



Deutsche Telekom AG

Bonn, Federal Republic of Germany

as Issuer and as Guarantor for Notes issued by

Deutsche Telekom International Finance B.V.

Amsterdam, The Netherlands

Euro 20,000,000,000 Debt Issuance Programme

Application has been made to list Notes to be issued under the Programme on the Luxembourg Stock Exchange. Notes issued under the Programme may also be listed on an alternative stock exchange or may not be listed at all.

Arranger

Deutsche Bank

Dealers

Commerzbank Securities

Deutsche Bank

DZ BANK AG

Dresdner Kleinwort Wasserstein

Goldman Sachs International

HVB Corporates & Markets

JPMorgan

Lehman Brothers

Merrill Lynch International

UBS Investment Bank

WestLB AG

The date of this Information Memorandum is 26 April 2004. This Information Memorandum replaces the Information Memorandum dated 30 April 2003 and is valid for one year from the date hereof.

Each of Deutsche Telekom AG (“Deutsche Telekom” or the “Company”) and Deutsche Telekom International Finance B.V. (“Finance”) (both herein also referred to as an “Issuer” and together, the “Issuers”) and Deutsche Telekom AG in its capacity as guarantor (the “Guarantor”) jointly and severally accepts responsibility for the information contained in the Information Memorandum. To the best of the knowledge and belief of the Issuers and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in the Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Information Memorandum should be read and construed with any amendment or supplement thereto and with any other documents incorporated by reference and, in relation to any Series (as defined herein) of Notes, should be read and construed together with the relevant Pricing Supplement(s) (as defined herein).

Each of the Issuers have jointly and severally confirmed to the dealers as set forth on the cover page (the “Dealers”) that the Information Memorandum is true and accurate in all material respects and is not misleading; that any opinions and intentions expressed by each of them therein are honestly held and based on reasonable assumptions; that there are no other facts with respect to any of the Issuers, the omission of which would make the Information Memorandum as a whole or any statement therein or opinions or intentions expressed therein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

No person has been authorised by any of the Issuers to give any information or to make any representation not contained in or not consistent with the Information Memorandum or any other document entered into in relation to the Programme or any information supplied by any Issuer or the Guarantor or such other information as in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuers, the Guarantor, the Dealers or any of them.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates make any representation or warranty or accept any responsibility, as to the accuracy or completeness of the information contained in the Information Memorandum.

This Information Memorandum is valid for one year following its date of issue and it and any amendment or supplement hereto as well as any Pricing Supplement reflect the status as of their respective dates of issue. The offering, sale or delivery of any Notes may not be taken as an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue or that there has been no adverse change in the financial condition of each of the Issuers and the Guarantor since such date or that any other information supplied in connection with the Programme is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Each of the Issuers and the Guarantor has undertaken with the Dealers to amend or supplement this Information Memorandum or publish a new Information Memorandum if and when the information herein should become materially inaccurate or incomplete.

To the extent permitted by the laws of any relevant jurisdiction neither the Arranger nor any Dealer accepts any responsibility for the accuracy and completeness of the information contained in this Information Memorandum or any amendment or supplement hereof, or any other document incorporated by reference nor for the information contained in any Pricing Supplement.

This document may only be communicated or caused to be communicated in circumstances in which section 21 (1) of the Financial Services and Markets Act 2000 (“FSMA”) does not apply.

The Notes will not be registered under the United States Securities Act of 1933, as amended, and will include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons, see “Selling Restrictions”.

The distribution of the Information Memorandum and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Information Memorandum or any Pricing Supplement comes are required by the Issuers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of the Information Memorandum or any Pricing Supplement and other offering material relating to the Notes, see “Selling Restrictions”.

Neither the Information Memorandum nor any Pricing Supplement may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

Neither the Information Memorandum nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuers, the Guarantor, the Dealers or any of them that any recipient of the Information Memorandum or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of the Information Memorandum or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuers and the Guarantor.

In connection with the issue of any Tranche (as defined herein) of Notes under the Programme, the Dealer (if any) who is specified in the relevant Pricing Supplement as the stabilising institution or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the stabilising institution to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

In this Information Memorandum, all references to „€“ or „euro“ are to the Euro.

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Summary of the Debt Issuance Programme and of the Terms and Conditions of the Notes

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this Summary.

Issuers:	Deutsche Telekom AG Deutsche Telekom International Finance B.V.
Guarantor:	Deutsche Telekom AG (for Notes issued by Deutsche Telekom International Finance B.V.)
Arranger:	Deutsche Bank Aktiengesellschaft
Dealers:	Bayerische Hypo- und Vereinsbank AG Commerzbank Aktiengesellschaft Deutsche Bank Aktiengesellschaft Dresdner Bank Aktiengesellschaft DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Goldman Sachs International J. P. Morgan Securities Ltd. Lehman Brothers International (Europe) Merrill Lynch International UBS Limited WestLB AG and any other dealer appointed from time to time by the respective Issuer either generally in respect of the Programme or in relation to a particular Series (as defined below) of Notes.
Fiscal and Principal Paying Agent:	Citibank, N.A.
Paying Agent:	Banque Générale du Luxembourg S.A., Luxembourg
Luxembourg Listing Agent:	Banque Générale du Luxembourg S.A., Luxembourg
Regulatory Matters:	<p>Any issue of Notes denominated in a Specified Currency in respect of which particular laws, regulations, guidelines, restrictions and reporting requirements apply will only be issued in circumstances which comply with such laws, regulations, guidelines, restrictions and reporting requirements from time to time. Without prejudice to the generality of the foregoing:</p> <p>Notes issued on terms that they must be redeemed before their first anniversary will, if the proceeds of the issue are accepted in the United Kingdom constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £ 100,000 or its equivalent.</p> <p>Issues of Notes denominated in Swiss Francs or carrying a Swiss Franc related element with a maturity of more than one year will be effected in compliance with the relevant regulations of the Swiss National Bank based on Article 7 of the Federal Law on Banks and Savings Banks of 1934, as amended, and Article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995 in connection with Article 2 (2) of the Ordinance of the Federal</p>

Banking Commission on Stock Exchanges and Securities Trading of 25 June 1997. Under such regulations, the relevant Dealer or, in the case of a syndicated issue, the Lead Manager, must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer licensed by the Swiss Federal Banking Commission as per the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995 (the "Swiss Dealer"). The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant issue date for such a transaction.

The Issuer shall ensure that Notes denominated or payable in Yen ("Yen Notes") will only be issued in compliance with applicable Japanese laws, regulations, guidelines and policies. The Issuer or its designated agent shall submit such reports or information as may be required from time to time by applicable laws, regulations and guidelines promulgated by Japanese authorities in the case of Yen Notes. Each Dealer agrees to provide any necessary information relating to Yen Notes to the Issuer (which shall not include the names of clients) so that the Issuer may make any required reports to the competent authority of Japan for itself or through its designated agent.

Investors in France may only participate in the issue of Notes for their own account in accordance with the conditions set out in *décret* no. 98-880 dated 1 October 1998. Notes may only be issued, directly or indirectly in accordance with articles 6 and 7 of *ordonnance* no. 67-833 dated 28 September 1967 (as amended). Where an issue of Notes is effected as an exception to the rules relating to *un appel public à l'épargne*, in France (public offer rules) by way of an offer to a restricted circle of investors, such persons must have a personal, professional or family relationship with a member of the management of the Issuer. To the extent that the Notes are offered to 100 or more of such investors, these persons must provide certification as to their personal, professional or family relationship with a member of the management of the Issuer.

Programme Amount: Up to Euro 20,000,000,000 (or its equivalent in other currencies) outstanding at any time. The Issuers may from time to time increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

Distribution: Notes may be distributed by way of public or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be stated in the relevant Pricing Supplement.

Method of Issue: Notes in bearer form will be issued on a continuous basis in Tranches (each a "Tranche"), each Tranche consisting of Notes which are identical in all respects. One or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, but having different issue dates, interest commencement dates, issue prices and dates for first interest payments may form a Series ("Series") of Notes. Further Notes may be issued as part of existing Series. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions) will be set forth in the applicable Pricing Supplement.

Issue Price: Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.

Specified Currencies: Subject to any applicable legal or regulatory restrictions, and requirements of the relevant central banks Notes may be issued in any of the following currencies: Australian Dollars, Canadian Dollars, Euro, Japanese Yen, Pounds Sterling, Swiss Francs, United States Dollars or any other currencies as may be agreed between the relevant Issuer and the relevant Dealers.

Denomination of Notes:	<p>Notes will be issued in such denomination as may be agreed between the Issuer and the relevant Dealers and as indicated in the applicable Pricing Supplement save that the minimum denomination of the Notes will be such as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency.</p> <p>Unless permitted by then current laws and regulations, Notes in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom will have a minimum denomination of £ 100,000 (or its equivalent in other currencies) and can only be issued to a limited class of professional investors, unless such Notes may not be redeemed until on or after the first anniversary of their date of issue.</p>
Maturities:	<p>Such maturities as may be agreed between the relevant Issuer and the relevant Dealers and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency.</p>
Form of Notes:	<p>The Notes may be issued in bearer form only.</p> <p>Notes to which U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (the “TEFRA C Rules”) applies (“TEFRA C Notes”) will be represented either initially by a temporary global Note in bearer form, without interest coupons, in an initial principal amount equal to the aggregate principal amount of such Notes (“Temporary Global Note”) or permanently by a permanent global Note in bearer form, without interest coupons, in a principal amount equal to the aggregate principal amount of such Notes (“Permanent Global Note”). Any Temporary Global Note will be exchanged for either definitive Notes in bearer form (“Definitive Notes”) or in part for Definitive Notes and in the other part for one or more collective Notes in bearer form (“Collective Notes”).</p> <p>Notes to which U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (the “TEFRA D Rules”) applies (“TEFRA D Notes”) will always be represented initially by a Temporary Global Note which will be exchanged for either Notes represented by one or more Permanent Global Note(s) or Definitive Notes or in part for Definitive Notes and in the other part for one or more Collective Notes, in each case not earlier than 40 days and not later than 180 days after the completion of distribution of the Notes comprising the relevant Tranche upon certification of non U.S. beneficial ownership in the form available from time to time at the specified office of the Fiscal Agent.</p> <p>Notes in bearer form to which neither the TEFRA C Rules nor the TEFRA D Rules apply will be represented either initially by a Temporary Global Note or permanently by a Permanent Global Note. Any Temporary Global Note will be exchanged for either Definitive Notes or in part for Definitive Notes and in the other part for one or more Collective Notes.</p> <p>Permanent Global Notes will not be exchanged for Definitive Notes or Collective Notes.</p>
Description of Notes	<p>Notes may be either interest bearing at fixed or variable rates or non-interest bearing, with principal repayable at a fixed amount or by reference to a formula as may be agreed between the Issuer and the relevant Dealer as specified in the applicable Pricing Supplement.</p>
Fixed Rate Notes:	<p>Notes for which the interest rate is fixed will be payable on such basis as may be agreed between the relevant Issuer and the relevant Dealers (as specified in the applicable Pricing Supplement).</p>

Floating Rate Notes: Notes for which the interest rate is variable will be payable on such basis as may be agreed between the relevant Issuer and the relevant Dealers, as specified in the relevant Pricing Supplement. The Margin (if any) relating to such variable rate will be agreed between the relevant Issuer and the relevant Dealers for each Series of Floating Rate Notes.

Interest Periods for Floating Rate Notes will be one, two, three, six or twelve months or such other period(s) as the relevant Issuer and the relevant Dealers may agree, as specified in the applicable Pricing Supplement.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Amount Notes or of interest in respect of Index Linked Interest Notes (together "Index Linked Notes") will be calculated by reference to such index and/or formula as the relevant Issuer and the relevant Dealers may agree as specified in the applicable Pricing Supplement. Each issue of Index Linked Notes will be made in compliance with all applicable legal and/or regulatory requirements.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes: Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the relevant Issuer and the relevant Dealers, will be payable on such Interest Payment Dates specified in, or determined pursuant to, the applicable Pricing Supplement and will be calculated as specified in the applicable Pricing Supplement.

Index Linked Notes which are issued or sold as a public offer (*appel public à l'épargne*) in France (including Paris listed Notes) must be issued in compliance with the *Principes généraux relatifs aux warrants et aux titres de créance complexes* from time to time set by the *Commission des opérations de bourse* (COB) and the *Conseil des Marchés Financiers*.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealers may agree as indicated in the applicable Pricing Supplement.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their principal amount and will not bear interest other than in the case of late payment.

Other Notes: Notes may be of any other type of security, such as Instalment Notes, Credit Linked Notes or may have any other structure all upon terms provided in the applicable Pricing Supplement.

Redemption: The applicable Pricing Supplement will indicate either that the Notes cannot be redeemed prior to their stated maturity (except for taxation reasons or upon the occurrence of an event of default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice within the notice period (if any) indicated in the applicable Pricing Supplement to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as indicated in the applicable Pricing Supplement.

Unless otherwise permitted by then current laws and regulations, Notes issued by Deutsche Telekom AG and Deutsche Telekom International Finance B.V. and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom will have a minimum redemption amount of £ 100,000 (or its equivalent in other currencies) and can only be issued to a limited class of professional investors, unless such Notes may not be redeemed until on or after the first anniversary of their date of issue.

The applicable Pricing Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as specified therein.

- Taxation:** All payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of The Netherlands (in the case of Notes issued by Finance) or the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction. See § 8 of the “Terms and Conditions of the Notes” – “Taxation”.
- Early Redemption for Taxation Reasons:** Early redemption for taxation reasons will be permitted. See § 6 of the Terms and Conditions of the Notes – “Redemption”.
- Negative Pledge:** The terms of the Notes will contain a negative pledge provision as further described in the Terms and Conditions of the Notes.
- Acceleration Events and Cross Default:** The Notes will provide for Acceleration Events entitling Noteholders to demand immediate redemption of the Notes. See § 10 of the Terms and Conditions of Notes – “Acceleration”.
- The terms of the Notes will contain a cross default provision of the Issuers and the Guarantor as further described in the Terms and Conditions of the Notes.
- Status of the Notes:** The Notes will constitute unsecured and unsubordinated obligations of the relevant Issuer and rank *pari passu* without any preference among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the relevant Issuer.
- Guarantee:** Notes issued by Finance will be unconditionally and irrevocably guaranteed by the Guarantor. The terms of the Guarantee contain a negative pledge of the Guarantor. The Guarantee will be governed by German law.
- Listing:** Application has been made for listing of Notes to be issued under the Programme on the Luxembourg Stock Exchange. Notes issued under the Programme may also be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealers in relation to each Series. Notes may also be issued under the Programme which will not be listed on any Stock Exchange.
- Governing Law:** German law.
- Selling Restrictions:** There will be specific restrictions on the offer and sale of Notes and the distribution of offering materials in the United States, Germany, The Netherlands, the United Kingdom and Japan and such other restrictions as may be required under applicable law in connection with the offering and sale of a particular Tranche of Notes. Each Tranche of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. See “Selling Restrictions”.
- Jurisdiction:** Non-exclusive place of jurisdiction for any legal proceedings arising under the Notes is Frankfurt am Main.

Clearance and Settlement:

Notes will be accepted for clearing through one or more Clearing Systems as specified in the applicable Pricing Supplement. These systems will include those operated by Clearstream Banking AG, Frankfurt am Main ("CBF"), Clearstream Banking, société anonyme, Luxembourg ("CBL") and Euroclear Bank S.A./N.V., as operator of the Euroclear system ("Euroclear").

Issue Procedures

General

The relevant Issuer and the relevant Dealers will agree on the terms and conditions applicable to each particular Tranche of Notes (the “Conditions”), which will be constituted by the Terms and Conditions as completed, modified, supplemented or replaced by the provisions of the applicable Pricing Supplement to the Notes as provided below. The Pricing Supplement relating to each Tranche of Notes will specify:

- whether the Conditions are to be **Long-Form Conditions** or **Integrated Conditions** (each as described below); and
- whether the Conditions will be in the German language or the English language or both (and, if both, whether the English language version or the German language version is controlling).

As to the controlling language of the respective Conditions, the Issuers anticipate that, in general, subject to any stock exchange or legal requirements applicable from time to time, and unless otherwise agreed between the relevant Issuer and the relevant Dealers:

- in the case of Notes sold and distributed on a syndicated basis, German will generally be the controlling language.
- in the case of Notes publicly offered, in whole or in part, in the Federal Republic of Germany, or distributed, in whole or in part, to non-professional investors in the Federal Republic of Germany, German will be the controlling language. If, in the event of such public offer or distribution to non-professional investors, however, English is chosen as the controlling language, a German language translation of the Conditions will be available from the respective offices of each of the Paying Agents and Deutsche Telekom Aktiengesellschaft specified on the back cover of this Information Memorandum.

As to whether **Long-Form Conditions** or **Integrated Conditions** will apply, the Issuers anticipate that:

- **Long-Form Conditions** will generally be used for Notes which are not publicly offered.
- **Integrated Conditions** will generally be used for Notes sold and distributed on a syndicated basis. Integrated Conditions will be required where the Notes are to be publicly offered, in whole or in part, or to be distributed, in whole or in part, to non-professional investors.

Long-Form Conditions

If the Pricing Supplement specifies that Long-Form Conditions are to apply to the Notes, the provisions of the applicable Pricing Supplement and the Terms and Conditions, taken together, shall constitute the Conditions. Such Conditions will be constituted as follows:

- the blanks in the provisions of the Terms and Conditions which are applicable to the Notes will be deemed to be completed by the information contained in the Pricing Supplement as if such information were inserted in the blanks of such provisions;
- the Terms and Conditions will be modified, supplemented or replaced by the text of any provisions of the Pricing Supplement modifying, supplementing or replacing, in whole or in part, the provisions of the Terms and Conditions;

- alternative or optional provisions of the Terms and Conditions as to which the corresponding provisions of the Pricing Supplement are not completed or are deleted will be deemed to be deleted from the Conditions; and
- all instructions and explanatory notes set out in square brackets in the Terms and Conditions and any footnotes and explanatory text in the Pricing Supplement will be deemed to be deleted from the Conditions.

Where Long-Form Conditions apply, each Global Note representing the Notes of the relevant Series will have the Pricing Supplement and the Terms and Conditions attached. If Definitive Notes are delivered in respect of the Notes of such Series, they will have endorsed thereon either (i) the Pricing Supplement and the Terms and Conditions in full, (ii) the Pricing Supplement and the Terms and Conditions in a form simplified by the deletion of non-applicable provisions, or (iii) Integrated Conditions, as the Issuer may determine.

Integrated Conditions

If the Pricing Supplement specifies that Integrated Conditions are to apply to the Notes, the Conditions in respect of such Notes will be constituted as follows:

- all of the blanks in all applicable provisions of the Terms and Conditions will be completed according to the information contained in the Pricing Supplement and all non-applicable provisions of the Terms and Conditions (including the instructions and explanatory notes set out in square brackets) will be deleted; and/or
- the Terms and Conditions will be otherwise modified, supplemented or replaced, in whole or in part, according to the information set forth in the Pricing Supplement.

Where Integrated Conditions apply, the Integrated Conditions alone will constitute the Conditions. The Integrated Conditions will be attached to each Global Note representing Notes of the relevant Series and will be endorsed on any Definitive Notes exchanged for any such Global Note(s).

Terms and Conditions (English language version)

This Series of Notes is issued pursuant to an Amended and Restated Agency Agreement, dated 30 April 2003 as supplemented by a Supplemental Agency Agreement dated 26 April 2004 (the "Agency Agreement") between Deutsche Telekom AG ("Deutsche Telekom"), Deutsche Telekom International Finance B.V. ("Finance"), Citibank, N.A., as fiscal agent and paying agent (the "Fiscal Agent", which expression shall include any successor fiscal agent) and the other paying agents named therein (together with the Fiscal Agent, the "Paying Agents", which expression shall include any successor or additional paying agents). **[in the case of Notes issued by Finance:** The Notes have the benefit of an unconditional and irrevocable guarantee (the "Guarantee") by Deutsche Telekom (the "Guarantor").]

in the case of
Long-Form Con-
ditions insert:

[The provisions of these Terms and Conditions apply to the Notes as completed, modified, supplemented or replaced, in whole or in part, by the terms of the pricing supplement which is attached hereto (the "Pricing Supplement"). The blanks in the provisions of these Terms and Conditions which are applicable to the Notes shall be deemed to be completed by the information contained in the Pricing Supplement as if such information were inserted in the blanks of such provisions; any provisions of the Pricing Supplement modifying, supplementing or replacing, in whole or in part, the provisions of these Terms and Conditions shall be deemed to so modify, supplement or replace the provisions of these Terms and Conditions; alternative or optional provisions of these Terms and Conditions as to which the corresponding provisions of the Pricing Supplement are not completed or are deleted shall be deemed to be deleted from these Terms and Conditions; and all provisions of these Terms and Conditions which are inapplicable to the Notes (including instructions, explanatory notes and texts set out in square brackets) shall be deemed to be deleted from these Terms and Conditions, as required to give effect to the terms of the Pricing Supplement. Copies of the Pricing Supplement may be obtained free of charge at the specified offices of the Paying Agents; provided that, in the case of Notes which are not listed on any stock exchange, copies of the relevant Pricing Supplement will only be made available to Holders of such Notes.]

§ 1

Currency, Denomination, Form and Title, Certain Definitions

(1) *Currency and Denomination.* This Series of Notes of [] (the "Issuer") is issued in [] (the "Specified Currency") in the aggregate principal amount of [] and is divided into [[] Notes in the principal amount of [],] [[] Notes in the principal amount of []] [and] [] Notes in the principal amount of [] (the "Specified Denominations").

in the case of a
Temporary Glo-
bal Note which
is exchangeable
for Definitive
Notes:

[(2) *Definitive Notes.* Individual Notes in definitive form ("Definitive Notes") [shall have [interest coupons ("Coupons")] [and talons ("Talons") for further Coupons] [and] [payment receipts ("Receipts")] in respect of the instalments of principal payable] attached on initial delivery and] shall be serially numbered.]

[(3) *Form and Title.* The Notes [and Coupons] are issued to bearer. Title to the Notes [and Coupons] [and the rights evidenced by Receipts] shall pass in accordance with the rules of applicable law. Neither the Issuer **[in the case of Notes issued by Finance:** nor the Guarantor] nor the Fiscal Agent nor any Paying Agent is obliged to examine the title of any person presenting Notes [or Coupons] [or Receipts].

in the case of
Notes which are
initially repre-
sented by a
Temporary Glo-
bal Note:

[[(4) *Temporary Global Note – Exchange.*

(a) The Notes are initially represented by a temporary global Note (the "Temporary Global Note") **[in the case of Notes other than Zero Coupon Notes insert:** without coupons]. The Temporary Global Note will be exchangeable, as provided

below, for **[if Temporary Global Note is to be exchanged for Definitive Notes insert:** Definitive Notes in the Specified Denomination(s) [with [Coupons] [and] [Talons] [,] [and Receipts]]] **[if Temporary Global Note is to be exchanged for Definitive Notes and Collective Global Notes insert:** in part, Definitive Notes in the Specified Denomination(s) [with [Coupons] [and] [Talons] [,] [and Receipts] and in the other part, one or more collective global Notes (each, a “Collective Global Note”) [with global interest coupons (each, a “Global Interest Coupon”)]; the right of Holders to require delivery of Definitive Notes in exchange for Notes which are represented by a Collective Global Note shall be governed by § 9a(3), first sentence of the German Securities Custody Act] **[if Temporary Global Note is to be exchanged for one or more Permanent Global Notes insert:** Notes in Specified Denominations represented by [a] **[specify if more than one]** permanent global Note[s] ([the] [each, a] “Permanent Global Note”) **[in the case of Notes other than Zero Coupon Notes insert:** without coupons]].

- (b) The Temporary Global Note shall be exchanged for [Definitive Notes] [in part Definitive Notes and in the other part Collective Global Notes] [Notes represented by the Permanent Global Note[s]] on a date (the “Exchange Date”) **[in the case of TEFRA D Notes:** not earlier than 40 days and] not later than 180 days after the date of issue of the Temporary Global Note **[in the case of TEFRA D Notes:** , upon delivery by the relevant account holder to the Clearing System, and by the Clearing System to the Fiscal Agent, of certificates in the form available from the Fiscal Agent for such purpose, to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person other than certain financial institutions or certain persons holding through such financial institutions. [Any Permanent Global Note] [Any Definitive Notes] delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in subparagraph (3) of § 5)].

in the case of Notes which are initially represented by a Permanent Global Note insert:

[[4)] *Permanent Global Note.* The Notes are represented by [a] **[specify if more than one]** permanent global Note[s] ([the] [each, a] “Permanent Global Note”) **[in the case of Notes other than Zero Coupon Notes insert:** without Coupons]. The right to demand delivery of Definitive Notes shall be excluded.]

in the case of Notes which will initially be represented by a Temporary Global Note:

[[5)] *Fees Payable on Exchange of Global Notes.* Any exchange of a Global Note pursuant to this § 1 shall be made free of charge to the Holders of the Notes, except that a person receiving Definitive Notes must bear the cost of insurance, postage, transportation and the like in the event that such person does not take delivery of such Definitive Notes in person at the offices of the Clearing System.]

[[6)] *Execution of Notes.* Global Notes shall be executed manually on behalf of the Issuer by two authorised representatives of the Issuer and shall be authenticated by or on behalf of the Fiscal Agent. **[In the case of Definitive Notes insert:** Definitive Notes[,] [and] [Coupons] [and] [Talons] [and Receipts] shall be executed in facsimile on behalf of the Issuer by two authorised representatives of the Issuer and the Definitive Notes shall be authenticated by or on behalf of the Fiscal Agent. Each Note [,] [and] [Coupon] [and] [Talon] [and Receipt] shall bear an embossed stamp.]

[[7)] *Certain Definitions.* For purposes of the Terms and Conditions:

“Clearing System” means [each of] [Clearstream Banking AG, Frankfurt am Main (“CBF”)] [,] [and] [Clearstream Banking, société anonyme, Luxembourg (“CBL”)] [,] [and] [Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”)] [and] **[specify any other Clearing System]** and any successor in such capacity.

[if there will be a Calculation Agent insert: “Calculation Agent” means [the Fiscal Agent] **[insert other Calculation Agent]** and any successor to [the Fiscal Agent] **[insert other Calculation Agent]** in its capacity as Calculation Agent.]

“Global Note” means [the/any] [Temporary Global Note] [or Collective Global Note] [or] [Permanent Global Note].

“Holder” means, in respect of Notes deposited with any Clearing System or other central securities depository, any holder of a proportionate co-ownership or other beneficial interest or right in the Notes so deposited, and otherwise the bearer of a Note [and/or a Coupon] [and/or a Receipt].

“Paying Agent” means the Fiscal Agent in its capacity as paying agent, acting through its office specified in § 7, the Paying Agent(s) specified in § 7, or any substitute or additional paying agent appointed under § 7.

References herein to the “Notes” are references to Notes of this Series and shall, as the context requires, include reference to any Global Note [or Definitive Note].

References herein to a “Specified Currency” shall include any successor currency provided for by the laws in force in the jurisdiction where the Specified Currency is issued or pursuant to intergovernmental agreement or treaty (a “Successor Currency”) to the extent that payment in the predecessor currency is no longer a legal means of payment by the Issuer on the Notes [**in the case of Notes issued by Finance:** or, in the event of payments under the Guarantee, by the Guarantor under the Guarantee].

§ 2 Status

The Notes constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer.

§ 3 Negative Pledge of the Issuer [, Guarantee and Negative Pledge of the Guarantor]

[(1)] *Negative Pledge.* So long as any of the Notes remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, the Issuer undertakes not to grant or permit to subsist any encumbrance over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness issued or guaranteed by the Issuer or by any other person, without at the same time having the Holders share equally and rateably in such security. “Capital Market Indebtedness” means any obligation for the payment of borrowed money which is in the form of, or represented or evidenced by, a certificate of indebtedness or in the form of, or represented or evidenced by, bonds, notes or other securities which are, or are capable of being, quoted, listed, dealt in or traded on a stock exchange or other recognized securities market. For the purposes of avoiding any doubt in respect of asset-backed financings originated by the Issuer, the expressions “assets” and “obligations for the payment of borrowed money” as used in this § 3 do not include assets and obligations of the Issuer which, pursuant to the requirements of law and accounting principles generally accepted in [**in the case of Notes by Deutsche Telekom insert: Germany**], [**in the case of Notes issued by Finance, insert: The Netherlands**] need not, and are not, reflected in the Issuer’s balance sheet.

in the case of
Notes issued by
Finance:

[(2)] *Guarantee and Negative Pledge of the Guarantor.* The Guarantor has given its unconditional and irrevocable guarantee (the “Guarantee”) for the due and punctual payment of principal of, and interest on, and any other amounts payable under any Note [or Coupon] [or Receipt]. The Guarantor has further undertaken in a negative pledge (the “Negative Pledge”), so long as any of the Notes remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, not to grant or permit to subsist any encumbrance over

any or all of its present or future assets, as security for any present or future Capital Market Indebtedness (as defined above) issued or guaranteed by the Guarantor or by any other person, without at the same time having the Holders share equally and rateably in such security. The Guarantee and Negative Pledge constitute a contract for the benefit of the Holders from time to time as third party beneficiaries in accordance with § 328 of the German Civil Code, giving rise to the right of each Holder to require performance of the Guarantee and the Negative Pledge directly from the Guarantor and to enforce the Guarantee and the Negative Pledge directly against the Guarantor. For the purposes of avoiding any doubt in respect of asset-backed financings originated by the Guarantor, the expressions “assets” and “obligations for the payment of borrowed money” as used in this § 3 do not include assets and obligations of the Guarantor which, pursuant to the requirements of law and accounting principles generally accepted in Germany, need not, and are not, reflected in the Guarantor’s balance sheet. Copies of the Guarantee and Negative Pledge may be obtained free of charge at the specified offices of each of the Paying Agents.]

§ 4 Interest

in the case of
Fixed Rate Notes
insert:

[(1) *Rate of Interest and Interest Payment Dates.* The Notes bear interest on their principal amount at the rate of **[insert Rate of Interest]** per cent. per annum from (and including) **[insert Interest Commencement Date]** to (but excluding) the Maturity Date. Interest shall be payable in arrears on **[insert Fixed Interest Date(s)]** in each year (each such date, an “Interest Payment Date”). The first payment of interest shall be made on **[insert First Interest Payment Date]** **[if First Interest Payment Date is not first anniversary of Interest Commencement Date insert: and will amount to **[insert Initial Broken Amount(s)].** **[if Maturity Date is not a Fixed Interest Date insert: Interest in respect of the period from (and including) **[insert Fixed Interest Date preceding the Maturity Date]** to (but excluding) the Maturity Date will amount to **[insert Final Broken Amount(s)].**]****

[In the case of Notes represented by Global Notes insert:

(2) *Accrual of Interest.* The Notes shall cease to bear interest from the expiry of the day preceding the day on which they are due for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes until the expiry of the day preceding the day of actual redemption of the Notes at the default rate of interest established by law. (¹)]

[In the case of Definitive Notes insert:

(2) *Accrual of Interest.* The Notes shall cease to bear interest from the expiry of the day preceding the day on which they are due for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the expiry of the day preceding the day of actual redemption of the Notes at the default rate of interest established by law, (¹) but not beyond the fourteenth day after notice has been given by the Fiscal Agent in accordance with § 13 that the funds required for redemption have been provided to the Fiscal Agent.]

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).]

(¹) The default rate of interest established by law is five percentage points above the basic rate of interest published by *Deutsche Bundesbank* from time to time, §§ 288(1), 247(1) German Civil Code.

[(1) *Interest Payment Dates.*

- (a) The Notes bear interest on their principal amount from (and including) **[insert Interest Commencement Date]** (the “Interest Commencement Date”). Interest on the Notes shall be payable on each Interest Payment Date. “Interest Payment Date” means **[in the case of Specified Interest Payment Dates insert: each [insert Specified Interest Payment Dates]] [in the case of Specified Interest Periods insert: each date which (except as otherwise provided in these Terms and Conditions) falls [] [weeks] [months] [insert other specified period(s)]** after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.]
- (b) If any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), it shall be:

[if Modified Following Business Day Convention insert: postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be brought forward to the immediately preceding Business Day.]

[if FRN Convention insert: postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) the payment date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent payment date shall be the last Business Day in the month which falls **[[insert number] months] [insert other specified period(s)]** after the preceding applicable payment date.]

[if Following Business Day Convention insert: postponed to the next day which is a Business Day.]

[if Preceding Business Day Convention insert: brought forward to the immediately preceding Business Day.]

In this § 4 “Business Day” means **[if the Specified Currency is not Euro insert:** a day which is a day (other than a Saturday or a Sunday) on which commercial banks are generally open for business in, and foreign exchange markets settle payments in **[insert all relevant financial centres]] [if the Specified Currency is Euro insert:** a day on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System (“TARGET”) are operational to effect the relevant payment].

(2) *Rate of Interest.* **[if Screen Rate Determination insert:** The rate of interest (the “Rate of Interest”) for each Interest Period (as defined below) will, except as provided below, be the offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for that Interest Period which appears on the Screen Page as of 11:00 a.m. ([London] [Brussels] time) on the Interest Determination Date (as defined below) **[if Margin insert:** [plus] [minus] the Margin (as defined below)], all as determined by the Calculation Agent.

“Interest Period” means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from (and including) each Interest Payment Date to (but excluding) the following Interest Payment Date.

“Interest Determination Date” means the [second] **[insert other applicable number of days] [TARGET] [London] [insert other relevant location]** Business Day prior to the commencement of the relevant Interest Period. **[in case of a TARGET Business Day insert:** “TARGET Business Day” means a day which is a day on which the Trans-European Automated Real-time Gross Settlement Transfer system (TARGET) is operating.] **[in case of a non-TARGET Business Day insert:** “[London] **[insert other relevant location]** Business Day” means a day which is a day (other than a Saturday

or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency) in [London] **[insert other relevant location].**]

[if Margin insert: “Margin” means [•] per cent. per annum.]

“Screen Page” means, **[insert relevant Screen Page].**

[If another basis for determining any reference rate is to apply, insert applicable provisions]

If the Screen Page is not available or if, no such quotation appears as at such time, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the [London] [Euro-Zone] interbank market at approximately 11.00 a.m. ([London] [Brussels] time) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations (rounded if necessary to the nearest one **[if the Reference Rate is EURIBOR insert:** thousandth of a percentage point, with 0.0005] **[if the Reference Rate is not EURIBOR insert:** hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of such offered quotations **[if Margin insert:** [plus] [minus] the Margin], all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one **[if the Reference Rate is EURIBOR insert:** thousandth of a percentage point, with 0.0005] **[if the Reference Rate is not EURIBOR insert:** hundred-thousandth of a percentage point, with 0.000005], being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at 11.00 a.m. ([London] [Brussels] time) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the [London] [Euro-Zone] interbank market **[if Margin insert:** [plus] [minus] the Margin] or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the [London] [Euro-Zone] interbank market (or, as the case may be, the quotations of such bank or banks to the Calculation Agent) **[if Margin insert:** [plus] [minus] the Margin]. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered **[if Margin insert:** [plus] [minus] the Margin (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).]

As used herein, “Reference Banks” means **[if no other Reference Banks are specified in the Pricing Supplement, insert:** those offices of four of such banks whose offered rates were used to determine such quotation when such quotation last

appeared on the Screen Page [if other Reference Banks are specified in the Pricing Supplement, insert names here].]

[In the case of Euro-Zone interbank market insert: “Euro-Zone” means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, as further amended from time to time.]

[if Reference Rate is other than LIBOR or EURIBOR insert relevant details in lieu of the provisions of this subparagraph 2]

[if ISDA Determination applies insert the relevant provisions and attach the relevant 2000 ISDA Definitions published by the International Swap and Derivatives Association]

[If another method of determination applies, insert relevant details in lieu of the provisions of this subparagraph (2).]

[If Minimum and/or Maximum Rate of Interest applies insert:

(3) *[Minimum] [and] [Maximum] Rate of Interest.*

[If Minimum Rate of Interest applies insert: If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than **[insert Minimum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[insert Minimum Rate of Interest]**.]

[If Maximum Rate of Interest applies insert: If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is greater than **[insert Maximum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[insert Maximum Rate of Interest]**.]

[(4)] *Interest Amount.* The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest (the “Interest Amount”) payable on the Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Specified Denomination and rounding the resultant figure to the nearest unit of the Specified Currency, with 0.5 of such unit being rounded upwards.

[(5)] *Notification of Rate of Interest and Interest Amount.* The Calculation Agent will cause notification of the Rate of Interest and each Interest Amount for each Interest Period and of the applicable Interest Payment Date to the Issuer **[in the case of Notes issued by Finance:** and to the Guarantor] and to the Holders in accordance with § 13 as soon as possible after their determination, but in no event later than the fourth [London] [TARGET] **[insert other relevant location]** Business Day (as defined in § 4(2)) thereafter and, if required by the rules of such stock exchange, to any stock exchange on which the Notes are from time to time listed as soon as possible after their determination, but in no event later than the first day of the applicable Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes are for the time being listed and to the Holders in accordance with § 13.

[(6)] *Determinations Binding*. All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 4 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, [the Guarantor,] the Fiscal Agent, the Paying Agents and the Holders.

[In the case of Notes represented by Permanent Global Notes insert:

[(7)] *Accrual of Interest*. The Notes shall cease to bear interest from the expiry of the day preceding the day on which they are due for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the expiry of the day preceding the day of actual redemption of the Notes. The applicable Rate of Interest will be the default rate of interest established by law. (1)]

[In the case of Definitive Notes insert:

[(7)] *Accrual of Interest*. The Notes shall cease to bear interest from the expiry of the day preceding the day on which they are due for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the expiry of the day preceding the day of actual redemption of the Notes, but not beyond the fourteenth day after notice has been given by the Fiscal Agent in accordance with § 13 that the funds required for redemption have been provided to the Fiscal Agent. The applicable Rate of Interest will be the default rate of interest established by law. (1)]

in the case of
Zero Coupon
Notes insert:

[(1)] *No Periodic Payments of Interest*. There will not be any periodic payments of interest on the Notes.

[In the cases of Zero Coupon Notes which are represented by a Permanent Global Note insert:

(2) *Accrual of Interest*. If the Issuer shall fail to redeem the Notes when due, interest shall accrue on the outstanding principal amount of the Notes as from the due date to the expiry of the day preceding the day of actual redemption at the default rate of interest established by law. (1)]

[In the case of Zero Coupon Definitive Notes insert:

(2) *Accrual of Interest*. If the Issuer shall fail to redeem the Notes when due, interest shall accrue on the outstanding principal amount of the Notes as from the due date to the expiry of the day preceding the day of actual redemption at the default rate of interest established by law (1), but not beyond the fourteenth day after notice has been given by the Fiscal Agent in accordance with § 13 that the funds required for redemption have been provided to the Fiscal Agent.]

[In the case of Index Linked Notes or Cedit Linked Notes relating to interest, insert all applicable provisions regarding interest. The same applies in the case of Dual Currency Notes.]

(1) The default rate of interest established by law is five percentage points above the basic rate of interest published by *Deutsche Bundesbank* from time to time, §§ 288(1), 247(1) German Civil Code.

[() Day Count Fraction. "Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (the "Calculation Period"):

[if Actual/Actual (ISMA Rule 251) with annual interest payments insert: the actual number of days in the Calculation Period divided by the actual number of days in the respective interest period.] **[in the case of first/last short or long Interest Periods insert appropriate Actual/Actual (ISMA Rule 251) method]**

[if Actual/Actual (ISMA Rule 251) with two or more constant interest periods within an interest year insert: the number of days in the Calculation Period divided by (x) in the case of Notes where interest is scheduled to be paid only by means of regular annual payments, the number of days in the Interest Period or (y) in the case of Notes where interest is scheduled to be paid other than only by means of regular annual payments, the product of the number of days in the Interest Period and the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year.] **[in the case of first/last short or long Interest Periods insert appropriate Actual/Actual (ISMA Rule 251) method]**

[if Actual/Actual (ISDA) insert: the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).]

[if Actual/365 (Fixed): the actual number of days in the Calculation Period divided by 365.]

[if Actual/360: the actual number of days in the Calculation Period divided by 360.]

