

Deutsche Telekom

Analysts Meeting
August 21, 2002

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In this presentation, EBITDA represents operating income (loss) before taxes, depreciation and amortization, and Adjusted EBITDA represents EBITDA adjusted for the factors described in the H1-Group Report published on August 21, 2002. Deutsche Telekom believes EBITDA and Adjusted EBITDA provide useful information on, among other things, the group's ability to service its long-term debt and other fixed obligations. EBITDA and Adjusted EBITDA should not be construed as alternatives to net income as determined in accordance with GAAP or as measures of liquidity. Because EBITDA and Adjusted EBITDA are not calculated in the same manner by all companies, Deutsche Telekom's presentation may not be comparable to other similarly titled measures of other companies.

Please note that the figures are unaudited at this point.

Highlights and Strategy.

Prof. Dr. Helmut Sihler
CEO

Strategic review underway.

Debt reduction and improving profitability is top priority.

- Comprehensive Strategic Review ongoing
- Strategic Review focusing on all aspects of operations (domestic and international)
- Report on the Review by November 20 (3rd quarter results)
- All options will be considered, including
 - Further cost-cutting measures
 - Further reduction in capex
 - Working capital optimization
 - Possible asset sales
 - Other deleveraging options
- No “sacred cows”, but no fire sales

Half-year 2002 - financial highlights.

Strong operational performance.

- Group revenue up approx. 15% H1/02 to approx. € 25.8 billion
- Strong adj. EBITDA growth of more than € 500 million (+7.2%) to approx. € 7.8 billion
- Capex* reduced by 17.6 % to € 3.1 billion
- Free cash-flow (before dividends) increased to roughly € 1.9 billion** in H1/02.
- Net Debt falls to € 64.2 billion
(driven by FCF, asset sales, foreign exchange)

* Excl. investments in intangible assets.

** Excl. € 0.8 billion tax refund and € 0.1 billion miscellaneous.

Revenue and adj. EBITDA development.

Overall improvements in Q2/2002 vs Q1/2002.

Revenue (€ million)	Q2/2002	Q1/2002	D €	D%
T-Com	7,399	7,440	- 41	- 0.6
T-Mobile	4,675	4,465	210	4.7
T-Systems	2,835	2,652	183	6.9
T-Online	437	427	10	2.3

Adj. EBITDA* (€ million)	Q2/2002	Q1/2002	D €	D%
T-Com	2,515	2,467	48	1.9
T-Mobile	1,348	1,211	137	11.3
T-Systems	251	258	- 7	- 2.7
T-Online	65	17	48	282.4

* To interpret the adjusted EBITDA, please refer to the important information contained in the interim report.

Operational Review.

Dr. Karl-Gerhard Eick
CFO

Group financial highlights H1/02.

€ million	H1/02	H1/01	D%	Q2/02	Q2/01	D%
Revenue	25,754	22,468	14.6	12,984	11,386	14.0
EBITDA*	7,559	8,195	-7.8	3,777	4,573	-17.4
adj. EBITDA**	7,757	7,239	7.2	3,975	3,617	9.9
adj. EBITDA margin	30.1%	32.2%	n/a	30.6%	31.8%	n/a
Depreciation and amortization	-7,874	-5,669	-38.9	-4,220	-3,088	-36.7
Financial income (exp.), net	-2,930	-2,164	-35.4	-1,182	-1,135	-4.1
- of which int. exp.	-2,083	-2,082	-0.05	-981	-1,105	11.2
Income (loss) before taxes	-3,245	362	n/a	-1,625	350	n/a
Net income before special effects	-3,142	-1,305	-140.8	-1,712	-947	-80.8
Net income after special effects	-3,891	-349	n/a	-2,083	9	n/a
Net cash from oper.	6,645	4,719	40.8	4,382	3,069	42.8
Net debt (€ billion)	64.2	71.0	-9.6	64.2	71.0	-9.6

* EBITDA: results from ordinary business activities plus the financial income (expense), net and amortization of intangible assets and depreciation of property, plant and equipment.

