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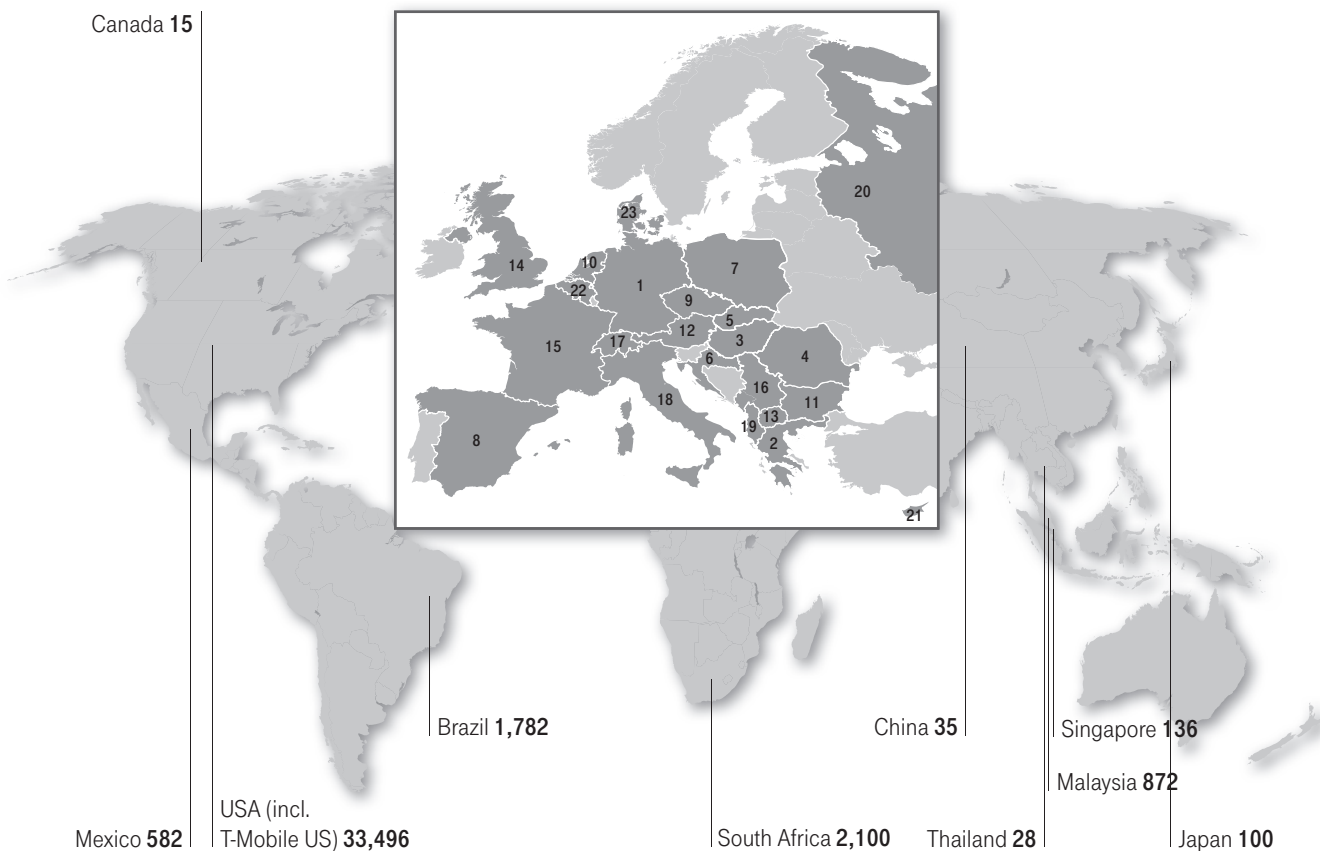
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235,132 employees in the Deutsche Telekom Group, worldwide.

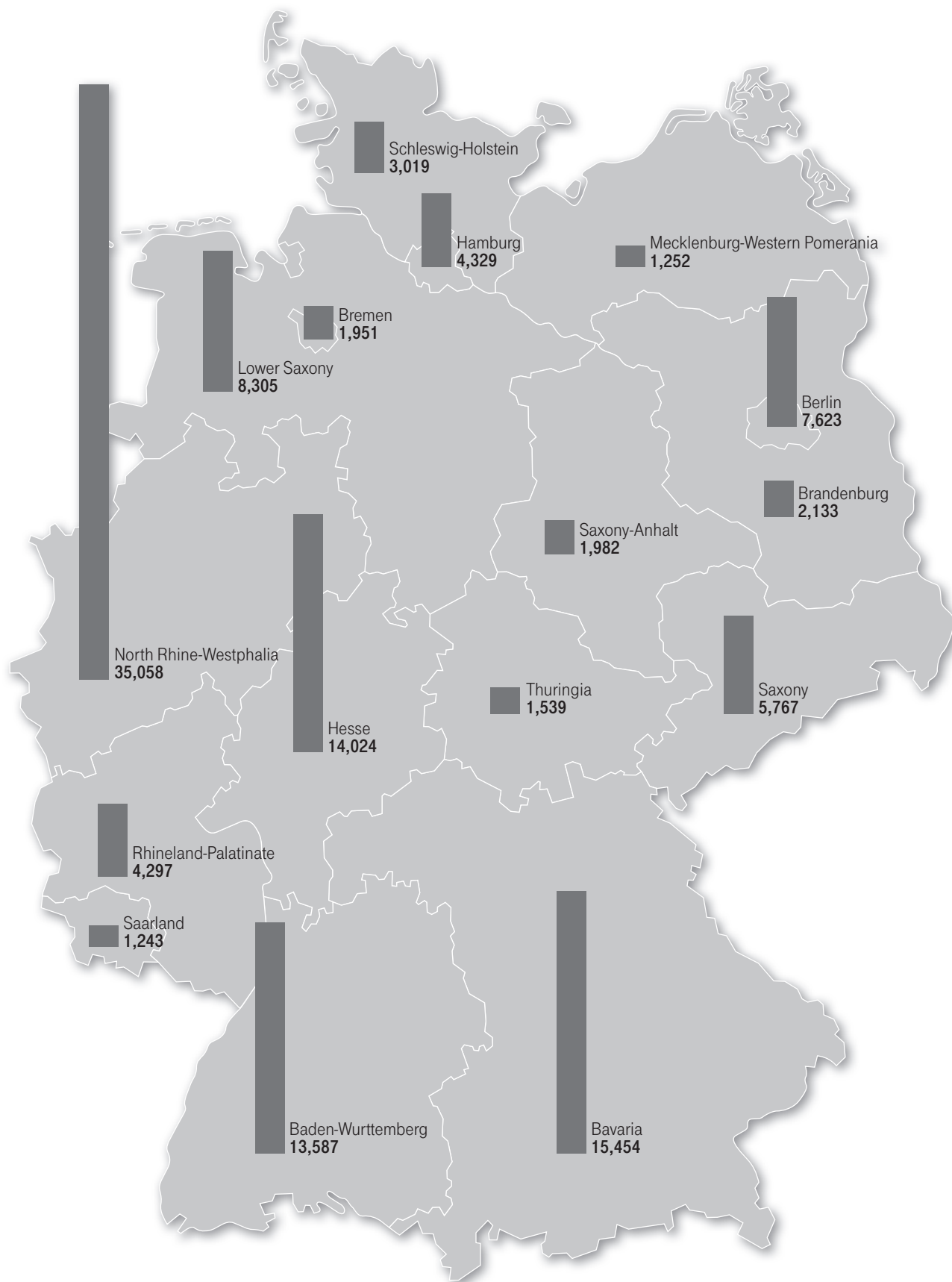
As of December 31, 2011, in FTE (full time equivalents).



1	Germany	121,564
2	Greece	15,585
3	Hungary	10,130
4	Romania	9,662
5	Slovakia	6,487
6	Croatia	6,032
7	Poland	4,886
8	Spain	4,113
9	Czech Republic	3,585
10	Netherlands	2,400
11	Bulgaria	2,068
12	Austria	2,037
13	Macedonia	1,668
14	United Kingdom	1,356
15	France	1,185
17	Switzerland	836
16	Montenegro	725
18	Italy	510
19	Albania	475
20	Russian Federation	430
21	Cyprus	110
22	Belgium	101
23	Denmark	41

121,564 employees in the Deutsche Telekom Group, Germany.

As of Dec. 31, 2011, in FTE (full time equivalents).



The world of jobs at Deutsche Telekom.

The Human Resources Report 2011/2012.



Dear Reader,

Last year, Deutsche Telekom presented itself as an attractive employer on an entirely new level with its campaign "Take charge of your life." The eye-catching video spot "The world of jobs at Deutsche Telekom" even made it onto the cinema screen. The campaign is one of our many activities aimed at securing and retaining talent. As the HR department we support and accompany Deutsche Telekom as it moves from a conventional telephone company to become a new breed of dynamic service company. We need new competencies and perspectives within the company in order to take full advantage of opportunities in our core businesses, and in our innovation and growth areas. To this end we hire thousands of excellent junior staff as well as experienced professionals in the global talent market, and promote thousands of our own junior staff, experts and executives.

Alongside talent, the issue of efficiency is top of our agenda. Our employees need to be deployed as intelligently and as effectively as possible. That is why we are setting up global strategic HR planning in the shape of Total Workforce Management. And we are continuing the structural reorganization and process optimization within the Group as well as the reorganization of the HR department.

We are focusing specifically on diversity: That diversity lends our company flexibility and inspiration; it reinforces our future viability within the context of demographic change and in a global competitive marketplace. For that reason we are deliberately promoting this diversity of women and men, old and young, in Germany and internationally. Through it we are creating a common corporate culture – across all unit, segment and country boundaries.

Talent, efficiency, diversity: The HR department has been specifically promoting these qualities over the past few years. As a "partner in business" it has visibly and measurably contributed to keeping Deutsche Telekom firmly on track in challenging economic times. I am in no doubt that the results are clear to see. Over the past year we have achieved notable successes in all strategic HR areas:

- Our good reputation as an excellent employer has been growing in all our markets, attested by numerous awards. The very good results of our latest employee surveys are also testimony to the consolidation of this reputation within our own ranks.
- For the first time we have transparency regarding our global personnel costs. Thanks to forward-looking planning, we have managed to maintain our personnel cost ratio stable in Germany.
- We are reinforcing our service orientation through tailor-made service training for our executives and experts, and in-house HR development programs for service units.
- Deutsche Telekom now also boasts a larger female contingent in Germany – and does so right from junior staff level through to Group Board of Management. Globally we have already exceeded our self-imposed target for 2011.

This year too, we aim to make significant progress on our journey from a conventional telephone company to an efficient service company and creative innovation driver within the industry. The groundwork has already been laid in this respect:

- We aim to further reinforce our reputation as a talent company, for instance through our German and increasingly also international activities as a Bologna company and promoter of continuing academic education.
- In addition to our talent agenda, we are again attaching particular importance to "work-life@telekom," our program designed to reconcile work and private life. Through new working time models we are promoting the transition to a new work culture, to a new, balanced world of jobs.
- As a caring employer, we continue to make progress with preventive healthcare issues. Internationally we intend to continuously roll out our Health, Safety & Environmental management system and thus further optimize our health protection in a measurable way.

All these measures are aimed at pushing forward the structural and cultural change in Germany and internationally that is already underway. Deutsche Telekom is in excellent shape to meet the challenges of today and tomorrow.

Thomas Sattelberger

Member of the Board of Management, Human Resources

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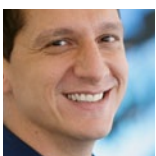


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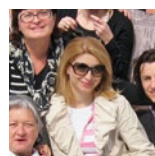


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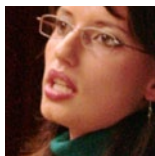


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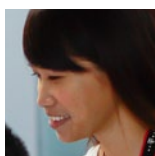
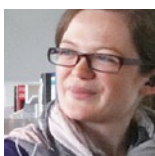


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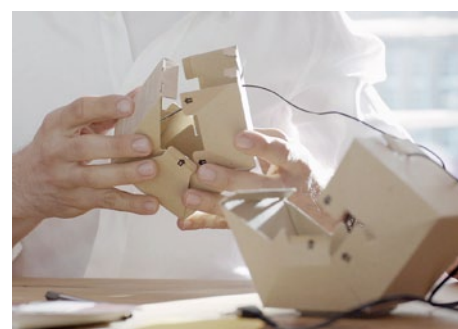
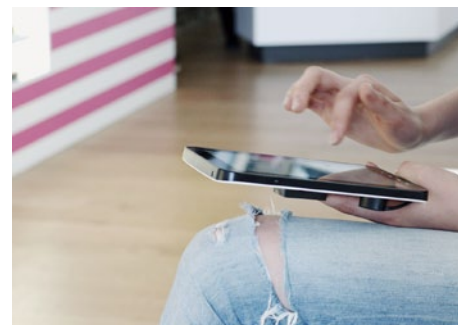
The Great Experience – experience diversity and set out on new paths.

Our goal as one of the world's leading ICT companies is to provide access to very special experiences and enable people to share these at any time.

Diversity lies at the heart of how we think and act, and enables us to deliver outstanding performance. In an environment with room for personal development and the perfect conditions for an optimum work-life balance. We are an international network that resolves challenging tasks through cooperation and team spirit. And in which all employees are helped to live out our corporate responsibility. We firmly believe that changes bring new opportunities for development and innovation – and that people who pursue maximum performance can exceed their potential and create something new.

Deutsche Telekom – The Great Experience.

The world of jobs at Deutsche Telekom.



Deutsche Telekom goes on the offensive.

We will be ramping up our media presence in 2011/2012 with the cross-media campaign “Take charge of your life.” The campaign focuses on reconciling the demands of work and personal life – an aspect that is becoming increasingly important for many talents when selecting their employer. In addition to the kickoff theme “Dual career promotion,” three other motifs have been used to date: parental leave, flexible working time models, and mobile work. The campaign includes TV spots, advertisements placed in general interest magazines as well as in career and student magazines. In fall 2011, we supplemented the campaign with a cinema

spot, which examines the diversity of the world of jobs at Deutsche Telekom. The above sequence of images features motifs from the spot (more at www.telekom.com/jobwelten). Radio spots were also broadcast at the end of 2011. In the wake of this successful campaign, the target group of talents rated Deutsche Telekom brand values such as “innovation” and “competence” much better than before. On a scale of 1 through 4, viewers in the pretest ranked the attractiveness of Deutsche Telekom as an employer at 3.7 – a very good score. The total number of applicants rose from June through October 2011 by over 130 percent to almost 11,000.

Talent.

Our outstanding in-company training has long since been part and parcel of our talent management. In addition, we have successfully built on our commitment as a “Bologna company” – with part-time degrees, our own university, and excellent academic cooperation. Added to which are exciting trainee programs for university graduates as well as our wide-ranging promotion programs.



“Customer, career, child – those are my three Cs.”

Fee Steinhoff puts into practice a vision that she herself has developed as head of the User Driven Innovation project field. Following her doctorate on “Customer orientation with high-grade innovations” she joined T-Labs as a Senior Researcher at TU Berlin in October 2006. Here Fee Steinhoff developed an innovative approach for user driven innovation. She presented her concept at Deutsche Telekom – and found she was preaching to the converted: from January 2008 she established the User Driven Innovation project field at Deutsche Telekom. Her daughter was born in September 2008. Following maternity leave, she took over as head of the project field in March 2009.

Fee Steinhoff, Head of User Driven Innovation, Deutsche Telekom.



“T-Systems seemed to me to be the place where I could learn a great deal.”

“I started at T-Systems South Africa as a student intern in Johannesburg and then moved to a permanent position. I got the impression straightaway I could approach anyone here and discuss virtually anything. My main interest has always been on human resources, not on IT, even though I studied at the CIDA ICT Academy, which is sponsored by T-Systems. Their intern program really captivated me. Responsibility, atmosphere – the program is highly professional. Interns can learn skills here such as time management, business language and self-assessment. My main task is to secure participants for the very same intern program I completed. I’ve learned a great deal I can use on a daily basis and traveled for the first time: As a student intern to Cape Town, and a while ago to Germany to the Next Generation Telekom 2011 event. Looks like I’m going to keep learning and develop further!”

Siphiwe Mhlophe, T-Systems South Africa.

- Numerous accolades world-wide as top employer.
- Top career entry programs for graduates.
- 9,600 trainees in Germany alone, 1,200 of them students on cooperative courses.



Start up! at Deutsche Telekom.

