Q3/10 – Results Presentation.
Deutsche Telekom.

November 4, 2010

Life's for Sharing

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Agenda.
Deutsche Telekom Results Presentation.

René Obermann
CEO

Timotheus Höttges
CFO

9M 2010 Highlights – Decent progress to achieve FY10 targets.

9 months results – on track to achieve full-year targets

- Excluding T-Mobile UK revenue growth of 0.4% in 9M
- Adj. EBITDA at €14.9 billion in 9M – on track to achieve guidance of "around €20 billion minus de-consolidation impact of the UK"
- Free cash flow at €4.8 billion in 9M – on track to achieve at least €6.2 billion for full year
- Germany: cumulated broadband net add-market share of 40.2% – on track to achieve guidance of 40-45% for the full year
- Germany: line losses of 1.2 million in 9M – 26% below last year's level
- Germany: Entertain packages sold at 1.4 million – on track to achieve full-year target of 1.5 million
- S4S: continues to support group profitability with savings of €1.7 billion in 9M. Full-year target of €2 billion will be overachieved
- Mobile data revenue of €3.2 billion in 9M, up 26%

Solid performance in Q3

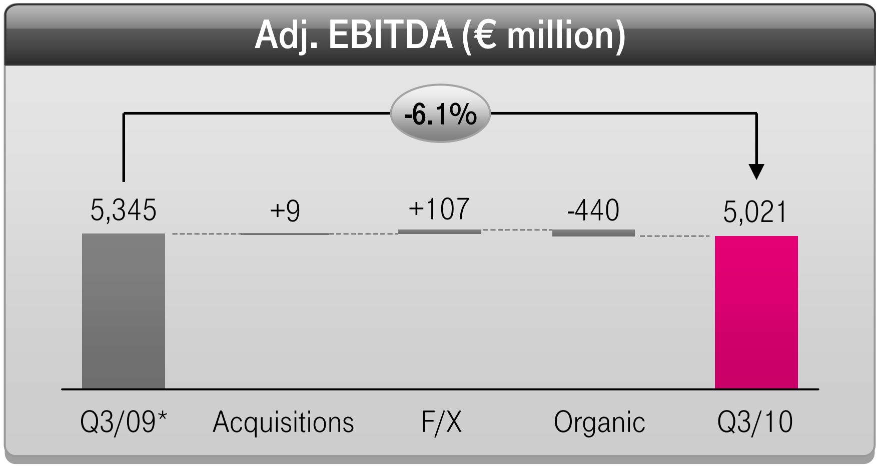
- Germany – Mobile: Q3 best quarter ever for iPhone sales of 400k taking total to 2.3 million since launch, ongoing strong underlying revenue and EBITDA growth in mobile; fixed: 6.9% opex reduction leading to margin improvement of 1.4pp yoy
- USA: data ARPU growth accelerating, further revenue stabilization, but churn not satisfying
- EU – Integrated operators: successfully tackling economic and regulatory headwinds – margins and cash flows protected; mobile centric: increase in market invest impacting margins
- Systems Solutions: improvement in external revenue and adj. EBIT margin as promised

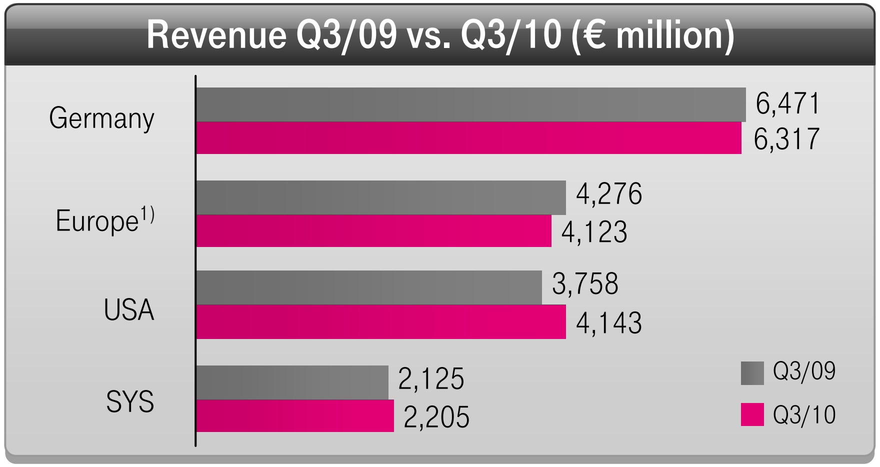
Q3 Overview Group financials.

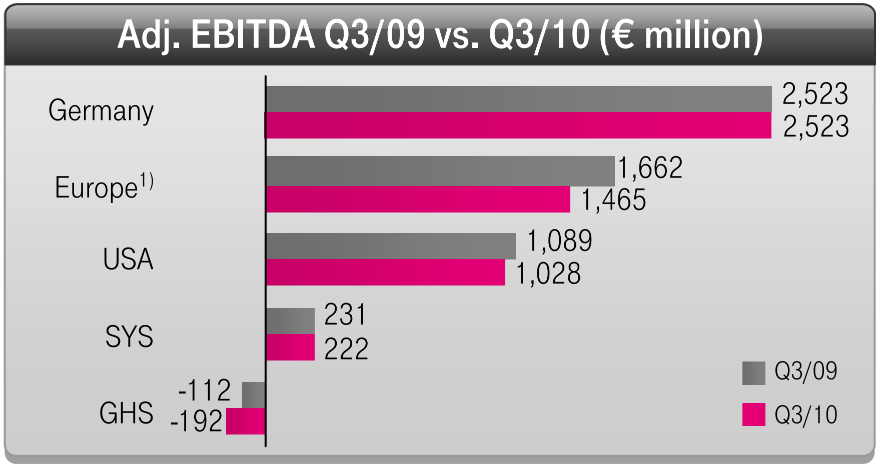
in € million	Q3/09 reported	Q3/10 reported	Q3/09 excl. UK	Q3/10 excl. UK	change in % excl. UK
Revenue	16,262	15,601	**15,448**	**15,601**	**1.0%**
Adj. EBITDA	5,528	5,021	**5,345**	**5,021**	**-6.1%**
Adj. net profit	1,074	969	**1,006**	**1,021**	**1.5%**
Net profit	959	1,035	**892**	**1,087**	**21.9%**
Adj. EPS (in €)	0.24	0.23	**0.22**	**0.24**	**7.9%**
EPS (in €)	0.22	0.23	**0.20**	**0.24**	**18.3%**
Free cash flow[1)]	3,286	1,882	**3,094**	**1,882**	**-39.2%**
Cash capex	2,131	2,036	**2,094**	**2,036**	**-2.8%**

1) Before dividend payment and spectrum invest; Q3 2009 including €759 million of factoring

Q3 Overview: strong Q3/09 impacts yoy comparison.







