

OFFERING CIRCULAR dated 6 November 2019



KONINKLIJKE KPN N.V.

*(Incorporated in the Netherlands as a public limited company
with its corporate seat in Rotterdam, the Netherlands)*

€500,000,000 Perpetual Fixed Rate Resetable Capital Securities

Issue Price: 99.389 per cent.

The €500,000,000 Perpetual Fixed Rate Resetable Capital Securities (the **Securities**) will be issued by Koninklijke KPN N.V. (the **Issuer**) on 8 November 2019 (the **Issue Date**). The Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 8 February 2025 (the **First Reset Date**) at a rate of 2.000 per cent. per annum, payable annually in arrear on 8 February in each year, except that the first payment of interest, to be made on 8 February 2020, will be in respect of the period from (and including) the Issue Date to (but excluding) 8 February 2020 and will amount to €504.11 per €100,000 in principal amount of the Securities. Thereafter, unless previously redeemed, the Securities will bear interest from (and including) 8 February 2025 to (but excluding) 8 February 2030 at a rate per annum which shall be 2.344 per cent. above the Reset Reference Rate (as defined in the Terms and Conditions of the Securities (the **Conditions**)) for the relevant Reset Period (as defined in the Conditions), payable annually in arrear on 8 February in each year. From (and including) 8 February 2030 to (but excluding) 8 February 2045 the Securities will bear interest at a rate per annum which shall be 2.594 per cent. above the Reset Reference Rate for the relevant Reset Period payable annually in arrear on 8 February in each year. From (and including) 8 February 2045, the Securities will bear interest at a rate per annum which shall be 3.344 per cent. above the Reset Reference Rate for the relevant Reset Period payable annually in arrear on 8 February in each year, all as more particularly described in "Terms and Conditions of the Securities — Interest Payments".

If the Issuer does not elect to redeem the Securities in accordance with Condition 6(g) following the occurrence of a Change of Control Event (as defined in the Conditions), the then prevailing interest rate per annum (and each subsequent interest rate per annum otherwise determined in accordance with the Conditions) shall be increased by 5 percentage points per annum with effect from (and including) the date on which the Change of Control Event occurred, see "Terms and Conditions of the Securities — Interest Payments — Step-up after Change of Control".

The Issuer may, at its discretion, elect to defer all or part of any payment of interest on the Securities as more particularly described in "Terms and Conditions of the Securities — Optional Interest Deferral". Any amounts so deferred, together with further interest accrued thereon (at the interest rate per annum prevailing from time to time), shall constitute Arrears of Interest (as defined in the Conditions). The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time in accordance with the Conditions. Notwithstanding this, the Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first Mandatory Settlement Date, all as more particularly described in "Terms and Conditions of the Securities — Optional Interest Deferral — Mandatory Settlement".

The Securities will be perpetual securities in respect of which there is no fixed redemption date and shall be redeemable (at the option of the Issuer) in whole but not in part at any time from (and including) 8 November 2024 (the **First Call Date**) to (and including) the First Reset Date, and thereafter, on each applicable Interest Payment Date (as defined in the Conditions), at the principal amount of the Securities, together with any accrued and unpaid interest up to (but excluding) such date and any outstanding Arrears of Interest. In addition, upon the occurrence of an Accounting Event, a Change of Control Event, a Rating Event, a Substantial Repurchase Event, a Tax Deduction Event or a Withholding Tax Event (each such term as defined in the Conditions), the Securities shall be redeemable (at the option of the Issuer) in

whole but not in part at the prices set out, and as more particularly described, in "Terms and Conditions of the Securities — Redemption".

The Securities will be unsecured securities of the Issuer and will constitute subordinated obligations of the Issuer, all as more particularly described in "Terms and Conditions of the Securities — Status", and "Terms and Conditions of the Securities — Subordination".

Payments in respect of the Securities shall be made free and clear of, and without withholding or deduction for, or on account of, taxes of the Netherlands, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts may be payable by the Issuer, subject to certain exceptions as are more fully described in "Terms and Conditions of the Securities — Taxation".

This Offering Circular does not comprise a prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). Application has been made to The Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the approval of this Offering Circular as Listing Particulars. Application has been made to Euronext Dublin for the Securities to be admitted to the official list (the **Official List**) and to trading on the Global Exchange Market of Euronext Dublin (**GEM**). References in this Offering Circular to the Securities being "listed" (and all related references) shall mean that the Securities have been admitted to the Official List and have been admitted to trading on GEM. GEM is the exchange regulated market of Euronext Dublin and is not a regulated market for the purposes of Directive 2014/65/EU.

The Securities have not been and will not be registered under the Securities Act of 1933, as amended (the **Securities Act**) or under any securities laws of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. The Securities may not be offered, sold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state and other securities laws of the United States. There will be no public offer of the Securities in the United States. The Securities are being offered and sold in offshore transactions in compliance with Regulation S under the Securities Act (**Regulation S**).

The Securities will initially be represented by a temporary global security (the **Temporary Global Security**), without coupons or talons, which will be deposited with a common depository on behalf of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**) on or about the Issue Date. The Temporary Global Security will be exchangeable for interests in a permanent global security (the **Permanent Global Security** and, together with the Temporary Global Security, the **Global Securities**), without coupons or talons, on or after a date which is expected to be 18 December 2019, upon certification as to non-U.S. beneficial ownership. See "Summary of Provisions relating to the Securities while in Global Form".

The Securities are expected to be rated BB+ by S&P Global Ratings Europe Limited (**S&P**), Ba2 by Moody's Investors Service Ltd. (**Moody's**) and BB+ by Fitch Ratings Ltd. (**Fitch**) (each a **Rating Agency**). Each of S&P, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the **CRA Regulation**). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Circular.

Joint Structuring Advisers

Barclays

Goldman Sachs International

Joint Lead Managers

Barclays

BNP PARIBAS

Goldman Sachs

NatWest Markets

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all the documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Securities. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of Securities and distribution of this Offering Circular, see "Subscription and Sale" below.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the greatest extent permitted by law, the Joint Structuring Advisers, the Joint Lead Managers and the Trustee accept no responsibility whatsoever for the contents of this Offering Circular or for any other statement, made or purported to be made by a Joint Structuring Adviser, a Joint Lead Manager or the Trustee or on its behalf in connection with the Issuer or the issue and offering of the Securities. Each of the Joint Structuring Advisers, the Joint Lead Managers and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

THE SECURITIES REFERENCED IN THIS DOCUMENT MAY NOT BE DISTRIBUTED IN OR INTO THE UNITED STATES OR JAPAN. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS OFFERING CIRCULAR CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR JAPAN OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR IN ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN THE UNITED

STATES EXCEPT IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a **distributor**) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of sales to EEA retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Securities may not be a suitable investment for all investors. Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Securities and be familiar with the behaviour of the relevant financial markets and of any financial variable which might have an impact on the return on the Securities; and

- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments and such instruments may be purchased by potential investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Securities.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Unless otherwise specified or the context requires, references to **€**, **EUR** and **euro** are to the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, references to **£**, **GBP** and **pounds sterling** are to the lawful currency of the United Kingdom and references to **U.S.\$**, **USD** and **dollars** are to the lawful currency of the United States of America.

References to the **Issuer** and **KPN** are to Koninklijke KPN N.V. and, as the context requires, any or all of its subsidiaries and consolidated joint ventures.

Any forward looking statements contained in this Offering Circular speak only as at the date of this Offering Circular. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

In connection with the issue of the Securities, Barclays Bank PLC (the **Stabilising Manager**) (or any person acting on behalf of the Stabilising Manager) may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (together, the **Documents Incorporated by Reference**) which have previously been published or are published simultaneously with this Offering Circular and have been filed with Euronext Dublin shall be incorporated by reference in, and form part of, this Offering Circular:

- (a) the articles of association of the Issuer (the **Articles of Association**);
- (b) the publicly available audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2018 (prepared in accordance with International Financial Reporting Standards as adopted by the EU (**IFRS-EU**) and with Part 9 of Book 2 of the Dutch Civil Code) which appear on pages 112 to 175 (inclusive) of the KPN Integrated Annual Report 2018 (the **2018 Annual Report**) and the combined independent auditor's report which appears on pages 184 to 192 (inclusive) of the 2018 Annual Report;
- (c) the publicly available audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2017 (prepared in accordance with IFRS-EU and with Part 9 of Book 2 of the Dutch Civil Code) which appear on pages 76 to 122 (inclusive) of the KPN Integrated Annual Report 2017 (the **2017 Annual Report**) and the combined independent auditor's report which appears on pages 131 to 138 (inclusive) of the 2017 Annual Report;
- (d) the publicly available interim financial statements for the Issuer for the six months ended 30 June 2019 dated 24 July 2019; and
- (e) the Issuer's press release "Third quarter 2019 results" dated 25 October 2019.

The Issuer will provide, without charge, upon request of such person, a copy of any or all of the documents which are incorporated herein by reference. Requests for such documents should be directed to the Issuer at its registered office set out at the end of this Offering Circular. Copies of documents incorporated by reference in this Offering Circular can also be obtained from <http://ir.kpn.com>.

In each case, unless stated otherwise, the entire document is incorporated by reference into this Offering Circular. Notwithstanding the foregoing, where the documents incorporated by reference themselves incorporate information by reference, such information does not form part of this Offering Circular.

Potential investors should only rely on the information that is provided in this Offering Circular or incorporated by reference into this Offering Circular. No other documents or information, including the contents of KPN's website (www.kpn.com) or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, this Offering Circular.

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RISK FACTORS

KPN believes that the following factors may affect its ability to fulfil its obligations under the Securities. All of these factors are contingencies which may or may not occur and KPN is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which KPN believes may be material for the purpose of assessing the market risks associated with the Securities are also described below.

KPN believes that the factors described below represent the principal risks inherent in investing in the Securities, but KPN may be unable to pay interest, principal or other amounts on or in connection with the Securities for other reasons, and KPN does not represent that the statements below regarding the risks of holding the Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Capitalised terms used herein have the meaning given to them in "Terms and Conditions of the Securities".

RISK FACTORS CONCERNING THE ISSUER

Risks associated with competition

KPN is exposed to significant competition in all areas of its business from existing and potential new telecommunications service or IT service providers and network operators and competitors from other industries.

KPN is subject to significant competition for all its products and services in the fixed-line and mobile telecommunications markets, along with IT services for business customers. Competitors include cable network operators, mobile network operators, MVNO's and branded resellers as well as non-traditional voice, data and IT service providers. KPN also competes with domestic and international business service providers in the provision of IT services for business customers. KPN competes in the telecommunications markets in the Netherlands on the basis of pricing, network coverage, network speed and reliability, customer experience, content, products and services offered, customer service and support and its ability to be technologically adept, innovative and secure.

KPN may not be able to develop and monetise sufficient new business initiatives and opportunities in the near future to compensate declining existing business, which may jeopardise KPN's profitability.

As a result of the above, or as a result of increasing competitive pressure due to factors beyond KPN's control, KPN's business, results of operations, financial condition and prospects could be materially adversely affected.

The sectors in which KPN competes are subject to rapid and significant changes in technology, with which KPN may have difficulty competing successfully.

The fixed and mobile telephony, fixed and mobile broadband internet, iTV and business IT markets are characterised by rapid and significant changes in technology, customer demand and behaviour, and as a result feature a constantly changing competitive environment. The telecommunications industry is experiencing continuous structural changes, including new

revenue models and new (disruptive) technologies introduced by KPN's competitors, new market entrants and OTT players. These structural changes, together with the accompanying products, or other technological developments are exerting substantial pricing pressure on KPN's products and services and may increase KPN's subscriber acquisition and retention costs. Technologies such as IP-based connections (**VoIP**) (over fixed and mobile technologies), mobile instant messaging, Wi-Fi, internet protocol TV (**IPTV**) or cloud computing for retail and/or business customers have had and are expected to have a continued effect on the telecommunications industry and on KPN's business. As a consequence of these or other developments, new and established information and telecommunications technologies or products may not only fail to complement each other, but in some cases may even substitute or decrease demand for each other. KPN is also investing in new technologies, which may have slower than expected customer acceptance, or may be limited by the lack of supply of products by third parties to enable KPN's customers to take advantage of such new technology. If KPN is unable to effectively anticipate, react to or access technological changes in the telecommunications market, KPN could lose customers, fail to attract new customers, experience lower **Average Revenue Per User (ARPU)** or incur substantial or unanticipated costs and investments in order to maintain its customer base, all of which could have a material adverse effect on its business, financial condition and results of operations. The introduction of new products and services such as new propositions may not be successful and/or timely. This could lead to lower profitability as well as lower market shares.

Customer churn may increase, and revenues and margins could be significantly lower than expected, if KPN fails to offer customer propositions that respond to customer demand.

One of KPN's primary revenue drivers is its number of customers. The success of KPN's business and its ability to limit churn by retaining existing customers or to win new customers depends upon the introduction of new or enhanced products and services, flexible pricing models, high quality customer service, and improved network capabilities in response to evolving customer expectations, new technologies, or the offerings of its competitors. Any of the new or enhanced products, services or pricing models KPN introduces may fail to achieve market acceptance, or products or services introduced by KPN's competitors may prove more appealing to customers, who may discontinue using KPN's services, either of which would, in turn, increase KPN's customer churn. Any increase in customer churn may lead to a reduced number of total customers, increased acquisition and retention costs, the need to reduce other costs to preserve margins, or lower overall revenues and margins, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

Risks associated with KPN's business activities and the telecom industry

Risks related to the simplification and transformation of KPN's networks, systems and processes.

KPN may not make sufficient progress in realising the necessary simplification and transformation actions, for example by phasing out legacy networks and systems, by simplifying the processes and services, by digitalising the business, by post-merger integration of acquisitions or by strengthening its capabilities and culture. These actions must lead to necessary cost reductions, increased agility (e.g. improved time-to-market of new innovative services) and higher quality of services (e.g. higher NPS and First Time Right). If KPN cannot realise simplification and transformation in time, it is not able to adequately respond to actions of its competitors and which could, consequently, lead to lower revenues and profitability in the future, which could have a material adverse effect on its business, results from operations, financial condition and prospects.

KPN's results of operations and financial condition depend on economic conditions in the Netherlands.

KPN operates in the Netherlands, and its success is therefore closely tied to general economic conditions in the Netherlands. Weakness in the Dutch economy, and, in particular, low GDP growth and significant levels of unemployment may have a direct negative impact on the spending patterns of customers, both in terms of the products they subscribe for and the extent to which they use such products. During periods of deteriorating economic conditions and high unemployment, retail customers generally have less discretionary income with which to purchase products. KPN's revenue in the Consumer segment in the Netherlands is directly impacted by a reduction in discretionary income, and as a result of economic weakness in the Netherlands, it may be more difficult for KPN to attract new customers, or retain existing customers, and KPN's revenue and ARPU, particularly in those segments, may decline.

Additionally, KPN's business and corporate customers are also affected by general economic conditions and consumer spending, and therefore an extended recession, or public perception of declining economic conditions, is and could substantially decrease IT and telecom expenditures among KPN's business customers, which would in turn adversely affect KPN's revenues in its Business segment. KPN also provides products and services to a number of government entities that have in the past and may in the future be subject to budget cuts or expenditure limitations. In addition, a deterioration of economic conditions may lead to a higher number of non-paying customers or generally result in a higher number of service disconnections. A weak economy and negative economic developments may jeopardise KPN's ability to achieve its strategy and may have a material adverse effect on its business, results of operations, financial condition and prospects.

KPN's success depends upon maintaining and improving its networks, systems and operations.

KPN must continuously maintain and improve its networks and other infrastructure in a timely and cost-effective manner. A reliable and high quality network is necessary to manage churn by sustaining its customer base, to maintain strong customer brands and reputation and to satisfy regulatory requirements, including minimum service requirements. The maintenance and improvement of KPN's existing networks and infrastructure depends on its ability to:

- enhance the functionality or upgrade the technology of its existing fixed fiber, fixed copper, mobile and other networks in order to offer its services to KPN's customers;
- expand the capacity of its existing fixed copper and mobile networks and accelerate the roll-out of its fiber networks to cope with increased bandwidth usage;
- simplify, modify and improve customer service, network management and administrative systems; and
- finance its maintenance costs, future network and IT projects, upgrades and capacity expansion.

If KPN fails to maintain or improve its networks, IT systems or operations, its business, results of operations, financial condition and prospects could be materially adversely affected.

Rating agency action could materially adversely affect the market price of KPN's shares and/or debt securities as well as KPN's ability to obtain future financing and the terms of that financing.

KPN currently has a BBB long-term issuer default rating with stable outlook from Fitch; BBB with a stable outlook from S&P, and a Baa3 senior unsecured rating with stable outlook from Moody's. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. The significance of each rating should be analysed independently from any other rating. Lower credit ratings could make it more difficult or more expensive for KPN to obtain financing in the future or to refinance its existing debt and could negatively impact the market price of KPN's shares and/or debt securities.

Failure of KPN's telecommunications systems or security measures could significantly disrupt its operations, which could negatively affect KPN's reputation, reducing its customer base and resulting in lower revenue.

KPN's success largely depends on the continued and uninterrupted performance of its information technology, network systems and of certain hardware and datacentres. The hardware supporting a large number of critical systems for KPN's network and those of its clients is housed in locations that are geographically close to each other or that could be exposed to similar risks at the same time. As a result, these systems are vulnerable to damage from a variety of sources, including fire, power loss, malicious human acts, telecommunications failures and natural disasters (e.g. caused by climate change), and the disaster recovery, security, information protection and service continuity protection measures that KPN has undertaken or may in the future undertake, and its monitoring of network performance, may be insufficient to identify problems and prevent losses. Moreover, despite security measures, KPN's servers are potentially vulnerable to physical or electronic break-ins, cyber-attacks, computer viruses and similar disruptive problems each of which, in the individual or in the aggregate, could negatively affect KPN's levels of customer satisfaction and reputation.

Moreover, in the event of a power outage or data loss, KPN does not have a backup or alternative supply source for all components of its network. Despite the presence of certain data backup systems and similar precautions KPN has taken, unanticipated problems affecting its systems could cause failures in its information technology systems or disruption in the transmission of signals over KPN's network. Sustained or repeated system failures that interrupt KPN's ability to provide service to its customers or otherwise meet its business obligations in a timely manner would adversely affect KPN's reputation and result in a loss of customers and reputational damage, and may trigger claims for payment of damages or contractual remedies. The occurrence of any of these eventualities could have a material adverse effect on KPN's business, financial condition, results of operations and prospects.

Furthermore, KPN's technical equipment and systems have been and may continue to be subject to occasional malfunctioning due to technical shortcomings in KPN's own network or with other surrounding equipment. KPN might incur liabilities or reputational damages as a result thereof, which could materially and adversely affect its business, results of operations, financial condition and prospects.

In addition, KPN is not insured against war, terrorism (except to a limited extent under its general property insurance).

Customer churn may increase, and revenues could be lower than expected if KPN fails to maintain the confidentiality, integrity or availability of KPN's networks, systems or (customer) data as a result of cyber-attacks or terrorism.

Keeping KPN's systems safe in the face of ever-more sophisticated cyber-attacks demands constant vigilance and rapid adaptability. If KPN cannot maintain or improve the confidentiality, integrity or availability of its networks, systems or (customer) data as a result of cyber-attacks or terrorism, this could have a material adverse effect on KPN's business, results of operations, financial condition and prospects, and could ultimately impact KPN's continuity.

KPN collects and processes customer data as part of its daily business and the leakage of such data may violate laws and regulations which could result in fines, loss of reputation and customer churn and adversely affect KPN's business.

KPN accumulates, stores and uses data in the ordinary course of its operations that is protected by data protection laws. Although KPN takes precautions to protect customer data in accordance with the applicable privacy requirements of the European Union and of the jurisdictions where it operates, KPN may fail to do so and certain customer data may be leaked or otherwise used inappropriately. KPN works with independent and third-party sales agents, service providers and call centre agents, and although KPN's contracts with these third parties restrict the use of customer data, KPN cannot provide assurances that they will abide by the contractual terms. Violation of data protection laws may result in fines, loss of reputation and customer churn and could have a material adverse effect on KPN's business, results of operations, financial condition and prospects.

KPN's is subject to risk related to reliance on a well-recognised brand.

KPN maintains a well-recognised brand. Any damage to KPN's brand or reputation could have a material adverse impact on KPN's business, results of operations, financial condition and prospects.

KPN's success depends on the ability to attract and retain key personnel without whom KPN may not be able to manage its business effectively.

KPN's operations are currently managed by senior management and key employees. The loss of any of its senior management or key employees could significantly impede KPN's financial plans, product development, network completion, marketing and other plans. In addition, competition for qualified senior management and skilled experts in the telecommunications industry is intense. KPN's success in implementing its business plans largely depends on its continued ability to attract and retain experienced senior management as well as highly skilled employees. KPN cannot assure that it will be successful in hiring and retaining such qualified personnel. Furthermore, integration of new senior management would require additional time and resources, which could adversely affect KPN's ability to successfully implement its strategy. If any of KPN's senior management or other key personnel ceases employment with KPN, its business, results of operations, financial position and prospects could be harmed.

KPN may not be able to attract and retain qualified and diverse staff members, as the war for talent increases rapidly. This could lead to insufficient competency in KPN's workforce. Also, employees or new candidates may have negative perceptions or uncertainties about KPN's future. If KPN does not meet the diversity goals and 'social return' requirements, this could impact KPN's future profitability, customer satisfaction and reputation. Restructurings could lead to less motivated personnel and/or key personnel leaving the company and thus loss of knowledge and continuity.

KPN operates in a capital-intensive business and may not have sufficient liquidity to fund its capital expenditures and investments over the longer term.

KPN requires significant capital expenditures and investments to improve and maintain its networks and add customers, including expenditures for equipment and related labour costs. Generally, advancements in the information and telecommunications industry (the development of faster networks and new products requiring mobile internet access) and the behaviour of KPN's customers (for example, accelerated growth in internet usage and expectations of higher speeds) may require it to invest in the capacity of its network at a faster pace than KPN currently anticipates, and at greater additional expense.