[if 30/360, 360/360 or Bond Basis: the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).]

[if 30E/360 or Eurobond Basis: the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period).]

§ 5 Payments

(1) *Payment of Principal.* **[in the case of Notes represented by Definitive Notes:** Payment of principal in respect of Definitive Notes shall be made, subject to subparagraph (3) below, against presentation and (except in the case of partial payment) surrender of the relevant Note at the specified office of any Paying Agent outside the United States.]

in the case of
Notes represented
by a
Permanent Global
Note insert:

[Payment of principal in respect of Notes represented by a Global Note shall be made, subject to subparagraph (3) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System upon presentation and surrender of the Global Note at the specified office of any Paying Agent outside the United States.]

in the case of
Instalment
Notes insert:

[Payment of Instalment Amounts in respect of an Instalment Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt and, in the case of the final Instalment Amount, surrender of the Note at the specified office of any Paying Agent outside the United States. Receipts are not documents of title and, if separated from the Note to which they relate, shall not represent any obligation of the Issuer. Accordingly, the presentation of an Instalment Note without the relevant Receipt or the presentation of a Receipt without the Note to which it pertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.]

For purposes of [**in the case of TEFRA D Notes insert:** subparagraph [(4)] of § 1 and] this § 5, "United States" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

in the case of
Notes other than
Zero Coupon
Notes insert:

[(2) *Payment of Interest.* [**in the case of Notes represented by Definitive Notes:** Payment of interest on Definitive Notes with Coupons shall be made, subject to paragraph (3), against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Notes, at the specified office of any Paying Agent outside the United States.]

[**in the case of Notes represented by a Permanent Global Note insert:** Payment of interest on Notes represented by a Permanent Global Note shall be made, subject to subparagraph (3), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System against presentation of the Permanent Global Note at the specified office of any Paying Agent outside the United States.]

[**in the case of interest payable on a TEFRA D Temporary Global Note insert:** Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to subparagraph (3), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System, against presentation of the Temporary Global Note at the specified office of any Paying Agent outside the United States, upon due certification as provided in § 1[(4)](b).]

(3) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made

In the case of
Notes represented by
Global Notes
insert:

[in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.]

In the case of
Notes represented by
Definitive Notes
insert:

[**in the case of payments in a currency other than euro or U.S. dollars insert:** by [**insert Specified Currency**] check drawn on a bank in [**insert Principal Financial Centre of Country of Specified Currency**] or, at the option of the payee, by transfer to an account denominated in [**insert Specified Currency**] maintained by the payee with a bank in [**insert Principal Financial Centre of Country of Specified Currency**].]

[**in the case of payments in U.S. dollars insert:** by U.S. dollar check drawn on a bank in New York City or, at the option of the payee, by transfer to a U.S. dollar account maintained by the payee at a bank outside the United States. If payment of principal or interest at the offices of all paying agents outside the United States becomes illegal or is effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, the Issuer will appoint an office or agent in the United States at which such payment may be made.]

[**in the case of payments in euro insert:** in cash or by check denominated in euro drawn on or, at the option of the payee, by transfer to a euro account maintained by

the payee with, a bank in the principal financial centre of a country which has become a participating member state in European Economic and Monetary Union as contemplated by the Treaty on European Union which was signed at Maastricht on 7 February 1992 and the Amsterdam Treaty of 2 October 1997, as further amended from time to time.]

(4) *Discharge.*

[In the case of Notes represented by Global Notes insert:

The Issuer shall be discharged by payment to, or to the order of, the Clearing System.]

[In the case of Definitive Notes insert:

In the case of any Notes held through any Clearing System, the Issuer shall be discharged by payment to, or to the order of, the Clearing System.]

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note [or Coupon] [or Receipt] is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "Payment Business Day" means any day which is **[in the case of Notes not denominated in Euro insert:** a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in **[insert all relevant financial centres]]** **[in the case of Notes denominated in Euro insert:** a day (other than a Saturday or a Sunday) on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET) are operational to forward the relevant payment] **[in the case of Definitive Notes insert:** and banks in the place where the Paying Agent is located and where the Notes [,] [Coupons] [,] [Talons] [or] [Receipts] are presented for payment are open for business].

in the case of
Definitive Notes
initially delivered
with Coupons,
Talons or
Receipts insert:

(6) *Surrender of [Coupons][,] [Talons] [and] [Receipts].* Each Note initially delivered with Coupons [or Talons] [or Receipts] attached thereto must be presented and, except in the case of partial payment of the redemption amount, surrendered for final redemption together with all unmatured Coupons [and Talons] [and Receipts] relating thereto, failing which

[in the case of Fixed Rate Notes insert: the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the redemption amount paid bears to the total redemption amount due) shall be deducted from the amount otherwise payable on such final redemption [,] [and] [.]

[in the case of Floating Rate Notes insert: all unmatured Coupons relating to such Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them [,] [and] [.]

[in the case of Definitive Notes initially delivered with Talons insert: all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them [,] [and] [.]

[in the case of Definitive Notes initially delivered with Receipts insert: all Receipts relating to such Notes in respect of a payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.]

If the Notes should be issued with a maturity date and an interest rate or rates such that, on the presentation for payment of any such Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required to be deducted in accordance with the foregoing would be greater than the redemption amount otherwise due for payment, then, upon the due date for redemption of any such Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that the amount required to be deducted in accordance with the foregoing would not be greater than the redemption amount otherwise due for payment. Where the application of the preceding sentence requires some but not all of the unmatured Coupons relating to a Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.]

[in the case of Definitive Notes initially delivered with Talons insert:

(7) *Exchange of Talons.* On or after the Interest Payment Date on which the final Coupon in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent, in exchange for a further Coupon sheet (including any appropriate further Talon). Each Talon shall, for the purpose of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon in the relative Coupon sheet matures.]]

[(8)] *References to Principal and Interest.* Reference in these Terms and Conditions to principal in respect of the Notes be deemed to include, as applicable: the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes; **[if redeemable at option of Issuer for other than taxation reasons insert:** the Call Redemption Amount of the Notes;] **[if redeemable at option of the Holder insert:** the Put Redemption Amount of the Notes;] **[in the case of Zero Coupon Notes insert:** the Amortised Face Amount of the Notes;] **[in the case of Instalment Notes insert:** the Instalment Amount(s) of the Notes;] and any premium and any other amounts which may be payable under or in respect of the Notes. Reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 8.

[(9)] *Deposit of Principal and Interest.* The Issuer may deposit with the *Amtsgericht* in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 6 Redemption

(1) *Redemption at Maturity.*

in the case of
Notes other than
Instalment
Notes insert:

[Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on **[[in the case of a specified Maturity Date insert such Maturity Date]** (the "Maturity Date") **[in the case of a Redemption Month insert:** the Interest Payment Date falling in **[insert Redemption Month]**]. The Final Redemption Amount in respect of each Note shall be **[insert Final Redemption Amount per Specified Denomination].]**

in the case of
Instalment
Notes insert:

[Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at the Instalment Date(s) and in the Instalment Amount(s) set forth below:

Instalment Date(s)
[insert Instalment Date(s)]
[]
[]

Instalment Amount(s)
[insert Instalment Amount(s)]
[]
[]

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of **[in the case of Notes issued by Finance: the Netherlands or] the Federal Republic of Germany** or any political subdivision or taxing authority thereof or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after **[insert Issue Date]**, the Issuer **[in the case of Notes issued by Finance: or the Guarantor being unable for reasons outside its control to procure payment by the Issuer,]** will become obligated to pay Additional Amounts (as defined in § 8 herein **[in the case of Notes issued by Finance: and in the Guarantee, respectively]**) and this obligation cannot be avoided by the use of measures reasonably available to the Issuer **[in the case of Notes issued by Finance: or the Guarantor]**, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Fiscal Agent and, in accordance with § 13 to the Holders, at their Early Redemption Amount (as defined below), together with interest accrued to the date fixed for redemption.

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer **[in the case of Notes issued by Finance: or the Guarantor]** would be obligated to pay such Additional Amounts, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect. **[in the case of Floating Rate Notes insert: The date fixed for redemption must be an Interest Payment Date.]**

Prior to the publication of any notice of redemption pursuant to this paragraph (3), the Issuer shall deliver to the Fiscal Agent a certificate signed by a director of **[in the case of Notes issued by Deutsche Telekom: the Issuer] [in the case of Notes issued by Finance: the Guarantor]** stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer **[in the case of Notes issued by Finance: or the Guarantor]** has or will become obliged to pay such additional amounts as a result of such change or amendment.

Any such notice of redemption shall be given in accordance with § 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

if Notes are subject to Early Redemption at the option of the Issuer insert:

[(3) Early Redemption at the Option of the Issuer.

(a) The Issuer may, upon notice given in accordance with clause (b), redeem all or some only of the Notes on the Call Redemption Date(s) at the Call Redemption Amount(s) set forth below together with accrued interest, if any, to (but excluding) the Call Redemption Date. **[if Minimum Redemption Amount or Higher Redemption Amount applies insert: Any such redemption must be of a principal amount equal to [at least [Minimum Redemption Amount]] [Higher Redemption Amount]**

Call Redemption Date(s)
[insert Call Redemption Date(s)]
[]
[]

Call Redemption Amount(s)
[insert Call Redemption Amounts]
[]
[]

[if Notes are subject to Early Redemption at the Option of the Holder insert: The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under subparagraph ((4)) of this § 6.]

- (b) Notice of redemption shall be given by the Issuer to the Holders of the Notes in accordance with § 13 and to the Fiscal Agent (the notice to the Fiscal Agent to be given not less than 15 days before the giving of notice to the Holders). Such notice shall specify:
 - (i) the Series of Notes subject to redemption;
 - (ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and, if the Notes are represented by Definitive Notes, the serial numbers of the Notes which are to be redeemed;
 - (iii) the Call Redemption Date, which shall be not less than 15 nor more than 30 days after the date on which notice is given by the Issuer to the Holders; and
 - (iv) the Call Redemption Amount at which such Notes are to be redeemed.
- (c) In the case of a partial redemption of Notes, **[in the case of Definitive Notes insert:** the Notes to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair.] **[if Notes are represented by a Permanent Global Note insert:** the Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System.]

if the Notes are subject to Early Redemption at the Option of a Holder insert:

[[4)] Early Redemption at the Option of a Holder.

- (a) The Issuer shall, upon the exercise of the relevant option by the Holder of any Note, redeem such Note on the Put Redemption Date(s) at the Put Redemption Amount(s) set forth below together with accrued interest, if any, to (but excluding) the Put Redemption Date.

Put Redemption Date(s) [insert Put Redemption Date(s)]	Put Redemption Amount(s) [insert Put Redemption Amount(s)]
[_____] [_____]	[_____] [_____]

The Holder may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer of its option to redeem such Note under paragraph (2) **[if Notes are subject to Early Redemption at the Option of the Issuer insert:** or (3)] of this § 6.

- (b) In order to exercise such option, the Holder must, not less than 15 days before the Put Redemption Date on which such redemption is required to be made as specified in the Put Notice (as defined below), deposit the relevant Note [together with all unmatured Coupons appertaining thereto] during normal business hours at the specified office of any Paying Agent together with a duly completed early redemption notice ("Put Notice") in the form available from the specified office of any of the Paying Agents. No Note so deposited and option so exercised may be withdrawn or revoked.]

[(5)] *Early Redemption Amount.*

in the case of
Notes other than
Zero Coupon
Notes insert:

[For purposes of subparagraph (2) of this § 6 and § 10, the Early Redemption Amount of a Note shall be [its Final Redemption Amount] **[other Redemption Amount – provide details].**]

in the case of
Zero Coupon
Notes insert:

(a) For purposes of subparagraph (2) of this § 6 and § 10, the Early Redemption Amount of a Note shall be equal to the Amortised Face Amount of the Note.

(b) The Amortised Face Amount of a Note shall be an amount equal to the sum of:

- (i) **[insert Reference Price]** (the “Reference Price”), and
- (ii) the product of **[insert Amortisation Yield]** (compounded annually) and the Reference Price from (and including) **[insert Issue Date]** to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Notes become due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year (the “Calculation Period”) shall be made on the basis of the Day Count Fraction (as defined in § 4).

(c) If the Issuer fails to pay the Early Redemption Amount when due, the Amortised Face Amount of a Note shall be calculated as provided herein, except that references in subparagraph (ii) above to the date fixed for redemption or the date on which such Note becomes due and repayable shall refer to the earlier of (i) the date on which upon due presentation and surrender of the relevant Note (if required), payment is made, and (ii) the fourteenth day after notice has been given by the Fiscal Agent in accordance with § 13 that the funds required for redemption have been provided to the Fiscal Agent.]

[In the case of Index Linked Notes or Credit Linked Notes relating to principal, insert all applicable provisions regarding principal. The same applies in the case of Dual Currency Notes.]

§ 7

Fiscal Agent[,] [and] Paying Agents [and Calculation Agent]

(1) *Appointment; Specified Offices.* The initial Fiscal Agent[,] [and] Paying Agents [and the Calculation Agent] and their respective initial specified offices are:

Fiscal Agent and
Principal Paying Agent: Citibank, N.A., London Office
5 Carmelite Street
London EC4Y 0PA

Paying Agent[s]: Citigroup Global Markets
Deutschland AG & Co. KGaA
Reuterweg 16
D-60323 Frankfurt am Main

Banque Générale du Luxembourg S.A.
50, avenue J. F. Kennedy
L-2951 Luxembourg

[insert other Paying Agents and specified offices]

[Calculation Agent] **[insert name and specified office]**

The Fiscal Agent[,] [and] the Paying Agent[s] [and the Calculation Agent] reserve the right at any time to change their respective specified offices to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent [or the Calculation Agent] and to appoint another Fiscal Agent or additional or other Paying Agents [or another Calculation Agent]. The Issuer shall at all times maintain (i) a Fiscal Agent[,] [and] (ii) a Paying Agent in addition to the Fiscal Agent with a specified office in a continental European city and outside Germany [**in the case of Notes listed on a stock exchange insert: [,] [and]** (iii) so long as the Notes are listed on the [**name of Stock Exchange**], a Paying Agent (which may be the Fiscal Agent) with a specified office in [**location of Stock Exchange**] and/or in such other place as may be required by the rules of such stock exchange] [**in the case of Notes denominated in U.S. dollars insert: [,] [and]** [(iv)] in the circumstances described in § 5 (3), a Paying Agent with a specified office in New York City] [**if any Calculation Agent is to be appointed, insert [,] [and]** [(v)] a Calculation Agent [**insert if Calculation Agent is required to maintain a specified office in a required location:** with a specified office located in [**insert required location**]]. [**in the case of Definitive Notes insert:** In the event that any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive is introduced, the Issuer shall at all times maintain a Paying Agent in a Member State of the European Union that will not be obliged to deduct or withhold tax pursuant to any such Directive or law, to the extent this is possible in a Member State of the European Union.] Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 13.

(3) *Fiscal Agents of the Issuer.* The Fiscal Agent[,] [and] the Paying Agent(s) [and the Calculation Agent] act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

§ 8 Taxation

Principal and interest shall be payable by the Issuer without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or in or on behalf of [**in the case of Notes being issued by Finance insert: The Netherlands or**] the Federal Republic of Germany or by or on behalf of any political subdivision or authority therein having power to tax (hereinafter together called "Withholding Taxes"), unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts of principal and interest as may be necessary in order that the net amounts received by the Holder after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable had no such deduction or withholding been required. No such additional amounts shall, however, be payable on account of any taxes, duties or governmental charges which

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or
- (b) are payable by reason of the Holder having, or having had, some personal or business connection with [**in the case of Notes being issued by Finance insert: The Netherlands or**] the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, [**in the case of**

Notes being issued by Finance insert: The Netherlands or] the Federal Republic of Germany; or

- (c) are deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany, The Netherlands or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with such directive, regulation, treaty or understanding; or
- (d) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for, and notice thereof is published in accordance with the Conditions whichever occurs later [.] [;or]

In the case of
Definitive Notes
insert:

- [(e) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such deduction or withholding; or
- (f) would not be payable if the Notes had been kept in safe custody with, and the payments had been collected by, a banking institution.]

In the case of
Notes represent-
ed by Global
Notes insert:

[§ 9 Presentation Period

The presentation period provided in § 801 paragraph 1, sentence 1 BGB (German Civil Code) is reduced to ten years for the Notes.]

In the case of
Definitive Notes
insert:

[§ 9 Presentation Period, Replacement of Notes [If the Notes are issued with Coupons insert: and Coupons]

The presentation period provided in § 801 paragraph 1, sentence 1 BGB (*German Civil Code*) is reduced to ten years for the Notes. **[If the Notes are issued with Coupons insert:** The presentation period for the Coupons shall, in accordance with § 801 paragraph 2 BGB (*German Civil Code*), be four years, beginning with the end of the calendar year in which the relevant Coupon falls due. The right pursuant to § 804 paragraph 1, sentence 1 BGB in respect of lost or destroyed coupons is excluded (§ 804 paragraph 2 BGB).] Should any Note **[if the Notes are issued with Coupons insert:** or Coupon] be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent, subject to relevant stock exchange requirements and all applicable laws, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes **[if the Notes are issued with Coupons insert:** or Coupons] must be surrendered before replacements will be issued.]

§ 10 Acceleration

(1) *Right of Acceleration.* Each Holder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Early Redemption Amount (as described in § 6[(5)], together with accrued interest (if any) to the date of repayment, in the event that any of the following events (each, an “Acceleration Event”) occurs:

- (a) the Issuer fails to pay principal or interest within 30 days from the relevant due date, or

- (b) the Issuer fails duly to perform any other obligation arising from the Notes **[in the case of Notes issued by Finance:** or the Guarantor fails to perform any obligation arising from the Guarantee referred to in § 3] which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 60 days after the Fiscal Agent has received notice thereof from a Holder, or
- (c) any Capital Market Indebtedness (as defined in § 3 (1)) of the Issuer **[in the case of Notes issued by Finance:** or the Guarantor] becomes prematurely repayable as a result of a default in respect of the terms thereof, or the Issuer **[in the case of Notes issued by Finance:** or the Guarantor] fails to fulfil any payment obligation in excess of euro 25,000,000 or the equivalent thereof under any Capital Market Indebtedness or under any guarantee or suretyship given for any Capital Market Indebtedness of others within 30 days from its due date or, in the case of a guarantee or suretyship, within 30 days after the guarantee or suretyship has been invoked, unless the Issuer, **[in the case of Notes issued by Finance:** or the Guarantor] shall contest in good faith that such payment obligation exists or is due or that such guarantee or suretyship has been validly invoked, or if a security granted therefor is enforced on behalf of or by the creditor(s) entitled thereto, or
- (d) the Issuer **[in the case of Notes issued by Finance:** or the Guarantor] announces its inability to meet its financial obligations or ceases its payments, or
- (e) a court opens insolvency proceedings against the Issuer **[in the case of Notes issued by Finance:** or the Guarantor], or the Issuer **[in the case of Notes issued by Finance:** or the Guarantor] applies for or institutes such proceedings or offers or makes an arrangement for the benefit of its creditors generally, or **[in the case of Notes issued by Finance:** the Issuer applies for a “*surseance van betaling*” (within the meaning of the Statute of Bankruptcy of The Netherlands), or]
- (f) the Issuer **[in the case of Notes issued by Finance:** or the Guarantor] goes into liquidation unless this is done in connection with a merger, or other form of combination with another company and such company assumes all obligations contracted by the Issuer **[in the case of Notes issued by Finance:** or the Guarantor], as the case may be, in connection with this issue, or
- (g) any governmental order, decree or enactment shall be made in or by **[in the case of Notes issued by Finance:** The Netherlands or] the Federal Republic of Germany whereby the Issuer **[in the case of Notes issued by Finance:** or the Guarantor] is prevented from observing and performing in full its obligations as set forth in these Conditions **[in the case of Notes issued by Finance:** and in the Guarantee, respectively,] and this situation is not cured within 90 days [.] [., or]

in the case of
Notes issued by
Finance:

[(h) the Guarantee ceases to be valid and legally binding for any reason whatsoever.]

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Quorum.* In the events specified in § 10 subparagraph (1)(b) or subparagraph (1)(c), any notice declaring Notes due shall, unless at the time such notice is received any of the events specified in § 10 subparagraph (1)(a), (1)(d), (1)(e), (1)(f) [or] (1)(g) [or] (1)(h)] entitling Holders to declare their Notes due has occurred, become effective only when the Fiscal Agent has received such notices from the Holders of at least one-tenth in principal amount of Notes then outstanding.

(3) *Form of Notice.* Any notice, including any notice declaring Notes due, in accordance with subparagraph (1) shall be made by means of a written declaration delivered by hand or registered mail to the specified office of the Fiscal Agent.

§ 11
Substitution

(1) *Substitution.* The Issuer may, without the consent of the Holders, if no payment of principal of or interest on any of the Notes is in default, at any time substitute for the Issuer **[in the case of Notes issued by Finance: either the Guarantor or]** any Subsidiary (as defined below) **[in the case of Notes issued by Deutsche Telekom: of it]** **[in the case of Notes issued by Finance: of the Guarantor]** as principal debtor in respect of all obligations arising from or in connection with this issue (the "Substitute Debtor") provided that:

- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes **[and the Coupons]** **[and the Receipts]**;
- (b) the Substitute Debtor has obtained all necessary authorisations and may transfer to the Fiscal Agent in the Specified Currency and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes **[and Coupons]** **[and Receipts]**;
- (c) **[in the case of Notes issued by Deutsche Telekom: the Issuer]** **[in the case of Notes issued by Finance: the Guarantor if it is not itself the Substitute Debtor]** irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes **[in the case of Notes issued by Finance: , such guarantee being substantially in the form of the Guarantee]** **[in the case of Notes issued by Deutsche Telekom: and such guarantee contains a covenant by the guarantor corresponding to the provisions in § 3]**.
- (d) there shall have been delivered to the Fiscal Agent an opinion or opinions of lawyers of recognised standing to the effect that subparagraphs (a), (b) and (c) above have been satisfied.

For purposes of these Conditions "Subsidiary" shall mean any corporation or partnership in which Deutsche Telekom directly or indirectly in the aggregate holds not less than 90% of the capital of any class or of the voting rights.

(2) *Notice.* Any notice of such substitution shall be published in accordance with § 13.

(3) *References.* In the event of such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor.

§ 12
Further Issues, Purchases and Cancellation

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes **[,]** **[and]** **[Coupons]** **[and]** **[Receipts]** in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

[If the Notes are to be issued with Coupons insert:

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith together with all unmatured Coupons surrendered therewith or attached thereto and may not be reissued or resold.]

[If the Notes are to be issued without Coupons insert:

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.]

**§ 13
Notices**

(1) *Publication.* All notices concerning the Notes shall be published in a leading daily newspaper having general circulation in [Luxembourg] [London] [Germany] **[specify other location]**, which is expected to be [the *Luxemburger Wort*] [the *Financial Times*] [the *Börsen-Zeitung*] **[insert other applicable newspaper having general circulation in Europe]**. Any notice so given will be deemed to have been validly given on the third day following the date of such publication (or, if published more than once, on the third day following the first day of any such publication).

(2) *Notification to Clearing System.* **[in the case of Notes which may be represented by Definitive Notes insert:** Until such time as Definitive Notes shall be issued, there] **[There]** may **[in the case of Notes listed on a Stock Exchange, insert:** (provided that, so long as any Notes are listed on **[insert name of Stock Exchange]** the rules of such stock exchange permit)], so long as any Global Note is held in its entirety on behalf of the Clearing System, be substituted for such publication in some or all of the newspapers referred to above the delivery of the relevant notice to the Clearing System, for communication by the Clearing System to the Holders provided that, if and for so long as the Notes are listed on the Luxembourg Stock Exchange, such notice will also be published in a daily newspaper of general circulation in Luxembourg. Any such notice shall be deemed to have been given to the Holders on the seventh day after the day on which the said notice was given to the Clearing System.]

**§ 14
Applicable Law, Place of Performance, Place of Jurisdiction and Enforcement**

(1) *Applicable Law.* The Notes[,] [and] [the Coupons] [,] [and] [the Talons] [and the Receipts], as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Place of Performance.* Place of performance shall be Frankfurt am Main.

(3) *Submission to Jurisdiction.* The **[in the case of Notes issued by Deutsche Telekom: exclusive]** place of jurisdiction for all legal proceedings arising out of or in connection with the Notes [or the Coupons] [or the Talons] [or the Receipts] shall be Frankfurt am Main. **[in the case of Notes issued by Finance:** Each Holder, however, may pursue his claims also before any other court of competent jurisdiction] The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Notes. The Issuer hereby submits to the jurisdiction of the courts referred to in this subparagraph.

[in the case of Notes issued by Finance:

(4) *Appointment of Authorized Agent.* For any legal disputes or other proceedings before German courts, the Issuer appoints Deutsche Telekom Aktiengesellschaft, as its authorized agent for service of process in Germany].

[(5)] *Enforcement.* Any Holder of Notes [and Coupons] [and Receipts] through a Clearing System may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes [and Coupons] [and Receipts] on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global or definitive form certified as being a true copy by a duly authorized officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global Note or Definitive Note. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the Proceedings. For purposes of the foregoing, "Custodian" means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

§ 15 Language

[The Conditions are written in the [German] [English] language only.]

[The Conditions are written in the [German] [English] language and provided with [an English] [a German] language translation. The [German] [English] text shall be controlling and binding. The [English] [German] language translation is provided for convenience only.]

[in the case of Notes that are publicly offered, in whole or in part, in Germany or distributed, in whole or in part, to non-professional investors in Germany with English language Conditions:

Eine deutsche Übersetzung der Emissionsbedingungen wird bei der Deutsche Telekom Aktiengesellschaft, Friedrich-Ebert-Allee 140, D-63105 Bonn, und [der] [den] Zahlstelle[n] zur kostenlosen Ausgabe bereitgehalten.]

Vorgehensweise bei einer Emission

Allgemeines

Die jeweilige Emittentin und die jeweiligen Dealer vereinbaren die Emissionsbedingungen, die auf eine bestimmte Tranche von Schuldverschreibungen Anwendung finden sollen (die „Bedingungen“). Diese Bedingungen ergeben sich aus den Emissionsbedingungen, die durch die in dem für die Schuldverschreibungen geltenden Konditionenblatt enthaltenen Angaben vervollständigt, abgeändert, ergänzt oder ersetzt werden. Das jeweilige Konditionenblatt für eine Tranche von Schuldverschreibungen bestimmt:

- ob es sich bei den Bedingungen um **nicht-konsolidierte Bedingungen** oder um **konsolidierte Bedingungen** handeln soll; und
- ob die Bedingungen in deutscher, in englischer oder in beiden Sprachen abgefaßt sein sollen (und im letzteren Fall, ob die englischsprachige oder die deutschsprachige Fassung maßgeblich und verbindlich sein soll).

Für die Frage, welche Sprache für die jeweiligen Bedingungen verbindlich und maßgeblich sein soll, gehen die Emittentinnen davon aus, daß vorbehaltlich geltender Börsenbestimmungen oder Gesetzesvorschriften und sofern nichts Abweichendes zwischen der jeweiligen Emittentin und den betreffenden Dealern vereinbart wird, im allgemeinen folgendes gilt:

- Bei Schuldverschreibungen, die auf syndizierter Basis verkauft und vertrieben werden, wird im allgemeinen die deutschsprachige Fassung maßgebend und verbindlich sein.
- Bei Schuldverschreibungen, die insgesamt oder teilweise öffentlich zum Verkauf in der Bundesrepublik Deutschland angeboten werden, oder die insgesamt oder teilweise in der Bundesrepublik Deutschland an nicht-berufsmäßige Investoren vertrieben werden, wird die deutschsprachige Fassung verbindlich und maßgeblich sein. Für den Fall, daß bei einem solchen öffentlichen Angebot oder Vertrieb an nicht-berufsmäßige Investoren die englische Sprache maßgeblich und verbindlich ist, ist bei der auf der Rückseite dieses Information Memorandum angegebenen Geschäftsstellen der Zahlstellen und der Deutsche Telekom Aktiengesellschaft eine Übersetzung erhältlich.

Bei der Frage, ob **nicht-konsolidierte** oder **konsolidierte Bedingungen** gelten sollen, gehen die Emittentinnen davon aus, daß:

- **nicht-konsolidierte Bedingungen** für Schuldverschreibungen verwendet werden, die nicht öffentlich angeboten werden;
- **konsolidierte Bedingungen** im allgemeinen bei Schuldverschreibungen verwendet werden, die auf syndizierter Basis verkauft und vertrieben werden. Konsolidierte Bedingungen sind erforderlich, wenn die Schuldverschreibungen insgesamt oder teilweise öffentlich angeboten oder an nicht-berufsmäßige Investoren vertrieben werden sollen.

Nicht-konsolidierte Bedingungen

Bestimmt das Konditionenblatt, daß für die Schuldverschreibungen nicht-konsolidierte Bedingungen gelten sollen, so bestimmen sich die jeweils geltenden Bedingungen aus den Angaben des Konditionenblatts sowie den Emissionsbedingungen. Die Bedingungen ergeben sich in diesem Fall wie folgt:

- Die Leerstellen in den Emissionsbedingungen gelten als durch die im Konditionenblatt enthaltenen Angaben ausgefüllt, als ob sie tatsächlich durch diese Angaben ausgefüllt worden wären;

- sofern das Konditionenblatt die Änderung, Ergänzung oder Ersetzung bestimmter Emissionsbedingungen vorsieht, gelten die betreffenden Bestimmungen der Emissionsbedingungen als entsprechend geändert, ergänzt oder (vollständig oder teilweise) ersetzt;
- alternative oder wählbare Bestimmungen der Emissionsbedingungen, deren Anwendung im Konditionenblatt nicht vorgesehen ist oder die gestrichen sind, gelten als in den Bedingungen nicht enthalten; und
- sämtliche Anweisungen und Erläuterungen in den Emissionsbedingungen, die in eckige Klammern gesetzt sind, sowie sämtliche Fußnoten und Anmerkungen im Konditionenblatt gelten als in den Bedingungen nicht enthalten.

Im Falle von nicht-konsolidierten Bedingungen werden einer jeden die Schuldverschreibungen der betreffenden Serie verbriefenden Globalurkunde das Konditionenblatt und die Emissionsbedingungen beigelegt. Falls für die Schuldverschreibungen dieser Serie Einzelkunden ausgegeben werden, so sind auf der Rückseite der Schuldverschreibungen nach Wahl der Emittentin entweder (i) das Konditionenblatt und die vollständigen Emissionsbedingungen, (ii) das Konditionenblatt und die Emissionsbedingungen in durch Streichung der nicht anwendbaren Bestimmungen vereinfachter Form oder (iii) konsolidierte Bedingungen wiedergegeben.

Konsolidierte Bedingungen

Bestimmt das Konditionenblatt, daß für die Schuldverschreibungen konsolidierte Bedingungen gelten sollen, so bestimmen sich die jeweils geltenden Bedingungen für diese Schuldverschreibungen wie folgt:

- sämtliche Leerstellen in allen anwendbaren Bestimmungen der Emissionsbedingungen werden gemäß den im Konditionenblatt enthaltenen Angaben ausgefüllt und alle nicht-anwendbaren Bestimmungen der Emissionsbedingungen (einschließlich der Anweisungen und Erläuterungen in eckigen Klammern) werden gestrichen; und/oder
- die Emissionsbedingungen werden gemäß den im Konditionenblatt enthaltenen Angaben auf sonstige Art und Weise abgeändert, ergänzt oder (ganz oder teilweise) ersetzt.

Bestimmt das Konditionenblatt die Geltung konsolidierter Bedingungen, so bestehen die anwendbaren Bedingungen ausschließlich aus den konsolidierten Bedingungen. Die konsolidierten Bedingungen werden einer jeden die Schuldverschreibungen der betreffenden Serie verbriefenden Globalurkunde beigelegt und werden auf der Rückseite der Einzelkunden, gegen die die Globalurkunde(n) ausgetauscht wird/werden, wiedergegeben.

Emissionsbedingungen (German Language Version of the Terms and Conditions)

Diese Serie von Schuldverschreibungen wird gemäß einem geänderten und neu gefaßten Agency Agreement vom 30. April 2003 wie durch ein Supplemental Agency Agreement vom 26. April 2004 ergänzt (das „Agency Agreement“) zwischen Deutsche Telekom AG („Deutsche Telekom“), Deutsche Telekom International Finance B.V. („Finance“), Citibank, N.A., als Fiscal Agent und Zahlstelle (der „Fiscal Agent“, wobei dieser Begriff auch Nachfolger des Fiscal Agent einschließt) sowie den weiteren darin genannten Zahlstellen (gemeinsam mit dem Fiscal Agent die „Zahlstellen“ genannt, wobei dieser Begriff auch Nachfolger dieser Zahlstellen oder weitere Zahlstellen einschließt) begeben. **[Bei von Finance begebenen Schuldverschreibungen:** Die Schuldverschreibungen sind mit einer unbedingten und unwiderruflichen Garantie (die „Garantie“) der Deutsche Telekom (die „Garantin“) ausgestattet.]

bei nicht-konsolidierten Bedingungen:

[Die Bestimmungen dieser Emissionsbedingungen gelten für diese Schuldverschreibungen so, wie sie durch die Angaben des beigefügten Konditionenblattes (das „Konditionenblatt“) vervollständigt, geändert, ergänzt oder ganz oder teilweise ersetzt werden. Die Leerstellen in den auf die Schuldverschreibungen anwendbaren Bestimmungen dieser Emissionsbedingungen gelten als durch die im Konditionenblatt enthaltenen Angaben ausgefüllt, als ob die Leerstellen tatsächlich in den betreffenden Bestimmungen durch diese Angaben ausgefüllt worden wären. Sofern das Konditionenblatt die Änderung, Ergänzung oder (vollständige oder teilweise) Ersetzung von Bestimmungen dieser Emissionsbedingungen vorsieht, gelten die betreffenden Bestimmungen dieser Emissionsbedingungen als entsprechend geändert, ergänzt oder ersetzt. Alternative oder wählbare Bestimmungen dieser Emissionsbedingungen, deren Entsprechungen im Konditionenblatt nicht ausdrücklich ausgefüllt oder die gestrichen sind, gelten als aus diesen Emissionsbedingungen gestrichen. Sämtliche auf die Schuldverschreibungen nicht anwendbaren Bestimmungen dieser Emissionsbedingungen (einschließlich der Anweisungen, Anmerkungen und der Texte in eckigen Klammern) gelten als insoweit aus diesen Emissionsbedingungen gestrichen, wie dies erforderlich ist, um den Bestimmungen des Konditionenblattes Geltung zu verschaffen. Kopien des Konditionenblattes werden bei den bezeichneten Geschäftsstellen der Zahlstellen zur kostenlosen Ausgabe bereit gehalten. Soweit die Schuldverschreibungen nicht an einer Börse notiert sind, sind Kopien des Konditionenblattes allerdings ausschließlich für die Gläubiger solcher Schuldverschreibungen erhältlich.]

§ 1

Währung, Nennbetrag, Form und Eigentumsrecht Definitionen

(1) *Währung und Nennbetrag.* Diese Serie der Schuldverschreibungen der [] (die „Emittentin“) wird in [] (die „festgelegte Währung“) im Gesamtnennbetrag von [] begeben und ist eingeteilt in [[] Schuldverschreibungen im Nennbetrag von [],] [[] Schuldverschreibungen im Nennbetrag von []] [und] [] Schuldverschreibungen im Nennbetrag von [] (die „festgelegten Nennbeträge“).

bei vorläufiger Globalurkunde, die gegen Einzelurkunden ausgetauscht wird:

[(2) *Einzelurkunden.* Schuldverschreibungen in Form von Einzelurkunden („Einzelurkunden“) [sind bei ihrer anfänglichen Lieferung [Zinsscheine („Zinsscheine“)] [und Talons („Talons“) für weitere Zinsscheine] [und] [Rückzahlungsscheine („Rückzahlungsscheine“) für die Zahlung der Tilgungsraten] beigefügt] [und sie] sind fortlaufend nummeriert.]

[(3)] *Form und Eigentumsrecht.* Die Schuldverschreibungen [und die Zinsscheine] lauten auf den Inhaber. Die Übertragung des Eigentumsrechts an den Schuldver-

schreibungen [und Zinsscheinen] [und den durch die Rückzahlungsscheine verbrieften Rechten] erfolgt nach den Vorschriften des jeweils anwendbaren Rechts. Weder die Emittentin **[bei von Finance begebenen Schuldverschreibungen:** noch die Garantin] noch der Fiscal Agent oder die Zahlstellen sind verpflichtet, das Eigentumsrecht desjenigen, der Schuldverschreibungen [oder Zinsscheine] [oder Rückzahlungsscheine] vorlegt, zu überprüfen.

bei Schuldverschreibungen, die anfänglich in einer vorläufigen Globalurkunde verbrieft sind:

[[4)] *Vorläufige Globalurkunde – Austausch.*

(a) Die Schuldverschreibungen sind anfänglich in einer vorläufigen Globalurkunde (die „vorläufige Globalurkunde“) **[bei Schuldverschreibungen, die keine Nullkupon-Schuldverschreibungen sind:** ohne Zinsscheine] verbrieft. Die vorläufige Globalurkunde wird, wie nachstehend bestimmt, **[bei Austausch der vorläufigen Globalurkunde gegen Einzelkunden:** gegen Einzelkunden in den festgelegten Nennbeträgen [mit beigefügten [Zinsscheinen] [und] [Talons] [,] [und Rückzahlungsscheinen]]] [bei Austausch der vorläufigen Globalurkunde gegen Einzelkunden und Sammelglobalurkunden: zum Teil gegen Einzelkunden in den festgelegten Nennbeträgen [mit [Zinsscheinen] [und] [Talons] [,] [und Rückzahlungsscheinen] und zum anderen Teil gegen eine oder mehrere Sammelglobalurkunden (jeweils eine „Sammelglobalurkunde“) [mit Globalzinsscheinen (jeweils ein „Globalzinsschein“)]] ausgetauscht; das Recht der Gläubiger, die Auslieferung von Einzelkunden im Austausch gegen Schuldverschreibungen, die durch eine Sammelglobalurkunde verbrieft sind, zu fordern, richtet sich nach § 9a Absatz 3, Satz 1 Depotgesetz] [bei Austausch der vorläufigen Globalurkunde gegen eine oder mehrere Dauerglobalurkunden: gegen Schuldverschreibungen in den festgelegten Nennbeträgen, die durch [eine] [falls mehrere Dauerglobalurkunden, Zahl angeben] Dauerglobalurkunde[n] ((die) [jeweils eine] „Dauerglobalurkunde“) **[bei Schuldverschreibungen, die keine Nullkupon-Schuldverschreibungen sind:** ohne Zinsscheine] ausgetauscht].

(b) Die vorläufige Globalurkunde wird an einem Tag (der „Austauschtag“) gegen [Einzelkunden] [zum Teil Einzelkunden und zum anderen Teil Sammelglobalurkunden] [durch [eine] Dauerglobalurkunde[n] verbrieft]e Schuldverschreibungen] ausgetauscht, der **[bei TEFRA D Schuldverschreibungen:** mindestens 40 Tage und] nicht mehr als 180 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegt **[bei TEFRA D Schuldverschreibungen:** , und zwar nach Vorlage von Bescheinigungen durch den jeweiligen Kontoinhaber bei dem Clearing-System sowie durch das Clearing-System bei der Emissionsstelle, in der Form von für diese Zwecke bei dem Fiscal Agent erhältlichen Formularen. Darin wird bescheinigt, daß der bzw. die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind, ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten]. [Dauerglobalurkunden] [Einzelkunden], die im Austausch für die vorläufige Globalurkunde geliefert werden, werden ausschließlich außerhalb der Vereinigten Staaten (wie in § 5 Absatz 3 definiert) ausgeliefert.]

bei Schuldverschreibungen, die von Anfang an durch eine Dauerglobalurkunde verbrieft sind:

[[4)] *Dauerglobalurkunde.* Die Schuldverschreibungen sind in [einer] [falls mehrere Dauerglobalurkunden, Zahl angeben] Dauerglobalurkunde[n] ((die) [jeweils eine] „Dauerglobalurkunde“) **[bei Schuldverschreibungen, die keine Nullkupon-Schuldverschreibungen sind:** ohne Zinsscheine] verbrieft.] Die Lieferung von Einzelkunden kann nicht verlangt werden.

bei Schuldverschreibungen, die anfänglich in einer vorläufigen Globalurkunde verbrieft sind:

[[5)] *Bei Austausch von Globalurkunden zahlbare Gebühren.* Der Austausch einer Globalurkunde gemäß diesem § 1 erfolgt für die Inhaber der Schuldverschreibungen kostenfrei; lediglich in dem Fall, in dem die Einzelkunden nicht persönlich bei der Geschäftsstelle des Clearing-Systems in Empfang genommen werden, sind die für Versicherung, Versand, Transport und ähnliches anfallenden Kosten vom Empfänger der Einzelkunden zu tragen.]