1) 2009 figures without T-Mobile UK: impact Group €814 million of revenue and €183 million of adj. EBITDA; impact segment Europe: €848 million of revenue and €182 million of adj. EBITDA

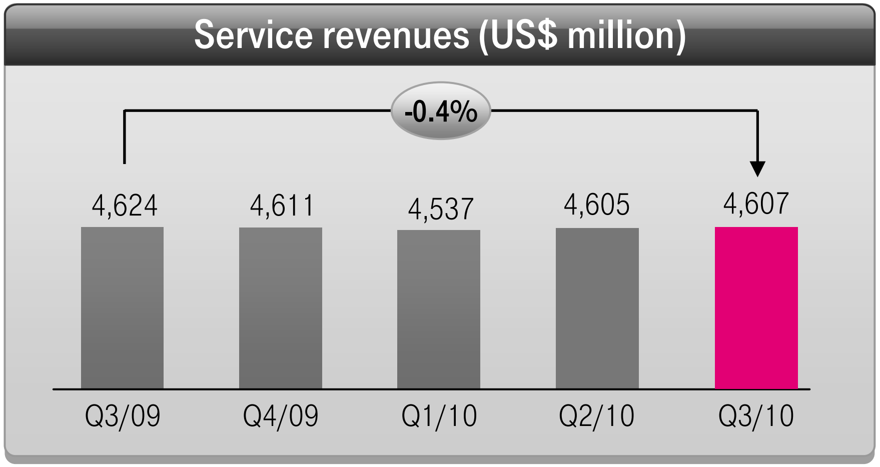
Q3 strategy update: Fix – Transform – Innovate on track.

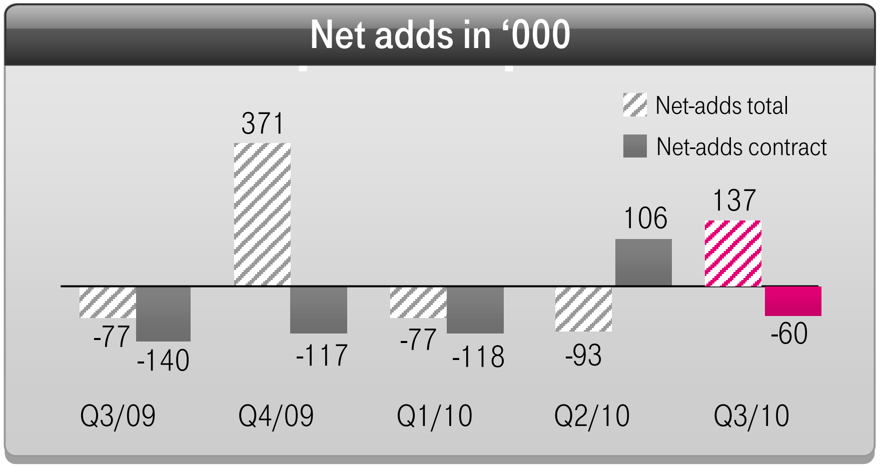
Fix	Transform		Innovate	
Improve performance of mobile-centric assets	**Leverage one company in integrated assets**	**Build networks and processes for the gigabit society**	**Connected life across all screens**	**Connected work with unique ICT solutions**
▪ USA: data ARPU growth accelerating ▪ PL: revenue stabilization	▪ Re-structuring of SME Sales and IT offices in Germany	▪ Launch of LTE network in Germany. ▪ “Best mobile network” award in Germany from “Chip” magazine – 2,100 3G sites added in 2010 in Germany ▪ HSPA+ with 42Mbps roll-out in the US announced	▪ Preferred partner for Windows mobile phone in holiday business in Germany ▪ New mobile data plans introduced in Germany and US – embracing tiered pricing ▪ Smartphones: 53% of all handsets sold in Germany	▪ T-Systems enters into partnerships with ABB on smart metering ▪ 2/3 of all SAP transactions processed in the cloud ▪ Improved industry position reflected by industry analysts (e.g. Gartner)

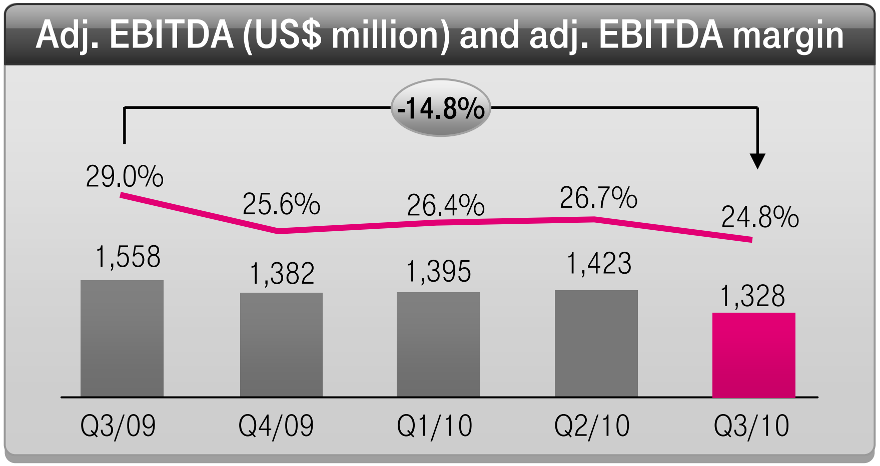
Strategy update: growth areas.

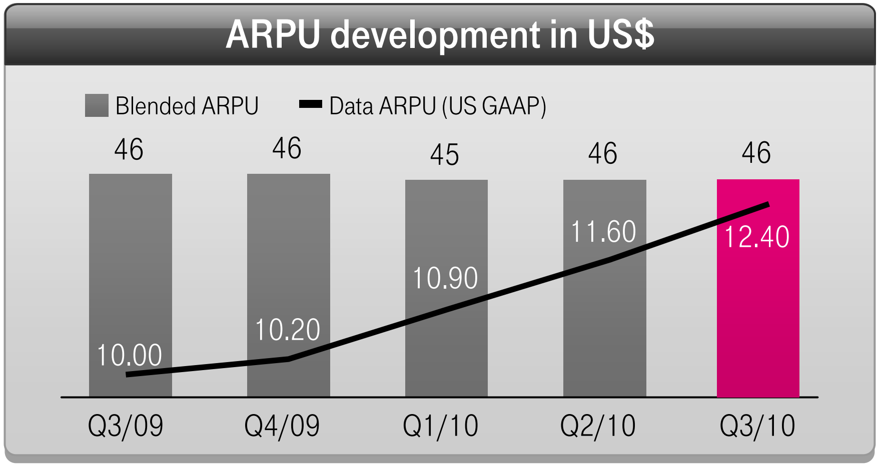
Deutsche Telekom growth areas	9M 2009	9M 2010	Change		Ambition 2015
Revenue (€ bn)					
Mobile Internet	2.6	3.2	0.7	26.2%	≈ 10
Connected Home Double & triple play, Home Gateway and Communication Suite	3.9	4.2	0.3	7.8%	≈ 7
Online consumer services	0.5	0.7	0.2	33.3%	2 - 3
T-Systems external revenue incl. Cloud Services	4.5	4.7	0.2	5.2%	≈ 8
Intelligent networks in energy, health, media distribution, Connected Car	0	0	0	0.0%	≈ 1

US: continued revenue stabilization and strong data ARPU – margin reflecting smartphone uptake and network costs.









Operational priorities for 2010: improve the US market position.

