Deutsche Telekom

Analysts Meeting
May 15, 2003

Disclaimer

This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan”, “project” and “should ” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties, including, but not limited to, factors such as: the development of demand for our telecommunications services, particularly for new, higher value service offerings; competitive forces, including pricing pressures, technological changes and alternative routing developments; regulatory actions and the outcome of disputes in which the company is involved or may become involved; the pace and cost of the rollout of new services, such as UMTS, which may be affected by the ability of suppliers to deliver equipment and other circumstances beyond Deutsche Telekom‘s control; public concerns over health risks putatively associated with wireless frequency transmissions; risks associated with integrating Deutsche Telekom’s acquisitions; the development of asset values in Germany and elsewhere, the progress of Deutsche Telekom’s dept reduction program, including its degree of success in achieving the desired levels of liquidity improvement and proceeds from disposals; the development of Deutsche Telekom’s cost reduction initiatives, including the area of personnel reduction; risks and uncertainties relating to the benefits anticipated from our international expansion, particularly in the United States; the progress of our domestic and international investments, joint ventures and alliances; our ability to gain or retain market share in the face of competition; our ability to secure the licenses needed to offer new services; the effects of price reduction measures and our customer acquisition and retention initiatives; the availability, terms and deployment of capital, particularly in view of our debt refinancing needs, actions of the rating agencies and the impact of regulatory and competitive developments on our capital outlays; and changes in currency exchange rates and interest rates. If these or other risks and uncertainties (including those described in Deutsche Telekom’s most recent Annual Reports on Form 20-F by Deutsche Telekom filed with the U.S. Securities and Exchange Commission) materialize, or if the assumptions underlying any of these statements prove incorrect, Deutsche Telekom’s actual results may be materially different from those expressed or implied by such statements. Deutsche Telekom does not intend or assume any obligation to update these forward-looking statements.

Deutsche Telekom cannot guarantee that its financial and operating targets for the year 2003 can be achieved. Some aspects of the Group’s planning depend on circumstances Deutsche Telekom cannot influence. For a description of some of these factors which might influence Deutsche Telekom’s ability to achieve its objectives, please refer to the items “Forward-looking statements” and “Risk factors” in the annual report on Form 20-F filed on April 17, 2003.

This presentation contains a number of non-GAAP figures, such as EBITDA and EBITDA adj. for special factors, special factors, adj. net income, ARPU, free cash flow, and gross and net debt. These non-GAAP figures should not be viewed as a substitute for our GAAP figures. Our non-GAAP measures may not be comparable to non-GAAP measures used by other companies. To interpret the non-GAAP measures, please refer to the chapter “Reconciliation to pro forma figures” in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom’s Investor relations website.

Q1 2003.
Results.

Kai-Uwe Ricke
CEO

Deutsche
Telekom

Deutsche Telekom Q1 2003.
We deliver.

We are ahead of target

- Net debt[1] down to € 56.3 billion
- Efficiency gains € 0.4 billion
- Net income positive
- Strong free cash flow

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

Q1 2003 highlights.
Excellent quarter.

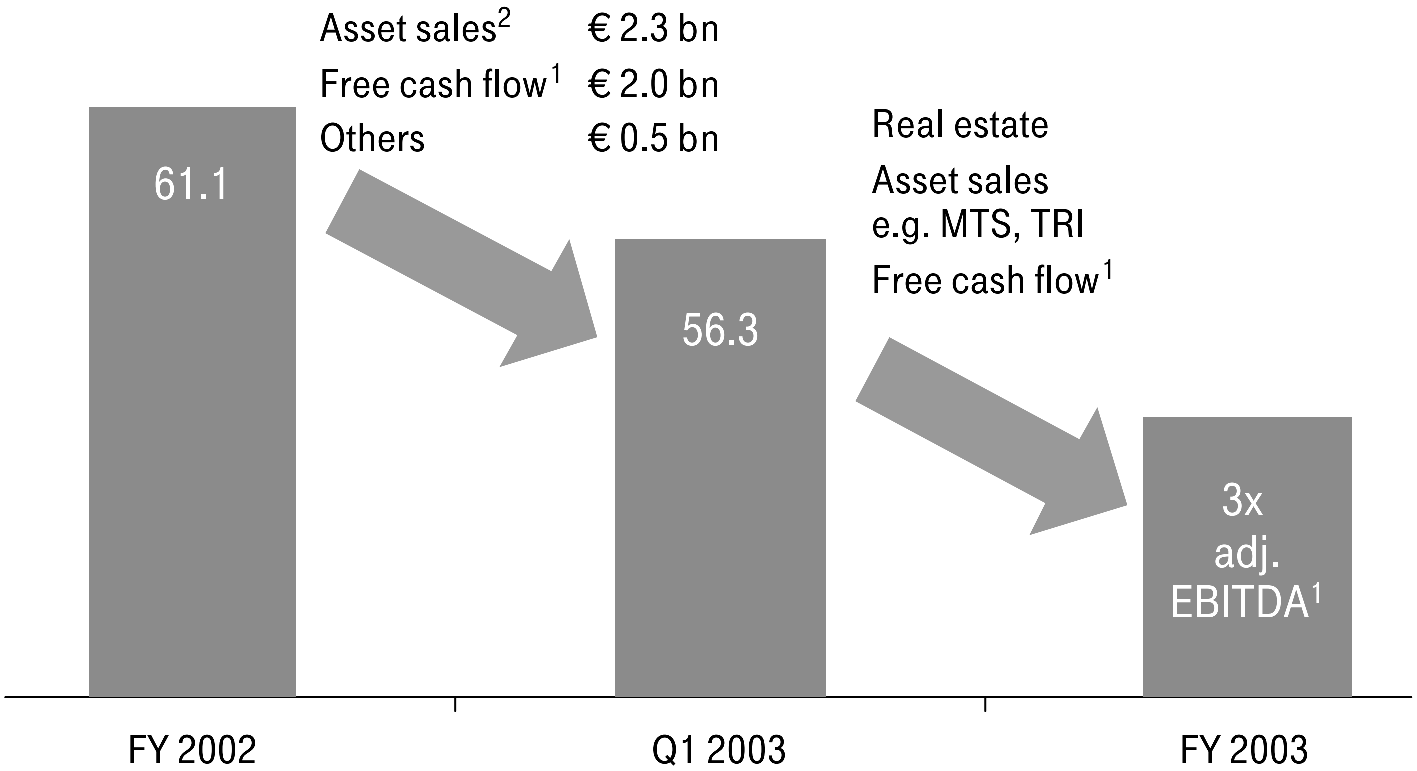
€ billion	Q1/03	Q4/02	Δ billion
Net debt[1]	56.3	61.1	- 4.8

