the Deutsche Telekom/VoiceStream merger, and the past and current business operations, financial condition and future prospects of their respective companies.

In addition, Goldman Sachs:

- reviewed the reported prices and trading activity for VoiceStream common shares and Deutsche Telekom ordinary shares;
- compared certain financial and stock market information for VoiceStream and Deutsche Telekom with similar information for certain other companies the securities of which are publicly traded;
- reviewed the financial terms of certain recent business combinations in the telecommunications industry specifically, and in other industries generally; and
- performed such other studies and analyses as Goldman Sachs considered appropriate.

Goldman Sachs understood that, in connection with the Deutsche Telekom/VoiceStream merger agreement VoiceStream would issue, and since then VoiceStream has issued, to Deutsche Telekom 3,906,250 shares of VoiceStream voting preferred shares for aggregate consideration of $5 billion pursuant to the voting preferred stock subscription agreement.

Goldman Sachs relied upon the accuracy and completeness of all of the financial and other information discussed with or reviewed by it, and assumed such accuracy and completeness for purposes of rendering its opinion. As the VoiceStream board of directors was aware, Deutsche Telekom did not make available to Goldman Sachs its projections of expected future financial performance. Accordingly, Goldman Sachs's review of such matters was limited to discussions with members of the senior management of Deutsche Telekom regarding certain research analyst estimates of future financial performance of Deutsche Telekom. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities of VoiceStream or Deutsche Telekom or any of their subsidiaries, and Goldman Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs also assumed that all material governmental, regulatory or other consents and approvals necessary for the completion of the Deutsche Telekom/VoiceStream merger will be obtained without any adverse effect on VoiceStream or Deutsche Telekom or on the expected benefits of the Deutsche Telekom/VoiceStream merger. Goldman Sachs's opinion was addressed to the VoiceStream board, and the opinion does not constitute a recommendation as to how any holder of VoiceStream common shares should vote or which election to take with respect to the form of merger consideration to be received in the Deutsche Telekom/VoiceStream merger.

The following is a summary of the material financial analyses presented by Goldman Sachs to the VoiceStream board of directors on July 21, 2000. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the text accompanying each summary.

**Analysis of VoiceStream**

**Historical Exchange Ratio Analysis.** Goldman Sachs reviewed the historical trading prices of Deutsche Telekom ordinary shares and VoiceStream common shares in order to compare exchange ratios implied by those historical trading prices to the merger consideration in the Deutsche Telekom/VoiceStream merger. Specifically, Goldman Sachs compared the stock election exchange ratio and the mixed election exchange ratio in the Deutsche Telekom/VoiceStream merger to the ratio of the daily closing share prices of Deutsche Telekom ordinary shares to corresponding prices for VoiceStream common shares on July 20, 2000, July 10, 2000, which was the last trading day before any public reports of the proposed Deutsche Telekom/VoiceStream merger, and the 10-day, 20-day, 30-day, 60-day, three-month, six-month, nine-month and one-year periods ending July 20, 2000. In this analysis, Deutsche Telekom share prices were converted to U.S. dollars based on the noon buying rate of euros for U.S. dollars as reported by the Federal Reserve System on the date indicated or averaged across the period measured. This analysis indicated the following implied exchange ratios for these points in time or
periods, as compared with the stock election exchange ratio of 3.7647 and the mixed election exchange ratio of 3.2 in the Deutsche Telekom/VoiceStream merger:

<table>
<thead>
<tr>
<th>Date</th>
<th>VoiceStream Price</th>
<th>Deutsche Telekom Price</th>
<th>Implied Stock Election Exchange Ratio</th>
<th>Implied Mixed Election Exchange Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 20, 2000</td>
<td>$153.00</td>
<td>$53.01</td>
<td>2.89x</td>
<td>2.32x</td>
</tr>
<tr>
<td>July 10, 2000</td>
<td>124.94</td>
<td>58.41</td>
<td>2.14</td>
<td>1.63</td>
</tr>
<tr>
<td>10-day average</td>
<td>141.73</td>
<td>55.98</td>
<td>2.54</td>
<td>2.00</td>
</tr>
<tr>
<td>20-day average</td>
<td>131.25</td>
<td>56.91</td>
<td>2.31</td>
<td>1.79</td>
</tr>
<tr>
<td>30-day average</td>
<td>131.38</td>
<td>59.07</td>
<td>2.23</td>
<td>1.72</td>
</tr>
<tr>
<td>60-day average</td>
<td>119.72</td>
<td>59.61</td>
<td>2.02</td>
<td>1.51</td>
</tr>
<tr>
<td>Three-month average</td>
<td>118.48</td>
<td>59.93</td>
<td>1.99</td>
<td>1.49</td>
</tr>
<tr>
<td>Six-month average</td>
<td>123.59</td>
<td>70.57</td>
<td>1.79</td>
<td>1.35</td>
</tr>
<tr>
<td>Nine-month average</td>
<td>117.20</td>
<td>66.71</td>
<td>1.79</td>
<td>1.32</td>
</tr>
<tr>
<td>One-year average</td>
<td>100.66</td>
<td>60.47</td>
<td>1.65</td>
<td>1.12</td>
</tr>
</tbody>
</table>

Goldman Sachs noted that the stock election exchange ratio and the mixed election exchange ratio in the Deutsche Telekom/VoiceStream merger were greater than the corresponding implied exchange ratios for each period measured.

Selected Companies Analysis. Goldman Sachs performed an analysis to determine the public market values of VoiceStream relative to other public companies in the wireless telecommunications sector, and how these figures compared with the values for VoiceStream implied by the merger consideration in the Deutsche Telekom/VoiceStream merger. Goldman Sachs reviewed and compared financial information of VoiceStream to corresponding financial information for selected companies chosen because they are publicly traded companies with operations that are similar to those of VoiceStream. Goldman Sachs undertook to determine how different measures of the price per VoiceStream POP represented by the Deutsche Telekom/VoiceStream merger consideration compared both to VoiceStream's stand-alone price per POP and the price per POP for the following selected companies: Nextel Communications Inc., Powertel, TeleCorp PCS Inc. and Sprint PCS Group.

One measure for calculating the value of companies within the wireless telecommunications sector is through the analysis of the number of persons who potentially have access to the wireless services of a company by virtue of their geographic location. POPs are derived from management estimates and public sources. The price per POP was calculated in each case by dividing the respective company's core enterprise value or adjusted enterprise value by different measures of that company's POPs. In this analysis:

- "Core enterprise value" is a measure of each company's value that is calculated by adding its market capitalization, total debt, preferred shares and minority interest, and subtracting from that sum its cash, cash equivalents and an estimate of non-core assets, which are assets that are not directly related to the company's wireless network.

- "Adjusted enterprise value" is a measure of each company's value that is calculated by subtracting from the core enterprise value for that company the value of its unbuilt POPs, or POPs for which the company does not currently have plans to establish an operating network, valued at $25.00 per POP.

Different measures of a company's POPs are utilized to measure a company's coverage of those POPs:

- "Covered POPs" are the estimated number of persons within the license area actually served by the operating wireless network of the company.

- "Weighted Total POPs" is a measure calculated to reflect the fact that networks have differing amounts of spectrum available in different geographic areas and is calculated by weighing POPs with greater MHz more than others, since licenses with greater MHz provide greater band width or capacity. "Weighted Total POPs" are determined by multiplying the number of POPs in a 30 MHz
license area by one, the number of POPs in a 20 MHz license area by 0.75, the number of POPs in a 10 MHz license area by 0.25 and, with respect to Nextel, the number of Nextel POPs by 0.75.

Finally, values per POP show the relation of the number of a company's POPs to its capitalization. "2001 Covered POP Value" represents adjusted enterprise value divided by projected 2001 covered POPs, "Weighted Total POP Value" represents core enterprise value divided by Weighted total POPS and "Total POP Value" represents core enterprise value divided by total POPs.

The analysis was performed using share prices as of July 20, 2000.

The following chart summarizes the results of that analysis:

<table>
<thead>
<tr>
<th></th>
<th>VoiceStream</th>
<th>VoiceStream*</th>
<th>Sprint PCS</th>
<th>TeleCorp</th>
<th>Powertel</th>
<th>Nextel</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001 Covered POPs</td>
<td>136.7</td>
<td>136.7</td>
<td>185.0</td>
<td>30.8</td>
<td>17.7</td>
<td>192.0</td>
</tr>
<tr>
<td>(in millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001 Covered POP Value</td>
<td>$331.80</td>
<td>$424.36</td>
<td>$419.94</td>
<td>$350.51</td>
<td>$331.28</td>
<td>$321.12</td>
</tr>
<tr>
<td>(in dollars per POP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Total POPs</td>
<td>161.0</td>
<td>161.0</td>
<td>191.1</td>
<td>28.7</td>
<td>22.1</td>
<td>176.5</td>
</tr>
<tr>
<td>(in millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Total POP Value</td>
<td>$287.44</td>
<td>$366.04</td>
<td>$415.80</td>
<td>$376.82</td>
<td>$265.02</td>
<td>$352.72</td>
</tr>
<tr>
<td>(in dollars per POP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total POPs (in millions)</td>
<td>220.2</td>
<td>220.2</td>
<td>270.0</td>
<td>35.2</td>
<td>24.4</td>
<td>235.3</td>
</tr>
<tr>
<td>Total POP Value</td>
<td>$210.14</td>
<td>$267.60</td>
<td>$294.22</td>
<td>$306.70</td>
<td>$240.31</td>
<td>$264.54</td>
</tr>
<tr>
<td>(in dollars per POP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* VoiceStream valued at $199.63, which represented the value of 3.2 Deutsche Telekom shares plus $30 on July 20, 2000, based on a closing price per share of Deutsche Telekom stock of 57.05 euros and an exchange rate of 0.9292.

Goldman Sachs noted that the merger consideration resulted in a 2001 Covered POP Value which was higher than the range of values calculated for VoiceStream on a stand-alone basis and the four other selected companies, and a Weighted Total POP Value and a Total POP Value which were within the range of values calculated for pre-acquisition VoiceStream and the four other selected companies.

