

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

PAULA TAFT, Individually and On Behalf of All Others
Similarly Situated,

Plaintiff,

v.

Civil Action No. 1:2002-CV-07951 (PKL)

WILLEM ACKERMANS, JOHN A. MCMASTER,
JEFFREY VON DEYLEN, RHETT WILLIAMS,
BRENDAN KEATING, JOSEPH P. NACCHIO,
ROBERT WOODRUFF, DRAKE TEMPEST, JOOP
DRECHSEL, MARTIN PIETERS, EELCO BLOK,
QWEST COMMUNICATIONS INTERNATIONAL INC.,
and KONINKLIJKE KPN N.V. a/k/a ROYAL KPN N.V.,

Defendants.

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

This notice provides you with important information concerning the proposed settlements in the above-captioned action (the "Action") which has been brought against Qwest Communications International Inc., Koninklijke KPN N.V. a/k/a Royal KPN N.V. ("KPN"), Willem Ackermans, Eelco Blok, Joop Drechsel, Brendan Keating, Joseph Nacchio, Martin Pieters, Jeffrey Von Deylen, Rhett Williams, John McMaster, Drake Tempest and Robert Woodruff ("Defendants") relating to certain securities issued by KPNQwest, N.V. Your rights may be affected by this Notice. If you wish to recover money and stock in the two partial settlements you must act by December 28, 2006. You should read this Notice carefully.

TO: All persons who purchased or otherwise acquired KPNQwest N.V. securities (including common stock, notes, and call options) or sold put options from November 9, 1999 through May 31, 2002 ("Settlement Class Period").

A federal court authorized this notice. This is not a solicitation from a lawyer.

- The settlement is being achieved through two separate stipulations of settlement ("Qwest Stipulation" and "KPN Stipulation") representing two partial settlements (the "Partial Settlements" or the "Settlement"). If approved, the Qwest Stipulation and the KPN Stipulation will resolve Lead Plaintiff's claims (as described in the "Status of the Action" below) that Defendants made misrepresentations and omissions concerning the financial health of the now-bankrupt entity, KPNQwest, N.V., throughout the Settlement Class Period. The defendants who are parties to the Qwest Stipulation are Qwest Communications International Inc., Brendan Keating, Joseph Nacchio, Jeffrey Von Deylen, John McMaster, Robert Woodruff, and Drake Tempest. The defendants who are parties to the KPN Stipulation are KPN, Willem Ackermans, Eelco Blok, Joop Drechsel, Martin Pieters, and Rhett Williams.
- Pursuant to the Qwest Stipulation and the KPN Stipulation, a settlement fund (the "Settlement Fund") is being created for the benefit of Settlement Class Members (who are described at Question 3 below). The partial settlement under the Qwest Stipulation provides for the following consideration to be deposited into the Settlement Fund: \$5.5 million in cash, plus any accrued interest, and the number of freely tradable shares of common stock of Qwest Communications International Inc. that equate to \$5.5 million (the "Qwest Settlement Stock") in value based on the closing price of such common stock on the New York Stock Exchange on the trading day immediately following the Court's entry of final settlement approval. In the event that the number of shares calculated pursuant to the formula set forth above exceeds 5.5 million shares, in lieu of any such shares, Qwest Communications International Inc. shall pay \$5.5 million in cash as the "Qwest Settlement Stock" component of the Settlement Fund. If Qwest Settlement Stock is delivered, within 7 days of receipt, an escrow agent shall commence selling the Qwest Settlement Stock and shall continue to do so for up to twenty trading days thereafter until the entire Qwest Settlement Stock has been sold, provided, however, that the total number of shares sold on any given day shall not exceed 10% of the total number of Qwest Settlement Stock shares originally received by the Escrow Agent. The proceeds of any such sale of Qwest Settlement Stock, less any costs associated therewith, shall be deposited into the Settlement Fund, which will be held in an interest-bearing escrow account for the benefit of the Settlement Class Members pending final approval and distribution.

