Full-Year Results 2008 Press Release, 27 January 2009

Solid full-year results 2008
Confirming 2010 outlook

Highlights

- Solid FY 2008 results, guidance met on all metrics, dividend up 11%
- EBITDA inflection in the Netherlands
- Continued profitable growth at Mobile International
- Getronics on track, iBasis goodwill impaired
- 2010 outlook confirmed

Group financials *(In millions of euro, unless indicated otherwise)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
Revenues and other income	**3,718**	**3,659**	**14,602**	**12,632**	***1.6%***	***16%***
- Of which revenues	*3,615*	*3,579*	*14,427*	*12,461*	*1.0%*	*16%*
EBITDA	1,281	1,216	5,058	4,900	*5.3%*	*3.2%*
EBITDA margin	34.5%	33.2%	34.6%	38.8%	-	-
Operating result (EBIT)	592	634	2,597	2,500	*-6.6%*	*3.9%*
Profit for the period (net result)	297	1,581*	1,337	2,649*	*-81%*	*-50%*
Earnings per share (in EUR)	0.18	0.85	0.77	1.42	*-79%*	*-46%*
Dividend per share (in EUR)	**0.40**	**0.36**	**0.60**	**0.54**	***11%***	***11%***
Cash flow from operating activities	1,329	1,212	4,030	3,890	*9.7%*	*3.6%*
Capital expenditures (PP&E and software)	-613	-707	-1,925	-1,688	*-13%*	*14%*
Proceeds from real estate	140	19	180	143	*>100%*	*26%*
Tax recapture at E-Plus	128	-	313	-	-	-
Free cash flow	**984**	**524**	**2,598**	**2,345**	***88%***	***11%***

* Including recognition of a EUR 1.2bn tax asset

"We are pleased with the performance in 2008, meeting guidance on all metrics, but perhaps more importantly bringing the long-standing trend of declining EBITDA in the Netherlands to an end. Looking ahead, it is clear that the economic downturn and regulatory initiatives of the European Commission pose new challenges and bring uncertainty, even though so far we have not seen a material impact. We have already initiated pre-emptive measures and despite the uncertainty about market conditions this year, we can confirm our 2010 outlook, with meaningful progress towards the 2010 EBITDA target in 2009. This is a reflection of the markedly improved competitive position in the Netherlands in recent years and our strong value-for-money positions in Germany and Belgium."

Ad Scheepbouwer, CEO KPN

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KPN Group

Financial review

Revenues and other income *(In millions of euro)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
KPN Group	**3,718**	**3,659**	**14,602**	**12,632**	***1.6%***	***16%***
- Consumer	1,021	1,011	4,029	4,133	*1.0%*	*-2.5%*
- Business	839	828	3,255	3,293	*1.3%*	*-1.2%*
- Getronics	449	488	1,933	488	*-8.0%*	*>100%*
- Wholesale & Operations	1,042	1,068	3,904	3,841	*-2.4%*	*1.6%*
- Other (incl. intercompany revenues)	-679	-695	-2,621	-2,770	*-2.3%*	*-5.4%*
The Netherlands	**2,672**	**2,700**	**10,500**	**8,985**	***-1.0%***	***17%***
- E-Plus	815	760	3,218	2,963	*7.2%*	*8.6%*
- BASE	165	155	647	613	*6.5%*	*5.5%*
- Mobile Wholesale NL	87	88	348	344	*-1.1%*	*1.2%*
- Other (incl. intercompany revenues)	58	41	183	57	*42%*	*>100%*
Mobile International	**1,125**	**1,044**	**4,396**	**3,977**	***7.8%***	***11%***

Revenues and other income

- Group revenues and other income in Q4 were up 1.6% y-on-y, or EUR 59m to EUR 3.7bn, driven by continued growth at Mobile International. In the Netherlands, revenues and other income were slightly lower (-1.0% y-on-y) as a result of disposals at Getronics. Getronics was consolidated from 23 October 2007, but subsequently has disposed of a number of business units most notably North America and its Business Application Services unit in the Netherlands in 2008.
- Full-year 2008 Group revenues and other income increased by 16%, or EUR 2.0bn to EUR 14.6bn. The Netherlands showed an increase of 17%, or EUR 1.5bn due to the acquisitions of Getronics and iBasis (both Q4 2007). Excluding acquired turnover and book gains on real estate gains, the Netherlands reported a decline of external revenues and other income of 0.3%, with the trend improving from -3.1% in the first quarter to 1.6% growth in the fourth quarter. Mobile International reported an 11% increase in revenues and other income or EUR 419m, driven by healthy organic growth at E-Plus and BASE and the acquisitions of SMS Michel and blau Mobilfunk in Q1 and Q2 2008 respectively (reported in E-Plus) and the acquisition of Tele2 Belgium (consolidated from Q4 2007, reported in Mobile International Other).

EBITDA *(In millions of euro)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
KPN Group	**1,281**	**1,216**	**5,058**	**4,900**	**5.3%**	**3.2%**
- Consumer	163	151	753	707	7.9%	6.5%
- Business	189	181	776	751	4.4%	3.3%
- Getronics	3	23	79	23	-87%	>100%
- Wholesale & Operations	529	534	1,923	2,017	-0.9%	-4.7%
- Other	4	-3	24	-7	>100%	>100%
The Netherlands	**888**	**886**	**3,555**	**3,491**	**0.2%**	**1.8%**
- E-Plus	317	278	1,245	1,113	14%	12%
- BASE	61	50	240	230	22%	4.3%
- Mobile Wholesale NL	38	34	145	129	12%	12%
- Other	1	-4	-32	-18	>100%	-78%
Mobile International	**417**	**358**	**1,598**	**1,454**	**17%**	**9.9%**

EBITDA

- EBITDA in Q4 was up 5.3% y-on-y or EUR 65m to EUR 1,281m. The Netherlands reported flat EBITDA y-on-y. Restructuring costs at Getronics were compensated for by higher EBITDA in the Consumer and Business segments. EBITDA at Mobile International increased by 17% or EUR 59m y-on-y.

- Full-year EBITDA for the Group amounted to EUR 5.1bn, up 3.2% compared to 2007. The Netherlands contributed EUR 3.6bn, up 1.8% or EUR 64m compared to 2007. Excluding the effects of acquisitions, restructuring costs and book gains on real estate disposals, EBITDA increased by 1.0% or EUR 33m (the small increase being explained by lower management fee charges). The first and fourth quarters reported small declines on this basis (-2.7% and -1.7% respectively) whilst the second and third quarters showed improvements (2.1% and 6.6% respectively). In all, the milestone of a 'flat' EBITDA in the Netherlands has been achieved after many years of EBITDA declining by some EUR 200m per year.
- Mobile International reported a full-year EUR 1.6bn EBITDA, up 9.9% or EUR 144m in line with trends of earlier years.

EUR 2.6bn free cash flow in FY 2008

Full-year free cash flow was EUR 2,598m, an increase of EUR 253m on the prior year (FY 2007: EUR 2,345m). Higher capital expenditures (EUR 237m) and higher interest paid (EUR 126m) were compensated for by an EBITDA improvement of EUR 158m and a large working capital improvement of EUR 418m (EUR 255m higher than the EUR 163m in the previous year).

Capital expenditures increased by 14% in 2008 due to a step up in All-IP investments and Cybercenters in the Netherlands combined with 3G investments in Germany. Net financing costs increased mainly due to an increase of gross debt over the year, higher floating interest rates and a one-off loss on paid tax interest.

The full-year free cash flow improvement came through entirely in the fourth quarter, which showed an increase of EUR 460m (reporting EUR 984m in Q4 2008 versus EUR 524m in Q4 2007). The fourth quarter showed a marked improvement in working capital of EUR 603m, including approximately EUR 150m of non-structural inflows. The Q4 working capital improvement is the result of a combination of the benefits from cash flow management initiatives started in Q1 2008 and normal Q4 seasonality effects. In addition to working capital improvements there was a substantial contribution from real estate disposals (Q4 2008 EUR 140m versus Q4 2007 EUR 19m). Whilst the real estate disposals were in line with expectations at the beginning of the quarter, the working capital improvement was significantly better than anticipated. Working capital management both in terms of underlying improvements remain and improved forecasting is a priority going forward.

Effective tax rate of 27% in FY 2008

For FY 2008 an income tax expense of EUR 550m was recorded. The effective tax rate over 2008 was 27% based on profit before income tax excluding non-deductible goodwill impairments. In Q4 2008 an additional deferred tax asset of approximately EUR 34m was recorded at E-Plus, based on updated projections of future taxable income. As a result, the 21% effective tax rate in Q4 2008 was lower than in previous quarters. Please note that in Q4 2007 an additional EUR 1.2bn deferred tax asset was recognized at E-Plus (due to E-Plus moving into a tax paying position in 2007). This recognition of deferred tax assets at E-Plus in 2007 led to a tax charge in line with the normal effective tax rate as of 2008.

EUR 522m total corporate income tax paid in FY 2008

In FY 2008, KPN paid EUR 513m net Dutch corporate income tax, of which EUR 313m was attributable to the E-Plus tax recapture. For Q4 2008, the net Dutch corporate income tax paid amounted to EUR 189m (including EUR 128m tax recapture following an updated tax forecast for the full year).