[(6)] *Unterzeichnung der Schuldverschreibungen.* Die Globalurkunden sind namens der Emittentin durch zwei vertretungsberechtigte Personen der Emittentin zu unterschreiben. Sie tragen die Kontrollunterschrift des Fiscal Agent oder seines Beauftragten. **[Bei Einzelurkunden einfügen:** Einzelurkunden [,] [und] [Zinsscheine] [und] [Talons] [und Rückzahlungsscheine] sind namens der Emittentin durch faksimilierte Unterschriften von zwei vertretungsberechtigten Personen der Emittentin zu unterzeichnen. Die Einzelurkunden tragen außerdem die Kontrollunterschrift des Fiscal Agent oder seines Beauftragten. Jede Schuldverschreibung [,] [und] [jeder Zinsschein] [und] [jeder Talon] [und Rückzahlungsschein] ist mit einem Prägestempel versehen.]

[(7)] *Definitionen. In diesen Emissionsbedingungen bedeutet:*

„Clearing-System“ [sowohl] [Clearstream Banking AG, Frankfurt am Main, („CBF“)][,][als auch] [Clearstream Banking, société anonyme, Luxembourg („CBL“)] [,] [und] [Euroclear Bank S.A./N.V., als Betreiber des Euroclear Systems („Euroclear“)] [und] [ggf. weitere Clearing-Systeme einfügen] sowie jeder Funktionsnachfolger.

[im Falle einer Berechnungsstelle: „Berechnungsstelle“ [der Fiscal Agent] [andere Berechnungsstelle einfügen] und jeder Nachfolger des [Fiscal Agent] [andere Berechnungsstelle einfügen] in seiner Eigenschaft als Berechnungsstelle.]

„Globalurkunde“ die/jede [vorläufige Globalurkunde] [oder Sammelglobalurkunde] [oder] [Dauerglobalurkunde].

„Gläubiger“ in bezug auf die bei einem Clearing-System oder einem sonstigen zentralen Wertpapierverwahrer hinterlegten Schuldverschreibungen der Inhaber eines Miteigentumsanteils oder anderen Rechts an den hinterlegten Schuldverschreibungen, und andernfalls der Inhaber einer Schuldverschreibung [und/oder eines Zinsscheins] [und/oder eines Rückzahlungsscheins].

„Zahlstelle“ den Fiscal Agent in seiner Eigenschaft als Zahlstelle handelnd durch ihre nachstehend in § 7 bezeichnete Geschäftsstelle, die in § 7 genannte(n) Zahlstelle(n) oder eine gemäß § 7 ernannte Ersatz- oder weitere Zahlstelle.

Bezugnahmen in diesen Emissionsbedingungen auf die „Schuldverschreibungen“ beziehen sich auf die Schuldverschreibungen dieser Serie und schließen, wenn der Zusammenhang dies erfordert, Globalurkunden [und Einzelurkunden] ein.

Bezugnahmen auf die „festgelegte Währung“ schließen jede Nachfolge-Währung ein, die entweder durch Gesetz in dem Hoheitsgebiet, in dem die festgelegte Währung ausgegeben wird, oder durch eine zwischenstaatliche Vereinbarung eingeführt wird (die „Nachfolgewährung“), sofern Zahlungen in der ursprünglichen Währung nicht mehr als zulässiges Zahlungsmittel für Zahlungen der Emittentin hinsichtlich der Schuldverschreibungen **[bei von Finance begebenen Schuldverschreibungen:** bzw. für Zahlungen der Garantin hinsichtlich der Garantie] gelten.

§ 2 Status

Die Schuldverschreibungen begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind.

§ 3

Negativverpflichtung der Emittentin [, Garantie und Negativverpflichtung der Garantin]

[(1)] *Negativverpflichtung.* Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen dem Fiscal Agent zur Verfügung gestellt worden sind, weder ihr gegenwärtiges noch ihr zukünftiges Vermögen ganz oder teilweise in irgendeiner Weise zur Besicherung einer gegenwärtigen oder zukünftigen Kapitalmarktverbindlichkeit, die von der Emittentin oder einer anderen Person eingegangen oder gewährleistet ist, zu belasten oder eine solche Belastung zu diesem Zweck bestehen zu lassen, ohne gleichzeitig die Gläubiger an derselben Sicherheit im gleichen Rang und gleichen Verhältnis teilnehmen zu lassen. „Kapitalmarktverbindlichkeit“ ist jede Verbindlichkeit zur Zahlung aufgenommener Gelder, die durch Schuldscheine verbrieft, verkörpert oder dokumentiert ist oder durch Schuldverschreibungen oder sonstige Wertpapiere, die an einer Börse oder an einem anderen anerkannten Wertpapiermarkt notiert oder gehandelt werden oder werden können. Um etwaige Zweifel bezüglich von asset-backed financings der Emittentin zu vermeiden, schließen die in diesem § 3 benutzten Worte „Vermögen“ und „Verbindlichkeiten zur Zahlung aufgenommener Gelder“ nicht solche Vermögensgegenstände und Verbindlichkeiten der Emittentin ein, die im Einklang mit den Gesetzen und den in **[im Falle von Schuldverschreibungen, die durch Deutsche Telekom begeben werden, einfügen: Deutschland] [im Falle von Schuldverschreibungen, die von Finance begeben werden, einfügen: den Niederlanden]** anerkannten Regeln der Bilanzierung und Buchführung nicht in der Bilanz der Emittentin ausgewiesen werden müssen und darin auch nicht ausgewiesen werden.

bei von Finance
begebenen
Schuldverschrei-
bungen:

[(2)] *Garantie und Negativverpflichtung der Garantin.* Die Garantin hat die unbedingte und unwiderrufliche Garantie (die „Garantie“) für die ordnungsgemäße und pünktliche Zahlung von Kapital und Zinsen und sonstiger auf die Schuldverschreibungen [oder Zinsscheine] [oder Rückzahlungsscheine] zahlbarer Beträge übernommen. Die Garantin hat sich außerdem in einer Negativverpflichtung (die „Negativverpflichtung“) verpflichtet, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen dem Fiscal Agent zur Verfügung gestellt worden sind, weder ihr gegenwärtiges noch ihr zukünftiges Vermögen ganz oder teilweise in irgendeiner Weise zur Besicherung einer gegenwärtigen oder zukünftigen Kapitalmarktverbindlichkeit (wie vorstehend definiert), die von der Garantin oder einer anderen Person eingegangen oder gewährleistet ist, zu belasten oder eine solche Belastung zu diesem Zweck bestehen zu lassen, ohne gleichzeitig die Gläubiger an derselben Sicherheit im gleichen Rang und gleichem Verhältnis teilnehmen zu lassen. Die Garantie und die Negativverpflichtung stellen einen Vertrag zugunsten jedes Gläubigers als begünstigtem Dritten gemäß § 328 BGB dar, welcher das Recht jedes Gläubigers begründet, Erfüllung aus der Garantie und der Negativverpflichtung unmittelbar von der Garantin zu verlangen und die Garantie und die Negativverpflichtung unmittelbar gegen die Garantin durchzusetzen. Um etwaige Zweifel bezüglich von asset-backed financings der Garantin zu vermeiden, schließen die in diesem § 3 benutzten Worte „Vermögen“ und „Verbindlichkeiten zur Zahlung aufgenommener Gelder“ nicht solche Vermögensgegenstände und Verbindlichkeiten der Garantin ein, die im Einklang mit den Gesetzen und den in Deutschland anerkannten Regeln der Bilanzierung und Buchführung nicht in der Bilanz der Garantin ausgewiesen werden müssen und darin auch nicht ausgewiesen werden. Kopien der Garantie und Negativverpflichtung werden bei den bezeichneten Geschäftsstellen der Zahlstellen zur kostenlosen Ausgabe bereit gehalten.]

§ 4 Zinsen

bei festverzinslichen Schuldverschreibungen:

[(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden in Höhe ihres Nennbetrages verzinst, und zwar vom **[Verzinsungsbeginn einfügen]** (einschließlich) bis zum Fälligkeitstag (ausschließlich) mit jährlich **[Zinssatz einfügen]** %. Die Zinsen sind nachträglich am **[Festzinstermine) einfügen]** eines jeden Jahres zahlbar (jeweils ein „Zinszahlungstag“). Die erste Zinszahlung erfolgt am **[ersten Zinszahlungstag einfügen]** **[sofern der erste Zinszahlungstag nicht der erste Jahrestag des Verzinsungsbeginns ist:** und beläuft sich auf **[den anfänglichen Bruchteilszinsbetrag/die anfänglichen Bruchteilszinsbeträge einfügen].]** **[Sofern der Fälligkeitstag kein Festzinstermine ist:** Die Zinsen für den Zeitraum vom **[den letzten dem Fälligkeitstag vorausgehenden Festzinstermine einfügen]** (einschließlich) bis zum Fälligkeitstag (ausschließlich) belaufen sich auf **[den abschließenden Bruchteilszinsbetrag/die abschließenden Bruchteilszinsbeträge einfügen].]**

[Im Fall von Schuldverschreibungen, die durch Globalurkunden verbrieft sind, einfügen:

(2) *Auflaufende Zinsen.* Der Zinslauf der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, erfolgt die Verzinsung der Schuldverschreibungen vom Tag der Fälligkeit bis zu dem Tag, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht, in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen.¹⁾]

[Im Fall von Schuldverschreibungen, die durch Einzelurkunden verbrieft sind, einfügen:

(2) *Auflaufende Zinsen.* Der Zinslauf der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, endet die Verzinsung des ausstehenden Nennbetrages der Schuldverschreibungen erst mit Ablauf des Tages, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht, spätestens jedoch mit Ablauf des vierzehnten Tages nach der Bekanntmachung durch den Fiscal Agent gemäß § 13, daß ihm die für die Rückzahlung der Schuldverschreibungen erforderlichen Mittel zur Verfügung gestellt worden sind. Der jeweils geltende Zinssatz ist der gesetzlich festgelegte Satz für Verzugszinsen.¹⁾]

(3) *Berechnung der Zinsen für gebrochene Zeiträume.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).]

bei variabel verzinslichen Schuldverschreibungen:

[(1) *Zinszahlungstage.*

(a) Die Schuldverschreibungen werden in Höhe ihres Nennbetrages ab dem **[Verzinsungsbeginn einfügen]** (der „Verzinsungsbeginn“) (einschließlich) verzinst. Die Zinsen sind an jedem Zinszahlungstag zahlbar. „Zinszahlungstag“ in diesem Sinne ist **[bei festgelegten Zinszahlungstagen: jeweils [festgelegte Zinszahlungstage einfügen]** **[bei festgelegten Zinsperioden: (sofern diese Emissionsbedingungen keine abweichenden Bestimmungen vorsehen) jeweils der Tag, der [] [Wochen] [Monate] [ggf. einen anderen festgelegten Zeitraum/andere festgelegte Zeiträume einfügen]** nach dem vorausgehenden Zinszahlungstag liegt oder, im Falle des ersten Zinszahlungstages, nach dem Verzinsungsbeginn liegt.]

¹⁾ Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Absatz 1 BGB.

(b) Fällt ein Zinszahlungstag auf einen Tag, der kein Geschäftstag (wie nachstehend definiert) ist, so wird der Zinszahlungstag:

[bei Anwendung der Modified Following Business Day Convention: auf den nächstfolgenden Geschäftstag verschoben, es sei denn, dieser würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zahlungstag auf den unmittelbar vorausgehenden Geschäftstag verlegt.]

[bei Anwendung der FRN Convention: auf den nächstfolgenden Geschäftstag verschoben, es sei denn, dieser würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall (i) wird der Zahlungstag auf den unmittelbar vorangehenden Geschäftstag vorgezogen und (ii) ist jeder nachfolgende Zahlungstag der jeweils letzte Geschäftstag des Monats, der [] Monate] **[ggf. einen anderen Zeitraum/andere Zeiträume einfügen]** nach dem vorangegangenen gültigen Zahlungstag liegt.]

[bei Anwendung der Following Business Day Convention: auf den nächstfolgenden Geschäftstag verschoben.]

[bei Anwendung der Preceding Business Day Convention: auf den unmittelbar vorangegangenen Geschäftstag verlegt.]

In diesem § 4 bezeichnet „Geschäftstag“ **[falls die festgelegte Währung nicht Euro ist, einfügen:** einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken allgemein für Geschäfte in **[sämtliche relevanten Finanzzentren einfügen]** geöffnet sind und Devisenmärkte Zahlungen in **[sämtliche relevanten Finanzzentren einfügen]** abwickeln **[falls die festgelegte Währung Euro ist, einfügen:** einen Tag an dem alle betroffenen Bereiche des Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET) betriebsbereit sind, um die betreffende Zahlung abzuwickeln].

(2) *Zinssatz.* **[Bei Bildschirmfeststellung:** Der Zinssatz (der „Zinssatz“) für jede Zinsperiode (wie nachstehend definiert) ist, sofern nachstehend nichts abweichendes bestimmt wird, der Angebotssatz (ausgedrückt als Prozentsatz per annum) für Einlagen in der festgelegten Währung für die jeweilige Zinsperiode, der auf der Bildschirmseite am Zinsfestlegungstag (wie nachstehend definiert) um 11.00 Uhr ([Londoner] [Brüsseler] Ortszeit) angezeigt wird **[im Falle einer Marge: [zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)],** wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

„Zinsperiode“ bezeichnet jeweils den Zeitraum von dem Verzinsungsbeginn bis zum ersten Zinszahlungstag bzw. von jedem Zinszahlungstag bis zum jeweils darauffolgenden Zinszahlungstag.

„Zinsfestlegungstag“ bezeichnet den [zweiten] **[zutreffende andere Zahl von Tagen einfügen]** [TARGET] [Londoner] **[zutreffende andere Bezugnahmen einfügen]** Geschäftstag vor Beginn der jeweiligen Zinsperiode. **[Im Falle eines TARGET-Geschäftstages einfügen:** „TARGET-Geschäftstag“ bezeichnet einen Tag, an dem TARGET (Trans-European Automated Real-time Gross Settlement Express Transfer System) betriebsbereit ist.] **[Im Falle eines nicht-TARGET-Geschäftstages einfügen:** „[Londoner] **[zutreffenden anderen Ort einfügen]** Geschäftstag“ bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken in [London] **[zutreffenden anderen Ort einfügen]** für Geschäfte (einschließlich Devisen- und Sortengeschäfte) geöffnet sind.]

[Im Fall einer Marge einfügen: Die „Marge“ beträgt [•] % per annum.]

„Bildschirmseite“ bedeutet **[Bildschirmseite einfügen].**

[Sofern eine andere Basis zur Bestimmung eines Referenzzinssatzes gelten soll, sind die entsprechenden Bestimmungen hier einzufügen.]

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen oder wird kein Angebotssatz angezeigt (zur genannten Zeit), wird die Berechnungsstelle von jeder der Referenzbanken (wie nachstehend definiert) deren jeweilige Angebotssätze (jeweils als Prozentsatz per annum ausgedrückt) für Einlagen in der festgelegten Währung für die betreffende Zinsperiode bei führenden Banken im [Londoner] Interbanken-Markt [in der Euro-Zone] um ca. 11.00 ([Londoner] [Brüsseler] Ortszeit) am Zinsfestlegungstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Zinssatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein **[falls der Referenzsatz EURIBOR ist, einfügen:** Tausendstel Prozent auf- oder abgerundet, wobei 0,0005] **[falls der Referenzsatz nicht EURIBOR ist, einfügen:** Hunderttausendstel Prozent auf- oder abgerundet, wobei 0,000005] aufgerundet wird) dieser Angebotssätze **[im Falle einer Marge:** [zuzüglich] [abzüglich] der Marge], wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Falls an einem Zinsfestlegungstag nur eine oder keine der Referenzbanken der Berechnungsstelle solche im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Zinssatz für die betreffende Zinsperiode der Satz per annum, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein **[falls der Referenzsatz EURIBOR ist, einfügen:** Tausendstel Prozent auf- oder abgerundet, wobei 0,0005] **[falls der Referenzsatz nicht EURIBOR ist, einfügen:** Hunderttausendstel Prozent auf- oder abgerundet, wobei 0,000005] aufgerundet wird) der Angebotssätze ermittelt, die die Referenzbanken bzw. zwei oder mehrere von ihnen der Berechnungsstelle auf deren Anfrage als den jeweiligen Satz nennen, zu dem ihnen um ca. 11.00 Uhr ([Londoner] [Brüsseler] Ortszeit) an dem betreffenden Zinsfestlegungstag Einlagen in der festgelegten Währung für die betreffende Zinsperiode von führenden Banken im [Londoner] Interbanken-Markt [in der Euro-Zone] angeboten werden **[im Falle einer Marge:** [zuzüglich] [abzüglich] der Marge]; falls weniger als zwei der Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, dann soll der Zinssatz für die betreffende Zinsperiode der Angebotssatz für Einlagen in der festgelegten Währung für die betreffende Zinsperiode oder das arithmetische Mittel (gerundet wie oben beschrieben) der Angebotssätze für Einlagen in der festgelegten Währung für die betreffende Zinsperiode sein, den bzw. die eine oder mehrere Banken (die nach Ansicht der Berechnungsstelle für diesen Zweck geeignet sind) der Berechnungsstelle als Sätze bekannt geben, die sie an dem betreffenden Zinsfestlegungstag gegenüber führenden Banken am [Londoner] Interbanken-Markt [in der Euro-Zone] (bzw. den diese Banken gegenüber der Berechnungsstelle) nennen **[im Falle einer Marge:** [zuzüglich] [abzüglich] der Marge]. Für den Fall, daß der Zinssatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, ist der Zinssatz der Angebotssatz oder das arithmetische Mittel der Angebotssätze auf der Bildschirmseite, wie vorstehend beschrieben, an dem letzten Tag vor dem Zinsfestlegungstag, an dem diese Angebotssätze angezeigt wurden **[im Falle einer Marge:** [zuzüglich] [abzüglich] der Marge (wobei jedoch, falls für die betreffende Zinsperiode eine andere Marge als für die unmittelbar vorangegangene Zinsperiode gilt, die Marge der betreffenden Zinsperiode an die Stelle der Marge für die vorangegangene Zinsperiode tritt).]

„Referenzbanken“ bezeichnen **[falls im Konditionenblatt keine anderen Referenzbanken bestimmt werden:** diejenigen Niederlassungen von vier derjenigen Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der maßgeblichen Bildschirmseite angezeigt wurde. **[Falls im Konditionenblatt andere Referenzbanken bestimmt werden, sind sie hier einzufügen].]**

[Im Fall des Interbankenmarktes in der Euro-Zone einfügen: „Euro-Zone“ bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem

Vertrag über die Gründung der Europäischen Gemeinschaft, geändert durch den Vertrag über die Europäische Union, in der jeweils geltenden Fassung, eine einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.]

[Sofern ein anderer Referenzzinssatz als LIBOR oder EURIBOR anwendbar ist, sind die Einzelheiten hier einzufügen, und zwar in Ersetzung der Bestimmungen dieses Absatzes 2]

[Sofern ISDA-Feststellung gelten soll, sind die entsprechenden Einzelheiten hier einzufügen und der betreffende von der International Swap and Derivatives Association veröffentlichten 2000 ISDA-Definitionen beizufügen]

[Sofern eine andere Methode der Bestimmung anwendbar ist, sind die entsprechenden Einzelheiten in Ersetzung der Bestimmungen dieses Absatzes 2 hier einzufügen.]

[Falls ein Mindest- oder Höchstzins gilt:

(3) *[Mindest-][und][Höchst-] Zinssatz.*

[Falls ein Mindestzinssatz gilt: Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz niedriger ist als **[Mindestzinssatz einfügen]**, so ist der Zinssatz für diese Zinsperiode **[Mindestzinssatz].**]

[Falls ein Höchstzinssatz gilt: Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz höher ist als **[Höchstzinssatz einfügen]**, so ist der Zinssatz für diese Zinsperiode **[Höchstzinssatz].**]

[(4)] *Zinsbetrag.* Die Berechnungsstelle wird zu – oder baldmöglichst nach – jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, den Zinssatz bestimmen und den zahlbaren Zinsbetrag in bezug auf jeden festgelegten Nennbetrag (der „Zinsbetrag“) für die entsprechende Zinsperiode berechnen. Der Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf jeden festgelegten Nennbetrag angewendet werden, wobei der resultierende Betrag auf die kleinste Einheit der festgelegten Währung auf- oder abgerundet wird, wobei 0,5 solcher Einheiten aufgerundet werden.

[(5)] *Mitteilung von Zinssatz und Zinsbetrag.* Die Berechnungsstelle wird veranlassen, daß der für die jeweilige Zinsperiode geltende Zinssatz, Zinsbetrag und Zinszahlungstag der Emittentin **[bei von Finance begebenen Schuldverschreibungen: und der Garantin]** und den Gläubigern gemäß § 13 baldmöglichst, aber keinesfalls später als am vierten auf die Berechnung jeweils folgenden **[Londoner] [TARGET] [zutreffenden anderen Ort einfügen]** Geschäftstag (wie in § 4 Absatz 2 definiert) sowie jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt notiert werden und deren Regeln eine Mitteilung an die Börse verlangen, baldmöglichst, aber keinesfalls später als zu Beginn der jeweiligen Zinsperiode, mitgeteilt werden. Im Falle einer Verlängerung oder Verkürzung der Zinsperiode können der mitgeteilte Zinsbetrag und Zinszahlungstag nachträglich angepaßt (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt notiert werden, sowie den Gläubigern gemäß § 13 mitgeteilt.

[(6)] *Verbindlichkeit der Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 4 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, [die Garantin,] den Fiscal Agent, die Zahlstellen und die Gläubiger bindend.

[Im Fall von Schuldverschreibungen, die durch Dauerglobalurkunden verbrieft sind, einfügen:

[(7)] *Auflaufende Zinsen.* Der Zinslauf der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung des ausstehenden Nennbetrages der Schuldverschreibungen erst mit Ablauf des Tages, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht. Der jeweils geltende Zinssatz ist der gesetzlich festgelegte Satz für Verzugszinsen. ¹⁾]

[Im Fall von Schuldverschreibungen, die durch Einzelurkunden verbrieft sind, einfügen:

[(7)] *Auflaufende Zinsen.* Der Zinslauf der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung des ausstehenden Nennbetrages der Schuldverschreibungen erst mit Ablauf des Tages, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht, spätestens jedoch mit Ablauf des vierzehnten Tages nach der Bekanntmachung durch den Fiscal Agent gemäß § 13, daß ihm die für die Rückzahlung der Schuldverschreibungen erforderlichen Mittel zur Verfügung gestellt worden sind. Der jeweils geltende Zinssatz ist der gesetzlich festgelegte Satz für Verzugszinsen. ¹⁾]

[(1)] *Periodische Zinszahlungen.* Es erfolgen keine periodischen Zinszahlungen auf die Schuldverschreibungen.

im Falle von
Nullkupon-
Schuldverschrei-
bungen:

[Im Fall von Nullkupon-Schuldverschreibungen, die durch Dauerglobalurkunden verbrieft sind, einfügen:

(2) *Auflaufende Zinsen.* Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, fallen auf den Nennbetrag der Schuldverschreibungen ab dem Fälligkeitstag bis zu dem Tag, der dem Tag der tatsächlichen Rückzahlung vorangeht, Zinsen in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen. ¹⁾]

[Im Fall von Nullkupon-Schuldverschreibungen, die durch Einzelurkunden verbrieft sind, einfügen:

(2) *Auflaufende Zinsen.* Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, fallen auf den Nennbetrag der Schuldverschreibungen ab dem Fälligkeitstag bis zum Tag, der dem Tag der tatsächlichen Rückzahlung vorangeht, Zinsen in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen ¹⁾; die Verzinsung endet jedoch spätestens mit Ablauf des vierzehnten Tages nach Bekanntmachung durch den Fiscal Agent gemäß § 13, daß ihm die für die Rückzahlung der Schuldverschreibungen erforderlichen Mittel zur Verfügung gestellt worden sind.]

[Im Fall von indexierten Schuldverschreibungen oder Credit Linked Notes sind die anwendbaren Bestimmungen die Zinsen betreffend einzufügen. Dasselbe gilt für Doppelwährungs-Schuldverschreibungen.]

¹⁾ Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Absatz 1 BGB.

[()] *Zinstagequotient*. „Zinstagequotient“ bezeichnet im Hinblick auf die Berechnung eines Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum (der „Zinsberechnungszeitraum“):

[Im Falle von Actual/Actual (ISMA Regelung 251) mit jährlichen Zinszahlungen einfügen: die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum, dividiert durch die tatsächliche Anzahl von Tagen in der jeweiligen Zinsperiode.] **[bei ersten/letzten langen oder kurzen Zinsperioden entsprechende Actual/Actual Regelung 251 Berechnungsmethode angeben.]**

[Im Falle von Actual/Actual (ISMA Regelung 251) mit zwei oder mehr gleichbleibenden Zinsperioden innerhalb eines Zinsjahres einfügen: die Anzahl von Tagen in dem Zinsberechnungszeitraum, geteilt durch (x) die Anzahl der Tage in der Zinsperiode im Fall von Schuldverschreibungen, bei denen die planmäßige Zinszahlung nur durch regelmäßige jährliche Zahlungen erfolgt, oder (y) das Produkt der Anzahl der Tage in der Zinsperiode und der Anzahl von Zinszahlungstagen, die angenommen, daß Zinsen für das gesamte Jahr zu zahlen wären in ein Kalenderjahr fallen würden, im Fall von Schuldverschreibungen, bei denen die planmäßige Zinszahlung anders als nur durch regelmäßige jährliche Zahlungen erfolgt.] **[bei ersten/letzten langen oder kurzen Zinsperioden entsprechende Actual/Actual Regelung 251 Berechnungsmethode angeben.]**

[Falls Actual/Actual (ISDA) anwendbar ist, einfügen: die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum, dividiert durch 365 (oder, falls ein Teil dieses Zinsberechnungszeitraumes in ein Schaltjahr fällt, die Summe aus (A) der tatsächlichen Anzahl der in das Schaltjahr fallenden Tage des Zinsberechnungszeitraumes dividiert durch 366 und (B) die tatsächliche Anzahl der nicht in das Schaltjahr fallenden Tage des Zinsberechnungszeitraumes dividiert durch 365.)]

[im Falle von Actual/365 (Fixed): die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 365.]

[im Falle von Actual/360: die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360.]

[im Falle von 30/360, 360/360 oder Bond Basis: die Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360, wobei die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit zwölf Monaten zu je 30 Tagen zu ermitteln ist (es sei denn, (A) der letzte Tag des Zinsberechnungszeitraumes fällt auf den 31. Tag eines Monats, während der erste Tag des Zinsberechnungszeitraumes weder auf den 30. noch den 31. Tag eines Monats fällt, in welchem Fall der diesen Tag enthaltende Monat nicht als ein auf 30 Tage gekürzter Monat zu behandeln ist, oder (B) der letzte Tag des Zinsberechnungszeitraumes fällt auf den letzten Tag des Monats Februar, in welchem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).]

[im Falle von 30E/360 oder Eurobond Basis: die Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 360 (dabei ist die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit 12 Monaten zu 30 Tagen zu ermitteln, und zwar ohne Berücksichtigung des ersten oder letzten Tages des Zinsberechnungszeitraumes).]

§ 5

Zahlungen

(1) *Zahlungen auf Kapital*. **[Bei durch Einzelkunden verbrieften Schuldverschreibungen:** Zahlungen auf Kapital in bezug auf durch Einzelkunden verbrieftete Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes 3 gegen Vorlage und (Teilzahlungen ausgenommen) Einreichung der entsprechenden Schuldverschreibung bei der bezeichneten Geschäftsstelle einer der Zahlstellen außerhalb der Vereinigten Staaten.]

bei durch eine Dauerglobalurkunde verbrieften Schuldverschreibungen:

[Zahlungen auf Kapital in bezug auf durch eine Globalurkunde verbrieftete Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes 3 an das Clearing-System oder dessen Order zur Gutschrift auf die Konten der jeweiligen Kontoinhaber des Clearing-Systems gegen Vorlage und Einreichung der Globalurkunde bei der bezeichneten Geschäftsstelle einer der Zahlstellen außerhalb der Vereinigten Staaten.]

bei Raten-Schuldverschreibungen:

[Die Zahlung von Raten auf eine Raten-Schuldverschreibung mit Rückzahlungsscheinen erfolgt gegen Vorlage der Schuldverschreibung zusammen mit dem betreffenden Rückzahlungsschein und Einreichung dieses Rückzahlungsscheins und, im Falle der letzten Ratenzahlung gegen Einreichung der Schuldverschreibung bei der bezeichneten Geschäftsstelle einer der Zahlstellen außerhalb der Vereinigten Staaten. Rückzahlungsscheine begründen keinen Titel. Rückzahlungsscheine, die ohne die dazugehörige Schuldverschreibung vorgelegt werden, begründen keine Verpflichtungen der Emittentin. Daher berechtigt die Vorlage einer Raten-Schuldverschreibung ohne den entsprechenden Rückzahlungsschein oder die Vorlage eines Rückzahlungsscheins ohne die dazugehörige Schuldverschreibung den Gläubiger nicht, die Zahlung einer Rate zu verlangen.]

Für die Zwecke **[bei TEFRA D Schuldverschreibungen einfügen: des § 1 Absatz [4] und]** dieses § 5 bezeichnet „Vereinigte Staaten“ die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Ricos, die U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

bei Schuldverschreibungen, die keine Nullkupon-Schuldverschreibungen sind:

[(2) Zahlung von Zinsen. [Bei durch Einzelkunden verbrieften Schuldverschreibungen: Die Zahlung von Zinsen auf durch Einzelkunden verbrieftete Schuldverschreibungen mit Zinsscheinen erfolgt nach Maßgabe des nachstehenden Absatzes 3 gegen Einreichung der entsprechenden Zinsscheine, oder im Falle von Zinsen, die zwar fällig sind, aber nicht an einem der vorher festgelegten Zinszahlungstage, gegen Vorlage der entsprechenden Schuldverschreibungen bei der bezeichneten Geschäftsstelle einer der Zahlstellen außerhalb der Vereinigten Staaten.]

[im Falle von durch eine Dauerglobalurkunde verbrieften Schuldverschreibungen: Die Zahlung von Zinsen auf durch eine Dauerglobalurkunde verbrieftete Schuldverschreibungen erfolgt nach Maßgabe des nachstehenden Absatzes 3 an das Clearing-System oder dessen Order zur Gutschrift für die betreffenden Kontoinhaber des Clearing-Systems gegen Vorlage der Dauerglobalurkunde bei der bezeichneten Geschäftsstelle einer der Zahlstellen außerhalb der Vereinigten Staaten.]

[im Falle von auf eine vorläufige TEFRA D Globalurkunde zahlbaren Zinsen: Die Zahlung von Zinsen auf durch eine vorläufige Globalurkunde verbrieftete Schuldverschreibungen erfolgt nach Maßgabe des nachstehenden Absatzes 3 an das Clearing-System oder dessen Order zur Gutschrift für die betreffenden Kontoinhaber des Clearing-Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz [4] (b) gegen Vorlage der vorläufigen Globalurkunde bei der bezeichneten Geschäftsstelle einer der Zahlstellen außerhalb der Vereinigten Staaten.]]

(3) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf Schuldverschreibungen

bei durch Globalurkunden verbrieften Schuldverschreibungen:

[in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.]

bei Einzelkunden einfügen:

[im Falle von Zahlungen in einer anderen Währung als euro oder U.S.-Dollar: durch [festgelegte Währung einfügen] Scheck, der auf eine Bank in [Hauptfinanzzentrum des Landes der festgelegten Währung einfügen] ausgestellt ist oder nach Wahl des

Zahlungsempfängers durch Überweisung auf ein auf **[festgelegte Währung]** lautendes von diesem bei einer Bank in **[Hauptfinanzzentrum des Landes der festgelegten Währung]** geführtes Konto.]

[im Falle von Zahlungen in U.S.-Dollar: durch U.S.-Dollar Scheck, ausgestellt auf eine Bank in New York City oder nach Wahl des Zahlungsempfängers durch Überweisung auf ein auf U.S.-Dollar lautendes Konto des Zahlungsempfängers bei einer Bank außerhalb der Vereinigten Staaten. Falls die Zahlung von Kapital oder Zinsen bei den Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich der vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in U.S.-Dollar widerrechtlich wird oder tatsächlich ausgeschlossen wird, wird die Emittentin eine Geschäftsstelle oder einen Beauftragten innerhalb der Vereinigten Staaten ernennen, bei dem solche Zahlungen vorgenommen werden dürfen.]

[bei Zahlungen in Euro: in Bar oder durch in Euro zahlbaren Scheck ausgestellt auf eine Bank in einem Hauptfinanzzentrum eines Landes, das Teilnehmerstaat in der Europäischen Wirtschafts- und Währungsunion im Sinne des am 7. Februar 1992 in Maastricht unterzeichneten Vertrages über die Europäische Union und des Amsterdamer Vertrages vom 2. Oktober 1997, in seiner jeweiligen Fassung, geworden ist, oder nach Wahl des Zahlungsempfängers durch Überweisung auf ein auf Euro lautendes Konto des Zahlungsempfängers bei einer Bank in einem solchen Finanzzentrum.]

(4) *Erfüllung.*

[Im Fall von Schuldverschreibungen, die durch Globalurkunden verbrieft werden, einfügen:

Die Emittentin wird durch Leistung der Zahlung an das Clearing-System oder dessen Order von ihrer Zahlungspflicht befreit.]

[Im Fall von Schuldverschreibungen, die durch Einzelurkunden verbrieft sind, einfügen:

Im Fall von Schuldverschreibungen, die über ein Clearing-System gehalten werden, wird die Emittentin durch Leistung der Zahlung an das Clearing-System oder dessen Order von ihrer Zahlungspflicht befreit.]

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in bezug auf eine Schuldverschreibung [oder einen Zinsschein] [oder einen Rückzahlungsschein] auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet „Zahltag“ einen Tag, **[bei nicht auf Euro lautenden Schuldverschreibungen, einfügen:** der ein Tag (außer einem Samstag oder Sonntag) ist, an dem Geschäftsbanken und Devisenmärkte Zahlungen in **[sämtliche relevanten Finanzzentren angeben]** abwickeln] [bei auf Euro lautenden Schuldverschreibungen, einfügen: der ein Tag (außer einem Samstag oder Sonntag) ist, an dem alle betroffenen Bereiche des Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET) betriebsbereit sind, um die betreffenden Zahlungen weiterzuleiten] [bei Einzelurkunden einfügen: und an dem Banken am Ort einer Zahlstelle, bei der Schuldverschreibungen [,] [Zinsscheine] [,] [Talons] [oder] [Rückzahlungsscheine] zur Zahlung eingereicht werden, geöffnet sind].

bei Einzelkunden, die anfänglich mit Zinsscheinen, Talons oder Rückzahlungsscheinen ausgeliefert werden:

[[6] *Einreichung von [Zinsscheinen][,][Talons] [und] [Rückzahlungsscheinen].* Jede Schuldverschreibung, die anfänglich mit beigefügten Zinsscheinen [oder Talons] [oder Rückzahlungsscheinen] ausgegeben wurde, ist bei Rückzahlung vorzulegen und, außer im Falle einer Teilzahlung des Rückzahlungsbetrages, bei Endfälligkeit zusammen mit allen dazugehörigen noch nicht fälligen Zinsscheinen [und Talons] [und Rückzahlungsscheinen] einzureichen; erfolgt dies nicht

[im Falle von festverzinslichen Schuldverschreibungen: wird der Betrag der fehlenden noch nicht fälligen Zinsscheine (oder falls die Zahlung nicht vollständig erfolgt, der Anteil des Gesamtbetrages solcher fehlenden, nicht fälligen Zinsscheine, wie er dem Verhältnis zwischen dem tatsächlich gezahlten Betrag und der fälligen Summe entspricht) von dem ansonsten bei der Rückzahlung fälligen Betrag abgezogen[,] [und] [.]

[im Falle von variabel verzinslichen Schuldverschreibungen: werden alle nicht fälligen zugehörigen Zinsscheine (gleich, ob sie zusammen mit diesen eingereicht werden oder nicht) ungültig und es erfolgt ab diesem Zeitpunkt keine Zahlung mehr auf sie [.] [und] [.]

[im Falle von Einzelkunden, die anfänglich mit beigefügten Talons ausgegeben werden: werden sämtliche nicht fälligen Talons (gleich, ob sie zusammen mit diesen eingereicht werden oder nicht) ungültig und können nicht zu einem späteren Zeitpunkt gegen Zinsscheine ausgetauscht werden [.] [und] [.]

[im Falle von Einzelkunden, die anfänglich mit beigefügten Rückzahlungsscheinen ausgegeben werden: werden sämtliche zugehörigen Rückzahlungsscheine, die in bezug auf die Zahlung einer Rate, die (wäre sie nicht zur Rückzahlung fällig geworden) an einem Tag nach Rückzahlung fällig geworden wäre (gleich, ob sie mit dieser Schuldverschreibung eingereicht wurde oder nicht) ungültig, und bei Vorlage zu einem späteren Zeitpunkt erfolgt auf sie keine Zahlung.]

Werden Schuldverschreibungen mit einer Fälligkeit und einem Zinssatz oder Zinssätzen begeben, die dazu führen würden, daß bei Vorlage zur Zahlung dieser Schuldverschreibungen ohne dazugehörige noch nicht fällige Zinsscheine der wie vorstehend dargelegt in Abzug zu bringende Betrag den ansonsten zu zahlenden Rückzahlungsbetrag übersteigt, so werden diese noch nicht fälligen Zinsscheine (gleich, ob sie beigefügt sind oder nicht) zum Zeitpunkt der Fälligkeit solcher Schuldverschreibungen ungültig (und es erfolgt auf sie keine Zahlung), insoweit als dies erforderlich ist, damit der gemäß der vorstehenden Regelung in Abzug zu bringende Betrag den vorgesehenen Rückzahlungsbetrag nicht übersteigt. Sofern die Anwendung des letzten Satzes die Entwertung einiger, aber nicht sämtlicher noch nicht fälliger Zinsscheine einer Schuldverschreibung erfordert, bestimmt die betreffende Zahlstelle, welche nicht fälligen Zinsscheine ungültig werden sollen, wobei zu diesem Zwecke später fällige Zinsscheine vor früher fälligen Zinsscheinen für ungültig zu erklären sind.

[im Falle von Einzelkunden, die anfänglich mit Talons ausgegeben wurden:

(7) *Austausch von Talons.* Am oder nach dem Zinszahlungstag, an dem der letzte Zinsschein eines Zinsscheinbogens fällig wird, kann der im Zinsscheinbogen enthaltene Talon bei der bezeichneten Geschäftsstelle einer Zahlstelle im Austausch gegen einen weiteren Zinsscheinbogen (einschließlich ggf. eines weiteren Talons) eingereicht werden. Jeder Talon gilt für die Zwecke dieser Emissionsbedingungen als am Zinszahlungstag fällig, an dem der letzte im jeweiligen Zinsscheinbogen enthaltene Zinsschein fällig wird.]]

[[8] *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen; den vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen; **[falls die Emitten-**

tin das Wahlrecht hat, die Schuldverschreibungen aus anderen als steuerlichen Gründen vorzeitig zurückzuzahlen, einfügen: den Wahl-Rückzahlungsbetrag (Call) der Schuldverschreibungen;] [falls der Gläubiger ein Wahlrecht hat, die Schuldverschreibungen vorzeitig zu kündigen, einfügen: den Wahl-Rückzahlungsbetrag (Put) der Schuldverschreibungen;] [im Fall von Nullkupon-Schuldverschreibungen einfügen: den Amortisationsbetrag der Schuldverschreibungen;] [im Fall von Raten-Schuldverschreibungen einfügen: die auf die Schuldverschreibungen anwendbare(n) Rate(n);] sowie jeden Aufschlag sowie sonstige auf oder in bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Emissionsbedingungen auf Zinsen auf Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 8 zahlbaren zusätzlichen Beträge einschließen.