In addition, part of KPN's derivatives portfolio contains reset clauses or collateral postings at pre-agreed dates, in order to mitigate counterparty exposure during the life of certain derivative contracts. These reset clauses and/or collateral postings may result in early Euro settlement obligations in cash with the swap counterparty for part of the outstanding notional amount or market value of the swap. This could lead to additional cash inflows or outflows prior to maturity and may impact available liquidity.

KPN cannot provide assurance that its business will generate sufficient cash flows from operations or that future debt and equity financing will be available to it on acceptable terms or in an amount sufficient to enable it to, over the longer term, fund its capital expenditures or investments or renew its debt financing as principal repayments come due. Forces over which KPN has little or no control, such as competition, technological innovation, regulatory changes, the loss of its current distribution partners which could require additional capital expenditure for new stores or distribution channels and general market conditions all impact KPN's operating performance, and therefore the cash it has available to fund these expenditures and service its debt. Furthermore, rating agency action may negatively affect KPN's ability to obtain funds from financial institutions or capital markets and may increase its financing costs by increasing the interest rates at which it is able to refinance existing debt or incur new debt. In addition, sustained turbulence in the capital markets could further restrict KPN's ability to access additional funding.

The telecom and IT market is characterised by increasing competition, accelerating changes in customer behaviour, accelerating technological developments, increasing price pressure and shrinking markets. Due to these developments, high investments in KPN's assets such as technical infrastructure (access and core networks), IT infrastructure, licenses and goodwill may not be recovered as KPN's business models to generate revenue and cash flow streams could change in future. Also, changes in assumptions such as profitability, network penetration, long-term growth and discount rates could negatively affect the value of cash generating units. These factors could lead to impairments of assets, licenses and goodwill.

KPN's large investments in its fiber and mobile infrastructure including licenses, may not be recovered or returns on these investments may be lower than anticipated. If KPN's future cash flows from operations and other capital resources are insufficient, KPN may be unable to fund its strategy, which includes planned capital expenditures, investments, maintenance of its credit rating and sustaining an acceptable leverage ratio, and as a result, could have a material and adverse effect on KPN's business, results of operations, financial condition and prospects.

KPN's pension liability may reduce KPN's cash flows, profitability, financial condition, net assets, distributable reserves and KPN's ability to pay dividends.

KPN maintains a number of pension plans for its employees, which provide for the payment of retirement benefits and certain disability and survivor benefits. Although in 2014, the majority of the pension plans in the Netherlands have been transferred into (collective) defined

contribution plans, several defined benefit plans remain. While KPN makes periodic contributions for its funded defined benefit plans, such contributions are based on certain assumptions allowed or imposed by law or regulation, and therefore the actual amount of future pension obligations may be higher than provided for by KPN. A portion of KPN's pension plans are unfunded for which KPN recognises a liability on its consolidated balance sheet as an accrual against future obligations. KPN's pension deficit could further increase depending, among other things, on changes in the valuation of publicly-traded debt or equity securities, changes in the applied discount rate, and fluctuations in exchange rates and interest rates. An increase in KPN's defined benefit pension liabilities could have a material adverse effect on its cash flows, financial condition and results of operations.

Deteriorating economic conditions or other factors could result in the further impairment of tangible assets, goodwill and other intangible assets, which may adversely affect KPN's financial condition or results of operations.

For tangible and intangible fixed assets, an impairment loss is recognised for the amount by which the book value of the asset exceeds its recoverable amount. The recoverable amount is defined as the higher of an asset's fair value less cost of disposal and its value in use. Goodwill is impaired if the recoverable amount of the cash-generating unit to which it is allocated is lower than the book value of the cash-generating unit or groups of cash-generating units concerned (including the goodwill).

In the event that economic conditions worsen or other factors arise that cause KPN to change assumptions used in the impairment test (such as sales growth, capital expenditure intensity, EBITDA margin and discount rate) the value of KPN's cash-generating units may change in the future. This may trigger an impairment for goodwill. Such charges, while not directly affecting KPN's cash flows, could have a material adverse effect on its results of operations or financial condition.

Dependence on suppliers and outsourcing: KPN depends on hardware, software and content suppliers and other service providers who may choose to discontinue or be forced to discontinue their services or products, seek to charge prices that are not competitive or choose not to renew contracts with KPN.

KPN has important relationships with several suppliers of hardware, software, content and related services that KPN uses to operate its fixed and mobile telephony, fixed and mobile broadband internet, TV and business telecommunications systems. In certain cases, KPN has made substantial investments in the equipment or software of a particular supplier, making it difficult for KPN to quickly change supply and maintenance relationships in the event that its initial supplier refuses to or is unable to offer KPN favourable prices or ceases to produce equipment or provide the support that KPN requires. Certain of KPN's suppliers in Asia, which may be difficult or costly to replace, may face governmental or regulatory restrictions on imports into the European Union. In the event that hardware or software products or related services are defective, it may be difficult or impossible to enforce recourse claims against suppliers, especially if warranties included in contracts with suppliers have expired, are exceeded by those in KPN's contracts with its customers or if the suppliers are insolvent. In addition, there can be no assurances that KPN will be able to obtain the hardware, software, services and content it needs for the operation of its business, in a timely manner, at competitive terms and in adequate amounts. Furthermore, suppliers of KPN could – in hindsight – breach relevant legislation including human rights and/or environmental laws, which could have an adverse effect on KPN's reputation.

Geopolitical volatility, driven by rising international tensions, protectionism and security concerns, may impact KPN's ability to do business in any part of the world. These concerns

could lead to international bans and other sanctions on suppliers of hardware and software. Such sanctions could significantly impact business continuity of those suppliers and consequently could also harm KPN's availability and use of network equipment.

The success of KPN's business increasingly depends on the quality and variety of the TV and other content it delivers to its customers. As KPN does not produce most of its own content, it depends on agreements, relationships and cooperation with broadcasters and collective rights associations. If KPN is unable to obtain or retain attractively priced competitive content on its network, demand for its existing and future TV and other content services could decrease, thereby limiting its ability to maintain or increase revenues from these services, which could have an adverse effect on KPN's business, results of operations, financial condition and prospects. Furthermore, contractual obligations as included in agreements with KPN customers may not be properly translated into the relevant third party supplier contracts.

Risks in relation to outsourcing of services may adversely affect KPN's business and may cause higher costs than initially anticipated.

Over recent years, KPN has outsourced or offshored certain parts of its operations, including the outsourcing of a large part of its back office, network, and IT operations, and may do so with other parts of its operations in the future. KPN may experience an adverse effect on its customer satisfaction if its service partners do not deliver the service quality agreed in the outsourcing contracts, and certain business customers may object to outsourced services being provided by KPN at all. KPN could also be damaged by negative public perception of outsourcing or perception of inadequate customer service, particularly if it increases the role outsourcing or offshoring plays in the provision of certain customer service functions. Furthermore, should any of these arrangements be terminated by either contract party, including as a result of bankruptcy or insolvency by KPN's outsourcing partners, this could result in delays or disruptions to KPN's operations and could result in it incurring additional costs, including if the outsourcing counterparty increases pricing or if KPN is required to locate alternative service providers or in-source previously outsourced services. KPN may also incur higher costs if it decides to or is required by its customers to perform these services in-house, particularly if it must do so on short notice. In addition, it is possible that persons who provide services for KPN on a contractual basis may be recharacterised as KPN's employees, in which case KPN would be required to pay social insurance contributions and tax, on a retroactive basis for such persons, including a potential fine and/or surcharge. The occurrence of any of these eventualities could have a material adverse effect on KPN's business, results of operations, financial condition and prospects.

KPN's financial results could be adversely affected by changes in foreign currency exchange rates and/or interest rates.

KPN's financial statements are expressed in Euro and KPN's functional currency is the Euro. Moreover, the substantial majority of KPN's revenues and expenses are denominated in Euro. However, KPN is exposed to currency exchange risk, primarily with respect to the pound sterling and the US dollar, from the settlement of international telecommunications traffic and the purchase of goods and equipment. In addition, KPN has borrowed certain amounts in pound sterling and US dollars, and therefore incurs interest expense in those currencies.

In an attempt to reduce the impact of currency fluctuations and the volatility of returns that may result from its currency exposure, KPN attempts to hedge its currency risks on payments mainly with foreign exchange forward contracts, and to hedge its currency risks on bonds with cross-currency swaps for the duration of the bond. There can be no assurance that such hedging will be fully effective or beneficial in protecting KPN from the adverse foreign currency exchange

rate movements or that any resets and/or collateral postings with regard to derivatives will not result in additional cash outflows before maturity.

KPN is subject to interest rate risk, which could result in higher interest expense in the future.

As at 31 December 2018, 83% of KPN's interest bearing gross debt (after swaps, excluding bank overdraft) was at fixed interest rates, however the mix of financial instruments bearing floating or fixed interest rates may vary over time. As a result of its significant exposure to fixed interest rates, KPN may be subject to risk from movements in interest rates upon refinancing its debt obligations in the future. Interest rates are highly sensitive to many factors, including government monetary policies and domestic and international economic and political conditions, as well as other factors beyond KPN's control. KPN could from time to time engage in swap transactions to change its exposure to floating interest rates, however there can be no assurance that such hedging will be fully effective or beneficial to KPN.

KPN does not provide for dismantling of certain elements of its network and any resulting cash outflows are uncertain.

Although KPN currently records a provision for its future obligations to dismantle and remove certain elements of its network, and to restore the sites on which equipment is located, in certain cases no such provision has been recorded. In particular, KPN may, at the request of the landlord, be required in the future to remove certain cables in the Netherlands, if those cables are determined to have been idle for a continuous period of 10 years. Because it is uncertain whether and when such landlords will reasonably request removal of the cables, the date when its cables may be deemed idle and the resulting cash outflows associated with their removal is uncertain. As a result, KPN has no reliable estimate of the impact of such obligations, and no provisions have been made. KPN could face significant additional provisioning requirements related to these obligations in the future.

KPN has significant deferred income tax assets which may not be recoverable.

Deferred income tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits based on KPN's Strategic Plan will be available against which the temporary differences can be utilised. Both the recognised and unrecognised deferred income tax assets are reassessed at each reporting date. Recognised deferred income tax assets reflect management's expectation of realizable amounts. If KPN's actual results are behind expectations, this might result in de-recognition of deferred income tax assets. Furthermore, a change of control of KPN could result in the (partial) loss of KPN's deferred income tax assets.

KPN is subject to increasing operating costs and inflation risks which may adversely affect its earnings.

While KPN attempts to increase its subscription fees, revenue for prepaid cards, connection fees, access fees and revenues from sales of goods and services to offset increases in operating costs, there is no assurance that it will be able to do so, particularly in the face of market competition or decreased customer demand. If KPN is unsuccessful in increasing the fees it charges its customers in line with increasing operating costs, or if it is unable to reduce its cost base through its Simplification program or other cost control efforts, its operating costs may rise faster than associated revenue, resulting in a material negative impact on its cash flow and net earnings. If inflation were to increase, KPN could be negatively impacted by inflationary increases in wages according to KPN's collective labour agreements with its unions, salaries,

benefits and other costs, as well as equipment and component prices, if it were not able to increase its prices in line with such increases.

Third parties may claim that KPN infringes their intellectual property rights, which could adversely affect KPN's business.

Though KPN takes steps to protect its intellectual property rights, there can be no guarantee that third parties will not claim that KPN has infringed or is infringing their intellectual property rights. Moreover, KPN cannot guarantee that a court or other adjudicative body will find any of KPN's intellectual property rights to be valid in the event they are challenged by a third party or that they conform to required technical standards. Furthermore, the fact that KPN has received ownership of, or licenses under, certain intellectual property rights from its contract partners is no guarantee that its activities do not infringe the intellectual property rights of third parties.

If a third party claims that KPN has infringed its intellectual property rights, this may have an adverse effect on KPN's ability to store or distribute certain of its products or services or specific parts thereof. Furthermore, any claims of infringement by a third party, even those without merit, will require administrative handling and follow-up as well as cause distraction, for example investigating and responding to cease and desist letters, and could cause damage to KPN's reputation and the value of its brand, cause KPN to incur substantial defence costs and distract its management and employees from its business. In addition, KPN may be required to seek a license for the use of the infringed intellectual property, which may not be available to it on commercially reasonable terms or at all.

KPN's business may be adversely affected by actual or perceived health risks and other environmental requirements relating to mobile telecommunications transmission equipment and devices, including the location of antennas.

Various reports have alleged that there may be health risks associated with the effects of electromagnetic signals from antenna sites, mobile handsets and other mobile telecommunications devices. KPN cannot assure investors that further medical research and studies will not establish a link between electromagnetic signals or radio frequency emissions and these health concerns. The actual or perceived risk of mobile telecommunications devices, press reports about risks or customer litigation relating to such risks could adversely affect the size or growth rate of KPN's customer base and result in decreased mobile usage or increased litigation costs. In addition, these health concerns may cause authorities in the jurisdictions in which KPN operates to impose more onerous regulations on the construction of base stations or other telecommunications network infrastructure. In particular, public concern over actual or perceived health effects related to electromagnetic radiation may result in increased costs related to KPN's networks, which may hinder the completion or increase the cost of network deployment, reduce the coverage of KPN's network and hinder the commercial availability of new services. If actual or perceived health risks were to result in decreased mobile usage, increased customer litigation or more burdensome regulation, KPN's business, results of operations, financial condition and prospects could be materially and adversely affected.

KPN is also subject to a variety of laws and regulations relating to land use and the protection of the environment, including those governing the storage, management and disposal of hazardous materials and the clean-up of contaminated sites. KPN could incur substantial costs, including clean-up costs, fines, sanctions and third-party claims for property damage or personal injury, as a result of violations of, or liabilities under, such laws and regulations, which could have a material adverse effect on KPN's business, results of operations, financial condition and prospects.

Disruptions in the credit and equity markets could increase the risk of default by the counterparties to KPN's derivative and other financial instruments and cash instruments, and further restrict the availability of debt financing to KPN.

Although KPN seeks to manage the credit risks associated with its derivative and other financial instruments, cash investments and undrawn debt facilities, disruptions in credit and equity markets could increase the risk that its counterparties could default on their obligations to KPN. Economic conditions and uncertainties in global financial markets might increase the credit risk of KPN's counterparties, and KPN cannot rule out the possibility that one or more of its counterparties could fail or otherwise be unable to meet its obligations to KPN. Any such instance could have a material adverse effect on KPN's cash flows, results of operations, available liquidity or financial condition.

Furthermore, it is not possible to predict how economic conditions, sovereign debt concerns and/or adverse regulatory developments could impact the credit markets KPN accesses and, accordingly, KPN's future financial position or results of operations. In this regard, sustained or tightening of the credit markets could adversely impact KPN's ability to access debt financing on favourable terms, or at all. The pressure on KPN's credit ratings may increase, in case of higher net debt levels and/or lower profitability, which could negatively impact pricing and availability of financing resources. Sustained turbulence in the debt and equity markets could therefore contribute to KPN's inability to access the financing necessary to improve its liquidity position, thereby materially and adversely affecting its business, results of operations, financial condition and prospects. KPN holds substantial cash balances, which could lead to high counterparty risks.

Group equity position may be negatively impacted by impairments of goodwill or other financial assets, lower profits or future dividend payments.

Impairments of goodwill or other financial assets, lower profits or future dividend payments could have a negative impact on group equity and could have a negative impact on KPN's credit ratings. In some cases it could negatively impact sales in the business market if KPN's solvency ratios do not meet the minimum solvency requirements of its business customers.

Risks relating to regulatory and legal matters

KPN may fail to obtain or renew its spectrum licenses.

KPN's current principal spectrum licenses have specified terms and are due for renewal in the future. New spectrum bands will become available for mobile and will be open for application (usually by means of an auction). Upon spectrum license renewal, KPN is often required to pay various licensing fees and satisfy certain other conditions. KPN's ability to renew or acquire spectrum and other licenses and the terms of renewal to which those licenses are subject are determined by a number of factors, some of which are beyond KPN's control, including the prevalent regulatory and political environment at the time of renewal. As a condition for renewal, KPN may also be required to agree to new and more onerous terms and service requirements. The loss of, or failure to renew any of KPN's spectrum licenses, or a renewal on unfavourable terms, or failure to obtain new spectrum licenses could have a material adverse effect on KPN's business, financial condition and results of operations. In addition, the terms of certain of KPN's licenses require KPN to meet certain conditions, including, for example, meeting minimum quality, service and network coverage standards. If KPN fails or is unable to comply with the conditions on its licenses or with the legal and regulatory regime requirements more generally, KPN may be subject to fines and/or other administrative actions or may have one or more of its licenses or concessions suspended or revoked. The suspension or revocation

of any of KPN's licenses or concessions could have a material adverse effect on KPN's business, results of operations, financial condition and prospects.

The preparations for an auction in 2020 of the 700, 1400 and 2100 Mhz bands are ongoing, but no formal decisions on timing of the auction procedure are available yet. Although the 3.5 Ghz band at European level is seen as the primary band for 5G, severe restrictions on the use of this spectrum still apply in the Netherlands, to prevent interference with the use of this band by an earth satellite station of the Dutch Ministry of Defence. It was announced in December 2018 that this spectrum will be released for 5G. Although no formal date for actual use is defined, at least parts of this band are expected to be available by the end of 2022. An auction is announced to be scheduled in 2021-2022.

KPN is subject to monitoring and regulation by regulatory bodies, which may increase its costs and otherwise adversely affect its business.

Most of KPN's network activities are monitored by a national regulatory authority (NRA), in the Netherlands mainly the Authority for Consumers & Markets (ACM) and the Agentschap Telecom of the Ministry of Economic Affairs and Climate. Such governmental regulation and supervision, as well as future changes in laws, regulations or government policy (or in the interpretation of existing laws or regulations) that affect KPN, its competitors or its industry, strongly influence how it operates and will operate its various businesses. Adverse regulatory developments could expose its business to a number of risks as well as limit growth, curtail revenues and impact KPN's service offerings, lead to increased operating expenses and higher levels of capital expenditure or investment. In addition, regulation may restrict KPN's operations and subject KPN to further competitive pressure, including pricing restrictions, interconnection and other access obligations, obligations to protect customer interests, and restrictions or controls on content. Furthermore, KPN's competitors often engage in litigation to challenge certain regulatory decisions which impact their and KPN's businesses, and there is a risk that the results of such litigation could alter KPN's or its competitors' current regulatory environment such that KPN's business or results of operations would be negatively impacted. Moreover, there is a risk of non-compliance associated with the complexity of regulation. Failure to comply with current or future regulation could expose KPN's business to various sanctions, including fines and reputational damage.

Furthermore, KPN's ability to introduce new products and services may also be affected if it does not accurately predict how existing or future laws, regulations or policies would apply to such products and services, which could prevent KPN from realising a return on its investment in their development. Complying with existing regulations is burdensome, and future changes may increase KPN's operational and administrative expenses and limit its revenues, which in turn could have a material adverse effect on its business, financial condition and prospects.

KPN's revenues may decline as result of new or amended tariff regulation, concerning call termination, roaming or international calls

Since 15 June 2017, the EU Roaming Regulation requires operators to offer roaming services within the EU/EEA at national rates, except for limited fair use application (for data roaming and to exclude usage by people without structural link with the relevant country). Amendment of the Roaming Regulation upon the upcoming review, or application of similar rules extending the scope outside the EU/EEA may limit revenues further.

KPN has been found in the past, and in the future may be found, to have significant market power in the markets in which it operates, the regulation of which may adversely affect its business.

The European Regulatory Framework for Electronic Communications Networks and Services provides a legal basis to impose measures on entities deemed to have significant market power in any of the markets in which they operate. KPN has been designated as having significant market power in the call termination markets on its individual fixed and mobile networks in the Netherlands, resulting in regulation of FTRs and MTRs on those networks. As of 20 December 2020, single EU maximum rates will be defined for mobile and fixed call termination services, that may be lower than current nationally defined rates. Furthermore, KPN has been designated as having significant market power jointly with VodafoneZiggo in the wholesale fixed access market in the Netherlands. For fixed telephony since 2017 only wholesale regulation on the market for two simultaneous calls (e.g. ISDN-2) remains regulated. The market for FttO will remain unregulated. The decision on the market for High Quality Wholesale Broadband Access (including leased lines) is postponed upon serious doubts expressed by the European Commission. Regulatory changes in relation to the evaluation of which companies have significant market power in certain markets are ongoing and could adversely affect KPN's competitive position and margins in the future.

A finding that KPN has significant market power in a given market subjects it to increased regulatory monitoring and review, potential pricing regulation and could require KPN to provide other service providers access to its network for purposes of providing competing services at regulated prices, as well as impose other restrictions on how it operates its networks and markets its services. Furthermore, if competition authorities were to view KPN's significant market power as being relevant to a finding of market dominance, KPN may not be able to successfully expand its business by means of mergers or acquisitions in markets in which it is found to have significant market power or would obtain significant market power as the result of a given merger or acquisition.

KPN's operations, facilities, products and employees are subject to a wide range of health and safety regulations and concerns, and as a result, KPN may be subject to material liabilities.

KPN is subject to certain environmental, health and safety laws and regulations that affect KPN's operations, facilities, products and employees in each of the jurisdictions in which KPN operates. There is a risk that KPN may have to incur expenditures to cover environmental and health liabilities to maintain compliance with current or future environmental, health and safety laws and regulations or to undertake any necessary remediation.

In addition, certain of KPN's employees or contractors may be required to work under extreme or dangerous conditions (for example, heights or weather) or in extreme or dangerous locations. KPN is subject to potentially material liabilities, including those related to personal injuries or property damage, which may result from working under extreme or dangerous conditions or in extreme or dangerous locations.

KPN is subject to risks from legal and similar proceedings.