€ billion	Q1/03	Q1/02	Δ %
Revenues	13.6	12.8	+ 6.6
Adj. EBITDA[1]	4.5	3.8	+18.4
Net income	0.9	- 1.8	n/a
Free cash flow[1]	2.0	0.3	n/a

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

Debt reduction.
6 + 6 works.

Net debt[1] (€ billion)



1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

2 Cash effect.

Profitable growth and efficiency improvements. Implementing projects.

T-Com
- **WIN 2003**
- Product portfolio optimization
- Distribution channel optimization
- ...

T-Mobile
- One Company
- Mobile data
- **USA**
- ...

T-Systems
- Key accounting
- **Data center consolidation**
- International profitability
- ...

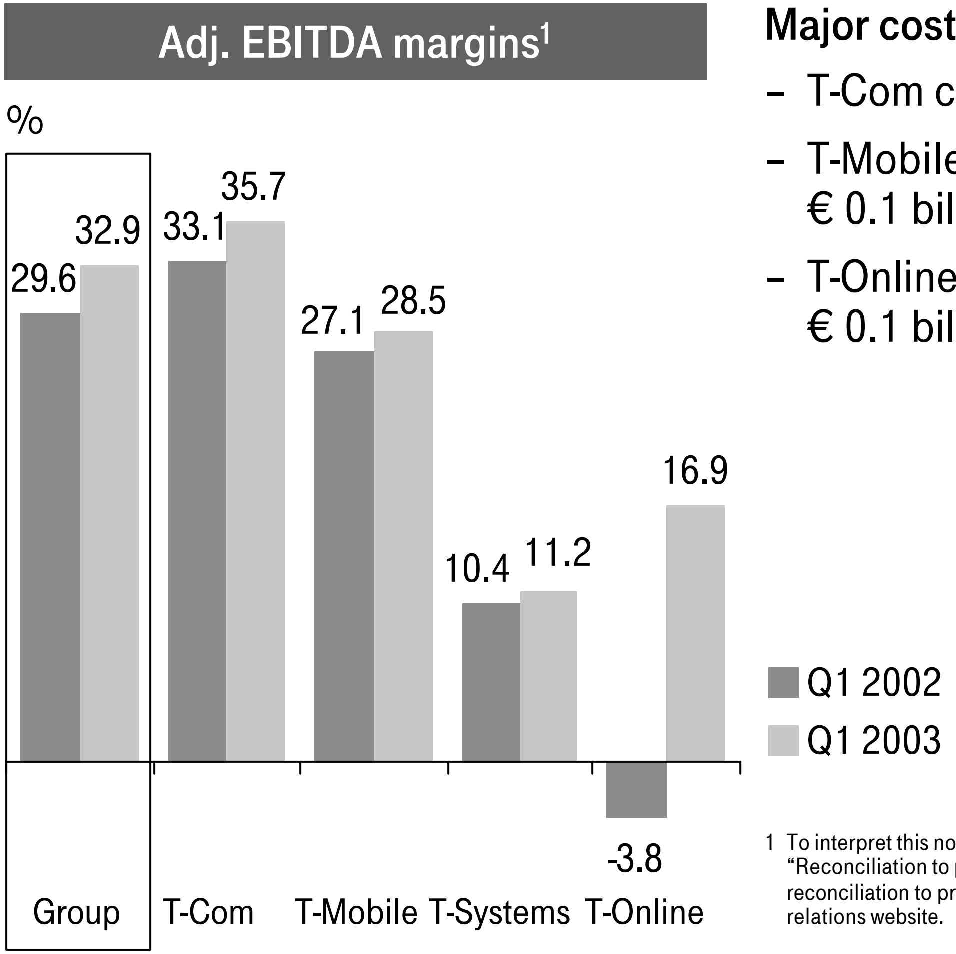
T-Online
- Platform integration
- Marketing synergies in broadband
- ...

Headquarters
- **PSA**
- Decentralization
- ...

Target: adj. EBITDA[1] € 17.2 - 17.7 billion

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

Profitable growth and efficiency improvements. Margin improvements in all divisions.