Solid liquidity position and net debt to EBITDA[1] improved to 2.2x

Net debt at the end of Q4 2008 amounted to EUR 10.9bn, compared to EUR 11.7bn in the previous quarter. This resulted in a net debt to EBITDA ratio of 2.2x (Q3 2008: 2.4x), well within KPN's target financial framework of 2.0-2.5x. Compared to the prior year the net debt to EBITDA ratio improved (Q4 2007: 2.3x) as a result of disposals at Getronics and an EBITDA increase. In 2008 the liquidity profile of KPN improved with EUR 1.8bn bonds having been issued versus bond redemptions of EUR 1.0 bn. KPN is committed to maintaining its prudent financing policy by covering refinancing obligations well ahead.
On 5 December 2008, S&P reconfirmed its long-term corporate credit rating on KPN of BBB+ whilst upgrading the negative outlook to stable on solid operating performance and expectations of moderate metrics, highlighting 'business performance', 'cash generation' and 'balance sheet management'. KPN's credit rating with Moody's remained unchanged at Baa2 with a stable outlook.

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

EUR 0.40 final dividend for FY 2008, up 11%

KPN will propose a final dividend for 2008 of EUR 0.40, up 11% versus the prior year. The dividend proposal will be submitted for approval at the Annual General Meeting of Shareholders (AGM) on 7 April 2009. In the third quarter, KPN paid an interim dividend of EUR 0.20 per share for 2008, totalling EUR 344m (including dividend tax). With that, total dividend for FY 2008 will amount to EUR 0.60 per share, up 11%, subject to the AGM approval.

EUR 1bn share repurchase program 2009 started in November 2008

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 KPN repurchased 18.3 million shares at an average price of EUR 10.41, for a total amount of EUR 191m until 26 January 2009. Between 19 November and 31 December 2008, KPN repurchased 9.7 million shares at an average price of EUR 10.54, for a total amount of EUR 103m.

In Q4 2008, KPN concluded the cancellation of 30,703,288 ordinary shares which had been repurchased as part of the EUR 1bn share repurchase program of 2008. Following this cancellation, KPN had 1,714,362,792 shares outstanding as per 31 December 2008.

Operating review

The Netherlands: reaching EBITDA inflection in 2008

- The Dutch business was able to reach EBITDA inflection. The upgraded guidance for EBITDA[2] in the Netherlands of 'flat' has been achieved with a EUR 34m improvement compared to 2007 (also attributable to lower management fee charges).
- The Consumer Segment showed improving service revenue trends as the year progressed with 3.9% growth in Q4 (full-year is -0.8%) in combination with strong net adds in the same quarter. Meanwhile on the fixed side, line loss trends improved markedly. Whilst in 2007 465k lines were lost, in 2008 the number was 145k and towards the end of the year line loss had reduced to below 25k for the quarter. At the same time, the broadband market share was maintained and critical mass in the TV market was achieved (775k customers at year-end, up 56% on the prior year). EBITDA improved and meaningful progress was made with both the simplification efforts and the implementation of Fiber-to-the-Curb (FttC) and Fiber-to-the-Home (FttH) access technologies.
- The Business Segment continued to strengthen with y-on-y revenue growth in Q4 after several quarters of decline. Service revenues improved versus the prior quarter, the fourth quarter showing growth of 2.2% (full-year was -1.0%), driven by wireless data and remedial actions announced earlier. In Q4, strong growth was recorded in Corporate Solutions (mainly network insourcing) whilst ICT Services showed growth in data center and online application services but a marked decline in PABX services. EBITDA for the year improved.
- Getronics contributed to both revenues and EBITDA. In 2008 the company executed a large number of disposals and at the same time restructured its cost base, which reduced the risk of the Getronics acquisition. Meanwhile the pipeline of new business was unaffected. Of the initial consideration of EUR 1.3 bn, over EUR 0.5bn has now been recovered from disposals (including the disposal of Business Solutions, to be closed in Q1 2009). The focus will now shift to demonstrating profitability of the core assets.
- Wholesale & Operations delivered a contribution to external revenues due to growth in wholesale line rental. Preparations were made for the FttC and FttH roll-out and the FttH joint venture with Reggefiber has been established following regulatory approvals in December. KPN recognized a EUR 67m impairment of iBasis. iBasis has published its Q4 2008 results on 26 January 2009.

Mobile International: continued profitable growth

- E-Plus recorded 5.5% service revenue growth, which represented another solid quarter following continued market outperformance in previous quarters. Growth is driven by the new brands and, like in the prior year, service revenue growth showed volatility over the quarters (Q4 2007: 4.2%, 2008 Q1: 6.8%, Q2: 8.1%, Q3: 6.4%, Q4: 5.5%). Total revenues and other income were up 7.2%, partly driven by acquisitions. The EBITDA margin was again considerably higher on a y-on-y basis, but slightly lower than Q3 due to seasonality.

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[2] The Netherlands excluding Getronics, iBasis/iBasis the Netherlands, restructuring costs (until Q2 2008) and book gains on sale of real estate

- BASE continues to outperform the market with solid service revenue growth in Q4 2008 of 7.4% y-on-y, in spite of MTA reductions. As the year progressed, the revenue outperformance of competition widened. This improved performance was driven by continued subscriber growth and the good performance of the postpaid plans.
- Revenue growth in Mobile International - Other was largely driven by acquisitions (Tele2 Belgium and a small net contribution from Ortel). EBITDA in 2008 was influenced by the start-up costs in Spain and France. Since its launch in January 2008, the Spanish MVNO has established itself as the fastest growing MVNO in that country with circa 150k customers, mainly from the KPN brand Simyo which is showing encouraging growth. New partner brands with growth potential will be introduced in the near future. The MVNO in France was launched on 11 January 2009, starting with the introduction of Simyo. Further KPN and partner brands are expected to be launched in the coming quarters.

FTE reductions on track

In Q4, the number of FTEs in the Netherlands declined by 199 FTEs, excluding acquisitions and Getronics. This compares to an FTE reduction of 1,247 FTEs for full-year 2008. The total reduction from 2005 is 6,659 FTEs, which is on track with the previous announced reduction plans. Mainly due to the sale of Business Application Services, the number of FTEs at Getronics decreased by 1,967 FTEs in Q4 compared to Q3. As at 31 December 2008, KPN's workforce in the Netherlands amounted to 16,658 FTEs (excluding Getronics) and 36,702 FTEs for the whole Group (including Getronics).

Restructuring charges

In Q4, the restructuring charges amounted to EUR 31m (Q4 2007: EUR 33m), of which EUR 11m was for Getronics, EUR 14m related to the Netherlands (including EUR 8m for office space vacancy) as well as a EUR 5m charge for Other activities.

Performance vs. Outlook 2008

Guidance met on all metrics

KPN has met its guidance for 2008, as announced on 5 February 2008, on all metrics. This is shown in the table below.

Guidance metric	Guidance 2008	Reported 2008
Revenues Mobile International 2008-2010	High single-digit growth	+10.5%
Group EBITDA	EUR 5.0bn	EUR 5.06bn
EBITDA the Netherlands[3]	Flat	+1.0%
EBITDA Mobile International 2008-2010	High single-digit growth	+9.9%
Capex	~ EUR 2bn	EUR 1.93bn
Free cash flow	> EUR 2.4bn	EUR 2.60bn

Economic impact

KPN experienced only a limited impact on its operational performance from the economic downturn in Q4. The early warning indicators that are being tracked currently do not show any material issues, although there is some evidence of a slowdown of new projects at corporate customers and the voice roaming revenues in the Business Segment have been impacted to some extent. At Getronics, recruitment has been stopped to accommodate the slightly increased number of people on the bench. However, pre-emptive measures to manage the cost base were already initiated in Q4. Amongst other measures, KPN announced a 20% rate cut for all freelance workers, controls over temporary staff hirings have been tightened and in a number of areas prices with suppliers are being renegotiated.

On the financing side, the bonds that were issued in 2008 carry higher interest rates than bonds from prior years. As a result, the average interest rate on group outstanding debt as at Q4 2008 was 5.4%, up from

[3] The Netherlands excluding Getronics, iBasis/iBasis the Netherlands, restructuring costs (until Q2 2008) and book gains on sale of real estate

5.2% at year end 2007. A review of other potential impact areas such as counterparty risk, derivatives and insurance has not shown any material risks, but the risks are monitored closely.

Other than that, real estate disposals have become markedly more difficult. Overall, cash flow from disposals in 2008 fell short by more than EUR 100m relative to the estimate communicated at the outset of the year of EUR 300m, as a result of fewer transactions being closed.

Pension position

As at 31 December 2008, the deficit in the pension plans of the KPN group, as measured under IFRS standards amounted to EUR 0.6bn versus a deficit of EUR 0.5bn at the beginning of the year (see appendix L for a reconciliation of these figures with the balance sheet and 'corridor' positions). The decline of pension assets which was incurred, is partially compensated for by lower pension obligations as measured under IFRS, principally as a result of lower indexation expectations.

The KPN pension funds under statutory coverage measurements (as required by the pension regulator the Dutch Central Bank) ended the year with an average coverage ratio of 94%. This implies that KPN will have to make recovery payments starting in 2009 (unless the Dutch Central Bank was to issue new rules in view of the economic circumstances).

In all, the IFRS pension charge in 2009 will be around EUR 25m higher than in 2008 due to lower returns on assets partly offset by higher discount rates and lower indexation, whilst the additional cash outflow to the KPN pension funds is anticipated to be EUR 120m.

KPN continues its efforts to reduce risks in relation to pension commitments. The collective labour agreement concluded at the end of 2007, implemented in early 2008, provided for another step in the right direction with indexation having been linked to price inflation rather than wage inflation.
A key risk to the deficit as recorded under IFRS is the decrease of corporate bond spreads (used for measuring pension obligations) without a commensurate increase of the value of corporate equities. Whilst such a decline would affect the deficit under IFRS, its effect under Dutch statutory measurements would be limited.

Outlook

KPN confirms its outlook for 2010 as provided on 5 February 2008, shown below.