Network

- 3G coverage: 209 million POPs; >29,000 3G sites, up >1,600 in Q3
- Nationwide 4G network: HSPA+ (21 Mbps) expected to reach 200 million POPs by YE '10; upgrade to HSPA+ (42 Mbps) starting in 2011
- JD Power Wireless Call Quality Performance Study: No. 1 in Southeast and Southwest

Devices

- 7.2 million 3G smartphones (21% of total customers), up from 2.8 million in Q3/09
- First HSPA+-capable smartphones: T-Mobile G2, T-Mobile myTouch 4G
- 1st tablet (Samsung Galaxy Tab) and 1st HSPA+-capable netbook (Dell Inspiron Mini 10 4G)
- Launch partner for Microsoft Windows Phone 7: HTC HD7, Dell Venue Pro

Distribution

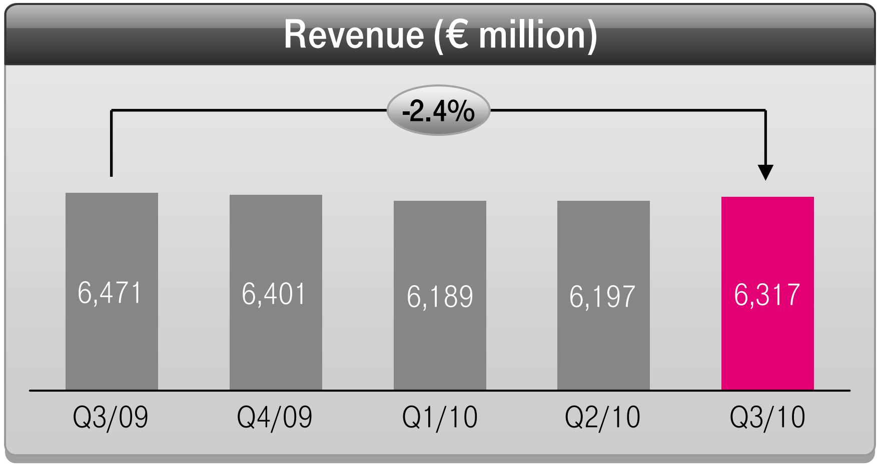
- 2,034 own stores
- 8,042 national retail stores (postpaid only)
- Walmart Family Mobile Powered by T-Mobile launched in 2,500 Walmart stores
- Launch of Target stores run by RadioShack: 455 per end of Q3

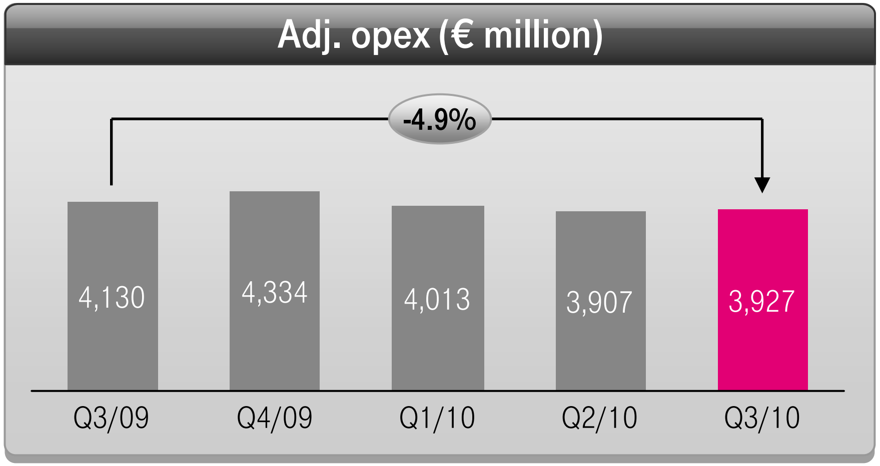
Pricing

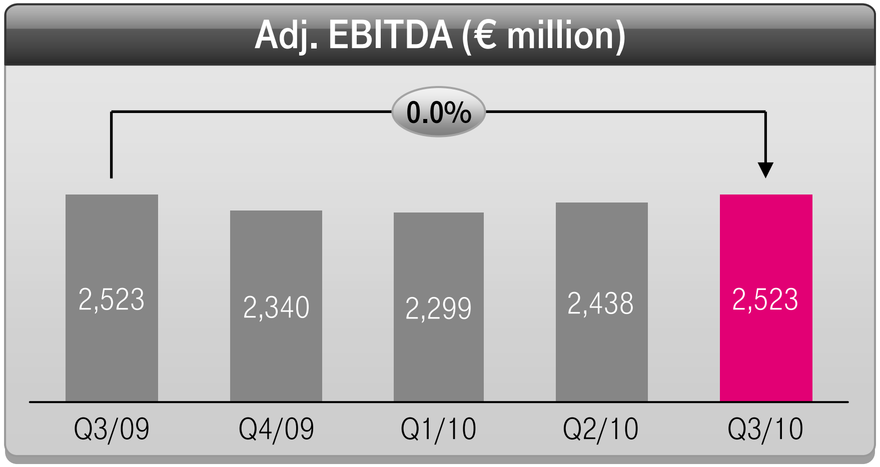
- Introduction of tiered data pricing[1)]: $10 (200 MB with $0.10 per MB overage), $30 unlimited[2)], $45 unlimited[2)] incl. tethering
- Walmart Family Mobile Powered by T-Mobile: $45 unlimited talk and text, $25 add-a-line
- New branded prepaid monthly plans: $70 unlimited talk & text with 2 GB data, $50 unlimited talk & text with 100 MB data, $30 1500 talk & text with 30 MB data, $15 unlimited text

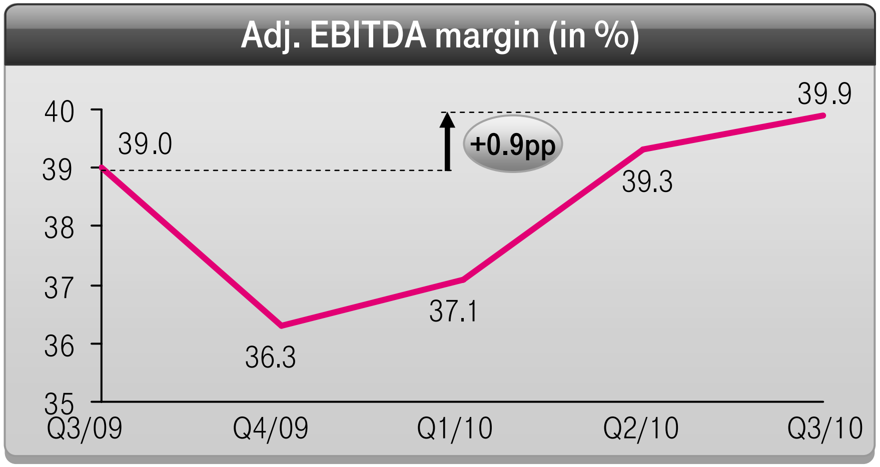
1) Pricing for „even more" rate plans. Available this holiday season 2) Speed throttling beyond 5 GByte

Germany: sustainable improvement in EBITDA-margin.