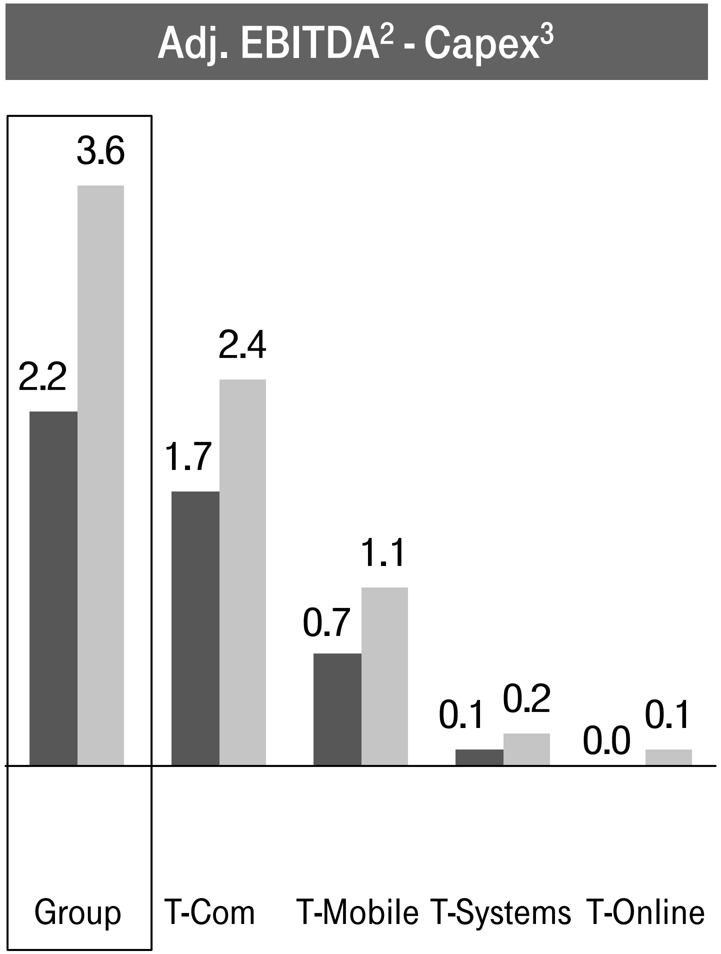


Major cost saving results in Q1/03:

- T-Com cost savings € 0.2 billion
- T-Mobile economies of scale: € 0.1 billion
- T-Online economies of scale : € 0.1 billion

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

Cash contribution[1].
Adj. EBITDA[2] - capex[3] strong improvement.



- Capex[3] reduced to € 0.9 billion from € 1.6 billion in Q1 2002
- Continue to manage capex[3] cautiously
- Capex[3] guidance unchanged € 6.7 - 7.7 billion

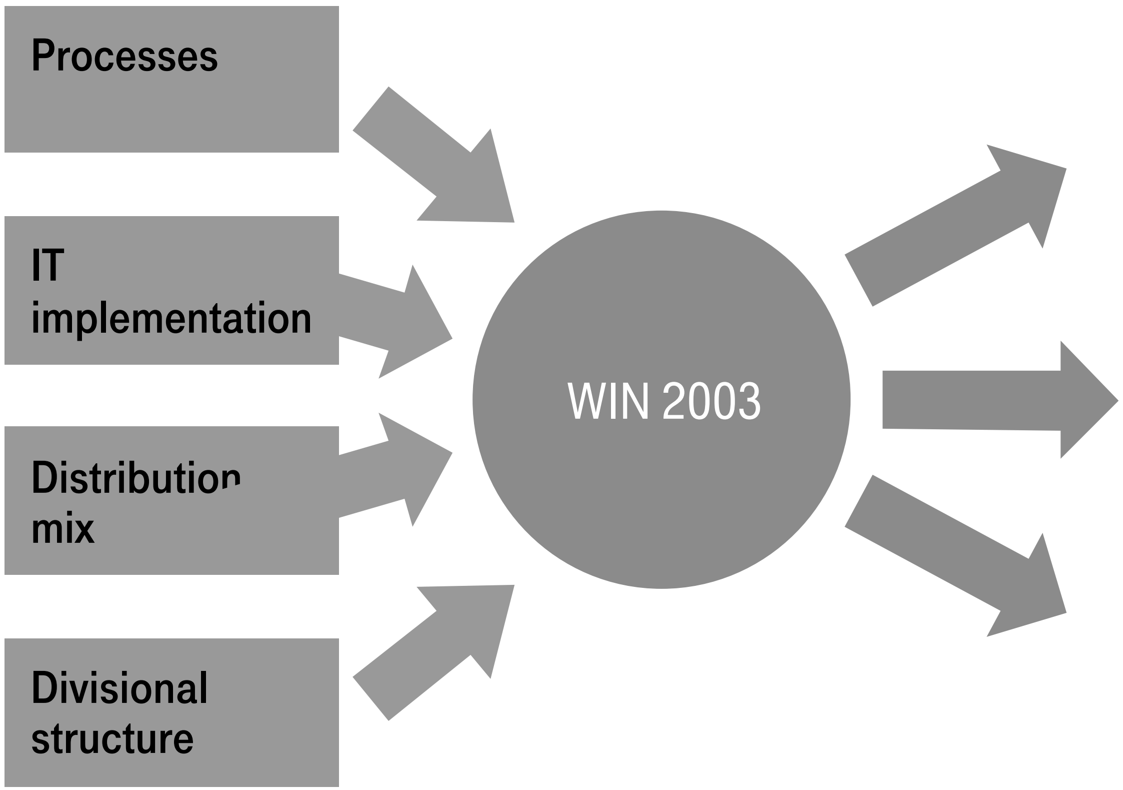
Q1 2002
Q1 2003

1 Adj. EBITDA minus capex (property, plant and equipment and intangible assets (excl. goodwill))
2 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.
3 Property, plant and equipment and intangible assets (excl. goodwill).

