H1 2006 Conference Call.
Deutsche Telekom.
August 10, 2006.

Kai-Uwe Ricke

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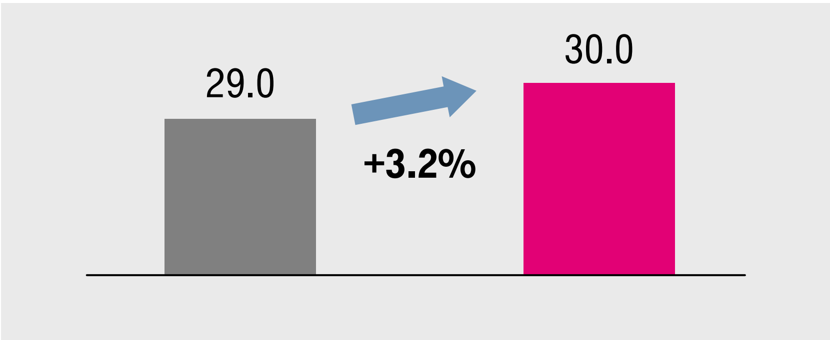
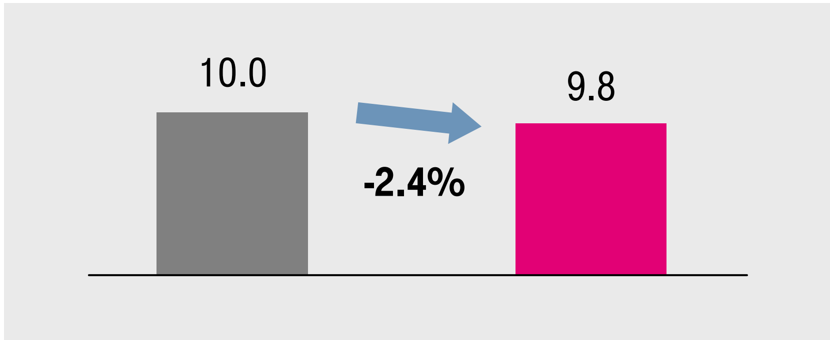
In addition to figures prepared in accordance with IFRS, Deutsche Telekom presents non-GAAP financial performance measures, e.g., EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net profit, free cash flow, gross debt and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to the interpretation of these terms, please refer to the chapter “Reconciliation of pro forma figures” of this Report, which is also posted on Deutsche Telekom’s Investor Relations website at [www.deutschetelekom.com.]

H1 2006 Group Results.
Difficult first half year.

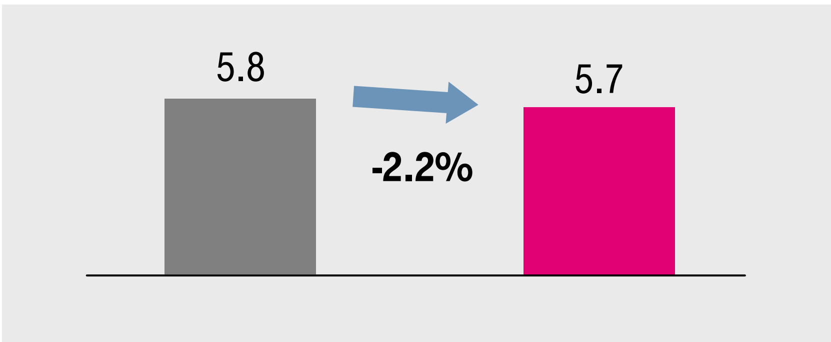
Revenue (€ billion)



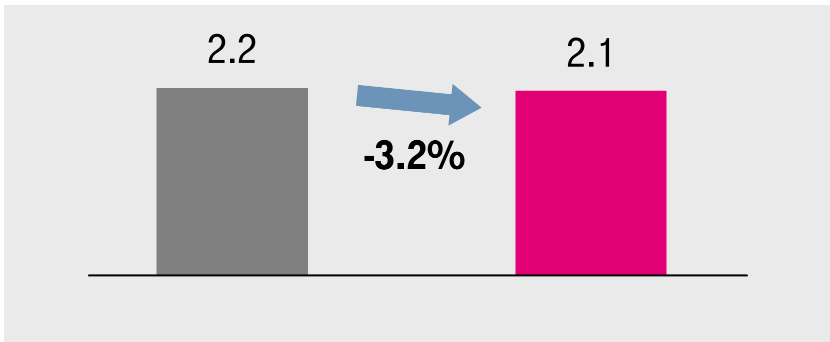
Adj. EBITDA (€ billion)



