

*This document constitutes two prospectuses for the purposes of Article 5.4 of Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the "**Prospectus Directive**"): (i) the prospectus of Deutsche Telekom AG in respect of non-equity securities within the meaning of Art. 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 ("**Non-Equity Securities**") and (ii) the prospectus of Deutsche Telekom International Finance B.V. in respect of Non-Equity Securities (together, the "**Prospectus**").*



## Deutsche Telekom AG

Bonn, Federal Republic of Germany

as Issuer and as Guarantor for Notes issued by

## Deutsche Telekom International Finance B.V.

a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands and having its corporate seat in Amsterdam, The Netherlands

as Issuer

**EUR 25,000,000,000**

## Debt Issuance Programme

(the "**Programme**")

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of the Prospectus Directive, for its approval of this Prospectus.

Application has been made to list Notes to be issued under the Programme on the official list of the Luxembourg Stock Exchange and to trade Notes on the regulated market "*Bourse de Luxembourg*". The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 (the "**Regulated Market**"). Notes issued under the Programme may also be listed on an alternative stock exchange or may not be listed at all.

Each Issuer has requested the CSSF to provide the competent authorities in the Federal Republic of Germany ("**Germany**"), The Netherlands, the United Kingdom of Great Britain and Northern Ireland, the Republic of Ireland and the Republic of Austria, with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the *Loi relative aux prospectus pour valeurs mobilières* which implements the Prospectus Directive into Luxembourg law ("**Notification**"). Each Issuer may request the CSSF to provide competent authorities in additional host Member States within the European Economic Area with a Notification. By approving a prospectus, the CSSF shall give no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the issuer.

See "*Risk Factors*" for a discussion of certain factors which should be considered by prospective investors in connection with an investment in any of the Notes

### *Arranger*

**Deutsche Bank**

### *Dealers*

<b>Barclays</b>	<b>BNP PARIBAS</b>	<b>Citigroup</b>
<b>Deutsche Bank</b>	<b>DZ BANK AG</b>	<b>Goldman Sachs International</b>
<b>J.P. Morgan</b>	<b>Morgan Stanley</b>	<b>Société Générale Corporate &amp; Investment Banking</b>
<b>The Royal Bank of Scotland</b>	<b>UniCredit Bank</b>	<b>WestLB AG</b>

This Prospectus has been filed with the CSSF and will be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and the website of each Issuer. This Prospectus replaces the Prospectus dated 3 May 2011 pertaining to the Programme.

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## Responsibility Statement

Deutsche Telekom AG ("**Deutsche Telekom AG**", the "**Guarantor**" or the "**Company**" and together with its consolidated subsidiaries, "**Deutsche Telekom**", the "**Group**" or "**Deutsche Telekom Group**") with its registered office in Bonn and Deutsche Telekom International Finance B.V. ("**Finance**") with its registered office in Amsterdam (each an "**Issuer**" and together the "**Issuers**") are solely responsible for the information given in this Prospectus,

provided that:

Finance is not responsible for the description of Deutsche Telekom.

Each Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

## Notice

This Prospectus should be read and construed in conjunction with any supplement thereto and with any document incorporated herein by reference (the "**Reference Documents**"). Full information on each Issuer and any tranche of Notes (as hereinafter defined) is only available on the basis of the Prospectus as supplemented, together with the Reference Documents and the relevant final terms (the "**Final Terms**").

Each Issuer has confirmed to the dealers set forth on the cover page and any additional dealer appointed from time to time under the Programme (each a "**Dealer**" and together the "**Dealers**") that this Prospectus contains, as of the date hereof, all information with regard to the Issuers and the Notes which is material in the context of the Programme and the issue and offering of Notes thereunder; that the information contained herein with respect to the Issuers and the Notes is accurate in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts, the omission of which would make any statement, whether fact or opinion, in this Prospectus misleading in any material respect; and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained herein.

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

Neither the Arranger nor any Dealer nor any other person mentioned in this Prospectus, excluding the Issuers, is responsible for the information contained in this Prospectus or any supplement thereof, or any Final Terms or any other Reference Document, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility as to the accuracy and completeness of the information contained in any of these documents.

This Prospectus is valid for 12 months from the date of publication and this Prospectus and any supplement hereto as well as any Final Terms reflect the status as of their respective dates of issue. The delivery of this Prospectus as supplemented or any Final Terms and 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 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 has undertaken with the Dealers to supplement this Prospectus or publish a new Prospectus at any time after submission of the Prospectus for approval to the Commission if and when the information herein should become materially inaccurate or incomplete or in the event of any significant new factor, that is capable of affecting the assessment of the Notes by potential Investors.

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 this Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Final Terms 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 this Prospectus or any Final Terms and other offering material relating to the Notes, see "*Selling Restrictions*".

This Prospectus is drawn up in the English language. The German versions of the English language Terms and Conditions and Guarantee are shown in the prospectus for additional information. As to form and content, and all rights and obligations of the Holders and the Issuer under the Notes to be issued, German is the controlling legally binding language if so specified in the relevant Final Terms. In respect of the Guarantee, the German language version is always controlling and legally binding as

to form and content, and all rights and obligations of the Holders and the Guarantor thereunder. The Issuers accept responsibility for the information contained in this Prospectus and confirm that the non-binding translation of the Terms and Conditions, either in the German or English language, correctly and adequately reflects the respective binding language version.

This Prospectus may be used for subsequent offers by the Dealers and/or further financial intermediaries only for the period so specified in the Final Terms for the relevant Tranche of Notes.

**This Prospectus may only be used for the purpose for which it has been published.**

**This Prospectus and any Final Terms must not 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.**

**In connection with the issue of any Tranche of Notes under the Programme, the Dealer(s) who is(are) specified in the relevant Final Terms as the stabilising manager(s) (or persons acting on its(their) behalf) may overallocate Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that such stabilising manager (or persons acting on its behalf) will undertake stabilisation action. Any stabilisation action may begin at any time after the adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilising action or over-allocation must be conducted by the relevant stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in accordance with all applicable laws and rules.**

*All terms not otherwise defined in this Prospectus shall have the meaning as set out in the "Terms and Conditions" of the Notes.*

### **Forward-Looking Statements**

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "*anticipate*", "*believe*", "*could*", "*estimate*", "*expect*", "*intend*", "*may*", "*plan*", "*predict*", "*project*", "*will*" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding Deutsche Telekom Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuers make to the best of their present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including Deutsche Telekom Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. Deutsche Telekom Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*Risk Factors*", "*Deutsche Telekom AG*" and "*Deutsche Telekom Finance International B.V.*". These sections include more detailed descriptions of factors that might have an impact on Deutsche Telekom's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuers nor the Dealers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

## Summary

*The following constitutes the summary (the "**Summary**") of the essential characteristics and risks associated with the Issuer and the Notes to be issued under the Programme. This Summary does not purport to be complete and should be read as an introduction to this Prospectus. Any decision by an investor to invest in the Notes should be based on consideration of this Prospectus as a whole, as supplemented from time to time, including the Reference Documents, any supplements thereto and the relevant Final Terms. Where a claim relating to the information contained in this Prospectus, the Reference Documents, any supplement thereto and the relevant Final Terms is brought before a court, the plaintiff investor might, under the national legislation of such court, have to bear the costs of translating the Prospectus, the Reference Documents, any supplement thereto and the relevant Final Terms before the legal proceedings are initiated. Civil liability attaches to the Issuer who has tabled this Summary including any translation thereof, and applied for its notification, but only if this Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.*

### Summary in respect of the Notes

<b>Issuers:</b>	Deutsche Telekom AG Deutsche Telekom International Finance B.V.
<b>Guarantor:</b>	Deutsche Telekom AG, in respect of Notes issued by Deutsche Telekom International Finance B.V.
<b>Arranger:</b>	Deutsche Bank Aktiengesellschaft
<b>Dealers:</b>	Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited Deutsche Bank Aktiengesellschaft DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Goldman Sachs International J.P. Morgan Securities Ltd. Morgan Stanley & Co. International plc Société Générale The Royal Bank of Scotland plc UniCredit Bank AG WestLB AG
<b>Fiscal and Principal Paying Agent:</b>	Deutsche Bank Aktiengesellschaft
<b>Paying Agents:</b>	Deutsche Bank Luxembourg S.A. and other institutions, all as indicated in the applicable Final Terms.
<b>Currencies:</b>	Notes may be denominated in euro as well as any other currency or unit of account as an Issuer and any Dealer may agree subject always to all applicable laws and regulations and requirements of the relevant central bank (or equivalent body).
<b>Denomination of Notes:</b>	Notes will be issued in such denominations as indicated in the applicable Final Terms save that the minimum denomination of the Notes will be, if in euro, EUR 1,000, if in any currency other than euro, an amount in such other currency nearly equivalent to EUR 1,000 at the time of the issue of the Notes.

<b>Maturities:</b>	<p>Such maturities as indicated in the applicable Final Terms, 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> <p>Notes of the relevant Issuer in respect of which the issue proceeds are to be accepted in the United Kingdom will have a minimum redemption amount of GBP 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>
<b>Form of Notes:</b>	The Notes may be issued in bearer form only.
<b>Fixed Rate Notes:</b>	Fixed Rate Notes bear a fixed interest income throughout the entire term of the Notes. Notes for which the interest rate is fixed will be payable on such basis (as specified in the applicable Final Terms).
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes bear a variable interest income. Notes for which the interest rate is variable will be payable on such basis as specified in the relevant Final Terms plus or minus a margin.</p> <p>The "<b>Agent</b>" (which expression shall in this context mean the Fiscal Agent or the Calculation Agent, as specified in the applicable Final Terms) 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 (herein called the "<b>Interest Amount</b>") payable on the Floating Rate 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 detailed in the applicable Final Terms to each Specified Denomination, and rounding the resultant figure to the nearest smallest unit of the Specified Currency, with 0.5 of such unit being rounded upwards.</p> <p>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 Dealer(s) may agree, as specified in the applicable Final Terms.</p>
<b>Index-linked Notes:</b>	<p>Index-linked Notes may be issued as Index-linked Interest Notes only.</p> <p><i>Index-linked Interest Notes</i></p> <p>Payments of interest in respect of Index-linked Interest Notes will be made by reference to a single index or other factors (including changes in the price of securities and commodities or movements in exchange rates) and/or such formula as may be specified by the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).</p>
<b>Other provisions in relation to Floating Rate Notes and Index-linked Interest Notes:</b>	<p>Floating Rate Notes and Index-linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>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 Dealer(s), will be payable on such Interest Payment Dates specified in, or determined pursuant to, the applicable Final Terms and will be calculated as specified in the applicable Final Terms.</p>

<b>Dual Currency Notes:</b>	Dual Currency Notes are Notes where payment of principal and/or payment of interest can be made in different currencies. 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 Dealer(s) may agree (as indicated in the applicable Final Terms).
<b>Zero Coupon Notes:</b>	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.
<b>Other Notes:</b>	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 Final Terms.
<b>Redemption:</b>	<p>The applicable Final Terms 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 Holders upon giving notice within the notice period (if any) indicated in the applicable Final Terms to the Holders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity.</p> <p>Notes of the relevant Issuer in respect of which the issue proceeds are to be accepted in the United Kingdom will have a minimum redemption amount of GBP 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>
<b>Taxation:</b>	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 country where the relevant Issuer is resident 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 Holders 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, subject to certain exceptions as described in the Terms and Conditions.
<b>Early Redemption for Taxation Reasons:</b>	Early redemption of the Notes for reasons of taxation will be permitted if as a result of any amendment to, or change in, the laws or regulations (including any amendment to, or change in, an official interpretation or application of such laws or regulations) of Federal Republic of Germany (" <b>Germany</b> ") or in case of Notes issued by Finance, The Netherlands, or any political subdivision or taxing authority thereof, the Issuer or in case of Notes issued by Finance, the Guarantor, will become obligated to pay additional amounts on the Notes, all as more fully set out in the Terms and Conditions.
<b>Negative Pledge:</b>	The terms of the Notes will contain a negative pledge provision as further described in the Terms and Conditions of the Notes.
<b>Acceleration Events and Cross Default:</b>	The Notes will provide for Acceleration Events entitling Holders to demand immediate redemption of the Notes, all as more fully set out in the Terms and Conditions.



The terms of the Notes will contain a cross default provision of the relevant Issuer 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.

**Governing Law:**

The Notes will be governed by German law.

**Jurisdiction:**

Non-exclusive place of jurisdiction for any legal proceedings arising under the Notes is Frankfurt am Main.

**Clearing and Settlement:**

Notes will be accepted for clearing through one or more Clearing Systems as specified in the applicable Final Terms. These systems will include those operated by Clearstream Banking AG, Frankfurt am Main ("**CBF**"), Clearstream Banking, société anonyme, Luxembourg ("**CBL**") and Euroclear Bank SA/NV ("**Euroclear**").

## Summary in respect of Risk Factors

### Risk Factors in respect of Deutsche Telekom

The risk related to Deutsche Telekom AG's ability to fulfill its obligations as Issuer of debt securities is described by reference to the ratings assigned to Deutsche Telekom AG. Deutsche Telekom AG is rated by Fitch Ratings CIS Limited ("**Fitch**")<sup>1, 4</sup>, Moody's Investors Service España SA ("**Moody's**")<sup>2, 4</sup>, and Standard and Poor's Credit Market Services Europe Limited ("**S&P**")<sup>3, 4</sup>.

As of the publication date of the Prospectus, the ratings assigned to Deutsche Telekom by the Rating Agencies were as follows:

by Fitch:	long-term rating:	BBB+
	short-term rating:	F2
by Moody's:	long-term rating:	Baa1
	short-term rating:	P-2
by S&P:	long-term rating:	BBB+
	short-term rating:	A-2

- A continuation or intensification of the economic downturn, a further intensification of the European debt crisis, or an ongoing slowdown in consumer spending could adversely affect Deutsche Telekom's customers' purchases of products and services in each of the operating segments, which could have a negative impact on the operating results and financial condition of Deutsche Telekom.
- Macroeconomic conditions in Greece and the fiscal position of the Republic of Greece have deteriorated markedly, and this has had and could continue to have an adverse effect on Deutsche Telekom's, results of operations, financial condition and prospects.
- Because Deutsche Telekom operates in heavily regulated business environments, decisions that regulatory authorities impose on Deutsche Telekom restrict flexibility in managing its business and may force it to offer services to competitors, or reduce the prices it charges for products and services, either of which could have a material negative impact on Deutsche Telekom's revenues, profits and market shares.
- Deutsche Telekom faces intense competition in all areas of its business, which could lead to reduced prices for its products and services and a decrease in market share in certain service areas, thereby adversely affecting Deutsche Telekom's revenues and net profit.
- Deutsche Telekom may realise neither the expected level of demand for its products and services, nor the expected level or timing of revenues generated by those products and services, as a result of lack of market acceptance, technological change or delays from suppliers, which could adversely affect Deutsche Telekom's cash flows.

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<sup>1</sup> Fitch is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**").

<sup>2</sup> Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**").

<sup>3</sup> S&P is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**").

<sup>4</sup> The European Securities and Markets Authority publishes on its website ([www.esma.europa.eu](http://www.esma.europa.eu)) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the official Journal of the European Union within 30 days following such update.

- Some of Deutsche Telekom's investments (such as in new spectrum licenses) to develop future products and services may involve substantial cash outlays with no certainty of market acceptance or regulatory non-interference with license requirements.
- Failure to achieve the planned reduction and restructuring of personnel or the human resources-related cost-savings goals could negatively affect the reputation and the achievement of Deutsche Telekom's financial objectives and profitability.
- As a result of dispositions of certain non-core businesses in Germany, there is an increased risk of return of civil servants transferred out of the Deutsche Telekom Group, which could have a negative impact on the staff and cost reduction objectives.
- Alleged health risks of wireless communications devices have led to litigation affecting markets with Deutsche Telekom's mobile telecommunications operations subsidiaries, and could lead to decreased wireless communications usage or increased difficulty in obtaining sites for base stations and, as a result, adversely affect the financial condition and results of operations of Deutsche Telekom's wireless services business.
- Deutsche Telekom regularly engages in large-scale programs to reshape the information technology (IT) and network infrastructure to adapt to changing customer needs and organisational and accounting requirements. The implementation of any of these programs may require substantial investments and a failure to effectively plan and monitor them could lead to misallocations of resources and impaired processes with negative consequences for Deutsche Telekom's operations.
- System failures due to natural or man-made disruptions and loss of data could result in reduced user traffic and reduced revenues and could harm Deutsche Telekom's reputation and results.
- Shortcomings in Deutsche Telekom's supply and procurement process could negatively affect its product portfolio, revenues and profits.
- Deutsche Telekom is continuously involved in disputes and litigation with regulators, competition authorities, competitors and other parties. The ultimate outcome of such legal proceedings is generally uncertain. When finally concluded, they may have a material adverse effect on Deutsche Telekom's results of operations and financial condition.
- Exchange-rate, interest-rate and rating risks have had, and may continue to have, an adverse effect on Deutsche Telekom's revenue and cost development.
- Potential breaches of compliance requirements or the identification of material weaknesses in Deutsche Telekom's internal control over financial reporting may have an adverse impact on Deutsche Telekom's corporate reputation, financial condition and the trading price of its securities.
- Developments in the telecommunications sector have resulted, and may in the future result, in substantial write-downs of the carrying value of certain of Deutsche Telekom's assets.

### **Risk Factors in respect of Finance**

Payment of principal and interest on notes issued by Finance are guaranteed by Deutsche Telekom AG. Therefore the risks in respect of Finance substantially correspond with the ones of Deutsche Telekom AG.

## **Risk Factors in respect of the Notes**

### **Notes may not be a suitable investment**

A potential investor should not invest in Notes which are complex financial Notes unless the investor has the expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **Currency Risk / Dual Currency Notes**

A holder of a Note denominated in a foreign currency and a holder of Dual Currency Notes is exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes.

### **Liquidity Risk**

There can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, an investor might not be able to sell his Notes at any time at fair market prices.

### **Risk of Early Redemption**

If the Issuer has the right to redeem the Notes prior to maturity, a holder of such Notes is exposed to the risk that due to early redemption his investment will have a lower than expected yield. Also, the holder may only be able to reinvest on less favourable conditions as compared to the original investment.

### **Fixed Rate Notes**

A holder of a Fixed Rate Note is exposed to the risk that the price of such Note falls as a result of changes in the market interest rate.

### **Floating Rate Notes**

A holder of a Floating Rate Note is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the profitability of Floating Rate Notes.

### **Zero Coupon Notes**

A holder of a Zero Coupon Note is exposed to the risk that the price of such Note falls as a result of changes in the market interest rate. Prices of Zero Coupon Notes are more volatile than prices of Fixed Rate Notes and are likely to respond to a greater degree to market interest rate changes than interest bearing notes with a similar maturity.

### **Index-linked Notes**

A holder of Index-linked Notes is exposed to the risk of fluctuating interest rate levels which makes it impossible to determine the yield of Index-linked Notes in advance. The more volatile the relevant index is, the greater is the uncertainty in respect of interest income.

### **Structured Notes**

An investment in Note(s) the premium and/or the interest on which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time.

## **Risk of potential Conflicts of Interest**

In case of Notes linked to an underlying, the Issuer, each Dealer or any of their respective affiliates may from time to time engage in transactions relating to such underlying which could create conflicts of interest and may have a negative impact on the underlying value.

## **Summary in respect of Deutsche Telekom**

### **Information about the Company**

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 German private law stock corporation, with effect from 1 January 1995. Deutsche Telekom AG is registered in the Commercial Register of Bonn under No. HRB 6794 and its legal and commercial name is Deutsche Telekom AG. 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 68% of the current share capital is held by institutional and private investors.

Deutsche Telekom AG 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, 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, 53113 Bonn, Germany.

### **Integrated Company**

Deutsche Telekom focuses on major technical and social trends and plays a key role in shaping them: the increasing digitisation of many spheres of life, the personalisation of products and services, growing mobilisation and internationalisation.

Deutsche Telekom stays abreast of the growing convergence of technologies with an increasingly integrated product portfolio, where personal data such as music, videos and addresses can be accessed through any and all terminal equipment.

Deutsche Telekom provides network access, communications services and value-added services with ever increasing bandwidth via the fixed and mobile networks. The Group thus supports personal and social networking using innovative products and services.

In addition to its core business (classic fixed-network and mobile access business), the company is specifically tapping new growth areas through investments in intelligent networks and its portfolio of IT, Internet and network services.

Since April 2010, Deutsche Telekom has provided customers on the domestic German market with product and service offerings tailored to their requirements and the best network quality from a single source. For this reason, the company consolidated its previously independent business units for fixed-network (T-Home) and mobile (T-Mobile) communications. The "T" is the Group's company brand and will also become an integral part of the brand image of its international affiliates in future.

T-Systems, Deutsche Telekom's corporate customers arm, is focused on business involving network-centric ICT solutions - with offers combining IT and telecommunications services. T-Systems offers global companies the solutions they need from a single source. In addition, it is increasingly focusing on services such as cloud computing and IT solutions for the energy, healthcare, media distribution, and automotive sectors, which are undergoing radical changes.

## **Internationalisation and Sustainability**

As an international group, Deutsche Telekom Group is represented in about some 50 countries worldwide. More than half of its net revenue is generated outside of Germany. Deutsche Telekom Group employs 235,132 (31 December 2011) people overall.

The Group is expressly committed to sustainability and bases its actions on economic as well as social and ecological criteria. Deutsche Telekom regularly ranks highly in international sustainability ratings as a result of its environmental and social performance. The Group meets its entire power requirements in Germany using renewable energy sources. Deutsche Telekom's sustainability campaign "*Big changes start small*" aims to get customers and the public to play their part by making small changes.

## **Financial Information**

Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011 were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union (EU), as well as with the regulations under commercial law as set forth in § 315a(1) HGB (*Handelsgesetzbuch* - German Commercial Code). An unqualified auditors' report has been issued.

Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2010 were prepared in accordance with IFRS as issued by the IASB and in accordance with International Financial Reporting Standards as adopted by the European Union (EU), as well as with the regulations under commercial law as set forth in § 315a(1) HGB (*Handelsgesetzbuch* - German Commercial Code). An unqualified auditors' report has been issued.

## **Share Capital**

As of 31 December 2011, the share capital of Deutsche Telekom amounted to EUR 11,062,577,167.36 divided into 4,321,319,206 registered ordinary shares without par value (*Stückaktien*). All shares have been issued and are fully paid. Deutsche Telekom held approximately 0.05% of its total ordinary shares.

## **Summary in respect of Finance**

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 AG. Finance has its corporate seat in Amsterdam and is registered with the Trade Register in Amsterdam under number 33274743. Its address is Herengracht 124-128, 1015 BT Amsterdam, The Netherlands.

Finance is the finance organisation of Deutsche Telekom Group and issues various notes in the capital markets.

### **Financial Information**

The financial statements of Finance as of and for the years ended 31 December 2010 and 31 December 2011 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and with Part 9 of Book 2 of The Dutch Civil Code. The financial statements as of and for the period ended 31 December 2010 have been audited by Ernst & Young Accountants LLP. The financial statements as of and for the period ended 31 December 2011 have been audited by PricewaterhouseCoopers Accountants N.V. An unqualified auditors' report has been issued in each case.

### **Share Capital**

As of 31 December 2011, the authorised share capital of Finance consists of 5,000 shares at a par value of EUR 453.78 each. The issued share capital amounts to EUR 453,780 and consists of 1,000 shares at a par value of EUR 453.78. The remaining 4,000 shares are unissued.

## German Translation of the Summary

Die nachfolgenden Ausführungen stellen eine Zusammenfassung ("**Zusammenfassung**") der wesentlichen Merkmale und Risiken, die auf die Emittentin und die unter dem Programm zu begebenden Schuldverschreibungen zutreffen, dar. Diese Zusammenfassung erhebt keinen Anspruch auf Vollständigkeit und soll als Einleitung zu diesem Prospekt verstanden und gelesen werden. Jede Entscheidung eines Anlegers zu einer Investition in die Schuldverschreibungen sollte sich auf die Prüfung des gesamten Prospektes wie von Zeit zu Zeit geändert oder ergänzt, einschließlich der durch Verweis einbezogenen Dokumente, etwaiger Nachträge und der jeweiligen Endgültigen Bedingungen stützen. Für den Fall, dass ein als Kläger auftretender Anleger vor einem Gericht Ansprüche aufgrund der in diesem Prospekt, einschließlich der durch Verweis einbezogenen Dokumente, etwaigen Nachträgen und der in den jeweiligen Endgültigen Bedingungen enthaltenen Angaben geltend macht, kann dieser Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften die Kosten für die Übersetzung dieses Prospektes, der durch Verweis einbezogenen Dokumente, etwaiger Nachträge und der jeweiligen Endgültigen Bedingungen vor Prozessbeginn zu tragen haben. Die Emittentin, die die Zusammenfassung einschließlich einer Übersetzung davon vorlegt und deren Notifizierung beantragt hat, kann haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospektes gelesen wird.

### Zusammenfassung in Bezug auf die Schuldverschreibungen

<b>Emittentinnen:</b>	Deutsche Telekom AG Deutsche Telekom International Finance B.V.
<b>Garantin:</b>	Deutsche Telekom AG, in Bezug auf Schuldverschreibungen begeben von Deutsche Telekom International Finance B.V.
<b>Arrangeur:</b>	Deutsche Bank Aktiengesellschaft
<b>Platzeure:</b>	Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited Deutsche Bank Aktiengesellschaft DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Goldman Sachs International J.P. Morgan Securities Ltd. Morgan Stanley & Co. International plc Société Générale The Royal Bank of Scotland plc UniCredit Bank AG WestLB AG
<b>Fiscal Agent und Hauptzahlstelle:</b>	Deutsche Bank Aktiengesellschaft
<b>Zahlstellen:</b>	Deutsche Bank Luxembourg S.A. und andere Institutionen wie in den anwendbaren Endgültigen Bedingungen angegeben.
<b>Währungen:</b>	Vorbehaltlich der Einhaltung aller anwendbaren gesetzlichen oder behördlichen Beschränkungen sowie der Vorschriften der betreffenden Zentralbank (oder einer entsprechenden Behörde) können die Schuldverschreibungen in Euro oder anderen zwischen einer Emittentin und dem(n) Platzeur(en) jeweils vereinbarten Währungen oder Recheneinheiten begeben werden.



**Stückelung der  
Schuldverschreibungen:**

Die Schuldverschreibungen werden in den Stückelungen begeben, wie in den maßgeblichen Endgültigen Bedingungen angegeben, mit der Maßgabe, dass die Mindeststückelung der auf Euro lautenden Schuldverschreibungen EUR 1.000 betragen wird, bzw., falls die Schuldverschreibungen auf eine andere Währung lauten, einen Betrag in dieser anderen Währung, der zur Zeit der Begebung der Schuldverschreibungen annähernd dem Gegenwert von EUR 1.000 entspricht.

**Laufzeiten:**

Die Laufzeiten, die in den maßgeblichen Endgültigen Bedingungen angegeben werden, allerdings vorbehaltlich der Mindest- oder Höchstlaufzeiten, die jeweils seitens der betreffenden Zentralbank, Währungs- oder sonstiger Aufsichtsbehörden oder gemäß den für die Relevante Währung geltenden Gesetzen und Vorschriften zulässig oder erforderlich sind.

Schuldverschreibungen, deren Emissionserlös von der betreffenden Emittentin im Vereinigten Königreich empfangen werden soll, und die innerhalb von einem Jahr nach ihrem Begebungstag zurückgezahlt werden sollen, werden (a) einen Rückzahlungsbetrag von nicht weniger als GBP 100.000 (oder dessen Gegenwert in einer anderen Währung als Pfund Sterling) vorsehen und (b) vorsehen, dass solche Schuldverschreibungen nur an einen bestimmten Kreis professioneller Investoren übertragen werden dürfen, es sei denn, der Rückzahlungsbetrag dieses Teils beträgt nicht weniger als GBP 100.000 (oder dessen Gegenwert)

**Form der  
Schuldverschreibungen:**

Die Schuldverschreibungen können ausschliesslich als Inhaberpapiere begeben werden.

**Festverzinsliche  
Schuldverschreibungen:**

Festverzinsliche Schuldverschreibungen verbriefen einen festen Zinsertrag über die gesamte Laufzeit der Schuldverschreibungen. Ein Festzins wird auf dieser Basis gezahlt und in den Endgültigen Bedingungen angegeben.

**Variabel verzinsliche  
Schuldverschreibungen:**

Variabel verzinsliche Schuldverschreibungen verbriefen einen variablen Zinsertrag, der die Basis für die Verzinsung dieser Schuldverschreibungen darstellt und in den anwendbaren Endgültigen Bedingungen angegeben ist.

Der "**Beauftragte**" (in diesem Zusammenhang bezeichnet dieser Begriff die Emissionsstelle oder die Berechnungsstelle, wie in den maßgeblichen Endgültigen Bedingungen angegeben) wird zu jedem Zeitpunkt (bzw. baldmöglichst danach), zu dem der Zinssatz festzulegen ist, den Zinssatz bestimmen und den Zinsbetrag errechnen (nachstehend der "**Zinsbetrag**"), der auf die variabel verzinslichen Schuldverschreibungen für jede festgelegte Stückelung für die betreffende Zinsperiode fällig ist. Jeder Zinsbetrag wird auf Basis des Zinssatzes und des Zinstagequotienten berechnet, die in den maßgeblichen Endgültigen Bedingungen für jede festgelegte Stückelung angegeben sind; das Ergebnis wird auf die nächste kleinste Einheit der festgelegten Währung gerundet, wobei 0,5 einer solchen Einheit aufgerundet wird.

Die Zinsperioden für variabel verzinsliche Schuldverschreibungen umfassen einen, zwei, drei, sechs oder zwölf Monate bzw. einen oder mehrere andere zwischen der betreffenden Emittentin und dem(n) betreffenden Platzzeug(en) vereinbarte Zeiträume (wie in den Endgültigen Bedingungen festgelegt).

**Indexierte  
Schuldverschreibungen:**

Indexierte Schuldverschreibungen können nur als Schuldverschreibungen mit indexabhängiger Verzinsung begeben werden.

*Schuldverschreibungen mit indexabhängiger Verzinsung*

Zinszahlungen auf Schuldverschreibungen mit indexabhängiger Verzinsung erfolgen auf Basis eines einzelnen Indizes oder anderer Faktoren (einschließlich Kurs- bzw. Preisänderungen von Wertpapieren und Waren oder Wechselkursbewegungen) und/oder auf Basis einer von der betreffenden Emittentin und dem(n) betreffenden Platzeur(en) festgelegten Formel (wie in den maßgeblichen Endgültigen Bedingungen angegeben).

**Andere für variabel verzinsliche  
Schuldverschreibungen und  
Schuldverschreibungen mit  
indexabhängiger Verzinsung  
geltende Bestimmungen:**

Für variabel verzinsliche Schuldverschreibungen und Schuldverschreibungen mit indexabhängiger Verzinsung kann ein Höchstzinssatz, ein Mindestzinssatz oder beides festgelegt sein. Zinsen auf Variabel verzinsliche Schuldverschreibungen und Schuldverschreibungen mit indexabhängiger Verzinsung sind in Bezug auf jede vor Ausgabe der Schuldverschreibungen jeweils zwischen der betreffenden Emittentin und dem(n) betreffenden Platzeur(en) bestimmten Zinsperiode an den Zinszahlungstagen fällig, die in den maßgeblichen Endgültigen Bedingungen angegeben oder gemäß diesen Bedingungen bestimmt werden, und gemäß den maßgeblichen Endgültigen Bedingungen zu berechnen.

**Doppelwährungs-  
Schuldverschreibungen:**

Doppelwährungs-Schuldverschreibungen sind Schuldverschreibungen, bei denen die Kapitalzahlung und/oder die Zinszahlung in unterschiedlichen Währungen erfolgen können. Zahlungen (von Zinsen oder Kapital, sei es zum Rückzahlungstag oder zu einem anderen Zeitpunkt) auf Doppelwährungs-Schuldverschreibungen erfolgen in den Währungen und auf der Grundlage der Wechselkurse, die zwischen der betreffenden Emittentin und dem(n) betreffenden Platzeur(en) vereinbart werden (wie in den anwendbaren Endgültigen Bedingungen angegeben).

**Nullkupon-  
Schuldverschreibungen:**

Nullkupon-Schuldverschreibungen werden mit einem Abschlag auf ihren Kapitalbetrag angeboten und verkauft und nicht verzinst (außer im Falle von Zahlungsverzug).

**Andere Arten von  
Schuldverschreibungen:**

Schuldverschreibungen können in anderer Form begeben werden, wie Raten-Schuldverschreibungen, Kredit-gebundene Schuldverschreibungen oder mit anderen Strukturen, jeweils wie in den maßgeblichen Endgültigen Bedingungen angegeben.

**Rückzahlung:**

In den maßgeblichen Endgültigen Bedingungen ist entweder festgelegt, dass die Schuldverschreibungen vor Ablauf ihrer festgelegten Laufzeit nicht rückzahlbar sind (es sein denn aus steuerlichen Gründen, bzw. bei Eintritt eines Kündigungsereignisses), oder dass die Schuldverschreibungen nach Wahl der betreffenden Emittentin und/oder der Gläubiger unter Einhaltung einer in den Endgültigen Bedingungen gegebenenfalls festgelegten Frist gegenüber den Gläubigern bzw. der betreffenden Emittentin kündbar (rückzahlbar) sind, und zwar zu (einem) festgelegten Zeitpunkt(en) vor der angegebenen Fälligkeit.

Schuldverschreibungen, deren Emissionserlös von der betreffenden Emittentin im Vereinigten Königreich empfangen werden soll, und die innerhalb von einem Jahr nach ihrem Begebungstag zurückgezahlt werden sollen, werden (a) einen Rückzahlungsbetrag von nicht weniger als GBP 100.000 (oder dessen Gegenwert in einer anderen Währung als Pfund Sterling) vorsehen und (b) vorsehen, dass solche Schuldverschreibungen nur an einen bestimmten Kreis professioneller Investoren übertragen werden dürfen, es sei denn, der Rückzahlungsbetrag dieses Teils beträgt nicht weniger als GBP 100.000 (oder dessen Gegenwert).

**Besteuerung:**

Sämtliche auf die Schuldverschreibungen zahlbaren Beträge an Kapital und Zinsen sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in dem Land, in dem die betreffende Emittentin ihren Sitz hat, oder für dessen Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde in Form der Quellenbesteuerung auferlegt oder erhoben werden (Quellensteuern), es sei denn, dieser Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In diesem Fall wird die betreffende Emittentin oder die Garantin diejenigen zusätzlichen Beträge zahlen, die erforderlich sind, damit die den Gläubigern der Schuldverschreibungen zufließenden Nettobeträge nach Einbehalt oder Abzug dieser Quellensteuern denjenigen Beträgen an Kapital und Zinsen entsprechen, die die Gläubiger der Schuldverschreibungen ohne einen solchen Abzug oder Einbehalt erhalten würden; dies gilt vorbehaltlich bestimmter in den Anleihebedingungen der Schuldverschreibungen genannter Ausnahmen.

**Vorzeitige Rückzahlung aus Steuergründen:**

Die vorzeitige Rückzahlung der Schuldverschreibungen aus steuerlichen Gründen ist zulässig, falls als Folge einer Änderung oder Ergänzung der Gesetze oder Vorschriften in der Bundesrepublik Deutschland ("**Deutschland**"), bzw. im Falle der von Finance begebenen Schuldverschreibungen in den Niederlanden (einschließlich einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze oder Vorschriften) die Emittentin, bzw. im Falle der von Finance begebenen Schuldverschreibungen die Garantin, zur Zahlung zusätzlicher Beträge auf die Schuldverschreibungen verpflichtet ist, wie im Einzelnen in den Anleihebedingungen der Schuldverschreibungen beschrieben.

**Negativverpflichtung:**

Die Bedingungen der Schuldverschreibungen enthalten eine Negativverpflichtung wie in den Anleihebedingungen beschrieben.

**Kündigungsgründe und Cross Default:**

Die Schuldverschreibungen sehen Kündigungsgründe vor, die die Gläubiger berechtigen, die sofortige Rückzahlung der Schuldverschreibungen, wie in den Anleihebedingungen der Schuldverschreibungen beschrieben, zu verlangen. Die Anleihebedingungen der Schuldverschreibungen sehen eine Cross Default-Klausel der betreffenden Emittentin und der Garantin wie in den Anleihebedingungen beschrieben vor.

**Status der  
Schuldverschreibungen:**

Die Schuldverschreibungen bilden ungesicherte nicht nachrangige Verbindlichkeiten der betreffenden Emittentin, die untereinander und mit allen anderen gegenwärtigen und künftigen, ungesicherten und nicht nachrangigen Verbindlichkeiten der betreffenden Emittentin gleichrangig sind.

**Garantie:**

Die von Finance begebenen Schuldverschreibungen sind unbedingt und unwiderruflich von der Garantin garantiert. Die Bedingungen der Garantie enthalten eine Negativverpflichtung der Garantin. Die Garantie unterliegt deutschem Recht.

**Geltendes Recht:**

Die Schuldverschreibungen unterliegen deutschem Recht.

**Gerichtsstand:**

Nicht ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus oder im Zusammenhang mit den Schuldverschreibungen ist Frankfurt am Main.

**Clearing und Abwicklung:**

Die Schuldverschreibungen sind für das Clearing durch eines oder mehrere Clearing Systeme akzeptiert wie in den anwendbaren Endgültigen Bedingungen angegeben. Diese Systeme schliessen Clearstream Banking AG, Frankfurt am Main, ("**CBF**"), Clearstream Banking, société anonyme, Luxembourg, ("**CBL**") und Euroclear Bank SA/NV ("**Euroclear**") ein.

## Zusammenfassung der Risikofaktoren

### Zusammenfassung der Risikofaktoren in Bezug auf Deutsche Telekom

Die Risiken in Bezug auf Deutsche Telekom AG's Fähigkeit, ihre Verpflichtungen als Emittentin von Schuldverschreibungen zu erfüllen, sind unter Bezugnahme auf die der Deutschen Telekom AG erteilten Ratings beschrieben. Deutsche Telekom AG wurde von Fitch Ratings CIS Limited ("**Fitch**")<sup>1, 4</sup>, Moody's Investors Service España SA ("**Moody's**")<sup>2, 4</sup> und Standard and Poor's Credit Market Services Europe Limited ("**S&P**")<sup>3, 4</sup> gerated.

Zum Veröffentlichungstag dieses Prospektes waren folgende Ratings von den Ratingagenturen erteilt:

von Fitch:	Langfrist-Rating:	BBB+
	Kurzfrist-Rating:	F2
von Moody's:	Langfrist-Rating:	Baa1
	Kurzfrist-Rating:	P-2
von S&P:	Langfrist-Rating:	BBB+
	Kurzfrist-Rating:	A-2

- Eine Fortsetzung oder Intensivierung des konjunkturellen Abschwungs, eine weitere Verschärfung der Schuldenkrise in Europa, oder ein anhaltender Rückgang der Verbraucherausgaben könnte sich negativ auf den Kauf von Produkten und Dienstleistungen durch Kunden in jedem der Geschäftssegmente der Deutsche Telekom auswirken. Dies könnte einen negativen Einfluss auf die Betriebsergebnisse und die finanzielle Situation der Deutschen Telekom haben.
- Die makroökonomischen Bedingungen in Griechenland und die Haushaltslage der Republik Griechenland haben sich deutlich verschlechtert, und dies hatte und könnte weiterhin negative Auswirkungen auf das Geschäft, die Betriebsergebnisse, die Finanzlage und die Aussichten der Deutsche Telekom zu haben.
- Da die Deutsche Telekom in stark regulierten Wirtschaftssektoren tätig ist, schränken Entscheidungen, die ihr von Aufsichtsbehörden auferlegt werden, ihre Flexibilität im Geschäftsmanagement ein und könnten sie dazu zwingen, ihren Mitbewerbern Dienstleistungen anzubieten oder die Preise für ihre Produkte und Dienstleistungen zu senken. Beides könnte die Umsätze, Gewinne und Marktanteile der Deutschen Telekom sehr nachteilig beeinflussen.
- Die Deutsche Telekom ist in allen ihren Geschäftsfeldern mit intensivem Wettbewerb konfrontiert, was zu Preissenkungen für ihre Produkte und Dienstleistungen und einem rückläufigen Marktanteil in bestimmten Dienstbereichen führen und damit ihre Umsatz- und Gewinnsituation nachteilig beeinflussen könnte.

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<sup>1</sup> Fitch hat seinen Sitz in der Europäischen Gemeinschaft und ist gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, geändert durch Verordnung (EU) Nr. 513/2011 des Europäischen Parlaments und des Rates vom 11. März 2011, (die "**Ratingagentur-Verordnung**") registriert.

<sup>2</sup> Moody's hat seinen Sitz in der Europäischen Gemeinschaft und ist gemäß Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, geändert durch Verordnung (EU) Nr. 513/2011 des Europäischen Parlaments und des Rates vom 11. März 2011, (die "**Ratingagentur-Verordnung**") registriert.

<sup>3</sup> S&P hat seinen Sitz in der Europäischen Gemeinschaft und ist gemäß Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, geändert durch Verordnung (EU) Nr. 513/2011 des Europäischen Parlaments und des Rates vom 11. März 2011, (die "**Ratingagentur-Verordnung**") registriert.

<sup>4</sup> Die Europäische Wertpapier- und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite ([www.esma.europa.eu](http://www.esma.europa.eu)) ein Verzeichnis der nach der Ratingagentur-Verordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingagentur-Verordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.

- Es ist möglich, dass die Deutsche Telekom aufgrund eines Mangels an Marktakzeptanz, technologischer Veränderungen oder lieferantenbedingter Verzögerungen weder das erwartete Nachfrageniveau für ihre Produkte und Dienstleistungen, noch die erwartete Höhe bzw. Zeitabfolge der mit diesen Produkten und Dienstleistungen generierten Umsätze erreichen wird, was sich nachteilig auf ihre Cash-Flows auswirken könnte.
- Einige Investitionen der Deutschen Telekom (wie z.B. in neue Lizenzen für die Nutzung von Frequenzspektrum) zur Entwicklung zukünftiger Produkte und Dienstleistungen könnten mit erheblichem Cash-Aufwand verbunden sein, ohne dass die Gewissheit der Marktakzeptanz oder der regulatorischen Nichtbeeinflussung von Lizenzanforderungen gegeben wäre.
- Sollte es der Deutschen Telekom nicht gelingen, ihre geplanten Maßnahmen für den Personalabbau und –umbau bzw. ihre personalbezogenen Kostensparziele umzusetzen, könnte sich dies negativ auf das Ansehen und auf die Erreichung ihrer Finanzzielsetzungen und Profitabilität auswirken.
- Aufgrund von Veräußerungen bestimmter, nicht zum Kerngeschäft gehörender Unternehmen in Deutschland besteht ein erhöhtes Risiko der Rückkehr von aus dem Deutsche Telekom Konzern ausgegliederten Beamten, was einen negativen Einfluss auf die Personal- und Kostensenkungsziele der Deutschen Telekom haben könnte.
- Vermeintliche Gesundheitsrisiken drahtloser Kommunikationsgeräte haben zu Gerichtsverfahren geführt und die Märkte im Mobilfunkgeschäft tätiger Tochtergesellschaften der Deutschen Telekom beeinträchtigt. Dies könnte einen Rückgang der Mobilfunknutzung nach sich ziehen oder die Beschaffung von Standorten für Basisstation erschweren, was wiederum negative Auswirkungen auf die Finanzlage und operativen Ergebnisse des Mobilfunkgeschäfts der Deutschen Telekom haben könnte.
- Im Rahmen groß angelegter Programme zur Neugestaltung ihrer IT- und Netzinfrastruktur ist die Deutsche Telekom stets darum bemüht, immer neuen Kundenbedürfnissen, organisatorischen und buchhalterischen Anforderungen Rechnung zu tragen. Die Umsetzung dieser Programme erfordert erhebliche Investitionen und wenn diese Aktivitäten nicht effektiv geplant und überwacht werden, kann dies eine falsche Ressourcenzuweisung sowie eine Behinderung von Prozessen mit negativen Konsequenzen für ihren Geschäftsbetrieb nach sich ziehen.
- Systemausfälle aufgrund naturbedingter oder menschlich verursachter Störungen und Datenverluste könnten zu Verkehrseinbußen und rückläufigen Umsätzen führen und das Ansehen der Deutschen Telekom und ihre Ergebnisse schädigen.
- Defizite im Versorgungs- und Beschaffungsprozess der Deutschen Telekom könnten sich negativ auf ihr Produktportfolio, ihre Umsätze und Gewinne auswirken.
- Die Deutsche Telekom befindet sich laufend mit Aufsichts- und Wettbewerbsbehörden, Mitbewerbern und anderen Parteien im Rechtsstreit. Das Endergebnis solcher Gerichtsverfahren ist generell ungewiss. Nach deren endgültigem Abschluss können sie erhebliche nachteilige Auswirkungen auf die operativen Ergebnisse der Deutschen Telekom und ihre Finanzlage haben.
- Wechselkurs-, Zins- und Rating-Risiken haben nachteilige Auswirkungen auf die Umsatz- und Kostenentwicklung der Deutschen Telekom gehabt und werden dies möglicherweise auch in Zukunft haben.
- Die potenzielle Nichterfüllung von Compliance-Anforderungen oder die Ermittlung wesentlicher Schwächen der internen Kontrolle der Finanzberichterstattung der Deutschen Telekom könnten einen negativen Einfluss auf den Ruf des Unternehmens, auf seine Finanzlage und die Kurse seiner Wertpapiere haben.
- Entwicklungen im Telekommunikationssektor resultierten in der Vergangenheit und könnten auch zukünftig in umfangreichen Abschreibungen des Buchwertes bestimmter Vermögenswerte resultieren.

## **Zusammenfassung der Risikofaktoren in Bezug auf Finance**

Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen, die von Finance begeben wurden, sind von der Deutschen Telekom AG garantiert. Deshalb korrespondieren die Risiken der Finance substantiell mit denen der Deutschen Telekom AG.

## **Zusammenfassung der Risikofaktoren in Bezug auf die Schuldverschreibungen**

### **Schuldverschreibungen als nicht geeignetes Investment**

Schuldverschreibungen sind komplexe Finanzinstrumente, in die potentielle Anleger nur investieren sollten, wenn sie (selbst oder durch ihre Finanzberater) über die nötige Expertise verfügen, um die Performance der Schuldverschreibungen unter den wechselnden Bedingungen, die resultierenden Wertveränderungen der Schuldverschreibungen sowie die Auswirkungen einer solchen Anlage auf ihr Gesamtportfolio einzuschätzen.

### **Währungsrisiko/Doppelwährungs-Schuldverschreibungen**

Der Gläubiger von Schuldverschreibungen, die auf eine fremde Währung lauten und der Gläubiger von Doppelwährungs-Schuldverschreibungen sind dem Risiko von Wechselkursschwankungen ausgesetzt, welche die Rendite solcher Schuldverschreibungen beeinflussen können.

### **Liquiditätsrisiko**

Es besteht keine Gewissheit, dass ein liquider Sekundärmarkt für Schuldverschreibungen entstehen wird, oder sofern er entsteht, dass er fortbestehen wird. In einem illiquiden Markt könnte es sein, dass ein Anleger seine Schuldverschreibungen nicht jederzeit zu angemessenen Marktpreisen veräußern kann.

### **Risiko der Vorzeitigen Rückzahlung**

Sofern der Emittentin das Recht eingeräumt wird, die Schuldverschreibungen vor Fälligkeit zurückzuzahlen, ist der Gläubiger solcher Schuldverschreibungen dem Risiko ausgesetzt, dass infolge der vorzeitigen Rückzahlung seine Kapitalanlage eine geringere Rendite als erwartet aufweisen wird. Außerdem besteht die Möglichkeit, dass der Gläubiger der Schuldverschreibungen eine Wiederanlage nur zu schlechteren als den Bedingungen des ursprünglichen Investments tätigen kann.

### **Festverzinsliche Schuldverschreibungen**

Der Gläubiger von festverzinslichen Schuldverschreibungen ist dem Risiko ausgesetzt, dass der Kurs einer solchen Schuldverschreibung infolge von Veränderungen des aktuellen Marktzinssatzes fällt.

### **Variabel verzinsliche Schuldverschreibungen**

Der Gläubiger von variabel verzinslichen Schuldverschreibungen ist dem Risiko eines schwankenden Zinsniveaus und ungewisser Zinserträge ausgesetzt. Ein schwankendes Zinsniveau macht es unmöglich, die Rendite von variabel verzinslichen Schuldverschreibungen im Voraus zu bestimmen.

### **Nullkupon-Schuldverschreibungen**

Der Gläubiger von Nullkupon-Schuldverschreibungen ist dem Risiko ausgesetzt, dass der Kurs einer solchen Schuldverschreibung infolge von Veränderungen des Marktzinssatzes fällt. Kurse von Nullkupon-Schuldverschreibungen sind volatiler als Kurse von festverzinslichen Schuldverschreibungen und reagieren in höherem Maße auf Veränderungen des Marktzinssatzes als verzinsliche Schuldverschreibungen mit einer ähnlichen Laufzeit.

### **Indexierte Schuldverschreibungen**

Der Gläubiger von indexierten Schuldverschreibungen ist dem Risiko eines schwankenden Zinsniveaus ausgesetzt, so dass es unmöglich ist, die Rendite indexierter Schuldverschreibungen im Voraus zu bestimmen. Je volatiler der betreffende Index ist, desto größer ist die Ungewissheit in Bezug auf den Zinsertrag.

## **Strukturierte Schuldverschreibungen**

Eine Kapitalanlage in Schuldverschreibungen, bei denen der Aufschlag und/oder der Zins unter Bezugnahme einer oder mehrerer Währungen, Rohstoffe, Zinssätze oder anderer Indizes oder Formeln, entweder unmittelbar oder umgekehrt, bestimmt wird, kann bedeutsame Risiken mit sich bringen, die nicht mit ähnlichen Kapitalanlagen in einen herkömmlichen Schuldtitel verbunden sind, einschließlich des Risikos, dass der resultierende Zinssatz geringer sein wird als der zur gleichen Zeit auf einen herkömmlichen Schuldtitel zahlbare Zinssatz.

## **Interessenkonflikte**

Bei Schuldverschreibungen, die an einen Basiswert gebunden sind, können die Emittentin und die Platzeure oder mit diesen verbundene Unternehmen Geschäfte mit Bezug auf den diesen Schuldverschreibungen zu Grunde liegenden Basiswert abschließen, die Interessenkonflikte auslösen und einen negativen Einfluss auf den diesen Wertpapieren zu Grunde liegenden Basiswert haben können.

## **Zusammenfassung in Bezug auf Deutsche Telekom**

### **Informationen über die Gesellschaft**

Gemäß des Zweiten Gesetzes zur Neuordnung des Postwesens und der Telekommunikation wurde das öffentliche Unternehmen Deutsche Bundespost TELEKOM zum 1. Januar 1995 in eine privatrechtliche deutsche Aktiengesellschaft umgewandelt. Die Deutsche Telekom AG ist im Handelsregister in Bonn unter der Nummer HRB 6794 eingetragen und ihr rechtlicher Name und der Firmenname ist Deutsche Telekom AG. Das Zweite Gesetz zur Neuordnung des Postwesens und der Telekommunikation stellte auch den Rahmen für die Privatisierung der Gesellschaft dar. Im November 1996 wurde das Kapital der Deutschen Telekom erhöht und neue Aktien international öffentlich angeboten. Aufgrund einer Reihe von Übertragungen von Aktien an die Kreditanstalt für Wiederaufbau beginnend im Jahr 1998, einer zweiten Kapitalerhöhung im Juni 1999, eines dritten öffentlichen Angebots von Aktien im Juni 2000 und einer vierten Kapitalerhöhung im Mai 2001, wird jetzt ca. 68% des derzeitigen Aktienkapitals von institutionellen und privaten Investoren gehalten.

Die Deutsche Telekom AG ist die Muttergesellschaft des Deutsche Telekom Konzerns, die eine *full-service* Telekommunikationsgruppe ist, deren Hauptgeschäftsfelder die Bereitstellung öffentlicher Festnetz-Sprach-Telefonie, mobile Kommunikations-Dienstleistungen, Mietleitungen, Text- und Datendienste, Onlinedienste, Unternehmensnetzwerk-Gestaltung und Bereitstellung und Netzwerkmanagementdienste innerhalb des deutschen und in bestimmten internationalen Märkten einschließen.

Ihre eingetragene Geschäftsstelle ist Friedrich-Ebert-Allee 140, 53113 Bonn, Deutschland.

### **Integrierter Telekommunikationsanbieter**

Die Telekom orientiert sich an den wesentlichen technischen und gesellschaftlichen Trends und prägt sie entscheidend mit: die zunehmende Digitalisierung vieler Lebensbereiche, die Personalisierung von Produkten und Diensten, die wachsende Mobilisierung und die Internationalisierung.

Der wachsenden Konvergenz der Technologien trägt die Telekom mit einem zunehmend integrierten Produktportfolio Rechnung, das den Zugriff auf persönliche Daten wie Musik, Videos oder auch Adressen über alle Endgeräte hinweg ermöglicht.

Netzzugänge, Kommunikations- und Mehrwertdienste stellt die Telekom über Festnetz und Mobilfunk mit hoher Bandbreite zur Verfügung. Mit innovativen Produkten und Dienstleistungen fördert der Konzern so die persönliche und soziale Vernetzung der Menschen.

Neben dem Stammgeschäft – dem klassischen Anschlussgeschäft im Festnetz und im Mobilfunk – erschließt das Unternehmen mit Investitionen in intelligente Netze, mit IT-Services sowie mit Internet- und Netzwerkdiensten gezielt neue Wachstumsfelder.

Auf dem heimischen deutschen Markt erhalten Kunden seit April 2010 komplett auf ihre Bedürfnisse zugeschnittene Produkt- und Serviceangebote und die beste Netzqualität aus einer Hand. Die bislang eigenständigen Geschäftseinheiten für Festnetz (T-Home) und Mobilfunk (T-Mobile) hat das



Unternehmen aus diesem Grund zusammengelegt. Konzernweit ist das "T" die Unternehmensmarke, die auch für die ausländischen Beteiligungen fester Bestandteil des Markenauftritts ist.

T-Systems, die Großkundensparte des Unternehmens, konzentriert sich auf das Geschäft mit netzzentrierten IKT-Lösungen – also mit kombinierten Angeboten aus IT- und TK-Diensten. T-Systems bietet global aufgestellten Unternehmen Lösungen aus einer Hand. Verstärkt in den Fokus rücken darüber hinaus Services wie Cloud-Computing und IT-Lösungen für die im Umbruch begriffenen Branchen Energie, Gesundheit, Mediendistribution und Automobil.

### **Internationalisierung und Nachhaltigkeit**

Als international ausgerichteter Konzern ist der Deutsche Telekom Konzern in rund 50 Ländern weltweit vertreten. Mehr als die Hälfte der Konzernumsatzerlöse wird außerhalb Deutschlands erwirtschaftet. Insgesamt beschäftigt der Deutsche Telekom Konzern 235.132 Mitarbeiter (Stand: 31. Dezember 2011).

Der Konzern bekennt sich ausdrücklich zur Nachhaltigkeit und legt seinem geschäftlichen Handeln sowohl wirtschaftliche als auch soziale und ökologische Kriterien zugrunde. Mit ihrer Umwelt- und Sozialperformance belegt die Deutsche Telekom regelmäßig Spitzenpositionen in internationalen Nachhaltigkeitsratings. So deckt der Konzern seinen gesamten Strombedarf in Deutschland aus regenerativer Energie. Mit ihrer Nachhaltigkeitskampagne "*Große Veränderungen fangen klein an*" spricht die Telekom Kunden und Öffentlichkeit mit kleinen Schritten zum Mitwirken an.

### **Finanzinformationen**

Der Konzernabschluss der Deutschen Telekom für das am 31. Dezember 2011 beendete Geschäftsjahr wurde nach den International Financial Reporting Standards ("**IFRS**") aufgestellt in der Form wie sie in der Europäischen Union (EU) anzuwenden sind, sowie den ergänzend nach § 315a Abs. 1 HGB zu beachtenden handelsrechtlichen Vorschriften. Es wurde ein uneingeschränkter Bestätigungsvermerk erteilt.

Der Konzernabschluss der Deutschen Telekom für das am 31. Dezember 2010 beendete Geschäftsjahr wurde nach IFRS, wie vom International Accounting Standards Board ("**IASB**") herausgegeben und in der Form wie sie in der Europäischen Union (EU) anzuwenden sind, aufgestellt, sowie den ergänzend nach § 315a Abs. 1 HGB zu beachtenden handelsrechtlichen Vorschriften. Es wurde ein uneingeschränkter Bestätigungsvermerk erteilt.

### **Gezeichnetes Kapital**

Zum 31. Dezember 2011 betrug das Grundkapital der Deutschen Telekom EUR 11.062.577.167,36, eingeteilt in 4.321.319.206 Namens-Stammaktien ohne Nennbetrag. Alle Aktien sind ausgegeben und eingezahlt. Die Deutsche Telekom hält ca. 0,05% eigene Aktien.

## **Zusammenfassung in Bezug auf Finance**

Die Finance wurde am 30. Oktober 1995 nach niederländischem Recht als private Gesellschaft mit beschränkter Haftung für eine unbegrenzte Zeit gegründet. Die Finance ist eine 100%ige Tochter der Deutschen Telekom AG. Sie hat ihren Geschäftssitz in Amsterdam und ist im Handelsregister von Amsterdam unter der Nummer 33274743 registriert. Die Geschäftsadresse ist Herengracht 124-128, 1015 BT Amsterdam, Niederlande.

Die Finance ist die Finanzierungsgesellschaft des Deutsche Telekom Konzerns und begibt unterschiedliche Schuldverschreibungen am Kapitalmarkt.

### **Finanzinformationen**

Die Jahresabschlüsse der Finance wurden für die am 31. Dezember 2010 und 31. Dezember 2011 beendeten Geschäftsjahre nach den International Financial Reporting Standards ("**IFRS**") in der Form, wie sie in der Europäischen Union (EU) anzuwenden sind, sowie nach Teil 9 Buch 2 des niederländischen Bürgerlichen Gesetzbuches aufgestellt. Der Jahresabschluss für das am 31. Dezember 2010 endende Geschäftsjahr, wurde von Ernst & Young Accountants LLP geprüft. Der Jahresabschluss für das am 31. Dezember 2011 beendete Geschäftsjahr wurde von

PricewaterhouseCoopers Accountants N.V. geprüft. Es wurde jeweils ein uneingeschränkter Bestätigungsvermerk erteilt.

### **Stammkapital**

Zum 31. Dezember 2011 bestand das genehmigte Kapital der Finance aus 5.000 Anteilen mit einem Nennbetrag von jeweils EUR 453,78. Das ausgegebene Stammkapital beträgt EUR 453.780 und besteht aus 1.000 Anteilen mit einem Nennbetrag von jeweils EUR 453,78. Die verbleibenden 4.000 Anteile sind nicht ausgegeben.

## Risk Factors

*Prospective investors should consider all information provided in this Prospectus and the Reference Documents and consult with their own professional advisers if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus accumulate.*

*Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.*

### Risk Factors regarding the Issuers

*The following is a disclosure of risk factors that are material to each Issuer and that may affect each Issuer's ability to fulfill its obligations under the Notes or the Guarantee, as the case may be. Prospective investors should consider these risk factors before deciding to purchase Notes issued under the Programme.*

### Risk Factors in respect of Deutsche Telekom

The risk related to Deutsche Telekom AG's ability to fulfill its obligations as Issuer of debt securities is described by reference to the ratings assigned to Deutsche Telekom AG. Deutsche Telekom AG is rated by Fitch Ratings CIS Limited ("**Fitch**")<sup>1</sup>, Moody's Investors Service España SA ("**Moody's**")<sup>2</sup> and by Standard & Poor's Credit Market Services Europe Limited ("**S&P**")<sup>3,4</sup>, together with Fitch and Moody's, the "**Rating Agencies**".

As of the publication date of the Prospectus, the ratings assigned to Deutsche Telekom by the Rating Agencies were as follows:

by Fitch:	long-term rating:	BBB+
	short-term rating:	F2

Fitch defines<sup>1</sup>:

BBB: "BBB" ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

F2: Indicates satisfactory capacity for timely payment of financial commitments.

by Moody's:	long-term rating:	Baa1
	short-term rating:	P-2

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<sup>1</sup> Fitch is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**").

<sup>2</sup> Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**").

<sup>3</sup> S&P is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**").

<sup>4</sup> The European Securities and Markets Authority publishes on its website ([www.esma.europa.eu](http://www.esma.europa.eu)) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

Baa1: Obligations rated Baa are subject to moderate credit risks. They are considered medium-grade and as such may possess certain speculative characteristics.

P-2: Issuers have a strong ability to repay short-term obligations.

S&P defines<sup>3</sup>:

- 1 Note: "+" or "-" may be appended to a rating to denote the relative status within major rating categories. Such suffixes are not added to the "AAA" category or to categories below "CCC".
- 2 Note: Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa to Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.
- 3 Note: Plus (+) or minus (-): The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Deutsche Telekom's business is influenced by general economic conditions in Germany, Europe and the United States. Continued exchange rate and financial market volatility, pressure on private consumption owing to high unemployment in some countries and the dangers arising from high levels of national debt in many countries present risks to the economy that could result in long periods of stagnation or economic contraction.

In particular, this situation poses risks to Deutsche Telekom's operations in some of its core countries. For example, consumers and business customers could increasingly curtail their consumption of Deutsche Telekom's services in an atmosphere of continued economic distress and continued or increasing uncertainty. National austerity measures could also have further negative effects on telecommunications consumption, caused by both reduced government demand and declines in disposable income in the private sector. Deutsche Telekom's operating business also faces the risks of unannounced tax increases or special taxes, particularly in its Southern and Eastern European

markets. These developments could, in turn, negatively impact Deutsche Telekom's revenue development, including in the future growth areas on which it plans to focus, and jeopardise the attainment of its growth targets, such as those relating to data services in mobile telecommunications, or those relating to broadband products and services.