KPN is involved in a number of legal and arbitration proceedings, as more fully described in "Description of the Issuer —Legal and tax proceedings" in this Offering Circular. Disputes and legal proceedings are subject to many uncertainties, and their outcomes are often difficult to predict. Adverse judgments could result in restrictions or limitations being imposed on KPN or result in a material adverse effect on its business, results of operations and financial condition. KPN may face legal issues in relation to non-compliance with regulation, including –but not

limited to– privacy and tax regulations. These incidents could have a negative impact on KPN’s reputation and relationship with regulators and/or supervisors. Also, non-compliance with regulatory decisions in the EU and the Netherlands could affect KPN’s future operations and profitability.

Ongoing discussions with the tax authorities on VAT could affect KPN’s future cash flow.

The introduction of new mobile consumer propositions in August 2016 caused a change in the VAT calculation methodology which resulted in a lower remittance of VAT leading to a decrease of VAT due from August 2016 until December 2018 of approximately EUR 3 million per month. The view of KPN is not shared by the Dutch tax authorities and still subject to ongoing discussions. Due to a change in applicable regulations as of January 2019, KPN has amended the VAT calculation methodology leading to an increase of VAT due but has filed formal notices of objections in order to reclaim the higher remittance of VAT. Also as of 2019, the view of KPN as pointed out in the notices of objections is not shared by the Dutch tax authorities and subject to ongoing discussions.

Adverse decisions or interpretations of tax authorities on pending disputes or changes in tax treaties, tax laws, OECD guidelines, EU Directives, rules could have a material adverse effect on KPN’s net result and cash flow.

The tax laws and regulations in the Netherlands may be subject to change and there may be changes in interpretation and enforcement of tax law. As a result, KPN may face increases in taxes payable if tax rates increase, or if tax laws and regulations are modified by the competent authorities in an adverse manner.

A more stringent policy of Ministry of Economic Affairs with regard to ‘Speur & Ontwikkelwerk’ statements could impact WBSO and Innovation Box benefit.

In addition, in 2006 KPN signed a horizontal monitoring covenant (*handhavingsconvenant*) with the Dutch tax authorities to self-assess and transparently discuss KPN’s current and potential future tax issues. KPN regularly considers the likelihood of assessments and has established tax allowances which represent management’s best estimate of the potential assessments. The resolution of any of these tax matters could differ from the amount reserved, which could have a material adverse effect on KPN’s cash flows, business, financial condition and results of operations for any reporting period.

Reputational risks on tax positions could affect KPN’s operations and profitability.

Paying taxes has become a relevant theme in the political environment and society. Even though KPN is committed to be fully compliant with the relevant laws and regulations and adheres to its tax strategy and policy (see ir.kpn.com), some of KPN’s tax positions could be perceived negatively by the political environment and society. KPN might incur reputational damages as a result thereof, which could adversely affect its business, results of operations, financial condition and prospects.

RISKS RELATED TO THE SECURITIES GENERALLY

The Securities may not be a suitable investment for all investors.

Each potential investor in any Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information

contained or incorporated by reference in this Offering Circular or any applicable supplement;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of the financial markets and of any financial variable which might have an impact on the return on the Securities; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments and such instruments may be purchased by potential investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

The Securities will be perpetual securities; Holders of Securities may be required to bear the financial risks of an investment in the Securities for an indefinite period.

The Securities will be perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem the Securities. See "Terms and Conditions of the Securities — Redemption". Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Securities for an indefinite period and may not recover their investment in the foreseeable future.

The Securities will be subject to optional redemption by the Issuer including upon the occurrence of Special Events or a Change of Control Event.

The Securities will be redeemable, at the option of the Issuer, in whole but not in part at any time from (and including) the First Call Date to (and including) the First Reset Date, and thereafter on each Interest Payment Date (each as defined in the Conditions), in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

In addition, upon the occurrence of an Accounting Event, a Rating Event, a Substantial Repurchase Event, a Tax Deduction Event, a Withholding Tax Event or a Change of Control Event (each as defined in the Conditions and as more fully described in Condition 6), the Issuer shall have the option to redeem, in whole but not in part, the Securities at the prices set out therein, in each case together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. In relation to a Tax Deduction Event or a Withholding Tax Event, the Issuer has the right to determine whether in its view such an event has occurred, and the Trustee will be entitled to rely upon that determination by the Issuer, as a result of which holders of the Securities will not be entitled to appeal if the Issuer chooses to exercise its optional redemption right upon the occurrence of such an event.

In the case of a Change of Control Event, if the Issuer does not elect to redeem the Securities in accordance with the Conditions, the then prevailing Interest Rate (as defined in the Conditions), and each subsequent Interest Rate otherwise determined in accordance with Condition 4, on the Securities shall be increased by 5 percentage points with effect from (and including) the date on which the Change of Control Event occurred.

A Substantial Repurchase Event shall be deemed to occur if the Issuer or any of its subsidiaries repurchases (and effects corresponding cancellations) or the Issuer redeems Securities in respect of 75 per cent. or more in the principal amount of the Securities initially issued, as more fully described in the Conditions.

During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Securities when its cost of borrowing is lower than the interest payable on them. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest payable on the Securities being redeemed and may only be able to do so at a significantly lower rate.

Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer may not be able to redeem the Securities after a Change of Control Event.

At or around the Issue Date, the Issuer intends to undertake to holders of its Relevant Securities (as defined below) that following the occurrence of a Change of Control Event in respect of which the Issuer intends to deliver a notice exercising its right to redeem the Securities under Condition 6(g), it will do so only after making a tender offer, directly or indirectly, to all holders of Relevant Securities to repurchase such securities at their respective aggregate nominal amounts together with any interest accrued until the day of completion of the repurchase. As a consequence, Holders should be aware that there may not be sufficient funds to redeem the Securities after the repurchase of the Relevant Securities.

Relevant Securities means any current or future indebtedness of the Issuer to Senior Creditors (as defined in Condition 3(a)) in the form of, or represented or evidenced by bonds, notes, debentures or other similar securities or instruments (or a guarantee thereof) which benefits from a solicited rating from an external rating agency recognised by EU or US regulations, and which does not include protection for the holders thereof in the event of a change of control of the Issuer (however defined).

The current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change, which may result in the occurrence of an Accounting Event

In June 2018, the International Accounting Standards Board (the **IASB**) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the **DP/2018/1 Paper**) and a public meeting was recently held on this matter. If the proposals set out in the DP/2018/1 Paper are implemented in their current form, the current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change and this may result in the occurrence of an Accounting Event. In such an event, the Issuer may have the option to redeem, in whole but not in part, the Securities pursuant to the Conditions. The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is still uncertain. During the 23 October 2019 meeting of the IASB, the potential scope and indicative timetable of the project plan regarding the DP/2018/1 Paper were discussed but no decisions were made.

Accordingly, no assurance can be given as to the future classification of the Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Securities pursuant to the Conditions.

For a description of the risks related to the early redemption of the Securities, see the Risk Factor entitled "*The Securities will be subject to optional redemption by the Issuer including upon the occurrence of Special Events or a Change of Control Event.*".

The interest rate on the Securities will reset on the First Reset Date and on every Reset Date thereafter, which can be expected to affect the interest payment on such Securities and the market value of the Securities.

While the Securities will earn interest at a fixed rate until (but excluding) the First Reset Date, the current market interest rate on the capital markets (the market interest rate) typically changes on a daily basis. Since the initial fixed rate of interest for the Securities will be reset on the First Reset Date (as set out in the Conditions) and on each subsequent Reset Date, the interest payment on such Securities will also change. Holders should be aware that movements in these market interest rates can adversely affect the price of the Securities and can lead to losses for the Holders if they sell the Securities.

Holders of Securities are exposed to the risk of fluctuating interest rate levels and uncertain interest income as the reset rates could affect the market value of an investment in the Securities.

Changes or uncertainty in respect of EURIBOR may affect the value or payment of interest under the Securities.

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate (**LIBOR**) and the Euro Interbank Offered Rate (**EURIBOR**), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (**Benchmarks**), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on the Securities.

The Conditions provide that the Interest Rate shall be determined by reference to the Reset Screen Page (or its successor or replacement). In circumstances where the Original Reference Rate is discontinued, neither the Reset Screen Page, nor any successor or replacement may be available.

Where the Reset Screen Page is not available, and no successor or replacement for the Reset Screen Page is available, the Conditions provide for the Interest Rate to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of the Original Reference Rate), the Interest Rate may ultimately revert to the Interest Rate applicable as at the last preceding Reset Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Securities.

Benchmark Events include (amongst other events) permanent discontinuation of the Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to

appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Interest Rate is likely to result in the Securities performing differently (which may include payment of a lower Interest Rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the holders of Securities.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Securities performing differently (which may include payment of a lower Interest Rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the terms and conditions of the Securities.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next relevant Reset Interest Determination Date, the Interest Rate for the next succeeding Reset Period will be the Interest Rate applicable as at the last preceding Reset Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Reset Interest Determination Date, the Interest Rate will be the initial Interest Rate.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Reset Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Reset Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Reset Periods, as necessary.

Applying the initial Interest Rate, or the Interest Rate applicable as at the last preceding Reset Interest Determination Date before the occurrence of the Benchmark Event is likely to result in the Securities performing differently (which may include payment of a lower Interest Rate) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the Securities, the initial Interest Rate, or the Interest Rate applicable as at the last preceding Reset Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Securities, in effect, becoming fixed rate Securities.

The Issuer's obligations under the Securities are subordinated to certain other claims and obligations.

The Issuer's obligations under the Securities will be unsecured and subordinated as follows.

In the event of a Winding-up (as defined in the Conditions) of KPN, the claims of the Holders will rank (i) in priority to any distributions in respect of (A) any ordinary shares in the capital of the Issuer; (B) any preference shares in the capital of the Issuer; and (C) if there are any preference shares outstanding and any other instruments outstanding which by their terms are expressed to rank *pari passu* with the preference shares, such instruments; (ii) *pari passu* with all Parity Obligations (as defined in the Conditions) and (iii) junior to the rights and claims of Senior Creditors (as defined in the Conditions), so that in the event of a Winding-up, amounts due and payable in respect of the Securities shall be paid by KPN only after all of the Senior Creditors have been reimbursed or paid in full and the Holders irrevocably waive their right to be treated equally with all such creditors in such circumstances. No Holder shall be entitled to exercise any right of set-off, netting or counterclaim in respect of any amounts owed by the Issuer under or in connection with the Securities. See "Terms and Conditions of the Securities — Status" and "Terms and Conditions of the Securities — Subordination".

By virtue of such subordination, payments to a Holder will, in the events described in the Conditions, only be made after all obligations of the Issuer resulting from higher ranking. Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of his investment should the Issuer become insolvent.

Dutch insolvency laws may not be as favourable to holders of the Securities as those of another jurisdiction with which you may be familiar.

There are two primary insolvency regimes under Dutch law. The first, moratorium of payments (*surseance van betaling*), is intended to facilitate the reorganisation of a debtor's indebtedness and enable the debtor to continue as a going-concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate and distribute the proceeds of the assets of a debtor to its creditors. Both insolvency regimes are set forth in the Dutch Bankruptcy Act (*faillissementswet*). The consequences of both proceedings are roughly equal from the perspective of a creditor, with creditors being treated on a *pari passu* basis subject to exceptions.

A general description of the principles of both insolvency regimes is set forth below.

Under Dutch law secured creditors (and in case of suspension of payment also preferential creditors (including tax and social security authorities)) may enforce their rights against assets of the company to satisfy their claims as if there were no insolvency proceedings.

A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going-concern value of the debtor. Consequently, a Holder's potential recovery could be reduced in Dutch insolvency proceedings.

Any pending executions of judgments against the debtor will be suspended by operation of law when suspension of payments is granted and terminate by operation of law when bankruptcy is declared. In addition, all attachments on the debtor's assets will cease to have effect upon the suspension of payments having become definitive, a composition having been ratified by the

court or the declaration of bankruptcy (as the case may be) subject to the ability of the court to set an earlier date for such termination.

In a suspension of payments and bankruptcy, a composition (*akkoord*) may be offered to creditors. A composition will be binding on all unsecured and non-preferential creditors if it is (i) approved by a simple majority of the creditors being present or represented at the creditors' meeting, representing at least 50 per cent. of the amount of the claims that are admitted for voting purposes, and (ii) subsequently ratified (*gehomologeerd*) by the Dutch courts.

Consequently, Dutch insolvency laws could preclude or inhibit the ability of the Holders to effect a restructuring and could reduce the recovery of a Holder.

Claims against a company subject to Dutch insolvency proceedings will have to be verified in the insolvency proceedings in order to be entitled to vote and, in a bankruptcy liquidation, to be entitled to distributions. "Verification" under Dutch law means, in the case of suspension of payments, that the treatment of a disputed claim for voting purposes is determined and, in the case of a bankruptcy, that the value of the claim is determined and whether and to what extent it will be admitted in the insolvency proceedings. The valuation of claims that would not otherwise have been payable at the time of the proceedings may be based on a net present value analysis. Unless secured by a pledge or a mortgage, interest accruing after the date on which insolvency proceedings are opened cannot be verified. Where interest accrues after the date of opening of the proceedings, it can be admitted on a provisional basis.

The existence, value and ranking of any claims submitted by the Holders may be challenged in the Dutch insolvency proceedings. Generally, in a creditors' meeting (*verificatievergadering*), the receiver in bankruptcy, the administrator in suspension of payments proceedings, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors' meeting may be referred to separate court proceedings (*renvooiprocedure*) in bankruptcy, while in suspension of payments the court will decide how a disputed claim will be treated for voting purposes. These situations could cause the Holders to recover less than the principal amount of their Securities. Renvooi procedures could also cause payments to the holders of Securities to be delayed compared to holders of undisputed claims.

The Dutch Bankruptcy Act does not in itself recognize the concept of classes of creditors. Remaining amounts, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, who will be satisfied on a pro rata basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings, with the actual effect largely depending on the way such subordination is construed.

Secured creditors may enforce their rights against assets of the debtor to satisfy their claims under a Dutch bankruptcy as if there is no bankruptcy. As in moratorium of payments proceedings, the court may order a "cooling down period" for a maximum of four months during which enforcement actions by secured creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge. Further, a receiver in bankruptcy can force a secured creditor to enforce its security interest within a reasonable period of time, failing which the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have to share in the bankruptcy costs. Excess proceeds of enforcement must be returned to the bankrupt estate; they may not be set-off against an unsecured claim of the secured creditor in the bankruptcy. Such set-off is allowed prior to the bankruptcy, although a set-off prior to bankruptcy may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set-off.

Under Dutch law, a legal act performed by a person (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional

agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its receiver in bankruptcy, if (a) it performed such act without an obligation to do so (*onverplicht*), (b) the creditor concerned or, in the case of its bankruptcy, any creditor was prejudiced as a consequence of the act, and (c) at the time the act was performed both it and (unless the act was for no consideration (*om niet*)) the party with or towards which it acted, knew or should have known that one or more of its creditors (existing or future) would be prejudiced. In addition, in the case of a person's bankruptcy, the receiver in bankruptcy may nullify its performance of any due and payable obligation (including (without limitation) an obligation under a guarantee or to provide security for any of its or a third party's obligations) if (i) the recipient of the payment or performance knew, at the time of the payment or performance, that a request for bankruptcy had been filed, or (ii) the performance of the obligation was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

There is no limitation on issuing senior or pari passu securities.

The Conditions will not limit the amount of the liabilities ranking senior to, or *pari passu* with, the Securities which may be incurred or assumed by the Issuer from time to time, whether before or after the Issue Date. The incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on a Winding-up of KPN and/or may increase the likelihood of a deferral of interest payments under the Securities.

The Issuer has the right to defer interest payments on the Securities.

The Issuer may, at its discretion, elect to defer all or part of any payment of interest on the Securities. See "Terms and Conditions of the Securities — Optional Interest Deferral".

While the deferral of payment of interest continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Securities and in such event, the Holders are not entitled to claim immediate payment of interest so deferred. While the deferral of payment of interest continues, the Holders are not entitled to claim immediate payment of interest so deferred either if the Issuer makes payments on instruments ranking *pari passu* with or junior to the Securities where the Issuer is obliged under the terms of such instruments to make such payments.

Any such deferral of interest payment shall not constitute a default for any purpose unless such payment is required in accordance with Condition 5(c).

Any deferral of interest payments will likely have an adverse effect on the market price of the Securities. In addition, as a result of the interest deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The Securities may not be redeemed unless and until all outstanding Arrears of Interest are satisfied in full, on or prior to the date set for the relevant redemption.

The Securities contain limited Events of Default and remedies.

The Conditions will provide that the Securities will be perpetual securities and there is therefore no obligation on the Issuer to repay principal on any given date. In addition, payments of interest on the Securities may be deferred in accordance with Condition 5(a) and interest will not therefore be due other than in the limited circumstances described in Condition 5(c).

The only event of default in the Conditions is if a default is made by the Issuer for a period of 14 days or more in the payment of any principal or 21 days or more in the payment of any interest, in each case in respect of the Securities and which is due.

Therefore, it will only be possible for the Holders to enforce claims for payment of principal or interest of the Securities when the same are due.

In addition, in the event of a Winding-up (except for the purposes of a merger, reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders), although the Securities will become immediately due and payable, the claims of Holders will be subordinated to the claims of holders of all Senior Obligations as further described in Condition 3(a). Accordingly, the claims of holders of all Senior Obligations will first have to be satisfied in any Winding-up or analogous proceedings before the Holders may expect to obtain any recovery in respect of their Securities and prior thereto Holders will have only limited ability to influence the conduct of such Winding-up or analogous proceedings.

The Securities are subject to modification of certain Conditions, waiver of certain terms and substitution of the Issuer.

The Conditions will contain provisions for calling meetings of Holders of a Tranche to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Holders of a Tranche including Holders who did not attend and vote at the relevant meetings and Holders who voted in a manner contrary to the majority.

The Conditions and the Trust Deed will also provide that the Trustee may, without the consent of Holders of a Tranche, agree to (i) any modification of the Conditions or of any other provisions of the Trust Deed or the Paying Agency Agreement which is, in each case, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach by the Issuer of, any of the Conditions or of the provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders of a Tranche (which will not include, for the avoidance of doubt, any provision entitling the Holders of a Tranche to institute proceedings for the winding-up of the Issuer which is more extensive than those set out in Condition 10), or (iii) the substitution on a subordinated basis equivalent to that referred to in Conditions 2 and 3 of certain other entities in place of the Issuer (or any previous Substituted Obligor (as defined in Condition 13)) as a new principal debtor under the Trust Deed and the Securities, Coupons and Talons, provided, *inter alia*, the Trustee is satisfied that the interests of Holders will not be materially prejudiced by the substitution. If the Issuer chooses to substitute another entity or entities in place of the Issuer according to the terms and conditions of the Securities, there is no assurance that the Securities would receive more favorable treatment from the relevant authorities in the Netherlands regarding the deductibility of interest payments or the requirement to withhold tax on such payments. As a result, any Tax Deduction Event or a Withholding Tax Event in effect may remain in effect upon the replacement of the Issuer by a Substituted Obligor, and the Issuer may consequently choose to redeem the Securities even if a Substituted Obligor is put in place. Furthermore, there can be no guarantee that any such substitution will improve, or not negatively impact, the tax position of any individual holder of the Securities and such a holder may have no recourse if the Issuer chooses to make any such substitution.

Credit ratings may not reflect all risks.

Credit ratings are expected to be assigned to the Securities by S&P, Moody's and Fitch (see cover page of this Offering Circular for more information). Other independent credit rating agencies could decide to assign credit ratings to the Securities and such credit ratings may be higher than, the same as or lower than the credit rating provided by S&P, Moody's and Fitch. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or

withdrawn by the rating agency at any time. A revision, suspension or withdrawal of a rating may adversely affect the market price of the Securities

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances.

Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non- EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (ESMA) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Change of law may affect the terms and conditions, and other matters related to the Securities.

The Securities will be governed by English law and, in respect of Condition 3 only, Dutch law. No assurance can be given as to the impact of any possible judicial decision or change to English law or, as the case may be, Dutch law or any administrative practice thereof after the Issue Date.

Dutch tax risks related to the Tax Plan 2020.

On 17 September 2019, the Dutch Ministry of Finance published its Tax Plan 2020 (*Pakket Belastingplan 2020*). The Tax Plan 2020 includes several measures, one of which may in particular become relevant within the context of the Dutch tax treatment of the Issuer, the Securities, and/or payments in respect of the Securities, being the introduction of a conditional withholding tax on interest and royalties.

With respect to this measure, the Tax Plan 2020 proposes to introduce a conditional withholding tax on interest and royalties that will apply from 2021. The conditional withholding tax is an anti-abuse measure and will apply to interest and royalty payments by a Dutch entity (broadly defined) directly or – if certain requirements are met – indirectly, to a related entity or permanent establishment of such entity (i) in a low-tax jurisdiction or (ii) in cases of abuse. An entity is related if it can directly or indirectly control the decisions made by the other entity on its activities (a qualifying interest). This is for example the case if it has more than 50% of the voting rights. The controlling entity can either be the paying or the receiving entity. Furthermore, an entity is related, if a third party has a qualifying interest in both the paying and receiving entity. An entity is also related if it has an interest, but not a qualifying interest in the Dutch entity, but it is part of a cooperating group of entities which as a total has a qualifying interest in the Dutch entity that makes the payment.

Although the scope of the new rule, when enacted, is limited to group entities, it could potentially be applicable to payments under the Securities.

Risks related to the market generally

There is no active trading market for the Securities, and if a market does develop, it may be volatile.

Although application has been made for the Securities to be admitted to the Official List and to trading on the GEM, the Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been prepared to meet the investment requirements of limited categories of investors. These types of securities generally would have a more limited secondary market and more price volatility than conventional debt securities.

Illiquidity may have a severely adverse effect on the market value of the Securities.

Payment of principal and interest on the Securities is subject to exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Securities in euro. This presents certain risks relating to currency or currency unit conversions if an investor's financial activities are denominated principally in a currency or a currency unit (the Investor's Currency) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency equivalent yield on the Securities, (2) the Investor's Currency equivalent value of the principal payable on the Securities and (3) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks may affect the value of an investment in the Securities.

Investment in the Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Securities. Fluctuations in interest rates can affect the market values of, and corresponding levels of capital gains or losses on, fixed rate securities.

