

CAPITAL SENIOR LIVING CORP
Form 4
March 03, 2015

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
HENDRICKSON CAREY P

2. Issuer Name and Ticker or Trading Symbol
CAPITAL SENIOR LIVING CORP
[CSU]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
02/27/2015

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior Vice President & CFO

14160 DALLAS PARKWAY, SUITE 300

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

DALLAS, TX 75254

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	
Common Stock	02/27/2015		A	(1)	25,000	A	\$ 0 58,334 D
Common Stock	02/27/2015		A	(2)	25,000	A	\$ 0 83,334 D
Common Stock	02/27/2015		D	(3)	27	D	\$ 0 83,307 D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 5)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HENDRICKSON CAREY P 14160 DALLAS PARKWAY SUITE 300 DALLAS, TX 75254			Senior Vice President & CFO	

Signatures

/s/ Carey P.
Hendrickson 03/03/2015

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents shares of restricted stock granted on February 27, 2015 under the Company's 2007 Omnibus Stock and Incentive Plan, which vest in three installments of 33%, 33% and 34% on February 27, 2016, February 27, 2017 and February 27, 2018, respectively.
- (2) Represents shares of restricted stock granted on February 27, 2015 under the Company's 2007 Omnibus Stock and Incentive Plan, which vest in three installments of 33%, 33% and 34% on February 27, 2016, February 27, 2017 and February 28, 2018, respectively, provided the Company satisfies certain performance measures with respect to fiscal 2015, fiscal 2016 and fiscal 2017.
- (3) Represents shares of performance-based restricted stock that were previously reported as beneficially owned by the reporting person as of August 4, 2014, but were subsequently forfeited due to the Company achieving 99.5% (but not 100%) of the performance target with respect to such shares for fiscal 2014.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. acquisition currency. The proposed authorization is designed to give Deutsche Telekom

AG the leeway it requires to flexibly exploit opportunities for mergers or the acquisition of companies, business units, or interests in companies or other assets eligible for contribution for such acquisitions and in doing so to also provide shares as a consideration without increasing capital – something which is more time-consuming given the need for entry in the commercial register – where this is appropriate.

To be able to carry out such transactions swiftly and with the necessary flexibility, the Board of Management needs to be authorized to grant treasury shares excluding shareholders' subscription rights. Such a decision will be contingent on the Supervisory Board's approval, however. When subscription rights are being granted, mergers and the acquisition of companies, business units, or interests in companies or other assets eligible for contribution for such acquisitions in exchange for the granting of repurchased shares are not possible, and the Company and its shareholders cannot benefit from the associated advantages.

There are currently no concrete plans to make use of this authorization. When specific opportunities arise for mergers or acquisition of companies, business units, or interests in companies, or there is an opportunity to acquire other assets eligible for contribution for such acquisitions, the Board of Management shall examine each case to decide whether to use treasury shares for this, excluding shareholders' subscription rights. The Board of Management shall only use the authorization if it is convinced that issuing Deutsche Telekom AG shares for a merger or acquisition is in the best interests of the Company. In such cases, the Board of Management will also carefully review and ascertain that the value of the non-cash contribution is commensurate with the value of the shares.

Re. (h) of the authorization:

In addition, the Company will have the option of using treasury shares to fulfill conversion and/or option rights and obligations from bonds issued by the Company, either directly or by a company in which the Company has a (direct or indirect) majority holding, on the basis of the authorization granted by the shareholders' meeting under item 9 on the agenda on April 26, 2005 ((h) of the authorization). Instead of increasing capital, it may be appropriate at times to use the Company's shares entirely or partially to fulfill subscription rights to treasury shares arising from such bonds, since such action is a suitable way of counteracting the dilution of capital stock, and of the voting rights of shareholders, that can occur to some extent if such rights are fulfilled by creating new shares. The authorization therefore provides for treasury shares to be used in such a way. In such cases, shareholders' subscription rights shall also be excluded.

