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Integrated Annual Report 2014





Corporate Governance

The corporate governance framework of KPN is based on the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code as well as applicable securities laws. Furthermore, the company is governed by its Articles of Association and internal procedures, such as the by-laws of the Board of Management and the Supervisory Board.

Legal structure of the Company

Royal KPN N.V. is a public limited liability company established under the laws of the Netherlands, with ordinary shares listed on NYSE Euronext Amsterdam. The Articles of Association of KPN were last amended on March 21, 2014.

KPN has a two-tier management structure with a Board of Management and a Supervisory Board. KPN qualifies as a 'large company' (structuurvennootschap) within the meaning of the Dutch Civil Code and applies the relevant rules of Dutch corporate law. The corporate governance system of KPN includes the General Meeting of Shareholders, the Board of Management and the Supervisory Board. The Board of Management is entrusted with the management of the Company. The Supervisory Board oversees strategic and commercial policymaking by the Board of Management and the way in which it manages and directs KPN's operations and affiliated/associated companies. In the performance of their duties, the members of the Board of Management and the Supervisory Board are guided by the interest of the Company and the enterprise connected therewith. The Board of Management is accountable to the General Meeting of Shareholders in accordance with Dutch legislation.

Please see the section 'Composition of the Boards' starting on page 82, for information on the composition of the Board of Management and the Supervisory Board.

Shareholders

Share capital

Following the resolution of the Extraordinary General Meeting of Shareholders on January 10, 2014, the KPN authorized capital stock totals EUR 720 million, divided into 9 billion ordinary shares of EUR 0.04 each and 9 billion preference shares B of EUR 0.04 each. As of December 31, 2014, a total of 4,270,254,664 ordinary shares were outstanding.

Dutch law prohibits KPN from casting a vote on shares it holds. The ordinary shares and the preference shares B carry the right to cast one vote each. For a description of the preference shares, please see 'The Foundation Preference Shares B KPN'. The ordinary shares are registered or payable to bearer. Shareholders may request the Company to convert their registered shares to bearer shares but not vice versa.

Listings and indices

Since June 13, 1994, KPN's ordinary shares have been listed on Euronext Amsterdam (ticker: KPN). KPN has a Level I ADR program which allows investors to trade KPN ADRs in the United States on the Over-The-Counter market (ticker symbol: KKPNY). KPN shares are included among others in the following leading indices: AEX, EURO STOXX Telecommunications Index, and STOXX Europe 600 Telecommunications Index.

The General Meeting of Shareholders

The General Meeting of Shareholders has the authority to appoint members of the Supervisory Board upon binding nomination by the Supervisory Board and to dismiss the Supervisory Board. The General Meeting of Shareholders is also entitled to approve the remuneration policy and share (option) plans for the Board of Management. Furthermore, a number of decisions are subject to the approval of the General Meeting of Shareholders, including decisions on company-transforming transactions, adoption of annual accounts and dividend proposals and various corporate matters such as proposals to amend the Articles of Association of the company, to (de)merge or to dissolve the company or to issue shares or reduce the issued capital of the company.

Within six months of the end of a fiscal year, an Annual General Meeting of Shareholders is held, where the discussion of the Annual Report and approval of the Financial Statements are put on the agenda. Other General Meetings of Shareholders are held as often as the Supervisory Board or Board of Management deem necessary. The Board of Management and the Supervisory Board determine the agenda of the Annual General Meeting of Shareholders. Shareholders who individually or collectively represent at least 1% of the issued capital or who, according to the Official Price List of NYSE Euronext Amsterdam, represent at least a value of EUR 50 million have the right to propose items for the agenda. Every shareholder has the right to attend a General Meeting of Shareholders in person or through written proxy, to address the meeting and to exercise voting rights.

Adoption of Financial Statements and discharge of responsibility

Within four months from the end of every fiscal year, the Board of Management prepares Financial Statements accompanied by an Annual Report. The Financial Statements are submitted to the Supervisory Board for approval. The Supervisory Board submits the approved Financial Statements to the Annual General Meeting of Shareholders for adoption together with the Annual Report for discussion. At the same time, the Board of Management submits the approved Financial Statements to the Central Works Council for information purposes. Adoption of the Financial Statements does not automatically discharge the Board of Management or the Supervisory Board from liability. This requires a separate resolution by the General Meeting of Shareholders.

