



Half Year Results 2006

1 August 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 2005 Annual Report and Form 20-F.

All figures in this presentation are unaudited and based on IFRS as endorsed by the EU. 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.

All market share information in this presentation is based on management estimates based on externally available information, unless indicated otherwise. Certain figures may be subject to rounding differences.

Disclaimer

We define EBITDA as operating profit before depreciation and impairments of PP&E and amortization and impairments of intangible assets. 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 analysis of our results as reported under IFRS or US GAAP.

We use EBITDA as a component of our guidance. In view of the possible volatility of impairments under IFRS, we believe that this is the most appropriate way of informing the financial markets on certain aspects of future company financial development. We do not view EBITDA as a measure of performance. In all cases, a reconciliation of EBITDA and the nearest GAAP measure (operating result) is provided.

We define Free cash flow as 'Cash flow from operating activities' minus 'Capital expenditures', being expenditures on PP&E and software.

Agenda

Chairman's review	Ad Scheepbouwer, Chairman and CEO
Financial review	Marcel Smits, CFO
Operating review Mobile	Stan Miller, MD Mobile division
Operating review Fixed	Eelco Blok, MD Fixed division
Concluding remarks	Ad Scheepbouwer, Chairman and CEO

Highlights

- Strong performance in tough markets demonstrates success of strategy
- Multibrand strategy delivering results
- E-Plus delivering on service revenue and margin objectives
 - Successful turnaround sets E-Plus on profitable growth path
- Challenges in Fixed considerable, but establishing a strong base for future growth
 - Line loss in consumer market
 - New services growing faster than market
 - Strong focus on building new capabilities also through acquisitions
 - Continuous stream of innovative services being launched
 - Headcount reduction program ahead of schedule and well on track to reach 8,000 in 2009

Financial highlights Q2

Strong financial performance demonstrates success of strategy

- Revenues and other income up 1.0% (YTD 2.4%, or 1.3% per guidance definition¹)
- EBITDA up 10.1% (YTD 10.1%, or 6.6% per guidance definition¹)
- Mobile EBITDA margin 38.9%, highest ever
- Strong free cash flow of €654 mn, up €79 mn, or 13.7% (YTD €1.411 mn)
- Operating result up €114 mn, or 20.5% (YTD up €210 mn, or 19.6%)
- EPS more than doubled to €0.22, up €0.12

Committed to delivering shareholder returns

- Interim dividend of €0.16 per share declared, up 23%
- €1 bn share repurchase program on track, to date 55% completed
- €3.3 bn of shares repurchased since March 2004, 18.6% of outstanding shares² and dividends of €2.7 bn paid/declared, totalling €6.0 bn

¹ Excluding restructuring charges and book gains/losses over €20 mn, brand unification costs and Telfort integration

² Cumulative % of repurchased shares compared to number of outstanding shares per end of 2003; 16.2% already cancelled

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Group results Q2

€ mn	Q2 '06	Q2 '05	%
Revenues and other income	2,979	2,950	1.0%
– of which Revenues	2,968	2,942	0.9%
Operating expenses	2,309	2,394	-3.6%
– of which Depreciation ¹	469	470	-0.2%
– of which Amortization ¹	142	138	2.9%
Operating result	670	556	20.5%
Financial income/(expense)	-77	-120	-35.8%
Share of profit of associates	3	4	-25.0%
Profit/(Loss) before taxes	596	440	35.5%
Taxes ²	-135	-201	-32.8%
Profit/(Loss) after taxes	461	239	92.9%
Profit minority shareholders	-3	9	-
Profit equity holders of the parent	464	230	> 100%
Earnings per share³	0.22	0.10	> 100%
EBITDA⁴	1,281	1,164	10.1%

- Revenues up 0.9%
 - Telfort consolidation
 - Partly offset by MTA, line loss and lower handset sales
- Cost down 3.6%
 - SAC reduction E-Plus
 - Headcount reduction
- Reported EBITDA up 10.1% as a result of high Mobile margin
- Interest cost decrease following € 39 mn positive effect of derivative instruments (IAS 32/39)
- EPS more than doubled, supported by significant share repurchases

1 Including impairments

2 Q2 '05 contains €60 mn tax charge for reduced DTA BASE

3 Defined as Profit after taxes per ordinary share/ADS on a non-diluted basis (in €)

4 Defined as Operating result plus depreciation, amortization & impairments

Group results YTD

€ mn	YTD '06	YTD '05	%
Revenues and other income	5,981	5,840	2.4%
– of which Revenues	5,891	5,811	1.4%
Operating expenses	4,699	4,768	-1.4%
– of which Depreciation ¹	920	940	-2.1%
– of which Amortization ¹	285	246	15.9%
Operating result	1,282	1,072	19.6%
Financial income/(expense)	-192	-265	-27.5%
Share of profit of associates	5	7	-28.6%
Profit/(Loss) before taxes	1,095	814	34.5%
Taxes	-250	-302	-17.2%
Profit/(Loss) after taxes	845	512	65.0%
Profit minority shareholders	-2	8	-
Profit equity holders of the parent	847	504	68.1%
Earnings per share²	0.41	0.22	86.4%
EBITDA³	2,487	2,258	10.1%

- Revenues up 1.4%
 - Telfort consolidation
 - Growth in all three Mobile operators
 - Contraction Fixed revenues
- Continued focus on cost, down 1.4%
 - SAC reduction E-Plus
 - Headcount reduction
- Reported EBITDA up 10.1% due to strong margin performance in Mobile
- EPS increase also driven by share repurchases

1 Including impairments

2 Defined as Profit after taxes per ordinary share/ADS on a non-diluted basis (in €)

3 Defined as Operating result plus depreciation, amortization & impairments

Group cash flow Q2

€ mn	Q2 '06	Q2 '05	%
Operating result	670	556	20.5%
Depreciation and amortization ¹	611	608	0.5%
Interest paid/received	-134	-122	9.8%
Tax paid/received	-5	-17	-70.6%
Other income	-11	-8	37.5%
Change in provisions ²	-61	-83	-26.5%
Change in working capital	-37	-35	5.7%
Net cash flow from operating activities	1,033	899	14.9%
Capex³	379	324	17.0%
Free cash flow⁴	654	575	13.7%
Dividend paid	661	609	8.5%
Share repurchases	418	804	-48.0%
Cash return to shareholders	1,079	1,413	-23.6%

- Free cash flow⁴ of € 654 mn
- Capex up 17.0%
 - E-Plus investment in indoor coverage following allocation of E-GSM frequencies
- YTD free cash flow of €1,411 mn
 - Benefiting from €219 mn one-off tax-cash in Q1
- 42% of € 1 bn share repurchase program executed in Q2
- 2005 final dividend of €0.32 per share paid

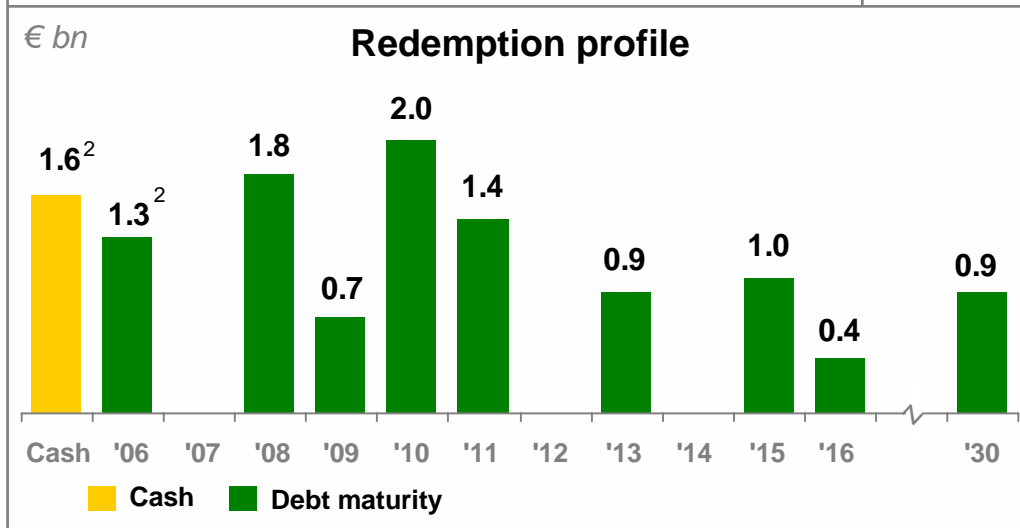
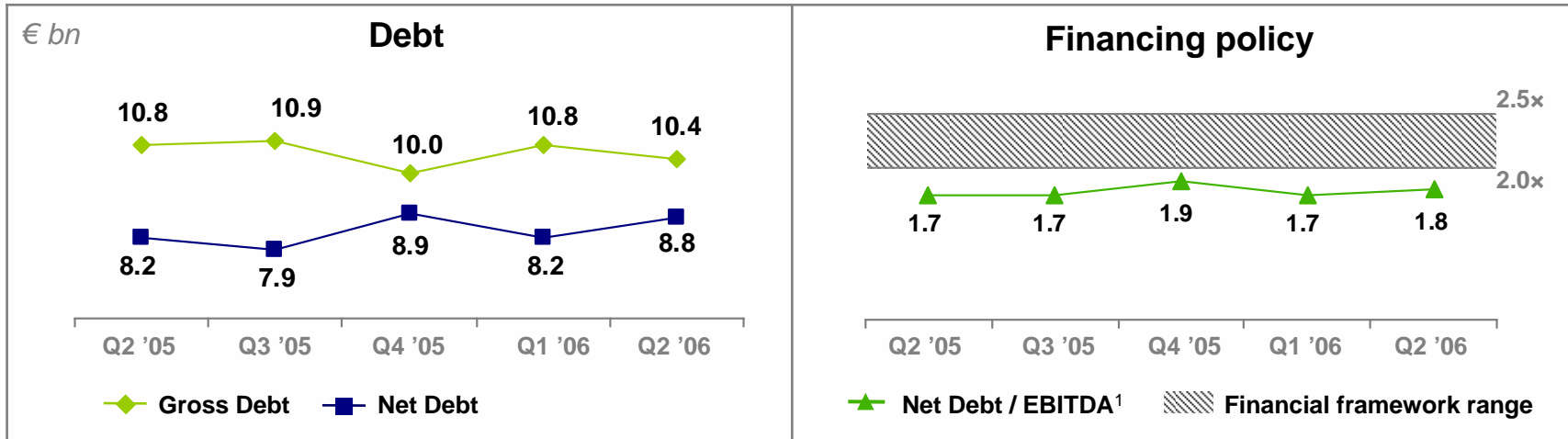
1 Including impairments

2 Excluding changes in deferred taxes

3 Including Property, Plant & Equipment and software

4 Defined as Net cash flow from operating activities minus Capex

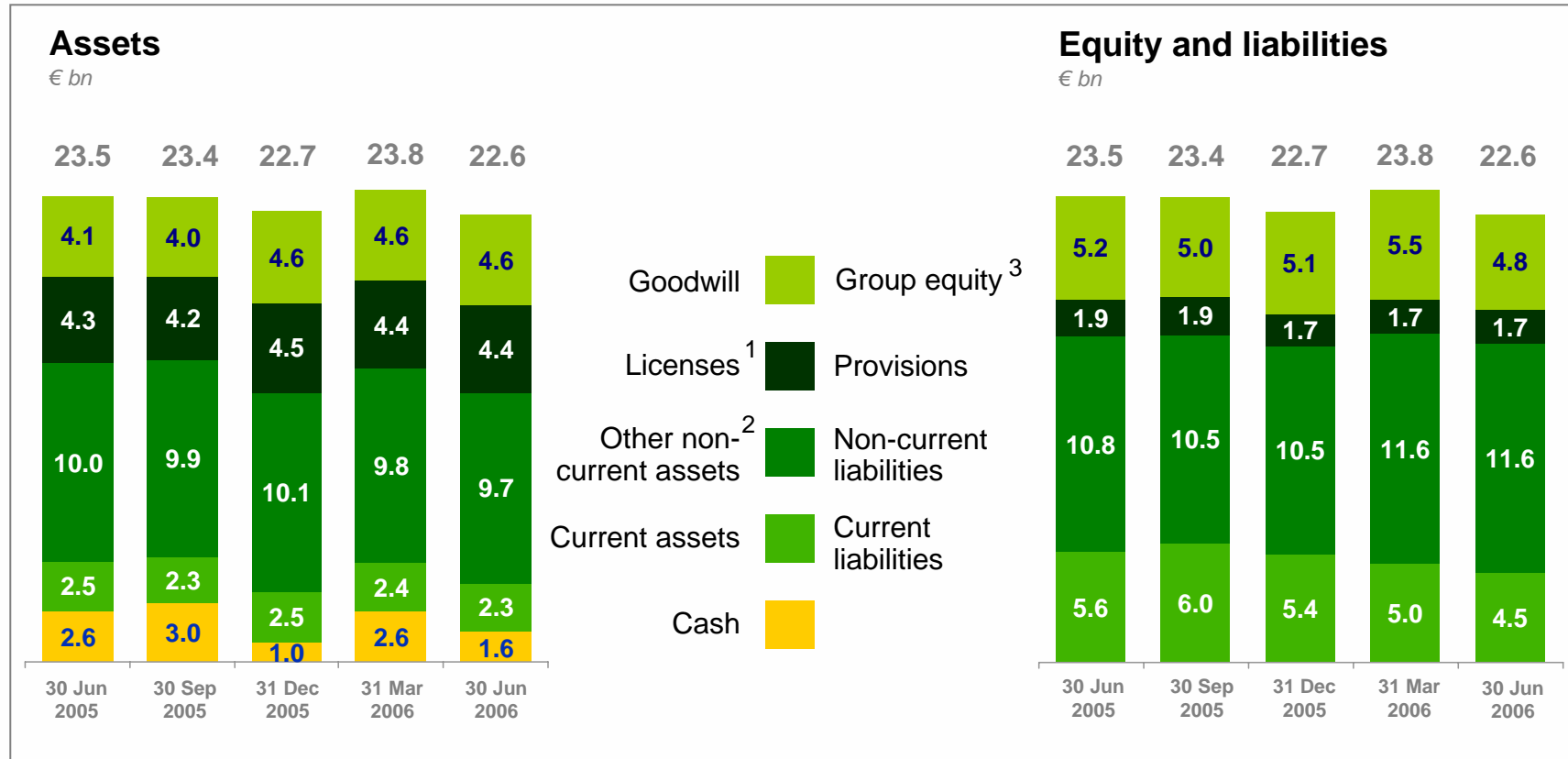
Group financial profile



- Gross debt down following €0.56 bn bond redemption, prefunded in Q1
- Net debt / EBITDA¹ up to 1.8x
 - €0.66 bn final dividend 2005
 - €0.42 bn share repurchases
- €1.1 bn cash commitments post Q2
 - €0.28 bn bond maturing in July
 - €0.54 bn share repurchases
 - €0.32 bn interim dividend 2006

