

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NEWFOUNDLAND,NOVA SCOTIA AND PRINCE EDWARD ISLAND

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE
RELIEF APPLICATIONS

AND

IN THE MATTER OF DEUTSCHE TELEKOM AG

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Makers") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Newfoundland, Nova Scotia and Prince Edward Island (collectively, the "Jurisdictions") has received an application from Deutsche Telekom AG (the "Company") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

1. The Canadian Offering (as defined below) is exempt from:

- (a) the form and content requirements applicable to a preliminary prospectus under the Legislation;
- (b) the requirement in the Legislation that a prospectus be accompanied by such financial statements, reports or other documents as is required by the Legislation;
- (c) the requirement in the Legislation that a prospectus contain the form of certificate required to be executed by the Company;
- (d) the requirement in the Legislation that a prospectus contain the form of certificate required to be executed by the underwriters;
- (e) the requirement in the Legislation that the notes to the financial statements contained in a prospectus contain a statement as to the choice of generally accepted accounting principles that have been applied;
- (f) the requirement in the Legislation that reports prepared by auditors on the financial statements contained in a prospectus be prepared in accordance with generally accepted auditing standards and the requirement that such reports be prepared in accordance with the applicable provisions of the Legislation; and
- (g) the requirement in the Legislation that each financial statement contained in a prospectus contain an auditor's report on the statement.

2. (a) In the Province of Ontario only, dealers registered as international dealers under the Ontario Act (as defined below) may act as market intermediaries to distribute the Offered Shares (as defined below) to designated institutions or equivalent institutional purchasers as defined in the Ontario Regulation (as defined below) in the course of the Canadian Offering (as defined below); and

(b) dealers registered as international dealers under the Ontario Act (as defined below) shall be exempt from the requirement in the Legislation to be registered as an underwriter for the purposes of the Canadian Offering.

3. The prospectus and registration requirements of the Legislation shall not apply to the distribution of the Bonus Shares (as defined below).

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications ("MRRS"), the Ontario Securities Commission (the "Commission") is the principal regulator for this application;

AND WHEREAS the Company has represented to the Decision Makers that:

(a) The Company is a private law stock corporation organized under the laws of the Federal Republic of Germany.

(b) The Company's principal executive office is located at Friedrich-Ebert-Allee 140, 53113 Bonn, Germany.

(c) The Company is a telecommunications service provider.

(d) The authorized capital of the Company consists of ordinary shares (no par value) (the "Shares").

(e) The Shares to be offered in Canada as part of the Global Offering (as defined below) are being offered by Kreditanstalt für Wiederaufbau (the "Selling Shareholder").

(f) The Shares will be offered in Canada in the form of Shares or American Depositary Shares (an "ADS"). Each ADS represents the right to receive one Share. The ADSs are normally evidenced by American Depositary Receipts ("ADRs") and are held by Citibank, N.A., as depositary (the "Depositary").

(g) The Shares are listed on the Frankfurt Stock Exchange and on the other German stock exchanges in Berlin, Bremen, Dusseldorf, Hamburg, Hannover, Munich and Stuttgart under the symbol "DTE". The ADSs are listed on the New York Stock Exchange under the symbol "DT". The Shares are also listed on the Tokyo Stock Exchange, and the Shares and ADSs are eligible for quotation and trading through the Stock Exchange Automated Quotation System of the London Stock Exchange.

(h) As of March 31, 2000, the Selling Shareholder owned approximately 22% of the Company's shares while the Federal Republic of Germany owned approximately 43% of the Company's shares. The Federal Republic of Germany also owned approximately 80% of the Selling Shareholder.

(i) The Company is a "foreign issuer", as that term is defined in draft National Policy No. 53 ((1993) 16 OSCB 4125), the "Foreign Issuer Prospectus and Disclosure System" (as amended by CSA Notice #95-4, 18 O.S.C.B. 1893, collectively "NP 53");

(j) The Company is a reporting issuer in the Jurisdictions (where such a concept exists under the Legislation).

