

# Koninklijke KPN N.V.

Koninklijke KPN N.V. invites its shareholders to its Annual General Meeting of Shareholders to be held at KPN Telehouse, La Guardiaweg 5 in Amsterdam, at 2.30 PM on Tuesday, April 12, 2005

## AGENDA

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1. *Opening and announcements*
2. *Report by the Board of Management for the financial year 2004*
3. *Financial statements for the financial year 2004*
  - a. Proposal to adopt the financial statements for the financial year 2004
  - b. Explanation of the dividend policy
  - c. Proposal to adopt a dividend over the financial year 2004
4. *Discharge from liability*
  - a. Proposal to discharge the members of the Board of Management from liability
  - b. Proposal to discharge the members of the Supervisory Board from liability
5. *Corporate Governance*
  - a. Report on Corporate Governance
  - b. Proposal to amend the Articles of Association
6. *Proposal to appoint the auditor*
7. *Composition and Remuneration of the Supervisory Board*
  - a. Discussion on profile of the Supervisory Board
  - b. Opportunity to make recommendations for the appointment of two members of the Supervisory Board
  - c. Appointment of two members of the Supervisory Board
    - i. Appointment of Mr. A.H.J. Risseeuw
    - ii. Appointment of Ms. M.E. van Lier Lels
  - d. Announcement concerning vacancies arising at the Annual General Meeting of Shareholders in 2006
  - e. Proposal to amend the remuneration of members of the Supervisory Board
8. *Acquisition, issuance and cancellation of shares, as well as the restriction or exclusion of pre-emptive rights*
  - a. Proposal to authorize the Board of Management to resolve for the company to acquire its own shares
  - b. Proposal to extend the designation of the Board of Management as competent body to issue shares
  - c. Proposal to extend the designation of the Board of Management as competent body to restrict or exclude pre-emptive rights
  - d. Proposal to reduce the capital through cancellation of own shares
9. *Any other business and closure of the meeting*



# Explanatory notes to the agenda

## Item 2

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The Board of Management will give a presentation on the performance of the company in 2004, after which the General Meeting of Shareholders will be invited to discuss this performance as also described in the Annual Report and Form 20-F over 2004. Under this item the Report by the Supervisory Board may also be discussed.

## Item 3a

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It is proposed to the General Meeting of Shareholders to adopt Koninklijke KPN N.V.'s financial statements for the financial year 2004.

## Item 3b

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Under this agenda item the Board of Management will give an explanation of the dividend and reservation policy of Koninklijke KPN N.V. as outlined in the Annual Report and Form 20-F over the financial year 2004.

## Item 3c

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On February 28, 2005, the Board of Management, with approval of the Supervisory Board, has appropriated an amount of EUR 698 million out of the profit to the other reserves. The remaining part of the profit over 2004, amounting to EUR 813 million, is available for distribution as dividend. On August 8, 2004, an interim dividend of EUR 0.08 per ordinary share was paid to all holders of ordinary shares, amounting to a total of EUR 190 million. Therefore, the remaining part of the profit over 2004, that is available for distribution as final dividend amounts to EUR 623 million.

It is proposed to the General Meeting of Shareholders to determine the total dividend over 2004 at EUR 0.35 per ordinary share. After deduction of the interim dividend of EUR 0.08 per ordinary share, the final dividend will be EUR 0.27 per ordinary share. Subject to the provisions of Article 37 of the Articles of Association, the 2004 final dividend will become payable as of April 22, 2005, which is 8 working days after the date of the General Meeting of Shareholders.

## Item 4a

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It is proposed to the General Meeting of Shareholders to discharge the members of the Board of Management from all liability in relation to the exercise of their duties in the financial year 2004, to the extent that such exercise is apparent from the financial statements or has been otherwise disclosed to the General Meeting of Shareholders prior to the approval of the financial statements.