1 Based on 12 month rolling calculation excluding restructuring charges and book gains/losses over €20 mn, brand unification costs and Telfort integration
 2 Both cash and gross debt include approximately €1 bn of non-netted cash balances

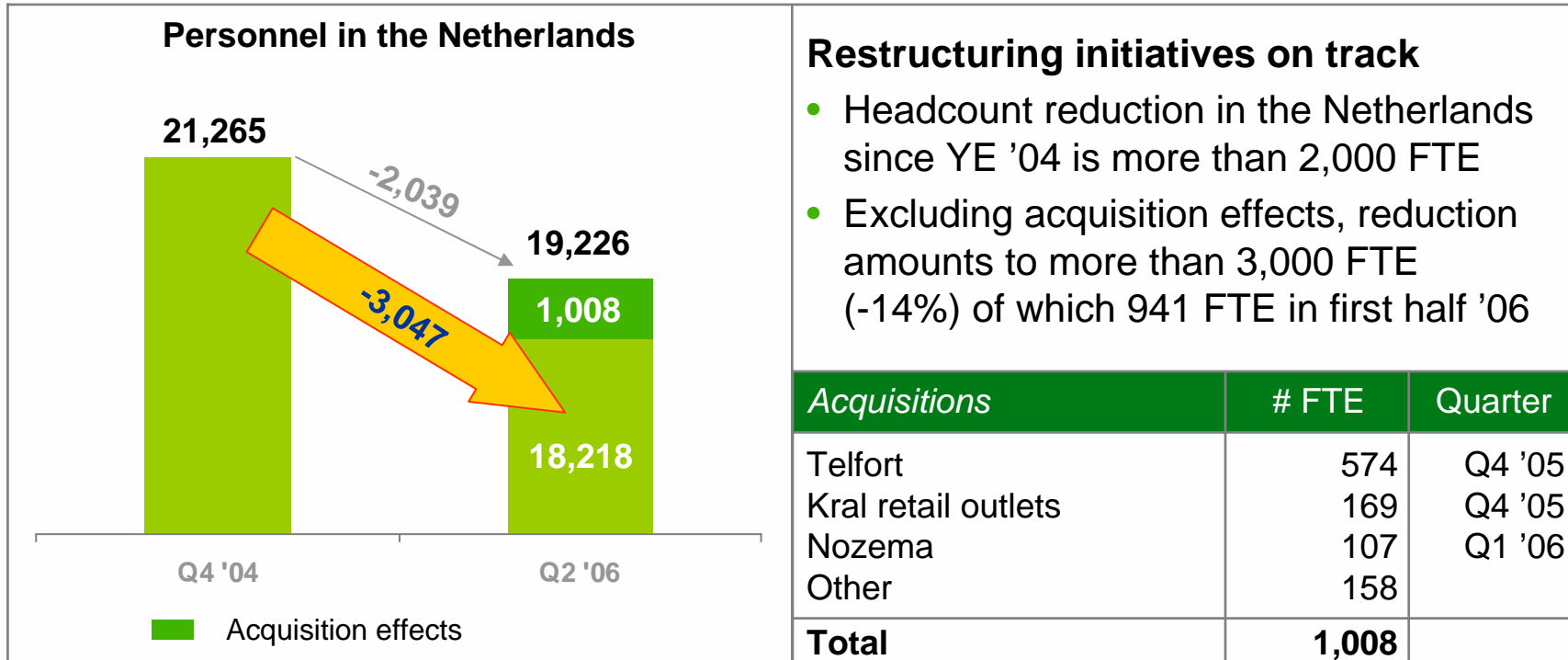
Balance sheet



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

Headcount reduction

Ahead of schedule



Restructuring initiatives on track

- Headcount reduction in the Netherlands since YE '04 is more than 2,000 FTE
- Excluding acquisition effects, reduction amounts to more than 3,000 FTE (-14%) of which 941 FTE in first half '06

Acquisitions	# FTE	Quarter
Telfort	574	Q4 '05
Kral retail outlets	169	Q4 '05
Nozema	107	Q1 '06
Other	158	
Total	1,008	

**FTE reduction ahead of schedule
and well on track towards reaching 8,000 in 2009**

Financial highlights Fixed










Impact of competition visible

€ mn	Q2 '06	Q2 '05	YTD '06	YTD '05
Revenues and other income	1,653	1,732	3,337	3,455
<i>% change</i>	-4.6%		-3.4%	
Operating expenses	1,280	1,367	2,568	2,678
– of which D&A	290	352	576	659
Operating result	373	365	769	777
EBITDA	663	717	1,345	1,436
<i>% change</i>	-7.5%		-6.3%	
EBITDA margin	40.1%	41.4%	40.3%	41.6%

- Revenues and other income down 4.6%
 - Of which 2.5% due to MTA reduction
- Operating expenses down 6.4%
- EBITDA margin down from 41.4% to 40.1% due to lower margin of new market revenues

Acquisitions in 2006

Strengthening our market position and building capabilities

In country consolidation	Activity
	Internet service provider on KPN infrastructure
	Internet service provider on alternative infrastructure
	Hotspot operator at Amsterdam Airport
	Closed network connecting health care providers
	National wholesale provider + business retail
	CRM and contact center solutions provider
Capability build-up	Activity
	State-of-the-art VoIP platform ¹
	Transmission of TV/Radio/Data-signals
	Narrow casting: marketing through on-site displays

- We have allocated approximately € 200 mn YTD to these acquisitions²

¹ Pending regulatory approval

² Excluding iBasis

Financial highlights Mobile

Revenues and margin up in all three countries

€ mn	Q2 '06	Q2 '05	YTD '06	YTD '05
Revenues and other income	1,601	1,422	3,100	2,729
<i>% change</i>	12.6%		13.6%	
– of which Service revenues ¹	1,530	1,317	2,938	2,515
<i>% change</i>	16.2%		16.8%	
Operating expenses	1,298	1,241	2,638	2,440
– of which D&A	319	252	624	511
Operating result	303	181	462	289
EBITDA	622	433	1,086	800
<i>% change</i>	43.6%		35.8%	
EBITDA margin	38.9%	30.5%	35.0%	29.3%

- **E-Plus:** accelerating growth, record margin
 - Service revenue growth following strong net additions in prior quarters
 - Conversion from ‘push to pull’, faster than anticipated, reduced acquisition costs
- **KPN Mobile NL:** strong growth and margin
 - Continued market outperformance on service revenue growth
 - Multibrand strategy paying off, > 50% share of Post Paid gross adds
- **BASE:** strong profitability
 - Partly related to temporary reduction in commercial activity

¹ Revenues and other income minus equipment sales and other income

Regulatory offensive

Achieving level playing field with cable operators

Premise

- Proceedings against Dutch State regarding discriminatory regulation
- Complaint lodged against cable operators with NMa and OPTA

Demands

- Demanding that the government immediately stops the unequal regulation of the cable sector and telecom sector
- Seeking a preliminary injunction aimed at putting an immediate end to this unequal treatment

Rationale

- Imbalance in regulation is seriously constraining competition between traditional and new providers
- Supervision of the cable sector is a failure
- This unfair treatment will have serious consequences
- Issue raised with various government departments, however authorities remain inactive
- No alternative but to seek recourse through the courts

Outcome

- Verdict on 25 July, partly declared claims inadmissible and rejected other claims
- KPN is to appeal this judgment

MTA in the Netherlands

Several issues under debate, no certainty on timing of new tariffs in 2006

OPTA's draft directive as of 21 June

€ cents per minute	Current	1 Jul '06	1 Jul '07	1 Jul '08
KPN, Vodafone	11.00	9.17	7.33	5.50
Orange, T-Mobile	12.40	10.63	8.86	7.09
Asymmetry	1.40	1.46	1.53	1.59

- Further lowering in 3 linear steps
- Tariff asymmetry among operators relating to difference in used frequencies
- Subject to national consultation and EU Commission's approval;
OPTA expects final agreement by September

KPN's view

- No regulation required, leave it to the market
- Dutch market justifies no asymmetry; certainly no increase in asymmetry as proposed
- If asymmetry applied then: Telfort should be treated as Orange and T-Mobile (still uses own DCS-1800 frequencies)

MTA in Belgium and Germany

Arguing for asymmetry

Belgium

- New official MTA tariffs communicated by BIPT on 7 July

€ cents per minute	Current	1 Nov '06	1 May '07	1 Jan '08	1 Jul '08
Proximus	12.66	10.13	8.09	7.48	6.56
Mobistar	15.98	12.75	10.16	9.38	8.21
BASE	19.60	15.81	12.76	11.82	10.41

- Subject to review of EU Commission
- BASE's view: in Belgian market, asymmetry needs to be maintained

Germany

- Current MTA tariffs valid until 15 December 2006
 - T-Mobile, Vodafone: 11.0 cents
 - E-Plus, O₂: 12.4 cents
- BNetzA asked operators to propose glide path in line with European developments
- No mutual understanding among operators reached
- Ex-ante regulation subject to review of EU Commission
- E-Plus' view: in German market, asymmetry needs to be maintained

Performance versus Guidance

Item	Outlook FY 2006 as given 7 February	Q1 '06	YTD '06
Revenues and other income ¹	Low single digit increase	1.6%	1.3 %
EBITDA ^{1,2}	Flat	3.7%	6.6 %
Capex	€ 1.6 - € 1.8 bn	€ 0.3 bn	€ 0.7 bn
Free cash flow ³	> € 2 bn	€ 0.8 bn	€ 1.4 bn

YTD '06 reconciliation ¹	Revenues and other income		EBITDA ²	
€ mn	2006	2005	2006	2005
Reported	5,981	5,840	2,487	2,258
Disposals (Xantic)	-68	-	-68	-
Restructuring charges	-	-	12	32
Brand unification costs	-	-	10	-
Comparison with guidance	5,913	5,840	2,441	2,290
	1.3%		6.6%	

1 Excluding restructuring charges and book gains/losses over € 20 mn, brand unification costs and Telfort integration

2 Defined as Operating result plus depreciation, amortization & impairments

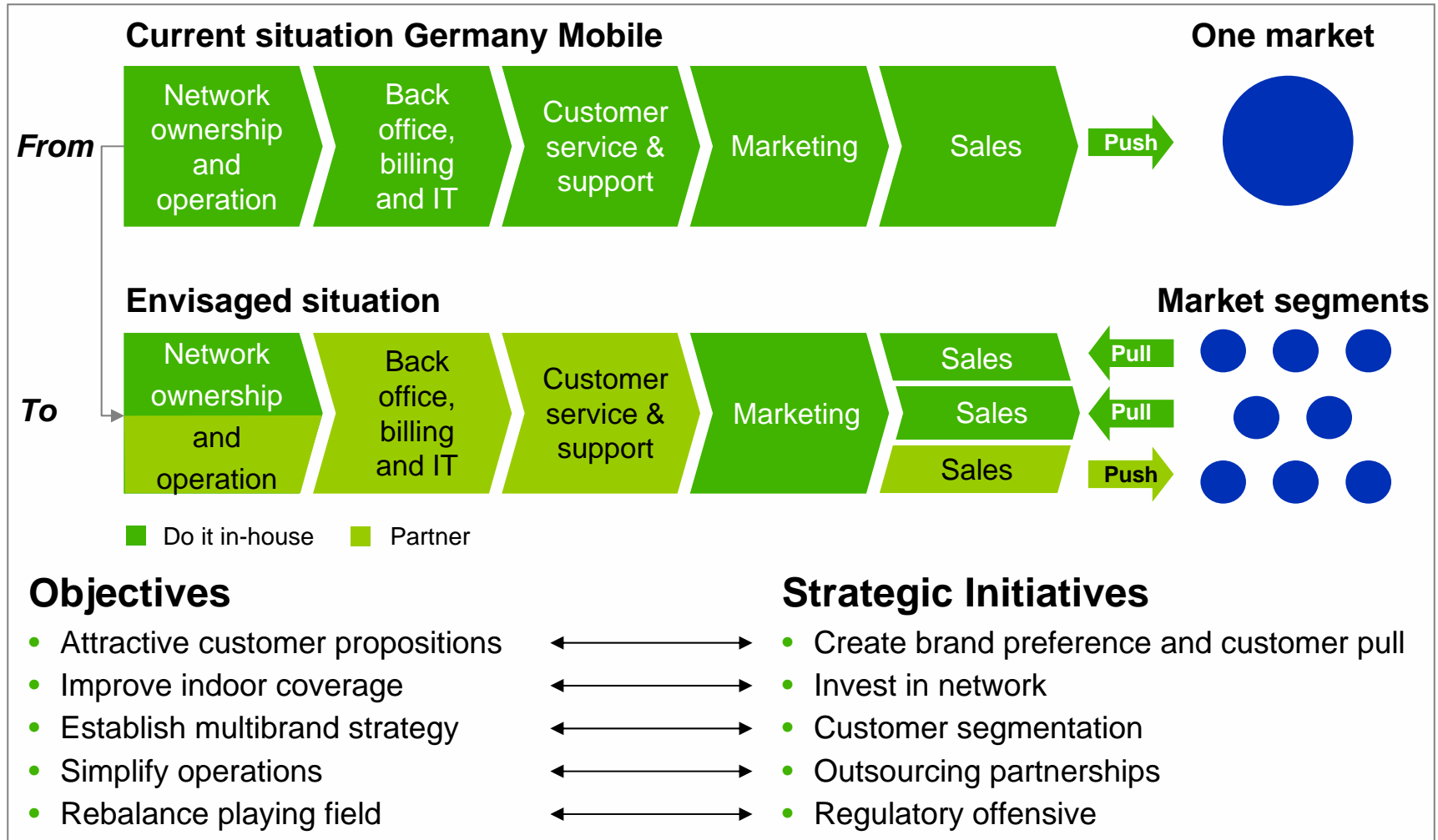
3 Defined as Net cash flow from operating activities minus Capex

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E-Plus

On 9 August 2005 we said we would change our strategy in Germany



E-Plus

.... 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 improvement

Objectives

- Double digit service revenue growth towards second half 2006
- > 30% EBITDA margin in medium term

E-Plus milestones to date

A redesigned E-Plus is now doing many things differently

Customer targeting

- New brands: BASE, Simyo, Ay Yildiz and MVNOs with fast awareness build-up
 - ~ 2.85 mn subscribers since launch, of which 1.8 mn in H1 '06

Proposition

- Propositions related to new brands offering MoU and ARPU significantly higher than E-Plus brand
 - MoU +200%, ARPU +50% for both Post and Pre Paid

Channels

- Branded reseller agreement with Aldi changed distribution model
- 23 new stores in first half 2006

