SHAREHOLDERS' CIRCULAR

dated 21 August 2013

for the purpose of the

Extraordinary General Meeting of Shareholders of

KONINKLIJKE KPN N.V.

to be held on

2 October 2013

at 14:00 hours CET, at KPN's Head Office
Maanplein 55, The Hague, The Netherlands

IMPORTANT INFORMATION

This shareholders' circular does not constitute an offer or invitation to sell, purchase or subscribe for any securities, or the solicitation of an offer to buy or subscribe for securities, in any jurisdiction and is not a prospectus as defined in article 5.2 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

This shareholders' circular has been published by Koninklijke KPN N.V. (**KPN**) for the sole purpose of informing KPN's shareholders (the **KPN Shareholders**) on the proposed sale of KPN's German E-Plus business (**E-Plus**). The KPN Shareholders will be asked to approve the Transaction at the extraordinary general meeting of shareholders of KPN to be held on 2 October 2013 at 14:00 hours CET, at KPN's head office, at Maanplein 55 The Hague, the Netherlands (the **EGM**). Copies of this shareholders' circular and the agenda (including the explanatory notes) for the EGM are available in Dutch and in English at KPN's website (www.kpn.com). The information included in this shareholders' circular reflects the situation on the date of this document. Neither the issue nor the distribution of this shareholders' circular shall under any circumstances constitute a representation, confirmation or implication that the information contained herein is accurate and complete at any time subsequent to the date hereof and KPN expressly disclaims any obligation or undertaking to update, amend or supplement the information contained herein in any way to reflect facts or circumstances arising or occurring after the date of this shareholders' circular.

Certain statements contained in this shareholders' circular that are not historical facts are "forward-looking statements". Such statements are based on KPN's beliefs and projections and on information currently available to KPN. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond KPN's control and all of which are based on KPN's current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes", "anticipates", "annualised", "goal", "target" or "aim" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risks and uncertainties.

Forward-looking statements involve inherent risks and uncertainties and speak only of the date they are made. KPN undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law.

This shareholders' circular is governed by Dutch law and must be read and interpreted in accordance therewith. Any dispute arising in connection with this shareholders' circular will be subject to the exclusive jurisdiction of the competent court in The Hague, the Netherlands.

The shareholders' circular is also available in Dutch. If there is a discrepancy between the Dutch and the English version, the English version prevails.

CONTENTS

LETTER TO THE SHAREHOLDERS

The Hague, 21 August 2013

Dear Shareholder,

We are pleased to invite you to the extraordinary general meeting of shareholders of KPN to be held on 2 October 2013 at 14:00 hours CET, at KPN's head office, at Maanplein 55 The Hague, the Netherlands.

With this shareholders' circular we intend to inform you on the proposed sale of 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 via newly to be issued shares by 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.

The Transaction creates significant shareholder value given the compelling sale price achieved for E-Plus, driven by unlocking estimated synergies of EUR 5.0-5.5 billion in Germany by combining E-Plus and Telefónica Deutschland. The implied transaction value represents a significant premium including fair share of synergies and a transaction multiple of 9.0x[1] on E-Plus analyst consensus FY 2013 EBITDA, a substantial premium to KPN's trading multiple of 4.7x[2] at the time of announcement.

The premium embedded in the sale price realises EUR 5.0-5.5 billion estimated synergy potential for KPN Shareholders as the

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

[2] Based on equity research.

EUR 5.0 billion cash consideration crystallises part of the synergy value for KPN Shareholders upfront, while retaining further upside to the synergy potential through the 17.6% stake in Telefónica Deutschland post Completion.

Following Completion, KPN will significantly strengthen its financial position. The majority of the EUR 5.0 billion cash proceeds from the Transaction 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. After Completion, KPN will have a strong credit profile with Q2 2013 pro forma net debt[3]/ EBITDA[4] below 1.5x taking into account the cash proceeds of the Transaction.

The combination of E-Plus and Telefónica Deutschland will establish a mobile operator with attractive synergy and growth potential in Europe's largest economy with a clear vision and commitment to compete against the incumbent market leaders across all segments. The combination would have had annual revenues of approximately EUR 8 billion.[5] It will have an enhanced customer proposition with a high quality mobile network, sufficient capacity to address increasing demands for high quality (data) services and an extensive distribution network and a multi-brand strategy serving different customer needs.

Furthermore, the Transaction will allow KPN to focus on its core geographies – the Netherlands and Belgium. In the Netherlands, KPN will be able to focus its strategic efforts on strengthening its leading market positions. KPN is currently the market leader in Dutch mobile (45% market share[6]) and also holds the number one positions in domestic broadband (41% market share) and the business segment and shows continued strong growth in the Dutch TV market (24% market share). The significant investments in the Netherlands over the last two years in fixed and mobile networks and customer driven investments are starting to yield operational results. With respect to Belgium, KPN will focus on continued growth of BASE Company (formerly named KPN Group Belgium) by continuing its Challenger strategy in Belgium. BASE Company has over 20% service revenue market share in the Belgian

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[3] Nominal debt repayment obligations in EUR at maturity, including 50% of hybrid capital instruments, less net cash and cash equivalents.

[4] Based on 12 months rolling total EBITDA excluding book gains, release of pension provisions and restructuring costs, when over EUR 20 million.

[5] For fiscal year ended 31 December 2012 for both E-Plus and Telefónica Deutschland.

[6] All market shares set out in this shareholders' circular are management estimates per Q2 2013 unless indicated otherwise.

mobile market, which has steadily increased over the years as a result of continued market outperformance. As a successful Challenger, BASE Company continues to have an attractive growth potential.

The Board of Management and the Supervisory Board of KPN, having duly considered the strategic, economic, financial and social aspects of the Transaction, believe that the Transaction presents an attractive opportunity for the KPN Shareholders. The Board of Management and the Supervisory Board have therefore determined, after taking into account the interests of the KPN Shareholders, employees, creditors and other stakeholders of KPN, to fully and unequivocally recommend the Transaction to the KPN Shareholders for approval at the forthcoming EGM. We encourage all KPN Shareholders to vote in favour of the resolution described in this shareholders' circular.

The agenda of the EGM and the explanatory notes thereto are set forth in Schedule 2. You can vote in person at the EGM or by submitting a proxy. For further information on the voting formalities, see the Invitation to attend the EGM (Schedule 3).