** To interpret the adjusted EBITDA, please refer to the important information contained in the interim report

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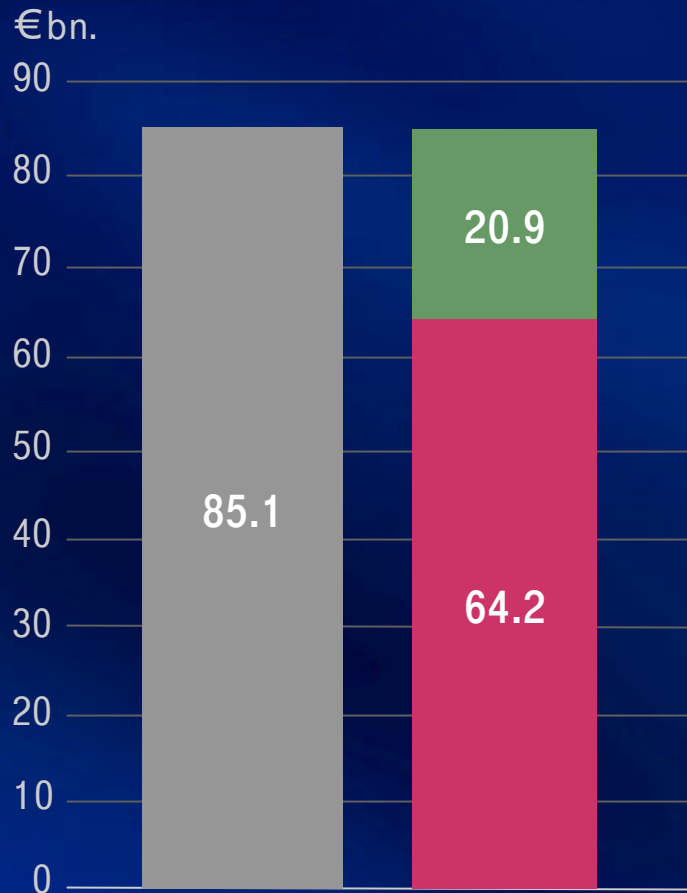
Debt reduction.

Significant progress in Q2/02.

- Net debt as of March 31	67.3	(€ billion)
- Dividend payment	+1.6	
- Satelindo	-0.3	
- France Télécom	-0.3	
- Real estate	-0.2	
- Q2/02 free cash-flow*	-1.6	
- Tax refund	-0.8	
- Foreign currency exchange effects	-1.5	
- Net debt as of June 30	64.2	

* FCF before dividends excl. € 0.8 billion tax refund.