During periods of rising interest rates, the prices of fixed rate securities, such as the Securities, tend to fall and gains are reduced or losses incurred upon their sale. Therefore, investment in the Securities involves the risk that changes in market interest rates may adversely affect the value of the Securities. Interest rate resets may result in a decline of yield.

OVERVIEW

The following overview refers to certain provisions of the Terms and Conditions of the Securities and is qualified by the more detailed information contained elsewhere in this Offering Circular. Capitalised terms used herein have the meaning given to them in "Terms and Conditions of the Securities".

| | |
|-------------------------------|--|
| Issuer | Koninklijke KPN N.V. |
| Trustee | Citicorp Trustee Company Limited |
| Principal Paying Agent | Citibank, N.A., London Branch |
| Issue Size | €500,000,000 |
| Issue Date | 8 November 2019 |
| Maturity | The Securities will be perpetual securities in respect of which there is no fixed redemption date. |
| Interest/Step-up | <p>The Securities bear interest on their principal amount at the applicable Interest Rate from (and including) the Issue Date. Subject as described in "Optional Interest Deferral", interest shall be payable on the Securities annually in arrear on the Interest Payment Date in each year, except that the first payment of interest, to be made on 8 February 2020, will be in respect of the period from (and including) the Issue Date to (but excluding) 8 February 2020.</p> <p>The Securities will bear interest:</p> <ul style="list-style-type: none">(i) from (and including) the Issue Date to (but excluding) 8 February 2025 (the First Reset Date) at a rate of 2.000 per cent. per annum, payable annually in arrear on 8 February in each year. The first payment of interest, to be made on 8 February 2020, will be in respect of the period from (and including) the Issue Date to (but excluding) 8 February 2020 and will amount to €504.11 per €100,000 in principal amount of the Securities;(ii) thereafter, unless previously redeemed, the Securities will bear interest from (and including) the First Reset Date to (but excluding) 8 February 2030 at a rate per annum which shall be 2.344 per cent. above the euro 5 year swap rate (the Reset Reference Rate) for the relevant Reset Period, payable annually in arrear on 8 February in each year;(iii) from (and including) 8 February 2030 to (but excluding) 8 February 2045 the Securities will bear interest at a rate per annum which shall be 2.594 per cent. above the Reset Reference Rate for the relevant Reset Period payable annually in arrear on 8 February |

in each year; and

- (iv) from (and including) 8 February 2045, the Securities will bear interest at a rate per annum which shall be 3.344 per cent. above the Reset Reference Rate for the relevant Reset Period payable annually in arrear on 8 February in each year,

all as more particularly described in "Terms and Conditions of the Securities — Interest Payments".

If a Change of Control Event occurs and the Issuer does not elect to redeem the relevant Securities, the then prevailing interest rate per annum (and each subsequent interest rate per annum) in respect of the relevant Securities shall be increased by 5 percentage points with effect from (and including) the date on which the Change of Control Event occurred.

Status

The Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves.

Subordination

In the event of a Winding-up of the Issuer, the claims of the Holders (as provided in Condition 10(f)) will rank:

- (i) in priority to any distributions in respect of (A) any ordinary shares in the capital of the Issuer; (B) any preference shares in the capital of the Issuer; and (C) if there are any preference shares outstanding and any other instruments outstanding which by their terms are expressed to rank *pari passu* with the preference shares, such instruments (together, **Junior Securities**);
- (ii) *pari passu* with all Parity Obligations; and
- (iii) junior to the rights and claims of Senior Creditors,

so that in the event of a Winding-up, amounts due and payable in respect of the Securities shall be paid by the Issuer only after all of the Senior Creditors have been reimbursed or paid in full and the Holders irrevocably waive their right to be treated equally with all such Senior Creditors in such circumstances.

As used herein:

Parity Obligations means:

- (i) any obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Securities;
- (ii) any obligations of any subsidiaries of the Issuer benefiting from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, *pari passu* with the Securities; and
- (iii) the Capital Securities;

Senior Creditors means all unsubordinated creditors, present and future, of the Issuer and all subordinated creditors of the Issuer other than those whose claims (whether only in the event of a Winding-up or otherwise) rank, or are expressed to rank, *pari passu* with or junior to the claims of the Holders of the Securities;

Capital Securities means the Issuer's £400,000,000 Capital Securities due 2073 (ISIN: XS0903872603) and the Issuer's U.S.\$600,000,000 Capital Securities due 2073 (Restricted Global Certificate - ISIN: US50048VAA89, Unrestricted Global Certificate - ISIN: USN4297BBC74);

and

Winding-up means a situation where:

- (i) an order is made or a decree or resolution is passed for the winding-up, liquidation or dissolution of the Issuer; or
- (ii) a trustee (*curator*) is appointed by the competent District Court in the Netherlands in the event of bankruptcy (*faillissement*) affecting the whole or a substantial part of the undertaking or assets of the Issuer and such appointment is not discharged within 30 days.

See "Risk Factors – Risks related to the Securities generally – The Securities contain limited Events of Default and remedies".

Optional Interest Deferral

The Issuer may, at its discretion, elect to defer all or part of any Interest Payment (a **Deferred Interest Payment**) which is otherwise scheduled to be paid on an Interest Payment Date by giving a Deferral Notice of such election to the Holders. Subject as described in "Mandatory Settlement of Arrears of Interest", if the Issuer elects not to make all or part of any Interest Payment on an Interest Payment Date, then it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute an Event of Default of the Issuer or any other breach of its obligations under the Securities or for any other purpose.

Any Deferred Interest Payment (or part thereof) shall itself bear interest (such further interest together with the Deferred Interest Payment, being **Arrears of Interest**), at the Interest Rate applicable to the relevant Securities from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Optional Deferred Interest Settlement Date or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance

with Condition 5(c), in each case such further interest being compounded on each Interest Payment Date.

Non-payment of Arrears of Interest shall not constitute a default by the Issuer under the Securities or for any other purpose, unless such payment is required in accordance with Condition 5(c).

Optional Settlement of Arrears of Interest of Arrears of Interest may be satisfied at the option of the Issuer in whole or in part at any time (the **Optional Deferred Interest Settlement Date**) following delivery of a notice to such effect given by the Issuer to the Holders informing them of its election to so satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date.

Mandatory Settlement of Arrears of Interest of The Issuer may give a notice as described in "Optional Interest Deferral" with regard to any amount which would otherwise be due on an Interest Payment Date in its sole discretion and for any reason.

Notwithstanding the above and the provisions of "Optional Interest Deferral", the Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which an Interest Payment was deferred.

Optional Redemption The Issuer may redeem all, but not some only, of the Securities at any time from (and including) the First Call Date to (and including) the First Reset Date, and thereafter on each Interest Payment Date at their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

Special Event Redemption If a Special Event has occurred and is continuing, then the Issuer may redeem (at its option) at any time all, but not some only, of the Securities at:

- (i) in the case of an Accounting Event, a Rating Event or a Tax Deduction Event, where the relevant date fixed for redemption falls prior to the First Call Date, 101 per cent. of their principal amount;
- (ii) in the case of an Accounting Event, a Rating Event or a Tax Deduction Event where the relevant date fixed for redemption falls on or after the First Call Date, their principal amount; or
- (iii) in the case of a Substantial Repurchase Event or a Withholding Tax Event, at any time, their principal amount,

in each case together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

Change of Control

If a Change of Control Event has occurred and is continuing, the Issuer may elect to redeem all, but not some only, of the Securities at any time at their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

At or around the Issue Date, the Issuer intends to undertake with and for the benefit of all holders of its Relevant Securities (as defined below) that, for so long as any of the Securities is outstanding, following the occurrence of a Change of Control Event in respect of which it intends to deliver a notice exercising its right to redeem the Securities under Condition 6(g), it will do so only after making a tender offer, directly or indirectly, to all holders of the Relevant Securities to repurchase their respective Relevant Securities at their respective aggregate nominal amounts together with any interest accrued until the day of completion of the repurchase. The Issuer will undertake to make such tender offer in such a way as to ensure that the repurchase of any such Relevant Securities tendered to it will be effected prior to any redemption of the Securities in accordance with Condition 6(g).

Relevant Securities means any current or future indebtedness of the Issuer to Senior Creditors (as defined in Condition 3(a)) in the form of, or represented or evidenced by bonds, notes, debentures or other similar securities or instruments (or a guarantee thereof) which benefits from a solicited rating from an external rating agency recognised by EU or US regulations, and which does not include protection for the holders thereof in the event of a change of control of the Issuer (however defined).

Event of Default

If a default is made by the Issuer for a period of 14 days or more in the payment of any principal or 21 days or more in the payment of any interest, and which is due, then the Issuer shall without notice from the Trustee be deemed to be in default under the Trust Deed, the relevant Securities and the Coupons, and the Trustee at its sole discretion may, or shall, if so requested by an Extraordinary Resolution of the Holders of the relevant Securities or in writing by the Holders of at least one-quarter in principal amount of the relevant Securities, subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction, institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

In the event of a Winding-up (except for the purposes of a merger, reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders), the Securities will become immediately due and payable at their outstanding principal amount, together with interest accrued

thereon, including any Arrears of Interest, up to (but excluding) the redemption date, subject to the ranking provided in "Overview — Subordination" above.

Additional Amounts

Payments in respect of the Securities shall be made free and clear of, and without withholding or deduction for, or on account of, taxes of the Netherlands, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts may be payable by the Issuer, subject to certain exceptions as are more fully described under "Terms and Conditions of the Securities — Taxation".

Substitution of the Issuer

Provided the Trustee is satisfied that the interests of the relevant Holders will not be materially prejudiced, the Trustee may, without the consent of the Holders or Couponholders, agree to the substitution on a subordinated basis equivalent to that referred to in Conditions 2 and 3 of certain other entities in place of the Issuer as a new principal debtor under the relevant Securities, Coupons and Talons. See "Terms and Conditions of the Securities — Meetings of Holders, Modification, Waiver and Substitution".

Replacement Intention

The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Securities only to the extent that the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of the issuance of the Securities does not exceed such part of the net proceeds received by the Issuer or any subsidiary of the Issuer after the Issue Date but on or prior to the date of such redemption or repurchase from the sale or issuance of securities by the Issuer or such subsidiary to third party purchasers (other than group entities of the Issuer) which are assigned by S&P "equity credit" (or such similar nomenclature used by S&P from time to time) (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless:

- (i) the long-term corporate credit rating assigned by S&P to the Issuer is the same as or higher than the BBB long-term corporate credit rating assigned to the Issuer on the Issue Date and the Issuer is of the view that such a rating would not fall below this level as a result of such redemption or repurchase, or*
- (ii) in the case of a repurchase or a redemption, such repurchase or redemption is, taken together with relevant repurchases or redemptions of other Hybrid Securities of the Issuer, (a) in any period of 12 consecutive months starting at the Relevant Time, of less than 10 per cent. of the Relevant Amount or (b) in any period of 10 consecutive years starting at the*

Relevant Time, of less than 25 per cent. of the Relevant Amount, provided that such repurchase or redemption has no materially negative effect on the Issuer's credit profile, or

- (iii) if, in the case of a repurchase, such repurchase is in an amount necessary to allow the Issuer's aggregate amount of hybrid capital remaining outstanding after such repurchase to remain below the maximum aggregate principal amount of hybrid capital to which S&P would assign equity content under its prevailing methodology, or*
- (iv) the Securities are redeemed pursuant to a Tax Deduction Event, a Withholding Tax Event, an Accounting Event or a Rating Event, or*
- (v) the Securities are not assigned an "equity credit" by S&P (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or*
- (vi) such redemption or repurchase occurs on or after the Reset Date falling on 8 February 2045.*

Whereby:

Hybrid Securities means securities that at the time of their sale or issuance have been and are continuing to be assigned "equity credit" (or such other nomenclature used by S&P from time to time);

Relevant Time means the time of the first repurchase or redemption after the Issue Date or, if the aggregate principal amount of the Issuer's outstanding Hybrid Securities has increased after the Issue Date, the time of the first repurchase or redemption after the most recent increase; and

Relevant Amount means, at any Relevant Time, the aggregate principal amount of the Issuer's outstanding Hybrid Securities at that time.

This is a statement of the Issuer's intention as at the date of this Offering Circular and does not impose any legal obligations on the Issuer. Accordingly, this statement does not form part of the Conditions.

Form

The Securities will be in bearer form and each Tranche will initially be represented by a Temporary Global Security, without coupons or talons, which will be deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg on or about the Issue Date. The Temporary Global Security will be exchangeable for interests in the Permanent Global Security, without coupons or talons, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Security will be exchangeable for definitive Securities in bearer form only in the limited

circumstances set out in it. See "Summary of Provisions relating to the Securities while in Global Form".

| | |
|---|---|
| Denomination | €100,000. |
| Listing and Admission to Trading | Application will be made for the Securities to be admitted to trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange plc trading as Euronext Dublin. |
| Governing Law | English law save for certain provisions relating to subordination and waiver of set-off which shall be governed by Dutch law. |
| Ratings | The Securities are expected to be rated BB+ by S&P, Ba2 by Moody's and BB+ by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. |
| Use of Proceeds | The Issuer intends to use the net proceeds of the Offering for general corporate purposes including refinancing of debt. See "Use of Proceeds". |
| Selling Restrictions | The United States, the EEA, the United Kingdom and Japan. See "Subscription and Sale". |
| Risk Factors | Prospective investors should carefully consider the information set out in "Risk Factors" in conjunction with the other information contained or incorporated by reference in this Offering Circular. |
| ISIN | XS2069101868. |
| Common Code | 206910186. |

TERMS AND CONDITIONS OF THE SECURITIES

The following, subject to alteration prior to 8 November 2019 and except for paragraphs in italics, are the terms and conditions of the Securities which will be endorsed on each Security in definitive form (if issued).

The issue of the €500,000,000 Perpetual Fixed Rate Resettable Capital Securities (the **Securities**, which expression shall, unless the context otherwise requires, include any further securities issued pursuant to Condition 17 and forming a single series with the Securities) of Koninklijke KPN N.V. (the **Issuer**) was authorised by a resolution of the board of management of the Issuer passed on 24 October 2019 and a resolution of the supervisory board of the Issuer passed on 24 October 2019. The Securities are constituted by a trust deed (the **Trust Deed**) dated 8 November 2019 between the Issuer and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Securities (the **Holder**s). These terms and conditions (as amended from time to time) (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Securities and of the interest coupons relating thereto (the **Coupons**, which expression includes, where the context so permits, talons for further Coupons (the **Talons**)) and the Talons appertaining to Securities in definitive form. Copies of (i) the Trust Deed; and (ii) the paying agency agreement (the **Agency Agreement**) dated 8 November 2019 relating to the Securities between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent (the **Principal Paying Agent**, which expression shall include any successor thereto, and the expression **Paying Agents** shall include the Principal Paying Agent and all persons for the time being the paying agent under the Agency Agreement), Citibank, N.A., London Branch as calculation agent (the **Calculation Agent**, which expression includes the Calculation Agent for the time being) and the Trustee and copies thereof may be obtained during usual business hours at the principal office of the Trustee (presently at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom) and at the specified offices of each of the Paying Agents. The Holders and the holders of the Coupons (whether or not attached to the relevant Securities) (the **Couponholders**) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1 Form, Denomination and Title

(a) Form and Denomination

The Securities are serially numbered and in bearer form in the denomination of €100,000, each with Coupons and one Talon attached on issue.

(b) Title

Title to the Securities, Coupons and each Talon passes by delivery. The holder of any Security, Coupon or Talon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2 Status

The Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The

rights and claims of the Holders and the Couponholders are subordinated as described in Condition 3.

3 Subordination

(a) General

In the event of a Winding-up of the Issuer, the claims of the Holders (as provided in Condition 10(f)) will rank:

- (i) in priority to any distributions in respect of (A) any ordinary shares in the capital of the Issuer; (B) any preference shares in the capital of the Issuer; and (C) if there are any preference shares outstanding and any other instruments outstanding which by their terms are expressed to rank *pari passu* with the preference shares such instruments (together, **Junior Securities**);
- (ii) *pari passu* with all Parity Obligations; and
- (iii) junior to the rights and claims of Senior Creditors,

so that in the event of a Winding-up, amounts due and payable in respect of the Securities shall be paid by the Issuer only after all of the Senior Creditors have been reimbursed or paid in full and the Holders irrevocably waive their right to be treated equally with all such Senior Creditors in such circumstances.

As used herein:

Parity Obligations means:

- (i) any obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Securities;
- (ii) any obligations of any subsidiaries of the Issuer benefiting from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, *pari passu* with the Securities; and
- (iii) the Capital Securities;

Senior Creditors means all unsubordinated creditors, present and future, of the Issuer and all subordinated creditors of the Issuer other than those whose claims (whether only in the event of a Winding-up or otherwise) rank, or are expressed to rank, *pari passu* with or junior to the claims of the Holders of the Securities.

(b) Set-off

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities or the Coupons and each Holder and Couponholder shall, by virtue of his holding of any Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

4 Interest Payments

(a) Interest Rate

The Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 8 November 2019 (the **Issue Date**) in accordance with the provisions of this Condition 4.

Subject to Condition 5, interest shall be payable on the Securities annually in arrear on each Interest Payment Date as provided in this Condition 4, except that the first payment of interest, to be made on 8 February 2020, will be in respect of the period from (and including) the Issue Date to (but excluding) 8 February 2020.

(b) Interest Accrual

The Securities will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6, as the case may be, unless, upon due presentation, payment of all amounts due in respect of the Securities is not made, in which event interest shall continue to accrue in respect of unpaid amounts on the Securities, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Save as provided in Condition 4(c), where it is necessary to calculate an amount of interest in respect of any Security for a period which is less than a complete year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Interest Payment Date.

Where it is necessary to calculate an amount of interest in respect of any Security for a period of more than one year, such interest shall be the aggregate of the interest payable in respect of a full year plus the interest payable in respect of the remaining period calculated in the manner as aforesaid.

Interest in respect of any Security shall be calculated per €100,000 in principal amount thereof (the **Calculation Amount**). The amount of interest payable per Calculation Amount for any period shall, save as provided in Condition 4(c), be equal to the product of the relevant Interest Rate, the Calculation Amount and an Actual/Actual day-count basis for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of each Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Security without any further rounding.

(c) First Fixed Interest Rate

For each Interest Period ending on or before the First Reset Date, the Securities bear interest at the rate of 2.000 per cent. per annum (the **First Fixed Interest Rate**), payable annually in arrear on the Interest Payment Date in each year, except that the first payment of interest, to be made on 8 February 2020, will be in respect of the period from (and including) the Issue Date to (but excluding) 8 February 2020 and will amount to €504.11 per Calculation Amount.

(d) Subsequent Fixed Interest Rates

For each Interest Period which commences on or after the First Reset Date, the Securities bear interest at the relevant Subsequent Fixed Interest Rate. Such interest shall be payable annually in arrear on the Interest Payment Date in each year and shall be calculated, except as provided in Condition 4(i) below, as follows:

Subsequent Fixed Interest Rate = Reset Reference Rate + Margin

all as determined by the Calculation Agent and where,

Reset Reference Rate means the mid-swap rate for euro interest rate swaps with a term of 5 (five) years as displayed on Reuters screen "ISDAFIX2" as at 11:00 a.m. (Central European time) (the **Reset Screen Page**) on the day falling two Business Days prior to the first day of the relevant Reset Period (the **Reset Interest Determination Date**);

In the event that the Reset Reference Rate does not appear on the Reset Screen Page on the Reset Interest Determination Date, the Reset Reference Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date;

Reset Reference Bank Rate means the percentage rate determined on the basis of the Reset Reference Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 11:00 a.m. (Central European time), on such Reset Interest Determination Date. If at least three quotations are provided, the Reset Reference Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be the Reset Reference Rate that appeared on the most recent Reset Screen Page that was available;

The **Reset Reference Rate Quotations** means, in respect of each Interest Period falling within a Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the relevant Reset Interest Determination Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis) and;

Margin means in respect of (i) the Reset Period commencing on 8 February 2025 and ending on (but excluding) 8 February 2030, 2.344 per cent.; (ii) each Reset Period which falls in the period commencing on 8 February 2030 and ending on (but excluding) 8 February 2045, 2.594 per cent.; and (iii) each Reset Period which falls on or after 8 February 2045, 3.344 per cent.

The Subsequent Fixed Interest Rate shall be determined as provided above in respect of each Reset Period, provided that the Subsequent Fixed Interest Rate shall never be lower than 0 (zero) per cent., and, as so determined, such rate shall apply to each Interest Period falling within that Reset Period.

(e) Determination of Subsequent Fixed Interest Rates

The Calculation Agent will, as soon as practicable after 11.00 hours (Central European time) on each Reset Interest Determination Date, determine the Subsequent Fixed Interest Rate in respect of each Interest Period falling within the relevant Reset Period.

(f) Publication of Subsequent Fixed Interest Rates

The Issuer shall cause notice of each Subsequent Fixed Interest Rate determined in accordance with this Condition 4 in respect of each relevant Interest Period to be given to the Trustee, the Paying Agents, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 16, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

(g) Calculation Agent and Reset Reference Banks

With effect from the First Reset Date, the Issuer will maintain a Calculation Agent and Reset Reference Banks where the Interest Rate is to be calculated by reference to them. The name of the initial Calculation Agent and its initial specified office is set out at the end of these Conditions.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Calculation Agent or any Reset Reference Bank with another leading financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails duly to determine a Subsequent Fixed Interest Rate in respect of any Interest Period as provided in Condition 4(d), the Issuer shall forthwith appoint another leading financial institution approved in writing by the Trustee to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations of Calculation Agent Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Trustee, the Paying Agents and all Holders and Couponholders and (in the absence as aforesaid) no liability to the Holders, the Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) Step-up after Change of Control

Notwithstanding any other provision of this Condition 4, if the Issuer does not elect to redeem the Securities in accordance with Condition 6(g) following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 4, on the Securities shall be increased by 5 percentage points with effect from (and including) the date on which the Change of Control Event occurred.