Goldman Sachs also computed the implied price per VoiceStream common share that would result if VoiceStream's 2001 Covered POP Value were valued at the same price per POP as that of each of Sprint PCS, TeleCorp, Powertel and Nextel. This was done by multiplying each company's 2001 Covered POP Value by VoiceStream's projected 2001 Covered POPs, adding in VoiceStream's unbuilt licenses and non-core assets and subtracting VoiceStream's net debt, and the value of dividing that figure by the 271.3 million VoiceStream common shares outstanding as of June 2, 2000. The following chart summarizes the results of that analysis:

<table>
<thead>
<tr>
<th></th>
<th>VoiceStream</th>
<th>Sprint PCS(a)</th>
<th>TeleCorp(b)</th>
<th>Powertel</th>
<th>Nextel</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001 Covered POP Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in dollars per POP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implied VoiceStream share price</td>
<td>153.00</td>
<td>197.41</td>
<td>162.43</td>
<td>152.74</td>
<td>147.62</td>
</tr>
<tr>
<td>Premium (decrease) to VoiceStream current share price(c)</td>
<td>NM</td>
<td>29.0%</td>
<td>6.2%</td>
<td>(0.2)%</td>
<td>(3.5)%</td>
</tr>
</tbody>
</table>

(a) Enterprise valued adjusted for value of affiliates at $14 per POP, assuming Sprint captures 8% of the revenues as net income, discounted back at Sprint's weighted average cost of capital, based on publicly available research.

(b) Pro forma for Tritel, Inc. acquisition.

(c) The symbol "NM" means that the value was not measured because there was no premium or decrease to current share price.
Goldman Sachs noted that the $199.63 per share value of VoiceStream common stock in the Deutsche Telekom/VoiceStream merger, based on July 20, 2000 stock prices and assuming a mixed election, was above the range of share valuations for VoiceStream stockholders on a stand-alone basis implied by the range of values derived in the analysis above.

**Discounted Cash Flow Analysis.** Goldman Sachs performed an analysis the purpose of which was to compare the present value per VoiceStream common share, using discounted cash flow methodologies, to the value per share represented by the merger consideration. Goldman Sachs performed this analysis by determining ranges of enterprise values and equity values for VoiceStream on a stand-alone basis. Specifically, Goldman Sachs considered the range of values for VoiceStream on a stand-alone basis based on financial models prepared by VoiceStream's management. The following tables reflect two scenarios based on these models; a “base case”, which involves a conservative estimate of future revenue growth, and a “growth case”, which involves a less conservative estimate of future revenue growth. The tables present the ranges of enterprise values and equity values, as well as the price per share and the ratio of enterprise value to 2001 Covered POPs for both of the VoiceStream cases, based on forward 2009 EBITDA multiples for VoiceStream ranging from 10.0x to 12.0x and discount rates ranging from 11% to 12%. The various ranges for the discount rates and terminal value multiples were chosen by Goldman Sachs based upon theoretical analyses of cost of capital ranges that could be applicable. Equity value represents VoiceStream’s enterprise value net of the book value of VoiceStream’s outstanding net indebtedness and estimated non-core assets.

“EBITDA” stands for earnings before interest, taxes, depreciation and amortization. EBITDA is considered to be akin to cash flow and is considered to be a more relevant measure of value in the wireless telecommunications sector than net earnings or revenues.

<table>
<thead>
<tr>
<th></th>
<th>VoiceStream Base Case</th>
<th>VoiceStream Growth Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise value (in millions)</td>
<td>$51,006 – 61,615</td>
<td>$55,390 – 67,248</td>
</tr>
<tr>
<td>Equity value (in millions)</td>
<td>$45,116 – 55,725</td>
<td>$54,500 – 66,358</td>
</tr>
<tr>
<td>Price per VoiceStream share</td>
<td>$166.28 – 205.38</td>
<td>$180.12 – 219.31</td>
</tr>
<tr>
<td>2001 Covered POP Value (in dollars per POP)</td>
<td>$343 – 421</td>
<td>$375 – 462</td>
</tr>
</tbody>
</table>

Goldman Sachs noted that the $199.63 per share value of VoiceStream common stock in the Deutsche Telekom/VoiceStream merger, based on July 20, 2000 stock prices and assuming a mixed election, was within the range of share valuations for VoiceStream stockholders on a stand-alone basis implied by the range of values derived in the discounted cash flow analysis.

**Selected Transaction Analysis.** Goldman Sachs performed an analysis to assess the premium and the implied value per POP represented by the merger consideration, and to compare those figures to premiums and price per POP in other selected transactions or proposed transactions in the wireless industry. Goldman Sachs measured the premium represented by the merger consideration and the price per POP based on July 20, 2000 stock prices, and compared the premiums and price per POP in the following transactions:

<table>
<thead>
<tr>
<th>Acquirer</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>TeleCorp</td>
<td>Tritel Inc.</td>
</tr>
<tr>
<td>MCI Worldcom, Inc.</td>
<td>Sprint PCS</td>
</tr>
<tr>
<td>VoiceStream</td>
<td>Aerial</td>
</tr>
<tr>
<td>VoiceStream</td>
<td>Omnipooint</td>
</tr>
<tr>
<td>Vodafone Group Public Limited</td>
<td>Airtouch Communications, Inc.</td>
</tr>
</tbody>
</table>

Goldman Sachs selected these transactions for comparison because they generally involved United States-based wireless PCS companies like VoiceStream.

The following table presents, for each of the acquired companies involved in the relevant transaction, its enterprise value implied by the consideration paid or to be paid in the relevant transaction, its implied
Weighted Total POP Value based on that consideration and the premium to the share price for the acquired company on the last trading day before any public reports of the proposed transaction. The premium is the percentage by which the value of the consideration in an acquisition exceeds the market value of the security prior to the first public announcement or news of the acquisition offer.

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Enterprise Value (in millions)</th>
<th>Weighted Total POP Value (in S per POP)</th>
<th>Premium to Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deutsche Telekom — VoiceStream</td>
<td>60,166</td>
<td>366.0</td>
<td>59.8%</td>
</tr>
<tr>
<td>TeleCorp — Tritel</td>
<td>5,269</td>
<td>376.4</td>
<td>73.7%</td>
</tr>
<tr>
<td>MCI Worldcom — Sprint PCS</td>
<td>54,918</td>
<td>291.0</td>
<td>32.1%</td>
</tr>
<tr>
<td>VoiceStream — Aerial</td>
<td>3,154</td>
<td>111.4</td>
<td>36.5%</td>
</tr>
<tr>
<td>VoiceStream — Omniglobe</td>
<td>4,634</td>
<td>57.2</td>
<td>64.2%</td>
</tr>
<tr>
<td>Vodafone — AirTouch</td>
<td>67,300</td>
<td>n/a</td>
<td>42.1%</td>
</tr>
</tbody>
</table>

Goldman Sachs noted that the consideration to be paid in the Deutsche/Telekom merger represented a premium to market that was within the range of the premiums to market for the transactions reviewed.

Analysis of Deutsche Telekom

Sum-of-the-Parts Analysis. Goldman Sachs performed an analysis the purpose of which was to determine a range of values for Deutsche Telekom based on the values of the five major business units of Deutsche Telekom. The five units of Deutsche Telekom analyzed by Goldman Sachs were:

- wireless operations;
- traditional fixed-line telecommunications operations;
- Internet operations;
- data communications operations; and
- miscellaneous other investments.

The following table presents the low, high, median and current equity value and equity value per share for Deutsche Telekom based on that analysis:

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>High</th>
<th>Median</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (in million euros)</td>
<td>153,543</td>
<td>230,535</td>
<td>185,001</td>
<td>172,839</td>
</tr>
<tr>
<td>Per Deutsche Telekom share (in euros)</td>
<td>50.68</td>
<td>76.09</td>
<td>61.06</td>
<td>57.05</td>
</tr>
</tbody>
</table>

To reflect the way that the public markets value these two different types of operations, Goldman Sachs valued Deutsche Telekom’s wireless operations by using discounted cash flow methodologies and EBITDA multiples, and valued its traditional fixed-line telecommunications operations by using discounted cash flow methodologies and revenue and enterprise value multiples. With respect to Deutsche Telekom’s Internet operations, Goldman Sachs based its analysis on market valuations for Deutsche Telekom’s publicly traded Internet subsidiary, T-Online. Finally, for data communications and miscellaneous other investments, Goldman Sachs used various valuation methodologies, including revenue multiples, market values for certain public investments and acquisition price or book value for other investments. In a multiples analysis, a company’s price per share is expressed as a multiple of a particular financial measure, such as EBITDA or revenue per share. The resulting multiple can then be compared to the corresponding multiple for other companies.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analysis or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs’s opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all such analyses. No company or transaction used in the above analyses as a comparison is directly
comparable to VoiceStream or Deutsche Telekom or the Deutsche Telekom/VoiceStream merger. Goldman Sachs prepared the analyses solely for purposes of providing its opinion to the VoiceStream board as to the fairness of the merger consideration in aggregate to be received by holders of VoiceStream common shares. The analyses do not purport to be appraisals or to necessarily reflect the prices at which the business or securities actually may be sold. Analyses based upon forecasts of future results, which are inherently subject to uncertainty, are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses.

Goldman Sachs, as part of its investment banking business, is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. VoiceStream selected Goldman Sachs as its financial advisor because it is a nationally recognized investment banking firm that has substantial experience in transactions similar to the Deutsche Telekom/VoiceStream merger and because of Goldman Sachs' familiarity with VoiceStream arising from having provided investment banking services in the past to VoiceStream and its predecessor.

Goldman Sachs is familiar with VoiceStream, having provided certain investment banking services, from time to time to:

- VoiceStream;
- VoiceStream’s predecessor, VoiceStream Wireless Corporation, a Washington corporation, referred to in this description as VS Washington; and
- VS Washington’s former parent, Western Wireless.

Such services include acting as:

- lead managing underwriter in the initial public offering of 12.65 million Western Wireless common shares in May 1996;
- lead manager in the public offering of $200 million aggregate principal amount of 10.5% senior subordinated notes due June 2006 of Western Wireless in May 1996;
- lead manager in the private offering of $200 million aggregate principal amount of 10.5% senior subordinated notes due February 2007 of Western Wireless in October 1996;
- Western Wireless’s financial advisor in connection with the sale of 19.9% of the outstanding VS Washington common shares to Hutchison PCS (USA) Limited in February 1998;
- lead manager in the secondary public offering of 13.915 million shares of Western Wireless common shares in April 1998;
- VoiceStream’s financial advisor in connection with the acquisition of Omnipoint in June 1999;
- VoiceStream’s financial advisor in connection with the acquisition of Aerial in September 1999;
- lead manager in the private offering of $1.1 billion aggregate principal amount of 10.5% senior notes due November 2009 of VS Washington and VoiceStream and $720 million aggregate principal amount of 11 1/4% senior discount notes due November 2009 of VS Washington and VoiceStream in November 1999; and
- VoiceStream’s financial advisor in connection with, and having participated in certain of the negotiations leading to, the Deutsche Telekom/VoiceStream merger agreement.

