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René Obermann in conference call**

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**Statement
delivered at the conference call
on Deutsche Telekom's Q1 results 2008
May 8, 2008 in Bonn**

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

Good morning, Ladies and Gentlemen,

I would like to warmly welcome you to our conference call on the first quarter of 2008. First of all, I will provide you with an overview. Karl-Gerhard Eick will then – as always – run through the details.

Overall, the developments in the first quarter mean we are well on track to meet our expectations for the full year. This is particularly true of adjusted EBITDA, net profit and free cash flow, as well as our “Save for Service” program.

Exchange rate fluctuations and changes in the consolidated group had a minor negative impact of 3.1 percent on revenue in the first quarter of the year, bring-

ing it down to EUR 15.0 billion. Excluding the effect of exchange rate fluctuations, however, revenue rose by 0.7 percent, while organic revenue growth, that is growth adjusted for changes in the consolidated group, was EUR 15.3 billion, up 0.4 percent year-on-year.

Adjusted EBITDA remained stable at EUR 4.7 billion. Excluding exchange rate fluctuations, it increased by 3.1 percent. In organic terms, growth was 1.1 percent.

Free cash flow totaled EUR 1.6 billion in the first quarter, a more than three-fold increase on the prior-year level of EUR 0.5 billion.

Net profit more than doubled to EUR 924 million. Adjusted for special factors, it increased by a third to EUR 750 million.

We have made considerable progress in reducing our cost base. For instance, personnel costs adjusted for special factors decreased Group-wide by 6.0 percent to EUR 3.3 billion.

T-Mobile USA continued to perform very well in terms of operating business. Despite the much-talked-about weakness of the U.S. economy, our subsidiary grew once again. EBITDA growth on a U.S. dollar basis came in stronger than in the first quarter of 2007.

Karl-Gerhard Eick will provide you with further information on the financial figures in a moment.

Let me now take a more detailed look at our business areas; first, our domestic business.

Broadband business at T-Home continued to perform well. Adjusted EBITDA increased slightly in Germany, driven by ongoing cost-cutting measures. The decline in revenue was in line with our expectations.

Business with DSL lines remains at a high level. In the first quarter, we posted 539,000 net additions, i.e. around 13,000 more than in the fourth quarter of 2007. We had a share of around 43 percent of the entire German broadband market, one percentage point more than in the first quarter of 2007, putting us in a good position to hit our full-year market share target of more than 45 percent.

Adjusted EBITDA from the German fixed-network business developed pleasingly, increasing by 0.5 percent year-on-year to EUR 1.7 billion. This development is the result above all of the systematic implementation of the "Save for Service" program as well as enhanced service quality and service efficiency, making it possible to compensate for the decrease in revenue. As a result, the adjusted EBITDA margin increased by more than two percentage points to 34.5 percent.

It goes without saying that we are pleased with this clear progress, although it's not possible to extrapolate the figures for the full year. We need to bear in mind that we only started to implement our cost-cutting measures in the first quarter of 2007, which means we had a relatively high benchmark for operating costs. In addition, we will make considerable investments in the market, above all for our broadband products. We therefore still expect a high single-digit percentage decrease in EBITDA from the fixed-network business in Germany.

T-Home posted a revenue decline of 6.1 percent to EUR 4.8 billion for business in Germany, which is in line with our expectations for the full year. Line losses and lower levels of call minutes remain the primary causes.

In terms of line losses, developments are currently in line with our expectations. We lost some 120,000 DSL resale lines in the first quarter of 2008, mainly as a result of our competitors' ongoing switch from DSL resale to all-IP lines. We forecast a figure of between 0.8 and 1.1 million for the full year on the back of technological developments. Another approximately 460,000 are line losses to the competition. We expect losses in this area to be between 1.7 and 1.9 million for the full year. The total number of line losses of some 582,000 is therefore fully in line with our expectations, both in terms of the number itself and how it is broken down.