The affirmative vote of a simple majority of votes cast at the EGM is required to pass the resolution to approve the Transaction.

On 9 August 2013, América Móvil formally notified KPN of its intention to make an all-cash offer to acquire all outstanding ordinary shares of KPN at a price of EUR 2.40 per KPN share. The Board of Management and the Supervisory Board will carefully consider América Móvil's intended offer consistent with their fiduciary duties and their commitment to the continuity of KPN and the interests of all stakeholders, including all KPN Shareholders, and will explore all strategic options open to KPN. América Móvil has stated that it is carefully evaluating the merits of the Transaction and that it will make a final determination in relation to the exercise of its voting rights at the EGM. Should América Móvil indeed launch a formal offer for KPN, the Board of Management and Supervisory Board will issue a separate position statement in relation to such offer. The EGM on 2 October 2013 will take place in any event.

This document contains important information about the Transaction and we urge all KPN Shareholders to read it carefully before making any decision on this important matter.

We emphasise that it is important that KPN Shareholders make use of their voting rights in order to move towards completion of the Transaction.

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

Yours sincerely,

KONINKLIJKE KPN N.V.

Mr. E. Blok	Mr. J.B.M. Streppel
Chairman Board of Management and CEO	Chairman Supervisory Board

INFORMATION ON THE TRANSACTION

1. BACKGROUND AND INFORMATION ON RELEVANT PARTIES

Background to the Transaction

On 23 July 2013, the Board of Management and the Supervisory Board announced that KPN had entered into an agreement with Telefónica Deutschland and its majority shareholder Telefónica for the sale of E-Plus to Telefónica Deutschland.

The consideration for E-Plus consists of a total cash payment of EUR 5.0 billion (initially EUR 3.7 billion in cash and a 24.9% stake in Telefónica Deutschland; immediately thereafter Telefónica will acquire a 7.3% stake in Telefónica Deutschland from KPN for a purchase price of EUR 1.3 billion) and a 17.6% stake in Telefónica Deutschland. The consideration represents an implied value for E-Plus of EUR 8.1 billion, which represents a 9.0x multiple on E-Plus analyst consensus FY 2013 EBITDA.

The Board of Management and the Supervisory Board fully and unequivocally recommend the Transaction to the KPN Shareholders subject to the terms and conditions of the sale and purchase agreement (the **SPA**) governing the Transaction.

Negotiation process

In July 2013, several discussions as to the Transaction took place between Telefónica, Telefónica Deutschland and KPN and their respective advisors. On 14 July 2013 a special meeting of the Supervisory Board took place during which the potential Transaction was discussed and the Board of Management was given a mandate to negotiate the contemplated Transaction with Telefónica and Telefónica Deutschland.

In line with its fiduciary duties, the Board of Management of KPN informed Telefónica and Telefónica Deutschland that it would consider all concrete, bona fide offers for E-Plus to the extent in the interest of all stakeholders of KPN, including all KPN Shareholders. The Board of Management retained Goldman Sachs and J.P. Morgan as financial advisors, PricewaterhouseCoopers Belastingadviseurs N.V. as tax advisors and Allen & Overy LLP and Bird & Bird LLP as legal advisors in order to advise on the contemplated Transaction.

On 17 July 2013, KPN entered into separate confidentiality agreements with each of Telefónica and Telefónica Deutschland in respect of (the discussions concerning) the Transaction.

On 18 July 2013, negotiations by and between Telefónica, Telefónica Deutschland and KPN and their respective advisors commenced in Amsterdam, the Netherlands.

Further to a due diligence investigation that was conducted by the parties in 2012 in connection with the discussions that took place at that time, the parties conducted due diligence investigations on each other between 18 and 20 July 2013. Management due diligence meetings were held between KPN, Telefónica and Telefónica Deutschland on 18 and 19 July 2013 in Düsseldorf, Germany.

Negotiations on the SPA continued from 18 up to and including 22 July 2013. On 20, 21 and 22 July 2013, the Supervisory Board was informed on the status of the negotiations and the terms and conditions for the Transaction proposed by Telefónica and Telefónica Deutschland. The Transaction was finally announced in the morning of 23 July 2013 by KPN, Telefónica and Telefónica Deutschland.

Information on E-Plus

E-Plus provides customers in Germany with multi-brand mobile telecommunication services, offering postpaid and prepaid services targeted at multiple market segments. E-Plus is the third largest mobile provider in Germany by number of subscribers and fourth largest by service revenue. Revenues and other income of E-Plus increased at a compounded annual growth rate of 2.7% from 2007 to 2012, from EUR 2,963 million to EUR 3,393 million. EBITDA in E-Plus increased at a compounded annual growth rate of 3.0% from EUR 1,113 million in 2007 to EUR 1,289 million in 2012. E-Plus is currently continuing its strategy towards a data-centric Challenger in the German mobile telecommunications market. E-Plus' multi-brand portfolio includes E-Plus and BASE as well as various other brands such as a youth-focused brand (yourfone) and a no-frills brand (Blau), brands focused on affordable mobile services for various ethnic communities (Ay Yildiz and Ortel Mobile) as well as its online brand (Simyo), which provides SIM cards for mobile phones online with and without subscription. The BASE brand will be transferred to KPN prior to Completion, it being agreed that the combined German business after the Transaction may continue to use the BASE brand in Germany.

Information on Telefónica Deutschland

Telefónica Deutschland is listed on the Frankfurt Stock Exchange in the Prime Standard and is majority owned by Telefónica. Telefónica Deutschland offers its German consumer and business customers postpaid and prepaid mobile telecom products as well as innovative mobile data services based on the GPRS, UMTS and LTE technologies through its product brand O2 as well as through other brands. The integrated communications provider also offers DSL fixed network telephony and high-speed internet. Telefónica Deutschland is the fourth largest mobile provider in Germany by number of subscribers and third largest by service revenue. For the year ended 31 December 2012, Telefónica Deutschland generated revenues of EUR 5.3 billion.

Telefónica Deutschland is one of the leading wholesale providers in Germany, offering access to its infrastructure and service capabilities to its wholesale partners. Furthermore, it has built a competitive network infrastructure and a strong spectrum position.

