

## PROSPECTUS DATED 17 NOVEMBER 2017



### POSTNL N.V.

*(incorporated as a public limited liability company in The Netherlands,  
with its statutory seat in 's-Gravenhage, The Netherlands)*

#### **€400,000,000 1.00 per cent. fixed rate Notes due November 2024**

The issue price of the €400,000,000 1.00 per cent. fixed rate Notes due November 2024 (the "**Notes**") of PostNL N.V. (the "**Issuer**") is 99.987 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 21 November 2024 (the "**Maturity Date**"). The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in The Netherlands. The Notes may also be redeemed at the option of the Issuer in whole or in part (i) at their principal amount, together with accrued interest, at the Issuer's option from and including the date falling three months prior to but excluding the Maturity Date or (ii) at their principal amount, together with accrued interest and a "make-whole" premium at the Issuer's option at any time prior to the Maturity Date. In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem such Note at its principal amount upon a change of control that is followed by certain ratings downgrades. See "*Terms and Conditions of the Notes—Redemption and Purchase*".

The Notes will bear interest on their principal amount from (and including) 21 November 2017 to (but excluding) the Maturity Date at the rate of 1.00 per cent. per annum payable annually in arrear on 21 November of each year commencing on 21 November 2018.

Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by The Netherlands to the extent described under "*Terms and Conditions of the Notes—Taxation*".

This Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or "**AFM**"), which is the Netherlands competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") as a Prospectus. Application has been made to Euronext Amsterdam N.V. ("**Euronext Amsterdam**") for the Notes to be admitted to listing on the official list and trading on its regulated market.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Managers (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form and in the denomination of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around 21 November 2017 (the "**Closing Date**") with a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A., Luxembourg ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form with interest coupons attached. No definitive Notes will be issued with a denomination above €199,000. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Notes will be rated BBB+ (stable) by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). S&P is established in the EEA and registered under Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

*Global Co-ordinator*

**BofA Merrill Lynch**

*Joint Lead Managers*

**BNP PARIBAS**

**BofA Merrill Lynch**

**Rabobank**

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## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

The Issuer has confirmed to the Managers named under "*Subscription and Sale*" below (the "**Managers**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Managers.

Neither the Managers nor any of their respective affiliates, nor the Fiscal Agent, have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*").

This Prospectus has been prepared for the purpose of listing and submission for trading of the Notes on Euronext Amsterdam and does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**", "**€**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

In connection with the issue of the Notes, Merrill Lynch International (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or person(s) acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

## RISK FACTORS

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and its subsidiaries and the industries in which it operates together with all other information contained in this Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.*

*The following is a description of risk factors which are material in respect of the Notes and the financial situation of the Issuer and which may affect the ability of the Issuer to fulfil its obligations under the Notes. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.*

### **Risks relating to the Issuer**

***The decreasing use of letter mail, due to digitisation, could reduce the revenues and profitability of the mail activities of the Issuer and its subsidiaries (the "Group").***

The Group's mail activities represent an integral and material part of the Group's business. The Group delivers letters as well as other printed matter such as bank statements, direct mail and periodicals in addition to the other activities described in "Description of the Issuer" elsewhere in the Prospectus.

The ongoing trend to move to digitisation is leading to a decline in physical mail. As a result, the volume of mail is decreasing. This decrease in volume requires the Group to adapt its infrastructure and delivery processes.

If such a trend continues, it may materially adversely affect revenues, cash flow and financial condition of the Group's mail activities and thereby materially adversely affect the Group's revenues, cash flow and financial condition.

***Parcel volumes may fail to grow or may decline and, even if parcel volumes were to grow, the Group may be unable to sustain its current margin in its parcels business segment and /or its business operations may be unable to accommodate such growth.***

The Group's parcels activities represent an integral and material part of the Group's business. The Group aims to increase the revenue and results of its parcels activities. However, such increase is contingent on continued growth in the Benelux region and global parcel markets. It is possible that parcel volumes may fail to grow or decline. The Group's parcels activities have fixed costs and depend on volume to recover such costs. There can be no assurance that the Group will maintain or increase its share of the parcel markets in which it operates and its share of those markets may decline in the future. Even if parcel volumes were to grow, the Group may be unable to sustain its current margin in this business segment and /or its business operations may be unable to accommodate such growth. If parcel volumes fail to grow or decline, this may have a material adverse effect on the revenues, cash flow and financial condition of the Group's parcel activities and, as a consequence, the Group's revenues, cash flow and financial condition may be materially adversely affected.

***The Group operates in regulated markets. A significant change in the relevant laws and regulations of the countries and markets in which the Group operates or an adverse decision of a government or relevant regulator, may have a material adverse effect on the Group's business, revenues, cash flow and financial condition.***

The Group is confronted with complex legal and regulatory requirements in the countries in which it operates. These include, but are not limited to, tariff regulation, competition regulation, regulation with respect to dangerous and prohibited goods, data protection and privacy requirements. Legal or regulatory restrictions on price increases and regulatory intervention in response to price increases implemented by the Group, or the prospect of such interventions, may limit the ability of the Group to increase prices of certain products or services, or require it to lower prices of certain products or services. As many of the

costs of the Group are fixed, any failure or inability to implement price increases in order to recover all of the costs which it incurs in providing the relevant and required services, may have a material adverse effect on its business, revenues, cash flow and financial condition. The Group has ongoing discussions with its regulators (including the ACM (as defined below)) in respect of the interpretation of applicable rules and regulations and is subject to ongoing investigations by regulators. The Group faces the risk of a relevant regulator starting investigations and/or imposing fines on the Issuer and/or any of its subsidiaries, and/or its employees following current and/or future investigations.

On 27 July 2017, the Authority for Consumers and Markets (the "ACM") published its decision on significant market power ("SMP"), effective 1 August 2017. The ACM requires the Group to grant postal operators in the 24-hours bulk mail segment access to its network and stipulates the requirements for network access, tariffs and transparency. By 1 November 2017, the Group must publish its proposed tariffs and related conditions for postal operators using its network, which tariffs will be subject to the ACM's approval. Subject to the final implementation of the SMP decision, the Group expects the financial impact to be between €30 million and €50 million on an annual basis, more towards the upper part of the range. The full effect is expected to be visible in FY 2019.

Also potential future changes in legal and regulatory requirements, such as EU regulation on European cross-border e-commerce parcels delivery, or potential future adverse decisions of a government or relevant regulator with respect to our operations, may have a material and negative impact on the Group's business, revenues, cash flow and financial condition.

***In The Netherlands, the Group provides the Universal Service Obligation ("USO"). Changes in the USO regulation or adverse decisions of the Ministry of Economic Affairs or the ACM in relation to the USO could have an adverse impact on the Group's business, revenues, cash flow and financial condition.***

The USO is the basic postal service that ensures postage remains accessible, affordable and reliable for all. The Ministry of Economic Affairs (*Ministerie van Economische Zaken*) determines the parameters within which the Group is allowed to set the prices of stamps. The ACM assesses whether any proposed changes to the pricing of stamps proposed by the Group are within the parameters set by applicable law and regulations and by the Ministry of Economic Affairs. Possible changes to and/or withdrawal of the USO or adverse decisions of the Ministry of Economic Affairs or the ACM in relation to the USO could have an adverse impact on the Group's ability to adapt to market and regulatory developments and changes in customer demand in a timely and effective way. As many of the costs of operating the Group's Mail in The Netherlands business segment are fixed and the Group is under the obligation to maintain its mail delivery network to provide the USO, the Group may not be able to reduce its costs sufficiently to mitigate these changes or decisions. Moreover, the Group may not be able to implement price increases in relation to services it delivers, within and outside the scope of the USO, as a result of legal and regulatory constraints, as well as the provisions of general competition law. The inability of the Group to reduce its costs or to implement price increases may have a material adverse effect on its business, revenues, cash flow and financial condition.

***The Group faces increasing competition across its businesses.***

Competition may put pressure on the Group's market share, volumes and prices, which could have an adverse effect on revenues, cash flow and financial condition. The Group is faced with increased competition across both mail and parcels businesses. In the mail business, which can generally be characterised as a business with mostly national and regional players, competition is increasing because of the decreasing use of letter mail (such as following the acquisition of Van Straaten Post by Sandd announced in September 2017). Also, in The Netherlands, competition is increasing because of further regulation supporting competition. In the parcel business, markets are expanding on the back of the e-commerce growth and become more competitive (internationally, nationally and regionally) and more globalised. In addition to the traditional market players, new entrants enter the market, including platforms and e-tailers. See also "*Description of the Issuer – Strategic focus areas*". The Group may have to lower its prices in specific segments to protect volume, or may decide to exit certain businesses or markets in the future, which could result in additional costs related to the discontinuation of operations, which may have a material adverse effect on its revenues, cash flow and financial condition.

***Actuarial assumptions, such as discount rates and demographic variables, have an impact on the valuation of employee benefit plans. A decrease in equity returns or interest rates may negatively affect the coverage ratio of the Group's pension fund, which could lead to an increase in the pension provision, or in a multi-year additional funding obligation by the Group.***

The Group operates a defined benefit pension plan. The pension plan has total assets of €8,165 million as at 31 December 2016, which are held and managed by an independent legal entity, Stichting Pensioenfonds PostNL. The pension plan assets consist partly of investments held in equities with a view to benefiting from capital appreciation. The value of these securities may be volatile and a downturn in the capital markets could significantly reduce the equity returns of these assets. In addition, a decline in interest rates may decrease the coverage ratio of the pension fund. Should the coverage ratio of assets divided by liabilities of the pension fund fall below the minimum funding requirements prescribed by the Dutch Central Bank (*De Nederlandsche Bank N.V.*), the Group may be required to make top-up payments to the fund if and when the pension fund foresees that it will not be able to fully recover its coverage ratio to the minimum funding requirements within five years (i.e. depending on the pension fund's own resilience). The conditional top-up payment obligation of the Group for deficits in the pension fund is limited to an annual maximum of 1.25 per cent. of the pension obligation of the pension fund (approximately €7.6 billion as at 31 December 2016) for at most five consecutive years.

