

**Deutsche Telekom AG Bonn**

Securities identification code 555 750

ISIN Code DE 000 555 750 8

Common Code 10540836

These materials are not an offer for sale of subscription rights or the shares of Deutsche Telekom AG in the United States of America. The subscription rights and the shares referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or with any regulatory authority of any state or other jurisdiction in the United States of America. Subscription rights and the new shares referred to herein may only be exercised, offered or sold outside the United States of America.

Subject to the resolution of the shareholders' meeting of Deutsche Telekom AG on May 25, 2016 to pay out a dividend of EUR 0.55 per no-par value share and the publication of the respective dividend announcement on the Deutsche Telekom AG website ([www.telekom.com/agm](http://www.telekom.com/agm)) on May 26, 2016, the Board of Management of Deutsche Telekom AG submits to the shareholders of Deutsche Telekom AG the following

## SUBSCRIPTION OFFER

On May 24, 2016, the Board of Management of Deutsche Telekom AG ("**Deutsche Telekom**" or the "**Company**") resolved with the approval of the Supervisory Board to use the authorized capital in accordance with § 5 (2) of the Company's articles of incorporation (Authorized Capital 2013) and to increase the capital stock of EUR 11,793,028,787.20 by up to EUR 1,777,979,476.48 through the issuance of up to 694,523,233 no-par value registered shares (the "**New Shares**") in return for a non-cash contribution with the exercise of subscription rights (the "**Capital Increase**").

The dividend entitlements that will arise subject to the adoption of the resolution on appropriation of net income by the shareholders' meeting of the Company on May 25, 2016 of EUR 0.55 per no-par value share (the "**Dividend Entitlements**") shall be paid out at the election of the shareholders in cash or, if New Shares are chosen, as a non-cash contribution for the Capital Increase. The Dividend Entitlements will be certified in the form of bearer global profit share certificates (the "**Bearer Global Profit Share Certificates**"), which will be kept in custody by Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"). After determining the total number of New Shares to be issued, the Board of Management expects, with the approval of the Supervisory Board, to determine the precise amount of the Capital Increase as well as the number of New Shares in a specific resolution on June 21, 2016. The New Shares will be entitled to participate in dividends as of January 1, 2016.

The New Shares will be offered to the shareholders in accordance with their respective dividend entitlement as certified in the Bearer Global Profit Share Certificate at a still-to-be-determined subscription price and in a still-to-be-determined subscription ratio ("**Subscription Offer**"). Each existing share will carry one subscription right and one dividend entitlement of EUR 0.55. Each shareholder can only exercise its subscription right in

the manner that it instructs and authorizes Citigroup Global Markets Limited as a third-party trustee to subscribe for the New Shares which such shareholder would like to receive based on its subscription right, in the name of Citigroup Global Markets Limited, but for such shareholder's own account, to assign the respective Dividend Entitlements and to transfer its co-ownership participations in the respective Bearer Global Profit Share Certificates to Citigroup Global Markets Limited. Such instruction and authorization must be made during the subscription period from May 26, 2016 to June 13, 2016 (both inclusive) via its depository bank during normal banking hours ("**Subscription Period**") using the form provided by the depository bank for this purpose (the "**Declaration of Subscription and Transfer**"). After subscription and the entry of the execution of the subscription right capital increase in the commercial register, Citigroup Global Markets Limited will transfer such subscribed New Shares to a Clearstream securities account for credit to the securities account of the respective shareholder. Shareholders who make use of their subscription rights must assign the Dividend Entitlement that they wish to use to subscribe to the New Shares to Citigroup Global Markets Limited within the Subscription Period by submitting their Declaration of Subscription and Transfer on time and transferring their co-ownership participations in the relevant Bearer Global Profit Share Certificates to Citigroup Global Markets Limited free of third-party rights. The exercise of the subscription rights shall take effect upon the book entry transfer in due course of the relevant Dividend Entitlements from ISIN DE000A2AA2C3/WKN A2A A2C to ISIN DE000A2AA2D1/WKN A2A A2D.

Citigroup Global Markets Limited will process the Subscription Offer as a subscription agent based on a transaction agreement concluded on March 16, 2016 ("**Transaction Agreement**") in respect of shareholders who would like to exercise their subscription rights, subject to the conditions

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specified in the section "Other important information". In particular, Citigroup Global Markets Limited undertook in the Transaction Agreement to contribute to the Company as a non-cash contribution the Dividend Entitlements assigned to it in accordance with the still-to-be-determined subscription price and the still-to-be-determined subscription ratio; to subscribe to the New Shares for the account of those shareholders who wish to exercise their subscription rights and to deliver the New Shares to the relevant shareholders in accordance with the still-to-be-determined subscription ratio at the still-to-be-determined subscription price per New Share. Citigroup Global Markets Limited is expected to subscribe for the New Shares on June 22, 2016. The execution of the Capital Increase is also expected to be entered in the commercial register on June 22, 2016.

