Q4/09 – Results Presentation.
Deutsche Telekom.

February 25, 2010

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Agenda.
Deutsche Telekom Results Presentation.

René Obermann
CEO

FY09 and Q4 2009 Review

Outlook 2010 & Guidance

Timotheus Höttges
CFO

FY09 and Q4 2009 Review

Save for Service Review and Outlook

Shareholder Remuneration

Good 2009 results despite economic crisis.

FY 2009	▪ Targets achieved: €20.7 billion adj. EBITDA, €7 billion free cash flow ▪ Both free cash flow and adj. net income (€3.4 billion) at last year's level ▪ Significant investment into operations: €9.2 billion capex ▪ Q4 with robust operating performance – revenue +0.6% and adj. EBITDA +8.6% ▪ UK joint venture as a strategic progress
Operations	▪ Adj. EBITDA margin improvement in Germany ▪ Mobilize the internet – Data revenues exceeding €1 bn per quarter ▪ Strong margin performance in European mobile ▪ Continued turn-around at T-Systems, though not yet on competition levels
Save 4 Service	▪ €5.9 billion gross savings 2007-2009 ▪ €2.5 billion net savings in fixed-line Germany[1]
Shareholder Remuneration	▪ 2009: €0.78 dividend per share, free of German withholding tax, proposed by Management and Supervisory Board

1 Domestic fixed line business: savings YE06-YE09 (i.e. w/o business customers) , 2009 pro forma

Realistic outlook, reasonable investment & predictable returns for shareholders.

Guidance 2010 [1]	▪ Around €20 billion in adj. EBITDA ▪ Around €6.2 billion in FCF ▪ Slightly higher cash capex than in 2009 ▪ No major M&A
Operations	▪ More investment in broadband access (fixed and mobile) ▪ Focus on new service initiatives ▪ Further execution on efficiency improvements
Save 4 Service	▪ S4S Phase II: Around €4.2 billion gross savings expected 2010-2012; €1.8 billion net savings in Germany and SEE
Shareholder Remuneration [2]	▪ 2010-12: Unchanged €3.4 billion remuneration to DT shareholders expected for 2010-2012 with a minimum dividend of €0.70 p.a. and the rest via share buy backs

1) incl. TM UK for the full year 2010 2) Subject to necessary AGM-Approval and board resolution

1. Economic environment 2009/2010

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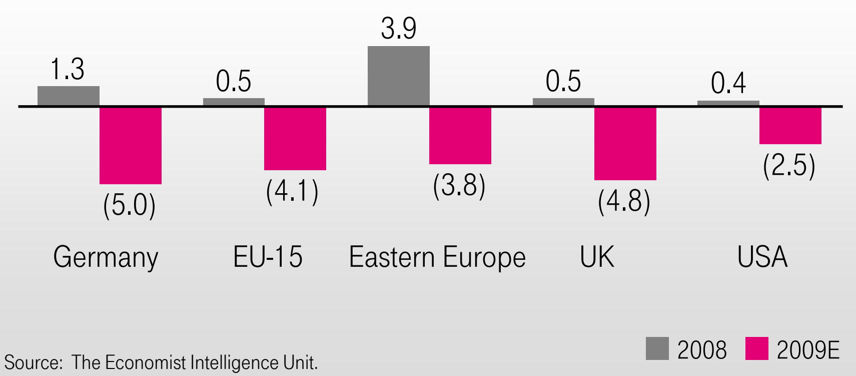
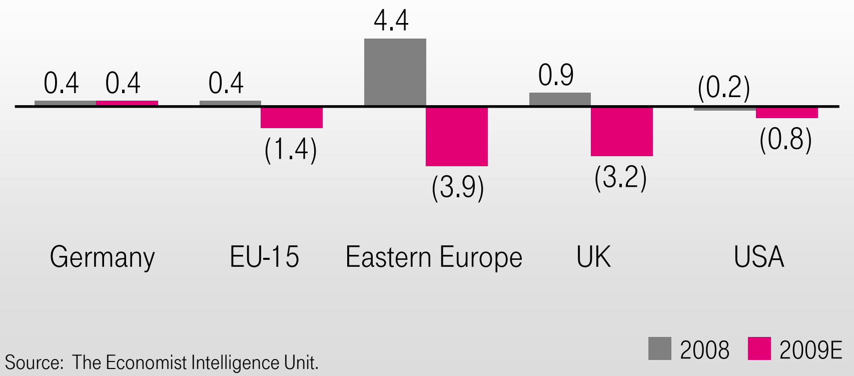
Economic environment 2009 and impact on DT.

GDP Development (% Real Change p.a.)



Source: The Economist Intelligence Unit.

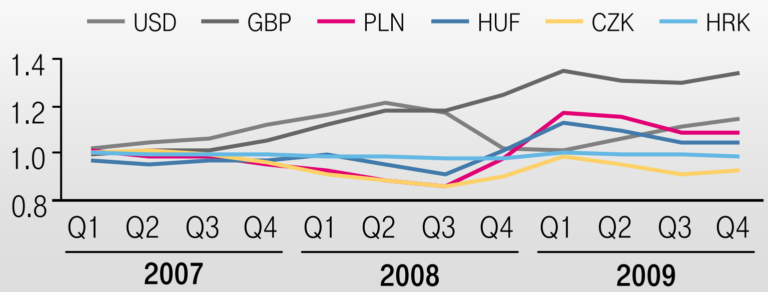
Private Consumption (% Real Change p.a.)



Source: The Economist Intelligence Unit.

Relative Currency Development [1]

Increase: Depreciation of foreign currency vs. €
Decrease: Appreciation of foreign currency vs. €



Source: EZB.

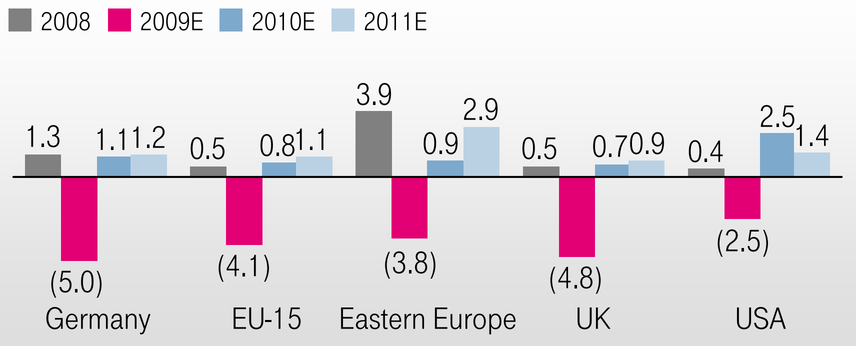
Impact on Deutsche Telekom

- €0.1billion adj. EBITDA lost via currency translation vs. 2008
- GDP development in all DT core markets were negative
- Visitor revenues for Europe are down 25% and net roaming revenues more than 28%
- Negative impact of new taxes introduced in SEE >€0.1billion
- Negative regulatory impact

1 Depiction of change of foreign currencies vs. rates at end of Q4 2006. Nominal amounts are spot rates.

Economic Outlook 2010 and potential issues for DT.

GDP Development (% Real Change p.a.)

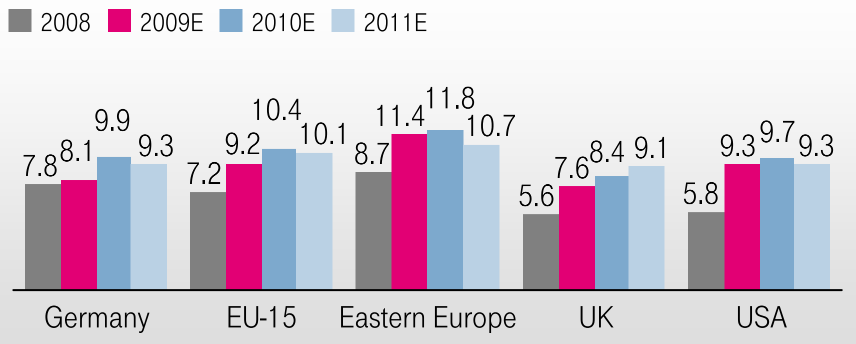


Source: The Economist Intelligence Unit.

Potential Impact on Deutsche Telekom

- Low GDP growth expectations for Europe and the US will keep pressure on prices, especially as private consumption growth lags behind overall GDP trend
- Ongoing necessity for cost reductions
- Consistently high unemployment rates may impact consumer spending
- Further risks from inflation, high public debt, bankruptcies and tax increases

Unemployment Rates (%)



Source: The Economist Intelligence Unit.