[(9)] *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die diesbezüglichen Ansprüche der Gläubiger gegen die Emittentin.

§ 6 Rückzahlung

(1) *Rückzahlung bei Endfälligkeit.*

im Falle von Schuldverschreibungen außer Raten-Schuldverschreibungen:

[Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am **[[im Falle eines festgelegten Fälligkeitstages Fälligkeitstag einfügen]** (der „Fälligkeitstag“) [im Falle eines Rückzahlungsmonats: an dem in den **[Rückzahlungsmonat]** fallenden Zinszahlungstag] zurückgezahlt. Der Rückzahlungsbetrag in bezug auf jede Schuldverschreibung beträgt **[Rückzahlungsbetrag für jeweiligen Nennbetrag einfügen].]**

im Falle von Raten-Schuldverschreibungen:

[Soweit nicht vorher bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen an dem/den nachstehenden Ratenzahlungstermin(en) zu der/den folgenden Rate(n) zurückgezahlt:

Ratenzahlungstermin(e) [Ratenzahlungstermin(e)]	Rate(n) [Rate(n)]
[]	[]
[]	[]

(2) *Vorzeitige Rückzahlung aus Steuergründen.* Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber dem Fiscal Agent und gemäß § 13 gegenüber den Gläubigern vorzeitig gekündigt und zu ihrem vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin **[bei von Finance begebenen Schuldverschreibungen:** oder die Garantin, die aus von ihr nicht zu verantwortenden Gründen die Leistung der Zahlung durch die Emittentin nicht bewirken kann,] als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften **[bei von Finance begebenen Schuldverschreibungen:** der Niederlande oder] der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt diese Änderung oder Ergänzung wird am oder nach dem **[Ausgabetag]** wirksam) zur Zahlung von zusätzlichen Beträgen (wie in § 8 dieser Bedingungen, **[bei von Finance begebenen Schuldverschreibungen:** bzw. in der Garantie] definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen der Emittentin **[bei von Finance begebenen Schuldverschreibungen:** oder

der Garantin] zur Verfügung stehender und ihr zumutbarer Maßnahmen vermieden werden kann.

Eine solche Kündigung darf allerdings nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin **[bei von Finance begebenen Schuldverschreibungen:** oder die Garantin] verpflichtet wäre, solche zusätzlichen Beträge zu zahlen, und (ii) zu dem Zeitpunkt, zu dem die Kündigung erfolgt, muß die Verpflichtung zur Zahlung von zusätzlichen Beträgen noch wirksam sein. **[bei variabel verzinslichen Schuldverschreibungen:** Der für die Rückzahlung festgelegte Termin muß ein Zinszahlungstag sein.]

Vor der Veröffentlichung einer Kündigung gemäß dieser Bestimmung muß die Emittentin dem Fiscal Agent eine Bescheinigung vorlegen, die von einem Vorstandsmitglied **[bei von Deutsche Telekom begebenen Schuldverschreibungen:** der Emittentin] **[bei von Finance begebenen Schuldverschreibungen:** der Garantin] unterschrieben ist und welche darlegt, daß die Voraussetzungen dieses Kündigungsrechts vorliegen und außerdem eine Stellungnahme eines unabhängigen und anerkannten Rechtsberaters enthält, in der festgestellt wird, daß die Emittentin **[bei von Finance begebenen Schuldverschreibungen:** oder die Garantin] verpflichtet ist oder sein wird, solche zusätzlichen Beträge aufgrund einer solchen Rechts- oder Auslegungsänderung zu zahlen.

Eine solche Kündigung hat gemäß § 13 zu erfolgen. Sie ist unwiderruflich, muß den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die Umstände darlegt, die das Rückzahlungsrecht der Emittentin begründen.

falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig zurückzahlen:

[(3) Vorzeitige Rückzahlung nach Wahl der Emittentin.

(a) Die Emittentin kann, nachdem sie gemäß Absatz (b) gekündigt hat, die Schuldverschreibungen insgesamt oder teilweise am/an den Wahl-Rückzahlungstag(en) (Call) zum/zu den Wahl-Rückzahlungsbetrag bzw. beträgen (Call), wie nachstehend angegeben, nebst etwaigen bis zum Wahl-Rückzahlungstag (Call) (ausschließlich) aufgelaufenen Zinsen zurückzahlen. **[Bei Geltung eines Mindestrückzahlungsbetrages oder eines erhöhten Rückzahlungsbetrages:** Eine solche Rückzahlung muß in Höhe eines Nennbetrages von [mindestens **[Mindestrückzahlungsbetrag]** **[erhöhter Rückzahlungsbetrag]** erfolgen.]

Wahl-Rückzahlungstag(e) (Call)	Wahl-Rückzahlungsbetrag/beträge (Call)
[Wahl-Rückzahlungstag(e)]	[Wahl-Rückzahlungsbetrag/beträge]
[]	[]
[]	[]

[Falls der Gläubiger ein Wahlrecht hat, die Schuldverschreibungen vorzeitig zu kündigen: Der Emittentin steht dieses Wahlrecht nicht in bezug auf eine Schuldverschreibung zu, deren Rückzahlung bereits der Gläubiger in Ausübung seines Wahlrechts nach Absatz [4] dieses § 6 verlangt hat.]

(b) Die Kündigung ist den Gläubigern der Schuldverschreibungen durch die Emittentin gemäß § 13 und dem Fiscal Agent bekannt zu geben (die Kündigung gegenüber dem Fiscal Agent hat 15 Tage vor der Kündigung gegenüber den Gläubigern zu erfolgen). Sie beinhaltet die folgenden Angaben:

- (i) die zurückzahlende Serie von Schuldverschreibungen;
- (ii) eine Erklärung, ob diese Serie ganz oder teilweise zurückgezahlt wird und im letzteren Fall den Gesamtbetrag der zurückzahlenden Schuldverschreibungen und, falls die Schuldverschreibungen durch Einzelurkunden verbrieft sind, die entsprechenden Seriennummern;

(iii) den Wahl-Rückzahlungstag (Call), der nicht weniger als 15 und nicht mehr als 30 Tage nach dem Tag der Kündigung durch die Emittentin gegenüber den Gläubigern liegen darf; und

(iv) den Wahl-Rückzahlungsbetrag (Call), zu dem die Schuldverschreibungen zurückgezahlt werden.

(c) Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die zurückzuzahlenden Schuldverschreibungen **[bei Einzelurkunden einfügen:** in einer von dem Fiscal Agent bestimmten europäischen Stadt durch das Los oder nach billigem Ermessen des Fiscal Agent auf andere Weise oder an einem anderen Ort ermittelt.] **[im Falle von durch eine Dauerglobalurkunde verbrieften Schuldverschreibungen:** in Übereinstimmung mit den Regeln des betreffenden Clearing-Systems ausgewählt.]

falls der Gläubiger ein Wahlrecht hat, die Schuldverschreibungen vorzeitig zu kündigen:

[[4)] *Vorzeitige Rückzahlung nach Wahl des Gläubigers.*

(a) Die Emittentin hat eine Schuldverschreibung nach Ausübung des entsprechenden Wahlrechts durch den Gläubiger am/an den Wahl-Rückzahlungstag(en) (Put) zum/zu den Wahl-Rückzahlungsbetrag/ beträgen (Put), wie nachstehend angegeben nebst etwaigen bis zum Wahl-Rückzahlungstag (Put) (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen.

Wahl-Rückzahlungstag(e) (Put)	Wahl-Rückzahlungsbetrag/ -beträge (Put)
[Wahl-Rückzahlungstag(e)]	[Wahl-Rückzahlungsbetrag/ -beträge]
[_____]	[_____]
[_____]	[_____]

Dem Gläubiger steht dieses Wahlrecht nicht in bezug auf eine Schuldverschreibung zu, deren Rückzahlung durch die Emittentin in Ausübung ihres Wahlrechts nach § 6 Absatz 2 **[falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig zurückzuzahlen:** oder Absatz 3] verlangt hat.

(b) Um dieses Wahlrecht auszuüben, darf der Gläubiger die betreffende Schuldverschreibung [zusammen mit allen dazugehörigen noch nicht fälligen Zinsscheinen] nicht früher als 15 Tage vor dem Wahl-Rückzahlungstag (Put), an dem die Rückzahlung gemäß der Ausübungserklärung (wie nachstehend definiert) erfolgen soll, bei einer bezeichneten Geschäftsstelle einer Zahlstelle während der normalen Geschäftszeiten zusammen mit einer ordnungsgemäß ausgefüllten Mitteilung zur vorzeitigen Rückzahlung („Ausübungserklärung“), wie sie von der bezeichneten Geschäftsstelle jeder Zahlstelle erhältlich ist, hinterlegen. Eine so hinterlegte Schuldverschreibung kann nicht zurückgefordert und die Ausübung des Wahlrechts kann nicht widerrufen werden.]

[[5)] *Vorzeitiger Rückzahlungsbetrag.*

bei Schuldverschreibungen, die keine Nullkupon-Schuldverschreibungen sind:

[Für die Zwecke des § 6 Absatz 2 und § 10 entspricht der vorzeitige Rückzahlungsbetrag [dem Rückzahlungsbetrag] **[bei einem sonstigen Rückzahlungsbetrag Einzelheiten einfügen].]**

bei Nullkupon-Schuldverschreibungen:

[(a) Für die Zwecke des § 6 Absatz 2 und § 10 ist der vorzeitige Rückzahlungsbetrag der Amortisationsbetrag der Schuldverschreibung.

(b) Der Amortisationsbetrag entspricht der Summe aus:

(i) **[Referenz-Preis einfügen]** (der „Referenz-Preis“), und

(ii) dem Produkt aus **[Emissionsrendite einfügen]** (jährlich kapitalisiert) und dem Referenz-Preis ab **[Ausgabebetrag einfügen]** (einschließlich) bis zu dem

vorgesehenen Rückzahlungstag (ausschließlich) oder (je nachdem) dem Termin, an dem die Schuldverschreibungen fällig und rückzahlbar werden.

Wenn diese Berechnung für einen Zeitraum, der nicht vollen von Kalenderjahren entspricht, durchzuführen ist, hat sie im Falle des nicht vollständigen Jahres (der „Zinsberechnungszeitraum“) auf der Grundlage des Zinstagequotienten (wie vorstehend in § 4 definiert) zu erfolgen.

- (c) Falls die Emittentin den vorzeitigen Rückzahlungsbetrag bei Fälligkeit nicht zahlt, wird der Amortisationsbetrag einer Schuldverschreibung wie vorstehend beschrieben berechnet, jedoch mit der Maßgabe, daß die Bezugnahmen in Unterabsatz (ii) auf den für die Rückzahlung vorgesehenen Rückzahlungstag oder den Tag, an dem diese Schuldverschreibungen fällig und rückzahlbar werden, durch den früheren der nachstehenden Zeitpunkte ersetzt werden: (i) der Tag, an dem die Zahlung gegen ordnungsgemäße Vorlage und Einreichung der betreffenden Schuldverschreibungen (sofern erforderlich) erfolgt, und (ii) der vierzehnte Tag, nachdem der Fiscal Agent gemäß § 13 mitgeteilt hat, daß ihm die für die Rückzahlung erforderlichen Mittel zur Verfügung gestellt wurden.]

[Im Fall von indexierten Schuldverschreibungen oder Credit Linked Notes sind die anwendbaren Bestimmungen, die Kapital betreffen einzufügen. Dasselbe gilt für Doppelwährungs-Schuldverschreibungen.]

§ 7

Der Fiscal Agent[,] [und] die Zahlstellen [und die Berechnungsstelle]

(1) *Ernennung; bezeichnete Geschäftsstellen.* Der anfänglich bestellte Fiscal Agent[,] [und] die anfänglich bestellten Zahlstellen [und die anfänglich bestellte Berechnungsstelle] und deren bezeichnete Geschäftsstellen lauten wie folgt:

Fiscal Agent und
Zahlstelle:

Citibank, N.A.
5 Carmelite Street
London EC4Y 0PA

Zahlstelle[n]:

Citigroup Global Markets
Deutschland AG & Co. KGaA
Reuterweg 16
D-60323 Frankfurt am Main

Banque Générale du Luxembourg S.A.
50, avenue J. F. Kennedy
L-2951 Luxembourg

**[weitere Zahlstellen und deren bezeichnete
Geschäftsstellen]**

[Berechnungsstelle]

[Name und Geschäftsstelle]

Der Fiscal Agent[,] [und] die Zahlstelle[n] [und die Berechnungsstelle] behalten sich das Recht vor, jederzeit ihre jeweiligen bezeichneten Geschäftsstellen durch andere bezeichnete Geschäftsstellen in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung des Fiscal Agent oder einer Zahlstelle [oder der Berechnungsstelle] zu ändern oder zu beenden und einen anderen Fiscal Agent oder zusätzliche oder andere Zahlstellen [oder eine andere Berechnungsstelle] zu bestel-

len. Die Emittentin wird jedoch zu jedem Zeitpunkt (i) einen Fiscal Agent unterhalten[,] [und] (ii) zusätzlich zu dem Fiscal Agent eine Zahlstelle mit einer bezeichneten Geschäftsstelle in einer kontinentaleuropäischen Stadt außerhalb der Bundesrepublik Deutschland **[für an einer Börse notierte Schuldverschreibungen:]** [und] (iii) solange die Schuldverschreibungen an der **[Name der Börse]** notiert sind, eine Zahlstelle (die der Fiscal Agent sein kann) mit bezeichneter Geschäftsstelle in **[Ort der Börse]** und/oder an einem anderen gemäß den Vorschriften einer anderen Börse hierfür vorgeschriebenen Ort] **[für auf US-Dollar lautende Schuldverschreibungen:]** [und] [(iv)] unter den in § 5 Absatz 3 genannten Umständen eine Zahlstelle mit bezeichneter Geschäftsstelle in New York City] [,] [und] [(v)] **[falls eine Berechnungsstelle bestellt werden soll einfügen: eine Berechnungsstelle [falls die Berechnungsstelle eine bezeichnete Geschäftsstelle an einem vorgeschriebenen Ort haben muß: mit bezeichneter Geschäftsstelle in [vorgeschriebenen Ort einfügen]] ernannt halten. [im Falle von Einzelkunden einfügen: Sollte eine Richtlinie der Europäischen Union zur Umsetzung der Schlußfolgerungen des Treffens des ECOFIN-Rates vom 26.–27. November 2000 oder eine Rechtsnorm, die zur Umsetzung einer solchen Richtlinie vorgesehen ist, dieser entspricht oder zur Anpassung an die Richtlinie eingeführt wird, ergehen, verpflichtet sich die Emittentin, eine Zahlstelle in einem Mitgliedstaat der Europäischen Union zu unterhalten, welche nicht zur Vornahme von steuerlichen Einbehalten oder Abzügen nach Maßgabe einer solchen Richtlinie oder Rechtsnorm verpflichtet ist, soweit dies in einem Mitgliedstaat der Europäischen Union möglich ist.] Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird (außer im Insolvenzfall, wo eine solche Änderung sofort wirksam wird) nur wirksam, sofern die Gläubiger hierüber gemäß § 13 vorab unter Einhaltung einer Frist von mindestens 30 und höchstens 45 Tagen informiert wurden.**

(3) *Erfüllungsgehilfe[n] der Emittentin.* Der Fiscal Agent[,] [und] die Zahlstelle(n) [und die Berechnungsstelle] handeln ausschließlich als Erfüllungsgehilfe[n] der Emittentin und haben keine Verpflichtungen gegenüber den Gläubigern und es besteht kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern.

§ 8 Steuern

Kapital und Zinsen werden von der Emittentin ohne Abzug oder Einbehalt wegen gegenwärtiger oder zukünftiger Steuern, Abgaben oder amtlicher Gebühren gleich welcher Art gezahlt, die von oder in **[im Fall von Schuldverschreibungen, die von Finance begeben werden einfügen: den Niederlanden oder]** der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde auferlegt, erhoben oder eingezogen werden (nachstehend zusammen „Quellensteuern“) genannt, es sei denn, ein solcher Abzug oder Einbehalt ist gesetzlich vorgeschrieben. In diesem letzteren Fall wird die Emittentin die zusätzlichen Beträge an Kapital und Zinsen zahlen, die erforderlich sind, damit der dem Gläubiger nach diesem Abzug oder Einbehalt zufließende Nettobetrag jeweils den Beträgen an Kapital und Zinsen entspricht, die ihm zustehen würden, wenn der Abzug oder Einbehalt nicht erforderlich wäre. Solche zusätzliche Beträge sind jedoch nicht zahlbar wegen Steuern, Abgaben oder amtlicher Gebühren, die

- (a) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, daß die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder
- (b) wegen gegenwärtiger oder früherer persönlicher oder geschäftlicher Beziehungen des Gläubigers zu **[im Fall von Schuldverschreibungen, die von Finance begeben werden, einfügen: den Niederlanden oder]** der Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in **[im Fall von Schuldverschreibungen, die**

von Finance begeben werden einfügen: den Niederlanden oder] der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder

(c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland, die Niederlande oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder

(d) aufgrund einer Rechtsänderung zahlbar sind, die später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß den Bedingungen wirksam wird [...] ; oder]

Falls die Schuldverschreibungen durch Einzelurkunden verbrieft sind, einfügen:

[(e) von einer Zahlstelle abgezogen oder einbehalten werden, wenn die Zahlung von einer anderen Zahlstelle ohne den Abzug oder Einbehalt hätte vorgenommen werden können; oder

(f) nicht zahlbar wären, wenn die Schuldverschreibungen bei einer Bank oder einem vergleichbaren Institut verwahrt worden wären und die Bank oder das vergleichbare Institut die Zahlungen eingezogen hätte.]

Falls die Schuldverschreibungen durch Globalurkunden verbrieft sind, einfügen:

[§ 9 Vorlegungsfrist

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.]

Falls die Schuldverschreibungen durch Einzelurkunden verbrieft sind, einfügen:

[§ 9 Vorlegungsfrist, Ersetzung von Schuldverschreibungen [falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen: und Zinsscheinen]

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt. **[Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen:** Die Vorlegungsfrist für Zinsscheine beträgt gemäß § 801 Absatz 2 BGB vier Jahre und beginnt mit dem Ablauf des Kalenderjahres, in dem der betreffende Zinsschein zur Zahlung fällig geworden ist. Der Anspruch gemäß § 804 Absatz 1, Satz 1 BGB wegen abhandengekommener oder vernichteter Zinsscheine ist ausgeschlossen.] Sollte eine Schuldverschreibung **[falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen:** oder ein Zinsschein] verloren gehen, gestohlen, beschädigt, unleserlich gemacht oder zerstört werden, so kann sie [er] bei der bezeichneten Geschäftsstelle des Fiscal Agent vorbehaltlich der betreffenden Börsenbestimmungen und aller anwendbaren Gesetze ersetzt werden; dabei hat der Anspruchsteller alle dabei möglicherweise entstehenden Kosten und Auslagen zu zahlen und alle angemessenen Bedingungen der Emittentin hinsichtlich des Nachweises, der Sicherheit, einer Freistellung und dergleichen zu erfüllen. Eine beschädigte oder unleserlich gemachte Schuldverschreibung **[falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen:** oder ein solcher Zinsschein] muß eingereicht werden, bevor eine Ersatzkunde ausgegeben wird.]

§ 10 Kündigung

(1) *Kündigungsrecht.* Jeder Gläubiger ist berechtigt, seine Schuldverschreibungen zu kündigen und deren sofortige Tilgung zu ihrem vorzeitigen Rückzahlungsbetrag (wie in § 6 Absatz 5 beschrieben), zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls einer der folgenden Kündigungsgründe („Kündigungsgründe“) vorliegt:

- (a) die Emittentin zahlt Kapital oder Zinsen nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag; oder
- (b) die Emittentin unterläßt die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Schuldverschreibungen [**bei von Finance begebenen Schuldverschreibungen:** oder die Garantin unterläßt die Erfüllung einer Verpflichtung aus der Garantie, auf die in § 3 Bezug genommen wird,] und diese Unterlassung, falls sie geheilt werden kann, länger als 60 Tage fort dauert, nachdem der Fiscal Agent hierüber eine Benachrichtigung von einem Gläubiger erhalten hat; oder
- (c) eine Kapitalmarktverbindlichkeit (wie in § 3 Absatz 1 definiert) der Emittentin [**bei von Finance begebenen Schuldverschreibungen:** oder der Garantin] vorzeitig zahlbar wird aufgrund einer Nicht- oder Schlechterfüllung des dieser Kapitalmarktverbindlichkeit zugrundeliegenden Vertrages, oder die Emittentin [**bei von Finance begebenen Schuldverschreibungen:** oder die Garantin] einer Zahlungsverpflichtung in Höhe oder im Gegenwert von mehr als Euro 25.000.000 aus einer Kapitalmarktverbindlichkeit oder aufgrund einer Bürgschaft oder Garantie, die für eine Kapitalmarktverbindlichkeit Dritter gegeben wurde, nicht innerhalb von 30 Tagen nach ihrer Fälligkeit bzw. im Falle einer Bürgschaft oder Garantie nicht innerhalb von 30 Tagen nach Inanspruchnahme aus dieser Bürgschaft oder Garantie nachkommt, es sei denn die Emittentin [**bei von Finance begebenen Schuldverschreibungen:** oder die Garantin] bestreitet in gutem Glauben, daß diese Zahlungsverpflichtung besteht oder fällig ist bzw. diese Bürgschaft oder Garantie berechtigterweise geltend gemacht wird, oder falls eine für solche Verbindlichkeiten bestellte Sicherheit für die oder von den daraus berechtigten Gläubiger(n) in Anspruch genommen wird, oder
- (d) die Emittentin [**bei von Finance begebenen Schuldverschreibungen:** oder die Garantin] ihre Zahlungsunfähigkeit bekanntgibt oder ihre Zahlungen einstellt, oder
- (e) ein Gericht ein Insolvenzverfahren gegen die Emittentin [**bei von Finance begebenen Schuldverschreibungen:** oder die Garantin] eröffnet, oder die Emittentin [**bei von Finance begebenen Schuldverschreibungen:** oder die Garantin] ein solches Verfahren einleitet oder beantragt, oder eine allgemeine Schuldenregelung zugunsten ihrer Gläubiger anbietet oder trifft, oder [**bei von Finance begebenen Schuldverschreibungen:** die Emittentin ein „surseance van betaling“ (Schuldemoratorium im Sinne des niederländischen Insolvenzrechts) beantragt, oder]
- (f) die Emittentin [**bei von Finance begebenen Schuldverschreibungen:** oder die Garantin] in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und diese Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin [**bei von Finance begebenen Schuldverschreibungen:** oder die Garantin] im Zusammenhang mit diesen Schuldverschreibungen eingegangen ist, oder
- (g) in [**bei von Finance begebenen Schuldverschreibungen:** den Niederlanden oder in] der Bundesrepublik Deutschland irgendein Gesetz, eine Verordnung oder behördliche Anordnung erlassen wird oder ergeht, aufgrund derer die Emittentin

[bei von Finance begebenen Schuldverschreibungen: oder die Garantin] daran gehindert wird, die von ihr gemäß diesen Bedingungen **[bei von Finance begebenen Schuldverschreibungen:** bzw. der Garantie] übernommenen Verpflichtungen in vollem Umfang zu beachten und zu erfüllen und diese Lage nicht binnen 90 Tagen behoben ist [.,], oder]

bei von Finance
begebenen
Schuldverschrei-
bungen:

[(h) die Garantie aus irgendeinem Grund nicht mehr gilt.]

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) *Quorum.* In den Fällen des § 10 Absatz 1 (b) oder 1 (c) wird eine Kündigung, sofern nicht bei deren Eingang zugleich einer der in § 10 Absatz 1(a), 1(d), 1(e), 1(f) [oder] 1(g) [oder 1(h)] bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei dem Fiscal Agent Kündigungserklärungen von Gläubigern von Schuldverschreibungen im Nennbetrag von mindestens 1/10 der dann ausstehenden Schuldverschreibungen eingegangen sind.

(3) *Form der Erklärung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß vorstehendem Absatz 1 ist schriftlich gegenüber dem Fiscal Agent zu erklären und persönlich oder per Einschreiben an dessen bezeichnete Geschäftsstelle zu übermitteln.

§ 11

Ersetzung der Emittentin

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger, **[bei von Finance begebenen Schuldverschreibungen:** entweder die Garantin oder] eine Tochtergesellschaft (wie nachstehend definiert) **[bei von Deutsche Telekom begebenen Schuldverschreibungen:** der Emittentin] **[bei von Finance begebenen Schuldverschreibungen:** der Garantin] an ihrer Stelle als Hauptschuldnerin (die „Nachfolgeschuldnerin“) für alle Verpflichtungen aus und im Zusammenhang mit dieser Emission einzusetzen, vorausgesetzt, daß:

- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in bezug auf die Schuldverschreibungen [und Zinsscheine] [und Rückzahlungsscheine] übernimmt;
- (b) die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erlangt hat und berechtigt ist, an den Fiscal Agent die zur Erfüllung ihrer Zahlungsverpflichtungen aus den Schuldverschreibungen [oder Zinsscheinen] [oder Rückzahlungsscheinen] zahlbaren Beträge in der festgelegten Währung zu zahlen, ohne verpflichtet zu sein, in dem Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat, erhobene Steuern oder sonstige Abgaben jeder Art, abzuziehen oder einzubehalten;
- (c) **[bei von Deutsche Telekom begebenen Schuldverschreibungen:** die Emittentin] **[bei von Finance begebenen Schuldverschreibungen:** die Garantin, sofern sie nicht selbst die Nachfolgeschuldnerin ist,] unwiderruflich und unbeding gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge garantiert **[bei von Finance begebenen Schuldverschreibungen:**, wobei diese Garantie im wesentlichen die Form der „Garantie“ hat] **[bei von Deutsche Telekom begebenen Schuldverschreibungen:** und diese Garantie eine Verpflichtung der Garantin gemäß den Bestimmungen des § 3 enthält];

- (d) dem Fiscal Agent ein oder mehrere Rechtsgutachten von anerkannten Rechtsanwälten vorgelegt wurden, die bestätigen, daß die Bestimmungen in vorstehenden Unterabsätzen (a), (b) und (c) erfüllt wurden.

Im Sinne dieser Bedingungen bedeutet „Tochtergesellschaft“ eine Kapital- oder Personengesellschaft, an der die Deutsche Telekom direkt oder indirekt insgesamt nicht weniger als 90% des Kapitals jeder Klasse oder der Stimmrechte hält.

- (2) *Bekanntmachung.* Jede solche Ersetzung wird gemäß § 13 bekanntgegeben.

(3) *Änderung von Bezugnahmen.* Im Falle einer solchen Ersetzung gilt jede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin, und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat.

§ 12

Begebung weiterer Schuldverschreibungen, Ankauf und Entwertung

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, daß sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, Schuldverschreibungen [,] [und] [Zinsscheine] [und] [Rückzahlungsscheine] im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder beim Fiscal Agent zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muß dieses Angebot allen Gläubigern gemacht werden.

[Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen:

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zusammen mit allen nicht fälligen und zusammen mit den Schuldverschreibungen eingereichten oder den Schuldverschreibungen beigefügten Zinsscheinen zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.]

[Falls die Schuldverschreibungen ohne Zinsscheine begeben werden, einfügen:

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.]

§ 13

Mitteilungen

(1) *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen sind in einer führenden Tageszeitung mit allgemeiner Verbreitung in [Luxemburg] [London] [Deutschland] [anderer Ort], voraussichtlich [dem Luxemburger Wort] [der Financial Times] [der Börsen-Zeitung] [andere Zeitung mit allgemeiner Verbreitung in Europa] zu veröffentlichen. Jede derartige Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen am dritten Tag nach dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System.* [bei Schuldverschreibungen, die durch Einzelkunden verbrieft werden dürfen, einfügen: Bis zu dem Zeitpunkt, an dem

Einzelkunden ausgeliefert werden, darf eine] [Eine] solche Veröffentlichung in einer oder mehreren der vorstehenden Zeitungen **[für an einer Börse notierte Schuldverschreibungen:** (vorausgesetzt, die Regeln der **[Name der Börse]** erlauben dies, solange die Schuldverschreibungen an **[Name der Börse]** notiert sind)) [darf] so lange, wie die Globalurkunde insgesamt von dem Clearing System gehalten wird, durch eine Mitteilung an das Clearing System zwecks Weiterleitung an die Gläubiger ersetzt werden, vorausgesetzt, daß solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, die Veröffentlichung auch in einer Zeitung mit allgemeiner Verbreitung in Luxemburg erfolgt. Jede solche Mitteilung gilt als gegenüber den Gläubigern am siebten Tag nach dem Tag, an dem die besagte Mitteilung dem Clearing-System mitgeteilt worden ist, mitgeteilt.]

§ 14

Anwendbares Recht, Erfüllungsort, Gerichtsstand und gerichtliche Geltendmachung

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen[,] [und] [Zinsscheine] [,] [und] [Talons] [und Rückzahlungsscheine] sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

(3) *Gerichtsstand.* **[Bei von Deutsche Telekom begebenen Schuldverschreibungen:** Ausschließlicher] Gerichtsstand für alle Rechtsstreitigkeiten aus oder im Zusammenhang mit den Schuldverschreibungen [oder den Zinsscheinen] [oder den Talons] [oder den Rückzahlungsscheinen] ist Frankfurt am Main. **[bei von Finance begebenen Schuldverschreibungen:** Die Gläubiger können ihre Ansprüche jedoch auch vor anderen zuständigen Gerichten geltend machen.] Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhandengekommener oder vernichteter Schuldverschreibungen. Die Emittentin unterwirft sich hiermit der Gerichtsbarkeit der nach diesem Absatz zuständigen Gerichte.

[bei von Finance begebenen Schuldverschreibungen:

(4) *Ernennung von Zustellungsbevollmächtigten.* Für etwaige Rechtsstreitigkeiten oder sonstige Verfahren vor deutschen Gerichten bestellt die Emittentin die Deutsche Telekom Aktiengesellschaft zu ihrem Zustellungsbevollmächtigten in Deutschland].

[(5)] *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen [und Zinsscheinen] [und Rückzahlungsscheinen], der diese über ein Clearing-System hält, darf in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen [und Zinsscheinen] [und Rückzahlungsscheinen] im eigenen Namen auf der folgenden Grundlage schützen oder geltend machen: (i) Er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, daß die Depotbank gegenüber dem Clearing-System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der betreffenden Schuldverschreibungen als Global- oder Einzelkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing-Systems oder der Verwahrstelle des Clearing-Systems bestätigt hat, ohne daß eine Vorlage der Originalbelege oder der Globalurkunde oder der Einzelkunde in einem solchen Verfahren erforderlich wäre. Unbeschadet des Vorstehenden kann

jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist. Im Vorstehenden bezeichnet „Depotbank“ jede Bank oder ein sonstiges anerkanntes Kreditinstitut, das berechtigt ist, das Wertpapierverwahrgeschäft zu betreiben und bei dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing-Systems.

§ 15 Sprache

[Diese Emissionsbedingungen sind ausschließlich in [deutscher] [englischer] Sprache abgefaßt.]

[Diese Emissionsbedingungen sind in [deutscher] [englischer] Sprache abgefaßt und mit einer Übersetzung in die [englische] [deutsche] Sprache versehen. Der [deutsche] [englische] Text soll bindend und maßgeblich sein. Die [englische] [deutsche] Übersetzung ist unverbindlich.]

Non-binding translation of the Guarantee and the Negative Pledge:

Guarantee

and

Negative Pledge

of

DEUTSCHE TELEKOM AG
Bonn, Federal Republic of Germany,

for the benefit of the Holders of Notes (the "Notes")

issued by

Deutsche Telekom International Finance B.V.
(incorporated with limited liability in The Netherlands)

under the Debt Issuance Programme (the "Programme")
as in force from time to time

WHEREAS:

(A) Deutsche Telekom AG (the "Guarantor") and Deutsche Telekom International Finance B.V. ("Finance") intend to issue from time to time Notes under the Programme;

(B) the Guarantor wishes to guarantee the payment of principal and interest and any other amounts payable in respect of any and all Notes that may be issued by Finance under the Programme;

(C) the Guarantor wishes to enter into a negative pledge for the benefit of each Holder of Notes that may be issued by Finance under the Programme;

IT IS AGREED AS FOLLOWS:

- (1) (a) The Guarantor unconditionally and irrevocably guarantees to the holder of each Note (which expression shall include any Temporary Global Note or Permanent Global Note representing Notes), Coupon or Receipt (each a "Holder"), now or at any time hereafter issued by Finance under the Programme, the due and punctual payment of the principal of, and interest on, the Notes, Coupons or Receipts, and any other amounts which may be expressed to be payable under any Note, Coupon or Receipt, in accordance with the Conditions, as and when the same shall become due in accordance with the Conditions.
- (b) This Guarantee constitutes an unconditional, unsecured and unsubordinated obligation of the Guarantor and ranks *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor from time to time outstanding.
- (c) All payments under this Guarantee shall be made without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or in or on behalf of the Federal Republic of Germany or by or on behalf of any political subdivision or authority therein having power to tax (hereinafter together called "Withholding Taxes"), unless such deduction or withholding is required by law. In such event, the Guarantor shall pay such additional amounts as may be necessary in order that the net amounts received by the Holder after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable had no such deduction or withholding been required. No such additional amounts shall, however, be payable on account of any taxes, duties or governmental charges which

- (i) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Guarantor from payments made by it; or
 - (ii) are payable by reason of the Holder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in the Federal Republic of Germany; or
 - (iii) are deducted or withheld pursuant to (x) any European Union directive or regulation concerning the taxation of interest income, or (y) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany or the European Union is a party, or (z) any provision of law implementing, or complying with, or introduced to conform with such directive, regulation, treaty or understanding; or
 - (iv) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with the Conditions whichever occurs later; or
 - (v) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction; or
 - (vi) would not be payable if the Notes had been kept in safe custody with, and the payments had been collected by, a banking institution.
- (d) The obligations of the Guarantor under this Guarantee (i) shall be separate and independent from the obligations of Finance under the Notes, Coupons or Receipts, (ii) shall exist irrespective of the legality, validity and binding effect or enforceability of the Notes, Coupons or Receipts, and (iii) shall not be affected by any event, condition or circumstance of whatever nature, whether factual or legal, save the full, definitive and irrevocable satisfaction of any and all payment obligations expressed to be assumed under the Notes, Coupons or Receipts.
- (e) The obligations of the Guarantor under this Guarantee shall, without any further act or thing being required to be done or to occur, extend to the obligations of any Substituted Debtor which is not the Guarantor arising in respect of any Note, Coupon or Receipt by virtue of a substitution pursuant to the Conditions.
- (f) This Guarantee is given in respect of any and all Notes which are or will be issued by Finance under the Programme on or after the date hereof. The Guarantee dated 31 October 1997 extends to any and all Notes which have been issued by Finance during the period beginning on 31 October 1997 through 9 November 1999. The Guarantee dated 10 November 1999 extends to any and all Notes which have been issued by Finance on or after 10 November 1999 and prior to the date hereof.

(2) The Guarantor undertakes towards each Holder, so long as any of the Notes remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, not to grant or permit to subsist any encumbrance over any or all of its present or future assets, as security of any present or future Capital Market Indebtedness issued or guaranteed by the Guarantor or by any other person, without at the same time having the Holders share equally and rateably in such security. "Capital Market Indebtedness" means any obligation for the payment of borrowed money which is in the form of, or represented or evidenced by, a certificate of indebtedness or in the form of, or represented or evidenced by, bonds, notes or other securities which are, or are capable of being, quoted, listed, dealt in or traded on a stock exchange or other recognised securities market. For the purposes of avoiding any doubt in respect of asset-backed financings originated by the Guarantor, the expressions "assets" and "obligations for the payment of borrowed money" as used in this subparagraph (2) do not include assets and obligations of the Guarantor which, pursuant to the requirements of law and accounting principles generally accepted in Germany, need not, and are not, reflected in the Guarantor's balance sheet.

(3) This Agreement and all undertakings herein contained constitute a contract for the benefit of the Holders from time to time as third party beneficiaries pursuant to § 328 (1) of the German Civil Code. They give rise to the right of each such Holder to require performance of the obligations undertaken herein directly from the Guarantor and to enforce such obligations directly against the Guarantor.

(4) Deutsche Bank Aktiengesellschaft does not act as fiduciary or in any similar capacity for the Holders.

(5) Terms used in this Agreement and not otherwise defined herein shall have the meanings attributed to them in the Conditions.

(6) This Agreement shall be governed by, and construed in accordance with, German law.

(7) This Agreement is written in the German language and attached hereto is a non-binding English language translation.

(8) The original version of this Agreement shall be delivered to, and kept by, Deutsche Bank Aktiengesellschaft.

(9) The place of jurisdiction for all legal proceedings arising out of or in connection with this Agreement shall be Frankfurt am Main. Each Holder, however, may pursue his claims also before any other court of competent jurisdiction.

(10) Each Holder may in any legal proceedings against the Guarantor or to which such Holder and the Guarantor are parties protect and enforce in his own name his rights arising under this Agreement on the basis of a copy of this Agreement certified as being a true copy by a duly authorised officer of Deutsche Bank Aktiengesellschaft, without the need for production in such proceedings of this Guarantee.

Bonn, 6 June 2001

DEUTSCHE TELEKOM AG

We accept the terms of the above Guarantee without recourse, warranty or liability.

6 June 2001

DEUTSCHE BANK AKTIENGESELLSCHAFT

Garantie

und

Negativverpflichtung

der

DEUTSCHE TELEKOM AG
Bonn, Bundesrepublik Deutschland,

zugunsten der Gläubiger von Schuldverschreibungen (die „Schuldverschreibungen“),

die von der

Deutsche Telekom International Finance B.V.
(einer mit beschränkter Haftung in den Niederlanden errichteten Gesellschaft)

im Rahmen des Debt Issuance Programme (das „Programm“)
in seiner jeweils geltenden Fassung begeben werden.