***Cost saving initiatives may fail to be implemented, may be delayed or may not achieve the results intended.***

Cost saving initiatives, including streamlining the Group's workforce, introducing greater efficiencies across the Group's infrastructure, and reducing costs at the Group's head office may be delayed or not achieve the results intended. Additionally, they could cause labour unrest. This could result in the deterioration of our employee engagement. Furthermore this could have an adverse impact on the quality of the services we provide. For example, it could lead to a drop in the delivery quality of Mail in The Netherlands. Other adverse results could be an impact on our reputation, cash flow and financial condition.

***The Group faces risks associated with the labour-intensive nature of its business and its large workforce.***

The Group's business is labour-intensive and necessitates a large workforce and the Group is reliant on its staff for the management, operation, creation, maintenance, repair and upgrading of its business, operations and systems. As at 31 December 2016, the Group employed 46,456 employees, the majority of which are employed in The Netherlands. Being a good employer is vitally important to the Group. The Group focuses on employee engagement, culture and diversity, and sustainable employment. In particular, the Group is required to maintain a large collection and delivery network in The Netherlands to enable it to fulfil its obligations under the USO. The size of, and high employment costs associated with the Group's workforce in The Netherlands may make the Group less competitive compared with other market parties. If levels of turnover, voluntary redundancy and retirement among the Group's staff differ from what the Group expects, it may not be able to adjust its workforce in The Netherlands as planned. If the Group is unable to adjust levels of employment in a manner consistent with its productivity targets, its employment costs may deviate from its expectations and this may affect the profitability and financial condition of the Group. Adjusting the workforce may be delayed or not achieve the results intended. Additionally, any such adjustments could cause labour unrest, a deterioration in the quality of services and may adversely affect the Group's reputation, cash flow and financial condition.

Furthermore, Collective Labour Agreements ("**CLA**") are agreed between the Group and the trade unions and standard agreements for independent parcel deliverers that comply with the law Deregulation Labour Relations (*Wet Deregulering Beoordeling Arbeidsrelatie*). If the Group in the future fails to reach agreement with the labour unions to adopt the required CLAs, or if the Group reaches such agreement with the labour unions on unfavourable conditions, the financial condition of the Group could be negatively affected by higher labour costs. If the Group in the future fails to reach agreements with independent parcel deliverers, the financial condition of the Group could be negatively affected by higher costs. Changes to laws and regulations relating to employment (including the interpretation and enforcement of those laws and regulations) could have a material adverse effect on the Group, its business, results of operations and financial condition. In particular, changes in this area could, directly or indirectly, increase the Group's employment costs, which, given the size of the Group's workforce, could have a material adverse effect on the Group, its business, cash flow and financial condition.

***The Group uses subcontractors (including independent parcel deliverers) in its operational processes.***

The Group uses subcontractors (including independent parcel deliverers) in parts of its operations. A change in regulation that has an impact on the self-employed status or labour conditions of these subcontractors could materially and adversely affect the Group's business, results of operations and financial condition. Interruptions to, or substandard quality of, the services provided to the Group by its subcontractors could materially and adversely affect the Group's business, results of operations and financial condition. There can be no assurances that the Group will be able to obtain the services it needs for the operation of its business, in a timely manner, at competitive terms and at an adequate level of quality.

***The Group derives the majority of its revenue from its operations in The Netherlands.***

The Group derives the majority of its revenue from its operations in The Netherlands. Difficult economic or other conditions in The Netherlands could materially and adversely affect the Group's business, results of operations and financial condition. Such other types of conditions include bad weather conditions, power cuts, flooding, fire, strikes and terrorist attacks. The Group's activities are particularly vulnerable to such external conditions.

***A downgrade in the Group's credit rating may increase its future financing costs and harm the Group's ability to finance its operations.***

A downgrade in the Group's credit rating may negatively affect its ability to obtain funds and increase financing costs by increasing the interest rates at which the Group is able to re-finance existing debt or incur new debt. Any such development could materially and adversely affect the Group's cash flow and financial condition.

***Information and Communication Technology (ICT) is vitally important to our business.***

Information and Communication Technology (ICT) is vitally important to the Group's business, and the Group is increasingly dependent on it. Threats to the availability, confidentiality or integrity of our ICT networks, systems or (customer) data caused by ICT disturbances, cyberattacks or lack of appropriate security and infrastructure measures may damage our ability to provide timely delivery, or result in loss/theft of customer data, higher costs, penalties and damage to our reputation. Any material failure in the Group's ICT applications, systems and infrastructure or any failure to maintain, invest in or improve them over the coming years may lead to material operational and systems disruptions which could have a material adverse effect on the Group's results of operations, financial condition and future prospects. In addition, poor maintenance of the Group's ICT infrastructure may result in the loss of information and data stored by the Group and any such loss may have a material adverse effect on the Group's reputation, revenues, cash flow and financial condition.

***The Group is exposed to financial risks.***

The Group is exposed to financial risks and these risks can have an adverse effect on its financial condition. It is the Group's policy to minimise the effects of these risks, materially comprising of currency risk, interest rate fluctuations, credit risk, liquidity risk and cash flow risk. The Group uses financial derivatives to manage these financial risks and does not enter into speculative derivative positions. There can be no assurance that such hedging will be fully effective or beneficial in protecting the Group from these financial risks. Non effective or beneficial hedging could adversely affect the Group's cash flow and financial condition.

***Litigation and other proceedings may have a material adverse effect on the Group.***

In addition to the risk of regulatory investigations, enquiries and actions, the Group faces risk of litigation and equivalent proceedings in the conduct of its business, including litigation arising out of commercial disputes with customers, competitors and other third parties, as well as disputes related to employment and pensions matters. It is inherently difficult to predict the outcome of any adversarial proceedings affecting the Group. Any adverse judgments or settlements in any litigation or other proceedings to which the Group is, or may in the future be, subject could have a material adverse effect on the Group's reputation, cash flow and financial condition.

***Macroeconomic conditions, industrial actions or other disruptive events may have a material adverse effect on the Group.***

The Group's business and performance may be materially affected by macroeconomic conditions, industrial actions or other disruptive events. Weak macroeconomic conditions, prolonged periods of weak economic growth, recessions and the implementation of austerity measures may affect the Group's business, the activity level of the Group's customers, demand for the Group's services, as well as the Group's revenues, cash flow and financial condition. In particular, a prolonged period of weak economic growth or a recession is likely to negatively impact demand for the Group's services. In addition, macroeconomic conditions, industrial actions, financial market tensions and other effects can adversely affect the Group's ability to raise funding which could materially adversely affect the Group's reputation, cash flow and financial condition.

***The Group may not be able to deliver its services in a timely manner due to disruption in the transportation network***

The business of the Group is subject to risks associated with its ability to provide services for the collection and delivery of mail and parcels. The Group relies on the transportation of items by road and, to a lesser extent, by rail and air networks. In addition, the Group relies on the ability of its employees and subcontractors to get to their place of work. This leaves the Group exposed to traffic congestion, road works and inclement weather, particularly snow and ice, all of which may render collections and deliveries difficult or even impossible. The Group is also subject to regulations governing the number of hours that its road drivers can work on consecutive days and, as a result, the Group may not have enough drivers available to work during periods of high demand or adverse weather conditions. The occurrence of the incidents outlined above may have a material adverse effect on the Group's business, results of operations and financial condition. Furthermore, such incidents may lead to the Group failing to meet its regulatory obligations, including quality of service targets. Such breaches may lead to fines and other regulatory enforcement action, breach of contractual obligations and reputational damage.

**Risk relating to the Notes**

***The Notes may be redeemed prior to maturity***

In the event: (A) of the occurrence of an Event of Default (as defined in Condition 8 (*Events of Default*)); or (B) that the Issuer would be obliged (as set out in Condition 7 (*Taxation*)) to increase the amounts payable in respect of any Notes as a result of any change in, or amendment to, the laws, treaties or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, treaties or regulations, which change or amendment becomes effective on or after the Issue Date, the Notes may be redeemed prior to maturity in accordance with the Terms and Conditions.

The Issuer may also redeem all or part of the Notes prior to maturity, in whole or in part, in accordance with Condition 5(d) (*Redemption at the Option of the Issuer (Refinancing)*), or in whole but not in part in accordance with Condition 5(e) (*Redemption at the option of the Issuer at Make-whole Premium*).

***The Notes may be redeemed prior to maturity in the event of a change of control***

Each Noteholder will have the right to require the Issuer to repurchase all or any part of such holder's Notes at its principal amount together with accrued interest upon the occurrence of a Put Event, as such terms are defined herein, and in accordance with the Terms and Conditions of the Notes (the "**Change of Control Put**"). Following the occurrence of a Put Event, the holder of each Note will have the option to require the Issuer to redeem, or at the Issuer's option, purchase that Note on the Optional Redemption Date pursuant to Condition 5(c) (*Redemption at the option of Noteholders*).