Telefónica Deutschland markets its products under a multi-brand strategy. It focuses on its core premium O2 brand, through which the company offers many of its mobile and fixed-line products and services. The company accesses additional customer groups through its secondary brands such as FONIC, netzclub, Tchibo mobil and Türk Telekom Mobile. Telefónica Deutschland targets Small offices/Home offices (SoHo) and small/medium enterprise business customers through its O2 brand, and large, national companies and multinational corporations through its Telefónica Multinational Solutions brand.

In its wholesale service business, Telefónica Deutschland offers mobile and fixed-line services to customers such as 1&1, Mobilcom/Debitel, Drillisch and the two major German cable operators Unitymedia/KabelBW and Kabel Deutschland. The company offers all products through a diversified distribution platform comprising direct and indirect sales channels.

Information on Telefónica

Telefónica is one of the largest telecommunications companies in the world in terms of market capitalisation and number of customers. From this position in the industry, and with its mobile, fixed and broadband businesses as the key drivers of its growth, Telefónica has focused its strategy on becoming a leading company in the digital world.

The company has a significant presence in 24 countries and a customer base that amounts 317.3 million accesses around the world. Telefónica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy.

Telefónica is a 100% listed company, with more than 1.5 million direct shareholders. Its share capital currently comprises 4,551,024,586 ordinary shares traded on the Spanish Stock Market (Madrid, Barcelona, Bilbao and Valencia) and on those in London, New York, Lima, and Buenos Aires.

2. RATIONALE FOR THE TRANSACTION

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.

Principal benefits of the Transaction

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

Compelling valuation E-Plus

a. Implied transaction value of EUR 8.1 billion[7] represents a significant premium

b. Implied transaction multiple of 9.0x[8] on E-Plus analyst consensus FY 2013 EBITDA, a substantial premium to KPN's trading multiple of 4.7x[9] at the time of announcement of the Transaction

c. The considerable premium embedded in the sale price realises the EUR 5.0-5.5 billion estimated synergy potential of the combination of E-Plus and Telefónica Deutschland for KPN Shareholders

d. The EUR 5.0 billion cash consideration crystallises part of the synergy value for KPN Shareholders upfront, while retaining further upside to the synergy potential through its 17.6% stake in Telefónica Deutschland post Transaction

Provides KPN and its shareholders further upside through a 17.6% stake in Telefónica Deutschland after Completion

a. The Transaction establishes a mobile operator with attractive synergy and growth potential in Europe's largest economy with a clear vision and commitment to compete against the incumbent market leaders across all segments

b. Annual revenues of approximately EUR 8 billion[10] and total estimated synergies of EUR 5.0-5.5 billion

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7 See the third paragraph of the Letter to Shareholders.
8 Implied transaction value divided by E-Plus EBITDA analyst consensus FY 2013 of EUR 899 million.
9 Based on equity research.
10 For fiscal year ended 31 December 2012 for both E-Plus and Telefónica Deutschland.

c. Enhanced customer proposition with a high quality mobile network

d. Sufficient capacity to address increasing demands for high quality (data) services and an extensive distribution network at attractive prices

e. Multi-brand strategy serving different customer needs

Increases KPN's financial flexibility with a strong credit profile post Transaction

a. Majority of EUR 5.0 billion cash proceeds will be used to increase financial flexibility

b. Adjusted for the cash consideration of the Transaction, KPN's Q2 2013 pro forma net debt[11]/ EBITDA[12] is below 1.5x, indicating a strong credit profile

c. KPN intends to recommence dividend payments to shareholders for the financial year 2014, subject to Completion

Allows KPN to focus on its core geographies

a. The Netherlands:

   i. Clear number one position across all segments (fixed and mobile, consumer and business)

   ii. Continued strong growth in the Dutch TV market (24% market share)

   iii. Significant investments over the last two years in fixed and mobile networks and customer driven investments are starting to yield operational results

b. Belgium:

   i. Successful Challenger, focused on continued growth

   ii. >20% service revenue market share in the Belgian mobile market

   iii. Steadily increasing market share over the years as a result of continued market outperformance

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[11] Nominal debt repayment obligations in EUR at maturity, including 50% of hybrid capital instruments, less net cash and cash equivalents.

[12] Based on 12 months rolling total EBITDA excluding book gains, release of pension provisions and restructuring costs, when over EUR 20 million.

iv. Focused on underpenetrated regions and network speed differentiation

v. Focus on mobile data and strong network position supporting postpaid and data focus

Limits KPN's capital and investment exposure in Germany

a. Competitive German mobile market environment requires capital expenditures and investments in execution of E-Plus' challenger strategy

b. Potential German spectrum auction that may take place as early as 2014 may require E-Plus to incur significant and unexpected investments

3. SUPPORT AND RECOMMENDATION

Rationale of the Board of Management and the Supervisory Board for the Transaction

In reaching their decision to agree to the Transaction and to recommend that the KPN Shareholders vote in favour of KPN entering into the Transaction, the Board of Management and the Supervisory Board extensively consulted their advisors. The Board of Management and the Supervisory Board considered both the financial and non-financial consequences of the Transaction, as well as other alternatives available to KPN.

Board of Management and Supervisory Board fully and unequivocally support the Transaction

The Board of Management and the Supervisory Board 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 have conducted discussions with Goldman Sachs and J.P. Morgan as their financial advisors, PricewaterhouseCoopers Belastingadviseurs N.V. as their tax advisors and Allen & Overy LLP and Bird & Bird LLP as their legal advisors. The Supervisory Board received a fairness opinion from ABN AMRO regarding the valuation of the offer of Telefónica Deutschland and Telefónica (see Schedule 4 of this shareholders' circular).

The Board of Management and the Supervisory Board fully and unequivocally recommend that KPN Shareholders vote in favour of approval of the EGM resolution concerning KPN entering into the Transaction.

In the event that the Transaction would not be consummated, KPN would continue to execute its current strategy. In Germany, KPN would continue E-Plus' strategy towards a data-centric Challenger.

Support Telefónica Deutschland and Telefónica

The Management and Supervisory Board of Telefónica Deutschland have resolved to enter into and to support the Transaction subject to the terms of the SPA. The board of directors of Telefónica has also resolved to enter into and to support the Transaction subject to the terms of the SPA.

Fairness opinion

The Supervisory Board has requested and received a fairness opinion delivered by ABN AMRO to the Supervisory Board. A copy of this fairness opinion is attached to this shareholders' circular as Schedule 4.

Point of view Central Works Council

Section 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 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.

