PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED JUNE 7, 2000

Deutsche Telekom International Finance B.V. (Finance)

$500,000,000 9.25% Notes due 2032

€2,500,000,000 7.50% Notes due 2007

€2,000,000,000 8.125% Notes due 2012

Guaranteed as to Payment of Principal and Interest by

Deutsche Telekom AG

Finance will pay interest on the U.S. dollar notes on June 1 and December 1 of each year, beginning on December 1, 2002, and on the euro notes on May 29 of each year, beginning on May 29, 2003. Interest will accrue at an annual rate of 9.25% in the case of the U.S. dollar notes, at an annual rate of 7.50% in the case of the euro notes due 2007 and at an annual rate of 8.125% in the case of the euro notes due 2012. Finance may redeem the notes at 100% of their principal amount plus accrued interest if certain tax events occur as described in the accompanying prospectus relating to Finance's debt securities.

Finance has applied to list the notes on the Luxembourg Stock Exchange.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement. Any representation to the contrary is a criminal offense.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Finance
Per U.S. dollar note	99.167%	0.875%	98.292%
Total	$ 495,835,000	$ 4,375,000	$ 491,460,000
Per euro note due 2007	99.426%	0.25%	99.176%
Per euro note due 2012	99.237%	0.325%	98.912%
Total	€4,470,390,000	€12,750,000	€4,457,640,000

The underwriters expect to deliver the U.S. dollar notes in book-entry form through the facilities of The Depository Trust Company, and the euro notes in book-entry form through the facilities of Clearstream Banking and Euroclear, in each case against payment in immediately available funds on or about May 29, 2002. The clearing and settlement systems Finance will use are the book-entry systems operated by DTC, Clearstream Banking and Euroclear.

Deutsche Bank JPMorgan Salomon Smith Barney

The date of this Prospectus Supplement is May 24, 2002

You should rely on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus supplement, as well as information we previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate as of the date on the front cover of this prospectus supplement only. Our business, financial condition, results of operations and prospects may have changed since that date. We accept responsibility for the information contained in this prospectus supplement.

A portion of the notes offered hereby are being offered and sold outside the United States in transactions not subject to the registration requirements of the U.S. Securities Act of 1933.

This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. The offer or sale of the notes may be restricted by law in certain jurisdictions, and you should inform yourself about, and observe, any such restrictions.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus and the accompanying prospectus to ''we'', ''us'', ''our'' or similar references mean Deutsche Telekom AG and its subsidiaries, including Finance.

INCORPORATION OF INFORMATION WE FILE WITH THE SEC

The SEC allows us to incorporate by reference the information we file with them. This means:

- incorporated documents are considered part of this prospectus supplement;
- we can disclose important information to you by referring you to those documents;
- information in this prospectus supplement automatically updates and supersedes information in earlier documents that are incorporated by reference in this prospectus supplement; and
- information that we file with the SEC that we incorporate by reference in this prospectus supplement will automatically update and supersede this prospectus supplement.

We incorporate by reference the documents listed below that we filed with the SEC under the Securities Exchange Act of 1934:

- Deutsche Telekom's annual reports on Form 20-F, including its annual report for the year ended December 31, 2001, filed on April 23, 2002;
- Deutsche Telekom's report on Form 6-K dated April 22, 2002;
- Deutsche Telekom's report on Form 6-K dated April 23, 2002, that indicates on its cover page that it is incorporated by reference into the registration statement of which this prospectus supplement and the accompanying prospectus form a part;
- Deutsche Telekom's report on Form 6-K dated May 2, 2002; and
- Deutsche Telekom's report on Form 6-K dated May 23, 2002.

We also incorporate by reference each of the following documents that we will file with the SEC after the date of this prospectus supplement but before the end of the notes offering:

- any report on Form 6-K filed by us pursuant to the Securities Exchange Act of 1934 that indicates on its cover page that it is incorporated by reference into the registration statement of which this prospectus supplement and the accompanying prospectus form a part; and

- reports filed under Sections 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934.

You may request a copy of any filings referred to above (excluding exhibits), at no cost, at the office of the Luxembourg listing agent or by contacting us at the following address:

Deutsche Telekom AG
Friedrich-Ebert-Allee 140
53113 Bonn, Germany
Tel: +49 228 181 88880
(Investor Relations)

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement contain forward-looking statements. Forward-looking statements are statements that are not historical facts. Examples of forward-looking statements include:

- financial projections and estimates and their underlying assumptions;
- statements regarding plans, objectives and expectations relating to future operations, products and services;
- statements regarding the impact of regulatory initiatives on our operations;
- statements regarding our share of new and existing markets;
- statements regarding general industry and macroeconomic growth rates and our performance relative to them; and
- statements regarding future performance.

Forward-looking statements generally are identified by the words ''expects'', ''anticipates'', ''believes'', ''intends'', ''estimates'' and similar expressions.

Forward-looking statements are based on current plans, estimates and projections, and therefore you should not place too much reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any forward-looking statement in light of new information or future events, although we intend to continue to meet our ongoing disclosure obligations under the U.S. securities laws (such as our obligations to file annual reports on Form 20-F and reports on Form 6-K) and under other applicable laws. Forward-looking statements involve inherent risks, and uncertainties, most of which are difficult to predict and generally beyond our control. We caution you that a number of important factors could cause actual results or outcomes to differ materially from those expressed in, or implied by, the forward-looking statements. These factors include, among other factors:

- risks and uncertainties relating to the benefits anticipated from the acquisition of VoiceStream and Powertel and other acquisitions;
- the level of demand for telecommunications services, particularly for wireless telecommunications services, access lines, traffic and new higher value products and services;
- competitive forces, including pricing pressures, technological developments and alternative routing developments;
- our ability to gain or retain market share in the face of competition from existing and new market entrants;
- our ability to secure the licenses needed to offer new services and the cost of these licenses and related network infrastructure build-outs;
- the effects of tariff reduction initiatives, particularly in the fixed-line voice telephony business but also with regard to many other areas;
- regulatory developments and changes, including with respect to the levels of tariffs, terms of interconnection, customer access and international settlement arrangements;
- the outcome of litigation in which we are involved or may become involved;
- the success of new business, operating and financial initiatives, many of which involve substantial start-up costs, and of new systems and applications, particularly with regard to integration of service offerings;
- concerns over health risks associated with the use of wireless handsets and other health and safety risks related to radio frequency emissions;
- the progress of our domestic and international investments, joint ventures and alliances;
- the impact of our efforts to focus our business on our four strategic divisions;

- the availability, terms and deployment of capital, particularly in view of our debt refinancing needs, and the impact of regulatory and competitive developments on our capital outlays;
- the level of demand in the market for our shares and for the shares of our subsidiaries, which may affect our financing and acquisition strategies;
- our ability to achieve cost savings and realize productivity improvements;
- our ability to attract and retain qualified personnel;
- risks of sabotage or acts of terrorism;
- the effects of foreign exchange rate fluctuations, particularly in connection with subsidiaries operating outside the euro zone;
- the development of the German real estate market in view of our strategy of monetizing a significant portion of our large real estate portfolio, which had a book value of approximately € 13.1 billion as of December 31, 2001; and
- general economic conditions, government and regulatory policies, new legislation and business conditions in markets that we and our affiliates serve.

If these or other risks and uncertainties (including, those described in the most recent annual reports on Form 20-F by Deutsche Telekom and MATÁV and Form 10-K by Voicestream and Powertel filed with the SEC) materialize, or if the assumptions underlying any of these statements prove incorrect, our actual results may be materially different from those expressed or implied by such statements.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the U.S. dollar notes to be approximately $491,460,000 and from the sale of the euro notes to be approximately € 4,457,640,000. We have decided that approximately € 2.7 billion of the net proceeds will be on-lent by Finance to Deutsche Telekom AG and applied to the repayment of amounts owed under Deutsche Telekom AG's syndicated bank facility. The principal amount to be repaid is due on June 4, 2002. The interest rate payable on this amount is 3.67% per annum. The borrowing under the facility was made to provide financing for the acquisition of a 49.9% stake in T-Systems ITS GmbH (formerly debis Systemhaus GmbH). We have also decided that the remainder of the proceeds will be on-lent to Deutsche Telekom AG and applied to the repayment of approximately nineteen bilateral short-term bank borrowings that are all scheduled to become due on various dates before the end of May 2002. The interest rates payable on these borrowings range from approximately 3.33% to 3.69% per annum. These borrowings were made for general corporate purposes.

CAPITALIZATION

The following table sets forth the cash and other liquid assets, current debt, long-term debt, shareholders' equity and capitalization of Deutsche Telekom and its subsidiaries in accordance with German GAAP at March 31, 2002 and as adjusted solely for the effect of this offering of notes and the application of the proceeds of the offering to pay current debt as described in ''Use of Proceeds'', with deduction of underwriting discounts and commissions but without deduction of expenses.

	At March 31, 2002	
	Actual[1]	**As adjusted**
	(€ in millions)	
Liquid assets	1,704	1,704
Current debt[2]	16,614	11,623
Long-term debt:		
Bond and debentures	48,150	53,192[3]
Liabilities to banks	5,855	5,855
Total long-term debt	54,005	59,047
Shareholders' equity:		
Capital stock[4]	10,746	10,746
Additional paid-in capital	49,998	49,998
Other shareholders' equity	2,403	2,403
Total shareholders' equity	63,147	63,147
Total capitalization	117,152	122,194

(1) The amounts in this table exclude rental and leasing obligations of € 565 million and loan notes of € 654 million as of March 31, 2002.

(2) Includes the current portion of long-term debt.

(3) The euro equivalent of notes offered hereby is based on exchange rates as of May 24, 2002.

(4) As of March 31, 2002, Deutsche Telekom's share capital amounted to € 10,746 million divided into 4,197.8 million registered ordinary shares without par value.

Except as disclosed in the table above, there has been no material change in our capitalization since March 31, 2002.

The following table shows the unaudited capitalization of Finance in accordance with German GAAP and as adjusted solely for the effect of this offering of notes and the on-lending of the offering proceeds to Deutsche Telekom AG, with deduction of underwriting discounts and commissions but without deduction of expenses.

	At March 31, 2002	
	Actual	As adjusted
	(€ in thousands)	
Liquid assets	0	0
Current debt	1,274,937	1,274,937
Long-term debt:		
Bonds and debentures	31,193,929	36,236,228
Liabilities to banks	734,702	734,702
Total long-term debt	31,928,631	36,970,930
Shareholders' equity	16,992	16,992
Total capitalization	31,945,623	36,987,922

Except as described in the table above, there has been no material change in the capitalization of Finance since March 31, 2002.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table shows the ratios of earnings to fixed charges for Deutsche Telekom, computed in accordance with German GAAP and U.S. GAAP, for the quarter ended March 31, 2002 and for the fiscal years 2001, 2000, 1999, 1998 and 1997.

	2002[1]	2001	2000	1999	1998	1997
German GAAP	—	1.2x	2.0x	2.1x	2.5x	2.1x
U.S. GAAP	—	1.4x	2.8x	2.2x	2.4x	2.0x

(1) For the three months ended March 31, 2002, earnings were insufficient to cover fixed charges by approximately €1.5 billion as computed in accordance with German GAAP, and approximately € 201,000,000 as computed in accordance with U.S. GAAP.

DESCRIPTION OF NOTES

This section discusses the specific financial and legal terms of the notes that are more generally described in the accompanying prospectus under ''DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER''. If anything described in this section is inconsistent with the terms described under ''DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER'' in the accompanying prospectus, the terms here prevail.

Notes offered	$ 500,000,000 9.25% U.S. dollar notes due 2032 € 2,500,000,000 7.50% euro notes due 2007 € 2,000,000,000 8.125% euro notes due 2012 The notes will be issued under an indenture dated as of July 6, 2000, among Finance, Deutsche Telekom, as guarantor and Citibank N.A., as trustee. The indenture is more fully described in the accompanying prospectus.
Issuer	Deutsche Telekom International Finance B.V.
Aggregate principal amounts being offered	$ 500,000,000 of U.S. dollar notes € 2,500,000,000 of euro notes due 2007 € 2,000,000,000 of euro notes due 2012
Due dates for principal	June 1, 2032 for U.S. dollar notes May 29, 2007 for euro notes due 2007 May 29, 2012 for euro notes due 2012
Denominations	$ 1,000 for the U.S. dollar notes € 1,000 for the euro notes
Interest rates	9.25% for U.S. dollar notes 7.50% for euro notes due 2007 8.125% for euro notes due 2012
Date interest starts accruing	May 29, 2002
Interest payment dates	Every June 1 and December 1, beginning on December 1, 2002 for the U.S. dollar notes and every May 29, beginning on May 29, 2003 for the euro notes.
Regular record dates for interest	May 15 and November 15 for the U.S. dollar notes and May 14 for the euro notes.
Calculation of interest	With respect to the U.S. dollar notes, if interest is required to be calculated for any period less than a year, other than with respect to regular semi-annual interest payments, it will be calculated based on a 360-day year consisting of twelve 30-day months. With respect to the euro notes, if interest is required to be calculated for any period of less than a year, it will be calculated on the basis of the actual number of days in the relevant period (actual/actual).
Interest Rate Adjustment	The interest rates payable on the notes will be subject to adjustment during the life of the notes. In the event of change in the ratings of our senior unsecured debt by Moody's and/or S&P that causes the ratings by both agencies to be below our

current ratings of Baa1 by Moody's and BBB+ by S&P, the interest rates on the notes will increase by 0.50% with effect from the first interest payment date after this rating change occurs.

If, subsequent to an increase in the interest rates as a result of a rating change, a new rating change by Moody's and/or S&P causes the ratings on our senior unsecured debt by Moody's and S&P to be above Baa2 for Moody's and BBB for S&P, the interest rates will be decreased by 0.50% beginning with the first interest payment date after such rating change, thereby returning to the original interest rates.

There is no limit to the number of times the interest rates payable on the notes can be adjusted up or down based on rating changes by Moody's and S&P during the life of the notes. However, after the interest rates have been increased due to a rating change, no further increase in the interest rates will be made in the event of a further decrease in our rating by either agency. Similarly, after the interest rates have decreased due to a rating change, no further decrease in the interest rates will be made in the event of a further increase in our rating by either agency.

Guarantee .... Deutsche Telekom will unconditionally and irrevocably guarantee to each holder of the notes the due and punctual payment of the principal and interest relating to the notes including any additional amounts described below. Each guarantee will be a direct unsubordinated unsecured obligation of Deutsche Telekom. The guarantee is described in the accompanying prospectus under ''DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER — Guarantees''.

Payment of additional amounts .... The Netherlands or Germany may require us to withhold amounts from payments on the principal or interest on the notes or any amounts to be paid under the guarantees, as the case may be, for taxes or any other governmental charges. If the relevant jurisdiction requires a withholding of this type, we will, subject to some exceptions, pay additional amounts in respect of those payments of principal and interest so that the amount you receive after such taxes and governmental charges will equal the amount that you would have received if no such taxes and governmental charges had been applicable. See ''DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER — Payment of Additional Amounts'' in the accompanying prospectus.

Optional tax redemption ...... In the event of various tax law changes after the date of this prospectus supplement and other limited circumstances that require us to pay additional amounts as described in the accompanying prospectus under ''DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER — Payment of Additional Amounts,'' we may call all, but not less than all, of the notes for redemption at 100% of their aggregate principal

	amount plus accrued interest. This means we may repay them early. You have no right to require us to call the notes. We discuss our ability to redeem to notes in greater detail in the accompanying prospectus under ''DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER — Special Situations — Optional Tax Redemption''.
Trustee	Citibank, N.A. See ''DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER — Default and Related Matters'' in the accompanying prospectus for a description of the trustee's procedures and remedies available in the event of a default.
Principal paying agent	Deutsche Bank AG London
Ranking	The notes and guarantees are not secured by any property or assets of Finance or Deutsche Telekom and will rank equally with all of our other unsecured and unsubordinated indebtedness.
Form of the notes	We will issue each of the U.S. dollar notes and the euro notes as global notes, registered in the name of The Depository Trust Company or its nominee in the case of the U.S. dollar notes, and in the name of a common depositary for Clearstream Banking and Euroclear in the case of the euro notes. Investors may hold book-entry interests in a global note through organizations that participate, directly or indirectly, in the DTC, Clearstream Banking and Euroclear systems. If the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary and we do not appoint a successor within 120 days or if an event of default has occurred and not been cured, the relevant global notes will terminate and interests in them will be exchanged for physical certificates representing the relevant notes. See ''DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER — Global Securities — Special Situation When Global Securities Will Be Terminated'' in the accompanying prospectus. Book-entry interests in the U.S. dollar global notes and all transfers relating to the U.S. dollar global notes will be reflected in the book-entry records of DTC or its nominee. Book-entry interests in the euro global notes and all transfers relating to the euro global notes will be reflected in the book-entry records of Euroclear and Clearstream Banking. See ''DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER — Clearance and Settlement'' in the accompanying prospectus.
Clearance and settlement	The distribution of the U.S. dollar notes will be cleared through DTC and the distribution of the euro notes will be cleared through Clearstream Banking and Euroclear. Any secondary market trading of book-entry interests in the U.S. dollar notes will take place through DTC participants, including Euroclear and Clearstream Banking, and will settle in same-day funds through DTC's same-day funds settlement system. Any secondary market trading of book-entry interests in the euro notes will take place through Euroclear and Clearstream Banking participants

and will settle in same-day funds. See ''DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER — Clearance and Settlement'' in the accompanying prospectus.

Owners of book-entry interests in the U.S. dollar notes will receive payments relating to their notes in U.S. dollars, and owners of book-entry interests in euro notes will receive payments relating to their notes in euros.

The U.S. dollar notes have been accepted for clearance by DTC, Clearstream Banking and Euroclear. The common code for the U.S. dollar notes is 014896902 and the ISIN is US25156PAD50. The CUSIP number for the U.S. dollar notes is 25156PAD5. The euro notes have been accepted for clearance by Clearstream Banking and Euroclear. The common code for the euro notes due 2007 is 014895574 and the ISIN is XS 0148955742. The common code for the euro notes due 2012 is 014895655 and the ISIN is XS 0148956559.

Governing law .... The notes and the guarantees will be governed by the laws of the State of New York.

Prescription .... Under the laws of New York, claims relating to payment of principal and interest on the notes will be prescribed according to the applicable statute of limitations.

Notices .... Notices to holders of the notes will be valid if published (a) in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) (so long as the notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require); and (b) in the event that the notes are listed on any other stock exchange, in accordance with the rules of that stock exchange, or, if any such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice will be deemed to have been given on the date of first publication or, if published more than once or on different dates, on the first date on which publication is made.

Listing .... We have applied to have the notes listed on the Luxembourg Stock Exchange in accordance with the rules of the Luxembourg Stock Exchange.

SELECTED FINANCIAL DATA

The following table presents selected consolidated financial information of Deutsche Telekom and its subsidiaries. This selected consolidated financial information should be read together with ''Item 5. Operating and Financial Review and Prospects'' in our annual report on Form 20-F for the year ended December 31, 2001 and our consolidated financial statements and the notes thereto that are included therein. Unless otherwise indicated, all amounts are in accordance with German GAAP. Financial information for the three months ended March 31, 2002 is included herein under ''Recent Developments''.

	Change[(1)]	2001	2000	1999	1998	1997
Earnings position (billions of €)						
Net revenue	18.0%	48.3	40.9	35.5	35.1	34.5
Changes in inventories and other own capitalized costs	1.7%	0.9	0.9	0.9	1.0	1.6
Other operating income	(39.8)%	6.6	11.0	1.9	2.1	1.9
Goods and services purchased	12.8%	13.5	12.0	7.7	5.5	6.2
Personnel costs	24.7%	12.1	9.7	9.2	9.2	9.4
Depreciation and amortization	17.2%	15.2	13.0	8.4[(2)]	9.0[(2)]	9.5[(2)]
Other operating expenses	16.6%	12.2	10.4	6.9	6.1	5.2
Financial income (expense), net	334.8%	(5.3)	(1.2)	(2.9)	(3.3)	(4.0)
Results from ordinary business activities	(138.6)%	(2.5)	6.5	3.2	5.1	3.7
Extraordinary losses	(100.0)%	—	(0.2)	(0.2)	—	—
Taxes	154.1%	0.8	0.3	1.4	2.7	1.9
Net income (loss)	(158.3)%	(3.5)	5.9	1.3	2.2	1.7
EBITDA[(3)(4)]	(12.8)%	18.1	20.7	14.5	17.4	17.2
Assets and liabilities (billions of €)						
Noncurrent assets	37.6%	146.7	106.6	82.0	66.5	70.0
Current assets, prepaid expenses, deferred charges	1.2%	17.8	17.6	12.6	12.8	13.2
Shareholders' equity	55.2%	66.3	42.7	35.7	25.1	24.6
Accruals	61.9%	18.4	11.4	9.3	8.3	7.7
Debt	11.1%	67.0	60.4	42.3	39.9	44.9
Other liabilities and deferred income	30.9%	12.8	9.7	7.3	6.0	6.0
Total assets	32.5%	164.5	124.2	94.6	79.3	83.2
Financing (billions of €)						
Net cash provided by operating activities	19.3%	11.9	10.0	9.6	13.5	11.6
Net cash used for investing activities	(80.6)%	(5.4)	(27.7)	(18.7)	(7.5)	(5.4)
Net cash provided by (used in) financing activities	(126.9)%	(4.8)	17.9	8.0	(6.8)	(7.0)
Capital expenditures[(5)]	(53.8)%	10.9	23.5	6.0	4.8	6.8
Figures in accordance with U.S. GAAP (billions of €)						
Net income	(94.4)%	0.5	9.3	1.5	2.2	1.3
Total assets	33.7%	180.7	135.2	97.5	81.5	84.9
Total long-term liabilities	26.4%	65.6	51.9	39.4	39.7	45.3
Shareholders' equity	59.9%	73.7	46.1	37.6	26.9	26.1

	Change[1]	2001	2000	1999	1998	1997
Ratios and selected data						
Employees at balance sheet date (thousands)	13.2%	257	227	196	196	210
Revenue per employee (thousands of €)[6]	(1.0)%	199	201	183	173	159
Earnings per share/ADS in accordance with German GAAP (€)[7]	(147.4)%	(0.93)	1.96	0.43	0.82	0.62
Earnings per share/ADS in accordance with U.S. GAAP — basic and diluted (€)[7]	(95.4)%	0.14	3.06	0.53	0.81	0.46
Weighted average shares outstanding under German GAAP (millions)	22.6%	3,715	3,030	2,884	2,743	2,743
Dividend per share/ADS (€)	(40.3)%	0.37[8]	0.62	0.62	0.61	0.61
Dividend per share/ADS (US$)[9]	(37.7)%	0.33	0.53	0.58	0.64	0.68
Equity ratio (%)[10]	17.6%	39%	33%	36%	30%	28%

(1) Percentage change from 2000 to 2001 on the basis of the more exact figures expressed in millions.

(2) Including depreciation of value-added tax capitalized prior to January 1, 1996.

(3) Results from ordinary business activities before financial income (expense), depreciation and amortization.

(4) EBITDA should not be viewed as an alternative to net income, operating income, net cash provided by operating activities or other financial measures prepared in accordance with German or U.S. GAAP. Since different companies may calculate EBITDA in different ways, Deutsche Telekom's EBITDA may not be directly comparable to similarly titled statistics of other companies.

(5) In accordance with the cash flow statement in the consolidated financial statements that are included in our annual report on Form 20-F for the year ended December 31, 2001.

(6) Calculated on the basis of the average number of employees for the year without trainees/student interns.

(7) Based on dividing net income by the weighted average number of ordinary shares outstanding for each year. The share/ADS ratio is 1:1.

(8) Proposed dividend. Dividends per share are presented on the basis of the year in respect of which they are declared, not the year in which they are paid.

(9) Dividend amounts have been translated into dollars at the Noon Buying Rate for the relevant dividend payment date, which occurred during the second quarter of the following year, except for the 2001 amount, which has been translated at the Noon Buying Rate on December 31, 2001.

(10) The ratio equals total stockholders' equity divided by total assets. Amounts proposed as dividends are treated as short-term debt rather than as equity for purposes of the calculation of this ratio.

TAXATION

The following supplements the discussion in the accompanying prospectus under ''TAXATION.''