Potential investors should be aware that the Change of Control Put can only be exercised upon the occurrence of a Put Event, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer. Noteholders deciding to exercise the Change of Control shall have to do this through the bank or other financial intermediary through which the Noteholder holds the Notes (the "**Financial Intermediary**") and are advised to check when such Financial Intermediary would require the receipt of instructions and Put Option Notices from Noteholders



in order to meet the deadlines for such exercise to be effective. The fees and/or costs, if any, of the relevant Financial Intermediary shall be borne by the relevant Noteholders.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

***Denominations involve integral multiples: definitive Notes***

The Notes have denominations consisting of a minimum of €100,000 plus one or more higher integral multiples of €1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of €100,000. In such a case a holder who, as a result of trading such amounts, holds an amount that is less than €100,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to €100,000.

If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

***Modification***

The conditions of the Notes contain provisions for calling meetings of the Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

***Change of law***

The Notes will be governed by the laws of The Netherlands. No assurance can be given as to the impact of any possible judicial decision or change to the laws of The Netherlands law or any administrative practice thereof after the Issue Date.

## **Risks related to the market generally**

### ***There is no active trading market for the Notes***

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made to Euronext Amsterdam for the Notes to be admitted to the official list and trading on its regulated market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest in euro. This presents certain risks relating to currency or currency unit conversions if an investor's financial activities are denominated principally in a currency or a currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency equivalent yield on the relevant Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks***

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Fluctuations in interest rates can affect the market values of, and corresponding levels of capital gains or losses on, fixed rate securities. During periods of rising interest rates, the prices of fixed rate securities, such as the Notes, tend to fall and gains are reduced or losses incurred upon their sale. Therefore, investment in the Notes involves the risk that changes in market interest rates may adversely affect the value of the Notes.

### ***The Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

***The market value of the Notes may be affected by the creditworthiness of the Issuer and a number of additional factors***

The value of the Notes may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. This may impact the trading price of the Notes. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

***Credit rating***

The Notes have been assigned a rating of "BBB+ (stable)" by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

## INFORMATION INCORPORATED BY REFERENCE

The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Prospectus **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement.

Such documents will be made available, free of charge, during usual business hours at the specified offices of the Fiscal Agent, unless such documents have been modified or superseded.

For ease of reference, the tables below set out the relevant page references for the consolidated financial statements, the notes to the consolidated financial statements and the independent auditor's reports for the years ended 2015 and 2016 for the Issuer, and the unaudited consolidated interim financial information for the nine months ended 30 September 2017 for the Issuer, as set out in the respective annual reports or interim report.

<i>PostNL N.V.</i>	<b>2015</b>	<b>2016</b>
<b>Consolidated Financial Statements Years ended 2015 and 2016</b>		
Statement of financial position.....	Page 85	Page 103
Statement of Cash Flows .....	Page 84	Page 102
Income Statement .....	Page 82	Page 100
Statement of comprehensive income.....	Page 83	Page 101
Notes to Financial Statements.....	Page 87 to 132	Page 105 to 151
Independent Auditor's Report .....	Page 149 to 154	Page 169 to 173

*PostNL N.V.*

### **Third Quarter 2017 Consolidated Interim Financial Statements**

Consolidated income statement.....	Page 6
Consolidated statement of comprehensive income.....	Page 6
Consolidated statement of cash flows .....	Page 7
Consolidated statement of financial position.....	Page 8

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered offices of the Issuer and the website of the Issuer (<https://www.postnl.nl/en/about-postnl/investors/>). For more information about the Issuer, please contact:

### **PostNL N.V.**

Investor relations  
Prinses Beatrixlaan 23  
The Hague  
2595 AK  
The Netherlands

## OVERVIEW

*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference.*

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.*

<b>The Issuer:</b>	PostNL N.V.
<b>Joint Lead Managers:</b>	BNP Paribas, Coöperatieve Rabobank U.A. and Merrill Lynch International
<b>Fiscal Agent:</b>	Citibank, N.A., London Branch
<b>The Notes:</b>	€400,000,000 1.00 per cent. fixed rate Notes due November 2024
<b>Issue Price:</b>	99.987 per cent. of the principal amount of the Notes.
<b>Issue Date:</b>	Expected to be on or about 21 November 2017.
<b>Use of Proceeds:</b>	The net proceeds of the issue of the Securities will be used for general corporate purposes including the redemption of existing debt. See " <i>Use of Proceeds</i> ".
<b>Interest:</b>	The Notes will bear interest from 21 November 2017 at a rate of 1.00 per cent. per annum payable annually in arrear on 21 November in each year commencing 21 November 2018.
<b>Status:</b>	The Notes are unsecured and unsubordinated obligations of the Issuer which will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
<b>Form and Denomination:</b>	<p>The Notes will be issued in bearer form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000.</p> <p>The Notes will initially be represented by the Temporary Global Note which will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership.</p> <p>The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.</p>

<b>Final Redemption:</b>	21 November 2024.
<b>Optional Redemption:</b>	Except as provided in (i) Condition 5(b) ( <i>Redemption for tax reasons</i> ), (ii) Condition 5(c) ( <i>Redemption at the option of Noteholders</i> ), (iii) Condition 5(d) ( <i>Redemption at the option of the Issuer (Refinancing)</i> ), (iv) Condition 5(e) ( <i>Redemption at the option of the Issuer at Make-whole Premium</i> ), and (v) Condition 5(f) ( <i>Partial redemption</i> ), the Notes may not be redeemed before their final maturity on 21 November 2024.
<b>Negative Pledge:</b>	The terms of the Notes contain a negative pledge provision that is described in Condition 3 of the Terms and Conditions.
<b>Rating:</b>	The Notes are expected to be rated BBB+ (stable) by S&P.
<b>Withholding Tax and Additional Amounts:</b>	If applicable law should require that payments of principal or interest made by the Issuer in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever levied by The Netherlands, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to customary exceptions, as described in Condition 7 ( <i>Taxation</i> ) of the Terms and Conditions.
<b>Governing Law:</b>	The Notes and the Fiscal Agency Agreement will be governed by Dutch law.
<b>Listing and Trading:</b>	Applications have been made for the Notes to be admitted to listing on the official list and trading on Euronext Amsterdam's regulated market.
<b>Clearing Systems:</b>	Euroclear and Clearstream, Luxembourg
<b>Selling Restrictions:</b>	See " <i>Subscription and Sale</i> ".
<b>Risk Factors:</b>	Investing in the Notes involves risks. See " <i>Risk Factors</i> ".
<b>ISIN:</b>	XS1709433509
<b>Common Code:</b>	170943350

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which will be endorsed on each Note in definitive form:

The €400,000,000 1.00 per cent. fixed rate Notes due November 2024 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of PostNL N.V. (the "**Issuer**") are the subject of a fiscal agency agreement dated 21 November 2017 (as amended or supplemented from time to time, the "**Fiscal Agency Agreement**") between the Issuer, Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Fiscal Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement applicable to them. Copies of the Fiscal Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Fiscal Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. **Form, Denomination and Title**

The Notes are serially numbered and in bearer form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000 with Coupons attached at the time of issue. No Notes in definitive form will be issued with a denomination above €199,000. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

### 2. **Status**

The Notes constitute unsecured and unsubordinated obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 3. **Negative Pledge**

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any mortgage, charge, pledge, lien or other encumbrance upon the whole or any part of its present or future undertakings, assets or revenues to secure any Relevant Indebtedness without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other security for the Notes as may be approved by an Extraordinary Resolution of the Noteholders.

In these Conditions:

"**Extraordinary Resolution**" means a resolution passed (a) at a meeting duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least 75 per cent. of the votes cast, (b) by a Written Resolution or (c) by an electronic consent.

"**Material Subsidiary**" means any subsidiary, direct or indirect, of the Issuer whose turnover, tangible net worth or net profits before interest and tax (in each case attributable to the Issuer), based upon the latest audited consolidated financial statements of the Issuer, represent at least 10% of the consolidated turnover, tangible net worth or consolidated net profits before interest and tax of the Issuer and its consolidated subsidiaries. A report of the external auditors of the Issuer that in their opinion a subsidiary is not a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

**"Relevant Indebtedness"** means:

- (a) any indebtedness of the Issuer or any Material Subsidiary which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market); and
- (b) any guarantee or indemnity of the Issuer or any Material Subsidiary in respect of any such indebtedness of any of the Issuer's subsidiaries.

**"Written Resolution"** means a resolution in writing signed by the holders of not less than 75 per cent. in principal amount of the Notes outstanding.

#### 4. **Interest**

The Notes bear interest from 21 November 2017 (the "**Issue Date**") at the rate of 1.00 per cent. per annum, (the "**Rate of Interest**") payable in arrear on 21 November in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 0 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest per Calculation Amount payable on each Interest Payment Date shall be €10. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

**"Calculation Amount"** means €1,000;

**"Day Count Fraction"** means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

**"Regular Period"** means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

#### 5. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 21 November 2024, subject as provided in Condition 0 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if:
  - (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a



court of competent jurisdiction), which change or amendment becomes effective on or after 17 November 2017; and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

*provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent:

- (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

- (c) *Redemption at the option of Noteholders:* If there occurs a Change of Control (as defined below) and within the Change of Control Period (as defined below) a Rating Downgrade (as defined below) in respect of that Change of Control occurs (together called a "**Put Event**"), the holder of each Note will have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date.

If a Put Event has occurred, the Issuer shall within 21 days after the end of the Change of Control Period give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 5(c).