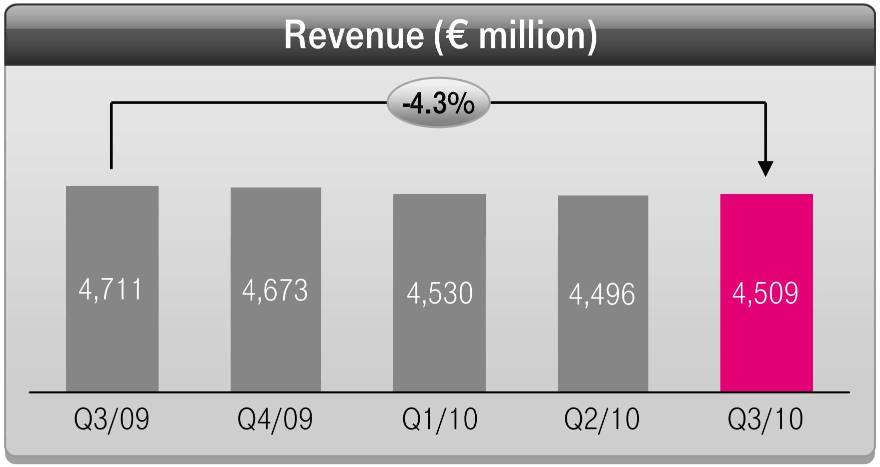




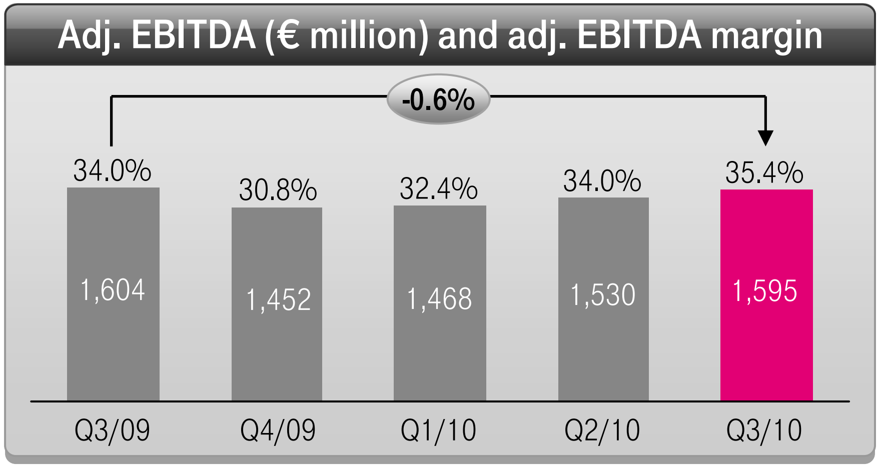


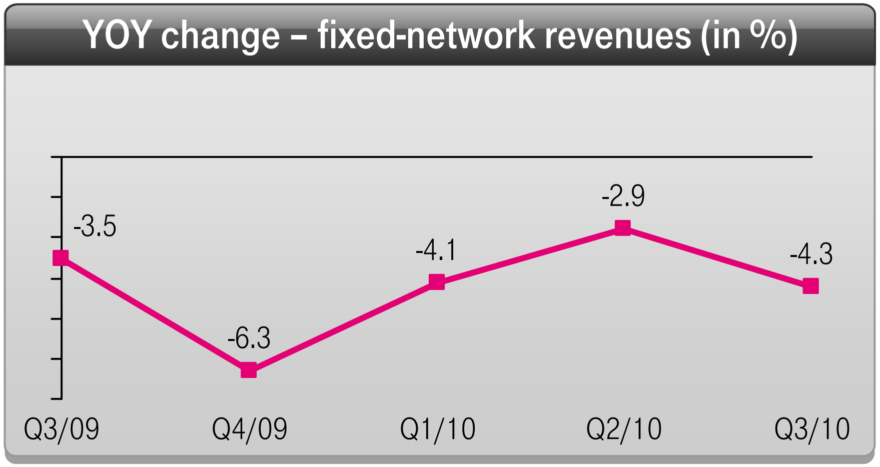


Germany fixed: strong Save for Service execution.



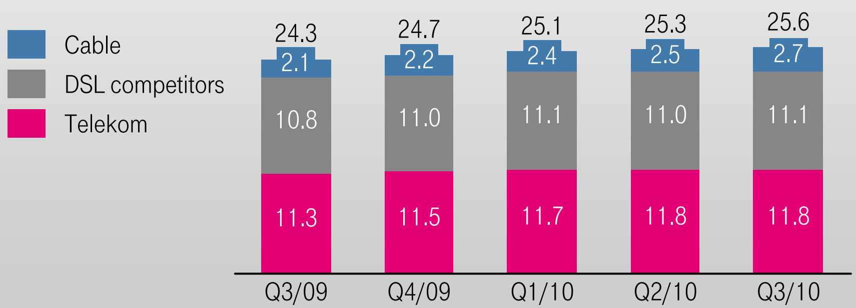
- Revenue trend impacted by wholesale and value added services in Q3/09. Improvement in trend expected for Q4
- Adj. EBITDA stable at around €1.6 billion
- Efficiency program Save for Service proves to be successful, sequential increase in profitability
- Thanks to excellent cost discipline the adj. EBITDA margin improved by 1.4 percentage points yoy, driven by adj. opex savings of -6.9% in fixed network



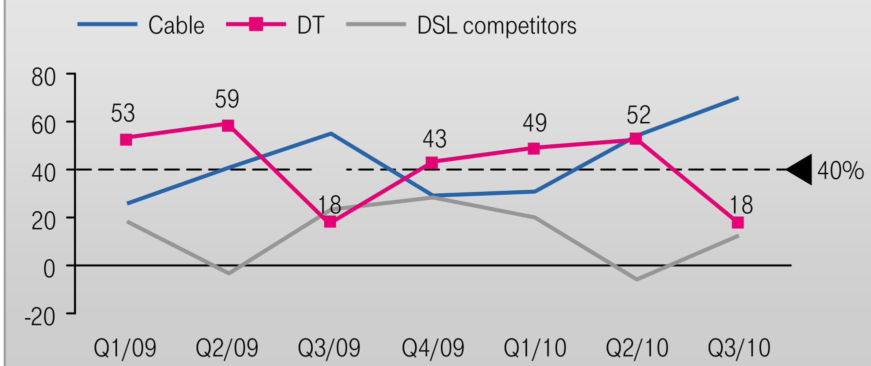


Germany fixed: strong leadership in the German broadband market.