Obligations to disclose holdings

Pursuant to the Dutch Financial Supervision Act ('Wet op het financieel toezicht' or 'Wft'), legal entities as well as natural persons must immediately notify the Dutch Authority for Financial Markets ('AFM') when a shareholding equals or exceeds 3% of the issued capital. The AFM must be notified again when this shareholding subsequently reaches, exceeds or falls below a threshold. This can be caused by the acquisition or disposal of shares by the shareholder or because the issued capital of the issuing institution is increased or decreased. Thresholds are: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. A natural or legal person holding a net short position in the issued capital of a company is to notify the AFM on each occasion that the position reaches the threshold of 0.5% of the issued capital of the company concerned and on each occasion that it reaches 0.1% above this level. The AFM incorporates these notifications in the public register, which is available on its website. Failure to disclose the shareholding or short position qualifies as an offense, and may result in civil penalties, including suspension of voting rights and administrative penalties. See page 26 for the KPN shareholding as at December 31, 2014.

Purchase of shares in the Company's own capital and issue of new shares

The General Meeting of Shareholders authorized the Board of Management (for a period of 18 months until October 9, 2015) to purchase shares in the company's own capital with the aim to support KPN's management and employee incentive plans and, in accordance with the Articles of Association of the company, at a price per share of at least EUR 0.01 and at most the highest of (i) the Quoted Share Price plus 10% and (ii), if purchases are made on the basis of a program entered into with a single counterparty or using a financial intermediary, the average of the Volume Weighted Average Share Price during the effective course of the program. The Quoted Share Price is defined as the average of the closing prices of KPN shares as reported in the official price list of Euronext Amsterdam over the five trading days prior to the acquisition date. The Volume Weighted Average Share Price is defined as the volume weighted average price of trades in KPN shares on Euronext Amsterdam between 9am (CET) and 5.30pm (CET) adjusted for block, cross and auction trades.

At the proposal of the Board of Management, with approval of the Supervisory Board, the General Meeting of Shareholders resolved to reduce the issued capital through cancellation of own shares held by the company in accordance with the Articles of Association, with the aim to further optimize the equity structure of the company. The number of shares to be canceled following this resolution will be determined by the Board of Management and shall be limited by the maximum of 10% of issued capital as per April 9, 2014. The General Meeting of Shareholders has designated the Board of Management as the body authorized to issue ordinary shares and to grant rights to subscribe for ordinary shares and to restrict and to exclude statutory pre-emptive rights of existing shareholders upon the issuance of ordinary shares or the granting of rights to subscribe for ordinary shares (for a period of 18 months, until 9 October 2015), with the aim to ensure continuing financial flexibility of the company. This authority shall be limited to a maximum of 10% of the issued capital as per April 9, 2014, plus 10% of the capital if the issuance or the granting of rights occurs within the context of a merger or an acquisition. Resolutions by the Board of Management to issue ordinary shares, to grant rights to subscribe for ordinary shares or to restrict or exclude pre-emptive rights are subject to the approval of the Supervisory Board.

Change in nominal value

On January 10, 2014, KPN's Extraordinary General Meeting of Shareholders granted the requested approvals to amend the Articles of Association to decrease the nominal value of all shares from EUR 0.24 to EUR 0.04. The amount of the capital reduction was added to the share premium reserve of KPN. With the decrease of the nominal value, the authorized capital was amended as well, so as to keep the ratio between issued capital and authorized capital within the statutory requirements.

Supervisory Board

The Supervisory Board oversees strategic and commercial policymaking by the Board of Management and the way in which it manages and directs KPN's operations and affiliated/associated companies. Members of the Supervisory Board are appointed by the Annual General Meeting of Shareholders upon binding nomination by the Supervisory Board. The Central Works Council has an enhanced right to recommend persons for nomination up to one-third of the Supervisory Board. The Supervisory Board must nominate the recommended persons unless it is of the opinion that any such person would be unsuitable to fulfill the duties of a Supervisory Board member, or such appointment would cause the Supervisory Board to be improperly constituted.

According to the Articles of Association, the Supervisory Board must consist of at least five and not more than nine members. Members of the Supervisory Board resign according to a schedule set by the Supervisory Board. A member steps down at the first Annual General Meeting of Shareholders following his four-year term in office. In line with the Dutch Corporate Governance Code, members can be reappointed twice, leading to a maximum term in office of 12 years.

