América Móvil to support KPN capital raise

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Royal KPN N.V. ("KPN") announces that agreement has been reached with its largest shareholder to support KPN in its intention to raise EUR 4bn equity capital. KPN and América Móvil ("AMX") have also signed an agreement setting out the long-term relationship between the two parties (the "Relationship Agreement").

"The support of our largest shareholder is a major step towards the successful execution of our capital raise, as announced on 5 February 2013. I am pleased that important progress has been made towards aligning KPN's financial position with its strategy and that KPN will have the benefit of a strong relationship with a global leader in the telecom sector going forward". Eelco Blok, CEO of KPN.

AMX has committed, subject to certain conditions, to vote in favour of certain resolutions to be put before the general meeting of shareholders. A vote in favour of KPN's capital raise is subject, among other things, to the appointment of two individuals, designated by AMX, to KPN's Supervisory Board. The Annual General Meeting ("AGM") has been scheduled to take place on 10 April 2013, for which a notification will follow. The matters which had been scheduled for the Extraordinary General Meeting ("EGM") on 19 March 2013 will be included in the agenda of the AGM; the EGM scheduled for 19 March 2013 is hereby cancelled.

The capital raise to be supported by AMX will consist of a EUR 3bn rights issue and, in addition, issuance of hybrid capital instruments which are expected to receive partial equity recognition. Through this combination KPN intends to achieve the targeted EUR 4bn equity equivalent capital. The proceeds of the capital raise will be used to reduce KPN's net debt level and to continue to invest in KPN's operations.

AMX has committed, subject to certain conditions, to participate in the rights issue and subscribe for newly issued ordinary shares in KPN pro rata to its current participation in the total share capital of KPN. Subject to market conditions, KPN intends to issue the hybrid capital instruments during the course of 2013.

Today, KPN and AMX have entered into a Relationship Agreement, governing the long-term relationship between both parties. KPN and AMX will look to further develop their relationship by leveraging the financial, commercial and operational expertise of both parties. The Relationship Agreement takes into account the interests of all shareholders and other stakeholders of KPN.
The Relationship Agreement between KPN and AMX provides for the following:

AMX shall be entitled to designate 2 individuals for appointment to the Supervisory Board of KPN at KPN's AGM. Appointment, following AGM approval, shall be effective as per the date of the AGM. Upon appointment of these nominees, the Supervisory Board will continue to consist of 8 members;

The members of the Supervisory Board designated by AMX will be represented at all KPN's Supervisory Board Committees;

AMX can have two designees as members of KPN's Supervisory Board as long as AMX holds 20% or more of KPN's share capital, and at least one designee as member of KPN's Supervisory Board as long as AMX holds 10% or more of KPN's share capital;

KPN will have access to the strategic experience and commercial and financial expertise of AMX through the formation of working groups, consisting of senior representatives of both parties, that will advise the Board of Management of KPN on operational and financial matters, including preparation of annual business plans and budgets of KPN and subsidiaries;

KPN and AMX continue to investigate potential areas of business cooperation, such as joint procurement, international mobile roaming and international transit, with the aim to realize mutually beneficial cost savings;

AMX has agreed to a standstill and, subject to customary carve-outs, will not increase its shareholding to 30% or more of the voting rights attached to KPN's share capital during the course of the Relationship Agreement;

In case of an announcement of an offer for any outstanding share capital of KPN or an offer for a material subsidiary of KPN the standstill may immediately be terminated by AMX; and

The term of the Relationship Agreement is indefinite. Both parties may terminate the Relationship Agreement with 2 months' notice; however, KPN has agreed not to terminate the Relationship Agreement during its first 2 years.

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