revenues and other income € 3,290m, down 1.9% y-on-y
    - Regulatory impact of € 136m (4.1%)
    - Net positive incidentals and effect of acquisitions of € 23m
  - EBITDA of € 1,308m, down 5.6% y-on-y
    - Regulatory impact of € 56m (4.0%)
    - Restructuring costs of € 13m
    - Net positive incidentals and effect of acquisitions of € 12m
  - Capex of € 515m, € 897m YTD
  - Free cash flow of € 792m, € 983m YTD

- Continued focus on industry-leading shareholder returns
  - € 1.0bn share repurchases for 2011 started in February, ~71% completed to date following acceleration in May
  - Final dividend 2010 of € 0.53 per share paid in April 2011, up 15% y-on-y
  - Total cash returned to shareholders in H1 € 1,462m, up 16% y-on-y
  - 2011 interim dividend declared of € 0.28 per share, up 3.7% compared to 2010

Outlook

Confirming outlook

	Outlook 2011
EBITDA	>€ 5.3bn[1]
Capex	<€ 2bn
Free cash flow[2]	Growth[3]
Dividend per share	At least € 0.85

- EBITDA trend y-on-y improving in H2
  - Solid profitable growth in Germany and Belgium
  - Lower MTA impact
  - Implementation of cost optimization initiatives

Outlook 2012: Free cash flow[2]: ~€ 2.4bn DPS: € 0.90

Outlook 2013: DPS: € 0.95

1 Excluding 2011 restructuring costs
2 Free cash flow defined as cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture E-Plus
3 "Growth" defined as growth compared to 2010 free cash flow, set on 26 January 2010 (free cash flow in 2010 was € 2,428m)

Operational structure

Closer alignment with market dynamics

Board of Management

- Consumer wireline
- Consumer wireless
- Business
- Getronics
- W&O
- Germany
- Belgium, RoW
- iBasis

De-layering operational structure

To be implemented on 1 January 2012

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Group results Q2 '11

€ m	Q2 '11	Q2 '10	%	YTD '11	YTD '10	%
Revenues and other income	**3,290**	**3,354**	***-1.9%***	**6,525**	**6,631**	***-1.6%***
Operating expenses	**2,546**	**2,515**	***1.2%***	**5,069**	**4,999**	***1.4%***
– of which Depreciation[1]	352	351	*0.3%*	699	699	*flat*
– of which Amortization[1]	212	196	*8.2%*	422	378	*12%*
Operating profit	**744**	**839**	***-11%***	**1,456**	**1,632**	***-11%***
Financial income/expense	-180	-194	*-7.2%*	-335	-386	*-13%*
Share of profit of associates	-12	-11	*9.1%*	-11	-21	*-48%*
Profit before taxes	**552**	**634**	***-13%***	**1,110**	**1,225**	***-9.4%***
Taxes	-138	-169	*-18%*	-105	-311	*-66%*
Profit after taxes	**414**	**465**	***-11%***	**1,005**	**914**	***10%***
Earnings per share[2]	**0.28**	**0.29**	***-3.4%***	**0.67**	**0.57**	***18%***
EBITDA[3] (reported)	**1,308**	**1,386**	***-5.6%***	**2,577**	**2,709**	***-4.9%***
– Restructuring costs	13	-8	-	23	-1	-
EBITDA[3] (excl. restructuring costs)	**1,321**	**1,378**	***-4.1%***	**2,600**	**2,708**	***-4.0%***

- Operating expenses up 1.4% y-on-y YTD '11 due to investments in growth in Mobile International and Dutch Telco, and higher amortization of licenses and software
- YTD '11 taxes down 66% y-on-y due to positive one-off impact innovation tax facilities (~€ 120m)

1 Including impairments, if any
2 Defined as profit after taxes per ordinary share / ADS on a non-diluted basis (in €)
3 Defined as operating profit plus depreciation, amortization & impairments

Group cash flow Q2 '11

€ m	Q2 '11	Q2 '10	%
Operating profit	**744**	**839**	***-11%***
Depreciation and amortization[1]	564	547	*3.1%*
Interest paid/received	-95	-107	*-11%*
Tax paid/received	93	-4	*n.m.*
Change in provisions	-88	-82	*7.3%*
Change in working capital[2]	13	-95	*n.m.*
Other movements	-31	-26	*19%*
Net cash flow from operating activities	**1,200**	**1,072**	***12%***
Capex[3]	**515**	**380**	***36%***
Proceeds from real estate	15	15	*flat*
Tax recapture E-Plus	92	-	*n.m.*
Free cash flow[4]	**792**	**707**	***12%***
Dividend paid	795	733	*8.5%*
Share repurchases	489	431	*13%*
Cash return to shareholders	**1,284**	**1,164**	***10%***

1 Including impairments, if any
2 Excluding changes in deferred taxes
3 Including Property, Plant & Equipment and software
4 Defined as net cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture E-Plus

- Free cash flow of € 792m in Q2 '11, up 12% y-on-y
  - € 189m positive tax comparison y-on-y due to € 237m positive impact innovation tax facilities partly offset by higher tax payments as no prepayment in Q1 '11
  - € 108m change in working capital improvement y-on-y

  partly offset by:
  - € 78m lower EBITDA y-on-y
  - € 135m higher Capex y-on-y
- Average coverage ratio of KPN pension funds at 108% end Q2 '11
  - Q2 '11 recovery payment of € 19m
  - No additional recovery payments while coverage ratio above 105%

Group cash flow YTD ’11

On track to meet full-year free cash flow guidance

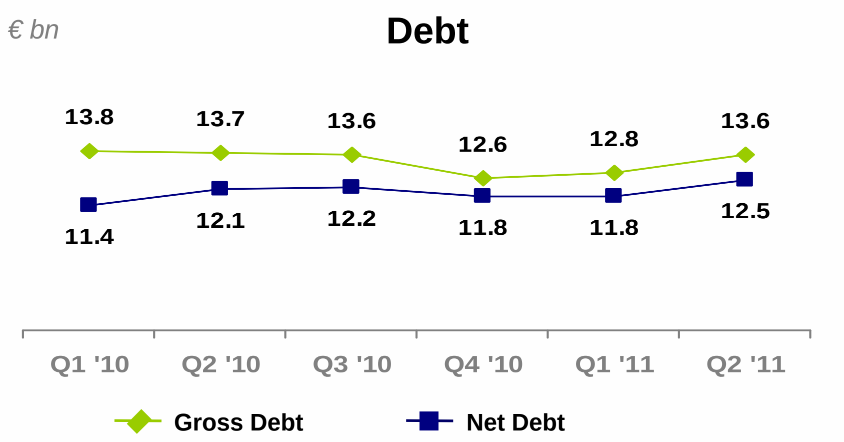
€ m	YTD ’11	YTD ’10	*%*
Operating profit	**1,456**	**1,632**	***-11%***
Depreciation and amortization[1]	1,121	1,077	*4.1%*
Interest paid/received	-351	-366	*-4.1%*
Tax paid/received	-22	-558	*-96%*
Change in provisions	-208	-166	*25%*
Change in working capital[2]	-266	-293	*-9.2%*
Other movements	-65	-25	*>100%*
Net cash flow from operating activities	**1,665**	**1,301**	***28%***
Capex[3]	**897**	**715**	***25%***
Proceeds from real estate	62	22	*>100%*
Tax recapture E-Plus	153	327	*-53%*
Free cash flow[4]	**983**	**935**	***5.1%***
Dividend paid	795	733	*8.5%*
Share repurchases	667	532	*25%*
Cash return to shareholders	**1,462**	**1,265**	***16%***

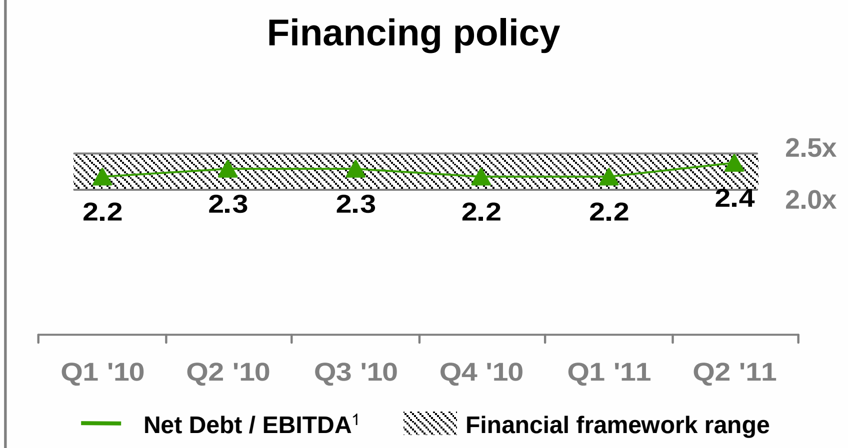
1 Including impairments, if any
2 Excluding changes in deferred taxes
3 Including Property, Plant & Equipment and software
4 Defined as net cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture E-Plus

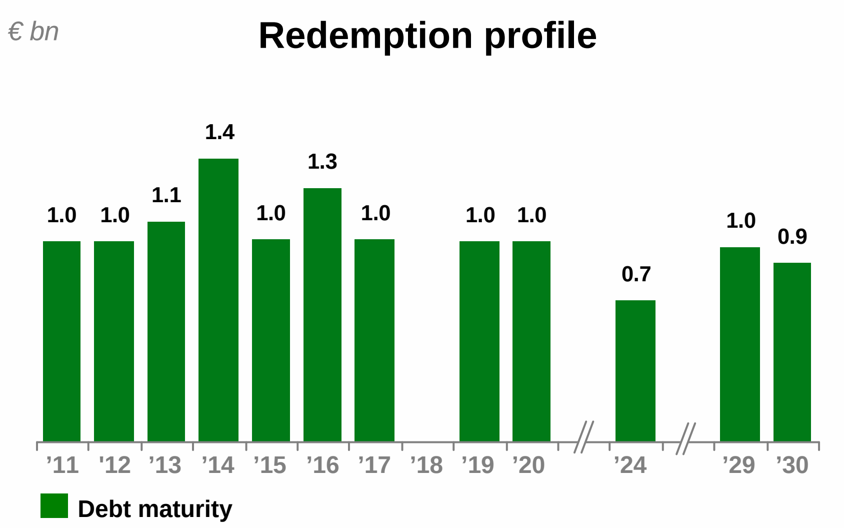
- Free cash flow of € 983m YTD ’11, up 5.1% y-on-y
- Positive tax comparison of € 362m YTD ’11 y-on-y
  - € 237m positive impact innovation tax facilities
  - Lower tax payments YTD ’11 due to monthly tax payments in 2011 while full year tax prepayment in Q1 ’10
- Capex € 182m higher YTD ’11 y-on-y due to investments in network capacity and timing differences
- € 1,462m shareholder returns, up 16% YTD ’11 y-on-y
  - 8.5% higher dividends paid y-on-y
  - 25% more share repurchases y-on-y following acceleration in May

Group financial profile

Maintaining solid financial profile







- Net debt / EBITDA of 2.4x at end of Q2 '11
  - Increase due to payment of final dividend, acceleration of share repurchase program and lower EBITDA, partly offset by tax refund
- Average maturity of 6.9 years as at Q2 '11
- S&P rating confirmation of BBB+ (stable outlook)
- New 5-year € 2.0bn revolving credit facility in July, replacing previous € 1.5bn credit facility

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

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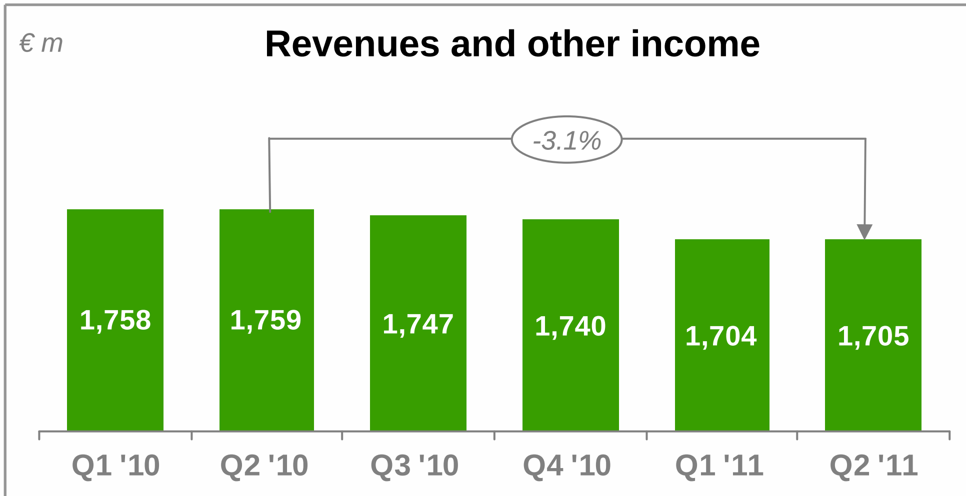
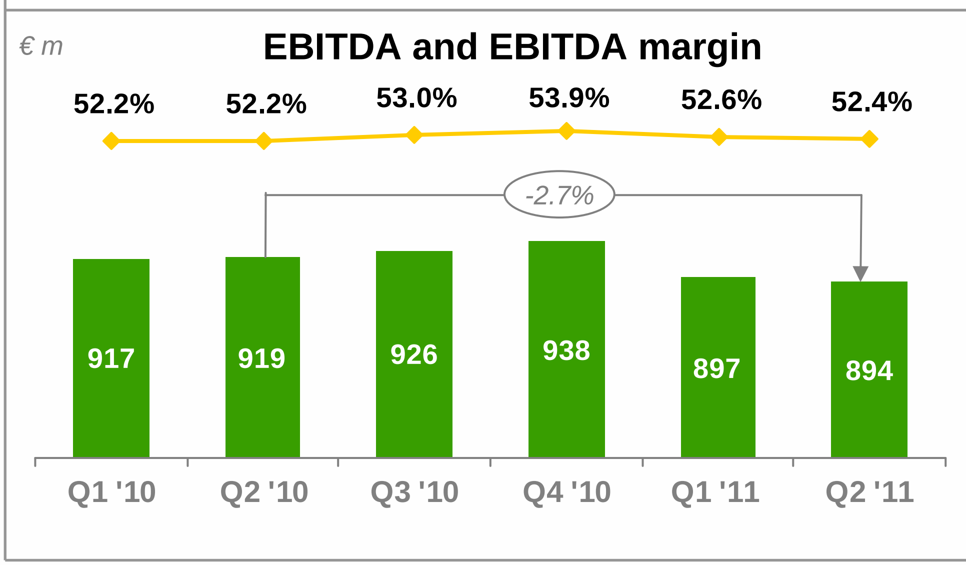
Progress in strengthening Dutch Telco

