

Strong performance across the group

Outlook for the Netherlands upgraded

Highlights

- First quarter results beaten on all key metrics
- Domestic performance ahead of expectations
 - Growth in new services, line loss further improving, wireless performance restored
- 2008 EBITDA outlook for the Netherlands upgraded to ‘flat’
- Excellent quarter for Mobile International
 - Record net adds of 780k at E-Plus, highest since 2000
- Strong free cash flow

Group financials <i>(In millions of euro, unless indicated otherwise)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007	
Revenues and other income	3,662	3,012	7,232	5,936	
- Of which revenues	3,654	2,957	7,186	5,875	
EBITDA	1,267	1,275	2,498	2,464	EBITDA Q2 2008 is impacted by a EUR 199m release of pension provisions, a restructuring charge of EUR 207m and EUR 7m of book gains on real estate sales. EBITDA Q2 2007 is impacted by book gains on real estate sales of EUR 55m. If excluding these items, EBITDA grows by 3.9%.
EBITDA margin	34.6%	42.3%	34.5%	41.5%	
Operating result (EBIT)	656	649	1,304	1,186	
Profit for the period (net result)	353	400	687	713	
Earnings per share (in EUR)	0.20	0.22	0.39	0.38	
Dividend per share (in EUR)	0.20	0.18	0.20	0.18	
Cash flow from operating activities	1,177	882	1,825	1,716	
Capital expenditures (PP&E and software)	-451	-327	-807	-603	
Proceeds from real estate	1	82	14	82	
Tax recapture at E-Plus	71	-	117	-	
Free cash flow	798	637	1,149	1,195	

“It is great to see that our ‘Back to Growth’ strategy announced in February of this year is beginning to bear fruit and has contributed to strong second quarter results. Our domestic performance has been ahead of our expectations, not only succeeding in achieving substantial growth in new services such as VoIP, TV and mobile data, but also in retaining more and more customers in traditional services through attractive product offerings. Accordingly, the 2008 EBITDA outlook for the Netherlands has been upgraded from an expected decrease to ‘flat’. Meanwhile, our Mobile International business is demonstrating that its competitive advantages are sustainable through the passage of time, adding another quarter of beating competition with E-Plus gaining a record 780,000 customers and BASE’s service revenues returning to growth. These first half year results show that KPN is well on track with regard to the ‘Back to Growth’ strategy 2010.”

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KPN Group

Financial review

Revenues and other income (In millions of euro)	Q2 2008	Q2 2007	YTD 2008	YTD 2007	Δ y-on-y	Δ YTD
KPN Group	3,662	3,012	7,232	5,936	22%	22%
- Consumer	1,007	1,032	1,987	2,069	-2.4%	-4.0%
- Business	812	825	1,607	1,655	-1.6%	-2.9%
- Getronics	504	-	1,019	-	-	-
- Wholesale & Operations	965	944	1,918	1,855	2.2%	3.4%
- Other (incl. intercompany revenues)	-651	-687	-1,300	-1,403	5.2%	7.3%
The Netherlands	2,637	2,114	5,231	4,176	25%	25%
- E-Plus	808	736	1,563	1,434	9.8%	9.0%
- BASE	171	155	321	307	10%	4.6%
- Mobile Wholesale NL	87	85	172	168	2.4%	2.4%
- Other (incl. intercompany revenues)	42	4	80	8	> 100%	> 100%
Mobile International	1,108	980	2,136	1,917	13%	11%

Revenues and other income

- Group revenues and other income were up 22% or EUR 650m to EUR 3.7bn, driven by acquisitions. Revenues and other income for the Netherlands were up 25% due to the consolidation of Getronics and iBasis as of Q4 2007. Book gains on sale of real estate (reported in Wholesale & Operations) decreased y-on-y by EUR 48m to EUR 7m. Within Mobile International, revenues and other income increased by 13% or EUR 128m due to organic growth at E-Plus and BASE, the acquisition of SMS Michel in Q1 2008 (reported in E-Plus) and the acquisition of Tele2 Belgium (consolidated as of Q4 2007, reported in Mobile International Other).

EBITDA (In millions of euro)	Q2 2008	Q2 2007	YTD 2008	YTD 2007	Δ y-on-y	Δ YTD
KPN Group	1,267	1,275	2,498	2,464	-0.6%	1.4%
- Consumer	202	196	396	377	3.1%	5.0%
- Business	198	189	388	383	4.8%	1.3%
- Getronics	34	-	58	-	-	-
- Wholesale & Operations	455	526	923	1,008	-13%	-8.4%
- Other	11	-5	12	-3	> 100%	> 100%
The Netherlands	900	906	1,777	1,765	-0.7%	0.7%
- E-Plus	308	293	592	546	5.1%	8.4%
- BASE	69	65	123	125	6.2%	-1.6%
- Mobile Wholesale NL	35	35	71	63	0.0%	13%
- Other	-10	-6	-23	-10	-67%	> -100%
Mobile International	402	387	763	724	3.9%	5.4%

EBITDA

- EBITDA was down -0.6% or EUR 8m. Comparing y-on-y, Q2 2008 includes a EUR 34m contribution from Getronics, a EUR 199m release of pension provisions and a restructuring charge of EUR 221m (Q2 2007: EUR 5m), of which EUR 207m (recorded in Other activities) relates to the 'Back to Growth' strategy. Q2 2007 included book gains on sale of real estate of EUR 55m (reported in Wholesale & Operations).

Free cash flow in line with guidance

In Q2 2008, free cash flow amounted to EUR 798m (Q2 2007: EUR 637m). YTD free cash flow 2008 amounts to EUR 1,149m (YTD 2007: 1,195m). The YTD difference of EUR 46m can mainly be explained on the one hand by EUR 204m higher capital expenditures, EUR 32m higher tax payments (excluding the E-Plus tax recapture) and EUR 21m interest paid and on the other hand a working capital improvement of EUR 182m and a EUR 34m EBITDA improvement.

The working capital improvement program is progressing well, with improvements being made on both the debtors' and creditors' sides. KPN is aiming to move all its suppliers to a 90-day credit term and has started to extend payment terms in Q2 2008.

Overall, KPN is on track to generate EUR 2.4bn free cash flow in 2008 as per guidance. It should be noted, that the effect of further improvement in working capital will be more visible in Q4 compared to Q3, in part due to seasonality effects. Included in the EUR 2.4bn free cash flow is approximately EUR 300m of real estate proceeds, partly offset by higher tax and interest payments in the second half of 2008.

Release of pension provisions of EUR 199m in Q2

In Q2, KPN recognized a release of pension provisions for an amount of EUR 199m, which has been recorded in Other activities. This is the consequence of the new collective labour agreement at KPN in the Netherlands. In the new agreement, the indexation of pension entitlements will be based on price inflation instead of wage increases. This change in the indexation method also leads to a reduction in annual cash contributions for Dutch pensions of approximately EUR 40m, whilst the IFRS pension charges largely remain unchanged.

Restructuring charge in Q2 due to 'Back to Growth' strategy

In February, as part of the 'Back to Growth' strategy, KPN announced plans to increase the total FTE reductions to 10,000 by 2010. The FTE reduction plans have been detailed in restructuring plans. As these plans provide full visibility on the restructuring charges for the period 2008-2010, a restructuring provision of EUR 207m has been recognized (within Other activities). This provision is sufficient for the remaining reduction of 4,500 FTE through redundancies, outsourcing and natural attrition. As a result, the majority of the restructuring charges in the Netherlands until 2010 is covered by the provision. Any restructuring charges for Getronics and Mobile International are not included in the provision.

In the second quarter of 2008, restructuring charges for existing restructuring plans amounted to EUR 14m. Of this, EUR 11m related to the Netherlands excluding Getronics (Q2 2007: EUR 4m), EUR 1m related to Getronics and EUR 2m to Other activities (Q2 2007: EUR 1m).

Higher effective tax rate and tax charge due to recognition of deferred tax asset in Q4 2007

The effective tax rate in Q2 2008 was 26.6% compared to 22.9% in Q2 2007. The increase was mainly caused by the recognition of deferred tax assets totaling EUR 1.3bn at E-Plus at 31 December 2007. As a result, a tax charge in line with the normal effective tax rate will be recorded for E-Plus in 2008 and onwards, even though E-Plus' income tax burden is modest. For more information about the recognized deferred tax asset at E-Plus, please refer to the separate tax paper published on 5 February 2008 (available on www.kpn.com/ir).