(j) Benchmark discontinuation

(i) Independent Adviser

(A) If a Benchmark Event occurs in relation to the Original Reference Rate when any Interest Rate (or any component part thereof) remains to be determined by reference to the Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable (provided that such appointment need not be made earlier than with effect from 30 days prior to the first date on which the Original Reference Rate is to be used to determine any Interest Rate (or any component part thereof)), to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(j)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(j)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 4(j) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Holders (or the holders of Receipts or Coupons or Talons) for any

determination made by it and for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(j).

- (B) If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 4(j)(ii) prior to the relevant Reset Interest Determination Date, the Interest Rate applicable to the next succeeding Reset Period shall be equal to the Interest Rate last determined in relation to the Securities in respect of the immediately preceding Reset Period. If there has not been a first Reset Interest Determination Date, the Interest Rate shall be the Fixed Interest Rate. Where a different Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Margin relating to the relevant Reset Period shall be substituted in place of the Margin relating to that last preceding Reset Period. For the avoidance of doubt, this Condition 4(j)(i)(B) shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, Condition 4(j)(i)(A).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 4(j)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 4(j)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(j) and the Independent Adviser determines (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(j)(v), without any requirement for the consent or approval of Holders or Couponholders, vary these Conditions and/or

the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two managing directors of the Issuer pursuant to Condition 4(j)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Holders or the Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4(j)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(j), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a Rating Event to occur.

(v) *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(j) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two managing directors of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(j); and
- (b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as

aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Holders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 4(j)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 4(d) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*

As used in this Condition 4(j):

Adjustment Spread means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied);
- (iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

Alternative Rate means an alternative to the Original Reference Rate which the Independent Adviser determines in accordance with Condition 4(j)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same currency as the Securities;

Benchmark Amendments has the meaning given to it in Condition 4(j)(iv);

Benchmark Event means:

- (1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

- (3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Securities; or
- (5) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Holder using the Original Reference Rate;

provided that in the case of sub-paragraphs (2), (3) and (4), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement;

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(j)(i);

Original Reference Rate means the originally-specified Reset Reference Rate used to determine the Interest Rate (or any component part thereof) on the Securities;

Relevant Nominating Body means, in respect of the Reset Reference Rate:

- (i) the central bank for the currency to which the Reset Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reset Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the Reset Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reset Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5 Optional Interest Deferral

(a) Deferral of Payments

Notwithstanding the provisions of Condition 4(a), the Issuer may, at its discretion, elect to defer all or part of any Interest Payment (a **Deferred Interest Payment**) which is otherwise scheduled to be paid on an Interest Payment Date by giving notice (a **Deferral Notice**) of such election to the Holders in accordance with Condition 16, the Trustee and the Principal Paying Agent not more than 14 nor less than 7 Business Days prior to the relevant Interest Payment Date. Subject to Condition 5(c), if the Issuer elects not to make all or part of any Interest Payment on an Interest Payment Date, then

it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute an Event of Default or any other breach of its obligations under the Securities or for any other purpose.

(b) Optional Settlement

Arrears of Interest (as defined below) may be satisfied at the option of the Issuer in whole or in part at any time (the **Optional Deferred Interest Settlement Date**) following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 16, the Trustee and the Principal Paying Agent not more than 14 nor less than 7 Business Days prior to the relevant Optional Deferred Interest Settlement Date informing them of its election to so satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date.

Any Deferred Interest Payment shall itself bear interest (such further interest together with the Deferred Interest Payment, being **Arrears of Interest**), at the Interest Rate applicable to the Securities from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Optional Deferred Interest Settlement Date or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with Condition 5(c), in each case such further interest being compounded on each Interest Payment Date.

Non-payment of Arrears of Interest shall not constitute a default by the Issuer under the Securities or for any other purpose, unless such payment is required in accordance with Condition 5(c).

(c) Mandatory Settlement

Notwithstanding the provisions of Condition 5(a), the Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which a Deferred Interest Payment first arose.

6 Redemption

(a) No Fixed Redemption Date

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3(a) and without prejudice to the provisions of Condition 12) only have the right to repay them in accordance with the following provisions of this Condition 6.

(b) Issuer's Call Option

The Issuer may, by giving not less than 15 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities at any time from (and including) the First Call Date to (and including) the First Reset Date, and thereafter on each Interest Payment Date, in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

(c) Redemption for Taxation Reasons

- (i) If, immediately prior to the giving of the notice referred to below, a Tax Deduction Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall be irrevocable) and subject to Condition 7, redeem in accordance with these Conditions at any time all, but not some only, of the Securities at (i) 101 per cent. of their principal amount (where such redemption occurs prior to the First Call Date) or (ii) their principal amount (where such redemption occurs on or after the First Call Date), together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.
- (ii) If, immediately prior to the giving of the notice referred to below, a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall be irrevocable) and subject to Condition 7, redeem in accordance with these Conditions at any time all, but not some only, of the Securities at their principal amount, together, with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(d) Redemption for Rating Reasons

If, immediately prior to the giving of the notice referred to below, a Rating Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall be irrevocable) and subject to Condition 7, redeem in accordance with these Conditions all, but not some only, of the Securities at any time at (i) 101 per cent. of their principal amount (where such redemption occurs prior to the First Call Date) or (ii) their principal amount (where such redemption occurs on or after the First Call Date), together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(e) Redemption for Accounting Reasons

If, immediately prior to the giving of the notice referred to below, an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall be irrevocable) and subject to Condition 7, redeem in accordance with these Conditions all, but not some only, of the Securities at any time at (i) 101 per cent. of their principal amount (where such redemption occurs prior to the First Call Date) or (ii) their principal amount (where such redemption occurs on or after the First Call Date), together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

The period during which the Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event shall start on the Accounting Event Adoption Date. For the avoidance of doubt such period shall include any transitional period between the Accounting Event Adoption Date and the date on which it comes into effect.

(f) Redemption for Substantial Repurchase

If, immediately prior to the giving of the notice referred to below, a Substantial Repurchase Event has occurred, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall be irrevocable) and subject to Condition 7, redeem in accordance with these Conditions all, but not some only, of the Securities at any time at their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(g) Redemption for Change of Control

If, immediately prior to the giving of the notice referred to below, a Change of Control Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem in accordance with these Conditions all, but not some only, of the Securities at any time at their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

At or around the Issue Date, the Issuer intends to undertake with and for the benefit of all holders of its Relevant Securities (as defined below) that, for so long as any of the Securities is outstanding, following the occurrence of a Change of Control Event in respect of which it intends to deliver a notice exercising its right to redeem the Securities in accordance with this Condition 6(g) it will do so only after making a tender offer, directly or indirectly, to all holders of the Relevant Securities to repurchase their respective securities at their respective aggregate nominal amounts together with any interest accrued until the day of completion of the repurchase. The Issuer will undertake to make such tender offer in such a way as to ensure that the repurchase of any such Relevant Securities tendered to it will be effected prior to any redemption of the Securities in accordance with this Condition 6(g).

Relevant Securities means any current or future indebtedness of the Issuer to Senior Creditors (as defined in Condition 3(a)) in the form of, or represented or evidenced by bonds, notes, debentures or other similar securities or instruments (or a guarantee thereof) which benefits from a solicited rating from an external rating agency recognised by EU or US regulations, and which does not include protection for the holders thereof in the event of a change of control of the Issuer (however defined).

Replacement intention

The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Securities only to the extent that the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned "equity credit" (or such similar nomenclature used by S&P from time to time) at the

time of the issuance of the Securities does not exceed such part of the net proceeds received by the Issuer or any subsidiary of the Issuer after the Issue Date but on or prior to the date of such redemption or repurchase from the sale or issuance of securities by the Issuer or such subsidiary to third party purchasers (other than group entities of the Issuer) which are assigned by S&P “equity credit” (or such similar nomenclature used by S&P from time to time) (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless:

- (i) the long-term corporate credit rating assigned by S&P to the Issuer is the same as or higher than the BBB long-term corporate credit rating assigned to the Issuer on the Issue Date and the Issuer is of the view that such a rating would not fall below this level as a result of such redemption or repurchase, or*
- (ii) in the case of a repurchase or a redemption, such repurchase or redemption is, taken together with relevant repurchases or redemptions of other Hybrid Securities of the Issuer, (a) in any period of 12 consecutive months starting at the Relevant Time, of less than 10 per cent. of the Relevant Amount or (b) in any period of 10 consecutive years starting at the Relevant Time, of less than 25 per cent. of the Relevant Amount, provided that such repurchase or redemption has no materially negative effect on the Issuer's credit profile, or*
- (iii) if, in the case of a repurchase, such repurchase is in an amount necessary to allow the Issuer's aggregate amount of hybrid capital remaining outstanding after such repurchase to remain below the maximum aggregate principal amount of hybrid capital to which S&P would assign equity content under its prevailing methodology, or*
- (iv) the Securities are redeemed pursuant to a Tax Deduction Event, a Withholding Tax Event, an Accounting Event or a Rating Event, or*
- (v) the Securities are not assigned an “equity credit” by S&P (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or*
- (vi) such redemption or repurchase occurs on or after the Reset Date falling on 8 February 2045.*

Whereby:

Hybrid Securities means securities that at the time of their sale or issuance have been and are continuing to be assigned “equity credit” (or such other nomenclature used by S&P from time to time);

Relevant Time means the time of the first repurchase or redemption after the Issue Date or, if the aggregate principal amount of the Issuer's outstanding Hybrid Securities has increased after the Issue Date, the time of the first repurchase or redemption after the most recent increase;

Relevant Amount means, at any Relevant Time, the aggregate principal amount of the Issuer's outstanding Hybrid Securities at that time.

This is a statement of the Issuer's intention as at the date of this Offering Circular and does not impose any legal obligations on the Issuer. Accordingly, this statement does not form part of the Conditions.

7 Preconditions to Special Event Redemption and Change of Control Event Redemption

Prior to the publication of any notice of redemption pursuant to Condition 6 (other than redemption pursuant to Condition 6(b)), the Issuer shall deliver to the Trustee a certificate signed by two managing directors of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied, and where the relevant Special Event or Change of Control Event requires measures reasonably available to the Issuer to be taken, the relevant Special Event or Change of Control Event cannot be avoided by the Issuer taking such measures. In relation to a redemption pursuant to Condition 6(c), such certificate shall also include a copy of an opinion to the Issuer of an independent recognised law firm or other tax adviser experienced in such matters of international standing stating that a Tax Deduction Event or Withholding Tax Event has occurred.

The Trustee may rely absolutely upon and shall be entitled to accept such certificate without any liability to any person for so doing and without any further inquiry as sufficient evidence of the satisfaction of the conditions precedent set out in such paragraphs in which event it shall be conclusive and binding on the Holders and the Couponholders.

Any redemption of the Securities in accordance with Condition 6(b), 6(c), 6(d), 6(e), 6(f) or 6(g) shall be conditional on all outstanding Arrears of Interest being paid in full in accordance with the provisions of Condition 54(j) on or prior to the date thereof, together with any accrued and unpaid interest up to (but excluding) such redemption date.

The Trustee is under no obligation to ascertain whether any Special Event or Change of Control or Change of Control Event or any event which could lead to the occurrence of, or could constitute, any such Special Event, Change of Control or Change of Control Event, has occurred and, until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event, Change of Control or Change of Control Event or such other event has occurred.

8 Purchases and Cancellation

(a) Purchases

The Issuer or any of its subsidiaries may at any time purchase or procure others to purchase beneficially for its account Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto. The Securities so purchased, while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 13.

(b) Cancellation

All Securities redeemed by the Issuer pursuant to Condition 6 (together with all unmatured Coupons and unexchanged Talons relating thereto) will forthwith be cancelled. All Securities purchased by the Issuer or any of its subsidiaries may be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons) to the Principal Paying Agent. Securities so surrendered, shall be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached). Any Securities so surrendered

for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged.

9 Payments

(a) Method of Payment

- (i) Payments of principal, premium and interest will be made against presentation and surrender of Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the relevant Securities. Such payments will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.
- (ii) Each Security should be presented for redemption together with all unmatured Coupons relating to it in respect of the Interest Periods which fall prior to the First Reset Date, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than five years after the due date for the relevant payment of principal.
- (iii) Upon the due date for redemption of any Security, unmatured Coupons relating to such Security in respect of any Interest Period commencing on or after the First Reset Date (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 12).

(b) Payments Subject to Fiscal Laws

Without prejudice to the terms of Condition 11, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders or Couponholders in respect of such payments.

(c) Payments on Business Days

A Security or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a euro account, a day which is a Business Day). No further interest or other payment will be made as a consequence of the day on which the relevant Security or Coupon may be presented for payment under this paragraph falling after the due date. In this Condition, "business day" means a day on which commercial banks and foreign exchange markets are open in the relevant city.

10 Event of Default

(a) Proceedings

If a default is made by the Issuer for a period of 14 days or more in the payment of any principal or 21 days or more in the payment of any interest, in each case in respect of the Securities and which is due (an **Event of Default**), then the Issuer shall without notice from the Trustee be deemed to be in default under the Trust Deed, the Securities and the Coupons and the Trustee at its sole discretion may, notwithstanding the provisions of Condition 10(b) but subject to Condition 10(c), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment and/or give notice to the Issuer that the Securities are, and they shall immediately thereby become, due and payable at their principal amount together with any accrued and unpaid interest up to (but excluding) such date and any outstanding Arrears of Interest.

(b) Enforcement

The Trustee may at its discretion (subject to Condition 10(c)) and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Securities or the Coupons but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. In no event shall the Issuer, by virtue of the institution of any such proceedings, steps or actions, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 10(a) or 10(b) above against the Issuer to enforce the terms of the Trust Deed, the Securities or the Coupons or any other action or step under or pursuant to the Trust Deed or the Conditions unless (i) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) Right of Holders

No Holder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10.

(e) Extent of Holders' remedy

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee or the Holders or Couponholders, whether for the recovery of amounts owing in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities, Coupons or under the Trust Deed.

(f) Winding-up

In the event of a Winding-up (except for the purposes of a merger, reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders), the Securities will become immediately due and payable at their outstanding principal amount, together with interest accrued thereon, including any Arrears of Interest, subject to the ranking provided in Condition 3.

11 Taxation

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Securities and the Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or within the Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (**Additional Amounts**) as shall result in receipt by the Holders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Security or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a Holder or Couponholder who is liable to such Taxes in respect of such Security or Coupon by reason of his having some connection with the Netherlands other than a mere holding of such Security or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented for payment more than 30 days after the Relevant Date except to the extent that the Holder or Couponholder thereof would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day; or
- (c) **Payment by another Paying Agent:** presented for payment by or on behalf of a Holder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Security or Coupon to another Paying Agent in a Member State of the European Union or making any other claim or filing for exemption to which it is entitled to the relevant tax authority or Paying Agent.

References in these Conditions to principal, premium, Interest Payments, Deferred Interest Payments, Arrears of Interest and/or any other amount in respect of interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

12 Prescription

Claims in respect of Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within a period of 10 years in the case of Securities and five years in the case of Coupons from the Relevant Date relating thereto. Subject to Condition 9, there shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 12 or Condition 9(a)(iii).

13 Meetings of Holders, Modification, Waiver and Substitution

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Holders holding not less than 10 per cent. in principal amount of the Securities for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Holders whatever the principal amount of the Securities so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal, any applicable premium or Interest Payments in respect of the Securities and reducing or cancelling the principal amount of any Securities, any applicable premium or the Interest Rate) and certain other provisions of the Trust Deed as set out in the Trust Deed, the quorum shall be two or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Securities for the time being outstanding.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Securities outstanding (a **Written Resolution**), or (ii) where the Securities are held on or behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communication systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in principal amount of the Securities outstanding (**Electronic Consent**), shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such a Written Resolution and/or Electronic Consent will be binding on all Holders whether or not they participated in such Written Resolution and/or Electronic Consent. A Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Holders or Couponholders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which is in each case following, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach by the Issuer of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders (which will not include, for the avoidance of doubt, any provision entitling the Holders to institute

proceedings for the winding-up of the Issuer which is more extensive than those set out in Condition 10).

The consent or approval of the Holders or Couponholders shall not be required in the case of amendments to the Conditions pursuant to Condition 4(j) to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Securities or for any other variation of these Conditions and/or the Trust Deed and/or the Agency Agreement required to be made in the circumstances described in Condition 4(j), where the Issuer has delivered to the Trustee a certificate pursuant to Condition 4(j)(v).

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution and to such amendment of the Trust Deed and such other conditions as the Trustee may require but without the consent of the Holders or Couponholders, to the substitution on a subordinated basis equivalent to that referred to in Conditions 2 and 3 of certain other entities (any such entity, a **Substituted Obligor**) in place of the Issuer (or any previous Substituted Obligor under this Condition) as a new principal debtor under the Trust Deed, the Securities, the Coupons and the Talons.

In connection with any proposed substitution as aforesaid and in connection with the exercise of its trusts, powers, authorities and discretions (including but not limited to those referred to in this Condition 13), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to the consequences of such substitution or such exercise for individual Holders or Couponholders. In connection with any substitution or such exercise as aforesaid, no Holder or Couponholder shall be entitled to claim, whether from the Issuer, the Substituted Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Holders or Couponholders except to the extent already provided in Condition 11 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(d) General

Any such modification, waiver, authorisation or substitution shall be binding on all Holders and all Couponholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Holders in accordance with Condition 16 as soon as practicable thereafter.

14 Replacement of the Securities, Coupons and Talons

If any Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Security, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Securities, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Securities, Coupons or Talons must be surrendered before any replacement Securities, Coupons or Talons will be issued.

15 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of, and/or provision of security and/or prefunding for, the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee may rely without liability to Holders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Holders.

16 Notices

Notices to Holders will be valid if published in the English language in a daily newspaper having general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*) or, if in the opinion of the Trustee such publication shall not be practicable, in another leading daily English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Holders in accordance with this Condition.

17 Further Issues

The Issuer may from time to time without the consent of the Holders or the Couponholders create and issue further Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Securities) and so that such further issue shall be consolidated and form a single series with the outstanding Securities. Any such Securities shall be constituted by a deed supplemental to the Trust Deed.

18 Agents

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that it will:

- (a) at all times maintain a Principal Paying Agent;
- (b) at all times maintain Paying Agents having specified offices in at least two major European cities approved by the Trustee; and
- (c) whenever a function expressed in these Conditions to be performed by the Calculation Agent or by the Reset Reference Banks falls to be performed, appoint and (for so long as such function is required to be performed) maintain a Calculation Agent and/or, as appropriate, Reset Reference Banks.

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 16. If any of the Calculation Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise

fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place. All calculations and determinations made by the Calculation Agent or the Principal Paying Agent in relation to the Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agents, the Holders and the Couponholders.

19 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England save for the provisions contained in Condition 3(a) and Condition 3(b) which shall be governed by the laws of the Netherlands.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Securities, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in connection with the Securities, the Coupons or the Talons (**Proceedings**) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition is for the benefit of each of the Trustee, the Holders and the Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Agent for Service of Process

The Issuer irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom as its agent in England to receive service of process in any Proceedings in England based on any of the Securities or the Coupons. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Securities by virtue of the Contracts (Rights of Third Parties) Act 1999.

21 Definitions

In these Conditions:

an **Accounting Event** shall be deemed to occur if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting principles (or the application thereof) which have been officially adopted after the Issue Date (such date, the **Accounting Event Adoption Date**), the Securities may not or may no longer be recorded as "equity" in full in the audited annual or the semi-annual consolidated financial statements of the Issuer

pursuant to the IFRS or any other accounting standards that may replace IFRS; the Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date;

Additional Amounts has the meaning given to it in Condition 11;

Adjustment Spread has the meaning given to it in Condition 4(j);

Agency Agreement has the meaning given to it in the preamble to these Conditions;

Alternative Rate has the meaning given to it in Condition 4(j);

Arrears of Interest has the meaning given to it in Condition 5(b);

Benchmark Amendments has the meaning given to it in Condition 4(j);

Benchmark Event has the meaning given to it in Condition 4(j);

Business Day means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and the TARGET System is operating;

Calculation Agent has the meaning given to it in the preamble to these Conditions;

Calculation Amount has the meaning given to it in Condition 4(b);

Capital Securities means the Issuer's £400,000,000 Capital Securities due 2073 (ISIN: XS0903872603) and the Issuer's U.S.\$600,000,000 Capital Securities due 2073 (Restricted Global Certificate - ISIN: US50048VAA89, Unrestricted Global Certificate - ISIN: USN4297BBC74);

a **Change of Control Event** shall be deemed to have occurred if there occurs a Change of Control and within the Change of Control Period a Rating Downgrade in respect of that Change of Control occurs.

For the purposes of the definition of a Change of Control Event:

a **Change of Control** shall be deemed to have occurred at each time (whether or not approved by the board of management or the supervisory board of the Issuer) that any person or persons (**Relevant Person(s)**) acting in concert or any person or persons acting on behalf of any such Relevant Person(s), directly or indirectly acquire(s) or come(s) to own (A) more than 50 per cent. of the issued ordinary share capital of the Issuer or (B) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of shareholders of the Issuer.