Guidance metric	Outlook 2010
Revenues and other income	> EUR 15bn
EBITDA	> EUR 5.5bn
Capex 2008-2010	~ EUR 2bn
Free cash flow 2008-2010	> EUR 2.4bn
Dividend per share 2010	EUR 0.80

Capex includes investments for the All-IP transformation. Free cash flow includes proceeds from the sale of real estate, but excludes the temporary tax recapture for net operating losses at E-Plus.

For FY 2009, KPN expects to be able to make meaningful progress towards the 2010 EBITDA target as described above. KPN anticipates a free cash flow of around EUR 2.4bn, despite the EUR 120m cash impact from pensions, the reversal in 2009 of approximately EUR 150m of Q4 2008 non-structural working capital improvements and regulatory developments. It is anticipated that in 2009 the proceeds from planned real estate disposals will be of similar magnitude to that of 2008.

Please note that, a y-on-y decline of free cash flow in Q1 2009 is still expected as a result of normal seasonality effects (including prepayments at E-Plus and BASE in particular and by a working capital effect from the increased Capex spending in Q4 2008) as well as the reversal of the aforementioned EUR 150m working capital improvement.

Consumer

Financial review

Consumer financial highlights *(In millions of euro unless indicated otherwise)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
- Voice wireline	196	232	823	1,037	*-16%*	*-21%*
- Wireless services	449	428	1,773	1,776	*4.9%*	*-0.2%*
- Internet wireline	258	242	1,010	917	*6.6%*	*10%*
- Other (incl. intercompany revenues)	118	109	423	403	*8.3%*	*5.0%*
Revenues and other income	**1,021**	**1,011**	**4,029**	**4,133**	***1.0%***	***-2.5%***
Operating expenses	**926**	**929**	**3,551**	**3,673**	***-0.3%***	***-3.3%***
Of which: depreciation, amortization and impairments	*68*	*69*	*275*	*247*	*-1.4%*	*11%*
EBITDA	**163**	**151**	**753**	**707**	***7.9%***	***6.5%***
EBITDA margin	**16.0%**	**14.9%**	**18.7%**	**17.1%**		

Revenues reached inflection point

Revenues and other income were approximately flat in Q4 2008 at EUR 1,021m (1.0% y-on-y). Apart from decelerating line loss, the revenue trend benefited from growth in the subscriber base in broadband, wireless services and TV combined with continued solid ARPU performance. Key revenue figures are: broadband 6.6% growth y-on-y in Q4, compared to 4.1% in Q3 and wireless services 4.9% growth y-on-y in Q4, compared to 0.6% in Q3, accompanied by an improving result at voice wireline of -16% y-on-y in Q4, compared to -20% in Q3. Meanwhile, EBITDA for the quarter increased by 7.9% to EUR 163m. This increase was achieved as a result of a combination of growth in all non-traditional business lines, cost cutting and selective price increases and despite lower MTA tariffs.

Operating review

Strong improvement in Consumer Segment

During Q4, KPN's 'Back to Growth' strategy delivered results in the Consumer Segment in terms of declining line loss, accelerating growth in the wireless customer base, increasing broadband net adds and strengthening VoIP and TV market shares.

Successful in managing customer base for value and attracting high quality net adds

In Q4, KPN continued to refresh and simplify its market propositions, leading to a more streamlined and manageable service offering. Primafoon shops were rebranded to KPN shops, next to the shops already operational for the Hi and Telfort brands. Positive results were also achieved through a new, easily adjustable broadband offer. This approach reinforced KPN's market position with a higher share of broadband net adds and with more high value customers. The focus on customer value has resulted in stable or slightly increasing ARPUs of the voice wireline and internet wireline services.

Net line loss continues to be at low levels

Net line loss has shown a strongly improved trend in 2008. In 2007 465k lines were lost while in 2008 the number was 145k, less than one third. In Q4 2008, net line loss was -25k, but due to a one-off base correction the reported number amounted to -5k, the lowest level in two years. The significant reduction in line loss in the past eight quarters is a result of successful retention offers.

Wireless services improving

In a wireless services market characterized by a high penetration rate, KPN consolidated its strong position in the high value segments. The postpaid customer base grew by 11% y-on-y, which drove the total postpaid customer base to approximately 2.8 million. Postpaid subscribers accounted for 45% of total subscribers, compared to 41% in Q4 2007. Total net additions, including prepaid, reached 159k against 34k in the previous quarter. Overall, service revenues rebounded to 3.9% y-on-y, compared to declines in the previous quarters of 2008. This improvement reflects the high number of net additions and the popularity of new data uses. KPN's focus on high value customers (voice plus data and mobile TV packages) resulted in temporarily higher SAC/SRC levels. This strategy proved to be successful in maintaining market share and in reaching service revenue inflection. In December 2008 and January 2009, the SAC/SRC levels were reduced.

As per Q4 2008, KPN had 30k customers on its DVB-H network. Whilst this service is still in a start-up phase, KPN is satisfied with the customer base development.

In October 2008, KPN announced the acquisition of Debitel's activities in the Netherlands which was finalized at 30 December 2008. Within the Consumer Segment the acquisition adds approximately 300k postpaid and 230k prepaid customers to the retail customer base as from 2009.

Reaching critical mass with 775k TV customers

TV net adds continued to increase relative to competition, with KPN's digital TV market share increasing from 18% in Q4 2007 to 22% in Q4 2008. At the end of Q4 2008, KPN had 775k TV customers, up 56% compared to Q4 2007, of which circa 40k IPTV customers. KPN believes that the milestone of one million subscribers is achievable by late 2009/early 2010. In Europe, KPN is the only telecom incumbent holding a large share of the TV market, in a country with strong cable competition.

Focus on five cities FttC and five cities FttH, using new delivery process

The intention is to launch a new portfolio of multi-play services in selected areas. This new portfolio will be delivered using a greenfield designed architecture of IT applications for delivery, service, maintenance and self-help functionality. Based on experience gained in the first roll-out areas, in five cities FttC and five cities FttH, KPN anticipates making decisions on the speed and direction of further roll-outs from the second half of 2009.

Business

Financial review

Business financial highlights *(In millions of euro unless indicated otherwise)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
- Infrastructure Services	635	620	2,507	2,551	*2.4%*	*-1.7%*
Of which: Wireless services	*207*	*208*	*847*	*870*	*-0.5%*	*-2.6%*
- Corporate Solutions	175	142	575	499	*23%*	*15%*
- ICT Services	138	150	519	539	*-8.0%*	*-3.7%*
- Other (incl. intercompany revenues)	-109	-84	-346	-296	*-30%*	*-17%*
Revenues and other income	**839**	**828**	**3,255**	**3,293**	***1.3%***	***-1.2%***
Operating expenses	**686**	**676**	**2,600**	**2.651**	***1.5%***	***-1.9%***
Of which: depreciation, amortization and impairments	*36*	*29*	*121*	*109*	*24%*	*11%*
EBITDA	**189**	**181**	**776**	**751**	***4.4%***	***3.3%***
EBITDA margin	**22.5%**	**21.9%**	**23.8%**	**22.8%**		

Revenues and other income

Q4 revenues and other income were up 1.3% after several quarters of decline, leading to a full-year decline of EUR 38m, or -1.2%. Growth in Q4 resulted in a slowing revenue decline in Infrastructure Services to -1.7% or EUR -44m for the full year. The decrease in wireless voice revenues was partly offset by a strong increase in wireless data. Whilst revenues from wireless services declined by 0.5%, service revenues increased in Q4 by 2.2%, the difference being client rebates. Revenues from Corporate Solutions continued its upward trend, resulting in a full-year 15% growth to EUR 575m as a result of the implementation of major contracts. Revenues from ICT Services were 3.7% lower on a full-year basis due to slow order intake of PABX implementations, only partially compensated for by increasing revenues from data centers and online applications.

EBITDA

For FY 2008, EBITDA for the Business Segment was up 3.3% or EUR 25m to EUR 776m mainly driven by Infrastructure Services and despite roaming and termination price cuts. The full year EBITDA margin improved by one percentage point to 23.8% compared to 22.8% last year.

Operating review

Improving revenue trends

In wireline services, the rate of decline decreased as KPN focuses on a balanced migration from traditional to IP-based services. Data connection services showed solid growth with E-VPN growing to 10.9k connections, and Business DSL growing by more than 30% to 119k.

Revenues from new services showed steady growth compared to 2007. The number of hosted servers increased to 2,210 from 1,660 in 2007 and housing capacity was expanded to 16,000 sqm, up 62% in 2008. Revenues from the Enterprise Communication Systems business declined following slow order intake for PABX implementations. As a result, the normal Q4 revenue peak in this business was lower than anticipated. As yet, it is too soon to tell whether or not the deteriorating trend is the result of the current economic situation, though the early indications are that the slowdown is a market issue rather than specifically related to KPN. Actions have been taken to improve order intake in the PABX business, through additional dedicated sales staff and a more customer-oriented organization.

Corporate Solutions provides a full portfolio of integrated ICT and outsourcing services to top-500 customers in the Netherlands. In 2008, Corporate Solutions generated an increase in revenues due to the implementation of major contracts and by cross and up-selling to existing customers. At the end of 2008 the number of managed voice workspaces was up 47% to 405k.

Wireless services improving compared to Q3

In 2008, KPN enjoyed 14% subscriber growth, or 181k net adds. Service revenues were up 2.2% in Q4 2008 y-on-y, as a result of remedial actions taken in Q3 2008 and the annualization of roaming effects. Wireless data revenues continue to be an important source of growth, increasing by approximately 50% in 2008. In 2008 all wireless data applications (M2M connections, PDAs, BlackBerrys and laptop data cards) contributed to the revenue growth.

