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– Check against delivery –

On our way towards a new Deutsche Telekom

**Speech for the Deutsche Telekom shareholders' meeting
on April 30, 2009 in Cologne**

René Obermann

Chairman of the Board of Management

Deutsche Telekom AG

Good morning, Ladies and Gentlemen,

Dear shareholders,

A warm welcome to our shareholders' meeting.

For Deutsche Telekom 2008 was on the whole a successful year, although far from easy. For me, it was the most difficult one to date. What is important is that at the end of the day the figures were as expected. We continued to modernize. And we made sound progress in tackling the data issues.

2008 has again shown how important it is to move forward in a disciplined manner, along the path we embarked upon in early 2007. We are certainly on the right track. Even if we encounter setbacks along the way. The data problems, for instance, have weighed heavily on our company. We would have liked to talk about other topics; there is no doubt about that. The dis-

trict attorney's office is still investigating; we have not yet got to the bottom of the matter. The most important thing from our standpoint is that these kinds of things must not happen again and that data security will be further improved for our customers and for our employees.

I firmly believe that we have the right man on board in Dr. Manfred Balz, who has joined the Board of Management to head up the new Data Privacy, Legal Affairs and Compliance department. We are facing up to the experts' criticism and want to pass on what we have learned from the data privacy incidents to the world of politics and our entire industry. With this in mind, we have set up the Data Privacy Advisory Council, which is chaired by the Deputy Chairman of our Supervisory Board, Lothar Schröder, and where we are advised by data privacy experts from the worlds of politics and science and representatives from the critical public sphere, such as the Chaos Computer Club. In addition, we are supported by retired federal judge, Dr. Gerhard Schäfer. We also have our current Data Privacy report available for you here. With immediate effect, we are preparing regular reports on our activities in the areas of data privacy and data security.

Ladies and Gentlemen,

Although the topic of data privacy has dominated reporting for many months, and despite the adjustments we were compelled to make in the past few weeks to our 2009 forecast: We continued to improve business in 2008, and not only did we achieve our financial targets for 2008, we even exceeded them. Adjusted EBITDA was around EUR 19.5 billion, slightly above our original forecast of EUR 19.3 billion. Free cash flow of EUR 7.0 billion also exceeded our own expectations by EUR 0.4 billion. That is quite significant. Our net debt has virtually remained stable at EUR 38.2 billion – despite our stake in the Greek company OTE. Since February we have also fully consolidated the OTE group.

I would like to return to the four strategic objectives we have been steadfastly pursuing over the past two years.

1. Improving business in Germany.

Germany still remains our largest market by far. This is why it is so important. Our business in Germany has been performing well. Both with broadband lines and with mobile communications we have further consolidated our market leadership.

The most skepticism surrounded our ability to deliver with our T-Home fixed-network segment. Today we can say that the good customer numbers in 2007 were no flash in the pan – in 2008 the figures continued to rise. Yes, we have lost some 2.5 million lines as a result of regulation and technology. It was something we knew in advance and communicated. In the end, it turned out to be slightly less than expected. Even so, over the past year, 500,000 customers have registered their intentions to return to Deutsche Telekom: This is because of our compelling service and value for money, which beats anything the competition has to offer. That was more than we had hoped for. Our staff can be proud of this achievement.

We have once again slightly increased our market share of new DSL customers: Seen over the year, the figure came in at some 45 percent; in the fourth quarter we almost even hit the 50-percent mark. We have also gained momentum in the future market of Internet TV: At the end of 2008, we had sold some 500,000 Entertain contracts. A good start. But we still need to get far more customers to sign up.

We have also made great progress in improving our efficiency: The "Save for Service" program already generated gross annual savings of around EUR 4.1 billion by the end of 2008 – compared with the initial situation in 2006. A significant portion of these savings were directly reinvested in marketing, new products, and customer service. As you may remember:

Two years ago we set ourselves the target of saving EUR 4.7 billion by 2010. I think we will reach that figure before then – and we will make even greater savings in the next few years.