Net cash from operations (€ billion)



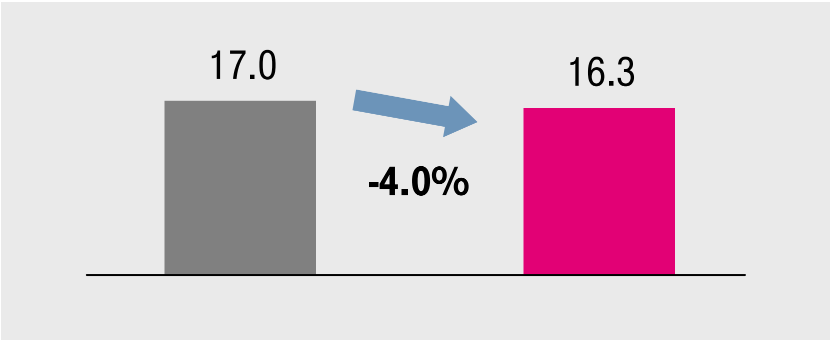
Net income (€ billion)



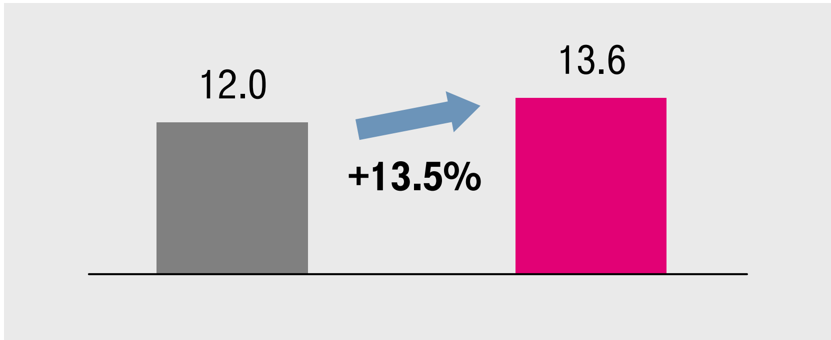
H1 2005
H1 2006

Domestic vs. international revenues.
Two opposing trends.

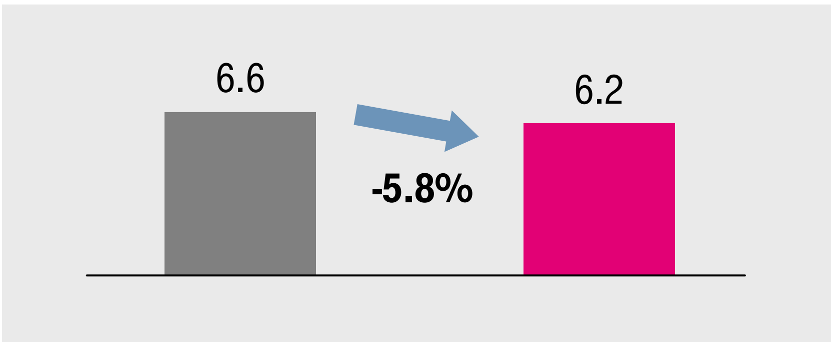
Domestic revenues (€ billion)



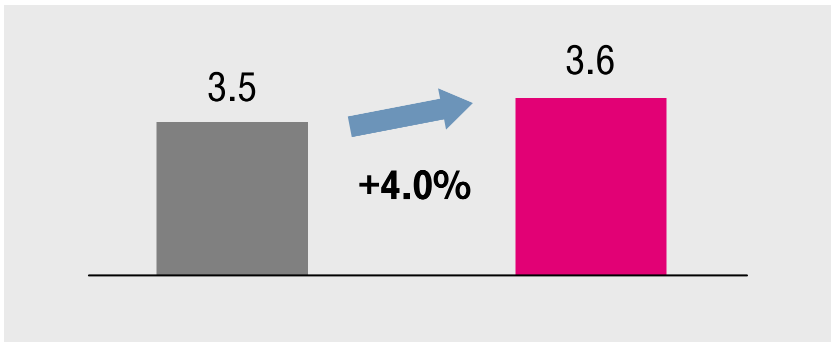
International revenues (€ billion)



Domestic adj. EBITDA (€ billion)



International adj. EBITDA (€ billion)



H1 2005
H1 2006

Domestic market .
All business lines affected by changed market assumptions.