IM HINBLICK DARAUF DASS:

(A) Deutsche Telekom AG (die „Garantin“) und Deutsche Telekom International Finance B.V. („Finance“) beabsichtigt, von Zeit zu Zeit Schuldverschreibungen im Rahmen des Programms zu begeben;

(B) die Garantin die Zahlung von Kapital und Zinsen sowie von allen sonstigen Beträgen, die aufgrund der von Finance im Rahmen des Programms begebenen Schuldverschreibungen zu leisten sind, garantieren möchte;

(C) die Garantin gegenüber jedem Gläubiger der von Finance im Rahmen des Programms begebenen Schuldverschreibungen eine Negativverpflichtung eingehen möchte;

WIRD FOLGENDES VEREINBART:

- (1) (a) Die Garantin übernimmt gegenüber jedem Gläubiger („Gläubiger“) der Schuldverschreibungen (wobei dieser Begriff jede vorläufige oder Dauerglobalurkunde, die Schuldverschreibungen verbrieft, einschließt), Zinsscheine und Rückzahlungsscheine, die jetzt oder zu irgendeinem Zeitpunkt nach dem Datum dieser Garantie von Finance im Rahmen des Programms begeben werden, die unbedingte und unwiderrufliche Garantie für die ordnungsgemäße und pünktliche Zahlung von Kapital und Zinsen auf die Schuldverschreibungen, Zinsscheine und Rückzahlungsscheine sowie von allen sonstigen Beträgen, die gemäß den Bedingungen auf Schuldverschreibungen, Zinsscheine oder Rückzahlungsscheine zahlbar sind, bei deren Fälligkeit gemäß den Bedingungen.
- (b) Diese Garantie begründet eine unbedingte, unbesicherte und nicht nachrangige Verbindlichkeit der Garantin, die mit allen anderen jeweils bestehenden, nicht besicherten und nicht nachrangigen Verbindlichkeiten der Garantin gleichrangig ist.
- (c) Sämtliche Zahlungen aufgrund dieser Garantie sind ohne Abzug oder Einbehalt wegen gegenwärtiger oder zukünftiger Steuern, Abgaben oder amtlicher Gebühren gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde auferlegt, erhoben oder eingezogen werden (nachstehend zusammen „Quellensteuern“ genannt), es sei denn, ein solcher Abzug oder Einbehalt ist gesetzlich vorgeschrieben. In diesem letzteren Fall wird die Garantin die zusätzlichen Beträge zahlen, die erforderlich sind, damit der dem Gläubiger nach diesem Abzug oder Einbehalt zufließende Nettobetrag jeweils den Beträgen an Kapital und Zinsen entspricht, die ihm zustehen würden, wenn der Abzug

oder Einbehalt nicht erforderlich wäre. Solche zusätzliche Beträge sind jedoch nicht zahlbar wegen Steuern, Abgaben oder amtlicher Gebühren, die

- (i) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, daß die Garantin aus den von ihr zu leistenden Zahlungen einen Abzug oder Einbehalt vornimmt; oder
 - (ii) wegen gegenwärtiger oder früherer persönlicher oder geschäftlicher Beziehungen des Gläubigers zu der Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
 - (iii) aufgrund (x) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (y) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (z) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder
 - (iv) aufgrund einer Rechtsänderung zahlbar sind, die später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß den Bedingungen wirksam wird; oder
 - (v) von einer Zahlstelle einbehalten oder abgezogen werden, wenn die Zahlung von einer anderen Zahlstelle ohne den Einbehalt oder Abzug hätte vorgenommen werden können; oder
 - (vi) nicht zahlbar wären, wenn die Schuldverschreibungen bei einer Bank oder einem vergleichbaren Institut verwahrt worden wären und die Bank oder das vergleichbare Institut die Zahlungen eingezogen hätte.
- (d) Die Verpflichtungen der Garantin aus dieser Garantie (i) sind selbständig und unabhängig von den Verpflichtungen der Finance aus den Schuldverschreibungen, Zinsscheinen oder Rückzahlungsscheinen, (ii) bestehen unabhängig von der Rechtmäßigkeit, Gültigkeit, Verbindlichkeit und Durchsetzbarkeit der Schuldverschreibungen, Zinsscheine oder Rückzahlungsscheine und (iii) werden nicht durch Ereignisse, Bedingungen oder Umstände tatsächlicher oder rechtlicher Art berührt, außer durch die vollständige, endgültige und unwiderrufliche Erfüllung sämtlicher in den Schuldverschreibungen, Zinsscheinen oder Rückzahlungsscheinen eingegangenen Zahlungsverpflichtungen.
- (e) Die Verpflichtungen der Garantin aus dieser Garantie erstrecken sich, ohne daß eine weitere Handlung vorgenommen wird oder ein weiterer Umstand eintreten muß, auf die Verpflichtungen einer nicht mit der Garantin identischen Nachfolgeschuldnerin, die infolge einer Schuldnerersetzung gemäß den Bedingungen in bezug auf die Schuldverschreibungen, Zinsscheine oder Rückzahlungsscheine entstehen.
- (f) Diese Garantie erstreckt sich auf sämtliche Schuldverschreibungen, die am oder nach dem Datum dieser Garantie von Finance unter dem Programm begeben werden. Die Garantie mit Datum vom 31. Oktober 1997 gilt für sämtliche Schuldverschreibungen, die von Finance in der Zeit vom 31. Oktober 1997 bis zum 9. November 1999 begeben worden sind. Die Garantie mit Datum vom 10. November 1999 gilt für sämtliche Schuldverschreibungen, die von Finance am oder nach dem 10. November 1999 und vor dem Datum dieser Garantie begeben worden sind.

(2) Die Garantin verpflichtet sich gegenüber jedem Gläubiger, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen dem Fiscal Agent zur Verfügung gestellt worden sind, weder ihr gegenwärtiges noch ihr zukünftiges Vermögen ganz oder teilweise in irgendeiner Weise zur Besicherung einer gegenwärtigen oder zukünftigen

Kapitalmarktverbindlichkeit, die von der Garantin oder einer anderen Person eingegangen oder gewährleistet ist, zu belasten oder eine solche Belastung zu diesem Zweck bestehen zu lassen, ohne gleichzeitig die Gläubiger an derselben Sicherheit im gleichen Rang und gleichem Verhältnis teilnehmen zu lassen. „Kapitalmarktverbindlichkeit“ ist jede Verbindlichkeit zur Zahlung aufgenommener Gelder, die durch Schuldscheine verbrieft, verkörpert oder dokumentiert ist oder durch Schuldverschreibungen oder sonstige Wertpapiere, die an einer Börse oder an einem anderen anerkannten Wertpapiermarkt notiert oder gehandelt werden oder werden können. Um etwaige Zweifel bezüglich von asset-backed financings der Garantin zu vermeiden, schließen die in diesem Absatz (2) benutzten Worte „Vermögen“ und „Verbindlichkeiten zur Zahlung aufgenommener Gelder“ nicht solche Vermögensgegenstände und Verbindlichkeiten der Garantin ein, die im Einklang mit den Gesetzen und den in Deutschland anerkannten Regeln der Bilanzierung und Buchführung nicht in der Bilanz der Garantin ausgewiesen werden müssen und darin auch nicht ausgewiesen werden.

(3) Dieser Vertrag und alle darin enthaltenen Vereinbarungen stellen einen Vertrag zugunsten der Gläubiger als begünstigte Dritte gemäß § 328 Absatz 1 BGB dar. Sie begründen das Recht eines jeden Gläubigers, die Erfüllung der hierin eingegangenen Verpflichtungen unmittelbar von der Garantin zu fordern und diese Verpflichtungen unmittelbar gegenüber der Garantin durchzusetzen.

(4) Die Deutsche Bank Aktiengesellschaft handelt nicht als Treuhänder oder in einer ähnlichen Eigenschaft für die Gläubiger.

(5) Die in diesem Vertrag verwendeten und darin nicht anders definierten Begriffe haben die ihnen in den Bedingungen zugewiesene Bedeutung.

(6) Dieser Vertrag unterliegt deutschem Recht.

(7) Dieser Vertrag ist in deutscher Sprache abgefaßt und ihm ist eine unverbindliche Übersetzung in die englische Sprache beigefügt.

(8) Das Original dieses Vertrages wird der Deutsche Bank Aktiengesellschaft ausgehändigt und von dieser verwahrt.

(9) Gerichtsstand für alle Rechtsstreitigkeiten aus oder im Zusammenhang mit diesem Vertrag ist Frankfurt am Main. Jeder Gläubiger kann seine Ansprüche jedoch auch vor jedem anderen zuständigen Gericht geltend machen.

(10) Jeder Gläubiger kann in jedem Rechtsstreit gegen die Garantin und in jedem Rechtsstreit, in dem er und die Garantin Partei sind, seine Rechte aus diesem Vertrag auf der Grundlage einer von einer vertretungsberechtigten Person der Deutsche Bank Aktiengesellschaft beglaubigten Kopie dieses Vertrages ohne Vorlage des Originals im eigenen Namen wahrnehmen und durchsetzen.

Bonn, den 6. Juni 2001

DEUTSCHE TELEKOM AG

Wir nehmen die Bedingungen der vorstehenden Garantie ohne Obligo, Gewährleistung oder Haftung an.

6. Juni 2001

DEUTSCHE BANK AKTIENGESELLSCHAFT

FORM OF PRICING SUPPLEMENT *MUSTER – KONDITIONENBLATT*

[Date]
[Datum]

Pricing Supplement *Konditionenblatt*

[Title of relevant Series of Notes]
issued pursuant to the
[Bezeichnung der betreffenden Serie der Schuldverschreibungen]
begeben aufgrund des

Euro 20,000,000,000

Debt Issuance Programme

dated 26 April 2004
vom 26. April 2004

of
der

Deutsche Telekom AG

and
und

Deutsche Telekom International Finance B.V.

Issue Price: [] per cent.
Ausgabepreis: []%

Issue Date: [] ⁽¹⁾
Tag der Begebung: [] ¹⁾

⁽¹⁾ The Issue Date is the date of payment and settlement of the Notes. In the case of free delivery, the Issue Date is the delivery date.

¹⁾ *Der Tag der Begebung ist der Tag, an dem die Schuldverschreibungen begeben und bezahlt werden. Bei freier Lieferung ist der Tag der Begebung der Tag der Lieferung.*

[This Pricing Supplement is issued to give details of an issue of Notes under the Euro 20,000,000,000 Debt Issuance Programme of Deutsche Telekom AG and Deutsche Telekom International Finance B.V. (the "Programme"). It is to be read in conjunction with the Terms and Conditions of the Notes (the "Terms and Conditions") set forth in the Information Memorandum dated 26 April 2004 pertaining to the Programme, as the same may be amended or supplemented from time to time. Capitalised terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions.

Dieses Konditionenblatt enthält Angaben zur Emission von Schuldverschreibungen im Rahmen des Euro 20.000.000.000 Debt Issuance Programm der Deutsche Telekom AG und der Deutsche Telekom International Finance B.V. (das „Programm“). Es ist in Verbindung mit den Emissionsbedingungen der Schuldverschreibungen (die „Emissionsbedingungen“) zu lesen, die in der jeweils geltenden Fassung des Information Memorandum vom 26. April 2004 enthalten sind, welches für das Programm herausgegeben wird. Begriffe, die in den Emissionsbedingungen definiert sind, haben, falls das Konditionenblatt nicht etwas anderes bestimmt, die gleiche Bedeutung, wenn sie in diesem Konditionenblatt verwendet werden.

All references in this Pricing Supplement to numbered §§ and subparagraphs are to §§ and subparagraphs of the Terms and Conditions.

Bezugnahmen in diesem Konditionenblatt auf Paragraphen und Absätze beziehen sich auf die Paragraphen und Absätze der Emissionsbedingungen.

All provisions in the Terms and Conditions corresponding to items in this Pricing Supplement which are either not selected or completed or which are deleted shall be deemed to be deleted from the terms and conditions applicable to the Notes (the "Conditions").⁽²⁾

Sämtliche Bestimmungen der Emissionsbedingungen, die sich auf Variablen dieses Konditionenblatts beziehen und die weder angekreuzt noch ausgefüllt werden oder die gestrichen werden, gelten als aus den auf die Schuldverschreibungen anwendbaren Emissionsbedingungen (die „Bedingungen“) gestrichen.]⁽²⁾

[This Pricing Supplement is issued to give details of an issue of Notes under the Euro 20,000,000,000 Debt Issuance Programme of Deutsche Telekom AG and Deutsche Telekom International Finance B.V. (the "Programme"). The Conditions applicable to the Notes (the "Conditions") and the German or English language translation thereof, if any are attached to this Pricing Supplement and replace in full the Terms and Conditions of the Notes as set out in the Information Memorandum and take precedence over any conflicting provisions in this Pricing Supplement.⁽³⁾

Dieses Konditionenblatt enthält Angaben zur Emission von Schuldverschreibungen unter dem Euro 20.000.000.000 Debt Issuance Programme der Deutsche Telekom AG und der Deutsche Telekom International Finance B.V. (das „Programm“). Die für die Schuldverschreibungen geltenden Bedingungen (die „Bedingungen“) sowie eine etwaige deutsch- oder englischsprachige Übersetzung sind diesem Konditionenblatt beigelegt. Die Bedingungen ersetzen in Gänze die im Information Memorandum abgedruckten Emissionsbedingungen und gehen etwaigen abweichenden Bestimmungen dieses Konditionenblatts vor.]⁽³⁾

⁽²⁾ To be inserted in the case of Long-Form Conditions.

²⁾ *Einzufügen im Falle von nicht konsolidierten Bedingungen.*

⁽³⁾ To be inserted in the case of Integrated Conditions.

³⁾ *Einzufügen im Falle von konsolidierten Bedingungen.*

Specify items as “not applicable” or delete inapplicable items.
Nicht anwendbare Punkte sind als “nicht zutreffend” zu kennzeichnen oder zu streichen.

Issuer []
Emittentin

Form of Conditions⁽⁴⁾

Form der Bedingungen⁴⁾

- Long-Form
Nicht-konsolidierte Bedingungen

- Integrated
Konsolidierte Bedingungen

Language of Conditions⁽⁵⁾

Sprache der Bedingungen⁵⁾

- German only
ausschließlich Deutsch

- English only
ausschließlich Englisch

- English and German (English controlling)
Englisch und Deutsch (englischer Text maßgeblich)

- German and English (German controlling)
Deutsch und Englisch (deutscher Text maßgeblich)

⁽⁴⁾ To be determined in consultation with the Issuer. It is anticipated that Long-Form Conditions will generally be used for Notes which are not publicly offered. Integrated Conditions will generally be used for Notes sold and distributed on a syndicated basis. Integrated Conditions will be required where the Notes are to be publicly offered, in whole or in part, or to be distributed in whole or in part to non-professional investors.

⁴⁾ *Die Form der Bedingungen ist in Abstimmung mit der Emittentin festzulegen. Es ist vorgesehen, daß nicht-konsolidierte Bedingungen für Schuldverschreibungen verwendet werden, die nicht öffentlich zum Verkauf angeboten werden. Konsolidierte Bedingungen werden im allgemeinen bei Schuldverschreibungen verwendet werden, die auf syndizierter Basis verkauft und vertrieben werden. Konsolidierte Bedingungen sind erforderlich, wenn die Schuldverschreibungen insgesamt oder teilweise öffentlich zum Verkauf angeboten werden oder insgesamt oder teilweise an nicht berufsmäßige Investoren verkauft werden.*

⁽⁵⁾ To be determined in consultation with the Issuer. In general, German will be the controlling language in case of Notes sold and distributed on a syndicated basis or publicly offered, in whole or in part, in Germany or distributed, in whole or in part, to non-professional investors in Germany. If, however, such Notes are publicly offered, in whole or in part, in Germany, or distributed, in whole or in part, to non-professional investors in Germany with English language Conditions, a German language translation of the Conditions will be available from the Paying Agent[s] and Deutsche Telekom AG.

⁵⁾ *Die Sprache der Bedingungen ist in Abstimmung mit der Emittentin festzulegen. In der Regel wird für Schuldverschreibungen, die auf syndizierter Basis verkauft und vertrieben werden, für Schuldverschreibungen, die insgesamt oder teilweise öffentlich zum Verkauf in Deutschland angeboten werden und für Schuldverschreibungen, die an nicht berufsmäßige Investoren in Deutschland vertrieben werden, die deutsche Sprache maßgeblich sein. Falls diese Schuldverschreibungen mit englischsprachigen Bedingungen insgesamt oder teilweise in Deutschland öffentlich angeboten oder an nicht berufsmäßige Investoren in Deutschland vertrieben werden, wird eine deutschsprachige Übersetzung der Bedingungen bei [der] [den] Zahlstelle[n] und der Deutsche Telekom AG erhältlich sein.*

CURRENCY, DENOMINATION, FORM AND TITLE, CERTAIN DEFINITIONS (§ 1)
WÄHRUNG, NENNBETRAG, FORM UND EIGENTUMSRECHT, DEFINITIONEN (§ 1)

Currency and Denomination
Währung und Nennbetrag

Specified Currency []
Festgelegte Währung

Aggregate Principal Amount []
Gesamtnennbetrag

Specified Denomination(s) []
Festgelegte(r) Nennbetrag/Nennbeträge

Number of Notes to be issued in each Specified Denomination []
Zahl der in jedem festgelegten Nennbetrag auszugebenden Schuldverschreibungen

TEFRA C
TEFRA C

Temporary Global Note exchangeable for:
Vorläufige Globalurkunde austauschbar gegen:

Definitive Notes
Einzelurkunden

Definitive Notes and Collective Global Note(s)
Einzelurkunden und Sammelglobalurkunden

Permanent Global Note []
Dauerglobalurkunde

TEFRA D
TEFRA D

Temporary Global Note exchangeable for:
Vorläufige Globalurkunde austauschbar gegen:

Definitive Notes
Einzelurkunden

Permanent Global Note
Dauerglobalurkunde

NEITHER TEFRA D NOR TEFRA C ⁽⁶⁾
WEDER TEFRA D NOCH TEFRA C ⁽⁶⁾

Permanent Global Note
Dauerglobalurkunde

Definitive Notes [Yes/No]
Einzelurkunden [Ja/Nein]

Coupons
Zinsscheine

Talons
Talons

⁽⁶⁾ Applicable only if Notes have an initial maturity of one year or less.

⁽⁶⁾ Nur anwendbar bei Schuldverschreibungen mit einer ursprünglichen Laufzeit von einem Jahr oder weniger.

- Receipts
Rückzahlungsscheine

Certain Definitions

Definitionen

Clearing System

- Clearstream Banking AG, Frankfurt am Main (CBF)
 Clearstream Banking, société anonyme, Luxembourg (CBL)
 Euroclear Bank S.A./N.V. (Euroclear Operator)

- Other – specify []
sonstige (angeben)

Calculation Agent [Yes/No]
Berechnungsstelle [Ja/Nein]

- Fiscal Agent
Fiscal Agent

- Other (specify) []
sonstige (angeben)

INTEREST (§ 4)

ZINSEN (§ 4)

- Fixed Rate Notes

Festverzinsliche Schuldverschreibungen

Rate of Interest and Interest Payment Dates

Zinssatz und Zinszahlungstage

Rate of Interest [] per cent. per annum
Zinssatz []% per annum

Interest Commencement Date []
Verzinsungsbeginn

Fixed Interest Date(s) []
Festzinstermine

First Interest Payment Date []
Erster Zinszahlungstag

Initial Broken Amount(s) (per Specified Denomination) []
Anfängliche(r) Bruchteilzinsbetrag(-beträge) (für jede festgelegte Stückelung)

Final Broken Amount(s) (per Specified Denomination) []
Abschließende(r) Bruchteilzinsbetrag(-beträge) (für jede festgelegte Stückelung)

- Floating Rate Notes

Variabel verzinsliche Schuldverschreibungen

Interest Payment Dates

Zinszahlungstage

Interest Commencement Date []
Verzinsungsbeginn

Specified Interest Payment Dates []
Festgelegte Zinszahlungstage

Specified Interest Period(s) [] [weeks/months/other -specify]
Festgelegte Zinsperiode(n) [Wochen/Monate/andere angeben]

Business Day Convention
Geschäftstagskonvention

Modified Following Business Day Convention

FRN Convention (specify period(s)) [] [months/other – specify]
[Monate/andere angeben]

Following Business Day Convention

Preceding Business Day Convention

Relevant Financial Centres (specify all) []
Relevante Finanzzentren (alle angeben)

Rate of Interest
Zinssatz

Screen Rate Determination
Bildschirmfeststellung

EURIBOR (11.00 a.m. Brussels time/Euro Business Day/
Euro-Zone Interbank Market)
*EURIBOR (11.00 Brüsseler Ortszeit/Euro Geschäftstag/
Interbankenmarkt in der Euro-Zone)*
Screen page []
Bildschirmseite

LIBOR (London time/London Business Day/
City of London/London Office/London Interbank Market)
*LIBOR (Londoner Ortszeit/Londoner Geschäftstag/
City of London/Londoner Geschäftsstelle/Londoner Interbankenmarkt)*
Screen page []
Bildschirmseite

Other (specify) []
Sonstige (angeben)
Screen page(s) []
Bildschirmseite(n)

Margin [] per cent. per annum
Marge [] % per annum

plus
plus

minus
minus

Interest Determination Date
Zinsfestlegungstag

second Business Day prior to commencement of Interest Period
zweiter Geschäftstag vor Beginn der jeweiligen Zinsperiode

other (specify) []
sonstige (angeben) []

Screen Page
Bildschirmseite

Reference Banks (if other than as specified in § 4 (2))
Referenzbanken (sofern abweichend von § 4 Absatz 2)

ISDA Determination (7) [specify details]
ISDA-Feststellung⁷⁾ [Einzelheiten angeben]

Other Method of Determination (insert details (including Interest
Determination Date, Margin, Reference Banks, fall-back provisions)) []
*Andere Methoden der Bestimmung (Einzelheiten angeben (einschließlich
Zinsfestlegungstag, Marge, Referenzbanken, Ausweichbestimmungen))*

Minimum and Maximum Rate of Interest
Mindest- und Höchstzinssatz

Minimum Rate of Interest [] per cent. per annum
Mindestzinssatz [] % per annum

Maximum Rate of Interest [] per cent. per annum
Höchstzinssatz [] % per annum

Zero Coupon Notes
Nullkupon-Schuldverschreibungen

Accrual of Interest
Auflaufende Zinsen

Amortisation Yield []
Emissionsrendite

Dual Currency Notes []
Doppelwährungs-Schuldverschreibungen

(set forth details in full here (including exchange rate(s)
or basis for calculating exchange rate(s) to determine
interest/fall-back provisions))
*(Einzelheiten einfügen (einschließlich Wechselkurs(e)
oder Grundlage für die Berechnung des/der Wechselkurs(e)
zur Bestimmung von Zinsbeträgen/Ausweichbestimmungen))*

Index Linked Notes []
Indexierte Schuldverschreibungen

(set forth details in full here)
(Einzelheiten einfügen)

⁽⁷⁾ ISDA Determination should only be applied in the case of Notes permanently represented by Global Notes because the ISDA Agreement and the ISDA Definitions have to be attached to the relevant Notes.

⁷⁾ *ISDA-Feststellung sollte nur dann gewählt werden, wenn die betreffenden Schuldverschreibungen während ihrer gesamten Laufzeit durch Globalurkunden verbrieft werden, weil das ISDA-Agreement und die ISDA Definitions den Schuldverschreibungen beizufügen sind.*

Instalment Notes []
Raten-Schuldverschreibungen
(set forth details in full here)
(Einzelheiten einfügen)

Credit linked Notes []
Schuldverschreibungen mit Kreditkomponente
(set forth details in full here)
(Einzelheiten einfügen)

Day Count Fraction ⁽⁸⁾
Zinstagequotient ⁸⁾

- Actual/Actual (ISMA 251)
- Actual/Actual (ISDA)
- Actual/365 (Fixed)
- Actual/360
- 30/360 or 360/360 (Bond Basis)
- 30E/360 (Eurobond Basis)

Payment Business Day
Zahlungstag

Relevant Financial Centre(s) (specify all) []
Relevante(s) Finanzzentrum(en) (alle angeben)

REDEMPTION (§ 6)
RÜCKZAHLUNG (§ 6)

Final Redemption
Rückzahlung bei Endfälligkeit

Notes other than Instalment Notes
Schuldverschreibungen außer Raten-Schuldverschreibungen

Maturity Date []
Fälligkeitstag

Redemption Month []
Rückzahlungsmonat

Final Redemption Amount (per Specified Denomination) []
Rückzahlungsbetrag (für jede festgelegte Stückelung)

Instalment Notes
Raten-Schuldverschreibungen

Instalment Date(s) []
Ratenzahlungstermin(e)

Instalment Amount(s) []
Rate(n)

Early Redemption at the Option of the Issuer [Yes/No]
Vorzeitige Rückzahlung nach Wahl der Emittentin [Ja/Nein]

⁽⁸⁾ Complete for all Notes.

⁸⁾ Für alle Schuldverschreibungen auszufüllen.

Minimum Redemption Amount <i>Mindestrückzahlungsbetrag</i>	[]
Higher Redemption Amount <i>Höherer Rückzahlungsbetrag</i>	[]
Call Redemption Date(s) <i>Wahlrückzahlungstag(e) (Call)</i>	[]
Call Redemption Amount(s) <i>Wahlrückzahlungsbetrag/-beträge (Call)</i>	[]
Early Redemption at the Option of a Holder <i>Vorzeitige Rückzahlung nach Wahl des Gläubigers</i>	[Yes/No] [Ja/Nein]
Put Redemption Date(s) <i>Wahlrückzahlungstag(e) (Put)</i>	[]
Put Redemption Amount(s) <i>Wahlrückzahlungsbetrag/-beträge (Put)</i>	[]
Minimum notice period <i>Mindestkündigungsfrist</i>	[] days [] Tage
Maximum notice period (never more than 60 days) <i>Höchstkündigungsfrist (nie mehr als 60 Tage)</i>	[] days [] Tage
Early Redemption Amount <i>Vorzeitiger Rückzahlungsbetrag</i>	
Notes other than Zero Coupon Notes: <i>Schuldverschreibungen außer Nullkupon-Schuldverschreibungen</i>	
Final Redemption Amount <i>Rückzahlungsbetrag</i>	[Yes/No] [Ja/Nein]
Other Redemption Amount <i>Sonstiger Rückzahlungsbetrag</i>	[]
(specify method, if any, of calculating the same (including fall-back provisions)) <i>(ggf. Berechnungsmethode angeben (einschließlich Ausweichbestimmungen))</i>	[]
Zero Coupon Notes <i>Nullkupon-Schuldverschreibungen</i>	
Reference Price <i>Referenzpreis</i>	[]
<input type="checkbox"/> Dual Currency Notes <i>Doppelwährungs-Schuldverschreibungen</i> (set forth details in full here (including exchange rate(s) or basis for calculating exchange rate(s) to determine principal/fall-back provisions)) <i>(Einzelheiten einfügen (einschließlich Wechselkurs(e) oder Grundlage für die Berechnung des/der Wechselkurs(e) zur Bestimmung von Zinsbeträgen/Ausweichbestimmungen))</i>	[]

Index Linked Notes []
Indexierte Schuldverschreibungen
(set forth details in full here)
(*Einzelheiten einfügen*)

Instalment Notes []
raten-Schuldverschreibungen
(set forth details in full here)
(*Einzelheiten einfügen*)

Credit Linked Notes []
Credit Linked Notes
(set forth details in full here)
(*Einzelheiten einfügen*)

FISCAL AGENT AND PAYING AGENT[S] [AND CALCULATION AGENT] (§ 7)
EMISSIONSSTELLE UND DIE ZAHLSTELLE[N] [UND DIE BERECHNUNGSSTELLE] (§ 7)

Paying Agent(s)/specified office(s) []
Zahlstelle(n)/bezeichnete Geschäftsstelle(n)

Calculation Agent/specified office []
Berechnungsstelle/bezeichnete Geschäftsstelle

required location of Calculation Agent (specify) []
vorgeschriebener Ort für Berechnungsstelle (angeben)

NOTICES (§ 13)
MITTEILUNGEN (§ 13)

Place and medium of publication
Ort und Medium der Bekanntmachung

London (Financial Times)
London (Financial Times)

Luxembourg (Luxemburger Wort)
Luxemburg (Luxemburger Wort)

Germany (Börsen-Zeitung)
Deutschland (Börsen-Zeitung)

Other (specify) []
sonstige (angeben)

GENERAL PROVISIONS APPLICABLE TO THE NOTE(S)
ALLGEMEINE BESTIMMUNGEN HINSICHTLICH DER SCHULDVERSCHREIBUNG(EN)

Listing(s) [Yes/No]
Börsenzulassung(en) [Ja/Nein]
 Luxembourg []
 Frankfurt []
 Other (insert details) []
sonstige (Einzelheiten einfügen)

Additional selling restrictions (specify) []
Zusätzliche Verkaufsbeschränkungen (angeben)

Method of distribution [insert details]
Vertriebsmethode [Einzelheiten einfügen]

Non-syndicated/Syndicated []
Nicht syndiziert/Syndiziert

Management Details
Einzelheiten bezüglich des Bankenkonsortiums

Management Group/Dealer (specify) []
Bankenkonsortium/Plazeur (angeben)

Commissions
Provisionen

Management/Underwriting Commission (specify) []
Management – und Übernahmeprovision (angeben)

Selling Concession (specify) []
Verkaufsprovision (angeben)

Listing Commission (specify) []
Börsenzulassungsprovision (angeben)

Other (specify) []
Andere (angeben)

Stabilising Dealer/Manager [insert details/None]
Kursstabilisierender Dealer/Manager [Einzelheiten einfügen/keiner]

Securities Identification Numbers
Wertpapierkennnummern

German Securities Code []
Wertpapierkennnummer (WKN)

Common Code []
Common Code

ISIN Code []
ISIN Code

Any other securities number []
Sonstige Wertpapiernummer

Supplemental Tax Disclosure (specify) ⁽⁹⁾ []
Zusätzliche Steueroffenlegung (einfügen)⁹⁾

Rating ⁽¹⁰⁾ []
Rating¹⁰⁾

Governing law German law
Anwendbares Recht *Deutsches Recht*

⁽⁹⁾ Supplemental tax disclosure should be provided if the Notes would be classified as financial innovations (*Finanzinnovationen*) under German tax law.

⁹⁾ *Zusätzliche Angaben zur steuerlichen Situation sollten erfolgen, wenn die Schuldverschreibungen nach deutschem Steuerrecht als Finanzinnovationen eingeordnet würden.*

⁽¹⁰⁾ Do not complete if the Notes are not rated on an individual basis.

¹⁰⁾ *Nicht auszufüllen, wenn kein Einzelrating für die Schuldverschreibungen vorliegt.*

Other relevant terms and conditions (specify)
Andere relevante Bestimmungen (einfügen)

[]

Selling Restrictions

Verkaufsbeschränkungen

TEFRA C
TEFRA C

TEFRA D
TEFRA D

NEITHER TEFRA C NOR TEFRA D ⁽¹¹⁾
WEDER TEFRA C NOCH TEFRA D ¹¹⁾

[Listing: ⁽¹²⁾

[Börsenzulassung: ¹²⁾

The above Pricing Supplement comprises the details required to list this issue of Notes pursuant to the Euro 20,000,000,000 Debt Issuance Programme of Deutsche Telekom AG and Deutsche Telekom International Finance B.V. (as from **[insert Issue Date of the Notes]**).

*Das vorstehende Konditionenblatt enthält die Angaben, die für die Zulassung dieser Emission von Schuldverschreibungen gemäß des Euro 20.000.000.000 Debt Issuance Programm der Deutsche Telekom AG und der Deutsche Telekom International Finance B.V. (ab dem **[Tag der Begebung der Schuldverschreibungen einfügen]**) erforderlich sind.*

Responsibility:

Verantwortlichkeit:

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Die Emittentin übernimmt die Verantwortung für die in diesem Konditionenblatt enthaltenen Informationen.

Citibank, N.A.

(as Agent)
(als Emissionsstelle)

[Deutsche Telekom AG

[Name & title of signatories]
[Name und Titel der Unterzeichnenden]]

[Deutsche Telekom International Finance B.V.

[Name & title of signatories]
[Name und Titel der Unterzeichnenden]]

⁽¹¹⁾ Applicable only if Notes have an initial maturity of one year or less.

¹¹⁾ Nur anwendbar bei Schuldverschreibungen mit einer ursprünglichen Laufzeit von einem Jahr oder weniger.

⁽¹²⁾ Include only in the version of the Pricing Supplement which is submitted to the relevant Stock Exchange in the case of Notes to be listed on such Stock Exchange.

¹²⁾ Nur in derjenigen Fassung des Konditionenblattes einzufügen, die der betreffenden Börse, bei der die Schuldverschreibungen zugelassen werden sollen, vorgelegt wird.

Deutsche Telekom AG

- Issuer and Guarantor -

Incorporation and Seat

Pursuant to the Second Postal Reform Law ("*Gesetz zur Neuordnung des Postwesens und der Telekommunikation*"), Deutsche Bundespost TELEKOM, a public law entity and the predecessor of Deutsche Telekom AG, was transformed into a private law stock corporation, with effect from 1 January 1995. Deutsche Telekom is registered in the Commercial Register of Bonn under No. HRB 6794. The Second Postal Reform Law also provided the framework for the privatisation of the company. In November 1996, Deutsche Telekom's capital was increased and the new shares were offered internationally to the general public. Due to a series of transfers of shares to Kreditanstalt für Wiederaufbau commencing in January 1998, a second capital increase in June 1999, a third public offering of shares in June 2000 and a fourth capital increase in May 2001, now approximately 57% of the current share capital is held by institutional and private investors.

Deutsche Telekom is the parent company of Deutsche Telekom group which is a full-service telecommunications group whose major lines of business include providing public fixed-network voice telephony, mobile communications services, cable transmission services, leased lines, text and data services, on-line services, corporate network design and supply, and network management services within the German market and in certain international markets.

Its registered office is at Friedrich-Ebert-Allee 140, D-53113 Bonn, Germany.

Objects

According to its Articles of Incorporation, the object of Deutsche Telekom is activity in all areas of telecommunications, information technology, multimedia, information and entertainment as well as security services and any services connected to these areas and in related areas in Germany and abroad.

In addition, the Company shall be entitled to enter into all other transactions and take all other measures deemed appropriate to serve the above object. It may also set up, acquire and participate in other undertakings of the same or similar kind in Germany and abroad, as well as run such undertakings or confine itself to the administration of its participation. It may spin off its operations wholly or partly to affiliated undertakings.

Share Capital

As of 31 March 2004, the share capital of Deutsche Telekom amounted to € 10,746,246,208 divided into 4,197,752,425 registered ordinary shares without par value (*Stückaktien*). All shares have been issued and are fully paid.

As of 31 March 2004, the Federal Republic of Germany directly holds around 26.03%, and Kreditanstalt für Wiederaufbau ("*KfW*") holds 16.7% of the share capital of Deutsche Telekom. The capital of KfW is held by the Federal Republic of Germany (80%) and the German federal states (20%).

As of 31 March 2004, Deutsche Telekom held approximately 2.7 million of its own shares in Treasury, representing approximately 0.06% of its total ordinary shares.

Capitalisation (consolidated)

The following table sets forth the cash and other liquid assets and the capitalisation of Deutsche Telekom and its subsidiaries in accordance with German GAAP at 31 December 2003.

	At 31 December 2003 ⁽¹⁾
	(€ in millions)
Liquid assets	9,127
Current debt ⁽²⁾	13,101
Long-term debt:	
Bonds and debentures	39,318
Liabilities to banks	2,992
Total long-term debt ⁽³⁾	42,310
Shareholders' equity:	
Capital stock	10,746
Additional paid-in capital	50,092
Other shareholders' equity positions	(27,027)
Total shareholders' equity	33,811
Total capitalisation ⁽⁴⁾	89,222

(1) The amounts in this table exclude rental and leasing obligations of € 425 million and loan notes of € 799 million as of 31 December 2003.

(2) Includes the current portion of long-term debt as of 31 December 2003.

(3) € 11.6 billion of this total debt is originally pertaining to Deutsche Bundespost Special Fund which in accordance with § 2 subpara. (2) and (4) of the Post Transformation Act (*Postumwandlungsgesetz*) is guaranteed by the Federal Republic of Germany.

(4) This amount includes the current debt position.

There has been no material change in the consolidated capitalisation of Deutsche Telekom since 31 December 2003.

Supervisory Board

The members of the Supervisory Board of Deutsche Telekom are as follows:

Representatives of the shareholders:	Representatives of the personnel:
Dr. Klaus Zumwinkel Chairman Chairman of the Board of Management of Deutsche Post AG, Bonn	Franz Tremel Vice Chairman Head of federal department 9, ver.di trade union, Berlin
Gert Becker Former Chairman of the Board of Management of Degussa AG	Monika Brandl Member of the Works Council at Deutsche Telekom AG, Bonn
Dr. Hubertus von Grünberg Member of the Supervisory Board of Continental AG	Josef Falbisoner Head of ver.di trade union, Bavaria
Dr. sc. techn. Dieter Hundt Managing Shareholder of Allgaier-Werke GmbH & Co. KG	Lothar Holzwarth Chairman of the Works Council of Deutsche Telekom AG, branch of the South-Western, Stuttgart

Representatives of the shareholders:

Dr. Manfred Overhaus
State Secretary in the Federal Ministry
of Finance, Berlin

Hans-W. Reich
Chairman of the Board of Directors
of Kreditanstalt für Wiederaufbau

Dr. Hans-Jürgen Schinzler
Former Chairman of the Board of Management of
Münchener Rückversicherungs-Gesellschaft AG

Dr. Klaus Schlede
Chairman of the Supervisory Board of
Lufthansa AG

Prof. Dr. h.c. Dieter Stolte
Editor of the "Welt" and "Berliner Morgenpost"
daily newspapers

Bernhard Walter
Former Chairman of the Board of Management
of Dresdner Bank Aktiengesellschaft

Dr. Wendelin Wiedeking
Chairman of the Board of Management of
Porsche AG

Representatives of the personnel:

Waltraud Litzenberger
Member of the Works Council
at Deutsche Telekom AG, Eschborn branch

Michael Löffler
Member of the Works Council
at Deutsche Telekom AG, Dresden branch

Wolfgang Schmitt
Head of Deutsche Telekom AG's
Regional Directorate, Stuttgart

Michael Sommer
Vice Chairman of ver.di trade union, Berlin

Ursula Steinke
Chairperson of the Works Council
of DeTeCSM Northern District office and
Computer center, Kiel

Wilhelm Wegner
Chairman of the Central Works Council of
Deutsche Telekom AG, Bonn

Board of Management

The members of the Board of Management of Deutsche Telekom are as follows:

Kai Uwe Ricke, Chairman
Josef Brauner
Dr. Karl-Gerhard Eick
Thomas Holtrop
Dr. Heinz Klinkhammer
René Obermann
Konrad F. Reiss

General Meeting of Shareholders

The ordinary shareholders' meeting shall take place within the first eight months of each fiscal year at the head quarters of Deutsche Telekom, or at the location of a German stock exchange or in a German city with over 500,000 inhabitants.

Auditors

The auditors of Deutsche Telekom are PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Olof-Palme-Strasse 35, D-60439 Frankfurt am Main, Federal Republic of Germany and Ernst & Young, Deutsche Allgemeine Treuhand AG Wirtschaftsprüfungsgesellschaft, Eschersheimer Landstrasse 14, D-60322 Frankfurt am Main, Federal Republic of Germany. They have audited the consolidated and non-consolidated financial statements of Deutsche Telekom for the years 2001, 2002 and 2003 and have issued their unqualified opinion in each case.

Fiscal Year

The fiscal year of Deutsche Telekom is the calendar year.

Description of Business

Deutsche Telekom's objectives for the coming years are to build on its position as a leading telecommunications provider in Europe and to secure its place among the world's leading telecommunications companies. To accomplish these strategic goals, Deutsche Telekom has organized its businesses into four main divisions:

- T-Com (for network access and services),
- T-Mobile (for mobile communications),
- T-Systems (for data communications and systems solutions for large business customers) and
- T-Online (for consumer Internet services).

The following table shows the contributions of the four divisions to the net revenues of the Deutsche Telekom Group in the financial year 2003:

Net Revenue in the financial year 2003 by divisions	millions of EUR	%
T-Com	25,116	44.98
T-Mobile	21,572	38.63
T-Systems	7,184	12.87
T-Online	1,662	2.98
Group Headquarters and Shared Services	304	0.54
Total	55,838	100

T-Com

Deutsche Telekom's T-Com division is responsible for its fixed-line telecommunications services in Germany and Eastern Europe. The Eastern Europe subsidiaries also provide mobile and online telecommunications services.

Principal Activities

The principal services offered by the T-Com division are narrow and broadband access to Deutsche Telekom's fixed-line telecommunications network and domestic and international public fixed-line network voice telephony products and services for individual and business customers (small- to medium-sized enterprises). T-Com operates one of the largest fixed-line networks in Europe with approximately 57.9 million access channels (thereof 51.1 million access channels in Germany, including 23.6 million Integrated Services Digital Network, or ISDN, channels) as of 31 December 2003.

T-Com's telecommunications products and services include:

- network communications services (products and services relating to the fixed-line network, including access and other ancillary telecommunications services, such as Internet protocol-based services and wireless local area networks ("W-LAN" connections));
- data communications services and solutions to business customers;
- value-added and enabling services (special purpose telephony services);
- terminal equipment sales (the sale, lease and service of telecommunications equipment to its customers and third party maintenance services);
- other fixed-line network services (i. e. installation, maintenance, educational and cable services);
- domestic carrier services (wholesale products (i. e. interconnection services)) to domestic network operators and service providers;
- systems integration and consulting;

- other domestic services, including publishing services and customer programs; and
- network communications, mobile and online services to certain countries in Eastern Europe, through its subsidiaries Matáv (Hungary), Slovak Telecom (Slovakia) and Hrvatski Telecom (Croatia).