In order to exercise the option contained in this Condition 5(c), the holder of a Note must deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto within the period of 45 days after a Put Event Notice is given as well as a duly completed put option notice (a "**Put Option Notice**") in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed receipt for such Note (a "**Put Option Receipt**") to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 5(c), may be withdrawn; provided, however, that if, prior to the Put Settlement Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Put Settlement Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 5(c), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

A "**Change of Control**" shall be deemed to have occurred at each time (whether or not approved by the Board of Management or Supervisory Board of the Issuer) that any person or persons ("**Relevant Person(s)**") acting in concert or any person or persons acting on behalf of any such Relevant Person(s), at any time directly or indirectly

acquire(s) or come(s) to own (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of shareholders of the Issuer.

**"Change of Control Period"** means the period commencing on the earlier of (i) the date of the first public announcement of the Change of Control having occurred; and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any) and ending 180 days after the public announcement of the Change of Control having occurred (or such longer period for which the Notes or the Issuer are under consideration (such consideration having been announced publicly within the period ending 180 days after the public announcement of the Change of Control having occurred) for rating review or, as the case may be, rating by the Rating Agency).

The **"Optional Redemption Date"** is the seventh day after the last day of the Change of Control Period.

**"Rating Agency"** means Standard and Poor's Rating Services, a division of McGraw-Hill Companies, Inc. and its successor or any other rating agency of equivalent international standing specified from time to time by the Issuer.

A **"Rating Downgrade"** shall be deemed to have occurred in respect of a Change of Control:

- (i) if within the Change of Control Period any rating previously assigned to the Issuer or any Notes by the Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-, or its equivalent for the time being, or better) to a non-investment grade rating (BB+, or its equivalent for the time being, or worse) or (z) (if the rating assigned to the Notes by the Rating Agency shall be below an investment grade rating (as described above)) lowered one full rating category (for example, from BB+ to BB by S&P or such lower or equivalent rating), or
- (ii) if at the time of the Change of Control there is no rating assigned to the Notes or the Issuer and the Rating Agency does not assign during the Change of Control Period an investment grade credit rating (as described above) to the Notes.

**"Relevant Potential Change of Control Announcement"** means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser thereto relating to a potential Change of Control where, within 180 days of the date of such announcement or statement, there is a public announcement of a Change of Control having occurred.

- (d) *Redemption at the option of the Issuer (Refinancing):* The Notes may be redeemed at the option of the Issuer in whole or in part from and including the date falling three months prior to the Maturity Date to but excluding the Maturity Date (the **"Refinancing Call Settlement Date"**) at their principal amount on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the Refinancing Call Settlement Date at such price plus accrued interest to such date).
- (e) *Redemption at the option of the Issuer at Make-whole Premium:* Unless a Put Event Notice has been given pursuant to Condition 5(c), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any date until the Maturity Date (each such date, a **"Make-whole Redemption Date"**) at the Make-Whole Redemption Amount on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes specified in such notice) on the relevant Make-whole Redemption Date at the Make-whole Redemption Amount.

**"Make-whole Redemption Amount"** means the sum of:

- (i) the greater of (x) the principal amount of the Notes so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (excluding any interest accruing on the Notes to, but excluding, the relevant Make-whole Redemption Date) discounted to the relevant Make-whole Redemption Date on an annual basis at the Make-whole Redemption Rate plus a Make-whole Redemption Margin; and
- (ii) any interest accrued but not paid on the Notes to, but excluding, the Make-whole Redemption Date,

as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer and the Fiscal Agent.

**"Make-whole Redemption Margin"** means 0.15 per cent.

**"Make-whole Redemption Rate"** means the average of the number of quotations given by the Reference Dealers of the mid-market yield to maturity of the Reference Security on the third business day preceding the Make-whole Redemption Date at 11:00 a.m. (Central European Time ("CET")).

**"Quotation Agent"** means an investment bank or financial institution of international standing selected by the Issuer and notified to the Fiscal Agent.

**"Reference Dealers"** means each of the four banks selected by the Quotation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

**"Reference Security"** means DBR 1% August 2024. If a Reference Security is no longer outstanding, a Similar Security will be chosen by the Quotation Agent at 11:00 a.m. (CET) on the Calculation Date, quoted in writing by the Quotation Agent to the Issuer and published in accordance with 14 (*Notices*).

**"Similar Security"** means a reference bond or reference bonds issued by the same issuer as the Reference Security having actual or interpolated maturity comparable with the remaining term of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

- (f) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 5(d) (*Redemption at the option of the Issuer (Refinancing)*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate (which may be on a *pro rata* basis), subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 5(d) (*Redemption at the option of the Issuer (Refinancing)*) shall specify the serial numbers of the Notes so to be redeemed and the Fiscal Agent shall not be liable for such selections made by it.
- (g) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (e) (*Redemption at the option of the Issuer at Make-whole Premium*) above.
- (h) *Purchase*: The Issuer or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.
- (i) *Cancellation*: All Notes so redeemed or purchased by the Issuer or any of its subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

6. **Payments**

- (a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) *Interest*: Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) *Interpretation*: In these Conditions:

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

and

"**TARGET System**" means the TARGET2 system.

- (d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deduction for unmatured Coupons*: If a Note is presented without all unmatured Coupons relating thereto, then:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
- (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the

amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

- (f) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.
- (g) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (h) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

## 7. **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with The Netherlands other than the mere holding of the Note or Coupon; or
- (b) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in

a city in which banks have access to the TARGET System by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*).

If the Issuer becomes subject at any time to any taxing jurisdiction other than The Netherlands, references in these Conditions to The Netherlands shall be construed as references to The Netherlands and/or such other jurisdiction.

## 8. **Events of Default**

If any of the following events occurs and is continuing:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes or fails to pay any amount of interest in respect of the Notes within fourteen days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer or Material Subsidiary*: the Issuer or a Material Subsidiary fails in the due repayment of borrowed money which exceeds €25,000,000 or its equivalent in any other currency and such failure continues for a period of thirty days after the occurrence of such failure, or the Issuer fails to honour a guarantee or indemnity in respect of borrowed money in excess of €25,000,000 or its equivalent in any other currency and such failure continues for a period of thirty days after such failure has occurred; or
- (d) *Insolvency, etc.*: the Issuer or a Material Subsidiary has filed for bankruptcy or been declared bankrupt, or it has filed for suspension of payments, or it has become subject to, or filed for, any other similar situation or has lost the free management or disposal of its property in any other way, the foregoing irrespective of whether that situation is irrevocable, or the Issuer or a Material Subsidiary admits that it cannot pay its debts generally as they become due or compromises, or proposes to compromise, with its creditors generally, or an executory attachment or similar measure is made on any substantial part of the assets of the Issuer or an interlocutory attachment or similar measure is made thereon and, in either case, is not cancelled or withdrawn within thirty days after the making thereof; or
- (e) *Winding-up or cession of business*: an order is made or an effective resolution passed for the winding-up, dissolution or liquidation (*ontbinding, vereffening*) of the Issuer or any of its Material Subsidiaries or the Issuer or any of its Material Subsidiaries ceases to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger, demerger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary, under a solvent winding-up pursuant to a shareholders' resolution whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in, and its liabilities are assumed by, the Issuer or another of its Material Subsidiaries,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

9. **Prescription**

Claims for principal and interest shall become void unless the relevant Notes are presented for payment within five years of the appropriate Relevant Date.

10. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent and the Paying Agent having its Specified Office in Amsterdam, The Netherlands, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. **Paying Agents**

In acting under the Fiscal Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent and (b) a paying agent in London.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. **Meetings of Noteholders; Modification**

(a) *Meetings of Noteholders:* The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**") may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders, who for the time being are entitled to receive notice of a meeting of Noteholders, holding not less than 75 per cent. in nominal amount of the Notes outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

13. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

14. **Notices**

Notices to the Noteholders shall be valid if published in a leading newspaper having general circulation in The Netherlands (which is expected to be *Het Financieele Dagblad*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

15. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by the laws of The Netherlands.
- (b) *Submission to jurisdiction:* The courts of Amsterdam, The Netherlands, have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute regarding any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum:* The Issuer agrees that the courts of Amsterdam, The Netherlands are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

*There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Prospectus.*



## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note ("NGN") form. On 13 June 2006 the European Central Bank (the "ECB") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystème"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystème operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystème eligibility - that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystème monetary policy and intra-day credit operations by the Eurosystème either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystème eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of €100,000 and integral multiples of EUR 1,000 in excess thereof up to and including €199,000 each at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, notwithstanding that no Definitive Notes will be issued with a denomination above €199,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then as from the start of the first day on which banks in Amsterdam and London are open for business following such an event (the "**Relevant Time**"), each Relevant Account Holder (as defined in the Permanent Global Note) shall be able to enforce against the Issuer all rights which the Relevant Account Holder in question would have had if, immediately before the Relevant Time, it had been the holder of Definitive Notes issued on the issue date of the Permanent Global Note in an aggregate principal amount equal to the principal amount of the relevant Entry (as defined in the Permanent Global Note) including, without limitation, the right to receive all payments due at any time in respect of such Definitive Notes

other than payments corresponding to any already made under the Permanent Global Note, all in accordance with the provisions of the Permanent Global Note.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Payments on business days:* In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**business day**" means any day on which the TARGET System is open.

*Exercise of put option:* In order to exercise the option contained in Condition 5(c) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 5(d) (*Redemption at the option of the Issuer (Refinancing)*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount at their discretion).

