

As the information society's key technologies, media, networks and services converge, we see them shaping a new market for communications of unfathomable dimensions. It brings in its wake information, communication and entertainment – any-time, anywhere. We at Deutsche Telekom have named this market:

T·I·M·E·S

The complete world of
telecommunications.

T Telecommunications

I Information technology and the Internet

M Multimedia and mobile commerce

E Entertainment und e-commerce

S Systems solutions and security services

T.I.M.E.S. adds new facets to our lives.
T.I.M.E.S. makes us curious and lets us
play. T.I.M.E.S. surprises and inspires us.
T.I.M.E.S. is diversity. T.I.M.E.S. is our future.
And we place the key to it in your hands.

Deutsche Telekom is positioning itself globally as an innovation leader in the converging fields of information technology and telecommunications. We are laying the groundwork for the business of tomorrow, building on broadband communications, systems solutions/IP, online and mobile communications. With our four strategic pillars, T-Systems, T-Mobile, T-Online and T-Com, we have prepared our Group for worldwide growth.

Milestones.

- More than 600,000 T-DSL lines sold by the end of 2000.
- Still the world's leading ISDN provider with over 17 million ISDN channels.
- Unabated growth of customer base in mobile communications: T-Mobil doubled subscriber figures to a total of more than 19 million. Through its consolidated companies, T-Mobile International served over 31 million subscribers. At the end of 2000, some 42 million users had subscribed to mobile services offered by Deutsche Telekom's subsidiaries and affiliated companies around the globe.
- Entry into the American wireless market through our planned acquisition of VoiceStream/Powertel.
- With around 8 million subscribers, T-Online is market leader in Internet access and boasts a reach that ranks top among European providers.
- With a majority shareholding in debis Systemhaus, we are on our way to becoming a European e-business leader.

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Dear Shareholders,



Our goal is clear: to build the business of the future on the basis of broadband communications, systems solutions, on-line services and mobile communications. We have prepared the Group for global growth on the basis of four pillars: T-Com, T-Systems, T-Mobile and T-Online. And the strategy is paying off. Deutsche Telekom is Europe's second-largest system house thanks to its acquisition of a majority stake in debis Systemhaus. When the planned acquisition in the USA of VoiceStream/Powertel is completed, we will be the world's first transatlantic GSM wireless carrier. In European mobile communications, we have already secured access to the future of mobile multimedia with UMTS licenses in Germany, the UK, Austria, Poland and the Netherlands. Europe's largest online service, T-Online, has operations in France, Spain, Portugal and Austria. We have systematically enlarged our footprint in Central and Eastern Europe, where we are active in every major growth market.

Performance in 2000: net revenue of the Group up 15 percent, net income markedly higher, EUR 0.62 dividend proposed.

Make no mistake about it: the T-Share has put in a disappointing performance since spring 2000 – for you as shareholders, for all of us who work for you at Deutsche Telekom. Euphoria that prevailed on the world's stock markets persisting from 1999 through the early months of 2000 brought in their wake a critical reevaluation of technology and media issues. The T-Share was not impervious to this phenomenon. Analysts and market observers say that, with a view to our potential, the capital markets will give due regard to our strategic measures and our investments in the future of the Company.

That we have built on our market position in the face of unrelentingly fierce competition is shown by the development of our Group's net revenue figures: a 15 percent increase to EUR 40.9 billion in the 2000 financial year. This is in contrast to the previous year's one percent increase. Even when revenues contributed by the newly consolidated companies are excluded, net revenue is still just over 6 percent higher than it was in 1999.

We significantly increased net income year-on-year, lifting it from EUR 1.3 billion to EUR 5.9 billion after accounting for real estate valuation adjustments in the fourth quarter of 2000. Net income benefited from a range of factors, including the EUR 2.86 billion tax-free divestment of our interest in Global One; the income-related effects from T-Online's IPO of EUR 2.65 billion; the EUR 2.32 billion tax-free disposal of our shareholding in Italian company WIND; our sale of shares in the cable TV corporations for the states of North-Rhine Westphalia and Hesse totaling EUR 2.96 billion before taxes and the income effects of some EUR 218 million from the initial public offerings of comdirect and our Russian wireless communications holding, MTS. These measures support our internal financing of future oriented investments.

