

Annual Results 2011

24 January 2012

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 total 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. KPN's Annual Report 2011 is expected to be available by the end of February 2012.

Agenda

Chairman's review	Eelco Blok
Group financial review	Eric Hageman
The Netherlands	Eelco Blok
International	Thorsten Dirks
Concluding remarks	Eelco Blok

Executive summary

- 2011 outlook for EBITDA, FCF and Capex achieved, FY '11 DPS confirmed at € 0.85
- KPN continues to adjust to a changing external environment and accelerates transition in The Netherlands under its "Strengthen, Simplify and Grow" strategy
- Investment strategy acceleration in 2012 to strengthen market position in The Netherlands
 - Bottoming-out of broadband market share
 - Stabilizing market shares in Consumer wireless
- Accelerated investment strategy consists of:
 - Network investments
 - ♦ Fixed network technology; hybrid fiber / copper
 - ♦ Mobile network technology; HSPA+ and LTE
 - Commercial investments
 - ♦ Further improving mobile propositions and expanding distribution footprint
 - Improving underlying cost structure
- Investment strategy will strengthen incumbent market positions and ensure sustainable profit levels in The Netherlands from end-2012

Executive summary (cont'd)

- In Germany and Belgium we are investing in mobile network and are balancing revenue growth and EBITDA margin
- We remain fully committed to shareholder value creation
 - Pursuing the right investment strategy including strategic investments (e.g. spectrum, fiber)
 - Pay-out of a sustainable and attractive dividend per share
 - Return excess cash to shareholders via share buybacks
 - Net income cap on total shareholder remuneration removed
- Outlook 2012
 - EBITDA¹: € 4.7 - 4.9bn
 - Capex: € 2.0 - 2.2bn
 - Free cash flow²: € 1.6 - 1.8bn
 - DPS: € 0.90
 - No share repurchase program in 2012
- Striking the right balance between investments, shareholder remuneration and a prudent financing policy

¹ Defined as operating profit plus depreciation, amortization & impairments, corrected for 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

KPN's external environment

Macro developments and industry trends

Changing customer behavior

- Growing data demand
- Single access (triple / quad play packages)
- Shift voice / SMS to data



Technological opportunities



- Smartphones and tablets
- HSPA evolved, LTE
- Fiber
- Pair bonding, vectoring
- Cloud services

Regulation

- MTA
- Roaming
- Spectrum



European debt crisis / looming recession

- KPN relatively well positioned with North-West European footprint
- Business and Corporate Market impacted, consumer confidence declining



Group review 2011

Putting KPN's 2011 performance in perspective

	Highlights	Challenges
Group	• 2011 outlook achieved • Leading margins despite disappointing domestic performance (EBITDA margin ~39%)	• The Netherlands' overall performance not meeting our expectations
The Netherlands	• Introduction of integrated data, voice and SMS propositions to proactively manage voice to data migration • Leading TV proposition evidenced by growing sales and activations • Fiber areas show success ➢ Higher broadband market share (+6%) ➢ Higher ARPU (+€ 10) • Maintaining good Business / Corporate market shares	• Not enough cost flexibility in The Netherlands • Consumer wireline and wireless market positions under pressure • Changing customer behavior • Continued impact from decline in traditional high margin businesses (e.g. PSTN / ISDN) • Business market size declining (price pressure, migration to IP and macroeconomic impact)
International	• Expanding mobile Challenger strategy to data • High margin with leading revenue growth • Accelerated roll-out of mobile broadband network ahead of schedule	• Lower growth in ARPU, due to MTA impact

Performance versus outlook 2011

Results in line with outlook, € 0.85 dividend per share for 2011

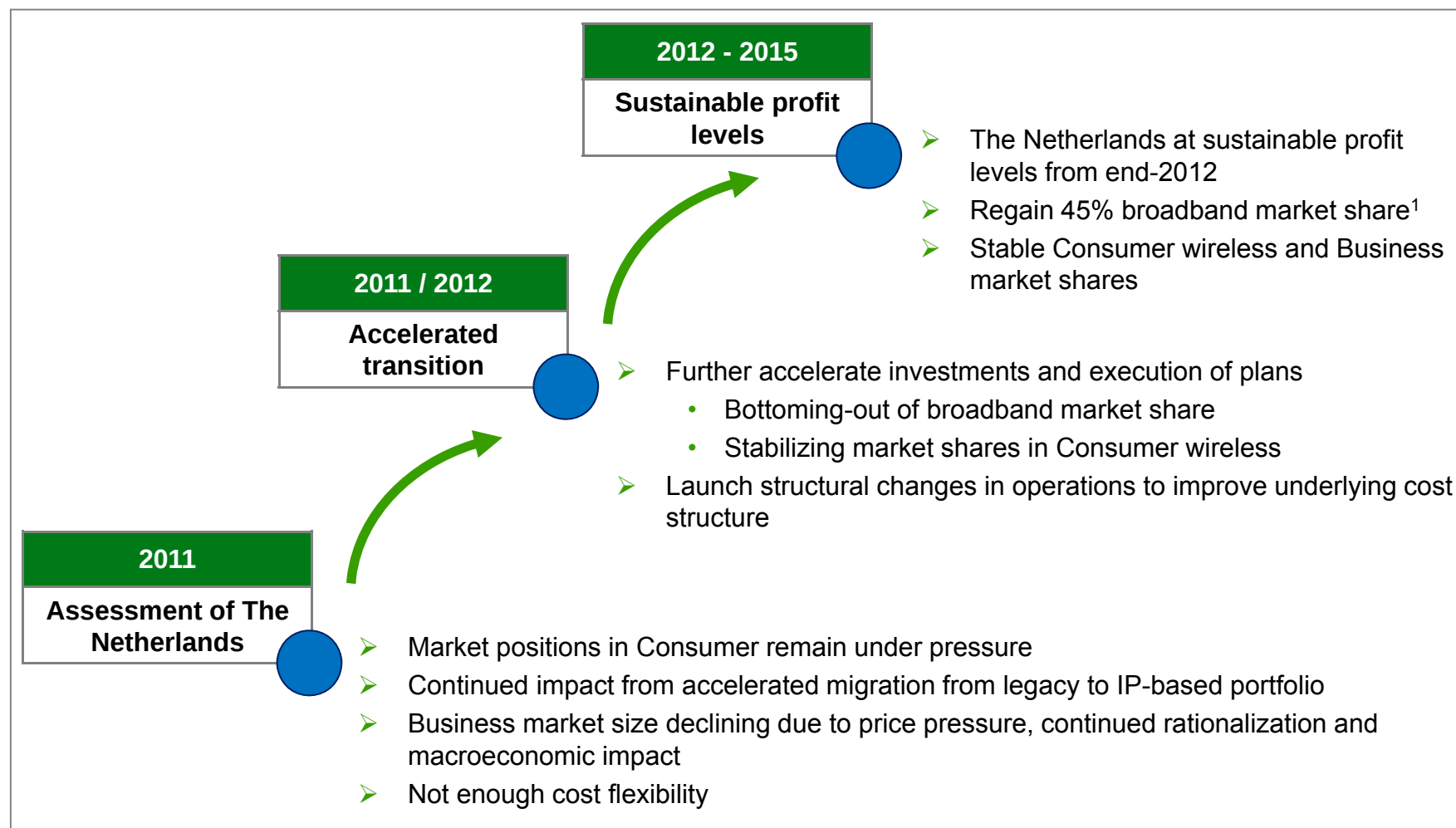
	Outlook 2011	Reported 2011	
EBITDA¹	>€ 5.3bn	€ 5.3bn	• EBITDA in line with outlook
Capex	<€ 2bn	€ 2.0bn	• Capex at high end, investments to strengthen Dutch Telco and accelerate network roll-out in Germany
Free cash flow²	>€ 2.4bn	€ 2.4bn	• Free cash flow in line with outlook
Dividend per share	At least € 0.85	€ 0.85	• € 0.57 remainder of € 0.85 DPS to be paid in April 2012
			• € 1bn share repurchase program completed in 2011

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

The Netherlands strategy

Accelerated transition leading to sustainable profit levels



¹ Strategic objective includes organic as well as inorganic growth

Accelerated transition in The Netherlands

Overview of the planned improvements

Scope	Improvements
The Netherlands	- Structural changes improving underlying cost structure this year ➤ Accelerate FTE reduction, also via off-shoring / out-sourcing, in Dutch Telco (back office, network and IT) ➤ Capex optimization
Consumer wireline	- Fiber: improve conversion homes passed to homes activated ➤ Speed up delivery and sales in fiber areas ➤ Distinguish fiber propositions (e.g. increased bandwidths) - Hybrid fiber / copper network strategy, accelerate & harvest investments in copper to reduce churn ➤ Speed-up and benefit from copper upgrades (a.o. pair bonding)
Consumer wireless	- Further improving mobile propositions, more transparent pricing - Expanding distribution footprint - Invest in #1 mobile network position in The Netherlands, e.g. HSPA+ and up-scaling LTE pilots
Business / Corporate Market	- Speed up integration of Business and Corporate Market - Invest in growth areas (e.g. unified communications, secure managed devices, private cloud and services aggregation)

Simplify



Bottoming-out broadband market share

Accelerate



Accelerate



Stabilize Consumer wireless market share

Accelerate



Improve



Stable Business / Corporate market share

Accelerate & improve



International strategy

Continue to invest in data and grow mobile Challenger business

	Next steps	2015 strategy highlights
Germany 	• Maintain profitable growth momentum, balancing revenue growth and margin • Continue nationwide HSPA+ roll-out and option to upgrade to LTE • Increase addressable market / segments • Further investments in data market share	• >20% market share¹ • 35% - 40% EBITDA margin
Belgium, Ortel, Spain, iBasis 	• Maintain profitable growth momentum • Continue roll-out of mobile broadband network in Belgium • Further investments in data market share	• Belgium – 20% - 25% market share¹ – 35% - 40% EBITDA margin • Accelerate Ortel growth • Continued value creation focus at iBasis



Balancing revenue growth and EBITDA margin of international businesses
Invest in mobile network

¹ Market share based on service revenue

Outlook 2012

Outlook reflecting transition year

	2012 Outlook
EBITDA ¹	€ 4.7 - 4.9bn
Capex	€ 2.0 - 2.2bn
Free cash flow ²	€ 1.6 - 1.8bn
Dividend per share	€ 0.90

¹ Excluding 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

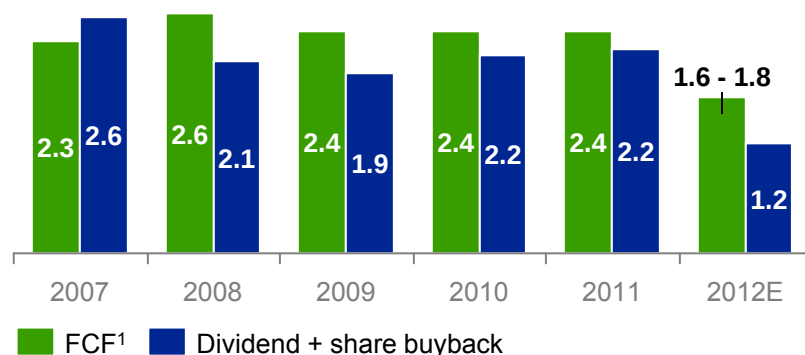
Outlook 2012 (cont'd)

We remain fully committed to shareholder value creation

Focus on shareholder remuneration

- € 0.57 remainder of € 0.85 dividend per share to be paid in April '12
- 2012 dividend per share of € 0.90 confirmed, announcement on 2013 dividend at FY '12 results
- Total 2012 dividend amounts to ~€ 1.2bn
- Dividend well covered by sustainable FCF¹

€ bn



Shareholder value creation / excess cash

- Commitment to an attractive dividend policy and returning excess cash to shareholders via share buybacks
- Excess cash depends on strategic investments (e.g. spectrum auction, fiber), business performance and broader macro issues
- No share repurchase program in 2012
- Net income cap on total shareholder remuneration removed
- Sustainable shareholder value creation by striking the right balance between
 - investments
 - shareholder remuneration, and
 - a prudent financing policy

Dividend per share

2011 reported

€ 0.85

2012 outlook

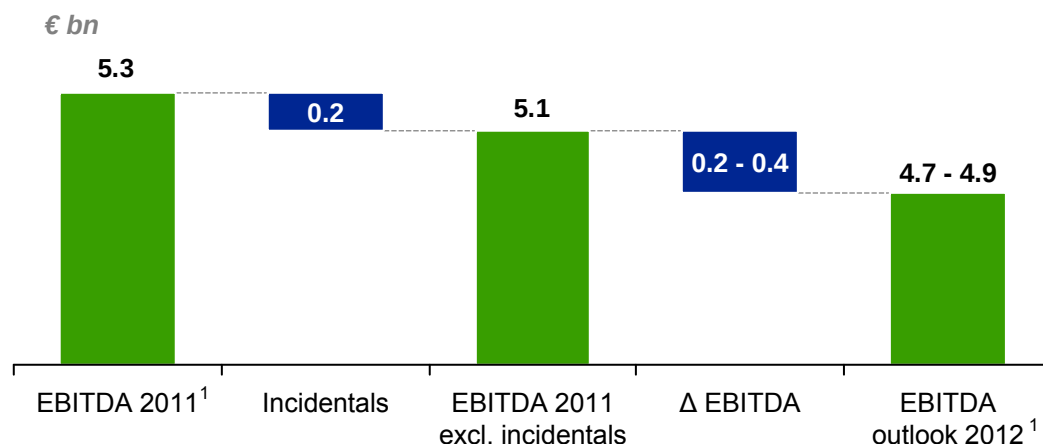
€ 0.90

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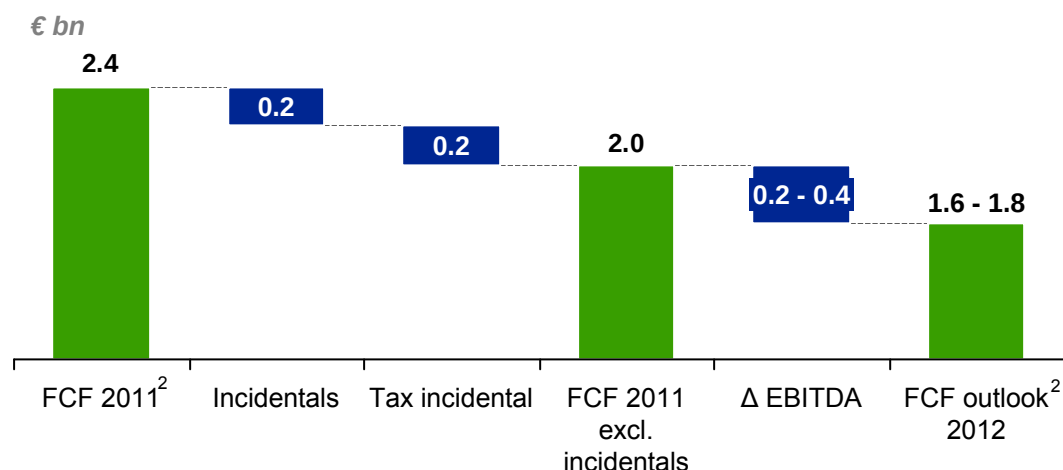
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Detailed outlook 2012



- 2012 EBITDA outlook at € 4.7 - 4.9bn

- Transition period Consumer wireless; further step down in 2012
- Investments in Consumer wireline to strengthen market position
- Business market size declining due to price pressure, continued rationalization and macroeconomic impact
- Balancing revenue growth and EBITDA margin in Germany and Belgium



- 2012 free cash flow outlook at € 1.6 - 1.8bn

- Lower EBITDA in 2012
- Higher taxes due to one-off benefit innovation tax facilities in 2011

¹ Excluding restructuring costs

² Defined as net cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture E-Plus

Group results

€ m	FY '11	FY '10	%
Revenues and other income	13,163	13,398	-1.8%
Operating expenses	10,614	10,148	4.6%
– of which Depreciation ¹	1,540	1,409	9.3%
– of which Amortization ¹	1,049	817	28%
Operating profit	2,549	3,250	-22%
Financial income / expense	-754	-916	-18%
Share of profit of associates	-24	-31	-23%
Profit before taxes	1,771	2,303	-23%
Taxes	-222	-508	-56%
Profit after taxes	1,549	1,795	-14%
Earnings per share²	1.06	1.15	-7.8%
EBITDA³ (reported)	5,138	5,476	-6.2%
– Restructuring costs	130	-1	n.m.
EBITDA³ (excl. restructuring costs)	5,268	5,475	-3.8%