- Mobile
  - Predicted market growth over 2 years of 10%, actual H1 at 1%
- Fixed-line
  - Bundled tariff price decline 30% in H1 2006
  - DSL usage prices trend towards €0 from €29.95 in H1 2005
- Business customers
  - Voice market declines by 6% versus predicted 4.5% due to price reductions
  - IP Solutions market growth 7% versus 10% as expected
  - Legacy data market declined by 9% rather than 5% as expected

Domestic market.
Defending market share.

Implementing measures in all divisions

Mobile	Fixed Line	Business
■ Drive elasticity ■ Aggressive bundles (below 10ct./minute) ■ Reduce complexity ■ Push segmented approach	■ Simple bundles ■ Double Play significantly below €40 ■ T-Home ■ T-One	■ Extend frame contracts ■ Win back TC customers ■ “IP Revolution” to transfer customers to IP platform

Strong international development.
US and UK key contributors.

T-Mobile USA

- ARPU revenues (US$) up by 19.6%, adj. EBITDA growth (US$) of 16.4% in Q2 2006
- Two-year contracts to reduce churn and increase customer lifetime value
- Value-oriented approach toward prepay

T-Mobile UK

- Revenue up 10.9% in Q2 2006 to € 1.1 billion
- Record contract net adds in Q2 2006
- Contract ARPU in Q2 2006 slightly up sequentially to € 64

Mobile Data

- Becomes recognizable factor with € 2.0 billion in H1 2006 – up 22.9%

T-Com International

- Strong broadband customer growth - subscribers more than doubled year on year from 0.4 million to 1 million
- Revenue growth in France and Spain by 52.4% to € 160 million

T-Systems

- International revenues up 13.7% to appr. € 1 billion
- New large international contracts, e.g. Airbus Spain

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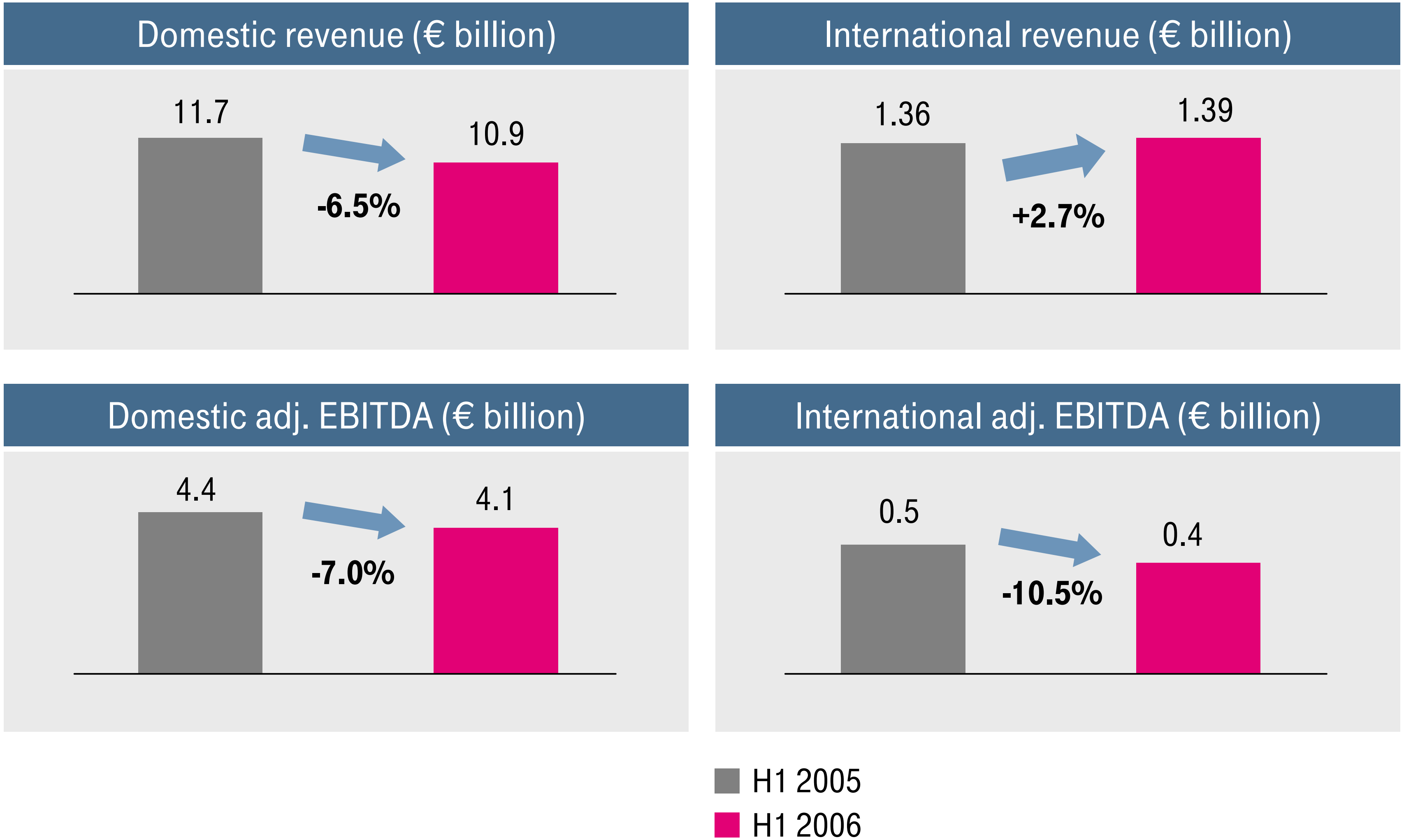
Dr. Karl-Gerhard Eick