The authorization granted under item 9 on the agenda by resolution of the shareholders' meeting on April 26, 2005 is available for inspection at the commercial register in Bonn as part of the notarized minutes of this shareholders' meeting. The resolution can also be found in the invitation to the shareholders' meeting on April 26, 2005, which was published in the electronic Federal Gazette dated March 15, 2005. The wording of the authorization resolution has been available for inspection by shareholders in the business offices of Deutsche Telekom AG at the Company's registered office, Friedrich-Ebert-Allee 140, 53113 Bonn, Germany, ever since this year's shareholders' meeting was called and will be available during the shareholders' meeting. It may also be viewed on Deutsche Telekom AG's website:

<http://www.telekom.com>

This translation is for courtesy purposes only. The German original prevails.

Re. (i) of the authorization:

The Board of Management shall also be authorized to offer and/or grant repurchased shares to employees of Deutsche Telekom AG and of lower-tier affiliated companies (employee shares). Repurchased shares can also be issued to a bank, or to some other company meeting the requirements of § 186 (5) sentence 1 AktG, that assumes the obligation to use the shares exclusively for the purpose of granting employee shares. The Board of Management may also acquire shares that are to be granted as employee shares via a securities loan from a bank, or from some other company meeting the requirements of § 186 (5) sentence 1 AktG, and then use repurchased shares to repay this securities loan. In such cases, shareholders' subscription rights shall be excluded.

Deutsche Telekom AG is to be put in a position to promote employee ownership of company stock by granting employee shares. Granting employee shares serves the purpose of integrating employees, increasing their willingness to help shoulder responsibility and enhancing their loyalty to the company. Granting employee shares is thus in the interest of the Company and its shareholders. It is in keeping with the intent of the law, and it is facilitated by law in many ways. When treasury shares are being issued as employee shares, special terms and conditions may be conceded that are in line with the provisions on the granting of tax privileges set out in the Employee Share Ownership Act (Mitarbeiterkapitalbeteiligungsgesetz) passed by the Bundestag. The proposed authorization may not be used for the granting of treasury shares to executives on grounds of membership of a management or supervisory body at Deutsche Telekom AG or one of its lower-tier affiliated companies.

In addition to granting shares directly to employees, it will also be possible for shares to be taken over by a bank, or by some other company meeting the requirements of § 186 (5) sentence 1 AktG with the obligation to use the shares exclusively for the purpose of granting employee shares. Shares will then be granted to employees through the company that has taken over the shares and is acting as an intermediary. With this possibility, therefore, offering employee shares can be facilitated, for example, by having a bank largely carrying out the procedure.

In addition, employee shares may be acquired via a securities loan from a bank, or some other company meeting the requirements of § 186 (5) sentence 1 AktG, and repurchased shares may be used to repay this securities loan. Using a securities loan to acquire shares to be granted to employees also facilitates the process of offering employee shares. In particular, it makes it possible to reacquire precisely the volume of shares needed for granting employee shares at a given time. The shares acquired in the context of the proposed purchase authorization will thus not only be used for granting shares to the employees themselves, but can also be used to meet lenders' claims to repayment of loans. In terms of the economic effect, the new shares would also be used to grant them to employees.

Authorized capital 2006 pursuant to § 5 (3) of the Articles of Incorporation of Deutsche Telekom AG and the new authorized capital requested in item 12 of the agenda, authorized capital 2009/II, which is due to replace authorized capital 2006, will be used for the granting of shares to employees of Deutsche Telekom AG and the lower-tier affiliated companies as well as for the repayment of corresponding securities loans. In the interest of maximum flexibility and cost-effectiveness, however, it will also be possible to repurchase shares on the basis of § 71 (1) no. 8 AktG and to offer and/or grant such repurchased shares to employees. In cases in which only small numbers of shares are required, or additionally required, for an employee stock program, such a procedure may be more cost-effective than a capital increase, which involves certain expenditure for implementation, and the admission of shares from authorized capital 2009/II to trading.

Apart from the authorization pursuant to (i), it is possible, without the approval of the shareholders' meeting, to repurchase shares on the basis of § 71 (1) no. 2 AktG and to offer the repurchased shares to employees. Reacquisition on the basis of § 71 (1) no. 2 AktG does not fall within the category of "safe harbor" privileges, however, in which insider dealing and market manipulation are prohibited by law pursuant to provisions of Commission Regulation (EC) no. 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments (OJ L 336 p. 33). For

Explanation of Responses:

this reason, a pertinent authorization of the shareholders' meeting would be required if safe-harbor privileges were to be claimed for acquisition and granting of shares to be admitted as employee shares.

