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statement René Obermann**

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**Statement
delivered at the press conference
on Deutsche Telekom's first half-year results 2009
August 6, 2009 in Bonn**

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

Ladies and Gentlemen,
Nice to have you with us.

You will see the figures in a moment. They show that our business has stabilized despite the economic crisis. We have responded decisively to the negative trend of the first quarter. This approach will continue to bear fruit in the second half of the year.

Some positive effects can be seen even now.
This shows we are moving in the right direction.

First of all, I would like to present the key results of the second quarter:

- We increased Group revenue and Group EBITDA substantially. Thanks especially to the consolidation of OTE, revenue increased by 7.4 percent and EBITDA by 8.4 percent year-on-year.
- Our adjusted net profit of EUR 0.8 billion was almost 20 percent higher than the figure for the same period last year.
- The measures initiated in April to safeguard earnings are beginning to take effect.
- Free cash flow in the second quarter came in at EUR 1.4 billion, up from EUR 0.4 billion in the first quarter, and will rise significantly again in the second half of the year.
- In the United Kingdom, the United States, and Poland – in other words, the markets in which we have seen a need for action – we have already improved our margins, in some cases substantially, compared with the first quarter.
- Our broadband business in Germany is developing very well. In the second quarter, our net add market share was 59 percent.
- T-Systems has further increased its margin.
- The growth in data revenue in the United States has gained momentum as a result of the accelerated 3G roll-out.
- Regarding the integration of OTE, in just six months we have already exceeded the synergies we set ourselves for the full year.

In view of all the framework conditions hampering our efforts, that is a good achievement, which is why we are reaffirming our guidance for the full year.

I think this gives you an idea of the trends in a successful second quarter.

Let me first just say a few words about the markets that came into particular focus in the first quarter.

Mobile communications companies in the United States, the United Kingdom, and Poland in particular had previously recorded downward trends.

This was due to the economic downturn, an increasingly fierce competitive environment, and major exchange-rate fluctuations affecting the European companies.

We worked hard to counter this trend.

In our U.S. business, we have reduced operating costs by just under EUR 300 million. As a result, we were able to increase operating results compared with the previous quarter despite revenues remaining stable.

This is clearly reflected in the figures: The EBITDA margin increased by 4.4 percentage points over the previous quarter, to 30 percent.

In the United Kingdom, we are also seeing some initial improvements in terms of costs and margins. Richard Moat has been Managing Director of T-Mobile UK since the end of June.

He and his team have found their feet in the company and have already implemented some initial measures.

Over the next few weeks, he will set out and present the details of his strategy for our UK subsidiary. We have no intention of pre-empting here what he will say in due course.

The progress made in Poland has proved the most striking.

Thanks to strict cost discipline, we have increased the EBITDA margin substantially, lifting it more than 12 percentage points over the first quarter.

This shows that PTC is back on track.

To sum up, we have made significant headway within a short period of time in the markets we have been focusing on since April.

As you are aware, we will have a new regional reporting structure as from the next quarter.

I would like therefore to take a moment now to give you some facts and figures on our business in Germany.

In the German fixed-network business, the second quarter saw a 5.1-percent decrease in revenue to EUR 4.7 billion, which was attributable to a decline in existing business and regulation.

Adjusted EBITDA declined to a lesser extent, however, by 3.1 percent to EUR 1.6 billion.

We increased the EBITDA margin year-on-year to 33.4 percent as a result of a 5.8-percent year-on-year cut in operating costs, which was achieved by a wide range of measures.

Broadband business in Germany continues to develop encouragingly. We are clearly ahead when it comes to net adds - apart from us, only the cable network operators are posting any growth worth mentioning at present.

In the second quarter, our net add market share was 59 percent.

At this point, I'd just like to extend my thanks to all our employees, without whom this wouldn't have been possible.

Without doubt, it is not going to be easy to maintain such buoyant figures as contracts for complete packages start to expire in mid-2009. We are aware that the churn rate will rise as a result, above all in the third quarter, no doubt.

Nonetheless, we continue to expect a net add market share of more than 45 percent for the full year 2009.

