Annual Results 2005

7 February 2006

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, 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. Our 2005 Annual Report and Form 20-F 2005 will be available at March 7, 2006.

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.

Note that the presentation in our 2005 Annual Report and Form 20-F may differ slightly from this presentation.

Disclaimer

This presentation contains a number of non-GAAP figures, such as Operating Revenues, 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 Operating Revenues as the sum of Revenues and Other Income.

We define EBITDA as operating profit 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 possible resulting volatility of impairments, 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 profit) will be provided.

We define free cash flow as 'Cash flow from operating activities' minus 'Capital expenditures', defined as expenditures on Property, Plant and Equipment and software.

Agenda

Chairman's review	Ad Scheepbouwer, Chairman and CEO	
Financial review	Marcel Smits, CFO	
Operating review	Fixed Eelco Blok, COO Fixed division - Consumer - Business - Wholesale & Ops. - All IP update	Mobile Stan Miller, CEO Mobile International - The Netherlands - E-Plus - BASE
Concluding remarks	Ad Scheepbouwer, Chairman and CEO	

Group highlights

Raised 2005 guidance met on all metrics

- Free cash flow up 6.6% at € 2.4 bn
- Operating revenues rose by 1% to € 11.9 bn; as per guidance definition[1] –0.3%
- EBITDA down 2.3%; down 4.0% as per guidance definition[1]
- Capex of € 1,394 mn

1 Excluding restructuring charges, impairments and book gains/losses over € 20 mn and Telfort consolidation

Group highlights

Execution of “Attack – Defend – Exploit” strategy on track

- Market share of KPN ISPs up 6.4 percentage points to 36.1%
- VoIP launched, national roll out in high gear from January 2006
- TV offering expanded
- Share in traditional voice consumer market rising three consecutive quarters
- FTE reductions ahead of target, cost reduction target met
- All IP vision translated in 2006-2010 operating plan
- Mobile growth strategy delivering profitable growth
- Value enhancing acquisition of Telfort

Confidence increased…

…in Operating performance

- “Attack – Defend – Exploit” components
- Strengthened Mobile strategies

…in cash flows…

- Outlook 2006 EBITDA
- More visibility on interest and tax
- Equals ability to deliver returns to shareholders

…and more convinced of need for financial flexibility

- Industry changes accelerating
- KPN business model more advanced
- Opportunites to accelerate our strategy of “Attack – Defend – Exploit”

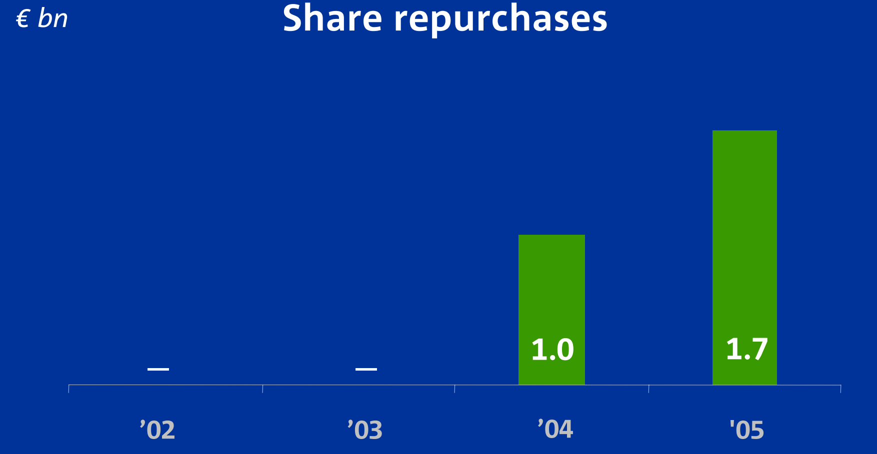
Outlook 2006[1]

	2005	2006
Operating revenues[1]	**€ 11,826 mn[4]**	**Low single digit increase**
EBITDA[1,2]	**€ 4,623 mn[5]**	**Flat[6]**
Capex	**€ 1,394 mn**	**€ 1.6 - € 1.8 bn**
Free cash flow[3]	**€ 2,439 mn**	**> € 2 bn**

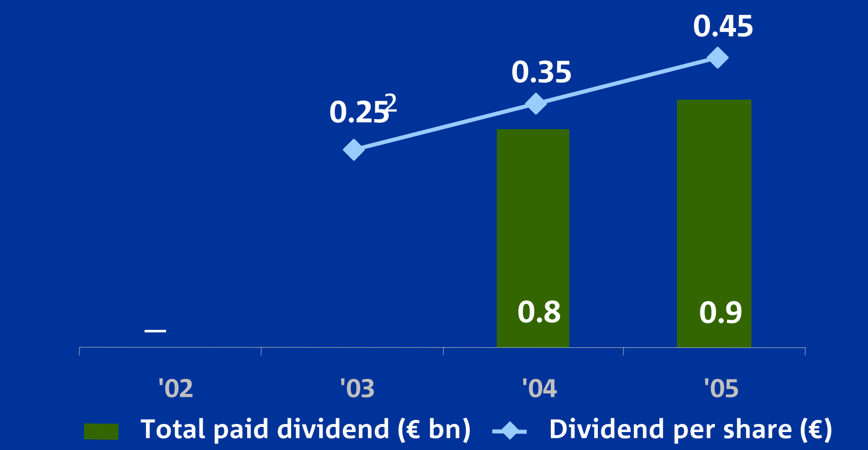
1 Excluding restructuring charges, impairments and book gains/losses over € 20 mn, brand unification costs and Telfort integration
2 Defined as Operating result plus depreciation, amortization & impairments
3 Defined as net cash flow from operating activities minus Capex
4 For guidance purposes, calculated as € 11,936 minus € 110 mn book gains (NTT DoCoMo settlement)
5 For guidance purposes, calculated as € 4,724 -/- € 110 mn book gains, + € 92 mn restructuring charges, -/- € 83 mn release pension provisions
6 Despite a minus € 50 mn movement in segment Other due to deconsolidation of Xantic and small book gains/losses from non-core asset disposal

Shareholder remuneration

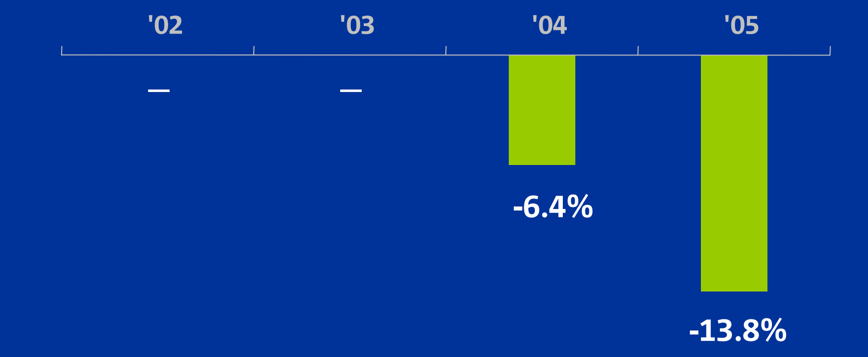
Share repurchases



Dividend



% decrease in number of shares outstanding[1]



- Proposed dividend over 2005 of € 0.45 per share
- € 1.0 bn allocated to share repurchases in 2006, execution after pre-funding of scheduled (April and July) debt redemptions
- For 2006 and 2007 the total amount of dividend will be at least maintained

1 Cumulative % of cancelled shares compared to number of outstanding shares per end of 2003, not yet including 60 mn shares repurchased from the Dutch State in December 2005

2 Consisted of regular dividend of € 0.12 per share and special dividend of € 0.13 per share

Adjustment to financing policy

Rating floor of Baa2 (Moody's) / BBB (S&P) maintained

- Adjustment of financing policy to Net debt / EBITDA[1] range of 2.0 – 2.5 times
  - Taking into account KPN's experience to date of operating under its existing financing framework
  - KPN's current and expected trading
  - Overall developments in the European telecom market
  - Credit rating considerations
- Allows KPN to continue to accommodate an attractive dividend policy and maximize returns to shareholders
  - 2005 dividend totalling € 950 mn
  - Committing € 1 bn to share repurchases in 2006 subsequent to pre-funding of scheduled (April and July 2006) debt redemptions
  - 2006 and 2007 total dividend at least equal to 2005
- No intention to hold unutilised surplus cash balances
- Overall all free cash flow[2] of 2006 committed

1 Based on a 12 month rolling calculation excluding restructuring charges, impairments and book gains/losses over € 20 mn, brand unification costs and Telfort integration
2 Defined as Net cash flow from operating activities minus Capex

Agenda

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	• Consumer • Business • Wholesale & Ops. • All IP update	• The Netherlands • E-Plus • BASE
Concluding remarks	Ad Scheepbouwer, Chairman and CEO	

Group results Q4

€ mn	Q4 '05	Q4 '04	%
Operating revenues	**3,166**	**3,008**	***5.3%***
- of which Net sales	3,033	2,960	*2.5%*
Operating expenses	**2,471**	**2,379**	***3.9%***
- of which Depreciation[1]	483	465	*4.1%*
- of which Amortization[1]	141	97	*45.4%*
Operating result	**695**	**629**	***10.5%***
Financial income/(expense)	-160	-135	*18.5%*
Share of profit of associates	4	4	
Profit/(Loss) before taxes	**539**	**498**	***8.2%***
Taxes	69	80	*-13.8%*
Profit/(Loss) after taxes	**608**	**578**	***5.2%***
Profit minority shareholders	4	39	*-89.7%*
Profit equity holders of the parent	604	539	*12.1%*
Earnings per share[2]	**0.28**	**0.23**	***21.7%***
EBITDA[3]	**1,319**	**1,192**	***10.7%***

- Reported EBITDA up 10.7%, including following items
  - Telfort consolidated as of 4 October, contributing € 93 mn revenue[4] and € 35 mn EBITDA
  - € 110 mn book gain on acquisition of NTT DoCoMo's 2.16% stake in KPN Mobile[5] (included in revenue and EBITDA)
  - € 35 mn OPTA fine[6]
- Increase in interest cost due to € 30 mn adverse value effects (IAS 32/39) and lower cash balances
- Positive tax effect attributable to
  - Improved business plan BASE
  - Lowered Dutch tax rate
- EPS up 22%, following significant share repurchases

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
4 Telfort revenue amounts to € 145 mn, excluding consolidation adjustment
5 Consists of € 25 mn trademark damages, € 26 mn IPR income and € 59 mn negative goodwill, hereinafter jointly referred to as NTT DoCoMo book gain
6 Consists of € 17 mn fine and € 18 mn settlement with competitors, hereinafter jointly referred to as OPTA fine

Group results FY ’05

€ mn	FY ’05	FY ’04	%
Operating revenues - of which Net sales	**11,936** 11,685	**11,819** 11,630	***1.0%*** *0.5%*
Operating expenses - of which Depreciation[1] - of which Amortization[1]	**9,588** 1,882 494	**9,174** 1,933 257	***4.5%*** *-2.6%* *92.2%*
Operating result	**2,348**	**2,645**	***-11.2%***
Financial income/(expense) Share of profit of associates	-547 13	-589 1	*-7.1%* *> 200%*
Profit/(Loss) before taxes	**1,814**	**2,057**	***-11.8%***
Taxes	-360	-300	*20.0%*
Profit/(Loss) after taxes	**1,454**	**1,757**	***-17.2%***
Profit minority shareholders	17	50	*-66.0%*
Profit equity holders of the parent	1,437	1,707	*-15.8%*
Earnings per share[2]	**0.65**	**0.71**	***-8.5%***
EBITDA[3]	**4,724**	**4,835**	***-2.3%***

- Operating revenues up 1%
  - Telfort consolidation as of 4 October (€ 93 mn)
  - € 110 mn book gain NTT DoCoMo
  - MTA reductions (- € 262 mn)
- Operating expenses up
  - Investment in Fixed and Mobile customer bases
  - Increased amortization, predominantly UMTS
  - Partly offset by FTE reductions and MTA cuts
- Reported EBITDA down by 2.3%
- Lower interest due to € 50 mn one-off refinancing charge in 2004
- Limited tax charges due to recognition of tax benefits and lowering of Dutch corporate tax rates in 2004 and 2005

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

Financial highlights - KPN Fixed

€ mn	Q4 '05	Q4 '04	FY '05	FY '04
Operating revenues	1,734	1,814	6,883	7,249
% change	*-4.4%*		*-5.0%*	
Operating expenses	1,391	1,343	5,367	5,440
- of which D&A	311	307	1,276	1,309
Operating result	343	471	1,516	1,809
EBITDA	654	778	2,792	3,118
% change	*-15.9%*		*-10.5%*	
EBITDA margin	**37.7%**	**42.9%**	**40.6%**	**43.0%**

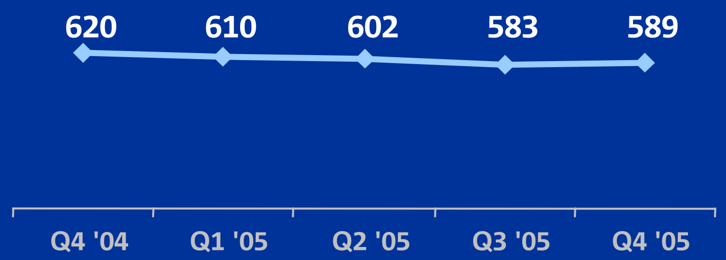
- Q4 operating revenues down 4.4% Y-on-Y
  - Of which 2.8% due to MTA reduction
- Q4 operating expenses up 3.6% Y-on-Y
  - Mainly due to increased customer acquisition costs and including OPTA fine (€ 35 mn) and restructuring costs (€ 27 mn)
- EBITDA margin down Y-on-Y from 42.9% to 37.7% due to a higher proportion of new market revenues at lower margin and OPTA fine
- Further growth KPN retail broadband market share to 36.1%, up 6.4% Y-on-Y

Operating review by segment

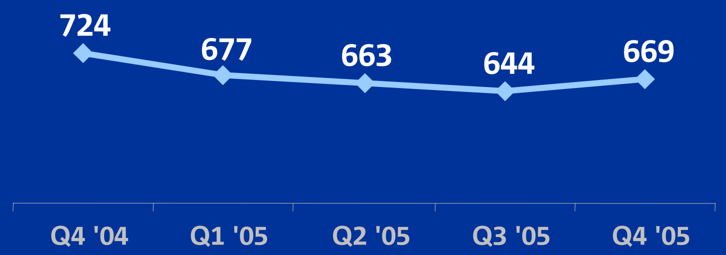
€ mn

Operating revenues

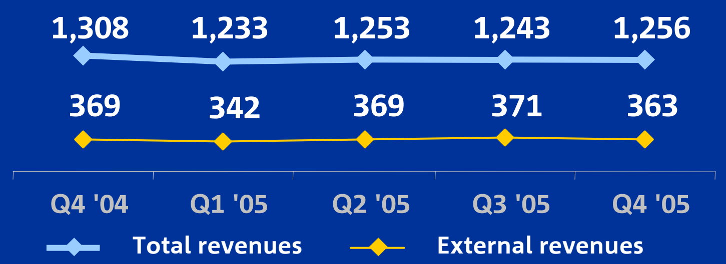
Consumer



Business

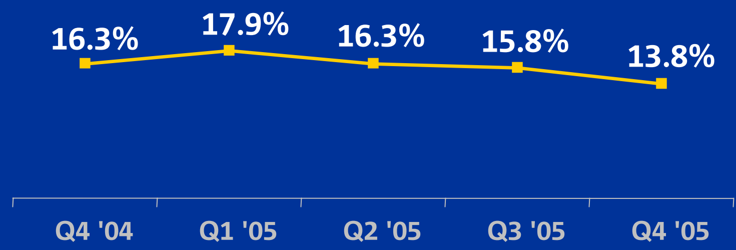


Wholesale & Operations

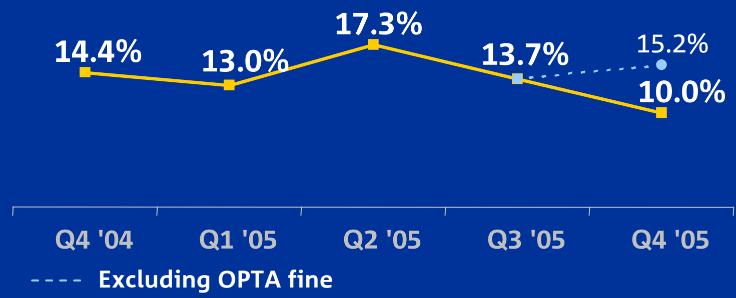


EBITDA margin

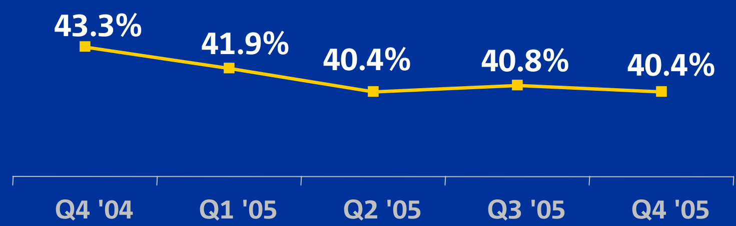
Consumer



Business



Wholesale & Operations



Financial highlights - Mobile

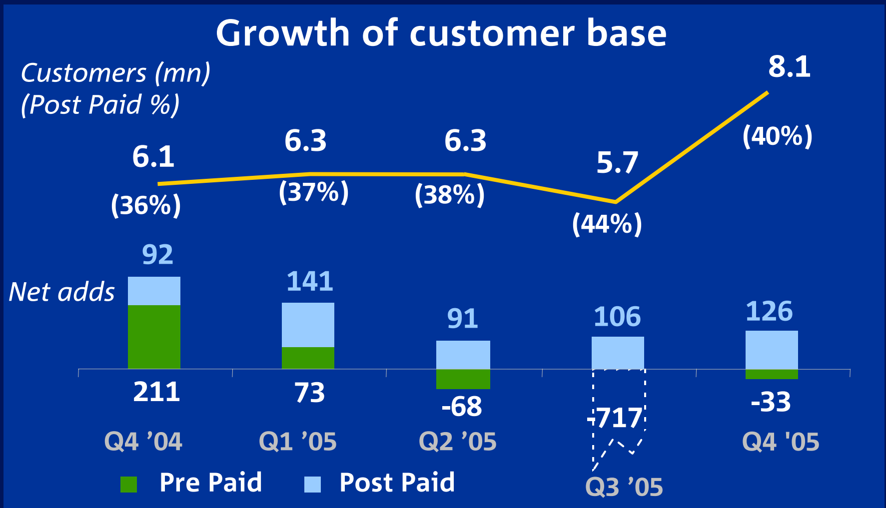
€ mn	Q4 '05	Q4 '04	FY '05	FY '04	Excl. Telfort, NTT DoCoMo Q4 '05
Operating revenues	1,680	1,374	5,857	*5,264*	1,444
% change	*22.3%*		*11.3%*		*5.1%*
– of which Service revenues[1]	1,465	1,249	5,370	*4,846*	1,344
% change	*17.3%*		*10.8%*		*7.6%*
Operating expenses	1,408	1,178	5,100	4,383	1,280
– of which D&A	311	246	1,078	828	274
Operating result	272	196	757	881	164
EBITDA	583	442	1,835	1,709	438
% change	*31.9%*		*7.4%*		*-0.9%*
EBITDA margin	**34.7%**	**32.2%**	**31.3%**	**32.5%**	**30.3%**

