

Report by the Supervisory Board

For Deutsche Telekom, 1996 was the year of the stock market flotation. The issue of the "T-Aktie", the Deutsche Telekom share, was a resounding national and international success, and special thanks and praise are due to the Board of Management and all the other staff involved in this effort.

The Supervisory Board was intensely involved in the preparations for the initial public offering. Among other things, we provided the Board of Management with a permanent consultative body, the specially formed "flotation committee". All decisions concerning the share issue were unanimously backed by the Supervisory Board.

Apart from the IPO, the past financial year was marked by further preparations for the opening of our core business market. The Supervisory Board followed and monitored the company's business development throughout the year, holding six full meetings, as well as numerous committee meetings. We were also supported in this task by continuous reports from the Board of Management. The internationalization of Group activities was a further point of emphasis in the year's work.



Important personnel changes took place in 1996 in both the Board of Management and the Supervisory Board. With effect from April 1, 1996, the Supervisory Board appointed Mr. Erik Jan Nederkoorn as the new member of the Board of Management responsible for the International Division. This division had been temporarily managed by Mr. Carl-Friedrich Meißner, who retired at the end of 1995.

Also on April 1, 1996, Dr. Heinz Klinkhammer took over as Head of the Personnel and Legal Division from Mr. Frerich Görts, who became Managing Director and Chairman of the DeTe Immobilien subsidiary.

Prof. Dr. Helmut Sihler and Dr. Jürgen Stark, State Secretary in the Federal Ministry of Finance, were appointed as new Supervisory Board members on the shareholders' side. Mr. Wilhelm Wegner, Chairman of the Central Works Council at Deutsche Telekom AG, and his Vice-Chairman, Mr. Helmut Dettmer, were appointed as the new staff representatives on the Supervisory Board.

At its constituent meeting on July 1, 1996, the Supervisory Board elected Prof. Sihler as its new Chairman. Ms. Veronika Altmeyer, who is a member of the Central Executive Committee of the Deutsche Postgewerkschaft trade union, was confirmed as Vice-Chairperson of the Supervisory Board.

Mr. Rolf-Dieter Leister, who had chaired Deutsche Telekom's Supervisory Board for several years, did not stand for reelection and retired from the Supervisory Board for personal reasons.

Mr. Leister was a "true pioneer" and had headed the Deutsche Telekom Supervisory Board since the first reform of posts and telecommunications. During this time, he gave his unstinting support to transforming the former ministerial authority into an internationally competitive and innovative group.

He was invaluable as a key strategic advisor to the Board of Management, and supported the Group's entrepreneurial development with the greatest personal commitment, particularly in times of great challenge — examples include the development program for eastern Germany, or the filling of vacancies in the Board of Management last year.

In addition to Mr. Leister, Mr. Hans Girnstein, former Chairman of the Central Works Council, Dr. Gert Haller (share-holders) and Mr. Lothar Holzwarth (personnel) also left the Supervisory Board. We wish to extend our thanks to all former Supervisory Board members for their strong commitment and loyalty to the interests of Deutsche Telekom.

The Supervisory Board would also like to express its gratitude to all the men and women who work for Deutsche Telekom and to the Board of Management for their commitment to our corporation, its customers and shareholders.

Bonn, May 5, 1997
The Supervisory Board

A handwritten signature in black ink, appearing to read 'Helmut Sihler', with a stylized, sweeping flourish at the end.

Prof. Dr. Helmut Sihler
Chairman