## Item 4b

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It is proposed to the General Meeting of Shareholders to discharge the members of the Supervisory Board from all liability in relation to the exercise of their duties in the financial year 2004, to the extent that such exercise is apparent from the financial statements or has been otherwise disclosed to the General Meeting of Shareholders prior to the approval of the financial statements.

## Item 5a

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In accordance with article 391 (4) of book 2 of the Dutch Civil Code and the regulation based on that article, the Annual Report and Form 20-F 2004 describes the company's compliance with the Dutch Corporate Governance Code. The General Meeting of Shareholders is invited to discuss the Corporate Governance chapter of the Annual Report and Form 20-F 2004.

## Item 5b

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On October 1, 2004, certain changes were made to the Dutch Civil Code regarding the corporate governance of large companies. The changes in particular relate to the appointment of members of the Supervisory Board, the rights of the Works Council and the rights of the General Meeting of Shareholders (which has been given the right to appoint members of the Supervisory Board as well as to adopt the Annual Accounts). The current articles of association are not yet in line with this new legislation. Furthermore, the articles of association currently do not explicitly exclude the possibility for shareholders to change their bearer shares into registered shares. Such a change brings along an administrative burden for the company, and is only used in a very limited number of cases. The company therefore wishes to abolish this possibility. Finally, in line with current market practice under US listed companies, a statutory indemnification for all current and future members of the Board of Management and Supervisory Board is added to the articles of association.

It is proposed to the General Meeting of Shareholders to amend the articles of association to incorporate these changes. The full text of the proposed amendment, including a more detailed explanation thereof, may be obtained at the company's website and is available for inspection at the head offices of the company, Maanplein 55, The Hague, The Netherlands, as well as at the offices of ABN AMRO Bank, Foppingadreef 22, Amsterdam, The Netherlands.

## Item 6

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With the approval of the Supervisory Board, the Board of Management proposes to instruct PricewaterhouseCoopers Accountants N.V. to audit the financial statements for the financial year 2005.

## Item 7a

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Under article 158(3) of book 2 of the Dutch Civil Code, the Supervisory Board is obliged to draw up a profile for its size and composition, taking into account the nature of the company, its activities and the required expertise and background of its members. Prior to this obligation, the Supervisory Board had already drawn up and applied such a profile, which has been available on the company's website. The General Meeting of Shareholders is invited to discuss this profile. The profile is attached to these notes.

## Item 7b

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Mr. A.H.J Risseeuw and Ms. M.E. van Lier Lels are due to step down from the Supervisory Board at the end of this General Meeting of Shareholders as they have both reached the end of their four year term of office. The vacancies arising must be filled in accordance with the profile of the Supervisory Board (as discussed under item 7a), whereby particular attention must be paid to the required knowledge of and feeling for the telecommunications / ICT industries as well as knowledge of and feeling for social policies and the relationship with trade unions and works councils. Furthermore, it is desirable to fill one vacancy by a person that has ended his or her active professional career and the other vacancy by a person still active in one or more positions in the business community.

Both Mr. Risseeuw and Ms. van Lier Lels have indicated their availability for reappointment. The General Meeting of Shareholders has the opportunity to put forward recommendations for the vacancy.

## Item 7c

Under the condition precedent that no recommendations for another person are made by the General Meeting of Shareholders under item 7b, and taking due notice of the profile of the Supervisory Board and the specific profiles for the vacancies arisen, the Supervisory Board makes the following nominations for appointment as a member of the Supervisory Board:

- (i) The Supervisory Board, in consultation with the Board of Management and the Central Works Council, nominates Mr. Risseeuw for reappointment as a member of the Supervisory Board and proposes to the General Meeting of Shareholders to appoint Mr. Risseeuw in accordance with this nomination.
- (ii) As a result of a change in Dutch company law, the other vacancy on the Supervisory Board is subject to an enhanced right of recommendation of the Central Works Council. The Central Works Council has recommended the Supervisory Board to nominate Ms. van Lier Lels for reappointment. The Supervisory Board, in consultation with the Board of Management, has accepted this recommendation. The Supervisory Board therefore nominates Ms. van Lier Lels for reappointment as a member of the Supervisory Board and proposes to the General Meeting of Shareholders to appoint Ms. Van Lier Lels in accordance with this nomination.