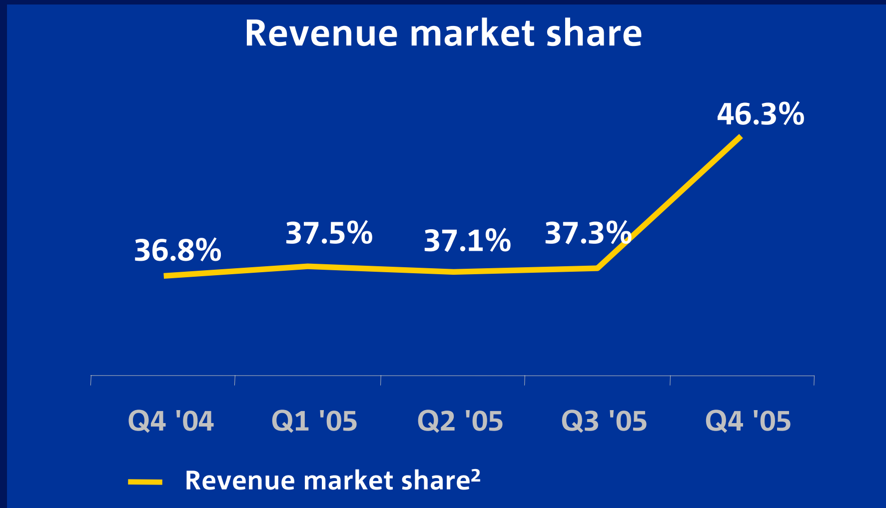
- BASE strategy since 2002 delivering consistent growth
  - BASE continues to deliver on all metrics in Belgium
- KPN Mobile revenue accelerating since revised commercial strategy in Q2 '04
  - EBITDA in absolute terms progressively improving
  - Position further strengthened by Telfort acquisition
- E-Plus delivers encouraging net additions following strategy revision in Q2 '05
  - Improved acquisition economics
  - From customer push to pull at stable margins

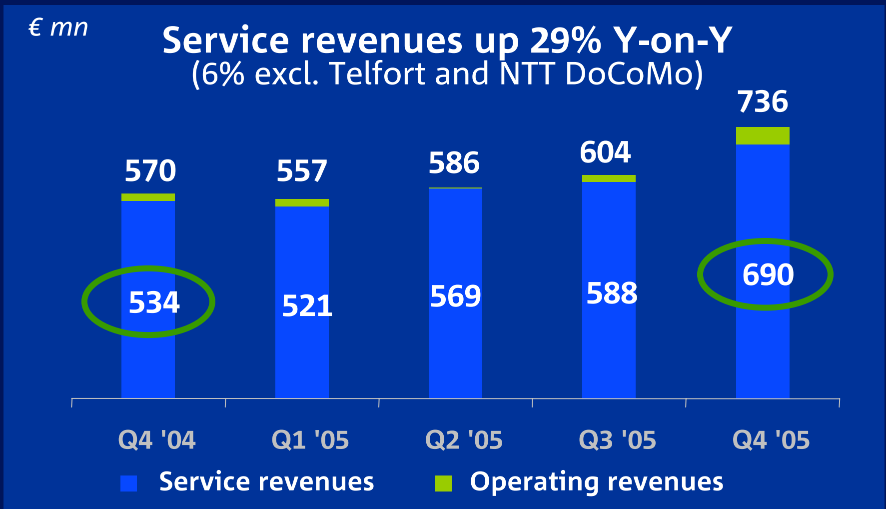
1 Total operating revenues minus equipment sales and other operating revenues

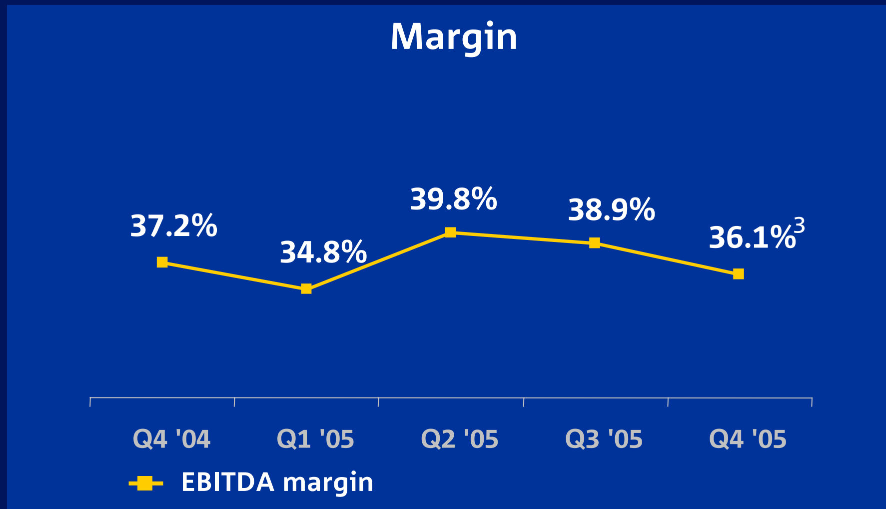
Operating review KPN Mobile the Netherlands[1]

Market position strengthened by Telfort acquisition







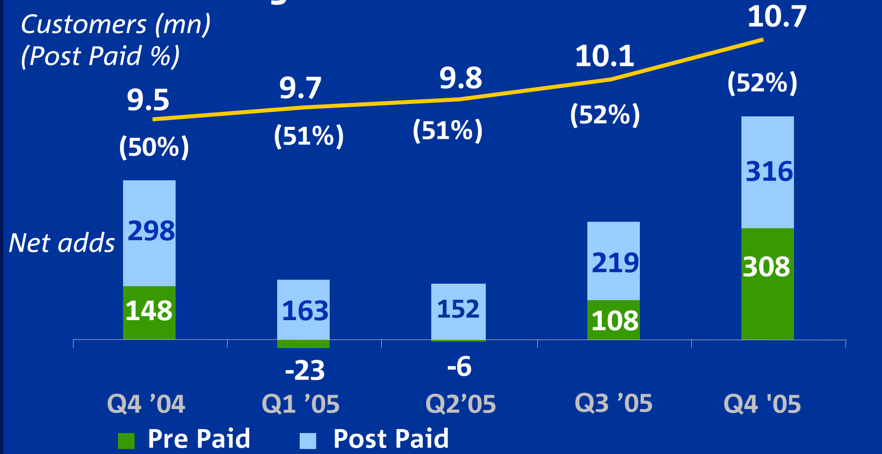


1 Q4 '05 includes Telfort
2 Management estimates, based on revenues as per industry filings, restated for the period for Orange revenue policy
3 Includes € 13 mn related to NTT DoCoMo

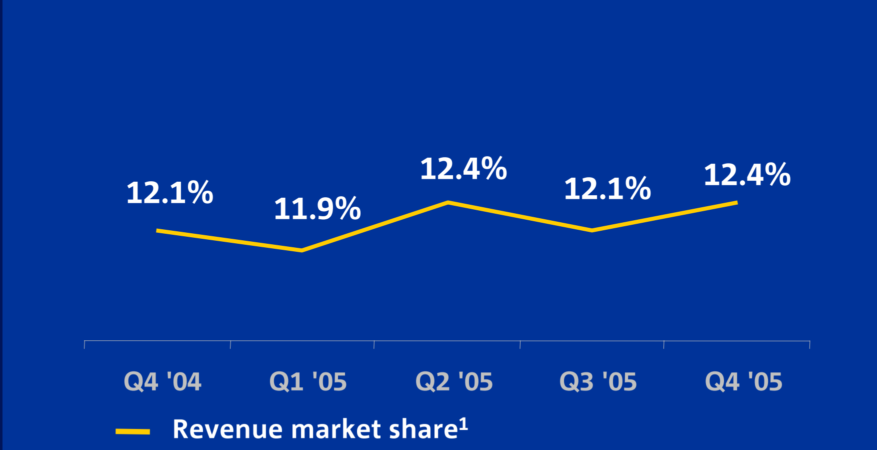
Operating review E-Plus

Continued growth in a more competitive market

13% growth of customer base

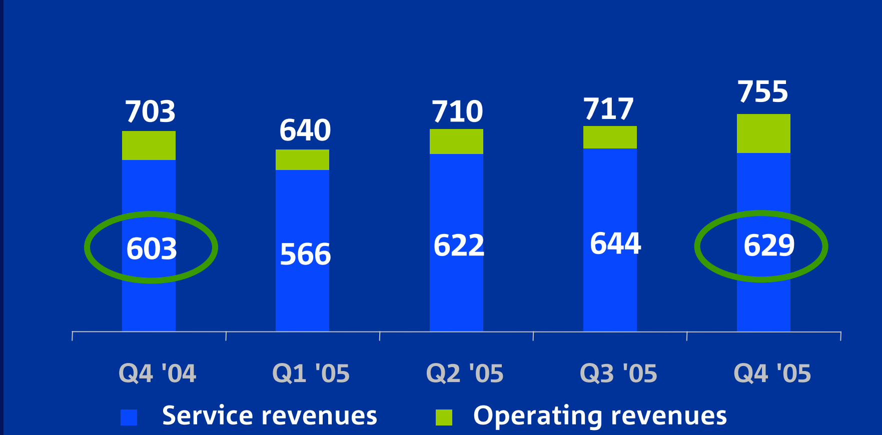


Revenue market share picks up

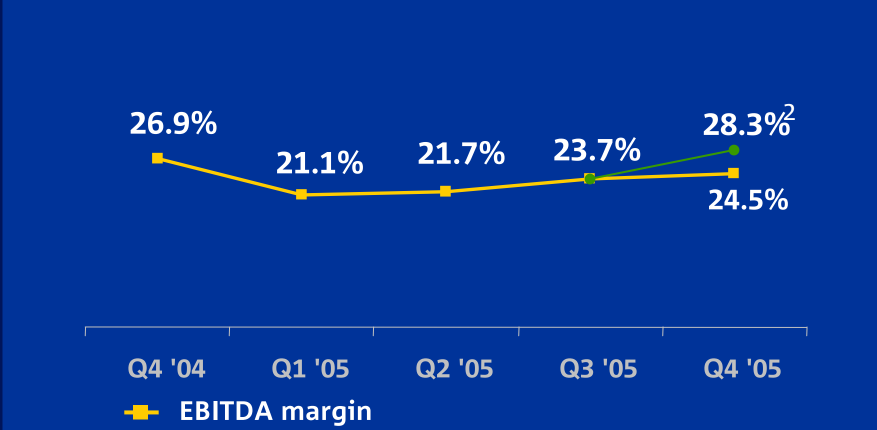


Service revenues up 4% Y-on-Y

€ mn



Margin improves slightly

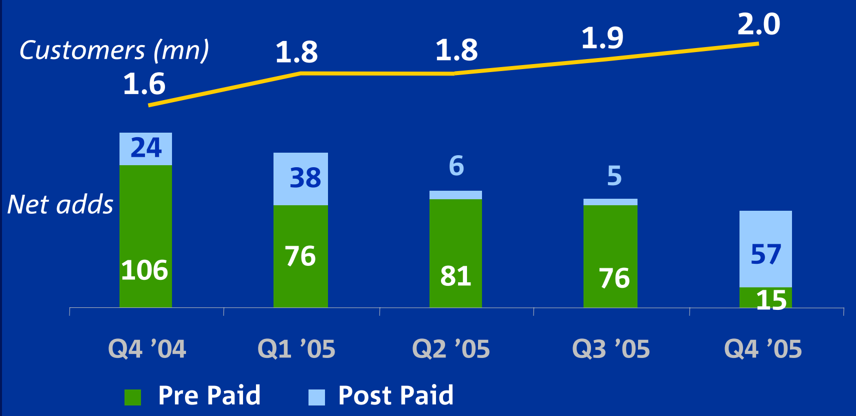


1 Management estimates, based on revenues
2 Includes € 38 mn related to NTT DoCoMo

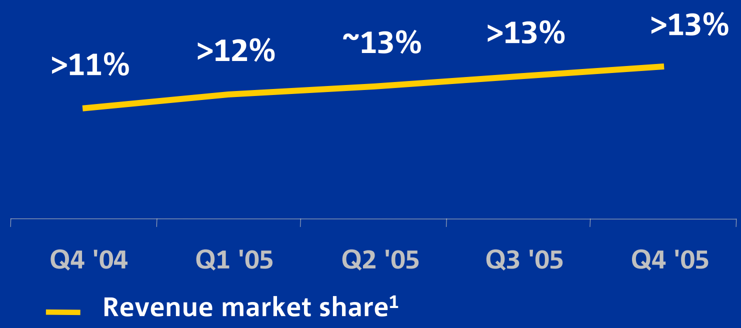
Operating review BASE

Strong momentum continues

21% growth of customer base

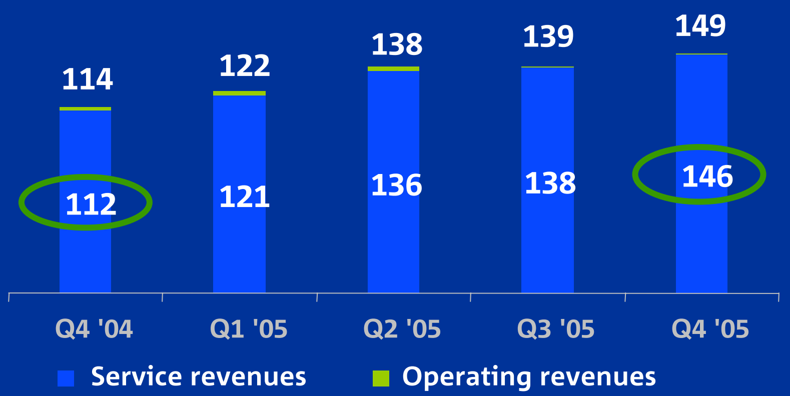


Continued increase in revenue market share

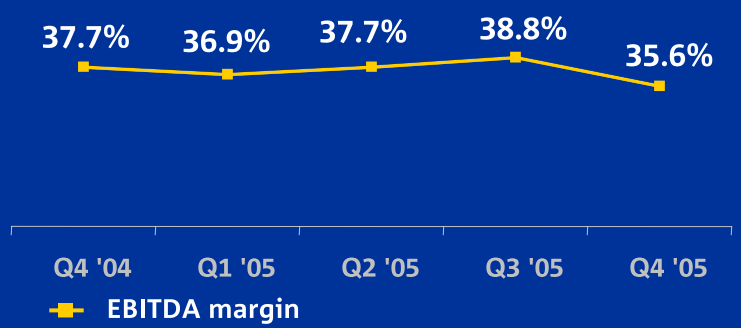


€ mn

Service revenues up 30% Y-on-Y



Margin



1 Management estimates, based on revenues

Group cash flow

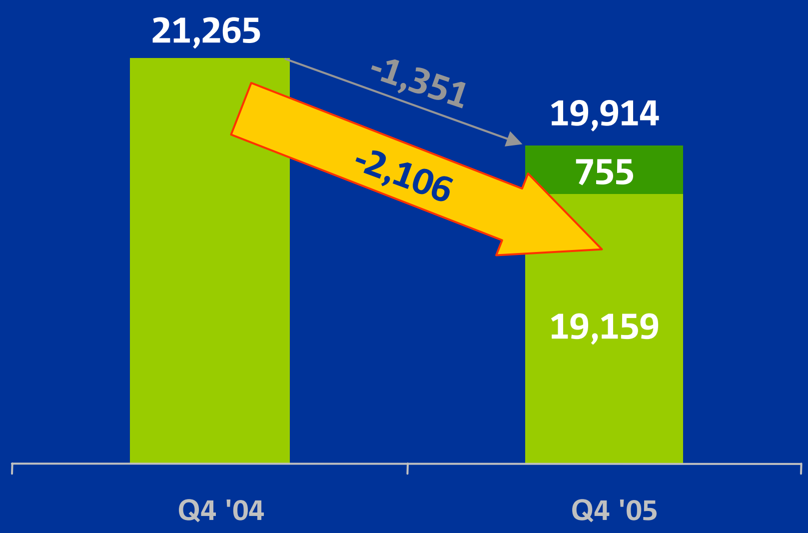
€ mn	Q4 '05	Q4 '04	%	FY '05	FY '04	%
Operating result	**695**	**629**	***10.5%***	**2,348**	**2,645**	***-11.2%***
Depreciation and amortization[1]	624	562	*11.0%*	2,376	2,190	*8.5%*
Interest paid/received	-258	-271	*-4.8%*	-484	-623	*-22.3%*
Tax paid/received	-5	19		-24	8	
Book gains	-118	-17	*> 200%*	-151	-73	*> 100%*
Change in provisions[2]	-120	-50	*> 100%*	-248	-63	*> 200%*
Change in working capital	151	209	*-27.8%*	16	-127	
Net cash flow from operating activities	**969**	**1,081**	***-10.4%***	**3,833**	**3,957**	***-3.1%***
Capex[3]	**469**	**510**	***-8.0%***	**1,394**	**1,668**	***-16.4%***
Free cash flow[4]	**500**	**571**	***-12.4%***	**2,439**	**2,289**	***6.6%***
Dividend paid	-	-	-	-890	-796	*11.8%*
Share repurchases[5]	-468	-35	*> 200%*	-1,697	-1,009	*68.2%*
Cash return to shareholders[5]	**-468**	**-35**	***> 200%***	**-2,587**	**-1,805**	***43.3%***

