

Q1/09 – Conference Call. Deutsche Telekom.

May 7, 2009



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In addition to figures prepared in accordance with IFRS, Deutsche Telekom presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, free cash flow, gross debt and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to the interpretation of these terms, please refer to the chapter “Reconciliation of pro forma figures”, which is posted on Deutsche Telekom’s Investor Relations webpage at www.telekom.com.



Agenda.

Deutsche Telekom Investor Presentation.

Introduction

Stephan Eger
Head of Investor Relations

Q1/09 Highlights & Operations

René Obermann
CEO

Q1/09 Financials

Timotheus Höttges
CFO

- Q&A: If you like to ask a question, **please press “* 1”** on your touchtone telephone
- For remaining questions please contact the IR department after the call



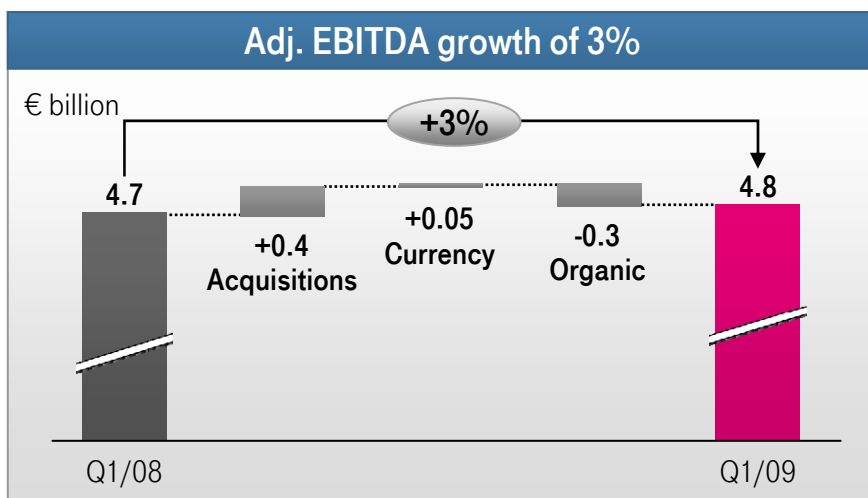
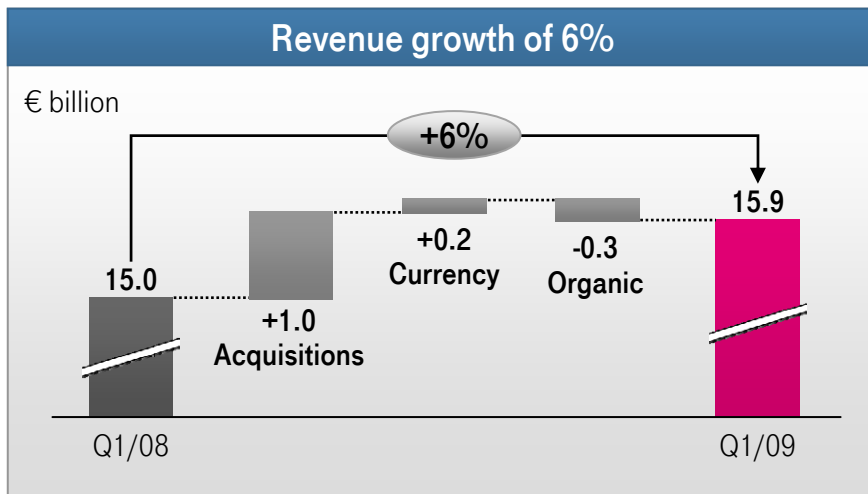
Q1/09. Highlights & Operations.

René Obermann, CEO



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Q1/09 Highlights.



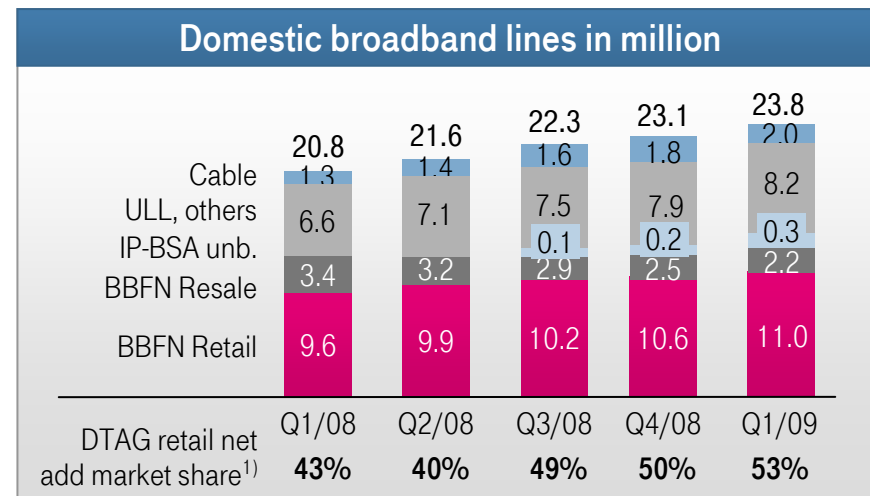
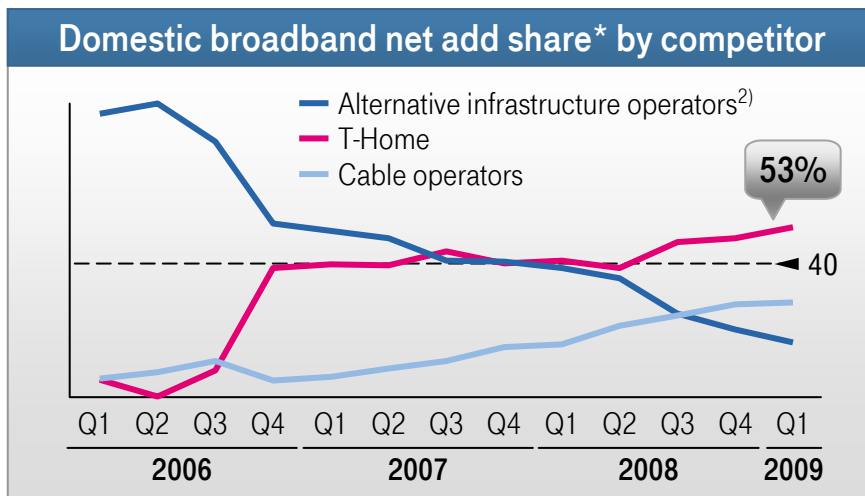
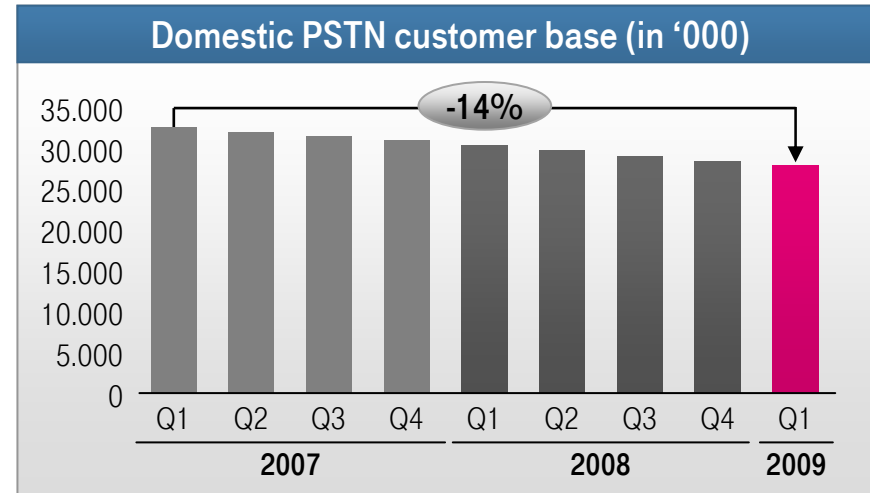
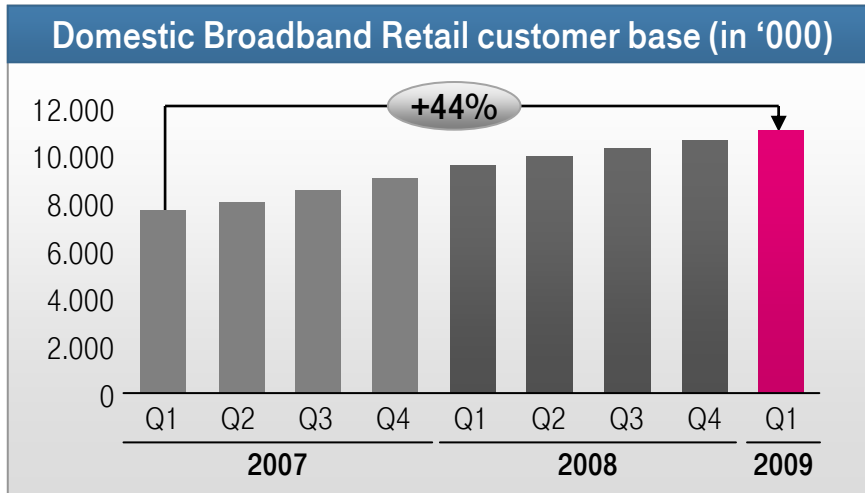
- Revenue increased +6.2% incl. OTE.
- Adj. EBITDA + 2.7% incl. OTE.
- “Save for Service” on track: €4.4 billion run rate achieved.
- Good progress in German and CEE fixed business.
- Adj. EBIT turn around at Systems Solutions (T-Systems).
- German mobile business stable.
- Most CEE mobile assets with stable EBITDA-Margins.

- Action plan being implemented for the US, the UK and Poland.
- Free cash flow impacted by front-loaded capex/opex spending and higher restructuring payments.
- Organic EBITDA impacted by opex, customer growth front loading and FX.
- Net income impacted by goodwill write-down at TMUK.



