

PROSPECTUS

Deutsche Telekom International Finance B.V. (“Finance”)

\$1,000,000,000 Floating Rate Notes due 2009

\$500,000,000 5.375% Notes due 2011

\$1,000,000,000 5.75% Notes due 2016

Guaranteed as to Payment of Principal and Interest by

Deutsche Telekom AG (“Deutsche Telekom”)



Finance’s \$1,000,000,000 Floating Rate Notes due 2009 (the “Floating Rate Notes”), \$500,000,000 5.375% Notes due 2011 and \$1,000,000,000 5.75% Notes due 2016 (together, the “Fixed Rate Notes” and, together with the Floating Rate Notes, the “Notes”) were offered for sale in the United States, Europe and elsewhere where it is lawful to make sure offers. Application is being made to list and trade the Notes on the regulated market of the Luxembourg Stock Exchange which is a regulated market for purposes of Directive 2004/39/EC on Markets in Financial Instruments. This prospectus as well as the documents incorporated by reference will be published on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>).

Finance will pay interest on the Floating Rate Notes on March 23, June 23, September 23 and December 23 of each year, beginning on June 23, 2006, at an annual interest rate for each interest period equal to 3-month LIBOR plus a margin of 0.18%. Finance will pay interest on the Fixed Rate Notes on March 23 and September 23 of each year, beginning on September 23, 2006, at an annual interest rate of 5.375% for the Fixed Rate Notes due 2011 and an annual interest rate of 5.75% for the Fixed Rate Notes due 2016.

Finance may redeem the Fixed Rate Notes on the terms described in this prospectus under “Description of Notes – Fixed Rate Notes – Optional Redemption”. Finance may also redeem the Notes at 100% of their principal amount plus accrued interest if certain tax events occur as described in the accompanying prospectus relating to Finance’s debt securities.

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

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Finance
Per Floating Rate Note.....	100.000%	0.150%	99.850%
Per Fixed Rate Note due 2011	99.615%	0.250%	99.365%
Per Fixed Rate Note due 2016	99.355%	0.325%	99.030%
Total	\$2,491,625,000	\$6,000,000	\$2,485,625,000

The Notes were delivered in book-entry form only through the facilities of The Depository Trust Company (“DTC”) as well as through the facilities of other clearing systems that participate in DTC, including Clearstream Banking, Luxembourg, known as Clearstream, and Euroclear, against payment in immediately available funds on March 23, 2006.

Joint Bookrunning Managers

Lehman Brothers

Morgan Stanley

UBS Investment Bank

Co-Managers

Banc of America Securities LLC
Dresdner Kleinwort Wasserstein

Barclays Capital
HSBC

Credit Suisse
RBS Greenwich Capital

May 8, 2006

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

RESPONSIBILITY STATEMENT

Deutsche Telekom with its registered office in Bonn and Finance with its registered office in Amsterdam are solely responsible for the information given in this Prospectus, provided that Finance is not responsible for the description of Deutsche Telekom. Each of Deutsche Telekom and Finance 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.

RISK FACTORS

The discussion below is a disclosure of risk factors that are material to Deutsche Telekom and Finance and that may affect Finance's ability to fulfill its obligations under the Notes or Deutsche Telekom's obligation under the guarantee. When we refer to ourselves, we are referring to both Deutsche Telekom and Finance. Prospective investors should carefully consider the following information in conjunction with the other information contained or incorporated by reference in this prospectus.

Relating to Deutsche Telekom

The risk related to Deutsche Telekom's ability to fulfill its obligations as Issuer of debt securities is described by reference to the ratings assigned to Deutsche Telekom. Deutsche Telekom is rated by Fitch Ratings Limited ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P", together with Fitch and Moody's, the "Rating Agencies").

As of the Publication Date, the ratings assigned to Deutsche Telekom by the Rating Agencies were as follows:

by Fitch: long-term rating: A-
short-term rating: F-1

Fitch defines¹:

A: "A" ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

F-1: Indicates strongest capacity for timely payment of financial commitments.

by Moody's: long-term rating: A3
short-term rating: P-2

Moody's defines²:

A-3: Obligations are considered upper-medium grade and are subject to low credit risk.

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

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.

by S&P: long-term rating: A-
short-term rating: A-2

S&P defines³:

A-: An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

A-2: A short-term obligation rated "A-2" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

An economic downturn, a substantial slowdown in economic growth or a deterioration in consumer spending could adversely affect our customers' purchases of our products and services in each of our strategic business areas, which could have a negative impact on our operating results and financial condition.

Our business depends to a large degree on general economic conditions in Germany, other European countries in which we do business and the United States. The prospects for the development of the German economy in 2007 might deteriorate if the value added tax (VAT) in Germany is increased according to plans of the new German government. An increase in VAT may have a negative effect on private consumption in Germany, as well as on our margins, since we may not be able to pass through the additional VAT to our customers. If economic growth in our markets proves to be low or non-existent, because of current or anticipated circumstances, this could have an adverse effect on the level of demand by our individual customers and the willingness of our key business customers to invest in information and communications technology (ICT). This could, in turn, jeopardize our growth targets—for example, those relating to multimedia services in mobile telecommunications, or those relating to broadband products and services based on DS L (digital subscriber line) technology.

Because we operate in heavily regulated business environments, decisions that regulatory authorities impose on us restrict flexibility in managing our business and may force us to offer services to competitors, or reduce the prices we charge for our products and services, either of which could have a material negative impact on our revenues, profits and market shares.

Unlike many of our competitors, we are subject to strict regulation in many market segments in Germany, particularly in many areas of the fixed-line network business of our Broadband/Fixed Network strategic business area. Government agencies regularly intervene in the offerings of our products and services and in the pricing of our products and services. Such regulation places enormous pricing and competitive pressures on us and on our ability to generate revenues and profits.

On June 26, 2004, amendments to the German Telecommunications Act (Telekommunikationsgesetz, the "Telecommunications Act") became effective. Although the precise effects of the amendments to the Telecommunications Act are still not definite in all segments of the German telecommunications market, it is already clear that regulatory intervention will continue in certain market sectors of our business. The Bundesnetzagentur (the "Federal Network Agency," formerly, the Regulierungsbehörde für Telekommunikation und Post) is required to decide which telecommunications products and services are to be regulated in a particular market segment. The Telecommunications Act requires the regulation of telecommunications services that are considered by the Federal Network Agency to involve a provider with "significant market power". So far, we have been exempted from regulation on the basis of a loss of significant market power in markets of minor importance only, such as the market for foreign long-distance calls in fixed-line networks. It is possible that services not previously regulated will be subject to future regulation, such as international roaming or voice over Internet protocol (VoIP) services.

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.

Further, we expect that the Federal Network Agency will publish various regulatory ordinances interpreting the provisions of the Telecommunications Act, which may negatively affect the prices we charge for certain of our products and services. The recently elected German government may be expected to take up earlier plans to amend the Telecommunications Act. If adopted in the form previously considered, these amendments would intensify existing customer protection rules, which could have an adverse effect on our future revenues and entail additional operating costs.

The European Union is establishing an E.U.-wide regime of data retention requirements for law enforcement purposes. These requirements establish minimum standards for both the types of data to be retained and the term of their retention. After adoption of the relevant E.U. directive (planned for the spring of 2006), the E.U. requirements will have to be implemented into national law of the E.U. Member States within 18 months. Depending on the requirements of the final national rules, compliance with the new data retention requirements could entail considerable initial investment and recurring annual operating costs for us. At this time, it is unclear whether and how we might be compensated for these costs.

Broadband/Fixed Network

The Federal Network Agency considers us, through our T-Com business unit, to be an "entity with significant market power" in several defined markets for telecommunications services in Germany, particularly the fixed-line market. Many decisions of the Federal Network Agency in 2005, taken under the premise of increasing competition in the German market for fixed-line telecommunications, were unfavorable to T-Com (for example decisions on charges for line sharing and monthly line rental). These regulatory decisions have had a significant effect on our fixed-line network pricing and service offerings, and future regulatory decisions are expected to continue to have a negative impact on T-Com's market shares, revenues and margins.

In addition, the Federal Network Agency intends to address other markets that are currently not subject to regulation (for example virtual private networks and VoIP). VoIP is an emerging market for nomadic voice telephony services that are based on the Internet and are not dependent on specific customer telephone lines. Nevertheless, the Federal Network Agency has included VoIP in the same market as conventional voice telephony services. Therefore these services may be treated in the same way as conventional telephone services for the purpose of regulation and may also be subject to price regulation.

Additional market regulation is expected to intensify competition in Germany and will, therefore, put pressure on our revenues and the cost structure of our fixed-line network business. In particular, if regulatory measures allow broadband access lines to be "unbundled" (separated) from telephone lines, this could substantially increase the price pressure on, and competition faced by, our fixed-line network business. Even new infrastructure investments, such as our planned new high-speed fiber-optic network as a platform for "triple-play" services (i.e., high-speed Internet access, communications services and entertainment offerings), are in danger of becoming subject to strict regulation by the Federal Network Agency.

Although the new E.U. regulatory framework for electronic communications does not provide for an extension of sector-specific regulation to the online communications market, there are some indications that the Federal Network Agency may change its legal approach to the regulation of prices for access to online services in the future. We cannot yet determine what effect, if any, such regulation may have on our broadband services offerings. Additionally, Internet subscribers are indirectly affected by the regulation of access tariffs, as wholesale costs include charges for telecommunications services that are regulated by the Telecommunications Act.

We are also subject to the laws and regulations of other countries where our affiliates or we have fixed-line network operations, primarily in Central and Eastern Europe. The business impact of increased regulation on our subsidiaries in Central and Eastern Europe will depend on the way in which national regulatory authorities use their acquired powers, and the extent to which our competitors take advantage of regulatory decisions designed to foster increased competition.

Further market analysis procedures under the E.U. regulatory framework will be carried out in Hungary and Slovakia in 2006, which could eventually lead to reductions in the prices we may charge to customers, both for wholesale and for retail services. Such developments could also contribute to a loss of our market share in these countries. Our Central and Eastern European subsidiaries might also be required to adjust their product offerings on the wholesale and retail levels in furtherance of competition in the fixed-line network. This would add to the downward pressure on prices in the countries in which they operate.

Mobile Communications

Our mobile telecommunications operations are supervised by regulatory authorities in the countries in which we operate. We expect tightening of regulatory control in the area of mobile telecommunications, with a probable negative effect on pricing and revenues, as a result of a reduction in international roaming charges, call termination charges and also possible access regulation in some markets. The E.U. regulatory framework defines international wholesale roaming, call termination and access, and origination as separate "markets". On this basis, national regulatory authorities in the European Union are required to carry out market investigations and, if necessary, define regulatory remedies in those markets in accordance with E.U. directives.

On February 10, 2005, the E.U. Commission opened formal proceedings against, among others, T-Mobile Deutschland. In the proceedings, the E.U. Commission alleged that T-Mobile Deutschland had been charging excessive wholesale roaming tariffs for calls of foreign visitors in its network during the period from 1997 to 2003. Should the E.U. Commission decide to uphold its preliminary findings, it may impose significant fines on T-Mobile Deutschland.

Our telecommunications systems and operations in the United States are regulated primarily by the U.S. Federal Communications Commission (FCC) and by various other federal, state and local governmental bodies. These and other governmental agencies may also exercise jurisdiction over mobile telecommunications operators. Some U.S. states have taken actions to regulate various aspects of wireless operations including, for example, customer billing, termination of service arrangements, and advertising. Any of those agencies could adopt regulations or take other actions that could adversely affect our business. If we fail to comply with applicable regulations, we may be subject to sanctions, which may have an adverse effect on our mobile telecommunications business in the United States.

We face intense competition in all areas of our business, which could lead to reduced prices for our products and services and a decrease in market share in certain service areas, thereby having an adverse effect on our revenues and net profit.

Broadband/Fixed Network

In our domestic market, fixed-line network voice telephony service revenues and prices have been declining in recent years, primarily due to intense competition and adverse decisions imposed by the Federal Network Agency, and also due to customers' substitution of mobile telecommunications for fixed-line usage.

Competition became even more intense in 2005, resulting in our continued loss of market share. The increase in competition from mobile operators, other fixed-line carriers and cable operators entering the telecommunications market is expected to continue for the foreseeable future. We expect further increases in competitive pressure, due to the offering of attractive product bundles for telephone and broadband access lines, which include a flat rate for Internet service, and other factors, including the increasing quality and acceptance of VoIP services (which, among other things, allow customers to conduct voice communications through their personal computers at low or no calling charges) and regulatory actions by the Federal Network Agency.

Additional local and regional network operators are expanding their presence to include other major cities and regions. In the future, we could face even fiercer competition and lose further market share if our competitors were to combine their businesses. Furthermore, alternative carriers are aggressively pursuing a strategy of reduced prices for call pre-selection and call-by-call services.

Existing mobile substitution effects are intensified as a result of the proliferation of mobile virtual network operators (MVNO), which continue to have an adverse effect on our fixed-line network revenues. Reduced prices for mobile telecommunications services (e.g., on the basis of lower flat rates without call-based charges) could increase pricing pressure on our fixed-line services.

The German and European markets for Internet access and portal services—especially within the broadband market—have been, and will continue to be, highly competitive. Prices for broadband flat rates have been steadily declining. T-Online's future competitive position will be affected by pricing, network speed and reliability, services offered, customer support and its ability to be technologically adept and innovative. The regulatory environment can also exert a significant influence on the level of competition. We expect that T-Online's 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.

Each of these developments is expected to continue to erode our market shares and to decrease our revenues and profit margins.