Regarding exclusion of subscription rights for fractional amounts pursuant to (k) of the authorization:

Finally, the Board of Management is to be entitled to exclude shareholder subscription rights for fractional amounts with the approval of the Supervisory Board when offering treasury shares for sale to the Company's shareholders. The possibility of excluding subscription rights for fractional amounts serves the purpose of practically implementing the subscription ratio. The treasury shares excluded from shareholders' subscription rights as free fractional shares are realized by selling them on the stock exchange or in some other way at the best price available for the Company. Due to the limitation to fractional amounts the potential dilution effect is low.

Considering all the above-mentioned facts and circumstances, the Board of Management and the Supervisory Board regard the exclusion of subscription rights in the aforementioned cases, also making allowance for the dilution effect arising from the exercise of the authorizations in question to the disadvantage of the shareholders, as justified and reasonable vis-à-vis shareholders for the reasons given. The Board of Management shall report to the shareholders' meeting on the details of any plans to make use of the authorization to buy back treasury shares.

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Report on item 11 on the agenda: Report on the authorization regarding the exclusion of subscription rights in the case of authorized capital 2009/I pursuant to § 186 (4) sentence 2 and § 203 (2) sentence 2 AktG.

Authorized capital 2004 in § 5 (2) of the Articles of Incorporation is due to expire on

May 17, 2009. For this reason it will – to the extent that it still exists – be cancelled and new authorized capital, authorized capital 2009/I, will be created with which new shares can be issued against non-cash contributions. The Company will thus continue to have the flexibility it needs for mergers and acquisitions.

The Articles of Incorporation currently include two authorized capitals: As already mentioned, § 5 (2) of the Articles of Incorporation includes authorized capital 2004, which provides the authorization to increase the share capital against non-cash contributions with the possibility of excluding subscription rights to use the new shares for certain merger or acquisition purposes. The Board of Management exercised this authority from authorized capital 2004 originally amounting to EUR 2,560,000,000 with the approval of the Supervisory Board in August 2005 and resolved to increase the capital stock in the amount of EUR 160,589,265.92 for the purpose of the merger of T-Online International AG into Deutsche Telekom AG. The implementation of this capital increase was entered in the commercial register on September 12, 2005; it took effect together with the entry of the merger in the commercial register on June 6, 2006. Authorized capital 2004 currently still extends up to EUR 2,399,410,734.08. In addition, § 5 (3) of the Articles of Incorporation contains authorized capital 2006, which provides the authority to issue employee shares

against cash and/or non-cash contributions with the exclusion of shareholders' subscription rights. Authorized capital 2006 currently extends up to EUR 38,400,000.00 and runs until May 2, 2011. Under item 12 on the agenda the Board of Management and the Supervisory Board propose to replace authorized capital 2006 with a new authorized capital to be used for the granting of employee shares, authorized capital 2009/II.

The new authorized capital 2009/I requested amounting to EUR 2,176,000,000 constitutes approx. 19.49% of the capital stock currently amounting to EUR 11,164,979,182.08. Authorized capital 2009/I will give the Board of Management the authority to increase the capital stock, with the approval of the Supervisory Board, by up to EUR 2,176,000,000 by issuing up to 850,000,000 registered no par value shares against non-cash contributions in the period up to April 29, 2014. The authorization will be exercised as a whole or on one or more occasions in partial amounts.

In the event of capital increases against non-cash contributions, the Board of Management will be authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights when issuing new shares for mergers or acquisitions of companies, business units, or interests in companies, including increasing existing investment holdings, or other assets eligible for contribution for such acquisitions, including receivables from the Company.

Deutsche Telekom AG is engaged in national and global competition. It must therefore always be in a position to act swiftly and flexibly on national and international markets. This includes the opportunity to improve its competitive position through mergers with other companies or the acquisition of companies, business units, and interests in companies. This also includes increasing investments in Group companies.