2. Q4/FY2009

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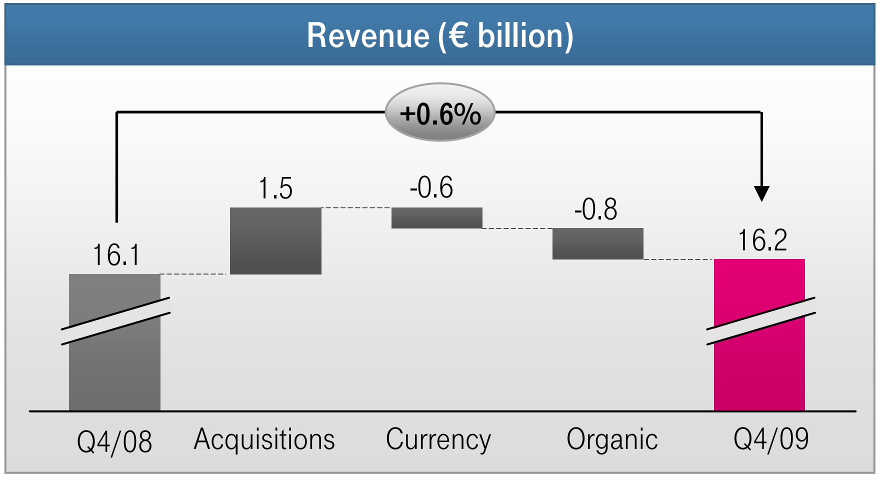
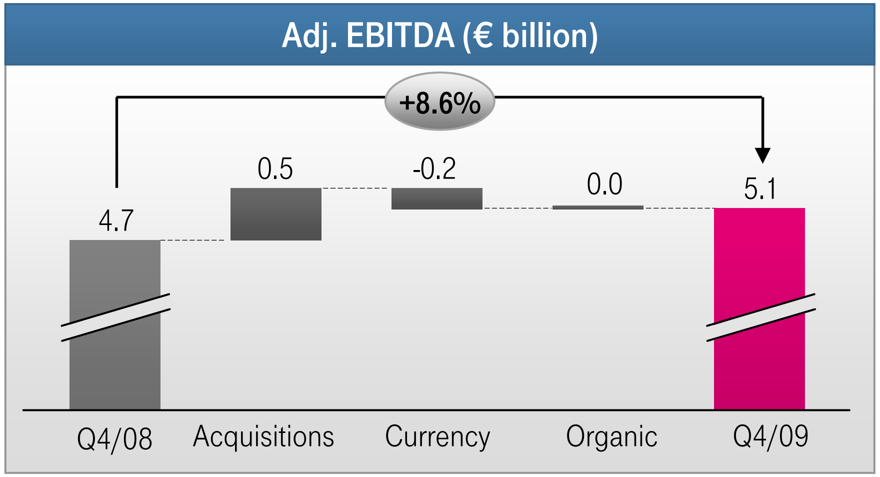
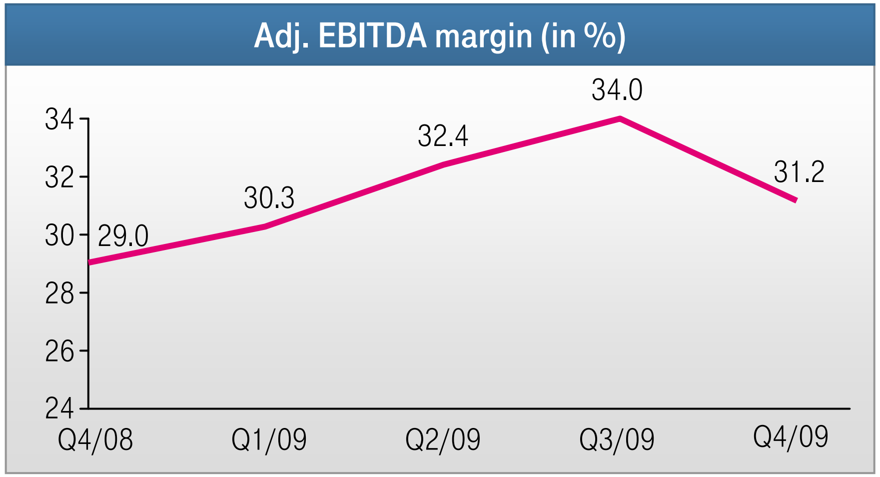
Q4 Group highlights: Group margin up more than 2pp.



Overview Q4 financials

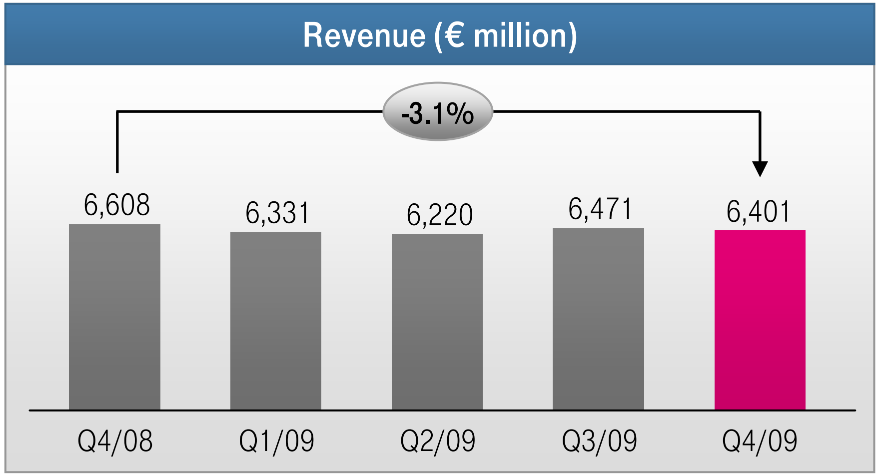
- Achieved guidance despite considerable currency headwind Group revenue growth of 0.6% in Q4/09
- Group adj. EBITDA growth of 8.6% in Q4/09
- Group margin improved from 29.0% to 31.2%
- Adj. net income up 5.1% to € 0.9 billion
- Q4/09 FCF improved 49.6% to €1.9 billion

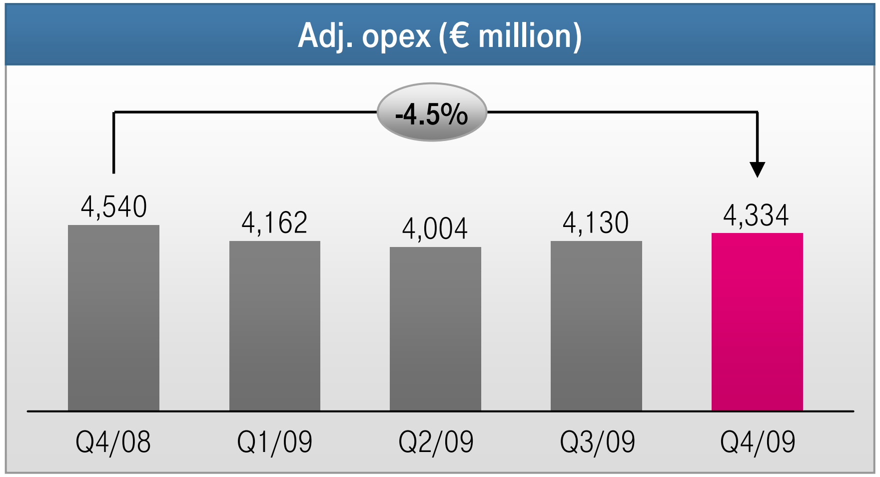


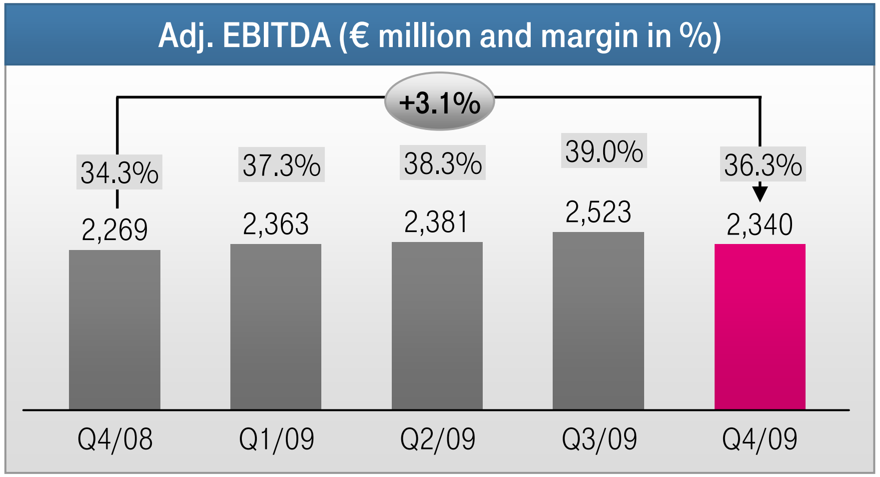


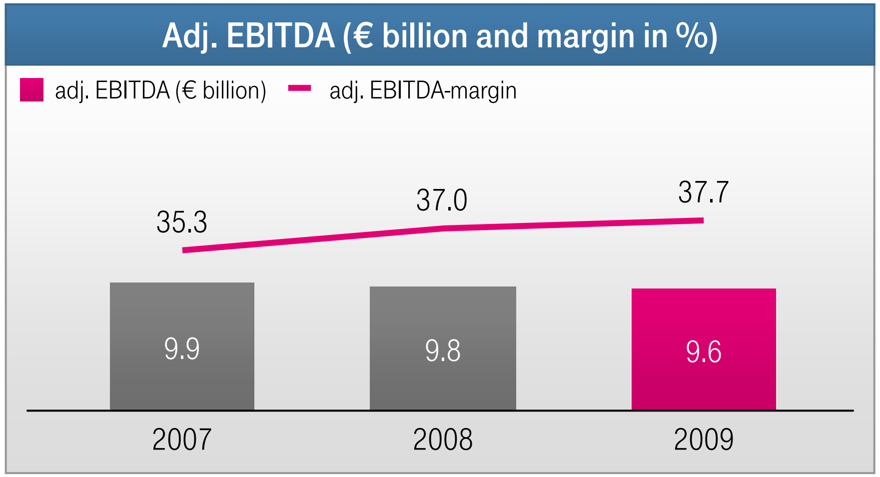
Percentage changes calculated on values in € million

Germany: Adj. EBITDA growth – €947 million net cost reduction 2009.