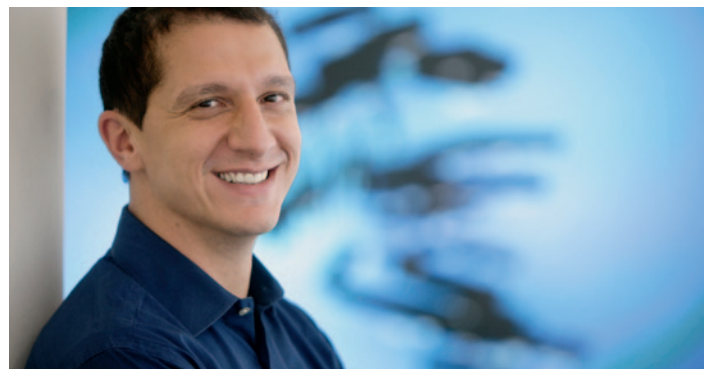
“After gaining a business administration degree from the University of Zagreb, two internships at Deutsche Telekom in Channel Management and in European Functional Controlling, a year at T-Hrvatski Telekom as senior reporting specialist, I’m now back where everything began – at the Telekom Campus in Bonn. This year I joined the Deutsche Telekom Start up! program. I selected T-Systems as my personal ‘best place to perform and grow.’ After the program, I’d like to stay at T-Systems and then focus on the challenges associated with issues such as healthcare, energy or connected car.”

Antonio Ivankovic,
trainee in the Deutsche Telekom Start up! program.





- Facebook, Twitter, internal Web 2.0 media: Deutsche Telekom on the way to Enterprise 2.0.
- New ways of working promote outstanding performance and attractive opportunities.



Mobile Internet with fun factor.

“Mobile apps and social media functions don’t simply come from nowhere,” says Bernhard Hochstätter, Software Engineering team leader. “They require the best developers – internally and externally.” The fact that Deutsche Telekom has been really innovative in getting the best on board is something you see at Products & Innovation in Darmstadt (Germany) at every turn. Airy offices equipped with state-of-the-art technology nestle behind stylish glass facades. The invitingly designed lounges provide the ideal setting for creative knowledge sharing.

Bernhard Hochstätter, Software Engineering team leader, Deutsche Telekom.

Modern working.

Deutsche Telekom is undergoing a technological change as well as a change in its working culture. The possibilities that Web 2.0 opens up in terms of new forms of collaboration and interactive customer contact are emblematic of such changes.



Genuine partners thanks to virtual knowledge sharing.

Jochen Hiller has been part of the freelance developer scene for more than ten years. Since joining Deutsche Telekom, the Group also benefits from his experience with the open source developer community. “Loosely structured collaboration via e-mail, chat and other multimedia communication channels are the working model of the future,” says Jochen Hiller. Within Deutsche Telekom, he is also championing networking – say in the Developer Garden through which the young talent and developers can integrate Deutsche Telekom services into their own applications. Since April 2012, Jochen Hiller has been organizing the developer community for QIVICON, the platform that supports the emerging technology, Connected Home.

**Jochen Hiller, Products & Innovation,
Deutsche Telekom.**



“It can’t be done without mobile working.”

Mathias Thomann is not just one of the faces of the Group campaign “Take charge of your life,” but he also experiences for himself every day what mobile working actually entails. The member of the T-Systems sales team is on the road a great deal – going out to see representatives of universities and research institutions so he needs to be flexible in terms of time and location. Mathias Thomann is in no doubt: “It can’t be done without mobile working.” That also entails flexible working times. “What matters is that we achieve the right results. We aren’t judged by how long we spend in the office every day.”

**Mathias Thomann, Sales,
T-Systems Deutschland.**

International team.

Integrity, trust, top performance and customer orientation: these are the vital characteristics that Deutsche Telekom employees should embrace – and that they themselves may expect from their colleagues. They enable us as a Group team and One Company to consistently delight our customers.



The expert network.

“Innovative technology and teamwork make my job an absolute pleasure – particularly when we manage to exceed customers’ expectations. Apart from the teamwork, I also really like Deutsche Telekom’s global networking and its open atmosphere. If I’ve got a question or some problem that can’t be answered locally, then international colleagues will often provide assistance and help me out. Just like in one of my proudest moments, a successful migration project from Germany to China. We had to move huge amounts of customer data and we simply didn’t have the right know-how. At T-Systems in China there’s a team spirit even when we’re not in the office. We often go out for a meal so we can get to know each other on a personal level. It’s all very informal, with somebody tending to suggest the idea on the spur of the moment.”

Ryan Sun, T-Systems China.

The “UK Challenge” – superb integration.

“In 2011, shortly after I started my international assignment in the UK, I took part in ‘The Challenge,’ together with 15 other colleagues from all T-Systems business units. What a fantastic experience that was! I only appreciated the most important benefit though once I was back at my desk: virtually overnight I became part of a network which extended across all business units and my integration within the company came on in leaps and bounds. Keep it up, T-Systems!”

Patrik Braehler, assignee at T-Systems UK.

- 235,000 employees, 33 countries, over EUR 58 billion in revenues.
- 129 million mobile customers, 34 million fixed-network and 17 million broadband lines, 600 international corporate customers such as Heineken and Shell.



Through respect to results.

“I joined the company in January 2005 from a competitor in order to support the first international project of T-Systems Brazil and T-Systems North America. I wanted to be part of a multicultural team, in an international company with ambitious goals. It was an easy decision to make and looking back it was one of the best decisions I’ve ever made. After a year and half of working together, the group of people that didn’t know each other jelled into a team. I think that’s the key: We’re a great team – we’ll even work harder to take the workload off somebody that just had to do overtime. I really like this mutual respect. I think it’s reflected in the high quality of our results.”

Guilherme Barreiro, T-Systems Brazil.



- Over 14,500 part-time positions in Germany alone.
- New work organization models, for time off work and time accounts.



International youth exchange: “The opportunity to get to know a new culture and friends.”

The large joint closing event for the International Youth Exchange Program was held on August 19, 2011. As part of the exchange program, children of employees from the German Group companies had the opportunity for the first time to go and spend six weeks with an employee’s family in the USA (T-Mobile), Spain (T-Systems) or Hungary (Magyar Telekom). In return, the young people from these countries came to stay with the host families in Germany. The enthusiasm among all those taking part was phenomenal on all sides. Lena from Germany echoes the general consensus when she recommends that “you ‘out there,’ take full advantage when you’re offered this kind of opportunity to get to know a new culture and make friends in other countries.”

Work-life balance.

work-life@telekom: A motivating work climate creates freedom to pursue individual lifestyles and enhances the quality of life. Deutsche Telekom offers its employees an entire package of opportunities – from childcare and holiday care through flexible working time models to networking for mothers and fathers during parental leave.



Mom and trainee.

“I love the flexibility and the variety with my job. And of course the opportunities it gives me. Deutsche Telekom is the ideal employer for me since even mothers have opportunities to progress professionally. Here I manage to successfully combine training and childcare. My team is one reason why I really like my training. Whenever I get back from vocational school, I can tell that the others have missed me. I’m part of it all and that’s a great feeling.”

Fatmire Ahmeti, office communications administrator trainee at Recruiting & Talent Service, Deutsche Telekom.

Crnogorski Telekom: Task force for healthy working atmosphere.

At Crnogorski Telekom (CT, Montenegro), women hold 42 percent of management positions, mainly in middle management. As a result of increasing business requirements, lifestyles and culturally-driven role models, stress situations and professional health risks affect them more than their male counterparts. This explains the clearly lower number of women in senior and top management positions: as their career progresses, so they face increasing stress levels and the risk of suffering from burnout. CT has set up the “Program to promote a healthy working environment” in order to create working conditions that promote health. All female managers have taken part in the “Stress management and prevention of burnout” program. One of its key outcomes was to turn female executives into a “task force for a healthy working environment.”

Mirjana Maslovar, Sonja Rakocevic, Sandra Dujovic, Jovanka Radovic, Jelena Saulic, Svetlana Mugosa, Dana Bogetic, Radmila Raicevic, Izabela Popovic, Mirjana Mirtotic and Jasna Mirkovic, from various business units at Crnogorski Telekom.

Personal development.

Our comprehensive HR development includes wide-ranging career entry opportunities for top junior staff. In addition, we offer our top professionals attractive, international development opportunities – for all three career paths: executives, experts and project managers.



“A better understanding of my strengths.”

“Being responsible for our e-Shop and managing a team of ten staff is interesting and challenging at the same time. It doesn't matter how far in advance I plan and organize projects, there are always new tasks and the occasional unexpected event to deal with. Taking part in the LEP, the Leadership Excellence Program, came just at the right time for me and has given me a great deal. It provided me with the opportunity to get to know my strengths better, and showed me how to utilize them to organize my team more effectively and be more productive. I've gained a great deal through this program and feel I'm now better equipped to deal with a crisis or a conflict within the team. My goal for the future is to always act proactively and maintain a balance within my team.”

**Maria Maragkou, Head of eBusiness at OTE,
Communication Marketing & eBusiness Directorate.**



Never stopping – always on the lookout for improvements.

Andreas Rembow got to know Deutsche Telekom first as a work placement student during his degree in Information Science at the Darmstadt University of Applied Sciences. He completed his diploma thesis on search engine marketing by working closely with the company, which he joined in 2006. In the Group, Andreas Rembow started out in the Search Engine Optimization team at Products & Innovation: “I looked after search engine optimization – making sure that the Group's online products such as Videoload or t-online.de were right at the top of the search engine listings.” In 2008 he also took up a teaching post at his former university and at the same time embarked on an MBA at Steinbeis University Berlin, which he has now completed. In 2011, Andreas Rembow moved to Deutsche Telekom's subsidiary Rewl. As Vice President for Consumer & Online Marketing at Rewl, he develops the brand, communications and marketing strategy of the young company – “including search engine marketing for our website, of course.”

**Andreas Rembow,
Vice President for Consumer & Online Marketing at Rewl.**

- Around 1,000 participants in the international Leadership Excellence Program alone.
- Part-time degree courses and doctorates.



Telekom X-change:
“Developing an intercultural attitude.”

“My experience in the Deutsche Telekom Group began in 2007 when I moved to the HR unit at T-Systems Italy as a trainee. In April 2008, I joined the Compensation and Benefits team. In September 2009, I then applied for a position as an HR International Consultant at T-Systems International through the Telekom X-change program. The program really was a turning point in my professional and private life: From the outset I realized that Telekom X-change was a unique opportunity for a 360° development, which would enrich my professional outlook as well as posing personal challenges – such as living in another cultural environment. The program is a good opportunity to come into contact with an international environment, build up an international network, and develop an intercultural attitude in the process.”

Ilara Marzino,
HR generalist, T-Systems Italy.





- Women in management positions: self-imposed target for 2011 clearly exceeded world-wide.
- Gender collaboration training: Give executives the tools to successfully manage mixed teams



“My boss offered me some great working conditions.”

“After the birth of my son William, my life changed completely. With time though everything settled down and we got into a daily routine until my little boy was four months old. At that time I started to think about going back to work. I'd always liked my job, an interesting position in marketing. After talking to my boss, the idea of returning to work on a part-time basis really appealed. He offered me some great working conditions – two days in the office, combined with work at home. Without the support from my boss and my colleagues, I wouldn't be able to carry on working in my previous position and do a job that I really enjoy. With that support, I'm having one of the best times of my life – thanks to the excellent working conditions at T-Systems.”

**Patřicia Maceřkov, Corporate Marketing & Communications,
T-Systems Czech Republic.**

Leadership.

Our executives play a key role in taking Deutsche Telekom forward on the road to becoming the most highly regarded service company in the industry. The aim is to have 30 percent of top and middle management positions globally occupied by women by the end of 2015.



Frank Schönefeld is designing Enterprise 2.0.

“For almost 20 years now I’ve always been at the cutting edge of developing new multimedia technologies,” says Frank Schönefeld. Today he is part of the managing board at T-Systems Multimedia Solutions, in charge of Web Management Systems. “I now head up a team of 340 staff, 80 of which devote their energies to social software – always driven by the notion of not pushing forward technology for its own sake, but technology that is tailored to user needs.” And it is something that Frank Schönefeld, adjunct professor at the HTW Berlin University of Applied Sciences since December 2011, also echoes in his book. In it he develops the Enterprise 2.0 where new multimedia technology is perfectly tailored to internal and external communications relationships. “The current generation of young talent is growing up with Web 2.0 and its possibilities,” says Frank Schönefeld. “The usage of multimedia, web-based solutions will increasingly find its way into all areas of life and work.”

**Frank Schönefeld, member of the managing board,
T-Systems Multimedia Solutions.**



“A large ‘cafeteria of opportunities.’”

Martina Buhlová is currently head of Human Resources Development. She is responsible for the entire HR development strategy and manages a team of HR development specialists. Her career began in 2006 as an HR administrator. “I was there when the first staff were hired, when the foundations were laid. I’ve been through all the changes that have happened since our company was set up. All of which has meant that I have strong ties with the company.” At present, she is passing on her know-how and her international experience as an Intercultural Forum trainer. “I can say quite frankly that I am proud of being part of this company. Not just because we are the second largest employer in eastern Slovakia, but also because this company represents a ‘cafeteria of opportunities’. It offers you a whole range of opportunities – all you have to do is demonstrate that you are committed and you’ve got the skills it takes.”

**Martina Buhlová,
Head of HR Development, T-Systems Slovakia.**

Diversity.

Deutsche Telekom brings together numerous cultures, attitudes and talents from around the world. The aim is to promote and utilize this diverse range of creativity and innovativeness for the benefit of employees and our company alike. Because that way we will be able to cope more successfully with demographic change and economic challenges.



“Women and technology – exceptional, but exceptionally good!”

“Over the past two years, I’ve been working on implementing our Universal Transport Network technology. This project involves replacing old transmission systems with a new, ‘universal’ technology. I know it isn’t the kind of work a woman would normally do – but: there’s no limit to how far you can get if you’re really committed and try to give your best.”

Zuzana Tóthová, Transmission Network Development expert, Slovak Telekom.



Hearing impairment at Deutsche Telekom: “The job in Network Production is fun.”

Kristina Corrigan from Seattle (USA) has a hearing impairment. In summer 2011, she completed her training program as an IT specialist for system integration at Deutsche Telekom in Kiel (Germany). Majid Abbas asked her about her experience; he is also training at Deutsche Telekom to become a dialog marketing assistant.

MAJID: Why did you want to train at Deutsche Telekom?

KRISTINA: I did one semester of math before I realized the university wasn’t prepared for my disability. Then I looked around for alternatives and successfully applied to Deutsche Telekom.

MAJID: What does your professional future look like?

KRISTINA: Once I’d completed my training at Deutsche Telekom, I was taken on by Network Production where I document and process network maps. It’s fun and I’d like to continue here for a while yet.

Kristina Corrigan, IT specialist for system integration, Deutsche Telekom Network Production, and Majid Abbas, dialog marketing assistant trainee, Telekom Deutschland.

- Deutsche Telekom promotes talent and new corporate culture: across functions, borders and cultures.
- Half of all hired top junior staff in Germany were female in 2011.



Malaysia: Cross-generational learning.

As part of T-Systems Malaysia's brand and recruiting strategy, the communications and HR team developed a Facebook page to set up a social media presence and secure new talent for the IT market. In a reverse mentoring program, young employees that are enthusiastic about the Internet and social media train Group executives on how Web 2.0 works. As a senior recruiter, Sharene Kam (right) showed Noradzlan Mohd Nor (left) both the functions on the page as well as the team positions posted there. Noradzlan Mohd Nor can now easily navigate the Facebook page and knows how to publish his posts on his own Facebook account, too. That way his friends and family members can also apply for positions that interest them.

Sharene Kam, HR Recruitment, and Noradzlan Mohd Nor, Virtualized Platform Operations, T-Systems Malaysia.



Facts and figures.

The Human Resources Report 2011/2012.

HR – a partner for business.

Linking the HR strategy with the Group strategy. The HR department makes important contributions to the three cornerstones of the corporate strategy, Fix – Transform – Innovate.

- **Fix:** We support good business performance by consistently improving productivity – in particular by reducing the personnel cost ratio.
- **Transform:** Deutsche Telekom safeguards its lead in integrated markets and pushes forward with the expansion of the gigabit society. In this respect we have contributed by improving the service culture and quantitative/qualitative HR planning, for instance for the network expansion experts.
- **Innovate:** We support the corporate goal of becoming a leader in connected life and work by contributing to an innovative, open culture and promoting forward-looking talent management.

