H1 Results 2005

9 August 2005

Safe harbor

Certain statements contained in this presentation constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on our operations, the OPTA investigation into discounts given in breach of OPTA regulation, our and our joint ventures' share of new and existing markets, general industry and macro-economic trends and our 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 our control that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in our 2004 Annual Report and Form 20-F.

All figures in this presentation are unaudited and based on IFRS. This presentation 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 our GAAP figures. Our non-GAAP measures may not be comparable to non-GAAP measures used by other companies. Certain figures may be subject to rounding differences.
All market share information in this quarterly report is based on management estimates based on externally available information, unless indicated otherwise.

For IFRS, we refer to the disclaimer in our press release dated April 18, 2005. Please note that IFRS accounting policies are not yet final and may change as a result of (amongst other things) changes in IFRS standards and interpretations, changes in regulatory requirements, additional review and analyses (including market trends) and audit procedures.

Disclaimer

This presentation 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 our GAAP figures. Our non-GAAP measures may not be comparable to non-GAAP measures used by other companies. We define EBITDA as operating result before depreciation and impairments of PP&E and amortization and impairments of goodwill, licenses and other intangibles. The measure is used by financial institutions and credit-rating agencies as one of the key indicators of borrowing potential. Many analysts use EBITDA as a component for their (cash flow) projections. Note that our definition of EBITDA deviates from the literal definition of earnings before interest, taxes, depreciation and amortization. Either definition of EBITDA has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analyses of our results as reported under IFRS or US GAAP.

In the past EBITDA was used as a measurement of certain aspects of operational performance and liquidity. We have used EBITDA as a component of our guidance. In view of the implementation of IFRS, and the resulting volatility of amortization, we believe that this is the most appropriate way of informing the financial markets on certain aspects of future company financial development. We do not view EBITDA as a measure of performance. In all cases a reconciliation of EBITDA and the nearest GAAP measure (operating result) will be provided. Going forward, we will continue to make comparison between guidance and actuals. For the purpose of this comparison, a number of items will be excluded

- Restructuring charges over € 20 million per event
- Impairments over € 20 million per event
- Book gains or losses over € 20 million per event

We define free cash flow as ‘Cash flow from operating activities’ minus ‘Capital expenditures’, both of which are common GAAP measures.

Agenda

Ad Scheepbouwer	◆ Group highlights
Marcel Smits	◆ Financial review
Ad Scheepbouwer	◆ Business update – The Netherlands
Stan Miller	◆ Strategy update – International Mobile
Ad Scheepbouwer	◆ Dividend, outlook and concluding remarks

Group highlights

- Operating revenues maintained € 5.84 billion, despite MTA reduction
- EBITDA decrease better than guidance at -/- 3.8%
- Free cash flow of € 1,165 billion, up 4.3%
- Additional share repurchase program of € 250 million
- Increased interim dividend declared € 0.13 per share (2004: € 0.08)
- EBITDA outlook guidance improved

Agenda

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Stan Miller	◆ Strategy update – International Mobile
Ad Scheepbouwer	◆ Dividend, outlook and concluding remarks

Group results YTD

€ mn	YTD '05	YTD '04	%
Operating revenues	**5,840**	**5,854**	***-0.2%***
- of which Net sales	5,752	5,736	*0.3%*
Operating expenses	**4,768**	**4,499**	***6.0%***
- of which Depreciation[1]	940	989	*-5.0%*
- of which Amortization[1]	246	93	*164.5%*
Operating result	**1,072**	**1,355**	***-20.9%***
Financial income/(expense)	-265	-268	*-1.1%*
Share of profit of associates	7	9	*-22.2%*
Profit/(Loss) before taxes	**814**	**1,096**	***-25.7%***
Taxes	-302	-284	*6.3%*
Profit/(Loss) after taxes	**512**	**812**	***-36.9%***
Profit minority shareholders	8	8	
Profit equity holders of the parent	504	804	*-37.3%*
Earnings per share[2]	**0.22**	**0.33**	***-33.3%***
Operating EBITDA[3]	**2,258**	**2,437**	***-7.3%***

- Net sales increase despite MTA tariff reduction of € 129 mn
- Decrease in operating result due to continued investment in customer base, increased amortization and MTA cuts
- Reported EBITDA down by 7.3%

1 Including impairments
2 Defined as Profit after taxes per ordinary share/ADS on a fully diluted basis (in €)
3 Defined as Operating result plus depreciation, amortization & impairments

Group results Q2

€ mn	Q2 '05	Q2 '04	%
Operating revenues	**2,950**	**2,910**	***1.4%***
- of which Net sales	2,914	2,868	*1.6%*
Operating expenses	**2,394**	**2,230**	***7.4%***
- of which Depreciation[1]	470	482	*-2.5%*
- of which Amortization[1]	138	46	*200%*
Operating result	**556**	**680**	***-18.2%***
Financial income/(expense)	-120	-139	*-13.7%*
Share of profit of associates	4	6	*-33.3%*
Profit/(Loss) before taxes	**440**	**547**	***-19.6%***
Taxes	-201	-149	*34.9%*
Profit/(Loss) after taxes	**239**	**398**	***-39.9%***
Profit minority shareholders	9	4	*125.0%*
Profit equity holders of the parent	230	394	*-41.6%*
Earnings per share[2]	**0.10**	**0.17**	***-41.2%***
Operating EBITDA[3]	**1,164**	**1,208**	***-3.6%***

- Top line growth despite € 67 mn MTA reduction
- Amortization increased with € 92 mn, due to € 64 mn UMTS and € 40 mn impairment on SNT assets in Q2
- Excluding D&A, operating expenses up 4.9%, largely due to investment in customer base
- Increase in income taxes includes € 60 mn related to reduced DTA BASE
- Reported EBITDA down by 3.6%

1 Including impairments
2 Defined as Profit after taxes per ordinary share/ADS on a fully diluted basis (in €)
3 Defined as Operating result plus depreciation, amortization & impairments

Group cash flow YTD

€ mn	YTD '05	YTD '04	%
Operating result	**1,072**	**1,355**	***-20.9%***
Depreciation and amortization[1]	1,186	1,082	*9.6%*
Interest paid/received	-131	-196	*-33.2%*
Tax paid/received	-21	-11	*90.9%*
Book gains[2]	-29	-56	*-48.2%*
Change in provisions[3]	-105	13	
Change in working capital	-251	-386	*-35.0%*
Net cash flow from operating activities	**1,721**	**1,801**	***-4.4%***
Capex[4]	**556**	**684**	***-18.7%***
Free cash flow[5]	**1,165**	**1,117**	***4.3%***
Dividend paid	609	606	*0.5%*
Share repurchases	968	467	*> 200%*
Cash return to shareholders	**1,577**	**1,073**	***47.0%***

1 Including impairments
2 Included in cash flow from investing activities
3 Excluding changes in deferred taxes
4 Including Property, Plant & Equipment and all software
5 Defined as Net cash flow from operating activities minus Capex

- Free cash flow[5] of € 1.2 bn
- Strong cash flow from operations resulting from
  - No significant cash taxes
  - Decrease in interest paid
  - Lower working capital out flow
- Lower Capex spendings
- € 1.6 bn of cash returned to shareholders
  - € 0.6 bn dividend
  - € 1.0 bn share repurchases

Group cash flow Q2

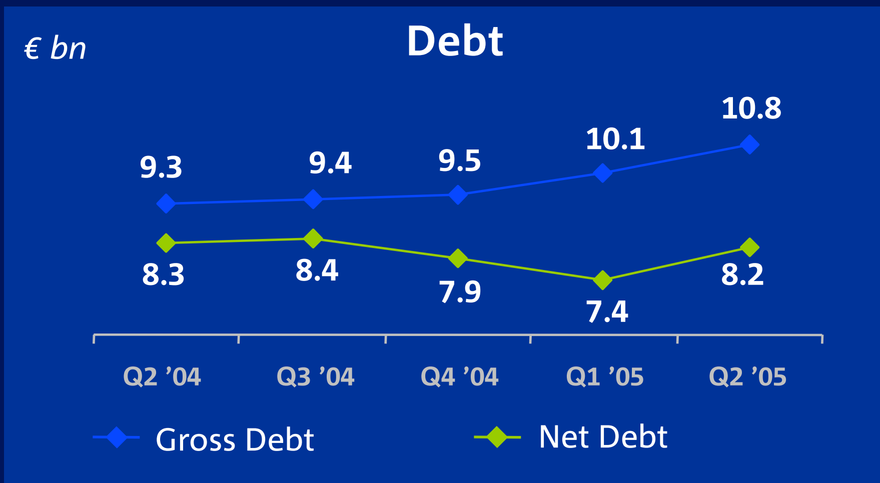
€ mn	Q2 '05	Q2 '04	%
Operating result	**556**	**680**	***-18.2%***
Depreciation and amortization[1]	608	528	*15.2%*
Interest paid/received	-122	-194	*-37.1%*
Tax paid/received	-17	-94	*-81.9%*
Book gains[2]	-8	-20	*-60.0%*
Change in provisions[3]	-83	-4	*> 200%*
Change in working capital	-35	-48	*-27.1%*
Net cash flow from operating activities	**899**	**848**	***6.0%***
Capex[4]	**324**	**377**	***-14.1%***
Free cash flow[5]	**575**	**471**	***22.1%***
Dividend paid	609	606	*0.5%*
Share repurchases	804	218	*> 200%*
Cash return to shareholders	**1,413**	**824**	***71.5%***

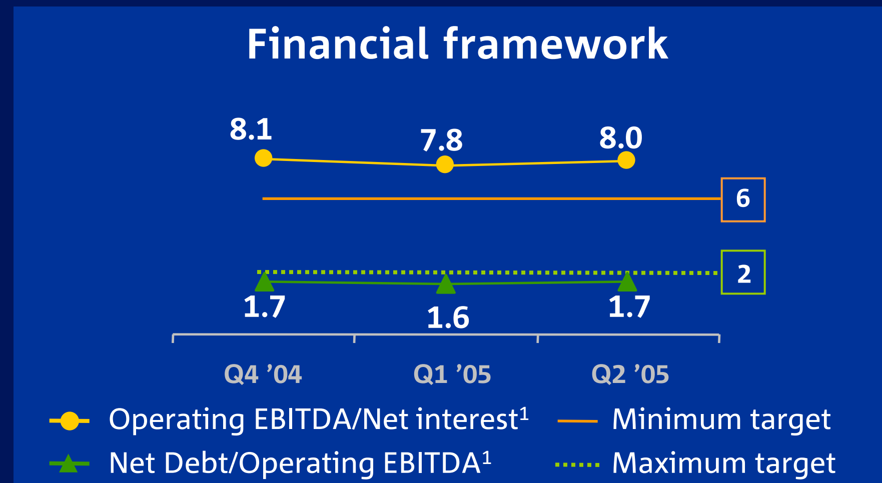
1 Including impairments
2 Included in cash flow from investing activities
3 Excluding changes in deferred taxes
4 Including Property, Plant & Equipment and all software
5 Defined as Net cash flow from operating activities minus Capex

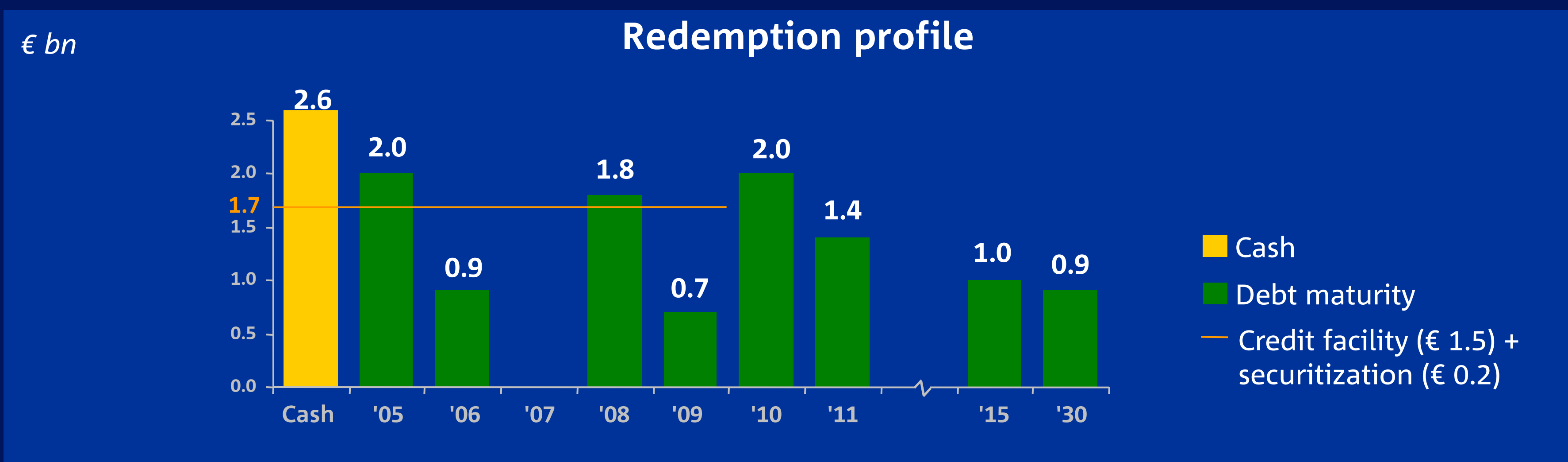
- Continued strong free cash flow[5] of € 575 mn
- Decrease in paid interest
  - Redemption € 875 mn Eurobond (June '04)
  - € 2 bn refinancing (July '04)
- Completion € 985 mn share repurchase program
- Final dividend 2004 of € 0.27 per share paid

Group financial profile

€ 1 bn Eurobond issued to partly refinance bonds maturing in Q4 ’05

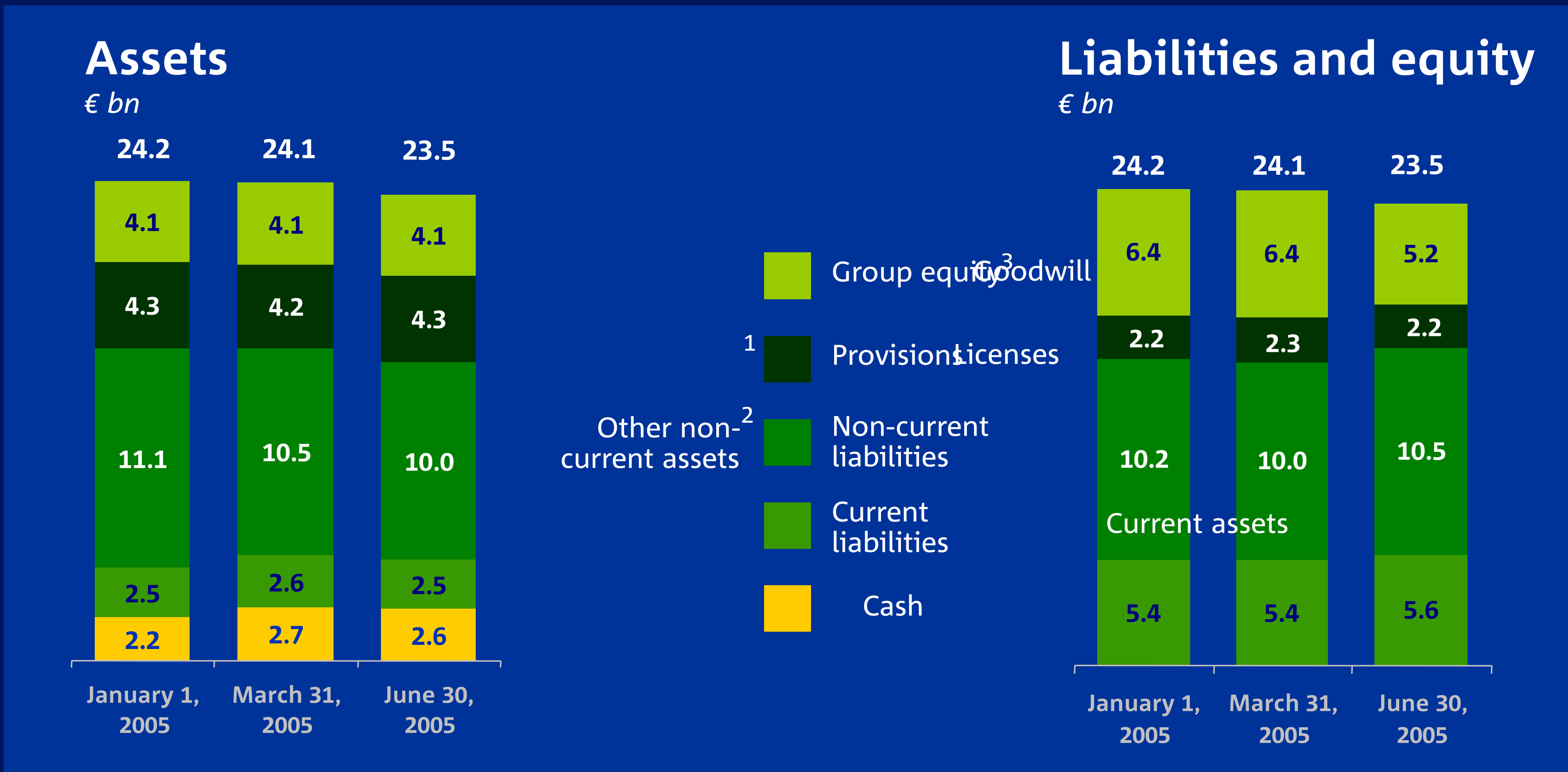






1 Based on a 12 month rolling calculation excluding restructuring charges, impairments and book gains/losses over € 20 mn (see disclaimer)