- Pursuant to the KPN Stipulation, \$4,175,000 in cash, plus any accrued interest, will be deposited into the Settlement Fund which will be held in an interest-bearing account for the benefit of Settlement Class Members pending final approval and distribution.
- The Settlement represents an average recovery of \$0.23 per share (for the 66.6 million shares of KPNQwest, N.V. that the Lead Plaintiff alleges to have been damaged by Defendants' misconduct). This average is an estimate, calculated before deduction of any Court approved fees and expenses. In addition, your actual recovery, if any, may vary depending on your purchase and sale price of KPNQwest, N.V. Securities (described at Question 6 below) during the Settlement Class Period, as well as the amount of KPNQwest, N.V. Securities purchased or sold, for which recovery is sought through the Proof of Claim forms that are timely filed in accordance with this Notice. The Lead Plaintiff and the Defendants do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff prevailed on each claim alleged. See Question 5 below for more detail.
- Lead Plaintiff's Counsel (identified in the "Status of the Action" below) have litigated the Action on an entirely contingent basis, and have advanced the expenses of litigation with the expectation that if they are successful in recovering money for the Settlement Class (as described at Question 3 below), they would receive fees and be reimbursed for their expenses from the Settlement Fund, as is customary in this type of litigation.
- Lead Plaintiff's Counsel intend to apply for a fee of up to 30% of the Settlement Fund plus interest earned at the same rate as that earned by the Settlement Fund. Lead Plaintiff's Counsel are also seeking reimbursement of the costs and expenses they advanced in connection with the Action, in an amount that will not exceed \$1,000,000, plus interest earned at the same rate as the Settlement Class. If these requests are granted, they will affect the Settlement Class Member's recovery in the amount of approximately \$.084 per share.
- The Lead Plaintiff and Lead Plaintiff's Counsel believe that the Settlement confers immediate, substantial benefits upon the Settlement Class Members, especially where, as here, the Lead Plaintiff and Lead Plaintiff's Counsel believe that Qwest Communications International Inc. faces difficult financial circumstances (including pending lawsuits alleging billions of dollars in damages) that present risks to its future ability to satisfy a judgment in this matter and justify entering into the settlement reflected in the Qwest Stipulation. In addition, certain of the individual Defendants also face the prospect of billions of dollars in contingent liabilities, and Lead Plaintiff and Lead Plaintiff's Counsel believe that the existence of indemnification rights running between Qwest and certain of the individual Defendants would have foreclosed the possibility of settling the Action with Qwest Communications International Inc. without Qwest Communications International Inc. being able to obtain a global compromise of all potential claims in the Action that otherwise could have required Qwest Communications International Inc. to pay additional funds to resolve the Action. In addition, Defendants have substantial defenses available to them in connection with the alleged claims with respect to both damages and liability. Based on their evaluation, the Lead Plaintiff and Lead Plaintiff's Counsel have determined that the Settlement is in the best interests of the Settlement Class Members. See "The Circumstances of the Partial Settlements that Comprise this Settlement," below for more information.

YOUR LEGAL RIGHTS AND OPTIONS:	
SUBMIT A CLAIM FORM	This is the only way to receive a payment in the Settlement. See Question 7 below.
EXCLUDE YOURSELF FROM THE SETTLEMENT	You will not receive any payment in connection with the Settlement if you exclude yourself. Excluding yourself is the only option that allows you ever to be part of any other lawsuit against any defendant or released person (as defined in the Qwest Stipulation or the KPN Stipulation) concerning the legal claims being released in the Settlement. You can exclude yourself from one or both of the Partial Settlements. See Question 10 below.
OBJECT TO THE SETTLEMENT	File with the Clerk of Court your written concerns or objections to one or both of the Partial Settlements, the Plan of Allocation (as described at Question 6 below), the requested attorneys' fees and reimbursement of expenses of Lead Plaintiff's Counsel, or the request for a monetary award to Lead Plaintiff based on his reasonable time and expense. See Question 13 below.
ATTEND A HEARING	Ask to speak in Court about the fairness of the Settlement, the Plan of Allocation, the requested attorneys' fees and reimbursement of expenses or the request for a monetary award to Lead Plaintiff based on his reasonable time and expense. See Question 15 below.

DO NOTHING	You will not receive a payment in connection with the Settlement and you will give up your right to file your own lawsuit or participate in any other lawsuit against any defendant or released person (as defined in the Qwest Stipulation or the KPN Stipulation) concerning the legal claims being released in the Partial Settlements. See Question 16 below.
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- These rights and options – **and the deadlines to exercise them** – are fully explained in this Notice.
- The Court in charge of this case still needs to decide whether to approve the Settlement, the Plan of Allocation, the attorneys’ fees and expenses request of Lead Plaintiff’s Counsel or the request for a monetary award to Lead Plaintiff based on his reasonable time and expense. Payments to the Settlement Class Members who file timely and valid claim forms will be made if the Court approves the Settlement, which becomes final after the resolution of all appeals, if any, and after the claims processing procedure is complete.
- Further information regarding the Settlement may be obtained by contacting Lead Plaintiff’s Counsel: Schiffrin & Barroway, LLP, David Kessler, Esq. Kay E. Sickles, Esq. 280 King of Prussia Road, Radnor, PA 19087, info@sbclasslaw.com; Glancy Binkow & Goldberg, LLP, Lionel Glancy, Esq., 1801 Avenue of the Stars, Suite 311, Los Angeles, California 90067, info@glancylaw.com. The Qwest Stipulation and the KPN Stipulation which contain the terms of the Partial Settlements are available at www.gardencitygroup.com.