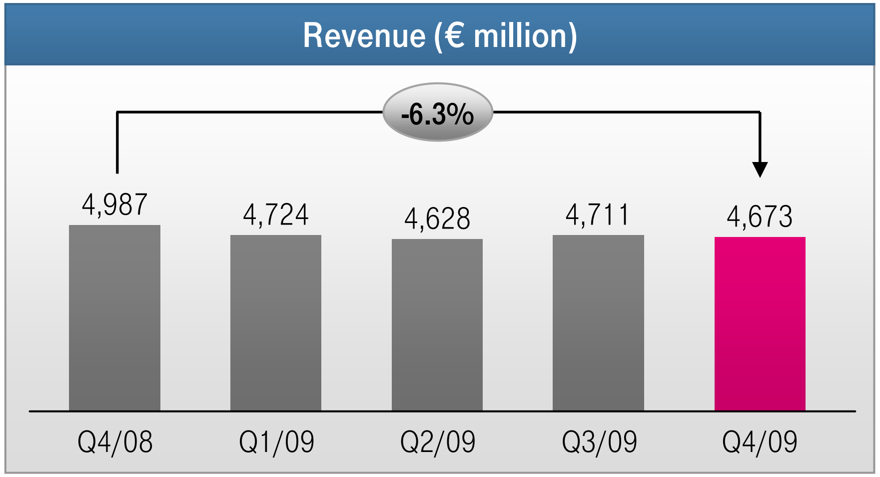




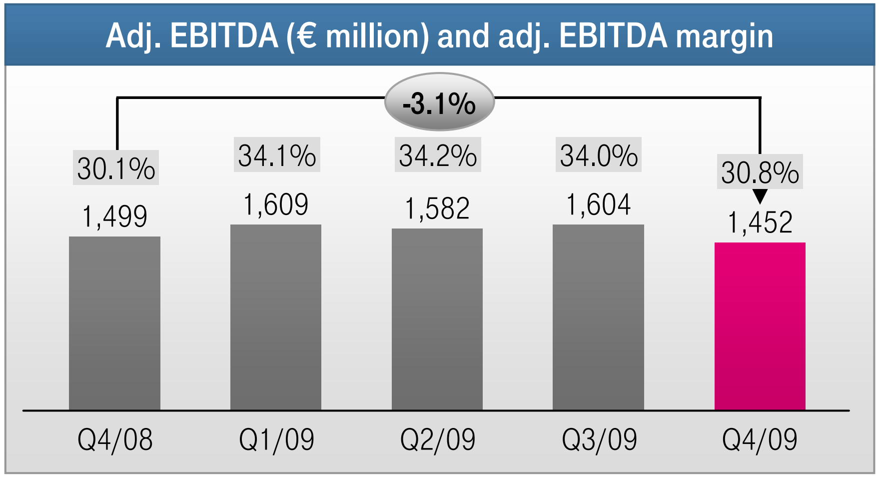


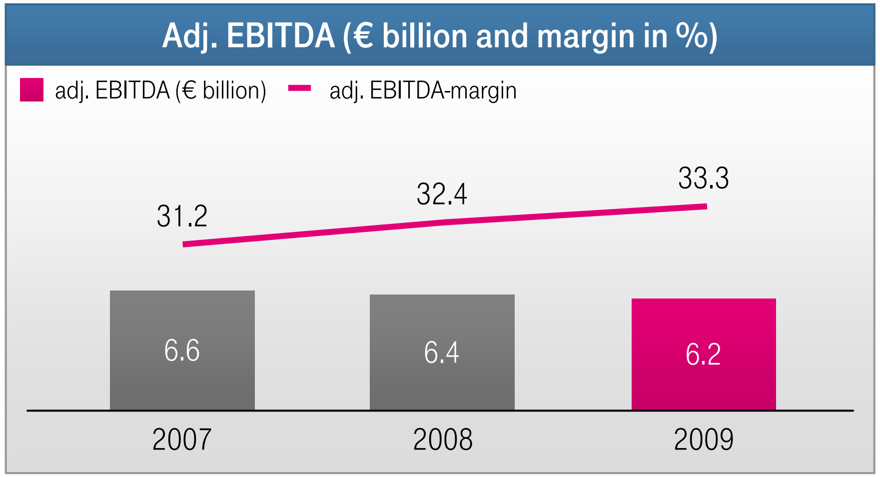


Germany: Fixed – on its way towards adj. EBITDA stabilization.



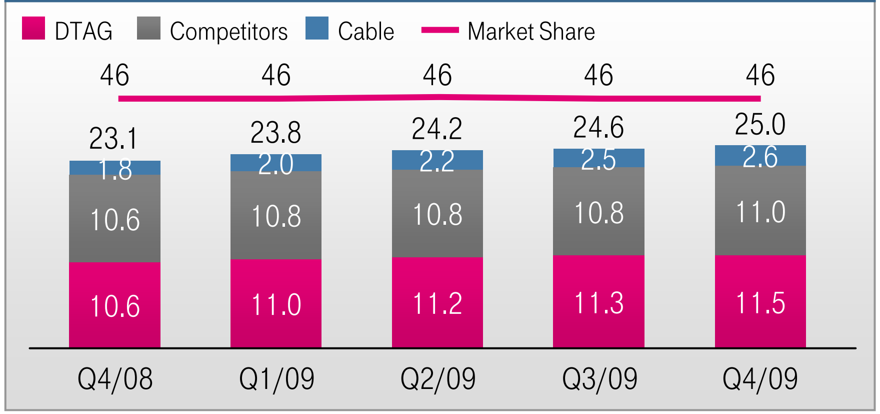
- Fixed network adj. EBITDA of -3.1% in Q4/09,
- Due to cost discipline FY/09 adj. EBITDA -2.4%
- Adj. Opex of fixed network reduced by €0.9 billion in FY/09, cost base reduced to €13 billion
- FY/09 adj. EBITDA margin improved by 0.9pp to 33.3%
- Approx. 4,400 yoy net headcount reduction (-5.5%)



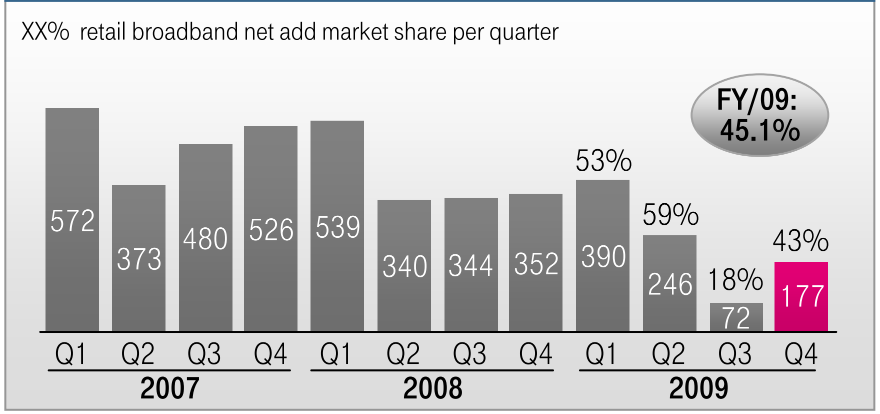


Germany: Fixed – 45% broadband net add market share, as guided.

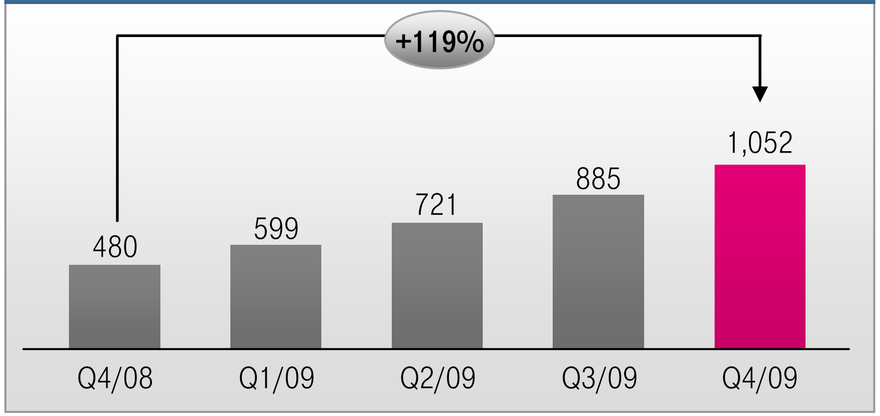
Broadband lines[1] (million)



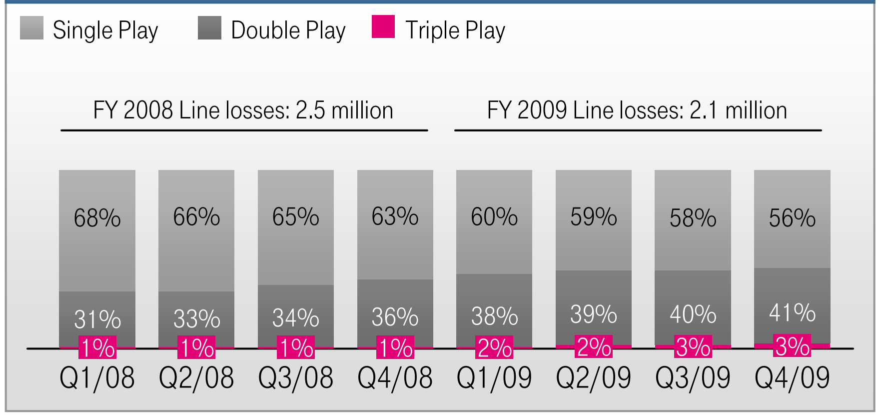
Retail net adds '000 / Share %



Entertain packages (sold) ('000)