EUR 85m net corporate income tax paid in Q2 2008

In the course of 2007, Royal KPN and KPN Mobile had utilized all the tax losses from prior years. As a result, KPN moved into a tax paying position in the Netherlands in 2007. In Q2 2008 KPN paid approximately EUR 85m net Dutch corporate income tax, of which EUR 71m was attributable to the E-Plus tax recapture.

Net debt to EBITDA¹ stable at 2.3x

Net debt at the end of Q2 2008 amounted to EUR 11.3bn, compared to EUR 10.9bn in the previous quarter. This resulted in a net debt to EBITDA ratio of 2.3x (Q1 2008: 2.3x), comfortably within KPN's target financial framework of 2.0-2.5x. KPN's credit ratings remained unchanged at BBB+ with a negative outlook (Standard & Poor's) and Baa2 with a stable outlook (Moody's).

Smoothed redemption profile following Eurobond issue of EUR 925m

In March 2008, KPN issued a EUR 850m Eurobond, maturing in 2016, with an addition ('tap') of EUR 75m in May 2008 in order to smoothen its redemption profile.

Additional credit facility of EUR 1bn in line with prudent financing policy

KPN has signed agreements with four relationship banks adding a EUR 1 bn credit facility to the existing credit facility of EUR 1.5bn.

EUR 0.20 interim dividend 2008, up 11%

KPN declares an interim dividend for 2008 of EUR 0.20, up 11% versus last year. In the second quarter, KPN paid the final dividend for 2007, totalling EUR 637m (including dividend tax), or EUR 0.36 per share resulting in a total 2007 dividend of EUR 974m or EUR 0.54 per share.

80% of EUR 1bn share repurchase program completed

On 5 February 2008, KPN announced its EUR 1bn 2008 share repurchase program (launched on 22 February) that will run until the end of the year through an intermediary. Under the current share repurchase program, the intermediary has the flexibility to benefit from lower share price levels to buy back more shares. This is in the interest of KPN's shareholders and underpins the company's attractive shareholder remuneration policy.

Between 22 February and 30 June 2008, KPN repurchased 55.6 million shares at an average price of EUR 11.44, for a total amount of EUR 637m (EUR 573m was settled in the first half of 2008). In July 2008 to date, KPN has repurchased 15.1 million shares for a total amount of EUR 163.6m. As of 22 July 2008, 80% of the EUR 1bn share repurchase program has been completed.

KPN has accelerated the current share repurchase program as from the end of June and will continue to do so, in order to benefit from the current low share price. The program is expected to be finalized before the end of Q3. Through these continued share repurchases, KPN underpins its commitment to provide attractive shareholder returns within the boundaries of its self-imposed financial framework.

In Q3 2008, KPN will conclude the cancellation of 57,836,433 ordinary shares which have been repurchased as part of the EUR 1bn share repurchase program in 2008. Following this cancellation, KPN will have 1,745,066,080 shares outstanding as of 30 September 2008.

Operating review

The Netherlands: benefits of strategy coming through, upgrading EBITDA² outlook 2008

- Excluding real estate gains and acquisitions, external revenues were flat versus a 3.1% decline in Q1 2008
- EBITDA trends further improving in the Netherlands: outlook upgraded to flat EBITDA² in 2008
- Consumer: net line loss down to 40k, supported by successful retention offers, continued growth in VoIP (34% y-o-y) and TV (636k subscribers), wireless market share stabilized in Q2 (see below)
- Business: traditional services remaining strong, substantial growth in new services (Business DSL and E-VPN up more than 40%), revenues from ICT Services back on track and YTD wireless market share stabilizing with strong growth in wireless data revenues (~60% YTD 2008 compared to YTD 2007)
- Wireless revenues, impacted by MTA and roaming tariff cuts, showed improving trends aided by KPN recapturing its fair share of net additions as well as brisk growth in data services. In the Consumer segment, postpaid net adds increased by more than 70% q-on-q and wireless data revenues (excluding SMS and MMS) were up over 150%. Wireless service revenues in the Consumer segment in Q2 were

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

² The Netherlands excluding Getronics, iBasis/KGCS, restructuring costs and book gains on sale of real estate

down 0.7% (Q1 2008: 5.3% down). In the Business segment, postpaid net adds grew by 105% q-on-q and wireless service revenues were down 0.9% (Q1 2008: 3.8% down). Beyond Q3 the impact of roaming cuts will have annualized.

- Getronics: solid operational performance and good progress on the divestment program of non-core assets (strategic partnership Getronics North America, disposal of Business Application Services in the Benelux expected in Q3)
- Wholesale & Operations: further progress on preparing the company for roll-out of Fiber-to-the-Curb (FttC), Fiber-to-the-Home (FttH) and Fiber-to-the-Office (FttO), amongst others establishing a FttH joint venture with Reggefiber

Mobile International: strong profitable growth, especially at E-Plus and BASE

- E-Plus: record net adds at E-Plus of 780k, the highest since 2000, 8.1% service revenue growth with strong EBITDA margin of 38.1%
- BASE: service revenues back to growth, positive impact from revised BIPT MTA decision
- Mobile Wholesale NL: revenue growth due to higher subscription fees and traffic-related revenues, ongoing growth from wholesale partnerships
- Other: revenue growth driven by recent acquisitions (mainly Tele2 Belgium), while MVNO Spain is off to a good start with customer growth in line with expectations

FTE reductions on track

In the second quarter, the number of FTEs in the Netherlands was reduced by 228 (excluding Getronics). The FTE reduction for the first half of 2008 amounted to 633 FTEs, in line with plans. Outside the Netherlands (excluding Getronics) the number of FTEs increased by net 32, primarily due to the acquisition of Ortel and Blau Mobilfunk. Including Getronics, at 30 June 2008 KPN's workforce in the Netherlands amounted to 26,083 FTEs and, as a Group, KPN employed 42,976 FTEs.

Performance vs. Outlook

Upgrading 2008 EBITDA outlook for the Netherlands (excluding acquisitions) to 'flat', other guidance metrics in line with outlook

On the back of the strong underlying results in the Netherlands, KPN upgrades the 2008 EBITDA³ guidance for the Netherlands. Previous guidance for the 2008 EBITDA in the Netherlands was a decline of maximum EUR 100m on a comparable basis (i.e. both years excluding EBITDA contributions from iBasis, Getronics and real estate book gains, leading to a base figure of EUR 3,274m in 2007). In the updated guidance, the 2008 EBITDA will be flat versus 2007, also on a comparable basis. In the updated guidance, the 2007 base figure, against which to compare 2008 EBITDA, is raised by EUR 34m to EUR 3,308m. This is the logical consequence of ongoing restructuring in 2007 having been reported in the operating companies (for an amount of EUR 34m), whilst henceforth the operating companies will be incurring lower, if any, restructuring charges (KPN having taken a EUR 207m restructuring charge within Other activities to cover most of the restructuring expenses for the years 2008 to 2010).

For the sake of clarity the above mentioned figures are shown in the following table:

2008 EBITDA outlook for the Netherlands <i>(In millions of euro unless indicated otherwise)</i>	FY 2007 Base figure	Outlook 2008 5 February	Outlook 2008 23 July
EBITDA (old base figure)	3,274	At least 3,174	
Restructuring costs	34	-	-
EBITDA (new base figure)	3,308		At least 3,308

KPN has guided for high single-digit growth in its Mobile International business for the period 2008 to 2010. YTD 2008 revenues increased by 11% and EBITDA increased by 5.4% compared to the same period last year.

Both capex and free cash flow for 2008 are on track to meet guidance of approximately EUR 2bn and at least EUR 2.4bn, respectively.

³ The Netherlands excluding Getronics, iBasis/KGCS, restructuring costs and book gains on sale of real estate

Consumer

Financial review

Consumer financial highlights <i>(In millions of euro unless indicated otherwise)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007	Δ y-on-y	Δ YTD
- Voice wireline	210	260	429	558	-19%	-23%
- Wireless services	447	452	857	884	-1.1%	-3.1%
- Internet wireline	248	220	500	433	13%	15%
- Other (incl. intercompany revenues)	102	100	201	194	2.0%	3.6%
Revenues and other income	1,007	1,032	1,987	2,069	-2.4%	-4.0%
Operating expenses	878	897	1,729	1,807	-2.1%	-4.3%
<i>Of which: depreciation, amortization and impairments</i>	73	61	138	115	20%	20%
EBITDA	202	196	396	377	3.1%	5.0%
EBITDA margin	20.1%	19.0%	19.9%	18.2%	-	-

Decrease in revenues and other income slowing to 2.4%

Revenues and other income for the Consumer segment decreased EUR 25m or 2.4% y-on-y. The decline is slowing down compared to the decrease of 5.5% in the previous quarter. This was supported by a lower decline in both voice wireline (-19% y-on-y, compared to -27% in Q1) and in wireless services (-1.1% y-on-y, compared to -5.1% in Q1), partly offset by a strong increase in Internet services of 13% or EUR 28m and a good performance in TV revenues driven by high demand for Digitenne. Lower revenues for wireless services were caused by MTA reductions (EUR 13m) and roaming tariff cuts.