**Macroeconomic conditions in Greece and the fiscal position of the Republic of Greece have deteriorated markedly, and this has had and could continue to have an adverse effect on Deutsche Telekom's business, results of operations, financial condition and prospects.**

The economy of Greece, where Deutsche Telekom has substantial operations through its subsidiary Hellenic Telecommunications Organisation S.A., or OTE, has deteriorated markedly mainly as a result of the deteriorating fiscal position of the Republic of Greece and the fiscal austerity measures being adopted in response to the crisis. In addition, Greece has experienced economic contraction since 2010 and unemployment has increased significantly. This situation has resulted in a material reduction of disposable income across major parts of the Greek population, leading to a decline in demand for Deutsche Telekom's services, and its revenues from the broad public sector have decreased as well. OTE contributed EUR 3.5 billion or 6.0% of Deutsche Telekom's net revenue in 2011, down from EUR 3.9 billion, or 6.2%, in 2010. The impact of deteriorating macroeconomic conditions in Greece, reductions in disposable income and the recent and potential future developments with respect to the fiscal position of the Republic of Greece may continue to have an adverse effect on Deutsche Telekom's business and results of operations.

**Because Deutsche Telekom operates in heavily regulated business environments, decisions that regulatory authorities impose on Deutsche Telekom restrict flexibility in managing its business and may force it to offer services to competitors, or reduce the prices it charges for products and services, either of which could have a material negative impact on Deutsche Telekom's revenues, profits and market shares.**

Deutsche Telekom is subject to strict regulation in all of its fixed-line and mobile markets in Europe and the United States. Government agencies regularly intervene in the offerings and in the pricing of its fixed-line and mobile products and services. Regulation can impede its ability to grow and to react to the initiatives of competitors and technological change.

The 2009 reform package for the Regulatory Framework for Electronic Communications in the European Union ("**EU Framework**") is currently being implemented by Member States. While the new rules had to be transposed into the national laws of the 27 Member States by May 2011, the majority of the Member States have failed to do so. Whether the revised regulatory framework will increase or decrease the regulatory burden on Deutsche Telekom will depend on the manner in which revised directives are subsequently implemented in the EU Member States, and how the revised regulatory framework will be applied by the respective National Regulatory Authorities ("**NRAs**"). For example, the German Telecommunications Act (*Telekommunikationsgesetz*) is being revised primarily to reflect the EU framework, revised to encourage operators to invest in new high-speed networks and to include additional consumer protection regulations. The legislative process is almost complete and the revised German Telecommunications Act is expected to be effective by April 2012.

On 20 September 2010, the European Commission issued its Recommendation on regulated access to Next-Generation Access Networks ("**NGAs**"), consisting of guidelines which NRAs must take into utmost account when requiring market-dominant undertakings to grant network access. The aim is to harmonise regulatory requirements throughout the European Union. The recommendation generally provides for remedies to be imposed on operators with significant market power as well as obligations to provide access to physical infrastructure including on a wholesale basis. Furthermore, in October 2011, the European Commission launched two public consultations related to access for alternative operators to the fixed telephone and broadband networks of established operators. One consultation concerns non-discriminatory access for alternative operators to the infrastructure and services of dominant telecom operators. The second concerns the way national regulators calculate prices that operators have to pay for this wholesale access (cost-orientation remedies). Depending on further developments, access regulations that apply to copper networks may also be applied to new fiber networks, possibly affecting the extent and timing of Deutsche Telekom's NGA build-out and causing a decrease in its revenues.

The German telecommunications regulatory framework implemented by the Federal Network Agency (*Bundesnetzagentur*) has a particularly significant impact on Deutsche Telekom's domestic business. So far, Deutsche Telekom's has been exempted from regulation on the basis of a loss of significant

market power in markets of relatively minor importance only, such as the market for fixed-line international calls.

Additionally, since Deutsche Telekom's is offering mobile and fixed-line triple-play services (triple-play includes high-speed Internet access, communications services and entertainment offerings), media regulation may become increasingly important to Deutsche Telekom's business. This regulation might restrict its ability to provide media services, including the delivery of content, and could also result in additional costs for technical implementation measures needed to comply with increased regulation.

### ***Mobile Telecommunications Operations***

Regulatory authorities supervise Deutsche Telekom's mobile telecommunications operations in the countries in which the Company operates. Deutsche Telekom expects a tightening of regulatory control in the area of mobile telecommunications, with a further negative effect on pricing and revenues, for example as a result of further reductions in international roaming charges for the wholesale and retail voice market, international data and SMS roaming charges, call termination charges and possible access regulation in some markets. In Europe, NRAs and various EU bodies have the power to regulate based on market investigations or reviews.

With respect to international roaming charges, an EU-wide regulation, valid until June 2012, is presently in place and – accompanied by transparency measures – sets price ceilings for retail voice, retail SMS and wholesale voice, SMS and data tariffs. The European Commission is currently planning new measures to be implemented beyond 2012 with lower price ceilings supported by the slogan "roam like home", an inclusion of retail data and structural measures to foster competition. This expansion of existing regulation has an additional negative effect on Deutsche Telekom's roaming revenues.

The regulation of mobile call termination charges in countries where Deutsche Telekom has mobile operations can have a negative effect on revenues. Various reviews of call termination rates and court proceedings relating to regulatory measures are pending in several of those markets. The European Commission intends to further reduce termination rates significantly and has therefore issued a recommendation that defines details for the calculation of termination rates by the NRAs. The recommendation was adopted in May 2009 and has to be fully applied from 2013 at the latest. Any reductions in termination rates may have an adverse effect on the profitability of Deutsche Telekom's mobile telecommunications operations in Europe.

The Federal Network Agency began a 900/1800 MHz consultation on 22 November 2011. The agency asked all interested companies for their future spectrum needs in these two bands, which are currently part of the GSM licenses of the four German mobile network operators. The Federal Network Agency intends to develop an overview by the end of 2013 of market needs in order to decide on the next steps for the future use of the 900/1800 MHz spectrum. The new assignments will be effective from 1 January 2017. Deutsche Telekom submitted its reply prior to the deadline for responses.

Deutsche Telekom's operations in the United States are regulated primarily by the Federal Communications Commission ("**FCC**") and by various other federal, state and local governmental agencies. These governmental agencies may also exercise jurisdiction over mobile telecommunications operators. The FCC is continually considering whether to establish new rules and policies, many of which, if implemented, could impose significant costs and burdens on Deutsche Telekom's business. The most significant areas of concern include whether the FCC makes available additional spectrum for next generation wireless offerings in a reasonable timeframe and ensures that existing spectrum holdings remain free and clear of any radio interference.

The FCC passed a regulatory order for mobile and fixed-network broadband access for Internet services on 21 December 2010. It is focused on ensuring transparency regarding network management practices, performance and the commercial terms of broadband Internet access services, prohibiting the blocking of access to lawful content by mobile and fixed-network broadband Internet access providers, and prohibiting unreasonable content discrimination by providers of fixed-network broadband Internet access. In addition, the regulator is allowing use-dependent pricing and requires that every provider of broadband Internet access manages its network sensibly in the future and protects it against overloads and abuse.

In addition, many state and local governments regulate various aspects of wireless operations, affecting Deutsche Telekom's business practices and the carrier-customer relationship. In particular,

consumer regulation at the federal or state level can impact a variety of carrier practices in this area including, for example, early termination fees, trial periods, billing practices and marketing. Any state or federal regulation could have a potentially adverse effect on Deutsche Telekom's mobile telecommunications business in the United States, as would any failure to comply with applicable regulations. Some U.S. states have taken actions to regulate various aspects of wireless operations including customer billing, termination of service arrangements and advertising. Any of those agencies could adopt regulations or take other actions that could adversely affect Deutsche Telekom's business. If the Company fails to comply with applicable regulations, Deutsche Telekom may be subject to sanctions, which may have an adverse effect on Deutsche Telekom's mobile telecommunications business in the United States.

### ***Fixed-Network Operations***

Deutsche Telekom believes that, for the foreseeable future, the Federal Network Agency is likely to consider the Company as a provider with significant market power in various German markets for public voice telephony services in the fixed-line network and in other markets, including most of those in which Deutsche Telekom holds monopoly rights in the past. Access and price regulation apply primarily to telecommunications services that are considered to involve an operator with "*significant market power*". As a result, Deutsche Telekom expects that the strict regulatory provisions of the German Telecommunications Act relating to providers with significant market power will continue to be applied to Deutsche Telekom's activities in those markets. Considering that in many markets its competitors are unlikely to gain significant market power in the near future, Deutsche Telekom expects that the Company will have to compete in important markets with providers not subject to these regulatory obligations. Therefore, these competitors may be expected to have more flexibility than Deutsche Telekom has in terms of the types of services offered and customers served, pricing and the granting of network access.

The Federal Network Agency has issued two decisions concerning the regulation of NGAs. On 17 September 2010, the Federal Network Agency decided that very high-speed digital subscriber line ("**VDSL**") and fiber to the home ("**FTTH**") access forms part of the regulated wholesale regime for digital subscriber lines ("**DSL**"). Ethernet based bitstream access will also be subject to regulation. In order to implement the decision, Deutsche Telekom must submit an amended reference offer. Related tariffs will be subject to ex-post price controls. In September 2010, the Federal Network Agency also published a draft decision concerning access to the local loop. This draft confirms the existing scope of Deutsche Telekom's obligations but in addition foresees the expansion of regulation to include pure fiber-optic access to unbundled local loops ("**ULLs**"). FTTH wholesale products will be subject to ex-post price controls. On 3 October 2011, the European Commission launched a consultation on cost methodologies for access networks. The concept favored by the Commission is that the regulated wholesale prices based on copper networks should be reduced if the regulated company does not invest in FTTH. The extension of the scope of Deutsche Telekom's obligations will make it easier for competitors to offer products at its expense, which could have a negative impact on Deutsche Telekom's revenue and results of operations. The final decision will be published after this consultation is completed.

The Federal Network Agency approves rates for ULL lines for a duration of two years. The current rates are valid until 30 June 2013. The level of the ULL rate is a decisive factor in the profitability of Deutsche Telekom's nationwide infrastructure in Germany. It also generates incentives and disincentives for the further expansion of broadband, particularly the roll-out of new fiber-optic networks.

Deutsche Telekom is involved in a number of pending legal proceedings regarding decisions of the Federal Network Agency that concern access charges relating to the local loop. The Federal Network Agency's rulings on the ULL monthly charges from 1999 and on the ULL one-time charges from 2001 and 2002 have been revoked with final and binding effect. The Federal Network Agency must now decide again on these charges. The Federal Administrative Court (*Bundesverwaltungsgericht*) has not formally stipulated preliminary rates with which the Federal Network Agency has to agree, so it is generally not clear whether and to what extent rates will be changed. On 23 November 2011, the Federal Administrative Court decided that the Federal Network Agency should have some scope for discretion in determining the cost basis and may continue to set ULL rates on the basis of current costs. The Federal Network Agency approved new one-time ULL rates for the period April 2002 through June 2003 in its decision dated 19 January 2011. Compared with the decision in 2002, the rates were reduced by between 3% and 8% for the most important rates, which relate to the provision

of customer data to providers of telephone directory inquiry services and takeovers of existing lines, and between 11% and 15% for termination rates. The rates decision applied only for plaintiffs who prevailed in the court case. This is because, under the German Telecommunications Act in its 2002 version, the rates only applied to individual agreements.

Deutsche Telekom's fixed-line subsidiaries in Southern and Eastern Europe are subject to regulatory provisions and risks that are similar to those affecting Deutsche Telekom's fixed-line operations in Germany. For example, Deutsche Telekom is designated an operator with significant market power in most fixed-line markets in which Deutsche Telekom operates, including Hungary, Slovakia, Croatia and Greece. The business impact of increased regulation on Deutsche Telekom's subsidiaries in Southern and Eastern Europe will depend on the way in which NRAs use their powers, and the extent to which Deutsche Telekom's competitors take advantage of regulatory decisions designed to foster increased competition.

In Greece, risk exists in the area of infrastructure roll-out, including VDSL and FTTX (a broadband network architecture that uses optical fiber as all or part of the local loop). The Greek government announced an initiative to support a passive optical network across Greece that would provide open access to all fixed-network providers and, as a result, increase competition. The impact of this development on OTE and the related financial risk to Deutsche Telekom cannot be quantified at this point.

The revised Telecommunications Act includes a new article (§ 41a para. 1 of the German Telecommunications Act, "TKG") that applies to all telecommunications-network providers and grants the Federal Network Agency the authority to impose an ordinance specifying general requirements for non-discriminatory data traffic and non-discriminatory access to content and applications. The German government has discretion to issue such an ordinance, which will depend on ongoing public discussions on net neutrality as well as the actual developments in the market. The Federal Network Agency has not to date promulgated any regulations regarding net neutrality issued by the Federal Network Agency. However, new regulations (§ 41a para. 2 TKG) allow the Federal Network Agency to define a minimum requirement of service quality through technical guidelines, which might hinder the introduction of new services. The Federal Network Agency has discretion to issue such technical guidelines.

**Deutsche Telekom faces intense competition in all areas of its business, which could lead to reduced prices for its products and services and a decrease in market share in certain service areas, thereby adversely affecting Deutsche Telekom's revenues and net profit.**

## **Germany**

In Germany, fixed-line network voice telephony service revenues and prices have continued to decline, primarily due to intense competition and adverse decisions imposed by the NRAs, and also due to customers' ongoing substitution of mobile telecommunications and Voice over Internet Protocol ("VoIP") services for fixed-line usage.

Due to competitive pressures from cable operators and fixed-line carriers, Deutsche Telekom continued to lose market share in 2011. Deutsche Telekom expects a further increase in competition from cable operators, which are able to provide telecommunications services without having to build out their own network or lease access to Deutsche Telekom's network. In the fixed-network broadband market, Deutsche Telekom has observed increasing shares of cable network operators among new customers. These operators are, unlike Deutsche Telekom, able to provide private homes and smaller companies throughout Germany with telecommunications products that require them neither to build out their own networks nor to lease unbundled local loop lines from Deutsche Telekom.

Competitive pressure is also increasing from competitors that have traditionally operated outside the telecommunications sector, such as major consumer electronic companies and Internet service providers. Furthermore, the switch of mobile operators' focus from pure mobile services towards fixed-line offerings, regulatory actions by the Federal Network Agency and the increasing quality and acceptance of VoIP services will increase pressure on Deutsche Telekom's market shares, revenues and margins.

Additional local and regional network operators are expanding their presence to include other major cities and regions. In the future, Deutsche Telekom could face even fiercer competition and lose further market share if its competitors were to combine their businesses.



Existing mobile substitution effects are intensified by the proliferation of Mobile Virtual Network Operators ("**MVNOs**"). Reduced prices for mobile telecommunications services (e.g., on the basis of lower flat rates without call-based charges and regulatory decisions regarding mobile telephony termination rates) could further increase pricing pressure on Deutsche Telekom's fixed-line services. Furthermore, mobile operators are increasingly engaging in reselling DSL product bundles provided by other fixed-line operators, and this continues to have an adverse effect on Deutsche Telekom's fixed-line network revenues.

The German markets for Internet access and portal services, especially within the broadband market, have been, and will continue to be, highly competitive and are increasingly saturated. Prices for broadband flat rates have been steadily declining. Deutsche Telekom's future competitive position in the broadband/fixed-network business in Germany will be affected by pricing, network speed and reliability, services offered, customer support and Deutsche Telekom's ability to be technologically adept and innovative. The regulatory environment can also exert a significant influence on the level of competition. Deutsche Telekom expects that its competitors will continue to pursue new broadband customers aggressively. In the market for portal services and content, competition is also intense due to low barriers to entry. In addition, a weaker economy may increase pressure on Deutsche Telekom's revenues and margins in these markets. Furthermore, regulatory decisions have required the Company to offer to its competitors an IP bitstream access product, which enables its competitors to expand their operations throughout Germany without building their own infrastructure.

Part of the challenge in the fixed-network business in Germany continues to be the improvement of Deutsche Telekom's reputation for customer service while implementing cost-saving measures. If Deutsche Telekom does not continue to improve its customer service sustainably, there is a risk that Deutsche Telekom might not stop its overall continuing loss of fixed-network customers in the German market.

Competition in the German mobile telecommunications segment with established players such as Vodafone, E-Plus and O2 is intense and can be expected to increase further in the future. Growing competition is also fostered by resellers and "*no-frills*" operators, offering discount rates without significant minimum contract term obligations. With Deutsche Telekom's "*Congstar*" brand, Deutsche Telekom also participates in this market.

In terms of the mobile share of "*total telecommunications minutes*", Germany consistently lags behind the European average. Although the number of "*mobile minutes*" is still growing in Germany, the respective growth rates have declined constantly since 2008. This makes it more difficult to compensate for price declines by higher usage.

As the German market for mobile telecommunications has become increasingly saturated, the focus of competition has been shifting from customer acquisition to customer retention, and increasing the quality and value of existing customers. Accordingly, if Deutsche Telekom is unable to offer increased quality and better value to its customers, its market share and revenues may not grow as Deutsche Telekom has anticipated in its plans.

## **Europe**

Competition in the European mobile telecommunications markets run by Deutsche Telekom's Europe operating segment is intense and can be expected to increase in the future. In addition to facing intense competition, Deutsche Telekom's Southern and Eastern European companies face difficult economic conditions. Growing competition results, to a different extent in each regional market, from the market entry of alternative carriers (such as cable TV operators) or low cost carriers (such as MVNOs), technology shifts (such as IP-based telecommunications networks) and from market consolidation.

If prices for mobile telecommunications services continue to decline through competition and/or regulation more than anticipated and this decline is not compensated for by higher usage, planned objectives may not be achieved. In addition, mobile network operators' expansion of product offerings into the fixed-line sector may result in a competitive disadvantage for Deutsche Telekom's mobile telecommunications operations in countries in which Deutsche Telekom offers only mobile communications services. Moreover, technologies such as W-LAN, WiMax and VoIP, which can be used with existing hardware and platforms, could drive voice and data traffic from mobile networks, which could lead to significant price and revenue reductions.

Demand for telecommunications services is still being affected by unemployment, government austerity packages and tax increases. In particular, as a result of the European sovereign debt crisis, the economies of the Eurozone face the potential of continued economic stagnation and contraction. The economic prospects of the countries most affected by the crisis, particularly Greece, are highly uncertain. In addition, European countries outside the Eurozone, such as Croatia, Hungary and Romania, continue to be affected by the crisis and face economic uncertainty. Any public fiscal measures taken in response to the situation may have an adverse effect on Deutsche Telekom's results. For example, in Hungary, the government approved an act imposing a special telecommunications tax, levied on annual net sales based on electronic telecommunications services.

As European markets have become increasingly saturated, the focus of competition has been shifting from customer acquisition to customer retention, and increasing the quality and value of existing customers. Accordingly, if Deutsche Telekom is unable to offer increased quality and better value to its customers, its market share and revenues may not grow as Deutsche Telekom has anticipated in its plans.

### **United States**

In the United States, each of T-Mobile USA's three main national competitors – AT&T, Verizon Wireless and Sprint/Nextel – is significantly larger than T-Mobile USA. Their scale could afford them significant structural and competitive advantages in this market. This situation presents T-Mobile USA with a long-term challenge to compete effectively in terms of pricing, products, coverage and the introduction of new technologies and services. For example, in 2011, all three of T-Mobile USA's major competitors introduced the iPhone 4S, which is not currently offered by T-Mobile USA. Also, AT&T and Verizon continue to be better positioned to leverage economies of scale with regard to capital investments and marketing messages. Intense competition from various regional and other small national operators also exists in T-Mobile USA's markets. Some of these competitors operate using alternative business models that have the potential to negatively affect T-Mobile USA's ability to attract and retain customers, such as low-cost unlimited prepaid offerings from regional carriers Leap Wireless, MetroPCS and Boost Mobile.

In addition to traditional competitors, the entrance and influence of manufacturers, service providers, cable providers and other new market participants, could put further pressure on the wireless industry in general and T-Mobile USA in particular.

The incumbent wireless industry is experiencing disruptive innovation on many fronts. For example, Apple transformed the device market with the launch of the iPhone, Clearwire hopes to transform the market with fixed mobile convergence and Google introduced its open-source Android operating system in 2008. While smartphone use is expected to continue to grow, tablet sales have gained traction. Rapid penetration of smartphones and tablets will require carriers to invest in device subsidisation and network improvements.

Despite the continued difficult economic context, the wireless industry is faring better than many industries (wireless spending is becoming less discretionary in the U.S.), but the industry is not immune from the cost-reduction efforts of consumers and changes in consumer creditworthiness. As the overall drop in customer growth intensifies, and price competition for contract customers becomes greater, comprehensive coverage and quality as well as attractive "*smartphone*" offerings will be key to T-Mobile USA's sustained commercial success. Further, adequate access to additional spectrum is essential for sustaining the 4G deployment as well as to service the projected exponential growth in data consumption. For T-Mobile USA and the market as a whole, there will continue to be considerable pressure toward consolidation.

Since T-Mobile USA is a significant contributor to Deutsche Telekom's overall revenues, a further slowdown or decline in the business of T-Mobile USA could have a material adverse effect on the attainment of the growth targets and profitability of Deutsche Telekom's Group as a whole in 2012.

### **Systems Solutions**

Deutsche Telekom's Systems Solutions business is subject to risks associated with the general and regional economies of its customers and the willingness and ability of its customers to invest in information and communications technology services and products. The Information and Communications Technology ("**ICT**") market is shaped by long sales cycles, severe competition and declining prices. The result is downward pressure on revenues and margins, which has been

exacerbated by the global economic crisis.

The ICT market in Deutsche Telekom's Systems Solutions operating segment is also experiencing intense competition, falling prices, restraint in the awarding of projects, and long sales cycles. Intense cost pressure in the private sector and particularly in the public sector means that the balance between differentiation (softening of price competition) and standardisation (cost cutting) remains critical. This creates a potential risk of revenue losses and declining margins for T-Systems.

Depending on the economic development and their impact on Deutsche Telekom's customers in 2012, T-Systems will continue to be affected. For example, cost-cutting programs and postponement or cancellation of investments of Deutsche Telekom's customers can have a negative impact on T-Systems' revenues and margins. In this business environment, further cost reductions will force T-Systems to rely on the development of lower cost near- and off shore capacities in both IT Outsourcing and the System Integration business.

In addition, the international growth potential of T-Systems may be constrained by its limited brand recognition in some national markets, at least compared to that of competitors who may be more established there, particularly as this relates to maintaining and increasing business with multinational companies outside of Germany. Additionally the relatively small size of some international T-Systems units may require expensive additional management resources from Germany.

If T-Systems' focus on multinational customers and its service offerings, such as dynamic services or cloud computing are not successful, T-Systems may lose market share to its competitors, suffer reduced revenues and incur losses.

**Deutsche Telekom may realise neither the expected level of demand for its products and services, nor the expected level or timing of revenues generated by those products and services, as a result of lack of market acceptance, technological change or delays from suppliers, which could adversely affect Deutsche Telekom's cash flows.**

There is a risk that Deutsche Telekom will not succeed in making customers sufficiently aware of existing and future value-added services or in creating customer acceptance of these services at the prices Deutsche Telekom would want to charge. In addition, market acceptance for these new products and services could be negatively affected by an unwillingness to pay for additional features. There is also a risk that Deutsche Telekom will not identify trends correctly, or that Deutsche Telekom will not be able to bring new services to market as quickly or price-competitively as its competitors. These risks exist, in particular, with respect to Deutsche Telekom's anticipated future growth drivers in the mobile telecommunications area, such as mobile data services or other advanced technologies (which are supported by advanced "smartphone" products), and in the fixed-line telecommunications area, such as triple-play services, which include telephone, Internet and television services. Ever-shorter innovation cycles in these advanced technologies confront the telecommunications sector with the challenge of introducing new products at increasingly shorter intervals.

Further, as a result of rapid technological progress, and the trend towards technological convergence, there is a danger that new and established information and telecommunications technologies or products may not only fail to complement one another, but in some cases may even substitute for one another. An example of this is VoIP, a technology that is already established in the business customer market. VoIP has now reached the consumer market as well and, as a technology that competes directly with traditional fixed-line telephony services, VoIP has the potential to reduce further Deutsche Telekom's market share and revenues in its fixed-line business. The introduction of mobile handsets with VoIP functionality may also adversely affect Deutsche Telekom's pricing structures and market share in its mobile voice telephony business. If Deutsche Telekom does not appropriately anticipate the demand for new technologies, and adapt its strategies and cost structures accordingly, Deutsche Telekom may be unable to compete effectively, with the result that Deutsche Telekom's business activities, financial condition and results may suffer.

**Some of Deutsche Telekom's investments (such as in new spectrum licenses) to develop future products and services may involve substantial cash outlays with no certainty of market acceptance or regulatory non-interference with license requirements.**

There is a risk that the return on Deutsche Telekom's investments, in particular in new spectrum licenses and network infrastructure (e.g., for 4G services), may negatively deviate from its plans. In addition to the negative impact on Deutsche Telekom's cash flows, this could result in significant write-

downs of the value of spectrum or other licenses or other network-related investments.

Should Deutsche Telekom face a continuously deteriorating economic climate, Deutsche Telekom may decide, or be required, to scale back capital expenditures. Deutsche Telekom believes that they have flexibility in terms of the amount and timing of its capital expenditure program, but a lasting reduction in capital expenditure levels below certain thresholds could affect Deutsche Telekom's future growth, in particular in its mobile operations.

**Failure to achieve the planned reduction and restructuring of personnel or the human resources-related cost-savings goals could negatively affect the reputation and achievement of Deutsche Telekom's financial objectives and profitability.**

Staff restructuring within the Group in Germany continued in a socially responsible manner in 2011. It was implemented essentially by means of voluntary redundancies, partial and early retirement, and employment opportunities for civil servants and employees offered by Vivento, especially in the public sector. Deutsche Telekom intends to continue to restructure its workforce as required. If it is not possible to implement the corresponding measures to the extent planned or at all, this may have negative effects on its financial targets and profitability as well as Deutsche Telekom's reputation.

The successful realisation of any staff reduction program depends on a range of factors that are beyond Deutsche Telekom's control, such as general developments in the labor market, the demand for Deutsche Telekom's retrained labor force and the level of acceptance of the various severance offers and other voluntary reduction measures. If planned staff reduction targets are not achieved, this would have a negative effect on Deutsche Telekom's operating expenses and profitability.

**As a result of dispositions of certain non-core businesses in Germany, there is an increased risk of return of civil servants transferred out of Deutsche Telekom Group, which could have a negative impact on the staff and cost reduction objectives.**

Deutsche Telekom's employees who have civil servant status can, based on German civil service law, only be completely transferred to the buyer of a business from Deutsche Telekom in exceptional cases. Therefore, as a general matter, such transferred civil servants are placed on leave of absence while employed with the transferred business unit. Accordingly, in the event of termination of employment with the transferred business unit, there is a risk that such civil servants will return to the Group. There are currently around 2,850 civil servants that can avail themselves of this right of return to the Group. If all of these civil servants were to return to Deutsche Telekom in 2012, the additional personnel costs would be approximately EUR 0.2 billion per year. This risk of return can be reduced by an agreement on compensation payments, but it cannot be completely eliminated.

If further Group units employing civil servants are disposed of, the risk of additional civil servants returning after the end of their temporary leave may again increase.

**Alleged health risks of wireless communications devices have led to litigation affecting markets with Deutsche Telekom's mobile telecommunications operations subsidiaries, and could lead to decreased wireless communications usage or increased difficulty in obtaining sites for base stations and, as a result, adversely affect the financial condition and results of operations of Deutsche Telekom's wireless services business.**

Media reports have suggested that radio frequency emissions from wireless mobile devices and cell sites may raise various health concerns, including cancer, and may interfere with various electronic medical devices, including hearing aids and pacemakers. Research and studies are ongoing. The World Health Organisation has declared that, on the basis of current scientific knowledge, there are no known adverse effects on health from emissions at levels below internationally recognised health and safety standards. However, Deutsche Telekom cannot provide assurance that research in the future will not establish links between radio frequency emissions and health risks.

Whether or not such research or studies conclude there is a link between radio frequency emissions and health, popular concerns about radio frequency emissions may discourage the use of wireless devices and may result in significant restrictions on the location and operation of cell sites by Deutsche Telekom's mobile telecommunications subsidiaries and the usage of T-Mobile's wireless devices, telephones or products using wireless technology. Such restrictions on use could have material adverse effects on Deutsche Telekom's results of operations.

Together with wireless telephone manufacturers, T-Mobile USA and other wireless service operators

are subject to several individual lawsuits asserting product liability, breach of warranty and other claims relating to radio frequency transmissions to and from wireless mobile devices. The complaints seek substantial monetary damages as well as injunctive relief. T-Mobile intends to vigorously defend these cases. Deutsche Telekom does not know whether legislators, regulators or private litigants will refrain from taking other actions adverse to Deutsche Telekom, based on the purported health-related risks associated with radio frequency emissions. Any such litigation, legislation or adverse actions may result in additional costs and loss of revenues in Deutsche Telekom's mobile communications businesses.

**Deutsche Telekom regularly engage in large-scale programs to reshape the information technology ("IT") and network infrastructure to adapt to changing customer needs and organisational and accounting requirements. The implementation of any of these programs may require substantial investments and a failure to effectively plan and monitor them could lead to misallocations of resources and impaired processes with negative consequences for Deutsche Telekom's operations.**

Deutsche Telekom's IT and network resources and infrastructure represents its organisational and technical backbone. This infrastructure is the basis for innovative telecommunications products and services that Deutsche Telekom offers or plans to offer in the future. Deutsche Telekom implemented comprehensive programs since 2010 to adapt its IT systems and infrastructure to changing customer needs and its new organisational structure resulting from the consolidation of its fixed-line and mobile networks in Germany. Deutsche Telekom is replacing the various architectures, access types and services with a standardised architecture. Risks could arise in this area relating to all IT systems and products that require Internet access. For example, faults between newly developed and existing IT systems could cause interruptions to business processes and products, such as smartphones and Deutsche Telekom's comprehensive triple-play offering in Germany, Entertain.

Due to the enormous complexity of the implementation of this IT initiative, malfunctions, connectivity issues, implementation delays, inadequate planning and management and other unforeseen problems could result in costly process impairments and remediation, and possible extended down-times of IT processes. These problems could result in revenue losses and may frustrate the attainment of Deutsche Telekom's goals in terms of cost savings and quality improvements.

In addition, one of Deutsche Telekom's most important IT programs deals with the long-term development and implementation of a comprehensive IP platform that will support both fixed-line and mobile telephony services. This means that the traditional platform will be completely replaced by an IP-based system. Upon implementing this joint IP platform, Deutsche Telekom will be subject to risks inherent in all IT systems connected to the Internet, such as hacker attacks, "spam calls" and other disruptions. These risks could lead to a temporary interruption of Deutsche Telekom's IT resources and, as a result, impair the performance of Deutsche Telekom's technical infrastructure.

In addition, Deutsche Telekom may be required to make substantial IT infrastructure investments in response to new accounting standards, such the new IFRS recognition rule, scheduled to be released in 2012.

**System failures due to natural or man-made disruptions and loss of data could result in reduced user traffic and reduced revenues and could harm Deutsche Telekom's reputation and results.**

Deutsche Telekom's technical infrastructure (including Deutsche Telekom's network infrastructure for fixed-line network services and mobile telecommunications services) and data may be damaged or disrupted by fire, lightning, flooding and other calamities, technology failures, human error, terrorist attacks, hacker attacks and malicious actions (e.g., theft or misuse of customer data), and other similar events. Deutsche Telekom attempts to mitigate these risks by employing a large number of measures, including a comprehensive monitoring of its telecommunications networks, backup systems and protective systems such as firewalls, virus scanners, and building security. In addition, Deutsche Telekom has implemented a global business continuity management system at its corporate headquarters. Deutsche Telekom cannot, however, be certain that these measures will be effective under all circumstances, and that disruptions or damages will not occur. Disruption or damage to Deutsche Telekom's infrastructure may result in reduced user traffic and revenues, increased costs, and damage to Deutsche Telekom's reputation.

**Shortcomings in Deutsche Telekom's supply and procurement process could negatively affect its product portfolio, revenues and profits.**

As a fully integrated ICT service provider, Deutsche Telekom cooperates with a wide range of different suppliers for technical components and assemblies, as well as for software and other goods and information important to the conduct of Deutsche Telekom's business. Although Deutsche Telekom does not believe that Deutsche Telekom is materially dependent on any single supplier, Deutsche Telekom's contractors may want to extend delivery times, raise prices and limit supply due to their own shortages or changing business and product strategies. Furthermore, Deutsche Telekom's vendors may be subject to litigation with respect to technology that is important for the conduct of Deutsche Telekom's business. Especially in times of economic turmoil, supply chains, credit access and financial stability of Deutsche Telekom's vendors may be negatively affected, which could disturb Deutsche Telekom's commercial relationship with them.

If Deutsche Telekom's commercial partners fail to deliver quality products and services in a timely manner, the ensuing disruptions in Deutsche Telekom's chain of supply could negatively affect Deutsche Telekom's product portfolio, cost structure, revenues and profits. Deutsche Telekom takes a variety of measures to shelter itself from these risks, but the Company cannot be sure that these measures will be effective under all circumstances.

**Deutsche Telekom is continuously involved in disputes and litigation with regulators, competition authorities, competitors and other parties. The ultimate outcome of such legal proceedings is generally uncertain. When finally concluded, they may have a material adverse effect on Deutsche Telekom's results of operations and financial condition.**

Deutsche Telekom is subject to numerous risks relating to legal and regulatory proceedings, in which Deutsche Telekom is currently a party or which could develop in the future. Litigation and regulatory proceedings, including patent infringement lawsuits, are inherently unpredictable. Legal or regulatory proceedings in which Deutsche Telekom is or comes to be involved (or settlements thereof) may have a material adverse effect on Deutsche Telekom's results of operations or financial condition.

**Exchange-rate, interest-rate and rating risks have had, and may continue to have, an adverse effect on Deutsche Telekom's revenue and cost development.**

Deutsche Telekom is exposed to currency risks related to Deutsche Telekom's international business activities. Generally, Deutsche Telekom's Central Treasury hedges currency risks that may have an impact on its cash flows (known as a transaction risk), although there can be no guarantee that Deutsche Telekom's hedging strategies will succeed. Currency risks may have a negative impact on Deutsche Telekom's results of operations when amounts in local currencies are translated into euros, particularly in connection with U.S. dollar- and pound sterling-denominated results.

Deutsche Telekom is also exposed to interest-rate risks, primarily in the euro and U.S. dollar currencies. Interest-rate risks arise as a result of fluctuations in interest rates affecting the level of interest payments due on indebtedness at variable rates in each of these currencies. Once per year, Deutsche Telekom's Management Board specifies ratios of fixed and variable debt in these two currencies. Deutsche Telekom's Central Treasury then takes measures, using derivative instruments and other measures, to implement the interest-risk management decisions of the Management Board.

A decrease in Deutsche Telekom's credit ratings below certain thresholds by various rating agencies would result in an increase in the interest rates on certain of its bonds and medium-term notes due to step-up provisions and could raise the cost of Deutsche Telekom's debt refinancing activities generally.

**Potential breaches of compliance requirements or the identification of material weaknesses in Deutsche Telekom's internal control over financial reporting may have an adverse impact on Deutsche Telekom's corporate reputation, financial condition and the trading price of its securities.**

In general, compliance requirements for publicly-traded companies and, in particular, the investigation of potential breaches and corporate misconduct are increasing and leading to major financial implications for the companies concerned. At the same time, the legal framework governing the monitoring of companies is becoming more comprehensive, which increases the liability risks for executive bodies and associated costs.

While Deutsche Telekom believes that it has established an appropriate compliance organisation to detect, assess, reduce and manage these risks, the global and diverse nature of Deutsche Telekom's operations means that these risks and their related consequences will continue to exist. Although Deutsche Telekom intends to take prompt measures to remediate any identified shortcomings in its internal controls over financial reporting, activities of this kind may involve significant effort and expense, and disclosure of any failures, material weakness or other conditions, may result in a deterioration of Deutsche Telekom's corporate image and negative market reactions.

**Developments in the telecommunications sector have resulted, and may in the future result, in substantial write-downs of the carrying value of certain of Deutsche Telekom's assets.**

Deutsche Telekom reviews on a regular basis the value of each of its subsidiaries and their assets. In addition to Deutsche Telekom's regular annual impairment reviews, whenever indications exist that goodwill, intangible assets or fixed assets may be impaired due to changes in the economic, regulatory, business or political environment, Deutsche Telekom considers the necessity of performing certain valuation tests, which may result in impairment charges. The recognition of impairments of intangible assets, property, plant and equipment and financial assets could cause Deutsche Telekom to take large, non-cash charges against net profit, which could lead to a reduction in the trading price of its shares and ADSs.

#### **Risk Factors regarding Deutsche Telekom International Finance B.V.**

Payment of principal of and interest on notes issued by Finance are guaranteed by Deutsche Telekom AG. Therefore the risks in respect of Finance substantially correspond with the ones of Deutsche Telekom AG.

### **Risk Factors regarding the Notes**

***The following is a disclosure of risk factors that are material to the Notes issued under the Programme in order to assess the market risk associated with these Notes. Prospective investors should consider these risk factors before deciding to purchase Notes issued under the Programme.***

***In respect of Notes which require in view of their specific structure a specific description of risk factors, those specific additional risk factors will be described in the Final Terms relating to such Notes.***

#### **Notes may not be a suitable investment for all investors**

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolio. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### **Liquidity Risk**

Application has been made to list Notes to be issued under the Programme on the official list of and to admit such Notes to trading on the Regulated Market of the Luxembourg Stock Exchange. In addition, the Programme provides that Notes may be listed on an alternative stock exchange or may not be listed at all. Regardless of whether the Notes are listed or not, there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity than if they were not listed. If the Notes are not listed on any exchange, pricing information for such Notes may, however, be more difficult to obtain which may affect the liquidity of the Notes adversely. In an illiquid market, an investor might not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

#### **Market Price Risk**

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policy of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. The holder of a Note is therefore



exposed to the risk of an unfavourable development of market prices of its Note which materialises if the holder sells the Notes prior to the final maturity of such Notes.

### **Currency Risk/Dual Currency Notes**

A holder of a Note denominated in a foreign currency and a holder of Dual Currency Notes is exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes. Changes in currency exchange rates result from various factors such as macro-economic factors, speculative transactions and interventions by central banks.

A change in the value of any currency other than euro against the euro, for example, will result in a corresponding change in the euro value of a Note denominated in a currency other than euro and the euro value of interest and principal payments made in accordance with the terms of such Note. If the underlying exchange rate falls and the value of the euro correspondingly rises, the price of the Note and the value of interest payments made thereunder expressed in euro falls.

### **Risk of Early Redemption**

The applicable Final Terms will indicate whether an Issuer may have the right to call the Notes prior to maturity (optional call right) on one or several dates determined beforehand or whether the Notes will be subject to early redemption upon the occurrence of an event specified in the applicable Final Terms (early redemption event). In addition, each Issuer will always have the right to redeem the Notes if the relevant Issuer is required to pay additional amounts (gross-up payments) on the Notes for reasons of taxation as set out in the Terms and Conditions. If the relevant Issuer redeems the Notes prior to maturity or the Notes are subject to early redemption due to an early redemption event, a holder of such Notes is exposed to the risk that due to such early redemption his investment will have a lower than expected yield. The Issuer can be expected to exercise his optional call right if the yield on comparable Notes in the capital market has fallen which means that the investor may only be able to reinvest the redemption proceeds in comparable Notes with a lower yield. On the other hand, the Issuer can be expected not to exercise his optional call right if the yield on comparable Notes in the capital market has increased. In this event an investor will not be able to reinvest the redemption proceeds in comparable Notes with a higher yield. It should be noted, however, that the relevant Issuer may exercise any optional call right irrespective of market interest rates on a call date.

### **Fixed Rate Notes**

A holder of a Fixed Rate Note is exposed to the risk that the price of such Note falls as a result of changes in the market interest rate. While the nominal interest rate of a Fixed Rate Note as specified in the applicable Final Terms is fixed during the life of such Note, the current interest rate on the capital market ("**market interest rate**") typically changes on a daily basis. As the market interest rate changes, the price of a Fixed Rate Note also changes, but in the opposite direction. If the market interest rate increases, the price of a Fixed Rate Note typically falls, until the yield of such Note is approximately equal to the market interest rate. If the market interest rate falls, the price of a Fixed Rate Note typically increases, until the yield of such Note is approximately equal to the market interest rate. If the holder of a Fixed Rate Note holds such Note until maturity, changes in the market interest rate for comparable issuers are without relevance to such holder as the Note will be redeemed at the principal amount of such Note.

### **Floating Rate Notes**

A holder of a Floating Rate Note is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of Floating Rate Notes in advance.

A Floating Rate Note may include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features. In such case, their market value may be more volatile than those for Floating Rate Notes that do not include these features. If the amount of interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the interest rates on interest payable will be increased. The effect of a cap is that the amount of interest will never rise above and beyond the predetermined cap, so that the holder will not be able to benefit from any actual favourable development beyond the cap. The yield could therefore be considerably lower than that of similar

Floating Rate Notes without a cap.

Neither the current nor the historical value of the relevant floating rate should be taken as an indication of the future development of such floating rate during the term of any Notes.

### **Inverse/Reverse Floating Rate Notes**

Inverse Floating Rate Notes (also called Reverse Floating Rate Notes) have an interest rate which is determined as the difference between a fixed interest rate and a floating rate reference rate such as the EURIBOR or the LIBOR which means that interest income on such Notes falls if the reference interest rate increases. Typically, the market value of Inverse Floating Rate Notes is more volatile than the market value of other conventional floating rate notes based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest payable on the Notes, but may also reflect an increase in prevailing interest rates, which may further adversely affect the market value of such Notes.

### **Fixed to Floating Rate Notes**

Fixed to Floating Rate Notes may bear interest at a rate which converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing interest rates payable on its Notes.

### **Zero Coupon Notes**

Zero Coupon Notes do not pay current interest but are issued at a discount from their nominal value. Instead of periodical interest payments, the difference between the redemption price and the issue price constitutes interest income until maturity and reflects the market interest rate. A holder of a Zero Coupon Note is exposed to the risk that the price of such Note falls as a result of changes in the market interest rate for comparable issuers. Prices of Zero Coupon Notes are more volatile than prices of Fixed Rate Notes and are likely to respond to a greater degree to market interest rate changes than interest bearing notes with a similar maturity.

### **Index-linked Notes**

Index-linked Notes may be issued as Index-linked Interest Notes where payments of interest will be made by reference to a single index or other factors (including changes in the price of securities and commodities or movements in exchange rates) and/or such formula as may be specified by the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

If payment of interest is linked to a particular index, a holder of an Index-linked Interest Note is particularly exposed to the risk of fluctuating interest rate levels and uncertain interest income or may even receive no interest at all which may have the effect that the yield of an Index-linked Interest Note is negative. None of the Issuers has control over a number of matters, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results.

Investors should be aware that the market price of Index-linked Notes may be very volatile (depending on the volatility of the relevant index). Neither the current nor the historical value of the relevant index should be taken as an indication of the future performance of such index during the term of any Note.

### **Credit Linked Notes**

An investment in Credit Linked Notes involves a high degree of risk. A holder of a Credit Linked Note is exposed to the credit risk of the Issuer and that of one or more reference entities or assets (as specified in the Final Terms). There is no guarantee that the holders of such Notes will receive the full principal amount of the Notes and interest thereon and ultimately the obligations of the Issuer to pay

principal under such Notes may even be reduced to zero.

In the event of the occurrence of any credit event such as bankruptcy, failure to pay obligations, accelerations and repudiation/moratorium in respect of one or more reference entities or assets, the Issuer may redeem the Notes either by delivering to the holders of the Notes such deliverable obligations (as specified in the Final Terms) of any such reference entity in respect of which the credit event has occurred or, if cash settlement is specified in the relevant Final Terms, by the payment of an amount of cash as determined in accordance with the provisions of the relevant Final Terms. In addition, interest bearing Credit Linked Notes may cease to bear interest on or prior to the date of the occurrence of such circumstances.

In case of physical settlement (as specified in the Final Terms) the deliverable obligations will be debt obligations of the reference entity, selected by the Issuer, of the type and having the characteristics described in the Final Terms. Thus, the Issuer may deliver any deliverable obligations of a defaulted reference entity meeting the criteria described in the Final Terms, regardless of their market value at the time of delivery, which may be less than the principal amount of the Notes or, in certain circumstances, be equal to zero.

### **General Risks in respect of Structured Notes**

An investment in Notes the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the holder of such Notes will receive no interest at all, that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor could lose all or a substantial portion of the principal of its Notes. In addition, investors should be aware that the market price of such Notes may be very volatile (depending on the volatility of the relevant currency, commodity, interest rate, index or formula). Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Note.

### **Risk of potential Conflicts of Interest**

In case of Notes linked to an underlying (e.g., but not limited to, an index, a currency, a commodity, single shares or a basket), each of the Issuer, the Dealer(s) or any of their respective affiliates may from time to time engage in transactions relating to such underlying for their own accounts or for the accounts of third parties and may issue other financial products in respect of such underlying. Such activities could create conflicts of interest and may have a negative impact on the underlying value.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuer and its affiliates in the ordinary course of business.

## **Incorporation by Reference / Documents on Display**

The following documents are incorporated by reference into this Prospectus and are available in the English language.

The audited consolidated financial statements for Deutsche Telekom AG and the audited unconsolidated financial statements for Deutsche Telekom International Finance B.V. for the financial years ended 31 December 2011 and 31 December 2010, respectively, are incorporated by reference into this Prospectus:

### **Deutsche Telekom AG**

The audited consolidated financial statements of Deutsche Telekom for the financial year ended on 31 December 2011 consisting of

- Consolidated statement of financial position (pages 158 to 159 in the Annual Report of 2011),
- Consolidated income statement (page 160 in the Annual Report of 2011),
- Consolidated statement of comprehensive income (page 161 in the Annual Report of 2011),
- Consolidated statement of changes in equity (pages 162 to 163 in the Annual Report of 2011),
- Consolidated statement of cash flows (page 164 in the Annual Report of 2011)
- Notes to the consolidated financial statements (pages 165 to 250 in the Annual Report of 2011),
- Auditors' report (page 251 in the Annual Report of 2011).

The audited consolidated financial statements of Deutsche Telekom for the financial year ended on 31 December 2010 consisting of

- Consolidated statement of financial position (pages 132 to 133 in the Annual Report of 2010),
- Consolidated income statement (page 134 in the Annual Report of 2010),
- Consolidated statement of comprehensive income (page 135 in the Annual Report of 2010),
- Consolidated statement of changes in equity (pages 136 to 137 in the Annual Report of 2010),
- Consolidated statement of cash flows (page 138 in the Annual Report of 2010)
- Notes to the consolidated financial statements (pages 139 to 222 in the Annual Report of 2010),
- Auditors' report (page 223 in the Annual Report of 2010).

### **Deutsche Telekom International Finance B.V.**

The audited unconsolidated financial statements of Finance for the financial year ended on 31 December 2011 consisting of

- Statement of comprehensive income (page 6 in the Annual Report of 2011)
- Statement of financial position (page 7 in the Annual Report of 2011)
- Statement of changes in equity (page 8 in the Annual Report of 2011)

Statement of cash flows (page 9 in the Annual Report of 2011)

Notes to the financial statements (pages 10 to 36 in the Annual Report of 2011)

Auditors' report (last two pages (pages 38 to 39 of the pdf-file) in the Annual Report of 2011).

The audited unconsolidated financial statements of Finance for the financial year ended on 31 December 2010 consisting of

Statement of comprehensive income (page 6 in the Annual Report of 2010)

Statement of financial position (page 7 in the Annual Report of 2010)

Statement of changes in equity (page 8 in the Annual Report of 2010)

Statement of cash flows (page 9 in the Annual Report of 2010)

Notes to the financial statements (pages 10 to 35 in the Annual Report of 2010)

Auditors' report (last two pages (pages 37 to 38 of the pdf-file) in the Annual Report of 2010).

All information not listed above, but included in the documents incorporated by reference is given for information purposes only.

The Prospectus and all Reference Documents are available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). During the whole life of the Programme, the Prospectus as well as all supplements thereto, all Reference Documents, the Guarantee and Negative Pledge of Deutsche Telekom AG and the Articles of Association of Deutsche Telekom AG, all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuers' request any part of which is included or referred to in the Prospectus, the historical consolidated financial information of Deutsche Telekom Group for each of the two financial years preceding the publication of the Prospectus are either available on the website of Deutsche Telekom ([www.telekom.de](http://www.telekom.de)), or may, as well as the Articles of Association of Deutsche Telekom International Finance B.V. and the historical financial information of Finance for each of the two financial years preceding the publication of the Prospectus, be inspected and are available free of charge at the office of the Luxembourg Paying Agent, Deutsche Bank Luxembourg S.A., and are available in the English language each free of charge at the head office of Deutsche Telekom AG (addresses are specified on the back cover of this Prospectus).

## General Description of the Programme

### I. General

Under this EUR 25,000,000,000 Debt Issuance Programme, Deutsche Telekom and Finance may from time to time issue notes, (the "**Notes**"). The maximum aggregate principal amount of the Notes from time to time outstanding under the Programme will not exceed EUR 25,000,000,000 (or its equivalent in any other currency). The Issuers may increase the amount of the Programme in accordance with the terms of the Dealer Agreement (as defined herein) from time to time.

The Guarantor has given its unconditional and irrevocable guarantee (the "**Guarantee**") for the due payment of the amounts corresponding to the principal of and interest on the Notes issued by Deutsche Telekom International Finance B.V. The Guarantee will be governed by German law.

The Notes may be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time by the Issuer(s), which appointment may be for a specific issue or on an ongoing basis. 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 Final Terms.

Notes will be issued 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, except for issue dates, interest commencement dates and/or issue prices may form a series ("**Series**") of Notes. Further Notes may be issued as part of existing Series. The specific terms governing each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions) will be set forth in the applicable Final Terms.

Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms save that the minimum denomination of the Notes will be, if in euro, EUR 1,000 and if in any currency other than euro, in an amount in such other currency nearly equivalent to EUR 1,000 at the time of the issue of the Notes. The minimum denomination of the Notes may be smaller than EUR 1,000 if the Notes are not listed or are listed on an unregulated market and may not be part of any public offer.

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

Unless otherwise permitted by then current laws and regulations, Notes in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom will have a minimum redemption amount of GBP 100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until on or after the first anniversary of their date of issue.

Application has been made to list Notes issued under the Programme on the official list of and to admit such Notes to trading on the Regulated Market of 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 Dealer(s) in relation to each Series. Under the Programme notes may also be issued which will not be listed on any Stock Exchange.

### II. Issue Procedures

#### General

The Issuer and the relevant Dealer(s) will agree on the terms and conditions applicable to each Tranche (the "**Conditions**"), which will be constituted by the Terms and Conditions as completed, modified, supplemented or replaced by the provisions of the applicable Final Terms as provided below. The Final Terms relating to each Tranche 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 English language or the German 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 Issuer anticipates that, in general, subject to any stock exchange or legal requirements applicable from time to time, and unless

otherwise agreed between the Issuer and the relevant Dealer(s):

- In the case of Notes publicly offered, in whole or in part, in Germany or initially distributed, in whole or in part, to non-qualified investors in Germany, German will be the controlling language. If, in the event of such public offer or distribution to non-qualified investors, however, English is chosen as controlling language, a German language translation of the Conditions will be available from the respective offices of the Paying Agent in Germany and the Issuer, specified under "*Names and Addresses*" below.

As to whether the conditions are documented as Long-Form Conditions or Integrated Conditions the following applies:

- Integrated Conditions will be required where the Notes are to be publicly offered, in whole or in part, or to be initially distributed, in whole or in part, to non-qualified investors.
- In all other cases, the Issuer may elect to use Long-Form Conditions or Integrated Conditions.

### **Long-Form Conditions**

If the Final Terms specify that Long-Form Conditions are to apply to the Notes, the provisions of the applicable Final Terms 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 Final Terms 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 Final Terms 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 Final Terms 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 Final Terms 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 Final Terms 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 Final Terms and the Terms and Conditions in full, (ii) the Final Terms 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 Final Terms specify 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 Final Terms 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 Final Terms.

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).

## **Deutsche Telekom AG as Issuer and Guarantor**

### **STATUTORY AUDITORS**

The statutory auditors of Deutsche Telekom AG for the financial year ended on 31 December 2011 were PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**PWC**"), Friedrich-Ebert-Anlage 35-37, 60327 Frankfurt am Main, Germany. The statutory auditors of Deutsche Telekom AG for the financial year ended on 31 December 2010 were PWC and Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft ("**E&Y**"), Mittlerer Pfad 15, 70499 Stuttgart, Germany. PWC and E&Y are members of the chamber of public accountants (*Wirtschaftsprüferkammer*).

### **GENERAL INFORMATION ABOUT DEUTSCHE TELEKOM**

#### **Introduction**

The legal and commercial name of the Company is Deutsche Telekom AG. Deutsche Telekom AG is a private stock corporation organised under German law registered with the local court (*Amtsgericht*) of Bonn under the number HRB 6794. The registered office is located at Friedrich-Ebert-Allee 140, 53113 Bonn, Federal Republic of Germany, and its telephone number is +49 (228) 181-0.

#### **Corporate Purpose**

According to Article 2 of the Articles of Association (*Satzung*) of Deutsche Telekom AG its object are activity in all areas of telecommunications, information technology, multimedia, information and entertainment, security services, sales and brokerage services, e-banking, e-money, collection, factoring and reception and surveillance services as well as any services connected with these areas, and also in related areas in Germany and abroad. Deutsche Telekom AG is entitled to enter into all other transactions and take all other measures deemed appropriate to serve this 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, provided that applicable legal requirements, such as requisite shareholder resolutions, are satisfied.

#### **Historical Background**

Deutsche Telekom is an integrated telecommunications provider offering its customers around the world a comprehensive portfolio of state-of-the-art services in the areas of telecommunications and IT.

The provision of public telecommunications services in Germany was long a state monopoly, as formerly provided in the constitution of Germany. In 1989, Germany began to transform the postal, telephone and telegraph services administered by the former monopoly provider of such services into market-oriented businesses, and ordered the former monopoly into three distinct entities along their lines of business, one of which was Deutsche Telekom's predecessor, Deutsche Bundespost Telekom. At the same time, Germany also began the liberalisation of the German telecommunications market. Deutsche Telekom was transformed into a private stock corporation effective 1 January 1995.

The operation of networks (including cable networks) for all telecommunications services, other than public fixed-line voice telephony, was opened to competition in Germany on 1 August 1996, when the new legal framework for the regulation of the telecommunications sector in Germany, the Telecommunications Act, became effective. As required by the Telecommunications Act, and mandated by the directives of the E.U. Commission, the telecommunications sector in Germany was further liberalised on 1 January 1998, through the opening of the public fixed-line voice telephony services to competition.

Since then, Deutsche Telekom has faced intense competition and has been required, among other things, to offer competitors access to its fixed-line network at regulated interconnection rates.



## DESCRIPTION OF BUSINESS

### Group Organisation

#### *Overview of Business Activities.*

Deutsche Telekom is one of the world's leading service providers in the telecommunications and information technology industry. Deutsche Telekom has an international focus and is represented in around 50 countries throughout the world. In 2011, over half of Deutsche Telekom's revenue, or EUR 32.3 billion, was generated outside of Deutsche Telekom's home market of Germany. As of 31 December 2011, Deutsche Telekom employed 235,132 people.

Deutsche Telekom's activities are guided by major trends in technology and society. Deutsche Telekom offers network access as well as communication and value-added services with ever-expanding bandwidths, thus promoting personal and social networking with innovative products and services. Deutsche Telekom's fixed-network business includes all voice and data communications activities based on fixed-network and broadband technology. This includes the sale of terminal equipment and other hardware, as well as the sale of services to resellers. Deutsche Telekom's mobile communications business offers mobile voice and data services to consumers and business customers. When marketing these services, Deutsche Telekom also sells mobile handsets and other hardware. In addition, Deutsche Telekom sells mobile services to resellers and to companies that buy network services and market them independently to third parties (mobile virtual network operators, or MVNOs).

T-Systems, Deutsche Telekom's corporate customer arm, is focused on business involving network-centric ICT solutions, which offers combining IT and telecommunications services. T-Systems supplies complete solutions for companies with operations worldwide. In addition, it is focusing on services such as cloud computing and IT solutions for sectors that are undergoing major changes such as energy, healthcare, media distribution and automotive. In addition to the core business (traditional fixed-network and mobile access business), Deutsche Telekom is specifically tapping new growth areas with investments in intelligent networks and its portfolio of IT, Internet and network services.

#### **Organisation**

Deutsche Telekom has four operating segments:

- **Germany:** The Germany operating segment comprises all fixed-network and mobile activities in Germany. In addition, the Germany operating segment provides wholesale telecommunications services in Germany for the Group's other operating segments.
- **Europe:** The Europe operating segment encompasses all of Deutsche Telekom's fixed-network and mobile operations in Greece, Romania, Hungary, Poland, the Czech Republic, Croatia, The Netherlands, Slovakia, Austria, Bulgaria, Albania, the F.Y.R.O. Macedonia and Montenegro, as well as Deutsche Telekom's joint venture in the UK. It also includes the International Carrier Sales and Solutions unit, which mainly provides wholesale telecommunications services for the Group's other operating segments.
- **United States:** The United States operating segment combines all Deutsche Telekom's mobile activities in the U.S. market.
- **Systems Solutions:** The Systems Solutions operating segment bundles business with ICT products and solutions for large multinational corporations under the T-Systems brand. The operating segment offers its customers information and communication technology from a single source. It develops and operates infrastructure and industry solutions for multinational corporations and public institutions. The products and services offered range from standard products and IP-based high-performance networks through to complete ICT solutions.

Group Headquarters & Shared Services comprises all Group units that cannot be allocated directly to one of the four operating segments and includes the Technology and Innovation Board department. Group Headquarters is responsible for strategic and cross-segment management functions. Shared Services is responsible for all other operating functions not directly related to the operating segments' core business activities and primarily provides services in Germany. Vivento is responsible for providing employees with new employment opportunities as part of Deutsche Telekom's workforce

restructuring program. Shared Services also includes Real Estate Services and DeTeFleetServices GmbH, a full-service provider of fleet management and mobility services.

The principal subsidiaries of Deutsche Telekom AG are listed in the notes to the consolidated financial statements as of and for the year ended 31 December 2011 in the section "*Summary of accounting policies*" under "*Principal subsidiaries*". In addition to Deutsche Telekom AG, 64 German and 174 foreign subsidiaries are fully consolidated in Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011 (31 December 2010: 64 and 177). In addition, 10 associates (31 December 2010: 13) and 7 joint ventures (31 December 2010: 5) are included using the equity method.

#### ***Termination of Planned Sale of T-Mobile USA to AT&T***

On 20 March 2011, Deutsche Telekom AG and AT&T entered into a purchase agreement (the "**TMUS Purchase Agreement**") for the sale of T-Mobile USA to AT&T. The Purchase Agreement provided for a purchase price of USD 39 billion, consisting of USD 25 billion in cash and approximately USD 14 billion in AT&T common stock.

The transaction was subject to approval by the U.S. Department of Justice ("**DOJ**") and the U.S. telecommunications regulatory authority, the FCC. After the DOJ had filed suit to block the transaction in the U.S. District Court for the District of Columbia in August 2011, and the U.S. authorities took a clear stance against the deal, AT&T and Deutsche Telekom terminated the TMUS Purchase Agreement on 19 December 2011. Following this decision, Deutsche Telekom now reports the assets and liabilities of T-Mobile USA as a continuing operation effective 20 December 2011.

AT&T compensated Deutsche Telekom in line with the provisions of the TMUS Purchase Agreement. The compensation consists of the following components:

- Payment of a break-up fee of EUR 2.3 billion (USD 3 billion) in 2011;
- The right to the transfer to T-Mobile USA of Advanced Wireless Service spectrum licenses worth EUR 0.9 billion (USD 1.2 billion), contingent upon regulatory approvals; and
- An agreement running for more than seven years which allows the provision of voice and data UMTS roaming services within the United States.

For further information, please refer to "*Development of Deutsche Telekom's Business*" and the notes to Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011, incorporated by reference into this Prospectus.

#### ***Corporate Transactions***

On 6 June 2011, Deutsche Telekom was informed that the Hellenic Republic, pursuant to the Share Purchase Agreement of May 2008 had made use of its right to sell another 10% of the shares in OTE to Deutsche Telekom. The purchase price determined, according to the Share Purchase Agreement, for approximately 49 million OTE shares was EUR 0.4 billion. Following the transfer of the shares as of 11 July 2011, the Hellenic Republic directly and indirectly holds approximately 10% of OTE, while Deutsche Telekom's ownership stake has increased to 40%.

On 7 October 2011, Deutsche Telekom announced the launch of BUYIN, its procurement joint venture with France Télécom-Orange. Through BUYIN, Deutsche Telekom and France Télécom-Orange are coordinating its procurement of terminal devices, mobile communications networks, and significant portions of fixed-network equipment and service platforms. In addition, the two companies intend to launch pilot projects to explore other areas for inclusion in the joint venture at a later stage, including IT infrastructure and other IT areas.

On 30 December 2011, OTE signed an agreement with Telekom Srbija for the sale of all shares held by OTE in Telekom Srbija. Consequently, the value of these shares was shown as held for sale as of 31 December 2011. The carrying amount of the stake was increased to a fair value of EUR 0.2 billion as of 31 December 2011 as a result of a purchase offer, recognised in total other comprehensive income. The sale closed on 25 January 2012. Proceeds of EUR 0.4 billion from the sale were paid to OTE in January 2012. As a result, profit (after taxes) of EUR 0.2 billion will be included in profit/loss from financial activities. After deduction of non-controlling interests, an amount of EUR 0.1 billion will be included under profit attributable to owners of Deutsche Telekom (net profit) in the 2012 financial year.

In February 2011, T-Mobile Czech Republic and Telefónica O<sub>2</sub> CZ signed a 3G network sharing agreement. This agreement currently relates to the provision of high-speed mobile Internet to areas without broadband coverage in the Czech Republic. In July 2011, PTC and PTK Centertel signed an agreement for the shared use of their radio access networks and established the NetWorks! joint venture, which started operations on 1 September 2011. The joint venture agreement covers the management, planning, service, development and maintenance of the shared networks and is focused on improving network quality, coverage and service.

In December 2011, a binding national roaming agreement was concluded between T-Mobile Austria and Hutchison 3G. One component of the agreement is the use by Hutchison of Deutsche Telekom's 2G mobile communications network. The other is that Deutsche Telekom can use Hutchison's 3G mobile communications network in rural areas. Under this agreement, Deutsche Telekom's customers across Austria benefit from Hutchison 3G's fast UMTS network.