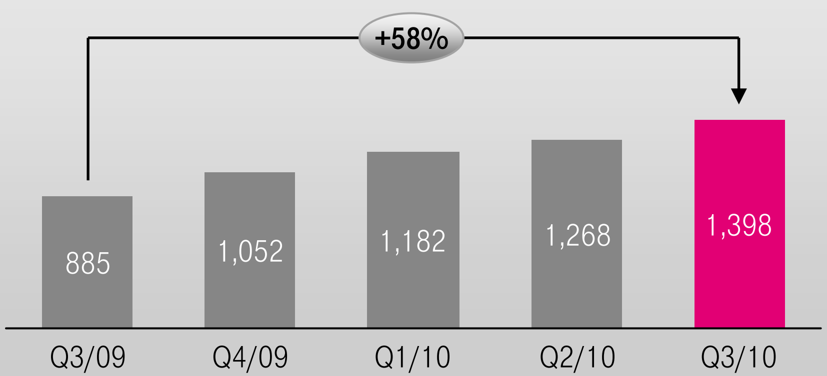
Broadband lines[1] (million)



Broadband net add share by competitor[2]



"Entertain" packages (sold) ('000)

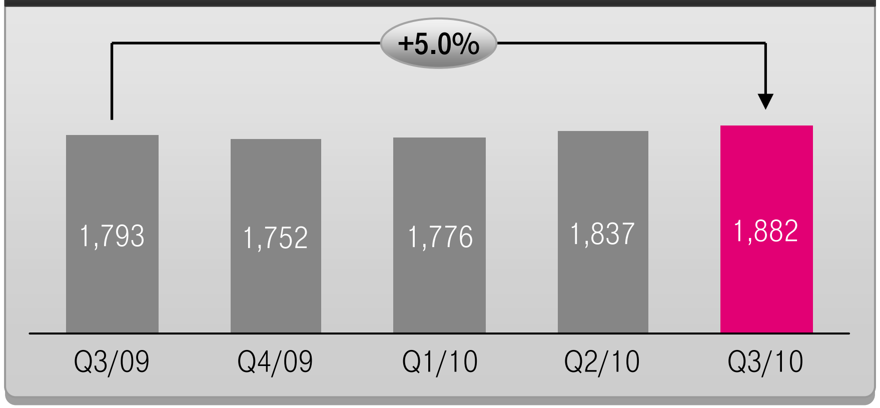


- Cumulated line losses of 1,213k are 26% below 2009
- Broadband net add share in Q3 and resale DSL losses of 210k have a negative effect on traditional PSTN line losses in Q3
- Marketed Entertain customers now at 1.4 million
- Retail fiber customers (VDSL) at 278k (+147% yoy)

1) 2010 own estimates, Q1 and Q2 adjusted by one-time item wholesale. Rounded figures. Incl. reseller (competitor resale and resale)
2) DTAG view (retail). Retroactive adjustment starting in 2007 because of reclassification of UnityMedia broadband customer base (March 31, 2010)

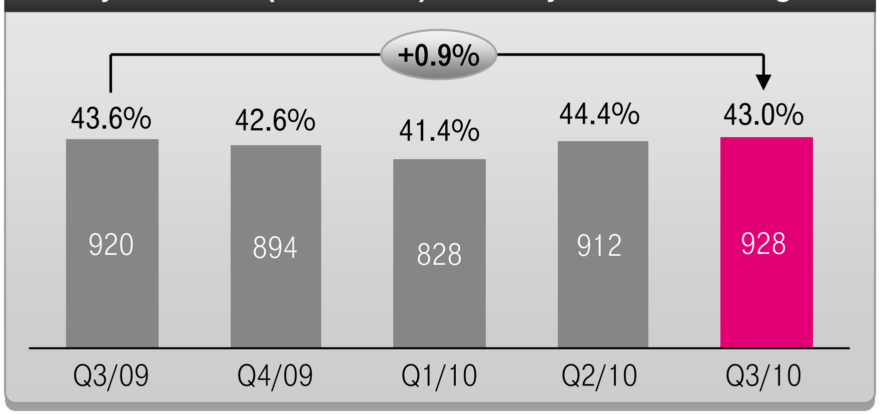
Germany mobile: data revenues boosting top line growth.

Service revenues (€ million)

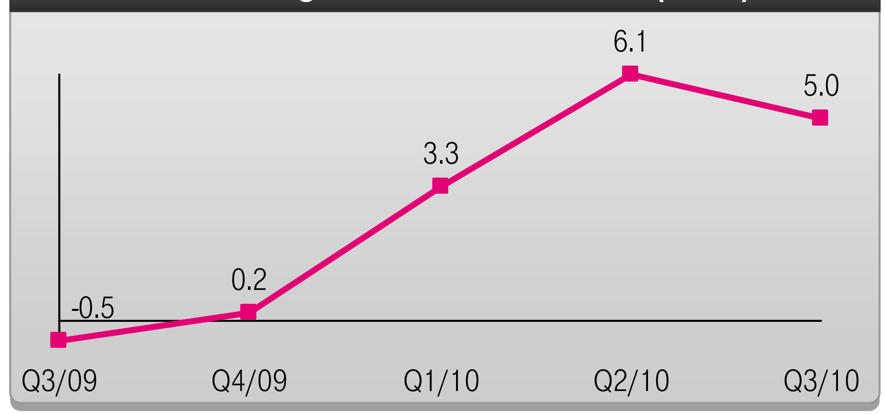


- Data revenues growth of 27% boosting top line growth of +2.3% despite loss of O_2 deal (€ 81mn)
- Continuous ramp up of high-value customers with
  - record level iPhone numbers in Q3 (+400k)
  - increased contract customer base (+0.4% yoy)
  - contract ARPU growing again (+€2 vs. Q3/09)
- Impressive adj. EBITDA margin of 43.0% despite record smartphone sales (53% of handsets sold) and O_2 deal

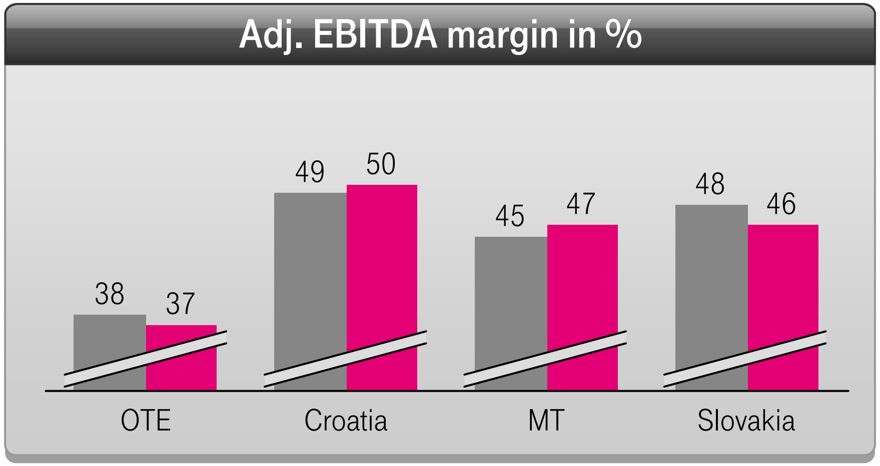
Adj. EBITDA (€ million) and adj. EBITDA margin

