Second Quarter 2014 results

30 July 2014

Safe harbor

Non-GAAP measures and management estimates

This financial report contains a number of non-GAAP figures, such as EBITDA and Free Cash Flow ('FCF'). These non-GAAP figures should not be viewed as a substitute for KPN's GAAP figures.

KPN defines EBITDA as operating result before depreciation and impairments of PP&E and amortization and impairments of intangible assets. Note that KPN's definition of EBITDA deviates from the literal definition of earnings before interest, taxes, depreciation and amortization and should not be considered in isolation or as a substitute for analyses of the results as reported under IFRS as adopted by the European Union. In the Net Debt / EBITDA ratio, KPN defines Net Debt as the nominal value of interest bearing financial liabilities excluding derivatives and related collateral, representing the net repayment obligations in Euro, taking into account 50% of the nominal value of the hybrid capital instruments, less net cash and short-term investments, and defines EBITDA as a 12 month rolling total excluding restructuring costs, incidentals and major changes in the composition of the Group (acquisitions and disposals). Free Cash Flow is defined as cash flow from operating activities plus proceeds from real estate, minus capital expenditures (Capex), being expenditures on PP&E and software and excluding tax recapture regarding E-Plus. Revenues are defined as the total of revenues and other income unless indicated otherwise. Adjusted revenues and adjusted EBITDA are derived from revenues (including other income) and EBITDA, respectively, and are adjusted for the impact of restructuring costs and incidentals.

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

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

Forward-looking statements

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

These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside KPN's control that could cause actual results to differ materially from such statements and speak only as of the date they are made. A number of these factors are described (not exhaustively) in the Integrated Annual Report 2013.

Contents

Executive summary

On track to reach outlook

- Conditional approval for sale of E-Plus to Telefónica Deutschland
- Sale of E-Plus leading to solid financial profile, recommencing dividend payments
- Attractive 20.5% stake in leading German digital telco
- Impairment of € 744m leading to € 210m increase of DTA to € 1.1bn, limiting tax cash out in The Netherlands in the coming years

- Continued growth 4G, IPTV and multi play in The Netherlands
- 43k IPTV net adds leading to triple play penetration of 47%
- High postpaid net adds in Consumer Mobile (+53k) and Business (+16k)
- First results Simplification program, accelerated in Business segment
- Good postpaid net adds (+16k) and market outperformance in Belgium

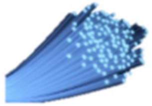
- Lower revenues due to competitive mobile markets and declining Business market size
- Adjusted EBITDA (excl. phasing out handset lease) down 13% y-on-y due to declining revenues
- Capex H1 ’14 24% lower y-on-y, lower customer driven investments (incl. phasing out handset lease), lower network investments, Simplification
- Free cash flow reflects phasing

Building on strong fundamentals

Solid and cash generative company

Solid financial profile

Best-in-class networks



Market leading products

Unique multi play propositions

Strong cost focus, Simplification

Challenger in Belgium

Solid and cash generative company
Growing dividend in respect of 2015

Sale of E-Plus leading to solid financial profile

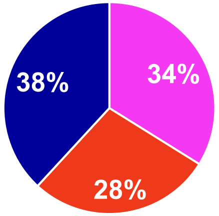
Strong platform to execute strategy

Cash proceeds

- Majority of € 5.0bn cash proceeds to be used to increase financial flexibility
- Providing solid platform to execute strategy in The Netherlands and Belgium
- Recommence dividend payments in respect of 2014[1]

20.5% stake Telefónica Deutschland

- Leading digital Telco
  - Combined subscriber market share of 38%[2]
  - 45m subscribers[2]



- Excellent network and strong multi-brand portfolio
- Benefitting from substantial synergies estimated >€ 5.0bn
- Cash upside via potential dividend payments

1 Subject to closing sale of E-Plus
2 Based on Q1 '14 publicly available information

Best-in-class networks & market leading products

Networks ahead of the curve in Europe

Best-in-class networks

- Hybrid upgraded copper / FttH strategy

Download speed[1]	2013	2014	2015
>40Mbps	~70%	~75%	~80%
100Mbps	~30%	~50%	~65%

- Nationwide 4G coverage reached in Q1 '14, ahead of competition in The Netherlands
- Continued 4G network roll-out in Belgium, now at 55% coverage

Market leading products

- Strong customer focus and service improving customer loyalty

Market leading IPTV proposition[2]

Excellent 4G services[2]

Leading cloud services

- Supporting KPN's multi play propositions in consumer and business markets

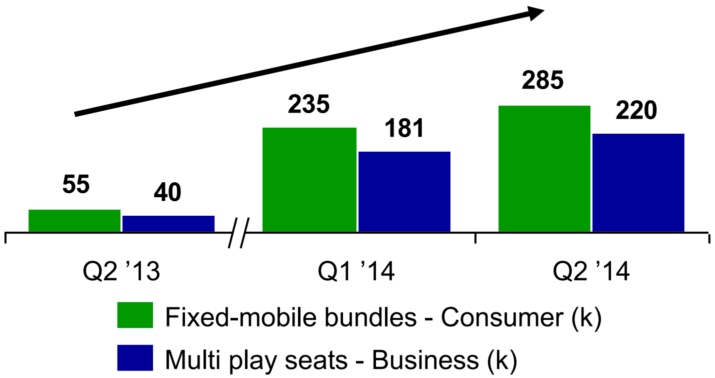
- Combination of high network quality and price leadership in Belgium

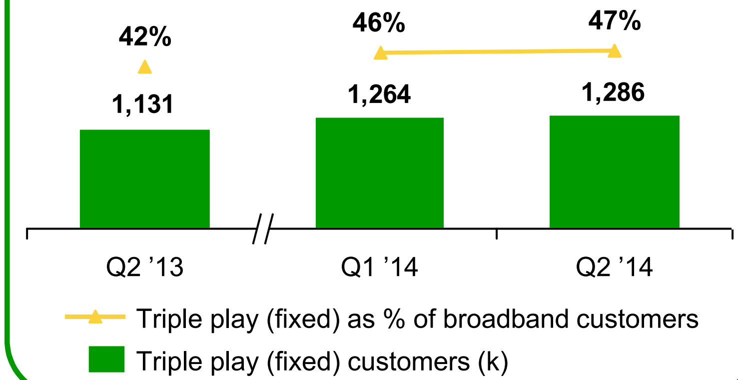
1 % of Dutch households with access to download speeds at KPN
2 Consumentenbond, the largest independent Dutch consumer organization

Multi play[1]

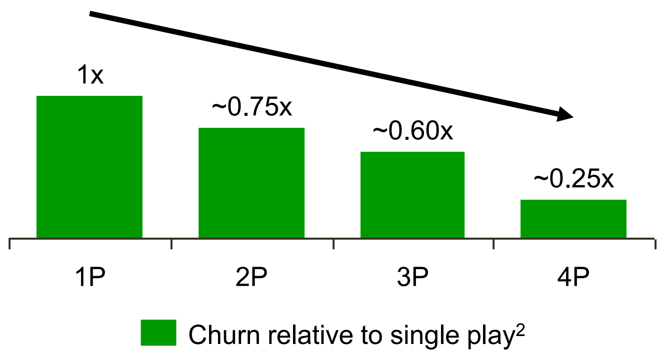
Unique multi play propositions reducing churn

Bundling…





…significantly reducing churn



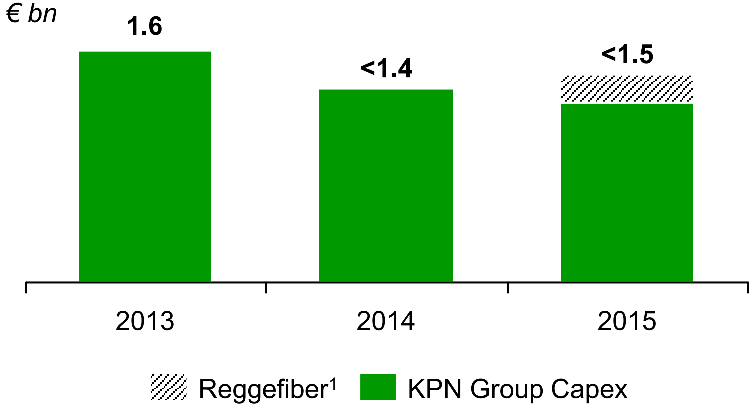
1 Multi play relates to bundling of services, including fixed dual and triple play and fixed-mobile bundles
2 Consumer market, KPN brand

Strong focus on costs

Lower Capex and Simplification program

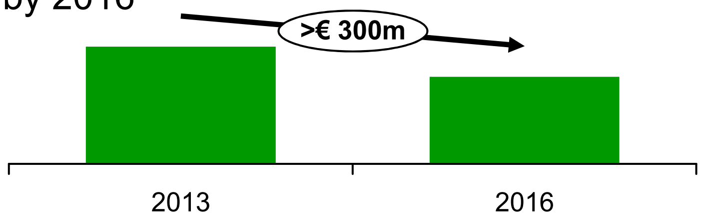
Lower Capex going forward

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

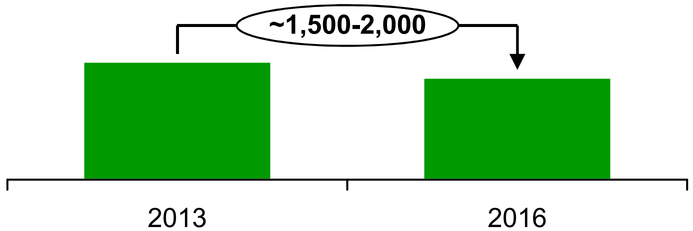


Simplification program

- Simplifying product portfolio, client processes, networks and IT
- >€ 300m run-rate Capex and opex savings by 2016



- ~1,500-2,000 FTE reductions expected in The Netherlands by 2016



1 Reggefiber Capex included per 1 January 2015

Belgium

Strong Challenger outperforming the market

Mobile centric Challenger strategy

Low cost operating model

- Increasing market share
- Continued good postpaid net adds
- Strong data revenue growth
- High network quality,
  4G coverage at 55%

Outlook (continuing operations)[1]

On track for stabilizing financial performance towards end 2014

2014

- Financial performance stabilizing towards the end of 2014
- Capex < € 1.4bn[2]

2015

- Capex < € 1.5bn, including Reggefiber[2]
- Free cash flow (excl. TEFD dividend)[3] growth expected in 2015
  - Limited tax cash out in The Netherlands in coming years due to tax loss on sale of E-Plus
  - Interest payments trending down due to reduction of gross debt in coming years
- Additional excess cash via potential dividend from 20.5% stake Telefónica Deutschland

1 The release of the pension provision and related one-off lump-sum payment are seen as incidentals and therefore excluded from the outlook
2 Assuming Reggefiber consolidation per 31 December 2014
3 Free cash flow outlook defined as cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding potential Telefónica Deutschland dividend

Shareholder remuneration

Recommencing sustainable dividend payments[1]

Dividend

- Recommencing sustainable dividend payments, DPS of € 0.07 in respect of 2014
- 1/3 interim dividend planned following closing E-Plus sale, expected in Q3 2014
- 2/3 final dividend in April 2015
- Growing DPS in respect of 2015 expected

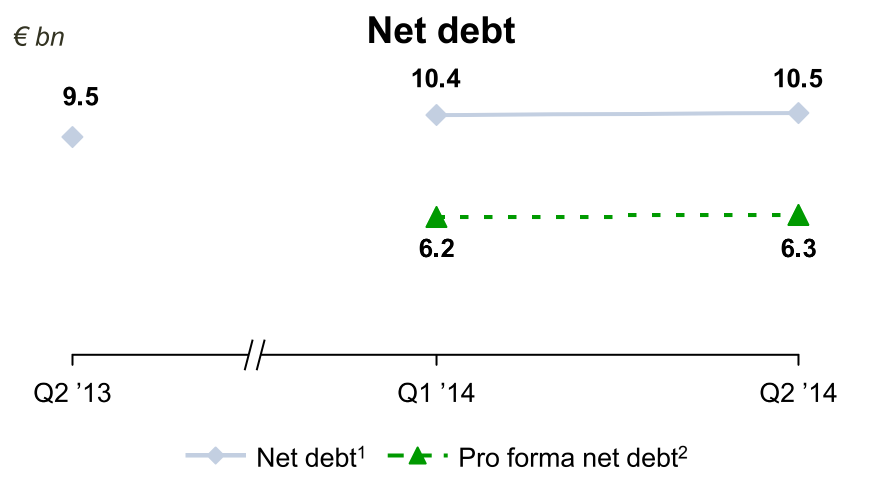
Additional excess cash

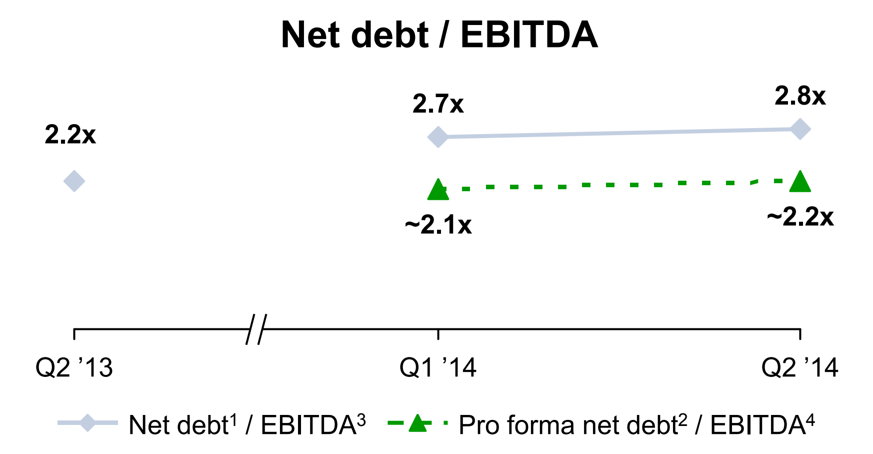
- 20.5% stake Telefónica Deutschland
  - Cash upside via potential dividend payments
- Excess cash could be utilized for
  - Operational / financial flexibility
  - (Small) in-country M&A
  - Shareholder remuneration

