

Koninklijke KPN N.V. announces Tender Offer for certain of its Notes

28 Oct 2014 08:00 CET/CEST

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OF AMERICA OR IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT (SEE "OFFER AND DISTRIBUTION RESTRICTIONS" BELOW)

28 October 2014. Koninklijke KPN N.V. (the "**Company**") today announces its invitation to holders of such of its Notes as are listed below (together the "**Notes**") to tender some or all of their Notes to the Company for purchase by the Company for cash (the "**Tender Offer**"). The Tender Offer is being made on the terms and subject to the conditions contained in the tender offer memorandum dated 28 October 2014 (the "**Tender Offer Memorandum**") prepared by the Company, and is subject to the offer and distribution restrictions set out below and as more fully described in the Tender Offer Memorandum.

Copies of the Tender Offer Memorandum are (subject to distribution restrictions) available from the Tender Agent as set out below. Capitalised terms used but not defined in this announcement have the meanings given to them in the Tender Offer Memorandum.

Notes	Coupon	ISIN	Outstanding Principal Amount	Reference Rate	Fixed Purchase Price	Purchase Spread	Maximum Purchase Spread	Total Funds Available
2015 Notes	4.000 per cent.	XS0222766973	€1,000,000,000	N/A	€1,024 per €1,000 in principal amount of 2015 Notes	N/A	N/A	
January 2016 Notes	6.500 per cent.	XS0355666941	€925,000,000	January 2016 Notes Interpolated Mid-Swap Rate	N/A	-12 bps	N/A	Subject as set out herein, up to €2,000,000,000 (or such greater or lesser amount as the Company may determine, in its sole discretion) (calculated using the Euro Equivalent, where relevant).
March 2016 Notes	5.750 per cent.	XS0248011446	£275,000,000	2 per cent. UK Treasury Gilt due January 2016	N/A	45 bps	N/A	
2017 Notes	4.750 per cent.	XS0275164084	€1,000,000,000	2017 Notes Interpolated Mid-Swap Rate	N/A	-10 bps	N/A	
February 2019 Notes	7.500 per cent.	XS0411850075	€750,000,000	February 2019 Notes Interpolated Mid-Swap Rate	N/A	27 bps	N/A	
May 2019 Notes	6.000 per cent.	XS0303070113	£250,000,000	4.5 per cent. UK Treasury Gilt due March 2019	N/A	75 bps	N/A	

2020 Notes	3.750 per cent.	XS0543354236	€1,000,000,000	2020 Notes Interpolated Mid-Swap Rate	N/A	45 bps	N/A
February 2021 Notes	3.250 per cent.	XS0811124790	€750,000,000	February 2021 Notes Interpolated Mid-Swap Rate	N/A	60 bps	N/A
October 2021 Notes	4.500 per cent.	XS0677389347	€500,000,000	October 2021 Notes Interpolated Mid-Swap Rate	N/A	75 bps	N/A
2022 Notes	4.250 per cent.	XS0752092311	€750,000,000	2022 Notes Interpolated Mid-Swap Rate	N/A	To be determined pursuant to a modified	95 bps
2024 Notes	5.625 per cent.	XS0454773713	€700,000,000	2024 Notes Interpolated Mid-Swap Rate	N/A	Dutch auction, as set out in the Tender Offer Memorandum	113 bps

Rationale for the Tender Offer

The purpose of the Tender Offer is to reduce the Company's gross debt and is made as part of the Company's balance sheet management.

Details of the Tender Offer

Subject to the right of the Company to extend, terminate, withdraw or amend the terms and conditions of the Tender Offer, the Company proposes to accept for purchase pursuant to the Tender Offer an aggregate nominal amount of Notes such that the Euro Equivalent of the Total Amount Payable (as defined in the Tender Offer Memorandum) by the Company for all of the Notes accepted for purchase pursuant to the Tender Offer (including Accrued Interest in respect of such Notes) is no greater than €2,000,000,000 (or such greater or lesser amount as the Company may determine, in its sole discretion) (the "**Total Funds Available**").

In respect of each Series of Notes, the price payable per €1,000 or £1,000 of Minimum Denomination, as the case may be, will be:

- (i) in respect of the 2015 Notes, €1,024 per €1,000 in principal amount of 2015 Notes;
- (ii) in respect of the other Notes subject to the Tender Offer, determined at the Pricing Date by the Joint Dealer Managers in accordance with market convention, by reference to the sum of:
 - (x)(1) in respect of the Fixed Spread Notes, the relevant fixed spread as specified in the table above; or
 - (2) in respect of the Modified Dutch Auction Notes, a purchase spread to be determined pursuant to a Modified Dutch Auction; and
 - (y) the relevant Reference Rate;

in each case plus accrued and unpaid interest on the relevant Notes from, and including, the immediately preceding interest payment date for such Notes up to, but excluding, the Settlement Date, which is expected to be 7 November 2014.