The details required under article 142 (3) of Book 2 of the Dutch Civil Code are attached to these notes.

## Item 7d

Mr. D.I. Jager will step down at the closure of the Annual General Meeting of Shareholders in 2006 as he then reaches the end of his four-year term of office.

## Item 7e

The yearly remuneration for Supervisory Board members has for the last time been amended at the General Meeting of Shareholders of May 2, 2001. In view of developments in the market, including the increased workload and responsibility for Supervisory Board members and the need to attract, motivate and retain skilful persons to fulfil these positions, it is appropriate to amend the remuneration for Supervisory Board members as follows:

IN EURO	CURRENT*	PROPOSAL*
Chairman of Supervisory Board	48,000	60,000
Member of Supervisory Board	37,000	45,000
Chairman of Audit Committee	10,000	15,000
Member of Audit Committee	7,000	10,000
Chairman of Remuneration & Organization Development Committee	700 - 900 per meeting	5,000
Member of Remuneration & Organization Development Committee	700 - 900 per meeting	3,500
Chairman of Nominating & Corporate Governance Committee	700 - 900 per meeting	5,000
Member of Nominating & Corporate Governance Committee	700 - 900 per meeting	3,500

If the Supervisory Board and/or its Committees meet in a country different than the country of residence of a member of the Supervisory Board, that member shall receive an additional fee of EUR 1500,- per meeting.

\* All amounts per year, unless indicated otherwise

It is proposed to the General Meeting of Shareholders to amend the remuneration for members of the Supervisory Board in accordance with the above proposal.

## Item 8a

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The General Meeting of Shareholders held on April 15, 2004 authorized the Board of Management to acquire the company's own shares, and extended the designation of the Board of Management as the competent body authorized to issue shares, to grant rights to shares and to restrict/exclude shareholders' pre-emptive rights on the issue of ordinary shares for 18 months to October 15, 2005.

In accordance with article 98(4) of Book 2 of the Dutch Civil Code (and article 15 of the articles of association), it is proposed under agenda item 8a to authorize the Board of Management to acquire - on the stock exchange or through other means - the company's own shares for a period of 18 months until October 12, 2006. The number of shares to be acquired shall be limited by the maximum percentage of shares the company may – by law or its articles of association - hold in its own capital at any moment, taking into account the possibility to cancel the acquired shares as proposed under agenda item 8d. In practice, this will mean that the company may acquire up to 10% of its own issued shares, cancel these shares, and acquire a further 10%. Ordinary shares will be acquired at a share price of no less than EUR 0.01 and no more than the quoted share price plus 10%. A price equal to par value will apply to the acquisition of the special share. The quoted share price is defined as the average of the closing prices on the official price list of Euronext Amsterdam N.V. over the five trading days prior to the acquisition date. Resolutions to acquire the company's own shares are subject to the approval of the Supervisory Board. If the transaction concerns more than 1% of the issued share capital, the approval of the holder of the special share is also required.

## Item 8b

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In accordance with article 96 of Book 2 of the Dutch Civil Code, it is proposed to extend the Board of Management's designation as the competent body authorized to issue shares and grant rights to shares for 18 months until October 12, 2006. In line with current corporate governance practices, the proposal limits the Board of Management's authorization to 10% of the issued share capital at the time of issue, plus an additional 10% in the event of a merger or takeover. The authorization furthermore covers the issuance of all un-issued Class B preferred shares, which the company may place (or the Foundation may request to be placed) with the Foundation for the protection of KPN (*Stichting Bescherming KPN*) in case of events that may threaten the continuity, independence and identity of the company. Resolutions to issue shares or grant rights to shares are subject to the approval of the Supervisory Board and the holder of the special share.