Mobile Communications

During 2004 and 2005, consolidation in the wireless telecommunications sector in the United States has dramatically changed the competitive landscape. Each of T-Mobile USA's three remaining national competitors—Verizon Communications, Inc. ("Verizon"), Cingular Wireless LLC ("Cingular") and Sprint/Nextel Corporation ("Sprint/Nextel")—are significantly larger than T-Mobile USA, with larger spectrum holdings and more than double the customer base. Their scale could afford them significant structural and competitive advantages. Thus, this situation presents a long-term challenge to T-Mobile USA to effectively compete in pricing, products, coverage and the introduction of new technologies and services. Intense competition from various regional operators also exists. Since T-Mobile USA is a significant contributor to our overall revenue and customer growth, a slowdown or decline in the business of T-Mobile USA could have a material adverse effect on the attainment of the growth targets of our group as a whole.

Competition in the European mobile telecommunications markets has increased and can be expected to increase in the future. Increasing competition results, in part, from the entry into the market of low-cost carriers, such as MVNOs, which use the networks of other operators at volume discounts, and from market consolidation (e.g., the recent acquisition of O2 plc ("O2") by Telefónica S.A. ("Telefónica"). If prices for mobile telecommunications services continue to decline, T-Mobile may not achieve its growth objectives.

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 we are unable to offer increased quality and better value to our customers, our market share and revenues may not grow as we have anticipated in our growth plans.

Business Customers

Our Business Customers strategic business area, operated through T-Systems Business Services GmbH and T-Systems Enterprise Services GmbH (collectively, "T-Systems"), is a provider of solutions covering the entire value chain of information and communications technology. It 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 market is shaped by long sales cycles, severe competition and declining prices. The result is downward pressure on revenues and margins and lower predictability of revenue growth.

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.

Spectrum capacity may become a limiting factor to T-Mobile USA's growth in the United States.

T-Mobile USA's capacity and coverage expansion is dependent on its ability to acquire additional spectrum licenses, which are granted by the FCC or otherwise regulated by the FCC if acquired from third-party operators. The failure to obtain sufficient capacity and spectrum coverage would have a material adverse impact on the quality of T-Mobile USA's services in the United States, and on T-Mobile USA's ability to provide future services in some markets. T-Mobile USA could experience negative operational effects, such as reduced growth of customers and revenues, due to a lack of capacity in specific markets. One opportunity to acquire additional sizable units of spectrum is the Advanced Wireless Services (AWS) auction (1700/2100 MHz), expected to take place in mid-2006. Failure to obtain sufficient spectrum in this auction could inhibit our ability to introduce advanced wireless services and keep pace with our competitors. Prices in spectrum auctions can become high, posing challenges to the attainment of an attractive return on investment.

We may realize neither the expected level of demand for our 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 our cash flows.

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, has the potential to reduce our market share and revenues in our fixed-line business. The introduction of mobile handsets with VoIP functionality may also adversely affect our pricing structures and market share in our mobile voice telephony business, particularly in countries where we have a large market share. If we do not appropriately anticipate the demand for new technologies, and adapt our strategies and cost structures accordingly, we may be unable to compete effectively, with the result that our business activities, financial condition and results may suffer.

In addition, there is a risk that we 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 we would want to charge. There is a risk that we will not identify trends correctly, or that we will not be able to bring new services to market as quickly or price-competitively as our competitors. These risks exist, in particular, with respect to our anticipated future growth drivers in the mobile telecommunications area (e.g., mobile data services provided via UMTS or other technologies) and in the fixed-line telecommunications area (e.g., triple-play services). Accordingly, there is risk that the return on our investments, in particular in UMTS licenses and network infrastructure, may be negatively affected, which could result in significant write-downs of the value of our UMTS or other licenses or other network-related investments.

The business model of our Business Customers strategic business area is focused on implementing major projects in the telecommunications, media & utilities, manufacturing, services, finance and public industry sectors. Because of their scale and complexity, and because of the nature of the contractual agreements that govern them, these projects could give rise to extensive customer claims with respect to warranties, damages or contractual penalties where the service provided by T-Systems is deemed to be unsatisfactory.

Lawsuits filed by some T-Online shareholders may further delay our planned merger with T-Online International AG, which could have a negative effect on our results.

On April 29, 2005, the annual general shareholders' meeting of T-Online International AG ("T-Online") approved the agreement concluded with Deutsche Telekom on March 8, 2005, on the merger of T-Online into Deutsche Telekom. Some T-Online shareholders have filed lawsuits challenging the validity of the resolution of the shareholders' meeting approving the merger. The entry of the merger in the commercial registers of the two companies may only take place, and therefore the merger will only become effective, once the competent court rules finally and conclusively in an accelerated proceeding

that the lawsuits do not prevent the entry of the merger in the commercial registers (a "release decision"), or if the court finally and conclusively rejects the lawsuits, or if such lawsuits are withdrawn. The Court of Appeals in Frankfurt am Main, as the court of second instance, issued a release decision in February 2006. This decision however is not yet final and binding; appeals have been filed by some of the opposing parties in the release proceedings, such opposing parties being shareholders who have filed lawsuits challenging the validity of the resolution approving the merger.

A delay in the completion of this merger means that planned synergies may not be realized. For example, until the merger it will not be possible to effectively meet the growing demand for a portfolio with fully integrated products, consisting in particular of fixed network telephony and Internet, potentially supplemented by media content. This situation, coupled with the multiple service provider relationships and contacts, makes it more difficult to attract and retain customers.

After the merger of T-Online into Deutsche Telekom has become effective, T-Online shareholders who received Deutsche Telekom shares in return for their T-Online shares in the course of the merger can file a legal challenge to have the exchange ratio set forth in the merger agreement reviewed. During the course of this valuation proceeding, the court might, for a variety of reasons, come to the conclusion that the exchange ratio set forth in the merger agreement is too low, from the perspective of the T-Online shareholders, and that the T-Online shareholders should, therefore, be granted a supplementary cash payment.

Investors wishing to hold T-Online shares, but not Deutsche Telekom shares, may sell the Deutsche Telekom shares they receive or expect to receive in the course of the merger. This could put pressure on the market price of our shares.

Failures to achieve our planned reduction and restructuring of personnel could negatively affect our financial objectives and profitability.

We announced an extensive personnel-restructuring program for our operations in Germany in October 2005, under which approximately 19,000 employees will leave the group by 2008. When making these reductions, we will adhere to the agreement with the trade unions not to enforce any compulsory redundancies until the end of 2008, and to the moratorium on redundancies agreed under the 2004 employment alliance.

We plan targeted, group-specific measures to implement the personnel-restructuring program. Part of this reduction is to be realized through partial retirement arrangements for salaried employees subject to collective bargaining agreements (non-civil servants.) These plans could be put at risk by possible changes in the law. There are also plans to encourage employees to leave the group, using severance programs based on voluntary arrangements. The implementation of these plans will depend on general developments in the labor market and on the details of the voluntary redundancy program.

A critical factor for the overall success of the personnel-restructuring program will be the availability of competitive, flexible and performance-oriented terms and conditions of employment with our civil servants. We expect that a new law providing for this increased flexibility will be adopted in 2006.

The successful realization of the staff reduction program depends on a range of factors that are beyond our control, such as the successful deconsolidation of our Vivento operating businesses (call-center and technology maintenance businesses), the market for our retrained labor force and the factors mentioned above. If the planned staff-reduction targets are not achieved, our financial and business objectives may not be achieved, which would have a negative effect on our operating expenses and profitability.

Alleged health risks of wireless communications devices have led to litigation affecting T-Mobile, and could lead to decreased wireless communications usage or increased difficulty in obtaining sites for base stations and, thus, adversely affect the financial condition and results of operations of our mobile telecommunications 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 Organization (WHO) has declared that, on the basis of current scientific knowledge, there are no known adverse effects on health below the international threshold standards, nor is it expecting any serious dangers to arise in the future—although it does recommend continued research due to the ongoing scientific uncertainty. We cannot be certain that medical research in the future will dismiss any and all 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 mobile devices and may result in significant restrictions on both the location and operation of cell sites, either or both of which could have a material adverse effect on our or T-Mobile's results of operations.

T-Mobile USA is subject to current, and potential, litigation relating to these health concerns. Several amended class action lawsuits have been filed in the United States against T-Mobile USA and several other wireless-service operators and wireless-telephone manufacturers, asserting products 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. The defense of these lawsuits may divert management's attention, and T-Mobile USA may be required to pay significant awards or settlements and incur significant expenses in defending these lawsuits.

We do not know whether legislators, regulators or private litigants will refrain from taking other actions adverse to us, 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 our Mobile Communications strategic business area.

System failures due to natural or man-made disruptions could result in reduced user traffic and reduced revenues and could harm our reputation and results.

Our technical infrastructure (including our network infrastructure for fixed-line network services and mobile telecommunications services) may be damaged or disrupted by fire, lightning, flooding and other calamities, technology failures, human error, terrorist attacks, hacker attacks and malicious actions, and other similar events. We attempt to mitigate these risks by employing a large number of measures, including backup systems and protective systems such as firewalls, virus scanners, and building security. We cannot, however, be certain that these measures will be effective under all circumstances and that disruptions or damage will not occur. Damage or disruption to our infrastructure may result in reduced user traffic and revenues, increased costs, and damage to our reputation.

Shortcomings in our supply and procurement process could negatively affect our product portfolio, revenues and profits.

As a fully integrated ICT service provider, we cooperate 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 our business. Although we do not believe that we are materially dependent on any single supplier, disruptions in our chain of supply could negatively affect our product portfolio, cost structure, revenues and profits. We take a variety of measures to shelter ourselves from these risks, but we cannot be sure that these measures will be effective under all circumstances.

We are continuously involved in disputes and litigation with regulators, 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 our results of operations and financial condition.

We are subject to numerous risks relating to legal and regulatory proceedings, in which we are currently a party or which could develop in the future. Litigation and regulatory proceedings are inherently unpredictable. Legal or regulatory proceedings in which we are or come to be involved (or settlements thereof) may have a material adverse effect on our results of operations or financial condition.

Future sales of our shares by the Federal Republic or KfW (Kreditanstalt für Wiederaufbau) may adversely affect the trading prices of our shares and ADSs.

Continuing its privatization policy, the Federal Republic (which owns, together with the KfW, approximately 32.92% of our outstanding shares) has announced that it intends to further reduce its holdings of equity interests in the future, including shares in Deutsche Telekom AG. The reduction in the Federal Republic's direct or indirect holdings may involve KfW. For shareholders, there is a danger that the sale of a significant volume of our shares by either the Federal Republic or KfW, or speculation to this effect on the markets, could have a negative impact on the price of our shares and ADSs.

Exchange-rate and interest-rate risks have had, and may continue to have, an adverse effect on our revenue development.

We are exposed to currency risks related to our international business activities. Generally, our Central Treasury hedges currency risks that may have a negative impact on our cash flows, although there can be no guarantee that our hedging strategies will succeed. Currency risks may have a negative impact on our results of operations when amounts in local currencies are translated into euros, particularly in connection with U.S. dollar- and British pound sterling-denominated results.

We are also exposed to interest-rate risks, primarily in the euro, U.S. dollar and British pound sterling 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, our Management Board (Vorstand) specifies ratios of fixed and variable debt in these three currencies. Our Central Treasury then takes measures, using derivative instruments and other measures, to implement the interest-risk management decisions of the Management Board.

Developments in the telecommunications sector have resulted, and may in the future result, in substantial write-downs of the carrying value of certain of our assets.

We review on a regular basis the value of each of our subsidiaries and their assets. In addition to our regular annual valuations, whenever indications exist (due to changes in the economic, regulatory, business or political environment) that goodwill, intangible assets or fixed assets may be impaired, we consider the necessity of performing certain valuation tests, which may result in impairment charges. The recognition of impairments of tangible, intangible and financial assets could cause us to take large, non-cash charges against net profit, which could lead to a reduction in the trading price of our shares and ADSs.

Identification of significant deficiencies or material weaknesses as a result of our implementation of procedures designed to comply with Section 404 of the Sarbanes-Oxley Act of 2002 relating to evaluation of our internal control over financial reporting may have an adverse impact on our financial condition and results of operations and the trading price of our securities.

Commencing with our annual report on Form 20-F for the year ending December 31, 2006, we will include a report from our management relating to its evaluation of our internal control over financial reporting as required under Section 404 of the U.S. Sarbanes-Oxley Act of 2002. As a consequence of systems and procedures currently being reviewed and implemented to comply with these requirements, we may uncover circumstances that may be determined to be significant deficiencies or material weaknesses, or that may otherwise result in disclosable conditions. Although we intend to take prompt measures to remediate any such identified significant deficiencies or material weaknesses in our internal control structure, measures of this kind may involve significant effort and expense, and any disclosure of such significant deficiencies, material weakness or other disclosable conditions may result in a negative market reaction.

Relating to Finance

Payment of principal and interest on the Notes are guaranteed by Deutsche Telekom. Therefore, the risks in respect of Finance substantially correspond with the ones of Deutsche Telekom. Since Finance is a 100% subsidiary of Deutsche Telekom, risks are minimized to the extent of the shareholders' equity, which, at the date of this Prospectus, amounts to EUR2,000,000,000.

Relating to the Notes

Our credit ratings may not reflect all risks of an investment in the Notes.

The credit ratings ascribed to us and the Notes are intended to reflect our ability to meet the payment obligations under the Notes, and may not reflect the potential impact of all risks related to structure and other factors on the value of the Notes. In addition, actual or anticipated changes in our credit ratings will generally affect the market value of debt securities we have issued including the Notes.

Many factors may adversely affect the trading market, value or yield of the Notes. There may not be any trading market for the Notes; factors beyond our creditworthiness may affect the trading market for and value of the Notes.

We cannot assure you that a trading market for the Notes will develop or be maintained in the United States or elsewhere. Although we are applying to have the Notes listed on the regulated market of the Luxembourg Stock Exchange, a listing on a stock exchange or other trading market does not imply that a trading market will develop or continue. If the Notes are not listed, however, pricing information for them may be more difficult to obtain, which may make them less liquid.