Deployment

- E-GSM frequencies obtained
- Network upgrade to E-GSM commenced to improve coverage

Regulatory

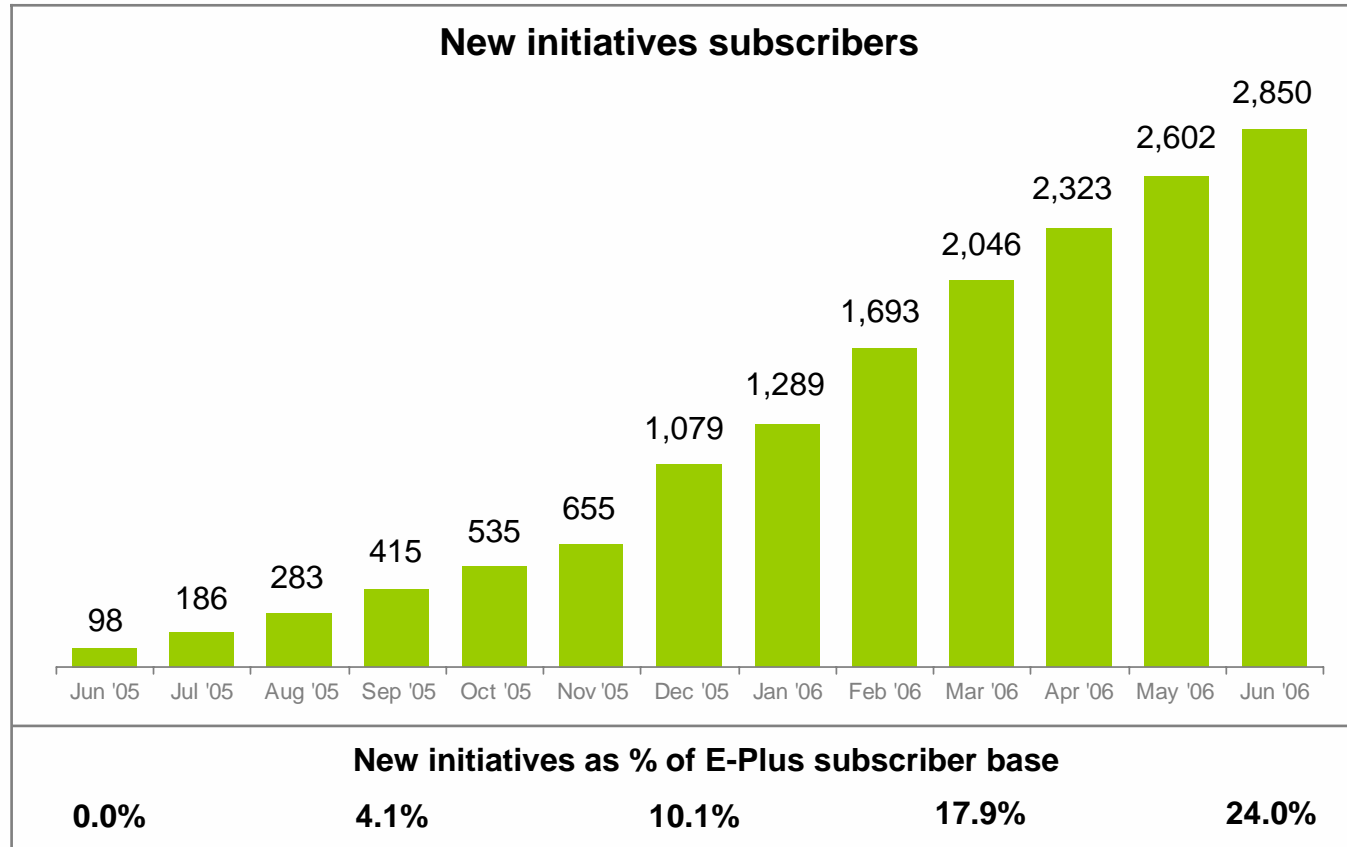
- Arguing for asymmetric MTA cuts to achieve level playing field
- Requirement to create real sustainable competition to the benefit of the consumers

Financial model

- Ultra fast payback times for new segments < 3 months
- Strong net additions share with significantly improved EBITDA margin following introduction of new brands

E-Plus: impact of new strategy

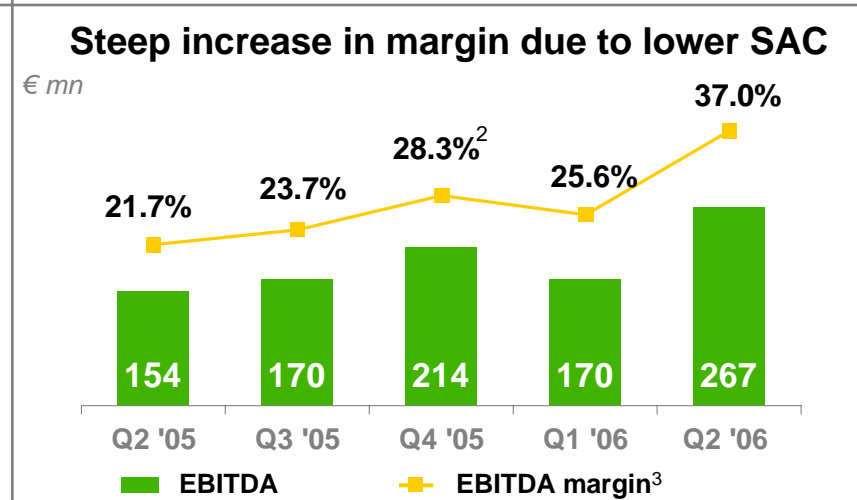
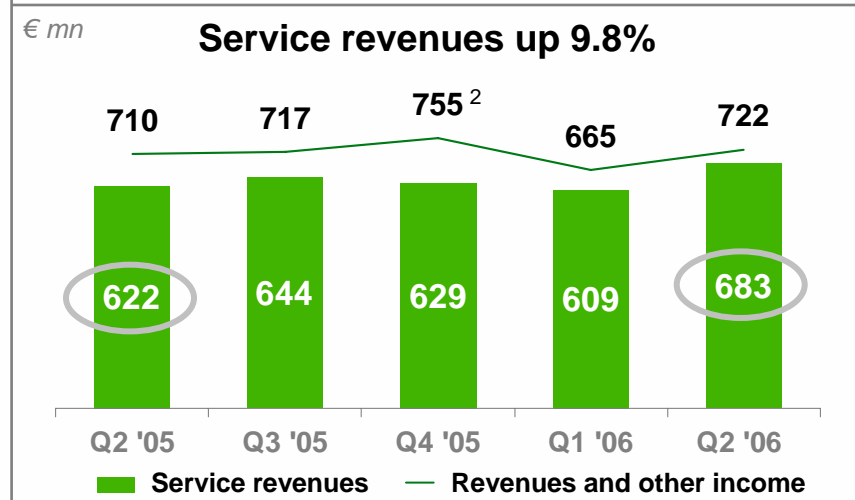
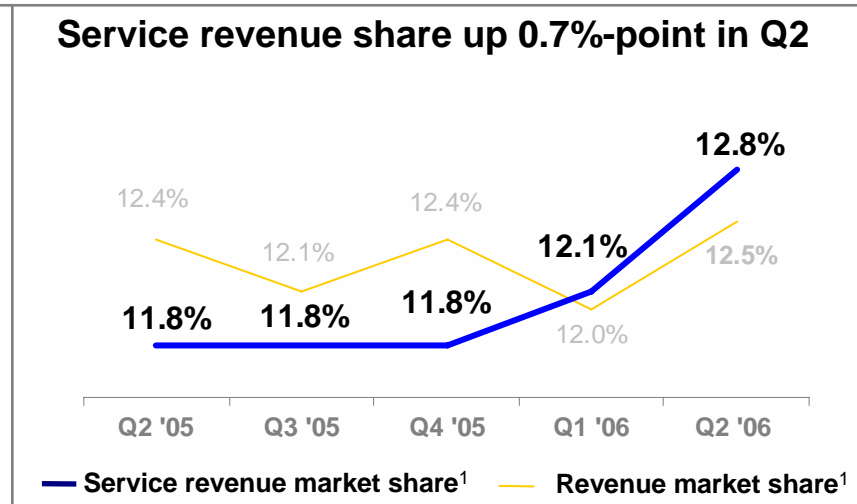
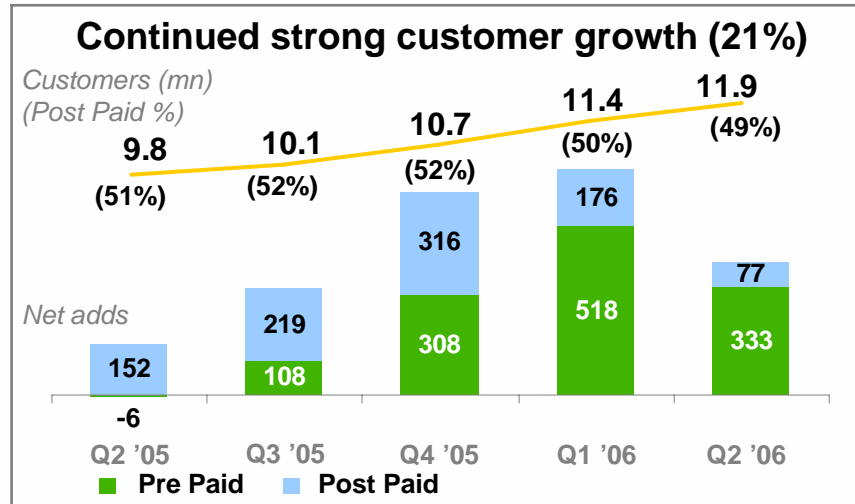
Nearly 3 mn subscribers in new segments since launch



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

Operating review E-Plus

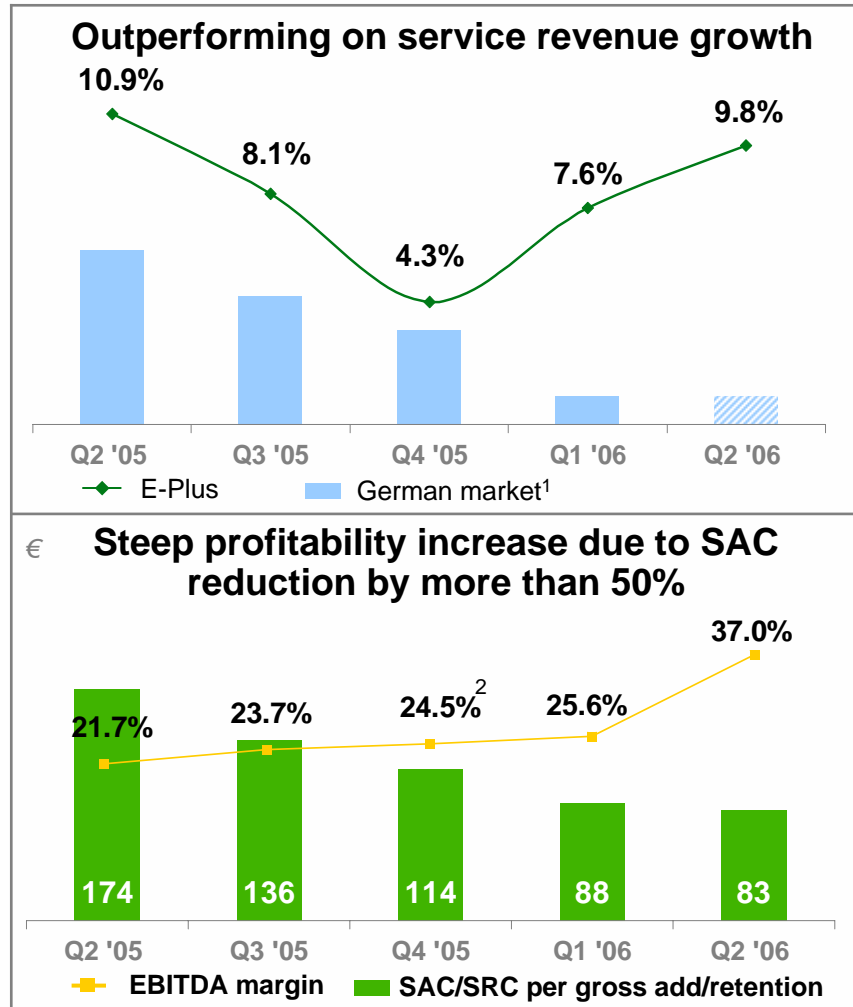
E-Plus continues to achieve above market growth



1 Management estimates, based on revenues
 2 Including €38 mn from NTT DoCoMo settlement
 3 EBITDA as a percentage of Revenues and other income

E-Plus: further analysis

Gaining revenue market share combined with a step change in profitability



- Decelerating growth in Germany
 - MTA reductions more than 15%
 - Increased price deflation following competitors response to E-Plus
- E-Plus is outperforming the market
 - Multibrand strategy: covering specific segments with targeted pricing
 - Price elasticity of new service offerings resulting in higher MoU and ARPU
- High profitability linked to business model change
 - Customer pull effect
 - SAC reduction

Fully confident in achieving objectives as outlined in August 2005

1 Management estimates

2 Excluding €38 mn from NTT DoCoMo settlement

E-Plus going forward

Much remains to be done however in the near term

Relaunch E-Plus brand

- Competitors are not standing still and there have been a flurry of new offers in the German market
- Following the success of the BASE brand in Germany need to re-launch E-Plus with further differentiated offers
- Next pillar of growth for the retail brands
- Will require investment in H2

Distribution

- Need to improve retail distribution capability in Germany
- Currently lag major competitors in terms of retail outlets
- Will require investments

Regulatory

- Arguing for asymmetric MTA cuts in the German market
- This is required to create real sustainable competition to the benefit of German consumers
- Other operators are understandably reluctant