I think this is a good result. The third year in a row!

The figures illustrate that growth in the German DSL market is slowing down.

This year, the number of new customers will decrease from 4.6 million in 2007 to around 2 million.

As you know, the market has changed. This is why, starting in 2010, we will measure our market share in terms of the market base. That will then be the relevant benchmark.

But whatever the benchmarks, we intend to maintain our leading position.

We expect Internet-based TV to grow.

Our Entertain service – which brings us to the next piece of good news – is fast becoming a mass-market product.

We nearly tripled Entertain sales to 721,000 customers within one year.

That is something we want to build upon, for instance with LIGA total!, Deutsche Telekom's Bundesliga soccer service, provided via Entertain and mobile phone. Sports fans among you may be aware that tomorrow, Friday, marks the start of the German soccer season. For us it is the first day of

LIGA total! We firmly believe that with our top-quality production partner Constantin Medien AG on the field, we have a compelling line-up.

Soccer fans can experience all 612 games of the 1st and 2nd German leagues live on their televisions or mobile phones. In addition, LIGA total! offers all Bundesliga games in high definition. Highlights of all matches are available in the TV archive, just 30 minutes after the game – free of charge for all subscribers, of course.

Just to cover all areas, I would also like to mention that we have made some progress in terms of line losses.

At 473,000, the number of lines lost is the lowest it's been for four years.

A large part of these line losses also came about for purely technical reasons – as a result of the migration of DSL resale customers to the All-IP platform.

Let us now turn to our mobile communications business in Germany. We are market leader in terms of revenue and have consolidated our position in the mobile communications market.

Although T-Mobile Deutschland's revenues have also decreased slightly, which is in line with our expectations, the company is in a relatively stable position compared with its competitors.

On a quarterly basis, service revenues – i.e. excluding terminal equipment sales – decreased 2.4 percent year-on-year.

This was attributable to the reduction in termination charges resulting from regulation, and payments from the national roaming agreement with o2, which will only be posted at a later point in time.

This is not quite offset by positive aspects such as increased usage and booming sales of iPhones. To date, we have sold a total of around 1 million iPhones in Germany.

It goes without saying that we expect the merger of the mobile business in Germany with the fixed network to also have a positive knock-on effect for mobile communications business, as well as more cross-selling.

"Everything from a single source". One Company – this is about customers and improved service offerings.

Let us move on now to our international business, starting with T-Mobile USA.

Our mobile communications business in the USA generates a mixed picture.

On the one hand, we have improved efficiency and margins, as I just mentioned.

On the other hand, we don't see the development in sales that we would like to see.

In dollar terms, there was no growth in the second quarter. We intend to change that in the medium term, but the turnaround will not be in the third quarter.

The strength of the U.S. dollar means the figures look better when translated into euros. Revenue increased in the second quarter year-on-year by 12 percent and EBITDA increased by 14.2 percent.

So you see, in financial terms, T-Mobile USA has grown considerably.

But it's clear that there's work to do on the operational side. Currently, we are growing mainly in segments where customers generate below-average monthly revenues.

A pleasing development in the second quarter was that we cut the migration rate slightly. But we have to shore up our high-revenue customer base – and build it up again in the medium term.

In the run-up to Christmas we will be pushing our growing 3G network, our expanded sales system, new calling plans, and a broader range of 3G handsets.

Our customers are already using 2.1 million 3G handsets.

We expect our mobile data services in particular to generate growth in the United States.

The mobile Internet growth story continues apace.

Data revenues in the United States increased considerably in the second quarter, up almost 42 percent year-on-year to 526 million dollars – a figure we can be proud of.

We have found that wherever we enter 3G markets, after a certain lead time, more and more new customers sign up for our data services.

Rolling out 3G is therefore essential to our U.S. business. We invested a great deal in bringing this roll-out forward in the first half of the year. We intend to have expanded our 3G network coverage in the United States to 200 million POPs by the end of the year.

There will, however, be a time lag before these measures affect revenue because new base stations will first have to be technically integrated into the network.