The Board of Management and Supervisory Board propose to you to pay a dividend of EUR 0.62 per share.

Forward-looking growth strategy: four pillars for the T.I.M.E.S market's four segments.

Convergence is driving our industry worldwide with lightning speed as markets, technologies, infrastructures, products and services grow together progressively. The Internet, which became a key medium of the 21st century, is the hub around which telecommunications, information technology, mobile communications, multimedia applications, e-commerce, entertainment, system solutions and security services are converging to form the new mega-market we have dubbed T.I.M.E.S.

T.I.M.E.S. is the future. T.I.M.E.S. calls for a new caliber of telecommunications company, capable of taking full advantage of the market's immense potential for growth. The dynamics of the T.I.M.E.S. market leave us little time. We are rising to the challenge. Our goal is to turn your company into a T.I.M.E.S. provider with global focus. Consequently, we continue to reorient your company to make it fit for the future. Our work is resulting in the creation of the four autonomous operative pillars T-Mobile, T-Online, T-Systems and T-Com, which enable us to focus on the T.I.M.E.S. market's key segments, i.e., mobile communications, online communications, e-business/systems solutions and broadband network access. Despite the high level of independence they are afforded, the four pillars will cooperate closely with one another in light of the increasing convergence of their operative business, always working to accomplish our overarching corporate strategy. In this way, we will be well positioned wherever new submarkets appear. We will benefit not only from our individual pillars, but – more importantly – from the fact that they can draw on the competence and know-how of the entire Deutsche Telekom Group. Moreover, by building on the four pillars, our new corporate structure makes it much easier to integrate new subsidiaries and affiliates. They will be integrated on where they provide the best fit with existing business units and generate synergies.

International market position: expansion stepped up significantly.

The worldwide convergence of the T.I.M.E.S. markets is clear evidence that the future of telecommunications no longer lies within the confines of national markets or regional economic spaces. Growth in our sector is global and boundary-less. For us at Deutsche Telekom, the past year was fully dedicated to internationalizing our organization. Accordingly, we pressed ahead in expanding our business more forcefully than ever before. Another brief rundown on our achievements in this area: second-largest systems solution provider in Europe, entry into the US wireless market in the pipeline, UMTS licenses in all countries in which we have a broad customer base and existing infrastructures, T-Online's stronger international push and our extensive activities in Central and Eastern Europe.

Deutsche Telekom's broad international reach is unmistakably reflected in your company's commercial results. The portion of net revenue generated abroad advanced to 19 percent from 11 percent in 1999.

Investment in VoiceStream/Powertel: building block for engineering the world's biggest GSM provider.

Our planned acquisition of VoiceStream/Powertel ranks among the most prominent investments for the future we prepared in the 2000 financial year. Once completed, it will serve as our entry to the US wireless market, the largest of its kind in the world, which harbors immense potential for growth.

VoiceStream is one of the fastest growing wireless carriers in the United States. The 2000 financial year saw the company's total revenue increase 304 percent to US\$1.9 billion. Customer figures for VoiceStream were up 211 percent to 3.9 million. VoiceStream/Powertel's license territory covers 272 million potential US customers, or 97 percent of the nation's population.

VoiceStream/Powertel is the only US wireless provider with nationwide GSM coverage, providing full compatibility with T-Mobile's network infrastructure, making them the perfect partner for Deutsche Telekom. This technological compatibility will let us offer our European subscribers seamless transatlantic communications using GSM technology, the world's leading wireless standard. VoiceStream/Powertel will be able to offer the same services to their US customers. Another substantial impulse for growth will be sparked by the convergence of mobile and online communications. Both Deutsche Telekom and VoiceStream are building GPRS networks, opening the door to transatlantic mobile data transmission at ISDN speed and new mobile Internet applications.