1 Subject to closing E-Plus sale

Contents

Group financial profile





- Pro forma net debt of € 6.3bn per Q2 '14, relatively stable q-on-q
- Average coupon senior bonds 4.9%, average maturity senior bonds 7.0 years
- Net debt / EBITDA at ~2.2x, pro forma E-Plus sale and Reggefiber consolidation
  - Lower 12 months rolling EBITDA
- Pension fund agreement positive step in KPN's financial risk profile
  - Lower cash flow risk (volatility)
  - Positive impact on adjusted leverage ratios as calculated by credit rating agencies

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

Group results Q2 '14 (continuing operations)

€ m (continuing operations)	Q2 '14	Q1 '14	Q2 '13	*y-on-y %*
Revenues	2,004	1,996	2,156	*-7.1%*
Adjusted revenues[1]	**1,989**	**1,989**	**2,139**	***-7.0%***
Opex (excl. D&A)	**937**	**1,372**	**1,397**	***-33%***
EBITDA[2]	1,067	624	759	*41%*
Adjusted EBITDA[3]	**633**	**621**	**785**	***-19%***
– Depreciation[4]	319	306	312	*2.2%*
– Amortization[4]	143	139	155	*-7.7%*
Operating expenses	1,399	1,817	1,864	*-25%*
Operating profit	**605**	**179**	**292**	***>100%***
Financial income/expense	-161	-159	-159	*1.3%*
Share of profit of associates	-	-1	-1	*-100%*
Profit before taxes	**444**	**19**	**132**	***>100%***
Taxes	-95	-16	30	*n.m.*
Profit after taxes	**349**	**3**	**162**	***>100%***

- Adjusted revenues down 7.0% y-on-y
  - Competitive mobile markets and declining Business market size
- Opex (excl. D&A, pension release and impact phasing out handset lease) decreased 5.9% y-on-y
  - Lower personnel costs in The Netherlands
- Adjusted EBITDA (excl. impact phasing out handset lease of ~€ 48m) down 13% y-on-y due to declining revenues
- Reported EBITDA supported by € 451m release of pension provision (€ 361m net of tax)
  - Collective Defined Contribution pension plan to be implemented per 1 January 2015

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

Group results YTD ’14 (continuing operations)

€ m (continuing operations)	YTD ’14	YTD ’13	%
Revenues	4,000	4,331	*-7.6%*
Adjusted revenues[1]	**3,978**	**4,294**	***-7.4%***
Operating expenses (excl. D&A)	**2,309**	**2,772**	***-17%***
EBITDA[2]	1,691	1,559	*8.5%*
Adjusted EBITDA[3]	**1,254**	**1,570**	***-20%***
– Depreciation[4]	625	611	*2.3%*
– Amortization[4]	282	301	*-6.3%*
Operating expenses	3,216	3,684	*-13%*
Operating profit	**784**	**647**	***21%***
Financial income/expense	-320	-338	*-5.3%*
Share of profit of associates	-1	-4	*-75%*
Profit before taxes	**463**	**305**	***52%***
Taxes	-111	9	*n.m.*
Profit after taxes	**352**	**314**	***12%***

- Adjusted revenues down 7.4% y-on-y
  - Competitive mobile markets and declining Business market size
- Opex (excl. D&A, pension release and impact phasing out handset lease) decreased 5.2% y-on-y
  - Lower personnel costs in The Netherlands
- Adjusted EBITDA (excl. impact phasing out handset lease of ~€ 91m) down 14% y-on-y due to declining revenues

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

Group cash flow Q2 '14 (continuing operations)

€ m (continuing operations)	Q2 '14	Q2 '13	%
EBITDA	**1,067**	**759**	***41%***
Interest paid/received	-123	-119	*3.4%*
Tax paid/received	-15	-77	*-81%*
Change in provisions[1]	-489	-47	*>100%*
Change in working capital[1]	-53	-88	*-40%*
Other movements	-5	-17	*-71%*
Net cash flow from operating activities	**382**	**411**	***-7.1%***
Capex[2]	**310**	**415**	***-25%***
Proceeds from real estate	-	-	-
Tax recapture E-Plus	-	56	*-100%*
Free cash flow[3]	**72**	**52**	***38%***
Coupon on perpetual hybrid	-	-	-

- Free cash flow higher y-on-y at € 72m mainly due to
  - € 105m lower Capex
  - € 35m more cash from change in working capital
  - € 23m improvement related to other items

  Partly offset by
  - € 143m lower EBITDA, excluding € 451m release of pension provision
- Capex 25% lower y-on-y
  - Lower customer driven investments, incl. phasing out of handset lease
  - Lower mobile and fixed network investments
  - Simplification

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

Group cash flow YTD ’14 (continuing operations)

€ m (continuing operations)	YTD ’14	YTD ’13	%
EBITDA	**1,691**	**1,559**	***8.5%***
Interest paid/received	-455	-416	*9.4%*
Tax paid/received	-13	-136	*-90%*
Change in provisions[1]	-604	-101	*>100%*
Change in working capital[1]	-188	32	*n.m.*
Other movements	-4	-23	*-83%*
Net cash flow from operating activities	**427**	**915**	***-53%***
Capex[2]	**647**	**848**	***-24%***
Proceeds from real estate	-	2	*-100%*
Tax recapture E-Plus	-	93	*-100%*
Free cash flow[3]	**-220**	**162**	***n.m.***
Coupon on perpetual hybrid	-	-	-

- Free cash flow € 382m lower y-on-y mainly due to
  - € 319m lower EBITDA, excluding € 451m pension provision release
  - € 220m less cash from change in working capital, H1 ’13 supported by € 167m prepayments made in Q4 ’12
  - € 50m cash settlement KPNQwest
  - € 39m higher interest paid

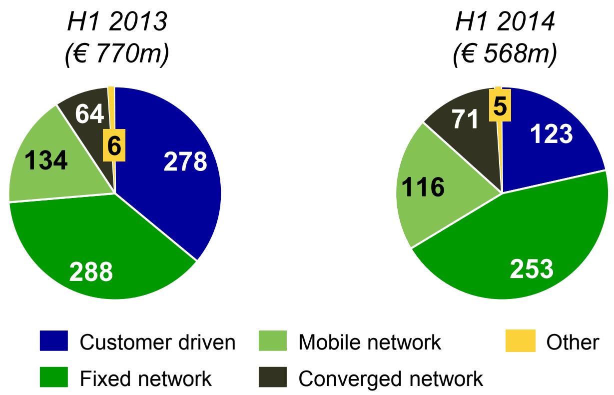
  Partly offset by
  - € 201m lower Capex
  - € 30m lower tax paid
- Capex 24% lower y-on-y
  - Lower customer driven investments, incl. phasing out of handset lease
  - Lower mobile and fixed network investments
  - Simplification

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

Capex review

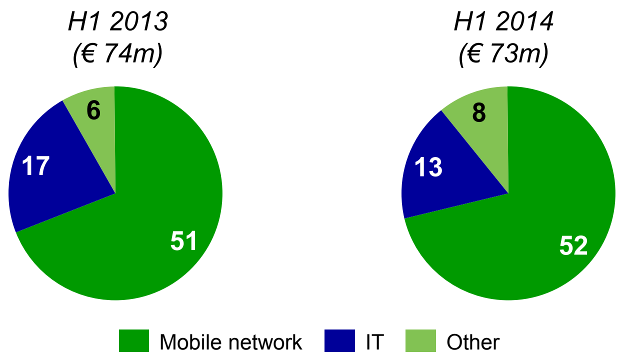
First results Simplification program visible in The Netherlands

Less elevated investment levels in The Netherlands



- Lower customer driven investments, incl. phasing out of handset lease
- Simplification program resulting in ~€ 35m Capex savings H1 ’14

Continued network investments in Belgium



- Continued investments in network quality
- Roll-out 4G network ongoing, currently 55% population coverage

Contents

Operational progress across segments

	Consumer Residential	Consumer Mobile	Business
Today	➢ Continued growth IPTV, triple and quad play ➢ Continued promotional activities competition	➢ Net adds driven by 4G, improved brand positioning and multi play ➢ Shift to SIM-only ➢ Lower above bundle usage	➢ Business market size declining ➢ Stable market positions ➢ Shift to IP ongoing
Actions going forward	➢ New integrated FttH / copper line up ➢ New KPN and Telfort fixed-mobile bundles ➢ Further IPTV innovations	➢ Increase speeds and size data bundles ➢ Fixed-mobile bundles to further reduce churn ➢ Price increases low-end SIM-only	➢ Acceleration Simplification program ➢ Increase size data bundles ➢ Growing multi play and new services ➢ De-risking revenue profile

Networks & Operations

- ➢ Excellent position as integrated access provider
  - Large steps taken in quality, capacity and Simplification
  - Vectoring leading to ~50% coverage 100Mbps end ’14, combined with FttH
  - Only operator with nationwide 4G, increasing capacity and speeds

Simplification program

First operational results realized since start of program

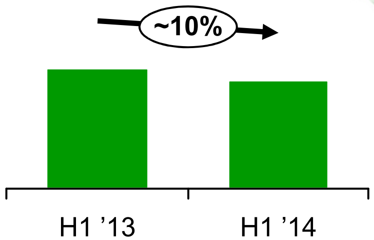
Product portfolio

- Consumer Residential
  - ~85% reduction realized, now 4 KPN propositions (FttH / copper combined)

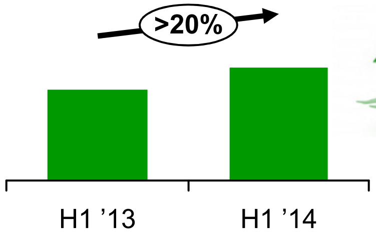
- Consumer Mobile
  - >60% reduction in # of Hi propositions
- Business
  - >40% reduction total # of propositions end '14

Client processes

- Reduction inbound calls



- NPS related to customer service & delivery increased



IT & networks

- ~5% of IT applications reduced

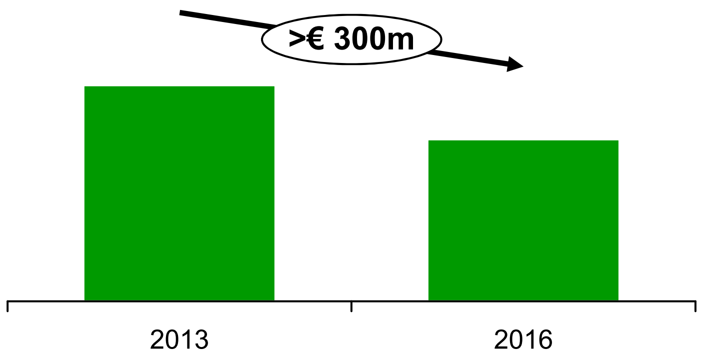
- Improved operational performance NetCo leading to
  - ~30% downtime reduction
  - ~50% reduction call ratio related to IPTV

Simplification program (cont'd)

First cost savings realized in H1 2014

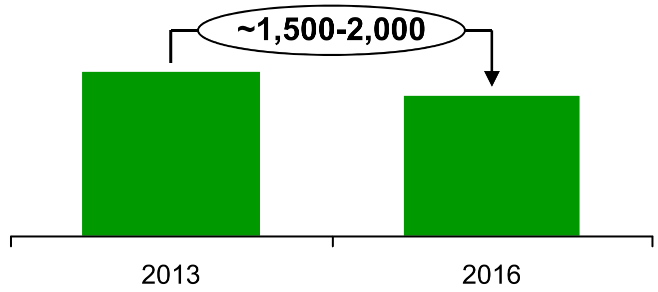
Cost savings

- H1 '14 Capex & opex savings ~€ 75m y-on-y driven by less IT spend and FTE reductions
- >€ 300m run-rate Capex and opex savings by 2016



FTE reductions

- ~350 FTE reductions in H1 '14 in The Netherlands
- Simplification program in Business segment accelerated
- ~1,500-2,000 FTE reductions expected in The Netherlands by 2016



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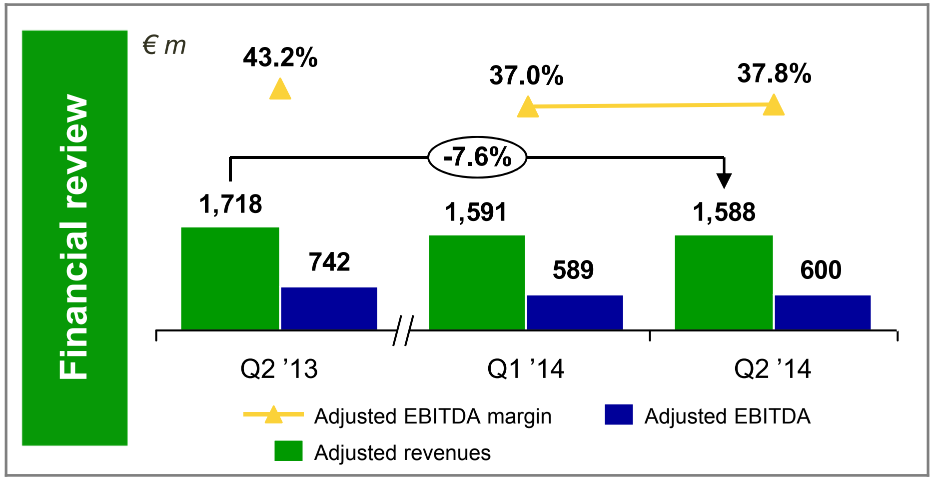
Operating review The Netherlands

