

– The spoken word shall prevail –

**Speech for Deutsche Telekom's shareholders' meeting
in Cologne on May 15, 2014**

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Chairman of the Board of Management
Deutsche Telekom AG**

Good morning to you all,
and welcome to our shareholders' meeting.

It is rather a strange feeling for me to be holding this speech after 13 years at Telekom. I have worked in this company for such a long time and yet I never dreamed that I would one day be standing here. In front of you, with responsibility as the CEO of Deutsche Telekom.

Ladies and Gentlemen, the word responsibility has 'responses', or answers, within it. People who provide answers maintain a dialog. An exchange of information about their plans and actions. Specifically, about corporate decisions that benefit the company's stakeholders. These are its shareholders and investors, its customers and employees, and the people who depend directly or indirectly on our networks and services. As I see it, these decisions

must be based on a precise analysis of our own company and its market environment.

Three perspectives are important in this respect:

First: a look at the past. Because responsibility includes standing by the decisions we have made. What did we achieve in the 2013 financial year? How do we stand financially? What is our basis to take the next step?

Second: a look at the present. What does the market look like? What regulatory conditions do we face? And what are our business challenges?

And third: a look at the future. Our strategy. What makes us different from our competitors? How do we earn our money? What technology must we build for a future in which people want to be connected to the network anytime, anywhere?

First, let us take a look at the last financial year:

Telekom is growing again! Net revenue of the Group increased by 3.4 percent in 2013. Incidentally, it also grew organically by almost 1 percent – i.e., without the combination of our U.S. business with MetroPCS.

Telekom is a reliable partner. We again reached our forecast, achieving EUR 4.6 billion in free cash flow. And EUR 17.4 billion in adjusted EBITDA, our adjusted earnings before interest, taxes, depreciation, and amortization.

Telekom is creating value! We increased your invested capital in 2013. Total shareholder return – i.e., the share price combined with the dividend – was 56 percent!

Ladies and Gentlemen,

This kind of result is only possible if everyone contributes. Big successes are the sum of many small ones. Every employee must be aware of and assume his or her specific responsibility. This succeeded in 2013. My warmest thanks therefore go to all 230,000 employees on Deutsche Telekom's staff.

Another aspect is important to me – I know from my personal discussions that many people who used to work for our company are still "Telekom people" at heart. 150,000 retirees alone! They are part of us! They are proud when things go well for us. They suffer with us when we take a beating. We did not always show sufficient appreciation of this loyalty in the past.

This is something we are going to change. My top managers and I will be meeting with you to exchange ideas. Our retirees know our strengths and weaknesses. They have plenty of good ideas – and excellent contacts to other customers. We want to profit from this:

I am mentioning this at our shareholders' meeting here today, because I see it as yet another element of our responsibility as a business enterprise. There is no future without the past. We have equipped this country with one of the most advanced infrastructures in Europe. The prospering German economy would be inconceivable without our networks! We are one of the leading investors in Germany. Around EUR 4 billion this year, mainly in our network. No one in our industry invests more. No one has a better technical staff. And no one provides as much training: over 9,000 young people last year.

Each of my predecessors took Deutsche Telekom forward in his own specific way. Ron Sommer transformed it into a private enterprise geared to market needs. Kai-Uwe Ricke systematically reduced the company's debt to create

scope for new investments. And René Obermann made Telekom even more modern, more innovative, and more assertive.

As you all know, René Obermann was CEO until December 31, 2013. Our good 2013 financial year is therefore his year. So, on behalf of the workforce and the Board of Management, our sincere thanks to him again.

Ladies and Gentlemen,

Back to the figures. Our business operations in Germany account for 35 percent of our revenues. If we do well in Germany, then the entire Group does well. I am therefore very pleased that we succeeded in improving our revenue trend at least. Nonetheless, revenue was ultimately down 1.7 percent last year.

It was right to invest in our quality leadership. We have the best network. And are therefore also market leaders. In the mobile segment, we were the only provider to win market share in service revenues in 2013. Although the decline in conventional phone lines in the fixed network continued, we gained with high-quality products. 11 percent with our Entertain TV service. And 54 percent among optical fiber customers. This also boosted our revenue per line.