Intended offer by América Móvil on KPN

On 9 August 2013, América Móvil formally notified KPN of its intention to make an all-cash offer to acquire all outstanding ordinary shares of KPN at a price of EUR 2.40 per KPN share. The Board of Management and the Supervisory Board will carefully consider América Móvil's intended offer consistent with their fiduciary duties and their commitment to the continuity of KPN and the interests of all stakeholders, including all KPN Shareholders, and will explore all strategic options open to KPN. América Móvil has stated that it is carefully evaluating the merits of the Transaction and that it will make a final determination in relation to the exercise of its voting rights at the EGM. Should América Móvil indeed launch a formal offer for KPN, the Board of Management and Supervisory Board will issue a separate position statement in relation to such offer. The EGM on 2 October 2013 will take place in any event.

4. SALE AND PURCHASE AGREEMENT

Consideration

On the date of Completion, KPN will receive EUR 3.7 billion in cash from Telefónica Deutschland and shares to be issued by Telefónica Deutschland representing 24.9% of Telefónica Deutschland's total issued share capital. Upon issuance of the new shares by Telefónica Deutschland, Telefónica will acquire 7.3% of Telefónica Deutschland's total issued share capital from KPN against payment of EUR 1.3 billion by Telefónica. As a result, KPN will hold 17.6% of Telefónica Deutschland's total issued share capital after Completion as well as a cash amount of EUR 5.0 billion.

The cash consideration will be adjusted for net debt and working capital as of 31 December 2013 and for any dividends or other distributions made by E-Plus to KPN after 1 January 2014 (being the effective date for the sale). The EUR 5.0 billion cash amount includes the amount of EUR 1.3 billion being the price at which Telefónica will acquire a 7.3% stake in Telefónica Deutschland from KPN.

Conditions precedent

The closing of the Transaction is conditional upon satisfaction or waiver of certain conditions precedent, provided, however, that the "No MAC" (as defined below) closing condition will be deemed to be fulfilled, unless a material adverse change has occurred and Telefónica or Telefónica Deutschland has informed KPN of that occurrence before 22 July 2014. The following conditions must be satisfied or waived, provided that the conditions under (a), (b) and (g) cannot be waived:

(a) KPN EGM approval

(b) Merger clearance

(c) No governmental or judicial prohibition

(d) No breach of the SPA

(e) No material adverse change ("No MAC")

(f) Certain German corporate law requirements being met in respect of a capital increase of Telefónica Deutschland and an auditor's certificate and a fairness opinion being obtained in relation thereto

(g) Completion of E-Plus' pre-closing restructuring

Regulatory approvals

The sale of E-Plus to Telefónica is conditional upon the approval of the relevant competition authorities. KPN, Telefónica Deutschland and Telefónica have therefore jointly analysed and exchanged information on anti-trust aspects.

In view of the turnover of Telefónica and E-Plus, the Transaction has to be notified to the European Commission for merger control approval. Before a formal notification ('a Form CO') is made, drafts of the Form CO have to be submitted to the European Commission in the so-called 'pre-notification phase', and the European Commission can ask for more information to be included in the Form CO. A definitive and final Form CO can be submitted when the European Commission has confirmed, in the pre-notification phase on the basis of latest drafts of the Form CO, that all required information is included. This pre-notification process can take several weeks or even months. The pre-notification process has commenced immediately after the sale of E-Plus to Telefónica had been announced on 23 July 2013.

After notification, the European Commission has 25 business days to adopt a decision to either approve the transaction or to initiate proceedings. The Commission will decide to initiate proceedings if it after this 'first-phase investigation' of 25 business days finds that the transaction raises serious doubts as to its compatibility with the common market, i.e. that it would significantly impede effective competition. The deadline of 25 business days can be extended with 10 business days if the undertakings concerned offer so-called 'remedies' in an attempt to address competition concerns of the European Commission.

If the European Commission decides to initiate proceedings (and to start a so-called 'second-phase investigation'), like it for example did in its review of the recent consolidation on the Austrian mobile markets, it has in principle 90 business days to adopt a decision to either approve the transaction or to prohibit it. That deadline will be extended to 105 business days if the undertakings concerned offer remedies. Additional extensions are possible, but with a maximum total duration of 20 business days.

After notification, a Member State may ask the European Commission to refer the review of the transaction to the Member State concerned. Germany may submit such a referral request to the European Commission given that the transaction primarily affects the German mobile markets. The European Commission can decide to grant the request, but can also reject the request and deal with the case itself.

As to the substantive assessment, KPN anticipates a thorough review by the competent competition authority of the effects of the transaction to competition in the German relevant telecommunication markets and to the division of frequency spectrum between the remaining three mobile network operators in Germany, the latter subject being also the responsibility of the German *Bundesnetzagentur*.

Based on earlier precedents, particularly the review by the European Commission of the recent consolidation in the Austrian mobile markets, it is anticipated that the competent competition authority will in detail assess the role played by the merging parties on the German markets for mobile voice and data services in the past and whether the transaction removes an important competitive force on the market. In addition, it will likely be investigated thoroughly whether the other two remaining mobile network operators Deutsche Telekom and Vodafone will exert sufficient competitive constraints upon the combined entity and to what extent alternative suppliers of mobile telecommunication services on the German market will discipline the combined entity.

It is possible that the competent competition authority and the German *Bundesnetzagentur* will regularly liaise with regard to frequency related issues. In the context of the recent consolidation on the Austrian mobile markets, the European Commission and the Austrian regulatory authority co-ordinated closely on spectrum related issues, particularly concerning the spectrum related remedies offered by the merging parties to obtain merger control clearance after a second-phase investigation. Any remedies that – if necessary – might be agreed with the competent competition authority, could have an impact on the amount of synergies to be unlocked through the Transaction.

The parties have agreed to work in close cooperation to file all necessary documents with the relevant competition authorities. KPN will have reasonable opportunity to comment on documents and attend meetings with the authorities and all information and assistance required in connection with the filing will be provided.

If no approval for the Transaction is obtained from the relevant competition authorities and the SPA is terminated, a break fee of EUR 100 million is payable by Telefónica Deutschland to KPN, as further set out in this section below.