In the event that Offers to Sell are received in respect of an aggregate principal amount of a Series of Notes which is greater than the amount of the Notes of any such Series which the Company decides, in its sole discretion, on the Pricing Date, to purchase, a pro rata reduction will be applied to such Offers to Sell. Any such reduction will be calculated as described in the Tender Offer Memorandum. In the event of any such pro-rata, the Company will only accept tenders of Notes subject to pro-rata to the extent such pro-rata will not result in (i) the relevant holder transferring Notes of the relevant Series to the Company which will result in an aggregate nominal amount outstanding of less than their applicable Minimum Denomination, or (ii) the Company rejecting Notes of the relevant Series from such holder which will result in an aggregate nominal amount outstanding of less than their applicable Minimum Denomination. See "Tender Offer - Pro-Rating".

Electronic Offer Instructions

In order to participate in, and be eligible to receive the Tender Consideration in respect of the relevant series of Notes pursuant to the Tender Offer, Noteholders must validly tender their Notes by delivering, or arranging to have delivered on their behalf, a valid Electronic Offer Instruction that is received by the Tender Agent by 17:00 hours CET on 4 November 2014. **Electronic Offer Instructions will be irrevocable** except in the limited circumstances described in the Tender Offer Memorandum.

The Notes are denominated, and accordingly can only be tendered in the Tender Offer, in the respective Minimum Denominations in respect of each Series, being €1,000 in the case of the 2015 Notes; €50,000 in the case of the January 2016 Notes, the 2017 Notes, the February 2019 Notes, the 2020 Notes and the 2024 Notes;

€50,000 in the case of the March 2016 Notes and the May 2019 Notes; and €100,000 in the case of the February 2021 Notes, the October 2021 Notes and the 2022 Notes. You may tender outstanding Notes only in these Minimum Denominations and, in the case of the 2015 Notes, the January 2016 Notes, the 2017 Notes, the February 2019 Notes, the 2020 Notes, the 2024 Notes the February 2021 Notes, the October 2021 Notes and the 2022 Notes integral multiples of €1,000 in excess thereof, in the case of March 2016 Notes integral multiples of

£50,000 in excess thereof and in the case of the May 2019 Notes integral multiples of £1,000 in excess thereof, all as further described in the Tender Offer Memorandum. A separate Electronic Offer Instruction must be completed on behalf of each beneficial owner and in respect of each series of Notes.

Before making a decision whether to tender Notes pursuant to an Offer, Noteholders should carefully consider all of the information in the Tender Offer Memorandum and, in particular, the factors set out under the heading "*Risk Factors*".

Indicative Timetable for the Tender Offer

<i>Events/Dates</i>	<i>Times and Dates</i>
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Commencement of the Tender Offer

Tender Offer announced and beginning of Tender Offer Period.	28 October 2014
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Tender Offer Memorandum available from the Tender Agent.	
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Expiration Time

Deadline for receipt of Electronic Offer Instructions and end of Tender Offer Period.	17:00 hours CET on 4 November 2014
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Announcement of Indicative Results

Announcement by the Company of whether it intends to accept valid At or around 10:00 hours CET on 5 tenders of Notes pursuant to the Tender Offer and if so accepted (i) November 2014

indicative Series Acceptance Amounts; and (ii) any indicative Pro-Rating Factor.

Pricing Date and Time

In respect of the Fixed Spread Notes and Modified Dutch Auction Notes At or around 12:00 hours CET on 5 accepted for purchase, determination of the Reference Rate, the November 2014

Purchase Yield, the Purchase Price, the FX Rate (in respect of the March 2016 Notes and May 2019 Notes which shall be the Euro/Sterling exchange rate, at or around the Pricing Time on the Pricing Date, as reported on Bloomberg screen "FXC") and in respect of the Modified Dutch Auction Notes accepted for purchase, the 2022 Notes Purchase Spread and the 2024 Notes Purchase Spread.

Announcement of final Offer Results and Pricing

Announcement of (i) whether the Company will accept valid Offers to As soon as reasonably practicable after the Sell pursuant to the Tender Offer; (ii) in respect of the Modified Dutch Pricing Time on the Pricing Date

Auction Notes, the 2022 Notes Purchase Spread and the 2024 Notes Purchase Spread; (iii) in respect of the Fixed Spread Notes and the Modified Dutch Auction Notes accepted for purchase, the relevant Reference Rate, Purchase Yield, Purchase Price and the FX Rate (in respect of the March 2016 Notes and May 2019 Notes); (iv) in respect of each Series of Notes, the relevant Series Acceptance Amount, any Pro-Rating Factor and Accrued Interest; and (v) the aggregate principal amount of Notes of each Series that will remain outstanding after the Settlement Date.

