KPN announces EUR 4bn rights issue

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Highlights

Intention to raise EUR 4bn equity capital via rights issue

Aligning financial position with strategy

Commitment to maintain investment grade credit profile

Rights issue fully underwritten

Koninklijke KPN N.V. ("KPN" or the "Company") announces its intention to raise EUR 4bn in equity capital. The capital raising is intended to be completed through a rights issue with proceeds of up to EUR 4bn. The rights issue will be effected by granting transferable subscription entitlements entitling certain shareholders of KPN to subscribe for ordinary shares. KPN has entered into a standby underwriting agreement with Goldman Sachs International and J.P. Morgan for the full EUR 4bn, subject to customary conditions. Rothschild is acting as financial adviser to the Company, and ABN AMRO is acting as financial adviser to the Company's Supervisory Board.

The aim of the announced capital raise is to align KPN's financial position with its strategy. The transaction will strengthen KPN's balance sheet and is intended to provide a stable financial position in the coming years. The proceeds of the capital raise will increase KPN's financial and strategic flexibility and will be used to continue to invest in KPN's operations and reduce its net debt level. KPN's Board of Management and Supervisory Board believe that the capital raise will support KPN's commitment to maintain an investment grade credit profile and are convinced that it is in KPN's shareholders' and its other stakeholders' best interests to strengthen the capital structure substantially.

KPN may consider whether, subject to market conditions, part of the EUR 4bn capital raise could alternatively be raised through equity-linked or other capital instruments.

The proposed equity capital raising will be submitted for approval at an extraordinary general meeting which has been called this morning and which will be held on 19 March 2013 in The Hague.

Eelco Blok, CEO of KPN, said: "*This capital raising is an important step to ensure we have the right financial strength and flexibility to continue to execute on our strategic objectives which aim to create substantial value for all our shareholders and other stakeholders over the coming years.*"

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