Regulatory approval for sale E-Plus

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Royal KPN N.V. ("KPN") has been informed that the European Commission has conditionally approved the acquisition of E-Plus by Telefónica Deutschland, as announced on 23 July 2013 and amended on 26 August 2013.

Telefónica Deutschland has signed an agreement with Drillisch, selling 20% of the total network capacity post transaction under a mobile bitstream access model. In addition, Drillisch is entitled to acquire from Telefónica Deutschland up to an additional 10% of the total network capacity. This agreement is a condition precedent for regulatory approval by the European Commission and will be fulfilled when accepted by the European Commission. Completion of the sale of E-Plus is expected in the third quarter of 2014, also following a rights issue by Telefónica Deutschland.

Eelco Blok, CEO of KPN
"We are pleased that the sale of E-Plus has been conditionally approved by the European Commission and we view this as a major milestone for KPN and European telecoms in general. This will allow us to pay a sustainable and growing dividend combined with a solid financial profile. Post completion, KPN will own an attractive 20.5% stake in Telefónica Deutschland and will potentially benefit from dividend payments."

KPN will sell and transfer 100% of its interest in E-Plus to Telefónica Deutschland. KPN will receive EUR 5.0 billion in cash and a 20.5% stake in Telefónica Deutschland. The transaction will unlock estimated synergies of more than EUR 5.0 billion, from which KPN will benefit through its 20.5% stake in Telefónica Deutschland.

KPN post transaction
KPN will use the majority of the EUR 5.0 billion cash proceeds to increase its financial flexibility, providing a solid platform to execute its successful strategy in The Netherlands and Belgium. Furthermore, KPN intends to pay a dividend of EUR 0.07 per share in respect of 2014, subject to closing of the E-Plus sale, of which 1/3 as an interim dividend expected to be paid in August 2014. Dividend per share in respect of 2015 is expected to grow.

Last year, KPN reached an agreement with the Dutch tax authorities related to a EUR 3.7 billion tax book loss which is expected to be recognized as a result of the sale of E-Plus. This is expected to offset KPN's taxable income in The Netherlands in the coming years, starting in 2014

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