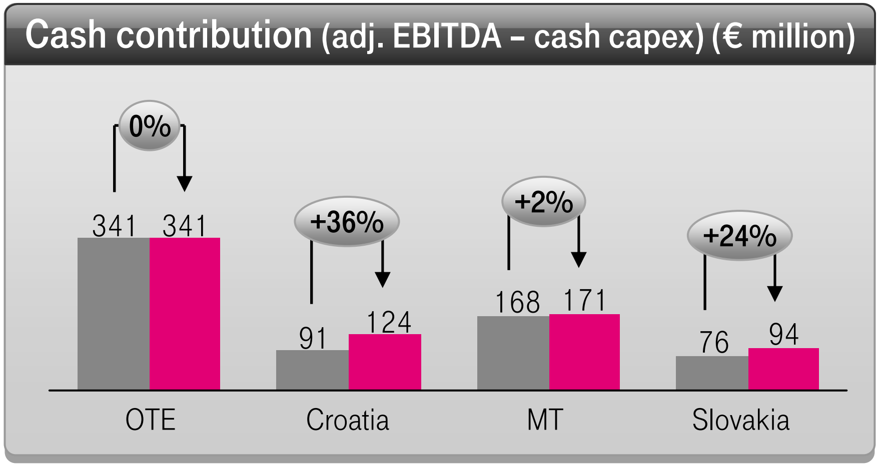


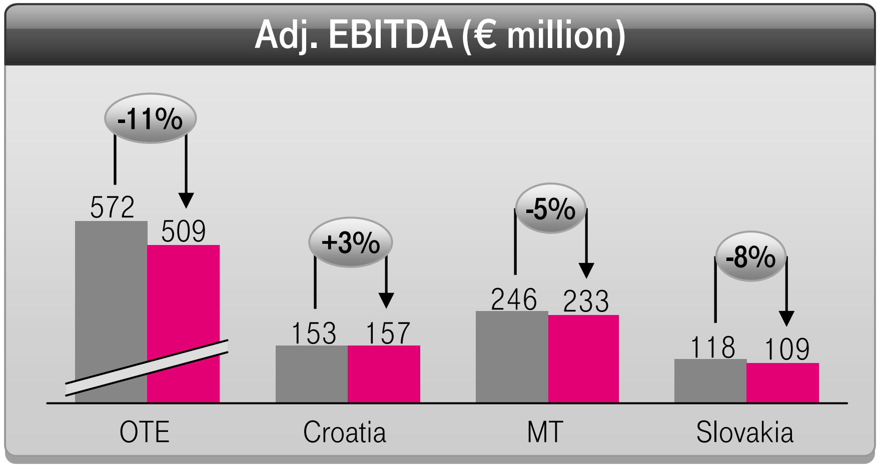
YOY change – service revenues (in %)

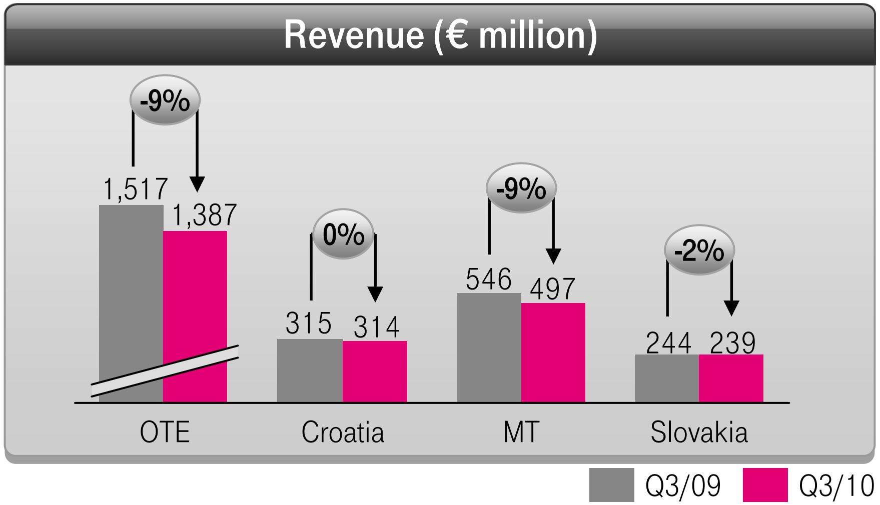


Europe – integrated operations: defending cash flow and margin – outperforming peers.



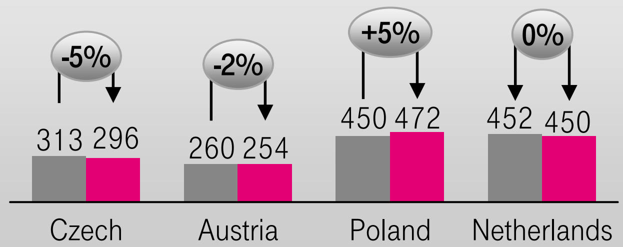




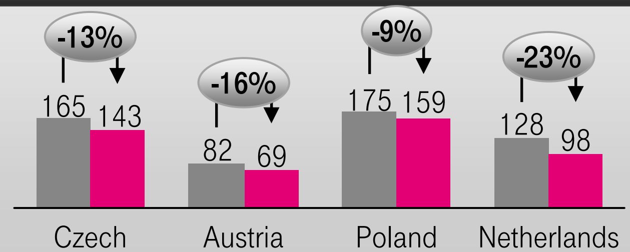


Europe – mobile centric: Higher market invest impacting margins.

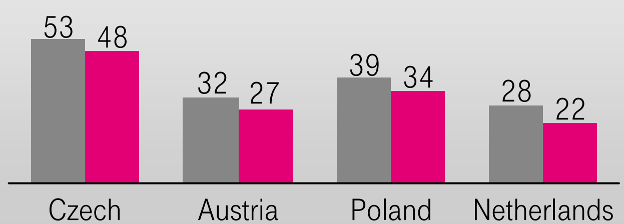
Revenue (€ million)



Adj. EBITDA (€ million)



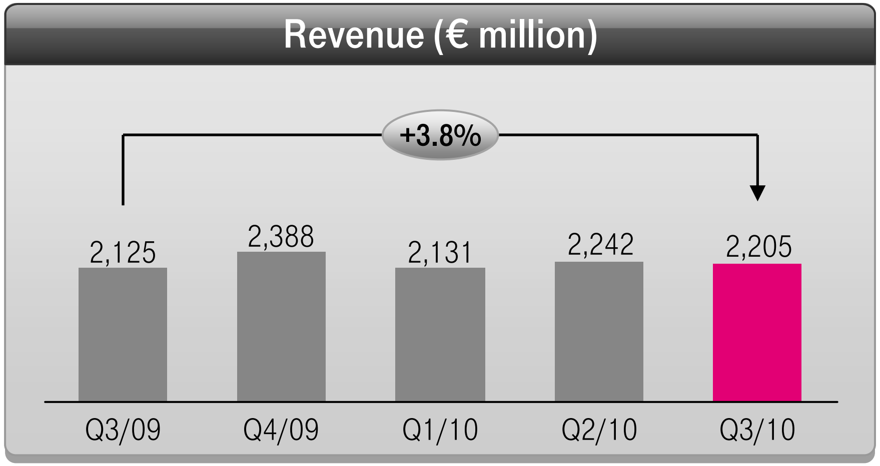
Adj. EBITDA margin in %



- **Czech Republic:**
  - Revenue driven by regulation (excl. regulation revenue flat). Increase in market invest (in €) of 31% due to more retention. Integration of broadband business and FDD roll-out increasing cost base
- **Austria:**
  - Revenue decline driven by regulation (excl. regulation revenue growth of 3.8%). Increase in market invest of 50% due to 24% increase of retained and acquired subscribers with shift in mix to contract
- **Poland:**
  - Back to revenue growth, data revenues +37% . EBITDA impacted by increase in market invest of 22%, due to increase in retention expenses and more data devices
- **Netherlands:**
  - Continued outperformance of competition. Total revenue and EBITDA impacted by loss of wholesale contract (margin impact 4pp). EBITDA further impacted by increase in market invest of 27%: 100k iPhone sales. Synergy case: indirect costs further reduced by €17 million

Q3/09 Q3/10

Systems Solutions: accelerating revenue growth in Q3.