German Tax Considerations

The following is a discussion of certain German tax considerations that may be relevant to a holder of the notes that is a resident of Germany or otherwise has a connection with Germany other than the mere purchase, holding and disposition of or the receipt of payments on the notes, e.g., because the notes form part of the business property of a permanent establishment or fixed base maintained in Germany (a ''German Holder'').

Income Taxation

A German Holder will be subject to personal or corporate income tax (plus solidarity surcharge thereon which is currently levied at a rate of 5.5%) with respect to interest paid on the notes, including interest having accrued up to the sale of the notes. Because the notes will constitute so-called ''financial innovations'' (*Finanzinnovationen*) within the meaning of Section 20(2) No. 4c of the German Income Tax Act, a German Holder will further be required to include in his taxable income the difference between the amount realized on the sale or redemption and the cost of acquisition of the notes even if the notes are held as private assets and irrespective of any holding period. Income derived from the notes will also be subject to trade tax on income if the notes form part of the property of a German business establishment for trade tax purposes.

If the notes are kept in a custodial account maintained by a German Holder with a German bank or a German financial services institution, each as defined in the German Banking Act (including a German branch of a foreign bank or a foreign financial services institution, but excluding a foreign branch of a German bank or a German financial services institution) (a ''German Disbursing Agent''), the German Disbursing Agent will generally be required to withhold tax (*Zinsabschlagsteuer*) at a rate of 30% (plus solidarity surcharge thereon, which is currently levied at a rate of 5.5%, resulting in an aggregate withholding rate of 31.65%) of the gross amount of interest paid. Upon the sale or redemption of the notes, a German Disbursing Agent will generally be required to withhold tax at an aggregate rate of 31.65% on (i), if the notes have been acquired through or purchased from and have since then been held in custody with such German Disbursing Agent, the excess of the sale or redemption proceeds of the notes over the holder's acquisition cost, or (ii), if the notes have not been so held with such German Disbursing Agent, an amount equal to 30% of the sale or redemption proceeds of the notes. Tax withheld by a German Disbursing Agent will be credited against the German Holder's final liability for personal or corporate income tax or, if in excess of such final tax liability, refunded.

Gift or Inheritance Taxation

The gratuitous transfer of notes by a holder as a gift or by reason of death of the holder is subject to German gift or inheritance tax if the holder of the notes or the recipient is a resident, or deemed to be a resident, of Germany under German gift or inheritance tax law at the time of the transfer. If neither the holder of the notes nor the recipient is a resident, or deemed to be a resident, of Germany at the time of the transfer no German gift or inheritance tax is levied unless the notes form part of the property of a permanent establishment or a fixed base maintained by the holder of the notes in Germany. Tax treaties concluded by Germany with respect to gift and inheritance taxes generally permit Germany to tax the transfer in this situation.

Netherlands Tax Considerations

On May 11, 2000, The Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) was enacted. This Act resulted in changes to the exemptions from Netherlands tax on income or capital gains and gift, estate and inheritance taxes.

Taxes on Income and Capital Gains

Under the Act, you will not be subject to any Netherlands taxes on income or capital gains in respect of any payment under the notes or in respect of any gain realized on the disposal of the notes, provided that:

- you are not a resident, or treated as a resident, of The Netherlands; and
- you do not have an enterprise or an interest in an enterprise which, in whole or in part, is carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the notes are attributable; and
- you do not have, directly or indirectly, a substantial interest or a deemed substantial interest in the share capital of Finance or Deutsche Telekom that forms part of the assets of an enterprise; and
- you (a) are not an individual or (b) are an individual, but the payment or gain does not qualify as ''income from miscellaneous activities'' (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Act.

Gift, Estate or Inheritance Taxes

No Netherlands gift, estate or inheritance taxes will be levied on the transfer of a note by way of gift by, or on the death of, a holder, unless:

- the holder is, or is treated as, resident of The Netherlands for the purpose of the relevant provisions; or
- the transfer is construed as an inheritance or as a 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 of The Netherlands for the purpose of the relevant provisions; or
- such note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands.

Proposed European Union Savings Directive

On July 18, 2001, the European Commission published a Proposal for a Directive to ensure effective taxation of savings income in the form of interest within the European Community. Subject to a number of important conditions being met, it is proposed that EU member states will be required to provide to the tax authorities of another EU member state details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other member state, subject to the right of certain EU member states to opt instead for a withholding system for a transitional period in relation to such payments.

United States Federal Income Tax Considerations

The interest rate on the notes may be adjusted under certain circumstances. A U.S. holder should not be required to take account of the existence of the adjustment feature in determining its income for U.S. federal income tax purposes unless and until the interest rate is adjusted.

Prospective investors should refer to the accompanying prospectus for a general discussion of German, Netherlands and United States tax considerations in respect of an investment in the notes.

UNDERWRITING

Finance, Deutsche Telekom and the underwriters for the offering named below have entered into a pricing agreement dated May 24, 2002 relating to the notes. Subject to certain conditions, each underwriter has severally agreed to purchase the principal amounts of the notes indicated in the following table.

	Principal Amount of U.S. Dollar Notes
Deutsche Bank Securities Inc.	$133,300,000
J.P. Morgan Securities Inc.	$133,300,000
Salomon Smith Barney Inc.	$133,300,000
Banc of America Securities LLC	$ 14,300,000
BNP Paribas Securities Corp.	$ 14,300,000
Credit Suisse First Boston Corporation	$ 14,300,000
Dresdner Kleinwort Wasserstein Securities LLC	$ 14,300,000
Goldman, Sachs & Co.	$ 14,300,000
Lehman Brothers Inc.	$ 14,300,000
Morgan Stanley & Co. Incorporated	$ 14,300,000
Total	$500,000,000

	Principal Amount of Euro Notes due 2007	Principal Amount of Euro Notes due 2012
Deutsche Bank AG London	€ 750,000,000	€ 600,000,000
J.P. Morgan Securities Ltd.	€ 750,000,000	€ 600,000,000
Salomon Smith Barney Inc.	€ 750,000,000	€ 600,000,000
Banco Bilbao Vizcaya Argentaria, S.A.	€ 25,000,000	€ 20,000,000
Bayerische Hypo-und Vereinsbank AG	€ 25,000,000	€ 20,000,000
Bayerische Landesbank Girozentrale	€ 25,000,000	€ 20,000,000
Caboto Intesabci-Sim S.p.A.	€ 25,000,000	€ 20,000,000
DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main	€ 25,000,000	€ 20,000,000
HSBC Bank plc	€ 25,000,000	€ 20,000,000
Landesbank Baden-Württemberg	€ 25,000,000	€ 20,000,000
Société Générale	€ 25,000,000	€ 20,000,000
UBS Warburg, acting through its business group UBS Warburg	€ 25,000,000	€ 20,000,000
Westdeutsche Landesbank Girozentrale	€ 25,000,000	€ 20,000,000
Total	€2,500,000,000	€2,000,000,000

Deutsche Bank Securities Inc., J.P. Morgan Securities Inc. and Salomon Smith Barney Inc. are acting as joint book-runners for the U.S. dollar notes, and Deutsche Bank AG London, J.P. Morgan Securities Ltd. and Salomon Smith Barney Inc. are acting as joint book-runners for the euro notes. The underwriters will initially offer to sell the notes to the public at the initial public offering price indicated on the cover of this prospectus supplement. The underwriters may sell notes to securities dealers at a discount from the initial public offering price of up to 0.5% of the principal amount of the notes. If the underwriters cannot sell all the notes at the initial offering price, they may change the offering price and the other selling terms.

The notes are a new issue of securities with no established trading market. The underwriters have advised us that they intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. Therefore the liquidity of the trading market of the notes may be low.

Furthermore, the underwriters may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions that any short sales have created. Short sales are the sale by the underwriters of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions are bids or purchases made for the purpose of supporting the market price of the notes at a level higher than that which might otherwise prevail while the offering is in progress. As a result of these activities, the price of the notes may be higher than the price that otherwise might exist in the open market. These transactions may be effected in the over-the-counter market or otherwise.

In connection with this offering, J.P. Morgan Securities Inc., as stabilizing manager for the underwriters, may over-allot or effect stabilization transactions for a limited time after the issue date. However, there may be no obligation on J.P. Morgan Securities Inc. or any agent of J.P. Morgan Securities Inc. to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Finance estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately U.S.$1,000,000.

In the ordinary course of their businesses, Deutsche Bank Securities Inc., J.P. Morgan Securities Inc. and Salomon Smith Barney Inc. and their respective affiliates and some of the other underwriters have engaged in normal banking or investment banking transactions with Deutsche Telekom and its affiliates. These underwriters or their affiliates may also engage in similar transactions with us in the future.

Finance and Deutsche Telekom have agreed in the underwriting agreement that during the period starting the date of this prospectus supplement until the later of

- the end of trading restrictions for the notes as indicated to Finance and Deutsche Telekom by the representatives; and
- time of delivery of the notes,

neither of us will, without the prior written consent of the representatives, offer, sell or otherwise dispose of any debt securities of Deutsche Telekom or Finance that

- mature more than one year after the delivery of the notes; or
- are substantially similar to the notes and are offered primarily in the same market as the notes.

Finance and Deutsche Telekom have jointly agreed to indemnify the several underwriters against various liabilities, including liabilities under the Securities Act of 1933.

Each underwriter has represented, warranted and agreed that:

(i) it has not offered or sold and, prior to the expiry of a period of six months from the closing date of the offering, will not offer or sell any notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

(ii) it has only communicated and caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (''FSMA'')) received by it in connection with the issue or sale of any notes in circumstances in which section 21(1) of the FSMA does not apply to Finance or Deutsche Telekom; and

(iii) 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.

Each of the underwriters has agreed not to offer or sell notes in the Federal Republic of Germany other than in compliance with the Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 13 December 1990, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities. This prospectus supplement and the accompanying prospectus do not constitute a sales prospectus for purposes of the Securities Sales Prospectus Act and no sales prospectus has been or will be published in the Federal Republic of Germany.

J.P. Morgan Securities Inc. (''JPMorgan'') will make the notes available for distribution on the Internet through a proprietary Web site and/or third party system operated by Market Axess Inc., an Internet-based communications technology provider. Market Axess Inc. is providing the system as a conduit for communications between JPMorgan and its customers and is not a party to any transactions. Market Axess Inc., a U.S. registered broker-dealer, will receive compensation from JPMorgan based on transactions JPMorgan conducts through the system. JPMorgan will make the notes available to its customers through the Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

VALIDITY OF THE NOTES

The validity of the notes will be passed upon for us by our United States counsel, Cleary, Gottlieb, Steen & Hamilton, and for the underwriters by their United States counsel, Sullivan & Cromwell. The validity of the notes under Dutch law will be passed upon by our Dutch counsel Clifford Chance LLP.

GENERAL INFORMATION

Finance was incorporated on October 30, 1995 under the laws of The Netherlands as a private company with limited liability for an unlimited duration. Finance is a 100% subsidiary of Deutsche Telekom. Finance has its corporate seat in Amsterdam and is registered with the Trade Register in Amsterdam under number 33274743. Its address is World Trade Center, Strawinsky-laan 1243, 1077 XX Amsterdam, The Netherlands.

According to the Articles of Association of Finance, the objects of Finance are:

1. the issue and acquisition of debt instruments issued by Finance or of debt instruments issued by a limited partnership or a general partnership of which Finance is the general partner with full liability;

   to participate in, to establish and to administer and / or manage, to finance and to render services to companies, firms and enterprises;

   to lend and / or borrow moneys, to provide guarantees, and to commit itself with respect to the commitments of third parties.

2. To do anything which is connected with the provisions of paragraph 1 above or which may promote such objects in the broadest sense.

The authorised share capital of Finance amounts to € 2,268,901 and is divided into 5,000 ordinary shares with a nominal value of € 453.78 each, of which € 453,780 are issued and fully paid in.

The address of the directors of Deutsche Telekom and Finance is Friedrich-Ebert-Allee-140, 53113 Bonn, Germany.

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the notes. Resolutions of the Board of Managing Directors and the Supervisory Board of Finance, dated April 26, 2002, authorized the issuance of the notes. Resolutions of the Management Board of Deutsche Telekom, dated April 9, 2002, authorized the guarantees.

We have applied to list the notes on the Luxembourg Stock Exchange in accordance with the rules of the Luxembourg Stock Exchange. In connection with the Luxembourg Stock Exchange listing application, the legal notice relating to the issuance of the notes and the constitutional documents of Finance and Deutsche Telekom have been deposited with the *Greffier en Chef du Tribunal d'Arondissement de et à Luxembourg*, where such documents may be examined and copies thereof may be obtained upon request. Additionally, copies of Deutsche Telekom's Articles of Association and all reports prepared and filed are available at the offices of our listing agent and paying agent in Luxembourg, Deutsche Bank Luxembourg S.A., located at 2, Boulevard Konrad Adenauer, 1115 Luxembourg.

So long as any of the notes remain outstanding and listed on the Luxembourg Stock Exchange, copies (and English translations for documents not in English) of the following items will be available free of charge from our listing agent, Deutsche Bank Luxembourg S.A., at its offices in Luxembourg listed above:

- all incorporated documents that are considered part of this prospectus supplement;
- the audited annual consolidated financial statements of Deutsche Telekom;
- unaudited interim consolidated financial statements of Deutsche Telekom;
- future annual and interim financial filings of Deutsche Telekom, including, without limitation, all annual reports of Deutsche Telekom on Form 20-F and all reports of Deutsche Telekom on Form 6-K which contain interim financial statements of Deutsche Telekom;

- any related notes to these items; and
- the audited financial statements of Finance.

During the same period, the indenture and the underwriting agreement will be available for inspection at the office of Deutsche Bank Luxembourg S.A. in Luxembourg. Deutsche Telekom currently publishes its unaudited financial information on a quarterly basis. Deutsche Telekom does not publish unconsolidated accounts. Deutsche Telekom will, until the repayment of the notes, maintain a paying agent in New York as well as in Luxembourg.

Except as disclosed in this prospectus supplement (including the documents incorporated by reference), we are not involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issuance of the notes nor, so far as we are aware, is any such litigation or arbitration pending or threatened. Except as disclosed in this prospectus supplement, there has been no material adverse change in the financial position or prospects of Deutsche Telekom or Finance since December 31, 2001.

RECENT DEVELOPMENTS

The quarterly consolidated financial statements presented in this section are unaudited.

In this section, changes in negative numbers (negative to negative) that are expressed in percentage terms are expressed with negative percentage amounts. Changes from negative numbers to positive numbers, or from positive numbers to negative numbers, that are expressed in percentage terms are calculated with reference to the absolute amount of the change.

Deutsche Telekom at a glance

Key figures

	Q1/2002 millions of €	Q1/2001 millions of €	Change millions of €	Change %[6]	Full year 2001 millions of €
Net revenue	12,770	11,082	1,688	15.2	48,309
Domestic	8,518	8,793	(275)	(3.1)	35,107
International	4,252	2,289	1,963	85.8	13,202
Net loss	(1,808)	(358)	(1,450)	(405.0)	(3,454)
EBITDA after adjustment for special influences[a]	3,782	3,622	160	4.4	15,127
EBITDA[b]	3,782	3,622	160	4.4	18,065
Net cash provided by operating activities	2,263	1,650	613	37.2	11,934
Capital expenditures (tangible assets)[c]	1,479	1,593	(114)	(7.2)	9,853
Number of employees at balance sheet date	255,681	229,732	25,949	11.3	257,058

[a] To interpret adjusted EBITDA, please refer to the important information contained in ''Reconciliation of Adjusted EBITDA''.

[b] EBITDA: results from ordinary business activities plus financial income (expense), net and amortization of intangible assets and depreciation of property, plant and equipment.

[c] Investments in property, plant and equipment: Investments minus investments in intangible assets minus investments in financial assets.

Customer data

	March 31, 2002 millions	Dec. 31, 2001 millions	Change March 31, 2002/ Dec. 31, 2001 %[6]	March 31, 2001 millions	Change March 31, 2002/ March 31, 2001 %[6]
Telephone lines (with ISDN channels)	57.3	56.9	0.7	56.2	2.0
Deutsche Telekom (with public telephones)	51.0	50.7	0.6	49.9	2.2
AktivPlus customers (tariffs used)	9.2	8.4	9.5	5.8	58.6
T-DSL contracts (marketed)	2.3	2.2	4.5	0.85	170.6
ISDN channels	21.1	20.4	3.4	18.6	13.4
MATÁV	3.0	2.9	3.4	2.9	3.4
Slovenské Telekomunikácie	1.5	1.6	(6.3)	1.7	(11.8)
Hrvatske telekomunikacije[1]	1.8	1.7	5.9	1.7	5.9

	March 31, 2002	Dec. 31, 2001	Change March 31, 2002 / Dec. 31, 2001	March 31, 2001	Change March 31, 2002 / March 31, 2001
	millions	millions	%[6]	millions	%[6]
Mobile communications subscribers					
Majority shareholdings[1,2]	50.0	48.9	2.2	42.0	19.0
of which: T-Mobile Deutschland	23.0	23.1	(0.4)	20.9	10.0
of which: T-Mobile UK (One 2 One)[3]	10.8	10.4	3.8	9.0	20.0
of which: VoiceStream / Powertel[1]	7.5	7.0	7.1	5.4	38.9
of which: T-Mobile Austria (max.mobil.)	2.0	2.1	(4.8)	2.1	(4.8)
of which: RadioMobil[1]	3.0	2.9	3.4	2.1	42.9
of which: Westel (via MATÁV)	2.7	2.5	8.0	1.9	42.1
of which: Hrvatske telekomunikacije[1]	1.0	0.9	11.1	0.6	66.7
Proportionate number of subscribers[4]	52.4	51.1	2.5	43.5	20.5
Total number of subscribers[5]	69.4	66.9	3.7	54.5	27.3
T-Online subscribers	11.2	10.7	4.7	8.7	28.7
of which: T-Online (Germany)	9.2	8.8	4.5	7.1	29.6
of which: T-Online France (Club-Internet)	0.9	0.8	12.5	0.7	28.6
of which: Ya.com	0.9	0.9	0.0	0.8	12.5
of which: other	0.2	0.2	0.0	0.2	0.0

(1) VoiceStream / Powertel, RadioMobil and Hrvatske telekomunikacije were not consolidated in the first quarter of 2001, but are shown here pro forma to facilitate comparison.

(2) Number of subscribers of the consolidated mobile communications companies.

(3) Including Virgin Mobile.

(4) Proportion of mobile subscribers of all subsidiaries and associated companies pro-rata to shareholding.

(5) Total number of mobile subscribers of all subsidiaries and associated companies.

(6) Percentages based on rounded figures.

Selected Highlights

T-DSL campaign continued, leading position in ISDN remains unchallenged.

In the first quarter of 2002, T-Com continued the successful marketing of T-DSL broadband lines, with 2.3 million T-DSL lines sold by March 31, 2002, 2.2 million of which have already been installed.

The demand for ISDN lines continued to grow strongly from an already high level. The number of ISDN channels increased by 13.4% to more than 21 million.

T-Com continues to focus on the migration of customers to high-value ISDN and T-DSL lines, thereby opening up further sources of revenue (''soft rebalancing'') in the access business. This continues to be an important foundation for the stable development of revenue and earnings at T-Com.

T-Systems acquires 49.9% stake in T-Systems ITS GmbH.

Deutsche Telekom AG and DaimlerChrysler Services AG completed the sale of DaimlerChrysler Services' remaining interest in debis Systemhaus to Deutsche Telekom in March 2002. According to the agreement, Deutsche Telekom AG acquired the remaining share of 49.9% in T-Systems ITS GmbH (formerly debis Systemhaus GmbH) after the DaimlerChrysler subsidiary exercised a contractually agreed put option effective January 1, 2002.

VoiceStream as major growth driver in the Group.

In the first quarter of 2002, VoiceStream (including Powertel) already accounted for approximately 30% of T-Mobile International's total revenue. Around 60% of T-Mobile International's net additions in subscribers were attributable to VoiceStream in the first quarter of 2002. In terms of contract customers, VoiceStream recorded almost 60% of total net additions in the majority shareholdings. For the first time VoiceStream made a positive contribution to EBITDA in the first quarter. These figures underline the important role VoiceStream is playing for the growth of T-Mobile International and the Deutsche Telekom group as a whole.

T-Online Vision.

The new broadband portal T-Online Vision (www.vision.t-online.de) was presented at CeBIT in Hanover. Besides streamings of the most recent music videos, T-Online Vision also offers exclusive reviews of TV series and current movies as well as news and sports. New innovative broadband advertising formats were also presented as part of the launch of T-Online Vision.

Dividend of EUR 0.37 per share proposed.

The Board of Management and the Supervisory Board will propose a dividend payment of EUR 0.37 per dividend-bearing share to the shareholders' meeting; this represents a reduction of 40% compared to the per share dividend paid last year. This move will contribute to the reduction in net debt and forms part of a package of measures approved by the Board of Management after the sale of the cable network to Liberty Media was prohibited by the German Federal Cartel Office.

Business Developments

Summary

Group revenue increased by over 15% to EUR 12.8 billion

Group revenue increased by over 15% to EUR 12.8 billion compared with the first quarter of 2001 (EUR 11.1 billion). The U.S. mobile communications companies VoiceStream / Powertel, which were not consolidated in the first quarter of the previous year, accounted for EUR 1.4 billion of international revenue. The T-Mobile and T-Online divisions recorded the strongest growth rates, with T-Com revenue remaining at the same level as in the previous year. Revenue generated by T-Systems in the first quarter slightly decreased. T-Com contributed 49% of Group revenue, T-Systems 15%, T-Mobile International 32%, T-Online 3% and the ''Other'' segment 1%. International revenue increased by approximately 86% from EUR 2.3 billion in the first quarter of 2001 to EUR 4.3 billion. Revenue generated outside Germany increased to 33% of Group revenue in the first quarter of 2002 compared to 21% in the same period last year.

Revenue by geographic area

	Q1 / 2002 millions of €	Q1 / 2001 millions of €	Change %	Full year 2001 millions of €
Net revenue	12,770	11,082	15.2	48,309
Domestic	8,518	8,793	(3.1)	35,107
International	4,252	2,289	85.8	13,202
of which: EU countries (excluding Germany)	1,541	1,425	8.1	6,088
of which: Rest of Europe	1,228	729	68.4	3,787
of which: North America	1,421	51	n / a	3,066
of which: Latin America	19	20	(5)	85
of which: Other	43	64	(32.8)	176

Group EBITDA increased by 4.4% to EUR 3.8 billion

EBITDA increased by 4.4% to EUR 3.8 billion compared to the same period last year. The T-Mobile division doubled EBITDA by consolidating VoiceStream / Powertel and RadioMobil, increasing revenue and cutting costs. The T-Systems division increased EBITDA by 76% compared to the same period last year. In the first quarter of 2002, EBITDA in the T-Online division was positive for the first time since June 2000 due to the successful migration of the narrowband flat rate into other tariffs. However, EBITDA in the T-Com segment decreased by a single-digit percentage rate. EBITDA in ''Other'' also decreased due to lower intra-group revenues.

Deutsche Telekom sees EBITDA as an indicator for the development of its operating activities. Deutsche Telekom defines EBITDA as the results from ordinary business activities plus the net financial income (expense) and amortization and depreciation. EBITDA should not be viewed as an alternative to net income (loss), operating income, net cash provided by operating activities or other financial measures prepared in accordance with German or U.S. GAAP. Since different companies may calculate EBITDA in different ways, Deutsche Telekom's EBITDA may not be directly comparable to similarly titled statistics of other companies.

Net loss

Net loss in the first quarter of 2002 amounted to EUR −1,808 million compared to EUR −358 million for the first quarter of 2001. This includes amortization for newly consolidated companies amounting to EUR 1,033 million. Adjusted for negative special influences, this net loss amounts to EUR −1.4 billion. The special influences include the nonscheduled write-down on the net carrying amount of the stake in France Télécom (EUR 0.2 billion) as a result of the decrease in France Télécom's share price, further write-downs on financial assets (EUR 0.3 billion) and the continued positive tax effect derived from offsetting the loss from the write-down of the net carrying amount of the investment in Sprint and other tax effects (EUR 0.1 billion).