## **Markets and Regulation**

### ***The Telecommunications Market***

Deutsche Telekom's business in 2011 was affected by strong competition, saturated markets and intensified regulatory intervention, which resulted in price erosion.

Ongoing stress in financial markets and more broadly in the global economy had an adverse effect on the markets in which Deutsche Telekom operates. A slight increase in consumer demand in most of the core countries was only able to support the telecommunications market to a limited extent. In countries where purchasing power dropped, the telecommunications market experienced an ongoing slowdown. As a result of strong pressure to consolidate national budgets, some countries, including Hungary, continued to impose taxes on telecommunications companies in 2011 or introduced additional taxes, such as a real estate tax in Greece. Additionally, regulation caused mobile termination rates in Europe to decrease significantly, resulting in more stress on operators in the telecommunications market.

Furthermore, the telecommunications market has undergone significant changes in recent years as more households have given up fixed-network access lines altogether. This trend is particularly high in Central and Eastern Europe, in part due to the comparatively poor condition of the fixed-network compared to Western Europe. In Germany, for example, customers have largely continued to keep their fixed-network access lines, with a much lower percentage of households exclusively using mobile phones.

#### ***Germany***

Total revenue from telecommunications services has been declining since 2005, due primarily to intense competition and regulatory price reductions. Revenue from telecommunications services (mobile and fixed network) in Germany decreased by EUR 0.5 billion to around EUR 60.3 billion in 2011. The main reason for the EUR 0.3 billion decline in mobile communications revenues was the 50% reduction in termination rates mandated by the regulator. Revenue from the traditional fixed-network business declined by EUR 0.3 billion, while revenue at cable network operators increased by EUR 0.1 billion.

Overall, prices for telecommunications services (mobile and fixed-network) decreased by 2.7% compared to 2010. Prices for fixed-network and Internet services declined by 2.4%, while prices for mobile voice and data connections were down 3.5%.

With around 38 million lines, the fixed-network market in Germany remained nearly stable in 2011. The use of lower-priced connections, such as call-by-call, continues to decline, a result of the increasing use of bundled telecommunications services and flat rate packages from other suppliers and Deutsche Telekom's own flat rate offerings. Deutsche Telekom's competitors are increasingly building their own infrastructure and implementing their business models, which has a growing impact on competition in the wholesale market. Deutsche Telekom expects consolidation to continue in the years to come, particularly in the cable market, as well as new partnerships to be formed among competitors.

The number of broadband connections continues to grow overall, as approximately 1.2 million new connections were added in 2011 (0.4 million by telecommunications providers and 0.8 million by cable operators). These additions resulted in a total of 23.5 million DSL connections and around 3.6 million

broadband cable television connections. This is in addition to a small number of connections that utilise other fixed-network technologies, such as fiber-optics. Deutsche Telekom believes there were approximately 27.1 million fixed-network broadband connections in Germany at the end of 2011, an increase of around 5% compared to 2010.

Service revenues in the German mobile telephony market remained nearly stable compared to 2010, despite lowered termination charges. Revenue from text messaging and data services was the greatest driver, due to the growing popularity of smartphones and tablet PCs, which nearly compensated for the decline in conventional mobile telephony. This is the reason why some mobile communications providers are placing greater emphasis on customer loyalty and value-driven growth among contract customers by offering complete packages. Moreover, Deutsche Telekom is also seeing growth in new services and application, such as iMessage and MobileTV.

Nearly one in three Internet users in Germany accesses the Internet using a mobile device, and mobile access to online communities, location-based services and shopping is growing rapidly. Deutsche Telekom expects the mobile payment business to continue to grow as a result.

According to the Federal Network Agency, German network operators invested more than EUR 93 billion in telecommunications networks between 1998 and 2010, and nearly EUR 6 billion in 2011 alone. Broadband connections with speeds of at least 1 Mbit/s are now available to nearly 99% of households in Germany. The remaining coverage gaps are provided with high-speed Internet through wireless technologies. The German government and network operators intend to make connections with transmission rates of at least 50 Mbit/s available to 75% of households by 2014.

To facilitate this expansion, some of Deutsche Telekom's competitors are upgrading their LTE infrastructure. Deutsche Telekom is building on a mix of technologies, comprising mobile telecommunications, fiber-optics and copper-based connections in the fixed-network. Currently, Deutsche Telekom has equipped its mobile network in Germany with the powerful HSPA plus technology and can now offer customers transmission speeds of up to 42 Mbit/s. While Deutsche Telekom is initially deploying the 800 MHz frequency band to supply broadband LTE to rural areas, frequencies in the 1,800 MHz range will be used in metropolitan areas. This increases the transmission capacity for the rapidly rising volume of data traffic and will enable even higher transmission speeds.

### *Europe*

In 2011, the telecommunications markets in the countries of Deutsche Telekom's Europe operating segment were characterised by intense competition, continuously falling retail prices and strong government and regulatory impact. In particular, the reductions in termination rates, some of which were substantial, presented the companies operating in these markets with considerable challenges. Falling prices, the result of regulatory intervention, major competitive pressure, and in some cases weak purchasing power, caused the size of telecommunications markets in almost three quarters of the countries in this operating segment to either contract or stagnate.

The telecommunications markets (measured by revenues) in the Czech Republic, Albania, and Romania all experienced a contraction. In addition, the situation was particularly severe in Greece, where telecommunications revenues dropped around 8% compared with 2010. The debt crisis and the Greek government's strict austerity program translated into lower consumption and, in turn, lower spending on telecommunications. Poland experienced market growth of approximately 3%. In contrast, telecommunications markets in Austria and the Netherlands remained stable or experienced slight growth.

In the fixed-network segment, trends from 2010 continued. Significant growth in the broadband business compensated for some of the decline in revenue from voice telephony. Broadband coverage varies among the countries included in Deutsche Telekom's Europe operating segment. Faced with increasing demand for greater bandwidths, both cable network operators and telecommunications providers are investing in upgrading their broadband networks, resulting in increasing competition. Fiber-optics play a crucial role in upgrading broadband networks and Deutsche Telekom is investing in the construction of a pure-fiber network in certain of the countries in the Europe operative segment.

To meet the rising demand for fast data transfer, Deutsche Telekom is modernising and upgrading its mobile networks by equipping them with faster HSPA plus technology and implementing the new mobile communications standard LTE. In Austria, for example, LTE was implemented in December

2010. The demand for ever-faster data transmission rates also requires further measures in the area of mobile communications frequencies. In 2011, some countries held auctions, in which Deutsche Telekom participated, to extend existing licenses and distribute additional frequency bands.

Telecommunications providers that offer both mobile and fixed-network communications are increasingly consolidating their services for mobile, broadband/TV and fixed network into triple-play (includes high-speed Internet access, communication services and entertainment offerings) and even quadruple-play offers. Moreover, many services are converging. For example, television can now be watched on a television set, computer or smartphone. Television accounts for a larger proportion of the business in the markets in the Europe operating segment and Deutsche Telekom's television services are available through IPTV, cable and, in some countries, through satellite.

#### *United States*

In 2011, the slow growth of the U.S. mobile telecommunications market continued. Once again, increasing data revenue more than compensated for declining voice revenue. The market is divided among four national cellular providers, AT&T Wireless, Verizon Wireless, Sprint and T-Mobile USA, and various regional network operators. There are also a number of mobile virtual network operators, which use the networks of one or more of the four national cellular providers. The two largest providers, AT&T Wireless and Verizon Wireless, achieved strong revenue growth and healthy margins in 2011. This was primarily driven by strong growth in smartphone adoption and rising postpaid average revenue per user. Due to advantages of size, scale and their ability to bundle wireless service with other non-wireless communication services, AT&T Wireless and Verizon Wireless were able to offer cheaper service and increase their customer base.

AT&T has had a competitive advantage in the past three years as a result of its exclusive distribution rights for the Apple iPhone that expired in 2011. Verizon and Sprint became additional distributors of the Apple iPhone, gaining a competitive advantage as well. Verizon and AT&T were able to increase their net customer gain disproportionately during 2011. Increased competition from low-cost regional full-service providers also put downward pressure on prices. These effects resulted in a decline in market share for T-Mobile USA. Measured against the total number of mobile communications users in the United States, T-Mobile USA's market share declined from 11.4% at 30 September 2010 to 10.6% at 30 September 2011.

Deutsche Telekom expects the roll-out of 4G networks to be a major theme for the industry in the United States. Verizon Wireless has started to roll out LTE network technology. By the end of 2011, LTE was available to a population of over 200 million. AT&T and T-Mobile USA have deployed HSPA plus networks, which are more advanced than UMTS. By the end of 2011, the coverage of T-Mobile USA's 42 Mbit/s HSPA plus network had reached more than 184 million. AT&T also began rolling out LTE in 2011 and coverage had risen to 74 million by the end of the year. Sprint does not yet have its own 4G network but is relying on Clearwire, in which it has a non-controlling stake. By the end of the third quarter of 2011, Clearwire's WiMAX network covered a population of approximately 133 million. Sprint plans to roll out LTE services in its own spectrum during 2012.

#### *Systems Solutions*

Developments during 2011 resulted in continuing cost pressure, delayed investment decisions by clients and customers, and stronger competition. Overall demand is undergoing a fundamental shift. Cloud services, embedded systems, and intelligent networks in particular are increasingly transforming the market.

Deutsche Telekom's business areas within T-Systems were affected in very different ways by these market trends:

- Telecommunications: The economic upswing in 2010 and early 2011 only had a minor effect on the telecommunications market segment. As in previous years, this market was highly competitive and therefore also characterised by falling prices.
- IT services: The market for IT services grew slightly once again during 2011.
- Outsourcing: There was a tangible recovery in the outsourcing business in the area of Computing and Desktop Services in 2011. This is due not only to the traditional outsourcing business, but also the success of cloud services, the provision of IT services through the Internet. The current

economic climate is influencing customers' outsourcing activities, as they increasingly use these services to cut costs.

- IT project business: This business area declined sharply in 2009, followed by mild growth in 2010. It increased significantly during 2011. The industry-specific systems integration business, driven by IT projects in the healthcare, energy and public sectors, recovered significantly faster than standard project business in the fields of enterprise resource planning, customer relationship management and supply chain management.

## **Regulation**

### **Overview**

Deutsche Telekom's operations worldwide, as well as those of its subsidiaries and affiliates, are subject to sector-specific telecommunications regulations and general competition law, as well as a variety of other regulations. The extent to which telecommunications regulations apply to Deutsche Telekom depends largely on the nature of Deutsche Telekom's activities in a particular country, with the conduct of traditional fixed-line telephony services usually being subject to the most extensive regulation. Regulations can have a very direct and material effect on Deutsche Telekom's overall business, particularly in jurisdictions that favor regulatory intervention.

In 2011, the main areas of focus of regulatory intervention were:

- at the EU level, regulations, directives, and other binding legislation, which, for example, regulate access network and roaming as well as legislative changes in Germany, such as the amendment of the German Telecommunications Act;
- regulation of charges, such as monthly line rental for the ULL and fixed-network termination rates; and
- regulation of future wholesale broadband services and investments in new networks and infrastructure, including next generation networks and next generation access.

### **The EU Regulatory Framework for Electronic Communications**

#### *General*

EU Member States are required to enact EU legislation in their domestic law and to take EU legislation into account when applying domestic law. In each EU Member State, a national regulatory authority, or "**NRA**", is responsible for enforcing national telecommunications laws that are based on the Regulatory Framework for Electronic Communications in the European Union, or EU Framework. NRAs generally have significant powers under their relevant telecommunications laws, including the authority to impose network access and interconnection obligations, and to approve or review the charges and general business terms and conditions of providers with "*significant market power*". In general, a company can be considered to have significant market power if its share of a particular market exceeds 40%. NRAs also have the authority to assign wireless spectrum and supervise frequencies and to impose universal service obligations.

In December 2009, amendments to the 2002 EU Framework entered into force. Since the most significant part of Deutsche Telekom's business is undertaken in the European Union, its operations are, to a large extent, subject to the EU Framework and related telecommunications regulation. The amended EU Framework provides NRAs' with the power to separate the access network operations of providers with significant market power from the service business of such providers in certain circumstances, which is known as functional separation. This power is meant to be a remedy of last resort, with high thresholds to be overcome before it can be employed. The German Parliament (*Bundestag*) passed the related amendment to the German Telecommunications Act on 27 October 2011 and 9 February 2012. The chamber of the German Parliament representing the federal states (*Bundesrat*) ratified the law on 10 February 2012. It will take effect after publication in the Federal Law Gazette. The amended German Telecommunications Act is intended to introduce better incentives for investments in new infrastructure and it also contains additional consumer protection requirements. National telecommunications laws in other EU Member States where Deutsche Telekom's subsidiaries are active are also being amended to reflect the revised EU Framework.

### *Special Requirements Applicable to Providers with Significant Market Power*

The most significant impact on Deutsche Telekom's business comes from the EU Framework's special requirements applicable to providers with significant market power. Obligations in relation to network access, price setting, separate accounting for interconnection services, publication, and non-discrimination, can be imposed on those operators that are designated by the relevant NRA as having significant market power in an electronic communications market. Such determinations are based on EU guidelines and EU competition case law. Deutsche Telekom has been designated as having significant market power primarily in most fixed-line markets in which it operates, as well as in mobile voice call termination markets.

In particular, an NRA may subject providers with significant market power, and their affiliates, to several rules and obligations specified within the EU Regulatory Framework and its directives and guidelines, such as:

- The obligation to offer other companies unbundled network access (including interconnection) as well as access to certain services and facilities on a non-discriminatory basis. This includes full unbundled access to copper-paired wire lines, including unbundled access to the high-frequency spectrum of those lines (line-sharing), bitstream access and access to other parts of the networks. In particular, unbundling has led to a considerable loss of Deutsche Telekom's market share. For more information regarding the effects of unbundling obligations, see "*German Fixed Network Telecommunications Regulation—Local Loop Access*" below.
- Prior approval or retroactive review of charges, insofar as such charges and conditions relate to a market in which the provider holds significant market power.
- The obligation of transparency in relation to interconnection and/or access, requiring operators to make public specified information, such as accounting information, technical specifications, network characteristics, terms and conditions for supply and use, including any conditions limiting access to and/or use of services and applications.
- The obligation of non-discrimination in relation to interconnection and/or access. Obligations of non-discrimination require the operator to apply equivalent conditions in equivalent circumstances to other companies providing equivalent services, and to provide services and information to others under the same conditions and of the same quality as it provides for its own services, or those of its subsidiaries or partners.
- The obligation to maintain separate accounting systems with regard to interconnection and access services. This obligation is intended to allow for transparency with respect to various telecommunications services in order to prevent, among other things, the cross-subsidisation of services. In this regard, an NRA may specify the structure of a provider's internal accounting for particular telecommunications services, which can increase costs of compliance.
- The obligation on vertically integrated undertakings to place activities related to the wholesale provision of relevant access products in an independently operating business entity (functional separation). This is an exceptional measure to be employed if the NRA concludes that the respective obligations already imposed have failed to achieve effective competition and that there are important and ongoing competition problems and/or market failures identified in relation to the wholesale provision of certain access product markets.

On 20 September 2010, the European Commission issued its Recommendation on regulated access to Next-Generation Access Networks ("**NGA**" Recommendation), containing guidelines to be observed as far as possible by NRAs when obligating market-dominant companies to grant access to these networks. Its aim is to harmonise regulatory requirements in Europe. The object of the NGA Recommendation is general regulation of access to the physical network infrastructure at the wholesale level and in the broadband access market. In addition, in October 2011, the European Commission launched two public consultations related to access for alternative operators to the fixed telephone and broadband networks of established operators. One consultation concerns non-discriminatory access for alternative operators to the infrastructure and services of dominant telecom operators. The second concerns the way national regulators calculate prices that operators have to pay for this wholesale access (cost-orientation remedies). Depending on further developments, regulations from current copper networks may also be applied to new fiber networks. This may cause

a decrease in Deutsche Telekom's revenues and may impact the extent and timing of the NGA build-out.

#### *Fixed and Mobile Termination Rate Recommendation*

The European Commission recommendation on relevant markets from 2007 requires NRAs to analyse the call termination market in order to determine whether regulatory remedies need to be imposed. The European Commission intends to further reduce termination rates significantly. In May 2009, the Commission issued the recommendation on the regulatory treatment of fixed and mobile termination rates in the EU that defines details for the cost calculation of termination rates by the NRAs. With the recommendation, the Commission intends to harmonise cost standards for mobile termination rates throughout the EU. In this respect, the EU Commission stated the intention to reduce termination rates from EUR 0.03 to EUR 0.015 per minute by the end of 2012, while also eliminating asymmetry between operators. Although the recommendation is not legally binding, NRAs have to take the utmost account of the recommendation while still being able to reflect national circumstances. Mobile operators could therefore be subject to further pressure to lower termination rates in the future, which may have an additional negative impact on Deutsche Telekom's revenues.

#### **German Fixed-Network Telecommunications Regulation**

German telecommunications regulation has a particularly significant impact on Deutsche Telekom's business due to the size of its operations in Germany. As in all EU Member States, German telecommunications regulation is based on the EU Framework. German telecommunications regulation is mainly derived from the German Telecommunications Act (*Telekommunikationsgesetz*).

Deutsche Telekom believes that, for the foreseeable future, the Federal Network Agency is likely to view Deutsche Telekom as a provider with significant market power in various German markets for public voice telephony services in the fixed network and in other markets, including most of those in which Deutsche Telekom holds monopoly rights in the past. Additionally, it has been determined to be a provider with significant market power in the German market for mobile voice call termination. Deutsche Telekom expects that the strict regulatory provisions of the German Telecommunications Act relating to providers with significant market power will be applied to its activities in those markets also in the future. Considering that in many markets Deutsche Telekom's competitors are unlikely to gain significant market power in the near future, Deutsche Telekom expects that it will have to compete in important markets with providers not subject to those regulatory obligations. Therefore, these competitors may have more flexibility than Deutsche Telekom has in terms of the selection of services offered and customers served, pricing and the granting of network access.

Under the German Telecommunications Act, tariffs for telecommunications access services offered by providers with significant market power and their affiliates can be subject to price regulation, insofar as the tariffs relate to a market in which significant market power has been determined to exist. Other tariffs are essentially unregulated. The tariffs of all providers in Germany are, however, subject to generally applicable EU and German laws, including competition and consumer protection laws.

In January 2010, the Federal Network Agency determined that Deutsche Telekom is a provider with significant market power for the access market. The agency included all-IP accesses to this market for the first time. Simultaneously, Deutsche Telekom was required to enable call-by-call and pre-selection for this type of access. For this market, the Federal Network Agency affirmed the ex-post-regulation and imposed on Deutsche Telekom the obligation to provide a resale offer on the terms of Deutsche Telekom's retail-tariffs for every respective type of access.

In a provisional decision on 2 April 2012, the Federal Network Agency rejected a VDSL price model presented by Telekom Deutschland in ex-post control proceedings. The model, which has become known as the VDSL contingent model, provides for attractive prices for the VDSL wholesale product in return for an upfront payment for a minimum number of lines. On account of the EU-wide consultation on this provisional decision, the final decision is not expected until June 2012. Rejection of this model by the Federal Network Agency does not augur well for the broadband roll-out in Germany. It impedes cooperation models such as the network partnership agreed with NetCologne. The telecommunications industry has always stressed that partnerships and risk-sharing are vital for the broadband roll-out. Voluntary agreements within the industry not only allow companies to share the risk for network investments, but are also in the interest of customers.



### *Local Loop Access*

Deutsche Telekom has been offering unbundled local loop access since 1998. Deutsche Telekom is obliged to publish a reference offer for access to the unbundled local loop and prices require ex-ante approval. By allowing competitors to connect to customer access lines within Deutsche Telekom's local networks, unbundling of the local loop allows its competitors to gain direct access to customers without having to build local networks of their own. In this way, competitors are able to use Deutsche Telekom's customer access lines to offer a wide range of local services directly to customers.

On 21 March 2011, the Federal Network Agency issued the final regulatory order for the ULL market after the required consultation with the European Commission. The obligation to provide access to the cable duct between the main distribution frame and the multi-functional street cabinet remains in force. The Federal Network Agency also reimposed an obligation to provide access to dark fiber for the section between the main distribution frame and the multi-functional street cabinet. However, this access obligation only applies in the event that no cable duct capacity is available. The Federal Network Agency has also extended applicable regulations to include new fiber-optic ULLs, though rates are subject to ex-post control. Under this regime, rates have to be reviewed by the Agency prior to market launch.

On 17 June 2011, the Federal Network Agency announced its final decision regarding monthly unbundled local loop charges, reducing the charges from EUR 10.20 to EUR 10.08. These charges are valid for the period from 1 April 2011 to 30 June 2013. In addition, the charge for the subloop was reduced from EUR 7.21 per month to EUR 7.17 per month. On 30 June 2010, the Federal Network Agency decided to reduce the one-time activation (takeover of an existing line) charge for the ULL by approximately 14% to EUR 30.83 for the most common type of subscriber line (copper wire pair with high bit-rate use). The corresponding cancellation charges have been reduced between 20% and 27% as well. These one-time charges for the ULL are valid until 30 June 2012.

Since January 2001, Deutsche Telekom has been offering line sharing (using a single access line for multiple purposes, including sharing access with competitors) in accordance with EU requirements. On 30 June 2010, the Federal Network Agency increased the monthly rental charge for line sharing from EUR 1.78 to EUR 1.84 until 30 June 2012. Further, the Federal Network Agency decided on the one-time activation charges for the provision of line sharing, which were reduced to EUR 38.20.

Some of the Federal Network Agency decisions concerning ULL rates have been overturned by Administrative Court decisions, requiring the Federal Network Agency to reconsider these cases. In its decision dated 20 January 2011, the Federal Network Agency reapproved the one-time ULL rates for the period from April 2002 through June 2003. Compared with the Federal Network Agency's decision in 2002, the ULL rates were reduced by 3% to 8% for the most important provisioning and take-over options and by 11% to 15% for termination options. The rates decision applied only for plaintiffs who prevailed in the related court case because under the 2002 version of the German Telecommunications Act, the rates only apply to individual agreements.

The Federal Network Agency set new one-time ULL rates for the period 1 April 2001 through 31 March 2002 in its decision dated 5 April 2012. The new decision became necessary after the Cologne Administrative Court revoked the original ruling from 2001 for the corresponding plaintiffs. This reduces the charges in the most important rate options by between 10 and 18 percent.

### *Broadband Access – IP Bitstream*

Deutsche Telekom is required to offer an IP bitstream access product in the wholesale-market and have therefore been required to offer unbundled broadband access to competitors since April 2008. According to a regulatory order, Deutsche Telekom must grant access to competitors to ducts or, alternatively, to dark fiber cable. On 17 September 2010, the Agency determined that the regulated wholesale service regime that applies to DSL will now generally also apply to VDSL and FTTH lines, as well as to Ethernet-based bitstream access. The standard offering must be adapted in line with the new order, with rates subject to ex-post control by the Federal Network Agency. The replication of VDSL products, in particular by Deutsche Telekom's competitors using their own infrastructures, is therefore being made easier at its expense. This decision continues to have a negative impact on Deutsche Telekom's revenue generation.

## *Other*

The Federal Network Agency published its final decision on fixed-network termination charges on 29 September 2011. For the most important rate options "*termination*" and "*origination*" at the lowest network level, the rate approval resulted in a reduction from EUR 0.54 per minute to EUR 0.45 per minute at peak times and from EUR 0.38 per minute to EUR 0.32 per minute at off-peak times. The approved rates came into effect on 1 July 2011 and are valid until 30 November 2012. On 18 April 2012, the Federal Network Agency's draft regulatory orders for fixed-network termination (IC) and mobile termination (MTR) were published. Although the Federal Network Agency does not plan to further tighten regulation through a "*pure LRIC*" approach for the regulation of charges, there is still a risk that charges will be cut further. In addition, the scope of regulation was also extended to fixed-network termination in next-generation networks.

The Federal Network Agency has also retroactively reviewed the rates charged by Deutsche Telekom for the provision of customer data to providers of directory inquiry services and the publishers of telephone and business directories to determine whether they are abusive. On 20 September 2010, it ruled that any charges exceeding EUR 1.6 million per annum for the provision of data are abusive. Deutsche Telekom has initiated legal proceedings against this decision. Until a court ruling has been issued, this decision of the Federal Network Agency is binding.

The revised German Telecommunications Act includes a new article (§ 41a para. 1 of the German Telecommunications Act) that applies to all telecommunications-network providers and grants the German government competence to impose an ordinance specifying general requirements of non-discriminatory data traffic and non-discriminatory access to content and applications. The German government has discretion to issue such an ordinance, which will depend on ongoing public discussions on net neutrality as well as the actual developments in the market. There are no regulations regarding net neutrality issued by the Federal Network Agency.

## ***Southern and Eastern European Telecommunications Regulation***

Deutsche Telekom's subsidiaries in Greece, Hungary, Romania, and Slovakia are subject to the same EU Framework as its fixed-line business in Germany. Deutsche Telekom also operates fixed-line networks in Croatia, the F.Y.R.O Macedonia and Montenegro. These countries are also orientating their regulatory frameworks towards the EU Framework. Therefore, all of Deutsche Telekom's subsidiaries in Southern and Eastern Europe are generally exposed to a set of regulatory risks similar to those in Germany described above. In the fixed network, Magyar Telekom (Hungary) was obligated to provide access to all elements of the access network and to give the market at least six months notice of the build-out of the fixed network. In Croatia, in a decision by the regulatory authority on 21 March 2012, the regulation of Hrvatski Telekom and Iskon Internet was extended to include the retail market for broadband Internet access and the broadcast of television programs, with ex-ante price regulation. In the fixed-network business, the highest cuts in termination rates were at Deutsche Telekom's subsidiaries and associates in Greece and Romania. At OTE in Greece, termination rates for wholesale services including unbundled local loop lines (ULLs) were reduced. Fixed-network termination rates were reduced in Romania.

## ***Mobile Regulation***

Deutsche Telekom's subsidiaries in Germany, Austria, Bulgaria, the Czech Republic, Greece, Hungary, The Netherlands, Poland, Slovakia and Romania are all subject to the EU Framework. Deutsche Telekom also operates mobile networks in Croatia, the F.Y.R.O Macedonia, Montenegro and Albania. These countries are also orientating their mobile regulatory frameworks towards the EU Framework. All of Deutsche Telekom's mobile subsidiaries are generally exposed to regulatory risks. In mobile communications, the regulatory authorities in Greece, the Czech Republic, Slovakia and Bulgaria proposed in some cases substantial reductions in mobile termination rates. In the first quarter of 2012, the mobile termination rates (MTRs) at Deutsche Telekom's subsidiaries and associates in Romania, Slovakia, Croatia, and Hungary were reduced as a result of regulatory decisions.

In mobile communications, 2012 and 2013 will see the extension of expiring licenses and the assignment of new frequencies in Germany as well as at foreign subsidiaries. This will give rise to general risks from the uncertainty with regard to the scope and availability of future spectrum as well as in terms of the costs of acquiring frequency spectrum. In Hungary, a new state-owned mobile communications company will enter the market in 2012 following the awarding of frequency.

Incumbent network operators are obligated to offer upstream services to this company. Magyar Telekom has appealed against the frequency award.

#### *European Union*

In July 2009, a new EU roaming regulation came into force and expanded the existing roaming regulation to SMS and data roaming services. This 2009 regulation will be valid until 30 June 2012. Besides additional reduction of wholesale and retail voice roaming tariffs, SMS roaming charges were reduced and price caps for wholesale data roaming tariffs and additional transparency measures were introduced. This expansion of existing regulation has an additional negative effect on Deutsche Telekom's roaming revenues.

On 1 July 2010, a spending cap was introduced for all customers who did not expressly opt out. The data roaming connection is automatically interrupted once EUR 50 (net) is spent, until the customer actively confirms he or she wants to continue using the connection and incur further costs. The current tariffs of the EU Roaming Regulation entered into force on 1 July 2011. Since then, outgoing calls within the EU have cost EUR 0.35 plus VAT and incoming calls have cost EUR 0.11 plus VAT. The inter-operator tariff ("**IOT**") was reduced to EUR 0.18 plus VAT. Prices for text messages sent or received remained unchanged at EUR 0.11 and EUR 0.04 respectively, plus VAT. For data roaming, the IOT was reduced from EUR 0.80 to EUR 0.50 per megabyte.

The future of the EU roaming regulation following the expiration of the current regulation in July 2012 is currently being discussed by the EU. In its Digital Agenda for Europe, the European Commission issued the political goal of abolishing the differences between national and roaming rates in the EU by 2015.

The European Commission's proposed new roaming regulation of 6 July 2011 aims to tighten and extend existing price regulation and the European Commission has also stated that it wants to promote competition. To this extent, a general obligation to provide wholesale access, for MNVOs among others, is to be introduced in 2012. The unbundling of roaming services and national services is to be introduced in 2014, at which time consumers will be able to conclude a separate contract with another provider exclusively for roaming services. The EU Commission's draft of a new Roaming Regulation dated 6 July 2011 is to be adopted in June following a compromise concluded between the European Parliament and the European Council on 27 March 2012 and is to enter into force on 1 July 2012. The conditions were tightened compared with the draft from 6 July 2011, in that the price caps are to be even lower than previously planned. The comprehensive wholesale access obligation – for MVNOs and others – remains unaffected, as is the unbundling of roaming and national services planned from July 2014. These measures will consume a large amount of resources and incur high costs for the European mobile communications industry.

#### *Germany*

The Federal Network Agency has the obligation to review markets every two years. On 24 February 2011, the Federal Network Agency approved the new rates for call termination in national mobile networks to be applied retroactively by Telekom Deutschland with effect from 1 December 2010. This involved reducing Vodafone and Telekom Deutschland GmbH's previously asymmetric rates by around 50%, making them de facto symmetrical. The Federal Network Agency's rate ruling was the subject of consultation throughout the EU. These rates will expire on 30 November 2012.

On 18 April 2012, the Federal Network Agency's draft regulatory orders for fixed-network termination (IC) and mobile termination (MTR) were published. Although the Federal Network Agency does not plan to further tighten regulation through a "*pure LRIC*" approach for the regulation of charges, there is still a risk that charges will be cut further. In addition, the scope of regulation was also extended to fixed-network termination in next-generation networks.

In May 2010, Telekom Deutschland GmbH purchased spectrum through auction in the 800 MHz, 1.8 GHz, and 2.6 GHz frequency ranges and by the end of October 2010 had received assignment notices from the Federal Network Agency for all frequencies purchased. The coverage requirements stipulate for the 800 MHz range that network operators must start rolling out LTE in towns and communities that have very little or no broadband coverage. Broadband coverage is to be increased to 90% of the population in these gaps by the start of 2016. Roll-out is to be in stages based on the number of inhabitants, beginning with municipalities with populations of 5,000 or less. Other broadband coverage provided by Deutsche Telekom or other operators (e.g., DSL or UMTS) with a

minimum transfer bandwidth of 1 Mbit/s also count toward meeting the requirements. Irrespective of this, each network operator must provide 50% of the population with 800 MHz broadband services by the start of 2016. On 21 December and 28 September 2011, the Federal Network Agency gave notice that the requirements to deploy LTE associated with Deutsche Telekom's license had already been fulfilled in seven of Germany's federal states. Since then, the allocated 800 MHz frequency spectrum has also been available for use outside of rural regions in these seven federal states. There were no restrictions on Deutsche Telekom's license for three additional federal states.

There are also roll-out requirements for the new frequencies in the 1.8 GHz and 2.6 GHz spectrum ranges: 25% population coverage by the beginning of 2014 and 50% by the beginning of 2016. As GSM and UMTS also count toward these coverage targets, Telekom Deutschland GmbH has already met these requirements.

#### *United States*

Deutsche Telekom's U.S. mobile operations, conducted through T-Mobile USA, are regulated by the FCC and by various other federal, state and local governmental bodies. Only the FCC has authority to regulate "*rates and entry*" by Commercial Mobile Radio Service ("**CMRS**") operators, while both the individual states of the United States and the FCC have authority to regulate "*other terms and conditions*" of CMRS. The FCC has refrained from regulating rates charged by CMRS operators. However, under its authority to license CMRS operators to serve the public, the FCC has imposed a number of requirements on operators, including, for example, rules for providing emergency 911 services, number portability, support for lawful electronic surveillance, and intercarrier compensation (payment of access charges for carrying and terminating traffic). In addition, the FCC issues and regulates CMRS spectrum licenses. Spectrum related to the Advanced Wireless Services (AWS-1) licenses granted in 2006 was occupied by incumbent commercial providers on the 2.1GHz band and Federal government agencies on the 1.7 GHz band. The 2.1 GHz incumbents relocation rules are governed by FCC regulation, whereas the 1.7 GHz incumbents relocation process is governed by the Commercial Spectrum Enhancement Act. Access to the spectrum is tied to moving these entities away from using these spectrum bands, and has largely been accomplished at this point.

Other current U.S. regulatory issues that may significantly impact T-Mobile USA's business include:

- **Open Access/Network Neutrality:** The FCC has initiated several proceedings that propose the adoption of regulations to require wireless providers (and other telecommunications carriers) to "*open*" their networks to applications, devices, and services provided by third parties. These various proceedings involve a variety of issues, including text messaging practices, network provisioning, handset locking, exclusive arrangements with handset manufacturers, and the extent to which carriers may deny access to devices and applications based on their need to manage their networks. In December 2010, the FCC adopted a Report and Order imposing net neutrality obligations on broadband service providers, including mobile carriers. Of significance to T-Mobile USA, the Report and Order establishes two new rules for mobile broadband providers.
- **Transparency:** Mobile broadband Internet providers must publicly disclose accurate information about their services, including network management practices and network, performance, and commercial terms to consumers; Internet content and service providers; applications developers; and device manufacturers.
- **No Blocking:** Mobile broadband providers must not block access to lawful websites or applications that compete with voice or video services offered by the provider. The ban on blocking is subject to exceptions for actions that constitute "*reasonable network management*", including efforts to address network congestion and ensure network security.
- **While not prohibiting "*pay-for-priority*" agreements outright, the order finds such arrangements unlikely to satisfy the unreasonable discrimination ban.** Broadband Internet access providers may continue to offer "*tiered*" pricing based on amount of data usage and/or speed, but the FCC will monitor these practices. Similarly, the FCC has also indicated it will monitor the consumer impact of "*specialised services*" offered by broadband providers over their last-mile networks (such as facilities-based VoIP or IPTV) even though such services are not currently subject to the network neutrality rules. The FCC notes that it includes in its definition of broadband Internet access service any service that is "*used to evade the protections*" of the net neutrality rules in an effort to prevent ISPs from using limited or specialised services to avoid the new rules. Thus, if the FCC determines that a mobile provider is offering a broadband Internet service to evade the protections of the rules

(e.g., avoid disclosure or blocking prohibitions), the FCC will closely scrutinise the offering and may ultimately revise its rules or take some other action to address the issue.

- The new rules were published in September 2011 and became effective on 20 November 2011, although the rules face further opposition in Congress and in the courts. Many congressional members have expressed their opposition to the new rules, and Verizon and MetroPCS have filed a lawsuit in federal court asking the court to overturn them. This lawsuit is pending.
- Data Roaming: In 2007, the FCC adopted an automatic roaming mandate for voice services, and in 2010 it eliminated the "*home-market exclusion*", which had excluded from the mandate all geographic areas in which a carrier requesting automatic roaming held spectrum licenses even if the carrier had no facilities in those areas. On 7 April 2011, the FCC adopted an Order requiring facilities-based CMRS providers to offer data roaming arrangements on commercially reasonable terms and conditions. As the volume of traffic is increasingly shifting from voice to data use, a data roaming obligation has become more significant to T-Mobile USA. Without an FCC-mandated roaming obligation, larger carriers would not be required to provide roaming service or may elect to do so on unreasonable terms and conditions. The two largest carriers – AT&T and Verizon – aggressively opposed a data roaming requirement, and Verizon has filed a lawsuit in federal court seeking to overturn the requirement. T-Mobile USA along with several other wireless carriers has intervened in the court proceeding in support of the FCC. It is unclear whether Verizon will prevail in its efforts to overturn the FCC's decision requiring data roaming on commercially reasonable terms and conditions.
- Tower Siting: At the beginning of January 2012, the FCC released an order to ensure that the environmental effects of proposed communications towers, including their effects on migratory birds, are fully considered prior to construction. The effect of this order will be that carriers will have to build additional time into the siting timeline for new or modified towers requiring a new Antenna Structure Registration number (ASR) or a modified ASR. Deutsche Telekom expects that the current one or two-day timeframe to obtain an ASR will be expanded to potentially 60 days or more because Deutsche Telekom anticipates the requirement to result in substantial internal coordination within T-Mobile markets and regions and legal and regulatory departments.
- Universal Service: In November 2011, the FCC adopted an order that comprehensively reforms and modernises the Universal Service Fund (USF), transforming it from a fund for legacy voice networks into two new funds, a Connect America Fund (CAF) and a Mobility Fund (MF), whose purpose is to make broadband available nationwide. The creation of the CAF is primarily for non-wireless carriers, and the MF is primarily for wireless carriers. To fund the CAF and MF, the FCC is eliminating the legacy USF system and phasing out support to competitive eligible telecommunications carriers, such as T-Mobile, by 20% over each of the next five years. Deutsche Telekom is currently considering participation in the MF and seeking other opportunities to receive USF support. However, given Deutsche Telekom's current level of USF support, Deutsche Telekom will be adversely affected by the elimination of this subsidy.
- The FCC's next step in USF reform is expected to focus on how to revamp the revenues-based USF contributions system, a reform which may affect Deutsche Telekom's contribution to USF. Currently, all telecommunications service providers, including Deutsche Telekom, and certain other providers of telecommunications must contribute to the current federal USF based on a percentage of their interstate and international end-user telecommunications revenues. The exact percentage that companies contribute is adjusted every quarter based on projected demand for Universal Service funding. This percentage has reached an all-time high over the last several years. One way for the FCC to limit the growth of contributions is to expand the base of contributors to USF. The FCC has had an open proceeding on this issue for several years and is expected to finally start examining the issue again this year.

## **Group Strategy**

The strategies and expectations referred to in the following discussions are considered forward-looking statements and may be strongly influenced or changed by shifts in market conditions, new initiatives Deutsche Telekom implements and other factors. Deutsche Telekom cannot provide assurance that the strategies and expectations referred to in these discussions will come to fruition. Please refer to "*Forward-Looking Statements*" and "*Risk Factors*" for descriptions of some of the factors relevant to these discussions and other forward-looking statements in this Prospectus.

### ***Development of the Group's Strategy***

Deutsche Telekom is one of the world's leading service companies in the telecommunications and information technology industry and Deutsche Telekom plans to build upon this strong position in the long term. Deutsche Telekom realises, however, that the market environment in which Deutsche Telekom operates will remain challenging. The telecommunications industry is marked by constant, dynamic change in the fixed-network, mobile communications and the Internet and is influenced by global trends.

Infrastructure is and will remain the basis of Deutsche Telekom's business as society requires faster networks. Next-generation networks and standardised IT are of crucial importance in this regard if Deutsche Telekom is to be efficient and successful. Telecommunications providers will also have to focus increasingly on realising growth potential. In Deutsche Telekom's opinion, the mobile Internet and Internet services, for example, provide a wealth of growth opportunities. Deutsche Telekom believes that customers expect secure and universal access to all services and from all devices. In Deutsche Telekom's view, cloud computing and dynamic computing provide considerable growth potential for business customers. Furthermore, in the future, intelligent networks will support changes in industries such as energy, healthcare, media, and transportation/automotive. Overall, Deutsche Telekom still firmly believes that a strong national competitive position is vital for a profitable business.

Deutsche Telekom has been responding to these challenges with the new Fix – Transform – Innovate strategy it presented in March 2010. Deutsche Telekom's vision is still to become an international market leader for connected life and work. This is why Deutsche Telekom will continue to restructure its business model in the coming years, with investments in intelligent networks, with IT services and with Internet and network services. The aim of this strategic approach is to expand Deutsche Telekom's activities across the entire value chain and position itself as an open partner for consumers and business customers as well as for the Internet sector. At the same time, Deutsche Telekom's strategy forms the framework for all of its corporate actions, including issues related to sustainability and human resources.

Deutsche Telekom is gradually implementing its Fix – Transform – Innovate strategy in five strategic action areas:

- Fix
  - Improve the performance of mobile-centric assets.
- Transform
  - Leverage One Company in integrated assets.
  - Build networks and processes for the gigabit society.
- Innovate
  - Connected life across all screens.
  - Connected work with unique ICT solutions.

### ***Improve the Performance of Mobile-Centric Assets***

In all countries in which Deutsche Telekom primarily provides mobile communications services, it is planning to enhance its performance and invest specifically in next-generation technologies, develop innovative services and expand its portfolio of mobile devices.

In the United Kingdom, for instance, Deutsche Telekom's new joint venture Everything Everywhere got off to a good start in 2010 as one of the market leaders, measured in terms of the combined customer base. In Poland, Deutsche Telekom reached a crucial milestone in further strengthening the subsidiary

PTC as Deutsche Telekom clarified the ownership of this company. In mid-2011, PTC rebranded Era to T-Mobile. The "T" is Deutsche Telekom's Group brand and will also be an integral part of the brand identity for its shareholdings outside of Germany in the future.

Deutsche Telekom's agreement for the sale of T-Mobile USA to AT&T was terminated in December 2011 in response to the opposition shown by the U.S. authorities. AT&T subsequently paid Deutsche Telekom the agreed break-up fee of USD 3 billion and must make the agreed 3G roaming services and, subject to certain regulatory approvals, spectrum licenses available in the near future. Deutsche Telekom will continue to report T-Mobile USA as a continuing operation and are in the process of building a strategy for the future.

### ***Leverage One Company in Integrated Assets***

Deutsche Telekom is continuing to integrate fixed-network and mobile communications operations, an approach that originates from the One Company project in Germany. Building upon the successfully completed integration in Germany and several other European markets, Deutsche Telekom generates additional revenues, further improves Deutsche Telekom's customer service and leverages synergies.

Deutsche Telekom's innovative services and calling plans have allowed Deutsche Telekom to be competitive in developing markets. For example, through the TelekomCloud, Deutsche Telekom's customers have access to products such as Media Center, an online storage facility that provides Deutsche Telekom's customers continuous access to their music, photos and other media content, whether on their PCs, televisions or smartphones. LIGA total!, Deutsche Telekom's soccer league service in Germany, can likewise be watched on various screens at home or on the move.

### ***Build Networks and Processes for the Gigabit Society***

Deutsche Telekom is forecasting a rapid increase in global data volumes in the coming years. Deutsche Telekom's goal is therefore to continue to transform operations by becoming more efficient, but also by supplying the greater bandwidth required. For this reason, Deutsche Telekom is focusing on:

- expanding Deutsche Telekom's fiber-optic networks and enhancing the mobile communications networks by promoting HSPA plus and LTE;
- systematically implementing the all-IP concept;
- increasing the speed and flexibility of the IT factory; and
- systematically expanding key enabling skills.

Deutsche Telekom has already purchased additional mobile frequency spectrum in several countries, including Germany, The Netherlands, Austria, Albania and Greece, and extended the agreement for the use of mobile spectrum in Slovakia by ten years. In 2011, Deutsche Telekom continued to invest in network expansion in Germany, as Deutsche Telekom put more than 16,500 UMTS stations into operation. In many other countries Deutsche Telekom is also continuing to upgrade its UMTS network with high-speed HSPA plus technology. In addition, Deutsche Telekom has started to roll out the LTE network in several countries. For example, in Germany, Deutsche Telekom has upgraded approximately 1,100 stations with LTE technology since 2010. In addition to its own network expansion activities, Deutsche Telekom also cooperates with other telecommunications providers on improving its network. For example, Deutsche Telekom's subsidiary T-Mobile Czech Republic has signed an agreement with Telefónica O2 CZ on 3G network sharing. In addition, Deutsche Telekom's Austrian subsidiary T-Mobile Austria and Hutchison 3G have concluded an agreement, under which Hutchison may use its 2G network, while Deutsche Telekom has gained the right to use Hutchison 3G's network in rural areas.

Deutsche Telekom is also expanding its fixed-line networks. Deutsche Telekom's investments support the availability of fast broadband lines to additional households. For example, Deutsche Telekom has marketed around 12 million broadband lines in Germany and, in addition, more than 600,000 customers have opted for a VDSL line from Deutsche Telekom.

### ***Connected Life across all Screens***

In Deutsche Telekom's view, the greatest opportunities for growth lie in making data services mobile, particularly for the mobile Internet. Deutsche Telekom is developing and marketing its own solutions, such as innovative communication services centered on the personalised, network-based address

book that it has successfully launched in six countries, such as myPhonebook in Germany. Deutsche Telekom also places a great deal of emphasis on providing its customers with attractive handset options. Initial sales of smartphones in Germany have been strong. Around 62% of all handsets sold in Germany in 2011 were smartphones.

Deutsche Telekom is also positioning itself as pioneers in digital content, by linking and distributing personalised media content. Deutsche Telekom has made some targeted acquisitions, such as ClickandBuy and STRATO, all of which complement Deutsche Telekom's portfolio in the high-growth Internet business. Deutsche Telekom also intends to be a pioneer for digital content, by linking and distributing personalised media content. Deutsche Telekom's position in the European television market also grew in 2011. The number of Entertain triple play customers in Germany was 1.6 million, of which 111,000 use Deutsche Telekom's new Entertain Sat product, which includes Satellite in its triple play offering Entertain. Deutsche Telekom's television customer base in Southern and Eastern Europe has increased to 2.6 million.

### ***Connected Work with unique ICT Solutions***

Deutsche Telekom provides customised ICT solutions for its business customers and draw on the services of T-Systems in the ongoing standardisation of Deutsche Telekom's internal IT solutions. In pursuit of this task, T-Systems will continue to be restructured with the goal of increasing its revenue and profitability.

Deutsche Telekom has developed intelligent, innovative offerings centering on secure cloud services for its business customers. Deutsche Telekom is positioning T-Systems as an open partner, also for other sectors, with the aim of leveraging growth opportunities for ICT solutions in sectors that are undergoing major changes. As part of this initiative, Deutsche Telekom has created three new business areas for developing intelligent network solutions, energy, healthcare and the connected car. In the energy business area, Deutsche Telekom signed an agreement with the meter operator VOLTARIS for the recording, transmission and processing of energy data as well as trial sales of smart electricity meters and green power rates from E.ON in more than 50 Telekom shops. In the business area of connected cars, Deutsche Telekom has joined forces with Continental to develop an open and flexible infotainment concept for vehicles.

### ***Growth Areas of Deutsche Telekom***

The advances in the strategic action areas that form the Fix – Transform – Innovate strategy discussed above are having a positive and direct effect on Deutsche Telekom's principal growth areas.

The mobile Internet is Deutsche Telekom's largest growth area and includes all revenue that it generates with mobile data services.

Another very important growth area for Deutsche Telekom is the connected home. Here, Deutsche Telekom bundles all revenues that it generates with its existing double- and triple-play packages, i.e., its fixed-network-based voice, data, and television services. This area also includes future innovative products for the connected home, such as the Communication Suite or Home Gateway.

Deutsche Telekom is also bundling all its Internet services in a single area that essentially consists of three pillars:

- online advertising (e.g., on the web pages of the Scout group, a well-known real estate and rental listing service in Germany, on cell phones and on Deutsche Telekom's television offerings);
- the digital content of Deutsche Telekom's Load family (music and video downloads); and
- "near access services", which include the roll-out of websites and the sale of security software.

In an additional growth area, Deutsche Telekom measures all of T-Systems' external revenue, which includes, in particular, the business with innovative cloud services.

The intelligent network solutions growth area comprises business in sectors that are undergoing major changes. Deutsche Telekom created three new business areas that are developing and marketing innovative solutions to these sectors, such as energy, healthcare and automotive.

Deutsche Telekom's strategies may, of course, be adopted and modified to respond to opportunities and changing conditions. As disclosed in past years, Deutsche Telekom may embark on capital expenditure programs and pursue acquisitions, joint ventures or full or partial dispositions or



combinations of businesses where Deutsche Telekom perceives opportunity for profitable growth, cost savings or other benefits for its Group. Transactions may be conducted using newly issued shares of Deutsche Telekom or its affiliates, cash or a combination of cash and shares, and may individually or in the aggregate be material to Deutsche Telekom's financial and business condition or results of operations. As a result, they may affect the trading prices of Deutsche Telekom's securities. As in the past, discussions with third parties in this regard may be commenced, on-going or discontinued at any time and from time to time.

## DEVELOPMENT OF DEUTSCHE TELEKOM'S BUSINESS

Potential Investors should read the following discussion in conjunction with Deutsche Telekom's annual consolidated financial statements for the years ended 31 December 2010 and 31 December 2011, including the notes to those consolidated financial statements, which are incorporated by reference into this Prospectus. Deutsche Telekom's consolidated financial statements prepared in accordance with IFRS are dependent upon and sensitive to accounting methods, assumptions and estimates that Deutsche Telekom uses as bases for the preparation of its consolidated financial statements. The strategies and expectations referred to in the following discussions are considered forward-looking statements and may be strongly influenced or changed by shifts in market conditions, new initiatives Deutsche Telekom implements and other factors. Deutsche Telekom cannot provide assurance that the strategies and expectations referred to in these discussions will come to fruition. Forward-looking statements are based on current plans, estimates and projections, and therefore, potential investors should not place too much reliance on them. Forward-looking statements speak only as of the date they are made, and Deutsche Telekom undertakes no obligation to update any forward-looking statements in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Deutsche Telekom cautions you that a number of important factors could cause actual results or outcomes to differ materially from those expressed in, or implied by, the forward-looking statements. Please refer to "*Forward-Looking Statements*" and "*Risk Factors*" for descriptions of some of the factors relevant to these discussions and other forward-looking statements in this Prospectus.

### Consolidated Results of Operations

The following table presents information concerning Deutsche Telekom's consolidated income statements for the periods indicated.

	For the years ended 31 December		
	2011	2010	2011/2010
	(millions of €)		(% change)
Net revenues	58,653	62,421	(6.0)
Cost of sales	(33,885)	(35,725)	5.2
<b>Gross profit</b>	<b>24,768</b>	<b>26,696</b>	<b>(7.2)</b>
Selling expenses	(14,060)	(14,620)	3.8
General and administrative expenses	(5,284)	(5,252)	(0.6)
Other operating income	4,362	1,498	n.m.
Other operating expenses	(4,200)	(2,817)	(49.1)
<b>Profit from operations</b>	<b>5,586</b>	<b>5,505</b>	<b>1.5</b>
Finance costs	(2,325)	(2,500)	7.0
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(73)	(57)	(28.1)
Other financial income	(169)	(253)	33.2

(expense)

<b>Loss from financial activities</b>	<b>(2,567)</b>	<b>(2,810)</b>	<b>8.6</b>
<b>Profit before income taxes</b>	<b>3,019</b>	<b>2,695</b>	<b>12.0</b>
Income taxes	(2,349)	(935)	n.m
<b>Profit (loss)</b>	<b>670</b>	<b>1,760</b>	<b>(61.9)</b>
Profit (loss) attributable to non-controlling interests	113	65	73.8
<b>Profit (loss) attributable to owners of the parent (net profit (loss))</b>	<b>557</b>	<b>1,695</b>	<b>(67.1)</b>

n.m. - not meaningful

One of the factors that causes period to period changes in Deutsche Telekom's revenues and expenses is movement in exchange rates. In the following discussion, Deutsche Telekom uses the term exchange rate effects to explain the variability caused by such movements. Deutsche Telekom calculates the effects of changes in exchange rates by multiplying the revenue and expense amounts in local currencies by the exchange rates in effect for the prior year to derive a constant currency revenue or expense amount. Deutsche Telekom then subtracts this figure from the euro-denominated amount obtained from multiplying the current year revenue and expense amounts in local currency by the current year exchange rates. The difference between the two amounts is the currency or exchange rate effect.

## Development of Business in the Group

### ***Effects from the Termination of the Agreement to sell T-Mobile USA to AT&T***

In December 2011, Deutsche Telekom and AT&T, Inc. jointly terminated their agreement to sell T-Mobile USA to AT&T following objections raised by the U.S. authorities. Following the termination of the agreement, Deutsche Telekom received the payment of the break-up fee of EUR 2.3 billion (USD 3.0 billion) before the end of 2011. In connection with this transaction, Deutsche Telekom entered into a cash flow hedge to compensate for exchange rate fluctuations. A loss of EUR 0.2 billion related to this hedge was recognised in 2011, but will not impact cash flow prior to 2012. Deutsche Telekom received a right to the transfer of spectrum licenses worth EUR 0.9 billion (USD 1.2 billion). This compensation resulted in total income tax expense of EUR 0.9 billion in 2011. In addition, T-Mobile USA and AT&T entered into a national roaming agreement for 3G services for more than seven years.

For further information, please refer to the section "*Business combinations and other transactions*", in the notes to Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011, incorporated by reference into this Prospectus.

### ***Effects of Changes in the Composition of the Group***

Deutsche Telekom's business development in 2010 was affected by changes in the composition of its company, the most important of which are described below.

On 1 April 2010, Deutsche Telekom and France Télécom S.A. merged T-Mobile UK and Orange UK to create a joint venture called Everything Everywhere in which the two companies hold equal shares of 50%. Since then, the assets and liabilities of T-Mobile UK have no longer been shown in Deutsche Telekom's consolidated statement of financial position. In addition, T-Mobile UK's income statement has no longer been included in Deutsche Telekom's consolidated income statement since the same date. Instead, the joint venture has been included in Deutsche Telekom's consolidated statement of financial position under investments accounted for using the equity method. The share in the joint venture's profit/loss has been reported in Deutsche Telekom's consolidated income statement under profit/loss from financial activities. This joint venture is included in the Europe operating segment.

Following the increase in Deutsche Telekom's stake in OTE to 30% in February 2009, OTE has been fully consolidated and is presented in the Europe operating segment. As a result, 2010 was the first year in which OTE was fully consolidated for an entire financial year.

For more information on the effects of changes in the composition of the Group, please refer to the "Summary of accounting policies" in the section on "Business combinations and other transactions" in the notes to Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2010, incorporated by reference into this Prospectus.

### **Results of Operations of the Group**

#### **Net Revenue**

In 2011, the development of net revenue was negatively affected by price declines and customer losses, resulting from increased competition and a deteriorating macroeconomic environment. In addition, price cuts imposed by various regulatory authorities had a negative effect on net revenue. Deconsolidation effects related to T-Mobile UK and negative exchange rate effects, in particular from the translation of U.S. dollars into euros, also had a negative impact on net revenue.

In Deutsche Telekom's Germany operating segment, revenue decreased by 4.4% in 2011, in large part due to the downward trend in voice telephony and the discontinuation of the sale of mobile prepaid cards of other telecommunications carriers. Sustained demand for broadband services in the fixed network and mobile data communications only partially offset this decline.

Deutsche Telekom's Europe operating segment recorded a revenue decline of 10.2% in 2011, primarily due to deconsolidation effects related to T-Mobile UK (EUR 0.8 billion) and the difficult macroeconomic situation in the countries of Southern and Eastern Europe. In addition, the segment experienced price erosion in almost all of the European countries in which it operates, resulting from lower mobile termination rates imposed by regulators and intense competition. This operating segment also experienced slightly negative exchange rate effects overall. Revenue growth in the fixed-network business in the area of broadband/TV as well as strong growth in mobile data revenue only partially offset these negative effects.

In Deutsche Telekom's United States operating segment, revenue declined by 7.9% in 2011. In local currency, the decline was 3.3%. In addition to negative exchange rate effects, the decline was due to fewer T-Mobile USA branded customers and lower terminal equipment revenue resulting from decreased volumes. Continued strong growth in data revenue from customers using smartphones with mobile broadband data plans and positive effects from the launch of T-Mobile USA's handset protection insurance program only partially offset these negative effects.

Compared to 2010, revenue in Deutsche Telekom's Systems Solutions operating segment increased by 2.1% in 2011. This increase was primarily attributable to the transfer of Deutsche Telekom's business customers at Magyar Telekom from the Europe operating segment to System Solutions. It is also attributable to agreements concluded in 2010 and 2011, which offset the general negative price trend in information technology, or IT, and telecommunications.

In 2010, the decrease in net revenue resulted primarily from changes in the composition of the group, which had a negative impact of EUR 1.9 billion. This decline was partially offset by positive exchange rate effects of EUR 1.2 billion. The positive exchange rate effects resulted mainly from the translation of U.S. dollars, Polish zlotys and Czech korunas into euros. Deutsche Telekom's Systems Solutions and United States operating segments both recorded a revenue increase, whereas all other operating segments recorded decreases.

Compared with 2009, Deutsche Telekom's Germany operating segment reported a revenue decrease in 2010 of 1.1%. An increase in business customer and digital services revenue only partially offset the decrease in consumer, wholesale and value-added services revenue.

Deutsche Telekom's Europe operating segment reported a revenue decrease of EUR 2.8 billion or 14.1% in 2010, primarily due to the negative effects from changes in the composition of the Group (EUR 2.1 billion) and a decrease in revenue from operations. The decline in revenue from operations was largely attributable to price reductions resulting in most countries in the segment from the reduction in mobile termination charges imposed by the regulatory authorities and from intense competition. In addition, newly imposed or increased taxes on telecommunications also had a negative impact on total revenue. Positive exchange rate effects of EUR 0.2 billion partially offset the decline.

Translated into euros, revenue in the United States operating segment increased by 4.0% in 2010 as a result of positive exchange rate effects of EUR 0.8 billion. In local currency, revenue declined.

In 2010, Deutsche Telekom's Systems Solutions operating segment reported a revenue increase of 2.9% primarily as a result of the large number of contracts that were concluded in 2009 and 2010. Revenue from these new contracts offset the overall negative price trend in IT and telecommunications.

*Contribution of the Operating Segments to Net Revenue*

	2011	2010	Change
	(millions of €)		
<b>Net revenue</b>	<b>58,653</b>	<b>62,421</b>	<b>(3,768)</b>
Germany	24,031	25,145	(1,114)
Europe	15,124	16,840	(1,716)
United States	14,811	16,087	(1,276)
Systems Solutions	9,249	9,057	192
Group Headquarters & Shared Services	2,144	2,166	(22)
Intersegment revenue	(6,706)	(6,874)	168

At 38.6%, the Germany operating segment provided the largest contribution to the net revenue of the Group in 2011. The contribution of the Systems Solutions operating segment to net revenue increased by 0.9 percentage points in 2011. In Deutsche Telekom's Europe and United States operating segments, by contrast, the contributions to net revenue decreased year-on-year by 1.3 and 0.6 percentage points, respectively.

At 37.7%, the Germany operating segment provided the largest contribution to the net revenue of the Group in 2010. The Europe operating segment's share of net revenue decreased by 3.5 percentage points year-on-year owing to effects from changes in the composition of the Group. The United States operating segment's share of net revenue increased by 1.9 percentage points in 2010, primarily as a result of exchange rate effects. The Systems Solutions operating segment's share of net revenue remained virtually stable.

*Profit from Operations*

In 2011, profit from operations remained stable as the revenue decline described above was offset by a decline in net operating expenses and net positive effects from the termination of the agreement on the sale of T-Mobile USA, as described below:

- Cost of sales decreased by EUR 1.8 billion, primarily as a result of the decline in revenue. Positive exchange rate effects (EUR 0.5 billion) and the deconsolidation of T-Mobile UK (EUR 0.4 billion) also contributed to this decline. By contrast, civil servant early retirement arrangements resulted in higher expenses of EUR 0.2 billion.
- Selling expenses declined by EUR 0.6 billion, primarily as a result of the decline in revenues. Exchange rate effects (EUR 0.2 billion) and the deconsolidation of T-Mobile UK (EUR 0.2 billion) also contributed to the decline. Expenses for civil servant early retirement arrangements accounted for an increase of EUR 0.2 billion.
- General and administrative expenses increased slightly in 2011, primarily as a result of settlements agreed with U.S. authorities relating to Magyar Telekom (EUR 0.1 billion).
- The increase in other operating income of EUR 2.9 billion is primarily attributable to the compensation from AT&T as a result of the termination of the agreement on the sale of T-Mobile USA. The break-up fee of EUR 2.3 billion as well as a right to the transfer of Advanced Wireless Service spectrum licenses worth EUR 0.9 billion were recorded in 2011. This increase was partially offset by a loss of EUR 0.2 billion relating to a cash flow hedge put in place to compensate for fluctuations in the U.S. dollar exchange rate on these amounts received from AT&T. Other operating income also includes income of EUR 0.1 billion generated in connection with the procurement joint venture BUYIN.

- Other operating expenses increased by EUR 1.4 billion, mainly due to impairment losses recognised on goodwill amounting to EUR 3.1 billion, primarily as a result of a goodwill impairment loss of EUR 2.3 billion relating to Deutsche Telekom's United States cash generating unit, and on property, plant and equipment amounting to EUR 0.2 billion as part of Deutsche Telekom's annual impairment tests. Other operating expenses in 2010 included expenses in connection with the agreement on the remaining stake in PTC (EUR 0.4 billion) and from the deconsolidation of T-Mobile UK (EUR 0.4 billion).

In 2010, profit from operations was influenced by the revenue decline of EUR 2.2 billion and a smaller total decline in net operating expenses of EUR 1.7 billion that is described below.

- Cost of sales declined by EUR 0.5 billion, primarily as a result of the deconsolidation of T-Mobile UK amounting to EUR 1.5 billion, which was partially offset by exchange rate effects totaling EUR 0.7 billion.
- Selling expenses declined by EUR 1.2 billion, due to changes in the structure of the Group and a reduction in customer acquisition and retention costs in the Germany operating segment. The decline was partially offset by exchange rate effects totaling EUR 0.3 billion, primarily from the translation of U.S. dollars.
- The increase of EUR 0.6 billion in general and administrative expenses related mainly to EUR 0.2 billion higher expenses for early retirement programs. In addition, a provision of EUR 0.2 billion for the Civil Service Health Insurance Fund was reversed in 2009.
- Other operating expenses decreased by EUR 0.5 billion in 2010, due in part to lower depreciation, amortisation and impairment losses posted in connection with the impairment tests. In 2009, the Group sustained goodwill impairment losses of EUR 2.3 billion, primarily as a result of an impairment loss of EUR 1.8 billion that had been recognised on the goodwill of the cash-generating unit T-Mobile UK. In 2010, the annual impairment tests resulted in impairment losses of EUR 0.7 billion to be recognised on goodwill and property, plant and equipment at year-end. The decrease in other operating expenses was partially offset by expenses of EUR 0.4 billion incurred in connection with the agreement concerning the stake in PTC, and of EUR 0.4 billion from the deconsolidation of T-Mobile UK recognised in the second quarter of 2010 due to the establishment of the Everything Everywhere joint venture.

