

Solid performance in Q2 2009

On track to deliver EBITDA and free cash flow

Highlights

- Resilient results reflect continued focus on EBITDA and free cash flow, EPS up 10%
- Solid performance Dutch Telco business, strong EBITDA growth
- Mobile International service revenues flat, Challenger strategy resulting in continued EBITDA growth
- Early anticipation of economic downturn is paying off
- EUR 0.23 interim dividend per share for 2009, up 15%, maintaining EBITDA and free cash flow guidance

Group financials *	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
<i>(In millions of euro, unless indicated otherwise)</i>						
Revenues and other income (reported)	3,411	3,662	-6.9%	6,807	7,232	-5.9%
Getronics revenues and other income (disposed)	0	181	n.m.	14	373	n.m.
Revenues and other income (existing)	3,411	3,481	-2.0%	6,793	6,859	-1.0%
- Of which revenues (existing)	3,408	3,473	-1.9%	6,782	6,813	-0.5%
EBITDA (reported)	1,322	1,267	4.3%	2,556	2,498	2.3%
Getronics EBITDA (disposed)	0	11	n.m.	0	21	n.m.
EBITDA (existing)	1,322	1,256	5.3%	2,556	2,477	3.2%
EBITDA margin (existing)	38.8%	36.1%		37.6%	36.1%	
Operating profit (EBIT)	742	656	13%	1,374	1,304	5.4%
Profit for the period (net result)	370	353	4.8%	687	687	0.0%
Earnings per share (in EUR)	0.22	0.20	10%	0.41	0.39	5.1%
Cash flow from operating activities	1,120	1,177	-4.8%	1,179	1,825	-35%
Capital expenditures (PP&E and software)	-386	-451	-14%	-842	-807	4.3%
Proceeds from real estate	5	1	> 100%	19	14	36%
Tax recapture at E-Plus	0	71	n.m.	327	117	> 100%
Free cash flow	739	798	-7.4%	683	1,149	-41%

* All non-IFRS terms are explained in the safe harbour section at the end of the interim financial report

"KPN has delivered a resilient performance whilst maintaining market shares this quarter in the face of economic and regulatory challenges and we are on track to deliver around EUR 2.4bn free cash flow for the year. The Dutch Telco business performed well in the quarter, delivering strong EBITDA growth. Getronics performed solidly and is poised for recovery, though iBasis' revenue performance was disappointing. In Mobile International there was continued EBITDA growth, driven by our Challenger strategy. We continue to see limited economic impact on consumer markets, but business markets are being impacted and there are no signs of economic recovery as yet. Despite this, our prudent pre-emptive initiatives are proving effective, as we continue to focus on EBITDA and cash flow in this market rather than on revenues. We therefore adjust our revenue guidance and are confirming our EBITDA, free cash flow and dividend per share guidance for 2009 and 2010."

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KPN Group

Financial review

Revenues and other income (In millions of euro)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
KPN Group (reported)	3,411	3,662	-6.9%	6,807	7,232	-5.9%
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KPN Group (existing)	3,411	3,481	-2.0%	6,793	6,859	-1.0%
The Netherlands (reported)	2,393	2,648	-9.6%	4,806	5,250	-8.5%
- Getronics (disposed)	0	181	<i>n.m.</i>	14	373	<i>n.m.</i>
The Netherlands (existing)	2,393	2,467	-3.0%	4,792	4,877	-1.7%
Mobile International	1,024	1,025	-0.1%	2,005	1,967	1.9%

EBITDA (In millions of euro)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
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KPN Group (existing)	1,322	1,256	5.3%	2,556	2,477	3.2%
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The Netherlands (existing)	937	919	2.0%	1,815	1,816	-0.1%
Mobile International	391	371	5.4%	759	703	8.0%

Revenue trends

KPN Group's revenues and other income were down 6.9% y-on-y in Q2 2009, which is largely attributable to a number of disposals of Getronics' business units. Excluding the disposed activities, total revenues and other income decreased 2.0% y-on-y as a result of revenue decline in the Netherlands, mainly attributable to iBasis. Mobile International's revenues and other income remained stable at -0.1% y-on-y in Q2 2009.

EBITDA trends

KPN's continued focus on EBITDA resulted in a 4.3% y-on-y increase in Q2 2009. Excluding Getronics' disposals, EBITDA increased 5.3% y-on-y, driven by continued EBITDA growth at Mobile International (5.4% y-on-y) and a strong quarter in the Netherlands. EBITDA for existing operations in the Netherlands was up 2.0% y-on-y.

EUR 739m free cash flow Q2 2009 versus EUR 798m in Q2 2008

In Q2 2009 the free cash flow amounted to EUR 739m which is somewhat below Q2 2008 (EUR 798m). This translates into a free cash flow of EUR 683m in the first six months of 2009 compared to EUR 1,149m in H1 2008. To a large extent the EUR 466m difference can be explained by the prepayment in Q1 2009 of KPN's expected Dutch corporate income tax for 2009 (free cash flow effect of EUR 150m in H1 2009) and for nearly all of the remaining part by deterioration of working capital compared to 2008.

Overall, KPN is on track to deliver around EUR 2.4bn of free cash flow in 2009. This takes into account the EBITDA and capex guidance. A substantial part of the free cash flow in H2 2009 is anticipated from working capital improvements in the range of EUR 300-500m and is anticipated in Q3 and particularly Q4 2009. Some EUR 150-200m of the working capital improvement in H2 2009 is due to the regular seasonality pattern of KPN's cash flow generation. The remaining EUR 150-300m is driven by structural working capital improvements. These improvements will partly be offset by higher pension payments (EUR 60m in H2 2009) and lower than expected proceeds from real estate. In addition, KPN expects a one-off VAT benefit of EUR 140m due to a change in fiscal policy (payment on a quarterly basis instead of monthly).

Net debt to EBITDA¹ stable at 2.3x, redemption profile smoothed following tender offer

Net debt at the end of Q2 2009 amounted to EUR 11.8bn, compared to EUR 11.7bn at the end of the previous quarter. This equates to a stable net debt to EBITDA ratio of 2.3x (Q1 2009: 2.3x), being comfortably within KPN's target financial framework of 2.0-2.5x. KPN's credit ratings remained unchanged at BBB+ with a stable outlook (Standard & Poor's) and Baa2 with a stable outlook (Moody's).

In June 2009, KPN made a cash tender offer for a part of the outstanding USD bonds maturing in 2010, as a means of using the temporary excess cash following the EUR 1.5bn bond issue in February 2009. EUR 438m was tendered out of a total redemption of EUR 1,299m and with that the redemption profile was smoothed. The average interest rate after the settlement of the tender on 2 July 2009 was 5.3%, down from 5.6% per Q1 2009 due to a decrease in the floating interest rate and as a result of the tender.

Restructuring charges

In Q2 2009, restructuring charges totalled EUR 29m (Q2 2008: EUR 221m). These include a restructuring charge of EUR 26m for Getronics, EUR 8m for the Netherlands (mainly for Debitel and vacant office space), as well as a EUR 6m release for Other activities.

FTE reduction ongoing

In Q2, KPN Group reduced the number of FTE by 136, leading to a YTD reduction of 1,200 FTEs. The YTD reduction in the Netherlands (excluding Getronics and acquisitions) amounts to 444 FTEs, bringing the total FTE reduction since 2005 to 7,103. A number of outsourcing decisions will be taken as part of the previously announced reduction plans, in early 2010 at the latest. The FTE reduction at Getronics amounted to 955 FTE YTD, mainly related to divestments and the restructuring program. As from 30 June 2009, KPN's workforce in the Netherlands amounted to 22,280 (31 December 2008: 23,504 FTEs) and 35,502 FTEs for the whole Group (31 December 2008: 36,702 FTEs).

Operating review

The Netherlands

The table below illustrates the performance of the Netherlands according to the guidance definition as provided in 2008, adjusted for the organizational changes (see also note [1] of the consolidated interim financial statements).

Revenues and other income (In millions of euro)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
- Consumer	1,042	1,035	0.7%	2,073	2,037	1.8%
- Business	631	639	-1.3%	1,265	1,262	0.2%
- Wholesale & Operations (national, excl. book gains)	724	767	-5.6%	1,459	1,526	-4.4%
- Other (including intercompany)	-559	-599	6.7%	-1,135	-1,196	5.1%
Dutch Telco business	1,838	1,842	-0.2%	3,662	3,629	0.9%
- iBasis	177	234	-24%	376	453	-17%
- Getronics (existing)	531	538	-1.3%	1,059	1,072	-1.2%
- Other gains & losses, eliminations	-153	-147	-4.1%	-305	-277	-10%
The Netherlands (existing)	2,393	2,467	-3.0%	4,792	4,877	-1.7%

¹ 12 month rolling average excluding book gains, release of pension provisions and restructuring costs, all over EUR 20m

EBITDA (In millions of euro)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
- Consumer	280	235	19%	524	462	13%
- Business	211	177	19%	407	355	15%
- Wholesale & Operations (national, excl. book gains)	434	446	-2.7%	879	892	-1.5%
- Other	-3	10	n.m.	-5	12	n.m.
Dutch Telco business	922	868	6.2%	1,805	1,721	4.9%
- iBasis	6	7	-14%	13	13	0.0%
- Getronics (existing)	9	39	-77%	-6	59	n.m.
- Other gains & losses, eliminations	0	5	n.m.	3	23	-87%
The Netherlands (existing)	937	919	2.0%	1,815	1,816	-0.1%

Dutch Telco business solid and EBITDA growth achieved

'Dutch Telco business' (defined as the Netherlands excluding Getronics, iBasis and book gains on real estate) delivered a solid performance in current economic circumstances with near stable revenues and other income of -0.2% y-on-y. Revenues in Q2 were negatively impacted by the MTA tariff reduction per April 2009 (EUR 31m). Whilst parts of the business have been impacted by the economic downturn, the Dutch Telco business has been able to secure an EBITDA growth of 6.2% y-on-y in Q2 2009. YTD EBITDA growth of 4.9% was achieved, which was the result of the focus on customer value, FTE reductions and a continued focus on additional cost reductions and efficiency improvements across the Group. KPN anticipates additional revenue pressure in the second half of 2009 from MTA (EUR 60-80m) and roaming tariff reductions.