Balance sheet



1 Including other intangibles
2 Including Property, Plant & Equipment and all software
3 Including minority interest

Performance versus Guidance

Analysis for outlook[1] purposes

Item	Outlook FY 2005, as given March 1	Status Q1 ’05	Status Q2 ’05	Status YTD ’05
Operating revenues[1]	Flat, including MTA reduction	-0.6%	2.1%	0.7%
Operating EBITDA[1,2]	Decline by high single digit figure with greatest impact in Q1	-6.3%	-1.3%	-3.8%
Capex	~ € 1.7 bn	€ 0.2 bn	€ 0.3 bn	€ 0.6 bn
Free cash flow[3]	> € 2 bn	€ 0.6 bn	€ 0.6 bn	€ 1.2 bn

YTD reconciliation[1]	Operating revenues		EBITDA[2]	
	2005	2004	2005	2004
Reported	**5,841**	**5,854**	**2,258**	**2,437**
Disposal Eutelsat		-36		-36
Book gain PTC		-20		-20
Restructuring charges			32	
Comparison with guidance	**5,841**	**5,798**	**2,290**	**2,381**
	0.7%		***-3.8%***	

1 Excluding restructuring charges, impairments and book gains/losses over € 20 mn (see disclaimer)
2 Defined as Operating result plus depreciation, amortization & impairments
3 Defined as Net cash flow from operating activities minus Capex (2004: € 2,271 mn)

Group summary

Operating revenues

- YTD flat due to € 129 mn MTA tariff reduction
- Q2 increase of 1.4% despite € 67 mn MTA cut

Operating result

- Decrease due to continued investment in customer base, increased amortization and MTA reduction
- YTD EBITDA down by 7.3%, EBITDA for outlook purposes[1] decreased by 3.8%

Profit after tax

- Q2 negatively affected by DTA BASE
- EPS of € 0.10

Cash flow

- YTD free cash flow[2] of € 1.2 bn
- € 1.6 bn of cash returned to shareholders, of which € 1.4 bn in Q2

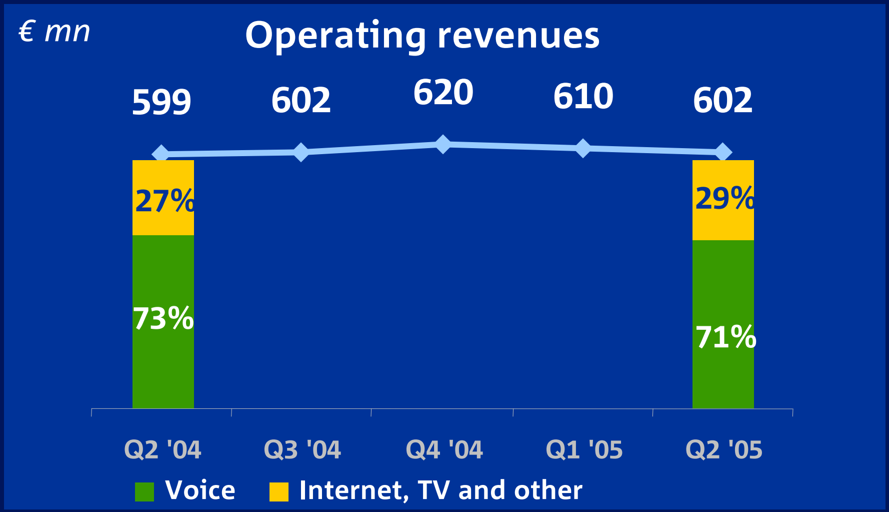
1 Excluding restructuring charges, impairments and book gains/losses over € 20 mn (see disclaimer)
2 Net cash flow from operating activities minus Capex

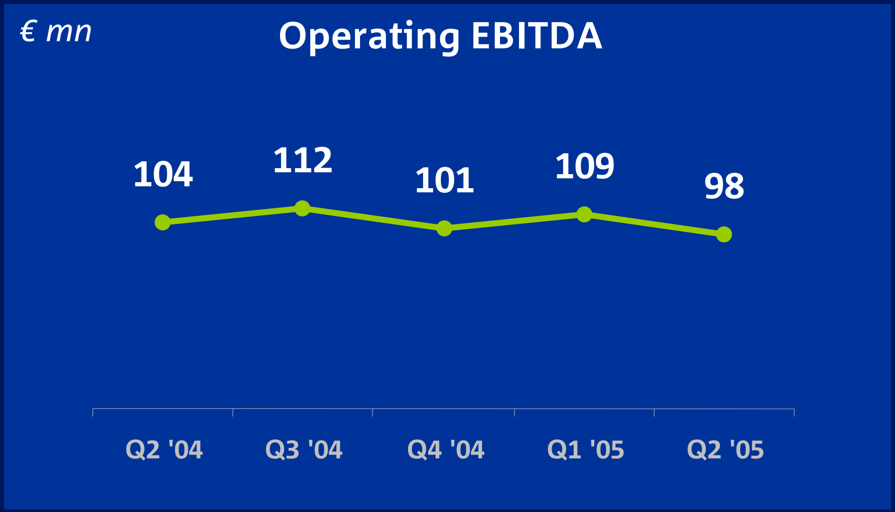
Financial highlights - KPN Fixed

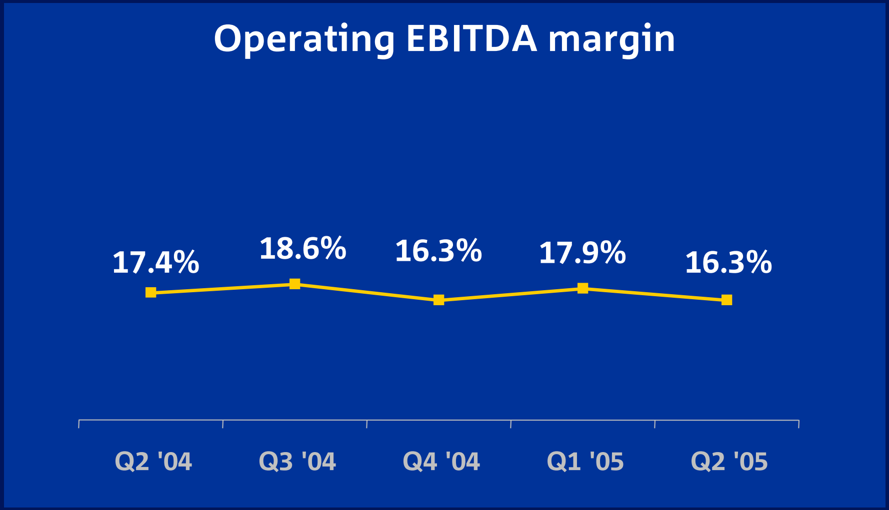
€ mn	Q2 '05	Q2 '04	YTD '05	YTD '04
Operating revenues	1,732	1,794	3,455	3,647
% change	*-3.5%*		*-5.3%*	
Operating expenses	1,367	1,336	2,678	2,749
- of which D&A	352	338	659	674
Operating result	365	458	777	898
EBITDA	717	796	1,436	1,572
% change	*-9.9%*		*-8.7%*	
EBITDA margin	**41.4%**	**44.3%**	**41.6%**	**43.1%**

- Q2 operating revenues down 3.5% Y-on-Y
  - Of which 2.8% due to MTA reduction
- Q2 operating expenses up 2.2% Y-on-Y
  - Due to an impairment on SNT assets of € 40 mn
- EBITDA margin down Y-on-Y from 44.3% to 41.4% due to lower margin revenues
- Further growth broadband ISP market share, decelerating market growth
- Introduction of VoIP for consumer market

Operating review Consumer



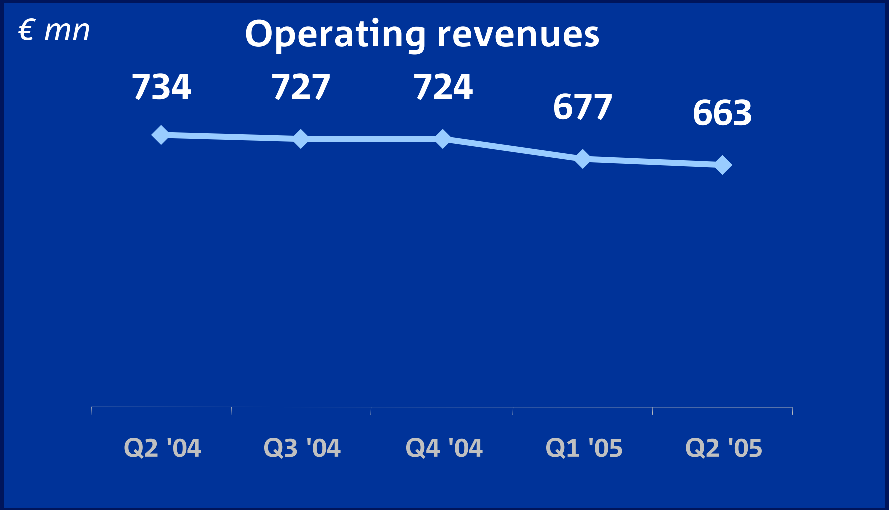


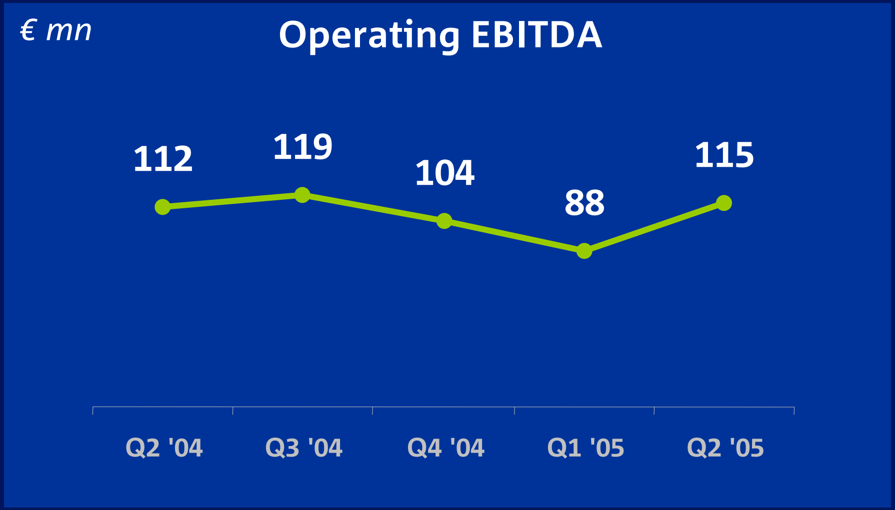


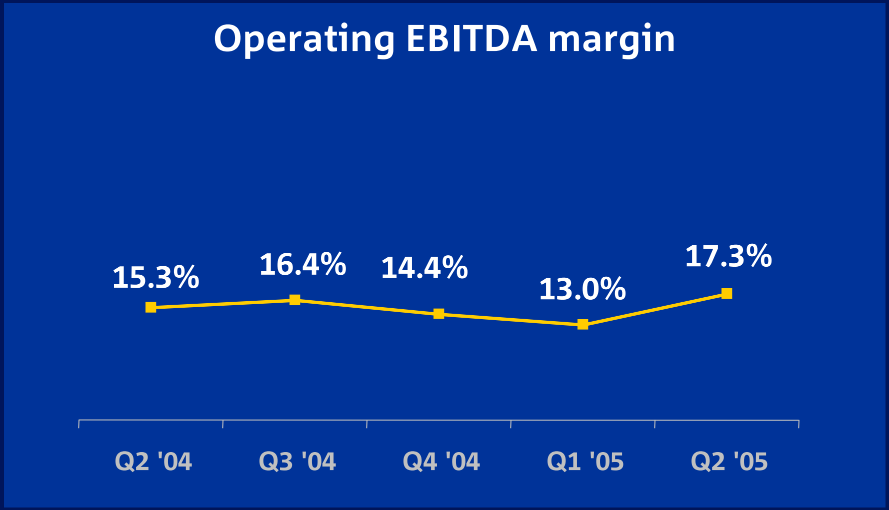
Key trends

- Operating revenues broadly stable
  - Declining voice and dial up internet revenues, so far
  - Compensated by increasing ADSL revenues
- EBITDA (margin) trending down
  - Shift towards lower margin (Internet) business

Operating review Business







Key trends

- Operating revenues decreasing due to
  - Decrease in market share voice
  - Mobile substitution
  - Replacement of small band by IP-VPNs
  - Lower sales traditional voice equipment
- Pick up in EBITDA (margin) in Q2 not indicative of a trend

Operating review Wholesale & Operations

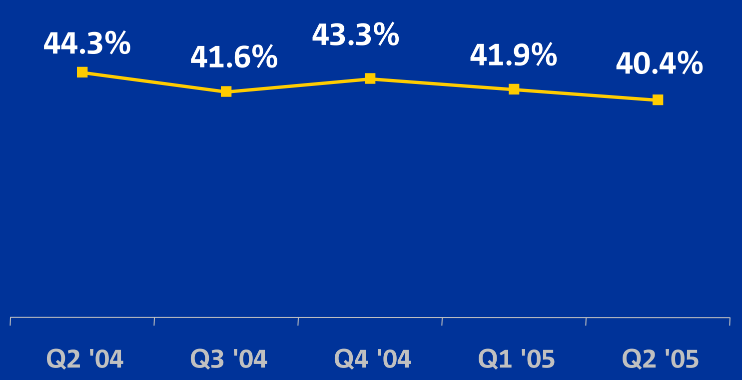
€ mn

Operating revenues

€ mn

Operating EBITDA

Operating EBITDA margin



Key trends

- Operating revenues decreasing due to
  - MTA reduction
  - Lower revenues from Connectivity
  - Lower voice traffic
  - In part compensated by higher transit revenues
- EBITDA (margin) decreasing because of decreasing traffic revenues while cost base is for a larger part (mid term) fixed

Financial highlights - Mobile

€ mn	Q2 '05	Q2 '04	YTD '05	YTD '04
Operating revenues	1,422	1,296	2,729	2,532
% change	*9.7%*		*7.8%*	
-of which Service revenues[1]	1,327	1,199	2,535	2,345
% change	*10.7%*		*8.1%*	
Operating expenses	1,241	1,058	2,440	2,068
- of which D&A	252	178	511	382
Operating result	181	238	289	464
EBITDA	433	416	800	846
% change	*4.1%*		*-5.4%*	
EBITDA margin	**30.5%**	**32.1%**	**29.3%**	**33.4%**

