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René Obermann at the shareholders' meeting**

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**Statement
delivered at the shareholders' meeting
of Deutsche Telekom AG
May 15, 2008 in Cologne**

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

Good morning Ladies and Gentlemen,

A warm welcome to Deutsche Telekom's shareholders' meeting.

Let me start by saying a couple of words to mark this occasion: yesterday, the Supervisory Board approved our plans to acquire a stake in the Greek company OTE, as did the government in Athens. This represents a further important step in Deutsche Telekom's growth path outside Germany.

We have thus found a strong partner in Southeastern Europe. With almost 25 million customers, OTE has built a solid, customer-centric position not only in its home market in Greece but also in five other countries in Southern and

Eastern Europe. We are looking forward to a good, cooperative partnership that both sides will benefit from.

Ladies and Gentlemen, I would now, however, like to begin by extending a warm welcome to Professor Ulrich Lehner. Many thanks, Professor Lehner, for chairing this meeting today in your capacity as the new Chairman of the Supervisory Board.

We, the Board of Management, are looking forward to working together with you and having the benefit of your advice and support. There is no doubt in my mind that thanks to your extensive experience you will provide us with important impetus. We are very happy to have you on board.

On behalf of the Board of Management, I would also like to thank your two predecessors as Chairman of the Supervisory Board, Dr. Zumwinkel and also Dr. Schlede, who oversaw the Supervisory Board's activities as Chairman during the interim period following Dr. Zumwinkel's departure.

Ladies and Gentlemen, telecommunications remains a business that is subject to constant change and is becoming increasingly complex on the technological side. Many people regard the development of the Internet in recent years as groundbreaking, which it undoubtedly has been. It is opening up a whole range of new opportunities. Yet many people are still finding it difficult to keep pace with the development. This is why they are looking for one reliable partner. And we want to be that partner – with products that are easy to use, reliable and efficient. Our aim is to facilitate "connected life and work" for our customers as one of the world's market leaders.

Developing innovations for this is one of our tasks – modernizing our existing business is another. This is precisely how we create the strength to invest in

new networks and services and also grow abroad. It is the foundation on which Deutsche Telekom's long-term success is built.

In 2007, we substantially stepped up the pace of reform, especially in our existing customer business in Germany. And we can already see the first fruits of our efforts.

We have not only achieved our targets for 2007 but exceeded them. A year ago a lot of people did not think we would be capable of doing so. At year-end we reported EBITDA – earnings before interest, taxes, depreciation and amortization – of EUR 19.3 billion rather than the EUR 19.0 billion we forecasted. If the dollar and pound sterling had not worked against us, the figure would have been a few hundred million euros higher. And also in terms of free cash flow, we exceeded our original target of EUR 6.0 billion by some EUR 600 million.

Thanks to this strong free cash flow and the favorable development of operating income and solid balance sheet ratios, we have laid the foundations for an attractive dividend. And so, we are proposing to you today to increase the dividend by eight percent to EUR 0.78.

Ladies and Gentlemen, our "Focus, fix and grow" strategy is correct and is gaining traction. At the same meeting one year ago, I presented to you the four key areas for action. One: improve competitiveness in Germany. Two: grow abroad with mobile communications. Three: grow with mobile Internet services. And four: focus T-Systems on network-centric, integrated services from the areas of telecommunications and computing, known as ICT solutions.

For 2007 we derived a host of very specific, measurable targets from these key areas. We have successfully worked through each of these in turn and delivered on our promises. And we intend to keep on doing so in the future.

Specifically: improving competitiveness in our home market in Germany is and remains crucially important to us. And we have been working hard to achieve that. The upshot: in all future markets – broadband, Internet TV, mobile communications, IT outsourcing – we have either defended or won back market leadership.

As all of you are aware, defending your position in the face of stiff competition is by no means easy. But to win back the market lead, as in the growth of broadband lines, you need to redouble your efforts! Our T-Home staff managed to do exactly that, and that is something they can be proud of. I would like to thank them for this!

In 2006 not even one in five new customers bought a fast Internet connection from us, whereas that figure was almost one in two in 2007. In just one year we increased our market share from slightly under 16 percent to 44 percent – an almost threefold increase.

This success is important because sales of our traditional telephone lines are continuing their downward trend. Politicians and regulatory authorities want us to lose further market share in this area. This is noteworthy because prices in the market have already fallen by around 90 percent in some cases and competition is extremely tough. Nevertheless, we are still regulated as if nothing had changed since the market was opened up.