The subscription rights relating to the existing shares of the Company will automatically be posted by Clearstream to the depository banks on May 26, 2016 as per the status on May 25, 2016 at 11:59 p.m. CEST, together with the inextricably linked Dividend Entitlements (ISIN DE000A2AA2C3/WKN A2A A2C); an adjustment entry will be made for shares that have been sold by this time but not yet transferred. The Dividend Entitlements posted embody at the same time the corresponding subscription right. The depository banks are responsible for posting the subscription rights and Dividend Entitlements to the securities accounts of the individual shareholders.

Our shareholders have the option to exercise their subscription rights for the New Shares in the period

**from May 26, 2016 to June 13, 2016  
(both inclusive)**

during normal banking hours via their depository bank via the subscription agent named below, using the Declaration of Subscription and Transfer provided by the depository bank and to assign the Dividend Entitlements that are to be contributed as non-cash contributions to Citigroup Global Markets Limited as well as transferring their co-ownership participations in the relevant Global Profit Share Certificates to Citigroup Global Markets Limited. Subscription rights that are not exercised in time shall expire. If subscription rights are not exercised or not exercised in time, the dividend shall be paid in cash without further action.

#### **Subscription agent and settlement agent**

The subscription agent is Citigroup Global Markets Limited, London. The paying agent is Citigroup Global Markets Limited, acting through Citibank N.A., London.

#### **Important note:**

**The Company asks its shareholders to note that the subscription price per New Share and the subscription ratio will only be published during the Subscription Period, presumably on Friday, June 10, 2016 about 3:00 p.m. CEST. Holders of subscription rights who do not exercise them, or do not exercise them in full, will receive for each retained no-par value share for which the subscription right was not exercised, the cash dividend of EUR 0.55 per share, which is expected to be paid on June 22, 2016 through the depository banks.**

#### **Subscription price**

The subscription price is expected to be published in the German Federal Gazette (Bundesanzeiger) and on the Deutsche Telekom website ([www.telekom.com/agm](http://www.telekom.com/agm)) on Friday, June 10, 2016 about 3:00 p.m. CEST, i.e., three days before the end of the Subscription Period.

The subscription price corresponds to the result in Euro of dividing the reference price by EUR 0.55, less 2.0% of this result, then rounded down to one decimal place and multiplied by EUR 0.55 (the "**Subscription Price**"). The reference price is the volume-weighted average price of Deutsche Telekom AG shares in Euro in the XETRA trading system on the Frankfurt stock exchange on Thursday June 9, 2016 ("**Reference Price**").

#### **Subscription ratio**

The subscription ratio is also expected to be published together with the Subscription Price, in the German Federal Gazette and on the Deutsche Telekom website ([www.telekom.com/agm](http://www.telekom.com/agm)) on Friday, June 10, 2016 about 3:00 p.m. CEST, i.e., three days before the end of the Subscription Period.

The subscription ratio corresponds to the relationship between the result of dividing the Reference Price by EUR 0.55, less 2.0% of this result and rounded to one decimal place, to one New Share (the "**Subscription Ratio**").

The number of Dividend Entitlements that must be transferred and contributed to purchase one New Share shall equal the Subscription Price divided by EUR 0.55.

A shareholder's "residual amount" that is not sufficient to cover subscription to one full New Share, is compensated by making a dividend payment in cash, rounded down to the nearest whole cent. This means that shareholders for whom the number of Dividend Entitlements assigned and transferred for the purpose of the non-cash contribution is not sufficient to receive a full New Share, will receive their dividend to that extent in cash, rounded down to the nearest whole cent (the "**residual balance**").

The amount of the residual balance is calculated by multiplying the number of dividend entitlements or portions thereof that are insufficient to cover the subscription of one (additional) full new share by EUR 0.55; if this calculation leads to an amount in Euro with more than two decimals after the decimal point, the result shall be rounded down to the nearest whole cent. The amount resulting from this rounding will always be lower than EUR 0.01 per share portfolio. Any commercial rounding, which Clearstream and/or the depository banks may apply due to technical reasons, remain unaffected and shall neither be done on account of the Company nor on account of Citigroup Global Markets Limited.

#### **Subscription rights trading**

There are no plans for the Company or Citigroup Global Markets Limited to have the subscription rights traded and neither the Company nor Citigroup Global Markets Limited will organize such trading. Nor is it intended for the subscription rights to be quoted on a stock exchange. Therefore, it is not possible for subscription rights to be purchased or sold on a stock exchange in the regulated market. Nor will the Company or Citigroup Global Markets Limited arrange for any such purchases or sales. However, the subscription rights to which a shareholder is entitled can be freely transferred together with the Dividend Entitlements to which they are inextricably linked.

From the start of the Subscription Period, i.e., from May 26, 2016, the Company's existing shares will be listed "ex rights" and "ex dividend."