- Revenues down 1.8% due to The Netherlands
- EBITDA excluding restructuring costs down 3.8%, mainly due to Consumer, Business and Corporate Market
- Operating profit down 22%, impacted by the impairment at Corporate Market of € 298m
 - Operating profit excluding impairment down by 12%
- Profit after taxes, excluding the impairment at Corporate Market, of € 1,830m (up 2%)
- Lower taxes due to positive impact of innovation tax facilities
- Earnings per share impacted by impairment at Corporate Market
 - Earnings per share excluding impairment of € 1.25 (up by 9%)

¹ Including impairments, Q4 2011 impairment of € 298m at Corporate Market
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

In 2011, 90% of FCF returned to shareholders

€ m	FY '11	FY '10	%
Operating profit	2,549	3,250	-22%
Depreciation and amortization ¹	2,589	2,226	16%
Interest paid / received	-637	-736	-13%
Tax paid / received	-231	-589	-61%
Change in provisions ²	-209	-336	-38%
Change in working capital	93	75	24%
Other movements	-151	-82	84%
Net cash flow from operating activities	4,003	3,808	5.1%
Capex³	2,047	1,809	13%
Proceeds from real estate	156	84	86%
Tax recapture E-Plus	337	345	-2.3%
Free cash flow⁴	2,449	2,428	0.9%
Dividend paid	1,200	1,152	4.2%
Share repurchases	1,000	1,000	flat
Cash return to shareholders	2,200	2,152	2.2%

¹ Including impairments, if any

² Excluding changes in deferred taxes

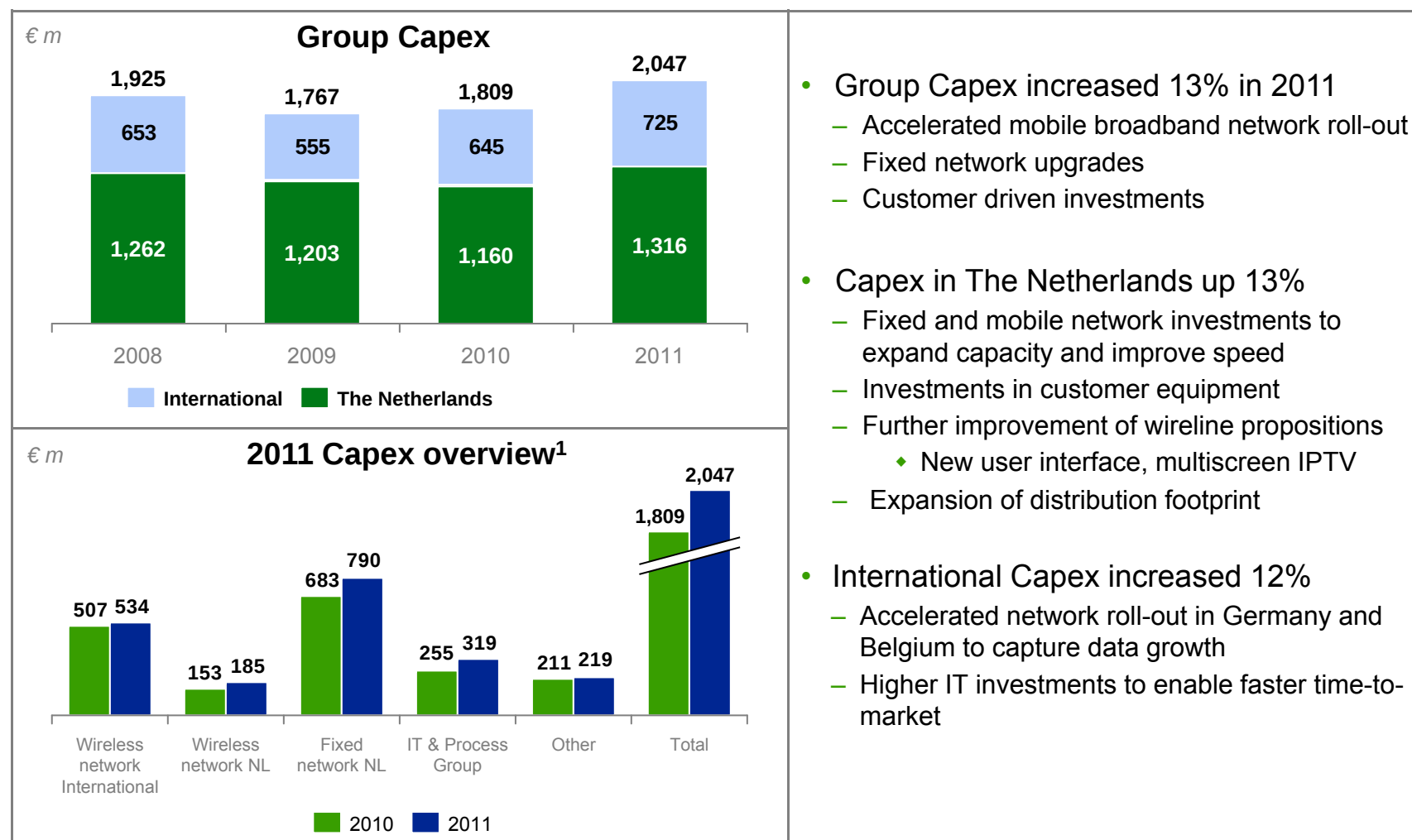
³ Including Property, Plant & Equipment and software

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 € 2,449m
- € 338m lower reported EBITDA is offset by:
 - € 358m lower tax payments mainly due to innovation tax facilities (€ 316m)
 - € 127m positive change in provisions due to less cash-out restructuring costs
 - €99m lower interest payments due to lower average gross debt
- Capex € 238m higher in 2011:
 - Accelerated network roll-out
 - Customer equipment investments
- Shareholder returns up 2.2% to € 2.2bn
- Coverage ratio of KPN pension funds at 101% end Q4 '11
 - Recovery payments of € 21m in Q1 '12 and € 19m in Q2 '12

Capex

Investing in the long-term sustainability of our business



¹ 2010 Capex allocation has been adjusted due to a change in classification

Financing principles

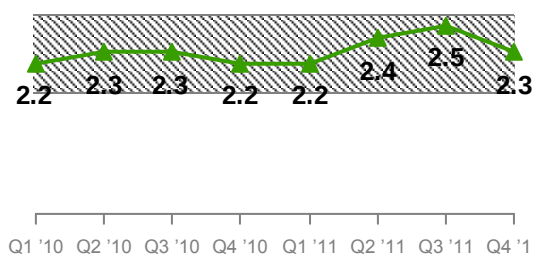
Continued commitment to prudent financing policy

Credit rating



- Current ratings: Baa2 and BBB+
- Committed to minimum credit rating of Baa2 and BBB respectively

Prudent financing policy



- Net debt¹ / EBITDA² ratio between 2.0x and 2.5x

Financing



- Redemptions financed well ahead, € 2.0bn of credit lines

Growing dividend per share



- € 0.57 DPS to be paid in April 2012

Share repurchases



- No new share repurchase program in '12
- Return excess cash to shareholders via share repurchases

Selective M&A

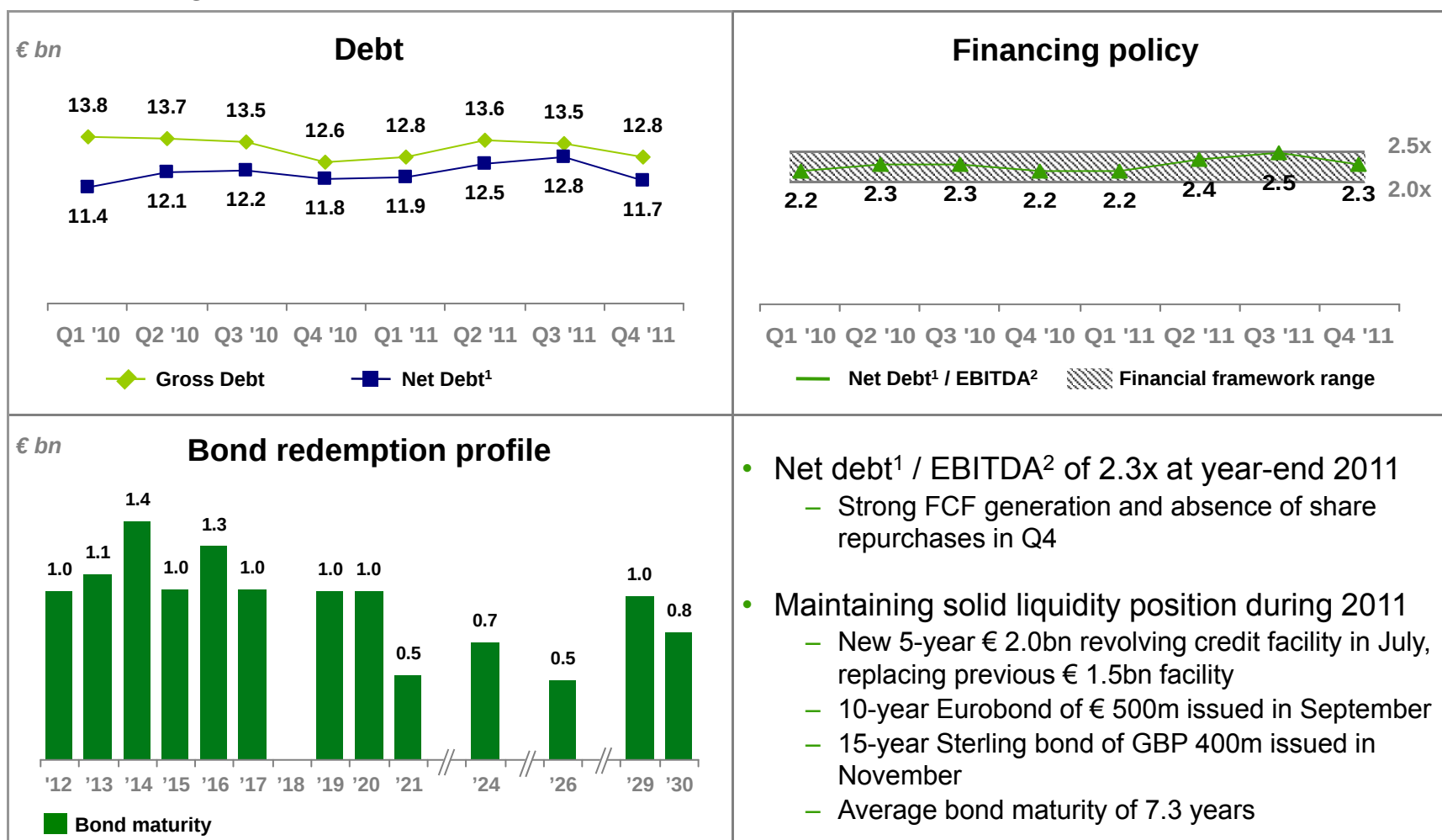


- Clear focus on value creation, right asset at right price as the key criterion

1 As of Q4 2011 net debt is based on the nominal repayment obligation in Euro at maturity. Prior periods have been recalculated, the reported net debt to EBITDA ratios were not impacted
 2 Based on 12 months rolling total EBITDA excluding book gains/losses, release of pension provisions and restructuring costs, when over € 20m

Group financial profile

Maintaining solid financial profile



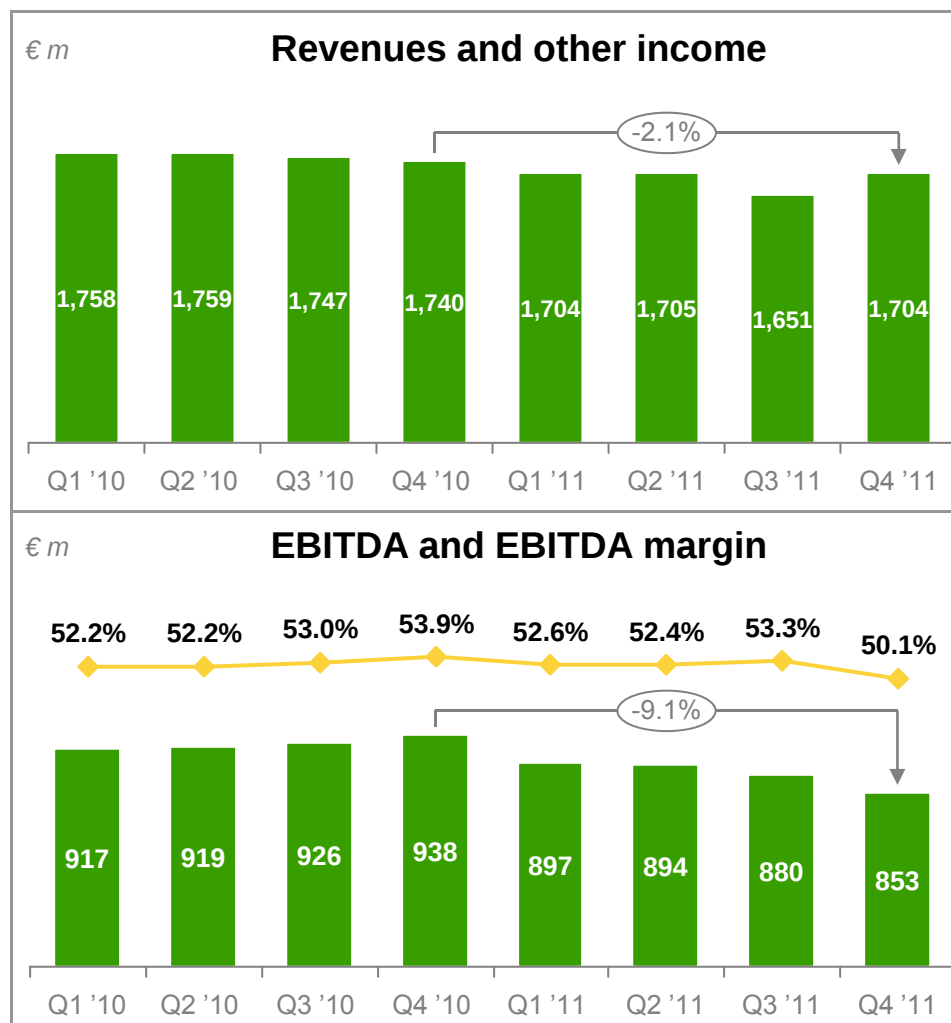
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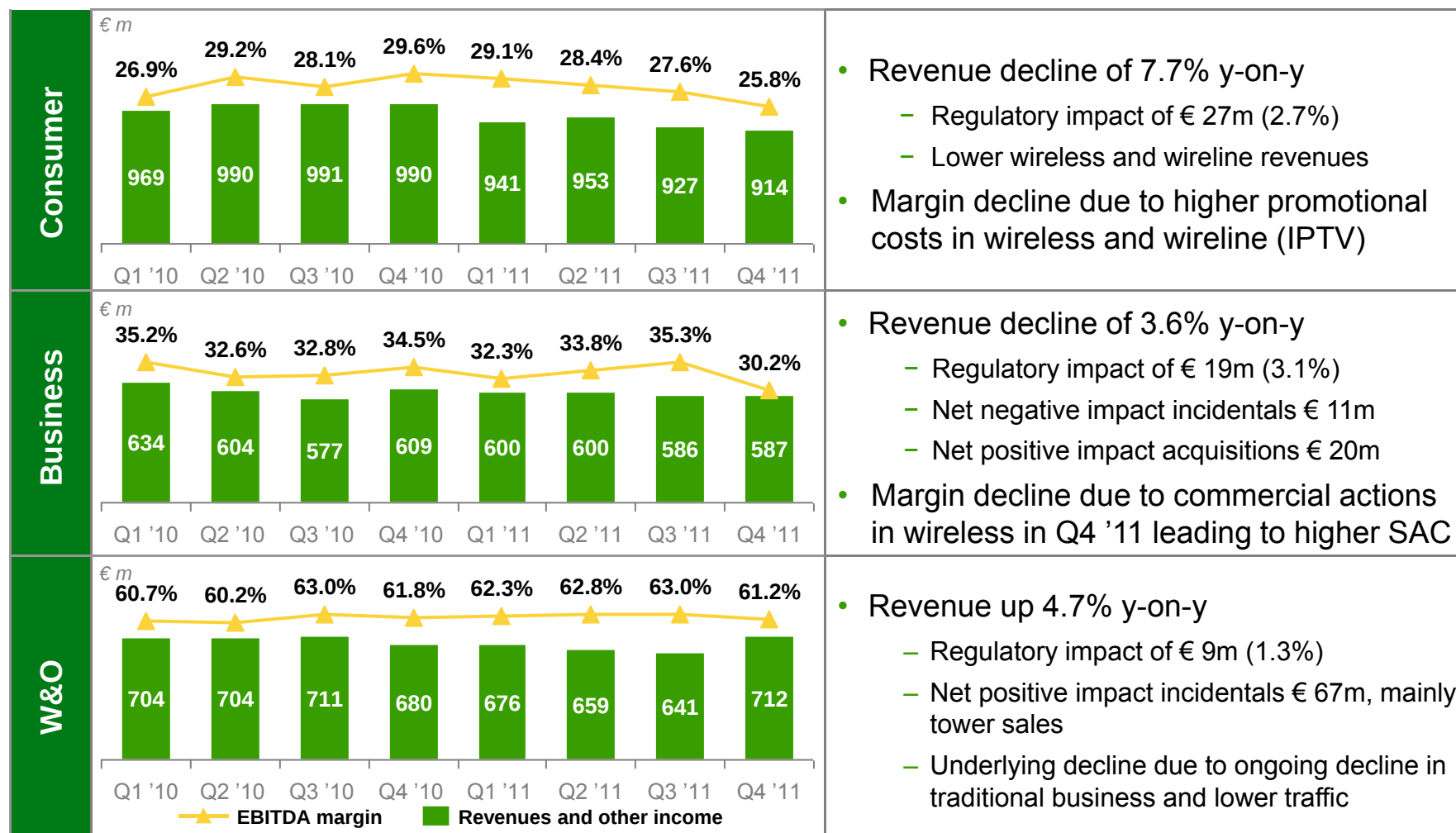
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Financial review - Dutch Telco