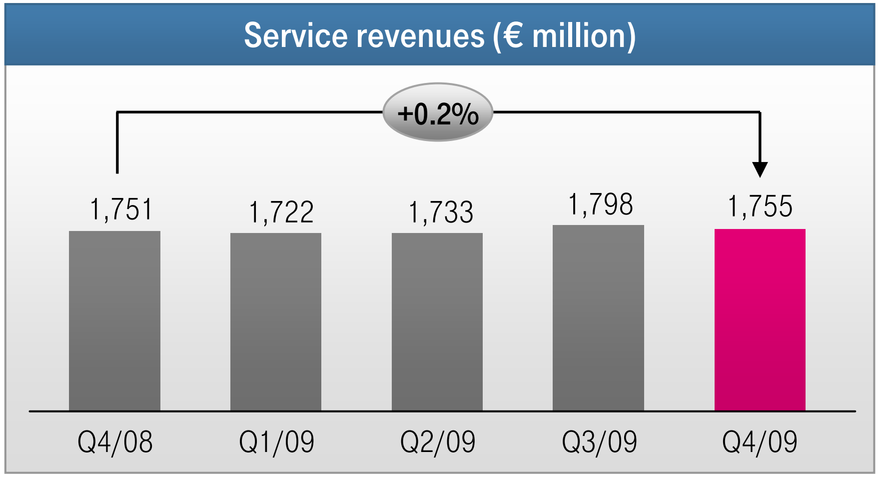


Domestic retail customer base

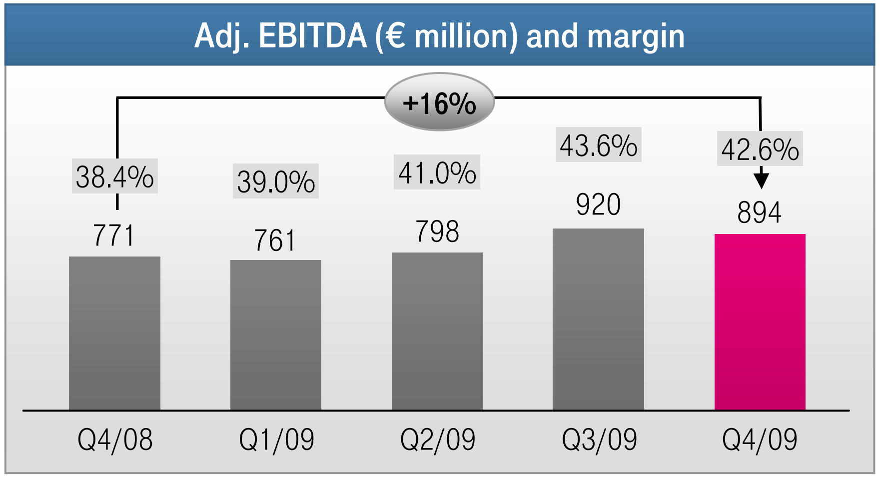


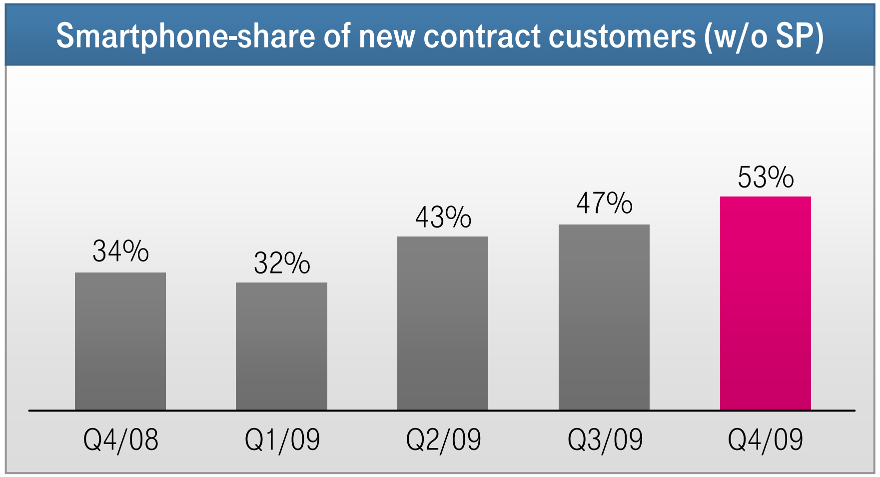
1 Market share for 2008 adjusted based on new BNetzA figures, 2009 own estimates. Rounded figures. Competitors: ULL, WS bundled and unbundled and resale.

Germany: Mobile returns to growth with increased margin.

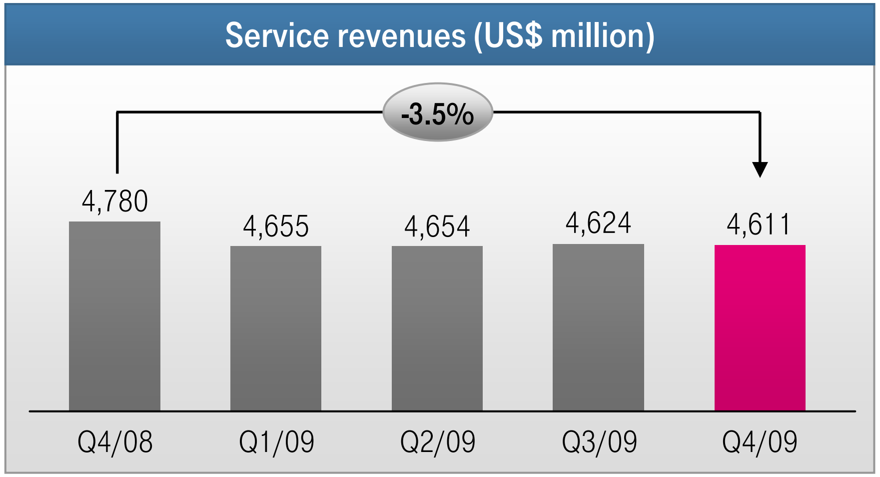


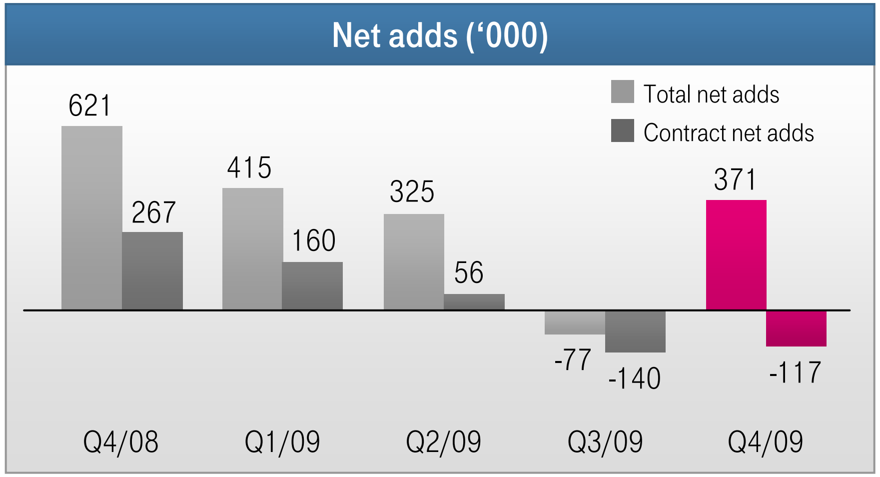
- 1.5 million iPhones dispatched since market launch, 1million during 2009
- Data Revenues up 46% yoy to €947 million in FY/09
- Service Revenue leadership expanded to almost 2 pp versus Vodafone
- MOU per contract customer up about 6.2% yoy in FY/09 – total contract MOU up 9.3% yoy in 2009
- Contract net adds of +62k in Q4/09, +194k in FY/09
- Growth of Non Voice Revenue share of Service Revenues by 4pp yoy to 26%.

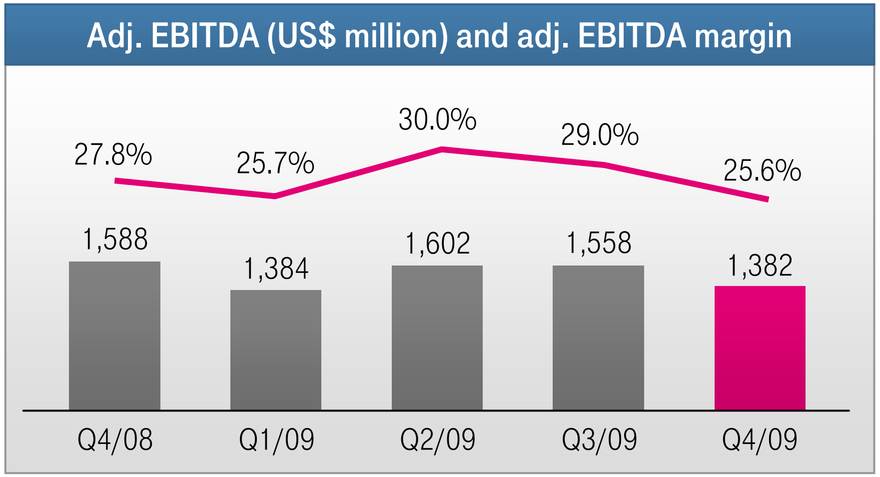


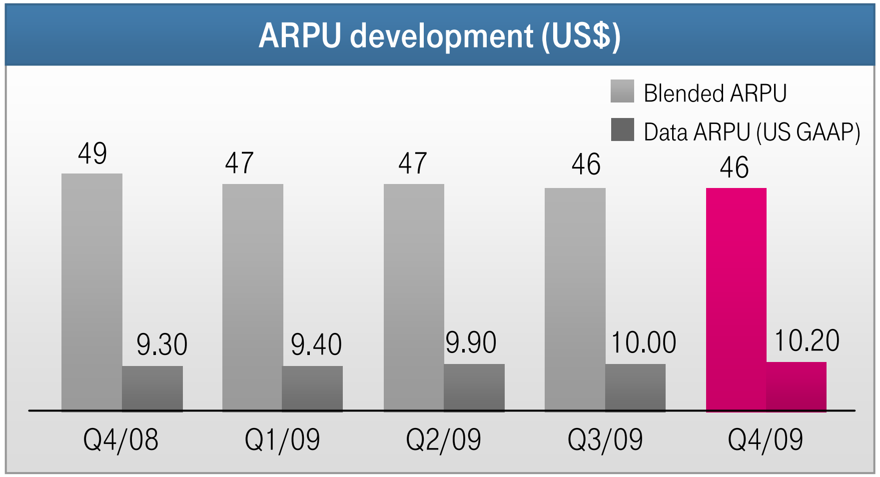


USA: 371k net adds – revenues still not satisfactory.