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BASIC INFORMATION

Why Did I Receive This Notice Package?

You or someone in your family may have engaged in transactions in KPNQwest, N.V. Securities during the period November 9, 1999 through May 31, 2002. If the description above applies to you, you may be part of the Settlement Class and may have a right to know about the proposed Settlement of this Action and about all of your options.

The Status of the Action

The Action was initially filed on October 4, 2002 in the United States District Court for the Southern District of New York. After the Lead Plaintiff was appointed to represent the Settlement Class, and Lead Plaintiff’s selection of Schiffrin & Barroway, LLP and Glancy, Binkow & Goldberg, LLP was approved by the Court as “Lead Plaintiff’s Counsel”, Lead Plaintiff filed a consolidated class action complaint on January 9, 2004. Lead Plaintiff then filed a Second Amended Consolidated Class Action Complaint (the “Second Amended Complaint” or “SAC”) on October 15, 2004.

In the SAC, Lead Plaintiff asserted claims for alleged violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. More specifically, the SAC alleged that Defendants issued false and misleading statements and omissions regarding KPNQwest's revenue and its financial condition during the Settlement Class Period. The SAC alleged that as a result of the false and misleading statements, the value of KPNQwest Securities was inflated and that members of the Settlement Class who purchased these securities were damaged when the truth about KPNQwest's ongoing revenue stream and financial condition was revealed and the value of its securities dropped. Defendants moved to dismiss the SAC and Lead Plaintiff opposed Defendants' motions. All such motions are currently pending before the Court. During the pendency of Defendants' motions to dismiss, certain of the Defendants and Lead Plaintiff began discussing the possible resolution of the Action. After many months of negotiations, Lead Plaintiff reached a proposed agreement with Qwest Communications International Inc., Brendan Keating, Joseph Nacchio, Drake Tempest, Jeffrey Von Deylen, John McMaster, and Robert Woodruff. Following that tentative agreement, negotiations commenced and, after several more months, a tentative resolution of the Action was reached with respect to the remaining Defendants, KPN, Willem Ackermans, Eelco Blok, Joop Drechsel, Martin Pieters, and Rhett Williams.

The Circumstances of the Partial Settlements that Comprise this Settlement

The Lead Plaintiff and Lead Plaintiff's Counsel believe that the Settlement confers immediate, substantial benefits upon the Settlement Class Members, especially where, as here, the Lead Plaintiff and Lead Plaintiff's Counsel believe that Qwest Communications International Inc. faces difficult financial circumstances (including pending lawsuits alleging billions of dollars in damages) that present risks to its future ability to satisfy a judgment in this matter and justify entering into the settlement reflected in the Qwest Stipulation. In addition, certain individual Defendants formerly affiliated with Qwest also face the prospect of billions of dollars in contingent liabilities, and Lead Plaintiff and Lead Plaintiff's Counsel believe that the existence of indemnification rights running between Qwest and these individual Defendants would have foreclosed the possibility of settling the Action with Qwest Communications International Inc. without Qwest Communications International Inc. being able to obtain a global compromise of all potential claims in the Action that otherwise could have required Qwest Communications International Inc. to pay additional funds to resolve the Action. In addition, Defendants also had substantial defenses available to them in connection with the alleged claims with respect to both damages and liability. Based on their evaluation, the Lead Plaintiff and Lead Plaintiff's Counsel have determined that the Settlement is in the best interests of the Settlement Class. Based upon these circumstances, Lead Plaintiff's Counsel recommended the Settlement to the Lead Plaintiff and it was determined that the proposed Settlement should be accepted and presented to the Court for final approval.

Defendants, while affirmatively denying wrongdoing, fault and liability, consider it desirable and in their best interests that the Action be dismissed against them according to the terms of the proposed Settlement in order to avoid the further expense, uncertainty and distraction of protracted litigation.

1. Why is the Action a Class Action?

In a Class Action, one or more people called a lead plaintiff or a representative plaintiff sue on behalf of other investors who have similar claims based upon their transactions in a given security. All of these people and/or entities are referred to collectively as a "Settlement Class," or individually as "Settlement Class Members." One court resolves the issues for all Settlement Class Members, except for those persons or entities who exclude themselves from the Settlement Class.