The **Consumer Segment** strategy is delivering results as reflected in strong EBITDA growth and stable market shares. Wireless services recorded another quarter of growth. Total mobile service revenue growth was 3.7% y-on-y in Q2 2009 (both retail and wholesale), service revenues, excluding wholesale and the Debitel acquisition, were up also 3.7% y-on-y. While maintaining its competitive position, KPN is carefully managing down SAC/SRC. In wireline, net line loss increased to 50k in Q2 due to lower VoIP net adds in the broadband market with slowing growth, partly offset by continuous improvement of PSTN/ISDN line loss. The EBITDA improvement was largely driven by combining the focus on customer value, simplification of the organization and its processes and optimizing SAC/SRC.

Revenues in the **Business Segment** decreased 1.3% y-on-y. Continued growth in Data network services was offset by a decline in Voice & Internet wireline and Wireless services. In Wireless services, the continued growth in data was not sufficient to compensate for the decline in voice. The impact from the economic downturn on the Business Segment continued in Q2. The EBITDA improvement was largely driven by FTE reductions and focus on efficiency improvements.

Wholesale & Operations (national, excluding book gains) showed a 5.6% y-on-y decline in revenues and other income. This is mainly the result of the continuing decline in traditional business in the Consumer and Business Segments. The revenue decline was partly offset by cost reductions, leading to a 2.7% y-on-y EBITDA decrease. The operating expenses declined 9.7% y-on-y as a result of efficiency improvements and FTE reductions.

Focus on profitability at iBasis

On 22 July 2009, **iBasis** published its Q2 results 2009. In US dollars, the revenues declined 33% and the traffic volume declined 24% y-on-y. As a result of iBasis' strong focus on profitability, the EBITDA margin in dollars increased to 4.4%. For a more extensive description of iBasis' financial and operating performance, please refer to its press release available at www.ibasis.com.

Improving performance at Getronics despite challenging market conditions

Despite pressure on revenues due to the economic downturn, **Getronics** showed an improved performance. Global Services' revenues, which include Getronics' core business workspace management, continued to grow (8.7% y-on-y). The overall revenue growth in the Netherlands was 3% y-on-y in Q2. Underlying margins have improved and market shares were maintained.

International revenues were down EUR 18m (of which EUR 5m was due to currency effects). The reorganization, announced on 31 March 2009, has been largely completed and the impact is expected to show in H2 2009. In addition, further measures have been taken to reduce the cost base. Getronics anticipates a further EBITDA uplift towards the end of 2009 as a result of the regular positive seasonality in Q4, a large restructuring charge in Q2 (EUR 26m) and the resulting annual cost savings in the second half of 2009, as well as other initiatives including ending onerous contracts and improved bid management. This should allow Getronics to make a meaningful step towards the ambition of achieving an 8% EBITDA margin in 2010.

Mobile International

Revenues and other income (In millions of euro)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
- Germany	797	808	-1.4%	1,571	1,563	0.5%
- Belgium	204	202	1.0%	395	384	2.9%
- Rest of World (incl. intercompany revenues)	23	15	53%	39	20	95%
Mobile International	1,024	1,025	-0.1%	2,005	1,967	1.9%

EBITDA (In millions of euro)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
- Germany	333	308	8.1%	655	592	11%
- Belgium	68	70	-2.9%	130	125	4.0%
- Rest of World	-10	-7	-43%	-26	-14	-86%
Mobile International	391	371	5.4%	759	703	8.0%

Mobile International: Challenger strategy resulting in continued EBITDA growth

In Q2 2009, Mobile International reported flat revenues and a 0.9% increase in service revenues. Contrary to the positive development in Belgium, in Germany the top line showed a slight decrease and the outperformance gap versus competition in Germany seems to have narrowed. Since mid-June, there has been increased bundle optimization, increased churn in the cultural brands and a further decline in roaming. The top line in Germany has been negatively impacted by lower termination rates and KPN anticipates additional revenue pressure in the second half of 2009 from MTA (EUR 40-45m). From Q3 onwards roaming regulation will have a negative impact on revenues. To reignite growth, E-Plus will intensify execution of the Challenger strategy as explained at the Investor Day on 12 June 2009. KPN now anticipates that it will take two to three quarters to implement the current plans in Germany to return to increased profitable service revenue growth. Mobile International has the ambition to reach a 20-25% market share in the next few years in both Belgium and Germany with EBITDA margins of at least 35%. The network roll-out and investments are driven by a return on capital employed and proven customer demand. Going forward, KPN anticipates a capex of EUR 600-700m, based on a gradual growth in traffic volumes and the smart follower strategy in technology.

Revenues were down 1.4% in Germany in Q2 2009. **E-Plus** service revenue growth was flat including the negative MTA impact of 2.6%. Furthermore, in Q2 2008 there was a 1.3% positive effect mainly driven by the European football championships. The underlying service revenue growth was circa 4.0%. The service revenues were impacted by some customers optimizing their bundles and a decline in roaming volumes. The EBITDA continued its growth path reflected in an 8.1% growth in Q2, resulting in a 41.8% EBITDA margin. This is the result of the flexible business model embedded in the Challenger strategy, with a strong cost focus. Net adds amounted to 197k, leading to 18.2 million customers, up 13% y-on-y, despite an increased churn of circa 320k inactive prepaid customers as part of the customer base clean-up for inactivity. The increased churn is expected to continue in the next two to three quarters.

With service revenues up 3.1% y-on-y, **BASE** had another quarter of growth, despite a negative MTA impact of 3.1%. This solid growth was the result of new wholesale clients, new branded reseller propositions and the revitalized BASE propositions. Q2 showed strong net adds in postpaid (29k), however prepaid net adds were impacted by a clean-up of subscribers of circa 180k, leading to -10k net adds. Driven by the solid performance of BASE, the revenues in Belgium were up 1.0% y-on-y in Q2 2009.

Revenue growth in **Rest of World** was driven by growth from operations in Spain and France. KPN expects accelerating growth in H2 as a result of continued positive impact of new marketing campaigns launched in May 2009 in both Spain and France and the introduction of partner brands in France. Ortel's performance is lagging behind, but actions have been taken to improve its performance.

Outlook and risk management

Risk management

KPN's risk categories and risk factors which could have a material impact on its financial position and results are extensively described in KPN's Annual Report 2008. Those risk categories and factors are deemed incorporated and repeated in this report by reference and KPN believes that these risks similarly apply for the second half of 2009 except for risks from economic downturn and regulation. With respect to regulatory risk, reference is made to note [13] Regulatory developments of the consolidated interim financial statements.

Economic impact

Regarding the economic downturn, KPN considers three **scenarios** to evaluate risks and opportunities. The 'optimistic scenario' assumes a short but painful recession, the 'most likely scenario' assumes a deep and long recession and the 'pessimistic scenario' assumes a depression. Current macro economic indicators show that the economy is in a deep and long recession.

KPN's internal **key indicators** show an ambiguous picture. Except for some bundle optimization and lower roaming revenues, the impact in the Consumer Segment, Germany and Belgium is limited. The impact is predominantly apparent in the business markets. The impact in Business and Getronics continued, which was reflected in a decline in traffic volumes and roaming, requests for contract negotiations and a decline in outsourcing and consulting business.

At an early stage, as early as Q3 2008, KPN has implemented a number of **pre-emptive and corrective measures** to mitigate the impact of the economic downturn. Temporary staff has been reduced and tariffs for third party services have been reduced by 20%. The restructuring at Getronics was implemented, reducing the number of staff by 1,400 FTE. Furthermore, across the Group, KPN is optimizing purchasing costs by renegotiating contracts with suppliers. During the second quarter, these measures started to pay off. Market shares across the Group remained stable and have not been impacted by the downturn. The cost measures that were taken positively impacted profitability. Furthermore, EUR 100m savings on purchasing costs have already been contracted with suppliers, while temporary staff has been reduced by approximately 1,000 FTEs. Overall this resulted in a resilient financial performance.

On the **financing** side, since mid-2008, KPN has followed a more conservative liquidity policy, pre-financing upcoming redemptions further in advance. The temporary excess cash from the bonds issued in February 2009 was used to tender EUR 438m of bonds maturing in 2010. The average interest rate after swaps on group outstanding debt after the settlement of the tender on 2 July 2009 was 5.3%, down from 5.6% per Q1 2009 due to a decrease in the floating interest rate and as a result of the tender. A review of other potential impact areas such as counterparty risk, derivatives and insurance has not shown any material downside.

Outlook

A number of strategic objectives and ambitions through to the end of 2010 were outlined in the presentation of the Q4 2007 results in February 2008 (please see www.kpn.com/ir) and continued good progress has been achieved against these in the first two quarters of this year. The pension funds requirements, as a consequence of the economic downturn, have been adequately dealt with and the Group's financial position has been strengthened through new bond issues. KPN is on track strategically, remains soundly financed, has delivered a resilient Q2 2009 performance in its core business and continues to deliver market leading shareholder value.