Getronics

Financial review

Getronics financial highlights *(In millions of euro unless indicated otherwise)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
Revenues and other income	**449**	**488**	**1,933**	**488**	*-8.0%*	*>100%*
Operating expenses	**502**	**483**	**2,000**	**483**	*3.9%*	*>100%*
Of which: depreciation, amortization and impairments	*56*	*18*	*146*	*18*	*>100%*	*>100%*
EBITDA	**3**	**23**	**79**	**23**	*-87%*	*>100%*
EBITDA margin	**0.7%**	**4.7%**	**4.1%**	**4.7%**		

Revenues and other income in Q4 of EUR 449m

In Q4 2008, Getronics' revenues and other income amounted to EUR 449m. Revenues in the Benelux for the ongoing operations showed a slight decrease in Q4 in line with expectations, whilst for FY 2008 the Benelux reported a slight increase. Compared to Q3 2008, revenues were EUR 16m lower, primarily due to the divestment of North America on 20 August 2008 and Business Application Services on 1 December 2008. In 2008, total revenues and other income amounted to EUR 1,933m compared to EUR 488m in 2007 (Getronics was consolidated from 23 October 2007). The underlying revenue trend is solid for the Dutch businesses of Workspace Management Services, Data Center & Hosting Services and Consulting.

EBITDA impacted by restructuring and integration costs

Q4 EBITDA amounted to EUR 3m including EUR 27m restructuring and integration costs. Furthermore, EBITDA was negatively influenced by a EUR 17m provision for superfluous office rental contracts in the Netherlands. This is part of the new facilities plan, of which execution will start in Q1 2009. This plan is expected to bring in annual savings of over EUR 15m.
Despite EUR 56m restructuring and integration costs, Getronics generated EUR 79m of EBITDA in 2008. Contributions to the full-year EBITDA came from the Business Application Services, the Data Center & Hosting as well as the Consulting businesses in the Netherlands. Furthermore additional cost savings and synergy benefits had a positive impact on profitability.

Businesses classified as held for sale

Business Solutions for Local Governments and Healthcare (sale announced on 1 December 2008) and Document Services, both based in the Netherlands, have been classified as held for sale in the consolidated balance sheet as at 31 December 2008. Please refer to Appendix K for further details.

Operating review

Getronics overall performing according to plan

Operational performance of the core businesses in the Benelux showed a solid trend and has not been materially impacted by the economic downturn in 2008. Taking into account normal seasonality, the consulting and global services business continued to improve its profitability. Integration preparations are on track, in anticipation of the transfer of a large part of the Business Segment activities to Getronics as from January 2009. Led by a new management team, the UK business initiated its turnaround in Q3 and has shown promising results in Q4 2008.

Several large contract wins are highlighting the strong pipeline

Getronics concluded a number of large contracts in Q4. In December Getronics signed a major agreement to provide services to EDS, an HP Company, as part of their global agreement with Shell. The total contract value amounts to EUR 133m for a duration of 4.5 years. Several Dutch Government contracts were renewed with a total value of more than EUR 40m. In Belgium a number of large deals for the European Commission were won. Furthermore an international deal with a large financial institution for desktop services was extended for the value of EUR 40m. Overall, the pipeline for Getronics' ongoing operations continues to grow.

Reduced risk profile after disposals

The completion of the divestments of both North America and Business Application Services is an important milestone for Getronics in realizing its strategy to focus on growth in its core business. After the disposal program, Getronics has a reduced risk profile and is well-positioned to further execute its strategy of becoming the Benelux market leader in workspace management and growing in global workspace management.

Integration of Getronics with large part of Business market activities in H1 2009

As from 1 January 2009, Corporate Solutions, Enterprise Communication Solutions and Application Management Services, will transfer to Getronics. This represents approximately EUR 800-900m in annual revenues. Together with the integration of the marketing and sales department, which took place in the summer of 2008, Getronics expects to realize some EUR 50m of synergies from 2009 onwards.

Wholesale & Operations

Financial review

Wholesale & Operations financial highlights *(In millions of euro unless indicated otherwise)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
Revenues	948	991	3,764	3,677	*-4.3%*	*2.4%*
Of which: iBasis (incl. iBasis the Netherlands)	*231*	*245*	*911*	*245*	*-5.7%*	*>100%*
Of which: Real Estate	*58*	*88*	*295*	*359*	*-34%*	*-18%*
Other income	94	77	140	164	*22%*	*-15%*
Of which: iBasis	*1*	*0*	*1*	*0*		
Of which: Real Estate	*94*	*10*	*116*	*96*	*>100%*	*21%*
Revenues and other income	**1,042**	**1,068**	**3,904**	**3,841**	***-2.4%***	***1.6%***
Operating expenses	**816**	**779**	**3,036**	**3,004**	***4.7%***	***1.1%***
Of which: depreciation, amortization and impairments	*303*	*245*	*1,055*	*1,180*	*24%*	*-11%*
EBITDA	**529**	**534**	**1,923**	**2,017**	***-0.9%***	***-4.7%***
Of which: iBasis	*7*	*7*	*27*	*7*	*0%*	*>100%*
Of which: Real Estate	*111*	*43*	*236*	*246*	*>100%*	*-4.1%*
EBITDA margin	**50.8%**	**50.0%**	**49.3%**	**52.5%**		

Revenues and other income down 2.4% to EUR 1,042m

Revenues and other income decreased by EUR 26m in Q4 2008, mainly as a result of continued (but decelerating) line loss in the Consumer and Business Segments, partly offset by other income from real estate book gains.

EBITDA down 0.9% to EUR 529m

In Q4, EBITDA decreased by EUR 5m compared to Q4 2007. This is caused by the continuing decline in traditional voice (both access and traffic) and a EUR 66m book gain on the sale of iBasis the Netherlands in Q4 2007. Book gains from the sale of real estate amounted to EUR 94m in Q4 2008 versus EUR 10m in Q4 2007. Cost savings from FTE reductions made an important contribution to EBITDA trends. Depreciation and amortization costs in Q4 2008 include KPN's share of 56%, or EUR 67m, of the goodwill impairment of EUR 119m (USD 176m) as recognized by iBasis.

Operating review

All-IP status update

Until H1 2009 KPN will focus on its efforts to demonstrate commercial success of the FttC and FttH initiatives in five cities each. The timeline for roll-out in subsequent quarters will depend on the evaluation of the test cities after H1 2009.

Reggefiber joint venture

On 19 December 2008 the Dutch competition authority approved the Reggefiber joint venture between KPN and Reggefiber. Following the approval, KPN made a EUR 100m cash contribution to the joint venture and as a result obtained a non-controlling 41% stake. The joint venture will be dedicated to implementing passive components of FttH implementations in the residential market in the Netherlands.

Real estate sales

In 2008, KPN has sold part of its real estate portfolio for a total amount of EUR 180m, of which EUR 140m was in Q4. At the outset of the year, proceeds of around EUR 300m were anticipated but this has proven to be an unrealistic target in the face of the macro economic downturn, which has particularly affected the real estate sector where transactions take longer to conclude. Going forward, the focus will remain on value optimization rather than timing. It is anticipated that in 2009 the proceeds from planned real estate disposals will be of similar magnitude to that of 2008. The network roll-out is largely independent of the real estate disposal program.

Improved mobile network quality

In Q4, KPN completed the roll-out of HSDPA 7.2 covering 85% of KPN's UMTS sites. KPN offers the best data network coverage and the highest bandwidths in the Netherlands. With this upgrade, KPN has sufficient capacity available to support the strong growth in data traffic.

iBasis

KPN recognized a EUR 67m impairment of iBasis. iBasis published its Q4 2008 results on 26 January 2009. For a more extensive description of the financial and operating performance, please refer to the iBasis press release available at www.ibasis.com.

E-Plus

Financial review

E-Plus financial highlights *(In millions of euro unless indicated otherwise)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
Service revenues	761	721	3,005	2,816	*5.5%*	*6.7%*
Hardware and other revenues	54	39	213	147	*39%*	*45%*
Revenues and other income	**815**	**760**	**3,218**	**2,963**	***7.2%***	***8.6%***
Operating expenses	**676**	**656**	**2,641**	**2,526**	***3.0%***	***4.6%***
Of which: depreciation, amortization and impairments	*178*	*174*	*668*	*676*	*2.3%*	*-1.2%*
EBITDA	**317**	**278**	**1,245**	**1,113**	***14%***	***12%***
EBITDA margin	**38.9%**	**36.6%**	**38.7%**	**37.6%**		

Full-year revenues and other income up 8.6% to EUR 3,218m

Revenues and other income at E-Plus increased by 8.6% in 2008 or EUR 255m to EUR 3,218m. The increase is driven by the continued success of the 'Challenger' strategy. E-Plus' service revenue growth has been well ahead of its competitors, with the market as a whole showing service revenue declines. Service revenues increased in 2008 by EUR 189m or 6.7%. The acquisitions of SMS Michel and blau Mobilfunk had a combined impact of EUR 105m on revenues and other income in 2008, mainly coming from hardware and other revenues. The MTA impact on 2008 revenues amounted to EUR 44m.

EBITDA up 12% to EUR 1,245m in 2008

EBITDA amounted to EUR 1,245m in 2008, up 12% or EUR 132m compared to 2007 as a result of the underlying 'Challenger' business model. SAC/SRC was reduced by 32% in 2008. EBITDA was positively impacted by the handset lease service, which started in Q2 2008. Meanwhile the MTA impact on FY 2008 EBITDA amounted to EUR 25m. The EBITDA margin was 38.7% for 2008, up 1.1% points compared to 2007 as a result of a reduction in SAC/SRC and the successful handset lease service.