Our planned acquisition of VoiceStream/Powertel, which will principally be conducted as a stock swap and remains subject to US regulatory approvals, will do far more than merely add some five million wireless customers to our subscriber base. In fact, we are investing in a significant potential for growth that should be realizable in a relatively short period of time. Owing to the compatibility of our network platforms, we expect to be able to take advantage of significant synergistic potential while avoiding substantial follow-up costs that would have been absolutely necessary if our network infrastructures were not compatible. Moreover, we are investing to acquire market position: global market leadership in wireless GSM—one of the most important and lucrative markets in the telecommunications field.

Equal conditions for international competition: regulatory framework for the internationalization of markets without distortion of competition.

We have reached Year Three since the opening of the German telecommunications market, and the goals of deregulation have largely been met. According to an OECD study published in summer 2000, customers in nearly all industrialized countries have to pay more for their telecommunications services than Germans. It is against this backdrop that we find it justified and urgently necessary to ratchet down the severity of regulation. In Germany in view of the markets' growing international reach, we feel it indispensable to have a level playing field, ensuring conditions that foster fair competition and entry to markets in the European Union and beyond in order to avoid distortion of competition.

First T-Share flotation for retail shareholders in the US and Japan: global ownership.

The privatization of Deutsche Telekom advanced in 2000 through the third public offering of shares of Deutsche Telekom, this time from the holdings of Kreditanstalt für Wiederaufbau, a government-owned German development bank. The approximately EUR 13 billion in proceeds from the offering went to the German government. In the offering, the T-Share became the first issue to be actively marketed around the globe and offered to all retail investors at largely identical conditions. As a result of the flotation, Deutsche Telekom's ownership base was broadened substantially, making the T-Share a truly global issue.

In April 2000, we took the first step to found the T-Share family with the IPO of T-Online, the largest flotation on the "Neuer Markt" to date. The Board of Management of Deutsche Telekom AG decided to defer the listing of T-Mobile International AG, initially scheduled for fall 2000, due to the planned acquisition of VoiceStream/Powertel.

Our Internet campaign: Germ@ny goes online.

There's no doubt about it: together, the Internet and telecommunications form the technology base that will support the societal and economic trends of the 21st century. With a view to markedly increasing Internet usage in Germany, we declared the year 2000 the Year of the Web, backed by the endorsement of Chancellor Gerhard Schröder. A number of measures were and are still being implemented under the motto "Germ@ny goes online", bringing an ever-increasing number of people to the Net. T@School, a project that will connect all of Germany's 36,000 schools to the Web before the end of 2001, is the initiative's lynchpin. Several thousand Deutsche Telekom employees have conducted Internet training sessions for teachers on a pro-bona basis. I should like to extend my heart-felt thanks to these staff members for this very special commitment. As we rolled out the "SMEs go online" project, we hosted approximately 1,500 so-called Internet Days. "Women go online" and "Senior citizens go online" are another two projects being pursued within the scope of our Internet campaign and have been taken advantage of by more than 100,000 participants. T-Online's increase in subscriber figures shows that we benefit from these initiatives entrepreneurially as well.

Investment in the future: network infrastructure provides the basis for high-performance global telecoms networks.

The quality of our telecommunications infrastructure is the result of a resolute expansion strategy that we continue to implement. 'Germany's telecoms networks are quite probably the highest performance networks in the world,' according to a study conducted by the German Federal Association for the Information Industry, Telecommunications and New Media on the status quo and prospects of Germany en route to becoming an information society. In the 2000 financial year, we spent some EUR 2.2 billion to expand our network infrastructure – another forward-looking investment to optimize our network capacity, especially for Internet and data communications.

