

Investor Presentation. Deutsche Telekom.

West LB German Telco Day
30th August 2006

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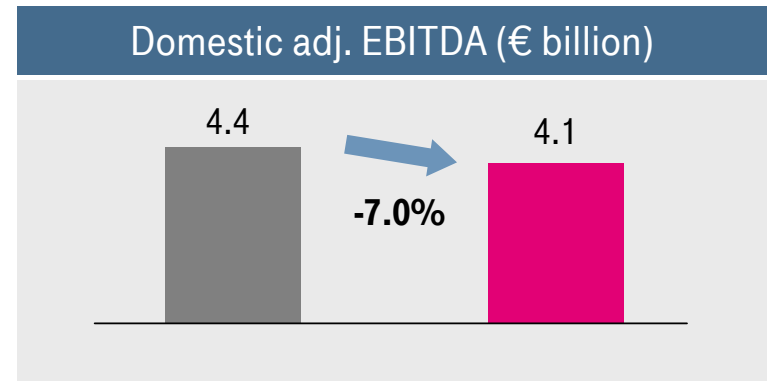
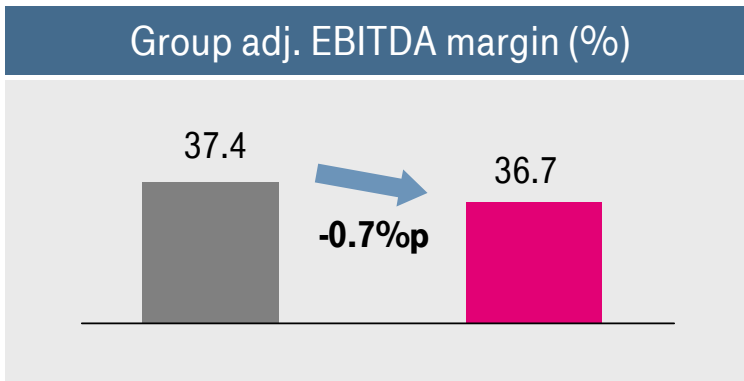
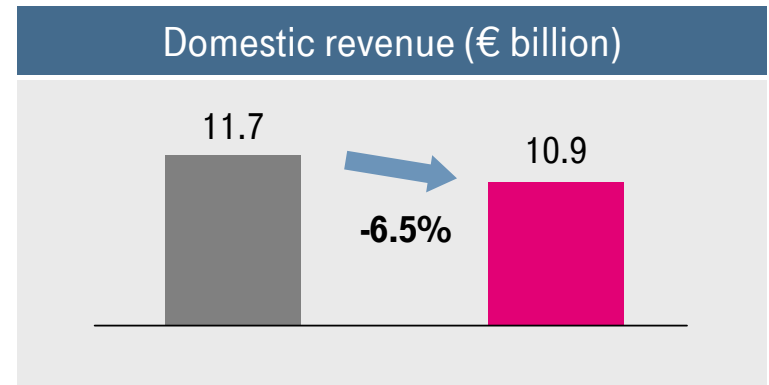
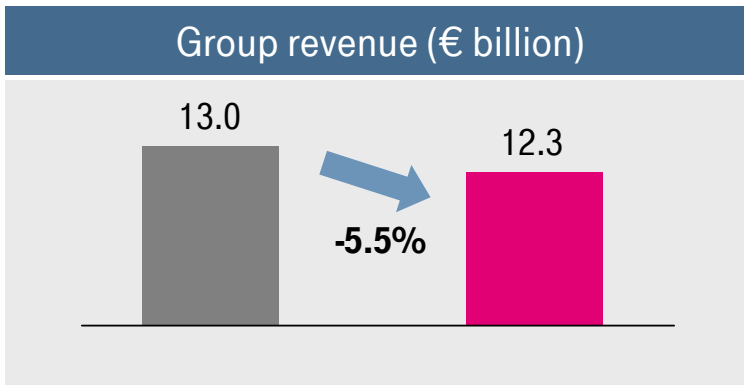
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Broadband/Fixed Network. Development in H1 2006.



■ H1 2005
■ H1 2006



Domestic market.

Challenging market environment.

- Loss of access lines
 - > Loss of 1 million PSTN access lines in H1/06
- Strong price competition specially in the DSL segment
 - > DSL usage prices trend towards € 0 from € 29.95 in H1/05
- Bundled offers
 - > Bundled tariff price decline 30% in H1/06
- VoIP and fixed mobile substitution
 - > Market share of VoIP now at 6%
 - > Mobile minute prices decreased by 13% y-o-y in July
- Regulation on VDSL network
 - > Regulatory environment still unclear

Broadband/Fixed Network.

