



**Date**  
19 September 2013

**Subject**  
KPN EGM – to vote on sale of  
E-Plus

**Our reference**  
2013-U-00076-RvB

To: Shareholders of KPN

Dear Shareholder,

The extraordinary general meeting of shareholders of KPN (“EGM”) related to the sale of E-Plus to Telefónica Deutschland will be held on 2 October 2013. On 21 August 2013 we have published a shareholders’ circular including the details regarding the proposed sale of E-Plus (“Transaction”) and on 29 August 2013 an addendum to the shareholders’ circular reflecting the improved terms of the sale of E-Plus was published. As consideration for the sale of E-Plus, KPN will receive EUR 5.0 billion in cash and a 20.5% stake in Telefónica Deutschland. The Transaction will unlock synergies of EUR 5.0-5.5 billion and translates into an implied valuation for E-Plus of EUR 8.55 billion.

The Transaction creates significant shareholder value given the compelling implied valuation for E-Plus. Following completion of the Transaction, KPN will significantly strengthen its financial position. The majority of the EUR 5.0 billion cash proceeds will be used to further increase financial flexibility and it is KPN's intention to recommence dividend payments to its shareholders for the financial year 2014, subject to completion of the Transaction.

The sale of E-Plus will allow KPN to focus on its core geographies - The Netherlands and Belgium. In The Netherlands, KPN will strengthen its leading market positions. In Belgium, KPN will focus on continued growth of BASE Company by continuing its Challenger strategy.

The Supervisory Board and Board of Management of KPN (“KPN Boards”), having duly considered the strategic, economic, financial and social aspects of the proposed sale of E-Plus, believe that it presents an attractive opportunity for KPN’s shareholders. The KPN Boards therefore recommend the Transaction to KPN’s shareholders for approval at the EGM.

The record date for this EGM was set at 4 September 2013 and the voting registration deadline at 26 September. However we understand that your custodian may have set a deadline a few days before 26 September. Should you be holding KPN shares at this point in time, we would highly appreciate your attendance and vote at the EGM.

Next to the above we would like to provide some additional clarification regarding resolution 3b: Proposal to approve retention bonus for Thorsten Dirks, in his role as CEO of E-Plus. We have taken note that various proxy advisors raise concerns regarding this resolution, however the KPN Boards recommend shareholders to vote in favour for the following reasons:

- In principal KPN agrees with the view that a remuneration program should aim to reward, motivate and retain executives. KPN’s remuneration program includes a Long Term Incentive

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(LTI) plan that in normal circumstances also aims to retain executives. However, because the LTI plan is largely based on Total Shareholder Return (TSR), and taking into account KPN's share price performance, the recent LTI plans in practice have no material value and do not provide an incentive to retain executives. In these special circumstances, with the sale of E-Plus and virtually no value in the LTI plans, a retention award is proposed as a temporary solution. Going forward, adjustments to the LTI plan will be considered to ensure, for the future, that this plan provides the right incentives for long term performance.

- It is in the best interest of all KPN shareholders that in the event the E-Plus sale cannot proceed, the value of this asset be safeguarded. To achieve this goal, it is essential to avoid disruption among the executive management in the period following a hypothetical cancellation. The proposed retention award is an efficient and cost-effective way to reduce the risks faced by KPN and its shareholders.
- Thorsten Dirks has extensive experience within E-Plus and KPN and has proven to be the right person for the E-Plus CEO role. He joined E-Plus in 1996 and has been Chairman of the Board of Management of E-Plus since 2007. Thorsten Dirks has been instrumental in the strategic direction of E-Plus which led to significant value creation represented by the Transaction. In a situation of a deal break, Thorsten Dirks can be the role model to ensure business continuity. Therefore, KPN is of the opinion that in this case a retention award is warranted.

Thank you for your continued support of KPN. We are looking forward to meeting you at the EGM on 2 October 2013.

Should you wish to discuss any of the proposals we welcome you to contact KPN Investor Relations:

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In case you experience any difficulties with the voting process please contact Georgeson:

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Yours sincerely,

KONINKLIJKE KPN N.V.



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