Q1 trends Dutch Telco	Progress
• Consumer wireless – Substitution voice, SMS by data – Competition in 'value for money' segment • Business – Pricing pressure – Continued rationalization	• Consumer wireless – Short-term measures successful; new mobile propositions in September – Customer retention and focus on brand improvement at Telfort • Business – Good customer retention program implemented

Additional investments announced	Progress
• Commercial investments – Acquisition/retention Consumer wireline – Increase distribution capacity • Operational investments – Improve customer service – Strengthen IT platforms, upgrade datacenters • Accelerated Capex – VDSL upgrade including pair bonding – IPTV improvements – Customer equipment (e.g. modems) – IT upgrade	• Commercial investments – Multiple brands on IPTV – Multi-room IPTV – FttH demand aggregation successful • Operational investments – Shortened delivery times • Accelerated Capex – Successfully completed pair bonding pilot – VDSL upgrades including pair bonding on track – Multi-room IPTV customer equipment

Financial review - Dutch Telco

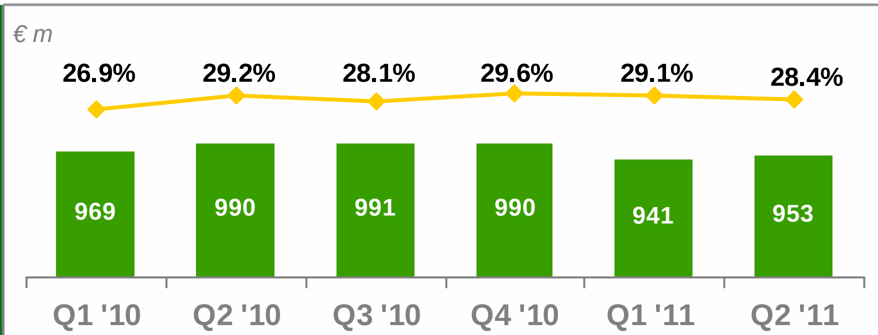




- Revenues and other income down 3.1% y-on-y
  - Regulatory impact of € 54m (3.1%)
  - € 24m net positive impact from incidentals
  - € 17m net positive impact from acquisitions
  - Lower service revenues from changing customer behavior and competition in 'value for money' segment
- EBITDA down 2.7% y-on-y
  - Regulatory impact of € 12m (1.3%)
  - € 18m net positive impact from incidentals
  - € 2m net positive impact from acquisitions
  - Reduction in fixed costs offset by increased costs to strengthen Dutch Telco business

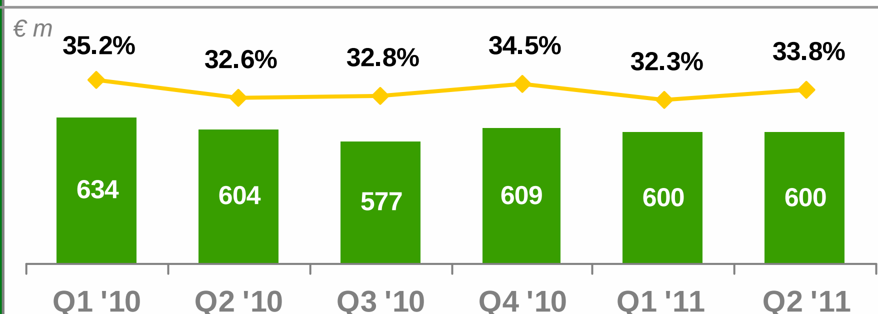
Financial review - Dutch Telco by segment

Consumer



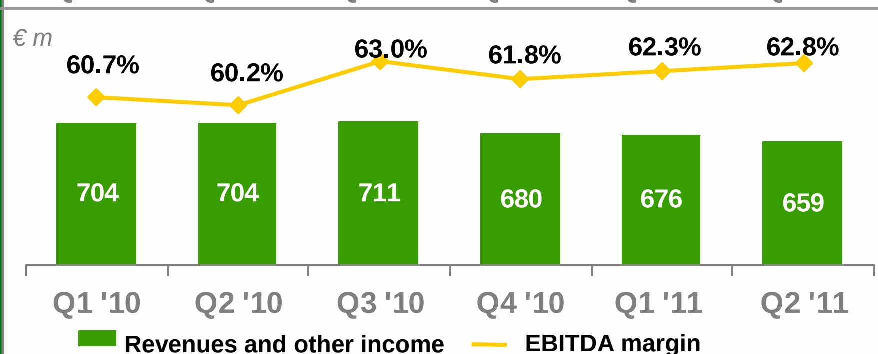
- Revenue decline of 3.7% y-on-y
  - Regulatory impact of € 27m (2.7%); net positive impact incidental € 11m
  - Lower wireless revenues and stable performance wireline

Business



- Revenues down 0.7% y-on-y
  - Regulatory impact of € 17m (2.8%); net positive impact incidental € 10m; net positive impact acquisitions € 19m
  - Price pressure in both wireline and wireless
  - Stable share in competitive market

W&O

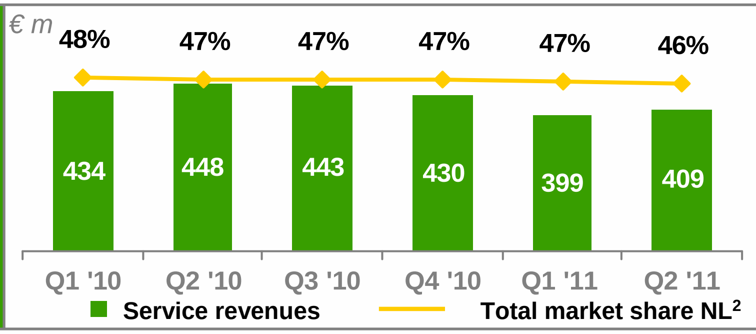


- Stable revenue decline (6.4% y-on-y)
  - Ongoing decline traditional business
  - Regulatory impact of € 13m (1.8%); net positive impact incidental € 3m
- Revenue pressure partly offset by continued cost reductions
  - Fewer FTE and improved supplier conditions

Operating review - Consumer wireless[1]

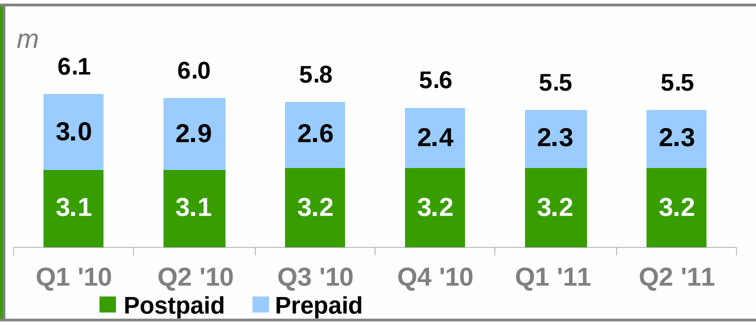
Service revenues impacted by regulation and changing customer behavior

Service revenues



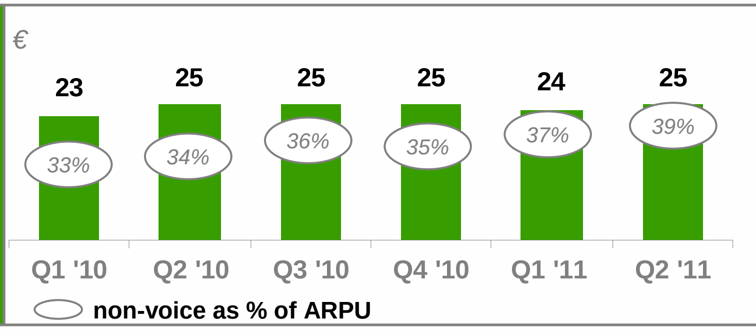
- Service revenues down 8.7% y-on-y
  - Regulatory impact of € 25m (5.6%)
  - Impact from changing customer behavior on service revenues (~2%)
  - Decreasing prepaid revenues (~2%)
  - Competition in the 'value for money' segment
  - Partly offset by continued data growth

Customer base



- Relatively stable customer base q-on-q
  - Prepaid customer base decline y-on-y, prepaid retention q-on-q
  - Postpaid customer base stable despite strong competition in lower segment of market

ARPU



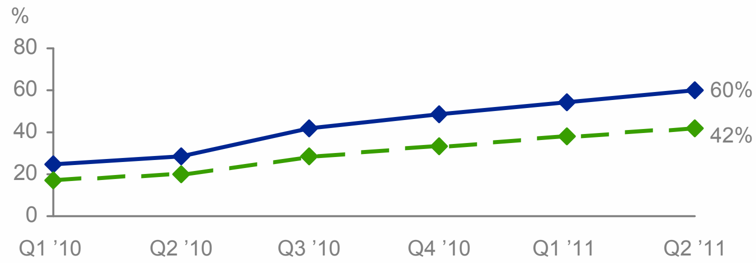
- Blended ARPU stable y-on-y at € 25
  - Postpaid ARPU decline due to changing customer behavior and regulation
  - Partly offset by mix effect due to lower prepaid customer base
- 39% of ARPU is non-voice

1 Excluding Mobile Wholesale NL
2 Total KPN (Consumer, Business and other Dutch activities) service revenue market share

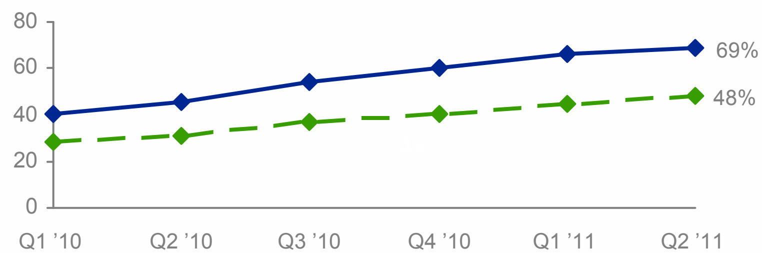
Consumer wireless - update of trends

Smartphones and new apps change customer behavior

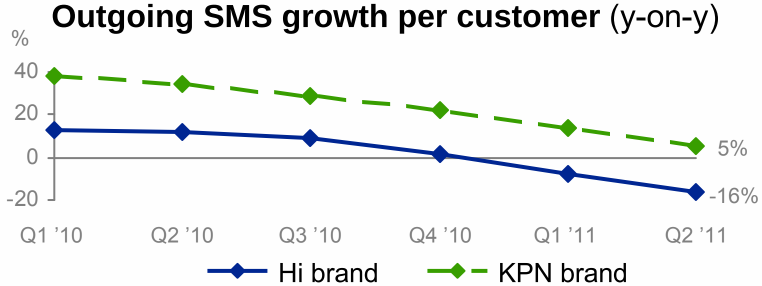
Smartphone penetration[1]



Postpaid customers with data product[1]



Outgoing SMS growth per customer (y-on-y)

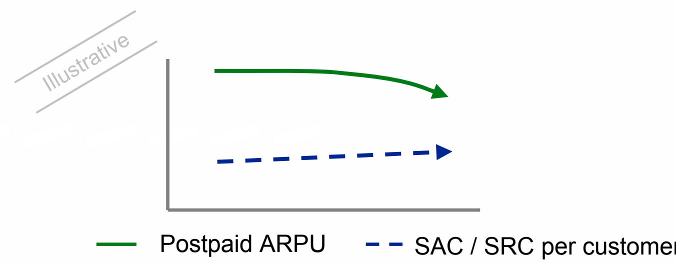


Trends

- Number of data customers increasing
- Smartphones and new communication apps drive SMS - and in second instance voice - to data substitution
- Expansion of (free) WiFi hotspots
- 'Hi' brand has many early adopters; other KPN brands following but at significantly lower speed

Exposure to trends

- Postpaid ARPU under pressure
- 'Unlimited' data packages promote substitution
- 'Out of bundle' service revenues exposed to trends: currently 22% of service revenues is 'out of bundle'
- SAC / SRC in market still increasing



1 Consumer postpaid excluding SIM-only; Q2 figures include April and May only

Consumer wireless - update on initiatives

Short-term measures successful, new mobile propositions announced

Currently	September 2011
Reduce 'out of bundle' revenue exposure **Reduce churn 'value for money' segment**	**New bundles across brand portfolio**

- Actively upsell 'out of bundle' customers to higher bundles
- Short term measures are successful:
  - ~35% of addressed customers adjusted their contract
  - Changed customers have significantly lower 'out of bundle' exposure

- Reduce churn in 'value for money' segment
  - Improved retention management
  - Actively address SIM-only market
  - Improved brand positioning of Telfort