No MAC

The "No MAC" condition means that after 23 July 2013 no material adverse change has occurred, whereby "material adverse change" means any event or change that would be sustainably materially adverse to the business, assets, financial condition, operating results or operations of E-Plus, taken as a whole, arising from or relating to:

(a) general business or economic conditions resulting in the DAX 30 falling on balance by 20 per cent during the course of 30 days;

(b) a decrease of the Mobile Service Revenue of E-Plus by 20% compared on a last three months' basis comparing each time the Mobile Service Revenue of E-Plus of the actual full three months with the Mobile Service Revenue of E-Plus of the same full 3 months of the previous year;

(c) the termination after 23 July 2013 of a material contract to E-Plus that could reasonably cause or has already caused a loss of 20% of mobile customers compared to the number of mobile customers of E-Plus, taken as a whole, as at 23 July 2013.

This "No MAC" condition precedent may only be waived by Telefónica Deutschland.

Long stop date

If the conditions precedent set out in section 4 of this shareholders' circular are not satisfied or waived on or before 1 March 2015, each of KPN, Telefónica and Telefónica Deutschland may terminate the SPA. If KPN's EGM does not approve the Transaction, each of KPN, Telefónica and Telefónica Deutschland may terminate the SPA from the first business day following KPN's EGM, provided that such KPN EGM shall be held no later than 31 October 2013.

Indemnities

KPN agreed to indemnify E-Plus against any claims that result from the settlement of the shareholder loans. KPN also agreed to indemnify E-Plus in connection with certain aspects of the pre-closing restructuring of E-Plus. KPN also agreed to indemnify Telefónica Deutschland for all taxes which are imposed on E-Plus and relate to tax assessment periods ending on or before 31 December 2013 and all tax ancillary obligations which arise after 31 December 2013 but which relate to the periods before 31 December 2013.

Alternative offer

KPN agreed not to initiate, or encourage the continuation of, any discussions with, or solicit, encourage or otherwise facilitate offers or proposals from, any other third party, and terminate any previously active discussions or other communications, concerning any potential sale of E-Plus or all or substantially all of E-Plus' assets or business, or any other potential transaction that would delay or prevent the Transaction, or require any alteration to, or affect, the contemplated terms of the Transaction. These obligations do not apply to a Superior E-Plus Offer (as defined below) or a written indication of interest by a third party that in the reasonable and good faith opinion of the Board of Management and Supervisory Board may lead to a Superior E-Plus Offer, if such Superior E-Plus Offer or written indication of interest is received prior to 1 December 2013.

A **Superior E-Plus Offer** is described as a written *bona fide* unsolicited offer for E-Plus made prior to 1 December 2013 by a *bona fide* third party, which offer (after taking into account all legal, financial, regulatory and other relevant aspects of the offer, including likelihood of consummation) is in the reasonable and good faith opinion of the Board of Management and Supervisory Board a superior offer and which offer values E-Plus at EUR 8.6 billion or more and commits to paying for the offer exclusively in (i) cash, (ii) liquid securities or (iii) a combination thereof.

Telefónica Deutschland has a matching right and can make a revised offer within five business days following the date on which it has received notice of the Superior E-Plus Offer. If such revised offer is (after taking into account all legal, financial, regulatory and other relevant aspects of the offer, including likelihood of consummation) in the reasonable and good faith opinion of the Board of Management and the Supervisory Board not at least equivalent to the Superior E-Plus Offer, the Board of Management and the Supervisory Board may withdraw their recommendation but not otherwise speak negatively of the Transaction (the **Fiduciary Out**).

Lock-up period and right of first refusal

There is a lock-up period of 180 days from Completion during which KPN may not sell its Telefónica Deutschland shares without the prior written consent of Telefónica Deutschland. However, the lock-up does not apply to any distributions of Telefónica Deutschland shares by KPN to its shareholders made after 45 days after Completion. After the lock-up period, KPN may sell its Telefónica Deutschland shares to a third party in whole or in part in an orderly market manner, except that KPN may not sell those shares in any private transaction to a telecommunications services provider. KPN may only sell its Telefónica Deutschland shares up to an amount of 20% per business day of the total number of those shares sold on the Frankfurt Stock Exchange on the preceding trading day. This restriction does not apply in case of a public takeover offer.

Telefónica has a right of first offer over any shares in Telefónica Deutschland's capital that KPN intends to sell after the lock-up period in the context of a private securities transaction, the number of shares to be sold in such transaction is at least 3% of the then current share capital of Telefónica Deutschland.

Standstill

KPN agreed that for a five-year period from Completion it will not buy any shares in Telefónica Deutschland's capital, nor act in concert in relation to the shareholding in Telefónica Deutschland with any other shareholder of Telefónica Deutschland.

Call option

KPN has granted Telefónica a call option. If KPN's shareholding, together with certain affiliated parties' such as major shareholders, in Telefónica Deutschland exceeds 22.6% of the then current share capital then Telefónica may exercise the call option in respect of such number of shares by which KPN's shareholding, together with certain affiliated parties' such as major shareholders, exceeds 22.6%. The exercise price will be equal to the average trading price on the Frankfurt Stock Exchange during the 30-trading-day period preceding the exercise of the call option, plus 10% of the exercise price to be calculated over the period between closing of the Transaction and the exercise of the call option.

During the first five years after Completion, KPN may not exercise the votes on such number of shares by which KPN's shareholding, together with certain affiliated parties' such as major shareholders, exceeds 22.6% of the shares in Telefónica Deutschland's share capital.

Break fees

To create deal certainty and cover expenses, the relevant parties agreed several break fees:

(a) KPN must pay to each of Telefónica and Telefónica Deutschland EUR 25 million (in total EUR 50 million) if its EGM does not approve KPN entering into the Transaction, provided that such EGM shall be held no later than 31 October 2013;

(b) KPN must pay to each of Telefónica and Telefónica Deutschland EUR 25 million (in total EUR 50 million) if it either exercises its Fiduciary Out or a Superior E-Plus Offer is consummated without the Board of Management and the Supervisory Board exercising their Fiduciary Out;

(c) Telefónica Deutschland must pay to KPN EUR 50 million if it has not registered its share capital increase in connection with the rights offering and the issue of shares to KPN with its commercial register before 1 March 2015 in the event the conditions precedent set out in section 4 paragraphs (a), (b), (c), (d), (e) and (g) of this shareholders' circular have been fulfilled; and

(d) Telefónica Deutschland must pay to KPN EUR 100 million if the Transaction does not take place as a result of the European Commission or the *Bundeskartellamt* and any other governmental authority having jurisdiction in respect of the Transaction (not being a merger control authority) not approving the Transaction.