REPORT BY THE BOARD OF MANAGEMENT — GOVERNANCE

Corporate Governance

The Supervisory Board has determined its 'profile', defining the basic principles for the composition of the Supervisory Board. All nominees for election to the Supervisory Board must fit within this profile. According to this profile, the Supervisory Board must be composed in such a way that members of the Supervisory Board are able to operate independently of each other and of the Board of Management. The profile was last amended on April 22, 2013 to comply with diversity principles of Dutch law. The profile is available on KPN's website.

The by-laws of the Supervisory Board contain, among other things, rules regarding the members' duties, powers, working methods and decision-making, what decisions by the Board of Management it must approve, training and conflict handling. The by-laws are available on KPN's website.

Committees of the Supervisory Board

Four committees assist the Supervisory Board: the Audit Committee, the Remuneration Committee, the Nominating and Corporate Governance Committee and the Strategy and Organization Committee. These committees assist the Supervisory Board in its decision-taking and report their findings to the Supervisory Board. The tasks of these committees are laid down in charters, which are available on KPN's website. Further information on the activities of the committees in 2014 can be found in the section 'Composition of the Boards' starting on page 82.

Management

The Board of Management, supervised and advised by the Supervisory Board, manages KPN's strategic, commercial, financial and organizational matters and appoints senior managers. The Supervisory Board appoints and discharges members of the Board of Management and establishes their individual remuneration within the boundaries of the remuneration policies approved by the General Meeting of Shareholders and the recommendations by the Remuneration Committee.

Corporate Social Responsibility (CSR) governance

CSR is embedded in accordance with the hierarchical structure within KPN. Our CEO carries final responsibility. Every CSR theme is assigned to a member of the senior management who is responsible for stakeholder dialogue, targets, progress and results. Operational activities are delegated to a theme-owner, who reports back to the responsible member of the senior management. Every six weeks, these theme-owners come together in the Steering Committee 'KPN in Society' in order to align initiatives and review progress against targets. This Steering Committee is chaired by KPN's CSR Manager, who is responsible for the overall reporting, approach and coherency. Four times a year, CSR data is collected and compared with targets. The CSR Manager reports to the Director Corporate Communication & CSR, who is responsible for the communication to the Board of Management.

To ensure business commitment, managers of all departments involved in one of the themes, take part in the steering committee for that CSR theme. Those departments, headed by the theme-owner, coordinate activities and report the CSR data to the CSR Manager and the responsible member of the senior management.

In order to obtain sufficient outside reflection, since 2011 an Advisory Board consisting of external experts discusses twice a year CSR issues and communications with the Steering Committee 'KPN in Society'.

Auditor

The external auditor is responsible for the audit of the financial statements. The external auditor reports to the Board of Management, the Audit Committee and the Supervisory Board to discuss findings pertaining to their review or audit of the quarterly and annual financial results. The external auditor attends the Annual General Meeting of Shareholders to answer questions pertaining to the auditor's report as included in the Annual Report. The Audit Committee approves every engagement of the external auditor, after pre-approval by the internal auditor in order to avoid potential breaches of the external auditor's independence. Both the external and internal auditor attend (parts of) the Audit Committee meetings. The Annual General Meeting of Shareholders appoints the external auditor on a yearly basis, upon recommendation by the Board of Management and the Supervisory Board.

Compliance with the Dutch Corporate Governance Code

As a Dutch listed company, KPN applies the Dutch Corporate Governance Code.

The current Dutch Corporate Governance Code entered into force on January 1, 2009. KPN fully endorses the underlying principles of the Dutch Corporate Governance Code which is reflected in a policy that complies with all best practice provisions thereof, with the exception of only the following provision:

Best practice III.2.1: "All supervisory board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2." On April 10, 2013, Mr. García Moreno Elizondo and Mr. Von Hauske Solis were appointed as members of the Supervisory Board. Both are officers of KPN's major shareholder, América Móvil, and are therefore not independent within the meaning of the Dutch Corporate Governance Code. Mr. García Moreno Elizondo and Mr. Von Hauske Solis were appointed pursuant to the relationship agreement entered into by KPN and América Móvil on February 20, 2013 in relation to the support of KPN's capital raise by América Móvil.