German fixed: Best retail broadband net add market share since 2005.

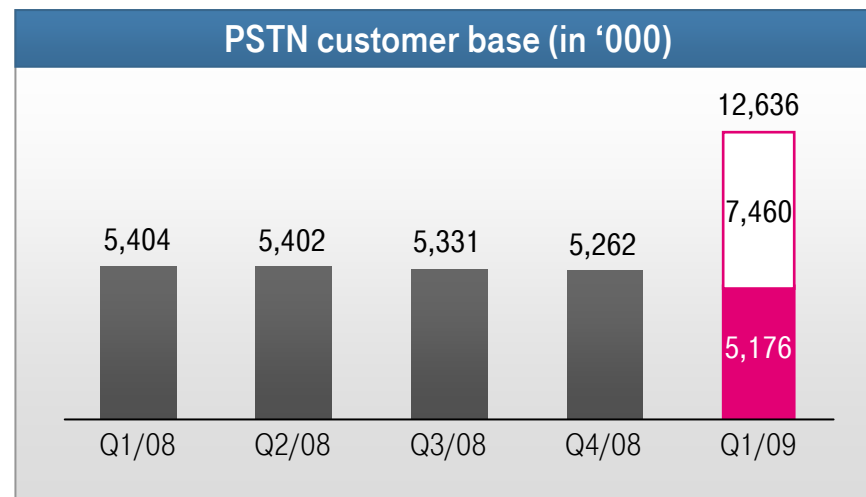
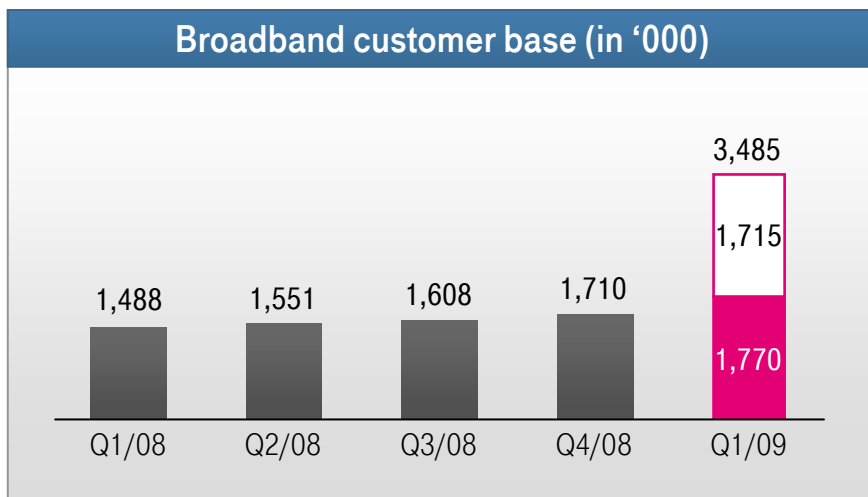
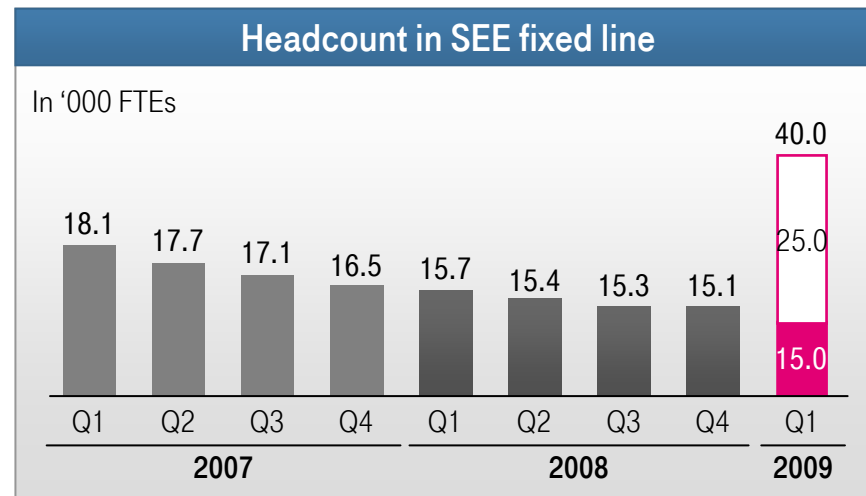
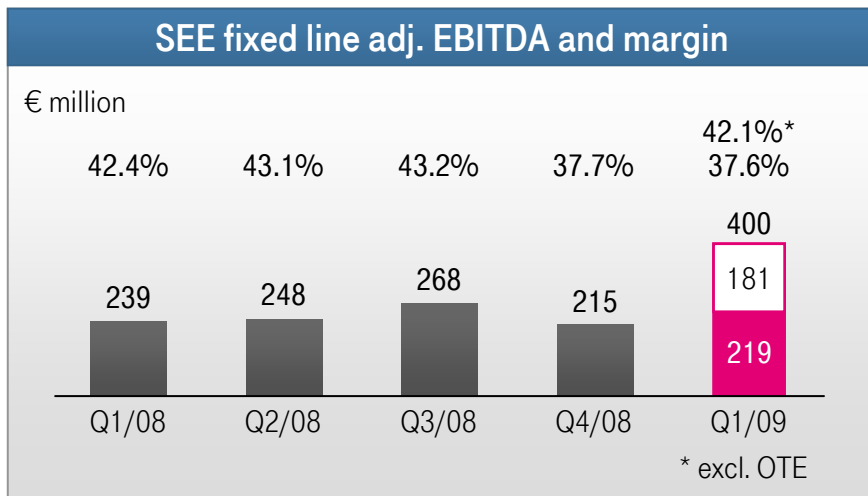
- Improve competitiveness in Germany and SEE
- Grow abroad with mobile
- Mobilize the internet
- Build network centric ICT



¹Net add market share for 2008 adjusted based on new BNetzA figures, 2009 own estimates. Rounded figures. ²Incl. reseller (competitor resale and T-Home resale); *DTAG view (retail).

SEE fixed: Continued broadband growth with stable margins.

- Improve competitiveness in Germany and SEE
- Grow abroad with mobile
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- Build network centric ICT

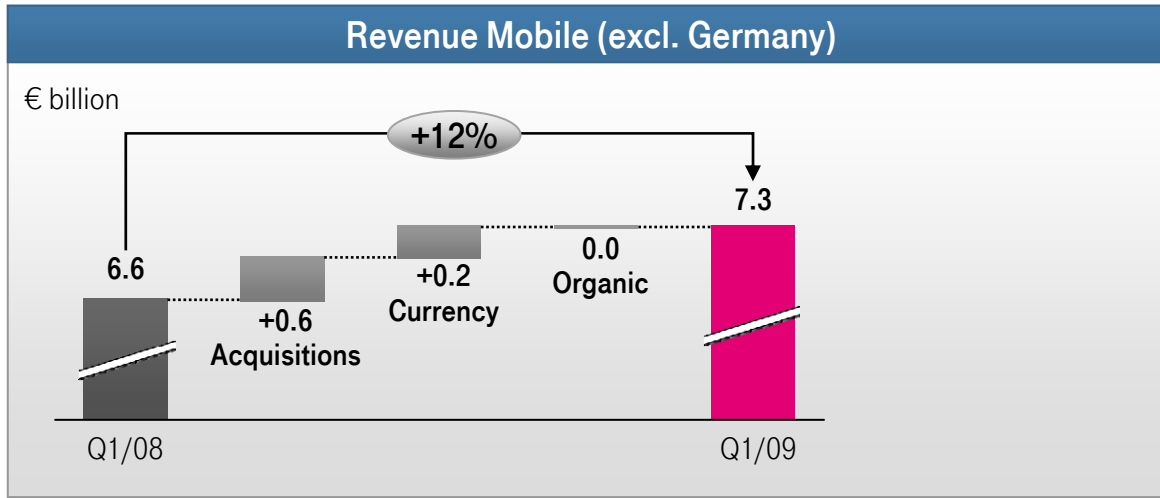


□ OTE contribution

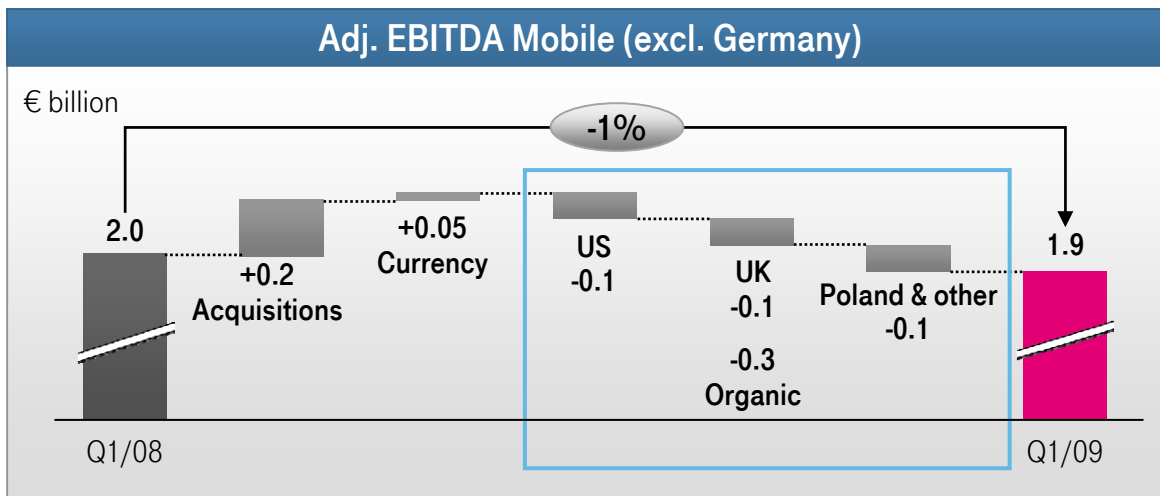


International Mobile: Revenue growth thanks to OTE.