T-Com.
Maximizing cash flow.

Optimization projects

Annualized full-year effects



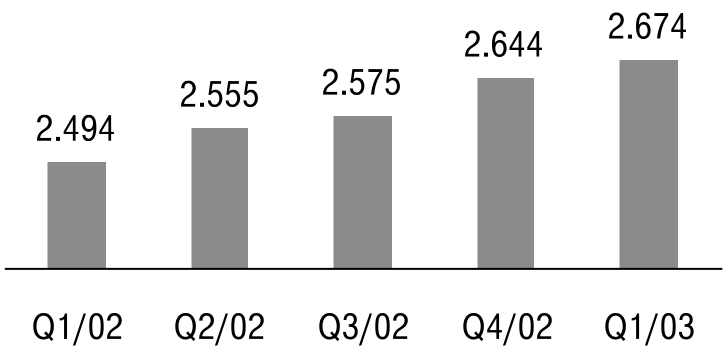
15,000 - 20,000 personnel reduction

ca. € 750 million personnel cost reductions p.a.

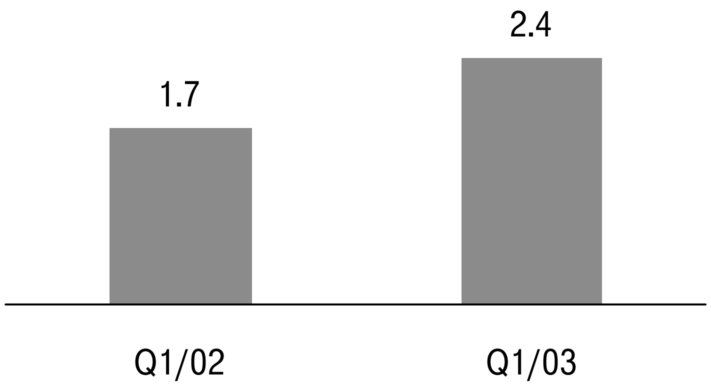
ca. € 150 million OPEX savings p.a.

T-Com.
Efficiency gains and strong cash contribution.

T-Com adj. EBITDA[1] (€ billion)



Cash contribution[2] (€ billion)



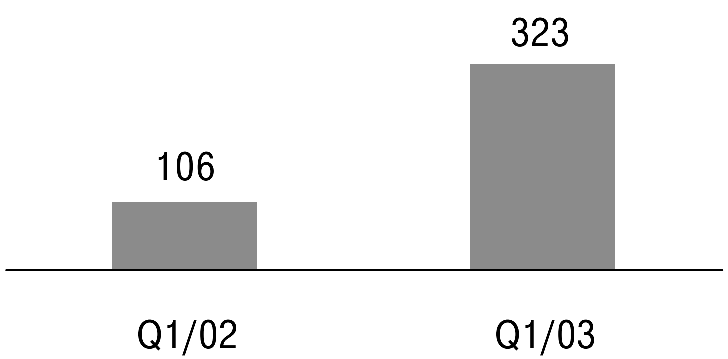
- Adj. EBITDA[1] in Germany: up by 8.2% despite deconsolidation of cable business
- Capex[4] in Germany down by 70%: investments in DSL and SDH network mostly done

- 3.4 million T-DSL subscribers
- 21.0 million ISDN-channels[3]

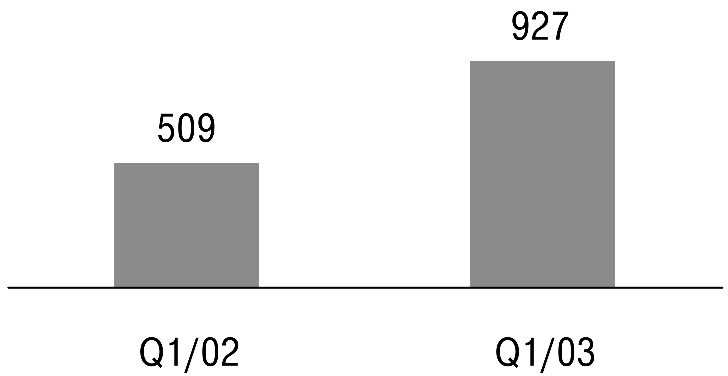
1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.
2 Adj. EBITDA minus capex (property, plant and equipment and intangible assets (excl. goodwill)).
3 T-Com channels only.
4 Property, plant and equipment and intangible assets (excl. goodwill).

T-Mobile USA.
Strong improvement in all areas.