#### Reconciliation of EBITDA and Adjusted EBITDA

	2011	2010
	(millions of €)	
<b>Profit from operations</b>	<b>5,586</b>	<b>5,505</b>
Depreciation, amortisation and impairment losses	14,436	11,808
<b>EBITDA</b>	<b>20,022</b>	<b>17,313</b>
<b>Special factors – Germany</b>	<b>(707)</b>	<b>(509)</b>
Staff-related measures	(604)	(401)
Non-staff-related restructuring	(4)	(11)
Effects of deconsolidations, disposals and acquisitions	0	0
Other	(99) <sup>1</sup>	(97) <sup>2</sup>
<b>Special factors – Europe</b>	<b>(246)</b>	<b>(606)</b>

	<b>2011</b>	<b>2010</b>
Staff-related measures	(132)	(209) <sup>3</sup>
Non-staff-related restructuring	0	(5)
Effects of deconsolidations, disposals and acquisitions	0	(355)
Other	(114) <sup>4</sup>	(37)
<b>Special factors – United States</b>	<b>(134)</b>	<b>0</b>
Staff-related measures	(116)	0
Non-staff-related restructuring	0	0
Other	(18)	0
<b>Special factors – Systems Solutions</b>	<b>(275)</b>	<b>(281)</b>
Staff-related measures	(81)	(113)
Non-staff-related restructuring	(163)	(170)
Effects of deconsolidations, disposals and acquisitions	0	0
Other	(31)	2
<b>Special factors – Group Headquarters &amp; Shared Services</b>	<b>2,698</b>	<b>(769)</b>
Staff-related measures	(224)	(281)
Non-staff-related restructuring	(22)	(100)
Effects of deconsolidations, disposals and acquisitions	(56)	(385)
Compensation from AT&T	3,000 <sup>5</sup>	-
Other	0	(3)
<b>Special factors – Group reconciliation</b>	<b>1</b>	<b>5</b>
Staff-related measures	0	0
Non-staff-related restructuring	0	1
Effects of deconsolidations, disposals and acquisitions	0	4
Other	1	0
<b>Total special factors</b>	<b>1,337</b>	<b>(2,160)</b>
<b>Adjusted EBITDA</b>	<b>18,685</b>	<b>19,473</b>

<sup>1</sup> Primarily consisting of provisions taken in connection with legal proceedings.

<sup>2</sup> Primarily consisting of the write-off of receivables from the German Main Customs Office relating to the 2005 to 2009 tax years.

<sup>3</sup> Includes expense relating to a contribution required by the Greek Ministry of Labor and Social Affairs (the "**Ministry**"). In the first quarter of 2010, the Ministry issued a Ministerial Decision and informed OTE that it may, subject to an audit, be required to make additional payments to cover a deficit in the public pension fund. Upon receipt of a notification from the Ministry for payment of EUR 130 million, a liability was recognised in Deutsche Telekom's financial statements as of 31 December 2010.

<sup>4</sup> Primarily consisting of expenses related to the conclusion of the Magyar Telekom investigation and consulting expenses related to personnel restructuring programs in Romania.

<sup>5</sup> Includes break-up fee received from AT&T (EUR 2.3 billion), spectrum received from AT&T (EUR 0.9 billion) and loss related to cash flow hedge entered into in connection with the transaction (EUR 0.2 billion).

## Adjusted EBITDA

### Contribution of the Operating Segments to Adjusted Group EBITDA

	2011	Proportion of adjusted Group EBITDA	2010	Proportion of adjusted Group EBITDA	Change	Change
	(millions of €)	(%)	(millions of €)	(%)	(millions of €)	(%)
<b>EBITDA (adjusted for special factors) in the Group</b>	<b>18,685</b>	<b>100.0</b>	<b>19,473</b>	<b>100.0</b>	<b>(788)</b>	<b>(4.0)</b>
Germany	9,599	51.4	9,618	49.4	(19)	(0.2)
Europe	5,241	28.0	5,748	29.5	(507)	(8.8)
United States	3,831	20.5	4,156	21.3	(325)	(7.8)
Systems Solutions	872	4.7	948	4.9	(76)	(8.0)
Group Headquarters &						
Shared Services	(742)	(4.0)	(870)	(4.5)	128	14.7
Reconciliation	(116)	(0.6)	(127)	(0.6)	11	8.7

In 2011, the decline in adjusted EBITDA resulted primarily from the decline in adjusted EBITDA generated by Deutsche Telekom's operations and, to a lesser extent, negative exchange rate effects and the deconsolidation of T-Mobile UK. Deutsche Telekom's Germany operating segment generated adjusted EBITDA in 2011 only slightly lower than in 2010, despite the decline in revenue. In addition, various technology and sales initiatives and the improvement of support processes further reduced operating costs, while Deutsche Telekom lowered its cost base by discontinuing the sale of prepaid mobile cards of its competitors. The decline in adjusted EBITDA at Deutsche Telekom's Europe operating segment resulted primarily from the decline in revenue and, to a lesser extent, the deconsolidation of T-Mobile UK and the real estate tax introduced by the Greek government in 2011. Exchange rate effects, primarily attributable to the Polish zloty and the Croatian kuna, had a slightly negative effect. By reducing overhead costs, mainly in Greece and Hungary, Deutsche Telekom partially offsets the decline. Adjusted EBITDA at Deutsche Telekom's United States operating segment declined primarily due to negative exchange rate effects. In local currency, the United States operating segment reported a 3.1% decrease in adjusted EBITDA, primarily due to the decline in revenues as well as an increase in operating expenses related to the build-out of the 4G-HSPA plus network and higher marketing expenses. Lower volume-driven handset and commission costs partially offset the decline in adjusted EBITDA. In 2011, adjusted EBITDA in Deutsche Telekom's Systems Solutions operating segment declined despite an increase in revenue. This decline is primarily due to increased contract-related expenses, such as for the successful migration of customer infrastructures to T-Systems' operational business, start-up expenses for new contracts, and the development of Deutsche Telekom's focus areas, such as intelligent networks, energy, healthcare and connected vehicles. In addition, adjusted EBITDA was negatively affected by measures to improve competitiveness. Adjusted EBITDA at Group Headquarters & Shared Services improved in 2011, mainly due to earnings in connection with the procurement joint venture BUYIN and lower personnel costs at Vivento.

In 2010, the decline in adjusted EBITDA resulted primarily from the decline in adjusted EBITDA generated by Deutsche Telekom's operations and, to a lesser extent, from the deconsolidation of T-Mobile UK. This decline was partially offset by the first time full year consolidation of OTE as well as positive exchange rate effects. Adjusted EBITDA in Deutsche Telekom's Germany operating segment in 2010 increased slightly as positive developments in mobile communications offset the decrease in the traditional fixed-network business. A key contribution came from effective cost management measures. In 2010, the decline in adjusted EBITDA at the Europe operating segment resulted from the deconsolidation of T-Mobile UK as of 1 April 2010 and the newly imposed special tax in Hungary that applied retroactively to the full 2010 financial year. The first time full-year consolidation of OTE and positive exchange rate effects attributable, in particular, to the translation from Polish zlotys, Czech korunas, Hungarian forints, Croatian kunas and pounds sterling into euros partially offset the decline. Adjusted EBITDA in Deutsche Telekom's United States operating segment in 2010 declined in local currency due to a slight decline in revenue and higher costs resulting from more extensive customer incentive programs and the fact that customers tended to opt for heavily subsidised 3G handsets. Adjusted EBITDA expressed in euro benefited from offsetting positive exchange rate effects of EUR 0.2 billion. In 2010, adjusted EBITDA in Deutsche Telekom's Systems Solutions operating segment increased mainly as a result of an increase in revenues. Adjusted EBITDA at Group Headquarters & Shared Services decreased by EUR 0.6 billion in 2010, mainly due to higher income recognised in 2009 from the reversal of provisions and the reclassification of real estate from assets held for sale to non-current assets. Adjusted EBITDA at Group Headquarters & Shared Services was also negatively affected by higher personnel costs at Vivento and other units and higher marketing and technology costs in 2010. Finally, gains on the sale of real estate were lower in 2010 than in 2009.

#### **Profit/Loss before Income Taxes**

In 2011, profit before income taxes increased. In addition to the effects mentioned above, there was a EUR 0.2 billion decrease in the loss from financial activities, primarily attributable to a EUR 0.2 billion improvement in finance costs. This resulted mainly from lower interest expenses related to bonds and securitised liabilities.

In 2010, profit before income taxes remained constant compared with 2009. In addition to the effects mentioned above, there was a EUR 0.5 billion decrease in the loss from financial activities. Besides effects from a change in the gain/loss from financial instruments, the decrease of EUR 0.6 billion in other financial expense is mainly attributable to lower expenses for the measurement of provisions and liabilities (interest accretion).

#### **Net Profit**

In 2011, in addition to the effects mentioned above, the decrease in net profit was primarily due to an increase in income tax expense of EUR 1.4 billion compared to 2010. Although profit/loss before income taxes only increased slightly in 2011, income tax expenses more than doubled, mainly due to compensation received from AT&T, which resulted in a tax expense of EUR 0.9 billion. By contrast, impairment losses recognised on goodwill that had reduced profit/loss before income taxes in 2010 had no tax effect in 2011. Furthermore, in the United States and Austria, total impairment losses of EUR 0.3 billion were recognised on deferred taxes on local loss carryforwards.

In 2010, in addition to the effects described above, the increase in net profit was mainly a result of a decrease in income tax expense of EUR 0.8 billion compared to 2009. This tax effect, in turn, is the result of partly contrasting effects. In 2010, deferred taxes of EUR 0.5 billion were recognised on temporary differences and loss carryforwards in the Europe operating segment, since it is probable that these temporary differences and loss carryforwards will be used in the future. This was offset by a special tax imposed in Greece, which increased Deutsche Telekom's tax expense in 2010. A further factor in the increase in net profit was the lower level of profit attributable to non-controlling interests amounting to EUR 0.4 billion. In 2010, EUR 0.2 billion of the EUR 0.7 billion of the year-end impairments was attributable to non-controlling interests.

#### **Cash Capex**

In 2011, cash capex, excluding spectrum investments, totaled EUR 8.3 billion and was concentrated on continued broadband build-out and increasing capacities in existing networks. In addition, Deutsche Telekom invested EUR 0.1 billion in spectrum. In mobile communications, Deutsche Telekom made initial investments in LTE, increased 3G network coverage and upgraded capacity to meet increasing demand for data transfer volumes. In 2012 Deutsche Telekom expects its net



investment levels to remain approximately at the same level as in 2011 (other than any investments in spectrum).

In 2010, cash capex, excluding spectrum investments, totaled EUR 8.5 billion and was concentrated in all countries on continuing the roll-out of Deutsche Telekom's broadband network and expanding capacities in existing networks. In mobile communications, Deutsche Telekom increased 3G network coverage; while in the fixed network, the focus was mainly on DSL, VDSL, and IPTV. Furthermore, Deutsche Telekom continued to upgrade the existing telephone network to a next-generation network, such as an IP-based voice network. At T-Systems, cash capex was primarily in connection with customer orders and the expansion of new shared platforms (e.g., for cloud services). In addition to the cash capex described above, spectrum investment totaled EUR 1.3 billion in 2010.

In May 2010, Telekom Deutschland GmbH purchased spectrum in the 0.8 GHz, 1.8 GHz, and 2.6 GHz frequency ranges at auction in Germany, for which it paid EUR 1.3 billion. Deutsche Telekom is using this spectrum to supply rural areas with broadband service. In 2010, T-Mobile Netherlands purchased two-part 10 MHz bandwidths in the 2.6 GHz range for EUR 109,000 at the mobile spectrum auction in The Netherlands. T-Mobile Austria paid EUR 11 million for a total of 2 x 20 MHz in the 2.6 GHz range. In addition, Deutsche Telekom purchased spectrum through Cosmote Bulgaria, which is part of the OTE group, to expand the UMTS network in Bulgaria. Deutsche Telekom will use this spectrum to further expand the 3G network of GLOBUL, Cosmote Bulgaria's mobile communications brand. GLOBUL paid a one-time fee of BGN 17 million plus an annual fee of BGN 1 million, equivalent to approximately EUR 9 million, for the spectrum issued by the Bulgarian communications supervisory authority (CRC).

## Investments

In 2012, Deutsche Telekom expects its net investment levels to remain at approximately the same level as the prior year (excluding any investments in spectrum). Deutsche Telekom intends to continue leveraging international economies of scale and synergies in the future, through appropriate acquisitions on markets where it is already represented. There are no plans, however, for major acquisitions or expansions in emerging markets.

## Financial Position of the Group

### *Consolidated Statement of Financial Position*

	<b>31 Dec. 2011</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>	<b>31 Dec. 2010</b>	<b>Change</b>
	<b>millions of €</b>	<b>% of balance sheet total</b>	<b>millions of €</b>	<b>% of balance sheet total</b>	<b>millions of €</b>
<b>Assets</b>					
<b>Current assets</b>	<b>15,865</b>	<b>12.9</b>	<b>15,243</b>	<b>11.9</b>	<b>622</b>
Cash and cash equivalents	3,749	3.0	2,808	2.2	941
Trade and other receivables	6,557	5.3	6,889	5.4	(332)
Non-current assets and disposal groups held for sale	436	0.4	51	0.0	385
Other current assets	5,123	4.2	5,495	4.3	(372)
<b>Non-current assets</b>	<b>106,677</b>	<b>87.1</b>	<b>112,569</b>	<b>88.1</b>	<b>(5,892)</b>
Intangible assets	50,097	40.9	53,807	42.1	(3,710)
Property, plant and equipment	41,927	34.2	44,298	34.7	(2,371)
Investments accounted	6,873	5.7	7,242	5.7	(369)

	31 Dec. 2011	31 Dec. 2011	31 Dec. 2010	31 Dec. 2010	Change
for using the equity method					
Other non-current assets	7,780	6.3	7,222	5.6	558
<b>Total assets</b>	<b>122,542</b>	<b>100.0</b>	<b>127,812</b>	<b>100.0</b>	<b>(5,270)</b>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>	<b>24,338</b>	<b>19.9</b>	<b>26,452</b>	<b>20.7</b>	<b>(2,114)</b>
Financial liabilities	10,219	8.4	11,689	9.1	(1,470)
Trade and other payables	6,436	5.3	6,750	5.3	(314)
Current provisions	3,217	2.6	3,193	2.5	24
Liabilities directly associated with non-current assets and disposal groups held for sale	-	-	-	-	-
Other current liabilities	4,466	3.6	4,820	3.8	(354)
<b>Non-current liabilities</b>	<b>58,263</b>	<b>47.5</b>	<b>58,332</b>	<b>45.6</b>	<b>(69)</b>
Financial liabilities	38,099	31.1	38,857	30.4	(758)
Non-current provisions	7,784	6.3	8,001	6.2	(217)
Other non-current liabilities	12,380	10.1	11,474	9.0	906
<b>Shareholders' equity</b>	<b>39,941</b>	<b>32.6</b>	<b>43,028</b>	<b>33.7</b>	<b>(3,087)</b>
<b>Total liabilities and shareholders' equity</b>	<b>122,542</b>	<b>100.0</b>	<b>127,812</b>	<b>100.0</b>	<b>(5,270)</b>

#### 2011/2010

Deutsche Telekom's total assets decreased by EUR 5.3 billion compared with 31 December 2010. Current assets increased by EUR 0.6 billion, while non-current assets decreased by EUR 5.9 billion.

Cash and cash equivalents increased by EUR 0.9 billion compared with 31 December 2010. Please refer to the consolidated statement of cash flows and selected notes to the consolidated statement of cash flows in Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011, incorporated by reference into this Prospectus for more information on this change.

The 4.8% decline in trade and other receivables was mainly due to the difficult macroeconomic situation in Europe.

The net carrying amounts of the non-current assets and disposal groups held for sale increased by EUR 0.4 billion due to the decision to sell shares in Telekom Srbija.

Other current assets decreased, primarily due to a EUR 0.2 billion decrease in inventories and a EUR 0.1 billion decrease in current recoverable income taxes.

The decline in intangible assets and property, plant and equipment of EUR 6.1 billion as of 31 December 2011 was due to depreciation and amortisation of EUR 11.0 billion as well as to total impairment losses of EUR 3.4 billion, mainly in the United States and Europe operating segments. These effects were partially offset by additions to assets of EUR 8.6 billion, the majority of which related to investments intended to increase operating capacities. Apart from investments in new

products and technologies, these investments were primarily measures to enable the provision of additional capacities and improve quality in existing products and technologies.

Investments accounted for using the equity method decreased mainly due to a dividend of EUR 0.5 billion received from Deutsche Telekom's Everything Everywhere joint venture. This amount was partially offset by exchange rate effects attributable to the pound sterling of EUR 0.2 billion.

The increase in other non-current assets of EUR 0.8 billion was mainly attributable to the right to the transfer of spectrum licenses from AT&T worth EUR 0.9 billion. The license package is part of the compensation from AT&T related to the termination of the sale of T-Mobile USA.

In 2011, current liabilities decreased by EUR 2.1 billion and non-current liabilities by EUR 0.1 billion.

Deutsche Telekom's financial liabilities decreased by EUR 2.2 billion compared with 2010. Current financial liabilities decreased by EUR 1.5 billion and non-current financial liabilities by EUR 0.8 billion.

The 4.7% decline in trade and other payables resulted in part from a decrease in investments compared with 2010.

Provisions (current and non-current) decreased by EUR 0.2 billion, mainly due to lower provisions for pensions.

Other liabilities (current and non-current) increased by EUR 0.6 billion. This is mainly attributable to an increase in deferred tax liabilities at T-Mobile USA (EUR 0.9 billion) and higher liabilities for civil servant early retirement arrangements (EUR 0.2 billion). This increase was partially offset by decreases in liabilities for voluntary redundancy and severance payments (EUR 0.2 billion), VAT liabilities (EUR 0.1 billion), and deferred income (EUR 0.1 billion).

Shareholders' equity decreased by EUR 3.1 billion to EUR 39.9 billion, primarily due to dividend payments totaling EUR 3.5 billion and the negative fair value measurement of hedging instruments of EUR 0.5 billion. By contrast, the profit of EUR 0.7 billion and actuarial gains of EUR 0.2 billion recognised directly in equity had a positive effect.

## **2010/2009**

Total assets remained almost constant compared with the end of 2009. Current assets decreased by EUR 7.8 billion, while non-current assets increased by the same amount. Current liabilities increased by EUR 1.7 billion, while non-current liabilities decreased by EUR 2.7 billion.

Cash and cash equivalents decreased by EUR 2.2 billion compared with 31 December 2009. Please refer to the consolidated statement of cash flows and selected notes to the consolidated statement of cash flows in Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2010, incorporated by reference into this Prospectus for more information on this change.

The net carrying amounts of the non-current assets and disposal groups held for sale and the liabilities directly associated with non-current assets and disposal groups held for sale decreased by EUR 5.1 billion. Following the contribution of T-Mobile UK into a joint venture called Everything Everywhere as of 1 April 2010, the assets and liabilities of T-Mobile UK, which were reported as of 31 December 2009 as held for sale, were deconsolidated and Deutsche Telekom's 50% holding in the joint venture was reported as investments accounted for using the equity method. For further details, please refer to the notes to Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2010, incorporated by reference into this Prospectus.

Other current assets increased by EUR 0.8 billion. Inventories, recoverable income taxes and other assets increased by EUR 0.4 billion, while other financial assets increased EUR 0.4 billion compared with 31 December 2009. In the 2010 financial year, Deutsche Telekom and France Télécom S.A. provided financing to the Everything Everywhere joint venture in the form of a bond purchased by the two shareholders in equal shares (EUR 0.8 billion each). The measurement of current derivative financial assets, by contrast, resulted in a decrease of EUR 0.2 billion.

The EUR 0.9 billion increase in intangible assets and property, plant and equipment was mainly due to additions of EUR 10.8 billion (primarily the result of EUR 2.6 billion in technical equipment and machinery, EUR 1.3 billion as a result of the acquisition of spectrum, and advance payments on property, plant and equipment of EUR 4.0 billion), exchange rate effects of EUR 2.4 billion and the addition of EUR 0.2 billion in goodwill from the acquisition of STRATO. This was offset in part by

depreciation and amortisation amounting to EUR 11.8 billion (of which acquired intangible assets accounted for EUR 2.8 billion and technical equipment and machinery for EUR 6.1 billion) and disposals of EUR 0.4 billion.

Current and non-current financial liabilities decreased by EUR 0.6 billion compared with the end of 2009. While current financial liabilities increased by EUR 2.3 billion, non-current financial liabilities decreased by EUR 2.9 billion. For more information, please refer to the following tables and the accompanying explanations included elsewhere in this Prospectus.

Other liabilities (current and non-current) increased by EUR 1.1 billion, largely due to higher liabilities (EUR 0.4 billion) in connection with early retirement arrangements for civil servants and a EUR 0.5 billion increase in deferred tax liabilities (mainly due to exchange rate effects).

Provisions (current and non-current) decreased by EUR 0.5 billion. While provisions for pensions and other employee benefits increased by EUR 0.2 billion, restructuring provisions declined by EUR 0.9 billion compared with 31 December 2009.

Shareholders' equity increased by EUR 1.1 billion to EUR 43.0 billion, due the improvement in other comprehensive income to EUR 3.7 billion (mainly from the currency translation of foreign operations) and profit of EUR 1.8 billion. By contrast, the Group's dividend payments totaling EUR 4.0 billion and Deutsche Telekom AG's capital decrease of EUR 0.4 billion had an offsetting effect.

## Financial Liabilities

31 December 2011				
		Due		
		Due within	> 1 year	Due
	Total	1 year	≤ 5 years	> 5 years
(millions of €)				
Bonds and other securitised liabilities				
Non-convertible bonds	20,649	1,997	9,279	9,373
Commercial paper, medium term notes and similar liabilities	15,579	3,269	7,726	4,584
Liabilities to banks	4,916	1,562	3,225	129
	<b>41,144</b>	<b>6,828</b>	<b>20,230</b>	<b>14,086</b>
Lease liabilities	1,885	159	987	739
Liabilities to non-banks from promissory notes	1,188	10	587	591
Other interest-bearing liabilities	1,179	941	122	116
Other non-interest-bearing liabilities	1,528	1,489	36	3
Derivative financial liabilities	1,394	792	453	149
	<b>7,174</b>	<b>3,391</b>	<b>2,185</b>	<b>1,598</b>
<b>Financial liabilities</b>	<b>48,318</b>	<b>10,219</b>	<b>22,415</b>	<b>15,684</b>

### Reconciliation of Net Debt

	31 Dec. 2011	31 Dec. 2010
	(millions of €)	
Financial liabilities (current)	10,219	11,689
Financial liabilities (non-current)	38,099	38,857
<b>Financial liabilities</b>	<b>48,318</b>	<b>50,546</b>
Accrued interest	(966)	(1,195)
Liabilities from corporate transactions	-	(1,566)
Other	(615)	(467)
<b>Gross debt</b>	<b>46,737</b>	<b>47,318</b>
Cash and cash equivalents	3,749	2,808
Available-for-sale/held-for-trading financial assets	402	75
Derivative financial assets	1,533	835
Other financial assets	932	1,331
<b>Net debt</b>	<b>40,121</b>	<b>42,269</b>

In 2011, net debt decreased due primarily to an increase in cash and cash equivalents resulting from the break-up fee from AT&T. Dividend payments of EUR 3.5 billion, the acquisition of the remaining shares in PTC (EUR 1.4 billion) and an additional 10% of the shares in OTE (EUR 0.4 billion), payments to external pension funds (EUR 0.3 billion) and currency and other effects totaling EUR 0.8 billion had an offsetting effect.

In 2010, Deutsche Telekom's net debt increased by EUR 1.4 billion compared to 2009 primarily as a result of dividend payments of EUR 4.0 billion, the acquisition of spectrum for EUR 1.3 billion, the effects of corporate transactions totaling EUR 0.8 billion, exchange rate effects of EUR 0.8 billion and the share buy-back amounting to EUR 0.4 billion.

### Off-Balance Sheet Assets and Financial Instruments

In addition to the assets recognised in the statement of financial position, Deutsche Telekom carries assets off balance-sheet, primarily relating to leased property. Off-balance-sheet financial instruments mainly relate to the sale of receivables by means of factoring. Total receivables sold as of 31 December 2011 amounted to EUR 1.1 billion, which was consistent with the level sold as of 31 December 2010.

### Finance Policy

The fundamentals of Deutsche Telekom's finance policy are established each year by the Board of Management and overseen by the Supervisory Board. Group Treasury is responsible for implementing the finance policy and for ongoing risk management.

### Condensed Consolidated Statement of Cash Flows and Reconciliation of Free Cash Flow

	2011	2010
	(millions of €)	
<b>Net cash from operating activities</b>	<b>16,214</b>	<b>14,731</b>
Break-up fee received from AT&T	(2,289)	
Cash outflow as part of the PTC transaction	400	
Cash outflow for investments in intangible assets	(1,837)	(2,978)

	<u>2011</u>	<u>2010</u>
(excluding goodwill)		
Cash outflow for investments in property, plant and equipment	(6,569)	(6,873)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	356	344
Spectrum investment	146	1,319
<b>Free cash flow (before dividend payments, spectrum investment, PTC transaction and break-up fee from AT&amp;T)</b>	<b>6,421</b>	<b>6,543</b>
<b>Net cash used in investing activities</b>	<b>(9,275)</b>	<b>(10,711)</b>
<b>Net cash used in financing activities</b>	<b>(5,958)</b>	<b>(6,369)</b>
Effect of exchange rate changes on cash and cash equivalents	(40)	50
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	-	85
Net increase (decrease) in cash and cash equivalents	941	(2,214)
<b>Cash and cash equivalents</b>	<b>3,749</b>	<b>2,808</b>

#### *Net Cash from Operating Activities*

Net cash from operating activities in 2011 increased by EUR 1.5 billion compared with 2010. This increase was attributable to the break-up fee of EUR 2.3 billion received from AT&T in connection with the termination of the agreement on the sale of T-Mobile USA, EUR 0.4 billion higher cash outflows for civil servant pensions in 2010 and a EUR 0.1 billion higher dividend received from the Everything Everywhere joint venture. This increase was partially offset by reducing effects from operational developments, in particular by the following effects: cash outflows of EUR 0.4 billion for the PTC transaction, and cash inflows of EUR 0.3 billion from the canceling of interest rate swaps in 2010, for which there was no corresponding item in 2011. In addition, lower interest received and EUR 0.2 billion higher interest paid compared with the prior year and a decrease of EUR 0.1 billion in cash inflows from receivables sold (factoring) had an offsetting effect on net cash from operating activities.

Net cash from operating activities in 2010 decreased by EUR 1.1 billion compared with 2009. Aside from effects from business operations, this decrease was primarily due to the following effects: lower cash inflows from factoring amounting to EUR 0.6 billion and higher net outflows of EUR 0.4 billion for additions to inventories. This decrease was partially offset by a cash inflow of EUR 0.3 billion from the cancellation of interest-rate swaps in 2010 and higher inflows from dividends received amounting to EUR 0.4 billion, mainly from an interim dividend paid out by the Everything Everywhere joint venture.

#### *Net Cash used in Investing Activities*

In 2011, the decline in net cash used in investing activities was primarily due to the 2010 effects on net cash used in investing activities described below. Net cash used in investing activities also declined as a result of lower cash outflows for investments in 2011. For example, investment activity in most countries within Deutsche Telekom's Europe operating segment was restrained owing to the difficult market situation, decisions by regulatory authorities and additional financial burdens, such as the special tax in Hungary and the real estate tax in Greece. Investment activity was also restrained in Deutsche Telekom's United States and Systems Solutions operating segments compared with 2010. Deutsche Telekom's Germany operating segment invested more in new network infrastructure than in 2010.

Deutsche Telekom's cash outflows for the acquisition of companies increased to EUR 1.2 billion in 2011. Deutsche Telekom paid EUR 0.8 billion in connection with the PTC transaction and EUR 0.4 billion for the acquisition of another 10% of the shares in OTE. In 2010, this figure totaled EUR 0.4 billion and mainly included EUR 0.3 billion for the acquisition of STRATO. The 2011 financial year also saw cash outflows of EUR 0.3 billion for a payment to a third-party trust company as part of a contractual trust agreement to fund direct pension commitments.

In 2010, the increase in net cash used in investing activities was due in part to the addition of the cash and cash equivalents of the OTE group amounting to EUR 1.6 billion in 2009, partially offset by the overall effect of the deconsolidation of T-Mobile UK amounting to EUR 0.4 billion. In addition, Deutsche Telekom invested EUR 0.8 billion in 2010 in a bond issued by the Everything Everywhere joint venture and posted higher outflows for intangible assets amounting to EUR 1.4 billion, which is mainly attributable to the outflows of EUR 1.3 billion for the acquisition of mobile communications licenses (spectrum) in Germany.

Outflows for property, plant and equipment (decrease of EUR 0.7 billion) and acquisitions (decrease of EUR 0.6 billion) both decreased and thus had an offsetting effect. Net cash outflows from the change in short-term investments and marketable securities and receivables, by contrast, increased by EUR 0.8 billion.

#### *Net Cash used in Financing Activities*

In 2011, net cash used in financing activities decreased, primarily as a result of EUR 0.5 billion lower net dividend payments and a EUR 0.2 billion higher net issuance of non-current financial liabilities. In addition, EUR 0.4 billion was paid in 2010 for the purchase of Deutsche Telekom shares. Higher net repayments of current financial liabilities of EUR 0.6 billion had an offsetting effect.

In 2010, net cash used in financing activities increased primarily as a result of a net issuance of non-current financial liabilities of EUR 3.1 billion (2009: EUR 5.3 billion) and outflows for the share buy-back totaling EUR 0.4 billion. These factors were offset by the net repayment of current financial liabilities which decreased by EUR 1.3 billion and the dividends paid out by OTE and Slovak Telekom, which declined compared to 2009 by EUR 0.2 billion and EUR 0.1 billion, respectively.

#### *Lines of Credit*

On 31 December 2011, Deutsche Telekom had standardised bilateral lines of credit with 22 banks, totaling EUR 13.2 billion. As of 31 December 2011, none of these credit lines was being utilised. According to the loan agreements, the terms and conditions depend on Deutsche Telekom's credit rating. The bilateral credit agreements have an original maturity of 36 months and, after each period of 12 months, will be automatically extended for a further 12 months to renew the maturity of 36 months, if the lender does not object to such extension. In 2011, bilateral credit facilities with two banks were cancelled and will expire within two years of cancellation. One new credit facility was agreed.

Deutsche Telekom's bilateral lines of credit do not include any financial covenants or material adverse change clauses. However, in the event Deutsche Telekom is taken over by a third-party, the individual lenders under these bilateral lines of credit and certain loan agreements to which Deutsche Telekom is also a party have the right to terminate the credit line and, if necessary, serve notice on it or demand repayment of the loans. A takeover is assumed when a third party, which can also be a group acting jointly, acquires control over Deutsche Telekom.

#### **Research and Development**

Deutsche Telekom's Products & Innovation unit is responsible for innovation and product development, from Group-wide research and development and innovation management and marketing to product development and management of Deutsche Telekom's product portfolio. The aim is to develop innovative and competitive products, services and business models.

Research and development expenditure in the narrower sense relates to pre-production research and development, such as the search for alternative products, processes, systems, and services. However, Deutsche Telekom does not include under this item expenses for the development of system and application software aimed at enhancing productivity. In 2011, research and development expenditure in the Group amounted to EUR 0.1 billion (2010: EUR 0.1 billion).

In 2011, Deutsche Telekom's investments in internally generated intangible assets to be capitalised totaled EUR 0.1 billion (2010: EUR 0.2 billion). These investments primarily relate to internally developed software, mainly for the Germany operating segment. In 2011, over 2,200 employees were involved in projects and activities to create new products, with a view to marketing them more efficiently.

## Development of Business in the Operating Segments

### Germany

#### Customer Development

	31 Dec. 2011	31 Dec. 2010	Change	Change
	(in millions)	(in millions)	(in millions)	(%)
<b>Total</b>				
Fixed-network lines <sup>1</sup>	23.4	24.7	(1.3)	(5.3)
Retail broadband lines <sup>2</sup>	12.3	12.0	0.3	2.5
TV	1.6	1.2	0.4	33.3
Mobile customers <sup>3</sup>	35.4	34.7	0.7	2.0
Contract customers <sup>2</sup>	18.2	17.2	1.0	5.8
Prepay customers	17.2	17.5	(0.3)	(1.7)
Unbundled local loop lines (ULLs)	9.6	9.5	0.1	1.1
Wholesale unbundled lines	1.2	1.0	0.2	20.0
Wholesale bundled lines	0.7	1.0	(0.3)	(30.0)
<b>Of which: consumers<sup>4</sup></b>				
Fixed-network lines	18.8	19.9	(1.1)	(5.5)
Retail broadband lines <sup>2</sup>	10.0	9.7	0.3	3.1
TV	1.4	1.1	0.3	27.3
Mobile customers	29.3	29.2	0.1	0.3
Contract customers <sup>2</sup>	12.9	12.1	0.8	6.6
Prepay customers	16.5	17.0	(0.5)	(2.9)
<b>Of which: business customers<sup>4</sup></b>				
Fixed-network lines	3.5	3.6	(0.1)	(2.8)
Retail broadband lines <sup>2</sup>	2.0	1.9	0.1	5.3
TV	0.1	0.1	-	-
Mobile customers	6.1	5.5	0.6	10.9
Contract customers <sup>2</sup>	5.3	5.1	0.2	3.9
Prepay customers (M2M) <sup>5</sup>	0.7	0.5	0.2	40.0



<sup>1</sup> In addition to the fixed-network lines of Deutsche Telekom's consumers and business customers in Germany, this category includes lines provided by the Germany operating segment to Deutsche Telekom's Systems Solutions operating segment, which are then sold to end customers, and lines used within the Group.

<sup>2</sup> Stationary wireless solutions have been reported under mobile contract customers since 1 October 2011.

<sup>3</sup> Deutsche Telekom counts its mobile communications customers by the number of SIM cards activated and not churned. Deutsche Telekom's customer figures include the SIM cards with which machines can communicate with one another. Deutsche Telekom counts contract customers as customers for the length of their contracts and count prepaid customers as customers as long as they continue to use Deutsche Telekom's services, and then for a prescribed period thereafter, which differs by country. Generally, at the end of this period, or in the case of payment default or voluntary disconnection, the customers are cancelled or "churned".

<sup>4</sup> In connection with the One Company initiative, Deutsche Telekom has classified its customer base according to consumer and business use beginning with the first quarter of 2011. Prior-year figures have been adjusted for better comparability.

<sup>5</sup> M2M: machine-to-machine.

In Deutsche Telekom's Germany operating segment, Deutsche Telekom bundles various types of voice services, data services and services related to mobile communications, broadband/TV and fixed-network telephony. The challenges Deutsche Telekom faces include regulatory interventions, increasing market saturation and increasing competition from well-positioned competitors.

In 2011, Deutsche Telekom's German fixed-network and mobile operations continued to focus on high-value business. As of 31 December 2011, 47,000 customers have already used Deutsche Telekom's "Call & Surf Comfort via Funk" product, which was launched in the second quarter of 2011. This radio-based technology enables fast Internet surfing even in areas without DSL coverage.

#### - *Fixed Network Telephony, Internet, and Television*

Since 2008, customer losses in the field of traditional fixed-network telephony have been decreasing. In 2011, losses were distributed evenly over all four quarters. The vast majority of these losses resulted from customers switching to cable network operators or other providers of network infrastructure, Internet services and mobile communications.

Of the 12.3 million broadband lines in operation in 2011, 0.6 million were VDSL lines capable of connecting to the Internet at a bandwidth of 25 to 50 Mbit/s. As of 31 December 2011, a total of 1.6 million customers were using Deutsche Telekom's television service Entertain, of which 111,000 customers were using Entertain via Satellite. This service has been available since 1 September 2011 and is marketed to households that could not previously receive Entertain. It offers access to digital television for everyone who will be affected by the disconnection of the analog signal in April 2012.

As expected, the number of fixed-network access line losses in Germany decreased in 2010 and 2009. The number of line losses includes fixed-network lines previously operated by Deutsche Telekom but now operated as IP-based lines by other service providers using the unbundled local loop line, or ULL. In addition, the decrease in the number of fixed-network access lines is mainly attributable to customers switching to alternative cable, local network and mobile operators. In 2010 and 2009, line losses also resulted from the technology driven migration of wholesale bundled customers to the all-IP network. Deutsche Telekom expects the number of fixed-network access lines in operation to continue to decrease in the future due to increased competition, fixed-to-mobile substitution, as well as increased migration to IP-based products. Deutsche Telekom also expects the trend towards flat-rate calling plans to continue in the future. Consequently, Deutsche Telekom expects calling revenues in the future to decrease due to the decreasing proportion of billed minutes as a result of customer acceptance of flat-rate plans, continued loss of fixed-network access lines and fixed-to-mobile substitution.

The total number of retail broadband lines operated by Deutsche Telekom increased in 2010 and 2009, as Deutsche Telekom gained additional subscribers for its television service, "Entertain". As of 31 December 2010, Deutsche Telekom had 1.2 million Entertain customers, which are included within the number of retail broadband lines in the table above.

#### - *Mobile Telephony and Data Applications*

The number of contract customers grew by 1.0 million in 2011 to 18.2 million, mainly due to the sale of SIM cards to resellers and positive developments in the growth of business customers. Growth in the reselling business in 2011 resulted mainly from cards sold to foreign nationals living in Germany, most of whose calls are placed to their home countries. Deutsche Telekom's decision in April 2010 to deregister prepaid cards that had been inactive for a certain period of time resulted in the deactivation of 4.0 million prepaid customers in 2011.

The decrease in the number of mobile customers in 2010 was due to the deactivation of around 8.3 million inactive prepay customers' cards, which enabled Deutsche Telekom to reduce the administrative costs related to these inactive accounts. The number of contract customers remained stable at 17.2 million, which Deutsche Telekom attributes to its extensive selection of smartphones and its enhanced integrated rate plans for voice telephony and data services. For example, in 2010, Deutsche Telekom began selling the iPhone 4 in Germany. With a mobile penetration rate in Germany of well over 100%, the strategy in Deutsche Telekom's German mobile operations is to continue to focus on higher-value contract customer business.

- *Consumers*

In the consumer business, Deutsche Telekom's Germany operating segment focuses on high-value customers who purchase both fixed-network services such as Internet and TV products (e.g., Entertain) and mobile services with integrated flat rates for data. Since the end of 2010, Deutsche Telekom has offered its customers a fixed-network calling plan (Call & Surf Comfort) with more bandwidth.

In mobile communications, Deutsche Telekom has upgraded the service content of the contracts, and at the end of 2010, Deutsche Telekom started to offer an entry-level double-play package with a data flat rate for the mobile Internet (Call & Surf Mobil). In the new mobile communications portfolio, packages with integrated data flat rates for the mobile Internet (Call & Surf Mobil and Complete Mobil) have sold well. Newly introduced special packages (e.g., Special Call & Surf Mobil) have also been well received by contract customers. The sale of SIM cards to resellers also increased in 2011.

- *Business Customers*

In 2011, line losses in the business customers segment remained at the prior-year level. Also, many customers are switching from pure voice telephone lines to double-play products with flat rates for telephony and Internet, which means they use higher-value calling plans, such as Business Complete.

In addition, Deutsche Telekom introduced a new set of mobile calling plans for its business customers in February 2011. With a clear focus on calling plans with integrated data flat rates for the mobile Internet, this helped to increase subscriber numbers compared with 2010.

- *Wholesale*

Overall, the various wholesale products Deutsche Telekom is required to provide to its competitors by the regulator, such as ULLs and unbundled access lines, increased. Network infrastructure providers require ULLs for their customer access and the number of ULLs increased by 1.1% in 2011. The number of Deutsche Telekom's bundled wholesale lines declined in 2011, while Deutsche Telekom recorded an increase in unbundled products. Deutsche Telekom expects this trend to continue for the next few years, in particular due to the fact that its competitors are switching from bundled to unbundled wholesale products in order to improve their service to their own end-customers. Deutsche Telekom also expects the number of ULLs to increase as well. The results of regulatory decisions are expected to continue to have an effect on demand for Deutsche Telekom's wholesale products.

In 2010, the increase in ULLs resulted from a migration of competitors to all-IP lines. The number of Deutsche Telekom's bundled wholesale lines declined in 2010 and 2009 as competitors switched from bundled to unbundled wholesale products to improve their own services.

- *Competition*

Deutsche Telekom's fixed-network operations in Germany face intense competition based primarily on price in the market for fixed-line network voice telephony and broadband services. Continued competition in the fixed-network market has led to higher service levels and lower prices, intensifying the downward pricing pressure on Deutsche Telekom's own products and services. In addition, as prices for mobile telephony decline, local and other calling services, as well as access services, face increasing competition from mobile telephone operators, due to mobile substitution. These factors, combined with the continued implementation of regulatory policies intended to foster greater competition, are expected to result in similar trends in the future. In addition, the German mobile communications market is saturated in terms of customers and Deutsche Telekom faces intense competition from other mobile network operators and MVNOs.

## Development of Operations

	2011	2010	Change	Change
	(millions of €)	(millions of €)	(millions of €)	(%)
<b>Total revenue</b>	<b>24,031</b>	<b>25,145</b>	<b>(1,114)</b>	<b>(4.4)</b>
Consumer <sup>(1)</sup>	12,584	13,109	(525)	(4.0)
Business Customer <sup>(1)</sup>	5,613	5,661	(48)	(0.8)
Wholesale	4,207	4,553	(346)	(7.6)
Digital Services	749	866	(117)	(13.5)
Value-Added Services	417	498	(81)	(16.3)
Other	461	458	3	0.7
Profit from operations (EBIT)	4,445	4,916	(471)	(9.6)
Depreciation, amortisation and impairment losses	(4,447)	(4,193)	(254)	(6.1)
EBITDA	8,892	9,109	(217)	(2.4)
Special factors affecting EBITDA <sup>(2)</sup>	(707)	(509)	(198)	(38.9)
<b>EBITDA (adjusted for special factors)</b>	<b>9,599</b>	<b>9,618</b>	<b>(19)</b>	<b>(0.2)</b>
 <b>Cash capex</b>	 <b>(3,644)</b>	 <b>(4,765)</b>	 <b>1,121</b>	 <b>23.5</b>
 <b>Average number of employees</b>	 <b>76,028</b>	 <b>79,364</b>	 <b>(3,336)</b>	 <b>(4.2)</b>

<sup>(1)</sup> In connection with the One Company initiative, Deutsche Telekom has reported revenue for the consolidated customer areas in Deutsche Telekom's Germany operating segment, beginning with the first quarter of 2011. Prior-year figures have been adjusted for better comparability.

<sup>(2)</sup> For more information on special factors affecting EBITDA, see "Reconciliation of EBITDA and adjusted EBITDA".

### - Total Revenue

The decline in total revenue in 2011 primarily reflects the downward trend in voice telephony, both in the mobile business and the fixed-network business. Price effects resulting from regulatory decisions, such as the reduction in termination rates from December 2010 and the decrease in interconnection prices in July 2011, negatively affected revenue development. For example, the negative effect from the decrease in mobile termination rates in the German mobile market totalled more than EUR 0.2 billion. Furthermore, Deutsche Telekom discontinued selling prepaid mobile cards of its competitors. Continued demand for broadband services in the fixed-network and in mobile communications partially offset the negative effects on revenue. In mobile communications, data revenues rose as a result of smartphone sales. An increase in revenue from Entertain partially offset the overall decline in revenues.

The main reasons for the decline in revenue from Deutsche Telekom's consumers business in 2011 and 2010 were the continuing loss of fixed-network lines and the reduction of termination rates in mobile communications. The decrease was partially offset by growth in television and mobile-data revenues. In 2010, the first time consolidation of STRATO, a web hosting provider, also had an offsetting effect.

The main reason for the decline in revenue from Deutsche Telekom's business customers in 2011 was the reduction in mobile termination rates. Growth in mobile-data and broadband revenue almost entirely offset the decline in revenue from traditional fixed-network voice telephony. The growth in revenue in 2010 mainly resulted from growth in both mobile communications and the fixed-network.

The decline in wholesale revenue in 2011 and 2010 was primarily attributable to regulatory price cuts for digital leased lines, unbundled local loop lines and interconnection calls (from 1 July 2011) as well as the declining use of interconnection calls. The decline in revenue was partially offset by a positive trend in the volume of unbundled wholesale lines.

The decline in digital services revenue in 2011 resulted primarily from the discontinued use of prepaid mobile cards of other carriers. The increase in revenue in 2010 resulted from the Scout group and the first time consolidation of ClickandBuy as of 1 April 2010.

Declining revenues from Value-Added Services in 2011 and 2010 resulted from a lower use of premium rate call numbers, such as directory inquiry services, and of public telephones.

In 2012, activities and functions previously reported under digital services in the Germany operating segment (essentially, the Load and Scout businesses) will be transferred and reported under Group Headquarters & Shared Services. For 2012, Deutsche Telekom expects total revenue for the Germany operating segment to decline compared with the prior year, mainly due to anticipated regulatory decisions, a decline in revenues in traditional voice telephony and the transfer of digital services described above. Deutsche Telekom expects ongoing growth in data revenues to partially offset this decline.

- *Adjusted EBITDA*

The slight decline in adjusted EBITDA in 2011 resulted from the decline in revenues. However, despite the decline in revenue of EUR 1.1 billion, the decline in adjusted EBITDA was only EUR 19 million, largely due to Deutsche Telekom's focus on value-driven business development and cost management. Deutsche Telekom reduced its operating costs with a range of measures in the fields of technology and sales and by streamlining its support processes. In addition, Deutsche Telekom discontinued selling prepaid mobile cards of its competitors, which also had a positive effect.

Despite the decline in total revenue in 2010, adjusted EBITDA remained stable as a result of two offsetting effects. Adjusted EBITDA at Deutsche Telekom's mobile communications business increased mainly as a result of large-scale projects to improve its customer service and implement cost management programs, such as sending invoices by email and increasing the efficiency of Deutsche Telekom's advertising and communication activities. In addition, Deutsche Telekom's mobile operations improved their use of office and warehouse space. Despite the increased marketing of smartphones, Deutsche Telekom reduced its operating costs by approximately EUR 0.5 billion in 2010 through a range of initiatives in business areas such as production, sales, service, marketing, and IT. This increase was offset by a decline in adjusted EBITDA at Deutsche Telekom's fixed-network business as a result of the revenue developments described above.

For 2012, Deutsche Telekom expects a largely stable adjusted EBITDA in the Germany operating segment.

- *Profit from Operations*

The decrease in profit from operations in 2011 was primarily attributable to higher depreciation, amortisation and impairment losses as well as early retirement expenses. Increased depreciation, amortisation and impairment losses mainly related to intangible assets, due in part to the capitalisation of LTE licenses in 2010.

The decrease in profit from operations in 2010 was mainly due to an increase in staff-related expenses, primarily for early retirement and severance payments. In addition, the write-off of receivables from the German Main Customs Office relating to the 2005 to 2009 tax years also led to the decline.

- *Cash capex*

In 2011, Deutsche Telekom primarily invested in network infrastructure, including the VDSL network and connecting base stations with high bit rates, and in the transmission network to support 4G services. The overall decrease in Deutsche Telekom's cash capex was due to the cash outflow for the acquisition of LTE licenses in 2010 as described below.

The increase in Deutsche Telekom's 2010 cash capex was mainly a result of the mobile frequency spectrum purchased at the auction in March 2010 to roll-out LTE, which is the basis for the future expansion of mobile Internet, especially in rural areas. Deutsche Telekom also increased expenditure

to upgrade its mobile network, providing high-bit-rate connections for the base stations in its UMTS network, accelerating the roll-out of high-quality transmission paths, safeguarding its network operations and rolling-out an all-IP network.

For 2012, Deutsche Telekom expects the Germany operating segment to make investments of around EUR 3.3 billion. If this target is met, the previously planned capital expenditure of the operating segment for 2010 to 2012 of EUR 10 billion would be exceeded. Deutsche Telekom anticipates its primary investment to remain the build-out of the broadband infrastructure using a variety of technologies. The ongoing roll-out of broadband mobile networks such as LTE and UMTS will help Deutsche Telekom to focus on network quality in the long term. In the fixed-network, Deutsche Telekom plans to continue to work on meeting the growing demand for broadband. In this area, the investment focus is on the expansion of Deutsche Telekom's optical-fiber infrastructure (FTTH).

## **Europe**

### *Customer Development*

The following table provides information on Deutsche Telekom's fixed-line and mobile operations in its Europe operating segment.

	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2010</b>	<b>Change</b>	<b>Change</b>
	<b>(in millions)</b>	<b>(in millions)</b>	<b>(in millions)</b>	<b>(%)</b>
<b>Europe, total<sup>1</sup></b>				
Fixed-network lines	10.6	11.3	(0.7)	(6.2)
Retail broadband lines	4.6	4.4	0.2	4.5
Wholesale bundled lines	0.2	0.2	-	-
Unbundled local loop lines	1.8	1.5	0.3	20.0
Mobile customers <sup>2</sup>	60.3	60.1	0.2	0.3
<b>Greece</b>				
Fixed-network lines	3.3	3.7	(0.4)	(10.8)
Broadband lines	1.1	1.1	-	-
Mobile customers	7.9	8.0	(0.1)	(1.3)
<b>Romania</b>				
Fixed-network lines	2.5	2.6	(0.1)	(3.8)
Broadband lines	1.1	1.0	0.1	10.0
Mobile customers	6.5	6.8	(0.3)	(4.4)
<b>Hungary<sup>3</sup></b>				
Fixed-network lines	1.5	1.7	(0.2)	(11.8)
Broadband lines	0.8	0.8	-	-
Mobile customers	4.8	5.2	(0.4)	(7.7)
<b>Poland</b>				
Mobile customers	14.2	13.3	0.9	6.8
<b>Czech Republic</b>				
Fixed-network lines	0.1	0.1	-	-
Broadband lines	0.1	0.1	-	-
Mobile customers	5.4	5.5	(0.1)	(1.8)

	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>	<u>Change</u>	<u>Change</u>
<b>Croatia</b>				
Fixed-network lines	1.4	1.4	-	-
Broadband lines	0.7	0.6	0.1	16.7
Mobile customers	2.4	2.9	(0.5)	(17.2)
<b>Netherlands</b>				
Fixed-network lines	0.3	0.3	-	-
Broadband lines	0.3	0.3	-	-
Mobile customers	4.9	4.5	0.4	8.9
<b>Slovakia</b>				
Fixed-network lines	1.0	1.1	(0.1)	(9.1)
Broadband lines	0.5	0.4	0.1	25.0
Mobile customers	2.3	2.4	(0.1)	(4.2)
<b>Austria</b>				
Mobile customers	4.1	3.8	0.3	7.9
<b>Other<sup>4</sup></b>				
Fixed-network lines	0.5	0.5	-	-
Broadband lines	0.2	0.2	-	-
Mobile customers	7.8	7.7	0.1	1.3

<sup>1</sup> For better comparability, the customers of T-Mobile UK, who were transferred to the Everything Everywhere joint venture as of 1 April 2010 following the merger of T-Mobile UK and Orange UK, were subtracted from all historical customer figures.

<sup>2</sup> Deutsche Telekom counts its mobile communications customers by the number of SIM cards activated and not churned. Deutsche Telekom's customer figures include the SIM cards with which machines can communicate with one another. Deutsche Telekom counts contract customers as customers for the length of their contracts and count prepay customers as customers as long as they continue to use Deutsche Telekom's services, and then for a prescribed period thereafter, which differs by country. Generally, at the end of this period, or in the case of payment default or voluntary disconnection, the customers are cancelled or "churned".

<sup>3</sup> With effect from 1 January 2011, the business customer base was reclassified and divided between the operating segments Europe and Systems Solutions. As a result, mobile corporate customers and the fixed-network lines of corporate customers in Hungary were reassigned to T-Systems.

<sup>4</sup> Other: national companies of Bulgaria, Albania, the F.Y.R.O. Macedonia, and Montenegro.

In 2011, the Europe operating segment faced major challenges from intense competition in the increasingly saturated markets in which it operates.

The Europe operating segment experienced a continued decline in the number of fixed-network lines in 2011, although the rate of decline stabilised during the last three quarters of the year. The decrease in the number of fixed-lines was largely attributable to line losses in Greece, Hungary and Romania, which together accounted for some 90% of the line losses in Deutsche Telekom's traditional fixed-network business. In Greece and Romania, the economic situation and the resulting intense competitive pressure caused a decline in the number of customers. Furthermore, Deutsche Telekom was unable to expand its broadband customer base in Greece as planned because the Greek regulatory authority blocked the introduction of its proposed competitive broadband calling plans. In Hungary, the number of fixed-network lines decreased because Deutsche Telekom reassigned the mobile and fixed-network lines of its corporate customers in Hungary to T-Systems as of 1 January 2011.

In line with its strategic orientation, Deutsche Telekom focuses on fast and efficient telecommunication networks and has been expanding its broadband network. In 2011, the number of broadband lines increased and almost all countries in Deutsche Telekom's Europe operating segment contributed to this result. In Romania, for example, the increase in broadband lines was due to substantial growth in both DSL and cable lines. There was also encouraging growth in the number of DSL lines in the

Czech Republic. Deutsche Telekom has further developed its fiber-optic network in Romania, Hungary and Slovakia. The number of IPTV customers also grew steadily, with an increase of around 24% compared to the end of 2010 mainly resulting from growth in Hungary and Croatia. In the countries in the Europe operating segment where Deutsche Telekom offers mobile and fixed-network communications, Deutsche Telekom offers mobile, broadband and fixed-network bundles, which Deutsche Telekom believes has also contributed to an increase in broadband lines.

In mobile communications, encouraging growth in contract customers led to a slight increase in the overall customer base in 2011. Deutsche Telekom's contract customer base rose 1.1% compared with 2010 to around 26.7 million. Encouraging growth, particularly in The Netherlands, Austria, Bulgaria and the Czech Republic allowed Deutsche Telekom to compensate for the decline in customers resulting from the reclassification in Hungary noted above. Overall, contract customers as a proportion of the total number of customers in the Europe operating segment remained stable at 44% compared with the end of 2010. This development was the result of Deutsche Telekom's focus on its aim of winning and retaining high-value customers under the connected life and work approach. For instance, Deutsche Telekom offered attractive rate plans and innovative data and content services for mobile Internet as well as innovative mobile terminal devices such as smartphones. These devices were in high demand, particularly in the Netherlands and Austria. As a result, smartphones as a proportion of all terminal equipment devices marketed in Deutsche Telekom's Europe operating segment increased yet again.

Deutsche Telekom's prepay customer base in 2011 was affected both positively and negatively by two adjustments to its reporting methodology. In Poland, beginning in September 2011, the number of prepay customers increased by around 1.0 million owing to a change in Deutsche Telekom's deactivation policy in light of changes in the deactivation policies of other telecommunications companies. In Croatia, the number of prepay customers decreased by around 0.5 million customers as of 31 December 2011, because the reporting methodology was switched to the definition prescribed by the local regulatory authority. The number of prepay customers also declined in Romania because inactive customers were deregistered and due to the difficult economic situation. Deutsche Telekom concluded the deregistration of inactive cards in Greece in the first quarter of 2011. Since then, while there has been an increase in the prepay customer base, there was still a slight overall decline in the number of prepay customers at the end of 2011 compared with 2010.

In 2010, customer development in Deutsche Telekom's Europe operating segment was affected by the strained economic situation, especially in Greece and Romania, and intense competition in all countries. In the traditional fixed network business, the number of lines decreased compared with 2009, although Deutsche Telekom experienced a lower rate of decrease as 2010 progressed. These line losses are mainly attributable to customers switching to other network operators, cable companies and mobile operators. Deutsche Telekom partially offsets these losses with increases in retail broadband lines and in the IPTV business, especially in Croatia and Hungary.

In mobile operations, the total customer base decreased slightly in 2010, mainly due to developments in Greece, Romania, Poland and The Netherlands. The main reason for the decrease in total customer numbers compared to 2009 is the development in the prepay segment, which accounted for 56% and 59% of the total customer base in Deutsche Telekom's Europe operating segment at year-end 2010 and 2009, respectively. In Greece, Romania, Poland and The Netherlands, the number of prepay customers decreased by around 2 million. In Poland and The Netherlands, the prepay customer figures decreased due to a greater focus on high-value contract customer business. Lower prepay customer numbers in The Netherlands and Romania were a result of the deregistration of inactive prepay customers. In Greece, prepay customer figures decreased primarily as a result of the new registration requirements introduced in November 2009. Austria and Hungary recorded net customer additions, thereby offsetting the overall decline in customer numbers.

High-value contract customer business was once again an important growth area in Deutsche Telekom's Europe operating segment in 2010. The number of contract customers increased at almost all European companies compared 2009, except for Romania and Macedonia. Deutsche Telekom achieved this positive result due to its strategic focus on gaining and retaining high-value customers, for example, through attractive calling plans with minute buckets, flat-rate plans and new mobile phones offered in conjunction with a fixed-term contract. As part of Deutsche Telekom's connected life and work strategy, Deutsche Telekom successfully targeted new groups of customers with innovative data and content services for the mobile Internet and innovative mobile devices. Smartphones played

a particularly significant role as the Apple iPhone 4 was introduced in all European markets and made a significant contribution to a growing contract customer base.

- *Competition*

Competition in the fixed-line network and mobile businesses in Deutsche Telekom's Europe operating segment continued to increase in 2011. In its fixed-line businesses, this increase was primarily a result of mobile substitution and regulation requiring Deutsche Telekom to provide its competitors with access to the ULL. Competition in the fixed-line network and mobile businesses is primarily based on price.

**Development of Operations**

	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>Change</b>
	<b>(millions of €)</b>	<b>(millions of €)</b>	<b>(millions of €)</b>	<b>(%)</b>
<b>Total revenue<sup>1</sup></b>	<b>15,124</b>	<b>16,840</b>	<b>(1,716)</b>	(10.2)
Of which: Greece	3,546	3,876	(330)	(8.5)
Of which: Romania	1,072	1,165	(93)	(8.0)
Of which: Hungary	1,438	1,517	(79)	(5.2)
Of which: Poland	1,740	1,839	(99)	(5.4)
Of which: Czech Republic	1,092	1,157	(65)	(5.6)
Of which: Croatia	1,084	1,148	(64)	(5.6)
Of which: Netherlands	1,747	1,767	(20)	(1.1)
Of which: Slovakia	886	934	(48)	(5.1)
Of which: Austria	924	983	(59)	(6.0)
Of which: United Kingdom	-	783	(783)	n.m.
Of which: Other <sup>2</sup>	1,827	1,937	(110)	(5.7)
Profit (loss) from operations (EBIT)	780	985	(205)	(20.8)
Depreciation, amortisation and impairment losses	(4,215)	(4,157)	(58)	(1.4)
EBITDA	4,995	5,142	(147)	(2.9)
Special factors affecting EBITDA <sup>3</sup>	(246)	(606)	360	59.4
<b>EBITDA (adjusted for special factors)</b>	<b>5,241</b>	<b>5,748</b>	<b>(507)</b>	<b>(8.8)</b>
<b>Cash capex</b>	<b>(1,870)</b>	<b>(2,012)</b>	<b>142</b>	<b>7.1</b>
<b>Average number of employees</b>	<b>60,105</b>	<b>65,435</b>	<b>(5,330)</b>	<b>(8.1)</b>

n.m. – not meaningful

<sup>1</sup> The contributions of the national companies correspond to their respective unconsolidated financial statements and do not take into consideration consolidation effects at the operating segment level.

<sup>2</sup> Other: national companies of Bulgaria, Albania, the F.Y.R.O. Macedonia and Montenegro, as well as ICSS (International Carrier Sales and Solutions), Europe Headquarters and, up to the end of May 2010, T-Mobile International UK.

<sup>3</sup> For more information on special factors affecting EBITDA, see "Reconciliation of EBITDA" and "adjusted EBITDA".

- *Total Revenue*

Approximately half of the decline in total revenue in 2011 was attributable to the deconsolidation of T-Mobile UK effective 1 April 2010. The total revenue decline was also caused by the erosion of prices in almost all European countries. As a result of regulation, Deutsche Telekom was required to



decrease mobile termination rates, which led to substantial revenue declines in The Netherlands, the Czech Republic, Poland, Hungary and Austria in particular. Intense competition adversely affected Deutsche Telekom's revenue as well. Furthermore, the difficult economic situation, especially in Southern and Eastern European countries and at the OTE group, had a negative impact. In 2011, the Europe operating segment experienced slightly negative exchange rate effects, with the negative effects of the Polish zloty, the Croatian kuna and the Hungarian forint against the euro being nearly offset by positive effects from the Czech koruna.

These negative developments were offset in part by revenue growth in the fixed-network broadband/TV, as well as by mobile data revenue, which increased by around 15% in 2011. In calculating data revenues, Deutsche Telekom subtracts SMS messaging revenues from its total non-voice revenues. Almost all of the countries in Deutsche Telekom's Europe operating segment contributed to the growth in mobile data revenue, especially The Netherlands, Greece and Poland.

In 2010, the decline in total revenue at Deutsche Telekom's Europe operating segment was primarily the result of offsetting effects. Total revenue declined primarily due to the deconsolidation of T-Mobile UK effective 1 April 2010. Another factor was a decline in revenue from operations, which was largely attributable to price reductions resulting in most countries in the segment from the decline in mobile termination charges imposed by regulatory authorities as well as from intense competition. Furthermore, the special tax imposed by the Hungarian government in October 2010 retroactively for the full year 2010 also decreased total revenue by EUR 0.1 billion. The tax on mobile services in Croatia and the difficult economic situation, especially in Southern and Eastern European countries, had a substantial negative impact on total revenue. Greece, Romania and Hungary were particularly affected by the decline in revenue.

This decline was offset in part by the first-time full year consolidation of OTE and positive exchange rate effects against the euro. These effects were mainly attributable to the Polish zloty, the Czech koruna, the Hungarian forint, the pound sterling and the Croatian kuna. Strong revenue growth in the fixed network from Deutsche Telekom's wholesale, broadband/TV business also helped to offset the overall decline in total revenue.