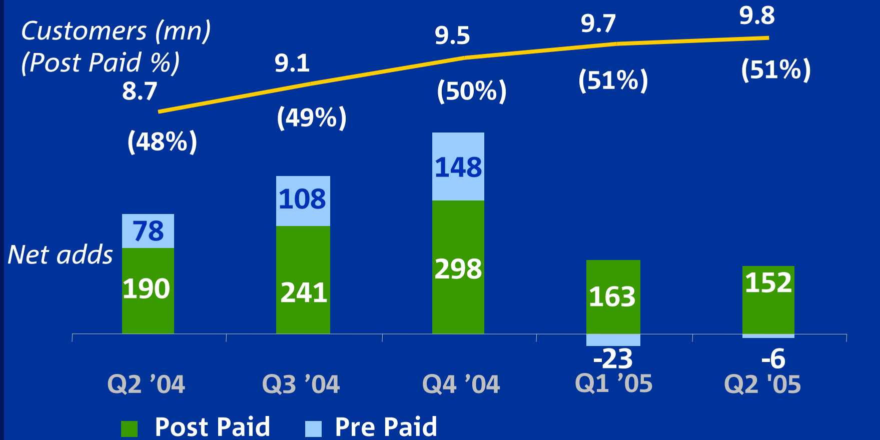
- Q2 service revenues up 10.7% Y-on-Y, driven by all three mobile operators
  - Germany and the Netherlands continued Post Paid subscriber growth
  - Strong performance momentum maintained in Belgium
- Q2 operating expenses increased due to continued investment in customer base and increased subscriber base
- EBITDA margin improved against Q1, as expected
  - Driven by the Netherlands (rebalancing of customer acquisition to Q1) and Belgium
  - Some progress being made in Germany

1 Total operating revenues minus equipment sales and other operating revenues

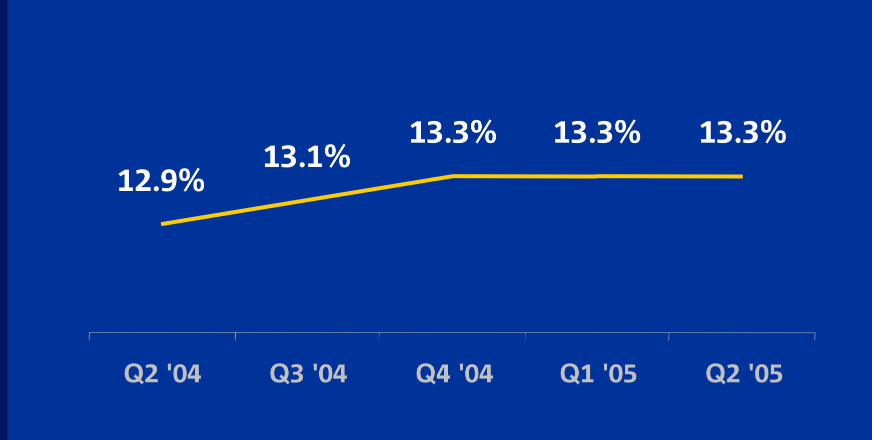
Operating review E-Plus

Continued growth in more competitive market

Customer base growing

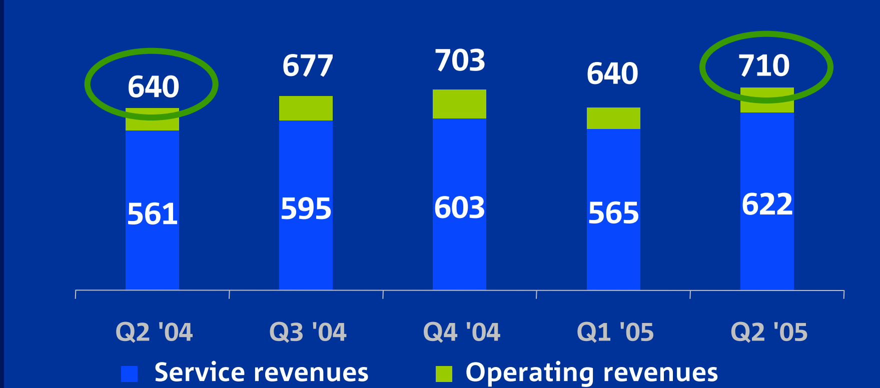


Market share stable[1]

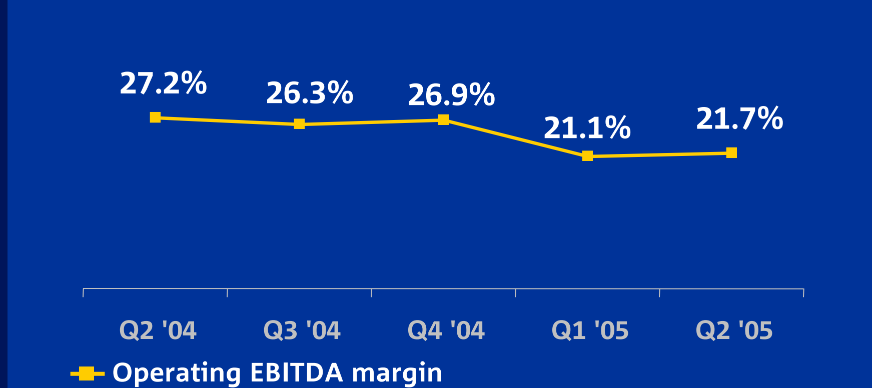


€ mn

Operating revenues up 11% Y-on-Y



Margin pressure continues due to investment in customer base & MTA cut

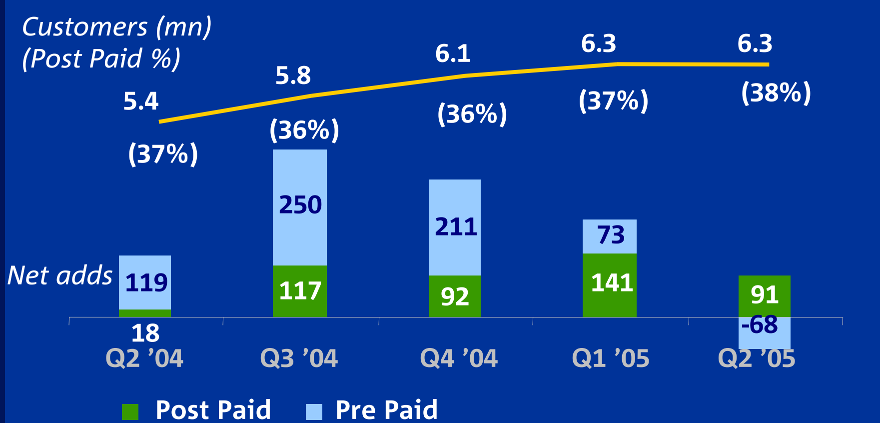


1 Management estimates, based on number of customers

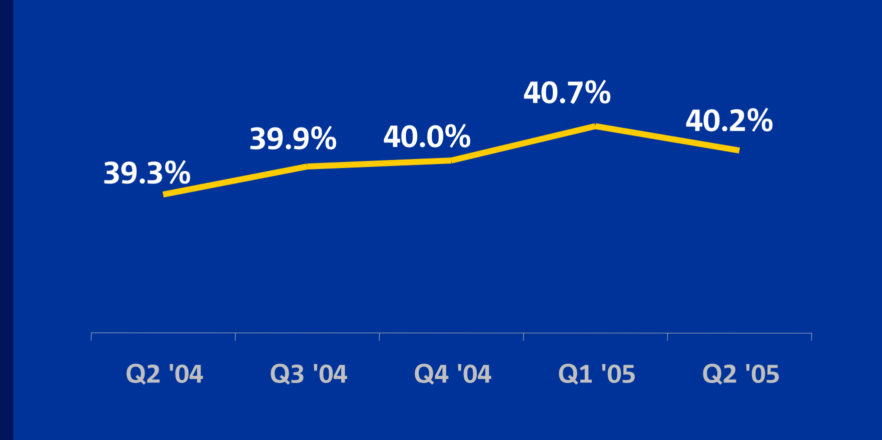
Operating review KPN Mobile The Netherlands

Sales driven by Post Paid on the way up, margin picks up

Customer base growing, in particular Post Paid



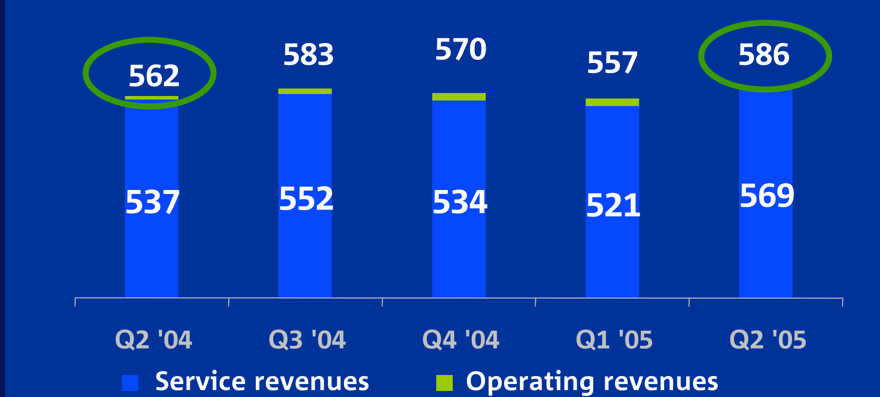
Market share[1]



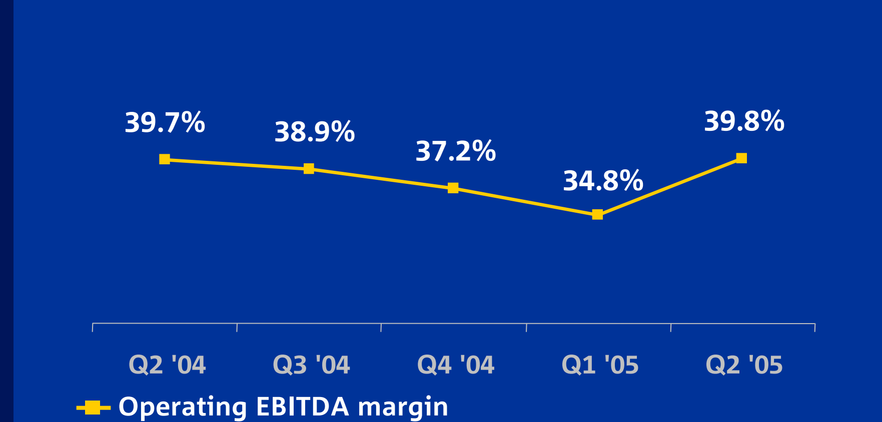
€ mn

Operating revenues increasing again

(+ 4% Y-on-Y)



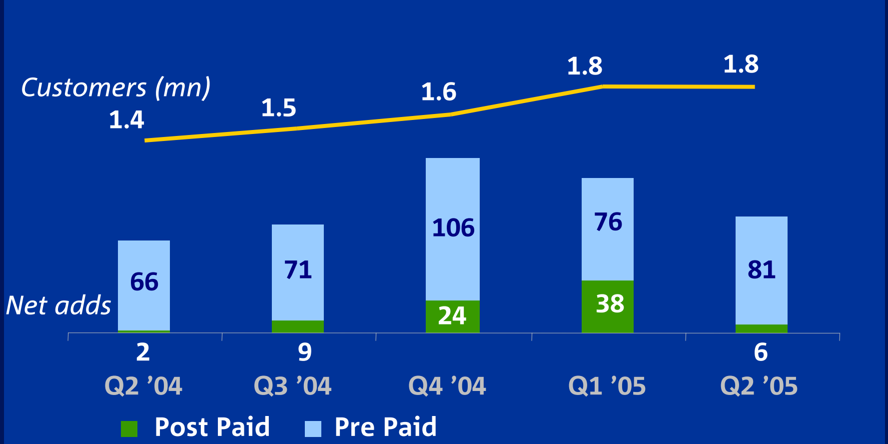
Margin picks up



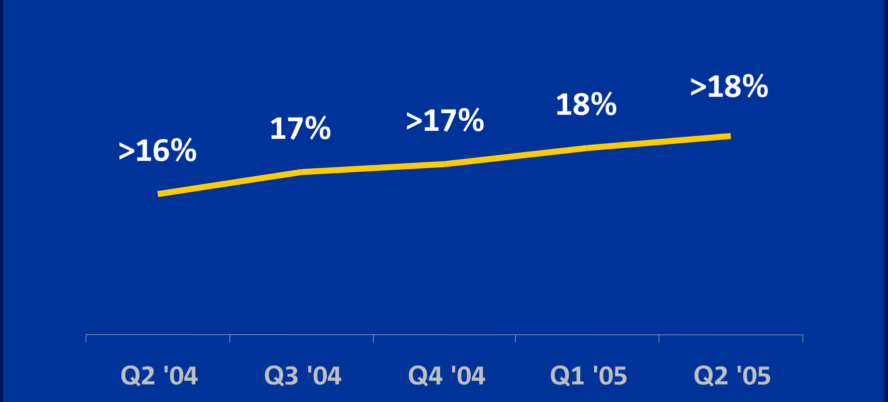
1 Management estimates, based on number of customers as per industry filings

Operating review BASE
Strong momentum continues

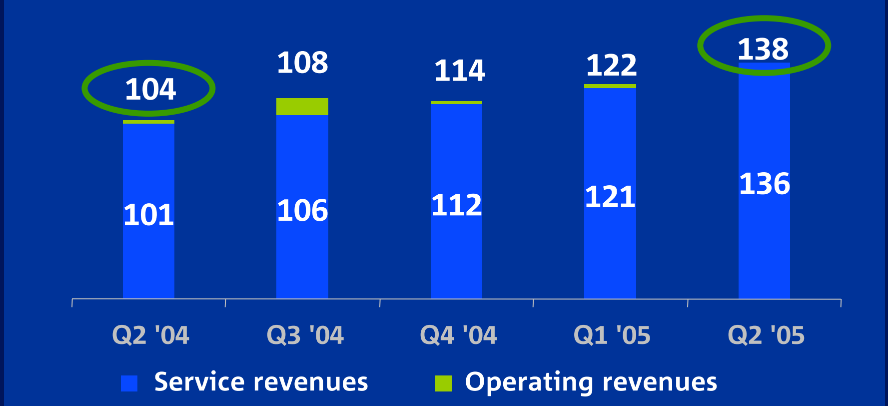
29% Growth of customer base



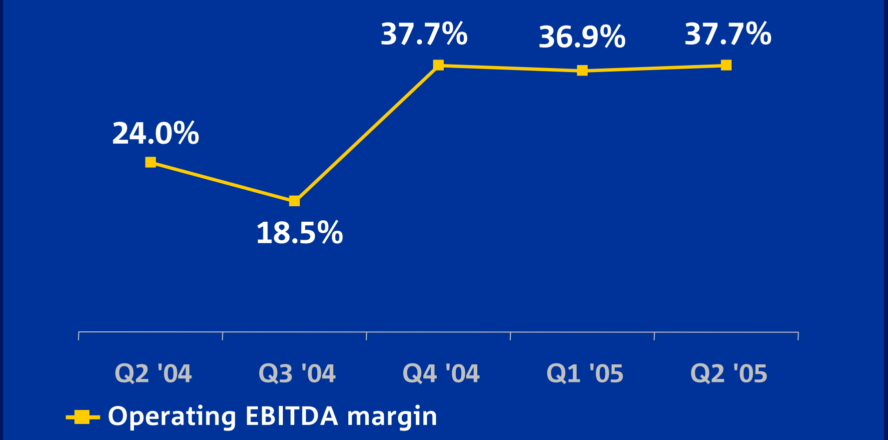
Continued increase in market share[1]



Operating revenues up 33% Y-on-Y



Solid margin performance continues



1 Management estimates, based on number of customers

Divisional financial summary Q2

Fixed

- Operating revenues down due to
  - MTA reduction, which had the biggest impact
  - Declining voice and internet dial-up traffic
  - Replacement of smallband by IP-VPNs
  - Partially compensated by growth in broadband
- EBITDA down, driven by lower revenues and growth lower margin new business

Mobile

- Service revenues up 10.7% Y-on-Y, driven by all three mobile operators
  - Germany and the Netherlands continued Post Paid subscriber growth
  - Strong performance momentum maintained in Belgium
- EBITDA in line with expectations with margin improved against Q1
  - Driven by the Netherlands and Belgium
  - Some progress being made in Germany

Agenda

Ad Scheepbouwer	Group highlights
Marcel Smits	Financial review
Ad Scheepbouwer	Business update – The Netherlands – Attack – Defend – Exploit – Regulation
Stan Miller	Strategy update – International Mobile
Ad Scheepbouwer	Dividend, outlook and concluding remarks