It goes without saying that we are doing our level best to strengthen our position in spite of this situation. Expanding our state-of-the-art broadband networks and developing innovative offers are just two examples. We brought a striking innovation to market in the form of our Internet-based TV showcased at the IFA last year. We are marketing this under the name "Entertain" and have already sold over 210,000 packages. The new offers include a fast Internet connection and telephony.

In the area of mobile communications, T-Mobile Deutschland also managed to consolidate its market leadership in the past year. We outperformed the competition with almost one million net additions in the contract customer business. This is important because discerning customers want to be with the market leader. It is the reason we are defending our market lead.

Ladies and Gentlemen, in the past year, we energetically tackled and measurably improved the issue of service in Germany. Without doubt though, we are still a long way from achieving our aims and must avoid the temptation of pretending things are better than they are. But the facts speak for themselves: our service has improved. Even Germany's Technical Control Board, the TÜV, confirmed this, as did the readers of several specialist magazines – not to mention our own DSL customers, less and less of whom are moving to the competition.

We have increased the availability of our customer service, for example, to over 80 percent. Likewise, eight out of ten requested appointments with local service engineers were organized quickly. Our engineers now also work on Saturdays – an important improvement in service, particularly for customers who work.

Success in sales/marketing and measurable improvements in service are one thing. They are not enough, though. It is just as important to become more competitive in terms of pricing, which is why we need to get our costs under control. We set ourselves the task of reducing these by EUR 2 billion gross in 2007, yet managed to cut them by EUR 2.3 billion, of which we have reinvested a significant portion in new products, services, sales and marketing, for example. The idea is to save for better service, not to save just for the sake of it.

The agreement reached with the trade union on the new service companies was a very important contribution to improving service and our cost structure. After a long, difficult dispute the Group showed that it was capable of reform. I

would once again like to thank all the staff who supported us on this difficult journey. In doing so, they strengthened their company.

I am aware of many colleagues' worries and concerns. We have demanded a great deal from them. However, there is no alternative if we want to keep as many jobs in our company as possible in good conditions and bring back work that used to be outsourced.

We are also recruiting a considerable number of new people again for the first time in many years. Around 1,500 were recruited in the first quarter of 2008 alone. We are planning to hire up to 4,000 people this year, more than two thirds of whom are internally trained junior staff. We are happy to be in a position to give many of our trainees good prospects in their own company once more.

To ensure that our colleagues can work more efficiently than in the past, we also need to offer them a solid, modern infrastructure. Central to this endeavor is converting our fragmented and, in some cases, outdated IT systems. Understandably, we keep on receiving internal suggestions for improvement precisely in this area that aim to make screen work easier and to offer customers better service.

We also tackled this task together with local experts. This was a task that made many of our specialists working on the project and thousands of our colleagues in the service area sweat in recent weeks. We successfully completed one of the largest IT migrations in our industry. Four billion data records were migrated. 1,000 staff spent a fortnight working round the clock to stabilize the new systems. They clocked up 1,000 hours in telephone conferences. Before that, 23,500 staff were trained.

Following some teething problems, which are inevitable when such a system is migrated, our service processes now work much better than before. Our staff can finally access the data they need for smooth customer service quicker. We have thus come one step closer towards achieving our goal of becoming the most respected service company.

Ladies and Gentlemen, this migration is a prime example of the major task of modernizing Deutsche Telekom in Germany. It shows that we roll up our sleeves and deliver what we promise. And it is also indicative of the determination and the courage with which our staff all pull together to accomplish this task.

Let us now turn to mobile communications outside Germany, the Group's key growth driver.

We again posted double-digit growth in terms of revenue and EBITDA. Consequently, we managed to reassert our position among the world's leading mobile communications providers. T-Mobile USA was once again the highest performer with 3.6 million new customers. The average revenue per user improved slightly once more.

So you see, the U.S. market remains attractive – also because mobile Internet use is set to rise sharply. This is why we have bought into it, acquiring SunCom for around 1.6 billion dollars. This increases our customer base to 1.1 million and gives us a presence in regions where T-Mobile USA has so far not had a network of its own.

Our mobile communications subsidiaries in the growth markets of Central and Eastern Europe are also becoming increasingly important: the majority holdings in the Czech Republic, Poland, Hungary, Croatia, Slovakia, Montenegro and Macedonia increased revenue to EUR 5.6 billion at the end of the year, an in-

crease of over nine percent. It is only in the United States where we are growing faster than in this region.