The macro economic conditions in KPN's major markets have deteriorated significantly, as was highlighted in the Q1 2009 interim report, and during Q2 2009, iBasis' revenue performance showed an accelerated deterioration. Furthermore, the magnitude by which the real estate sector was impacted by the economic downturn was greater than anticipated. As a consequence, revenues in 2009 for the Group are expected to be lower than previously guided for. Therefore the Board of Management has determined to adjust the revenue guidance accordingly. On an organic

basis, the 2009 revenues are expected to be in the range of EUR 13.6 – 13.8bn and the 2010 revenues to be in line with 2009. iBasis is not operating in a high margin sector and so KPN remains firmly committed to its EBITDA guidance to achieve the more than EUR 5.5bn in 2010. The proceeds from real estate disposals are now anticipated to be in a range of EUR 50-100m in 2009.

As has been highlighted previously at Q1 2009, the strategic choice has been made by KPN to focus on EBITDA and cash flow and this commitment is clearly visible in the solid Q2 2009 results. The EBITDA and free cash flow guidance metrics are therefore maintained. Given that, KPN is able to continue its commitment to industry-leading shareholder returns. Furthermore, KPN signals a meaningful step towards the EUR 0.80 in 2010 with the EUR 0.23 interim dividend per share for 2009.

Guidance metrics	2008	Outlook 2009	Outlook 2010
Revenues and other income (existing)	EUR 14.0bn	EUR 13.6 - 13.8bn	In line with 2009
EBITDA	EUR 5.0bn	Meaningful step towards 2010	> EUR 5.5bn
Capex	EUR 1.9bn	~ EUR 2bn	~ EUR 2bn
Free cash flow	EUR 2.6bn	~ EUR 2.4bn	> EUR 2.4bn
Dividend per share	EUR 0.60	Meaningful step towards 2010	EUR 0.80

As part of the shareholder remuneration policy, KPN returns unutilized surplus cash to shareholders in the form of dividends and share repurchases while maintaining flexibility to grow and invest in the business. Currently, a EUR 1bn share repurchase program is ongoing, of which approximately 66% has been completed to date.

Financial review by segment

The following table summarizes key figures per business segment. Within Wholesale & Operations, the results of iBasis have been consolidated, as well as the book gains on real estate disposals (both of which are managed by the Wholesale & Operations unit). Consequently, the results shown below for 'Wholesale & Operations' are not identical to those shown on page 3 for 'Wholesale & Operations national' which includes neither iBasis nor real estate disposals.

Revenues and other income <i>(In millions of euro)</i>	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
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- Business	631	639	-1.3%	1,265	1,262	0.2%
- Getronics (existing)	531	538	-1.3%	1,059	1,072	-1.2%
- Wholesale & Operations	861	956	-9.9%	1,758	1,901	-7.5%
- Other (incl. intercompany revenues)	-672	-701	4.1%	-1,363	-1,395	2.3%
The Netherlands (existing)	2,393	2,467	-3.0%	4,792	4,877	-1.7%
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- Consumer	280	235	19%	524	462	13%
- Business	211	177	19%	407	355	15%
- Getronics (existing)	9	39	-77%	-6	59	<i>n.m.</i>
- Wholesale & Operations	440	459	-4.1%	895	929	-3.7%
- Other	-3	9	>-100%	-5	11	>-100%
The Netherlands (existing)	937	919	2.0%	1,815	1,816	-0.1%
- Getronics (disposed)	0	11	<i>n.m.</i>	0	21	<i>n.m.</i>
The Netherlands (reported)	937	930	0.8%	1,815	1,837	-1.2%
- Germany	333	308	8.1%	655	592	11%
- Belgium	68	70	-2.9%	130	125	4.0%
- Rest of World	-10	-7	-43%	-26	-14	-86%
Mobile International	391	371	5.4%	759	703	8.0%

Consumer

- Strategy delivering results, reflected in strong EBITDA growth
- Managing customer value while maintaining market shares
- Balanced approach in the fiber roll-out

Financial highlights (Amounts in EUR millions)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
Revenues and other income	1,042	1,035	0.7%	2,073	2,037	1.8%
- Voice wireline	179	210	-15%	366	429	-15%
- Wireless services ²	501	447	12%	984	857	15%
- Internet wireline	260	248	4.8%	521	500	4.2%
- Mobile Wholesale NL ²	51	81	-37%	100	162	-38%
EBITDA	280	235	19%	524	462	13%
EBITDA margin	26.9%	22.7%		25.3%	22.7%	

Strategy delivering results, reflected in strong EBITDA growth

Revenues and other income were flat compared to Q2 2008. This was the result of a decline in traditional voice revenues, compensated by a continued upward trend in wireless, though impacted by regulation, and solid results from Internet services. EBITDA grew by 19% y-on-y, resulting in a 26.9% margin. This improvement was largely driven by the focus on customer value, optimization of SAC/SRC and a continued focus on cost reductions and efficiency improvements through the simplification and first-time-right programs. In H2 2009, KPN anticipates some revenue pressure due to MTA and roaming regulation, which will be compensated by further cost reductions.

Managing customer value while maintaining market shares

In wireline, KPN has been successful in managing its customer base for value, which resulted in stable ARPUs in increasingly competitive markets whilst maintaining a stable broadband market share. Line loss in Q2 2009 continued at low levels but increased to 50k. This is the result of lower VoIP net adds in a broadband market with slowing growth, partly offset by a continuous decline of PSTN/ISDN line loss. In the Dutch mobile market, SAC/SRC was lowered by 23% and service revenues grew by 3.7%, whilst maintaining its market leading position. On 1 July 2009, subsidies on prepaid subscriptions were abolished to assure low SAC/SRC levels in the coming quarters. Further, KPN is securing its competitive position in the Dutch TV market. Currently Digitenne (~830k) and IPTV (~60k) provide critical mass. On fiber, KPN has triple play packages with HDTV and superior Video-on-Demand available. KPN is scaling up IPTV on copper infrastructure and expects to introduce HDTV on copper infrastructure in 2010.

Balanced approach in the fiber roll-out

The key principle in the fiber roll-out for KPN is to balance the focus on a fast return on investment with proven customer demand. During the roll-out the focus is on maximizing customer value. The majority of the fiber related capex has already been committed and is included in the 2009 and 2010 plans. There is therefore no risk of an unexpected high capex spend in this period. The emphasis remains on a regional roll-out rather than a comprehensive national roll-out. At the moment, KPN is experiencing some operational issues relating to the scalability of the fiber operator and therefore the focus is on improving operational excellence throughout the supply chain. The decision on the mix of FttC/FttH will be made by year-end 2009, based on the evaluation of the results in the 2x5 cities. Currently, KPN has committed to approximately 850k homes passed by year-end 2009, of which some 400k FttH (via Reggefiber) and some 450k FttC (by KPN).

Operating highlights	Q2 2009	Q1 2009	Δ q-on-q	Operating highlights	Q2 2009	Q2 2008	Δ y-on-y
VoIP subscribers (k)	1,142	1,129	1.2%	Wireless service rev. (EUR m) ³	528	509	3.7%
Net line loss (k)	50	25	100%	SAC/SRC (EUR) ³	116	150	-23%
TV customers (k)	886	835	6.1%				
Wireless customers (k) ³	8,555	8,458	1.1%				

² As from Q1 2009, Debitel is included in Wireless services and no longer included in Mobile Wholesale NL

³ Wireless customers and Wireless services includes Mobile Wholesale NL, SAC/SRC excludes Wholesale NL

Business

- Top line pressure compensated for by cost reductions, EBITDA up 19%
- Continued growth in wireless data, gradual decline in voice
- Impact of economic downturn apparent, mitigating measures paying off

Financial highlights (Amounts in EUR millions)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
Revenues and other income	631	639	-1.3%	1,265	1,262	0.2%
- Voice & Internet wireline	259	271	-4.4%	524	543	-3.5%
- Data network services	112	107	4.7%	221	208	6.3%
- Wireless services	217	232	-6.5%	441	455	-3.1%
EBITDA	211	177	19%	407	355	15%
EBITDA margin	33.4%	27.7%		32.2%	28.1%	

Top line pressure compensated for by cost reductions, EBITDA up 19%

The Q2 y-on-y decrease of 1.3% in revenues and other income was primarily due to the revenue decrease of Voice & Internet wireline of 4.4% and Wireless services of 6.5% y-on-y. The impact of the economic downturn is most apparent here. However, data network services increased 4.7% y-on-y due to increasing new network services (E-VPN). The EBITDA increased by 19% y-on-y, largely as a result of FTE reductions, efficiency improvements and a continued focus on cost reductions across the board. This led to an EBITDA margin increase from 27.7% to 33.4%.

Continued growth in wireless data, gradual decline in voice

Service revenues increased 1.2% y-on-y in Q2 2009, although negatively impacted by the MTA reduction (3.7%). There was a gradual decline in voice, whilst data continued to grow. Due to increased competition and higher retention costs, the SAC/SRC spending increased 18% y-on-y. Given that, the Business Segment was able to maintain its market share in mobile voice and data. KPN expects some further headwind from regulation in the second half of 2009.

Impact of economic downturn apparent, mitigating measures paying off

The impact on the Business Segment of the economic downturn has become more apparent. There is a continued pressure on order intake and order conversion is taking longer. Customers are reviewing their installed base, rationalizing their infrastructure and postponing projects and there has been an increase in requests for contract renegotiations. Lower traffic volumes have been reported in wireline and wireless and the visitor roaming revenues decreased as a result of a decline in business travel.