#### **Form and certification of the New Shares**

In accordance with the Company's currently applicable articles of incorporation, the New Shares will be issued as no-par value registered shares. The New Shares will be represented by one or more global

certificates, each with a Bearer Global Profit Share Certificate, to be held by Clearstream in collective custody.

The right of shareholders to certification of their shares and dividends is excluded in § 5 (6) of the Articles of Incorporation unless certification is necessary according to the rules of a stock exchange on which the shares are listed.

#### **Delivery of the New Shares purchased on the basis of the Subscription Offer and payment of the residual amounts**

The New Shares for which subscription rights were exercised in accordance with the Subscription Offer are expected to be delivered to the shareholders via collective safe custody credit (Girosammelgutschrift) on June 28, 2016.

The residual amounts are expected to be paid together with the cash payment for Dividend Entitlements for which dividends were not chosen in the form of shares through the depository banks on June 22, 2016.

#### **Commission for depository banks**

For the subscription to New Shares, the depository banks may charge a brokerage commission. Please consult your depository bank in advance for details. Citigroup Global Markets Limited will not charge exercising shareholders any additional commission for processing their subscription rights.

#### **Admission to the stock exchange and listing of the New Shares**

Admission of the New Shares to the regulated markets for trading on the Frankfurt am Main, Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart stock exchanges as well as to the regulated market subsection with additional post-admission obligations (Prime Standard) on the Frankfurt stock exchange is expected to be applied for on May 26, 2016. The decision on admission is expected for June 23, 2016, subject to the registration of the execution of the Capital Increase with the commercial register. The New Shares are expected to be included in the existing quotation of the Company's shares on June 28, 2016.

#### **Other important information**

**In accordance with § 4 (1) No. 4 of the German Securities Prospectus Act ("WpPG") and § 4 (2) No. 5 WpPG, no securities prospectus will be prepared for the execution of the Subscription Offer and the admission of the New Shares, but only a single document for information purposes in accordance with § 4 (1) No. 4 WpPG and § 4 (2) No. 5 WpPG ("prospectus-exempting document"). Before making a decision on whether to exercise their subscription right, interested shareholders should read carefully the prospectus-exempting document (available at [www.telekom.com/agm](http://www.telekom.com/agm)) and find out about the Company in detail. It is also recommended, also with regard to risks, that they visit the Company's website ([www.telekom.com/ir](http://www.telekom.com/ir)) and read the available financial reports including the Company's financial statements for 2015 financial year, the most recent interim report on the first quarter of 2016 from May 4, 2016, and the other information on the Company's website, and take them into account when making a decision.**

**The obligations of Citigroup Global Markets Limited arising under the Transaction Agreement to conclude a contribution agreement and to subscribe for the New Shares and thus ultimately to execute this Subscription Offer are subject to a series of conditions precedent. These conditions include in particular that all representations and warranties of the Company in the Transaction Agreement are accurate and complete and the Company has fulfilled all its obligations under the Transaction Agreement to be fulfilled prior to the conclusion of the contribution agreement and subscription to the New Shares.**

**If Citigroup Global Markets Limited finds before the registration of the execution of the Capital Increase with the commercial register that one of the conditions has not been fulfilled in time, it can terminate the Transaction Agreement. Under certain conditions the Company is entitled to terminate the Transaction Agreement as well. In the event that the Transaction Agreement is terminated before the registration of the execution of the Capital Increase with the commercial register, the subscription right of the shareholders shall be canceled. In such circumstances, shareholders will receive their dividends of EUR 0.55 in cash. Once the execution of the Capital Increase has been registered with the commercial register, there is no longer any such right of termination and the shareholders who have exercised their subscription right in accordance with the above requirements will receive the New Shares at the Subscription Price.**

#### **Sales restrictions**

The New Shares will only be offered to the public in the Federal Republic of Germany. Neither the subscription rights nor the New Shares are, or will be, registered in accordance with the U.S. Securities Act of 1933 as amended ("**Securities Act**"), or with the securities regulators of individual states or other territories of the United States of America. At no time may the subscription rights and New Shares be offered, sold, exercised, pledged, transferred or delivered, either directly or indirectly, to the or within the United States of America, unless an exemption from the registration requirements of the Securities Act applies or unless such a transaction is covered by them and therefore does not constitute a breach of applicable securities legislation in the individual states of the United States of America.

#### **Availability of the prospectus-exempting document**

The Subscription Offer is made on the basis of the prospectus-exempting document, which states that there is no obligation to publish a prospectus for the public offering, § 4 (1) no. 4 WpPG, and admission for trading, § 4 (2) no. 5 WpPG, of dividends paid out to shareholders in the form of shares "provided that a document is made available which contains information on the quantity and type of shares and which describes the reasons for and details of the offer." The document is published at [www.telekom.com/agm](http://www.telekom.com/agm).

**Bonn, May 25, 2016**

**Deutsche Telekom AG  
The Board of Management**

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