- Improve competitiveness in Germany and SEE
- Grow abroad with mobile
- Mobilize the internet
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- 12% revenue growth driven by OTE and FX.
- More than 70% of organic adj. EBITDA decline driven by the US, the UK and Poland.
- 148 million total mobile customer base (incl. Germany)



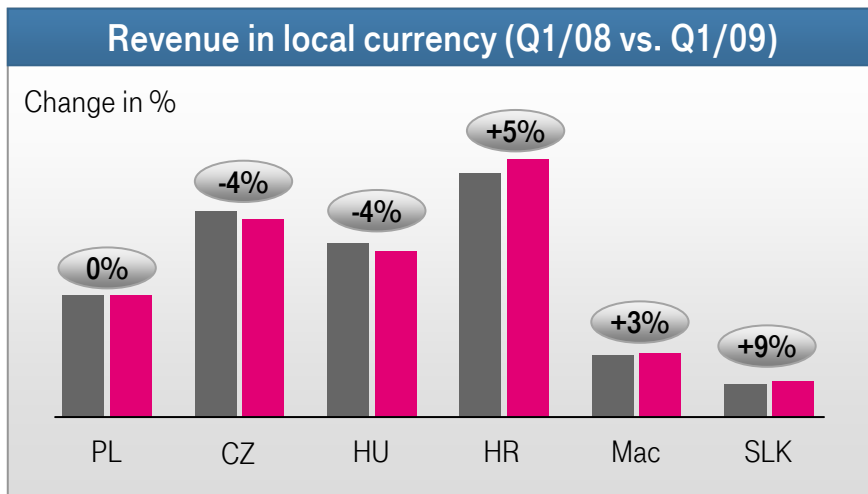
SEE: Apart from Poland high margin levels stabilized.

Improve competitiveness in Germany and SEE

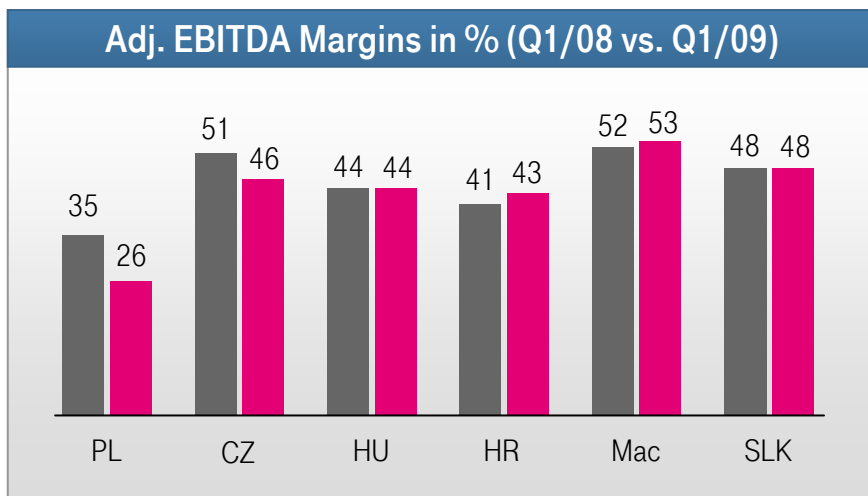
Grow abroad with mobile

Mobilize the internet

Build network centric ICT

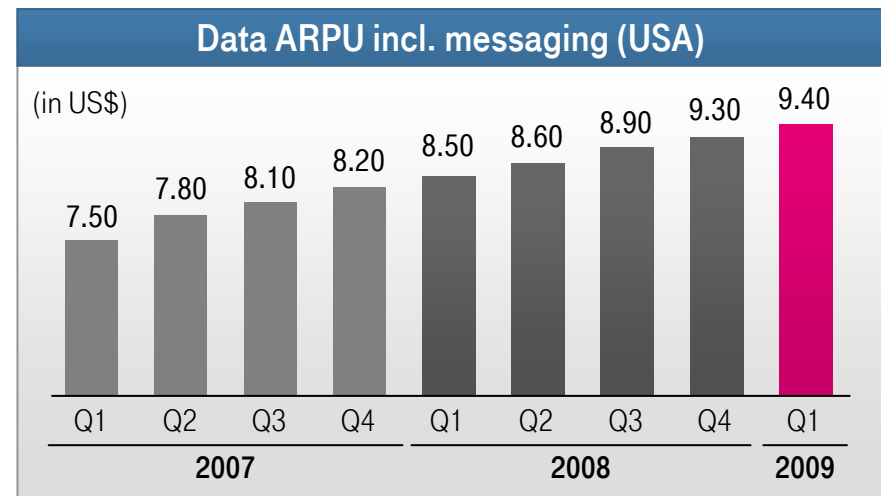
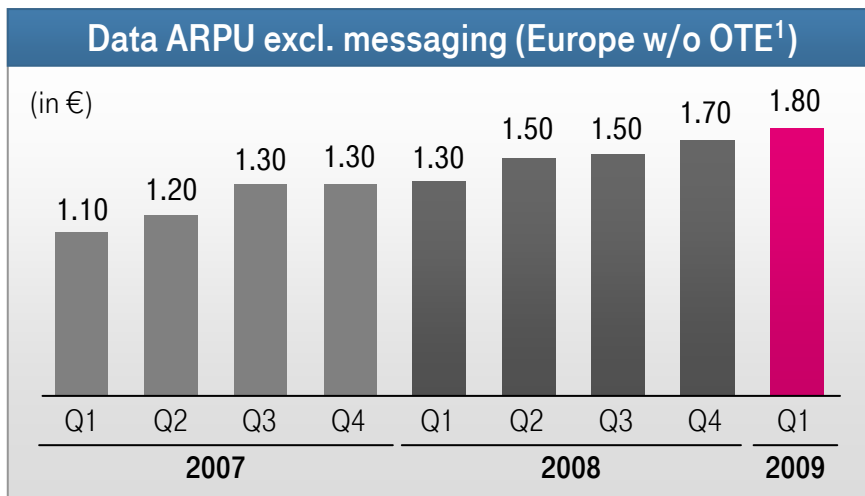
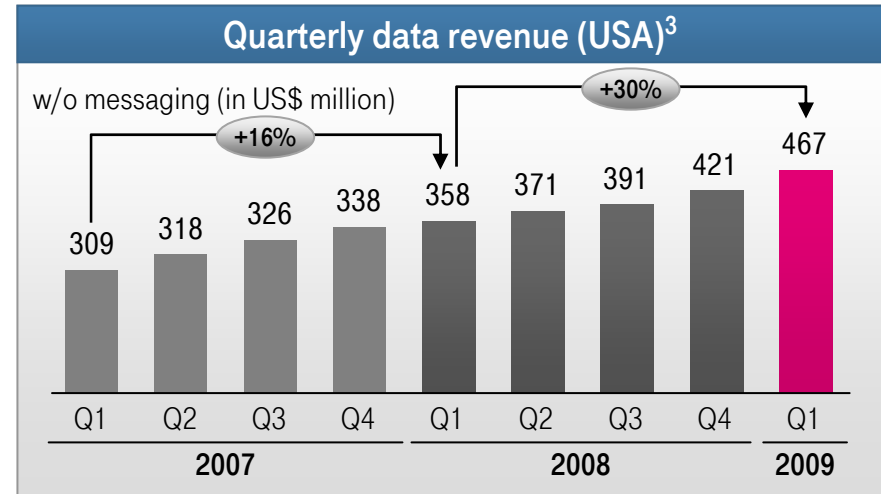
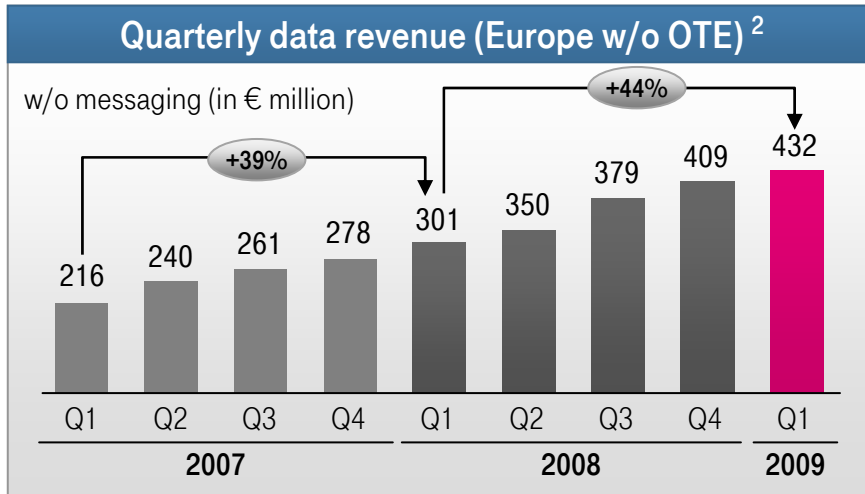


- Ongoing strong or improved margins.
- Healthy revenue trends in Croatia, Slovakia, and FYROM.
- Poland with stable revenues outperforming peers.
- Stable contract churn rates:
 - PL 0.6% after 0.7%;
 - CZ 0.6% after 0.5%;
 - Remaining CEE countries 1.1% after 0.9%.



Mobilize the Internet: Accelerated double digit data revenue growth.