Shape transformation with HR work. Through our HR work we shape the Group's transformation as it becomes an efficient service company in its classic core business. At the same time we support innovation in the strategic growth areas. Our HR strategy is focused on four key elements:

1. Add Value. The HR department ensures HR productivity by reinforcing the workforce's competitiveness. In a very dynamic industry with fierce price pressure, one particular challenge is to have access to the right HR resources – in the right numbers, at the right time, with suitable skills and competencies – with a structure that fits and at an acceptable cost. To this end, we have set up qualitative HR planning. By drawing on its core component, Total Workforce Management (TWM), the HR Business Partner advises management, thus ensuring transparency and quality of HR decisions for many thousands, if not tens of thousands of employees. TWM records many different skills profiles and can therefore simulate the consequences of various business scenarios on HR work, such as with hybrid broadband expansion in Germany.

In this way, HR can, on the one hand, provide suitable experts in good time or, on the other, look for alternative employment opportunities. All of which provides us with a solid decision-making basis for issues such as HR development measures, the requisite vocational training structure, the number of apprentices or direct entrants over the next few years or for the HR feasibility of business models. Moreover, we also source services from freelancers or external service providers, through offshoring for instance.

The interplay between HR mission, action areas and principles of the HR strategy.

Competitive workforce.

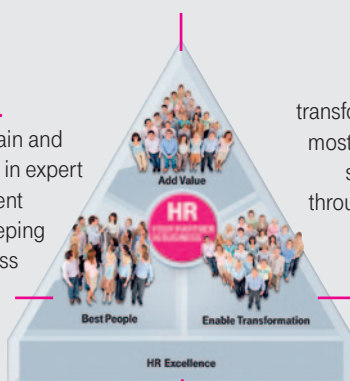
"We add value with Total Workforce Management."

Talent agenda.

"We recruit, retain and develop talents in expert and management functions in keeping with the business goals."

Service culture.

"We support the transformation into the most highly regarded service company through professional, business-driven change management."



HR@2012.

"As a partner to business, we deliver top quality."

With all these decisions, the HR Business Partner naturally involves the employee representatives. In addition to various indicators on productivity, skills, age structure and availability of human resources, the HR Business Partner also keeps an eye on key health indicators. At the end of 2010, we conducted a detailed employee survey to identify any health issues and implemented extensive measures during the reporting period to promote health among the workforce.

2. Enable Transformation. We intend to be a highly regarded service company and in this respect see the necessary changes as an opportunity for the corporate culture as well as each and every individual. We promote the service mindset of customer-facing employees through service training and service careers. Due to their particular importance for improving service and creating a service culture we train thousands of executives in the Service Academy.

A large, constantly changing enterprise with numerous locations in many different countries and with many different tasks must – in addition to professional change management – build on a shared value system enshrined in the corporate culture. To this end we have implemented our Guiding Principles worldwide and constantly invigorate them through specific campaigns. We also contribute to culture change by systematically increasing the proportion of female executives. Increasing global networking of individuals is a compelling proposition not just in light of the business opportunities, but also on account of the new opportunities for collaboration and communication externally and internally. The HR department must create the cultural conditions to positively leverage virtual networking with colleagues from all countries.

3. Best People. As an attractive employer we aim to develop our experts and executives internally on a broad scale and supplement these with capable employees from outside. We have continually made ourselves more attractive as an employer over the past few years by means of a creative, target group-specific presence in the new media, along with outstanding initiatives in the talent market. Our workforce is made aware of just how attractive their employer is through a wide range of options for part-time study, work-life balance and comprehensive measures that promote a motivating working environment.

Each employee should receive a realistic appraisal of their strengths, areas for development and prospects. We support executives accordingly with targeted HR promotion. That is why we systematically use tools for assessment, promotion and succession planning purposes. At least once a year, all superiors take the time to provide each individual employee with personal feedback on their performance and discuss future development opportunities with them. In this respect, transfers between various units are actively encouraged as an opportunity to gain a different perspective. Executives single out employees with great potential for talent programs, thus raising the visibility of these individuals. At the same time, the business benefits from transparency in terms of the quality of HR resources.

4. HR Excellence through HR@2012. Again, we worked to make the HR unit even more effective and more customer-friendly in 2011. We have further honed the three HR roles (in particular the Business Partner role, but also those of Competence Centers and Shared Services) which helped us improve customer satisfaction ratings by our employees, along with the productivity of Shared Services. In all business units, Business Partners are involved in business strategy tasks and provide support through specific HR planning. We have simplified self-service for all administrative tasks. Both employees and executives receive a rapid response via chat or telephone.

Through the Group-wide harmonization of the HR product portfolio, we have reduced the variety of products yet nonetheless aligned ourselves more closely to the requirements of the business as well as employees and their line managers. We aim to achieve the necessary international standardization of HR services while leaving sensible leeway for local implementation by professionalizing HR product management with a standardized and systematic portfolio. Roll-out of a globally standardized HR IT system got underway in the Netherlands – paving the way for an IT system with standardized structures and a user-friendly interface. HR IT will become much more customer-friendly and efficient as a result.

@ Detailed information about our Group-strategy can be found in the Annual Report 2011 on the Internet at www.annualreport.telekom.com.

Competitive workforce.

Enhancing growth, productivity and skills. To keep Deutsche Telekom on course in an extremely dynamic industry and with keen price pressures, 2011 saw us focus on three key areas. Our qualitative HR planning, with Total Workforce Management (TWM) at its core, has been established Group-wide. In addition we have continued the indispensable workforce restructuring and structural realignment in Germany and Europe. At the same time we have also pressed ahead with the expansion of our exemplary occupational health and safety scheme.

Group-wide qualitative HR planning with Total Workforce Management.

Trailblazing Total Workforce Management: Global resource transparency plus systematic planning, management, development and control of personnel resources. At Deutsche Telekom we examine not only employee numbers but also aspects such as skills, age structure, costs and productivity. We include these parameters in our annual HR planning, identifying action points which we manage and monitor throughout the year.

- We started piloting TWM back in 2008/2009 and used it for qualitative HR planning in Germany. One of our main aims was to look at the current skills profiles of the workforce and to compare it with future business demands.
- In 2010 and 2011 we broadened our approach considerably, so as to be able to tackle strategic HR challenges with even greater focus. For example, we have tools to plan the demographic and skills-specific composition of the workforce, and tools for optimizing the training budget and training policy. We have also introduced Group-wide Labor Cost Management.
- In parallel to this, TWM was established worldwide. Most national companies – for example in Brazil, Malaysia, Mexico, Poland, Slovakia, South Africa, the Czech Republic and Hungary – now rely on defined TWM procedures for strategic, integrated HR planning.
- We have introduced TWM in more units since the beginning of 2012, e.g., in the OTE Group (Greece), HT (Croatia) and in our central innovation unit Products & Innovation. So we are on the way to our goal of global coverage and consolidation of TWM know-how in all countries.

Tackling challenges with TWM. In our Total Workforce Management we have one of the world's best HR planning and management tools. Most HR units only make plans for quantitative aspects, if at all. Deutsche Telekom, a Group active and integrated worldwide, is faced with numerous HR challenges of a qualitative nature. For example, keen price pressures in the ICT market demand a highly flexible workforce. TWM helps build flexible and cost-effective performance capabilities within the Group, not least through global-sourcing measures with a near and offshore mix resulting from qualitative HR planning. Innovation cycles are getting shorter all the time and require a workforce to be continually retrained and upskilled.

TWM helps us face up to these and many other challenges. Even in difficult times, therefore, we have been able to reduce the workforce in a socially responsible way, keep our staff costs competitive and our age structure balanced, offer apprenticeships to many thousands of young people, manage our training budget for tens of thousands of employees in line with demand, and make substantial improvements to our recruitment policy through skills-oriented planning.

- Total workforce costs reduced by EUR 500 million.
- Personnel cost ratio increased to 23.2 percent Group-wide.
- Total Workforce Management creates resource transparency for strategic challenges.
- Restructuring carried forward through skills development and socially responsible adjustment.
- Health rate in Germany remains constant.

Number of employees worldwide slightly down.

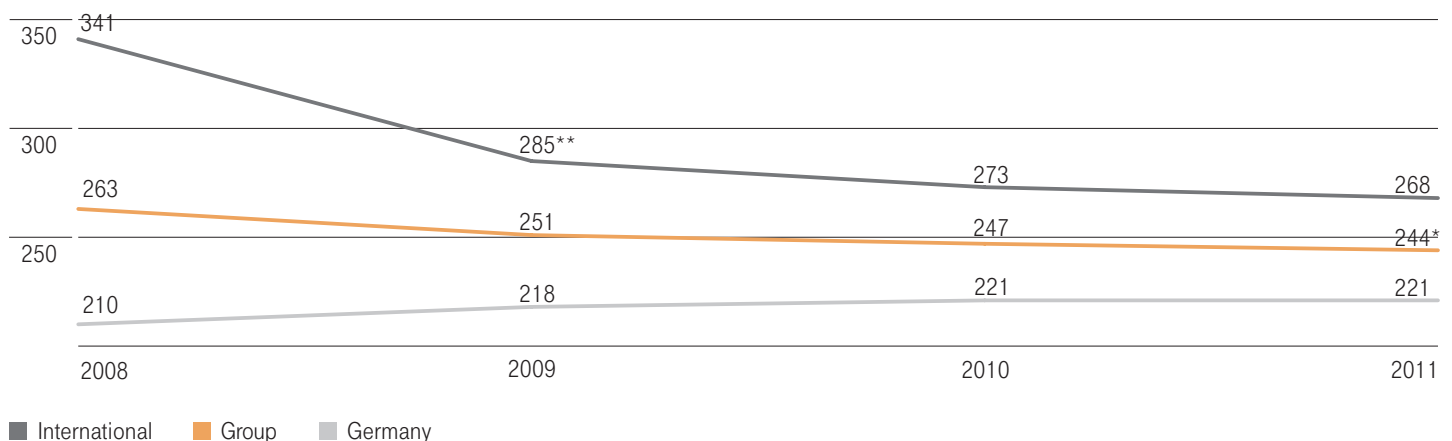
By business areas and regions, all as of Dec. 31.

	2008	2009	2010	2011
Germany OS*	85,637	81,336	76,478	75,058
Europe OS	18,255	17,631	12,108	58,010**
SEE	20,885	53,532	51,230	**
T-Systems	45,862	46,021	47,707	48,163
USA	38,031	40,697	37,760	32,868
Group Headquarters and Shared Services	19,077	20,703	21,494	21,033
Group (total)	227,747	259,920	246,777	235,132

*Operating segments **from 2011 Europe incl. SEE

Revenue per FTE (full time equivalent) on the decline.

2008 to 2011 in thousands €.



*The reason for the revenue trend is that international pressure on revenues is affecting the Group as a whole. The trend in Germany is almost constant.

**2009: OTE acquisition resulted in a disproportionately high increase in international employees in relation to revenue growth

Personnel costs and personnel cost ratio for the Deutsche Telekom Group worldwide.

2008 to 2011 in billions €.

	2008	2009	2010	2011
Personnel costs in the Group	14.1	14.3	15.1	14.7
of which: Germany	9.8	9.0	9.2	9.2
Special factors*	1.1	0.5	1.0	1.2
Personnel costs in the Group adjusted for special factors	13.0	13.8	14.1	13.6
Net revenue	61.7	64.6	62.4	58.7
of which: Germany	29.7	28.4	28.1	27.2
Adjusted personnel cost ratio, Group (in %)	21.1	21.4	22.5	23.2
Adjusted personnel cost ratio, Germany (in %)	29.9	30.1	30.4	30.6

*Special factors in billions €, calculated and rounded on the basis of millions for the purpose of precision.

Expenses for staff-related measures (early retirement arrangements, severance and voluntary redundancy payments, compensation payments, etc.) primarily in the Germany (-0.6), Europe (-0.1) and T-Mobile USA (-0.1) operating segments, as well as at Group Headquarters & Shared Services (-0.2).

2010: Expenses for staff-related measures (early retirement arrangements, severance and voluntary redundancy payments, compensation payments, etc.) primarily in the Germany (0.4), Europe (0.2) and Systems Solutions (-0.1) operating segments, as well as at Group Headquarters & Shared Services (-0.1).

2009: Expenses for staff-related measures (early retirement arrangements, severance and voluntary redundancy payments, compensation payments, etc.) primarily in the Germany (-0.3) and Systems Solutions (-0.1) operating segments, as well as at Group Headquarters & Shared Services (-0.1).

2008: Expenses for staff-related measures (early retirement arrangements, severance and voluntary redundancy payments, compensation payments, etc.) primarily in the Germany (-0.8) and Systems Solutions (-0.3) operating segments.

Total workforce costs at Deutsche Telekom fall by 500 million €.

In billion €.

	2010	2011
TWC¹	17	16.5
of which: national	10.2	9.9
IWC ² (PC ³ adjusted)	8.5	8.3
EWC ⁴ Leased and temporary workers	0.1	0.1
EWC Freelancers and consultants	1.6	1.5
of which: international	6.8	6.6
IWC (PC adjusted)	5.5	5.3
EWC Leased and temporary workers	0.2	0.3
EWC Freelancers and consultants	1.1	1

¹ Total workforce costs: external workforce costs + personnel costs adjusted for special factors

² Internal workforce ratio

³ Personnel costs

⁴ External workforce costs: cost of leased and temporary workers + cost of freelancers and consultants

Total workforce ratio for Deutsche Telekom slightly increased, due to decrease in revenue.

2011 in billions €.

	Adjusted PC ¹	EWC ²	TWC ³	Revenue	Adjusted TWR ⁴	Adjusted TWR ⁴ 2010
Total	13.6	2.9	16.5	58.7	28.1 %	27.2 %
Germany	8.3	1.6	9.9	27.2	36.4 %	36.3 %
International	5.3	1.3	6.6	31.4	20.9 %	19.8 %

¹ Personnel costs

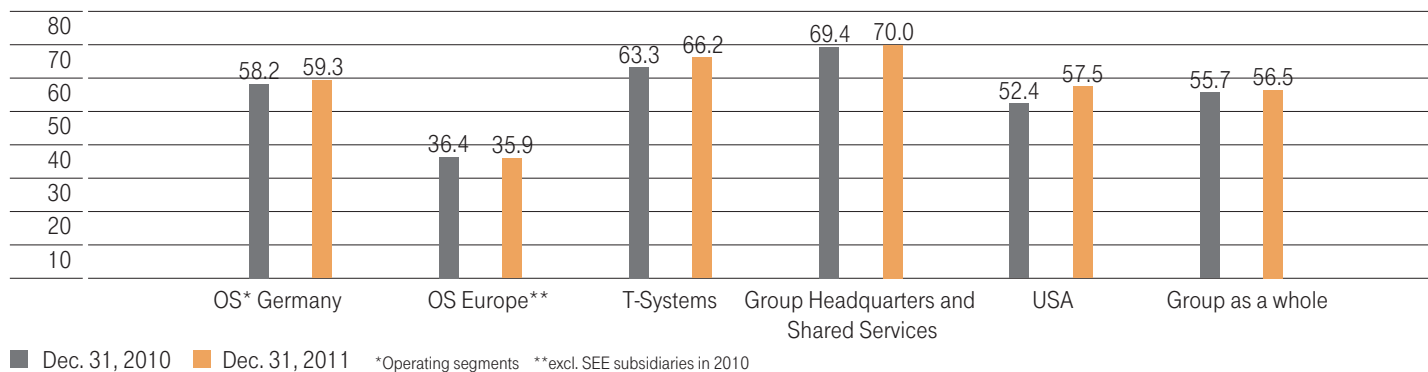
² External workforce costs: cost of leased and temporary staff + cost of freelancers and consultants

³ Total workforce costs: external workforce costs + personnel costs adjusted for special factors

⁴ Total workforce ratio = TWC/revenue

Personnel costs per FTE at Deutsche Telekom.

Operating business units, in thousands €.



Revenue development at Deutsche Telekom.

2010 to 2011 in billion €.

	2010	2011	Change on 2010
Net revenue, Group (total)	62.4	58.7	-3.7
Net revenue, Germany	28.1	27.2	-0.9
Net revenue, international	34.3	31.4	-2.9
International revenue as a percentage of Group revenue	55.0%	53.5%	

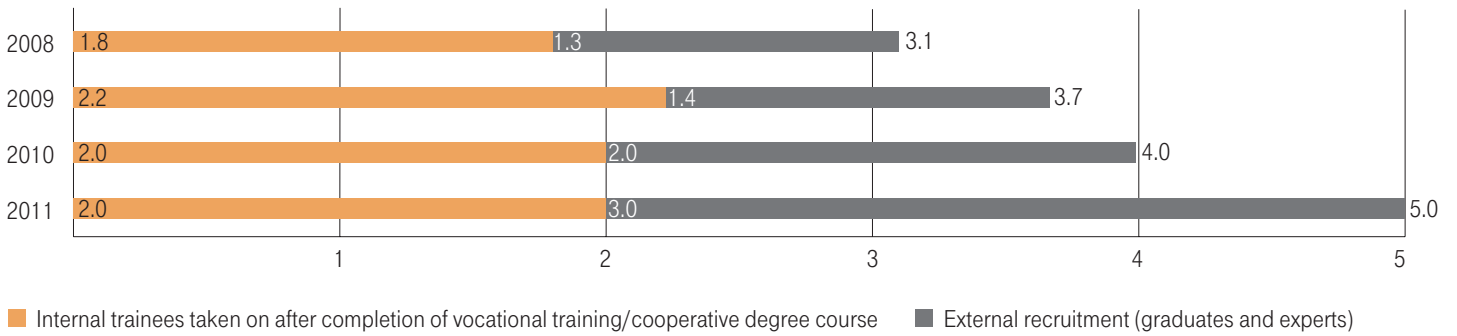
Competitive workforce in a lean, efficient organization.