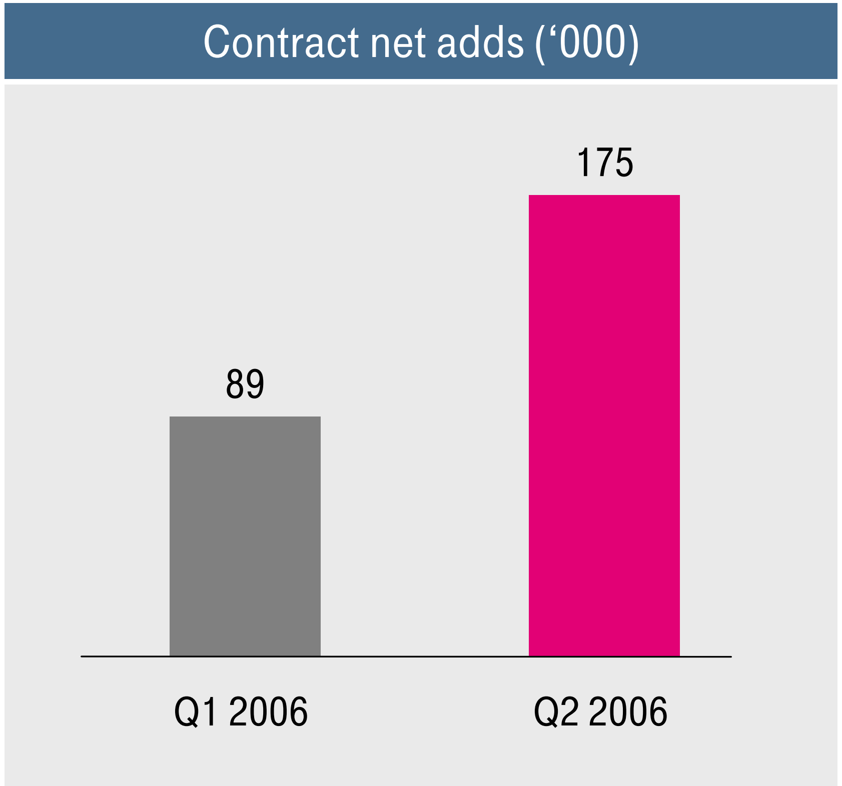
Broadband/Fixed Network.
Trends continue.



Broadband/Fixed network – domestic.
Challenging market environment.