- Improve competitiveness in Germany and SEE
- Grow abroad with mobile
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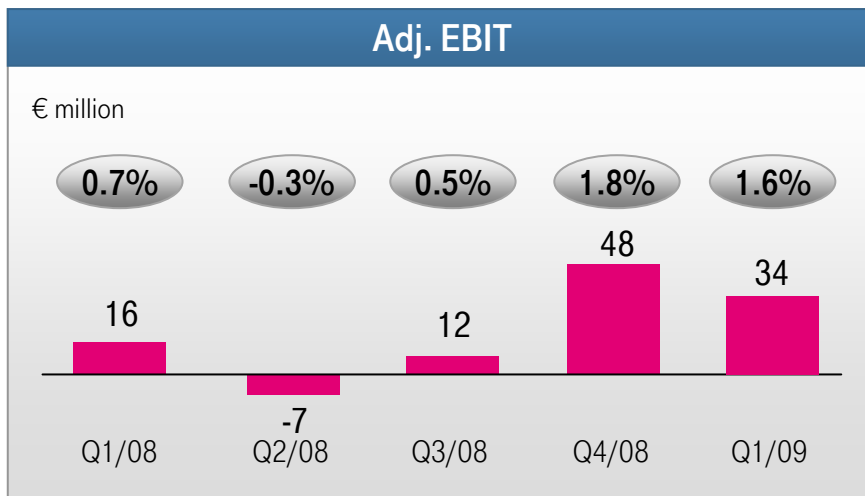
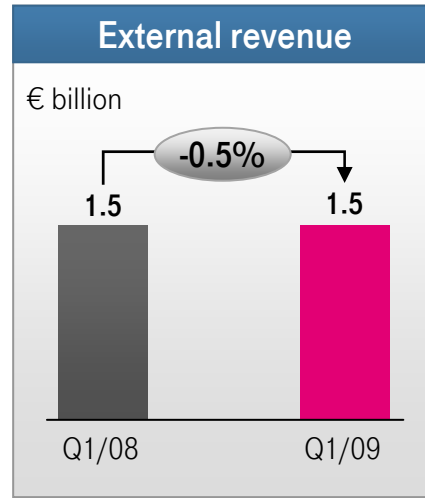
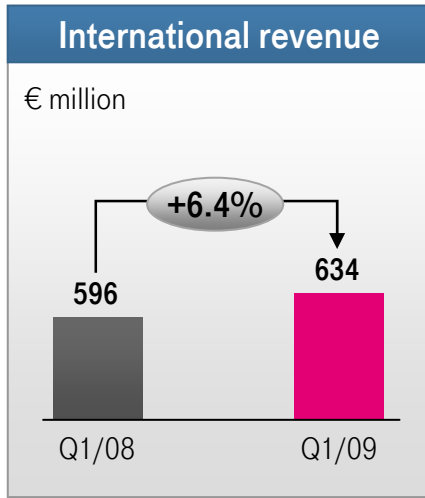
¹ Germany, UK, Netherlands, Austria, Czech Republic.

² Germany, UK, Netherlands, Austria, Czech Republic, Poland, SEE

³ Incl. reallocation of access revenue (mainly WiFi in USA) between Q1/07 and Q2/07.

Systems Solutions: efficiency turnaround initiated.

- Improve competitiveness in Germany and SEE
- Grow abroad with mobile
- Mobilize the internet
- Build network centric ICT

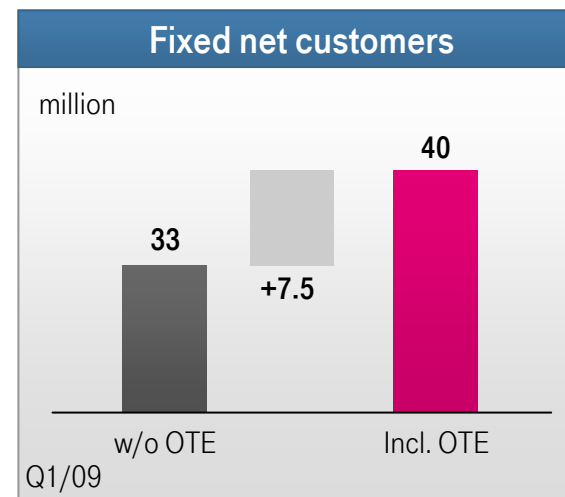
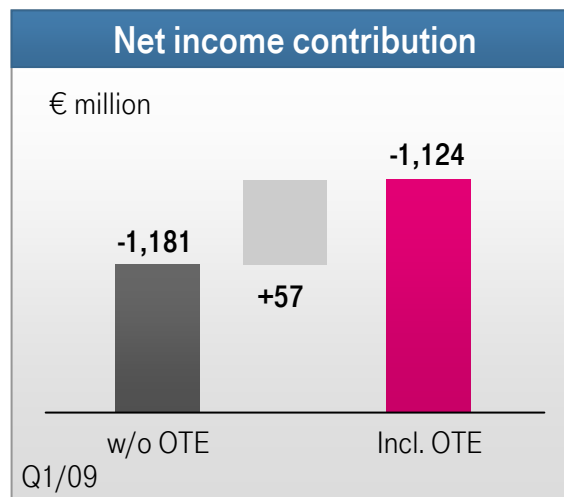
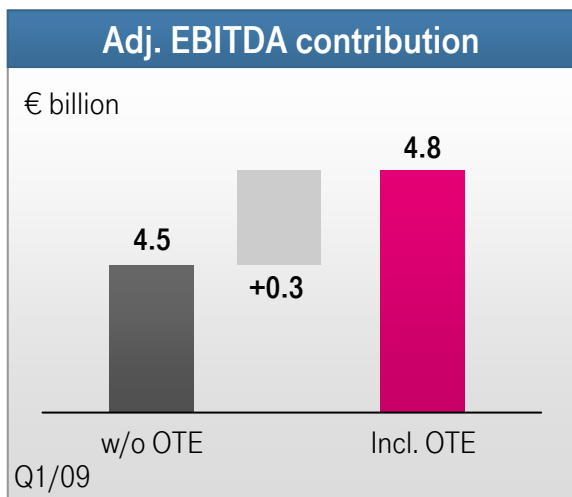
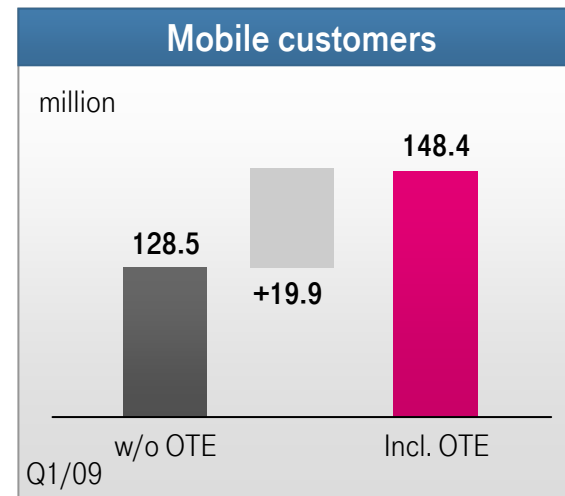
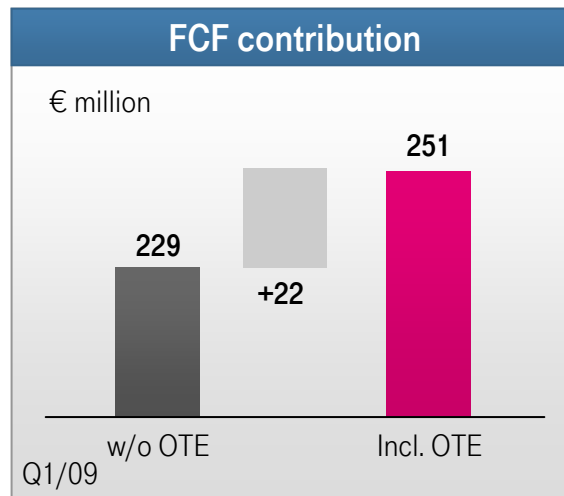
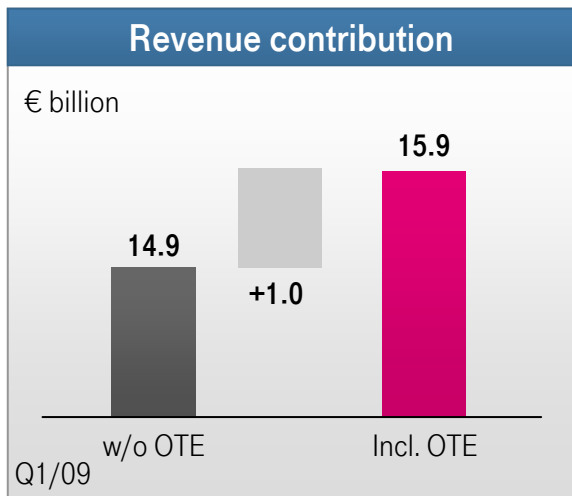


- International revenue with growth of 6.4%
- External revenue stable
- T-Systems Big Deals in Q1: Linde Group, public sector deals in Northrhine-Westphalia and Baden-Württemberg, Continental Tires
- Adj. EBIT margin in Q1/09 improved to 1.6% from 0.7% in Q1/08
- Strong improvement of operational performance of Systems Integration
- Ongoing restructuring: Save for Service cost reduction of € -75 million driven by efficiency program; main contribution by Computing & Desktop Services and Systems Integration