T-Com

In the first quarter of 2002, T-Com's customer growth continued its positive development. In the period from April 1, 2001 to March 31, 2002, the number of ISDN channels increased by 13.4% to 21.1 million, and in the same period the number of analog telephone lines decreased slightly by 4.6% to around 29.8 million. This is primarily attributable to the trend of customers migrating from analog to the more advanced ISDN lines. In the first quarter of 2002 alone, the T-Com division sold around 700,000 new ISDN channels despite the fact that the penetration rate for ISDN is already high. This further solidified its leading position.

The number of T-DSL lines sold rose to 2.3 million, an increase of 2.5 times compared to the first quarter of 2001. Since January 1, 2002, the general conditions for the sale of T-DSL lines have changed. Firstly, the modem is no longer included free of charge in the T-DSL package and may be purchased separately at market price at T-Punkt shops. Secondly, the T-DSL prices for new customers were increased with effect from February 25, 2002 by EUR 2 to EUR 3 per month.

T-Com continues to successfully market the calling plans AktivPlus and BusinessCall, which were introduced to increase customer retention. During the first three months of 2002 approximately 800,000 new customers opted for the AktivPlus calling plan.

Although the successful marketing of calling plans and innovative access products, e.g. T-ISDN xxl, in 2001 and the first quarter of 2002 led to a decrease in the average net call charges generated, sustainable customer retention improved, with a resulting stabilization of market shares for calls; it was even possible to win customers back in individual market segments. The resulting decrease in revenue for voice telephony was, however, partly offset by the monthly charges for the calling plans. Moreover, fixed monthly revenue further increased, in particular, as a result of the increased sale of advanced ISDN lines, also in combination with T-DSL.

The total number of call minutes in the first three months of 2002 decreased by a two-digit percentage rate, which is primarily attributable to the successful migration of narrowband Internet customers to the T-DSL broadband access. This is supported by the fact that the total data volume on the IP platform continued to grow significantly, exceeding 10,000,000 GByte/month for the first time.

In Eastern Europe, T-Com continued to push ahead with the successful transformation processes launched at MATÁV, Slovenské Telekomunikácie and Hrvatske telekomunikacije.

MATÁV. MATÁV has seen a successful start to 2002 despite liberalization of the fixed network market in Hungary as of January 1, 2002. Since the beginning of the year, MATÁV has been implementing a new organizational structure. The new organization is divided into pillars, similar to Deutsche Telekom's structure. In the mobile communications business, Westel has further expanded its market leadership with a market share of over 50%.

Slovenské Telekomunikácie. In the first quarter of 2002, Slovenské Telekomunikácie opened its first call center and introduced a new billing system in line with its medium-term strategy. Moreover, the company is preparing the ground for the provision of interconnection services for future competitors. In addition to its internal activities, Slovenské Telekomunikácie launched the ''eSlovakia'' initiative in the first quarter of 2002 to promote the greater use of the Internet in Slovakia.

Due to the increase in access charges introduced in the run up to the forthcoming market liberalization, and the substitution of the fixed network by mobile communications, the number of telephone lines decreased in the first quarter of 2002 by 0.1 million to 1.5 million compared to the same period last year.

Hrvatske telekomunikacije. In the first quarter of this year, Hrvatske telekomunikacije successfully introduced a new organizational structure, which is comprised of three pillars — Fixed Network, Mobile and Online. All three pillars recorded customer growth in the first quarter. For example, the number of mobile communications subscribers reached 1 million. Hrvatske telekomunikacije thus consolidated its market position and created a sound basis for future business growth. In online business, dial-up traffic increased by 58% compared with the first quarter of 2001, and, in the fixed network sector, the marketing of ISDN continued.

T-Systems

T-Systems' IT business developed positively. The main growth drivers in the period under review were the existing long-term outsourcing contracts with large corporate customers such as Deutsche Post AG and DaimlerChrysler AG. According to forecasts of market researchers, the potential for outsourcing in the German market is expected to continue to rise significantly in the next few years. To improve customer support, the organization was restructured according to industry sector and types of services. The service lines Computing and Desktop Services were merged to better focus on the outsourcing business. The convergence and e-business approach is strengthened by the new service line Hosting and ASP Services. The integration of the international networks should further improve the quality of end-to-end services and underline the strategy of comprehensive, global customer care. The positive development of the operational business compared to the first quarter of 2001 is demonstrated by the following key figures. In the outsourcing business, the number of MIPS (million instructions per second) generated in the data centers increased from 79,122 at the end of 2001 to 84,367 at the end of the first quarter of 2002. The number of servers grew from 23,852 at the end of 2001 to 27,515 at the end of the period under review. The number of desktops serviced at customers' premises increased from 970,000 to 1,132,220 as of March 31, 2002. The total number of hours billed for Systems Integration Services amounted to 2.8 million in the first quarter of 2002.

In the first quarter of 2002, T-Systems was awarded a number of new customer projects, winning against major competitors. The German Federal Ministry of Transport, Building and Housing, for example, has commissioned a consortium, led by T-Systems, to develop a uniform, integrated human resources management system. The solution will coordinate the data traffic of 27,000 employees in 69 of the Ministry's agencies.

T-Mobile

In total, Deutsche Telekom's subsidiaries, associated and related companies had 69.4 million mobile communications subscribers in total at the end of March 2002, which corresponds to net additions of 2.5 million subscribers between the end of 2001 and the end of the first quarter of 2002. On the basis of the size of the respective shareholdings, the proportionate number of subscribers is 52.4 million.

At the end of the first quarter of 2002, **T-Mobile International** was serving around 54.6 million subscribers in its majority and minority shareholdings. The majority shareholdings in Germany, the U.S., the United Kingdom, Austria and the Czech Republic accounted for over 46.3 million of these subscribers — an increase of approximately 45% compared to the first quarter of 2001. With just under 8.3 million customers, the minority shareholdings in Poland, Russia and the Netherlands recorded a growth of more than 51%.

VoiceStream / Powertel accounted for just under 60% of all net subscriber additions in T-Mobile International's majority shareholdings in the first quarter of 2002. This is all the more remarkable because the number of customers with prepaid cards decreased by around 50,000 as a result of the company's focus on the more lucrative contract subscriber business. The number of contract subscribers increased by approximately 560,000 in the first quarter of 2002.

In the first quarter of 2002, **T-Mobile UK (formerly One 2 One)**, including Virgin Mobile, increased its subscriber base by 330,000 to 10.8 million compared to the end of December 2001. With just under 80,000 net contract additions, the number of contract subscribers as a proportion of the total number of new subscribers increased further.

T-Mobile Deutschland had more than 23 million subscribers at the end of the first quarter of 2002. The company continued to optimize its subscriber base, shifting to the high-value contract subscribers with a share of just under 47% or 10.7 million subscribers.

The net deactivation of around 100,000 inactive prepaid cards in the first quarter led to a reduction of approximately 40,000 in the total number of subscribers.

During the first quarter of 2002, the number of subscribers of the Austrian subsidiary, **T-Mobile Austria** (formerly max.mobil.), decreased by just under 120,000 to around 2 million. This was a result of a streamlining process within the subscriber base, primarily in the prepaid sector.

In a year-on-year comparison, **RadioMobil** achieved by far the highest percentage growth of all T-Mobile majority shareholdings. At the end of March 2002, the number of customers stood at just over 3 million, an increase of around 180,000 compared to the end of 2001. T-Online International introduced five t-zones in order to provide effective support to the introduction of the global T-Mobile brand. Currently, the services cover the specific subject areas of t-info, t-news, t-sports, t-music and t-games. The company is thereby taking a further step towards providing sound, customer-focused services for the next generation of mobile communications, which will be available to subscribers in Germany, Austria and the United Kingdom.

In February 2002, Deutsche Telekom announced the start of the roll-out of its German UMTS network. By the end of the year, the technical systems for the third generation of mobile communications are to be installed in around 20 cities in Germany.

Around 5,000 sites had already been secured last year to prepare for the UMTS network roll-out in Germany and a further 2,000 are to be secured during this year. All in all, T-Mobile plans to invest more than EUR 140 million in preparations for UMTS sites and the related systems technology.

T-Online

T-Online further increased its customer base in the first quarter of 2002. Compared to the customer base as at December 31, 2001, T-Online added approximately 600,000 subscribers for a total of 11.2 million customers. The international subsidiaries played a part in this development, contributing around 142,000 net customer additions in the first quarter of 2002.

In January 2002, T-Online launched its first paid contents and paid service plans. For the first time, T-Online is thus offering its customers attractive paid contents, including games and finance. The paid services comprise, among other things, a special-feature package called T-Online Komfortpaket which includes Symantec virus protection software and web SMS services that are subject to a charge. This makes T-Online a provider with a broad range of paid content.

In order to develop a general interest portal that focuses on news and entertainment, the Bild.t-online.de joint venture was formed by T-Online and the Axel Springer publishing house. As part of this transaction, T-Online acquired a 37% stake in bild.de.

Other

The Group is continuing to pursue its real estate disinvestment strategy and intends to further optimize its real estate-related costs.

Deutsche Funkturm GmbH was established to market the mobile tower portfolio using synergies already available in the Group. The company started business operations in January 2002.

Deutsche Telekom has successfully introduced electronic bills. With this move, the Deutsche Telekom Group relieves the burden on the environment, saves costs and makes life easier for customers. The number of customers invoiced online more than doubled as compared to the end of last year, reaching around 240,000 in the first quarter of 2002.

Outlook

T-Com will continue to further develop broadband lines

In May 2002, T-DSL 1500 was launched in four major cities — Berlin, Hamburg, Munich and Stuttgart. T-DSL 1500 offers a downstream speed of up to 1.5 Mbit/s and an upstream speed of up to 192 kbit/s. T-DSL 1500 is available for an additional charge of EUR 9.99/month on top of the price of existing T-DSL products that have a downstream speed of up to 768 kbit/s.

For the business customer segment, BusinessOnline will be an even more attractive plan. Asymmetrical lines are upgraded by increasing the downstream bandwidth to up to 2.3 Mbit/s. Symmetrical DSL (SDSL) will also be offered.

Price increases for T-DSL and fixed network lines — reduction of local calls rates

The T-DSL and fixed-line tariffs submitted to the Regulatory Authority on January 15, 2002 were approved during the first quarter. Since May 1, 2002, the charge for the T-DSL high-speed access has been between EUR 9.99 and EUR 19.99 depending on the type of line used. These modified charges have already applied to new customers from February 25, 2002 onwards. In addition, the monthly charges for T-Net and ISDN lines have increased by 65 cents each since May 1, 2002, while local call rates have been reduced from 6.2 cents to 6 cents per call unit.

High market penetration in many European mobile communications markets — focus on operational profitability

The years of extremely strong subscriber growth are largely over. Penetration rates in some mobile communications markets in Central and Western Europe have now reached over 70%. In these markets, T-Mobile is focusing on operational returns. In comparison, there is considerable growth potential in the mobile communications markets in the U.S. and Eastern Europe, making them important growth drivers for T-Mobile International's acquisition of new subscribers.

Deutsche Telekom AG to sell its shares in PT Satelindo in Indonesia to PT Indosat

Deutsche Telekom AG announced the sale of its 25% stake in the Indonesian mobile communications provider PT Satelindo to the state-owned company PT Indosat. This was agreed by both companies in a Memorandum of Understanding signed in Jakarta on May 15, 2002. Indosat already holds 75% of the shares in PT Satelindo and is targeting the complete acquisition of PT Satelindo as part of the planned privatization process. A price of US$ 333 million was agreed. Subject to approval by the relevant authorities, the sale of the shareholding should be completed by June of this year. The entire proceeds from the sale will be applied to Deutsche Telekom's debt reduction program.

Risk situation

The risk situation of Deutsche Telekom continues to be influenced by future regulatory action. This includes in particular the planned amendment of the German Telecommunications Act (Telekommunikationsgesetz — TKG) which would give customers the option of selecting alternative service providers in the local network by means of preselection or call-by-call. Furthermore, we believe that the EU regulatory framework and the decisions of the EU Commission will also have a considerable impact on our future development, particularly in the mobile communications sector. Deutsche Telekom will continue to focus on the scheduled roll-out of the UMTS infrastructure, mobile data communications, further integration of subsidiaries and associated companies as well as the other risk areas described in our annual report on Form 20-F for the year ended December 31, 2001.

Development of revenue and income

Deutsche Telekom expects continued healthy revenue growth for the full 2002 financial year — mainly driven by mobile communications.

Deutsche Telekom aims to increase the proportion of net revenue generated outside Germany from 27% in the 2001 financial year to 33% for the full 2002 financial year.

Deutsche Telekom expects EBITDA to continue to increase.

During the first quarter of 2002, **T-Com** implemented appropriate measures to focus on profitability and safeguarding results within Germany. These efforts have been taken in order to counter the decrease in revenue and EBITDA reported in the first quarter in Germany and will continue to be implemented during the remaining months of the year. The integration of Deutsche Telekom's shareholdings in Eastern Europe should generate further synergies.

Despite the difficult economic environment, **T-Systems** aims to further develop its positive development in the outsourcing business in order to increase revenue during the course of the year. The improvement in EBITDA in the first three months of the year should become even more pronounced in the subsequent quarters. The ongoing consolidation of the data centers in particular should generate further EBITDA growth.

As demonstrated by the figures for the first quarter of 2002, **T-Mobile** International AG and its subsidiaries are continuing their efforts to improve revenue growth rates and increase EBITDA. Subscriber growth should primarily be generated in markets such as the U.S. and parts of Eastern Europe where there is still scope for development. An increase in revenue of around 30% is targeted in the mobile communications sector for the full 2002 financial year. The mobile communications division aims to achieve at least equally high EBITDA percentage growth in the same period. The T-Mobile division should remain the strongest growth driver in the Group throughout the entire year 2002.

T-Online's aim is to expand its position to become a leading Internet media network. The T-Online International Group is aiming for a positive EBITDA in 2002.

The Group will post a net loss for the year. This should not adversely affect the company's ability to pay dividends. (With regard to net loss, based on current market conditions and assuming no later findings of asset impairment or other unusual circumstances, Deutsche Telekom estimates that its net loss for 2002 will range from between EUR 4.7 billion and EUR 6.7 billion, and that it will continue to run net losses in 2003 and 2004, absent gains from asset dispositions and flotations of subsidiaries in an amount sufficient to produce an overall net profit. In this regard, Deutsche Telekom expects that its 2002 results will be influenced by an estimated EUR 16 billion to EUR 17 billion in scheduled amortization and depreciation costs for the year. These are estimates only and subsequent events could cause Deutsche Telekom to revise them. Deutsche Telekom therefore cannot provide assurances that actual results or costs will be consistent with these estimates. Deutsche Telekom also cannot provide assurances that it will be able to achieve a net profit with gains from asset dispositions or flotations).

Deutsche Telekom cannot guarantee that its revenue and income objectives for the year 2002 can be achieved. Some aspects of the Group's planning depend on circumstances Deutsche Telekom cannot influence. For the description of some of the factors which might influence Deutsche Telekom's ability to achieve its objectives, please refer to the items ''Forward-looking statements'' and ''Risk factors'' in our annual report on Form 20-F for the year ended December 31, 2001.

Other Recent Developments

Capital resources and liquidity requirements

Outstanding debt

At March 31, 2002, the Deutsche Telekom group had aggregate debt of approximately EUR 70.6 billion, which included EUR 58.2 billion in outstanding bonds and debentures and EUR 12.4 billion in liabilities to banks. This compares to outstanding debt of EUR 67.0 billion at December 31, 2001. The increase reflects, among other things, debt incurred in connection with Deutsche Telekom's purchase in March 2002 of the remaining interest in debis Systemhaus.

In March 2002, Moody's lowered Deutsche Telekom's long-term debt rating from A3 to Baa1, and in April 2002 Standard and Poor's lowered Deutsche Telekom's long-term debt rating from A- to BBB+, thus triggering an interest rate step-up of 50 basis points for future interest payments on approximately EUR 25.8 billion of outstanding Deutsche Telekom bonds in various currencies. These step-ups are expected to increase the interest expense of Deutsche Telekom by approximately EUR 130 million per annum. The bonds containing step-up provisions also contain provisions for interest rate step-downs, also in the amount of 50 basis points, should Deutsche Telekom's debt rating be upgraded to at least the single-A category in the future.

Bank, commercial paper and medium term note facilities

At March 31, 2002, Deutsche Telekom and its subsidiaries had committed credit facilities with banks totaling EUR 24.1 billion, as well as credit facilities on demand of EUR 1.0 billion, as compared to credit facilities with banks totaling EUR 24.6 billion and credit facilities on demand of EUR 1.5 billion at December 31, 2001. (These December 31 figures correct the figures in our annual report on Form 20-F for December 31, 2001.) The credit facilities expire at various dates through October 2, 2007. A number of the credit facilities contain interest rate and commitment fee step-up provisions, most of which are similar to those in Deutsche Telekom's bonds that have been triggered by the recent downgrade of Deutsche Telekom's credit ratings. As a result, the commitment fee payable under these loan facilities has increased by approximately 2.5 basis points on undrawn amounts per annum, and the interest rate expense on outstanding borrowings has increased by 7.5 basis points.

The credit facilities include a syndicated loan facility available to Deutsche Telekom and DT Finance in the aggregate maximum amount of EUR 12.0 billion (the ''DT loan facility'') and a syndicated loan facility available to T-Mobile UK, a wholly owned subsidiary of Deutsche Telekom that is part of the T-Mobile mobile communications division, in the aggregate amount of GBP 2.8 billion (EUR 4.5 billion) (the ''T-Mobile UK loan facility''). Deutsche Telekom AG serves as guarantor of the T-Mobile UK loan facility. Each syndicated loan facility defines a number of events of default and contains affirmative and negative covenants. The sole financial covenant in these facilities requires Deutsche Telekom to maintain a ratio of EBITDA to net interest payable of 3:1. The negative covenants set conditions for permitted security interests, disposals and certain types of borrowings and guarantees. Deutsche Telekom does not expect that the negative covenants will materially affect its debt reduction plans. At March 31, 2002, EUR 4.7 billion in borrowings were outstanding under the DT loan facility. At March 31, 2002, GBP 1.6 billion (EUR 2.6 billion) was outstanding under the T-Mobile UK loan facility.

At March 31, 2002, Deutsche Telekom AG and its subsidiaries also had committed lines of credit totaling EUR 7.6 billion through several unsecured revolving credit agreements with various banks. The interest on these borrowings is based upon the terms of each specific borrowing and is subject to market conditions. Less than EUR 0.5 billion was outstanding at March 31, 2002, under these agreements. The majority of these agreements expire during the third quarter 2002. It is Deutsche Telekom's ordinary practice to roll over these credit lines.

At March 31, 2002, Deutsche Telekom AG and Deutsche Telekom International Finance B.V. had a joint EUR 15 billion debt issuance program guaranteed by Deutsche Telekom. Deutsche Telekom also had a U.S.$20 billion commercial paper program. At March 31, 2002, EUR 8.9 billion in notes was outstanding under the debt issuance program and EUR 1.5 billion in commercial paper was outstanding under the commercial paper program.

Liquidity requirements

Deutsche Telekom expects that its principal non-operating liquidity requirements for the remainder of 2002 will include its expected capital expenditures budget, maturing indebtedness and interest expense, and the dividend in respect of financial year 2001. Approximately EUR 9.9 billion of Deutsche Telekom's indebtedness (including liabilities to banks) will mature in the final three quarters of 2002. To support its debt reduction efforts, Deutsche Telekom plans an approximately EUR 1.0 billion reduction in capital expenditures in 2002.

Further information concerning Deutsche Telekom's capital resources and liquidity requirements is available in Deutsche Telekom's annual report on Form 20-F for the year ended December 31, 2001.

Ratings agency action

On May 23, 2002, Moody's confirmed Deutsche Telekom's long-term senior unsecured debt rating of Baa1, but changed the outlook for the rating from ''stable'' to ''negative''. Standard & Poors Ratings Services currently assigns a BBB+ long-term senior unsecured debt rating to Deutsche Telekom, with a ''stable'' outlook. On May 24, 2002, Fitch IBCA downgraded to BBB+ from A– its long-term senior unsecured debt rating for Deutsche Telekom while establishing a ''stable'' outlook. Ratings and outlooks assigned by the ratings agencies are subject to change at any time.

Legal and regulatory developments

Investigations

As previously disclosed, the Bonn public prosecutor is conducting an investigation (*Ermittlungsverfahren*) into allegations in the press and elsewhere asserting that the book values recorded by Deutsche Telekom for its real property portfolio and fixed assets in general have been improperly established and maintained under applicable accounting principles. The Bonn public prosecutor has notified officials of Deutsche Telekom that his investigations have been expanded to include whether Deutsche Telekom underpaid its German corporate income and trade taxes because its amortization and depreciation were higher than they should have been as a result of the alleged overstatement.

European Commission statement of objections concerning local loop access

In May 2002, the European Commission sent Deutsche Telekom a statement of objections asserting the preliminary conclusion that Deutsche Telekom has abused its dominant positions in the German markets for wholesale and retail local access to its fixed telephony network (the local loop) by charging its competitors a higher price for wholesale access to the local network — the lines connecting the customers' premises to local telecommunications switches — than the retail access price charged to those customers. The Commission argues that this creates a barrier to entry and prevents competitors who use or would like to use wholesale access to the local loop as the basis for offering retail access services to their customers from offering their customers a competitive price.

Deutsche Telekom considers these objections to be without merit. The prices Deutsche Telekom charges at a wholesale level have been determined by the German telecommunications regulator, and are subject to a price cap at the retail level. If, however, the Commission were to prevail, Deutsche Telekom presumably would have to increase its retail prices or decrease its wholesale prices or do both. In addition, if the Commission were to establish that an abuse of market dominant position has occurred, the Commission could by law impose fines of up to 10 percent of prior year group global sales on Deutsche Telekom, although Deutsche Telekom believes that it is unlikely that the Commission would impose the maximum fine. As a result, the proceedings initiated by the Commission could have a material adverse effect on Deutsche Telekom's financial condition and results of operations if they were to be concluded adversely to Deutsche Telekom. Deutsche Telekom has until early July to present arguments to the Commission contesting the Commission's preliminary analysis and may also expand upon those arguments at an oral hearing before the Commission.

Errata

On page 66 of Deutsche Telekom's annual report on Form 20-F for the year ended December 31, 2001, in the carryover paragraph at the top of the page, the reference to ''EUR 246 million'' should have said ''EUR 224 million''. In the first full paragraph on that same page, the reference to ''EUR 718 million'' should have been to ''EUR 589 million''. On page 69 of our 2001 annual report on Form 20-F, the percentage amounts 0.1%, 7.2% and 4.0% in the 2001/2000 column of the table under the ''T-Com revenues'' heading should be expressed as negative percentage amounts rather than positive, and the ''0.1%'' amount should be ''0.9%''. The references to ''EUR 13 billion'', ''EUR 32.7 billion'' and ''EUR 6.2 billion'' in the first full paragraph on page 79 of our 2001 annual report on Form 20-F should have been to ''EUR 12 billion'', ''EUR 26.2 billion'' and ''EUR 4.9 billion'', respectively. The references to ''EUR 5.75 billion'' and ''EUR 1.7 billion'' in the first paragraph on page F-44 should have been to ''GBP 2.8 billion (EUR 4.5 billion)'' and ''EUR 0.5 billion'', respectively. The references to ''EUR 13.95 billion'' and ''6.39%'' in the second paragraph on page F-44 should have been to ''EUR 9.8 billion'' and ''6.0%'', respectively.

The Divisions

Restructuring of segment data

With regard to the repositioning of the T-Com and T-Systems divisions, Deutsche Telekom's Board of Management decided to adjust the allocation of specific areas to the T-Com, T-Systems and ''Other'' segments as of January 1, 2002. The national carrier services business was transferred from T-Systems to T-Com,and the international carrier services business from T-Com to T-Systems. Furthermore, the in-country business, which is influenced by regulatory issues, is now reported in the T-Com division. As part of this measure, the subsidiaries in Eastern Europe, MATÁV, Slovenské Telekomunikácie and Hrvatske telekomunikacije, have now been transferred from ''Other'' to T-Com. T-Com focuses on national markets (Germany, countries within Central and Eastern Europe). This should facilitate the transfer of know-how and also help to realize further synergies. With the allocation of the international carrier services business, T-Systems is being positioned as a network-centric IT/telecommunications provider.

All the information in the following commentaries on T-Com, T-Systems and Other, including the number of employees, are reported in accordance with the new structure in respect of the first quarter of 2002, the first quarter of 2001 and also the full 2001 financial year. The structural shifts in the divisions have no effect at the Group reporting level.