And now I would like to turn to our mobile communications business in Germany.

T-Mobile Deutschland continued to launch attractive voice and data rates. This helped keep growth in the contract customer segment at a high level with 210,000 net additions. Customers like our rate plans. T-Mobile Deutschland was the first provider to launch a full voice flat rate for all networks – Max L.

And quality remains at the top of our list of priorities. The best German mobile communications network just got better: As of today, we can now offer our customers Edge almost everywhere in Germany. That makes us the only provider to offer mobile broadband at four times ISDN speed at almost any point in the country.

We increased the adjusted EBITDA margin by 0.8 percentage points to 36.7 percent. While revenue decreased by 3.4 percent to EUR 1.9 billion, adjusted EBITDA fell by only 1.1 percent to EUR 0.7 billion. For comparison: in the first quarter of last year we posted a decrease in EBITDA of more than 11 percent.

That brings me to an overview of our mobile communications business as a whole.

Worldwide we increased our customer base by around 14 million compared with the first quarter of 2007. The first-time consolidation of Orange Nederland on October 1, 2007 and the U.S. company SunCom on February 22, 2008 contributed some 3.4 million customers. The figures also show, however, that we have made further progress in organic terms, namely by adding more than 10 million customers year-on-year, and some 2.4 million customers in the first quarter of 2008.

International business continued to be the key driver in this respect. Excluding SunCom, we added around 1.2 million new contract customers.

Our companies in Central and Eastern Europe have also made a major contribution to the good performance of our international mobile business, with some of them posting double-digit growth rates.

Exchange rate fluctuations have tended to mask the strong performance of our operations in certain areas. International revenue, for example, increased 1.7 percent to EUR 6.6 billion, while organic growth was almost 8 percent.

Earnings growth continued to outpace revenue growth, with adjusted EBITDA increasing 5.8 percent to EUR 2.0 billion. Organic growth excluding exchange rate effects was even higher at 12.7 percent.

U.S. business continued to perform well. At T-Mobile USA, the number of customers, adjusted to exclude the customer base purchased together with SunCom, grew by 981,000 net additions, around three quarters of which were contract customers. Including SunCom, this has taken us well beyond the 30-million mark in the United States, with a total customer base of 30.8 million.

T-Mobile USA continues to be successful with its innovative calling plans. The number of MyFaves customers exceeded 5.5 million by the end of the quarter. Growth in the messaging segment also continued: the number of SMS text messages and MMS picture messages more than doubled compared with the first quarter of 2007 to 33 billion.

T-Mobile USA's operating strength is also reflected in the financial figures, which I will quote for you in U.S. dollars first.

Total revenue at T-Mobile USA increased by 14.1 percent to USD 5.2 billion. Currency translation effects cancelled that out, causing revenue expressed in euros to remain at the same level as in the previous year at EUR 3.5 billion.

EBITDA at T-Mobile USA increased 18.0 percent to USD 1.4 billion. Earnings still grew at a faster pace than revenue when translated into euros; growth of 3.3 percent took the figure to EUR 1.0 billion.

Notwithstanding currency fluctuations, the EBITDA margin developed positively, increasing 0.9 percentage points to 27.9 percent.

Subsidiaries in Central and Eastern Europe, i.e. in Poland, the Czech Republic, Hungary, Croatia, Slovakia, Macedonia and Montenegro, posted strong growth. The number of contract customers increased across all subsidiaries by 407,000 in the first quarter. Total revenue in these countries rose by 10.8 percent to EUR 1.4 billion.

At the same time, adjusted EBITDA increased by 14.5 percent to EUR 0.6 billion. Excluding the effect of exchange rate fluctuations, revenue growth totaled 5.5 percent and adjusted EBITDA increased by some 9 percent. The EBITDA margin increased by 1.4 percentage points to 42.2 percent.