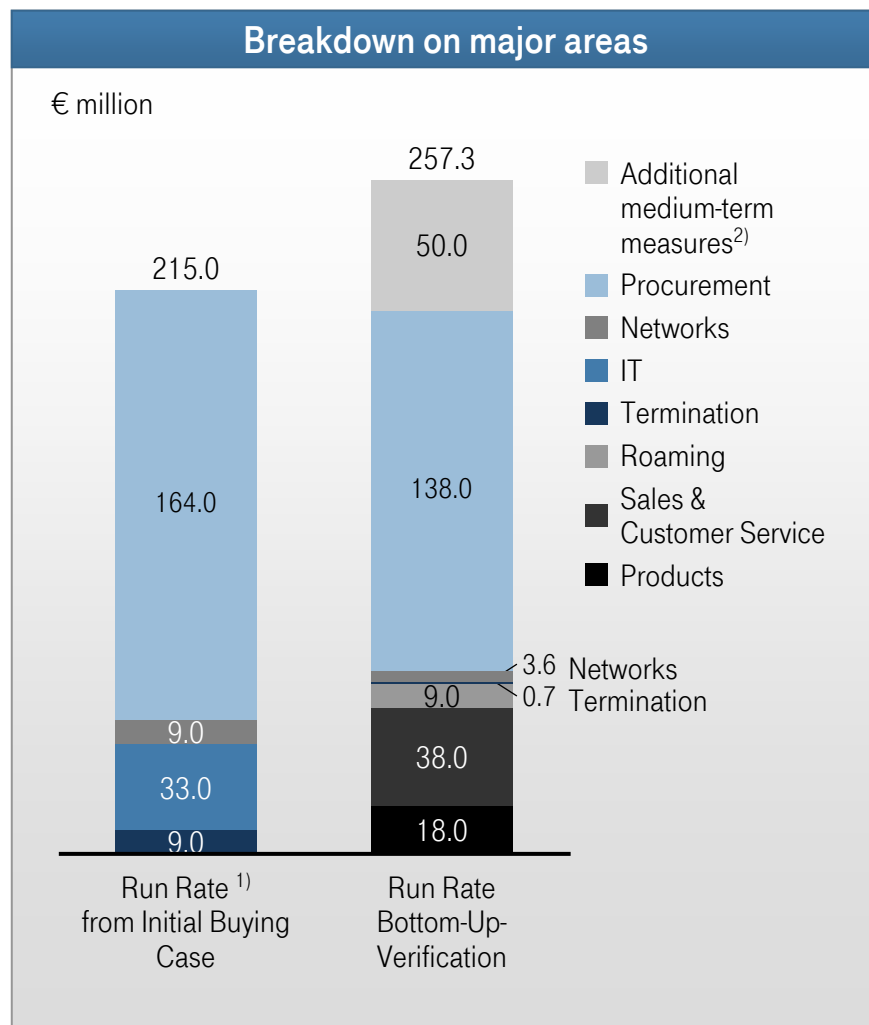


% EBIT margin

OTE Integration: Approaching 200 million global customers.



OTE Integration: Synergy buy case fully verified.



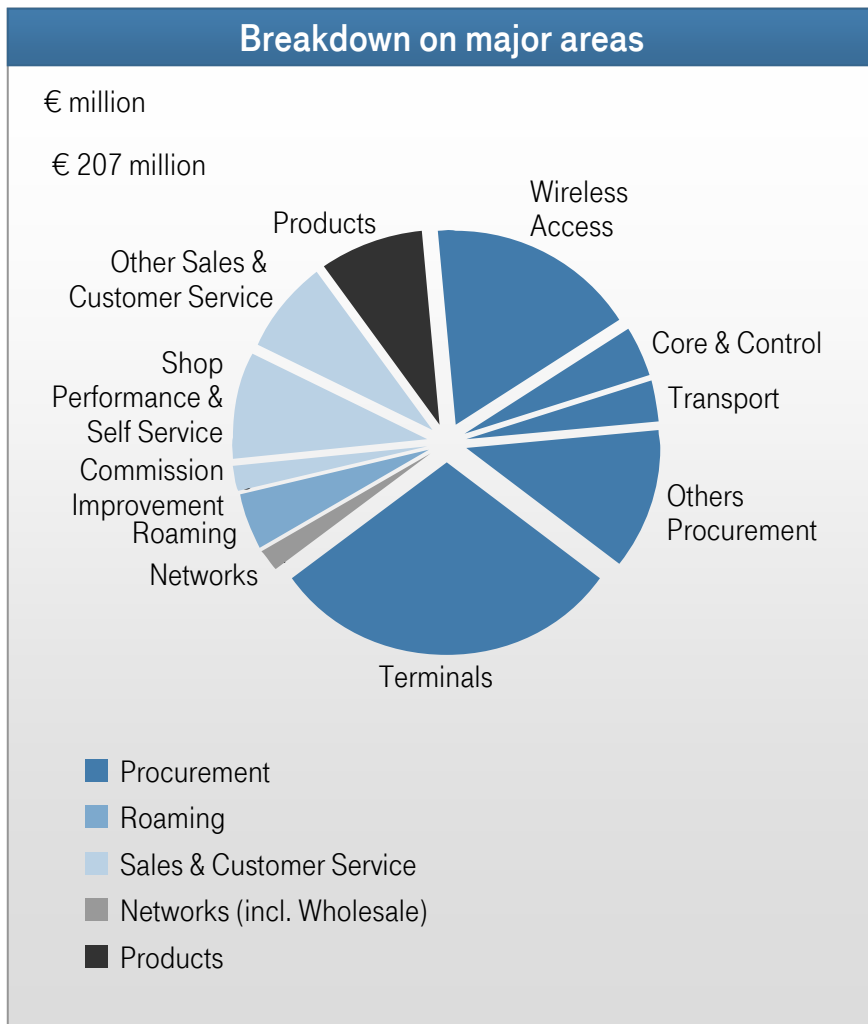
Key statements

- App. € 200m fully verified by bottom-up-measures.
- Additional measures already identified.
- Highest potential from Procurement (incl. Terminals) (€138m).
- Double digit €m amount will already be realized in 2009.
- 2/3 of verified Run Rate will be implemented YE 2010.
- CAPEX = 1/3 of the currently evaluated synergies.
- 70% of the currently evaluated synergies lie in mobile business.

1) Run Rate = annualized synergy potential from 2012 et seq.
 2) Assumed probability of realization: 50% of € 100m.



OTE Integration: Synergy breakdown.



Procurement (incl. Terminals):

- Wireless access equipment, e.g. antennas (26% of procurement)
- Core & control equipment, e.g. mobile-fixed components (6%)
- Transport equipment, e.g. network switches (5%)
- Terminals: Joint procurement

Sales & Customer Service:

- Commission Model Improvement
- Shop Performance & Self Service: Automation, productivity optimization
- Others: e.g. supply chain management

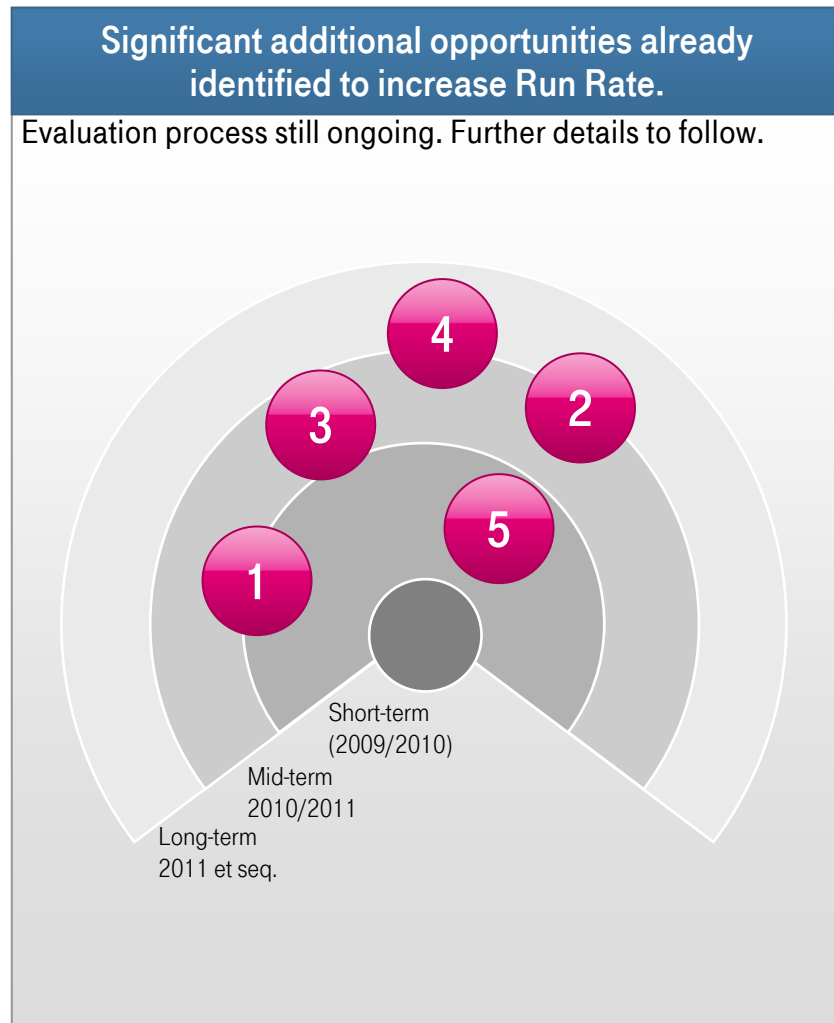
Products:

- Saving in content procurement
- Introduction of new product propositions & services

*includes minor net effects from ARPU-increasing measures



OTE Integration: Even higher synergy potential identified.



- 1 International Network / Wholesale**
 - Reduction of out-payments to 3rd parties
 - CAPEX savings by common customer driven network expansion
 - Harmonization of sales approaches
- 2 NT-Harmonization:** Technology Alignment & Platform Harmonization
- 3 Customer Service:**
 - Call centre optimization
 - Process-optimization
 - Tools modernization
 - Avoidance of unneeded onsite-visits
- 4 IT- Optimization:** Alignment, Outsourcing & portfolio harmonization
- 5 Support Services**
 - Real Estate Management: Premises & Management Optimization
 - Fleet Management:
 - Capex savings caused by DT cross border leasing usage
 - Reduce OPEX for maintenance
 - Insurance: Insure OTE based on corporate DT standards & tariffs



Action plan US, UK and Poland.