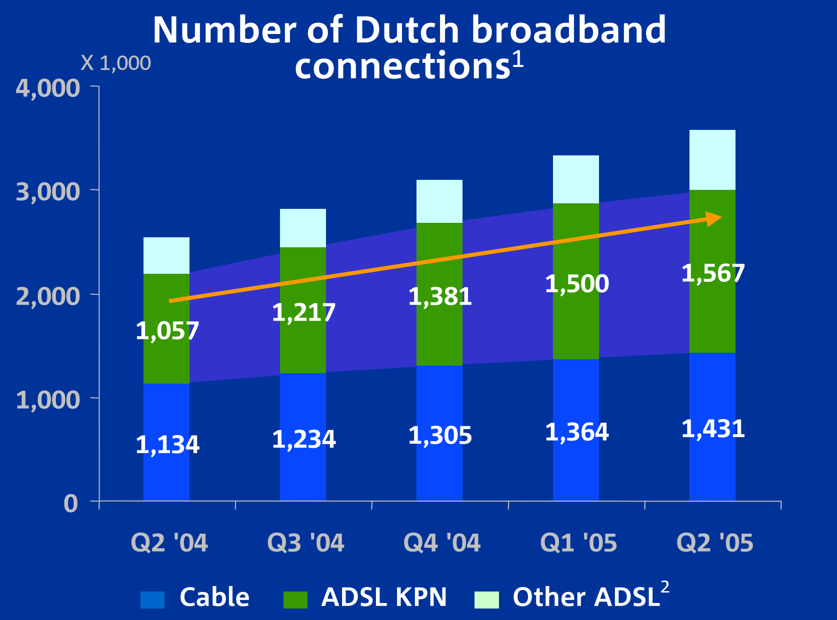
Business Update - The Netherlands

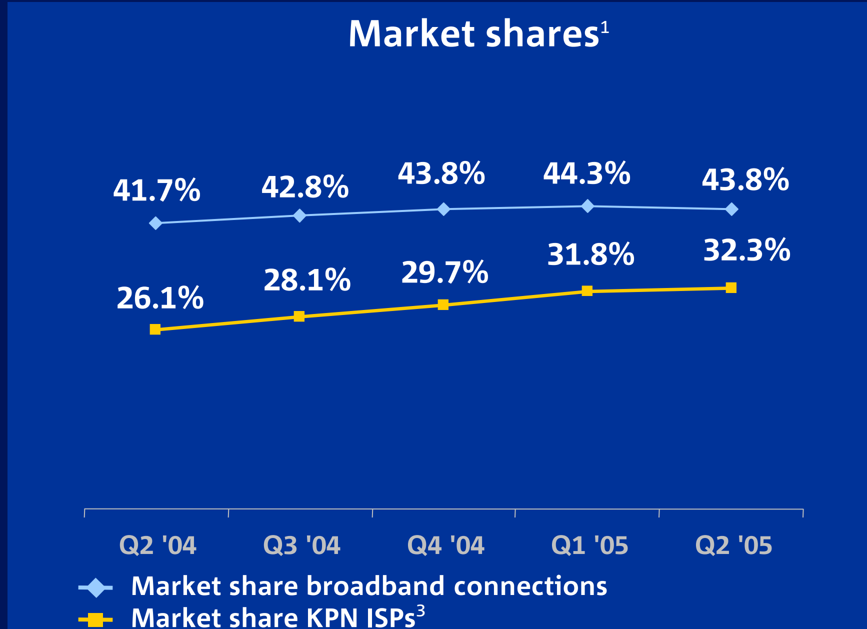
Attack	Defend	Exploit
Drive new revenue streams	Maintain leading share in declining market for traditional services	Achieve structurally lower cost base

- All 2005 initiatives started and on track
- Semi-annual reporting on initiatives

Attack Defend Exploit

Increasing market share KPN ISPs





Developments

- Market growth is slowing down
- Competition is transferring customers to their own ADSL network
- Focus KPN shifts to increasing market share ISPs; KPN Planet now largest ISP
- Acquisition of over 60k KPN ADSL customers of Tiscali as per July 26 (1.7% market share)

1 Of which currently approximately 80% consumers and 20% (small) businesses (management estimates)
2 Excluding Bitstream
3 Including Direct ADSL

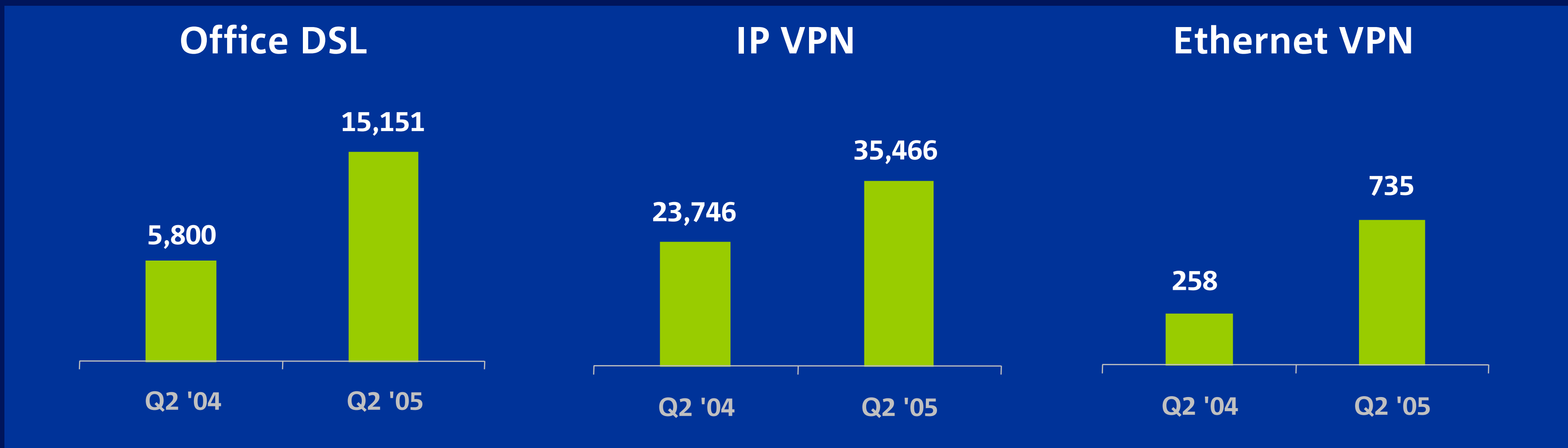
Attack | Defend | Exploit

VoIP launched in consumer market

Upscaling the VoIP proposition along several dimensions

2005	Current	Going forward	
ISPs	kpn	XS4ALL Het Net kpn PLANET INTERNET	
Services	• Secure wireless network • Flat fee calling • Voicemail • E-mail	• Security services • Additional phone numbers • WiFi phone	• Nomadic use • Video calls
Marketing/ Distribution-intensity	• Below the line marketing • Direct mail packages • Maximum of a several thousand orders	• Carefully upscaling • Start sales through other (own) channels	• Above the line marketing

Successful developments in Business segment



- Office DSL showing growth following intensified marketing and successful penetration of SME segment
- Continued strong growth of IP-VPNs
- Successful introduction of DSL based debit-credit card payment solution
- Several large ‘Managed IT services’ contracts concluded

Attack Defend Exploit

KPN's successful international propositions

- Major European IP-VPN contract wins include
  - German network for TPG Post ICT Mail: 15 German and 2 Dutch locations connected through a KPN EuroRings MPLS[1] IP-VPN; 3 year contract
  - 950 Stores and 5 European offices connected through a combination of KPN's national (Epacity) and international (EuroRings) MPLS-based IP-VPN services and in close co-operation with Simac ICT; 5 year contract
- Partnership model for global reach implemented and successful
  - Partnership for the Asia-Pacific region and MPLS interconnection fully operational; customers implemented and funnel growing
  - Partnership signed and interconnection of MPLS networks implemented in May '05; first customers already implemented

1 Multi-Protocol Label Switching

Attack | Defend | Exploit

Triple play TV developments

Steady growth of KPN TV

- Growth of 24k from 46k in Q1 to 70k customers in Q2
- Recent price adjustment to make KPN TV more attractive for all KPN customers
- Introduction of in car KPN TV on May 9

KPN IP TV development on track

- Technology partners selected
- Content rights being cleared
  - More than 50 channels by the end of the year
  - Possibility to watch on demand programs for most of the Dutch broadcasters programs
  - Well stocked movie database available
- Preparation for launch with friendly user test in Q3

Attack | Defend | Exploit

Telfort.

Strengthening our Dutch mobile position

Rationale	• Better compete with major European players in Dutch market • Gain access to higher-growth, complementary market segments • Be active in the complete subscriber spectrum • Gain an additional brand for our multi-brand strategy
Strategy	• Retain Telfort as a separate brand in multi-brand strategy • Specifically target "value for money" consumer segment • Integration Telfort network into KPN's network in 3 years
Regulation	• Acquisition subject to approval by Dutch Competition Authority
Synergies	• Mainly in marketing, operations and network
Financial Impact	• Telfort will add immediately to sales and EBITDA • This is excluding (one-off) integration costs
Consideration	• € 980 mn on a debt and cash free basis • € 140 mn earn out on specific performance criteria
Loss carry forward	• More than € 900 mn with an NPV of approximately € 180 mn
Financial Framework	• Financed from existing financial resources • Remains well within boundaries of self-imposed framework

Attack Defend Exploit

SYMPAC

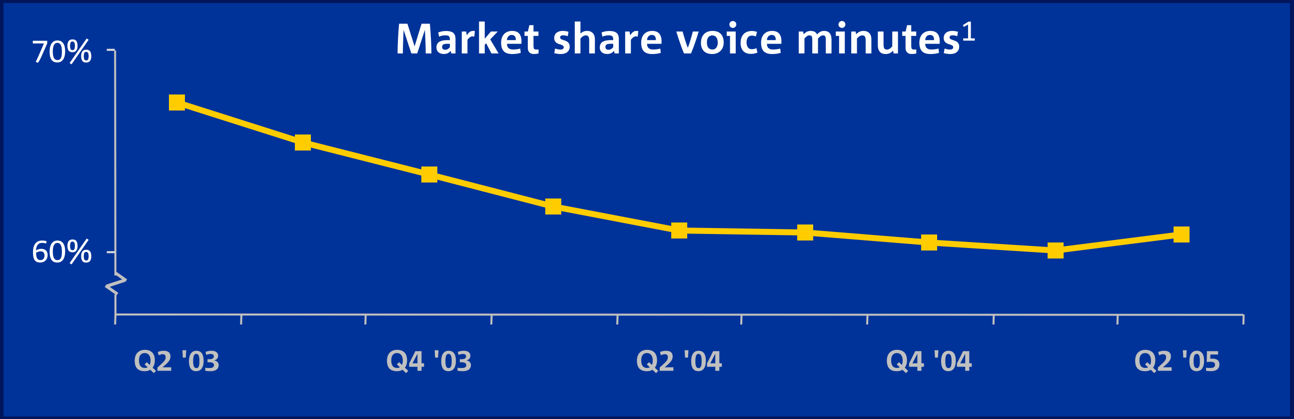
Strengthening our mobile business position

- To attack and defend KPN's current position with MNCs, KPN established Sympac BV, a 100% owned subsidiary
  - Sympac offers multinational clients a global solution for their mobile communication needs
  - Gives clients the opportunity to unify all mobile services (voice, data and internet) under one contract
  - Global service footprint
  - Sales footprint in The Netherlands, Belgium, Germany, France and the UK
  - ABN AMRO is first major contract win (5-year contract)
  - Negotiations ongoing with several multinational corporations

Attack Defend Exploit

Consumer voice market share stabilized

Continued innovative service offerings



BelPlus Minutes Program

- Four "BelPlus" minute packages
- Highly successful as win back instrument
- As of Q3 minutes unlimited valid
- Market penetration increased to 28%

"Altijd dichtbij" Loyalty Program

A regular, **personal** advice about

- The right "BelPlus" package
- Optimal use of our "Voordeelnummers"[2]
- Extended to 2 million customers

Innovative Mobile-like Handset Program

- Dect phones **packaged** with BelPlus in a **3-year** rental contract (started February)
- Unique proposition in telecom industry
- Approx. 30% of Dect sales in Q2 is a **combined** offer (BelPlus – handset)
- First experience: ARPU increased significantly

Planned

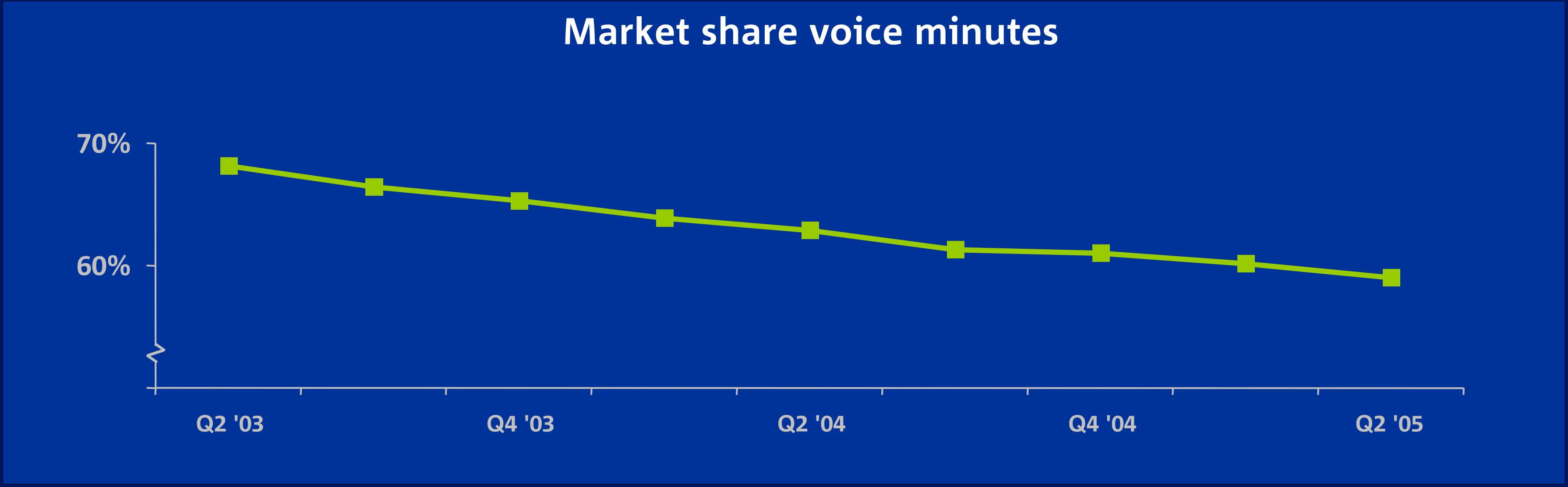
- Flat fee and more personalized offerings
- Group-wide customer loyalty program

1 Excluding VoIP
2 KPN's Friends & Family type of program

Attack Defend Exploit

Business: a market in motion

Market share traditional voice remains under pressure



- Increased IP-VPN connectivity shifts spending away from traditional voice solutions
- Increasing number of mobile only sites, especially in SoHo
- Strict regulatory environment
- Gradually rising penetration loyalty package “BelZakelijk”

Attack Defend **Exploit**

Achieving a lower cost base

Savings program on track

- On March 1 we announced our Exploit initiative to structurally achieve a lower cost base
- Savings are predominantly in the following categories

KPN Personnel	Traditional IT systems	Infrastructure
Achieved FTE reduction of 5% in first 6 months of 2005	Significant savings identified and starting to come through	

- We are on track to achieve annual operating expense savings of € 150 mn in financial year 2005

Regulatory context "attack" initiatives

OPTA position

- Voice over Broadband
  - Voice over Broadband is part of markets for fixed telephony and therefore a price squeeze test is necessary
- Wholesale and retail broadband
  - Wholesale market for consumer broadband access (Wholesale ADSL) and retail market remain unregulated

KPN's position

- Regulation will cause artificially high pricing of KPN VoIP proposition
- Decision on Voice over Broadband will be challenged