Change of Control Period means the period ending 90 days after the occurrence of the Change of Control.

a **Compulsory Arrears of Interest Settlement Event** shall have occurred if:

- (i) a dividend (either interim or final), or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Junior Securities or Parity Obligations, except where (x) such dividend, other distribution or payment was required to be resolved on, declared, paid or made in respect of any stock option plans or employees' share schemes of the Issuer or (y) such

dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Junior Securities or Parity Obligations; or

- (ii) the Issuer or any subsidiary of the Issuer has repurchased, purchased, redeemed or otherwise acquired any Junior Securities, except where (x) such repurchase, purchase, redemption or acquisition was undertaken in connection with the satisfaction by the Issuer or any subsidiary of the Issuer of its respective obligations under any share buyback program in force and duly approved by its shareholders' general meeting or any stock option plan or free share allocation plan reserved, in all cases, for directors, officers and/or employees of the Issuer's group or any associated hedging transaction or the hedging of convertible securities or other equity-linked securities or (y) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Junior Securities; or
- (iii) the Issuer or any subsidiary of the Issuer has repurchased, purchased, redeemed or otherwise acquired any Parity Obligations or any Securities, except where (x) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Parity Obligations or (y) such repurchase, purchase, redemption or acquisition is effected as a public tender offer or public exchange offer at a purchase price per security which is below its par value;

Conditions means these terms and conditions of the Securities, as amended from time to time;

Coupon has the meaning given to it in the preamble to these Conditions;

Couponholder has the meaning given to it in the preamble to these Conditions;

Deferral Notice has the meaning given to it in Condition 5(a);

Deferred Interest Payment has the meaning given to it in Condition 5(a);

euro or € means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended;

Event of Default has the meaning given to it in Condition 10(a);

First Call Date means 8 November 2024;

First Reset Date means 8 February 2025;

First Fixed Interest Rate has the meaning given to it in Condition 4(c);

Holder has the meaning given to it in the preamble to these Conditions;

Independent Adviser has the meaning given to it in Condition 4(j);

Interest Payment means, in respect of an interest payment on an Interest Payment Date, the amount of interest payable on the presentation and surrender of such Coupon for the relevant Interest Period in accordance with Condition 4;

Interest Payment Date means 8 February in each year, commencing on (and including) 8 February 2020;

Interest Period means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

Interest Rate means the First Fixed Interest Rate and/or each Subsequent Fixed Interest Rate, as the case may be;

Issue Date has the meaning given to it in Condition 4(a);

Issuer means Koninklijke KPN N.V.;

Junior Securities has the meaning given to it in Condition 3(a);

Mandatory Settlement Date means the earlier of:

- (i) the 10th Business Day following the date on which a Compulsory Arrears of Interest Settlement Event occurs; or
- (ii) an Interest Payment Date in respect of which the Issuer has not elected to defer in whole payment of the relevant scheduled Interest Payment; or
- (iii) the date on which the Securities are redeemed or repaid in accordance with Condition 6 or Condition 10 or repurchased (whether by the Issuer or any subsidiary of the Issuer) in accordance with Condition 8; or
- (iv) the liquidation of the Issuer.

Margin has the meaning given to it in Condition 4(d);

Optional Deferred Interest Settlement Date has the meaning given to it in Condition 5(b);

Original Reference Rate has the meaning given to it in Condition 4(j);

Parity Obligations has the meaning given to it in Condition 3(a);

Paying Agents has the meaning given to it in the preamble to these Conditions;

Principal Paying Agent has the meaning given to it in the preamble to these Conditions;

Proceedings has the meaning given to it in Condition 19(b);

Rating Agency means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. or any of its subsidiaries or affiliates including S&P Global Ratings Europe Limited and their successors or Moody's Investors Service, Inc. or any of its subsidiaries or affiliates including Moody's Investors Service España S.A. and their successors or Fitch Ratings Limited or any of its subsidiaries or affiliates and their successors or any rating agency of equivalent international standing substituted for any of them (or any permitted substitute of them) by the Issuer or specified by the Issuer from time to time with the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed having regard to the interests of the Holders);

a **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control (i) if within the Change of Control Period any rating previously assigned to the Issuer by any two Rating Agencies (if three Rating Agencies have assigned a rating to the Issuer) or by any Rating Agency (if only one or two Rating Agencies have assigned

a rating to the Issuer) is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (z) (if the rating assigned to the Issuer by any two Rating Agencies shall be below an investment grade rating (as described above)) lowered one full rating category (from BB+/Ba1 to BB/Ba2 or such similar lower or equivalent rating), or (ii) if at the time of the Change of Control there is no rating assigned to the Issuer and no Rating Agency assigns during the Change of Control Period an investment grade credit rating (as described above) to the Issuer (unless the Issuer is unable to obtain such a rating within such period having used all reasonable endeavours to do so and such failure is unconnected with the occurrence of the Change of Control) provided, in each case, that a Rating Downgrade otherwise arising by virtue of a particular change in rating, or failure to obtain an investment grade rating (as described above) shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in or withdrawing the rating, or failing to award an investment grade rating (as described above), to which this definition would otherwise apply does not announce publicly or confirm in writing to the Issuer that the withdrawal, reduction or such failure was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control;

a **Rating Event** shall be deemed to occur if the Issuer has confirmed in writing to the Trustee and certifies in a notice to the Holders that any Rating Agency, which has assigned a sponsored rating to the Issuer, has either published or confirmed to the Issuer an amendment, clarification or change in the "equity credit" criteria of any Rating Agency (or the application thereof), which amendment, clarification or change has occurred after the Issue Date, results in all or any of the Securities being assigned a level of equity credit that is lower than the level or equivalent level of equity credit assigned to the Securities by such Rating Agency on the Issue Date (or if the Securities have been partially or fully re-financed since the Issue Date and are no longer eligible for equity credit in part or in full as a result, the Securities would no longer have been eligible as a result of such amendment, clarification, change in criteria or change in the interpretation had they not been re-financed), or if such equity credit was not assigned on the Issue Date, at the date when the equity credit was assigned for the first time;

Relevant Date means (i) in respect of any payment other than a sum to be paid by the Issuer in a winding-up or administration of the Issuer, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 16, and (ii) in respect of a sum to be paid by the Issuer in a winding-up or administration of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

Relevant Nominating Body has the meaning given to it in Condition 4(j);

Relevant Securities has the meaning given to it in Condition 6(g);

Reset Date means the First Reset Date and each date falling on the fifth anniversary of the First Reset Date;

Reset Interest Determination Date has the meaning given to it in Condition 4(d);

Reset Period means the period from one Reset Date to the next following Reset Date;

Reset Reference Bank Rate has the meaning given to it in Condition 4(d);

Reset Reference Banks means five leading swap dealers in the interbank market as selected by the Issuer;

Reset Reference Rate has the meaning given to it in Condition 4(d);

Reset Reference Rate Quotations has the meaning given to it in Condition 4(d);

Reset Screen Page has the meaning given to it in Condition 4(d);

Securities has the meaning given to it in the preamble to these Conditions;

Senior Creditors has the meaning given to it in Condition 3(a);

Special Event means any of an Accounting Event, a Rating Event, a Substantial Repurchase Event, a Tax Deduction Event or a Withholding Tax Event or any combination of the foregoing;

Subsequent Fixed Interest Rate has the meaning given to it in Condition 4(d);

Substantial Repurchase Event shall be deemed to occur if prior to the giving of the relevant notice of redemption the Issuer or any of its subsidiaries repurchases (and effects corresponding cancellations) or the Issuer redeems Securities in respect of 75 per cent. or more in the principal amount of the Securities initially issued (which shall for this purpose include any further Securities issued pursuant to Condition 17);

Successor Rate has the meaning given to it in Condition 4(j);

Talons has the meaning given to it in the preamble to these Conditions;

TARGET System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

a **Tax Deduction Event** shall be deemed to have occurred if, as a result of a Tax Law Change, in respect of the Issuer's obligation to make any Interest Payment on the next following Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the Netherlands, or such entitlement is reduced, and the Issuer cannot avoid the foregoing in connection with the Securities by taking measures reasonably available to it;

Tax Law Change means a change in, or amendment to, the laws or regulations of the Netherlands or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 8 November 2019;

Taxes has the meaning given to it in Condition 11;

Trust Deed has the meaning given to it in the preamble to these Conditions;

Trustee has the meaning given to it in the preamble to these Conditions;

Winding-up means a situation where (i) an order is made or a decree or resolution is passed for the winding-up, liquidation or dissolution of the Issuer or (ii) a trustee (*curator*) is appointed by the competent District Court in the Netherlands in the event of

bankruptcy (*faillissement*) affecting the whole or a substantial part of the undertaking or assets of the Issuer and such appointment is not discharged within 30 days; and

a **Withholding Tax Event** shall be deemed to occur if, as a result of a Tax Law Change, the Issuer would on the occasion of the next payment in respect of the Securities be prevented by Dutch law from making payment to the Holders of the full amount then due and payable, notwithstanding the undertaking to pay Additional Amounts on the Securities and the Issuer cannot avoid the foregoing in connection with the Securities by taking measures reasonably available to it.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

The Temporary Global Security and the Permanent Global Security will contain provisions which apply to the Securities while they are in global form, some of which modify the effect of the Conditions of the Securities. The following is a summary of certain of those provisions as they relate to the Securities:

1 EXCHANGE

The Temporary Global Security is exchangeable in whole or in part for interests in the Permanent Global Security on or after a date which is expected to be 18 December 2019, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Security. The Permanent Global Security is exchangeable in whole but not in part (free of charge to the relevant Holders) for the definitive Securities described below if the Permanent Global Security is held on behalf of a clearing system and that clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon, the Holder may give notice to the Principal Paying Agent of its intention to exchange the Permanent Global Security for definitive Securities on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below) the Holder of the Permanent Global Security may surrender the Permanent Global Security to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Security, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Securities (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Security and a Talon for further Coupons), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Permanent Global Security, the Issuer will, if the Holder so requests, procure that it is cancelled and returned to the Holder together with any definitive Securities.

Exchange Date means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the cities in which the relevant clearing system is located.

2 PAYMENTS

No payment will be made on the Temporary Global Security unless exchange for an interest in the Permanent Global Security is improperly withheld or refused. Payments of principal, premium and interest in respect of the Securities represented by a Global Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of such Global Security to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Holders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Security, which endorsement will be prima facie evidence that such payment has been made in respect of the Securities. For the purpose of any payments made in respect of a Global Security, Condition 9(c) shall not apply, and all such payments shall be made on a day on which the TARGET 2 system is operating and on which commercial banks and foreign exchange markets are open in London.

3 NOTICES

So long as the Securities are represented by the Permanent Global Security and the Permanent Global Security is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

4 PRESCRIPTION

Claims against the Issuer in respect of principal, premium and interest on the Securities while the Securities are represented by the Permanent Global Security will become void unless it is presented for payment within a period of 10 years (in the case of principal and premium) and five years (in the case of interest) from the appropriate Relevant Date (as defined in the Conditions).

5 MEETINGS

The Holder of the Permanent Global Security shall (unless the Permanent Global Security represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, as having one vote in respect of each €100,000 in principal amount of the Securities.

6 PURCHASE AND CANCELLATION

Cancellation of any Security required by the Conditions following its purchase will be effected by reduction in the principal amount of the relevant Global Security.

7 TRUSTEE'S POWERS

Notwithstanding anything in the Trust Deed, in considering the interests of Holders while the Permanent Global Security is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Permanent Global Security and may consider such interests, and treat such accountholders, as if such accountholders were the holders of the Permanent Global Security.

USE OF PROCEEDS

KPN intends to use the net proceeds of the offering of the Securities for general corporate purposes including refinancing of debt.

DESCRIPTION OF THE ISSUER

Certain references in the section below (included in the form of footnotes) have been made to information published by third parties. The relevant publications that have been prepared and published are sources that the Issuer believes to be reliable, but neither the Issuer nor any Joint Lead Manager takes any responsibility for the accuracy thereof. This information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

INFORMATION ABOUT THE ISSUER

KPN is a leading telecommunications and IT services provider in the Netherlands. KPN offers retail customers a range of services including fixed and mobile internet, TV and telephony through single and multi-play offerings. KPN offers small-, medium-, and large-size corporate business customers a portfolio of services including fixed and mobile telephony and internet and a range of end-to-end solutions in core connectivity and close to core IT services, such as cloud, security and workspace. KPN also provides connectivity solutions to wholesale partners on its fixed and mobile networks.

On 7 February 2019, KPN completed the sale of its 100% subsidiary iBasis, Inc. to Tofane Global. iBasis will continue to deliver international voice termination and data services to KPN. Following the sale of iBasis, all of KPN's operational segments are in the Netherlands, comprising of Consumer, Business, Wholesale and Network, Operations & IT (NOI). Other activities include KPN Holding, Corporate Center, the Shared Services Organization, remaining activities abroad and eliminations.

BUSINESS OVERVIEW

Commercial

Consumer

Consumer provides retail customers in the Netherlands a broad range of services in the areas of communication, information, entertainment and commercial services through single play and multi-play offerings. The offered services include fixed and mobile telephony, mobile data, internet and TV.

As at 31 December 2018, KPN provided TV services to approximately 2.4 million subscribers, consisting of 2.2 million IPTV customers and 0.2 million other TV connections such as Digitenne and analogue TV. As of 31 December 2018, KPN provided broadband internet service to approximately 2.9 million subscribers in the Netherlands, 2.1 million of which in a fixed-mobile bundle.

Products and services

In 2018, KPN focused on further enhancing service quality, increasing access to and speeding up its networks, growing fixed-mobile convergence and new revenue streams. This was supported by a continued drive to simplify back-end systems and digitalise service delivery.

Giving customers control of their services, through digitalization of the customer journey, is a key priority. In 2018, service handling through online instead of traditional channels increased

strongly. Calls to KPN call centers during 2018 decreased by 12% and customer satisfaction (NPS) rose further to +14 in 2018 from +13 in 2017.

Fixed-mobile convergence continued to grow in 2018 and increased fixed-mobile penetration through upselling and cross-selling. Fixed-mobile convergence is an important factor in customer loyalty: churn rates typically halve for KPN customers that combine fixed and mobile services. The total number of fixed-mobile households rose to 1.34 million by year-end 2018 from 1.25 million at year-end 2017. This represented 46% of the broadband customer base (2017: 42%). The number of postpaid customers in fixed-mobile bundles grew to 2.1 million, equivalent to 57% penetration of the postpaid base (2017: 51%). Of the KPN brand postpaid base, 70% is now part of a fixed-mobile bundle (2017: 65%).

Business

Business aims to offer its business customers (corporate, large enterprises and SME (including SoHo)), a complete portfolio of services, from fixed and mobile telephony and internet to end-to-end solutions in infrastructure, workspace management and security cloud.

Customer-centric propositions

In 2018, customer propositions continued to shift towards standardised and integrated solutions, away from tailor-made single-play services. KPN's integrated product "KPN EEN" for SME grew strongly. New connections averaged 2,200 per week by year-end 2018.

KPN is strengthening the delivery of KPN EEN by simplifying the underlying IT infrastructure to a single platform. This enables faster delivery of services and better digital customer interaction, resulting in higher customer satisfaction.

To meet the need among SMEs for high-speed broadband, KPN is investing in upgrading broadband speeds in all the Netherlands' more than 3,700 business parks.

As of 31 December 2018, KPN served approximately 1.9 million mobile business customers, and had approximately 0.6 million fixed access lines (voice and broadband).

Operations

Wholesale

KPN provides connectivity solutions to KPN's fixed and mobile wholesale partners via KPN's fixed and mobile networks. Wholesale services include access to copper and fiber networks such as wholesale line rental, wholesale broadband access and wholesale fiber and value-added services. Wholesale customers can purchase access to passive network infrastructure alone or together with active operator services, which allow telecom operators and service providers to offer their own services to end customers. Wholesale also provides customers with cloud computing and other services.

In 2018, KPN entered into new partnerships with parties including Oxxio and Teleena, and also the KNVB for the roll-out of the Video Assistant Referee to all clubs in the Eredivisie, the Dutch premier football league, in the content and fixed connectivity domain. Together with China's largest internet software company Tencent, leading internet video operator Sunway and WeChat, KPN launched WeGo Europe in the WeChat ecosystem, extending the WeChat Go SIM card partnership. KPN implemented its agreements with Apple and Microsoft for direct carrier billing to enable KPN customers to pay in-store purchases via KPN's invoice.

In 2018, KPN continued the migration of wholesale customers from regulated unbundled local loop (ULL) services to commercially agreed virtual unbundled local access (VULA) and wholesale broadband access (WBA) services and remains committed to enable providers to deliver broadband speed to their end customers. In Mobile, wholesale customers are being migrated from 3G to 4G services. Furthermore, KPN announced the phasing out of services on legacy telephony platforms such as SDSL and ILL.

Fixed wholesale revenues were impacted by regulation and lower international voice traffic, partly offset by a positive net intake of WBA and VULA services. Mobile wholesale revenues continued to be impacted by competitive dynamics such as price pressure in the Dutch mobile market leading to lower revenues from MVNOs, partly offset by the increase in data usage from these MVNOs.

Focusing on operational excellence supports KPN's strategy to remain and enhance its position as a hub for international connectivity with voice, roaming, content delivery and peering. It also helps in becoming the preferred enabler for digital platforms such as WeChat.

As of 31 December 2018, wholesale customers amounted to 0.8 million mobile customers and 0.9 million wholesale lines.

Network, Operations & IT

Network, Operations & IT is responsible for the planning, roll-out, operations and maintenance of KPN's fixed and mobile networks in the Netherlands, making it technically possible for KPN to run its services and deliver its products. Network, Operations & IT implements innovation projects, network and IT improvements and streamlines costs through sourcing, partnering and planning for technology changes.

Converged smart infrastructure

KPN's network will become more integrated, with hybrid networks and platforms on which converged value propositions can be delivered. KPN aims to reach a 100% all-IP infrastructure by the end of 2021 by switching off legacy technologies. In addition, KPN will speed up the deployment of FttH and increase access speeds in business parks and through fiber rollout, upgrades of copper and hybrid access. KPN is modernising its mobile network in order to make it 5G-ready. Furthermore, KPN will continue to virtualise networks and move network functionalities to the cloud.

As data usage across fixed and mobile grows exponentially, KPN is innovating and investing to upgrade networks and IT infrastructure to maintain service levels and to further improve the customer experience. Total data traffic based on data demand peak measurement across its network increased to 6.5 Tb in 2018. The average 4G download speed decreased to 53 Mbps by the end of 2018, mostly as a result of the extra capacity that was added to the network.

In 2018, KPN continued to implement its hybrid access strategy to larger cities and business parks. KPN also introduced VPlus technology, which enables internet speeds of up to 200 Mbps over copper wire, and piloted Bonded VPlus, which can twin two lines and so offer downlink speeds above 400 Mbps. By the end of 2018, VPlus was available at more than 800,000 addresses in the Netherlands. To boost bandwidth and speeds for rural users, KPN began offering its service Sneller Internet Buitengebied, a combination of DSL and 4G LTE technology in one highspeed broadband internet service for designated rural areas. KPN acquired around 27,000 users for this service by the end of 2018.

KPN operates a dedicated LoRa network, which is suitable for low-cost, high-volume sensors that consume little battery power and are used for street lamps, garbage containers or dykes, for example. At the other end of the spectrum, KPN's 4G network enables high-value, battery-intensive devices such as high-resolution security cameras requiring large bandwidth. To meet demand in the fast-growing mid-segment of this spectrum for devices such as mobile PIN machines or smart energy meters, KPN completed the nationwide roll-out its LTE-M network in 2018.

Verticalise

In 2018, KPN also began testing the added value of 5G in four industry verticals, with field labs for 5G applications in urban areas, agriculture, transport & logistics and the automotive sector.

Core network

In 2018, KPN finished building its multi-brand business support system for both Consumer and Business mobile customers. This enables full decommissioning of legacy IT systems and allows easier customer migration between brands, improving time to market. In July 2018, KPN announced the decommissioning of its 3G network in 2022. Customer numbers for 3G have fallen sharply since the introduction of 4G, which has significantly improved mobile internet speed and quality. Almost 95% of the active KPN postpaid customers already have a 4G-enabled smartphone and KPN expects more postpaid and prepaid users to adopt 4G smartphones in the future.

KPN is implementing network function virtualization, which enables it to increase delivery speeds and reduce energy use. Furthermore, KPN is implementing software defined networking (SDN) – a way to automatically re-route data traffic or optimise network performance. KPN is also testing the use of SDN to be able to launch telecom and IT services in hours, rather than the several days this usually takes.

KPN is decentralising network to handle traffic closer to the customer. The decentralised content delivery network of 161 'metro core' locations improves network efficiency by unburdening the four core network locations and creating virtual entry points for bandwidth-intensive services such as IPTV, YouTube and Netflix. Customers can enjoy high-quality video and faster responsiveness. This decentralised network will also be beneficial for 5G, by making it possible to offer low latency services.

In November 2018, KPN presented its strategy update, announcing the acceleration of KPN's roll-out of FttH. The benefits of accelerated roll-out now outweigh the benefits of selective roll-out and concentrating on copper upgrades, as broadband speed needs are increasing progressively. KPN uses advanced analytics to determine where and when to roll-out and in specific cases partner up to do so.

Focused innovation and digitalization

Spearheading innovation at KPN are three interconnected, closely cooperating departments: KPN Ventures, KPN New Business and KPN Technology Labs.

KPN New Business

KPN New Business develops the innovations of tomorrow, constantly seeking interesting companies to work with and ensuring its collaborations deliver products and services that can help customers. KPN can get promising ideas to market quickly via its internal incubator program.

KPN Ventures

KPN Ventures is KPN's venture capital investment branch. It invests, both directly and indirectly, in proven and scalable innovations by providing capital and enabling access to KPN's expertise in connectivity, security and related technologies, as well as to its network infrastructure and its customer base.

KPN Technology Labs

KPN Technology Labs brings together a collection of multidisciplinary telecommunications labs. Here, KPN experts work together with customers, developers and suppliers to transform visionary ideas into concrete products or services that are then tested with the public in field labs.

Privacy & Security

The EU General Data Protection Regulation (GDPR) was introduced in May 2018, which imposes stricter requirements on the way companies process data and use and store customer information. KPN's GDPR implementation was led by a multidisciplinary team including experts in compliance and governance, commercial use of data, technology, program and project management and key business owners. KPN has had a privacy officer for many years, but last year it introduced the legally required role of Data Protection Officer. KPN is convinced that security is key to its business. As the world is challenged with evermore sophisticated cyber-attacks, keeping KPN's systems safe demands constant vigilance and rapid adaptability. KPN continuously works to improve security for customers and society, by making the KPN network and use of the network safer, now and for the future. This is vital to KPN's strategy of delivering the most secure and trusted networks. KPN's security model is based on the security lifecycle approach: prevent, detect, respond and verify. KPN's Strategy & Policy team works to prevent vulnerabilities and incidents, while KPN's REDteam of ethical hackers proactively detects vulnerabilities across the organization. KPN has a Security Operations Center (SOC) to monitor its systems and networks 24/7 and reactively detect vulnerabilities, a Computer Emergency Response Team (CERT) to provide rapid incident response, and a team of senior security officers to verify the implementation and effectiveness of its security measures. KPN integrated the SOC into its Chief Information Security Office (CISO), enabling closer cooperation between SOC and CERT.