Against this background, the Business Segment has made good progress in reducing costs. Operating expenses were down 8.3% y-on-y in Q2 2009 as a result of measures that have been taken to reduce external personnel costs and general expenses. Furthermore, large purchase contracts are being renegotiated and there will be a continued focus on cost reductions in order to improve and protect profitability in the current challenging market environment.

Operating highlights	Q2 2009	Q1 2009	Δ q-on-q
Access lines voice (k)	1,533	1,565	-2.0%
VPN (k)	54.9	54.2	1.3%
Leased lines (k)	26.1	27.6	-5.4%
Wireless customers (k)	1,616	1,592	1.5%

Operating highlights	Q2 2009	Q2 2008	Δ y-on-y
Service revenues (EUR m)	246	243	1.2%

Wholesale & Operations

- Revenue decline at W&O national compensated for by cost reductions
- Lower proceeds from real estate disposals anticipated
- Focus on profitability at iBasis

Financial highlights (Amounts in EUR millions)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
Revenues and other income	861	956	-9.9%	1,758	1,901	-7.5%
- W&O national	726	773	-6.1%	1,468	1,549	-5.2%
- iBasis (international wholesale)	177	234	-24%	376	453	-17%
EBITDA	440	459	-4.1%	895	929	-3.7%
EBITDA margin	51.1%	48.0%		50.9%	48.9%	

Revenue decline at W&O national compensated by for cost reductions

Revenues and other income from the Wholesale business in the Netherlands (W&O national) declined 6.1% y-on-y in Q2 2009. The internal revenues, mainly from the Consumer and Business Segments, declined 6.2%. This reflects the lower installed base and lower voice traffic volumes, partly compensated for by data revenue growth. External revenues declined EUR 6m or 3.3% y-on-y, which includes the release of an MTA provision in Q2 2008 (EUR 6m). The decline in external revenues was compensated for by a 9.3% reduction in operating expenses, excluding depreciation and amortization (from EUR 322m in Q2 2008 to EUR 292m in Q2 2009). Apart from lower traffic, the most notable driver of the cost reduction was an efficiency improvement in operations resulting in substantial FTE reductions since Q2 2008.

Lower proceeds from real estate disposals anticipated

As indicated in Q1 2009, real estate disposals have become markedly more difficult. As a result, KPN only realized EUR 5m proceeds from real estate in Q2 2009. Given the magnitude with which the Dutch real estate sector has been impacted by the economic downturn, KPN anticipates real estate proceeds for 2009 to be in a range of EUR 50-100m. KPN does not want to sell its real estate at distressed prices and if needed will await market recovery.

Focus on profitability at iBasis

Under the current market conditions, iBasis' main focus shifted from revenues to gross margin. Gross margin increased from 10% to 13% in Q2 2009. This strategy has, however, resulted in a marked fall in revenues. In US dollars, revenues declined by 33% and minutes declined by 24% y-on-y. For a more extensive description of iBasis' financial and operating performance, please refer to its press release available at www.ibasis.com.

On 13 July 2009, KPN announced its intention to launch a cash tender offer for all of the outstanding shares of iBasis not already owned by KPN. KPN currently owns a stake of approximately 56% in iBasis. KPN intends to offer USD 1.55 per share, or approximately USD 48m in total. Given the current challenging economic and competitive environment faced by iBasis, KPN believes that private ownership will assist iBasis in reaching its operational and strategic objectives. Please see note [15] for important information.

Operating highlights	Q2 2009	Q1 2009	Δ q-on-q	Operating highlights	Q2 2009	Q1 2009	Δ q-on-q
Access lines retail voice (k)	3,694	3,804	-2.9%	Unbundling, estimates (m)	1.1	1.1	0%
MDF access lines (k)	3,760	3,751	0.2%	- Shared unbundled lines (m)	0.2	0.3	-33%
- of which line sharing (k)	1,494	1,548	-3.5%	- Fully unbundled lines (m)	0.9	0.8	13%

Getronics

- Improving performance at Getronics despite challenging market conditions
- Continued impact of economic downturn, FTE reduction largely done
- Strategic value of Global Workspace Alliance apparent

Financial highlights (Amounts in EUR millions)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
Revenues and other income (existing)	531	538	-1.3%	1,059	1,072	-1.2%
- Global Services	275	253	8.7%	546	500	9.2%
- ICT Services	221	238	-7.1%	453	475	-4.6%
- International	101	119	-15%	202	241	-16%
Revenues and other income (disposed)	0	181	n.m.	14	373	n.m.
EBITDA (existing)	9	39	-77%	-6	59	> -100%
EBITDA margin	1.7%	7.2%		-0.6%	5.5%	

Improving performance at Getronics despite challenging market conditions

Revenues and other income at Getronics existing amounted to EUR 531m in Q2, down 1.3% compared to Q2 2008 despite challenging market conditions. The revenue decline is a result of lower revenues at ICT Services and International. Global Services, which includes Getronics' core business workspace management, continued to grow revenues by 8.7% y-on-y. The overall revenue growth in the Netherlands was 3% y-on-y in Q2. The Netherlands represents close to 80% of Getronics' total revenues. Underlying margins have improved and market shares were maintained. International's results included a negative foreign exchange result of EUR 5m, predominantly caused by the UK exposure. In Q2 2009, Getronics recorded an EBITDA of EUR 9m, after EUR 26m of restructuring costs which relate to the FTE reduction program announced in Q1 2009. In addition, the EBITDA was impacted by minor positive one-offs. In the first half year, the restructuring costs totalled EUR 29m.

Continued impact of economic downturn, FTE reduction largely done

In Q2 2009, Getronics experienced the continued impact from the economic downturn. The Q1 2009 trend of slower order intake and declining revenues in both the consulting and product operations, as clients postpone capital investments and cut down on consultants and complementary projects, continued in Q2.

The reorganization, as announced on 31 March 2009 has been completed. The majority of the 1,400 FTE reduction has been implemented and the cost savings are expected to come through from Q3 2009 onwards. A restructuring provision of EUR 26m was recorded in Q2 2009, which relates directly to this FTE reduction. In addition to the headcount reduction, other measures have been taken to further reduce the cost base, including improved bid management and the ending of some onerous contracts. Despite these economic circumstances, Getronics has been able to maintain its strong market position within the Netherlands and expects to further strengthen its position in H2 2009.

Strategic value of Global Workspace Alliance apparent

On 25 March 2009, Getronics launched the Global Workspace Alliance in which it is teaming up with six international partners: APX Synstar (France), CompuCom Systems (US), Getronics Middle East, NTT DATA Getronics (Japan), ServiceOne Getronics (China) and TecnoCom (Spain). Together, the Alliance partners span the European, American and Asian markets and provide Getronics with a strong global presence without the need for having its own operations in each country. Thus, Getronics is able to provide globally consistent IT services as required by multi-national clients and offer local presence and support. The Alliance has already helped Getronics to secure several contract wins.

Operating highlights	Q2 2009	Q1 2009 ⁴	Δ q-on-q	Operating highlights	Q2 2009	Q1 2009	Δ q-on-q
Serviced voice workspaces (m)	0.6	0.6	0%	Housing capacity in m ² (k)	24.9	24.9	0%
Serviced IT workspaces (m)	1.7	1.7	0%	Hosted servers (k)	9.8	9.8	0%

⁴ Restatement; IT workspaces were reported 0.1 million too low, while voice workspaces were reported 0.1 million too high

Germany

- Flat service revenue growth in Q2, EBITDA up 8.1%
- Net adds of 197k, including clean up of customer base
- Data strategy based on customer demand

Financial highlights (Amounts in EUR millions)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
Revenues and other income	797	808	-1.4%	1,571	1,563	0.5%
- Service revenues	757	757	0.0%	1,491	1,462	2.0%
EBITDA	333	308	8.1%	655	592	11%
EBITDA margin	41.8%	38.1%		41.7%	37.9%	

Flat service revenue growth in Q2, EBITDA up 8.1%

In Q2 2009, revenues and other income amounted to EUR 797m, a 1.4% y-on-y decrease, which is due to lower handset revenues and lower other income at SMS Michel. Service revenues were flat y-on-y, negatively impacted by the MTA reduction (EUR 20m, or 2.6%) with effect from 1 April 2009 and a 1.3% positive effect in Q2 2008 mainly driven by the European football championships in Q2 2008 of 1.3%. Excluding the MTA impact and the one-off impact in Q2 2008 of the football championships, the underlying service revenue growth was circa 4.0%. In Germany the top line decreased by 1.4% and the outperformance gap versus competition in Germany seems to have narrowed. Since mid-June, there has been increased bundle optimization, increased churn in the cultural brands and a further decline in roaming. E-Plus now anticipates that it will take two to three quarters to return to increased profitable service revenue growth. This will be the result of further intensification of the execution of the Challenger strategy, using its segmented, multi-brand approach to tap significant untapped market potential. For more information, please refer to the KPN Investor Day presentation on 12 June 2009 in which the Challenger strategy is explained in detail and which can be found at www.kpn.com/ir.

EBITDA amounted to EUR 333m in Q2, up 8.1% y-on-y as a direct result of the business model that focuses on profitable growth. The 41.8% EBITDA margin, up 3.7%-point compared to last year, is a result of the underlying financial business model of the Challenger strategy with in Q2 2009 lower customer driven costs, lower marketing costs and lower general & administrative costs. In Q2 2009, E-Plus entered into a sale and lease back agreement of EUR 30m for purchased handsets in 2009, used under the handset lease to customers. This will change the P&L charge from being a depreciation cost to a rental cost.