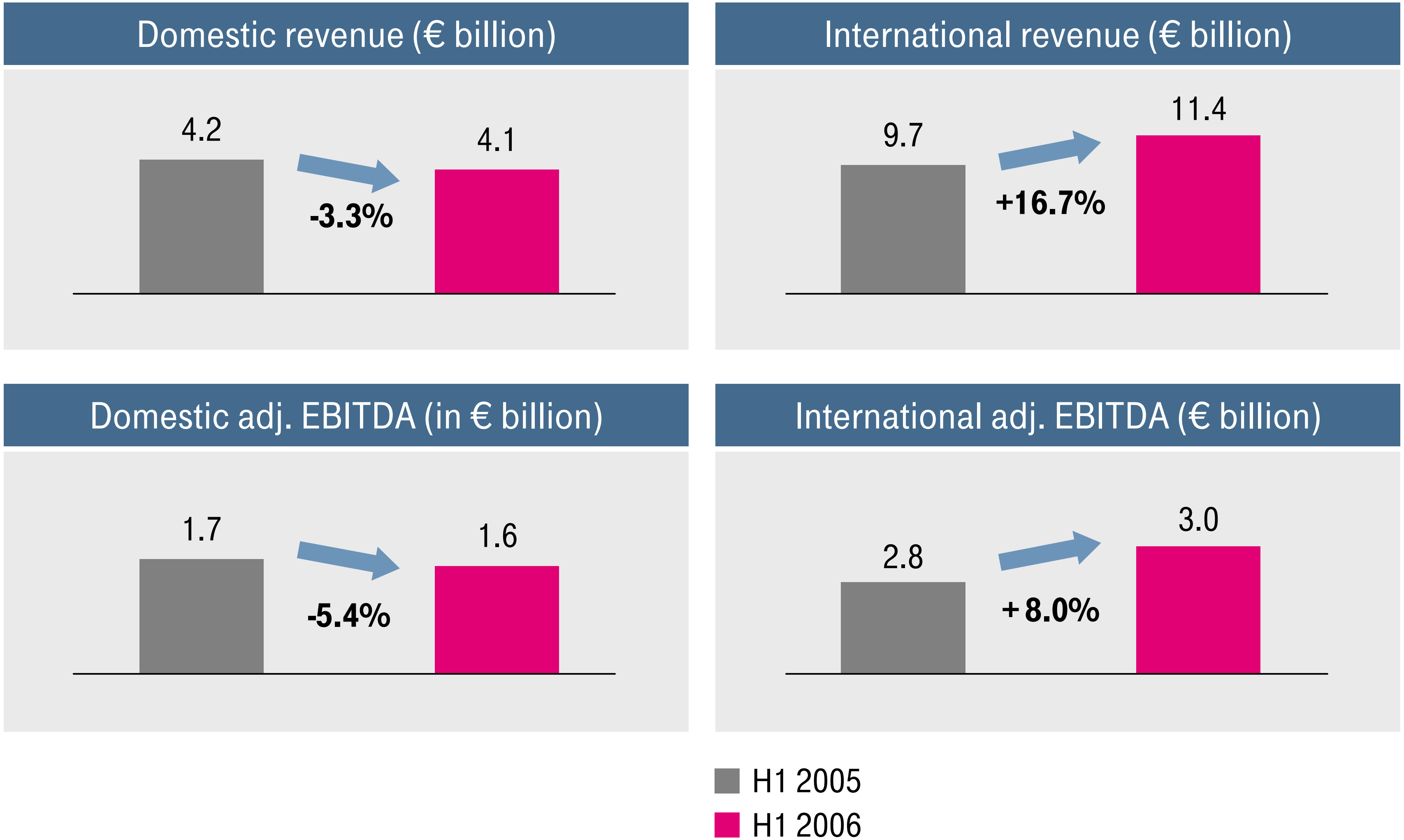
Revenues in € million	H1 2006	H1 2005	Delta
Total	10,909	11,667	-6.5%
Network communications	5,723	6,262	-8.6%
thereof narrowband access	3,896	3,942	-1.2%
thereof calling revenues	1,822	2,322	-21.5%
Value added services	457	537	-14.9%
Terminal equipment	156	185	-15.7%
Data communications	642	620	3.5%
Wholesale services	2,117	2,143	-1.2%
IP/Internet	1,454	1,511	-3.8%
Others (e.g. Multimedia and Broadcasting)	360	409	-12.0%

Mobile Germany.
Good contract growth in difficult environment.