For 2012, Deutsche Telekom expects the Europe operating segment to be faced with an ongoing tense and, in some areas, unstable environment. The markets in this operating segment are beset by fierce competition. Most of them are virtually saturated, and line losses are common in the traditional fixed-line business. Regulatory measures, including the decision to maintain asymmetric mobile termination rates within the same country and the granting of additional mobile frequency spectrum to potential new market players, are exacerbating the competitive situation and depressing prices even further. For these reasons, Deutsche Telekom expects total revenues in the Europe operating segment to decline in 2012.

In addition, Deutsche Telekom's revenue development in 2012 may be adversely affected by changes in legislation, for instance in connection with government austerity programs. Exchange rate effects could also adversely affect revenue on a euro basis. Deutsche Telekom also intends to look into the possibility of additional network cooperation with other telecommunications operators in the countries of the Europe operating segment, such as Poland, the Czech Republic and Austria.

Total revenues in the main countries of Deutsche Telekom's Europe operating segment developed as described below.

**Greece.** In 2011, the revenue decline in Greece resulted from declines in both the fixed-network and mobile business. Declining fixed-network revenue was primarily attributable to line losses, but was partially offset by growth in wholesale revenue. On 22 March 2011, the Greek NRA imposed temporary restrictions on OTE, requiring the company to refrain from providing next-generation network access retail services for six months and to provide wholesale services based on a cost model. On 1 December 2011, the Greek NRA approved the cost model for VDSL, including the obligation that OTE should abstain from offering retail broadband access services for six months. With regulation of the fixed-network business in Greece continuing to be very strict, Deutsche Telekom was therefore unable to make planned broadband acquisitions and, as a result, was unable to generate additional revenue from that source. The mobile business in 2011 suffered primarily from the difficult overall economic situation and intense competition. Deutsche Telekom's revenue was also adversely affected by the reduction in termination rates imposed by the regulatory authority. This decline was partially offset by substantial increases in data revenue.

In 2010, revenue remained stable as the effects of the first full-year consolidation of OTE offset a revenue decline in the fixed-network and mobile businesses. This revenue decline from line losses in the traditional fixed-network business were almost fully offset by a positive trend in wholesale and broadband revenues. In mobile communications, the reduced termination charges and intense price competition affected negatively on service revenues. In addition, the prepay registration requirements again resulted in a loss of customers in the prepay segment, and consequently in lower revenue. The slight increase in sales of terminal equipment in 2010 mitigated the revenue decline.

**Hungary.** Around 72% of the revenue decrease in Hungary in 2011 can be attributed to the reclassification of business customers to T-Systems, which accounted for a revenue decrease of approximately EUR 38 million, and negative exchange rate effects from the performance of the Hungarian forint against the euro. Higher broadband/TV revenue only partially offset the revenue losses in Deutsche Telekom's traditional fixed-network business. The decrease in mobile service revenues was primarily due to the reclassification of business customers. In addition, revenue from voice telephony and text messaging declined as a result of competition-induced price cuts and decreased use of voice telephony per customer, but was partially offset by slightly higher revenue from the sale of terminal equipment devices.

In 2010, the revenue decline was primarily a result of the special tax imposed by the Hungarian government in October 2010, which reduced revenue by EUR 0.1 billion. The decline in revenue from operations was largely attributable to the general economic situation. The fixed-network business was affected to a greater extent than mobile communications, despite growth in broadband/TV lines and the resulting increase in revenue. Service revenues from mobile operations decreased mainly as a result of reduced mobile termination charges. This decline was partially offset by the positive exchange rate effect from the translation of the Hungarian forint to euros and increases in non-voice mobile revenues.

**Poland.** The revenue decline in Poland in 2011 was primarily caused by negative exchange rate effects due to the performance of the Polish zloty against the euro. In addition, service revenues declined as a result of intense competition, but were offset by significantly higher data revenues. Deutsche Telekom was able to increase revenue from the sale of terminal equipment by successfully marketing smartphones, which had a positive impact on total revenue.

In 2010, positive exchange rate effects from the translation of the Polish zloty to euros increased revenue at PTC, compensating for the decline in revenue from operations attributable primarily to service revenues. Higher levels of non-voice revenues only partially compensated the revenue losses in voice telephony. The revenue losses in voice telephony were primarily the result of a decrease in average per-minute calling rates.

**The Netherlands.** The decrease in revenue in 2011 mainly resulted from the adverse effects of multiple cuts in termination rates by the Dutch regulatory authority, which resulted in lower service revenues. This decline was partially offset by a significant increase in Deutsche Telekom's data revenues and by higher proceeds from terminal equipment sales, due to a high demand for smartphones. The development of the fixed-network business was more or less stable compared to 2010.

In 2010, T-Mobile Netherlands reported a slight decrease in revenue, due mainly to lower MVNO and online revenues as well as and price decreases resulting from increased regulation. This was partially offset by higher service revenues, including higher non-voice revenues. The increase in the contract customer share of the total customer base also had a positive impact on revenue.

- *Adjusted EBITDA*

In 2011, over one third of the decrease in adjusted EBITDA in Deutsche Telekom's Europe operating segment was attributable to the deconsolidation of T-Mobile UK effective 1 April 2010. In addition, the real estate tax introduced by the Greek government in 2011 had an adverse effect on adjusted EBITDA. Added to this were slightly negative overall exchange rate effects, with the positive performance of the Czech koruna only partially offsetting the negative performance of the Polish zloty, the Croatian kuna, and the Hungarian forint against the euro. The decline in adjusted EBITDA is primarily attributable to the lower revenue in 2011 compared with 2010. Deutsche Telekom partially offsets this negative trend by reducing overhead costs, particularly in Greece and Hungary.

The decrease in adjusted EBITDA in 2010 was primarily due to the offsetting effects that affected revenue. Adjusted EBITDA declined as a result of the deconsolidation of T-Mobile UK effective 1 April 2010 and the newly imposed special tax in Hungary that applied retroactively to the entire 2010 financial year. Adjusted EBITDA was positively affected by the first full-year consolidation of OTE. Positive exchange rate effects attributable primarily to the translation from Polish zlotys, Czech korunas, Hungarian forints, Croatian kunas and pounds sterling also had a positive effect.

For 2012, Deutsche Telekom expects adjusted EBITDA in the Europe operating segment to decline. Adjusted EBITDA may be adversely affected by changes in legislation, for instance in connection with government austerity programs. The special tax in Hungary, for instance, will impact adjusted EBITDA negatively in 2012 by leading to lower revenues. The same is true for Greece, which introduced a real estate tax in 2011, as well as for Croatia, which reintroduced a mobile communications tax on 26 January 2012. Exchange rate effects could also adversely affect adjusted EBITDA on a euro basis. Deutsche Telekom intends to continue to increase productivity by cutting costs, which will entail headcount reductions in some of the countries in this segment.

Adjusted EBITDA in the main countries of Deutsche Telekom's Europe operating segment developed as described below.

**Greece.** The decrease in adjusted EBITDA in 2011 was due to lower revenues and decisions by public authorities. In September 2011, the Greek government introduced a real estate tax for 2011. In addition, regulated rates were retroactively adjusted in the second quarter of 2011. Deutsche Telekom's programs and initiatives to increase efficiency, particularly in lower personnel costs, partially offset the decline in adjusted EBITDA.

Adjusted EBITDA remained almost stable in 2010 in the Greek mobile and fixed-network operations, due in particular to the positive effect from the first full-year consolidation of OTE and lower expenses related to overhead. This increase was partially offset by the negative revenue trend and higher customer acquisition costs resulted from intense mobile competition.

**Hungary.** In 2011, similar to the development of revenue, approximately 73% of the decrease in adjusted EBITDA was due to the reclassification of business customers and the unfavorable exchange rate performance of the Hungarian forint against the euro. Savings in overhead costs largely offset the negative effects of the decline in revenue from operations.

The decline in adjusted EBITDA in 2010 was primarily a result of the tax imposed by the Hungarian Government described above. However, positive exchange rate effects from the translation of the Hungarian forint to euros mitigated this decline. Adjusted EBITDA from mobile operations increased slightly.

**Poland.** The decline in adjusted EBITDA in 2011 was primarily attributable to sales and customer service costs for rebranding Era to T-Mobile in June 2011 as well as negative exchange rate effects. Improving the way Deutsche Telekom address servings its high-value contract customers had a positive effect on EBITDA, which partially offset the negative effects of revenue decreases and rebranding costs.

In 2010, adjusted EBITDA increased due primarily to positive exchange rate effects. In addition, lower customer retention costs and savings on overhead, especially in technology and marketing, helped compensate for the negative effects of the revenue decline. A positive effect recorded in the fourth quarter of 2010 contributed further to the increase in adjusted EBITDA.

**The Netherlands.** The increase in adjusted EBITDA in 2011 resulted primarily from savings in customer acquisition and overhead costs, which offset the negative revenue effects from regulation.

In 2010, T-Mobile Netherlands increased adjusted EBITDA, primarily as a result of lower customer acquisition costs and an effect in the second quarter of 2010. Growth in adjusted EBITDA was due to significant savings in overhead costs, following the completed integration of Orange.

- *Profit from Operations*

The decrease in profit from operations in 2011 in Deutsche Telekom's Europe operating segment was due to the decrease in adjusted EBITDA described above and the higher overall depreciation, amortisation and impairment losses at the segment level. Impairment losses on goodwill and property, plant and equipment totaled EUR 1.0 billion in 2011, compared to EUR 0.7 billion recorded in 2010. Impairment losses on goodwill in 2011 were mainly recognised in the cash-generating units of Greece

(fixed-network), Greece (mobile), Bulgaria, Macedonia, and Romania (fixed-network), while impairment losses on property, plant and equipment were recognised in Romania (fixed-network).

In 2010, the increase in profit from operations was primarily a result of the EUR 2.3 billion goodwill impairment loss recognised in 2009, of which EUR 1.8 billion related to the cash-generating unit T-Mobile UK. This contrasted with impairment losses of EUR 0.7 billion recognised in 2010 on goodwill and property, plant and equipment in the fixed-network businesses of Greece and Romania and the mobile communications businesses of Romania and Albania. In 2010, profit from operations was also positively affected by the fact that, between September 2009 and March 2010, T-Mobile UK was classified as held for sale, and, as a result, depreciation and amortisation were not recognised.

#### - *Cash Capex*

In 2011, the decrease in cash capex was mainly attributable to the deconsolidation of T-Mobile UK. In addition, investment activity in most countries within Deutsche Telekom's Europe operating segment was restrained owing to the difficult market situation, decisions by regulatory authorities, and additional financial burdens, such as the special tax in Hungary and the real estate tax in Greece. At the same time, Deutsche Telekom's cash capex increased, for example, in connection with extending existing or obtaining new mobile communications licenses. In Greece, Deutsche Telekom purchased spectrum in the 0.9 GHz and 1.8 GHz frequency ranges for EUR 119 million. As well as the acquisition of additional frequencies, the purchase price also covers the extension of the existing mobile communications license. Deutsche Telekom acquired mobile communications licenses in the 0.9 GHz frequency range in Albania for a price of EUR 17 million. In Slovakia Deutsche Telekom spent EUR 48 million to extend its mobile communications licenses by another ten years.

In 2010, the decline in cash capex, despite the effects of the first full-year consolidation of OTE, was primarily a result of the deconsolidation of T-Mobile UK. Furthermore, the difficult market situation combined with the special tax in Hungary and the tax on mobile communications in Croatia led to restraint in investment in these countries.

In 2012, Deutsche Telekom plans to focus its capital expenditure on upgrading the network infrastructure. In mobile communications, Deutsche Telekom plans to concentrate its efforts on introducing LTE as the fourth-generation mobile technology in Hungary and Croatia. At the same time Deutsche Telekom intends to invest in building out the UMTS networks and making them ready for HSPA plus in most of the countries in this operating segment. In 2012, Deutsche Telekom again plans to take part in spectrum auctions. Deutsche Telekom plans to make additional investments in the fixed network to increase broadband coverage and in improving customer service.

### ***United States***

#### *Customer Development*

The following table provides information on Deutsche Telekom's mobile operations in the United States.

	<b>For the years ended 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<b>(in millions)</b>	
Customers <sup>1</sup>		
<b>Total</b>	<b>33.2</b>	<b>33.7</b>
Contract	24.8	26.4
Prepaid	8.4	7.3

<sup>1</sup> Deutsche Telekom counts its mobile communications customers by the number of SIM cards activated and not churned. Deutsche Telekom's customer figures include the SIM cards with which machines can communicate with one another. Deutsche Telekom counts contract customers as customers for the length of their contracts and count prepaid customers as customers as long as they continue to use Deutsche Telekom's services, and then for a prescribed period thereafter, which differs by country. Generally, at the end of this period, or in the case of payment default or voluntary disconnection, the customers are cancelled or "churned".

In 2011, the United States operating segment was affected by uncertainty related to the formerly proposed sale of T-Mobile USA to AT&T. The United States operating segment had a net decrease of 549,000 customers compared to 56,000 net customer losses in 2010. Compared to 2010, increased contract customer losses in 2011 were partially offset by prepaid customer growth. In 2011, T-Mobile USA had 1.7 million net contract customer losses compared to 318,000 net contract customer losses in 2010.

The decline in contract customer gross additions in 2011 was partially due to the implementation of strengthened credit standards, which was an aspect of T-Mobile USA's focus on improving the overall quality of its contract customer base. This decline was also due to increased competitive intensity, including the launch of the iPhone 4S by three competitors in the fourth quarter of 2011, and increased churn. This decline was partially offset by customer growth in partner branded mobile plans and mobile broadband.

Connected devices contributed to net customer additions in 2011 and totaled 2.4 million as of 31 December 2011, but these additions were 195,000 fewer than in 2010 due to increased churn. In 2011, T-Mobile USA had 1.1 million net prepaid customer additions compared to 262,000 in 2010. The significant improvement in net prepaid customer additions in 2011 was due primarily to growth of unlimited monthly 4G prepaid plans. Additionally, MVNO customer growth continued to be strong, consistent with the result in 2010. Total MVNO customers increased to 3.6 million as of 31 December 2011 from 2.8 million as of 31 December 2010. The number of customers using 3G and 4G smartphones (which include UMTS/HSPA/HSPA plus enabled smartphones) was 11.0 million at the end of 2011, an increase of over 34% compared to the 8.2 million at the end of 2010.

T-Mobile USA's blended churn increased to 3.6% per month in 2011, compared to 3.4% per month in 2010 driven by higher churn from T-Mobile branded customers, defined as total customers less MVNO and connected device (machine-to-machine) customers. This resulted from competition from the iPhone (which has not been offered by T-Mobile USA) and connected devices, partially offset by improvement in branded prepaid churn.

In December 2011, Deutsche Telekom and AT&T, Inc. jointly terminated their agreement to sell T-Mobile USA to AT&T. Following the termination of the planned sale, T-Mobile USA has continued to focus on implementing its Challenger strategy. Key elements of this strategy include attracting and retaining a loyal customer base through new market initiatives and customer retention programs, driving operational efficiencies, focusing on the continued enhancement of network quality, developing attractive handset offerings and addressing the business customer segment more actively. In connection with this strategy, T-Mobile USA is relaunching its brand to focus on providing the best value in wireless, in terms of affordability and technology, to support its mission to make 4G services affordable. In addition, Deutsche Telekom is considering strategic options to strengthen T-Mobile USA's capital structure.

In 2010, the United States operating segment had a net decrease of 56,000 customers, compared to 1.0 million net customer additions in 2009. The number of T-Mobile branded customers decreased in 2010. At the same time, the number of MVNO and connected device customers increased. In addition, there was a decline in the proportion of contract customers in the overall customer base.

The development in net contract customer losses was due primarily to a decline in FlexPay contract gross additions, which was partially offset by strong connected device growth. Connected device customers totaled 1.9 million at 31 December 2010. The change in prepaid customer additions in 2010 compared to 2009 was due primarily to higher deactivations from MVNO and traditional prepaid customers. At 31 December 2010, T-Mobile USA had 2.8 million MVNO customers.

T-Mobile USA's total churn increased in 2010 primarily to higher prepaid churn from MVNO customers. Total churn increased due to competitive intensity during the year, including handset innovation, such as the iPhone that is offered by Deutsche Telekom's competitors, and market launches by regional unlimited wireless carriers. Contract churn remained high as intense competition continued to impact churn. T-Mobile USA's contract customer churn rate in 2009 increased partially as a result of competitive intensity, including competition based on handset innovation.

Competitive differences, differences in features and services due to the use of multiple wireless technologies, and general differences in consumer behavior between the United States and Europe factor into higher industry churn rates in the United States compared to Europe. However, the churn rate of T-Mobile USA's operations is higher than the U.S. industry average due in part to the higher

proportion of prepaid customers in T-Mobile USA's customer base relative to most of its U.S. competitors, competitive intensity particularly relating to handset innovation and due to the greater focus on individual consumers than other U.S. carriers (who have a larger focus on lower-churn enterprise and government customers). Prepaid customers in the United States typically churn at substantially higher rates than contract customers.

- *Competition*

Verizon, AT&T and Sprint have potential advantages through size, scale and bundling with other non-wireless communication services. These advantages could allow them to deliver services in a more cost-efficient manner and disproportionately increase their customer base, thereby negatively affecting T-Mobile USA's competitive position. T-Mobile USA faced significant competitive challenges in 2011, particularly in the fourth quarter, following the market launch of the new Apple iPhone model by these three major national competitors in October. In addition, Verizon and AT&T, in particular, achieved proportionately higher net customer additions in 2011 and 2010, which combined with pressure from the regional unlimited discount operators, resulted in T-Mobile USA's decline in market share in 2011 and 2010.

Like the European market, handset lineup and the perceived value of bundles of voice, messaging and data services are key competitive factors in the United States. In addition, 3G, and more recently 4G, network coverage and quality in the United States has become a more important factor than in the past. To the extent that the competitive environment requires T-Mobile USA to decrease prices, or increase service and product offerings, there could be significant adverse impacts to revenues, costs and customer retention.

**Development of Operations**

	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>Change</b>
	<b>(millions of €)</b>	<b>(millions of €)</b>	<b>(millions of €)</b>	<b>(%)</b>
<b>Total revenue</b>	<b>14,811</b>	<b>16,087</b>	<b>(1,276)</b>	<b>7.9</b>
Profit (loss) from operations (EBIT)	(710)	2,092	(2,802)	n.m.
Depreciation, amortisation and impairment losses	(4,407)	(2,064)	(2,343)	n.m.
EBITDA	3,697	4,156	(459)	(11.0)
Special factors affecting EBITDA <sup>1</sup>	(134)	-	(134)	n.m.
<b>EBITDA (adjusted for special factors)</b>	<b>3,831</b>	<b>4,156</b>	<b>(325)</b>	<b>(7.8)</b>
<b>Cash capex</b>	<b>(1,963)</b>	<b>(2,121)</b>	<b>158</b>	<b>7.4</b>
<b>Average number of employees</b>	<b>34,518</b>	<b>37,795</b>	<b>(3,277)</b>	<b>8.7</b>

n.m. – not meaningful

<sup>1</sup> For more information on special factors affecting EBITDA, see "Reconciliation of EBITDA" and "adjusted EBITDA".

- *Total Revenue*

In 2011, the decline in total revenue was primarily caused by negative exchange rate effects. Despite a challenging market situation including uncertainty related to the formerly proposed sale of T-Mobile USA to AT&T and increased competition, total revenues in U.S. dollars only declined by 3.3% compared to 2010. In addition, declines in T-Mobile USA branded customers resulted in service revenue declines. These declines were partially offset by increasing growth in data revenues from customers using smartphones with mobile broadband data plans. Additionally, declining terminal equipment revenues resulting from lower volumes were partially offset by revenues from the handset protection insurance program that was launched in the fourth quarter of 2010.

The increase in total revenue in 2010 resulted from positive exchange rate effects. In U.S. dollars, total revenue declined slightly in 2010, due primarily to the decline in voice revenues resulting from the decrease in T-Mobile USA branded customers. Additionally, variable voice revenues decreased in 2010 due to an increase in the proportion of customers on unlimited rate plans and lower roaming revenues. These decreases were offset in 2010 partially by strong growth in data revenues from customers using smartphones with mobile broadband data plans. The number of customers using 3G and 4G smartphones (which include UMTS/HSPA/HSPA plus enabled smartphones) more than doubled to 8.2 million at the end of 2010 from 3.9 million at the end of 2009. Additionally, T-Mobile USA's total revenue benefitted towards the end of 2010 from T-Mobile USA launching its own handset protection insurance program.

In 2012, Deutsche Telekom expects total revenues in local currency to decline in the United States operating segment. Revenues are expected to be adversely affected by T-Mobile branded customer losses and declining voice revenue from customers moving to unlimited value plans, partially offset by growth in non-voice services. Additionally, competitive pressures may significantly affect total revenues in local currency and exchange rate movements may significantly affect revenues in euros in 2012.

- *Adjusted EBITDA*

In 2011, the decline in adjusted EBITDA was primarily the result of negative exchange rate effects. Adjusted EBITDA expressed in U.S. dollars fell by 3.1% primarily due to the decrease in revenues as discussed above. The calculation of adjusted EBITDA for 2011 excludes EUR 134 million in transaction-related expenses associated with the terminated AT&T acquisition of T-Mobile USA. Operating expenses in U.S. dollars decreased 2.2% compared to 2010 due primarily to lower volume-driven handset and commission costs. This decline in costs was offset in part due to higher marketing expenses related to advertising and increased network costs associated with the build out of the 4G HSPA plus network. Additionally, the effects of ongoing cost management programs in 2011 helped control expense growth.

In 2010, the decline in adjusted EBITDA expressed in euros was affected by positive exchange rate effects. In local currency, adjusted EBITDA fell due to slightly lower revenues, as discussed above, and an increase in operating expenses. Operating expenses were higher in 2010 compared to 2009 primarily as a result of an increase in the cost of equipment sales. In 2010, T-Mobile USA offered a variety of handset incentives encouraging the adoption of smartphones with mobile broadband data plans. Additionally, higher fixed-line costs related to running the HSPA plus network were offset partially by lower outsourcing and roaming expenses. Lower commissions resulting from fewer T-Mobile USA branded customer gross additions also partially offset increases in operating costs in 2010.

Deutsche Telekom expects adjusted EBITDA in local currency to decline in the United States operating segment in 2012 due to continued investment in the network and increased marketing of the T-Mobile USA brand, focused on attracting and retaining customers. Additionally, competitive pressures may significantly affect adjusted EBITDA in local currency and exchange rates may significantly affect adjusted EBITDA in euros in 2012.

- *Profit(loss) from Operations*

The loss from operations in 2011 was primarily due to the recognition of an impairment loss on goodwill of EUR 2.3 billion in 2011 and depreciation in connection with the build out of the network, as well as the factors described above. The goodwill impairment loss resulted from continued contract customer losses and pricing pressures related to new and existing customers in the increasingly saturated U.S. market. For more information, please refer to Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011, incorporated by reference into this Prospectus.

Profit from operations declined in 2010 due to slightly lower revenues and higher operating costs as described above.

- *Cash Capex*

The decrease in cash capex was primarily due to negative exchange rate effects. In U.S. dollars, cash capex remained stable in 2011 as lower incurred network capex was partially offset by payment timing differences. Spending in 2011 was primarily for network coverage expansion and the upgrade to

HSPA plus 42, providing more than 184 million Americans with access to T-Mobile USA's most advanced 4G mobile broadband network with possible download speeds of 42 Mbits/s and increased network capacity and reliability.

The primary reason for the decline in 2010, compared to 2009, relates to the high levels of cash capex spending in 2009 in connection with the build-out of Deutsche Telekom's national UMTS/HSPA network.

T-Mobile USA plans to focus on investment in, and enhancement of, network quality and coverage, particularly on the further expansion and upgrade of its mobile broadband communications network. In connection with the termination of the TMUS Purchase Agreement, T-Mobile USA will receive Advanced Wireless Solutions spectrum licenses from AT&T, contingent upon regulatory approvals. T-Mobile USA is currently exploring the possibility of making significant investments in connection with the deployment of an LTE network, which would support an LTE launch in 2013. For example, Deutsche Telekom plans to invest approximately USD 4 billion in the modernisation of its network and the build-out of an LTE network in the coming years, of which approximately USD 1.4 billion would be invested during 2012 and 2013. In addition, T-Mobile USA is reviewing further options to leverage network investments to enhance its Challenger strategy.

## **Systems Solutions**

### *Selected Data*

The following table provides information data related to T-Systems' business development.

		<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>	<b>Change</b>	<b>Change (%)</b>
<b>New orders</b>	<b>(millions of €)</b>	<b>8,826</b>	<b>9,281</b>	<b>(455)</b>	<b>(4.9)</b>
<b>Computing &amp; Desktop Services</b>					
Number of servers managed and serviced	units	58,053	58,073	(20)	-
Number of workstations managed and serviced	(millions)	2.00	1.95	0.05	2.6
<b>Systems Integration</b>					
Hours billed	(millions)	9.7	9.2	0.5	5.4
Utilisation rate	%	84.1	84.0		0.1p

Through T-Systems, Deutsche Telekom's Systems Solutions operating segment provides Information and Communications Technology, or ICT, infrastructure and solutions, primarily to multinational companies, government agencies and non-profit organisations. T-Systems' primary market is Germany, with operations in other countries.

T-Systems is comprised of one sales unit, one service unit and two delivery units, Production and Systems Integration. The sales unit has overall responsibility for T-Systems' customers and focuses on obtaining business with new customers and expanding business relationships with existing customers. The sales unit focuses on fostering synergies within the business, marketing sector-specific service products, expanding industry skills to provide customers with timely and comprehensive advice and further developing its presence in regional markets.

The service unit focuses on maintaining customer service and quality by providing standardised ICT products and solutions. This unit is responsible for designing and calculating the costs of customer



solutions. It also manages and develops T-Systems' product and service portfolio and is responsible for all transition and transformation projects.

The two delivery units, Production and Systems Integration, complement the activities of the other units. The Production delivery unit is responsible for providing services relating to customer ICT infrastructure, including computing services, desktop services, application services and telecommunications services. It aims to ensure uniform standards for product quality and processes worldwide. Systems Integration focuses on IT integration projects, application management and application development.

The decline of orders in 2011 was primarily due to strong competition in the ICT market. Despite the overall decline in orders, T-Systems brokered a number of major deals in 2011, including several in the growth area of cloud computing, an expanding area of T-System's business. Through cloud computing, Deutsche Telekom offers dynamic services that allow customers to obtain bandwidth, computing capacity and storage services as needed, and share the infrastructure. Cloud-based contracts are billed based on use and only stipulate a minimum purchase quantity. T-Systems is benefitting from the fact that companies and businesses increasingly use software on a secure Internet connection, or private cloud, to manage their business processes.

In 2011, the number of servers managed and serviced remained at the same level as in 2010, since the capacity utilisation of high-performance servers was further improved. The consolidation of data centers was also continued. The number of workstations managed and serviced increased by 2.6%, mainly due to new orders. Systems Integration also continued to perform well, with T-Systems billing substantially more hours than in 2010 and increasing the utilisation rate once again.

In 2010, the number of servers managed and serviced increased by 23.3%, primarily as a result of an increase in demand for dynamic computing services, such as cloud computing. The number of workstations managed and serviced also increased significantly, mainly due to new orders. In addition, Systems Integration developed positively, despite the continuing cost pressure from competition. Although fewer hours were billed, this effect was offset by a higher utilisation rate. Deutsche Telekom also experienced an increase in demand from energy providers for services relating to smart electricity grids, in addition to traditional ICT services. Deutsche Telekom secured new deals in 2010, most recently with the city of Emden's municipal utilities, concerning the recording, transmission and processing of energy data.

#### - *Competition*

The IT and telecommunications markets in which T-Systems operates are subject to intense competitive pressures, both in Germany and globally. These markets are characterised by strong pricing pressures and competition will remain intense for the foreseeable future.

The IT market is characterised by reduced customer IT budgets, prolonged customer sales cycles and aggressive competition from offshore providers. 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. This situation has also led to a consolidation in the IT sector, which T-Systems expects to continue for the foreseeable future. However, T-Systems expects the global IT services markets to continue to grow only slightly in the near future, while competition will remain intense.

The telecommunications market is characterised by substitution of traditional services (voice and data) by IP and mobile services. The competitive landscape over the past several years has been characterised by market participants attempting to reduce their indebtedness and increase their profitability through strategic refocusing and concentration on IP services, fixed-mobile convergence and network-centric ICT solutions. Additionally, consolidation in the ICT market (primarily in the U.S. market) has increased competition. T-Systems expects this strategic refocusing to continue in 2012 and therefore expects similarly fierce competition.

## Development of Operations

	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>Change</b>
	<b>(millions of €)</b>	<b>(millions of €)</b>	<b>(millions of €)</b>	<b>%</b>
<b>Total revenue</b>	<b>9,249</b>	<b>9,057</b>	<b>192</b>	<b>2.1</b>
Profit (loss) from operations	(43)	44	(87)	n.m.
Depreciation, amortisation and impairment losses	(640)	(623)	(17)	(2.7)
EBITDA	597	667	(70)	(10.5)
Special factors affecting EBITDA <sup>1</sup>	(275)	(281)	6	2.1
<b>EBITDA (adjusted for special factors)</b>	<b>872</b>	<b>948</b>	<b>(76)</b>	<b>(8.0)</b>
<b>Cash capex</b>	<b>(553)</b>	<b>(725)</b>	<b>172</b>	<b>23.7</b>
<b>Average number of employees</b>	<b>48,224</b>	<b>47,588</b>	<b>636</b>	<b>1.3</b>

n.m. – not meaningful

<sup>1</sup> For more information on special factors affecting EBITDA, see "Reconciliation of EBITDA" and "adjusted EBITDA".

### - Total Revenue

The 2011 increase in revenue was mainly attributable to the transfer of business customers from Magyar Telekom in the Europe operating segment to T-Systems, which accounted for a revenue increase of approximately EUR 129 million. To a lesser extent, a revenue increase resulting from deals concluded in 2010 and 2011 offset the general negative price trend in IT and communications. Revenue generated with Deutsche Telekom's other operating segments amounted to EUR 2.7 billion in 2011, an increase of 1.4%.

The increase in total revenue in 2010 resulted from a number of new contracts that were concluded in 2009 and 2010. The increase in volume from these new contracts offset the general negative price trend in IT and communications. In addition, revenue generated with Deutsche Telekom's other operating segments amounted to EUR 2.6 billion in 2010, a decrease of 2.5%. As a service provider for Deutsche Telekom's Group, T-Systems plays a key role in Deutsche Telekom's IT costs. T-Systems standardised and improved the IT environment for the Group, making a major contribution to Deutsche Telekom's cost savings initiatives.

In 2012, Deutsche Telekom expects total revenue to stabilise. Revenue generated with third parties is expected to grow, while intra-group revenue is anticipated to decline due to efficiency measures. From mid-2012, the internal IT activities of Deutsche Telekom will be consolidated in the Systems Solutions operating segment in order to accelerate processes and respond more rapidly to competition. Revenue expectations are based on the assumption of an unchanged consolidation structure that does not yet include this consolidation of IT activities.

### - Net Revenue

T-Systems increased its business volume with customers outside the Group in 2011. The operating segment generated net revenue of EUR 6.6 billion, 2.4 % more than in 2010. This increase was primarily attributable to the transfer of business customers from Hungary, as described above. It was also attributable to the growing systems integration business, which benefited in particular from the development and operation of customer applications (Application Management & Development). Revenue from the telecommunications business also rose, despite falling prices. Deals closed in 2010 also had a positive effect on 2011 net revenue.

In 2010, T-Systems substantially expanded business with customers outside the Group. The operating segment generated net revenue of EUR 6.4 billion, a 5.4% increase when compared with 2009. This positive development was primarily attributable to Deutsche Telekom's Computing & Desktop Services business, in which many of Deutsche Telekom's customers are opting for cloud services. In addition, Deutsche Telekom's net revenue increase is also attributable to growth at its Systems Integration business, particularly with application management and development. The increase in net revenue was partially offset by developments in Deutsche Telekom's telecommunication business, where revenue again declined because of intense price pressure.

- *Adjusted EBITDA*

In 2011, the primary reasons for the decline of adjusted EBITDA from the Systems Solutions operating unit included increased contract-related expenses, such as the migration of customer infrastructure to T-Systems' operational business, and increases in start-up expenses related to focus areas, such as intelligent networks, energy, healthcare and connected cars. Adjusted EBITDA was also negatively affected by measures to improve competitiveness, such as the roll-out and expansion of an internal nearshore and offshore delivery network and staff restructuring measures. Savings generated by Deutsche Telekom's restructuring and efficiency enhancement programs did not offset this increase in costs.

In 2010, the increase in adjusted EBITDA was primarily attributable to the increase in revenues. This increase was partially offset by the higher cost of goods and services purchased as a result of start-up costs in connection with new contracts.

In 2012, Deutsche Telekom expects adjusted EBITDA to increase slightly. As noted above, the internal IT activities of Deutsche Telekom will be consolidated in the Systems Solutions operating segment from mid-2012. Adjusted EBITDA expectations are based on the assumption of an unchanged consolidation structure that does not yet include this consolidation of IT activities.

- *Profit(loss) from Operations*

In 2011, Deutsche Telekom experienced a loss from operations compared to a profit from operations in 2010. This change is attributable not only to effects of increased expenses related to contracts, but also to increased depreciation, amortisation and impairment losses following capital expenditure to expand the business in 2010. Deutsche Telekom's restructuring and efficiency enhancement program was not able to fully offset this development.

The increase in profit from operations in 2010 resulted from lower depreciation and amortisation owing to the extension, on economic grounds, of the useful lives of several assets, such as high-performance servers.

- *Cash Capex*

Declines in cash capex were primarily due to T-Systems' completion of a project to build out its computing platform in 2010. Measures to increase efficiency, such as Deutsche Telekom's increasing standardisation of ICT platforms, also reduced the need for capital expenditures. Investments mainly focused on customer orders and the expansion of new multipurpose platforms, such as for cloud services and De-Mail.

The increase in cash capex in 2010 resulted from an expansion of T-Systems' computing platform and investments related to new contracts. The addition of assets taken on under new contracts offset the positive effects from efficiency enhancement measures, such as the increased standardisation of ICT platforms.

### **Group Headquarters & Shared Services**

Group Headquarters & Shared Services comprises all Group units that cannot be allocated directly to one of the four operating segments. Group Headquarters is responsible for strategic and cross-segment management functions. Shared Services is responsible for all other operating functions not directly related to the operating segments' core business activities and primarily provides services in Germany. Shared Services also includes Real Estate Services and DeTeFleetServices GmbH, a full-service provider of fleet management and mobility services. Vivento is responsible for providing employees with new employment opportunities as part of Deutsche Telekom's workforce restructuring program.

Vivento was established in 2002 with the goal of efficiently implementing Deutsche Telekom's staff restructuring measures in a socially responsible manner. Through Vivento, displaced workers are retrained and equipped with new employment qualifications for permanent redeployment within the Deutsche Telekom Group or with external employers, or for project and temporary assignments.

As of 31 December 2011, Vivento had a workforce of about 8,500 employees, including around 3,500 who were deployed externally, mainly in the public sector, for example at the Federal Employment Agency. Approximately 3,300 additional employees were employed within the Group, particularly in service centers. About 1,700 employees were placed in Vivento's operational and strategic units or continued to be managed by Vivento. While Vivento took on a total of around 1,500 new employees from Deutsche Telekom's Group in 2011, around 1,900 employees left the personnel service provider to pursue new opportunities.

At 31 December 2010, Vivento had a workforce of about 8,900, including around 3,600 employees who were deployed externally, mainly in the public sector, for example at the Federal Employment Agency. Approximately 3,300 additional employees were employed within the Group, including in the service centers. About 2,000 employees were placed in Vivento's operational and strategic units or continued to be managed by Vivento. Approximately 2,200 employees from the Deutsche Telekom Group were transferred to Vivento in 2010, while around 2,800 employees left Vivento in 2010 to pursue new employment opportunities. Vivento found permanent public-sector positions for around 800 of them, approximately 700 of which were at the Federal Employment Agency.

Deutsche Telekom's property management unit continued to focus on further streamlining and improving the real estate portfolio in 2011. Overall, Deutsche Telekom closed a total of 186 property sales in 2011, involving 209,000 square meters of floor space and 2.4 million square meters of land. Deutsche Telekom received cash inflows of EUR 0.1 billion from these sales. Deutsche Telekom reduced leased floor space by another 52,000 square meters net due to the ongoing drive to optimise floor space and corporate sites. Rising rental and ancillary costs, however, meant that leasing and facility management costs in 2011 remained at the prior-year level.

In 2010, Deutsche Telekom closed a total of 196 sales deals, involving 149,000 square meters of floor space and 1.5 million square meters of land. Cash inflows from the disposal of real estate totaled EUR 0.1 billion. Deutsche Telekom reduced leased floor space by another 106,000 square meters by improving the utilisation of floor space and corporate sites. Overall, leasing and facility management costs in 2010 remained at the prior-year level. Deutsche Telekom's fleet management company, DeTeFleetServices GmbH, provides fleet management and mobility services, including vehicles provided to Deutsche Telekom's Group companies and affiliates within Germany. DeTeFleetServices also generates revenues from third parties through its sale of used fleet vehicles and, to a limited extent, through fleet management services to third parties. The majority of third-party customers are Deutsche Telekom's former affiliates that were sold.

#### *Development of Operations*

	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>Change</b>
	<b>(millions of €)</b>	<b>(millions of €)</b>	<b>(millions of €)</b>	<b>(%)</b>
<b>Total revenue</b>	<b>2,144</b>	<b>2,166</b>	<b>(22)</b>	<b>(1.0)</b>
Profit (loss) from operations	1,160	(2,479)	3,639	n.m.
Depreciation, amortisation and impairment losses	(796)	(840)	44	5.2
EBITDA	1,956	(1,639)	3,595	n.m.
Special factors affecting EBITDA <sup>1</sup>	2,698	(769)	3,467	n.m.
<b>EBITDA (adjusted for special factors)</b>	<b>(742)</b>	<b>(870)</b>	<b>128</b>	<b>14.7</b>
<b>Cash capex</b>	<b>(493)</b>	<b>(406)</b>	<b>(87)</b>	<b>(21.4)</b>
<b>Average number of employees</b>	<b>21,494</b>	<b>22,312</b>	<b>(818)</b>	<b>(3.7)</b>

	2011	2010	Change	Change
Of which: Vivento <sup>2</sup>	8,500	8,900	(400)	(4.5)

n.m. – not meaningful

<sup>1</sup> For more information on special factors affecting EBITDA, see "Reconciliation of EBITDA" and "adjusted EBITDA".

<sup>2</sup> Number of employees at the reporting date, including Vivento's own staff and management. Figures have been rounded.

#### - *Total Revenue*

In 2011, total revenue at Group Headquarters & Shared Services declined by 1.0%, mainly due to the decline in revenue in the Real Estate Services unit as a result of more efficient use of floor space by Deutsche Telekom's operating segments.

In 2010, the decline in total revenue was mainly due to more efficient use of floor space by the operating segments. The reduction in cost allocations from technical functions within the Group and the decline in revenue from service center activities at Vivento due to lower volumes also affected negatively on the revenue trend in 2010. In addition, revenues declined at DeTeFleetServices GmbH, mainly due to lower proceeds from vehicle sales and a lower average number of fleet vehicles.

#### - *Adjusted EBITDA*

In 2011, adjusted EBITDA at Group Headquarters & Shared Services improved primarily due to income in connection with the Deutsche Telekom and France Télécom-Orange procurement joint venture BUYIN and to the lower headcount at Vivento. Negative effects, including the more efficient use of floor space by the operating segments and lower income from the reclassification of real estate from assets held for sale to non-current assets, partially offset this increase.

In 2010, adjusted EBITDA decreased mainly as a result of higher income recorded in 2009 from the reversal of provisions and the reclassification of real estate from assets held for sale to non-current assets. Adjusted EBITDA was also negatively affected by higher personnel costs (at Vivento and other units) and higher marketing and technology costs incurred centrally. Added to this were the decline in revenue at Vivento and lower earnings from the disposal of real estate.

As a result of positive effects recorded in 2011 in connection with the BUYIN joint venture, Deutsche Telekom expects adjusted EBITDA in 2012 to decline. Adjusted EBITDA is increasingly affected by expenditure at Group Headquarters and staff restructuring activities at Vivento. Deutsche Telekom expects this development to be contrasted by higher earnings from Shared Services and the transfer of digital services from the Germany operating segment.

#### - *Profit(loss) from Operations*

In 2011, profit from operations improved primarily due to the payment related to the termination of the agreement for the sale of T-Mobile USA to AT&T and, to a lesser extent, the factors described above.

In 2010, the loss from operations increased primarily as a result of expenses relating to the settlement of the disputes between Deutsche Telekom AG, Vivendi, and Elektrim concerning the ownership of the Polish mobile communications company PTC and expenses for staff-related measures.

## **Outlook**

### **Market Expectations**

For 2012, Deutsche Telekom expects the German telecommunications market to either stagnate or contract slightly, accompanied by severe competition. In the mobile communications market, Deutsche Telekom expects weak overall customer growth, supported mainly by an ongoing rise in mobile data service demand. The rising popularity of smartphones and tablet PCs is expected to drive mobile data and Internet use as well as mobile data revenues. In the fixed-network market Deutsche Telekom expects no more than a slight increase in the number of broadband lines. Revenues from traditional voice services will continue to decline. By contrast, Deutsche Telekom anticipates growth in smaller market areas such as television, De-Mail (a legally binding form of email in Germany) and cloud services. Demand for telecommunications products from small and medium-sized enterprises is expected to continue to grow, especially in mobile data transmission and automated machine-to-machine data exchange.

In Deutsche Telekom's European markets outside of Germany, the regulation and competition-induced decline in voice telephony will continue to impact the markets negatively. Deutsche Telekom assumes that revenue growth resulting from data usage, innovative products and an expanding ICT segment will not be entirely capable of compensating for this decline. Although some of Deutsche Telekom's markets in Southern and Eastern Europe may experience a partial recovery from the economic crisis towards the end of 2012, some governments may attempt to remedy their financial situation through fiscal policy interventions. This type of action could negatively affect private consumption and consequently market volumes. Deutsche Telekom expects the macroeconomic situation in Greece to remain strained. Overall, Deutsche Telekom does not expect telecommunications markets in the Europe operating segment to stabilise before 2013.

The United States mobile telecommunications market faces intense competition among the major wireless carriers, while the consumer climate improves and unemployment remains relatively high. In the context of the competitive and economic environment, the telecommunications market is expected to grow, driven by marketing mobile broadband non-voice services. This revenue growth is likely to offset declining revenue from voice services and text messaging, which continue to experience price pressure among the U.S. wireless competitors offering unlimited plans. In addition, prepaid products are expected to continue to gain strength.

The general development of the economy in recent months further weakened the recovery in the ICT market that had been forecast in early 2011. Deutsche Telekom expects growth in the ICT market to continue to slow in 2012 and IT services to experience a slight decline in 2012. Deutsche Telekom anticipates that the long-term outsourcing business will grow despite increasing pressure on prices. Deutsche Telekom expects opportunities for business with new customers to result from pressure on costs and consolidation tendencies in the market. While companies are modernising their IT infrastructures and launching new projects, general developments in Western Europe suggest that growth will slow considerably in 2012. Contrary to previous expectations, the market for telecommunications services for corporate customers will continue to be dominated by traditional rather than by all-IP products. Deutsche Telekom expects demand for bandwidth to increase while prices in all segments of the telecommunications market decline.

### ***Expectations for the Group***

In light of the macroeconomic situation, severe competition in several markets and regulatory interventions, Deutsche Telekom expects revenue to decline slightly in 2012. Any regulatory interventions beyond what Deutsche Telekom anticipates currently would lead to a further decline in revenue. Assuming average exchange rates in 2012 are the same as 2011 average exchange rates, a comparable group consolidation structure and no further significant deterioration in the economic and regulatory environment in the markets in which Deutsche Telekom operates, at present Deutsche Telekom expects a low to mid-single digit percentage decline in adjusted EBITDA and a single digit percentage decline in free cash flow in 2012. In 2012, Deutsche Telekom expects its net investment levels to remain approximately at the same level as the prior year, excluding any investments in spectrum. Exchange rate fluctuations can have a considerable impact on these expectations.

Should Deutsche Telekom find that its plans would benefit from strategic alliances with other companies, Deutsche Telekom would be open to such partnerships. In addition, Deutsche Telekom intends to continue leveraging international economies of scale and synergies in the future, through appropriate acquisitions in markets where Deutsche Telekom is already represented. There are no plans, however, for major acquisitions or expansion in emerging markets.

Despite high levels of investment in its future viability, Deutsche Telekom also wants to remunerate its shareholders appropriately in 2012, subject to the achievement of a corresponding level of inappropriate net income. Accordingly, Deutsche Telekom intends to pay a minimum dividend of EUR 0.70 per share to Deutsche Telekom AG shareholders in 2012. Including any share buy-backs that may be carried out from time-to-time in 2012, this would amount to total shareholder remuneration of EUR 3.4 billion for 2012.

The general mood in the international finance markets in 2011 was dominated by the European sovereign debt crisis, which meant that some countries had difficulties refinancing their maturing debts in the international capital markets. For Deutsche Telekom's Group, repayments totaling EUR 3.6 billion in bonds, medium term notes, and promissory notes will be due in 2012. In 2012, the performance of the financial markets is expected to depend largely on the implementation of suitable measures to address the sovereign debt crisis. Deutsche Telekom may take advantage of favorable

conditions for additional capital markets debt issuances in 2012.

## **DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

### **Management and Supervision**

The management and supervisory structures, as well as the compensation system for the Board of Management and the Supervisory Board, are oriented toward the long-term performance of the Group and follow the recommendations of the German Corporate Governance Code.

In accordance with § 161 German Stock Corporation Act (*Aktiengesetz*), the Board of Management and the Supervisory Board have submitted the mandatory declaration of conformity on 30 December 2011: "The Supervisory Board and Board of Management of Deutsche Telekom AG hereby declare that, in the period since submission of the most recent Declaration of Conformity pursuant to § 161 of the German Stock Corporation Act (*Aktiengesetz*) on 30 December 2010, Deutsche Telekom AG has complied with, and will continue to comply with in future, the recommendations of the Government Commission for a German Corporate Governance Code announced by the Federal Ministry of Justice on 2 July 2010 in the official section of the electronic Federal Gazette (*Bundesanzeiger*), without exception."

There are no potential conflicts of interest of the members of the Board of Management and the members of the Supervisory Board of Deutsche Telekom AG between their respective duties to Deutsche Telekom AG and their private interests or other duties.

### ***The Supervisory Board***

The Supervisory Board advises the Board of Management and oversees its management of business. In accordance with the German Stock Corporation Act (*Aktiengesetz*) and the German Co-Determination Act of 1976 (*Mitbestimmungsgesetz*), Deutsche Telekom AG's Supervisory Board consists of twenty members, ten of whom represent its shareholders and ten of whom represent its employees. Members of the Supervisory Board may be elected for a term of up to five years and re-election is permitted. The Chairman and the Deputy Chairman are elected by the Supervisory Board in accordance with the rules of the German Co-Determination Act.

Supervisory Board members representing Deutsche Telekom AG's shareholders are elected at the annual shareholders' meeting. The terms of office of the shareholder representatives expire at the end of the shareholders' meeting at which the shareholders discharge the Supervisory Board members in respect of the fourth financial year following the member's commencement of tenure of office. The financial year in which tenure of office commences is not counted for this purpose.

Supervisory Board members representing Deutsche Telekom AG's employees are elected by its employees in accordance with the provisions of the German Co-Determination Act. Employees elect ten representatives, made up of workers, regular employees, at least one senior management employee and three union representatives. Under the laws that governed Deutsche Telekom AG's privatisation, civil servants, who are not otherwise covered by the German Co-Determination Act, are included in these groups of employee representatives for purposes of these elections.

A member of the Supervisory Board elected by Deutsche Telekom AG's shareholders may be removed by a shareholders' resolution by simple majority of the votes cast. A member of the Supervisory Board elected by Deutsche Telekom AG's employees may be removed by a majority of at least three-quarters of the votes cast by the relevant class of employees or union representatives who elected the relevant Supervisory Board members in accordance with the German Co-Determination Act.

The Supervisory Board is required by law to meet at least twice every six months. To achieve a quorum, at least ten of the members of the Supervisory Board must be present or cast their votes in writing. Except in situations in which a different majority is required by law, such as the appointment of Management Board members or the election of the Chairman and Deputy Chairman, the Supervisory Board makes decisions by simple majority of the votes cast. If, in the event of a deadlock, a second vote again results in a tie, the chairman of the Supervisory Board can cast the deciding vote.

The current members of the Supervisory Board of Deutsche Telekom AG and their principal occupations are listed below:

#### *Shareholder representatives*

**Prof. Dr. Lehner, Ulrich**, Member of the Shareholders' Committee Henkel AG & Co. KGaA, Düsseldorf; Chairman of the Supervisory Board Deutsche Telekom AG

**Dr. Bernotat, Wulf H.**, former Chairman of the Board of Management E.ON AG, Düsseldorf

**Dr. Beus, Hans Bernhard**, State Secretary, Federal Ministry of Finance, Berlin

**Bury, Hans Martin**, Managing Partner HERING SCHUPPENER Consulting Corporate Affairs & Public Strategies GmbH, Frankfurt

**Dr. von Grünberg, Hubertus**, Chairman of the Board of Directors of ABB Ltd., Zürich, Schweiz

**Guffey, Lawrence H.**, Senior Managing Director The Blackstone Group International Partners Ltd., London

**Hocker, Ulrich**, Manager in Chief Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW), Düsseldorf

**Prof. h.c. (CHN), Dr.-Ing. E.h.Dr. Middelmann, Ulrich**, former Vice Chairman of the Executive Board ThyssenKrupp AG, Düsseldorf

**Dr. Schröder, Ulrich**, Chairman of the Managing Board KfW, Frankfurt

**Dr. h.c. Walter, Bernhard**, former Chairman of the Board of Managing Directors, Dresdner Bank AG, Frankfurt

Amongst others the Supervisory Board of Deutsche Telekom AG has set up an audit committee. The Audit Committee's area of responsibility is essentially defined by German legislation and the German Corporate Governance Code. Amongst other things, it monitors accounting activities and supervises the effectiveness of the internal control system, the risk management system, and the internal auditing system. The committee also handles matters relating to the audit of Deutsche Telekom AG's financial statements, verifies the independence of the external auditors, and monitors any additional services provided by the external auditors as well as compliance and data privacy issues. After thorough discussion, the Audit Committee issued a recommendation to the Supervisory Board about the external auditors to be nominated by the 2012 shareholders' meeting.

Dr. h.c. Bernhard Walter is the Chairman of the Audit Committee. The other Committee members are Hermann Josef Becker, Hans Martin Bury, Lawrence H. Guffey, Hans-Jürgen Kallmeier, and Waltraud Litzenberger.

#### *Employee representatives*

**Becker, Hermann-Josef**, Member of the management of Deutsche Telekom Direct Sales and Consulting as well as Chairman of the Group Executive Staff Representation Committee and Executive Staff Representation Committee Deutsche Telekom AG, Bonn

**Brandl, Monika**, Chairwoman of the Central Works Council of Deutsche Telekom AG, Bonn

**Hauke, Sylvia**, Member of the Central Works Committee of the Central Works Council of Telekom Deutschland GmbH, Bonn

**Holzwarth, Lothar**, Chairman of the transitional works council of Telekom Deutschland GmbH, Bonn

**Kallmeier, Hans-Jürgen**, Chairman of the Central Works Council T-Systems International GmbH, Frankfurt

**Litzenberger, Waltraud**, Chairwoman of the Group Works Council and the European Works Council Deutsche Telekom AG, Bonn

**Löffler, Michael**, Member of the Works Council Deutsche Telekom Netzproduktion GmbH, Bonn, Technical Infrastructure Branch Office, Central/Eastern District

**Schröder, Lothar**, Member of the ver.di National Executive Board, Berlin; Deputy Chairman of the Supervisory Board Deutsche Telekom AG

**Sommer, Michael**, Chairman of the German Confederation of Trade Unions (DGB), Berlin

**Spoo, Sibylle**, Lawyer, Trade Union Secretary at the ver.di Federal Administration, Berlin



For additional information on the compensation of Deutsche Telekom's Supervisory Board members, see Note 39 to the consolidated financial statements as of and for the year ended 31 December 2011, incorporated by reference into this Prospectus.

### ***The Board of Management***

The members of the Board of Management are appointed and discharged in accordance with § 84 and § 85 of the German Stock Corporation Act, and § 31 of the German Co-Determination Act (*Mitbestimmungsgesetz*). Amendments to the Articles of Incorporation are made pursuant to § 179 and § 133 of the German Stock Corporation Act, and § 18 of the Articles of Incorporation. According to § 21 of the Articles of Incorporation, the Supervisory Board is authorised, without a resolution by the shareholders' meeting, to adjust the Articles of Incorporation to comply with new legal provisions that become binding for Deutsche Telekom AG and to amend the wording of the Articles of Incorporation.

Board of Management responsibilities are currently distributed across seven board departments. Four of these are central management areas:

- Chairman of the Board of Management
- Finance
- Human Resources
- Data Privacy, Legal Affairs and Compliance

In addition, there are three segment-based Board departments:

- Germany
- Europe
- T-Systems

### ***Composition of the Board of Management***

<b><u>Members of the Board of Management</u></b>	<b><u>Department</u></b>
René Obermann	Chairman of the Board of Management (CEO)/USA
Dr Manfred Balz	Data Privacy, Legal Affairs and Compliance
Reinhard Clemens	T-Systems
Niek Jan van Damme	Germany
Timotheus Höttges	Finance (CFO)
Claudia Nemat	Europe
Thomas Sattelberger	Human Resources

On 15 December 2011, the Supervisory Board extended the contract of Reinhard Clemens by five years.

### ***Changes in the composition of the Board of Management***

At its meeting on 4 July 2011, the Supervisory Board appointed Claudia Nemat as the Board of Management member responsible for Europe with effect from 1 October 2011 and also appointed Professor Marion Schick as the Board of Management member responsible for Human Resources and Labor Director with effect from 3 May 2012.

On 22 February 2012, the Supervisory Board appointed Dr. Thomas Kremer as the new Board of Management member responsible for Data Privacy, Legal Affairs and Compliance. He will succeed Dr. Manfred Balz effective 1 June 2012.

On 2 March 2012 the Supervisory Board of T-Systems International GmbH chaired by René Obermann has appointed Dr. Markus Müller as Director of the new "Telekom IT" unit. Effective 1 June 2012, Dr. Müller thus also takes over as Chief Information Officer (CIO) of Deutsche Telekom.

### ***Basis of Board of Management Compensation***

On 24 February 2010, the Supervisory Board resolved on a new system for the compensation of the Board of Management members, taking into account the provisions specified in the German Act on the Appropriateness of Management Board Remuneration (*Gesetz zur Angemessenheit der Vorstandsvergütung*) that has been in effect since 5 August 2009. The shareholders' meeting of Deutsche Telekom AG on 3 May 2010 approved this new system. Pursuant to the VorstAG explanatory memorandum (document 16/13433), the contracts of the Board of Management members that were in existence before the Act entered into force enjoy vested rights protection. These Board of Management members nevertheless have the option of voluntarily changing over to the new compensation system.

The compensation of Board of Management members is comprised of various components. Under the terms of their service contracts, members of the Board of Management are entitled to annual fixed remuneration and annual variable performance-based remuneration, a long-term variable remuneration component, as well as fringe benefits and deferred benefits based on a company pension entitlement. The Supervisory Board defines the structure of the compensation system for the Board of Management and reviews this structure and the appropriateness of compensation at regular intervals.

Fixed remuneration is determined for all Board of Management members based on market conditions in accordance with the requirements of stock corporation law. Board of Management compensation is oriented toward the sustained development of the Company and there is a multi-year measurement base in the new system for the variable components.

At its discretion and after due consideration, the Supervisory Board may also reward extraordinary performance by individual or all Board of Management members in the form of a special bonus.

In accordance with market-oriented and corporate standards, Deutsche Telekom grants all members of the Board of Management additional benefits under the terms of their service contracts, some of which are viewed as non-cash benefits and taxed accordingly. This mainly includes being furnished with a company car and accident and liability insurance and reimbursements in connection with maintaining a second household.

Employment outside of the Group generally requires prior approval. Generally, no additional compensation is paid for being a member of the management or supervisory board of other Group entities.

For more information on the compensation of the Board of Management and the disclosures required by § 314 of the German Commercial Code, German Accounting Standard No. 17 (GAS 17), and the German Corporate Governance Code, please refer to note 39 to Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011, incorporated by reference into this Prospectus.

## **Employees**

### ***Headcount Development***

<b>Employees in the Group</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
<b>Total</b>	<b>235,132</b>	<b>246,777</b>
Germany operating segment	75,058	76,478
Europe operating segment	58,010	63,338
United States operating segment	32,868	37,760
Systems Solutions operating segment	48,163	47,707
Group Headquarters & Shared Services	21,033	21,494

<b>Employees in the Group</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
<b>Breakdown by geographic area</b>		
Germany	121,564	123,174
International	113,568	123,603
Of which: other EU Member States	64,257	68,941
Of which: rest of Europe	9,736	9,991
Of which: North America	33,511	38,467
Of which: rest of world	6,064	6,204

### ***Employees – Germany***

Deutsche Telekom's Germany operating segment employed 76,028 people on average in 2011, making it one of the largest employers in Germany. The decline in headcount compared with 2010 was mainly attributable to Deutsche Telekom's socially responsible staff-related measures and to staffing changes within the Group. New hires, especially of junior staff, partially offset the decline.

Deutsche Telekom's Germany operating segment had an average of 79,364 employees in 2010. Despite the increase in the number of employees as a result of the first-time consolidation of STRATO and ClickandBuy, headcount at Deutsche Telekom's Germany operating segment decreased by 6.2%, mainly due to Deutsche Telekom's socially responsible measures to reduce and restructure the workforce by transferring employees to Vivento.

### ***Employees – Europe***

The decline in average headcount in 2011 was largely due to downsizing programs in Romania and Greece. Downsizing programs were also implemented in the other countries in this operating segment, although on a smaller scale. The deconsolidation of T-Mobile UK also contributed to the year-on-year reduction in average headcount.

In 2010, the decline in the average headcount in Deutsche Telekom's Europe operating segment was primarily a result of the deconsolidation of T-Mobile UK. Downsizing programs as part of efficiency enhancement measures in several countries also reduced the average headcount. This decline was offset by an increase in the number of employees resulting from the first-time full-year consolidation of the OTE group in early February 2009. In addition, some smaller-scale acquisitions added to the headcount.

### ***Employees – United States***

In 2011, the decrease in the average number of employees was due in part to a decline in customer support employees, driven by lower customer care call volumes, and in part to a decrease in the number of retail employees, due to the implementation of labor efficiency and store rationalisation programs.

The average number of employees decreased slightly in 2010, as a decrease in customer support employees driven by lower customer care call volumes was offset partially by an increase in employees related to retail distribution growth.

### ***Employees – Systems Solutions***

In 2011, the average number of employees in Germany increased by 453 or 1.8% while the average number of employees internationally rose by 183 or 0.8%. The increase was largely due to staff taken on in connection with large-scale contracts, an increase in insourcing (the provision of services previously rendered by third parties), and the development and expansion of nearshore and offshore sites.

The increase in 2010 in the average number of employees was the result of two offsetting effects. The average number of employees outside of Germany increased by 2,712 or 13.7% as a result of new employees that came to T-Systems under the terms of large-scale outsourcing contracts and the increased use of employees outside of Germany. The average number of employees in Germany decreased by 452 or 1.8% to 25,095. As a result of staff-restructuring measures, in particular at Systems Integration, as well as offshoring activities at Computing & Desktop Services.

### ***Employees – Group Headquarters & Shared Services***

The decline in the average number of employees in 2011 was primarily attributable to the lower headcount at Vivento.

The increase in the average number of employees in 2010 was primarily attributable to staff employed at the units that were integrated into Group Headquarters & Shared Services as part of the Group-wide realignment of the management structure.

### ***Collective Bargaining***

On 25 March 2011, the parties reached agreement in the arbitration proceedings for the 2011 collective bargaining for Deutsche Telekom AG, Telekom Deutschland GmbH and its service companies. As a result, the salaries of the employees of Deutsche Telekom AG, Telekom Deutschland GmbH and its service companies covered by collective agreements were raised by 3.15% as of 1 April 2011. The collective agreement remained in force until the end of January 2012, and negotiations on a new agreement are ongoing.

### ***Civil Servants***

Although no employees hired after 1 January 1995 have been granted civil servant status, Deutsche Telekom employs a substantial number of civil servants. Pursuant to the law governing Deutsche Telekom's privatisation, its civil servant employees retained their civil servant status. Accordingly, the terms and conditions of their employment and the benefits owed to them continue to be governed by German regulations regarding civil servants. In particular, civil servant salaries are set by statute and not by Deutsche Telekom or by collective bargaining agreements. In addition, civil servants are tenured employees and may not be unilaterally terminated except in extraordinary, statutorily defined circumstances. Civil servants are not permitted to participate in work-related actions such as strikes, but are permitted to join labor unions. Although Deutsche Telekom is authorised, pursuant to the law governing its privatisation, to exercise generally the rights and duties of Germany as the employer of civil servants, the Federal Postal and Telecommunication Agency (*Bundesanstalt für Post und Telekommunikation or the Federal Agency*) has a right of consultation in the implementation of certain aspects of the terms under which Deutsche Telekom employs civil servants.

Under the German Postal Employees Act (*Postpersonalrechtsgesetz*), which governs the legal position of civil servants at Deutsche Telekom AG, Deutsche Telekom has been given greater flexibility with respect to its relationship with its civil servants. Among other things, this law allowed for the complete elimination of the Christmas bonus, making it possible for Deutsche Telekom to finance the reduction in weekly working hours from 38 to 34 under Deutsche Telekom's employment alliance, which also applied to civil servants from April 2004. The agreement provides the option of assigning tasks in companies within or outside the Group to active civil servants. The civil servants' compensation, healthcare and pension entitlements have been maintained. Under certain circumstances, civil servants may also be transferred, even without their consent, to companies in which Deutsche Telekom AG has a direct or indirect majority shareholding. However, there is a risk that civil servants temporarily without civil servant status may return to Deutsche Telekom AG, for example, after the completion of their work at one of Deutsche Telekom's subsidiaries. Although Deutsche Telekom attempts to reduce this risk through compensation payments from the subsidiaries to Deutsche Telekom AG, Deutsche Telekom cannot eliminate it completely.