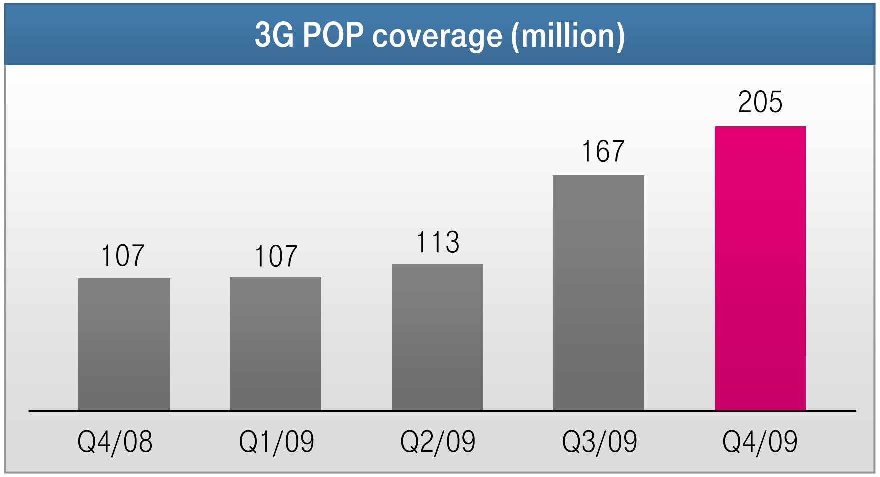


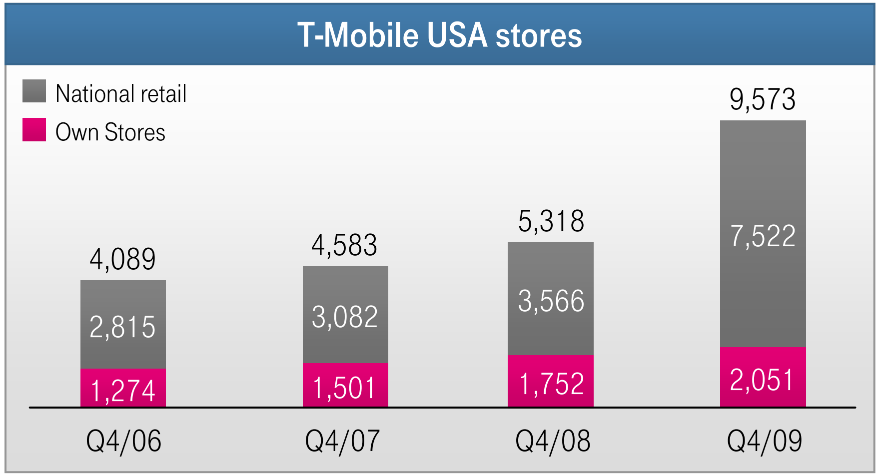


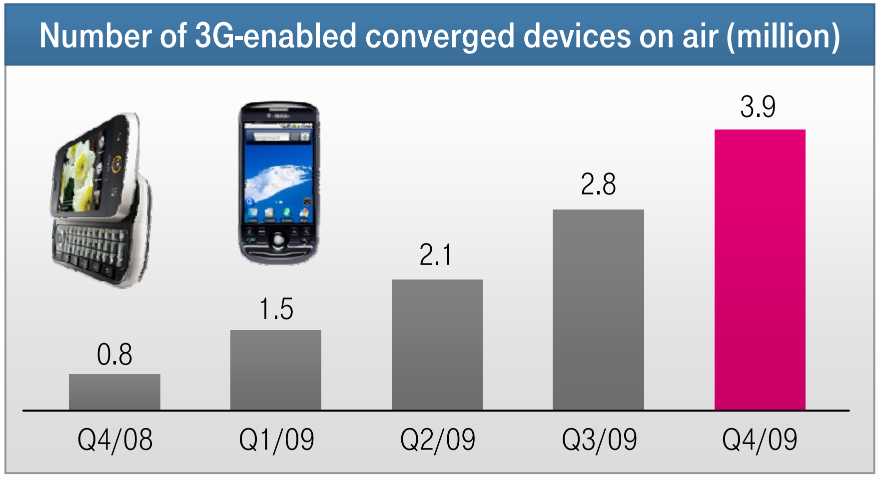


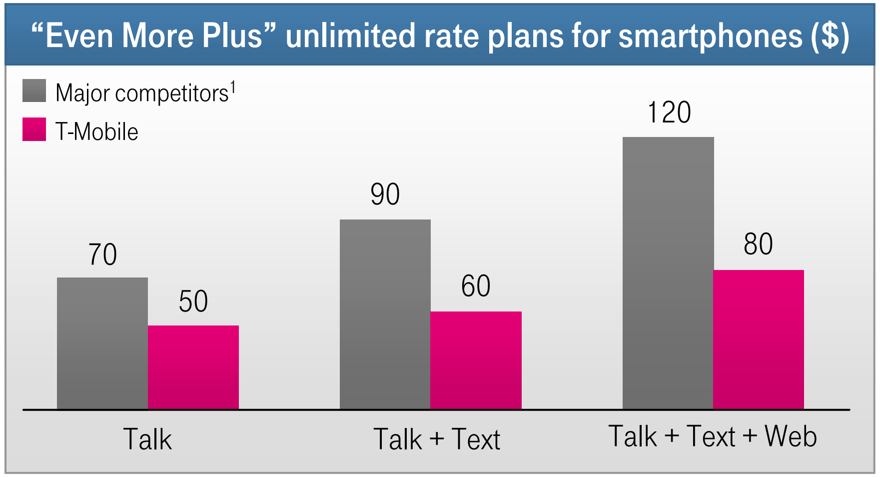


USA: Good execution on roadmap.



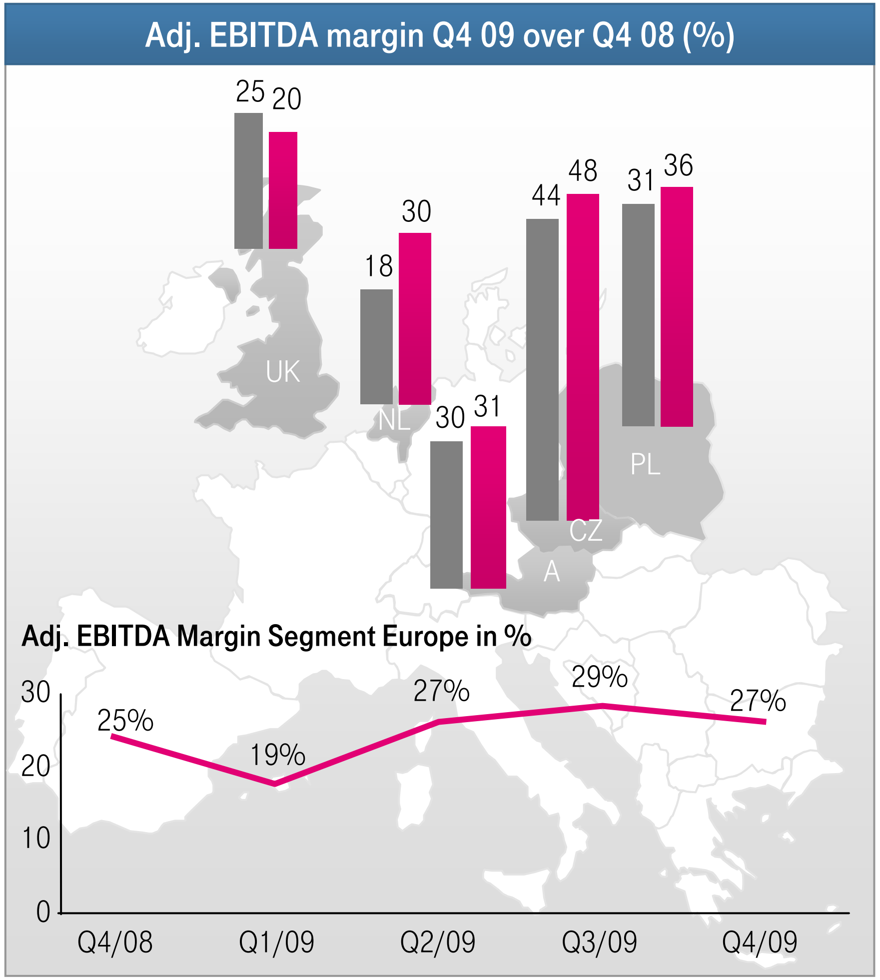






1 AT&T and Verizon

Europe: Good margin performance despite F/X and regulation.