1 Including impairments
2 Excluding changes in deferred taxes
3 Including Property, Plant & Equipment and all software
4 Defined as Net cash flow from operating activities minus Capex
5 An additional amount of € 52 mn will be settled in Q1 '06

Headcount reduction

Well on track

Personnel in the Netherlands



Consolidation effects

Telfort	+ 574 FTE
Kral retail outlets	+ 169 FTE
Other	+ 12 FTE
	+ 755 FTE

Achievements 2005

- Group simplification implemented
- Phase-out traditional IT systems and platforms ongoing

- FTE reduction ahead of schedule partly related to 2006 projects brought forward; well on track towards reaching 8,000 in 2009
- Cost reduction on target

Pensions and non-operating P&L items

Pensions

- Significant decrease of shortfall, no immediate funding obligations[1]

Depreciation

- Due to lower Capex spending in prior years depreciation continues to trend down

Amortization

- Linear amortization will result in fairly stable amortization charges at nearly € 500 mn[2] in 2006 (excluding impairments, if any and excluding potential effects of further network integration with Telfort)

1 Following new Dutch pension guidelines on financing of pension fund
2 Including Telfort

Tax

Corporate tax audit settlement in Germany

- Permanent downward adjustment of loss carry forward by € 5.9 bn[1]
- Temporary downward adjustment of loss carry forward by € 5.4 bn[1]
- Adjustment is temporary because of replacement of impairment (in the past) by depreciation in the future

Increased deferred tax asset following improved business plan BASE

- Impact € 122 mn

Dutch corporate tax rate lowered to 29.6% in 2006 and 29.1% in 2007

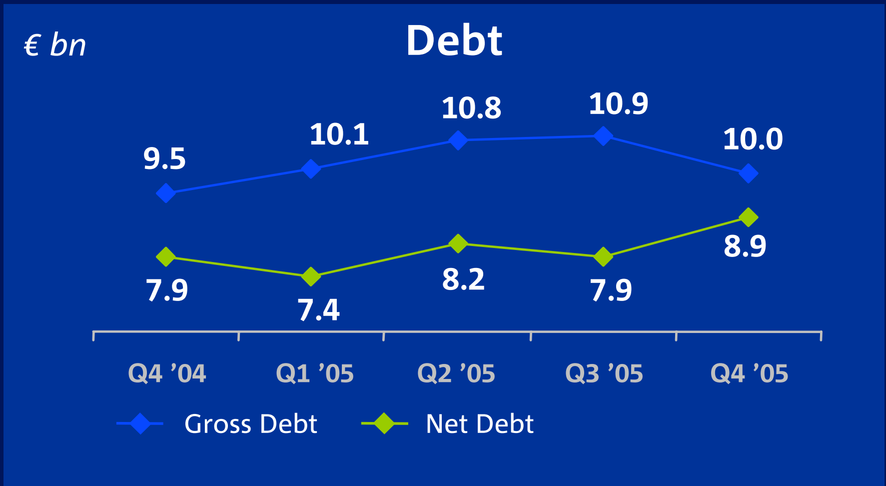
- Results in € 52 mn release of deferred tax liability in Q4 ’05

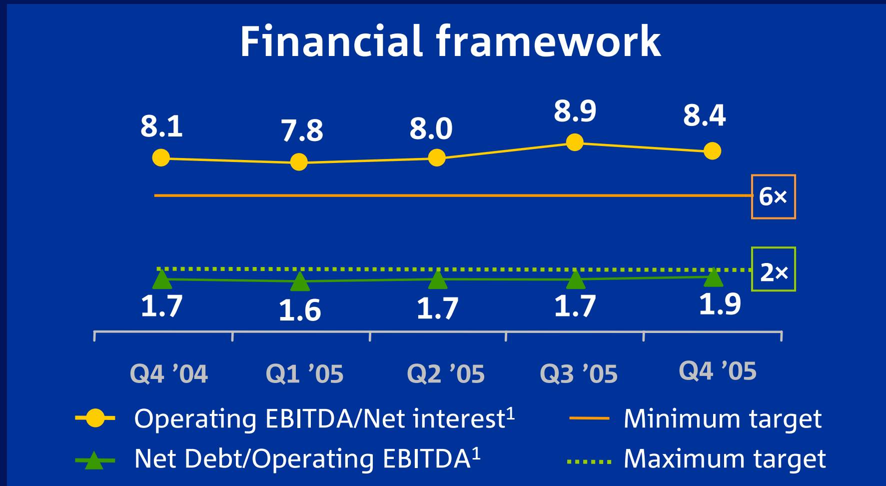
Future Dutch corporate tax payments

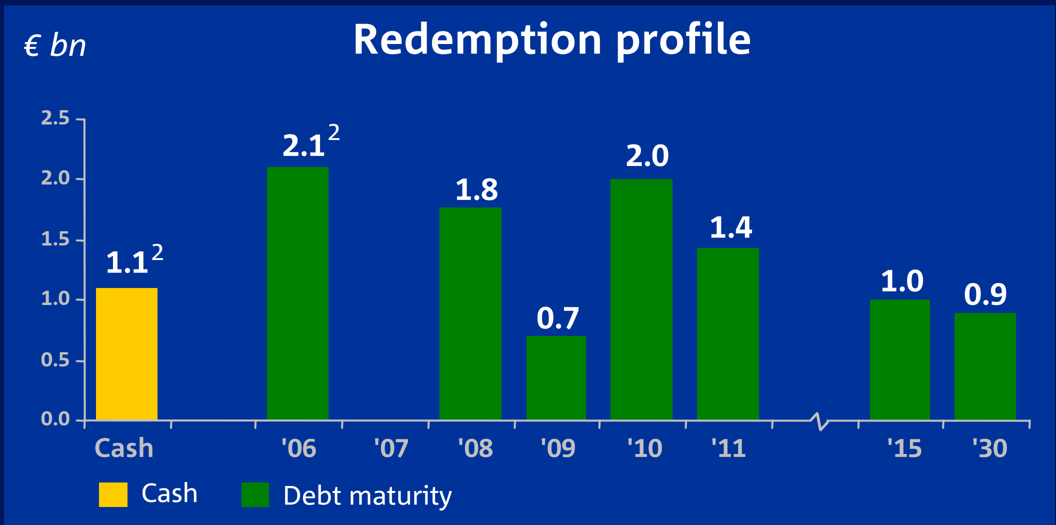
- We expect to start paying cash tax from the middle of 2007

1 Effect as per 31 December 2004

Group financial profile







- Gross debt reduced by € 0.9 bn versus Q3 2005
- Net debt up following € 1.0 bn Telfort acquisition and € 0.5 bn share repurchase from Dutch State
- Average interest rate on outstanding bonds below 5.5%
- Average duration more than 7 years

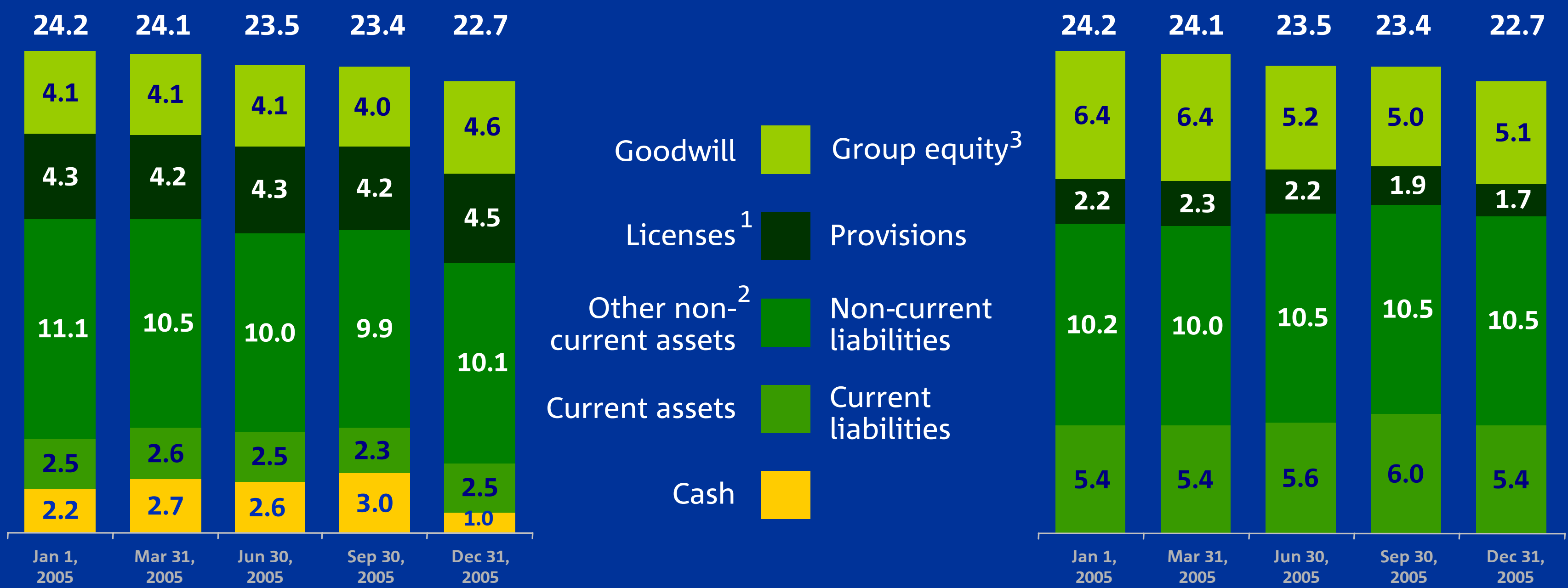
1 Based on a 12 month rolling calculation excluding restructuring charges, impairments and book gains/losses over € 20 mn, brand unification costs and Telfort integration

2 Both cash and gross debt increased by approximately € 0.8 bn due to no longer netting of cash balances (IFRS as from 1 January 2005)

Balance sheet

Assets
€ bn

Equity and liabilities
€ bn



Telfort consolidation effects

Goodwill	€ 0.5 bn
Licenses[1]	€ 0.5 bn
Property, Plant & Equipment	€ 0.2 bn

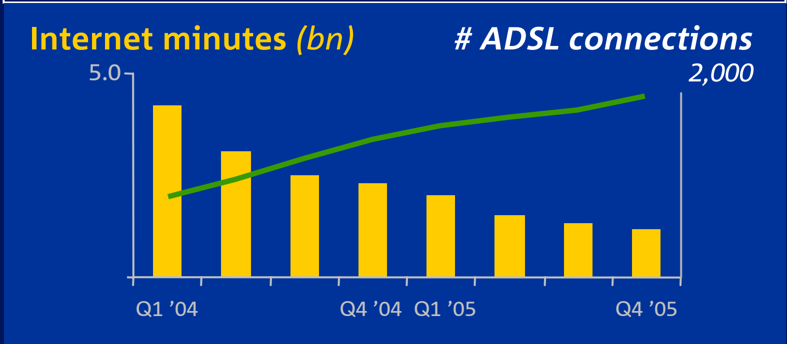
1 Including other intangibles
2 Including Property, Plant & Equipment and all software
3 Including minority interest

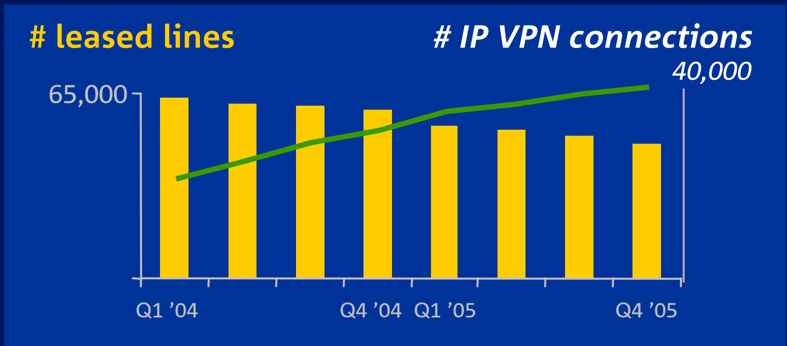
Agenda

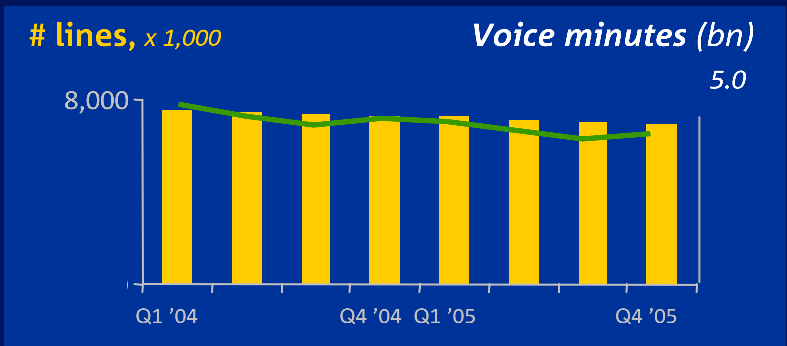
Chairman's review	Ad Scheepbouwer, Chairman and CEO
Financial review	Marcel Smits, CFO
Operating review	Fixed Eelco Blok, COO Fixed division ◆ Consumer ◆ Business ◆ Wholesale & Ops. ◆ All IP update
	Mobile Stan Miller, CEO Mobile International ◆ The Netherlands ◆ E-Plus ◆ BASE
Concluding remarks	Ad Scheepbouwer, Chairman and CEO

KPN Fixed trends

Drivers

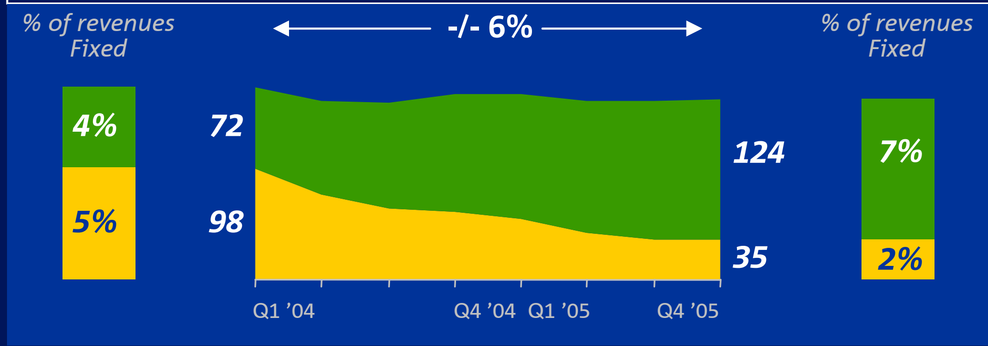


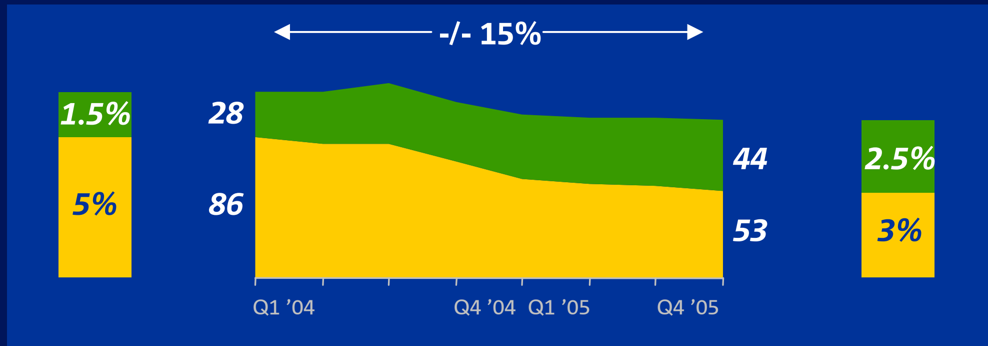


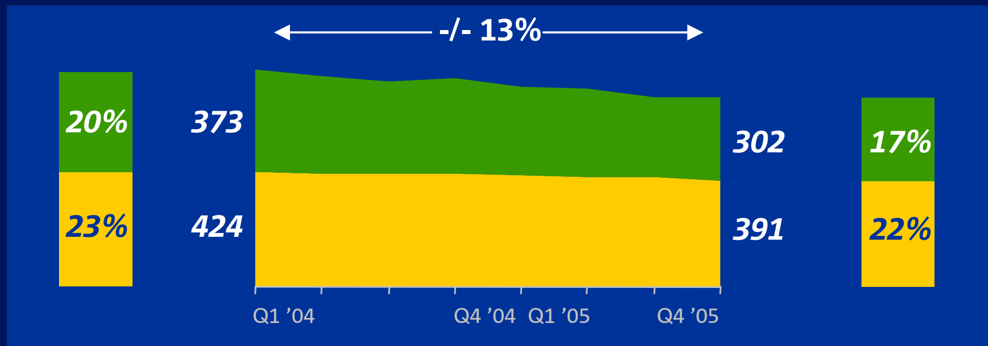


€ mn

Revenues







Fixed strategy update

"Attack – Defend – Exploit"