Financial performance stabilizing towards end 2014

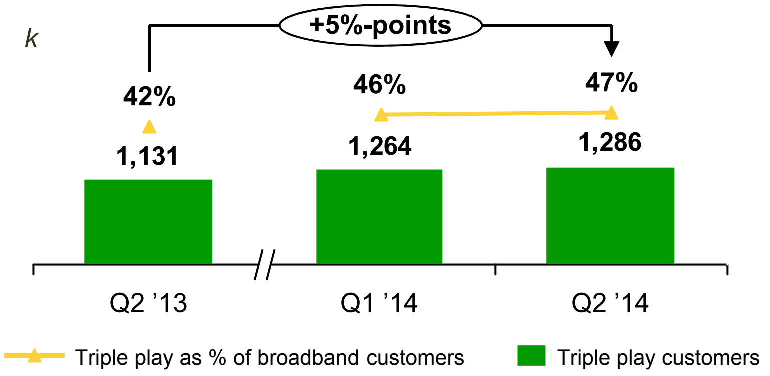


- Adjusted revenues 7.6% lower y-on-y
  - Competitive mobile markets and declining Business market size
- Adjusted EBITDA 13% lower (excl. impact phasing out handset lease) y-on-y
  - Mainly driven by lower revenues Business and Consumer Mobile
- Adjusted EBITDA trend improving q-on-q

Consumer - multi play

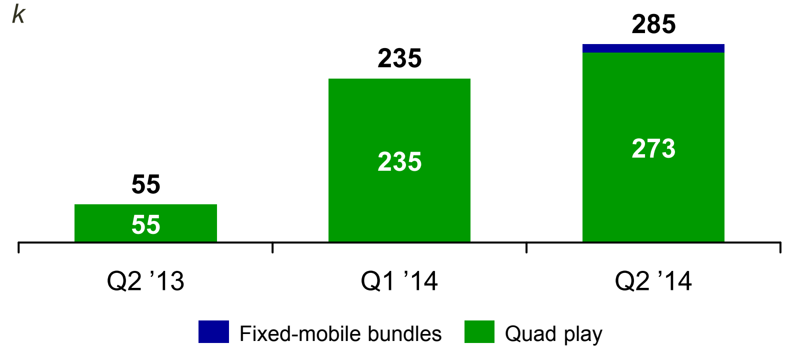
Continued focus on multi play reducing churn

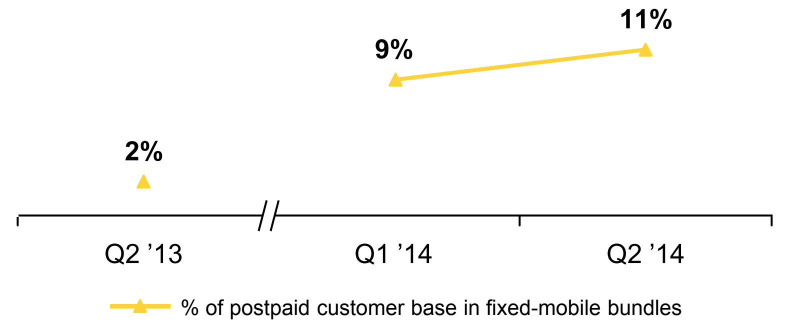
Continued growth triple play and…



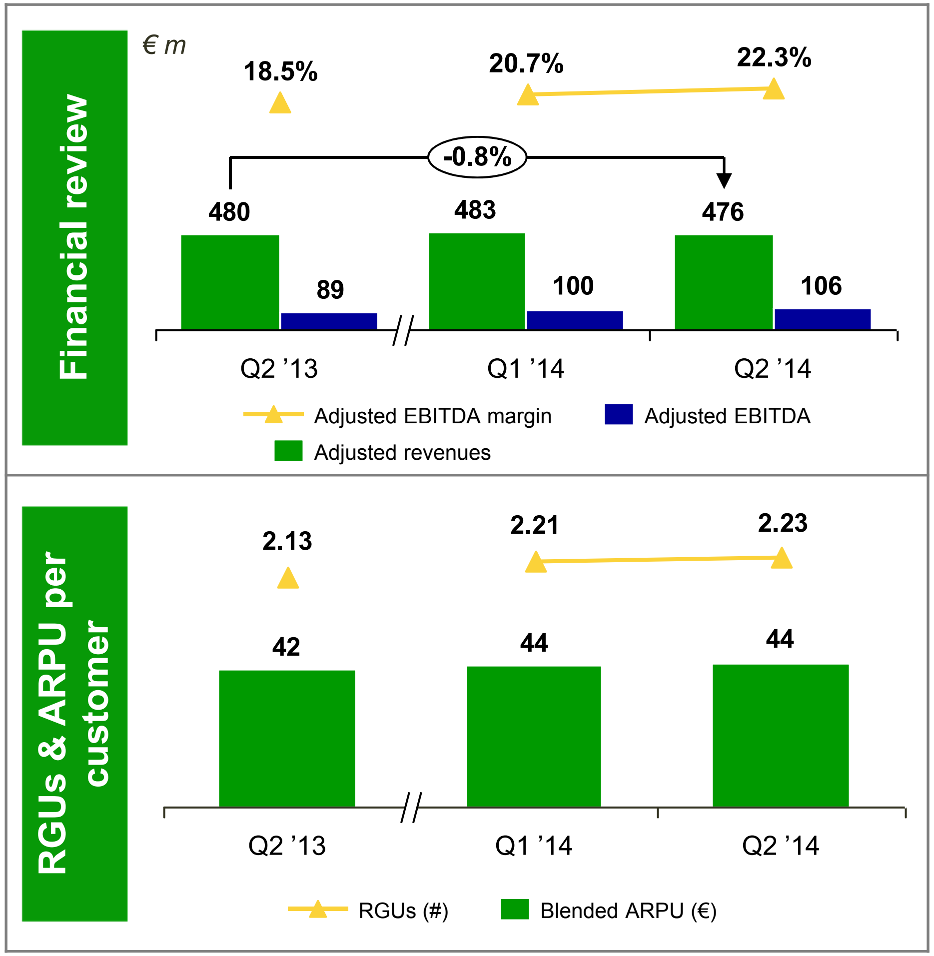
- Continued growth triple play customer base, penetration up 5%-points y-on-y

…focus on growing fixed-mobile bundles



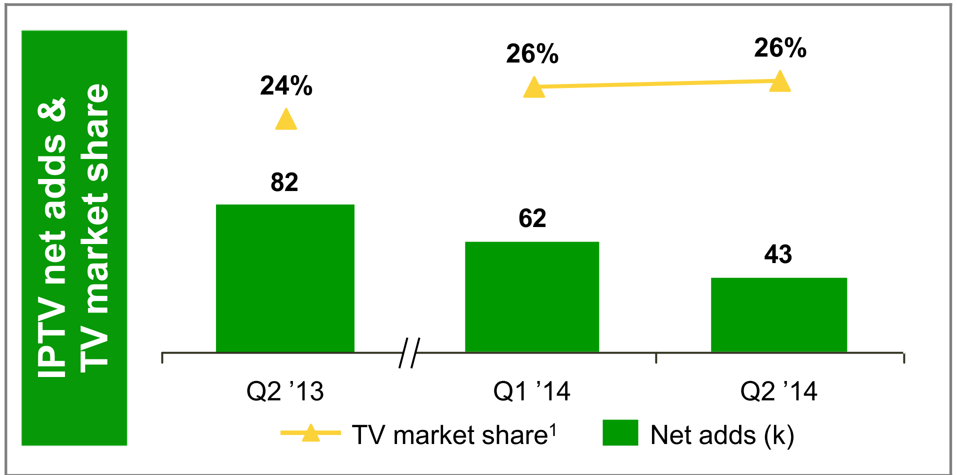


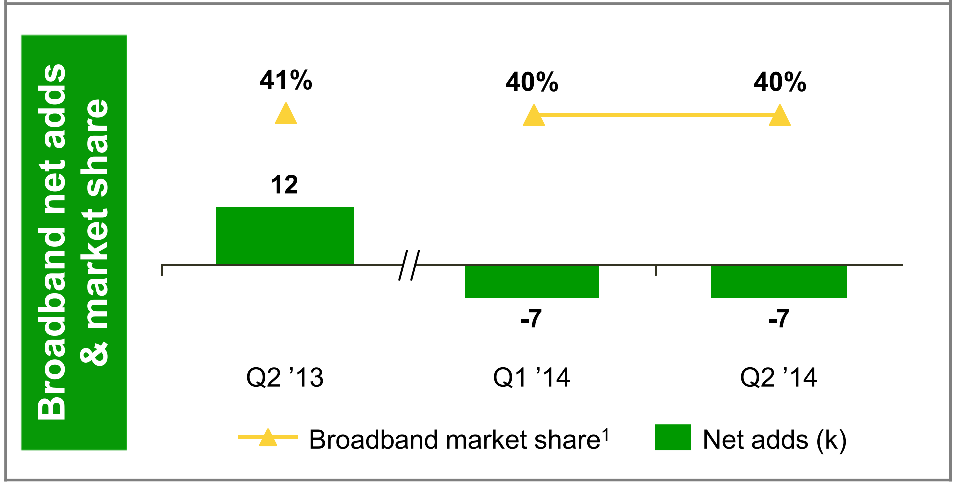
Consumer Residential



- Adjusted revenues 0.8% lower y-on-y
  - Ongoing decline traditional voice services
  - Continued promotional activities by competition in H1 '14
  - Partly offset by growing FttH revenues
- Adjusted EBITDA margin higher y-on-y at 22.3% supported by lower personnel costs
- Increasing RGUs per customer driven by take-up triple play
- Continuing increase ARPU per customer

Consumer Residential (cont'd)

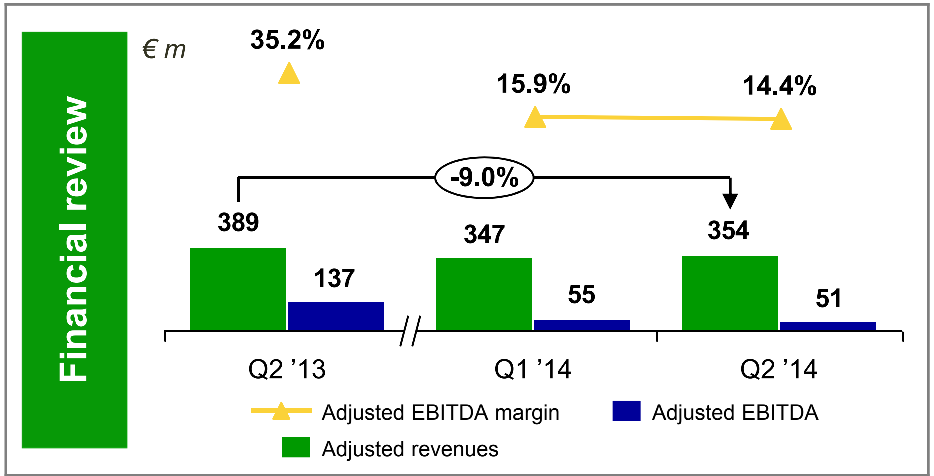


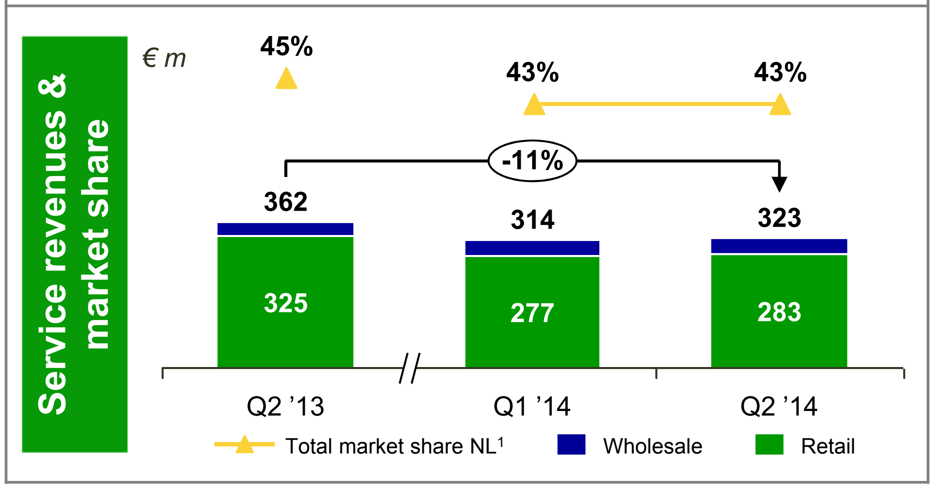


- Continued promotional activities by competition
- Market leading IPTV proposition driving IPTV net adds, TV market share at 26%
- 2 million TV customers reached
- Initiatives implemented to support IPTV and broadband customer base growth in H2 '14

