

The explanatory report containing the information required in accordance with § 289 (4), § 315 (4) of the German Commercial Code (HGB)

1. Composition of capital stock.

The capital stock of Deutsche Telekom AG was € 11,164,921,863.66 as of December 31, 2007. The capital stock is divided into 4,361,297,603 registered no par value shares. Each share entitles the holder to one vote.

2. Restrictions on voting rights and transfer of shares.

1,881,508 treasury shares were held at December 31, 2007. The Corporation does not accrue any rights, especially any voting rights, arising out of these treasury shares. These treasury shares may be issued to grant shares to employees of Deutsche Telekom AG and of lower-tier affiliated companies (employee shares).

The voting rights are also restricted with the so-called trust shares: 19,167,338 trust shares were held at December 31, 2007. As regards the shares issued to trusts, the trustees in question waived voting rights and subscription rights and, in general, dividend rights for the duration of the trusts' existence. The shares issued to the trusts can be sold on the stock exchange on the instruction of Deutsche Telekom if the beneficiaries do not exercise their options or conversion rights or if these expire. The proceeds from the sale accrue to Deutsche Telekom.

The trust shares are connected with the acquisition of VoiceStream and Powertel in 2001. As part of the acquisition of VoiceStream, Deutsche Telekom issued 33,701,977 million new shares from authorized capital to trusts, in favor of (I) holders of VoiceStream options entitling them to purchase VoiceStream shares, including employees of VoiceStream to whom options to purchase shares in Deutsche Telekom after the closing date may be granted under an agreement between Deutsche Telekom and VoiceStream as an incentive to remain with VoiceStream, (II) holders of conversion rights on VoiceStream shares, and (III) former holders of VoiceStream shares who exercised their right to a cash settlement as part of the takeover. Deutsche Telekom also issued 9,917,284 million new shares to trusts in favor of holders of warrants, options and conversion rights entitling them to purchase Powertel shares.

The Blackstone Group agreed with KfW Bankengruppe to lock up its 4.4 percent holding [as of December 31, 2007] acquired in April 2006 for at least two years.

The Corporation's Articles of Associations do not require the transfer of Deutsche Telekom AG shares to be subject to Corporation approval. The Board of Management is not aware of any other restrictions affecting the voting rights and the transfer of shares.

3. Direct or indirect equity interests exceeding 10 percent of voting rights.

Deutsche Telekom AG, Bonn, is the parent of the Deutsche Telekom Group and also its largest operating company. Its shares are traded on several stock exchanges including Frankfurt, New York and Tokyo. At December 31, 2007, 68.3 percent of the shares were in free float (2006: 68.3 percent), 14.6 percent were held by the Federal Republic of Germany (2006: 14.8 percent), and 16.9 percent were held by KfW Bankengruppe (2006: 16.9 percent). Accordingly, the shareholding attributable to the Federal Republic amounted to 31.7 percent (2006: 31.7 percent). Deutsche Telekom AG is therefore dependent in accordance with §17 of the AktG (German Corporation Law) so that the Board of Management must produce a dependent company report in accordance with § 312 AktG.

The Board of Management is not aware of any other direct or indirect equity interests exceeding 10 percent of the voting rights.

4. Owners of shares with special rights conferring powers of control.

There are no company shares with special rights conferring powers of control.

5. Type of voting control if employees hold an equity interest and do not directly exercise their voting rights.

There is no direct voting control in accordance with § 289 (4) No. 5 and § 315 (4) No. 5 HGB as a result of employees holding an equity interest.

6. Legal provisions and provisions in the Articles of Incorporation on the appointment and dismissal of members of the Board of Management and on amendments to the Articles of Incorporation.