A view of current and future business areas: Organizational restructuring in the Group. In 2010, in Germany and under the Group umbrella, we merged the mobile and fixed-network arms into One Company. The same change has already been completed in Croatia, Slovakia and Hungary. We are supporting the implementation of new business models and more efficient internal processes through further organizational changes:

- **With regard to Business Customer Sales**, employers and employee representatives have agreed that the existing fragmented IT structure in the Germany segment be streamlined. In future, Business Customer Sales will be represented by 16 sales and service centers and 28 sales offices, with IT concentrated in eight innovation centers. This transformation is to be completed by mid-2014.
- **New company for fiber-optic network expansion:** On January 1, 2012 we set up our own German company for the expansion of the fiber-optic network. This will enable us to expand the broadband network more quickly as well as make it more flexible and economic. Moreover, the new company gives us the chance to retain within the Group more junior staff with skills for the future.
- **Accounting:** We are combining our accounting operations for Europe and South Africa in Bratislava. This is a successful example of constructive employee relations on a European level. The European Works Council (EWC) received early notification and made comprehensive use of its consultation rights.
- **OTE:** The crisis in Greece means that the OTE transformation is taking place in a very difficult economic and political atmosphere. In spite of this situation and despite the restrictions of labor law and collective agreements dating from the time when OTE was a nationalized company, we have been able to make some important progress. Through a range of measures – including overtime reductions, shorter working weeks with lower salaries, as well as the training and transfer of employees from non-profitable workplaces to new roles – we have been able to make substantial reductions to the high personnel costs.
- **T-Systems** has been operating in Germany since July 1, 2011 – and since January 1, 2012 in all business units worldwide – in a new business structure implemented as part of the Act4Service project. It is subdivided into Sales, Service, Production and Systems Integration areas. The new structure creates the conditions for easier operations across sectors and national boundaries.
- **Service Headquarters:** 2011 saw the launch of plans for a smaller, more focused Service Headquarters. These will be implemented in the second half of 2012 following consultation with employee representatives. From then on our Group Headquarters will be staffed by fewer than 1,000 employees, managed with more strategic, performance and results-based focus.
- **T-Mobile USA:** On March 20, 2011 Deutsche Telekom AG and AT&T signed a contract for the sale of T-Mobile USA. Following the U.S. authorities' decisive stance against the transaction, the sales agreement was canceled on December 19, 2011. In 2012 we will embark on qualitative HR planning for T-Mobile USA on the basis of Total Workforce Management and implement the necessary demand-based restructuring.

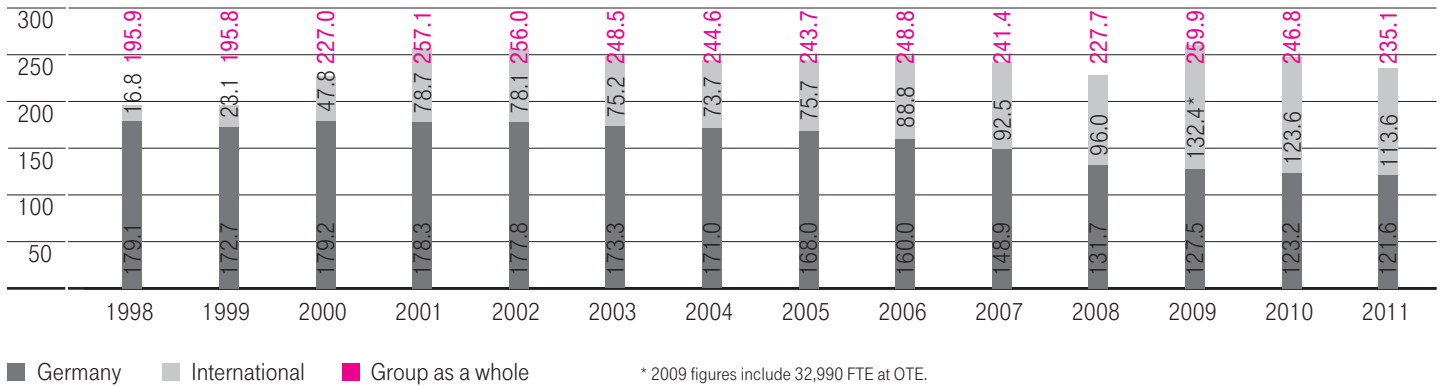
Recruitment at Deutsche Telekom Group in Germany increasing significantly.

In thousands of FTE.



Deutsche Telekom workforce 1998 to 2011.

In thousands of FTE, as of Dec. 31 of each year.



Proportion of civil servants in Group workforce in Germany.

2008 to 2011 in FTE.

	2008	2009	2010	Dec. 31, 2011
Active civil servants	32,113	29,188	25,570	23,516
Civil servants on temporary leave from civil servant status*	3,033	6,597	1,678	1,537
Civil servants at affiliated companies	17,610	13,267	16,729	15,774
Total civil servants	52,756	49,052	43,977	40,828**
Number of non-civil servants in Germany	78,957	78,435	79,197	80,736
Total number of employees in Germany	131,713	127,487	123,174	121,564
Percentage of civil servants in Germany in %	40.1	38.5	35.7	33.6

*Civil servants whose status as such is currently suspended. They have temporarily switched to an employee relationship not covered by collective agreements.

**All figures calculated on the basis of precise detailed data. Since figures are rounded, totals may differ.

Personnel recruitment, restructuring and reduction based on business demands.

Measured and fair: Continued business-oriented downsizing within the Group. 2011 saw us continue our efforts toward a socially acceptable reduction in the workforce at Deutsche Telekom companies. For this we apply globally proven measures for voluntary redundancies. In Germany some of the most notable examples include early retirement for civil servants and the new provisions, issued in the fall of 2011, on phased retirement for older employees, employees outside collective agreements and senior executives. The benefits granted by these provisions substantially surpass statutory norms. In addition we are using change instruments such as Job2Job@TSI to support our T-Systems segment staff who are interested in a change of career.

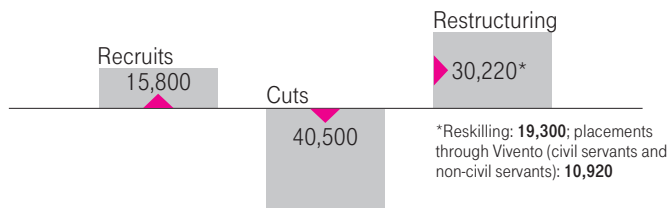
In recent years these measures and the business-centered reorganization of Deutsche Telekom have helped us improve productivity, effectiveness and age structures in numerous areas, particularly at T-Systems and Telekom Deutschland. At the same time we have reorganized sections within our Shared Services – for example in HR, Accounting and Vivento – and further improved quality and efficiency as a result. We will be continuing this process in other administrative areas in the years to come.

Vivento: Specialist service provider for new employment opportunities. One of Vivento's most urgent tasks as a service provider for socially acceptable workforce downsizing is to offer employees alternative employment prospects in good time – in the public as well as the private sector.

Vivento 2011 review. We have provided around 6,900 employees in Germany with alternative employment – externally and internally. More than 3,100 of them are working temporarily in the public sector and over 200 employees have found a new permanent position in the public sector. We have secured new public-sector partners for Interamt, the employment portal we launched for the public sector, and made the portal even more attractive for employers and applicants.

2008 to 2011: growing flexibilization of workforce in Germany.

Reskilling and upskilling of employees increasingly replaces new hires and staff cuts.



Measures for internal skills shift

- Strengthening of internal job markets
- Central, Group-wide management of CAMPUS programs (continuing education)
- Investment in broad range of training offers for upskilling and reskilling; status quo: more than 730,000 training days per year
- Solid training budgets ensure employability, especially for older employees.
- Collective agreements with employee representatives support workforce flexibilization (T-Service, expansion of fibre optics, collective agreement for the specific working conditions of assembly workers).
- Reduction in external recruits (assurances given to employee representatives remain stable)

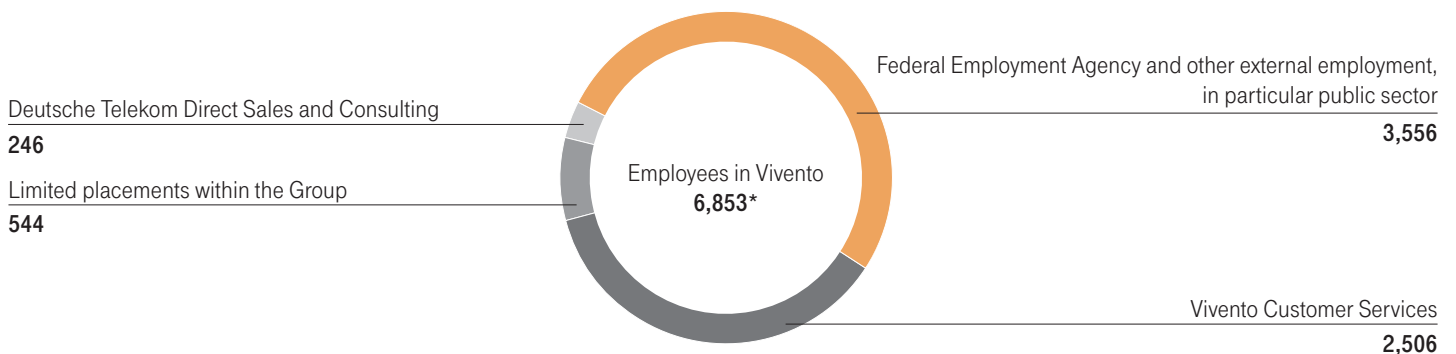
Tools for socially responsible staff restructuring at the Telekom Group in Germany.

Staff departures in FTEs.

	2008	2009	2010	Dec. 31, 2011
Early retirement (civil servants)	2,779	2,788	3,947	2,564
Early retirement (non-civil servants)	218	468	121	0
Severance payments	3,252	2,192	2,227	709
Phased retirement (start of passive phase)	1,672	643	846	959
Other socially responsible tools	117	132	782	163

Vivento workforce.

Incl. business models and projects, as of December 31, 2011.



Permanent employees and support staff incl. Vivento Customer Services: **742**, number of employees who found new employment through Vivento in 2011: **770**, number of employees who are to be placed through Vivento in 2012: **560**, additions to employees in Vivento since it was established: **48,510**, left Vivento since it was established: **39,988**

*All figures calculated on the basis of more precise detailed data. Since figures are rounded, totals may differ.

Performance needs health – health needs a corporate culture.

Outstanding health culture. We are aware that demands on our employees and executives in many areas are increasing and at times intense and challenging. As a caring employer we want to be proactive in countering any possible physical and mental overload. So we are constantly working to improve our efforts and have already achieved a high standard in health and safety at work and environmental protection. This is shown by awards such as the Corporate Health Award 2010 and certificates granted in 2011 to business areas responsible for the international Group-wide Health, Safety & Environmental Management System.

“Healthy Working.” One of our “Healthy Working” practices is that, as in previous years, we have drawn conclusions from the employee survey which was carried out in October/November 2010 with 124,000 participants. The survey is one of the best and most detailed investigations into mental stress in the workplace. The results serve as an early warning signal of overall patterns of mental illnesses and general health risks and as an impetus for measures at corporate, area, team and individual level. Early warning cockpits provide us with year-round support.

Health communication. In 2011 we developed web-based training programs as one way of providing executives with better information on their role in workplace health and safety, and to make them aware of their responsibilities. This goal is shared by the Health Communication Campaign for all employees. The campaign will continue throughout 2012 focusing on sport/fitness, diet and mental health. In addition, since March 2011 the intranet has hosted an international information forum on health and safety at work.

Health rate stable at Deutsche Telekom in Germany.

Group segments in Germany, in %.

	2009	2010	Dec. 31, 2011
Germany OS	93.3	93.4	93.5
Europe OS	97.4	97.8	97.7
T-Systems	96.4	96.5	96.2
Group Headquarters and Shared Services	94.0	94.3	93.8
Group (total)	94.0	94.2	94.1

Health, Safety & Environmental Management: International roll-out continued. Our standardized, Group-wide Health, Safety & Environmental Management System (HSE MS) ensures the transparency, comparability and optimization of occupational health and safety at our company. By the end of 2011 we had introduced it in 13 German and international Group companies. Its introduction in other national companies has already begun or is being planned. We are thereby establishing common action points for occupational health and safety in much of Deutsche Telekom and also introducing extensive quantifiable indicators at an international level.

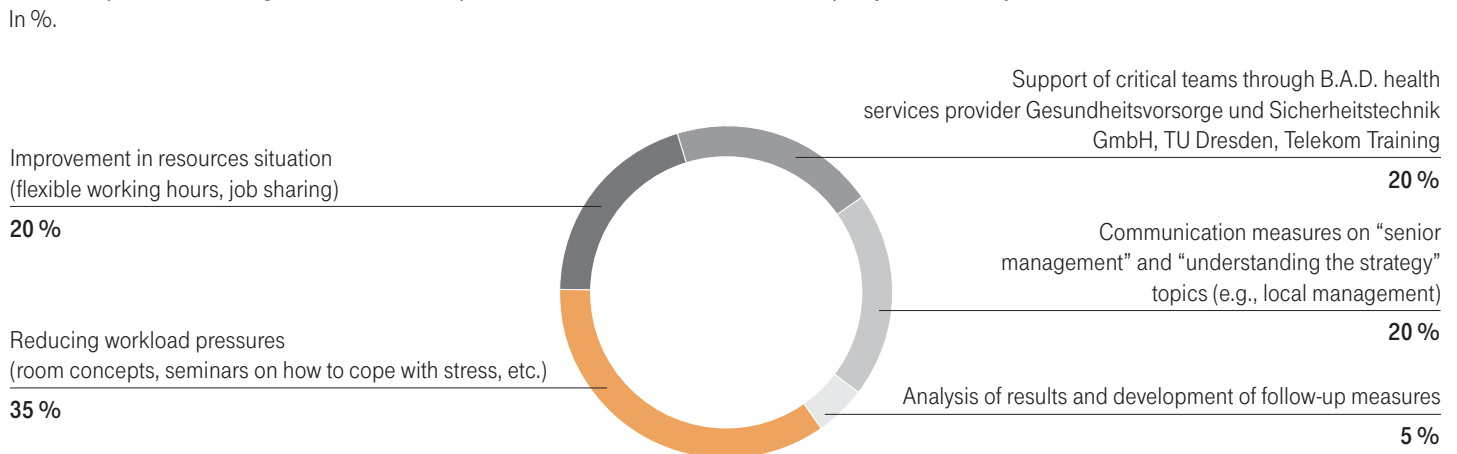


Health, Safety & Environmental Management at Deutsche Telekom.

The key elements.

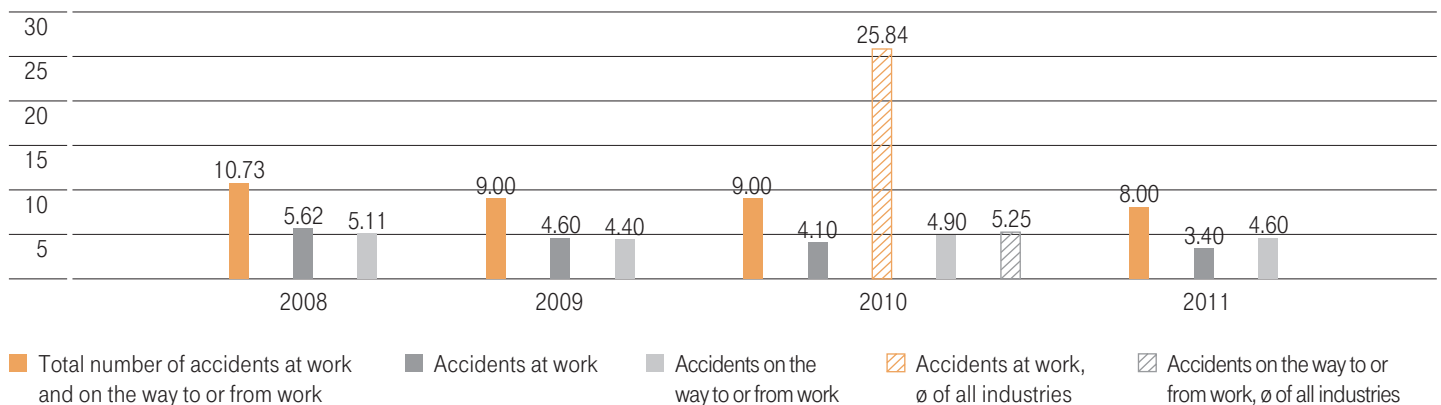
- Full attention of the Board of Management
- Early warning cockpits for critical health areas
- Comprehensive employee survey on health and work pressures
- Translation of employee survey findings into health action plans
- Occupational health and safety and fire protection
- Prevention and good health initiatives
- Employee and executive advisory service (50 experts available for psychosocial counseling)
- Free telephone counseling for professional and personal problems (9,100 calls in 2011)

Health protection: global follow-up measures to the 2010 employee survey.