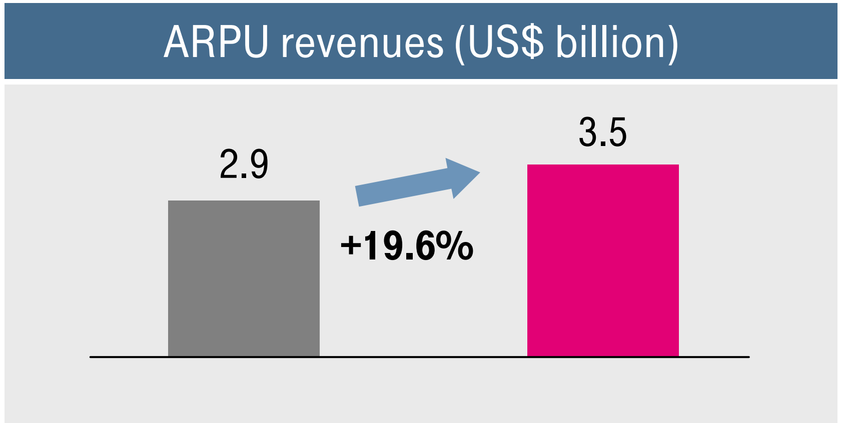


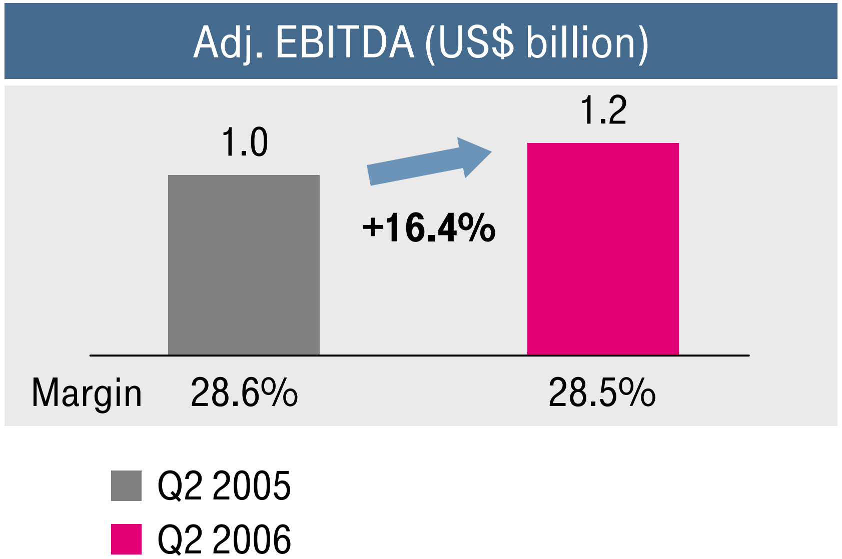
- -3.1% ARPU revenues (H1 2006): termination rate cuts and competition
- Adj. EBITDA margin: 39.4% (from 41.1% in H1 2005)
- More than 700k T-Mobile@home customers, of which 200k in Q2 2006
- German consumer price index for mobile telephone -12.6% in June (from -11.5% in March)

Mobile.
Strong international growth.



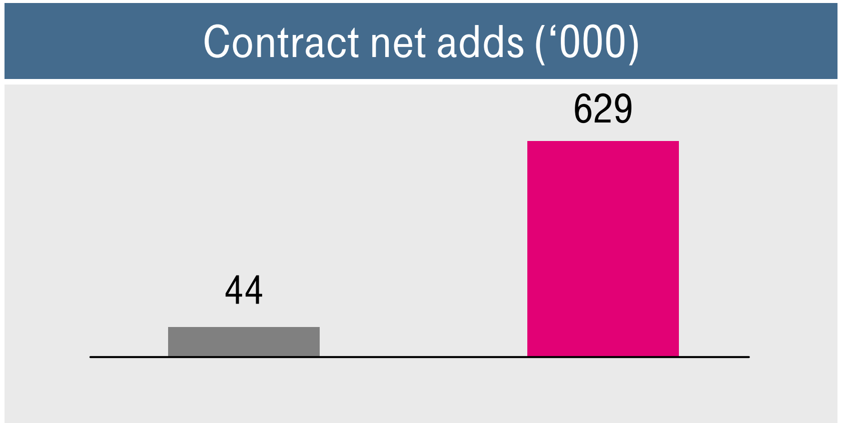
Mobile International.
T-Mobile USA – Consistently strong financial metrics.

