Investor Presentation
Deutsche Telekom finds strategic solution for the US

March 2011

Life is for sharing.

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Transaction highlights.

Compelling Value	▪ US$39 billion ($25 billion in cash / $14 billion in stock) ▪ 7.1x 2010 Adjusted EBITDA ▪ Approx. 50% greater than sum-of-the-parts valuation
Immediate Shareholder Benefits after Closing	▪ Share buyback of €5 billion ▪ Remuneration policy remains unchanged at €3.4 billion p.a. through 2012 ▪ EPS and FCF per share accretive from 2012
De-Risk Deutsche Telekom	▪ Repatriate €18.1 billion in cash ▪ Debt reduction of €13 billion - leverage ratio improves to 1.9x ▪ Eliminates U.S. investment overhang ▪ Significant break-up fee agreed
Continued Participation in U.S. Wireless	▪ Approx. 8% ownership in AT&T – 2010 dividend of almost US$ 10 billion ▪ Upside from significant synergies (US$ 3 billion annual run-rate) ▪ Participation in strong wireless broadband growth (15% CAGRe 2010-2012)[1)] ▪ T-Mobile US operating independently until closing – attractive retention scheme

1) Source: TM US estimates form investor day January 2011.

Transaction summary.

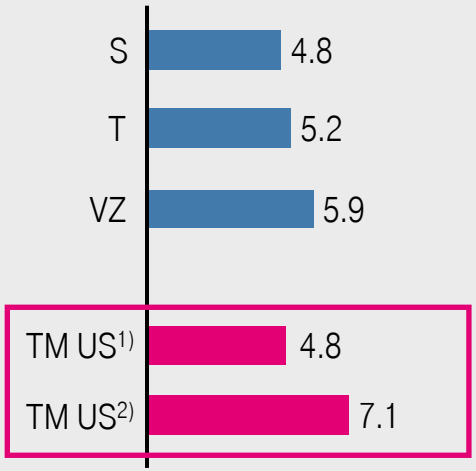
Cash & Stock Acquisition

$25 billion	Cash
$14 billion	AT&T Stock
$39 billion	Total Value

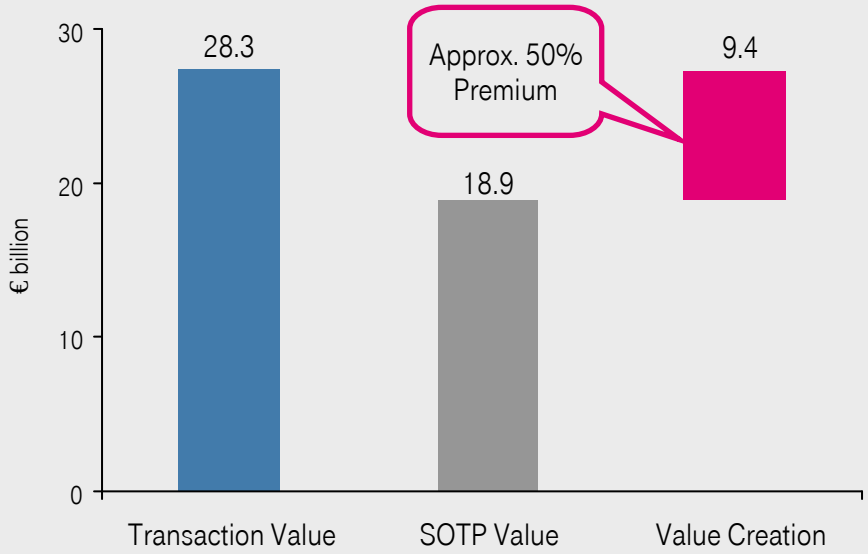
- Stock subject to 7.5% collar between signing and close
- Approvals required from DOJ and FCC
- Expected to close in H1 2012
- One seat on AT&T Board
- 12 month lock-up on shares
- No shareholder votes required
- Minimal taxes from the deal

Compelling value benefits shareholders.

Significant premium to peer group multiples (EV/EBITDA 2010)