Converged products

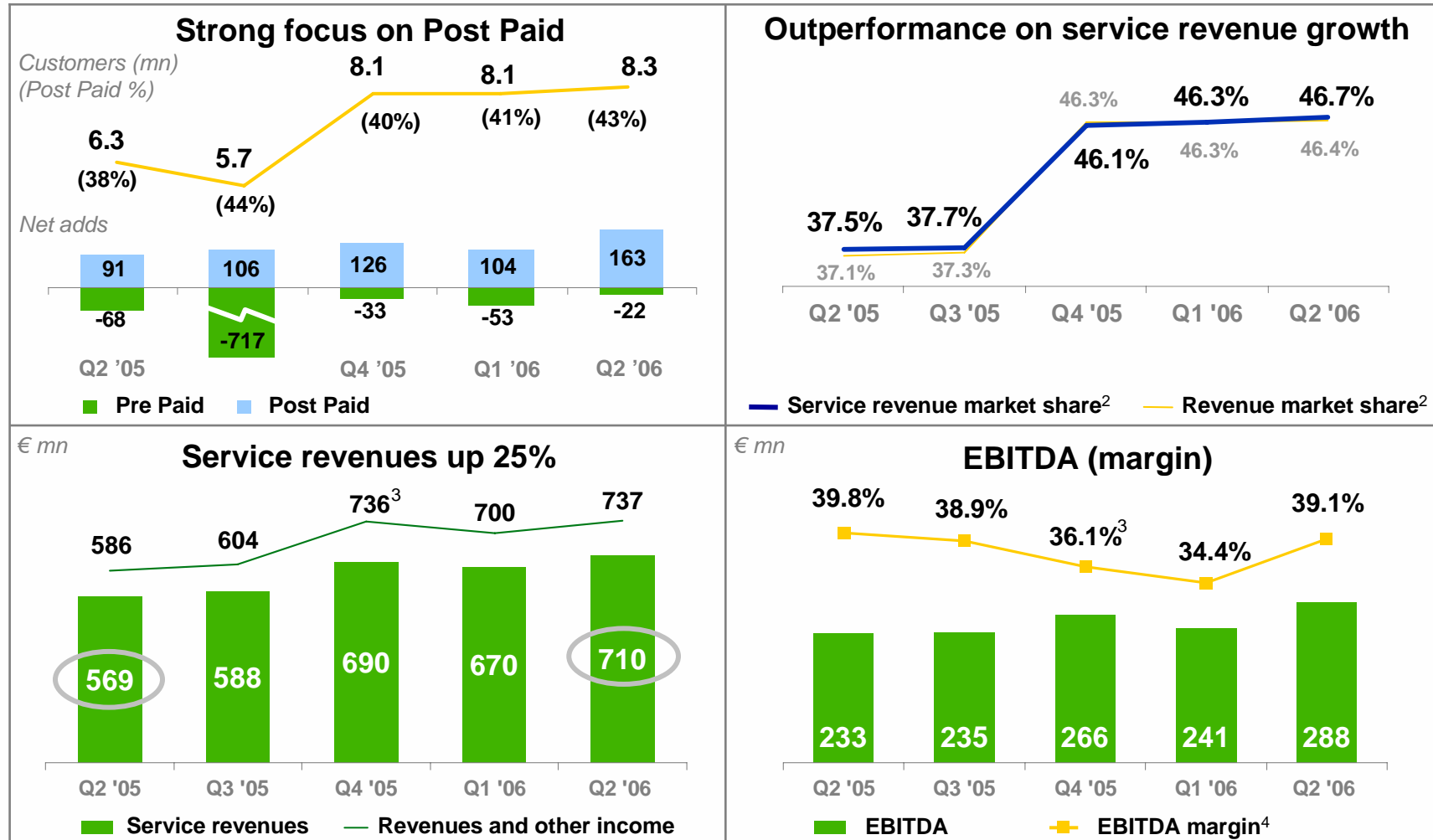
- Implementing a smart follower approach
- At this stage the short term demand is uncertain
- Not convinced that owning fixed line infrastructure is a requirement

UMTS /HSDPA

- Implementing a smart follower approach

Operating review KPN Mobile the Netherlands¹

Strong focus on Post Paid drives above market service revenue growth



1 Telfort included as of Q4 '05

2 Management estimates, among others based on revenues as per industry filings

3 Including € 13 mn from NTT DoCoMo settlement

4 EBITDA as a percentage of Revenues and other income

KPN Mobile the Netherlands

Further strengthening of market position

Focus on
growth and
value

- KPN growing faster than the market
 - > 5% service revenue growth in first half 2006 vs. < 3% market
- Shifting focus to securing high value customers
 - Proactively migrating high value Pre Paid to Post Paid
 - > 50% market share of Post Paid gross adds in past 6 months
- Best in class loyalty with lowest Post Paid churn %

Multibrand

simyo 
Telfort.

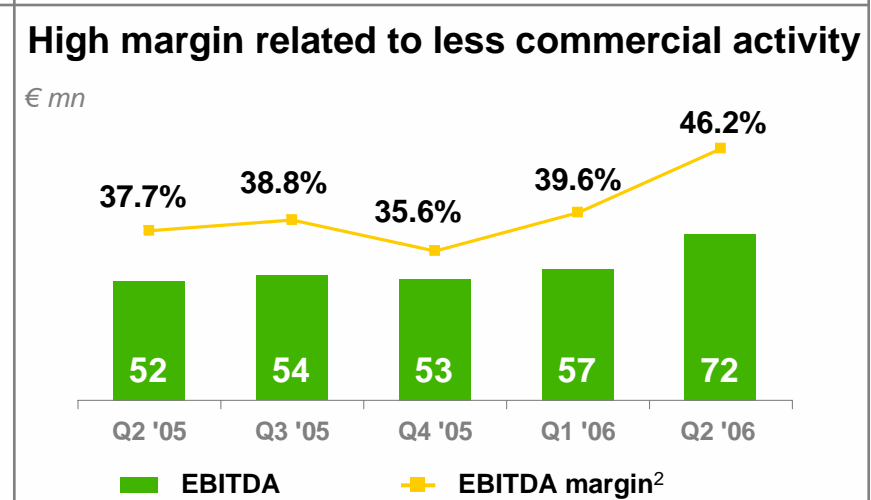
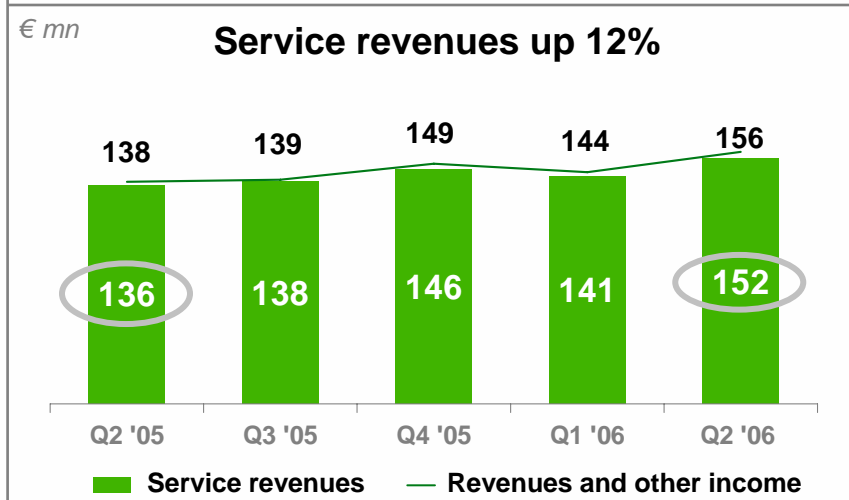
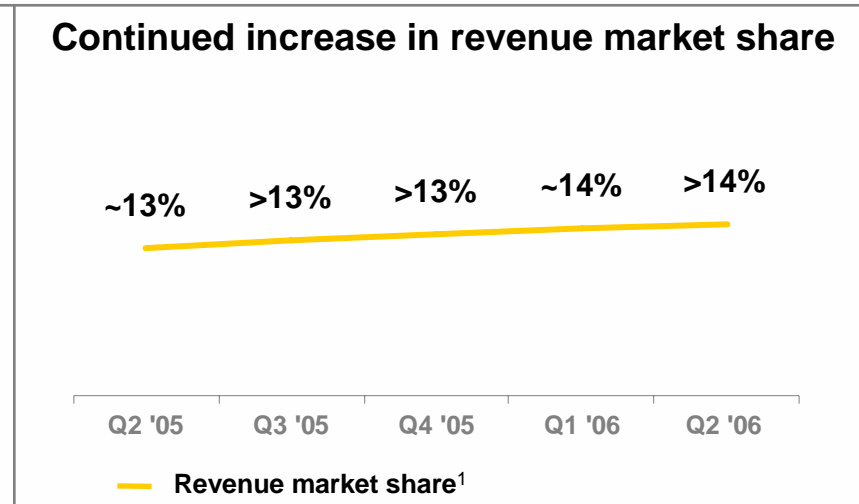
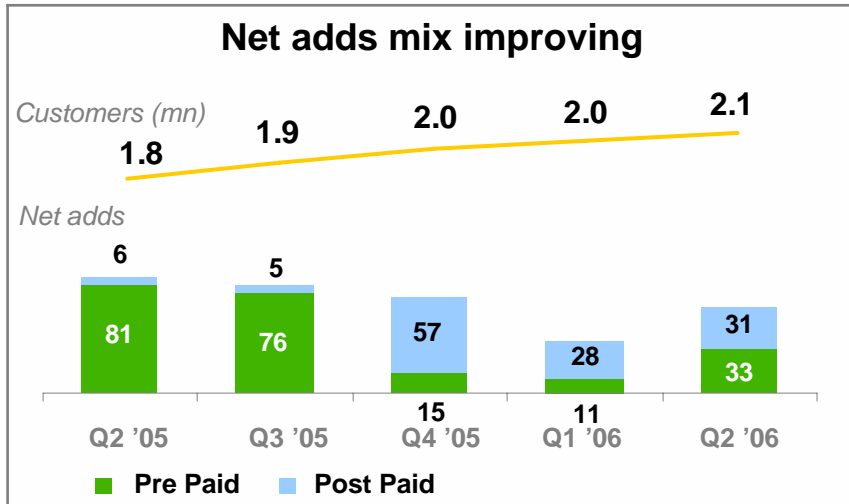
- Simyo successfully claimed the low cost, internet only segment
- Hi continues to successfully claim the youth segment with MMS, like SMS previously
- € 132 mn Telfort earn-out paid on the back of continued strong growth

Focus on
costs

- First phase network integration commenced
- Further SAC reductions planned to offset adverse effects of regulation on MTA / roaming

Operating review BASE

Strong profitability but competitors fighting back



1 Management estimates, based on revenues
 2 EBITDA as a percentage of Revenues and other income

Agenda

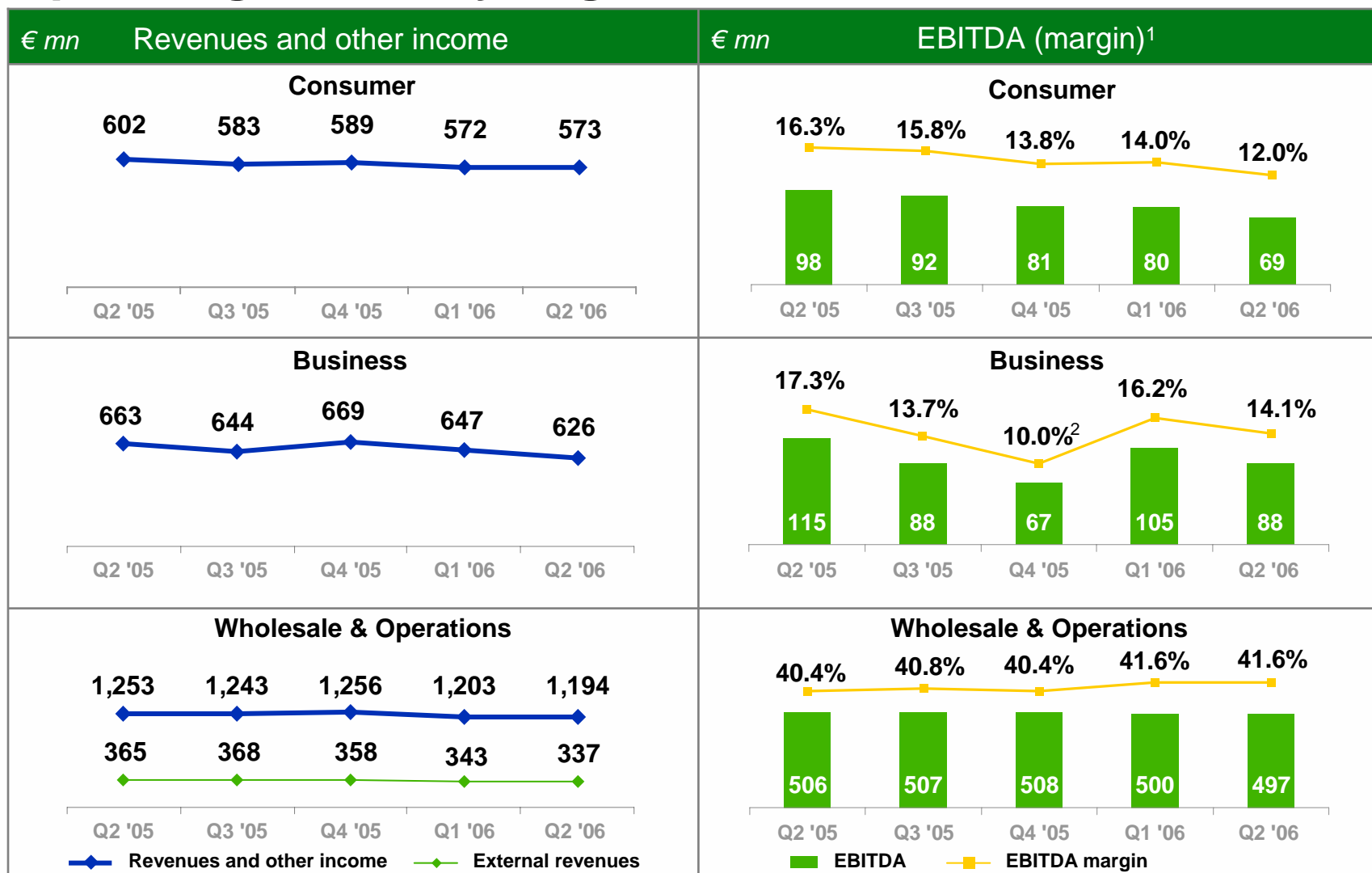
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Highlights Fixed

- Increased net line loss driven by continued fierce competition puts pressure on consumer segment EBITDA
- Broadband market share up further 7.3% points driven by both organic growth and acquisitions
- Business segment results positively influenced by strong performance of new services
- Transformation of Business segment into end-to-end ICT provider
- Creating strong international IP player by merging international wholesale voice carrier business into iBasis¹