We made a strong foray into broadband Internet access by selling some 600,000 T-DSL connections. With T-DSL, files and sophisticated Web pages are downloaded from the Net to the PC at ultra-fast speeds of up to 768 kilobits per second. Moreover, we have in Germany easily the highest ISDN penetration rate in the world. At the end of 2000, our customers were using 17.3 million ISDN channels – a 30 percent increase over the previous year. Particularly noteworthy is the fact that the lion's share of our ISDN channels, some 8.8 million, is being used by residential customers.

Investment in the future: our UMTS licenses provide the basis for mobile multimedia.

UMTS licenses were among the issues that took center stage in the 2000 financial year. Ownership or access to a UMTS license remains an unquestionable prerequisite for every global player. UMTS opens the door to mobile multimedia and telematics services and will create markets of hitherto unknown dimensions as it sets a global standard. Determining the profitability, and in turn feasibility, of this novel wireless technology calls for painstaking evaluation owing to the at times high price paid for the licenses, coupled with the capital spending required to build supporting infrastructure. We purchased UMTS licenses only where we had already amassed a broad subscriber base via subsidiaries or affiliates and can build on existing infrastructure. Moreover, our corporate customer base provides your company with a decisive competitive advantage in the UMTS era. Our more than 1,500 named accounts at T-Systems, our good 350,000 small and medium-sized enterprises (SMEs) and our slew of further smaller business customers give us a basis that exceeds that of our competitors by a wide margin. Across the board, past experience has shown that corporate clients are always the first to participate in revolutionary innovations, rapidly injecting the market with strong stimuli for the mass market to pick up on. An added edge comes courtesy of our subsidiary T-Mobil's premiere position in our domestic market's business customer segment, especially given that Germany is Europe's largest telecommunications market and home to a large number of multinational heavyweights. Furthermore, thanks to our existing highly advanced network infrastructure, we will in many instances only need to make replacement investments as we develop our business. Foregoing the acquisition of third-generation licenses in key markets, such as Germany and the UK, would have in a few years cost us the market presence we have in the growth area of wireless communications.

Financial clout: competitive advantage for realizing future prospects.

The UMTS auctions, along with the anticipated cost of infrastructure expansion have fundamentally changed the European telecommunications landscape. Financial strength has become one of the key competitive advantages. Here we are well positioned. In particular with our US \$14.8 billion bond offering in June 2000, the largest bond offering of last year, we were able to secure a substantial portion of our capital requirement earlier, and thus in part at far more favorable conditions, than our competitors.

We will continue to bolster our financial clout by divesting non-core activities. In line with this approach, we sold our minority stakes in Global One and WIND, as well as majority interests in the cable TV companies for the states of North-Rhine Westphalia and Hesse last year. In 2001, we will put 76.2 million of our Sprint FON shares up for sale on the market. February saw us sign a letter of intent for the sale of the majority of the shares we hold in the remaining regional cable TV operators. We expect the deal to close within this year. Additionally, we will maintain our strategy to accelerate the sale of the real estate assets we no longer need to keep operations up and running.

The proceeds from dispositions should help support our earnings situation in the 2001 financial year. They should give us additional financial leeway to continue moving forward with our growth strategy as a company of healthy financial constitution with investments secured for the medium and long term – a solid foundation.

The Deutsche Telekom Group is emerging from a period of fundamental structural change: the paradigm shift from traditional phone service provider to major league player on global growth markets for convergent technologies and services. Not only do your employees support and accompany this change – they are pushing it forward. Proven expertise, formidable innovative prowess and high performance – all attributes Deutsche Telekom calls its own – are the fruits of our determined and committed employees' ideas, know-how and work ethic. Worldwide, wherever people work for Deutsche Telekom, they can be proud of what they have made of your company: one of the foremost multinationals in our industry on its way to becoming a global player. On behalf of the entire Board of Management, I would like to express my most sincere gratitude to them all.