Operating review

Customer base up 20% reaching 17.8 million subscribers

Q4 2008 was another strong quarter for E-Plus with solid net adds of 750k (main contribution from wholesale prepaid customers), but lower than previous quarters due to seasonality effects. In 2008, E-Plus gained record net adds of 2,970k, driven by the new brands, resulting in 17.8 million subscribers, up 20% compared to 2007. The new brands now represent 64% of the total customer base, or 11.3 million customers.

Handset lease service

The handset lease service is designed to complement SIM-only subscriptions for which E-Plus has become well known. The lease contract can be obtained by customers independent of their calling / data contracts. In 2008 approximately EUR 64m of Capex is related to these handset leases, while in Q4 an amount of EUR 21m was capitalized.

3G network strategy

E-Plus deploys a smart follower strategy in wireless data, targeting consumers and SME/SoHo segments with value offers. In 2008 E-Plus has been executing a selective 3G roll-out. In 2009 E-Plus will further extend the UMTS network (> 60% population coverage by year-end 2008) and start the roll-out of HSPA in focus areas where the business case is most attractive. In addition, E-Plus started an accelerated EDGE roll-out, targeting circa 90% population coverage by year-end 2009.

BASE

Financial review

BASE financial highlights *(In millions of euro unless indicated otherwise)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
Service revenues	159	148	621	595	*7.4%*	*4.4%*
Hardware and other revenues	6	7	26	18	*-14%*	*44%*
Revenues and other income	**165**	**155**	**647**	**613**	***6.5%***	***5.5%***
Operating expenses	**129**	**133**	**514**	**496**	***-3.0%***	***3.6%***
Of which: depreciation, amortization and impairments	*25*	*28*	*107*	*113*	*-11%*	*-5.3%*
EBITDA	**61**	**50**	**240**	**230**	***22%***	***4.3%***
EBITDA margin	**37.0%**	**32.3%**	**37.1%**	**37.5%**		

Revenues and other income up 5.5% to EUR 647m

In 2008, revenues and other income increased by 5.5% or EUR 34m to EUR 647m, despite an MTA tariff reduction (EUR 27m effect in 2008). Key drivers of higher revenues were increased volume of subscription fees and higher traffic related revenues.

EBITDA increase of 4.3% to EUR 240m

EBITDA in 2008 amounted to EUR 240m, up 4.3% or EUR 10m compared to 2007. The MTA effect on EBITDA amounted to EUR 19m in 2008.

Operating review

Continued service revenue growth

Service revenue growth in Q4 2008 was 7.4% and, with that, BASE continued to stay ahead of market growth. The improved service revenue performance, which strengthened as the year progressed, mainly resulted from continued subscriber growth and the good performance of the postpaid plans.

Customer base up 21% to 3.4 million in 2008

In the fourth quarter of 2008, BASE added another 204k customers to its client base, of which 21k are postpaid customers. The number of customers at the end of the fourth quarter totaled 3.4m, up 21% (or 590k subscribers) compared to 31 December 2007.

Focused 3G strategy, network based on a combination of EDGE and UMTS

KPN remains committed and has made the necessary preparations to invest in Belgium, including wireless broadband (mobile internet), based on a combination of EDGE and UMTS. This commitment is contingent on the regulatory authorities ensuring an appropriately balanced playing field.

Mobile Wholesale NL

Financial review

Mobile Wholesale NL financial highlights *(In millions of euro unless indicated otherwise)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
Service revenues	91	87	347	341	*4.6%*	*1.8%*
Hardware and other revenues	-4	1	1	3	*>-100%*	*-67%*
Revenues and other income	**87**	**88**	**348**	**344**	***-1.1%***	***1.2%***
Operating expenses	**56**	**61**	**230**	**243**	***-8.2%***	***-5.3%***
Of which: depreciation, amortization and impairments	*7*	*7*	*27*	*28*	*0%*	*-3.6%*
EBITDA	**38**	**34**	**145**	**129**	***12%***	***12%***
EBITDA margin	**43.7%**	**38.6%**	**41.7%**	**37.5%**		

Stable revenues and other income

Revenues and other income in 2008 increased by EUR 4m or 1.2% compared to 2007. The reduction of MTA had a negative impact of EUR 10m on revenues. Total traffic generated by wholesale partners increased by 10.7%, but competition in the wireless wholesale market put pressure on pricing. Q4 revenues and other income were EUR 1m or 1.1% lower than in Q4 2007, due to negative regulation effects of EUR 2m. An adjustment in the year-to-date classification of other revenues leads to a higher service revenue in Q4 and lower other revenues.

EBITDA

EBITDA performance in 2008 was strong with an increase of 12% or EUR 16m compared to 2007. Declining traffic related expenses, partly resulting from regulation, are the main reason for lower costs. In addition, decreased distribution fees contributed to the improved EBITDA performance.

Operating review

Dutch MVNO market maturing

In the past few years, the MVNO market in the Netherlands has been through a phase of rapid growth. However, with nearly 50 MVNOs currently operational, the market has gradually become more mature, resulting in slower growth.

Customer growth

In Q4 2008, the total customer base increased by 102k, with 52k postpaid and 50k prepaid. In 2008, the total customer base grew by 14% to 2,039k (postpaid customer base increased by 40%, prepaid customer base increased by 4%). Growth in the cultural segment has slowed down compared to 2006 and 2007.

Debitel acquisition and transition to Consumer Segment in 2009

As per 30 December 2008, KPN has acquired Debitel in the Netherlands and Debitel will therefore no longer be a wholesale partner in the Netherlands. The Debitel figures will be consolidated within the Consumer Segment as from 2009.

KPN has transferred Mobile Wholesale NL from Mobile International to the Consumer Segment as from 1 January 2009. While the ‘Challenger’ vision as implemented within Mobile International and the commercial relationship with Mobile International will remain unchanged, being part of the Consumer Segment will facilitate operational and commercial efficiency gains. Mobile Wholesale NL will continue to be managed as a separate entity, independent of the KPN retail brands.

Mobile International - Other (incl. intercompany)

Financial review

Mobile International - Other financial highlights *(In millions of euro unless indicated otherwise)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
Service revenues	63	7	167	34	*>100%*	*>100%*
Hardware and other revenues	40	45	152	54	*-11%*	*>100%*
Intercompany revenues	-45	-11	-136	-31	*>-100%*	*>-100%*
Revenues and other income	**58**	**41**	**183**	**57**	***42%***	***>100%***
Operating expenses	**62**	**48**	**241**	**78**	***29%***	***>100%***
Of which: depreciation, amortization and impairments	*5*	*3*	*26*	*3*	*67%*	*>100%*
EBITDA	**1**	**-4**	**-32**	**-18**	***>100%***	***-78%***
EBITDA margin	**1.7%**	**-9.8%**	**-17.5%**	**-31.6%**		

Financials impacted by acquisitions

In line with prior quarters, the revenue and EBITDA development compared to last year reflects recent acquisitions and start up costs of new businesses. Most notable are the acquisitions of Ortel and Tele2 Belgium, and the start up costs of the MVNOs in Spain and France. Compared to Q4 2007, revenues and other income increased by 42% to EUR 58m, with all service providers contributing. The strong uptake in Q4 2008 compared to last quarter relates to some accrual adjustments. EBITDA improved markedly to EUR 1 m (from EUR -10m in Q3 2008), as costs related to the start-up in Spain and France are lower now IT platforms and processes are operational.

Operating review

Fastest growing MVNO in Spain

Since its launch in January 2008, KPN's MVNO in Spain has become the fastest growing MVNO in the Spanish market. The no-frills KPN brand Simyo was the main contributor. Most recently Vueling has launched its wireless services through KPN's platform. In addition to partners, KPN has launched a simple tariff through its 'blau' brand which will be distributed via external distribution channels. KPN expects further growth through both its own low-cost brands and partners, benefiting from the current economic environment.

Launch of French MVNO

Based on the experience with the wholesale business model in all its markets, KPN has expanded its MVNO business into France, based on the Bouygues Telecom network. The French market is considered to be attractive due to its relatively high tariff structure and potential in various unserviced market segments. The objective is to leverage KPN's international expertise in executing MVNOs and multi-brand strategies in this new market. KPN's no-frills brand Simyo was launched on 11 January 2009 as the first milestone for the French business. In France, more national and international partners as well as own brands are expected to be launched in the coming quarters.

Other activities

Financial and operating review

Other activities financial highlights *(In millions of euro unless indicated otherwise)*	Q4 2008	Q4 2007	FY 2008	FY 2007	*Δ y-on-y*	*Δ FY*
Revenues	0	3	2	7	*-100%*	*-71%*
Other income	1	-1	21	3	*>100%*	*>100%*
Revenues and other income	**1**	**2**	**23**	**10**	***-50%***	***>100%***
Operating expenses	**26**	**31**	**120**	**57**	***-16%***	***>100%***
Of which: depreciation, amortization and impairments	*1*	*1*	*2*	*2*	*0%*	*0%*
EBITDA	**-24**	**-28**	**-95**	**-45**	***14%***	***>-100%***
EBITDA margin	**> -100%**	**> -100%**	**> -100%**	**> -100%**		

Revenues and other income

- Other income for 2008 includes the release of a provision in Q1 2008 of EUR 20m regarding the sale of a subsidiary in 2002. Revenues and other income of EUR 1m were stable compared to Q3 2007.

