KPN successfully completes EUR 2bn hybrid bond program

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KPN has successfully priced a USD 600 million hybrid bond with a 7% coupon.

The USD hybrid bond is a subordinated bond with a 60 year maturity and can first be redeemed in 2023. The USD hybrid bond will be listed on NYSE Euronext Amsterdam.

The USD hybrid bond issuance is part of the capital raise announced by KPN on 20 February 2013, which consists of a EUR 3 billion rights offering and EUR 2 billion of hybrid capital instruments that are expected to receive 50% equity recognition. The proceeds of today's transaction will be approximately EUR 465 million and, together with the EUR 1.56 billion hybrid bonds issued on 14 March, will complete the announced EUR 2 billion in hybrid capital issuance.

The proceeds of the hybrid bonds and the net proceeds of the proposed EUR 3 billlion rights o fering will be used to strengthen KPN's capital structure, repay drawings under its credit facility as well as upcoming bond redemptions, and continue to invest in KPN's operations.

The expected ratings for the subordinated bonds are BB by Fitch, Ba1 by Moody's and BB by S&P. KPN expects that the rating agencies will recognize 50% of the hybrid bonds as equity following completion of the capital raise.

Deutsche Bank, Goldman Sachs and J.P. Morgan acted as joint struc uring advisors and together with Credit Suisse and The Royal Bank of Scotland as joint bookrunners. Bank of America Merrill Lynch and Citi acted as co-lead managers.

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For further information:

Corporate Communications

Media Relations

Tel: +31 70 4466300

Fax: +31 70 4466310

E-mail: press@kpn.com

Investor Relations

Tel: +31 70 4460986

E-mail: ir@kpn.com