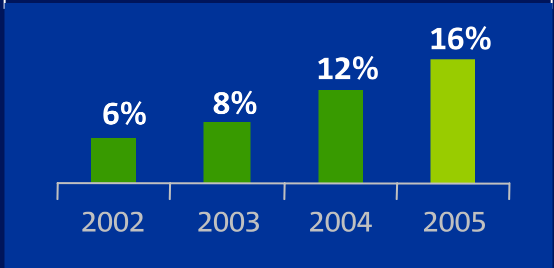
	2005 progress	2006 objectives
Attack	• Market shares broadband (DSL, IP-VPN, E-VPN) developing positively • Developed multi-play, VoIP & TV • Further roll-out enables new services	• Expand leadership position in broadband • Achieve significant VoIP market share • Launch IP TV • Nation wide DVB-T roll out • Further develop managed ICT services and vertical solutions
Defend	• Increased Consumer market share traditional voice • Expanded loyalty packages and Lifecycle Management	• Expand bundles / flat fees / "Friends & Family" program • Introduce low cost voice brand
Exploit	• Structurally reduced FTE, IT and network costs • Developed operational plan All IP migration	• Harvest further cost savings • All IP pilots

Structure and shape of Dutch consumer market

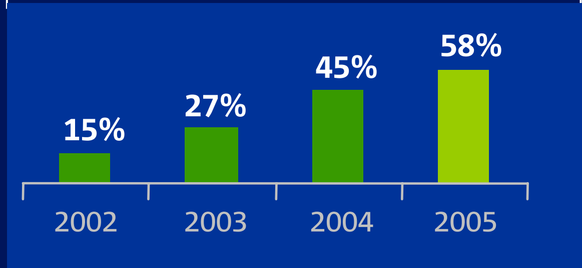
Consumer demand and competitive landscape changing

Trends impacting revenue in Dutch telecom market

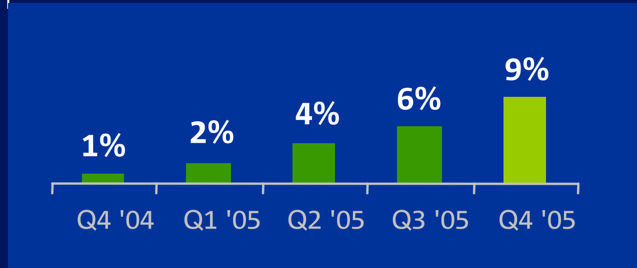
"Mobile only" households[1]



Broadband penetration[2]



VoIP lines in % of broadband[3]



Customer demand is changing

- VoIP has broken through, growth accelerated
- Consumers increasingly looking for value added broadband services
- % "Mobile only" households increases steadily

Competitive landscape has changed

- Cable companies accelerating VoIP
- Non-telco based service providers (MSN, Google, eBay) offering voice
- Price erosion in mobile leading to Fixed-Mobile substitution

1 Households without fixed line or cable telephony connection; management estimates
2 Percentage of households with a broadband connection; management estimates
3 VoIP excluding peer-to-peer applications

Attack > Defend > Exploit

Core consumer markets

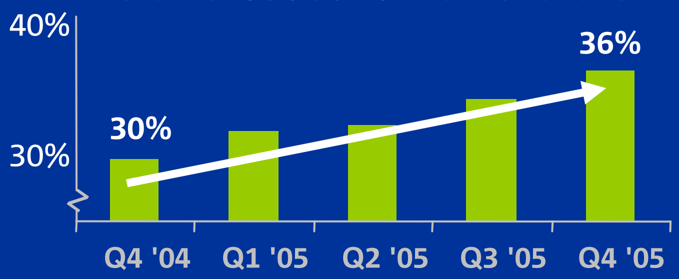
We made significant steps forward

Traditional **voice** market share[1]

Position strengthened

- First flat fee offer: "*Free evening and weekend*"
- Bundled "Dect handsets + voice minutes" since launch Q3 about 100k sold leading to significant ARPU increase
- 2005 market share 2.3% higher than 2004 in a contracting market (24% in 2005)

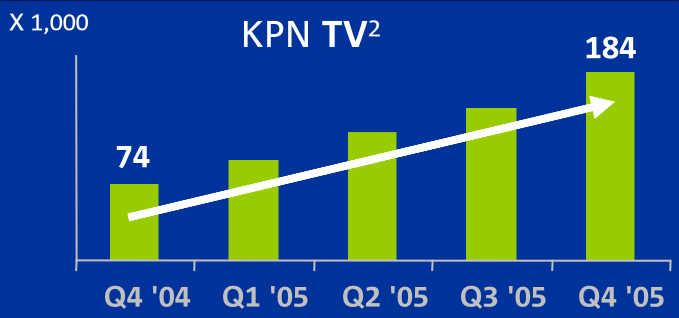
Retail **broadband** market share[1]



Leadership extended

- Organic and inorganic growth leads to 6% retail market share growth
- Successful build out of content portfolio (e.g. music)
- KPN ISPs have won several awards, demonstrating operational excellence

KPN **TV**[2]



Position established

- Consumers associate digital TV primarily with KPN
- Acquisition Nozema pending
- First on market with PVR / EPG facilities

1 All market shares are KPN estimates

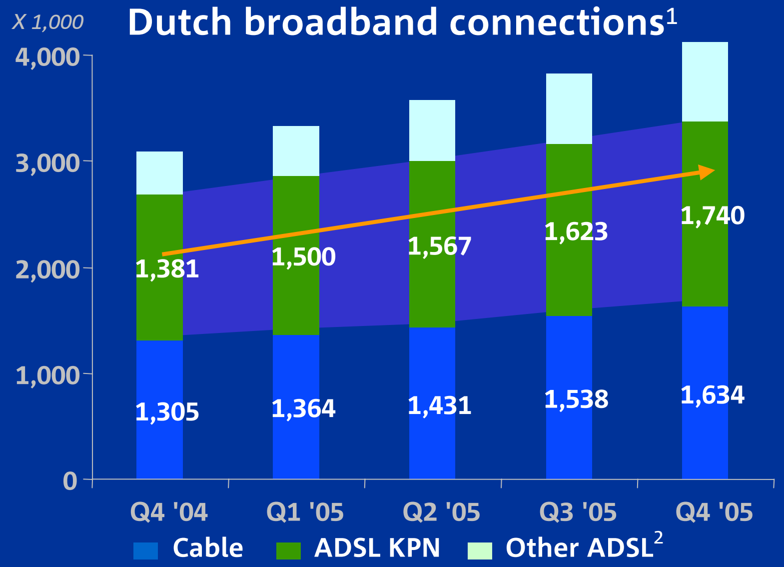
2 Now including Digitenne. Note: in previous presentations subscribers stated excluded Digitenne subscribers

Attack · Defend · Exploit

Consumer broadband

Increased market share as stepping stone for IP services

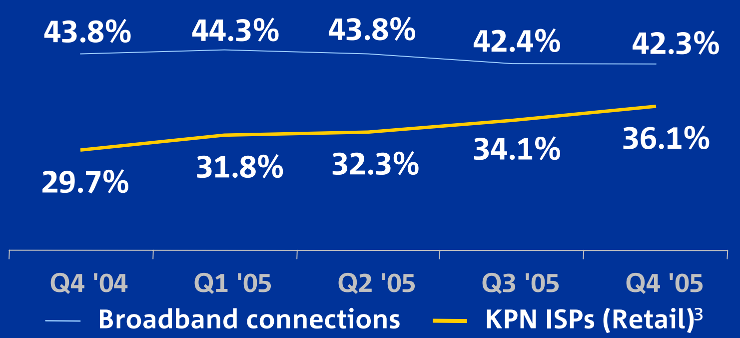
Dutch broadband connections[1]



Achievements 2005

- Strong independent growth KPN ISPs
- Successful execution acquisition policy
- KPN ISPs have been awarded several times for operational excellence
- KPN maintains ARPU premium through high quality and value added services

Market share[1]

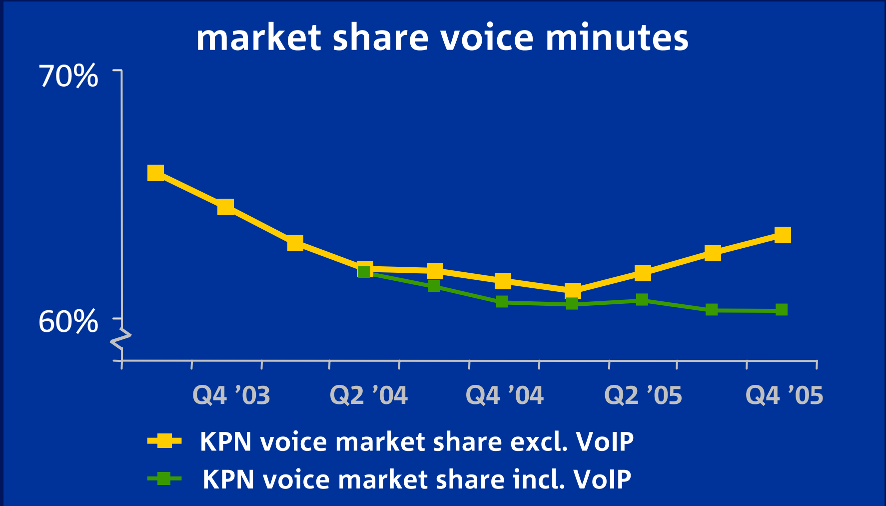


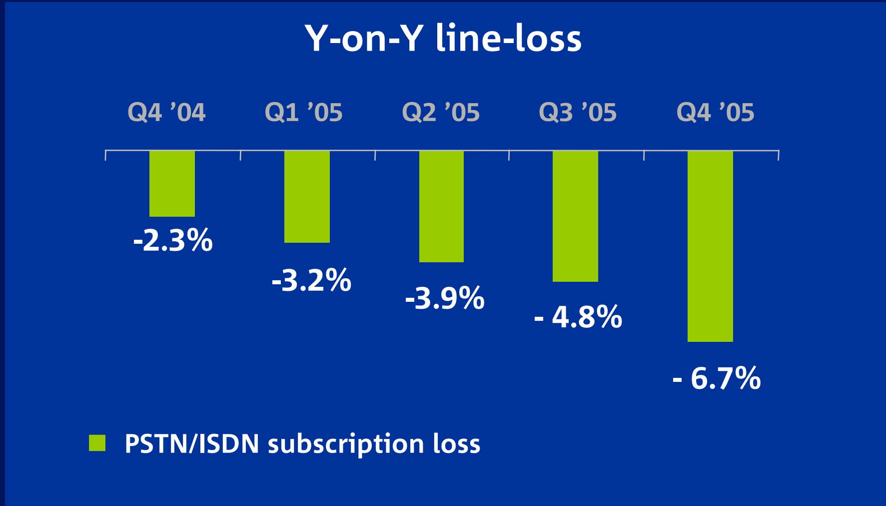
KPN is the leading broadband provider

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

Attack | **Defend** | Exploit

However, transition to VoIP drives accelerated line loss





Trends

- Line-loss acceleration particularly driven by VoIP
- In 2005 the Dutch VoIP market grew from zero to 362,000 users
  - 75% Cable
  - 25% ADSL
- Competitive VoIP offers generally aiming at the lower end of VoIP market, emphasizing inclusion of line rental in subscription fee
- Cable companies have initiated pilot to interconnect on national basis

Attack | Defend | Exploit

KPN has started to market VoIP nationwide through aggressive multi-branding

Current status

- Successful regional commercial introduction in December 2005
- Now available on national basis
- End January 50k VoIP packages sold
- KPN fastest growing VoIP provider
- VoIP available through all KPN ISPs and KPN retail channels
- Rapid upscaling in next quarters
- Quality, security and functionality as distinctive hallmarks

Attack Defend Exploit

KPN TV

Acceleration in development of TV services

	DVB-T based TV	IP TV
Achievements 2005	• Increase customer base to 184,000 customers • Acquisition Nozema pending • Upgraded consumer value through new functionality and PVR • Introduction Car TV, pilots for mobile TV and TV in trains	• Successful technical pilot • Signed-up attractive content portfolio • Roll-out ADSL 2+ network • Installed IP TV platform
Plans 2006	• Nationwide roll-out DVB-T • Large scale sales push • Prepare roll-out DVB-H	• Launch IP TV • Add premium services • Further increase content portfolio

Attack Defend Exploit

IP TV will change dynamics of the TV market

Launch KPN TV	"Open" TV	"Interactive" TV	"Personal" TV
• Basic + theme channels • Replay TV • Video on Demand • Hard disc recording	• Content organization and personalization • User generated content • Open platform	• Facilitating transactions • Content exchange between TV and other devices	• Integrated offering of entertainment and communication services • Personal advertising and advise

From broadcast to narrowcast
- Content offers will increase and will be interactive and personalized (Pull TV)
- Unlimited availability of content similar to internet

Content as key differentiator, in addition to increased functionality
- Content secured with major broadcasters and unique content libraries
- Based on partnerships and revenue sharing

Launch plans
- Technical and Friends & Family tests were completed successfully
- Commercial test is currently running
- Launch Q2 2006

Content will be our trump card

Over 60 channels contracted so far

Basic package

Dutch national channels

Dutch commercial channels

Other channels

Premium / Theme channels

Business market trends

Market trends and competitive dynamics are changing

Market trends	Increased competition
ICT becomes increasingly vital for businesses Security of ICT is growing in importance Increased demand for managed services Shift in focus from network technology towards functionality of applications and devices New communication services are IP-based Data access becomes independent of device	IT and system integrators (e.g. Capgemini, Accenture and IBM) moving down the value chain Global IM / VoIP players (e.g. Skype, MSN and GoogleTalk) offer on-net VoIP for free ISPs expanding their portfolio with VoIP-services (e.g. Wanadoo and Tiscali) New government-sponsored local fibre optic infrastructures (e.g. Citynet)

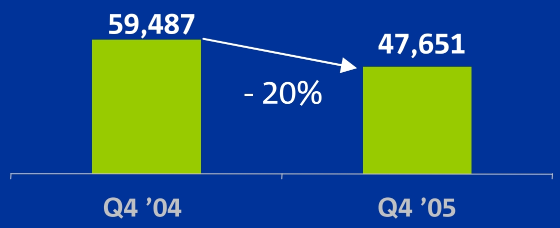
Opportunity in shifting towards larger and growing market for end-to-end ICT services

Attack > Defend > Exploit

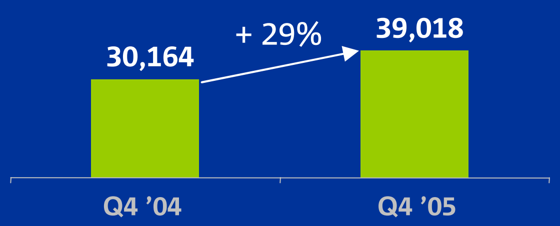
Core business markets

Continued strong growth of IP-VPN and E-VPN connections

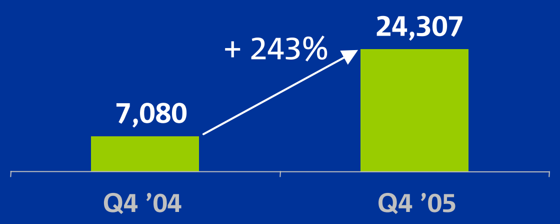
Leased lines



IP-VPN connections



Business DSL



Accomplished in 2005

- Focus on Managed Services
- Innovation teams in place
- Sales reorganized
- Customer satisfaction improved and now better than competitors

Continued strong growth in new markets

- Business DSL tripled in 2005
- IP-VPN growth outpacing market
- Ethernet VPN connections almost doubled in 2005