(k) By way of an order of the Commission dated October 1, 1996, as amended by an order of the Commission dated November 8, 1996 (the "Previous Ontario Orders"), the Commission ordered, among other things, that:

(i) pursuant to clause 80(b)(iii) of the Securities Act (Ontario), R.S.O. 1990, c. S-5, as amended (the "Ontario Act") that the Company be exempted from the requirements of sections 75, 77, 78 and 79 of the Ontario Act provided that:

(A) The Company comply with the requirements of the New York Stock Exchange in respect of making public disclosure of material information on a timely basis, and forthwith issue in Canada and file with the Commission, any press release that discloses a material change in its affairs.

(B) The Company comply with U.S. securities laws relating to current reports and annual reports.

(C) The Company file with the Commission two copies of any material filed with the SEC:

(1) in the case of current reports, forthwith after the earlier of the date the report is filed with the SEC and the date it is required to be filed with the SEC; and

(2) in the case of other documents, within 24 hours after they are filed with the SEC.

(D) The Company provide any such documents to each security holder whose last address as shown on the books of the Company is in Ontario, to the extent, in the manner and at the time required by U.S. securities laws.

(ii) pursuant to clause 88(2)(b) of the Ontario Act, that the Company and the Depository be exempted from the requirements of section 81 and Part XIX of the Ontario Act and, pursuant to section 147 of the Ontario Act, that the Company and the Depository be exempted from the related provisions of Part IX of Regulation 1015, R.R.O. 1990, as amended (the "Ontario Regulation") provided that any proxies and proxy solicitation material provided to U.S. security holders are provided, at the same time and in the same manner, to security holders of the same class whose last address as shown on the books of the Company is in Ontario.

Orders were also obtained from the securities regulatory authorities in the other Jurisdictions (where applicable) substantially similar to the foregoing Previous Ontario Orders. In addition, orders were obtained in certain of the Jurisdictions exempting insiders of the Company from the requirement to file insider reports on transactions in securities of the Company (collectively such orders including the Previous Ontario Orders, the "Previous Orders").

(l) The Company is not on the list of defaulting reporting issuers maintained pursuant to subsection 72(9) of the Ontario Act and is not in default of any requirement of the securities legislation of each of the Jurisdictions.

(m) The Company is not a collective investment program, mutual fund or registered or required to be registered as an investment company under the United States Investment Company Act of 1940.

(n) The Company is not a commodity pool issuer.

(o) The offering (the "Global Offering") of Shares and Option Shares (as defined below), if any, which may be offered in the form of ADSs or Shares in the United States and Canada (collectively, the "Offered Shares"), includes:

(i) a global retail offering that includes a public offering in the United States and Canada (the "North American Offering"); and

(ii) a global institutional offering consisting of private placements or public offerings to institutional investors around the world.

(p) The Selling Shareholder will grant the underwriters options to purchase additional Shares, all or a portion of which the underwriters may elect to receive in the form of ADSs (each an "Option Share"), to cover over-allotments, if any.

(q) In the United States and Canada, qualified retail investors who order ADSs in the North American Offering prior to a specified date and who can demonstrate, among other things, continuous holding of such ADSs through a specified date, will be entitled to receive bonus ADSs from the Selling Shareholder (the "Bonus Shares") at a ratio of one bonus ADS for each specified number of ADSs acquired in the North American Offering (the "Bonus Share Ratio"). The applicable Bonus Share Ratio has not yet been determined.

(r) The Company currently:

(i) has an aggregate market value and public float (being the aggregate market value of equity securities held by persons or companies that are not affiliates or associates of the Company) of equity securities in excess of Cdn. \$3 billion and Cdn. \$1 billion, respectively;

(ii) has a class of securities registered pursuant to subsection 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "1934 Act"); and

(iii) is required to file reports pursuant to subsection 15(d) of the 1934 Act.