The appointment and discharge of members of the Board of Management is in accordance with § 84 and § 85 AktG, and § 31 of the German Codetermination Act (Mitbestimmungsgesetz – MitbestG). Accordingly, members of the Board of Management are appointed by the Supervisory Board for a maximum of five years. Such appointment may be renewed, or the term of office may be extended, provided that the term of each such renewal or extension shall not exceed five years. A majority of two-thirds of the votes in the Supervisory Board is generally required to appoint members of the Board of Management. If an appointment cannot be made in this way, the special appointment process described in (3) and (4) of § 31 MitbestG applies. These rules apply accordingly to the revocation of a Board of Management appointment. The appointment by the Supervisory Board may be revoked if good cause exists.

In accordance with § 6 (1) of the Articles of Incorporation, the Board of Management comprises at least two members. The Supervisory Board may decide freely, after a due assessment of the circumstances, whether additional members of the Board of Management are appointed. If a required member of the Board of Management is lacking, an appointment shall be made by order of court at the request of one of the people involved.

Amendments to the Articles of Incorporation are made pursuant to §§ 179, 133 AktG, and § 18 of the Articles of Incorporation. In accordance with § 179 (1) sentence 1 AktG any amendment to the Articles of Incorporation requires a resolution of the shareholders' meeting. In accordance with § 179 (1) sentence 2 AktG and § 21 of the Articles of Incorporation, the Supervisory Board is, however, also authorized to modify the Articles of Incorporation, without a resolution of the shareholders' meeting, to reflect new legal provisions, which become binding on the Corporation, and to propose amendments to the Articles of Incorporation that only affect the wording. § 18 (2) of the Articles of Incorporation envisages in accordance with § 179 (2) sentence 2 AktG that – unless mandatory legal provisions exist to the contrary – a shareholders' meeting resolution that amends the Articles of Incorporation is generally adopted by means of a simple majority of the cast votes and a majority of the capital stock represented in the resolution. The law envisages in various circumstances a larger capital majority amounting to three-quarters of the capital stock represented in the resolution, for instance when amending the object of the enterprise (§ 179 (2) sentence 2 AktG), in the case of certain capital transactions and the exclusion of subscription rights.

7. Authority of the Board of Management to issue and buy back shares.

Authorized capital 2004: The Articles of Incorporation authorize the Board of Management to increase the share capital with the approval of the Supervisory Board by up to €2,399,410,734.08 by issuing up to 937,269,818 registered no par value shares for non-cash

contributions in the period ending on May 17, 2003. The authorization may be exercised as a whole or on one or more occasions in partial amounts. The Board of Management is authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' subscription right when issuing new shares for mergers or acquisitions of companies, parts thereof or interests in companies, including increasing existing investment holdings, or other assets eligible for contribution for such acquisitions, including receivables from the Company.

Authorized capital 2006: The Articles of Incorporation also authorize the Board of Management, with the consent of the Supervisory Board, to increase the capital stock by up to €38,400,000 by issuing up to 15,000,000 registered no par value shares for cash and/or non-cash contributions in the period up to May 2, 2011. The authorization may be exercised as a whole or on one or more occasions in partial amounts. A subscription rights for shareholders shall be excluded. The new shares may only be issued to grant shares to employees of Deutsche Telekom AG and of lower-tier affiliated companies (employee shares).

Contingent capital II: The capital stock is conditionally increased (as at December 31, 2007) by up to €31,870,407.68, divided into up to 12,449,378 new registered no par value shares. Insofar as the Board of Management and Supervisory Board had still not exercised its authorization to issue subscription rights, which the shareholders' meeting on May 29, 2001 had originally proposed, the shareholders' meeting on May 18, 2004 revoked this authorization. The contingent capital II is exclusively for the purpose of meeting preemptive rights to shares from stock options granted in the period until December 31, 2003 on the basis of the authorization resolution for a 2001 Stock Option Plan granted by resolution of the shareholders' meeting on May 29, 2001.