Our adjusted EBITDA margin, the ratio between earnings before tax and revenue, is 40 percent. The key issue was, and still is, that we must become more efficient. Reliable revenue generators of the past are disappearing. The text messaging business, for example, is largely being replaced by free services such as WhatsApp. That is why we can only invest if we save at the same time. In 2013, we cut EUR 200 million off our operating expenses.

To summarize: Business in Germany improved. And the "T" has mass appeal. Our brand stands for trust, expertise, and quality. In February, we were

commended as the most valuable brand in Germany for the very first time – ahead of auto manufacturers including Mercedes, BMW, and VW.

Our U.S. business is again doing really well. T-Mobile US reported a net increase of around 2 million branded postpaid customers in 2013. By comparison: In 2012, we saw a 2.1 million decline in customers! So we have again outperformed our own forecast, which we had already raised in the course of last year. And we are still being inundated with customers. In the first quarter of 2014, we added more than 1.3 million branded postpaid customers.

This great success by the team in the U.S. is again the sum total of many small successes:

- USD 3 billion – the break-up fee received as a result of the AT&T sale falling through.
- On top of that: additional mobile spectrum.
- Sale of our radio towers. We used the money for further build-out of our mobile network.
- An agreement with Apple at last. The iPhone is now also available from T-Mobile US.
- Bold marketing. Complete image change. We are the attackers in the market, chasing off the big companies with our very simple rates.
- And finally, the business combination with MetroPCS. 9 million new customers all at one go!

The strategy of T-Mobile US has also been well received, including by the stock market last year. The enterprise value rose by 53 percent between April and December.

The question now is, where does our U.S. business go from here? First, we are in a good position. We have reduced the risks for the entire Group. T-Mobile US can now finance itself entirely independently and has access to the capital market of its own. The growth continues, but we are facing enormous investments in network build-out and spectrum. Experts therefore think it would be best in the long term if, in addition to AT&T and Verizon, there were a third major operator on the U.S. market. That provider would have lower costs, better network coverage – and could invest even more. The decisive point is the view taken by the U.S. competition authorities. If the market were to be streamlined, T-Mobile US would be excellently positioned.

Now I come to T-Systems, our corporate customer arm, which contributes 10 percent of our total revenue. Although we made 0.7 percent more revenue in business with external customers, we are still not profitable enough overall. We must therefore alter the T-Systems business model. I will come back to this later.

We are already good at lowering the internal costs for information technology. Over the past year and a half, we have saved EUR 700 million. By 2015, we want to reach the billion mark.

Finally, our Europe business, which accounts for more than a fifth of our revenue. Overall, we remain under pressure in Europe. The economic situation is difficult in many countries, and we are responding to this.

1. We are concentrating on those topics in which we are growing. These include mobile Internet, TV business, and products for business customers. In the mobile segment, we increased our share of contract customers by 2 percent last year. Television advanced strongly, up by 21 percent.
2. We are working on our costs. Let me give you just one example. In Greece, we have stabilized our pretax earnings as a result of lower personnel costs.

3. Our Greek subsidiary OTE is refinancing itself completely on its own – without Deutsche Telekom having to contribute a single euro. We sold our business in Bulgaria, generating proceeds of EUR 700 million. On the stock market, OTE experienced a real price hike. In 2012, the share price was only EUR 1.25. Today, it is worth EUR 11!

Ladies and Gentlemen,

A week ago, we reported on the results of the first quarter in detail. Revenue increased by 8 percent. Organically, it increased by a healthy 4.2 percent. This is mainly due to the strong customer and revenue growth in the U.S.

On this basis, we can also confirm our forecast for the current financial year. We anticipate that adjusted EBITDA will be around EUR 17.6 billion, and free cash flow around EUR 4.2 billion. So things are going well for us in the U.S. at present. We now have the opportunity to generate value-oriented customer growth. We therefore choose to accept lower free cash flow in order to build out the network. We are not economizing in the wrong places. This is a very deliberate entrepreneurial decision in favor of growth.

Ladies and Gentlemen,

As good as the bottom line was in the year 2013, it would be irresponsible to rest on our laurels. If we compare the European telecommunications industry with those in other major economic regions, then we have every reason for concern.

Internet data traffic is growing worldwide. And the revenues associated with it are also growing. In the U.S., revenue has grown more than 8 percent since 2008. And in Asia, this figure is 32 percent. But not in Europe. Here, revenues have fallen. Down by 3.3 percent. It stops us investing!