Since October 1, 2014 KPN has complied with the best practice II.2.8: "The remuneration in the event of a dismissal may not exceed one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a management board member who is dismissed during his first term of office, such board member shall be eligible for severance pay not exceeding twice the annual salary." Mr. Dirks has been member of the Board of Management of KPN from November 8, 2011 until October 1, 2014. Mr. Dirks' employment contract contained a non-competition clause for which he would, as required by German law, receive compensation equal to 50% of his German base salary and short-term incentive during a maximum period of 12 months. Mr. Dirks resigned as of October 1, 2014 at his own request so there was no reason to apply this compensation clause.

Since April 9, 2014 KPN has complied with the best practice II.3.5: “A person may be appointed to the supervisory board for a maximum of three four-year terms.” On April 10, 2013, Ms. Van Lier-Lels was reappointed as a member of the Supervisory Board for the term of one year, whereas she had already served three four-year terms. The appointment of Ms. Van Lier-Lels was based on the enhanced right of recommendation of the Works Council and was important for the Company to ensure continuity within the Supervisory Board. Ms. Van Lier-Lels resigned as a member of the Supervisory Board as of April 9, 2014.

Deviations from the Dutch Corporate Governance Code are explained in accordance with the “apply or explain” principle. The text of the code as well as KPN’s application thereof is available on KPN’s website.

The Foundation Preference Shares B KPN (‘Stichting Preferente Aandelen B KPN’)

On August 29, 2013, the Foundation Preference Shares B KPN (the ‘Foundation’) announced that it exercised the option granted by KPN to acquire preference shares B in KPN in order to safeguard the interests of KPN and its stakeholders as América Móvil announced its intention to make a public offer for all KPN shares on August 9, 2013, without prior consultation of KPN. As a consequence thereof, 4,258,098,272 preference shares B were outstanding with the Foundation Preference Shares B KPN.

The Foundation emphasized that it would be holding the preference shares B only temporarily and from time to time it would be considering its position. On November 10, 2013, the Board of the Foundation Preference Shares B KPN requested the Board of Management to convene an Extraordinary General Meeting of Shareholders to redeem the 4,258,098,272 preference shares B. The Board of the Foundation was of the opinion that there was, subsequent to the withdrawal of the intended unsolicited offer by América Móvil, no reason to defer a decision to effect the redemption of the preference shares B. KPN’s Extraordinary General Meeting of Shareholders granted the requested approvals to cancel all outstanding preference shares B on January 10, 2014, which cancellation became effective on March 21, 2014. The cancellation resulted in a repayment to the Foundation of the payment made, amounting to 25% of the nominal value of the preference shares B, increased by an amount similar to a dividend in proportion to the time the shares were outstanding. The right granted to the Foundation to acquire preference shares B is unconditional and continuous, and the Foundation is therefore entitled to acquire preference shares B in the future.



Composition of the Boards

Supervisory Board

KPN's Supervisory Board currently consists of eight members. The composition of the Supervisory Board changed in 2014. At the Annual General Meeting of Shareholders of April 9, 2014, Mr. D.W. Sickinghe and Mrs. C.J.G. Zuiderwijk were appointed as members of the Supervisory Board. At the same time, Mr. R.J. Routs and Ms. M.E. van Lier-Lels stepped down as members of the Supervisory Board since they had reached the end of their one-year reappointment term. Mr. Spanbroek, General Counsel and company secretary, acts as secretary to the Supervisory Board.

All members of the Supervisory Board comply with clause 2:142a of the Dutch Civil Code, which limits the number of positions in a supervisory or management board that a director may hold.

Two vacancies will arise at the closure of the Annual General Meeting of Shareholders in 2015. Mr. J.B.M. Streppel and Ms. C.M. Hooymans will step down since they will have reached the end of their four-year term of office. Mr. J.B.M. Streppel will not be available for reappointment as the current four-year term of office is his third and last term. The vacancy that will arise when Ms. C.M. Hooymans steps down in 2015 will be filled based on the enhanced right of recommendation of the Works Council.



J.B.M. Streppel

Mr. Streppel was appointed as a member of the Supervisory Board on May 12, 2003 and has been the Chairman of the Supervisory Board since April 13, 2010. His current (third and final) term expires in 2015. Mr. Streppel chairs the Nominating and Corporate Governance Committee and is a member of the Remuneration Committee and Strategy & Organization Committee.