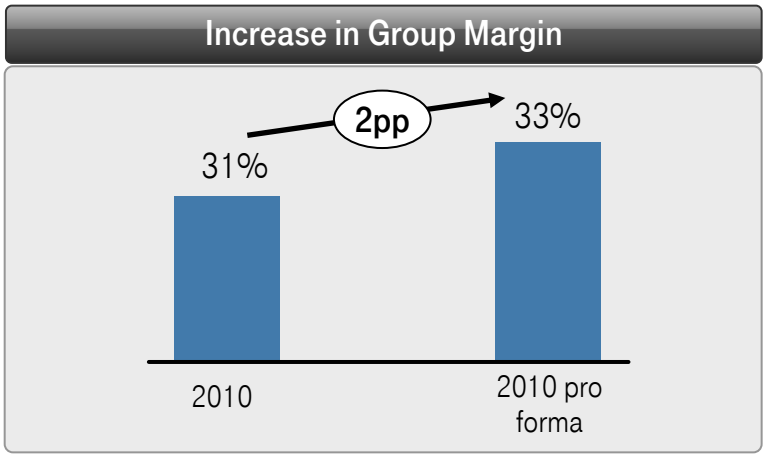


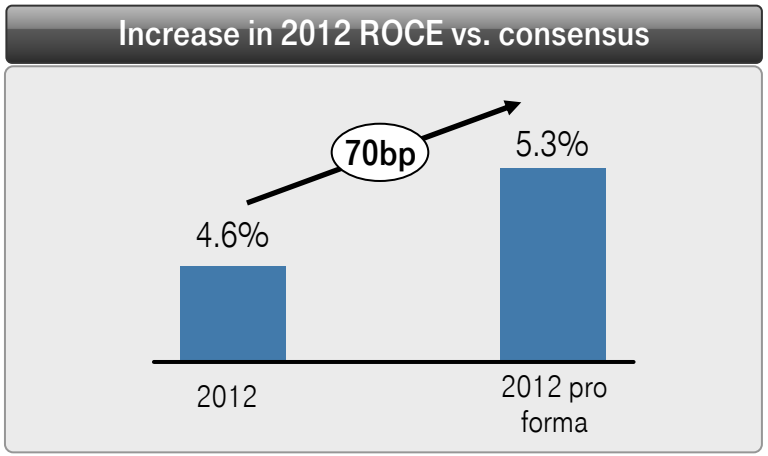
Significant premium vs. average analysts SOTP

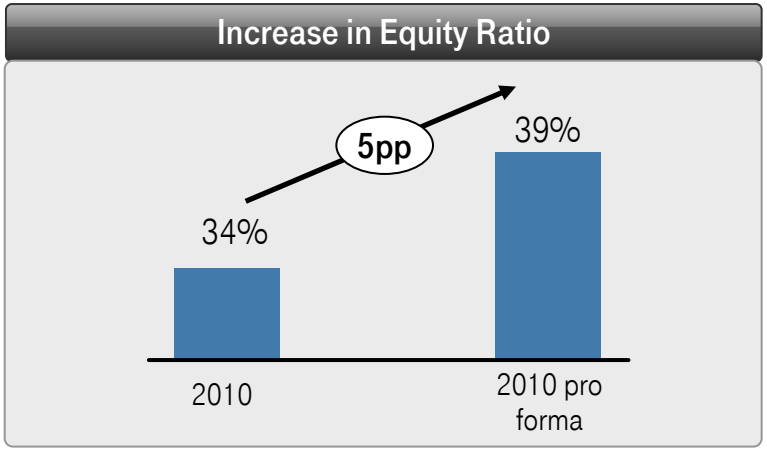


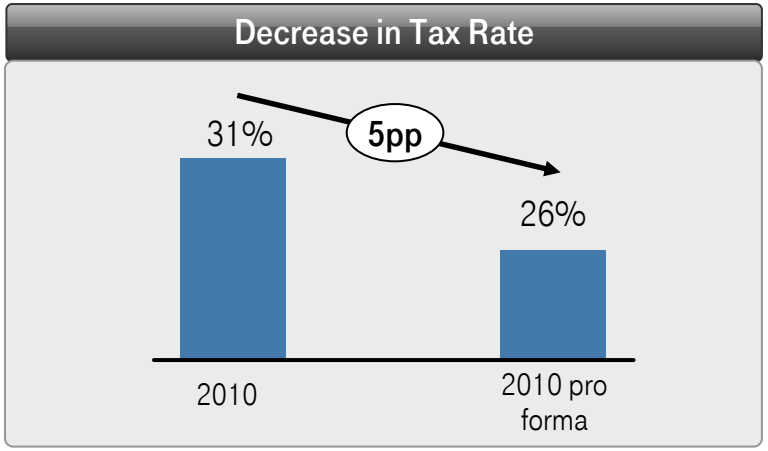
1) Multiple based on sum of the parts research consensus 2) Transaction multiple based on 2010 reported EBITDA

Immediate shareholder benefits: key ratios improved.