In addition to our own creditworthiness, many other factors may affect the trading market for, and current market value of, our debt securities including the Notes. These factors include:

- the method of calculating principal, premium and interest;
- the time remaining to the maturity;
- the outstanding amount of our debt securities—unless otherwise indicated in a prospectus, the indenture for our debt securities does not limit the amount of debt securities we may issue or guarantee;
- redemption or repayment features; and
- the level, direction and volatility of market interest rates generally.

In addition, if you decide to sell the Notes, there may be a limited number of buyers (if any) or there may be a surplus of debt securities of other issuers available with similar credit, maturity and other structural characteristics. This may affect the price you receive for the Notes or your ability to sell them at all. You should not purchase the Notes unless you understand and know you can bear the related investment risks.

Direct creditors of our subsidiaries will generally have superior claims to cash flows from those subsidiaries.

In recent years, an increasing proportion of Deutsche Telekom's revenues have been generated by its subsidiaries, particularly in the mobile sector. It may be that we will increasingly depend upon earnings and cash flow from our subsidiaries to meet obligations under the Notes. Since the creditors of any subsidiary of Deutsche Telekom would generally have a right to receive payment that is superior to the parent company's right to receive payment from the assets of that subsidiary, holders of our debt securities will be effectively subordinated to creditors of those subsidiaries insofar as cash flows from those subsidiaries are relevant to servicing the Notes. The indenture for our debt securities including the Notes does not limit the amount of liabilities that our subsidiaries may incur. In addition, certain subsidiaries of Deutsche Telekom are or may be subject to contractual restrictions that would limit their ability to pay dividends.

The Notes do not contain financial covenants, change in control provisions or similar limitations on our flexibility.

The indenture for our debt securities, including the Notes and the Guarantee, does not contain any covenants or other provisions designed to protect holders of the debt securities against a reduction in

the creditworthiness of Deutsche Telekom or Finance or that would prohibit us from increasing our indebtedness or prohibit us or our affiliates from engaging in other transactions that might adversely affect holders of the debt securities including the Notes, including transactions involving a change in control over the relevant issuer or the guarantor (if any) or a business combination, acquisition or divestiture. We may at any time be engaged in discussions concerning, or otherwise acting in furtherance of, such transactions.

NOTICES

A portion of the Notes were offered and sold outside the United States in transactions not subject to the registration requirements of the U.S. Securities Act of 1933.

We did not publish a prospectus pursuant to Directive 2003/71/EC (together with any applicable implementing measures in any European Economic Area Member State, the "Prospectus Directive") in relation to the offering of the Notes and offered the Notes in those Member States that have implemented the Prospectus Directive in reliance on the exemption from the obligation to publish a prospectus provided in Article 3(2)(d) of the Prospectus Directive. The Notes were issued in denominations of \$75,000 and greater integral multiples of \$1,000.

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

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

DESCRIPTION OF THE NOTES TO BE LISTED

This section discusses the specific financial and legal terms of the Notes that are more generally described under "GENERAL DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES". The following description does not purport to be complete and is qualified in its entirety by the remainder of this prospectus. If anything described in this section is inconsistent with the terms described under "GENERAL DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES", the terms here prevail.

Notes offered.....	\$1,000,000,000 Floating Rate Notes due 2009. \$500,000,000 5.375% Notes due 2011. \$1,000,000,000 5.75% Notes due 2016.
Issuer.....	Deutsche Telekom International Finance B.V.
Guarantee	Deutsche Telekom will unconditionally and irrevocably guarantee to each holder of the Notes the due and punctual payment of the principal and interest relating to the Notes including any additional amounts described below. Each guarantee will be a direct unsubordinated unsecured obligation of Deutsche Telekom. The guarantee is described under "GENERAL DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES — Guarantees".
Indenture.....	The Notes were issued under an indenture dated as of July 6, 2000, among Finance, Deutsche Telekom, as guarantor and Citibank N.A., as trustee. The indenture is more fully described below.
Date interest starts accruing	March 23, 2006.

Terms of the Fixed Rate Notes

Titles	\$500,000,000 5.375% Notes due 2011. \$1,000,000,000 5.75% Notes due 2016.
Issue prices	99.615% of the principal amount of the Fixed Rate Notes due 2011. 99.355% of the principal amount of the Fixed Rate Notes due 2016.
Re-offer Yield.....	5.464% for Fixed Rate Notes due 2011. 5.836% for Fixed Rate Notes due 2016.
Aggregate principal amounts being offered	\$500,000,000 of Fixed Rate Notes due 2011. \$1,000,000,000 of Fixed Rate Notes due 2016.
Maturity dates	March 23, 2011 for Fixed Rate Notes due 2011. March 23, 2016 for Fixed Rate Notes due 2016.
Interest rates	5.375% per annum for Fixed Rate Notes due 2011. 5.75% per annum for Fixed Rate Notes due 2016.
Interest payment dates	Every March 23 and September 23, beginning on September 23, 2006. If any payment is due on a day that is not a fixed

rate business day, we will make the required payment on the next succeeding fixed rate business day, and no additional interest will accrue in respect of the payment made on that next succeeding fixed rate business day.

Optional Redemption	We may redeem either series of the Fixed Rate Notes at any time. Upon redemption we will pay a redemption price equal to the greater of (i) 100% of the principal amount of the relevant series of Fixed Rate Notes plus accrued interest to the date of redemption or (ii) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on the relevant series of Fixed Rate Notes (not including any portion of such payments of interest accrued as of the date of redemption). The present values will be determined by discounting the remaining principal and interest payments to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), using the adjusted treasury yield.
	We will give notice to DTC, of any redemption we propose to make at least 30 days, but not more than 60 days, before the redemption date. Notice by DTC to participating institutions and by these participants to street name holders of indirect interests in the series of debt securities will be made according to arrangements among them and may be subject to statutory or regulatory requirements.
Adjusted treasury yield	The adjusted treasury yield, with respect to any redemption date, is the rate per annum equal to the semi-annual equivalent yield to maturity of the comparable treasury issue, assuming a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date, plus 0.20% per annum.
Comparable treasury issue	A comparable treasury issue is the U.S. Treasury security selected by the quotation agent as having a maturity comparable to the remaining term of the series of Fixed Rate Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Fixed Rate Notes to be redeemed.
Comparable treasury price	A comparable treasury price, with respect to any redemption date, is the average, determined by the trustee, of the quotations obtained by the quotation agent, and delivered in writing to the trustee, from at least three and not more than five primary U.S. government securities dealers in New York City (which may include the quotation agent) of the average of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) at 5:00 p.m. on the third business day prior to the redemption date. If the quotation agent delivers five quotations, the trustee shall determine the average after eliminating the highest and lowest quotations.

Quotation agent	The quotation agent must be a primary U.S. government securities dealer in New York City. We will appoint the quotation agent.
Calculation of interest.....	If interest is required to be calculated for any period less than a year, other than with respect to regular semi-annual interest payments, it will be calculated based on a 360-day year consisting of twelve 30-day months.
Fixed rate business day	A fixed rate business day is each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close.
Securities codes:	
CUSIP	<u>Fixed Rate Notes due 2011</u>
ISIN.....	<u>Fixed Rate Notes due 2016</u>
Common Code	25156 P AG 8 US25156PAG81 024880346
	25156P AH 6 US25156PAH64 024880419

Terms of the Floating Rate Notes

Title	\$1,000,000,000 Floating Rate Notes due 2009.
Issue price	100% of the principal amount of the Floating Rate Notes.
Aggregate principal amount being offered	\$1,000,000,000.
Maturity date	March 23, 2009.
Interest.....	3-month LIBOR plus a margin of 0.18%, as determined on the applicable interest determination date.
Interest payment dates	Every March 23, June 23, September 23 and December 23, beginning on June 23, 2006, subject to the floating rate business day convention.
Interest period	Each period from and including the interest payment date (or the issue date, in the case of the initial interest period) to but excluding the next succeeding interest payment date (or the maturity date, in the case of the final interest period).
	The interest rate in effect on any day of each interest period will be the interest rate determined on the interest reset date that is the first day of the interest period in which such day occurs.
Interest reset dates	The interest reset date for each interest period will be the first floating rate business day of such interest period, subject to the floating rate business day convention.
Interest determination dates	The interest determination date relating to a particular interest period will be the second London business day preceding the interest reset date (or preceding the issue date in the case of the initial interest period).

LIBOR.....	<p>The London interbank offered rate (LIBOR) will be the offered rate appearing on the Telerate LIBOR page, as of 11:00 A.M., London time, on the relevant interest determination date, for deposits of U.S. dollars for a period of 3 months beginning on the relevant interest reset date. The Telerate LIBOR page is Telerate page 3750 or any replacement page or pages on which London interbank rates of major banks for the U.S. dollar are displayed. When we refer to a particular heading or headings on this page, those references include any successor or replacement heading or headings, as determined by the calculation agent.</p> <p>If the rate described above does not appear on the Telerate LIBOR page, then LIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., London time, on the relevant interest determination date, at which deposits of the following kind are offered to prime banks in the London interbank market by four major banks in that market selected by the calculation agent: deposits of U.S. dollars for a period of three months beginning on the relevant interest reset date and in a representative amount. The calculation agent will request the principal London office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, LIBOR for the relevant interest determination date will be the arithmetic mean of the quotations.</p> <p>If fewer than two quotations are provided as described above, LIBOR for the relevant interest determination date will be the arithmetic mean of the rates for loans of the following kind to leading European banks quoted, at approximately 11:00 A.M., in New York on that interest determination date, by three major banks in New York selected by the calculation agent: loans of U.S. dollars for a period of three months, beginning on the relevant interest reset date and in a representative amount.</p> <p>If fewer than three banks selected by the calculation agent are quoting as described above, LIBOR for the new interest period will be LIBOR in effect for the prior interest period.</p> <p>The reference banks and dealers employed by the calculation agent in determining the base rate may include the calculation agent itself and its affiliates or the underwriters or their affiliates.</p>
Floating rate business day convention....	With respect to each of the Floating Rate Notes, if any interest reset date or interest payment date (other than the maturity date) would otherwise be a day that is not a floating rate business day, as the case may be, the relevant date will be postponed to the next day that is a floating rate business day, as the case may be, provided, however, that, if that date would fall in the next succeeding calendar month, such date will be the immediately preceding floating rate business day, as the case may be.
Floating rate business day	With respect to each of the Floating Rate Notes, any day that is a New York business day and a London business day, provided that, solely with respect to any payment or any action to be made or taken at any place of payment outside

	New York City, it is also a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions, generally, are authorized or obligated by law, regulation or executive order to close in the place of payment.
London business day	A London business day is a day on which dealings in U.S. dollars are transacted in the London interbank market.
New York business day	A New York business day is each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close.
Calculation of interest.....	For each interest period, interest will be calculated on the basis of the actual number of days elapsed and a 360-day year.
Calculation agent	Citibank, N.A.
Maximum interest rate.....	In no event will any interest rate payable on any floating rate be higher than the maximum rate permitted by New York law, as it may be modified by U.S. law of general application. Under current New York law, the maximum rate of interest, with some exceptions, for any loan in an amount less than \$250,000 is 16% and for any loan in an amount of between \$250,000 and \$2,500,000 is 25% per year on a simple interest basis. These limits do not apply to loans of \$2,500,000 or more.
Securities codes	CUSIP: 25156P AJ 2, ISIN: US25156PAJ21 and Common Code: 024880435.

General Terms of the Notes

Denomination	Minimum denominations of \$75,000 and integral multiples of \$1,000 in excess thereof.
Regular record dates for interest.....	For each interest payment date, the 15 th day prior to such interest payment date, whether or not such day is a fixed rate or floating rate business day, as the case may be.
Payment of additional amounts.....	The Netherlands or Germany may require us to withhold amounts from payments on the principal or interest on the Notes or any amounts to be paid under the guarantees, as the case may be, for taxes or any other governmental charges. If the relevant jurisdiction requires a withholding of this type, we will, subject to some exceptions, pay additional amounts in respect of those payments of principal and interest so that the amount you receive after such taxes and governmental charges will equal the amount that you would have received if no such taxes and governmental charges had been applicable. See "GENERAL DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES — Payment of Additional Amounts".
Optional tax redemption.....	In the event of various tax law changes after the date of this prospectus and other limited circumstances that would

require us to pay additional amounts as described under “GENERAL DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES — Payment of Additional Amounts”, we may call all, but not less than all, of the Notes for redemption at 100% of their aggregate principal amount plus accrued interest. This means we may repay them early. You have no right to require us to call the Notes. We discuss our ability to redeem the Notes in greater detail under “GENERAL DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES — Special Situations — Optional Tax Redemption”.

Defeasance	The Notes are subject to the provisions on defeasance that are described under “GENERAL DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES — Covenants — Defeasance and Discharge”.
Ranking	The Notes and guarantees are not secured by any property or assets of Finance or Deutsche Telekom and will rank equally with all of their respective other unsecured and unsubordinated indebtedness.
Form of the Notes	We issued the Notes as global Notes, registered in the name of DTC or its nominee. Investors may hold book-entry interests in a global Note through organizations that participate, directly or indirectly, in the DTC. If the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary and we do not appoint a successor within 120 days or if an event of default has occurred and not been cured, the relevant global Notes will terminate and interests in them will be exchanged for physical certificates representing the relevant Notes. See “GENERAL DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES — Legal Ownership — Global Securities — Special Situations When Global Security Will Be Terminated”. Book-entry interests in the global Notes and all transfers relating to the global Notes will be reflected in the book-entry records of DTC or its nominee. See “CLEARANCE AND SETTLEMENT”.
Clearance and settlement	The distribution of the Notes was cleared through DTC. Any secondary market trading of book-entry interests in the Notes will take place through DTC participants, including Euroclear and Clearstream, and will settle in same-day funds through DTC’s same-day funds settlement system. See “CLEARANCE AND SETTLEMENT”.
	Owners of book-entry interests in the Notes will receive payments relating to their Notes in U.S. dollars.
Governing law	The Notes and the guarantees will be governed by the laws of the State of New York.
Prescription	Under the laws of New York, claims relating to payment of principal and interest on the Notes will be prescribed according to the applicable statute of limitations.
Further Issues	We may from time to time without the consent of the holders create and issue further debt securities having the same

	terms and conditions as any series of the Notes so that such further issues are consolidated and form a single series with the corresponding series of Notes.
Trustee	Citibank, N.A. See "GENERAL DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES — Default and Related Matters" for a description of the trustee's procedures and remedies available in the event of a default.
Principal paying agent	Citibank, N.A.
Notices.....	So long as any Notes are represented by a global note and such global note is held on behalf of a clearing system, notices to the holders of Notes may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders (except that (i) if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a daily newspaper having general circulation in Luxembourg, which is expected to be the <i>d'Wort</i> , and (ii) in the event that the Notes are listed on any other stock exchange, notices shall also be given in accordance with the rules of that stock exchange) or, if any such delivery is not practicable, by publication in a leading English language daily newspaper having general circulation in Europe. Any such notice will be deemed to have been given on the date of first publication or, if published more than once or on different dates, on the first date on which publication is made.
Listing and trading	We are applying to list the Notes on and admit the Notes to trading on the Regulated Market of the Luxembourg Stock Exchange.