Goldman Sachs has received compensation of approximately $39.5 million from VoiceStream or VS Washington with respect to investment banking services provided to VoiceStream and/or VS Washington over the past two years, which includes $10 million already paid by VoiceStream in connection with the Deutsche Telekom/VoiceStream merger. As of July 23, 2000, Goldman Sachs's parent corporation and investment funds affiliated with Goldman Sachs had a principal investment in VoiceStream in the
amount of 9,800,469 VoiceStream common shares and the right to designate a nominee for election to the VoiceStream board of directors. Terence O'Toole, a managing director of Goldman Sachs, is a director of VoiceStream. From time to time, Goldman Sachs also has provided, and is currently providing, significant investment banking services to Deutsche Telekom, including having acted as:

- co-lead manager in the initial public offering of 714 million Deutsche Telekom ordinary shares in November 1996;
- co-lead manager in the public offering of 250 million Deutsche Telekom ordinary shares in June 1999;
- financial advisor to Deutsche Telekom in the acquisition of One 2 One Ltd. in July 1999;
- co-lead manager in the initial public offering of 114 million shares of T-Online common shares in April 2000;
- co-lead manager in the public offering of 200 million Deutsche Telekom ordinary shares in June 2000;
- co-lead manager in the public offering of $14.6 billion aggregate principal amount of notes, due at various maturity dates, of Deutsche Telekom in June 2000.

In addition, Goldman Sachs may provide investment banking services to Deutsche Telekom in the future.

Goldman Sachs provides a full range of financial advisory and securities services, and, in the course of its normal trading activities, may, from time to time, effect transactions and hold securities, including derivative securities, of VoiceStream and Deutsche Telekom for its own account and for the accounts of customers. As of July 21, 2000, Goldman Sachs had accumulated a net long position of 1,178,796 Deutsche Telekom ordinary shares.

Pursuant to a letter agreement dated July 21, 2000, VoiceStream engaged Goldman Sachs to act as its financial advisor in connection with a potential transaction involving Deutsche Telekom. Pursuant to this letter agreement, VoiceStream paid Goldman Sachs $10 million on completion of the sale of VoiceStream voting preferred shares to Deutsche Telekom on September 6, 2000, and has agreed to pay Goldman Sachs an additional $15 million on the date VoiceStream stockholders vote to adopt the Deutsche Telekom/VoiceStream merger agreement. VoiceStream also has agreed to pay Goldman Sachs a transaction fee equal to $70 million upon completion of the Deutsche Telekom/VoiceStream merger, against which transaction fee the $25 million paid in accordance with the preceding sentence will be credited. VoiceStream has agreed to reimburse Goldman Sachs for its reasonable out-of-pocket expenses, including attorneys’ fees, and to indemnify Goldman Sachs against certain liabilities, including certain liabilities under the U.S. federal securities laws.

**Interests of Directors and Officers of VoiceStream in the Deutsche Telekom/VoiceStream Merger**

Some of the directors and officers of VoiceStream have interests in the Deutsche Telekom/VoiceStream merger that are different from, or in addition to, the interests of VoiceStream stockholders generally. These interests, to the extent material, are described below. The VoiceStream board was aware of these interests and considered them in approving the Deutsche Telekom/VoiceStream merger agreement and the Deutsche Telekom/VoiceStream merger.

**Treatment of Equity Awards**

The Deutsche Telekom/VoiceStream merger agreement provides that immediately prior to the completion of the Deutsche Telekom/VoiceStream merger, each outstanding option to purchase VoiceStream common shares will be converted into the right to acquire Deutsche Telekom ordinary shares. The treatment of VoiceStream options is described in greater detail under “Summary of the Deutsche Telekom/VoiceStream Transaction Documents — The Deutsche Telekom/VoiceStream Merger Agreement — Treatment of Options and Restricted Stock.” Upon stockholder approval of the Deutsche Telekom/VoiceStream merger by the stockholders of VoiceStream, each outstanding option to purchase
VoiceStream common shares granted prior to January 1, 2000 and held by the directors and executive officers of VoiceStream will, by its terms, to the extent not already vested, become immediately fully vested and exercisable, except that the unvested options held by John W. Stanton, VoiceStream’s chairman and its chief executive officer, Robert R. Stapleton, VoiceStream’s president, Donald Guthrie, VoiceStream’s vice chairman, Gregg B. Baumbaugh, VoiceStream’s executive vice president – finance, strategy and development, and Alan R. Bender, VoiceStream’s executive vice president, general counsel and secretary, will not become immediately fully vested and exercisable because each of them has waived the acceleration of the vesting of their options.

Assuming that at the completion of the Deutsche Telekom/VoiceStream merger the value of a Deutsche Telekom share is $30.72, which was the price of a Deutsche Telekom ADS on the NYSE on February 7, 2001, the value of the options held by VoiceStream directors and executive officers that become vested as a result of stockholder approval of the Deutsche Telekom/VoiceStream merger would be as follows:

<table>
<thead>
<tr>
<th>Directors and Executive Officers</th>
<th>Value of Accelerated Options Assuming Deutsche Telekom share price of $30.72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitchell R. Cohen (director)</td>
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<td>Richard L. Fields (director)</td>
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<td>Canning Fok (director)</td>
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<td>Jonathan M. Nelson (director)</td>
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<td>Terence M. O’Toloe (director)</td>
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<td>James N. Perry, Jr. (director)</td>
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<td>Kaj-Erik Relander (director)</td>
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<td>James J. Ross (director)</td>
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<tr>
<td>Frank J. Sixt (director)</td>
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<td>Douglas G. Smith (director)</td>
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<tr>
<td>Timothy R. Wong* (senior vice president — engineering)</td>
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</tr>
<tr>
<td>Robert P. Dotson* (senior vice president — marketing)</td>
<td>$2,913,825.24</td>
</tr>
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* Both of these executive officers have been offered, in exchange for waiving the acceleration of the vesting of their unvested options, a like number of additional options having the same terms, including exercise price and vesting schedule, as the unvested options.

In addition, the VoiceStream board has discretion to vest the outstanding restricted shares held by the VoiceStream executive officers, except for the outstanding restricted VoiceStream common shares granted to Messrs. Stapleton, Baumbaugh, Guthrie and Bender that are described in the following sentence. On July 21, 2000, the board of directors of VoiceStream granted 127,871 restricted VoiceStream common shares to Mr. Stapleton, 69,725 restricted VoiceStream common shares to Mr. Baumbaugh, 51,475 restricted VoiceStream common shares to Mr. Guthrie and 43,048 restricted VoiceStream common shares to Mr. Bender. Neither the grant of such restricted shares nor the vesting of such restricted shares was or is contingent upon the Deutsche Telekom/VoiceStream merger in any way. The restricted shares have vested and are no longer subject to restriction based upon VoiceStream having reached certain performance targets.

Stay Bonus Plan

Prior to the completion of the Deutsche Telekom/VoiceStream merger, VoiceStream may implement a “stay bonus plan” for management. Pursuant to the stay bonus plan, each person, other than executive officers, employed by VoiceStream as of July 23, 2000, would receive a $3,000 cash bonus three months following the completion of the Deutsche Telekom/VoiceStream merger if they remain employed in good standing as of that date. In addition, approximately 500 to 1,000 management employees of VoiceStream,
including the executive officers of VoiceStream other than Messrs. Stanton, Stapleton, Baumbaugh, Guthrie and Bender, would be eligible to receive cash bonuses equal to up to two years' base salary that would be paid as follows: 33.3% of the cash bonus would be paid 90 days after the completion of the Deutsche Telekom/VoiceStream merger, 33.3% of the cash bonus would be paid on the first anniversary of the Deutsche Telekom/VoiceStream merger and 33.4% of the cash bonus will be paid on the second anniversary of the Deutsche Telekom/VoiceStream merger to those employees who remain employed in good standing on those dates. The two executive officers eligible to receive such cash bonus, Timothy R. Wong and Robert P. Dotson, would each be eligible to receive an aggregate of up to $551,250 if they remained employed in good standing until the second anniversary of the Deutsche Telekom/VoiceStream merger and certain operating targets are achieved. Upon a participant's termination of employment as a result of a reduction in force, termination without cause, death, disability or a constructive termination due to a reduction in base pay, the participant will be paid his remaining unpaid cash bonus in a lump sum.

Retention Plan

In addition, Deutsche Telekom and VoiceStream have entered into a retention agreement providing an incentive to senior management employees of VoiceStream, which is described under “Summary of the Deutsche Telekom/VoiceStream Transaction Documents — The Deutsche Telekom/VoiceStream Merger Agreement — Employee Benefits.”

Tax Reimbursement Payments

If any VoiceStream employees, including executive officers, become subject to the excise tax under Section 4999 of the U.S. tax code, VoiceStream may provide to those employees tax reimbursement payments for the excise tax. The aggregate amount of such payments to all employees is limited to $20 million.

Indemnification of Directors and Officers

Deutsche Telekom has agreed to cause the surviving corporation in the Deutsche Telekom/VoiceStream merger to maintain, for a period of six years after the completion of the Deutsche Telekom/VoiceStream merger, VoiceStream's current provisions and policies regarding indemnification of officers and directors, provided that the surviving corporation may substitute policies having at least the same coverage and containing terms that are no less advantageous to the insured. If the premium for such policies or substitute policies would otherwise exceed 250% of the current premium, the surviving corporation need only obtain as much insurance as can be obtained for 250% of the current premium. In addition, Deutsche Telekom and VoiceStream have agreed to indemnify the officers and directors of VoiceStream to the fullest extent permitted by law. For more information, see “Summary of the Deutsche Telekom/VoiceStream Transaction Documents — The Deutsche Telekom/VoiceStream Merger Agreement — Indemnification and Insurance.”

Stockholder Agreements

In connection with the execution of the Deutsche Telekom/VoiceStream merger agreement, a number of VoiceStream stockholders and certain of their respective affiliates entered into agreements with Deutsche Telekom regarding the voting and transfer of all or a portion of their VoiceStream shares subject to such agreements. Some of these stockholders are, or have relationships with, directors or executive officers of VoiceStream, as follows:

- John W. Stanton, chairman and chief executive officer and director;
- Douglas G. Smith, vice chairman and director;
- Hutchison Whampoa Limited, which is the employer of directors Susan M.F. Woo Chow, Canning K.N. Fok and Frank J. Sixt;
- Sonera Corporation, which is the employer of director Kaj-Erik Relander;
• Goldman Sachs, which is the employer of director Terrence M. O'Toole;
• Madison Dearborn Capital Partners, LP, which is the employer of director James N. Perry; and
• Allen & Company Incorporated, which is the employer of director Richard L. Fields.

We describe these stockholder agreements in greater detail under “Summary of the Deutsche Telekom/VoiceStream Transaction Documents — Deutsche Telekom’s Agreements with Stockholders of VoiceStream.”