Dividend

For the period 2014 and H1 2015, Telefónica Deutschland intends to pay dividends, distribute capital or capital reserves in cash only if the ratio of net financial debt / oibda does not materially exceed the target leverage (1.0x) and it intends to restrict the use of new debt to pay dividends, allowing it only if the ratio of net financial debt/ oibda consistently complies with the target leverage.

5. FINANCING OF THE TRANSACTION

Telefónica Deutschland will finance the EUR 3.7 billion cash consideration through a rights offering. Telefónica agreed to procure the underwriting of that rights offering in its entirety, either through a direct underwriting by Telefónica or through procuring third parties to underwrite a portion of the rights offering. Telefónica has confirmed that it has received commitments from financial institutions in relation to the underwriting of at least an amount equal to the percentage in the share capital of Telefónica Deutschland that Telefónica does not currently own, subject to market conditions. For the purpose of the rights offering, Telefónica Deutschland will publish a prospectus in accordance with the German Securities Prospectus Act.

The newly to be issued shares in Telefónica Deutschland will be granted to KPN by way of a contribution in kind. Telefónica and Telefónica Deutschland agreed to use their best efforts to have all shares that will be issued to KPN as well as the shares from the rights offering, admitted to listing and trading on the regulated market of the Frankfurt Stock Exchange as soon as reasonably practicable, in any case within one month from Completion.

6. UNAUDITED SELECTED PRO FORMA FINANCIAL INFORMATION

Unaudited selected pro forma financial information

The table below sets forth KPN's unaudited selected pro forma consolidated financials immediately post Transaction, which should be read in conjunction with the remainder of this shareholders' circular.

No adjustments have been made to the unaudited selected financial information that could further illustrate the impact of the Transaction. The pro forma financial information that is shown in the table below is therefore merely a subtraction of the individual financial information of E-Plus from the KPN consolidated figures for the financial year 2012, and should not be interpreted as pro forma financial information of KPN post Transaction.

Unaudited selected illustrative financial information for the financial year ended 31 December 2012. The figures below represent the reported numbers.

EURm, unaudited	**KPN**[13]	**E-Plus**[14]	**KPN excl. E-Plus**[15]
Revenue and other income	12,708	3,393	9,315
EBITDA	4,638	1,289	3,349
EBITDA margin	*36.5%*	*38.0%*	*36.0%*
Capex	2,209	634	1,575

Note that the unaudited pro forma financial data have been prepared for illustrative purposes only, and therefore do not represent the actual financial position or results of operations of KPN or E-Plus.

Accounting consequence of Transaction

The consideration for E-Plus on a cash and debt free basis consists of an amount in cash of EUR 5.0 billion[16] and a 17.6% stake in the combination of E-Plus and Telefónica Deutschland. Based on a fair value of EUR 8.1 billion, KPN expects to recognise a loss of EUR 1.3 billion in Q3 2013, when E-Plus is recognised as 'disposal group held for sale'. This loss relates to the deferred tax assets that in the Transaction have a lower fair value than their book value under IFRS as per 30 June 2013. The impairment amount and

[13] Restated as IAS 19 'Employee benefits' was amended (IAS 19R) and became effective on 1 January 2013.

[14] This includes business of E-Plus only; reporting segment Germany includes another small entity.

[15] Excluding the effect of reclassification of intercompany balances.

[16] EUR 3.7 billion is received in cash from Telefónica Deutschland together with a 24.9% stake in Telefónica Deutchland and immediately thereafter Telefónica acquires a 7.3% stake in Telefónica Deutschland from KPN against payment of EUR 1.3 billion.

final result from the Transaction depend on the development of the fair value of the 17.6% stake in Telefónica Deutschland.

SCHEDULE 1

DEFINITIONS

Board of Management means KPN's board of management;

Completion means the completion of the Transaction;

DAX 30 means (*Deutscher Aktien IndeX*, formerly *Deutscher Aktien-Index* (German stock index)) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange

EGM means KPN's extraordinary general meeting of shareholders to be held at KPN's head office, at Maanplein 55 The Hague, the Netherlands on 2 October 2013;

E-Plus means KPN's German E-Plus business;

Fiduciary Out has the meaning set out in section 4 of this circular;

German Stock Corporation Act means *Aktiengesetz*;

KPN means Royal KPN N.V.;

KPN Shareholders has the meaning set out in the section Important Information at the beginning of this shareholders circular;

Telefónica Deutschland means Telefónica Deutschland Holding AG;

SPA has the meaning set out in section 4 of this shareholders' circular;

Superior E-Plus Offer has the meaning set out in section 4 of this shareholders' circular;

Supervisory Board means KPN's supervisory board;

Telefónica means Telefónica, S.A.; and

Transaction has the meaning set out in the Letter to Shareholders.

SCHEDULE 2

AGENDA AND EXPLANATORY NOTES THERETO

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 (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 9.0x[17] on E-Plus analyst consensus FY 2013 EBITDA, being a substantial premium to KPN's trading multiple of 4.7x[18] 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.

Section 2:107a of the Dutch civil code entitles the Central Works Council of KPN to give its (non-binding) point of view

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

18 Based on equity research.

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 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.

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 1.6494[19]. 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.

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

SCHEDULE 3

INVITATION TO ATTEND THE EGM

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

Agenda and Meeting Documents

1. Opening and announcements
2. Sale of E-Plus (*Resolution*)
3. Remuneration Board of Management
   a. Adjustment factor relating to LTI plans (*Resolution*)
   b. Retention bonus Mr T. Dirks (*Resolution*)
4. Any other business and closure of the meeting

The full agenda with the explanatory notes thereto and the shareholders circular are available free of charge on the internet at www.kpn.com/ir and can also be obtained by contacting ABN AMRO Bank N.V. ("ABN AMRO"), at (+ 31) 20 344 20 00 or by email: corporate.broking@nl.abnamro.com. The meeting documents are also available for inspection at the head office of KPN, Maanplein 55 in The Hague, The Netherlands.

Record Date

The Board of Management has determined that for this meeting, the persons who will be considered as entitled to attend the general meeting, are those holders of shares who on Wednesday 4 September 2013, after close of trading on NYSE Euronext Amsterdam (the "Record Date") hold those rights and are registered as such in one of the following (sub)registers:

- For holders of deposit shares: the administrations of the banks and brokers which are intermediaries according to the Dutch Securities Giro Transactions Act (‘*Wet giraal effectenverkeer*’);
- For holders of registered shares: the Shareholders register of the company.