*Notices:* Notwithstanding Condition 14 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

*Written Resolution:* While any Global Note is held on behalf of a clearing system, then for the purpose of determining whether a Written Resolution (as defined in the Fiscal Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note or Global Note Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document

to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Securities will be used for general corporate purposes including the redemption of existing debt.

The total expenses related to the admission to trading are estimated to amount to approximately €7,200.

## DESCRIPTION OF THE ISSUER

### *Overview*

#### *Incorporation and Address Details*

The Issuer is a public limited liability company (*naamloze vennootschap*) and was incorporated under the laws of The Netherlands on 29 December 1997 under the name PTT Post Holding II N.V.

The Issuer is the parent company of the Group and has its corporate seat in 's-Gravenhage, The Netherlands, and is registered in the trade register of the Dutch chamber of commerce under number 27168968. The Issuer's registered office address is Prinses Beatrixlaan 23, 2595 AK 's-Gravenhage, The Netherlands. The Issuer's telephone number is +31 88 8686161. The Group's internet address is <http://www.postnl.nl/>.

#### *General*

The Group is a postal and logistic solutions provider and as such provides its customers in the Benelux region, Germany and Italy with an extensive range of services for their mail and e-commerce logistical needs. The Group is the link between the physical and the online world. The Issuer's services involve collecting, sorting, transporting and delivering letters and parcels for the company's customers within specific timeframes. The Group offers more and more new services through combinations of smart networks, digital applications and the right communications channels. The Group has a large and modern network for letters, parcels and e-commerce logistics in the Benelux region. In addition, we also operate in Germany, Italy and eight other countries across the world. The Issuer's corporate purpose described in Article 4 of its articles of association provides the basis for these activities.

The Group is organised into three business segments: Mail in The Netherlands, Parcels and International. Additionally, there is a fourth reporting segment: PostNL Other which includes PostNL's head office costs.

The Mail in The Netherlands business segment provides customers with a range of services within the broader communication market. The Group's services include mail delivery, data and document management, printing, direct mail and billing solutions. The Group provides accessible, affordable and reliable mail services in The Netherlands.

The Parcels business segment provides parcels and logistics services across the Benelux region, and internationally through an advanced network of partners.

The International business segment consists of three separate units: Spring Global Delivery Solutions, Germany and Italy. Spring Global Delivery Solutions offers worldwide solutions in cross-border e-commerce logistics and mail. Furthermore, International operates in the domestic postal markets in Germany and Italy, with a focus on domestic addressed mail (in both Germany and Italy) and parcels services (only in Italy).

In The Netherlands, the Group is the designated provider of the universal postal service as laid down in the Postal Act of 2009.

The Group is one of The Netherlands' largest private employers. On 31 December 2016 the Group employed 46,456 people globally, who represent a broad range of different backgrounds and cultures. The Group's employees are key to providing its clients with high-quality services.

The Group realised revenues of €3,413 million in the year ended 31 December 2016 (2015: revenues €3,461 million). Mail in The Netherlands' revenues decreased to €1,877 million in the year ended 31 December 2016 (2015: €1,961 million). Parcels' revenues increased to €967 million in the year ended 31 December 2016 (2015: €917 million). International's revenues increased to €1,017 million in the year ended 31 December 2016 (2015: €983 million). The Issuer's other's revenues and Group's eliminations amounted to €448 million in the year ended 31 December 2016 (2015: €400 million).

## History

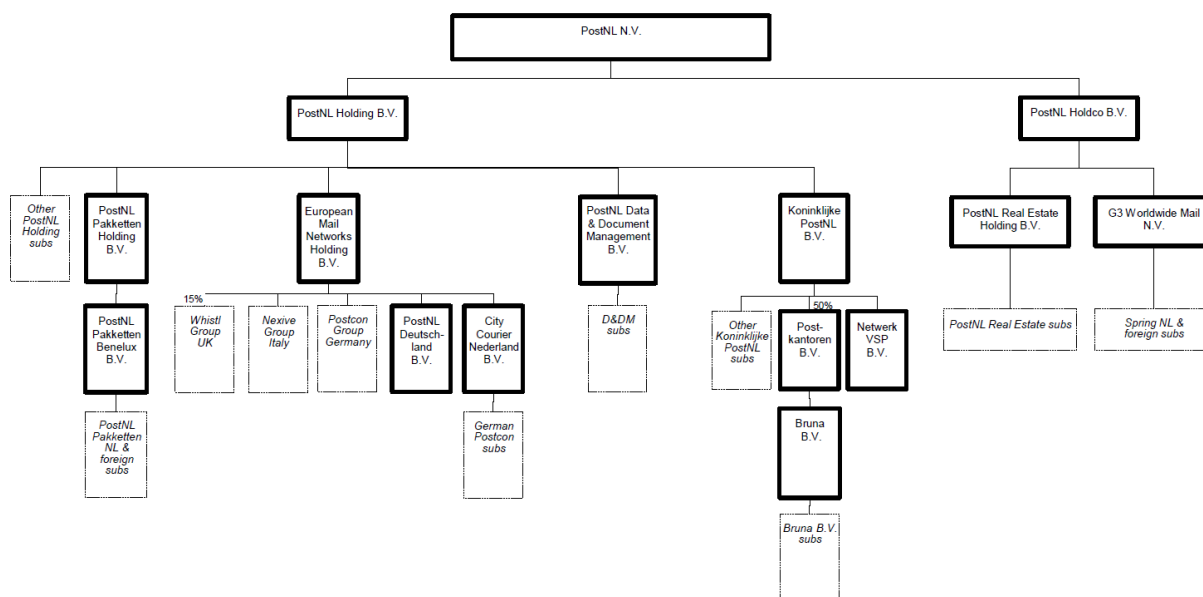
The history of the Group goes back to 1799, when Dutch postal services were organised into a single national state enterprise. That enterprise formed the basis for the operations of the subsidiary Koninklijke PostNL B.V.

The Group in its current form was established in connection with the transaction pursuant to which the company currently known as Koninklijke KPN N.V. demerged its mail, express and logistics businesses with retroactive effect to 1 January 1998. The statutory name of the Issuer changed to TPG N.V. on 6 August 2001, to TNT N.V. on 11 April 2005 and subsequently to PostNL N.V. on 31 May 2011, after the demerger of the Express activities.

Since 20 November 2006, the State of The Netherlands no longer holds shares in the Group. On that date the State sold all of its ordinary shares in the Issuer.

## Group Structure

The Issuer is the parent company of a group of operating companies. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Issuer is dependent on loans, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of interest on the Notes. See below for a chart setting out a high-level overview of the Group's structure as per the date of this Prospectus (the stake percentages are 100 per cent. unless specifically stated otherwise).



## Group Strategy

The Group's ambition is to be the postal and logistic solution provider in its chosen markets. It aims to achieve this by creating networks that can exchange goods, knowledge, data and ICT solutions seamlessly, while standardising and simplifying the back office. Additionally, its culture fosters an environment that promotes collaboration within the company.

## *Strategic focus areas*

### *Mail in The Netherlands*

The aim for Mail in The Netherlands is to connect senders and receivers through its people and innovative postal network with the ambition to deliver a sustainable cash flow. The Group continues to focus on customer satisfaction and quality. The Group creates innovative solutions to enhance its portfolio and meet customer demands. It compensates volume decline with balanced pricing and cost savings, taking into account the competitive and regulatory environment. In The Netherlands, Sandd is the only competitor that operates a country-wide postal network. Besides, consolidators (*stapelaars*), whose activities generally consist of collecting mail from businesses for delivery to the Group for further distribution, are active in the 24 hr mail market. The Group continues to focus on cost savings across the total value chain.

### *Parcels*

In Parcels, the Group aims to be the logistic solutions provider that makes its customers' lives easier with the ambition to create further profitable growth. The Group aims to strengthen its position as leading e-commerce logistics company in the Benelux region and continues to create innovative and market-driven solutions that add value for its customers. In The Netherlands, the largest competitors include DHL Parcel, DPD and GLS. The Group continues to enhance its best-in-class infrastructure.

### *International*

The aim for International is to capture opportunities from accelerating global e-commerce with the ambition to enhance cash profitability. The Group strives to expand its cross-border business through the position of Spring Global Delivery Solutions as a strong player in the international e-commerce market. Postcon, the Group's subsidiary in Germany, strives to strengthen its position by growing its market share, resulting in a sustainable positive cash flow. In Italy, the Group's subsidiary Nexive is the smart challenger, which is intended to improve its performance by a recovery in its mail activities and further roll-out of parcels activities.

## **Management Structure**

The Issuer is managed by a Board of Management, which is supervised by a Supervisory Board.

The Board of Management is responsible for the Group's objectives and strategy, the risk profile laid down in the strategy, the Group's financing, the corporate responsibility policy, external communication and for compliance with all relevant legislation. The Board of Management currently consists of two members.

The Supervisory Board is charged with supervising the Board of Management and the general course of affairs of the Group, as well as assisting the Board of Management with advice. The Supervisory Board evaluates the overall organisational structure of the Group and the control mechanisms established by the Board of Management, as well as the general and financial risks and the internal risk management and control systems. The Supervisory Board currently consists of six members with a vacancy outstanding for a seventh member.