EBITDA increased by 3.1% to EUR 202m, mainly supported by cost reductions

EBITDA increased by 3.1% or EUR 6m to EUR 202m compared to the second quarter of 2007, positively influenced by an increasing contribution from broadband services. The EBITDA was negatively impacted by MTA (EUR 7m) and roaming cuts and the costs associated with the implementation of fiber-based services. A continuous focus on cost savings and efficiency supported the improved EBITDA trend with y-on-y operating expenses decreasing by 2.1% or EUR 19m (Q2 2007: circa EUR 10m was included in EBITDA regarding additional costs to solve the VoIP issues). The strong EBITDA performance resulted in a 1%-point increase in the EBITDA margin to 20.1% (Q2 2007: 19.0%).

Operating review

Traditional services remaining strong, resulting in improved net line loss from 70k to 40k

As in previous quarters, traditional voice revenues declined, driven by both lower voice traffic and subscription revenues. However, the rate of decline diminished further mainly as a result of significantly lower PSTN losses. Focused commercial actions and the use of successful retention offers contributed to this favourable result. As a consequence, net line loss was further reduced to 40k, the fifth consecutive quarterly reduction in net line loss.

Progressing well with simplification process

The Consumer segment is making good progress in 2008 with the transformation and simplification of its operations into a real customer service oriented organization with simple business processes and a clear focus on a single portfolio, helpdesk and bill as part of the 'Back to Growth' strategy. Some concrete examples of this simplification process are:

- Reducing from over ten brands to five brands in Q2
- Most packages have simplified installation guides
- As of Q3, just one modem to serve all speeds (ADSL, VDSL, FttH) and all services (VoIP, Internet, TV/VoD)
- As of Q4, paperless billing for all consumers, reducing printing and distribution costs

Continued growth in VoIP and TV

In VoIP, KPN is capturing more than its fair share of the market growth and the customer base is rapidly approaching 1 million. A strong 34% customer rise in VoIP is accompanied by a steady increase in KPN's market share to approximately 40%. The roll-out of KPN's TV services - Digitenne and Interactive TV - accelerated during the quarter with customer numbers reaching 636k. KPN signed a video-on-demand deal with Videoland. KPN's digital TV market share increased from 19% in Q1 2008 to approximately 20%.

Wireless improving in Q2, with higher net adds

Wireless revenue trends are improving, aided by KPN recapturing its fair share of net additions as well as brisk growth in data services. Wireless service revenues in Q2 were down 0.7% compared to a 5.3% decline in Q1 2008. The customer base grew by 2.8% to 6.1 million, driven by the strong increase in postpaid customers (+ 9.2%), which now accounts for almost 44% of the total customer base. Postpaid net adds grew by more than 70% q-on-q. In June, KPN successfully launched a nationwide mobile TV service across DVB-H; first weeks show encouraging demand.

Wireless data picking up

Wireless data services show a strong uptake with over 150% of revenue growth y-on-y, excluding SMS and MMS. Data ARPU increased by 22%, driven strongly by higher sales from data bundles and the fast growing popularity of laptop data cards.

Fiber-to-the-Home: first homes connected

The first batch of FttH customers has been successfully activated. Commercial propositions have been defined for voice, broadband and IPTV. In addition, new IT infrastructure and processes are ready for initial roll-out. Through the FttH joint venture with fiber operator Reggefiber, a route to scaled roll-outs has been secured (pending regulatory approval).

Business

Financial review

Business financial highlights <i>(In millions of euro unless indicated otherwise)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007	Δ y-on-y	Δ YTD
- Infrastructure Services	631	644	1,253	1,304	-2.0%	-3.9%
<i>Of which: Wireless services</i>	222	220	435	443	0.9%	-1.8%
- Corporate Solutions	135	124	263	233	8.9%	13%
- ICT Services	130	128	254	259	1.6%	-1.9%
- Other (incl. intercompany revenues)	-84	-71	-163	-141	-18%	-16%
Revenues and other income	812	825	1,607	1,655	-1.6%	-2.9%
Operating expenses	642	664	1,274	1,325	-3.3%	-3.8%
<i>Of which: depreciation, amortization and impairments</i>	28	28	55	53	-	3.8%
EBITDA	198	189	388	383	4.8%	1.3%
EBITDA margin	24.4%	22.9%	24.1%	23.1%	-	-

Decrease in revenues and other income slowing to 1.6%

Revenues and other income for the Business segment in Q2 2008 decreased by EUR 13m compared to Q2 2007. The decline is slowing compared to the decrease of 4.2% in the previous quarter. Revenues from Infrastructure Services decreased by EUR 13m y-on-y mainly due to MTA (EUR 6m) and roaming reductions. This is largely offset by the increase in mobile data revenues. Revenues from Corporate Solutions continued to grow with an almost 9% increase y-on-y due to several large outsourcing contracts and cross-and up-selling with existing customers. Revenues in ICT Services bounced back from the dip in Q1 2008 and presented a 1.6% rise compared to the same period last year.

EBITDA up 4.8% to EUR 198m

EBITDA for the Business Segment was up 4.8% to EUR 198m, comfortably absorbing the decrease in revenues and MTA and roaming tariff cuts. The strong EBITDA performance resulted in an increase of more than 1%-point of the EBITDA margin to 24.4% (Q2 2007: 22.9%).

Operating review

New services continue to grow whilst traditional services remain strong

In Q2, PSTN/ISDN and leased lines showed a resilient performance with a stabilizing rate of decline. Although revenues from traditional services remained strong, the migration from traditional to new services continued. The number of business DSL connections continues to increase: from 71k in Q2 2007 to 108k in Q2 (Q1 2008: 101k).

Growth in wireless data

Revenues from mobile data propositions grew by almost 60% compared to the first half of 2007 as well as in Q2 compared to Q2 2007 as the number of data customers approaches 300k based on successful sales of PDAs, Blackberrys and mobile data cards.

ICT Services back at normal business levels

After a dip in Q1 2008, resulting from a peak in completion of projects in the fourth quarter of 2007, revenues for Enterprise Communication Services and more specifically the PABX business are back to normal levels.

Revenues from new services continue to grow

Revenues from housing & hosting services grew by more than 25% compared to Q2 2007 as the number of hosted servers exceeded 2,000. New capacity at cybercenters in Aalsmeer and Almere will become available in the next quarter. Current capacity is almost completely sold out and demand remains strong.

The number of net accounts for the various software online propositions increased to almost 80k. In Q2, KPN further expanded its software online portfolio with Workspace Online. Narrowcasting revenue increased by 50% y-on-y.

Number of FttO connections increasing rapidly

The number of FttO connections is increasing rapidly. At the end of Q2 2008 37 business parks were connected.

Getronics

Financial review

Getronics financial highlights <i>(In millions of euro unless indicated otherwise)</i>	Q2 2008	Q1 2008	YTD 2008
Revenues and other income	504	515	1,019
Operating expenses	519	514	1,033
<i>Of which: depreciation, amortization and impairments</i>	<i>49</i>	<i>23</i>	<i>72</i>
EBITDA	34	24	58
EBITDA margin	6.7%	4.7%	5.7%

Revenues and other income in Q2 of EUR 504m

In Q2 Getronics generated revenues of EUR 504m. Revenues in the Benelux were solid and in line with Q1 revenues. Revenues in the UK and the US were negatively impacted by the weaker Sterling and US Dollar. Compared to Q1 2008, revenues were EUR 11m lower in Q2, primarily due to the divestment of Australia on 29 February 2008.

EBITDA of EUR 34m impacted by liquidation of Getronics Italy and restructuring costs

The Q2 EBITDA amounted to EUR 34m including EUR 14m restructuring and integration costs. The EBITDA was positively influenced by a EUR 9m gain from the liquidation of Getronics' former operations in Italy. The remainder is mainly from the positive operating result in the Benelux. Compared to the first six months of 2008, the integration and restructuring costs are expected to be higher in the second half of this year.

Businesses classified as held for sale

A number of non-core businesses of Getronics has been classified as held for sale in the Consolidated Balance Sheet as at 30 June 2008. These businesses include Business Application Services, Business Solutions for local governments and healthcare, Document Services and Everest in the Netherlands and the businesses in North America. Please refer to Appendix K for further details.