The T-Com division

Within the ''four-pillar structure'', T-Com is primarily responsible for Deutsche Telekom's fixed network business. T-Com's international operations are Hrvatske telekomunikacije in Croatia, MATÁV in Hungary and Slovenské Telekomunikácie in Slovakia. In Germany, the division is responsible for the installation of network platforms, the building, expansion and support of suitable network infrastructures and customer care for residential customers and small and medium-sized enterprises. This range of services is complemented by additional services such as public telephones, directory inquiry, call centers and toll-free and shared-cost numbers, the terminal equipment business, domestic carrier services, and a broad range of products and services for data communications in Germany. T-Com provides this wide range of services to 41 million residential customers and around 420,000 small and medium-sized enterprises. To better serve customers, T-Com was reorganized on January 1, 2002. The new structure comprises MVC (Marketing Sales Consumer), MVB (Marketing Sales Business), SH (Store-Based Retailing), MVW (Marketing Sales Wholesale, including Carrier Services National) and Eastern Europe.

Total revenue of EUR 7,440 million remained at a similar level to that recorded in the first three months of 2001. The domestic business accounted for around 88% of total revenue, with approximately 12% being generated in the Eastern European companies MATÁV, Slovenské Telekomunikácie and Hrvatske telekomunikacije.

The liberalization of the German telecommunications market in 1998 resulted in the toughest deregulation in continental Europe. The introduction of call-by-call, preselection and the unbundled local loop was faster, and in most cases more aggressive, than in other countries in continental Europe. Deutsche Telekom responded to the strong pressure of competition by pursuing a ''soft rebalancing'' strategy, the success of which is becoming more and more apparent.

Domestic revenue was reduced by EUR 384 million to EUR 6,521 million; this represents a decrease of around 6% compared to the same period last year. T-Com's attractive access business continues to record strong growth rates, and thanks to our calling plans, the market share in terms of call minutes has remained stable for 2 years. The access revenue increased in the first quarter of 2002 by around EUR 0.15 billion to EUR 1.8 billion compared to the same period last year, largely offsetting the decrease in call minutes accounting for EUR 0.2 billion.

Total revenue of T-Com

T-Com	Q1 / 2002[3] millions of €	Q1 / 2001[3] millions of €	Change %	2001[3] millions of €
Total revenue	7,440	7,499	(0.8)	29,419
Domestic	6,521	6,905	(5.6)	26,559
Eastern Europe	919	594	54.7	2,860

First quarter

T-Com	Q1 / 2002[3] millions of €	Q1 / 2001[3] millions of €	Change %	2001[3] millions of €
Total revenue	7,440	7,499	(0.8)	29,419
Net revenue	6,283	6,337	(0.9)	25,028
EBITDA adjusted[1]	2,467	2,681	(8.0)	10,124
Depreciation and amortization	(1,326)	(1,259)	(5.3)	(5,443)
Financial income (expense), net	(447)	(100)	(347.0)	(859)
Income (loss) before taxes	694	1,322	(47.5)	4,614
Employees[2]	154,983	147,771	4.9	148,247

(1) For an understanding of adjusted EBITDA, please see the important information contained in ''Reconciliation of Adjusted EBITDA''.

(2) Average number of employees.

(3) Segment data in new structure.

Some mobile carriers interconnect their networks directly with each other. In addition, the structural changes in the calculation of interconnection charges at the beginning of 2002 resulted in an average price reduction of 14%. As a result of both effects, the revenue from the carrier services business decreased by around EUR 0.2 billion. In addition, the deconsolidation of the Baden-Württemberg cable business, accounting for approximately EUR 0.05 billion, and decreases in other areas, such as terminal equipment and data communications, contributed to the reduction in revenue.

At the international level, T-Com continued to expand its business, with international revenue increasing by 55% to EUR 919 million in the first quarter of 2002. Hrvatske telekomunikacije, which was not fully consolidated in the first quarter of 2001, contributed EUR 233 million to this growth in revenue. MATÁV also substantially increased its revenue by 19% to EUR 574 million, primarily due to the growth in the mobile communications business. Slovenské Telekomunikácie contributed EUR 112 million to revenue. The growth recorded by the Eastern European subsidiaries mostly offset the decrease in revenues in the domestic business.

The T-Com division posted EBITDA of EUR 2,467 million compared to EUR 2,681 million in the same period last year. In Germany, EBITDA decreased by around EUR 374 million or 16% to approximately EUR 2,033 million in the first quarter of 2002. In addition to the revenue influences already described, this reduction is attributable to an increase in losses from accounts receivable from other carriers. EBITDA generated by the Eastern European shareholdings increased by EUR 160 million to EUR 434 million in the first quarter of 2002 compared to the same period last year. The consolidation of Hrvatske telekomunikacije (EUR 113 million) is the primary reason for this increase. The EBITDA margin amounted to 33.2% in the first quarter of 2002, compared with 35.8% in the same period in 2001.

Income before taxes amounted to EUR 694 million in the first quarter of 2002 compared to EUR 1,322 million in the first three months of 2001. The decrease in revenue and EBITDA also has an impact on income before taxes. In addition, write-downs on financial assets increased due to a valuation adjustment of loans extended to the associated companies of Kabel Deutschland GmbH amounting to approximately EUR 0.3 billion. The increase in depreciation and amortization, in particular amortization of goodwill, is attributable to Hrvatske telekomunikacije, which was not included in the first quarter of 2001.

The T-Systems division

T-Systems is one of the largest systems houses in Germany and in Europe and in a position to provide its customers with e-business solutions, as well as IT/telecommunications products and services from a single source. T-Systems provides the customer with services along the entire value chain — from planning (plan) and implementation (build) to operation (run) — and on an end-to-end basis, ranging from the network and systems infrastructure and the communications and network services to comprehensive IT services and e-business solutions. In this way, T-Systems aims to increase the competitiveness of its customers.

The T-Systems division has been restructured to better serve the requirements of specific customers. In this process, the national carrier services business was transferred to T-Com, while the international carrier services business and the international network infrastructure were integrated into T-Systems.

The T-Systems division recorded **total revenue** of EUR 2,652 million, which is 5.4% lower than in the first quarter of 2001.

First quarter

T-Systems	Q1/ 2002[3] millions of €	Q1/ 2001[3] millions of €	Change %	2001[3] millions of €
Total revenue	2,652	2,804	(5.4)	11,899
Net revenue	1,874	1,992	(5.9)	8,316
EBITDA adjusted[1]	258	147	75.5	886
Depreciation and amortization	(356)	(326)	(9.2)	(1,372)
Financial income (expense), net	(2)	21	(109.5)	115
Income (loss) before taxes	(100)	(158)	36.7	(382)
Employees[2]	43,685	41,140	6.2	41,716

(1) For an understanding of adjusted EBITDA, please see the important information contained in ''Reconciliation of Adjusted EBITDA''.

(2) Average number of employees.

(3) Segment data in new structure.

T-Systems' IT business developed positively, the main growth drivers being Systems Integration followed by Computing Services (outsourcing projects) and Desktop Services. The convergence business comprising Application Service Provision and Hosting services also grew significantly. Network Services revenues decreased due to time delays in major projects and limited orders from key accounts. In contrast, Media Broadcast recorded clear growth due to the TV transmission of the Winter Olympics in Salt Lake City and additional orders in the area of digital radio.

EBITDA in the T-Systems division increased by more than 76% from EUR 147 million in the first quarter of 2001 to EUR 258 million. The main reasons for this increase in EBITDA included cost savings in the individual areas, the consistent consolidation of data centers and more favorable terms and conditions for purchasing international network capacities. In the first quarter of 2002, the EBITDA margin increased to approximately 9.7%, compared to around 5.2% in the first quarter of 2001.

The **loss before taxes** in the first quarter of 2002 improved from EUR −158 million to EUR −100 million, primarily due to the improvements in EBITDA.

The T-Mobile division

T-Mobile's business combines all the activities of the T-Mobile International AG group. T-Mobile International currently provides mobile communications services through its majority shareholdings in Germany, the United Kingdom, the United States, Austria and the Czech Republic. In addition, T-Mobile International holds minority shareholdings in Poland, the Netherlands, and Russia.

Total revenue increased by 66.5% to EUR 4,465 million compared to the same period last year. This revenue increase was due to the positive effects from the first-time consolidation of RadioMobil from April 1, 2001 (EUR 163 million in the first quarter of 2002) and the U.S. mobile communications provider VoiceStream/Powertel* from June 1, 2001 (EUR 1,357 million in the first quarter of 2002). In addition, increased subscriber figures at T-Mobile U.K.* had a positive impact on the revenue development in the first quarter of 2002. Compared to the same period last year, revenue in Germany* increased by 8.3% to EUR 1,796 million, and in the United Kingdom* by 18.9% to EUR 920 million. In Austria,* the drop in subscriber numbers resulted in a reduction of 1.9% in revenue to EUR 254 million.

First quarter

T-Mobile	Q1/ 2002 millions of €	Q1/ 2001 millions of €	Change %	2001 millions of €
Total revenue	4,465	2,681	66.5	14,637
Net revenue	4,115	2,318	77.5	12,994
EBITDA adjusted[1]	1,211	590	105.3	3,137
Depreciation and amortization	(1,729)	(689)	(150.9)	(6,324)
Financial income (expense), net	(322)	(563)	(42.8)	(3,212)
Income (loss) before taxes	(840)	(662)	(26.9)	(6,399)
Employees[2]	37,769	19,349	95.2	30,124

(1) For an understanding of adjusted EBITDA, please see the important information contained in ''Reconciliation of Adjusted EBITDA''.

(2) Average number of employees.

In the first quarter of 2002, the T-Mobile division posted an increase in **segment EBITDA** of EUR 621 million to EUR 1,211 million. EBITDA thus more than doubled compared to the same period in the previous year. The EBITDA margin increased from 22.0% to 27.1%. This is not only due to the fact that VoiceStream/Powertel's* contribution to EBITDA at EUR 106 million was positive for the first time, but is also a result of the positive development of the European subsidiaries and associated companies. In the first quarter of 2002, the key operational majority shareholdings in Europe contributed approximately 90% or EUR 1.1 billion to the segment EBITDA.

* These figures are derived from the consolidated financial statements of the relevant subsidiary, without eliminations relating to consolidation within the Deutsche Telekom group.

The significant EBITDA growth in the division was above all attributable to T-Mobile Deutschland's* increase in EBITDA from EUR 447 million in the first quarter of 2001 to EUR 738 million in the first quarter of 2002 and the T-Mobile UK group's* increase in EBITDA from EUR 101 million in the first quarter of 2001 to EUR 199 million. Furthermore, contributions to EBITDA from the subsidiaries in Austria* and the Czech Republic* amounted to EUR 77 million and EUR 76 million respectively.

The **loss before taxes** in the first quarter of 2002 totaled EUR −840 million compared to EUR −662 million in the same period of the previous year. Amortization of intangible assets in the first quarter of 2002 amounted to EUR 1,171 million compared to EUR 423 million in the first quarter of 2001. This increase is primarily due to the fact that VoiceStream / Powertel had not been consolidated in the first quarter of 2001. EUR 380 million for amortization of goodwill and EUR 299 million for amortization of PCS licenses relate to VoiceStream / Powertel. In the first quarter of 2002, amortization of UMTS licenses (including the newly acquired license in the Czech Republic) totaled EUR 183 million, the same level as in the previous year. Primarily a result of VoiceStream / Powertel, depreciation of property, plant and equipment increased by EUR 292 million to EUR 558 million.

The T-Online division

T-Online International AG operates a combined business model comprising access and non-access activities. It is one of the largest providers in Germany. Through its subsidiaries and associated companies, it is also present in France, Spain, Portugal, Austria and Switzerland.

The 18.3% increase in **total revenue** of the T-Online segment, including DeTeMedien, to EUR 427 million was driven by the revenue growth at T-Online International AG.

The positive business development in the first three months of 2002 resulted in strong revenue growth in the T-Online group. The T-Online division generated net revenue of EUR 387 million in the first three months of the year. This represents an increase of around 8.7% compared to the same period in 2001. As in the previous year, the access business continues to be the strongest revenue driver. There was a disproportionately large increase in non-access revenue so that its share in total revenue increased considerably.

First quarter

T-Online	Q1 / 2002 millions of €	Q1 / 2001 millions of €	Change %	2001 millions of €
Total revenue	427	361	18.3	1,449
Net revenue	387	356	8.7	1,338
EBITDA adjusted[(1)]	17	(27)	163.0	(78)
Depreciation and amortization	(47)	(37)	(27.0)	(189)
Financial income (expense), net	27	37	(27.0)	34
Income (loss) before taxes	(3)	(27)	88.9	(233)
Employees[(2)]	2,727	3,138	(13.1)	3,008

(1) For an understanding of adjusted EBITDA, please see the important information contained in ''Reconciliation of Adjusted EBITDA''.

(2) Average number of employees.

* These figures are derived from the consolidated financial statements of the relevant subsidiary, without eliminations relating to consolidation within the Deutsche Telekom group.

The increase in **EBITDA** in the T-Online segment, including DeTeMedien, is a result of the positive development at T-Online International AG (German operations), which recorded a positive EBITDA in the first quarter of 2002. In the first quarter of 2002, the T-Online division recorded EBITDA of approximately EUR 17 million compared to EUR −27 million in the first quarter of 2001, an increase of 163%. The increase in efficiency and the economies of scale in the T-Online business in Germany have had a positive impact on results. The EBITDA margin of the T-Online segment increased to 4.0% in the first quarter 2002, compared with 7.5% in the same period of 2001.

The **loss before taxes** decreased by EUR 24 million to EUR −3 million in the first quarter of 2002, compared to a loss of EUR −27 million in the first quarter of 2001. This increase was mainly attributable to the improvement in EBITDA. The EBITDA of T-Online International AG's subsidiaries, associated and related companies also improved. Amortization and depreciation included the amortization of goodwill of T-Online France (Club Internet), Ya.com and Atrada in the amount of EUR 30 million.

Other

''Other'' includes a variety of Group units whose activities cannot be allocated to an individual segment. These include, among others, the Deutsche Telekom Group headquarters, shared services such as real estate, billing, various competence centers and other subsidiaries, associated and related companies of the Group. Due to the repositioning of the T-Com and T-Systems divisions, the Board of Management decided on the assignment of MATÁV, Slovenské Telekomunikácie and Hrvatske telekommunikacije to T-Com. Sales responsibility for the foreign subsidiaries in New York, London, Tokyo and Singapore was transferred to the T-Systems division. The real estate area was restructured in 2002 and the responsibilities of DeTeImmobilien were assigned to three companies: Generalmiet-gesellschaft mbH (GMG) has taken over the leasing and rental business area. It reduces vacancy costs by optimizing space utilization and charging rent in accordance with market prices. Deutsche Telekom Immobilien und Service GmbH (DeTeImmobilien) is to provide efficient facility management services in accordance with market prices; the real-estate asset management company, Sireo, has been entrusted with looking after the real-estate interests of Deutsche Telekom, in particular: the further sale of real estate, the reduction of costs, and administrative tasks. Deutsche Funkturm GmbH (DFG) started operations in January 2002. This organizational unit will own and provide services for all the radio towers and masts in Germany. The objective of the new structure is to exploit the potential for saving costs and to add value in the Deutsche Telekom Group.

First quarter

Other	Q1/ 2002(3) millions of €	Q1/ 2001(3) millions of €	Change %	2001(3) millions of €
Total revenue	957	1,188	(19.4)	5,114
Net revenue	111	79	40.5	633
EBITDA adjusted(1)	(28)	219	(112.8)	1,119
Depreciation and amortization	(233)	(271)	14.0	(1,447)
Financial income (expense), net	(961)	(402)	(139.1)	(1,477)
Income (loss) before taxes	(1,222)	(454)	(169.2)	352
Employees(2)	17,888	18,922	(5.5)	18,565

(1) For an understanding of adjusted EBITDA, please see the important information contained in ''Reconciliation of Adjusted EBITDA''.

(2) Average number of employees.

(3) Segment data in new structure.

Total revenue amounted to EUR 957 million in the first quarter of 2002; this represents a decrease of 19.4% compared to the same period last year. This is a result of a lower level of intragroup charges, whereas net revenue increased by approximately 41%. This increase in revenue is primarily a result of the billing services provided for call-by-call.

EBITDA amounted to EUR −28 million. The decrease in EBITDA is primarily attributable to the decrease in total revenue.

The **loss before taxes**, totaling EUR 1,222 million, was attributable to the nonscheduled write-down of EUR 253 million, recorded under net financial expense, on the net carrying amount of the stake in France Télécom as a result of the share price decline. Compared to the first quarter of the previous year, the loss increased, on the one hand, as a result of increased interest expense due to the higher level of net debt and, on the other, due to the decrease in EBITDA of EUR 0.2 billion.

Consolidated Financial Statements

(Q1/2002 and Q1/2001 information, including percentage change, is unaudited)

Consolidated statement of income

	Q1/2002 millions of €	Q1/2001 millions of €	Change %	Full year 2001 millions of €
Net revenue	12,770	11,082	15.2	48,309
Change in inventories and other own capitalized costs	292	157	86.0	879
Total operating performance	13,062	11,239	16.2	49,188
Other operating income	853	699	22.0	6,619
Goods and services purchased	(3,411)	(2,992)	(14.0)	(13,477)
Personnel costs	(3,205)	(2,779)	(15.3)	(12,114)
Depreciation and amortization	(3,654)	(2,581)	(41.6)	(15,221)
Other operating expenses	(3,517)	(2,545)	(38.2)	(12,151)
Financial income (expense), net	(1,748)	(1,029)	(69.9)	(5,348)
of which: Net interest expense	(1,102)	(977)	(12.8)	(4,138)
Results from ordinary business activities	(1,620)	12	n/a	(2,504)
Taxes	(115)	(341)	66.3	(808)
Income after taxes	(1,735)	(329)	(427.4)	(3,312)
Income (losses) applicable to minority shareholders	(73)	(29)	(151.7)	(142)
Net loss	(1,808)	(358)	(405.0)	(3,454)

Determining earnings per share

	Q1/2002	Q1/2001	Change %	Full year 2001
Net loss in millions of €	(1,808)	(358)	(405.0)	(3,454)
Average weighted number of outstanding shares in millions	4,195	3,030	38.4	3,715
Earnings per share[1]/ADS[2] (German GAAP) in €	(0.43)	(0.12)	(258.3)	(0.93)

(1) Earnings per share (according to German GAAP) for each period are calculated by dividing net income (loss) by the weighted average number of outstanding shares. The weighted average number for 2001 was ascertained after taking into account the new shares issued as part of the acquisition of VoiceStream/Powertel.

(2) One ADS — American Depositary Share — corresponds in economic terms to one share of Deutsche Telekom common stock. The share to ADS ratio is 1:1.

Consolidated balance sheet

	March 31, 2002 millions of €	Dec. 31, 2002 millions of €	Change	Change %
Assets				
Noncurrent assets	147,226	146,716	510	0.3
Intangible assets	81,916	80,051	1,865	2.3
Property, plant and equipment	57,939	58,708	(769)	(1.3)
Financial assets	7,371	7,957	(586)	(7.4)
Current assets	15,666	17,033	(1,367)	(8.0)
Inventories, materials and supplies	1,754	1,671	83	5.0
Receivables	6,727	6,826	(99)	(1.5)
Other assets	4,822	4,966	(144)	(2.9)
Marketable securities	659	702	(43)	(6.1)
Liquid assets	1,704	2,868	(1,164)	(40.6)
Prepaid expenses, deferred charges and deferred taxation	1,534	813	721	88.7
Balance sheet total	164,426	164,562	(136)	(0.1)
Shareholders' equity and liabilities				
Shareholders' equity	63,147	66,301	(3,154)	(4.8)
Capital stock	10,746	10,746	0	0.0
Accruals	18,854	18,472	427	2.3
Pension and similar obligations	3,687	3,661	26	0.7
Other accruals	15,167	14,766	401	2.7
Liabilities	81,447	79,051	2,396	3.0
Debt	70,619	67,031	3,588	5.4
Other	10,828	12,020	(1,192)	9.9
Deferred income	978	783	195	24.9
Balance sheet total	164,426	164,562	(136)	(0.1)

Consolidated statement of cash flows

	Q1 2002 millions of €	Q1 2001 millions of €	Full year 2001 millions of €
Net loss	(1,808)	(358)	(3,454)
Income applicable to minority shareholders	73	29	142
Loss after taxes	(1,735)	(329)	(3,312)
Depreciation and amortization	3,654	2,581	15,221
Income tax expense	59	307	751
Net interest expense	1,102	977	4,138
Results from the disposition of noncurrent assets	(2)	55	(1,106)
Results from associated companies	109	63	547
Other noncash transactions	1,266	376	(1,146)
Change in accruals	326	258	(136)
Change in capitalized working capital[1]	(2,142)	(2,116)	1,189
Income taxes paid	215	(12)	10
Dividends received	0	342	115
Cash generated from operations	2,852	2,502	16,271
Interest paid	(599)	(926)	(4,779)
Interest received	10	74	442
Net cash provided by operating activities	2,263	1,650	11,934
Cash outflows from investments in			
intangible assets	(153)	(81)	(1,021)
property, plant and equipment	(1,770)	(1,678)	(9,847)
financial assets	(203)	(220)	(498)
consolidated companies	(4,779)	(305)	(5,695)
Cash inflows from disposition of			
intangible assets	1	208	208
property, plant and equipment	110	36	1,146
financial assets	196	155	3,514
shareholdings in consolidated companies and business units	0	0	1,004
Net change in short-term investments and marketable securities	25	(15)	4,440
Other	0	(74)	1,384
Net cash used for investing activities	(6,573)	(1,974)	(5,365)
Net change of short-term debt	3,260	1,563	(10,266)
Issuance of medium and long-term debt	1,814	1,748	13,949
Repayments of medium and long-term debt	(1,954)	(2,607)	(6,589)
Dividends	0	(8)	(1,905)
Change in minority interests	0	2	0
Net cash provided by (used in) financing activities	3,120	698	(4,811)
Effect of foreign exchange rate changes on cash and cash equivalents	8	0	(26)
Net increase (decrease) in cash and cash equivalents	(1,182)	374	1,732

[1] Changes in receivables, other assets, inventories, materials and supplies, other liabilities (which do not relate to financing activities) and deferred income.

Notes to the consolidated statement of income

Changes in the composition of the Deutsche Telekom group

Deutsche Telekom acquired shareholdings in various foreign companies last year, which were not included in the consolidated financial statements as of March 31, 2001. In the T-Mobile division, these are VoiceStream / Powertel and RadioMobil and in the T-Com division, Hrvatske telekomunikacije. The following shows the effects of the new acquisitions on the individual items of the consolidated statement of income and the segment reporting for the first three months of 2002. The depreciation and amortization shown below includes the amortization of goodwill relating to these companies totaling EUR 402 million.

Effects of new acquisitions on the consolidated statement of income for the first quarter of 2002

	T-Com millions of €	VoiceStream / Powertel millions of €	Radio Mobil millions of €	T-Mobile total millions of €	Total millions of €
Net revenue	230	1,354	161	1,515	1,745
Change in inventories and other own capitalized costs	1	49	0	49	50
Other operating income	8	23	13	36	44
Goods and services purchased	(45)	(394)	(53)	(447)	(492)
Personnel costs	(36)	(243)	(9)	(252)	(288)
Depreciation and amortization	(51)	(939)	(43)	(982)	(1,033)
Other operating expense	(48)	(683)	(35)	(718)	(766)
Financial income (expense), net	3	(171)	(7)	(178)	(175)
Results from ordinary business activities	62	(1,004)	27	(977)	(915)
Taxes	(17)	(22)	(9)	(31)	(48)
Income (loss) after taxes	45	(1,026)	18	(1,008)	(963)
Income (losses) applicable to minority shareholders	(28)	5	(12)	(7)	(35)
Net income (loss)	17	(1,021)	6	(1,015)	(998)

The sale of the cable business in Baden-Württemberg resulted in a deconsolidation effect on total revenue in the amount of EUR 50.3 million compared to the same period last year.