In Western Europe we strengthened our position in 2007 with the acquisition of Orange Nederland. In the Netherlands we are now the undisputed number 2 ahead of Vodafone. We also made substantial progress in the United Kingdom. T-Mobile UK's revenue increased by around seven percent to EUR 4.8 billion. Adjusted EBITDA improved by even more, by 21 percent to EUR 1.2 billion. A few years ago, our profits were much lower in this area.

Ladies and Gentlemen, we see huge growth potential in the mobile Internet – the third cornerstone of our strategy. T-Mobile is one of the pioneers of the mobile Internet. We were the first company worldwide to bring the open Internet to mobile phones with web'n'walk, and we currently have almost 4 million users of this service. That is an increase of 71 percent in 2007 alone!

We were also the first company to set up a hotspot network in Europe and the United States to provide our customers with wireless web access in cafes, airports and other locations. And the first to introduce nationwide EDGE coverage to enhance UMTS.

This pioneering work is paying off: our revenue generated from business involving mobile data services increased by 40 percent to almost EUR 2 billion in 2007. And this trend is continuing!

We have strengthened our mobile Internet not just on the back of our own developments but also through partnerships with the 30 largest Internet providers in the world, as announced last year.

Ladies and Gentlemen, strong partnerships are also an important component in restructuring T-Systems, the fourth key area in our strategy.

The cooperation between the Indian/U.S. provider Cognizant and a division of T-Systems allows us to leverage the combined forces of over 40,000 software developers in India and China and thus make more competitive offers.

Cognizant also provides us with access to new markets and sectors such as finance and pharmaceuticals.

Under the leadership of Reinhard Clemens we are focusing T-Systems' business on ICT solutions, in other words integrated products and services consisting of telecommunications and information technology. This is the reason we have also shed our broadcasting business and other areas of activity.

T-Systems' international and focused approach is going down well. The contract with the Shell petroleum group is testament to this. This major contract worth around EUR 1 billion over five years is one of the largest contracts ever signed in this market segment.

Ladies and Gentlemen, this year, too, we will continue the course we have set. We will continue to "Focus, fix and grow" to stabilize our business. While the strength of the euro is impacting our earnings to the tune of several hundred million euros, we again anticipate EBITDA of around EUR 19.3 billion and a free cash flow of approximately EUR 6.6 billion.

The results of the first quarter of 2008 show that we are well on the way to achieving these targets. EBITDA amounted to EUR 4.7 billion. Our free cash flow and net profit rose appreciably.

Our goal is to deliver solid results step by step – always keeping our share price in sight because increasing this is ultimately our common interest.

The share price rose 8.5 percent for the full year 2007. In the second half of the year, we outperformed the index of our competitors and the German DAX.

After a two-year high in January, the T-Share has not managed to withstand the general downward trend on the stock exchanges over the past few months. You know the reasons for this. Almost all of the major stock market indices suffered substantial losses, especially in our sector. We will work hard to convince the capital market of our company's potential.

Ladies and Gentlemen, that is all I have to say about the past financial year and the current situation. Let me now outline Deutsche Telekom's long-term prospects in the way we want to position our company up to 2015. As a partner at home, on the move, and at work.

The Internet is increasingly becoming a medium for social interaction. Within the next seven years almost one in three people in Western Europe will use online communities such as YouTube, MySpace or StudiVZ – to an increasing extent via mobile devices. Youtube already records 13 billion pages accessed every month.

Internet-based TV will become increasingly popular. High-definition television, or HDTV, will be the standard for most television sets by 2015. This is resulting in a strong demand for movies and programs in HD format. High-speed broadband connections will provide the basis for transmitting razor-sharp images.

Shopping over the Internet will become a matter of course: by 2015, around 90 percent of customers will shop online. Ease of use, personally tailored offers, and interactive product recommendations are set to change our shopping behavior. Music will mainly be sold over the Internet, for example.

The mobile communications sector already has over three billion users worldwide. This figure is expected to increase to over five billion in a few years. Practically all voice communication will be via mobile devices. Most of us will, of course, also use the Internet when on the move through a wide variety of

devices such as pocket PCs, mobile phones, vehicle computers or directly from a camera. Some people are already doing this – iPhone owners, for instance, who surf almost as much with their handsets as an average PC user does at home.