- Revenues and other income down 2.1% y-on-y
 - Regulatory impact of € 51m (2.9%)
 - € 56m net positive impact from incidentals
 - € 17m net positive impact from acquisitions
 - Lower revenues mainly in Consumer wireless and wireline
- EBITDA down 9.1% y-on-y
 - Regulatory impact of € 16m (1.7%)
 - € 42m net positive impact from incidentals and restructuring costs
- EBITDA margin in Q4 impacted by different phasing of costs in FY 2011 compared to 2010
 - Higher marketing and promotional costs in Q4 '11 including SAC related to the iPhone
 - Increased personnel costs to strengthen the business (shops, sales force, call centers)

Financial review - Dutch Telco by segment



Simplification, quality and reputation

Driving customer satisfaction and reputation in The Netherlands

Some examples of initial progress in 2011



Delivery process

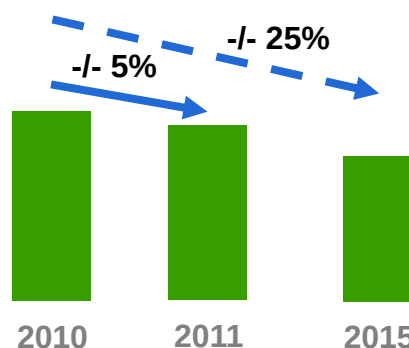
- Decreased IPTV delivery times from ~3 weeks to ~1 week



Service in stores

- Increased focus on service in stores

Customer calls



- Higher quality means less customer calls



Simplified letters

- Communication simplified



Moving customers

- Reconnection times of moving customers reduced by 50%

- Number of actions implemented in 2011

- NPS scores in line with market, but higher ambition; further steps needed in 2012

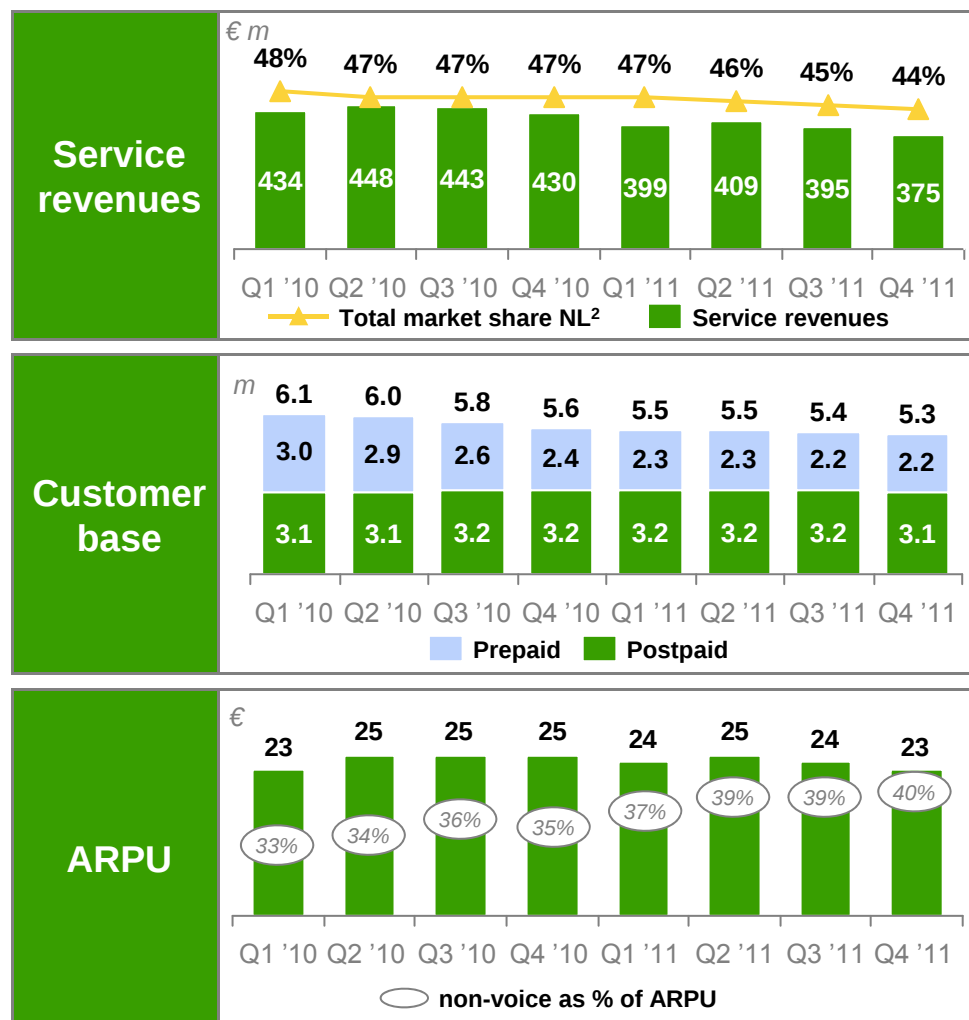
Strategic review - Consumer wireless

Initial positive results new portfolio, market share under pressure

	Consumer wireless 
Strategic progress	• First steps in transition period Consumer wireless • New propositions launched • Expanding own distribution, 11 new shops opened
Bottom line	• Initial positive results new portfolio, more time needed to see full impact • Market share under pressure
Strategic focus going forward	• Next steps to strengthen market position and further improve competitiveness of portfolio • Further expanding distribution to increase captive channel sales • Quality and service programs to improve customer preference • Up-scaling LTE pilots to support #1 mobile network position in The Netherlands

Operating review - Consumer wireless¹

Transition period accompanied by lower service revenues



- Transition period for Consumer wireless
 - New propositions since September 2011
- Service revenues down 13% y-on-y
 - Regulatory impact of € 25m (5.8%)
 - Impact changing customer behavior (~5%)
 - Customer market share decline
 - Partly offset by continued data growth
- Dutch mobile service revenue market share² at 44% due to;
 - Lower SAC/SRC level after step down of hardware subsidization
 - Loss of customer market share due to changing distribution landscape

¹ Excluding Mobile Wholesale NL

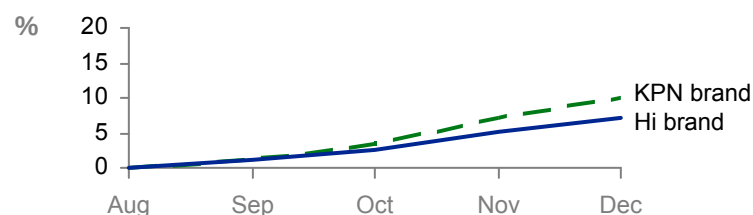
² Total Dutch (Consumer, Business and other Dutch activities) mobile service revenue market share

Operating review - Consumer wireless (cont'd)

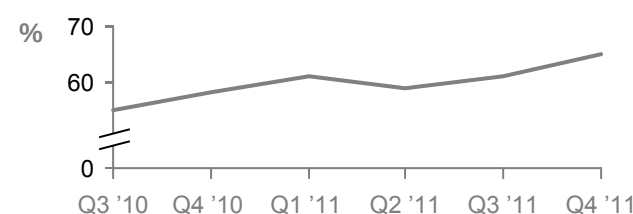
Positive initial results new portfolio, further steps to increase competitiveness

Performance

Percentage of postpaid base on new propositions



Contracted ARPU as percentage of total ARPU¹



- Conversion speed indicates still early stage to analyze full impact of new propositions
- Positive initial results of new portfolio and short-term actions successful
- Percentage of contracted revenue is increasing; amount of contracted ARPU also slightly increasing
- Relatively low acquisition share and increased churn put pressure on customer market share

Further steps to strengthen market position

1. Customer feedback on new portfolio suggests further adjustments with focus on data
2. Propositions will be made more competitive to support market share
3. Continue good progress in value for money segment with Telfort and Simyo
4. Strengthening distribution by opening more shops in 2012
5. Up-scaling LTE pilots to support #1 mobile network position in The Netherlands



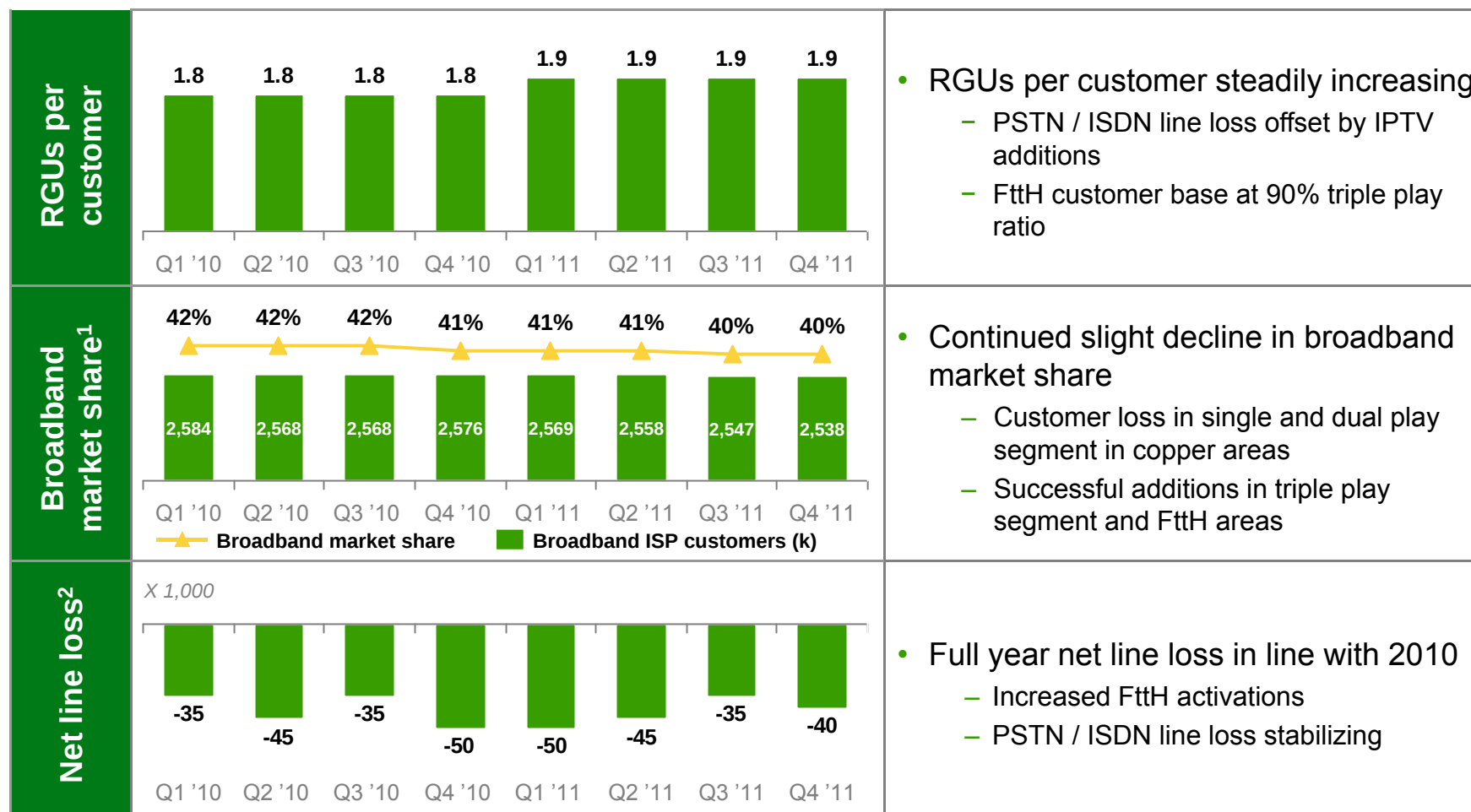
¹ Based on outgoing ARPU

Strategic review - Consumer wireline

Continued investments in triple play strategy to improve market shares

	Consumer wireline 
Strategic progress	• Leading TV proposition and continued growing TV market share • Network prepared for pair bonding • Upgraded speeds copper network commercially available in Q2 2012 • Clear road to control of Reggefiber and FttH roll-out on track
Bottom line	• Broadband market share still under pressure • Competition on speed in copper areas, positive results in FttH areas
Strategic focus going forward	• Regional commercial and network approach • Continue upgrading network in copper areas to provide competitive access speeds • FttH roll-out on-going at increased activation levels • Multi-brand strategy in triple play • Service and quality programs to improve FTR and enable call ratio reductions

Operating review - Consumer wireline



¹ Source: Telecompaper, management estimates for Q4 '11

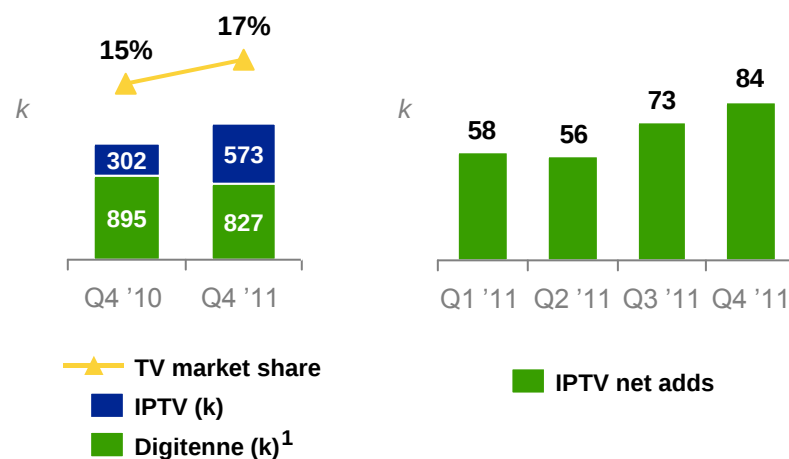
² Quarterly delta in PSTN / ISDN access lines + delta Consumer VoIP, ADSL Only and delta Consumer Fiber

Operating review - Consumer wireline (cont'd)

Gaining TV market share and upgrading speeds to increase customer loyalty

Gaining TV market share

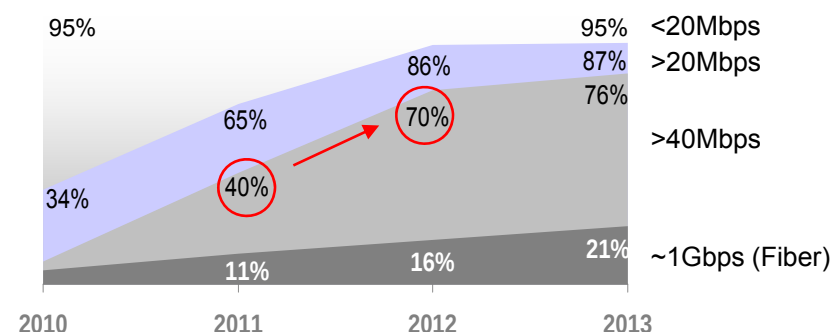
- Propositions significantly improved in 2011
 - Leading TV proposition in The Netherlands
 - Improved customer experience: fast zapping, new user interface and remote control
 - Added HD content, IPTV available on all screens
- TV market share gain increases RGU per customer and customer loyalty
 - Activations run-rate increasing; 84k IPTV net adds in Q4 2011



