

## KPN Q&A related to rights issue

### **Q1 What is a rights issue?**

- A “classic” rights issue (‘claimemissie’), which is the structure described in these Q&As, is an issue of new shares at a predetermined price, which is usually lower than on the share price at announcement. Eligible existing shareholders will be allotted transferable subscription rights in proportion to their share ownership on the record date
- Subscription for the new shares is only allowed to certain eligible persons, including shareholders allotted subscription rights
- The rights ratio determines the number of rights that are necessary to subscribe for a new share
- The rights can be traded during the rights trading period

### **Q2 Who can participate in the KPN rights issue?**

- In connection with the rights issue, holders of shares of KPN at the close of trading on Euronext Amsterdam on the record date are being granted rights that entitle them to subscribe for shares in the rights issue if they are able to provide certain representations and warranties (‘eligible persons’). This is subject to applicable securities laws and the terms that will be set out in the prospectus for the rights issue
- In addition, buyers of rights, obtained during the rights trading period, are eligible for participation if they are able to provide certain representations and warranties

### **Q3 Can I vote at the AGM?**

- If you hold shares on 13 March 2013, the record date for the AGM, you will be eligible to vote at the AGM

### **Q4 How many rights does a shareholder receive?**

- For each KPN share that is in ownership at the close of trading on Euronext Amsterdam on the record date, 1 right is awarded
- The number of shares that can be purchased by exercising the rights will be determined at launch of the transaction
- Your financial intermediary or bank will be able to advise you in due course of the exact number of rights you have been awarded

### **Q5 How will the rights issue affect the price of the KPN share?**

- The KPN shares will start trading ex-rights from the start of the rights trading period
- On the record date there will be an ‘automatic’ adjustment in the price of the KPN shares, considering that part of the value of the share is being transferred to the rights
- The ‘Theoretical Ex-Rights Price’ (TERP) reflects the theoretical value of the share immediately after the separation of the subscription rights
- The actual price of the share is of course determined by developments in the stock market, the industry, and KPN specific news. The TERP therefore only gives an indication of the price at which the KPN share could be trading after the subscription rights and shares have started trading separately

### **Q6 What are my options as a shareholder?**

- Assuming you are eligible to participate in the rights offering, you can inform your financial intermediary or bank if you want to participate in the rights offering by exercising your rights

- Your financial intermediary or bank will be responsible for collecting exercise instructions from you with regards to the rights that you have received and will be informing the subscription agent thereof
- Holders of rights (whether a shareholder on the record date or a subsequent transferee of rights) who are not eligible person shall not be issued, offered or sold offer shares
- If you are an eligible person and are therefore allowed to exercise your rights you have three options: (i) you can decide to exercise all your rights, (ii) you can decide to partly exercise and partly sell your rights, and (iii) you can decide to sell all your rights
- In addition, you are also able to let your rights expire, in which case you do not have to take any action, or you could instruct your financial intermediary or bank to let your rights expire. In this case the new shares underlying the expired rights will be sold at the end of the subscription period through a placing with certain institutional investors. Any financial benefit of this placement might be payable to you, in case the price achieved for the shares in this placement is above the subscription price plus expenses. There is however no guarantee for this. Further details will be set out in the prospectus for the rights issue which will be published upon the launch of the rights issue

**Q7 How does the rights issue impact my ownership entitlement in the company?**

- Shareholders who transfer or who do not or who are not permitted to exercise their rights to subscribe in full to new shares suffer ownership and voting rights dilution
- The natural dilutive effect arising from the rights issue is due to the size of the offering and not to the discount to TERP

**Q8 How will KPN's EPS be affected by the rights issue?**

- The TERP discount is neutral in terms of EPS dilution. For calculation purposes, EPS pre-rights issue need to be adjusted for the pro-forma number of shares just as in the case of a stock split. Under IFRS any per-share calculations for previous years (e.g. EPS) will also be automatically adjusted through the same established formula ("TERP/cum-rights share price") in order to maintain comparability on a year-on-year basis

**Q9 What discount to TERP are you planning to set?**

- The discount will be determined after the AGM and will be set to allow for an orderly and successful execution of the rights issue through the re-circulation of the subscription rights in the market
- The discount to TERP will be determined in line with similar capital raisings and taking into account multiple factors including KPN stock technicals, the relative size of the rights issue and then current market environment

**Q10 How and when can I buy or sell rights?**

- You can buy or sell rights during the rights trading period through Euronext Amsterdam. In order to buy or sell rights during the trading period you should instruct your financial intermediary or bank

**Q11 Can I buy more shares from the rights issue than the number I am entitled to based on my rights?**

- Yes, you can, by buying additional rights. The rights will be traded on Euronext Amsterdam during the rights trading period. You can instruct your financial intermediary or bank during this period to buy additional rights. With these rights you can subsequently subscribe for new shares up to the end of the subscription period if you are an eligible person and are therefore allowed to subscribe. Your financial intermediary or bank may set an earlier deadline for subscriptions

**Q12 What is the deadline for my decision?**

- The end of the subscription period and rights trading period (as will be communicated at the start of the subscription period), but your financial intermediary or bank may set an earlier deadline for subscriptions

**Q13 Can I change my mind?**

- After you have informed your financial intermediary or bank of your intention to take up / sell your rights, or if you have decided to let your rights expire and the subscription period has closed, you cannot withdraw your decision (except in situations and on the terms that will be set out in the prospectus)

**Q14 What if I do not hear anything from my financial intermediary or bank?**

- In principal your financial intermediary or bank will provide you with information regarding the KPN rights issue. Since this is usually done in writing, it may take a few days to reach you. Of course you are free to contact your financial intermediary or bank to discuss the exact procedure

**Q15 I do not live in the Netherlands, can I participate?**

- In most countries outside the Netherlands there are selling and transfer restrictions based on applicable securities laws. In particular, subject to certain exceptions, shareholders in, but not limited to the United States of America, Australia, Canada and Japan will not be able to participate in the transaction. A description of these restrictions will be set out in the prospectus

**Q16 Are there any costs attached to the subscription for new shares?**

- There are no costs attached to the subscription for new shares, but you must pay the subscription price

**Q17 Are there any costs attached to buying or selling rights?**

- Your financial intermediary or bank will quote the usual fees for security transactions

**Q18 When will I receive confirmation of the new shares that I acquired in the rights issue or receive the proceeds from the rights that I have decided not to take up?**

- The new shares that you have acquired in the rights issue will be in your possession on the settlement date. Similarly, you might receive financial compensation (if any) for rights that you let expire on that date. The proceeds from any rights sold during the rights trading period will pass to you immediately (subject to any delays from your financial intermediary or bank)

**Q19 I do not have any KPN shares, but would like to participate in the rights issue. Is that possible?**

- Yes it is. You can instruct your financial intermediary or bank to buy KPN shares at any point until the shares go ex-rights. Alternatively you will be able to buy rights during the rights trading period. With the rights you purchased you can, if you are an eligible person, subscribe for the shares against the subscription price

**Q20 Where can I obtain further information?**

- On our website you can find more information. For instructions regarding your rights you can contact your financial intermediary or bank