Attack | **Defend** | Exploit

Regulatory context “defend” initiatives

OPTA position

- Wholesale fixed telephony and leased lines
  - The wholesale costs of KPN will be benchmarked with the efficient costs of an US LEC[1]
  - KPN dominant (SMP) on transit market and transit tariff should not discriminate (volume discounts are not permitted)
- Main points draft decision retail fixed telephony
  - Obligation to offer Wholesale Line Rental (WLR) based on cost plus for PSTN and ISDN2
  - More room for tariff packages, such as flat fees
  - No differentiation in tariff regulation for consumers and business users
- Retail leased lines and data communication
  - KPN no longer has SMP in markets for national leased lines of 2 Mbit, international leased lines < 2 Mbit, wholesale terminating market for > 2 Mbit and trunk connections
  - KPN has no SMP on retail market for data communication over copper and fiber

KPN’s position

- KPN will seek relief on the business market
- KPN will discuss the development of costs further with OPTA
- KPN does not share the OPTA views on the transit market

1 Local Exchange Carrier

Agenda

Ad Scheepbouwer	◆ Group highlights
Marcel Smits	◆ Financial review
Ad Scheepbouwer	◆ Business update – The Netherlands
Stan Miller	◆ Strategy update – International Mobile
Ad Scheepbouwer	◆ Dividend, outlook and concluding remarks

BASE three years ago

BASE situation 2002

- Outrun and out-numbered by Mobistar and Proximus
  - Low share of the market
  - Under deployed and underutilized network
  - Negative cash flow
  - High acquisition costs compared to ARPU
- Space for third operator in Belgium?
- Mobistar and Proximus controled distribution and networks

Actions taken

- Fix the basics
- Redesign the business model
- Created a pull strategy

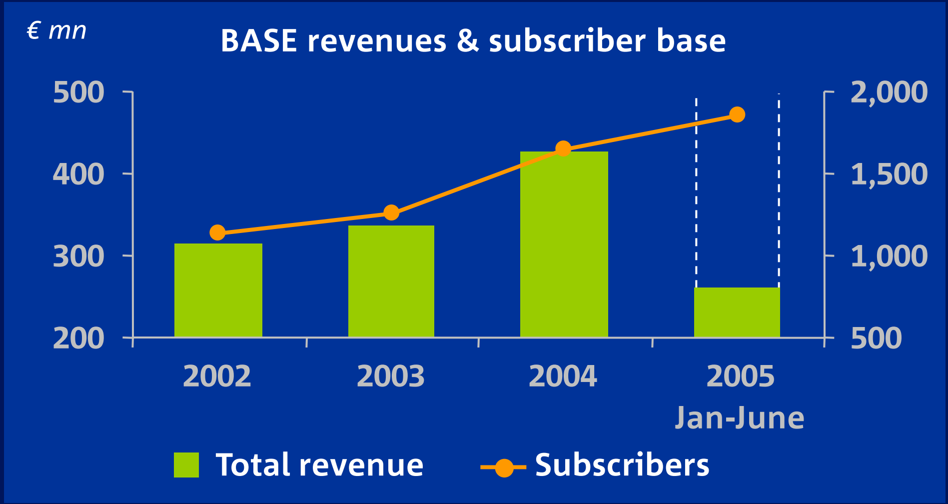
Attack › Defend › Exploit

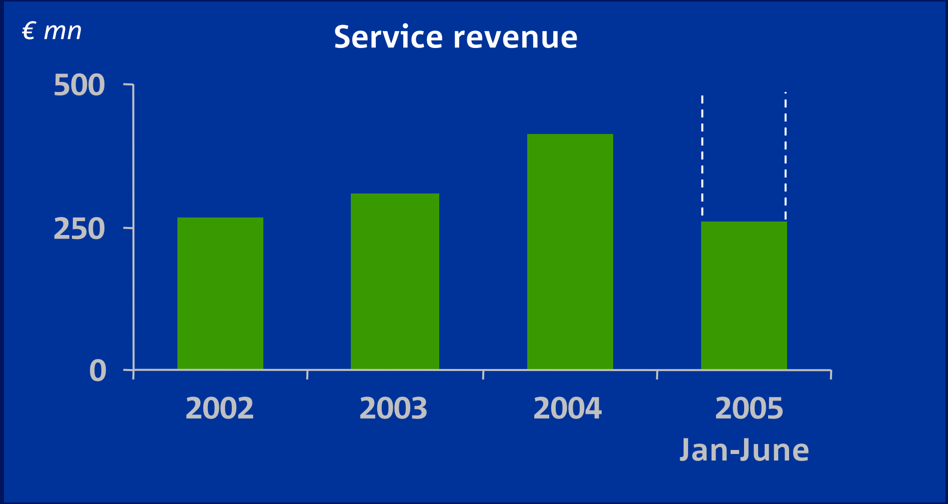
Analyzing the success of BASE

Strategic Initiatives

- Attractive customer propositions
  - Create brand preference
- Distribution
  - From push to pull
- Improve network coverage
  - Invest in network to improve indoor coverage
- Establish multi-brand strategy and MVNOs
  - Ay Yildiz (Turkish segment) and TMF (youth segment)
- Simplify operations
  - Outsource where possible
- Regulatory offensive
  - Rebalance the playing field
- Create underlying financial business model

The strategy has successfully turned BASE around





KPIs

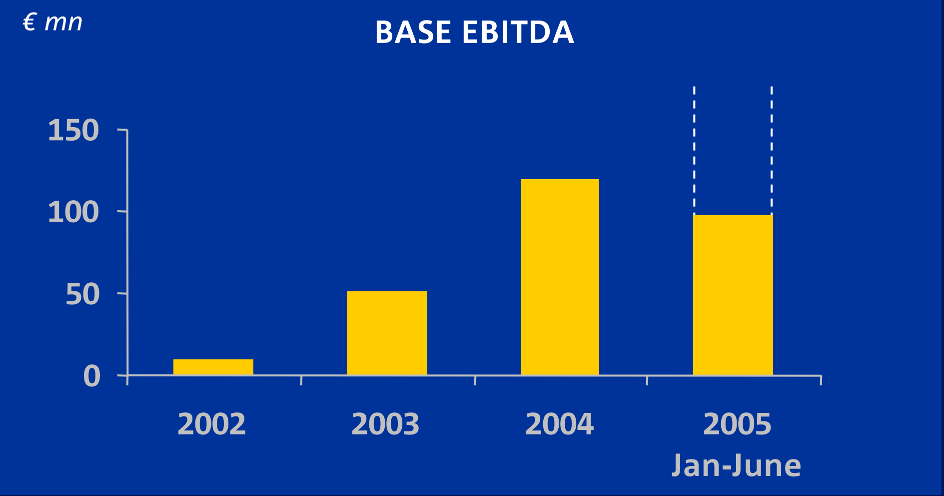
- Strong brand preference
- Customer base up 66% to 1.8 mn
- Market share up from 14% to over 18%

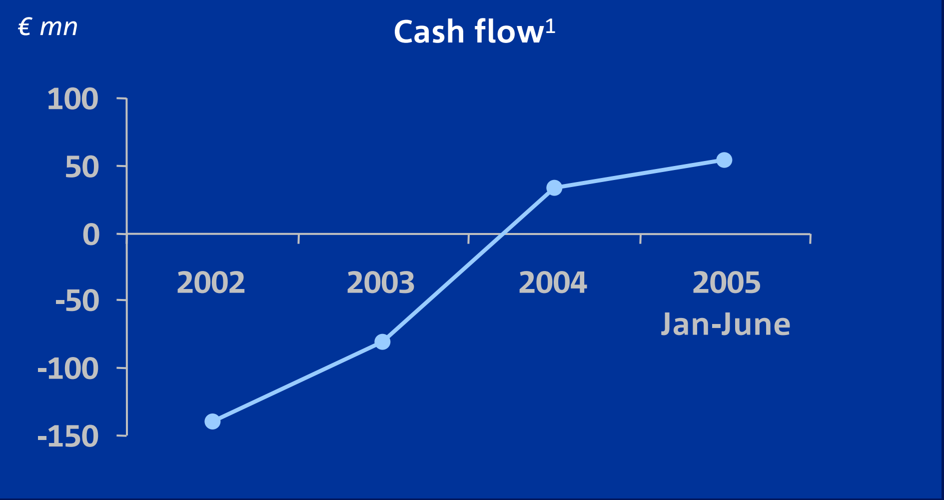
Key financials

- Service revenue more than doubled

1 Defined as EBITDA - Capex

The strategy has successfully turned BASE around





Key financials

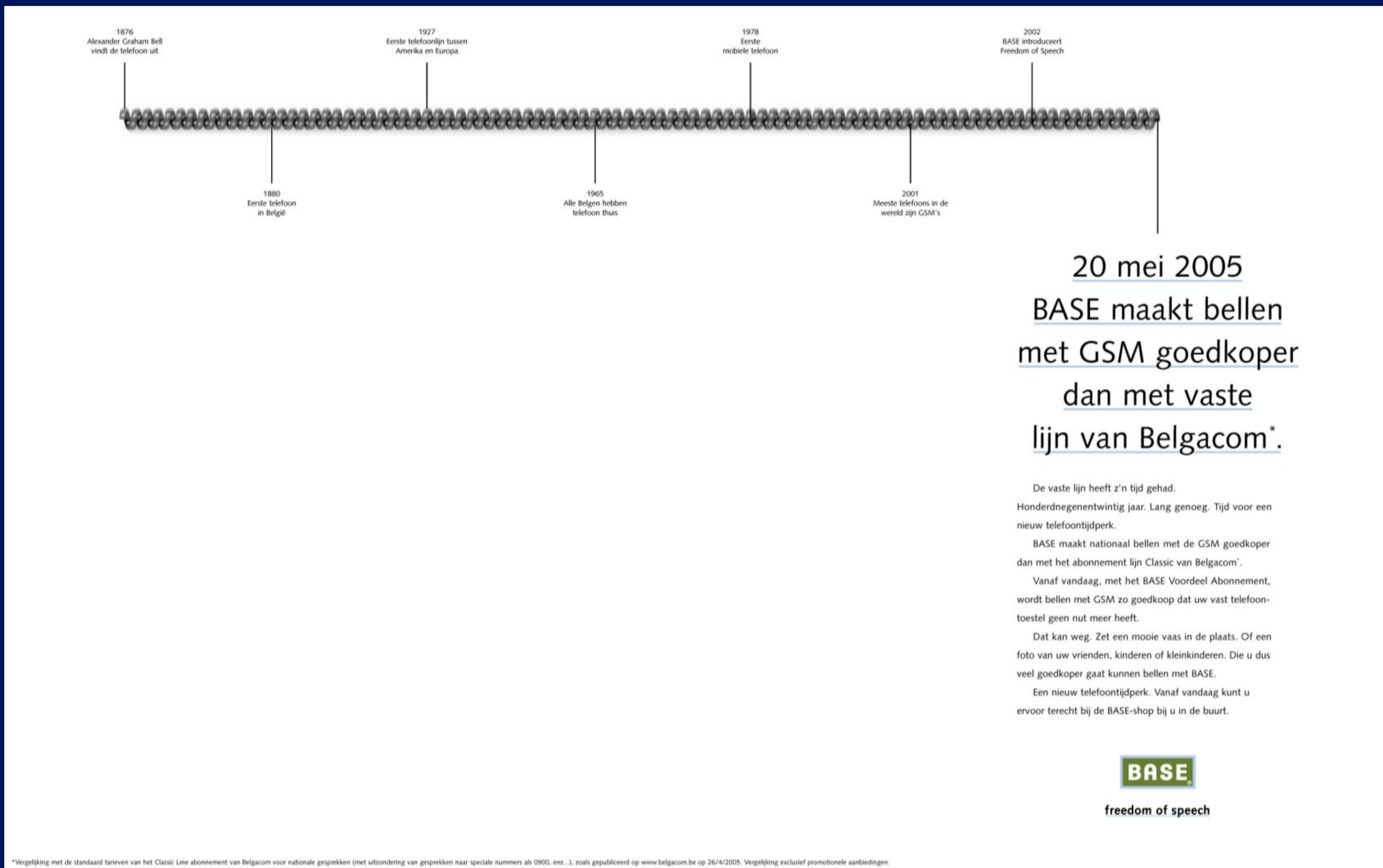
- EBITDA growth from minus € 21 mn to € 160 mn positive
- EBITDA margin up from low twenties to 37.7%
- From cash flow negative to cash flow positive

1 Defined as EBITDA - Capex

Free minutes and testimonials drive sales…

Comparative advertising challenges competitors credibility…

We make mobile cheaper than fixed…



DVD clip BASE

Attack Defend Exploit

KPN International targets further growth with this attack strategy

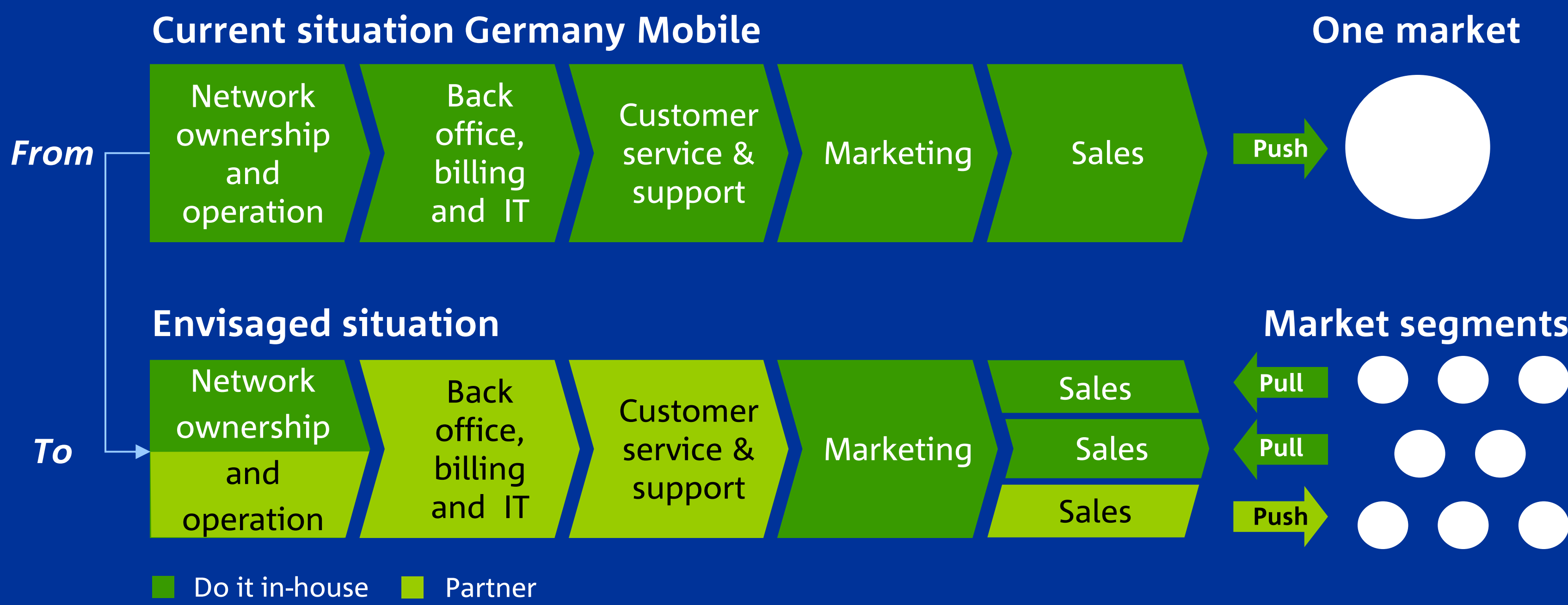
- KPN realizes that BASE and E-Plus face a distinct market challenge
- BASE and E-Plus need greater scale to bolster their profitability
- To grow fast under intense competition, they also require an innovative strategy
- KPN recognizes that together, BASE and E-Plus can leverage each other to grow under a common KPN International flag

Attack › Defend › Exploit

German mobile market current situation

Market structure	T-Mobile and Vodafone control 75% of mobile market revenues Both enjoy three times E-Plus' revenue scale and over five times profitability
Market characteristics	Very low usage, second lowest of all EU-25 countries 50% of the market is Post Paid T-Mobile and Vodafone have close to 80% business market share
Distribution	E-Plus has limited number of exclusive shops Competition has at least 45% more points of sale
Network	E-Plus has more 2G base stations than O_2 but thousands less than top two players
Business model	Current model E-Plus demands high investment in acquiring customers

New strategy turns weaknesses into strengths



Objectives

- Attractive customer propositions
- Make indoor coverage a USP
- Establish multibrand strategy
- Simplify operations
- Rebalance playing field

Strategic Initiatives

- Create brand preference and customer pull
- Invest in network
- Customer segmentation
- Outsourcing partnerships
- Regulatory offensive

Attack | Defend | Exploit

A redesigned E-Plus will do most things differently

	Most players way of competing	Do it differently
Customer targeting	Offer to the mass	Handpick segments with tailored offering
Proposition	Develop next generation services	Turn core services into great value
Channels	Push through dealers	Redesign pull & its economics
Deployment	Deploy nationwide	Focus regionally, maximizes impact of pull actions
Regulatory	Passively accept the oligopoly	Launch offensive to throw rivals off-balance
Financial model	Grow revenues	Maximize margins

Create brand preference

Brand characteristics

simyo

- Pre Paid
- Lowest tariff
  - € 0.19 Voice
  - € 0.14 SMS
- No frills
- SIM only
- Internet only distribution
- *"Weil einfach einfach einfach ist"*

BASE

- Post Paid
- Flat fee
  - € 25
- Normal to heavy users
- SIM only
- Internet, E-Plus and partnershops distribution
- *"Freedom of Speech"*

Simple offer

Flatrate

Telefonieren zu
BASE, E-Plus, simyo
und ins Festnetz

SMS zu BASE, E-Plus
und simyo

25 Euro

Telefonieren
in andere
Mobilfunknetze

25 Cent

SMS in andere
Mobilfunknetze

19 Cent

Low cost, low tariff

simyo macht mobil telefonieren einfach und günstig

0€	19	14
Grundgebühr	Cent/Min.	Cent/SMS.