(s) The North American Offering in the United States is anticipated to be completed as follows:

(i) a registration statement on Form F-3 (the "Registration Statement") under the Securities Act of 1933, as amended (the "1933 Act"), containing a form of prospectus that complies with the form and content requirements of the 1933 Act (the "U.S. Prospectus") will be prepared and filed with the Securities and Exchange Commission (the "SEC");

(ii) the Registration Statement may be amended one or more times, prior to being declared effective, including amendments required to address any comments of the SEC; and

(iii) the Registration Statement containing the final form of the U.S. Prospectus (subject to the fact that the Company may use the procedures permitted by Rule 430A under the 1933 Act ("Rule 430A") or Rule 434 under the 1933 Act ("Rule 434") which

requires preparation of a Pricing Prospectus (as defined below)) will eventually be declared effective by the SEC.

(t) The North American Offering in Canada (the "Canadian Offering") is expected to account for less than 10% of the total size of the Global Offering.

(u) The Canadian Offering will be made in accordance with the following:

(i) Prospective purchasers of Offered Shares in the Jurisdictions will receive a Canadian preliminary prospectus (the "Preliminary Prospectus") that includes a preliminary U.S. Prospectus forming part of the Registration Statement, and a Canadian final prospectus (the "Final Prospectus") that includes the form of the U.S. Prospectus at the time the Registration Statement is declared effective by the SEC.

(ii) At any time the U.S. Prospectus forming part of the Registration Statement, as it may be amended prior to being declared effective, is delivered to prospective purchasers of Offered Shares in the United States, a corresponding amendment to the Preliminary Prospectus will be delivered to prospective purchasers of Offered Shares in the Jurisdictions. The Final Prospectus, as and when supplemented by the Pricing Prospectus (as defined below) will be delivered to prospective purchasers of Offered Shares in the Jurisdictions.

(iii) If the Company uses the procedures under Rule 430A or Rule 434, both a Final Prospectus (without pricing and pricing-related information) and a pricing prospectus that contains disclosure identical to the Final Prospectus but for the inclusion of pricing and pricing-related information and any other non-material changes to the Final Prospectus permitted to be included under U.S. securities laws (the "Pricing Prospectus") will be prepared and filed with the securities regulatory authorities in the Jurisdictions. The information contained in the Pricing Prospectus that was omitted from the Final Prospectus shall be deemed to be included in the Final Prospectus as of the date of effectiveness of the Registration Statement.

(iv) Each of the Preliminary Prospectus, the Final Prospectus and the Pricing Prospectus (collectively, together with any amendments thereto, the "Prospectuses") will include Canadian wrap pages containing the additional information, legends and certificates (which certificates may be signed by an agent authorized in writing) as required by NP 53 substantially in the form of Appendix A to this Decision and shall provide full, true and plain

disclosure of all material facts relating to the Global Offering and shall contain no untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

(v) Each of the Prospectuses (together with, as applicable, the documents required by NP 53 as detailed in Appendix B to this Decision) will be filed with each of the securities regulatory authorities in the Jurisdictions as nearly as practicable contemporaneously with the filing of the Registration Statement, and any amendments thereto, with the SEC.

(vi) At the time of filing the Final Prospectus:

(A) the Company or its legal counsel will certify in writing to the securities regulatory authorities in the Jurisdictions that the Registration Statement has been declared effective by the SEC (which certificate may be in the form of an electronic transmission); and

(B) the Company will file with the securities regulatory authorities in the Jurisdictions an executed submission to jurisdiction and appointment of agent for service of process as required by NP 53 and substantially in the form of Appendix C to this Decision.

(vii) The financial statements in the Prospectuses will not be reconciled to Canadian Generally Accepted Accounting Principles ("GAAP"), but the Prospectuses will include appropriate U.S. GAAP information in accordance with U.S. securities laws.