Operating review

Divestment of non-core activities progressing very well

KPN has made significant progress in the divestment program announced in February. The scope of the divestment program was enlarged by the sale of the North American operations. Once the entire restructuring program has been completed, an update of the 2010 guidance will be provided.

In June, Getronics signed a strategic partnership with CompuCom in North America. This significantly strengthens Getronics' position in workspace management, creating a number three player in workspace management. This is in line with the earlier announced strategy to have global delivery capability. As part of the partnership, Getronics has divested its North American operations with annual revenues of about EUR 300m. Getronics will keep a small minority stake in the new entity to secure service levels for its international clients.

KPN also made good progress in the disposal of non-core assets in the Benelux. In July, the IT solutions provider Everest was sold. A transaction for Business Application Services is expected in Q3, while the disposals of Business Solutions and Document Services are expected well before year-end.

Restructuring and integration of headquarter functions completed

Getronics' integration with the KPN Business segment is on track. KPN's sales organization for large enterprises has been transferred to Getronics as of 1 July. Corporate Solutions and part of ICT Services will be transferred in January 2009. The Getronics headquarters has moved from Amsterdam to a lower cost location in the city of Zoetermeer.

Wholesale & Operations

Financial review

Wholesale & Operations financial highlights <i>(In millions of euro unless indicated otherwise)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007	Δ y-on-y	Δ YTD
Revenues	958	889	1,894	1,799	7.8%	5.3%
<i>Of which: iBasis (incl. KGCS)</i>	234	-	453	-	-	-
<i>Of which: Real Estate</i>	91	90	178	181	1.1%	-1.7%
Other income	7	55	24	56	-87%	-57%
<i>Of which: iBasis</i>	-	-	-	-	-	-
<i>Of which: Real Estate</i>	5	55	16	56	-91%	-71%
Revenues and other income	965	944	1,918	1,855	2.2%	3.4%
Operating expenses	761	747	1,504	1,530	1.9%	-1.7%
<i>Of which: depreciation, amortization and impairments</i>	251	329	509	683	-24%	-25%
EBITDA	455	526	923	1,008	-13%	-8.4%
<i>Of which: iBasis</i>	7	-	13	-	-	-
<i>Of which: Real Estate</i>	44	94	92	136	-53%	-32%
EBITDA margin	47.2%	55.7%	48.1%	54.3%	-	-

Revenues up 2.2% to EUR 965m

Revenues and other income in Q2 2008 increased by EUR 21m, mainly as a result of the consolidation of iBasis as from 1 October 2007 (EUR 234m including KGCS), partly offset by continued line loss in the Consumer and Business segments. Other income decreased by EUR 48m to EUR 7m and relates to book gains on the sale of real estate. In Q2 2007, a EUR 51m book gain was included in Other income regarding the sale of 24 towers to TDF.

EBITDA down 13% to EUR 455m

EBITDA decreased by EUR 71m compared to Q2 2007 due to the decline in traditional voice (both access and traffic) and the EUR 48m lower book gains on the sale of real estate in Q2 2008. This effect was partly offset by cost savings from FTE reductions and non-recurring VoIP costs (circa EUR 10m in Q2 2007). The 8.5%-point drop in EBITDA margin is mainly caused by the absence of book gains on real estate sales and lower margins at iBasis. Depreciation and amortization costs were lower, with EUR 72m of expired accelerated depreciation and amortization charges on Telfort's network in Q2 2007 partly offset by accelerated depreciation charges of the (traditional) copper access network in Q2 2008 (EUR 18m).

Operating review

All-IP status update

As part of the implementation of the All-IP strategy, KPN is investing in a limited number of fiber roll-out initiatives: FttC and FttH for the Consumer segment and FttO for the Business segment. Q2 capital expenditures in the Wholesale & Operations segment increased by 43% or EUR 53m compared to prior year (2008: EUR 176m; 2007: EUR 123m) mainly caused by the roll-out of fiber ahead of the commercial roll-out by the Consumer and Business segments.

The first customers have been activated on FttC and the commercial propositions, IT and processes are ready for further roll-out by the end of 2008. Fiber rings have been rolled-out and the deployment of street cabinets and active equipment is ongoing. KPN expects to have 300k homes passed by year-end 2008. A mass roll-out for FttC is planned for 2009, with the ambition of having more than one million homes passed by the end of 2009.

KPN has started the implementation of high-bandwidth solutions in wireless, complementing FttC and FttH initially in the Eastern part of the Netherlands, later also in other regions. The scale of wireless solutions is dependent on the results of the fiber roll-out.

Reggefiber joint venture

In May, KPN and Reggefiber entered into an agreement, for the acquisition by KPN of a 41% minority interest in the joint venture Reggefiber FttH, into which both parties will bundle their respective FttH activities. If the joint venture reaches certain milestones, KPN has the option to increase its share. KPN and Reggefiber recently started a joint FttH initiative in Almere, rolling out fiber to 70,000 households, in which Reggefiber invests in the FttH network and KPN operates as a service provider. The activities in Almere will be included in this partnership. The proposed co-operation between KPN and Reggefiber is subject to approval from the competition authority (NMa).

Change in sales process of real estate

In total, KPN expects to realize about EUR 1bn in cash from real estate sales in the period 2007-2011, of which approximately EUR 300m is scheduled for 2008. In May 2008, KPN announced a change in the process for selling its top real estate portfolio, switching from a block sale to individual disposals. KPN expects to realize cash proceeds of approximately EUR 300m in 2008 from the sale of real estate.

Mobile network quality

The quality of KPN's data network is rated as superior to competition, offering the best data network coverage and highest bandwidths in the Netherlands. In order to expand its mobile capacity, KPN is investing in additional carriers on its UMTS sites to make the frequencies under Telfort's UMTS license available for mobile traffic. The roll-out of HSDPA 3.6 to cover 70% of KPN's UMTS sites is on track and it is planned that 2,200 sites will have HSDPA 3.6 available as at 1 August. The HSUPA rollout is almost completed and preparations for HSDPA 14.4 have started. In all, KPN has sufficient capacity available to deliver strong growth in data traffic.

iBasis Q2 2008 results published on 22 July 2008

iBasis published its Q2 2008 results on 22 July 2008. For a more extensive description of the financial and operating performance in Q2 2008, please refer to the iBasis press release available at www.ibasis.com.

E-Plus

Financial review

E-Plus financial highlights <i>(In millions of euro unless indicated otherwise)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007	Δ y-on-y	Δ YTD
Service revenues	757	700	1,462	1,360	8.1%	7.5%
Hardware and other revenues	51	36	101	74	42%	36%
Revenues and other income	808	736	1,563	1,434	9.8%	9.0%
Operating expenses	661	612	1,295	1,235	8.0%	4.9%
<i>Of which: depreciation, amortization and impairments</i>	<i>161</i>	<i>169</i>	<i>324</i>	<i>347</i>	<i>-4.7%</i>	<i>-6.6%</i>
EBITDA	308	293	592	546	5.1%	8.4%
EBITDA margin	38.1%	39.8%	37.9%	38.1%	-	-

Revenues and other income up 9.8% to EUR 808m

Revenues and other income at E-Plus increased by 9.8% in Q2 or EUR 72m to EUR 808m, due to the continued success of the Challenger strategy and the acquisitions of SMS Michel and Blau Mobilfunk with a total impact of EUR 28m on revenues and other income, of which EUR 2m service revenues. The MTA impact on Q2 revenues amounted to EUR 12m. SMS Michel and Blau Mobilfunk were consolidated within E-Plus as of 12 February and 22 April 2008, respectively.

EBITDA up 5.1% to 308m

EBITDA in Q2 2008 amounted to EUR 308m, up 5.1% or EUR 15m compared to Q2 2007 mainly due to the continued focus on costs. Subscriber acquisition and retention costs went down by 32% y-on-y in Q2 resulting in a strong EBITDA margin of 38.1%. The MTA impact on Q2 EBITDA amounted to EUR 7m.

Operating review

Continued success of Challenger strategy in Germany

Since KPN introduced its Challenger strategy three years ago, the company has consistently outperformed the German market. In the past year, E-Plus was 8% ahead of the market average in terms of service revenue growth, which shows the continued success of its Challenger strategy. In the past three years, MoU have doubled, mainly driven by new brands which offer attractive minute pricing and as a result drive price elasticity. E-Plus' strong partner brands create important community effects and therefore a higher proportion of on-net traffic.

Customer base exceeds 16 million

E-Plus had an excellent second quarter with record net adds of 780k, the highest number since 2000. The customer base enjoys a healthy mix of both postpaid and prepaid and currently stands at 16.2 million customers, up 19% compared to Q2 2007. The new brands now represent 58% of the total customer base, or 9.4 million customers.