THE ISSUER AND THE GUARANTOR

The Issuer – Deutsche Telekom International Finance B.V.

Finance was incorporated by Deutsche Telekom in The Netherlands on October 30, 1995 as a private company with limited liability and is our wholly-owned subsidiary whose principal purpose is raising funds for us. Finance is registered with the Trade Register in Amsterdam under number 33274743. Finance's corporate seat and registered and postal address is World Trade Center, Strawinskylaan 1243, 1077 XX Amsterdam, The Netherlands, and its telephone number is +31 20 57 53 177. Finance's agent in the United States is Deutsche Telekom, Inc., 600 Lexington Avenue, 17th Floor, New York, NY, 10022. There has been no material adverse change in the financial position of Finance since the last published audited financial statements as of December 31, 2005.

Statutory Auditors

The statutory auditors of Finance are PricewaterhouseCoopers Accountants N.V., with corporate seat in Amsterdam. Their office is located at Fascinatio Boulevard 350, 3065 WB Rotterdam, the Netherlands and they are members of the Royal NIVRA (*Koninklijk Nederlands Instituut van Registeraccountants*). They have audited the financial statements of Finance for the years 2004 and 2005 which were prepared in accordance with Dutch GAAP and have issued unqualified opinions in each case.

General Information about Finance

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 near future on which the management has already made firm commitments.

Business Overview

I. Activities

The activities of Finance are in line with the objects stated in 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 bonds and medium term notes in the capital markets of Europe and the United States of America.

Organizational Structure

Finance is wholly-owned by Deutsche Telekom, but acts as an independent company within The Netherlands. Finance is the finance organization of the Deutsche Telekom group and it is not dependent upon other entities within the group. In this position, Finance issues debt instruments at the capital market on its own on the basis of the capital needs within the group. At the capital market, Finance has to compete with other financial institutions and companies for getting best prices for the issue of debt instruments. The capital obtained after an issue is transferred to the group by concluding loan agreements with the specific group members.

Trend Information

Statement of no material adverse change

There has been no material adverse change in the prospects of Finance since the last published audited financial statements as of December 31, 2005.

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 Executive Vice President, Finance, Deutsche Telekom AG

Dieter Cazzonelli
Senior Executive Vice President, Taxes and Risk Management, Deutsche Telekom AG

Dr. Manfred Balz
Senior Executive Vice President, General Counsel, Deutsche Telekom AG

The members of the **Board of Managing Directors** are at present as follows:

Robin Sheridan

Stephan Wiemann

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 World Trade Center, Strawinskylaan 1243, NL-1077 XX 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.

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 the Deutsche Telekom group's financial position or profitability.

Additional Information

Share Capital

The authorized share capital of Finance consists of 5,000 shares of common stock at a par value of Euro 453.78 each. The issued share capital amounts to Euro 453,780 and consists of 1,000 shares of common stock at a par value of Euro 453.78. The remaining 4,000 shares remain as shares in portfolio.

Material Contracts

In the usual course of its business, Finance enters into numerous contracts with various other entities. Finance has not, however, 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.

The Guarantor – Deutsche Telekom AG

We are the largest provider of telecommunications services in Germany and one of the world's largest telecommunications companies, measured in terms of 2005 consolidated net revenues. Our consolidated net revenues in 2005 totaled EUR 59.6 billion. There has been no material adverse change in the prospects of Deutsche Telekom since the last published audited financial statements as of December 31, 2005. There has been no material adverse change in the financial position of Deutsche Telekom since the last published audited financial statements as of December 31, 2005. 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 between their respective duties to Deutsche Telekom and their private interests or other duties.

The Federal Republic, together with the KfW, owns approximately 32.92% of our outstanding shares.

Our registered address is Friedrich-Ebert-Allee 140, 53113 Bonn, Germany, and our telephone number is +49-228-181-0. Our agent in the United States is Deutsche Telekom, Inc., 600 Lexington Avenue, 17th Floor, New York, NY, 10022.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents relating to Deutsche Telekom and Finance are incorporated in, and form part of, this prospectus:

- Deutsche Telekom's annual report for the year ended December 31, 2005 (hereinafter referred to as the "Annual Report");
- Deutsche Telekom's annual report for the year ended December 31, 2004 (hereinafter referred to as the "2004 Annual Report"); and
- Finance's annual report for the year ended December 31, 2004 (hereinafter referred to as "Finance's 2004 Annual Report").

The information contained in this prospectus automatically updates and supersedes information in earlier documents that are incorporated by reference in this prospectus.

You may request a copy of the reports referred to above at no cost by contacting us at the following address:

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

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

The following information appears on the pages of the Annual Report as set out below:

Audited consolidated financial information for Deutsche Telekom for the years ending December 31, 2005, 2004 and 2003.	Pages 104 to 200
Auditors' report relating to Deutsche Telekom covering the year ending December 31, 2005.	Page 200
Description of the principal activities of Deutsche Telekom and the principal markets in which it competes	Pages 28 to 48
Information relating to the history and development of Deutsche Telekom	Pages 20 and 110
Organizational structure of Deutsche Telekom	Pages 65-67 and 115
Description of capital stock	Note 31 (Issued Capital) to the consolidated financial statements on pages 168 and 169

Administrative, Management and Supervisory Bodies of Deutsche Telekom AG	Pages 13, 19, 196 and 202 to 204. Members of our Management and Supervisory Boards may be contacted using the address listed under "Guarantor" on the inside back cover of this prospectus.
Major Shareholders	Note 43 (Related party disclosures) to the consolidated financial statements on pages 195 and 196
Organizational Structure	Pages 65 to 67 and 115
Litigation	Pages 93 to 94

The following information appears on the pages of the 2004 Annual Report as set out below:

Auditors' report relating to Deutsche Telekom covering the year ending December 31, 2004.	Page 202 in the 2004 Annual Report
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The following information appears on the pages of Finance's 2004 Annual Report as set out below:

Auditors' report relating to Finance covering the year ending December 31, 2004.	Pages 22 to 23 of Finance's 2004 Annual Report
Audited financial information for Finance for the fiscal year ending December 31, 2004	Pages 6 to 19 of Finance's 2004 Annual Report

Any information not listed in the cross-reference lists above but included in the documents incorporated by reference is given for information purposes only.

In addition, Deutsche Telekom and Finance will, at the specified offices of the paying agent, make available free of charge a copy of this prospectus, any document incorporated by reference in this prospectus and an English translation of Deutsche Telekom's and Finance's articles of incorporation. 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. Such documents will also be published on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>).

The indenture is an exhibit to the registration statement on Form F-3 (No. 333-118932) that we filed with the SEC. This prospectus does not contain all of the information provided in the registration statement. For further information, you should refer to the registration statement, including its exhibits. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549, including the indenture. You may obtain information on the operation of the Public Reference Room in the United States by calling the SEC at 1-800-SEC-0330. Both Deutsche Telekom and Finance are electronic filers. The SEC maintains an Internet site that contains certain filings of electronic filers at <http://www.sec.gov>.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table shows the ratios of earnings to fixed charges for Deutsche Telekom, computed using financial information prepared in accordance with IFRS as endorsed by the European Union ("IFRS") and generally accepted accounting principles in the United States, or U.S. GAAP, for the fiscal years ended December 31, 2005, 2004 and 2003 and computed in accordance with U.S. GAAP for the fiscal years ended December 31, 2002 and 2001.

	Year ended December 31,				
	2005	2004	2003	2002	2001
IFRS	2.7	1.8	1.9	?	?
U.S. GAAP	2.8	2.3	2.3	*	1.4

* Earnings were inadequate to cover fixed charges by EUR 25,091 million for the year ended December 31, 2002.

The calculation of the ratios is described in more detail under the heading "Ratio of Earnings to Fixed Charges — Calculation" in the accompanying prospectus.

For purposes of calculating the ratio of earnings to fixed charges, "earnings" is determined by adding:

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

and then subtracting:

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

"Fixed charges" is determined by adding:

- interest expensed and capitalized;
- amortized premiums, discounts and capitalized expenses related to indebtedness; and
- a reasonable approximation of the interest portion of rent expense.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the Notes to be approximately \$2,485,225,000 after deducting underwriting discounts and commissions and other expenses of the offering that are to be borne by Finance. We intend that the net proceeds will be on-lent by Finance to Deutsche Telekom group companies and used for general corporate purposes.

CAPITALIZATION

The following table sets forth, on a consolidated basis, the cash and cash equivalents, current financial liabilities, non-current financial liabilities, shareholders' equity and capitalization of Deutsche Telekom and its consolidated subsidiaries in accordance with IFRS, at December 31, 2005 and as adjusted solely for the effect of this offering of Notes, including deduction of underwriting discounts and commissions and other offering expenses.

	At December 31, 2005	
	Actual	As adjusted
	(millions of euro)	
Cash and cash equivalents	<u>4,975</u>	<u>7,020</u>
Current financial liabilities⁽¹⁾	<u>7,958</u>	<u>7,958</u>
Non-current financial liabilities:		
Bonds ⁽²⁾	30,055	32,100 ⁽⁵⁾
Liabilities to banks ⁽²⁾	1,943	1,943
Lease liabilities.....	2,173	2,173
Liabilities arising from ABS transactions.....	1,089	1,089
Promissory notes	<u>645</u>	<u>645</u>
Total non-current financial liabilities⁽¹⁾⁽³⁾	<u>35,905</u>	<u>37,950</u>
Shareholders' equity:		
Issued capital ⁽⁴⁾	10,747	10,747
Capital reserves	49,561	49,561
Other shareholders' equity	<u>(10,726)</u>	<u>(10,726)</u>
Total shareholders' equity	<u>49,582</u>	<u>49,582</u>
Total capitalization	<u>85,487</u>	<u>87,532</u>

(1) This amount includes the current portion of non-current financial liabilities and reflects EUR 2,296 million in respect of a mandatory convertible bond issued by Finance that matures on June 1, 2006; at maturity the bond converts into shares of Deutsche Telekom. EUR 7,684 million of current financial liabilities and EUR 34,816 million of non-current financial liabilities are unsecured debt.

(2) Subsequent to December 31, 2005, Finance issued Medium-Term Notes with an aggregate principal amount of EUR 1 billion and entered into an HUF 47.43 billion credit facility with the European Investment Bank. On March 10, 2006, Deutsche Telekom repaid JPY 25 billion in principal amount of its Samurai Bond.

(3) EUR 2.0 billion in nominal amount of total financial liabilities pertains to the Deutsche Bundespost Special Fund which in accordance with § 2 subpara. (2) and (4) of the Post Transformation Act (Postumwandlungsgesetz) is guaranteed by the Federal Republic of Germany.

(4) As of December 31, 2005, Deutsche Telekom's share capital amounted to EUR 10,747 million divided into 4,198 million registered ordinary shares without par value. These amounts do not reflect the capital increase entered into the commercial register on September 12, 2005 for the purpose of the merger of T-Online International AG into Deutsche Telekom; this capital increase will become effective only when the merger takes effect.

(5) The Euro equivalent of Notes offered hereby is based on a Euro/U.S. dollar exchange rate of USD 1.2151 = EUR 1.00, which was the noon buying rate for cable transfers of euro, as reported by the Federal Reserve Bank of New York on March 16, 2006.

Except as disclosed in the table above (including the footnotes thereto), there has been no material change in the consolidated capitalization of Deutsche Telekom since December 31, 2005.

The following table shows the unaudited capitalization of Finance in accordance with IFRS as of December 31, 2005 and as adjusted solely for the effect of this offering of Notes and the on-lending of the offering proceeds to Deutsche Telekom group companies, including deduction of underwriting discounts and commissions and other offering expenses.

	At December 31, 2005	
	Actual	As adjusted
	(millions of euro)	
Cash and cash equivalents	<u>0</u>	<u>0</u>
Current financial liabilities⁽¹⁾	<u>6,793</u>	<u>6,793</u>
Non-current financial liabilities		
Bonds ⁽²⁾	28,923	30,968 ⁽³⁾
Liabilities to banks ⁽²⁾	436	436
Total non-current financial liabilities⁽¹⁾	<u>29,359</u>	<u>31,404</u>
Shareholders' equity	<u>175</u>	<u>175</u>
Total capitalization	<u>29,534</u>	<u>31,579</u>

(1) This amount includes the current portion of non-current financial liabilities and reflects EUR 2,296 million in respect of a mandatory convertible bond issued by Finance that matures on June 1, 2006; at maturity the bond converts into shares of Deutsche Telekom. EUR 6,793 million thousand of current financial liabilities and EUR 29,359 million of non-current financial liabilities are guaranteed debt.