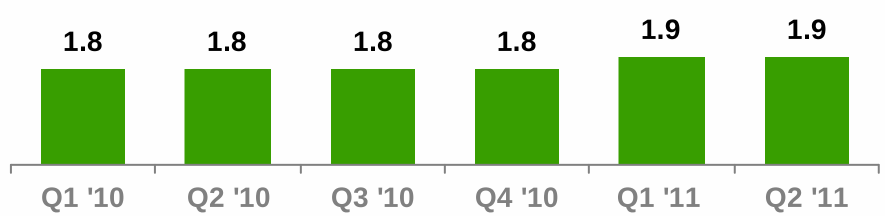
- Integrated data / voice / SMS propositions
- Differentiation on quantity, speed and service
- Transparent propositions to prevent 'bill surprise' for customers
- Data volume pricing will increase
- Managing down SAC / SRC, step down of hardware subsidization
- Net neutrality adhered, no blocking

Detail new bundles

- Three brands: KPN and Hi launch in September '11, Telfort in Q1 '12
- Three types of line-up for each brand
  1. voice / SMS; max. speed 2.0 Mbps down / 0.1 Mbps up
  2. data / voice / SMS; max. speed 2.0 Mbps down / 0.1 Mbps up
  3. data XL / voice / SMS; max. speed 7.2 Mbps down / 2.0 Mbps up

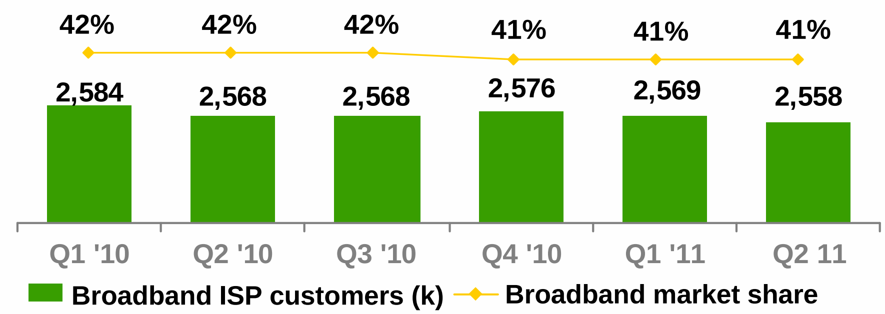
Operating review - Consumer wireline

RGUs per customer



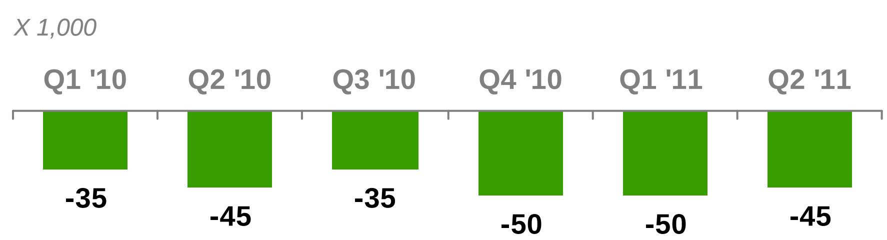
- RGUs per customer relatively stable
  - PSTN / ISDN line loss offset by TV additions
  - Lower PSTN / ISDN churn
  - Decreasing broadband churn offset by lower broadband acquisitions

Broadband market share[1]



- Stable broadband customer base with continued pressure on market share
  - IPTV supporting broadband base
  - VDSL matching customer needs
  - FttH roll-out supporting broadband base

Net line loss[2]



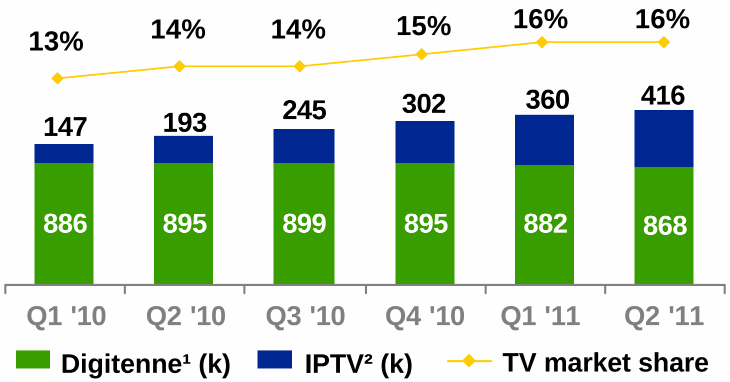
- Full year net line loss expected to be in line with 2010
  - PSTN / ISDN line loss stabilizing
  - Increased fiber activations expected based on sales order intake

1 Source: Telecompaper, management estimates for Q2 '11
2 Quarterly delta in PSTN / ISDN access lines + delta Consumer VoIP, ADSL Only and delta Consumer Fiber

Operating review - Consumer wireline (cont'd)

Continued growth in TV market share, strategic innovation roadmap on track

Growing TV market share



- Continued growth in IPTV; 56k net adds

- Wireline innovation roadmap on track

Q2 '11
- XS4ALL brand launched IPTV

Q3 '11
- Multi-room IPTV launched
- Telfort brand starts offering IPTV

Q4 '11
- 500 Mbps up- and download speed on FttH supporting superior product offering
- Introduction of new IPTV user interface

Expanding addressable market

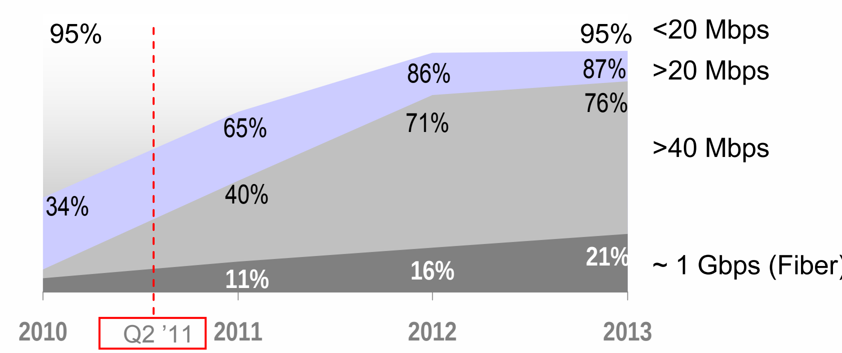
- Hybrid VDSL and FttH strategy
  - VDSL upgrades ongoing
  - FttH roll-out continues; demand aggregation in fiber areas successful; 17 out of 19 areas start roll-out

Reggefiber JV 768k HP[3] → KPN 61k HA[3]

Reggefiber JV 768k HP[3] → Other ISP 154k HA[3]

- Year end 2011 coverage target on track: ~40% of Dutch households covered with >40 Mbps

% coverage of Dutch market, minimum speeds

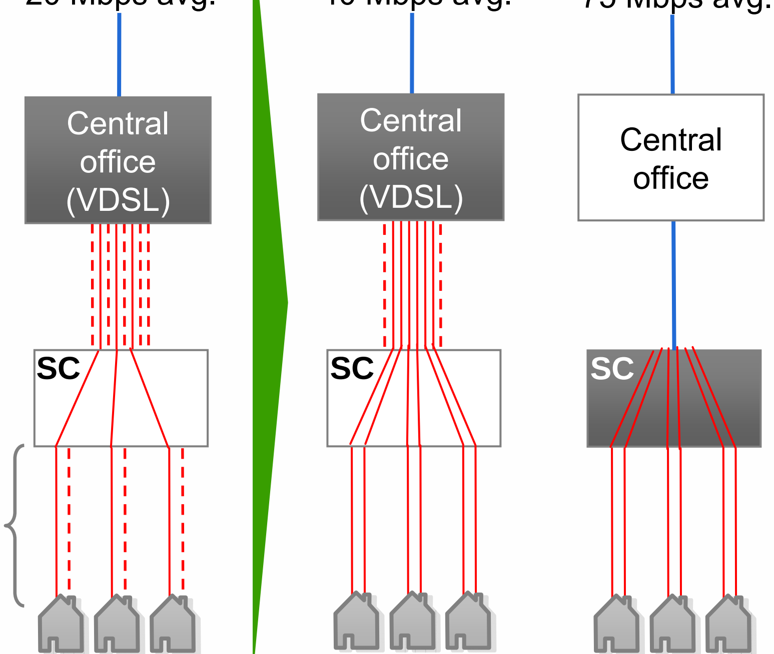


1 Digitenne used as primary TV connection
2 Including FttH IPTV
3 HP = Homes Passed; HA = Homes Activated

Copper upgrades - pair bonding

Supporting multi-room HD TV proposition and increasing bandwidth

	VDSL	VDSL bonding from CO[1]	VDSL bonding from SC[1]
Bandwidth per subscriber	9-50 Mbps 20 Mbps avg.	18-100 Mbps 40 Mbps avg.	50-100 Mbps 75 Mbps avg.



~90%[2] has 2 pairs

~60% ready for activation

~30% needs minor action[3]

Activation steps

- VDSL from CO only: Insert new linecard
- Connect existing 2nd pair (demand-driven)
- New modem + installation (demand-driven)

Timeline

Completed: 1st Pilot

- ~100 friendly users
- Double bandwidth proven!

Q1 2012

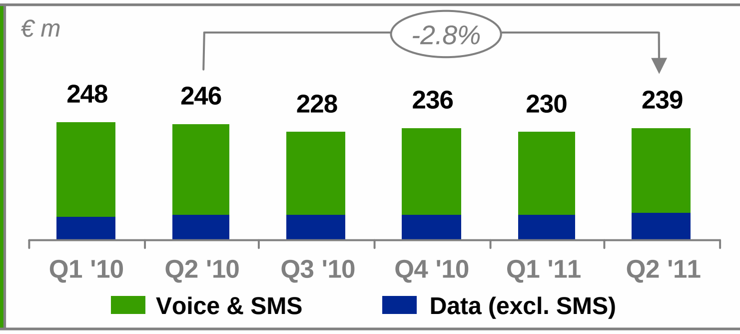
- Pair-bonding roll-out
- Supporting multi-room HD TV
- Increased bandwidth per subscriber

Fiber **Used copper pair** **Unused copper pair** **No active equipment** **active equipment**

1 CO = Central office; SC = Street cabinet
2 Amongst the highest rankings in Europe
3 Minor copper correction, typically welding

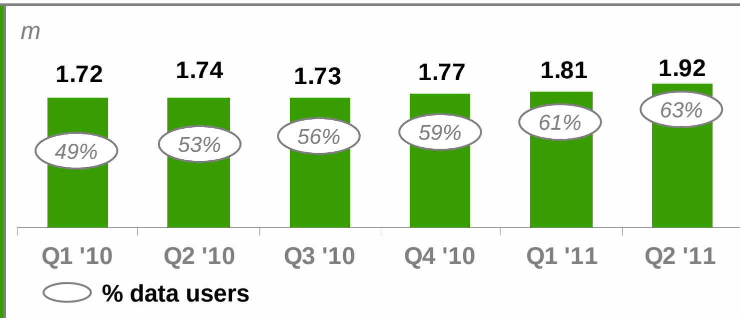
Operating review - Business wireless

Service revenues[1]



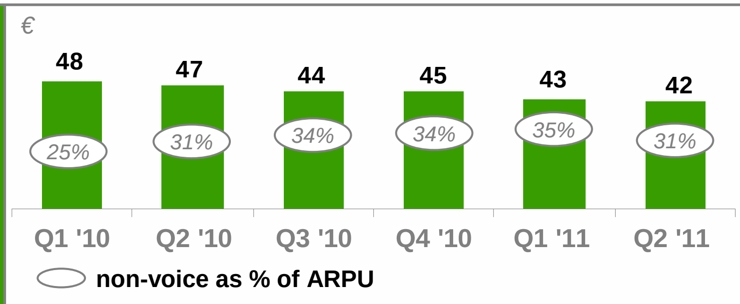
- Service revenues decline 2.8% y-on-y
  - Impact from regulation € 17m (6.9%)
  - Positive impact Yes Telecom of € 7m
  - Maintaining market share in competitive wireless market

Customer base[1]



- Increasing number of data customers
- Stable number of voice customers
- 63% of customers use data services
- Focus on customer value by managing SAC / SRC

ARPU[1]



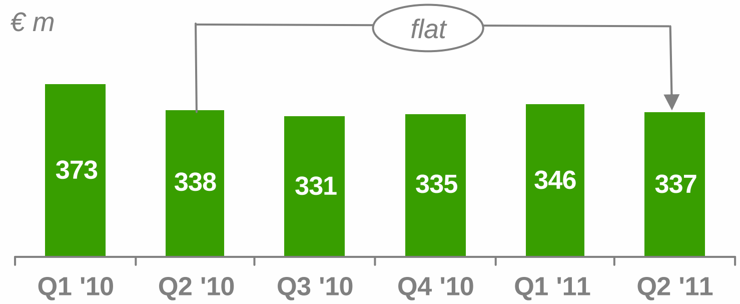
- ARPU impacted by regulation, M2M and data mix effect
- 31% of ARPU is non-voice, price pressure in data market

1 Business wireless figures include 'Yes Telecom' as of Q2 2011

Operating review - Business wireline

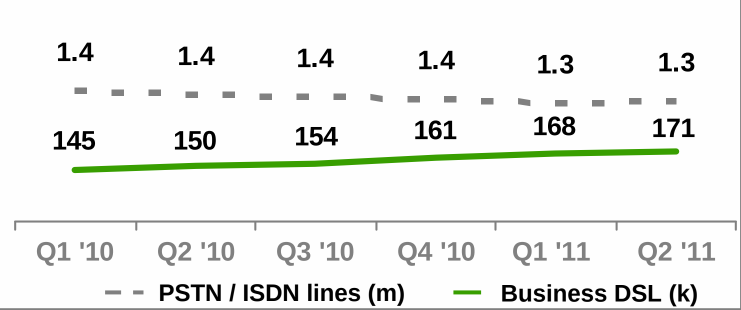
Continued pressure on traditional services