Network / 3G roll-out

E-Plus is executing a selective 3G roll-out in Germany in areas where there is demand. The related capital expenditure is included in KPN's guidance as published on 5 February 2008. In Q2 2008, E-Plus' capital expenditures were up EUR 20m compared to the previous year, mainly related to 3G investments. At the end of Q2, the nationwide indoor coverage through 2G had been enhanced to 84%.

Strengthening distribution and focus on SAC/SRC

E-Plus continues its strong focus on costs, especially through managing down SAC/SRC. E-Plus has started differentiated dealer commissions in order to incentivize dealers to stimulate growth in the high-value segment. In addition, more and more captive channels are used through selective acquisitions like SMS Michel and Blau Mobilfunk. Finally, E-Plus introduced a handset lease model, which charges the consumer a small amount per month to obtain the latest handset.

BASE

Financial review

BASE financial highlights <i>(In millions of euro unless indicated otherwise)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007	Δ y-on-y	Δ YTD
Service revenues	162	151	307	300	7.3%	2.3%
Hardware and other revenues	9	4	14	7	> 100%	100%
Revenues and other income	171	155	321	307	10%	4.6%
Operating expenses	130	118	253	237	10%	6.8%
<i>Of which: depreciation, amortization and impairments</i>	28	28	55	55	-	-
EBITDA	69	65	123	125	6.2%	-1.6%
EBITDA margin	40.4%	41.9%	38.3%	40.7%	-	-

Revenue and other income up 10% to EUR 171m

Revenues and other income at BASE increased by 10% in Q2 or EUR 16m to EUR 171m, mainly resulting from increased subscription fees, higher traffic related revenues and Allo Telecom hardware revenues. In Q2 2008 a total of EUR 6m was recorded as one-off, of which EUR 3m due to the retroactive application of adjusted MTA rates relating to Q1 2008. Excluding this effect, service revenues increased 5.3% in Q2 2008.

EBITDA increase of 6.2% to EUR 69m

The positive EBITDA development is mostly a result of the positive revenue trend and tight cost control, partially offset by higher operating expenses related to Allo Telecom and MTA tariff cuts. The resulting EBITDA margin amounts to 40.4% in Q2 2008.

Operating review

Service revenues back to growth

Service revenues increased by 7.3% to EUR 162m (Q2 2007: EUR 151m), an improvement from the 2.7% y-on-y decline in Q1 2008. The improved revenue performance mainly arises from the success of flat fee offers launched in 2007 (Gold, Platinum and BASE 3) and continued subscriber growth.

Positive impact of MTA decision limiting the negative y-on-y effect

For 2008, MTA regulation is having a significant negative effect on BASE results. For Q2 2008 the impact is limited by BIPT's decision (29 April 2008):

- (a) to set new MTAs as of 1 May
 - (b) to withdraw the previous decision (December '07) pertaining to MTAs for the period as of 1 February.
- This resulted in retroactive payments for Q1, received in Q2, from other network operators.

BASE continues to deliver customer growth

In the second quarter of 2008, BASE added another 102k customers to its client base, of which 15k were postpaid customers (Q1 2008: 6k). The number of customers at the end of the quarter totaled 3.1 million, up 20% (or 513k subscribers) compared to Q2 2007.

Increasing contribution of Allo Telecom

Allo Telecom showed an increased contribution to revenues during the second quarter with both gross adds and hardware revenues showing a positive growth trend.

Mobile Wholesale NL

Financial review

Mobile Wholesale NL financial highlights (In millions of euro unless indicated otherwise)	Q2 2008	Q2 2007	YTD 2008	YTD 2007	Δ y-on-y	Δ YTD
Service revenues	85	84	169	166	1.2%	1.8%
Hardware and other revenues	2	1	3	2	100%	50%
Revenues and other income	87	85	172	168	2.4%	2.4%
Operating expenses	59	58	115	119	1.7%	-3.4%
<i>Of which: depreciation, amortization and impairments</i>	7	8	14	14	-13%	-
EBITDA	35	35	71	63	-	13%
EBITDA margin	40.2%	41.2%	41.3%	37.5%	-	-

Continued organic growth, revenues up 2.4%

Revenues and other income at Mobile Wholesale NL increased in Q2 by 2.4% or EUR 2m to EUR 87m, due to higher subscription fees and increased traffic related revenues. The effect of MTA regulation on revenue in Q2 is EUR 3m.

EBITDA is stable at EUR 35m; MTA impact of EUR 2m

EBITDA performance in Q2 was robust. EBITDA was stable at EUR 35m compared to Q2 2007 as a result of increased revenues combined with lower traffic related costs on the one side, fully offset by increased MTA (EUR 2m) and roaming cuts on the other.

Operating review

Mobile Wholesale NL continues to grow organically with its partners in an MVNO market that remains very competitive. The customer base grew by 76k in Q2, both in postpaid and prepaid to a total of 1.9 million customers. The ethnic and retail segments contributed to this uptake, while the migration of RaboMobiel customers to KPN's network also added to base growth. New wholesale partners RaboMobiel and Solcon successfully launched their propositions on the KPN network in Q2.

Mobile International - Other (incl. intercompany)

Financial review

Mobile International - Other financial highlights <i>(In millions of euro unless indicated otherwise)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007	Δ y-on-y	Δ YTD
Service revenues	40	9	53	18	> 100%	> 100%
Hardware and other revenues	34	3	71	4	> 100%	> 100%
Intercompany revenues	-32	-8	-44	-14	> -100%	> -100%
Revenues and other income	42	4	80	8	> 100%	> 100%
Operating expenses	57	9	114	18	> 100%	> 100%
<i>Of which: depreciation, amortization and impairments</i>	5	-1	11	-	> 100%	-
EBITDA	-10	-6	-23	-10	-67%	> -100%
EBITDA margin	n.m.	n.m.	n.m.	n.m.	-	-

Results driven by recent acquisitions

In line with Q1, the revenue and EBITDA movement compared to prior year reflects the recent acquisitions, most notably Tele2 Belgium (consolidated as from 1 October 2007) and, to a lesser extent, the fast growing revenues related to the service providers Sympac and YES Telecom. Compared to Q1, revenues increased by 11% to EUR 42m while Q2 operating expenses were relatively lower q-on-q due to the initial costs related to the launch of the MVNO in Spain in Q1. As from 22 April 2008, Ortel Mobile has been consolidated within Mobile International Other with an impact on external revenues of approximately EUR 18m, largely offset by a shift from external to internal revenues within Mobile Wholesale NL, E-Plus and BASE, being the host networks for Ortel.

Operating review

New partners launched on Spanish MVNO

In addition to the successful own online Simyo proposition, growth in the Spanish market was fuelled by brand partners such as Euphony and Bankinter, who offer their mobile services, as provided by KPN to Spanish consumers. From May, the Spanish alternative telecom operator Jazztel is offering a triple play portfolio with its mobile data and voice services enabled by KPN Spain's international platform. Furthermore, at the end of June, KPN launched the brand partner XL móvil, a joint venture between Viajes Marsans and Cope Radio, leveraging the distribution strength through both travel agencies and media presence. XL móvil offers an attractive hybrid (prepaid and postpaid) proposition targeted at youngsters and seniors. KPN expects to launch further partnerships with locally and internationally established companies in the second half of the year.

Tele2 Liberty launched, targeting fixed-line customers

In May, Tele2 Belgium expanded its wireless portfolio with the launch of the Liberty proposition through the BASE network. Liberty targets fixed-line customers by offering unlimited mobile calls to the Belgian fixed network for EUR 9.95 per month. Furthermore, Tele2 Belgium offers a triple-play package through bundling its DSL/VoIP propositions with wireless offerings.

Other activities

Financial and operating review

Other activities financial highlights <i>(In millions of euro unless indicated otherwise)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007	Δ y-on-y	Δ YTD
Revenues	-1	1	1	2	> -100%	-50%
Other income	1	-	20	5	-	> 100%
Revenues and other income	-	1	21	7	-100%	> 100%
Operating expenses	36	19	65	32	90%	> 100%
<i>Of which: depreciation, amortization and impairments</i>	<i>1</i>	<i>-</i>	<i>2</i>	<i>-</i>	<i>-</i>	<i>-</i>
EBITDA	-35	-18	-42	-25	-94%	-68%
EBITDA margin	-	> -100%	> -100%	> -100%	-	-

Revenues and other income

- Other income YTD 2008 includes a release of a provision in Q1 of EUR 20m regarding the sale of a subsidiary in 2002.