(2) Subsequent to December 31, 2005, Finance issued Medium-Term Notes with an aggregate principal amount of EUR 1 billion and entered into an HUF 47.43 billion credit facility with the European Investment Bank.

(3) The Euro equivalent of Notes offered hereby is based on a Euro/U.S. dollar exchange rate of USD 1.2151 = EUR 1.00, which was the noon buying rate for cable transfers of euro, as reported by the Federal Reserve Bank of New York on March 16, 2006.

Except as disclosed in the table above (including the footnotes thereto), there has been no material change in the capitalization of Finance since December 31, 2005.

GENERAL DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES

This prospectus relates to debt securities issued by Finance. The specific financial, legal and other terms particular to the Notes being listed has been described above under "Description of the Notes to be Listed Hereby".

As required by U.S. Federal law for all debt securities of companies that are publicly offered, the debt securities are governed by a document called an indenture. The indenture relating to debt securities issued by Finance is a contract among Finance, Deutsche Telekom and Citibank. Citibank acts as the trustee under the indentures. The trustee has two main roles:

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

Deutsche Telekom is the guarantor of debt securities issued by Finance. The guarantees are described later under "Guarantees".

The indentures and their associated documents contain the full legal text of the matters described in this section. The indentures, the debt securities and the guarantees are governed by New York law.

Finance may issue as many distinct series of debt securities under its indenture as it wishes. This section discusses all material terms of the debt securities that may be issued by Finance and the related guarantees that are common to all series.

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

GUARANTEES

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

In the distribution of the assets of any subsidiary of Deutsche Telekom upon the subsidiary's liquidation or reorganization, any creditor of the subsidiary will have a right to participate in the distribution before the creditors of Deutsche Telekom, including holders of debt securities issued by Finance. The guarantees will be unsecured obligations of Deutsche Telekom.

LEGAL OWNERSHIP

Street Name and Other Indirect Holders

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

agreements or because they are legally required to do so. If you hold debt securities in street name, you should check with your own institution to find out:

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

Direct Holders

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

Global Securities

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

We also require that the debt securities included in the global security not be transferred to the name of any other direct holder unless the special circumstances described below occur. The financial institution that acts as the sole direct holder of the global security is called the depositary. Any person wishing to own a security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary. We have issued the Notes as global Notes, registered in the name of DTC or its nominee.

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

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

- You cannot get debt securities registered in your own name.
- You cannot receive physical certificates for your interest in the debt securities.
- You will be a street name holder and must look to your own bank or broker for payments on the debt securities and protection of your legal rights relating to the debt securities, as explained earlier under "Street Name and Other Indirect Holders".
- You may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their debt securities in the form of physical certificates.
- The depositary's policies will govern payments, transfers, exchange and other matters relating to your interest in the global security. We and the trustee have no responsibility for any aspect of the

depositary's actions or for its records of ownership interests in the global security. We and the trustee also do not supervise the depositary in any way.

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

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

The special situations for termination of a global security are:

- When the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary and we do not appoint a successor within 120 days.
- When an event of default on the debt securities has occurred and has not been cured. Defaults are discussed later under "Default and Related Matters — Events of Default" beginning on page 23.

When a global security terminates, the depositary (and not us or the trustee) is responsible for deciding the names of the institutions that will be the initial direct holders. (Sections 203, 204 and 305.)

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

OVERVIEW OF REMAINDER OF THIS DESCRIPTION

The remainder of this description summarizes:

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

ADDITIONAL MECHANICS

Exchange and Transfer

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

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

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

We may cancel the designation of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts. (Section 1002)

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

Payment and Paying Agents

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

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

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

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

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

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

Notices

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

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

SPECIAL SITUATIONS

Mergers and Similar Events

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

- Where Deutsche Telekom or Finance merges out of existence or sells or leases its assets substantially as an entirety, the other firm must assume its obligations on the debt securities or the guarantees. The other firm's assumption of these obligations must include the obligation to pay the additional amounts described later under "Payment of Additional Amounts". If the other firm is organized under the laws of a jurisdiction outside the United States, it must indemnify you against any governmental charge or other cost resulting from the transaction.
- The merger, sale or lease of assets or other transaction must not cause a default on the debt securities, and we must not already be in default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described later under "Default and Related Matters — Events of Default — What is An Event of Default?" A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded. (Section 801)

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

Modification and Waiver

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

Changes Requiring Your Approval.

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

- change the stated maturity of the principal or interest on a debt security;
- reduce any amounts due on a debt security;
- change any obligation of Finance or Deutsche Telekom to pay additional amounts described later under "Payment of Additional Amounts";
- reduce the amount of principal payable upon acceleration of the maturity of a debt security following a default;
- change the place or currency of payment on a debt security;
- impair any of the conversion rights of your debt security;
- impair your right to sue for payment or conversion;
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indentures;
- reduce the percentage of holders of debt securities whose consent is needed to waive compliance with various provisions of the indentures or to waive various defaults;

- modify any other aspect of the provisions dealing with modification and waiver of the indentures; and
- change the obligations of Deutsche Telekom as guarantor with respect to payment of principal, premium, if any, and interest, sinking fund payments or conversion rights. (Section 902)

Changes Requiring a Majority Vote.

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

Changes Not Requiring Approval.

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

Further Details Concerning Voting.

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

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

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

Redemption at our Option

If the debt securities are redeemable at our option then, upon redemption we will pay a redemption price equal to the greater of (i) 100% of the principal amount of the debt securities plus accrued interest to the date of redemption or (ii) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on the debt securities (not including any portion of such payments of interest accrued as of the date of redemption). The present values will be determined by discounting the remaining principal and interest payments to the redemption date on a

semiannual basis (assuming a 360-day year consisting of twelve 30-day months), using the adjusted treasury yield.

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

- “Adjusted treasury yield” means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the comparable treasury issue, assuming a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date plus 20 basis points in the case of a series of debt securities maturing in five years or greater from its initial issue date.
- “Comparable treasury issue” means the U.S. Treasury security selected by the quotation agent as having a maturity comparable to the remaining term of the series of debt securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the debt securities.
- “Comparable treasury price” means, with respect to any redemption date, the average of the quotation agent’s quotations for the redemption date.
- “Quotation agent” means a reference treasury dealer that is a primary U.S. government securities dealer in New York City. We will appoint the quotation agent.
- “Quotation agent’s quotations” means with respect to any redemption date, the average, as determined by the trustee, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by the quotation agent at 5:00 p.m. on the third business day before the redemption date.

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

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

Optional Tax Redemption

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

- The first situation is where, as a result of a change in, execution of or amendment to any laws or treaties or the official application or interpretation of any laws or treaties, either:
 - Deutsche Telekom or Finance would be required to pay additional amounts as described later under “Payment of Additional Amounts”; or
 - Deutsche Telekom or any of its subsidiaries would have to deduct or withhold tax on any payment to either of the issuers to enable them to make a payment of principal or interest on a debt security.

This applies only in the case of changes, executions, amendments, applications or interpretations that occur on or after the date specified in the prospectus for the applicable

series of debt securities and in the jurisdiction where Deutsche Telekom or Finance is incorporated. If Deutsche Telekom or Finance is succeeded by another entity, the applicable jurisdiction will be the jurisdiction in which the successor entity is organized, and the applicable date will be the date the entity became a successor.

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

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

PAYMENT OF ADDITIONAL AMOUNTS

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

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

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

These provisions will also apply to any taxes or governmental charges imposed by any jurisdiction in which a successor to Deutsche Telekom or Finance is organized.

COVENANTS

Restrictions on Liens

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

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

Defeasance and Discharge

The following discussion of full defeasance and discharge applies to your series of debt securities. (Section 403)

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

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

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

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

DEFAULT AND RELATED MATTERS

Ranking

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

Events of Default

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

What Is an Event of Default? The term event of default means any of the following:

- We fail to pay principal or interest on a debt security within 30 days from the relevant due date. We fail to perform any other obligation under a debt security or Deutsche Telekom fails to perform any obligation under its guarantee and such failure continues for more than 60 days after the trustee has received notice of it from the affected holder of debt securities. We do not deposit any sinking fund payment on its due date. Our capital market indebtedness has to be repaid prematurely due to a default under its terms.

- We fail to fulfill any payment obligation exceeding EUR 25,000,000 or its equivalent under any capital market indebtedness or under any guarantee provided for any capital market indebtedness of others, and this failure remains uncured for 30 days.
- Any security or guarantee relating to capital market indebtedness provided by us is enforced by the lenders. We are unable to meet our financial obligations. A court opens insolvency proceedings against us. We go into liquidation or file for bankruptcy under applicable law. The passage of any governmental order, decree or enactment in The Netherlands or Germany due to which Finance or Deutsche Telekom is unable to perform its obligations under its indenture and this situation remains uncured for 90 days. Deutsche Telekom's guarantee relating to any debt securities issued by Finance ceases to be valid or legally binding for any reason. (Section 501)

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

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

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

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

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

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

REGARDING THE TRUSTEE

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

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

TAXATION

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

German Tax Considerations

1. Residents

The following is a discussion of certain German tax considerations that may be relevant to a holder of the Notes that is a resident of Germany or otherwise has a connection with Germany other than the mere purchase, holding and disposition of or the receipt of payments on the Notes, e.g., because the Notes form part of the business property of a permanent establishment or fixed base maintained in Germany (a "German Holder"). The discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor, including tax considerations that arise from rules of general application or that are generally assumed to be known by investors. This discussion is based upon German law as it stands on the date of this prospectus and may be subject to change. You should consult your own advisers regarding the tax consequences of the purchase, ownership and disposition of debt securities in light of your particular circumstances, including the effect of any state, local or other German tax laws.

Income Taxation

A German Holder will be subject to personal or corporate income tax (plus solidarity surcharge thereon which is currently levied at a rate of 5.5%) with respect to interest paid on the Notes, including interest having accrued up to the sale of the Notes and credited separately (*Stueckzinsen*). Income derived from the Notes will also be subject to trade tax on income if the Notes form part of the property of a German business establishment for trade tax purposes.

If the Notes are kept in a custodial account maintained by a German Holder with a German bank or a German financial services institution, each as defined in the German Banking Act (including a German branch of a foreign bank or a foreign financial services institution, but excluding a foreign branch of a German bank or a German financial services institution) (a "German Disbursing Agent"), the German Disbursing Agent will generally be required to withhold tax (*Zinsabschlagsteuer*) at a rate of 30% (plus solidarity surcharge thereon, which is currently levied at a rate of 5.5%, resulting in an aggregate withholding rate of 31.65%) of the gross amount of interest (including *Stueckzinsen*) paid.

Tax withheld by a German Disbursing Agent will be credited against the German Holder's final liability for personal or corporate income tax or, if in excess of such final tax liability, refunded.

Capital gains from the disposition or redemption of the Notes, which are derived by an individual German Holder holding the Notes as private assets (a "Private German Investor"), are only subject to personal income tax (plus solidarity surcharge thereon) if (i) the Notes are disposed of or redeemed within one year after their acquisition or (ii) the Notes qualify as financial innovations (Financial Innovations; *Finanzinnovationen*) as described in the following paragraph. Capital gains from the disposition or redemption of the Notes, which are derived by an individual German Holder holding the Notes as business assets, are subject to personal income tax (plus solidarity surcharge thereon) and may also be subject to trade tax. Capital gains derived by a corporate German Holder of Notes will be subject to corporate income tax (plus solidarity surcharge thereon) and trade tax.

To the extent Notes are classified as Financial Innovations, special provisions apply to the disposition or redemption of the Notes. In particular, debt instruments may classify as Financial Innovations if they provide for a floating interest rate, an issue discount or certain optional redemption rights. In case Notes are classified as Financial Innovations, also capital gains arising upon the

disposition or redemption of the Notes realized by a Private German Investor are subject to income tax (plus solidarity surcharge thereon) regardless of the one-year holding period described in the preceding paragraph. This is because the difference between the proceeds from the disposition or redemption and the purchase price of the Notes (market yield; *Marktrendite*) is deemed to be interest income (unless a lower yield to maturity (*Emissionsrendite*), attributable to the period over which the holder has held the Notes, can be established). Where the Notes are expressed in a currency other than the Euro, the aforementioned difference will be computed in the foreign currency. Such difference is subject to 30% withholding tax (plus 5.5% solidarity surcharge thereon) if the Notes are kept or administered in a custodial account by the same German Disbursing Agent since the acquisition of the Notes. If the Notes have not been so kept in a custodial account by the same German Disbursing Agent, withholding tax will be imposed at the same rate on 30% of the proceeds received upon the disposition or redemption of the Notes.

Gift or Inheritance Taxation

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

2. Non-Residents

The following is a discussion of certain German tax consequences regarding your investment in the debt securities if you are not a citizen or resident of Germany for German tax purposes, do not hold debt securities in connection with a permanent establishment within the meaning of the German tax laws and are a private investor.

Interest on the Debt Securities

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

Capital Gains

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

Estate and Gift Taxes

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

3. Other German Taxes

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

Netherlands Tax Considerations

The following is a discussion of the material Netherlands tax consequences regarding your investment in the Notes if you are not a citizen or resident of The Netherlands for Netherlands tax purposes.

Withholding Tax

All payments under the Notes may 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 in The Netherlands, unless:

- (a) The Notes have no fixed maturity date or a maturity date (including any extensions thereof) exceeding ten years, and
 - (i) such payments are dependent, or deemed to be dependent, in whole or in part, on the profits of or on the distribution of profits by Finance or Deutsche Telekom or an affiliate company (*verbonden lichaam*); or
 - (ii) whether such payments become due is dependent, or deemed to be dependent, in whole or in part, on the profits of or on the distribution of profits by Finance or Deutsche Telekom or an affiliate company, unless the Notes have a fixed maturity date (including any extensions thereof) not exceeding 50 years or are not subordinated.
- (b) The Notes are redeemable in exchange for or convertible into shares or other equity instruments issued or to be issued by Finance or by any Dutch tax resident entity related to Finance whereby the exchange or convertible component is settled in cash.