Today, if you look at the companies that lead the global market in devices, semiconductor chips, Internet services – you will no longer find a single European company. The dominance of U.S. and Asian enterprises already seems unassailable. Google and Facebook combined currently have a higher stock market value than the entire European telecommunications industry!

If we now lose the infrastructure as well, we will lose our digital independence. To be honest: I do not like the idea of our children growing up on a continent in which key communications services are completely beyond our control. Without any influence, for example, on where our personal data is and what happens to it. I would like responsibility for Europe from Europe.

But things are developing in the opposite direction. Google is making inroads into our core business with its video telephony service Hangout. And no one can deny that Microsoft has been offering communication services for a long time with Skype, or Facebook with WhatsApp. In doing so, they gain access to customer data such as movement profiles and addresses. This data is then marketed as profitable advertising business. We would never be allowed to do this. I really do wonder: Why are Google and the rest not regulated in the same way as we are? And what contribution do these companies actually make to building the costly infrastructure?

However, not only is the relationship between the U.S. and Europe shifting; within Europe, too, the conditions for competition are changing. Take the situation in Germany, for example. Cable providers are offering very aggressive prices. And in 2013, they won around 90 percent of all new broadband customers in Germany. Vodafone is expanding and, after taking over Kabel Deutschland, is developing into our largest competitor in the fixed network, too. And finally, O2 and E-Plus have plans to join forces. Then Germany will have three big mobile providers in future.

So we have to ask ourselves whether the current regulatory situation still suits the market environment. I do not think it does. This is a case of double standards. Why is our network treated differently, although we no longer dominate the market in many areas? And although other big competitors are waiting on the sidelines for their chance? I call on politicians to take action. If we had the same conditions for all companies, we could invest a lot more. And we would be able to do precisely what they are asking of us.

We have specific suggestions as to how we can build more and better infrastructure with our own resources.

1. Regulation should not focus on low consumer prices alone, but also aim to encourage investment in network build-out.
2. Allocation of mobile spectrum must be harmonized across Europe and must also tie in with expansion targets. It must not be used to cover up budget deficits.
3. Roaming charges could be abolished in a single European market – at least after a certain transitional period. In return, however, the anti-trust authorities must stop looking at tiny little individual markets and start seeing Europe as a common market.
4. We need a European data protection regulation with the same terms and conditions for telecommunications and Internet companies. By that I mean strict, uniform data privacy standards that have to apply to non-European providers too, if they want to offer their services here.

Ladies and Gentlemen,

We should not only look out of the window but also into the mirror. We have enough entrepreneurial homework to do. We must get faster at bringing new products to market. Many of our internal processes are still too complex. We still make too little use of our possibilities as a European provider – for

example, in advertising or in procurement. We must look even more critically at our business and decide faster what suits us, what we are good at, what is really worthwhile – and where we might need to divest individual units.

And finally – despite all the undisputed progress – we must get better at customer care. Although we are now the No. 1 in service, we still receive too many complaints from customers. I want to halve this figure by 2018.

After all, responsibility also means coping with challenges. Taking the bull by the horns. These are all vital steps on the way to earning our cost of capital in the medium term. Last year, we improved what is known as ROCE – the return on capital employed – to 3.8 percent. This is progress, and yet only an intermediate step. For 2015, our aim is to improve ROCE to around 5.5 percent.

Ladies and Gentlemen,

This brings me to the third part of my speech – looking to the future.

We are experiencing a true data explosion – with data volumes on the Internet doubling every two years. By 2020, mobile data traffic will be 150 times the size it was in 2010. The connection of devices beyond computers and cell phones – known as the 'Internet of things' – is accentuating this trend. In Germany alone, there will be six connected devices for each resident in 2017.

We are now facing the next industrial revolution, Industry 4.0: machine-to-machine networking, the collection and analysis of data and, as a result, the automated control of processes. Satellite navigation systems are becoming more and more accurate, factories produce with greater efficiency – to name just two examples. And the raw material of this revolution is the data, which runs through our networks. We make the data available, whenever and

wherever. And we are making the data usable, with services such as storage on our secure servers – what is known as cloud computing – or platforms for machine-to-machine communication. All paired with the best service for our customers.

We will make Telekom the leading telecommunications provider here in Europe.