## Item 8c

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In accordance with article 96a of Book 2 of the Dutch Civil Code, it is proposed to extend the Board of Management's designation as the competent body authorized to restrict or exclude shareholders' pre-emptive rights on the issue of ordinary shares – in accordance with the proposal under agenda item 8b - for a period of 18 months. Resolutions to restrict or exclude the pre-emptive rights on the issue of shares are subject to the approval of the Supervisory Board and the holder of the special share.

## Item 8d

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In accordance with article 16 of the articles of association, the Board of Management proposes, with the approval of the Supervisory Board, that the General Meeting of Shareholders resolves to reduce the issued capital through cancellation of shares held by the company not exceeding the number of shares it acquired. The number of shares that will be cancelled based on this resolution, will be determined by the Board of Management and is restricted to a maximum of 10% of the issued capital as shown in the annual accounts for the financial year 2004. Each time the amount of the capital reduction will be stated in the resolution of the Board of Management that shall be filed at the Chamber of Commerce in The Hague. Furthermore the reduction of the issued capital shall be carried out in accordance with applicable regulation as stipulated by law and articles of association.

## Information required under article 142 (3) of Book 2 of the Dutch Civil Code

### MR. A.H.J. RISSEEUW

Year of birth:	1936
Current positions:	Retired
Previous positions:	Former President of Getronics N.V.
Nationality:	Dutch
KPN shares:	34,101
Supervisory directorships and other positions:	Mr. Risseeuw is the chairman of the Supervisory Boards of Samas-Groep N.V., Groeneveld Groep B.V. and Intergamma B.V. and is a member of the Supervisory Boards of Heineken N.V. and Blokker Holding B.V.
Reason for nomination:	Mr. Risseeuw joined KPN's Supervisory Board in 2001. Since October 2001 he is the Chairman of the Supervisory Board and he currently also is the Chairman of the Nominating & Corporate Governance Committee. Mr. Risseeuw has acquired considerable knowledge of the telecommunications business. He furthermore has valuable knowledge of Dutch and foreign business and economics. This expertise is of great value to KPN.

### MS. M.E. VAN LIER LELS

Year of birth:	1959
Current positions:	-
Previous positions:	Former Executive Vice President & Chief Operating Officer of Schiphol Group N.V.
Nationality:	Dutch
KPN shares:	None
Supervisory directorships and other positions:	Ms. Van Lier Lels is a member of the Supervisory Boards of United Services Group N.V. and Delft University of Technology.
Reason for nomination:	Ms. Van Lier Lels joined KPN's Supervisory Board in 2001, at the appointment of the State of the Netherlands. She has a broad experience in the Dutch business environment and has made herself well acquainted with the telecommunications industry. In accordance with the new provisions of Dutch company law, Ms. Van Lier Lels was recommended for nomination by the Central Works Council. The Supervisory Board gladly accepted this recommendation.

## Profile of the Supervisory Board of Koninklijke KPN N.V.

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### 1. Foreword

This profile was produced in consultation between the Supervisory Board and the Board of Management of KPN and has been discussed with the Central Works Council and the General Meeting of Shareholders.

### 2. Basic principles

It is extremely important for the General Meeting of Shareholders, Works Council and Board of Management to be guided by a uniform vision when it comes to recommending persons for appointment as supervisory directors of KPN. The Supervisory Board is making this profile available to all stakeholders via the website of the company. The Supervisory Board examines all nominations against conformity with the profile.