Since 2004, the collective bargaining agreement between Deutsche Telekom AG and the ver.di union has been funded for civil servants by various measures, including the elimination of year-end bonuses (Christmas bonuses) based on an amendment of the Legal Provisions for the German Postal Employees Act. Civil servants have raised objections and taken legal action against this amendment. For more information, see "*Legal Proceedings*".

Civil servants employed by Deutsche Telekom are entitled to pension benefits provided by the German federal government pursuant to the German Civil Servants' Benefits Act (*Beamtenversorgungsgesetz*). Pursuant to the law governing its privatisation, Deutsche Telekom is required to make annual contributions to a special pension fund established to fund such pension obligations. The special pension fund was merged in 2000 with the special pension funds of Deutsche Post AG and Deutsche Postbank AG to form a joint pension fund, the Federal Pension Service for Post and Telecommunication (Bundes-Pensions-Service für Post und Telekommunikation e.V., the "BPS-PT"). The BPS-PT works for the funds of all three companies and also handles financial administration for Germany on a trust basis. All transactions for pension and allowance payments to employees are made by BPS-PT for the companies Deutsche Post AG, Deutsche Postbank AG and Deutsche Telekom AG. For more information, see note 12 to Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011, incorporated by reference into this Prospectus.

### **Provisions for Civil Servants in the Group**

On 16 November 2006, the "Second Bill to Amend the Act for the Improvement of the Staff Structure at the Residual Special Asset of the Federal Railways and the Successor Companies of the Former Deutsche Bundespost" (*Zweites Gesetz zur Änderung des Gesetzes zur Verbesserung der personellen Struktur beim Bundeseisenbahnvermögen und in den Unternehmen der Deutschen Bundespost*) entered into force. Among other things, this Act was intended to help correct the negative consequences of a structural feature of the successor companies to Deutsche Bundespost (Deutsche Telekom AG, Deutsche Post AG, Deutsche Postbank AG). These successor companies employ a high proportion of civil servants in Western Germany, while staff covered by collective agreements make up the majority of the workforce in Eastern Germany. On the basis of the 2006 law, Deutsche Telekom became able to include civil servants in staff restructuring measures. Civil servants of all service grades, who are working in areas where there is a surplus of staff and for whom employment in another area is not possible or cannot reasonably be expected in line with civil service legislation, have been able to apply for early retirement from the age of 55. Until the end of 2011, Deutsche Telekom offered its civil servants the option to participate in a limited early retirement program. The resulting expense related to the acceptances of this program amounts to EUR 0.7 billion; payment will be spread over the next six to seven years.

### **Personnel Costs**

	2011	2010
	(billions of €)	
Personnel costs in the Group	14.7	15.1
Of which: expenses relating to staff-related measures	1.1	1.0

### **MAJOR SHAREHOLDERS**

Prior to 1989, Deutsche Telekom was part of Deutsche Bundespost, a state-owned special asset (*Sondervermögen des Bundes*). In 1989, Deutsche Bundespost was ordered into three distinct entities Deutsche Bundespost Telekom, Deutsche Bundespost Postbank and Deutsche Bundespost Postdienst. Deutsche Bundespost Telekom was transformed, effective 1 January 1995, into Deutsche Telekom AG, a private stock corporation, which initially remained wholly owned by the Federal Republic of Germany. Deutsche Telekom's first offering of equity securities to the public was in November 1996, followed by a second offering of equity securities to the public in June 1999. Each of the 1996 and 1999 offerings included U.S. public tranches.

According to information supplied to Deutsche Telekom AG by the Federal Republic of Germany, at 31 December 2011, the Federal Republic of Germany's direct ownership interest in the Company was 14.96%. KfW, a development bank that is 80% owned by the Federal Republic of Germany and 20% owned by the German federal states, owned 17.02% of Deutsche Telekom AG's shares at 31 December 2011.

The Federal Republic of Germany administers its shareholdings and exercises its rights as a

shareholder of Deutsche Telekom AG through the German Finance Ministry. In their capacities as shareholders, the Federal Republic of Germany and KfW may exercise only those rights that they have under the Stock Corporation Act and Deutsche Telekom AG's Articles of Incorporation, which are the same for all of Deutsche Telekom AG's shareholders.

At present, the Finance Ministry and KfW each have one representative on Deutsche Telekom AG's Supervisory Board. Additionally, the Finance Ministry has one representative on the supervisory boards of Deutsche Telekom AG's subsidiaries, T-Systems International GmbH and T-Mobile Deutschland GmbH.

Below the number of Deutsche Telekom AG's ordinary shares held by holders of more than 5% of Deutsche Telekom's ordinary shares and their percentage of ownership, based on information supplied to Deutsche Telekom AG by such holders.

31 December 2011	Federal Republic of Germany	646,575,126 shares	= 14.96%
	KfW	735,661,686 shares	= 17.02%

The Blackstone Group holds 191,700,000 shares, which represents 4.4% of Deutsche Telekom AG's outstanding shares. In addition, BlackRock holds 145,762,000 shares, which represents 3.3% of Deutsche Telekom AG's outstanding shares.

Major Shareholders do not have different voting rights from any of Deutsche Telekom AG's other shareholders.

As noted above, KfW is 80% owned by the Federal Republic of Germany. The Federal Republic of Germany has publicly stated its intention to reduce its holdings of Deutsche Telekom AG shares. Deutsche Telekom AG does not expect that a reduction in the holdings of Deutsche Telekom AG's shares by the Federal Republic of Germany or KfW will have a material negative effect on Deutsche Telekom AG's governance or business.

Based on Deutsche Telekom AG's share register, as of 31 December 2011, the Company had approximately 1,653,004 registered holders of Deutsche Telekom AG's ordinary shares, including 1,624 registered holders of Deutsche Telekom AG's shares with addresses in the United States. As of 31 December 2011, there were 4,321,319,206 total outstanding shares.

## **FINANCIAL INFORMATION CONCERNING DEUTSCHE TELEKOM'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

### **Auditing of historical annual financial information**

Deutsche Telekom AG's consolidated financial statements as of and for the year ended 31 December 2011 were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU), as well as with the regulations under commercial law as set forth in § 315a(1) HGB (*Handelsgesetzbuch* - German Commercial Code). PwC audited the mentioned consolidated financial statements. An unqualified auditors' report has been issued.

Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2010 were prepared in accordance with IFRS as issued by the IASB and in accordance with International Financial Reporting Standards as adopted by the European Union (EU), as well as with the regulations under commercial law as set forth in § 315a(1) HGB (*Handelsgesetzbuch* - German Commercial Code). PwC and E&Y audited the mentioned consolidated financial statements. An unqualified auditors' report has been issued.

## Selected Financial Information

### Deutsche Telekom at a Glance

## Selected financial data of the Deutsche Telekom Group

		Change compared to prior year % <sup>a</sup>	2011 billions of €	2010 billions of €
Revenue and earnings				
Net revenue		(6.0)	58.7	62.4
Of which: domestic <sup>a</sup>	%	1.2	44.9	43.7
Of which: international <sup>a</sup>	%	(1.2)	55.1	56.3
Profit from operations (EBIT)		1.5	5.6	5.5
Net profit (loss)		(67.1)	0.6	1.7
Net profit (loss) (adjusted for special factors)		(15.2)	2.9	3.4
EBITDA <sup>a,b,c</sup>		15.6	20.0	17.3
EBITDA (adjusted for special factors) <sup>a,b,c</sup>		(4.0)	18.7	19.5
EBITDA margin (adjusted for special factors) <sup>a</sup>	%	0.6	31.8	31.2
Profitability				
ROCE	%	0.3	3.8	3.5
Statement of financial position				
Total assets		(4.1)	122.5	127.8
Shareholders' equity		(7.2)	39.9	43.0
Equity ratio <sup>a</sup>	%	(1.1)	32.6	33.7
Net debt <sup>a,c</sup>		(5.1)	40.1	42.3
Relative debt (Net debt/EBITDA (adjusted for special factors))		n.a.	2.1	2.2
Gearing (Net debt/Shareholders' equity)		0.0	1.0	1.0
Cash capex		(14.7)	(8.4)	(9.9)
Cash flows				
Net cash from operating activities		10.1	16.2	14.7
Free cash flow (before dividend payments, spectrum investment, PTC transaction and AT&T break-up fee) <sup>a,c,d,e</sup>		(1.9)	6.4	6.5
Net cash used in investing activities		13.4	(9.3)	(10.7)
Net cash from (used in) financing activities		6.5	(6.0)	(6.4)

Employees				
Average number of employees (full-time equivalents, without trainees/student interns)	thousands	(4.8)	240	252
Revenue per employee <sup>a</sup>	thousands of €	(1.3)	244.0	247.2
T-Share - key figures				
Earnings per share (basic and diluted) in accordance with IFRS	€	(66.7)	0.13	0.39
Dividend per share	€	0.0	0.70	0.70
Total dividend <sup>f</sup>	billions of €	0.0	3.0	3.0
Share buy-back <sup>g</sup>	billions of €	n.a.	0.0	0.4
Total number of ordinary shares at the reporting date <sup>h</sup>	millions	0.0	4,321	4,321

<sup>a</sup> Calculated on the basis of millions for greater precision. Changes to percentages expressed as percentage points.

<sup>b</sup> Deutsche Telekom defines EBITDA as profit/loss from operations before depreciation, amortization and impairment losses.

<sup>c</sup> EBITDA, EBITDA adjusted for special factors, net debt, and free cash flow are non-GAAP figures not governed by the International Financial Reporting Standards (IFRS). They should not be viewed in isolation as an alternative to profit or loss from operations, net profit or loss, net cash from operating activities, the debt reported in the consolidated statement of financial position, or other Deutsche Telekom key performance indicators presented in accordance with IFRS.

<sup>d</sup> Figures for 2006 include EUR 3.3 billion for the acquisition of licenses.

<sup>e</sup> Since the beginning of the 2007 financial year, Deutsche Telekom has defined free cash flow as cash generated from operations less interest paid and net cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment. Prior-year figures have been adjusted accordingly.

<sup>f</sup> Subject to approval from the 2012 shareholders' meeting concerning the dividend payments for the 2011 financial year.

<sup>g</sup> Relating to the shareholder remuneration policy adopted in 2010 for the 2010 to 2012 financial years.

<sup>h</sup> Including treasury shares held by Deutsche Telekom AG.

## LEGAL PROCEEDINGS

The companies of Deutsche Telekom Group are involved in a number of legal proceedings in the ordinary course of Deutsche Telekom's business. In addition, proceedings involving alleged abuse of a market-dominant position by Deutsche Telekom and other alleged antitrust violations, as well as other regulatory controversies, are pending before competition and regulatory authorities.

### Securities and Corporate Law-Related Proceedings

#### **German Prospectus Liability Suits**

Since 2001, around 16,000 purported purchasers of Deutsche Telekom AG's shares sold pursuant to prospectuses dated 25 June 1999 ("DT2"), and 26 May 2000 ("DT3"), have filed more than 2,600 lawsuits in Germany predominantly alleging that the book values of Deutsche Telekom AG's real property portfolio were improperly established and maintained under German GAAP and that Deutsche Telekom AG allegedly failed to adequately disclose detailed information relating to merger negotiations between Deutsche Telekom and VoiceStream Wireless Corporation (the predecessor of T-Mobile USA). These lawsuits are pending before the Regional Court (*Landgericht*) in Frankfurt am Main. The aggregate amount of all shareholders' claims filed in Germany in these lawsuits is approximately EUR 80 million.

On 11 July 2006 (with respect to the DT3 offering prospectus) and on 22 November 2006 (with respect to the DT2 offering prospectus), the court issued orders for model proceedings



(*Vorlagebeschlüsse*) with respect to these lawsuits based on the German Act on Model Case Proceedings in Disputes under Capital Markets Law (*Kapitalanleger-Musterverfahrensgesetz*) seeking a decision of the Frankfurt Court of Appeals (*Oberlandesgericht Frankfurt*) as to common questions of law and fact with respect to the above-mentioned allegations. The master decision by the Frankfurt Court of Appeals will be binding for all parties in the main proceedings. The most recent hearing in the DT3 model proceedings was held on 25 January 2012, and the parties have the opportunity to respond to oral arguments again in writing. The Frankfurt Court of Appeals scheduled the announcement of a decision for 16 May 2012. That decision could then be subject to further appeal with the Federal Court of Justice (*Bundesgerichtshof*) regarding substantive points of law (*Revision*). The proceedings for a preliminary ruling related to the DT2 offering prospectus are currently suspended.

### ***Prospectus Liability Conciliation Proceedings***

In addition, many purported shareholders have initiated conciliation proceedings with a state institution in Hamburg (*Oeffentliche Rechtsauskunfts- und Antragsstelle der Freien und Hansestadt Hamburg*, the "OeRA"), in Deutsche Telekom's view, mainly as an effort to stay the statute of limitations. The claims made in these conciliation proceedings are analogous to those made in the prospectus liability lawsuits described above. Deutsche Telekom's participation in these conciliation proceedings would be voluntary, and Deutsche Telekom has declined to participate. The OeRA has closed around 8,000 of the proceedings because of the lack of participation of either or both parties. In February 2010, the Hamburg Higher Regional Court granted Deutsche Telekom's request to order the closing of the pending proceedings. As a result, about 4,000 conciliation proceedings that had not yet been fully completed were closed in March 2010. Upon the closing of the conciliation proceedings, the statute of limitations with respect to the time within which to bring a civil action is stayed for six months. A number of applicants have already filed civil proceedings, and Deutsche Telekom cannot rule out that a number of additional applicants will file lawsuits analogous to those made in the prospectus liability lawsuits described above.

### ***Claim for compensation against the Federal Republic of Germany and Kreditanstalt für Wiederaufbau (KfW)***

In December 2005, Deutsche Telekom filed a lawsuit against the Federal Republic of Germany and KfW for the reimbursement of expenses in connection with DT3, in the amount of approximately EUR 112 million. The Company claims that the Federal Republic of Germany and KfW are obliged to reimburse Deutsche Telekom for legal expenses and settlement costs that Deutsche Telekom incurred in connection with the resolution of U.S. class action lawsuits relating to that offering. Deutsche Telekom's claim includes a demand for reimbursement of Deutsche Telekom's D&O insurers in the aggregate amount of approximately EUR 46 million. In June 2007, the Regional Court in Bonn (*Landgericht Bonn*) held that the claim is justified on the merits, but the Cologne Court of Appeals (*Oberlandesgericht Köln*) dismissed Deutsche Telekom's claims in May 2009. Deutsche Telekom filed an appeal with the Federal Court of Justice (*Bundesgerichtshof*), which ruled in Deutsche Telekom's favor on most points and referred the case back to the Cologne Higher Regional Court for further rulings, in particular on the precise amount of the damages to be paid to Deutsche Telekom. In March 2012 KfW has reimbursed Deutsche Telekom. The proceedings are terminated.

The Federal Republic of Germany, taken together with KfW, a state-owned development bank under the control of the Federal Republic of Germany, is Deutsche Telekom's largest shareholder. Deutsche Telekom's Supervisory Board includes a representative of the German Ministry of Finance and a representative of KfW. For more information about related parties, see note 38 to Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011, incorporated by reference into this Prospectus.

### ***Toll Collect***

The Federal Republic of Germany initiated arbitration proceedings against Daimler Financial Services AG, Deutsche Telekom AG and the Toll Collect consortium for damages suffered as a result of the delay in the commencement of operations of the German highway toll collection system and alleged breaches of the related operating agreement.

The Federal Republic of Germany, in its statement of claims received on 2 August 2005, asserted claims for damages of approximately EUR 5.2 billion plus interest. This amount includes contractual

penalties of EUR 1.7 billion relating to the allegation that the agreement of the Federal Republic of Germany was not sought prior to the execution of certain subcontractor agreements. As some of the contractual penalties are time-related and further claims for contractual penalties have been asserted by the Federal Republic of Germany, the amount claimed as contractual penalties may increase. Daimler Financial Services AG, Deutsche Telekom AG and the Toll Collect consortium filed their answer to the claim on 30 June 2006 and to the subsequent counterplea of the Federal Republic of Germany on 1 October 2007. The Federal Republic of Germany served further briefs on 7 January 2008 and 16 February 2008, to which Daimler Financial Services AG, Deutsche Telekom AG and the Toll Collect consortium answered by a further brief on 16 May 2008. The Federal Republic of Germany has slightly modified its claims for damages, now amounting to approximately EUR 4.98 billion plus interest. Further exchanges of briefs in this matter have occurred since then. Various witnesses and experts were heard at a hearing in December 2010. Deutsche Telekom expects the proceedings to continue in 2012.

Deutsche Telekom and its consortium partner, Daimler Financial Services AG, have the obligation, on a joint and several basis, to provide Toll Collect GmbH, the operating company of the Toll Collect consortium, with additional equity to ensure a minimum equity ratio of 15% (in the single-entity financial statements prepared in accordance with German GAAP. This obligation ends when the operating agreement expires on 31 August 2015, or earlier if the operating agreement is terminated early.

Additionally, in December 2006, Toll Collect GmbH initiated an arbitration proceeding seeking a determination that the Federal Republic of Germany's basis for denying the issuance of the final operating permit is unfounded and claiming that additional remuneration is due to Toll Collect in accordance with the operating agreement. The Statement of Claims of Toll Collect GmbH was served on the Federal Republic of Germany on 25 May 2007. The answer of the Federal Republic of Germany together with a counterclaim claiming overpayment of remuneration to Toll Collect GmbH was received on 31 January 2008. In February 2012 the chairman of the arbitration tribunal has announced that he will resign from his position as chairman of the tribunal and a new chairman has to be appointed now. The proceeding is ongoing.

### **Eutelsat**

On 12 April 2011, Deutsche Telekom received a request from Eutelsat S.A. for the initiation of ICC arbitration proceedings against Deutsche Telekom AG and Media Broadcast GmbH, the corresponding arbitration claim was filed 29 February 2011. In particular, Eutelsat requests clarification regarding the right of use of a certain orbit position to which Eutelsat alleges it has a long-standing entitlement and the term of an agreement concluded between Deutsche Telekom AG and Eutelsat S.A. on the use of this orbit position by Eutelsat satellites. Eutelsat is also asserting claims to various payments pursuant to its interpretation of this particular term of the agreement. In 2007, Deutsche Telekom transferred its satellite business to Media Broadcast GmbH, which Deutsche Telekom sold in 2008 and with which Deutsche Telekom is no longer associated. As part of this transaction, Deutsche Telekom agreed to indemnify the purchaser of Media Broadcast GmbH against certain claims, some of which also relate to the agreements signed between Deutsche Telekom AG and Eutelsat. On 31 January 2012, the ICC arbitration court decided that the proceeding against Media Broadcast GmbH did not fall within its jurisdiction. Deutsche Telekom will defend itself vigorously against the claims. Eutelsat has filed an appeal against this decision.

### **Reimbursement and Damages for Subscriber Data Costs**

From December 2004 to January 2009 a number of telephone directory service providers, including among others telegate, datagate, klicktel and Vodafone, who received from Deutsche Telekom data relating to subscribers for voice telephony services for the purpose of providing their own directory services, filed lawsuits with the Regional Courts in Cologne and Bonn in the aggregate amount of approximately EUR 118 million, plus interest, claiming reimbursement for payments made to Deutsche Telekom since 1998. The plaintiffs, referring to a decision by the European Court of Justice (C-109/03; *KPN vs. Onafhankelijke Post en Telecommunicatie Autoriteit*), accused Deutsche Telekom of having included inadmissible costs in Deutsche Telekom's charges for providing customer data.

In a number of cases, the Regional Court in Cologne essentially ordered Deutsche Telekom to reimburse the plaintiffs. Except for the case involving Vodafone, the Court of Appeals in Dusseldorf essentially confirmed these decisions on appeal. Deutsche Telekom has appealed all decisions of the Court of Appeals rendered against Deutsche Telekom to the Federal Court of Justice. The Federal

Court of Justice annulled these judgments and remanded the cases to the Court of Appeals. These proceedings are still pending.

In a related matter, on 19 October 2005, two lawsuits were served on Deutsche Telekom; one by telegate for damages of approximately EUR 86 million, plus interest, and another by telegate's founding shareholder, Dr. Klaus Harisch, for damages of approximately EUR 329 million, plus interest. In the latter claim, the claimant subsequently increased the amount claimed to approximately EUR 612 million, plus interest. Both plaintiffs claim that they incurred losses, due to the alleged adverse effect that Deutsche Telekom's alleged inclusion of inadmissible costs in Deutsche Telekom's provision of customer data had on telegate's position in the market, the resulting capital increases that this required, and the weaker development of telegate's share price and the loss of shares of certain shareholders. The action is still pending before the Cologne Regional Court.

In 2006, klicktel (currently telegate) filed another lawsuit with the same court and is now claiming payment of approximately EUR 14 million plus interest and requesting a determination that Deutsche Telekom is obliged to compensate them for all damages arising from 2007 to 2010. The action is still pending before the Cologne Regional Court.

### **Damages for Lost Profits/Price Squeeze**

In December 2005, Arcor filed a lawsuit with the Regional Court in Cologne in the aggregate amount of approximately EUR 41.9 million, plus interest, claiming damages for lost profit with retail analog access products as a result of an alleged price squeeze between Deutsche Telekom's wholesale tariffs for access to the local loop and Deutsche Telekom's retail access tariffs between January 1998 and September 2003. Arcor bases its claim primarily on the EU Commission's decision of 21 May 2003 against Deutsche Telekom for allegedly abusing Deutsche Telekom's dominant position by charging Deutsche Telekom's competitors and end-users unfair monthly and one-off charges for access to Deutsche Telekom's local network. In February 2006, the original damage claim was increased to EUR 223 million, plus interest, purportedly based on customer relationships not realised between September 2003 and June 2005 and a new calculation methodology used by the plaintiff, which, in Deutsche Telekom's view, deviates from the European Commission's approach. On 10 April 2008, the European Court of First Instance dismissed Deutsche Telekom's lawsuit. Deutsche Telekom's appeal against this ruling was rejected by the European Court of Justice ("ECJ") on 14 October 2010. The European Commission's decision, which requires Deutsche Telekom to pay a fine of EUR 12.6 million plus interest, therefore became final and binding. The national court will not be permitted to issue any ruling that would be contrary to the ECJ's decision in the continued proceedings for damages. However, the amount of the loss suffered by competitors was not the subject of the case brought before the ECJ. The proceedings before the Regional Court in Cologne are still pending.

In 2011, Versatel and EWE Tel filed lawsuits against Telekom Deutschland GmbH claiming damages of around EUR 70 million, plus interest and around EUR 82 million, plus interest respectively. NetCologne has filed a lawsuit claiming damages of around EUR 73 million. MNet has filed a lawsuit claiming damages of around EUR 27.3 million and HanseNet has filed a lawsuit claiming damages of around EUR 126 million, plus interest in each case. In January 2012, HanseNet (now Telefónica Germany) withdrew the action.

### **Kabel Deutschland**

In April 2012 Kabel Deutschland Vertrieb und Service GmbH ("KDG") has filed a lawsuit against Telekom Deutschland GmbH ("TDG") to obtain a price reduction for the co-use of cable ducts. The lawsuit aims at a reduction of the annual fee of currently approximately EUR 100 million by around two thirds and repayment of overpaid amounts of around EUR 273 million (plus interest) as well as additional EUR 9.6 million for interests TDG received as result of the overpayment. The lawsuit is based on alleged abusive pricing of the annual fees for the co-use of cable ducts.

### **Proceedings against Decisions of the Federal Network Agency**

Under the German Telecommunications Act, the Federal Network Agency regulates charges allowed for local loop lines. Under this regulation, Deutsche Telekom is obliged to publish a reference offer for access to unbundled local loop and prices require prior regulatory, or ex-ante, approval. With the exception of the approval of one-time charges from 1999, the regulatory approvals required under the German Telecommunications Act of Deutsche Telekom's monthly charges for unbundled local loop

lines are not yet final, because competitors have applied to have them revoked by the competent courts. In those cases in which individual approvals have already been revoked, the Federal Network Agency must decide again on the charges but, except for one-time charges from 2001 and 2002, has not yet done so.

In 1999, the Federal Network Agency issued a decision adjusting the rates Deutsche Telekom could charge for access to the local loop during the period from 1 April 1999 to 31 March 2001. Certain of its competitors and Deutsche Telekom filed complaints with the Cologne Administrative Court against this decision.

In November 2008, the Cologne Administrative Court vacated the decision of the Federal Network Agency of 1999 concerning monthly rates for the local loop during the period from February 1999 to March 2001. The court argued, based on a decision of the European Court of Justice, that the Federal Network Agency had incorrectly determined the cost of local loop investment, which is the basis of the adjusted monthly charge. Both the Federal Network Agency and Deutsche Telekom appealed against this decision to the Federal Administrative Court, which rejected the appeals on 5 October 2009. The Federal Network Agency must decide again on the monthly rates for the mentioned period. These proceedings are still pending.

In 2001, the Federal Network Agency issued a decision adjusting the monthly rate during the period from 1 April 2001 to 31 March 2003 and charges for activation and termination during the period from 1 April 2001 to 31 March 2002. In April 2001, certain of its competitors and Deutsche Telekom filed complaints against this decision with the Cologne Administrative Court. In August 2009, the Cologne Administrative Court revoked the approval for the monthly charges and one-time charges from 2001. In a judgment of 23 November 2011, the Federal Administrative Court dismissed the appeal by the Federal Republic of Germany and Deutsche Telekom. In a ruling dated 5 April 2012, the Federal Network Agency approved new charges for activation and termination for the plaintiffs for the period specified. The Federal Network Agency must still decide again on the requested monthly rates approvals.

In 2002, the Federal Network Agency issued a decision adjusting the charges for activation and termination related to the local loop during the period from 1 April 2002 to 30 June 2003. Certain of Deutsche Telekom's competitors filed complaints against this decision. On 19 November 2009, the Cologne Administrative Court vacated the decision of the Federal Network Agency of 2002. The court ruled that the Federal Network Agency had incorrectly determined the hourly rate, which is a major part of the calculation of the adjusted activation and termination charges. Both the Federal Network Agency and Deutsche Telekom appealed against this decision to the Federal Administrative Court. On 30 June 2010, the Federal Administrative Court dismissed the complaints against non-allowance of appeal filed by Deutsche Telekom AG and the Federal Network Agency against the ruling by the Cologne Administrative Court. In a ruling dated 19 January 2011, the Federal Network Agency approved new charges for the plaintiffs for the period specified.

In 2003, the Federal Network Agency issued a decision adjusting the charges for activation and termination (one-time charges) during the period from 1 July 2003 to 30 June 2004. Certain of Deutsche Telekom's competitors and Deutsche Telekom filed complaints against this decision with the Cologne Administrative Court. In May 2011, the Cologne Administrative Court largely revoked the rates approval from 2003 for the one-time charges. The judgment is final, so the Federal Network Agency must decide again on the requested rates approval.

Also in 2003, the Federal Network Agency issued two decisions adjusting the monthly rate during the period from 1 April 2003 to 31 March 2005. Certain of Deutsche Telekom's competitors and Deutsche Telekom filed complaints against these decisions with the Cologne Administrative Court. In December 2011 and January 2012, the Cologne Administrative Court revoked the approval of monthly charges from 2003. The judgment is final, so the Federal Network Agency must decide again on the requested rates approvals.

## **Other Proceedings**

### ***Intellectual Property Rights***

Like many other large network operators, Deutsche Telekom is exposed to an increasing number of intellectual property disputes, especially patent litigation. Generally, this leads to a higher risk of

having to pay license fees and compensation. Some disputes may even result in cease-and-desist orders, blocking Deutsche Telekom's access to, and ability to use, key network technologies.

Starting in 2009, German patent holder ICom GmbH & Co. KG sued Deutsche Telekom AG and Telekom Deutschland GmbH as well as several members of the board of Deutsche Telekom AG in the Regional Courts of Hamburg, Mannheim and Düsseldorf. ICom is seeking compensation for an unspecified amount of damages as well as applying for permanent injunctions, threatening to shut down certain Telekom Deutschland network services, such as the Multimedia Messaging Service (MMS). ICom alleges that Deutsche Telekom and Telekom Deutschland infringe on several patents supposedly essential for mobile telecommunication standards such as UMTS and GSM. Deutsche Telekom and Telekom Deutschland are defending themselves vigorously against those allegations. In addition, several handset and network infrastructure suppliers such as Nokia, HTC, Ericsson and Alcatel-Lucent are involved in the proceedings by third party notice. Eight infringement proceedings relating to six different patents are currently still pending. ICom lost two of the proceedings on all counts and has filed an appeal in each case. Certain of the other proceedings have been suspended. In the remaining cases, hearings will take place during the course of 2012.

Furthermore, Deutsche Telekom has filed nullity actions before the German Federal Patent Court and - where possible - initiated or joined opposition proceedings before the European Patent Office.

### ***Spectrum Allocation***

Appeals are pending against the decisions by the Federal Network Agency on the allocation of certain frequencies to individual mobile carriers, including Telekom Deutschland GmbH.

#### ***Auction of LTE Frequencies***

In April and May 2010, the Federal Network Agency auctioned off additional frequencies in the 800 MHz, 1.8 GHz, 2.0 GHz and 2.6 GHz ranges, with four mobile network operators participating in the auction. The legal basis for this frequency auction was a general order issued by the Federal Network Agency on 12 October 2009 (a "*Decision of the President's Chamber*"). Several mobile communications, cable TV and radio providers have filed actions to rescind this general order with the Cologne Administrative Court. Telekom Deutschland GmbH has not filed a complaint itself and is not involved in the proceedings. The Cologne Administrative Court has already ruled on most of the proceedings and has rejected them in the first instance. In one set of proceedings, the ruling of the Federal Administrative Court was ruled on an appeal at the end of April 2011. Essentially, the Federal Administrative Court found that the facts relevant to the decision were insufficiently investigated and referred the proceedings back to the administrative court for further investigation and reconsideration. Accordingly, no final and legally binding ruling has yet been made on the validity of the Decision of the President's Chamber.

#### ***Extension of GSM Frequency Usage***

In an administrative act issued on 31 July 2009, the Federal Network Agency extended the usage period of the GSM frequencies assigned to T-Mobile Deutschland GmbH (now Telekom Deutschland GmbH), which were originally assigned until 31 December 2009, until 31 December 2016. E-Plus, Telefónica and Airdata objected to the Federal Network Agency's decision to extend the usage period. Telefónica withdrew its objection; E-Plus' objection proceedings have been suspended. Airdata's objection was rejected by the Federal Network Agency. Airdata has lodged an appeal against this decision, which is pending before the Cologne Administrative Court.

#### ***Shareholder Litigation***

In connection with the two proceedings on the allocation of spectrum noted above, a shareholder has also filed a nullity and rescission suit against Deutsche Telekom with the Cologne Regional Court, seeking declaration of the nullity of the resolutions passed by the Deutsche Telekom shareholders' meeting on 12 May 2011 concerning approval of the actions of the members of the Board of Management and Supervisory Board of Deutsche Telekom for financial year 2010 (items 3 and 5 on the agenda) and of the nullity of the annual financial statements for the 2010 financial year. In a judgment on 6 January 2012, the trial court dismissed the claim in the first instance. The shareholder has lodged an appeal against this decision, which is pending before the Cologne Higher Regional Court.

### ***Radio Frequency Emissions***

Beginning in 2000, plaintiffs filed numerous state court class-action lawsuits against T-Mobile USA and several other wireless service operators and wireless telephone manufacturers, asserting product liability, breach of warranty and other claims relating to radio frequency transmissions to and from wireless mobile devices. On 2 September 2008, the court granted the defendants' motion to dismiss, which was affirmed on appeal. On 3 October 2011, the United States Supreme Court denied the plaintiff's request for a writ of certiorari. In 2011, several new lawsuits were filed by individual plaintiffs against T-Mobile USA, as well as other wireless service operators and telephone manufacturers, alleging personal injury and product liability related claims allegedly caused by radio frequency emissions. The cases are in the early stages of discovery. Deutsche Telekom believes these cases have no merit and are vigorously defending them.

### ***Slovak Telekom***

In 1999, a lawsuit was filed against Slovak Telekom based on the accusation that the legal predecessor of Slovak Telekom had ceased the broadcast of an international radio program allegedly in violation of the underlying contract. The claimant originally demanded approximately EUR 100 million plus interest for damages and loss of profit. On 9 November 2011, the Bratislava Regional Court ruled partly in favor of the plaintiff and ordered Slovak Telekom to pay approximately EUR 32 million plus interest. On 27 December 2011, Slovak Telekom appealed to the Supreme Court in Slovakia against this judgment.

### ***Anti-Trust Proceedings***

Like many other companies, the Deutsche Telekom Group is subject to anti-trust law. Deutsche Telekom and some of its subsidiaries, affiliates and joint ventures are subject to various proceedings under anti-trust or competition law.

In November 2011, the Anti-Monopoly Commission in Poland closed an investigation that had been opened in 2010 against a number of Polish telecommunications companies, including Deutsche Telekom's subsidiary PTC. It accused PTC and other Polish telecommunications companies of anticompetitive price fixing and imposed a fine of PLN 34 million (approximately EUR 8 million) on PTC. PTC continues to believe these allegations are unfounded and filed an appeal against the decision. As a result, the fine is not yet due. The same applies to another fine of PLN 21 million (approximately EUR 5 million) imposed by the Anti-Monopoly Commission in Poland against PTC on 2 January 2012 for an alleged breach of consumer protection laws. Two other actions concerning consumer protection were dropped in November 2011 and January 2012 without any fines being imposed.

In April 2009, the European Commission started an investigation into allegedly abusive behavior of Slovak Telekom in the broadband market in Slovakia. According to the European Commission, such an infringement could consist of refusing access to the ULL or other wholesale services for the broadband infrastructure as well as price squeeze situations in these areas. In December 2010, the European Commission formally extended the investigation to include Deutsche Telekom as Slovak Telekom's parent company, allowing the European Commission to also hold Deutsche Telekom liable for Slovak Telekom's alleged infringements. Should the European Commission ultimately find an infringement of European anti-trust law, the Commission could impose fines against Slovak Telekom and Deutsche Telekom.

Following a search of T-Mobile Netherlands premises on 6 December 2011, the Netherlands Competition Authority initiated proceedings against T-Mobile Netherlands and other Dutch mobile communications providers. The providers are accused of anti-competitive collusion on rates and sales channels. T-Mobile Netherlands considers these accusations to be unfounded, but is cooperating with the authority.

In the fall of 2011, the Croatian Competition Agency initiated proceedings against Hrvatski Telekom and other mobile communications providers for alleged anti-competitive collusion. It is investigating whether the mobile communications providers coordinated their response to the introduction of a national mobile communications tax. Hrvatski Telekom believes these allegations are unfounded. Should the Croatian competition authority conclude that Hrvatski Telekom and the other providers have violated Croatian competition law, it could impose fines.

## **Civil Servants**

In November 2004, Germany adopted a law abolishing the requirement for Deutsche Telekom, and other private corporations, to make certain special payments to civil servants. This law was subsequently challenged in various courts and in December 2008 the Federal Administrative Court (*Bundesverwaltungsgericht*) decided to refer the case to the Federal Constitutional Court (*Bundesverfassungsgericht*) for a final decision on its legality. In its ruling dated 17 January 2012, the Federal Constitutional Court found that § 10 (1) of the Act on the Legal Provisions for the Former Deutsche Bundespost Staff (PostPersRG) does not violate Germany's Basic Law. The abolition of the year-end bonus intended by the provision does not breach the principle of equal pay laid down in Article 3 (1) of the Basic Law in conjunction with Article 33 (5) of the Basic Law.

With the entry into force of the reform of civil service law (*Dienstrechtsneuordnungsgesetz*) on 11 February 2009, the legislature integrated the amounts that previously represented the year-end bonus paid annually in accordance with the German Federal Act on Bonus Payments (*Bundessonderzahlungsgesetz*) into the base monthly salary for all federal civil servants. The entitlement of civil servants employed by the Deutsche Bundespost successor companies to the year-end bonus expired pursuant to the German First Act to Amend the Act on the Legal Provisions for the Former Deutsche Bundespost Staff (*Erstes Gesetz zur Änderung des Postpersonalrechtsgesetzes*) dated 9 November 2004. Accordingly, the year-end bonus was not integrated into the base monthly salary.

Numerous civil servants have filed objections to these pay tables reduced by the year-end bonus amount and approximately 300 litigation cases are already pending. In a ruling on 15 December 2009, the Stuttgart Administrative Court decided in two court proceedings to present the question of whether § 78 of the German Federal Civil Service Remuneration Act (*Bundesbesoldungsgesetz*) is constitutional to the Federal Constitutional Court (*Bundesverfassungsgericht*) for decision.

In order to avoid unnecessary administrative expense arising from objections and any legal action taken, Deutsche Telekom has concluded an agreement with the unions whereby Deutsche Telekom AG will pay the difference for remuneration of all federal civil servants (including those who have not objected) retroactively if the Federal Constitutional Court rules that the pay tables applicable to the Deutsche Bundespost successor companies are unconstitutional. Consequently, in order to avoid more objections and legal action, Deutsche Telekom AG has decided not to plead the statute of limitations.

Depending on the outcome, a supplemental payment may have to be made for the period beginning July 2009.

## **Other**

In May 2009, Lannet Communications SA filed a lawsuit claiming compensation for damages of EUR 176 million arising from the allegedly unlawful termination of services (mainly interconnection services, unbundling, and leasing of dedicated lines) by OTE. The hearing was set by the competent court for 17 February 2011, but was postponed and rescheduled for 30 May 2013.

## **TREND INFORMATION AND SIGNIFICANT CHANGE IN THE FINANCIAL OR TRADING POSITION**

There has been no significant change in the financial or trading position of the Company and no material adverse change in the prospects of the Company since the publication of its last audited consolidated financial statements as of 31 December 2011.

## **ADDITIONAL INFORMATION**

Deutsche Telekom is a stock corporation organised under the laws of the Federal Republic of Germany. Deutsche Telekom AG, Bonn, is the parent company of Deutsche Telekom's group. Its ordinary shares are traded on the Frankfurt Stock Exchange as well as on other German stock exchanges. Information on the capital stock in accordance with § 289(4) No. 1 of the German Commercial Code (*Handelsgesetzbuch*) can be found in Note 15 to Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011, incorporated by reference into this Prospectus.

## **Voting Rights**

Each share of Deutsche Telekom AG entitles its holder to one vote. However, these voting rights are restricted for treasury shares (around 2 million as of 31 December 2011) and trust shares (around 19 million as of 31 December 2011). The trust shares are related to the acquisitions of VoiceStream and Powertel (now T-Mobile USA) in 2001. As part of these acquisitions, Deutsche Telekom issued new shares from authorised capital to trustees for the benefit of holders of warrants, options and conversion rights, among others. As regards the shares issued to trusts, the respective trustees waive voting rights and preemptive rights and, in general, dividend rights for the duration of the trusts' existence. The shares issued to the trusts can be sold on a stock exchange at Deutsche Telekom's instruction if the beneficiaries do not exercise their options or conversion rights and these expire. In this event, Deutsche Telekom will receive the proceeds from the sale.

## **Authorised Capital and Contingent Capital**

The shareholders' meeting on 30 April 2009 authorised the Board of Management to increase Deutsche Telekom's share capital with the approval of the Supervisory Board by up to EUR 2,176,000,000 by issuing up to 850,000,000 no par value registered shares against non-cash capital contributions in the period ending 29 April 2014. This authorisation may be exercised either in full or in part. The Board of Management is authorised, subject to the approval of the Supervisory Board, to exclude shareholders' preemptive rights when issuing new shares for business combinations or acquisitions of companies, parts thereof or interests in companies, including increasing existing investment holdings, or other assets eligible for contribution for such acquisitions, including receivables from Deutsche Telekom's company. The Board of Management is also authorised, subject to the approval of the Supervisory Board, to determine the rights accruing to the shares in the future and the conditions for issuing shares (authorised capital 2009/I).

The shareholders' meeting on 30 April 2009 authorised the Board of Management to increase the share capital with the approval of the Supervisory Board by up to EUR 38,400,000 by issuing up to 15,000,000 no par value registered shares against cash and/or non-cash contributions in the period ending 29 April 2014. This authorisation may be exercised either in full or in part. Shareholders' preemptive rights are excluded. The new shares may only be issued to grant shares to employees of Deutsche Telekom AG and of lower-tier companies (employee shares). The new shares can also be issued to a bank or some other company meeting the requirements of § 186 (5) sentence 1 of the German Stock Corporation Act that assumes the obligation to use these shares for the sole purpose of granting employee shares. Where permitted by law, the employee shares may also be issued in such a way that the contribution to be paid in return is taken from the part of the income after income taxes that the Board of Management and the Supervisory Board may transfer to other retained earnings in accordance with § 58 (2) of the German Stock Corporation Act. The shares to be issued as employee shares can also be acquired in the form of a securities loan from a bank or some other company meeting the requirements of § 186 (5), sentence 1 of the German Stock Corporation Act and the new shares used to repay this securities loan. Deutsche Telekom's Board of Management is authorised, subject to the approval of the Supervisory Board, to determine the rights accruing to the shares in the future and the conditions for issuing shares (2009/II authorised capital).

The share capital has been contingently increased by up to EUR 31,813,089.28 as of 31 December 2011, composed of up to 12,426,988 new no par value registered shares (contingent capital II). The contingent capital increase is exclusively for the purpose of meeting preemptive rights to shares from stock options granted in the period until 31 December 2003 to members of Deutsche Telekom's Board of Management; to members of second-tier management; to Deutsche Telekom's other executives, managers and specialists; and to members of the boards of management, members of management, and other executives, managers, and specialists at lower-tier Group companies in Germany and other countries, on the basis of the authorisation for a 2001 Stock Option Plan granted by resolution of the shareholders' meeting on 29 May 2001. It will be implemented only to the extent that the holders of stock options exercise these options.

The share capital was contingently increased by EUR 1,100,000,000 as of 31 December 2011, composed of up to 429,687,500 no par value registered shares (2010 contingent capital). The contingent capital increase will be implemented only to the extent that

- a) the holders or creditors of bonds with warrants, convertible bonds, profit participation rights and/or participating bonds (or combinations of these instruments) with options or conversion rights, which are issued or guaranteed by Deutsche Telekom AG or its direct or indirect



majority holdings by 2 May 2015, on the basis of the authorisation resolution granted by the shareholders' meeting on 3 May 2010, make use of their option and/or conversion rights or

b) those obligated as a result of bonds with warrants, convertible bonds, profit participation rights and/or participating bonds (or combinations of these instruments) which are issued or guaranteed by Deutsche Telekom AG or its direct or indirect majority holdings by 2 May 2015, on the basis of the authorisation resolution granted by the shareholders' meeting on 3 May 2010, fulfill their option or conversion obligations

and other forms of fulfillment are not used. The new shares participate in profits starting at the beginning of the financial year in which they are issued as the result of the exercise of any option or conversion rights or the fulfillment of any option or conversion obligations. Deutsche Telekom's Supervisory Board is authorised to amend § 5 (5) of the Articles of Incorporation in accordance with the particular usage of the contingent capital and after the expiry of all the option or conversion periods.

### **Shareholder Remuneration Policy**

On 24 February 2010, Deutsche Telekom's Board of Management and Supervisory Board decided to pursue a shareholder remuneration policy for the 2010 to 2012 financial years that consists of an annual dividend of at least EUR 0.70 per share and market repurchases from time-to-time of its shares to the extent necessary to achieve a total shareholder remuneration of around EUR 3.4 billion per annum. The implementation of this policy is subject to the availability of sufficient distributable balance sheet profits of Deutsche Telekom AG for the financial year in question and Deutsche Telekom's ability to establish the necessary reserves for any share repurchases. It is also contingent upon Deutsche Telekom's governing bodies adopting resolutions to this effect, taking into account the company's situation at the time.

### **Share Repurchase Program**

In connection with this policy, Deutsche Telekom's annual shareholders' meeting resolved on 12 May 2011 to authorise the Board of Management to repurchase shares representing a total share capital of up to EUR 1,106,257,716.74 by 11 November 2012. The shares to be repurchased on the basis of this authorisation, when included with the other shares of Deutsche Telekom's company which Deutsche Telekom already purchased and still possessed or were to be assigned to it under § 71d and § 71e of the German Stock Corporation Act, could not at any time account for more than 10% of Deutsche Telekom's share capital. Moreover, the requirements under § 71 (2) sentences 2 and 3 of the German Stock Corporation Act must be complied with. In addition, shares shall not be repurchased for the purpose of trading in treasury shares.

This authorisation may be exercised in full or in part. The purchase can be carried out in partial tranches spread over various purchase dates within the authorisation period until the maximum purchase volume is reached. Dependent Group companies of Deutsche Telekom AG within the meaning of § 17 of the German Stock Corporation Act or third parties acting for the account of Deutsche Telekom AG or for the account of dependent Group companies of Deutsche Telekom AG within the meaning of § 17 of the German Stock Corporation Act are also entitled to purchase the shares. The shares shall be purchased through the stock exchange in adherence to the principle of equal treatment (§ 53a of the German Stock Corporation Act). Shares can also be purchased by means of a public purchase or share exchange offer addressed to all shareholders, which, subject to a subsequently approved exclusion of the right to offer shares, must also comply with the principle of equal treatment.

The shares are to be used for one or several of the purposes permitted by the authorisation granted by the shareholders' meeting on 12 May 2011. The shares may also be used for purposes for which an exclusion of subscription rights is intended, but can also be withdrawn or sold through the stock market or by way of an offer to all shareholders. The shares may be used to fulfill the rights of Deutsche Telekom's Board of Management members to receive shares, which the Supervisory Board has granted to these members as part of the arrangements governing the compensation of the Board of Management, on the basis of a decision by the Supervisory Board to this effect.

Pursuant to this authorisation, the Board of Management decided on 27 May 2011 and 20 September 2011 to purchase a total of 316,000 shares for a total price of EUR 3 million, with an average purchase price of EUR 8.74 per share. These repurchases were executed on 6 June 2011 and

23 September 2011, respectively. This resulted in treasury shares in the amount of EUR 1 million being deducted from issued capital (imputed value of EUR 2.56 per share) and the retained earnings of the Group decreased by EUR 2 million.

For more information, please refer to the note 15 to Deutsche Telekom's consolidated financial statements as of and for the year ended 31 December 2011, included by reference in this Prospectus.

### **Main Agreements that Include a Change in Control Clause**

The main agreements entered into by Deutsche Telekom AG, which include a change in control clause, principally relate to Deutsche Telekom's bilateral credit lines and several loan agreements. In the event of a takeover, each individual lender has the right to terminate its respective credit line and, if necessary, serve notice or demand repayment of the loans. A takeover is assumed when a third party, which can also be a group acting jointly, acquires control over Deutsche Telekom AG.

In addition, the other members of the Toll Collect consortium, Daimler Financial Services AG and Cofiroute SA, have a call option in the event that the ownership structure of Deutsche Telekom AG changes such that over 50% of its share capital or voting rights are held by a new shareholder and this change was not approved by the other members of the consortium.

Should Deutsche Telekom AG be taken over by another company that is not a telecommunications company based in the European Union or the United States of a similar size and stature to Deutsche Telekom's company, the Hellenic Republic has the right to purchase from Deutsche Telekom all the shares Deutsche Telekom owns in OTE. For this purpose, Deutsche Telekom shall be deemed to have been taken over if one or several entities, with the exception of the Federal Republic of Germany, directly or indirectly acquires 35% of the voting rights in Deutsche Telekom's company.

When establishing the Everything Everywhere joint venture in the United Kingdom, Deutsche Telekom and France Télécom S.A. agreed that if Deutsche Telekom comes under the controlling influence of a third party, France Télécom will be exempted from all the restrictions imposed on the shareholders in the joint venture agreement with regard to a transfer of their shares. However, even in this event, transferring shares to competitors remains prohibited.

In the master agreement establishing the procurement joint venture BUYIN in Belgium, Deutsche Telekom AG and France Télécom S.A./Atlas Services Belgium S.A. agreed that if Deutsche Telekom or France Télécom comes under the controlling influence of a third party or if a third party that is not part of the France Télécom group of companies acquires shares in Atlas Services Belgium S.A., the other party to the master agreement can terminate the master agreement with immediate effect.

### **Accounting-Related Internal Control System**

Deutsche Telekom's internal control system, or ICS, is based on the internationally recognised COSO framework (The Committee of Sponsoring Organisations of the Treadway Commission) Internal Control – Integrated Framework. Deutsche Telekom's Audit Committee monitors the effectiveness of the ICS – as required pursuant to the German Accounting Law Modernisation Act by § 107 (3) sentence 2 of the German Stock Corporation Act. The Board of Management has the responsibility to define the scope and structure of the ICS at its discretion.

Internal Audit is in charge of independently reviewing the effectiveness of the ICS in the Group and at Deutsche Telekom AG, and, to comply with this task, has comprehensive information, audit and access rights. It is generally true of any ICS that regardless of how it is specifically structured there can be no absolute guarantee that it will achieve its objectives. Regarding the accounting-related ICS, there can therefore only ever be relative certainty, but no absolute certainty that material accounting misstatements can be prevented or detected. In addition, external auditors conduct a risk-oriented audit to verify the effectiveness of those parts of the ICS that are relevant to financial reporting.

The accounting-related ICS, which is periodically refined, comprises the principles, methods, and measures used to ensure compliant accounting.

The accounting-related ICS targets the consolidated financial statements of Deutsche Telekom being prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), as well as with the regulations under commercial law as set forth in § 315a (1) of the German Commercial Code. Another objective of the accounting-related ICS is the preparation of annual financial statements of Deutsche Telekom AG in accordance with German GAAP.

Group Accounting manages the processes for the preparation of the consolidated financial statements and the management report. Laws, accounting standards and other pronouncements are continuously analysed as to whether and to what extent they are relevant and how they impact on financial reporting. The relevant requirements are defined in the Group Accounting Manual, for example, communicated to the relevant units and, together with the financial reporting calendar that is binding throughout the Group, forms the basis of the financial reporting process. In addition, supplementary process directives, standardised reporting formats, IT systems, as well as IT-based reporting and consolidation processes support the process of uniform and compliant Group accounting. Where necessary, Deutsche Telekom also draws on the services of external service providers, for example, for measuring pension obligations. Group Accounting uses appropriate processes to ensure these requirements are complied with consistently throughout the Group. The staff involved in the accounting process receive regular training. Deutsche Telekom AG and the Group companies are responsible for ensuring that Group-wide guidelines and procedures are complied with. They also ensure the compliance and timeliness of their financial reporting-related processes and systems. They are supported and monitored by Group Accounting.

Operating accounting processes at the national and international level are increasingly managed by Deutsche Telekom's shared service centers. Internal controls are embedded in the accounting process depending on risk levels. The accounting-related ICS comprises both preventive and detective controls, which include IT-based and manual data matching, the segregation of functions, the dual checking principle, general IT checks such as access management in IT systems, change management, and the monitoring of such systems.

Deutsche Telekom has implemented a standardised process throughout the Group for monitoring the effectiveness of the accounting-related ICS. This process systematically focuses on risks of possible misstatements in the consolidated financial statements. At the beginning of the year, specific amounts and accounting processes are selected based on risk factors. They are then reviewed for effectiveness in the course of the year, generally by way of external audits. In order to ensure a high-quality accounting-related ICS, Internal Audit is closely involved in all stages of the process.

#### **Statement by the Board of Management on the Dependent Company Report**

Since the Federal Republic of Germany, as minority shareholder of Deutsche Telekom AG, represents a solid majority at the shareholders' meeting due to the average level of attendance, Deutsche Telekom is a dependent company of the Federal Republic of Germany in accordance with § 17 (1) of the German Stock Corporation Act.

Deutsche Telekom AG is not subject to any control or profit and loss transfer agreement with the Federal Republic of Germany. Under § 312 of the German Stock Corporation Act, the Board of Management of Deutsche Telekom AG has therefore prepared a dependent company report describing relations between the controlling entity and dependent companies. The Board of Management issued the following statement at the end of the report: *"The Board of Management hereby declares that under the circumstances known to the Board of Management at the time the corporate transactions were performed, the Company received appropriate remuneration for such transactions. The Company did not perform or omit any actions on behalf of, or on the instructions of, the controlling company or any dependent companies."*

#### **Share Capital**

As of 31 December 2011 the share capital of Deutsche Telekom AG amounted to EUR 11,062,577,167.36 divided into 4,321,319,206 registered ordinary shares without par value (*Stückaktien*). All shares have been issued and are fully paid. In addition to the above mentioned major shareholders, Deutsche Telekom AG held approximately 0.05% of its total ordinary shares.

#### **Material Contracts**

In the usual course of Deutsche Telekom's business, it enters into numerous contracts with various other entities. Deutsche Telekom has not entered into any material contracts outside the ordinary course of its business within the past two years.

**Third Party Information and Statement by Experts and Declaration of any Interest**

Where information, contained in this document, has been sourced from a third party, Deutsche Telekom confirms that to the best of its knowledge this information has been accurately reproduced and that so far as Deutsche Telekom is aware and able to ascertain from information published by such third party no facts have been omitted which would render the reproduced information materially inaccurate or misleading.

## **Deutsche Telekom International Finance B.V. as Issuer**

### **STATUTORY AUDITORS**

The statutory auditors of Finance for the year ended on 31 December 2010 were Ernst & Young Accountants LLP, Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands. Statutory auditors of Finance for the year ended on 31 December 2011 were PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, The Netherlands. The auditors of Ernst & Young Accountants LLP and PricewaterhouseCoopers Accountants N.V. are members of the Royal NIVRA (*Koninklijk Nederlands Instituut van Registeraccountants*). Furthermore, Ernst & Young Accountants LLP has audited the financial statements of Finance as of and for the year ended 31 December 2010 and issued an unqualified auditors' report. PricewaterhouseCoopers Accountants N.V. has audited the financial statements of Finance as of and for the year ended 31 December 2011 and issued an unqualified auditors' report.

The financial statements for the years 2010 and 2011 have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as adopted by the European Union (EU) and as issued by the International Accounting Standards Board ("**IASB**") as well as in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### **GENERAL INFORMATION ABOUT DEUTSCHE TELEKOM INTERNATIONAL FINANCE B.V.**

#### **History and development of Finance**

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 wholly-owned subsidiary of Deutsche Telekom. Finance has its corporate seat in Amsterdam and is registered with the Trade Register in Amsterdam under number 33274743. Its address is Herengracht 124-128, 1015 BT Amsterdam, The Netherlands (telephone number: +31 20 794 45 00).

#### **Investments**

Finance has not conducted any principal investments since the date of the last published financial statements nor does Finance intend making such principal investments in the near future on which the management has already made firm commitments.

### **BUSINESS OVERVIEW**

Finance is the finance organisation of Deutsche Telekom. Finance lends money to group companies by raising funds from the capital markets through the issuing of various types of debt instruments.

#### **I. Activities**

The activities of Finance are in line with the objects stated in § 2 of the Articles of Association of Finance, which are:

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

#### **II. Principal Markets**

Since the foundation of Finance in 1995, Finance has issued various notes in the capital markets of Europe and the United States of America.

## ORGANISATIONAL STRUCTURE

Finance is wholly-owned by Deutsche Telekom AG, Bonn, Germany, but acts as an independent company within The Netherlands. Finance is the finance organisation of Deutsche Telekom Group. In this position, Finance issues debt instruments in the capital market on its own (but guaranteed by Deutsche Telekom AG) on the basis of the capital needs within Deutsche Telekom Group. In the capital markets, Finance has to compete with other financial institutions and companies for getting best prices for the issue of debt instruments. The net issue proceeds are on-lent to members of Deutsche Telekom Group by concluding loan agreements with the specific Deutsche Telekom Group members.

## SELECTED FINANCIAL INFORMATION OF DEUTSCHE TELEKOM INTERNATIONAL FINANCE B.V.

### Statement of financial position

thousands of €	Note	Dec. 31, 2011	Dec. 31, 2010
<b>Assets</b>			
<b>Current assets</b>		<b>4,284,527</b>	<b>5,459,733</b>
Financial assets	5	4,284,358	5,459,562
Income tax receivable	4	169	171
<b>Non-current assets</b>		<b>25,677,449</b>	<b>27,518,958</b>
Property, plant and equipment		43	44
Financial assets	5	25,677,374	27,518,902
Other assets		32	12
<b>Total Assets</b>		<b>29,961,976</b>	<b>32,978,691</b>
<b>Liabilities and shareholder's equity</b>			
<b>Current liabilities</b>		<b>4,360,266</b>	<b>5,548,717</b>
Financial liabilities	6	4,360,004	5,548,484
Other provisions		143	-
Other liabilities		119	233
<b>Non-current liabilities</b>		<b>25,115,144</b>	<b>27,062,469</b>
Financial liabilities	6	24,955,492	26,942,691
Other provisions		15	15
Deferred tax liability	4	159,637	119,763
<b>Liabilities</b>		<b>29,475,410</b>	<b>32,611,186</b>
<b>Shareholder's equity</b>	7	<b>486,566</b>	<b>367,505</b>
Issued Capital		454	454
Other reserves		407,691	407,691
Retained earnings		(46,856)	(66,302)
Net profit (loss)		125,277	25,662
<b>Total Liabilities and shareholder's equity</b>		<b>29,961,976</b>	<b>32,978,691</b>

## Statement of comprehensive income

thousands of €	Note	2011	2010
Finance income (expense)	1		
Interest income		1,668,160	1,892,652
Interest expense		(1,757,717)	(1,990,370)
Other financial income (expense)	2	257,291	129,565
<b>Profit (loss) from financial activities</b>		<b>167,734</b>	<b>31,847</b>
General and administrative expenses	3	(731)	(667)
Other operating income		21	36
Other operating expenses		(1)	(0)
<b>Profit (loss) from operations</b>		<b>(711)</b>	<b>(631)</b>
<b>Profit (loss) before income taxes</b>		<b>167,023</b>	<b>31,216</b>
Income taxes	4	(41,746)	(5,554)
<b>Profit (loss) after income taxes</b>		<b>125,277</b>	<b>25,662</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
Profit attributable to owners:		125,277	25,662
Total comprehensive income attributable to the owners:		125,277	25,662

## SIGNIFICANT CHANGE IN FINANCE'S FINANCIAL OR TRADING POSITION, TREND INFORMATION

There has been no significant change in the financial or trading position of Finance and no material adverse change in the prospects of Finance since the publication of its last audited financial statements as of 31 December 2011.

## ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Finance has both a Supervisory Board and a Board of Managing Directors. These Boards are separate; no individual may be a member of both. Deutsche Telekom, as the sole shareholder of Finance, appoints the members of both the Supervisory Board and the Board of Managing Directors. The Supervisory Board supervises the Board of Managing Directors. The Board of Managing Directors represents Finance and is responsible for its management.

The members of the **Supervisory Board** of Finance are at present as follows:

Gerhard Mischke  
Senior Vice President Treasury, Deutsche Telekom AG

Dieter Cazzonelli  
Senior Vice President Taxes, Deutsche Telekom AG

Dr. Axel Lützner  
Vice President Legal Affairs, Deutsche Telekom AG

The members of the **Board of Managing Directors** are at present as follows:

Robin Sheridan

Dirk Wehrse

The members of the Board of Managing Directors accept membership on the Supervisory Boards of other corporations within the limits prescribed by law.

The business address of each member of the Board of Managing Directors of Finance is Herengracht 124-128, 1015 BT Amsterdam, The Netherlands.

There are no potential conflicts of interest of the members of the Board of Management and the members of the Supervisory Board of Finance between their respective duties to Finance and their private interests or other duties.

The audit committee described under "*Deutsche Telekom AG as Issuer and Guarantor - Directors, Senior Management and Employees*" is also responsible for Finance.

Finance is a privately held company and is therefore not subject to public corporate governance standards.

## **MAJOR SHAREHOLDERS**

Finance is a wholly-owned subsidiary of Deutsche Telekom AG.

## **LEGAL AND ARBITRATION PROCEEDINGS**

Finance is not aware of any governmental, legal or arbitration proceedings pending or threatened against it which may have or have had during the past 12 months, significant effects on Finance and/or Deutsche Telekom Group's financial position or profitability.

## **ADDITIONAL INFORMATION**

### **Share Capital**

As of 31 December 2011, the authorised share capital of Finance consists of 5,000 shares at a par value of EUR 453.78 each. The issued share capital amounts to EUR 453,780 and consists of 1,000 shares at a par value of EUR 453.78. The remaining 4,000 shares are unissued.

### **Material Contracts**

In the usual course of its business, Finance enters into numerous contracts with various other entities. Finance has not entered into any material contracts outside the ordinary course of its business within the past two years.

### **Third Party Information and Statement by Experts and Declaration of any Interest**

Where information, contained in this document, has been sourced from a third party, Finance confirms that to the best of its knowledge this information has been accurately reproduced and that so far as Finance is aware and able to ascertain from information published by such third party no material facts have been omitted which would render the reproduced information inaccurate or misleading.



## Terms and Conditions

This Series of Notes is issued pursuant to an Amended and Restated Agency Agreement, dated 3 May 2012 (the "**Agency Agreement**") between Deutsche Telekom AG ("**Deutsche Telekom**"), Deutsche Telekom International Finance B.V. ("**Finance**"), Deutsche Bank Aktiengesellschaft, 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 Conditions 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 final terms which are attached hereto (the "**Final Terms**"). 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 Final Terms as if such information were inserted in the blanks of such provisions; any provisions of the Final Terms 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 Final Terms 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 Final Terms. Copies of the Final Terms 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 Final Terms will only be made available to Holders of such Notes.]

### TERMS AND CONDITIONS OF THE NOTES English Language Version

#### § 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 **[in the case the Global Note is an NGN insert: (subject to § 1 [(8)]) [insert aggregate principal amount]** 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 Denomination[s]**").

**in the case of a Temporary Global 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 in bearer form and represented by one or more global notes (each a "**Global Note**"). 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 represented by a Temporary Global 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 Denomination[s] 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 exchangeable for [Definitive Notes] [in part Definitive Notes and in the other part Collective Global Notes] [Notes represented by the Permanent Global Note[s]] from a date (the "Exchange Date") **[in the case of TEFRA D Notes:** 40 days after the date of issue of the Temporary Global Note 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) as required by U.S. tax law. Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification received on or after the 40<sup>th</sup> day after the date of issue of the Notes represented by the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this subparagraph (b) of this § 1[4]. Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in subparagraph (3) of § 5.][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 SA/NV ("Euroclear")], [(CBL and Euroclear each an "ICSD" and together the "ICSDs")] [, 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 the "*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]**.