Appraisal Rights

Delaware law entitles the holders of record of VoiceStream common shares and VoiceStream voting preferred shares that follow the procedures specified in Section 262 of the Delaware corporation law to have their shares appraised by the Delaware Court of Chancery and to receive the “fair value” of these VoiceStream shares as of the completion of the Deutsche Telekom/VoiceStream merger as determined by the court in place of the merger consideration. In order to exercise such rights, a stockholder must demand and perfect the rights in accordance with Section 262. The following is a summary of the material provisions of Section 262 and is qualified in its entirety by reference to Section 262, a complete copy of which is attached as Annex G to this proxy statement/prospectus. You should carefully review Section 262 as well as the information discussed below to determine your rights to appraisal.

Because all of the outstanding VoiceStream voting preferred shares are owned by Deutsche Telekom, and Deutsche Telekom intends to vote these shares in favor of the Deutsche Telekom/VoiceStream merger, the following discussion of Section 262 addresses the rights and obligations of only the holders of VoiceStream common shares.

If a holder of VoiceStream common shares elects to exercise the right to an appraisal under Section 262, that VoiceStream stockholder must do all of the following:

• file with VoiceStream at its main office in Bellevue, Washington, a written demand for appraisal of VoiceStream common shares held before the vote is taken on the Deutsche Telekom/VoiceStream merger agreement at the VoiceStream special meeting, which demand must identify the VoiceStream stockholder and expressly request an appraisal. This written demand for appraisal must be in addition to and separate from any proxy or vote against the Deutsche Telekom/VoiceStream merger agreement because voting against or abstaining from voting or failing to vote on the Deutsche Telekom/VoiceStream merger agreement will not constitute a demand for appraisal within the meaning of Section 262;

• not vote in favor of, or consent in writing to, the Deutsche Telekom/VoiceStream merger agreement. Failing to vote or abstaining from voting will satisfy this requirement, but a vote in favor of the Deutsche Telekom/VoiceStream merger agreement, by proxy or in person, or the return of a signed proxy card that does not specify a vote against approval and adoption of the Deutsche Telekom/VoiceStream merger agreement, will constitute a waiver of the VoiceStream stockholder’s right of appraisal and will nullify any previously filed written demand for appraisal; and

• continuously hold such shares through the completion of the Deutsche Telekom/VoiceStream merger.

All written demands for appraisal should be addressed to VoiceStream Wireless Corporation, 12920 SE 38th Street, Bellevue, Washington 98006, Attention: General Counsel, before the vote is taken on the Deutsche Telekom/VoiceStream merger agreement at the VoiceStream special meeting, and should be executed by, or on behalf of, the holder of record of the relevant VoiceStream common shares. This demand must reasonably inform VoiceStream of the identity of the stockholder and that the stockholder is thereby demanding appraisal of the stockholder’s VoiceStream common shares.

Within 10 days after the completion of the Deutsche Telekom/VoiceStream merger, the surviving corporation of the Deutsche Telekom/VoiceStream merger will give written notice of the completion of
the Deutsche Telekom/VoiceStream merger to each VoiceStream stockholder that has satisfied the requirements of Section 262 and has not voted for or consented to the proposal to approve and adopt the Deutsche Telekom/VoiceStream merger agreement and the transactions contemplated by the Deutsche Telekom/VoiceStream merger agreement. We refer to such a stockholder as a "dissenting stockholder". Within 120 days after the completion of the Deutsche Telekom/VoiceStream merger, the surviving corporation or any dissenting stockholder may file a petition in the Delaware court demanding a determination of the fair value of the VoiceStream common shares that are held by all dissenting stockholders. We advise any dissenting stockholder desiring to file this petition to file such petition on a timely basis unless the dissenting stockholder receives notice that a petition has already been filed by the surviving corporation or another dissenting stockholder.

If a petition for appraisal is timely filed, the court will determine which stockholders are entitled to appraisal rights. The court then will determine the fair value of the VoiceStream common shares held by the dissenting stockholders, exclusive of any element of value arising from the accomplishment or expectation of the Deutsche Telekom/VoiceStream merger, but together with a fair rate of interest, if any, to be paid on the amount determined to be fair value. In determining the fair value, the court will take into account all relevant factors. The court may determine the fair value to be more than, less than or equal to the consideration that the dissenting stockholder would otherwise be entitled to receive under the Deutsche Telekom/VoiceStream merger agreement. If a petition for appraisal is not timely filed, then the right to an appraisal will cease. The costs of the appraisal proceeding may be determined by the court and charged against the parties as the court determines to be equitable under the circumstances. Upon the application of any stockholder, the court may determine the amount of interest, if any, to be paid upon the value of the VoiceStream common shares of stockholders entitled to such interest. Upon application of a stockholder, the court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys’ fees and the fees and expenses of experts, to be charged pro rata against the value of all shares of VoiceStream common shares entitled to appraisal.

From and after the completion of the Deutsche Telekom/VoiceStream merger, no dissenting stockholder will have any rights of a VoiceStream stockholder with respect to that dissenting stockholder’s shares for any purpose, except to receive payment of its fair value and to receive payment of dividends or other distributions on that dissenting stockholder’s VoiceStream common shares, if any, payable to VoiceStream stockholders of record as of a date prior to the completion of the Deutsche Telekom/ VoiceStream merger. If a dissenting stockholder delivers to the surviving corporation a written withdrawal of the demand for an appraisal within 60 days after the completion of the Deutsche Telekom/VoiceStream merger or, if no petition for appraisal is filed within 120 days after the completion of the Deutsche Telekom/VoiceStream merger, then the right of that dissenting stockholder to an appraisal will cease and the dissenting stockholder will be entitled to receive only the mixed merger consideration.
THE DEUTSCHE TELEKOM/POWERTEL MERGER AND THE VOICESTREAM/POWERTEL MERGER

Background of Deutsche Telekom/PowerTEL Merger and VoiceStream/PowerTEL Merger

Deutsche Telekom — General Background

Deutsche Telekom has been seeking to expand internationally through acquisitions, investments and joint undertakings in the areas that are the four pillars of its growth strategy: mobile telecommunications, data/Internet Protocol/systems, consumer Internet services and network access services. Deutsche Telekom considers expansion of its international business to be an essential component of its overall business strategy. In particular, Deutsche Telekom has aimed to build on its strength in Europe and to expand its reach in the United States. From time to time, Deutsche Telekom has engaged and may continue to engage in discussions with other parties that may lead to one or more substantial cross-border acquisitions or business combinations. In that connection, Deutsche Telekom retained Donaldson, Lufkin & Jenrette and Dresdner Kleinwort Benson in November 1999 as financial advisors to advise it on acquisition alternatives in the U.S. wireless telecommunications industry.

VoiceStream — General Background

Following the spin-off of VoiceStream from Western Wireless in May 1999, VoiceStream's board of directors has sought to expand the geographic scope of, and enhance the services provided by, its wireless business operations to enable VoiceStream to become a nationwide service provider and to compete effectively against larger wireless carriers. In late 1999 and the first half of 2000, VoiceStream acquired wireless carriers Omnipoit and Aerial, received a $957 million investment from Hutchison Whampoa, a $500 million investment from Sonera, entered into a new $3.25 billion credit agreement and raised $1.46 billion in a high-yield debt offering.

As a result of these acquisitions and financing activities, by the end of the first half of 2000, VoiceStream had become a national competitor in the U.S. wireless communications industry. VoiceStream's board of directors and management believed that VoiceStream's size and financial resources relative to other national competitors, and the conditions and trends in the telecommunications industry, including the ongoing consolidation of telecommunications companies both in the United States and globally, would require VoiceStream to continue to expand if VoiceStream were to remain a strong competitor in the wireless telecommunications industry.

PowerTEL — General Background

During the past several years, the PowerTEL board of directors has considered various options and has authorized various transactions in an effort to maximize stockholder value. In 1997, PowerTEL sold its cellular assets in the state of Maine, and in 1999 PowerTEL sold its cellular assets in the states of Georgia and Alabama in order to focus its efforts on its PCS operations. Also in 1999, PowerTEL sold 650 of its telecommunications towers in order to take advantage of the prices that were then available for telecommunications towers. During this period, the PowerTEL board of directors continued to monitor market developments, including the ongoing consolidation in the wireless telecommunications industry and the trend toward nationwide coverage and rate plans. In connection with these developments, the PowerTEL board of directors considered various strategies for expanding PowerTEL's coverage area, and as a result PowerTEL committed to make an equity investment in an affiliate of Eliska Wireless Ventures I, Inc. to facilitate the purchase of DiGIPh PCS, which has a coverage area that is contiguous with PowerTEL's. PowerTEL also began to contact a number of other parties regarding the possibility of an acquisition, investment or strategic alliance.

The Deutsche Telekom/PowerTEL Merger and the VoiceStream/PowerTEL Merger

On October 13, 1999, Allen E. Smith, president and chief executive officer of PowerTEL, Fred G. Astor, Jr., chief financial officer of PowerTEL, Rodney D. Dir, chief operating officer of PowerTEL, and
Campbell B. Lanier, III, chairman of the Powertel board of directors, met with John W. Stanton, chairman and chief executive officer of VoiceStream, Robert R. Stapleton, president of VoiceStream, and Cregg B. Baumbaugh, executive vice president of finance, strategy and development of VoiceStream, in Seattle, Washington. The parties discussed possible strategic alliances between Powertel and VoiceStream. At that time, VoiceStream’s mergers with Omnipoint and Aerial were pending. Mr. Stanton indicated that VoiceStream would be unable to engage in serious discussions regarding strategic alliances between Powertel and VoiceStream until after the completion of those mergers.

On February 29, 2000, Mr. Smith and Mr. Astor met with Mr. Stanton and Mr. Baumbaugh at the CTIA Wireless Convention in New Orleans, Louisiana. The parties’ discussions focused on a potential investment by VoiceStream in Powertel, which could be followed by an acquisition of Powertel by VoiceStream. The parties also discussed the possibility that a third party might make an additional investment in Powertel.

On March 9, 2000, VoiceStream and Powertel executed a non-disclosure agreement. On March 10, 2000, Mr. Smith and Mr. Stanton spoke by telephone. They discussed the fact that a Powertel stockholder had expressed an interest in selling its Powertel shares. Mr. Stanton indicated that VoiceStream might be interested in purchasing these shares. The parties also discussed the possibility of a third party acquiring these shares. Also, on March 10, 2000, representatives of Powertel met with representatives of this third party to discuss a direct investment by this party in Powertel, a purchase by this party of the selling stockholder’s interest and the potential acquisition of Powertel by this third party.

On March 13, 2000, Mr. Smith, Mr. Lanier and Mr. Stanton spoke by telephone to further discuss the possibility of VoiceStream purchasing shares from a Powertel stockholder, possibly to be followed by an acquisition of Powertel.

On March 16, 2000, Mr. Smith, Mr. Astor, Mr. Stanton, Mr. Stapleton and Mr. Baumbaugh met in Phoenix, Arizona to further discuss these matters. At this meeting, the parties again discussed the possibility of VoiceStream making a direct investment in Powertel.

