

**Speech for Deutsche Telekom's shareholders' meeting
in Cologne on May 16, 2013**

**René Obermann
Chairman of the Board of Management
Deutsche Telekom AG**

Good morning, Ladies and Gentlemen,
good morning, Shareholders,

On behalf of the Board of Management and on behalf of our employees, I would like to welcome you to our shareholders' meeting. Normally, I would kick off directly with the latest figures, but this year I will take the liberty of starting with a brief look back.

I have been a member of Deutsche Telekom's Board of Management since 2002, its chairman since 2006. That makes this my seventh shareholders' meeting speech in this capacity – and, as you probably know, my last. We have been through a great deal of turbulence together in that time, highs and lows. There has been a great deal to work through since I took up office in 2006. On top of this, there was the necessary restructuring of the Group, such as the establishment of the service companies, as well as the integration of mobile

communications and fixed network, sadly the need to close some sites, collective bargaining disputes, and major strikes. One thing is for sure: The metamorphosis from a state-owned company to a modern, Internet-based network and service provider is still not complete. It is a job that takes generations.

But we have addressed all the difficult issues; we have overcome scandals and rectified their causes, for example by expanding our data security and data protection. These days, many see us as a role model in this context. We have succeeded in resolving major problem areas abroad, such as our long, drawn-out ownership dispute in Poland and our weak market position in the United Kingdom, where we are now market leader thanks to our merger with Orange. The biggest challenge – which I will talk about in more detail in a moment – has been our situation in the United States. It was initially well-negotiated and seemingly resolved by the sale to AT&T, then came the bitter setback when the sale was prohibited by the authorities. But we immediately started to look for another opportunity – one that we snapped up in the form of the business combination with MetroPCS. We have made a huge leap forward in the U.S.

Looking to the domestic market: Seven years ago in Germany, we saw our customer base shrinking in what was, at that time, a booming fixed-network broadband market. But we significantly improved our service quality as well as our marketing and sales efforts, which resulted in a major climb in the number of broadband customers – a share that we have defended successfully since then. We are the fixed-network market leader that everyone looks to. And we are ahead in mobile communications, too: We are gaining customers in droves in a fiercely competitive and aggressively priced market. We have the best networks, confirmed by critical tests. And equally important, if not more: Our customers appreciate our good service.

Tapping new growth areas, such as mobile Internet or cloud services, and pushing innovations ahead were essential tasks for us in recent years. But the most important thing in everything I have just mentioned is that we kept the people in our company on board. We have given thousands of young people training and older people further training. No peer company has as great a commitment to training. Or to fair opportunities for the younger generation – including for those from less privileged or socially disadvantaged backgrounds. Where jobs have been lost, we have found socially responsible solutions.

The issue of diversity is also important to us. We are the first DAX-listed company with a fixed women's quota. This is about social fairness. But above all, it is about success. Mixed teams – and I am not just talking about men and women, I mean diversity as a whole – are quite simply better.

We have worked very hard to achieve all the modernization our company has undergone. And for that, I would like to express my heartfelt gratitude and utmost respect to all of our 230,000 employees. We really have a highly dedicated and skilled body of staff.

But taking stock honestly also includes looking at the negatives: Not least the fact that, despite all our efforts on the revenue side, we have still not been able to make up for the huge drop in prices for traditional communication products. And it is no consolation that things are no different for our peers, although we are standing our ground much better in relation. Our share price reflects the problems hitting the industry – at least in part. That does not give anyone cause for celebration. But our share price has still fared better in recent years than those of comparable European telecommunications groups.

Does this mean we can rest on our laurels? Of course not. But what ultimately remains is this: What we have achieved in the past few years is nothing less

than making Deutsche Telekom competitive once again, both in Germany and abroad.

Ladies and Gentlemen,

Since 2007, I have stood here and talked about what I consider inappropriate telecommunications regulation. And I will do so again this year – but, for the first time, with a very different focus. Because there have been two developments that give us hope: We have made progress in the key issue of regulated network access and what is known as vectoring, which turns the copper cable into a high-speed line. It has taken a long time for it to sink in that regulation is not the same thing as strangulation. We have been struggling for many years to have the opportunity to invest more in network roll-out to safeguard our future, that of our children, and that of Germany as a place to do business. But we have always said that it has to be commercially attractive. And that is what has been missing for a long time. If the Federal Network Agency maintains its line and issues the rulings it has announced, we will flick the switch and invest additional billions in the network roll-out.

We are still – and not just in election season – confronted with demands that are as contradictory as they come: We are supposed to, on the one hand, invest many billions in network roll-out, getting coverage to rural areas, fast, but please make sure prices remain stable – or preferably fall – while doing so. And that despite the fact that our costs are rising – utterly absurd. So my plea to politicians and regulators is this: Implement intelligent regulation to promote a modern network infrastructure; give us the equality of opportunity we have been waiting for so long. Do this to give our investors encouragement. Because that is the only way a nationwide broadband roll-out is going to happen – at least as long as it has to be financed with private-sector money rather than with our taxes.