Other operating income

	Q1 / 2002 millions of €	Q1 / 2001 millions of €	Change %	Full year 2001 millions of €
Other operating income	853	699	22.0	6,619

Other operating income in the first three months of 2002 amounted to EUR 853 million — an increase of EUR 154 million or 22% from EUR 699 million in the previous year. This increase is mainly attributable to the positive development in terms of income from reversal of valuation adjustments of accounts receivable and doubtful accounts as well as changes in the composition of the Deutsche Telekom Group.

Goods and services purchased

	Q1/2002 millions of €	Q1/2001 millions of €	Change %	Full year 2001 millions of €
Goods and services purchased	(3,411)	(2,992)	(14.0)	(13,477)

The level of goods and services purchased increased by EUR 419 million in the first quarter of 2002 compared to the same period last year and therefore increased to a lesser extent than revenue. EUR 492 million are attributable to changes in the composition of the Deutsche Telekom group. Without taking into consideration the changes in the composition of the Deutsche Telekom group, there was a decrease in goods and services purchased which is mainly attributable to the lower level of terminal equipment purchased and the more favorable purchasing conditions for international network capacities.

Personnel

	Q1/2002 millions of €	Q1/2001 millions of €	Change %	Full year 2001 millions of €
Personnel costs	(3,205)	(2,779)	(15.3)	(12,114)

Personnel costs in the first quarter of 2002 increased by EUR 426 million or 15.3% compared with the same period last year. This increase was attributable to the inclusion of companies fully consolidated for the first time, contributing EUR 288 million.

The further increase in personnel costs of EUR 138 million primarily resulted from an increase of wages and salaries to bring them in line with market conditions and to promote performance. This was particularly evident in the growth area of mobile communications and in the Eastern European shareholdings.

The average number of employees increased by 26,605 or 11.5% in the first quarter of this year compared to the first quarter of 2001. This is mainly due to changes in the composition of the Deutsche Telekom group, accounting for an increase on average of 30,172 employees (in particular: VoiceStream: 16,695, Hrvatske telekomunikacije: 11,069, RadioMobil: 2,501). Without these changes in the composition of the Deutsche Telekom group, the average number of employees would have slightly decreased, primarily as a result of further staff reductions not only at Deutsche Telekom AG and DeTeImmobilien's successor companies, but also at Slovenské Telekomunikácie and MATÁV.

On March 31, 2002, the workforce numbered 255,681 — a reduction of 1,377 (0.5%) from December 31, 2001. In contrast to the figure for the average number of employees, the 257,058 employees as at December 31, 2001 include the staff of the companies added to the Group in 2001 at year-end level. The development of the figures at the balance sheet date in the first quarter of 2002 reflects the ongoing trend of personnel reduction in the Deutsche Telekom group.

Average number of employees

	Q1/2002 Number	Q1/2001 Number	Change %	Full year 2001 Number
Civil servants	53,892	58,500	(7.9)	56,707
Salaried employees (excl. civil servants)	203,160	171,957	18.1	184,953
Total Deutsche Telekom Group	257,052	230,457	11.5	241,660
Trainees/student interns	9,172	7,544	21.6	8,147

Number of employees at balance sheet date

	March 31, 2002 Number	Dec. 31, 2001 Number	Change %	March 31, 2001 Number
Civil servants	53,376	54,615	(2.3)	58,143
Salaried employees (excl. civil servants)	202,305	202,443	(0.1)	171,592
Deutsche Telekom Group	255,681	257,058	(0.5)	229,735
Trainees/student interns	9,218	9,851	(6.4)	7,445

Depreciation and amortization

	Q1/2002 millions of €	Q1/2001 millions of €	Change %	Full year 2001 millions of €
Amortization of UMTS	(183)	(180)	1.7	(724)
Amortization of goodwill	(840)	(408)	(105.9)	(3,663)
Other depreciation and amortization	(2,631)	(1,993)	(32.0)	(10,834)
Total depreciation and amortization	(3,654)	(2,581)	(41.6)	(15,221)

Depreciation and amortization increased in the first three months of 2002 by EUR 1,073 million or 42% compared to the same period last year to EUR 3,654 million. This was primarily attributable to depreciation and amortization of newly consolidated companies totaling EUR 1,033 million. This figure includes EUR 402 million for the amortization of goodwill, primarily accounted for by VoiceStream/Powertel with EUR 380 million; the amortization of mobile communications licenses in the U.S. totaling EUR 299 million. The increase of EUR 0.3 billion in depreciation and amortization of property, plant and equipment is primarily attributable to the new consolidation of VoiceStream/Powertel.

Other operating expenses

	Q1/2002 millions of €	Q1/2001 millions of €	Change %	Full year 2001 millions of €
Other operating expenses	(3,517)	(2,545)	(38.2)	(12,151)

Other operating expenses increased to EUR 3.5 billion in the first three months of 2002 compared with the first quarter of the previous year. The increase of EUR 1.0 billion is mainly attributable to changes in the composition of the Deutsche Telekom group (VoiceStream, Radiomobil and Hrvatske telekomunikacije), accounting for EUR 766 million. Furthermore, Deutsche Telekom AG recorded an increase in the losses on accounts receivable and provisions for doubtful accounts.

Financial income (expense), net

	Q1/2002 millions of €	Q1/2001 millions of €	Change %	Full year 2001 millions of €
Financial income (expense), net	(1,748)	(1,029)	(69.9)	(5,348)
of which: Income (loss) related to associated and related companies	(109)	(30)	n/a	(440)
of which: Net income expense	(1,102)	(977)	(12.8)	(4,138)
of which: Write-downs on financial assets and marketable securities	(537)	(22)	n/a	(770)

The increase in the financial expense of EUR 719 million is attributable in particular to the share-price-related nonscheduled write-down of EUR 253 million on the net carrying amount of the stake in France Télécom and valuation adjustments of EUR 260 million for loans to associated companies of Kabel Deutschland GmbH. Furthermore, net interest expense increased by EUR 125 million, mainly as a result of higher debt.

Taxes

	Q1/2002 millions of €	Q1/2001 millions of €	Change %	Full year 2001 millions of €
Income taxes	(59)	(307)	80.8	(751)
Other taxes	(56)	(34)	(64.7)	(57)
Taxes, total	(115)	(341)	66.3	(808)

The Group's result before taxes decreased by EUR 1,632 million compared to the first quarter 2001. At the same time, tax expense decreased by 66.3% to EUR 115 million, mainly relating to income taxes. The decrease in tax expense is attributable to the reduced basis for tax calculation. In addition, existing net operating loss carryforwards could be utilized to a greater extent.

The fact that the tax expense was only slightly reduced relative to the decrease in the Group's result is attributable to an increase in amortization of goodwill and losses from consolidated companies, which are not tax deductible.

Notes to the consolidated balance sheet

Noncurrent assets

	March 31, 2002 millions of €	Dec. 31, 2001 millions of €	Change millions of €	Change %
Intangible assets	81,916	80,051	1,865	2.3
of which: goodwill	42,683	40,597	2,086	5.1
of which: U.S. Licences	23,076	23,087	(11)	0.0
of which: UMTS	14,072	14,277	(205)	(1.4)
Property, plant and equipment	57,939	58,708	(769)	(1.3)
Financial assets	7,371	7,957	(586)	(7.4)

The growth in intangible assets is mainly attributable to an increase in goodwill from EUR 40,597 million to EUR 42,683 million resulting in particular from the acquisition of the stake in T-Systems ITS GmbH (formerly debis Systemhaus GmbH), accounting for EUR 2,667 million. Property, plant and equipment were reduced by EUR 0.8 billion, with an investment volume of approximately EUR 1.5 billion being offset in particular by increased depreciation of around EUR 2.2 billion. The decrease in financial assets is primarily a result of valuation adjustments for Deutsche Telekom's stake in France Télécom and for loans to associated companies of Kabel Deutschland GmbH.

Investments

	Q1/2002 millions of €	Q1/2001 millions of €	Change %	Full year 2001 millions of €
Intangible assets	2,826	283	n.a	26,059
Property, plant and equipment	1,479	1,593	(7.2)	9,853
Financial assets	279	288	(3.1)	1,786
Total	4,584	2,164	n/a	37,698

Deutsche Telekom invested EUR 4,584 million in the first three months of 2002. Investments in intangible assets of EUR 2.7 billion relate to the goodwill from the acquisition of the 49.9% stake in T-Systems ITS GmbH from DaimlerChrysler Services AG. Despite the consolidation of VoiceStream/Powertel (EUR 225 million), the increase in property, plant and equipment is below the level of the previous year. The T-Mobile International Group in particular recorded a decrease in investments of EUR 145 million, due partly to more favorable purchasing conditions. Investments in financial assets remained almost constant at the level of the first quarter of 2001 and mainly relates to the acquisition of shares in GSM Facilities and the Bild.t-online.de joint venture.

Shareholders' equity

	March 31, 2002 millions of €	Dec. 31, 2001 millions of €	Change millions of €	Change %
Capital stock	10,746	10,746	0,0	0,0
Additional paid-in capital	49,998	49,994	4,0	0,0
Retained earnings (deficit)	4,190	3,607	583	16.2
Unappropriated net income	(3,353)	101	(3,454)	n/a
Net loss	(1,808)	(3,454)	1,646	47.7
Minority interest	3,374	5,307	(1,933)	(36.4)
Total shareholders' equity	63,147	66,301	(3,154)	(4.8)

The decrease of approximately EUR 3.2 billion in shareholders' equity in the first quarter was caused by the following offsetting factors: firstly, by the net loss of EUR 1.8 billion and, secondly, by the EUR 2.0 billion reduction of minority interests in the context of the acquisition of the stake in debis Systemhaus. This was offset by the increase in retained earnings of around EUR 0.6 billion as a result of currency translations in foreign Group companies.

Financial liabilities

	March 31, 2002 millions of €	Dec. 31, 2001 millions of €	Change millions of €	Change %
Gross debt	70,619	67,031	3,588	5.4
Net debt[1]	67,305	62,111	5,194	8.4

(1) Financial liabilities after deduction of liquid assets, marketable securities and other investments in noncurrent securities and interest rate and currency swaps shown under other assets.

Deutsche Telekom increased its net financial liabilities by EUR 5.2 billion in the first quarter of 2002 from EUR 62.1 billion to EUR 67.3 billion. Liquid assets decreased by EUR 1.2 billion, while liabilities to banks increased by EUR 3.7 billion. This increase was mainly attributable to the purchase price of EUR 4.7 billion for the complete acquisition of T-Systems ITS GmbH.

Guarantees and commitments and other financial obligations decreased by EUR 3.6 billion compared to December 31, 2001. Essentially, the decrease of EUR 4.7 billion in other financial purchase obligations for interests in other companies following the acquisition of the stake in T-Systems ITS was offset by an increase of EUR 0.9 billion in guarantees and commitments at T-Mobile as a result of a QTE lease financing.

Notes to the consolidated statement of cash flows

Net cash provided by operating activities

Net cash provided by operating activities in the first quarter of 2002 amounted to EUR 2,263 million, which represents an increase of EUR 613 million compared to the same period last year. To a large extent, this increase is attributable to an improvement in current business and to a reduction in interest paid.

The net loss increased in the period under review by EUR 1,450 million compared to the previous year; this was due, however, to increased depreciation and amortization of EUR 1,073 million and EUR 890 million from other non-cash transactions. This is mainly attributable to valuation adjustments for loans to associated companies of Kabel Deutschland GmbH (EUR 260 million) and valuation adjustments to the net carrying amount of Deutsche Telekom's stake in France Télécom (EUR 253 million).

The decrease in interest paid of EUR 327 million compared to the first three months of 2001 is in particular a result of aperiodic payment dates.

Net cash used for investing activities

Net cash used for investing activities increased in the first quarter of 2002 by EUR 4,599 million to EUR 6,573 million, compared with the first quarter of 2001. This significant increase is predominantly attributable to the cash outflow for the acquisition of T-Systems ITS GmbH accounting alone for EUR 4.7 billion.

Net cash provided by (used for) financing activities

Net cash provided by financing activities in the first quarter of 2002 amounted to EUR 3,120 million compared with EUR 698 million in the same period last year.

The growth in financing requirements is primarily due to the acquisition of T-Systems ITS GmbH.

Segment reporting

The composition and designation of the segments was adjusted in the first quarter of 2002 to bring them in line with the new structure of the Deutsche Telekom Group. The national carrier services business, which used to belong to T-Systems, became part of the T-Com division as of January 1, 2002. In return, the international carrier services business, previously part of T-Com, and international network infrastructure were assigned to the T-Systems division. Furthermore, MATÁV, Slovenské Telekomunikácie and Hrvatske telekomunikacije, which had previously been assigned to ''Other'', were made part of the T-Com division's international business as of January 1, 2002. All segment information in this report has been prepared in accordance with the U.S. Statement of Financial Accounting Standard 131 (SFAS 131) and the German Accounting Standard No. 3, ''Segment Reporting'' (DRS 3).

The following tables give an overall summary of the new segments of Deutsche Telekom for the first three months of 2001 and 2002. In addition to the details of the segments, there is also a reconciliation line. The reconciliation line mainly contains consolidation entries.

Net interest expense was allocated to the T-Mobile segment in the previous year, which is not included in the consolidated financial statements of T-Mobile International.

Segment information for the 2001 financial year

Full year 2001 millions of €	Net revenue	Revenue between segments	Total-revenue	Depreciation and amortization	Net interest expense	Income (loss) related to associated and related companies	Income (loss) before taxes
T-Com*	25,028	4,391	29,419	(5,443)	(350)	(509)	4,614
T-Systems*	8,316	3,583	11,899	(1,372)	102	13	(382)
T-Mobile	12,994	1,643	14,637	(6,324)	(3,008)	(204)	(6,399)
T-Online	1,338	111	1,449	(189)	168	(134)	(233)
Other*	633	4,481	5,114	(1,447)	(1,102)	(375)	352
Reconciliation*	0	(14,209)	(14,209)	(446)	52	(1)	(456)
Group	48,309	0	48,309	(15,221)	(4,138)	(1,210)	(2,504)

* according to new structure.

Segment information for the first quarter of 2002

	(millions of €)						
	Net revenue	Revenue between segments	Total-revenue	Depreciation and amortization	Net interest expense	Income (loss) related to associated and related companies	Income (loss) before taxes
T-Com*							
Q1/2002	6,283	1,157	7,440	(1,326)	(189)	(258)	694
Q1/2001	6,337	1,162	7,499	(1,259)	(102)	2	1,322
T-Systems*							
Q1/2002	1,874	778	2,652	(356)	1	(3)	(100)
Q1/2001	1,992	812	2,804	(326)	26	(5)	(158)
T-Mobile							
Q1/2002	4,115	350	4,465	(1,729)	(218)	(104)	(840)
Q1/2001	2,318	363	2,681	(689)	(510)	(53)	(662)
T-Online							
Q1/2002	387	40	427	(47)	32	(5)	(3)
Q1/2001	356	5	361	(37)	48	(11)	(27)
Other*							
Q1/2002	111	846	957	(233)	(687)	(274)	(1,222)
Q1/2001	79	1,109	1,188	(271)	(417)	15	(454)
Reconciliation*							
Q1/2002	0	(3,171)	(3,171)	37	(41)	(2)	(149)
Q1/2001	0	(3,451)	(3,451)	1	(22)	0	(9)
Group							
Q1/2002	12,770	0	12,770	(3,654)	(1,102)	(646)	(1,620)
Q1/2001	11,082	0	11,082	(2,581)	(977)	(52)	12

* according to new structure.

Accounting

German GAAP and U.S. GAAP

Deutsche Telekom prepares its consolidated financial statements in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch — HGB) and the German Stock Corporation Law (Aktiengesetz — AktG), and from the first quarter of 2002 onwards, prepares its quarterly reports in accordance with the requirements of the German Accounting Standard No. 6 dated February 13, 2001 (DRS 6).

Methods of accounting and valuation

Deutsche Telekom uses the same methods of accounting and valuation for preparing its quarterly financial statements as for its annual financial statements.

A detailed description of the methods used can be found in the notes to the consolidated financial statements as of December 31, 2001.

Review

The sections ''Recent Developments — Business developments'' (other than the parenthetical statements in the penultimate paragraph in ''Recent Development — Business Developments — Development of revenue and income'' which were prepared following the review) and ''Recent Developments — Consolidated financial statements'' have been reviewed in compliance with the IDW PS 900 auditing standard of the Institut der Wirtschaftsprüfer, Düsseldorf.

Reconciliation of Net Income (Loss) from German GAAP to U.S. GAAP

	Q1/2002 millions of €	Q1/2001 millions of €	Change %	Full year 2001 millions of €
Net income (loss) in accordance with German GAAP	(1,808)	(358)	(405.0)	(3,454)
Other differences from U.S. GAAP	1,673	573	192.0	1,865
Income taxes	(5,353)	385	n/a	1,066
Net income (loss) in accordance with U.S. GAAP . . .	(5,488)	(170)	n/a	532

As of March 31, 2002, the shareholders' equity according to U.S. GAAP amounted to EUR 68.8 billion, compared to EUR 73.7 billion as of December 31, 2001.

On January 1, 2002, Deutsche Telekom adopted new U.S. accounting standards addressing the treatment of business combinations and of goodwill and other intangible assets (SFAS No. 141 and 142). Upon adoption, as required by SFAS 142, Deutsche Telekom ceased amortizing goodwill as well as the U.S. FCC spectrum licenses used by Deutsche Telekom's subsidiaries VoiceStream and Powertel as these licenses are deemed to have an indefinite life.

Cessation of the amortization of goodwill and FCC spectrum licenses in Deutsche Telekom's U.S. GAAP accounts resulted in a decrease in amortization expense. Under the previous applicable standard which allowed for the scheduled amortization, the amortization expense for the first quarter of 2002 would have been under U.S. GAAP approximately EUR 850 million for goodwill and EUR 240 million for the spectrum licenses.

In line with the requirements of SFAS No. 142, Deutsche Telekom will finalize the transitional impairment tests for goodwill by the end of the second quarter of 2002. With exception to the goodwill of one reporting unit, Deutsche Telekom has concluded, based on the results of the first phase of the transitional impairment test, that goodwill shown in Deutsche Telekom's balance sheet is not impaired as of January 1, 2002. For Deutsche Telekom's reporting unit MATÁV, which resides in its division T-COM, a second phase of the impairment test will be necessary. As of January 1, 2002, the carrying value of the reporting unit MATÁV amounted to EUR 2.9 billion and the market value of Deutsche Telekom's shares in MATÁV was EUR 2.4 billion. The amount of a potential impairment charge will be determined by an independent expert by the end of June 2002.

Deutsche Telekom also completed a transitional impairment test for its FCC spectrum licenses in the first quarter 2002 and determined that these assets were not impaired.

As a result of the non-amortization of FCC spectrum licenses, the realization of income, as defined under SFAS No. 109, from the reversal of the deferred tax liabilities related to the FCC spectrum licenses is no longer assured within the net operating loss (''NOL'') carryforward period of Deutsche Telekom's subsidiaries VoiceStream and Powertel. As such, it can no longer serve to offset a deferred tax asset established for VoiceStream and Powertel's NOL carryforwards. As a consequence, Deutsche Telekom recorded in the first quarter of 2002 a valuation allowance against its deferred tax assets that resulted in a one-time non-cash charge to income tax expense of approximately EUR 4.3 billion. This valuation allowance does not reflect any change in Deutsche Telekom's assessment of the likelihood of the utilization of the tax NOL carry-forwards by VoiceStream and Powertel on a cash tax basis in the future. Deutsche Telekom will continue to evaluate the need for this valuation allowance for accounting purposes using the criteria contained in SFAS No. 109 to determine if it can reverse all or part of the allowance in the future.

Special Influences in the First Quarter of 2002

Special influences in the first quarter of 2002 were non-scheduled write-downs on the net carrying amount of the stake in France Télécom as a result of the decrease in its share price (EUR 253 million) and further non-scheduled write-downs (EUR 260 million) on financial assets as a result of a valuation adjustment of the loans to the associated companies of Kabel Deutschland GmbH. In addition, the Group's result was affected in the first quarter of 2002 by special influences such as the offsetting of the loss from the write-down of the net carrying amount of an investment in NAB/Sprint and the tax effects associated with the special influences, which totaled EUR 0.1 billion.

The special influences that affected EBITDA in the 2001 financial year amounted to EUR 3.0 billion. In addition, the following special influences did not affect EBITDA but affected net income:

First quarter of 2002

Special influences	Q1/2002 billions of €	Full year 2001 billions of €
Group net income (loss)	(1.8)	(3.3)
Special influences	(0.4)	1.2
thereof write-downs of financial assets	(0.5)	(0.9)
Tax effect from Sprint and other tax effects	0.1	1.1
Net loss excluding special influences	(1.4)	(4.7)

Non-scheduled write-downs of real estate (EUR 0.8 billion), goodwill amortization of brand names in the context of the rebranding of the mobile communications majority shareholdings (EUR 1.0 billion).

Non-scheduled write-downs on the net carrying amount of the stake in France Télécom as a result of the decrease in its share price (EUR 0.3 billion) and other write-downs on financial assets (EUR 0.6 billion).

The tax effect of offsetting the loss from the write-down of the net carrying amount of the NAB/Sprint investment and other tax effects, amounting to EUR 1.1 billion.

Reconciliation of Adjusted EBITDA

EBITDA, adjusted for special influences, is a so-called pro-forma figure that is not subject to regulations under German commercial law.

The acquisition of the UMTS licenses in 2000 and the implementation of Deutsche Telekom's internationalization strategy had a clear negative impact on the Group's result in the period under review. These investments did not generate sufficient revenue to offset the amortization and interest expense related to the acquisition of the UMTS licenses and the amortization of goodwill resulting from the consolidation of VoiceStream / Powertel in particular. In addition, the Group's result was influenced by a series of unusual or infrequent factors (special influences), which shall be described in more detail below.

EBITDA is the abbreviation for ''earnings before interest, taxes, depreciation and amortization''. Deutsche Telekom defines EBITDA as the result from ordinary business activities plus the financial income (expense), net and amortization and depreciation. Deutsche Telekom presents EBITDA adjusted for special influences as an indicator of the development of its operating activities before including the effect of start-up costs for the development of new business areas and markets that are not matched by any relevant income, plus the special influences described below. EBITDA adjusted for special influences should not be viewed in isolation as an alternative to net income (loss), operating income, net cash provided by operating activities or other financial measures prepared in accordance with German or U.S. GAAP. Since other companies may not calculate adjusted EBITDA and other pro forma financial figures in the same way, Deutsche Telekom's pro forma figures are not necessarily comparable with similarly titled figures of other companies. The special influences have been defined and quantified both for the period under review and for the previous year. In addition to EBITDA, EBITDA margin (EBITDA return on sales) is also presented. The EBITDA margin represents the ratio of EBITDA to net revenue (EBITDA divided by net revenue). When analyzing EBITDA adjusted for special influences, it should be remembered that the acquisition of the UMTS licenses and the acquisition of VoiceStream / Powertel in the period under review had an impact on depreciation and amortization as well as interest expense and will continue to do so in the future, whereas the corresponding positive effects on results are only expected to be recorded in future financial statements.

As in the first quarter of 2001, there are no special influences affecting EBITDA in the first quarter of 2002. Special influences affecting EBITDA in the 2001 financial year mainly included proceeds from the sale of interests in Sprint FON and Sprint PCS (including selling costs) in the second and third quarters totaling EUR 1.9 billion, the capital gain from the sale of the Baden-Württemberg cable TV company in the third quarter (EUR 0.9 billion), together with proceeds from the sale of regional cable service companies (EUR 0.1 billion) and from the reversal of accruals (EUR 0.3 billion) in the fourth quarter. The reporting of an additional minimum liability under personnel costs had the effect of reducing EBITDA (EUR 0.3 billion).

In addition to the special influences mentioned above, the following special influences not affecting EBITDA also had an impact on the Group's net income (loss) in 2001:

In the 2001 financial year, the non-scheduled write-downs of real estate amounted to EUR 0.8 billion. Goodwill amortization of brand names as part of the rebranding of the mobile communications majority shareholdings accounted for EUR 1.0 billion. Financial income (expense) was impacted by nonscheduled write-downs on the net carrying amount of the stake in France Télécom (EUR 0.3 billion) as a result of the share price and other nonscheduled write-downs of financial assets (EUR 0.6 billion). The tax effects on the various special influences were determined on the basis of the corporation tax rate. In addition, the offsetting of a loss from the write-down of the net carrying amount of the NAB / Sprint investment was a separate special influence affecting the Group's net income (loss).