2. Why is there a proposed Settlement?
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The Court did not decide in favor of either the Lead Plaintiff or any of the Defendants in this Action. Instead, Lead Plaintiff and the Defendants agreed to settle the Action before obtaining final rulings from the Court or a jury in this Action. As explained above, the Lead Plaintiff and his counsel believe the Settlement is beneficial for all Settlement Class Members. The Defendants consider it desirable and in their best interests that the Action be dismissed against them under the terms of the stipulations in order to avoid the further expense, uncertainty and distraction of protracted litigation.

3. How do I know if I am included in the Settlement?
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You are a Settlement Class Member only if you purchased or otherwise acquired KPNQwest, N.V. Securities or sold KPNQwest, N.V. put options during the Settlement Class Period. The Settlement Class was certified by the Court for settlement purposes only as follows: all persons who purchased or otherwise acquired KPNQwest N.V. securities (including common stock, notes, and call options) or sold put options from November 9, 1999 through May 31, 2002 ("Settlement Class Period"). Please note that if the Settlement is not approved, the Defendants have reserved the right to contest any and all aspects of class certification.

You are not a Settlement Class Member if you are a Defendant in this Action, or affiliated with or related to any Defendant. For this purpose, the persons affiliated with or related to any Defendant include any members of the immediate family of each individual Defendant, any entity in which any Defendant has a controlling interest, officers and directors of Qwest Communications International, Inc., KPNQwest N.V., and Koninklijke KPN N.V. a/k/a Royal KPN N.V. and their subsidiaries and affiliates, partners, shareholders, and the legal representatives, heirs, predecessors, successors and assigns of any such excluded party.

Also excluded from the Settlement Class are persons who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in this Notice as described in Question 10 below.

If one of your mutual funds purchased or owned shares of KPNQwest common stock or notes issued by KPNQwest, N.V., that fact alone does not make you a Settlement Class Member. Contact your broker to see whether you purchased or otherwise acquired shares of KPNQwest common stock or notes issued by KPNQwest, N.V. or engaged in option transactions during the Settlement Class Period.

4. What if I am still not sure whether I am included as a Settlement Class Member?

If you are still not sure whether you are included, you can ask for free help. You can call 1(888) 212-5997 in the U.S., or 00 800 789 11789 in the U.K. and the Netherlands or visit www.gardencitygroup.com for more information. Or you can fill out and return the claim form described on page 8, in Question 7, to see if you qualify.

5. What does the Settlement provide?

Pursuant to the Qwest and KPN Stipulations, a Settlement Fund is being created for the benefit of the Settlement Class totaling \$9,675,000 in cash, plus accrued interest, and the proceeds from the sale of a certain number of freely tradable shares of common stock of Qwest Communications International Inc. that equate to \$5.5 million in value based on the closing price of such common stock on the New York Stock Exchange on the trading day immediately following the Court's entry of final settlement approval. The balance of this fund, after deduction of taxes and settlement administration costs, including the cost of this Notice, as well as any attorneys' fees and reimbursement of expenses awarded to Lead Plaintiff's Counsel by the Court, and any award to Lead Plaintiff based on his reasonable time and expense (the "Net Settlement Fund"), will be divided among all Settlement Class Members who submit valid claim forms before the deadline for submission.

As stated above, Lead Plaintiff's Counsel estimate that the average recovery under the Settlement will be \$.23 per damaged share of KPNQwest, N.V., common stock, before the aforementioned deductions. The actual recovery of any particular Settlement Class Member will depend on the following: (1) the number of claims filed; (2) when a Settlement Class Member purchased or acquired KPNQwest, N.V. common stock, notes or call options or sold KPNQwest, N.V. put options during the Settlement Class Period; (3) whether a Settlement Class Member sold or retained his/her/its KPNQwest, N.V. Securities during the Settlement Class Period and if sold, when that transaction took place; (4) taxes and administrative costs, including the costs of this Notice; (5) the amount awarded by the Court for attorneys' fees and expenses to Lead Plaintiff's Counsel; and (6) the amount awarded to the Lead Plaintiff as reasonable time and expense reimbursement. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth below at Question 6, or as otherwise approved by the Court.

The parties do not agree as to the maximum amount that Lead Plaintiff could have recovered on behalf of the Class had Lead Plaintiff prevailed at trial and on appeal. In this regard, the parties disagree regarding numerous issues in connection with alleged liability and damages, including, without limitation, the following: (1) whether the Defendants made any false and misleading statements or whether such statements could be attributed to them; (2) whether the Defendants engaged in actionable deceptive or manipulative conduct; (3) whether the Defendants' conduct or statements was actionable under any law, including the federal securities laws; (4) whether the Defendants made the statements or engaged in the conduct with the requisite knowledge to constitute fraud; (5) whether any claim is barred by the statute of limitations; (6) the appropriate economic model for determining the amount by which KPNQwest, N.V. Securities were allegedly artificially inflated (if at all) during the Settlement Class Period; (7) the extent to which the various matters that Lead Plaintiff alleged were materially false or misleading (if at all) influenced and artificially inflated (if at all) the trading price of KPNQwest, N.V. Securities at various times during the Settlement Class Period; and (8) the extent to which external factors, such as general market conditions, influenced the trading price of KPNQwest, N.V. Securities at various times during the Settlement Class Period.