Let's just come back to the market: T-Mobile Deutschland has consolidated its market leadership. That was important. Thanks to Apple's iPhone, the G1 from the cooperation with Google and the netbooks – innovative mini-computers with a built-in wireless card and rate packages for unlimited Internet use – T-Mobile is the undisputed innovation leader in the market.

This is down to hard work: We have the best German mobile network – a fact confirmed again in 2008 by the readers of the specialist journal Connect. And what happened last week does not change that one iota. We are not trying to gloss over it – a major disruption like that is frustrating. We will do everything within our power to make sure it does not happen again in the future.

2. Growing abroad with mobile communications.

Growth abroad has played a substantial part in the positive development in 2008. That applies above all to our markets in the USA and in Eastern Europe, even if these in particular are affected more by the crisis. But I will return to this later. Operating profit from mobile business in both the United States and in Eastern Europe grew considerably in 2008. Overall, we have increased the number of mobile customers outside Germany to almost 90 million. We have added 5.2 million contract customers alone.

And we took advantage of an opportunity to grow internationally, also by making an acquisition. Without a doubt, our stake in the Greek telecommunications group OTE was an important step. OTE is not only the market leader in Greece but also operates in five Southeastern European countries with its subsidiaries. That adds up to more than 18 million mobile and

8.5 million fixed-network customers, of whom some 1.5 million have broadband lines. This amounts to a market with a great deal of growth potential.

3. Mobile Internet.

Our success with mobile Internet services also confirms our strategy: Particularly in Europe we have accelerated growth. Substantially. Mobile Internet has developed into a billion euro business. It is increasingly offsetting the drop in prices and the downturn in revenue in the voice business. Take Germany for example: T-Mobile service revenues have remained stable for two consecutive quarters now, this wasn't the case for a long time.

We will continue to seize the opportunities offered by mobile Internet. In 2008, we generated revenue of EUR 2.5 billion in this area. In Europe, the increase was 45 percent compared to 2007. And that is only the beginning.

4. Building the systems business or ICT.

After the systematic restructuring towards network-centric ICT products, T-Systems is showing an upturn for the first time in years. T-Systems is in the black in terms of operating profit. This is a quite clear turnaround. In 2008, we secured a host of major outsourcing contracts – including a contract worth billions with Shell. A key strategic step was also T-Systems' partnership with U.S./Indian enterprise Cognizant, which we agreed to in March 2008. This partnership enables us to offer services under improved terms and conditions in the systems integration arena.

All these successes have been down to the men and women working at Deutsche Telekom. Everyone has worked hard. Thank you to you all! Despite the painful cutbacks over the past two years, you have all been committed and motivated. Together we make for a top team and are now making inroads in terms of service, too – even when it comes to Stiftung Warentest, the German consumer testing organization.

My colleagues on the Board of Management and I are very aware that we still need to modernize, particularly in our German core business. Especially as it accounts for such a large slice of revenue and earnings. And we also know we are asking a lot of colleagues with the changes. That was also the case last year.

Here are just three examples:

Firstly: The urgently required new IT system for our call centers – the largest systems integration project in our industry – has made our work more difficult during the introduction phase.

Secondly, we decided to reduce the number of customer service locations from 63 to 33. For some people this means longer journeys to work, and others have even moved house. But we had to do it. It was the only way to improve our service quality.

Thirdly: The selling of DeTelImmobilien – or Vivento Technical Services. But with good provisions for the employees, I may add.

And I assure you: This is all done in parallel to our growth initiatives. In all our efforts to make savings, we are not forgetting about innovations. We know what we are asking of people, but it is necessary and right in the long term for the business and to ensure attractive jobs.

Ladies and Gentlemen,

Despite the good business development, the share price remains unsatisfactory. And last week in particular was not good. Your shares have been in line with or below the issue price for many years. We do not intend to blame that just on the economic crisis. We have been saying that things cannot remain as they are. But actually the share price outperformed the overall

market in a very difficult environment in 2008 – what is more, even beating the average of our competitors.