Work accidents at Deutsche Telekom in Germany fell further – excellent position in benchmark.

Per thousand employees.



Accidents from 2011 have not yet been included in the statistics published to date.

Service culture.

The way to outstanding employee services for our customers. Customer satisfaction resulting from outstanding customer experiences is what our business is all about. As the HR unit of Deutsche Telekom we support this goal by creating the framework conditions within which this corporate culture can thrive:

- **Service culture** with One Company, supported by the Service Academy.
- **Employee participation**, with feedback channeled directly into improvements.
- **A culture of innovation** and Enterprise 2.0 with parallel changes in technology and the working culture.
- **Change management** based on raised awareness among managers and the active support of change experts.

235,000 employees, 33 countries,
1 corporate culture.

Guiding Principles Day anchoring corporate culture in daily working life. The Guiding Principles, the corporate vision we all share, are very much alive. This is made clear not only by the second annual Guiding Principles Day, which took place on September 28, 2011, with a large number of participants. The results of our regular employee surveys (see page 40) confirm it too: our employees and executives are not only familiar with the Guiding Principles but are also making them more a matter of course in their daily working lives.

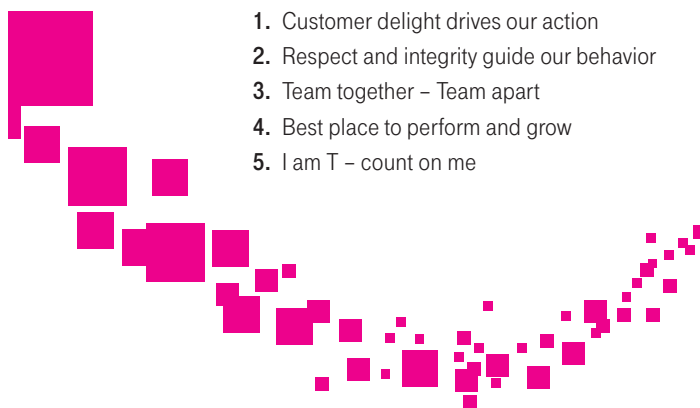
Guiding Principles and Code of Conduct rolled out worldwide.

The Guiding Principles form the basis of our common corporate culture. Their roll-out across our Europe segment was and is a central component of our One Company strategy. It enables us to link the fixed and mobile network businesses in our European companies and offer our customers products and services from a single source. This structural change has already been completed in our home market, as well as in Croatia, Slovakia and Hungary. Makedonski Telekom (FYRO Macedonia) began to prepare for restructuring in 2011.

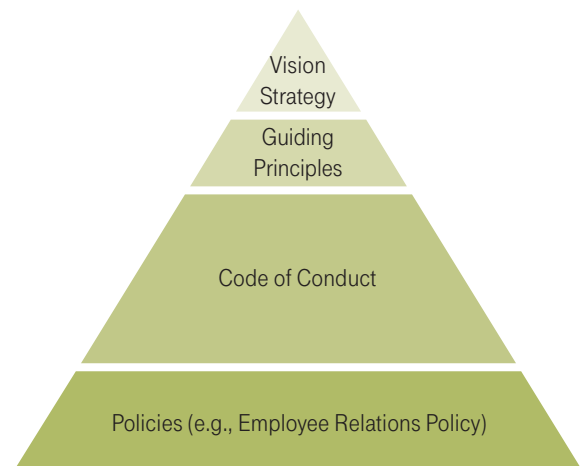
We have formulated a Code of Conduct (CoC) based on the Guiding Principles and this is binding Group-wide. The CoC combines the requirements of enterprise culture and compliance awareness, and puts the Guiding Principles into practice, so that they can really become part and parcel of working life. The roll-out began in 40 out of 42 international affiliates in 2011 and this is almost complete. We also finalized the roll-out at T-Mobile Netherlands in early 2012. The roll-out at OTE in Greece and at its affiliates will follow gradually.

- Service campaign with around 265,000 training days for approximately 50,000 employees in the Germany segment service companies alone.
- A substantial majority of employees acknowledges successful change.
- Facebook, Twitter, internal Web 2.0 media: Deutsche Telekom en route to Enterprise 2.0.

Shared Guiding Principles.



Embedding vision and strategy.



Excellent service through leadership, encouragement and appreciation.

Service culture with One Company and support from the Service Academy: the transformation to an integrated One Company structure in Germany and Europe calls for a new way of thinking and working. Furthermore we are creating a new understanding of service by offering training initiatives such as the Service Academy and the opportunity provided by service careers.

Service Academy and service initiatives: executives as service role models. Our executives play a central role in helping Deutsche Telekom become the most highly regarded service company in our industry. They are service role models, ambassadors and purveyors of our corporate culture. To take our service culture forward we have been enrolling executives across Germany in the Service Academy since 2008. Again in 2011 around 1,800 executives took part in workshops, service projects and practical assignments in phase 3 of the Service Academy. Each year the program consists of a two-day workshop complemented by a one-day service experience and a half-day learning module of the participant's choice.

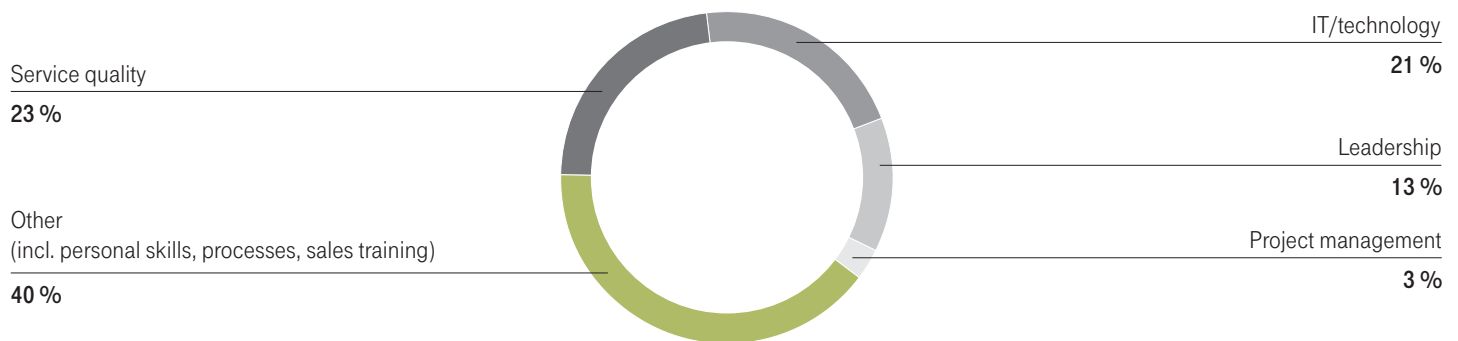
Some of our subsidiaries have extended or introduced their own service initiatives. Here are just three examples:

- The ManagementWorkshop@TSG at Telekom Shop Vertriebsgesellschaft targets a common understanding of the best in-store sales and service experience. The workshops took place in 2011 and achieved high participation levels and positive approval ratings.
- In 2011 we also introduced “magenta T” in our Polish subsidiary. To consolidate the loyalty and high commitment levels of 6,800 internal and external employees, our Polish colleagues have worked with 80 change experts to run 200 half-day or full-day workshops. These have helped us maintain our excellent service performance.
- With T-Mobile Netherlands we won awards for good service, the Best Customer Performance Award (2010) and, for the Online Shop, the Best Web Performance Score (2009, 2010, 2011).

Telekom Training: high investment in employee training.

In Germany. By key themes, as of Dec. 31, 2011.

2011: Over 730,000 training days for employees. Of which some 115,000 days as part of service training (six training days per employee in the services companies). In 2011, the investment volume for training amounted to some EUR 168 million.



Seminars: **40,965**

Participants: **284,044** (Ø of 2 seminars attended per employee)

Participant days: **734,237**

Ø number of training days per participant: **2.6**; per employee: **6.0**.

Number of web-based trainings carried out (content usages on internal e-learning platform): **813,235**

Service Stars.

Recognition motivates.

One way in which our employees are recognized for excellence in internal and external service is through personal awards such as Service Stars. In 2011 we selected 20 Service Stars and honored them with a place on the Walk of Service at Group Headquarters. We hope this will encourage all our employees to follow their example.



Top service calls for top achievers in customer contact roles.

As part of our service campaign we are creating new jobs: 2011 and 2012 sees us taking on over 1,000 new employees in sales and service for Telekom Deutschland alone. All service companies offer bright prospects and opportunities for advancement, for example at team leader level. The service career, our HR development program for high achievers in operational activities within German service companies, creates company-specific horizontal and/or vertical development opportunities for top experts and management positions. Since 2009 we have furthered the development of over 3,600 employees under the service career model. In this way we are securing and improving the quality of our customer service along a wide front.

Satisfaction rate and commitment index remain at excellent level.

Executives in %.

	2011
Germany*	83 %
International*	70 %
Group (total)*	78 %
Commitment index, scale of 1 to 5**	3.8

* Answers from the pulse check in November 2011 to the question "How do you feel in our company?"

** Value from the 2010 employee survey

Change management goes hand in hand with cultural change.

The ongoing evolution of our business demands that our employees be ready to embrace change. We are encouraging this evolution through increased management awareness and the active assistance of change experts on site. Support for uniform change awareness comes in the shape of the globally available Change Navigator – a kit of tools and methods – as well as certified training courses for change managers.

Flexible and efficient structures for outstanding service.

Deutsche Telekom wants to offer its customers outstanding service – at competitive prices. This is why our Group is continually being reorganized so that our business design and structure is as efficient as possible and at the same time as flexible as possible for our customers. Whether in our home market or in our European companies and affiliates, the primary responsibility for implementing this reorganization lies with our employees. To support and accompany it, we introduced Group-wide change management in 2009. This means we provide tools to experts, executives and everyone involved to create a common methodology across the Group. The "Change Navigator" is available internationally and gives all interested parties access to graded tools, documents and best practices relevant to Deutsche Telekom's standardized change management.

The real change managers are actually our HR Business Partners and executives in the local business units. If executives only implement change management measures half-heartedly, they will not have any effect. Executives are therefore responsible for all these measures within their own fields. The HR Business Partner provides professional support and gets change experts involved too.

Change Community creates networks. To ensure that our change management is fit for purpose, we have set up regular contact between our change experts. "International networking" is the key concept with which we are increasing knowledge sharing and international project-oriented cooperation in the Change Community. To this end we are using a shared social media platform, international conference calls and the International Change Community Conference.

Fluctuation rate.

Total and unmanaged (termination by employee), in %.

	2011
Germany (total)	1.93 %
Of which: Germany, unmanaged	1.77 %
International fluctuation in Europe*, total	9.05 %
Of which: international fluctuation in Europe*, unmanaged	4.88 %

* International excluding T-Systems International and USA

Employee participation: valuing opinions, putting change into practice.

Feedback from the highly detailed employee surveys that take place every two years is promptly channeled into improvement measures – after the last major survey in 2010 for example. Continual interim assessments keep our finger on the pulse as to whether employees have actually seen improvements.

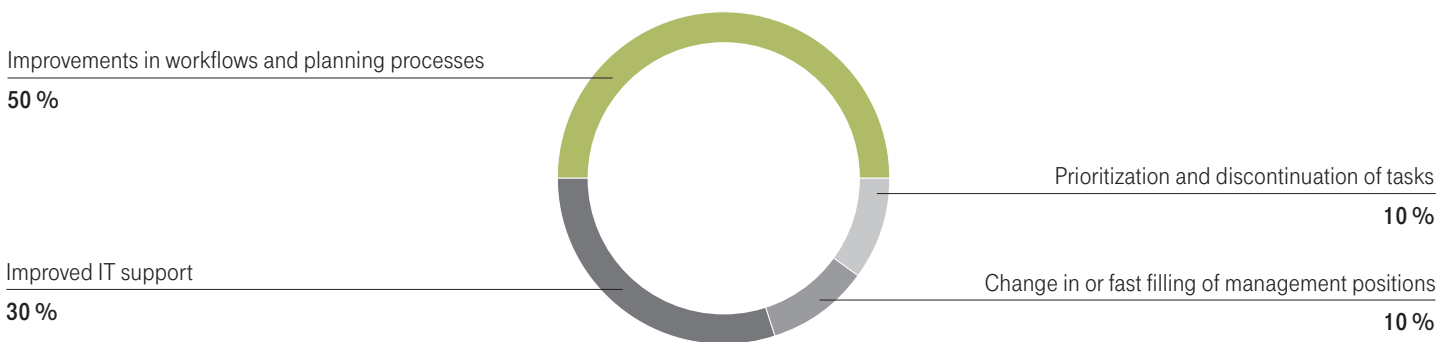
Employee survey and pulse check: employee participation as a success factor. The employee survey held every two years and the six-monthly pulse check are our most important organizational Group-wide feedback tools. Acceptance levels are high and still rising. The next employee survey will be carried out globally once again in fall 2012. It gives all employees the chance to give detailed feedback and provides managers with valuable information about potential for improvement and necessary changes within their teams. Telekom was the first DAX-listed company to include detailed questions on mental and physical well-being in the 2010 employee survey. The 22 questions in our concise six-monthly pulse check help us ascertain which improvements resulting from the employee survey have actually been seen to have been made.

Wide range of measures following the 2010 employee survey. 2011 was characterized by the follow-up measures derived from the 2010 employee survey. Topics such as “Trust in senior management,” “Workload” and “Understanding the strategy” have been directly addressed by the detailed improvements introduced by our executives. The effect these measures are already having is shown by the positive results of the November pulse check. 65 percent of employees believe that the new measures have been successfully implemented. This success can also be seen in tangible areas such as employees’ workload, recognition and work-life balance. The pulse results show an improvement of at least nine percent here.

The follow-up process focused on the topic of health, as clearly demonstrated by the spread of measures. At least 50 percent of all measures put into practice across the Group concerned employee workload pressures and resources. Some key projects are already underway and particularly noteworthy: the Early Warning Cockpit for Mental Health and the good practice exchange project Your Voice – Your Chance.

Type of follow-up measures: processes, workflows and vacancies.

Figures for Group as a whole, in %.

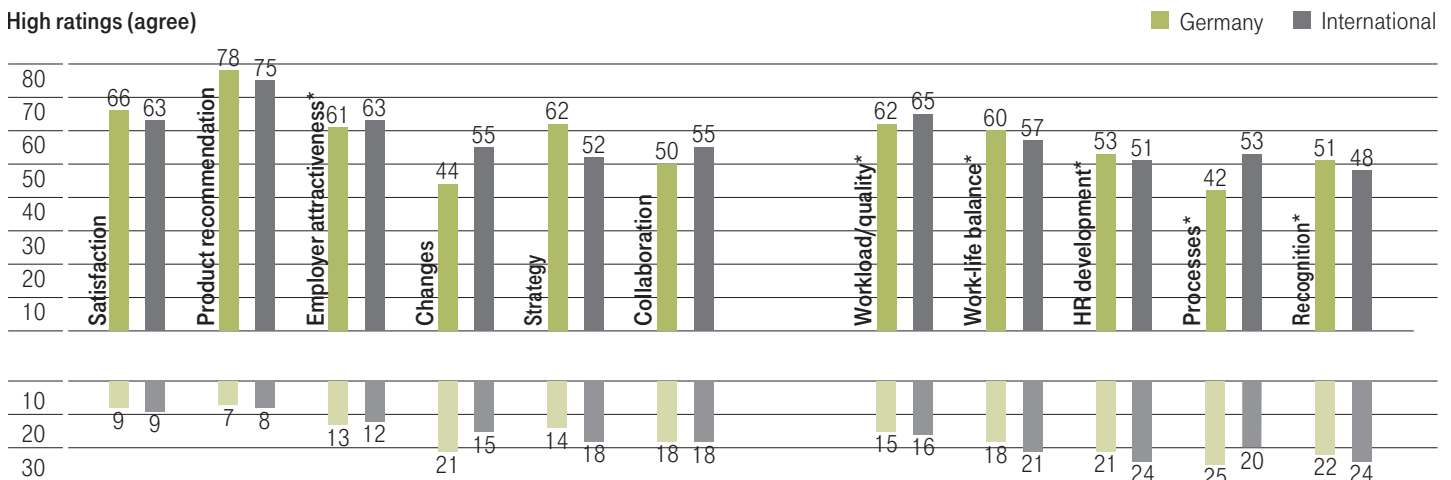


Pulse check with excellent results.