1 Source: Telecompaper, management estimates for Q2 '14

Consumer Mobile



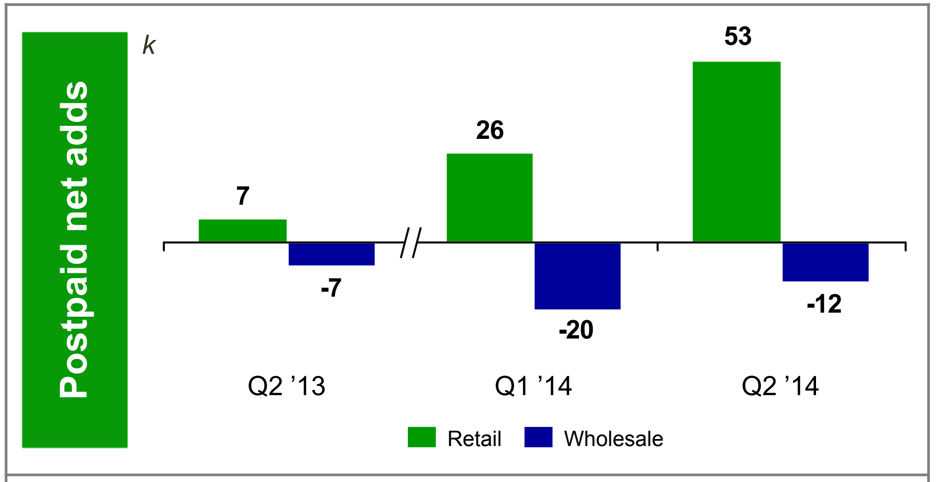


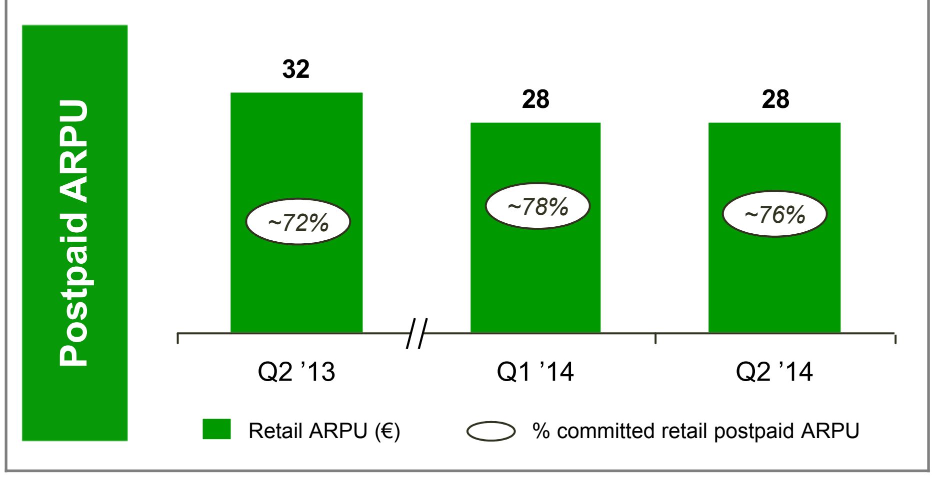
- Underlying service revenue decline of 9.3% y-on-y (Q1 ’14: -12%)
  - Continued shift towards SIM-only
  - Lower above bundle usage
  - Lower price levels y-on-y
- Adjusted EBITDA margin lower y-on-y
  - Phasing out handset lease (~€ 48m)
  - Lower service revenues
  - Higher retention and subscriber acquisition costs
- Market share at 43% in competitive mobile market

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

Consumer Mobile (cont'd)

High postpaid net adds





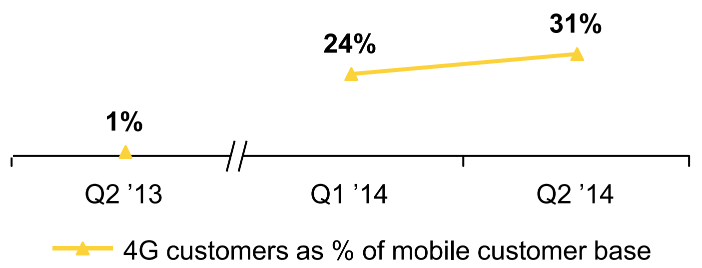
- High retail postpaid net adds of 53k
  - Driven by good performance KPN and Telfort brands
- Strong focus on existing customers leading to lower churn
  - Good uptake multi play
  - Nationwide 4G coverage
- 4G uptake continuing, now 845k subscribers in Consumer Mobile (Q1 '14: 610k)
- Retail postpaid ARPU stabilizing q-on-q
- Committed ARPU up 4%-points y-on-y

Business

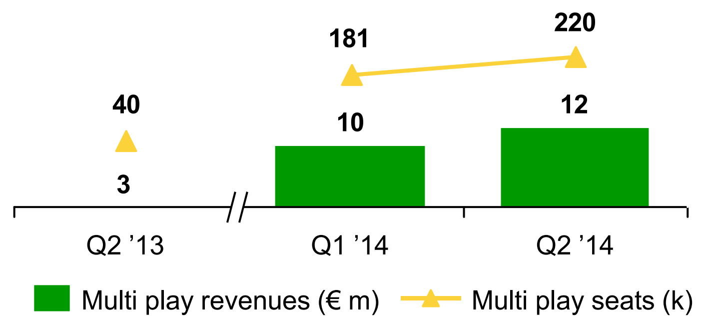
Simplification program accelerated

Focus on revenues…

- Growing 4G customer base, now 525k subscribers (Q1 ’14: 412k)

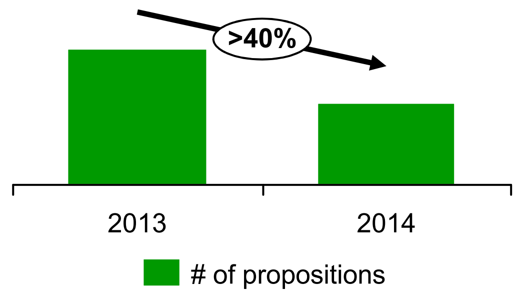


- Growing multi play seats and revenues



… and reducing costs

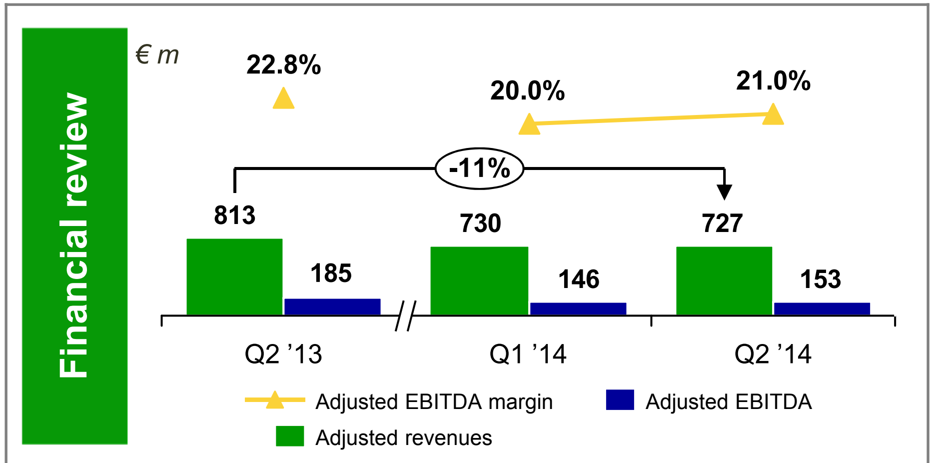
- Simplification program accelerated
- ~150 FTE reductions in H1 ’14
  - ~400-500 FTE reductions expected FY ’14
- Streamlining product portfolio

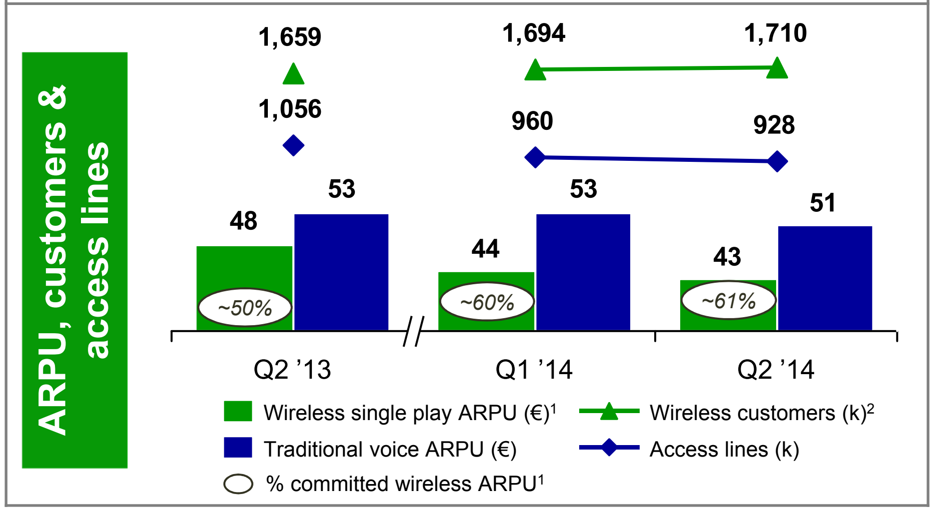


- Improving contracts with suppliers on pricing and efficiency

Business (cont'd)

Continued rationalization leading to declining market size

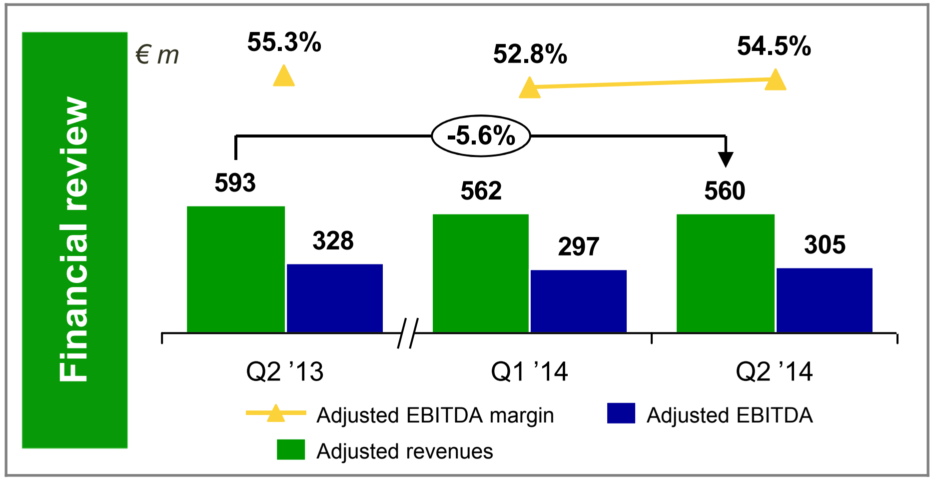




1 Excluding M2M and multi play customers
2 Excluding M2M

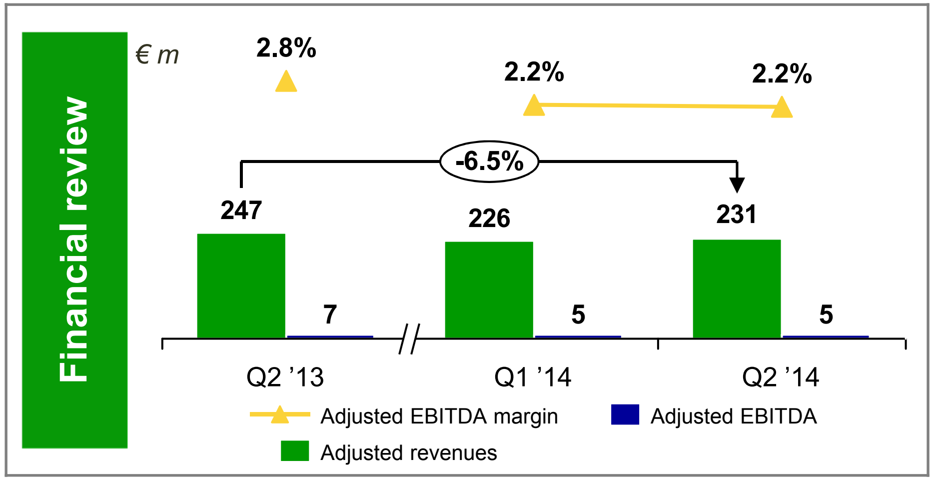
- Adjusted revenues declined 11% y-on-y
  - Continued decline of market size driven by customer rationalization and optimization
- Adjusted EBITDA margin at 21.0%
  - Continued decline traditional voice services
  - Strong cost focus, acceleration Simplification program
- Decline in access lines driven by continued rationalization and migration towards VoIP
- Growing wireless customer base, ARPU somewhat lower q-on-q