- **Ein Preis deutschlandweit rund um die Uhr**
- **SIM-only: simyo SIM-Karte, keine Handys**
- **Starter Paket für 19,95 € inkl. 10 € Startguthaben**
- **Keine Vertragsbindung, keine Mindestnutzung**
- **Im Internet erreichbar über www.simyo.de**

Supported by compelling advertising…

DVD clip Simyo

Attack Defend Exploit

International Mobile summary

- Successful execution of strategic initiatives in Belgium has paid dividends
- Current E-Plus strategy inhibits best in class value creation
- Redesigned strategy based on Belgian success can fuel value growth
- We will therefore
  - Invest in brand → create pull
  - Save on distribution → once pull is created
- It will take time for growth to come through

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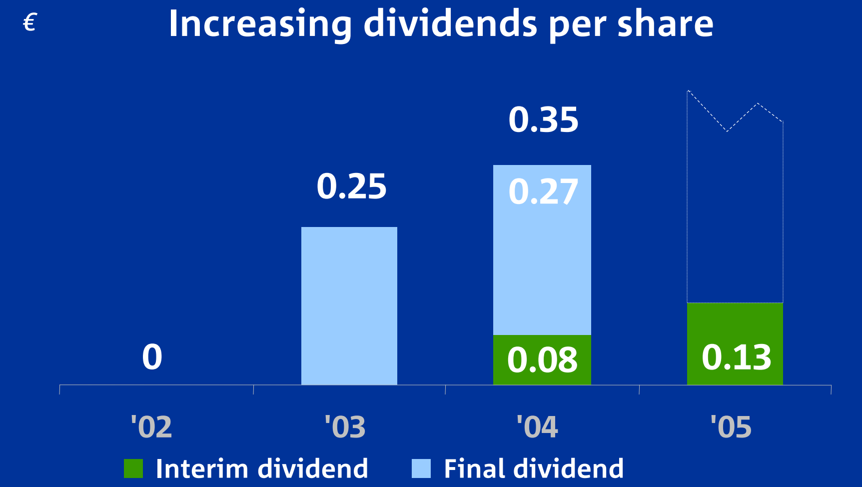
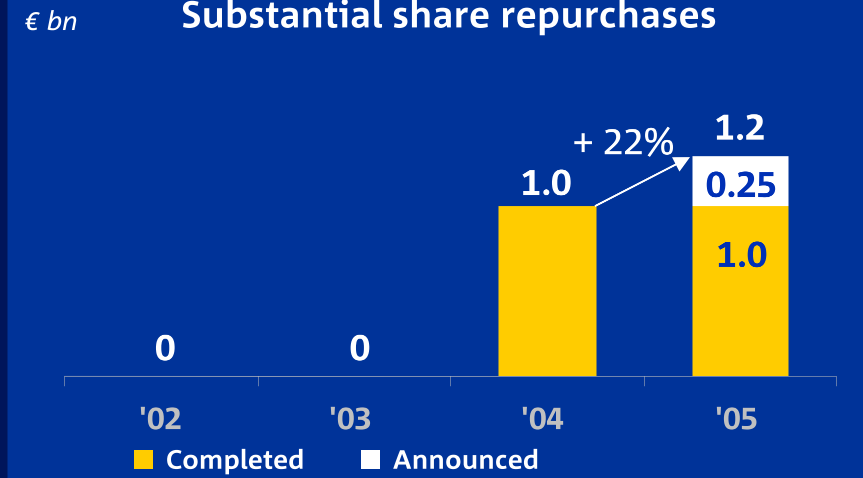
Dividend and cash distribution

Industry leading cash returns to shareholders

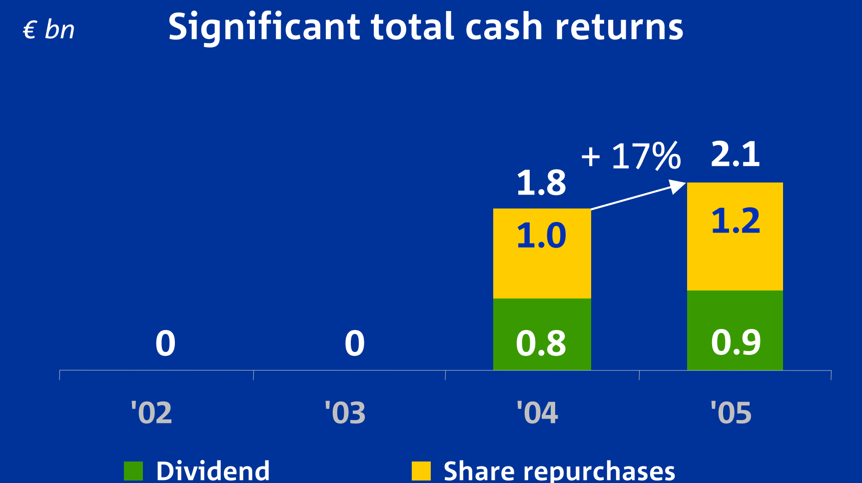
Increasing dividends per share



Substantial share repurchases



Significant total cash returns



Highlights 2005

- € 1.6 bn of cash returned to shareholders
  - € 0.6 bn final dividend 2004
  - € 1.0 bn shares repurchased
- Interim dividend 2005 of € 0.13 per share declared
- Additional € 250 mn of share buy backs announced

Revised outlook[1]

Outlook FY 2005	As given March 1	August update
Operating revenues[1]	Flat, including MTA reduction	Unchanged
Operating EBITDA[1,2]	Decline by high single digit figure with greatest impact in Q1	Decline by mid single digit figure
Capex	~ € 1.7 bn	Unchanged
Free cash flow[3]	> € 2 bn	Unchanged

1 Excluding restructuring charges, impairments and book gains/losses over € 20 mn, see disclaimer
2 Defined as Operating result plus depreciation, amortization & impairments
3 Defined as net cash flow from operating activities minus Capex (2004: € 2,271 mn)

Concluding remarks

- Execution of strategy on track
- Increasing cash returns to shareholders
- Outlook – EBITDA guidance improved
- Well placed with increasing confidence

Q & A

Annex

For more information please contact

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Analysis of results

Key items worth mentioning in results interpretation

		Q2 '05	Q2 '04	YTD '05	YTD '04
Revenue effect MTA tariff reduction	Group	-67	-59	-129[1]	-116
EBITDA effect MTA tariff reduction	Group	-31	-13	-60	-27
Book gain on sale of Intelsat / Infonet	Other			21	
Book gain on sale of PTC	Other		20		20
Book gain on sale of Eutelsat	Other				36
Intellectual property rights	KPN M NL			4	15
Restructuring charges	Group	-8	15	-32	-4
UMTS license amortization	Mobile	-64		-128	
Impairment on certain assets of SNT	Fixed	-40		-40	
Impairment on Vitalicom loans	Group			-11	
Reversal of impairment on PTC loan	Group				7

1 Q1 '05 intercompany restated

Impact MTA reduction[1]

€ mn	Q2 '05		YTD '05	
	Net sales	EBITDA[2]	Net sales	EBITDA[2]
KPN Mobile (NL)	-21	-12	-40	-23
E-Plus	-24	-19	-47	-37
Total Mobile	**-45**	**-31**	**-87**	**-60**
Consumer	-7	-	-13	-
Business	-8	-	-15	-
Wholesale & Operations	-36	-	-69	-
Total Fixed	**-51**	**-**	**-97**	**-**
Intercompany	29	-	55[3]	-
KPN Group	**-67**	**-31**	**-129[3]**	**-60**

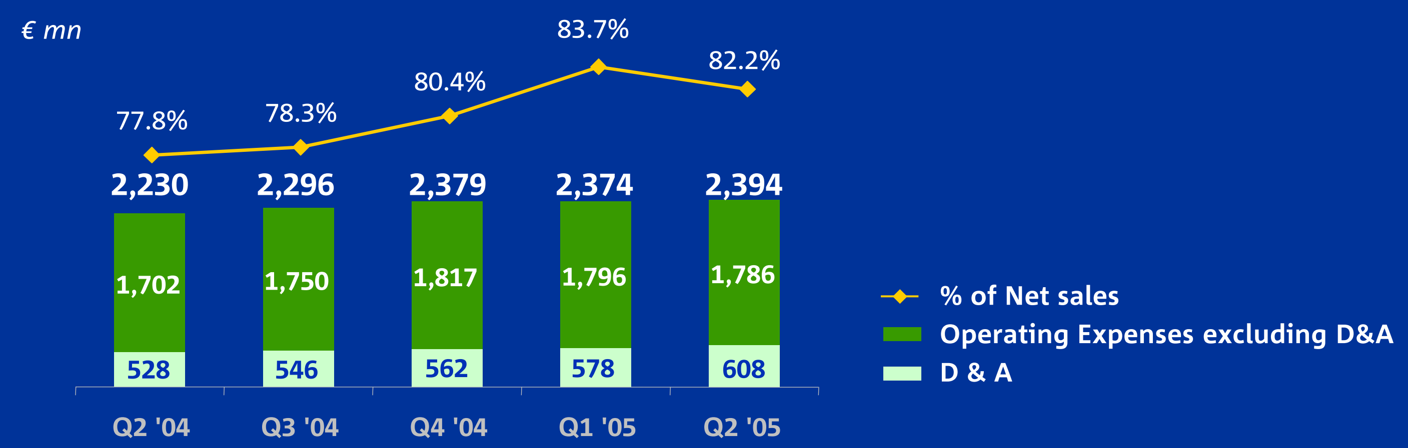
1 Additional decline compared to 2004
2 Defined as Operating result plus depreciation, amortization & impairments
3 Q1 '05 intercompany restated

Restructuring charges

€ mn	Q2 ’05	YTD ’05
E-Plus	-	-
KPN Mobile (NL)	-	-1
BASE	-	-
Total Mobile	**-**	**-1**
Consumer	-	-
Business	5	-1
Wholesale & Operations	-6	-16
Total Fixed	**-1**	**-17**
Other	-7	-14
KPN Group	**-8**	**-32**

Operating expenses

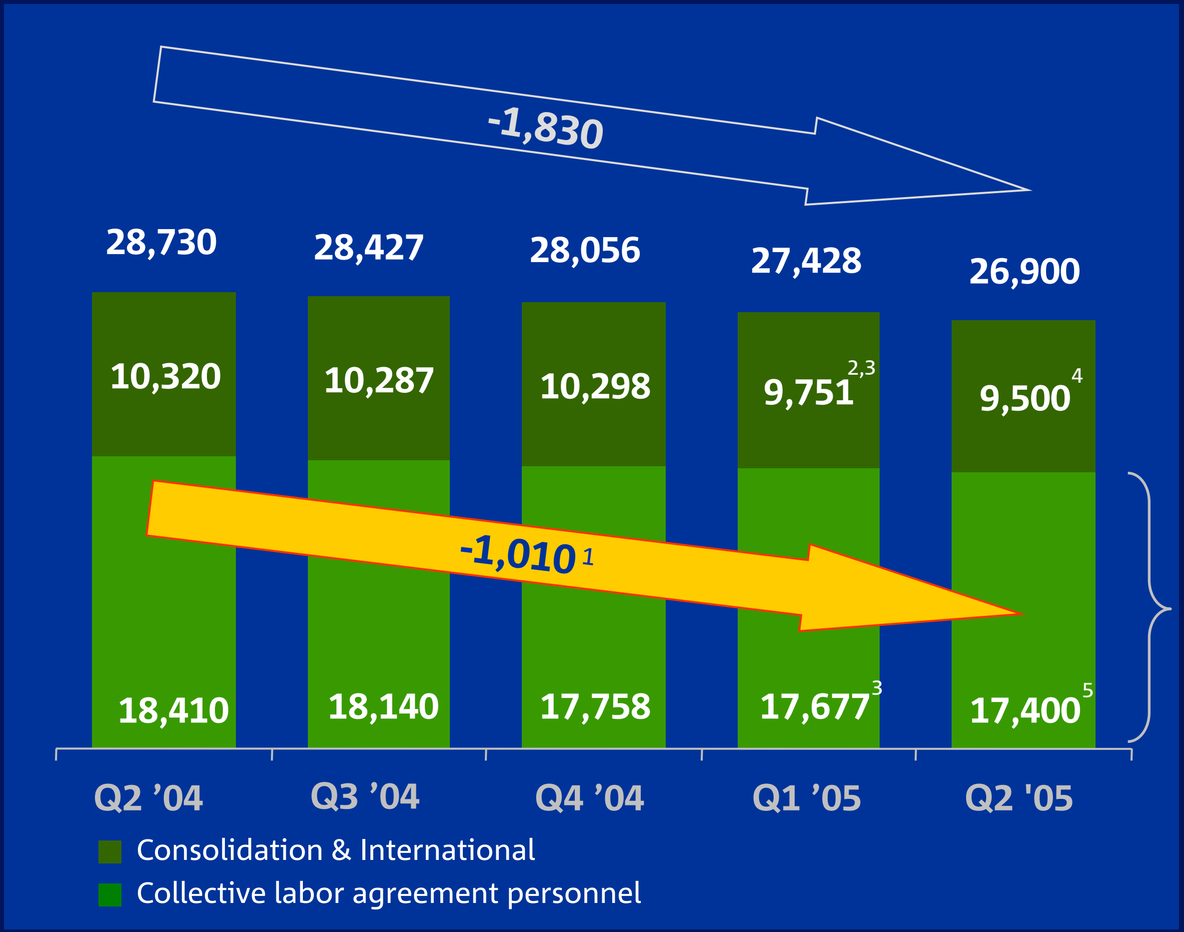
€ mn	Q2 '05	Q2 '04	%
Salaries and social security contributions	382	444	*-14.0%*
Cost of materials	273	249	*9.6%*
Work contracted out and other expenses	1,005	947	*6.1%*
Own work capitalized	-24	-38	*-36.8%*
Other	150	100	*50.0%*
Depreciation[1]	470	482	*-2.5%*
Amortization[1]	138	46	*200%*
Total	**2,394**	**2,230**	***7.4%***