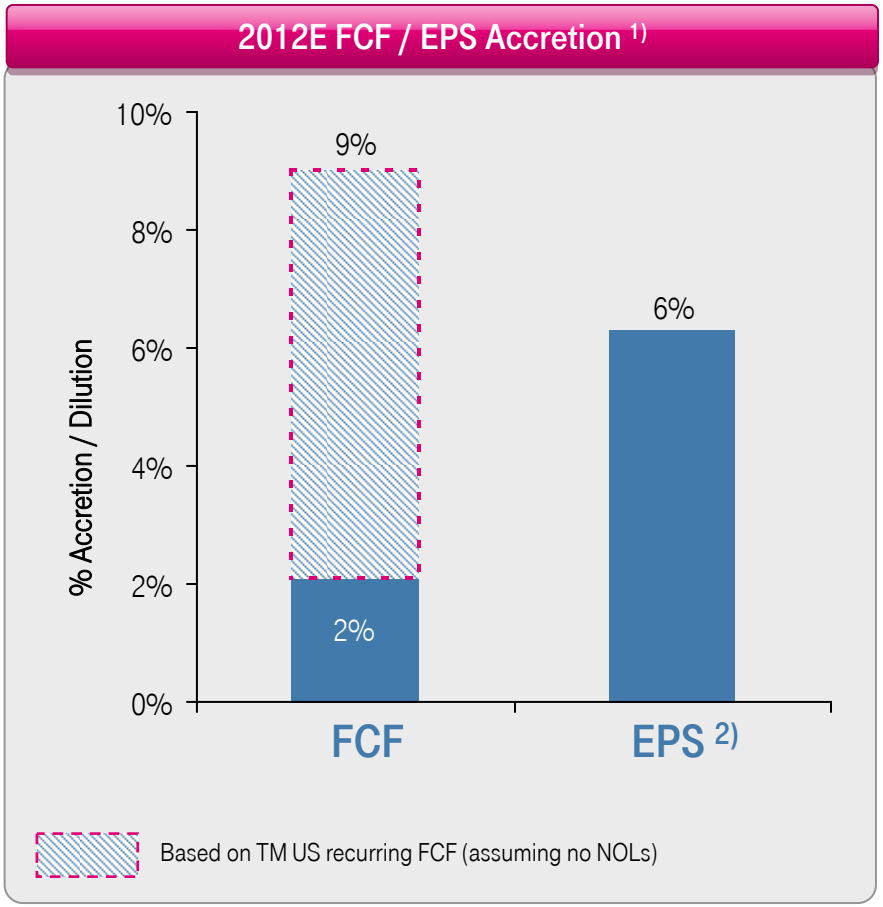








Immediate shareholder benefits: accretive to FCF and EPS consensus estimates.



- Free cash flow per share benefits
  - Reduced interest expense
  - Reduction in shares outstanding
  - AT&T dividend
- EPS benefits
  - Reduced corporate tax rate
  - Reduced interest expense
  - Reduction in shares outstanding
  - AT&T dividend

1) Shares reduced to 3.7 billion from 4.2 billion (assuming continuation of underlying shareholder remuneration). 2) Does not include one-time costs.

Immediate shareholder benefits: €5 billion share buyback.

No impact on shareholder remuneration policy through 2012

- €3.4 billion annual remuneration to shareholders through 2012 maintained
- €5.0 billion incremental buyback[1)]

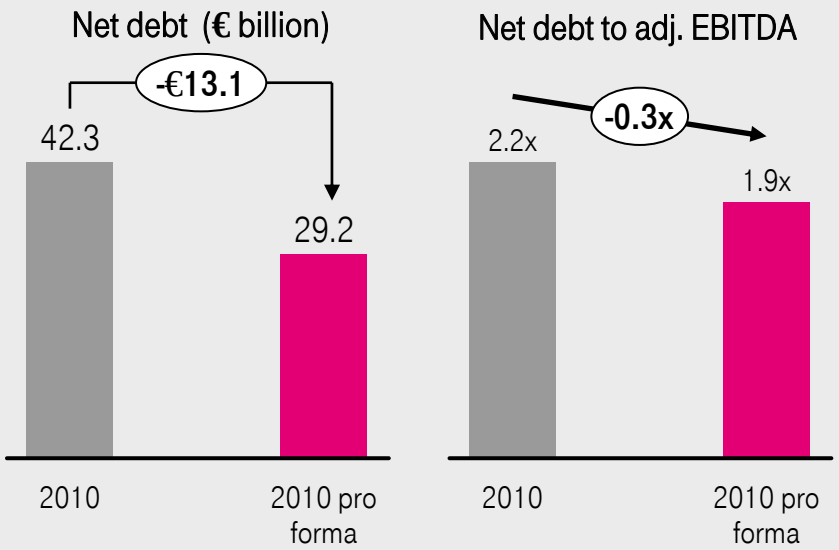
No impact on guidance for 2011

- Adj. EBITDA of around €19.1 billion[2)]
- Stable to slightly growing free cash flow[3)] from €6.5 billion in 2010

1) Subject to necessary AGM-approval and board resolution. 2) Constant currency = average exchange rates of 2010. 3) Excl. €0.4 billion for PTC settlement paid in Q1 2011.

Deal de-risks Deutsche Telekom and creates strategic headroom.