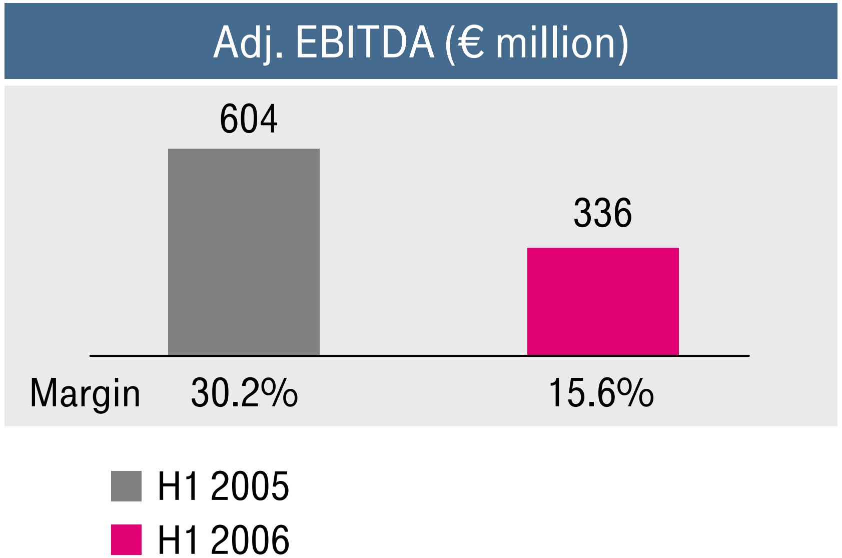




- Total revenue (US$) growth +16.9%
- Contract ARPU (IFRS): $56 (from $55 in Q2 2005)
- Data ARPU: 11%, up 3 pp from Q2 2005
- More than 800k BlackBerry customers, up 51k in Q2 2006 (10% of contract net adds)
- Contract churn at 2.2% (from 2.3% in Q2 2005)

Mobile International.
T-Mobile UK – strong contract net adds.

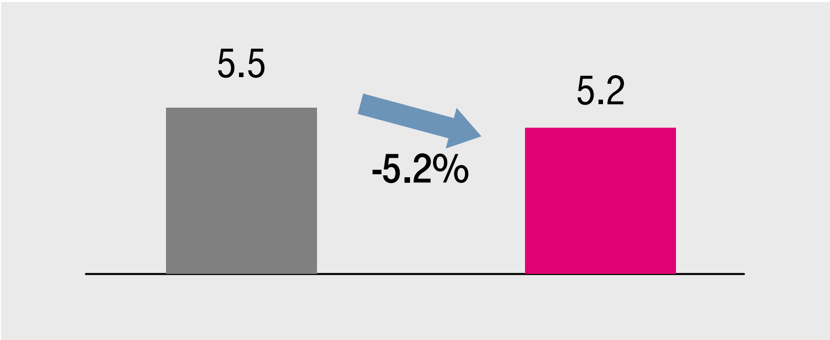




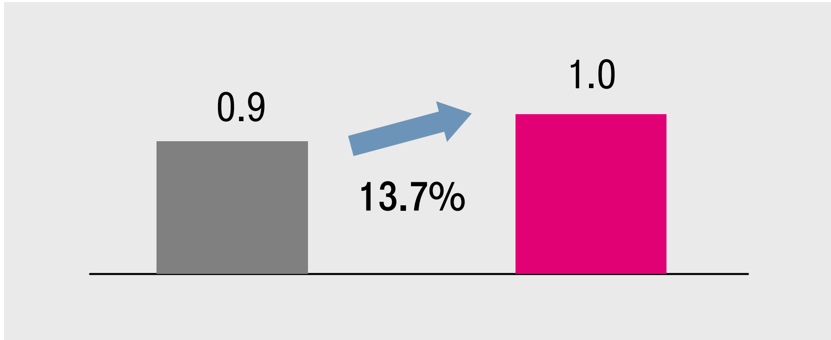
- ARPU revenue growth +8.4%
- Stable contract ARPU: € 64
- Contract churn: 2.1% (from 3.0% in H1 2005)
- SAC per gross add:
  - Contract: € 435, +26% y-o-y
  - Prepay: € 35, unchanged y-o-y

Business Customers.
Results dominated by German business.

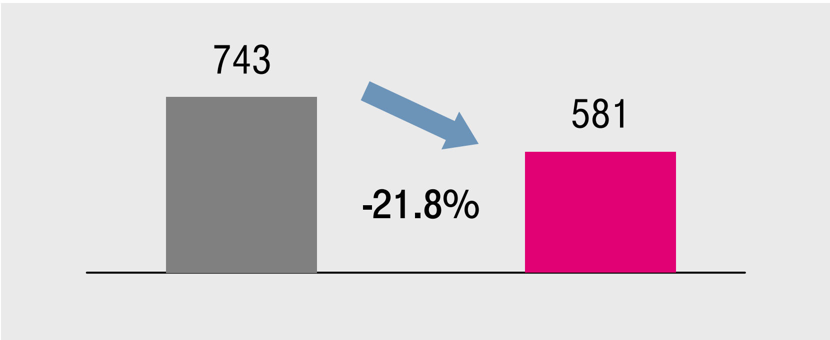
Domestic revenue (€ billion)