Major contract wins 2005

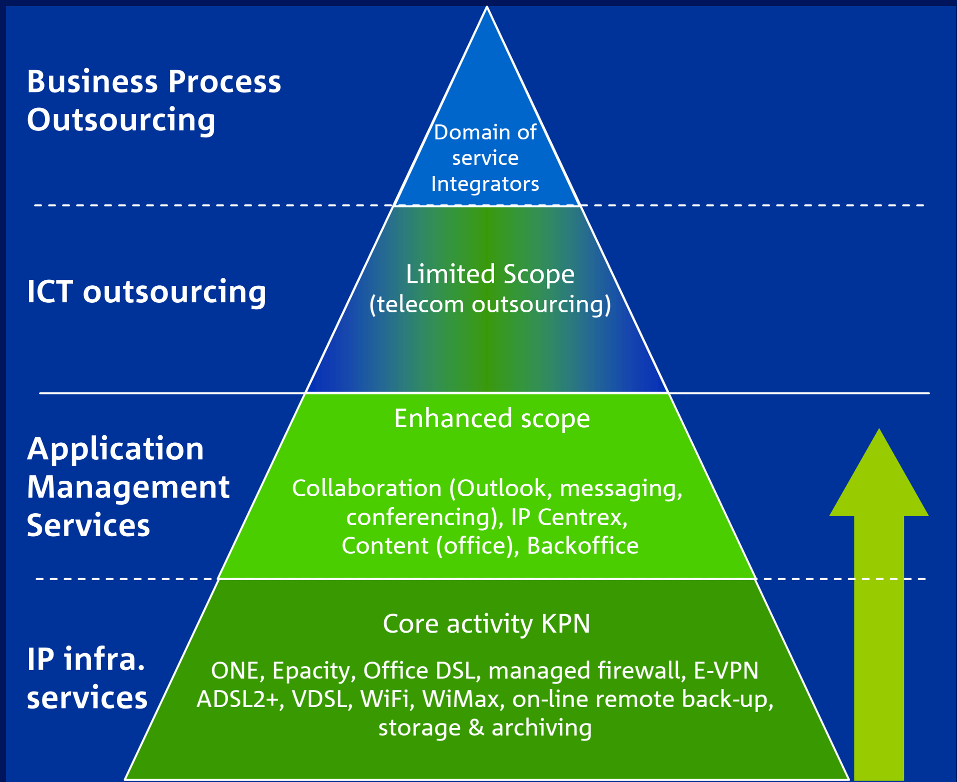
- Philips
- TNT / TPG Post
- Dutch Inland Revenue
- Nippon Express

1 Managed Private Lines

Attack | Defend | Exploit

Business services

Moving up the value chain into application management services



Managed Services

- VoIP solutions
- Managed RFID[1] solutions
- Narrowcasting solutions
- Software as a Service

Vertical Solutions

- Health care
- Safety & Security
- Education

Transforming from communication service provider towards end-to-end ICT provider

1 Radio Frequency Identification (e.g. security systems, asset tracking and personal identification)

Attack Defend Exploit

Innovation: new managed services expanding

Examples

We are helping medical services to become more efficient through a **Secure National Health Care Network**

We are helping to make the Netherlands safer through **Integrated Safety & Security solutions**

We are helping business customers to extend their media strategy through **Narrowcasting**

Wholesale & Operations market trends

Market & Competition

- Growing demand for higher bandwidth and new broadband services (VoIP), declining traditional voice and internet services
- Increase in (external) wholesale volume
  - Cable and ADSL operators enter retail voice market via VoIP
  - Regulatory obligations for wholesale line rental
- Less transit volumes due to direct interconnection initiatives
- Trend towards international consolidation and strategic alliances
  - Results in more pressure on tariffs
  - Partly offset by increased volumes

Strategic initiatives

- Proactive introduction of new wholesale services (e.g. wholesale DSL, WiFi, TV) besides regulatory obligation
- Improved customer support processes and systems to meet client demand
- Maintain cost leadership
  - Standardization of processes and IT
  - Migration towards an All IP infrastructure
  - Increase volumes from wholesale clients

Attack > Defend > **Exploit**

All IP migration

Key component of "Attack – Defend – Exploit" strategy

Enabling new services	Pushing broadband share	Financial implications
• Products and services become applications on the IP infrastructure • Expanding service portfolio • Reducing time to market • IP services offered via an open wholesale business model	• Customers demand higher bandwidth for new services • All future broadband services will be IP based • IP is the linking pin for multi-play service offering • Broadband will match cable regarding bandwidth and coverage	• All IP is the predominant driver of FTE reduction • Other cost savings from advanced technologies, switch off legacy IT and platforms • Investments for next five years estimated at € 1.0-1.5 bn • Primarily financed with proceeds from technical buildings approx. € 1 bn

Key driver of "Attack – Defend – Exploit" strategy

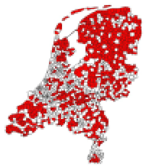
Attack | Defend | **Exploit**

All IP roll-out

First visible steps already to be taken in 2006

Preparation (2005)	**From vision to operational plan** • Overall program plan prepared • Supplier selection • Externally/internally communicated, focus on employee mobility
Piloting (2006)	**From operational plan to pilot** • Developing and testing of migration processes • Piloting a limited roll-out • Alignment with regulatory agencies and stakeholders
Roll-out (2007-2009)	**From pilot to scale** • Upscaling and accelerated roll-out • Switch off legacy network and IT • Finalize sale of redundant technical buildings

2006



2009

Fixed-Mobile convergence

Phased development towards fixed-mobile convergence in the Netherlands

1 Integrated CLM	Cross and up selling in shops and outbound calls Fixed-Mobile loyalty via Customer Lifecycle Management Total service provider (ZekerWeten)
2 Leverage brands	Hi: New proposition combining Mobile and “naked ADSL” XS4ALL: Broadband subscription for ADSL, UMTS and WiFi Loyalty programs
3 Converged packages	Video telephony between mobile, fixed and PC Bundled offers
4 Next generation network	Implementing All IP network and multi-media platform (IMS) to enable innovative services and convergence
5 Organisational	Further integration in 2006 in preparation

Agenda

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Concluding remarks	Ad Scheepbouwer, Chairman and CEO	

Mobile

	2005 progress	2006 objectives
KPN Mobile NL	◆ Telfort acquisition ◆ Hi positioning ◆ Simyo introduction ◆ 3G roll-out	◆ To further strengthen our market leadership position
E-Plus	◆ Introduced new strategy ◆ Launch of multi-brands ◆ MVNO initiatives ◆ Move away from handset subsidies ◆ Increased number of stores	◆ Maximize benefits of the groundwork laid in 2005 ◆ Further align cost structure to strategy ◆ Further improve network quality
BASE	◆ Strong financial growth ◆ Strong EBITDA margin ◆ IT outsourcing ◆ EDGE investments ◆ Regulatory offensive	◆ Continue to challenge competition ◆ Close follower UMTS deployment ◆ Further improve network quality

Competitive landscape for our mobile businesses

Different starting points require different strategies

	Market and KPN	Opportunity	Strategy
The Netherlands	• Above EU average Fixed - Mobile substitution • Market leader in mobile and fixed	• Optimize market position to value creation	• **Multi-proposition market leadership**
Germany	• Low Fixed - Mobile substitution, low mobile usage, high mobile prices • Distant behind market leaders in share and distribution	• Challenge T-Mobile / Vodafone leadership and lead fixed mobile substitution	• **Multi-brand challenger and MVNO approach**
Belgium	• Below average Fixed - Mobile substitution • Growing # 3 market share	• Challenge Proximus mobile leadership and lead fixed mobile substitution	• **Multi-brand challenger**

Mobile strategies

Expand on solid fundamentals which have been established in 2005

Common

- Multi-brand
- Distribution; captive channel focus
- Value steering e.g. Post Paid focus
- Joint purchasing & roaming

Differentiated

- Starting position
- Handset subsidies
- 3G strategy
- Mobile vs. Fixed pricing

KPN Mobile the Netherlands to further strengthen market leadership position

- Strong growth Post Paid customer base and service revenues to translate into margin development (from volume to value)
- Accelerate new services and products and optimize current portfolio
- Extract synergy benefits from Telfort acquisition (in particular Capex)

E-Plus and BASE target further growth with challenger strategy

- E-Plus to further deploy customer pull strategy, fix economics and further align cost structure to strategy
- Both E-Plus and BASE continue to challenge competition and implement strategy in competitive markets
- Establish challenger track record for further expansion

2G / 3G strategies

Differentiated network strategies in accordance with market position

Market / Trends	- Initial uptake of laptop cards in Business market (customer pull) - In consumer market competition positioned as cheap voice (product push) - Handsets currently lacking appealing suitable applications and services
KPN Mobile NL	- Leading position in 3G (72% residential outdoor population coverage) due to strong Business market position - Phased broadband introduction based on customer needs - Accelerate 3G roll-out, invest in HSPDA and integrate WiFi
E-Plus	- 3G coverage meets license requirements (50% pop. coverage) - Further investment depending on customer demand - Improvement of GSM indoor coverage - Create customer pull through expanding flat rate 3G offer - Establish further partnerships for 3G products and services
BASE	- Further improve 2G coverage to service customer growth - Deploy EDGE and UMTS as smart follower - Expand flat rate strategy for data

E-Plus

On 9 August we said we would do things differently…

Customer targeting	Handpick segments with tailored offerings
Proposition	Turn core services into great value
Channels	Redesign pull & its economics
Deployment	Focus regionally, maximizes impact of pull-actions
Regulatory	Launch offensive to throw rivals off-balance
Financial model	Accelerated revenue growth leading to margin improvements

E-Plus status update

...and we did things differently

Customer targeting	- Handpick segments with tailored offerings	- Post Paid focus, highest H2 net adds in market - New brands: BASE, Simyo, Ay Yildiz and MVNOs with fast awareness build-up, > 1 mn subscribers in 6 months
Proposition	- Turn core services into great value	- Launch flat rate for voice and data - ARPU and MoU of new offers significantly higher than E-Plus brand
Channels	- Redesign pull & its economics	- 21 new stores - 9 "MVNOs" (incl. Aldi/Medion and Jamba)
Deployment	- Focus regionally, maximizes impact of pull-actions	- Two test regions launched, very encouraging results - Strong nationwide competitive response led to national response of BASE brand
Regulatory	- Launch offensive to throw rivals off-balance	- Groundwork intense regulatory response completed - Belgium example shows direction of our actions
Financial model	- Accelerated revenue growth leading to margin improvements	- Ultra fast payback times: leading Post Paid net add share with slightly improved EBITDA margins despite more marketing spend

Targeted new brands are starting to have impact...

New brands as % of E-Plus subscriber base

0.0%	1.0%	2.8%	4.1%	5.2%	6.4%	10.1%

Very fast payback as the model is SAC/SRC light and ARPU is significantly higher than E-Plus brand

…and we have many more partners

E-Plus looking back

Highlights

- Record Post Paid net adds in H2 ahead of competition
- Increasing revenue share (even when adjusted for NTT DoCoMo)
- First time that the new pull model works at low SAC/SRC, payback less than six months
- New distribution model works in volume and quality
- More than 1 mn subscribers in six months – no handset subsidies

Comments

- Market leaders react strongly with pricing lever driving overall market revenues down
- Limited active conversion (BASE) of E-Plus subs, cannibalization and cleaning up of E-Plus base affecting short term revenue growth
- ARPU and MoU of new offers significantly higher than E-Plus brand
- Competition intensifies – containment

E-Plus looking forward

In 2006 we will

- Continue to accelerate the **momentum on the new offers**
  - More offers (e.g. youth, ethnic)
  - More investment behind current offers

  the speed of this acceleration will determine the precise timing of the "topline crossover"

- **Continue Medion/Aldi** which in Q4 2005 added 300k in Pre Paid and further **expand distribution** with own stores and partners

- **Recalibrate our E-Plus offerings** adding successful elements from the new offers

- **Strengthen management** with the appointment of Michael Krammer CEO of Tele.ring

- Continue to **strengthen our financial** model to align cost structure to strategy

BASE

Continue to challenge the competition in difficult market

Stay one step ahead of the competition

Position around customers	• Reinforce efforts amongst select segments (e.g. smart shoppers, kids, youth, SoHo, Turks, Expats, partnerships and MVNOs) • Further simplify services and make pricing more transparent
Create customer pull	• Boost awareness and calls-to-action for the many attractive propositions BASE has or will soon launch • Extend shop network to optimize and align distribution
Introduce profit-focused value chains	• Ensure cost structure remains aligned to strategy – cut costs further • Continuously put in place the right people, organization, process and systems
Establish partnerships	• Next phase of partnerships to be introduced • Further exploit partnership opportunities by enhancing wholesale capabilities

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Repositioning the KPN brand

- Committed to be a major player in a rapidly changing playing field
- Towards a more customer centric and marketing driven company
- A trusted partner, leading our customers into an exciting new world
- Offering reliable, innovative products and services

Concluding remarks

- 2005 was a year of major transformation
- We have delivered against targets
- We have created a solid platform to accelerate growth
- Confidence increased

Q & A

Annex

For more information please contact

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Analysis of results

Key items worth mentioning in results interpretation

		Q4 '05	Q4 '04	FY '05	FY '04
Revenue effect MTA tariff reduction	Group	-67	-70	-262	-241
EBITDA effect MTA tariff reduction	Group	-29	-20	-121	-58
Revenue effect Telfort consolidation	Group	93		93	
EBITDA effect Telfort consolidation	Group	35		35	
Book gain NTT DoCoMo	Mobile	110		110	
Book gain on sale of Intelsat / Infonet	Other			21	
Book gain on sale of PTC	Other				20
Book gain on sale of Eutelsat	Other				36
Intellectual property rights	KPN M NL			4	15
Restructuring charges	Group	-34	-31	-92	-42
Release pension provisions	Other	83		83	
UMTS license amortization	Mobile	-64	-58	-256	-74
Impairment on certain assets of SNT	Fixed			-40	
Reversal impairment on license BASE	Mobile		16		16
Impairment on Vitalicom loans	Group			-11	
Reversal of impairment on PTC loan	Group				7

Performance versus Guidance

2005 outlook[1] met on all metrics

Outlook FY 2005	November update	Status: Q1 '05	Q2 '05	Q3 '05	Q4 '05	FY '05
Operating revenues[1]	Flat, including MTA reduction	-0.6%	2.1%	-0.9%	-2.6%	-0.3%
EBITDA[1,2]	Decline by less than 5%	-6.3%	-1.3%	-2.7%	-5.6%	-4.0%
Capex	~ € 1.4 bn	€ 0.2 bn	€ 0.3 bn	€ 0.4 bn	€ 0.5 bn	€ 1.4 bn
Free cash flow[3]	> € 2.3 bn	€ 0.6 bn	€ 0.6 bn	€ 0.8 bn	€ 0.5 bn	€ 2.4 bn

FY '05 reconciliation[1] *€ mn*	Operating revenues 2005	Operating revenues 2004	EBITDA[2] 2005	EBITDA[2] 2004
Reported	**11,936**	**11,819**	**4,724**	**4,835**
Disposals	-110	-56	-110	-56
Net consolidation effect Telfort	-93	-	-35	-
Restructuring charges	-	-	92	-
Release pension provisions	-	-	-83	-
Comparison with guidance	**11,733**	**11,763**	**4,588**	**4,779**
	-0.3%		***-4.0%***	

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

Reconciliation for outlook 2006

2005 reported figures reconciled for outlook 2006

€ mn	**FY '05**
Reported operating revenues	11,936
Disposals[1]	-110
Operating revenues for 2006 outlook	**11,826**

Reported EBITDA[2]	4,724
Disposals[1]	-110
Restructuring charges	92
Release pension provisions	-83
EBITDA[2] for 2006 outlook	**4,623**

1 € 110 mn book gain on acquisition of NTT DoCoMo's 2.16% in KPN Mobile
2 Defined as Operating result plus depreciation, amortization & impairments

Telfort consolidation

€ mn	Telfort stand-alone Q4 '05	Consolidation effect KPN M NL	Consolidation effect KPN Group
Operating revenues	145	126	93
Operating expenses	147	128	95
–Of which D&A	37	37	37
Operating result	-2	-2	-2
EBITDA[1]	35	35	35

- € 19 mn elimination (revenue and cost) with KPN Mobile NL due to mobile interconnection
- € 33 mn elimination (revenue and cost) with Fixed (Wholesale & Operations) due to interconnection

1 Defined as Operating result plus depreciation, amortization & impairments

Book gains

€ mn	Q4 '05	FY '05
E-Plus	38	38
KPN Mobile (NL)	13	13
BASE	-	-
Other	59	59
Total Mobile	**110**	**110**
Consumer	-	-
Business	-	4
Wholesale & Operations	5	13
Total Fixed	**5**	**17**
Other	3	24
KPN Group	**118**	**151**

- € 110 mn book gain on acquisition of NTT DoCoMo's 2.16% stake in KPN Mobile
  - E-Plus: € 25 mn trademark damages and € 13 mn IPR income
  - KPN Mobile (NL): € 13 mn IPR income
  - Mobile other: € 59 mn negative goodwill
- € 21 mn book gain on sale of Intelsat/Infonet
- € 20 mn book gain on sale of buildings

Impact MTA reduction[1]

€ mn	Q4 '05		FY '05	
	Net sales	EBITDA[2]	Net sales	EBITDA[2]
KPN Mobile (NL)	-19	-10	-81	-45
E-Plus	-25	-20	-97	-76
Total Mobile	**-44**	**-30**	**-178**	**-121**
Consumer	-7	-	-27	-
Business	-8	-	-29	-
Wholesale & Operations	-35	-	-139	-
Total Fixed	**-50**	**-**	**-195**	**-**
Intercompany	27	-	111	-
KPN Group	**-67**	**-30**	**-262**	**-121**

MTA tariff reductions

- KPN Mobile (NL): from 15.5 to 13.0 cents (1 December '04), from 13.0 to 11.0 cents (1 December '05)
- E-Plus: from 17.9 to 14.9 cents (15 December '04), from 14.9 to 12.4 cents (15 December '05)