Guidance & strategy.

Guidance of Broadband/ Fixed network

		Revenue 2006 (€ bn)	Adj. EBITDA 2006 (€ bn)
BBFN	New	24.6 – 25.0	8.8 – 9.0
	Nov 2005	25.4 – 25.8	9.4 – 9.6

Strategy

- Defend fixed core business/ churn management
- Attack with new products
- Secure international growth



Broadband/Fixed Network.

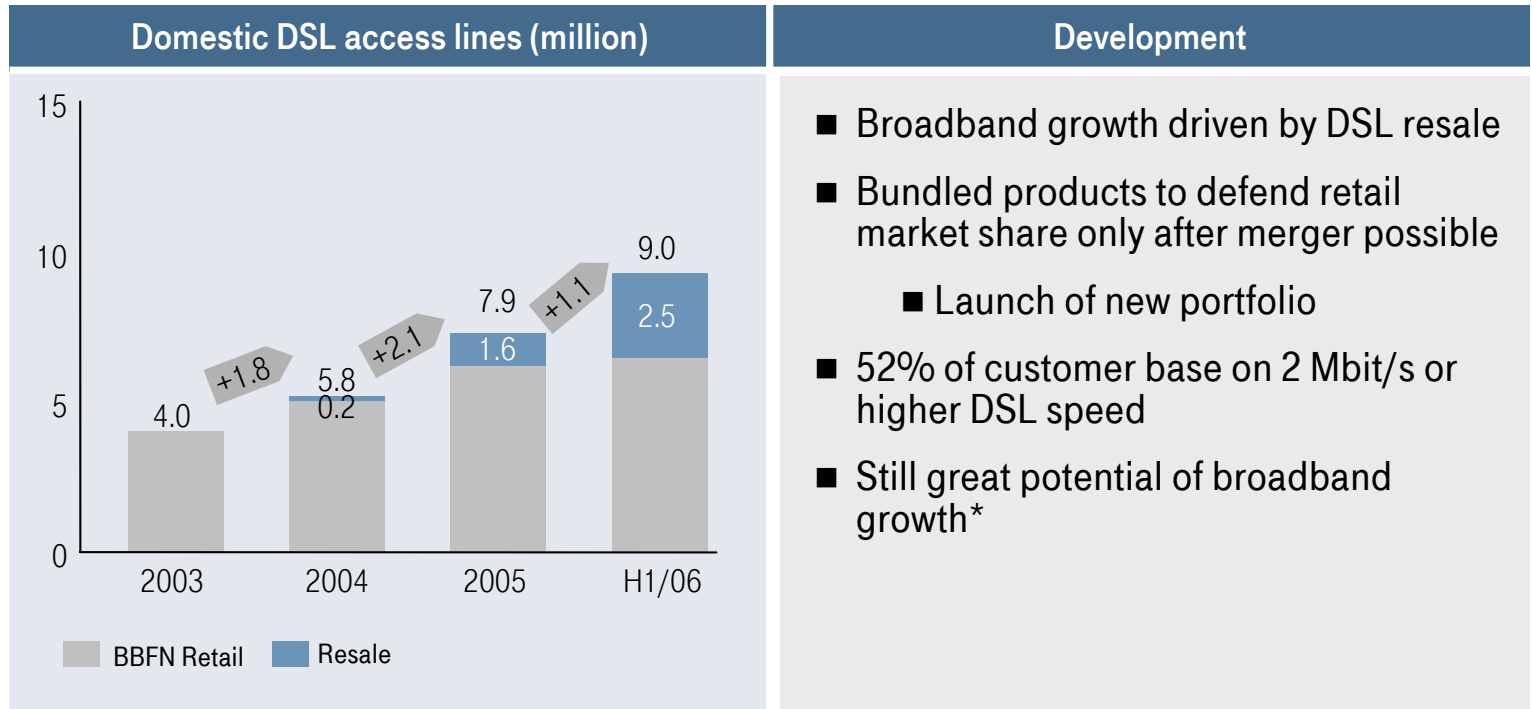
Re-invent – measures to fight back.

Innovation and Growth	<ul style="list-style-type: none">■ DSL■ New product portfolio■ T-One■ Triple Play
Customer Centricity	<ul style="list-style-type: none">■ Churn management■ Optimizing end-to-end-process■ Separation of sales & care organization■ Expand customer promises
Quality and Efficiency	<ul style="list-style-type: none">■ Product portfolio reduced by 40%■ Headcount reduction program on track■ Streamlining of T-Com Headquarters
Integration of T-Online	



Broadband/Fixed Network.