6. How much will my payment be in the Settlement?

The proposed Plan of Allocation provides for distribution of the Net Settlement Fund to Authorized Claimants as follows:

Each person claiming to be a Settlement Class Member shall be required to submit a Proof of Claim and Release signed under penalty of perjury and supported by such documents as specified in the Proof of Claim as are reasonably available to the Settlement Class Member.

All Proof of Claim forms must be postmarked or received by **December 28, 2006**, addressed as follows:

Paula Taft v. Willem Ackermans, No. 02 CV 7951 (PKL)
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9000 #6387
Merrick, NY 11566-9000

Unless otherwise ordered by the Court, any Settlement Class Member who fails to submit a properly completed and signed Proof of Claim within such period as may be ordered by the Court shall be forever barred from receiving any payments pursuant to the Qwest and KPN Stipulations, but will in all other respects be subject to the provisions of both the Qwest and KPN Stipulations and by the final judgments entered by the Court.

The Net Settlement Fund shall be maintained by an escrow agent for the benefit of the Settlement Class, as provided for in the Qwest and KPN Stipulations. The Net Settlement Fund will be distributed to Settlement Class Members whose claims for recovery have been allowed pursuant to the terms of the Plan of Allocation described below ("Authorized Claimants"). The Plan of Allocation provides that a Settlement Class Member will be eligible to participate in the distribution of the net settlement fund only if he, she, or it (i) has a net loss on all transactions in KPNQwest common stock during the Settlement Class Period; (ii) has a net loss on all transactions in KPNQwest call options purchased and/or put options sold or written during the Settlement Class Period; or (iii) has a net loss on all transactions in KPNQwest notes during the Settlement Class Period. Collectively, KPNQwest common stock, options and notes shall be referred to herein as "KPNQwest Securities."

For Settlement Class Members who held KPNQwest Securities at the beginning of the Settlement Class Period or made multiple purchases or sales during the Settlement Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases and sales for purposes of calculating a "Recognized Loss." Under the FIFO method, sales during the Settlement Class Period will be matched, in chronological order, first against your holdings at the beginning of the Settlement Class Period and thereafter, in chronological order, against purchases during the Settlement Class Period.

I. RECOGNIZED LOSS CALCULATIONS

A. COMPUTING RECOGNIZED LOSSES FOR KPNQWEST COMMON STOCK AND NOTES:

1. **For shares of common stock or notes purchased between November 9, 1999 and the close of trading on February 11, 2002 (including purchases to cover shares sold short prior to the Settlement Class Period):**
 - a. **That were sold prior to the close of trading on February 11, 2002**, the Recognized Loss shall be 25% of your purchase price minus your sales price.
 - b. **That were sold from the opening of trading on February 12, 2002 through the close of trading on April 24, 2002**, the Recognized Loss shall be 75% of your purchase price minus your sales price.
 - c. **That were still held as of the close of trading on April 24, 2002**, the Recognized Loss shall be your purchase price minus any proceeds you received from selling prior to May 31, 2002.¹
2. **For shares of common stock or notes purchased between February 12, 2002 and the close of trading on April 24, 2002:**
 - a. **That were sold prior to the close of trading on April 24, 2002**, the Recognized Loss shall be 25% of your purchase price minus your sales price.
 - b. **That were still held as of the close of trading on April 24, 2002**, the Recognized Loss shall be your purchase price minus any proceeds you received from selling prior to May 31, 2002.

¹ This Plan of Allocation does not integrate the 90-day set-off price because the mean (average) closing price of KPNQwest common stock and notes during the 90-day period beginning on May 31, 2002 and ending on August 26, 2002 is approximately \$0.

3. **For shares of common stock or notes purchased between April 25, 2002 and the close of trading on May 31, 2002**, the Recognized Loss shall be 5% of your purchase price minus any proceeds you received from selling prior to May 31, 2002.