Later in March 2000, Mr. Stanton informed Mr. Smith, by telephone, that due to certain unspecified conflicts, VoiceStream was not in a position to proceed with discussions with Powertel.

During April and May 2000, members of Powertel’s management and members of the Powertel board of directors discussed various strategic alternatives available to Powertel, including a possible strategic combination of Powertel with a U.S. or international telecommunications company. Based upon a consensus view that Powertel should explore a range of strategic alternatives, representatives of Powertel contacted Morgan Stanley, which Powertel had previously engaged, and asked that Morgan Stanley prepare a presentation regarding methods by which Powertel could explore its strategic alternatives, including a possible strategic business combination.

On May 22, 2000, Morgan Stanley made a presentation to members of the Powertel board of directors and certain members of Powertel’s management regarding a proposed process for soliciting indications of interest from parties that might be interested in engaging in a strategic transaction with Powertel. The process outlined by Morgan Stanley involved soliciting preliminary indications of interest from a list of potentially interested companies, followed by a distribution of informational materials to these parties and a solicitation of final indications of interest. Representatives of Powertel reviewed a list of companies that Morgan Stanley believed potentially would be interested in pursuing discussions with Powertel. Morgan Stanley was instructed to proceed to contact these parties.

On June 15, 2000, Morgan Stanley provided an update to members of the Powertel board and management regarding the status of contacts with potentially interested parties. As of that date, Morgan Stanley had contacted eight companies, had received preliminary oral indications of interest from three companies, had received no response from two companies and had received a negative response from three companies.
During the course of Deutsche Telekom's due diligence review of VoiceStream that took place in Seattle, Washington on June 27 through June 29, 2000, VoiceStream informed Deutsche Telekom of its intention to commence discussions with Powertel concerning a possible acquisition of Powertel by VoiceStream.

On June 28, 2000, VoiceStream submitted a preliminary written indication of interest that contemplated an acquisition of Powertel in a stock-for-stock transaction at a value of $85 per share of Powertel stock, which implied a fixed exchange ratio of .675 of a VoiceStream common share for each Powertel common share.

On July 12, 2000, the Powertel board of directors held a special meeting to discuss the status of the process being conducted by Morgan Stanley. After receiving an update on the status of this process, the Powertel board of directors authorized Morgan Stanley to continue the process.

On July 13 and 14, 2000, several representatives of VoiceStream's management team and VoiceStream's outside counsel conducted due diligence in Atlanta, Georgia. These due diligence meetings involved general presentations by members of Powertel's management, followed by numerous smaller meetings between representatives of the companies responsible for specific functional areas. Also, during these meetings, representatives of Powertel and VoiceStream discussed the terms of VoiceStream's preliminary indication of interest.

During the week of July 17, 2000, VoiceStream and Deutsche Telekom discussed the possibility of proceeding with an acquisition of Powertel in conjunction with Deutsche Telekom's proposed acquisition of VoiceStream.

On July 18, 2000, VoiceStream distributed a draft merger agreement to Powertel. On July 19, 2000, however, Mr. Baumbaugh informed Mr. Smith and Mr. Astor, by telephone, that VoiceStream was involved in another unspecified potential transaction, and that VoiceStream would not be in a position to continue discussions with Powertel until VoiceStream had completed its discussions with respect to the other potential transaction. Thereafter, Powertel confirmed to VoiceStream, through Morgan Stanley, that the process that Morgan Stanley was conducting would proceed and that final indications of interest were due on August 4, 2000.

On July 19, 2000, in connection with the process initiated by Morgan Stanley, Powertel distributed its form of merger agreement to VoiceStream.

On July 21, 2000, VoiceStream and Deutsche Telekom signed an agreement to allow VoiceStream to disclose the identity of its potential acquiror to Powertel. Thereafter, VoiceStream disclosed to Powertel that its potential acquiror was Deutsche Telekom. Deutsche Telekom and VoiceStream subsequently decided not to proceed with the acquisition of Powertel until after announcing the acquisition of VoiceStream by Deutsche Telekom.

On July 24, 2000, VoiceStream publicly announced that it had agreed to merge with Deutsche Telekom.

On or about July 24, 2000, representatives of the third party that had been considering an acquisition of Powertel informed representatives of Powertel that they would not be pursuing discussions regarding a possible strategic combination with Powertel.

On July 25, 2000, Morgan Stanley, on behalf of Powertel, distributed a final bid package to VoiceStream, including draft schedules to the merger agreement that was distributed on July 19, 2000 and indicated that final indications of interest were due by August 4, 2000.

On August 4, 2000, VoiceStream submitted a final indication of interest with respect to the acquisition of Powertel, including forms of transaction documents between VoiceStream and Powertel. This proposal contemplated that Powertel would enter into separate merger agreements with VoiceStream and Deutsche Telekom, and it included proposed terms of a VoiceStream/Powertel transaction and a Deutsche Telekom/Powertel transaction. This proposal contemplated that Powertel stockholders holding the requisite
voting power necessary to approve the transactions would agree to vote their Powertel shares in favor of the transactions, and representatives of Deutsche Telekom and VoiceStream later indicated to representatives of Powertel that Deutsche Telekom and VoiceStream would not enter into merger agreements with Powertel unless Powertel stockholders holding a majority of the voting power necessary to approve the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger agreed to vote in favor of these mergers. This proposal, which was subject to satisfactory completion of due diligence, was to remain in effect until August 11, 2000. No party other than VoiceStream submitted final indications of interest by the August 4, 2000 deadline.

On August 8, 2000, the Powertel board held a special meeting to discuss the VoiceStream proposal and the status of the process that was being conducted by Morgan Stanley. The Powertel board reviewed the terms of the VoiceStream proposal, including the proposed exchange ratios applicable to a transaction with VoiceStream and Deutsche Telekom. At this meeting, Morgan Stanley made a presentation to the Powertel board with respect to valuations of various wireless telecommunications companies based on licensed POPs, covered POPs and subscribers. Licensed POPs are, for any given company, the number of residents of geographic areas in which that company owns, either directly or through wholly-owned or majority-owned subsidiaries, a license to provide mobile telecommunications services. Covered POPs are the estimated number of residents within the license area actually served by the company's operating network. The Powertel board authorized officers of Powertel to proceed with negotiations with Deutsche Telekom and VoiceStream.

On August 9, 2000, Mr. Baumbaugh, Alan Bender, general counsel of VoiceStream, and representatives of Goldman Sachs, financial advisors to VoiceStream, met in Denver, Colorado, with Mr. Smith, Jill Dorsey, general counsel of Powertel, and representatives of Morgan Stanley. At this meeting, the parties discussed outstanding issues with respect to the proposed transaction, including a proposal that the exchange ratio be structured to yield $85 per Powertel common share if VoiceStream common shares were trading between a specified range prior to the completion of the VoiceStream/Powertel merger.

On August 10, 2000, the Powertel board of directors held a special meeting at which Mr. Smith provided an update on the status of the VoiceStream and Deutsche Telekom negotiations. At this meeting, the Powertel board approved the general terms of the VoiceStream and Deutsche Telekom proposals, as negotiated, and authorized officers of Powertel to proceed with the negotiations of definitive agreements.

On August 12, 2000, Deutsche Telekom delivered forms of the Deutsche Telekom/Powertel transaction agreements to Powertel and its counsel.

From August 15 through August 17, 2000, representatives of VoiceStream, Deutsche Telekom and Powertel, and their respective counsel, held a series of meetings in Atlanta, Georgia to conduct further due diligence and negotiate definitive documentation.

On August 18, 2000, members of Powertel's management met with representatives of VoiceStream in Bellevue, Washington to conduct due diligence and to discuss issues related to the proposed transaction.

On August 21 and 22, 2000, Mr. Smith and Mr. Dir conducted due diligence at the offices of Deutsche Telekom in Bonn, Germany.

During the period of August 21 to August 26, 2000, representatives of VoiceStream, Deutsche Telekom and Powertel met in Seattle, Washington to continue negotiations with respect to definitive documentation.

On August 24, 2000, VoiceStream held a special meeting of the VoiceStream board of directors. Mr. Stanton reviewed the strategic reasons for the proposed VoiceStream/Powertel merger and senior management members of VoiceStream and outside counsel presented further details regarding the transaction and reviewed the terms of the definitive VoiceStream/Powertel merger agreement. Goldman Sachs also presented a financial analysis of the proposed transaction and delivered its oral opinion, later confirmed in writing, that as of the date of the opinion, the conversion number under the VoiceStream/
Powertel merger agreement was fair from a financial point of view to VoiceStream. The presentation of Goldman Sachs is described under "— Opinion of VoiceStream's Financial Advisor." Mr. Stanton informed the VoiceStream board that the only outstanding issues were minor and were expected to be resolved. After such presentation and discussions, including the matters set forth in “Risk Factors Relating to the VoiceStream/Powertel Merger,” “— VoiceStream’s Reasons for the VoiceStream/Powertel Merger” and “— Recommendation and Considerations of the VoiceStream Board of Directors with Respect to the VoiceStream/Powertel Merger,” the VoiceStream board of directors unanimously determined, subject to the successful resolution of the remaining employment issues, that the VoiceStream/Powertel merger agreement and the VoiceStream/Powertel merger were fair to, and in the best interests of, VoiceStream and its stockholders and unanimously voted to approve the VoiceStream/Powertel merger agreement and the VoiceStream/Powertel merger and related agreements and to recommend to VoiceStream stockholders that they vote to approve the VoiceStream/Powertel merger agreement and the VoiceStream/Powertel merger.

Deutsche Telekom's management board discussed a potential acquisition transaction involving Powertel at regularly scheduled meetings during July and August 2000. On August 24, 2000, Deutsche Telekom's supervisory board met in Bonn, Germany to consider the proposed acquisition of Powertel. At this meeting, the supervisory board approved and authorized the execution of the Deutsche Telekom/Powertel merger agreement, subject to finalization by the parties' management and respective legal advisors.