The members of the Board of Management and Supervisory Board of the Issuer are:

### *Members of the Board of Management of the Issuer*

#### **H.W.P.M.A. (Herna) Verhagen (1966) – Chief Executive Officer**

Ms. Verhagen became chief executive officer on 24 April 2012. She was appointed member of the Board of Management on 31 May 2011 and reappointed per 14 April 2015 for a further period of four years. Ms. Verhagen started working for one of the legal predecessors of the Group in 1991 as a sales manager. Following roles included marketing & sales director and coordinating managing director Mail NL in the Mail division. She was appointed managing director Group HR of TNT N.V. in 2007. Ms. Verhagen's portfolio includes corporate strategy, public affairs, communications, corporate responsibility, human resources and internal audit. Furthermore, she is responsible for Mail in The Netherlands, Parcels, International (Postcon, Nexive and Spring) and ICT. Ms. Verhagen is a member of the supervisory boards

of Rexel S.A. (France) and Idorsia Ltd. She is a member of the executive committee and general board of the Confederation of Netherlands Industry and Employers (VNO-NCW) as well as a member of the supervisory board of the Concertgebouw.

#### **J.P.P. (Jan) Bos (1965) – Chief Financial Officer**

Mr. Bos was appointed chief financial officer and member of the Board of Management on 31 May 2011 for a period of four years. His appointment was renewed in April 2015 for a further four years. Mr. Bos joined the Mail division of TNT N.V. in 1997 as controller of its international business unit. He became director finance & control of the Mail division in 2007. Mr. Bos is responsible for legal, procurement, real estate & facilities, control, investor relations & treasury, tax, accounting & reporting. Mr. Bos is a member of the supervisory authority of the University Medical Centre Groningen.

*Members of the Supervisory Board of the Issuer*

#### **J. (Jacques) Wallage (1946) – Chairman Supervisory Board**

Mr. Wallage was appointed as a member of the Supervisory Board on 8 April 2010 and vice-chairman of the Supervisory Board on 31 May 2011. Since 1 May 2017, he acts as chairman. His current term expires in 2018. Mr. Wallage is chairman of the Council for Public Administration and the advisory council of the Social Insurance Bank (*Sociale Verzekeringsbank*). He is honorary professor at the University of Groningen, The Netherlands (transition in public administration). Mr. Wallage was formerly a member of the Dutch Second Chamber of Parliament and served as a state secretary for the Ministry of Education and Sciences and as a state secretary for the Ministry of Social Affairs. He was mayor of the city of Groningen from 1998 until 2009.

#### **E. (Eelco) Blok (1957) – Vice-Chairman Supervisory Board**

Mr. Blok was appointed as a member of the Supervisory Board on 18 April 2017. His current term expires in 2021. Mr. Blok is CEO and chairman of the management board of KPN. He is also co-chair of the Dutch Cyber Security Council. Before joining KPN's management board, Mr. Blok held various positions within KPN (and its legal predecessors).

#### **J.W.M. (Marc) Engel (1966)**

Mr. Engel was appointed as a member of the Supervisory Board on 16 April 2013. His current term expires in 2021. Mr. Engel is Chief Supply Chain Officer at Unilever London and a member of the Unilever Leadership Executive (ULE). Since 1995, Mr. Engel has held several positions within the Unilever concern. Before that, he worked at Shell International.

#### **A.M. (Agnes) Jongerius (1960)**

Ms. Jongerius was appointed member of the Supervisory Board on 16 April 2013. Her current term expires in 2021. Ms. Jongerius is a member of the European Parliament on behalf of the PvdA. She has been president of the Dutch Trade Union Confederation (FNV), member of the Social and Economic Council (SER) and workers' chair of the Labour Foundation.

#### **T. (Thessa) Menssen (1967)**

Ms. Menssen was appointed member of the Supervisory Board on 25 May 2011. Her current term expires in 2019. Ms. Menssen is chief financial officer and member of the board of management of Royal BAM Group. She is a member of the supervisory boards of Dutch development bank FMO and of the supervisory board of Rotterdam Philharmonic Orchestra. Till September 2012 she was Chief Operating Officer at the Rotterdams Havenbedrijf.

#### **F.H. (Frank) Rövekamp (1955)**

Mr. Rövekamp was appointed member of the Supervisory Board on 24 April 2012. His current term expires in 2020. Mr Rövekamp is chairman of Supervisory Board at Vodafone Germany GmbH, non-executive member of the board of Unit4, and a member of the boards of Royal Theatre Carré, kasteel de Haar, Vereniging Vluchtelingenwerk Nederland and Refugees United. He was member executive committee and Chief Commercial Officer of Vodafone Group Plc, President and CEO of Beyou



(European travel agency) and senior vice president (marketing and revenue management) of KLM Royal Dutch Airlines.

#### *Additional Board of Management and Supervisory Board Information*

The business address of all of the members of the Board of Management and the Supervisory Board is Prinses Beatrixlaan 23, 2595 AK, 's-Gravenhage, The Netherlands.

There are no potential conflicts of interest between any duties owed by the members of the Board of Management or Supervisory Board to the Issuer and any private interests or other duties which such persons may have.

#### **Major shareholders**

Shares in the Issuer are listed on Euronext Amsterdam. The Issuer does not have any major shareholder which directly or indirectly owns or controls it.

#### **Legal Proceedings**

The Group is not involved, nor has been involved during the 12 months preceding the date of this Prospectus, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) that may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

#### **Regulation**

Postal delivery is a heavily regulated industry, subject to, national, European and global regulations. As a consequence, the Group has to manage complex regulatory requirements in several jurisdictions.

##### *Postal regulation in the Netherlands*

The key legislation in The Netherlands for the Group's activities is the Dutch Postal Act 2009 (*Postwet 2009*). This Act, along with the Postal Decree 2009 (*Postbesluit 2009*) and Postal Regulation 2009 (*Postregeling 2009*), sets, among others, the requirements for the USO. The ACM supervises the postal market and the Group's performance of the USO. The responsibility for postal policy falls under the authority of the Minister of Economic Affairs.

On 10 July 2017, the Ministry of Economic Affairs published an analysis of the future of the Dutch postal market, including the evaluation of the USO.

##### *Universal Service Obligation*

With the USO, the Dutch government aims to keep sending and receiving mail accessible to all citizens. By separate decree the Group is the designated provider of the USO in The Netherlands (see Risk Factors – Mail in The Netherlands, the Group provides the USO).

##### *Scope*

The USO includes addressed and non-express domestic and cross-border services and comprises the following:

- all items of correspondence with a maximum individual weight of two kilogrammes;
- postal parcels with a maximum individual weight of 10 kilogrammes (outbound maximum 20 kilogrammes); and
- registered and insured postal items.

The Postal Act 2009 limits the domestic USO to single piece addressed items as described above. International outbound bulk mail and parcels are also part of the USO. The meaning of 'bulk' in this context can be explained as 'mass quantities'. For all international inbound and outbound mail, the rules of the Universal Postal Union (UPU) apply to the Group (see "*Universal Postal Union (UPU)*" below).

### *Regulatory conditions for the provision of the USO*

The Dutch Postal Act 2009 requires the Group as the USO provider to provide nationwide services and to perform a daily delivery round from Tuesday till Saturday, except on public holidays. There is also a requirement to deliver urgent medical items and funeral notifications on Mondays. At least 95 per cent of all standard single rated domestic letters under the USO posted the day before must be delivered in 24 hours. Furthermore, the Group is required to maintain a network of post boxes and post offices for access by the general public. The Postal Regulation 2009 covers detailed tariff regulation, cost and revenue accounting, financial administration and reporting requirements.

### *Accounting and other financial obligations*

The Group's reporting obligations include a system for allocating costs and revenues to the USO. A financial report on the annual performance of the USO must be submitted to the ACM, accompanied by an assurance report by an independent auditor, certifying that the Group's financial accounting system complies with these obligations and is applied properly.

Pursuant to the Postal Act 2009, a price cap applies to both USO letters and parcels with the intention of limiting the return on sales ("**RoS**") to 10 per cent. For these purposes, the ACM first defined basic tariff headroom, based on the costs of the USO in 2014. Secondly, the ACM has to define additional tariff headroom each year, taking into account the development of the general Consumer Price Index, the development of USO volumes and, if applicable, an earlier exceeding of the RoS limit.

Following the determination of the tariff headroom by the ACM, the Group is allowed to set tariffs (within this headroom). The ACM usually determines the tariff headroom in September of each year for the following year. The Group then publishes the new tariffs in October.

### *Modernisation of the USO*

On 1 January 2016, the amendments to the Dutch Postal Act 2009 and the Postal Decree 2009 came into effect. The Decree is an underlying regulation that elaborates on specific subjects in accordance with the Postal Act 2009. These amendments relaxed the requirements for mandatory letterboxes and post offices, based on the understanding that, given the fact that mail volumes are declining, changes are required to keep the USO accessible and reliable to all. These changes in the law enable the Group to adapt its retail network, matching it to relevant market developments and changing customers' needs and making it fit for the future.

In residential areas with more than 5,000 inhabitants, a post box for public use has to be available within a range of 1,000 meters. Before 1 January 2016, the range was 500 meters. Outside residential areas with more than 5,000 inhabitants, a post box has to be available within a range of 2,500 meters.

Under the Postal Decree, there is no required number of postal locations anymore, while the requirements considering accessibility have remained intact. This means that at least 95 per cent of Dutch residents must have a retail location available that includes our full range of services within a five kilometre distance. For citizens living outside residential areas with more than 5,000 inhabitants, at least 85 per cent must have such a retail location available.

The Group is required by law to let community organisations have a say in planned changes to the retail network.

### *Significant market power*

As of 2014, the ACM is authorised to impose specific obligations on parties with significant market power ("**SMP**"). SMP is based on the provisions about access regulation for postal operators to the network of the operator with SMP as laid down in the Postal Act 2009.