Registration to vote

Shareholders are entitled to vote up to the total number of shares that they held at the close of trading at the Record Date, provided they have registered their shares timely.

A holder of deposit shares who wishes to attend the meeting must register with ABN AMRO (via www.abnamro.com/evoting) as of the Record Date and no later than Thursday 26 September 2013, 17:30 hours (CET). A confirmation by the intermediary in which administration the holder is registered for the deposit shares must be submitted to ABN AMRO, stating that such shares were registered in his/her name at the Record Date. With this confirmation, intermediaries are furthermore requested to include the full address details of the relevant holder in order to be able to verify the shareholding on the Record Date in an efficient manner. The receipt (of registration) supplied by ABN AMRO will serve as admission ticket to the meeting.

A holder of registered shares who wishes to attend the meeting must register no later than Thursday 26 September 2013, 17:30 hours (CET), in the manner as set out in the letter of notification.

A holder of ADRs who wishes to attend the meeting in The Netherlands should contact the **American Stock Transfer & Trust Company, LLC** at phone number (+1) 866-706-0509 or via email at info@amstock.com / stanley.jones@db.com no later than Thursday 26 September 2013, 17:00 hours (US EST).

Voting by proxy
The right to attend and to vote at the meeting may be exercised by a holder of a written proxy, for which purpose forms can be obtained free of charge as set out in the paragraph above entitled 'Agenda and Meeting Documents'. The written proxy must be received by the Board of Management no later than Thursday 26 September 2013, 17:30 hours (CET). A copy of the written proxy must be shown at registration for the meeting. Shareholders who wish to exercise their voting rights by an electronic proxy, which entails a voting instruction to a civil law notary of Allen & Overy LLP, can do this via www.abnamro.com/evoting no later than Thursday 26 September 2013, at 17:30 hours (CET).

If you intend to instruct your custodian bank/broker for any of the above, please be aware that their deadlines could be a number of days before those mentioned above. Please check with the individual institutions as to their cut-off dates.

Registration and identification at the meeting
Registration for admission to the meeting will take place from 13:00 hours (CET) until the commencement of the meeting at 14:00 hours (CET). After this time registration is no longer possible. Persons entitled to attend the meeting may be asked for identification prior to being admitted by means of a valid identity document, such as a passport or driver's license.

For further information please refer to the internet: www.kpn.com/ir or reach out to KPN Investor Relations by telephone at (+31) 70 446 0986.

The Supervisory Board
The Board of Management
The Hague, The Netherlands
21 August 2013

SCHEDULE 4

FAIRNESS OPINION

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands
Correspondence address
P.O. Box 283
1000 EA Amsterdam
The Netherlands
Telephone 020-6290274
Fax 020-3831834

CONFIDENTIAL
Royal KPN N.V.
Attn.: Members of the Supervisory Board
P.O. Box 30000
2500 GA Den Haag

Copy to: Members of the Managing Board

Date: 23 July 2013

Subject: Fairness Opinion Letter

Dear Sirs,

We understand that Telefónica S.A. and/or its direct or indirect subsidiaries ("Telefónica") intend to acquire all of (the outstanding shares in) the capital of E-Plus Mobilfunk GmbH & Co KG ("E-Plus"), an indirect wholly-owned subsidiary of Royal KPN N.V. ("KPN" or the "Company") (the "Proposed Transaction").

Pursuant to the terms of the (draft) share purchase agreement relating to the Proposed Transaction between KPN and Telefónica dated 23 July 2013 (the "Share Purchase Agreement"), KPN will receive a consideration, consisting of:

(i) an amount of EUR 3.7 billion in cash,

(ii) a 24.9% interest in Telefónica Germany GmbH & Co OHG ("Telefónica Germany"), the latter being an indirect subsidiary of Telefónica S.A.,

(iii) the sale of a 7.3% interest in Telefónica Germany held by KPN to Telefónica, immediately upon completion of the Proposed Transaction, against a cash payment of EUR 1.3bn (together the "Consideration").

The Supervisory Board of the Company (the "Supervisory Board") has asked the opinion of ABN AMRO Bank N.V. ("ABN AMRO") as to whether the Consideration is fair, from a financial point of view, to the Company (the "Fairness Opinion").

For the purposes of providing our Opinion, ABN AMRO has:

(a) reviewed certain publicly available business and financial information relating to the Company which we deemed relevant for the purpose of providing the Fairness Opinion, including the Company's annual reports for the financial for the years 2008 to 2012, and the Company's interim report over the first quarter of 2013. In addition, we reviewed the historic financial information of Telefónica in the annual reports of Telefónica for the financial years 2008 to 2012, and Telefónica's interim report over the first quarter of 2013;

(b) reviewed certain internal financial information of E-Plus, including among others limited forward looking information regarding revenue, EBITDA and capital expenditure;

(c) reviewed certain forward looking financial information on E-Plus and Telefónica based on certain equity research reports as provided by KPN;

(d) reviewed certain publicly available information such as equity research reports with respect to certain other companies we believe to be generally comparable with the Company and/or E-Plus;

(e) reviewed financial terms, to the extent publicly available, of certain comparable transactions;

(f) reviewed an internal assessment by the Company as to the potential synergy between E-Plus and Telefónica Germany;

(g) had a discussion with the CFO of E-Plus on 19 July 2013 regarding the past and current business operations of E-Plus, the financial condition and future prospects of E-Plus, certain clarifications on the financial information on E-Plus and certain other matters we believe necessary or appropriate to our inquiry;

(h) reviewed relevant parts of the Share Purchase Agreement and draft presentations to the Supervisory Board on project Montreal;

(i) had a discussion with the CFO of KPN on 22 July 2013 to verify whether ABN AMRO has received all relevant, accurate and the most recent information in connection with the Proposed Transaction, which it needs to provide the Fairness Opinion;

(j) conducted such other financial studies, analysis and investigations and considered such factors as we deemed appropriate, based on the information available to us to date.