B. COMPUTING RECOGNIZED LOSSES FOR KPNQWEST OPTIONS:

1. CALL OPTIONS

For each call option contract on KPNQwest common stock purchased or acquired during the Settlement Class Period:

- a. **That was not owned as of the close of trading on February 12, 2002, April 24, 2002 or May 31, 2002**, the Recognized Loss shall be zero.
- b. **That was owned as of the close of trading on February 12, 2002, April 24, 2002 or May 31, 2002**, the Recognized Loss per call option shall be 50% of the difference between the amount paid per call option contract and the sale price received per option contract received when said call options were subsequently sold. If the option expired worthless while still owned by the Settlement Class Member, the Recognized Loss shall be 50% of the purchase price of the option contract.
- c. No Recognized Loss shall be calculated based upon the sale or writing of any call option that was subsequently repurchased.

2. PUT OPTIONS

For each put option contract on KPNQwest common stock sold or written during the Settlement Class Period:

- a. **That was not the obligation of the Settlement Class Member as of the close of trading on February 12, 2002, April 24, 2002 or May 31, 2002**, the Recognized Loss shall be zero.
- b. **That was the obligation of the Settlement Class Member as of the close of trading on February 12, 2002, April 24, 2002 or May 31, 2002**, the Recognized Loss per put option shall be the difference between the amount received per put option contract and the purchase price paid per put option contract when said put options were subsequently repurchased. For put options sold (written) during the Settlement Class Period that expired worthless and unexercised, even if they were the obligation of the Settlement Class Member as of the close of trading **on February 12, 2002, April 24, 2002 or May 31, 2002, an Authorized Claimant's Recognized Loss shall be zero.**
- c. **For KPNQwest put options that were written during the Settlement Class Period**, for which shares were "put" to the Settlement Class Member (i.e. exercised) at any time, the Settlement Class Member's Recognized Loss shall be calculated as a purchase of common stock as shown above, and as if the sale of the put option were instead a purchase of common stock on the date of the sale (writing) of the put option, and the "purchase price paid" shall be the strike price of the put option less the proceeds received from the sale of the put option.
- d. No Recognized Loss shall be calculated based upon the sale of any put option that was previously purchased.

II. NETTING RULES

Netting Within Securities - For purposes of determining whether a Settlement Class Member has a gain or loss within any particular category or type of KPNQwest Security, any gain stemming from a sale of that security shall be utilized to offset losses stemming from purchases of that same type or category of security.

Netting of Different Types of Securities - For purposes of determining whether a Settlement Class Member shall be eligible for an overall recovery out of the Net Settlement Fund, any **net gains** resulting from transactions in any category of KPNQwest Securities as calculated above shall be assigned a value of zero.

III. OTHER PROVISIONS OF THE PLAN OF ALLOCATION

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, the amounts in the Net Settlement Fund are not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. No distribution will be made out of the Net Settlement Fund on a claim where the potential distribution amount is \$10.00 or less in cash. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The date of purchase or sale of KPNQwest Securities is the "contract" or "trade" date as distinguished from the "settlement" date. The determination of the price paid and the price received shall be exclusive of all commissions, taxes, fees and charges. Therefore, you need to list all purchases, acquisitions, and sales of KPNQwest Securities during the relevant time period. Brokerage commissions and transfer taxes paid by you in connection with your purchase and sale of KPNQwest Securities should be included in the "total purchase price" and net of the "total proceeds."

Upon the exercise of any option contract that results in the purchase of KPNQwest common stock during the Settlement Class Period, your Recognized Loss calculation for that purchase will be determined by both the formulas set forth above in Sections I.A.1. and B.

The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Settlement Class Member on equitable grounds. No person shall have any claim against the Lead Plaintiff or its counsel or any claims administrator or other agent designated by the Lead Plaintiff or its counsel based on distributions of settlement proceeds made substantially in accordance with the Stipulations, the Plan of Allocation, or further orders of the Court. The Defendants and their counsel have no responsibility or liability to any person for the Plan of Allocation or any distributions of settlement proceeds made pursuant to the Stipulations or Plan of Allocation. All Settlement Class Members who fail to complete and file a valid and timely Proof of Claim and Release shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulations, including the terms of any judgment(s) entered and the releases given.

Under no circumstances will a Recognized Loss exceed the out-of-pocket loss, not including commissions, taxes or other fees.

7. How can I receive a payment in the Settlement?

To qualify for payment, you must submit a Proof of Claim and Release form. You need only submit one Proof of Claim and Release form to participate in the Settlement. A Proof of Claim and Release form is enclosed with this Notice. You may also obtain a Proof of Claim and Release form on the Internet at www.gardencitygroup.com. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it postmarked no later than **December 28, 2006**.

8. When will I receive my payment in the Settlement?
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The Court will hold a hearing on **January 4, 2007, at 10:00 a.m.** to decide whether to approve the Settlement. Even if the Court approves the Settlement, it could take more than a year before the Net Settlement Fund is distributed to the Authorized Claimants because the Claims Administrator must process all of the Proof of Claim and Release forms, audit the results and follow up to cure any deficient claims. As a result, the processing of claims is a complicated process which can take many months to complete.

