

THIS PAPER VERSION OF THE PUBLIC REPORT IS IDENTICAL TO THE DIGITAL VERSION
THIRTY-EIGHTH PUBLIC REPORT PURSUANT TO ARTICLE 73A DUTCH BANKRUPTCY ACT

Bankruptcy	Date Bankruptcy	End Bankruptcy	Bankruptcy no. / District Court	
KPNQwest N.V.	31-05-2002		02/133	Haarlem ¹
KPNQwest IP Services B.V.	05-06-2002	28-07-2017 ²	02.0225 02/143	Amsterdam Haarlem
KPNQwest Services International B.V.	05-06-2002	25-08-2017 ³	02.0221 02/139	Amsterdam Haarlem
KPNQwest Assets International B.V.	05-06-2002	25-08-2017 ⁴	02.0222 02/140	Amsterdam Haarlem
KPNQwest Ebone Holding B.V.	05-06-2002	25-08-2017 ⁵	02.0223 02/141	Amsterdam Haarlem
Ebone (Nederland) B.V.	07-06-2002	25-08-2017 ⁶	02.0226 02/149	Amsterdam Haarlem
KPNQwest Carrier Services B.V.	18-07-2002		02.0308 02/195	Amsterdam Haarlem
KPNQwest Operations B.V.	18-07-2002	20-10-2017 ⁷	02.0304 02/191	Amsterdam Haarlem
KPNQwest Corporate Development B.V.	18-07-2002		02.0305 02/192	Amsterdam Haarlem
KPNQwest Services Netherlands B.V.	18-07-2002		02.0306 02/193	Amsterdam Haarlem
KPNQwest Assets Netherlands B.V.	18-07-2002	20-10-2017 ⁸	02.0307 02/194	Amsterdam Haarlem
Global TeleSystems Europe B.V.	02-08-2002	03-09-2015 ⁹	02.0328 02/199	Amsterdam Haarlem
Global TeleSystems Europe Holdings B.V.	02-08-2002	13-06-2014 ¹⁰	02.0329 02/200	Amsterdam Haarlem
KPNQwest Communication Services B.V.	20-01-2004		04.36 F	Amsterdam
Date of this report:	7 May 2018			
Date of previous (thirty-seventh) public report:	8 November 2017			
Supervisory judge:	D.P. Ruitinga, Haarlem District Court (on 25 August 2015)			
Bankruptcy trustee:	M. Windt ¹¹			

¹ As a result of a redivision of the courts, the Haarlem District Court has been incorporated into the District Court of Noord-Holland. For the sake of brevity, the bankruptcy trustees only refer to Haarlem District Court in this report, which, where applicable, means the District Court of Noord-Holland, location Haarlem.

² As a result of the plan of final distribution becoming binding.

³ Ditto.

⁴ Ditto.

⁵ Ditto.

⁶ Ditto.

⁷ Ditto.

⁸ Ditto.

⁹ Ditto.

¹⁰ Ditto.

¹¹ By order of 2 May 2018, T.O. Otten – because of the stage reached in the liquidation of the various assets – was relieved of his appointment as (fellow) bankruptcy trustee (of the bankruptcies that have not yet ended). In this respect, the work carried out before 2 May 2018 will be referred to the ‘bankruptcy trustees’ and the work carried out after 2 May 2018 will be referred to the ‘bankruptcy trustee’.

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CONTENTS

1.	GENERAL.....	2
2.	ACKNOWLEDGED AND DISPUTED CLAIMS	3
3.	CLAIM AGAINST EBCON	3
4.	POSITION OF BANKS IN THE BANKRUPTCY.....	4
5.	POSITION OF TAX AUTHORITIES IN THE BANKRUPTCY.....	4
6.	SECOND INTERIM DISTRIBUTION IN KPNQWEST N.V.....	4
7.	APPORTIONMENT OF COSTS AND INCOME.....	5
8.	COMMITTEE OF CREDITORS	5
9.	ADMINISTRATIVE RECORDS STORED IN SCHIEBROEK.....	5
10.	BRIEF EXPLANATION OF EACH OF THE BANKRUPT COMPANIES	5
11.	AFTER-ACQUIRED ASSET IN GTS EUROPE B.V.....	6
12.	PUBLIC REPORTS	6