On August 24, 2000, a special meeting of the Powertel board of directors was convened. At this meeting, members of Powertel's management and Powertel's legal and financial advisors reviewed with the Powertel board the terms of the VoiceStream/Powertel and Deutsche Telekom/Powertel merger agreements and reported on the status of the negotiations. Morgan Stanley made a presentation regarding the analysis described under "— Opinion of Powertel's Financial Advisor." The potential benefits of the proposed transactions and the financial and other effects of the proposed transactions were discussed in detail. Mr. Smith reported to the Powertel board that issues concerning Powertel's rights to terminate the Deutsche Telekom/Powertel merger agreement, the transition plan for Powertel employees and Powertel's right to consent to amendments to the Deutsche Telekom/VoiceStream merger agreement remained unresolved. Mr. Smith asked for a recess of the meeting until such issues could be further negotiated. The Powertel board of directors voted to recess the meeting. On August 26, 2000, the Powertel board reconvened this meeting. Mr. Smith reported that the parties had completed negotiations on employee transition issues but that Powertel would not have termination rights or a right to consent to amendments to the Deutsche Telekom/VoiceStream merger agreement. Legal counsel then reported to the Powertel board with regard to the terms of the definitive VoiceStream/Powertel merger agreement and the Deutsche Telekom/Powertel merger agreement, copies of which had previously been distributed to the Powertel board. After these discussions, Morgan Stanley rendered its oral opinion, which was subsequently confirmed in writing, that, as of the date of the opinion, the consideration to be received by the holders of the Powertel common and preferred shares pursuant to the Deutsche Telekom/Powertel merger agreement was fair, from a financial point of view, to such holders and, in the event the Deutsche Telekom/VoiceStream merger is not completed, the merger consideration to be received by the holders of the Powertel common and preferred shares pursuant to the VoiceStream/Powertel merger agreement was fair, from a financial point of view, to such holders. After the presentation and discussions, the Powertel board unanimously determined that each of the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger was fair to, and in the best interests of, Powertel and Powertel stockholders, and unanimously determined to approve each of the mergers and each of the merger agreements and related agreements and to recommend that the Powertel stockholders vote for the approval of each of the mergers and the merger agreements.

Following the approval of the Powertel board, each of the merger agreements and all related agreements were executed on August 26, 2000.

On August 27, 2000, prior to the commencement of trading on the Frankfurt Stock Exchange on August 28, 2000, an announcement was made regarding the proposed mergers.

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On February 8, 2001, with the approval of the Powertel board of directors and the Deutsche Telekom management and supervisory boards, Deutsche Telekom and Powertel agreed to amend the Deutsche Telekom/Powertel merger agreement to provide that the Deutsche Telekom/Powertel merger will not be completed before May 31, 2001, which is the second day after the expected record date for determining which Deutsche Telekom shareholders will be entitled to receive Deutsche Telekom's annual dividend in respect of fiscal year 2000. In connection with this agreement, the parties agreed that Powertel would be permitted to pay a stock dividend to its common stockholders before completion of the Deutsche Telekom/Powertel merger of 0.0075 of a Powertel common share for each Powertel common share outstanding and, in the event that such dividend is paid, adjust correspondingly the exchange ratios for exchange of its preferred stock for Deutsche Telekom shares pursuant to the Deutsche Telekom/Powertel merger. These dividends and adjustments to the exchange ratios of the preferred stock and other convertible securities will have the effect of increasing by 0.75% the number of shares owned by Powertel stockholders and, accordingly, the aggregate amount of Deutsche Telekom shares to be received by Powertel stockholders in the Deutsche Telekom/Powertel merger. The parties further agreed that if all of the conditions to completion of the Deutsche Telekom/Powertel merger are satisfied or waived in accordance with the merger agreement as of a date that is earlier than May 31, 2001, including the condition that no material adverse effect on Powertel shall have occurred, then after that earlier date Deutsche Telekom will no longer have the ability to terminate the Deutsche Telekom/Powertel merger agreement because of any material adverse effect on, or a material inaccuracy in, a representation or warranty of Powertel. With the approval of their respective boards of directors, VoiceStream and Powertel agreed to amend the VoiceStream/Powertel merger agreement to provide for the adjustment of the calculation of the conversion number in the event the dividends described above are paid.

Deutsche Telekom’s Reasons for the Deutsche Telekom/Powertel Merger

Deutsche Telekom believes that the Deutsche Telekom/Powertel merger will complement the Deutsche Telekom/VoiceStream merger by augmenting Deutsche Telekom's entry into the high-growth U.S. wireless telecommunications industry, and will provide Powertel with the necessary capital resources, technology expertise and national and global reach to provide cost-competitive service and accelerate the introduction of next-generation voice and data services to its customers. Deutsche Telekom believes that the Deutsche Telekom/Powertel merger provides a unique opportunity to acquire a significant number of potential customers and a wireless telecommunications network utilizing the same GSM wireless technology as Deutsche Telekom and VoiceStream.

Deutsche Telekom also considered the risks described under "Risk Factors Relating to the Deutsche Telekom/VoiceStream Merger and the Deutsche Telekom/Powertel Merger" insofar as they apply to Powertel.

VoiceStream’s Reasons for the VoiceStream/Powertel Merger

VoiceStream believes that the addition of Powertel's wireless communications business to VoiceStream's will make VoiceStream a more competitive national wireless communications company with greater prospects for growth than either VoiceStream or Powertel would have on its own and will generate significant opportunities to deliver greater value to VoiceStream stockholders, including former Powertel stockholders after the VoiceStream/Powertel merger.

Strong Geographic Fit

The addition of Powertel, which operates a GSM-based network in 12 southeastern states where VoiceStream generally does not operate, fills the most significant gap in VoiceStream's U.S. coverage, and will give the combined company more complete nationwide coverage. Together with Powertel and its affiliates, VoiceStream will have licenses to serve 24 of the 25 largest markets in the United States. Those licenses will cover approximately 250 million potential customers. Powertel's current network coverage enables access to approximately 25 million potential customers. Access to these customers will strengthen VoiceStream's ability to compete on a nationwide basis.

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Strong Technology Fit

VoiceStream and Powertel operate compatible network platforms utilizing GSM wireless technology. Together, VoiceStream and Powertel will offer seamless services over a common technology platform and provide customer-friendly features such as global roaming, unified billing and national customer service. VoiceStream believes that these services, which are not currently offered in this form by any other U.S. providers will give VoiceStream a competitive edge in the U.S. wireless communications industry.

Recommendation and Considerations of the VoiceStream Board of Directors with Respect to the VoiceStream/Powertel Merger

On August 24, 2000, the board of directors of VoiceStream, by a unanimous vote, determined the VoiceStream/Powertel merger and the other transactions contemplated by the VoiceStream/Powertel merger agreement to be advisable, fair to and in the best interests of VoiceStream and its stockholders, approved and adopted the VoiceStream/Powertel merger agreement and recommended that the stockholders of VoiceStream vote for the approval and adoption of the VoiceStream/Powertel merger agreement. The VoiceStream board continues to recommend that the stockholders of VoiceStream vote "FOR" approval and adoption of the VoiceStream/Powertel merger agreement at the VoiceStream special meeting.

In the course of reaching its decision to adopt the VoiceStream/Powertel merger agreement, the VoiceStream board consulted with management, as well as with its outside legal counsel and financial advisors, and considered the matters referred to under "—VoiceStream’s Reasons for the VoiceStream/Powertel Merger," as well as the following material factors:

- **Complementary Strategies and Technologies: Opportunities for Growth.** The VoiceStream board believed that there is a strong strategic and technology fit between VoiceStream’s and Powertel’s mobile communications businesses and operations, as described more fully under "—VoiceStream’s Reasons for the VoiceStream/Powertel Merger." In particular, the VoiceStream board noted that:

  - In light of current conditions and trends in the telecommunications industry, including acquisitions that have increased the size and strength of VoiceStream’s competitors, the VoiceStream board believed that in order to compete effectively, VoiceStream would need to continue to expand its geographic coverage and aggressively seek to grow its subscriber base;

  - Powertel provides wireless telecommunications services in 12 states in the southeastern United States where VoiceStream generally does not operate. These states contain a population of approximately 25 million people;

  - Adding Powertel’s network to VoiceStream’s would give VoiceStream more complete nationwide coverage, with licenses to serve 24 of the 25 largest markets in the United States;

  - VoiceStream’s and Powertel’s mobile communications services are based on compatible network platforms using GSM wireless technology; and

  - Because VoiceStream’s and Powertel’s networks are based on the same GSM standard, the combined company will be able to offer seamless services on a nationwide basis over a common technology platform and to provide services such as nationwide roaming, unified billing and nationwide customer service.

The VoiceStream board observed that these compatibilities could enable the combined company to grow more quickly and beyond the levels VoiceStream could be expected to achieve without the VoiceStream/Powertel merger.

- **Financial Impact.** The VoiceStream board reviewed, with management and its financial advisors, the historical operating results of VoiceStream and Powertel and the projected operating results of VoiceStream and Powertel individually and in combination.
• **Transaction Terms.** The VoiceStream board believed that the relatively limited number of conditions and termination rights increased the likelihood that the transaction would be completed if the Deutsche Telekom/VoiceStream merger agreement is terminated.

• **Opinion of Financial Advisor.** Goldman Sachs, VoiceStream’s financial advisor, made presentations to the VoiceStream board concerning financial aspects of the proposed VoiceStream/Powertel merger, and delivered its oral opinion, later confirmed in writing, that as of the date of that opinion, the conversion number under the VoiceStream/Powertel merger agreement was fair from a financial point of view to VoiceStream.

• **Powertel Stockholder Agreements.** Powertel is required to submit the VoiceStream/Powertel merger agreement to Powertel stockholders even if the Powertel board withdraws its recommendation, and holders of Powertel’s common and preferred shares with sufficient voting power to approve the VoiceStream/Powertel merger have entered into stockholder agreements with VoiceStream in which such holders have agreed to vote their shares in favor of the VoiceStream/Powertel merger at the Powertel special meeting. As a result, Powertel stockholder approval of the VoiceStream/Powertel merger is assured even if the Powertel board withdraws or changes its recommendation.

The VoiceStream board also considered the following potentially negative factors associated with the VoiceStream/Powertel merger:

• the risks described under “Risk Factors Relating to the VoiceStream/Powertel Merger;”

• that the combined company following the VoiceStream/Powertel merger will still be significantly smaller than many of its major competitors and, as a result, the combined company will be required to raise significant amounts of capital in order to continue to grow, expand and build out its GSM network; and

• the risk that a regulatory body could delay the VoiceStream/Powertel merger or impose conditions which reduce the anticipated benefits of the VoiceStream/Powertel merger.

The VoiceStream board believed and continues to believe that these potential risks are greatly outweighed by the anticipated benefits from the VoiceStream/Powertel merger.

The foregoing discussion addresses the material information and factors considered by the VoiceStream board in its consideration of the VoiceStream/Powertel merger, including factors that support the VoiceStream/Powertel merger as well as those that may weigh against it. The VoiceStream board conducted numerous discussions of the factors described above, including asking questions of VoiceStream’s management and legal and financial advisors. In view of the variety of factors and the amount of information considered, the VoiceStream board did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. In addition, the VoiceStream board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination. The determination to approve the VoiceStream/Powertel merger was made after consideration of all of the factors as a whole. In addition, individual members of the VoiceStream board may have given different weights to different factors.