As you know, the Bonn Public Prosecutor's office is conducting an investigation. It has been alleged that I personally had knowledge of purported erroneous real estate valuations without taking steps to address the situation. I reject these allegations. Already in 1998, in agreement with the Supervisory Board, the Board of Management and I personally pushed to have a renowned auditing firm rapidly investigate the matter after the allegations had been brought forward. The investigation revealed that the method chosen as well as the result achieved were justifiable. We informed the Supervisory Board of this result. Deutsche Telekom's balance sheets have been audited. As part of the preparation of the Company's opening balance sheet in 1995, Deutsche Telekom's real estate was valued by a respected and experienced real-estate company. The method employed has been used by other companies, including the German Treuhandanstalt. Consisting of 12,000 items of land, the real estate was divided into approximately 40,000 plots. We had the opening balance sheet audited and certified by one of the world's most respected auditing firms. As in the past, we continue to be convinced that the method and results are correct and justifiable.

The 2000 financial year was a year full of challenges. We laid the groundwork on which to build the future of Deutsche Telekom. The priorities we set for the financial year that just got underway show that 2001 will not be simply business as usual, either. We will accelerate the growth of our four pillars on a global scale and integrate the new subsidiaries in our Group. Our intention is to fortify our position as Europe's premiere provider of broadband communications and to focus our efforts on tapping new markets as well as playing a proactive role in shaping them. Management, your company's employees and we will put in an all-out, concerted effort to ensure that our investments in the future continue to support the Deutsche Telekom Group's long-term prospects for you, our shareholders.

Bonn, March 2001
The Board of Management

Dr. Ron Sommer
Chairman

The Board of Management of Deutsche Telekom AG in 2000.



Dr. Ron Sommer

As Chairman of the Board of Management, Dr. Sommer is responsible for Group Strategy and Communications, Auditing and Organization, Government Relations, Competition Policy, Regulatory Affairs, Top Management Staff.

Born in 1949. He received a doctorate in mathematics and began his career with the Nixdorf group, first in New York and then in Paderborn and Paris. In 1986, he became chairman of the managing board of Sony Deutschland. In 1990, Dr. Sommer became President and Chief Operating Officer of Sony USA, and in 1993, he took over the management of Sony Europe in the same function. Since May 16, 1995, he has been Chairman of the Board of Management of Deutsche Telekom.

Josef Brauner

Responsible for the Sales and Customer Care Division.

Born in 1950. After having started his sales career with Avery as the American company's branch manager for Germany, Austria and Switzerland, Mr. Brauner joined Sony Deutschland, where he was first appointed head of sales in the investment goods division and afterwards head of the division. In 1988, Mr. Brauner became a member of the board and in 1993, was appointed chairman of the Sony Deutschland managing board. In June 1997, he joined Deutsche Telekom as Head of the Main Department for Sales and Distribution. Mr. Brauner was appointed to Deutsche Telekom's Board of Management in October 1998.

Detlev Buchal

Responsible for the Product Marketing Division.

Born in 1945. Law degree. After having held various management positions in the banking industry, he joined the board of the GZS Gesellschaft für Zahlungssysteme mbH of the German Eurocard- und eurocheque-Zentrale. In 1992, he became chairman of the board, primarily responsible for strategic planning, marketing and sales. Mr. Buchal joined the Deutsche Telekom Board of Management in February 1996.

Dr. Karl-Gerhard Eick

Responsible for the Finance and Controlling Division.

Born in 1954. After studying business administration and gaining his doctorate, Dr. Eick worked in various positions for BMW AG between 1982 and 1988. From 1989 to 1991 he was responsible for controlling at WMF AG in Geislingen. In 1991, he became head of the controlling, planning and IT division at Carl Zeiss Group. From 1993 to 1999, Dr. Eick held top management positions at the Haniel Group where he was responsible for the controlling, business administration and IT areas of the Group's strategic management holding company, Franz Haniel & Cie GmbH. Since January 2000, Dr. Eick has been a Member of Deutsche Telekom's Board of Management.

Jeffrey A. Hedberg

Responsible for the International Division.