And today we can agree on an adequate dividend. The Supervisory Board and Board of Management propose EUR 0.78 per share. This dividend will also be paid out tax-free for all shareholders in Germany. This means that you receive a net payment equal to the gross value of the dividend for the first time ever.

Our company is relatively stable in the face of the worst economic downturn for 80 years. The figures in the first quarter show, however, that in certain countries – the USA, the UK and Poland – we are feeling the impact of the crisis much more than initially expected. We therefore immediately informed the public last week. We now forecast EBITDA coming in two to four percent below our figures issued at the start of the year. That will also impact cash flow, although, at EUR 6.4 billion, we still expect it to come in at a high level.

The headwinds are battering us too. The hard work over the past few years has paid off nonetheless: Deutsche Telekom boasts sound finances, has improved its market share – and at a high level –, offers better service, is stable when it comes to trainee positions and stable in terms of strategy. The current developments show that in an increasingly difficult environment we will still have to fight for every single euro. This is all as a result of the general economic climate, aggressive competitors, and in light of stringent regulation giving us a hard time.

Let us take a brief look at regulation: At the end of March, it would have been possible for the Federal Network Agency to increase the prices for our line wholesale products, in other words for the so-called last mile, for the first time in eleven years. Our costs justify that. An increase in these charges would have also encouraged the companies that want to invest in tomorrow's networks. But we ended up with another cut. For us a disappointment, for Germany a missed opportunity. We will continue to

invest in broadband. That is our future. But following this decision we now have EUR 100 million less at our disposal to expand into those areas with no DSL coverage. That is regrettable for our customers. But it is not financially feasible any other way.

That just about wraps up regulation which, in these times of crisis, seems to be intensifying the symptoms of the crisis instead of backing the fight against them. There is still a great deal more that could be said on this and on EU regulation. But that would take far too much time.

We have a long-term plan – covering new products as well as service and cost-effectiveness. It is not sufficient for our profit to remain stable over the long term. We also need to continue to do better. On a Group level we have unfortunately not yet generated our desired return on equity, even if we are doing better.

In terms of the adjusted targets for 2009, we will systematically continue moving into growth areas such as the mobile Internet, IT outsourcing and Internet TV, further improving service for our customers, and putting in place even more competitive cost structures. Overall we will again invest billions in our future this year, too – more than virtually any other German company. But even though we firmly believe in making the necessary investments for the future: We are facing increasingly difficult financing terms. Now of all times, the cash flow must be right. Cash flow is therefore a priority. It is an important prerequisite for an attractive dividend policy. And for business stability overall.

As I have already said several times, we need to cut costs further – in all areas. This also affects the necessary staff restructuring, which we are continuing – together with the employee representatives. Following the fierce disputes in 2007 and 2008, we have closed ranks a great deal over the past few months. The right and important steps in the past – say setting up the service companies – now mean we are in a position to hire new staff.

We can once again offer young people jobs within the company. And we still have the highest training ratio among the major German corporations. And that's how it should stay. The latest collective agreement provides more money and more security for employees. It is a good compromise. Our employees have also felt the success of the 2008 financial year directly in their wallets.

We are pushing forward with the course we set over the past two years. We are continuing to modernize – both at headquarters and everywhere where we are represented in Germany. I set out the basic principles of the further development of our organization in the press conference on Deutsche Telekom's financial statements in February. I am delighted the Supervisory Board gave the go-ahead for the next steps yesterday.

In the future, there will only be one company for business involving standard products in Germany. We intend to merge the fixed-network and mobile segments in Germany. That will happen in several stages, providing the financial authorities and you as shareholders give your consent beforehand. But the aim is clear: We must and will give the company a more unified identity for our customers – one Deutsche Telekom. People do not understand it when, for instance, in the call center one unit says it has nothing to do with the other. That has to stop. Mobile and fixed-network services will in the future be planned, built, managed and marketed from a single mold. This results in advantages for customers, more innovativeness and competitive advantages for us and enables us to give our people new exciting tasks.