Taxes on Income and Capital Gains

A holder of a Note who derives income from a Note or who realizes a gain on the disposal or redemption of a Note will not be subject to Netherlands taxation on such income or capital gains unless:

- (a) the holder is or is deemed to be resident in The Netherlands, or, where the holder is an individual, such holder has elected to be treated as a resident of The Netherlands; or
- (b) such income or 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; or
- (c) the holder has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Issuer and, if the holder is not an individual, such interest does not form part of the assets of an enterprise; or
- (d) the holder is an individual and such income or gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

A holder of a Note will not be subject to taxation in The Netherlands by reason only of the execution, delivery, or enforcement of the Notes or the performance by Finance or Deutsche Telekom of its obligations under Notes.

Gift and Estate Taxes

Netherlands gift, estate or inheritance taxes will be due in The Netherlands in respect of the transfer of the Notes by way of gift by, or on the death of, a holder of the Notes if the holder is, or is

deemed to be, resident of The Netherlands, for the purpose of the relevant provisions, at the time of the gift or his or her death.

Other Taxes and Duties

There is no Netherlands registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Notes or the performance of the Finance's or Deutsche Telekom's obligations under the Notes.

European Union Savings Directive

On June 3, 2003, the Council of the European Union adopted a directive on the taxation of savings income. Pursuant to the directive, a member state of the European Union will be required to provide to the tax authorities of other member states information regarding payments of interest (or other similar income) paid by a person within its jurisdiction to individual residents of such other member states, except that, for a transitional period, Belgium, Luxembourg and Austria may instead operate a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The provisions of the directive entered into effect as of July 1, 2005. A number of non-EU countries and territories have adopted or agreed to adopt similar measures.

United States Federal Income Tax Considerations

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

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

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

Payments and Accruals of Interest

Payments or accruals of "qualified stated interest" (as defined below) on a debt security will be taxable to you as ordinary interest income at the time that you receive or accrue such amounts (in accordance with your regular method of tax accounting). If you use the cash method of tax accounting and you receive payments of interest pursuant to the terms of a debt security in a currency other than U.S. dollars (a "foreign currency"), the amount of interest income you will realize will be the U.S. dollar value of the foreign currency payment based on the exchange rate in effect on the date you receive the payment, regardless of whether you convert the payment into U.S. dollars. If you are an accrual-basis U.S. holder, the amount of interest income you will realize will be based on the average exchange rate in effect during the interest accrual period (or with respect to an interest accrual period that spans two taxable years, at the average exchange rate for the partial period within the taxable year). Alternatively,

as an accrual-basis U.S. holder, you may elect to translate all interest income on foreign currency-denominated debt securities at the spot rate on the last day of the accrual period (or the last day of the taxable year, in the case of an accrual period that spans more than one taxable year) or on the date that you receive the interest payment if that date is within five business days of the end of the accrual period. If you make this election, you must apply it consistently to all debt instruments from year to year and you cannot change the election without the consent of the Internal Revenue Service. If you use the accrual method of accounting for tax purposes, you will recognize foreign currency gain or loss on the receipt of a foreign currency interest payment if the exchange rate in effect on the date the payment is received differs from the rate that applies to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the debt security.

Purchase, Sale and Retirement of Debt Securities

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

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

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

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

Despite the foregoing, the gain or loss that you recognize on the sale, exchange or retirement of a foreign currency debt security generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which you held the debt

security. This foreign currency gain or loss will not be treated as an adjustment to interest income that you receive on the debt security.

Original Issue Discount

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

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

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

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

In the case of an Original Issue Discount Debt Security that is a floating rate debt security, both the "annual yield to maturity" and the qualified stated interest will be determined for these purposes as though the debt security will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the debt security on its date of issue or, in the case of some floating rate debt securities, the rate that reflects the yield that is reasonably expected for the debt security. (Additional rules may apply if interest on a floating rate debt security is based on more than one interest index.) The "adjusted issue price" of an Original Issue Discount Debt Security at the beginning of any accrual period will generally be the sum of its issue price (including any pre-issuance accrued interest) and the amount of original issue discount allocable to all prior accrual periods, reduced by the amount of all payments other than any qualified stated interest payments on the debt security in all prior accrual periods. All payments on an Original Issue Discount Debt Security (other than qualified stated interest) will generally be viewed first as payments of previously accrued original issue discount (to the extent of the previously accrued discount), with payments considered made from the earliest accrual

periods first, and then as a payment of principal. The “annual yield to maturity” of a debt security is the discount rate that causes the present value on the issue date of all payments on the debt security to equal the issue price. As a result of this “constant yield” method of including original issue discount income, the amounts you will be required to include in your gross income if you invest in an Original Issue Discount Debt Security denominated in U.S. dollars generally will be lesser in the early years and greater in the later years than amounts that would be includable on a straight-line basis.

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

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

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

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

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

tax consequences of original issue discount will depend, in part, on the particular terms and features of the debt securities.

Short-Term Debt Securities

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

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

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

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

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

Premium

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

security and the exchange rate on the date the holder acquired the debt security. If you do not elect to amortize premium, the amount of premium will be included in your tax basis in the debt security. Therefore, if you do not elect to amortize premium and you hold the debt security to maturity, you generally will be required to treat the premium as capital loss when the debt security matures.

Market Discount

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

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

Indexed Debt Securities and Other Debt Securities Providing for Contingent Payments

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

Information Reporting and Backup Withholding

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

Luxembourg Tax Considerations

Non-Residents

Under the existing laws of Luxembourg and except as provided for by the Luxembourg law of 20 June 2005 implementing the EU Savings Tax Directive (as defined above), there is no withholding tax on the payment of interest on, or reimbursement of principal of, the Notes or on payments made under the Guarantee made to non-residents of Luxembourg.

Under the Luxembourg law of 20 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, 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 or certain residual entities as defined by the law, 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, those certain dependent or associated territories or those other non-EU Member States referred to under "EU Savings Tax Directive" above, 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 has provided a tax 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 15% during the first three-year period starting 1 July 2005, at a rate of 20% for the subsequent three-year period and at a rate of 35% thereafter.

When used in the preceding paragraph "interest" and "paying agent" have the meaning given thereto in the Luxembourg law of 20 June 2005 (or the relevant Accords). "Interest" will include accrued or capitalized interest at the sale, repayment or redemption of the Notes. "Paying agent" is defined broadly for this purpose and in the context of the Notes means any economic operator established in Luxembourg who pays interest on the Notes to or ascribes the payment of such interest to or for the immediate benefit of the beneficial owner, whether the operator is, or acts on behalf of, the Issuer or Guarantor, as the case may be, or is instructed by the beneficial owner to collect such payment of interest.

Payments of interest or similar income under the Notes to the Clearing Systems and payments by or on behalf of Clearstream Banking, société anonyme, Luxembourg, to financial intermediaries will not give rise to a withholding tax under Luxembourg law.

Tax Residents

Under the existing laws of Luxembourg, there is no withholding tax on the payment of interest on, or reimbursement of principal of, the Notes made to residents of Luxembourg. The Luxembourg government has however announced its intention to introduce a final withholding tax of 10% on interest payments made to individuals resident in Luxembourg.

UNDERWRITING

Finance, Deutsche Telekom and the underwriters for the offering named below have entered into a pricing agreement dated March 16, 2006 relating to the Notes. Subject to certain conditions, each underwriter severally agreed to purchase the principal amounts of the Notes indicated in the following table.

	Principal Amount of Floating Rate Notes	Principal Amount of Fixed Rate Notes due 2011	Principal Amount of Fixed Rate Notes due 2016
Lehman Brothers Inc.	\$ 266,666,667	\$ 133,333,333	\$ 266,666,667
Morgan Stanley & Co. International Limited	\$ 266,666,667	\$ 133,333,334	\$ 266,666,667
UBS Securities LLC	\$ 266,666,666	\$ 133,333,333	\$ 266,666,666
Banc of America Securities LLC	\$ 33,333,334	\$ 16,666,667	\$ 33,333,334
Barclays Capital PLC	\$ 33,333,334	\$ 16,666,667	\$ 33,333,334
Credit Suisse Securities (USA) LLC	\$ 33,333,333	\$ 16,666,666	\$ 33,333,333
Dresdner Kleinwort Wasserstein Securities LLC	\$ 33,333,333	\$ 16,666,667	\$ 33,333,333
Greenwich Capital Markets Inc.	\$ 33,333,333	\$ 16,666,666	\$ 33,333,333
HSBC Securities (USA) Inc.	<u>\$ 33,333,333</u>	<u>\$ 16,666,667</u>	<u>\$ 33,333,333</u>
Total	<u>\$1,000,000,000</u>	<u>\$ 500,000,000</u>	<u>\$1,000,000,000</u>

Lehman Brothers Inc., Morgan Stanley & Co. International Limited and UBS Securities LLC are acting as representatives of the underwriters and joint book-running managers for the Notes. The underwriters initially offered to sell the Notes to the public at the initial public offering prices indicated on the cover of this prospectus. The underwriters may sell the Notes to dealers at a discount from the indicated offering prices of the principal amount of the Notes not in excess of 0.075% in the case of the Floating Rate Notes, 0.125% in the case of the Fixed Rate Notes due 2011 and 0.1625% in the case of the Fixed Rate Notes due 2016. These dealers may resell the Notes purchased from the underwriters to other dealers at a discount from the indicated offering prices of the principal amount of the Notes not in excess of 0.0375% in the case of the Floating Rate Notes, 0.0625% in the case of the Fixed Rate Notes due 2011 and 0.08125% in the case of the Fixed Rate Notes due 2016. After the initial public offering of these Notes, the public offering price, concession and discount may be changed.

The Notes are a new issue of securities with no established trading market. The underwriters have advised us that they intend to make a market in the Notes but are not obligated to do so and may discontinue market making at any time without notice. We cannot assure the liquidity of the trading market for the Notes or that an active public market for the Notes will develop.

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

The representatives or any person acting for them may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105% of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the representatives or any of their agents to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

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

Finance estimates that its portion of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately U.S.\$400,000.

Certain of the underwriters may make the securities available for distribution on the Internet through a proprietary website and/or third party system operated by MarketAxess Corporation, an Internet-based communications technology provider. MarketAxess Corporation is providing the system as a conduit for communications between the representatives and their customers and is not a party to this offering. MarketAxess Corporation, a registered broker-dealer, will receive compensation from the representatives based on transactions the managers conduct through the system. The representatives will make the securities available to their customers through the Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

In the ordinary course of their businesses, the underwriters and their respective affiliates have engaged in normal banking or investment banking transactions with Deutsche Telekom and its affiliates. These underwriters or their affiliates may also engage in similar transactions with us in the future.

Finance and Deutsche Telekom have agreed in the underwriting agreement that during the period starting March 16, 2006 until the later of

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

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

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

Any underwriter that is not a U.S. registered broker-dealer, to the extent that it intends to effect any sale of the Notes in the United States, will do so through one or more U.S. registered broker-dealers as permitted by NASD regulations.

Any underwriter that is not licensed or exempt in The Netherlands as a Dutch securities intermediary, to the extent that it intends to effect any sales of the Notes in The Netherlands, will only do so through one or more securities intermediaries in The Netherlands who are licensed or exempt to provide securities intermediary services in The Netherlands.

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

Delivery of the Notes was made against payment on March 23, 2006, which was later than the third business day following the date of the pricing of the Notes. Under Rule 15c6-1 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, as delivery of the Notes was made later than the third business day after the date of pricing of the Notes, any purchaser that has traded or wishes to trade Notes on a day more than three business days prior to such delivery date will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes

who have traded or wish to trade the Notes on a day more than three business days prior to the delivery date should consult their own advisor.

Each underwriter has represented, warranted and agreed:

- (i) 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 Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to Finance or Deutsche Telekom; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

FORWARD-LOOKING STATEMENTS

This prospectus contains and incorporates statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. Forward-looking statements are statements that are not historical facts. Forward-looking statements generally are identified by the words "expect", "anticipate", "believe", "intend", "estimate", "aim", "plan", "will", "will continue", "seek", "outlook" and similar expressions. Our actual results, performance or achievements could be significantly different from the results expressed in, or implied by, those forward-looking statements. Those statements are subject to certain risks and uncertainties, including but not limited to certain risks described in this prospectus or the documents incorporated by reference. When considering those forward-looking statements, you should keep in mind these risks, uncertainties and other cautionary statements made in this prospectus. You should not place any undue reliance on any forward-looking statement, which speaks only as of the date made. You should refer to our periodic and current reports filed with the SEC for specific risks, which could cause actual results to be significantly different from those expressed or implied by those forward-looking statements.

CLEARANCE AND SETTLEMENT

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

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

Cross-market transfers of debt securities that are not in global form may be cleared and settled in accordance with other procedures that may be established among the clearing systems for these securities.

The policies of DTC, Clearstream and Euroclear will govern payments, transfers, exchange and other matters relating to the investor's interest in securities held by them.

We have no responsibility for any aspect of the actions of DTC, Clearstream or Euroclear or any of their direct or indirect participants. We have no responsibility for any aspect of the records kept by DTC, Clearstream or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way.

DTC, Clearstream, Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that

they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

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

THE CLEARING SYSTEMS

DTC

DTC has advised us as follows:

- DTC is:
- a limited purpose trust company organized under the laws of the State of New York;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the Uniform Commercial Code; and,
- a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.
- DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to accounts of its participants. This eliminates the need for physical movement of certificates.
- DTC’s participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC.
- Access to DTC’s book -entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.
- According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind. The rules applicable to DTC and DTC participants are on file with the SEC.