**In the case of Notes kept in custody on behalf of the ICSDs insert:**

**[In the case the Global Note is an NGN insert:** The Notes are issued in new global note ("**NGN**") form and are kept in custody by a common safekeeper on behalf of both ICSDs.]

**[In the case the Global Note is an CGN insert:** The Notes are issued in classical global note ("**CGN**") form and are kept in custody by a common depository on behalf of both ICSDs.]

**In the case the Global Note is an NGN insert:**

**[(8) *Records of the ICSDs.*** The aggregate principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by a ICSD stating the amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.]

**[In the case the Temporary Global Note is a NGN insert:** On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.]

## **§ 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 recognised securities market. For the purposes of avoiding any doubt in respect of asset-backed financings originated by the Issuer, the expression "assets" as used in this § 3 does not include assets of the Issuer that are sold on a non-recourse basis determined in accordance with the civil law applicable to such transaction.

**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 expression "assets" as used in this § 3 does not include assets of the Guarantor that are sold on a non-recourse basis determined in accordance with the civil law applicable to such transactions. 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 aggregate 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 (as defined in § 6(1)). 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 aggregate 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.<sup>1</sup>]

**[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,

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<sup>1</sup> 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 paragraph 1, 247 BGB (German Civil Code).

interest shall continue to accrue on the outstanding aggregate 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<sup>1</sup> 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).]

**in the case of Floating Rate Notes insert:**

[(1) *Interest Payment Dates.*

(a) The Notes bear interest on their aggregate 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.]

**[If adjustment of interest applies insert:** If the due date for payment is **[brought forward] [or] [postponed]** as described above, the amount of interest shall be adjusted accordingly **[and the Holder shall be entitled to further interest in respect of any such delay].]**

**[If adjustment of interest does not apply insert:** The Holder shall not be entitled to further interest or other payment in respect of any such delay.]

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 2 ("**TARGET**") are open 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 2 ("TARGET") is open.] [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] or any successor 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 Final Terms, 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 Final Terms, 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 (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on

7 February 1992), the Amsterdam Treaty of 2 October 1997 and the Treaty of Lisbon of 13 December 2007, as further amended from time to time.]

**[If Reference Rate is other than EURIBOR, EURO-LIBOR or LIBOR, insert relevant details in lieu of the provisions of this subparagraph (2)]**

**[If ISDA Determination applies insert the relevant provisions and attach the 2000 ISDA Definitions or the 2006 ISDA Definitions, as applicable, published by the International Swaps and Derivatives Association, Inc.]**

**[If other 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 aggregate 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.<sup>1]</sup>

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<sup>1</sup> 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 paragraph 1, 247 BGB (German Civil Code).

**[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 aggregate 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.<sup>1]</sup>

**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 aggregate 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.<sup>2]</sup>

**[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 aggregate 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<sup>2</sup>, 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, Instalment Notes, Credit Linked Notes, Dual Currency Notes or other structured Notes insert all applicable provisions regarding interest.]**

**[( )] *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 (ICMA 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 (ICMA Rule 251) method]**

**[if Actual/Actual (ICMA 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 (ICMA 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

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<sup>2</sup> 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 paragraph 1, 247 German Civil Code.



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 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:**

**[insert Specified Currency] [in the case of Dual Currency Notes insert relevant currencies/exchange rate formulas].**

**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, the Amsterdam Treaty of 2 October 1997 and the Treaty of Lisbon of 13 December 2007, 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 **[in the case of Floating Rate Notes:**, subject to § 4(1).] 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 2 ("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 redemption amount of this series of Notes shall be 100 per cent. of the aggregate principal amount of the Notes. 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)	Instalment Amount(s)
<b>[insert Instalment Date(s)]</b>	<b>[insert Instalment Amount(s)]</b>
<b>[ ]</b>	<b>[ ]</b>
<b>[ ]</b>	<b>[ ]</b>

(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]** 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)	Call Redemption Amount(s)
<b>[insert Call Redemption Date(s)]</b>	<b>[insert Call Redemption Amounts]</b>
<b>[ ]</b>	<b>[ ]</b>
<b>[ ]</b>	<b>[ ]</b>

**[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.] **[In the case of Notes in NGN form insert:** Such partial redemption shall be reflected in the records of CBL and Euroclear as either a pool factor or a reduction in aggregate principal amount, at the discretion of CBL and Euroclear.]

**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)	Put Redemption Amount(s)
<b>[insert Put Redemption Date(s)]</b>	<b>[insert Put Redemption Amounts]</b>
<b>[ ]</b>	<b>[ ]</b>
<b>[ ]</b>	<b>[ ]</b>

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), send to the relevant Note [together with all unmatured Coupons appertaining thereto] during normal business hours send to the specified office of any Paying Agent an duly early redemption notice in written form ("**Put Notice**") **[In case of Definitive Notes insert:** and deposit the relevant Note at such office]. In the event that the Put Notice is received after 5:00 p.m. Frankfurt time on the **[insert Minimum Notice to Issuer]** Payment Business Day before the Put Redemption Date, the option shall not have been validly exercised. The Put Notice must specify (i) the total principal amount of the Notes in respect of which such option is exercised, [and] (ii) the securities identification numbers of such Notes, if any **[in the case the Global Note is kept in custody by CBF, insert:** and (iii) contact details as well as a bank account]. The Put Notice may be in the form available from the specified offices of the Fiscal Agent and the Paying Agent[s] in the German and English language and includes further information. 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, Credit Linked Notes, Dual Currency Notes or other structured Notes insert all applicable provisions regarding redemption herein.]**

## **§ 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: Deutsche Bank Aktiengesellschaft  
Trust & Securities Services (TSS)  
Große Gallusstraße 10-14  
60272 Frankfurt am Main  
Federal Republic of Germany

Paying Agent[s]: Deutsche Bank Luxembourg S.A.  
2 boulevard Konrad Adenauer  
1115 Luxembourg  
Luxembourg

**[insert other Paying Agents and specified offices]**

**[insert name and specified office]**

**[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:** 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 the Council Directive 2003/48/EC on taxation of savings income in the form of interest payments which was approved by the Council of the European Union on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such directive, 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) *Agent of the Issuer.* The Fiscal Agent[, ] [and] [the Paying Agent[s]] [and the Calculation Agent] act[s] solely as the agent[s] of the Issuer and [does] [do] not assume any obligations towards or relationship of agency or trust for 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] 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] 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] 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 Germany **[in the case of Notes being issued by Finance insert:**, 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.]

**[§ 9  
Presentation Period**

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

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

**[§ 9  
Presentation Period, Replacement of Notes**

**[If the Notes are issued with Coupons insert: and Coupons]**

**In the case of Definitive Notes insert:**

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 EUR 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]** 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 aggregate 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 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**

#### **[In the case of Notes which are listed on the official list of the Luxembourg Stock Exchange insert:**

(1) *Publication*. All notices concerning the Notes will be made by means of electronic publication on the internet website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any notice so given will be deemed to have been validly given on the third day following the date of such publication.

(2) *Notification to Clearing System*. In addition, the Issuer shall deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been validly given on the seventh day after the day on which the said notice was given to the Clearing System. So long as any Notes are listed on the official list of the Luxembourg Stock Exchange, subparagraph (1) shall apply. In the case of notices regarding the Rate of Interest of Floating Rate Notes or, if the Rules of the Luxembourg Stock Exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication as set forth in subparagraph (1) above; any such notice shall be deemed to have been validly given on the seventh day after the day on which the said notice was given to the Clearing System.]

#### **[In the case of Notes which are unlisted insert:**

(1) *Notification to Clearing System*. The Issuer shall deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been validly given on the seventh day after the day on which the said notice was given to the Clearing System.]

#### **[In case of Notes which are listed on a Stock Exchange other than the Luxembourg Stock Exchange insert relevant provisions]**

[(3)] *Form of Notice*. Notices to be given by any Holder shall be made by means of a written declaration to be lodged together with an evidence of the Holder's entitlement in accordance with

§ 14[(5)] to the Agent. Such notice may be given through the Clearing System in such manner as the Agent and the Clearing System may approve for such purpose.]

## § 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 non 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 non-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 Authorised Agent.* For any legal disputes or other proceedings before German courts, the Issuer appoints Deutsche Telekom, as its authorised 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 authorised 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 banker other financial institution of recognised standing authorised 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-qualified investors in Germany with English language Conditions:**

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

## Anleihebedingungen

Diese Serie von Schuldverschreibungen wird gemäß einem geänderten und neugefaßten Agency Agreement vom [•] Mai 2012 (das "**Agency Agreement**") zwischen Deutsche Telekom AG ("**Deutsche Telekom**"), Deutsche Telekom International Finance B.V. ("**Finance**"), Deutsche Bank Aktiengesellschaft, 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 Anleihebedingungen gelten für diese Schuldverschreibungen so, wie sie durch die Angaben der beigefügten endgültigen Bedingungen (die "**Endgültigen Bedingungen**") vervollständigt, geändert, ergänzt oder ganz oder teilweise ersetzt werden. Die Leerstellen in den auf die Schuldverschreibungen anwendbaren Bestimmungen dieser Anleihebedingungen gelten als durch die in den Endgültigen Bedingungen enthaltenen Angaben ausgefüllt, als ob die Leerstellen tatsächlich in den betreffenden Bestimmungen durch diese Angaben ausgefüllt worden wären. Sofern die Endgültigen Bedingungen die Änderung, Ergänzung oder (vollständige oder teilweise) Ersetzung von Bestimmungen dieser Anleihebedingungen vorsehen, gelten die betreffenden Bestimmungen dieser Anleihebedingungen als entsprechend geändert, ergänzt oder ersetzt. Alternative oder wählbare Bestimmungen dieser Anleihebedingungen, deren Entsprechungen in den Endgültigen Bedingungen nicht ausdrücklich ausgefüllt oder gestrichen sind, gelten als aus diesen Anleihebedingungen gestrichen. Sämtliche auf die Schuldverschreibungen nicht anwendbaren Bestimmungen dieser Anleihebedingungen (einschließlich der Anweisungen, Anmerkungen und der Texte in eckigen Klammern) gelten als insoweit aus diesen Anleihebedingungen gestrichen, wie dies erforderlich ist, um den Bestimmungen der Endgültigen Bedingungen Geltung zu verschaffen. Kopien der Endgültigen Bedingungen werden bei den bezeichneten Geschäftsstellen der Zahlstellen zur kostenlosen Ausgabe bereitgehalten. Soweit die Schuldverschreibungen nicht an einer Börse notiert sind, sind Kopien der Endgültigen Bedingungen allerdings ausschließlich für die Gläubiger solcher Schuldverschreibungen erhältlich.]

## ANLEIHEBEDINGUNGEN (German Language Version)

### § 1

#### Währung, Nennbetrag, Form und Eigentumsrecht Bestimmte Definitionen

(1) *Währung und Nennbetrag.* Diese Serie der Schuldverschreibungen der [ ] (die "**Emittentin**") wird in **[festgelegte Währung einfügen]** (die "**festgelegte Währung**") im Gesamtnennbetrag von **[falls die Globalurkunde eine NGN ist, einfügen:** (vorbehaltlich § 1[ Absatz 8]) **[Gesamtnennbetrag einfügen]** begeben und ist eingeteilt in [ ] Schuldverschreibungen im Nennbetrag von [ ], [ ] Schuldverschreibungen im Nennbetrag von [ ] und [ ] Schuldverschreibungen im Nennbetrag von [ ] ([die "**festgelegten Nennbeträge**"] [der "**festgelegte Nennbetrag**"]).

#### 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 und sind durch eine oder mehrere Globalurkunden verbrieft (jede eine "**Globalurkunde**"). Die Übertragung des Eigentumsrechts an den Schuldverschreibungen [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 Einzelurkunden: gegen Einzelurkunden in den festgelegten Nennbeträgen [mit beigefügten [Zinsscheinen] [und] [Talons] [,] [und Rückzahlungsscheinen]]]** **[bei Austausch der vorläufigen Globalurkunde gegen Einzelurkunden und Sammelglobalurkunden: zum Teil gegen Einzelurkunden 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 Einzelurkunden 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][dem festgelegten Nennbetrag], die durch [eine] [falls mehrere Dauerglobalurkunden, Zahl angeben] Dauerglobalurkunde[n] ([die] [jeweils eine] "**Dauerglobalurkunde**") [bei Schuldverschreibungen, die keine Nullkupon-Schuldverschreibungen sind: ohne Zinsscheine]** verbrieft sind ausgetauscht].
- (b) Die vorläufige Globalurkunde wird frühestens an einem Tag (der "**Austauschtag**") gegen [Einzelurkunden] [zum Teil Einzelurkunden und zum anderen Teil Sammelglobalurkunden] [durch [eine] Dauerglobalurkunde[n] verbrieft]e Schuldverschreibungen] austauschbar, der 40 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegt **[bei TEFRA D Schuldverschreibungen:]**, und zwar nach Vorlage von Bescheinigungen gemäß U.S. Steuerrecht 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. Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieft]e Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist für jede solche Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß diesem Absatz (b) dieses § 1 Absatz [4] auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten (wie in § 5 Absatz 3 definiert) geliefert werden]. [Dauerglobalurkunden] [Einzelurkunden], 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 Einzelurkunden 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. **[Bei Einzelurkunden einfügen: Lediglich in dem Fall, in dem die Einzelurkunden 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 Einzelurkunden 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)] Bestimmte Definitionen.** In diesen Anleihebedingungen bedeutet:

**"Clearing-System"** [sowohl] [Clearstream Banking AG, Frankfurt am Main, ("CBF")][,][als auch] [Clearstream Banking, société anonyme, Luxembourg ("CBL")] [,] [und] [Euroclear Bank SA/NV ("Euroclear")] [(CBL and Euroclear jeweils ein "ICSD" und zusammen die "ICSDs")] [und] [ggf. weitere Clearing-Systeme einfügen] sowie jeder Funktionsnachfolger.

**[Im Fall von Schuldverschreibungen, die im Namen der ICSDs verwahrt werden, einfügen:**

**[Falls die Globalurkunde eine NGN ist, einfügen:** Die Schuldverschreibungen werden in Form einer new global note ("NGN") ausgegeben und von einem common safekeeper im Namen beider ICSDs verwahrt.]

**[Falls die Globalurkunde eine CGN ist, einfügen:** Die Schuldverschreibungen werden in Form einer classical global note ("CGN") ausgegeben und von einer gemeinsamen Verwahrstelle im Namen beider ICSDs verwahrt.]

**[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 Anleihebedingungen 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 zwischen-staatliche Vereinbarung eingeführt wird (die "**Nachfolgewährung**"), sofern Zahlungen in der ursprünglichen Währung nicht mehr als zu-lässiges Zahlungsmittel für Zahlungen der Emittentin hinsichtlich der Schuldverschreibungen **[bei von Finance begebenen Schuldverschreibungen:** bzw. für Zahlungen der Garantin hinsichtlich der Garantie] gelten.

**Falls die Globalurkunde eine NGN ist, einfügen:**

**[(8)] Register der ICSDs.** Der Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen man die Register versteht, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind maßgeblicher Nachweis über den Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen, und ein zu diesen Zwecken von einem ICSD jeweils ausgestellte Bescheinigung mit dem Betrag der so verbrieften Schuldverschreibungen ist ein maßgeblicher Nachweis über den Inhalt des Registers des jeweiligen ICSD zu diesem Zeitpunkt.

Bei Rückzahlung oder Zahlung einer Rate oder einer Zinszahlung bezüglich der durch die Globalurkunde verbrieften Schuldverschreibungen bzw. bei Kauf und Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten über Rückzahlung und Zahlung bzw. Kauf und Löschung bezüglich der Globalurkunde *pro rata* in die Unterlagen der ICSDs eingetragen werden, und dass, nach dieser Eintragung, vom Gesamtnennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgekauften bzw. gekauften und entwerteten Schuldverschreibungen bzw. der Gesamtbetrag der so gezahlten Raten abgezogen wird.]

**[Falls die vorläufige Globalurkunde eine NGN ist, einfügen:** Bei Austausch eines Anteils von ausschließlich durch eine vorläufige Globalurkunde verbriefter Schuldverschreibungen wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs *pro rata* in die Aufzeichnungen der ICSDs aufgenommen werden.])

## **§ 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, schließt das in diesem § 3 benutzte Wort "**Vermögen**" nicht solche Vermögensgegenstände der Emittentin ein, die nach dem jeweils auf die Transaktion anwendbaren Zivilrecht ohne Rückgriffsmöglichkeiten veräußert sind.

### **bei von Finance begebenen Schuldverschreibungen:**

**[(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, schließt das in diesem § 3 benutzte Wort "**Vermögen**" nicht solche Vermögensgegenstände der Garantin ein, die nach dem jeweils auf die Transaktion anwendbaren Zivilrecht ohne Rückgriffsmöglichkeiten veräußert sind. Kopien der Garantie und Negativverpflichtung

werden bei den bezeichneten Geschäftsstellen der Zahlstellen zur kostenlosen Ausgabe bereitgehalten.]

#### § 4 Zinsen

##### bei festverzinslichen Schuldverschreibungen:

[(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden in Höhe ihres Gesamtnennbetrages verzinst, und zwar vom **[Verzinsungsbeginn einfügen]** (einschließlich) bis zum Fälligkeitstag (wie in § 6 Absatz 1 definiert) (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 Bruchteilzinsbetrag/die anfänglichen Bruchteilzinsbeträge 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 Bruchteilzinsbetrag/die abschließenden Bruchteilzinsbeträge 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.<sup>1]</sup>

##### [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 Gesamtnennbetrages 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.<sup>1]</sup>

(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 Gesamtnennbetrages 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 Anleihebedingungen 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.]**

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<sup>1</sup> 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 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.]

**[Falls die Zinsen angepasst werden sollten, einfügen:** Falls der Fälligkeitstag einer Zahlung, wie oben beschrieben, **[vorgezogen wird]** **[oder]** **[verspätet ist]**, wird der Zinsbetrag entsprechend angepasst **[und der Gläubiger ist berechtigt, etwaige weitere Zinsen aufgrund dieser Verspätung zu verlangen].**]

**[Falls die Zinsen nicht angepasst werden sollten, einfügen:** Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund einer solchen Verspätung zu verlangen.]

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 2 ("**TARGET**") geöffnet 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 darauf folgenden 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 das Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET**") geöffnet 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]** oder jede Nachfolgeside.

**[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 in den Endgültigen Bedingungen 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 in den Endgültigen Bedingungen 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 (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992), den Amsterdamer Vertrag vom 2. Oktober 1997 und den Vertrag von Lissabon vom 13. Dezember 2007, 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 betreffenden von der International Swaps and Derivatives Association, Inc. veröffentlichten 2000 ISDA-Definitionen oder, falls anwendbar, die 2006 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 Gesamtnennbetrages 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.<sup>1]</sup>

**[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 Gesamtnennbetrages 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

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<sup>1</sup> 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 BGB.

die Rückzahlung der Schuldverschreibungen erforderlichen Mittel zur Verfügung gestellt worden sind. Der jeweils geltende Zinssatz ist der gesetzlich festgelegte Satz für Verzugszinsen<sup>1</sup>.]

**im Falle von Nullkupon-Schuldverschreibungen:**

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

**[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 Gesamtnennbetrag 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.<sup>1</sup>]

**[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 Gesamtnennbetrag der Schuldverschreibungen ab dem Fälligkeitstag bis zum Tag, der dem Tag der tatsächlichen Rückzahlung vorangeht, Zinsen in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen<sup>1</sup>; 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, Raten-Schuldverschreibungen, Credit Linked Notes, Doppelwährungs-Schuldverschreibungen oder anderen strukturierten Schuldverschreibungen sind die anwendbaren Bestimmungen die Zinsen betreffend einzufügen.]**

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

**[Im Falle von Actual/Actual (ICMA 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 (ICMA Regelung 251) mit zwei oder mehr gleich bleibenden 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.].

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<sup>1</sup> 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 BGB.

**[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 Einzelurkunden verbrieften Schuldverschreibungen:**

[Zahlungen auf Kapital in Bezug auf durch Einzelurkunden verbrieft 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 verbrieft 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 Rico, 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 Einzelurkunden verbrieften Schuldverschreibungen:** Die Zahlung von Zinsen auf durch Einzelurkunden verbrieft 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 Schuldverschreibungen, die durch eine Dauerglobalurkunde verbrieft werden:** Die Zahlung von Zinsen auf durch eine Dauerglobalurkunde verbrieft 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 Globalurkunde zahlbaren Zinsen:** Die Zahlung von Zinsen auf durch eine vorläufige Globalurkunde verbriefte 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:**

**[festgelegte Währung einfügen] [bei Doppelwährungsanleihen entsprechende Währungen/Wechselkursformeln einfügen].**

**bei Einzelurkunden 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, des Amsterdamer Vertrages vom 2. Oktober 1997 und den Vertrag von Lissabon vom 13. Dezember 2007, 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 **[im Falle von variabel verzinslichen Schuldverschreibungen, einfügen:]**, vorbehaltlich der Bestimmungen in § 4(1),] 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 2 ("**TARGET**") geöffnet 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 Einzelurkunden, die anfänglich mit Zinsscheinen, Talons oder Rückzahlungsscheinen ausgeliefert der:**

**[(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 Einzelurkunden, 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 Einzelurkunden, 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 Einzelurkunden, 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 Anleihebedingungen als am Zinszahlungstag fällig, an dem der letzte im jeweiligen Zinsscheinbogen enthaltene Zinsschein fällig wird.]]

**[(8) Bezugnahmen auf Kapital und Zinsen.** Bezugnahmen in diesen Anleihebedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den

Rückzahlungsbetrag der Schuldverschreibungen; den vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen, **[falls die Emittentin 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 Anleihebedingungen 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 dieser Serie von Schuldverschreibungen beträgt 100% des Gesamtnennbetrages der Schuldverschreibungen. 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)	Rate(n)
<b>[Ratenzahlungstermin(e)]</b>	<b>[Rate(n)]</b>
<b>[ ]</b>	<b>[ ]</b>
<b>[ ]</b>	<b>[ ]</b>

*(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 frühest möglichen 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.

**[(3) Vorzeitige Rückzahlung nach Wahl der Emittentin.**

**falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig zurückzuzahlen:**

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

**[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 zurückzuzahlende Serie von Schuldverschreibungen;
- (ii) eine Erklärung, ob diese Serie ganz oder teilweise zurückgezahlt wird und im letzteren Fall den Gesamtbetrag der zurückzuzahlenden 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 verbriefen Schuldverschreibungen:** in Übereinstimmung mit den Regeln des betreffenden Clearing-Systems ausgewählt.] **[Falls die Schuldverschreibungen in Form einer NGN begeben werden, einfügen:** Die teilweise Rückzahlung wird in den Registern von CBL und Euroclear nach deren Ermessen entweder als Pool-Faktor oder als Reduzierung des Gesamtnennbetrags wiedergegeben.]]

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

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

- (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)	Wahl-Rückzahlungsbetrag/-beträge
(Put)	(Put)
<b>[Wahl-Rückzahlungstag(e)]</b>	<b>[Wahl-Rückzahlungsbetrag/-beträge]</b>
[ ]	[ ]
[ ]	[ ]

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, an die bezeichnete Geschäftsstelle einer Zahlstelle eine schriftliche Mitteilung zur vorzeitigen Rückzahlung ("Ausübungserklärung"), zu schicken **[Im Fall von Schuldverschreibungen, die durch Einzelurkunden verbrieft sind, einfügen:** und die entsprechende Schuldverschreibung dort zu hinterlegen]. Falls die Ausübungserklärung nach 17:00 Uhr Frankfurter Zeit am **[Mindestkündigungsfrist einfügen]** Zahltag vor dem Wahl-Rückzahlungstag (Put) eingeht, ist das Wahlrecht nicht wirksam ausgeübt. Die Ausübungserklärung hat anzugeben: (i) den gesamten Nennbetrag der Schuldverschreibungen, für die das Wahlrecht ausgeübt wird [und][,] (ii) die Wertpapierkennnummern dieser Schuldverschreibungen (soweit vergeben) **[im Fall der Verwahrung der Globalurkunde durch CBF einfügen:** und (iii) Kontaktdaten sowie eine Kontoverbindung]. Für die Ausübungserklärung kann ein Formblatt, wie es bei den bezeichneten Geschäftsstellen des Fiscal Agent und der Zahlstelle[n] in deutscher und englischer Sprache erhältlich ist und das weitere Hinweise enthält, verwendet werden. 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 **[Ausgabebetag 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, Credit Linked Notes, Doppelwährungs-Schuldverschreibungen oder anderen strukturierten Schuldverschreibungen sind die anwendbaren Bestimmungen die Rückzahlung betreffend einzufügen.]**

## § 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 Hauptzahlstelle: Deutsche Bank Aktiengesellschaft  
Trust & Securities Services (TSS)  
Große Gallusstraße 10-14  
60272 Frankfurt am Main  
Deutschland

Zahlstelle[n]: Deutsche Bank Luxembourg S.A.  
2 boulevard Konrad Adenauer  
1115 Luxemburg  
Luxemburg

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

**[Name und Geschäftsstelle]**

**[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 bestellen. 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 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 Einzelurkunden einfügen:** Die Emittentin verpflichtet sich, eine Zahlstelle in einem Mitgliedstaat der Europäischen Union zu unterhalten, welche nicht verpflichtet ist, steuerliche Einbehalte oder Abzüge nach Maßgabe der Richtlinie 2003/48/EG des Rates vom 3. Juni 2003 im Bereich der Besteuerung von Zinserträgen oder nach Maßgabe einer Rechtsnorm, die zur Umsetzung dieser Richtlinie vorgesehen ist, dieser entspricht oder zur Anpassung an diese Richtlinie eingeführt wird, vorzunehmen, 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] [handelt] [handeln] ausschließlich als Erfüllungsgehilfe[n] der Emittentin und [übernimmt] [übernehmen] keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen [ihm] [ihnen] und den Gläubigern begründet.

## § 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] 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 zusätzlichen 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] 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] 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 Deutschland **[im Fall von Schuldverschreibungen, die von Finance begeben werden einfügen:**, 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.]

## [§ 9 Vorlegungsfrist

**Falls die Schuldverschreibungen durch Globalurkunden verbrieft sind, einfügen:**

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

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

**Falls die Schuldverschreibungen durch Einzelurkunden verbrieft sind, einfügen:**

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 zugrunde liegenden Vertrages, oder die Emittentin **[bei von Finance begebenen Schuldverschreibungen:** oder die Garantin] einer Zahlungsverpflichtung in Höhe oder im Gegenwert von mehr als EUR 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 bekannt gibt 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: oder die Garantin]** ein "surseance van betaling" (Schuldenmoratorium 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: oder die Garantin]** den Niederlanden oder in 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: oder die Garantin]** übernommenen Verpflichtungen in vollem Umfang zu beachten und zu erfüllen und diese Lage nicht binnen 90 Tagen behoben ist [., ], oder]

#### **bei von Finance begebenen Schuldverschreibungen:**

- [(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 Gesamtnennbetrag von mindestens  $\frac{1}{10}$  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: oder die Garantin]** eine Tochtergesellschaft (wie nachstehend definiert) **[bei von Deutsche Telekom begebenen Schuldverschreibungen: oder die 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 unbedingt 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 bekannt gegeben.

(3) *Änderung von Bezugnahmen.* Im Falle einer solchen Ersetzung gilt jede Bezugnahme in diesen Anleihebedingungen 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

**[Im Fall von Schuldverschreibungen, die auf der offiziellen Liste der der Luxemburger Börse gelistet sind, einfügen:**

(1) *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen erfolgen durch elektronische Publikation auf der Website der Luxemburger Börse (www.bourse.lu). Jede Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System.* Die Emittentin wird alle die Schuldverschreibungen betreffenden Mitteilungen zusätzlich an das Clearing System zur Weiterleitung an die Gläubiger übermitteln. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt. Solange Schuldverschreibungen auf der offiziellen Liste der Luxemburger Börse gelistet sind, findet Absatz (1) Anwendung. Soweit die Mitteilung den Zinssatz von variabel verzinslichen Schuldverschreibungen betrifft oder die Regeln der Luxemburger Börse dies sonst zulassen, kann die Emittentin eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.]

**[Im Fall von Schuldverschreibungen, die nicht an einer Börse notiert sind, einfügen:**

(1) *Mitteilungen an das Clearing-System.* Die Emittentin wird alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearing System zur Weiterleitung an die Gläubiger übermitteln. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.]

**[Im Fall von Schuldverschreibungen, die an einer anderen Börse als der Luxemburger Börse notiert sind, relevante Bestimmungen einfügen]**

[(3)] *Form der Mitteilung.* Mitteilungen, die von einem Gläubiger gemacht werden, müssen schriftlich erfolgen und zusammen mit dem Nachweis seiner Inhaberschaft gemäß § 14 Absatz [5] an die Emissionsstelle geleitet werden. Eine solche Mitteilung kann über das Clearing System in der von der Emissionsstelle und dem Clearing System dafür vorgesehenen Weise erfolgen.

**§ 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.* Nicht 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 nicht 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 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 Einzelurkunde 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 Einzelurkunde 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 Anleihebedingungen sind ausschließlich in [deutscher] [englischer] Sprache abgefasst.]

[Diese Anleihebedingungen 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.]

**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 during the period beginning on 10 November 1999 through 5 June 2001. The Guarantee dated 6 June 2001 extends to any and all Notes which have been issued by Finance on or after 6 June 2001 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 expression "assets" as used in this subparagraph (2) does not include assets of the Guarantor that are sold on a non-recourse basis determined in accordance with the civil law applicable to such transaction.

(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 Terms and Conditions.

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

(7) This Agreement is written in the English language and attached hereto is a non-binding German 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, 1 September 2005

DEUTSCHE TELEKOM AG

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

1 September 2005

DEUTSCHE BANK AKTIENGESELLSCHAFT

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

**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 zusätzlichen 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 in der Zeit vom 10. November 1999 bis zum 5. Juni 2001 begeben worden sind. Die Garantie mit Datum vom 6. Juni 2001 gilt für sämtliche Schuldverschreibungen, die von Finance am oder nach dem 6. Juni 2001 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, schließt das in diesem Absatz (2) benutzte Wort "*Vermögen*" nicht solche Vermögensgegenstände der Garantin ein, die nach dem jeweils auf die Transaktion anwendbaren Zivilrecht ohne Rückgriffsmöglichkeiten veräußert sind.

(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 Emissionsbedingungen zugewiesene Bedeutung.

(6) Dieser Vertrag unterliegt deutschem Recht.

(7) Dieser Vertrag ist in englischer Sprache abgefasst und ihm ist eine unverbindliche Übersetzung in die deutsche Sprache beigelegt.

(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, 1. September 2005

DEUTSCHE TELEKOM AG

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

1. September 2005

DEUTSCHE BANK AKTIENGESELLSCHAFT

Full information on the Issuers and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated 3 May 2012. The Final Terms will be displayed on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## FORM OF FINAL TERMS MUSTER – ENDGÜLTIGE BEDINGUNGEN

[Date]  
[Datum]

### Final Terms<sup>1</sup> Endgültige Bedingungen

[Title of relevant Series of Notes]

[(to be consolidated, form a single series with the [Title of relevant Series of Notes] issued on •, in the aggregate principal amount to [•])]

*[Bezeichnung der betreffenden Serie der Schuldverschreibungen]  
[die mit den am • begebenen [Bezeichnung der betreffenden Serie der Schuldverschreibungen] konsolidiert werden und eine einheitliche Serie im Gesamtnennbetrag von [•] bilden]*

Series: [•]/[•], Tranche [•]  
Serien: [•]/[•], Tranche [•]

issued pursuant to the  
begeben aufgrund des

**EUR 25,000,000,000**  
**Debt Issuance Programme**

dated 3 May 2012  
vom 3. Mai 2012

of  
der

**Deutsche Telekom AG**

and  
und

**Deutsche Telekom International Finance B.V.**

Issue Price: [ ] per cent.

Ausgabepreis: [ ]%

Issue Date: [ ]<sup>2</sup>

<sup>1</sup> Directive 2010/73/EU (the "Amending Directive") amending the Prospectus Directive 2003/71/EC and the Transparency Directive 2004/109/EC increases the minimum denomination threshold per debt security from €50,000 to €100,000, or its equivalent in another currency, for the qualification of a debt security as wholesale debt with regard to the wholesale disclosure requirements and the exemptions under the Prospectus Directive. For the increased minimum denomination threshold to become relevant for the Final Terms, the Amending Directive must be implemented into the relevant national law of the jurisdictions into which the Prospectus has been passported and in which Notes will be listed on a stock exchange and/or publicly offered and distributed.

Die Richtlinie 2010/73/EU (die "Änderungsrichtlinie"), durch die die Prospektrichtlinie 2003/71/EG und die Transparenzrichtlinie 2004/109/EG geändert werden, erhöht die für die Einordnung eines Schudtitels als ein Schudtitel für Großanleger in Bezug auf die entsprechenden Offenlegungspflichten und die Ausnahmen gemäß der Prospektrichtlinie maßgebliche Schwelle der Mindeststückelung pro Schudtitel von € 50.000 auf € 100.000, bzw. den entsprechenden Gegenwert in einer anderen Währung. Damit die erhöhte Schwelle der Mindeststückelung für die Endgültigen Bedingungen relevant wird, muss die Änderungsrichtlinie in das jeweilige nationale Recht der Rechtsordnungen, in die der Prospekt notifiziert wurde und/oder in denen eine Börsennotierung bzw. ein öffentliches Angebot und der Vertrieb der Schudtitel erfolgen soll, umgesetzt werden.

<sup>2</sup> 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.

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.



Tag der Begebung: [ ]

These are the Final Terms of an issue of Notes under the EUR 25,000,000,000 Debt Issuance Programme of Deutsche Telekom AG and Deutsche Telekom International Finance B.V. (the "**Programme**"). Full information on the Issuer and Guarantor and the offer of the Notes is only available on the basis of the combination of the Prospectus dated 3 May 2012 [as supplemented on [ ]] (the "**Prospectus**") and these Final Terms.

*Dies sind die Endgültigen Bedingungen einer Emission von Schuldverschreibungen unter dem EUR 25.000.000.000 Debt Issuance Programme der Deutsche Telekom AG und der Deutsche Telekom International Finance B.V. (das "**Programm**"). Vollständige Informationen über die Emittentin und die Garantin und das Angebot der Schuldverschreibungen sind nur verfügbar, wenn die Endgültigen Bedingungen und der Prospekt vom 3. Mai 2012 [ergänzt mit Nachtrag vom [ ]] (der "**Prospekt**") zusammengekommen werden.*

## **Part I. TERMS AND CONDITIONS**

### **Teil I. ANLEIHEBEDINGUNGEN**

**[In case of Long-Form Conditions, insert:**

***Im Fall von nicht konsolidierten Bedingungen einfügen:***

This part of the Final Terms is to be read in conjunction with the Terms and Conditions of the Notes (the "**Terms and Conditions**") set forth in the Prospectus [dated I ]<sup>3</sup> pertaining to the Programme, as the same may be supplemented from time to time. Capitalised terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions.

*Dieser Teil der Endgültigen Bedingungen ist in Verbindung mit den Anleihebedingungen der Schuldverschreibungen (die "**Anleihebedingungen**") zu lesen, die in der jeweils geltenden Fassung des Prospekts [vom I ]<sup>2</sup> enthalten sind, welcher für das Programm herausgegeben wird. Begriffe, die in den Anleihebedingungen definiert sind, haben, falls die Endgültigen Bedingungen nicht etwas anderes bestimmen, die gleiche Bedeutung, wenn sie in diesen Endgültigen Bedingungen verwendet werden.*

All references in this part of the Final Terms to numbered §§ and subparagraphs are to §§ and subparagraphs of the Terms and Conditions.

*Bezugnahmen in diesem Teil der Endgültigen Bedingungen auf Paragraphen und Absätze beziehen sich auf die Paragraphen und Absätze der Anleihebedingungen.*

All provisions in the Terms and Conditions corresponding to items in the Final Terms 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**").

*Sämtliche Bestimmungen der Anleihebedingungen, die sich auf Variablen dieser Endgültigen Bedingungen beziehen und die weder angekreuzt noch ausgefüllt werden oder die gestrichen werden, gelten als aus den auf die Schuldverschreibungen anwendbaren Anleihebedingungen (die "**Bedingungen**") gestrichen.]*

**[In case of Integrated Conditions, insert:**

***Im Fall von konsolidierten Bedingungen einfügen:***

The Integrated Conditions applicable to the Notes (the "**Conditions**") and the German or English language translation thereof, if any, are attached hereto and replace in full the Terms and Conditions of the Notes as set out in the Prospectus [dated I ]<sup>2</sup> and take precedence over any conflicting

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<sup>3</sup> In case of an increase of an issue of Notes which were originally issued prior to the date of the current Prospectus, insert date of the Prospectus under which the original tranche was issued.

*Im Fall einer Aufstockung einer Emission von Schuldverschreibungen, die ursprünglich vor dem Datum des aktuellen Prospekts begeben wurden, Datum des ursprünglichen Prospekts einfügen.*

provisions set forth in part I of the Final Terms.

*Die für die Schuldverschreibungen geltenden konsolidierten Bedingungen (die "**Bedingungen**") und eine etwaige deutsch- oder englischsprachige Übersetzung sind diesen Endgültigen Bedingungen beigelegt. Die Bedingungen ersetzen in Gänze die im Prospekt [vom I]<sup>2</sup> abgedruckten Anleihebedingungen und gehen etwaigen abweichenden Bestimmungen in Teil I der Endgültigen Bedingungen vor.]*

## Issuer

### Emittentin

[ ]

### Form of Conditions<sup>4</sup>

#### Form der Bedingungen

- ☐ Long-Form  
*Nicht-konsolidierte Bedingungen*
- ☐ Integrated  
*Konsolidierte Bedingungen*

### Language of Conditions<sup>5</sup>

#### Sprache der Bedingungen

- ☐ German only  
*ausschließlich Deutsch*
- ☐ English only  
*ausschließlich Englisch*
- ☐ English and German (English text controlling)  
*Englisch und Deutsch (englischer Text maßgeblich)*
- ☐ German and English (German text controlling)  
*Deutsch und Englisch (deutscher Text maßgeblich)*

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<sup>4</sup> To be determined in consultation with the Issuer. It is anticipated that Long-Form Conditions will generally be used for Notes which are neither not publicly offered nor distributed, in whole or in part to non-qualified investors. Integrated Conditions will be required where the Notes are to be publicly offered, in whole or in part, or to be initially distributed in whole or in part to non-qualified investors.

*Die Form der Bedingungen ist in Abstimmung mit der Emittentin festzulegen. Es ist vorgesehen, daß nicht-konsolidierte Bedingungen für Schuldverschreibungen verwendet werden, die weder öffentlich zum Verkauf angeboten werden noch ganz oder teilweise an nicht qualifizierte Anleger verkauft werden. Konsolidierte Bedingungen sind erforderlich, wenn die Schuldverschreibungen anfänglich insgesamt oder teilweise öffentlich zum Verkauf angeboten werden oder insgesamt oder teilweise an nicht qualifizierte Investoren verkauft werden.*

<sup>5</sup> To be determined in consultation with the Issuer. In general, German will be the controlling language in case of Notes publicly offered, in whole or in part, in Germany or distributed, in whole or in part, to non-qualified 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-qualified 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.

*Die Sprache der Bedingungen ist in Abstimmung mit der Emittentin festzulegen. In der Regel wird für Schuldverschreibungen, die insgesamt oder teilweise öffentlich zum Verkauf in Deutschland angeboten werden und für Schuldverschreibungen, die an nicht qualifizierte 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 qualifizierte 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)<sup>6</sup>

### WÄHRUNG, NENNBETRAG, FORM UND EIGENTUMSRECHT, BESTIMMTE 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* [ ]

**New Global Note**

[Yes/No]

**New Global Note**

[Ja/Nein]

#### ○ 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*

<sup>6</sup> The minimum denomination of the Notes will be, if in euro, EUR 1,000, if in any currency other than euro, in an amount in such other currency nearly equivalent to EUR 1,000 at the time of the issue of the Notes .  
*Die Mindeststückelung der Schuldverschreibungen beträgt EUR 1.000, bzw. falls die Schuldverschreibungen in einer anderen Währung als Euro begeben werden, einem Betrag in dieser anderen Währung, der zur Zeit der Begebung der Schuldverschreibungen annähernd dem Gegenwert von EUR 1.000 entspricht.*

- NEITHER TEFRA D NOR TEFRA C<sup>7</sup>  
*WEDER TEFRA D NOCH TEFRA C*  
 Permanent Global Note  
*Dauerglobalurkunde*

#### **Definitive Notes**

[Yes/No]

#### **Einzelurkunden**

[Ja/Nein]

- Coupons  
*Zinsscheine*
- Talons  
*Talons*
- Receipts  
*Rückzahlungsscheine*

#### **Certain Definitions**

##### **Bestimmte Definitionen**

##### Clearing System

- Clearstream Banking AG, Frankfurt am Main (CBF)  
 Neue Börsenstraße 1  
 60487 Frankfurt am Main  
 Deutschland
- Clearstream Banking, société anonyme, Luxembourg (CBL)  
 42 Avenue JF Kennedy  
 1855 Luxembourg  
 Luxembourg
- Euroclear Bank SA/NV (Euroclear)  
 1 Boulevard du Roi Albert II  
 1210 Brussels  
 Belgium
- Other – specify  
*sonstige (angeben)*

[ ]

##### Calculation Agent

[Yes/No]

##### *Berechnungsstelle*

[Ja/Nein]

- Fiscal Agent  
*Fiscal Agent*
- Other (specify)  
*sonstige (angeben)*

[ ]

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<sup>7</sup> Applicable only if Notes have an initial maturity of one year or less.  
*Nur anwendbar bei Schuldverschreibungen mit einer ursprünglichen Laufzeit von einem Jahr oder weniger.*

## INTEREST (§ 4)<sup>8</sup>

### 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

<sup>8</sup> If not applicable, the following items may be deleted.  
*Falls nicht anwendbar, können die folgenden Angaben gelöscht werden.*

<b>Adjustment of interest</b>	[Yes/No]
<b>Anpassung der Zinsen</b>	[Ja/Nein]
<b>Relevant Financial Centres (specify all)</b>	
<b>Relevante Finanzzentren (alle angeben)</b>	[ ]
<b>Rate of Interest</b>	
<b>Zinssatz</b>	
<input type="radio"/> Screen Rate Determination	
<i>Bildschirmfeststellung</i>	
<input type="radio"/> EURIBOR (11.00 a.m. Brussels time/Euro Business Day/Euro-Zone Interbank Market)	
<i>EURIBOR (11.00 Brüsseler Ortszeit/Euro Geschäftstag/Interbankenmarkt in der Euro-Zone)</i>	
Screen page	
<i>Bildschirmseite</i>	[ ]
<input type="radio"/> LIBOR (London time/London Business Day/City of London/London Office/London Interbank Market)	
<i>LIBOR (Londoner Ortszeit/Londoner Geschäftstag/City of London/Londoner Geschäftsstelle/Londoner Interbankenmarkt)</i>	
Screen page	
<i>Bildschirmseite</i>	[ ]
<input type="radio"/> Other (specify)	
<i>Sonstige (angeben)</i>	[ ]
Screen page(s)	
<i>Bildschirmseite(n)</i>	[ ]
Margin	[ ] per cent. <i>per annum</i>
<i>Marge</i>	[ ]% <i>per annum</i>
<input type="radio"/> plus	
<i>plus</i>	
<input type="radio"/> minus	
<i>minus</i>	
<b>Interest Determination Date</b>	
<b>Zinsfestlegungstag</b>	
<input type="radio"/> second Business Day prior to commencement of Interest Period	
<i>zweiter Geschäftstag vor Beginn der jeweiligen Zinsperiode</i>	
<input type="radio"/> other (specify)	[ ]
<i>sonstige (angeben)</i>	[ ]
<b>Screen Page</b>	
<i>Bildschirmseite</i>	
<b>Reference Banks (if other than as specified in § 4 (2))</b>	
<i>Referenzbanken (sofern abweichend von § 4 Absatz 2)</i>	

- ISDA Determination<sup>9</sup> [specify details]  
*ISDA-Feststellung* *[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)* [ ]
- **Instalment Notes**  
***Raten-Schuldverschreibungen***  
 (set forth details in full here)  
*(Einzelheiten einfügen)* [ ]
- **Credit linked Notes**  
***Schuldverschreibungen mit Kreditkomponente***  
 (set forth details in full here)

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<sup>9</sup> 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.  
*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.*

(Einzelheiten einfügen)	[ ]
<b>Other structured Notes</b>	
<b>Sonstige strukturierte Schuldverschreibungen</b>	
(set forth details in full here)	
(Einzelheiten einfügen)	[ ]
<b>Day Count Fraction<sup>10</sup></b>	
<b>Zinstagequotient</b>	
<input type="radio"/> Actual/Actual (ICMA 251)	
<input type="radio"/> Actual/Actual (ISDA)	
<input type="radio"/> Actual/365 (Fixed)	
<input type="radio"/> Actual/360	
<input type="radio"/> 30/360 or 360/360 (Bond Basis)	
<input type="radio"/> 30E/360 (Eurobond Basis)	
<b>PAYMENTS (§ 5)</b>	
<b>ZAHLUNGEN (§ 5)</b>	
<b>Payment Business Day</b>	
<b>Zahlungstag</b>	
Relevant Financial Centre(s) (specify all)	
Relevante(s) Finanzzentrum(en) (alle angeben)	[ ]
<b>REDEMPTION (§ 6)</b>	
<b>RÜCKZAHLUNG (§ 6)</b>	
<b>Final Redemption</b>	
<b>Rückzahlung bei Endfälligkeit</b>	
<b>Notes other than Instalment Notes</b>	
<b>Schuldverschreibungen außer Raten-Schuldverschreibungen</b>	
Maturity Date	
Fälligkeitstag	[ ]
Redemption Month	
Rückzahlungsmonat	[ ]
Final Redemption Amount (per Specified Denomination)	
Rückzahlungsbetrag (für jede festgelegte Stückelung)	[ ]
<b>Instalment Notes</b>	
<b>Raten-Schuldverschreibungen</b>	
Instalment Date(s)	
Ratenzahlungstermin (e)	[ ]

<sup>10</sup> Complete for all Notes.  
Für alle Schuldverschreibungen auszufüllen.



Instalment Amount(s)	
Rate(n)	[ ]
<b>Early Redemption at the Option of the Issuer</b>	[Yes/No]
<b><i>Vorzeitige Rückzahlung nach Wahl der Emittentin</i></b>	<b>[Ja/Nein]</b>
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>	[ ]
<b>Early Redemption at the Option of a Holder</b>	[Yes/No]
<b><i>Vorzeitige Rückzahlung nach Wahl eines Gläubigers</i></b>	<b>[Ja/Nein]</b>
Put Redemption Date(s)	
<i>Wahlrückzahlungstag(e) (Put)</i>	[ ]
Put Redemption Amount(s)	
<i>Wahlrückzahlungsbetrag/-beträge (Put)</i>	[ ]
Minimum notice period	[ ] days
<i>Mindestkündigungsfrist</i>	[ ] Tage
Maximum notice period	[ ] days
<i>Höchstkündigungsfrist</i>	[ ] Tage
<b>Early Redemption Amount</b>	
<b><i>Vorzeitiger Rückzahlungsbetrag</i></b>	
Notes other than Zero Coupon Notes:	
<i>Schuldverschreibungen außer Nullkupon-Schuldverschreibungen</i>	
Final Redemption Amount	[Yes/No]
<i>Rückzahlungsbetrag</i>	<b>[Ja/Nein]</b>
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>	[ ]
<b>○ Dual Currency Notes</b>	
<b><i>Doppelwährungs-Schuldverschreibungen</i></b>	
(set forth details in full here (including exchange rate(s) or basis for calculating exchange rate(s) to	

determine fall-back provisions))

*(Einzelheiten einfügen (einschließlich Wechselkurs(e) oder Grundlage für die Berechnung des/der Wechselkurs(e) zur Bestimmung von Ausweichbestimmungen))* [ ]

○ **Index-linked Notes**

***Indexierte Schuldverschreibungen***

(set forth details in full here)

*(Einzelheiten einfügen)* [ ]

○ **Credit linked Notes**

***Schuldverschreibungen mit Kreditkomponente***

(set forth details in full here)

*(Einzelheiten einfügen)* [ ]

○ **Other structured Notes**

***Sonstige strukturierte Schuldverschreibungen***

(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***

○ Website of the Luxembourg Stock Exchange (www.bourse.lu)

*Internetseite der Luxemburger Börse (www.bourse.lu)*

○ Luxemburger Wort

*Luxemburger Wort*

○ Clearing System

*Clearing System*

○ Other (specify)

*sonstige (angeben)* [ ]

**GOVERNING LAW (§ 14)**

***ANWENDBARES RECHT (§ 14)***

Governing Law

*Anwendbares Recht*

German Law

*Deutsches Recht*

**Part II. ADDITIONAL DISCLOSURE REQUIREMENTS RELATED TO NOTES**  
**Teil II. ZUSÄTZLICHE ANGABEN BEZOGEN AUF SCHULDVERSCHREIBUNGEN**

**A. Specific Risk Factors<sup>11</sup>**  
**A. Spezielle Risikofaktoren**

**B. Key Information**  
**B. Wichtige Informationen**

**Interests of natural and legal persons involved in the issue/offer**  
**Interessen von Seiten natürlicher und juristischer Personen, die an der Emission/dem Angebot beteiligt sind**

**Reasons for the offer<sup>12</sup>**  
**Gründe für das Angebot**

[specify details]  
[Einzelheiten einfügen]

Estimated net proceeds [   ]  
*Geschätzter Nettobetrag der Erträge*

Estimated total expenses of the issue [   ]  
*Geschätzte Gesamtkosten der Emission*

**C. Information concerning the Notes to be offered/admitted to trading**  
**C. Informationen über die anzubietenden bzw. zum Handel zuzulassenden Schuldverschreibungen**

**Eurosystem eligibility<sup>13</sup>**  
**EZB-Fähigkeit**

Intended to be held in a manner which would allow Eurosystem eligibility [Yes/No]  
*Soll in EZB-fähiger Weise gehalten werden* [Ja/Nein]

**Securities Identification Numbers**  
**Wertpapier-Kenn-Nummern**

Common Code [   ]  
*Common Code*

ISIN Code [   ]  
*ISIN Code*

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<sup>11</sup> Include only issue specific risk factors which are not covered under "Risk Factors" in the Prospectus.  
*Nur emissionsbezogene Risikofaktoren aufnehmen, die nicht bereits im Abschnitt "Risk Factors" des Prospekts enthalten sind.*

<sup>12</sup> Not required for Notes with a Specified Denomination of at least EUR 50,000. See "Use of Proceeds" wording in the Prospectus. If reasons for the offer is different from making profit and/or hedging certain risks include those reasons here.  
*Nicht erforderlich für Schuldverschreibungen mit einer festgelegten Stückelung von mindestens EUR 50.000. Siehe "Use of Proceeds" im Prospekt. Sofern die Gründe für das Angebot nicht in der Gewinnerzielung und/oder der Absicherung bestimmter Risiken bestehen, sind die Gründe hier anzugeben.*

<sup>13</sup> Complete e.g. if the Notes are issued in NGN form and to be kept in custody by a common safekeeper on behalf of the ICSDs.  
*Auszufüllen, z.B. falls die Schuldverschreibungen als NGN begeben werden und von einem common safekeeper im Namen der ICSDs gehalten werden sollen.*

German Securities Code [ ]  
*Deutsche Wertpapier-Kenn-Nummer (WKN)*

Any other securities number [ ]  
*Sonstige Wertpapiernummer*

**Yield<sup>14</sup>**  
**Rendite**

Yield [ ]  
*Rendite*

Method of calculating the yield<sup>15</sup>  
*Berechnungsmethode der Rendite*

- ICMA method: The ICMA method determines the effective interest rate of notes taking into account accrued interest on a daily basis.  
*ICMA Methode: Die ICMA Methode ermittelt die Effektivverzinsung von Schuldverschreibungen unter Berücksichtigung der täglichen Stückzinsen.*

- Other method (specify)  
*Andere Methoden (angeben)*

- **Historic Interest Rates<sup>16</sup>**  
**Zinssätze der Vergangenheit**

Details of historic [EURIBOR][LIBOR][OTHER] rates can be obtained from [insert relevant Screen Page]

*Einzelheiten der Entwicklung der [EURIBOR][LIBOR][ANDERE] Sätze in der Vergangenheit können abgerufen werden unter [relevante Bildschirmseite einfügen]*

- **Details Relating to the Performance of the [Index][Formula][Other Variable] and other information concerning the underlying<sup>17</sup>**  
**Einzelheiten hinsichtlich der Entwicklung des [Index][der Formel][einer anderen Variablen] und andere die Basiswerte betreffende Informationen.**

Comprehensive explanation of how the value of the investment is affected by the value of the underlying, especially under circumstances when the risks are most evident<sup>18</sup>

*Umfassende Erläuterung darüber, wie der Wert der Anlage durch den Wert des Basiswerts beeinflusst wird, insbesondere in Fällen, in denen die Risiken am offensichtlichsten sind.*

[specify details here] *[Einzelheiten hier angeben]*

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<sup>14</sup> Only applicable for Fixed Rate Notes.

*Nur bei festverzinsliche Schuldverschreibungen anwendbar.*

<sup>15</sup> Not required for Notes with a Specified Denomination of at least EUR 50,000.

*Nicht erforderlich bei Schuldverschreibungen mit einer festgelegten Stückelung von mindestens EUR 50.000*

<sup>16</sup> Only applicable for Floating Rate Notes. Not required for Notes with a Specified Denomination of at least EUR 50,000.

*Nur bei variabel verzinslichen Schuldverschreibungen anwendbar. Nicht anwendbar auf Schuldverschreibungen mit einer festgelegten Stückelung von mindestens EUR 50.000.*

<sup>17</sup> Only applicable for Index-linked or other Variable Linked Notes.

*Nur anwendbar bei indexierten Schuldverschreibungen und Schuldverschreibungen, die an eine Variable gebunden sind.*

<sup>18</sup> Only applicable in case of Notes with a Specified Denomination of less than EUR 50,000.

*Nur anwendbar bei Schuldverschreibungen mit einer festgelegten Stückelung von weniger als EUR 50.000.*

Indication where information about the past and further performance of the [Index][Formula][Other Variable] and its volatility can be obtained.

*Angaben darüber, wo Informationen über die vergangene und künftige Wertentwicklung des [Index][der Formel][einer anderen Variablen] und deren Volatilität eingeholt werden können.*

[specify details here] *[Einzelheiten hier angeben]*

Exercise price or final reference price of the underlying

*Ausübungspreis oder endgültiger Referenzpreis des Basiswertes*

[specify details here] *[Einzelheiten hier angeben]*

**[[Underlying is an Index  
Basiswert ist ein Index**

Name of Index

[ ]

*Name des Index*

[Description of Index]<sup>19</sup> [Details of where information about the Index can be obtained]<sup>20</sup>

*[Indexbeschreibung][Angaben, wo Informationen zum Index zu finden sind]*

[specify details here] *[Einzelheiten hier angeben]*

**[Underlying is an Interest Rate  
Basiswert ist ein Zinssatz**

Description of Interest Rate

*Beschreibung des Zinssatzes]*

[specify details here] *[Einzelheiten hier angeben]]*

**[Underlying is a Basket of Underlyings  
Basiswert ist ein Korb von Basiswerten**

Weightings of each underlying in the basket

*Gewichtung jedes einzelnen Basiswertes im Korb]]<sup>21</sup>*

[specify details here] *[Einzelheiten hier angeben]*

Comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when risks are most evident<sup>22</sup>

[insert details here]

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<sup>19</sup> Only applicable if the Index is composed by the Issuer.

*Nur anwendbar, sofern der Index von der Emittentin zusammengestellt wird.*

<sup>20</sup> Only applicable, if the Index is not composed by the Issuer

*Nur anwendbar, sofern der Index nicht von der Emittentin zusammengestellt wird.*

<sup>21</sup> Where the underlying does not fall within the categories Index/Interest Rate/Basket of Underlyings, include equivalent information.

*Fällt der Basiswert nicht unter eine der Kategorien Index/Zinssatz/Korb von Basiswerten, sind vergleichbare Informationen einzufügen.*

<sup>22</sup> Not required for Notes with a Specified Denomination of at least EUR 50,000 or a minimum transfer amount of at least EUR 50,000.

*Umfassende Erläuterung darüber, wie der Wert der Anlage durch den Wert des Basiswerts beeinflusst wird, insb. in den Fällen, in denen die Risiken offensichtlich sind*

**[Einzelheiten hier einfügen]**

Market disruption or settlement disruption events that may affect the underlying<sup>23</sup>

**[insert details here]**

*Störungen des Markts oder bei der Abrechnung, die den Basiswert beeinflussen*

**[Einzelheiten hier einfügen]**

Adjustment rules with relation to events concerning the underlying

**[insert details here]**

*Korrekturvorschriften in Bezug auf Vorfälle, die den Basiswert beeinflussen*

**[Einzelheiten hier einfügen]**

- **Details Relating to the Performance of Rate(s) of Exchange and Explanation of Effect on Value of Investment<sup>24</sup>**

**[specify details here]**

*Einzelheiten der Entwicklung des bzw. der Wechselkurse und Erläuterung der Auswirkungen auf den Wert der Anlage sowie verbundene Risiken*

**[Einzelheiten hier angeben]**

## **Selling Restriction**

### **Verkaufsbeschränkungen**

The Selling Restrictions set out in the Prospectus shall apply.

*Es gelten die im Prospekt wiedergegebenen Verkaufsbeschränkungen.*

- TEFRA C  
TEFRA C

- TEFRA D  
TEFRA D

- Neither TEFRA C nor TEFRA D  
Weder TEFRA C noch TEFRA D

Additional Selling Restrictions (specify)  
*Zusätzliche Verkaufsbeschränkungen (angeben)*

**[ ]**

Non-exempt Offer  
*Nicht-befreites Angebot*

**[Not applicable] [Applicable]<sup>25</sup>**  
**[Nicht anwendbar] [Anwendbar]**

*Nicht erforderlich bei Schuldverschreibungen anwendbar mit einer festgelegten Stückelung von mindestens EUR 50.000 oder Schuldverschreibungen, die lediglich für mindestens EUR 50.000 pro Wertpapier erworben werden können.*

<sup>23</sup> To be completed only if applicable.

*Nur falls anwendbar einzufügen.*

<sup>24</sup> Only applicable for Dual Currency Notes. Need to include details of where past and future performance and volatility of the relevant rate(s) can be obtained. In case of Notes with a Specified Denomination of less than EUR 50,000 need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.

*Nur bei Doppelwährungs-Schuldverschreibungen anwendbar. Angaben darüber erforderlich, wo Informationen über die vergangene und künftige Wertentwicklung und Volatilität der maßgeblichen Wechselkurse eingeholt werden können. Bei Schuldverschreibungen mit einer festgelegten Stückelung von weniger als EUR 50.000 ist eine umfassende Erläuterung vorzunehmen, wie der Wert der Anlage durch den Wert des Basiswerts beeinflusst wird, insbesondere in Fällen, in denen die Risiken offensichtlich sind.*

<sup>25</sup> Not applicable under German law. If applicable in the relevant jurisdiction, insert: "An offer of the Notes may be made by the Dealers [and **[specify, if applicable]**] other than pursuant to Article 3(2) of the Prospectus Directive in **[specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported]** during the period from [ ] until [ ]".