1. GENERAL

- 1.1. In this report, the bankruptcy trustee reports on the condition of the assets and the settlement of the bankruptcies. The bankruptcy trustee also refers to the previous reports. This is an informal and unofficial English translation of the report. This English version cannot be relied on in court; only the Dutch version is valid as a public report.
- 1.2. No individual public reports will be published for each company. However, an intermediate financial report will be drawn up for each bankruptcy because, with the exception of deviations, the starting point is a joined but non-consolidated wind-up.
- 1.3. The bankruptcy trustee does not vouch for the accuracy of the information in this report and the reporting is only intended as general information for acknowledged and validated creditors in the bankruptcies in question. The bankruptcy trustee(s) exclude(s) liability for damage resulting from any incorrect or incomplete information, and more specifically note(s) that no rights can be derived from this information, that this information is not suitable or intended as a basis for any transaction or investment decision (or abandoning a transaction or decision), including a decision to purchase

or sell, in particular but not limited to matters that are related to the jurisdiction of the United States of America.

2. ACKNOWLEDGED AND DISPUTED CLAIMS

- 2.1. The lists of acknowledged claims and the record of the creditors' meeting of 20 May 2014 regarding KPNQwest N.V. have, for now, been published on the website www.houthoffbankruptcy.com.

3. CLAIM AGAINST EBCON

- 3.1. As explained in previous reports, a settlement was made in respect of the claim of KPNQwest Corporate Development B.V. on the companies N.V. Ebcon Holding and N.V. Ebcon Networks (hereinafter jointly referred to as '**Ebcon**'), with part of the claim (EUR 22,500,000) being validated as unsecured debt. In addition, subordination of the claim of KPNQwest Corporate Development B.V. was agreed with the other unsecured creditors, up to a threshold of EUR 300,000. If there are surplus estate assets after full payment of the estate debts, the preferential claims and the non-subordinated unsecured creditors, these will be used to pay the subordinated debts. In a settlement agreement dated 31 January 2013, Ebcon's bankruptcy trustee and the bankruptcy trustees of KPNQwest Corporate Development, among others, agreed that in such event KPNQwest Corporate Development B.V. may expect to receive 55% of the remaining estate assets.
- 3.2. The claims in question depend on the two liability proceedings that Ebcon's bankruptcy trustee (E.C.M. Wagemakers) has initiated against several current or former directors, namely one against Mr Ebben Jr and Mr Geerts together and one against Mr Soetekouw.
- 3.3. With the approval of the bankruptcy trustees, the bankruptcy trustee of Ebcon has reached a settlement with Messrs Ebben and Geerts. Both gentlemen paid the settlement amount to the estate of Ebcon and the bankruptcy trustee of Ebcon cancelled the proceedings.
- 3.4. On 3 January 2018, a judgment was given in the proceedings against Soetekouw and the court rejected the subsidiary claims of the bankruptcy trustee of Ebcon. In its earlier interlocutory judgment of 14 September 2016, the court had already ruled that the primary claim of the bankruptcy trustee of Ebcon in respect of directors' liability towards Soetekouw was time-barred.
- 3.5. The period for lodging an appeal has since expired, as a result of which the two liability proceedings against the aforementioned current or former directors have come to an end. The bankruptcy trustee of Ebcon will take the necessary steps in the short term to be able to proceed with the payment of the amounts due to creditors, including to KPNQwest Corporate Development B.V.
- 3.6. The bankruptcy trustee monitors the winding up of the Ebcon bankruptcies and will – if necessary – contact the bankruptcy trustee of Ebcon to that end.