9. What am I giving up to receive a payment in the Settlement?
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Unless you exclude yourself, you are agreeing to remain in the Settlement Class and that means that if the Settlement is approved you will release all "Released Claims" against the "Released Persons" (as defined in the Stipulations, which are available on the internet at www.gardencitygroup.com or through the mail upon request and in the Proof of Claim and Release Form). This means that you no longer have the right to pursue these claims in a court of law against the Defendants or any of the Released Persons, as such terms are defined in the Stipulations. If you remain a member of the Settlement Class, all of the Court's orders will apply to you and legally bind you.

10. How do I exclude myself from the Settlement?

If you do not want to give up the right to sue the Defendants or any of the Released Persons for the misstatements or omissions alleged in the Second Amended Complaint, including in any **pending lawsuit**, you can elect to exclude yourself from the Settlement Class, in which case you will not be subject to the releases that will be provided in connection with the Settlement. However, if you do exclude yourself, you will not be able to participate in the Settlement and will not share in the Net Settlement Fund. This is sometimes referred to as “opting out” of a settlement class.

To exclude yourself from, or “opt-out” of one or both of the Partial Settlements, you must send a letter by mail saying that you want to be excluded from *Paula Taft v. Willem Ackermans*, No. 02 CV 7951 (PKL) to:

Paula Taft v. Willem Ackermans, No. 02 CV 7951 (PKL)
EXCLUSIONS
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9000 #6387
Merrick, NY 11566-9000

In order to be valid and effective, the request for exclusion must be postmarked no later than **October 19, 2006** and must contain the following information:

First, list your name, address, and telephone number.

Second, for each purchase or other acquisition of any KPNQwest stock, notes, or options from November 9, 1999 through May 31, 2002, identify (i) the date the stock, notes, or options were purchased or otherwise acquired; (ii) the number of shares, notes, or options that were purchased or otherwise acquired; and (iii) the price paid for each share, note, or option purchased or otherwise acquired.

Third, for each purchase or other acquisition of any KPNQwest stock, notes, or options from November 9, 1999 through May 31, 2002, state whether such stock, notes or options were sold or otherwise disposed of and, for each such sale or disposition identify (i) the date the stocks, notes, or options were sold or otherwise disposed of; (ii) the number of shares, notes, or options that were sold or otherwise disposed of; and (iii) the price obtained for each share, note, or option sold or otherwise disposed of.

You cannot exclude yourself on the telephone or by e-mail.

If you exclude yourself from both Partial Settlements, you cannot object to any aspect of either of the Partial Settlements.

11. Do I have a lawyer in the Action?

The Court approved Schiffrin & Barroway, LLP and Glancy, Binkow & Goldberg, LLC to serve as Lead Plaintiff’s Counsel to represent you and the other Settlement Class Members in the Settlement. If you need to reach an attorney at either of these firms to discuss any aspect of either of the Partial Settlements, please address your inquiries to: David Kessler, Esq. or Kay E. Sickles, Esq. of Schiffrin & Barroway, LLP, located at 280 King of Prussia Road, Radnor, PA 19087, Telephone: (610) 667-7706, info@sbclasslaw.com or Lionel Glancy, Esq., of Glancy Binkow & Goldberg, LLP, 1801 Avenue of the Stars, Suite 311, Los Angeles, California 90067, info@glancylaw.com.

If you want to be represented by your own lawyer, you may hire one at your own expense.

12. How will the lawyers for the Settlement Class Members be paid?

Lead Plaintiff’s Counsel have litigated the Action on an entirely contingent basis, and have advanced the expenses of litigation with the expectation that if they were successful in recovering money for the Settlement Class, they would receive fees and be reimbursed for their expenses from the Settlement Fund, as is customary in this type of litigation. Lead Plaintiff’s Counsel are intending to apply for a fee out of the Settlement Fund of up to 30%, plus interest earned at the same rate as the Settlement Class. Lead Plaintiff’s Counsel are also seeking reimbursement of the costs and expenses they advanced in connection with the Action, in an amount that will not exceed \$1,000,000, plus interest earned at the same rate as the Settlement Class.

13. How do I notify the Court if I am opposed to the Settlement, the Plan of Allocation, the request for attorneys' fees and reimbursement of expenses to Lead Plaintiff's Counsel or the request for a monetary award to Lead Plaintiff based on his reasonable time and expense?

If you are a Settlement Class Member, you can object to any aspect of the Settlement, including the terms of the Qwest Stipulation, the terms of the KPN Stipulation, the Plan of Allocation, the request for attorneys' fees and reimbursement of expenses or the request for an award for Lead Plaintiff based on his reasonable time and expense.