USA	UK	Poland
<ul style="list-style-type: none">▪ Roll-out of 3G network: around 200 million covered POPs end of 2009▪ 2G roaming overbuild to reduce roaming costs▪ Re-negotiation of interconnection rates and data content contracts▪ Reduce non-usage variable direct costs (e.g. re-implementation of upgrade fee and tackling bad debt)▪ Reduce cluster costs (salary freeze, marketing spend, travel)▪ Enhance handset portfolio: 3 additional 3G converged devices on the shelves in the next months	<ul style="list-style-type: none">▪ New management team with strict focus on repositioning of our business in a difficult environment▪ Capitalizing on best 3G network in the UK market▪ Improve prepay and contract proposition, e.g. SIM-only▪ Top line program implemented: Stronger focus on non voice services in cross- and up-selling, SIM-only offerings, retention programs to reduce high contract churn▪ Cost cutting program, mid double digit £m volume:<ul style="list-style-type: none">▪ Reduce overhead costs (salary freeze and travel)▪ marketing/advertising▪ Reduction of market invest, e.g. via sales channel optimization▪ More focus on SIM only tariffs	<ul style="list-style-type: none">▪ Opex cut program, triple digit million PLN volume:<ul style="list-style-type: none">▪ Cluster cost reduction:<ul style="list-style-type: none">▪ Marketing/Advertising,▪ Personnel related costs▪ outsourcing/external contracting▪ Consulting▪ Rental and travel▪ Direct costs:<ul style="list-style-type: none">▪ Reduce SAC's/SRC's▪ Terminals

Group-wide measures: Capex freeze, opex discipline and working capital management.



Targets 2009 incl. OTE

	Targets DT standalone	Targets DT including OTE
Adj. Group EBITDA	<ul style="list-style-type: none"> Down 2-4% from 2008 level 	<ul style="list-style-type: none"> DT 09 guidance + ca. €2 bn¹⁾
Free cash flow	<ul style="list-style-type: none"> Around €6.4 billion 	<ul style="list-style-type: none"> Around €7.0 billion
Guidance assumes constant currencies and no further significant economic deterioration		
Dividend policy	<ul style="list-style-type: none"> 2008: €0.78 per share 2009: Maintain attractive dividend policy 	<ul style="list-style-type: none"> 2008: €0.78 per share 2009: Maintain attractive dividend policy

¹⁾ derived from OTE guidance and consolidation for 11 months in 2009 mid-double digit synergies in 2009 included in guidance



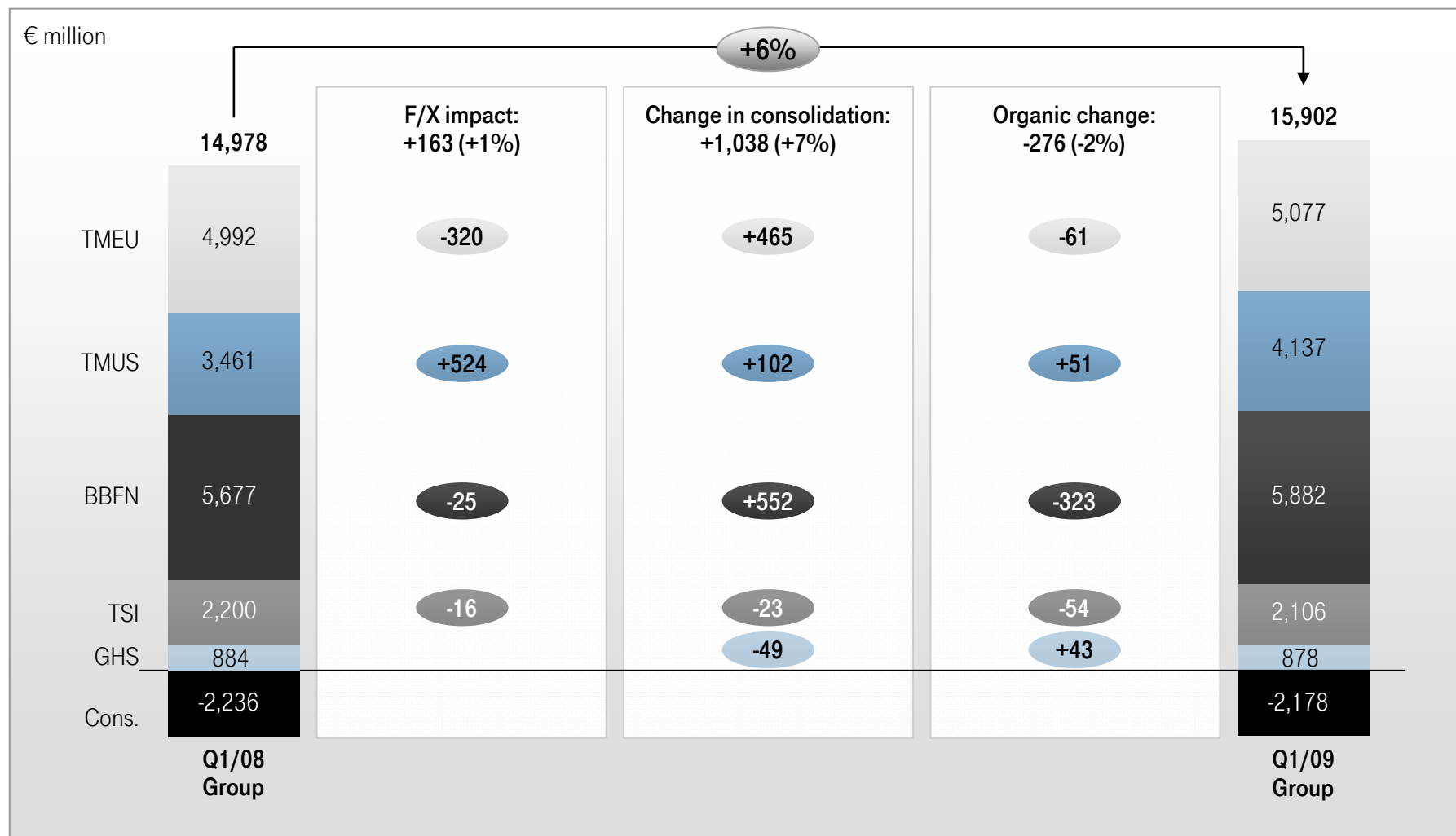
Q1/09. Financials.