In my view, there has also been a great deal of populism in play in the debate of the last few weeks surrounding our plan to differentiate with flat rates, i.e., unlimited network usage for a set price, from 2016 on. I will say it again: We want to operate the best networks, including in rural areas. We will continue to expand. And we will continue to offer flat rates. But it will unfortunately have to get a little more expensive for that small percentage of heavy users who generate many times the data traffic of average users. There will continue to be attractively priced offers for everyone else that will be perfectly adequate for normal usage behavior. The alternative would be for the network to be slower for everyone or more expensive for everyone. I do not think that is ok. Faster for everyone, more expensive for a few – that is fair. So, once more to be perfectly clear, we are not limiting the speed – we are stepping on the gas!

Ladies and Gentlemen,

This brings us to the past financial year: Let us start with Germany – our most important market. That is where we make almost 40 percent of our revenues. We have regained lost ground. As I already mentioned, customers are coming to us – and a sizable number are coming back to us from our competitors.

- In 2012, we won nearly 300,000 new VDSL customers.
- And 400,000 new Entertain customers.
- And nearly 570,000 new mobile contract customers under our own Deutsche Telekom and Congstar brands alone. We are the market leader in terms of number of customers – by quite a margin.

Within this context, we sold 1.5 million smartphones in the fourth quarter alone – more than ever before. And we held our adjusted EBITDA margin stable at over 40 percent.

From 2014, we want to stabilize our revenues in Germany overall and grow with our mobile business. That is why we are investing a lot of money in fast networks and innovative services. Our goal is

- to be able to offer 100 megabits per second for 65 percent of all homes by 2016, using vectoring.
- And, in parallel, to create a fast mobile network for around 85 percent of the population thanks to the LTE roll-out.

In addition, we want to combine these two technologies – in other words, mobile communications and fixed network together, using special routers installed in your homes. The result will be download speeds of up to 200 megabits per second and upload speeds of up to 90 megabits per second. These speeds allow us to hold our own even against the cable operators.

Let us take a look at the United States. We really do have a few tough years behind us here – and we have fought our ground. Revenue and earnings fell again in the past year. But the cards are currently being redealt. The T-Mobile US share has been successfully traded on the New York Stock Exchange since May 1. The price climbed by almost 15 percent in the first two weeks. The business combination with MetroPCS was a carefully negotiated, expedient transaction, especially for you, dear shareholders. I will just mention the expected cost synergies of 6 to 7 billion dollars and the figure of 9 million additional new customers, as well as the improved spectrum portfolio for our mobile communications network there.

Our management in the United States is generating significant momentum – for employees, but especially for customers. We can now finally also offer them the iPhone. This gap in our smartphone portfolio was a problem for years. We have closed it now with Apple, at commercially sensible conditions. The importance of the iPhone can be seen in the figures: We sold 500,000 devices in the first

four weeks. And we have introduced new rate plans – with clear, transparent structures. And we are very successful in our advertising as a challenger to our large, established competitors. The success can already be seen in the first three months of this year: For the first time in years, the number of customers under our own brand grew again. We have halted the negative trend and are on track for success. Business in the United States shows that, ultimately, years of stubborn hard work pay off.

So the prospects are good in the United States. Looking at the European business, it is clear to see that the difficult situation in the overall telecommunications industry has not changed much in the last twelve months. On the contrary. The ongoing recession in many European countries is also putting pressure on us. Revenue fell by 4.7 percent and adjusted EBITDA by 6.1 percent. However, customers are coming to us in these markets, too. Do not forget, that is our future. The number of customers grew 4 percent year-on-year in mobile communications alone.

In Greece, a strong signal of the capital market's confidence in our Greek subsidiary is that in January it successfully issued a bond of EUR 700 million. It was the first Greek issuer in some time to do so. We have to make this clear: While we Germans often get the impression that there are not any wheels turning at all in Greece any more, OTE is highly profitable and delivers a substantial contribution to earnings in our European business.

From 2014, we want to grow again all throughout Europe – at least adjusted for price interventions by the regulators and exchange rate effects. The key to this is quality leadership through state-of-the-art technology. And we are making use of the best ideas from all countries across Europe. Take, for example, the set-up of a world-leading architecture for telecommunications networks based on the Internet protocol in Croatia – what we call the TeraStream. Or also a mobile payment method that we have already introduced in Poland.