Clearstream

Clearstream has advised us as follows:

- Clearstream is a duly licensed bank organized as a société anonyme incorporated under the laws of Luxembourg and is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream customers through electronic book-entry changes in accounts of Clearstream customers, thus eliminating the need for physical movement of certificates. Clearstream provides other services to its participants, including safekeeping, administration, clearance and settlement of internationally traded securities and lending and borrowing of securities. It interfaces with the domestic markets in over 30 countries through established depository and custodial relationships. Clearstream interfaces with domestic markets in a number of countries. Clearstream has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear.
- Clearstream’s customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and may include professional financial intermediaries. Its U.S. customers are limited to securities brokers and dealers and banks.

- Indirect access to the Clearstream system is also available to others that clear through Clearstream customers or that have custodial relationships with its customers, such as banks, brokers, dealers and trust companies.

Euroclear

Euroclear has advised us as follows:

- Euroclear is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Banking and Finance Commission (Commission Bancaire et Financière) and the National Bank of Belgium (Banque Nationale de Belgique). Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates. Euroclear provides other services to its customers, including credit custody, lending and borrowing of securities and tri-party collateral management. It interfaces with the domestic markets of several other countries. Euroclear customers include banks, including central banks, securities brokers and dealers, trust companies and clearing corporations and may include certain other professional financial intermediaries. Indirect access to the Euroclear system is also available to others that clear through Euroclear customers or that have relationships with Euroclear customers.
- All securities in Euroclear are held on a fungible basis. This means that specific certificates are not matched to specific securities clearance accounts.

PRIMARY DISTRIBUTION

The distribution of the debt securities will be cleared through one or more of the clearing systems that we have described above. Payment for debt securities will be made on a delivery versus payment or free delivery basis.

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

We will submit applications to the relevant system or systems for the debt securities to be accepted for clearance.

Clearance and Settlement Procedures — DTC

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

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

Clearance and Settlement Procedures — Euroclear and Clearstream

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

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

SECONDARY MARKET TRADING

Trading Between DTC Participants

Secondary market trading between DTC participants will occur in accordance with DTC's rules. Secondary market trading will be settled using procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System for debt securities, or such other procedures as are applicable for other securities.

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

Trading between Euroclear and/or Clearstream Participants

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

Trading between a DTC Seller and a Euroclear or Clearstream Purchaser

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

The interests in the debt securities will be credited to the respective clearing system. The clearing system will then credit the account of the participant, following its usual procedures. Credit for the debt securities will appear on the next day, European time. Cash debit will be back-valued to, and the interest on the debt securities will accrue from, the value date, which would be the preceding day, when settlement occurs in New York. If the trade fails and settlement is not completed on the intended date, the Euroclear or Clearstream cash debit will be valued as of the actual settlement date instead.

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

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

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

SPECIAL TIMING CONSIDERATIONS

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the debt securities through Clearstream and Euroclear on days when

those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

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

LEGAL MATTERS

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

AUDITORS

The consolidated financial statements of Deutsche Telekom incorporated in this prospectus by reference to the Annual Report of Deutsche Telekom for the year ended December 31, 2005 have been audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftspruefungsgesellschaft and Ernst & Young AG Wirtschaftspruefungsgesellschaft, both members of the chamber of public accountants (*Wirtschaftsprüferkammer*), which delivered unqualified opinions thereon.

GENERAL INFORMATION

Resolutions of the Board of Managing Directors and the Supervisory Board of Finance, dated March 10, 2006, authorized the issuance of the Notes. Resolutions of the Management Board of Deutsche Telekom, dated February 28, 2006, authorized the guarantees.

We intend to apply to admit to trading the Notes on the regulated market of the Luxembourg Stock Exchange. The listing prospectus, our annual report for the year ended December 31, 2005, as well as all other documents that are incorporated by reference in this prospectus will be published on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>) so long as any of the Notes are outstanding and listed on the Luxembourg Stock Exchange.

**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2005 DEUTSCHE TELEKOM
INTERNATIONAL FINANCE B.V.**

Annual report

for the year ended 31 December 2005

Deutsche Telekom International Finance B.V.

Amsterdam

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Annual report of the directors

Annual report of the directors

The Board of Management is pleased to present the annual report and financial statements of Deutsche Telekom International Finance B.V. (the Company) for the financial year ended 31 December 2005.

1 Review of financial position and result

The state of affairs of the Company at the closing of the financial year is adequately presented in the balance sheet and the profit and loss account. The course of business of the Company went in line with expectations of the management.

2 Business activities

On 19 January 2005 the Company issued a Eurobond for the amount of EUR 3,000,000,000 under the Debt Issuance Program. The Eurobond has two tranches, maturing in 2010 (EUR 1,250,000,000) and 2015 (EUR 1,750,000,000), respectively

During 2005, the Company issued three Medium Term Notes under the Debt Issuance Program. Two MTNs are denominated in EUR (EUR 500,000,000 each). The third MTN is denominated in GBP (GBP 250,000,000).

On 23 June 2005 Moody's and on 3 March 2005 Standard & Poor's have increased the rating assigned to Deutsche Telekom AG's (DTAG) senior unsecured debt to A3 and A- respectively. As a result hereof the interest rates of certain loans made to and by the Company, containing a step-up/down clause have decreased by 0.5%. For 2005, this has resulted in a reduction of third party interest expense and interest income from group companies of approximately EUR 23,000,000.

Four Fixed Rate Bonds have been redeemed in 2005 representing an amount of EUR 2,250,000,000, JPY 90,000,000,000, GBP 625,000,000 and USD 3,000,000,000.

Also eight MTNs have been redeemed in 2005 representing an amount of EUR 1,350,000,000, CZK 1,500,000,000 and USD 240,000,000.

Finally, in July 2005, the Company repaid a GBP 150,000,000 bank loan.

During 2005 the Company granted new loans to group companies for the amounts of EUR 500,000,000, GBP 650,000,000, HUF 108,000,000,000 and USD 1,400,000,000. The Company granted new loans of EUR 4,791,583,510 and GBP 250,000,000 to DTAG

In total internal loans with totals of USD 3,260,969,799, CHF 28,000,000, JPY 90,000,000,000, GBP 805,000,000, HUF 70,000,000,000 and EUR 7,188,375,352 were amortised.

Compared to last year, the net result of the Company increased by 8.7% to EUR 10,695,850.

3 Subsequent events

In January 2006, the Company took out a loan from the European Investment Bank (EIB) for an amount of HUF 47,431,600,000. The loan matures in 2013 and is repayable in five equal annual installments starting in 2009. The proceeds of this loan have been used for inter-company lending to Magyar Telekom Rt., which will use it for investing in broadband infrastructure in Hungary.

In February 2006, the Company issued two Medium Term Notes under the Debt Issuance Program for a total amount of EUR 1,000,000,000. The proceeds of these loans have been used to grant new loans to DTAG.

4 Future business developments and financing

The management does not anticipate any major changes during the current financial year and expects to continue with its financing activities.

Amsterdam, 7 March 2006

The Managing Directors,

Stephan Wiemann

Robin Sheridan

Financial statements

Balance sheet as at 31 December 2005

(Before proposed appropriation of result)

		31 December 2005	31 December 2004
	Ref.	EUR'000	EUR'000
Assets			
Fixed assets			
Tangible fixed assets	5	21	22
Financial fixed assets	6	29,480,214	30,420,023
		<hr/>	<hr/>
		29,480,235	30,420,045
Current assets			
Receivables	7	8,387,447	9,795,391
Cash at banks and in hand	8	0	22
		<hr/>	<hr/>
		8,387,447	9,795,413
		<hr/>	<hr/>
		37,867,682	40,215,458
		<hr/>	<hr/>
<i>Shareholders' equity and liabilities</i>			
Company equity			
Shareholders' equity	9	2,000	34,586
Result for the year		10,696	9,840
		<hr/>	<hr/>
		12,696	44,426
Long-term liabilities	10	29,548,269	30,914,187
Current liabilities	11	8,306,717	9,256,845
		<hr/>	<hr/>
		37,867,682	40,215,458
		<hr/>	<hr/>

Profit and loss account 2005

		2005		2004	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
Income from financing activities			2,796,740		2,823,441
Direct costs for financing activities			(2,780,602)		(2,807,820)
Added value			16,138		15,621
General and administrative expenses		525		597	
Total costs		525		597	
Result on ordinary activities before taxation			15,613		15,024
Taxation on result on ordinary activities	14		4,917		5,184
Net result after taxation			10,696		9,840

Cash flow statement 2005

	Ref	2005	2004
		EUR'000	EUR'000
Cash flows from operating activities			
Net result after taxation		10,696	9,840
<i>Adjustments in respect of:</i>			
Depreciation of tangible fixed assets	5	7	7
<i>Changes in working capital:</i>			
Receivables		1,407,944	(5,979,337)
Current liabilities		(950,128)	6,927,179
		457,816	947,842
Net cash from operating activities		468,519	957,689
Cash flows from investment activities			
<i>Investments in:</i>			
– Tangible fixed assets		(6)	(3)
– Other financial fixed assets	6	939,809	7,657,876
Net cash from investment activities		939,803	7,657,873
Cash flows from financing activities			
Changes in long-term liabilities	9	(1,365,918)	(8,615,540)
Dividend paid		(42,426)	0
Net cash used in financing activities		(1,408,344)	(8,615,540)
Increase/(decrease) in cash and cash equivalents		(22)	22
Movement in cash and cash equivalents			
Cash and cash equivalents as at 1 January	8	22	0
Increase/(decrease) in cash and cash equivalents		(22)	22
Cash and cash equivalents as at 31 December	8	0	22

Notes to the balance sheet and profit and loss account

1 General

1.1 Activities

The principal activity of the Company consists of external funding and intercompany lending.

1.2 Group structure

Deutsche Telekom International Finance B.V. is a 100% subsidiary of Deutsche Telekom AG. The Company's financial statements are taken up in the financial statements of Deutsche Telekom AG.

1.3 Accounting policies

The financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

1.4 Changes in accounting policies

There were a number of changes in the financial reporting requirements (Part 9, Book 2 of the Netherlands Civil Code) with effect from 1 January 2005. These changes in accounting policies relate to the disclosure of pension obligations, investment property and the measurement and recognition of financial instruments.

The changes with respect to pension obligations and investment property were not applicable for the Company; however the changes regarding financial instruments had to be taken into account.

With effect from 2005, statutory provisions allow financial instruments to be measured and recognised on the balance sheet at fair value. Alternatively, the fair value of financial instruments has to be disclosed in the notes to the balance sheet and profit and loss account. The Board of Management has chosen not to apply recognition of financial instruments at fair value on the balance sheet.

1.5 Notes to the cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet items cash at banks and in hand and the bank overdraft forming part of the current liabilities.

Cash flows in foreign currencies have been translated at estimated average exchange rates. Receipts and payments of interest and corporate income tax are included in the cash flow from operating activities. Dividends paid have been included in the cash flow from financing activities.

2 Principles of valuation of assets and liabilities

2.1 General

The assets and liabilities are stated at the amounts at which they were acquired or incurred if not specifically stated otherwise. The balance sheet and profit and loss account include references to the notes.

2.2 *Comparison with prior year*

The principles of valuation and determination of result remained unchanged compared to the prior year.

2.3 *Foreign currencies*

Transactions denominated in foreign currencies during the reporting period are recognised in the financial statements at the exchange rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Exchange results are reflected in the profit and loss account.

2.4 *Tangible fixed assets*

Tangible fixed assets are valued at acquisition cost including directly attributable expenses, less straight-line depreciation over the estimated useful economic life, or market value if lower.

2.5 *Financial fixed assets*

The financial fixed assets consist entirely of loans to group companies and are stated at the fair value of the amount owed, which normally consists of its face value net of any provisions considered necessary.

2.6 *Impairment of fixed assets*

On the balance sheet date, the Company tests whether there are any indications of an asset which could be subject to impairment. If there are such indications, the recoverable amount of the asset concerned is estimated. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value is higher than its recoverable value; the recoverable value is the higher of the realisable value and the value to the business.

2.7 *Long-term liabilities*

Long-term liabilities are valued at cost, being the amount received taking into account premium or discount, and less transaction costs.

2.8 *Financial instruments*

All on-balance sheet financial instruments are valued at cost unless stated otherwise.

Derivative financial instruments (especially forward exchange contracts and interest rate swaps) are initially not recognised and valued in the balance sheet. The financial effects of these instruments are recognised after expiry of the contract, or upon settlement of the hedged position.

3 Principles for determination of result

3.1 General

The result represents the difference between the value of the consideration rendered and the costs and other charges for the year. The results on transactions are recognised in the year they are realised.

3.2 Revenue recognition

Revenues and expenses are accounted for in the period to which these items relate.

3.3 Income from financing activities

Income from financing activities is determined as interest income received from intercompany financing activities.

3.4 Direct costs for financing activities

Costs for financing activities, mainly interest costs, are recognised in and allocated to the reporting year to which they relate. The difference between book value and ultimate redemption value, including interest payable, are linear recognised in the profit and loss account during the term of the loan

3.5 General and administrative expenses

General and administrative expenses include the expense of the Board of Management and the administration department

3.6 Personnel remuneration

Salaries and social security costs are charged to the profit and loss account when due, and in accordance with employment contracts and obligations.

3.7 Depreciation

Tangible fixed assets are depreciated over their expected useful life as from the inception of their use. Future depreciation is adjusted if there is a change in estimated useful life.

3.8 Taxation

Profits tax is calculated on the profit/loss before taxation in the profit and loss account, taking into account (insofar as these are not included in deferred tax assets), tax-exempt items and non-deductible expenses, and using current tax rates.

4 Financial instruments

4.1 Market risk

Currency risk

The Company's currency risk mainly relates to GBP, USD, CHF, CZK and HUF denominated cash flows. The currency risk is either hedged directly by entering into a swap agreement or naturally hedged by means of raising the funds in the same currency as the financing provided to the borrowers.

Price risk

The Company is not exposed to risks relating to the valuation of securities taken up under financial fixed assets. The Company will, in principle, aim to fund the financing provided to the borrowers by means of loans with identical maturities. Thereby the Company will not incur any exposure due to differences in maturity between funding and financing and thereby not suffer from price differences.