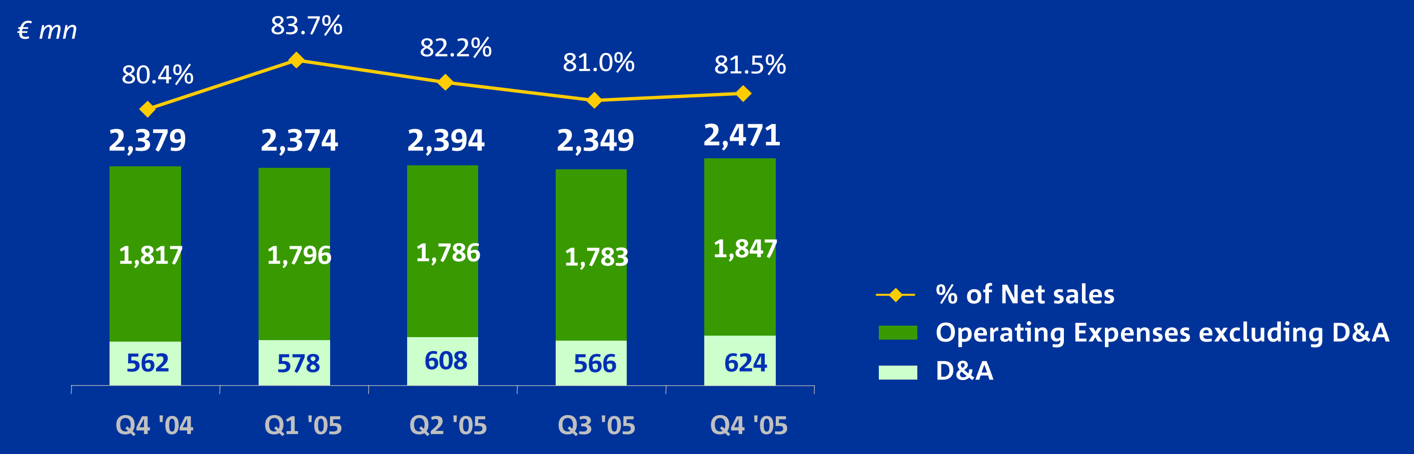
1 Additional decline compared to 2004
2 Defined as Operating result plus depreciation, amortization & impairments

Restructuring charges

€ mn	Q4 '05	FY '05
E-Plus	-	-
KPN Mobile (NL)	-1	-3
BASE	-	-
Total Mobile	**-1**	**-3**
Consumer	-	-1
Business	2	-2
Wholesale & Operations	-29	-52
Total Fixed	**-27**	**-54**
Other	-6	-35
KPN Group	**-34**	**-92**

Operating expenses

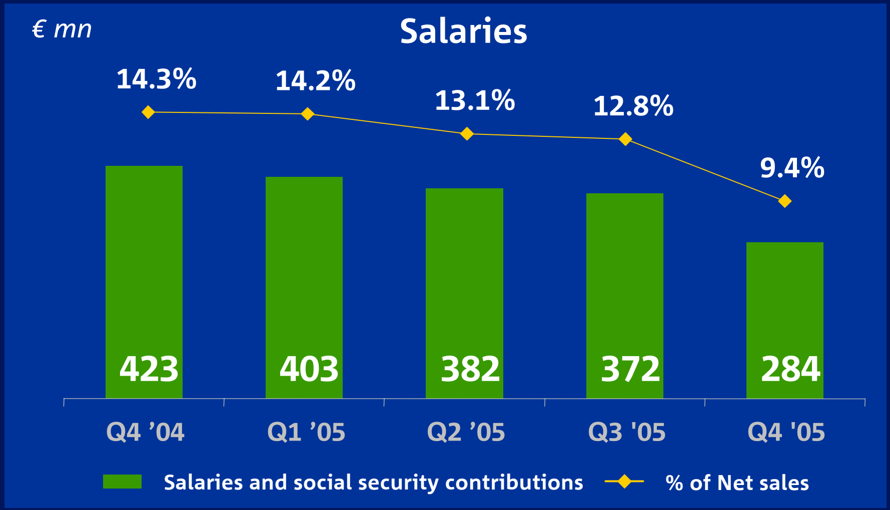
€ mn	Q4 '05	Q4 '04	%
Salaries and social security contributions	284	423	-32.9%
Cost of materials	281	252	11.5%
Work contracted out and other expenses	1,054	999	5.5%
Own work capitalized	-35	-39	-10.3%
Other	263	182	44.5%
Depreciation[1]	483	465	3.9%
Amortization[1]	141	97	45.4%
Total	**2,471**	**2,379**	**3.9%**

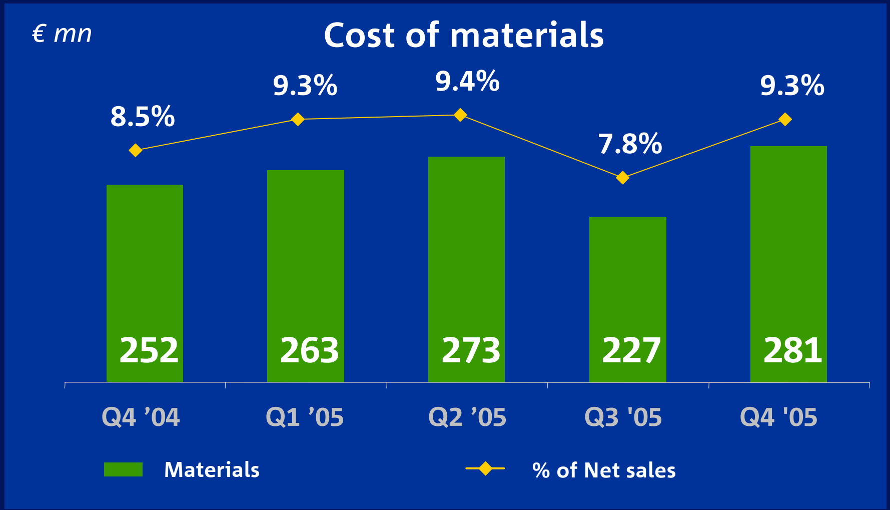


1 Including impairments

Analysis operating expenses

Salaries & Cost of materials





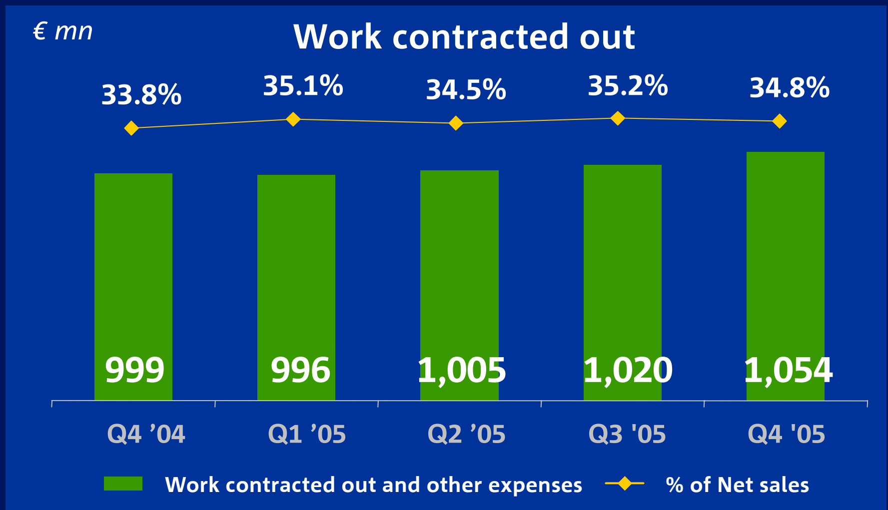
Y-on-Y & Q-on-Q decrease

- Lower FTE due to ongoing restructuring, predominantly at Fixed and Other
- In part offset by consolidation of Telfort and Kral retail outlets
- Q4 ’05 contains € 83 mn release of pension provision

Q-on-Q increase

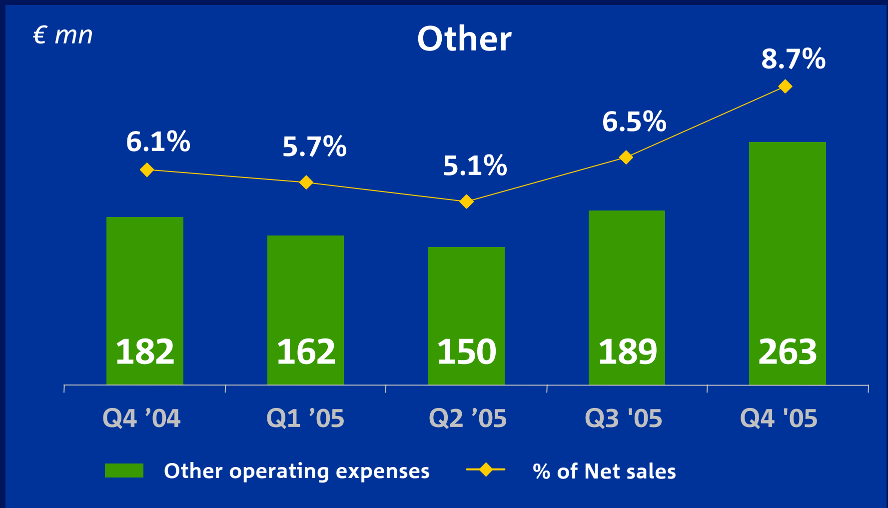
- Increased (Post Paid) handset sales in Germany
- In part offset by sim-only offers (Simyo, BASE)

Analysis operating expenses
Work contracted out & other



Y-on-Y increase

- Higher Post Paid distribution fees at KPN Mobile NL due to strong gross adds and Telfort consolidation
- Increased traffic volumes at Mobile
- Higher customer acquisition and retention costs at Fixed Consumer (ADSL, TV)
- In part offset by lower traffic volumes and MTA tariffs at Fixed

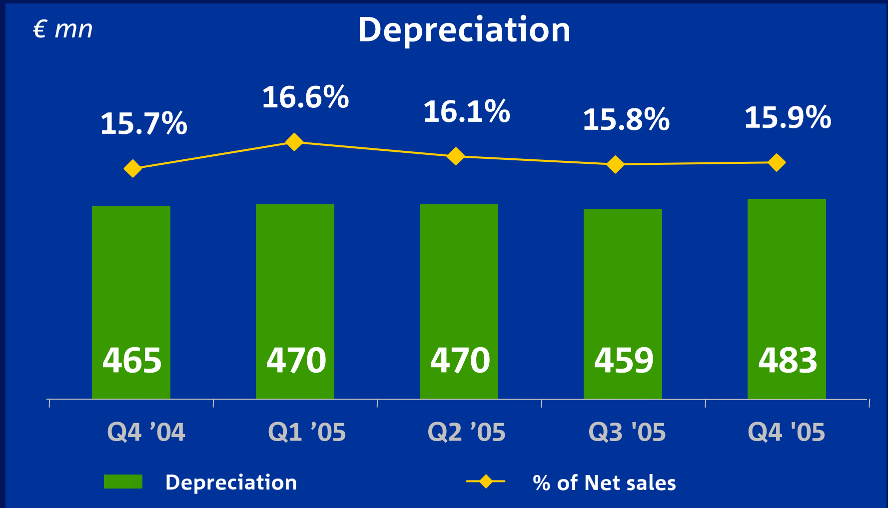


Y-on-Y & Q-on-Q increase

- Q4 '05 contains several non-recurring items
  - € 34 mn restructuring costs, predominantly at Fixed
  - € 35 mn OPTA fine at Fixed Business
- Increased marketing expenses at E-Plus

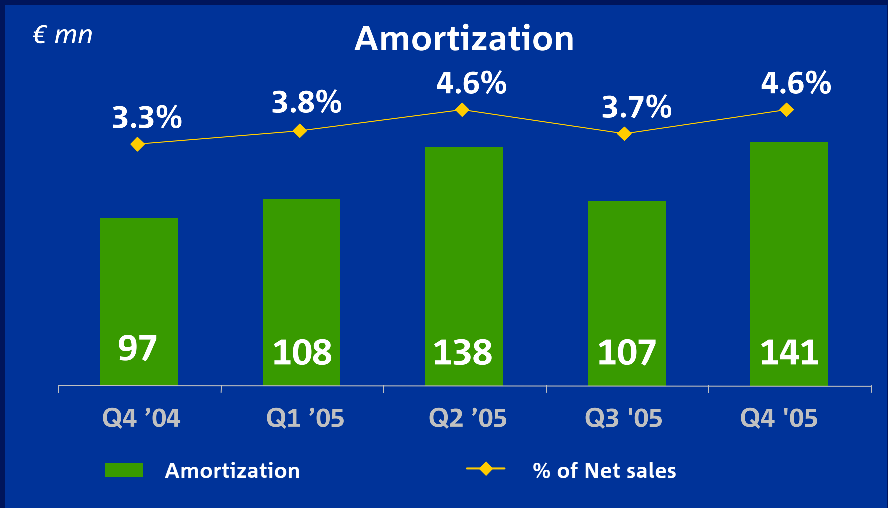
Analysis operating expenses

Depreciation & Amortization



Q-on-Q increase

- Depreciation is trending down due to lower Capex spending in prior years
- Offset by Telfort consolidation

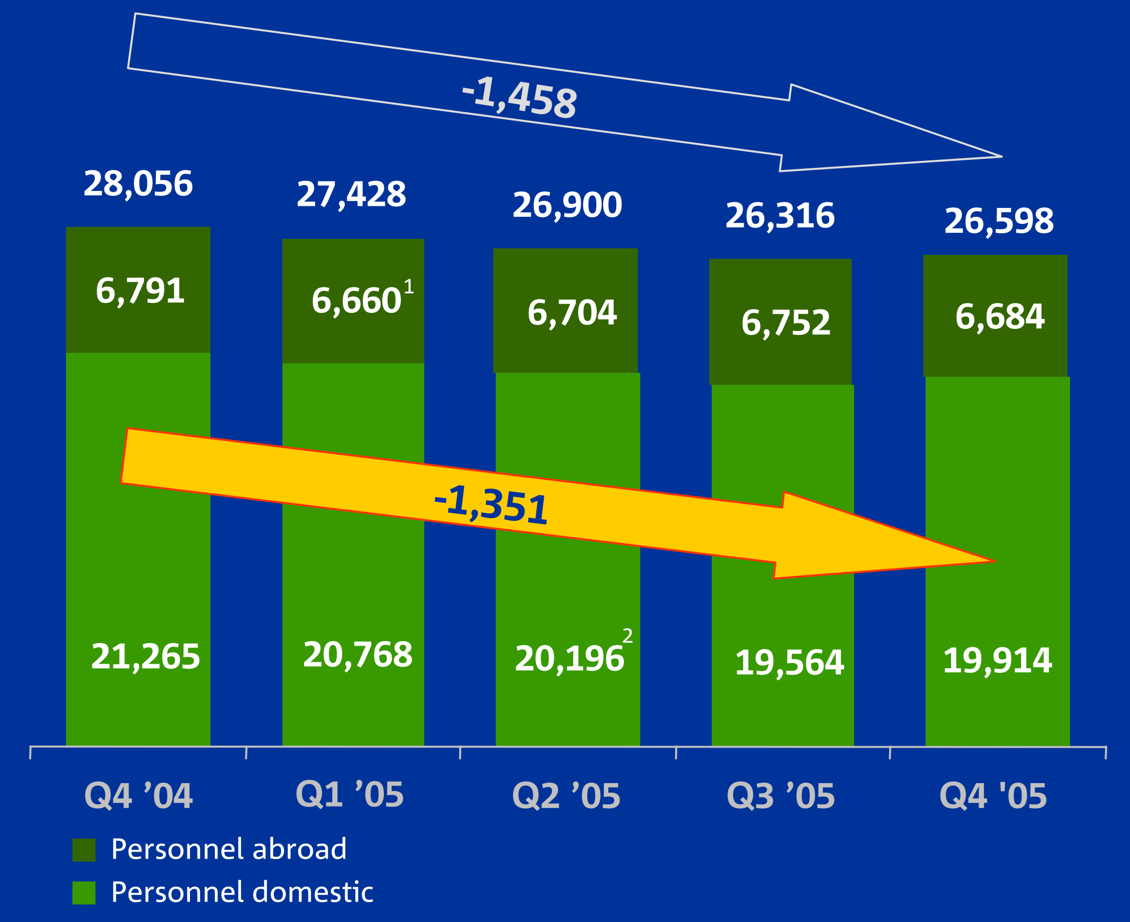


Q-on-Q increase

- Fairly stable amortization charges, excluding impairments
- Step up due to Telfort consolidation

Personnel

Continuing decline, predominantly in the Netherlands



- Personnel reduction nearly 1,500 FTE, of which more than 1,300 FTE in the Netherlands
- Increase in Q4 '05 due to consolidation effects
  - Telfort + 574 FTE
  - Kral[3] + 169 FTE
  - Other + 12 FTE

  + 755 FTE
- Excluding consolidation effects, decrease in domestic personnel amounts to 2,106 FTE

1 Q-on-Q decrease due to sale of PanTel, partly offset by increase SNT
2 Q-on-Q decrease mainly relates to sale of Interview NSS
3 KPN has acquired approximately 60 retail outlets of Kral