EBITDA

- A release of pension provisions of EUR 199m is included in the Q2 operating expenses (as disclosed in KPN Group – Financial review).
- In Q2 EUR 207m of restructuring costs are recognized as the FTE reduction plans related to KPN's 'Back to Growth' strategy have now been fully detailed providing full visibility on the restructuring costs (as disclosed in KPN Group – Financial review).
- In 2008, Other activities is expected to report a loss of approximately EUR 100m. This amount is representative of annual corporate expenses that do not pertain to operating companies such as Board of Management, corporate projects, corporate functions for tax, legal, treasury and audit, as well as expenses for corporate social responsibility projects and the interest costs for the Social Plan 2001 provision. In 2008, items of a more incidental nature also reported under Other activities, broadly even out (amongst others EUR 207m restructuring for 2008-2010, EUR 199m release of pension provisions, EUR 20m release of a provision related to the 2002 sale of a subsidiary). In 2007 the loss reported under Other activities amounted to EUR 45m. The difference of EUR 55m higher loss in 2008, is partly explained by one off items and partly by lower management fee charges to the operating companies.

Other developments

Regulatory developments

Investigation against Vodafone/T-Mobile Germany

Following a complaint by KPN the German Federal Cartel Office launched an investigation into whether T-Mobile and Vodafone have abused a potential joint dominant market position in the mobile market for end customers, in particular through their on-/off-net price differential. On 18 April 2008, the Federal Cartel Office sent information requests to all network operators.

Competition law complaint against Belgacom Mobile/Proximus for its corporate onnet offers

In 2005, BASE lodged a complaint against Belgacom Mobile/Proximus before the Belgian Competition Services, claiming that Belgacom Mobile/Proximus abused its dominant position on the corporate market. At the beginning of April 2008, the Competition Services concluded that Belgacom Mobile/Proximus indeed abused its dominant position amongst others by applying a margin squeeze and by imposing excessive MTA tariffs. They have therefore escalated the case to the Competition Council, which will take a decision in 2008.

Damage claim against Proximus

On 25 June 2003, BASE initiated a damage claim against Proximus for the alleged abuse of its dominant market position by applying low onnet retail tariffs. On 1 March 2004, Mobistar voluntarily intervened in this procedure. In its preliminary decision of May 2007, the Commercial Court confirmed that Proximus had had a dominant position at the time, until the end of 2004. It ordered an expert to assess whether Proximus has abused its dominance and if so, what damage BASE and Mobistar have suffered. This expert assessment is currently ongoing. Additional economic reports compiled by BASE and Mobistar have confirmed the existence of both Proximus' abuse of its dominant position (margin squeeze) and of the considerable damage resulting therefrom (total damage of over EUR 1 bn). The experts, however, have yet to submit their initial conclusions.

Dutch Telecom Agency formally ordered Telfort regarding UMTS license

On 11 June, the Dutch Telecom Agency of the Ministry of Economic Affairs formally ordered Telfort to remedy the insufficient roll-out of the Telfort UMTS license, according to the Telfort UMTS licence requirements, to which the Agency concluded on 3 April. Telfort must now remedy the roll-out within three months, or face a fine. Telfort and KPN are currently preparing to fulfill the obligation.

KPN welcomes fixed telephony deregulation

On 15 July, OPTA published its draft decision to deregulate the market for fixed telephony. Deregulation means that KPN can use more pricing instruments to meet customer demands from different segments in the consumer and corporate market. This deregulation will be balanced by tighter wholesale regulation for corporate users on the copper access network. Regulation for fiber remains unclear, so KPN will make a decision on potential future investments in FttH at a later stage. Any assurances OPTA can give with regard to regulation are highly significant in this regard.

General

Accounting principles

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the 2007 Annual Report. The applied accounting principles are in line with those as described in the 2007 Annual Report. All figures in this quarterly report are unaudited and based on IFRS.

Safe harbor

Certain statements contained in this quarterly 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, its 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 2007 Annual Report.

All figures in this quarterly report are unaudited and based on IFRS. This quarterly report 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 KPN's GAAP figures. All market share information in this quarterly report is based on management estimates based on externally available information, unless indicated otherwise.

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 all cases, a reconciliation of EBITDA and the nearest GAAP measure (operating result) is provided. 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, all over EUR 20m. For 2008 and subsequent years, 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 at E-Plus.

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 multi-brand strategy in its mobile operations and holds number three market positions through E-Plus and BASE. KPN provides wholesale network services to third parties and operates an efficient IP-based infrastructure with global scale in international wholesale through iBasis.

At 30 June 2008, KPN served over 35 million customers, of which 28.7 million in wireless services, 4.2 million in wireline voice, 2.5 million in broadband Internet and 0.6 million in TV. With 25,729 FTEs (42,976 FTEs including Getronics), KPN posted revenues of EUR 7.2bn and an EBITDA of EUR 2.5bn in the first half year of 2008. KPN was incorporated in 1989 and is listed on the Amsterdam and Frankfurt Stock Exchanges, having recently delisted from the New York and London Stock Exchanges.

Results 2008 for the second quarter and first half year, ending 30 June 2008

APPENDICES

Financial Statements

- A) Consolidated Income Statement
- B) Consolidated Balance Sheet
- C) Consolidated Cash Flow Statement
- D) Consolidates Change in Group Equity
- E) Other Disclosures
- F) Service revenues Dutch wireless services activities
- G) Revenues & EBITDA the Netherlands (as per guidance definition)
- H) Impact of MTA tariff reductions
- I) Operating result to EBITDA
- J) Noteworthy items
- K) Businesses Getronics classified as held for sale
- L) MTA tariffs in Belgium

You will find more information regarding the Key Operating Metrics on our website www.kpn.com/ir, section Publications, Financial publications, Quarterly factsheets

Appendix (A) Consolidated Income Statement

<i>(In millions of euro, unless indicated otherwise)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007
Revenues	3,654	2,957	7,186	5,875
Other income	8	55	46	61
Revenues and other income	3,662	3,012	7,232	5,936
Own work capitalized	-23	-29	-47	-73
Cost of materials	236	200	485	407
Work contracted out and other expenses	1,335	1,069	2,595	2,116
Salaries and social security contributions	438	349	1,075	713
Depreciation, amortization and impairments	611	626	1,194	1,278
Other operating expenses	409	148	626	309
Total operating expenses	3,006	2,363	5,928	4,750
Operating result	656	649	1,304	1,186
Finance income	13	9	26	15
Finance costs	-183	-140	-352	-272
Other financial results	-5	-2	-14	-8
Share of profit of associates and joint ventures	-	2	-6	3
Profit before income tax	481	518	958	924
Income tax	-128	-118	-271	-211
Profit for the period	353	400	687	713
Profit attributable to minority shareholders	-	-1	-1	-1
Profit attributable to equity holders	353	401	688	714
Earnings per ordinary share/ADS, on a non diluted basis (in EUR)	0.20	0.22	0.39	0.38
Earnings per ordinary share/ADS on a fully diluted basis (in EUR)	0.20	0.21	0.39	0.37

Appendix (B) Consolidated Balance Sheet

ASSETS <i>(In millions of euro)</i>	June 30, 2008	December 31, 2007
NON-CURRENT ASSETS		
<i>Intangible assets</i>		
Goodwill	5,728	5,781
Licenses	3,305	3,457
Software	361	410
Other intangibles	774	776
Total intangible assets	10,168	10,424
<i>Property, plant & equipment</i>		
Land and buildings	770	793
Plant and equipment	5,784	6,070
Other tangible fixed assets	173	211
Assets under construction	949	792
Total property, plant & equipment	7,676	7,866
Investments in joint ventures and associates	20	27
Derivative financial instruments	13	11
Deferred tax assets	1,890	2,185
Trade and other receivables	211	197
Total non-current assets	19,978	20,710
CURRENT ASSETS		
Inventories	151	150
Trade and other receivables	2,725	2,759
Available-for-sale financial assets	2	3
Cash and cash equivalents	799	1,148
Total current assets	3,677	4,060
Non-current assets and disposal groups held for sale	571	27
TOTAL	24,226	24,797

Appendix (B) Consolidated Balance Sheet - continued

LIABILITIES <i>(In millions of euro)</i>	June 30, 2008	December 31, 2007
GROUP EQUITY		
Equity attributable to equity holders	3,932	4,490
Minority interests	27	28
Total group equity	3,959	4,518
NON-CURRENT LIABILITIES		
Borrowings	10,212	9,454
Derivative financial instruments	512	329
Deferred tax liabilities	1,811	2,055
Retirement benefit obligations	936	1,198
Provisions for other liabilities and charges	459	390
Other payables and deferred income	324	276
Total non-current liabilities	14,254	13,702
CURRENT LIABILITIES		
Trade and other payables	3,940	3,897
Borrowings	1,393	2,301
Derivative financial instruments	4	28
Current tax liabilities	317	278
Provisions for other liabilities and charges	159	73
Total current liabilities	5,813	6,577
Liabilities directly associated with non-current assets and disposal groups classified as held for sale	200	-
TOTAL	24,226	24,797