The optimal use of this opportunity in the interest of shareholders and the Company involves, in individual cases, carrying out the merger or the acquisition of companies, business units, or interests in companies by offering the shares of the acquiring company. It can be seen that, in the case of mergers and acquisitions of companies, business units, or interests in such companies, large units are often involved, requiring the provision of substantial considerations in many cases. Often these considerations cannot or should not be paid in cash. In fact, to ensure that

the liquidity of the Company is not endangered, it may be more beneficial if the consideration that the Company is required to provide for a merger or the acquisition of a company, a business unit or an interest in another company can be provided wholly or partially in new shares of the acquirer. It has been seen in practice both on international and national markets that the acquirer's shares are often requested as the consideration for attractive acquisitions. For this reason, Deutsche Telekom AG must be given the opportunity to be able to offer new shares as consideration for mergers or acquisitions of companies, business units, or interests in companies. To this extent, non-cash contributions include companies, business units, or interests in companies.

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The motion for resolution makes express provisions for the exclusion of shareholders' subscription rights in order to issue new shares to acquire assets eligible for contribution in connection with the acquisition of companies, business units, or interests in companies.

In the case of an acquisition, it can make economic sense to acquire other assets in addition to the actual object acquired, for example those which serve the economic purposes of the acquired object. This applies in particular if a company that is being acquired does not own the industrial or intangible property rights relating to its operations. In such and comparable cases, Deutsche Telekom AG must be in a position to acquire assets related to the acquisition plan, and – whether as liquidity protection or if required by the seller – to offer shares as a consideration for this, assuming the relevant assets are eligible for contribution. Deutsche Telekom AG should therefore also have the option of increasing its capital stock against non-cash contributions while excluding shareholders' subscription rights. In such cases, non-cash contributions involve the asset related to the acquisition plan.

The Board of Management will, in particular, also be entitled when using authorized capital 2009/I to exclude shareholders' subscription rights in order to grant the owners of receivables from Deutsche Telekom AG – whether securitized or unsecuritized – arising in connection with the sale of companies, business units, or interests in companies to Deutsche Telekom AG shares in Deutsche Telekom AG wholly or partially in lieu of the cash payments. In cases where, for example, the Company has initially agreed to pay in cash for the acquisition of a company or an interest in a company, this may give the Company the added flexibility of subsequently offering shares in lieu of cash, thus protecting its liquidity. Non-cash contributions are considered in such cases to be receivables against Deutsche Telekom AG when using authorized capital 2009/I.

While the granting of shares in the context of mergers or acquisitions of companies, business units, or interests in companies, including increasing existing investment holdings, or other assets eligible for contribution for such acquisitions, including receivables from the Company, serves the authorization for use provided in g) of the resolution proposed in item 7 of the agenda for the shareholders' meeting on April 30, 2009, the use of treasury shares as acquisition currency ultimately precludes the possibility of purchasing them beforehand. The use of treasury shares as acquisition currency may therefore prove disadvantageous for the use of authorized capital in some circumstances, mainly because of the liquidity needed to buy back the shares. The purchase authorization is also limited to 10% of the capital stock. Deutsche Telekom AG shares can be offered as consideration using authorized capital, independently of a repurchase of treasury shares. The proposed authorization is designed to give Deutsche Telekom AG the leeway it requires to flexibly exploit opportunities for mergers or the acquisition of companies, business units, or interests in companies or to acquire other assets eligible for contribution for such acquisitions. The authorization will enable Deutsche Telekom AG to use the authorized capital to grant new shares as consideration in the context of mergers and acquisitions of companies, business units, and interests in companies, or to acquire other assets eligible for contribution for such acquisitions, where this is appropriate.

In order to perform such transactions swiftly and with the necessary flexibility, Deutsche Telekom AG must have the option of increasing its capital stock against non-cash contributions while excluding shareholders' subscription rights. This is why it is imperative that the Board of Management be authorized to exclude shareholders' subscription rights when issuing new shares. Such a decision will be contingent on the Supervisory Board's approval, however. When subscription rights are being granted, mergers and the acquisition of companies, business units, or interests in companies or other assets eligible for contribution for such acquisitions in exchange for the issue of new shares are not possible and the Company and its shareholders cannot benefit from the associated advantages.

