Board of Management's report to the shareholders' meeting
on item 12 on the agenda for the shareholders' meeting of Deutsche Telekom AG on April 30, 2009

Life is for sharing.

Report on item 12 on the agenda: Report on the exclusion of subscription rights in the case of authorized capital 2009/II pursuant to § 186 (4) sentence 2 and § 203 (1) sentence 1 AktG.

Authorized capital 2006, which is used for the granting of shares to employees of Deutsche Telekom AG and its lower-tier affiliated companies (employee shares), runs until May 2, 2011. Against the backdrop of the Employee Share Ownership Act presented by the federal government in October 2008 and passed by the Bundestag and to give the Board of Management longer-term planning reliability for the creation of employee stock programs, the existing authorized capital 2006 will be cancelled prematurely and replaced with a new authorized capital, authorized capital 2009/II, which also exclusively serves the purpose of granting employee shares.

The new authorized capital 2009/II requested amounting to EUR 38,400,000 constitutes approx. 0.34% of the capital stock. The new authorized capital 2009/II will give the Board of Management the authority to increase the capital stock, with the approval of the Supervisory Board, by up to EUR 38,400,000 by issuing up to 15,000,000 registered no par value shares against cash and/or non-cash contributions in the period up to April 29, 2014. The new shares will be issued exclusively for the purpose of granting shares to employees of Deutsche Telekom AG and lower-tier affiliated companies (employee shares). The issue of new shares on grounds of membership in a management or supervisory body at Deutsche Telekom AG or one of its lower-tier affiliated companies must and can be excluded on this basis. The authorization will be exercised as a whole or on one or more occasions in partial amounts. Shareholders' subscription rights will be excluded.

Deutsche Telekom AG is to be put in a position to promote employee ownership of company stock by granting employee shares. Granting employee shares serves the purpose of integrating employees, increasing their willingness to help shoulder responsibility, and enhancing their loyalty to the company. Issuing employee shares is thus in the interest of the Company and its shareholders. It is in keeping with the intent of the law, and it is facilitated by law in many ways. When new shares are being issued as employee shares, special terms and conditions may be conceded that are in line with the provisions on the granting of tax privileges set out in the Employee Share Ownership Act (Mitarbeiterkapitalbeteiligungsgesetz) passed by the Bundestag. The volume of the proposed authorized capital 2009/II is commensurate with the number of employees at Deutsche Telekom AG and its lower-tier affiliated companies. When being determined, the expected subscription results were taken into account along with the number of employees. With an assumed participation of 110,000 employees per year, for example, the proposed scope allows, over three years, an average of approximately 45 employee shares to be transferred to each participating employee.

It will also be possible to issue the employee shares in such a way that the contribution to be paid for them is taken from part of the net income that the Board of Management and the Supervisory Board can transfer to other retained earnings in accordance with § 58 (2) AktG. This option and the requirements to be complied with are set out in § 204 (3) AktG.

In addition to issuing new shares directly to employees, it will be possible for the new shares to be taken over by a bank or some other company that meets the requirements of § 186 (5) sentence 1 AktG with the obligation to use these shares exclusively for the purpose of granting employee shares. Shares will then be issued to employees through the company that has taken over the shares and is acting as an intermediary. This procedure can facilitate the process of offering employee shares.

In addition, employee shares may be acquired via a securities loan from a bank, or some other company that meets the requirements of § 186 (5) sentence 1 AktG, and repurchased shares may be used to repay this securities loan. Using a securities loan to acquire shares to be offered to employees also facilitates the process of offering employee shares. The new shares created with the authorized capital can thus not only be issued directly or indirectly to the employees themselves, but can also be used to meet lenders' claims to repayment of loans. In this event, new shares are likewise issued against non-cash contributions. In terms of the economic effect, the new shares would also be used to grant them to employees.

Depending on the extent and details of the specific employee stock ownership plan and the reduction in price granted, personnel costs will be incurred at Deutsche Telekom. For example, if 5,000,000 employee shares were granted from authorized capital 2009/II, and assuming that 110,000 employees participate with a reduction in price up to the maximum annual tax-exempt amount possible pursuant to the Employee Share Ownership Act passed by the Bundestag of EUR 360 per participant, costs under IFRS or US GAAP of approximately EUR 39.6 million would be incurred.

The Company already has the opportunity to buy back shares on the basis of § 71 (1) no. 2 AktG and offer them to employees for subscription. It will also be authorized in accordance with i) of the proposed resolution on item 7 of the agenda for the shareholders' meeting on April 30, 2009 to offer and/or grant treasury shares as employee shares and to use them to repay securities loans used to acquire employee shares. The use of treasury shares for these purposes, however, ultimately precludes the possibility of purchasing them beforehand. In this respect, the use of treasury shares may therefore prove disadvantageous for the use of authorized capital in some circumstances, mainly because of the liquidity needed to buy back the shares. Using authorized capital, shares of Deutsche Telekom AG can be granted as employee shares independently of the repurchase of treasury shares. They can also be used to repay securities loans used to acquire employee shares.

To be able to issue new shares as employee shares, it is necessary to exclude shareholders' subscription rights. If subscription rights were granted, it would not be possible to issue new shares as employee shares or repay securities loans used to acquire employee shares, and the associated advantages for the Company and its shareholders could not be obtained.

Authorized capital 2009/II may not be used for a purpose other than granting employee shares and repaying securities loans used to acquire employee shares.

Considering all the above-mentioned facts and circumstances, the Board of Management and the Supervisory Board regard the exclusion of subscription rights, also making allowance for the dilution effect arising from the exercise of the authorization to the disadvantage of the shareholders, as justified and reasonable for the reasons given. The Board of Management shall report to the shareholders' meeting on each use of authorized capital 2009/II.

Bonn, February 2009

Deutsche Telekom AG

Board of Management

Rene Obermann	Dr. Karl-Gerhard Eick	Hamid Akhavan
Dr. Manfred Balz	Reinhard Clemens	Timotheus Höttges
Thomas Sattelberger		