Revenues[1]



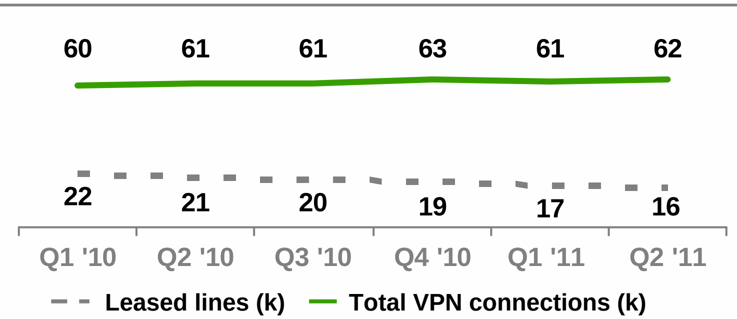
- Continued impact from decline in traditional business
- Positive impact from Atlantic Telecom acquisition (€ 12m)

Voice / Internet connections[1]



- PSTN / ISDN base stable due to inclusion of Atlantic Telecom and decreased churn
- Solid performance Business DSL

(Managed) data services

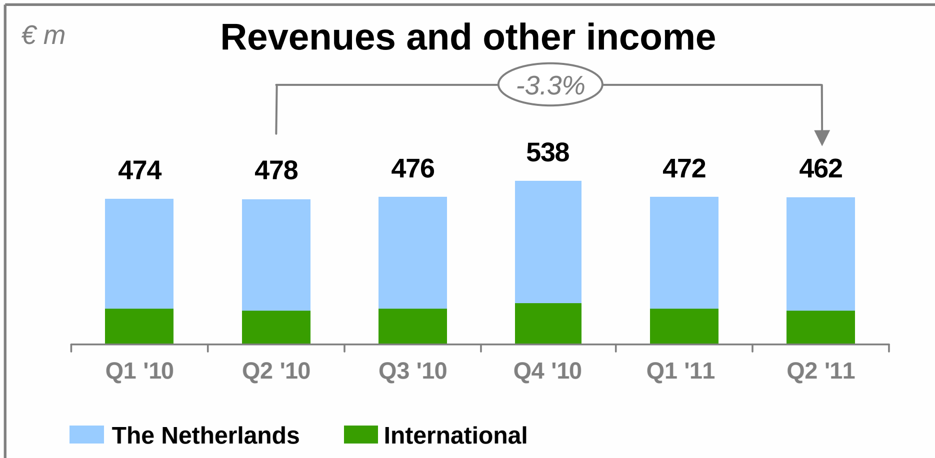


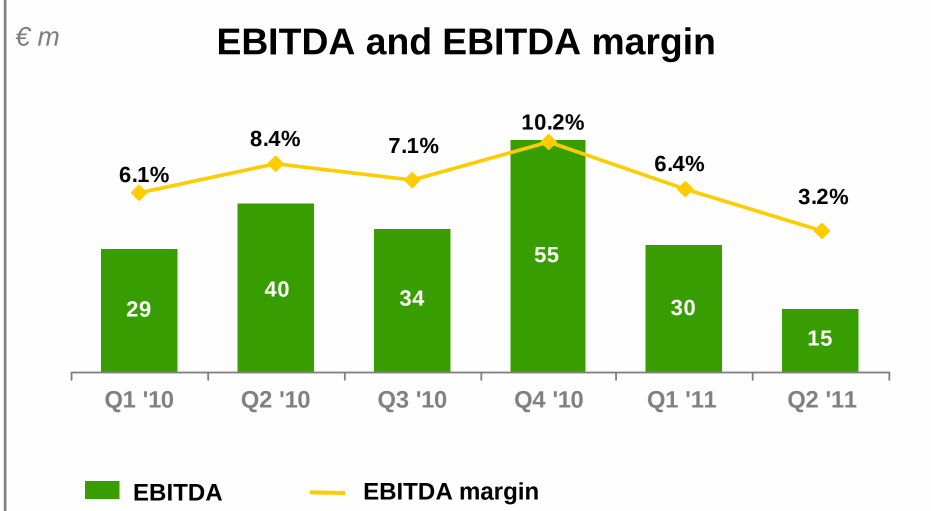
- VPN connections relatively stable
- Stable market share in competitive environment

1 Revenues include Atlantic Telecom as of Q1 2011; Voice / Internet connections include Atlantic Telecom lines as of Q2 2011

Operating review - Getronics

Relatively stable market position in difficult market



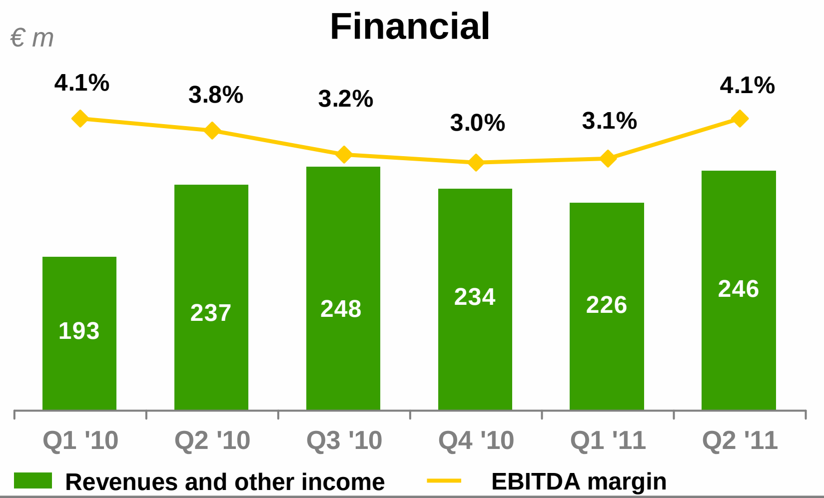


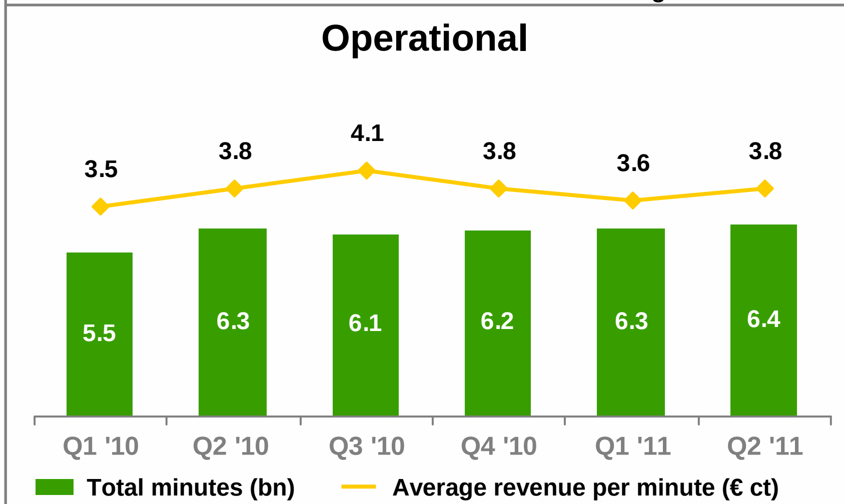
- Revenues declining 3.3% y-on-y
  - Clients postponing investments and reducing transaction size
- Price pressure in market results in lower EBITDA margin
  - Restructuring costs in Q2 of € 7m (YTD ’11: € 12m)
- Maintaining market share[1] in difficult market
- Cost initiatives to support margin
  - Accelerating implementation of restructuring program; mostly off-shoring
  - Resulting in 2,000 - 2,500 FTE reduction, part of provision in H2
- Developing business to play leading role in cloud services aggregation

1 Management estimate

Operating review - iBasis

Focus on balancing revenue growth with profitability





- Focus on balancing revenue growth with profitability
  - Q2 revenues up 3.8% y-on-y to € 246m, despite ~13% negative currency effect
  - EBITDA margin of 4.1% despite some price pressure in the market
- Market share improvement continues, enhanced by new business wins
  - Market outperformance in growth of minutes
  - Average revenue per minute slightly increased y-on-y
- Top 5 position in competitive international voice traffic market
- Underlying revenue growth[1] expected for the full year 2011

1 Excluding currency effects

The Netherlands - concluding remarks

- Consumer wireless trends in line with Q1; short term measures successful
- Structural step in moving to data centric wireless portfolio with new mobile propositions
- Consumer wireline innovation roadmap on track
- Good customer retention management at Business
- Accelerating restructuring plan at Getronics to support margin
- First results of quality program
- Implementation of cost optimization initiatives started

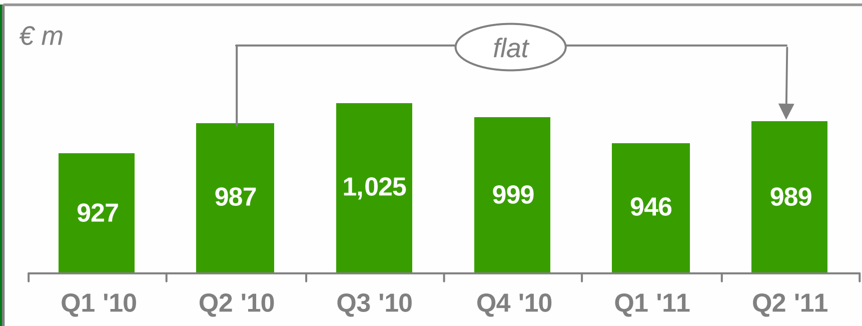
Agenda

Chairman's review	Eelco Blok
Group financial review	Carla Smits-Nusteling
Operational review The Netherlands	Eelco Blok
Operational review Mobile International	**Thorsten Dirks**
Concluding remarks	Eelco Blok

Financial review - Mobile International

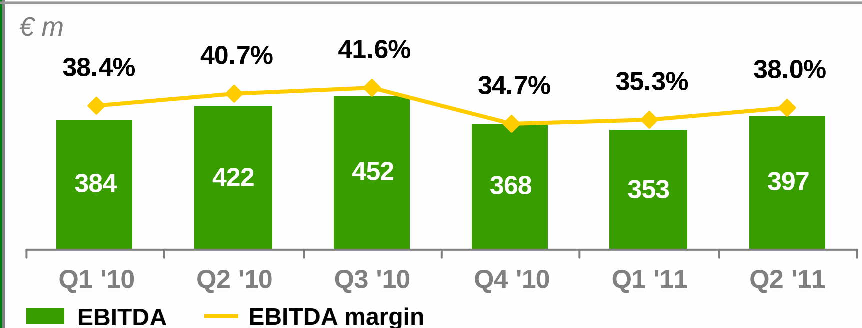
Service revenue flat and good profitability despite severe MTA impact

Wireless service revenues



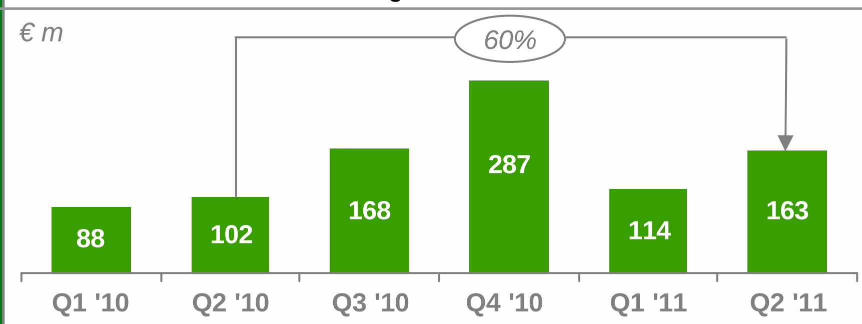
- Q2 service revenues flat
  - Severe regulatory impact of € 82m (8.3%)
  - High underlying growth in Germany
  - Strong underlying growth in Belgium and RoW

EBITDA (margin)



- EBITDA down 5.9% y-on-y, margin at 38%
  - Severe regulatory impact of € 44m (10%)
  - High underlying growth in Germany and strong underlying growth in Belgium
  - Investing in growth via commercial data roll-out

Capex

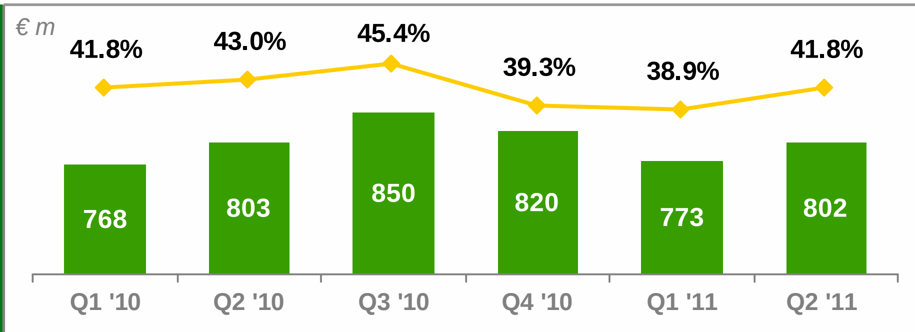


- Capex of € 163m in Q2, up 60% y-on-y
- Accelerated network roll-out in Germany and Belgium ongoing