Results of the Group-wide pulse check, November 2011, in %.

Around 121,000 employees from 29 countries participated in the pulse check. More than 180,000 were invited to take part, response rate: 67 % (2010 employee survey: 71 %).

High ratings (agree)



Low ratings (disagree)

* New element of the pulse check.

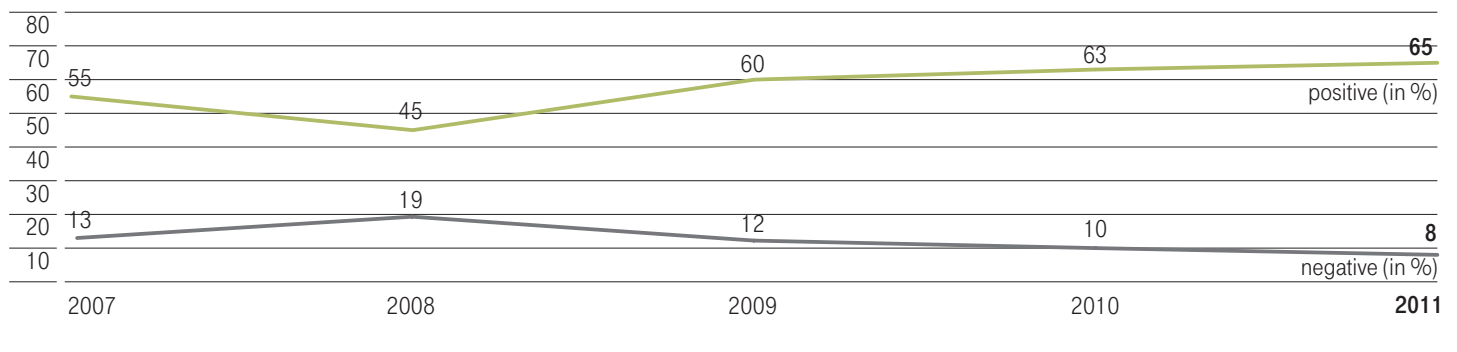
High ratings = Very good, good/agree fully, agree.
 Low ratings = Poor, very poor/do not agree, do not agree at all.
 "Neither agree nor disagree" ratings are not included.

Explanations of questions asked:

- Satisfaction = How do you feel in the company?
- Product recommendation = I recommend the products/services of our company to potential customers outside of my work environment.
- Employer attractiveness = I would recommend our company as a great place to work.
- Changes = I can understand the changes in our company.
- Strategy = I can clearly explain to others the strategy of Deutsche Telekom.
- Collaboration = In my experience, we all work together as partners at Deutsche Telekom in the interests of the Group's success.
- Workload/quality = In my team, the workload and quality requirements are consistent with one another.
- Work-life balance = The current working hours allow a good balance between private (family/leisure act.) and job-related interests.
- HR development = Our company offers sufficient training opportunities to support my professional development.
- Processes = Processes, IT tools and procedures allow me to effectively meet my customers' needs.
- Recognition = Considering all my efforts and achievements, I feel that I have received the appropriate amount of recognition at work.

Positive development: Employee satisfaction at Deutsche Telekom.

Deutsche Telekom in Germany. Pulse check 2007 to 2011.



The Early Warning Cockpit gives quarterly information on significant health-related data. We analyze this data thoroughly to catch critical trends within the teams in the early stages and act preventively. The good practice exchange project Your Voice – Your Chance helped the central team, together with our Technical Service in Germany, demonstrate very clearly which changes to employee working conditions were needed to achieve greater employee satisfaction and, in turn, to increase customer satisfaction.

2011 pulse check underlines success. The question in our pulse check asking whether teams had seen successful improvements implemented after the 2010 employee survey was answered “Yes” by two thirds of employees in the Germany segment. This was confirmed by a majority of employees in all other segments too – a very good result. We expanded some questions in the November 2011 pulse check, relating for example to the working environment as well as to workload and resources. Results here too pointed to the success of our employee survey follow-up measures. As regards the topics of work volume/quality, work-life balance and recognition, there was an impressive double-digit increase in the approval rate. Altogether this latest pulse check carried out in November 2011 is clear: employee morale continues to look good.

Enterprise 2.0: toward an open culture of innovation.

A culture of innovation and Enterprise 2.0: Deutsche Telekom is pursuing technological change and the transformation of customer markets in parallel with the internal transformation in cooperation and working culture. This is symbolized by the possibilities offered by Web 2.0 for new forms of cooperation and interactive customer contact. With the Enterprise 2.0 project we are targeting the application of collaborative tools to make social media a natural part of a new and creative culture of innovation. We are already one of the leading DAX-30 companies with regard to external customer contact and recruitment.

New forms of cooperation and customer contact. The use of modern Web 2.0 technologies is changing our corporate culture. New opportunities and ways of working together with Web 2.0 tools, plus new opportunities for customer interaction, are improving our customer relations internally and externally.

Employee survey follow-up measures.

Implementation status, figures for Group as a whole, in %.

	November 2011	March 2012
Germany	75%	95%
International	60%	80%

Taking Deutsche Telekom forward with fresh ideas. We need new ideas for inspiring services, products, tools and working methods that make us better and foster a spirit of innovation. In 2011 the genial@telekom IT tool, introduced back in 2009, was supplemented by a new way of generating ideas, the Ideas Garden. This IT tool enables employees to work with other interested parties and experts in a virtual environment to turn initial suggestions into fully developed ideas. Although the Ideas Garden is still in the pilot phase, more than 10,600 registrations and 2,180 active employees prove that this way of getting involved has been warmly welcomed.

External Web 2.0 activities: torch-bearer for innovation and customer service. In terms of external customer contact and recruitment (see Section 4), Deutsche Telekom in Germany is one of the leading DAX-30 companies. For example, more than 40,000 people follow our activities on Twitter and Deutsche Telekom has more than 425,000 "fans" on Facebook, with numbers rising. Our European subsidiaries are also increasing their use of Web 2.0 to contact their clients and other external stakeholders.

Internal Web 2.0 activities: networking, sharing knowledge and working together. Around 55,000 employees use our internal social media platforms for in-house cooperation: they hold discussions on the Telekom blog platform, work on more than 2,300 projects and topics on Telekom MyWiki, and get to know each other better on Telekom's People Network. The integration of numerous existing platforms in one Group-wide Telekom Social Network began in 2011 and will give the technological impulse for smooth cooperation across all units and seniority levels in

genial@telekom.

Modern ideas management on the advance.

In 2011, the number of patent applications stood at 244.

	2008	2009	2010	2011
Suggestions for improvement	7,295	5,592	10,498	10,831
Savings in millions €	141	122	136	116

2012. One of the steps we took in 2011 to develop the new staff portal was a Telekom Jam pilot. Some 800 participants took part in virtual problem-solving on the Telekom Jam online platform. Telekom Jams, with several thousand employees across various units and seniority levels tackling specific issues over a limited time period, are to be rolled-out Group-wide in 2012.

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"Working differently."

Our move to Enterprise 2.0 affects our whole working culture: how are we going to work and with what tools? What will be our understanding of leadership, achievement, personal responsibility, service, research and creativity? What areas of our company will be affected by this and to what extent? Starting in Germany, we have initiated an open dialog on the "Working differently" blog and at open discussion events. These give our employees the opportunity to take part in this discussion, so that we can answer these questions with one common vision for the future.

Talent agenda.

Expanding leading role and enhancing appeal as an employer. The economy urgently needs extremely well trained young people – especially in our innovation-driven industry. The lack of junior staff and demographic reasons call on us as an employer to tap into new talent streams and to get more out of existing ones. This gives rise to consequences, both for HR development and for the HR marketing and recruitment strategy.

On the one hand, the main action areas include developing sensitivity to diversity, right from searching out, addressing and selecting talent. This particularly includes a deliberate acceptance of people with unorthodox CVs and a departure from impersonal selection standards. On the other hand, we rely on differentiated vocational training that addresses unusual aptitudes and motivations and builds educational bridges for disadvantaged and overlooked groups. These educationalizing bridges are one of the foundations that ensure individuals receive skills-based training and continuing education throughout their entire working lives and encourage them into expert and project careers.

Preferred employer worldwide.

There are many reasons why Telekom's reputation as a good employer continues to grow:

- **Outstanding quality of recruiting services:** Telekom was awarded second place in the Career's Best Recruiter study, which evaluated the HR products, processes, activities and the perception of communication with applicants for the 500 largest German companies from the perspective of applicants in 2011. In particular, the figure of some 49,000 external applicants, the successful filling of around 2,600 vacant positions, and the motivating application process show that the popularity of the Group as an employer is growing steadily.
- **Sterling reputation as a training provider** and advocate of the Bologna process. Our outstanding company training has long been a firm foundation for our talent management. In addition, we have successfully increased our commitment as a "Bologna company" – with part-time degree programs for 600 students, our own university for students of telecommunications, and excellent scientific partnerships. Thus the pool of extremely well-qualified talent from which we can draw internally continues to grow apace. Telekom is guarding against the rising shortage of trained professionals by taking positive action.
- **Stringent HR development** and transparent career paths. For us, this includes on the one hand offering wide-ranging starter opportunities for high potentials. And on the other, we offer our top performers with professional experience attractive development opportunities – for executives, experts and project managers alike. In 2011, we further improved the content of our career paths and restructured them. In 2012, we will further internationalize and harmonize our expert and project career program Go Ahead!
- **Exceptional diversity reputation.** A diverse, vibrant corporate culture with challenging tasks and flexible worktime models for all phases of life: we as a company have successfully positioned ourselves in the competition for new talent – in Germany and internationally, for women and men, for young and old. In this way, we are successfully bearing up against the changing demographics, challenges in business and demands from society. In 2011, our internal activities included further expanding our program for improving the reconciliation of work and private life, "work-life@telekom."

- Up with the best: numerous German and international employer awards.
- International talent management further expanded.
- Women's quota: target for 2011 surpassed with well over 24 percent of women in middle and senior management worldwide.
- 9,600 trainees in Germany alone, 1,200 of them students on cooperative courses.

Prizes and awards.



Other outstanding achievements by Deutsche Telekom abroad, e.g., by:

- T-Systems Slovakia as "IT Company" and as "Company of the Year 2011"
- T-Systems Czech Republic in the "Employer of the region" competition
- T-Mobile Austria as "Most Attractive Employer"
- T-Mobile Netherlands and PTC (Polska Telefonica Cyfrowa) as "Top Employers 2011"

Award-winning: Telekom as an employer. Our clear goal is to regularly be included among the best in the rankings of top employers by 2015. In 2011, we significantly improved in the relevant graduate studies, such as the Trendence and Universum studies. In the ranking by IT graduates for Trendence we took 17th place and in the Universum study, 12th place; in that study we ranked higher than popular employers from the automotive industry for the first time. Furthermore, in Germany, our corporate customer arm T-Systems took third place overall in the Top Automotive Employer 2011 award.

In Europe, our national companies scored highly. In Austria, T-Systems received the award for best employer for career starters and was placed among the highest rankings in the Great Place to Work competition. T-Systems achieved other number 1 spots as the Top ICT Employer in the Netherlands, and as IT Company and Company of the Year 2011 in Slovakia; it also made the podium in the Czech Republic in the Employer of the Region competition. At the same time, T-Mobile Austria was named Most Attractive Employer and T-Mobile Netherlands and PTC (Polska Telefonica Cyfrowa) were named Top Employers 2011.

In competition for the best talent.

The Great Experience: Persuasive employer promise. We need to become one of the magnets on the talent markets. We are raising our profile on the job markets with a clear promise – our global employer value proposition, which we summarize under “The Great Experience” (see page 6). On top of our promise, the national companies are honing their message of exactly what it is that makes them particularly attractive as an employer, showing future employees why they can gain unique, valuable experiences at Telekom. From 2012, we will use The Great Experience to forge ahead in our search for talent. We also achieved recruiting successes worldwide: after establishing an International Recruiting Community, positions are being filled across national borders.

Approaching talent: Making the “new Telekom” visible in Web 2.0. We approach potential applicants in the places where they are communicating: in the social networks of Web 2.0. Our European subsidiaries also have a presence on the talent markets through social media. For years, Telekom’s Web 2.0 commitment has been seen as leading among the German DAX 30 companies. In 2011, we took first place for the second year in a row in the HR Social Media Activities of DAX 30 Companies. The Online Talent Communication study, which evaluates the channels of social media, careers page, job exchange and mobile recruiting, also ranked us fifth. Some 30,000 students and graduates around the world were surveyed.

We also increase interactivity and personal relevance through campaigns such as the crowdsourcing competition “Your ideal,” which is the only one of its kind so far in German HR marketing. Here, for the first time, students and graduates can design their own app for the Facebook fanpage TelekomKarriere or to incorporate in our careers page on the Internet.

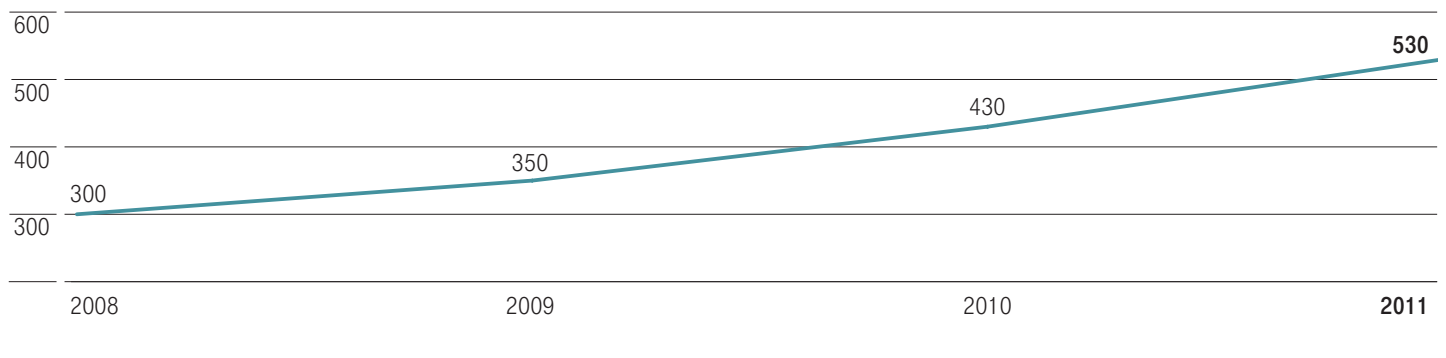
New job exchange in the first half of 2012. This will substantially accelerate the application and recruiting process. Professionals, for example, will be able to apply for our jobs in just three minutes. We will then make even greater use of external job portals and social media to advertise our job vacancies than previously.

In contact with talent. A whole range of events and programs supports the goal of building up and maintaining contact with graduates and talented young people:

- **“Flexikum – the internship where the Company adapts to interns’ timing.”** The Bologna university reform substantially restricts the timing options for doing internships. However, in order to build a bridge between theory and practice for budding academics, Telekom has developed the Flexikum: participants can tailor their internship plan to their personal needs, the company adapts to their plans.
- **Technology meets Talent.** The sixth edition of our unusual and successful bar camp was all about mobile web applications and technologies. It provides a platform where talented individuals and high-profile experts from the worlds of business, science and politics can meet for discussion and to get to know each other.
- **LoungeXING.** Our T-Systems business area combines Web 2.0 activities with events for making personal contact, for instance LoungeXING. This took place in cooperation with the XING groups IT-Connection and StuttgartBC, with a focus on automotive.
- **Telekom ambassadors.** With the Telekom Ambassador Program, Telekom has access to a unique network of 530 experts and executives (as of 2011; 2008: 300). They hold guest lectures or give presentations on practical issues at universities and contribute significantly to improving the company’s image as an employer through personal contact.
- **University@Telekom.** Through this series of events, we maintain contact with universities, their teaching staff and career centers. This ensures we get the most out of our university partnerships.

Huge commitment of Deutsche Telekom “ambassadors” at universities.

In Germany. 2008 to 2011. Number of ambassadors.