Appendix (C) Consolidated Cash Flow Statement

<i>(In millions of euro)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007
Profit before income tax	481	518	958	924
Finance costs – net	175	133	340	265
Share of the profit of associates and joint ventures	-	-2	6	-3
<i>Adjustments for:</i>				
Depreciation, amortization and impairments	611	626	1,194	1,278
Share-based compensation	-1	2	1	5
Other income	-8	-54	-23	-60
Changes in provisions (excluding deferred taxes)	-41	-67	-102	-132
<i>Changes in working capital:</i>				
Inventories	-18	-11	-4	-8
Trade receivables	46	-40	86	-35
Prepayments and accrued income	19	-5	-144	-138
Other current assets	-3	47	-37	12
Accounts payables	338	-24	275	-49
Accruals and deferred income	-171	15	-199	-48
Current liabilities (excluding short-term financing)	-21	-23	-61	-3
Received dividends	-	3	-	3
Taxes received (paid) ⁴	-85	-42	-191	-42
Interest paid	-145	-194	-274	-253
Net cash flow provided by operating activities	1,177	882	1,825	1,716
Acquisition of subsidiaries, associates and joint ventures	-110	-233	-162	-233
Disposal of subsidiaries, associates and joint ventures	-7	-	-3	15
Investments in intangible assets (excluding software)	-10	-7	-19	-7
Disposal of intangibles	-2	-	-	-
Investments in property, plant & equipment and software ⁵	-451	-327	-807	-603
Disposal of property, plant & equipment and software	1	82	15	82
Other changes and disposals	6	-1	6	-1
Net cash flow used in investing activities	-573	-486	-970	-747
Share repurchases	-374	-309	-573	-508
Share repurchases for option plans	-	-	-	-
Dividends paid	-637	-645	-637	-645
Exercised options	15	20	17	23
Proceeds from borrowings ⁶	931	1,018	931	1,018
Repayments of borrowings ⁶	-242	-742	-262	-1,008
Other changes	-8	-	-8	-
Net cash flow used in financing activities	-315	-658	-532	-1,120
Changes in cash and cash equivalents	289	-262	323	-151
Net Cash and cash equivalents at beginning of period	-105	540	-138	429
Changes in cash and cash equivalents	289	-262	323	-151
Exchange rate differences	-	-	-1	-
Net Cash and cash equivalents at end of period	184	278	184	278
Add: Debit cash balances	615	436	615	436
Cash and cash equivalents at end of period	799	714	799	714
<i>Of which classified as held for sale</i>	-	-	-	-

⁴ Of which EUR 71m related to the tax recapture at E-Plus in Q2 2008 (YTD 2008: EUR 117m)

⁵ Of which investments for software (2008 Q2: EUR 94m, 2008 YTD: EUR 172m; 2007 Q2: EUR 84m, 2007 YTD: EUR 132m)

⁶ Reclassification of credit facility as it is used as bank overdraft and therefore included in net cash and cash equivalents as of 2008. Restated numbers for Q1 2008 following reclassification

Appendix (D) Consolidated Statement of Changes in Group Equity

<i>(In millions of euro, except for number of shares)</i>	Attributable to equity holders	Minority Interests	Total Group Equity
Balance as of January 1, 2007	4,195	1	4,196
- Cash flow hedges, net of taxes	25		25
- Currency translation adjustments	-		-
Net income recognized directly in equity	25	-	25
- Profit for the year	714	-1	713
Total recognized income up to June 30, 2007	739	-1	738
- Share-based compensation	5		5
- Tax on share-based compensation	8		8
- Exercised options	23		23
- Shares repurchased (including for option and share plans and repurchase cost)	-450		-450
- Dividends paid	-645	-	-645
- Interest on dividend tax paid (net effect)	-3	-	-3
- New consolidations / other	-		-
Total changes	-1,062	-	-1,062
Balance as of June 30, 2007	3,872	-	3,872
Number of issued shares as of June 30, 2007	1,928,551,326		
Weighted average number of outstanding shares during the period January 1, 2007 up to June 30, 2007 (excluding the average number of repurchased shares and shares for option and share plans)	1,899,496,393		
Balance as of January 1, 2008	4,490	28	4,518
- Cash flow hedges, net of taxes	7	-	7
- Currency translation adjustments	-5	-	-5
Net income recognized directly in equity	2	-	2
- Profit attributable to equity holders	688	-1	687
Total recognized income up to June 30, 2008	690	-1	689
- Share-based compensation	4	-	4
- Tax on share-based compensation	-1	-	-1
- Exercised options	17	-	17
- Shares repurchased (including for option and share plans and repurchase cost)	-637	-	-637
- Dividends paid	-637	-	-637
- Interest on dividend tax paid (net effect)	-	-	-
- New consolidations/other	6	-	6
Total changes	-1,248	-	-1,248
Balance as of June 30, 2008	3,932	27	3,959
Number of issued shares as of June 30, 2008⁷	1,802,902,513		
Weighted average number of outstanding shares during the period from January 1, 2008 up to June 30, 2008 (excluding the average number of repurchased shares and shares for option and share plans)	1,774,051,408		

⁷ On 1 April 2008, KPN cancelled 40,579,700 shares repurchased under the 2007 repurchase program. After cancellation of these shares, the total number of issued shares amounts to 1,802,902,513

Business combinations

During the period to 30 June 2008, KPN acquired companies and activities, which qualify as business combinations under IFRS. Consequently, the provisions of IFRS 3 are to be applied for those acquisitions. The acquisitions in Q2 2008 were Ortel Mobile Holding BV (65%), Blau Mobilfunk GmbH and Station to Station BV (increase of interest to 50.49%). The acquisitions in Q1 2008 were SMS Michel Communication GmbH, ApplicationNet BV, Gemnet CSP BV and IPT Medical Services BV (reference is made to the press release KPN First Quarter Results 2008). KPN has performed provisional purchase price allocations for the acquisitions in aggregate as shown below:

<i>(In millions of euro)</i>	
Considerations paid for business combinations	164
Total cash and bankoverdrafts included in acquired companies	-2
Total deferred consideration	68
Total gross consideration for business combinations including transaction costs	230
Fair value net assets acquired (refer to table below)	-44
Goodwill paid for new business combinations	186

Acquisitions in Q2 2008: Ortel Mobile, Blau Mobilfunk and increase in interest of Station to Station

After the Dutch and German competition authorities approved KPN's acquisition of Ortel Mobile Holding BV with no remedies, KPN completed the transaction with Ortel Mobile on 22 April 2008. After the German competition authority Bundeskartellamt approved KPN's acquisition of Blau Mobilfunk GmbH with no remedies, KPN completed the transaction with Blau Mobilfunk on 22 April 2008. KPN increased its interest in Station to Station to 50.49% (was 49%) on 1 May 2008. From the aforementioned dates those companies have been consolidated.

The assets and liabilities arising from these acquisitions⁸ are as follows:

<i>(In millions of euro)</i>	Fair value as of acquisition date
Tradename	35
Customer relationships	17
Other intangibles	27
Property, plant and equipment	9
Other non-current assets	5
Inventories	12
Other current assets	51
Cash and cash equivalents and bankoverdrafts	2
Provisions	-12
Long-term interest bearing debt	-11
Deferred tax liabilities	-24
Current liabilities	-67
Net assets at fair value at acquisition date	44
Total consideration paid	230
Goodwill	186

⁸ If these acquisitions had occurred on 1 January 2008, KPN estimates consolidated revenues would have been approximately EUR 28m higher and profit for the year would have been unaffected

Off-balance sheet commitments

The off-balance sheet commitments as of 30 June 2008, amounting to EUR 4.6bn, were EUR 0.3bn higher compared to those as of 31 December 2007 (EUR 4.3bn) disclosed in the 2007 Annual Report. The difference is mainly caused by increases in capital expenditure commitments of EUR 0.1bn, purchasing commitments of EUR 0.1bn and other contingent liabilities (mainly guarantees) of EUR 0.1bn.