4.2 Interest rate risk

The Company is not exposed to interest rate risk on the interest-bearing receivables and interest-bearing long-term and current liabilities. The interest rates on the Company's funding will, in principle, be matched with the interest rate on the corresponding loans provided by the Company. Any interest rate exposure that would nevertheless arise at the level of the Company will be hedged so there will effectively be no interest rate risk at the level of the Company.

4.3 Credit risk

The Company does not have any significant concentrations of credit risk. All funds obtained from the market by the Company will be fully guaranteed towards the bank/investor involved by Deutsche Telekom AG, the Company's parent company. Loans are granted to intra group companies only.

5 Tangible fixed assets

Movements in tangible fixed assets during the financial year were as follows:

	Other tangible fixed assets	
	EUR'000	
31 December 2004 book value	22	
Movements:		
- Additions	6	
- Depreciation	(7)	
	(1)	
31 December 2005 book value	21	
Accumulated depreciation	(58)	
Depreciation percentages	10%-33 1/3%	

6 Financial fixed assets

The financial fixed assets consist entirely of loans to group companies. The loans are denominated in EUR, GBP, USD, CHF, CZK and HUF. The loans in foreign currencies are translated into EUR at the rates of exchange prevailing at the balance sheet date, except for the following loans:

- CHF 38,000,000
- CZK 300,000,000
- GBP 16,500,000
- GBP 19,000,000
- GBP 150,000,000
- GBP 250,000,000
- GBP 500,000,000
- HUF 5,000,000,000
- HUF 14,000,000,000
- HUF 20,000,000,000
- HUF 25,000,000,000
- HUF 28,000,000,000
- HUF 40,000,000,000
- HUF 73,674,601,625
- USD 700,000,000
- USD 700,000,000

For these loans the Company has entered into currency swaps. In principle, these derivative contracts have the same maturity as the corresponding loans.

Movements in the financial fixed assets during the financial year were as follows:

	Financial fixed assets
	EUR'000
31 December 2004 book value	30,420,023
Movements:	
- Additions	8,182,878
- Repayments	(10,215,895)
- Valuation differences	1,093,208
	(939,809)
31 December 2005 book value	29,480,214

The interest rates on the loans vary from 2.3159% to 10.2%.

7 Receivables

The position receivables includes receivables from affiliated companies with a maturity of less than one year, interest receivables from affiliated companies and prepaid expenses.

	31 Dec 2005	31 Dec 2004
	EUR'000	EUR'000
Receivables from affiliated companies	7,104,063	8,549,781
Interest receivables from affiliated companies	1,083,199	1,022,861
Prepaid expenses	200,185	222,215
Other interest receivable	0	534
	<hr/>	<hr/>
	8,387,447	9,795,391
	<hr/>	<hr/>

7.1 Receivables from affiliated companies

The position receivables from affiliated companies contains loans to group companies with a maturity of less than one year. The loans to group companies split up as follows:

	31 Dec 2005	31 Dec 2004
	EUR'000	EUR'000
EUR	6,793,054	4,328,654
HUF	301,500	236,746
CZK	9,509	0
USD	0	2,180,122
CHF	0	18,964
JPY	0	644,148
GBP	0	1,141,147
	<hr/>	<hr/>
	7,104,063	8,549,781
	<hr/>	<hr/>

7.2 Interest receivables from affiliated companies

	31 Dec 2005	31 Dec 2004
	EUR'000	EUR'000
Receivables from shareholder	881,217	828,473
Receivables from group companies	201,982	194,388
	<hr/>	<hr/>
	1,083,199	1,022,861
	<hr/>	<hr/>

7.3 Prepaid expenses

	31 Dec 2005	31 Dec 2004
	EUR'000	EUR'000
Disagio on bonds issued	160,115	180,955
Disagio on MTNs issued	35,007	37,613
Disagio on bank loans taken-up	93	133
Agio on loan granted	2,012	0
Shelf registration fee	2,924	3,213
Other prepaid expenses	34	301
	200,185	222,215

8 Cash at banks and in hand

Cash at banks and in hand is payable on demand.

9 Shareholders' equity

Share capital

The authorised share capital of the Company as at 31 December 2005 amounts to EUR 2,268,900 and consists of 5,000 shares of common stock at a par value of EUR 453.78 each. There are no movements in the number of shares in 2005.

The movements in shareholders' equity over 2004 and 2005 are as follows:

	Issued share capital	Other reserves	Result for the year	Total
	EUR	EUR	EUR	EUR
Balance as at 1 January 2004	453,780	23,489,254	0	23,943,034
Appropriation of result prior year	0	10,643,174	0	10,643,174
Result current year	0	0	9,840,359	9,840,359
Balance as at 31 December 2004	453,780	34,132,428	9,840,359	44,426,567
	Issued share capital	Other reserves	Result for the year	Total
	EUR	EUR	EUR	EUR
Balance as at 1 January 2005	453,780	34,132,428	0	34,586,208
Appropriation of result prior year	0	9,840,359	0	9,840,359
Ordinary dividend	0	(42,426,567)	0	(42,426,567)
Result current year	0	0	10,695,850	10,695,850
Balance as at 31 December 2005	453,780	1,546,220	10,695,850	12,695,850

Appropriation of result 2004

At the General Meeting of Shareholders held on 18 April 2005, the 2004 result was adopted as follows:

	EUR
Result 2004	9,840,359
Distributed to holder of ordinary shares	(9,840,359)
Result after dividend payment	0

In addition, EUR 32,586,208 was paid to the shareholder out of the other reserves

10 Long-term liabilities

The long-term liabilities consist of bonds, MTNs and bank loans with a maturity of more than 1 year.

	31 Dec 2005	31 Dec 2004
	EUR'000	EUR'000
Bonds	21,791,236	24,562,135
MTNs	7,320,410	5,927,180
Loans from credit institutions	436,623	424,872
	<hr/>	<hr/>
	29,548,269	30,914,187

10.1 Bonds

The bonds can be specified as follows

	31 Dec 2005	31 Dec 2004		
	Term 1 - 5 years	Term 5 years	Total 2005	Total 2004
	EUR'000	EUR'000	EUR'000	EUR'000
Eurobond	6,500,000	7,250,000	13,750,000	17,538,500
GBP bonds	0	436,623	436,623	424,865
USD bonds	3,168,589	4,436,024	7,604,613	6,598,770
	<hr/>	<hr/>	<hr/>	<hr/>
	9,668,589	12,122,647	21,791,236	24,562,135

Repayment of the principals of the bonds is guaranteed by Deutsche Telekom AG

The Mandatory Convertible Bond, which forms part of the Eurobond, bears an interest of 6.5%. It will mature on 1 June 2006 and will be converted into shares of Deutsche Telekom AG. As its maturity is less than 1 year it is now accounted with the current liabilities.

The interest rates on the other bonds are fixed and vary from 3.25% to 9.25%. In 2002, the interest rates of the Global Bond issue 2000 (EUR 11.9 billion) and the Eurobond issue 2001 (EUR 8 billion) have increased by 0.5% due to a downgrade of Deutsche Telekom AG's long-term debt rating by Standard & Poor's and Moody's. The interest rates of the corresponding loans to group companies increased by 0.5% at the same time. In March and June 2005 Deutsche Telekom AG's long-term debt rating was upgraded to single A/A3 level. As a consequence the interest rates of the Global Bond issue 2000 and the Eurobond issue 2001 as well as the interest rates of the corresponding loans to group companies decreased by 0.5% in 2005.

10.2 MTNs

The MTNs can be specified as follows:

	31 Dec 2005		31 Dec 2004	
	Term 1 - 5 years	Term 5 years	Total 2005	Total 2004
	EUR'000	EUR'000	EUR'000	EUR'000
Euro	4,500,000	1,000,000	5,500,000	4,500,000
GBP	0	1,820,410	1,820,410	1,427,180
	4,500,000	2,820,410	7,320,410	5,927,180

The interest rates on MTNs are both fixed and floating. Fixed interest rates vary from 3.00% to 7.50% and the floating interest rates vary from Euribor 3M+15bp to Euribor 3M+25bp.

Repayment of the principals of the MTNs is guaranteed by Deutsche Telekom AG.

10.3 Loans from credit institutions

The bank loans are denominated in GBP. The breakdown is as follows:

	31 Dec 2005		31 Dec 2004	
	Term 1 - 5 years	Term 5 years	Total 2005	Total 2004
	EUR'000	EUR'000	EUR'000	EUR'000
GBP	436,623	0	436,623	424,872
			Bank loans	
			EUR'000	
Loan, 6.765%, due 2008			218,311	
Loan, 6.775%, due 2010			218,312	
			436,623	

In 2002, the interest rates of the bank loans have increased by 0.5% due to a downgrade of Deutsche Telekom's long-term debt rating by Standard & Poor's and Moody's. As Standard & Poor's and Moody's both upgraded the long-term debt rating of Deutsche Telekom to single A-/A3 level in March/June 2005 the interest rates for the two above-mentioned bank loans decreased by 0.5%.

Repayment of the principals of the bank loans is guaranteed by Deutsche Telekom AG

11 Current liabilities

The position current liabilities consists of liabilities to affiliated companies, other liabilities and deferred income.

	31 Dec 2005	31 Dec 2004
	EUR'000	EUR'000
Liabilities to affiliated companies	8,346	17,210
Other liabilities	7,851,901	8,781,398
Deferred income	446,470	458,237
	<hr/>	<hr/>
	8,306,717	9,256,845
	<hr/>	<hr/>

11.1 Liabilities to affiliated companies

	31 Dec 2005	31 Dec 2004
	EUR'000	EUR'000
Guarantee fee accruals	8,304	7,628
Liabilities Clearing Accounts	42	9,582
	<hr/>	<hr/>
	8,346	17,210
	<hr/>	<hr/>

11.2 Other liabilities

The breakdown of the other liabilities is as follows:

	31 Dec 2005	31 Dec 2004
	EUR'000	EUR'000
Bond liabilities with maturity < 1 year	6,788,400	7,766,783
Interest accruals	92,802	30,865
Interest payable on bonds	786,243	779,760
Interest on MTNs	181,907	200,654
Interest on bank loans	1,970	3,089
Corporate income tax payable	413	0
Accrued expenses	163	246
Wage tax and other taxes payable	3	1
	<hr/>	<hr/>
	7,851,901	8,781,398
	<hr/>	<hr/>

11.3 Deferred income

The breakdown of the deferred income is as follows:

	31 Dec 2005	31 Dec 2004
	EUR'000	EUR'000
Agio on bonds issued	16,616	23,587
Disagio on loans granted	187,717	194,384
Interest compensation	242,137	240,266
	<hr/>	<hr/>
	446,470	458,237
	<hr/>	<hr/>

12 Financial instruments

Financial instruments valued at cost

The table below shows financial instruments whose fair value differs from cost.

	31 December 2005	
	Fair value	Book value
	EUR'000	EUR'000
Convertible Bond (< 1 year)	2 398.907	2,288,400
Eurobond (< 1 year)	4,567,995	4,500,000
Other bonds	24,518,319	21,791,236
MTNs	7,978,631	7,320,410
Bank loans	463,504	436,623
	<hr/>	<hr/>
Negative fair value derivatives - interest	(14,705)	0
Negative fair value derivatives - currency	(68,508)	0
Positive fair value derivatives - interest	423,243	0
Positive fair value derivatives - currency	1,676	0

13 Salaries and social security costs

	2005	2004
	EUR'000	EUR'000
Salaries	222	216
Other social security costs	10	12
	<hr/>	<hr/>
	232	228
	<hr/>	<hr/>

Above-mentioned salaries and social security costs are taken up in the general and administrative expenses.

14 Taxation on result on ordinary activities

The taxation on result on ordinary activities can be specified as follows:

	2005	2004
	EUR'000	EUR'000
Result from ordinary activities before taxation	15,613	15,024
Taxation on result on ordinary activities	4,917	5,184
	%	%
Effective tax rate	31.5	34.5
Applicable tax rate	31.5	34.5

15 Employees

As at 31 December 2005 the Company employed four persons (2004: 4)

Amsterdam, 7 March 2006

The Board of Management:

R. Sheridan

S. Wiemann

The Supervisory Board:

G. Mischke

D. Cazzonelli

Dr. M. Balz

Deutsche Telekom International Finance B.V.
Strawinskylaan 1243
1077 XX Amsterdam

Other information

Profit appropriation according to the Articles of Association

According to article 19 1 of the Articles of Association the profit for the year is at the free disposal of the General Meeting of Shareholders for distributions, reservations or other options within the objects of the Company.

Proposed appropriation of profit

Following the proposed profit appropriation of the Board of Management, and pursuant to article 19 of the Articles of Association, an amount of EUR 10,695,850 will be distributed to the shareholder, awaiting approval of the General Meeting of Shareholders and the Supervisory Board.

Post balance sheet events

No other events occurred since 31 December 2005, which would make the present financial position substantially different from that shown in the balance sheet as that date, or which would require adjustment to or disclosure in the financial statements.

To the Board of Management of
Deutsche Telekom International Finance B.V.

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Auditors' report

Introduction

In accordance with your assignment we have audited the financial statements of Deutsche Telekom International Finance B.V., Amsterdam, for the year 2005. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2005 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Furthermore, we have to the extent of our competence, established that the annual report is consistent with the financial statements.

Rotterdam, 7 March 2006

PricewaterhouseCoopers Accountants N.V.



drs. F.J. van Groenestijn RA

FVG-0141u-rap-00388203001

PricewaterhouseCoopers is the trade name of among others the following companies: PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287) and PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289). The services rendered by these companies are governed by General Terms & Conditions, which include provisions regarding our liability. These General Terms & Conditions are filed with the Amsterdam Chamber of Commerce and can also be viewed at www.pwc.com/nl.

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Principal Paying Agent

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Listing Agent and Luxembourg Paying Agent

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