By 2015, many people's way of working will have changed. Through the use of state-of-the-art software and telecommunications systems, teamwork will become largely independent of a specific location. Capital expenditure in this area will almost double. The software will increasingly come from the network, can be used via different access networks and on different devices – and will be made available and paid for as required.

What is more, a growing number of electronic devices of all types will communicate directly with one another – for measuring consumption, in the remote evaluation of data, the camera that sends your photographs directly to the PC, or telemedicine. It is a huge market when you remember that there are almost eight times as many machines on the planet as people!

Security is already an important topic in this respect. In future it will play an even greater role in facilitating trusted working practices across network and country boundaries.

Ladies and Gentlemen, you can summarize these developments – which not only relate to industries but also to general societal trends – in a single sentence: "Everyday life is going digital!"

We are experiencing the biggest revolution the telecommunications industry has seen since the invention of the telephone. The driving forces are digitization, the mobilization of access and the personalization of content. The way we access our data, process information and pass it on – all of this is currently undergoing dramatic change. Constant access to data and content via the in-

creasingly mobile Internet is becoming possible and growing in importance for each and every one of us.

We want to help shape this change and become one of the market leaders in the area of "connected life and work." As a company, we want to develop from a straight access provider into a provider of personalizable services. Our future activities will therefore focus on four core competencies:

1. Our networks and lines: we are building the most powerful access networks for our customers – at home and on the move. "Always best connected" – providing the best connection automatically and at all times – that is our goal. We are investing billions of euros to achieve this goal.

The line business will also be extremely significant in the future and will conceivably remain the key revenue driver. We forecast that the entire market in Western Europe will be worth around EUR 250 billion in the coming years.

2. Internet-based communication services: I have already mentioned our pioneering work with the mobile Internet in the form of web'n'walk. We are also currently adding innovative highlights with so-called community products (MyFaves) and Internet-based TV. Furthermore, we will shortly be offering our mobile customers e-mail and instant messaging services on their mobile handsets – with the same level of convenience that they are used to on their PC or laptop.

3. Intelligent content management: we want to ensure, for example, that you can share everything that is important to you with your friends, family and colleagues – regardless of time and place. Our task will be to provide customers with access to content as easily and securely as possible – anywhere, anytime.

Take this very simple example: your personal contact data. In the future you will no longer have the hassle of re-entering all data by hand when you replace your mobile phone. As soon as you activate your new handset, the old addresses will automatically be downloaded from the network and will be immediately available for use. The same applies to music or videos also stored directly on the network; transferring them on to each new device will become a thing of the past.

Mobile Internet access and the managing of software or content directly on the network is an important topic for business customers as well. Here, the dynamics are even stronger, as companies believe that these areas have considerable savings potential. Currently, software licenses are bought for each workstation. In the future, such services may be processed and invoiced on demand – at much lower cost, greater convenience and as required. We can make an attractive business model from the hosting of this software, for example.

4. The fourth and last component, which helps us round off our positioning for products promoting "connected life and work," is first-class customer service. We are well aware that our industry is not yet known for being a service paradise. It is precisely here that we see considerable opportunities for our company. We are investing, for example, in customer service training – also and especially for our managers – in better IT systems and modernizing sites.

We expect our managers and all our staff to internalize this service ethos so they can also equally embrace this approach in their contact with customers. We will continue our work to deliver the most respected service within our industry in a few years' time, and in the long term possibly even beyond our industry.

Ladies and Gentlemen, I have explained to you what we understand by "connected life and work" and how we aim to turn Deutsche Telekom into a

market leader in this area. Our success in this respect will, however, not depend solely on ourselves but to a large extent on the general regulatory and economic framework that promotes innovation and investment.

What we urgently need in the future is greater planning and investment reliability. This is because the impact of regulation on our business remains extremely negative.

Every cent we are forced to knock off the price of our regulated wholesale products for competitors not only costs us direct revenue but essentially means higher line losses because we cannot alter our end-customer prices like our competitors can. Ten years after the market was successfully opened up, after competition and major price cuts, we are still as heavily regulated as back then. Regulation – at least according to the federal government's Monopoly Commission – gave rise to sustained competition long ago and can be scaled back.