We want to achieve this with the following four strategic focuses:

1. Integrated networks:

Customers want to be online anytime, anyplace and have permanent access to their own data, with a high quality level and for as little money as possible.

Customers do not care whether it is via the fixed network, mobile communications, or WiFi. They want everything from a single source.

We are already building an integrated network that unites all these technologies and works far more efficiently. A key factor is the changeover to the Internet protocol.

It allows us to simplify the network architecture considerably. Much of what is hardware today will migrate into software. That makes it easier to operate because hardware elements no longer have to be set by hand and replaced.

In future, the network will also be controlled via the software – and will move into the cloud. This brings us closer to a pan-European network that works across national boundaries. That saves costs in production as well as maintenance. And it generates benefits for the customer: The time-to-market for new products is cut significantly. Services such as television can be added or canceled at the press of a button.

In Germany, 3 million lines have already been migrated to the Internet protocol. The figure for the rest of Europe was 2.7 million at the end of 2013. We plan to complete IP migration by 2018.

Parallel to this, we are also building out the existing infrastructure. In mobile communications, we are focusing first and foremost on our high-speed LTE network. LTE will cover around 85 percent of the population in Germany by the end of 2016. In the rest of Europe, we plan to cover 50 to 85 percent by 2017, depending on the individual national companies.

For broadband expansion in the fixed network, we rely on a combination of optical fiber and what is known as vectoring. This allows us to make capacities of up to 100 megabits per second possible on the last mile – i.e., the connection between those gray boxes at the side of the road and your house or apartment.

We said last year, as far as the regulatory framework allows, we are working hard on the build-out. That is the way it happened – and that is why our build-out plans are to reach more than 24 million homes in Germany with vectoring by 2016.

2. Best customer experience:

An airline makes a profit when as many planes as possible are full. Things are rather like this in our network. We earn money when it is fully utilized. That is why we are addressing all our customers – we are not excluding anyone. But that also means that we have to fulfill a vast range of different wishes.

Our service differentiates us from our competitors. We have an anytime, anywhere presence with 750 Telekom Shops, a technical staff of thousands,

our retail partners, and our free service numbers. Individual customer support puts us a big step ahead of the Internet giants.

We must maintain these customer relationships and prepare ourselves for new needs. Some people like to visit us in person. Others prefer to use new channels such as the social networks, where we are also represented with "Telekom helps". And others again may prefer automated processes and to organize things from their home computers. That is why we will spend almost EUR 300 million on new IT in our customer service by 2018.

One concrete example: You know how difficult it is to take your Internet line with you when you move house. This involves over 200 individual steps here in our company, which also have to function. We want to make this line relocation the most natural thing in the world.

Our network is the basis of our success. We are already acknowledged as having the best. That is not just me saying that, it has been confirmed by all the major tests. For example, the ones carried out by connect and Chip magazines. Or by the "Kundenmonitor Deutschland" study.

We offer high speeds.

- LTE already delivers speeds of 150 megabits per second in mobile communications, and this will soon rise to 300 megabits.
- In the fixed network, up to 100 megabits are possible thanks to the combination of optical fiber and vectoring. This applies to data downloads from the Internet. And 40 megabits in the other direction – when you send data from your own computer.

But we can do more, namely combine the two technologies. We are the only provider in the world who will be bringing a hybrid router to market in the course of the year. It was our idea and it was built for us. The unit combines the speeds of the fixed and mobile networks.

3. Win with partners:

The basis for this are best networks and best service. However, our customers also expect the latest apps and services from the online world. Last year, I saw how young companies worked in Silicon Valley and in other places around the world. Their innovation capacity is so gigantic that it is wise to utilize it for our own business rather than competing with them.

We are building a partner system for innovative services – which our partners simply link up to in the same way as to a power strip. We provide the fast access to standardized interfaces. In the background, we take care of the billing, security, and transmission quality. This gives our customers direct and easy access to these services – such as the Spotify music service, the Evernote virtual notebook, and the Lookout mobile security solution. We want to integrate partner deals like this faster in future.

At the same time, we are building platforms that are also open for partners. Our Entertain TV service is a good example. It has long since become a vital part of our core business. We therefore have plans to modernize our TV platform in Germany and Europe: with live television and added video and Internet offerings through partners such as Sky. These will also be available to users on the move, on their tablets and smartphones. Our goal is to have 10 million TV customers in Germany and Europe by 2017.