Financial review - Mobile International by segment

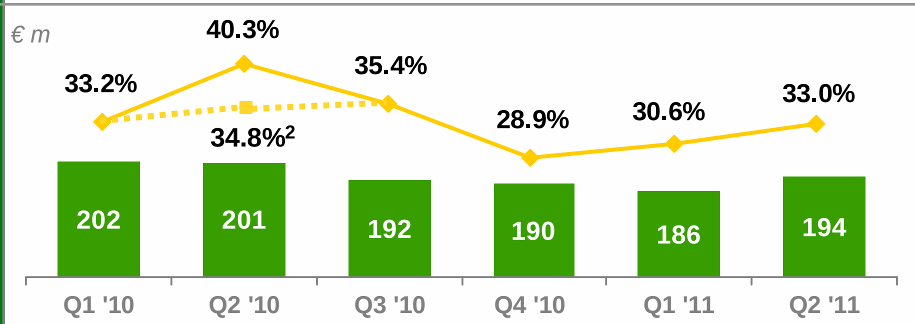
Continued underlying growth in all segments, severe regulatory impact

Germany



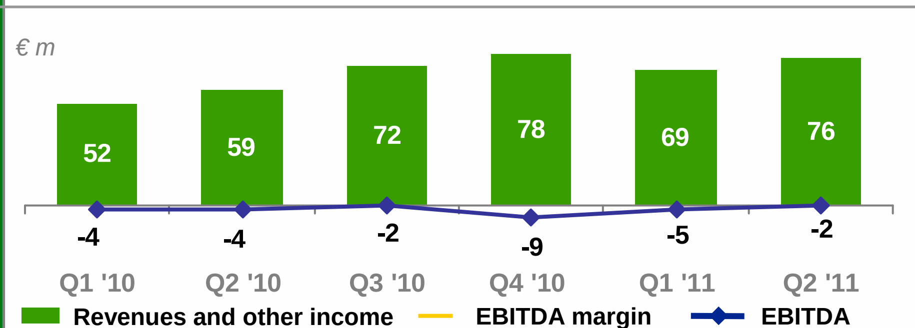
- Q2 service revenues flat y-on-y (-0.5%)
- Severe regulatory impact of € 61m on service revenues (7.9%), € 31m on EBITDA (9.0%)
- Strong EBITDA margin due to targeted marketing and cost efficiency

Belgium[1]



- Q2 wireless service revenues down 3.9% y-on-y due to regulation
- Severe regulatory impact of € 21m on service revenues (12%), € 13m on EBITDA (16%)
- Q2 ’10 EBITDA positively impacted by € 11m incidental

Rest of World[3]

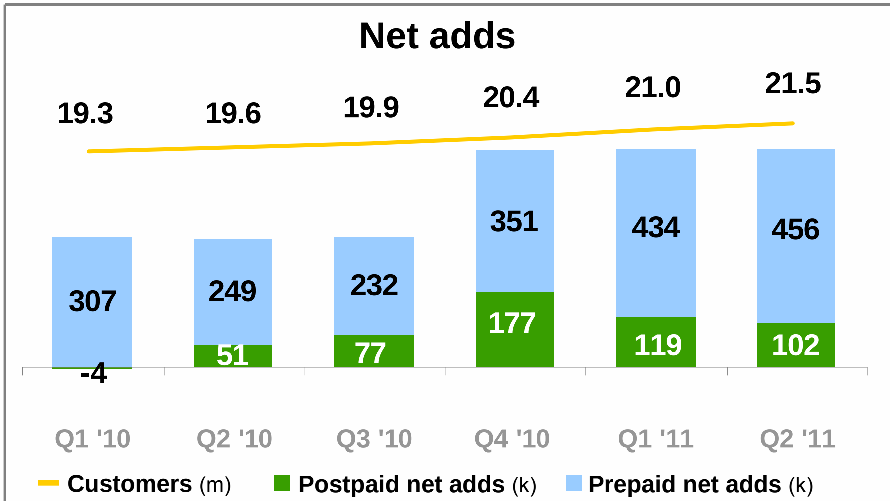


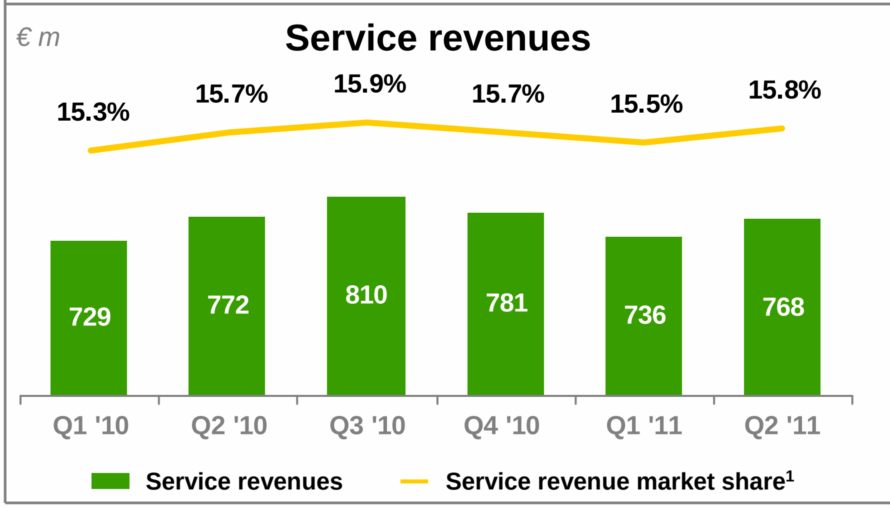
- External revenues up 29% y-on-y in Q2 due to increased focus on Ortel Mobile
- Continued strong growth Ortel France and accelerating growth at Ortel Spain
- ~650k customers in France (Q4 ’10: ~400k) and ~550k customers in Spain (Q4 ’10: ~400k)

1 Including fixed Belgian B2B and Carrier business, including the fiber network; divested per 31 March 2010
2 Normalized EBITDA margin, excluding one-off release of € 11m
3 External revenues

Operating review - Germany

High underlying service revenue growth of 7.5% at strong margin





- Good performance of 'Mein BASE' in both voice and data
  - High number of postpaid net adds (102k)
  - Regional focus and strong captive channel performance
- Take-up of data bundles encouraging, >40% of 'Mein BASE' adds take data bundle
- Underlying service revenue growth of 7.5% y-on-y
- Service revenue flat y-on-y (-0.5%)
  - Negatively impacted by MTA (€ 58m) and roaming (€ 3m), positively impacted by Multiconnect[2] (€ 4m)
- Market share increase expected y-on-y
  - Market outperformance in both voice and data
  - Relatively high impact from regulation compared to competitors

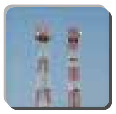
1 Management estimates, based on service revenues; market shares restated due to change in reporting of Deutsche Telekom in Q1 '11
2 Former part of SNT Germany; transferred from segment Other to Germany on 1 June 2010

Strategic building blocks

Grow mobile Challenger strategy with data

Building blocks

Network



- Mobile broadband network for mass market
- Quality on eye-level with competition
- Clear cost leadership

Commercial

- Innovative 'value for money' data propositions
- Upgrade customer base
- Capture market growth

Brand

BASE

- Further strengthen lead brand BASE
- Continue multi-brand / segment strategy
- Expand wholesale partnerships for voice/data

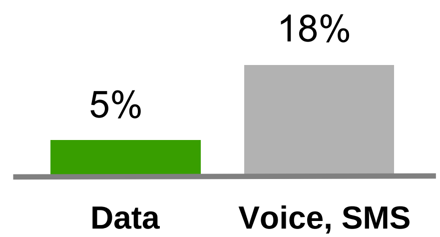
Distribution

- Regionalized go-to-market approach
- Further strengthen captive channels

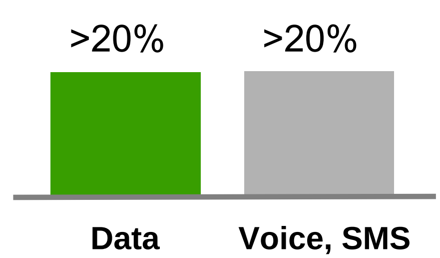
Key 2015 objective

Service revenue market share[1]

2010



2015



1 2010 market shares and 2015 objectives for Germany

Progress Germany

Strong growth in data supported by accelerated network roll-out

Strong data growth

BASE Lutea
€ 12 per month
24 month contract
Internet flat inclusive

BASE Tablet
€ 19 per month
24 month contract
Internet flat inclusive

- BASE branded smartphones and tablets with data packages for mass market
- Data via ‘Mein BASE’ and partners shows good take-up

ALDI TALK
MOBILES INTERNET
MIT ALDI.

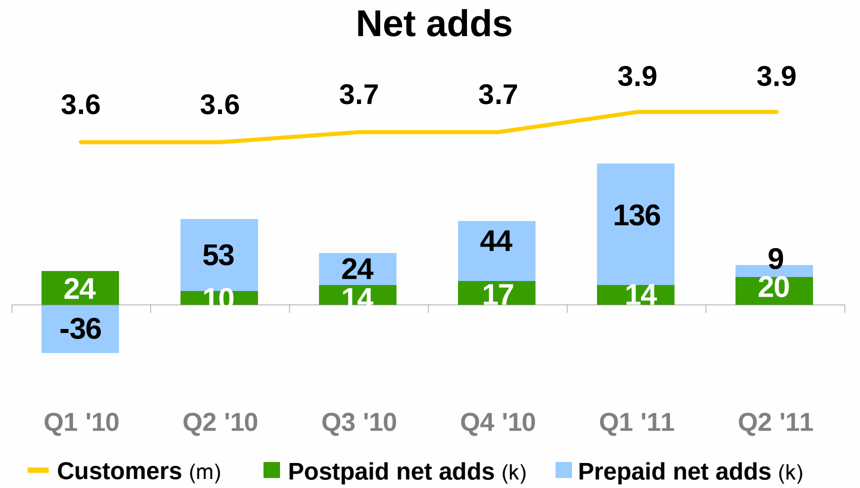
Accelerated network roll-out

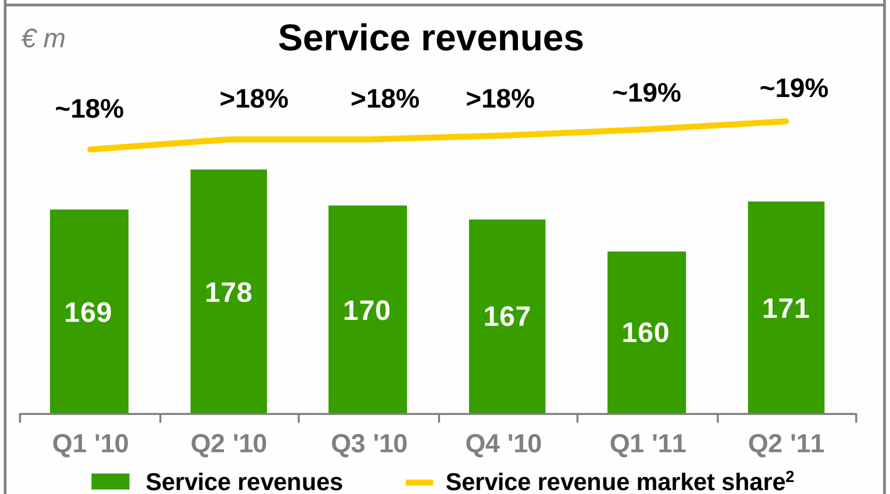
- High speed data network roll-out through multiple partnerships running ahead of schedule
- >75% of own customer base covered with high speed data (up to 21 Mbps)
- End of year 2012: >80% of total population covered (up to 42 Mbps)
- More than 15 site upgrades per day

ZTE中兴 Nokia Siemens Networks ERICSSON Alcatel·Lucent

Operating review - Belgium[1]

Strong underlying growth of 8.9%, service revenues impacted by regulation





- Underlying service revenue growth of 8.9% y-on-y in Q2
  - Regional focus with increasing number of shops
  - Clean-up of ~220k inactive prepaid customers
- Commercial high speed mobile data in more than 16 cities, including the 6 major ones
  - Good demand for data bundles
  - Supported by transparent pricing
- Q2 service revenues down 3.9% y-on-y
  - Negatively impacted by regulation € 21m (12%)
- Increasing EBITDA margin at 33%
  - Focus on cost efficiency to increase EBITDA margin

1 Wireless services only
2 Management estimates

Agenda

Chairman's review	Eelco Blok
Group financial review	Carla Smits-Nusteling
Operational review The Netherlands	Eelco Blok
Operational review International	Thorsten Dirks
Concluding remarks	**Eelco Blok**

Concluding remarks

- Q2 financial results down y-on-y; on track to realize outlook
- Progress made with strategic initiatives to strengthen the business in The Netherlands
- High underlying growth in Germany at strong margin
- First phase of restructuring plan is being implemented to optimize cost structure
- Confirming outlook

Q&A

Annex

For further information please contact

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Analysis of results

Key items worth mentioning in results interpretation

€ m		Q2 '11	Q2 '10	YTD '11	YTD '10
Revenue effect					
MTA reduction	Group	-132	-23	-259	-78
Roaming tariff reduction	Group	-4	-15	-10	-30
EBITDA effect					
MTA reduction	Group	-55	1	-108	-19
Roaming tariff reduction	Group	-1	-11	-4	-24
Restructuring costs	Group	-13	8	-23	1
Release of provisions	Getronics	-	5	10	5
Release of provisions	Belgium	-	11	-	11
Revenue & EBITDA effect					
Book gain on sale of real estate	W&O	11	-	44	-
Book gain on sale of real estate	Other	-	4	-	6
Release of deferred connection fees	Consumer	11	-	11	-
Release of deferred connection fees	Business	7	-3	4	16
Release of deferred connection fees	W&O	-	9	-	9
Wholesale price cap	W&O	-	-	-	4
Book gain on sale of business	Getronics	-	-	5	-