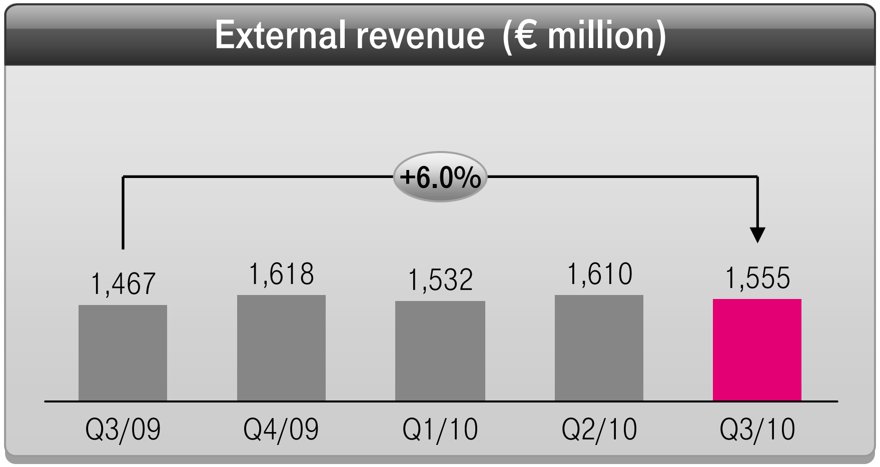


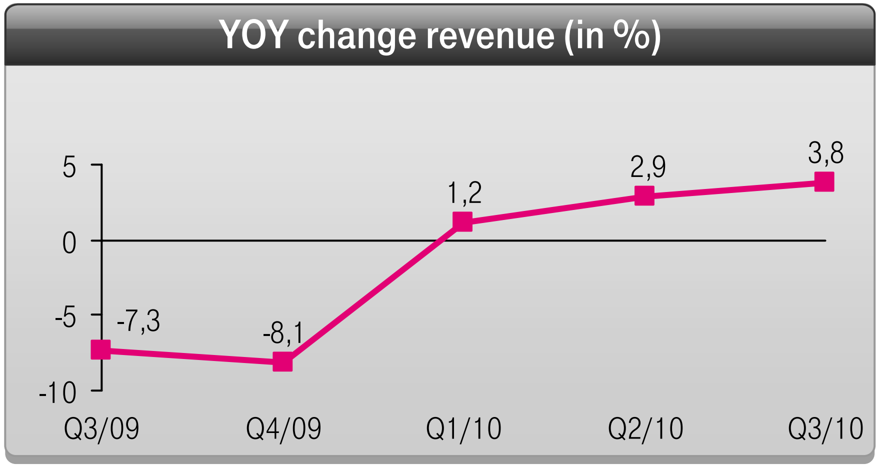
Revenue increase continues:

- Revenue increase yoy of +3.8 % up to €2,205 million
  - Despite decreasing internal revenue, as T-Systems contributes to the optimization of Group IT costs
- International revenues grew yoy +11.0% up to €715 million

External revenues up +6.0% to €1,555 million

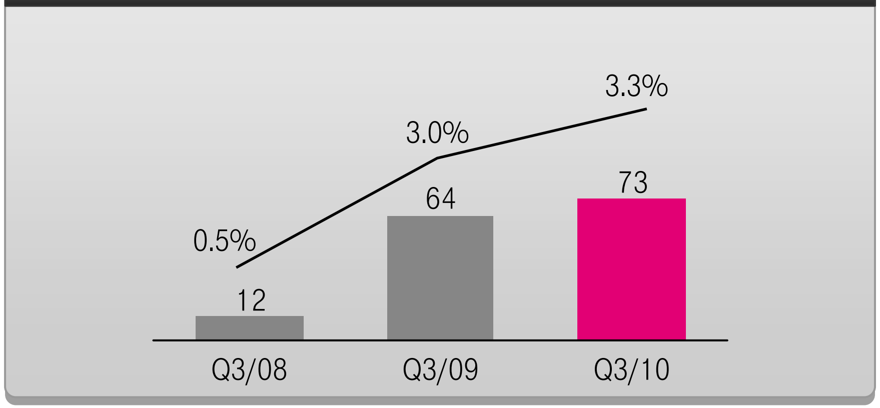
- Big Deals of 2009 and in H1 2010 bear fruit





Systems Solutions: profitability improvement driven by efficiency.

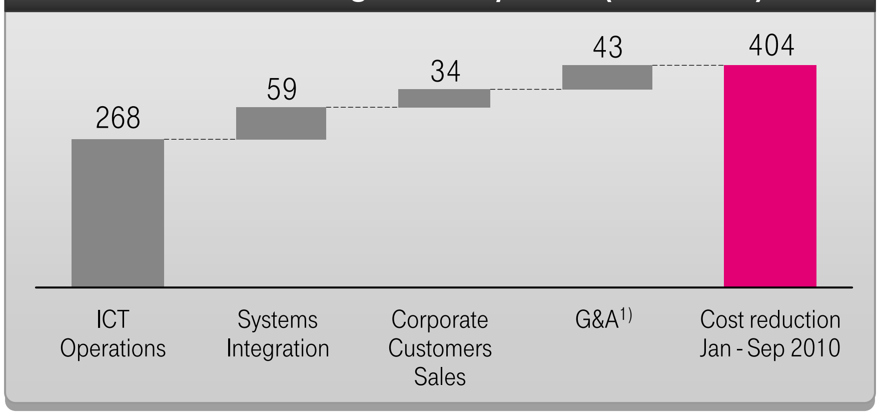
Adj. EBIT / margin (€ million)



Adj. EBIT increase despite additional expenses from new deals:

- EBIT +€9 million up to €73 million in Q3/10
- Adj. EBIT margin in Q3/10 improved to 3.3% from 3.0% in Q3/09

S4S cost savings Q1-Q3/2010 (€ million)