- UK: revenue (GBP) decrease of 10% in Q4 cannot be compensated by cost reductions. Prepay push delivers 570k net-adds.
- NL: synergies from Orange integration driving massive improvement of margin. Strong growth in data revenues of 61%. Clear example of intra market consolidation.
- A: margin increase driven by cost management. W/O regulation revenue would have shown approx. 2% growth.
- CZ: revenues decrease of 9% in CZK but adj. EBITDA slightly growing by 0.6%.
- PL: PTC back on track after a challenging start in 2009. 7% revenue decrease in local currency driven by regulation.

Europe: UK JV on track

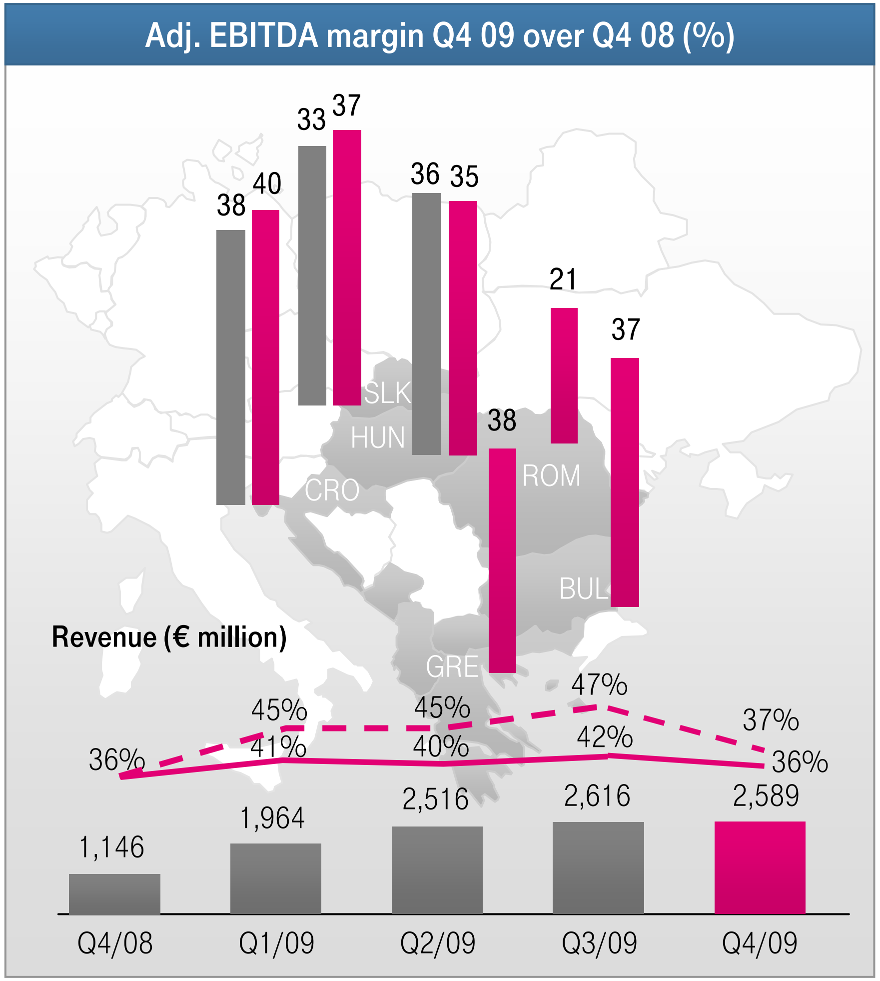
Regulation

- JV document filed with EU on January 11
- Remedies under discussion
- Office of Fair Trade asked for referral on February 3
- March 1: Clearance from EU expected
- Deal closing expected in H1 2010

Business

- Strong focus kept on day to day business
- Businesses continue to be managed independently with products, services, distribution strategy and network unchanged
- JV management team will be selected by the end of 1Q10
- Confident of business case and £3.5 billion synergies

SEE: Market leadership translates into strong profitability.



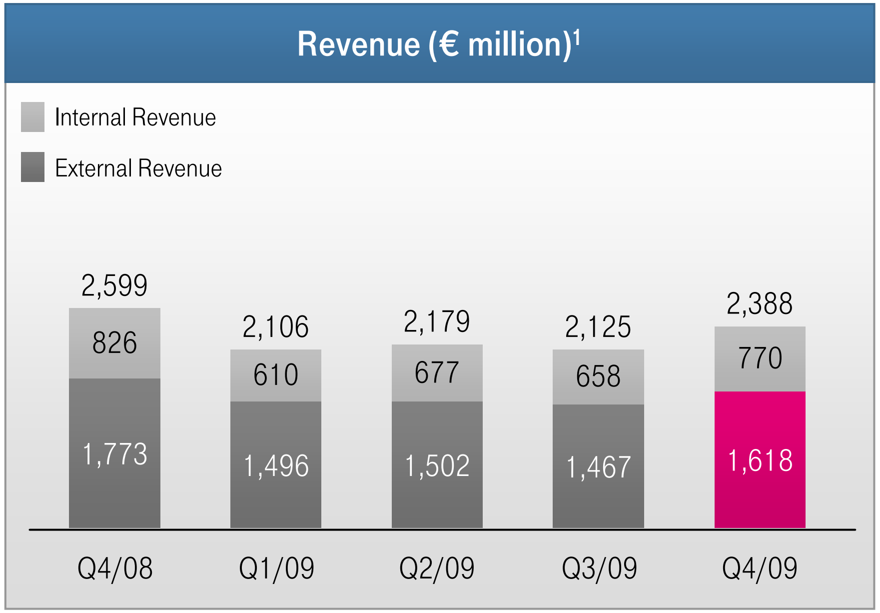
- Revenue and adj. EBITDA growth driven by consolidation of OTE
- Negative currency impact for FY: €0.2 billion revenue and €0.1billion adj. EBITDA lost in currency translation yoy
- Ongoing high profitability: Segment margin for FY/09 at 40%
- Strong customer development
  - Continued broadband growth to 3.8 million accesses (+15% yoy)
  - Continued IPTV growth: 425k subs in total (+94% yoy) with 88k net adds in Q4/09.
  - 2.9 million mobile net adds in FY/09

Adj. EBITDA margin segment SEE

Adj. EBITDA Margin SEE pro forma (excl. OTE in 2009)

Greece, Bulgaria, and Romania only consolidated as of Feb 2009, no historic figures available

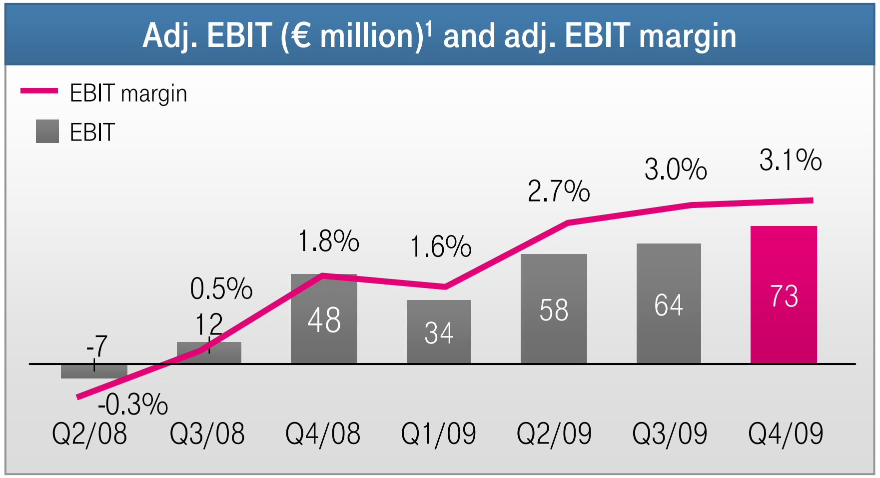
Systems Solutions: Strong order entry in Q4.



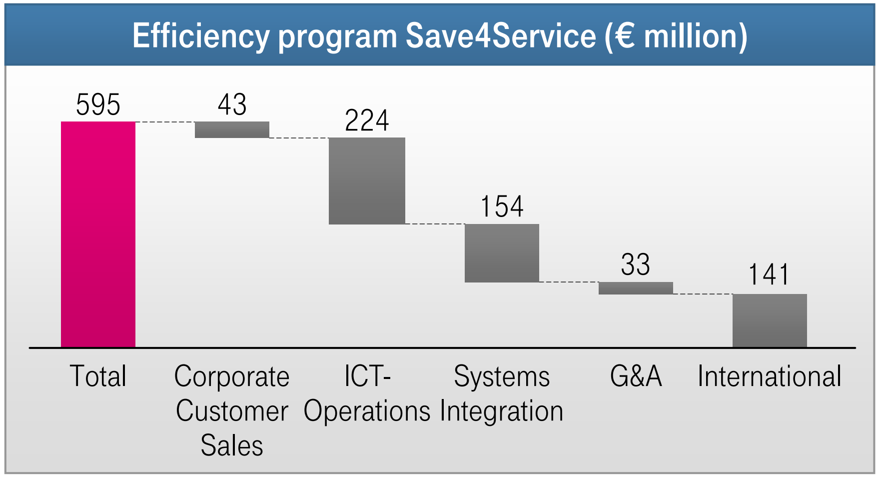
- Several new big deals won, basis set for future revenue
- Revenue 2009 affected by financial crisis in line with overall difficult market environment
- Full year 2009 external revenues down by 4.5% due to continued pricing pressure and postponed investment decisions by customers
- Q4/09 strongest quarter in 2009
- Strong order entry in Q4/09, +15.3% against Q4/08
- Several new Big Deals in Q4/09:
  - BP UK, Philips, Eskom/Transnet, SAP Europe
- Deals underline Systems Solutions' ability to deliver globally

1 As of January 1, 2009, small and medium-sized business customers of the Systems Solutions operating segment (until January 1, 2009, called Business Customers operating segment) are disclosed under the Broadband/Fixed Network operating business area. Prior-year comparatives have been adjusted. Percentages calculated on the basis of figures shown.