Authorized capital 2009/I serves to ensure that authorized capital providing the opportunity for a non-cash capital increase, including the option of excluding shareholders' subscription rights in the process, is still available. Authorized capital 2004 will no longer be used.

At present, the Company does not have any concrete merger or acquisition plans using authorized capital 2009/I and the opportunity of a non-cash capital increase with the exclusion of shareholders' subscription rights that such capital entails. When specific opportunities arise for mergers or acquisition of companies, business units, or interests in companies, or there is an opportunity to acquire other assets eligible for contribution for such acquisitions, the Board of Management will examine each case to decide whether to use the option of increasing capital against non-cash contributions while excluding subscription rights. The Board of Management shall only use the authorization if it is convinced that issuing Deutsche Telekom AG shares to make an acquisition is in the best interests of the Company. In such cases, the Board of Management will also carefully review and ascertain that the value of the non-cash contribution is commensurate with the value of the shares.

Considering all the above-mentioned facts and circumstances, the Board of Management and the Supervisory Board regard the authorization to exclude subscription rights, also making allowance for the dilution effect arising from the exercise of the authorizations in question to the disadvantage of the shareholders, as justified and reasonable for the reasons given. The Board of Management shall report to the shareholders' meeting on each use of authorized capital 2009/I.

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Report on item 12 on the agenda: Report on the exclusion of subscription rights in the case of authorized capital 2009/II pursuant to § 186 (4) sentence 2 and § 203 (1) sentence 1 AktG.

Authorized capital 2006, which is used for the granting of shares to employees of Deutsche Telekom AG and its lower-tier affiliated companies (employee shares), runs until May 2, 2011. Against the backdrop of the Employee Share Ownership Act presented by the federal government in October 2008 and passed by the Bundestag and to give the Board of Management longer-term planning reliability for the creation of employee stock programs, the existing authorized capital 2006 will be cancelled prematurely and replaced with a new authorized capital, authorized capital 2009/II, which also exclusively serves the purpose of granting employee shares.

The new authorized capital 2009/II requested amounting to EUR 38,400,000 constitutes approx. 0.34% of the capital stock. The new authorized capital 2009/II will give the Board of Management the authority to increase the capital stock, with the approval of the Supervisory Board, by up to EUR 38,400,000 by issuing up to 15,000,000 registered no par value shares against cash and/or non-cash contributions in the period up to April 29, 2014. The new shares will be issued exclusively for the purpose of granting shares to employees of Deutsche Telekom AG and lower-tier affiliated companies (employee shares). The issue of new shares on grounds of membership in a management or supervisory body at Deutsche Telekom AG or one of its lower-tier affiliated companies must and can be excluded on this basis. The authorization will be exercised as a whole or on one or more occasions in partial amounts. Shareholders' subscription rights will be excluded.

Deutsche Telekom AG is to be put in a position to promote employee ownership of company stock by granting employee shares. Granting employee shares serves the purpose of integrating employees, increasing their willingness to help shoulder responsibility and enhancing their loyalty to the company. Issuing employee shares is thus in the interest of the Company and its shareholders. It is in keeping with the intent of the law, and it is facilitated by law in many ways. When new shares are being issued as employee shares, special terms and conditions may be conceded that are in line with the provisions on the granting of tax privileges set out in the Employee Share Ownership Act (Mitarbeiterkapitalbeteiligungsgesetz) passed by the Bundestag. The volume of the proposed authorized capital 2009/II is commensurate with the number of employees at Deutsche Telekom AG and its lower-tier affiliated companies. When being determined, the expected subscription results were taken into account along with the number of employees. With an assumed participation of 110,000 employees per year, for example, the proposed scope allows, over three years, an average of approximately 45 employee shares to be transferred to each participating employee.

It will also be possible to issue the employee shares in such a way that the contribution to be paid for them is taken from part of the net income that the Board of Management and the Supervisory Board can transfer to other retained earnings in accordance with § 58 (2) AktG. This option and the requirements to be complied with are set out in § 204 (3) AktG.