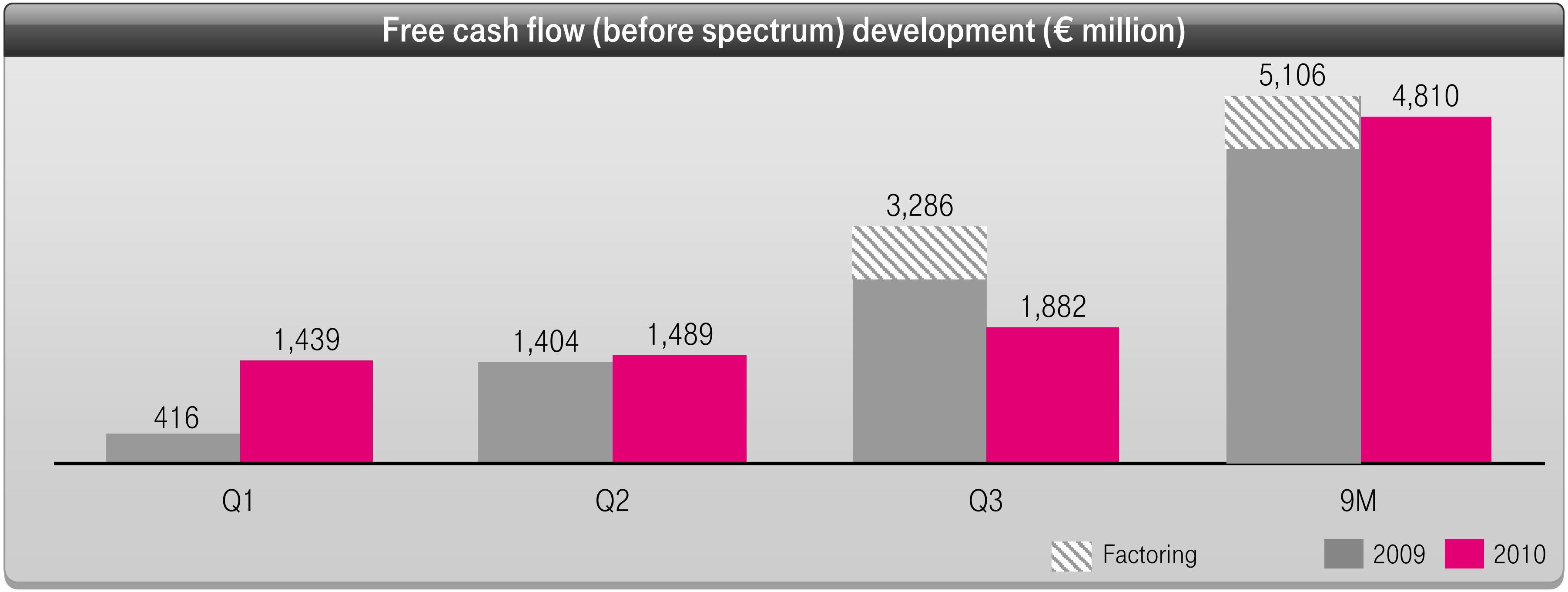


Forceful execution of efficiency program

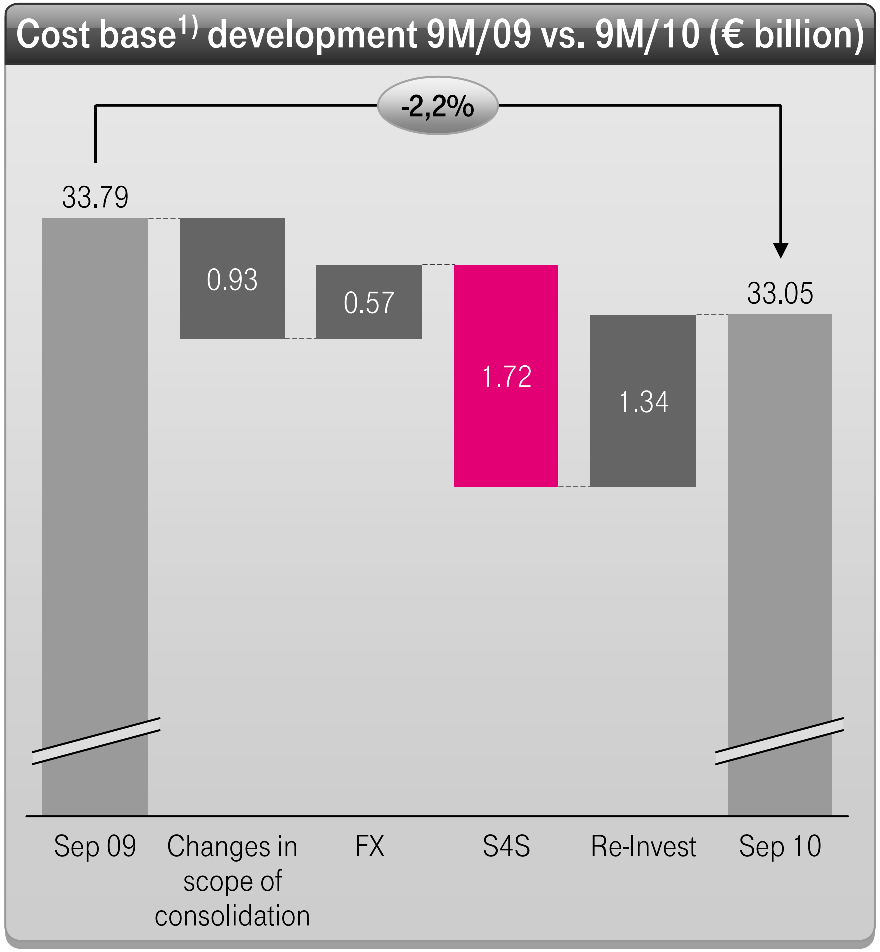
- €0.4 billion Save for Service contribution in Q1-Q3/10
  - Optimization of data center infrastructure, reduction of maintenance costs due to new technologies
  - Reduction of production costs at Systems Integration through near- and off-shore locations combined with cost management and higher utilization
  - Simplification and standardization of sales
  - Internal optimization of G&A, reduction of freelancer

1) incl. national subsidiaries not part of the aforementioned categories

Free cash flow: on track to achieve at least €6.2 billion.



S4S: €1.7 billion savings gross so far – €740 million net.



Contribution by Business Unit (€ million)	YtD 2010
Germany	515
USA	361
Europe	300
Systems Solutions	404
GHS	140
DT Group	**1,720**

- €1.7 billion gross savings on corporate level
- Net cost base of Group reduced by €0.74 billion
- Strong underlying* net savings in Germany (€0.49 billion) and Europe (€0.48 billion) partially offset by market invest predominantly in the US.
- Full-year target of €2 billion will be overachieved

1) Defined as revenue minus adj. EBITDA plus adj. other operating income

* Excl. F/X and changes in the composition of the Group

Ongoing solid balance sheet ratios and stable rating.

in € billion	30/09/2010	30/06/10	31/03/10	31/12/09	30/09/09
Balance sheet total	**127.8**	**132.8**	**130.8**	**127.8**	**129.3**
Shareholders' equity	43.4	44.8	44.3	41.9	41.6
Net debt	43.7	46.3	40.4	40.9	42.4
Net debt/adj. EBITDA[1)]	2.2	2.3	1.9	2.0	2.1
Gearing	1.0x	1.0x	0.9x	1.0x	1.0x
Equity ratio	**33.9%**	**33.7%**	**33.9%**	**32.8%**	**32.2%**

Comfort zone ratios

- 2 - 2.5x Net debt/adj. EBITDA ✓
- 25 - 35% Equity ratio ✓
- Gearing: 0.8 to 1.2 ✓
- Liquidity reserve covers redemption of the next 24 months ✓

Current Rating

Fitch:	**BBB+**	stable outlook	✓
Moody's:	**Baa1**	stable outlook	✓
S&P:	**BBB+**	stable outlook	✓
R&I:	**A**	stable outlook	✓

1) Calculation based on adj. EBITDA of last four quarters

Q&A – Please press "*1" to ask a question.

René Obermann
CEO

Timotheus Höttges
CFO