Net adds of 197k, including clean up of customer base

E-Plus gained 197k net adds in Q2 2009, which was lower than previous quarters. While gross adds came in at normal levels there was a 320k increased churn on the prepaid side, mainly in the cultural segments, and an increased churn at the postpaid side for cultural clients through wholesale partners. The increased churn is part of the customer base clean-up for inactivity and is expected to continue in the next two to three quarters. The net adds are driven by both postpaid and prepaid, resulting in 18.2 million subscribers, up 13% y-on-y. The new brands now represent 68% of the total customer base, or 12.3 million customers, including own brands like BASE, Ay Yildiz and blau, as well as partner brands like Medion Mobile, ADAC and Volkswagen.

Data strategy based on customer demand

The network roll-out in Germany is based on those services that consumers want. KPN is investing in data networks where demand is accelerating, benefitting from increased capabilities for equipment and lower costs. A combination of EDGE and UMTS technologies is sufficient to meet current mass market demand. Currently, the EDGE network is being expanded to cover 90% of the population by the end of 2009. Additionally, the roll-out of HSPA has started in focus cities with strong demand.

Operating highlights	Q2 2009	Q1 2009	Δ q-on-q	Operating highlights	Q2 2009	Q2 2008	Δ y-on-y
Wireless customers (k)	18,235	18,038	1.1%	Service revenues	757	757	0%
Net adds (k)	197	261		ARPU (EUR)	14	16	-13%
Total traffic (minutes in m)	7,825	7,364	6.3%	SAC/SRC (EUR)	53	52	1.9%

Belgium

- Continued profitable growth
- Strong net adds in postpaid, net adds in prepaid impacted by clean-up
- Launch of Allo RTL proposition in June 2009
- Network based on a combination of EDGE and UMTS/HSPA based on customer demand

Financial highlights (Amounts in EUR millions)	Q2 2009	Q2 2008	Δ y-on-y	YTD 2009	YTD 2008	Δ YTD
Revenues and other income	204	202	1.0%	395	384	2.9%
- Service revenues	196	193	1.6%	379	370	2.4%
EBITDA	68	70	-2.9%	130	125	4.0%
EBITDA margin	33.3%	34.7%		32.9%	32.6%	

Continued profitable growth

BASE generated a 3.1% service revenue growth y-on-y, despite a 3.1% negative MTA reduction impact. This drove Belgium's revenues and other income slightly up by 1.0% y-on-y, despite the current economic environment. Growth came from higher traffic related revenues. EBITDA in Belgium was down 2.9% in Q2 2009, which can largely be explained by the positive one-off MTA effect in Q2 2008 of EUR 3m. EBITDA margin was 33.3% this quarter, below Q2 2008, as operating expenses increased slightly as a result of higher general and administrative costs.

Strong net adds in postpaid, net adds in prepaid impacted by clean-up

In Q2 2009 BASE's customer base fell by 10k. There were 29k postpaid additions in the quarter (Q2 2008: 15k postpaid) and this customer base growth was off-set by the 39k prepaid net loss. The prepaid customer base was negatively impacted by a clean-up in wholesale of ~180k inactive customers, mostly relating to the Ortel customer base. The increase of postpaid acquisitions can be credited to the successful launch on 20 April 2009 of the new product portfolio. The relaunch of the BASE brand focuses on its core values: simplicity, transparency and honesty. The products are offered based on a simplified tariff plan, with one prepaid offer and four postpaid offers.

Launch of Allo RTL proposition in June 2009

A commercial partnership with RTL Belgium was signed in March 2009 and the new Allo RTL offer was launched on 24 June 2009. Through this popular media (TV and radio) partner, BASE targets customers in the Walloon area with a trusted brand and a competitive offer.

Network based on combination of EDGE and UMTS/HSPA based on customer demand

In the current market environment, the focused 3G strategy, a combination of EDGE and targeted UMTS/HSPA, is sufficient to meet mass market demand on mobile data services in Belgium. BASE today has an EDGE network with national coverage that meets current data demand. The group efficiently deploys UMTS to meet license requirements and offers HSPA in focus cities and hot-spots where customer demand exists.

Operating highlights ⁵	Q2 2009	Q1 2009	Δ q-on-q	Operating highlights ⁵	Q2 2009	Q2 2008	Δ y-on-y
Wireless customers (k)	3,487	3,497	-0.3%	Service revenues	167	162	3.1%
Net adds (k)	-10	52		ARPU (EUR)	16	18	-11%
Total traffic (minutes in m)	1,273	1,292	-1.5%	SAC/SRC (EUR)	21	22	-4.5%

⁵ Refers to BASE only

Rest of World

MVNOs in Spain and France on track with growth accelerating

Despite increased competitive pressure and an adverse macro economic environment in Spain, revenues have accelerated following the new Simyo marketing campaign, launched in May 2009 and continued growth from wholesale partners. Notwithstanding the overall decline in consumer spend in Spain, which also appears to be affecting mobile telephony, KPN Spain's ARPU continues to increase from quarter to quarter for both postpaid and prepaid customers. Please note that the business model has limited exposure to the regulatory MTA tariff cuts.

Simyo in France was successfully launched on 11 January 2009 and initially generated steady growth without a significant marketing effort. On 24 May 2009 a new marketing campaign has been launched following further alignment of operational processes including website improvements, resulting in an instant acceleration of growth through significantly higher online sales conversion. KPN France expects to launch several of its partners and/or KPN-owned brands such as Ortel and Ay Yildiz in H2 2009.

Going forward the focus is on firmly establishing these operations beyond the start up phase and drive volume through own and partner brands. Moreover, due to the lean set-up cost structure in its business model, KPN expects to generate healthy EBITDA margins in these countries and become cash flow positive in 2010 and 2011 in Spain and France respectively.

Performance Ortel lagging behind, actions taken to improve performance

Similar to Q1 2009, competition in the cultural segment in KPN's footprint has increased during Q2 2009 with several players focusing strongly on price promotions resulting in high customer inactivity and churn in this particular mobile segment. To turn round this trend, Ortel will focus less on pure price competition and on customer acquisition, but more on usage incentives based on free minutes within the community, i.e. Ortel-to-Ortel, plus a package of attractive national and international rates. KPN plans to generate more value from Ortel's customer base by building an Ortel community across markets and by leveraging further its strong brand, using focused marketing and targeted product offerings.

Consolidated Interim Financial Statements for the six months ending 30 June 2009 and 2008

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Unaudited Consolidated Statement of Income

<i>(In millions of euro, unless indicated otherwise)</i>	For the three months ending 30 June		For the six months ending 30 June	
	2009	2008	2009	2008
Revenues	3,408	3,654	6,796	7,186
Other income	3	8	11	46
Revenues and other income [1]	3,411	3,662	6,807	7,232
Own work capitalised	-28	-23	-49	-47
Cost of materials	223	236	432	485
Work contracted out and other expenses	1,182	1,335	2,413	2,595
Employee benefits	541	438	1,087	1,075
Depreciation, amortization and impairments	580	611	1,182	1,194
Other operating expenses	171	409	368	626
Total operating expenses	2,669	3,006	5,433	5,928
Operating profit [2]	742	656	1,374	1,304
Finance income [3]	10	13	19	26
Finance costs [3]	-220	-183	-413	-352
Other financial results [3]	-2	-5	7	-14
Share of the profit of associates and joint ventures, net of tax	-2	0	-1	-6
Profit before income tax	528	481	986	958
Income taxes [4]	-158	-128	-299	-271
Profit for the period	370	353	687	687
Profit attributable to:				
Owners of the parent	371	353	688	688
Minority interest	-1	0	-1	-1
Earnings per share on a non-diluted basis (in EUR)	0.22	0.20	0.41	0.39
Earnings per share on a fully-diluted basis (in EUR)	0.22	0.20	0.41	0.39
Weighted average number of shares on a non-diluted basis			1,662,408,169	1,774,051,408
Weighted average number of shares on a fully-diluted basis			1,666,880,587	1,780,393,502

Unaudited Consolidated Statement of Comprehensive Income

<i>(In millions of euro, unless indicated otherwise)</i>	For the three months ending 30 June		For the six months ending 30 June	
	2009	2008	2009	2008
Profit for the period	370	353	687	687
Other comprehensive income:				
Cash flow hedges:				
Gains or (losses) arising during the period	-7	13	-55	9
Tax	<u>2</u>	<u>-3</u>	<u>14</u>	<u>-2</u>
	-5	10	-41	7
Currency translation adjustments:				
Gains or (losses) arising during the period	-	-1	-7	-5
Tax	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
	-	1	-7	-3
Fair value adjustment available for sale financial assets:				
Gains or (losses) arising during the period	6	-	4	-
Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	6	-	4	-
Other comprehensive income for the period, net of taxes	<u>1</u>	<u>11</u>	<u>-44</u>	<u>4</u>
Total comprehensive income for the year, net of tax	371	364	643	691
Total comprehensive income attributable to:				
Owners of the parent	370	364	645	692
Minority interest	1	-	-2	-1

Consolidated Statement of Financial Position

ASSETS (In millions of euro)	As at	
	30 June 2009 (unaudited)	31 December 2008
NON-CURRENT ASSETS		
Goodwill	5,671	5,659
Licenses	3,006	3,156
Software ⁶	706	676
Other intangibles	488	569
Total intangible assets	9,871	10,060
Land and buildings	897	921
Plant and equipment	5,697	5,811
Other tangible non-current assets	184	197
Assets under construction	913	807
Total property, plant & equipment	7,691	7,736
Investments in associates and joint ventures [5]	213	135
Available-for-sale financial assets	56	52
Derivative financial instruments	0	133
Deferred tax assets	1,594	1,733
Trade and other receivables	220	210
Total non-current assets	19,645	20,059
CURRENT ASSETS		
Inventories	127	137
Trade and other receivables	2,268	2,295
Income tax receivables	350	102
Available-for-sale financial assets	2	2
Cash	1,919	1,199
Total current assets	4,666	3,735
Non-current assets and disposal groups held for sale [6]	26	119
TOTAL ASSETS	24,337	23,913