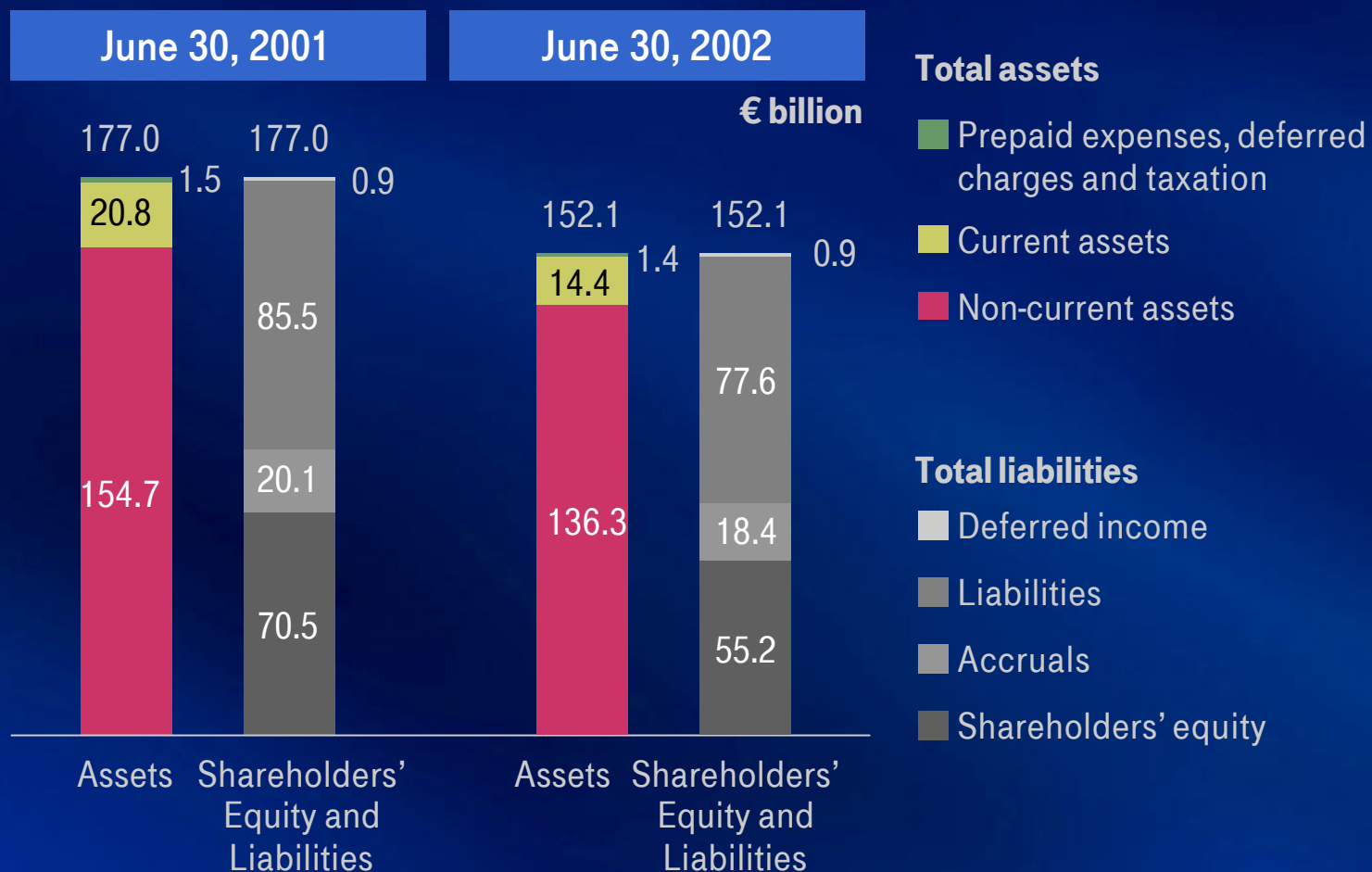
Liquidity reserves as of June 30, 2002. Fully funded through the end of 2003.



Liquidity Reserves:	20.9 bn. €
- Unused Credit Lines	
- Syndicated Loan DTAG	10.1 bn. €
- Syndicated Loan T-Mobile UK	2.0 bn. €
- Bilateral Credit Lines DTAG	5.4 bn. €
- Bilateral Credit Lines Subsidiaries	0.3 bn. €
- Assets	3.0 bn. €

- Total Line Availability
- Liquidity Reserves
- DT Group Net Debt

Group's balance sheet structure.



Deutsche Telekom AG.

Significant increase in free cash-flow.

€ million	H1/02	H1/01	D €	D%
Cash generated from operations	8,401	6,793	1,608	23.7
Net cash provided by operating activities	6,645	4,719	1,926	40.8
Cash outflows from investments in property, plant & equipment	- 3,439	- 4,137	698	-16.9
Cash outflows from investments in intangible assets	- 388	- 474	86	-18.1
Free cash-flow before dividends	2,818	108	2,710	n/a
Free cash-flow after dividends	1,260 *	- 1,797	3,057	n/a

* Incl. € 0.8 billion of tax refund in Q2/02 and € 0.1 billion miscellaneous in Q1/02.