Systems Solutions: Margin turnaround over the last six quarters.



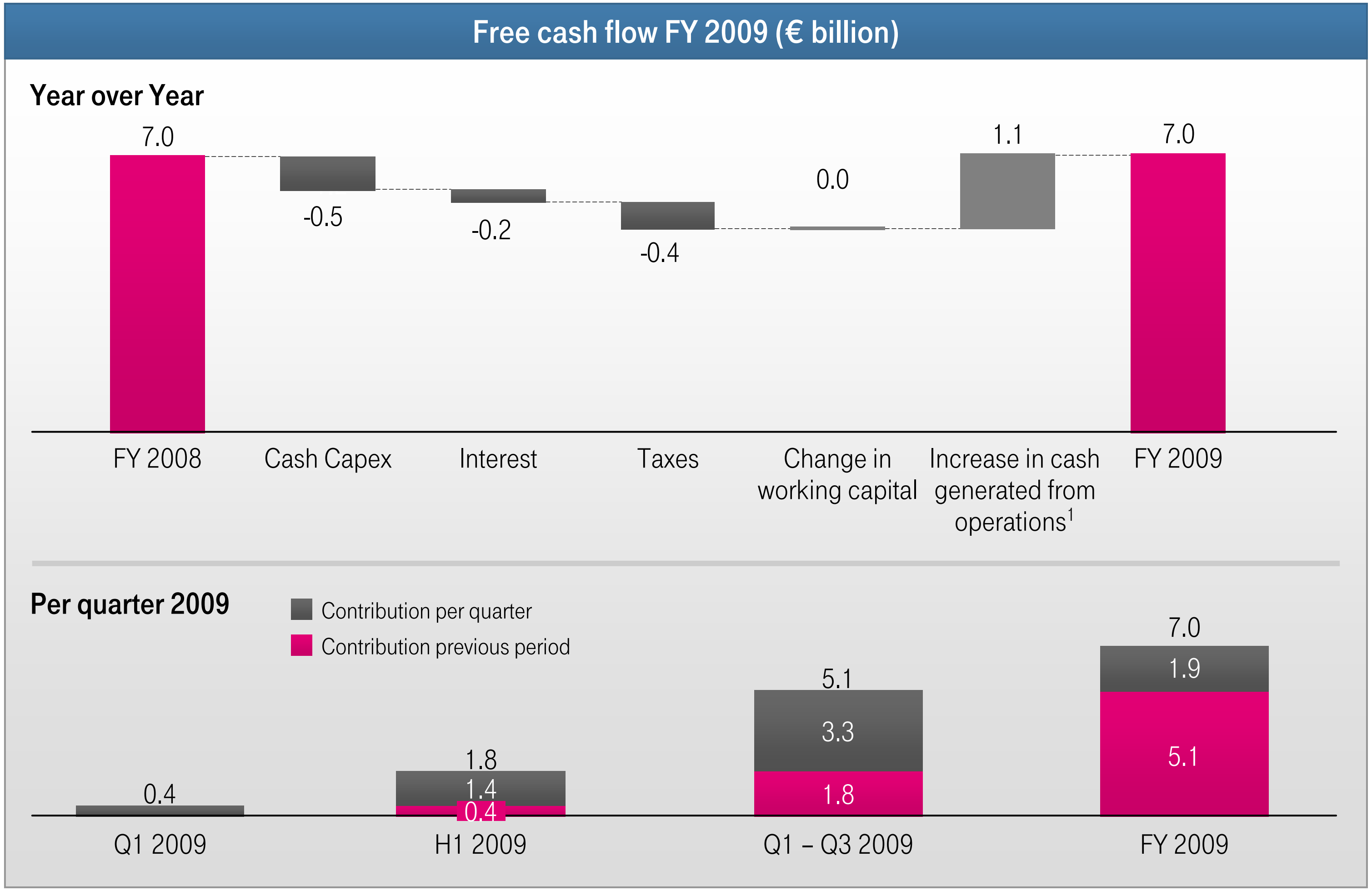
- Adj. EBITDA up by 8.2% to €250 million
- Adj. EBITDA margin in Q4/09 improved to 10.5% from 8.9% in Q4/08
- Adequate adj. EBIT improvement since Q2/08, but EBIT margin still significantly below industry average
- Efficiency program successfully under way, next steps necessary and defined in Phase II of Save for Service



- €0.6 billion Save for Service contribution in 2009:
  - Reshape of sales organization
  - Data center consolidation, Near- and Offshoring
  - Reduction of production costs, increase of utilization at Systems Integration
  - Process streamlining and general & administrative cost reduction (G&A)
  - Optimization of delivery costs, reshape of local organizations internationally

1 As of January 1, 2009, small and medium-sized business customers of the Systems Solutions operating segment (until January 1, 2009, called Business Customers operating segment) are disclosed under the Broadband/Fixed Network operating business area. Prior-year comparatives have been adjusted. Percentages calculated on the basis of figures shown.

Group free cash flow: Higher capex, taxes and interest compensated.



1 Before taxes and change in working capital

Group income statement: Q4 adj. net income grows by 5.1%.

P&L adjusted for special infuences (in € million)	Q4/09	Q4/08	FY/09	FY/08
EBITDA	5,070	4,669	20,668	19,459
Depreciation and amortization	-2,730	-2,713	-11,510	-10,639
Net financial expense	-735	-702	-3,125	-2,936
- of which net interest expense	-620	-589	-2,555	-2,487
EBT	1,605	1,254	6,033	5,884
Income taxes	-585	-310	-2,102	-1,889
Earnings after taxes	1,020	944	3,931	3,995
Minorities	-115	-83	-541	-569
Net income	905	861	3,390	3,426

Reconciliation to net inome (in € million)	Q4 /09	Q4/08	FY/09	FY/08
Net income adjusted	905	861	3,390	3,426
Special influences	-908	-1,591	-3,037	-1,943
Net income reported	-3	-730	353	1,483

Group balance sheet: Solid ratios.

€ billion	31/12/09	30/09/09	30/06/09	31/03/09	31/12/08
Balance sheet total	**127.8**	**129.3**	**132.9**	**133.8**	**123.1**
Shareholders' equity	41.9	41.6	41.5	45.2	43.1
Net debt	40.9	42.4	45.0	42.8	38.2
Net debt / adj. EBITDA[1]	2.0	2.0	2.2	2.0	2.0
Gearing	1.0x	1.0x	1.1x	0.9x	0.9x
Equity ratio[2]	**30.2%**	**30.2%**	**29.9%**	**30.6%**	**32.3%**

Comfort zone ratios

- **2 - 2.5x Net debt/adj. EBITDA** ✓
- **25 - 35% Equity ratio** ✓
- **Gearing: 0.8 to 1.2** ✓
- **30% Liquidity reserve** ✓

Comfort zone ratios going forward

- **2 - 2.5x Net debt/adj. EBITDA**
- **25 - 35% Equity ratio**
- **Gearing: 0.8 to 1.2**
- **Liquidity reserve covers redemptions of next 24 months**

1 Calculation for the non full year ratios based on mid-point of DT guidance

2 Excl. dividend.

3. Outlook 2010

Operational priorities for 2010.
Strategy update on Investor Day March 17/18.

- Improve US market position
- Exploit German fixed mobile integration
- Make the JV in the UK a success
- Maintain market and profitability leadership in SEE
- Further financial turnaround and improvement of market position at Systems Solutions
- Execute on Save for Service
- Deliver on financial targets and new shareholder remuneration

Operational priorities for 2010: Improve the US market position.

Network	▪ Roll out HSPA+ (21 Mbps) to Top 30 markets ▪ 75% of 3G sites with Ethernet backhaul by year-end ▪ Over 5,000 additional 3G cell sites
Devices	▪ First HSPA+ data stick in US market (“webConnect Rocket”) ▪ HSPA+-capable smartphones to be launched in H2/10 ▪ New 3G smartphones: HTC HD2, Motorola CLIQ XT
Distribution	▪ Capitalize on expanded distribution incl. RadioShack
Pricing	▪ Capitalize on “Even More” and innovative “Even More Plus” rate plans

Guidance 2010[1].

Guidance assumes constant currencies and no further significant economic deterioration (Basis 2009 average exchange rates: 1€ = 1.39US$)

Adj. Group EBITDA	Around €20 billion
Free cash flow	Around €6.2 billion

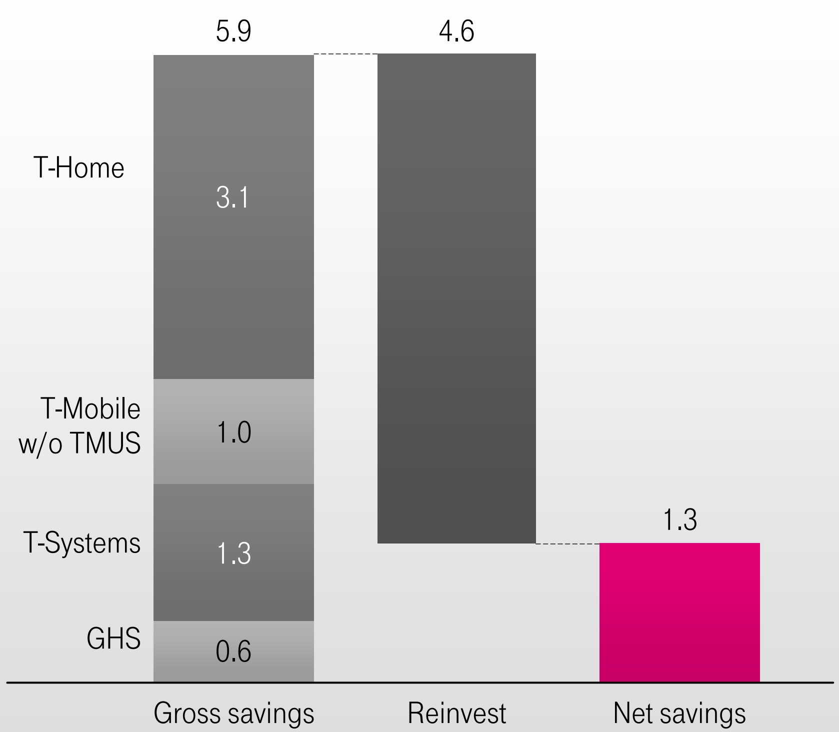
1 incl. TM UK for the full year 2010

4. Save 4 Service

Life is for sharing.