Now, we come to our fourth segment, systems solutions business with corporate customers. T-Systems' external revenue grew 0.6 percent in 2012. Adjusted EBITDA recorded an increase of 11 percent. New orders also performed particularly well, rising by 18 percent. The most important deal was the renewal of our contract with Shell ahead of time with a total volume of EUR 1.8 billion. In addition, there were big deals with the Catalan government and British American Tobacco. More and more corporate customers are opting for our cloud services, i.e., computing capacities, storage services and software, which are ordered and paid for on demand. Last year, T-Systems generated revenue of EUR 450 million in this area. The good trend also continued in the first quarter of 2013, where new orders grew by 33 percent.

In short: We performed well in a difficult market environment in 2012, we achieved our financial targets, as we did in previous years. This is true of adjusted EBITDA – in other words, earnings before interest, taxes, depreciation, and amortization – which stood at EUR 18.0 billion. And it is true of free cash flow, which at EUR 6.2 billion actually exceeded our expectations slightly.

"Now just a minute," you will be saying: What about the negative figure of EUR 5.3 billion in net profit? We have already explained this a number of times, but I will do so again briefly: the loss is attributable to the necessary revaluation of T-Mobile USA for the business combination with MetroPCS. For legal reasons, when performing the evaluation, we had to use the MetroPCS share price directly prior to the announcement of the merger agreement, which did not take into consideration the synergies and cost benefits generated by the business combination. But this special factor says nothing at all about how the Group is actually developing financially. Excluding this effect, adjusted net profit stood at EUR 2.5 billion.

A week ago, we reported on the results of the first quarter in detail. The figures are sound and within our expectations. The capital market has responded very positively. On this basis, we confirm the forecast for the ongoing financial year: In light of substantial increases in capital expenditure, we expect free cash flow of some EUR 5 billion. Adjusted EBITDA is expected to amount to around EUR 17.4 billion in 2013 – MetroPCS has not yet been included.

Ladies and Gentlemen,

The foundation for the further development of the Group is our strategic focus, of which you are all aware. In the last few years, we have continuously pursued it and developed it further – and explained it here, too. I just want to briefly mention the four main points again:

1. Seamless connectivity for the Gigabit Society

As I already explained, taking the example of Germany, we want to use various technologies to develop ultra-fast integrated networks that can keep pace with the demand for ever greater network speed and capacity. In a few years, people will be transporting gigabytes of data at gigabit speeds. More and more of this will be mobile, too – the boundaries between the mobile and fixed networks are disappearing. We want our customers to have fast, secure access to the network at all times, wherever they are, without having to think about the transmission technology they are using or constantly having to change the settings on their equipment. Our engineers can develop and deliver that.

2. More innovation by cooperation

We are not doing it all alone. For us, innovation has three aspects: proprietary innovations, partnerships, and acquisitions or equity investments. As a large corporation, it makes sense for us to offer young, innovative companies a platform. We are opening ourselves up and making it easier for innovators

outside the Group to collaborate with us and benefit from our technology and the possibilities for marketing their products commercially. For example, for Evernote, a second memory in the network. Or Spotify, the mobile music archive with 20 million songs accessible at any time from anywhere. Or MyTaxi, a really practical app that not only shows you where the next taxi is; it also tells you how long it will take to reach you.

3. Secure cloud solutions

The cloud has not remained a vague promise – we have built it – and we did a very good job of it, too, say customers and experts. The first steps are always the hardest, but we are convincing more and more customers to switch to network-based solutions, for example with our Business Marketplace, the virtual market place for business customers. It lets small and medium-sized businesses conveniently book and use accounting software, videoconferences and extra storage capacity at the touch of a button – without the need for additional IT resources. Deutsche Telekom is, so to speak, the modern man's Sherpa. You can get anywhere you want to with the greatest ease. We will carry your backpack with your data and applications for you. And to make sure that nothing gets lost, data protection and data security take utmost priority with us. Customers trust us far more than they do others.

4. Best-in-class customer experience

We have a clear aspiration – which we continue to strive towards: We offer our customers the best service – from mobile network quality and technical customer services, from our online portals, and free hotlines, through to innovative service in social media, such as "Telekom helps" on Facebook and Twitter. And we do all that while at the same time offering the best value for money – regardless of all the disquiet of recent weeks. It will stay that way in future.

Ladies and Gentlemen,

I have already mentioned our innovation areas of mobile Internet and cloud services. Added to that are our intelligent network solutions. For example, the "connected car". Together with car manufacturers, we are taking the Internet on the road. And not as some distant dream. No, you can see it for yourself, right outside the hall.

In the Mercedes, passengers can update their Facebook accounts while on the move or listen to their favorite music from the Internet. You can plan your routes at home in Google Maps and send them to the car's navigation system. You can receive real-time traffic information while on the move. And you can get help finding a parking space or hotel.