Interest and Capex Coverage in H1/02.

Positive contribution from each pillar.

€ million	Adj. EBITDA	Capex & intangible	Net interest income	Income taxes	Coverage*
T-Com	4,982	- 1,691	- 353		2,938
T-Mobile	2,559	- 1,261	- 456		842
T-Systems	509	- 333	- 21		155
T-Online	82	- 37	65		110
Others	- 171	- 208	- 1,323		- 1,702
Reconciliation	- 204	33	5		- 166
Group	7,757	- 3,497	- 2,083	- 388	1,789

* Defined as sum of adjusted EBITDA, capex, net interest expenses, and income taxes.

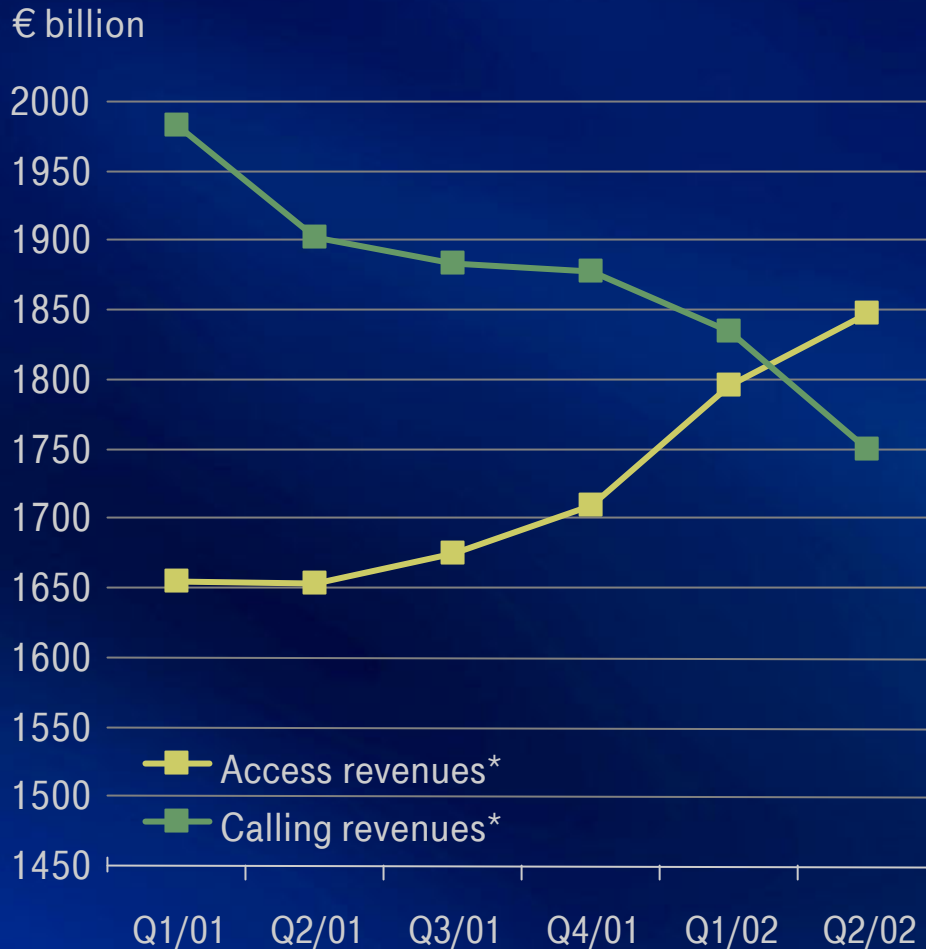
T-Com.

Recovery is beginning.