To object, you must send a letter saying that you are a Settlement Class Member, you object to the Settlement, and stating the reasons why you object.

In your objection, you must include your name, address, telephone number, and your signature. You must also include information concerning your transactions in KPNQwest, N.V. Securities during the Settlement Class Period, including the dates, prices paid or received and amounts purchased or sold, so that the Court can determine that you are part of the Settlement Class and have an economic interest in any aspect of the Partial Settlements. Your objection must be filed with the Court and received no later than **October 19, 2006**, by counsel listed below for the Partial Settlements:

Jonathan Sherman, Esq. Boies, Schiller & Flexner LLP 5301 Wisconsin Ave., N.W. Washington DC 20015 Counsel for Qwest Communications International Inc.	Andrew Levander, Esq. Dechert LLP 30 Rockefeller Plaza Suite 2300 New York, NY 10012 Counsel for KPN	David Kessler, Esq. Kay E. Sickles, Esq. Schiffirin & Barroway, LLP 280 King of Prussia Road Radnor, PA 19087 Lead Plaintiff's Counsel	Lionel Glancy, Esq., Glancy Binkow & Goldberg, LLP, 1801 Avenue of the Stars, Suite 311 Los Angeles, California 90067 Lead Plaintiff's Counsel
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14. When and where will the Court decide these matters?

The fairness hearing for the Settlement will be held at **10:00 a.m.** on the 4th day of **January, 2007**, at the United States District Court for the Southern District of New York, before the Honorable Peter K. Leisure, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York in a Courtroom to be scheduled. At this hearing the Court will consider whether the Settlement is fair, reasonable and adequate. The Court may decide to adjourn the fairness hearing for the Settlement without further notice to the Settlement Class.

The Court may also decide whether to approve the Plan of Allocation, how much to award Lead Plaintiff's Counsel for attorneys' fees and expenses and whether and how much to award to Lead Plaintiff for his reasonable time and expense.

15. Am I required to appear at the final hearing and may I speak?

You do not need to attend the hearing. However, if you have filed an objection to any aspect of the Settlement as provided above, you may ask the Court for permission to speak at the fairness hearing. To do so, you must include with your objection the statement, "I hereby give notice that I intend to appear at the fairness hearing for the partial settlements in *Paula Taft v. Willem Ackermans*, No. 02 CV 7951 (PKL)." Be sure to include your name, address and telephone number, identify all relevant data concerning your KPNQwest, N.V. Securities, including the dates, prices paid or received and amounts purchased or sold, and sign the letter. If you intend to have any witnesses testify or to introduce any evidence at the hearing, you must list the witnesses and evidence in your objection. Your Notice of Intention to Appear must be postmarked no later than **October 19, 2006**, and be sent to the Clerk of the Court and the counsel listed above in the answer to Question 13. You cannot speak at the hearing if you exclude yourself from both of the Partial Settlements.

16. What will happen if I am a Settlement Class Member in the Action and I do nothing at all?

If you fail to file a timely proof of claim, you will receive no money from the Settlement. Unless you exclude yourself from the Settlement, you will not be able to start a lawsuit, continue to litigate a pending lawsuit, or be part of any other lawsuit against the Defendants or the Released Persons for the claims released by the Settlement ever again.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

The Court has ordered that if you purchased or acquired KPNQwest, N.V. common stock, notes or call options or sold KPNQwest, N.V. put options during the Settlement Class Period as nominee for a beneficial owner, then within ten (10) calendar days after you receive this Notice, you must either: (a) send a copy of this Notice and the accompanying Proof of Claim and Release by first class mail to all such beneficial owners; or (b) provide a list of the names and addresses of such beneficial owners to the Claims Administrator at the following address so that the Claims Administrator can provide them with a copy of this Notice and a Proof of Claim and Release form.

Paula Taft v. Willem Ackermans, No. 02 CV 7951 (PKL)
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9000 #6387
Merrick, NY 11566-9000

GETTING MORE INFORMATION

This Notice summarizes the proposed Settlement. More details are contained in the Qwest Stipulation and the KPN Stipulation which are available at www.gardencitygroup.com. If you have questions regarding how to obtain copies of documents related to either Partial Settlement, completing your Proof of Claim and Release Form, correspondence you have received from the Claims Administrator, or the calculation of your claim, you may contact the administrator for the distribution of the Settlement Fund toll free at 1(888) 212-5997 in the U.S., or 00 800 789 11789 in the U.K. and the Netherlands, or write to The Garden City Group, Inc. at the address listed above.

PLEASE DO NOT CONTACT THE COURT

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