NetCo



- Adjusted revenues down 5.6% y-on-y
  - Decline traditional services and lower traffic across segments
  - Lower wholesale traffic revenues
- Adjusted EBITDA margin at 54.5%
  - Decline of high margin traditional services
  - Partly offset by savings from Simplification program

iBasis

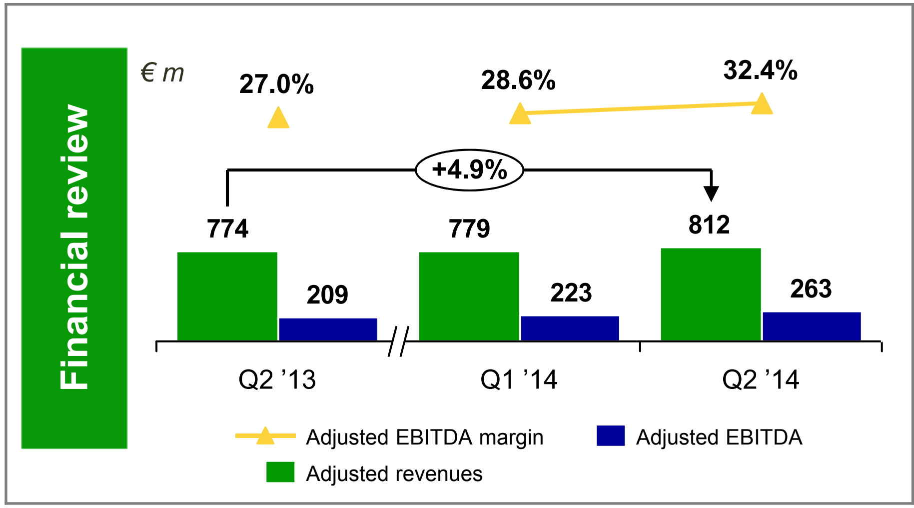


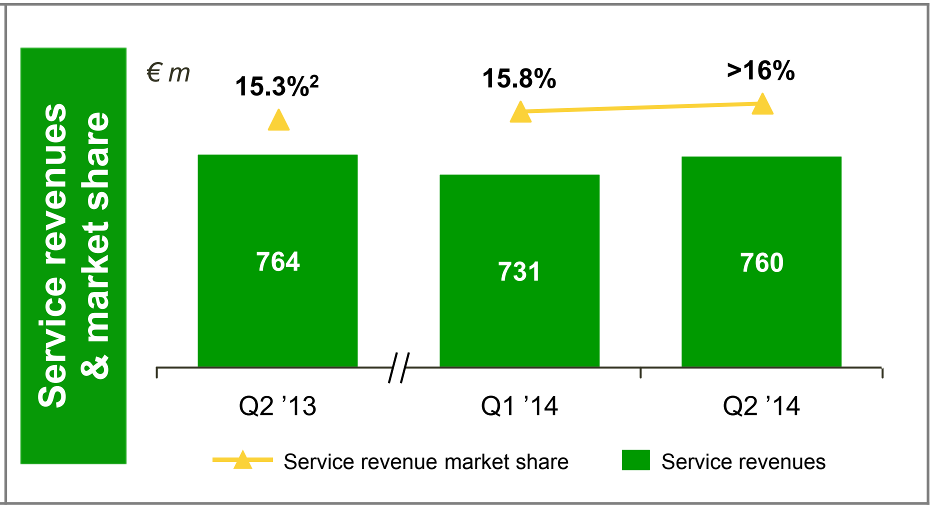
- Adjusted revenues down 6.5% y-on-y
  - Competitive international wholesale traffic market
  - Including 1.8% negative currency effect
- Adjusted EBITDA margin at 2.2%
  - Decline high margin revenues, partly offset by cost focus

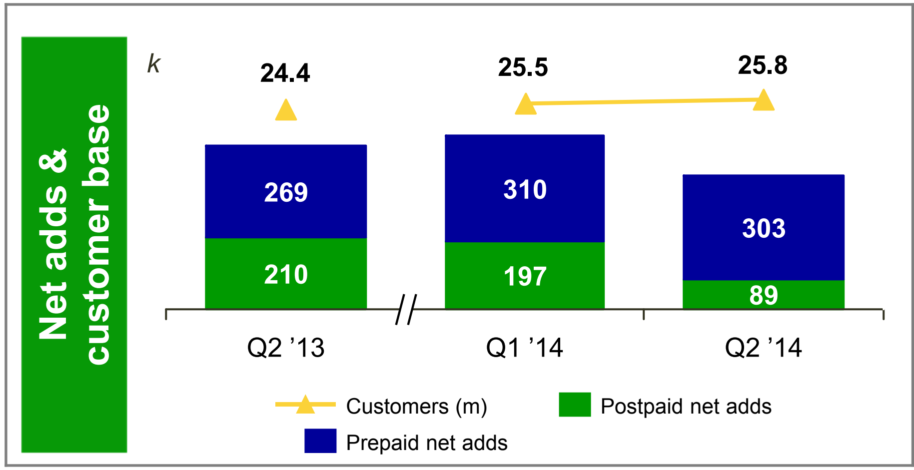
Contents

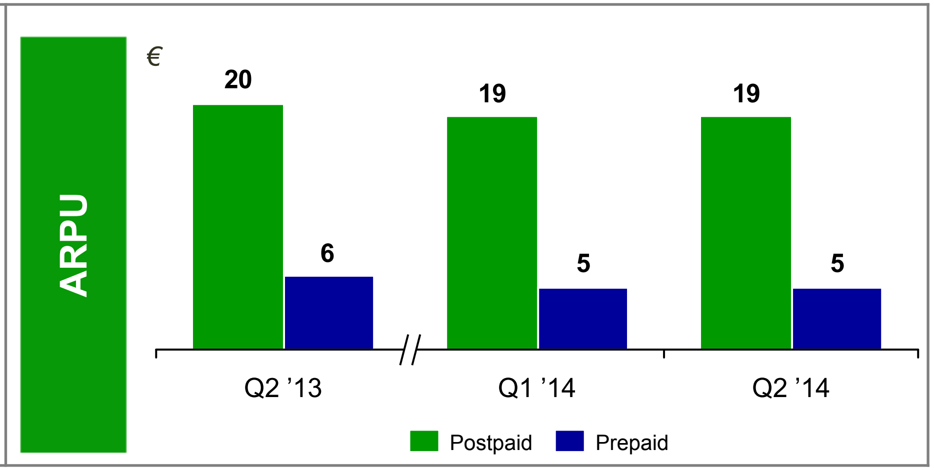
Germany (discontinued operation[1])

Good net adds, growing profitability



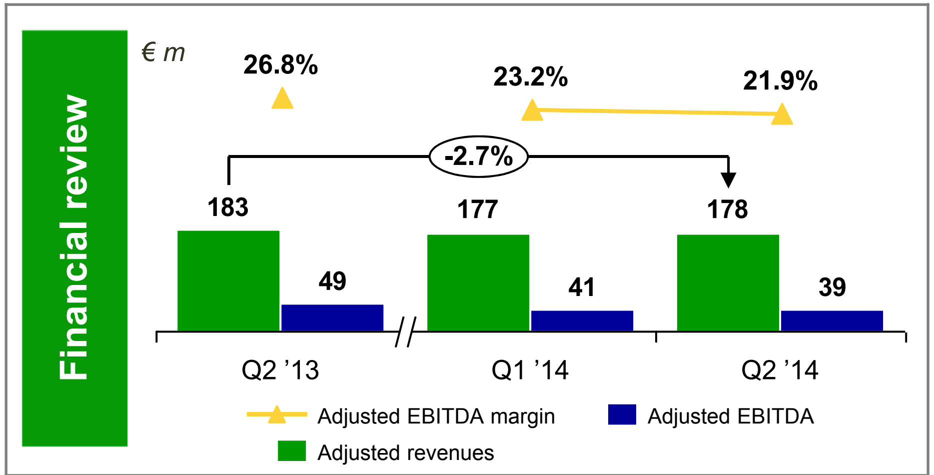


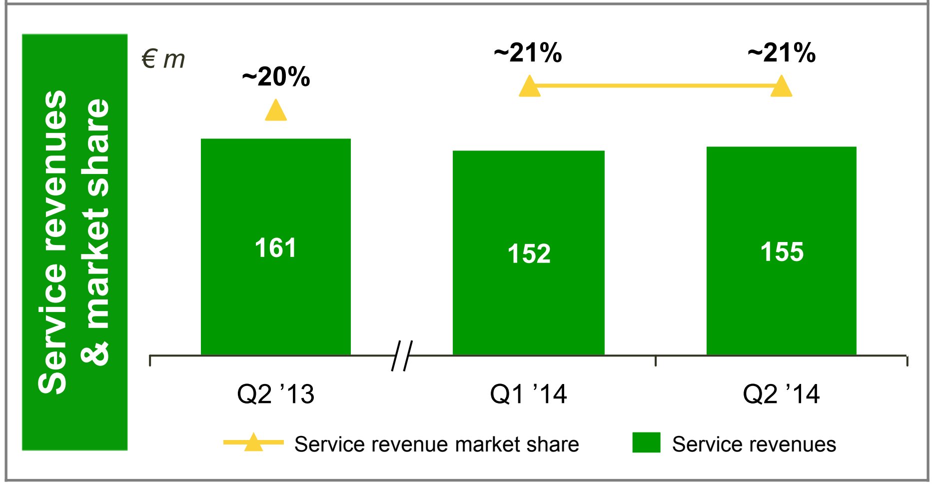




1 Some small operations in Germany will not be sold and remain reported in continuing operations
2 Excluding € 29m revenue incidental

Belgium

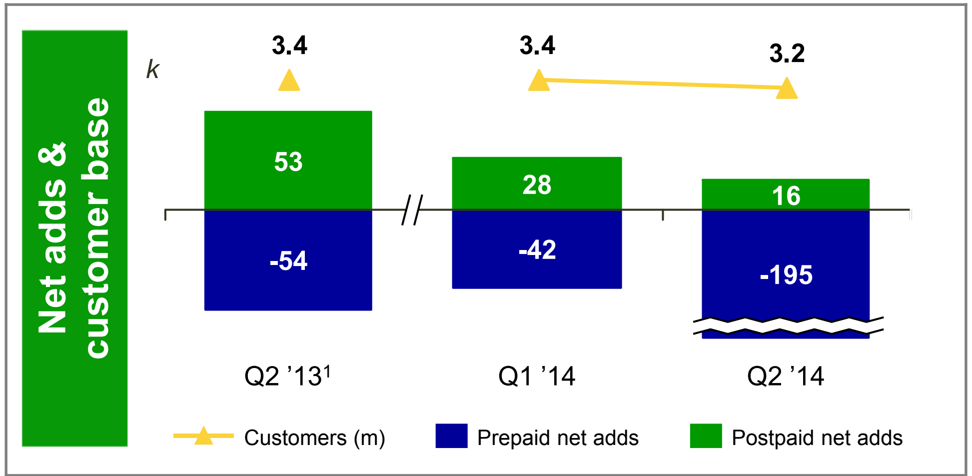


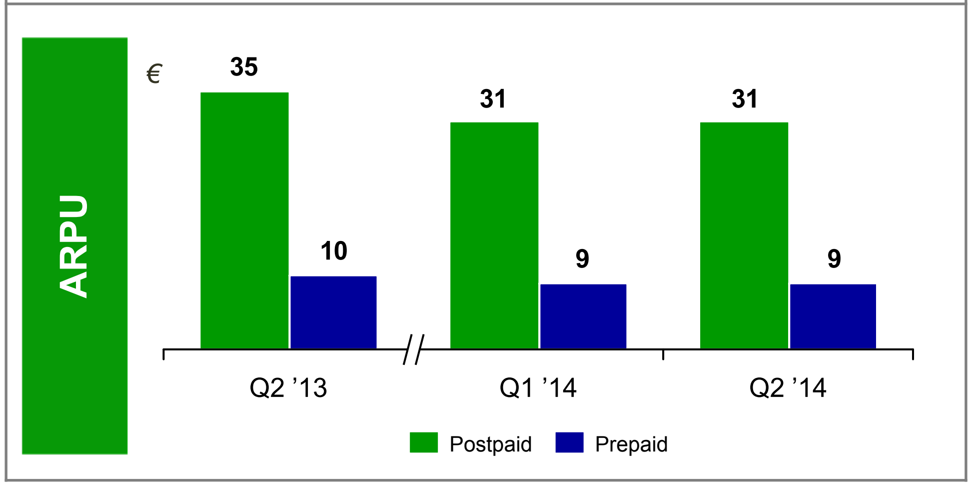


- Underlying service revenue decline 1.9% y-on-y (Q1 '14: -4.4%) in competitive market
  - Postpaid service revenue growth, prepaid remains under pressure
  - Continued tariff optimization by customers
- Adjusted EBITDA margin at 21.9%
  - Higher traffic costs driven by flat fee propositions
  - Provision for Walloon region site taxes (€ 2m)
- Market share increased y-on-y to ~21%
- Continued strong data revenue growth of ~65% y-on-y

Belgium (cont'd)

Continued good postpaid net adds, ARPU relatively stable





1 Excluding prepaid clean-up of 108k inactive SIM cards

- Continued good postpaid net adds
  - Mobile market remains competitive
- Prepaid net adds of -58k in Q2 '14, adjusted for technical correction
- Ongoing network investments
  - 4G coverage at ~55% end Q2 '14
  - 4G launched in Brussels
- Postpaid and prepaid ARPU relatively stable q-on-q

Contents

Concluding remarks

- Continued growth 4G, IPTV and multi play in The Netherlands
- Unique multi play propositions reducing churn
- Simplification program driving significant cost savings, accelerated in Business segment
- Strong Challenger outperforming the market in Belgium
- Sale of E-Plus leading to solid financial profile, recommencing dividend payments
- On track for stabilizing financial performance towards the end of 2014