Speed upgrades

- Speed upgrades to come through in 2012
 - Competition on speed in copper areas
 - Currently 40% of network allows for minimum speed of 40Mbps
 - Upgraded speeds copper network commercially available in Q2 2012
 - 70% of Dutch market with minimum speed of 40Mbps end 2012

% coverage of Dutch market, minimum speeds



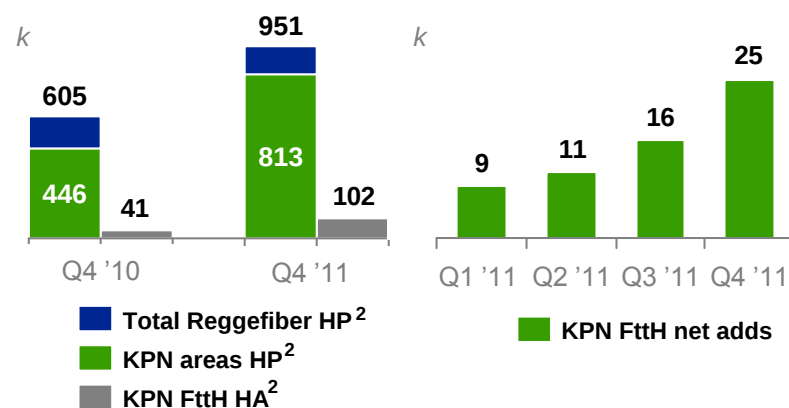
¹ Digitenne used as primary TV connection

Operating review - Consumer wireline (cont'd)

Positive results in FttH areas, supporting broadband market share

FttH roll-out and activations

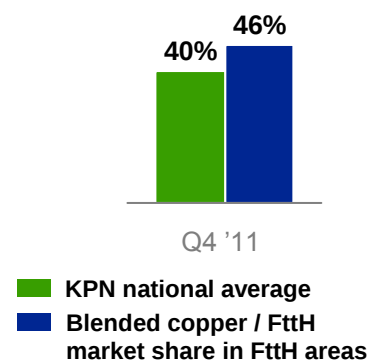
- Record # of homes passed rolled-out in 2011
- Activations run-rate increasing, more than 100k KPN FttH customers at year-end 2011
- Improved propositions
 - 500 Mbps up- and download speed supporting superior product offering
 - Decreased delivery times
 - ~90% of FttH customers take triple play



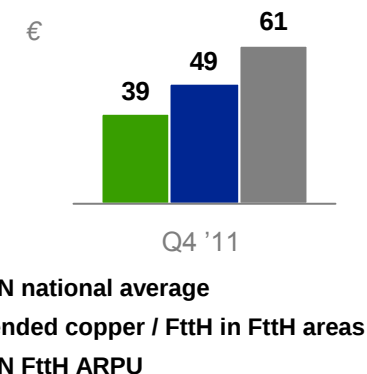
Increasing broadband market share

- Broadband market share in FttH areas¹ 6%-points higher than national average
- Blended ARPU in FttH areas¹ ~ € 10 higher than national average
- Demand aggregation successful in 50 areas in 2011
- Agreement to acquire service providers with ~110k FttH customers³

Broadband market share



ARPU



1 Based on all KPN FttH areas that were rolled-out at December '09
 2 HP is Homes Passed; HA is Homes Activated
 3 Acquisitions subject to approval Dutch competition authority (NMa)

Network The Netherlands

Integrated regional commercial and network approach

Clear network investment criteria

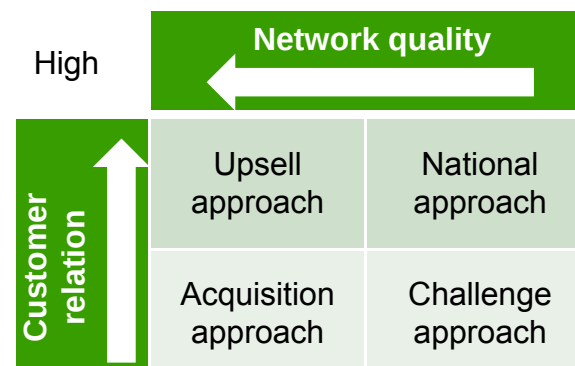
- Clear business case criteria for FttH versus copper upgrades
 - Propensity to buy (income level, demographics)
 - Market share
 - Copper network quality
 - Infrastructure competition
 - Cost per connection
- Regional approach in copper areas includes accelerated network upgrades, including VDSL outer rings and pair bonding
- Up-scaling of LTE pilots to support #1 mobile network position in The Netherlands



Regional integrated commercial and network approach

1. FttH local approach
2. Copper regional approach
3. National approach - Network upgrades
4. National approach - Regular campaigns

2: Copper regional approach based on regional network quality and customer relation

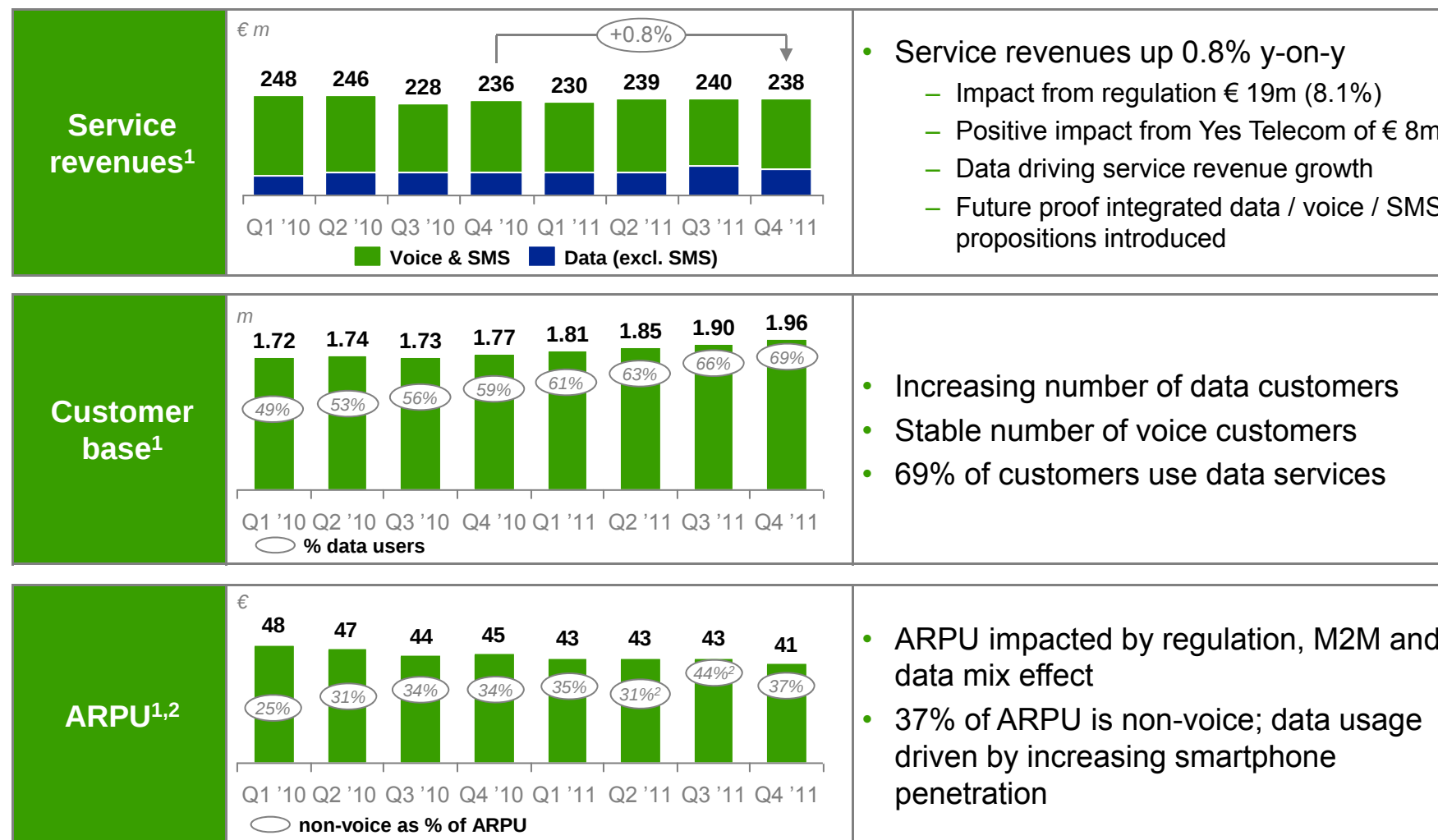


Strategic review - Business & Corporate Market

Stable market shares in a competitive environment

	Business & Corporate Market 
Strategic progress	• Stable market shares in competitive ICT and Telco market • Distribution footprint increased • Significant steps in outsourcing and off-shoring • Getronics International sold, focus is on core footprint
Bottom line	• Keeping market shares in competitive market • Size of market under pressure due to macroeconomic situation and price pressure
Strategic focus going forward	• Invest in growth areas (e.g. unified communications, secure managed devices, private cloud and services aggregation) • Speed-up integration of Business and Corporate Market • Accelerate outsourcing and off-shoring • Continue investments in quality and service programs

Operating review - Business wireless

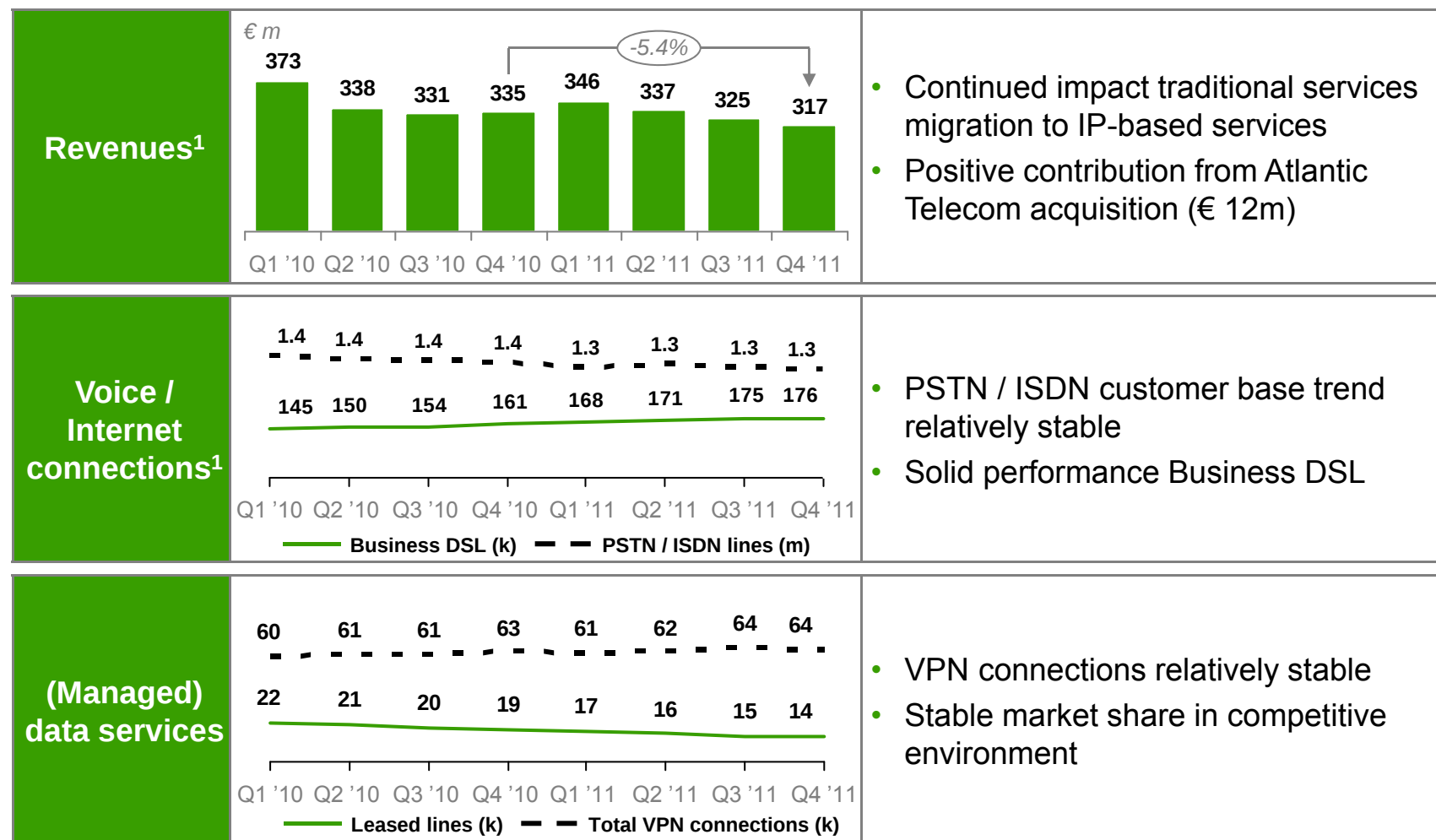


1 Business wireless figures include 'Yes Telecom' as of Q2 2011

2 Q2 and Q3 2011 data ARPU included one-off items; normalized ARPU shows stable increasing trend of non-voice% of ARPU

Operating review - Business wireline

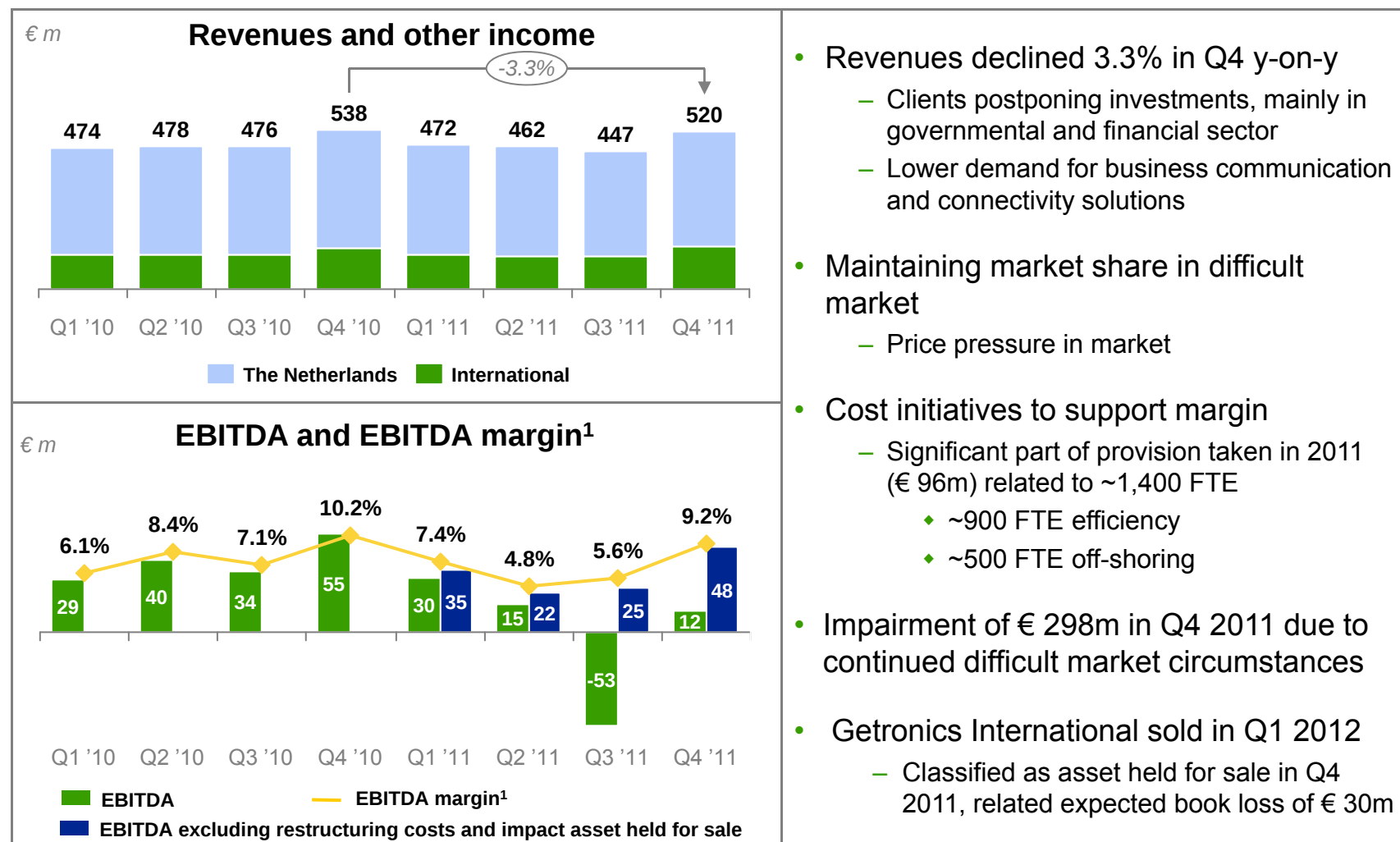
Continued pressure on traditional services