On 27 July 2017, ACM published its decision on SMP. ACM states that the Group has significant market power in amongst others the 24-hours bulk mail segment and requires the Group to grant postal operators in this segment access to its network. Article 9 of the Postal Act, previously requiring the Group to allow third parties access to its network, has been withdrawn as per 1 August 2017. The SMP decision stipulates the requirements for network access, tariffs and transparency. The decision became effective on 1 August 2017 and had to be implemented by the Group within a three months period. Consequently, the Group is

in discussions with all parties involved (ACM and postal operators) about the implementation of SMP. Implementation will start ultimately on 1 December 2017. ACM will have to approve these tariffs. The Group expects the financial impact of the SMP decision to be between €30 million and €50 million on an annual basis, more towards the upper part of the range, with the full effect visible in FY 2019. This impact will be subject to the final implementation of the SMP decision. The Group will challenge the relevant elements of the SMP decision through due legal process, such as the conclusion that the Group has significant market power and that the proposed requirements are disproportionate.

#### *International and other legislation and Disputes Committee*

The Group is subject to European and international regulation, as laid down by, for example, the Universal Postal Union ("UPU") and the European Commission. Other legislation includes, among others, the Competition law and the Data Protection Law. Furthermore there is an independent Disputes Committee, in line with the EU 2015 Alternative Disputes Resolutions Directive, that handles disputes between the Group and customers that cannot be resolved by the Group's own procedures.

#### *EU postal regulation*

As foreseen in the Digital Single Market strategy, the European Commission launched a proposal to regulate cross-border parcel deliveries in May 2016. The proposal specifically targets the parcel list prices of the USO Providers and includes an obligation to provide network access to third parties under supervision of the national regulator. The postal operators organized in PostEurop, the association of European public postal operators, have firmly expressed their concerns regarding this interference in an open, competitive and strongly growing market. In mid-October 2017, the European Parliament voted on the proposal. The adopted text addresses PostEurop's concerns and only confirms cost control for universal postal service as codified in the Postal Services Directive. The provisions on regulated access and transparency in intercompany delivery charges (terminal dues) have been deleted. The European Parliament, the European Commission and the European Council will now start the process to finalise the text.

The Dutch government has proposed not to intervene with cross-border parcel regulation, but to first assess the self-regulatory measures taken by the industry. Further actions of self-regulatory initiatives or government action on an EU level, should be based on a thorough assessment of the present situation. The Dutch government is not convinced that there is a lack of information with regard to the market for cross-border parcel delivery, when compared to other markets that are unregulated.

The EU Council Working Party for Post informed the European Commission that a considerable number of Member States expect a more flexible interpretation of the USO based on changed consumer needs. Without this flexibility the (financial) sustainability of USO will be at risk in some Member States. A revision proposal for the EU Postal Directive (last amended in 2008) is foreseen for 2020.

#### *Postal regulation in other EU Member States*

In contrast to The Netherlands, certain other EU Member States have defined the scope of the Universal Service Obligation more extensively. As USO can in principle be exempt from VAT, the VAT advantages connected to the USO are considerably larger in most of those countries than they are in The Netherlands. Given these differences in national regulations, the competitive environment for our Nexive and Postcon operations in Italy and Germany respectively are different from those in The Netherlands.

#### *Universal Postal Union*

The UPU is a UN Specialised Agency and a platform for the coordination of national postal policies. The global postal network is based on decisions taken by the UPU bodies.

The highest decision-making body of the UPU is its congress. The last congress was held in Istanbul, in Turkey in 2016. This congress decided upon a moderate increase of the Terminal Dues between 2018 and 2021. Terminal Dues are the remuneration applied between USO Providers for the handling and delivery of inward cross-border mail. The new remuneration system is a better reflection of the needs of customers, in particular for e-commerce related transactions. Facilitation of e-commerce volumes is one of the UPU's main priorities. This supports the Group in his strategy for 2020.

In line with European postal regulation, the Group supports a separation of regulatory and operational responsibilities within the UPU. A Congress proposal, aimed at integrating the regulatory role of the UPU's Council of Administration and the operational role of the Postal Operations, was successfully rejected thanks to fruitful cooperation between European Postal Operators and Regulators. European operators and governments remain committed to reforming UPU in order to make the organisation more effective and efficient.

### **Other regulation**

The Group is subject to competition rules in the jurisdictions in the countries in which it operates. The most relevant rules stem from European and Dutch competition law.

#### *Dutch competition law*

The services the Group provides in The Netherlands, including the USO, fall within the scope of the Dutch Competition Act and are monitored by ACM. This Act stipulates a similar structure and set of rules as the rules of EU competition law on the prohibition of cartels, the prohibition of abuse of a dominant position and the preventive control on mergers and acquisitions.

#### *European competition law*

The European Court of Justice (ECJ) has explicitly confirmed that the rules of EU competition law also apply to the national USO of Member States. The Group is subject to the competition rules contained in articles 101 and 102 of the EU Treaty and to preventive control on mergers and acquisitions as regulated in the EC Merger Control Regulation. The Group is also subject to the competition rules laid down in the Agreement of the European Economic Area (EEA), which corresponds to the rules of EU competition law. The EEA rules for competition are enforced by the European Commission and the EFTA Surveillance Authority.

#### *Value added tax on postal services*

According to the European VAT Directive, the Group is not allowed to charge VAT on postal items that are part of the Universal Service Obligation. Consequently, the Group cannot deduct VAT amounts paid to purchased services and goods related to the Universal Postal Service. For all other postal services the Group is required to charge VAT, similar to our competitors.

#### *European and Dutch Data Protection Law*

The Group is subject to the Dutch Data Protection Act 2001 and the new General Data Protection Regulation that enters into force as of 25 May 2018. The Group has appointed a Chief Privacy Officer and has a Cyber Security and Privacy Office that monitors compliance with data protection legislation and the implementation of the Group's Privacy Principles. The regulators responsible for compliance with the data protection legislation are the Dutch Data Protection Authority and the ACM.

### **Credit Rating**

The Issuer has been assigned a credit rating of BBB+ by S&P and Baa2 by Moody's Investor Service, Limited ("**Moody's**"). The Issuer is currently considering whether it wishes to maintain its credit rating from Moody's and there is no guarantee that any such rating will be maintained by it following the date of this Prospectus.

### **Alternative performance measures**

This section provides further information relating to alternative performance measures ("**APMs**") for the purposes of the guidelines (the "**Guidelines**") published by the European Securities and Markets Authority ("**ESMA**"). Certain of the financial measures used by the Issuer and included in this Prospectus can be characterised as APMs. The APMs are included in this Prospectus to allow potential Noteholders to better assess the Issuer's performance and business. Set out below are further clarifications as to the meaning of such measures (and any associated terms) and tables which illustrate the basis for their calculations and provide comparative data for such measures for the financial years 2015 and 2016.

Such APMs are not presented in accordance with IFRS and are unaudited. However, the Issuer believes that such APMs are commonly used by investors and as such useful for disclosure. The presentation of these APMs may not be comparable to similarly titled measures reported by other companies due to differences in the ways the measures are calculated.

#### Definitions

- EBIT – Operating income
- EBITDA - Operating income plus depreciation, amortization and impairment of non-current assets
- EBITDA margin –  $\text{EBITDA} / \text{Revenue}$   
These APMs are used to measure performance from operational activities.
- Leverage ratio -  $\text{Adjusted Net debt} / \text{EBITDA}$   
This ratio measures the ability of the Issuer to meet its debt and other obligations

All tables \* euro 1,000,000

<b>Segmentation PostNL Group 2016</b>			<b>Total</b>	<b>Mail in NL</b>	<b>Parcels</b>	<b>Inter-national</b>	<b>PostNL Other + eliminations</b>
AR 2016 page 116	<b>Revenue</b>	<b>a</b>	<b>3413</b>	<b>1877</b>	<b>967</b>	<b>1017</b>	<b>-448</b>
AR 2016 page 116	Operating income	b	291	181	110	2	-2
AR 2016 page 116	Depreciation	c	65	30	15	6	14
AR 2016 page 116	Amortisation	d	27	12	8	3	4
APM	<b>EBITDA</b>	<b>e=(b+c+d)</b>	<b>383</b>	<b>223</b>	<b>133</b>	<b>11</b>	<b>16</b>
APM	<b>EBITDA margin</b>	<b>f=e/a</b>	<b>11%</b>	<b>12%</b>	<b>14%</b>	<b>1%</b>	<b>-4%</b>

<b>Segmentation PostNL Group 2015</b>			<b>Total</b>	<b>Mail in NL</b>	<b>Parcels</b>	<b>Inter-national</b>	<b>PostNL Other + eliminations</b>
AR 2015 page 98	<b>Revenue</b>	<b>a</b>	<b>3461</b>	<b>1961</b>	<b>917</b>	<b>983</b>	<b>-400</b>
AR 2015 page 98	Operating income	b	340	237	101	0	2
AR 2015 page 98	Depreciation	c	66	29	14	6	17
AR 2015 page 98	Amortisation	d	26	11	9	3	3
APM	<b>EBITDA</b>	<b>e=(b+c+d)</b>	<b>432</b>	<b>277</b>	<b>124</b>	<b>9</b>	<b>22</b>
APM	<b>EBITDA margin</b>	<b>f=e/a</b>	<b>12%</b>	<b>14%</b>	<b>14%</b>	<b>1%</b>	<b>-6%</b>