Q&A

Q2 2014 - Information Pack

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KPN ADR program

KPN has a sponsored Level 1 ADR program

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

Contents

Analysis of adjusted results Q2 ’14

Impact incidentals

Revenues (€ m)		Q2 ’14	Q2 ’13
Sale of fixed assets (hardware)	Business	5	-
Change in provision	NetCo	10	-6
Adjustment deferred revenues	Germany	-	29
Book gain sale IS&P	Business	-	23
KPN Group		**15**	**46**
Of which discontinued operations		*-*	*29*
KPN Group continuing operations		**15**	**17**

EBITDA (€ m)		Q2 ’14	Q2 ’13
Volume discount hardware	Germany	8	-
Adjustment deferred revenues	Germany	-	29
Release of asset retirement obligation	Germany	-	37
Sale of fixed assets (hardware)	Business	5	-
Change in provision	NetCo	10	-6
Book gain sale IS&P	Business	-	23
Release of asset retirement obligation	NetCo	-	5
Release of pension provision	Other	451	-
KPN Group		**474**	**88**
Of which discontinued operations		*8*	*66*
KPN Group continuing operations		**466**	**22**

Analysis of adjusted results YTD ’14

Impact incidentals

Revenues (€ m)		YTD ’14	YTD ’13
Sale of fixed assets (hardware)	Business	5	-
Change in provision	NetCo	17	-6
Book gain sale IS&P	Business	-	23
Adjustment deferred revenues	Germany, Consumer Residential, Consumer Mobile	-	49
KPN Group		**22**	**66**
Of which discontinued operations		*-*	*29*
KPN Group continuing operations		**22**	**37**

EBITDA (€ m)		YTD ’14	YTD ’13
Volume discount hardware	Germany	8	-
Change in provision	NetCo	17	4
Sale of fixed assets (hardware)	Business	5	-
Release of pension provision	Other	451	-
Adjustment deferred revenues	Germany, Consumer Residential, Consumer Mobile	-	49
Book gain sale IS&P	Business	-	23
Release of asset retirement obligation	NetCo, Germany	-	42
Release accruals	NetCo	-	7
KPN Group		**481**	**125**
Of which discontinued operations		*8*	*66*
KPN Group continuing operations		**473**	**59**

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Restructuring costs

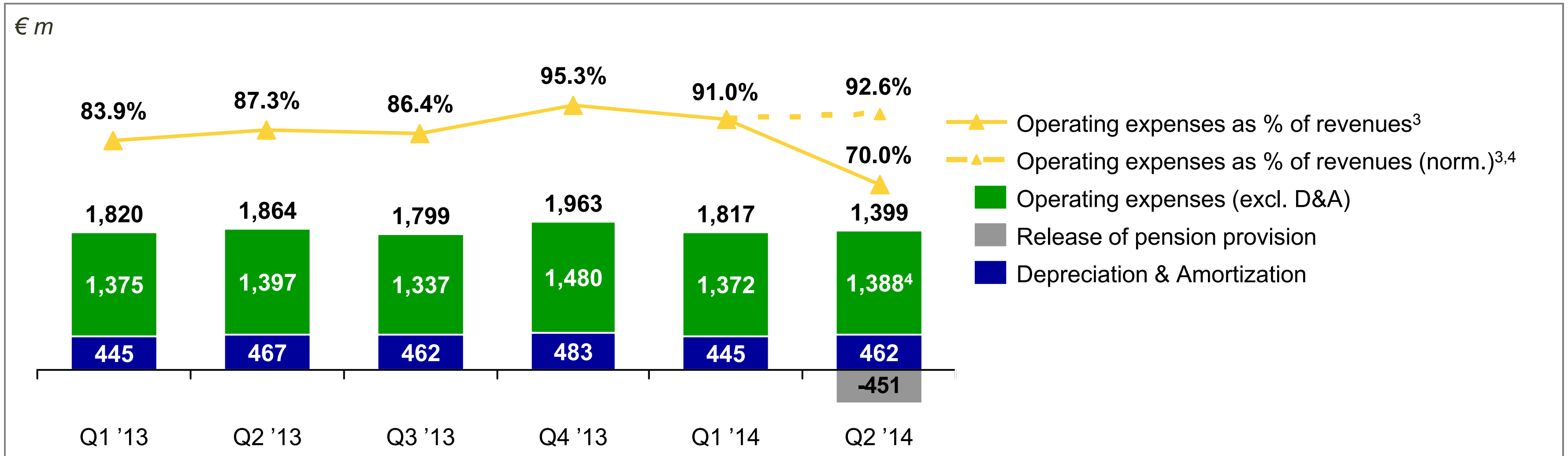
€ m	Q2 '14	Q2 '13	YTD '14	YTD '13
Germany (incl. discontinued operations)	-6	-	-6	5
Belgium	-3	-	-3	-
Mobile International (incl. discontinued operations)	**-9**	**-**	**-9**	**5**
Consumer Mobile	-1	-2	-1	-5
Consumer Residential	-3	-10	-6	-12
Business	-16	-14	-13	-19
NetCo	-1	-2	-1	-5
Other	-4	-19	-3	-25
The Netherlands	**-25**	**-47**	**-24**	**-66**
Other	-4	-1	-9	-4
KPN Group	**-38**	**-48**	**-42**	**-65**
Of which discontinued operations	*-6*	*-*	*-6*	*5*
KPN Group continuing operations	**-32**	**-48**	**-36**	**-70**

Impact regulation

€ m	Q2 '14		Q2 '13	
	Revenues	EBITDA	Revenues	EBITDA
Germany (incl. discontinued operations)	-13	-11	-38	-22
Belgium	-3	-2	-13	-8
Mobile International (incl. discontinued operations)	**-16**	**-13**	**-51**	**-30**
Consumer Mobile	-6	-3	-6	-1
Of which: Mobile Wholesale	*-2*	*-1*	*-2*	*-*
Business	-5	-3	-3	-1
NetCo	-2	-	-1	-
The Netherlands	**-13**	**-6**	**-10**	**-2**
KPN Group	**-29**	**-19**	**-61**	**-32**
Of which discontinued operations	*-13*	*-11*	*-38*	*-22*
KPN Group continuing operations	**-16**	**-8**	**-23**	**-10**

Operating expenses

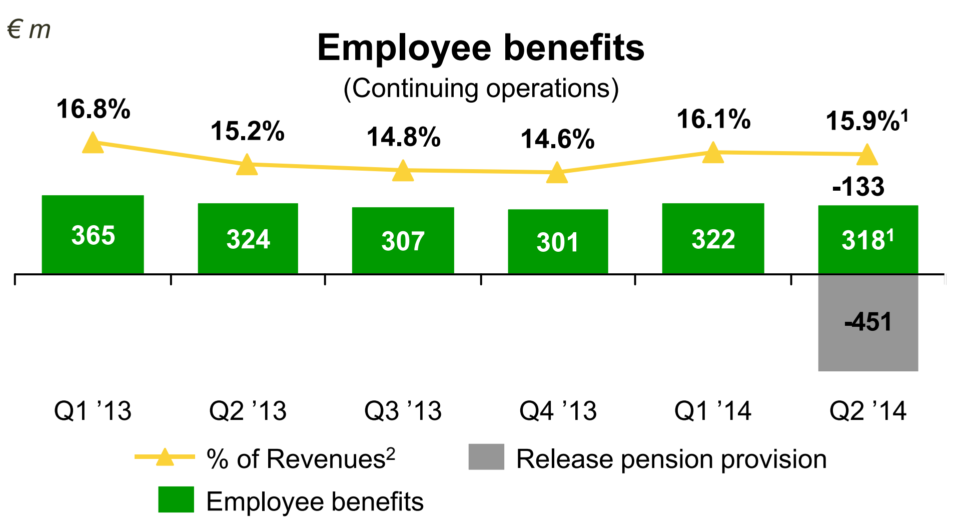
€ m	Q2 '14	Q2 '13	%
Employee benefits (incl. release of pension provision)	-133	324	*n.m.*
Cost of materials	181	130	*39%*
Work contracted out and other expenses	780	812	*-3.9%*
Own work capitalized	-22	-20	*10%*
Other operating expenses[1]	131	151	*-13%*
Depreciation[2]	319	312	*2.2%*
Amortization[2]	143	155	*-7.7%*
Total operating expenses from continuing operations	**1,399**	**1,864**	***-25%***

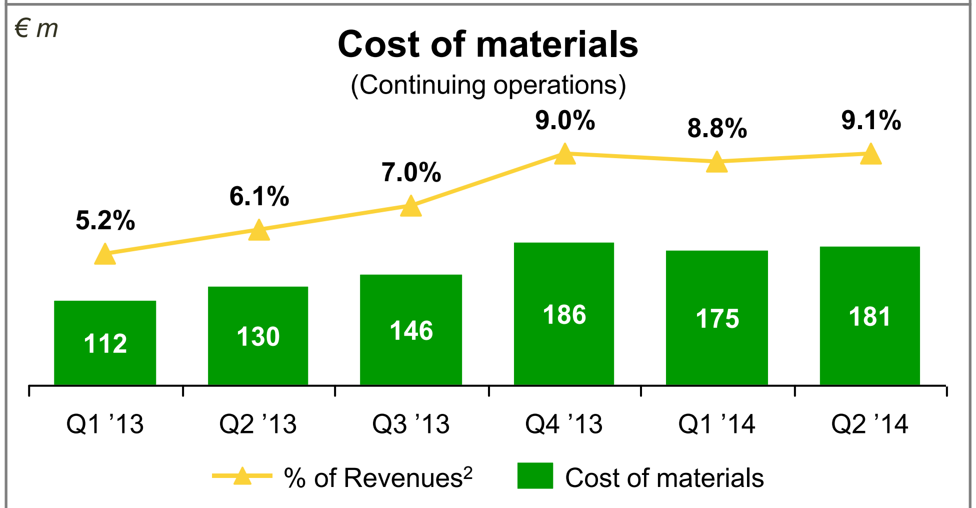


1 Including restructuring costs
2 Including impairments (if any)
3 As % of revenue excluding other income
4 Excluding release of pension provision in Q2 2014

Operating expenses - analysis

Employee benefits & Cost of materials





1 Excluding release of pension provision in Q2 2014
2 As % of revenue excluding other income

Y-on-Y decrease

- Lower cost as a result of FTE reduction program

Q-on-Q decrease

- Release of provisions for several incentive schemes in Q2 2014

Y-on-Y increase

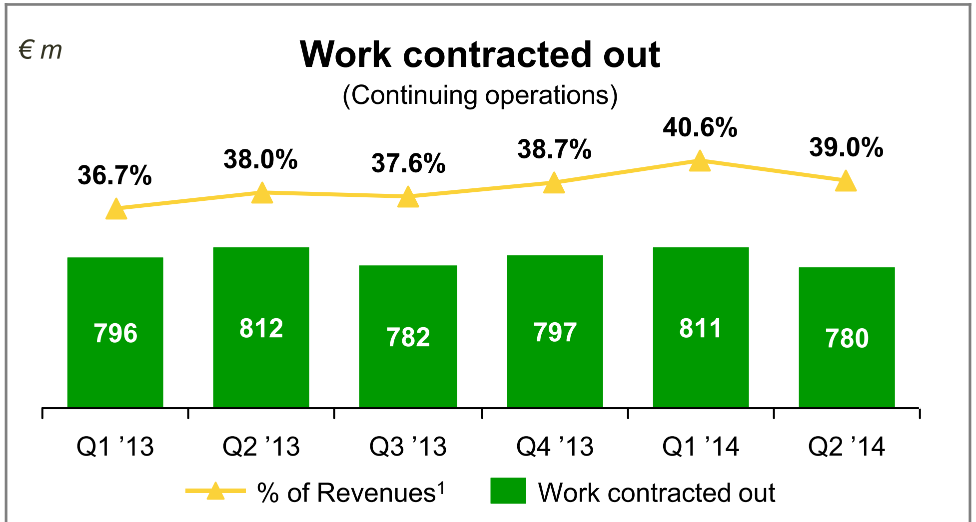
- Higher costs due to phasing out of handset lease at all brands at Consumer Mobile

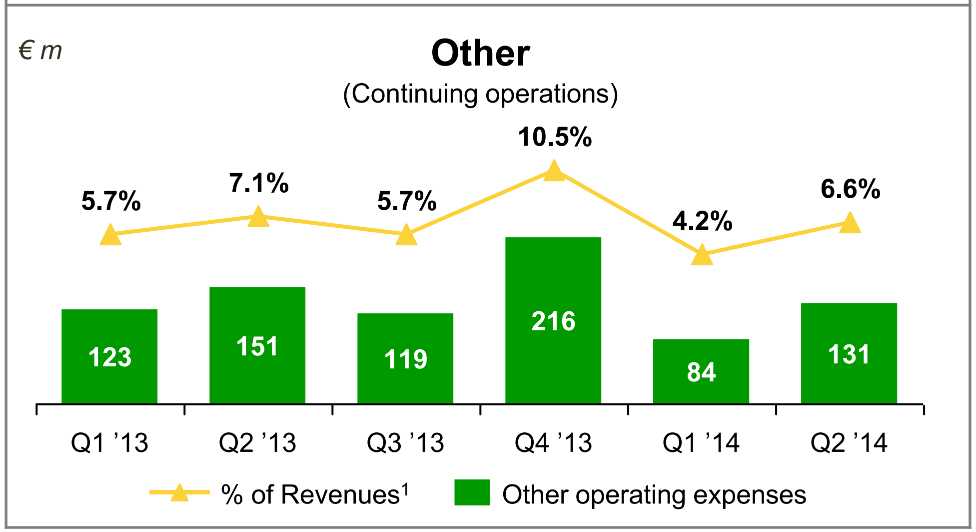
Q-on-Q increase

- Higher costs due to phasing out of handset lease at all brands at Consumer Mobile