In the first quarter of 2002, the following special influences not affecting EBITDA had an impact on the Group's net income (loss):

Financial income (expense) includes nonscheduled write-downs on the net carrying amount of the stake in France Télécom (EUR 0.2 billion) as a result of the share price decrease and other nonscheduled write-downs of financial assets (EUR 0.3 billion).

In addition, the offsetting of a loss from the write-down of the net carrying amount of the NAB/Sprint investment and other tax effects had an impact on the Group's net income (loss).

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Deutsche Allgemeine Treuhand AG
Wirtschaftsprüfungsgesellschaft
Richmodstrasse 6
50667 Cologne
Germany

PROSPECTUS

Deutsche Telekom AG

(a stock corporation organized under the laws of the Federal Republic of Germany)

(Deutsche Telekom)

and

Deutsche Telekom International Finance B.V.

(a limited company organized under the laws of The Netherlands)

(Finance)

Deutsche Telekom (German Telecommunications) may offer Debt Securities for sale through this prospectus.

Finance may offer Debt Securities of Finance unconditionally guaranteed by Deutsche Telekom through this prospectus.

We will provide the specific terms of the debt securities that we are offering in supplements to this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED THAT THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is June 7, 2000

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ABOUT THIS PROSPECTUS

This document is called a prospectus and is part of a registration statement that we filed with the Securities and Exchange Commission utilizing the ''shelf'' registration or continuous offering process. Under this shelf process, we may sell the debt securities described in this prospectus in one or more offerings up to a total dollar amount of US$15,000,000,000.

This prospectus provides you with a general description of the debt securities we may offer. Each time we sell debt securities, we will provide a prospectus supplement containing specific information about the terms of the debt securities. The prospectus supplement may also add to, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in that prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading ''Where You Can Find More Information''.

The registration statement containing this prospectus, including exhibits to the registration statement, provides additional information about us and the debt securities offered under this prospectus. The registration statement can be read at the SEC web site or at the SEC offices mentioned under the heading ''Where You Can Find More Information''.

When acquiring any debt securities discussed in this prospectus, you should rely on the information provided in this prospectus and in any prospectus supplement, including the information incorporated by reference (see the discussion under the heading ''Incorporation by Reference''). Neither we, nor any underwriters or agents, have authorized anyone to provide you with different information. We are not offering the debt securities in any state where the offer is prohibited. You should not assume that the information in this prospectus, any prospectus supplement, or any document incorporated by reference, is truthful or complete at any date other than the date mentioned on the cover page of these documents.

We may sell the debt securities to underwriters who will sell the debt securities to the public on terms fixed at the time of sale. In addition, the debt securities may be sold by us directly or through dealers or agents designated from time to time. If we, directly or through agents, solicit offers to purchase the debt securities, we reserve the right to accept and, together with our agents, to reject, in whole or in part, any of those offers.

The prospectus supplement will contain the names and of the underwriters, dealers or agents, if any, together with the terms of offering, the compensation of those underwriters, and the net proceeds to us. Any underwriters, dealers or agents participating in the offering may be considered ''underwriters'' within the meaning of the Securities Act of 1933.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus to ''we'', ''us'', ''our'', or similar references mean Deutsche Telekom AG and its subsidiaries.

As used in this prospectus, references to ''EUR'', ''Euro'' or ''€'' are to the Euro, which was introduced as the legal currency of the member states of the European Union, including the Federal Republic of Germany (the ''Federal Republic'') on January 1, 1999.

WHERE YOU CAN FIND MORE INFORMATION

Deutsche Telekom

Deutsche Telekom AG files annual reports, special reports, and other information with the SEC. You may read and copy any document Deutsche Telekom files at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's regional offices. You may obtain information on the operation of the public reference room in the United States by calling the SEC at 1-800-SEC-0330. You may also inspect certain reports and other information concerning Deutsche Telekom at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York 10005. As a foreign private issuer, Deutsche Telekom is not subject to the proxy rules in Section 14 or the short-swing insider profit disclosure rules of Section 16 of the Securities Exchange Act of 1934.

INCORPORATION BY REFERENCE

The SEC allows Deutsche Telekom to ''incorporate by reference'' the information it files with the SEC in other documents, which means:

- incorporated documents are considered part of this prospectus;
- Deutsche Telekom can disclose important information to you by referring you to those documents; and
- information in this prospectus automatically updates and supersedes information in earlier documents that are incorporated by reference in this prospectus, and information that Deutsche Telekom files with the SEC after the date of this prospectus automatically updates and supersedes this prospectus.

Deutsche Telekom incorporates by reference its Annual Report on Form 20-F for the year ended December 31, 1999, which was filed with the SEC on April 19, 2000. Deutsche Telekom also incorporates by reference each of the following documents that it will file with the SEC after the date of this prospectus from now until it terminates the offering of the debt securities:

- Reports filed under Section 13(a), 13(c) or 15(d) of the Exchange Act; and
- any future reports filed on Form 6-K that indicate that they are incorporated by reference in this prospectus.

Neither Deutsche Telekom's Report on Form 6-K filed with the SEC on April 19, 2000 nor any other previously filed report on Form 6-K is incorporated herein by reference.

You may obtain a copy of any of the documents referred to above (excluding exhibits) at no cost by contacting Deutsche Telekom at the following address:

Deutsche Telekom AG
Friedrich-Ebert-Allee 140
53113 Bonn, Germany
Tel: +49 228 181 88880 (Investor Relations)

Deutsche Telekom International Finance B.V.
World Trade Center
Strawinskylaan 1243
NL-1077 XX Amsterdam, The Netherlands
Tel: +31 20 57 53 177

Deutsche Telekom will provide its annual report in English to any holder of these debt securities at the holder's request, for so long as the debt securities remain outstanding. Deutsche Telekom will also provide unaudited interim financial information to any holder upon request.

The annual reports prepared in English by Deutsche Telekom will include audited consolidated financial statements of Deutsche Telekom prepared under German generally accepted accounting principles, as well as a reconciliation of certain amounts to U.S. generally accepted accounting principles.

For a discussion of the principal differences between German GAAP and U.S. GAAP relevant to Deutsche Telekom, see Note 36 of Deutsche Telekom's audited consolidated financial statements included in Deutsche Telekom's Annual Report on Form 20-F for the fiscal year ended December 31, 1999, which is incorporated by reference in this prospectus.

Deutsche Telekom International Finance B.V.

Finance is a wholly-owned, consolidated subsidiary of Deutsche Telekom. Finance does not, and will not, file separate reports with the SEC.

LIMITATIONS ON ENFORCEMENT OF U.S. LAWS AGAINST DEUTSCHE TELEKOM, FINANCE, THEIR MANAGEMENT, AND OTHERS

Deutsche Telekom AG is a stock corporation *(Aktiengesellschaft)* organized under the laws of the Federal Republic of Germany, and Finance is a private company with limited liability for an unlimited duration, established under the laws of The Netherlands. None of the members of the Board of Management *(Vorstand)* of Deutsche Telekom or Finance are residents of the United States. All or a substantial portion of the assets of these individuals and of Deutsche Telekom and Finance are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon these individuals or upon Deutsche Telekom or Finance or to enforce judgments obtained in U.S. courts based on the civil liability provisions of the U.S. securities laws against Deutsche Telekom or Finance in Germany or The Netherlands. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Germany and may not be enforceable in The Netherlands. The United States and The Netherlands do not currently have a treaty providing for recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. As a result, a civil judgment by a U.S. court would not be enforceable in The Netherlands.

FORWARD-LOOKING STATEMENTS

This prospectus and accompanying prospectus supplements contain or incorporate statements that are ''forward-looking statements'' within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Those statements can be identified by the use of forward-looking language such as ''will likely result'', ''may'', ''are expected to'', ''is anticipated'', ''estimate'', ''projected'', ''intends to'', or other similar words. Our actual results, performance or achievements could be significantly different from the results expressed in, or implied by, those forward looking statements. Those statements are subject to certain risks and uncertainties, including but not limited to certain risks described in the prospectus supplement or the documents incorporated by reference. When considering those forward-looking statements, you should keep in mind these risks, uncertainties and other cautionary statements made in this prospectus and the prospectus supplements. You should not place any undue reliance on any forward-looking statement, which speaks only as of the date made. You should refer to our periodic and current reports filed with the SEC for specific risks which could cause actual results to be significantly different from those expressed or implied by those forward-looking statements.

DEUTSCHE TELEKOM

Deutsche Telekom is the largest provider of telecommunications services in Germany and one of the world's largest telecommunications companies, measured in terms of 1999 consolidated net revenues. Our consolidated net revenues in 1999 totaled EUR 35.5 billion.

In Germany, we are the largest provider of fixed-line voice telephony services to the public, providing over 48 million access lines to subsidiaries as of March 31, 2000. More than 14 million of these lines were ISDN lines, making us the world's leading ISDN operator. We are Germany's second largest provider of mobile telephone service, with approximately 10.9 million digital mobile telephone subscribers as of March 31, 2000, and we have substantial mobile telephony operations and investments in the United Kingdom, Austria and other countries. We are the leading data communications provider and one of the leading providers of data communications systems solutions in Germany. Through our rapidly growing T-Online business, we own a substantial majority interest in Europe's largest internet online service provider and access gateway, with 4.9 million subscribers as of March 31, 2000 (not including subscribers of the recently acquired business of Club Internet).

We operate Germany's largest broadband cable network, transmitting television and radio programming, directly or indirectly, to an estimated 17.8 million households as of March 31, 2000. We are in the process of transferring the core of our cable business into nine regional cable companies, with the aim of selling interests in them to third party investors. Agreements to sell majority interests in three of the companies have been concluded. In addition, we are among the European leaders in radio and television signal broadcasting. We are also Germany's leading provider of interconnection and other carrier services to other telecommunications companies. Moreover, we sell telephone equipment, provide directory assistance and publish telephone directories.

Our international portfolio of subsidiaries and investments includes telecommunications companies active in the United Kingdom, France, Austria, Italy, Central and Eastern Europe, the United States and Asia.

Our strategic focus is on growth in four key areas: mobile telecommunications, data/IP/systems, consumer Internet services and access. We intend to pursue growth in these areas aggressively, primarily through internal growth and acquisitions. In this regard, our primary emphasis is on Europe and the United States, but we may pursue opportunities worldwide. We are intent on expanding our presence internationally. We believe that our advanced network and strategic focus position us well to take advantage of the technological convergence of telecommunications and information services.

Deutsche Telekom's registered address is Friedrich-Ebert-Allee 140, 53113 Bonn, Germany, its postal address is Postfach 20 00, 53105 Bonn, Germany and its telephone number is +49-228-181-88880 (Investor Relations).

Deutsche Telekom International Finance B.V.

Finance was incorporated by Deutsche Telekom in The Netherlands in October 1995 and is our indirect wholly-owned subsidiary whose principal purpose is raising funds for us.

Finance's corporate seat and registered and postal address is World Trade Center, Strawinskylaan 1243, NL-1077 XX Amsterdam, The Netherlands and its telephone number is +31 20 57 53 177.

USE OF PROCEEDS

Unless Deutsche Telekom states otherwise in a prospectus supplement, the net proceeds from the sale of debt securities offered through this prospectus will be used for general corporate purposes. Net proceeds received by Finance from the sale of securities offered through this prospectus will be on-lent to its group companies for their general corporate purposes.

RATIOS OF EARNINGS TO FIXED CHARGES

Ratios of Earnings to Fixed Charges

The following table shows the ratios of earnings to fixed charges for Deutsche Telekom, computed in accordance with German GAAP and U.S. GAAP, for the three-month period ended March 31, 2000 and for fiscal years 1999, 1998, 1997, 1996 and 1995.

	2000	1999	1998	1997	1996	1995
German GAAP	3.72x	2.09x	2.51x	2.12x	1.84x	2.04x
U.S. GAAP	3.65x	2.16x	2.41x	1.97x	1.58x	1.96x

Calculation of Ratios

For purposes of these tables, ''earnings'' is calculated by adding:

- pre-tax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees;
- fixed charges;
- amortization of capitalized interest;
- distributed income of equity investees; and
- Deutsche Telekom's share of pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges;

and then subtracting:

- capitalized interest;
- minority interests in pre-tax income of subsidiaries that have not incurred fixed charges.

''Fixed charges'' is calculated by adding:

- interest expensed and capitalized;
- amortized premiums, discounts and capitalized expenses related to indebtedness; and
- an estimate of the interest within rental expense; and

The term ''equity investees'' means investments that Deutsche Telekom accounts for using the equity method of accounting.

DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES WE MAY OFFER

This prospectus relates to debt securities issued by Deutsche Telekom and debt securities issued by Finance. As required by Federal law for all bonds and notes of companies that are publicly offered, the debt securities are governed by a document called the indenture. The indenture relating to debt securities issued by Deutsche Telekom is a contract to be entered into between Deutsche Telekom and Citibank, N.A. The indenture relating to debt securities issued by Finance is a contract to be entered into among Finance, Deutsche Telekom and Citibank.

Citibank acts as the trustee under the indentures. The trustee has two main roles:

- First, it can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described later beginning on page 20 under ''Default and Related Matters — Events of Default — Remedies If an Event of Default Occurs''; and
- Second, the trustee performs administrative duties for us, such as sending you interest payments, transferring your debt securities to a new buyer if you sell and sending you notices.

Deutsche Telekom is the guarantor of debt securities issued by Finance. The guarantees are described later on page 10 under ''Guarantees''.

The indentures and their associated documents contain the full legal text of the matters described in this section. The indentures, the debt securities and the guarantees are governed by New York law. The indentures are exhibits to our registration statement. See ''WHERE YOU CAN FIND MORE INFORMATION'' on page 4 for information on how to obtain a copy.

Deutsche Telekom and Finance may each issue as many distinct series of debt securities under its respective indenture as it wishes. This section discusses all material terms of the debt securities issued by Deutsche Telekom that are common to all series, and the debt securities issued by Finance and the related guarantees that are common to all series, unless otherwise indicated in the prospectus supplement relating to a particular series.

This section may not be complete in all respects and is subject to and qualified in its entirety by reference to all the provisions of the indentures, including some of the terms used in the indentures. In this section, we describe only the more important terms of the indentures. We also include references in parentheses to some sections of the indentures. Whenever we refer to particular sections or defined terms of the indentures in this prospectus or in the prospectus supplement, those sections or defined terms are incorporated by reference here or in the prospectus supplement. This section also is subject to and qualified by reference to the description of the particular terms of your series described in the prospectus supplement.

We may issue the debt securities as original issue discount securities, which are debt securities that are offered and sold at a substantial discount to their stated principal amount. (*Section 101*) The debt securities may also be issued as indexed securities or securities denominated in foreign currencies or currency units, as well as composite currencies or composite currency units, as described in more detail in the prospectus supplement relating to any of these types of debt securities.

The specific financial, legal and other terms particular to a series of debt securities are described in the prospectus supplement and the pricing agreement relating to the series. Those terms may vary from the terms described here. Accordingly, this section also is subject to and qualified by reference to the description of the terms of the series described in the prospectus supplement.

The prospectus supplement relating to a series of debt securities will describe the following terms of the series:

- the title of the series of debt securities
- any limit on the aggregate principal amount of the series of debt securities
- any stock exchange on which we will list the series of debt securities
- the manner in which we will pay interest on the series of debt securities
- the date or dates on which we will pay the principal of the series of debt securities
- the rate or rates, which may be fixed or variable, per annum at which the series of debt securities will bear interest, if any, and the date or dates from which that interest, if any, will accrue
- the dates on which interest, if any, on the series of debt securities will be payable and the regular record dates for the interest payment dates
- any mandatory or optional sinking funds or analogous provisions or provisions for redemption at the option of the holder
- the date, if any, after which and the price or prices at which the series of debt securities may, in accordance with any optional or mandatory redemption provisions that are not described in this prospectus, be redeemed and the other detailed terms and provisions of those optional or mandatory redemption provisions, if any
- the denominations in which the series of debt securities will be issuable if other than denominations of $1,000 and any integral multiple of $1,000
- the currency of payment of principal, premium, if any, and interest on the series of debt securities if other than the currency of the United States of America and the manner of determining the equivalent amount in the currency of the United States of America
- any index used to determine the amount of payment of principal of, premium, if any, and interest on the series of debt securities
- if other than the principal amount, the portion of the principal amount of the series of debt securities that shall be payable upon acceleration of maturity following an event of default
- the applicability of the provisions described later beginning on page 20 under ''Covenants — Defeasance and Discharge''
- if the series of debt securities will be issuable in whole or part in the form of a global security as described beginning on page 10 under ''Legal Ownership — Global Securities'', and the depository or its nominee with respect to the series of debt securities, and any special circumstances under which the global security may be registered for transfer or exchange in the name of a person other than the depository or its nominee
- whether we may from time to time without the consent of the holders create and issue further debt securities having the same terms and conditions as the debt securities so that such further issue is consolidated and forms a single series with the series of outstanding debt securities
- if the series of debt securities is redeemable at our option, whether the adjusted treasury yield, which is defined later in this prospectus, is different from the adjusted treasury yield determined under the indentures
- any addition to or change in the events of default that applies to the series of debt securities and any change in the rights of the trustee or holders to declare the principal amount due and payable following an event of default
- any addition to or change in the covenants contained in the indentures
- any other special features of the series of debt securities

Guarantees

Deutsche Telekom will fully, unconditionally and irrevocably guarantee the payment of the principal of, premium, if any, and interest on the debt securities issued by Finance, including any additional amounts which may be payable by Finance in respect of its debt securities, as described under ''Payment of Additional Amounts''. Deutsche Telekom guarantees the payment of such amounts when such amounts become due and payable, whether at the stated maturity of the debt securities, by declaration or acceleration, call for redemption or otherwise.

Deutsche Telekom is a holding company. Therefore, in the distribution of the assets of any subsidiary of Deutsche Telekom upon the subsidiary's liquidation or reorganization, any creditor of the subsidiary will have a right to participate in the distribution before the creditors of Deutsche Telekom, including holders of debt securities issued by Finance. In addition, since it is a holding company, Deutsche Telekom depends on dividends and repayments of money from its subsidiaries for its cash. The guarantees will be unsecured obligations of Deutsche Telekom.

Legal Ownership

Street Name and Other Indirect Holders

Investors who hold debt securities in accounts at banks or brokers will generally not be recognized by us as legal holders of debt securities. This is called holding in street name. Instead, we would recognize only the bank or broker, or the financial institution the bank or broker uses to hold its debt securities. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the debt securities, either because they agree to do so in their customer agreements or because they are legally required to do so. If you hold debt securities in street name, you should check with your own institution to find out:

- how it handles debt securities payments and notices;
- whether it imposes fees or charges;
- how it would handle voting if it were ever required;
- whether and how you can instruct it to send you debt securities registered in your own name so you can be a direct holder as described below and
- how it would pursue rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests.

Direct Holders

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, under the debt securities run only to persons who are registered as holders of debt securities. As noted above, we do not have obligations to you if you hold in street name or other indirect means, either because you choose to hold debt securities in that manner or because the debt securities are issued in the form of global securities as described below. For example, once we make payment to the registered holder we have no further responsibility for the payment even if that holder is legally required to pass the payment along to you as a street name customer but does not do so.

Global Securities

What is a Global Security. A global security is a special type of indirectly held security, as described above under ''Street Name and Other Indirect Holders''. If we choose to issue debt securities in the form of global securities, the ultimate beneficial owners of global securities can only be indirect holders. We require that the global security be registered in the name of a financial institution we select.

We also require that the debt securities included in the global security not be transferred to the name of any other direct holder unless the special circumstances described below occur. The financial institution that acts as the sole direct holder of the global security is called the depositary. Any person wishing to own a security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary. The prospectus supplement indicates whether your series of debt securities will be issued only in the form of global securities.

Special Investor Considerations for Global Securities. As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depositary, as well as general laws relating to securities transfers. We do not recognize this type of investor as a holder of debt securities and instead deal only with the depositary that holds the global security.

If you are an investor in debt securities that are issued only in the form of global debt securities, you should be aware that:

- You cannot get debt securities registered in your own name.

- You cannot receive physical certificates for your interest in the debt securities.

- You will be a street name holder and must look to your own bank or broker for payments on the debt securities and protection of your legal rights relating to the debt securities, as explained earlier under ''Street Name and Other Indirect Holders'' on page 10.

- You may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their debt securities in the form of physical certificates.

- The depositary's policies will govern payments, transfers, exchange and other matters relating to your interest in the global security. We and the trustee have no responsibility for any aspect of the depositary's actions or for its records of ownership interests in the global security. We and the trustee also do not supervise the depositary in any way.

- The depositary will require that interests in a global security be purchased or sold within its system using same-day funds.

Special Situations When Global Security Will Be Terminated. In a few special situations described later, the global security will terminate and interests in it will be exchanged for physical certificates representing debt securities. After that exchange, the choice of whether to hold debt securities directly or in street name will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in debt securities transferred to their own name so that they will be direct holders. The rights of street name investors and direct holders in the debt securities have been previously described in the subsections entitled ''Street Name and Other Indirect Holders'' on page 10 and ''Direct Holders'' on page 10.

The special situations for termination of a global security are:

- When the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary and we do not appoint a successor within 120 days.

- When an event of default on the debt securities has occurred and has not been cured. Defaults are discussed later under ''Default and Related Matters — Events of Default'' beginning on page 20.

The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular series of debt securities covered by the prospectus supplement. When a global security terminates, the depositary (and not us or the trustee) is responsible for deciding the names of the institutions that will be the initial direct holders. *(Sections 203, 204 and 305.)*

In the remainder of this description "you" means direct holders and not street name or other indirect holders of debt securities. Indirect holders should read the previous subsection on page 10 entitled "Street Name and Other Indirect Holders".

OVERVIEW OF REMAINDER OF THIS DESCRIPTION

The remainder of this description summarizes:

- ***Additional mechanics*** relevant to the debt securities under normal circumstances, such as how you transfer ownership and where we make payments.
- Your rights under several ***special situations***, such as if we merge with another company, if we want to change a term of the debt securities or if Finance or Deutsche Telekom wants to redeem the debt securities for tax reasons.
- Your rights to receive ***payment of additional amounts*** due to changes in the withholding requirements of various jurisdictions.
- ***Covenants*** contained in the indentures that restrict our ability to incur liens and require us to perform various acts. A particular series of debt securities may have additional covenants.
- Your rights if we ***default*** or experience other financial difficulties.
- Our relationship with the trustee.

ADDITIONAL MECHANICS

Exchange and Transfer

You may have your debt securities broken into more debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed. *(Section 305)* This is called an exchange.

You may exchange or transfer your debt securities at the office of the trustee. The trustee acts as our agent for registering debt securities in the names of holders and transferring debt securities. We may change this appointment to another entity or perform the service ourselves. The entity performing the role of maintaining the list of registered holders is called the security registrar. It will also register transfers of the debt securities. *(Section 305)*

You will not be required to pay a service charge to transfer or exchange debt securities, but you may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange of a debt security will only be made if the security registrar is satisfied with your proof of ownership.

If we have designated additional transfer agents, they are named in the prospectus supplement. We may cancel the designation of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts. *(Section 1002)*

If the debt securities are redeemable and we redeem less than all of the debt securities of a particular series, we may block the transfer or exchange of debt securities during a specified period of time in order to freeze the list of holders to prepare the mailing. The period begins 15 days before the day we mail the notice of redemption and ends on the day of that mailing. We may also refuse to register transfers or exchanges of debt securities selected for redemption. However, we will continue to permit transfers and exchanges of the unredeemed portion of any security being partially redeemed. *(Section 305)*

Payment and Paying Agents

We will pay interest to you if you are a direct holder listed in the trustee's records at the close of business on a particular day in advance of each due date for interest, even if you no longer own the security on the interest due date. That particular day, usually about two weeks in advance of the interest due date, is called the regular record date and is stated in the prospectus supplement. *(Section 307)*

We will pay interest, principal and any other money due on the debt securities at the corporate trust office of the trustee in New York City. That office is currently located at Citibank, N.A., 111 Wall Street, 5th Floor, New York, NY 10005. You must make arrangements to have your payments picked up at or wired from that office. We may also choose to pay interest by mailing checks.

Interest on global securities will be paid to the holder of the debt securities by wire transfer of same-day funds.