Settlement Date

Settlement of the Tender Offer and payment of the Tender

Expected to take place on 7 November 2014

Consideration in respect of Notes accepted for purchase.

The Company may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate the Tender Offer at any time (subject to applicable law and as provided in the Tender Offer Memorandum) and the above times and dates are subject to the right of the Company to so extend, re-open, amend and/or terminate the Tender Offer.

Noteholders are advised to check with the broker, dealer, bank, custodian, trust company, or other nominee through which they hold their Notes as to the deadlines by which such intermediary would require receipt of instructions from Noteholders to participate in, or to withdraw their instructions to participate in, the Tender Offer in accordance with the terms and conditions of the Tender Offer as described in the Tender Offer Memorandum in order to meet the deadlines set out above and in the Tender Offer Memorandum. The deadlines set by any such intermediary and each Clearing System for the submission and withdrawal of Offers to Sell will be earlier than the relevant deadlines specified above and in the Tender Offer Memorandum.

Unless stated otherwise, announcements in connection with the Tender Offer will be made (i) by publication on Euronext Amsterdam's website at www.euronext.com and (ii) by the delivery of notices to the Clearing Systems for communication to Direct Participants. Such announcements may also be found on the relevant Reuters Screen and be made by the issue of a press release to a Notifying News Service. Copies of all such announcements, press releases and notices can also be obtained upon request from the Tender Agent, the contact details for which are on the last page of the Tender Offer Memorandum. Significant delays may be experienced where notices are delivered to the Clearing Systems and Noteholders are urged to contact the Tender Agent for the relevant announcements during the course of the Tender Offer. In addition, Noteholders may contact the Joint Dealer Managers for information using the contact details below.

Noteholders are advised to carefully read the Tender Offer Memorandum for full details of, and information on, the procedures for participating in the Tender Offer.

BNP Paribas, Citigroup Global Markets Limited and The Royal Bank of Scotland plc are acting as Structuring Advisers for the Tender Offer; Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and Credit Suisse Securities (Europe) Limited, together with the Structuring Advisers, are acting as Joint Dealer Managers for the Tender Offer; and Citibank N.A. is acting as Tender Agent.

Questions and requests for assistance in connection with the Tender Offer may be directed to the Joint Dealer Managers.

Structuring Advisers and Joint Dealer Managers

BNP Paribas

10 Harewood Avenue
London NW1 6AA
United Kingdom

Tel: +44 207 595 8668

Fax: +44 20 7595 5750

Attn.: Liability Management Group

Email:

liability.management@bnpparibas.com

Citigroup Global Markets Limited

Citigroup Centre
33 Canada Square
London E14 5LB
United Kingdom

Tel: +44 20 7986 8969

Attn.: Liability Management Group

Email:

liabilitymanagement.europe@citi.com

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR
United Kingdom

Tel: +44 20 7085 3781

Attn.: Liability Management Group

Email:

liabilitymanagement@rbs.com

Joint Dealer Managers

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Croeselaan 18
3521 CB Utrecht
The Netherlands

Tel: +31 30 216 9022

Attention: Liability Management Group

Email: corporate.liabilitymanagement@rabobank.com

Credit Suisse Securities (Europe) Limited

One Cabot Square
London E14 4QJ

United Kingdom

Tel: +44 20 7883 8763

Attention: Liability Management

Email: liability.management@credit-suisse.com

Requests for information in relation to the procedures for tendering Notes in the Tender Offer and the submission of Electronic Offer Instructions should be directed to:

The Tender Agent

Citibank, N.A.

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Tel: +44 20 7508 3867

Fax: +44 20 3320 2405

Attention: Exchange Team

DISCLAIMER This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Tender Offer. If any Noteholder is in any doubt as to the content of this announcement or the Tender Offer Memorandum or the action it should take, it is recommended to seek its own financial advice, including in respect of any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to tender such Notes pursuant to the Tender Offer. None of the Company, the Joint Dealer Managers or the Tender Agent or any of their respective directors, employees or affiliates makes any recommendation whether Noteholders should tender Notes pursuant to the Tender Offer.