1 Including impairments

Personnel

Continuing decline

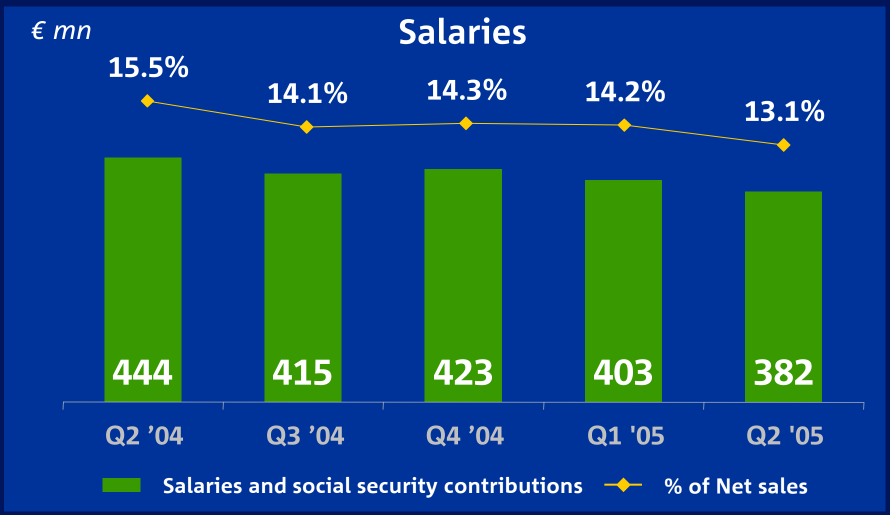


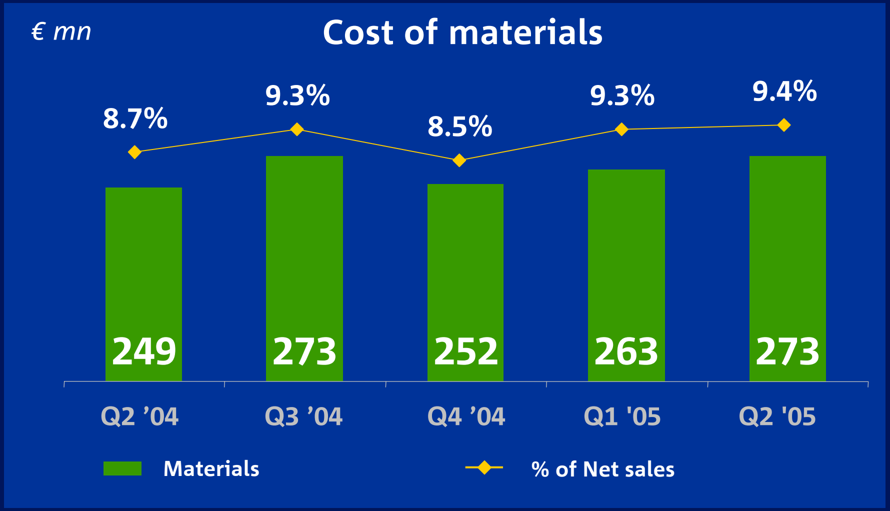
Consolidation effect of 78 FTE

1,088 FTE via social plan and natural attrition

1 Collective labor agreement personnel, including consolidation effect of 78 FTE
2 Q-on-Q decrease mainly relates to sale of PanTel
3 Q-on-Q effect relates to transfer of internet activities (PMG) from participation to Collective labour agreement personnel
4 Q-on-Q decrease mainly relates to Xantic
5 Q-on-Q decrease mainly relates to sale of Interview NSS

Analysis operating expenses
Salaries & Cost of materials





Y-on-Y decrease

- Lower FTE due to ongoing restructuring and deconsolidation of non-core assets

Q-on-Q decrease

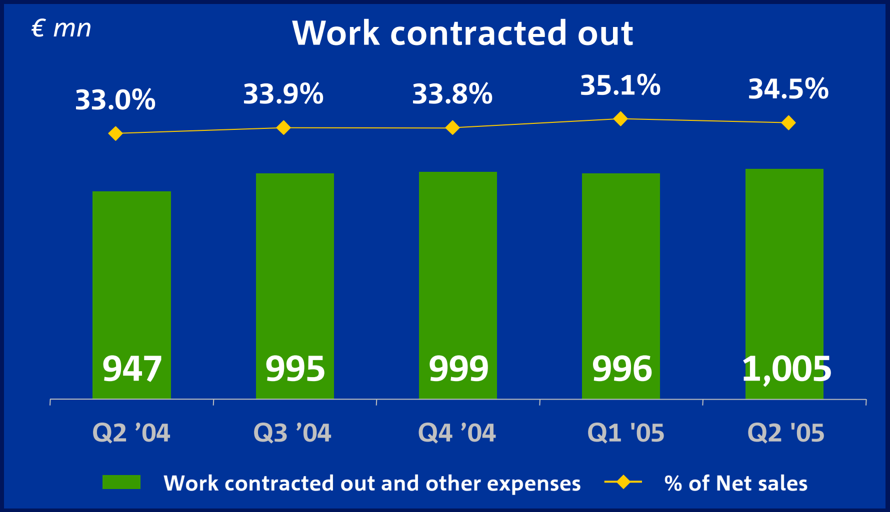
- Lower # FTE, predominantly at Fixed and Other due to restructuring
- Deconsolidation of Interview NSS (Fixed)

Y-on-Y increase

- Increased handset sales in Germany
- Higher cost of material due to less work contracted out at Fixed Business (IMS)
- Sale of set-up boxes/tuners following launch of KPN TV

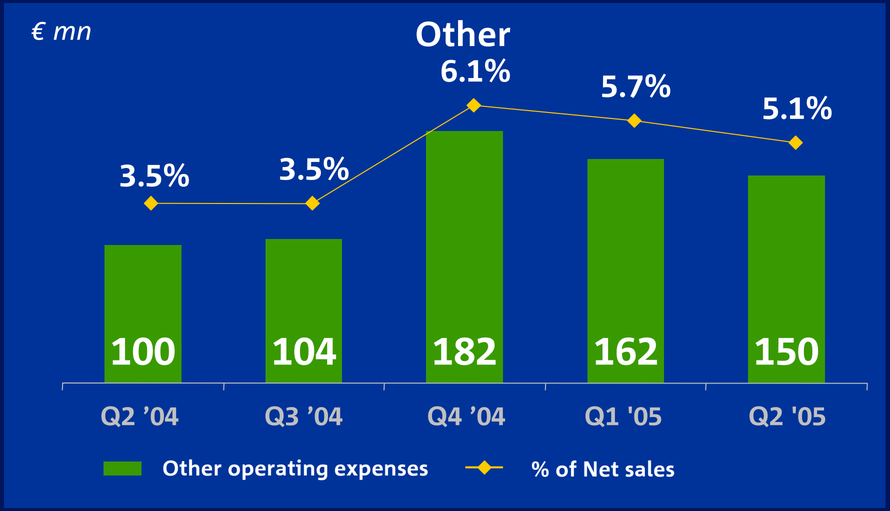
Analysis operating expenses

Work contracted out & other



Y-on-Y increase

- Higher distribution fees and traffic volumes at Mobile
- In part offset by lower traffic volumes and MTA tariffs at Fixed



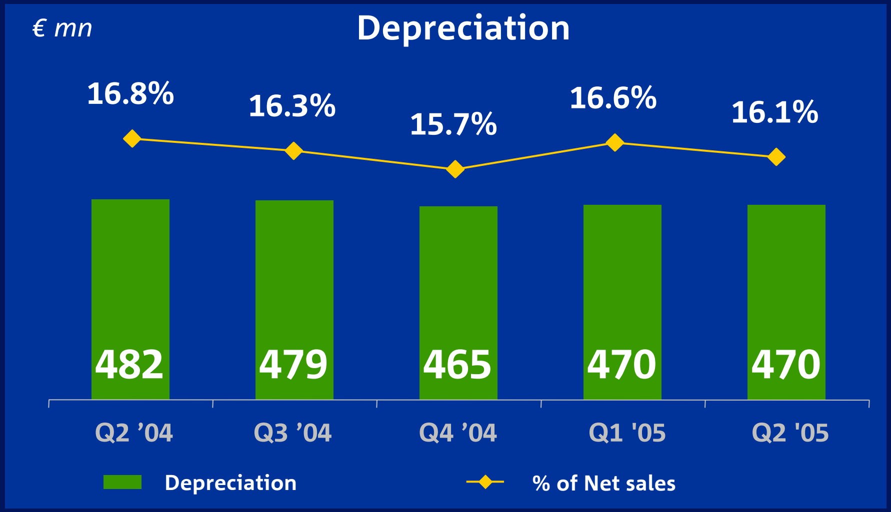
Y-on-Y increase

- Higher marketing expenses for both Fixed (ADSL, TV) and Mobile (E-Plus)

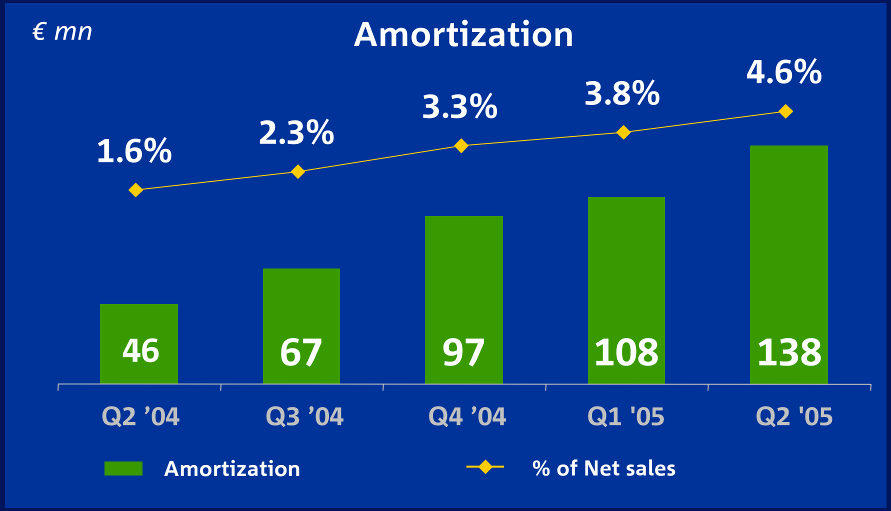
Q-on-Q decline

- Lower restructuring charges

Analysis operating expenses
Depreciation & Amortization



Y-on-Y decline
- Lower Capex spendings during prior years



Y-on-Y increase
- Amortization of UMTS licenses in Germany and The Netherlands
- € 40 mn impairment of certain assets of SNT

Q-on-Q increase
- € 40 mn impairment of certain assets of SNT

Tax

€ mn	Q2 ’05		Q2 ’04	
Fiscal unities	**P&L charge**	**Payments (–) Receipts (+)**	**P&L charge**	**Payments (–) Receipts (+)**
Fixed division & Other activities	-96	-17	-125	-94
German Mobile activities	0	0	4	0
Dutch Mobile activities	-45	0	-40	0
Belgian Mobile activities	-60	0	12	0
Total	**-201**	**-17**	**-149**	**-94**

- Deferred tax asset within BASE lowered by € 60 mn, following a change in Belgian tax legislation

Share buyback progression

€ 985 mn returned to shareholders in YTD 2005

- € 985 mn share repurchase program completed in 16 weeks
- 146 mn shares repurchased at an average price of 6.74 per share
- 82% purchased via secondary trading line

Q2 '05 [1]	**value € mn**	**mn shares**	**avg. share price**
Second trading line	647.2	97.1	6.67
Open market	110.0	16.5	6.67
Total	**757.2**	**113.6**	**6.67**

YTD '05 [1]	**value € mn**	**mn shares**	**avg. share price**
Second trading line	807.0	119.7	6.74
Open market	178.0	26.4	6.74
Total	**985.0**	**146.1**	**6.74**

1 Figures based on transaction date of share repurchases

Total cash flow

€ mn	Q2 '05	Q2 '04	YTD '05	YTD '04
Net cash flow from operating activities	**899**	**848**	**1,721**	**1,801**
Capex[1]	-324	-377	-556	-684
Disposals	50	34	225	105
Other	-3	-24	-28	-30
Net cash flow from investing activities	**-277**	**-367**	**-359**	**-609**
Dividends paid	-609	-606	-609	-606
Share repurchases	-804	-218	-968	-467
Share purchases for option plan	-33	-29	-33	-29
Proceeds from borrowings	1,000	-	1,000	-
Redemption of long term loans	-279	-904	-311	-943
Other	29	5	40	5
Net cash flow used in financing activities	**-696**	**-1,752**	**-881**	**-2,040**
Changes in cash and cash equivalents	**-74**	**-1,271**	**481**	**-848**

1 Including Property, Plant & Equipment and all software

Net cash flow from operating activities

€ mn	Q2 '05	Q2 '04	YTD '05	YTD '04
Operating Result	**556**	**680**	**1,072**	**1,355**
Depreciation, amortization and impairments	608	528	1,186	1,082
Interest paid/received	-122	-194	-131	-196
Income tax paid/received	-17	-94	-21	-11
Book gains	-8	-20	-29	-56
Change in provisions	-83	-4	-105	13
Net cash flow from operating activities *before changes in working capital*	**934**	**896**	**1,972**	**2,187**
Inventory	24	-15	54	-32
Trade receivables	28	18	-65	14
Other current assets	27	14	-55	-48
Current liabilities	-114	-65	-185	-320
Change in working capital	**-35**	**-48**	**-251**	**-386**
Net cash flow from operating activities	**899**	**848**	**1,721**	**1,801**
Capex[1]	324	377	556	684
Net cash flow from operating activities minus Capex[1]	**575**	**471**	**1,165**	**1,117**

1 Including Property, Plant & Equipment and all software

Capex[1]

€ mn	Q2 '05	Q2 '04	*%*	YTD '05	YTD '04	*%*
Fixed	**160**	**131**	***22%***	**275**	**262**	***5%***
% net sales Fixed	*9%*	*7%*		*8%*	*7%*	
Consumer	8	9	*-11%*	12	9	*33%*
% net sales Consumer	*1%*	*2%*		*1%*	*1%*	
Business	9	7	*29%*	18	20	*-10%*
% net sales Business	*1%*	*1%*		*1%*	*1%*	
Wholesale & Operations	143	115	*24%*	245	233	*5%*
% net sales Wholesale & Operations	*12%*	*9%*		*10%*	*9%*	
Mobile	**161**	**241**	***-33%***	**277**	**408**	***-32%***
% net sales Mobile	*11%*	*19%*		*10%*	*16%*	
E-Plus	104	172	*-40%*	167	293	*-43%*
% net sales E-Plus	*15%*	*27%*		*13%*	*24%*	
KPN Mobile (NL)	36	55	*-35%*	67	92	*-27%*
% net sales KPN Mobile (NL)	*6%*	*10%*		*6%*	*8%*	
BASE	21	14	*50%*	43	23	*87%*
% net sales BASE	*15%*	*13%*		*17%*	*11%*	
Other	**3**	**5**	***-40%***	**4**	**14**	***-71%***
Total	**324**	**377**	***-14%***	**556**	**684**	***-19%***
% net sales	*11%*	*13%*		*10%*	*12%*	