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

Operating review - Corporate Market (Getronics)

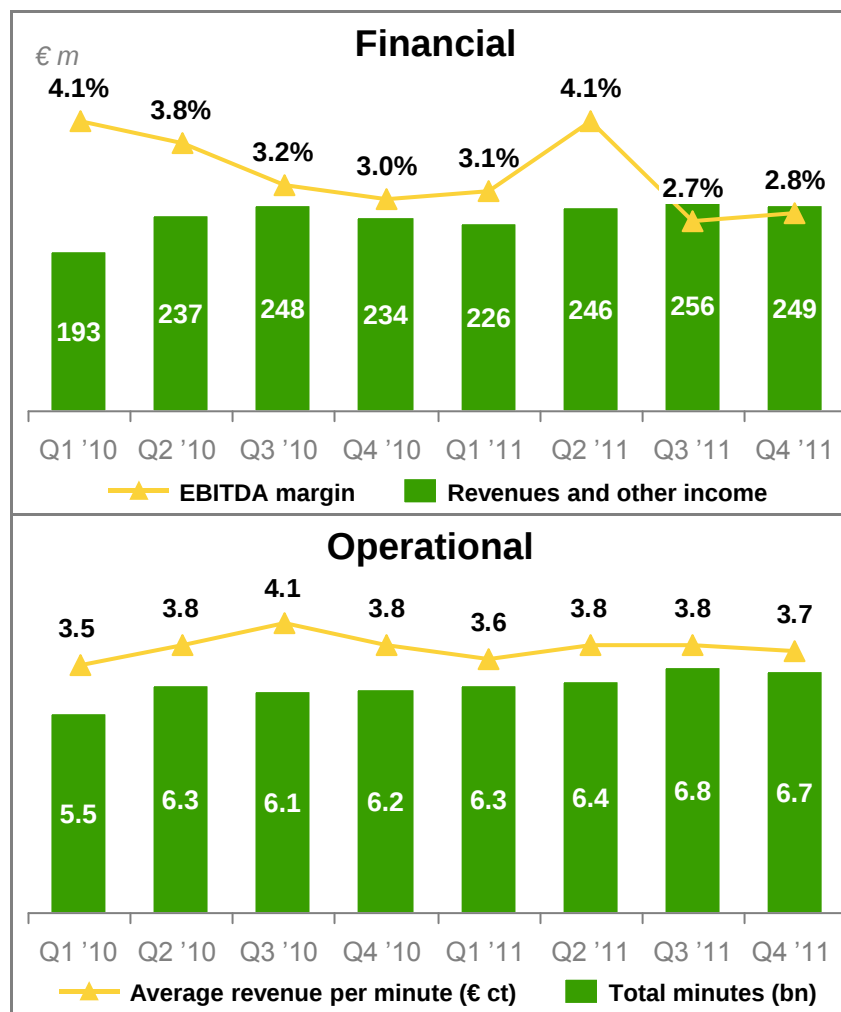
Restructuring program in progress, aligning cost base with lower revenue level



¹ EBITDA margin excluding restructuring costs and impact Getronics International classification as asset held for sale

Operating review - iBasis

Continued revenue growth while managing profit levels



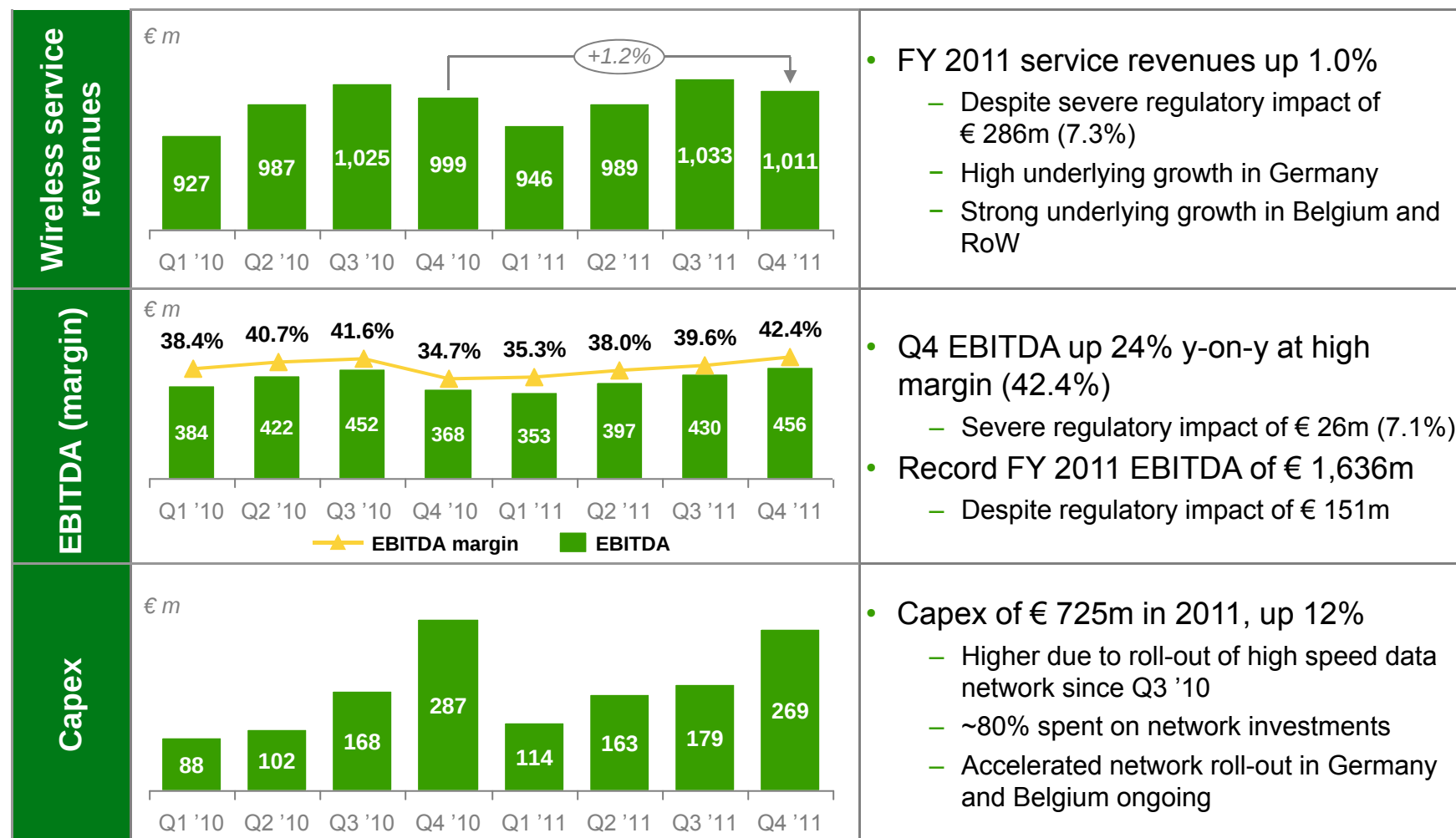
- Continued revenue growth driven by external revenues
 - Q4 revenues up 6.4% y-on-y, including ~0.4% positive currency effect
- FY 2011 revenues increased by 7.1% despite impact regulation
- FY 2011 EBITDA € 31m, in line with 2010
- Focus on revenue growth and increasing scale while managing profit levels
 - EBITDA margin of 2.8% in Q4 2011 due to price pressure in the market
 - Average revenue per minute relatively stable

Agenda

Chairman's review	Eelco Blok
Group financial review	Eric Hageman
The Netherlands	Eelco Blok
International	Thorsten Dirks
Concluding remarks	Eelco Blok

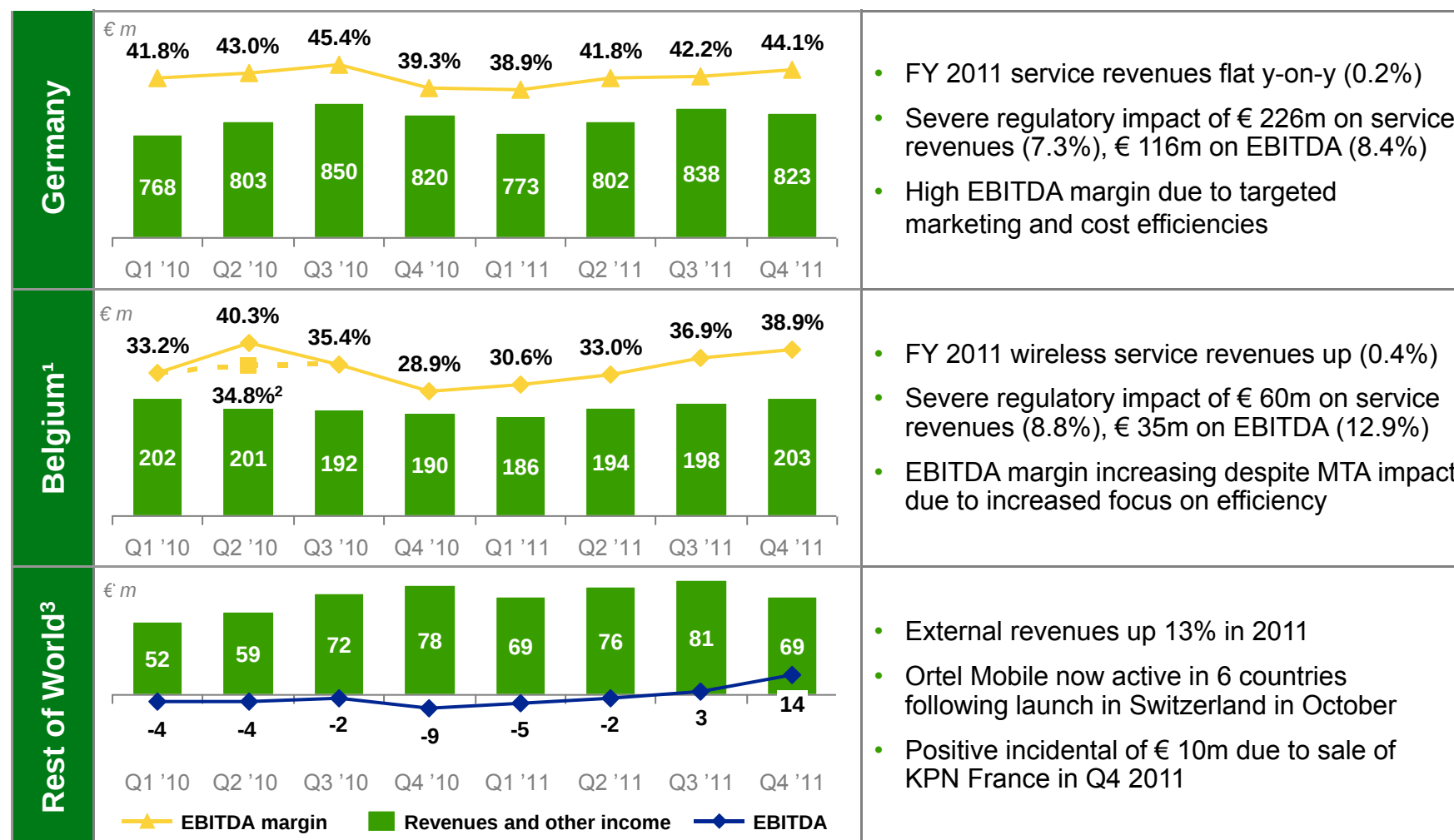
Financial review - Mobile International

Strong profitable growth combined with continued accelerated investments



Financial review - Mobile International by segment

Continued underlying growth in all segments at attractive margins



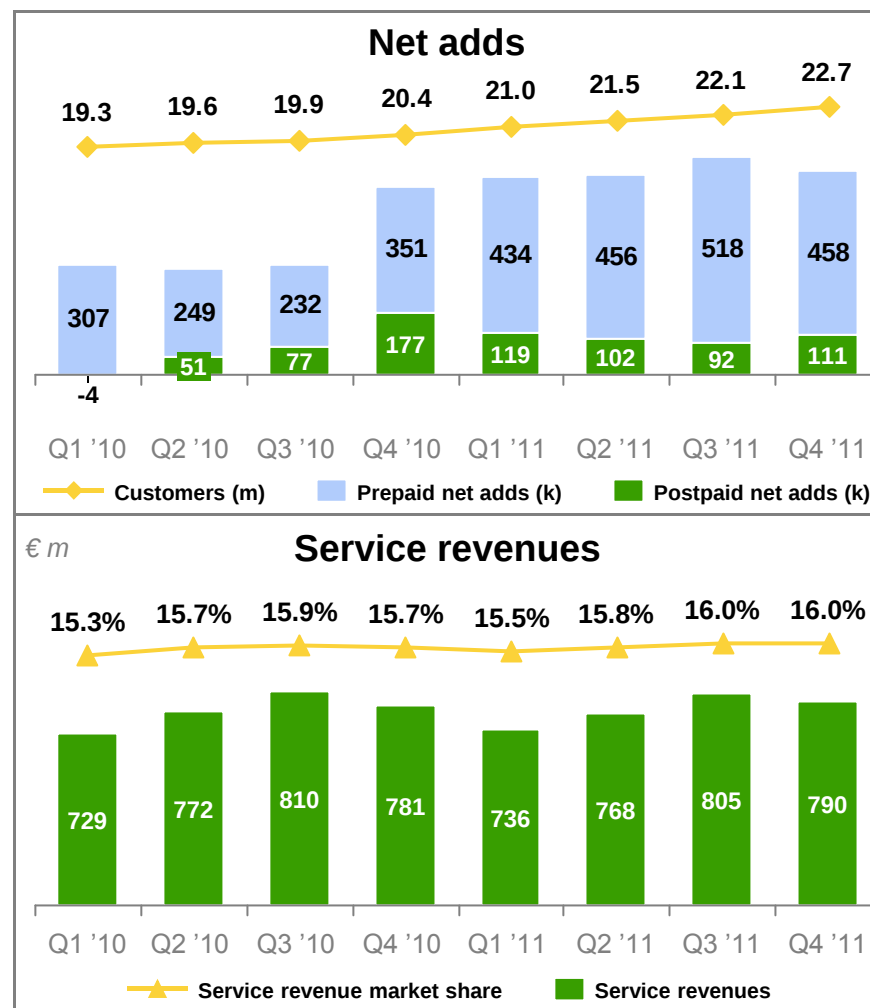
¹ Including fixed Belgian B2B and Carrier business, including the fiber network; divested per 31 March 2010

² Normalized EBITDA margin, excluding one-off release of € 11m

³ External revenues

Operating review - Germany

High underlying service revenue growth in 2011 of 7.6% at strong margin



- Record number of net adds in FY 2011
 - 1,866k prepaid net adds driven by wholesale (+64% y-on-y)
 - 424k postpaid net adds (+41% y-on-y) with high data share
 - Postpaid net adds increase since Q2 '10 driven by “Mein BASE” proposition and focus on data
 - Further postpaid growth expected in 2012, driven by new “BASE Plus” proposition and data
- € 3,098m service revenues in FY 2011
 - High underlying service revenue growth of 7.6% in 2011
- Continued strong EBITDA margin FY 2011 of 41.8% combined with investments in customer growth
- Service revenue market share increase in 2011
 - Market outperformance in mobile broadband

Strategic progress Germany

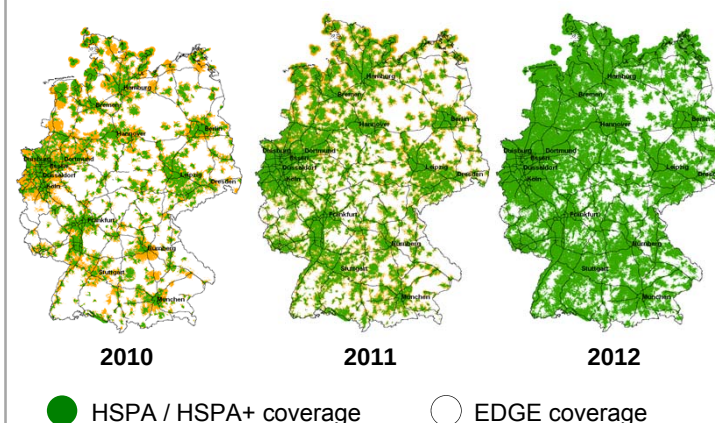
Accelerated mobile broadband network roll-out to capture data growth