2007-2009 S4S delivered €5.9 billion gross savings. Net savings after reinvest into service and growth: €1.3 billion.

OPEX savings 2007-2009 (cons., w/o OTE) (€ billion)



Gross savings of €5.9 billion realized, versus original target of €4.2 to €4.7 billion by 2010

Freed up capital to reinvest into strengthening competitiveness and enable growth, e. g.:

- Germany: Service & quality, Rollout T-Shops, Entertain, VDSL
- TSI: Big deals acquisition, quality improvements
- TMUS: Net add-share, sales, network

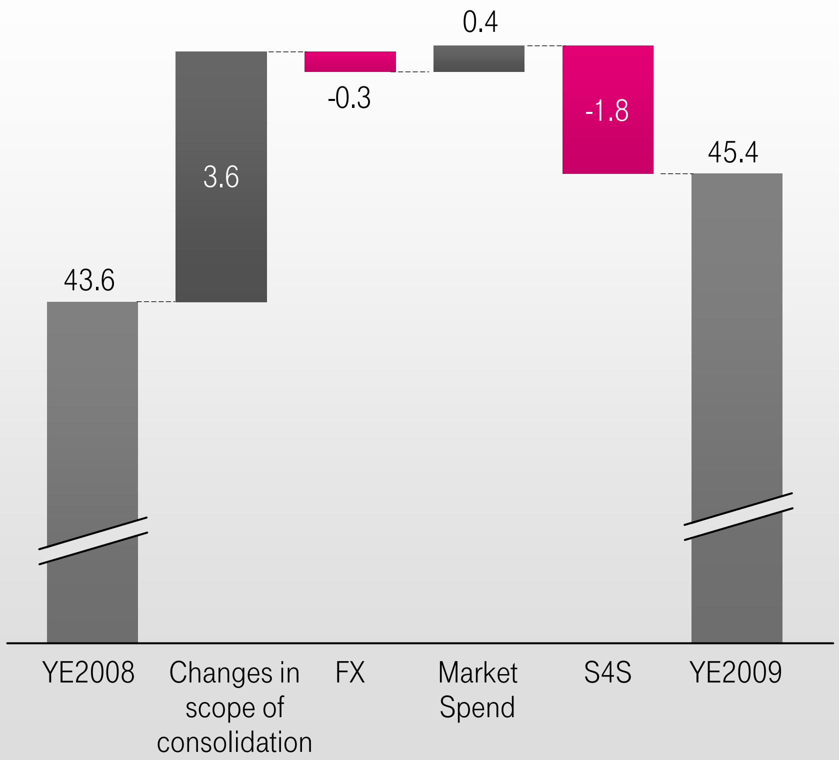
Consolidated net savings on group level: €1.3 billion – examples:

- Fixed-line Germany: €2.5 billion[1]
- Adj. Domestic personnel expenses: -€1.7 billion (-17%) due to 20% headcount reduction 2007-2009
- Domestic G&A: approx. €0,5 billion

1 Domestic fixed line business: savings YE06-YE09 (i.e. w/o business customers) , 2009 pro forma

S4S cost reductions of €1.8 billion in 2009 – margin increase to 32%.

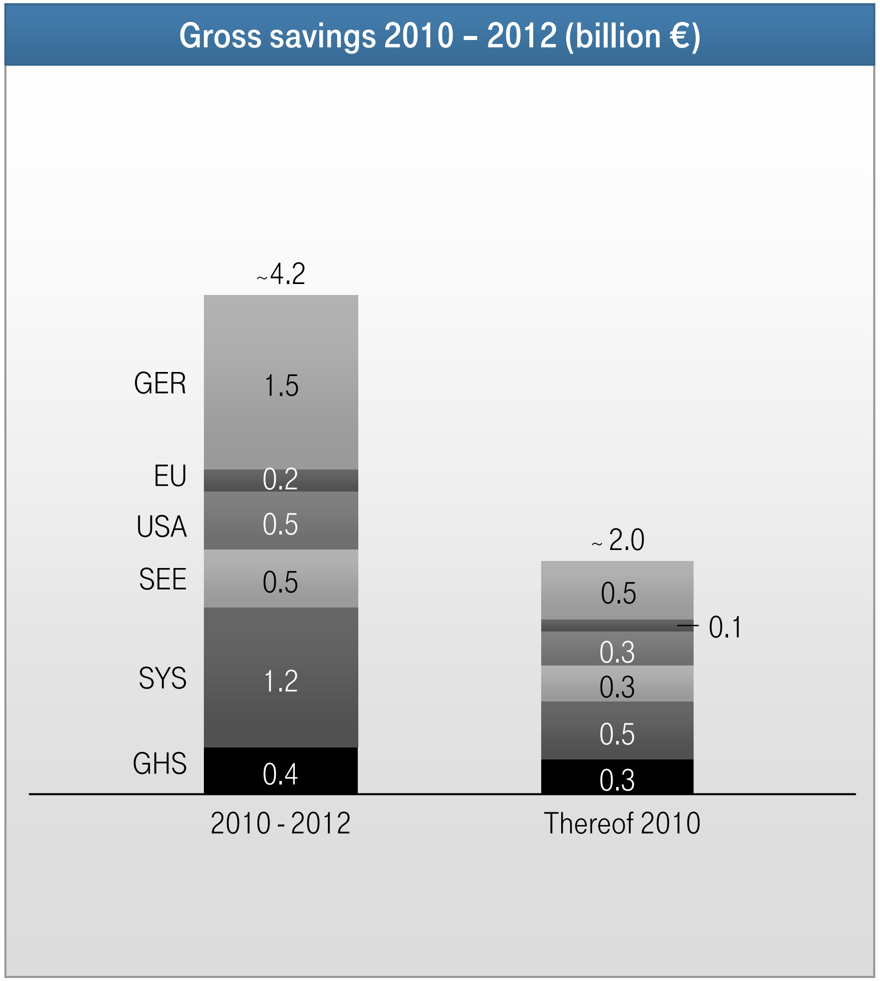
Cost base development YE2008-YE2009 (€ billion)



Contribution by Business Unit (in € million)	2009
T-Home	976
T-Mobile (w/o TMUS)	165
Systems Solutions	595
GHS	94
DT Group	**1.831**

- €1.8 billion savings on corporate level w/o inorganic effects
- On group level adj. EBITDA margin increased by + 0.4 pp. to 32%
- Incremental savings realized in Q4/09: €0.5 billion

We continue our successful track record – S4S 2010-2012.



- **Continuation of successful track record – S4S is a number one priority initiative in the group**
- **Global scope: Stronger focus on international units**
- **Ambitious target defined**: €4.2 billion gross savings, thereof ~50% in 2010
- **Strong focus on net savings,** Germany: €1.5 billion, SEE €0.3 billion, domestic G&A functions: €0,4 billion 2010 to 2012
- **Savings ambitions continuously challenged along implementation**

5. New Shareholder Remuneration

Life is for sharing.

Financial framework aimed at reconciling the interests of all stakeholders.

Group	▪ 2010 capex slightly above 2009 level – consistent investment through the downturn. Expectation to broadly maintain capex in 2011/2012 ▪ No major M&A	✓
Employees	▪ Safe jobs with a perspective ▪ Any necessary staff restructuring socially responsible	✓
Bondholders	▪ Maintain Net debt/EBITDA corridor 2-2.5 ▪ Liquidity reserve > redemptions of next 24 months ▪ 2010 fully financed	✓
Investors	▪ New shareholder-oriented dividend policy: 3 year commitment to maintain shareholder remuneration. ▪ Drive operational performance	✓

€0.78 per share dividend for 2009 proposed by Management and Supervisory Board[1].

Results 2009
▪ Revenue ↗
▪ Adj. EBITDA ↗
▪ FCF →
▪ Adj. net income →
▪ Dividend per share →
▪ 2009 dividend w/o withholding tax in Germany →

For 2009:

- **€0.78 dividend per share without German withholding tax**
- **€0.78 adj. EPS per share**
- **€1.60 FCF per share**

1 Subject to necessary AGM-Approval

First DAX company with an explicit 3 year minimum dividend per share plus additional buybacks policy.

Previous Shareholder Remuneration Policy	▪ Maintain attractive dividend

Paradigm shift

New Shareholder Remuneration Policy[1]	▪ 2009: €0.78 per share
	▪ 2010-2012:
	  ▪ Unchanged €3.4 billion remuneration to DT shareholders p.a.
	  ▪ Minimum dividend of €0.70 per share p.a.
	  ▪ Rest via share buybacks

1 Subject to necessary AGM-Approval and board resolution

Q&A.

René Obermann
CEO

Timotheus Höttges
CFO

Thank you for your attention!

Life is for sharing.