**Recommenendation and Considerations of the Powertel Board of Directors with Respect to the Deutsche Telekom/Powertel Merger and VoiceStream/Powertel Merger**

On August 26, 2000, at a special meeting, the Powertel board of directors unanimously determined that each of the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger and the other transactions contemplated by each of the Deutsche Telekom/Powertel merger agreement and the VoiceStream/Powertel merger agreement, respectively, is advisable and in the best interests of Powertel and its stockholders, approved and adopted each of the Deutsche Telekom/Powertel merger agreement and the VoiceStream/Powertel merger agreement and recommended that the stockholders of Powertel vote for approval and adoption of the Deutsche Telekom/Powertel merger agreement and the VoiceStream/
Powertel merger agreement. The Powertel board of directors continues to recommend that the Powertel stockholders vote "FOR" approval and adoption of each of the mergers and the merger agreements at the Powertel special meeting.

In the course of reaching its decision to adopt each of the merger agreements, the Powertel board of directors consulted with members of Powertel's management as well as with Powertel's legal counsel and financial advisors, and considered the following material factors, in addition to those set forth under "— Deutsche Telekom's Reasons for the Deutsche Telekom/Powertel Merger:"

* the view of the Powertel board of directors and Powertel's management that in light of current conditions and trends in the telecommunications industry, including consolidation that has increased the size and strength of our competitors:
  — it is uncertain how regional operators, such as Powertel, will compete on a national or global basis; and
  — Powertel's business and financial performance should benefit from being part of a larger, more diverse company;
* an analysis of the potential stockholder value that could be expected to be generated from the various strategic alternatives available to Powertel, including the alternatives of:
  — continuing as an independent company;
  — pursuing a series of acquisitions by Powertel to increase the size of Powertel's coverage area; and
  — entering into a strategic business combination with another wireless telecommunications company;
* the fact that:
  — the Powertel board of directors and Powertel's management had investigated and discussed various strategic alternatives over a period of months;
  — there had been ongoing publicity and speculation in the market regarding Powertel possibly being a takeover target;
  — Morgan Stanley, at Powertel's direction, had contacted and solicited indications of interest from telecommunications companies that were viewed as potentially having an interest in engaging in a transaction with Powertel; and
  — VoiceStream and Deutsche Telekom submitted the only firm proposal as a result of this process;
* the view of Powertel's management and the Powertel board of directors that a merger of Powertel and VoiceStream, even if VoiceStream were not to combine with Deutsche Telekom, would represent an excellent "fit" from a strategic standpoint due to the companies' common GSM wireless technology platform, non-overlapping coverage areas and consistent strategies that the companies were pursuing, and should produce a stronger combined company with increased economies of scale;
* the fact that both transactions, because they are structured as stock-for-stock mergers, instead of as sales for cash, provide Powertel's stockholders with the opportunity to continue as stockholders in a larger, more competitive company;
* the view of Powertel's board that Powertel would likely receive its highest valuation from another GSM-based provider because of factors such as Powertel's network compatibility with other GSM networks and its existing base of customers who are using GSM technology, and the fact that VoiceStream is the only national provider of wireless services using GSM technology;
• the view of the Powertel board and Powertel's management as to the business, operations, properties and assets, financial condition, competitive position, business strategy and prospects of each of Deutsche Telekom and VoiceStream as well as the risks involved in achieving these prospects, and the economic and market conditions applicable to the telecommunications industry, both on a historical and on a prospective basis;

• the fact that:

  — Deutsche Telekom has significant financial resources;

  — regardless of whether the Deutsche Telekom/VoiceStream merger closes, Deutsche Telekom will invest $5 billion in VoiceStream; and

  — VoiceStream is expected to use these funds for the continued build out and expansion of the GSM network in the United States;

• the fact that the Deutsche Telekom/Powertel merger will not close unless the Deutsche Telekom/VoiceStream merger closes, which necessarily means that, in either circumstance, Powertel will be combining its wireless coverage areas with VoiceStream's complementary wireless coverage areas to create a nationwide GSM-based wireless provider;

• the fact that additional spectrum for wireless communications is expected to shortly become available, and this spectrum could be acquired by Deutsche Telekom, VoiceStream or other persons as an alternative to acquiring Powertel;

• the expectation that each of the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger will qualify as a tax-free transaction for U.S. federal income tax purposes, except with respect to cash received for fractional shares;

• a review of the provisions contained in the draft Deutsche Telekom/Powertel and VoiceStream/Powertel merger agreements and related documents, including the various stockholders agreements in which Powertel stockholders holding a majority of the voting power entitled to vote with respect to the Deutsche Telekom/Powertel and VoiceStream/Powertel mergers were to agree to vote to approve those mergers; and

• the presentations of Morgan Stanley, Powertel's financial advisors, concerning the financial aspects of the proposed mergers, including the implied premia to the historical trading prices of Powertel's common shares implied by the proposed consideration to be paid in the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger, and of the various strategic alternatives available to Powertel, and the oral opinion received from Morgan Stanley, later confirmed in writing, that, as of the date of the opinion, and based on the considerations in the opinion:

  — the consideration to be received by holders of Powertel common and preferred shares pursuant to the Deutsche Telekom/Powertel merger agreement was fair from a financial point of view to such holders; and

  — in the event the Deutsche Telekom/VoiceStream merger is not completed, the consideration to be received by holders of Powertel common and preferred shares pursuant to the VoiceStream/Powertel merger agreement was fair from a financial point of view to such holders.

The Powertel board also considered the following potentially negative factors associated with the mergers:

• the fact that Deutsche Telekom ADSs, Deutsche Telekom ordinary shares and VoiceStream common shares have experienced substantial price volatility in recent months;

• the fact that because the exchange ratios for Powertel shares in the Deutsche Telekom/Powertel merger are fixed, and because the provisions of the VoiceStream/Powertel merger agreement provide only limited price protection to Powertel stockholders, the value of the merger consideration
to Powertel stockholders may decrease prior to the completion of the Deutsche Telekom/Powertel merger or the VoiceStream/Powertel merger, as the case may be;

- the fact that the consideration offered by VoiceStream with respect to the VoiceStream/Powertel merger reflected only a slight premium in comparison to the actual trading performance of Powertel’s common shares during most historical periods that were analyzed;

- with respect to the Deutsche Telekom/Powertel merger only, that the market price for Deutsche Telekom shares to be received by Powertel stockholders in the Deutsche Telekom/Powertel merger may be adversely affected by the prospect of future sales of Deutsche Telekom shares by the Federal Republic of Germany and Kfw, Deutsche Telekom’s two largest shareholders, or by current Powertel stockholders who are not permitted to hold equity securities of non-U.S. companies or who otherwise elect not to hold Deutsche Telekom shares;

- the fact that the Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/Powertel merger may face enhanced regulatory scrutiny; and

- the fact that the termination fee provisions of the Deutsche Telekom/Powertel merger agreement and the VoiceStream/Powertel merger agreement, together with the fact that Powertel stockholders that, in the aggregate, had sufficient voting power to approve each of the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger would agree to vote in favor of each of the mergers, would likely discourage alternative proposals from being made to Powertel, but that the termination fee provisions of each of the Deutsche Telekom/Powertel merger agreement and the VoiceStream/Powertel merger agreement are customary for transactions of this type, and that these provisions, in addition to the Powertel stockholder agreements, were necessary to induce each of Deutsche Telekom and VoiceStream to enter into the transactions.

The Powertel board believed that these potential risks were outweighed by the potential benefits anticipated to result from the mergers. In considering the proposed Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger, the directors of Powertel were aware of the interests of certain officers and directors of Powertel in the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger described under "— Interests of Directors and Officers of Powertel in the Deutsche Telekom/Powertel Merger and the VoiceStream/Powertel Merger."

The foregoing discussion addresses the material information and factors considered by the Powertel board in its consideration of the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger, including factors that support each of the mergers as well as those that may weigh against each of the mergers. The Powertel board of directors conducted numerous discussions of the factors described above, including asking questions of Powertel’s management and legal and financial advisors. In view of the variety of factors and the amount of information considered, the Powertel board of directors did not find it practical to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. In addition, the Powertel board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination. The determination to approve each of the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger was made after consideration of all of the factors as a whole. In addition, individual members of the Powertel board of directors may have given different weights to different factors.

Subsequent Stock Market Developments Relating to Deutsche Telekom Shares

As of February 7, 2001, the trading price of Deutsche Telekom ordinary shares on the Frankfurt Stock Exchange had declined from 44.30 euros to 33.02 euros, or by approximately 25%, since August 25, 2000, the last trading day before the public announcement of the signing of the Deutsche Telekom/Powertel merger agreement. As a result, the consideration payable in the Deutsche Telekom/Powertel merger would have had a value on February 7, 2001 of approximately $80.96, which represents a premium of approximately 5.3% to the $76.69 trading price of Powertel common shares on
that day. As discussed above, in negotiating and approving the Deutsche Telekom/PowerTel merger agreement, the PowerTel board was aware that a decline in the trading price of Deutsche Telekom ADSs or shares would decrease the dollar value of the consideration to be received by PowerTel stockholders in the merger. However, the PowerTel board viewed the Deutsche Telekom/PowerTel merger as a strategic combination that could be expected to provide PowerTel stockholders with a long-term opportunity to participate in a stronger combined company with increased economies of scale.

Opinion of VoiceStream's Financial Advisor

Goldman Sachs has acted as financial advisor to VoiceStream in connection with the proposed VoiceStream/PowerTel merger. On August 24, 2000, Goldman Sachs delivered its oral opinion to the VoiceStream board, conditioned on the finalization of the VoiceStream/PowerTel merger agreement in substantially the form reviewed by Goldman Sachs on August 24, 2000. After VoiceStream and PowerTel finalized the VoiceStream/PowerTel merger agreement, Goldman Sachs confirmed its oral opinion in writing without such condition that, as of August 26, 2000, the conversion number under the VoiceStream/PowerTel merger agreement was fair from a financial point of view to VoiceStream. Goldman Sachs noted that the VoiceStream/PowerTel merger agreement would automatically terminate concurrently with the completion of the Deutsche Telekom/VoiceStream merger, in which event the VoiceStream/PowerTel merger would not occur. In connection with delivering its opinion for the VoiceStream/PowerTel merger, Goldman Sachs did not express any opinion with respect to the Deutsche Telekom/PowerTel merger agreement, the Deutsche Telekom/PowerTel merger, the Deutsche Telekom/VoiceStream merger agreement or the Deutsche Telekom/VoiceStream merger.

The “conversion number” means:

- 0.75 if the VoiceStream average closing price is $113.33 or below;
- 0.65 if the VoiceStream average closing price is $130.77 or above; and
- if the VoiceStream average closing price is greater than $113.33 and less than $130.77, the quotient determined by dividing $85.00 by the VoiceStream average closing price.