Restructuring costs

€ m	Q2 '11	Q2 '10	YTD '11	YTD '10
Germany	-	-2	-	-2
Belgium	-	-	-	-
Rest of World	-2	-	-2	-
Mobile International	**-2**	**-2**	**-2**	**-2**
Consumer	-	-1	-1	-2
Business	-	-	-	-
Wholesale & Operations	-	6	-	3
IT NL	-	-	-	-
Other	-1	-	-1	-
Dutch Telco	**-1**	**5**	**-2**	**1**
Getronics	-7	1	-12	1
The Netherlands	**-8**	**6**	**-14**	**2**
Other	-3	4	-7	1
KPN Group	**-13**	**8**	**-23**	**1**

Regulation

MTA reductions and upcoming spectrum auctions

MTA reductions implemented across the Group

NL

- KPN's suspension request has been rejected, annulment procedure is ongoing

€ ct / min	Until 7 July	7 July '10	Sep '10	Jan '11	Sep '11	Sep '12
MTA rate	7.00	5.60	5.60	4.20	2.70	1.20

GER

- Final MTA decisions published, E-Plus has started legal proceedings against these decisions

€ ct / min	Until 1 Dec '10	1 Dec '10 – 30 Nov '12
MTA rate	7.14	3.36

BE

- KPN's suspension request has been rejected, annulment procedure is ongoing

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

Upcoming spectrum auctions

NL

- Concept auction document published
- Preliminary timing indicates Q1 2012
- Auction of 800 - 900 - 1.8GHz and left overs 2.1GHz - 2.6GHz

BE

- Auction document published
- Preliminary timing of 2.6GHz auction is end of November 2011
- Combination Telenet & Voo recently acquired 29.6MHz 2.1 GHz for € 71.5m

MTA impact on Group revenues & EBITDA

€ m	2010	2011E	2012E
Revenues	180	~ 500	~ 125
EBITDA	62	~ 200	~ 50

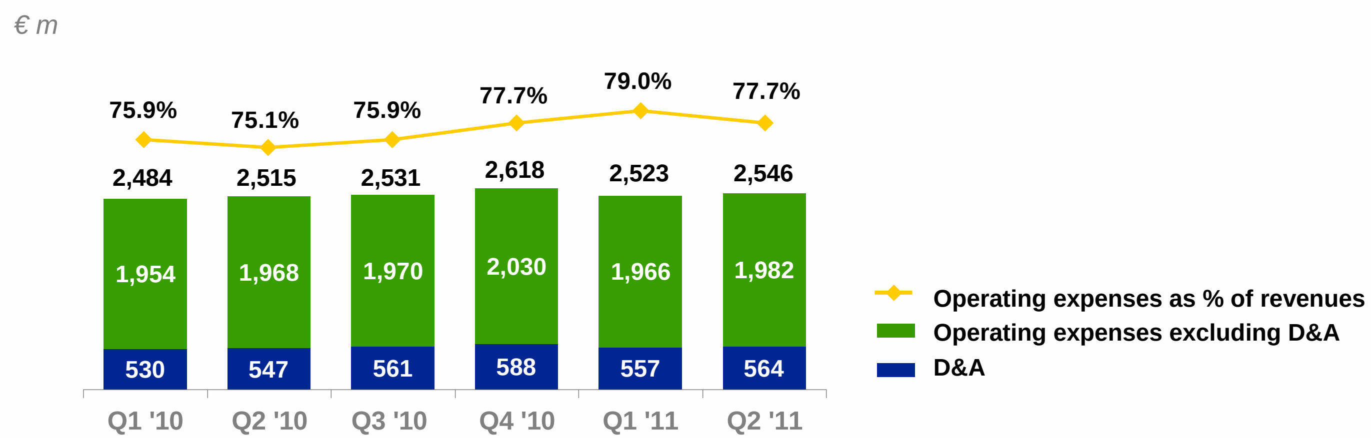
Impact MTA reduction

€ m	Q2 '11		YTD '11	
	Revenues	EBITDA[1]	Revenues	EBITDA[1]
Germany	-58	-30	-111	-57
Belgium	-21	-13	-42	-27
Mobile International	**-79**	**-43**	**-153**	**-84**
Consumer	-27	-10	-55	-19
Of which: Mobile Wholesale	*-2*	*-1*	*-4*	*-2*
Business	-16	-2	-33	-4
Wholesale & Operations	-13	-	-25	-1
Intercompany	3	-	7	-
The Netherlands	**-53**	**-12**	**-106**	**-24**
KPN Group	**-132**	**-55**	**-259**	**-108**

1 Defined as operating profit plus depreciation, amortization and impairments

Operating expenses

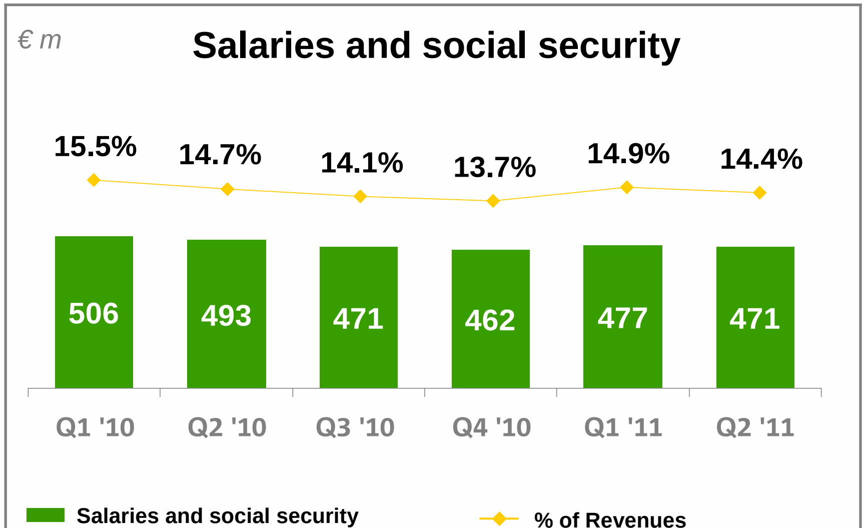
€ m	Q2 '11	Q2 '10	%
Salaries and social security contributions	471	493	*-4.5%*
Cost of materials	232	199	*17%*
Work contracted out and other expenses	1,136	1,144	*-0.7%*
Own work capitalized	-30	-25	*-20%*
Other operating expenses	173	157	*10%*
Depreciation[1]	352	351	*flat*
Amortization[1]	212	196	*8.2%*
Total	**2,546**	**2,515**	***1.2%***

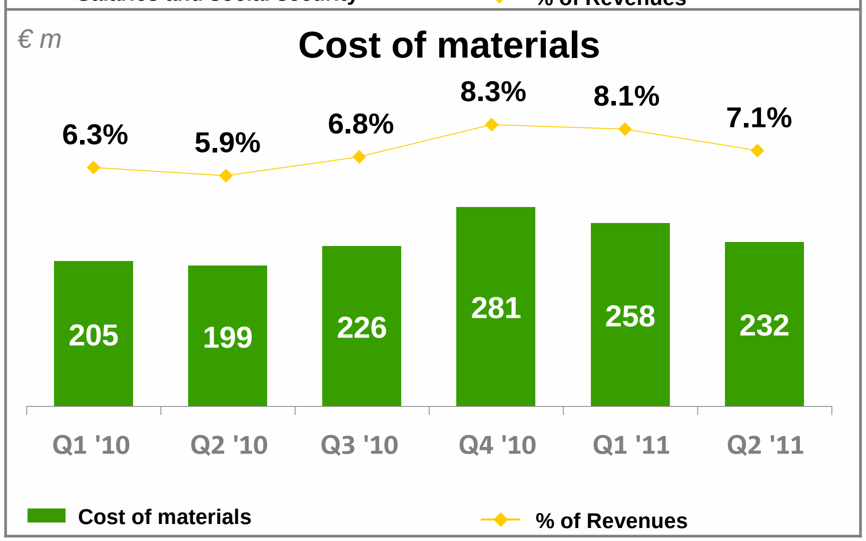


1 Including impairments, if any

Operating expenses - analysis

Salaries and social security contributions & Cost of materials





Y-on-Y decrease

- Reduction of own personnel in The Netherlands and Getronics, partly offset by increase at Mobile International

Q-on-Q decrease

- Reduction of own personnel in The Netherlands and Getronics, partly offset by increase at Mobile International

Y-on-Y increase

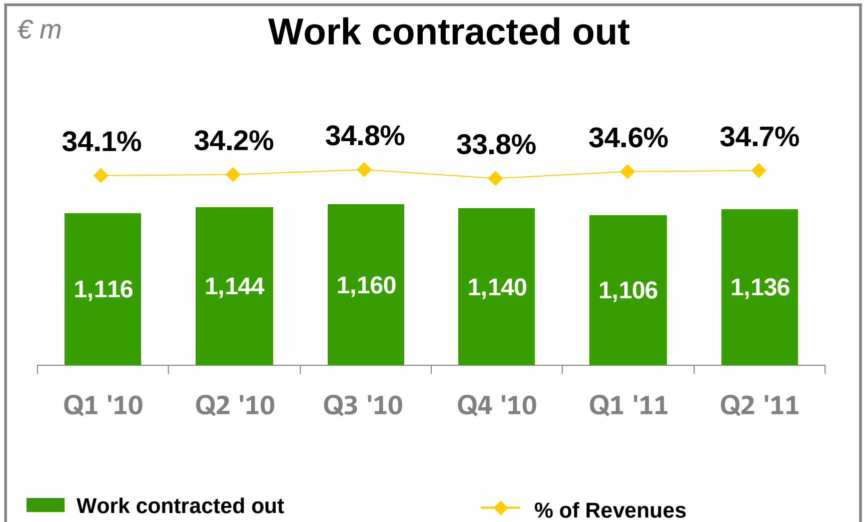
- Higher cost of materials due to increased smartphone sales

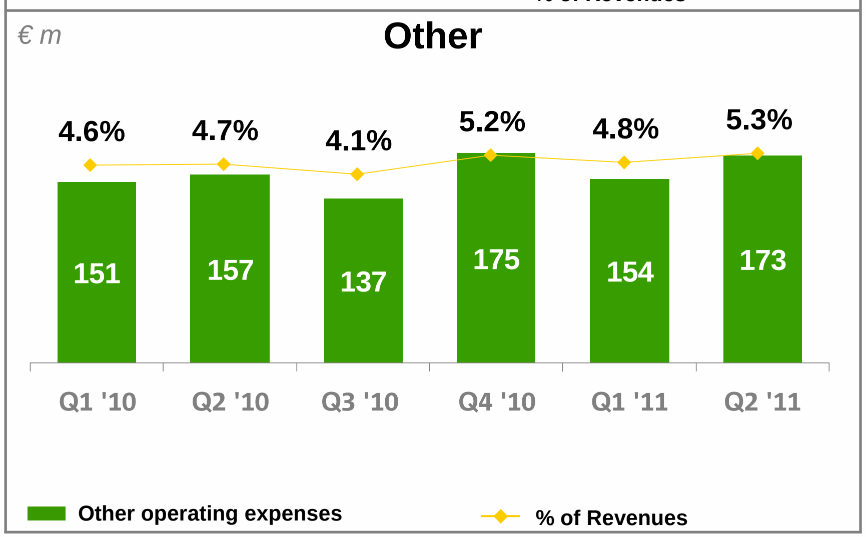
Q-on-Q decrease

- Lower costs in Germany due to full implementation of handset lease model as of 1 April

Operating expenses - analysis

Work contracted out & Other





Y-on-Y decrease

- Lower traffic costs due to regulatory tariff cuts across all segments
- Partly offset by increase at Mobile International and iBasis due to higher traffic

Q-on-Q increase

- Higher costs related to higher traffic at Mobile International and iBasis

Y-on-Y increase

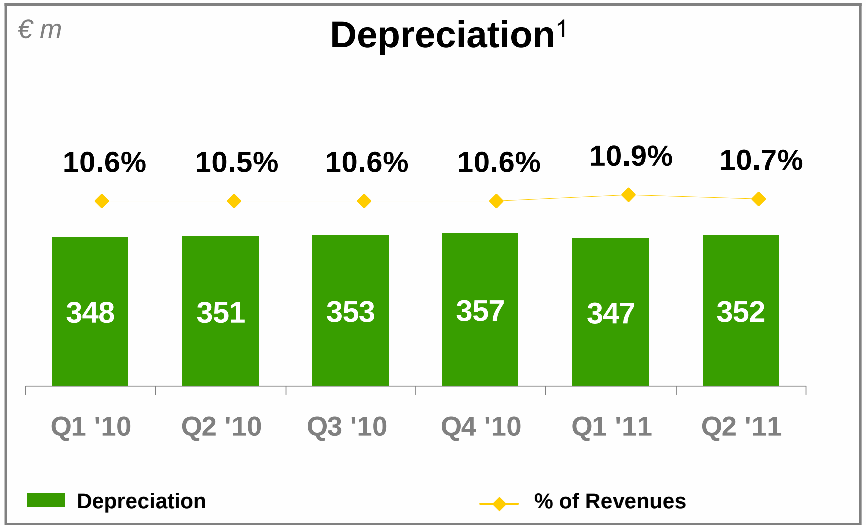
- New restructuring provisions in The Netherlands
- Release of provisions Q2 2010