Contingent capital IV: The capital stock is conditionally increased by up to €600,000,000 divided into up to 234,375,000 registered no par value shares. The contingent capital increase shall be implemented to the extent to which (i) the holders or creditors of convertible bonds or warrants arising as a result of convertible bonds issued or guaranteed by Deutsche Telekom AG or its direct or indirect majority holding until April 25, 2010, on the basis of the authorization resolution granted by the shareholders' meeting on April 26, 2005 make use of their conversion or option rights or (ii) to the extent to which those obligated as a result of convertible bonds or bonds with warrants issued or guaranteed by Deutsche Telekom AG or its direct or indirect majority holding on the basis of the authorization resolution granted by the shareholders' meeting on April 26, 2005 and in effect until April 25, 2010, fulfill their conversion or option obligations, and (iii) the contingent capital IV is required in accordance with the terms and conditions of the bond.

At the end of each financial year, the Board of Management reports within a month details to be entered in the commercial register regarding the extent to which the shares offered under subscription options were issued from the contingent capital in the preceding financial year.

The shareholders' meeting on May 3, 2007 authorized the Board of Management to purchase up to 436,117,555 registered no par value shares in the Corporation by November 2, 2008, with the amount of share capital accounted for by these shares totaling up to €1,116,460,940.80, subject to the proviso that the shares to be purchased on the basis of this authorization in conjunction with the other shares of the Corporation which the Corporation has already purchased and still possesses or are to be assigned to it under § 71d and § 71e of the German Stock Corporation Act (Aktiengesetz – AktG) do not at any time account for more than 10 percent of the Company's share capital. This authorization may be exercised in full or in part. The purchase can be carried out in partial tranches spread over various purchase dates within the authorization period until the maximum purchase volume is reached. Dependent Group companies of Deutsche Telekom AG within the meaning of § 17 AktG or third parties for the account of Deutsche Telekom AG or for the account of the dependent Group companies of Deutsche Telekom AG pursuant to § 17 AktG are also entitled to purchase shares. The shares are purchased in compliance with the principle

of equal treatment through the stock exchange or by means of a public purchase offer sent to all shareholders. By resolution of the shareholders' meeting of May 3, 2007, the Board of Management is authorized, with the consent of the Supervisory Board, to redeem Deutsche Telekom AG's shares purchased on the basis of the above authorization, without such redemption or its implementation requiring a further resolution of the shareholders' meeting. The Board of Management is also authorized to resell these shares obtained on the basis of this authorization, excluding the subscription rights of the shareholders, through the stock exchange or by means of an offer sent to all shareholders without prejudice to the subscription rights. The Board of Management is further authorized, with the consent of the Supervisory Board, excluding the subscription rights of the shareholders, to sell the shares under certain circumstances, other than through the stock exchange or by means of an offer sent to all shareholders, to use them to list Corporation shares on foreign stock exchanges where they are not quoted and to offer or grant third parties in the context of mergers or acquisitions of other companies, business units or interests in other companies. Finally, the Board of Management is authorized to use the shares, excluding the subscription rights of the shareholders, to fulfill conversion and/or option rights and obligations from convertible bonds and/or bonds with warrants.

8. Main agreements of the Corporation subject to a change of control as a result of a takeover bid.

The main agreements entered into by Deutsche Telekom AG, which include a clause in the event of a takeover of Deutsche Telekom AG (change of control), principally relate to bilateral credit lines as well as to several loan agreements. In the event of a takeover, the individual lenders have the right to terminate the credit line and, if necessary, serve notice on it or demand repayment of the loans. A takeover is assumed when a third party, which can also be a group acting jointly, acquires control over Deutsche Telekom AG.

In addition, the other members of the Toll Collect consortium (DaimlerChrysler Services AG and Cofiroute SA) have a call option in the event that the ownership structure of Deutsche Telekom AG changes such that over 50 percent of its capital stock or voting rights are held by a new shareholder who previously did not hold them, and this change was not approved by the other members of the consortium. § 22 (1) of the Securities Trading Act (WphG) similarly applies to the allocation of voting rights.

9. Compensation agreements of the Corporation made with the members of the Board of Management or employees as a result of a takeover bid.

There are no compensation agreements in accordance with § 289 (4) No. 9 and § 315 (4) No. 9 of the German Commercial Code (HGB) in the event of a takeover bid.

Bonn, February 11, 2008
Deutsche Telekom AG
Board of Management

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