Significant de-leveraging of Deutsche Telekom



- Flexibility to execute "Fix – Transform – Innovate" strategy – "Fix" element now largely done
- No change to M&A policy

De-risking transaction elements

- Repatriate €18.1 billion of cash
- Remove investment overhang in the US
- Natural hedging from15 billion US$ denominated debt
  - Further hedging to be considered
- Collar protection for share consideration in place between signing and closing

Compelling benefits for US stakeholders.

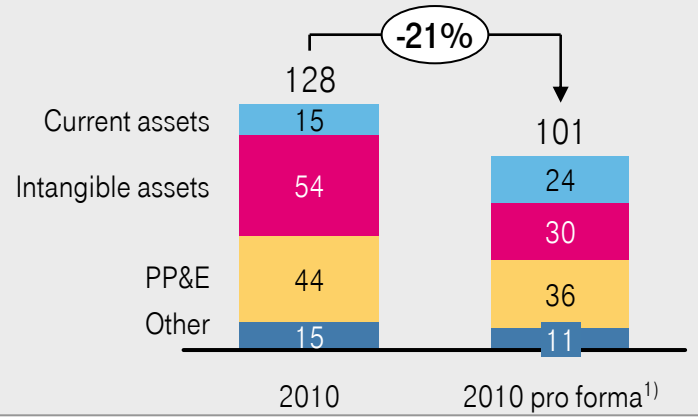
- Dramatically improves customer experience via improved services and network quality including access to low band spectrum
- Facilitates robust voice and data services to rural America
- Expanding LTE to 95% of the population
- Creates greater capacity to meet growing demands for mobile bandwidth

Deutsche Telekom key ratios on a pro forma 2010 basis.

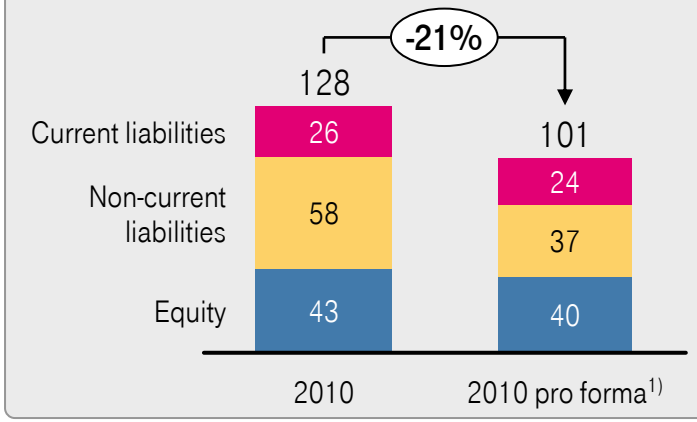
Pro forma figures based on 2010 reported (in € billion)

	2010 reported	Decon-solidation	Interest savings	Dividend received	2010 pro forma
Net revenues	62.4	(16.0)			46.4
EBITDA	19.5	(4.2)			15.3
Profit from operations	5.5	(2.1)			3.4
Profit before income taxes	2.7	(2.1)	0.7	0.6	1.8
Net income	1.7	(1.4)	0.5	0.5	1.3
Free Cash Flow	6.5	(2.1)	0.7	0.5	5.6

Total assets in € billion



Total liabilities in € billion



1) Assumptions: de-consolidation of TM US assets as of 31.12.2010. €18.1 billion used in debt reduction and share buyback.

Key message: Deutsche Telekom's management continues to execute on "fix – transform – innovate".

EQUITY

- Strategic solution for US business
- Significant premium delivered
- Massive share buyback
- Underlying shareholder remuneration unchanged
- Participating in upside of US-market and synergies

FIX – TRANSFORM – INNOVATE

- Improve performance of mobile-centric assets
- Leverage One Company in integrated assets
- Build networks and processes for the Gigabit Society
- Connected Life across all screens
- Connected Work with unique ICT solutions

ROCE

Drive **Profitability** and improve **Capital Allocation**

1. **OPEX** – Margin improvement
2. **CAPEX** – No investment overhang
3. **FCF** – Accretive to FCF per share
4. **Portfolio** – Strategic solution for US business found
5. **M&A** – No change to DT M&A policy

DEBT

- De-risk Deutsche Telekom
- Significant debt reduction of €13.1 billion
- Pro forma 2010 leverage goes down to 1.9x

ROCE improvement of 70 basis points on 2012 consensus expectations

For further questions please contact the IR department:

Investor Relations, Bonn office

Phone	+49 228 181 - 8 88 80
Fax	+49 228 181 - 8 88 99
E-Mail	investor.relations@telekom.de

Investor Relations, New York office

Phone	+1 212 424 2959
Phone	+1 877 DT SHARE (toll-free)
Fax	+1 212 424 2977
E-Mail	investor.relations@telekom.com

Thank you for your attention!