OFFER AND DISTRIBUTION RESTRICTIONS

The distribution of this announcement and/or the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer Memorandum comes are required by each of the Company, the Joint Dealer Managers and the Tender Agent to inform themselves about, and to observe, any such restrictions. Neither this announcement nor the Tender Offer Memorandum constitutes an offer to buy or the solicitation of an offer to sell Notes (and Offers to Sell will not be accepted from Noteholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Tender Offer to be made by a licensed broker or dealer or similar and any of the Joint Dealer Managers or any of the Joint Dealer Managers' respective affiliates is such a licensed broker or dealer or similar in any such jurisdiction, the Tender Offer shall be deemed to be made by such Joint Dealer Manager or such affiliate, as the case may be, on behalf of the Company in such jurisdiction.

Each Noteholder participating in the Tender Offer will be deemed to give certain representations in respect of the jurisdictions referred to below and generally as set out in the Tender Offer Memorandum. Any tender of Notes for purchase pursuant to an Offer to Sell pursuant to the Tender Offer from a Noteholder that is unable to make these representations may be rejected. Each of the Company, the Joint Dealer Managers and the Tender Agent reserves the right, in its absolute discretion (and without prejudice to the relevant Noteholder's responsibility for the representations made by it), to investigate, in relation to any tender of the Notes for purchase pursuant to the Tender Offer, whether any such representation given by a Noteholder is correct and, if such investigation is undertaken and as a result the Company determines (for any reason) that such representation is not correct, such Offer to Sell may be rejected.

United States

The Tender Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce or of any facilities of a national securities exchange of, the United States or to any U.S. Person (as defined in Regulation S of the United States Securities Act of 1933, as amended (each a **U.S. Person**)). This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Notes may not be tendered in the Tender Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States or by, or by any person acting for the account or benefit of, a U.S. Person. Accordingly, copies of the Tender Offer Memorandum and any other documents or materials relating to the Tender Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States or to any U.S. Person. Any purported tender of Notes in the Tender Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by, or by any person acting for the account or benefit of, a U.S. Person or by a person located in the United States or from within the United States or from any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Each holder of Notes participating in the Tender Offer will represent that it is not a U.S. Person, it is not located in the United States and it is not participating in the Tender Offer from the United States, or that it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Tender Offer from the United States and is not a U.S. Person. For the purposes of this and the above paragraph, **United States** means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

United Kingdom

The communication of the Tender Offer Memorandum and any other documents or materials relating to the Tender Offer is not being made by, and such documents and/or materials have not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons within the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order**)) or persons who are within Article 43 of the Order, or to other persons to whom it may otherwise lawfully be made in accordance with the Order.

Italy

None of the Tender Offer, the Tender Offer Memorandum or any other documents or materials relating to the Tender Offer have been or will be submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) pursuant to Italian laws and regulations. The Tender Offer is being carried out in the Republic of Italy (**Italy**) as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Any holder or beneficial owner of the Notes may tender their Notes for purchase in the Tender Offer through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority. Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Notes or the Tender Offer Memorandum.

Belgium

The following restriction only applies in respect of the 2015 Notes, January 2016 Notes, March 2016 Notes, 2017 Notes, February 2019 Notes, May 2019 Notes, 2020 Notes and 2024 Notes.

Neither the Tender Offer Memorandum nor any other documents or materials relating to the Tender Offer has been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (*Autorité des services et marchés financiers / Autoriteit financiële diensten en markten*) and, accordingly, the Tender Offer may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids (as amended or replaced from time to time). Accordingly, the Tender Offer may not be advertised and the Tender Offer will not be extended, and neither the Tender Offer Memorandum nor any other documents or materials relating to the Tender Offer (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than "qualified investors" in the sense of Article 10 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (as amended from time

to time), acting on their own account. Insofar as Belgium is concerned, the Tender Offer Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the invitation to Offer to Sell. Accordingly, the information contained in the Tender Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

France

The Tender Offer is not being made, directly or indirectly, to the public in the Republic of France (**France**). Neither the Tender Offer Memorandum nor any other document or material relating to the Tender Offer has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, in each case acting for their own account, all as defined in, and in accordance with, Articles L.411- 1, L.411-2 and D.411-1 of the French *Code Monétaire et Financier*, are eligible to participate in the Tender Offer. The Tender Offer Memorandum has not been and will not be submitted for clearance to nor approved by the *Autorité des Marchés Financiers*.

Spain

Neither the Tender Offer nor the Tender Offer Memorandum constitutes an offer of securities to the public or a tender offer in Spain under the Spanish Securities Market Law (*Ley 24/1988, de 28 de Julio, del Mercado de Valores*), Royal Decree 1310/2005, of 4 November 2005 and Royal Decree 1066/2007, of 27 July 2007.

Accordingly, the Tender Offer Memorandum has not been submitted for approval and has not been approved by the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*).