Holders buying and selling debt securities must work out between them how to compensate for the fact that we will pay all the interest for an interest period to the one who is the registered holder on the regular record date. The most common manner is to adjust the sales price of the debt securities to pro rate interest fairly between buyer and seller. This pro rated interest amount is called accrued interest.

Street name and other indirect holders should consult their banks or brokers for information on how they will receive payments.

We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the trustee's corporate trust office. These offices are called paying agents. We may also choose to act as our own paying agent. We must notify you of changes in the paying agents for any particular series of debt securities. *(Section 1002)*

Notices

We and the trustee will send notices only to direct holders, using their addresses as listed in the trustee's records. *(Sections 101 and 106)*

Regardless of who acts as paying agent, all money that we pay to a paying agent that remains unclaimed at the end of two years after the amount is due to direct holders will be repaid to us. After that two-year period, you may look only to us for payment and not to the trustee, any other paying agent or anyone else. *(Section 1003)*

Special Situations

Mergers and Similar Events

Each of Deutsche Telekom and Finance is generally permitted to consolidate or merge with another company or firm. Each of Deutsche Telekom and Finance is also permitted to sell or lease substantially all of its assets to another firm or to buy or lease substantially all of the assets of another firm. However, neither Deutsche Telekom nor Finance may take any of these actions unless all the following conditions are met:

- Where Deutsche Telekom or Finance merges out of existence or sells or leases its assets, the other firm must assume its obligations on the debt securities or the guarantees. The other firm's assumption of these obligations must include the obligation to pay the additional amounts described later beginning on page 18 under ''Payment of Additional Amounts''. If the other firm is organized under a foreign country's laws, it must indemnify you against any governmental charge or other cost resulting from the transaction.
- The merger, sale or lease of assets or other transaction must not cause a default on the debt securities, and we must not already be in default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described later on page 20 under ''Default and Related Matters — Events of Default — What is An Event of Default?'' A default for this purpose would also include any event that

would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded. *(Section 801)*

It is possible that the a merger or other similar transaction may cause the holders of the debt securities to be treated for US federal income tax purposes as though they exchanged the debt securities for new securities. This could result in the recognition of taxable gain or loss for US federal income tax purposes and possible other adverse tax consequences.

Modification and Waiver

There are three types of changes we can make to the indentures and the debt securities.

Changes Requiring Your Approval.

First, there are changes that cannot be made to your debt securities without your specific approval. Following is a list of those types of changes:

- change the stated maturity of the principal or interest on a debt security
- reduce any amounts due on a debt security
- change any obligation of Finance or Deutsche Telekom to pay additional amounts described later beginning on page 18 under ''Payment of Additional Amounts''
- reduce the amount of principal payable upon acceleration of the maturity of a debt security following a default
- change the place or currency of payment on a debt security
- impair any of the conversion rights of your debt security
- impair your right to sue for payment or conversion
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indentures
- reduce the percentage of holders of debt securities whose consent is needed to waive compliance with various provisions of the indentures or to waive various defaults
- modify any other aspect of the provisions dealing with modification and waiver of the indentures
- change the obligations of Deutsche Telekom as guarantor with respect to payment of principal, premium, if any, and interest, sinking fund payments or conversion rights. *(Section 902)*

Changes Requiring a Majority Vote. The second type of change to the indentures and the debt securities is the kind that requires a vote in favor by holders of debt securities owning a majority of the outstanding principal amount of the particular series affected. Most changes fall into this category, except for clarifying changes and other changes that would not adversely affect holders of the debt securities in any material respect. The same vote would be required for us to obtain a waiver of all or part of the covenants described later beginning on page 18, or a waiver of a past default. However, we cannot obtain a waiver of a payment default or any other aspect of the indentures or the debt securities listed in the first category described previously beginning on page 15 under ''Changes Requiring Your Approval'' unless we obtain your individual consent to the waiver. *(Section 513)*

Changes Not Requiring Approval. The third type of change does not require any vote by holders of debt securities. This type is limited to clarifications and other changes that would not adversely affect holders of the debt securities in any material respect. *(Section 901)*

Further Details Concerning Voting. When taking a vote, we will use the following rules to decide how much principal amount to attribute to a security:

- For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of the debt securities were accelerated to that date because of a default.
- For debt securities whose principal amount is not known (for example, because it is based on an index), we will use a special rule for that security described in the prospectus supplement.
- For debt securities denominated in one or more foreign currencies or currency units, we will use the US dollar equivalent determined as of the date of original issuance.
- Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust for you money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described later beginning on page 19 under ''Covenants — Defeasance and Discharge''. *(Section 101)*
- We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding debt securities that are entitled to vote or take other action under the indentures. In limited circumstances, the trustee will be entitled to set a record date for action by holders. If we or the trustee set a record date for a vote or other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding debt securities of that series on the record date and must be taken within 180 days following the record date or another period that we may specify (or as the trustee may specify if it set the record date). We may shorten or lengthen (but not beyond 180 days) this period from time to time. *(Section 104)*

Street name and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indentures or the debt securities or request a waiver.

Redemption at our Option

If the debt securities are redeemable at our option then, unless otherwise specified in the prospectus supplement, upon redemption we will pay a redemption price equal to the greater of (i) 100% of the principal amount of the debt securities plus accrued interest to the date of redemption or (ii) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on the debt securities (not including any portion of such payments of interest accrued as of the date of redemption). The present values will be determined by discounting the remaining principal and interest payments to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), using the adjusted treasury yield.

The definitions of terms used in the paragraph above are listed below.

- ''Adjusted treasury yield'' means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the comparable treasury issue, assuming a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date plus
- in the case of a series of debt securities maturing in less than five years from its initial issue date, 15 basis points, or
- in the case of a series of debt securities maturing in five years or greater from its initial issue date, 20 basis points.

- ''Comparable treasury issue'' means the U.S. Treasury security selected by the quotation agent as having a maturity comparable to the remaining term of the series of debt securities to be redeemed 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 debt securities.
- ''Comparable treasury price'' means, with respect to any redemption date, the average of the quotation agent's quotations for the redemption date.
- ''Quotation agent'' means a reference treasury dealer that is a primary U.S. government securities dealer in New York City. The trustee will appoint the quotation agent after first consulting with us.
- ''Quotation agent's quotations'' means with respect to any redemption date, the average, as determined by the trustee, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by the quotation agent at 5:00 p.m. on the third business day before the redemption date.

From and after the redemption date, if money for the redemption of the series of debt securities called for redemption is made available as provided in the indentures and the debt securities called for redemption on the redemption date, the debt securities will cease to bear interest, and the only right of the holders of the debt securities will be to receive payment of the redemption price and all unpaid interest accrued to the date of redemption.

We will give notice to DTC of any redemption we propose to make at least 30 days, but not more than 60 days, before the redemption date. Notice by DTC to participating institutions and by these participants to street name holders of indirect interests in the series of debt securities will be made according to arrangements among them and may be subject to statutory or regulatory requirements.

Optional Tax Redemption

Other than as described above under ''Redemption at our Option,'' we may have the option to redeem the debt securities in two situations described below. The redemption price for the debt securities, other than original issue discount debt securities, will be equal to the principal amount of the debt securities being redeemed plus accrued interest and any additional amounts due on the date fixed for redemption. The redemption price for original issue discount debt securities will be specified in the prospectus supplement for such securities. Furthermore, we must give you between 30 and 60 days' notice before redeeming the debt securities.

- The first situation is where, as a result of a change in, execution of or amendment to any laws or treaties or the official application or interpretation of any laws or treaties, either:

  — Deutsche Telekom or Finance would be required to pay additional amounts as described later under ''Payment of Additional Amounts''; or

  — Deutsche Telekom or any of its subsidiaries would have to deduct or withhold tax on any payment to either of the issuers to enable them to make a payment of principal or interest on a debt security.

  This applies only in the case of changes, executions, amendments, applications or interpretations that occur on or after the date specified in the prospectus supplement for the applicable series of debt securities and in the jurisdiction where Deutsche Telekom or Finance is incorporated. If Deutsche Telekom or Finance is succeeded by another entity, the applicable jurisdiction will be the jurisdiction in which the successor entity is organized, and the applicable date will be the date the entity became a successor.

We would not have the option to redeem in this case if we could have avoided the payment of additional amounts or the deduction or withholding by using reasonable measures available to us.

- The second situation is where a person located outside of the Federal Republic of Germany or The Netherlands into which Deutsche Telekom or Finance is merged or to whom it has conveyed, transferred or leased its property is required to pay an additional amount. We would have the option to redeem the debt securities even if we are required to pay additional amounts immediately after the merger, conveyance, transfer or lease. We are not required to use reasonable measures to avoid the obligation to pay additional amounts in this situation.

PAYMENT OF ADDITIONAL AMOUNTS

Germany or, in the case of debt securities issued by Finance, The Netherlands may require Deutsche Telekom or, in the case of debt securities issued by Finance, Finance to withhold amounts from payments on the principal or interest on a debt security or any amounts to be paid under the guarantees, as the case may be, for taxes or any other governmental charges. If the relevant jurisdiction requires a withholding of this type, Deutsche Telekom or Finance as the case may be, may be required to pay you an additional amount so that the net amount you receive will be the amount specified in the debt security to which you are entitled.

Deutsche Telekom or Finance, as the case may be, will ***not*** have to pay additional amounts in respect of taxes or other governmental charges that are required to be deducted or withheld by any paying agent from a payment on a debt security, if such payment can be made without such deduction or withholding by any other paying agent, or in respect of taxes or other governmental charges that would not have been imposed but for

- the existence of any present or former connection between you and Germany or The Netherlands, as the case may be, other than the mere holding of the debt security and the receipt of payments thereon;
- your status as an individual resident of a member state of the European Union;
- a failure to comply with any reasonable certification, documentation, information or other reporting requirements concerning your nationality, residence, identity or connection with Germany or The Netherlands, as the case may be, if such compliance is required as a precondition to relief or exemption from such taxes or other governmental charges (including, without limitation, a certification that you are not resident in Germany or The Netherlands or are not an individual resident of a member state of the European Union); or
- a change in law that becomes effective more than 30 days after a payment on the debt security becomes due and payable or on which payment thereof is duly provided for, whichever occurs later.

These provisions will also apply to any taxes or governmental charges imposed by any jurisdiction in which a successor to Deutsche Telekom or Finance is organized. The prospectus supplement relating to the debt securities may describe additional circumstances in which Deutsche Telekom or Finance would not be required to pay additional amounts.

COVENANTS

Restrictions on Liens

Some of Deutsche Telekom's property may be subject to a mortgage or other legal mechanism that gives our lenders preferential rights in that property over other lenders, including you and the other direct holders of the debt securities, or over our general creditors if we fail to pay them back. These preferential rights are called liens. Each of Deutsche Telekom and Finance promises that it will not become obligated on any present or future capital market indebtedness, which is described further below, that is secured by a lien on the whole or any part of its present or future assets, unless an equivalent or higher-ranking lien on the same property is granted to you and the other direct holders of the debt securities. *(Section 1009)*

As used here, capital market indebtedness means any obligation to repay money that is borrowed through the issuance of bonds, notes or other debt securities which are capable of being listed or traded on a stock exchange or other recognized securities market. It does not include any off-balance sheet assets and obligations.

Defeasance and Discharge

The following discussion of full defeasance and discharge will apply to your series of debt securities only if we choose to have them apply to that series. If we do so choose, we will state that in the prospectus supplement. *(Section 403)*

We can legally release ourselves from any payment or other obligations on the debt securities, except for various obligations described below, if we, in addition to other actions, put in place the following arrangements for you to be repaid:

- We must deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combination of money and US government or US government agency notes or bonds that will generate enough cash to make interest, premium, if any, principal and any other payments on the debt securities on their various due dates.
- We must deliver to the trustee a legal opinion of our counsel confirming that there has been a change in US federal income tax law, and under then current US law we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves. We would not have to deliver this opinion if we received from, or there has been published by, the US Internal Revenue Service a ruling that states the same conclusion.
- If the debt securities are listed on the New York Stock Exchange, we must deliver to the trustee a legal opinion of our counsel confirming that the deposit, defeasance and discharge will not cause the debt securities to be delisted.

However, even if we take these actions, a number of our obligations relating to the debt securities will remain. These include the following obligations:

- to register the transfer and exchange of debt securities
- to replace mutilated, destroyed, lost or stolen debt securities
- to maintain paying agencies
- to hold money for payment in trust

Default and Related Matters

Ranking

The debt securities are not secured by any of our property or assets. Accordingly, your ownership of debt securities means you are one of our unsecured creditors. The debt securities are not subordinated to any of our other debt obligations and therefore they rank equally with all our other unsecured and unsubordinated indebtedness.

Events of Default

You will have special rights if an event of default occurs and is not cured, as described later in this subsection.

What Is an Event of Default?

The term event of default means any of the following:

- We fail to pay principal or interest on a debt security within 30 days from the relevant due date.
- We fail to perform any other obligation under a debt security or Deutsche Telekom fails to perform any obligation under its guarantee and such failure continues for more than 60 days after the trustee has received notice of it from the affected holder of debt securities.
- We do not deposit any sinking fund payment on its due date.
- Our capital market indebtedness has to be repaid prematurely due to a default under its terms.
- We fail to fulfill any payment obligation exceeding euro 25,000,000 or its equivalent under any capital market indebtedness or under any guarantee provided for any capital market indebtedness of others, and this failure remains uncured for 30 days.
- Any security or guarantee relating to capital market indebtedness provided by us is enforced by the lenders.
- We are unable to meet our financial obligations.
- A court opens insolvency proceedings against us.
- We go into liquidation or file for bankruptcy under applicable law.
- The passage of any governmental order, decree or enactment in The Netherlands or Germany due to which Finance or Deutsche Telekom is unable to perform its obligations under its indenture and this situation remains uncured for 90 days.
- Deutsche Telekom's guarantee relating to any debt securities issued by Finance ceases to be valid or legally binding for any reason.
- Any other event of default described in the prospectus supplement occurs. *(Section 501)*

Remedies If an Event of Default Occurs.

If an event of default has occurred and has not been cured, the trustee or the holders of 25% in principal amount of the debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. A declaration of acceleration of maturity may be canceled by the holders of at least a majority in principal amount of the debt securities of the affected series. *(Section 502)*

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indentures at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This protection is called an indemnity. *(Section 603)* If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing another action under the indentures. *(Section 512)*

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- You must give the trustee written notice that an event of default has occurred and remains uncured.

- The holders of 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default, and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action.
- The trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity. *(Section 507)*

Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and to make or cancel a declaration of acceleration.

We will furnish to the trustee every year a written statement from some of our designated officers certifying that, to their knowledge, we are in compliance with the indentures and the debt securities, or else specifying any default. *(Section 1005)*

Regarding the Trustee

Deutsche Telekom and several of its subsidiaries maintain banking relations with the trustee in the ordinary course of their business.

If an event of default occurs, or an event, that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded occurs, the trustee may be considered to have a conflicting interest with respect to the debt securities for purposes of the Trust Indenture Act of 1939. In that case, the trustee may be required to resign as trustee under the applicable indenture and we would be required to appoint a successor trustee.

CLEARANCE AND SETTLEMENT

Debt securities we issue may be held through one or more international and domestic clearing systems. The principal clearing systems we will use are the book-entry systems operated by DTC in the United States, Clearstream in Luxembourg and Euroclear in Brussels, Belgium. These systems have established electronic securities and payment transfer, processing, depositary and custodial links among themselves and others, either directly or through custodians and depositaries. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates.

Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market. Where payments for debt securities in global form will be made in US dollars, these procedures can be used for cross-market transfers and the securities will be cleared and settled on a delivery against payment basis.

Cross-market transfers of debt securities that are not in global form may be cleared and settled in accordance with other procedures that may be established among the clearing systems for these securities. Investors in debt securities that are issued outside of the United States, its territories and possessions must initially hold their interests through Euroclear, Clearstream or the clearance system that is described in the applicable prospectus supplement.

Clearstream and Euroclear hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries, which in turn hold such interests in customers' securities accounts in the depositaries' names on the books of DTC.

The policies of DTC, Clearstream and Euroclear will govern payments, transfers, exchange and other matters relating to the investor's interest in securities held by them. This is also true for any other clearance system that may be named in a prospectus supplement.

We have no responsibility for any aspect of the actions of DTC, Clearstream or Euroclear or any of their direct or indirect participants. We have no responsibility for any aspect of the records kept by DTC, Clearstream or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way. This is also true for any other clearing system indicated in a prospectus supplement.

DTC, Clearstream, Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

The description of the clearing systems in this section reflects our understanding of the rules and procedures of DTC, Clearstream and Euroclear as they are currently in effect. These systems could change their rules and procedures at any time.

The Clearing Systems

DTC

DTC has advised us as follows:

- DTC is:
  - — a limited purpose trust company organized under the laws of the State of New York
  - — a member of the Federal Reserve System
  - — a ''clearing corporation'' within the meaning of the Uniform Commercial Code and
  - — a ''clearing agency'' registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.
- DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to accounts of its participants. This eliminates the need for physical movement of certificates.
- Participants in DTC include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. DTC is partially owned by some of these participants or their representatives.
- Indirect access to the DTC system is also available to banks, brokers, dealers and trust companies that have relationships with participants.
- The rules applicable to DTC and DTC participants are on file with the SEC.

Clearstream

Clearstream has advised us as follows:

- Clearstream is incorporated under the laws of Luxembourg as a bank and is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector *(Commission de Surveillance du Secteur Financier)*.
- Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions among them through electronic book-entry transfers between their accounts, thereby eliminating the need for physical movement of securities.

- Clearstream provides other services to its customers, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.
- Clearstream interfaces with domestic securities markets in over 30 countries through established depositary and custodial relationships.
- Clearstream's customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream's U.S. customers are limited to securities brokers and dealers and banks.
- Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream customer.
- Clearstream has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear.

Euroclear

Euroclear has advised us as follows:

- Euroclear is operated by the Brussels office of Morgan Guaranty Trust Company of New York, which is known as the Euroclear Operator, under contract with Euroclear Clearance Systems, S.C., which is a Belgian cooperative corporation.
- Euroclear holds securities for its participants and facilitates the clearance and settlement of securities transactions among them through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash.
- Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries.
- All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator and not the cooperative. The cooperative establishes policy for the Euroclear system on behalf of Euroclear participants.
- Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries.
- Indirect access to the Euroclear system is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.
- All securities in Euroclear are held on a fungible basis. This means that specific certificates are not matched to specific securities clearance accounts.
- The Euroclear Operator is the Belgian branch of a New York banking corporation, which is a member bank of the Federal Reserve System. As a member of this system, it is regulated and determined by the Board of Governors of the Federal Reserve System and the New York State Banking Department. It is also regulated by the Belgian Banking Commission.

Other Clearing Systems

We may choose any other clearing system for a particular series of debt securities. The clearance and settlement procedures for the clearing system we choose will be described in the applicable prospectus supplement.

Primary Distribution

The distribution of the debt securities will be cleared through one or more of the clearing systems that we have described above or any other clearing system that is specified in the applicable prospectus supplement. Payment for debt securities will be made on a delivery versus payment or free delivery basis. These payment procedures will be more fully described in the applicable prospectus supplement.

Clearance and settlement procedures may vary from one series of debt securities to another according to the currency that is chosen for the specific series of debt securities. Customary clearance and settlement procedures are described below.

We will submit applications to the relevant system or systems for the debt securities to be accepted for clearance. The clearance numbers that are applicable to each clearance system will be specified in the prospectus supplement.

Clearance and Settlement Procedures — DTC

DTC participants that hold debt securities through DTC on behalf of investors will follow the settlement practices applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System.

Debt securities will be credited to the securities custody accounts of these DTC participants against payment in same-day funds, for payments in US dollars, on the settlement date. For payments in a currency other than US dollars, debt securities will be credited free of payment on the settlement date.

Clearance and Settlement Procedures — Euroclear and Clearstream

We understand that investors that hold their debt securities through Euroclear or Clearstream accounts will follow the settlement procedures that are applicable to conventional Eurobonds in registered form.

Debt securities will be credited to the securities custody accounts of Euroclear and Clearstream participants on the business day following the settlement date, for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

Secondary Market Trading

Trading Between DTC Participants

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules. Secondary market trading will be settled using procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System.

If payment is made in US dollars, settlement will be in same-day funds. If payment is made in a currency other than US dollars, settlement will be free of payment. If payment is made other than in US dollars, separate payment management outside of the DTC system must be made between the DTC participants involved.

Trading between Euroclear and/or Clearstream Participants

We understand that secondary market trading between Euroclear and/or Clearstream participants will occur in the ordinary way following the applicable rules and operating procedures of Euroclear and Clearstream. Secondary market trading will be settled using procedures applicable to conventional Eurobonds in registered form.

Trading between a DTC Seller and a Euroclear or Clearstream Purchaser

A purchaser of debt securities that are held in the account of a DTC participant must send instructions to Euroclear or Clearstream at least one business day prior to settlement. The instructions will provide for the transfer of the debt securities from the selling DTC participant's account to the account of the purchasing Euroclear or Clearstream participant. Euroclear or Clearstream, as the case may be, will then instruct the common depositary for Euroclear and Clearstream to receive the debt securities either against payment or free of payment.

The interests in the debt securities will be credited to the respective clearing system. The clearing system will then credit the account of the participant, following its usual procedures. Credit for the debt securities will appear on the next day, European time.

Cash debit will be back-valued to, and the interest on the debt securities will accrue from, the value date, which would be the preceding day, when settlement occurs in New York. If the trade fails and settlement is not completed on the intended date, the Euroclear or Clearstream cash debit will be valued as of the actual settlement date instead.

Euroclear participants or Clearstream participants will need the funds necessary to process same-day funds settlement. The most direct means of doing this is to preposition funds for settlement, either from cash or from existing lines of credit, as for any settlement occurring within Euroclear or Clearstream. Under this approach, participants may take on credit exposure to Euroclear or Clearstream until the debt securities are credited to their accounts one business day later.

As an alternative, if Euroclear or Clearstream has extended a line of credit to them, participants can choose not to preposition funds and will instead allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream participants purchasing debt securities would incur overdraft charges for one business day (assuming they clear the overdraft as soon as the debt securities were credited to their accounts). However, interest on the debt securities would accrue from the value date. Therefore, in many cases, the investment income on securities that is earned during that one business day period may substantially reduce or offset the amount of the overdraft charges. This result will, however, depend on each participant's particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants will use their usual procedures to deliver debt securities to the depositary on behalf of Euroclear participants or Clearstream participants. The sale proceeds will be available to the DTC seller on the settlement date. For the DTC participants, then, a cross-market transaction will settle no differently than a trade between two DTC participants.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the debt securities through Clearstream and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States. US investors who wish to transfer their interests in the debt securities, or to receive or make a payment or delivery of the debt securities, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

TAXATION

German Tax Considerations

The following is a summary of the material German tax consequences regarding your investment in the debt securities if you are not a citizen or resident of Germany for German tax purposes, do not hold debt securities in connection with a permanent establishment within the meaning of the German tax laws and are a private investor. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor, including tax considerations that arise from rules of general application or that are generally assumed to be known investors. This summary is based upon German law as it stands on the date of this prospectus and may be subject to change. You should consult your own advisers regarding the tax consequences of the purchase, ownership and disposition of debt securities in light of your particular circumstances, including the effect of any state, local or other German tax laws. Any special German tax consequences relevant to a particular issue of debt securities will be discussed in the prospectus supplement.

Interest on the Debt Securities

All payments to you under the debt securities may be made free of withholding or deduction of, for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by Germany or any political subdivision or taxing authority in Germany.

Capital Gains

Gains realized by you on the sale or other disposition of debt securities will not be subject to German withholding tax.

Estate and Gift Taxes

A disposition of debt securities by way of gift or by reason of death will not be subject to German gift or estate tax unless you are, or the heir, done or other beneficiary is, at the time the execution of the gift or the death, a German resident for German gift or inheritance tax purposes, a German citizen who has permanently stayed outside Germany for no longer than five years, or a German citizen employed by a legal entity under German public law receiving a remuneration from such entity. As there exist several personal allowances and numerous different tax rates under the German Inheritance Tax and Gift Tax Act, you should consult your professional tax advisers with respect to specific gift tax and inheritance tax issues.

Other German Taxes

No German transfer, stamp or other similar taxes need to be paid on your purchase or sale of debt securities.