- Rebalancing policy working:
access revenues above calling revenues in Q2/02
- Continuing steady increase in access revenues (+10%)
- Domestic retail business up by approx. 2% in Q2/02
compared to Q2/01
- Migration to high-value access continues
(+2.3 million ISDN channels)
- 2.5 million T-DSL contracts sold by 30 June
- Reduced growth rate in AktivPlus customers
(1.3 million in H1/02 vs. 2.5 million in H1/01)
following the termination of proactive marketing
- Market share stabilized for 2nd successive year

T-Com.

Rebalancing starts to pay off.



* Domestic revenues only; unaudited.

- Access revenues above calling revenues for the first time in Q2/02
- More than 10% increase in access revenues from H1/01 to H1/02
- Strong decrease in calling revenues in Q2/02 caused by price reduction in local calls and normal seasonal effects
- Q1/02 to Q2/02 rise in access revenue caused by May 1 implementation of increase in analog and ISDN charges
- Disproportionate increase in access revenues Q1/02 over Q4/01 due to extremely strong December T-DSL sales

T-Com adjusted.

Revenues and EBITDA stabilized in H1/02.

€ million	H1/02	H1/01	D%	Q2/02	Q2/01	D%
Total revenue	14,839	14,694	1.0	7,399	7,195	2.8
- of which domestic	12,957	13,459	- 3.7	6,436	6,554	- 1.8
- of which E. Europe	1,882	1,235	52.4	963	641	50.2
- of which external	12,526	12,402	1,0	6,243	6,065	2.9
EBITDA*	4,982	5,033	- 1.0	2,515	2,352	6.9
- of which domestic	4,130	4,434	- 6.9	2,090	2,025	3.2
- of which E. Europe	852	599	42.2	425	327	30.0
EBITDA margin	33.6%	34.3%	- 2.0	34.0%	32.7%	- 4.0
Depreciation and amortization	- 2,694	- 2,604	- 3.5	- 1,368	- 1,345	- 1.7
Financial income (exp.), net	- 344 **	- 247	- 39.3	- 157	- 147	- 6.8
Earnings before taxes	1,944	2,182	- 10.9	990	860	15.1

* To interpret the adjusted EBITDA, please refer to the important information contained in the interim report.

** Adjusted for exceptional writedowns on financial assets due to valuation adjustments of loans to the associated company of Kabel Deutschland GmbH in H1/02 (no special items in H1/01).

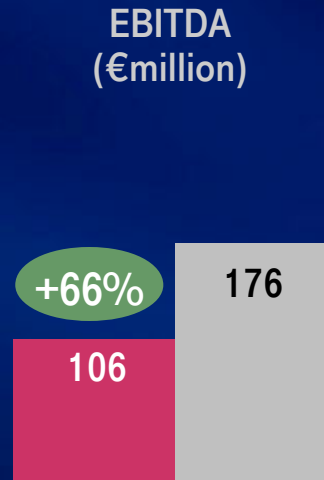
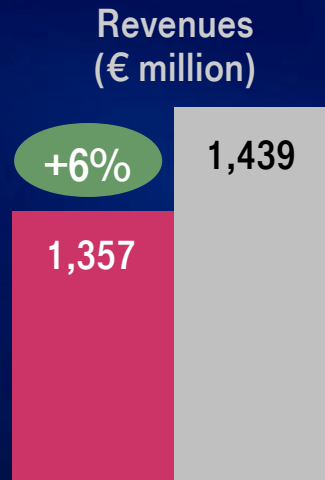
T-Mobile .

Strong operating performance.