Mr. Streppel is the former Chief Financial Officer of AEGON N.V. and is a member of the Supervisory Board of Van Lanschot N.V., Chairman of the Board of Duisenberg School of Finance, non-executive director of RSA Group Plc. and member of the supervisory council of Arq Psycho Trauma Group. Mr. Streppel is a Dutch citizen.



D.J. Haank

Mr. Haank was appointed as a member of the Supervisory Board on April 7, 2009 and his (second) term expires in 2017. He is the Chairman of the Audit Committee and of the Remuneration Committee. He is also a member of the Strategy & Organization Committee.

Mr. Haank is currently CEO of Springer Science+Business Media (Springer). Mr. Haank holds several supervisory and advisory positions, including those of member of the Supervisory Board of NUON and MSD Netherlands B.V. and the Supervisory Council of the Dutch broadcast association TROS. Before his appointment at Springer, Mr. Haank was the CEO of Elsevier Science and Executive Board Member of Reed Elsevier PLC. Mr. Haank is a Dutch citizen.



P.A.M. van Bommel

Mr. Van Bommel was appointed as a member of the Supervisory Board on April 12, 2012 and his current (first) term expires in 2016. He is a member of the Audit Committee.

Mr. Van Bommel is currently a member of the board of management and CFO of ASM International N.V. Mr. Van Bommel is also non-executive director of ASM PT (Hong Kong). Before his appointment as CFO at ASMI, Mr. Van Bommel was CFO at Odersun, CFO at NXP and CFO at various divisions of Phillips. Mr. Van Bommel is a Dutch citizen.



C.J. García Moreno Elizondo

Mr. García Moreno Elizondo was appointed as a member of the Supervisory Board on April 10, 2013 and his current (first) term expires in 2017. He is a member of the Audit Committee.

Mr. García Moreno Elizondo is currently Chief Financial Officer of América Móvil. He holds several supervisory and advisory positions, including those of Banco Inbursa and Nacional Financiera. Prior to joining América Móvil and being a member of the Supervisory Board of Telekom Austria Group, Mr. García Moreno Elizondo held amongst other positions at the Mexican Ministry of Finance as the Director General of Public Credit and at the Swiss bank Corporation Warburg as executive director and managing director. Mr. García Moreno Elizondo is a Mexican citizen.



O. Von Hauske Solis

Mr. Von Hauske Solis was appointed as a member of the Supervisory Board on April 10, 2013 and his current (first) term expires in 2017. He is a member of the Remuneration Committee, the Nominating and Corporate Governance Committee and the Strategy & Organization Committee.

Mr. Von Hauske Solis is currently Chief Operating Officer and board member of América Móvil. He holds several supervisory and advisory positions, including those of supervisory board member of Telekom Austria, Telmex, NET Servicios, Embratel Participações, Telmex Brasil, Telmex Argentina, Telmex Colombia, Telmex Péru, Telmex Ecuador, Telmex USA and Hildebrando Software. Mr. Von Hauske Solis is a Mexican citizen.



C.M. Hooymans

Ms. Hooymans was appointed as a member of the Supervisory Board on April 17, 2007 and her current (second) term expires in 2015. She is a member of the Remuneration Committee, as well as the Nominating and Corporate Governance Committee.

Ms. Hooymans is a former member of the Management Board of TNO and a member of the Supervisory Board of Rabobank Vallei en Rijn. Furthermore, she is a member of the Board of the Radboud Foundation (Radboud University and Radboud University Medical Center) and member of the advisory council of CBS. Ms. Hooymans is a Dutch citizen.



D.W. Sickinghe

Mr. Sickinghe was appointed as a member of the Supervisory Board on April 9, 2014 and his current (first) term expires in 2018. He is chairman of the Strategy & Organization Committee and member of the Nominating & Corporate Governance Committee.

Mr. Sickinghe is Managing Director of Fortino (Belgium). Mr. Sickinghe was CEO of Telenet (Belgium) in the period 2001-2013. Prior to that, he held executive positions at Wolters Kluwer (The Netherlands) and served in several management positions at Software Direct (France), NeXT Computer (France) and Hewlett-Packard (Switzerland and Germany). Mr. Sickinghe is currently Chairman of the Board of Van Eeghen Group (The Netherlands) and a board member of European Asset Trust (The Netherlands) Central Media Enterprises (Czech Republic) and UniBreda (Belgium). Mr. Sickinghe is a Dutch citizen.