### 3. Legal duties and representation of interests

The number one consideration regarding nominations is the Supervisory Board's legal duty. Article 140, paragraph 2 of the Netherlands Civil Code gives the following definition of the duty of a Supervisory Board: *'To oversee the policy of the managing board and the general course of affairs at the company and in the enterprise associated with it. A supervisory board exists to advise the managing board. Supervisory directors must discharge their duties with a view to the interests of the company and the enterprise associated with it.'*

One of the consequence of this definition is that the Supervisory Board and its individual members may not represent any areas of interest on the grounds of their appointment on the recommendation of a certain grouping. This requirement is fundamentally different to a person contributing his/her own specific expertise to the Supervisory Board. Therefore, the Supervisory Board is made up of independent members, each of whom must focus solely on the interests of the company in its entirety but may adopt a critical stance towards each other and towards the KPN Board of Management. The members are allowed to devote special attention to certain interests as long as they always make such interests subordinate to those of the company. Each Supervisory Director fulfils his/her position as an independent person and not as a representative of groupings or organisations with whom he/she is associated.

Article 162 of Book 2 of the Netherlands Civil Code further stipulates that the Supervisory Board may appoint and discharge directors of the company.

### 4. Requirements for composition of the Supervisory Board

Article 158, paragraph 6 of Book 2 of the Netherlands Civil Code requires that all recommended appointments and reappointments be examined with a view to determining whether:

- a. nominated persons are "suitable" for performing the duties of a supervisory director; and
- b. the Supervisory Board will be composed "satisfactorily".

To discharge the above-mentioned duties in relation to Koninklijke KPN NV, the Supervisory Board as a whole and each of its individual members must be capable of performing the following tasks properly:

- ♦ composing the Board of Management and assessing the way that it functions;
- ♦ assessing the company's general strategy and general policy;
- ♦ assessing the development of the company's financial position;
- ♦ assessing the company's control systems (including risk control systems);
- ♦ assessing the company's organisational structure;
- ♦ assessing the company's social policy.

The above tasks are not listed in order of importance, but are of equal significance in relation to each other.

## 5. Satisfactory composition

A Supervisory Board is considered to have a satisfactory composition if the board as a whole (and its individual members in relation to item 3) satisfy the following criteria:

1. a distribution of specific expertise of one or more aspects of the company's policy;
2. a distribution of experience of society;
3. an open eye to developments in society.

Some requirements that need special consideration at KPN as regards fulfilment of the above criteria are:

- ♦ insight into or experience of managing a large organisation with both national and international operations;
- ♦ insight into or experience of international issues, preferably gained from having worked abroad for a shorter or longer period of time;
- ♦ insight into or experience of relations within companies and relations between a company and society;
- ♦ a knowledge of and feeling for the telecommunications/ICT industries.

The goal is for the Supervisory Board to have members who are (1) active in one or more positions within or outside the business community, and (2) members who have ended their active professional careers. Persons in the first category will contribute to the Supervisory Board their knowledge of current issues. Persons in the second category will bring to the Supervisory Board mainly their experience and interest. The latter members will generally be able to free up more time for the Supervisory Board's work than members who still actively hold professional positions.

## 6. Appointment and reappointment

Appointment as a member of the Supervisory Board will be made under the KPN Articles of Association for a period of four years, at the end of which immediate reappointment is possible. The maximum term of office (from the start at the company) is 12 years in total.

The principal position and/or number of any other supervisory directorships held by a member of the KPN Supervisory Board must not obstruct proper performance of the member's duties for KPN.

- ♦ Each member of the Supervisory Board must inform the company of all changes to the positions and supervisory directorships that he/she holds.
- ♦ While acting as a Supervisory Director, no changes may occur that impede a person's impartial performance of his/her duties on the Supervisory Board as a result of a hierarchical subordination within a group, cross-interests, relations with persons subject to his/her supervision or significant circumstances.
- ♦ It is important for each Supervisory Director - including those nominated for appointment or reappointment - to fit in with the existing Supervisory Board. In common with all other bodies, the proper functioning of the Supervisory Board benefits greatly from a good team spirit. Each Supervisory Director is expected to demonstrate a certain commitment to KPN or - in the case of the appointment of a new member - to be willing to give such a commitment to the company. A Supervisory Director must in principle be able to attend all meetings of the Supervisory Board.

All of the above considerations apply to the appointment and reappointment of supervisory directors.

This profile will be available for inspection by all stakeholders at the website and at the offices of the company.