⁶ Including development costs of software, which was included in other intangibles in KPN's 2008 Annual Report

LIABILITIES <i>(In millions of euro)</i>	As at	
	30 June 2009 (unaudited)	31 December 2008
GROUP EQUITY		
Share capital	401	411
Share premium	9,214	9,650
Other reserves	-307	-228
Retained earnings	-6,095	-6,103
Equity attributable to owners of the parent	3,213	3,730
Minority interest	25	29
Total group equity	3,238	3,759
NON-CURRENT LIABILITIES		
Borrowings [7]	11,744	10,876
Derivative financial instruments	301	192
Deferred tax liabilities	1,445	1,624
Provisions for retirement benefit obligations [8]	841	892
Provisions for other liabilities and charges	473	427
Other payables and deferred income	326	346
Total non-current liabilities	15,130	14,357
CURRENT LIABILITIES		
Trade and other payables	3,923	4,280
Borrowings [7]	1,685	1,165
Derivative financial instruments	15	2
Income tax payables	144	128
Provisions for other liabilities and charges	199	186
Total current liabilities	5,966	5,761
Liabilities directly associated with non-current assets and disposal groups classified as held for sale [6]	3	36
TOTAL EQUITY AND LIABILITIES	24,337	23,913

Unaudited Consolidated Statement of Cash Flows

<i>(In millions of euro)</i>	For the six month ending 30 June	
	2009	2008
Profit before income tax	986	958
Finance costs – net	387	340
Share of the profit of associates and joint ventures	1	6
<i>Adjustments for:</i>		
Depreciation, amortization and impairments	1,182	1,194
Share-based compensation	7	1
Other income	-7	-23
Changes in provisions (excluding deferred taxes)	-103	-102
Inventories	10	-4
Trade receivables	139	86
Prepayments and accrued income	-172	-144
Other current assets	65	-37
Trade payables	-147	275
Accruals and deferred income	-302	-199
Current liabilities (excluding short-term financing)	-32	-61
<i>Change in working capital:</i>	<i>-439</i>	<i>-84</i>
Taxes paid	-554	-191
Interest paid	-281	-274
Net cash flow provided by operating activities	1,179	1,825
Acquisition of subsidiaries, associates and joint ventures	-100	-162
Disposal of subsidiaries, associates and joint ventures	39	-3
Investments in intangible assets (excluding software)	-3	-19
Disposal of intangibles	-	-
Investments in property, plant & equipment and software [11]	-842	-807
Disposal of property, plant & equipment and software	28	15
Other changes and disposals	-	6
Net cash flow used in investing activities	-878	-970
Share repurchases [9]	-511	-573
Dividends paid [10]	-664	-637
Exercised options	15	17
Proceeds from borrowings [7]	1,500	931
Repayments of borrowings [7]	-32	-262
Other changes	-4	-8
Net cash flow used in financing activities	304	-532
Changes in cash	605	323
Net Cash at beginning of period	771	-138
Changes in cash	605	323
Exchange rate differences	2	-1
Net Cash at end of period	1,378	184
Bank overdrafts	541	615
Cash at end of period	1,919	799

Unaudited Consolidated Statement of Changes in Group Equity

Amounts in millions of euro, except number of shares	Number of subscribed shares	Share capital	Share premium	Other reserves	Retained earnings	Equity attribu- table to owners of the parents	Minority interests	Total Group equity
Balance as of 1 January 2008	1,843,482,213	443	11,120	-608	-6,465	4,490	28	4,518
Share based compensation (net of tax)	-	-	-	-	3	3	-	3
Exercise of options	-	-	-	17	-	17	-	17
Shares repurchased	-	-	-	-637	-	-637	-	-637
Dividends paid	-	-	-	-	-637	-637	-	-637
Shares cancelled	-40,579,700	-10	-490	500	-	-	-	-
Other	-	-	-	-	4	4	-	4
Total comprehensive income for the period	-	-	-	4	688	692	-1	691
Balance as of 30 June 2008	1,802,902,513	433	10,630	-724	-6,407	3,932	27	3,959
Balance as of 1 January 2009	1,714,362,792	411	9,650	-228	-6,103	3,730	29	3,759
Share based compensation (net of tax)	-	-	-	16	-15	1	-	1
Exercise of options	-	-	-	15	-	15	-	15
Shares repurchased	-	-	-	-514	-	-514	-	-514
Dividends paid	-	-	-	-	-664	-664	-2	-666
Shares cancelled	-43,457,887	-10	-436	446	-	-	-	-
Total comprehensive income for the period	-	-	-	-42	687	645	-2	643
Balance as of 30 June 2009	1,670,904,905	401	9,214	-307	-6,095	3,213	25	3,238

Notes to Consolidated Interim Financial Statements

Company profile

KPN is the leading telecommunications and ICT service provider in the Netherlands, offering wireline and wireless telephony, internet and TV to consumers and end-to-end telecom and ICT services to business customers. KPN's subsidiary Getronics operates a global ICT services company with a market leading position in the Benelux, offering end-to-end solutions in infrastructure and network-related IT. In Germany and Belgium, KPN pursues a Challenger strategy in its wireless operations and holds number three market positions through E-Plus and BASE. In Spain and France, KPN offers wireless services as an MVNO through its own brands and through partner brands. KPN provides wholesale network services to third parties and operates an efficient IP-based infrastructure with global scale in international wholesale through iBasis.

Accounting policies

Basis of presentation

These consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As permitted by IAS 34, the consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with KPN's Annual Report 2008. In addition, the notes to these consolidated interim financial statements are presented in a condensed format. The applied accounting principles are in line with those as described in KPN's Annual Report 2008. These consolidated interim financial statements have not been audited or reviewed and are based on IFRS as adopted by the European Union.

As of 1 January 2009, IAS 1 (revised) 'Presentation of Financial Statements' became effective and has been applied by KPN. IAS 1 (revised) uses the terms "statement of income" (previously "income statement"), "statement of financial position" (previously "balance sheet") and "statement of cash flows" (previously "cash flow statement") and introduces a "statement of comprehensive income." IAS 1 (revised) also requires the presentation of a statement of financial position at the beginning of the first comparative period presented if an entity has changed its accounting policies retrospectively or made retrospective restatements.

As of 1 January 2009 IAS 23 (revised) 'Borrowings Costs' became effective and has been applied by KPN. In accordance with IAS 23 (revised), as of 1 January 2009 borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. In the six months ending 30 June, 2009, IAS 23 (revised) did not have a material impact.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period as well as the information disclosed. For KPN's critical accounting estimates and judgements, reference is made to the notes to the Consolidated Financial Statements contained in the Annual Report 2008, including the determination of deferred tax assets for loss carry forwards and the provision for tax contingencies, the determination of fair value and value in use of cash-generating units for goodwill impairment testing, the amortization and depreciation rates of intangible assets with definite lives and property, plant and equipment, the assumptions used to determine the provision for retirement benefit obligations and periodic pension costs, such as expected salary increases, return on plan assets and benefit increases and the 'more likely than not' assessment required to determine whether or not to recognize a provision for other liabilities and charges and related contingencies. Also reference is made to Note 29 'Financial Risk Management' to the Consolidated Financial Statements contained in the Annual Report 2008 which discusses KPN's exposure to credit risk and financial market risks. Actual results in the future may differ from those estimates. Estimates and judgements are being continually evaluated and based on historic experience and other factors, including expectations of future events believed to be reasonable under the circumstances.

[1] Revenues and other income

Following a number of previously announced organizational changes that came into effect as of the start of this year, KPN publishes its 2009 consolidated interim financial statements in a new reporting format. The main changes that have taken place are the integration of specific parts of KPN's Business Segment into Getronics and the migration of KPN's Dutch mobile wholesale business to the Consumer Segment. Furthermore, operations in Belgium are now reported as one entity.

The new reporting format will only have an impact on a segment basis, not on Group numbers. For an explanatory presentation and restated facts and figures for 2008 on a quarterly basis, please see www.kpn.com/ir.

The reportable segments are based on KPN's internal structure and internal reporting to the CEO. For a description of the activities of these segments, reference is made to the Annual Report 2008. For operating profit reference is made to note [2] and for other segment information reference is made to note [11] in these Consolidated Interim Financial Statements.

Revenues and Other income	For the six months ending 30 June 2009				For the six months ending 30 June 2008			
	External revenues	Other income	Inter-segment revenues	Total revenues and Other income	External revenues	Other income	Inter-segment revenues	Total revenues and Other income
Consumer	1,967	-	106	2,073	1,929	-	108	2,037
Business	1,123	-	142	1,265	1,123	-	139	1,262
Getronics	1,000	-	73	1,073	1,390	-	55	1,445
Wholesale & Operations	649	10	1,099	1,758	731	25	1,145	1,901
Other (incl. intercompany)	-	-	-1,363	-1,363	1	-	-1,396	-1,395
The Netherlands	4,739	10	57	4,806	5,174	25	51	5,250
Germany	1,532	-	39	1,571	1,539	1	23	1,563
Belgium	366	-	29	395	368	-	16	384
Rest of World (incl. intercompany)	82	1	-44	39	30	-	-10	20
Mobile International	1,980	1	24	2,005	1,937	1	29	1,967
Other	77	-	-1	76	75	20	-1	94
Eliminations	-	-	-80	-80	-	-	-79	-79
KPN Group	6,796	11	-	6,807	7,186	46	-	7,232

In H1 2009, KPN Group revenues and other income are down 5.9%. The decline is a result of 8.5% lower revenues and other income within the Netherlands, mainly due to Getronics and Wholesale & Operations. Since the acquisition date of 23 October 2007, Getronics sold those parts of its portfolio which did not fit in its future strategy. The decline in revenues and other income within Wholesale & Operations can mainly be attributed to iBasis. Both the Consumer and Business Segment show an increase. Revenues and other income at Mobile International increased 1.9%. For more detailed information on revenues, reference is made to the Management Report. The other income in Wholesale & Operations is mainly from book gains on real estate. Furthermore, other income of EUR 20m in the first half of 2008 within Segment Other mainly consists of a release of a provision regarding the sale of a subsidiary in 2002.