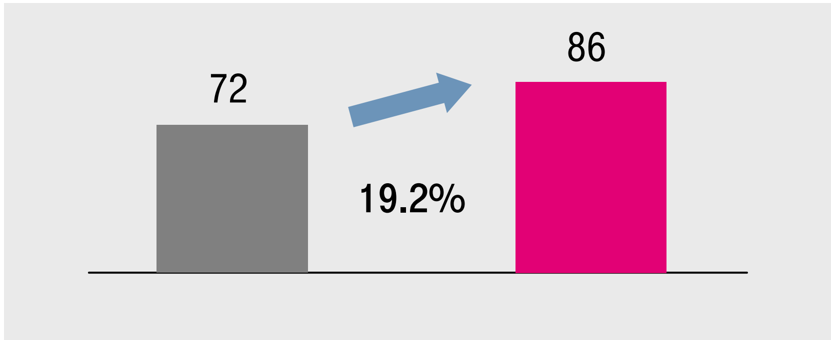
International revenue (€ billion)



Domestic adj. EBITDA (in € million)



International adj. EBITDA (in € million)



H1 2005
H1 2006

H1 2006 – Free Cash Flow.
Cash flow supported by lower tax and interest payments.

€ billion	H1 2006	H1 2005
Cash Flow	9.4	9.9
Change in working capital and accruals	- 1.8	- 1.8
Taxes and dividends	- 0.5	- 0.7
Cash generated from operations	7.1	7.4
Net interest payment	- 1.4	- 1.6
Net cash provided by operating activities	5.7	5.8
Investments in PP&E and intangible assets	- 4.0	- 4.9
Free Cash Flow	1.7	0.9
Free Cash Flow adjusted*	1.9	3.0

*2005 excl. € 2.1 billion for network assets and licenses in the US. 2006 excl. € 0.2 billion redundancy payments.

H1 2006 – Net income.
EBITDA trends impact bottom line.

€ billion	H1 2006	H1 2005	H1 2006 adj.	H1 2005 adj.
EBITDA	9.6	10.0	9.8	10.0
Depreciation and amortization	- 5.2	- 5.1	- 5.2	- 5.1
Net financial expense	- 1.3	- 1.2	- 1.5	- 1.2
- of which net interest expense	- 1.3	- 1.2	- 1.3	- 1.2
EBT	3.1	3.7	3.0	3.7
Income taxes	- 0.8	- 1.3	- 0.8	- 1.3
Earnings after taxes	2.3	2.4	2.2	2.4
Minorities	- 0.2	- 0.2	- 0.2	- 0.2
Net income	2.1	2.2	2.0	2.2

Balance sheet.
Balance sheet continues to be in excellent shape.

€ billion	30.06.2006	31.12.2005
Balance sheet total	126.3	127.9
Equity	49.4	49.6
Net debt	38.8	38.6
Net debt/adj. EBITDA	n/a	1.9x
Gearing	0.79x	0.78x
Equity ratio	39.1%	38.8%

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2006 and 2007 Targets.
Guidance adjusted.

		Revenue 2006 (€ bn)	Adj. EBITDA 2006 (€ bn)
BBFN	**New**	**24.6 – 25.0**	**8.8 – 9.0**
	Nov 2005	25.4 – 25.8	9.4 – 9.6
Mobile	**New**	**31.9 – 32.3**	**9.8 – 10.0**
	Nov 2005	30.9 – 31.3	10.0 – 10.2
Business Customers	**New**	**12.6 – 12.8**	**1.2 – 1.3**
	Nov 2005	13.4 – 13.6	1.5 – 1.6
Group	**New**	**61.5 – 62.1**	**19.2 – 19.7**
	Nov 2005	62.1 – 62.7	20.2 – 20.7

1 The figures for both years are after redundancy payments of around €1bn

- Moderate rate of revenue growth expected in 2007
- 2007 adj. EBITDA expected to be at a similar level to 2006
- Expected FCF growth
  - 2006 at least €5bn[1]
  - 2007 at least €6bn[1]
- CAPEX adjustments in line with EBITDA expectations

Focus on cash flow.
Management determined to deliver on FCF.

Capex	■ Capex adjustments in line with EBITDA expectations
Existing cost reduction on track	■ Current staff reduction program on track ■ Cost savings of approx. €400 million implemented ■ Save for Growth at €900 million
Securing competitiveness Next-Generation-Telekom	■ NGN will reduce complexity in today's system architecture ■ Reduce group IT spending ■ Improve shared services ■ Etc.
Asset base	■ Analyze further opportunities to leverage existing asset base

Use of cash flow.

- Invest in existing business development
  - AWS auction
  - Broadband infrastructure
- Ensure competitiveness
  - Reduction of legacy costs
  - Investment in the IP-based future
- Commitment of management to attractive dividends
  - 2006 dividend at least at 2005 level
  - Management focus on cash-flow generation
  - Strong financial ratios