Start up! and Jump in!: Versatile and attractive career entry opportunities for university graduates. Start up! is our international, project-based high-potential program for university graduates with a mindset focused on change and entrepreneurship. The fifteen-month program is held under the particular attention of the Board of Management and is offered, for example, in the areas of human resources, finance, IT, technology, sales, and service. The 56 university graduates who began through Start up! last year came from 14 different countries. More than 30 percent of participants in the program are international, 49.3 percent are young women. In addition, for committed university graduates with any degree, we offer direct entry through Jump in!. Supporting measures provide new employees with precisely targeted encouragement in their first 24 months. In 2011, more than 250 graduates joined Telekom in their preferred field through Jump in!.

Commitment to Deutschland-Stipendium scholarship program. By 2014, Telekom will award a total of 360 scholarships to students from selected universities. A third of the scholarships are reserved for Masters degree programs, two thirds are provided by the company for Bachelor degree programs. As a driver of innovation in the telecommunications industry, we particularly promote study in fields like mathematics, physics or information and communications technologies, with 30 percent female students.

Leaving the well trodden path in addressing school students. With channels such as the award-winning youth magazine “reif” and our new platform “Knowledge changes everything,” we are increasing the number of applications, especially for technical cooperative study programs and the number of applications from women. More than 85,000 players have checked Telekom out virtually on the microsite wissen-veraendert-alles.de. In “reif,” Telekom pools all its information on career paths. The magazine is both a training brochure and a youth magazine. The Best of Corporate Publishing competition – the biggest of its kind in Europe – awarded “reif” the gold medal. 4,000 readers’ letters and 200,000 clicks on reif-magazin.de confirm the very strong reader loyalty.

Hallmarks: Top training provider and Bologna@Telekom.

Vocational training and cooperative degree courses at

Telekom. We have stood for outstanding in-company training and continuing education since long before the Bologna process was started. They are and remain the primary avenue for populating our talent pipeline with highly trained, motivated junior staff.

We have been one of the biggest training providers in Germany for years. For 2010 to 2013, as in the prior years, we have set a trainee ratio of 8.7 percent of the workforce in Germany – a leading value. In 2011, we once again ranked among the leading DAX 30 companies, taking on some 3,300 young people for training courses or cooperative study programs. In training year 2011/2012, we have some 9,600 apprentices and students overall. Of these, some 1,200 are students on cooperative degree programs, which we offer in partnership with ten universities and other educational institutions. In addition, we have our own University of Applied Sciences, the Hochschule für Telekommunikation Leipzig (HfTL), where, besides the students in the cooperative and part-time degree programs, 260 full-time students are on Bachelors or Masters programs.

Bologna@Telekom enables students to get an academic education on a part-time basis while they work. The aim of Bologna@Telekom is to contribute to the personal development of employees and ensure their employability and the supply of trained professionals for Telekom for the long term. At the start of the 2011 winter semester, more than 440 employees were studying part-time with support from the Group in terms of time and financing. Employees can choose between seven partner universities and 24 different degree programs in information and communications technology, business information systems, digital pioneering, and business administration. From 2012, we will add more attractive Masters programs to the offering. The number of supported employees will then increase to around 600 in total. Since June 2011, Deutsche Telekom has also facilitated the part-time doctorate, thus meeting the increased interest from our employees in academic education and training. In 2011, the Group received recognition for its commitment with one of the most prestigious German awards in the field of professional education, the Initiative in Training and Development award.



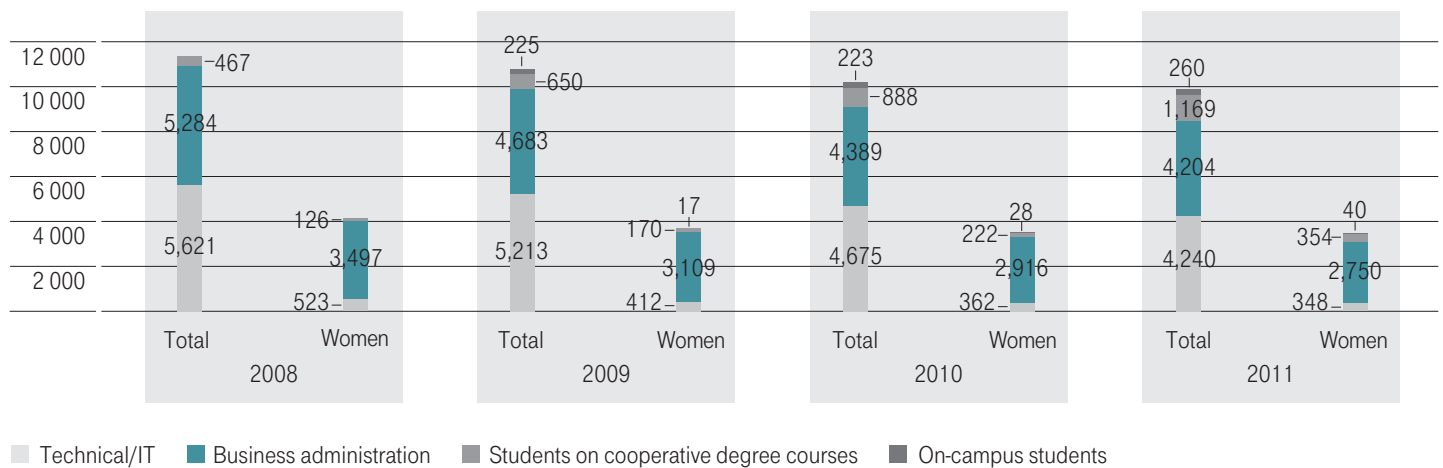
Entry-level training.

Program for disadvantaged young people.

We take our corporate and social responsibilities very seriously at all training levels. In 2011, we offered 100 young people the opportunity to get a foot on the career ladder. We plan to give more young people solid prospects for beginning a career with the pilot project “My chance to get going,” which we are carrying out in collaboration with the German Federal Employment Agency, until at least 2012. In 2012, we plan to provide as many as 150 places. So far, the results of the project have been positive. Of the 66 young people who did an internship under this scheme in 2010, 48 (i.e., 75 percent) have started vocational training with us. 32 young people were even accepted directly into the second year of training. In 2011, Telekom received the Golden Victoria for Integration award for this commitment.

Apprentices and training programs in Germany.

Total and percentage of women in the Deutsche Telekom Group in Germany.



Commercial training programs: office communications administrators, retail sales or dialog marketing assistants, industrial business administrators
Cooperative study programs: Bachelor in Business Administration, Communications and Information Technology, Business Information Systems

Trends in applicant numbers and in permanent employment of junior staff after completion of training.

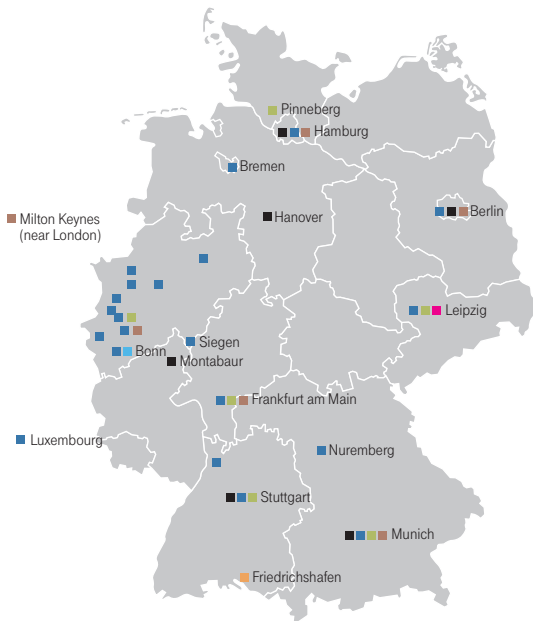
Percentage of applicants and junior staff taken on permanently increased. Percentage of best internal junior staff taken on permanently increased again.

	2007	2008	2009	2010	2011*	Trend
Junior staff entitled to apply	3,811	3,828	4,046	3,742	3,433*	
Of which applied	2,064	2,361	2,482	2,785	2,692	
Of which applied, in %	54 %	62 %	61 %	74 %	78 %	↗
Taken on permanently	731	1,384	1,592	1,740	1,750	
Percentage of those entitled to apply that were taken on permanently, in %	19 %	36 %	39 %	47 %	51 %	↗

*Downward trend due to lower recruitment rate in 2008

Junior staff = apprentices and students on cooperative courses (excl. Vivento Interim Services and HFTL University of Applied Sciences)

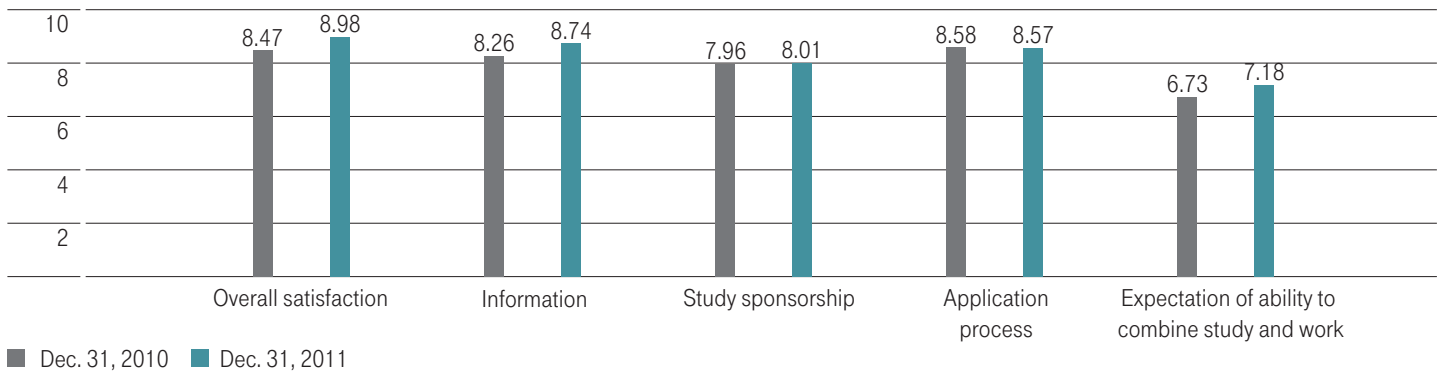
Partner universities for Bologna@Telekom.



- Hochschule für Telekommunikation Leipzig, University of Applied Sciences (HfTL)
- FOM Hochschule für Ökonomie und Management, University of Applied Sciences
- AKAD private universities
- Steinbeis University in Berlin (SHB)
- Zeppelin University (ZU)
- Bonn-Rhine-Sieg University of Applied Sciences (HBRS)
- The Open University (OU)

Bologna@Telekom: high level of satisfaction among new students.

Scale of 1 to 10. 2010: 157 respondents. 2011: 187 respondents.



Talent management: Internal HR development and talent promotion.

Talent Spaces: Making talent visible. With Talent Spaces, we are making talents more visible Group-wide and driving forward their development and careers across business units and functions. We initially started in October 2010 in five functional areas: technology, IT, procurement, finance and HR. In the second round of Talent Spaces from October 2012, we will integrate additional functions. The success of our Talent Spaces initiative can be seen from the figures. After 12 of the total 18 months, half of the almost 200 talents – of whom 44 percent are women and 42 percent international participants – have already progressed, either within or beyond their own functional area, business unit or country. With the introduction of Talent Spaces, we have completed Telekom's talent landscape and largely concluded the harmonization of our talent initiatives.

Succession planning and safeguarding leadership quality through Leadership Quality Gates. High-quality succession planning is the prerequisite for filling vacancies smoothly with internal staff. It is also an instrument that we can use to promote and develop talented young people, and offer them career prospects. In addition, it enables the management of diversity, internationality and cross-functionality in the leadership team. Another step toward ensuring leadership quality is the Group-wide implementation of the Leadership Quality Gates (LQG). The evaluation of the LQGs established in our Europe and T-Systems segments showed a high level of approval among observers and the executives involved. From May 2010 to the end of October 2011, we held 368 national and international LQGs overall at T-Systems. In the Europe board department in the same period, there were 38 appointment procedures at managing board level in the national companies.



Telekom – a good corporate citizen.

Education as a social duty.

- Since the summer semester of 2011, Telekom has been supporting students, primarily in the STEM subjects (science, technology, engineering, and mathematics), at seven universities. Overall, 360 scholarships will be provided by 2014.
- Increase in proportion of women studying STEM subjects: In 2011, the percentage of women on all STEM study programs (on-campus, cooperative, part-time) increased from 13.4 percent in 2010 to 20.7 percent. For cooperative STEM study programs alone, the figure more than doubled to 26 percent.
- Part-time training for single parents: In September 2011, Telekom together with the German Federal Employment Agency launched a project to provide training and study for single parents. In the pilot project, 17 single mothers began training part-time at five of our training centers. In addition, in October 2011, three young mothers started a technical cooperative degree program on a part-time basis.
- Entry-level training for disadvantaged young people (see box on page 48): The program is especially directed at young people from a background of long-term unemployment.
- Migrant background: For our vocational training, we endeavor at each training center to recruit the same percentage of apprentices from a migrant background as are represented in the regional population.

Core of personalized HR development: Performance & Potential Review (PPR) and Compass. The linchpin of our HR development is the valuation of our employees' and executives' performance, competence and potential. A high degree of transparency and comparability aims to ensure that we identify successors and open up challenging, including cross-functional and international career prospects – fostering employee loyalty through precisely targeted support and personalized development. For this purpose, we have the HR development tools Performance & Potential Review and Compass. So, for example, participants of the advancement programs Perspective Management Program (PMP) and General Management Program (GMP) are identified using the PPR ranking and supported appropriately. In 2011, we rolled out the PPR internationally for all employees not covered by collective agreements and for executives. Planning for connecting all international experts to the PPR is already underway.

In Germany, this huge step toward Group-wide transparency was followed by a first step toward greater comparability at employee level, also in 2011: Compass, the new annual development meeting for employees covered by collective agreements and civil servants. Compass enables our employees to precisely assess and put into context where they stand professionally. Thus we reward and encourage good performance and breathe life into our Guiding Principle “Best place to perform and grow.”

Career paths at Telekom.

Wide variety of development opportunities. While we use the PPR at an international level to assess the potential of our executives and employees in expert, project and leadership roles not covered by collective agreements, with Compass, we focus on advancing employees covered by collective agreements. This development is part of our career paths, which we try to make as mutually permeable as possible:

- STEP up! for executive development and
- Go Ahead!, the expert and project career.

We completed preparations for the uniform Group-wide roll-out of Go Ahead! in the reporting year. This is scheduled to take place in mid-2012. We launched Go Ahead! in the T-Systems segment in 2011. Regardless of whether a project, expert or management career, the same always applies: we take high performers from within the company, develop them, network them, and prepare them for tasks with greater responsibility. To this end, we have set up a wide variety of development programs Group-wide, for example under STEP up!.

STEP up!: Internationalization of our development programs. Programs include the global Leadership Development Program (LDP) and the German-language equivalent, the FEP executive development program, which is temporarily still available. In this way, we support employees who are preparing for their first management position with greater, permanent personnel responsibility, but also executives on their way to a more advanced management role. 612 employees and executives took part in LDP and FEP in 2011; 32 percent of them were women. The successful Leadership Excellence Programs (LEP) also support executives in their personal development and in overcoming the challenges they must face once they have made the leap to the next management level. All programs are continuously improved and further developed in line with the requirements of our participants.

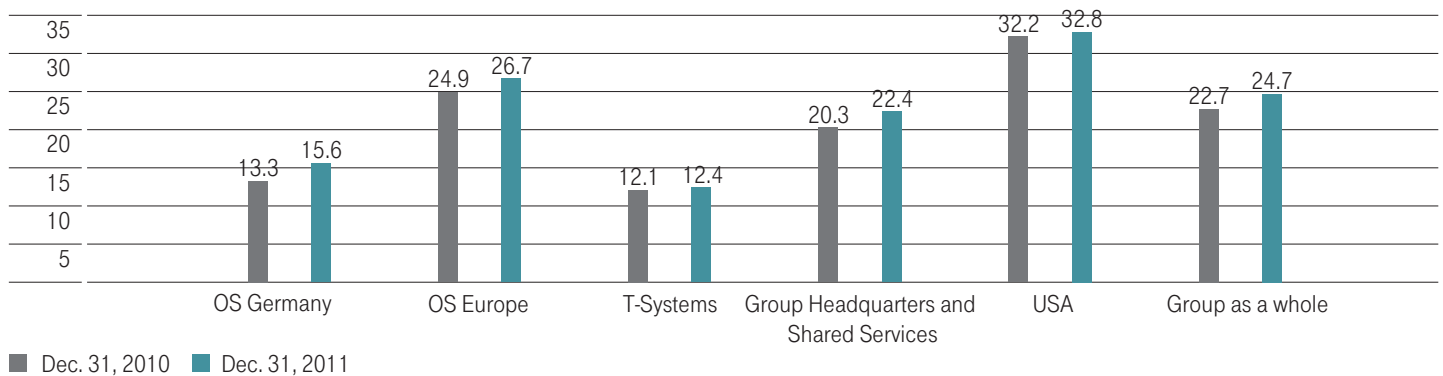
International learning, international mobility.