*Nicht anwendbar nach deutschem Recht. Wenn anwendbar in der jeweiligen Jurisdiktion, einfügen: "Die Schuldverschreibungen können von den Platzeuren [und **[angeben, falls anwendbar]**] anders als gemäß Artikel 3(2) der Prospektrichtlinie in **[die jeweiligen Mitgliedstaaten angeben, die den Jurisdiktionen entsprechen müssen, in die der Prospekt und etwaige Nachträge notifiziert wurden]** im Zeitraum von [ ] bis [ ] angeboten werden".*

**Restrictions on the free transferability of the Notes**  
**Beschränkungen der freien Übertragbarkeit der Wertpapiere**

[None] [specify details]  
[Keine] [Einzelheiten einfügen]

**D. TERMS AND CONDITIONS OF THE OFFER<sup>26</sup>**  
**D. BEDINGUNGEN UND KONDITIONEN DES ANGEBOTS**

[Conditions to which the offer is subject  
*Bedingungen, denen das Angebot unterliegt* [specify details]  
[Einzelheiten einfügen]

Total amount of the issue/offer and description of the arrangements and  
time for announcing to the public the amount of the offer [specify details]  
*Gesamtsumme der Emission/des Angebots und Beschreibung der*  
*Vereinbarungen und des Zeitpunkts für die Ankündigung des endgültigen*  
*Angebotsbetrags an das Publikum* [Einzelheiten einfügen]

Time period, including any possible amendments,  
during which the offer will be open [specify details]  
*Frist – einschließlich etwaiger Änderungen –*  
*während der das Angebot vorliegt* [Einzelheiten einfügen]

Description of the application process [specify details]  
*Beschreibung des Prozesses für die Umsetzung des Angebots* [Einzelheiten einfügen]

A description of the possibility to reduce subscriptions and the manner  
for refunding excess amount paid by applicants [specify details]  
*Beschreibung der Möglichkeit zur Reduzierung der Zeichnungen und der Art*  
*und Weise der Erstattung des zu viel gezahlten Betrags an die Zeichner* [Einzelheiten einfügen]

Details of the minimum and/or maximum amount of application,  
(whether in number of notes or aggregate amount to invest) [specify details]  
*Einzelheiten zum Mindest- und/oder Höchstbetrag der Zeichnung*  
*(entweder in Form der Anzahl der Schuldverschreibungen oder des aggregierten*  
*zu investierenden Betrags)* [Einzelheiten einfügen]

Method and time limits for paying up the notes and for delivery of the notes [specify details]  
*Methode und Fristen für die Bedienung der Wertpapiere und ihre Lieferung* [Einzelheiten einfügen]

Manner and date in which results of the offer are to be made public [specify details]  
*Art und Weise und Termin, auf die bzw. an dem die Ergebnisse des*  
*Angebots offen zu legen sind* [Einzelheiten einfügen]

The procedure for the exercise of any right of pre-emption, the negotiability of  
subscription rights and the treatment of subscription rights not exercised. [specify details]  
*Verfahren für die Ausübung eines etwaigen Vorzugsrechts, die Marktfähigkeit*  
*der Zeichnungsrechte und die Behandlung der nicht ausgeübten*  
*Zeichnungsrechte* [Einzelheiten einfügen]

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<sup>26</sup> The following items are only to be specified if applicable (in each case).  
*Einzelheiten zu nachstehenden Unterpunkten nur einfügen, falls jeweils anwendbar.*



Various categories of potential investors to which the notes are offered [specify details]  
*Angabe der verschiedenen Kategorien der potentiellen Investoren, [Einzelheiten einfügen]  
denen die Schuldverschreibungen angeboten werden*

If the offer is being made simultaneously in the markets of two or more countries  
and if a tranche has been or is being reserved for certain of these, [specify details]  
indicate any such tranche.  
*Erfolgt das Angebot gleichzeitig auf den Märkten zweier oder mehrerer Länder  
und wurde/wird eine bestimmte Tranche einigen dieser Märkte vorbehalten,  
Angabe dieser Tranche. [Einzelheiten einfügen]*

Process for notification to applicants of the amount allotted and [specify details]  
indication whether dealing may begin before notification is made  
*Verfahren zur Meldung des den Zeichnern zugeteilten Betrags und Angabe, [Einzelheiten einfügen]  
ob eine Aufnahme des Handels vor dem Meldeverfahren möglich ist*

Expected price at which the notes will be offered / method of determining the price and the process for  
its disclosure and amount of any expenses and taxes specifically charged to the subscriber or  
purchaser  
*Kurs, zu dem die Schuldverschreibungen angeboten werden / Methode, mittels deren der  
Angebotskurs festgelegt wird und Angaben zum Verfahren für die Offenlegung sowie der Kosten und  
Steuern, die speziell dem Zeichner oder Käufer in Rechnung gestellt werden*

Name and address of the co-ordinator(s) of the global offer and of single parts of  
the offer and, to the extent known to the Issuer or the offeror, or the placers in the [specify details]  
various countries where the offer takes place.  
*Name und Anschrift des Koordinators/der Koordinatoren des globalen Angebots  
oder einzelner Teile des Angebots und – sofern dem Emittenten oder dem  
Bieter bekannt – Angaben zu den Plazeuren in den einzelnen Ländern des  
Angebots [Einzelheiten einfügen]*

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

- ☐ Non-syndicated  
*Nicht syndiziert*
- ☐ Syndicated  
*Syndiziert*

Date of Subscription Agreement<sup>27</sup> [ ]  
*Datum des Subscription Agreements*

**Management Details including form of commitment<sup>28</sup>**  
***Einzelheiten bezüglich des Bankenkonsortiums einschließlich der Art der Übernahme***

Dealer/Management Group (specify)  
*Platzeur/Bankenconsortium (angeben)*

- ☐ firm commitment [ ]  
*feste Zusage*
- ☐ no firm commitment / best efforts arrangements [ ]

<sup>27</sup> Not required for Notes with a Specified Denomination of at least EUR 50,000.  
*Nicht erforderlich bei Schuldverschreibungen mit einer festgelegten Stückelung von mindestens EUR 50.000.*

<sup>28</sup> Not required for Notes with a Specified Denomination of at least EUR 50,000.  
*Nicht erforderlich bei Schuldverschreibungen mit einer festgelegten Stückelung von mindestens EUR 50.000.*

*Keine feste Zusage / zu den bestmöglichen Bedingungen*

**Consent to use the prospectus**

***Einwilligung zur Nutzung des Prospekts***

Each Dealer and/or financial intermediaries appointed by such Dealer and/or each further financial intermediary placing or subsequently reselling the Notes issued are entitled to use and rely upon the Prospectus, provided however, that the Prospectus is still valid in accordance with Article 9 of the Prospectus Directive. The Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Prospectus is available for viewing in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of ([www.telekom.com](http://www.telekom.com)). When using the Prospectus, each Dealer and/or relevant financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.

[Yes,  
during the period from [    ] until [    ]  
/No]

Jeder Platzeur und/oder jeder durch einen solchen Platzeur beauftragte Finanzintermediär und/oder jeder weitere Finanzintermediär, der die emittierten Schuldverschreibungen platziert oder nachfolgend weiter verkauft, ist berechtigt, den Prospekt zu nutzen und sich darauf zu berufen, vorausgesetzt jedoch, dass der Prospekt in Übereinstimmung mit Artikel 9 der Prospektrichtlinie noch gültig ist. Der Prospekt darf potentiellen Investoren nur zusammen mit sämtlichen bis zur Übergabe veröffentlichten Nachträgen übergeben werden. Jeder Nachtrag zum Prospekt kann in elektronischer Form auf der Internetseite der Wertpapierbörse Luxemburg ([www.bourse.lu](http://www.bourse.lu)) und der Internetseite der ([www.telekom.com](http://www.telekom.com)) eingesehen werden. Bei der Nutzung des Prospektes hat jeder Platzeur und/oder jeweilige Finanzintermediär sicherzustellen, dass er alle anwendbaren, in den jeweiligen Jurisdiktionen geltenden Gesetze und Rechtsvorschriften beachtet.

[Ja,  
im Zeitraum von [    ] bis [    ]  
/Nein]

**Commissions<sup>29</sup>**  
**Provisionen**

Management/Underwriting Commission (specify) [ ]  
*Management- und Übernahme provision (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]

**E. ADMISSION TO TRADING AND DEALING ARRANGEMENTS**  
**E. ZULASSUNG ZUM HANDEL UND HANDELSREGELN**

**Listing(s)** [Yes/No]  
**Notierung(en)** [Ja/Nein]

- ☐ Luxembourg Stock Exchange
  - ☐ Regulated Market "Bourse de Luxembourg"  
*Regulierter Markt "Bourse de Luxembourg"*
  - ☐ Euro MTF  
*Euro MTF*
- ☐ Other (insert details) [ ]  
*Sonstige (Einzelheiten einfügen)*

Date of admission [ ]  
*Termin der Zulassung*

**Estimate of the total expenses related to admission to trading<sup>30</sup>** [ ]  
**Geschätzte Gesamtkosten für die Zulassung zum Handel**

Regulated markets or equivalent markets on which, to the knowledge of the Issuer, notes of the same class of the notes to be offered or admitted to trading are already admitted to trading.<sup>31</sup>  
*Angabe regulierter oder gleichwertiger Märkte, auf denen nach Kenntnis der Emittentin Schuldverschreibungen der gleichen Wertpapierkategorie, die zum Handel angeboten oder zugelassen werden sollen, bereits zum Handel zugelassen sind*

- ☐ Luxembourg (Regulated Market "Bourse de Luxembourg")

<sup>29</sup> To be completed in consultation with the Issuer.  
*In Abstimmung mit der Emittentin auszuführen.*

<sup>30</sup> Not required for Notes with a Specified Denomination of less than EUR 50,000.  
*Nicht erforderlich bei Schuldverschreibungen mit einer festgelegten Stückelung von weniger als EUR 50.000.*

<sup>31</sup> In case of a fungible issue, need to indicate that the original notes are already admitted to trading. Not required for Notes with a Specified Denomination of at least EUR 50,000.  
*Im Falle einer Aufstockung, die mit einer vorangegangenen Emission fungibel ist, ist die Angabe erforderlich, dass die ursprünglichen Schuldverschreibungen bereits zum Handel zugelassen sind. Nicht erforderlich bei Schuldverschreibungen mit einer festgelegten Stückelung von mindestens EUR 50.000.*

○ Frankfurt am Main (regulated market)

○ Other (insert details)  
*Sonstige (Einzelheiten einfügen)*

[ ]

## F. ADDITIONAL INFORMATION F. ZUSÄTZLICHE INFORMATIONEN

Rating<sup>32</sup>

[ ]

### Rating

[specify whether the relevant rating agency is established in the European Community and is registered or has applied for registration pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March, (the "**CRA Regulation**"). [The European Securities and Markets Authority publishes on its website ([www.esma.europa.eu](http://www.esma.europa.eu)) a list of credit rating agencies, registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.]

*[Einzelheiten einfügen, ob die jeweilige Ratingagentur ihren Sitz in der Europäischen Gemeinschaft hat und gemäß Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, geändert durch Verordnung (EU) Nr. 513/2011 des Europäischen Parlaments und des Rates vom 11. Mai 2011, (die "**Ratingagentur-Verordnung**") registriert ist oder die Registrierung beantragt hat. [Die Europäische Wertpapier- und marktaufsichtsbehörde veröffentlicht auf ihrer Webseite ([www.esma.europa.eu](http://www.esma.europa.eu)) ein Verzeichnis der nach der Ratingagentur-Verordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingagentur-Verordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.]]*

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

[ ]

### Information from a third party Informationen von Seiten Dritter

[Where Information is sourced from a third party, include information here  
*Informationen von Seiten Dritter hier einfügen]*

Source of information  
*Quelle der Information*

[ ]

[The Issuer confirms that this information has been accurately reproduced].  
*[Die Emittentin bestätigt, daß diese Informationen korrekt wiedergegeben worden sind].*

[The Issuer has not independently verified any such information and accepts no responsibility for the accuracy of such information

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<sup>32</sup> Do not complete, if the Notes are not rated on an individual basis. In case of Notes with a Specified Denomination of less than EUR 50,000, need to include a brief explanation of the meaning of the ratings if this has been previously published by the rating provider.  
*Nicht auszufüllen, wenn kein Einzelrating für die Schuldverschreibungen vorliegt. Bei Schuldverschreibungen mit einer festgelegten Stückelung von weniger als EUR 50.0000, kurze Erläuterung der Bedeutung des Ratings wenn dieses unlängst von der Ratingagentur erstellt wurde.*

*Die Emittentin hat die Informationen nicht selbständig überprüft und übernimmt keine Verantwortung für die Richtigkeit der Informationen]*

**[Listing:<sup>33</sup>  
[Notierung:**

The above Final Terms comprise the details required to list this issue of Notes pursuant to the EUR 25,000,000,000 Debt Issuance Programme of Deutsche Telekom AG and Deutsche Telekom International Finance B.V. (as from **[insert Issue Date of the Notes]**).

*Die vorstehenden Endgültigen Bedingungen enthalten die Angaben, die für die Zulassung dieser Emission von Schuldverschreibungen gemäß des EUR 25.000.000.000 Debt Issuance Programme 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 these Final Terms as set out in the section Responsibility Statement on page 4 of the Prospectus.

*Die Emittentin übernimmt die Verantwortung für die in diesen Endgültigen Bedingungen enthaltenen Informationen wie im Abschnitt Responsibility Statement auf Seite 4 des Prospekts bestimmt.*

**[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]]**

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<sup>33</sup> Insert only if the Notes are listed.  
*Nur einfügen, wenn die Schuldverschreibungen gelistet werden.*

## Taxation

*The following is a general discussion of certain German, Dutch and Luxembourg 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. Moreover, this summary does not consider other taxes than taxes on income, in particular not inheritance or gift tax. This summary is based on the laws of Germany, The Netherlands and the Grand-Duchy of Luxembourg currently in force and as applied on the date of this prospectus, which are subject to change, possibly with retroactive or retrospective 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 OF GERMANY, THE NETHERLANDS, THE GRAND DUCHY OF LUXEMBOURG AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.**

### 1. Germany

#### Income Tax

*Notes held by Tax Residents as Private Assets*

##### - Taxation of Interest

Payments of interest on the Notes to Holders who are tax residents of Germany (*i.e.*, persons whose residence or habitual abode is located in Germany) are subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable. If coupons or interest claims are disposed of separately (*i.e.* without the Notes), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of coupons or interest claims if the Note is disposed of separately.

On payments of interest on the Notes to individual tax residents of Germany income tax is generally levied as a flat income tax at a rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%, plus, if applicable, church tax). The total investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly), not by a deduction of expenses actually incurred.

If the Notes are held in a custodial account which the Holder maintains with a German branch of a German or non-German bank or financial services institution or with a securities trading business or bank in Germany (the "**Disbursing Agent**") the flat income tax will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent.

If the Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposition of Coupons are paid or credited upon delivery of the Coupons to the holder of the Coupons (other than a non-German bank or financial services institution), withholding tax at the aforementioned rate must also be levied by the Disbursing Agent upon the gross amount of the interest or the proceeds.

In general, no withholding tax will be levied if the Holder is an individual (i) whose Note does not form part of the property of a trade or business 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 has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

If no Disbursing Agent (as defined above) is involved in the payment process the Holder will have to include its income on the Notes in its tax return and the flat income tax of 25% plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25%.

- Taxation of capital gains

From 1 January 2009, also capital gains realised by individual tax residents of Germany from the disposition or redemption of the Notes acquired after 31 December 2008 will be subject to the flat income tax on investment income at a rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%, plus, if applicable, church tax), irrespective of any holding period. This will also apply to Notes on which the principal is effectively repaid in whole or in part although the repayment was not guaranteed.

If the Notes are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) the flat income tax will be levied by way of withholding from the difference between the redemption amount (or the proceeds from the disposition) and the issue price (or the purchase price) of the Notes. If the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, and no evidence on the acquisition data has been provided to the new Disbursing Agent by the Disbursing Agent which previously kept the Notes in its custodial account, withholding tax will be levied on 30% of the proceeds from the disposition or redemption of the Notes.

If the Notes are not kept in a custodial account with a Disbursing Agent and proceeds from the disposition or redemption of the Notes are paid or credited upon delivery of the Notes to the holder of such Notes (other than a non-German bank or financial services institution), withholding tax at the aforementioned rate must also be levied by the Disbursing Agent upon 30% of the gross amount of the proceeds.

If no Disbursing Agent is involved in the payment process the Holder will have to include capital gains from the disposition or redemption of the Notes in its tax return and the flat income tax of 25% plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25%.

*Notes held by Tax Residents as Business Assets*

Payments of interest on Notes and capital gains from the disposition or redemption of Notes held as business assets by German tax resident individuals or corporations (including via a partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge and, if applicable, church tax). The interest and capital gain will also be subject to trade tax if the Notes form part of the property of a German trade or business.

If the Notes are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) tax at a rate of 25% (plus a solidarity surcharge of 5.5% of such tax and, if applicable, church tax) will also be withheld from interest payments on Notes and (since 1 January 2009) generally also from capital gains from the disposition or redemption of Notes held as business assets. In these cases the withholding tax does not satisfy the income tax liability of the Holder, as in the case of the flat income tax, but will be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge (and, if applicable, against the church tax) of the Holder.

With regard to capital gains no withholding will generally be required in the case of Notes held by corporations resident in Germany, provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office, and upon application in the case of Notes held by individuals or partnerships as business assets.

*Notes held by Non-Residents*

Interest and capital gains are not subject to German taxation in the case of non-residents, *i.e.* persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in Germany, unless the Notes form part of the business property of a permanent establishment maintained in Germany. Interest may, however, also be subject to German income tax if

it otherwise constitutes income taxable in Germany, such as income from the letting and leasing of certain German-situs property or income from certain capital investments directly or indirectly secured by German situs real estate.

Non-residents of Germany are in general exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon. However, if the interest or capital gain 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 (as defined above), withholding tax will be levied as explained above at "*Notes held by tax residents as business assets*" or at "*Notes held by tax residents as private assets*", respectively.

If the Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposition of Coupons or proceeds from the disposition or redemption of the Notes are paid or credited by a Disbursing Agent to a non-resident of Germany (other than a non-German bank or financial services institution) upon delivery of the Coupons or the Notes, respectively, such payments will also be subject to withholding tax to the extent and at a rate as explained above at "*Notes held by tax residents as private assets*".

### **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Note will generally 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 (*Vermögensteuer*) is not levied in Germany.

## **2. The Netherlands**

For the purpose of this summary it is assumed that no holder of a Note has or will have a substantial interest, or - in the case of a holder of a Note being an entity - a deemed substantial interest, in the Issuer and that no connected person (*verbonden persoon*) to the holder of a Note has or will have a substantial interest in the Issuer.

Generally speaking, an individual holding a Note has a substantial interest in the Issuer if (a) such individual, either alone or together with his partner, directly or indirectly has, or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have, (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of the Issuer or the issued and outstanding capital of any class of shares of the Issuer, or (ii) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of the Issuer.

Generally speaking, a non-resident entity holding a Note has a substantial interest in the Issuer if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of the Issuer or the issued and outstanding capital of any class of shares of the Issuer, or (ii) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of the Issuer. An entity holding a Note has a deemed substantial interest in the Issuer if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to "The Netherlands" or "Dutch", it refers only to the European part of the



Kingdom of the Netherlands.

Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note.

### **Withholding Tax**

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, unless the Notes qualify as debt that effectively functions as equity for purposes of article 10, paragraph 1, sub d of the Corporate Tax Act (*Wet op de vennootschapsbelasting 1969*).

### **Taxes on Income and Capital Gains**

#### *Residents*

- Resident entities

An entity holding a Note which is, or is deemed to be, resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at the prevailing statutory rates.

- Resident individuals

An individual holding a Note who is, is deemed to be, or has elected to be treated as, resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 % if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. The deemed return amounts to 4% of the value of the individual's net assets as at 1 January of the relevant fiscal year (including the Note). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30%.

#### *Non-residents*

A holder of a Note which is not, is not deemed to be, and - in case the holder is an individual - has not elected to be treated as, resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or permanent representative (*vaste vertegenwoordiger*) in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

### **Gift and Inheritance Taxes**

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

### **Value added Tax**

The issuance or transfer of a Note, and payments of interest and principal under a Note, will not be subject to value added tax in The Netherlands.

### **Other Taxes and Duties**

The subscription, issue, placement, allotment, delivery or transfer of a Note will not be subject to registration tax, stamp duty or any other similar tax or duty payable in The Netherlands.

### **Residence**

A holder of a Note will not be, or deemed to be, resident in The Netherlands for tax purposes and, subject to the assumptions and exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

### **EU Savings Tax Directive**

In accordance with EC Council Directive 2003/48/EC on the taxation of savings income, The Netherlands will provide to the tax authorities of another EU member state (and certain non-EU countries and associated territories specified in said directive) details of payments of interest or other similar income paid by a person within The Netherlands to, or collected by such a person for, an individual resident in such other state.

## **3. Luxembourg**

### **Non-Residents**

Under the existing laws of Luxembourg and except as provided for by the Luxembourg laws of 21 June 2005 implementing the EU Savings Tax Directive (as defined below), there is no withholding tax on the payment of interest on, or reimbursement of principal of, the Notes made to non-residents of Luxembourg.

Under the Luxembourg laws of 21 June 2005 implementing the EU Savings Tax Directive and as a result of ratification by Luxembourg of certain related Accords with the relevant dependent and associated territories (as defined under the EU Savings Tax Directive), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual holder of a Note or certain residual entities, who, as a result of an identification procedure implemented by the paying agent, are identified as residents or are deemed to be residents of an EU Member State other than Luxembourg or certain of those dependent or associated territories referred to under "*EU Savings Tax Directive*" below, will be subject to a withholding tax unless the relevant beneficiary has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her country of residence or deemed residence or, in the case of an individual holder of a Note, has provided a tax exemption certificate from his/her fiscal authority in the format required by law to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 35% since 1 July 2011.

## Residents

According to the law of 23 December 2005, as amended, interest on Notes paid by a Luxembourg paying agent or paying agents established in the EU, the EEA or in a State which has concluded with Luxembourg an international agreement related to the EU Savings Tax Directive to an individual holder of Notes who is a resident of Luxembourg or to a residual entity established in another EU Member State or in the dependent and associated territories securing the payment for such individual will be subject to a withholding tax of 10%. In case of payment through a paying agent established in the EU, the EEA or in a State which has concluded with Luxembourg an international agreement related to the EU Savings Tax Directive, the Luxembourg resident individual holder of Notes must under a specific procedure remit 10% tax to the Luxembourg Treasury.

If the individual holder holds the Notes in the course of the management of his or her private wealth, the aforementioned 10% withholding tax will operate a full discharge of income tax due on such payments.

Interest on Notes paid by a Luxembourg paying agent to a resident holder of Notes who is not an individual is not subject to withholding tax.

When used in the preceding paragraphs "*interest*", "*paying agent*" and "*residual entity*" have the meaning given thereto in the Luxembourg laws of 21 June 2005 (or the relevant Accords) and 23 December 2005, as amended. "*Interest*" will include accrued or capitalised interest at the sale, repayment or redemption of the Notes.

Payments of interest or similar income under the Notes to Clearstream Banking AG, Clearstream Banking, société anonyme and Euroclear Bank SA/NV and payments by or on behalf of Clearstream Banking, société anonyme to financial intermediaries will not give rise to a withholding tax under Luxembourg law.

## 4. EU Savings Tax Directive

Under the EU Council Directive 2003/48/EC dated 3 June 2003 on the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**"), each EU Member State must require paying agents (within the meaning of such 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 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 and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 20% from 1 July 2008, and of 35% from 1 July 2011. As from 2010 Belgium applies the information procedure described above.

In conformity with the prerequisites for the application of the EU Savings Tax Directive, a number of non-EU countries and territories, including Switzerland, agreed to apply measures equivalent to those contained in such directive (a withholding system in the case of Switzerland).

In Germany, provisions for implementing the EU Savings Tax Directive were enacted by legislative regulations of the Federal Government. These provisions apply since 1 July 2005.

Holders who are individuals should note that the Issuer will not pay additional amounts under § 7(c) of the Terms and Conditions of the Notes in respect of any withholding tax imposed as a result of the EU Savings Tax Directive.

## General Information

### General

The relevant Final Terms will specify which clearing system or systems (including CBF, CBL and Euroclear) has/have accepted the relevant Notes for clearance and provide any further appropriate information.

There are no interests of natural and legal persons involved in potential issues under the Programme, including conflicting ones that are material to the issue of Notes under the Programme.

### 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 Prospectus 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(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Final Terms.

#### 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 distribution compliance 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 Section 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**"), (or, after 18 March 2012, any successor rules in substantially the same form as the C Rules or D Rules, as applicable, for purposes of Section 4701 of the U.S. Internal Revenue Code) as specified in the applicable Final Terms. 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 the D Rules, (x) it has not offered or sold, and during the restricted period will not offer or sell, Notes 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 Notes 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 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 for purposes of resale in connection with their original issuance and if such Dealer retains Notes for its own account, it will only do so in accordance with the requirements of the D Rules; 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.

Where the C Rules are specified in the relevant Final Terms as being applicable to any Tranche of Notes, Notes 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 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, 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. 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(s) may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the Final Terms. Each Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

### **3. European Economic Area**

In relation to each Member State of the European Economic Area (the EU plus Iceland, Norway and Liechtenstein) which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3 (2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer where such concept is relevant under the law of the Relevant Member State;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3 (2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

#### **4. United Kingdom**

Each Dealer has represented and agreed, that:

in relation to any Notes which have a maturity of less than one year from the date of their issue, (i) 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 (ii) 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 as 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 Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **5. The Netherlands/Global**

Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the relevant Issuer or a member firm of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended).

No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Global Note; (b) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals who do not act in the conduct of a business or profession; (c) to the initial issue of Zero Coupon Notes in definitive form to the first holders thereof; or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series/Tranche are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with. As used herein "*Zero Coupon Notes*" are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

#### **Use of Proceeds**

The net proceeds from each issue will be used for general financing purposes of Deutsche Telekom's group companies.

#### **Listing information**

##### ***Luxembourg Stock Exchange***

Application has been made to list Notes to be issued under the Programme on the official list of the Luxembourg Stock Exchange and to admit such Notes to trading on the Regulated Market of the Luxembourg Stock Exchange.

However, Notes may be issued pursuant to the Programme which will not be listed on the official list of and admitted to trading on the Regulated Market of 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, Deutsche Bank Luxembourg S.A.

Each Final Terms relating to the Notes which shall be quoted on the Regulated Market of the Luxembourg Stock Exchange may be obtained from the paying agent in Luxembourg.

### **Undertaking**

Each of the Issuers has undertaken, in connection with the listing of the Notes, that if, while Notes of an Issuer are outstanding and listed on the official list of as well as admitted to trading on the Regulated Market of 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 Prospectus (or any of the Reference Documents) such Issuer and/or the Guarantor, as the case may be, will prepare or produce the preparation of a supplement to the Prospectus or, as the case may be, publish a new Prospectus for use in connection with any subsequent offering by such Issuer of Notes to be listed on the official list of and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

If the Terms and Conditions of the Notes (as set out in the Prospectus) are modified or amended in a manner which would make the Prospectus, as supplemented, inaccurate or misleading, a new Prospectus 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 Prospectus (or any Reference Document). 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.

### **Post Issuance Information**

In the case of Notes in respect of which payment of interest and/or principal is determined by reference to an underlying, the Issuers will not provide any post-issuance information regarding such underlying except if required by any applicable laws and regulations in the future.

### **Authorisation**

The establishment of the Programme was authorised by the Board of Management of Deutsche Telekom and by the Board of Management 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 Management of Deutsche Telekom and by the Board of Management 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 EUR 15,000,000,000 was authorised by the Board of Management of Deutsche Telekom on 14 May 2001 and by the Board of Management of Finance on 18 May 2001 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 EUR 20,000,000,000 was authorised by the Board of Management of Deutsche Telekom on 1 April 2003 and by the Board of Management of Finance on 1 April 2003 and by the Supervisory Board of Finance on 1 April 2003. The further increase of the aggregate principal amount of Notes which may be issued under the Programme to EUR 25,000,000,000 was authorised by the Board of Management of Deutsche Telekom on 29 March 2007 and by the Board of Management of Finance on 28 March 2007 and by the Supervisory Board of Finance on 28 March 2007.



## **Names and Adresses**

### **Issuers**

Deutsche Telekom AG  
Friedrich-Ebert-Allee 140  
53113 Bonn  
Federal Republic of Germany

Deutsche Telekom International Finance B.V.  
Herengracht 124-128  
1015 BT Amsterdam  
The Netherlands

### **Guarantor**

Deutsche Telekom AG  
Friedrich-Ebert-Allee 140  
53113 Bonn  
Federal Republic of Germany

### **Arranger**

Deutsche Bank Aktiengesellschaft  
Große Gallusstraße 10-14  
60272 Frankfurt am Main  
Federal Republic of Germany

### **Dealers**

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

BNP PARIBAS  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

Citigroup Global Markets Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Deutsche Bank Aktiengesellschaft  
Große Gallusstraße 10-14  
60272 Frankfurt am Main  
Federal Republic of Germany

DZ BANK AG Deutsche  
Zentral-Genossenschaftsbank,  
Frankfurt am Main  
Platz der Republik  
60265 Frankfurt am Main  
Federal Republic of Germany

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

J.P. Morgan Securities Ltd.  
125 London Wall  
London EC2Y 5AJ  
United Kingdom

Morgan Stanley & Co. International plc  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

Société Générale  
29, boulevard Haussmann  
75009 Paris  
France

The Royal Bank of Scotland plc  
135 Bishopsgate  
London EC2M 3UR  
United Kingdom

UniCredit Bank AG  
Arabellastraße 12  
81925 München  
Federal Republic of Germany

WestLB AG  
Herzogstraße 15  
40217 Düsseldorf  
Federal Republic of Germany

### **Agents**

*Fiscal and Principal Paying Agent*  
Deutsche Bank Aktiengesellschaft  
Trust & Securities Services (TSS)  
Große Gallusstraße 10-14  
60272 Frankfurt am Main  
Federal Republic of Germany

*Paying Agent*  
Deutsche Bank Luxembourg S.A.  
2 boulevard Konrad Adenauer  
1115 Luxembourg  
Luxembourg

*Listing Agent*  
Deutsche Bank Luxembourg S.A.  
2 boulevard Konrad Adenauer  
1115 Luxembourg  
Luxembourg

### **Legal Advisers**

#### *To the Dealers*

Clifford Chance LLP  
Droogbak 1a  
1013 GE Amsterdam  
The Netherlands

Hengeler Mueller  
Partnerschaft von Rechtsanwälten  
Bockenheimer Landstraße 24  
60323 Frankfurt am Main  
Federal Republic of Germany

### **Auditors of**

*Deutsche Telekom AG*

*Deutsche Telekom International Finance B.V.*

2011

2011

PricewaterhouseCoopers Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft  
Friedrich-Ebert-Anlage 35-37  
60327 Frankfurt am Main  
Federal Republic of Germany

PricewaterhouseCoopers Accountants N.V.  
Thomas R. Malthusstraat 5  
1066 JR Amsterdam  
The Netherlands

2010

PricewaterhouseCoopers Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft  
Friedrich-Ebert-Anlage 35-37  
60327 Frankfurt am Main  
Federal Republic of Germany

and

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft  
Mittlerer Pfad 15  
70499 Stuttgart  
Federal Republic of Germany

2010

Ernst & Young Accountants LLP  
Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

## Estonian Translation of the Summary

Järgmised mõttearendused kujutavad endast kokkuvõtet ("**Kokkuvõte**") olulistest tunnustest ja riskidest, mis puudutavad emiteerijaid ja programmiga seotud võlakirju. Käesolev kokkuvõte ei pretendeeri täielikkusele ning seda tuleb vaadelda ja lugeda antud prospekti juurde kuuluva sissejuhatusena. Iga investori otsus võlakirjadesse investeerimisel peab tuginema kogu, aeg-ajalt muudetava ja täiendatava prospekti läbitöötamisele, kaasa arvatud viidetena äratoodud dokumentide, võimalike täienduste ja lõpptingimuste tundmisele. Juhul kui mõni hagejana esinev investor esitab kohtule nõude, tuginedes käesolevale prospektile, sealhulgas viidetena äratoodud dokumentidele, võimalikele täiendustele või vastavates lõpptingimustes sisalduvatele andmetele, võib seda investorit, rakendades vastavaid riiklike õiguseeskirju, kohustada kandma enne protsessi algust selle prospekti, viidetena kaasatud dokumentide, võimalike täienduste ja vastavate lõplike tingimuste tõlkimise kulusid. Emitent, kes esitab kokkuvõtte koos tõlkega ja kes on taotlenud selle notifitseerimist, võidakse võtta vastutusele, kuid ainult juhul, kui kokkuvõte on selle koos prospekti teiste osadega koos lugemise korral eksiteele viiv, ebaõige või vastuoluline.

### Võlakirju käsitlev kokkuvõte

<b>Emitendid:</b>	Deutsche Telekom AG Deutsche Telekom International Finance B.V.
<b>Garant:</b>	Deutsche Telekom AG, võlakirjade osas, mis on välja antud Deutsche Telekom International Finance B.V. poolt.
<b>Läbiviija:</b>	Deutsche Bank Aktiengesellschaft
<b>Investorid:</b>	Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited Deutsche Bank Aktiengesellschaft DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Goldman Sachs International J.P. Morgan Securities Ltd. Morgan Stanley & Co. International plc Société Générale The Royal Bank of Scotland plc UniCredit Bank AG WestLB AG
<b>Fiscal Agent ja peamine väljamaksmiskoht:</b>	Deutsche Bank Aktiengesellschaft
<b>Maksekohad:</b>	Deutsche Bank Luxembourg S.A. ja teised institutsioonid vastavalt kohaldatud lõpptingimustele.
<b>Vääringud:</b>	Eeldades kinnipidamist kõigist rakendatavatest seaduslikest ja ametkondlikest piirangutest ja vastava keskpanga (või vastava ametkonna) eeskirjadest võidakse võlakirju anda välja eurodes või mõnes muus emitendi ja investori(te) vahel vastavalt kokkulepitud vääringus või arvestuslikus ühikus.
<b>Võlakirjade tükeldamine:</b>	Võlakirjad antakse välja tükeldatuna, nii nagu see on sätestatud otsustava tähtsusega lõpptingimustes, lähtudes põhimõttest, et eurodes väljaantud võlakirjade väikseima osa väärtus on EUR 1.000, või võlakirjade väljaandmisel mõnes teises vääringus peab see vastama kasutatavas vääringus summale, mis on võlakirjade väljaandmise ajamomendil võrdne EUR 1.000 või sellest suurem.

**Kehtivusajad:**

Kehtivusajad, mis on sätestatud lõpplingimustes, kuid eeldusel, et järgitakse minimaalset ja maksimaalset kehtivusaega, mis on lubatud või nõutav vastava keskpanga, valuuta- või muu järevalveameti poolt või antud vääringu suhtes kehtivate seaduste ja eeskirjade alusel.

Võlakirjade puhul, mille emissiooni tulemi saajaks on vastav Ühendatud Kuningriigis asuv emitent, ning mis makstakse tagasi ühe aasta jooksul pärast nende väljalaskepäeva, nähakse ette (a) tagasimaksesumma (või selle muus vääringus kui inglise nael väljendatud ekvivalendi) suurus, milleks on vähemalt GBP 100 000 ja samuti nähakse ette (b), et selliseid võlakirju on lubatud üle kanda ainult professionaalsete investorite teatud ringile tingimusel, et selle osa tagasimaksesumma (või selle ekvivalent) ei jää alla GBP 100 000.

**Võlakirjade vorm:**

Võlakirju võib anda välja eranditult vaid esitajaväärtpaberitena.

**Fikseeritud intressiga võlakirjad:**

Fikseeritud intressiga võlakirjade puhul määratakse kindel intressimäär võlakirja kogu kehtivusaja kohta. Sellel alusel toimub fikseeritud intressi maksmine ja see sätestatakse lõpplingimustes.

**Muutuva intressiga võlakirjad:**

Muutuva intressiga võlakirjade puhul määratakse intressimäär muutuvana, mille alusel need võlakirjad ka intressi kannavad ning mis sätestatakse rakendatavates lõpplingimustes.

**"Volinik"** (käesolevas kontekstis tähistab see mõiste emissiooniasutust või arveametit, nii nagu see on sätestatud määravates lõpplingimustes) määrab igal ajamomendil (või kohe selle järel), millal intressimäär peab olema fikseeritud, vajaliku intressimäära ja arvutab välja intressi summa (edaspidi **"Intressisumma"**), mis kuulub maksmisele iga muutuva intressimääraga võlakirja kindlaksmääratud tükeldatu pealt vastava intressiperioodi kohta. Iga intressisumma arvutatakse intressimäära ja intressi kandvate päevade jagatise alusel, mis on ära toodud lõpplingimustes iga kindlaksmääratud tükeldatu kohta; tulemus ümmardatakse sätestatud vääringu järgmise väiksema ühikuni, kusjuures sellise ühiku suurusjärg 0,5 ümmardatakse ülespoole.

Muutuva intressiga võlakirjade intressiperioodid hõlmavad ühte, kahte, kolme, kuut või kahteist kuud ja/või ühte või mitut muud vastava emitendi ja investeerija(te) vahel kokkulepitud ajavahemikku (nagu on sätestatud lõpplingimustes).

**Indekseeritud võlakirjad:**

Indekseeritud võlakirju on võimalik välja anda vaid indeksist sõltuva intressiga võlakirjadena.

***Indeksist sõltuva intressiga võlakirjad***

Intresside maksmine indeksist sõltuva intressiga võlakirjadelt toimub ühe ainsa indeksi või muude tegurite (sealhulgas väärtpaberite ja kaupade kursi- ja/või hinnamuutuste või vahetuskursi muudatuste) baasil ja/või mõne vastava emitendi ja vastava(te) investori(te) poolt sätestatud valemi baasil (nagu on ära toodud määravates lõpplingimustes).

**Muud muutuva intressiga  
võlakirjade ja indeksist sõltuva  
intressiga võlakirjade kohta  
kehtivad sätted:**

Muutuva intressiga võlakirjade ja indeksist sõltuva intressiga võlakirjade kohta võidakse kindlaks määrata kõrgeim ja madalaim indeksimäär või mõlemad. Muutuva intressiga võlakirjade ja indeksist sõltuva intressiga võlakirjade intressid kuuluvad väljamaksmisele enne võlakirjade väljaandmist vastava emitendi ja vastava(te) investori(te) vahel kindlaksmääratud intressiperioodi eest intressimakse kuupäevadel, mis on sätestatud lõpplingimustes või mis määratakse vastavalt nende tingimustele, ning arvutatakse lõpplingimustes fikseeritud sätete alusel.

**Topeltväeringuga võlakirjad:**

Topeltväeringuga võlakirjade puhul on tegemist selliste võlakirjadega, mille kapitalimaksed ja/või intressimaksed võivad toimuda erinevates väeringutes. Topeltväeringuga võlakirjadega seotud maksed (kas intresside või kapitali osas, olgu siis kas tagasimaksepäeval või muul ajamomendil) toimuvad väeringutes ja vahetuskursi alusel, mis on kokku lepitud emitendi ja investori vahel (nagu on ära toodud rakendatavates lõpplingimustes).

**Nullkupongiga võlakirjad:**

Nullkupongiga võlakirju pakutakse ja müüakse mahaarvatisega põhisummalts ning nad ei teeni intressi (välja arvatud tagasimakseviivituse puhul).

**Muud võlakirjade liigid:**

Võlakirju võidakse anda välja teistes vormides nagu näiteks järeelmaksuga võlakirjad, krediidi või muude struktuuridega seotud võlakirjad, vastavalt lõpplingimustes äratoodule.

**Tagasimaksmine:**

Lõppsätetes on kas kindlaks määratud, et võlakirjad ei ole enne sätestatud kehtivuse lõppemist lunastatavad (välja arvatud maksustamisega seotud põhjustel ja/või tühistamisjuhtumi korral); või et võlakirjad on võlausaldaja ja vastava emitendi vahel lunastatavad (tagasimakstavad) vastava emitendi ja/või võlausaldaja valiku kohaselt, järgides lõpplingimustes vastavalt kehtestatud tähtaega ja nimelt kindlaksmääratud ajal enne sätestatud maksetähtaja saabumist.

Võlakirjade puhul, mille emissiooni tulemi saajaks on vastav Ühendatud Kuningriigis asuv emitent, ning mis makstakse tagasi ühe aasta jooksul pärast nende väljalaskapäeva, nähakse ette (a) tagasimaksesumma (või selle muus väeringus kui inglise nael väljendatud ekvivalendi) suurus, milleks on vähemalt GBP 100 000 ja samuti nähakse ette (b), et selliseid võlakirju on lubatud üle kanda ainult professionaalsete investorite teatud ringile tingimusel, et selle osa tagasimaksesumma (või selle ekvivalent) ei jää alla GBP 100 000.

**Maksustamine:**

Kõik võlakirjadega seotud kapitali- ja intressimaksed kuuluvad tasumisele ilma praegustel või tulevastel maksudel põhinevaid või mistahes muud liiki lõivusid kinnipidamata või mahaarvamata, mis on kehtestatud või mida nõutakse sisse vastava emitendi asukohariigis või selle riigi eest sissetulekutelt kinnipeetava maksu (tulumaksu) sissenõudmiseks volitatud kohaliku omavalitsuse või ameti poolt, kui nende maksete kinnipidamine või mahaarvamine pole seadusega ette kirjutatud. Sellisel juhul tasub vastav emitent või garant vastavad täiendavalt nõutavad summad, nii et võlakirjade võlausaldajate saadavad netosummad vastaksid pärast selle tulumaksu kinnipidamist või mahaarvamist kapitali- ja intressisummadele, mida võlakirjade võlausaldajad saaksid ilma mahaarvamise või kinnipidamiseta; see kehtib võlakirjades laenuitingimustes nimetatud teatud erandite eeldustel.

**Maksupõhjustest tingitud  
ennetähtaegne tagasimakse:**

Võlakirjade ennetähtaegne tagasimakse tulenevalt maksudega seotud põhjustest on lubatud, kui seaduste või ettekirjutuste muutmise või täiendamise tagajärjel Saksamaa Liitvabariigis ("**Saksamaa**"), ja/või Madalmaade finantsettevõtte Finance poolt väljaantud võlakirjade puhul (sealhulgas ka nende seaduste või ettekirjutuste rakenduse või ametliku tõlgenduse muutmise või täiendamise korral) tekib emitendil ja/või finantsettevõttel Finance poolt väljaantud võlakirjade korral garandil kohustus tasuda võlakirjadelt täiendavaid makse nagu see on võlakirjade laenutingimustes üksikasjalikult sätestatud.

**Negatiivne kohustus:**

Võlakirjade tingimused sisaldavad endas negatiivset kohustust nagu on kirjeldatud laenutingimustes.

**Tühistamise põhjused ja Cross  
Default:**

Võlakirjad näevad ette tühistamise põhjused, mis annavad võlausaldajale õiguse nõuda võlakirjade kohest tagasimaksmist nagu see on sätestatud võlakirjade laenutingimustes. Võlakirjade laenutingimused näevad ette vastava emitendi ja garandi jaoks Cross Default klausli, nii nagu seda on kirjeldatud laenutingimustes.

**Võlakirjade staatus:**

Võlakirjade näol on tegemist vastavate emitentide kindlustamata mitteteisejärguliste kohustustega, mis on omavahel ja vastavate emitentide kõigi teiste olemasolevate ja tulevaste, kindlustamata ja mitteteisejärguliste kohustuste suhtes samaväärsed.

**Garantii:**

Finance poolt väljaantud võlakirjad garanteerib tingimusteta ja tagasivõetamatult garant. Garantiitingimustes on sätestatud garandi poolne negatiivne kohustus. Garantii lähtub saksa õigusest.

**Kehtiv õigus:**

Võlakirjade kohta kehtiv õigus on saksa õigus.

**Kohtualluvus:**

Mitte ainuõiguslikuks pädevaks kohtuinstantsiks võlakirjadest tulenevate ja nendega seonduvate õigusvaidluste puhul on Frankfurt am Main.

**Tasaarveldus ja teostamine:**

Võlakirjade tasaarveldamisel aktsepteeritakse ühte või mitmeid tasaarvelduse süsteeme nii nagu on sätestatud rakendatavates lõpptingimustes. Need süsteemid hõlmavad Clearstream Banking AG, Frankfurt am Main, ("**CBF**"), Clearstream Banking, société anonyme, Luxembourg, ("**CBL**") ja Euroclear Bank SA/NV ("**Euroclear**").

## Kokkuvõte riskiteguritest

### Kokkuvõte firmaga Deutsche Telekom seotud riskiteguritest

Riske, mis on seotud firma Deutsche Telekom AG suutlikkusega täita enda kui võlakirjade emitteerija kohustusi, vaadeldakse siinkohal lähtuvalt Deutsche Telekom AG-le antud reitingutest. Deutsche Telekom AG reitingut hindasid Fitch Ratings CIS Limited ("**Fitch**")<sup>1, 4</sup>, Moody's Investors Service España SA ("**Moody's**")<sup>2, 4</sup> ja Standard and Poor's Credit Market Services Europe Limited ("**S&P**")<sup>3, 4</sup>.

Käesoleva prospekti avaldamise kuupäevaks olid reitinguagentuuride poolt antud reitingud järgmised:

Fitch:	pikaajaline reiting:	BBB+
	lühiajaline reiting:	F2
Moody's:	pikaajaline reiting:	Baa1
	lühiajaline reiting:	P-2
S&P:	pikaajaline reiting:	BBB+
	lühiajaline reiting:	A-2

- Jätkuv konjunktuuri langus või selle intensiivistumine, Euroopa võlakriisi teravnemine või tarbijapoolne väljaminekute piiramine võib avaldada negatiivset mõju kliendi poolt ostetavatele toodete ja teenuste osas Deutsche Telekomis igas üksikus ärisegmendis. See võib avaldada negatiivset mõju Deutsche Telekomis töötlemustele ja finantsolukorrale.
- Kreeka makromajanduslikud tingimused ning Kreeka Vabariigi majanduslik olukord on tunduvalt halvenenud ning see võib avaldada jätkuvalt negatiivset mõju Deutsche Telekomis äritegevusele, töötlemustele, finantsolukorrale ning väljavaadetele.
- Kuna Deutsche Telekom on tegev tugevalt reguleeritud majandussektorites, piiravad järelevalveorganite poolt pealesunnitud otsused oluliselt tema paindlikkust ärilise juhtimise alal ja nii võib tekkida olukord, kus teatud teenuste pakkumine tuleb loovutada oma konkurentidele või langetada toodete ja teenuste hindu. Mõlemad otsused on ühtviisi halvad ning võivad Deutsche Telekomis käivet, kasumit ja turuosa väga negatiivselt mõjutada.
- Deutsche Telekomis igas tegevusvaldkonnas valitseb tugev konkurents, mis võib endaga kaasa tuua toodete ja teenuste hinna langemist ning teatud teenuste osas turuosa kaotamist, mis omakorda võib negatiivselt mõjutada käibe- ja kasumiseisukorda.
- Võimalik, et kui turunõudluse puudusel, tehnoloogiliste muudatuste tõttu või tarnimistingimustest tulenevalt jääb nõudlus nende poolt pakutud toodete ja teenuste järele allapoole oodatud taset ning ka nende toodete ja teenuste müügikäive jääb nii oma suuruse kui laekumistähtaegade osas loodetust allapoole, võib see avaldada ebasoodsat mõju nende rahavoogudele.
- Deutsche Telekomis teatud investeringud (nagu nt uued litsentsid sagedusalade kasutamiseks) tulevaste toodete ja teenuste arendamisse võivad nõuda olulisi väljaminekuid ilma kindlate tagatisteta turuosa kindlustamise suhtes või litsentsinõuete järjepidevuses.
- Juhul kui Deutsche Telekomil ei õnnestu ellu viia planeeritud abinõusid isikkoosseisu vähendamiseks ja ümbrstruktureerimiseks või muul viisil personalikulude vähendamiseks, võib

<sup>1</sup> Fitch resideerub Euroopa Ühenduses ja on vastavalt Euroopa Parlamendi ja nõukogu reitinguagentuuride määrusele (EÜ) nr 1060/2009, 16.09.2009, muudetud Euroopa Parlamendi ja nõukogu määrusega (EL) nr 513/2011, 11. 03. 2011, ("**Reitinguagentuuride määrus**") registreeritud.

<sup>2</sup> Moody's resideerub Euroopa Ühenduses ja on vastavalt Euroopa Parlamendi ja nõukogu reitinguagentuuride määrusele (EÜ) nr 1060/2009, 16.09.2009, muudetud Euroopa Parlamendi ja nõukogu määrusega (EL) nr 513/2011, 11. 03. 2011, ("**Reitinguagentuuride määrus**") registreeritud.

<sup>3</sup> S&P resideerub Euroopa Ühenduses ja on vastavalt Euroopa Parlamendi ja nõukogu reitinguagentuuride määrusele (EÜ) nr 1060/2009, 16.09.2009, muudetud Euroopa Parlamendi ja nõukogu määrusega (EL) nr 513/2011, 11. 03. 2011, ("**Reitinguagentuuride määrus**") registreeritud.

<sup>4</sup> Euroopa väärtpaberiturujärelevalve veebileheküljel ([www.esma.europa.eu](http://www.esma.europa.eu)) on avaldatud nimekirja reitinguagentuuridest, mis on registreeritud reitinguagentuuride määruse kohaselt. Nimekirja uuendamine toimub 5 tööpäeva jooksul pärast otsuse vastuvõtmist nagu seda näeb ette reitinguagentuuride määruse artikkel 16, 17 või 20. Euroopa Komisjon avaldab värske nimekirja Euroopa Liidu Teatajas 30 päeva jooksul pärast nimekirja uuendamist.



see avaldada negatiivset mõju tema mainele ning takistada seatud finantseesmärkide ning kasumimarginaalide saavutamist.

- Teatud, ärituumikusse mittekuuluvates Saksamaa ettevõtetes liiguvad kuuldused nagu kavatseksid Deutsche Telekom kontsernist lahkunud ametnikud ülima tõenäosusega nüüd naasta, mis võiks negatiivselt mõjutada isikkoosseisu vähendamise ning personalikulude kokkuhoiu poliitikat.
- Oletatavad traadita kommunikatsiooniseadmete kasutamisega kaasnevad terviseriskid on endaga kaasa toonud kohtumenetlusi ning negatiivselt mõjutanud Deutsche Telekom mobiilsideturul tegelevaid tütarettevõtteid. See võib põhjustada mobiiltelefonide kasutuse vähenemist või tekitada raskusi uute mobiilside tugijaamade rajamisel, millel omakorda võib olla negatiivne mõju Deutsche Telekom finantsolukorrale ja mobiiltelefoniäri operatiivtulemustele.
- Oma IT võrgu infrastruktuuri suurejooneliste ümberkujundamisprogrammide raames on Deutsche Telekom püüdluseks rahuldada oma klientide ühe kasvavaid vajadusi ning vastata uutele organisatorsetele ja raamatupidamisalastele nõuetele. Nende programmide elluviimine nõuab olulisi investeeringuid ja kui need aktsioonid ei ole efektiivselt planeeritud ning nende üle puudub järelevalve, võib sellega kaasneda ressursside vale kasutamine, samuti protsesside peatumine, millel on nende äritegevuse jaoks negatiivsed tagajärjed.
- Süsteemitõrked, loodusjõududest tingitud või inimlikest eksimustest tulenevate rikete ja andmete kaotamine näol võivad põhjustada häireid liikluses, anda tagasilööke planeeritud käibe osas ning kahjustada Deutsche Telekom mainet ning viia alla tema tulemusi.
- Puudujäägid Deutsche Telekom varustus- ja tootmisprotsessis võivad avaldada negatiivset mõju tema tooteportfellile, käibe ja kasumile.
- Deutsche Telekomil on pidevalt käsil õiguslikud vaidlused järelevalveorganitega ja konkurentsiametiga, konkurentide ning teiste osapooltega. Selliste kohtumenetluste lõpptulemus ei ole kunagi kindel. Pärast lõpptulemuse teatavakstegemist võivad nad Deutsche Telekom operatiivtulemustele ja tema finantsolukorrale tuntavalt negatiivset mõju avaldada.
- Riskid, mis vahetuskursside, intresside ja reitinguga kaasas käivad, on Deutsche Telekom käibe- ja kuluarvestuse arengut negatiivses suunas tugevalt mõjuatanud ja arvatavasti teeb seda ka tulevikus.
- Võimalik ühistegevusest tulenevate nõudmiste mittetäitmine või oluliste puuduste ilmsikstulek finantsaruandluses sisekontrolli käigus võivad avaldada halba mõju ettevõtte heale nimele, tema finantsseisundile ning tema väärtpaberite kursile.
- Telekommunikatsiooni sektoris asetleidvate arengute tagajärjeks oli minevikus ja võib olla ka tulevikus kindlate varade realiseerimisväärtuse ulatuslik vähenemine.

### **Kokkuvõte finantsalastest riskiteguritest**

Finance poolt väljaantud võlakirjadega seotud kapitali- ja intressimaksed on Deutsche Telekom AG poolt garanteeritud. Seepärast vastavad Finance riskid põhimõtteliselt Deutsche Telekom AG riskidele.

### **Kokkuvõte võlakirjadega seotud riskiteguritest**

#### **Võlakirjad kui mittekohane investering**

Võlakirjad on kompleksed finantsinstrumendid, millesse potentsiaalsed ostjad peaksid investeerima ainult juhul, kui nad (ise või oma finantsnõustajate kaudu) omavad vajalikku analüüsivõimet, hindamaks võlakirjade käitumist muutuvates tingimustes, sellest tulenevat võlakirjade väärtuse kõikumist nagu ka taolise investeringu mõju kogu oma väärtpaberiportfellile.

#### **Valuutarisk / topeltvääringuga võlakirjad**

Teises vääringus väljaantud võlakirjade ja topeltvääringuga võlakirjade võlausaldajad peavad arvestama vahetuskursi kõikumistega, mis võib mõjutada selliste võlakirjade kasumimäära.

## **Likviidsusrisk**

Puudub igasugune kindlus, et võlakirjade jaoks tekib likviidne edasimüügiturg, või kui see tekib, et see siis ka püsima jääb. Mitterikviidsetel turul võib tekkida olukord, et investor ei saa oma võlakirju igal ajal sobiva turuhinnaga võõrandada.

## **Ennetähtaegse tagasimakse risk**

Kui emitendile on antud õigus võlakirjad ennetähtaegselt tagasi maksta, peab selliste võlakirjade võlausaldaja arvestama riskiga, et tulenevalt ennetähtaegsest tagasimaksest saab ta oma kapitalimahutuselt oodatuga võrreldes väiksemat kasu. Peale selle jääb võimalus, et võlakirjade võlausaldaja taasinvesteering toimub veel kesisematel tingimustel kui see esialgsel investeerimisel oli.

## **Fikseeritud intressiga võlakirjad**

Fikseeritud intressiga võlakirjade võlausaldaja peab arvestama riskiga, et sellise võlakirja kurss võib vastavalt aktuaalse turul valitseva intressimäära muutuste tagajärjel langeda.

## **Muutuva intressiga võlakirjad**

Muutuva intressiga võlakirjade võlausaldaja peab arvestama kõiguvast intressitasemest ja ebakindlast intressitulust tulenevate riskidega. Kõikuv intressitase muudab võimatuks muutuva intressiga võlakirjade kasumi eelneva kindlaksmääramise.

## **Nullkupongiga võlakirjad**

Nullkupongiga võlakirjade võlausaldaja peab arvestama riskiga, et selliste võlakirjade kurss võib seoses turul valitseva intressimäära muutumisega langeda. Nullkupongiga võlakirjade kurss on volatiilsem kui fikseeritud intressiga võlakirjade oma ning ta on turul toimiva intressimäära muutuste suhtes tundlikum kui sama kehtivusajaga fikseeritud intressiga võlakiri.

## **Indekseeritud võlakirjad**

Indekseeritud võlakirjade võlausaldaja peab arvestama kõikuva intressitaseme riskiga, ning seoses sellega ei ole indekseeritud võlakirjade tulumäära eelnev kindlaksmääramine võimalik. Mida volatiilsem on vastav indeks, seda suurem on teadmatuse intressi tulususe osas.

## **Struktureeritud võlakirjad**

Investeeringud võlakirjadesse, mille juurdehindlus ja/või intress määratakse silmas pidades erinevaid vääringuid, tooraineid, intressimäärasid või muid tunnuseid või valemeid, seda kas vahetult või vastupidi, on seotud oluliste riskidega, mis ei ole seotud sarnaste kapitalimahutustega traditsioonilistesse obligatsioonidesse / võlakirjadesse, sealhulgas riskiga, et saadav intressimäär osutub madalamaks kui samaaegselt traditsioonilistelt võlakirjadelt makstav intressimäär.

## **Huvide konfliktid**

Võlakirjade puhul, mis on seotud kindla baasväärtusega, võib vallanduda huvide konflikt, kui emitent ja investor või nendega seotud ettevõtte sõlmivad tehinguid võlakirjade aluseks oleva baasväärtuse pinnal, ja see võib avaldada negatiivset mõju nende võlakirjade aluseks olevale baasväärtusele.

# **Kokkuvõte firmaga Deutsche Telekom seonduvast**

## **Äriühingut puudutav informatsioon**

Postitalituse ja telekommunikatsiooni ümberkorraldamise teise seadusega muudeti avalik ettevõtte Deutsche Bundespost alates 1. jaanuarist 1995 saksa eraõiguslikuks aktsiaseltsiks TELEKOM. Deutsche Telekom AG on kantud Bonni äriregistrisse numbri HRB 6794 all ning tema õiguslik nimetus ja ärinimi on Deutsche Telekom AG. Postitalituse ja telekommunikatsiooni ümberkorraldamise teine seadus sätestas ka raamistiku äriühingu privatiseerimiseks. 1996.a. novembris suurendati Deutsche Telekom kapitali ja kuulutati välja uute aktsiate rahvusvaheline avalik pakkumine. Tänu mitmetele 1998.a. asetleidnud aktsiasioretele Kreditanstalt für Wiederaufbau'le, teisele kapitali suurendamisele 1999.a. juunis, aktsiate kolmandale avalikule pakumisele 2000.a. juunis ja neljandale kapitali suurendamisele mais 2001 on praeguse seisuga 68% olemasolevast aktsiakapitalist institutsionaalsete ja erainvestorite käes.

Deutsche Telekom AG on Deutsche Telekom kontserni tütarettevõtte, mis kujutab endast *full-service* telekommunikatsioonigruppi, mille peamisteks tegevusvaldkondadeks on avaliku lauatelefonivõrgu ja mobiilsideteenuste pakkumine, sideliinide rent, teksti- ja andmeteenused, online- teenused, ettevõtete

võrgusüsteemide loomine ning võrgusüsteemide juhtimisteenused saksa ja teatud rahvusvahelistel turgudel.

Äriühingu registrisse kantud asukoht on Friedrich-Ebert-Allee 140, 53113 Bonn, Saksamaa Liitvabariik.

### **Integreeritud telekommunikatsiooniteenuste pakkuja**

Telekom juhindub nii tehnilistel aladel kui ühiskondlikus elus valitsevatest olulistest trendidest ning tema oluliseks panuseks on: paljude elualade üha kasvav digitaliseerimine, toodete ja teenuste isikupärastamine, kasvav mobiilsus ning rahvusvaheliskus.

Tehnoloogiate süvenevale konvergensusele aitab Telekom kaasa integreerides oma tooteportfelli tooteid, mis võimaldavad isiklikule muusikale, videotele või ka aadressidele ligipääsu kõikide lõppseadmete kaudu.

Telekom pakub püsivõrgu ja kasvava leviulatusega mobiiltelefonivõrgu kaudu võrguühendus-, kommunikatsiooni- ja lisaväärtusteenuseid. Innovatiivsete toodete ja teenustega soodustab kontsern nii isikliku ja sotsiaalse kontaktivõrgu loomist inimeste vahel.

Lisaks põhiettevõtluks - klassikaline võrguühendus ja mobiiltelefonivõrk - otsib ettevõtte uusi kasvuvõimalusi ja panustab oma uute investeeringutega intelligentsetele võrkudele, IT teenustele ning Interneti ja võrguhaldusteenustele.

Kodumaisel saksa turul tehakse klientidele alates 2010. aasta maist täielikult nende vajadustest lähtuvalt koostatud toote- ja teenustepakkumisi ja garanteeritakse parim võrguteenuse kvaliteet. Seda kõike ühes kohas. Seni iseseisvalt püsivõrguga (T-Home) ja mobiiltelefonivõrguga (T-Mobile) tegelenud ettevõtted on liitunud. Terve kontserni ulatuses on "T" bränditähis, mis ka välismaise osaluse puhul on turuletuleku kindel koostisosa.

T-Systems, mis on suurl klientidele orienteeritud, keskendub võrgupõhistele IKT lahendustele - kujutades endast seega IT ja TK teenuste pakumiste kombinatsiooni. T-Systems pakub globaalsetele ettevõtetele lahendusi ühest allikast. Peale selle püüavad ühe rohkem tähelepanu teenused nagu Cloud-Computing ja IT lahendused suurte ümberkorralduste keerises olevate elualade jaoks nagu energiamajandus, tervishoid, meedia ja autotööstus.

### **Internatsionaliseerimine ja säästev suhtumine.**

Rahvusvahelise haardega kontsernina on Deutsche Telekom kontsern esindatud ümmarguselt 50 riigis. Üle poole kontserni kogukäibest tuleb riikidest väljaspool Saksamaad. Kokku on Deutsche Telekom kontsernil töötajaid 235132 (seisuga: 31. detsember 2011).

Kontsern on oma eesmärgiks võtnud säästva suhtumise ja lähtub oma äritegevuses nii majanduslikest kui ka sotsiaalsetest ja ökoloogilistest kriteeriumidest. Oma keskkonna-alase ning sotsiaalsfääri puudutava tegevusega on Deutsche Telekom regulaarselt rahvusvaheliste säästvat suhtumist kajastavate reitingute juhtpositsioonidel. Nii kasutab kontsern kogu oma energiavajaduse rahuldamiseks Saksamaal taastuvenergiat. Säästva suhtumise kampaaniaga "*Suured muutused saavad alguse väikestest asjadest*" püüab Telekom kaasa haarata nii oma kliente kui laiemat üldsust.

### **Finantsinfo**

Deutsche Telekom kontserni aastaaruanne 31. detsembril 2011 lõppenud tegevusaasta kohta on koostatud vastavuses International Financial Reporting Standards ("**IFRS**") nõuetega Euroopa Liidu (EL) poolt ettenähtud vormis ja täiendavalt HGB (Äriseadustik) § 315a, lõik 1 kohaselt järgitavate äriõiguslike ettekirjutuste alusel. Aastaaruanne kinnitati piiranguteta.

Deutsche Telekom kontserni aastaaruanne 31. detsembril 2010 lõppenud tegevusaasta kohta on koostatud vastavuses IFRS nagu ka International Financial Reporting Standards ("**IASB**") nõuetega Euroopa Liidu (EL) poolt ettenähtud vormis ja täiendavalt HGB (Äriseadustik) § 315a, lõik 1 kohaselt järgitavate äriõiguslike ettekirjutuste alusel. Aastaaruanne kinnitati piiranguteta.

### **Varad**

Seisuga 31. detsember 2011 moodustas Deutsche Telekom'i põhikapital EUR 11 062 577 167,36, mis jaotub 4 321 319 206 ilma nominaalväärtuseta nimeliseks lihtaktsiaks. Kõik aktsiad on välja antud ja välja makstud. Deutsche Telekom hoiab umbes 0,05% oma aktsiatest.

## **Kokkuvõte Finance'i kohta**

Finance asutati 30. oktoobril 1995.a madalmaade õiguse kohaselt eraõigusliku piiratud vastutusega äriühinguna piiramatuks ajaks. Finance näol on tegemist 100%-lise Deutsche Telekom AG tütarettevõttega. Firma asukoht on Amsterdam ning ta on kantud Amsterdami Äriregistrisse numbri 33274743 all. Ettevõtte asukoht on Herengracht 124-128, 1015 BT Amsterdam, Holland.

Finance on Deutsche Telekom kontserni finantsäriühing ja tegeleb kapitaliturul erinevate võlakirjadega.

### **Finantsinfo**

Finance aastaaruanded 31. detsembril 2010 ja 31. detsembril 2011 lõppenud tegevusaastate kohta on koostatud vastavuses International Financial Reporting Standards ("**IFRS**") nõuetega Euroopa Liidu (EL) poolt ettenähtud vormis ja Madalmaade Bürgerliches Gesetzbuch 2. raamatu 9. osa kohaselt. Aastaaruanne 31. detsembril 2010 lõppenud tegevusaasta kohta auditeeriti Ernst & Young Accountants LLP poolt. Aastaaruanne 31. detsembril 2011 lõppenud tegevusaasta kohta auditeeriti PricewaterhouseCoopers Accountants N.V. poolt. Mõlemal korral kinnitati aastaaruanded piiranguteta.

### **Põhikapital**

Finance'i kinnitatud aktsiakapital koosnes seisuga 31.12.2011 5000 lihtaktsiast nimiväärtusega vastavalt EUR 453,78. Väljaantud aktsiakapital moodustab EUR 453.780 ja koosneb 1000 lihtaktsiast nimiväärtusega vastavalt EUR 453,78. Ülejäänud 4000 aktsiat ei ole väljaantud.