**Leverage ratio Adjusted Net debt / EBITDA 2016**

<b>Adjusted Net debt</b>				
AR 2016 page 136	Gross debt			555
AR 2016 page 126	Netted pension liabilities			410
APM	Gross debt operational lease adjustment			137
AR 2016 page 103	Cash and cash equivalents			-640
	<b>Adjusted Net debt</b>	<b>g</b>	<b>Total</b>	<b>462</b>
<b>Adjusted EBITDA</b>				
APM	EBITDA			383
	EBITDA operational lease adjustment			59
	<b>Adjusted EBITDA</b>	<b>h</b>	<b>Total</b>	<b>442</b>
	<b>Adjusted Net debt / EBITDA</b>	<b>i=g/h</b>		<b>1,05</b>

**Leverage ratio Adjusted Net Debt / EBITDA 2015**

<b>Adjusted Net debt</b>				
AR 2015 page 119	Gross debt			935
AR 2015 page 108	Netted pension liabilities			449
APM	Gross debt operational lease adjustment			149
AR 2015 page 84	Cash and cash equivalents			-355
	<b>Adjusted Net debt</b>	<b>g</b>	<b>Total</b>	<b>1.178</b>
<b>Adjusted EBITDA</b>				
APM	EBITDA			432
	EBITDA operational lease adjustment			62
	<b>Adjusted EBITDA</b>	<b>h</b>	<b>Total</b>	<b>494</b>
	<b>Adjusted Net debt / EBITDA</b>	<b>i=g/h</b>		<b>2,38</b>

<b>Gross debt operational lease adjustment</b>					
<b>AR 2016 page 132</b>	<b>Repayment schedule rent / operational leases</b>		<b>Nominal flow</b>	<b>Discounted flow using 3%</b>	<b>Number of years discounted</b>
AR 2016 page 132	Less than 1 year		59	57	1
AR 2016 page 132	Between 1 and 2 years		40	38	2
AR 2016 page 132	Between 2 and 3 years		23	21	3
AR 2016 page 132	Between 3 and 4 years		15	13	4
AR 2016 page 132	Between 4 and 5 years		7	6	5
AR 2016 page 132	Thereafter		2	2	5
APM	<b>Gross operational debt lease adjustment</b>	<b>Total</b>		<b>137</b>	

<b>Gross debt operational lease adjustment</b>					
<b>AR 2015 page 115</b>	<b>Repayment schedule rent / operational leases</b>		<b>Nominal flow</b>	<b>Discounted flow using 3%</b>	<b>Number of years discounted</b>
AR 2015 page 115	Less than 1 year		62	60	1
AR 2015 page 115	Between 1 and 2 years		40	38	2
AR 2015 page 115	Between 2 and 3 years		27	25	3
AR 2015 page 115	Between 3 and 4 years		15	13	4
AR 2015 page 115	Between 4 and 5 years		10	9	5
AR 2015 page 115	Thereafter		5	4	5
APM	<b>Gross debt operational lease adjustment</b>	<b>Total</b>		<b>149</b>	



<b>EBITDA operational lease adjustment</b>			
<b>AR 2016 page 132</b>	<b>Repayment schedule rent / operational leases</b>		<b>Nominal flow</b>
AR 2016 page 132	Less than 1 year		59
APM	<b>EBITDA operational lease adjustment</b>	<b>Total</b>	<b>59</b>

<b>EBITDA operational lease adjustment</b>			
<b>AR 2015 page 115</b>	<b>Repayment schedule rent / operational leases</b>		<b>Nominal flow</b>
AR 2015 page 115	Less than 1 year		62
APM	<b>EBITDA operational lease adjustment</b>	<b>Total</b>	<b>62</b>

### Segmentation International

The segmentation below is not presented in accordance with IFRS and is unaudited. However, the Issuer believes that this information is useful for disclosure.

<b>Segmentation International 2016</b>		<b>Total</b>	<b>Germany</b>	<b>Italy</b>	<b>Spring and other</b>
AR 2016 page 57	Operating revenue	1023	488	219	316
AR 2016 page 57	Foreign exchange rate changes	-6			-6
	<b>Total operating revenue</b>	<b>1017</b>	<b>488</b>	<b>219</b>	<b>310</b>

<b>Segmentation International 2015</b>		<b>Total</b>	<b>Germany</b>	<b>Italy</b>	<b>Spring and other</b>
AR 2015 page 41	Operating revenue	968	494	236	238
AR 2015 page 41	Foreign exchange rate changes	15			15
	<b>Total operating revenue</b>	<b>983</b>	<b>494</b>	<b>236</b>	<b>253</b>

## TAXATION

### THE NETHERLANDS

*The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could have retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

*For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a holder of Notes, being an individual or a non-resident entity, does not have a substantial interest (aanmerkelijk belang), or – in the case of such holder being an entity – a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the holder has or will have a substantial interest in the Issuer.*

*Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has, or is deemed to have or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company.*

*Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. An entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.*

*For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.*

*Where this summary refers to a holder of Notes, an individual holding Notes or an entity holding Notes, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Notes or otherwise being regarded as owning Notes for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.*

*Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of The Netherlands.*

*Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of Notes.*

#### 1. WITHHOLDING TAX

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

## 2. TAXES ON INCOME AND CAPITAL GAINS

### Residents

#### *Resident entities*

An entity holding Notes which is, or is deemed to be, resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from the Notes at the prevailing statutory rates.

#### *Resident individuals*

An individual holding Notes who is, or is deemed to be, resident in The Netherlands for Dutch income tax purposes will be subject to income tax in The Netherlands in respect of income or a capital gain derived from the Notes at rates up to 52% if:

- (a) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (b) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (a) nor (b) applies, such individual will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Notes. For the year 2017 the deemed return ranges from 2.87 per cent. to 5.39 per cent. of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Notes). The applicable rates will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at a rate of 30%.

### Non-residents

A holder of Notes which is not, and is not deemed to be, resident in The Netherlands for the relevant tax purposes will not be subject to taxation in The Netherlands on income or a capital gain derived from the Notes unless:

- (a) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands and the holder of Notes derives profits from such enterprise (other than by way of the holding of securities); or
- (b) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

## 3. GIFT AND INHERITANCE TAXES

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Notes by way of gift by, or on the death of, a holder of Notes, unless:

- (a) such holder is, or is deemed to be, resident in The Netherlands for the purpose of Dutch gift and inheritance tax; or
- (b) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of Dutch gift and inheritance tax.

#### 4. VALUE ADDED TAX

There is no Dutch value added tax payable by a holder of Notes in respect of payments in consideration for the acquisition of Notes, payments of interest or principal under the Notes, or payments in consideration for a disposal of Notes.

#### 5. OTHER TAXES AND DUTIES

There is no Dutch registration tax, stamp duty or any other similar Dutch tax or duty payable in The Netherlands by a holder of Notes in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

#### 6. RESIDENCE

A holder of Notes will not be and will not be deemed to be resident in The Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of Notes or the execution, performance, delivery and/or enforcement of Notes.

### THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including The Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event

any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

BNP Paribas, Coöperatieve Rabobank U.A. and Merrill Lynch International (the "**Managers**") have, pursuant to a subscription agreement dated 17 November 2017 (the "**Subscription Agreement**"), jointly and severally agreed with the Issuer upon the terms and subject to the satisfaction of certain conditions, to subscribe the Notes at an issue price of 99.987 per cent of their principal amount less a combined selling, management and underwriting commission. The Issuer will also reimburse the Managers in respect of certain of their expenses and has agreed to indemnify the Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to the closing of the issue of the Notes.

### SELLING RESTRICTIONS

#### United Kingdom

Each Manager has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

#### United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### General

Each Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

## GENERAL INFORMATION

### Authorisation

1. The creation and issue of the Notes has been authorised by a resolution of the Board of Management of the Issuer dated 3 November 2017.

### Legal and Arbitration Proceedings

2. The Group is not involved, nor has been involved during the 12 months preceding the date of this Prospectus, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) that may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

### Significant/Material Change

3. Since 31 December 2016 there has been no material adverse change in the prospects of the Issuer. Since 30 September 2017 there has been no significant change in the financial or trading position of the Group.

### Auditors

4. The consolidated financial statements of the Issuer have been audited without qualification for the year ended 31 December 2015 by PricewaterhouseCoopers Accountants N.V. ("**PwC**") and for the year ended 31 December 2016 by Ernst & Young Accountants LLP ("**EY**"). PwC was replaced by EY as audit firm as a consequence of the mandatory audit rotation. The auditors of PwC and EY are members of the *The Netherlands Institute of Chartered Accountants (NBA)*, which is a member of International Federation of Accountants (IFAC).

### Documents on Display

5. Copies of the following documents (together with English translations thereof, where applicable) may be inspected during normal business hours at the offices of the Paying Agent:
  - (a) the current Articles of Association of the Issuer;
  - (b) the Fiscal Agency Agreement; and
  - (c) the audited consolidated financial statements of the Issuer for the years ended 31 December 2015 and 31 December 2016 and the unaudited consolidated financial information of the Issuer for the nine months ended 30 September 2017.

### Material Contracts

6. The Issuer has not entered into contracts outside the ordinary course of the Issuer's business, which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to holders of Notes in respect of the Notes being issued.

### Yield

7. On the basis of the issue price of the Notes of 99.987 per cent. of their principal amount, the yield of the Notes is 1.002 per cent. on an annual basis.

### Legend Concerning U.S. Persons

8. The Notes and any Coupons and Receipts appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

### **ISIN and Common Code**

9. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS1709433509 and the common code is 170943350.

### **Conflicts**

10. Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of notes offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Responsibility**

11. The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.



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## AUDITORS TO THE ISSUER

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*For the year ended 31 December 2016:*

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