In addition to issuing new shares directly to employees, it will be possible for the new shares to be taken over by a bank or some other company that meets the requirements of § 186 (5) sentence 1 AktG with the obligation to use these shares exclusively for the purpose of granting employee shares. Shares will then be issued to employees through the company that has taken over the shares and is acting as an intermediary. This procedure can facilitate the process of offering employee shares.

In addition, employee shares may be acquired via a securities loan from a bank, or some other company that meets the requirements of § 186 (5) sentence 1 AktG, and repurchased shares may be used to repay this securities loan. Using a securities loan to acquire shares to be offered to employees also facilitates the process of offering employee shares. The new shares created with the authorized capital can thus not only be issued directly or indirectly to the employees themselves, but can also be used to meet lenders' claims to repayment of loans. In this event, new shares are likewise issued against non-cash contributions. In terms of the economic effect, the new shares would also be used to grant

them to employees.

Depending on the extent and details of the specific employee stock ownership plan and the reduction in price granted, personnel costs will be incurred at Deutsche Telekom. For example, if 5,000,000 employee shares were granted from authorized capital 2009/II and assuming that 110,000 employees participate with a reduction in price up to the maximum annual tax-exempt amount possible pursuant to the Employee Share Ownership Act passed by the Bundestag of EUR 360 per participant, costs under IFRS or US GAAP of approximately EUR 39.6 million would be incurred.

The Company already has the opportunity to buy back shares on the basis of § 71 (1) no. 2 AktG and offer them to employees for subscription. It will also be authorized in accordance with i) of the proposed resolution on item 7 of the agenda for the shareholders' meeting on April 30, 2009 to offer and/or grant treasury shares as employee shares and to use them to repay securities loans used to acquire employee shares. The use of treasury shares for these purposes, however, ultimately precludes the possibility of purchasing them beforehand. In this respect, the use of treasury shares may therefore prove disadvantageous for the use of authorized capital in some circumstances, mainly because of the liquidity needed to buy back the shares. Using authorized capital, shares of Deutsche Telekom AG can be granted as employee shares independently of the repurchase of treasury shares. They can also be used to repay securities loans used to acquire employee shares.

To be able to issue new shares as employee shares, it is necessary to exclude shareholders' subscription rights. If subscription rights were granted, it would not be possible to issue new shares as employee shares or repay securities loans used to acquire employee shares, and the associated advantages for the Company and its shareholders could not be obtained.

Authorized capital 2009/II may not be used for a purpose other than granting employee shares and repaying securities loans used to acquire employee shares.

Considering all the above-mentioned facts and circumstances, the Board of Management and the Supervisory Board regard the exclusion of subscription rights, also making allowance for the dilution effect arising from the exercise of the authorization to the disadvantage of the shareholders, as justified and reasonable for the reasons given. The Board of Management shall report to the shareholders' meeting on each use of authorized capital 2009/II.

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Right to Participate and Voting Right

The total number of issued shares, each of which has one voting right, amounts to 4.361.319.993 on the date the shareholders' meeting was convened (in accordance with § 30b (1) sentence 1 no. 1 alt. 2 of the Securities Trading Act (Wertpapierhandelsgesetz - WpHG); this total number also includes treasury shares from which no entitlement to rights arises for the Company pursuant to § 71b AktG).

Shareholders are eligible to attend the shareholders' meeting and to exercise the right to vote at the shareholders' meeting under § 16 (1) of the Articles of Incorporation if they are entered in the shareholders' register, and if they have registered with the Company on time, i.e.

by midnight on Thursday, April 23, 2009 at the latest,

in writing, by fax or electronically via the Internet. Deadline compliance shall be determined on the basis of when the registration is received.

It is possible to register with the Company in the following ways:

either in writing, at the following address:

DTAG Hauptversammlung 2009
c/o ADEUS Aktienregister-Service-GmbH
20683 Hamburg, Germany

or by fax at the fax number +49-228- 181-78879

or electronically via the Internet in accordance with the stipulated procedure on the website

<http://www.agm-telekom.com>

Details on the procedure to follow when registering via the Internet can be found at the above Web site. The procedure stipulated for registering via the Internet requires the shareholder to have been entered in the shareholders' register no later than two weeks before the date of the shareholders' meeting.