C.J.G. Zuiderwijk

Mrs. Zuiderwijk was appointed as a member of the Supervisory Board on April 9, 2014 and her current (first) term expires in 2018. She is member of the Audit Committee.

Mrs. Zuiderwijk is chairman of the Board of Management of the Chamber of Commerce. She is currently a member of the Supervisory Board of Indaver and member of the Board of PubliQ. In the years 1993 to 2003, Mrs. Zuiderwijk worked for PinkRoccade in various management functions. Thereafter, Mrs. Zuiderwijk was the chairman of the board of the Hilversum hospital and, following the merger with the Gooi Noord hospital, the chairman of the Board of the Tergooi hospitals. Mrs. Zuiderwijk also was a member of the Innovation Platform of the Dutch government (from April 2007 to May 2010) and a member of the Care Innovation Platform of the Dutch Ministry of Health (from April 2008 to May 2010). Mrs. Zuiderwijk is a Dutch citizen.

REPORT BY THE BOARD OF MANAGEMENT — GOVERNANCE

Composition of the Boards

Composition of the Supervisory Board

Name	Year of birth	Start of term	End of current term	Committees
J.B.M. Streppel (Chairman)	1949	May 12, 2003 April 17, 2007* April 6, 2011*	2015	Chairman Nominating and Corporate Governance Committee; Member Remuneration Committee; Member Strategy & Organization Committee
P.A.M. van Bommel	1957	April 12, 2012	2016	Member Audit Committee
C.J. García Moreno Elizondo	1957	April 10, 2013	2017	Member Audit Committee
D.J. Haank	1953	April 7, 2009 April 10, 2013*	2017	Chairman Audit Committee; Chairman Remuneration Committee; Member Strategy & Organization Committee
O. Von Hauske Solis	1957	April 10, 2013	2017	Member Remuneration Committee; Member Nominating and Corporate Governance Committee; Member Strategy & Organization Committee
C.M. Hooymans	1951	April 17, 2007 April 6, 2011*	2015	Member Nominating and Corporate Governance Committee; Member Remuneration Committee
D.W. Sickinghe	1958	April 9, 2014	2018	Chairman Strategy & Organization Committee; Member Nominating & Corporate Governance Committee
C.J.G. Zuiderwijk	1962	April 9, 2014	2018	Member Audit Committee

* Reappointment.

Board of Management

Composition of the Board of Management

Currently, the Board of Management consists of three members. In September 2014, Mr. De Jager was appointed as a member of the Board of Management and took over the roll as Chief Financial Officer on November 1, 2014. In October 2014, Mr. Dirks left the Board of Management. Mr. Van Schilfgaarde was interim CFO until November 1, 2014 and attended meetings of the Board of Management.

All members of the Board of Management comply with clause 2:132a of the Dutch Civil Code, which limits the number of positions in a supervisory or management board that a director may hold.

Name	Position	Year of birth	Start of term	End of current term
E. Blok	Chief Executive Officer	1957	June 2006 /2010/2014*	2018
J.C. de Jager	Board member and Chief Financial Officer	1969	September 2014 **	2018
J.F.E. Farwerck	Board member and Chief Operating Officer	1965	April 2013	2017

* Reappointment.

** Chief Financial Officer as of November 1, 2014.

On January 9, 2015, the Supervisory Board appointed Mr. Frank van der Post to the Board of Management of KPN as Chief Commercial Officer as of March 1, 2015, after having informed the Extraordinary General Meeting of Shareholders of the intention to appoint Mr. Frank van der Post.



E. Blok

As of the Annual General Meeting of Shareholders in April 2011, Mr. Blok is the Chairman of the Board of Management and Chief Executive Officer.

Mr. Blok was appointed as a member of the Board of Management on June 1, 2006 and was responsible for KPN's Fixed division until January 1, 2007. Until February 1, 2010, he was Managing Director of the Business, Getronics and Wholesale & Operations Segments (including iBasis). As of February 1, 2010, Mr. Blok assumed responsibility for KPN's international operations, comprising Mobile International and iBasis, KPN's wholesale international voice traffic carrier. He assumed the additional role of Chief Operating Officer in October 2010.