Netherlands Tax Considerations

The following is a discussion of the material Netherlands tax consequences regarding your investment in the debt securities if you are not a citizen or resident of The Netherlands for Netherlands tax purposes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor, including tax considerations that arise from rules of general application or that are generally assumed to be known investors. This discussion is based on Netherlands law as it stands on the date of this prospectus and may be subject to change. You should consult your own adviser regarding the tax consequences of the purchase, ownership and disposition of debt securities in light of your particular circumstances, including the effect of any state, local or other Netherlands tax laws.

Any special Netherlands tax consequences relevant to a particular issue of debt securities will be discussed in the prospectus supplement.

Withholding Tax

All payments under the debt securities may be made free of withholding or deduction of, for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority in The Netherlands.

Taxes on Income and Capital Gains

You will not be subject to any Netherlands taxes on income or capital gains in respect of any payment under the debt securities or in respect of any gain realized on the disposal of the debt securities, provided that

- you are not a resident or deemed resident of The Netherlands; and
- you do not have an enterprise or an interest in an enterprise which, in whole or in part, is carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the debt securities are attributable; and
- you do not have a substantial interest or a deemed substantial interest in the share capital of Finance or Deutsche Telekom, in the event you do have such an interest, it forms part of the assets of an enterprise; and
- you do not carry out and have not carried out employment activities with which your holding of the debt securities is connected.

You will not be subject to taxation in The Netherlands by reason only of the execution, delivery, or enforcement of the Indenture or the performance by Finance or Deutsche Telekom of its obligations under the debt securities.

Net Wealth Tax

You will not be subject to Netherlands net wealth tax in respect of the debt securities; *provided*, that you are not an individual or, if you are an individual, the first two conditions mentioned above under ''— Taxes on Income and Capital Gains'' are met.

Gift and Estate Taxes

With respect to a debt security issued by Finance or Deutsche Telekom, no gift, estate or inheritance taxes will arise in The Netherlands in respect of a gift of a debt security by, or on the death of, a holder of a debt security, neither a resident nor a deemed resident in The Netherlands, unless you own or at the time of your death you owned an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of the enterprise, as the case may be, the debt security is or was attributable and provided that, in the case of a gift of the debt security by you if you are an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, you do not, within 180 days after the date of the gift, die while being resident or deemed to be resident in The Netherlands.

Other Taxes and Duties

No Netherlands registration tax, custom duty, stamp duty, capital tax, turnover tax or any other similar tax or duty other than court fees needs to be paid in The Netherlands by you in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including the enforcement of any foreign judgment in the Courts of The Netherlands) of the

Indenture or its related agreements or the performance of Finance or Deutsche Telekom's obligations under the debt securities.

New Tax Legislation

On May 9, 2000, the Personal Income Tax Act of 2001 was enacted, which will become effective January 1, 2001. The Act will abolish the net wealth tax and will not, otherwise, affect the Netherlands tax considerations discussed above.

Proposed European Union Withholding Tax Directive

A proposal currently under consideration by the European Union would oblige each EU member state either (1) to require a ''paying agent'' established in the EU member state to withhold tax on the payment of interest, discount or premium to an individual beneficial owner who is a tax resident in another EU member state, unless the recipient establishes that it has reported the payment in its state of residence or (2) to require a paying agent established in the EU member state to supply information concerning the payment to the EU member state where such recipient is tax resident. We are unable to predict whether, or in what form, the proposal will be adopted.

United States Federal Income Tax Considerations

The following is a summary of the material U.S. tax consequences regarding your investment in the debt securities if you are a U.S. holder. You will be a U.S. holder if you are an individual who is a citizen or resident of the United States, a U.S. domestic corporation, or any other person that is subject to U.S. federal income tax on a net income basis in respect of an investment in the debt securities. This discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor, including tax considerations that arise from rules of general application or that are generally assumed to be known investors. This discussion deals only with U.S. holders that hold debt securities as capital assets. It does not address considerations that may be relevant to you if you are an investor that is subject to special tax rules, such as a bank, thrift, real estate investment trust, regulated investment company, insurance company, dealer in securities or currencies, trader in securities or commodities that elects mark to market treatment, person that will hold debt securities as a hedge against currency risk or as a position in a ''straddle'' or conversion transaction, tax-exempt organization or a person whose ''functional currency'' is not the U.S. dollar. Any special US federal income tax consequences relevant to a particular issue of debt securities will be discussed in the prospectus supplement.

This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary.

You should consult your tax adviser about the tax consequences of holding debt securities, including the relevance to your particular situation of the considerations discussed below, as well as the relevance to your particular situation of state, local or other tax laws.

Payments and Accruals of Interest

Payments or accruals of ''qualified stated interest'' (as defined below) on a debt security will be taxable to you as ordinary interest income at the time that you receive or accrue such amounts (in accordance with your regular method of tax accounting). If you use the cash method of tax accounting and you receive payments of interest pursuant to the terms of a debt security in a currency other than U.S. dollars (a ''foreign currency''), the amount of interest income you will realize will be the U.S. dollar value of the foreign currency payment based on the exchange rate in effect on the date you receive the payment, regardless of whether you convert the payment into U.S. dollars. If you are an accrual-basis U.S. holder, the amount of interest income you will realize will be based on the average exchange rate in effect during the interest accrual period (or with respect to an interest accrual period that spans two taxable years, at the average exchange rate for the partial period within the taxable year). Alternatively, as an accrual-basis U.S. holder, you may elect to translate all interest income on foreign currency-denominated debt securities at the spot rate on the last day of the accrual period (or the last day of the taxable year, in the case of an accrual period that spans more than one taxable year) or on the date that you receive the interest payment if that date is within five business days of the end of the accrual period. If you make this election, you must apply it consistently to all debt instruments from year to year and you cannot change the election without the consent of the Internal Revenue Service. If you use the accrual method of accounting for tax purposes, you will recognize foreign currency gain or loss on the receipt of a foreign currency interest payment if the exchange rate in effect on the date the payment is received differs from the rate that applies to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the debt security.

Purchase, Sale and Retirement of Debt Securities

Initially, your tax basis in a debt security generally will equal the cost of the debt security to you. Your basis will increase by any amounts that you are required to include in income under the rules governing original issue discount and market discount, and will decrease by the amount of any amortized premium and any payments other than qualified stated interest made on the debt security. (The rules for determining these amounts are discussed below.) If you purchase a debt security that is denominated in a foreign currency, the cost to you (and therefore generally your initial tax basis) will be the U.S. dollar value of the foreign currency purchase price on the date of purchase calculated at the exchange rate in effect on that date. If the foreign currency debt security is traded on an established securities market and you are a cash-basis taxpayer (or if you are an accrual-basis taxpayer that makes a special election), you will determine the U.S. dollar value of the cost of the debt security by translating the amount of the foreign currency that you paid for the debt security at the spot rate of exchange on the settlement date of your purchase. The amount of any subsequent adjustments to your tax basis in a debt security in respect of foreign currency-denominated original issue discount, market discount and premium will be determined in the manner described below. If you convert U.S. dollars into a foreign currency and then immediately use that foreign currency to purchase a debt security, you generally will not have any taxable gain or loss as a result of the conversion or purchase.

When you sell or exchange a debt security, or if a debt security that you hold is retired, you generally will recognize gain or loss equal to the difference between the amount you realize on the transaction (less any accrued interest, which will be subject to tax in the manner described above under ''Payments or Accruals of Interest'') and your tax basis in the debt security. If you sell or exchange a debt security for a foreign currency, or receive foreign currency on the retirement of a debt security, the amount you will realize for U.S. tax purposes generally will be the dollar value of the foreign currency that you receive calculated at the exchange rate in effect on the date the foreign currency debt security is disposed of or retired. If you dispose of a foreign currency debt security that is traded on an established securities market and you are a cash-basis U.S. holder (or if you are an accrual-basis holder that makes a special election), you will determine the U.S. dollar value of the amount realized by translating the amount at the spot rate of exchange on the settlement date of the sale, exchange or retirement.

The special election available to you if you are an accrual-basis taxpayer in respect of the purchase and sale of foreign currency debt securities traded on an established securities market, which is discussed in the two preceding paragraphs, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the Internal Revenue Service.

Except as discussed below with respect to market discount and foreign currency gain or loss, the gain or loss that you recognize on the sale, exchange or retirement of a debt security generally will be capital gain or loss. The gain or loss on the sale, exchange or retirement of a debt security will be long-term capital gain or loss if you have held the debt security for more than one year on the date of disposition. Net long-term capital gain recognized by an individual U.S. holder generally will be subject to a maximum tax rate of 20%. The ability of U.S. holders to offset capital losses against ordinary income is limited.

Despite the foregoing, the gain or loss that you recognize on the sale, exchange or retirement of a foreign currency debt security generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which you held the debt security. This foreign currency gain or loss will not be treated as an adjustment to interest income that you receive on the debt security.

Original Issue Discount

If we issue debt securities at a discount from their stated redemption price at maturity, and the discount is equal to or more than the product of one-fourth of one percent (0.25%) of the stated redemption price at maturity of the debt securities multiplied by the number of full years to their maturity, the debt securities will be ''Original Issue Discount Debt Securities''. The difference between the issue price and the stated redemption price at maturity of the debt securities will be the ''original issue discount''. The ''issue price'' of the debt securities will be the first price at which a substantial amount of the debt securities are sold to the public (*i.e.*, excluding sales of debt securities to underwriters, placement agents, wholesalers, or similar persons). The ''stated redemption price at maturity'' will include all payments under the debt securities other than payments of qualified stated interest. The term ''qualified stated interest'' generally means stated interest that is unconditionally payable in cash or property (other than debt instruments issued by the relevant issuer) at least annually during the entire term of a debt security at a single fixed interest rate or, subject to certain conditions, based on one or more interest indices.

If you invest in an Original Issue Discount Debt Security, you generally will be subject to the special tax accounting rules for original issue discount obligations provided by the Internal Revenue Code and certain U.S. Treasury regulations. You should be aware that, as described in greater detail below, if you invest in an Original Discount Debt Security, you generally will be required to include original issue discount in ordinary gross income for U.S. federal income tax purposes as it accrues, although you may not yet have received the cash attributable to that income.

In general, and regardless of whether you use the cash or the accrual method of tax accounting, if you are the holder of an Original Issue Discount Debt Security with a maturity greater than one year, you will be required to include in ordinary gross income the sum of the ''daily portions'' of original issue discount on that debt security for all days during the taxable year that you own the debt security. The daily portions of original issue discount on an Original Issue Discount Debt Security are determined by allocating to each day in any accrual period a ratable portion of the original issue discount allocable to that period. Accrual periods may be any length and may vary in length over the term of an Original Issue Discount Debt Security, so long as no accrual period is longer than one year and each scheduled payment of principal or interest occurs on the first or last day of an accrual period. If you are the initial holder of the debt security who purchased at the issue price (as described above), the amount of original issue discount on an Original Issue Discount Debt Security allocable to each accrual period is determined by:

- multiplying the ''adjusted issue price'' (as defined below) of the debt security at the beginning of the accrual period by a fraction, the numerator of which is the annual yield to maturity (defined below) of the debt security and the denominator of which is the number of accrual periods in a year; and
- subtracting from that product the amount (if any) payable as qualified stated interest allocable to that accrual period.

In the case of an Original Issue Discount Debt Security that is a floating rate debt security, both the ''annual yield to maturity'' and the qualified stated interest will be determined for these purposes as though the debt security will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the debt security on its date of issue or, in the case of some floating rate debt securities, the rate that reflects the yield that is reasonably expected for the debt security. (Additional rules may apply if interest on a floating rate debt security is based on more than one interest index.) The ''adjusted issue price'' of an Original Issue Discount Debt Security at the beginning of any accrual period will generally be the sum of its issue price (including any pre-issuance accrued interest) and the amount of original issue discount allocable to all prior accrual periods, reduced by the amount of all payments other than any qualified stated interest payments on the debt security in all prior accrual periods. All payments on an Original Issue Discount Debt Security (other than qualified stated interest) will generally be viewed first as payments of previously accrued original issue discount (to the extent of the previously accrued discount), with payments considered made from the earliest accrual periods first, and then as a payment of principal. The ''annual yield to maturity'' of a debt security is the discount rate that causes the present value on the issue date of all payments on the debt security to equal the issue price. As a result of this ''constant yield'' method of including original issue discount income, the amounts you will be required to include in your gross income if you invest in an Original Issue Discount Debt Security denominated in U.S. dollars generally will be lesser in the early years and greater in the later years than amounts that would be includible on a straight-line basis.

You generally may make an irrevocable election to include in income your entire return on a debt security (i.e., the excess of all remaining payments to be received on the debt security, including payments of qualified stated interest, over the amount you paid for the debt security) under the constant yield method described above. If you purchase debt securities at a premium or market discount and if you make this election, you will also be deemed to have made the election (discussed below under ''Premium'' and ''Market Discount'') to amortize premium or to accrue market discount currently on a constant yield basis in respect of all other premium or market discount bonds that you hold.

In the case of an Original Issue Discount Debt Security that is also a foreign currency debt security, you should determine the U.S. dollar amount includible as original issue discount for each accrual period by (i) calculating the amount of original issue discount allocable to each accrual period in the foreign currency using the constant yield method described above and (ii) translating that foreign currency amount at the average exchange rate in effect during that accrual period (or, with respect to an interest accrual period that spans two taxable years, at the average exchange rate for each partial period). Alternatively, you may translate the foreign currency amount at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year, for an accrual period that spans two taxable years) or at the spot rate of exchange on the date of receipt, if that date is within five business days of the last day of the accrual period, provided that you have made the election described above under ''Payments or Accruals of Interest''. Because exchange rates may fluctuate, if you are the holder of an Original Issue Discount Debt Security that is also a foreign currency debt security, you may recognize a different amount of original issue discount income in each accrual period than would be the case if you were the holder of an otherwise similar Original Issue Discount Debt Security denominated in U.S. dollars. Upon the receipt of an amount attributable to original issue discount (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the Original Issue Discount Debt Security), you will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the Original Issue Discount Debt Security, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

If you purchase an Original Issue Discount Debt Security outside of the initial offering at a cost less than its remaining redemption amount (*i.e.*, the total of all future payments to be made on the debt security other than payments of qualified stated interest), or if you purchase an Original Issue Discount Debt Security in the initial offering at a price other than the debt security's issue price, you generally will also be required to include in gross income the daily portions of original issue discount, calculated as described above. However, if you acquire an Original Issue Discount Debt Security at a price greater than its adjusted issue price, you will be entitled to reduce your periodic inclusions of original issue discount to reflect the premium paid over the adjusted issue price.

Floating rate debt securities generally will be treated as ''variable rate debt instruments'' under the OID Regulations. Accordingly, the stated interest on a Floating Rate Debt Security generally will be treated as ''qualified stated interest'' and such a Debt Security will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a floating rate debt security does not qualify as a ''variable rate debt instrument,'' the debt security will be subject to special rules that govern the tax treatment of debt obligations that provide for contingent payments. We will provide a detailed description of the tax considerations relevant to U.S. holders of any such Debt Securities in the prospectus supplement.

Certain Debt Securities may be redeemed prior to maturity, either at the option of the issuers or at the option of the holder, or may have special repayment or interest rate reset features as indicated in the prospectus supplement. Debt Securities containing these features may be subject to rules that differ from the general rules discussed above. If you purchase Debt Securities with these features, you should carefully examine the prospectus supplement and consult your tax adviser about their treatment since the tax consequences of original issue discount will depend, in part, on the particular terms and features of the debt securities.

Short-Term Debt Securities

The rules described above will also generally apply to Original Issue Discount Debt Securities with maturities of one year or less (''short-term debt securities''), but with some modifications.

First, the original issue discount rules treat none of the interest on a short-term debt security as qualified stated interest, but treat a short-term debt security as having original issue discount. Thus, all short-term debt securities will be Original Issue Discount Debt Securities. Except as described below, if you are a cash-basis holder of a short-term debt security and you do not identify the short-term debt security as part of a hedging transaction you will generally not be required to accrue original issue discount currently, but you will be required to treat any gain realized on a sale, exchange or retirement of the debt security as ordinary income to the extent such gain does not exceed the original issue discount accrued with respect to the debt security during the period you held the debt security. You may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a short-term debt security until the maturity of the debt security or its earlier disposition in a taxable transaction. Notwithstanding the foregoing, if you are a cash-basis U.S. holder of a short-term debt security, you may elect to accrue original issue discount on a current basis (in which case the limitation on the deductibility of interest described above will not apply). A U.S. holder using the accrual method of tax accounting and some cash method holders (including banks, securities dealers, regulated investment companies and certain trust funds) generally will be required to include original issue discount on a short-term debt security in gross income on a current basis. Original issue discount will be treated as accruing for these purposes on a ratable basis or, at the election of the holder, on a constant yield basis based on daily compounding.

Second, regardless of whether you are a cash-basis or accrual-basis holder, if you are the holder of a short-term debt security you may elect to accrue any ''acquisition discount'' with respect to the debt security on a current basis. Acquisition discount is the excess of the remaining redemption amount of the debt security at the time of acquisition over the purchase price. Acquisition discount will be treated as accruing ratably or, at the election of the holder, under a constant yield method based on daily compounding. If you elect to accrue acquisition discount, the original issue discount rules will not apply.

Finally, the market discount rules described below will not apply to short-term debt securities.

As discussed above, certain of the debt securities may be subject to special redemption features. These features may affect the determination of whether a debt security has a maturity of one year or less and thus whether the debt security is a short-term debt security. If you purchase debt securities with these features, you should carefully examine the prospectus supplement and consult your tax adviser about these features.

Premium

If you purchase a debt security at a cost greater than the debt security's remaining redemption amount, you will be considered to have purchased the debt security at a premium, and you may elect to amortize the premium as an offset to interest income, using a constant yield method, over the remaining term of the debt security. If you make this election, it generally will apply to all debt instruments that you hold at the time of the election, as well as any debt instruments that you subsequently acquire. In addition, you may not revoke the election without the consent of the Internal Revenue Service. If you elect to amortize the premium, you will be required to reduce your tax basis in the debt security by the amount of the premium amortized during your holding period. Original Issue Discount Debt Securities purchased at a premium will not be subject to the original issue discount rules described above. In the case of premium on a foreign currency debt security, you should calculate the amortization of the premium in the foreign currency. Premium amortization deductions attributable to a period reduce interest income in respect of that period, and therefore are translated into U.S. dollars at the rate that you use for interest payments in respect of that period. Exchange gain or loss will be realized with respect to amortized premium on a foreign currency debt security based on the difference between the exchange rate computed on the date or dates the premium is amortized against interest payments on the debt security and the exchange rate on the date the holder acquired the debt security. If you do not elect to amortize premium, the amount of premium will be included in your tax basis in the debt security. Therefore, if you do not elect to amortize premium and you hold the debt security to maturity, you generally will be required to treat the premium as capital loss when the debt security matures.

Market Discount

If you purchase a debt security at a price that is lower than the debt security's remaining redemption amount (or in the case of an Original Issue Discount Debt Security, the debt security's adjusted issue price), by 0.25% or more of the remaining redemption amount (or adjusted issue price), multiplied by the number of remaining whole years to maturity, the debt security will be considered to bear ''market discount'' in your hands. In this case, any gain that you realize on the disposition of the debt security generally will be treated as ordinary interest income to the extent of the market discount that accrued on the debt security during your holding period. In addition, you may be required to defer the deduction of a portion of the interest paid on any indebtedness that you incurred or continued to purchase or carry the debt security. In general, market discount will be treated as accruing ratably over the term of the debt security, or, at your election, under a constant yield method. You must accrue market discount on a foreign currency debt security in the specified currency. The amount that you will be required to include in income in respect of accrued market discount will be the U.S. dollar value of the accrued amount, generally calculated at the exchange rate in effect on the date that you dispose of the debt security.

You may elect to include market discount in gross income currently as it accrues (on either a ratable or constant yield basis), in lieu of treating a portion of any gain realized on a sale of the debt security as ordinary income. If you elect to include market discount on a current basis, the interest deduction deferral rule described above will not apply. If you do make such an election, it will apply to all market discount debt instruments that you acquire on or after the first day of the first taxable year to which the election applies. The election may not be revoked without the consent of the Internal Revenue Service. Any accrued market discount on a foreign currency debt security that is currently includible in income will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the holder's taxable year).

Indexed Debt Securities and Other Debt Securities Providing for Contingent Payments

Special rules govern the tax treatment of debt obligations that provide for contingent payments (''contingent debt obligations''). These rules generally require accrual of interest income on a constant yield basis in respect of contingent debt obligations at a yield determined at the time of issuance of the obligation, and may require adjustments to these accruals when any contingent payments are made. We will provide a detailed description of the tax considerations relevant to U.S. holders of any contingent debt obligations in the prospectus supplement.

Information Reporting and Backup Withholding

The paying agent must file information returns with the United States Internal Revenue Service in connection with debt security payments made to certain United States persons. If you are a United States person, you generally will not be subject to a 31% United States backup withholding tax on such payments if you provide your taxpayer identification number to the paying agent. You may also be subject to information reporting and backup withholding tax requirements with respect to the proceeds from a sale of the debt securities. If you are not a United States person, you may have to comply with certification procedures to establish that you are not a United States person in order to avoid information reporting and backup withholding tax requirements.

PLAN OF DISTRIBUTION

Deutsche Telekom or Finance may sell the debt securities offered by this prospectus through agents, underwriters or dealers, or directly to one or more purchasers. In addition, third parties may sell debt securities under the registration statement for their own account.

The prospectus supplement relating to any offering will identify or describe:

- any underwriter, dealers or agents;
- their compensation;
- the net proceeds to us;
- the purchase price of the debt securities;
- the initial public offering price of the debt securities; and
- any exchange on which the debt securities will be listed.

Agents

We may designate agents who agree to use their reasonable efforts to solicit purchases of the debt securities during the term of their appointment to sell debt securities on a continuing basis.

Underwriters

If we use underwriters for the sale of debt securities, they will acquire the debt securities for their own account. The underwriters may resell the debt securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Unless we otherwise state in the applicable prospectus supplement, various conditions will apply to the underwriters' obligation to purchase the debt securities, and the underwriters will be obligated to purchase all of the debt securities contemplated in an offering if they purchase any of such debt securities. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

Dealers

If we use dealers in the sale, unless we otherwise indicate in the applicable prospectus supplement, we will sell the debt securities to the dealers as principals. The dealers may then resell the debt securities to the public at varying prices that the dealers may determine at the time of resale.

Direct Sales

We may also sell debt securities directly without using agents, underwriters or dealers.

Securities Act of 1933; Indemnification

Underwriters, dealers and agents that participate in the distribution of the debt securities may be underwriters as defined in the Securities Act 1933, and any discounts and commissions they receive from us and any profit on their resale of debt securities may be treated as underwriting discounts and commissions under the Securities Act of 1933. Agreements that we will enter into with underwriters, dealers or agents may entitle them to indemnification by us against various civil liabilities. These include liabilities under the Securities Act of 1933. The agreements may also entitle them to contribution for payments which they may be required to make as a result of these liabilities. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, us in the ordinary course of business.

Market Making

In the event that we do not list debt securities of any series on a US national securities exchange, various broker-dealers may make a market in the debt securities, but will have no obligation to do so, and may discontinue any market making at any time without notice. Consequently, it may be the case that no broker-dealer will make a market in debt securities of any series or that the liquidity of the trading market for the debt securities will be limited.

VALIDITY OF SECURITIES

Certain matters of United States and German law relating to the debt securities offered through this prospectus will be passed upon for Deutsche Telekom and Finance by Cleary, Gottlieb, Steen & Hamilton.

EXPERTS

PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, which carries on the professional services of C&L Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, independent public accountants, have audited the consolidated financial statements of Deutsche Telekom as of December 31, 1998 and 1999 and for each of the three years in the period ended December 31, 1999 included in this prospectus, including the notes to those financial statements, as stated in their report.

No dealer, salesperson or other person is authorized to give any information or represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is currently on as of its date.

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Deutsche Telekom International Finance B.V.

$500,000,000 9.25% Notes due 2032

€2,500,000,000 7.50% Notes due 2007

€2,000,000,000 8.125% Notes due 2012

Guaranteed as to Payment of Principal and Interest by

Deutsche Telekom AG

Deutsche Bank

JPMorgan

Salomon Smith Barney