Mobile broadband network

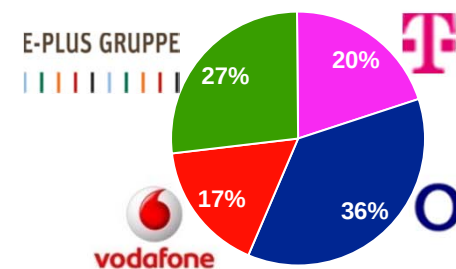
- **Roll-out progress**
 - ~€ 500m investments in network roll-out in 2011 (total Capex € 600m including IT, shops)
 - HSPA+ roll-out ahead of schedule: >80% of population will be covered with up to 42 Mbps in 2012
 - Focus on strengthening backhaul (microwave / fiber), with backhaul sharing on regional level
- **Continued focus on HSPA+ in 2012 / 2013**
 - Commercially highly viable (vendor deals, device availability)
 - Unique spectrum position with ample capacity at 2.1GHz
 - Option to (soft-) upgrade equipment from HSPA+ to LTE
- **LTE deployment in 2013 / 2014+**
 - Four LTE trial areas implemented
 - Commercial roll-out will start in urban areas depending on capacity need and customer demand / device availability
- **E-Plus spectrum position**
 - High spectrum capacity per customer, no capacity constraints
 - Option to use 900MHz for data nationwide (December 2011)



Mobile broadband coverage German population



Total FDD spectrum per customer

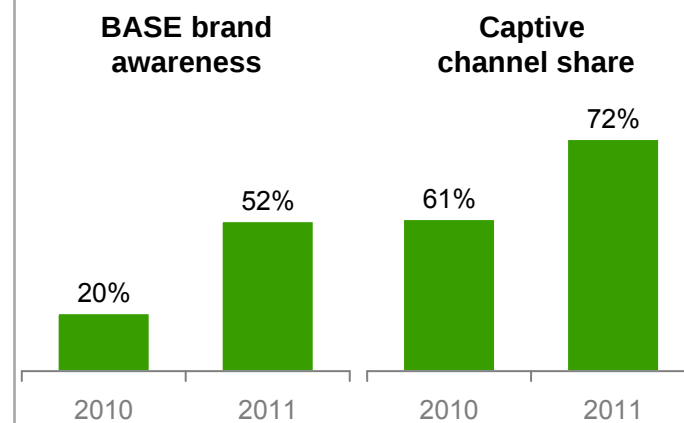
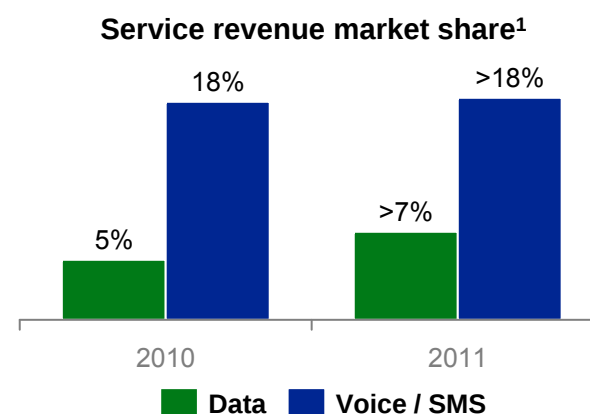


Strategic progress Germany (cont'd)

Strong progress on all strategic building blocks

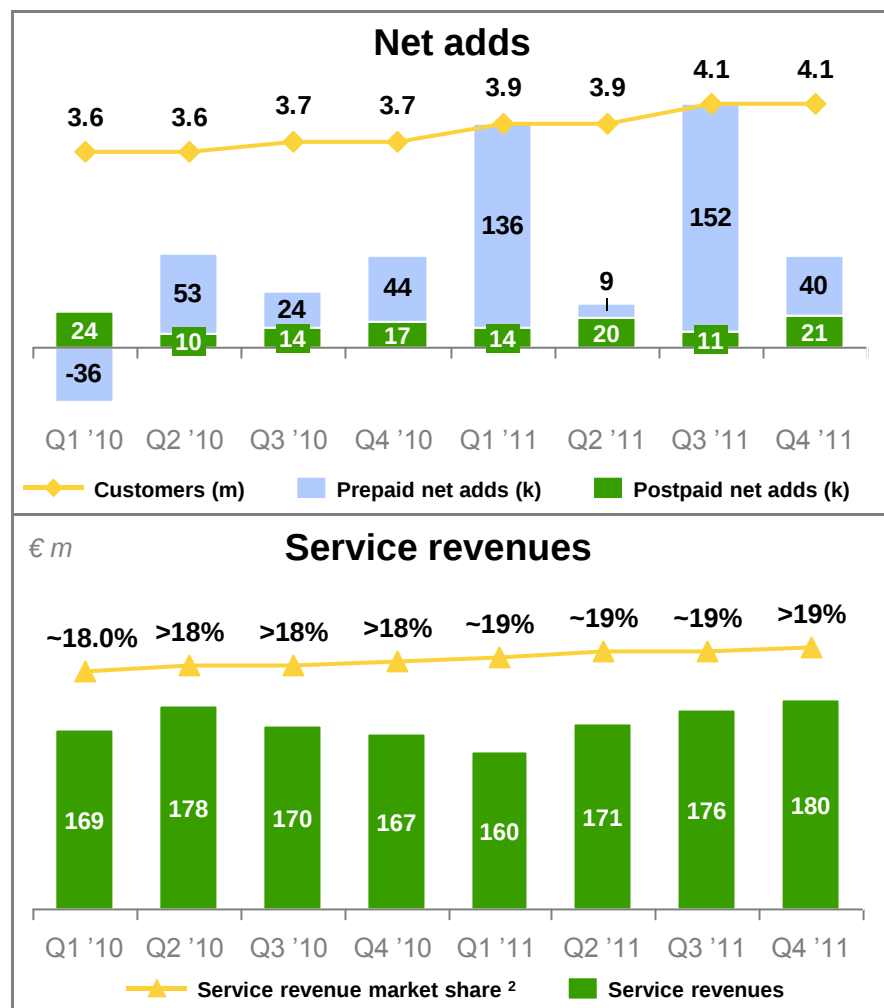
Commercial actions

- **Data uptake well on track**
 - Pure data service revenue growth 62% y-on-y
 - Postpaid uptake strong; 40% of new subscribers take data package
 - Large untapped data potential prepaid / wholesale segment
- **Successful expansion of addressable market in 2011**
 - Regionalization: developed new regions with additional shops
 - Attractive economics through high captive channel share
 - Fixed substitution: proposition to attack fixed voice market
 - Segments/wholesale: strengthened SoHo/SME (e.g. Metro)
 - Further regions/segments/partners in pipeline for 2012
- **New “BASE Plus” proposition in Q1 '12**
 - Highly attractive, value for money leadership
 - Focus on customer value and postpaid
 - Supporting further growth in data service revenue



Operating review - Belgium¹

Strong underlying service revenue growth of 15% in Q4 2011



- Underlying service revenue growth accelerating (15%) y-on-y, outgrowing regulation impact (3.6%)
 - Strong performance continues across all channels driven by new BASE launches
 - Significant commercial impact of new propositions BASE C and BASE Check since launch in Q3 '11
 - Net adds at 61k of which 21k postpaid
 - Strong captive channel performance, continued focus on strengthening distribution network
 - Continued growth through partner brands Jim mobile and RTL
- Mobile broadband network roll-out accelerated with data growth via own and partners brands
 - Commercial high speed mobile data in many cities across the country
 - Continued investments and accelerated roll-out
 - Obtained 2.6GHz license (2x15MHz) for € 15m
- EBITDA margin growing on the basis of cost leadership; 35% in FY 2011 despite regulation

¹ Wireless services only
² Management estimates

Agenda

Chairman's review	Eelco Blok
Group financial review	Eric Hageman
The Netherlands	Eelco Blok
International	Thorsten Dirks
Conclusion	Eelco Blok

Concluding remarks

- KPN continues to adjust to a changing external environment and accelerates transition in The Netherlands under its "Strengthen, Simplify and Grow" strategy
- 2011 results in line with outlook
- Investment strategy will strengthen incumbent market positions and ensure sustainable profit levels in The Netherlands from end-2012
- In Germany and Belgium we are investing in mobile network and spectrum, balancing revenue growth and EBITDA margin
- Attractive shareholder remuneration; dividend per share of € 0.85 for FY '11 and € 0.90 for FY '12 confirmed
- Striking the right balance between investments, shareholder remuneration and a prudent financing policy

Q&A

Annex

For further information please contact

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Analysis of results

Key items worth mentioning in results interpretation

€ m			Q4 '11	Q4 '10
Revenue effect				
MTA reduction	Regulation	Group	-94	-68
Roaming tariff reduction	Regulation	Group	-7	-5
Book gain on sale of towers & real estate	Incidental	W&O	70	2
Sale of dark fiber	Incidental	Business		14
EBITDA effect				
MTA reduction	Regulation	Group	-39	-29
Roaming tariff reduction	Regulation	Group	-3	-3
Book gain on sale of towers & real estate	Incidental	W&O	70	-
Book loss: held for sale classification of Getronics International	Incidental	Corporate Market	-30	
Sale of dark fiber	Incidental	Business		13
Release of provisions	Incidental	Group	10	22
Restructuring costs	Restructuring	Group	-22	-1
Revenue & EBITDA effect				
Wholesale Price Cap	Incidental	W&O		
Book gain on sale of KPN France	Incidental	Mobile International	10	
Book gain on sale of business	Incidental	Corporate Market		
Release of deferred income	Incidental	W&O		
Release of deferred income	Incidental	Belgium		4
Release of deferred connection fees	Incidental	Business		-3
Corrected revenue recognition	Incidental	Business		
Corrected revenue recognition	Incidental	Consumer		

FY '11	FY '10
-459	-180
-27	-44
120	45
	14
-192	-62
-11	-32
120	43
-30	
	13
32	51
-130	1
	4
10	
5	3
	8
	4
10	9
-9	-8
11	

Restructuring costs

€ m	Q4 '11	Q4 '10	FY '11	FY '10
Germany	-	-1	-	-2
Belgium	-1	-	-2	-
Rest of World	-	-	-3	-
Mobile International	-1	-1	-5	-2
Consumer	-2	3	-5	1
Business	-3	-	-3	-
Wholesale & Operations	-7	-2	-8	1
IT NL	-	-	-	-
Other	-2	-	-4	-
Dutch Telco	-14	1	-20	2
Corporate Market (Getronics)	-6	-5	-96	-4
The Netherlands	-20	-4	-116	-2
Other	-1	4	-9	5
KPN Group	-22	-1	-130	1

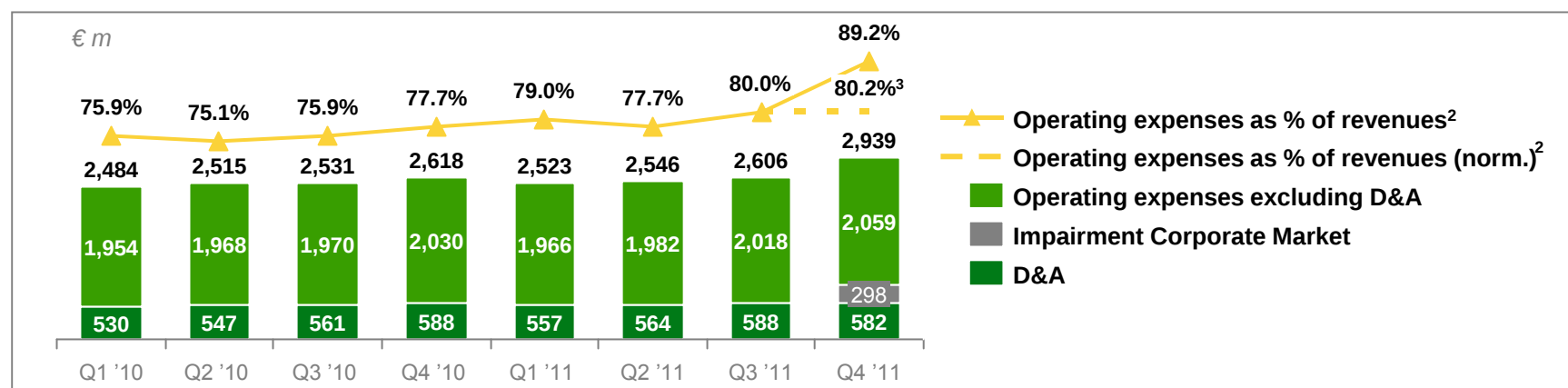
Impact MTA reduction

€ m	Q4 '11		FY '11	
	Revenues	EBITDA ¹	Revenues	EBITDA ¹
Germany	-41	-22	-212	-111
Belgium	-3	-1	-54	-33
Mobile International	-44	-23	-266	-144
Consumer	-27	-13	-101	-37
<i>Of which: Mobile Wholesale</i>	-2	-1	-8	-4
Business	-17	-3	-61	-9
Wholesale & Operations	-10	-	-44	-2
Intercompany	4	-	13	-
The Netherlands	-50	-16	-193	-48
KPN Group	-94	-39	-459	-192

¹ Defined as operating profit plus depreciation, amortization and impairments

Operating expenses

€ m	Q4 '11	Q4 '10	%
Employee benefits	480	462	3.9%
Cost of materials	285	281	1.4%
Work contracted out and other expenses	1,127	1,140	-1.1%
Own work capitalized	-31	-28	11%
Other operating expenses ²	198	175	13%
Depreciation ¹	470	357	32%
Amortization ¹	410	231	77%
Total	2,939	2,618	12%



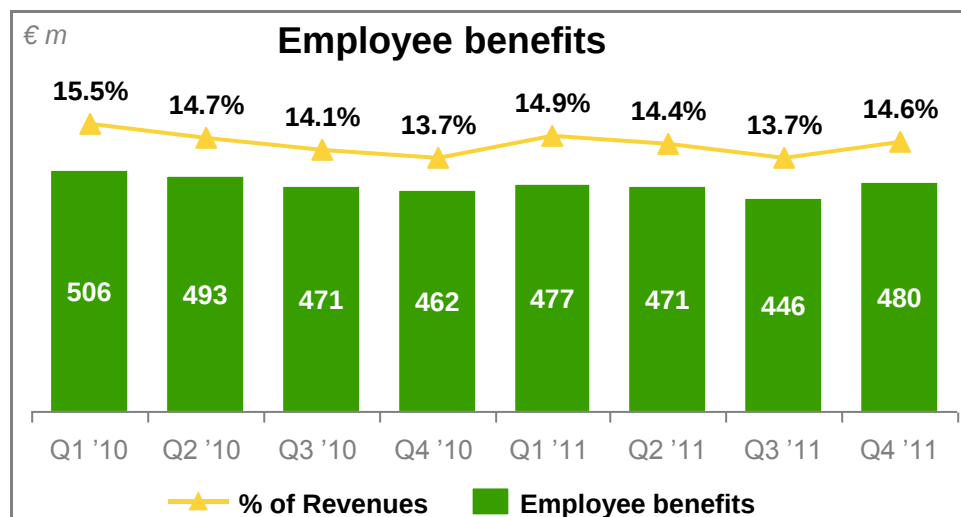
1 Including impairments, Q4 2011 impairment of € 298m at Corporate Market (Getronics)