We have seen prices plummet 90 percent in certain areas. Essentially, Ladies and Gentlemen, it is the consumers that benefit, and you as well. But whether the challenges facing Germany as a business location should be financed in this way is another question. The broadband infrastructure in Germany is still among Europe's most powerful, thanks in no small part to our DSL and fiber-optic initiative (VDSL). However, we are well aware that the existing networks will reach their limits over the next few years. Regulation in Europe and Germany has no answers ready to hand to solve this problem.

Instead of focusing solely on short-term, popular price reductions, we now need to get a regulatory regime that promotes this investment in essential broadband infrastructure. This means that the new networks have to be treated differently than in the past, when we had to turn a monopoly into a deregulated market for

historical reasons. How else is the infrastructure sought by the citizens and politicians of Germany to be built?

We need greater planning reliability to be able to sustain and, above all, expand the German network infrastructure not just in the coming years but in the next decades. This will not only determine the competitiveness of Deutsche Telekom but also the competitiveness of Germany as a business location. Only then can we ensure that products and services promoting "connected life and work" can be provided both in major urban areas and for the entire population.

Today, our competitors pay just one percent of the investment required for expansion in rural areas. Unless new, additional incentives to invest are provided, this situation will not change – on the contrary! We, too, are discouraged from investing more money.

Yet, compared to Asia and the United States, Germany and Europe must not be regulated into infrastructural poverty. This would put our business location at a huge competitive disadvantage in the long term. It is about time that we all started to change our thinking!

Ladies and Gentlemen, we will need to become even less dependent on the German market in future precisely because we are still heavily regulated.

We also intend to continue growing internationally. In 2000 the proportion of total revenue generated by Deutsche Telekom outside Germany was just under 20 percent. In 2007 we generated more than 50 percent outside Germany for the first time. And in a few years, the portion we generate outside Germany could account for two thirds or more of total revenue.

In the world of tomorrow that we outlined, economies of scale in purchasing, partnerships, network and product developments, etc. will become even more important for international telecommunications and ICT providers than they are at the moment.

We have just taken an important step forward in consolidating Deutsche Telekom's international position. After receiving the approval of the Greek government, we have had the green light to acquire a stake in OTE since yesterday. We are confident that before long we will also obtain the agreement of the Greek parliament and the necessary regulatory approvals.

Following the consolidations in Austria, the Netherlands and the United States, we are now moving into neighboring countries in which we have not been represented up to now. OTE fits into our international strategy like a missing piece of the jigsaw. OTE is not only market leader in Greece but has subsidiaries in Romania, Bulgaria, Macedonia and Albania, and holds a 20 percent stake in the leading provider of fixed-network and mobile communications in Serbia.

All of which provides us with access to some 56 million people in a region that is right next to our existing presence in Eastern Europe. We are now represented in almost all countries in Eastern Europe, generally as one of the market leaders.

This physical and cultural proximity to our subsidiaries enables us to leverage considerable synergies. 15 million mobile customers and nine million fixed-network customers will be added to Deutsche Telekom Group – and we see potential for many more.

But that is not the only reason why this deal is so attractive. The following aspect was also decisive in our decision: although we have only acquired a minority interest in OTE, we have managed to agree with the Athens government

that we will be involved in corporate management and control. Thanks to the shareholders' agreement, we are now able to fully consolidate OTE!

We have continued our disciplined internationalization strategy with OTE. Nobody else in the industry boasts a comparable track record over the past twelve months: Orange NL, SunCom, Immoscout and now OTE – a transaction volume of over EUR 11 billion in total.

I hasten to assure you that we are not carrying out this internationalization as an end in itself. We are also not doing it under pressure. And we are not doing it to increase our prestige; rather, our goal is to create value for our shareholders. If the right opportunity presents itself at the right time, we will seize it in the future as well.

Ladies and Gentlemen, as Deutsche Telekom shareholders you will essentially be interested in how the value of your invested capital is performing.

We are well aware of this obligation to our shareholders. Proposing a dividend increase of eight percent, from EUR 0.72 to EUR 0.78, is our way of thanking you for placing your trust in us. In light of the continuing staff restructuring and stringent savings measures, our proposal also met with resistance from some quarters. But we believe it is what you deserve.

Ladies and Gentlemen, we will do our very best for your company. We want to increase its value by delivering the financial targets we promised, pressing ahead with the necessary restructuring of the company in a responsible manner, consistently implementing our international strategy and turning Deutsche Telekom over time into a world market leader for products and services that promote "connected work and life."

Thank you.