Born in 1961. Mr. Hedberg, a native American, joined the TVM/Matuschka Group in Munich, where he was primarily involved in analyzing venture capital projects for companies with international operations. Later, he worked in the International division of US West, the US carrier, and then as an associate for Coopers & Lybrand, where he provided support for international projects of globally operating telecommunications groups. In 1994, Mr. Hedberg joined Swisscom, where he was last in charge of the Swiss company's international investments as Executive Vice President and member of the company's senior management. Mr. Hedberg joined the Deutsche Telekom Board of Management on January 1, 1999.

Dr. Hagen Hultzsich

Responsible for the Technology and Services Division.

Born in 1940. He received a doctorate in physics and was Assistant Professor in Mainz before heading the computer center at the Gesellschaft für Schwerionenforschung (GSI, Center for Heavy Ion Research) in Darmstadt from 1977 to 1985. In 1985, he became director of Informationstechnische Dienste Deutschland at Electronic Data Systems. In 1988,

Dr. Hultzsich joined Volkswagen AG as director responsible for Organization and Information Systems. From July 1993 to 1994, he was a Member of the Board of Management of Deutsche Bundespost Telekom; since January 1995, he has been a Member of the Deutsche Telekom Board of Management.

Dr. Heinz Klinkhammer

Responsible for the Human Resources and Legal Affairs Division.

Born in 1946. He received a doctorate in law and began his career at the Institute for German and European Labor, Social and Business Law before becoming a Labor Court judge. From 1979 to 1990, he worked at the Ministry of Labor, Health and Social Affairs of the regional state of North-Rhine/Westphalia. In 1991, Dr. Klinkhammer was appointed Labor Director at Hüttenwerke Krupp Mannesmann GmbH; in 1992 he joined the board of Mannesmannröhren-Werke AG. Dr. Klinkhammer was appointed to Deutsche Telekom's Board of Management in April 1996.

Gerd Tenzer

Responsible for the Networks, Purchasing, Environmental Protection, Carrier Services, and Broadcasting and Broadband Cable Division.

Born in 1943. As a communications engineer, he worked in the telecommunications research department of AEG-Telefunken from 1968 to 1970. In 1970, he joined what was then the Deutsche Bundespost. In 1975, Mr. Tenzer moved to the Federal Ministry of Posts and Telecommunications, where he became Head of the Telecommunications Policy Section in 1980. From 1990 to 1994, he was a Member of the Board of Management of Deutsche Bundespost Telekom, and since January 1995, he has been a Member of Deutsche Telekom's Board of Management.

From left to right:

Dipl.-Ing. Gerd Tenzer
Networks, Purchasing,
Environmental Protection

Josef Brauner
Sales and Customer Care

Jeffrey A. Hedberg
International

Dr. Ron Sommer
Chairman
Group Strategy,
Communications,
Auditing and Organization

Dr. Heinz Klinkhammer
Human Resources and
Legal Affairs

Dr. Karl-Gerhard Eick
Finance and Controlling

Detlev Buchal
Product Marketing

Dr. Hagen Hultzsich
Technology and Services

Supervisory Board's report to the shareholders' meeting.



The 2000 financial year was marked by the realignment of Deutsche Telekom's spectrum of services and the resulting reorganization of the Deutsche Telekom Group to concentrate on four core business areas: broadband fixed-network communications, mobile communications, the portal/online business, the systems solutions business, and on the further internationalization of activities.

Deliberations in the Supervisory Board focused on the Deutsche Telekom Group's business development and the major challenges posed by the T.I.M.E.S. markets (Telecommunications, Information technology, Multimedia, Entertainment and Security systems), on strengthening our competitiveness in the face of the asymmetrical regulatory regime that remains unchanged and last, but not least, on considering the consequences this has for our employees.

The Supervisory Board advised and supported the Board of Management on all major decisions. The topics were discussed in a constructive and intensive dialog between the Board of Management and the Supervisory Board during five regular and four extraordinary Supervisory Board meetings.