Pursuant to § 67 (2) sentence 1 AktG, only those persons who are entered in the shareholders' register are considered to be shareholders of the Company. Consequently, they only have the right to participate and the voting right provided they are entered as shareholders in the shareholders' register on the day of the shareholders' meeting. The number of voting rights to which a person eligible to participate in the shareholders' meeting is entitled to depends on the share portfolio entered in the shareholders' register on the day of the shareholders' meeting. For processing reasons, however, no changes will be recorded in the shareholders' register during the period from Friday, April 24, 2009 (inclusive) to the day of the shareholders' meeting, i.e., Thursday, April 30, 2009 (inclusive).

Banks and shareholders' associations (as well as persons or associations with the same status as these in accordance with § 135 (9) or § 135 (12) in conjunction with § 125 (5) AktG) may only exercise voting rights on registered shares that do not belong to them but as the bearer of which they are entered in the shareholders' register if authorized to do so.

Voting rights may be exercised by a proxy – for example, by a bank, a shareholders' association or the proxies appointed by the Company.

If neither a bank nor a shareholders' association (or a person or association with the same status as these in accordance with § 135 (9) or § 135 (12) in conjunction with § 125 (5) AktG) is granted authorization, the proxy must be granted either in writing or, in accordance with the procedure envisaged for this, over the Internet via the Web address provided above (<http://www.agm-telekom.com>). The procedure stipulated for granting a proxy via the Internet requires the shareholder to have been entered in the shareholders' register no later than two weeks before the date of the shareholders' meeting. The written form shall also be deemed adhered to if the Company receives the signed proxy document by midnight on Thursday, April 23, 2009, by fax at +49-228-181-78879. If the proxies appointed by the Company are granted authorization, they shall exercise their voting rights only in keeping with explicit voting instructions they have received.

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We will send our shareholders further information regarding voting by proxy and issuing instructions, along with the relevant forms, together with the invitations to the shareholders' meeting.

Counter-motions within the meaning of § 126 AktG, and nominations for election within the meaning of § 127 AktG, are to be sent to:

Gegenanträge
zur Hauptversammlung DTAG 2009
Postfach 19 29
53009 Bonn, Germany

Fax: +49-228-181-88259

E-mail: counter-motions.bonn@telekom.de

Counter-motions and nominations for elections from shareholders that have been received by

midnight on Thursday, April 16, 2009

and that fulfill additional requirements pertaining to the Company's publicity obligations pursuant to § 126 and § 127 AktG shall be published, along with the name of the shareholder, the reason and any response provided by the administration, on the Web site

<http://www.telekom.com/countermotions>

To ensure that all shareholders have the opportunity to thoroughly consider counter-motions and nominations for election before the registration deadline ends, we recommend that any counter-motions and nominations for election be submitted as early as possible. It is not necessary to provide reasons for nominations pursuant to § 127 sentence 2 AktG.

Owners of American Depositary Shares (ADS) who intend to take part in the shareholders' meeting can register via Deutsche Bank Trust Company Americas, USA. Shareholders who hold their shares in Japan through Japan Securities Depository Center and who wish to exercise their right to vote should contact The Sumitomo Trust & Banking Co. Ltd., Tokyo, Japan.

Every shareholder will, upon request, be sent a copy of the documents, which will also be available for inspection at the shareholders' meeting, without delay and free of charge.

These documents are also available on the Web site at

<http://www.telekom.com>

According to the resolution adopted by the Board of Management and the Supervisory Board, the shareholders' meeting will be broadcast live in full length on the Internet, pursuant to § 15 (2) of the Articles of Incorporation, at

<http://www.telekom.com/agm-live>

Bonn, March 2009

Deutsche Telekom AG

Explanation of Responses:

Board of Management

This translation is for courtesy purposes only. The German original prevails.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DEUTSCHE TELEKOM AG

By: /s/ Guido Kerkhoff
Name: Guido Kerkhoff
Title: Member of the Management Board for South Eastern Europe

Date: March 18, 2009