2 Including restructuring costs

3 Normalized % of Revenues, excluding impairment Corporate Market (Getronics)

Operating expenses - analysis

Employee benefits & Cost of materials

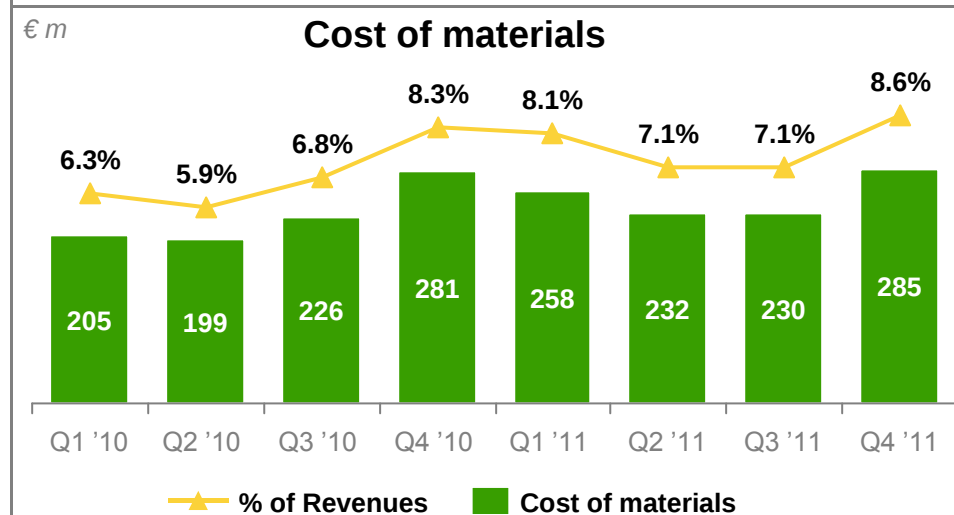


Y-on-Y increase

- Increase in the Collective Labor Agreement (CLA) and payment of CLA in Q4 '11 instead of Q3 '10

Q-on-Q increase

- Release of several incentive schemes in Q3
- Release of paid holiday provision in Q3



Y-on-Y increase

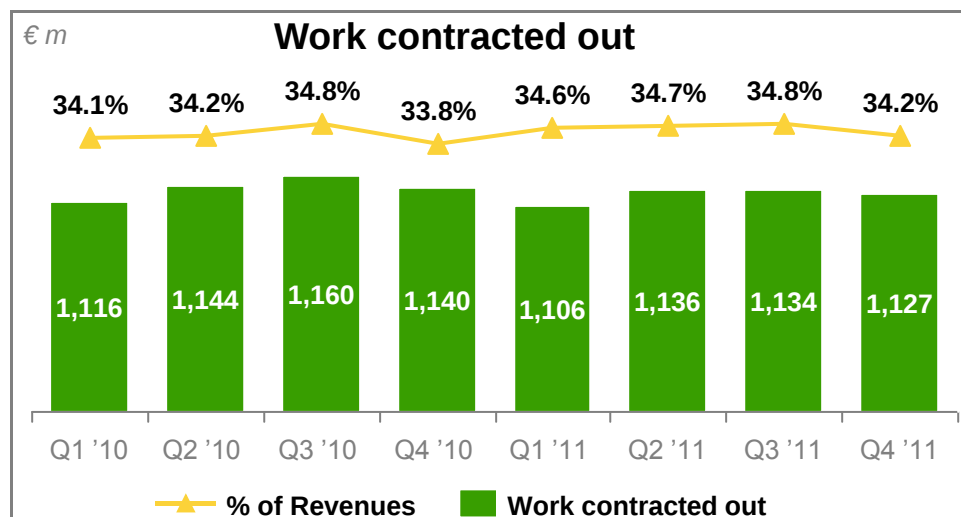
- Higher purchasing costs due to increased iPhone sales

Q-on-Q increase

- Higher customer driven expenses
- Higher purchasing costs due to increased iPhone sales at Consumer & Business segment

Operating expenses - analysis

Work contracted out & Other

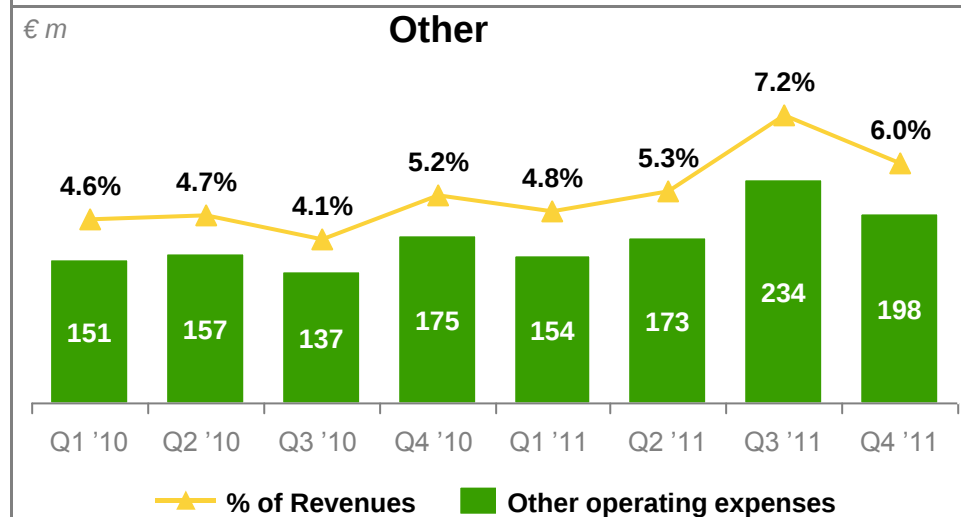


Y-on-Y decrease

- Lower traffic costs

Q-on-Q decrease

- Lower traffic costs
- Lower access fees Germany
- Partly offset by increased SAC



Y-on-Y increase

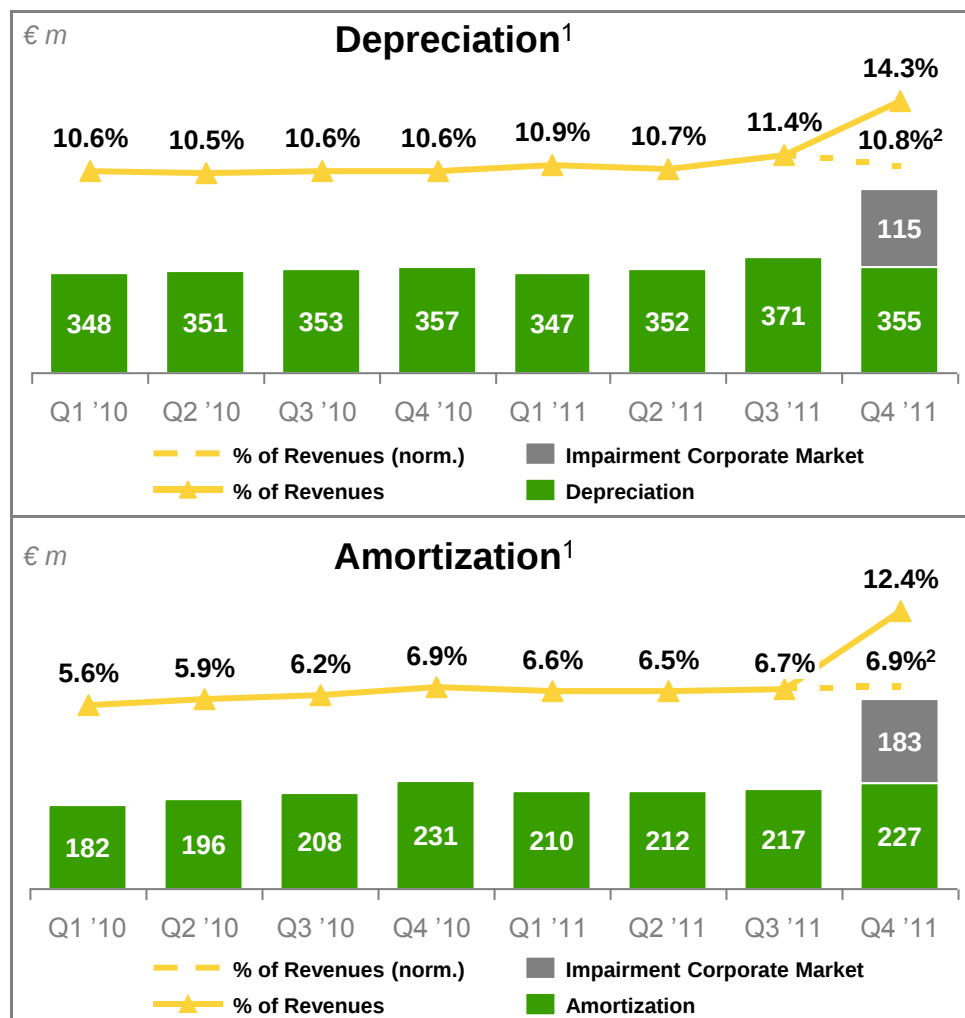
- Higher restructuring costs
- Book loss (€ 30m) related to the classification of held for sale of Getronics International in Q4
- Partly offset by lower marketing expenditure in Germany

Q-on-Q decrease

- Lower restructuring provisions

Operating expenses - analysis

Depreciation & Amortization



Q-on-Q decrease

- One-off adjustment depreciation mobile towers at W&O and Belgium in Q3

Q-on-Q increase

- Impairment at Consumer wireline

¹ Including impairments, Q4 2011 impairment of € 298m at Corporate Market (Getronics)

² Normalized % of Revenues, excluding impairment Corporate Market (Getronics)

Tax

Fiscal units (€ m)	P&L		Cash flow	
	Q4 '11	Q4 '10	Q4 '11	Q4 '10
Dutch activities	-104	-92	-74 ¹	-18 ¹
Corporate Market (Getronics)	37	-7	-2	-2
German Mobile activities	47	23	-4	-1
Belgian Mobile activities	-12	-6	-	-
Other	-1	-1	-2	-4
Total reported tax	-33	-83	-82	-25
<i>Effective tax rate</i>	8.4% ²	15.1%		

- The German activities include a tax gain of € 80m regarding the revaluation of the DTA
- The positive tax impact on the P&L for Corporate Market (Getronics) in Q4 '11 is mainly due to impairment of assets and the subsequent release of a deferred tax liability
- The normalized effective tax rate for the Group is expected to be 20% from 2011 onwards

1 Including tax recapture E-Plus. Preliminary tax assessments 2010 fully prepaid in Q1 '10

2 Excluding one-off innovation tax facilities (2007-2010) and impairment Corporate Market (Getronics)

€ 1bn share repurchase program for 2011

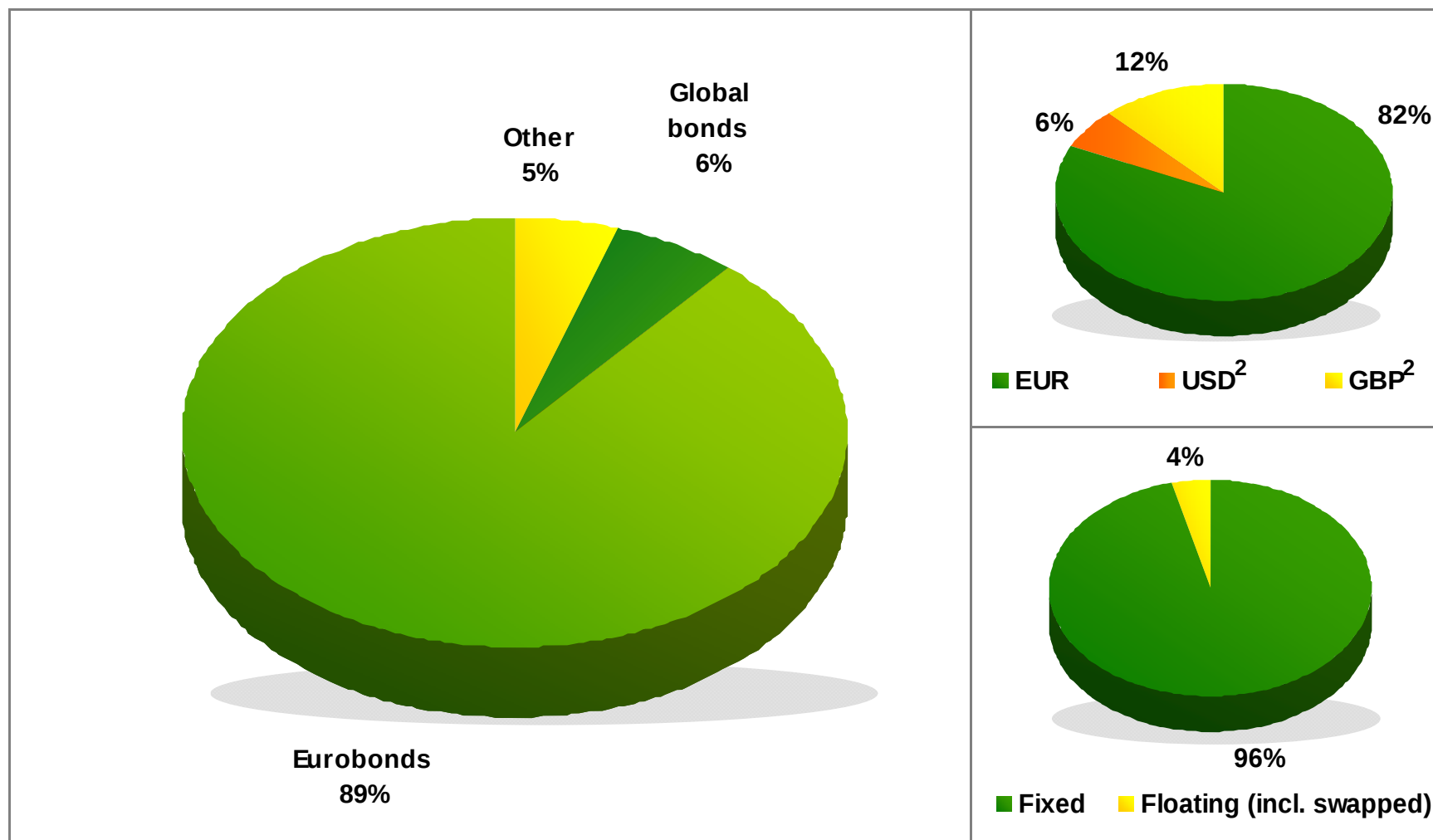
Date ¹	Value (€ m)	Shares (m)	Avg. share price (€)
Q1 '11	178.4	15.2	11.71
Q2 '11	495.4	47.3	10.47
Q3 '11	326.2	34.2	9.54
Total	1,000	96.7	10.34

- € 1bn share repurchase program for 2011 finalized on 23 September 2011
 - Share repurchase program started on 21 February 2011
- € 9.8bn in shares repurchased since start in 2004, at an average price of € 9.25
 - ~43% of outstanding shares cancelled since 2004
- Number of outstanding shares amounting to 1,431,522,482 per 31 December 2011
 - 46,003,802 shares were cancelled in Q4 '11

¹ Figures based on transaction date of share repurchases, some rounding changes may apply

Debt portfolio

Breakdown of € 12.8bn gross debt¹



¹ Nominal value of interest bearing financial liabilities related to these financial liabilities