Let me briefly look at the Polish company PTC in more detail. Here alone we posted 190,000 net additions for contract customers in the first quarter. The proportion of contract customers in the entire customer base increased by almost 5 percentage points to 43.1 percent within the space of one year. The combination of customer growth and increased average revenue helped boost revenue in the quarter by 17.5 percent to EUR 0.5 billion. Adjusted EBITDA increased by over a quarter to EUR 0.2 billion; the EBITDA margin rose to over 35 percent. Excluding the effect of exchange rate fluctuations, PTC can still boast impressive growth rates of 8.2 percent in revenue and 15 percent in adjusted EBITDA.

That brings me to our third key area: mobilizing the Internet and the Web 2.0 trend.

Data traffic growth continues apace. Data revenue for mobile communications, excluding messaging services, increased by 28.0 percent in the first quarter to EUR 0.5 billion. Growth in Europe totaled 41.5 percent, rising to EUR 0.3 billion. In the United States, revenue in dollars increased by 30.7 percent to just under USD 0.4 billion. We aim to further bolster this development with compelling products and services, for example with a new laptop flat rate in Germany for EUR 34.95 per month.

In the United States, we are working flat out on rolling out our 3G network. Commercial launch was on May 5 in New York; by the end of the year we intend to be present in 20 to 25 regional core markets in the United States. In the first quarter alone, we added another 5,000 3G base stations to the 8,000 or so we already had at the end of 2007. This is part of our plan to lay the foundations for additional growth by using the spectrum we acquired as part of the AWS auction in 2006.

I have already mentioned certain figures that illustrate the considerable potential for growth in mobile data services. Let me just add that we have increased the number of web'n'walk users in Europe by 82 percent compared with the first quarter of 2007, bringing the total to 3.8 million. In addition, the community concept, which we are leveraging particularly in the United States through MyFaves, has not only proven to be a strong growth driver on a quarterly basis, but also year-on-year: the number of customers in this category in the United States has increased from 1.5 million to more than 5.5 million in the space of one year.

Let's now turn to our third operating unit – T-Systems.

You will be aware that we are currently driving ahead the realignment of T-Systems. A central element in this respect is the strategic alliance concluded with Cognizant in March 2008, which provides us with access to extensive off-shore IT capacity. We are also focusing the company on network-centric ICT services, as is reflected in the figures for the first quarter. On the one hand we have reassigned the Active Billing unit from T-Systems to T-Home, on the other, we sold Media & Broadcast. On top of this, T-Systems made a major contribution to Deutsche Telekom's cost reduction program and cut internally generated revenue by 20.1 percent in a comparison of the first quarters.

As a consequence, T-Systems' revenue decreased by 10.4 percent to EUR 2.6 billion, net revenue decreased by 7.2 percent to EUR 2.0 billion, around five percentage points of which were attributable to the deconsolidation of Media & Broadcast. International revenue grew again by 3 percent to EUR 0.6 billion.

EBITDA adjusted for the deconsolidation of Media & Broadcast and Active Billing declined by 2.4 percent.

In terms of new orders, we recently secured several major contracts, most notably the 5-year contract from Shell worth around EUR 1 billion. This contract is testimony to T-Systems' position as one of the leading providers of network-centric ICT services.

T-Systems modified its reporting structure to reflect its operational realignment starting in the first quarter of 2008. As a result, reporting will no longer show Enterprise and Business Services. The previous Business Services unit is now fully integrated in Telecommunications. The two other units, Computing & Desktop Services and Systems Integration, have been retained and are not affected by this measure.

That just about wraps up what I wanted to say about our first-quarter results.

Over the first three months of this year we laid strong foundations for the rest of the year.

We therefore remain confident that, we will achieve our guidance for the full year, which is as follows:

We aim to generate adjusted EBITDA of around EUR 19.3 billion.

In terms of free cash flow, we are aiming for a figure of around EUR 6.6 billion.

And we remain committed to our policy of paying an attractive dividend.

And now I would like to hand you over to Karl-Gerhard Eick.