Most of T-Com's revenues in 2003 were derived from fixed-line network telephony services (access and call revenue) provided within Germany. On 13 March 2003, T-Com sold its remaining cable television operations.

In August 2003, Deutsche Telekom began marketing its fixed-line network services in Germany under the "T-Com" brand to create a more distinct market profile for its fixed-line services.

Germany

Network Communications

Network Infrastructure. T-Com has made substantial investments in its telecommunications networks since 1990, including the installation of a new network in the former East Germany. T-Com has introduced asynchronous transfer mode ("ATM") technology and wavelength division multiplexing ("WDM") technology. ATM is a special type of technology which permits the transmission of a large amount of data (voice, text, audio and video) in high quality using a standard platform. T-Com offers it under the brand name "T-ATM." WDM technology multiplies the transmission capacity of existing fiber optic cables by allowing higher bandwidths than most other technologies.

As of 31 December 2003, T-Com's domestic fixed-line telephone network and ISDN network in Germany consisted of approximately 5,200 local networks (local exchange areas) with approximately 7,900 access areas connected by a long-distance transmission network containing approximately 600 switched network nodes. Local networks, access areas and switched network nodes are the basis for setting tariffs for the local and long-distance calls in Germany.

As of 31 December 2003, the transmission network linking T-Com's German local networks consisted of approximately 195,000 kilometers of fiber optic cable. During 2003, T-Com continued to expand the use of WDM and Synchronous Digital Hierarchy ("SDH") infrastructure in its network. SDH is the transport platform upon which T-Com will base its primary digital communications services in the future.

Network Access. In Germany, T-Com offers access to its transmission network for individual customers and business customers. Typically, T-Com customers have access to the transmission network by means of a copper wire that runs from the transmission network into the home or office of a customer. These access lines can either be standard analog access lines or digital access lines. Digital access lines also are called ISDN lines. In addition, analog and digital access lines can be enhanced by increasing broadband capacity through asymmetric digital subscriber line ("ADSL") technology, which T-Com markets under the brand name "T-DSL." In the larger German cities, T-Com offers its customers access via glass fiber access networks capable of higher bit rates, which increase broadband capacity.

T-Com offers its customers a variety of line packages that generally consist of a monthly fixed payment for access and a variable, usage-based component for traffic volumes. With T-DSL services, T-Com offers an access connection for a monthly fixed payment to its individual customers, who – in addition – have to sign a contract with Internet Service Providers, such as T-Online, in order to get access to the Internet. For business customers using T-DSL, T-Com not only offers basic access but also ISP services.

In addition to making access lines available to its direct customers, Deutsche Telekom is also required to make access lines available to competitors at rates that are below the rates it charges to its customers.

Analog Access Lines. An analog access line – the traditional telephone line – provides a single telecommunications channel. As of 31 December 2003, approximately 27.5 million analog lines were connected to T-Com’s network platform, marketed under the brand name “T-Net.”

The number of analog lines has decreased in the last few years, primarily as a result of the migration to ISDN. The decline in the number of T-Net lines can also be attributed, to a lesser extent, to losses of market share to other providers and substitution effects from mobile communications. Deutsche Telekom expects that the number of analog lines will continue to decline due to the migration to more advanced lines, increased competition, and substitution by mobile phones.

The following table provides information concerning the number of T-Com analog and digital access lines in Germany at the dates indicated.

	At 31 December			% Change	
	2003	2002	2001	2003/ 2002	2002/ 2001
	(in millions)			(in %)	
Analog access lines (including public phones)	27.5	28.9	30.3	(4.8)	(4.6)
ISDN digital access lines (including public phones)	10.4	9.8	8.7	6.1	12.6

ISDN Access Lines. T-Com’s ISDN services are marketed under the brand name “T-ISDN,” and permits a single access line with 64k/bit per second to be used simultaneously for multiple products and services, including voice, data and facsimile transmission. T-ISDN also provides highly reliable connections with faster transmission of signals and increases the capacity of the access network. T-ISDN also offers various convenient features such as caller identification and T-NetBox, the network-based virtual answering machine.

T-Com offers two types of T-ISDN access lines- basic and primary. Basic T-ISDN access lines provide two telecommunications channels per access line and are offered to individual customers and to business customers. Primary T-ISDN access lines provide thirty telecommunications channels per access line and are offered primarily to business customers. In 2003, the number of basic T-ISDN access lines increased approximately 6.1% to 10.3 million as at 31 December 2003. As of 31 December 2003, T-Com had installed approximately 98,000 primary T-ISDN access lines. Through these basic and primary access lines, T-Com provided a total of 23.6 million T-ISDN channels. The number of ISDN lines has continuously grown in the last few years. Deutsche Telekom expects that the growth in T-ISDN lines will slow down as the market becomes saturated.

Increasing T-ISDN penetration is a part of T-Com’s strategy. Therefore, to attract T-ISDN customers, protect its customer base and market share, T-Com offers multiple ISDN tariff models.

T-DSL. ADSL is a telecommunications technology that permits the transmission of data at very high rates. Most T-DSL customers use 768 k/bit per second connections. T-Com offers standard analog and ISDN access lines enhanced by means of ADSL technology under the brand name “T-DSL.” At 31 December 2003, there were approximately 4.0 million T-DSL lines currently in operation (2.8 million at 31 December 2002).

One of the principal benefits of DSL technology is that it permits customers to use standard copper access lines for high-speed access to the Internet. As T-Com expects the Internet to grow in importance as a means of communication in the future, T-Com considers continued growth in the number of T-DSL access lines to be an important strategic priority. In this regard, its broadband product portfolio was expanded to meet the varying demands of individual and business customers and the marketplace through the introduction of additional T-DSL service features.

To further increase broadband penetration throughout Germany, T-Com is required by the German telecommunications regulator to make DSL resale offerings to its competitors in Germany. T-Com competitors will thus be able to market DSL products under their own brands to their customers. In addition, T-Com currently offers line-sharing at no cost. These offerings to its competitors are aimed at strengthening Germany’s position in the European and international broadband market. These

line-sharing and DSL pricing measures are also a reaction to the critical view of the European Commission concerning the margin between Deutsche Telekom's DSL and line-sharing tariffs.

Under the T-DSL Business brand, T-Com also offers a product variation using SDSL (symmetric digital subscriber line) technology that permits upstream and downstream transmission of data at the same (symmetric) high speeds. This product was introduced in 2002 and has been available nationally since 2003 in all existing T-DSL service areas.

Wireless LAN. T-Com offers to individual and business customers a range of products for wireless local area networks ("LAN") and complete Internet solutions. Wireless LAN services provide wireless communications based on international broadcasting standards. Transmission rates of up to 54 Mbit/s provide customers with high levels of network performance. A number of the wireless LAN technologies offered complement T-Com's T-DSL broadband offerings. Wireless LAN was until recently an alternative only for business customers. However, recent price reductions for wireless LAN products have made wireless LAN increasingly affordable for individual customers.

Calling Services

T-Com provides comprehensive local and regional calling services as well as national and international long-distance calling services for individual and business customers that have access to T-Com's fixed-line network.

In the market for long-distance and international calls, T-Com's competitors have made considerable inroads into the market since 1998. Fixed terms for interconnection, which particularly favor competitors that have not invested heavily in infrastructure, enabled competitors to benefit from Deutsche Telekom's infrastructure investments. In Germany, individual and business customers have been free since 1998 to choose providers either through pre-selection (selecting one long-distance carrier to handle all domestic long-distance and international calls on a default selection basis) or through call-by-call selection (selecting a carrier when such a call is made by dialing the carrier's numeric prefix before dialing the telephone number) for long-distance and international calls. Pre-selection and call-by-call selection for local calls commenced in 2003, which inevitably led to reduced market share for local calls.

Deutsche Telekom has countered the challenge posed by competitors and alternative networks with reduced tariffs and innovative, customer-oriented and reliable products and services. The introduction of calling plans (calling plans provide customers with attractive, reduced call charges for a monthly fee) was an important element, particularly with regard to call charges, of the response to the competitive environment.

Under the regulatory framework applicable to the German telecommunications sector, T-Com's tariffs for fixed-line network calling services are subject to regulatory approval for as long as Deutsche Telekom is considered to be a market-dominant provider. Furthermore, competitors have taken legal action against the new rate plans.

Data Communications

T-Com offers business customers a full portfolio of data communications services, including Leased lines (marketed under the brand names "SFV" and "DDV") Ethernet products, VPN products (which connect customer sites as if they were in a private closed network), Internet communications applications (marketed under the brand name "CompanyConnect") and TDN (installation and operation of customized voice and data communications networks for individual and business customers).

Value-Added Services

In Germany, T-Com offers a range of value-added telephone services for business and private use. These services include toll-free numbers and shared cost numbers for customer relationship management as well as directory assistance numbers and public telephones.

Terminal Equipment

Through its terminal equipment business, T-Com distributes an extensive range of telecommunications equipment under its own brand. Products range from individual telephone sets and facsimile machines, targeted at individual customers, to more complex telephones, private branch exchanges (PBXs) and complex network systems (including DSL access devices), targeted at business customers.

T-Com's terminal equipment can be purchased or rented.

Other Fixed-Line Network Services

T-Com also provides installation, maintenance, hotline, customer education, software installation and network management services. Product-related maintenance service levels are offered to individual customers under the brand names "Compact-Service" and "Comfort-Service." Tailored services are available to business customers.

Broadband Cable

On 13 March 2003, T-Com sold its interest in the six remaining regional cable companies in Hamburg/Schleswig-Holstein/Mecklenburg-Western Pomeranian, Lower Saxony/Bremen, Berlin/Brandenburg, Rhineland-Palatinate/Saarland, Bavaria and Saxony/Saxony-Anhalt/Thuringia. In July 2003, T-Com also sold its remaining 40% interest in the regional cable company in Baden-Wuerttemberg.

Domestic Carrier Services (Wholesale Services)

T-Com's business with other telecommunications carriers is conducted through T-Com and T-Systems. Since 1 January 2002, T-Com has had business responsibility for services for domestic network operators and service providers. T-Systems has been responsible for the international carrier services business.

Wholesale Services not only provides the products and services for domestic network operators and service providers (or carriers), but also supplies – subject to regulatory constraints – Deutsche Telekom's other divisions. Wholesale services consist primarily of interconnection services for operators of fixed-line networks and mobile communications networks, carrier-specific transmission paths, access to the unbundled subscriber lines that run into an end-customer's premises (the "unbundled local loop") and IP-services, these being the transport of broadband and narrowband internet traffic to Internet service providers.

In the domestic market, the German telecommunications regulator determines the terms on which T-Com provides interconnection to competitors as well as access to the unbundled local loop so that competitors have direct access to customers. The terms for interconnecting T-Com's telephone network with the networks of other national network operators and service providers are contained in bilateral contracts. At 31 December 2003, T-Com had 93 interconnection partners; interconnection agreements existed with 61 of these partners, while in 32 cases interconnection was conducted on the basis of an interconnection order from the German telecommunications regulator.

System Integration and Consulting

T-LAN. T-Com offers local area networking and communications services to increase planning and operation services for computer networks.

E-Business. T-Com offers e-business products to business customers. Revenues from e-business services have been increasing in recent years. T-Com offers business customers web hosting products and solutions designed to provide its customers with an Internet presence (websites) and facilitate e-business for T-Com's customers. T-Com provides the platforms and manages the software needed for integration into the relevant communications networks. The e-business products and

solutions provided to T-Com's customers are modular in structure, affording flexibility and ease with respect to the incorporation of additional modules and features. We see particular potential for growth in the areas of eHealth (an introduction of patient records management in Germany in 2004), eGovernment (a solution for local and state governments targeted at public administration), and eTraffic (a solution targeted at integrated traffic control from technology and freight carriers).

Other Domestic Services

Publishing Services. Deutsche Telekom's business activities focus on the marketing of advertising in paper and online telephone directories and the publication and distribution of telecommunications directories in Germany in cooperation with small and medium-sized publishing companies. These products are published in a variety of media formats, including print, online and CD-ROM. Deutsche Telekom receives most of its revenues from advertisements contained in these products. In recent years, Deutsche Telekom's products have been subject to increasing pressure from competitors.

Sales Channels. T-Com provides toll-free numbers where customers can obtain information and order products and services. This sales channel is mostly used by individual customers. Additionally, T-Com markets its products and services to individual and business customers through its network of "T-Punkt" retail outlets. The T-Punkt outlets offer an extensive product portfolio including T-ISDN and T-DSL business products, as well as products from T-Online and T-Mobile. Furthermore, products from leading IT manufacturers are offered. At 31 December 2003, T-Com had 412 T-Punkt outlets in Germany, of which 102 were business outlets. T-Com also markets its products and services in Germany via its website. T-Com also serves business customers through a direct sales force.

Eastern Europe

Matav Magyar Tavkozlesi Rt., Budapest ("Matáv")

Deutsche Telekom holds a 59.5% equity interest in Matáv, the leading (in terms of revenues) full service telecommunications provider in Hungary. Matáv also owns Westel, a Hungarian mobile communications provider. Westel maintained its leading position in an expanding mobile market characterized by intense competition. Westel's customer base was 3.8 million subscribers at 31 December 2003, an increase of 10.8% as compared with 2002. In addition, in 2000, Matáv acquired a 51% interest in Stonebridge, a company that owns 86.5% of the Macedonian telecommunications company Makedonski Telekomunikacii (Maktel). On 30 June 2003, Matáv's share in Stonebridge was increased to 89.51%. Maktel is the sole fixed-line and the leading mobile operator in Macedonia with 0.6 million fixed-lines (including ISDN channels) and 0.5 million mobile customers.

In 2003, Matáv's fixed-line network penetration and the total number of access channels marginally declined. The total number of access channels decreased by 1.8% from 2.88 million to 2.83 million year over year due to increased competition mainly from mobile services. However, the number of ISDN channels increased to approximately 528,000, a 3.2% increase year over year. At 31 December 2003, approximately 18.6% of Matáv's total fixed lines were ISDN channels. Matáv was successful in broadband applications, with the number of installed ADSL lines growing from 34,127 in 2002 to 103,803 in 2003. Matáv's Internet subsidiary, Axelero, maintained its leading position among ISPs in the Hungarian dial-up market with a market share of approximately 44% and almost 211,000 Internet subscribers at 31 December 2003.

Although T-Com has the power to appoint a majority of Matáv's board of directors, the Republic of Hungary retains significant influence over Matáv's activities as the holder of the Series B share, the regulator of the Hungarian telecommunications sector and Matáv's largest customer. The Series B share gives the Hungarian state certain rights exercised through the Minister of Informatics and Telecommunications. These rights include, among others, the right to nominate and have elected one member of the Management Board, one member of the Supervisory Board, and to require the Ministry's consent for certain decisions (listed in the Articles of Association) taken at the general shareholders' meeting.

Matáv's monopoly in the Hungarian market for long-distance and international telecommunications services expired at the end of 2001. Even though alternative carriers emerged, Matáv retained its leading role in the voice services market. Matáv's data transmission services continue to be subject to strong competition since a number of Hungarian companies have set up private data transmission networks.

Slovak Telecom a. s., Bratislava ("Slovak Telecom")

In July 2000, Deutsche Telekom acquired a 51% equity interest in the state-owned Slovak Telecom, the leading full-service telecommunications service provider in Slovakia, for a purchase price of EUR 1 billion. Slovak Telecom offers local, long-distance and international fixed-line telephone services, data communications services, distribution and broadcast radio and television signals and mobile communications services via its majority-owned subsidiary, Eurotel, which is not fully consolidated within T-Com. Although, pursuant to Eurotel's Shareholders Agreement, Slovak Telecom has a 51% economic interest in the profits and net assets of Eurotel, control of Eurotel is shared between Slovak Telecom and another company (Atlantic West B.V.) and neither party has unilateral control over major decisions affecting Eurotel. Therefore, this investment is considered a joint venture.

In May 2003, the other Slovak Telecom shareholders and T-Com signed an agreement relating to further cooperation, including providing for the extension of the deadline for the fulfillment of the initial investment commitments from the year ending 2003 to the year ending 2005.

Fixed-line network penetration and the total number of access channels declined in 2003. Due to the increased competition from mobile services, the number of access channels decreased by 4.9% year over year from 1.4 million to 1.3 million at the end of 2003. While analog access lines decreased by 7.2% from 1.3 to 1.2 million, the number of ISDN channels increased by 42% to approximately 75,600 from 53,000. Since 1 July 2003, Slovak Telecom has offered broadband applications and at 31 December 2003, had installed approximately 4,200 ADSL lines.

Slovak Telecom is the leading provider of online services in Slovakia through its subsidiary, ST Online. As of 31 December 2003, ST Online had a 56.2% market share of dial-up traffic and approximately 91,620 customers, a 35.8% increase year on year.

A new Slovak Telecommunications Act based on the European regulatory framework became effective on 1 January 2004. Slovak Telecom had a 99% market share of local and national calls in 2003. Deutsche Telekom expects that Slovak Telecom will be subject to increased regulation and that revenues and market share with respect to calls and interconnection will decline significantly as a result of the new Slovak Telecommunications Act.

Ht-Hrvatske Telekomunikacije d. d., Zagreb ("Hrvatski Telecom")

In October 1999, Deutsche Telekom acquired a 35% equity interest in the then state-owned Hrvatski Telecom, the leading (in terms of revenues) full-service telecommunications service provider in Croatia for USD 850 million. In October 2001, T-Com acquired an additional 16% interest in Hrvatski Telecom for EUR 507 million and increased its aggregate ownership to 51%.

Hrvatski Telecom operates mainly digitalized fixed-line and mobile networks. Hrvatski Telecom pursued restructuring and market repositioning projects in 2002 and 2003, including the transformation of telecommunications centers, the continuation of the outsourcing of non-core business activities and defining a "go to market" strategy in order to counter erosion of market share by competitors. The mobile business was separated out into a self-supporting wholly owned subsidiary of Hrvatski Telecom.

The number of access channels increased by 2% from approximately 1.8 million in 2002 to approximately 1.9 million in 2003 due primarily to a shift of customers from analog access to ISDN lines. Hrvatski Telecom's mobile's subscriber base increased from approximately 1.19 million in 2002 to approximately 1.34 million in 2003, with a mobile market share of approximately 52.5% in 2003, a

slight increase as compared to 2002. Hrvatski Telecom's online subscribers increased to approximately 480,000 in 2003 from approximately 370,000 in 2002.

A new Telecommunications Act in Croatia based on the European regulatory framework became effective on 1 January 2003. Deutsche Telekom expects that Hrvatski Telecom's will be subject to increased regulation, which will have an adverse effect on revenues and market share.

Toll collection system

In September 2002, Deutsche Telekom AG, DaimlerChrysler Services AG, and Compagnie Financière et Industrielle des Autoroutes S.A. ("Cofiroute") (individually, the "partners" and collectively, the "consortium") entered into an agreement dated September 2002 and last amended in November 2002 (the "operating agreement") with the Federal Republic of Germany (represented by the German Federal Ministry of Transport, Building and Housing) relating to a project to create and operate an innovative system for the collection of toll charges for the use by heavy vehicles of the German high-speed highway system, referred to hereinafter as the "Toll Collect project". The toll collection system is to be created and operated by the joint venture Toll Collect GmbH ("Toll Collect"). DaimlerChrysler Services AG and Deutsche Telekom each hold a 45% stake in Toll Collect, with the remaining 10% being held by Cofiroute. Deutsche Telekom's involvement with Toll Collect includes the equity interest in Toll Collect that is recognized in its consolidated financial statements using the equity method of accounting, and certain financial guarantees. Additionally, certain of Deutsche Telekom's divisions may act as sub-contractors of services to Toll Collect. Deutsche Telekom believes its maximum exposure to loss as a result of its interest in Toll Collect could extend beyond the amounts it has invested because of other risks associated with the financial guarantees issued for Toll Collect.

Pursuant to the provisions of the operating agreement, the partners have, on a joint and several basis, guaranteed that Toll Collect will duly perform its duties in line with the operating agreement for the period of one year after the agreed start of operations.

In addition, the partners of Toll Collect, on a joint and several basis, undertook to fund Toll Collect in order to maintain a minimum equity ratio for Toll Collect of 20% (based on German GAAP) until 31 August 2004, and 15% thereafter ("Equity Maintenance Undertaking") until the operating agreement expires. Toll Collect's total assets, financial liabilities and total liabilities at 31 December 2003, calculated on the basis of U.S. GAAP, were EUR 0.8 billion (EUR 1.3 billion under German GAAP), EUR 0.5 billion (EUR 0.5 billion under German GAAP) and EUR 1.1 billion (EUR 1.1 billion under German GAAP), respectively. Deutsche Telekom's involvement with Toll Collect includes its equity interest in Toll Collect that is recognized in its consolidated financial statements using the equity method of accounting. Under German GAAP, the share of the Toll Collect equity losses to be recorded under the equity method is limited to the value of the investment. Therefore, Deutsche Telekom recorded approximately EUR 108 million as its share of the equity in net losses. Due to the risks associated with the financial guarantees issued for Toll Collect, Deutsche Telekom recorded a provision of approximately EUR 334 million under German GAAP. In addition, Deutsche Telekom has provided a guarantee for bank loans to Toll Collect amounting to EUR 312 million as of 31 December 2003.

The start of operations initially was scheduled for 31 August 2003, but has been delayed. Commencing on 2 December 2003, the consortium, or Toll Collect (provided it joins as a party to the operating agreement) has become liable for contractual penalties of EUR 250,000 per day until the end of February 2004 and EUR 500,000 per day thereafter until the toll collection system is operational. Beside these penalties, Deutsche Telekom believes that further penalties or liability for fault are excluded in the operating agreement.

In case of a culpable violation of contractual duties during the operational phase, the Federal Republic of Germany would not be prevented from claiming damages from Toll Collect. If such penalties, revenue reductions, and other events eventually result in an equity ratio of Toll Collect below the ratio agreed upon in the Equity Maintenance Undertaking, the partners are obligated to fund operations to the extent needed to reach these equity levels.

Specific circumstances may entitle the parties to terminate the operating agreement. For termination to be effective, notice of termination must generally be given at least two months before the termina-

tion takes effect. This period may be used to rectify the reasons for termination. Termination of the operating agreement may have significant consequences for Deutsche Telekom as financial guarantor of certain obligations of Toll Collect. On 17 February 2004, the Federal Ministry of Transport sent Deutsche Telekom a letter advising that a notice of termination of the operating agreement was imminent. On 25 February 2004, Deutsche Telekom received such notice of termination of the operating agreement, dated 19 February 2004. The members of the Consortium reached an agreement with the Federal Republic on 29 February 2004 to continue the Toll Collect project on the terms set out below. On 23 April 2004 the members of the Consortium and the Federal Republic entered into an Implementation Agreement in which the parties agreed upon the implementation of the terms in the agreement of 29 February 2004 and in which the Federal Republic agreed not to exercise any rights of termination which it alleged to have resulting from the notice of termination.

- Toll Collect will be introduced in two phases – the first to commence no later than 1 January 2005 (phase 1), and the second to commence no later than 1 January 2006 (phase 2). Phase 2 operation of the toll collection system will be as specified in the operating agreement. Phase 1 operation of the toll collection system will employ certain modified components, which allow for slightly less than full technical performance in accordance with original specifications. Due to this slight deficiency, the remuneration owed by the Federal Republic of Germany to Toll Collect in phase 1 will be 95% of the remuneration which will be payable in phase 2. The agreement provides that if the toll collection system is in stable operation, the one-year term of phase 1 may be extended by mutual agreement up to two years.
- During phase 1, the consortium is required to make available a sufficient number of on-board units (“OBUs”) to meet demand, with no fewer than 500,000 OBUs available at the commencement of phase 1. OBUs are devices installed in vehicles in order to allow for the collection by satellite of highway travel data. The consortium is also required to ensure the availability of necessary OBU installation facilities in Germany and abroad.
- During phase 1, the Federal Republic of Germany is guaranteed to receive net toll revenues (revenues less Toll Collect remuneration) in an amount equal to at least EUR 83.4 million per month, whether from toll revenues or from the agreed contractual liability for shortfall payments. The Federal Republic of Germany is to pay during phase 1 the full 95% of the remuneration provided for in the original operating agreement for what is now phase 2 if the net toll revenues received by the Federal Republic of Germany from the toll collection system in a given month do not fall short of the gross revenues by more than 20%. No remuneration will, however, become payable when and if any given month total revenues exceed the guaranteed EUR 83.4 million by no more than 20% of the toll collection system gross revenues.
- Delays in the commencement of phase 1 operation of the toll collection system will result in monthly penalties of EUR 40 million increasing by EUR 5 million each month up to a maximum of EUR 80 million per month through the initial agreed phase 1 period of one year.
- During phase 1, the project company or the consortium will be liable in case of a toll shortfall to guarantee net toll revenues in an amount up to EUR 1 billion per year, but no more than EUR 83.4 million per month. Contractual penalties due to reduced performance of certain minimum parameters set out for the toll collection system in the operating agreement, certain maluses relating to less than full performance of the toll collection system or recourse claims against the consortium or the project company in the case of third party liability of the Federal Republic will not be counted against the liability cap.
- In the event of major deviations from the project plan that endanger the realization of the project, the consortium and the Federal Republic of Germany are obligated to reach a good faith agreement on mutually beneficial, appropriate and reasonable measures to minimize the disadvantages for either party. In the event that neither phase 1 testing operation nor the development of phase 2 technology has been successfully completed by 1 June 2005, the Federal Republic of Germany may take measures to initiate procurement of an alternative toll collection system without prior termination of the agreement, which action would then, however, not suspend Toll Collect's obligations to continue development of the phase 2 system, nor the Federal Republic of Germany's obligation to use the system after successful completion.
- Following the end of the agreed phase 1 operational period, the provisions governing penalties for delay of operation and liabilities contained in the original agreement shall continue to apply

(i. e., a maximum of EUR 500,000 per day for delay, and potential unlimited liability under general principles of German law in the operating stage of phase 2).

- Phase 2, thus, contemplates full operation of the Toll Collect project in accordance with the specifications set forth in the original agreement, provided, however, that certain dates and deadlines, including with respect to grounds for termination, are to be modified to conform to the amended arrangement.

Additionally, the consortium and the Federal Republic of Germany have agreed to waive rights to mediation proceedings before arbitration with respect to any claims of the Federal Republic of Germany for damages and penalties. The Federal Republic of Germany is expected to assert claims for damages from the consortium of EUR 156 million per month for the period from 1 September 2003 to 31 December 2003 and EUR 180 million per month from 1 January 2004 for lost toll revenues. In addition, the Federal Republic of Germany is expected to allege contractual penalties of EUR 680 million because the members of the consortium did not seek the necessary agreement of the Federal Ministry of Transport before concluding certain subcontractor agreements. Deutsche Telekom believes the claims of the Federal Republic of Germany are unfounded. Under the terms of the agreement, the Federal Republic of Germany may resort to arbitral proceedings for clarification of its legal position. The maximum future obligations arising from the Toll Collect project cannot be quantified with adequate certainty.

Toll Collect and the consortium are currently in discussions with the Federal Ministry of Transport to implement the agreement reached on 29 February 2004.

Suppliers

The principal types of equipment purchased by the T-Com division are network components such as switching systems, transmission systems, access network components and customer premises equipment, such as telephones and fax machines, T-DSL modems and similar items. Although Deutsche Telekom does not believe that T-Com is dependent on any single supplier, due to the multiple supplier strategy that it has implemented, there may be occasions when a particular product from a particular supplier is delayed or back-ordered. Major suppliers of T-Com are Alcatel SEL AG, Cisco Systems International B.V., Corning Cable Systems GmbH & Co. KG, ECI Telecom GmbH, Lucent Technologies Network Systems GmbH and Siemens AG.

Competition

Fixed-Line Network Voice Telephony and Local Access

Since the full liberalization of the German telecommunications market in January 1998, Deutsche Telekom has faced intense competition, based primarily on price, in the market for fixed-line network voice telephony. During the last three years, the competition has intensified, particularly in the local and broadband markets.

Effect of Regulatory Decisions. In the market for international and domestic long-distance calling services, the level of competition is influenced by the fact that Deutsche Telekom is required to permit other telecommunications companies to interconnect with its fixed-line network at rates that are set by the German telecommunications regulator. As a result, decisions of the German telecommunications regulator regarding the maximum rate that Deutsche Telekom is permitted to charge for interconnection have a very significant impact on the level of competition in the market for fixed-line network voice telephony. When the maximum permitted interconnection rate is below the price charged by Deutsche Telekom for calling services, competitors can interconnect with fixed-line network and offer calling services for a lower price, forcing Deutsche Telekom to lower its prices for calling services or to lose market share or both. The price structure for interconnection rates particularly benefits those competitors that have not made substantial investments in their own infrastructure. As a result of several decisions of the German telecommunications regulator between 1998 and 2003 that reduced the maximum permitted interconnection rate, Deutsche Telekom reduced its tariffs substantially from 1998 on, particularly in the areas of international and domestic long-distance calls. After large-scale price reductions in the standard rate at the start of 1999, Deutsche Telekom introduced

optional tariffs that enable the customer to make inexpensive local, regional and international calls for a monthly fee. In 2003, Deutsche Telekom further reduced its prices of city calls as a result of mandatory (regulatory) price-cap targets. T-Com's fixed-line network market share as measured by call time in minutes declined from approximately 67.2% in 2001 to 61.2% in 2002, and continued to fall to 57.6% in 2003.

Future decisions of the German telecommunications regulator could require Deutsche Telekom to lower its prices further, cause it to lose additional market share, or both. The German telecommunications regulator has issued a decision that reduced the permitted fixed-fixed interconnection rate by an average of approximately 14% in 2002 and by an additional average of 9.5% in 2003. A reduction in interconnection rates means more advantageous advance payment costs for competitors and thus the opportunity to reduce end user prices or to increase their margins. Some competitors have used the reduction to increase their own margins on calls, and other competitors have passed these reductions on to end users. As part of the current price cap regime (2002–2004), Deutsche Telekom will again be required to reduce charges for long distance calls. In order to meet requirements of the EU Commission relating to an alleged unfair pricing practice in connection with the provision of local access to its fixed-line telecommunications network, Deutsche Telekom requested that the German telecommunications regulator approve a modification of the price cap regime that would allow it to increase the monthly fee for basic charges for analog access. On 28 July 2003 the regulator approved such application.

Regulatory decisions also play a critical role in the level of competition in the markets for regional and local calls and for local access. Deutsche Telekom is required by law to rent subscriber access lines to competitors at prices determined by the German telecommunications regulator. It is required to permit "line sharing," which means renting to a competitor only that portion of the subscriber access line that is required for high-bandwidth services, such as high-speed Internet access. As a result of a decision by the German telecommunications regulator, Deutsche Telekom is also required to offer local access and local call minutes to competitors at wholesale prices for purposes of resale. In addition, Deutsche Telekom was implemented local carrier selection alternatives for its customers commencing on 25 April 2003, as well as preselection of local call carriers by its customers beginning from 9 July 2003.

Further regulatory initiatives in Germany or the European Union aimed at increasing competition in the markets for local calls and for access may be expected in the coming years, which may have an adverse impact on Deutsche Telekom's operations and its competitive position.

Effect of Investments by Other Companies. Deutsche Telekom also faces significant competition in the markets for international and domestic long-distance calls, regional calls and access lines from competitors that have made investments in their own infrastructure, such as Arcor AG & Co., Colt Telecom Group Plc., MCI Worldcom Inc. and BT Group Plc. In addition, national network operators, such as Arcor AG & Co., and local network operators, such as HanseNet Telekommunikation GmbH, KomTel GmbH and NetCologne Gesellschaft für Telekommunikation mbH, have made substantial investments in local network infrastructure and compete with Deutsche Telekom in major urban centers throughout Germany. Furthermore, as prices for mobile telephony decline, Deutsche Telekom's local and other calling services, as well as access services, face increasing competition from mobile telephone operators. Additionally, as alternative technologies, such as voice-over-IP and use of the Internet, gain market acceptance, Deutsche Telekom's fixed-line network telephone usage may be adversely affected.

Other Fields of Business Activity. Although Deutsche Telekom does not manufacture its own equipment, it does resell telecommunications equipment under its own label that has been manufactured for it. The terminal equipment sector has been open to full competition since 1990 and is characterized by falling prices, low margins, rapid technological innovation and intense competition. The basis for competition in this field is primarily price. T-Com's most significant competitors in this area are Siemens AG, Alcatel S. A., Philips Electronics N. V. and Tenovis GmbH & Co. KG (formerly Bosch Telecom GmbH/Telenorma AG). Most of these competitors are also suppliers to T-Com.

T-Systems

T-Systems International GmbH provides information and communication technology ("ICT") services worldwide to large German and international accounts, non-profit organizations and governmental agencies. T-Systems commenced operations under its reorganized structure in 2000 by combining a number of Deutsche Telekom's business units, including debis Systemhaus.

Principal Activities

T-Systems' ICT services and solutions are targeted primarily at large national and international corporations. The servicing of major national and international accounts also benefits other divisions of the Deutsche Telekom group with respect to the provision of additional services to these customers. In this way, T-Systems plays a key strategic role within the Deutsche Telekom group.

T-Systems uses advanced information technology and telecommunications expertise to supply the required ICT infrastructure to its customers, to provide tailored ICT solutions and, if required, to take over complete business processes based on these solutions. T-Systems provides support for customers through its global telecommunications network in more than twenty countries.

T-Systems' international business units support many German-based multinational customers as well as customers headquartered outside of Germany. T-Systems' primary markets are in Western Europe, North America and Asia. For the year ended 31 December 2003, the telecommunications (TC) services group contributed approximately 47.4% of T-Systems' total revenues and the information technology (IT) services group contributed approximately 52.6% of T-Systems' total revenues. Total revenues include inter-segment revenues from other Deutsche Telekom divisions and affiliates.

Telecommunications Services ("TC")

Telecommunications Services encompass a global network infrastructure for voice and data communications and a range of related solutions and consulting services, including "Network Services" ("NWS"), which consists of "Hosting and ASP Services" ("H&ASP"), "Global Synergy, Strategy and Solutions" ("GSSS") and "Media and Broadcast" ("MB"). Telecommunications services also include "International Carrier Sales and Solutions" ("ICSS") and "Global Network Factory" ("GNF").

Network Services ("NWS"). The service line, Network Services, is responsible for the installation and operation of customized voice and data communications networks for T-Systems' customers, including large corporate accounts, non-profit organizations and governmental agencies. NWS provides fast, secure and reliable communications solutions for customers worldwide, with a special focus on Western Europe and North America.

The services offered by NWS include the IP/VPN (Internet Protocol-based Virtual Private Networks) and voice VPN solutions combined with hosted services such as

"Global Frame Relay/Global ATM";

"Global Business Link";

"IntraSelect MPLS" (Multi Protocol Label Switching) and "Global Internet" NWS also offers a broad range of services, including customized voice communication networks and complex call center solutions that assist customers with management of their incoming calls, faxes and e-mails.

Hosting and ASP Services ("H&ASP"). Hosting and ASP Services (H&ASP) enable customers to employ Internet technologies in their businesses. H&ASP services provide the underlying infrastructure that enables a customer's business to operate more efficiently and seamlessly. The H&ASP services group arranges (or "hosts") the Internet presence of customers by providing a reliable connection to T-Systems' network and manages the customer's website. In addition, H&ASP services provide the software necessary to maintain a reliable Internet connection. The collaborative services provided by the H&ASP group also enable electronic marketplaces and portals to conduct business

transactions electronically, either within a single industry or between enterprises from different industries. With these electronic marketplaces and portals, customers can enhance their relationships with suppliers ("supply chain management") or with their customers ("customer relationship management"). T-Systems is one of the market leaders in Germany for hosted solutions. Internationally, T-Systems has expanded its footprint for hosted solutions to Austria, Switzerland and Spain. In 2004, T-Systems will introduce its hosting solutions products and services to the North American market.

Global Synergy, Strategy and Solutions ("GSSS"). In January 2003, T-Systems established the Global Synergy, Strategy and Solutions (GSSS) unit, which is responsible for the growing and innovative business of telecommunications outsourcing. Since July 2003, GSSS is also responsible for indirect sales of retail telecommunications products through reselling arrangements with other telecommunications operators.

The GSSS team is responsible for obtaining and managing outsourcing (transfer of operation of networks and network services to T-Systems) and outtasking (transfer of business functions such as international traffic routing to T-Systems) arrangements with telecommunications operators. GSSS also manages the implementation of these agreements and provides partner sales management and sales support.

Additionally, GSSS contracts and manages the relationship with telecommunications operators relating to the resale of T-Systems' retail telecommunication products and services. Through this arrangement, telecommunications operators and system integrators can offer many more products and services to their customer base and expand their reach by leveraging T-Systems' global operations. This indirect sales channel is a strategic complement to T-Systems' international direct sales force and strengthens the relationship with outsourcing and outtasking customers.

Media and Broadcast ("MB"). In Europe, T-Systems is one of the largest service-providers of broadcast services, including analog and digital terrestrial broadcasting, satellite broadcasting and innovative digital applications. As of 31 December 2003, the broadcast network of T-Systems in Germany included more than 8,000 analog television and radio transmitters and 97 digital television and radio transmitters. T-Systems has expertise in providing systems equipment technology and digital radio transmitters.

MB provides services, such as broadcast contribution networks, distribution networks and studio and production solutions, to public broadcasters and private companies that provide content for broadcast media, including traditional (analog and digital) terrestrial broadcasting, satellite broadcasting and innovative digital applications. MB also provides services relating to planning, building and operating multi-media platforms for customers.

International Carrier Sales and Solutions ("ICSS"). ICSS provides wholesale customers – typically other fixed-line and mobile carriers as well as Internet service providers (ISPs) – with direct access to T-Systems' international telecommunications networks, including those networks that are leased from other carriers. During 2003, ICSS managed total worldwide voice traffic of more than 14 billion minutes. In addition, ICSS provides innovative solutions based on IP. For example, IP Transit provides the customer with a transport medium for worldwide access to Internet content, and Carrier Managed Network Solutions provides voice and wireless access to telecommunications carriers (including former incumbent or dominant regional/national carriers, emerging regional and long-distance carriers, Internet service providers and mobile carriers).

The primary responsibility of ICSS is its bilateral business, where T-Systems and another carrier agree to terminate international voice traffic into Germany on Deutsche Telekom's network and to purchase termination arrangements of outgoing traffic to international destinations from these same carriers. ICSS also provides carrier termination and transit services to other fixed-line and mobile carriers for calls that originate outside Germany and are routed through T-Systems International's networks for termination in Germany or a third country. ICSS purchases termination services from foreign carriers for termination of T-Systems' outbound international traffic. ICSS offers international carriers wholesale solutions via T-Systems International's networks. These solutions are offered to fixed and mobile carriers, ISPs, ASPs (Application Service Providers), content providers and cable TV

operators. In 2003, ICSS had arrangements with approximately 900 major international carrier customers in 192 countries.

Supporting this range of solutions and services is a modern network infrastructure that connects major international business centers over a fiber optic network (more than 150,000 kilometers) worldwide. Network operators can access T-Systems' global backbone network from all over the world. As T-Systems continues to build its international network infrastructure, ICSS will be able to offer expanding global network coverage.

Global Network Factory ("GNF"). The GNF unit plans, builds and operates the global telecommunications platforms of T-Systems and the national and international corporate networks of many of Deutsche Telekom's customers. Through T-Systems' global network platform and through the operation of Deutsche Telekom's customers' networks, the GNF unit is responsible for providing equipment and services relating to the planning, implementation and operation of telecommunications networks and other related telecommunications services.

Information Technology Services ("IT")

The IT services group has broad expertise relating to computer software and hardware and information technology systems solutions. The IT group provides information technology services, including both Systems Integration (SI), including consulting services, and Computing and Desktop Services (CDS), to large and multinational enterprises. CDS encompasses three delivery units, called "factories" – the "Global Computing Factory" (GCF), the "Global Desktop Operations" (GDO) and the "Product Supply Center" (PSC).

In 2003, other divisions of the Deutsche Telekom group accounted for approximately 45.0% of total revenues of the IT services group as compared to 41.4% in 2002.