Another example of an open platform is Qivicon. This is all about connecting and controlling building technology – heating, electricity, security. Qivicon came to market in 2013 and already has 29 partners on board.

4. Lead in business:

I have already explained how important it is to use our networks to capacity. To be able to do that, we need business customers. We have great opportunities here, partly because there are not nearly as many Internet companies participating in this market. Companies have to digitize their business models, connect machines and industrial plants, and analyze large volumes of data. We make it possible.

Another factor is that Internet crime is taking on completely new dimensions. Telekom alone fends off 800,000 attacks on its networks each day. Security is of existential importance for business customers. And Telekom already offers the full package:

- With De-Mail: secure electronic communication.
- With Cleanpipe: protecting corporate networks.
- And certified, doubly secured data centers for our cloud services.

Our corporate customers in Germany and around the world value this experience – and the strict data protection rules in Germany. They trust us more than the others.

Nonetheless, we were often not profitable enough in our business with corporate customers in the past. That is because we developed customized solutions for too many orders. It was impossible for us to recoup the internal costs on the market. Now we rely to a greater extent on standardized modules.

Buildings blocks. This is more efficient and cuts costs. For our customers – and for us. From 2017, we want to generate 50 percent of T-Systems' total revenue with standardized IT.

We also look after small and medium-sized enterprises, or SMEs, which form the backbone of the German economy. We want to generate an additional EUR 600 million in IT revenue in Germany by 2018. We explained at CeBIT how we intend to achieve that: for example with DeutschlandLAN, our online telephone exchange, with standardized cloud solutions, and with strong partner sales.

Ultimately, we are also strengthening our international presence with acquisitions. One example is the take-over of GTS Central Europe which significantly expands our business customer operations in Central and Eastern Europe in one go – with 35,000 new customers. We have been growing significantly in this area for the last two years, and anticipate an average increase of 20 percent per year for the period up to 2015.

Ladies and Gentlemen,

This is how we will earn money in the future. So what does that mean for the development of our company in the medium term?

We expect net revenue of the Group to increase overall in 2015. That will also increase our adjusted EBITDA. We expect our free cash flow to increase again slightly. And we expect our earnings per share to be 80 eurocents by 2015, compared with 63 eurocents last year.

This Board of Management is committed to the goal of increasing the value of the capital you have invested. Last year, we reached our forecasts and are therefore upholding our dividend plan. We have kept our dividend promises

every time in a tough environment, which has not been the case at many of our major European competitors. The Board of Management and Supervisory Board propose to this shareholders' meeting that a dividend of 50 eurocents per share be paid.

This dividend is again tax-free for shareholders in Germany, who can once again choose to receive the dividend in the form of shares. The details of this option are explained extensively in the Annual Report. You, dear shareholders, took advantage of that to a great extent last year. The share dividend was chosen over the cash dividend for 38 percent of our shares. That allowed us to save more than a billion euros in cash dividends; instead, we had a capital increase of 3 percent. You left capital in the company and, in doing so, strengthened our growth course. Thank you.

Ladies and Gentlemen,

I have told you today where we stand, how our market looks and what our strategy is in response. On the way to becoming the leading European telecommunications provider. No other telecommunications company is as European as we are. We know the markets, the culture, and the customers. Most importantly, we take responsibility here.

Responsibility as an employer of 230,000 people who we want to offer attractive, sustainable jobs. This responsibility also includes implementing unpopular measures when commercially necessary. At the same time, we always chose socially responsible solutions in places where jobs were cut. This was the case, and will stay that way.

Responsibility for Europe as a place to do business: Our networks are the life-giving arteries of the digital world – we support digitization in entire industries with our services.

Ultimately, responsibility for society overall – so everywhere that our customers, our employees, partners, and service providers live and work. We are therefore committed in our work in the Deutsche Telekom Foundation to education in science and mathematics. And in the "Yes, I can" initiative for disadvantaged young people. And in the protection of children on the Internet, in the crisis helpline, and in many other areas.

Ladies and Gentlemen,

We are more than just another company that provides society with infrastructure. We see ourselves as a trusted companion in the digital world, both in people's private lives and at work. Whenever and wherever. Making life easier for people and enriching it is the very essence of what we do.

Thank you.