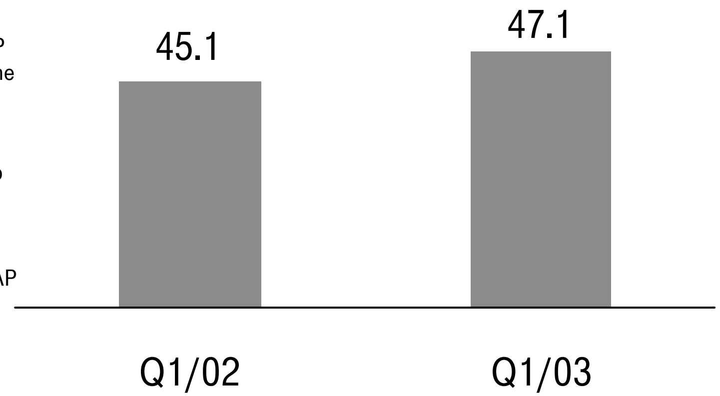
EBITDA[1] (€ million)



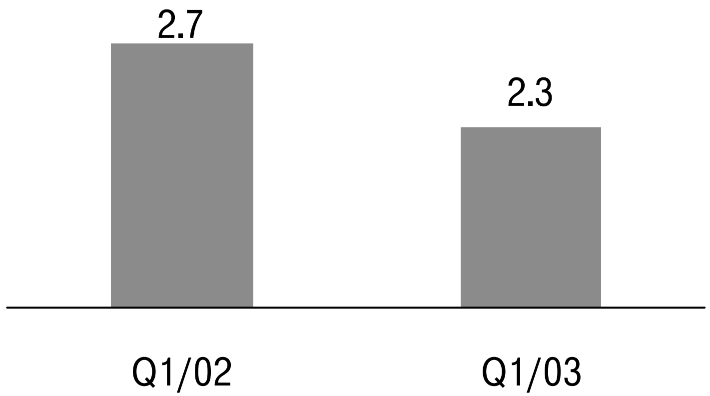
Net adds (thousands)



ARPU[1,2] (US $)



Contract churn (%)



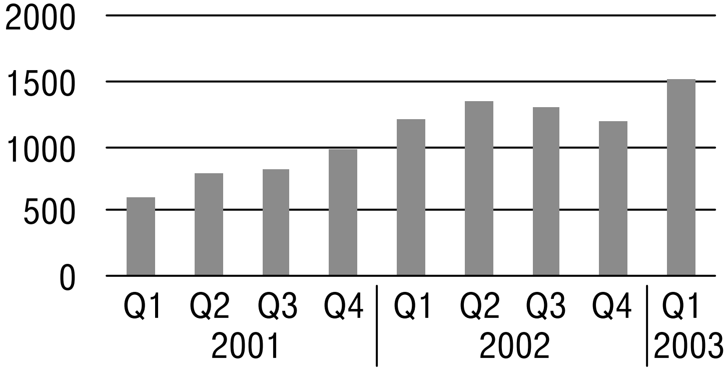
1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

2 According to German GAAP excl. visitors.

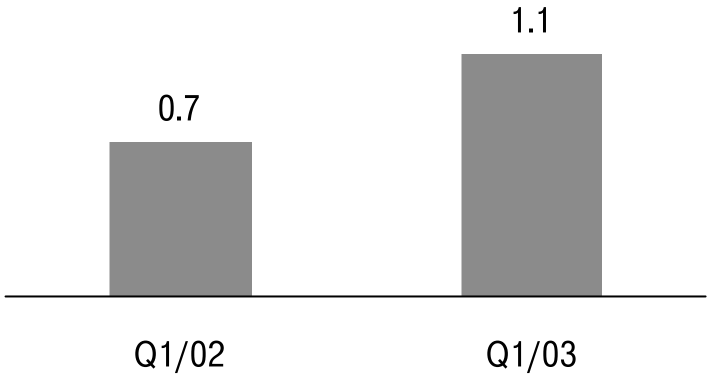
Unaudited figures

T-Mobile.
Growth and improving EBITDA.

T-Mobile EBITDA[1] (€ million)



Cash contribution[2] (€ billion)



- Revenue increase of 18.9% to € 5.3 billion
- Another record quarter: EBITDA[1] of € 1.5 billion, up 25.0% from Q1/02
- Subscriber base[3] increased by 8.8 million (70% contract) to 55.1 million since Q1/02
- U.S. EBITDA[1] margin increased from 7.8% to 19.2%
- Capex[4] in Europe significantly reduced

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

2 Adj. EBITDA minus capex (property, plant and equipment and intangible assets (excl. goodwill)).

3 Majority shareholdings only.

4 Property, plant and equipment and intangible assets (excl. goodwill).

T-Systems.
Global computing factory - Profitability improvement.

Implementation project

Improved purchasing conditions

Data center consolidation

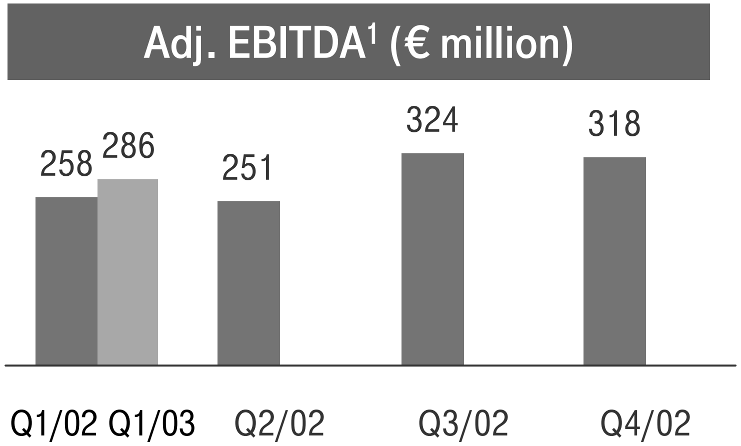
2003 target:

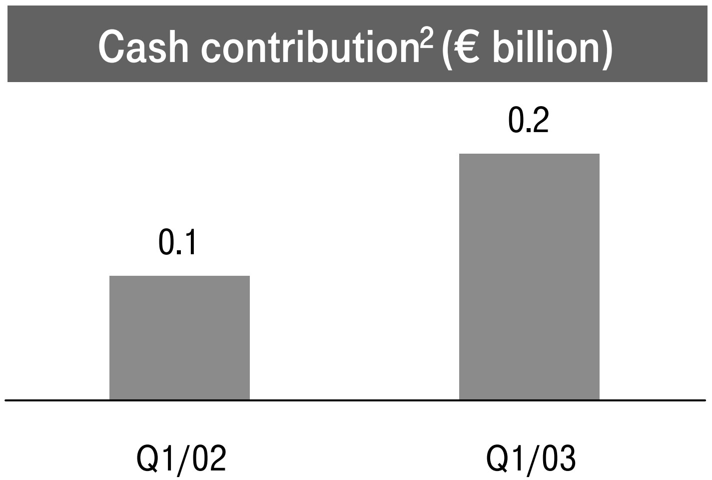
€ 0.2 billion cost savings

Process harmonization and merging of organizations

Consolidation of monitoring functions

T-Systems.
Focus on profitability pays off.

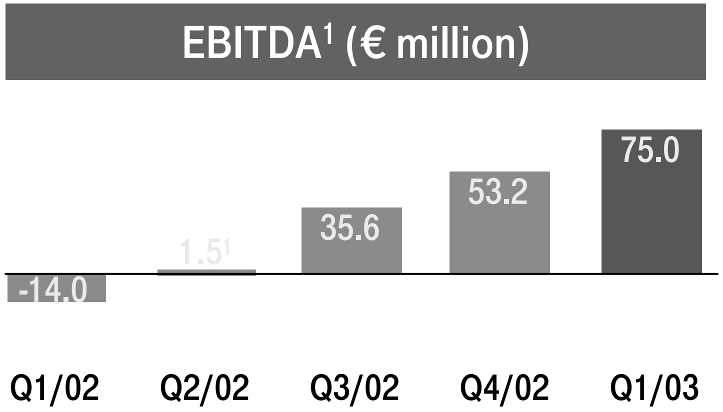


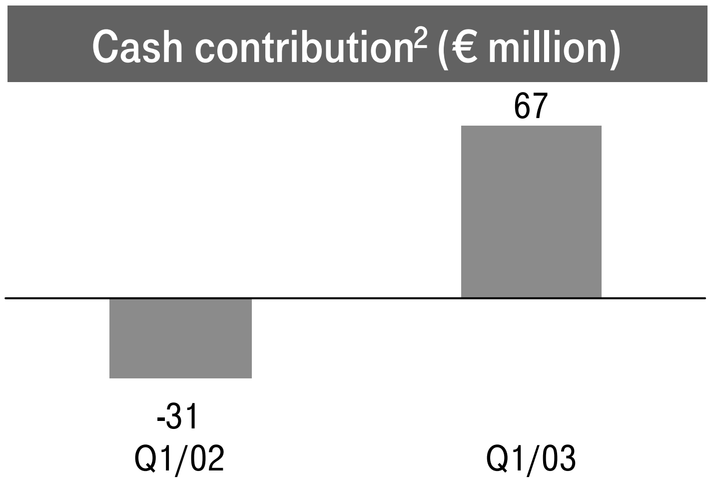


- 2.8% revenue increase[1,3] compared to Q1/02
- Adj. EBITDA[1,3] increase of 10.9%
- Adj. EBITDA margin[1,3] 11.2% up from 10.4 %
- Strong order book in Q1/03
- Headcount reduction of 980 out of targeted 3,500

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.
2 Adj. EBITDA minus capex (property, plant and equipment and intangible assets (excl. goodwill)).
3 Excluding agency business which has been reallocated to T- Com.

T-Online.
Excellent quarter.