4. POSITION OF BANKS IN THE BANKRUPTCY

- 4.1. The position of the banks in the bankruptcy has been discussed in detail in previous public reports. These reports describe how on 16 December 2004 the bankruptcy trustees entered into an agreement (the '**Settlement Agreement**') with Citibank. A division of the revenues was agreed in this Settlement Agreement, which the bankruptcy trustees or Citibank or one of the financiers received after 29 May 2002 or will receive from the bankruptcy trustee of KPNQwest Finance B.V. ('**KQ Finance**').
- 4.2. The bankruptcy trustee(s) can claim a portion of these revenues, as further defined in the agreement. The revenues that will be received from the bankruptcy of KQ Finance will be divided between Citibank and the bankruptcy trustee(s) in the following manner:

Revenues from	Bankruptcy trustee(s)	Citibank
Pledged claims, besides those of KPNQwest Assets Italia SRL	25%	75%
Pledged claims of KPNQwest Assets Italia SRL	50% with a maximum of EUR 1 million	50% of the first EUR 2 million and 100% of the rest
All other revenues	25%	75%

- 4.3. As a result of the final distributions (see below under 10), payments were made to Citibank under the Settlement Agreement in the bankruptcies of KPNQwest Assets Netherlands B.V., KPNQwest Operations B.V., KPNQwest Assets International B.V., KPNQwest Services International B.V., KPNQwest Assets Netherlands B.V. and KPNQwest Services International B.V..

5. POSITION OF TAX AUTHORITIES IN THE BANKRUPTCY

- 5.1. The bankruptcy trustees had a sizeable total claim of EUR 3,297,474.31 against the tax authorities regarding the reimbursement of VAT. An amount of (i) EUR 1,204,696 had been set off previously, (ii) EUR 1,208,320.38 was received in February 2016 and (iii) an amount of EUR 803,295.85 has been set off against the outstanding claim of the tax authorities against KPNQwest IP Services B.V. KPNQwest N.V. still has an outstanding claim of EUR 192,597 against the tax authorities regarding the reimbursement of VAT.
- 5.2. As payments were also made to employees in the second distribution in the bankruptcy of KPNQwest N.V., agreements had been made with the tax authorities in advance about the withholding of income tax.

6. SECOND INTERIM DISTRIBUTION IN KPNQWEST N.V.

- 6.1. As explained in detail in the interim public reports of 3 June 2014 and 11 July 2014, the bankruptcy trustees made a first distribution in the various bankruptcies of the KPNQwest group. The distribution plans drawn up by the bankruptcy trustees have been published on the website.

- 6.2. The bankruptcy trustees were able to make a second distribution in the bankruptcy of KPNQwest N.V. in July 2016. A plan has been made to soon wind up almost all of the subsidiaries. Also refer to section 10 of this report about this subject.

7. APPORTIONMENT OF COSTS AND INCOME

- 7.1. As explained in the interim report of 16 March 2016, the bankruptcy trustees entered into an agreement between the individual estates with the purpose of making final arrangements about the costs incurred and some jointly received income. This agreement has since been implemented.

8. COMMITTEE OF CREDITORS

- 8.1. On 9 October 2012, the supervisory judge appointed a creditors' committee of KPNQwest N.V., made up of the members (i) Elliott International L.P., (ii) Tax Authorities Noord and (iii) Mr J. van Diggele. The bankruptcy trustees published the appointment decision on their website. The creditors' committee has met on a regular basis. The committee has given advice on, among other matters, some of the subjects discussed above. The Tax Authorities are no longer a member because they are no longer a creditor. After the first distribution in KPNQwest N.V. (see section 6), the committee has not met any more, nor has a request been made for a meeting. If and insofar as required for decision-making, the bankruptcy trustees will continue to involve the creditors' committee in the further wind-up of the bankruptcies.

9. ADMINISTRATIVE RECORDS STORED IN SCHIEBROEK

- 9.1. The bankruptcy trustees have stored the extensive physical records in a rented storage space. The notice of termination has since been given for the storage space rented by the bankruptcy trustees.
- 9.2. The storage space rented by the bankruptcy trustees was delivered on 1 July 2017. The most consulted boxes of information have been stored elsewhere, the digital environment has been copied by an external party and can be accessed externally.