The most significant topics discussed were:

- Acquisition of a majority holding in debis Systemhaus GmbH
- Plans to acquire VoiceStream and Powertel in the United States of America
- Expansion of shareholdings in affiliated companies in Eastern Europe
- Deutsche Telekom AG's third public offering and T-Online's IPO
- UMTS licenses awarded in Germany and Europe
- Structure of the corporate real estate business
- The key elements of our human resources policy.

The Supervisory Board's activities were supported by the General Committee (nine meetings), the Staff Committee (one meeting) and the Special Matters Committee (three meetings). The Mediation Committee did not meet during this financial year.

There have been no personnel changes in the Board of Management during the 2000 financial year.

The following changes have occurred in the Supervisory Board since last year:

The Chairman of the Supervisory Board, Prof. Dr. Helmut Sihler, resigned from his position on the Supervisory Board at the shareholders' meeting held on May 25, 2000. He has rendered the Company an outstanding service with his enormous commitment and dedication.

On May 25, 2000, the Supervisory Board elected Dr. Hans-Dietrich Winkhaus to succeed Prof. Dr. Helmut Sihler as Chairman of the Supervisory Board.

Mr. Michel Bon, a shareholders' representative, resigned on March 31, 2000. Dr. Hubertus von Grünberg was elected to be his successor on the Supervisory Board at the shareholders' meeting held on May 25, 2000.

Mr. Reinhard Ahrensmeier stepped down from his position on the Supervisory Board as an employees' representative with effect from February 29, 2000. Mr. Franz-Josef Klare resigned from the Supervisory Board on April 15, 2000. The Local Court in Bonn appointed Mr. Rainer Koch to the Supervisory Board with effect from April 12, 2000. Mr. Michael Sommer, deputy chairman of the German posts and telecommunications trade union (Deutsche Postgewerkschaft), was appointed as a new member of the Supervisory Board by the court with effect from April 15, 2000.

We thank the Supervisory Board's former members for their active participation.

In the financial year under review, the Supervisory Board determined to its satisfaction that the Board of Management had allowed the Federal Audit Office to inspect the Company's operations, books and documents in accordance with the provisions of the Federal Budget Law.

The Supervisory Board was informed about the annual financial statements, the consolidated financial statements and the Group's management report, which were prepared and duly submitted by the Board of Management, and about the related auditor's reports.

The audit firm, PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft in Frankfurt/Main, audited the annual financial statements of Deutsche Telekom AG, the consolidated financial statements and the combined management report of the parent company and the Group as of December 31, 2000, including the accounting reports, in accordance with statutory provisions, and issued an unrestricted audit certificate. The auditor reported on this personally at the Supervisory Board meeting held on April 11, 2001, and at the preparatory meeting of the relevant committee.

Subsequent to the meeting of the Supervisory Board, the Board of Management implemented a change to the consolidated financial statements which the Securities and Exchange Commission (SEC) considered necessary. The auditor has audited the changes to the consolidated financial statements. The amended consolidated financial statements have been submitted to the Supervisory Board for approval and explained by the auditor.

The Supervisory Board has taken note of the audits and has raised no objections. In compliance with § 171 of the German Stock Corporation Law, the Supervisory Board examined the annual financial statements of the parent company and of the Group, the management report of Deutsche Telekom, and the risk report, and approved the annual financial statements of the parent company. The annual financial statements are thereby approved. The Supervisory Board has examined and agrees to the Board of Management's proposal on the appropriation of net income.

PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft also audited the report disclosing relations with affiliated companies ("Dependent Company Report") that was prepared by the Board of Management in compliance with § 312 of the German Stock Corporation Law. The auditors reported on the results of their audit and issued the following audit certificate:

"Based on the results of our statutory audit and our judgment we confirm that:
1. the actual information included in the report is correct,
2. the Company's compensation with respect to the transactions listed in the report was not inappropriately high."

The Supervisory Board examined the Board of Management's report disclosing relations with affiliated companies. It did not raise any objections to the Board of Management's final statement contained in the report or to the results of the audit conducted by PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.