Systems Integration and Consulting ("SI"). This service line which includes consulting services, provides customers with consulting, implementation and applications support relating to systems solutions in the areas of information and communications technology (ICT). SI develops software solutions customized for the needs of individual customers and integrates those solutions into the customer's ICT infrastructure. In order to improve its ability to service customers' core processes and secondary business processes such as billing, SI has recently consolidated its 22 business units in Germany. These consist of technology and software development centers, as well as branch offices. SI will continue reorganizing its structures and process model in 2004.

Through its wholly-owned subsidiary, Detecon International GmbH, T-Systems also offers customers comprehensive management consulting services. This unit focuses on providing services to the telecommunications markets worldwide and related sectors such as media, regulation and suppliers. Detecon provides services to software and hardware suppliers of telecommunication systems and to the fixed and mobile carriers that use such systems.

Computing and Desktop Services ("CDS"). CDS is responsible for the operation of complete or partial customer IT infrastructures. Externally, CDS consists of two service lines, Computing Services ("CS") and Desktop Services ("DS"). However, internally, both service lines are managed as one due to the overlap and bundling of services provided by these two service lines. CDS manages centralized and distributed information systems, infrastructure components, applications and business software solutions.

CDS is represented in a considerable number of locations throughout Germany and throughout the world. It is organized centrally and consists of five customer service units that are organized around industry sectors and regions and the three delivery units – GCF, being the CS delivery unit, and GDO and PSC, being the DS delivery units.

Global Computing Factory ("GCF"). T-Systems operates a very large computer network, called the "Global Computing Factory," as a platform for the information technology services offered to customers. The primary responsibilities of the GCF include the operation of mainframe computers, open system servers and storage arrays for outsourcing projects, including operating systems, data-

base software, data communication software, systems automation. The Global Computing Factory provides the personnel, servers and infrastructure necessary to operate the information technology resources of its customers.

Global Desktop Operations ("GDO"). The business mandate and objective of GDO is to provide desktop services that are cost-effective and meet market demands primarily for large customers and nationwide orders. GDO is responsible for providing help-desk services primarily through a services office platform and call center platform management (CCPM).

Product Supply Center ("PSC"). Desktop Services also provides Product Supply, Product Life Cycle and E-Supply services through its Product Supply Center. PSC is the central IT hardware purchasing unit for customers and also for divisions and affiliates within the Deutsche Telekom group. PSC is responsible for the logistics of delivery of products (product supply) and for the transportation of desktop hardware and software from the supplier to the customer (product life cycle).

Principal Markets

T-Systems' business model is primarily focused on large business customers, German and non-German multinational corporations, and international telecommunication carriers and broadcasters (including companies that provide content for broadcast media). During 2003, T-Systems provided services to more than 1,500 large business customers (and approximately 10,000 subsidiaries of such customers) in Germany. T-Systems services customers according to T-Systems' Industry Lines: manufacturing, public and healthcare, services and finance and telecommunications. Most of these customers are German or European-based with operations in various countries around the world.

Suppliers

The principal goods and services purchased by the T-Systems division are computer hardware for client servers and mainframes, computer standard and applications software, network capacity and network services, telecommunications network components and IT consulting services. T-Systems manages, on behalf of customers, the risk in the supplier relationship as well as quality and cost considerations. We do not believe that T-Systems is dependent on any single supplier.

Competition

T-Systems operates in markets that are subject to intense competitive pressures. T-Systems faces a significant number of competitors, ranging from large IT and telecommunications providers to an increasing number of relatively small, rapidly growing and highly specialized organizations. T-Systems believes that its combination of service, performance, quality, reliability and price are important factors in maintaining its strong competitive position.

The principal competitors of T-Systems in the telecommunications area include AT&T, MCI Worldcom Inc., France Telecom/ Equant, British Telecom, Cable & Wireless and Colt Telecom Group Plc. The principal competitors of T-Systems in the information technology area include IBM Global Services, EDS, CSC, Cap Gemini Ernst & Young and Siemens Business Services (Siemens SBS).

T-Systems holds different market positions in different regions of the world. In Germany, T-Systems is the market leader in the IT and TC areas. In Western Europe, T-Systems is one of the five largest vendors, together with IBM Global Services, EDS and Siemens SBS in IT, and with BT Global Services, FT/ Equant and Telefonica in the telecommunication industry. Globally, T-Systems ranks among the top ten IT and TC companies. IT competitors include IBM, EDS, CSC, Cap Gemini Ernst & Young and Siemens SBS. In the TC area, T-Systems competes with AT&T, MCI, NTT, FT/ Equant and BT-Global Services.

Competition in the telecommunications area (including IP services, network services, voice and data communications) is very intense. The competitive landscape in 2003 was characterized by suppliers attempting to reduce their indebtedness and increase profitability by a strategic refocusing and concentrating on their core businesses, increased efficiency and processes. In the marketplace, cus-

tomers view financial stability as important criteria for choosing a supplier. In addition to the concentration on core businesses, all global competitors, including T-Systems, developed a portfolio of IP-based (Internet Protocol) business solutions on a quality-of-service platform (IP-MPLS). The IP-based solutions are more efficient and cost-effective and provide a high level of flexibility.

In the information technology area, competition is intense and the current market is characterized by strong pricing pressures, reduced IT budgets of customers and an extension of customers' sales cycles. As a result of these competitive pressures, many companies, including T-Systems, are attempting to maintain or expand market share through improved productivity, cost-cutting and efficiency measures, reliance on IT expertise and maintenance of existing customer relationships. This situation has also led to consolidation of the IT sector, which is expected to continue for the foreseeable future. T-Systems believes, based in part on independent market analyst reports, that global IT services markets during 2004 will recover slowly with higher market growth rates thereafter. However, T-Systems believes that markets will not achieve growth rates of the past and that competition will remain intense.

Like many of its competitors, T-Systems provides outsourcing services to large enterprises and therefore must allocate significant resources to projects for these customers. Although the allocation of resources in this way has not adversely affected T-Systems' business in the past, it is possible that intensified competitive and cost reduction pressures may result in reduced profit margins and/or loss of market opportunities.

T-Systems believes that it can compete effectively, largely due to its strategy of providing comprehensive solutions (planning, building and operating) to its customers' needs across a broad spectrum of IT and telecommunications activities. T-Systems believes that through its focus on solutions with higher margin potential and in which the company has substantial industry specific expertise, it can respond to customers' requirements acting as a telecommunications and information technology partner able to support customers in the most effective and efficient manner possible.

T-Mobile

Principal Activities

The principal services offered by the T-Mobile division are digital mobile telephony services based on the mobile telecommunications technology known as Global System for Mobile Communications ("GSM") and non-voice services such as Short Message Services ("SMS"), Multimedia Messaging Services (MMS) and other data services to residential and business subscribers based on Circuit Switched Data ("GSD") or General Packet Radio Service ("GPRS") technologies. T-Mobile also operates "HotSpots" (wireless local area networks or W-LAN) which can be used currently by customers in more than 4,500 public locations in Germany, Austria, the Czech Republic, the United Kingdom, the Netherlands and the United States.

Deutsche Telekom's T-Mobile division offers international roaming services for GSM and GPRS to subscribers through a large number of international roaming agreements with third-party operators, so that subscribers can access mobile services while they are outside their home network service area. The T-Mobile division also sells mobile handsets to subscribers in conjunction with its service offerings.

Mobile voice and data services are offered both on a prepay basis and on a contract basis. Subscribers purchase contract services on the basis of fixed monthly fees and pay time-based airtime, or per message, fees. Some contract service offerings include a limited amount of airtime, data volume or messages in the monthly fee. Prepay services are purchased on the basis of monetary increments that are recorded on the subscribers' cards and then deducted based on airtime or messaging usage fees as the cards are used. W-LAN services are sold on both a monthly subscription basis and on various usage based plans.

Usage fees can vary according to the tariff plan selected by the customer, the day and time of day when a call is made, the destination of the call, the location where the call originates and, in some

cases, other provisions applicable to the tariff plan and whether the called party is also a customer of the same network.

Alliances

In July 2003, T-Mobile entered into an alliance with Telefonica Moviles, Telecom Italia Mobile (TIM) and Orange S.A. The alliance came into effect with the establishment of an association as legal entity in The Netherlands in December 2003. It is open to other mobile communication companies. The alliance aims to make mobile services more widely available and seamless in all countries in which the alliance members operate. Alliance members seek to cooperate in several key areas, including the development of joint services relating to roaming, voice, data and the development and purchasing of handsets. Initial products of the alliance include seamless services across markets like GPRS, Virtual Direct Interconnect and MMS, and the alliance focuses on multi-national customers across Europe.

New Services

T-Mobile launched its mobile data services across the European markets and in the United States between 2000 and 2003. In April 2003, T-Mobile's mobile multimedia services, such as surfing, messaging, and downloads, were bundled and branded as "t-zones". Messaging (SMS and MMS), Internet browsing and downloads are the main portion of mobile data services.

Mobile data services can be used through handsets using GSM/GPRS and in the future also Universal Mobile Telecommunications System ("UMTS"). T-Mobile has made substantial investments in UMTS. T-Mobile invested EUR 8.5 billion in UMTS licenses in Germany, EUR 171 million in Austria, EUR 395 million in The Netherlands, EUR 6.6 billion in the United Kingdom and EUR 103 million in the Czech Republic. These investments in licenses do not include the costs of UMTS network build-out in these countries. Through 2003, T-Mobile has invested over EUR 300 million in UMTS networks. Deutsche Telekom expects to invest amounts in excess of its 2003 investments during each of the next three years. The investments should enable it to meet the minimum coverage requirements established under its UMTS licenses. To reduce costs and increase efficiency, T-Mobile has entered into network sharing agreements with other operators.

T-Mobile has met or exceeded all regulatory requirements with respect to its UMTS licences in the United Kingdom, Germany and Austria.

Principal Markets

The T-Mobile division's principal markets include Germany, the United States, the United Kingdom, Austria, the Czech Republic, The Netherlands, Poland and Russia.

T-Mobile Deutschland and the other mobile communications subsidiaries of Deutsche Telekom count contract customers as subscribers for the length of their contracts and count prepay customers as subscribers as long as they continue to use its service and then for a prescribed period thereafter, which differs according to the particular market. Generally, at the end of this time, or in the case of payment default or voluntary disconnection, the subscribers are canceled or "churned." The churn rate for any given period represents the number of subscribers whose service was discontinued during that period, expressed as a percentage of the average number of subscribers during that period, based on beginning and period-end figures.

Germany

Through T-Mobile Deutschland, Deutsche Telekom offers mobile communications services to individual and business subscribers in Germany. At 31 December 2003, T-Mobile Deutschland had approximately 26.3 million subscribers as compared to approximately 24.6 million subscribers at 31 December 2002. Of the total subscribers at 31 December 2003, approximately 12.6 million were contract subscribers, as compared to approximately 11.5 million at 31 December 2002. T-Mobile Deutschland

had approximately 13.8 million prepay subscribers at 31 December 2003, as compared to approximately 13.1 million at 31 December 2002.

T-Mobile Deutschland's average churn rate for 2003 was 1.4% per month compared to 1.5% per month in 2002. In 2003 for the first time, the average prepay churn rate did not exceed the average contract churn rate. This is mainly due to the fact that, after years of fast prepay growth, the portfolio of prepay subscribers has become more stable.

Generally, a prepay customer in Germany is churned after a period of 15 months if the customer has neither originated nor received a data or voice communication in that period.

North America

In May 2001, Deutsche Telekom acquired all of the outstanding equity securities of VoiceStream Wireless Corporation and of Powertel, Inc., two formerly independent U.S. mobile operators, in exchange for shares of Deutsche Telekom having a market value on the acquisition date of EUR 28.7 billion plus EUR 4.9 billion in cash. As of 31 May 2001, these companies became fully consolidated within the T-Mobile division. VoiceStream Wireless Corporation was renamed T-Mobile USA, Inc. in August 2002. Shortly thereafter, both T-Mobile USA and Powertel began marketing their services under the T-Mobile brand. On 31 December 2003, Powertel, Inc., became a wholly owned subsidiary of T-Mobile USA, Inc.

Through T-Mobile USA, Deutsche Telekom offers mobile communications services to individual and business subscribers in the United States. At 31 December 2003, T-Mobile USA had approximately 13.1 million subscribers, as compared to approximately 9.9 million at 31 December 2002. Of the total subscribers at 31 December 2003, approximately 11.7 million were contract subscribers, as compared to approximately 8.6 million at 31 December 2002, and approximately 1.4 million were prepay subscribers, approximately the same as at 31 December 2002.

T-Mobile USA's average churn rate for 2003 was 3.1% per month, down from 4.0% per month in 2002. The improvement reflects lower churn of prepay subscribers as the average churn rate for contract subscribers was stable at 2.5% in both 2003 and 2002.

T-Mobile USA entered into an agreement with Cingular Wireless LLC ("Cingular") in November 2001 to share in the ownership and operation of certain GSM network infrastructures. Deutsche Telekom contributed its network assets in the New York City market, and Cingular contributed its network assets which cover most of California and parts of Nevada (the "California/Nevada market"), to a newly formed joint venture entity, GSM Facilities. Contractual termination provisions provide for an orderly unwinding of GSM Facilities over a two year period in the event of notice of termination by either party following a change in control of a party, material breach or at the discretion of either party. In an unwinding, the New York City market network assets would be returned to T-Mobile USA and the California/Nevada market network assets would be returned to Cingular, with a settlement between the parties to adjust for contribution differences. Under some circumstances, an unwinding would also include the exchange of certain predetermined spectrum licenses between Cingular and T-Mobile USA, although the spectrum licenses are not held by GSM Facilities. Additionally, an unwinding caused by certain actions of either party may result in a substantial cash termination payment by that party. In the event of such termination, T-Mobile USA would incur substantial capital expenditures or other costs to service its customers in the California/Nevada market and to enhance the network in the New York City market which could materially impact the company's operating results and debt levels. In February 2004, Cingular announced an agreement to acquire AT&T Wireless. Deutsche Telekom is not able to judge if and when this transaction will close. Such transaction may be deemed a qualifying consolidation event permitting Cingular to exercise its right to terminate the GSM Facilities arrangement, as noted above, and may result in the consequences noted above.

United Kingdom

In October 1999, Deutsche Telekom purchased T-Mobile UK (formerly One 2 One) in the United Kingdom, for a purchase price of EUR 10.9 billion (including the assumption of outstanding shareholder loans).

Through T-Mobile UK, Deutsche Telekom offers mobile communications services to individual and business subscribers in the United Kingdom. At 31 December 2003, T-Mobile UK had approximately 13.6 million subscribers, as compared to approximately 12.4 million at 31 December 2002. Of the total subscribers at 31 December 2003, approximately 2.7 million were contract subscribers, as compared to approximately 2.2 million at 31 December 2002, and approximately 11.0 million were prepay subscribers, as compared to approximately 10.2 million at 31 December 2002.

Of the total number of T-Mobile UK subscribers at 31 December 2003, approximately 3.6 million were subscribers of Virgin Mobile, a joint venture between T-Mobile UK and the Virgin Group. Virgin Mobile is a so-called mobile virtual network operator ("MVNO") established jointly by T-Mobile UK and the Virgin Group. As a virtual network operator, Virgin Mobile purchased airtime minutes and basic mobile services from T-Mobile UK and resells these minutes and services under the "Virgin Mobile" brand name. On 29 January 2004, T-Mobile UK, Virgin Group and Virgin Mobile entered into a new agreement pursuant to which Virgin Group acquired T-Mobile's stake in Virgin Mobile. At the same time, all outstanding litigation are settled and a new telecom supply agreement was signed running for a minimum of 10 years, including improved access to GPRS and UMTS services for Virgin Mobile and the end of the monthly marketing support contribution by T-Mobile. Under the new agreement, Virgin Mobile will receive inbound and outbound call revenues. In addition, in the event Virgin Mobile consummates a public offering of its equity securities, Deutsche Telekom will receive a specified amount of the proceeds up to certain limits.

T-Mobile UK's average monthly churn rate during 2003 was 2.9%, as compared to 2.2% per month in 2002. The increase in churn was predominantly caused by a significant clean up of the inactive prepay customer base. Prepay churn rate was 3.1% on average in 2003 compared to 2.0% in 2002. Contract churn decreased to 2.3% in 2003 compared to 2.7% in 2002.

Austria

Through T-Mobile Austria, the T-Mobile division offers mobile communications services to individual and business subscribers in Austria. At 31 December 2003, T-Mobile Austria had approximately 2.0 million mobile communications subscribers, essentially unchanged as compared to the number of subscribers at 31 December 2002. Of the total subscribers at 31 December 2003, approximately 1 million were contract subscribers and approximately 1 million were prepay subscribers.

T-Mobile Austria's average churn rate during 2003 was 1.7% per month, as compared to 2.3% in 2002. The churn rate in 2002 was significantly affected by the disconnection of a high number of prepay subscribers. T-Mobile Austria churns prepay subscribers twelve months after their last charged data/voice communication and last reload of their prepay cards.

Czech Republic

T-Mobile International holds an equity interest of approximately 92% in Cmobil, which owns an equity interest of 61% in the Czech mobile communications network operator T-Mobile Czech Republic (formerly RadioMobil). At 31 December 2003, T-Mobile Czech Republic had approximately 3.9 million subscribers, as compared to approximately 3.5 million at 31 December 2002. Of the total subscribers at 31 December 2003, approximately 0.9 million were contract subscribers, as compared to approximately 0.7 million at 31 December 2002. T-Mobile Czech Republic had approximately 3.1 million prepay subscribers at 31 December 2003, as compared to approximately 2.8 million at 31 December 2002.

T-Mobile Czech Republic's average churn rate during 2003 was 1.0% per month, as compared to 0.9% in 2002. The overall rise was driven by an increase in the prepay churn rate, while a lower contract

churn rate partly compensated for this effect. Generally, a prepay customer is churned after a period of twelve months if no originating or receiving communication is recorded.

The Netherlands

Since September 2002 T-Mobile International owns all shares of Ben Nederland Holding, B.V., whose wholly-owned subsidiary, Ben Nederland B.V. is one of five operators in the Dutch mobile communications market. At 31 December 2003, T-Mobile Netherlands (formerly Ben) had approximately 2.0 million subscribers, as compared to approximately 1.4 million at 31 December 2002. At the end of 2003, about 0.9 million subscribers were on contract and 1.1 million on prepay compared to 0.6 million contract subscribers and 0.8 million prepay subscriber end of 2002.

The average churn rate for 2003 was 2.6% per month, as compared to an average churn rate of 2.8% in 2002. Improved network quality in The Netherlands is the main reason for this reduction. If they have not originated or received a call for a period of 180 days, prepay subscribers at T-Mobile Netherlands are churned and removed from the subscriber base.

Minority Shareholdings: Poland

T-Mobile International holds a 49.0% equity interest in Polska Telefonia Cyfrowa Sp. z o.o. ("PTC"). At 31 December 2003, PTC had approximately 6.2 million subscribers, as compared to approximately 4.9 million at 31 December 2002.

On 25 August 2003 Deutsche Telekom made the other shareholders of PTC a cash offer to acquire the remaining shares of PTC. A general agreement was reached on 14 September 2003 concerning a revised offer for EUR 1.1 billion. On 26 September 2003 Deutsche Telekom announced that no definite agreement on increasing its stake in PTC had been reached.

Minority Shareholdings: Russia

After the divestiture of approximately 15% of its stake in Mobile TeleSystems OJSC ("MTS"), a Russian mobile telecommunications company, in 2003 T-Mobile International currently holds an equity interest of approximately 25.1% in MTS. At 31 December 2003, MTS had approximately 16.7 million subscribers, as compared to approximately 6.6 million at 31 December 2002. The large increase in the subscriber base was primarily attributable to several acquisitions made in 2003 and organic growth.

Suppliers

T-Mobile purchases IT and network components, as well as mobile handsets for purposes of resale, from a number of different suppliers. T-Mobile seeks to address the risk of delays in the supply of equipment and other technologies by using multiple suppliers where appropriate and by negotiating contractual penalties to be enforced if the supplier does not meet the agreements in time and quality. Such penalty provisions, even if obtained, may not fully mitigate the harm to Deutsche Telekom's business by such delays or poor quality.

T-Mobile believes it has reduced its technological risks by contracting with multiple suppliers who have a significant market share in UMTS infrastructure and handset business.

Competition

General

Competition in mobile communications is generally intense and conducted on the basis of price, subscription options offered, offers of subsidized handsets, coverage, range of services offered, innovation and quality of service.

In the past, competition in the European mobile communications market has been conducted at the national level. Increasingly, however, competition in this market is being conducted on a more international basis as international services are being introduced and as the number of mobile brands in Europe is shrinking.

In Germany, the United Kingdom, Austria, the Czech Republic and The Netherlands, the rate of mobile phone penetration is quite high. As a result, growth in the number of T-Mobile subscribers in these markets is expected to be significantly lower than in past years, and the focus of competition will shift from customer acquisition to customer retention and to increasing average revenues per user by stimulating demand for voice usage and new data products and services. In this connection, the timely introduction of new technologies that permit faster data transmission and enhanced services is highly significant. Churn rates could rise as mobile network operators seek to acquire subscribers of other mobile network operators. While the focus of competition is shifting, Deutsche Telekom expects that competition will intensify. Large numbers of subscribers in Europe have taken advantage of prepaid tariff packages. Since these prepaid subscribers are not bound to T-Mobile or other operators by contract, this trend may generate additional competitive pressure in the future.

The global mobile communications industry has been undergoing consolidation in recent years, which may increase competitive pressure and it is expected that consolidation will continue in the coming years.

In addition, new technologies can be expected to draw subscribers from existing technologies, including those of Deutsche Telekom. The competitive dynamics of the mobile telecommunications industry therefore could change in ways that Deutsche Telekom cannot predict and that could adversely affect its results of operations and thus its financial position.

Germany

In Germany, T-Mobile Deutschland faces intense competition from the network operators Vodafone D2 (formerly Mannesmann D2), E-Plus and O2 (formerly Viag Interkom). In 2003, T-Mobile Deutschland maintained its market leadership position in terms of number of subscribers, although its competitors gained some ground.

Deutsche Telekom believes T-Mobile Deutschland had a subscriber market share of approximately 40.6% at 31 December 2003, while Vodafone D2 had a subscriber market share of approximately 38.1%, E-Plus had a subscriber market share of approximately 12.7% and O2 had a subscriber market share of approximately 8.6% at that date. The penetration rate in the German mobile communications market was approximately 78.3% at 31 December 2003.

In 2003, T-Mobile and Vodafone tended to focus on subscriber growth and increasingly on the improvement of subscriber quality. E-Plus offered prepaid and contract products comparable to those of T-Mobile and Vodafone. O2 emphasized niche products, such as O2Genion. As a result of its strategy, O2 is the only German mobile network operator having more contract than prepaid subscribers.

In the retail market, in addition to competition from other network operators, T-Mobile Deutschland faces significant competition from resellers.

In August 2000, six UMTS licenses were awarded to the four existing mobile communication network operators, the reseller Mobilcom and Quam, a joint venture owned by Telefonica and Sonera. On 23 December 2003, Mobilcom returned its UMTS license to the German telecommunications regulator.

North America

T-Mobile USA faces intense competition in the United States mobile telecommunications market from the other five national mobile providers, Verizon Wireless, Cingular, AT&T Wireless, Sprint PCS and Nextel, and from various regional operators. The six national carriers are estimated to represent over 80% of the total U. S. mobile telephony subscriber base. T-Mobile USA's subscriber market share

measured against the other nation-wide operators was approximately 10.3% at 31 December 2003, as compared to approximately 8.9% at 31 December 2002. Most of these competitors had been operating in the U.S. mobile telecommunications market for a considerable time prior to the entry of T-Mobile USA's predecessors into the market.

In February 2004, Cingular announced an agreement to acquire AT&T Wireless. If this transaction will close, the completed transaction would create the largest wireless services provider in the United States based on the number of subscribers. A combined Cingular/AT&T and Verizon Wireless, Deutsche Telekom's largest competitors in the United States, have potential advantages of size and scale that could allow them to deliver services in a more cost efficient manner and thereby negatively affect its competitive situation. As described above, the potential unwind of Deutsche Telekom's network sharing joint venture with Cingular may also negatively affect Deutsche Telekom's competitive situation.

The numerous differences between the U.S. and European mobile telephony markets result in different competitive pressures in the markets. In the United States, coverage is a key competitive factor as is the perceived value of bundles of minutes, features and services at the popular price points. To the extent that the competitive environment requires us to decrease prices or increase service and product offerings, Deutsche Telekom's revenues could decline, its costs could increase and its customer retention could be adversely affected.

United Kingdom

In the United Kingdom, T-Mobile UK faces intense competition, principally from Vodafone, mmo2 and Orange, a subsidiary of France Telecom. Deutsche Telekom believes T-Mobile UK had a subscriber market share of approximately 25.0% at year end 2003 compared to 24.0% at the end of 2002. Compared to its competitors, T-Mobile UK's customer base, including customers of Virgin Mobile, has a lower proportion of business subscribers. The penetration rate in the British mobile communications market was approximately 86.2% at 31 December 2003.

In the retail market, in addition to competition from other network operators, T-Mobile UK faced significant competition from resellers and virtual network operators.

In addition to the existing mobile operators, T-Mobile UK faces competition from "3" (a brand name of Hutchison 3G UK Limited), which started operation in 2003, aiming mainly at customers for UMTS services.

Austria

In Austria, T-Mobile Austria faces competition from Mobilkom (A1), Connect Austria (One), tele.ring, H3G and tele2. Deutsche Telekom believes T-Mobile Austria's year-end 2003 subscriber market share to be 31%, decreasing from 32% at the end of 2002 mainly due to strong and price aggressive competition from tele.ring and due to the entrance of H3G and tele2 in the Austrian mobile market. The penetration rate in the Austrian mobile communications market was approximately 83% at 31 December 2003, compared to approximately 80% at 31 December 2002.

Czech Republic

In the Czech Republic, T-Mobile Czech Republic faces competition from Eurotel Praha, spol s. r. o. and Cesky Mobil. Deutsche Telekom believes T-Mobile Czech Republic had a subscriber market share of approximately 41%, which is the same as in 2002. The penetration rate in the Czech mobile communications market was approximately 94% at 31 December 2003, up by approximately 10 percentage points in comparison to 31 December 2002.

The Netherlands

In The Netherlands, T-Mobile Netherlands faces intense competition from KPN Mobile, Vodafone, Telfort (formerly O2) and Orange (formerly Dutchtone). Deutsche Telekom believes KPN Mobile and Vodafone had subscriber market shares of 38% and 26% at the end of 2003, compared to 42% and 27% at December 31, 2002. The subscriber market share of T-Mobile Netherlands increased to approximately 15% at 31 December 2003, compared to approximately 12% at 31 December 2002. Compared to its competitors, T-Mobile Netherlands has a higher proportion of contract subscribers, generally leading to a more stable subscriber base, and higher average usage and revenues per user. The penetration rate in the Dutch mobile telecommunications market was approximately 78% at December 2003, compared to 76% at 31 December 2002.

In the Dutch retail market, in addition to competition from other network operators, T-Mobile Netherlands competes with an increasing number of MVNO's.

T-Online

General

Deutsche Telekom offers Internet services in Europe for residential customers and for small- and medium-sized business customers through its majority-owned subsidiary, T-Online International AG. As of December 31, 2003, Deutsche Telekom hold a controlling ownership interest of approximately 73.9% in T-Online International AG, the shares whereof are listed in the Prime Standard segment of the Frankfurt Stock Exchange. T-Online provides its customers access to the Internet and, through its own Internet portal, an extensive range of products and value-added services, such as e-mail, online chats, web hosting, web organizer and international Internet access.

On 10 December 2003, the supervisory board of T-Online International AG approved the acquisition of 100% of the shares of the Internet portal operator Scout 24 AG from Beisheim Holding Schweiz. Subject to agreed closing adjustments, the total purchase price for Scout 24 AG is expected to be approximately EUR 180 million, including the purchase price of a shareholder loan.

Principal Markets

The T-Online division includes the activities of the T-Online International AG subsidiary in Germany, which contributes almost 90% of the revenues of the division. T-Online also operates through wholly owned subsidiaries in France, Spain and certain other European countries.

With more than 13.1 million subscribers at 31 December 2003, T-Online is one of the largest European Internet service providers ("ISP"), based on revenues and number of subscribers. T-Online estimates that approximately 3.6 million, or 27.2%, of its total customers had broadband access to the Internet in 2003.

Subscribers

	31 December		
	2003	2002	2001
	(in thousands)		
Broadband (ADSL connection for which the transmission rate is greater than 128 kbit/s)			
Germany	3,308	2,642	1,358
Rest of Europe	264	156	28
Group	<u>3,572</u>	<u>2,798</u>	<u>1,386</u>
Narrowband (dial-up connection with a transmission rate of up to 128 kbit/s)			
Germany	7,477	7,320	7,406
Rest of Europe	2,084	2,127	1,867
Group	<u>9,561</u>	<u>9,447</u>	<u>9,273</u>
Total	<u>13,133</u>	<u>12,245</u>	<u>10,659</u>

Germany

In the past year, T-Online International AG retained its leading position in the German ISP market with 10.8 million subscribers at 31 December 2003. By the end of 2003, T-Online's broadband customer base in Germany had increased to approximately 3.3 million, representing over 30% of T-Online's total customer base in Germany. These customers generally use the Internet more frequently and for longer periods of time than narrowband users. They are also heavier users of e-commerce. T-Online considers broadband customers one of the key growth drivers in the Internet industry.

The high level of demand for the T-DSL flat rate plan – unlimited usage for a monthly fee – continued during 2003. The T-DSL flat rate subscriber base increased by 21% to approximately 2.0 million at the end of 2003 as compared to the end of 2002. Narrowband access continued the trend of slower growth in 2003 compared to broadband access due to increasing demand for broadband access.

T-Online continues to offer Internet access via wireless local area networks (W-LANs) in specific public places. The focus of the W-LAN strategy is cooperation with strong regional and national partners, with T-Online relying on these partners' existing technologies rather than setting up its own W-LAN infrastructure. T-Online's W-LAN partners include MainSurf, the leading local W-LAN supplier in the Rhine-Main region, and BerlinNet. In the future, T-Online plans to cooperate with T-Com and T-Mobile to provide greater W-LAN coverage. Customers of all three divisions will be able to use Hot-Spots branded with the "T-HotSpot" logo.

To become Europe's leading Internet media network T-Online developed its own portal into a multi-access theme portal. Numerous content offers of T-Online are available not only through personal computers, but also on mobile devices. Themed content with respect to news, sport, finance, entertainment and games are available for mobile users as well. In August 2003, T-Online presented the new structure and graphic design of its homepage to conform to T-Online's combined business model, which focuses on access, content, services, and e-commerce. T-Online's Internet portal now combines new product areas for current topics, services, and shopping, offering information and entertainment, services and access products, and a variety of e-commerce services. T-Online's content partners include ZDF television, Axel Springer publishers and the Burda People Group. In 2003, T-Online expanded its media network strategy and benefited from the increase in paid content and service offers.

The product portfolio of the broadband portal, T-Online Vision, was expanded to include for the first time productions of the major U.S. film studios Dreamworks, Metro-Goldwyn-Mayer and Universal, as well as Germany's Constantin Film AG. Through the broadband portal, T-Online Vision – (www.t-online-vision.de), T-DSL users can access films in streaming mode and view them for a fee. With musicload, T-Online provides its users in Germany with a product range from the catalog of major record companies, such as Sony Music, BMG EMI, Warner, Kontor and EDEL, and is strengthening its position in the e-commerce sector and lending important momentum to the digital distribution of music products.

The strategic importance of these services is to strengthen customer relationships.

During 2003, the existing service portfolio was expanded and new Internet services were developed and launched, such as web-hosting, office applications, security and business information.

Rest of Europe

The international business of T-Online is represented by T-Online France and Ya.com. T-Online France, operating under the name of Club Internet, has continued to develop its Internet business beyond simple Internet access. In September 2002, Club Internet was the first ISP in France to present a live portal with ADSL-specific content ("Club Haut Debit"). The product range of this portal includes video-on-demand, music download and games-on-demand, and has been expanded with products such as web-radio and live streaming TV channels. Club Internet's cooperation with the Internet shopping platform "Best of micro-Buy-central" is intended to grow its e-commerce revenues. This shopping platform encompasses the product range of more than 300 retailers. Club Internet also launched a range of new services on a pay-per-use basis, such as firewall software, antivirus software, mobile

e-mail, paid services (horoscopes, IQ-tests) and photo services. Ya.com is one of the three leading ISPs in Spain. Besides providing narrowband and broadband Internet access in Spain, Ya.com develops content, services and e-commerce offerings for Internet users in Spain and Portugal. Through its Ya.com Travel S. L. subsidiary, operating under the name Viajar.com, Ya.com has already become one of Spain's top three online travel agencies in terms of revenues. During 2003, Ya.com also extended the scope of its paid services. The introduction of downloadable cell phone logos, for example, was very popular among Spanish users.

T-Online France and Ya.com also capitalized on the expansion of the broadband market in their respective countries to increase their customer bases. At 31 December 2003, the broadband customer base in Deutsche Telekom's activities in the rest of Europe was approximately 264,000 subscribers, compared with approximately 156,000 at the end of 2002. T-Online France increased its base of ADSL subscribers by approximately 67% compared with the same period last year, while Ya.com's ADSL customer base increased by more than 72% in 2003 compared with 2002.

Competition

The German and European markets for Internet access and portal services have been and will continue to be highly competitive. In the market for Internet access services, competition occurs in several areas, including pricing, brand recognition, network speed and reliability, customer support and timely introduction of new products and services. The regulatory environment can also exert a significant influence on the level of competition. For Internet access providers, the terms on which they and their customers are able to secure telecommunications network services from carriers are important factors in the development of the market, and these services are generally regulated to promote competition. In the market for portal services, T-Online faces competition from websites maintained by Internet service providers, Internet information retrieval services, online community websites, home page services, e-commerce retailers and shopping portals, among others, as well as from traditional media, including newspapers, magazines, radio and television.

Group Headquarters and Shared Services

As part of its four-pillar strategy, Deutsche Telekom assigned its telecommunications industry activities to its four corresponding divisions. Its internal reorganization was completed, both in terms of organization and staffing, in the first half of 2003. Accordingly, although the T-Com division and a number of our departments do not have legal identity separate from that of Deutsche Telekom AG, they are managed as though they are separate legal entities or assigned to specific divisions. Group Headquarters and Shared Services, through various departments, focuses on administrative, governance, treasury and finance matters relating to the group as a whole. Operating activities not directly related to the core businesses of the divisions, such as the administration of Deutsche Telekom's real estate within Germany, domestic billing services, domestic fleet management, Vivento (formerly known as the Personnel Services Agency ("PSA")) and the domestic training center, are also included in Group Headquarters and Shared Services.

Activities in Germany

The real estate unit is, based on revenues, the largest shared service within Group Headquarters and Shared Services. The real estate unit is responsible for renting and selling commercial real estate and for providing facility management services for the Deutsche Telekom group in Germany. Such real estate operations are carried out on behalf of Deutsche Telekom by the separate legal entities such as GMG Generalmietgesellschaft mbH, DeTe Immobilien, Deutsche Telekom Immobilien und Service GmbH, Sireo Real Estate Asset Management GmbH and DFMG Deutsche Funkturm GmbH.

The Billing Services unit provides billing services for Deutsche Telekom's divisions (except T-Mobile) within Germany. In 2004, the Billing Services unit intends to broaden its service portfolio by integration of Deutsche Telekom's accounts receivable department, debt collection business (SAF Forderungsmanagement GmbH), and its risk and credit rating provider (Solventec GmbH). This will enable

the Billing Services unit to operate as a full service provider with end-to-end capabilities in business process management for the billing and management of accounts receivable.

Deutsche Telekom's fleet management company, DeTeFleetServices GmbH, manages fleet operations with approximately 39,000 vehicles throughout all divisions in Germany. It operates as a full service provider of fleet management and mobility services.

With the goal of efficiently implementing its staff restructuring measures in a socially responsible manner, Deutsche Telekom established the PSA in the fourth quarter of 2002. In the second half of 2003, the PSA was repositioned under the name Vivento, with new management and a new business mandate. The agency employs displaced workers, and trains and equips them with other employment qualifications for redeployment within the Deutsche Telekom group or other companies, or for project or temporary assignments. In addition to individual placements, Vivento staffs major projects and workforce-intensive operations and services. In 2004, Vivento took over the call center unit operations of T-Com and intends to expand this operation as a new service within the group and externally.

At 31 December 2003, out of approximately 19,240 of Deutsche Telekom's employees which had been transferred to Vivento, approximately 15,530 employees remained in Vivento and a further 440 were Vivento's permanent staff.

T-Venture Holding GmbH ("T-Venture") is also included in the Group Headquarters and Shared Services. T-Venture's mission is to scout for new products, technologies and services and to acquire access to them. Accordingly, a corporate venture capital investment fund has been established to make investments beyond those made directly by Deutsche Telekom's divisions.

Group Headquarters and Shared Services also includes the establishment and maintenance of international intellectual property rights for the Deutsche Telekom group, including the T-Com, T-Mobile, T-Online and T-Systems brands.

International Activities

In 2003, Deutsche Telekom continued to sell certain of its minority and non-core shareholdings. In December 2003, Deutsche Telekom sold its interest in the satellite operator Inmarsat Venture Plc. In October 2003, most of its interest in Globe Telecom in the Philippines were sold. The remaining shares of its interest in Globe Telecom were sold in February 2004. In June 2003, its remaining interest in Celcom (Malaysia) Berhad was disposed of. Additionally, in February 2003, Deutsche Telekom sold its interest in Eutelsat S. A. and the UMC (Ukrainian Mobile Communications) joint venture. The sale of those minority interests generated aggregate proceeds of approximately EUR 0.7 billion.

Consolidated Financial Statements of Deutsche Telekom AG ¹⁾

Consolidated balance sheets

	As of 31 December	
	2003	2002
	(€ in millions)	
Assets		
Noncurrent assets		
Intangible assets	45,193	53,402
Property, plant and equipment	47,268	53,955
Financial assets	3,190	4,169
	95,651	111,526
Current assets		
Inventories, materials and supplies	1,432	1,556
Receivables	5,762	6,258
Other assets	3,162	3,392
Marketable securities	173	413
Liquid assets	9,127	1,905
	19,656	13,524
Prepaid expenses, deferred charges and deferred taxation	772	771
	116,079	125,821
 Shareholders' equity and liabilities		
Shareholders' equity		
Capital stock	10,746	10,746
Additional paid-in capital	50,092	50,077
Retained earnings	248	248
Unappropriated net income carried forward from previous year	(24,564)	23
Net income / loss	1,253	(24,587)
Cumulative translation adjustment account	(8,017)	(5,079)
	29,758	31,428
Minority interest	4,053	3,988
	33,811	35,416
Accruals		
Pensions and similar obligations	4,456	3,942
Other accruals	11,247	12,155
	15,703	16,097
Liabilities		
Debt	55,411	63,044
Other	10,451	10,541
	65,862	73,585
Deferred income	703	723
	116,079	125,821

⁽¹⁾ Prepared in accordance with German GAAP.

Consolidated statements of income

	For the year ended 31 December	
	2003	2002
	(€ in millions)	
Net revenue	55,838	53,689
Cost of sales	(31,402)	(44,477)
Gross profit	24,436	9,212
Selling costs	(13,505)	(13,264)
General and administrative costs	(4,976)	(6,062)
Other operating income	4,558	3,901
Other operating expenses	(5,084)	(14,915)
Operating results	5,429	(21,128)
Financial income/(expense), net	(4,031)	(6,022)
Results from ordinary business activities (1)	1,398	(27,150)
Income taxes	225	2,847
Income/(loss) after taxes	1,623	(24,303)
Income/(losses) applicable to minority shareholders	(370)	(284)
Net income/(loss)	1,253	(24,587)
Earnings/(loss) per share in €		(5.86)

(1) Including other taxes in accordance with the classification of the statement of income by the cost-of-sales method.