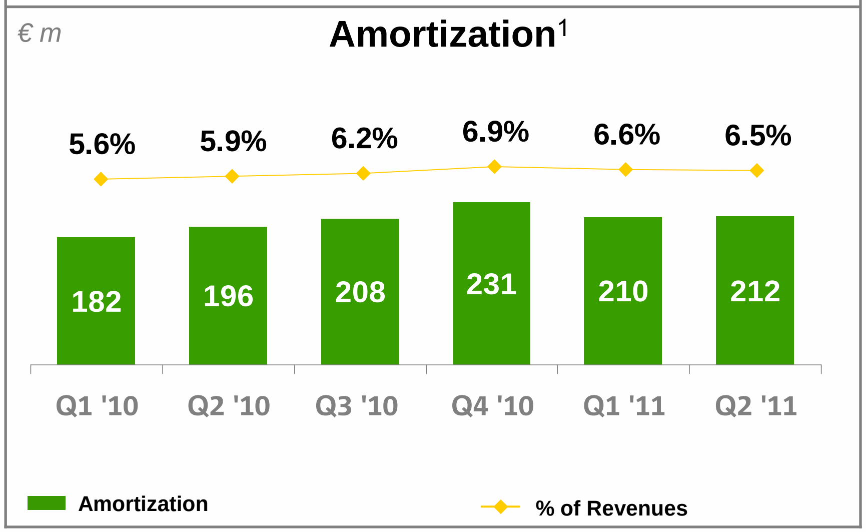
Q-on-Q increase

- Increase in marketing expenditure Germany
- Higher addition to restructuring provision in Q2

Operating expenses - analysis

Depreciation & Amortization





Y-on-Y increase

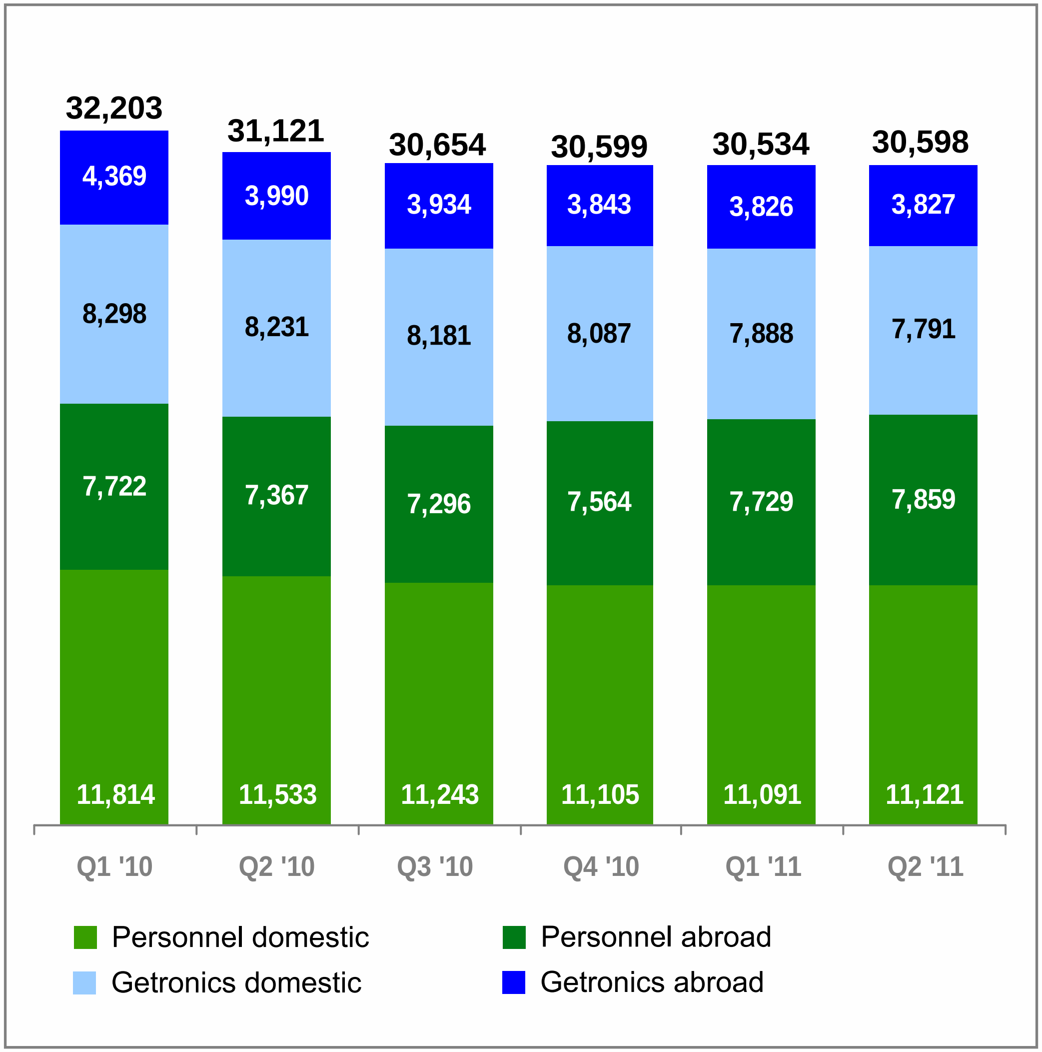
- Higher amortization costs due to new spectrum licenses in Germany
- Amortization of software licenses

Q-on-Q increase

- Amortization of software licenses

1 Including impairments, if any

Personnel



- Decrease of 523 FTE y-on-y
  - Reduction of 412 FTE in The Netherlands (excl. Getronics) from all segments
  - Increase of 492 FTE at Mobile International (including SNT Germany)
  - Getronics domestic: reduction of 440 FTE
  - Getronics abroad: reduction of 163 FTE
- Increase of 64 FTE q-on-q
  - Decrease of 96 FTE at Getronics, offset by:
  - Increase of 30 FTE in The Netherlands (mainly at call centers, migrating external to internal personnel as part of quality program)
  - Increase of 130 FTE at Mobile International (including SNT Germany), caused by growing business (shops and call centers)

Tax

Fiscal units *(€ m)*	P&L Q2 '11	P&L Q2 '10	Cash flow Q2 '11	Cash flow Q2 '10
Dutch activities[1]	-107	-111	95	-2
Getronics	9	-2	-	1
German Mobile activities	-28	-33	-1	-1
Belgian Mobile activities	-10	-16	-	-
Other	-2	-7	-1	-2
Total reported tax	**-138**	**-169**	**93**	**-4**
Effective tax rate	*24.5%*	*26.2%*		

- KPN has reached an agreement in principle with the Dutch tax authorities with regard to the application of the innovation tax facilities
- The innovation tax facilities lead to a positive one-off impact YTD '11 of € 118m for the P&L and € 237m for the cash flow
- The normalized effective tax rate for the Group will be reduced to approximately 20% from 2011 onwards

1 Includes tax recapture E-Plus, one-off gains in relation to the innovation tax facilities. Preliminary tax assessment 2010 fully prepaid in Q1 '10

Share repurchase progress

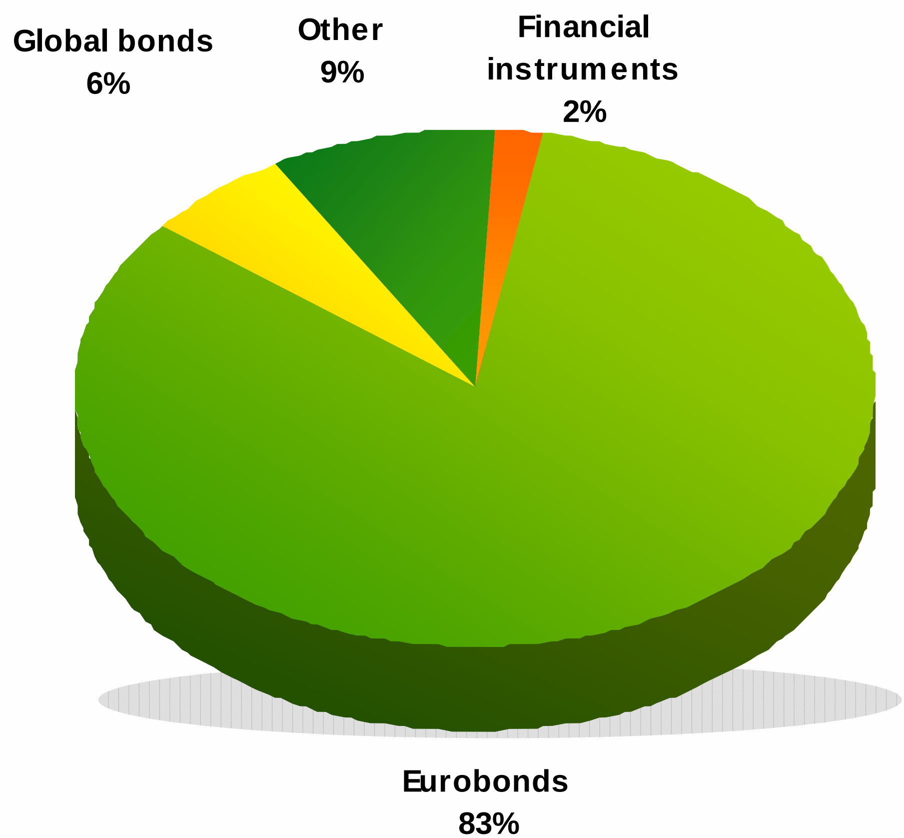
Date[1]	Value (€ m)	Shares (m)	Avg. share price (€)
Q1 '11	**178.4**	**15.2**	**11.71**
April	107.1	9.5	11.29
May	252.3	24.3	10.40
June	136.0	13.6	10.03
Q2 '11	**495.4**	**47.3**	**10.47**
July[2]	32.4	3.4	9.57
Total	**706.2**	**65.9**	**10.72**

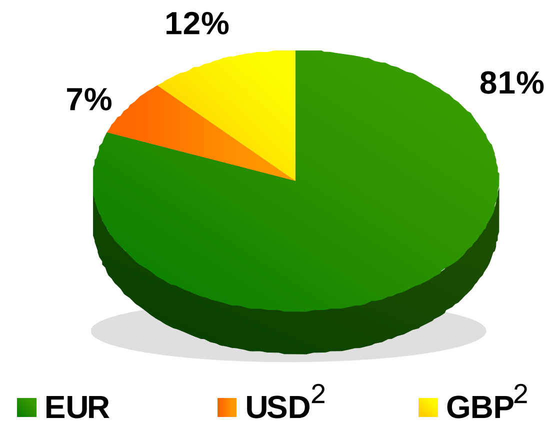
- € 1bn share repurchase program for 2011 started on 21 February 2011
  - ~71% completed to date, following acceleration in May
  - Program expected to be finalized around 1 October 2011
- € 9.5bn in shares repurchased since start in 2004, at an average price of € 9.24
  - ~39% of outstanding shares cancelled since 2004
- Number of outstanding shares amounting to 1,528,251,409 per 30 June 2011
  - No shares cancelled in Q2 '11
  - Large part of the shares that were repurchased as part of 2011 program to be cancelled in Q3 '11

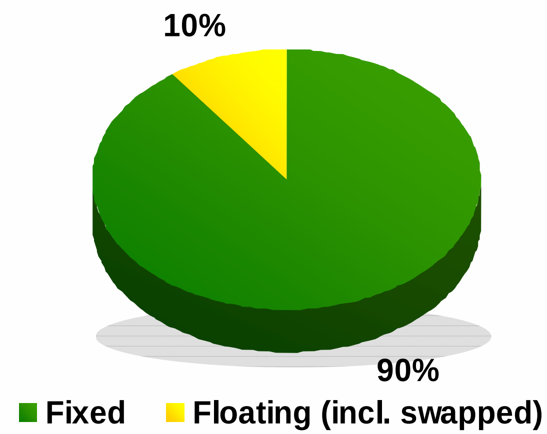
1 Figures based on transaction date of share repurchases, some rounding changes may apply
2 Until 25 July 2011

Debt portfolio

Breakdown of € 13.6bn gross debt[1]







1 Book value of interest bearing financial liabilities plus the fair value of financial instruments (excluding Reggefiber) related to these financial liabilities

2 Foreign currency amounts hedged into EUR

Dutch wireless services disclosure

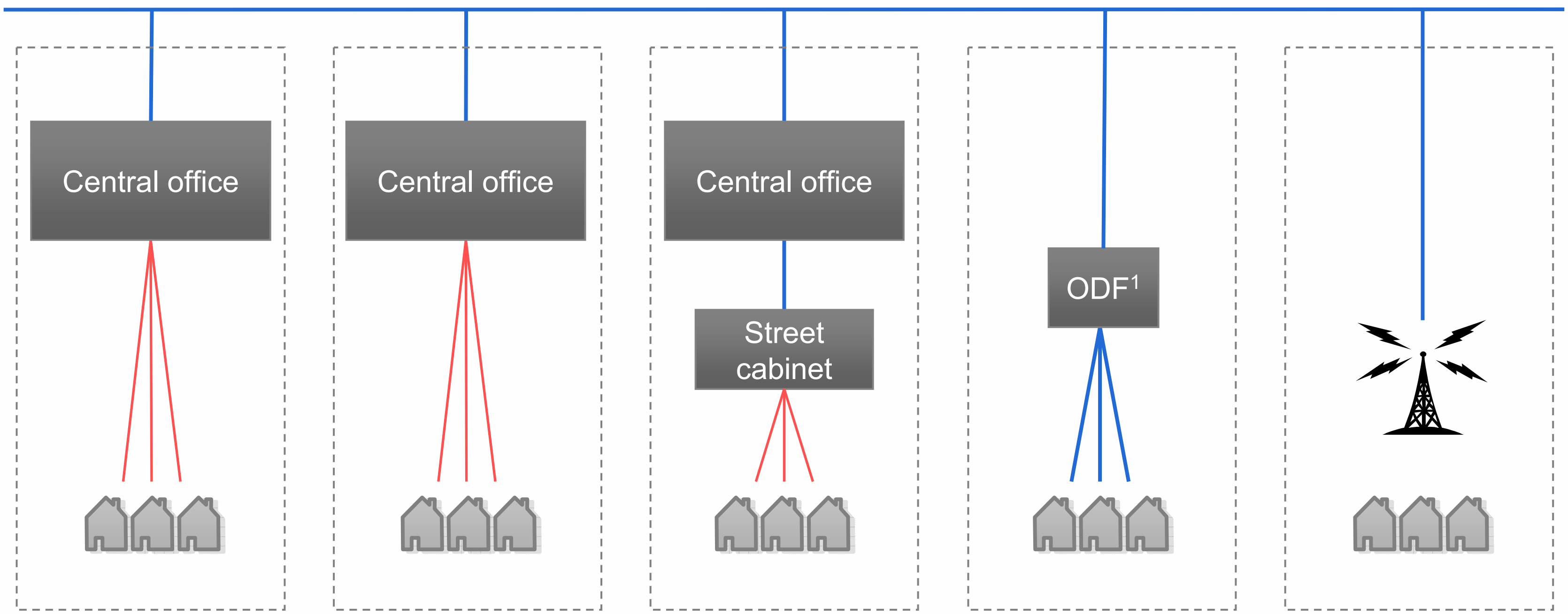
	Q2 '11	Q1 '11	Q2 '10
Service revenues (€ m)	**702**	**698**	**761**
– *Consumer*	*409*	*399*	*448*
– *Business*	*239*	*230*	*246*
– *Other Dutch activities[1]*	*54*	*69*	*67*
SAC / SRC (€)			
– *Consumer*	*164*	*146*	*157*
– *Business*	*224*	*225*	*215*