¹ Subject to regulatory approval

Operating review by segment

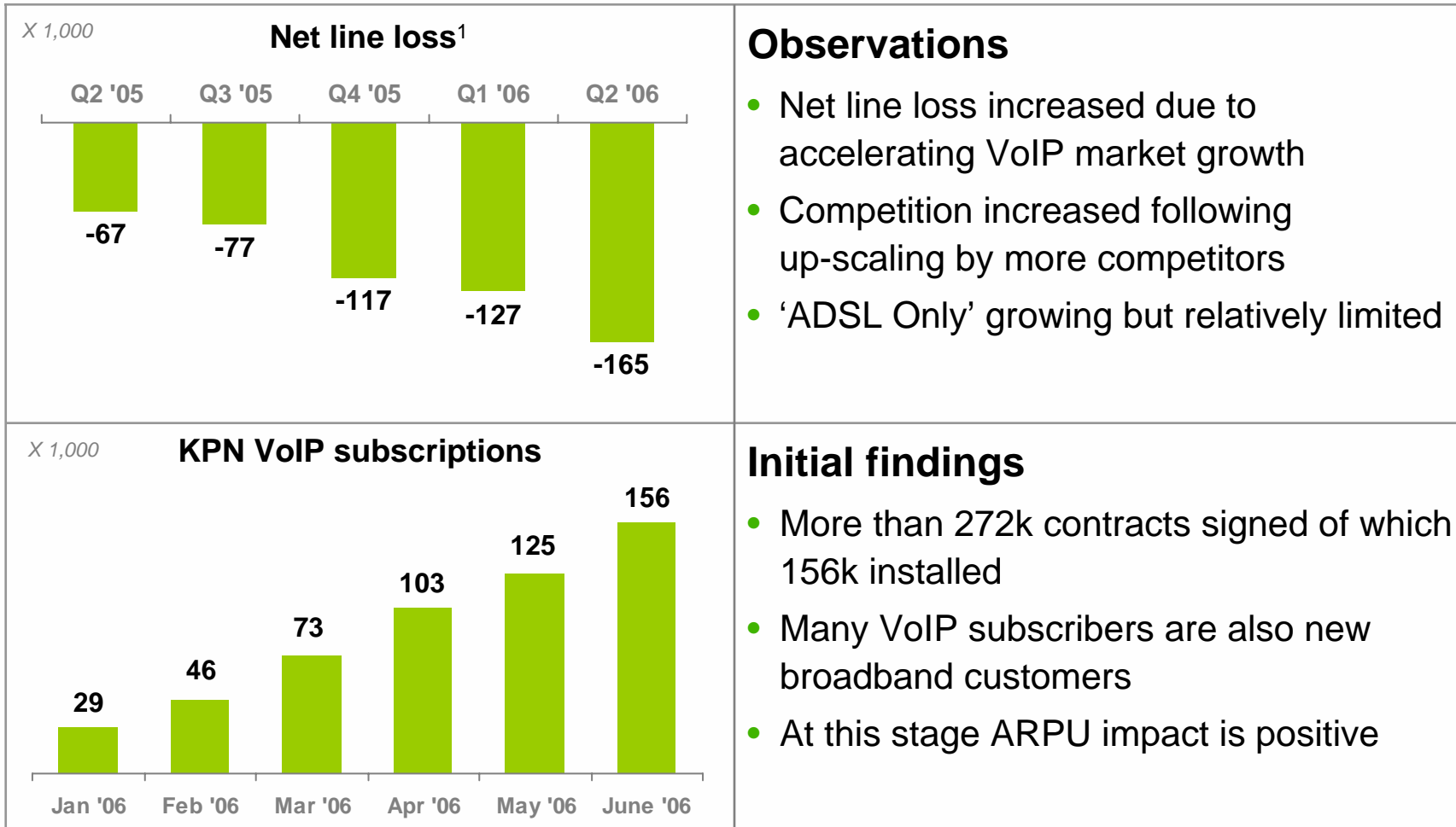


1 EBITDA as a percentage of Revenues and other income

2 Excluding €35 mn OPTA fine and settlement with competitors: 15.2%

VoIP in perspective

Net line loss increased due to accelerating VoIP market growth



Observations

- Net line loss increased due to accelerating VoIP market growth
- Competition increased following up-scaling by more competitors
- 'ADSL Only' growing but relatively limited

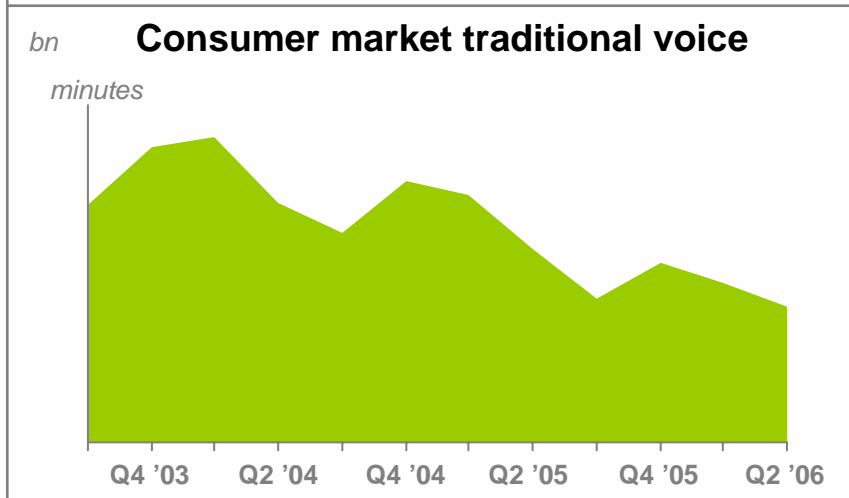
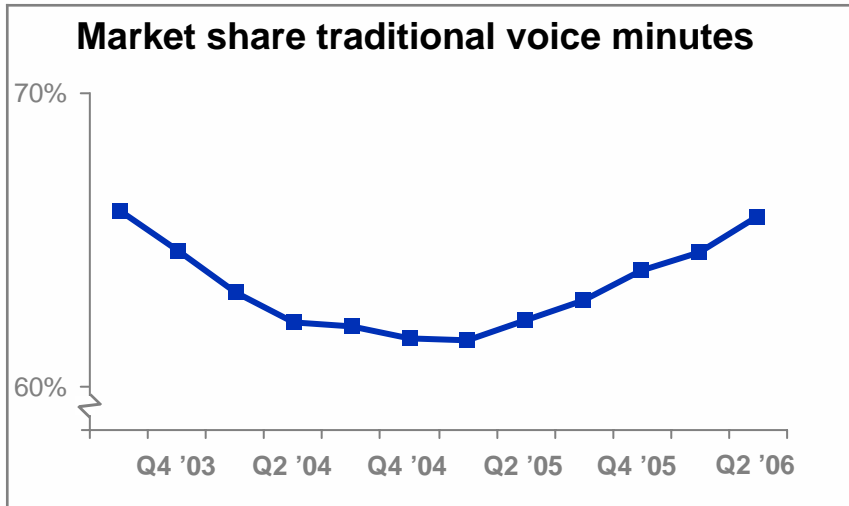
Initial findings

- More than 272k contracts signed of which 156k installed
- Many VoIP subscribers are also new broadband customers
- At this stage ARPU impact is positive

¹ PSTN/ISDN line loss +/- growth VoIP +/- growth ADSL only

Consumer voice

Continued increase in market share in contracting traditional voice market

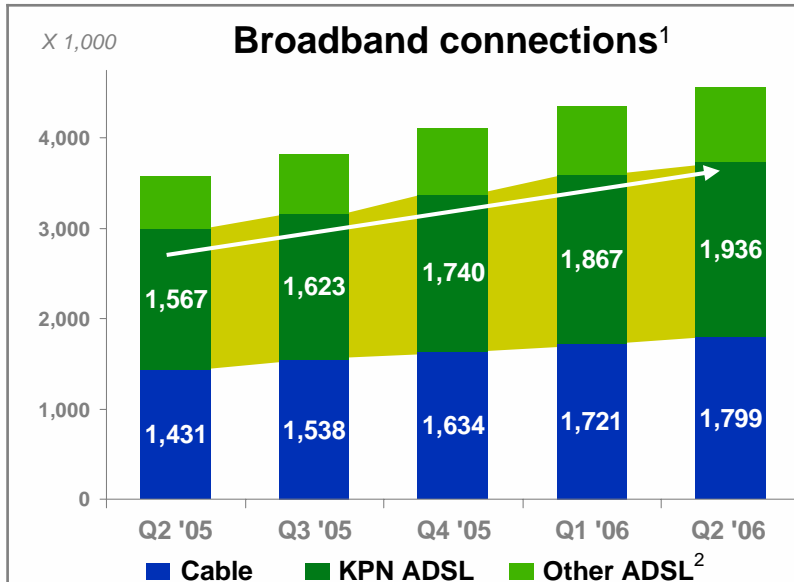


Developments

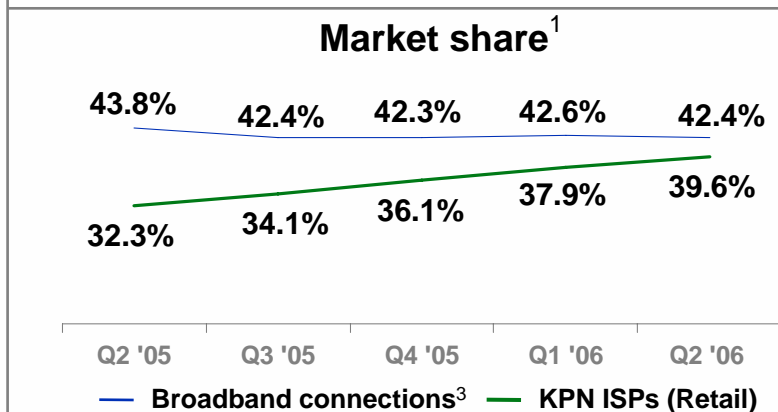
- Market share in traditional market continues to rise
- CPS winback programs (CLM based) are successful, evidenced by declining market share CPS operators
- A significant number of customers now have bundles, leading to reduced churn
- Bundled cordless phones not only reduce churn but also increase ARPU
- New (flat fee) bundles capture the opportunities of changed regulatory framework

Consumer broadband

KPN is the leading broadband provider



- Significant increase in retail market share (up 7.3% points to 39.6%)
- 'InternetPlusBellen' key driver behind organic growth KPN ADSL
- Acquisition of Demon gives approximately 56k DSL customers
- Acquisitions added a total of 240k ADSL customers representing 5.3%⁴ market share



ISP acquisitions since 2005

CISTRON
TELECOM

hcc[!]

tiscali
Broadband customers on
KPN ADSL infrastructure

FREELER

speedinq

Dēmon

1 Of which currently approximately 80% consumers and 20% businesses (management estimates)

2 Excluding Bitstream

3 Via KPN infrastructure

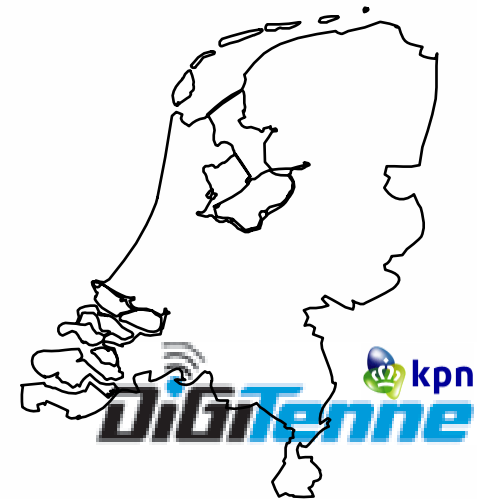
4 Based on current market size

TV

Continued progress

KPN TV (DVB-T)

- Strong 23k increase in number of customers to 230k
- Digitenne B.V. now 90% owned
- 'KPN TV' will be branded to 'Digitenne by KPN' from October
- Opportunity for Digitenne as analogue frequencies will be switched off (October 2006)
- Nationwide coverage by 2007



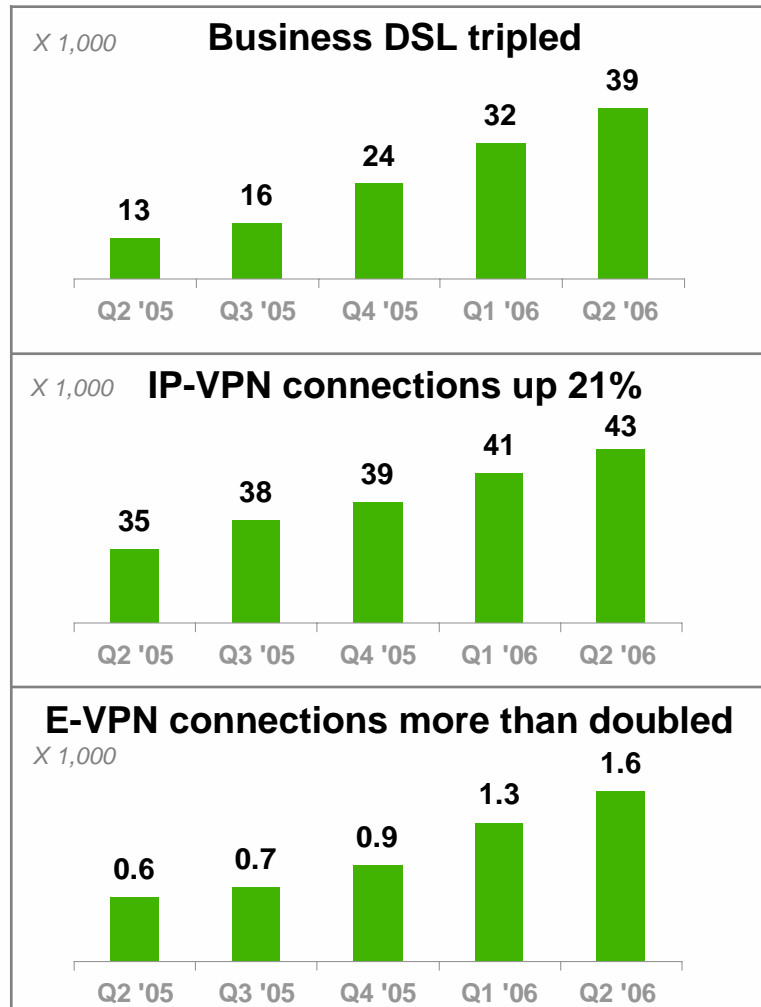
Mine (IPTV)

- First to market with interactive TV
- Proposition will be extended to all KPN brands during second half 2006
- Continued build-out of content portfolio
- Already 60 TV channels