Timotheus Höttges, CFO

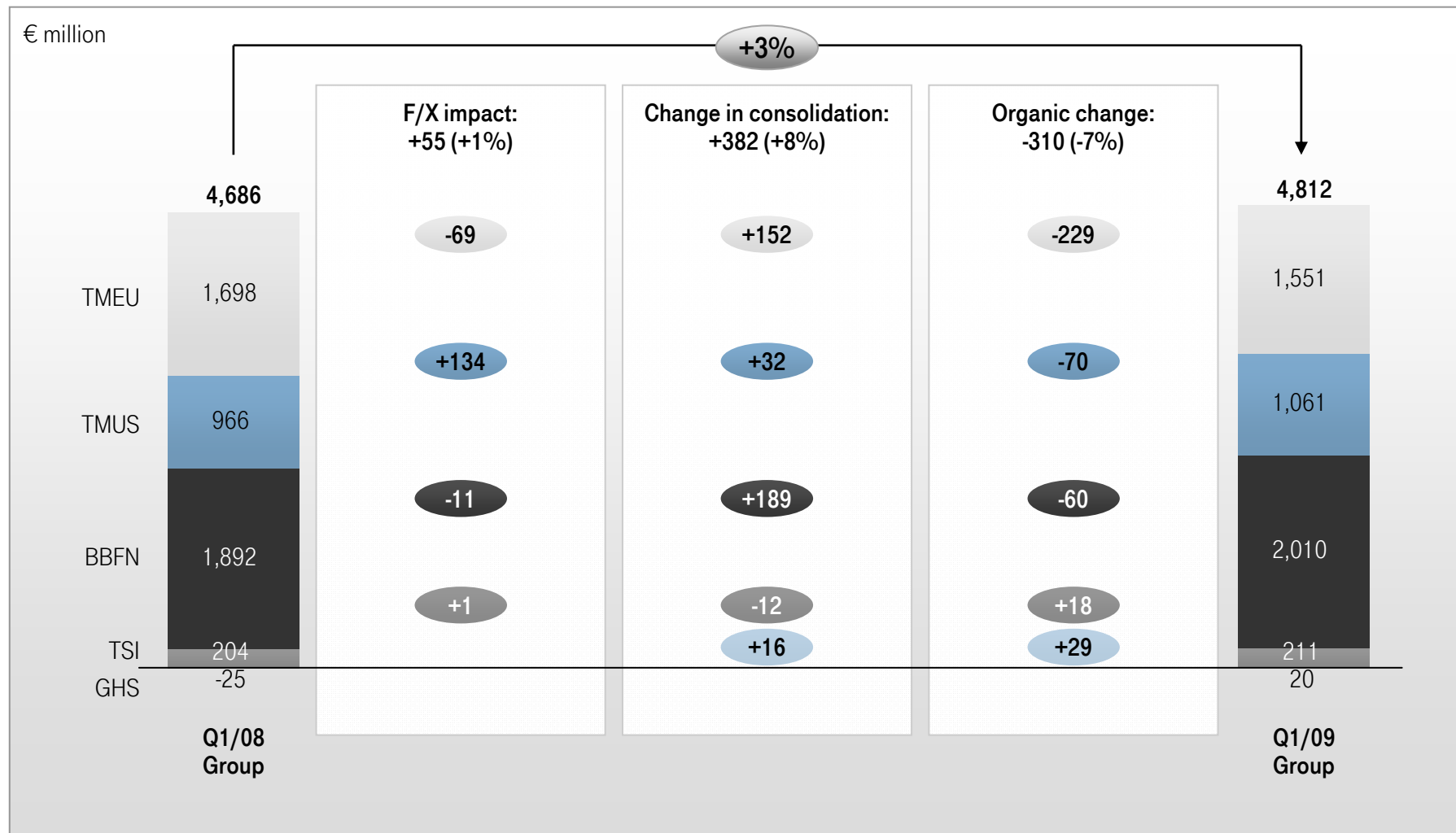


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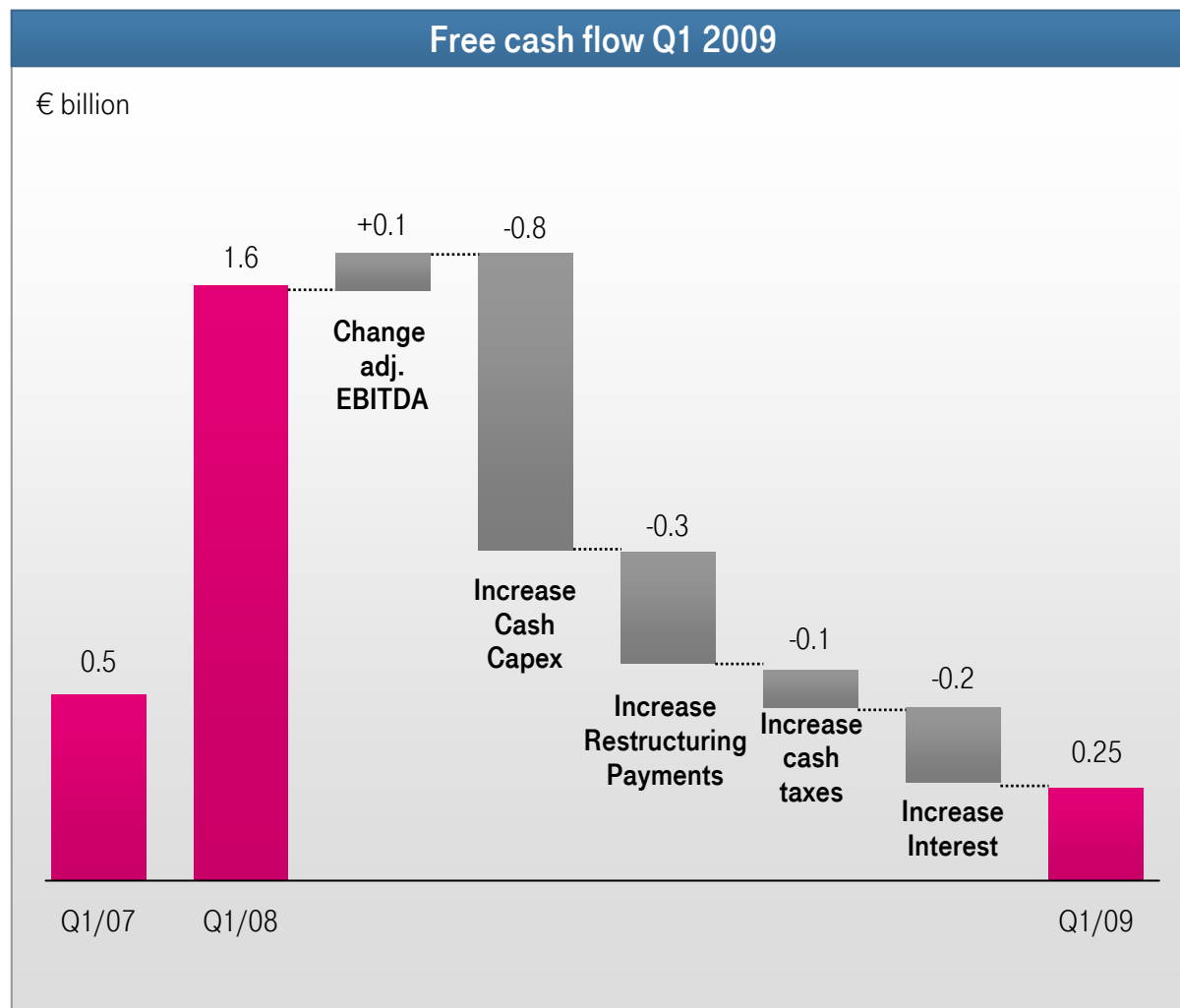
Group financials: Revenue growth driven by OTE.



Group financials: Adj. EBITDA growth due to consolidation impact.



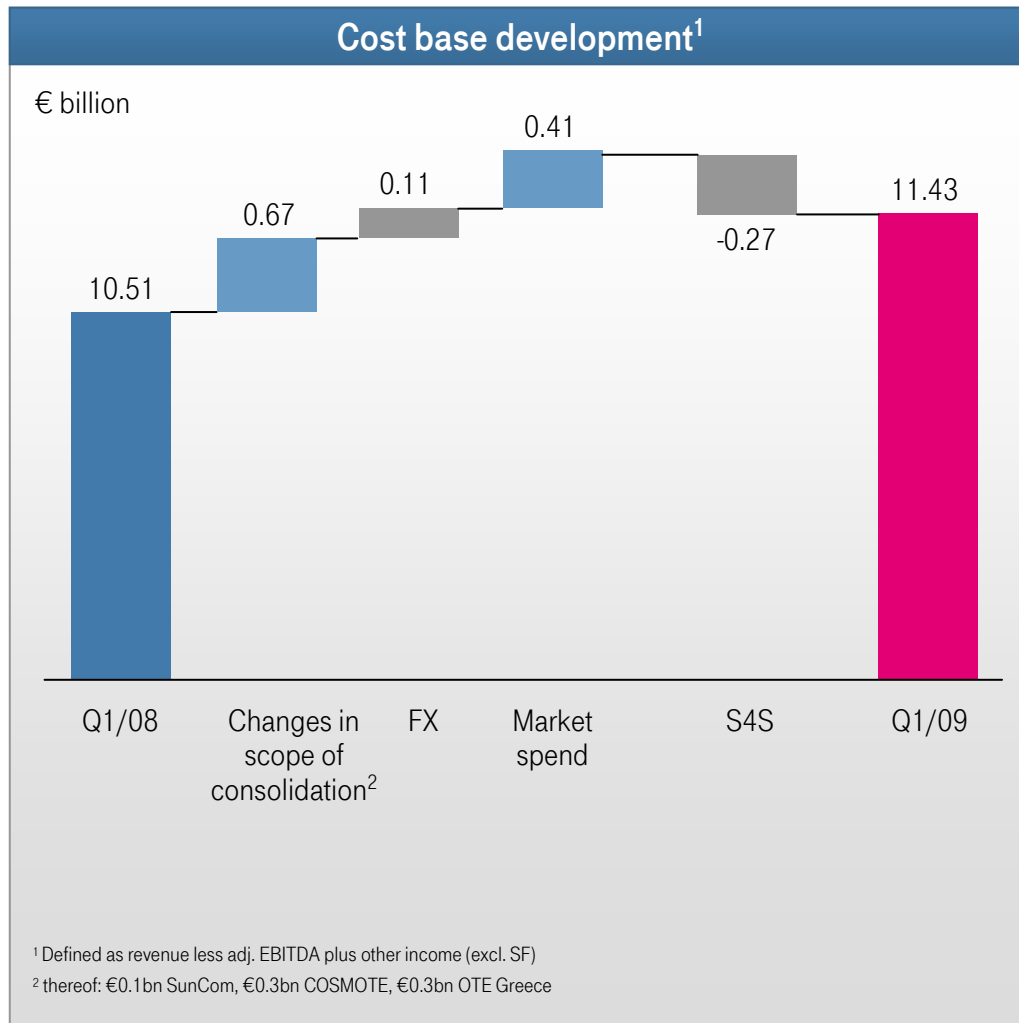
Free cash flow: Impacted by front-loading effects.



- Cash capex increase:
 - front-loading in volume (€0.3 billion) and
 - shift in payment schedule (€0.4 billion)
- Capex front-loading drivers:
 - TM EU: accelerated 3G roll-out
 - TM US: accelerated 3G roll-out, 2G overbuild
- T-Service: Higher payments for redundancies.



Save for Service. Well ahead of plan with €4.4 billion run-rate.