EBITDA

- In 2008, Other activities reported a loss of EUR 95m. This amount is representative of annual corporate expenses that do not pertain to operating companies such as the 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 one-off nature also reported under Other activities broadly cancel out (including EUR 207m restructuring charges 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 EUR 50m 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 the Netherlands

Regulatory obligations for KPN for the years 2009-2012

OPTA published most of its market analyses and obligations for parties with significant market power at the end of 2008.
Retail fixed telephony markets have, or will soon, become fully competitive in the Netherlands. KPN's retail obligations for residential markets were withdrawn on 1 January 2009 and the same will happen with KPN's retail obligations for business markets on 1 January 2010. Obligations on wholesale telephony markets for termination and origination services will change to some extent. For example, there will be symmetry in termination rates.
For broadband wholesale markets, obligations for KPN to grant unbundled access on transparent, non-discriminatory and cost-oriented terms remain for residential markets. The same obligations are in place for business markets. For residential markets, OPTA introduced transparency and non-discrimination obligations for wholesale broadband access and for business markets access tariffs for wholesale broadband access must also be cost oriented.
As wholesale obligations slightly decreased and retail obligations lifted, this package as a whole has minor positive effects for KPN in the next regulatory three-year period. KPN intends to appeal some decisions, especially those aimed at regulation of broadband business markets. It is to be expected that other market participants will also appeal OPTA's decisions.

Mobile termination rates

In December 2008, OPTA decided on mobile termination charges of mobile operators in the Netherlands after its previous decision had been rejected by the court. The new decision did not lead to changes in previously approved rates for MTA. For KPN this means that the present glide path will remain in place until mid 2010. It is likely that the decision will be appealed by other companies.

Regulation of access to Next Generation Access (FttH) networks

OPTA has published its regulatory approach to access to fiber networks. This allows KPN to continue its pilots for FttH on a limited scale in, for example, Almere. It will also enable KPN, if commercially successful, to invest further in new areas in the Netherlands in the coming years. The Dutch Competition Authority approved a joint venture with Reggefiber under conditions consistent with OPTA's decisions. The joint venture will sell access to passive fiber on transparent, non-discriminatory and reasonable terms. KPN will not be obliged to deliver wholesale broadband access over Next Generation Access networks on regulated terms, however, it aims to do so on commercial conditions.

2.6 GHz spectrum auction

Following debates in Dutch parliament, conditions for the auction of the 2.6GHz frequency band may be modified. This new development would further delay the auction process, possibly until Q1 2010, as indicated by the ministry of Economic Affairs. The auction of the 2.6GHz was originally planned for 2008.

Regulatory developments Belgium

No tacit renewal of the 2G licenses

On 25 November 2008, the BIPT and the Minister of Economic Affairs informed the 2G license holders (Belgacom Mobile, Mobistar and BASE) that their 2G licenses will not be extended automatically. Subject to the payment of a license fee (circa EUR 41m for Mobistar and circa EUR 32m for Belgacom Mobile), the 2G licenses of Belgacom Mobile and Mobistar will be renewed until July 2013, which is the end date of the 2G license of BASE. The government has announced that it will decide in the course of 2009 on the conditions for the license renewals beyond 2013.

BASE to receive additional 900 MHz spectrum

Following a BIPT decision of 26 November 2008, BASE will dispose, as from 1 February 2009, of eight additional GSM-channels in the 900 MHz-frequency-band, provided that it avoids any interference with the CT1+-technology that is currently using these frequencies. As from 1 January 2010, BASE will receive two additional GSM-channels in the 900 MHz-band. Mobistar and Belgacom Mobile will receive an equivalent number of DCS-1800 frequencies on 1 February 2009 and 1 January 2010, respectively.

Mobile termination rates

In November 2008, BIPT has launched the process for the development of a new bottom-up cost model for MTA. The cost model should determine the MTA tariffs to be applied for the period 2010-2012.

Regulatory developments Germany

Mobile Termination Rates

BNetzA has published the final regulatory orders in relation to mobile termination rates. E-Plus intends to file a legal action against the regulatory order concerning E-Plus.

Spectrum refarming

In November 2008, the German regulator started an official consultation on the 'refarming' of GSM spectrum. The consultation ended mid-January 2009. Based on the comments of the market players, the regulator is going to submit a keypoint paper this summer. The keypoint paper of the FNA will most likely define the procedural way of how refarming will be implemented in Germany. The keypoint paper will be subject to further consultation of interested parties. The final decision on refarming will be taken before the frequency auction will take place. Since the auction is planned for the end of 2009, the final decision is expected in the third quarter of 2009.

In the meantime, the European Commission has submitted a new draft of the so called 'GSM directive'. The draft directive addresses the point that refarming could, under specific circumstances (e.g. not all mobile operators are able to make use of the refarming option), result in competitive distortions. Member states should therefore examine whether the implementation of the new directive could distort competition. If they conclude that distortion is the case, they should consider a re-allocation of the spectrum. The draft directive requires the approval of the European Parliament and Council.

Regulatory developments Europe

EU roaming

The European Commission and the Council agreed upon the draft amendments to the roaming regulation, which will now be discussed in Parliament. The proposals, which may be subject to change during the discussions in Parliament, aim at amending the directive with effect from 1 July 2009. The most important proposed changes are:

- The glide path for retail tariff reductions is extended. From 1 July 2009, annual reductions will be required until 1 July 2012. For calls made in other EEA countries the tariffs will be EUR 0.43, EUR 0.40, EUR 0.37 and EUR 0.34. For calls received in other EEA countries EUR 0.19, EUR 0.16, EUR 0.13 and EUR 0.10. Wholesale tariffs are proposed for EUR 0.26, EUR 0.23, EUR 0.20 and EUR 0.17 on the same dates.
- For retail and wholesale billing from July 2009, only actually utilized minutes on a per second base may be used, except for the first 30 seconds for retail billing.
- For SMS new maximum tariffs are proposed at EUR 0.11 retail and EUR 0.04 wholesale, from 1 July 2009.
- From 1 July 2009 a maximum wholesale rate of EUR 1.00 per Mb is proposed for data roaming. At the retail level, additional information obligations towards customers for data roaming will be introduced, which includes facilities for customers to set maximum billing levels for data roaming by 1 July 2010.

General

Accounting principles

This condensed consolidated interim financial information has 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. The 2008 Annual Report will be available by the end of February 2009.

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, when 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 wireless 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 31 December 2008, KPN served over 38 million customers, of which 31.1 million were in wireless services, 3.9 million in wireline voice, 2.5 million in broadband Internet and 0.8 million in TV. With 25,073 FTEs (36,702 FTEs including Getronics), KPN posted revenues of EUR 14.6bn and an EBITDA of EUR 5.1bn in the period January – December 2008. KPN was incorporated in 1989 and is listed on the Amsterdam Stock Exchange, having delisted from the New York, London and Frankfurt Stock Exchanges in 2008.

APPENDICES

Financial Statements

- A) Consolidated Income Statement
- B) Consolidated Balance Sheet
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You will find more information regarding the Key Operating Metrics on our website www.kpn.com/ir, section Publications, Financial publications and Quarterly factsheets.

Appendix (A) Consolidated Income Statement

(In millions of euro, unless indicated otherwise)	Q4 2008	Q4 2007	FY 2008	FY 2007
Revenues	3,615	3,579	14,427	12,461
Other income	103	80	175	171
Revenues and other income	**3,718**	**3,659**	**14,602**	**12,632**
Own work capitalized	-25	-40	-102	-143
Cost of materials	293	280	1,037	914
Work contracted out and other expenses	1,338	1,327	5,265	4,569
Salaries and social security contributions	562	587	2,222	1.632
Depreciation, amortization and impairments	689	582	2,461	2,400
Other operating expenses	269	289	1,122	760
Total operating expenses	**3,126**	**3,025**	**12,005**	**10,132**
Operating result	**592**	**634**	**2,597**	**2,500**
Finance income	11	13	50	37
Finance costs	-187	-167	-719	-584
Other financial results	-12	1	-35	-13
Share of profit of associates and joint ventures	0	-1	-6	1
Profit before income tax	**404**	**480**	**1,887**	**1,941**
Income tax	-107	1,101	-550	708
Profit for the period	**297**	**1,581**	**1,337**	**2,649**
Profit attributable to minority shareholders	2	-2	5	-3
Profit attributable to equity holders	295	1,583	1,332	2,652
Earnings per ordinary share/ADS, on a non diluted basis (in EUR)	**0.18**	**0.85**	**0.77**	**1.42**
Earnings per ordinary share/ADS on a fully diluted basis (in EUR)	**0.17**	**0.85**	**0.76**	**1.42**

Appendix (B) Consolidated Balance Sheet

ASSETS *(In millions of euro)*	December 31, 2008	December 31, 2007
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	5,659	5,781
Licenses	3,156	3,457
Software	541	410
Other intangibles	704	776
Total intangible assets	**10,060**	**10,424**
Property, plant & equipment		
Land and buildings	921	793
Plant and equipment	5,811	6,070
Other tangible fixed assets	197	211
Assets under construction	807	792
Total property, plant & equipment	**7,736**	**7,866**
Investments in joint ventures and associates	135	27
Derivative financial instruments	133	11
Deferred tax assets	1.733	2,185
Trade and other receivables	262	197
Total non-current assets	**20,059**	**20,710**
CURRENT ASSETS		
Inventories	137	150
Trade and other receivables	2,397	2,759
Available-for-sale financial assets	2	3
Derivative financial instruments	-	-
Cash and cash equivalents	1,199	1,148
Total current assets	**3,735**	**4,060**
Non-current assets and disposal groups held for sale	**119**	**27**
TOTAL	**23,913**	**24,797**