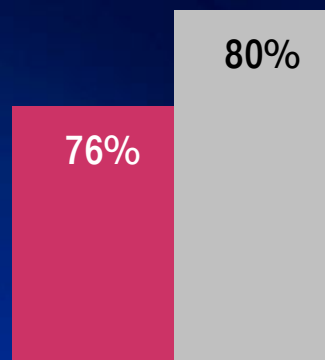


- Controlled sub base increased from 46.3 million in Q1/02 to 47.5 million in Q2/02
- EBITDA rises approx. € 1.2 billion to more than € 2.5 billion in H1/02
- Revenue of € 4.7 billion in Q2/02 translates into a 4.7% increase compared to Q1/02
- All operations show ARPU improvement

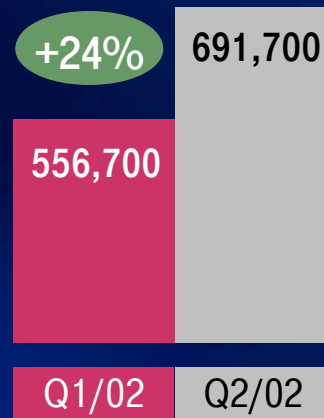
T-Mobile USA (German GAAP). Continuing Strong Performance



Contract proportion



New contract subs



- Subscriber base more than 8 million
- Gaining 691,700* new contract subs, while prepaid decreases by 165,800*
- Contract proportion now 80% of base (Q1: 76%)
- EBITDA margin improved from 7.8% in Q1/02 to 12.2% in Q2/02
- EBITDA increased from € 106 million to €176 million
- Contract ARPU** increased from \$51 to \$52; blended ARPU** from \$48 to \$49
- Contract churn below 2.5% in Q2

* incl. acquisitions of 45,000 contract and 28,200 prepaid subscribers.

** U.S. GAAP

T-Mobile adjusted.

Adjusted EBITDA increased by approx. € 1.2 billion.

€ million	H1/02	H1/01	D%	Q2/02	Q2/01	D%
Revenue total	9,140	5,973	53.0	4,675	3,292	42.0
external	8,412	5,237	60.6	4,297	2,919	47.2
EBITDA*	2,559	1,375	86.1	1,348	785	71.7
EBITDA margin	28.0%	23.0%	21.7	28.8%	23.8%	21.0
Depreciation and amortization	- 3,459	- 1,764	- 96.1	- 1,730	- 1,075	- 60.9
Financial income (exp.), net	- 600	- 1,225	51.0	- 278	- 662	58.0
Income (loss) before taxes	- 1,500	- 1,614	7.1	- 660	- 952	30.7

* To interpret the adjusted EBITDA, please refer to the important information contained in the interim report. No special effects in H1/02 or H1/01.