Mr. Blok joined KPN in 1983 and has had various management positions, including as director of KPN's Carrier Services, Corporate Networks and Fixed Net Operator, and he was responsible for Corporate Strategy & Innovation. More recently, he was Chief Operating Officer of KPN's former Fixed division. He was previously, from April until December 2004, a member of KPN's Board of Management. Until October 1, 2014, Mr. Blok was chairman of the Supervisory Board of E-Plus. He is a member of the Supervisory Board of Reggefiber Groep B.V. and co-chairman of the Cyber Security Council.



J.C. de Jager

Mr. De Jager was appointed to the Board of Management of KPN on September 26, 2014. As from November 1, 2014 he became Chief Financial Officer.

In the period from 2007 to 2012, Mr. De Jager was a member of the Dutch Cabinet, first as State Secretary for Finance (from 2007 to 2010), thereafter as Minister of Finance (from 2010 to 2012). As Minister of Finance, Mr. De Jager was responsible for, among others, the budget, general financial and economic policy, supervision of financial markets and cooperation with international financial institutions. As State Secretary for Finance, Mr. De Jager was responsible for many change processes, among others within the Dutch Tax Administration. In these functions, Mr. De Jager gained a lot of experience with financial markets and financial management of a large organization. In the period 1992-2007, Mr. De Jager founded and was Managing Partner at ISM eCompany, an eBusiness solutions company, for which he has acted as special advisor since his resignation from the Dutch Cabinet until his employment on the board of KPN. Mr. De Jager is member of the Board of BASE Company.



J.F.E. Farwerck

Mr. Farwerck is a member of the Board of Management and Chief Operating Officer.

Mr. Farwerck was appointed to the Board of Management of KPN on April 10, 2013. He started work at KPN in 1994 and held senior management positions in various divisions. He had been responsible for all KPN's activities in the Netherlands as Managing Director Netherlands since February 2012 and in September 2014 he became responsible for the operating activities of KPN as Chief Operating Officer. Mr. Farwerck is a member of the executive committee of VNO-NCW and a member of the Board of Nederland-ICT and chairman of the Board of iBasis.

Insider transactions

KPN employees that have access to inside information through the exercise of their employment, profession or duties, including all members of the Board of Management and Supervisory Board, are subject to the Subcode 'Inside Information'. This Subcode, which is connected to the Company Code, contains rules for possession of and transactions in KPN securities by such employees. Members of the Board of Management and Supervisory Board are furthermore subject to reporting obligations to the Authority for the Financial Markets ('AFM').

The table below provides an overview of transactions in 2014 by (former) members of KPN's Board of Management and Supervisory Board.

Date	Name	Transaction	Price per share
February 4	E. Blok	Bought 50,000 ordinary KPN shares	EUR 2.56
April 6	E. Blok	Cancellation of 156,693 conditional KPN shares due to non-fulfilment of performance criteria	EUR –
April 10	E. Blok	Award of 459,975 conditional KPN shares	EUR –
April 10	T. Dirks	Award of 234,497 conditional KPN shares	EUR –
April 10	J.F.E. Farwerck	Award of 207,440 conditional KPN shares	EUR –
August 5	E. Blok	Bought 50,000 ordinary KPN shares	EUR 2.38
September 26	J.C. de Jager	Award of 225,478 conditional KPN shares	EUR –
October 28	J.C. de Jager	Bought 30,000 ordinary KPN shares	EUR 2.47
October 29	C.J. García Moreno Elizondo	Sold 27,500 ordinary KPN shares	EUR 2.55
October 30	C.J. García Moreno Elizondo	Sold 27,100 ordinary KPN shares	EUR 2.58
October 30	C.J. García Moreno Elizondo	Sold 25,500 ordinary KPN shares	EUR 2.56
October 31	C.J. García Moreno Elizondo	Sold 26,780 ordinary KPN shares	EUR 2.62

The following transactions, performed in earlier years by members of the Board of Management or Supervisory Board who were appointed in 2014, have been notified to the AFM in 2014 upon their appointment:

Upon appointment as member of the Supervisory Board on April 9, 2014: D.W. Sickinghe held 130,000 ordinary KPN shares

Upon appointment as member of the Board of Management on September 26, 2014:

J.C. de Jager held 32,000 ordinary KPN shares