1 Including Property, Plant & Equipment and all software

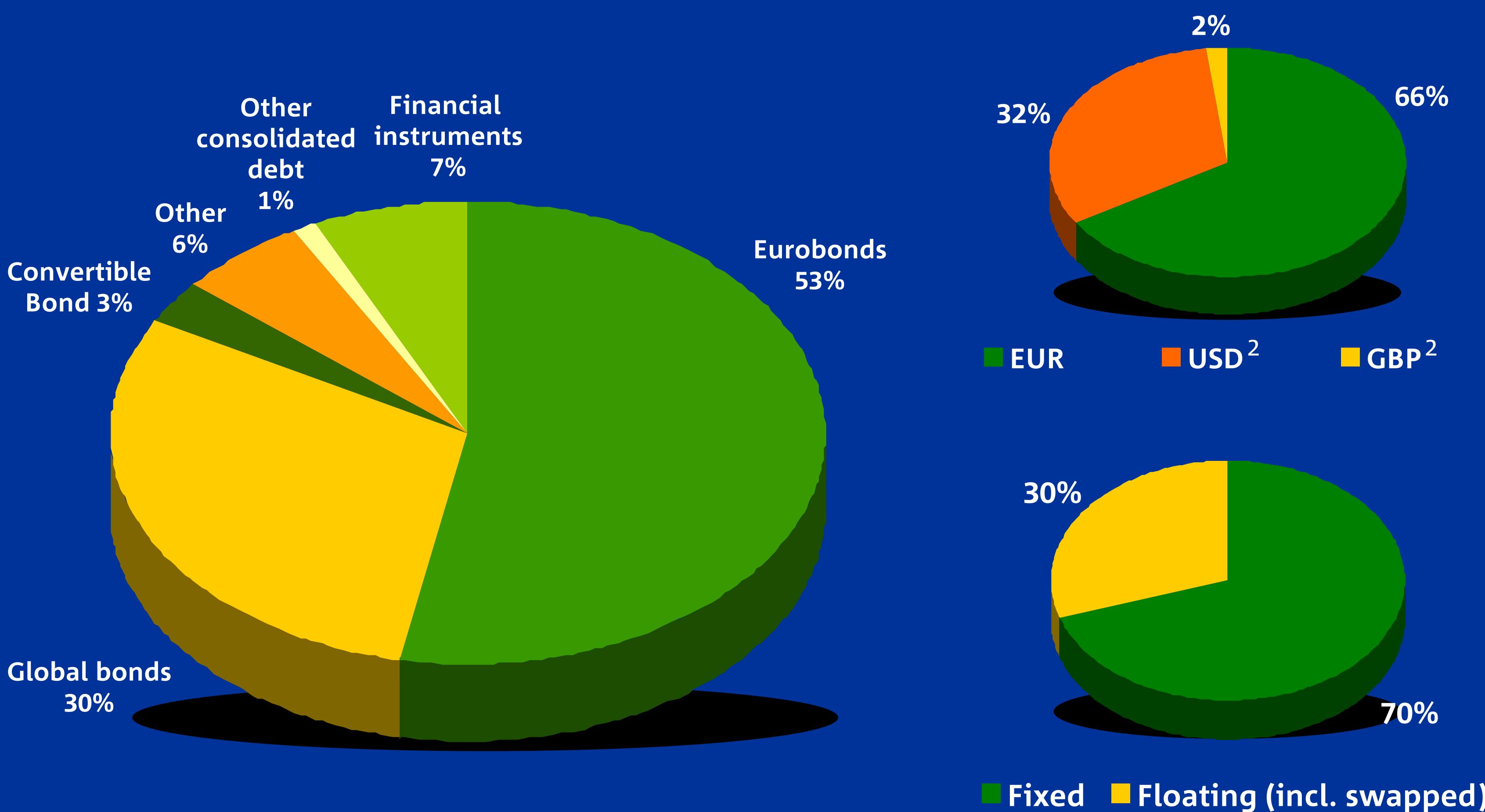
Debt summary

€ bn	Q2 '05	Q1 '05
Subordinated convertible bonds	**0.32**	**0.32**
Eurobonds	**5.67**	**4.64**
Global bonds	**3.26**	**2.99**
Other loans at Royal KPN	**0.67**	**0.87**
Consolidated debt	**0.12**	**0.20**
E-Plus	*0.06*	*0.08*
Other	*0.06*	*0.12*
Fair value financial instruments	**0.79**	**1.09**
Total debt	**10.83**	**10.11**
of which short-term	*2.58*	*2.24*
Cash and cash equivalents	2.65	2.72
Total net debt	**8.18**	**7.39**

- € 1 bn Eurobond issued to partly refinance bonds maturing in second half of 2005 and to lengthen redemption profile

Debt portfolio

Gross debt at Q2 ’05: € 10.8 bn[1]



1 Book value of interest bearing financial liabilities plus the fair value of financial instruments related to these financial liabilities
2 Foreign currency amounts hedged into Euro

Restructuring Fixed implemented

Split between Wholesale & Operations and two retail units

Rationale

- Increased transparency
- Allows for internal simplification and facilitates efficiency drive
- Clarity of roles: in particular market orientation of service providers

Division Fixed		
Consumer	Business	Focus on customers, customer acquisition, revenue and margin
Wholesale & Operations		Focus on assets, costs and operational excellence

Impact on financial reporting

- Overall 2004 numbers do not change
- Financials of all three divisions change on account of transfers of activities between the Divisions
- Total revenues (mainly internal) of entities within segment Wholesale & Operations increase as a result of the concentration of wholesale activities

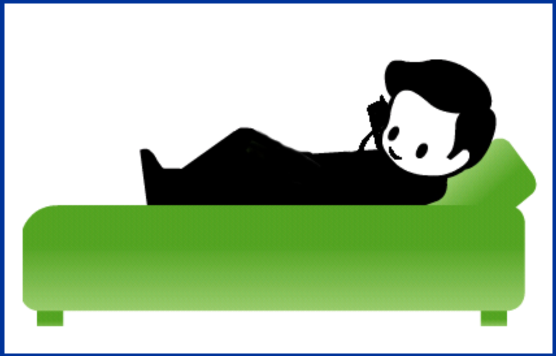
Attack Defend Exploit

VoIP in consumer market

In a complex world KPN makes VoIP simple and secure

Simplicity as a distinctive hallmark

- Flat rate (Telephony and broadband internet access)
- Reliability (KPN's network, security, number portability)
- All inclusive services (Home installed by KPN, helpdesk, free)
- Convenient (High cost control, Triple Play with TV)
- Additional services (Video conferencing)
- No extra devices needed (Only PC and phone)



Q2 KPN introduced in the consumer market

InternetPlusBellen **€ 34.95** **per month**

KPIs Fixed
Consumer Voice

	Q2 '05	Q1 '05	Q2 '04
Market share Consumer	**> 60%**	**± 60%**	**> 60%**
- Local	*± 65%*	*± 65%*	*> 65%*
- National	*> 55%*	*> 55%*	*± 60%*
- Fixed to Mobile	*> 60%*	*± 60%*	*± 60%*
- International	*± 40%*	*± 40%*	*± 40%*
Lines *(x 1,000)*	**5,221**	**5,291**	**5,433**
PSTN	*4,713*	*4,782*	*4,897*
ISDN	*508*	*509*	*536*
Minutes *(bn)*	**2.74**	**2.95**	**2.90**
- Local	*1.66*	*1.82*	*1.77*
- National	*0.70*	*0.76*	*0.75*
- Fixed to Mobile	*0.29*	*0.27*	*0.28*
- International	*0.09*	*0.10*	*0.10*

KPIs Fixed
Consumer Internet

	Q2 '05	Q1 '05	Q2 '04
KPN ISP customers *(x 1,000)*			
Planet Internet	*759*	*759*	*738*
Het Net	*627*	*611*	*601*
XS4ALL	*286*	*281*	*231*
Freeler	*91*	*98*	*-*
CistroN	*4*	*5*	*-*
Total	**1,767**	**1,754**	**1,570**
Broadband market shares			
Retail (ISP) consumer broadband	*32.3%*	*31.8%*	*26.1%*
Consumer broadband connections	*43.8%*	*44.3%*	*41.7%*
DSL connections	*73.0%*	*74.1%*	*75.5%*
KPN Broadband ISP customers *(x 1,000)*			
Planet Internet	*491*	*475*	*341*
Het Net	*313*	*272*	*138*
XS4ALL	*192*	*185*	*147*
Direct ADSL	*129*	*112*	*37*
Freeler	*23*	*28*	*-*
CistroN	*4*	*5*	*-*
Total	**1,152**	**1,077**	**663**
Internet dial-up minutes *(bn)*	**0.67**	**0.89**	**1.34**

KPIs Fixed

Business

	Q2 '05	Q1 '05	Q2 '04
Market share Business	**± 60%**	**± 60%**	**> 60%**
- Local	*> 60%*	*> 60%*	*± 65%*
- National	*> 55%*	*± 60%*	*> 60%*
- Fixed to Mobile	*> 55%*	*± 60%*	*± 60%*
- International	*> 45%*	*> 45%*	*± 50%*
Lines *(x 1,000)*	**1,952**	**1,973**	**2,041**
PSTN	*996*	*1,012*	*1,065*
ISDN	*956*	*961*	*976*
Minutes *(bn)*	**2.61**	**2.83**	**3.36**
- Local	*0.94*	*1.02*	*1.12*
- National	*0.84*	*0.90*	*1.00*
- Fixed to Mobile	*0.34*	*0.32*	*0.34*
- Internet	*0.36*	*0.45*	*0.75*
- International	*0.13*	*0.14*	*0.15*
Leased lines *(x 1,000)*	**51,968**	**53,769**	**61,721**
Analogue	*78%*	*77%*	*71%*
Digital	*22%*	*23%*	*29%*
VAS			
Frame Relay *(# ports)*	3,880	4,108	6,736
MVPN-routers	11,526	10,960	8,648
IP-VPN connections	35,466	33,982	23,746
VPNs *(# customers)*	1,607	1,504	1,141

KPIs Fixed

Wholesale & Operations

X 1,000	**Q2 '05**	**Q1 '05**	**Q2 '04**
Local exchanges			
DSL enabled	*1,361*	*1,361*	*1,361*
ADSL coverage NL[1]	*99%*	*99%*	*99%*
MDF access lines[2]	*2,204*	*2,072*	*1,450*
of which line sharing[2,3]	*2,118*	*1,998*	*1,397*
Minutes *(bn)*	**10.39**	**10.48**	**10.56**
–Terminating services	*3.39*	*3.53*	*3.32*
–Originating voice	*2.76*	*3.00*	*2.94*
–Originating internet	*0.49*	*0.67*	*1.01*
–Transit services	*1.72*	*1.56*	*1.54*
–International wholesale services	*2.03*	*1.72*	*1.75*
Other/intercompany minutes *(bn)*	0.22	0.24	0.25

1 % of central offices that is ADSL enabled
2 Including Bitstream
3 Includes KPN ADSL connections (installed), line sharing other telcos and KPN Bitstream

KPIs Mobile

E-Plus

	Q2 '05	Q1 '05	Q2 '04
Market share base[1]	***13.3%***	***13.3%***	***12.9%***
Customers *(x 1,000)*	**9,797**	**9,651**	**8,716**
Post Paid	5,039	4,887	4,185
Of which i-mode	*710*	*684*	*582*
Pre Paid	4,758	4,764	4,531
Of which i-mode	*448*	*449*	*273*
ARPU *(€)*	**21**	**20**	**22**
Post Paid	*36*	*34*	*38*
Pre Paid	*6*	*6*	*7*
Non-voice as % of ARPU	***15%***	***15%***	***16%***
MoU *(minutes)*	**78**	**71**	**76**
Post Paid	*134*	*123*	*135*
Pre Paid	*21*	*20*	*23*
SAC/SRC *(€)*[2]	**174**	**189**	**168**
Post Paid	*255*	*253*	*227*
Pre Paid	*53*	*54*	*62*

1 Management estimates, based on numbers of customers
2 SAC and SRC previously disclosed separately, split discontinued for competitive reasons

KPIs Mobile
KPN Mobile (NL)

	Q2 ’05	Q1 ’05	Q2 ’04
Market share base[1]	***40.2%***	***40.7%***	***39.3%***
Customers *(x 1,000)*	**6,313**	**6,290**	**5,406**
Post Paid	2,418	2,327	1,977
Of which i-mode	*253*	*243*	*247*
Pre Paid	3,895	3,963	3,429
Of which i-mode	*472*	*473*	*320*
ARPU *(€)*	**30**	**28**	**34**
Post Paid	*67*	*64*	*71*
Pre Paid	*8*	*7*	*12*
Non-voice as % of ARPU	**13%**	**13%**	**11%**
MoU *(minutes)*	**123**	**112**	**127**
Post Paid	*280*	*264*	*277*
Pre Paid	*28*	*26*	*39*
SAC/SRC *(€)*[2]	**344**	**256**	**151**
Post Paid	*450*	*366*	*330*
Pre Paid	*8*	*40*	*52*

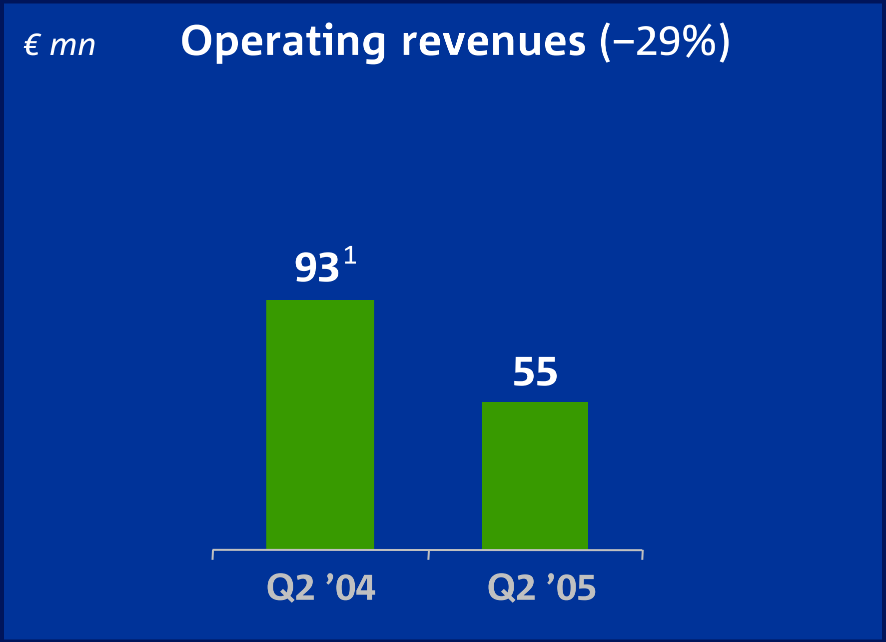
1 Management estimates (numbers of customers) based on industry filings
2 SAC and SRC previously disclosed separately, split discontinued for competitive reasons

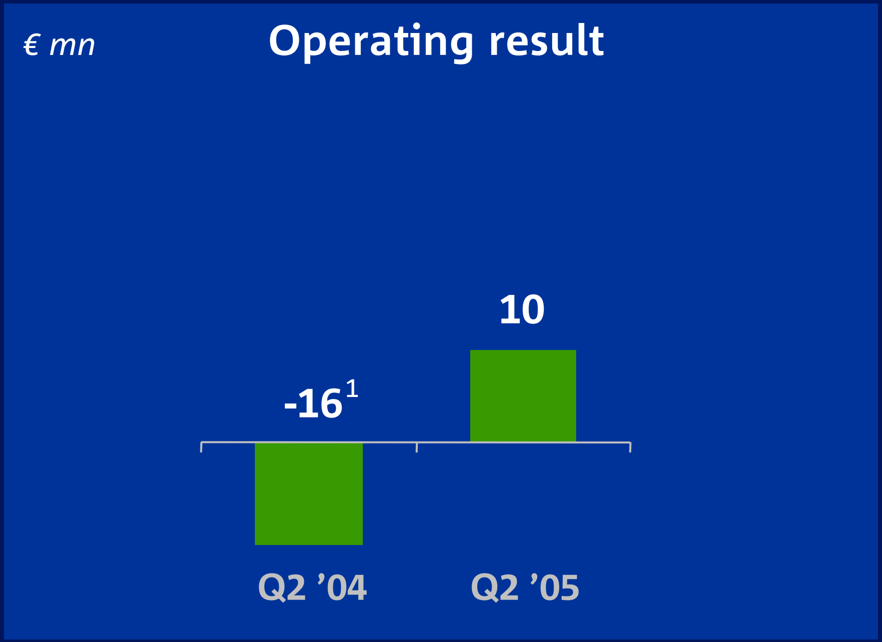
KPIs Mobile
BASE

	Q2 '05	Q1 '05	Q2 '04
Market share base[1]	***>18%***	***18%***	***>16%***
Customers *(x 1,000)*	**1,848**	**1,761**	**1,437**
Post Paid	367	361	290
Of which i-mode	*22*	*24*	*27*
Pre Paid	1,481	1,400	1,147
Of which i-mode	*2*	*3*	*3*
ARPU *(€)*	**25**	**24**	**24**
Post Paid	*63*	*59*	*66*
Pre Paid	*15*	*15*	*13*
Non-voice as % of ARPU	***14%***	***15%***	***15%***
MoU *(minutes)*	**117**	**115**	**108**
Post Paid	*250*	*239*	*213*
Pre Paid	*84*	*83*	*81*
SAC/SRC *(€)*[2]	**18**	**22**	**19**
Post Paid	*44*	*43*	*49*
Pre Paid	*12*	*12*	*13*

1 Management estimates (only rounded figures available), based on numbers of customers
2 SAC and SRC previously disclosed separately, split discontinued for competitive reasons

Other in Q2





- Almost all non-core activities sold
- Real estate allocated to Fixed (Wholesale & Operations) upon restructuring
- Remaining activities
  - Distribution channels: KPN Sales, KPN Retail and KPN.com
  - Xantic
  - Corporate Center

1 Q2 ’04 contains € 20 mn book gain on sale of PTC