10. BRIEF EXPLANATION OF EACH OF THE BANKRUPT COMPANIES

1. The nil distribution plans in Ebone Nederland B.V., Ebone Holding B.V. and KPNQwest IP Services B.V. were made available for inspection. Account was given.
2. The after-acquired asset in the estate of Global Telesystems Europe B.V. was liquidated and distributed pursuant to Article 194 of the Dutch Bankruptcy Act (see for more details section 11).
3. The final distribution plans in KPNQwest Assets International B.V., KPNQwest Assets Netherlands B.V., KPNQwest Operations B.V. and KPNQwest Services International B.V. that were approved and filed with the court registry became binding on 24 August 2017. To the extent that the account numbers were known to the bankruptcy trustee, the distribution took place. The bankruptcy trustee is still required to render account.

4. As regards KPNQwest Carrier Services B.V. and KPNQwest Services Netherlands B.V., the bankruptcy trustee aims to make a final distribution in the autumn of 2018.
5. As set out in section 3 of this report, KPNQwest Corporate Development B.V. has a claim against Ebcon. The bankruptcy trustee will for the time being wait for the proceeds or sell the claim before proceeding with the final distribution.
6. KPNQwest Communication Services B.V.: this liquidation is awaiting the wind-up of subsidiary EUNet Inc. In the past, an amount of around USD 500,000 (see bankruptcy report 27) was found in the escrow account (*consignatiekas*) of the state of Nevada in the US, where it had been deposited by Citibank from an unused bank account which, after investigation, proved to belong to EUNet Inc. The bankruptcy trustee intends to liquidate EUNet Inc. again or arrange for its liquidation and to pay the money to sole shareholder KQ Communication Services B.V. In cooperation with US counsel, EUNet Inc. has since been revived as KPNQwest EU Net Inc. In consultation with US counsel, nil tax returns and franchise tax reports have since been prepared and submitted to the relevant US authorities on the winding up process is further continued. In that context, the bankruptcy trustees have now made an inventory of the costs of liquidating KPNQwest EUNet Inc. and will – where applicable – pay these costs to the relevant creditors from KPNQwest EUNet Inc. Afterwards, the remainder of the balance will be distributed as dividend to shareholder KPNQwest Communication Services B.V. and KPNQwest EUNet Inc. will be dissolved.
7. Once these steps have been taken, KPNQwest N.V. will also be terminated with what is expected to be a third final distribution of the relatively little remaining assets (see the financial reports for more information).

11. AFTER-ACQUIRED ASSET IN GTS EUROPE B.V.

- 11.1. In the reporting period an after-acquired asset (**'Asset'**) has been identified. The Asset is an amount of approximately EUR 600,000 for the benefit of GTS Europe B.V. (**'GTS'**). On 4 October 2017, the district court issued a decision in which it ordered the bankruptcy trustees to proceed to the liquidation and distribution of the Asset in the estate of GTS Europe B.V. on the basis of the plan of final distribution that had become binding before.
- 11.2. The bankruptcy trustees made a distribution to the creditors, which brought to an end the bankruptcy of GTS.

12. PUBLIC REPORTS

- 12.1. Pursuant to Article 73a of the Dutch Bankruptcy Act, general information regarding the bankruptcies is provided to creditors by means of the regular public reports. In the public reports, the bankruptcy trustees aim to describe the most important developments in the bankruptcy. If creditors or other parties involved identify factual inaccuracies or if they would like more detailed information, they can inform the bankruptcy trustees of this in writing or by email. The bankruptcy trustees will take

such requests into account when drawing up a next public report or, if there is reason to do so, issue a separate publicly available press release or notice on that subject.

- 12.2. The public reports (in Dutch) can be inspected via the Central Bankruptcy Register (<http://insolventies.rechtspraak.nl/>). An English translation thereof can also be found on the website of the bankruptcy trustee (www.windtlegal.com). In the event of any difference between the Dutch report and the English translation, the Dutch version prevails.
- 12.3. The bankruptcy trustees advise creditors who wish to stay informed of the latest developments in this bankruptcy to regularly consult the public sources, including the website of the bankruptcy trustees.

Rotterdam, 8 May 2018

M. Windt