Operating expenses - analysis

Work contracted out & Other





Y-on-Y decrease
- Lower IT costs due to Simplification program at NetCo
- Less external personnel
- Lower traffic costs at Consumer Mobile

Q-on-Q decrease
- Lower IT costs due to Simplification program at NetCo
- Less external personnel

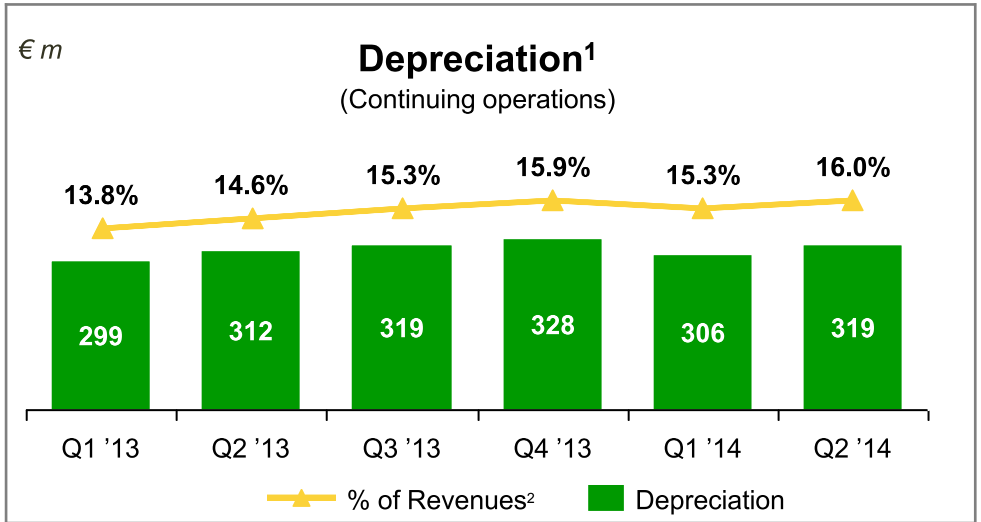
Y-on-Y decrease
- Lower restructuring costs

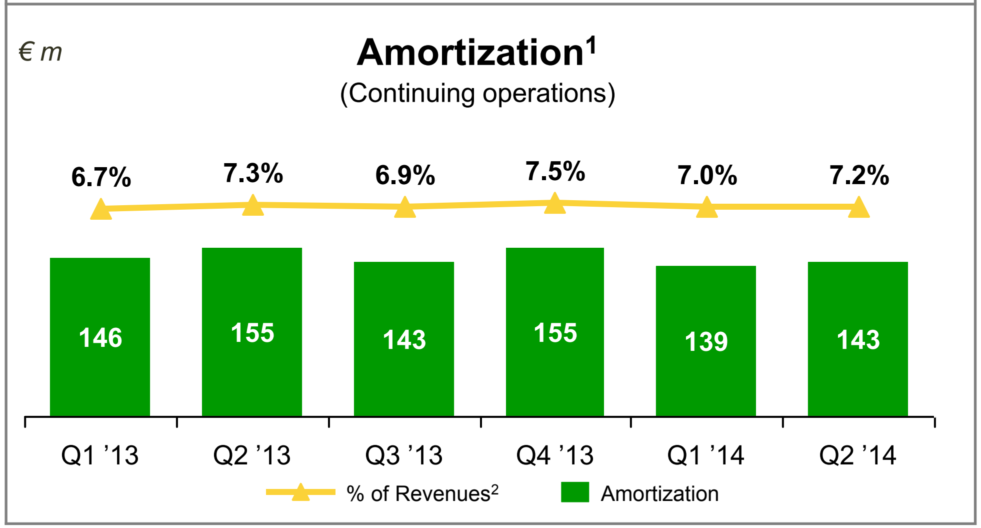
Q-on-Q increase
- Higher restructuring costs
- Reimbursement VAT Dutch Tax Authorities relating to prior years in Q1 2014

1 As % of revenue excluding other income

Operating expenses - analysis

Depreciation & Amortization





1 Including impairments, if any
2 As % of revenue excluding other income

Y-on-Y and Q-on-Q increase

- Higher depreciation due to fixed and mobile network modernization at NetCo
- Partly offset by phasing out of handset lease at all brands at Consumer Mobile

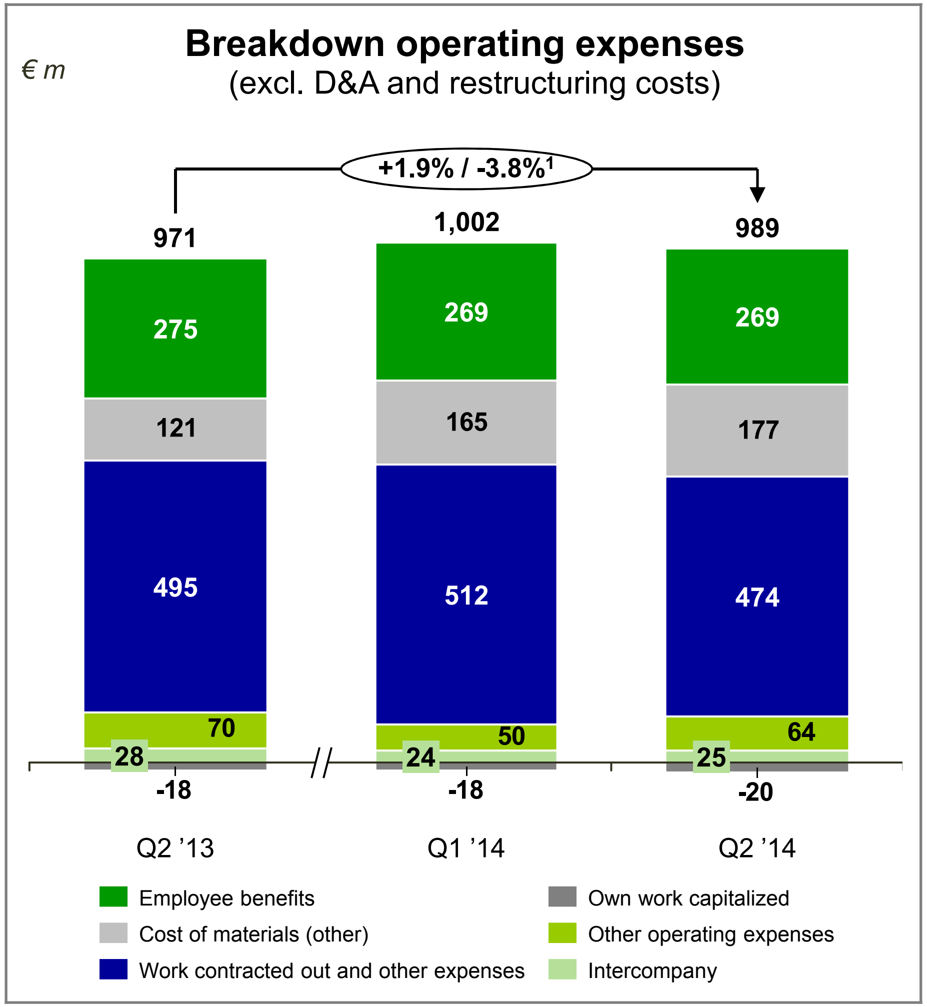
Y-on-Y decrease

- Higher impairment of software in Q2 2013
- Lower amortization of software in Q2 2014

Q-on-Q increase

- Higher impairment of software in Q2 2014

The Netherlands - operating expenses



- Operating expenses (excl. D&A, restr. costs and impact phasing out handset lease) down 3.8% y-on-y
- Employee benefit costs decreased 2.2% y-on-y
- Cost of materials (excl. impact phasing out handset lease) remained flat y-on-y
- Work contracted out decreased 4.2% y-on-y
  - Lower IT costs due to Simplification program at NetCo
  - Less external personnel
  - Lower traffic costs at Consumer Mobile
- Simplification program supporting further opex reduction in coming years

1 Excluding impact of phasing out handset lease

Dutch wireless disclosure

	Q2 '14	Q2 '13	%
Service revenues (€ m)	**540**	**612**	***-12%***
− Consumer retail	283	325	*-13%*
− Business[1]	212	244	*-13%*
− Other[2]	45	43	*4.7%*
SAC/SRC per subscriber (€)			
− Consumer retail[3]	215	162	*33%*
− Business	226	283	*-20%*

1 Includes partial allocation of multi play revenues to mobile service revenues
2 Includes amongst others Consumer Mobile wholesale and visitor roaming revenues at NetCo
3 Including handset subsidies, commissions, SIM costs and capitalization of handsets corrected for residual value

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Tax

	P&L		Cash flow	
Fiscal units *(€ m)*	Q2 '14	Q2 '13	Q2 '14	Q2 '13
The Netherlands	-94	31	-14[2]	-80[1]
Germany	-295[3]	1	-119[2]	1
Belgium	-1	-1	-	1
Other	-	-	-1	1
Total reported tax (incl. discontinued operations)	**-390**	**31**	**-134**	**-77**
Of which discontinued operations	*-295*	*1*	*-119*	*-*
Reported tax continuing operations	**-95**	**30**	**-15**	**-77**
Effective tax rate continuing operations	*21.4%*	*-22.6%*		

- In Q2 '14, the effective tax rate for continuing operations is influenced by a changing mix of taxable results in the various countries
- Q2 '14 cash outflow in The Netherlands relates to settlement of tax payables of previous years, which is expected to occur in the coming quarters as well
- For the 2014-2016 period, the effective tax rate, excluding one-off effects[4], is expected to be ~20%
- Deferred tax asset resulting from E-Plus sale increased by € 0.2bn to € 1.1bn, limiting tax cash out in The Netherlands in the coming years

1 Including tax recapture E-Plus
2 Relating to tax payments for period prior to 2014
3 Includes an impairment of deferred tax assets of approximately € 317m relating to German taxes resulting from forfeiture of tax loss carry forward and temporary differences
4 Excluding effects of, amongst others, settlements with tax authorities, impairments, revaluations

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Contents

Debt summary

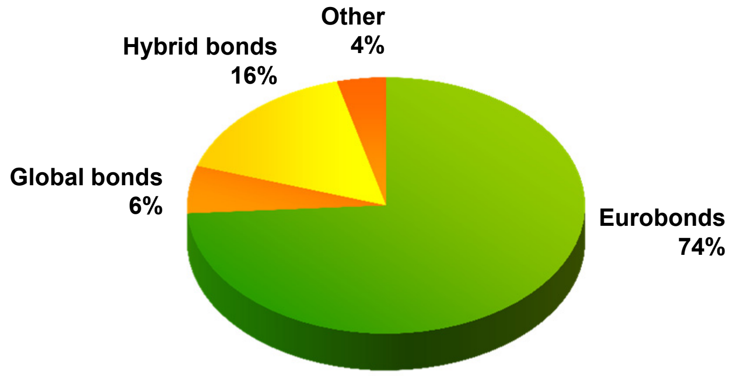
€ bn	Q2 '14	Q1 '14	%
Nominal debt	**12.80**	**13.44**	***-4.8%***
Eurobonds Global bonds Hybrid bonds Financial leases and other loans	9.43 0.76 2.03 0.58	10.08 0.76 2.03 0.57	*-6.4%* - - *1.8%*
Adjustments to nominal debt	**-1.02**	**-1.02**	-
Equity credit hybrid bonds	-1.01	-1.01	-
Cash collateral on derivatives	-0.01	-0.01	-
Gross debt[1]	**11.78**	**12.42**	*-5.2%*
Of which short-term	*1.31*	*0.95*	*38%*
Net cash & cash equivalents	**1.33**	**2.01**	***-34%***
Cash & cash equivalents	1.53	2.15	*-29%*
Bank overdraft	-0.20	-0.14	*43%*
Net debt[2]	**10.45**	**10.41**	***0.4%***

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

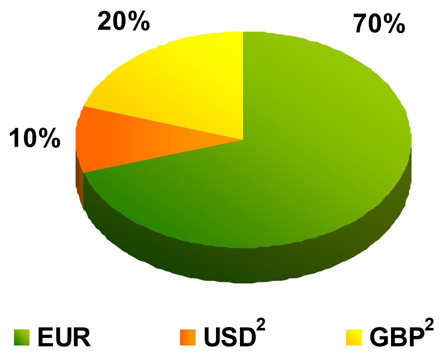
Debt portfolio

Breakdown of € 12.8bn nominal debt[1] including hybrid bonds

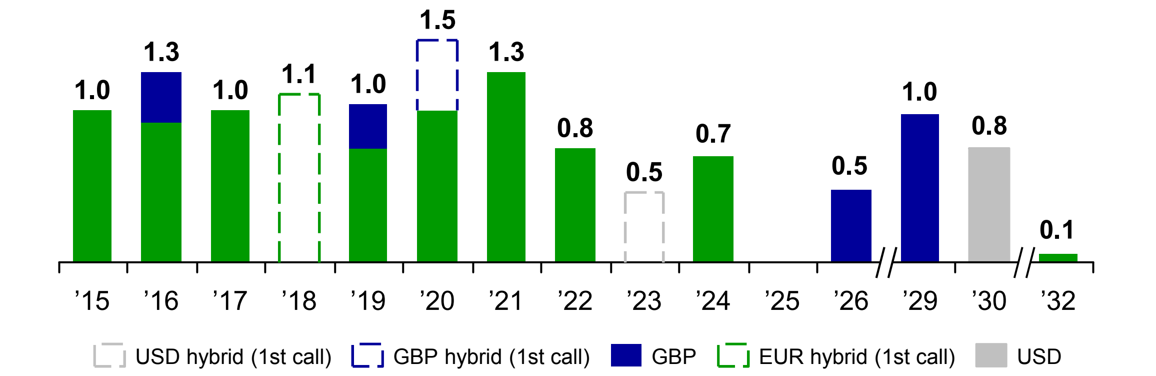
Breakdown nominal debt[1] (total € 12.8bn)