Each case is subject to reduction in the event that the aggregate number of outstanding PowerTel common shares and securities convertible into or exchangeable for PowerTel common shares as calculated pursuant to the VoiceStream/PowerTel merger agreement exceeds a specified amount. The “VoiceStream average closing price” means the volume weighted average closing price, based on the Nasdaq composite volume published by The Wall Street Journal, of the VoiceStream common shares as publicly reported on the Nasdaq Stock Market as of 4:00 p.m. eastern time for 10 trading days randomly selected by lot within the last 20 trading days ending five trading days prior to the completion of the VoiceStream/PowerTel merger.

The full text of the Goldman Sachs opinion is attached as Annex E to this proxy statement/prospectus, and stockholders of VoiceStream are urged to, and should, read such opinion in its entirety.

In connection with its opinion, Goldman Sachs reviewed, among other things:

- the VoiceStream/PowerTel merger agreement, the Deutsche Telekom/PowerTel merger agreement and the Deutsche Telekom/VoiceStream merger agreement;
- the annual reports to stockholders and annual reports on Form 10-K of VoiceStream and VoiceStream predecessors and PowerTel for the four years ended December 31, 1999;
- the definitive proxy statement dated January 25, 2000 in connection with the acquisitions by VoiceStream of Aerial and Omnipoint;
- certain interim reports to stockholders and quarterly reports on Form 10-Q of VoiceStream and PowerTel;
- other communications from VoiceStream and PowerTel to their respective stockholders;
• internal financial analyses and forecasts for Powertel prepared by management of Powertel;
• internal financial analyses and forecasts for VoiceStream prepared by management of VoiceStream; and
• internal financial analyses and forecasts for Powertel prepared by the management of VoiceStream.

Goldman Sachs also held discussions with members of the senior management of VoiceStream and Powertel regarding their assessment of the strategic rationale for, and the potential benefits of, the transaction contemplated by the VoiceStream/Powertel merger agreement and the past and current business operations, financial condition and future prospects of their respective companies. In addition, Goldman Sachs:

• reviewed the reported price and trading activity for the VoiceStream common shares and the Powertel common shares;
• compared certain financial and stock market information for VoiceStream and Powertel with similar information for certain other companies the securities of which are publicly traded;
• reviewed the financial terms of certain recent business combinations in the telecommunications industry specifically and in other industries generally; and
• performed such other studies and analyses as Goldman Sachs considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering its opinion. Specifically, Goldman Sachs assumed with the consent of the VoiceStream board that the internal financial forecasts for Powertel prepared by VoiceStream management have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of VoiceStream, and that those forecasts will be realized in the amounts and time periods contemplated thereby. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities of VoiceStream or Powertel or any of their subsidiaries and Goldman Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs also assumed that all material governmental, regulatory or other consents and approvals necessary for the completion of the transaction will be obtained without any adverse effect on VoiceStream or Powertel or on the expected benefits of the VoiceStream/Powertel merger. Goldman Sachs's opinion was addressed to the VoiceStream board and the opinion does not constitute a recommendation as to how any holder of VoiceStream common shares should vote with respect to the VoiceStream/Powertel merger agreement or merger.

The following is a summary of the material financial analyses presented by Goldman Sachs to the VoiceStream board on August 24, 2000. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the text accompanying each summary.

**Contribution Analysis**

Goldman Sachs performed an analysis the purpose of which was to determine how the contribution of Powertel to the combined company, based on the various measurement factors described below, compared to the percentage of the total equity of the combined company that Powertel stockholders would receive as a result of the VoiceStream/Powertel merger. Goldman Sachs noted that, based on the range of potential conversion numbers of 0.65-0.75, the Powertel stockholders would receive between 10.7% and 12.2% of the total equity of the combined company pursuant to the VoiceStream/Powertel merger agreement. In preparing this analysis, Goldman Sachs reviewed certain estimated future operating and financial information for VoiceStream and Powertel supplied to Goldman Sachs by VoiceStream management. The measurement factors that Goldman Sachs considered included for each of 2000, 2001 and 2002:

• covered POPs;
• subscribers;
• service revenues;
• EBITDA;
• equity value; and
• enterprise value.

The projected financial information for each of VoiceStream and Powertel was provided by the VoiceStream management. As projected:

• "Subscribers" is an estimated number of enrolled customers in a company's subscription plans;
• "Service revenues" are the estimated revenues derived from providing communications services;
• "Equity value" represents each company's enterprise value minus the book value of its outstanding net indebtedness and estimated non-core assets, or assets that are not directly related to the company's wireless network; and
• "Enterprise value" is a measure of a company's value that is calculated as the sum of a company's market capitalization, total debt, preferred shares and minority interest, less cash and cash equivalents.

The following table presents the results of that analysis:

<table>
<thead>
<tr>
<th>Contribution of Powertel to the Combined Company</th>
<th>2000E</th>
<th>2001E</th>
<th>2002E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered POPs</td>
<td>15.4%</td>
<td>13.6%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Subscribers</td>
<td>18.7%</td>
<td>16.6%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Service revenues</td>
<td>20.7%</td>
<td>16.3%</td>
<td>14.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>NA</td>
<td>21.4%</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity value</th>
<th>0.65 Deal Ratio</th>
<th>0.75 Deal Ratio</th>
<th>$85.00 Price per Powertel Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>11%</td>
<td>12%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Enterprise value</td>
<td>11%</td>
<td>12%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Goldman Sachs noted that this analysis demonstrated that the percentage ownership that current VoiceStream stockholders would hold in the combined company as a result of the VoiceStream/Powertel merger was within or above the range of VoiceStream's contribution to the combined company.

**Discounted Cash Flow Analysis**

Goldman Sachs performed an analysis the purpose of which was to compare the present value per share of Powertel, using discounted cash flow methodologies, to the present value per share of VoiceStream. Goldman Sachs performed this analysis by determining ranges of enterprise values and equity values for Powertel and VoiceStream, each on a stand-alone basis without accounting for any synergies. Specifically, Goldman Sachs considered the range of values for Powertel and VoiceStream, each on a stand-alone basis, based in both cases on VoiceStream management's internal model for each company. The following table presents the ranges of enterprise values and equity values, as well as the price per share and the ratio of enterprise value to 2001 Covered POPs for both Powertel and VoiceStream, based on forward 2009 EBITDA multiples for Powertel and VoiceStream ranging from 9.0x to 13.0x and discount rates ranging from 11% to 15%. The various ranges for the discount rates and
terminal value multiples were chosen by Goldman Sachs based upon theoretical analyses of cost of capital ranges that could be applicable.

<table>
<thead>
<tr>
<th></th>
<th>Powertel</th>
<th>VoiceStream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise value (in millions)</td>
<td>$6,245-10,396</td>
<td>$44,588-73,706</td>
</tr>
<tr>
<td>Equity value (in millions)</td>
<td>5,406-9,557</td>
<td>43,698-72,816</td>
</tr>
<tr>
<td>Price per VoiceStream share</td>
<td>$96.44-170.48</td>
<td>$144.42-240.65</td>
</tr>
<tr>
<td>2001 Covered POP value (in dollars per POP)</td>
<td>318-536</td>
<td>297-510</td>
</tr>
</tbody>
</table>

Goldman Sachs also determined the exchange ratio implied by the prices per share as well as the projected ownership percentage of Powertel stockholders in the combined company to result from the VoiceStream/Powertel merger based on the same forward 2009 EBITDA multiples and discount rates, as follows:

<table>
<thead>
<tr>
<th></th>
<th>Powertel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange ratio</td>
<td>0.668-0.708x</td>
</tr>
<tr>
<td>(ratio of Powertel price per share to VoiceStream price per share)</td>
<td></td>
</tr>
<tr>
<td>Powertel ownership of combined company</td>
<td>11.0-11.6%</td>
</tr>
</tbody>
</table>

Goldman Sachs noted that the exchange ratios derived in the above discounted cash flow analysis were within the range of conversion numbers contemplated by the VoiceStream/Powertel merger agreement.

**Transaction Premium Analysis**

Goldman Sachs performed an analysis the purpose of which was to assess the premiums represented by assumed conversion numbers over the conversion number that would be implied by the price or average prices of VoiceStream common shares and Powertel common shares at a point in time or over a period of time. The assumed conversion numbers used were 0.65 and 0.75, the minimum and maximum possible conversion numbers under the VoiceStream/Powertel merger agreement, and 0.70, the median of those two. The point in time and periods used in the analysis were August 18, 2000 and the 10-day, 20-day, 30-day, 60-day, three-month, six-month, nine-month and one-year periods ending August 18, 2000, the last trading day before any public reports of the proposed VoiceStream/Powertel merger. The following table presents the result of that analysis:

<table>
<thead>
<tr>
<th></th>
<th>VoiceStream</th>
<th>Powertel</th>
<th>Implied VoiceStream/Powertel</th>
<th>Premium (Discount) to Observed Conversion Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Price or Average Price</td>
<td>Price or Average Price</td>
<td>Conversion Number</td>
<td>0.65 Conversion Number</td>
</tr>
<tr>
<td>Transaction price</td>
<td>$111.88</td>
<td>$83.91 (a)</td>
<td>0.75x</td>
<td>(13.3)%</td>
</tr>
<tr>
<td>August 18, 2000</td>
<td>111.88</td>
<td>80.19</td>
<td>0.72</td>
<td>(9.3)</td>
</tr>
<tr>
<td>10-day average</td>
<td>123.85</td>
<td>81.92</td>
<td>0.66</td>
<td>1.7</td>
</tr>
<tr>
<td>20-day average</td>
<td>124.54</td>
<td>83.81</td>
<td>0.67</td>
<td>(3.4)</td>
</tr>
<tr>
<td>30-day average</td>
<td>130.75</td>
<td>85.36</td>
<td>0.65</td>
<td>(0.4)</td>
</tr>
<tr>
<td>60-day average</td>
<td>128.93</td>
<td>82.77</td>
<td>0.64</td>
<td>1.3</td>
</tr>
<tr>
<td>3-month average</td>
<td>126.77</td>
<td>82.01</td>
<td>0.65</td>
<td>0.5</td>
</tr>
<tr>
<td>6-month average</td>
<td>121.10</td>
<td>78.79</td>
<td>0.65</td>
<td>(0.1)</td>
</tr>
<tr>
<td>9-month average</td>
<td>121.28</td>
<td>83.55</td>
<td>0.69</td>
<td>(5.6)</td>
</tr>
<tr>
<td>One-year average</td>
<td>108.53</td>
<td>77.07</td>
<td>0.71</td>
<td>(8.5)</td>
</tr>
</tbody>
</table>

(a) Represents the value per share of Powertel common shares at a conversion number of 0.75, which is the conversion number applicable if the average price of VoiceStream common shares calculated according to the VoiceStream/Powertel merger agreement is $113.33 and below.