[2] Operating profit

Operating profit, DAI and EBITDA	For the six months ending 30 June 2009			For the six months ending 30 June 2008		
	Operating profit	Depreciation, Amortization & Impairments (DAI)	EBITDA	Operating profit	Depreciation, Amortization & Impairments (DAI)	EBITDA
Consumer	369	155	524	314	148	462
Business	368	39	407	320	35	355
Getronics	-87	81	-6	-13	93	80
Wholesale & Operations	420	475	895	420	509	929
Other	-23	18	-5	-1	12	11
The Netherlands	1,047	768	1,815	1,040	797	1,837
Germany	316	339	655	268	324	592
Belgium	64	66	130	60	65	125
Rest of World	-29	3	-26	-15	1	-14
Mobile International	351	408	759	313	390	703
Other activities	-24	6	-18	-49	7	-42
KPN Total	1,374	1,182	2,556	1,304	1,194	2,498

In H1 2009, EBITDA for KPN Group is up 2.3%. Within the Netherlands, as with the revenues, growth is driven by the Consumer Segment and Business Segment. Mobile International shows an 8% YTD growth. Getronics' EBITDA drop is only partly due to the sale of part of its portfolio. The major part of Getronics' EBITDA decrease is explained by differences in restructuring costs in 2009 compared to 2008. The depreciation, amortization and impairments are slightly lower than 2008. YTD impairment losses on goodwill have been recorded at Getronics (EUR 13m) and iBasis (EUR 11m).

[3] Finance costs and income

Finance costs rose by EUR 61m y-on-y while finance income decreased by EUR 7m. Main reasons for the increased finance costs were the absolute increase in borrowings resulting in approximately EUR 40m extra finance costs, and in a one-off premium cost of EUR 27m related to the tender of bonds outstanding. The average interest rate after swaps on Group outstanding debt, after the tender offer, was 5.3%, down from 5.4% at year-end 2008. See also note [7] Borrowings.

[4] Income taxes

The effective tax rate in the first six months of 2009 was 30.2%, compared to 28.1% in the first six months of 2008. The increase in effective tax rate is mainly due to a higher share of Germany in the Group's taxable income as E-Plus continues to grow profitably. The tax rates in Germany are higher than the effective tax rate for the Group.

KPN settled the preliminary Dutch corporate income tax assessment for 2009 of EUR 608m by a prepayment of EUR 598m to the Dutch tax authorities in the first quarter of 2009. KPN has benefitted from a EUR 10m discount based on the applicable Dutch tax legislation for this prepayment. The discount has been recorded as a reduction of interest paid in the Consolidated Statement of Cash Flows. An amount of EUR 327m of the prepayment was attributable to the E-Plus tax recapture. In Q2 2009 an amount of EUR 60m Dutch corporate income tax was received related to prior years.

[5] Investments in associates and joint ventures

In Q1 2009 KPN contributed EUR 74m equity to match the 41% share in the Reggefiber investments over 2008. This equity contribution completed the incorporation of Reggefiber. The purchase price allocation for KPN's stake in Reggefiber is still provisional (amongst others the valuation of the options).

[6] Non-current assets, liabilities and disposal groups held for sale

At 31 December 2008, a number of Getronics' business was classified as disposal groups held for sale, as a result of the disposal of non-core assets of Getronics. The transactions of Business Solutions for local governments and healthcare and Document Services, both in the Netherlands, were closed in Q1 2009. At 30 June 2009 only a minor part of Getronics' portfolio is classified as held for sale.

KPN is selling part of its real estate portfolio which becomes redundant after migration to the new All-IP infrastructure. In Q2 2009 properties with a book value of EUR 19m were classified as 'non-current assets held for sale'.

[7] Borrowings

On 4 February 2009 KPN issued a dual tranche Eurobond consisting of two bonds for respectively an amount of EUR 750m, with a 5 year maturity and a coupon of 6.25% and for an amount of EUR 750m, with a 10 year maturity and a coupon of 7.50%. The proceeds from these bonds have been used to refinance debt and for general corporate purposes. Following the execution of these Eurobond transactions, KPN terminated its EUR 0.4bn backstop credit facility which was signed in October 2008.

On 29 June 2009 KPN repurchased USD 588m, with settlement date 2 July 2009, of the USD 1,750m 8% Notes due 2010. The repurchase of the Notes reduced the amount of KPN's outstanding debt.

[8] Provisions for retirement benefit obligations

KPN and the KPN pension funds reached an agreement in April 2009 on how to return to the coverage ratio of the pension funds to the minimum required level of 105%, set by the Dutch Central Bank, by 2013 at the latest. KPN has agreed to make additional payments to the pension funds of up to a maximum of EUR 390m over the coming years, with EUR 120m for 2009 and a maximum of EUR 90m for each of the years 2010, 2011 and 2012. Should a coverage ratio of 105% be reached before 2013, KPN will no longer be obliged to continue to make additional payments. KPN will not be required to make additional payments should the coverage ratio not have reached the required level of 105% by 2013. In Q2 2009, the first additional payment of EUR 30m was made and will be followed by EUR 30m per quarter in H2 2009.

Based on the nature of Getronics' pension scheme, KPN has agreed with the Getronics pension fund to provide additional security for an amount of up to EUR 12.5m per annum for the years 2010-2013. No additional payments were made to the Getronics pension fund in Q2 2009.

The KPN pension funds under statutory coverage measurements, as required by the Dutch Central Bank acting as the pension regulator, ended at 30 June 2009 with an average coverage ratio of 100% (31 December 2008: 94%).

[9] Share Repurchases

On 19 November 2008, KPN commenced its EUR 1bn share repurchase program for 2009 that will run until the end of 2009. Under this program, between 1 January and 30 June 2009, KPN repurchased 52.1 million shares at an average price of EUR 9.87, for a total amount of EUR 514m. In total, from November 2008 until 30 June 2009, KPN repurchased 61.8 million shares for a total amount of EUR 616m.

Cancellation of shares

In Q2 2009, KPN concluded the cancellation of 43,457,887 ordinary shares which have been repurchased as part of the EUR 1bn share repurchase program for 2009. Following this cancellation, KPN has 1,670,904,905 shares outstanding as at 30 June 2009.

[10] Dividend

KPN declares an interim dividend per share for 2009 of EUR 0.23, up 15% versus last year. In the second quarter, KPN paid the final dividend for 2008, for a total of EUR 664m (incl. dividend tax), or EUR 0.40 per share resulting in a total 2008 dividend of EUR 1,008m (incl. dividend tax) or EUR 0.60 per share.

[11] Other Segment information

Assets, liabilities and capex	As at 30 June 2009		As at 31 December 2008		Six months ending 30 June	
	Total assets	Total liabilities	Total assets	Total liabilities	2009 Capex	2008 Capex
Consumer	2,782	2,308	3,099	2,985	107	98
Business	1,725	1,418	5,783	5,841	61	54
Getronics	2,803	2,641	3,357	3,165	36	86
Wholesale & Operations	7,116	6,681	11,763	11,731	346	322
Other	-759	-735	-1,605	-1,607	20	18
The Netherlands	13,667	12,313	22,397	22,115	570	578
Germany	10,178	29,776	10,130	29,934	225	187
Belgium	1,752	350	1,711	361	40	32
Rest of World	66	81	62	86	2	3
Mobile International	11,996	30,207	11,903	30,381	267	222
Other	-1,326	-21,421	-10,387	-32,342	5	7
KPN Total	24,337	21,099	23,913	20,154	842	807

At KPN total level, the capital expenditures (capex) have increased EUR 35m. This increase is mainly due to 2G network investments in Germany (mainly in Q1 2009). The decrease in Getronics capex spending is mainly caused by a shift to the second half of 2009.

The intercompany positions on the balance sheet of the segments are eliminated through the Segment Other. Due to organizational changes within the Segments Business, Getronics and Wholesale & Operations the assets and liabilities changed compared to 31 December 2008.

[12] Off-balance sheet commitments

The off-balance sheet commitments as of 30 June 2009, amounting to EUR 5.5bn, were EUR 1.0bn higher compared to 31 December 2008 (EUR 4.5bn) as disclosed in the Annual Report 2008. The difference is mainly caused by renewal of rental and lease contracts at E-Plus.

[13] Regulatory Developments

The Netherlands: Tariff decision OPTA on access pricing FttH

OPTA has decided upon a new Optical Distribution Frame (ODF) access tariff proposal by Reggefiber relating to co-location and backhaul. KPN has indicated it will appeal the decision as it considers it is not consistent with OPTA and NMa decisions of last December. The potential financial effects of this decision depend on many variables, including the actions of competitors over time, and thus are difficult to predict.