1 Indicates amongst others Mobile Wholesale NL, Simyo and visitor roaming revenues within KPN The Netherlands, Q2 '11 including Yes Telecom at Business

Infrastructure

Deploying mix of technologies going forward

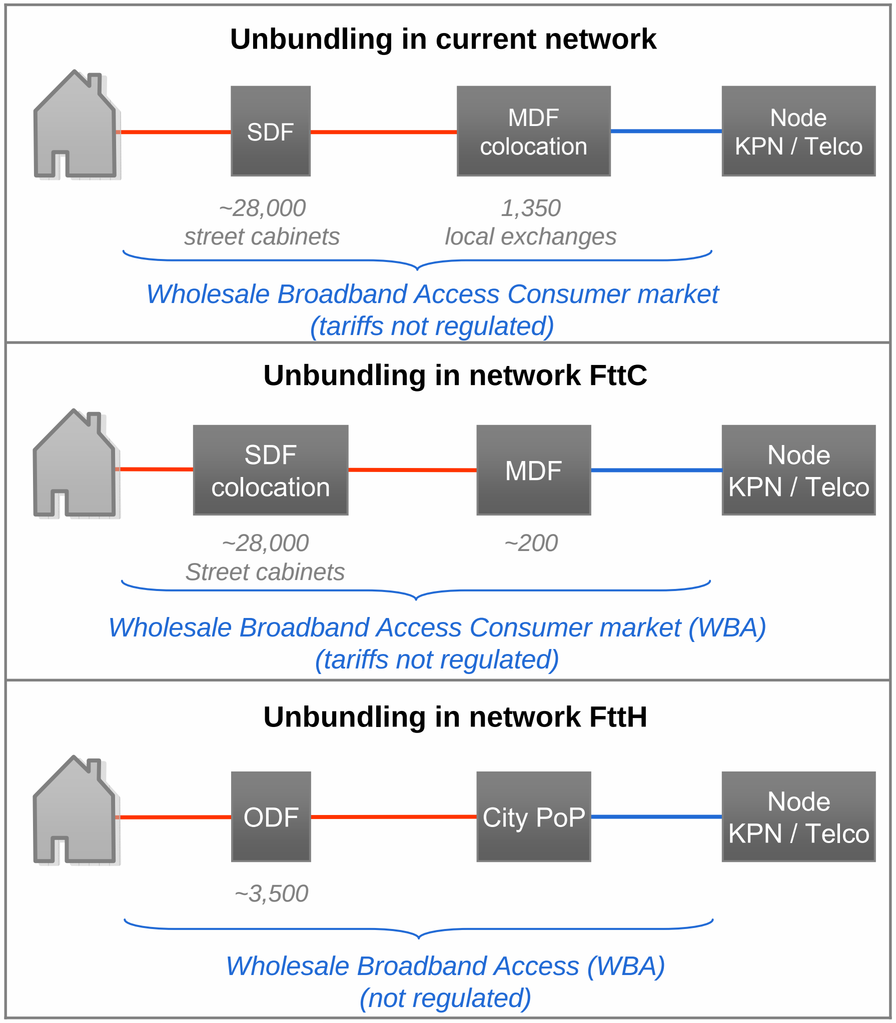
ADSL on copper	VDSL from central office (VDSL-CO)	VDSL from street cabinet	FttH	Wireless
up to 20 Mbps down up to 2 Mbps up IPTV & HDTV	up to 40 Mbps down up to 4 Mbps up IPTV, multi-room HD	30-40 Mbps down up to 4 Mbps up IPTV, multi-room HD	>100 Mbps (symmetrical) IPTV, multi-room HD	>14 Mbps down (HSPA / LTE) DVB-T (Digitenne)



Fiber — Copper

1 Optical distribution frame

Unbundling tariffs



Regulated — Not -regulated

1) Tariffs refer to WPC 2009-2011 |(WPC 2A)

Category	Monthly tariff
Line sharing (LLU)[1]	€ 0.11 / line
Fully unbundled (LLU)[1]	€ 6.54 / line
MDF colocation[1]	€ 871.20 / footprint / year
MDF backhaul	Commercial pricing, not regulated
Wholesale Broadband Access (WBA)	€ 5.32 shared € 13.00 non-shared

Category	Monthly tariff
Line sharing (SLU) [1]	€ 7.59 / line
Fully unbundled (SLU) [1]	€ 7.41 / line
SDF colocation[1]	€ 1.21 / line or 5.38 / per unit One-off € 492.80 / per unit
SDF backhaul	Will not be regulated by OPTA
Wholesale Broadband Access (WBA)	€ 5.32 shared € 13.00 non-shared

Category	Monthly tariff
Fully unbundled (ODF FttH)	€ 12.30 – € 17.94
ODF FttH colocation	≤ € 512 / month / per Area Pop One-off ≤ € 3,075 / per Area Pop
ODF FttH Backhaul	≤ 615 / month
Wholesale Broadband Access (WBA) FttH	€ 19.00 non-shared
ODF FttO	Will not be regulated by OPTA

Spectrum in The Netherlands

Current status

							Total
800MHz	Free 2x30 MHz						2x30
900MHz	Vodafone 2x12.5	T-Mobile 2x10	KPN 2x12.5				2x35
1.8GHz	Vodafone 2x5	T-Mobile 2x30	KPN 2x20	Free 2x15			2x70
1.9-2.0 GHz	Free 14.7MHz unpaired						14.7
2.1GHz	Vodafone 2x15, 1x5	T-Mobile 2x20, 1x10	KPN 2x15, 1x5	Free 2x10, 1x5			2x60 1x25
2.6GHz	Vodafone 2x10	T-Mobile 2x5	KPN 2x10	Ziggo4 2x20	Tele2 2x20	Free 55 unpaired	2x65 1x55
Total	Vodafone 90MHz	T-Mobile 140MHz	KPN 120MHz	Ziggo4 40MHz	Tele2 40MHz	Free 184.7MHz	

To be auctioned

Upcoming auction

Draft auction document published, includes the following:

- 2x30MHz in 800MHz will be auctioned together with 2x35MHz in 900MHz band, available 1 January 2013
- 2x10MHz in the 800MHz band is reserved for new entrant(s)
- All spectrum has minimum prices and roll-out obligations, In addition, reserved spectrum has trading restrictions for the first five years
- No spectrum caps
- License duration for the 800MHz, 900MHz and 1.8GHz bands will be aligned with the 2.6GHz licenses and therefore expire in 2030. The 2.1GHz licenses expire on 1 January 2017
- The auction will take place in Q1 2012

Spectrum in Belgium

Current status

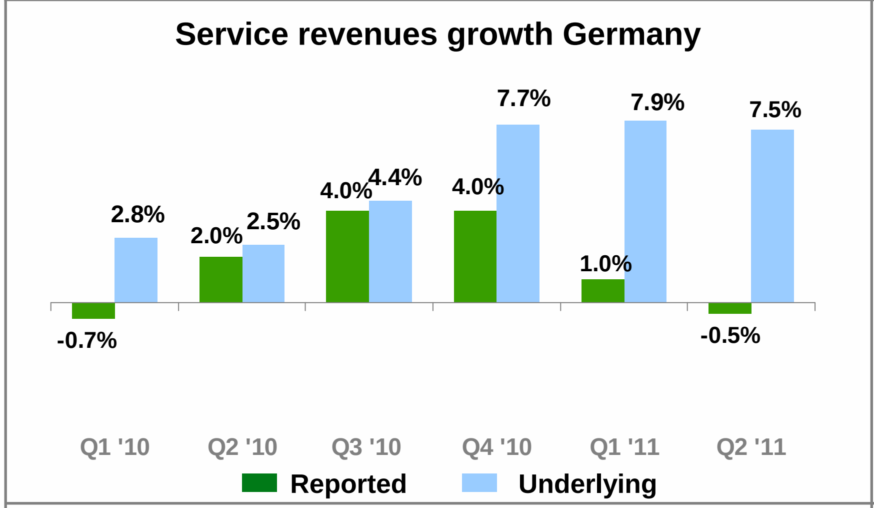
900MHz	KPNgB 2x10.8	Proximus 2x12	Mobistar 2x12			
1.8GHz	KPNgB 2x22	Proximus 2x15	Mobistar 2x15	Prox 2x5.8	Mob 2x5.8	Free 2x11.4
2.1GHz	KPNgB 2x15, 1x5	Proximus 2x15, 1x5	Mobistar 2x15, 1x5	Telenet & Voo 2x14.8	Free 1x5	
2.6GHz	Free 140MHz paired, 50MHz unpaired[1]					
Total	KPNgB 100.6MHz	Proximus 100.6MHz	Mobistar 100.6MHz	Telenet & Voo 29.6MHz	Free 217.8MHz	

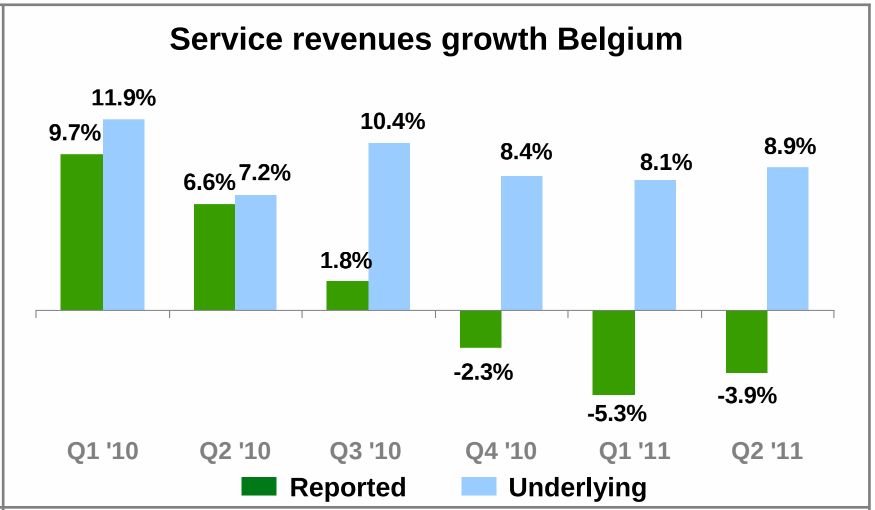
Upcoming auction

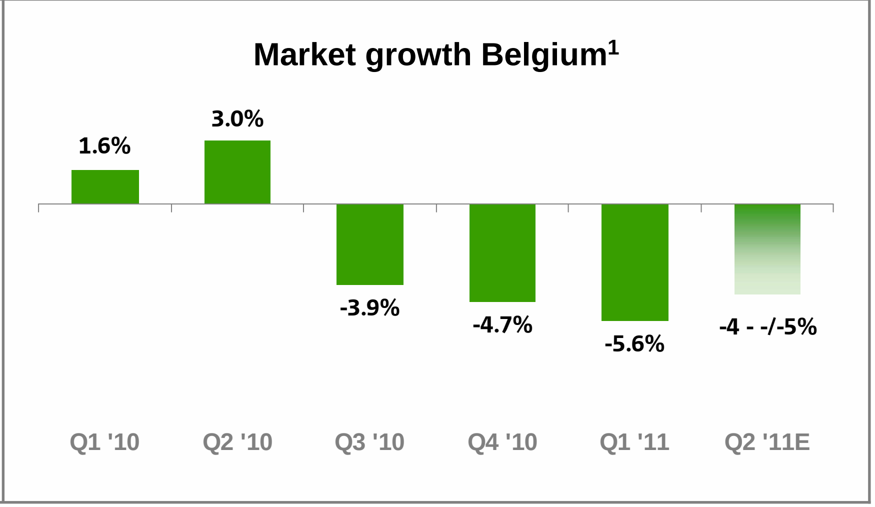
- Auction of 185MHz (140 paired + 45 unpaired) in 2.6GHz band scheduled for end of November 2011
  - Operators capped at 40MHz (2x20) in paired
- Current 2G licenses can be extended till 2021
- No clarity on 800MHz band yet

1 45 of 50MHz unpaired will be auctioned

Service revenues growth Mobile International







1 Management estimates for market service revenues growth, based on equity research