Data in the business market

Strong performance continues

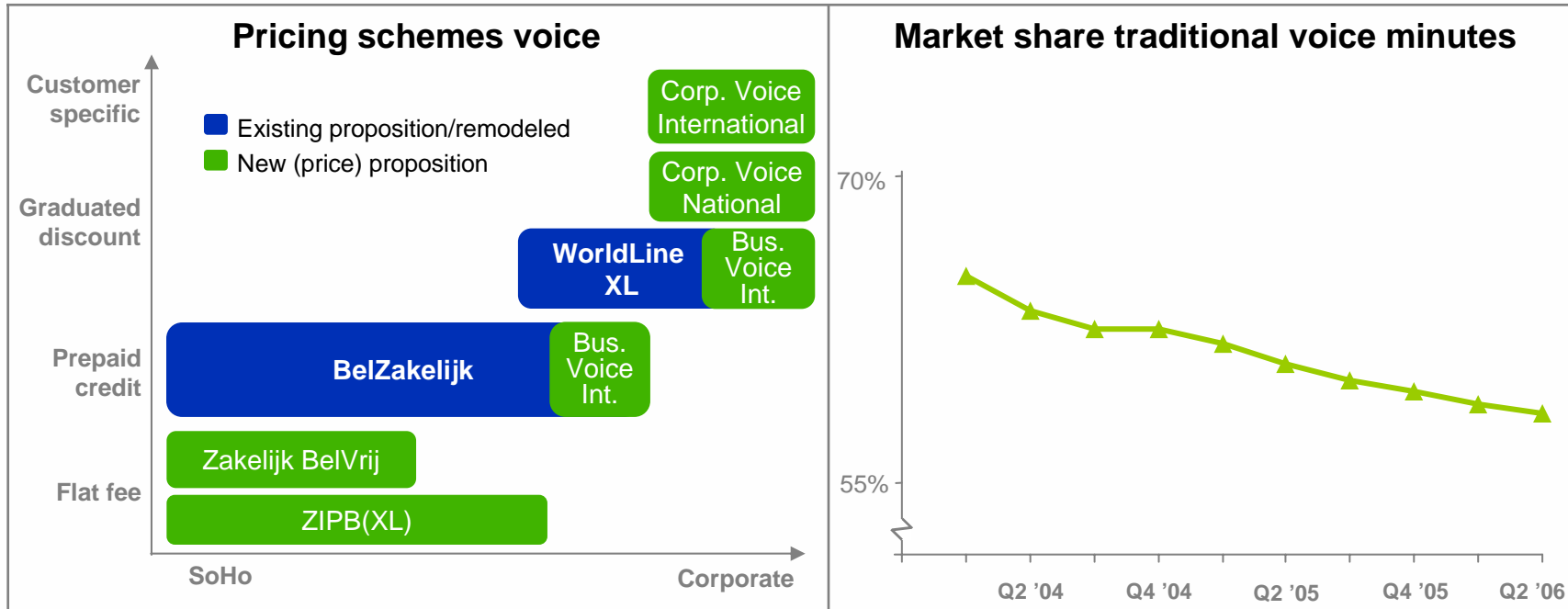


Developments

- Above market growth in new services such as IP-VPN, E-VPN and business DSL
- Churn to competition has further decreased
- Acquisition Newtel Essence strengthens position in the fast-growing ICT market for IP Telephony, CRM and contact center solutions
- Decline in traditional services portfolio slowing down

Voice in the business market

Defending market share with new pricing schemes



New pricing schemes

- Contribute to deceleration of decline in market share
- Retention of revenues and EBITDA for both the Business segment and Wholesale & Operations

Creating a top five international wholesale voice carrier

Rationale

- Access to state-of-the-art VoIP platform
- Improved competitiveness due to increased scale
- Complementary footprint KPN Global Carrier Services and iBasis
- Combining strengths in VoIP and mobile, the fastest growing segments
- Available annual cost synergies exceed \$ 10 mn in the medium term

Financial impact

- Pro forma annual consolidation impact¹ of approximately € 350 mn revenues and € 10 mn EBITDA
- Medium term earnings accretive

Deal structure

- Contribution of KPN Global Carrier Services into iBasis with \$ 21 mn of cash on the balance sheet and cash payment of \$ 55 mn to iBasis
- iBasis to pay post-closing special dividend of \$ 113 mn to its pre-closing shareholders
- KPN to receive 51% of diluted shares

Timeline

- Transaction subject to customary regulatory approvals
- Expected closing by the end of 2006

¹ Based on USD/Euro exchange rate as per end Q2 2006

All IP

Good progress on all fronts

Portfolio

- Development of wholesale and retail portfolio on track for pilot in Q4 2006

Network

- Vendor selection in progress, so far amongst others Lucent, Atos Origin, Alcatel, Siemens and Huawei have been selected as partners
- Roll out planning will be market driven

Finance

- Additional Capex € 1.0 – 1.5 bn for the period 2007 – 2009
- Plan for sale of local exchanges is under review, aimed at matching timing of Capex spendings

Regulation

- OPTA's opinion is that All IP network will strengthen competitive position of the Netherlands and deserves "light touch" approach
- Discussion with wholesale customers on migration to new portfolio to be initiated Q3 2006

Agenda

Chairman's review	Ad Scheepbouwer, Chairman and CEO
Financial review	Marcel Smits, CFO
Operating review Mobile	Stan Miller, MD Mobile division
Operating review Fixed	Eelco Blok, MD Fixed division
Concluding remarks	Ad Scheepbouwer, Chairman and CEO

Revised outlook

Outlook FY 2006	As given 7 February	August update
Revenues and other income¹	Low single digit increase	Unchanged
EBITDA^{1,2}	Flat	Low single digit increase
Capex	€ 1.6 - € 1.8 bn	€ 1.7 - € 1.8 bn
Free cash flow³	> € 2 bn	> € 2.2 bn

- Revenues and other income outlook confirmed at low-single digit increase
- EBITDA outlook upgraded from flat to low-single digit increase
- Capex range narrowed to € 1.7 – € 1.8 bn
- Free cash flow outlook upgraded from more than € 2 bn to more than € 2.2 bn

1 Excluding restructuring charges 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

Concluding remarks

- Strong financial performance in tough markets
- E-Plus delivering on turnaround objectives
- Fixed establishing a strong base for future growth
- EBITDA and Free Cash Flow outlook for 2006 revised upward
- Committed to deliver shareholder returns

Q & A



Annex

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Analysis of results

Key items worth mentioning in results interpretation

€ mn		Q2 '06	Q2 '05	YTD '06	YTD '05
Revenue effect MTA tariff reduction	Group	-65	-67	-123	-129
EBITDA effect MTA tariff reduction	Mobile	-20	-31	-39	-60
Book gain on sale of subsidiaries	Other	11		76	21
Book gain on sale of real estate	Fixed		8	14	8
Restructuring charges	Group		-8	-12	-32
Brand unification costs	Other	-4		-10	
Energy tax reimbursement	Fixed	13		13	
Release NMa claims	KPN M NL	+11		+11	
Goodwill impairment at SNT	Fixed		-40		-40
Depreciation effect Telfort network integration	KPN M NL	-20		-32	
Interest effect Telfort network integration	KPN M NL			-4	
Impairment on Vitalicom loans	Group				-11

Notable items in Q2 results

- **E-Plus:** Cleaning the base, disconnecting non revenue generating Post Paid subscribers, approximately 60k subscribers
- **BASE:** Temporary discontinuation of “unlimited” offering due to abuse of “fair use” resulting in lower subscriber acquisition costs

Impact MTA reduction¹

€ mn	Q2 '06		YTD '06	
	Revenues	EBITDA ²	Revenues	EBITDA ²
KPN Mobile NL	-23	-10	-47	-19
E-Plus	-26	-10	-47	-20
Total Mobile	-49	-20	-94	-39
Consumer	-6		-12	
Business	-7		-13	
Wholesale & Operations	-31		-61	
Total Fixed	-44		-86	
Intercompany	28		57	
KPN Group	-65	-20	-123	-39

MTA tariff reductions

- KPN Mobile the Netherlands (excl. Telfort): lowered from 13.0 to 11.0 cents as of 1 December '05
- E-Plus: lowered from 14.9 to 12.4 cents as of 15 December '05

¹ Additional decline compared to 2005

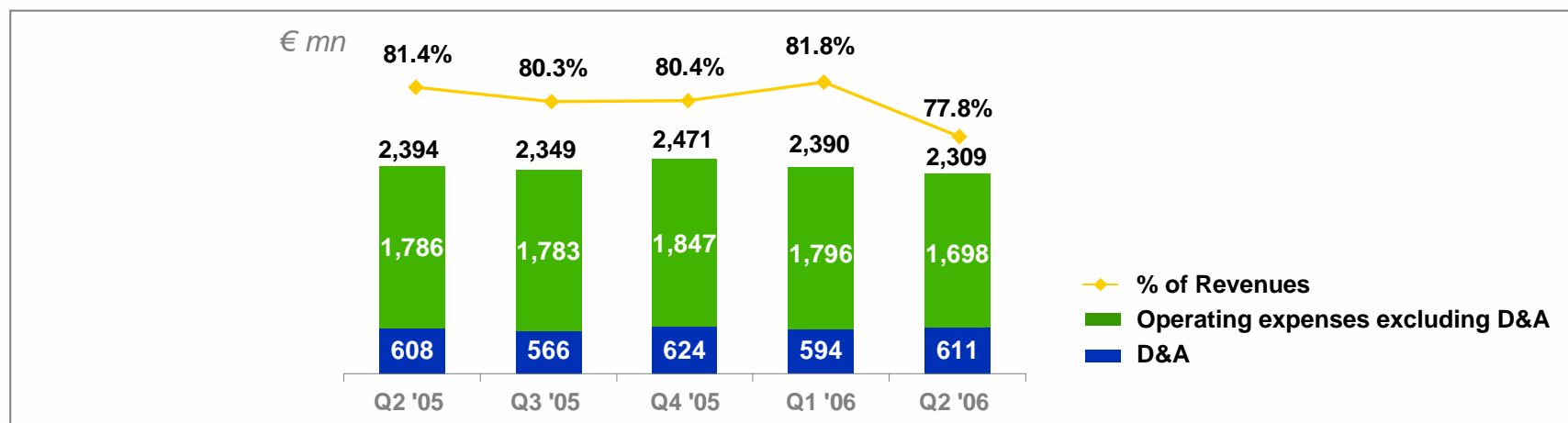
² Defined as Operating result plus depreciation, amortization & impairments

Restructuring charges

€ mn	Q2 '06	YTD '06
E-Plus		
KPN Mobile NL		
BASE		
Total Mobile	-	-
Consumer		-1
Business	1	-1
Wholesale & Operations	-3	-3
Total Fixed	-2	-5
Other	2	-7
KPN Group	0	-12

Operating expenses

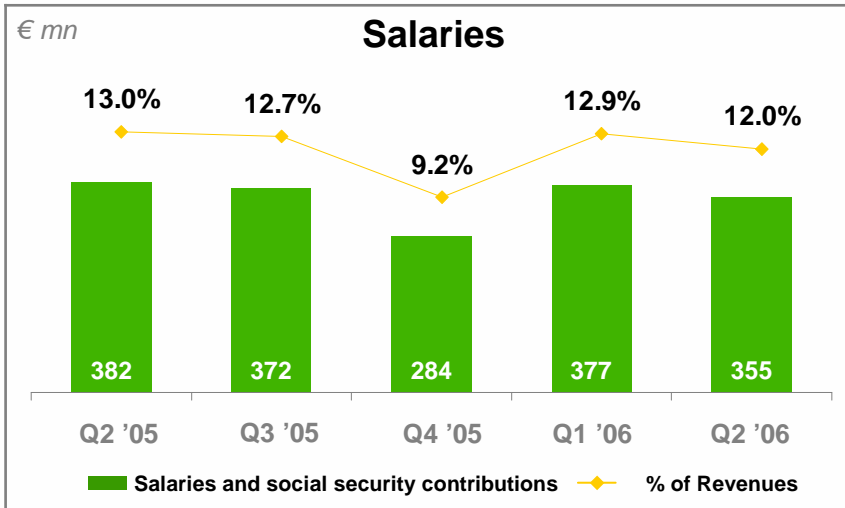
€ mn	Q2 '06	Q2 '05	%
Salaries and social security contributions	355	382	-7.1%
Cost of materials	188	273	-31.1%
Work contracted out and other expenses	1,046	1,005	4.1%
Own work capitalized	-31	-24	29.2%
Other operating expenses	140	150	-6.7%
Depreciation ¹	469	470	-0.2%
Amortization ¹	142	138	2.9%
Total	2,309	2,394	-3.6%



1 Including impairments

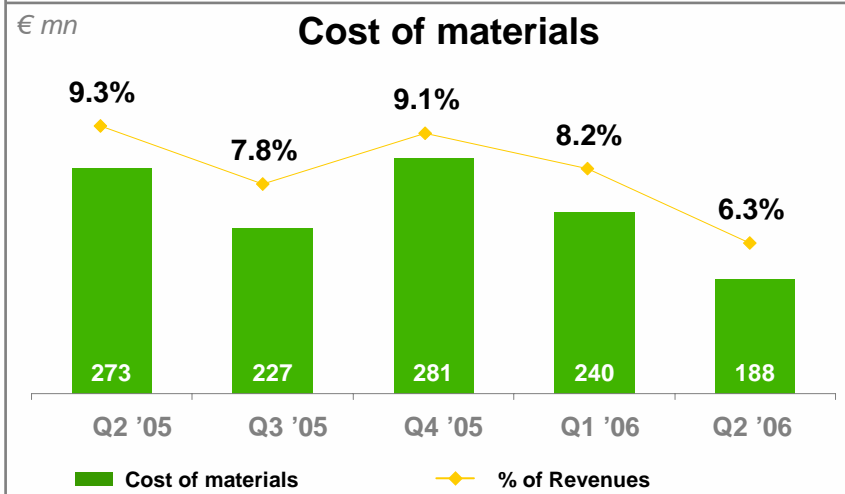
Analysis operating expenses

Salaries & Cost of materials



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

- Lower FTE due to ongoing headcount reduction, predominantly at Fixed
- Lower pension charges due to new collective labor agreement as of Q1 '06