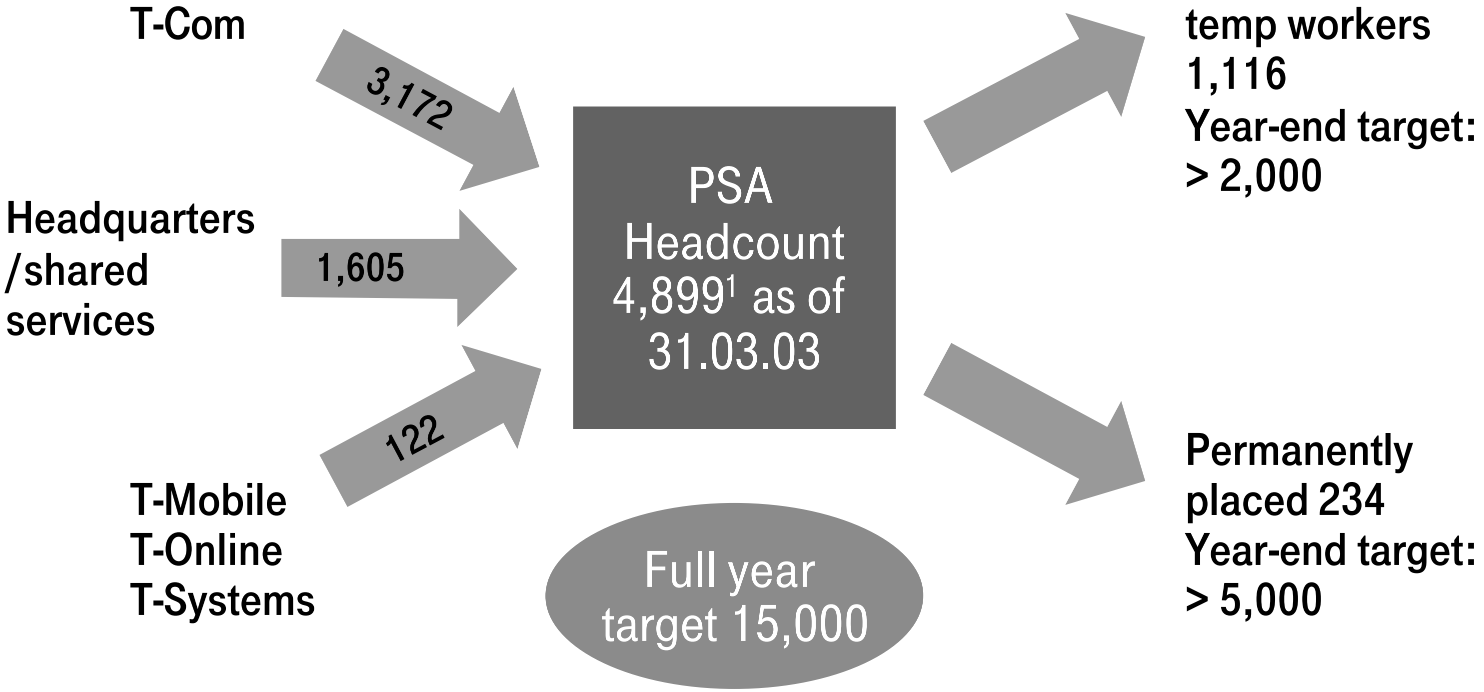
- Revenue increased by 21.6% to € 445 million from Q1/02
- Further improvement in EBITDA[1] to € 75 million in Q1/03
- Gross margin improved to over 55% compared to 43% in Q1/02
- Total subscribers 12.5 million
- 3.1 million DSL users within the T-Online group as of Q1/03

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

2 Adj. EBITDA minus capex (property, plant and equipment and intangible assets (excl. goodwill)).

Personnel Service Agency (PSA).
2003 transfer process well underway.

Implementation project



– As of May 2: total 6,058 full-time employees (thereof T-Com 4,151, Headquarters/shared services 1,733, T-Mobile/T-Online/T-Systems 174)

Outlook.
Well positioned.

- Targeted adj. EBITDA[1] between € 17.2 and 17.7 billion
- Expect strong free cash flow[1] from
  - Implementing E^3 projects
  - Operational performance
- Net debt[1]: 3 x adj. EBITDA[1] by year-end
- Aim to be net income positive for 2003

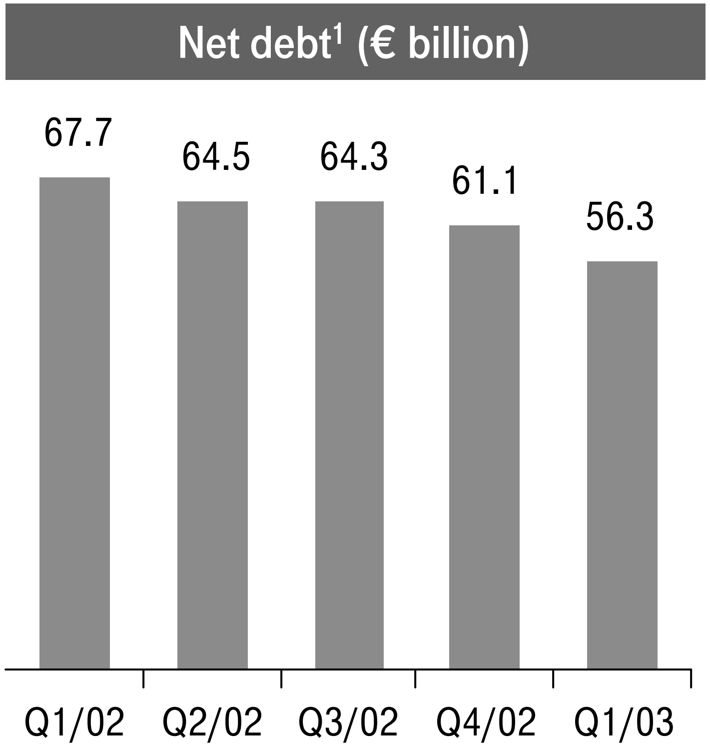
1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

Financials

Karl-Gerhard Eick, CFO

Unaudited figures

Net debt reduction.
Strong progress.



Net debt[1] reduced by € 4.8 billion to € 56.3 billion in Q1/03

- € 2.3 billion asset sales
- € 0.5 billion forex gains and other
- € 2.0 billion in free cash flow[1] (after deduction of € 0.9 billion cash-out for civil servants pension scheme)

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

Deutsche Telekom

Unaudited figures

Debt reduction.
Sales of € 4.9 billion since November 2002.

