

PROPOSAL BY THE BOARD OF MANAGEMENT ON THE APPROPRIATION OF NET INCOME AS PER § 170 (2) OF THE GERMAN STOCK CORPORATION ACT (AKTG):

At the shareholders' meeting on March 26, 2020, the Board of Management will submit the following proposal for the appropriation of net income generated in the 2019 financial year:

1. Distribution to shareholders: Payment of a dividend of EUR 0.60 per no par value share carrying dividend rights
= EUR 2,845,762,593.00
2. Transfer to retained earnings: EUR 0.00
3. Unappropriated net income carried forward: The remaining balance is carried forward to the new account
= EUR 2,613,942,656.38
4. Unappropriated net income: EUR 5,459,705,249.38

The total dividend and the remaining balance to be carried forward in the above resolution proposal regarding the appropriation of net income are based on the dividend-bearing capital stock of EUR 12,141,920,396.80, divided up into 4,742,937,655 no par value shares, on February 10, 2020.

The number of shares carrying dividend rights may change up to the date on which the vote on the resolution regarding the appropriation of net income is taken. In this case, the Board of Management and the Supervisory Board shall submit to the shareholders' meeting a

suitably amended resolution proposal regarding the appropriation of net income, which envisages the unchanged payment of EUR 0.60 per no par value share carrying dividend rights. The adjustment shall be made as follows: If the number of shares carrying dividend rights and thus the total dividend decreases, the amount to be carried forward to unappropriated net income increases accordingly. If the number of shares carrying dividend rights and thus the total dividend increases, the amount to be carried forward to unappropriated net income decreases accordingly.

If the resolution is passed, the following shall apply for payment of the dividend: As the dividend for the 2019 financial year is to be paid in full from the tax contribution account in accordance with § 27, Corporation Tax Act (Körperschaftsteuergesetz – KStG) (contributions other than into nominal capital), payment will be made with no deductions for capital gains tax or solidarity surcharge. Dividends paid to shareholders in Germany are not subject to taxation. Dividends do not entail tax refunds or tax credits. In the German tax authorities' view the dividend payment reduces the acquisition costs of the shares for tax purposes.

Bonn, February 10, 2020

**Deutsche Telekom AG
Board of Management**

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