The Netherlands: OPTA Wholesale Price Cap ('WPC') decision 2009-2011

OPTA will decide on the WPC later this summer. It is as yet unclear what financial exposure to expect. KPN has indicated earlier that if the price cap for wholesale services will result in decreasing tariffs, KPN will appeal.

The Netherlands: Possible Cap on the acquisition of 2.6 GHz Frequencies

The Ministry of Economic Affairs has published a draft of the rules concerning the 2.6 GHz frequencies allocation ('Regeling, aanvraag- en veilingprocedure 2,6 GHz-band'). The rules envisage a cap on the amount of spectrum that GSM operators can acquire. The rules are now under consultation. It is still uncertain what the outcome is and therefore it is uncertain what financial consequences, if any, may be.

The Netherlands: Telfort UMTS roll-out injunction

After imposition of an injunction, imposed in June 2008 for not meeting the UMTS roll-out obligations of the Telfort license, the Radio Agency (Agentschap Telecom, AT) has informed KPN that the first term, which expired 11 September 2008, has led to the amount of EUR 5m to become due and payable. This was a consequence of conclusions drawn by AT after measuring the coverage. In September 2008, KPN has carried out measurements and has concluded that Telfort meets the obligations. The report and findings of AT were analyzed. As a result, KPN is in the process of challenging the imposition, the measurement method and the conclusions of AT. The appeal is ongoing. However, a request for provision of suspension was denied by the court. KPN is considering the consequences of this denial and will decide on next steps in the upcoming weeks.

Belgium: Proximus corporate complaint

Following the complaint initiated by BASE, the Competition Council rendered its decision on 26 May 2009 imposing on Belgacom Mobile a fine of EUR 66.3m for abuse of a dominant position through the application in 2004 and 2005 of a price squeeze on the market of large corporate customers. The Competition Council found that Belgacom Mobile prevented competitors from entering the market by charging retail on-net tariffs which were below the wholesale tariffs it charges its competitors for terminating a call on its network. Belgacom Mobile has appealed the decision. To the extent that other grounds for abusive conduct were not withheld by the Competition Council, BASE has equally appealed the decision.

Belgium: ECJ overrules Belgian prohibition on joint offers

In its decision of 23 April 2009, the European Court of Justice has ruled that the general prohibition on joint offers (of products, services or a combination of both), as laid down in the Belgian law on Fair trade practices, is contrary to the European Directive on unfair trade practices of 11 May 2005. One of the main short-term consequences of this decision for KPN Group Belgium is that handset subsidy (combination of handset and subscription) is now possible in Belgium.

Belgium: Update on MTA regulation

At the end of 2008, BIPT started a project for the development of a LR(A)IC-bottom-up cost model in order to determine MTA levels as from 2010. Pending BIPT's decision on the MTA levels as from 2010, BASE will provisionally continue to apply the MTA-level of December 2008 (EUR 0.1041). On 30 June 2009 the Brussels Court of Appeal partially annulled the BIPT decisions regulating MTA levels for the three mobile operators for the period November 2006 until January 2008. KPN Group Belgium is still in the process of analyzing the implications from this Judgement.

Germany: Spectrum re-farming and spectrum auction

On 12 June 2009 the Bundesrat (upper chamber of Parliament) approved the regulation which makes 800 MHz frequencies available for mobile broadband services (so called digital dividend). On 3 June 2009 the German regulator started the consultation on re-farming of GSM frequencies and on the envisaged spectrum auction. The consultation ended on 17 July 2009.

In short, the regulator proposed to auction spectrum in the 800 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz. Bands. No redistribution in the 900 MHz band, but re-farming of GSM frequencies will be allowed. Also, extension of GSM licences until 2025 may become possible, as well as more equitable distribution of frequencies below 1 GHz.

The final decisions on re-farming and on the auction are expected for October 2009. The auction process will most likely start in December 2009. The auction itself will be in Q1 2010.

In its statement to the draft decisions E-Plus will claim that either a re-distribution of 900 MHz frequencies is necessary to avoid market distortions or a spectrum cap with respect to frequencies below 1 GHz of 2 x 17.5 MHz must be imposed in the auction of 800 MHz frequencies. With a spectrum cap of 2 x 17.5 MHz T-Mobile and Vodafone could only bid for 2 x 5 MHz each, whereas E-Plus would have a fair chance to get 2 x 10 MHz.

Germany: Mobile Termination Rates

By way of four separate administrative proceedings, on 31 March 2009 BNetzA had approved MTAs of EUR 0.0714 for E-Plus and O2 and of EUR 0.0659 for T-Mobile and Vodafone (for the time period from 1 April 2009 until 30 November 2010). On the one hand, E-Plus has initiated preliminary and main legal proceedings against BNetzA's MTA decision for E-Plus (mainly asking for higher E-Plus MTAs). On the other hand, E-Plus has initiated main proceedings against the MTA decisions for the other MNOs. T-Mobile, Vodafone, O2, DTAG and 01051 have also initiated legal actions against the MTA decision for E-Plus (and most likely also the other MTA decisions). All main proceedings are however on hold because of an outstanding judgement of the German constitutional court on the lawfulness of the regulatory orders on which BNetzA's MTA decisions have been based.

[14] Related party transactions

For a description of the related parties of KPN and transactions with related parties, reference is made to Note 32 of the Annual Report 2008, including major shareholders. On 12 May 2009, Capital Research and Management Company have notified the AFM that they have reduced their holding in the ordinary shares of KPN to 9.79%.

In the first six months of 2009, there have been no changes in the type of related party transactions as described in the Annual Report 2008 that could have a material effect on the financial position or performance of KPN. Nor have related party transactions taken place in the first six months of 2009 that have materially affected the financial position or the performance of KPN.

[15] Subsequent events

Intention to launch cash tender offer for outstanding shares of iBasis⁷

On 13 July 2009 KPN announced its intention to launch a cash tender offer for all outstanding shares of iBasis, not already owned by KPN. KPN intends to offer USD 1.55 per share. The stake of approximately 44% not owned by KPN would be valued at approximately USD 48m at the USD 1.55 per share offer. KPN currently owns a stake of approximately 56% in iBasis. KPN expects to finance the offer from its existing financing sources.

USD 2010 Cash Tender settled

On 2 July 2009 KPN settled the cash tender offer for a part of the outstanding USD bonds maturing in 2010. EUR 438m was tendered out of a total redemption of EUR 1,299m.

Share repurchase after 30 June

As part of the share repurchase program for 2009, KPN repurchased 4.1 million shares at an average price of EUR 9.82, for a total amount of EUR 40.5m between 1 July and 22 July 2009.

⁷ IMPORTANT INFORMATION

Neither KPN nor any of its affiliates has commenced the tender offer for shares of iBasis common stock referenced herein, and this material is neither an offer to purchase nor a solicitation of an offer to sell shares of iBasis common stock. Shareholders of iBasis are advised to read the Tender Offer Statement on Schedule TO, the Offer to Purchase and any other documents relating to the tender offer that are filed with the United States Securities and Exchange Commission ("SEC") when they become available, because they will contain important information that iBasis shareholders should consider before tendering their shares. Shareholders of iBasis will be able to obtain copies of these documents for free, when available, at the SEC's website at www.sec.gov or by calling Okapi Partners LLC, the Information Agent for the tender offer, at 1-877-869-0171.

Responsibility statement

With reference to section 5.25d paragraph 2c of the Financial Markets Supervision Act, the Board of Management states that, to the best of its knowledge: the interim financial statements of the first half of 2009 give a true and fair view of the assets, liabilities, financial position and results of the Company and its consolidated companies; and the interim management report gives a true and fair view of the position as per 30 June 2009, the development during the first half of 2009 of the Company and its Group companies included in the interim financial statements, and the description of the expected developments for the second half of 2009.

The Hague, 23 July 2009

A.J. Scheepbouwer,	Chairman of Board of Management and Chief Executive Officer
E. Blok,	Member of Board of Management
S.P. Miller,	Member of Board of Management
J.B.P. Coopmans,	Member of Board of Management

Safe harbour

Non-GAAP measures and management estimates

This interim financial report contains a number of non-GAAP figures, such as existing and disposed revenues and other income, EBITDA and free cash flow. These non-GAAP figures should not be viewed as a substitute for KPN's GAAP figures.

*KPN defines **EBITDA** as operating result before depreciation and impairments of PP&E and amortization and impairments of intangible assets. Note that KPN's definition of EBITDA deviates from the literal definition of earnings before interest, taxes, depreciation and amortization and should not be considered in isolation or as a substitute for analyses of the results as reported under IFRS. In the **net debt/EBITDA ratio**, KPN defines EBITDA as a 12 month rolling average excluding book gains, release of pension provisions and restructuring costs, when over EUR 20m. **Free cash flow** is defined as cash flow from operating activities plus proceeds from real estate, minus capital expenditures (capex), being expenditures on PP&E and software, and excluding tax recapture regarding E-Plus.*

*The term **existing** indicates that only the Getronics business that was part of KPN Group as at the end of the reporting period of the interim financial statements are included. The term **disposed** refers to the Getronics business which is no longer part of KPN Group at the end of the reporting period of the interim financial statements. The term existing and disposed refers to, and only to, businesses that were part of Getronics at the initial consolidation of Getronics within the KPN Group on 23 October 2007.*

*The term **Dutch Telco business** is defined as the Netherlands excluding Getronics, iBasis and book gains on real estate disposals.*

All market share information in this interim 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 interim financial report constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on KPN's operations, KPN's and its joint ventures' share of new and existing markets, general industry and macro-economic trends and KPN's performance relative thereto, and statements preceded by, followed by or including the words "believes", "expects", "anticipates" or similar expressions.

These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside KPN's control that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in the Annual Report 2008.