Appendix (F) Service revenues Dutch wireless services activities

<i>(In millions of euro)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007
Service revenues	756	753	1,462	1,486
- Consumer Segment	429	432	823	848
- Business Segment	233	235	459	470
- Other Dutch activities ⁹	94	86	180	168
SAC/SRC (in euro)				
- Consumer Segment	150	131	146	130
- Business Segment	354	351	353	310

⁹ Indicates amongst others Mobile Wholesale NL, Simyo and visitor roaming revenues within KPN the Netherlands

Appendix (G) Revenues and EBITDA the Netherlands (as per guidance definition¹⁰)

Revenues and other income <i>(In millions of euro)</i>	Q1 2008	Q2 2008	YTD 2008	Δ y-on-y Q1	Δ y-on-y Q2
Reported	2,594	2,637	5,231	26%	25%
- Getronics	515	504	1,019		
- iBasis/KGCS (until Q4 07)	219	234	453		
- Other gains and losses, eliminations	-49	-61	-110		
The Netherlands (as per guidance definition)	1,909	1,960	3,869	-1.5%	1.3%
<i>Of which:</i>					
- Consumer	980	1,007	1,987	-5.5%	-2.4%
- Business	795	811	1,606	-4.2%	-1.7%
- Wholesale & Operations	767	776	1,543	-2.0%	2.4%
- Other	-633	-634	-1,267	-11%	-6.9%
External revenue & other income <i>(In millions of euro)</i>	Q1 2008	Q2 2008	YTD 2008	Δ y-on-y Q1	Δ y-on-y Q2
Reported	2,542	2,580	5,122	27%	25%
- Getronics	504	492	996		
- iBasis/KGCS (until Q4 07)	179	188	367		
- Other gains and losses, eliminations	17	7	24		
The Netherlands (as per guidance definition)	1,842	1,893	3,735	-3.1%	-0.1%
<i>Of which:</i>					
- Consumer	916	946	1,862	-5.0%	-1.1%
- Business	755	772	1,527	-3.8%	-1.0%
- Wholesale & Operations	170	174	344	12%	11%
- Other	1	1	2		
EBITDA <i>(In millions of euro)</i>	Q1 2008	Q2 2008	YTD 2008	Δ y-on-y Q1	Δ y-on-y Q2
Reported	877	900	1,777	2.1%	-0.7%
- Getronics	24	34	58		
- iBasis/KGCS (until Q4 07)	6	7	13		
- Restructuring costs	-2	-11	-13		
- Other gains and losses, eliminations	18	6	24		
The Netherlands (as per guidance definition)	831	864	1,695	-2.7%	2.1%
<i>Of which:</i>					
- Consumer	194	201	395	7.2%	2.6%
- Business	190	198	388	-2.1%	5.3%
- Wholesale & Operations	444	442	886	-5.9%	-4.3%
- Other	3	23	26		

¹⁰ The Netherlands excluding Getronics, iBasis/KGCS, restructuring costs and book gains on sale of real estate

Appendix (H) Impact of MTA tariff reductions

Additional decline compared to the same period last year (In millions of euro)	Revenues and other income		EBITDA/Operating result	
	Q2 2008	YTD 2008	Q2 2008	YTD 2008
- E-Plus	-12	-23	-7	-13
- BASE ¹¹	-2	-14	-1	-10
- Mobile Wholesale NL	-3	-5	-2	-4
Total Mobile International	-17	-42	-10	-27
- Consumer	-13	-26	-7	-14
- Business	-6	-12	-1	-2
- Getronics				
- Wholesale & Operations (incl. iBasis)	-5	-9	-	-
Total The Netherlands	-24	-47	-8	-16
Intercompany eliminations	5	10	-	-
KPN Consolidated	-36	-79	-18	-43

Appendix (I) Operating result to EBITDA

(In millions of euro)	Q2 2008			Q2 2007		
	Operating Result	DA & I ¹²	EBITDA	Operating Result	DA & I	EBITDA
- Consumer	129	73	202	135	61	196
- Business	170	28	198	161	28	189
- Getronics	-15	49	34			
- Wholesale & Operations (incl. iBasis)	204	251	455	197	329	526
- Other	3	8	11	-9	4	-5
Total The Netherlands	491	409	900	484	422	906
- E-Plus	147	161	308	124	169	293
- BASE	41	28	69	37	28	65
- Mobile Wholesale NL	28	7	35	27	8	35
- Other	-15	5	-10	-5	-1	-6
Total Mobile International	201	201	402	183	204	387
Other activities	-36	1	-35	-18	-	-18
KPN Group	656	611	1,267	649	626	1,275

¹¹ Q2 2008 MTA impact includes the retroactive payments for Q1, received in Q2, from other network operators. For more details please refer to the Operating review of BASE

¹² Depreciation, amortization and impairments

Appendix (I) Operating result to EBITDA (continued)

<i>(In millions of euro)</i>	YTD 2008			YTD 2007		
	Operating Result	DA & I ¹³	EBITDA	Operating Result	DA & I	EBITDA
- Consumer	258	138	396	262	115	377
- Business	333	55	388	330	53	383
- Getronics	-14	72	58			
- Wholesale & Operations (incl. iBasis)	414	509	923	325	683	1,008
- Other	-2	14	12	-14	11	-3
Total The Netherlands	989	788	1,777	903	862	1,765
- E-Plus	268	324	592	199	347	546
- BASE	68	55	123	70	55	125
- Mobile Wholesale NL	57	14	71	49	14	63
- Other	-34	11	-23	-10	-	-10
Total Mobile International	359	404	763	308	416	724
Other activities	-44	2	-42	-25	-	-25
KPN Group	1,304	1,194	2,498	1,186	1,278	2,464

Appendix (J) Noteworthy items

<i>(In millions of euro)</i>	Q2 2008	Q2 2007	YTD 2008	YTD 2007
Revenue effect MTA	-36	-35	-79	-66
EBITDA effect MTA	-18	-19	-43	-33
Book gain (loss) on sale of subsidiaries	-	-	6	4
Book gain on sale of real estate	7	55	18	56
Additional costs to solve VoIP issues	-	-20	-	-45
Restructuring charges	-221	-5	-230	-14
Depreciation effect Telfort network integration	-	-13	-	-32
Amortization effect Telfort network integration	-	-59	-	-116
Release of pension provisions	199	-	199	-
Goodwill impairment Getronics	-22	-	-22	-
Accelerated depreciation traditional (copper) network	-18	-	-37	-

¹³ Depreciation, amortization and impairments

Appendix (K) Businesses Getronics classified as held for sale

Businesses classified as held for sale

A number of non-core businesses of Getronics have been classified as disposal groups held for sale in the Consolidated Balance Sheet per 30 June, 2008. These businesses include Business Application Services, Business Solutions for local governments and healthcare, Document Services and Everest in the Netherlands and the businesses in North America.

The businesses of Getronics in North America were sold in a strategic partnership with CompuCom, as announced on 23 June (further details in Operating review of Getronics); the closing of this sale is expected in Q3 2008. Getronics has also sold its Dutch subsidiary Everest to Total Specific Solutions, as announced on 8 July (further details in Operating review of Getronics).

All these businesses as mentioned in the first alinea have been included in the Consolidated Income Statement until 30 June 2008. In Q2 2008, a goodwill impairment charge of EUR 22m has been recorded for these businesses which can be entirely attributed to expected selling expenses such as external advisors and restructuring to make these businesses available for sale.

In the Consolidated Balance Sheet per 30 June 2008, the assets of these businesses have been included in the caption 'Non-current assets and disposal groups held for sale' and the liabilities in the caption 'Liabilities directly associated with non-current assets and disposal groups classified as held for sale'. This can be specified as follows (in EUR million):

<i>(In millions of euro unless indicated otherwise)</i>	
Intangible assets (including goodwill)	336
Property, plant and equipment ^{a)}	31
Deferred tax assets	60
Trade and other receivables	121
Other current assets	23
Total assets held for sale	571
Non-current liabilities	49
Trade and other payables	29
Other current liabilities	122
Total liabilities held for sale	200

^{a)} Also includes property not related to Getronics businesses classified as held for sale

As of 1 July, KPN will not depreciate (or amortize) the non-current assets of these businesses while they are part of these disposal groups classified as held for sale. Interest and other expenses attributable to the liabilities of the disposal groups classified as held for sale will continue to be recognized.

Appendix (L) MTA tariffs in Belgium

BIPT has set new MTA tariffs as from 1 May 2008, which are based on the initial BIPT decision of 11 August 2006. In this new decision, the proposed maximum tariffs are the following:

In EUR/minute	1 May 2008	1 July 2008
Proximus	7.48 ct	6.56 ct
Mobistar	9.38 ct	8.21 ct
BASE	11.82 ct	10.41 ct