KPN has confirmed to ABN AMRO that

(i) KPN and E-Plus have provided ABN AMRO with all material information relating to E-Plus and Telefónica (as far as available to KPN and E-Plus), which they understand to be relevant for the Fairness Opinion and have not omitted to provide ABN AMRO with any information relating to E-Plus and Telefónica that would render the provided information inaccurate, incomplete or misleading or may reasonably have a material impact on the Fairness Opinion,

(ii) after delivery of aforementioned information, as far as KPN and E-Plus are aware, no events have occurred that may reasonably have a material impact on the Fairness Opinion,

(iii) all financial and other information provided by KPN and E-Plus to ABN AMRO in relation to the Fairness Opinion is true and accurate and no material information was withheld from ABN AMRO that could reasonably affect the Fairness Opinion, and

(iv) all financial forecasts and projections of E-Plus, as well as the assessment of the synergy potential between E-Plus and Telefónica Germany, and other information provided by KPN and E-Plus to ABN AMRO have been reasonably prepared on a basis reflecting the best currently available information, estimates and judgments of the management of KPN and E-Plus as, of the date of this letter, regarding the future financial performance of E-Plus.

This Fairness Opinion is subject to the above confirmation and is furthermore subject to the following:

(a) ABN AMRO does not express any opinion as to any tax or other consequences that might result from the Proposed Transaction, nor does our opinion address any actuarial, legal, tax, regulatory or accounting matters and as such assumes no liability or responsibility in connection herewith;

(b) ABN AMRO has not been authorized to solicit, and ABN AMRO has not solicited, any indications of interest from any third party with respect to the purchase of all or a part of E-Plus's business;

(c) ABN AMRO has relied on the accuracy and completeness of all the financial and other information used by it, without any independent verification of such information, and assumed such accuracy and completeness for the purposes of rendering this Fairness Opinion;

(d) ABN AMRO has not performed any investigation or otherwise undertaken to verify the accuracy and completeness of the information reviewed by it for the purposes of rendering this Fairness Opinion and therefore does not accept any responsibility regarding this information;

(e) ABN AMRO has assumed that all confirmations made to ABN AMRO by the Company and E-Plus (as set out above) are true, accurate and not misleading;

(f) ABN AMRO has assumed the accuracy of the terms and conditions contained in the Share Purchase Agreement and all agreements related thereto;

(g) ABN AMRO has not made any evaluation or appraisal of the assets and liabilities (including any derivative or off balance sheet assets and liabilities and assets or businesses held for sale or disposal) of E-Plus or Telefónica nor have we been furnished with any independent evaluations or appraisals;

(h) receipt of all governmental, regulatory, (internal) corporate, third party or other consents, approvals and releases for the Proposed Transaction will be obtained;

(i) ABN AMRO has assumed that the Proposed Transaction will be closed in accordance with the terms and conditions of the Share Purchase Agreement without waiver, modification or amendment of any material term, condition or agreement thereof;

(j) ABN AMRO has not conducted a physical inspection of the properties and facilities of E-Plus or Telefónica;

(k) ABN AMRO has not evaluated the solvency or fair value of E-Plus or Telefónica under any laws relating to bankruptcy, insolvency or similar matters.

This Fairness Opinion is based on prevalent financial, economic, monetary and market conditions as they exist and can be evaluated on, and on the information made available to us, as at the date of this letter. Accordingly, although subsequent developments, and any other information that becomes available after this date, may affect this Fairness Opinion, ABN AMRO has not assumed any responsibility to update, revise or reaffirm this Fairness Opinion once given.

This Fairness Opinion is solely for the use and benefit of the Supervisory Board in connection with its evaluation of the Proposed Transaction and shall not be used for any other purpose. This Fairness Opinion is not intended to be relied upon or confer any rights or remedies upon any director, officer, employee, creditor, regulator or shareholder of KPN, E-Plus or Telefónica or any other party. This Fairness Opinion does not address the merits of the underlying decision of KPN to engage in, recommend or proceed with the Proposed Transaction. We have also not been requested to opine as to, and our Opinion does not in any manner address, (i) the likelihood of the consummation of the Proposed Transaction or (ii) the method or form of payment of the consideration. In addition, we express no opinion on, and our Fairness Opinion does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, directors or employees of any parties to the Proposed Transaction, or any class of such persons, relative to the Consideration payable in the Proposed Transaction.

Furthermore we do not address other alternatives and consequently, no opinion is expressed whether any alternative transaction might be more beneficial to KPN than the Proposed Transaction.

Based upon and subject to the foregoing, we are of the opinion as of the date of this letter that the Consideration payable under the terms of the Share Purchase Agreement is fair, from a financial point of view, to the Company.

ABN AMRO is acting as financial advisor to the Supervisory Board of KPN in connection to the Proposed Transaction and will receive a fee from KPN for our services. KPN has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of the agreement with regard to our role as financial advisor to the Supervisory Board. ABN AMRO will receive a fee upon the issue of the Fairness Opinion, irrespective of the contents of the Fairness Opinion and/or the Proposed Transaction being completed.

ABN AMRO is involved in a wide range of banking and other financial services business, both for its own account and for the account of its clients, out of which a conflict of interest or duties may arise. ABN AMRO may, from time to time, (i) provide financial advisory services and/or financing to KPN, E-Plus and/or Telefónica, (ii) have a banking or other commercial relationship with KPN, E-Plus and/or Telefónica, and (iii) trade shares and other securities of KPN and Telefónica in the ordinary course of business for our own account and for the accounts of our customers and may, therefore, from time to time hold long or short positions in such securities. Within ABN AMRO practices and procedures, including 'Chinese walls', are maintained, designed to help ensure the independence of advice and to restrict the flow of information and to manage such conflicts of interests or duties.

The opinion expressed in this letter may be incorporated, for information purposes only, in a press statement to be issued by KPN in connection with the Proposed Transaction, subject to approval of ABN AMRO on the relevant wording thereof. Notwithstanding the foregoing, this letter may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever except with the prior written approval of ABN AMRO.

This Fairness Opinion is issued in the English language and reliance may only be placed on this Fairness Opinion as issued in the English language. If any translations of this Fairness Opinion are delivered they are provided only for ease of reference, have no legal effect and ABN AMRO makes no representation as to, and accepts no liability in respect of, the accuracy of any such translations.

This letter and the obligations of ABN AMRO to KPN hereunder shall be governed by and construed in accordance with Dutch law and any claims or disputes arising out of, or in connection with, this letter shall be subject to the exclusive jurisdiction of the competent court in Amsterdam without prejudice to the right of appeal and that of appeal at the Supreme Court.

Yours sincerely,

For and on behalf of,
ABN AMRO Bank N.V.