Pensions

Significant decrease of shortfall, no immediate funding obligation

IFRS transition

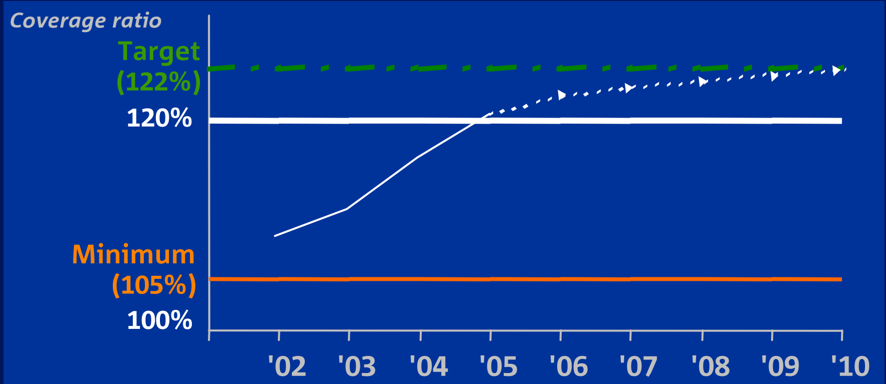
- IFRS as of opening balance ’04, increase pension provision by € 0.8 bn
- Cost not equal to contribution paid, but based on actuarial method
- Balance sheet contains balance of obligation and assets
- Corridor smoothens change in balance sheet position

€ IFRS	2004	2005
P&L (regular)	190 mn	174 mn
Balance sheet position (EoY)	-1.2 bn	-1.0 bn
Corridor (off-balance)	-0.3 bn	-0.3 bn

- Improvement due to return on assets
  - Balance sheet position lowered
  - P&L charge decreased
- € 83 mn curtailment in ’05 following new collective labor agreement

Dutch Guidelines “FTK”[1]

- New Dutch guidelines on financing of pension fund as of 1 Jan. ’05
- Regular contribution increased, only immediate additional funding of shortfall if coverage ratio falls below 105%



- Coverage ratios significantly improved from 106% (2002) to 120% (2005)
- As a result shortfall decreased to approximately € 90 mn
- However, no immediate additional funding of shortfall due to new “FTK”[1] guidelines

1 Financieel Toetsings Kader

Tax

€ mn	Q4 '05		Q4 '04	
Fiscal unities	**P&L charge**	**Payments (–) Receipts (+)**	**P&L charge**	**Payments (–) Receipts (+)**
Fixed division & Other activities	-102	-5	-256	-87
German Mobile activities	9	-	-	-
Dutch Mobile activities	40	-	270	106
◆ Mobile NV	30	-	270	106
◆ Telfort BV	10	-	-	-
Belgian Mobile activities	122	-	66	-
Total	**69**	**-5**	**80**	**19**

Positive tax effect attributable to

- Increased DTA following improved business plan BASE (€ 122 mn)
- Decreased deferred tax position due to lowered Dutch tax rate (€ 52 mn)
  - Tax loss in Fixed division and Other activities (- € 24 mn)
  - Tax benefit in Dutch Mobile activities (€ 76 mn)
- Increase of German DTA for trade tax purposes (€ 9 mn)

Group cash flow Q4

€ mn	Q4 '05	Q4 '04	%
Operating result	**695**	**629**	***10.5%***
Depreciation and amortization[1]	624	562	*11.0%*
Interest paid/received	-258	-271	*-4.8%*
Tax paid/received	-5	19	
Book gains	-118	-17	*> 200%*
Change in provisions[2]	-120	-50	*> 100%*
Change in working capital	151	209	*-27.8%*
Net cash flow from operating activities	**969**	**1,081**	***-10.4%***
Capex[3]	**469**	**510**	***-8.0%***
Free cash flow[4]	**500**	**571**	***-12.4%***
Dividend paid	-	-	-
Share repurchases	-468[5]	-35	*> 200%*
Cash return to shareholders	**-468[5]**	**-35**	***> 200%***

1 Including impairments
2 Excluding changes in deferred taxes
3 Including Property, Plant & Equipment and all software
4 Defined as Net cash flow from operating activities minus Capex
5 An additional amount of € 52 mn will be settled in Q1 2006

- Substantial free cash flow[4] of € 0.5 bn
- Cash flow from operations down 10%
  - € 110 mn NTT DoCoMo book gain
  - € 83 mn release pension provisions
  - Lower working capital inflow
- € 0.5 bn share repurchases from Dutch state

Group cash flow FY ’05

€ mn	FY ’05	FY ’04	%
Operating result	**2,348**	**2,645**	***-11.2%***
Depreciation and amortization[1]	2,376	2,190	*8.5%*
Interest paid/received	-484	-623	*-22.3%*
Tax paid/received	-24	8	
Book gains	-151	-73	*> 100%*
Change in provisions[2]	-248	-63	*> 200%*
Change in working capital	16	-127	
Net cash flow from operating activities	**3,833**	**3,957**	***-3.1%***
Capex[3]	**1,394**	**1,668**	***-16.4%***
Free cash flow[4]	**2,439**	**2,289**	***6.6%***
Dividend paid	-890	-796	*11.8%*
Share repurchases	-1,697[5]	-1,009	*68.2%*
Cash return to shareholders	**-2,587[5]**	**-1,805**	***43.3%***

1 Including impairments
2 Excluding changes in deferred taxes
3 Including Property, Plant & Equipment and all software
4 Defined as Net cash flow from operating activities minus Capex
5 An additional amount of € 52 mn will be settled in Q1 2006

- Free cash flow of € 2.4 bn, up 6.6%
- Cash flow from operations remains strong at € 3.8 bn
  - No significant cash taxes
  - Lower interest paid
  - Working capital inflow
- Lower Capex spending predominantly UMTS in Germany (one-off)
- € 2.6 bn of cash returned to shareholders
  - € 0.9 bn dividend
  - € 1.7 bn share repurchases

Total cash flow

€ mn	Q4 '05	Q4 '04	FY '05	FY '04
Net cash flow from operating activities	**969**	**1,081**	**3,833**	**3,957**
Capex[1]	-469	-510	-1,394	-1,668
Acquisitions	-1,021	-67	-1,031	-77
Disposals	16	79	208	83
Other	-9	-1	11	88
Net cash flow from investing activities	**-1,483**	**- 499**	**-2,206**	**- 1,574**
Dividends paid	-	-	-890	-796
Share repurchases	-468	-35	-1,697	-1,009
Option plans	19	-	-2	-33
Debt financing	-981	-21	-312	-830
Other	46	28	172	29
Net cash flow used in financing activities	**-1,384**	**-28**	**-2,729**	**-2,639**
Changes in cash and cash equivalents	**-1,898**	**554**	**-1,102**	**-256**

1 Including Property, Plant & Equipment and all software

Net cash flow from operating activities

€ mn	Q4 '05	Q4 '04	FY '05	FY '04
Operating Result	695	629	2,348	2,645
Depreciation, amortization and impairments	624	562	2,376	2,190
Interest paid/received	-258	-271	-484	-623
Income tax paid/received	-5	19	-24	8
Book gains	-118	-17	-151	-73
Change in provisions	-120	-50	-248	-63
Net cash flow from operating activities *before changes in working capital*	**818**	**872**	**3,817**	**4,084**
Inventory	-5	-1	64	-74
Trade receivables	45	6	21	18
Other current assets	93	135	107	166
Current liabilities	18	69	-176	-237
Change in working capital	**151**	**209**	**16**	**-127**
Net cash flow from operating activities	**969**	**1,081**	**3,833**	**3,957**
Capex[1]	-469	-510	-1,394	-1,668
Free cash flow[2]	**500**	**571**	**2,439**	**2,289**

1 Including Property, Plant & Equipment and all software
2 Defined as net cash flow from operating activities minus Capex

Capex[1]

€ mn	Q4 '05	Q4 '04	%	FY '05	FY '04	%
Mobile	**235**	**295**	***-20%***	**678**	**1,029**	***-34%***
% net sales Mobile	*15.1%*	*21.9%*		*11.9%*	*19.8%*	
E-Plus	138	239	*-42%*	401	780	*-49%*
% net sales E-Plus	*19.6%*	*35.0%*		*14.6%*	*30.4%*	
KPN Mobile (NL)	49	48	*2%*	159	207	*-23%*
% net sales KPN Mobile (NL)	*6.8%*	*8.5%*		*6.5%*	*9.2%*	
BASE	47	8	*> 200%*	117	42	*> 100%*
% net sales BASE	*32.0%*	*7.1%*		*21.7%*	*9.9%*	
Fixed	**232**	**203**	***14%***	***706***	**609**	***16%***
% net sales Fixed	*13.4%*	*11.3%*		*10.3%*	*8.5%*	
Consumer	44	29	*52%*	59	50	*18%*
% net sales Consumer	*7.5%*	*4.7%*		*2.5%*	*2.0%*	
Business	37	32	*16%*	64	76	*-16%*
% net sales Business	*5.5%*	*4.4%*		*2.4%*	*2.6%*	
Wholesale & Operations	146	142	*3%*	578	483	*20%*
% net sales Wholesale & Operations	*11.7%*	*11.0%*		*11.7%*	*9.3%*	
Other	**2**	**12**	***-83%***	**10**	**30**	***-67%***

Total	**469**	**510**	***-8%***	**1,394**	**1,668**	***-16%***
% net sales	*15.4%*	*17.2%*		*11.9%*	*14.3%*	

1 Including Property, Plant & Equipment and all software

Share buyback progression

€ 1.7 bn returned to shareholders in 2005

- 181 mn shares (7.8% of outstanding capital) cancelled on 6 December
- Share repurchases from Dutch State
  - 60 mn shares repurchased for € 508 mn, stake of Dutch State lowered to 8%
  - Subsequently, the Dutch State's special share in KPN has been repurchased
  - All shares will be cancelled after approval of AGM (11 April 2006)

Q4 '05 [1]	value (€ mn)	mn shares	avg. share price (€)
Second trading line	-	-	-
Open market	-	-	-
Share repurchases from Dutch State	508.2	60.0	8.47
Total	**508.2**	**60.0**	**8.47**

FY '05 [1]	value (€ mn)	mn shares	avg. share price (€)
Second trading line	1,057.0	152.4	6.93
Open market	178.0	26.4	6.74
Share repurchases from Dutch State	508.2	60.0	8.47
Total	**1,743.2**	**238.8**	**7.30**

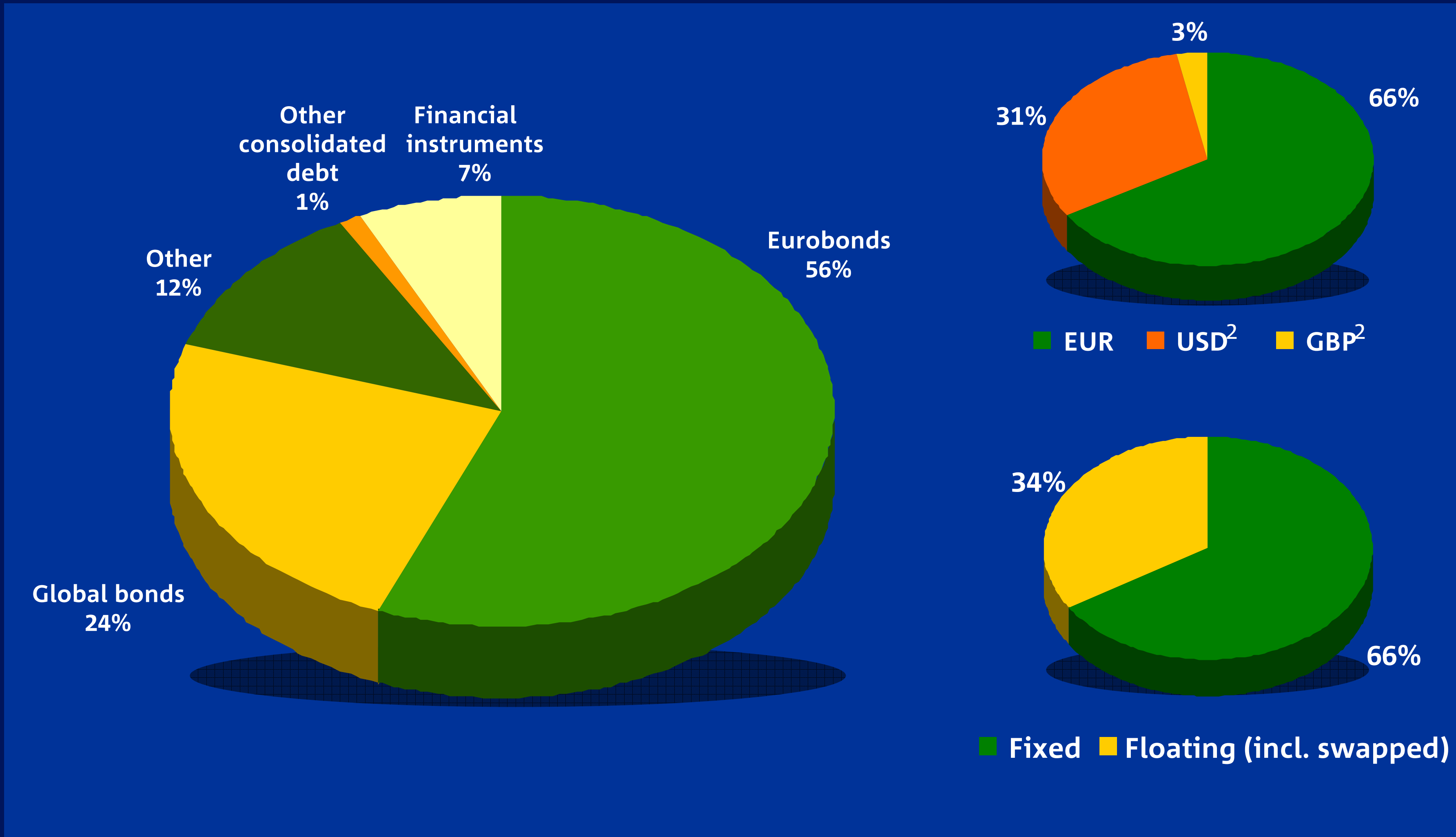
1 Figures based on transaction date of share repurchases

Debt summary

€ bn	Q4 ’05	Q3 ’05
Subordinated convertible bonds	**-**	**0.32**
Eurobonds	**5.64**	**5.65**
Global bonds	**2.37**	**3.21**
Other loans at Royal KPN	**1.16**	**0.74**
Consolidated debt	**0.10**	**0.11**
E-Plus	*0.05*	*0.05*
Other	*0.05*	*0.06*
Fair value financial instruments	**0.70**	**0.87**
Total debt	**9.97**	**10.90**
of which short-term	*2.03*	*2.91*
Cash and cash equivalents	1.07	2.96
Total net debt	**8.90**	**7.94**

Debt portfolio

Gross debt at Q4 ’05: € 10.0 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

Attack Defend Exploit

Health Care

KPN improves efficiency through communication solutions

KPN will implement a secure national Health Care Network based on

- Ethernet VPN
- SDSL
- GSM / UMTS

Service offering

- Internet
- Mail
- Access to applications (examples)
  - Info systems for health care providers
  - Picture Archive Communications Services (e.g. scans and X-rays)
- Backup Services

Attack | Defend | Exploit

Safety & Security

Our solutions make the Netherlands safer

Strategic Goals

- Provide integrated Safety & Security solutions
  - Partnerships based on portfolio and know how
  - Build on and add value to broadband/IP networks
- Increase national security through
  - Innovative implementation of ICT in prevention, monitoring, signaling, alerts, judicial processes

Early Initiatives

- Tracking & tracing of disaster victims
- 'Secure main ports'
- Integrated security solutions

Next Steps

- Focus on security solutions for objects and environments
- Integrate new technology
- Further develop partnerships

Narrowcasting

Allowing business customers to extend their media strategy

Media strategy

Broadcasting

Mass media
- TV
- Radio
- Outdoor
- Print

Personal messaging

1 to 1 media
- Personalized internet
- E-mail
- Direct marketing

Narrowcasting

Location based media
- In-store TV
- Near field communication

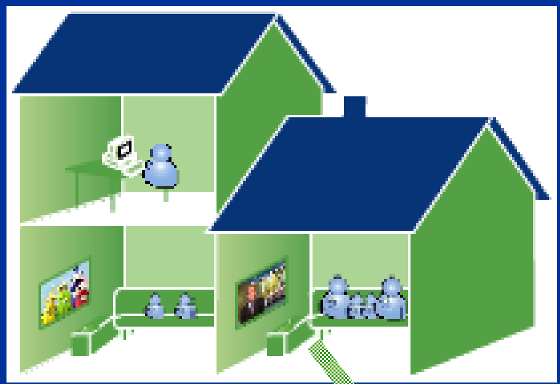
Target groups

Retail

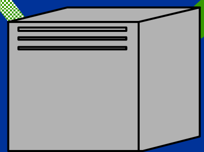
Public areas

In company

All IP will bring fiber to every street cabinet in the Netherlands over the next 5 years[1]



Here is a copper line into the house. The family will get a new modem which will be able to give them 30-40 Mpbs in the near future



In all the 28,000 street cabinets we will be putting in new fiber-to-the-curb technology