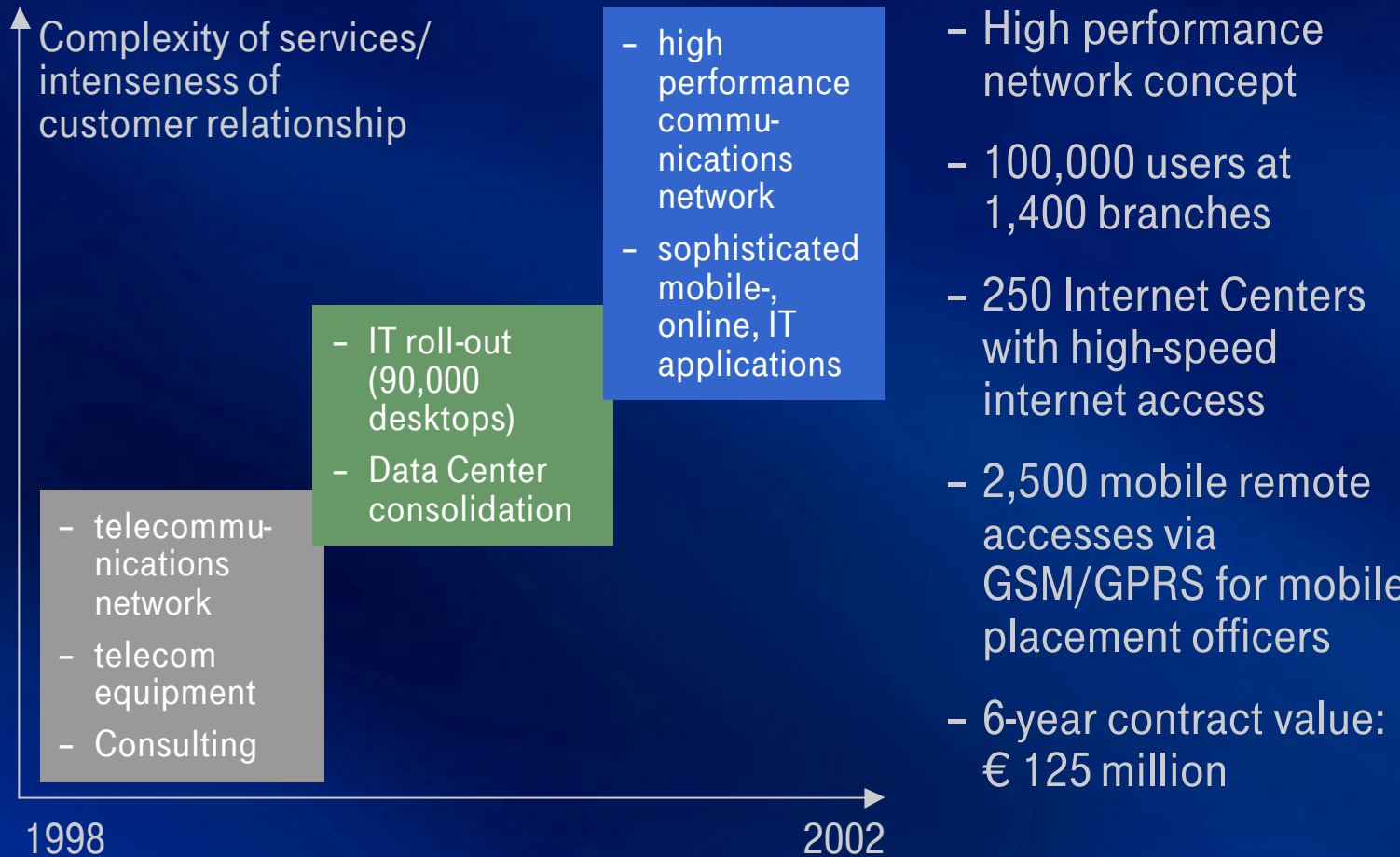
T-Systems.

Strong growth in IT.

- Revenues in Q2/02 up 7% vs. Q1/02 despite challenging market environment
- Double-digit growth in IT revenue in Q2/02 over Q1/02
- Over 40% EBITDA improvement in H1/02 compared to H1/01
- T-Systems' IT business is outperforming peers in revenue growth
- Consolidation of international carrier & carrier service markets offers new market share potential for Service Line Network Services
- No. 1 positioning in Germany places T-Systems in pole position to gain market share

T-Systems: leveraging customer potential.

Follow-up orders from Federal Agency of Labor. [Arbeitsamt]



T-Systems adjusted.

€ million	H1/02	H1/01	D%	Q2/02	Q2/01	D%
Revenue total	5,487	5,686	- 3.5	2,835	2,882	- 1,6
external	3,869	3,976	- 2.7	1,995	1,984	0.6
EBITDA*	509	357	42.6	251	210	19,5
EBITDA margin	9.3%	6.3%	-	8.8%	7.3%	-
Depreciation and amortization	- 1,010	- 662	52.6	- 654	- 336	- 94.6
Financial income (exp.), net	- 35	42	- 183.3	-33	21	- 257.1
Earnings before taxes	- 536	- 263	- 103.8	- 436	- 105	- 315.2

* To interpret the adjusted EBITDA, please refer to the important information contained in the interim report. No special effects in H1/02 or H1/01.

T-Online* adjusted.