(v) The receipt for the Preliminary Prospectus will be issued forthwith when the Preliminary Prospectus, the supporting documents detailed in Appendix B, and the letter, in substantially the form of Appendix D hereto (the "MRRS Letter"), have been filed with the Commission.

(w) In connection with the Final Prospectus, the Company will file the documents detailed in Appendix B.

(x) The Company will file the Pricing Prospectus with the securities regulatory authorities in the Jurisdictions, but does not expect to receive a receipt (within the meaning of the Legislation) for the Pricing Prospectus.

(y) The Canadian Offering will be made through underwriters within the underwriting syndicate for the Global Offering, selling group members or their affiliates who:

(i) if offering Offered Shares to the public, are appropriately registered under the Legislation (in the Jurisdictions where such a concept exists); and

(ii) in Ontario only, if offering Offered Shares only to designated institutions or equivalent institutional purchasers as defined in the Ontario Regulation are in a contractual relationship with the Company and are registered as international dealers under the Ontario Act.

(z) The Company currently is and upon completion of the Global Offering will continue to be subject to the informational requirements of the 1934 Act and will file reports and other information with the SEC on an ongoing basis. The Company currently is and upon completion of the Global Offering will continue to be exempt from the requirements of the 1934 Act relating to proxy statements and the insiders of the Company currently are and upon completion of the Global Offering will continue to be exempt from the insider reporting requirements of the 1934 Act.

(aa) The Previous Orders continue to be operative and applicable to the Company and the Company will continue to comply with the terms of the Previous Orders.

(bb) Insiders of the Company will continue to be exempt from the requirement to file insider reports on transactions involving securities of the Company in accordance with applicable Legislation and the Previous Orders.

(cc) The Registration Statement, the Prospectuses and any other disclosure documents filed pursuant to the Decision will be amended in accordance with U.S. securities laws, but will contain the legends, where applicable, and the certificates as required, in each case in accordance with the requirements of NP 53 and substantially in the form of Appendix A to this Decision.

(dd) Where the Registration Statement is amended in a manner that modifies the U.S. Prospectus in any material respect, an unsigned copy of the documents containing the modification will be filed with the securities regulatory authorities in the Jurisdictions as nearly as practicable contemporaneously with the filing of the amendment with the SEC. If the receipt for the Final Prospectus has not been issued and the filing has been made as a result of the occurrence of a material adverse change since the last filing, such documents will be filed as an amendment to the Preliminary Prospectus. The Company will specify, on filing, that such documents have been filed as such under the Legislation. Any modifications made to the Final Prospectus by filing a post-effective amendment

to the Registration Statement with the SEC will be made by filing an amendment to the Final Prospectus with the securities regulatory authorities in the Jurisdictions.

(ee) An amendment will be filed with the securities regulatory authorities in the Jurisdictions and delivered to prospective purchasers of Offered Shares in the Jurisdictions in the event of a material adverse change in the additional disclosure contained only in the Preliminary Prospectus or a material change in the additional disclosure contained only in the Final Prospectus or the Pricing Prospectus.

(ff) Disclosure will be made in the Prospectuses of the obligations of the Company regarding continuous disclosure, proxy and proxy solicitation, shareholder communication and insider reporting as described above.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

1. The Canadian Offering is exempt from:

- (a) the form and content requirements applicable to a preliminary prospectus under the Legislation;
- (b) the requirement in the Legislation that a prospectus be accompanied by such financial statements, reports or other documents as is required by the Legislation;
- (c) the requirement in the Legislation that a prospectus contain the form of certificate required to be executed by the Company;
- (d) the requirement in the Legislation that a prospectus contain the form of certificate required to be executed by the underwriters;
- (e) the requirement in the Legislation that the notes to the financial statements contained in a prospectus contain a statement as to the choice of generally accepted accounting principles that have been applied;
- (f) the requirement in the Legislation that reports prepared by auditors on the financial statements contained in a prospectus be prepared in accordance with generally accepted auditing standards and the requirement that such reports be prepared in accordance with the applicable provisions of the Legislation; and

(g) the requirement in the Legislation that each financial statement contained in a prospectus contain an auditor's report on the statement;

provided that the Prospectuses and any amendments thereto are prepared and filed in compliance with paragraphs (s)(i), (u), (w), (cc), (dd), and (ee) of this Decision.