We are equipping the BMW to make it a radio cell on wheels – a Hotspot. The first vehicles in the Sixt rental car fleet will be kitted out very soon. You will then be able to use all your usual Internet services in the vehicles via your handsets – for example, you will be able to view and edit business documents and send them to colleagues back at the office. Or you can keep up with what is going on in the world. Or make long journeys fly by for your children with cartoons.

Another important issue for our intelligent networks is electronic healthcare services. Our Diabetes Portal is just one example from our telemedicine offering – assisting patients and monitoring health factors with the help of telecommunications technology. In this way, doctors or nutrition experts can make remote diagnoses and organize help quickly. This improves quality of life for patients – and it saves time and money. This year, we are approaching the 100 million euro mark in terms of revenue from our e-health services for the first time. We are building this business up mostly organically, supplemented occasionally by intelligent acquisitions. And the market shows much promise.

Ladies and Gentlemen,

Mobile Internet, the connected home, intelligent networks, and cloud offerings are some of the growth areas with which we want to be generating between 40 and 45 percent of our total revenue by 2015. At the start of 2010, it was only 24 percent. The main driver is mobile Internet, and we want this area to generate revenue of around EUR 10 billion by 2015.

It is right that we moved into these areas at an early stage, since revenue from traditional telecommunications services such as voice telephony or text messaging will continue to fall. We are working to change this with innovations and investment in our new networks and platforms. Unlike many competitors, we are actually increasing our capital expenditure to almost EUR 30 billion in the next three years.

Our message is clear: We are investing in order to grow again. In 2014, we want to stabilize revenue in Germany, in Europe we expect income – adjusted for regulatory and exchange rate effects – to rise and we also anticipate growth in the United States.

We know how important transparency and reliability are for our investors. They expect us to set realistic plans and realistic targets, which are then achieved. And they expect us to generate an appropriate and, above all, projectable return on their capital. This is exactly what this Board of Management stands for and that will not change. As announced, together with the Supervisory Board we propose to today's shareholders' meeting a stable dividend for the 2012 financial year of EUR 0.70 per share.

For the first time, you have the option of receiving the dividend in the form of additional Deutsche Telekom shares. This would give you an even greater participation in the development of Deutsche Telekom. And you would be supporting our capital expenditure plans by investing your dividends back into

the company. All our shareholders are entitled to this new form of the dividend, and therefore the subscription right to new shares. Due to capital market law regulations, however, we can only actively offer the new shares to our shareholders in Germany and qualified investors in some EU countries. If you prefer to continue receiving the familiar cash dividend or are not among the investors I have just mentioned, you do not have to do anything. If you receive a letter from your bank on this matter in the next few days, simply do not respond. The cash dividend is then expected to be transferred on June 12.

Shareholders who opt for their dividend in the form of shares are likely to receive them on June 18. The length of time this takes after the shareholders' meeting is partly due to the legally prescribed period of two weeks that we have to grant for the subscription rights to the shares. On the other hand, the banks need a few days to process all the transactions. But you can trade your shares on the stock market the day after the shareholders' meeting, as usual. You continue to be entitled to a dividend in cash or in the form of shares and that entitlement remains on your securities account.

For 2013 and 2014, we plan to adjust our dividend planning to a still very attractive EUR 0.50. This is an entirely conscious decision to facilitate key future capital expenditure. We are giving you the opportunity to be part of a Deutsche Telekom that continues to offer good returns while aiming for future growth thanks to bold capital expenditure planning and the right strategy. As things currently stand, a dividend of EUR 0.50 gives a return of 5 to 6 percent. That is better than average in the DAX and, in view of current interest rates, is a good capital investment.

Ladies and Gentlemen,

Of course we want to grow again, we have already laid the foundation for it. And it was far from easy – it was hard work. It will continue to be hard work – let us not pretend otherwise. That is why we need the best in the industry for the

job at the top. And that is who we are getting. No doubt you have already heard the news. I am delighted that the Supervisory Board has appointed Mr. Höttges to this position. He is the first choice. Having worked with him for 13 years, I know what I am talking about.

Dear shareholders,

To close, I would like to say a personal word. I have put all my energy into modernizing and strengthening our company for the last 15 years. Eight and a half years building up mobile communications and almost seven years as Group CEO. I had set myself the goal of making our company more competitive in all areas, of improving our brand and service, of tackling the major problems abroad, of fighting for better conditions for investment and seeking out new opportunities for growth. How you judge my work is, of course, up to you. I would only like to assure you that I will continue to fight for Deutsche Telekom to the full right up until my last day.

And I hope, Ladies and Gentlemen, that your Telekom, with its excellent and highly skilled employees, continues to develop with your best interests at heart.

I would like to take this opportunity to express my heartfelt thanks to you for your benevolence and your support in what have not always been easy times since 2006. I look forward to seeing you at next year's shareholders' meeting – as I will be sitting here among you as a constructively critical shareholder of our Deutsche Telekom.