



AGENDA EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Koninklijke KPN N.V. (KPN) invites its shareholders to an Extraordinary General Meeting of Shareholders (the "EGM"), to be held on 2 October 2013, at 14:00 hours (CET) at KPN's head office, Maanplein 55, The Hague, The Netherlands.

Agenda

1. Opening and announcements
2. Proposal to approve (within the meaning of article 2:107a Dutch Civil Code) the sale of the E-Plus group to Telefónica Deutschland Holding AG (*Resolution*)
3. Remuneration Board of Management
 - a. Proposal to approve the adjustment factor relating to LTI plans (*Resolution*)
 - b. Proposal to approve the retention bonus for Mr T. Dirks (*Resolution*)
4. Any other business and closure of the meeting

Explanatory notes to agenda item 2

The transaction

On 23 July 2013, KPN announced its intention to sell E-Plus to Telefónica Deutschland Holding AG ("Telefónica Deutschland") (the "Transaction"). As consideration for the sale of E-Plus, KPN will receive EUR 5.0 billion in cash and a 17.6% stake in Telefónica Deutschland. The Transaction will unlock synergies of EUR 5.0-5.5 billion.

On completion of the Transaction ("Completion"), KPN will initially receive EUR 3.7 billion in cash and a 24.9% stake in Telefónica Deutschland. Immediately following the issuance of the new shares by Telefónica Deutschland, Telefónica, S.A. ("Telefónica") will acquire a 7.3% stake in Telefónica Deutschland from KPN for a purchase price of EUR 1.3 billion, resulting in KPN holding a 17.6% stake in Telefónica Deutschland after Completion and receiving EUR 5.0 billion in cash. The EUR 1.3 billion paid by Telefónica for the 7.3% stake implies a EUR 3.1 billion value for the remaining KPN stake of 17.6%. As a result, the total implied transaction value of the sale of E-Plus is EUR 8.1 billion.

Rationale

KPN believes that the sale of E-Plus creates significant shareholder value given the compelling EUR 8.1 billion implied value to be realized for E-Plus, driven by unlocking estimated synergies of EUR 5.0-5.5 billion in Germany. The proceeds will increase KPN's financial flexibility and the company intends to recommence dividend payments to shareholders for the financial year 2014, subject to Completion. After the Transaction, KPN will focus on its core geographies: the Netherlands and Belgium.



The principal benefits from the sale of E-Plus are:

- The implied transaction value representing a significant premium and an implied transaction multiple of 9.0x¹ on E-Plus analyst consensus FY 2013 EBITDA, being a substantial premium to KPN's trading multiple of 4.7x² at the time of announcement of the Transaction. Also, the considerable premium embedded in the sale price realises the EUR 5.0-5.5 billion estimated synergy potential of E-Plus and Telefónica Deutschland for KPN's shareholders. Moreover, the EUR 5.0 billion cash consideration crystallises part of the synergy value for KPN's shareholders upfront.
- The further upside provided through a 17.6% stake in Telefónica Deutschland after Completion.
- The increased financial flexibility for KPN with a strong credit profile post Transaction.
- The allowed focus on KPN's core geographies.
- The limiting of KPN's capital and investment exposure in Germany.

The Board of Management and the Supervisory Board of KPN determined, having duly considered the strategic, economic, financial and social aspects of the Transaction, that the Transaction is in the best interests of KPN and all its stakeholders, including all its shareholders. The Board of Management and the Supervisory Board therefore fully and unequivocally recommend that KPN shareholders vote in favor of approval of the EGM resolution concerning KPN entering into the Transaction.

Article 2:107a of the Dutch Civil Code entitles the Central Works Council of KPN to give its (non-binding) point of view on a transaction that is brought before the EGM for approval. The purpose is to allow shareholders to take the works council's views into consideration in deciding how to vote. KPN has asked the Central Works Council of KPN to give its point of view on the Transaction. To this date the Central Works Council has not yet provided a definitive view. KPN continues its dialogue with the Central Works Council. If the Central Works Council decides to provide its point of view prior to the EGM, it will be published on www.kpn.com/egm. A member of the Central Works Council also has the right to explain the point of view of the Central Works Council at the EGM.

Proposal

Pursuant to article 2:107a of the Dutch Civil Code and article 21 of the articles of association of KPN, the Board of Management and the Supervisory Board request the general meeting to approve the sale by KPN of the E-Plus group to Telefónica Deutschland.

The terms and conditions of and the further details of the Transaction are set out in the shareholders' circular made available by KPN to its shareholders on KPN's website on the date of publication of this agenda and explanatory notes thereto.

¹ Implied transaction value divided by E-Plus EBITDA analyst consensus FY 2013 of EUR 899 million.

² Based on equity research.



Explanatory notes to agenda item 3

3a. Adjustment factor LTI plans

The current Long Term Incentive (“LTI”) plan for members of the Board of Management has been put in place since April 2011 based on a formal approval by the Annual General Meeting of shareholders. The fixed number of performance shares (also considering the share price of KPN) for the CEO was determined on 95,000 shares (with deferred dividend) and 66,000 shares (with deferred dividend) for the other members of the Board of Management. If subsequent to the date of grant, an issue of shares occurs, the LTI plan rules provide the possibility to alter granted stock rights under the LTI incentive plan to make its economic value equal to its economic value immediately before such issue. This approach is thus exclusively aimed at reflecting the increased number of shares following the rights issue and is in line with market practice. It was also disclosed in the prospectus of KPN’s EUR 3 billion rights issue, which was completed in May 2013.

It is therefore proposed to the general meeting to adjust the fixed number of performance shares for the members of the Board of Management based on a mathematical calculated adjustment factor, i.e. the cum-rights price divided by the TERP (Theoretical Ex-Rights Price). In case of the KPN rights issue the adjustment factor is set at 1.6494³. This adjustment factor will be applicable for the existing (not yet vested) LTI plans, i.e. 2011, 2012 and 2013 and future plans.

3b. Retention bonus for Mr T. Dirks

Completion is subject to approval by the Merger Clearance Authorities and is conditional upon satisfaction of certain other conditions. To ensure the continuity of the E-Plus organisation in the event that the sale of E-Plus will not be completed, it is proposed to the general meeting to grant a gross retention bonus to Mr T. Dirks (member of the KPN Board of Management and CEO of E-Plus) equal to his annual base salary of EUR 650,000. This retention bonus will only be payable if Mr T. Dirks is still employed one year after a formal announcement of a cancellation of the E-Plus transaction.

³ Cum-rights price of EUR 2.589 per 25 April 2013 divided by TERP of EUR 1.57 (rounded)