2. The prospectus and registration requirements of the Legislation shall not apply to the distribution of the Bonus Shares provided that the first trades in the Bonus Shares, other than a further trade exempted by the Legislation, shall be deemed to be distributions under the Legislation unless such first trades are made in the following circumstances:

(i) with respect to the Jurisdictions where the trade takes place, the Company is a reporting issuer or the equivalent under the Legislation of such Jurisdiction and the Company is and has been a reporting issuer or the equivalent thereunder for 12 months except in those Jurisdictions where the Legislation does not contain the concept of a reporting issuer or the equivalent;

(ii) if the holder of the Bonus Shares is in a special relationship (where such expression is defined in the Legislation) with the Company, the holder of the Bonus Shares has reasonable grounds to believe that the Company is not in default of any requirement of the Legislation;

(iii) disclosure to the relevant Jurisdiction has been made of the exempt trade;

(iv) no unusual effort is made to prepare the market or to create a demand for the Bonus Shares and no extraordinary commission or consideration is paid in respect of such trade; and

(v) such a first trade is not from the holdings of any holder of the Bonus Shares or combination of holders of Bonus Shares holding a sufficient number of any securities of the Company to affect materially the control of the Company, but any holding of a or combination of holders of Bonus Shares holding more than 20 percent of the outstanding voting securities of the Company shall, in the absence of evidence to the contrary, be deemed to affect materially the control of the Company.

3. (a) In the Province of Ontario only, dealers registered as international dealers under the Ontario Act may act as market intermediaries to distribute the Offered Shares to designated institutions or equivalent institutional purchasers as defined in the Ontario Regulation in the course of the Canadian Offering; and

(b) in the Province of Ontario only, dealers registered as international dealers under the Ontario Act shall be exempt from the requirement in the Legislation to be registered as an underwriter for the purposes of the Canadian Offering.

DATED at Toronto this 30th day of May, 2000.

"Howard I. Wetston"

"R. Stephen Paddon"

Headnote

Section 147 - distribution in Ontario of ordinary shares in the form of shares and American depository receipts in connection with the Canadian offering to Canadian employees exempt from sections 54(1), 56(2) and 58 and 59 of the Act (insofar as those sections concern the form of certificates) and sections 1(4) (insofar as that subsection requires that the notes to the financial statements in a prospectus refer to the GAAP option), 2(2) and 2(5) of the Regulation provided the form and content of the prospectus complies with certain requirements set out in draft National Policy Statement 53 (including the use of the Rule 430A procedures) - issuer exempt from Part IX of the Regulation provided proxies and proxy solicitation material provided to U.S. security holders are also provided to Ontario security holders.

Section 211 - Certain U.S. underwriters exempt from section 208(1)(d) of the Regulation in order to permit trading with designated institutions - U.S. international dealer registrants authorized to participate in Canadian offering as underwriters.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, ss. 1(1), 54(1), 56(2), 58, 59, 75, 77, 78, 79, 80(b)(iii), 81, 88(2)(b), 147 and Part XIX.

Securities Exchange Act of 1934 (U.S.), an act of June 6, 1934, 48 stat. 881; 15 U.S. Code, Sections 78a-78jj, as amended.

Securities Act of 1933 (U.S.), an act of May 27, 1933; 48 Stat. 74; 15 U.S. Code, Sections 77a-77aa, as amended.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 1(4), 2(2), 2(5), 100(3), 208, 211 and Part IX.