€ million	H1/02	H1/01	D%	Q2/02	Q2/01	D%
Revenue total	864	707	22.2	437	346	26.3
external	786	656	19.8	399	300	33.0
EBITDA**	82	- 52	257.7	65	- 25	360.0
EBITDA margin	9.5%	- 7.4%	-	14.9%	- 7.2%	-
Depreciation and amortization	- 96	-102	5.8	- 49	- 65	24.6
Financial income (exp.), net	54	75	- 28.0	27	38	-28.9
Earnings before taxes	40	- 79	150.6	43	- 52	182.7

* Incl. DeTeMedien.

** To interpret the adjusted EBITDA, please refer to the important information contained in the interim report. No special effects in H1/02 or H1/01.

Others adjusted.

€ million	H1/02	H1/01	D%	Q2/02	Q2/01	D%
Revenue total	1,923	2,333	- 17.6	966	1,145	- 15.6
external	161	197	- 18.3	50	118	- 57.6
EBITDA ^a	- 171 ^b	539 ^c	- 131.7	- 143	320	- 144.7
EBITDA margin	- 8.9%	23.1%	-	- 14.8%	27.9%	-
Depreciation and amortization	- 640	-548	- 16.8	- 407	- 277	- 46.9
Financial income (exp.), net	- 1,337 ^b	- 784	- 70.5	- 629	- 382	- 64.7
Earnings before taxes	- 2,148	- 793	- 170.8	- 1,179	- 339	- 247.8

a To interpret the adjusted EBITDA, please refer to the important information contained in the interim report.

b H1/02 adjusted for sale of Satelindo (positive) and France Télécom (negative) above EBITDA line and amortization on financial assets below the EBITDA line.

c H1/01 adjusted for the sale of Sprint FON and advisor fees for VoiceStream.

Capex*.

Half-year capex* in line with revised full-year target

€ billion	H1/02	Old Target 02**	New Target 02***	2001
T-Com	1.6	3.5	3.3	5.0
T-Mobile	1.1	4.0	3.9	3.2
T-Systems	0.3	1.1	0.9	0.9
T-Online and other	0.1	0.4	0.4	0.8
Total capex*	3.1	9.0	8.5	9.9

* Excl. investments in intangible assets.

** Rough estimates as of CeBIT 2002.

*** Rough estimates as of August 2002.

All figures are unaudited.

Free cash-flow target for 2002.

€ billion	Target for 2002	2001
Adjusted EBITDA*	15.9 - 16.9	15.1
Change in working capital	up to 0.3	1.2
Net interest expense	- 4.5	- 4.3
Income tax expenses	- 0.8	- 0.8
Cash-flow from operating activities	10.6 - 11.9	11.2
Capex**	- 8.5	- 9.9
Free cash-flow	2.1 - 3.4	1.3
Dividend	- 1.6	- 1.9
Free cash-flow after dividends	0.5 - 1.8	- 0.6

* To interpret the adjusted EBITDA, please refer to the important information contained in the interim report.

** Capex in property, plant, and equipment excluding UMTS licenses and excluding goodwill

Debt reduction.

Scenario to year end 2003.

€ billion	
Free cash-flow before dividends H2/02 and '03	4 - 5
Currently envisaged measures in H2/02 & 2003:	
- Real estate	2 - 4
- Cable	2.5 - 3.5
- Disposal of other assets	2
- Acquisition BEN (incl. liabilities)	-2,1

Current measures and free cash-flow will result in net debt reducing to:	€ 54 - 57 billion
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Strategic Review target approx. :	€ 4 - 7 billion
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End 2003 net debt target:	€ 50 billion
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Reconciliation of net income (loss) from German GAAP to U.S. GAAP.

€ million	H1/2002	H1/2001	2001
Net loss in accordance with German GAAP	- 3,891	- 349	- 3,454
Other differences from U.S.GAAP	3,456	869	2,911
Income taxes differences	- 4,552	- 368	1,066
Net income (loss) in accordance with U.S. GAAP	- 4,987	151	523

€ million	30.06.02	31.12.01
Shareholders' equity in accordance with German GAAP	55,200	66,301
Shareholders' equity in accordance with U.S. GAAP	63,099	73,704