Appendix (B) Consolidated Balance Sheet – continued

LIABILITIES *(In millions of euro)*	December 31, 2008	December 31, 2007
GROUP EQUITY		
Equity attributable to equity holders	3,730	4,490
Minority interests	29	28
Total group equity	**3,759**	**4,518**
NON-CURRENT LIABILITIES		
Borrowings	10,876	9,454
Derivative financial instruments	192	329
Deferred tax liabilities	1,624	2,055
Retirement benefit obligations	892	1,198
Provisions for other liabilities and charges	427	390
Other payables and deferred income	346	276
Total non-current liabilities	**14,357**	**13,702**
CURRENT LIABILITIES		
Trade and other payables	4,113	3,897
Borrowings	1,165	2,301
Derivative financial instruments	2	28
Current tax liabilities	295	278
Provisions for other liabilities and charges	186	73
Total current liabilities	**5,761**	**6,577**
Liabilities directly associated with non-current assets and disposal groups classified as held for sale	**36**	**-**
TOTAL	**23,913**	**24,797**

Appendix (C) Consolidated Cash Flow Statement

(In millions of euro)	Q4 2008	Q4 2007	FY 2008	FY 2007
Profit before income tax	**404**	**480**	**1,887**	**1,941**
Finance costs – net	188	153	704	560
Share of the profit of associates and joint ventures	0	1	6	-1
Adjustments for:				
Depreciation, amortization and impairments	689	582	2,461	2,400
Share-based compensation	7	1	22	8
Other income	-94	-80	-141	-171
Changes in provisions (excluding deferred taxes)	-58	-90	-208	-288
Changes in working capital:				
Inventories	20	14	11	9
Trade receivables	8	-27	119	-30
Prepayments and accrued income	193	105	48	30
Other current assets	9	62	18	39
Accounts payables	364	174	536	-24
Accruals and deferred income	24	200	-208	158
Current liabilities (excluding short-term financing)	-15	-69	-106	-26
Received dividends	-	-	-	7
Taxes received (paid)[4]	-193	-171	-522	-251
Interest paid	-217	-123	-597	-471
Net cash flow provided by operating activities	**1,329**	**1,212**	**4,030**	**3,890**
Acquisition of subsidiaries, associates and joint ventures	-125	-1,157	-296	-1,690
Disposal of subsidiaries, associates and joint ventures	227	58	341	73
Investments in intangible assets (excluding software)	-4	-1	-29	-8
Disposal of intangibles	4	-	5	16
Investments in property, plant & equipment and software[5]	-613	-707	-1,925	-1,688
Disposal of property, plant & equipment and software	157	19	197	143
Other changes and disposals	1	-	8	-
Net cash flow used in investing activities	**-353**	**-1,788**	**-1,699**	**-3,154**
Share repurchases	-103	-395	-1,103	-1,569
Share repurchases for option plans	-	-	-68	-
Dividends paid	-	-	-981	-982
Exercised options	5	3	24	28
Proceeds from borrowings[6]	-10	2,603	1,771	4,321
Repayments of borrowings[6]	-793	-1,290	-1,057	-2,300
Other changes	1	-	-6	-
Net cash flow used in financing activities	**-900**	**921**	**-1,420**	**-502**
Changes in cash and cash equivalents	**76**	**345**	**911**	**234**
Net Cash and cash equivalents at beginning of period	**697**	**318**	**-138**	**429**
Changes in cash and cash equivalents	76	345	911	234
Exchange rate differences	-2	-1	-2	-1
Net Cash and cash equivalents at end of period	**771**	**662**	**771**	**662**
Add: Debit cash balances	428	486	428	486
Cash and cash equivalents at end of period	**1,199**	**1,148**	**1,199**	**1,148**
Of which classified as held for sale	-	-	-	-

[4] Of which EUR 128m related to the tax recapture at E-Plus in Q4 2008 (FY 2008: EUR 313m)

[5] Of which investments for software (2008 Q4: EUR 147m, 2008 FY: EUR 430m, 2007 Q4: EUR 121m, 2007 FY: EUR 316m)

[6] Reclassification of credit facility as it is used as bank overdraft and therefore included in net cash and cash equivalents as of 2008.

Appendix (D) Consolidated Statement of Changes in Group Equity

(In millions of euro, except for number of shares)	Attributable to equity holders	Minority Interests	Total Group Equity
Balance as of 1 January, 2007	**4,195**	**1**	**4,196**
- Cash flow hedges, net of taxes	83	-	83
- Currency translation adjustments	-1	-	-1
Net income recognized directly in equity	**82**	**-**	**82**
- Profit for the year	2,652	-3	2,649
Total recognized income up to December 31, 2007	***2,734***	***-3***	***2,731***
- Share-based compensation	8	-	8
- Tax on share-based compensation	9	-	9
- Exercised options	28	-	28
- Shares repurchased (including for option and share plans and repurchase cost)	-1,500	-	-1,500
- Dividends paid	-982	-	-982
- Interest on dividend tax paid (net effect)	-2	-	-2
- New consolidations / other	-	30	30
Total changes	***-2,439***	***30***	***-2,409***
Balance as of December 31, 2007	**4,490**	**28**	**4,518**
Number of issued shares as of December 31, 2007	**1,843,482,213**		
Weighted average number of outstanding shares during the period January 1, 2007 up to December 31, 2007 (excluding the average number of repurchased shares and shares for option and share plans)	**1,862,566,702**		
Balance as of 1 January 2008	**4,490**	**28**	**4,518**
- Cash flow hedges, net of taxes	2	-	2
- Currency translation adjustments	20	-	20
Net income recognized directly in equity	**22**	**-**	**22**
- Profit attributable to equity holders	1,332	6	1,338
Total recognized income up to December 31, 2008	**1,354**	**6**	**1,360**
- Share-based compensation	8	-	8
- Tax on share-based compensation	-	-	-
- Exercised options	24	-	24
- Shares repurchased (including for option and share plans and repurchase cost)	-1,170	-	-1,170
- Dividends paid	-981	-	-981
- Fair value reserve of available for sale financial assets	1	-	1
- Other	4	-5	-1
Total changes	**-2,114**	**-5**	**-2,119**
Balance as of December 31, 2008	**3,730**	**29**	**3,759**
Number of issued shares as of December 31, 2008[7]	**1,714,362,792**		
Weighted average number of outstanding shares during the period from January 1, 2008 up to December 31, 2008 (excluding the average number of repurchased shares and shares for option and share plans)	**1,739,181,536**		

[7] On 15 December 2008, KPN cancelled 30,703,288 shares repurchased under the 2008 repurchase program. After cancellation of these shares, the total number of issued shares amounts to 1,714,362,792.

Appendix (E) Other Disclosures

Business combinations

During the period to 31 December 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 Q1 2008 were SMS Michel Communication GmbH, ApplicationNet BV, Gemnet CSP BV and IPT Medical Services BV. The acquisitions in Q2 2008 were Ortel Mobile Holding BV, blau Mobilfunk GmbH and Station to Station BV (reference is made to the press releases KPN First Quarter Results 2008 and KPN Second Quarter Results 2008). There were no business combinations in Q3 2008. In Q4 2008, KPN acquired Debitel's Dutch operations. KPN performed a provisional purchase price allocation for the Debitel acquisition and for the other acquisitions in 2008 final purchase price allocations have been prepared. The purchase price allocations for the acquisitions in 2008 are shown in aggregate below:

(In millions of euro)	
Considerations paid for business combinations (net of cash)	181
Purchase price reduction not yet received	-8
Total cash and bank overdrafts included in acquired companies	24
Total deferred consideration	80
Total gross consideration for business combinations including transaction costs	**277**
Fair value net assets acquired (refer to table below)	71
Goodwill paid for new business combinations	**206**

The assets and liabilities arising from these acquisitions[8] are as follows:

(In millions of euro)	Fair value as of acquisition date
Trade name	41
Customer relationships	51
Other intangibles	31
Property, plant and equipment	9
Other non-current assets	15
Inventories	13
Other current assets	42
Cash and cash equivalents and bank overdrafts	24
Provisions	-18
Long-term interest bearing debt	-14
Deferred tax liabilities	-34
Current liabilities	-89
Net assets at fair value at acquisition date	**71**
Total consideration paid	277
Goodwill	**206**

At 31 December 2007, provisional purchase price allocations have been prepared for Versatel/Tele2 Belgium, iBasis and Getronics, which were acquired in Q4 2007. In 2008, these purchase price allocations were finalised. The changes in the provisional purchase price allocations resulted in EUR 16m higher goodwill for these acquisitions. The changes in fair value of the net assets are shown in aggregate below:

[8] If these acquisitions had occurred on 1 January 2008, KPN estimates consolidated revenues would have been approximately EUR 70m higher and profit for the year would have been approximately EUR 10m lower

(In millions of euro)	Changes in fair value as of acquisition date
Customer relationships	-1
Property, plant and equipment	10
Other non-current assets	-1
Other current assets	-6
Provisions	-25
Deferred tax liabilities	10
Current liabilities	-3
Changes in fair value of net assets at acquisition date	**-16**

Off-balance sheet commitments

The off-balance sheet commitments as of 31 December 2008, amounting to EUR 4.5bn, were EUR 0.2bn 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 0.15bn and other contingent liabilities (mainly guarantees) of EUR 0.1bn, and a decrease of purchasing commitments of EUR 0.05bn.