Intellectual property

KPN's current portfolio of intellectual property rights consists of 230 registered trademarks relating to KPN's core brands, and approximately 320 patent families. KPN believes it takes appropriate steps to protect its intellectual property rights and generates value from these rights where appropriate. In order to protect these rights, KPN currently uses a combination of patents, trademarks, service marks, trade secrets, copyrights, database protection, confidentiality agreements with its employees and third parties and protective contractual provisions. Approximately 70 of the patent families which KPN owns are declared essential for the commercial exploitation of telecommunication technology and services.

KPN continues to invest in the growth of its intellectual property rights portfolio, among others through KPN's targeted long-term research and development program in close cooperation with TNO-IC and other research and development institutes and universities.

Properties

KPN's principal tangible fixed assets are its fixed copper and fiber infrastructure in the Netherlands and the equipment in place in support of its mobile networks in the Netherlands.

KPN owns and leases administrative facilities, operational network facilities, and retail facilities throughout the Netherlands.

Insurance

KPN buys insurance coverage in amounts it believes are consistent with its risk management policies and with customary industry practices. KPN's insurance policies include insurance for property/business interruption, liability against claims from third parties, personal accidents, directors and officers liability, cybersecurity incidents and -liability and crime. KPN's intention is to maintain insurance coverage consistent with its risk management policies and industry standards, although the coverage may change and insurance premiums may increase.

KPN believes that its existing insurance coverage, including the amounts of coverage and the conditions, provides sufficient protection, taking into account the costs for the insurance coverage and the potential risks to its business operations. However, KPN cannot guarantee that no losses will be incurred or that no claims will be filed against it that go beyond the type and scope of the existing insurance coverage.

Legal and tax proceedings

KPN is involved in a number of legal and tax proceedings that have arisen in the ordinary course of its business, including commercial, regulatory or other proceedings. Periodically, KPN carefully assesses the likelihood that legal and tax proceedings may lead to a cash outflow and recognises provisions in such cases/matters if and when required. However, the outcome of legal proceedings can be difficult to predict with certainty, and KPN can offer no assurances in this regard. In some cases, the impact of a legal proceeding may be more strategic than financial and such impact cannot properly be quantified.

LEGAL STRUCTURE AND CORPORATE GOVERNANCE

General

Koninklijke KPN N.V. is a public limited liability company (*naamloze vennootschap*) and was incorporated under Dutch law by a notarial deed dated 1 January 1989. KPN has its statutory seat in Rotterdam, the Netherlands, with its registered office at Wilhelminakade 123, 3072 AP Rotterdam, the Netherlands. KPN is registered with the Dutch Trade Register under number 02045200. The telephone number of KPN is +31 (0)70 343 43 43. KPN trades under the name KPN. The Articles of Association were most recently amended on 20 April 2018.

Corporate objects

KPN's corporate objects, as set out in article 4 of the Articles of Association, are to participate in and to manage other enterprises and companies, among such, companies that operate in the field of the transmitting, storing and converting of information, as well as to manage and dispose of information, to manage and finance subsidiaries, group companies, dependent companies and participations, among which to guarantee the debts of those companies and participations, and further to engage in any activity which may be related or conducive to the aforementioned objects.

Share capital

Authorised and issued share capital

At the date of this Offering Circular, KPN's authorised share capital amounts to EUR 720,000,000 divided into:

- (f) 9,000,000,000 Ordinary Shares with a nominal value of EUR 0.04 each, of which 4,202,844,404 Ordinary Shares are issued; and
- (g) 9,000,000,000 Preference Shares B with a nominal value of EUR 0.04 each, of which none has been issued.

All issued Ordinary Shares are paid up.

All Ordinary Shares are in registered form.

Shareholders may request the Company to convert their registered shares to bearer shares, but not *vice versa*.

Please see also "Foundation Preference Shares B KPN" below.

Material subsidiaries

KPN is the holding company of a group that includes the following material subsidiaries (held directly or indirectly by KPN) as per 30 September 2019, all of which are engaged in KPN's business:

| Name | Country of incorporation | Percentage of capital and voting rights held by KPN (directly or indirectly) |
|-----------------------------------|--------------------------|--|
| <u>KPN B.V.:</u> | The Netherlands | 100 |
| • ApplicationNet B.V. | The Netherlands | 100 |
| • CAM IT Solutions B.V. | The Netherlands | 100 |
| • Dearbytes B.V. | The Netherlands | 100 |
| • GroupIT B.V. | The Netherlands | 100 |
| • InSpark Holding B.V. | The Netherlands | 100 |
| • KPN Consulting B.V. | The Netherlands | 100 |
| • KPN EuroRings B.V. | The Netherlands | 100 |
| • KPN Finance B.V. | The Netherlands | 100 |
| • KPN Internedservices B.V. | The Netherlands | 100 |
| • QSight IT Holding B.V. | The Netherlands | 100 |
| • Reggefiber Group B.V. | The Netherlands | 100 |
| • Solcon Internetdiensten B.V. | The Netherlands | 100 |
| • Telfort Zakelijk B.V. | The Netherlands | 100 |
| • XS4ALL Internet B.V. | The Netherlands | 100 |
| • Yes Telecom Netherlands B.V. | The Netherlands | 100 |
| <u>KPN Mobile N.V.:</u> | The Netherlands | 100 |
| • KPN Mobile International B.V. | The Netherlands | 100 |
| <u>KPN Ventures B.V.</u> | The Netherlands | 100 |
| <u>Getronics B.V.:</u> | The Netherlands | 100 |
| • Getronics Finance Holdings B.V. | The Netherlands | 100 |

At 31 December 2018, KPN held a 4.4% ownership and voting interest in Telefónica Deutschland Holding A.G. (**TEFD**). On 13 June 2019, KPN announced that it had completed the sale of its remaining shares in TEFD.

On 20 May 2019, KPN announced the sale of its subsidiary NLDC B.V. to DWS, subject to regular closing conditions. Closing of this transaction has been completed on 30 September 2019. On 8 July 2019, KPN announced that it had reached an agreement to sell its international network to GTT communications, Inc. subject to regular closing conditions. Upon closing of this transaction KPN EuroRings B.V. will no longer be a(n) (indirect) subsidiary of KPN.

Foundation Preference Shares B KPN

The Foundation Preference Shares B KPN (*Stichting Preferente Aandelen B KPN*) (the **Foundation**) was established in 1994 under the laws of the Netherlands. The Foundation has its statutory seat in The Hague, the Netherlands, with its head office at Wilhelminakade 123, 3072 AP Rotterdam, the Netherlands. The Foundation is registered with the Dutch Trade Register under the number 41012966. The email address of the Foundation is info@prefs-kpn.nl.

The Foundation's objects are to "protect KPN's interests (which includes the interests of stakeholders, such as customers, shareholders and employees), by, amongst others, protecting

KPN from influences that may threaten the continuity, independence and identity". Consequently, in the event of any circumstances where KPN is subject to influences as described above and taking public security considerations into account, the board of the Foundation may decide to exercise the call option (as described below) and thereby acquiring Preference Shares B, and by exercising the rights attaching to those Preference Shares B, with a view to enabling KPN to determine its position in relation to the circumstances as referred to above, and seek alternatives.

KPN and the Foundation entered into a call option agreement and a put option agreement both dated 3 June 1994. Under the call option agreement, which is not limited in time, the Foundation is entitled to subscribe for Preference Shares B up to a maximum corresponding to 100% of the issued and outstanding share capital in the form of Ordinary Shares, as outstanding immediately prior to the exercise of the call option, less one Preference Share B and any Shares already issued to the Foundation. Upon exercise of the call option, the Foundation is required to pay 25% of the nominal value (currently, EUR 0.04 per Preference Share B). The Board of Management can decide to request the Foundation to pay the remainder. Such decision is subject to the approval of the Supervisory Board.

Under the put option agreement, KPN is entitled to issue and sell Preference Shares B to the Foundation up to a maximum number corresponding to 100% of the issued share capital, as outstanding immediately prior to the exercise of the put option, or as many Preference Shares B as KPN and the Foundation agree on. However, on 11 April 2006 the General Meeting did not renew the Board of Management's authority to issue Preference Shares B. As a result, KPN is currently not able to exercise the put option.

The Foundation has credit facilities to enable it to pay the amount to be paid up on the Preference Shares B. The Preference Shares B must be paid up for at least 25% of the nominal value.

If Preference Shares B are issued, KPN must convene a General Meeting, to be held not later than two years after the date on which the Preference Shares B were issued for the first time. The agenda for that General Meeting must include a resolution to repurchase or cancel the Preference Shares B. If this resolution is not adopted, KPN must convene another General Meeting, held in each case within two years of the previous meeting. The agenda of that meeting must include a resolution to repurchase or cancel the Preference Shares B. This must be repeated until no Preference Shares B remain outstanding. This obligation does not apply if the Preference Shares B are issued pursuant to a resolution of, or with cooperation by, the General Meeting.

The Board of Management has concluded that the Board of the Foundation is independent from KPN in accordance with parts c and d of the first subsection of article 5:71 of the Dutch Financial Supervision Act.

The members of the Board of the Foundation are J.H. Schraven (Chairman), A.P. Aris, P.N. Wakkie, F.J.G.M. Cremers and F. van der Wel.

Corporate governance

The Dutch Corporate Governance Code finds its statutory basis in Book 2 of the Dutch Civil Code and applies to KPN as KPN has its registered office in the Netherlands and its Ordinary Shares are listed on a stock exchange.

The Corporate Governance Code defines a company as a long-term form of collaboration between the principal corporate bodies of a company. For KPN, these corporate bodies include

the Board of Management, the Supervisory Board and the General Meeting. The Board of Management weighs up values and considers the interests of the various stakeholders involved, supervised by the Supervisory Board. According to the Dutch Corporate Governance Code, good corporate governance results in effective decision-making in a manner which enhances shareholder value and enables a company to maintain a culture of integrity, transparency and trust.

Compliance with the Dutch Corporate Governance Code

The fully revised Dutch Corporate Governance Code, as presented late 2016 and formally adopted by the Dutch government in 2017, emphasises the concept of long-term value creation for the Company. KPN supports the principles of the Dutch Corporate Governance Code and currently complies with almost all best practice provisions. An overview of all principles and best practices of the Dutch Corporate Governance Code as well as KPN's application thereof in accordance with the 'comply or explain' principle is available on KPN's website.

BOARD OF MANAGEMENT AND SUPERVISORY BOARD

Introduction

Set out below is a summary of relevant information as well as a brief summary of certain significant provisions of the Articles of Association and Dutch corporate law in force on the date of this Offering Circular concerning the Board of Management and the Supervisory Board.

Management structure

KPN has a two-tier management structure with a Board of Management and a Supervisory Board. KPN qualifies as a ‘large company’ (*structuurvennootschap*) within the meaning of the Dutch Civil Code and applies the relevant rules of Dutch corporate law. In September 2018, the Executive Committee was established, comprising the members of the Board of Management and certain key officers.

Board of Management

Powers, responsibilities and functioning

The Board of Management is responsible for the day-to-day management, the strategy and the operations of KPN under the supervision of the Supervisory Board. The Board of Management is required to keep the Supervisory Board informed and to consult the Supervisory Board on important matters and must submit certain important decisions to the Supervisory Board or the General Meeting for its prior approval. The Board of Management currently consists of two members and the Board of Management complies with clause 2:132a of the Dutch Civil Code, which limits the number of positions in supervisory or management board that a director may hold. On 1 October 2019, KPN announced its intention to expand its Board of Management to six members as of 1 December 2019.

The members of the Board of Management are appointed and dismissed by the Supervisory Board. Members of the Board of Management are appointed for a maximum of four years per term. The other members of the Executive Committee are appointed by the Board of Management, after consultation with the Supervisory Board. The by-laws of the Board of Management and the Executive Committee contain, among other things, rules regarding the members’ duties, powers, working methods and decision making and conflict handling. The by-laws are available on KPN’s website.

Executive Committee

The task of the Executive Committee is to manage the enterprise of the Company together with the Board of Management. In principle, all matters related to the execution of the strategy and the day-to-day operations of the Company are managed and resolved by the Executive Committee. The Board of Management is accountable for the actions of the Executive Committee and holds ultimate responsibility for the management of KPN.

Certain matters, including setting the strategy, annual plan and risk appetite of the Company, mergers and acquisitions, corporate finance and corporate governance matters, have been designated as ‘reserved matters’, and are managed solely by the Board of Management. In addition, the Board of Management can at all times decide to reserve any subject for its own decision-making. The Board of Management is accountable for its performance to the Supervisory Board and to the shareholders of the Company at the AGM. In performing their duties, the Board of Management and the Executive Committee focus on long-term value creation for the Company and the enterprise connected therewith, taking into account the

interests of the stakeholders.

Members of the Board of Management

The Board of Management is currently composed of the following members:

| Name | Position | Year of birth | Start of term | End of current term |
|-----------------|---|----------------------|----------------------------|----------------------------|
| J.C. de Jager | Board member and Chief Financial Officer | 1969 | September 2014/April 2018* | 2022** |
| J.F.E. Farwerck | Board member, Chief Operating Officer and interim Chief Executive Officer | 1965 | April 2013/2017* | 2021 |

* Reappointment; ** J.C. de Jager will step down from the Board of Management as of 1 March 2020

On 25 June 2019, KPN announced that Maximo Ibarra would resign as Chief Executive Officer effective 30 September 2019. Mr. Ibarra was Chief Executive Officer since April 2018.

On 5 September 2019, the Supervisory Board of KPN announced its intention to appoint Mrs. Dominique Leroy as the successor of Mr. Ibarra with effect from 1 December 2019. Furthermore, it was announced that Mr. Farwerck would temporarily assume the position of Chairman of the Board of Management and Executive Committee from 1 October 2019 until 1 December 2019 in addition to his existing role as Chief Operating Officer.

On 30 September 2019, the Supervisory Board announced its decision to withdraw the intended appointment of Mrs. Leroy in the position of Chief Executive Officer of KPN, due to uncertainties around (the timing of) procedures by the authorities in Belgium which concern Mrs. Leroy.

On 1 October 2019, the Supervisory Board announced the appointment of Joost Farwerck as Chief Executive Officer and Chairman of the Board of Management of KPN, subject to Central Works Council advice. The intended appointment will be for a new four-year term as of 1 December 2019.

The Supervisory Board also announced the intention to appoint Chris Figeë as Chief Financial Officer as of 1 February 2020, succeeding Jan Kees de Jager who will remain a member of the Board of Management until 1 March 2020.

Finally, KPN also announced that it will be expanding its Board of Management to include key business, technology and people responsibilities. Therefore, the Supervisory Board intends to appoint Jean-Pascal Van Overbeke (Chief Consumer Market), Marieke Snoep (Chief Business Market), Babak Fouladi (Chief Technology and Digital Officer) and Hilde Garssen (Chief People Officer) to the Board of Management as of 1 December 2019.

The appointments and the announced change in governance structure are subject to Central Works Council advice and shareholders will be informed about the intended appointments at an EGM scheduled on 27 November 2019.

KPN's registered address serves as the business address for all members of the Board of Management, being Wilhelminakade 123, 3072 AP, Rotterdam, the Netherlands.

J.F.E. Farwerck – Chief Operating Officer, interim Chief Executive Officer

Joost Farwerck is a Dutch citizen and was appointed to the Board of Management on 10 April 2013. He is Chief Operating Officer. The Supervisory Board intends to appoint Mr. Farwerck as Chief Executive Officer and Chairman of the Board of Management of KPN as of 1 December 2019 for a new four-year term.

Mr. Farwerck joined KPN in 1994 and held senior management positions in various divisions. He has been responsible for all KPN's activities in the Netherlands as Managing Director Netherlands since February 2012 and has been responsible for the operating activities of KPN as Chief Operating Officer since September 2014. Mr. Farwerck is a member of the executive committee of VNO-NCW, a member of the Board of NLdigital, of the Board of FME, as well as a member of the Cyber Security Council.

J.C. de Jager – Chief Financial Officer

Jan Kees de Jager is a Dutch citizen and was appointed to the Board of Management of KPN on 26 September 2014. As from 1 November 2014 he became Chief Financial Officer. Mr. De Jager will step down from his role and leave KPN as of 1 March 2020.

In the period from 2007 to 2012, Mr. De Jager was a member of the Dutch Cabinet, first as State Secretary for Finance (from 2007 to 2010), thereafter as Minister of Finance (from 2010 to 2012). In the period 1992-2007, Mr. De Jager founded and was Managing Partner at ISM eCompany, an eBusiness solutions company. Mr. De Jager is a member of the board of Stichting AECA Nederland, the chair of the Economic Board Zuid-Holland and a member of the Supervisory Board of KLM N.V.

Supervisory Board

Powers, responsibilities and functioning

The Supervisory Board is responsible for supervising the conduct of and providing advice to the Board of Management and for supervising KPN's business generally. The Supervisory Board oversees strategic and commercial policymaking by the Board of Management and the way in which it manages and directs KPN's operations.

In performing their duties, the members of the Supervisory Board are required to act in the interests of KPN and its affiliated enterprise, taking into consideration the interests of KPN's stakeholders (which includes but is not limited to KPN's shareholders).

The number of members of the Supervisory Board will be determined by the Supervisory Board and will be at least five members and at most nine members.

Members of the Supervisory Board

The Supervisory Board is composed of the following members:

| Name | Year of birth | Position | Member since | (Re-) appointed | End of current term |
|-----------------------------------|----------------------|-----------------|---------------------|------------------------|----------------------------|
| D.W. Sickinghe | 1958 | Chairman | April 2014 | April 2018 | 2022 |
| P.A.M. van Bommel..... | 1957 | Member | April 2012 | April 2016 | 2020 |
| C.J. García Moreno Elizondo | 1957 | Member | April 2013 | April 2017 | 2021 |
| | | Vice-Chairman | April 2009 | April 2017 | 2021 |
| D.J. Haank..... | 1953 | Member | April 2015 | April 2019 | 2023 |
| P.F. Hartman | 1949 | Member | September 2017 | first seat | 2021 |
| E.J.C. Overbeek..... | 1967 | Member | April 2015 | April 2019 | 2023 |
| J.C.M. Sap..... | 1963 | Member | April 2014 | April 2018 | 2022 |
| C.J.G. Zuiderwijk..... | 1962 | Member | | | |

At the Annual General Meeting of Shareholders of 10 April 2019, Mrs. J.C.M. Sap and Mr. P.F. Hartman were re-appointed as members of the Supervisory Board. All members of the Supervisory Board comply with clause 2:142a of the Dutch Civil Code, which limits the number of positions on a supervisory or management board that a director may hold.

One vacancy will arise at the closure of the Annual General Meeting of Shareholders to be held in 2020. Mr. Van Bommel will step down as he will then have reached the end of his second four-year term.

The business address of the members of the Supervisory Board is KPN's registered address: Wilhelminakade 123, 3072 AP, Rotterdam, the Netherlands.

D.W. Sickinghe

Duco Sickinghe is a Dutch citizen. Mr. Sickinghe was appointed as a member of the Supervisory Board on 9 April 2014 and his current (second) term expires in 2022. He was appointed chairman of the Supervisory Board on 15 April 2015. Mr. Sickinghe is the Managing Director of Fortino Capital (Belgium). Furthermore, he is the Chairman of the Supervisory Board of Van Eeghen & Co (the Netherlands), a member of the Board of uniBreda (Belgium) and a member of the board of Guberna (Belgium). Mr. Sickinghe was previously CEO and a member of the Board of Telenet N.V. (Belgium) in the period 2001-2013. Prior to that, he held various management positions at Wolters Kluwer (The Netherlands), NeXT Computer (France) and Hewlett-Packard (Switzerland) and was the founder of Software Direct (France).

P.A.M. van Bommel

Peter van Bommel is a Dutch citizen. Mr. van Bommel was appointed as a member of the Supervisory Board on 12 April 2012 and his current (second) term expires in 2020. Mr. van Bommel is currently a member of the board of management and the CFO of ASM International N.V. and, as part of that position, also a non-executive director of ASM PT (Hong Kong). Furthermore, he is a member of the Supervisory Board of Neways Electronics International N.V. Before his appointment as CFO at ASMI, Mr. van Bommel was the CFO at Odersun, the CFO at NXP and the CFO at various divisions of Philips.

C.J. García Moreno Elizondo

Carlos José García Moreno Elizondo is a Mexican citizen. Mr. García Moreno Elizondo was appointed as a member of the Supervisory Board on 10 April 2013 and his current (second) term expires in 2021. Mr. García Moreno Elizondo was appointed upon the nomination of America Móvil and is not considered independent under provision 2.1.8 of the Dutch Corporate Governance Code. Mr. García Moreno Elizondo is currently the Chief Financial Officer of América Móvil. Mr. García Moreno Elizondo is a member of the Board of Directors of Grupo Financiero Inbursa and Nacional Financiera. He is also a member of the Supervisory Board of Telekom Austria Group. Prior to joining América Móvil, Mr. García Moreno Elizondo held, amongst others, positions at the Mexican Ministry of Finance as the Director General of Public Credit and at the Swiss Bank Corporation Warburg as an executive director and a Managing Director.

D.J. Haank

Derk Haank is a Dutch citizen. Mr. Haank was appointed as a member of the Supervisory Board on 7 April 2009 and his current (third) term expires in 2021. Mr. Haank is currently a member of the Supervisory Board of TomTom N.V., of the Supervisory Board of Singel Uitgeverijen, of the Supervisory Board of Albelli B.V. and a non-executive Board member of SPI Technologies Singapore. Mr. Haank was the CEO of SpringerNature, and prior to that the CEO of Elsevier Science and an Executive Board member of Reed Elsevier PLC.