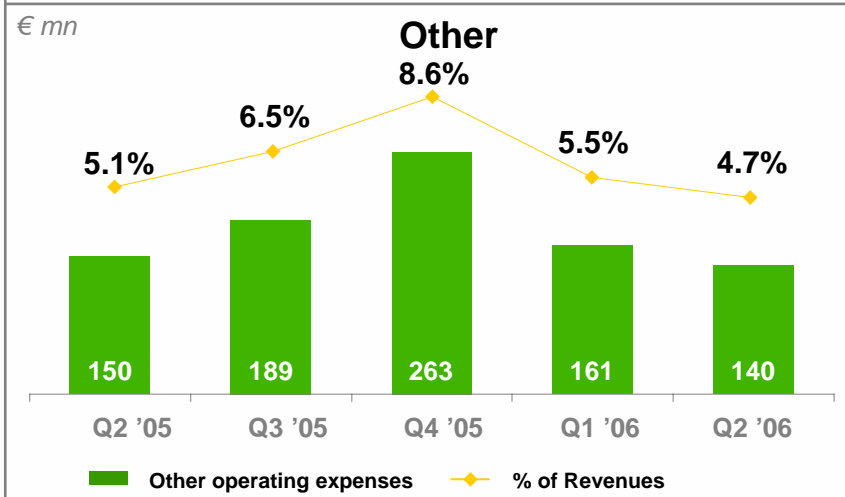
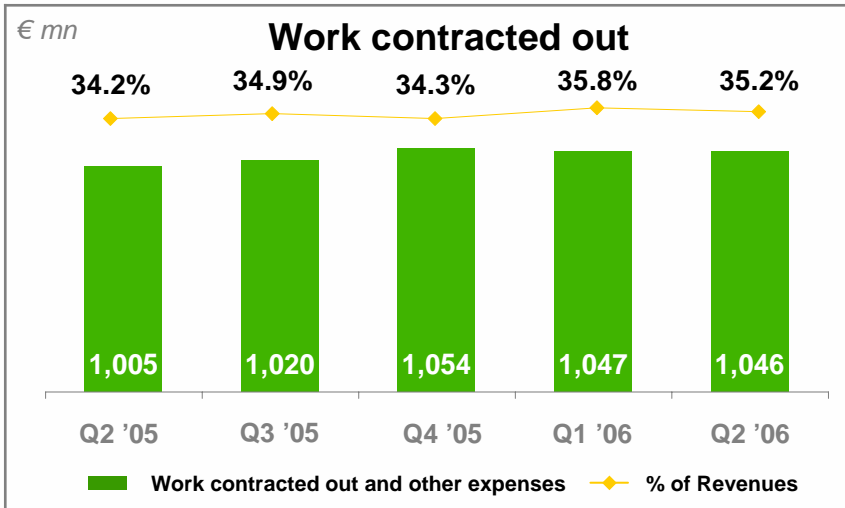


Y-on-Y & Q-on-Q decrease

- Less handset sales due to SIM-only offers (Simyo, BASE) and branded reseller agreement with Aldi at E-Plus
- € 13 mn energy tax reimbursement at Wholesale & Operations

Analysis operating expenses

Work contracted out & other



Y-on-Y increase

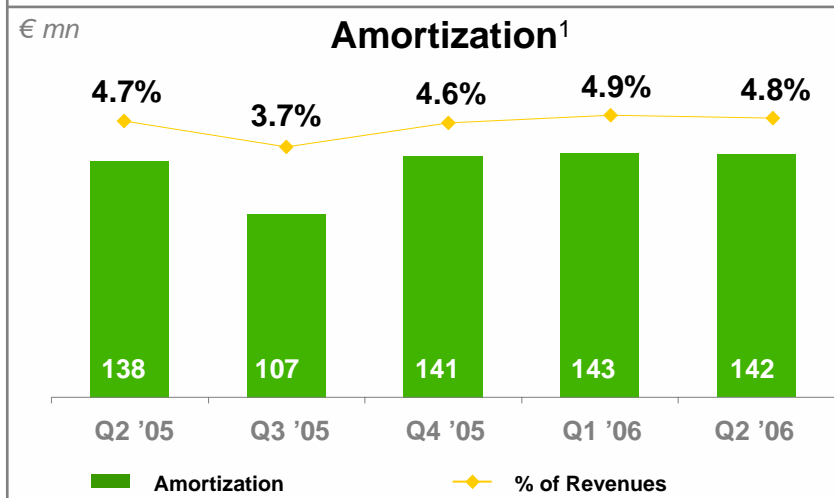
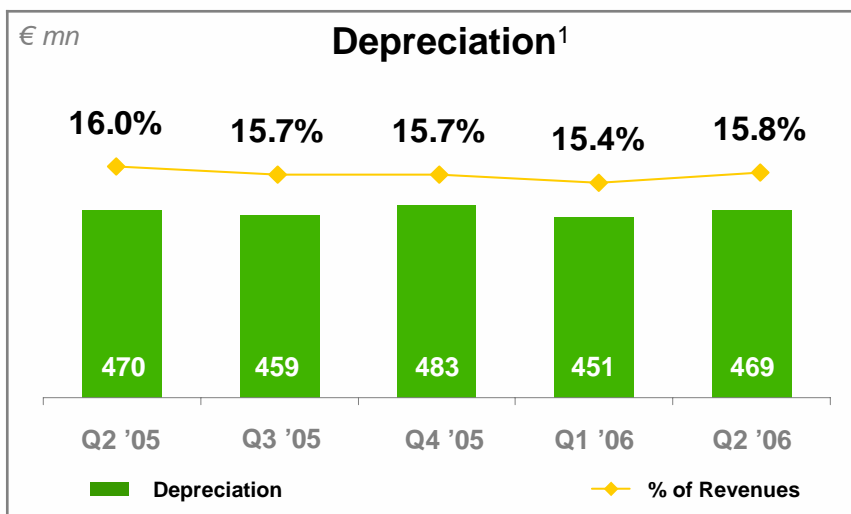
- Telfort consolidation as of Q4 '05
- Higher traffic volumes at Mobile
- Higher acquisition costs at Fixed Consumer
- In part offset by lower distribution fees at E-Plus, traffic volumes at Fixed and MTA

Q-on-Q decrease

- Lower marketing cost at E-Plus during Football World Cup

Analysis operating expenses

Depreciation & Amortization



Y-on-Y trend

- Fixed depreciation is trending down due to lower Capex spending in prior years
- Partly offset by Telfort consolidation as of Q4 '05

Q-on-Q increase

- € 8 mn higher depreciation due to Dutch mobile networks integration (Q2 '06: € 20 mn)

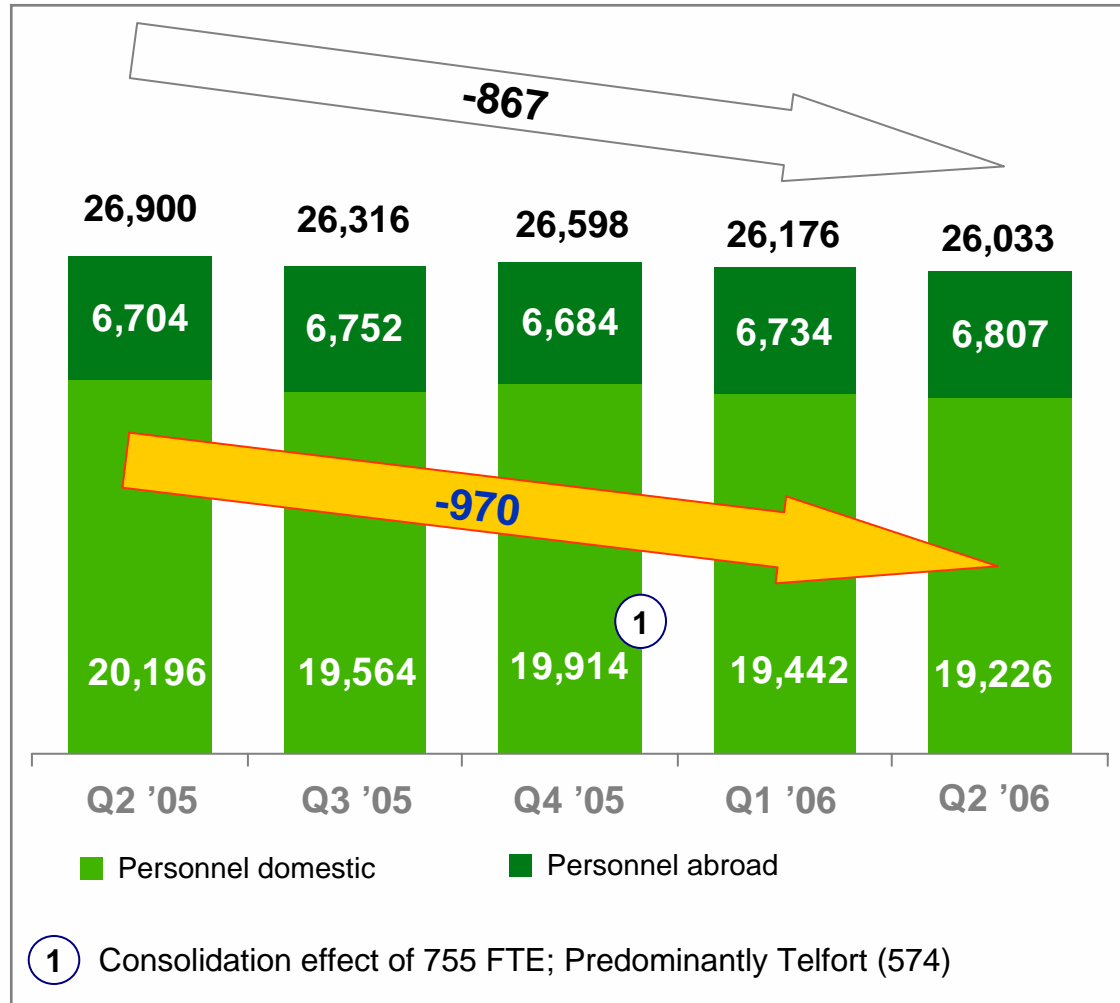
Y-on-Y increase

- € 40 mn goodwill impairment at SNT in Q2 '05
- Offset by step up due to Telfort consolidation as of Q4 '05

¹ Including impairments

Personnel

Continuing decline, predominantly in the Netherlands



- Personnel reduction Y-on-Y about 900 FTE, of which nearly 1,000 FTE in the Netherlands
- Increase in personnel abroad predominantly relates to E-Plus following increase of captive distribution channels
- Q2 '06 acquisition effects of 54 FTE due to Demon

Tax

€ mn	Q2 '06		Q2 '05	
	P&L charge	Payments (-) Receipts (+)	P&L charge	Payments (-) Receipts (+)
Fixed division & Other activities	-93	-5	-96	-17
German Mobile activities	-	-	-	-
Dutch Mobile activities	-44	-	-45	-
– Mobile NV	-45	-	-45	-
– Telfort BV	1	-	-	-
Belgian Mobile activities	2	-	-60	-
Total	-135	-5	-201	-17

- Q2 '05 contains € 60 mn lowering of deferred tax asset within BASE following change in Belgian tax legislation

Net cash flow from operating activities

€ mn	Q2 '06	Q2 '05	YTD '06	YTD '05
Operating Result	670	556	1,282	1,072
Depreciation, amortization and impairments	611	608	1,205	1,186
Interest paid	-134	-122	-143	-131
Income tax paid	-5	-17	214	-21
Other income	-11	-8	-90	-29
Change in provisions	-61	-83	-103	-105
Net cash flow from operating activities before changes in working capital	1,070	934	2,365	1,972
Inventory	30	24	11	54
Trade receivables	-52	28	-38	-65
Other current assets	-14	27	-179	-55
Current liabilities	-1	-114	-56	-185
Change in working capital	-37	-35	-262	-251
Net cash flow from operating activities	1,033	899	2,103	1,721
Capex ¹	-379	-324	-692	-556
Free cash flow²	654	575	1,411	1,165

1 Including Property, Plant & Equipment and software

2 Defined as Net cash flow from operating activities minus Capex

Total cash flow

€ mn	Q2 '06	Q2 '05	YTD '06	YTD '05
Net cash flow from operating activities	1,070	899	2,365	1,721
Capex ¹	-379	-324	-692	-556
Acquisitions	-198	-	-308	-10
Disposals	15	10	84	193
Other	10	37	14	14
Net cash flow from investing activities	-552	-277	-902	-359
Dividends paid	-661	-609	-661	-609
Share repurchases	-418	-804	-499	-968
Debt financing	-574	721	322	689
Other	-8	-25	-3	-29
Net cash flow used in financing activities	-1,661	-717	-841	-917
Changes in cash and cash equivalents	-1,180	-95	360	445

1 Including Property, Plant & Equipment and software

Evaluation SNT acquisition

Clear value creation

Rationale

- Improve customer satisfaction for KPN's high value contact services
- Yield an attractive financial improvement for KPN as a group

Sale of non-core assets

- Split 'SNT Netherlands' in in-house call center for strategic KPN services and 'New SNT Netherlands'
- Interview NSS, Avalanche, Excellent, Vitalicom and KCS
- Low margin non-core services sold in Germany
- 'New SNT Netherlands', SNT Belgium, SNT Germany held for sale

Focus on efficiency

- Reducing number of sites in the Netherlands and in Germany
- Almost all services now single-site organized

Results

- Stable, good service levels and COPC¹ certified services
- Significant reduction of indirect costs, benefiting internal customers
- Improved EBITDA margins in the Netherlands
- Positive cumulative free cash flow already in 2006

















1 Certification company for call centers

Capex¹

€ mn	Q2 '06	Q2 '05	%	YTD '06	YTD '05	%
Mobile	190	161	18%	355	277	28%
<i>% Revenues Mobile</i>	12%	11%		11%	10%	
E-Plus	126	104	21%	216	167	29%
<i>% Revenues E-Plus</i>	17%	15%		16%	12%	
KPN Mobile NL	41	36	14%	78	67	16%
<i>% Revenues KPN Mobile NL</i>	6%	6%		5%	6%	
BASE	24	21	14%	62	43	44%
<i>% Revenues BASE</i>	15%	15%		21%	17%	
Fixed	185	160	16%	330	275	20%
<i>% Revenues Fixed</i>	11%	9%		10%	8%	
Consumer	34	8	>200%	82	12	>200%
<i>% Revenues Consumer</i>	6%	1%		7%	1%	
Business	19	9	>100%	29	18	61%
<i>% Revenues Business</i>	3%	1%		2%	1%	
Wholesale & Operations	130	143	-9%	218	245	-11%
<i>% Revenues Wholesale & Operations</i>	11%	11%		9%	10%	
Other	4	3	33%	7	4	75%
Total	379	324	17%	692	556	24%
<i>% Revenues</i>	12.8%	11.0%		11.7%	9.6%	

¹ Including Property, Plant & Equipment and software

All IP selected suppliers

General		
Overall Systems Integration	 Lucent Technologies	Lucent
Network		
DWDM	 HUAWEI	Huawei
IP Core Network & IP Edge	 Juniper NETWORKS	Juniper via Lucent
IP Aggregation	 CISCO SYSTEMS	Cisco
Next Generation Ethernet		Alcatel
Next Generation DSLAM	  HUAWEI	Alcatel & Huawei
Emulated Voice	 Lucent Technologies	Lucent
VoIP Consumer & IPTV (Mine)	 SIEMENS	Siemens
VoIP Business Interconnect	 ERICSSON	Ericsson
Operating Support Systems		
Trouble Ticketing	 bmc REMEDY	ARS-Remedy
Fault Management	 IBM MICROMUSE	IBM-Micromuse
System Integration IT Demand	 Atos Origin	Atos Origin
Network Activation and Configuration Management	 INTELLIDEN	Intelliden
Inventory Management	 CRA MER	Cramer
Service Activation and Configuration	 Staffware	Staffware

Share buyback progression

- 55% of € 1 bn share repurchase program now executed
 - Commenced on 20 March following bond refinancing
 - Intermediary also executing closed period repurchases