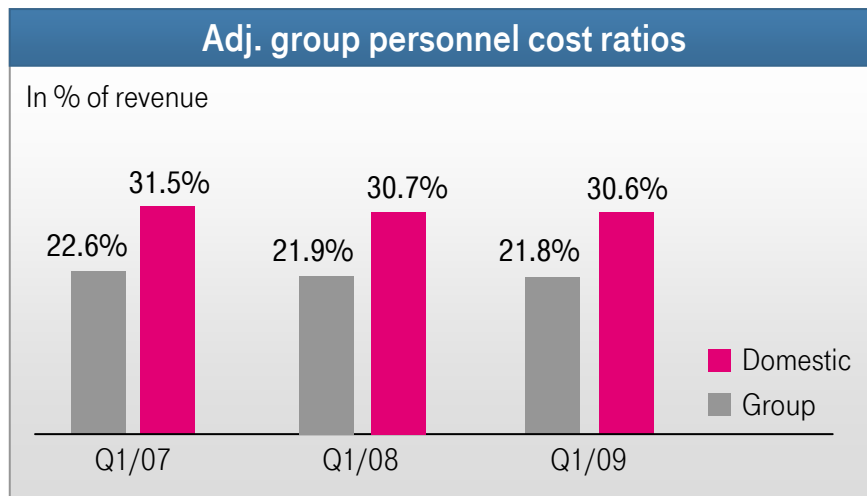
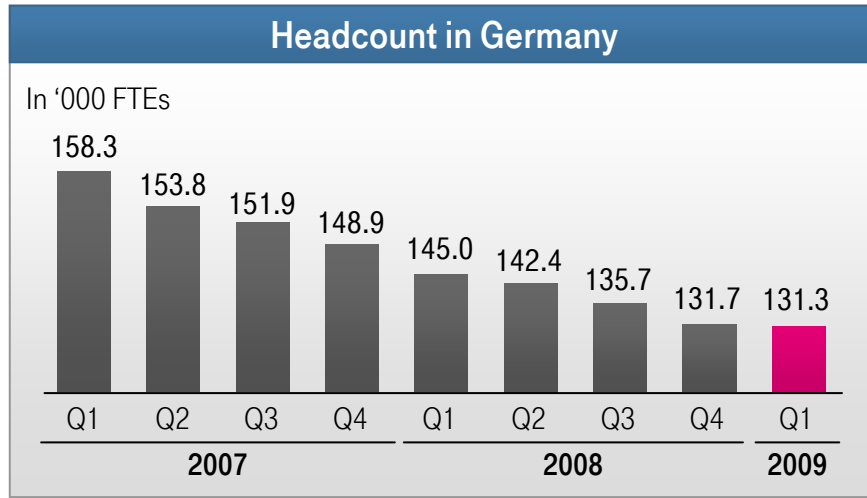


Contribution by Business Unit

	Q1 09	07-Q1/09
Mobile	41	904
Broadband/Fixed Network	129	2,207
Systems Solutions	75	759
GHS	24	505
DT Group	269	4,375



Headcount development: Domestic restructuring continues.



- Group headcount +14.5% (compared to YE 2008) due to OTE consolidation
- Employees in Germany: net -13,700 FTEs (-9.4%) yoy
- Employees International: net +36,700 FTEs
 - First time consolidation of OTE
 - Increase in headcount at T-Mobile USA
- Adj. personnel expenses in Q1/09:
 - Group personnel expenses increase from €3.3 to €3.5 billion (5.2%) due to OTE first time consolidation.
 - 4.6% domestic reduction (from €2.3 to €2.2 billion).



Net income: Impacted by UK goodwill write-down.

€ billion	Q1 09	Q1 08
EBITDA	4.9	5.0
Depreciation and amortization	-4.7	-2.7
- of which UK goodwill write-down	-1.8	-0.0
Net financial expense	-0.7	-0.7
- of which net interest expense	-0.6	-0.6
EBT	-0.5	1.6
Income taxes	-0.4	-0.6
Earnings after taxes	-0.9	1.1
Minorities	-0.2	-0.1
Net income	-1.1	0.9

Rounded figures



Adj. net income decreased by 12.7% to €655 million.

€ billion	Q1 09 adjusted	Q1 08 adjusted
EBITDA	4.8	4.7
Depreciation and amortization	-2.9	-2.7
Net financial expense	-0.7	-0.6
- of which net interest expense	-0.6	-0.6
EBT	1.2	1.4
Income taxes	-0.5	-0.5
Earnings after taxes	0.7	0.9
Minorities	-0.1	-0.1
Net income	0.7	0.8

Rounded figures



Q1/09 – Net debt development.

€ billion

Net debt 31/12/2008	38.2
Free cash flow	-0.3
OTE consolidation	4.3
F/X and other	0.6
Net debt 31/03/2009	42.8



Solid Balance sheet ratios.

€ billion	31/03/09	31/12/08	31/03/08
Balance sheet total	133.8	123.1	118.4
Shareholders' equity	45.2	43.1	44.5
Net debt	42.8	38.2	35.9
Net debt / adj. EBITDA	n/a	2.0	n/a
Gearing	0.9x	0.9x	0.8x
Equity ratio (excl. dividend)	31.2%	32.3%	34.0%

Comfort zone ratios

2 - 2.5x Net debt/adj. EBITDA



25 - 35% Equity ratio



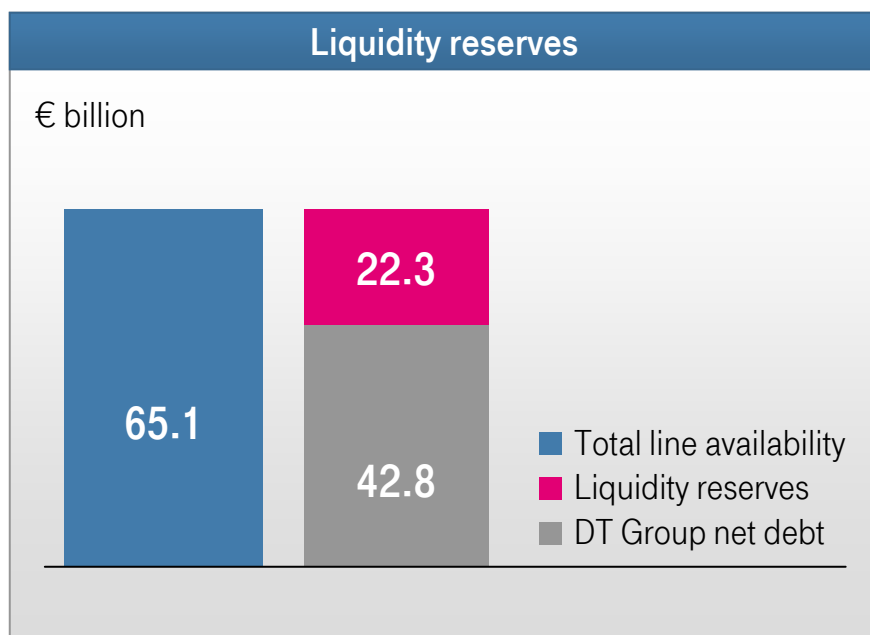
Gearing: 0.8 to 1.2



30% Liquidity reserve



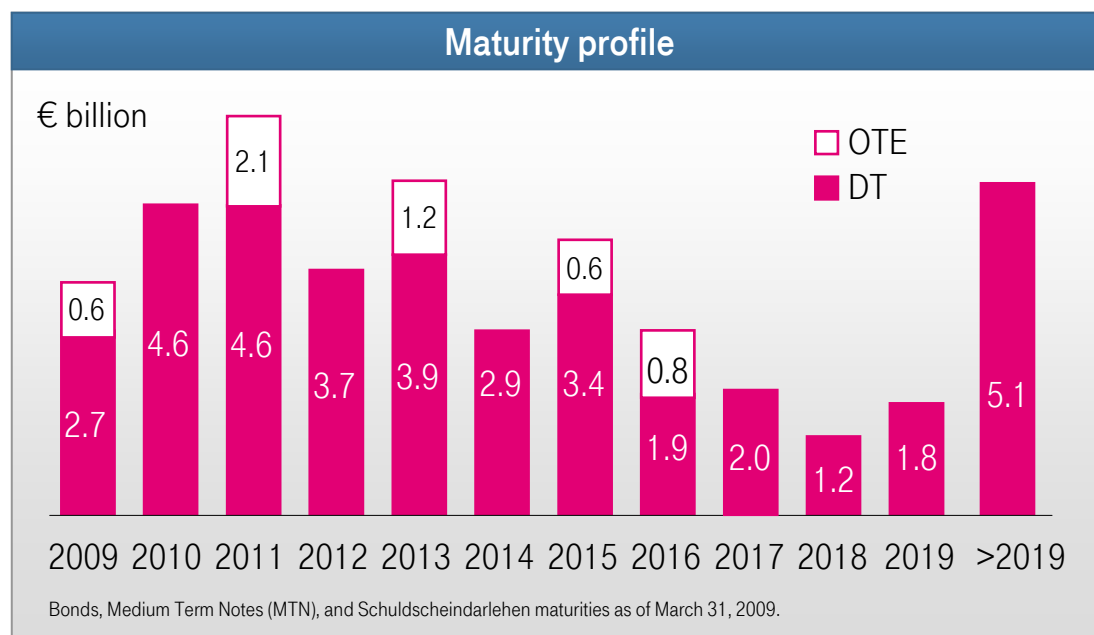
Strong liquidity bolster.



- 28 bilateral credit facilities of €600 million each adding up to €16.8 billion.
- 3-year maturities with extension requests after 12 months already.
- Loan terms insure quality of our liquidity reserve
 - No financial covenants
 - No MAC Clause
 - No rating trigger
- Average time to maturity of credit lines as per March 31, 2009: 2.1 years
- OTE: €350 million undrawn syndicated credit facility. Maturing over a 3 year period from 2010 to 2012 with the majority in 2012.



Maturity profile as of March 31, 2009.



- Total €4.4 billion bond maturities in 2009
- Sufficient unused bilateral credit lines
- Funding 2009 done so far:
 - Eurobond: €2 billion
 - Schuldscheindarlehen: €0.2 billion
- Issuance after Q1 2009¹⁾
 - MTN GBP: £ 0.7 billion
 - MTN CHF: CHF 0.4 billion

Current Rating	Moody's Baa1, stable outlook (long term) and P-2 (short term)
	S&P BBB+, stable outlook (long term) and A-2 (short term)
	Fitch BBB+ , stable outlook (long term) and F2 (short term)
	R&I A, stable outlook (long term)

1) MTNs issued after the balance sheet date are not contained in this overview (GBP, CHF)



Q&A.

Please press “*1” to ask a question.



René Obermann
CEO



Timotheus Höttges
CFO



Thank you for your attention!

For further questions please contact the IR department:

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Life is for sharing.