Appendix (F) Service revenues Dutch wireless services activities

	Q4 2008	Q4 2007	FY 2008	FY 2007
Service revenues (in millions of euro)	**754**	**725**	**2,981**	**2,973**
- Consumer Segment	423	407	1,687	1,700
- Business Segment	234	229	921	930
- Other Dutch activities[9]	97	89	373	343
SAC/SRC *(in euro)*				
- Consumer Segment	150	130	150	134
- Business Segment	380	315	397	325

[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 definition[10])

Revenues and other income *(In millions of euro)*	Q1 2008	Q2 2008	Q3 2008	Q4 2008	FY 2008	Δ y-on-y Q1	Δ y-on-y Q2	Δ y-on-y Q3	Δ y-on-y Q4	Δ FY
Reported	**2,594**	**2,637**	**2,597**	**2,672**	**10,500**	***26%***	***25%***	***23%***	***-1%***	***17%***
- Getronics	515	504	465	449	1,933					
- iBasis/iBasis the Netherlands (until Q4 '07)	219	234	227	232	912					
- Other gains and losses, eliminations	-49	-61	-68	15	-163					
The Netherlands (as per guidance definition)	**1,909**	**1,960**	**1,973**	**1,976**	**7,818**	***-1.5%***	***1.3%***	***1.8%***	***0.5%***	***0.5%***
Of which:										
- Consumer	980	1,007	1,021	1,021	4,029	*-5.5%*	*-2.4%*	*-3.0%*	*1.0%*	*-2.5%*
- Business	795	812	809	839	3,255	*-4.2%*	*-1.6%*	*-0.1%*	*1.3%*	*-1.2%*
- Wholesale & Operations	767	776	763	764	3,070	*-2.0%*	*2.4%*	*2.8%*	*-5.7%*	*-0.7%*
- Other	-633	-635	-620	-648	-2,536	*-11%*	*-6.8%*	*-6.9%*	*-5.0%*	*-7.5%*

External revenues and other income *(In millions of euro)*	Q1 2008	Q2 2008	Q3 2008	Q4 2008	FY 2008	Δ y-on-y Q1	Δ y-on-y Q2	Δ y-on-y Q3	Δ y-on-y Q4	Δ FY
Reported	**2,542**	**2,580**	**2,536**	**2,616**	**10,274**	***27%***	***26%***	***24%***	***-0.7%***	***18%***
- Getronics	504	492	449	425	1,870					
- iBasis/iBasis the Netherlands (until Q4 '07)	179	188	177	189	733					
- Other gains and losses, eliminations	17	7	6	92	122					
The Netherlands (as per guidance definition)	**1,842**	**1,893**	**1,904**	**1,910**	**7,549**	***-3.1%***	***-0.1%***	***0.5%***	***1.6%***	***-0.3%***
Of which:										
- Consumer	916	947	960	955	3,778	*-5.0%*	*-1.0%*	*-2.2%*	*1.4%*	*-1.7%*
- Business	755	772	767	795	3,089	*-3.8%*	*-1.2%*	*0.1%*	*1.7%*	*-0.8%*
- Wholesale & Operations	170	174	176	160	680	*12%*	*11%*	*21%*	*1.9%*	*11%*
- Other	1	0	1	0	2					

EBITDA *(In millions of euro)*	Q1 2008	Q2 2008	Q3 2008	Q4 2008	FY 2008	Δ y-on-y Q1	Δ y-on-y Q2	Δ y-on-y Q3	Δ y-on-y Q4	Δ FY
Reported	**877**	**900**	**890**	**888**	**3,555**	***2.1%***	***-0.7%***	***6.0%***	***0.2%***	***1.8%***
- Getronics	24	34	18	3	79					
- iBasis/iBasis the Netherlands (until Q4 '07)	6	7	7	7	27					
- Restructuring costs	-2	-11	-	-	-13					
- Other gains and losses, eliminations	18	6	7	89	120					
The Netherlands (as per guidance definition)	**831**	**864**	**858**	**789**	**3,342**	***-2.7%***	***2.1%***	***6.6%***	***-1.7%***	***1.0%***
Of which:										
- Consumer	194	202	194	163	753	*7.2%*	*3.1%*	*8.4%*	*7.9%*	*6.5%*
- Business	190	198	199	189	776	*-2.1%*	*4.8%*	*6.4%*	*4.4%*	*3.3%*
- Wholesale & Operations	444	442	457	433	1,776	*-5.9%*	*-4.3%*	*5.1%*	*-4.4%*	*-2.5%*
- Other	3	22	8	4	37					

[10] The Netherlands excluding Getronics, iBasis/iBasis the Netherlands, restructuring costs (until Q2 2008) 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	
	Q4 2008	FY 2008	Q4 2008	FY 2008
- E-Plus	-9	-44	-5	-25
- BASE	-7	-27	-5	-19
- Mobile Wholesale NL	-2	-10	-1	-7
Total Mobile International	**-18**	**-81**	**-11**	**-51**
- Consumer	-9	-50	-4	-25
- Business	-6	-26	-1	-5
- Getronics	-	-	-	-
- Wholesale & Operations (incl. iBasis)	-5	-21	-	-
Total The Netherlands	**-20**	**-97**	**-5**	**-30**
Intercompany eliminations	3	19	-	-
KPN Consolidated	**-35**	**-159**	**-16**	**-81**

Appendix (I) Operating result to EBITDA

(In millions of euro)	Q4 2008			Q4 2007		
	Operating Result	DA & I[11]	EBITDA	Operating Result	DA & I	EBITDA
- Consumer	95	68	163	82	69	151
- Business	153	36	189	152	29	181
- Getronics	-53	56	3	5	18	23
- Wholesale & Operations (incl. iBasis)	226	303	529	289	245	534
- Other	-6	10	4	-11	8	-3
Total The Netherlands	**415**	**473**	**888**	**517**	**369**	**886**
- E-Plus	139	178	317	104	174	278
- BASE	36	25	61	22	28	50
- Mobile Wholesale NL	31	7	38	27	7	34
- Other	-4	5	1	-7	3	-4
Total Mobile International	**202**	**215**	**417**	**146**	**212**	**358**
Other activities	**-25**	**1**	**-24**	**-29**	**1**	**-28**
KPN Group	**592**	**689**	**1,281**	**634**	**582**	**1,216**

[11] Depreciation, amortization and impairments

Appendix (I) Operating result to EBITDA (continued)

(In millions of euro)	FY 2008			FY 2007		
	Operating Result	DA & I[12]	EBITDA	Operating Result	DA & I	EBITDA
- Consumer	478	275	753	460	247	707
- Business	655	121	776	642	109	751
- Getronics	-67	146	79	5	18	23
- Wholesale & Operations (incl. iBasis)	868	1,055	1,923	837	1,180	2,017
- Other	-10	34	24	-31	24	-7
Total The Netherlands	**1,924**	**1,631**	**3,555**	**1,913**	**1,578**	**3,491**
- E-Plus	577	668	1,245	437	676	1,113
- BASE	133	107	240	117	113	230
- Mobile Wholesale NL	118	27	145	101	28	129
- Other	-58	26	-32	-21	3	-18
Total Mobile International	**770**	**828**	**1,598**	**634**	**820**	**1,454**
Other activities	**-97**	**2**	**-95**	**-47**	**2**	**-45**
KPN Group	**2,597**	**2,461**	**5,058**	**2,500**	**2,400**	**4,900**

Appendix (J) Noteworthy items

(In millions of euro)	Q4 2008	Q4 2007	FY 2008	FY 2007
Revenue effect MTA	-35	-50	-159	-174
EBITDA effect MTA	-16	-26	-81	-95
Book gain (loss) on sale of subsidiaries	-	66	8	70
Book gain on sale of real estate	94	10	132	96
Additional costs to solve VoIP issues	-	-	-	-55
Restructuring charges	-31	-33	-282	-59
Depreciation effect Telfort network integration	-	-	-	-32
Amortization effect Telfort network integration	-	-	-	-116
Release of pension provisions	-	-	199	-
Goodwill impairment iBasis	-67	-	-67	-
Goodwill impairment Getronics (related to businesses classified as held for sale)	-36	-	-58	-
Accelerated depreciation traditional (copper) network	-16	-	-70	-
Recognition deferred tax asset E-Plus	34	1,165	34	1,165

[12] Depreciation, amortization and impairments

Appendix (K) 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 at 31 December 2008. These businesses are Business Solutions for local governments and healthcare and Document Services (all in the Netherlands).

The North American businesses of Getronics were sold on 20 August 2008 and the sale of Business Application Services was closed on 2 December 2008. An agreement in principle was reached on 1 December 2008 regarding the sale of Business Solutions for local governments and healthcare. This sale is expected to be closed in Q1 2009. In Q4 2008, a goodwill impairment charge of EUR 36m has been recorded regarding Business Application Services and the businesses classified as held for sale at 31 December 2008.

All the businesses as mentioned in the first alinea have been included in the Consolidated Income Statement until 31 December 2008. In the Consolidated Balance Sheet per 31 December 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 millions of euro unless indicated otherwise)	
Intangible assets (including goodwill)	68
Property, plant and equipment [a)]	14
Deferred income tax assets	14
Trade and other receivables	20
Other current assets	3
Total assets held for sale	**119**
Deferred income tax liabilities	4
Trade and other payables	11
Other current liabilities	21
Total liabilities held for sale	**36**

[a)] Also includes property not related to Getronics businesses classified as held for sale

From 1 July 2008, the non-current assets of these businesses are no longer depreciated (or amortized) 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 are continued to be recognized.

Appendix (L) Pension position (under IFRS)

(In millions of euro)	FY 2007	Impact 2008	FY 2008	YE 2009
Pension obligations	6,697		5,852	
Pension plan assets	6,205		5,239	
Deficit	492		613	
Corridor gains/(losses)	449		40	
Pension provisions on balance sheet	**941**		**653**	
Loss of assets in 2008		-1,305		
Lower indexation and rise in Corp. AA discount rate		891		
Recognition of gains/(losses), past service cost		5		
Total impact on corridor in 2008		**-409**		
P&L pension charge			**140**	**~165**