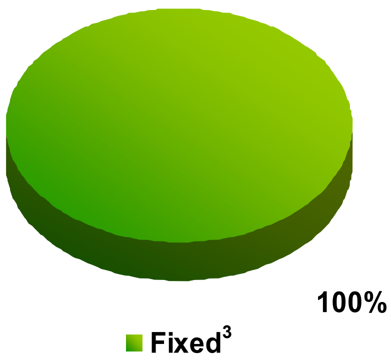
Nominal debt by currency



Bond redemption profile



Fixed vs. floating interest



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

Treatment of hybrid bonds

KPN & Credit rating agencies

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

IFRS

- EUR tranche is a perpetual, accounted for as equity
  - Coupon payments treated as equity distribution, hence not expensed through P&L, not included in FCF, but in financing cash flow[1,2]
- GBP and USD tranche have 60 years specified maturity, accounted for as financial liability
  - Coupon payments treated as regular bond coupon, hence expensed through P&L, included in FCF

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

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

Contents

Regulation

MTA rates across the Group

NL

- ACM decision to base MTA rates on 'pure BULRIC' of € 1.019 cent per minute as of 1 September 2013 is under appeal (decision expected end of September 2014)
- Dutch court suspended ACM decision and mandated interim rates based on 'plus BULRIC' of € 1.861 cent per minute

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

GER

- Legal proceedings against former MTA decisions ongoing
- EC expressed serious doubts for not applying 'pure BULRIC'
- Preliminary MTA decision is not expected before September 2014

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

BE

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

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

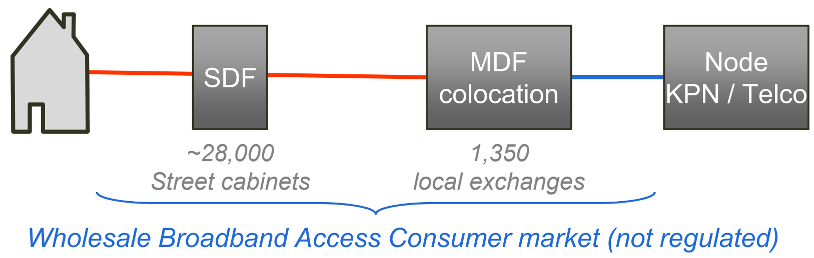
MTA impact on Group[1] revenues & EBITDA

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

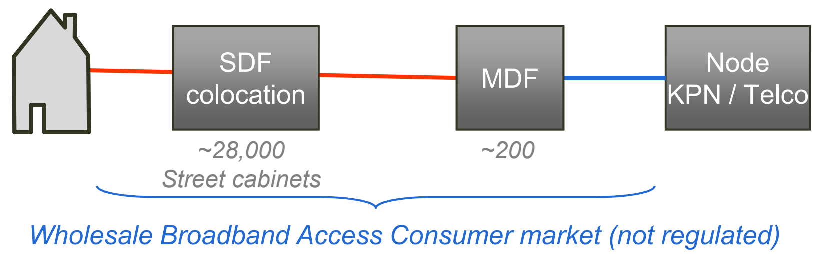
1 Including discontinued operations
2 MTA impact on revenues and EBITDA for The Netherlands based on MTA rate of € 1.861 cents per minute pursuant to Dutch court ruling
3 After indexation the MTA rates applicable as of January 2012 and January 2013 are calculated at € ct / min 3.11 and € ct / min 1.18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

Unbundling tariffs

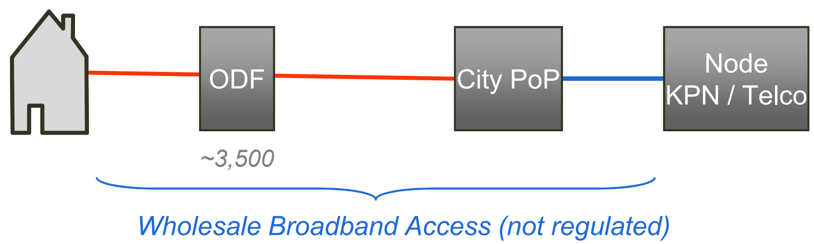
Unbundling in copper network



Unbundling in network FttC



Unbundling in network FttH



Category	Monthly tariff
Line sharing (LLU)	€ 0.11 / line
Fully unbundled (LLU)	€ 7.79 / line
MDF colocation	€ 946.98 footprint / year
Wholesale Broadband Access[1]	€ 5.32 / line shared € 13.00 / line non-shared

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

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

Regulated — Not regulated

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

Spectrum in The Netherlands

Current status

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

Spectrum in Germany

Current status

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

Upcoming auction

In 2016, the 900MHz and part of the 1800MHz licenses will expire. On 4 July 2014, BNetzA published an opinion to auction expiring usage rights (and possibly 700MHz spectrum). Post-auction, the spectrum holdings shall be reassessed against the regulatory framework.

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

kpn

Spectrum in Belgium

Current status

Band					Total
800MHz Paired	BASE 2*10	Belgacom 2*10	Mobistar 2*10		2*30
900MHz Paired	BASE 2*10	Belgacom 2*12	Mobistar 2*12		2*34
1.8GHz[1] Paired	BASE 2*22	Belgacom 2*20.8	Mobistar 2*20.8		2*63.6
2.1GHz Paired	Belgacom 2*15	BASE 2*14.8	Mobistar 2*14.8		2*44.6
2.1GHz Unpaired	B 5	M 5	B 5		1*15
2.6GHz Paired	Belgacom 2*20	BASE 2*15	Mobistar 2*20		2*55
2.6GHz Unpaired	BUCD 45				1*45
Total	Belgacom 160.6MHz	BASE 148.6MHz	Mobistar 160.2MHz	BUCD 45MHz	514.4MHz

1 As per publication of a BIPT council decision on division of the 1800MHz spectrum on 23 July 2014, BASE Company, Belgacom and Mobistar have 2*23.4MHz available each

Contents

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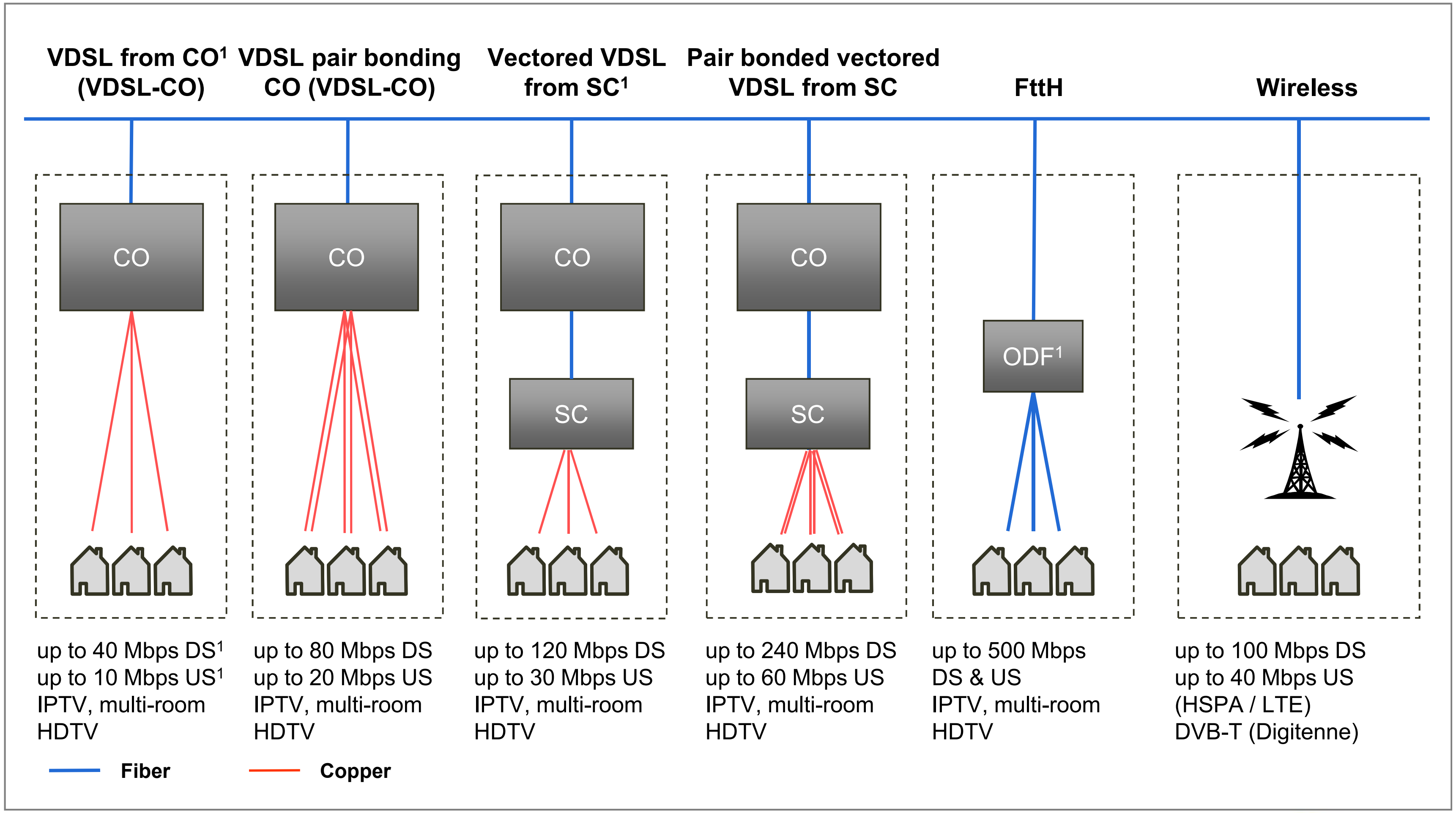
Infrastructure

Deploying mix of technologies going forward



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

Roadmap to Reggefiber consolidation

Option structure

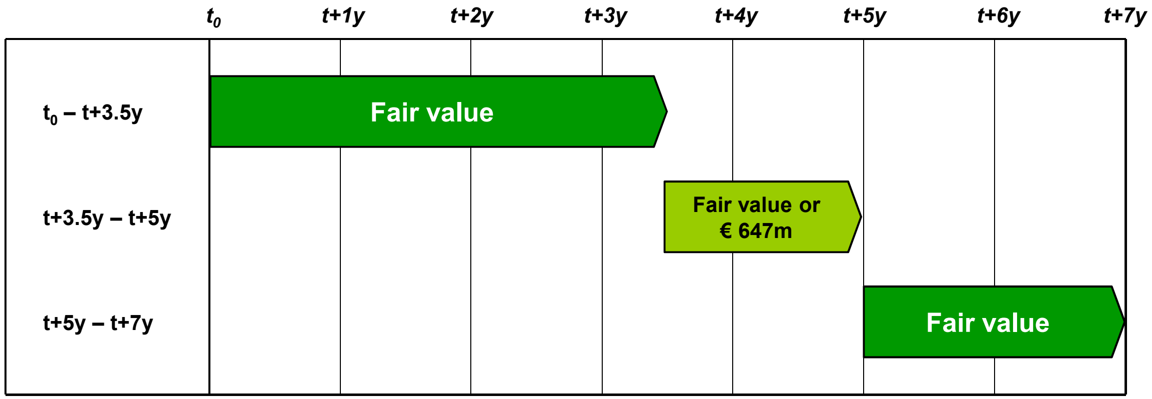
	Option I[1]	Option II[3]	Option III
Ownership stake	• Additional 10% • 51% ownership	• Additional 9% • 60% ownership	• Remaining 40% • 100% ownership
Option type	Call and Put option	Call and Put option	Put option
Exercise price	€ 99m	€ 161m	'Fair value' or € 647m
Option trigger	• 1m Homes Connected or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

Reggefiber financials FY 2013

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

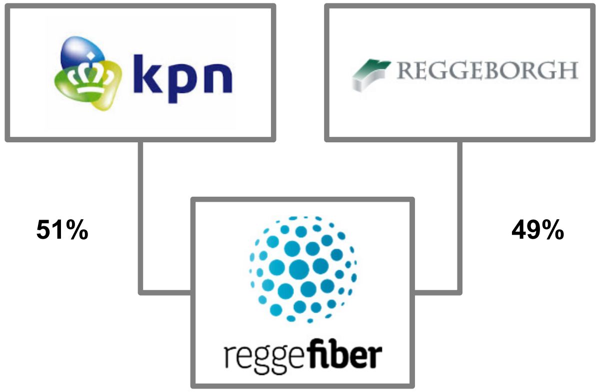
Indicative, simplified financials based on Dutch GAAP; Balance Sheet items per 31 December 2013

Exercise price option III



t_0 = exercise option II

Organizational chart



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