Future broadband growth supported by low penetration.



* As example New Street Research expects roughly doubling of penetration rate in Germany up to 62% in 2010. (YE 2006 expectation is 34%)

T-One – fixed mobile convergence.

Unique mass market product in Germany.



- Successful launch in August
- Customer benefits
 - Attractive tariffs everywhere
 - Quality
 - Convenience
- T-One - the power of ONE
 - One phone
 - One mailbox
 - One address book
 - One bill




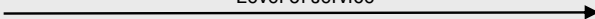
Triple Play.

Upgrade and development of DSL.



- Successful launch in August
- 100 TV channels under contract
- Attractive content secured e.g Bundesliga
- VDSL network
 - More than 3 million households passed in 10 cities, 6 million hh envisaged by end of 2006
 - Further roll out in other cities depends on regulatory environment and customer demand
- Future of Triple Play
 - More attractive content and features
 - Interactive
 - Individual

Defend core business. New product portfolio.

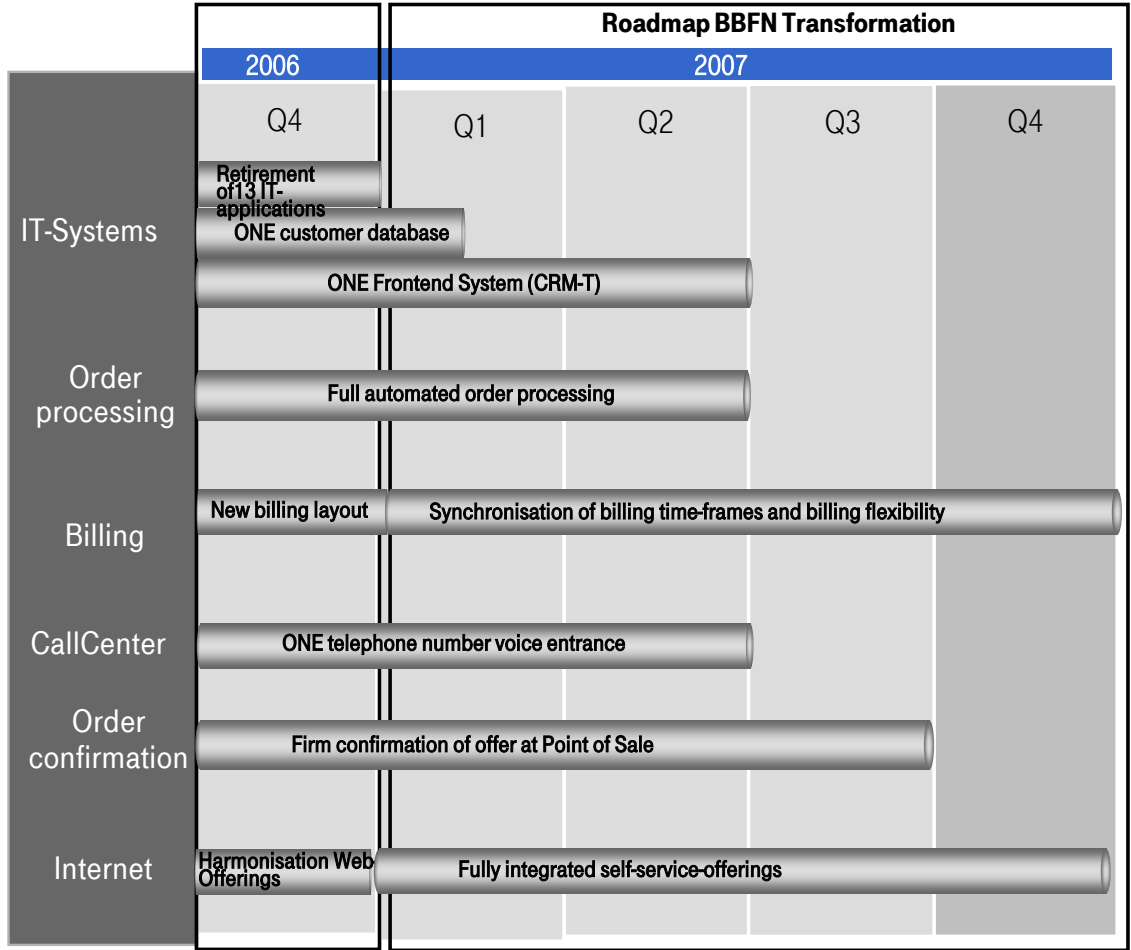
	Level I Attractive offers	Level II Offers for demanding customers	Level III Top service „All Inclusive“
Triple-Play 	T-Home Classic DSL 2000 + Double-Flat + T-Home Classic	T-Home Complete Basic VDSL 25Mbit + Double-Flat + T-Home Basic	T-Home Complete Plus VDSL 25Mbit + Double-Flat + T-Home Plus
Double-Play 	Call&Surf Basic CallTime new + DSL2000 + 500MB	Call&Surf Comfort DSL 2000 + Double-Flat	Call&Surf Comfort Plus DSL 16.000 + Double-Flat + Security
Single-Play 	Calltime new 120 free minutes within Germany	XXL Local new Unlimited calling to city area	XXLFulltime new Flat rate to German fixed line
	Level of service 		