November/ December 2002[1]	
Sale of UMC/Eutelsat S.A.	€ 0.2 billion
Sale of 120 million T-Online shares	€ 0.7 billion
ABS transaction of T-Systems	€ 0.2 billion
Sale and leaseback at T-Systems	€ 0.1 billion
Proceeds from real estate	€ 1.1 billion
January - April 2003[1]	
Sale of remaining cable business	€ 1.7 billion
Proceeds from real estate[2]/TeleCash	€ 0.4 billion
Sale of 15% stake in MTS	€ 0.5 billion
Total	**€ 4.9 billion**

1 Dates when transactions were announced.
2 Remaining cash proceeds from the € 1.7 billion real estate package announced in 2002.

Free cash flow[1].
€ 2.0 billion free cash flow in Q1/03.

€ billion[2]	Q1/03	Q1/02	Δ%[3]	2002
Cash generated from operations	3.4	2.9	19.0	16.7
Net interest payment	- 0.3	- 0.6	53.1	- 4.2
Net cash provided by operating activities	3.1	2.3	37.7	12.5
Cash outflows from investments in				
– property, plant and equipment	- 1.0	- 1.8	40.8	- 6.8
– intangible assets	- 0.1	- 0.2	57.5	- 0.8
Free cash flow[1] before dividends	2.0	0.3	n/a	4.8

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

2 Figures rounded to the nearest € 100 million figure.

3 Calculated on the basis of exact million figures.

Capex[1] status.
Strong increase in cash contribution.

€ billion	Q1/03	Q1/02
T-Com	0.3	0.8
T-Mobile	0.4	0.5
T-Systems	0.1	0.2
T-Online and Others	0.1	0.1
Total capex[1]	0.9	1.6

1 Property, plant and equipment and intangible assets (excl. goodwill).

2 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

3 Adj. EBITDA minus capex (property, plant and equipment and intangible assets (excl. goodwill))

€ billion	Q1/03	Q1/02
Adj. EBITDA[2]	4.5	3.8
Capex[1]	0.9	1.6
Cash contribution[3]	3.6	2.2

Q1 2003 – Debt reduction going forward.

- Focus on real estate and free cash flow[1] generation
- Further asset sales when attractive deals are available
- T-Online, Matav and towers not part of asset sale program going forward

€ billion	Target Q3/02	Achieved	To go
Free cash flow[1]	5.5 - 6.0	2.2	3.3 - 3.8
Asset sales	6.2 - 8.5	4.9	1.3 - 3.6

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

Q1 2003 – Net income.
Positive.

€ million	Q1/03	Q1/02
Adj. EBITDA[1]	4.5[2]	3.8
Depreciation and amortization	- 3.3	- 3.7
Net financial expense	- 1.1	- 1.2[4]
Taxes	0.1[3]	- 0.2[5]
Minorities	- 0.1	- 0.1
Adj. net income[1]	0.1	- 1.4
Special factors[1]	0.8	- 0.4
Net income	0.9	- 1.8

- To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.
- Special factors that positively effected EBITDA: € 0.2 billion net from the sale of cable (incl. additions to accruals and selling costs), € 0.2 billion income from the disposal of TeleCash, Eutelsat, and UMC.

3 Excl. tax income of € 0.3 billion resulting in particular from change in the legal status of T-Mobile International.

4 Excl. nonscheduled write-downs on the net carrying amount of the stake in France Télécom (€ 0.2 billion) and other nonscheduled write-downs of financial assets (€ 0.3 billion).

5 Excl. positive tax effect derived from offsetting the loss from the write-down of the net carrying amount of the investment in Sprint and other tax effects (€ 0.1 billion).

Others.
Combining the central functions.

Revenue (€ million)	Q1/03	Q1/02	FY/02
Shared services	1,116	1,036	4,299
thereof PSA	0	0	0
thereof other shared services[1]	1,116	1,036	4,299
Headquarters/miscellaneous	16	48	60
Total[2]	1,093	957	4,411

EBITDA[3] (€ million)	Q1/03	Q1/02	FY/02
Shared services	394	338	1,388
thereof PSA	4[4]	n/a	n/a
thereof other shared services[1]	390	338	1,388
Headquarters/miscellaneous	- 268	- 350	- 797
Total[2]	152	- 28	447
Special influences	162	0	417
Adj. EBITDA[3]	- 10	- 28	30

1 Incl. real estate, billing services, and fleet services.

2 Incl. consolidation.

3 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

4 Transfer payments from T-Com (€ 43 million) - expenses for operational build-up of the PSA (€ 39 million).

Q1 2003 – Accounting changes. Increasing the transparency of the Group.

- Change from total cost to cost of sales method
- Reallocation of agency business
- DeTeMedien now part of T-Com
- Deconsolidation effects (cable, etc.)

Outlook.
Targets for 2003.

– Adj. EBITDA[1]	€ 17.2 - 17.7 billion
– Capex[2]	€ 6.7 - 7.7 billion
– Net debt[1]	3 x adj. EBITDA[1] by year-end

1 To interpret this non-GAAP measure, please refer to the chapter "Reconciliation to pro forma figures" in the Q1/03 interim report or the reconciliation to pro forma figures posted on Deutsche Telekom's Investor relations website.

2 Property, plant and equipment and intangible assets (excl. goodwill).