And I am sure that this will strengthen our competitive position, particularly with high-value U.S. customers.

As regards our European mobile communications companies, we can generally say that thanks to cost discipline and mobile Internet, we have been able to limit the impact of the economic crisis.

EBITDA margins stabilized at a generally satisfactory level.

Reduced traveling and a cut in termination and roaming charges imposed by regulators weighed on most companies' results in the second quarter.

As I said, we were able to compensate for that to a large extent.

I have already covered developments in the United Kingdom and Poland. These kinds of results shouldn't be taken for granted in Europe.

Our fixed-network business in Eastern Europe is largely stable – despite the fact that the economic situation remains difficult in the region.

We have seen moderate decreases in revenue in local currency and a confirmation of the strong margins in Hungary, Croatia, and Slovakia.

We have recorded high growth of 16 percent in DSL business in these countries as well as growth of 134 percent in Internet TV customers to the current level of 165,000.

Mobile communications business in Eastern Europe is developing well – particularly compared with our competitors.

Roaming revenue has declined in this region as a result of fewer people traveling, for example, in Hungary and Croatia. But: Our companies in these countries have only reported a slight decrease in revenues. The margins are stable and in some cases at very high levels.

Let's take a look at OTE.

Here you can see OTE's contribution to the Group figures.

We will be able to achieve our targets for the full year, especially OTE's EBITDA contribution, which alone totals around EUR 2 billion.

Customer development at the mobile arm COSMOTE is very pleasing: Since consolidation for the first time in February, this customer base grew by a net 1.2 million. COSMOTE thus posted the most dynamic customer development of the mobile communications companies in the Group.

If you were to ask me how the integration of OTE into the Group is progressing, I'd say "really well!"

We have already realized synergies for the year of EUR 84 million – primarily in procurement. We have therefore already exceeded our original target for the full year 2009.

And now to T-Systems: We have continued to improve earnings. And we have done so despite a very fiercely competitive market environment and despite the economic crisis.

We have improved efficiency.

Adjusted EBITDA rose by 23 percent year-on-year in the second quarter to EUR 231 million.

In the same period, EBIT, which was still negative in the prior-year period, increased to around EUR 58 million.

Thus, the EBIT margin has increased – by 3 percentage points within a year despite revenue decreasing slightly in the second quarter by 3.2 percent to EUR 2.2 billion. But you are all aware of the current reluctance among businesses to place orders. And a large part of the decrease is down to lower internal revenues.

In international business, T-Systems recorded revenue growth of 0.9 percent.

We have again secured some major orders, as you can see from this slide.

T-Systems has become profitable once more in the first half of the year and the margins are climbing.

Ladies and Gentlemen,

You know we are keeping a close eye on our costs. But we are also investing, especially in broadband. This will help us guarantee Deutsche Telekom's future in what is still a difficult environment.

We have invested a great deal in the first half of the year. More than EUR 4 billion both outside and, more importantly, within Germany.

So far this year, we have entered into more than 400 DSL partnerships with municipalities, as many as in the whole of 2008. These municipalities are to be connected to the broadband network by the end of 2010.

The Federal Government's broadband target is right, but at the same time very ambitious. No company can manage this alone.

We are doing our bit. This year we plan to invest at least EUR 200 million in filling in the blank spots alone, even though regulation and developments in the economy restrict our scope.

Competitors have a market share of over 50 percent. What is more, they have recently benefited from major regulatory decisions. We think it's their turn to up their commitment.

A single company responsible for the entire roll-out? That can't be the objective of a liberalized market – even if there is sometimes the perception that Deutsche Telekom has a universal service obligation that applies everywhere and in perpetuity and that it has to meet regardless of its ability to do business efficiently or of the development of regulated prices.

Ladies and Gentlemen,

There is no question – we stand by our responsibility.

Deutsche Telekom will remain the driving force in the broadband roll-out. But at the same time we have to behave in an economically responsible way.

Ladies and Gentlemen,

The second quarter shows that Deutsche Telekom is back on track – and that's the most important thing.

And with that I would now like to hand you over to Tim Höttges.