Date ¹	value (€ mn)	mn shares	avg. share price (€)
Q1	37.1	4.0	9.27
April	112.6	12.1	9.27
May	176.0	19.3	9.11
June	134.0	15.2	8.84
Q2	422.6	46.6	9.07
July	90.0	10.2	8.74
Total	549.6	60.9	9.03

- 60 mn shares repurchased from Dutch State cancelled in June
- Cancellation process commenced for 55.2 mn shares or € 500 mn of our current € 1 bn share repurchase program; after cancellation number of outstanding shares amounts to 2,036,160,353

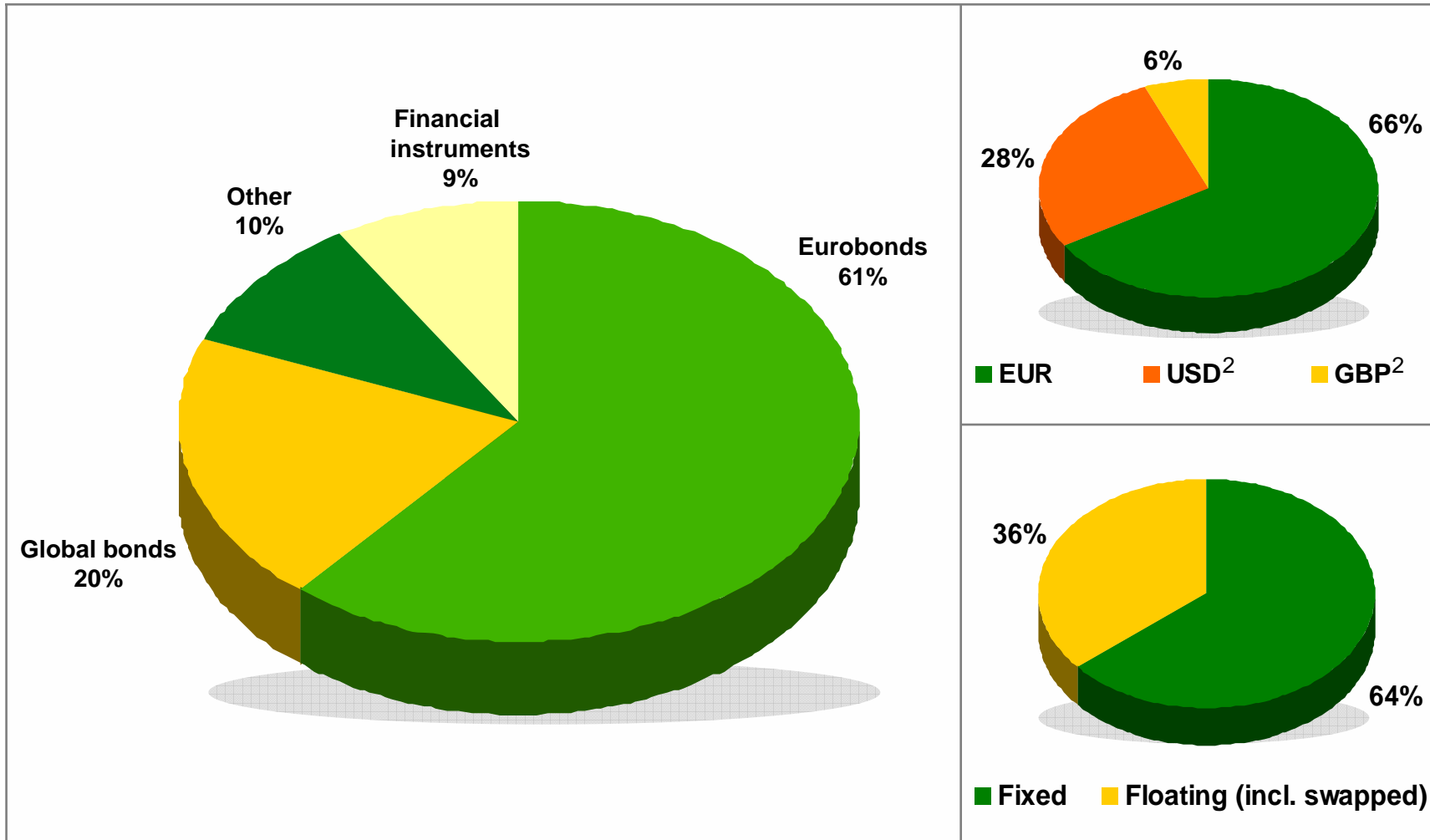
¹ Figures based on transaction date of share repurchases

Debt summary

€ bn	Q2 '06	Q1 '06	Q2 '05
Bonds	8.38	9.10	9.25
Subordinated convertible bonds	-	-	0.32
Eurobonds	6.28	6.85	5.67
Global bonds	2.10	2.25	3.26
Other debt	1.05	0.83	0.79
Other loans at Royal KPN	1.00	0.78	0.67
Consolidated debt	0.05	0.05	0.12
Fair value financial instruments	0.95	0.80	0.79
Total debt	10.38	10.73	10.83
<i>- of which short-term</i>	1.29	1.65	2.58
Cash and cash equivalents	1.62	2.58	2.65
Total net debt	8.76	8.15	8.18

Debt portfolio

Gross debt at Q2 '06: € 10.4 bn¹



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

KPN Mobile the Netherlands

Strengthening Hi brand in youth segment with the lowest MMS tariffs

June '04: Claiming SMS



Now: Claiming MMS



Messaging is key to Youth: Hi has claimed SMS, MSN and now also MMS

KPIs Fixed

Consumer Voice

	Q2 '06	Q1 '06	Q2 '05
Market share traditional voice¹	> 65%	~ 65%	> 60%
– Local	~ 70%	> 65%	~ 65%
– National	> 60%	> 60%	> 55%
– Fixed to Mobile	> 65%	> 65%	> 60%
– International	> 40%	> 40%	~ 40%
Market share voice²	> 55%	~ 60%	~ 60%
Lines (x 1,000)	4,552	4,805	5,221
– PSTN	4,121	4,342	4,713
– ISDN	431	463	508
VoIP			
VoIP penetration ³	17%	13%	4%
VoIP packages 'InternetPlusBellen' installed (x 1,000)	156	73	-
Minutes (bn)	2.37	2.68	2.74
– Local	1.42	1.63	1.66
– National	0.60	0.69	0.70
– Fixed to Mobile	0.27	0.27	0.29
– International	0.08	0.09	0.09

1 Share in traditional voice (excluding VoIP)

2 Share in total consumer voice (including VoIP)

3 VoIP lines in % broadband connections, excluding peer-to-peer applications

KPIs Fixed

Consumer Internet & TV

	Q2 '06	Q1 '06	Q2 '05
KPN ISP customers (x 1,000)	1.951	1,957	1,767
– Planet Internet	749	773	759
– Het Net	732	766	627
– XS4ALL	365	348	286
– Other ¹	105	70	95
Internet dial-up minutes (bn)	0.25	0.40	0.67
Broadband market share			
KPN (ISP) retail ²	39.6%	37.9%	32.3%
Broadband connections ²	42.4%	42.6%	43.8%
DSL connections	70.1%	70.1%	73.0%
ADSL connections installed (x 1,000)	1,936	1,867	1,567
KPN Broadband ISP customers (x 1,000)	1,806	1,664	1,152
– Planet Internet	587	581	491
– Het Net	510	495	313
– XS4ALL	264	264	192
– Direct ADSL	340	276	129
– Other ¹	105	48	27
KPN TV subscribers (x 1,000)	230	207	126

1 Including acquired customers which will be migrated to one of KPN's multibrands over time

2 Including DSL and Cable, based on company estimate

KPIs Fixed

Business

	Q2 '06	Q1 '06	Q2 '05
Market share Business	> 55%	> 55%	~ 60%
– Local	~ 60%	~ 60%	> 60%
– National	> 55%	> 55%	> 55%
– Fixed to Mobile	> 55%	> 55%	> 55%
– International	~ 45%	~ 45%	> 45%
Lines (x 1,000)	1,863	1,897	1,952
– PSTN	931	953	996
– ISDN	932	944	956
Minutes (bn)	2.08	2.32	2.61
– Local	0.77	0.86	0.94
– National	0.69	0.77	0.84
– Fixed to Mobile	0.32	0.32	0.34
– Internet	0.19	0.25	0.36
– International	0.11	0.12	0.13
Leased lines (x 1,000)	43,440	45,837	51,968
– Analogue	82%	81%	78%
– Digital	18%	19%	22%
VAS			
Frame Relay (# ports)	3,005	3,153	3,880
M-VPN routers	11,192	11,252	11,526
IP-VPN connections	42,909	41,190	35,466
E-VPN connections	1,613	1,296	559

KPIs Fixed

Wholesale & Operations

	Q2 '06	Q1 '06	Q2 '05
Local loop (x 1,000)			
MDF access lines ¹	2,844	2,731	2,204
– of which line sharing ^{1,2}	2,325	2,407	2,118
ADSL coverage			
– ADSL	99%	99%	99%
– ADSL 2+	57%	57%	-
Minutes (bn)	10.11	10.57	10.39
– Terminating services	3.24	3.51	3.39
– Originating voice	2.29	2.61	2.76
– Originating internet	0.24	0.34	0.49
– Transit services	2.11	1.92	1.72
– International wholesale services	2.23	2.19	2.03
Other/intercompany minutes (bn)	0.19	0.21	0.22

1 Including Bitstream

2 Includes KPN ADSL connections (installed), line sharing other telcos and KPN Bitstream

KPIs Mobile

E-Plus

	Q2 '06	Q1 '06	Q2 '05
Market share¹			
Service revenue	12.8%	12.1%	11.8%
Revenue	12.5%	12.0%	12.4%
Base	14.5%	14.1%	13.3%
Customers (x 1,000)	11,852	11,442	9,797
– Post Paid	5,827	5,750	5,039
– Pre Paid	6,025	5,692	4,758
Service revenues (€ mn)	683	609	622
ARPU (€)	20	18	21
– Post Paid	33	30	36
– Pre Paid	6	6	6
Non-voice as % of ARPU	16%	17%	15%
MoU (minutes)	107	95	78
– Post Paid	186	161	134
– Pre Paid	30	27	21
SAC/SRC (€)	83	88	174
– Post Paid	165	186	255
– Pre Paid	12	13	53

¹ Management estimates

KPIs Mobile

KPN Mobile NL

	Q2 '06	Q1 '06	Q2 '05
Market share¹			
Service revenue	46.7%	46.3%	37.5%
Revenue	46.4%	46.3%	37.1%
Base	50.0%	49.9%	40.2%
Customers (x 1,000)	8,264	8,123	6,313
– Post Paid	3,527	3,364	2,418
– Pre Paid	4,737	4,759	3,895
Service revenues (€ mn)	710	670	569
ARPU (€)	29	28	30
– Post Paid	56	55	67
– Pre Paid	9	8	8
Non-voice as % of ARPU	15%	15%	13%
MoU (minutes)	136	130	123
– Post Paid	275	272	280
– Pre Paid	35	32	28
SAC/SRC (€)	191	211	262
– Post Paid	305	291	353
– Pre Paid	16	18	1

¹ Management estimates, amongst others based on industry filings

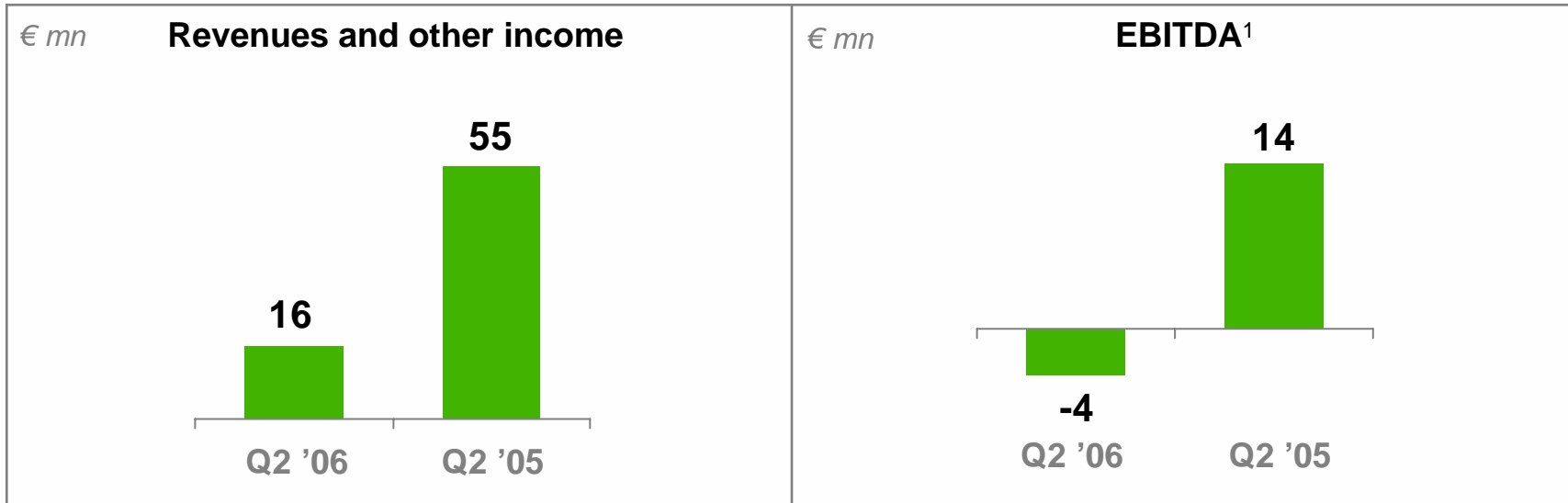
KPIs Mobile

BASE

	Q2 '06	Q1 '06	Q2 '05
Market share¹			
Revenue	> 14%	~ 14%	~ 13%
Base	~ 21%	> 20%	> 18%
Customers (x 1,000)	2,104	2,040	1,848
– Post Paid	488	457	367
– Pre Paid	1,616	1,583	1,481
Service revenues (€ mn)	152	141	136
ARPU (€)	24	23	25
– Post Paid	58	58	63
– Pre Paid	15	14	15
Non-voice as % of ARPU	13%	14%	14%
MoU (minutes)	145	140	117
– Post Paid	386	399	250
– Pre Paid	74	67	84
SAC/SRC (€)	22	21	18
– Post Paid	19	16	44
– Pre Paid	23	24	12

1 Management estimates

Other in Q2



- Deconsolidation effect Xantic
 - Revenues € 38 mn
 - EBITDA € 10 mn
- € 3 mn book gain on Xantic following improved performance after closing
- € 4 mn rebranding costs and € 2 mn restructuring costs

¹ Defined as Operating result plus depreciation, amortization & impairments