Consolidated statements of cash flows

	For the year ended 31 December	
	2003	2002
	(€ in millions)	
Net income (loss)	1,253	(24,587)
Income/(losses) applicable to minority shareholders	370	284
Income (loss) after taxes	1,623	(24,303)
Depreciation and amortization	12,884	36,880
Income tax expense	(225)	(2,847)
Net interest expense	3,776	4,048
Net losses from the disposition of noncurrent assets	(792)	(428)
Results from associated companies	247	430
Other noncash transactions	(699)	1,144
(Increase)/decrease in capitalized working capital ⁽¹⁾	(542)	184
(Increase)/decrease in accruals	1,584	1,410
(Increase)/decrease in other working capital carried as liability ⁽²⁾	149	101
Income taxes received/(paid)	88	(15)
Dividends received	39	63
Cash generated from operations	18,132	16,667
Interest paid	(4,481)	(6,112)
Interest received	665	1,908
Net cash provided by operating activities	14,316	12,463
Cash outflows from investments in		
– intangible assets	(844)	(841)
– property, plant and equipment	(5,187)	(6,784)
– financial assets	(373)	(568)
– consolidated companies	(275)	(6,405)
Cash inflows from disposition of		
– intangible assets	24	14
– property, plant and equipment	1,055	1,304
– financial assets	1,569	1,130
– shareholdings in consolidated companies and business units	1,510	697
Net change in short-term investments and marketable securities	(18)	226
Other	466	1,187
Net cash used for investing activities	(2,073)	(10,040)
Issuance of short-term debt	(9,214)	(10,012)
Issuance of medium and long-term debt	6,951	11,677
Repayments of medium and long-term debt	(2,879)	(3,472)
Dividends	(92)	(1,582)
Proceeds from share offering	15	1
Change in minority interests	(7)	(47)
Net cash provided by (used for) financing activities	(5,226)	(3,435)
Effect of foreign exchange rate changes on cash and cash equivalents	(43)	(14)
Net increase/(decrease) in cash and cash equivalents	(6,974)	(1,026)
Cash and cash equivalents, at beginning of year	1,712	2,738
Cash and cash equivalents, at end of year	8,686	1,712

⁽¹⁾ Change in receivables, other assets, inventories, materials and supplies and prepaid expenses and deferred charges.

⁽²⁾ Change in other liabilities (which do not relate to financing activities) and deferred income.

Recent Developments and Outlook

Recent Developments

Toll Collect

DaimlerChrysler Services AG, Deutsche Telekom AG, and Compagnie Financière et Industrielle des Autoroutes S.A. ("Cofiroute", together the "Consortium") reached an agreement with the Federal Republic of Germany, represented by the German Federal Ministry of Transport, Building and Housing ("Federal Ministry of Transport") in September 2002 on the establishment and operation of a system for the recording and collection of toll charges for the use of German highways by commercial vehicles with a permissible total weight of more than 12 tons. The start of operations, initially scheduled for 31 August 2003, has been delayed. As described above, on 25 February 2004, Deutsche Telekom received a notice of termination of the agreement, but on 29 February 2004, the Consortium and the Federal Ministry of Transport agreed on modalities for continued cooperation. The new agreement concerns the project plan in particular, as well as issues of liability and remuneration. The implementation of the terms of the agreement reached on 29 February 2004 was agreed in an Implementation Agreement entered into between the members of the Consortium and the Federal Republic on 23 April 2004.

A capital increase in Toll Collect GmbH of EUR 80 million was carried out on 27 February 2004 to extend the financing of Toll Collect GmbH and to comply with the agreed equity guarantee. A further capital increase of EUR 150 million was planned for March 2004. Meanwhile a part of this capital increase is completed. The payment of the outstanding tranches is planned for the next months.

Resignation of Mr Brauner as member of the Board of Management of Deutsche Telekom

Effective 30 April 2004 Josef Brauner will resign from his position as member of the board of management of Deutsche Telekom. His responsibilities will be shared on an interim basis between Mr Kai-Uwe Ricke, Chairman, Dr Karl-Gerhard Eick, Deputy Chairman, and Mr Konrad F. Reiss.

Outlook

In 2004, Deutsche Telekom intends to focus on profitable growth. It expects to employ its cash flow flexibly to take advantage of possibilities that present themselves, including to further reduce debt and – if it perceives opportunities to further enhance the group's value – to increase capital expenditures and also make selective acquisitions. A central part of Deutsche Telekom's strategy consists of six cross-divisional initiatives: broadband, personnel, innovation, quality, efficiency and corporate customers.

The capital expenditures budgeted for 2004 are to be higher than in 2003. The increase is expected to be driven by T-Mobile's focus on the continued roll-out of Deutsche Telekom's UMTS infrastructure in Europe as well as by the quality and capacity enhancement of its GSM network in North America.

Deutsche Telekom International Finance B.V.

– The Issuer –

Incorporation, Seat and Objects

Finance was incorporated on 30 October 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. The company has its corporate seat in Amsterdam and is registered with the Trade Register in Amsterdam under number 33274743. Its address is World Trade Center, Strawinskylaan 1243, NL-1077 XX Amsterdam, The Netherlands.

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

1. (a) The issue and acquisition of debt instruments issued by the company or of debt instruments issued by a limited partnership or a general partnership of which the company is the general partner with full liability;
 - (b) to participate in, to establish and to administer and/or manage, to finance and to render services to companies, firms and enterprises;
 - (c) 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 of this article or which may be promotive thereof, all this in the broadest sense.

Share Capital

The authorised share capital of Finance amounts to € 2,268,901.08 and is divided into 5,000 ordinary shares with a nominal value of € 453.78 each, of which 1,000 shares are issued and fully paid up. The total issued and paid up capital of Finance amounts to € 453,780.

Capitalisation

The following table shows the unaudited capitalisation of Finance in accordance with Dutch GAAP as of 31 March 2004:

	At 31 March 2004
	(€)
Current debt	<u>1,902,635,580.00</u>
Long-term debt:	
Bonds and debentures	37,240,142,300.50
Liabilities to banks	675,175,500.00
Total long-term debt	<u>37,915,317,800.50</u>
Shareholders' equity	<u>37,480,888.29</u>
Total capitalisation	<u>39,855,434,268.79</u>

There has been no material change in the capitalisation of Finance since 31 March 2004.

Supervisory Board

The members of the Supervisory Board of Finance are at present as follows:

Gerhard Mischke
Senior Executive Vice President, Finance, Deutsche Telekom AG

Dieter Cazzonelli
Senior Executive Vice President, Taxes and Risk Management, Deutsche Telekom AG

Dr. Manfred Balz
Senior Executive Vice President, General Counsel, Deutsche Telekom AG

Jürgen Roeder
Vice President, Syndicate Transactions and Rating, Deutsche Telekom AG

Board of Management

The members of the Board of Management of Finance are at present as follows:

Stephan Wiemann

Fred van der Horst

General Meeting of Shareholders

The ordinary general meeting shall be held annually not later than six months after the end of the fiscal year.

Auditors

The auditors of Finance are PricewaterhouseCoopers Accountants N.V., Marten Meesweg 25, NL-3068 AV Rotterdam, The Netherlands. They have audited the financial statements of Finance for the years 2001, 2002 and 2003 and have issued their unqualified opinion in each case.

Fiscal Year

The fiscal year of Finance is the calendar year.

Financial Statements of Deutsche Telekom International Finance B.V. (1)
(after appropriation)

Unconsolidated Balance Sheets

	31 December 2003	31 December 2002
	(€ in thousands)	
ASSETS		
Tangible fixed assets	26	38
Financial fixed assets	38,077,899	35,840,885
Current assets		
Receivables from affiliated companies	2,459,808	4,489,587
Interest receivable from affiliated companies	1,072,983	833,641
Other interest receivable	617	24,359
	3,533,408	5,347,587
Cash in banks	–	19
Prepaid expenses	282,368	253,097
	41,893,701	41,441,626
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	454	454
Retained earnings	34,132	23,489
	34,586	23,943
Long term liabilities		
Bonds	31,287,625	29,173,406
Bank loans	637,484	691,358
MTNs	8,220,536	9,799,265
	40,145,645	39,664,029
Liabilities to affiliated companies	83,047	248,739
Other Liabilities	1,042,107	827,410
Deferred income	588,316	677,505
	41,893,701	41,441,626

Unconsolidated Profit and Loss Account for the fiscal years ended 31 December 2003 and 2002

	2003	2002
	(€ in thousands)	
Income from financing activities	3,153,640	2,589,386
Direct costs of financing activities	(3,136,786)	(2,574,906)
Added value	16,854	14,480
Personnel costs	(286)	(304)
Other operating expenses	(317)	(222)
Total operating expenses	(603)	(526)
Result from ordinary operations	16,251	13,954
Corporate income tax	(5,608)	(4,797)
Net profit	10,643	9,157

(1) The financial statements have been prepared in accordance with Dutch GAAP.

Cash Flow Statement for the year ended 31 December

	2003	2002
(€ in thousands)		
Cash flow from operating activities		
Net result	10,643	9,157
Depreciation	12	4
Other changes in value financial fixed assets	2,085,666	1,915,632
Other changes in value of long-term liabilities	<u>(2,085,928)</u>	<u>(1,914,528)</u>
Cash flow from operating activities	<u>10,393</u>	<u>10,265</u>
Cash flow from investment activities		
Investments in:		
– Other financial fixed assets	(4,322,681)	(8,763,557)
– Receivables	<u>1,784,908</u>	<u>(3,173,894)</u>
	<u>(2,537,773)</u>	<u>(11,937,451)</u>
Cash flow from financing activities		
– Addition from long-term liabilities	2,617,678	11,052,524
– Addition from short-term liabilities	<u>(90,317)</u>	<u>874,681</u>
	<u>2,527,361</u>	<u>11,927,205</u>
Increase/(decrease) cash	<u>(19)</u>	<u>19</u>
Movements in cash		
Cash as at 1 January	19	–
Increase/(decrease) cash	<u>(19)</u>	<u>19</u>
Cash as at 31 December	<u>–</u>	<u>19</u>

To the Board of Management of Deutsche Telekom International Finance B.V.

Auditors' report

In our opinion, the financial information of Deutsche Telekom International Finance B.V. for the years ended 31 December 2003 and 2002, as included in this Information Memorandum on pages 112 and 113, is consistent, in all material respects, with the financial statements for those years from which it has been derived. We issued an unqualified auditors' report on these financial statements on 26 January 2004 and 23 January 2003, respectively.

For a better understanding of the Company's financial position and results and of the scope of our audit, the financial information should be read in conjunction with the financial statements from which it has been derived and our auditors' report thereon.

Rotterdam, 26 April 2004

PricewaterhouseCoopers Accountants N.V.

Taxation

The following is a general discussion of certain German tax consequences of the acquisition and ownership of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this prospectus, which are subject to change, possibly with retroactive effect.

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS IN GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Tax Residents

Payments of interest on the Notes to persons who are tax residents of Germany (*i. e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal or corporate income tax (plus solidarity surcharge (*Solidaritätszuschlag*) thereon). Such interest may also be subject to trade tax if the Notes form part of the property of a German trade or business. If coupons or interest claims are disposed of separately (*i. e.* without the Notes), the proceeds from the disposition are subject to tax. The same applies to proceeds from the redemption of coupons or interest claims if the Note is disposed of separately.

Upon the disposition of a Note carrying interest a holder of the Note will also have to include in his taxable income any consideration invoiced separately for such portion of the interest of the current interest payment period which is attributable to the period up to the disposition of the Note ("**Accrued Interest**"). Accrued Interest paid upon the acquisition of the Notes may be declared as negative income for personal income tax purposes.

If for the determination of the issue price of the Note the redemption amount is reduced by a discount or if the redemption amount is increased as compared with the issue price of the Note (as, for example, in the case of a discounted Note or a Note with accrued interest added), the difference between the redemption amount and the issue price of the Note ("**Original Issue Discount**") realized when a Note held as a non-business asset is redeemed to its initial subscriber will be taxable investment income, however, only if the Original Issue Discount exceeds certain thresholds: in such case, the Note is classified as a financial innovation under German tax law.

If the Note qualifies as a financial innovation (*Finanzinnovation*) under German tax law, including, among other things, zero coupon Notes or other, discounted Notes or Notes with accrued interest added as well as floating rate Notes, and is purchased or disposed of while outstanding, or redeemed at maturity, such position of the proceeds from the disposition of the Note or of the redemption amount of the Note which equals the yield to maturity of the Note attributable to the period over which the holder has held such Note, minus interest, including Accrued Interest, already taken into account will be subject to personal or corporate income tax (plus solidarity surcharge) in the year of the disposition, assignment or maturity of the Note, provided, the holder of the Note is an individual. The yield to maturity is determined by taking into account the Original Issue Discount. If the Notes do not have a predetermined yield to maturity (e.g. in the case of floating rate Notes) or the holder does not give proof thereof, the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Note is subject to personal or corporate income tax in the year of the disposition, assignment or maturity of the Note. Where the Note is expressed in a currency other than the Euro, the difference will be computed in the foreign currency. If, however, the Note forms part of the property of a German trade or business, in each year the yield to maturity of the Note to the extent attributable to such period must be taken into account as interest income by the initial subscriber of the Note and is subject to personal or corporate income tax (plus solidarity surcharge) and trade tax.

Capital gains from the disposition of Notes other than income described in the preceding paragraph are only taxable to a German tax-resident individual if the Notes are disposed of within one year after their acquisition or form part of the property of a German trade or business. In the latter case the capital gains may also be subject to trade tax. Capital gains derived by German-resident corporate holders of Notes will be subject to corporate income tax (plus solidarity surcharge thereon) and trade tax, even if the Notes do not qualify as financial innovations.

If the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German financial or financial services institution (the **"Disbursing Agent"**) a 30% withholding tax on interest payments (*Zinsabschlag*), plus 5.5% solidarity surcharge on such tax, will be levied, resulting in a total tax charge of 31.65% of the gross interest payment. Withholding tax is also imposed on Accrued Interest.

In addition, if the Notes qualify as financial innovations, as explained above, and are kept in a custodial account which the Noteholder maintains with a Disbursing Agent such Agent will generally withhold tax at a rate of 30% (plus solidarity surcharge at a rate of 5.5% thereon) from interest payments, Accrued Interest as well as from the positive difference between the redemption amount (or the proceeds from the disposition or assignment) and the issue price (or the purchase price) of the Notes if the Note has been kept in a custodial account with such Agent since the time of issuance or acquisition, respectively. If the Notes have been transferred into the custodial account of the Disbursing Agent only after such point in time, withholding tax at the aforementioned rate will be levied on a lump-sum basis of 30% of the proceeds from the disposition, assignment or redemption of the Notes. Where the Note is expressed in a currency other than the Euro, the aforementioned difference will be computed in foreign currency.

In computing the tax to be withheld the Disbursing Agent may deduct from the basis of the withholding tax any Accrued Interest paid by the holder of a Note to the Disbursing Agent during the same calendar year. In general, no withholding tax will be levied if the holder of a Note is an individual (i) whose Note does not form part of the property of a German trade or business nor gives rise to income from the letting and leasing of property, and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the holder of the Note has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

If the Notes are not kept in a custodial account with a Disbursing Agent the withholding tax will apply at a rate of 35% (plus solidarity surcharge at a rate of 5.5% thereon), resulting in a total tax charge of 36.925% of the gross amount of interest paid by a Disbursing Agent upon presentation of a Coupon (whether or not presented with the Note to which it appertains) to a holder of such Coupon (other than a non-German financial or financial services institution). If the Notes are not kept in a custodial account with a Disbursing Agent, withholding tax at the aforementioned rate will also be levied upon the proceeds from the disposition or redemption of a Coupon, and if the Notes qualify as financial innovations, upon 30% of the proceeds from the disposition, assignment or redemption of a Note. Where the 35% withholding tax (plus solidarity surcharge) applies Accrued Interest paid cannot be taken into account in determining the withholding tax base.

Withholding tax and solidarity surcharge thereon are credited as prepayments against the German personal or corporate income tax and the solidarity surcharge liability of the German resident. Amounts overwithheld will entitle the holder of a Note to a refund, based on an assessment to tax.

Nonresidents

Interest, including Accrued Interest and (in the case of financial innovations) Original Issue Discount, and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of a Note or (ii) the interest income otherwise constitutes income taxable in Germany (such as income from the letting and leasing of certain German-situs property). If

the nonresident of Germany is subject to German taxation with income from the Notes, a tax regime similar to that explained above at "Tax Residents" applies; capital gains from the disposition of Notes are, however, only taxable in the case of (i).

Nonresidents of Germany are, in general, exempt from German withholding tax on interest and solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained above at "Tax Residents".

Where Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposition of a Coupon, or, if the Notes qualify as financial innovations, proceeds from the disposition, assignment or redemption of a Note are paid by a Disbursing Agent to a nonresident of Germany, such payments will be subject to withholding tax to the extent and at a rate as explained above at "Tax Residents".

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Note will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

2. The Netherlands

The information below is of a general nature based on current Dutch tax law and practice and is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser of Notes. Prospective purchasers are urged to consult their professional advisers as to the overall tax consequences of purchasing, holding and/or selling the Notes.

Finance has been advised that:

- (1) all payments under the Notes can be made free of withholding or deduction 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 thereof or therein, provided that the Notes (i) will not carry interest or any other payment which is wholly or partially contingent or deemed to be contingent on the profits or on the distribution of profits of the Issuer, or a related party (*verbonden lichaam*), or if the Notes will carry such interest or other payment the Notes have a fixed term that does not exceed 10 years, and (ii) will not carry interest or any other payment which becomes due dependent on the profits, or on a distribution of profits by the Issuer, or a related party (*verbonden lichaam*), or if the Notes will carry such interest or other payment the Notes are not subordinated or the Notes have a fixed term that does not exceed 50 years;
- (2) a holder of a Note will not be subject to Dutch taxation on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal of the Notes, provided that:
 - (i) such holder is not a resident or a deemed resident of the Netherlands for Dutch tax law purposes; and

- (ii) such holder is not an individual who opted to be taxed as a resident of the Netherlands for Dutch tax law purposes; and
 - (iii) such holder does not have an enterprise or an interest in an enterprise that is, 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 an enterprise, as the case may be, the Notes are attributable; and
 - (iv) such holder is not an individual who performs other activities in respect of the Notes in the Netherlands, including (without limitation), activities which are beyond the scope of "normal investment activities"; and
 - (v) such holder is not an individual who has a substantial interest or a deemed substantial interest in the Issuer; and
 - (vi) such holder is not a corporate entity who has a substantial interest or a deemed substantial interest in the Issuer or, if a such Holder does have such an interest, it forms part of the assets of an enterprise other than an enterprise of the Netherlands;
- (3) Dutch gift, estate or inheritance taxes will not be levied on the occasion of the acquisition of a Note by way of gift by, or on the death of, a holder of a Note unless:
- (i) the holder is, or is deemed to be, resident of the Netherlands for the purpose of the relevant Dutch tax law provisions; or
 - (ii) at the time of the gift or his death the holder has an enterprise or an interest in an enterprise which is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which the Notes are attributable; or
 - (iii) in the case of a gift of a Note by any individual who dies within 180 days after the date of the gift and who was not at the time of the gift, but was at the time of his death resident or deemed to be resident in the Netherlands;
- (4) there is no Dutch registration tax, stamp duty or any other similar tax or duty other than court fees and contributions for the registration with the Trade Register of the Chamber of Commerce payable in The Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance by the Issuer or the Guarantor of its obligations under the Notes or under the Guarantee;
- (5) there is no Dutch capital tax payable in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligation under the Notes, other than capital tax that may be due by the Issuer on capital contributions made or deemed to be made to the Issuer under the Guarantee;
- (6) there is no Dutch value added or turnover tax payable in consideration for the issue of the Notes, in respect of the payment by the Issuer of interest or principal under the Notes, or the transfer of a Note, or by the Guarantor under the Guarantee.

3. EU Savings Directive

On 3 June 2003 the Council of the European Union approved a directive regarding the taxation of interest income. Accordingly, each EU Member State must require paying agents (within the meaning of the directive) established within its territory to provide to the competent authority of this state details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent

(within the meaning of the directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria, Belgium and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the directive at a rate of 15% starting 1 January 2005, of 20% as from 1 January 2008 and 35% as from 1 January 2011. If the application of the provisions of the directive is delayed these dates will be postponed accordingly.

The member states shall apply the respective provisions as from 1 January 2005 provided that (i) Switzerland, Liechtenstein, San Marino, Monaco and Andorra apply from that same date measures equivalent to those contained in the directive, in accordance with agreements entered into by them with the European Community and (ii) also all the relevant dependent or associated territories (the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean) apply from that same date an automatic exchange of information or, during the transitional period described above, apply a withholding tax in the described manner.

By legislation regulations dated 26 January 2004 the Federal Government enacted the provisions for implementing the directive into German law. The entering into force of the legislation regulations depends, however, on a determination by the Council of the European Union that the conditions for the application of the directive have been fulfilled. In view of the conditions mentioned before, it is presently not yet possible to predict when the directive will ultimately be applicable.

Holders who are individuals should note that the Issuer will not pay additional amounts under § 8(c) of the Terms and Conditions of the Notes in respect of any withholding tax imposed as a result of this EU directive.

General Information

Clearing Systems

The relevant Pricing Supplement will specify which clearing system or systems (including CBF, CBL and/or Euroclear) has/have accepted the relevant Notes for clearance and provide any further appropriate information.

Selling Restrictions

1. General

Each Dealer has agreed that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor the Guarantor (if Finance is the Issuer) and any other Dealer shall have any responsibility therefor.

Neither the Issuer nor the Guarantor (if Finance is the Issuer) and any of the Dealers has represented that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

2. United States of America

- (a) The Notes have not been and will not be registered under the Securities Act, and, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Note as part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has further represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to a Note.
- (b) From and after the time that the Issuer notifies the Dealers in writing that it is no longer able to make the representation set forth in Article 4 (1)(g)(i) of the Dealer Agreement, each Dealer (i) acknowledges that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act; (ii) has represented and agreed that it has not offered and sold any Notes, and will not offer and sell any Notes (x) as part of its distribution at any time and (y) otherwise until 40 days after the later of the commencement of the offering and closing date only in accordance with Rule 903 of Regulation S under the Securities Act, and (iii) accordingly has further represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S; and (iv) has also agreed that at or prior to confirmation of any sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons by any person referred to in Rule 903 (b) (2) (iii) (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

- (c) Each Dealer who has purchased Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of syndicated issue, the relevant Lead Manager) shall determine and notify to the Fiscal Agent the completion of the distribution of the Notes of such Tranche. On the basis of such notification or notifications, the Fiscal Agent has agreed to notify such Dealer/Lead Manager of the end of the restricted period with respect to such Tranche.

Terms used in the above paragraph have the meanings given to them by Regulation S.

- (d) Each Dealer has represented and agreed that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of Notes, except with its affiliates or with the prior written consent of the Issuer.

- (e) Notes other than Notes with a initial maturity of one year or less will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (the “**D Rules**”), or in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(C) (the “**C Rules**”), as specified in the applicable Pricing Supplement. In addition, in respect of Notes issued in accordance with the D Rules, each Dealer has represented and agreed that:

- (i) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D), (x) it has not offered or sold, and during the restricted period will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (y) such Dealer has not delivered and will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (ii) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (iii) if such Dealer is a United States person, it has represented that it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if such Dealer retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6); and
- (iv) with respect to each affiliate that acquires from such Dealer Notes in bearer form for the purposes of offering or selling such Notes during the restricted period, such Dealer either (x) has repeated and confirmed the agreements contained in sub-clauses (i), (ii) and (iii) on such affiliate’s behalf or (y) has agreed that it will obtain from such affiliate for the benefit of the Issuer the agreements contained in sub-clauses (i), (ii) and (iii).

Terms used in this paragraph (e) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

In addition, where the C Rules are specified in the relevant Pricing Supplement as being applicable to any Tranche of Notes, Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with the original issuance. Further, each Dealer has represented and agreed in connection with the original issuance of Notes in bearer form, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such Dealer or purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

- (f) Each issue of index-, commodity- or currency-linked Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the Pricing Supplement. Each Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

3. United Kingdom of Great Britain and Northern Ireland (“United Kingdom”)

Each Dealer has represented and agreed that:

- (i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the issue date of such Notes, will not offer or sell any such 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) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than 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 who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (iii) it has only communicated or 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 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 the Issuer or the Guarantor; and
- (iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

4. Japan

Each Dealer has acknowledged that the Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Each Dealer has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption which will result in compliance with the Securities and Exchange Law and any applicable laws, regulations and guidelines of Japan.

5. Federal Republic of Germany

Each Dealer has agreed not to offer or sell Notes in the Federal Republic of Germany other than in compliance with the Securities Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 13 December 1990 (as amended), or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

6. The Netherlands

Each Dealer has represented and agreed with the relevant Issuer (and each further Dealer appointed under the Programme will be required to represent and agree with the relevant Issuer) that it has not and will not offer any Notes and that it has not or will not announce any such offer

except in accordance with the applicable laws and regulations of the Netherlands, which at the date of this Agreement require that:

- (a) except in circumstances where one of the exceptions of Article 3 of the 1995 Act on the supervision of the securities trade (*“Wet toezicht effectenverkeer 1995”*, the *“Securities Act”*) or one of the other exemptions under Article 4 of the Securities Act is applicable, it has not directly or indirectly offered and will not directly or indirectly offer in the Netherlands (or anywhere in the world in the case of Notes issued by Finance) any Notes (including rights representing an interest in a Global Note) as part of their initial distribution or at any time thereafter, and that it has not, or will not, announce any such offer, other than (i) Notes with an individual denomination of at least € 50,000 or the equivalent thereof in any other currency or (ii) (a) to persons (including legal entities) who trade or invest in securities in the conduct of their profession or trade within the meaning of the Securities Act and its implementing regulations (which includes banks, brokers, dealers, insurance companies, pension funds, other institutional investors and commercial enterprises which regularly, as an ancillary activity, invest in securities) and (b) with due observance of article 2 paragraph 2 of the Exemption regulation pursuant to the 1995 Act on the supervision of the securities trade (*“Vrijstellingsregeling Wet toezicht effectenverkeer 1995”*); and
- (b) it has not transferred or accepted and it will not transfer or accept bearer Zero Coupon Notes or other Notes that qualify as savings certificates as defined in the Savings Certificates Act (*“Wet inzake spaarbewijzen”*) if such transfer or acceptance is not done through the mediation of either the Issuer or a Member (previously named Admitted Institution) of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act and its implementing regulations, provided that no such mediation is required (i) in respect of the initial issue of such Notes to the first holders thereof, (ii) if such Notes are physically issued outside of the Netherlands or to residents of the Netherlands and are not immediately thereafter distributed in the Netherlands or to residents of the Netherlands in the course of primary trading or immediately thereafter or (iii) in respect of any transfer and delivery by individuals who do not act in the conduct of a profession or trade.

Use of Proceeds

The net proceeds from each issue will be used for general financing purposes of the Deutsche Telekom group companies.

Listing Information

Luxembourg Stock Exchange

Application has been made to list Notes to be issued under the Programme on the Luxembourg Stock Exchange. Prior to the listing of the first series of Notes issued under the Programme, the constitutional documents of the Issuers and the Guarantor and the legal notice relating to the issue will have been registered with the Registrar of the District Court in Luxembourg (*Registre du Commerce et des sociétés à Luxembourg*), where copies of these documents may be obtained upon request.

The Luxembourg Stock Exchange has allocated to the Programme the number 11993 for listing purposes.

However, Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

The above-mentioned documents are available for inspection at the head office of the Paying Agent in Luxembourg, Banque Générale du Luxembourg S.A., at 50, avenue J.F. Kennedy, L-2951 Luxembourg.

Each Paying Agent shall have available at its specified office a copy of the Amended and Restated Dealer Agreement dated 30 April 2003, as supplemented by a Supplemental Dealer Agreement dated

26 April 2004 (together, the "Dealer Agreement") and the Amended and Restated Agency Agreement dated 30 April 2003 as supplemented by a Supplemental Agency Agreement dated 26 April 2004 and shall make available the inspection of these documents free of charge during normal business hours. Each Pricing Supplement relating to the Notes which shall be quoted on the Luxembourg Stock Exchange may be obtained from the paying agent in Luxembourg.

Undertaking

Each of the Issuers and the Guarantor have undertaken, in connection with the listing of the Notes, that if, while Notes of an Issuer are outstanding and listed on the Luxembourg Stock Exchange, there shall occur any adverse change in the business, financial position or otherwise of such Issuer or the Guarantor that is material in the context of issuance under the Programme which is not reflected in the Information Memorandum (or any of the documents incorporated by reference in the Information Memorandum) such Issuer and/or the Guarantor, as the case may be, will prepare or produce the preparation of an amendment or supplement to the Information Memorandum or, as the case may be, publish a new Information Memorandum for use in connection with any subsequent offering by such Issuer of Notes to be listed on the Luxembourg Stock Exchange.

If the Terms and Conditions of the Notes (as set out in the Information Memorandum) are modified or amended in a manner which would make the Information Memorandum, as amended or supplemented, inaccurate or misleading, a new Information Memorandum will be prepared to the extent required by law.

Each of the Issuers will, at the specified offices of the Paying Agents, provide, free of charge, upon the oral or written request therefor, a copy of the Information Memorandum (or any document incorporated by reference in the Information Memorandum). Written or oral requests for such documents should be directed to the specified office of any Paying Agent or the specified office of the Listing Agent in Luxembourg.

Authorisation

The establishment of the Programme was authorised by the board of managing directors of Deutsche Telekom and by the board of managing directors and the supervisory board of Finance on 20 June 1997, 18 August 1997 and 1 September 1997, respectively. The increase of the aggregate principal amount of Notes which may be issued under the Programme was authorised by the board of managing directors of Deutsche Telekom and by the board of managing directors and the supervisory board of Finance on 11 April 2000, as well as on 22 March 2000 and 27 March 2000, respectively. The further increase of the aggregate principal amount of Notes which may be issued under the Programme to Euro 15,000,000,000 was authorised by the board of managing directors of Deutsche Telekom on 14 May 2001 and by the board of managing directors of Finance on 18 May 2000 and the supervisory board of Finance on 21 May 2001. The further increase of the aggregate principal amount of Notes which may be issued under the Programme to Euro 20,000,000,000 was authorized by the board of managing directors of Deutsche Telekom on 1 April 2003 and by the board of managing directors of Finance on 1 April 2003 and by the supervisory board of Finance on 1 April 2003.

Documents Incorporated by Reference

The Annual Report of Deutsche Telekom for the financial year ended 31 December 2003, and the Annual Report of Finance for the financial year ended 31 December 2003 are incorporated by reference into the Information Memorandum. Copies thereof and of any other documents incorporated herein by reference may be obtained without charge at the head office of the Paying Agent in the city of Luxembourg. Finance does neither publish any interim reports nor does Finance prepare or publish consolidated financial statements.

The following documents shall be deemed to be incorporated in, and form part of, the Information Memorandum

- (1) the most recently published annual report of Finance, which includes unconsolidated financial statements, and the most recent annual report and most recent quarterly report of Deutsche Telekom which include only consolidated financial statements (whether audited or unaudited); and
- (2) all amendments and supplements to the Information Memorandum prepared by each of the Issuers and the Guarantor from time to time,

save that any statement contained in the Information Memorandum or in any of the documents incorporated by reference in, and forming part of, the Information Memorandum shall be deemed to be modified or superseded for the purpose of the Information Memorandum to the extent that a statement contained in any documents subsequently incorporated by reference modifies or supersedes such statement.

Litigation

Save as disclosed herein, neither the Issuers nor the Guarantor nor any consolidated subsidiary of the Guarantor is, or has during the last two fiscal years been, engaged in any litigation or arbitration proceedings which may have or have had during such period a significant effect on the financial position of the Issuer or the Guarantor, nor, as far as the Issuer or the Guarantor is aware, are any such litigation or arbitration proceedings pending or threatened.

The companies belonging to the Deutsche Telekom group are involved in a number of legal proceedings in the ordinary course of their business. In addition, proceedings involving alleged abuse of a market-dominant position by us and alleged antitrust violations are pending before regulatory and competition law authorities.

Securities and Corporate Law-Related Proceedings

A number of purported class action lawsuits have been filed and consolidated in the United States District Court for the Southern District of New York by or on behalf of purported purchasers of Deutsche Telekom's American Depositary Securities ("ADS") issued pursuant to a registration statement on Form F-3 filed with the Securities and Exchange Commission on 22 May 2000, and pursuant to a prospectus dated 17 June 2000, and purported purchasers of Deutsche Telekom's ADS during the period from 19 June 2000, to and including 21 February 2001. The operative complaint in these consolidated actions asserts claims against Deutsche Telekom and the former Chairman of its Management Board, and others, under U.S. federal securities statutes based on allegations that statements made in the registration statement and prospectus were materially false and misleading because Deutsche Telekom allegedly failed adequately to disclose detailed information relating to merger negotiations between it and VoiceStream Wireless Corporation, and allegedly overstated the value of Deutsche Telekom's real estate portfolio. The Court has certified the action as a class action and defined the class to include all purchasers of Deutsche Telekom's ADS during the period from 19 June 2000, to and including 21 February 2001. The selling shareholder in the offering, *Kreditanstalt für Wiederaufbau*, has been dismissed from the action. Fact discovery in the U.S. class action suits is complete, Deutsche Telekom and the former Chairman of its Management Board have filed motions for summary judgment seeking dismissal of all plaintiffs' claims with respect to nondisclosure of negotiations with VoiceStream and all plaintiffs' claims with respect to alleged overstatement of real estate values. Those motions have not yet been fully briefed or argued.

Purported purchasers of Deutsche Telekom's shares sold pursuant to prospectuses dated 28 May 1999 and 26 May 2000 have filed approximately 1,920 lawsuits (with approximately 11,358 plaintiffs) in Germany. The plaintiffs predominantly allege that the book values Deutsche Telekom recorded for its real property portfolio were improperly established and maintained under German accounting principles. In many of these lawsuits, claims have also been made with respect to the VoiceStream transaction analogous to those made in the purported U.S. class action lawsuits described above. In the most recent series of lawsuits, which were mostly filed in May 2003, plaintiffs assert additional allegations. They allege, among other things, that the purchase price for the U.K. cellular phone carrier One2One was unreasonably high and the prospectus did not inform investors about necessary write-offs to goodwill, that Deutsche Telekom's internal mid-term financial plan for 2000–2004 was inaccurate.

rate, that the prospectus did not properly inform investors about the general risks of the international expansion, relations with the major shareholder of Deutsche Telekom, the Federal Republic of Germany, and the risks of the liberalization of the German telecommunication market. Further, they allege that Deutsche Telekom's business prospects were described too positively and that the prospectus did not properly inform investors about the price to be paid for a UMTS license to be bought in an auction in August 2000.

These lawsuits are pending before the District Court in Frankfurt am Main. It is too early for Deutsche Telekom to express a view of the possible outcome of the lawsuits. The former presiding judge had issued a statement describing his preliminary view that it will be necessary to take evidence by obtaining an expert opinion. The former presiding judge also stated that he was inclined to order a stay of the civil litigation until the prosecutorial investigation into the real estate matter has been resolved. However, the presiding judge changed in October 2003, and so far we have no indication how the new presiding judge intends to proceed. The aggregate euro amount of all shareholders' claims filed in Germany in these lawsuits is approximately EUR 73 million.

Many shareholders have also initiated conciliation proceedings with a state institution in Hamburg ("*Öffentliche Rechtsauskunfts- und Antragsstelle der Freien und Hansestadt Hamburg*" or "*OeRA*"). According to information we have received orally from the OeRA approximately 12,000 to 15,000 shareholders have instituted conciliation proceedings. Participation in these conciliation proceedings is voluntary, we have declined to participate. We expect the claims made in these conciliation proceedings to be analogous to those made in the purported prospectus liability lawsuits described above.

We are contesting each of the aforementioned lawsuits and conciliation proceedings vigorously. Because the lawsuits and the conciliation proceedings, which in the aggregate involve substantial damage claims, are in their preliminary stages, the plaintiffs in the U.S. class action suits have not yet responded to the motions for summary judgment and those motions have not been argued or decided, and the plaintiffs in the U.S. class action suits have not quantified the amount of damages they will seek, Deutsche Telekom is not in a position to predict the outcome or impact of the lawsuits or conciliation proceedings. However, we believe that the allegations in the lawsuits and the conciliation proceedings do not provide a basis for the recovery of damages because all required disclosures were made on a timely basis.

Investigations

The Bonn public prosecutor is conducting an investigation into allegations in the press and elsewhere asserting that the book values Deutsche Telekom recorded for its real property portfolio were improperly established and maintained under applicable accounting principles and so were substantially overvalued in its 1995 opening balance sheet and in later balance sheets. The Bonn public prosecutor has notified Deutsche Telekom that his investigation also goes into whether it underpaid its German corporate income and trade taxes because amortization and depreciation were higher than they should have been as a result of the alleged overstatement and whether Deutsche Telekom wrongfully paid dividends to its shareholders in 1998 in reliance on the overstatement. Deutsche Telekom believes that the book values of its fixed assets with respect to the real property portfolio have been correctly presented in accordance with applicable accounting principles, and disputes allegations to the contrary. Deutsche Telekom has nonetheless been cooperating fully in the investigation and is interested in seeing it expeditiously resolved. Deutsche Telekom cannot offer assurances as to the timing or outcome of the prosecutor's investigation. The investigations are being conducted with regard to certain individuals and are not directed against Deutsche Telekom as a corporate entity. Adverse consequences for the company could follow if any of the individuals who are or who become the subject of the investigation are found to have violated the law. Deutsche Telekom has been informed that the Bonn public prosecutor's investigation into allegations that the book values recorded for its fixed assets in general, including technical equipment and machinery, were improperly established and maintained under applicable accounting principles and so were substantially overvalued in its 1995 opening balance sheet and in later balance sheets, has been concluded without action.

The Bonn public prosecutor is also conducting other investigations. One investigation concerns allegations that members and former members of the Management Board of Deutsche Telekom breached their duties by causing Deutsche Telekom to pay excessive consideration for VoiceStream and Powertel. Another investigation concerns allegations, that Deutsche Telekom wrongfully bore liability risks in connection with the June 2000 global offering by KfW of Deutsche Telekom's shares. A third investigation concerns allegations of prohibited insider transactions with respect to amendments in lock-up agreements with Sonera, allowing Sonera to sell a number of Deutsche Telekom's shares before the expiration of the relevant lock-up period. Deutsche Telekom understands that these investigations are being conducted with respect to individuals and are not directed against it as a corporate entity. In each case, Deutsche Telekom believes that its board members and it acted appropriately. Adverse consequences for it could follow from these investigations, however, if the individuals who are the subjects of the investigations are found to have violated the law. Deutsche Telekom is cooperating in the investigations.

The Bonn public prosecutor is further investigating allegations in the press and elsewhere asserting that Deutsche Telekom is involved in systematic wrongful billing. Deutsche Telekom has denied these allegations, but has been cooperating fully in the investigation and is interested in seeing it expeditiously resolved. Deutsche Telekom cannot offer assurances as to the timing or outcome of the prosecutor's investigations.

Other Proceedings

In connection with the current delay in the introduction of a toll collection system, the Federal Republic of Germany has indicated that it will initiate arbitration proceedings against Deutsche Telekom, DaimlerChrysler Services AG and Cofiroute for damages and penalties. The Federal Republic is expected to assert claims for damages from the consortium of EUR 156 million per month for the period from 1 September 2003 to 31 December 2003 and EUR 180 million per month from 1 January 2004 for lost toll revenues. In addition, the Federal Republic is expected to allege contractual penalties of EUR 680 million because the members of the consortium did not seek the necessary agreement of the Federal Ministry of Transport before concluding certain subcontractor agreements. Deutsche Telekom believes the claims of the Federal Republic are unfounded. Under the terms of the agreement, the Federal Republic may resort to arbitrational proceedings for clarification of its legal position. The maximum future obligations arising from the Toll Collect project cannot be quantified with adequate certainty.

Material Change

Save as disclosed herein, there has been no material adverse change in the financial position of Finance and the consolidated financial position of Deutsche Telekom since the date of the last published report.

Issuers

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Friedrich-Ebert-Allee 140
D-53113 Bonn

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World Trade Center
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Guarantor

Deutsche Telekom AG
Friedrich-Ebert-Allee 140
D-53113 Bonn

Arranger

Deutsche Bank Aktiengesellschaft
Grosse Gallusstrasse 10–14
D-60272 Frankfurt am Main

Dealers

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