Fixed-network and mobile services are increasingly converging. A fact reflected, for instance, in the G1, also known as the Google phone, or the iPhone, which use both UMTS and WLAN technology, both of which are genuine Internet handheld computers. Or laptops that support Internet access via the fixed and mobile network. Or the fact that it is now possible for users to send photos from their cell to their TV at home. We want to offer

our customers in the future even more integrated products. To do that we need integrated management of these areas. We are confident that this will enhance customer retention and boost revenue over the medium term. We will offer customers suitable mobile services – customers that have so far only used fixed-network products. And we aim to cut costs – in processes, IT systems, and campaigns. But I would like to emphasize: This is not a job-cutting program. It's all about customers. It's all about competitive advantages, particularly in Germany.

Internationally, we also need to do more. That is why we now also have a separate Board of Management member for the region Southern and Eastern Europe. After all, this will become even more important for us with our stake in the Greek company OTE. Precisely here we see additional growth opportunities over the medium term, despite the crisis. Thanks to our international presence we boast genuine economies of scale – which we want to systematically exploit. With Products & Innovation, with IT, with networks, and with procurement where we have already made inroads in certain areas. This is why we are creating the position of Chief Operating Officer. The COO will be responsible Europe-wide for product development, IT, and technology – and will look after procurement on a global level. We have not devoted enough attention to these issues in the past. We now intend to remedy that.

We need this new, integrated Deutsche Telekom – innovative, international, efficient – because our business will be totally different tomorrow from what it is today. Peoples' lives and work are becoming increasingly networked. For us, "Connected life and work" means there is more than just today's core business. Not just lines and calls, but a wealth of Internet-based services that can be used via PCs, cell phones, vehicle computers, games consoles and TVs – and easily shared with others.

We aim to become a global leader in connected life and work, based on the best broadband lines. That's our vision. You will appreciate what that looks

like in practice: Even today a lot of people only want to access a single address book regardless of whether from home, on the PC or on the move. More and more people want to read e-mails on the move, receive personal mail straightaway in their pocket, send photos or chat – irrespective of time and place. All of this is only now starting to happen. Connected life and work is increasingly becoming reality with the mobile Internet and the convergence of media.

Mobile Internet will far exceed today's wired Internet in its importance. It has become our most important growth product: State-of-the-art smartphones such as the iPhone and G1 have fuelled the pace of change in this respect. The data volume in our mobile network has increased several-fold every year. Every iPhone user spends 60-times more time on the mobile Internet than the owner of a 'standard' cell phone. The iPhone is on the way to usurping the computer's leading position: Usage of the mobile Internet via the iPhone is 90 percent of Internet usage on the PC.

We sell the essential modules for connected life and work. Our high-speed network access, our increasingly Internet-based communications services, our multimedia distribution systems, for instance, for digital entertainment, and our customer services for almost 200 million people put us in an excellent starting position. And as a partner of major corporations we ensure networked work processes and mobility that often provide our customers with the decisive competitive advantage. Not least because location-independent access to business data and transactions is becoming increasingly important.

Ladies and Gentlemen,

One thing is important to me: We must not lose sight of our goal, particularly now when we are feeling the impact of the crisis. We presented a host of innovative products relating to "connected life and work" at CeBIT in early March. And we will be launching them over the next few months. At CeBIT, I

talked to a lot of people that were really impressed. The next step will follow in the fall at the IFA in Berlin. T-Systems is working in parallel on the latest services, e.g. for government departments or in medicine.

We have laid the foundations for the new Deutsche Telekom. That makes us relatively strong in the crisis. It provides us with the means to invest in the future. Let me just say: Our business will continue to perform well – with good jobs for our staff and with appropriate returns for you, the shareholders. Even if this restructuring takes time and there may be setbacks along the way. We will hold our course.

Thank you!