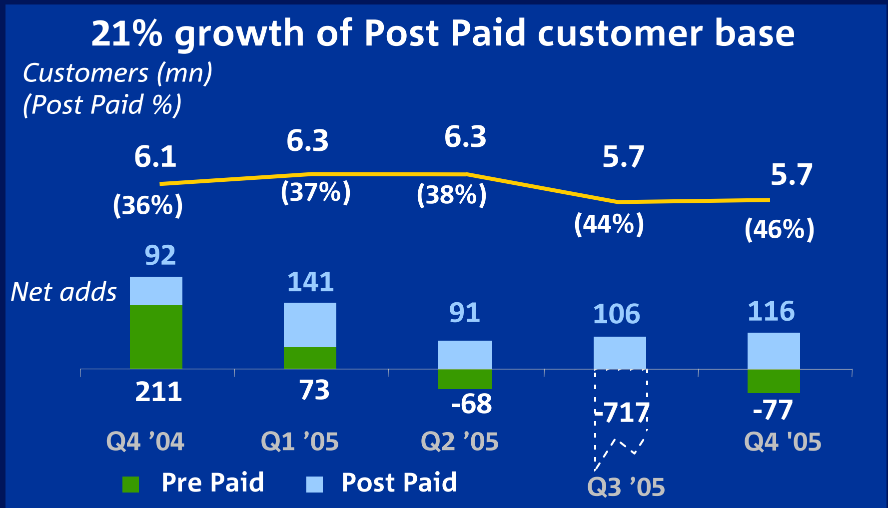
In the end we will dismantle 1,350 telephone exchanges and switch off the old phone network

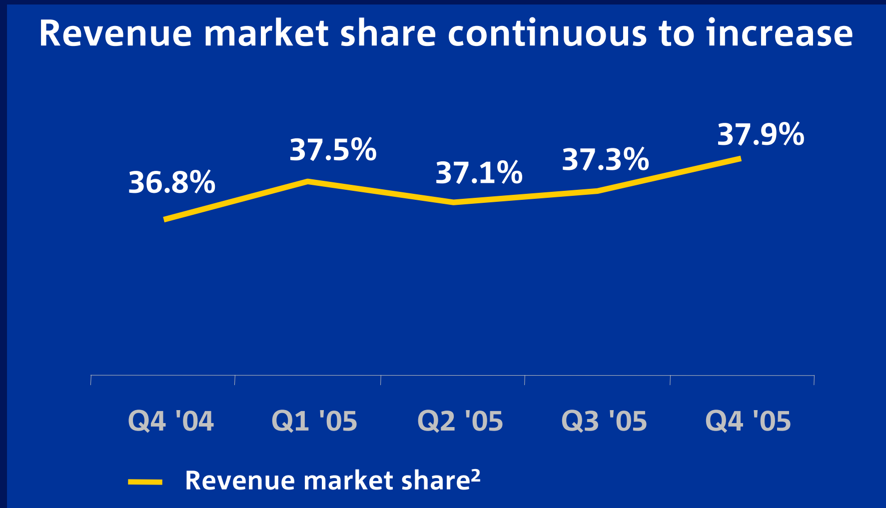
In every city, town and village (and in between them as well) KPN has had fiber for many years. Here we will invest in new equipment to make the internet connections run even faster

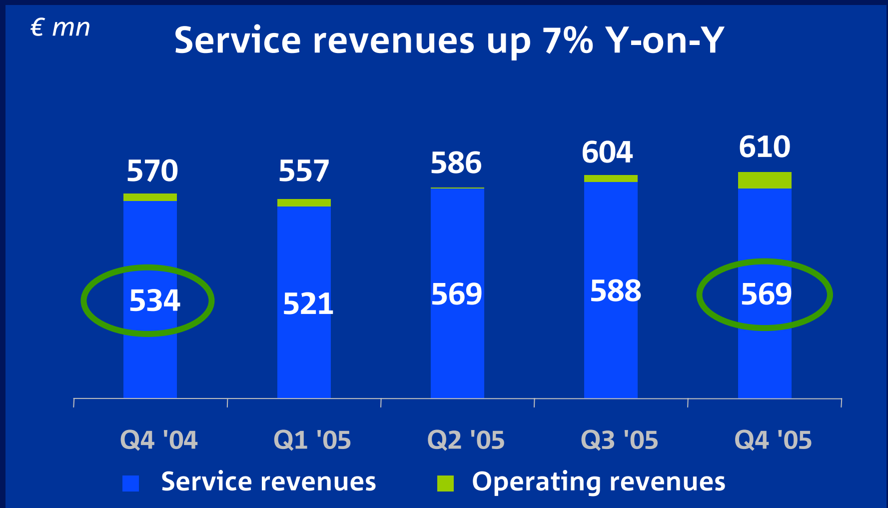
1 We will also roll-out other technologies including wireless such as our recent takeover of Attingo in Schiphol and further rollout of hotspots

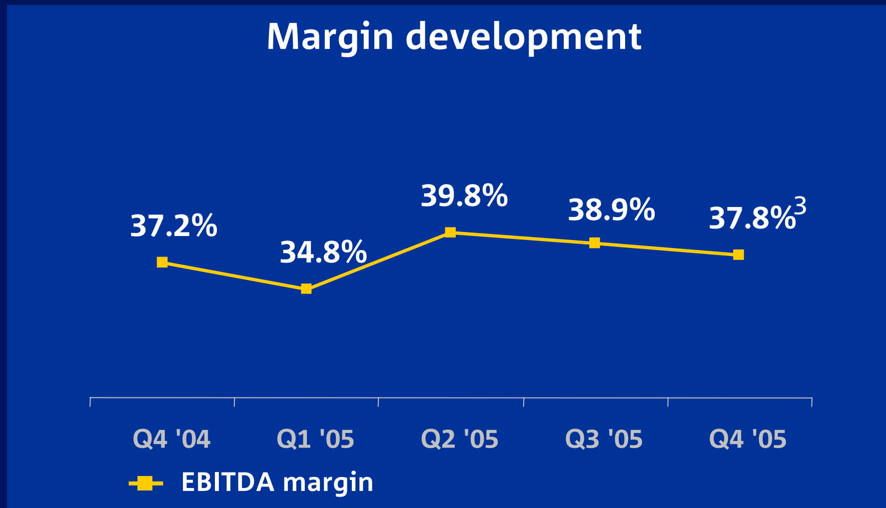
Operating review KPN Mobile the Netherlands excl. Telfort[1]

Ending the year on a high note









1 Q4 '05 excludes Telfort
2 Management estimates, based on revenues as per industry filings, restated for the period for Orange revenue policy
3 Includes € 13 mn related to NTT DoCoMo

KPIs Fixed
Consumer Voice

	Q4 '05	Q3 '05	Q4 '04
Market share Consumer	**± 65%**	**> 60%**	**± 60%**
- Local	*> 65%*	*> 65%*	*± 65%*
- National	*± 60%*	*± 60%*	*> 55%*
- Fixed to Mobile	*± 65%*	*± 65%*	*± 60%*
- International	*> 40%*	*> 40%*	*± 40%*
Lines *(x 1,000)*	**4,999**	**5,137**	**5,359**
PSTN	*4,518*	*4,638*	*4,836*
ISDN	*481*	*499*	*523*
Minutes *(bn)*	**2.74**	**2.55**	**2.99**
- Local	*1.67*	*1.52*	*1.84*
- National	*0.70*	*0.66*	*0.78*
- Fixed to Mobile	*0.28*	*0.28*	*0.27*
- International	*0.09*	*0.09*	*0.10*

KPIs Fixed
Consumer Internet

	Q4 '05	Q3 '05	Q4 '04
KPN ISP customers *(x 1,000)*			
Planet Internet	*804*	*761*	*757*
Het Net	*749*	*643*	*606*
XS4ALL	*312*	*290*	*264*
Other[1]	*112*	*133*	*-*
Total	**1,977**	**1,827**	**1,627**
Broadband market share			
–*Retail (ISP) consumer broadband*	*36.1%*	*34.1%*	*29.7%*
–*Consumer broadband connections*	*42.3%*	*42.4%*	*43.8%*
–*DSL connections*	*70.1%*	*70.8%*	*74.6%*
KPN Broadband ISP customers *(x 1,000)*			
Planet Internet	*577*	*505*	*435*
Het Net	*442*	*364*	*236*
XS4ALL	*211*	*199*	*177*
Direct ADSL	*197*	*162*	*88*
Other[1]	*58*	*75*	*-*
Total	**1,485**	**1,305**	**936**
Internet dial-up minutes *(bn)*	**0.48**	**0.57**	**1.02**

1 Includes acquired customers from Freeler, Tiscali and CistroN

KPIs Fixed

Business

	Q4 '05	Q3 '05	Q4 '04
Market share Business	**> 55%**	**> 55%**	**± 60%**
- Local	*> 60%*	*> 60%*	*± 65%*
- National	*> 55%*	*> 55%*	*± 60%*
- Fixed to Mobile	*> 55%*	*> 55%*	*± 60%*
- International	*± 45%*	*± 45%*	*> 45%*
Lines *(x 1,000)*	**1,908**	**1,930**	**1,988**
PSTN	*965*	*982*	*1,024*
ISDN	*943*	*948*	*964*
Minutes *(bn)*	**2.39**	**2.34**	**3.03**
- Local	*0.88*	*0.83*	*1.06*
- National	*0.78*	*0.77*	*0.95*
- Fixed to Mobile	*0.32*	*0.31*	*0.33*
- Internet	*0.29*	*0.30*	*0.55*
- International	*0.12*	*0.13*	*0.14*
Leased lines *(x 1,000)*	**47,651**	**49,983**	**59,487**
Analogue	*80%*	*79%*	*72%*
Digital	*20%*	*21%*	*28%*
VAS			
Frame Relay *(# ports)*	3,451	3,668	4,665
MVPN-routers	11,673	12,051	9,901
IP-VPN connections	39,018	37,671	30,164
VPNs *(# customers)*	1,760	1,684	1,409

KPIs Fixed

Wholesale & Operations

X 1,000	Q4 '05	Q3 '05	Q4 '04
Local exchanges			
DSL enabled	*1,361*	*1,361*	*1,361*
ADSL coverage NL[1]	*99%*	*99%*	*99%*
MDF access lines[2]	*2,551*	*2,348*	*1,898*
of which line sharing[2,3]	*2,349*	*2,247*	*1,834*
Minutes *(bn)*	**10.42**	**9.86**	**10.62**
–Terminating services	*3.44*	*3.13*	*3.50*
–Originating voice	*2.67*	*2.53*	*3.00*
–Originating internet	*0.40*	*0.43*	*0.77*
–Transit services	*1.85*	*1.65*	*1.57*
–International wholesale services	*2.06*	*2.12*	*1.78*
Other/intercompany minutes *(bn)*	0.21	0.22	0.24

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

	Q4 '05	Q3 '05	Q4 '04
Market share			
–*Market share revenue*[1]	*12.4%*	*12.1%*	*12.1%*
–*Market share base*[2]	*13.5%*	*13.2%*	*13.3%*
Customers *(x 1,000)*	**10,748**	**10,124**	**9,511**
Post Paid	5,574	5,258	4,724
Pre Paid	5,174	4,866	4,787
Service revenues	**629**	**644**	**603**
ARPU *(€)*	**20**	**21**	**22**
Post Paid	*33*	*36*	*37*
Pre Paid	*6*	*6*	*7*
Non-voice as % of ARPU	***16%***	***15%***	***16%***
MoU *(minutes)*	**88**	**78**	**76**
Post Paid	*147*	*133*	*133*
Pre Paid	*23*	*20*	*21*
SAC/SRC *(€)*	**114**	**136**	**150**
Post Paid	*197*	*217*	*213*
Pre Paid	*20*	*22*	*30*

1 Management estimates, based on revenues
2 Management estimates, based on numbers of customers

KPIs Mobile
KPN Mobile (NL)

	Q4 '05	Q3 '05	Q4 '04
Market share			
–*Market share revenue*[1]	*46.3%*	*37.3%*	*36.8%*
–*Market share base*[2]	*49.5%*	*37.0%*	*40.0%*
Customers *(x 1,000)*	**8,072**	**5,701**	**6,076**
Post Paid	3,260	2,524	2,186
Pre Paid	4,812	3,177	3,890
Service revenues	**690**	**588**	**534**
ARPU *(€)*	**29**	**32**	**30**
Post Paid	*58*	*66*	*68*
Pre Paid	*9*	*9*	*9*
Non-voice as % of ARPU	***14%***	***15%***	***12%***
MoU *(minutes)*	**132**	**122**	**120**
Post Paid	*282*	*256*	*280*
Pre Paid	*32*	*30*	*29*
SAC/SRC *(€)*[3]	**188**	**226**	**175**
Post Paid	*309*	*349*	*251*
Pre Paid	*19*	*18*	*35*

1 Management estimates, based on numbers of customers, as per industry filings, numbers restated for Orange revenue policy
2 Management estimates, based on revenues as per industry filings
3 Numbers restated for intercompany charges from internal retail outlets

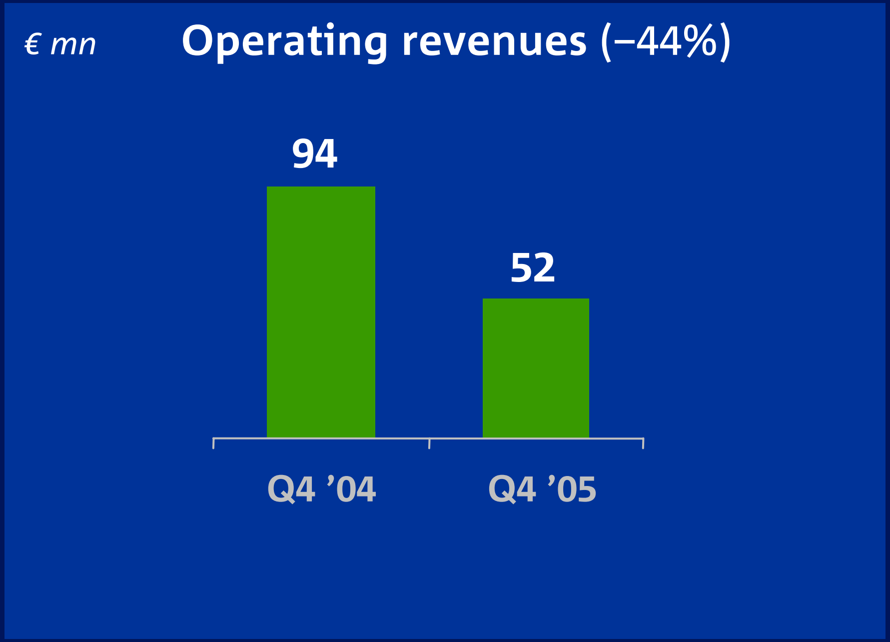
KPIs Mobile

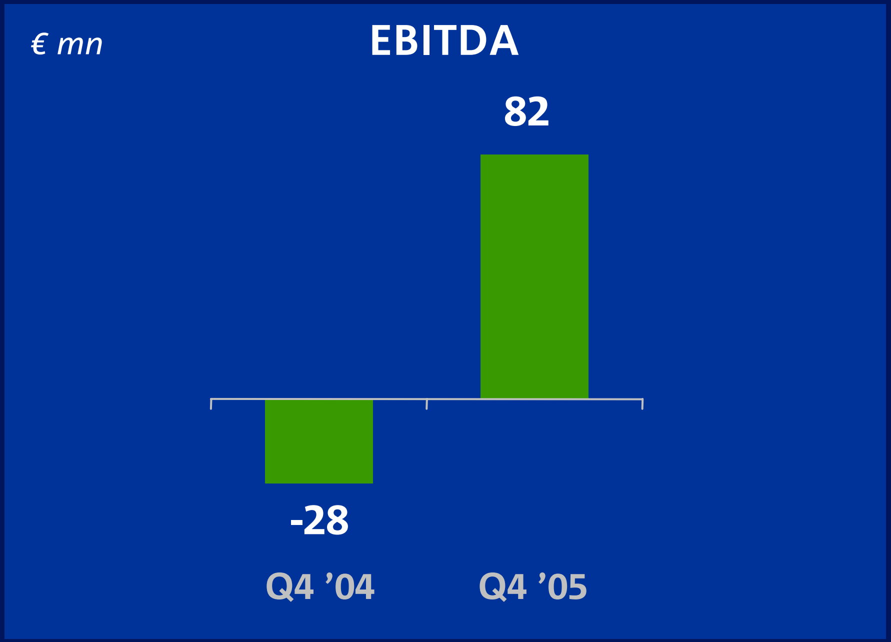
BASE

	Q4 '05	Q3 '05	Q4 '04
Market share			
–*Market share revenue*[1]	*> 13%*	*> 13%*	*> 11%*
–*Market share base*[2]	*> 19%*	*19%*	*> 17%*
Customers *(x 1,000)*	**2,001**	**1,929**	**1,647**
Post Paid	429	372	323
Pre Paid	1,572	1,557	1,324
Service revenues	**146**	**138**	**112**
ARPU *(€)*	**25**	**24**	**24**
Post Paid	*60*	*63*	*62*
Pre Paid	*16*	*15*	*14*
Non-voice as % of ARPU	***14%***	***14%***	***16%***
MoU *(minutes)*	**128**	**106**	**112**
Post Paid	*346*	*240*	*221*
Pre Paid	*72*	*73*	*86*
SAC/SRC *(€)*	**35**	**27**	**20**
Post Paid	*53*	*49*	*49*
Pre Paid	*22*	*20*	*10*

1 Management estimates, based on revenues
2 Management estimates (only rounded figures available), based on numbers of customers

Other in Q4





- Deconsolidation of PanTel
  - Revenue € 29 mn
  - EBITDA € 7 mn
- Letter of intend signed to sell Xantic, expected to close in Q1
- € 83 mn release of pension provision, partly offset by € 6 mn restructuring charges (Q4 ’04: € 15 mn)