P.F. Hartman

Peter Hartman is a Dutch citizen. Mr. Hartman was appointed as a member of the Supervisory Board on 15 April 2015 and his current (second) term expires in 2023. Mr. Hartman is currently the chairman of the Supervisory Board of Fokker Technologies Group B.V. and of Texel Airport N.V., a non-executive director of Constellium B.V. and a member of the Advisory Board of Aviation Glass & Technology. He was the vice-chair of the Supervisory Board of Air France-KLM Group in 2013 - 2017. Before that, he spent 40 years working for KLM, the last seven of those as CEO.

E.J.C. Overbeek

Edzard Overbeek is a Dutch citizen. Mr. Overbeek is the CEO of HERE technologies. Having spent nearly 30 years in the ICT industry, Mr Overbeek has gained extensive experience in the global digital and communication industry. Prior to joining HERE Technologies, he held several management roles at Cisco, including leading the global services organization and the Asia-Pacific, Japan & China region.

J.C.M. Sap

Jolande Sap is a Dutch citizen. Ms. Sap was appointed as a member of the Supervisory Board on 15 April 2015 and her current (second) term expires in 2023. Ms. Sap holds several supervisory and other functions, including chairman of the Supervisory Board of the GGZ affiliate Arkin, the Netherlands Public Health Federation and Fairfood International. Ms. Sap is also a member of the Supervisory Board of KPMG N.V. and non-executive director of a Renewi plc. Between 2008 and 2012, Ms. Sap represented the Dutch Green Party, GroenLinks, in the lower house of the Dutch parliament, the last two years of which she was party leader. Before that she worked as an economist in the fields of science, policy and business. She was, among other things, the head of the Incomes Policy department at the Ministry of Social Affairs and Employment and a director of the LEEFtijd center of expertise, a consultancy for sustainable employment issues.

C.J.G. Zuiderwijk

Claudia Zuiderwijk is a Dutch citizen. Mrs. Zuiderwijk was appointed as a member of the Supervisory Board on 9 April 2014 and her current (second) term expires in 2022. Mrs. Zuiderwijk is a chair of the Board of Management of the Dutch Chamber of Commerce. She is currently a member of the Supervisory Board of APG and is also a member of Forum Smart Industry and of the NL2025 network. From 1993 to 2003, Mrs. Zuiderwijk worked for PinkRocade in various management functions. Thereafter, Mrs. Zuiderwijk chaired the board of the Hilversum hospital and, following the merger with the Gooi Noord hospital, chaired the board of the Tergooi hospitals. Mrs. Zuiderwijk also was a member of the Innovation Platform of the Dutch government (from April 2007 to May 2010) and a member of the Care Innovation Platform of the Dutch Ministry of Health (from April 2008 to May 2010).

Committees of the Supervisory Board

The Supervisory Board has established four committees: the Audit Committee, the Remuneration Committee, the Nomination and Corporate Governance Committee and the Strategy & Organization Committee. The main considerations and conclusions of each Committee were shared with the full Supervisory Board. The tasks of these committees are laid down in charters, which are available on KPN's website.

Audit Committee

The Audit Committee currently consists of three Supervisory Board members: Mr. van Bommel (Chairman), Mr. García Moreno Elizondo and Ms. Sap. Mr. van Bommel and Mr. García Moreno Elizondo are considered to be financial experts within the meaning of the Dutch Corporate Governance Code.

In line with its tasks, the Audit Committee reviews and discusses all financially relevant matters that are presented to the Supervisory Board, most notably the quarterly and annual reporting and (the financial and risk-related aspects of) the strategic plan. It has a specific focus on the effectiveness and outcome of the internal control framework and the risk management systems of the Company, for which it receives and reviews reports by the internal auditor, the Compliance Office and the Disclosure Committee.

Each quarter, the Audit Committee also reviews the conclusions of the external auditor, as included in its Board Report. The audit plans, both for the internal and external auditor, are reviewed annually by the Committee, and are subsequently submitted to the full Supervisory Board for its approval.

The Audit Committee also monitors KPN's financing policy and profile and supports the Supervisory Board in analysing the risks in KPN's strategic plan, including the execution risks and the safeguards built in for that. The Committee, on behalf of the Supervisory Board, continues to monitor the actual risk management and realization of the plan, as well as Capex deployment, throughout the year.

The Audit Committee furthermore discusses other topics that are within its scope of attention, such as the impact and implementation of new accounting standards (IFRS 15 and 16) and other accounting matters, compliance, fraud management, tax, and Cyber Security. Finally, the Audit Committee reviews the performance evaluation of the Company's independent external auditor Ernst & Young Accountants LLP.

Potential conflicts of interest

No member of the Board of Management or Supervisory Board has any actual or potential conflict of interest in respect of their duties to the Issuer and their private interests and/or other duties. For the sake of completeness, please refer to "Transactions with directors and related parties" on page 174 of the 2018 Annual Report for details of the material transactions between the Issuer and members of the Board of Management or the Supervisory Board.

Major shareholders

On 13 August 2019, Capital Research and Management Company notified the AFM that it held 5.01% of the voting rights related to KPN's ordinary share capital.

On 7 August 2019, BlackRock, Inc. notified the AFM that it held 4.21% of the shares and 4.93% of the voting rights related to KPN's ordinary share capital.

On 5 August 2019, Amundi Asset Management notified the AFM that it held 3.12% of the shares and 3.12% of the voting rights related to KPN's ordinary share capital.

On 12 September 2018, América Móvil, S.A.B. de C.V. notified the AFM that it held 16.08% of the shares and 16.08% of the voting rights related to KPN's ordinary share capital.

Pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), legal entities as well as natural persons must immediately notify the AFM when a shareholding reaches, exceeds or falls below certain thresholds of the issued capital. To KPN's knowledge, no other shareholder owned 3% or more of KPN's issued share capital as of the date of this Offering Circular.

KPN is not aware of any party, or any parties acting in concert, that directly or indirectly control the vote at any General Meeting, nor is KPN aware of any arrangement the operation of which may result in a change of control of KPN.

TAXATION

General

The following summary outlines the principal Dutch tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all Dutch tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Offering Circular, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for corporate holders of Securities which in addition to the Securities (i) own a share interest in the Issuer of 5% or more of the nominal paid-up share capital of the Issuer or (ii) holders of Securities of whom a certain related entity owns a share interest in the Issuer of 5% or more of the nominal paid-up share capital of the Issuer.

Withholding Tax

All payments made by the Issuer under the Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that (i) the Securities do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, subparagraph d of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) and (ii) the Securities are not requalified as equity instruments for Netherlands tax purposes.

If the Securities function as equity of the Issuer within the meaning of article 10, paragraph 1, subparagraph d of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) of the Issuer or qualify as equity instruments for Dutch tax purposes, the Issuer is required to withhold 15% Netherlands dividend tax in respect of interest paid on the Securities and on repayments of the Securities, insofar as such repayments exceed the issue price of the Securities.

Residents of the Netherlands

If a holder of Securities is a resident or deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, Netherlands dividend tax which is withheld with respect to payments on the Securities will generally be creditable for Netherlands corporate income tax or Netherlands individual income tax purposes.

Non-residents of the Netherlands

If a holder of Securities is a resident of a country other than the Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country and such holder is a resident for the purposes of such treaty, such holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Netherlands dividend tax.

A refund of the Netherlands dividend tax may be available to entities resident in another EU or EEA member state provided (i) these entities are not subject to corporate income tax there and

(ii) these entities would not be subject to Netherlands corporate income tax, if these entities would be tax resident in the Netherlands for corporate income tax purposes and (iii) these entities are not comparable to investment institutions (*fiscale beleggingsinstellingen*) or exempt investment institutions (*vrijgestelde beleggingsinstellingen*). Furthermore, a similar refund of Netherlands dividend tax may be available to entities resident in other countries, under the additional condition that (i) the Securities are considered portfolio investments and (ii) the Netherlands can exchange information with this other country in line with the international standards for the exchange of information.

A refund of the Netherlands dividend tax may also be available to (individual and corporate) holders of Securities resident in another EU or EEA member state insofar the amount of Dutch dividend withholding tax withheld is higher than the Dutch corporate income tax or personal income tax would have been in respect of the Securities had the holder of the Securities been tax resident of the Netherlands. Furthermore, a similar refund of Netherlands dividend tax may be available to holders of Securities resident in other countries, under the additional conditions that (i) the Securities are considered portfolio investments for Dutch tax purposes and (ii) the Netherlands can exchange information with this other country in line with the international standards for the exchange of information.

Corporate and Individual Income Tax

This summary does not address the Netherlands corporate and individual income tax consequences for:

- (i) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Securities of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (1) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (2) rights to acquire, directly or indirectly, such interest or (3) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*);
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax;
- (iv) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba, to which permanent establishment or permanent representative the Securities are attributable;
- (v) holders of Securities which are not considered the beneficial owner (*uiteindelijk gerechtigde*) of these Securities or of the benefits derived from or realised in respect of these Securities;
- (vi) persons to whom the Securities and the income from the Securities are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*); and
- (vii) individuals to whom the Securities or the income from the Securities are attributable to employment activities which are taxed as employment income in the Netherlands.

Residents of the Netherlands

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Securities are attributable, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual who has opted to be taxed as a resident of the Netherlands), income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are taxable at the progressive rates (at up to a maximum rate of 51.75%) under the Netherlands' Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Securities are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Securities are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance by the individual of activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies, an individual that holds the Securities, must determine taxable income with regard to the Securities on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised.

This deemed return on income from savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield exceeds a certain threshold (*heffingvrije vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Securities will be included as an asset in the individual's yield basis. . The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 30 per cent.

Non-residents of the Netherlands

If a person is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (or has not opted to be taxed as a resident of the Netherlands), such person is not liable for Dutch income tax in respect of income derived from the Securities and gains realised upon the settlement, redemption or disposal of the Securities, unless:

- (i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Securities are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

- (ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) realises income or gains with respect to the Securities that qualify as income from miscellaneous activities (resultaat uit overige werkzaamheden) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Securities which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Securities are attributable.

Income derived from the Securities as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 51.75%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Securities) will be part of the individual's Netherlands yield basis.

Gift and Inheritance Tax

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Security by way of gift by, or on the death of, a holder of a Security, unless:

- (i) the holder of a Security is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Securities or in respect of a cash payment made under the Securities, or in respect of a transfer of Securities.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Securities.

SUBSCRIPTION AND SALE

Barclays Bank PLC and Goldman Sachs International (together, the **Joint Structuring Advisers**) and BNP Paribas and NatWest Markets Plc (together with the Joint Structuring Advisers, the **Joint Lead Managers**) have, pursuant to a Subscription Agreement dated 6 November 2019, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Securities at a purchase price of 99.389 per cent. of their principal amount. The Issuer has agreed to pay to the Joint Lead Managers a combined management and underwriting commission and selling concession and to the Joint Structuring Advisers a fee in relation to the structuring advice provided to the Issuer. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Securities. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment in respect of the Securities being made to the Issuer.

Neither the Issuer nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Securities, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Circular comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Securities or have in their possession or distribute such offering material, in all cases at their own expense.

Each Joint Lead Manager has agreed that it will, to the best of its knowledge, comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes this Offering Circular (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

SELLING AND TRANSFER RESTRICTIONS

United States

The Securities have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. The Securities may not be offered, sold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state and other securities laws of the United States. There will be no public offer of the Securities in the United States. The Securities are being offered and sold in offshore transactions in compliance with Regulation S.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this section have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each purchaser of Securities must be able to and will be deemed to have represented and agreed as follows:

1. It is acquiring the Securities in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act.
2. It understands that such Securities are being offered only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and that the Securities offered hereby have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or transferred within the United States except pursuant to an exemption from registration under the Securities Act.
3. It agrees that it will deliver to each person to whom it transfers the Securities notice of any restrictions on transfer of such Securities.
4. It acknowledges that the Issuer, the Joint Lead Managers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Securities are no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Securities as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

In addition, until 40 days after the commencement of the offering of Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available to and will not offer, sell or otherwise make available any Securities to any retail investor in the EEA. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the UK Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**). Accordingly, each Joint Lead Manager has represented and agreed, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, of Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

General

The offering of the Securities to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. Investors should consult their professional advisers as to whether the investor requires any governmental or any other consent or needs to observe any other formalities to enable the investor to purchase the Securities.

GENERAL INFORMATION

Listing

This Offering Circular has been approved by Euronext Dublin as listing particulars. Application has been made to Euronext Dublin for the Securities to be admitted to the Official List and trading on the GEM which is the exchange regulated market of Euronext Dublin. The GEM is not a regulated market for the purposes of Directive 2014/65/EU.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Securities and is not itself seeking admission of the Securities to trading on the Global Exchange Market of Euronext Dublin.

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisation in the Netherlands in connection with the issue and performance of the Securities. The issue of the Securities was authorised by resolutions of the management board and the supervisory board of the Issuer passed on 24 October 2019.

Significant or material change

There has been no significant change in the financial or trading position of the Issuer, including its subsidiaries and consolidated joint ventures, since 30 September 2019 up to the date of this Offering Circular and there has been no material adverse change in the prospects of the Issuer, including its subsidiaries and consolidated joint ventures since 31 December 2018.

Litigation

KPN is involved in a number of legal proceedings that have arisen in the ordinary course of its business.

Save as discussed in "Description of the Issuer - Legal and tax proceedings" above, there are no governmental, legal or arbitration proceedings which may have, or which have had in the previous twelve months, a significant effect on the financial position or profitability of KPN, including its subsidiaries and consolidated joint ventures. The outcome of legal proceedings, however, can be extremely difficult to predict with certainty, and KPN can offer no assurances in this regard.

Legal entity identifier (LEI)

The Issuer's LEI is 549300YO0JZHAL7FVP81.

Clearing Systems

The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The International Securities Identification Number (ISIN) is XS2069101868 and the Common Code is 206910186.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

Documents Available

Copies of the following documents will be available in electronic form free of charge, from the registered office of the Issuer and from the specified office of the Paying Agents for as long as the Securities are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange:

- (a) this Offering Circular;
- (b) the Documents Incorporated by Reference; and
- (c) the Trust Deed dated the Issue Date between the Issuer and the Trustee and the Paying Agency Agreement dated the Issue Date between the Issuer, the Trustee and the agents named therein.

A copy of this Offering Circular is also available at <http://ir.kpn.com/>.

Auditors

The consolidated financial statements as of and for the years ended 31 December 2018, and 2017, in each case incorporated by reference into this Offering Circular, were audited by Ernst & Young Accountants LLP, independent auditors, as stated in their unqualified combined independent auditor's reports thereon incorporated by reference into this Offering Circular.

The address of the current independent auditor of KPN, Ernst & Young Accountants LLP, is Antonio Vivaldistraat 150, 1083 HP Amsterdam, the Netherlands. The independent auditor, who signs on behalf of Ernst & Young Accountants LLP, is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*).

Ernst & Young Accountants LLP has given, and has not withdrawn, its consent to the incorporation by reference of its reports in this Offering Circular in the form and context in which they are incorporated.

Yield

For the period from the Issue Date to the First Reset Date, the yield will be 2.125 per cent. per annum. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Credit Rating Agencies

The Securities are expected to be rated BB+ by S&P, Ba2 by Moody's and BB+ by Fitch. The Securities are expected to be assigned 50% equity credit (until the First Reset Date) from S&P, 50% (Basket C) equity credit from Moody's and 50% equity credit from Fitch.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

U.S. Tax

The following legend will appear on all Securities (other than the Temporary Global Security) and on all Coupons and Talons relating to such Securities:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."

Joint Lead Managers transacting with the Issuer

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business for which they have received or will receive customary fees and expenses.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities. Any such short positions could adversely affect future trading prices of the Securities. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GLOSSARY OF SELECTED TERMS

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| 3G | Third Generation Mobile System, which is based on the UMTS universal standard. |
| 4G | Fourth Generation Mobile System, which is based on the LTE universal standard. |
| 5G | Fifth Generation Mobile System, for which there is no universally accepted standard yet. |
| ACM (<i>Autoriteit Consument & Markt</i>) | The Netherlands Authority for Consumers & Markets, which is the result of the merger of the Netherlands Consumer Authority, the NMa and OPTA on 1 April 2013. |
| ARPU (Average Revenue Per User) | The sum of connection fees, monthly fixed subscription revenues, traffic revenues and gross service provider revenue less related discounts during a one-month period, divided by the average number of customers during that month. |
| broadband | Broadband refers to telecommunication that provides multiple channels of data over a single communications medium, typically using some form of frequency or wave division multiplexing. |
| churn | A term common to the telecommunications industry, referring to the frequency with which customers of a given telecommunications provider disconnect from that provider's services, generally in favor of competitors, over a given period of time. |
| CERT (Computer Emergency Response Team) | Computer Emergency Response Team. Response team acting in case of a potential or actual cyber-attack. |
| CISO (Chief Information Security Office) | Within KPN, CISO is responsible for the security of the IT and TI architecture. The CISO REDteam, KPN's ethical hacking team and the Computer Emergency Response Team (CERT), which acts in case of a potential or actual cyber-attack, all form part of this office. |
| customer base | KPN defines customer base as the total number of connections or subscribers. |
| DSL (Digital Subscriber Line) | DSL is a data communication technology for bringing high-bandwidth information to homes and small businesses over ordinary copper PSTN lines. |
| GDPR (General Data Protection Regulation) | EU General Data Protection Regulation introduced in May 2018. |
| Ftth (Fiber-to-the-Home) | Ftth is a an access network architecture in which the final part of the connection to the home also consists of |

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| | optical fiber. |
| FttO (Fiber-to-the-Office) | FttO is a fiber connection for business customers to the customers' office. |
| HDTV (High-Definition Television) | HDTV is high definition TV, which is a TV format requiring higher bandwidths. |
| IP (Internet Protocol) | Internet Protocol is a protocol used for communicating data across a packet-switched network. It is used for transmitting data over the internet and other similar networks. The data is broken down into data packets, each data packet is assigned an individual address, then the data packets are transmitted independently and finally reassembled at the destination. |
| IPTV (Internet Protocol Television) | IPTV is a system through which TV services are delivered using the internet protocol suite over a packet-switched network such as the internet. |
| ISDN (Integrated Services Digital Network) | ISDN is a worldwide digital communications network evolving from existing telephone services. A standard ISDN connection consists of three channels, i.e., two B channels to carry data and voice at a speed of 64 Kbps and one D channel to carry control information at a speed of 16 Kbps. |
| LoRa (long range low power) | LoRa is a network that enables "long range" communications using very low power levels. |
| LTE (Long Term Evolution) | LTE refers to a new mobile telephony technology that succeeds 3G. 3GPP (Third Generation Partnership Project) Long Term Evolution, is a new high performance air interface for cellular mobile communication systems. LTE is the last step toward the fourth generation (4G) of radio technologies designed to increase the capacity and speed of mobile telephone networks. |
| Market share | Market share is the percentage or proportion of the total available market that is being serviced by KPN. |
| multi-play | Propositions combining more than one product and / or type of service is considered a mutli-play proposition. Triple-play and quad-play propositions are types of multi-play propositions. |
| Mbps (Megabits per second) | Mbps is a unit of data transfer rate equal to 1,000,000 bits per second. The bandwidths of broadband networks are often indicated in Mbps. |
| MVNO (Mobile Virtual Network Operator) | An MVNO is a mobile operator that does not have its own spectrum or its own network infrastructure. Instead, MVNOs have business arrangements with traditional mobile operators to buy minutes of use to sell to their own customers. |

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| NMa (<i>Nederlandse Mededingingsautoriteit</i>) | NMa was the Dutch anti-trust authority responsible for monitoring compliance with anti-trust rules until it was merged with the Netherlands Consumer Authority and OPTA to form the ACM on 1 April 2013. |
| NPS | NPS is a tool for measuring customer satisfaction and an indicator for customer loyalty, based on whether customers would recommend KPN to someone else. |
| OPTA (<i>Onafhankelijke Post en Telecommunicatie Autoriteit</i>) | OPTA, or The Independent Post and Telecommunications Authority, was the telecommunications regulator in the Netherlands until it was merged with the Netherlands Consumer Authority and the NMa to form the ACM on 1 April 2013. |
| PSTN (Public Switched Telephone Network) | PSTN is the traditional telephone system that runs through copper cables (voice up to 64 Kbps, data up to 56 Kbps). |
| roaming | Roaming is the transfer of mobile traffic from one network to another, referring to the exchange of mobile international traffic. |
| smartphone | A smartphone is a mobile phone built on a mobile computing platform and includes high-resolution (touch) screens, web browsers that can access and properly display standard web pages and high-speed data access via Wi-Fi and mobile broadband. |
| SOC (Security Operations Centre) | The SOC monitors the high-risk systems of KPN in order to act quickly in case of security risks or incidents. |
| SoHo / SME | SoHo refers to Small Office / Home Office companies. SME refers to Small and Medium Enterprises. |
| subscribers | KPN calculates subscribers as an end-user with a connection to its mobile or fixed network and/or service platform. A subscriber is included in the subscriber base if there is a direct or indirect billing relationship, either prepaid or postpaid, unless the connection is owned by an MVNOs or through fixed-line access parties or if the connection has been inactive for a specific time period (prepaid or postpaid without contract). |
| triple-play | Triple-play is the bundling of telephone, internet and TV products into one contract. |
| ULL (Unbundled local loop) | Regulated unbundled local loop wholesale service. |
| UMTS (Universal Mobile Telecommunications System) | UMTS is one of the major third generation mobile communications systems being developed. UMTS is suited to deliver voice, text, music and animated images. Data can be sent via UMTS at approximately 6 times the speed of ISDN. |
| VULA (Virtual Unbundled Local Access) | Commercially agreed virtual unbundled local access wholesale offering. |

VoIP (Voice over IP)

VoIP is voice traffic transported over an IP-based data network. It enables new ways of communicating, such as combinations of telephony, messaging and videoconferencing.

WBA (Wholesale Broadband Access)

Commercially agreed wholesale broadband offering enabling providers to deliver broadband products to their customers.

Wi-Fi

Wi-Fi is a technology that allows an electronic device to exchange data wirelessly over a computer network, including broadband internet connections. Wi-Fi is a trademark of the Wi-Fi Alliance.

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