Detlev Buchal and Dr. Hagen Hultzsich resigned from the Board of Management with effect from April 30, 2001. At its meeting on April 11, 2001, the Supervisory Board approved their resignation and thanked Mr. Buchal and Dr. Hultzsich for the services they rendered. Dr. Max Hirschberger and Kai-Uwe Ricke were appointed to the Board of Management with effect from May 1, 2001.

The Supervisory Board would like to thank the members of the Board of Management and all the men and women who work for Deutsche Telekom for their successful commitment to the good of the Company, its customers and its shareholders.

Bonn, May 4, 2001
The Supervisory Board

Dr. Hans-Dietrich Winkhaus
Chairman

Members of the Supervisory Board of Deutsche Telekom AG in 2000.

Dr. Hans-Dietrich Winkhaus

since May 27, 1999
Chairman of the Supervisory Board of Deutsche Telekom AG since May 25, 2000
Member of the Shareholders' Committee of Henkel KGaA

Rüdiger Schulze

since March 29, 1999
Member of the Central Executive Committee of Deutsche Postgewerkschaft trade union
Vice Chairman of the Supervisory Board of Deutsche Telekom AG

Reinhard Ahrensmeier

from August 27, 1997 to February 29, 2000
Chairman of the Central Works Council and Works Council at the Head Office of DeTe Immobilien Deutsche Telekom Immobilien und Service GmbH, Münster

Gert Becker

since January 1, 1995
Former Chairman of the Board of Management of Degussa AG

Michel Bon

from June 4, 1998 to March 31, 2000
President, France Telecom S.A.

Josef Falbisoner

since October 2, 1997
Chairman of Deutsche Postgewerkschaft trade union, District of Bavaria

Dr. Hubertus von Grünberg

since May 25, 2000
Member of the Supervisory Board of Continental AG and other organizations

Dr. sc. techn. Dieter Hundt

since January 1, 1995
Managing Shareholder of Allgaier Werke GmbH
President of the National Union of German Employer Associations

Franz-Josef Klare

from January 1, 1995 to April 15, 2000
Chairman of Deutsche Postgewerkschaft trade union, District of Münster

Rainer Koch

since April 12, 2000
Chairman of the Central Works Council at DeTe Immobilien Deutsche Telekom Immobilien und Service GmbH, Münster

Dr. h. c. André Leysen

since January 1, 1995
Chairman of the Board of Directors of Gevaert N.V., Mortsel/Antwerp

Waltraud Litzenberger

since June 1, 1999
Chairwoman of the Works Council at Deutsche Telekom AG, Bad Kreuznach Branch Office

Michael Löffler

since January 1, 1995
Chairman of the Works Council at Deutsche Telekom AG, Leipzig Branch Office

Hans-W. Reich

since May 27, 1999
Chairman of the Board of Managing Directors, Kreditanstalt für Wiederaufbau (KfW)

Rainer Röll

since November 6, 1998
Vice Chairman of the Central Works Council at Deutsche Telekom AG

Wolfgang Schmitt

since October 2, 1997
Head of Deutsche Telekom AG's Regional Directorate, South-Western District

Prof. Dr. Helmut Sihler

since July 1, 1996
Chairman of the Supervisory Board of Deutsche Telekom AG until May 25, 2000
Vice Chairman of the Board of Directors of Novartis AG, Basel

Michael Sommer

since April 15, 2000
Vice Chairman of Deutsche Postgewerkschaft trade union

Ursula Steinke

since January 1, 1995
Chairwoman of the Works Council at DeTeCSM's Northern District Service and Computer Center

Prof. Dr. h. c. Dieter Stolte

since January 1, 1995
Director General of Zweites Deutsches Fernsehen (ZDF) TV broadcasting organization

Bernhard Walter

since May 27, 1999
Former Chairman of the Board of Managing Directors of Dresdner Bank AG

Wilhelm Wegner

since July 1, 1996
Chairman of the Central Works Council at Deutsche Telekom AG

Prof. Dr. Heribert Zitzelsberger

since May 27, 1999
State Secretary, Federal Ministry of Finance