² Foreign currency amounts hedged into EUR

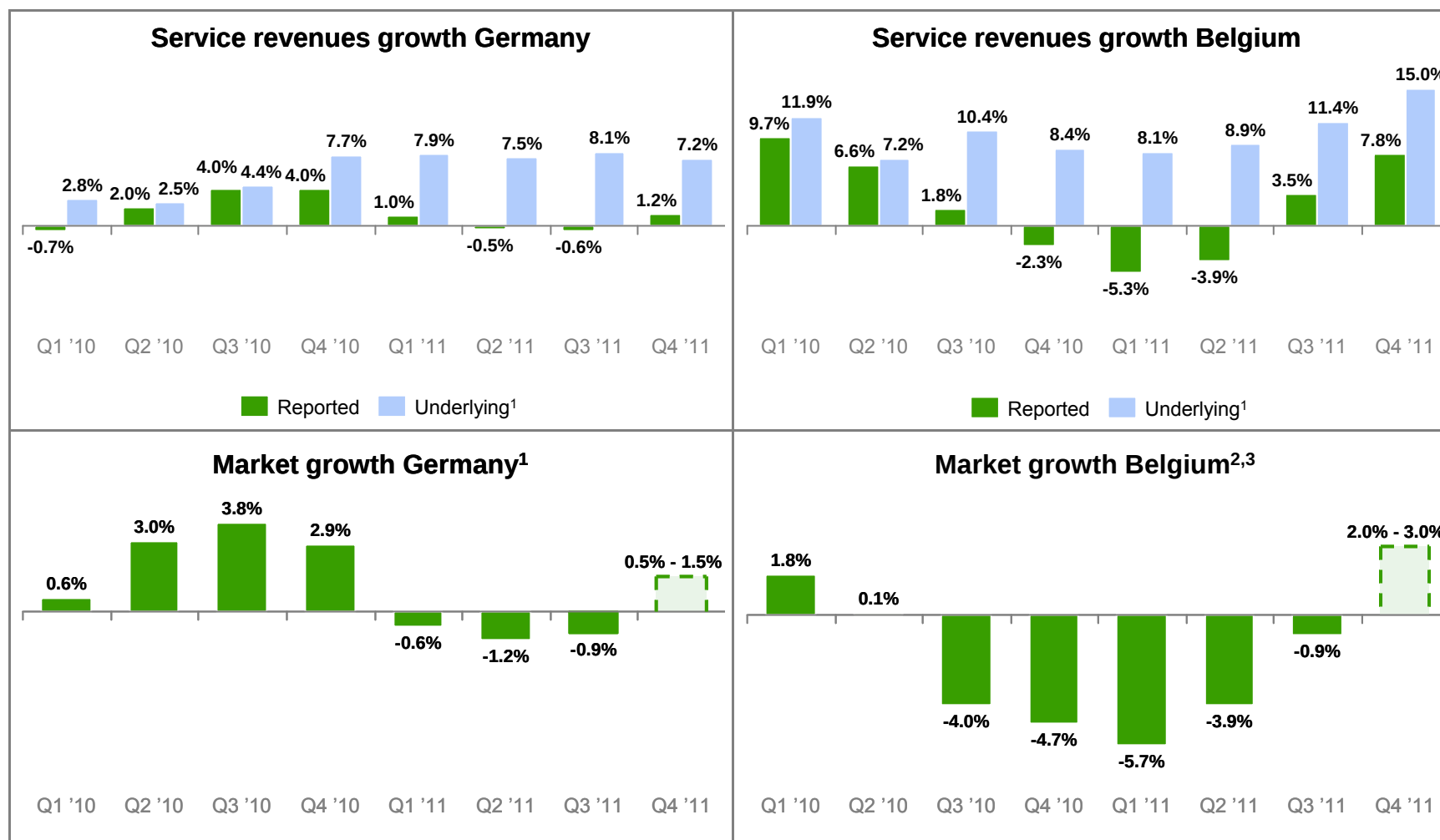
Dutch wireless services disclosure

	Q4 '11	Q4 '10	%
Service revenues (€ m)	666	735	-9.4%
- Consumer	375	430	-13%
- Business ¹	238	236	0.8%
- Other Dutch activities ²	53	69	-23%
SAC/SRC (€)			
- Consumer	164	168	-2.4%
- Business	244	234	4.3%

1 Since Q2 '11 including Yes Telecom

2 Includes among others Mobile Wholesale NL, Simyo and visitor roaming revenues within KPN The Netherlands

Service revenues growth Mobile International



¹ The definition of underlying is explained in the safe harbor of this presentation

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

³ Market growth of previous quarters has been amended due to better insights of service revenues of competitor

Regulation

MTA reductions and spectrum auctions

MTA reductions implemented across the Group							
NL	The Dutch Court overruled OPTAs MTA tariff decision and determined a new tariff as of 1 September 2012 of € 2.40 cent per minute instead of € 1.20 cent per minute						
	€ 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	2.40
GER	Legal proceedings against the MTA decisions are ongoing						
	€ 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, decision in annulment procedure is expected in Q1 2012						
	€ 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

- Auction rules published (6 January 2012)
- Timing indicates October 2012
- Auction of 800MHz, 900MHz & 1.8GHz and remaining 2.1GHz & 2.6GHz spectrum

- Auction of 2.6GHz spectrum on 28 November 2011: KPN acquired 30MHz FDD spectrum for € 15m
- Auction of 800MHz spectrum is not expected to be held before 2013

MTA impact on Group revenues & EBITDA

€ m	2010	2011	2012E
Revenues	180	459	~ 120
EBITDA	62	192	~ 45

Spectrum in The Netherlands

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

The auction rules have been published in January 2012 and include the following:

- 2x30MHz in 800MHz band will be auctioned together with 2x35MHz in 900MHz band, available respectively 1 January 2013 and 27 February 2013
- 2x10MHz in the 800MHz band and 2x5MHz in the 900 MHz band reserved for new entrant(s), with a limit of 2x10MHz of the reserved spectrum 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 for non reserved spectrum
- License duration for the 800MHz, 900MHz and 1.8GHz bands is aligned with the 2.6GHz licenses and therefore expires in 2030. The 2.1GHz licenses expire on 1 January 2017
- The auction is expected to take place in October 2012

Spectrum in Belgium

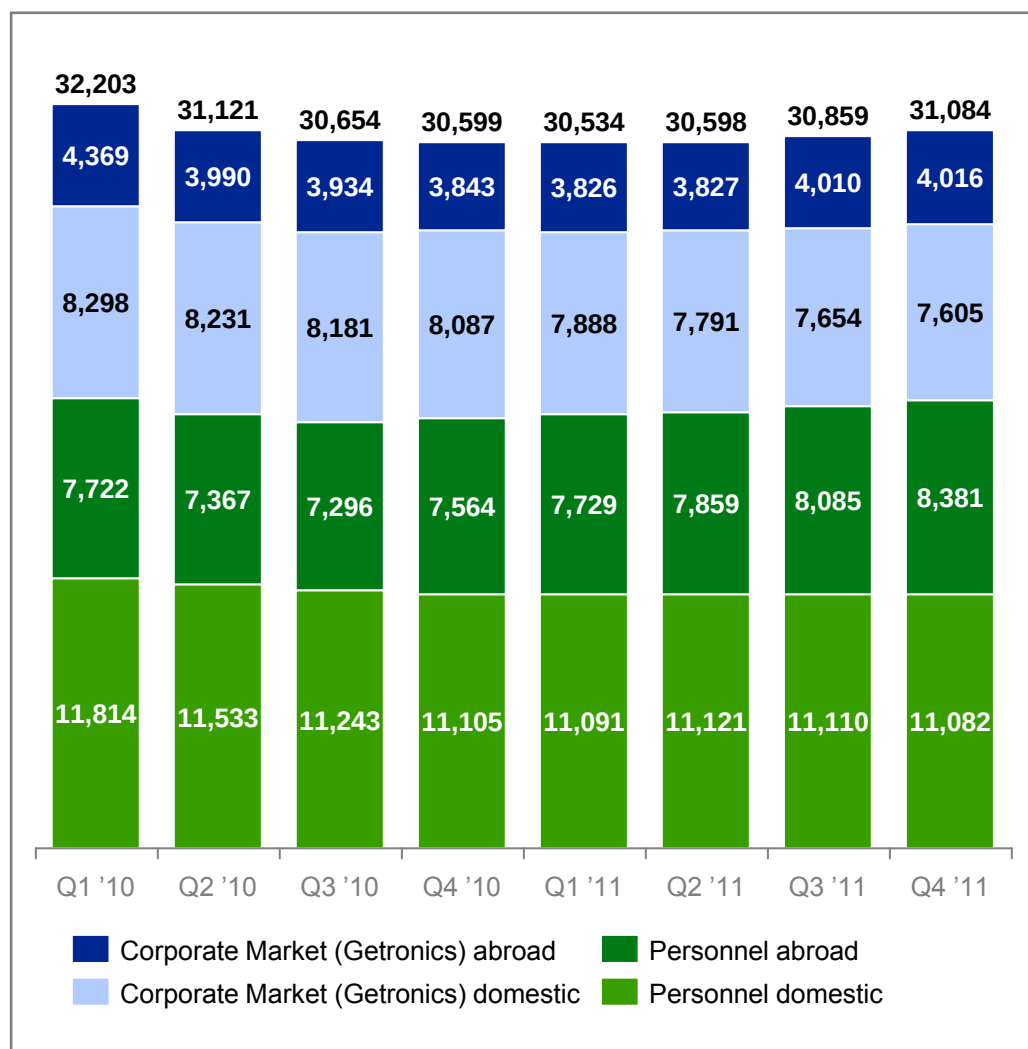
Current status

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	Proximus 2x15	Mobistar 2x15	Telenet & Voo 2x14.8	Free 1x5			
2.6GHz	KPNgB 2x15	Proximus 2x15	Mobistar 2x15	BUCD 1x45	Free 2x15			
Total	KPNgB 100.6MHz	Proximus 100.6MHz	Mobistar 100.6MHz	Telenet & Voo 29.6MHz	Free 217.8MHz			

Results 2.6GHz auction

- On 28 November 2011, KPN Group Belgium obtained a license to use 30MHz FDD spectrum in the 2.6GHz spectrum band for € 15m
- In total 155MHz of 25GHz spectrum was auctioned for a total amount of € 78m
- The license will become available per 1 July 2012 and will expire in 2027

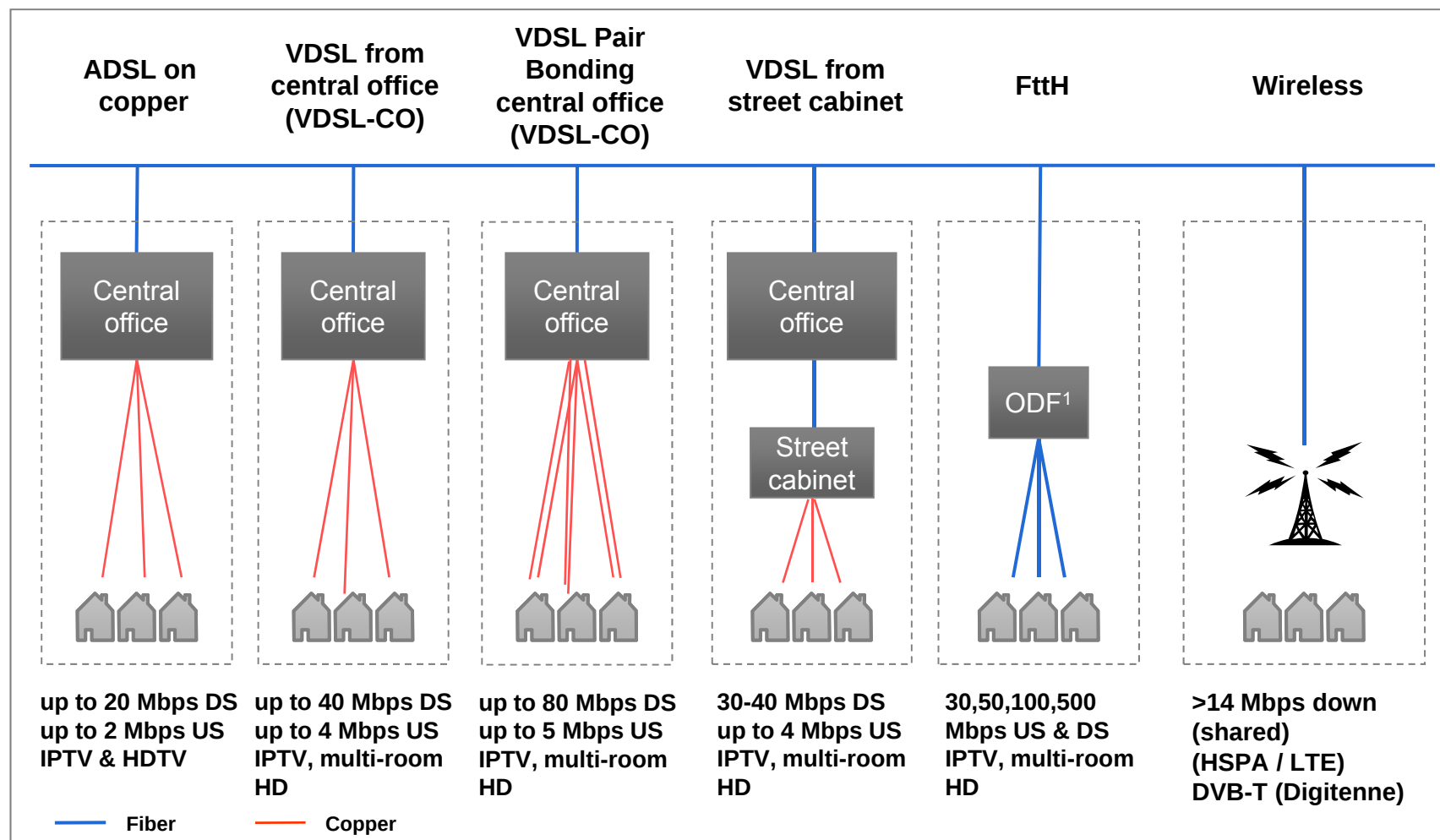
Personnel



- Increase of 485 FTE y-on-y
 - Reduction of 23 FTE in The Netherlands, from all segments excluding Corporate Market (Getronics)
 - Increase of 817 FTE at Mobile International (including SNT Germany), caused by growing business
 - Corporate Market (Getronics) domestic: reduction of 482 FTE
 - Corporate Market (Getronics) abroad: increase of 173 FTE
- Increase of 225 FTE q-on-q
 - Reduction of 28 FTE in The Netherlands
 - Increase of 296 FTE at Mobile International (mainly E-Plus)
 - Corporate Market (Getronics) domestic reduction of 49 FTE partly offset by an increase of 6 FTE at Corporate Market (Getronics) abroad

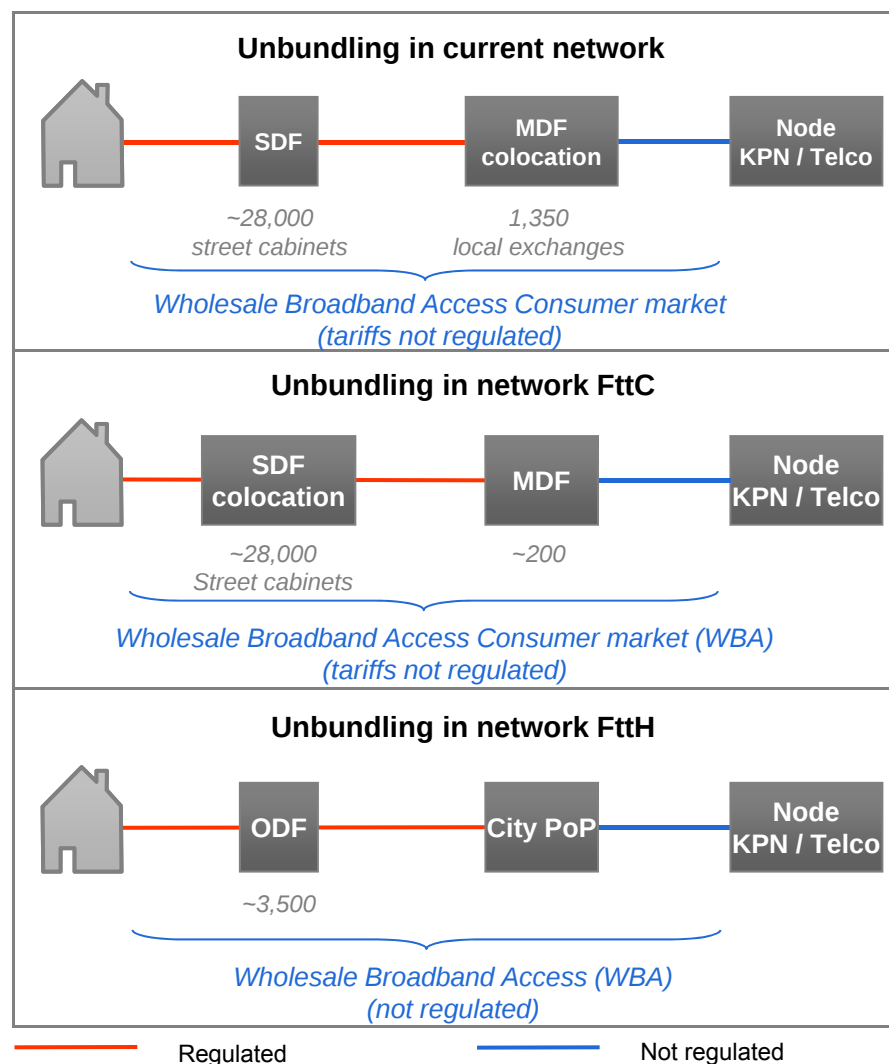
Infrastructure

Deploying mix of technologies going forward



1 Optical distribution frame

Unbundling tariffs



Category	Monthly tariff
Line sharing (LLU) ¹	€ 0.11 / line
Fully unbundled (LLU) ¹	€ 6.68 / line
MDF colocation ¹	€ 890.37 / 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	€ 7.76 / line
Fully unbundled (SLU) ¹	€ 7.57 / line
SDF colocation ²	€ 1.21 / line or 5.38 / per unit One-off € 492.80 / per unit
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	Not regulated by OPTA

¹ Tariffs per 1 January 2012, refer to WPC 2009-2011 [(WPC 2A) + 2.2% indexation according to decision of OPTA on LLU

² Pricecaps, referring to WPC 2009-2011 [(WPC 2A), indexation not implemented yet. KPN has no customers for SDF services