Goals of the new portfolio

- Simple tariffs
- Attractive prices
- Push of flat rates
- Push of service

BBFN national: quality- and process improvements

Conversion from a company so far focused on products to a company focused on customers.



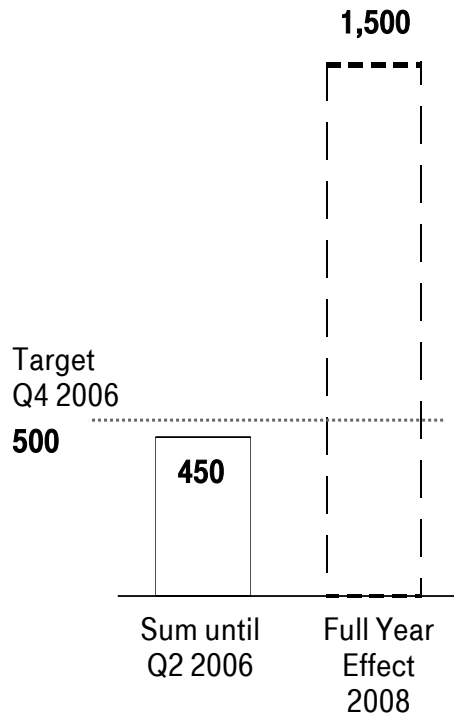
Customer centricity guides process realignment and monitoring performance



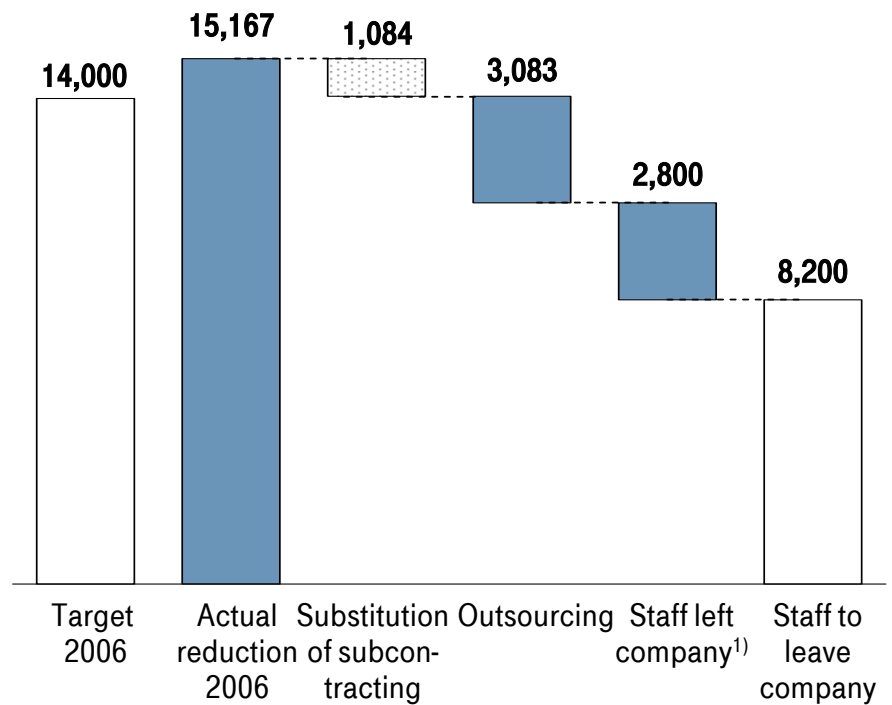
Simplicity program right on track.

EBITDA improvement of EUR 450 m achieved as of June 2006.

Realized EBITDA effect [EUR m]



Job reduction [FTE]



1) 2.800 FTE left the company by end of Q2 2006