International HR development. We support an international and cross-functional mindset at Telekom, among our executives and employees through measures with an international focus:

- **Telekom X-change** as an international HR development initiative.
- **Professional programs (PP)** safeguard state-of-the-art technical expertise. Many employees take the opportunity to get a Masters degree to crown their high dedication.
- **Master Classes** address selected top performers from Go Ahead! at the European level.

Women in middle and upper management.

In %.



■ Dec. 31, 2010 ■ Dec. 31, 2011

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The Telekom School of Transformation.

More than a corporate university.

In fiscal year 2011, we initiated the establishment of the Telekom School of Transformation. In the future, it will act as a provider of impetus for the Telekom of tomorrow. The Telekom School reflects changes in society, culture and technology, encourages sustainable solutions for future work and living environments and therefore promotes the continual transformation of Telekom.

The Telekom School of Transformation supports national and international networking within the company in the same way as the dialog with its external stakeholders. It identifies potential for innovation and change and encourages responsible entrepreneurial conduct in employees. It strengthens Telekom on its way to becoming the most highly regarded service company in the sector. Unique learning and experience spaces – virtual and real – allow the development of new competencies, and leeway for thinking opens windows into the future. In this way, our employer promise, The Great Experience, will be immediately tangible at the Telekom School. In mid-2012, the measures and offers of the Telekom School of Transformation will gradually go “live”, thus becoming accessible to our employees.

Gender: More women at the top.

More women in management positions. In 2010, Telekom was the first DAX 30 company to introduce a women’s quota for new appointments and participation in management programs. By the end of 2015, 30 percent of upper and middle management positions are to be filled by women. This rule applies to all of Telekom’s national companies. The Board of Management decision to introduce a women’s quota is a visible expression of the move toward a new corporate culture. In order to achieve this target, we are implementing our program for the women’s quota right along the entire talent pipeline, in our training courses, cooperative and part-time study programs, in our development programs for junior staff, and in our programs for executives, right through to filling top positions. With systematic controlling and monitoring of our appointment and selection processes, we create transparency and ensure that at least 30 percent of women are included in applicant shortlists.

Women's quota: Target for 2011 surpassed. Our commitment to greater diversity in management positions sparked an initially controversial, but now predominantly positive debate in the political and business arenas. Independently of this, after two years, figures have shot up:

- Since the women's quota took effect at the start of 2010, the percentage of female executives worldwide has increased from 19 percent to 24.7 percent.
- There are now seven women in the 66-strong management team below the Group Board of Management, the Business Leader Team.
- As from May 3, 2012, two of Telekom's seven Board of Management positions have been held by women.
- 31 women now hold mandates on Supervisory Boards of Telekom subsidiaries and sub-subsidiaries (20.5 percent). At international subsidiaries, 17 women hold a position on supervisory boards (13.2 percent).
- We are systematically increasing the percentage of talented young women throughout the entire talent pipeline. For Bologna@Telekom, women accounted for 30 percent in 2011.
- In addition, the percentage of women in management development programs increased to almost 32 percent from 2010 to 2011.

With this move, we have established diversity in Germany as a top social issue. We set the bar for the DAX 30 companies. In October 2011, all member companies followed Telekom's lead and voluntarily introduced targets for increasing the number of women in management.

Managing diversity: Gender collaboration training launched for management. The fact that mixed teams are more creative and innovative has been shown by countless studies. In order to exploit this potential and turn diversity into a success factor, Telekom has launched Group-wide gender collaboration trainings. Here we prepare our managers for leading increasingly diverse teams. The main aim of the mandatory training is to firmly embed diversity in the company. We successfully launched the training at European Telekom companies in December 2010 and rolled it out across Europe. We are currently carrying it out at all major locations in Germany.

work-life@telekom: Combining work and private life.

Focus on results instead of presence. We systematically expanded work-life@telekom – our program for improving the work-life balance, launched in 2009 – in Germany in the reporting year. In this way, not only are we driving forward the systematic development of female talent in management positions, we are also offering men flexible working time models in light of changed career expectations. In order to encourage personal responsibility and give employees control over their own time, we have injected some vitality into our voluntary commitments on the issue of work-life balance.

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Driving forward change in the corporate culture.

We supported cultural change in the Group through a range of measures in 2011. Here are four examples:

- Fair Share Award: For the first time, we granted an award to units and persons who strongly advocated the women's quota and the new working culture at Telekom.
- Dialog forums: The events focused on the reconciliation of work and private life.
- Firmly embedding diversity internationally: In the T-Systems segment alone, some 60 diversity projects were launched in the local business units. In the European segment, best practices were exchanged, mainly on flexible worktime and projects on gender and generation management.
- Strengthening female networks: Our women's networks are enjoying large memberships and are supported by the Group. Almost 1,000 women currently take part in the networks. Events are held within the segments as well as across segments and regionally.

Other work-life balance and support offers.

- Diversity consultants: Advice on issues such as the parental leave process and flexibility in workplace and working hours. Contact person for career development matters.
- Fathers' network
- Day care places: total of 379 across Germany. In 2012, approximately 180 more child care places will be added. Expansion to national companies as well
- Child-friendly offices: set up in Germany and Hungary
- Vacation program: fixed component of the company's offering. In the reporting year, there was also a pilot for an international youth exchange program
- Free emergency childcare
- Free support in the search for local childcare facilities
- Advisory and placement service for employees with elderly family members in need of care
- Leave of absence for family emergencies
- Family vacations: over 42,000 employees and their family members took advantage of these offers
- Family-support services: advice and arranging of childcare through the AWO welfare organization's parental service
- The Post Postbank Telekom welfare service provided some EUR 110,000 in studying grants and some EUR 385,000 in support payments in the reporting year.

Work-related use of mobile devices: Group-wide discussion kicked off. In 2011, we made it clear in Germany that there is no obligation to answer cell phones or e-mail messages for work purposes outside of working hours. Since announced and introduced, this voluntary commitment has increasingly been discussed internationally as well. Take, for example, the adapted voluntary commitment at T-Systems in China, where work-related e-mail communication is avoided from Friday 6 p.m. to Monday 8 a.m. Through new ways of working, we want to create a mix that combines excellent performance with attractive employment opportunities and establishes a win-win scenario for company and workforce alike. One example of this is "mobile working," a working model we first introduced at T-Mobile Austria.

Flexible working hours and tailored time off. The voluntary commitment on part-time for executives is beginning to take effect. The number of male and female German executives working part-time has increased to 27. Overall, in Germany alone, more than 14,500 employees work part-time.

New models for taking time out under preparation. In 2012, Telekom is also creating new, tailored offers and financing models for taking a defined period of time away from work. We offer time-out or part-time models, financed in advance by the company, taken for personal reasons – including part-time models for family (family care leave with a special salary model offered since January 2012), continuing education, or social commitment. In addition, a savings model offers the opportunity of taking flexible time-out or tailoring the structure of part-time work.

Standardized parental leave process: Staying in contact with company, colleagues and work area. We further pursued our "Stay in contact" parental leave scheme for all employee groups in 2011. The aim is to support employees even more intensively by systematically staying in contact. This includes offers for planning meetings at the start of and during parental leave, as well as for re-entry meetings.

People with disabilities: employment rate increasing.

Business units of the Deutsche Telekom Group in Germany, in %.

	2009	2010	2011
Germany OS	6.3	6.6	6.7
T-Systems	3.6	3.7	3.8
Group Headquarters and Shared Services	7.7	7.9	8.1
Group (total) in Germany	6.0	6.2	6.3

Open to all talent segments.

Generation@Telekom: Fit to meet the challenges presented by demographic change. The trend toward an aging society is also reflected in Telekom. We have to secure the experience of older employees and at the same time ensure a balanced age mix in the company through the targeted recruitment of younger staff. With Generation@Telekom, we are making Telekom fit to meet these challenges and promoting mutual understanding between the generations. The measures of our HR policy across all phases of life include, for example, "reverse mentoring." An exchange of experience between the generations turned around – younger employees explain the world of the Web 2.0 to older executives. Other measures also include the following:

- Seminars on demographic management
- Workshop series 45+
- Customer advisory council 50plus
- Encouragement of health awareness and provision of offers
- Mentoring of students studying STEM subjects
- Bologna 40plus: special part-time study offers for academic education. We reach employees over 40 through a variety of academic offers. They can opt for individual part-time study modules or complete part-time degree programs. In 2011, eight percent of the 433 part-time students being supported were over 40.

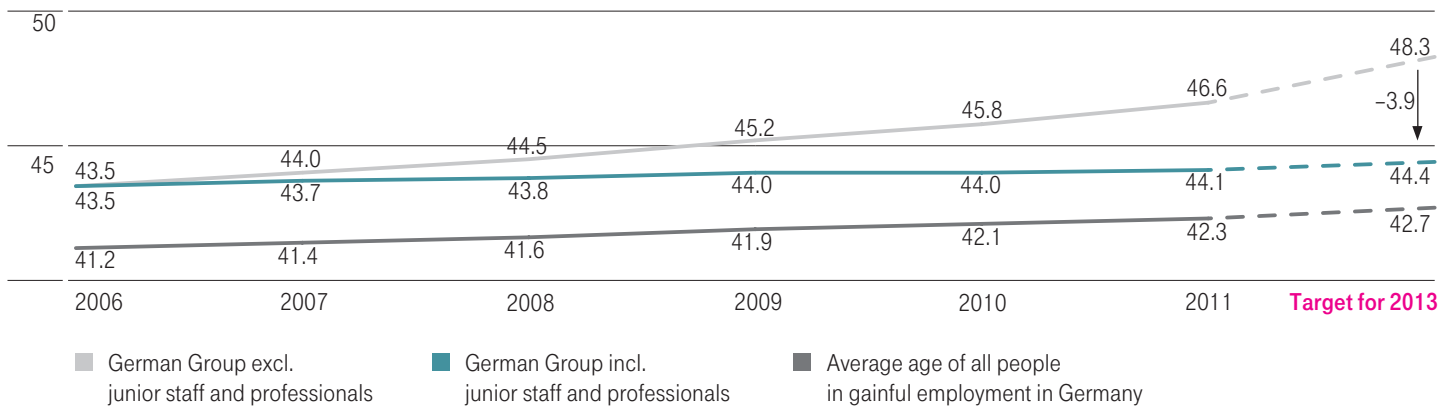
Internationality: Improving exchanges. Encouraging international cooperation between countries and cultures is a central challenge for us. We support the exchange of experiences through our international diversity network with participants from our national companies. Besides our international development programs, other measures to improve intercultural exchange include our involvement in the Diversity Charter and our participation in the "Afrika kommt!" project designed to promote young professionals from African countries.

Sexual identity. Telekom is a strong advocate for an open-minded working environment, where all employees can reach their full potential, regardless of their sexuality. With this in mind, we expanded our "queerbeet" network for lesbian, gay, bisexual and transsexual employees in 2011. We also maintain close partnerships with Völklinger Kreis and Wirtschaftsweiber, two associations for gay and lesbian managers. In addition, we are represented each year at the MILK career days.

People with disabilities: Statutory quota surpassed. Supporting and integrating people with disabilities is important to us. With 6.7 percent disabled employees in the Germany segment, we are well over the statutory quota of five percent. During the reporting year, we took around 1,300 measures to create disabled access to workplaces and stepped up our efforts to find positions for people with severe disabilities in the Fairplay project.

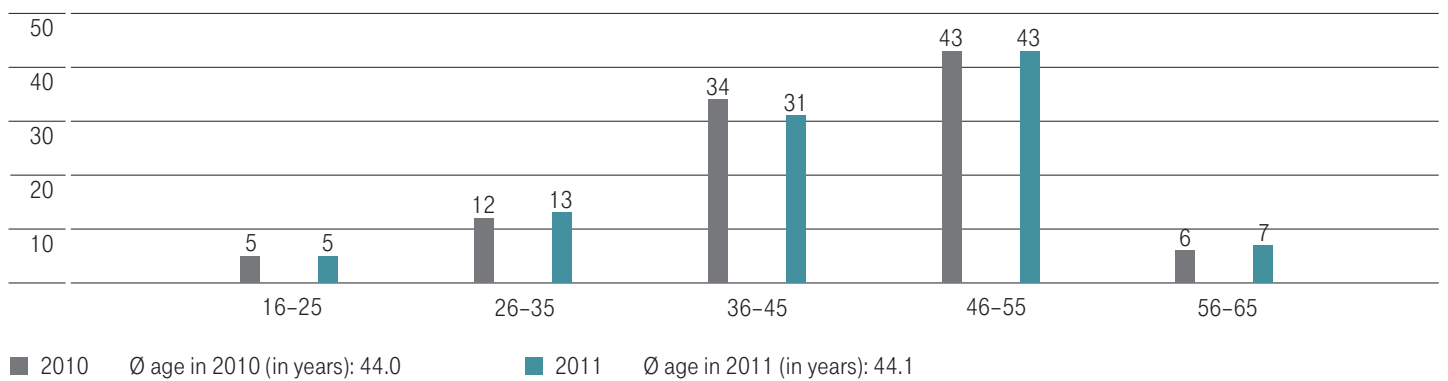
New recruits decelerate the aging progression.

Average age trend at the Group in Germany, in years.



Age structure at Telekom in Germany.

Comparison with 2010/2011, in %.



HR@2012.

For efficient, powerful HR work. Our HR organization's service orientation, efficiency and agility ensure that we give the business the best possible support. To offer our customers and partners in Deutsche Telekom a comprehensive service range of consistently high quality, we are rigorous in focusing our efforts on the demands of the business. We are cutting red tape and are standardizing our HR processes across the Group whilst developing the skills of our HR staff. We are also fine-tuning our HR product portfolio along the lines of simplicity, efficiency and effectiveness.

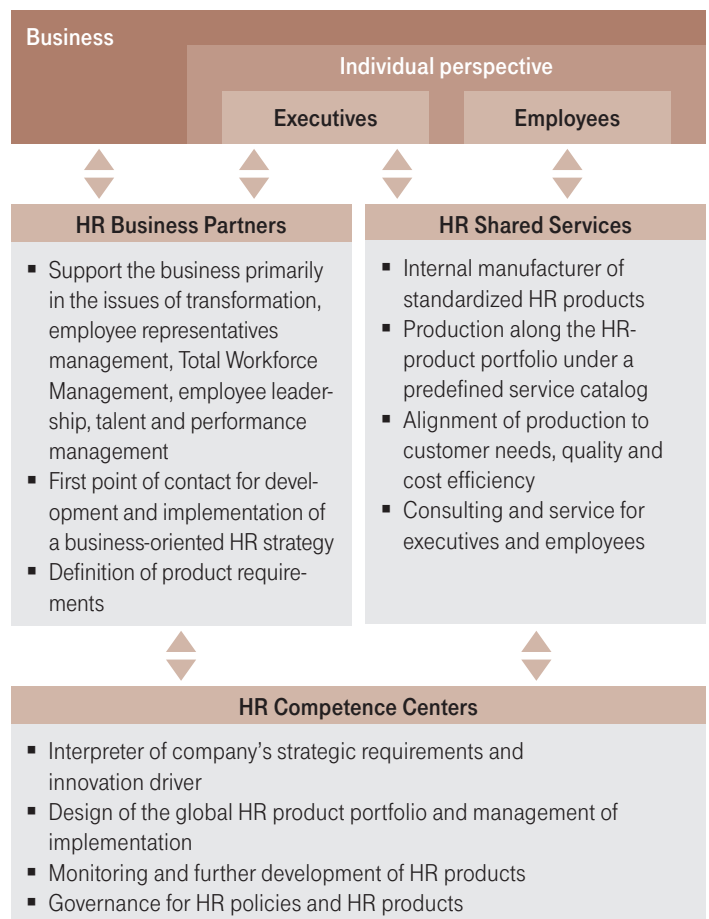
HR excellence with HR@2012. The HR@2012 project is the driving force behind this. Along with its predecessor HR@2009, it comprises a range of concrete measures that we have put together to achieve quality, process and structural improvements, as well as increased efficiencies and cost reductions within HR. As a result, we have been able to reduce our use of resources within HR by around 45 percent to a more competitive level whilst simultaneously improving quality indicators since 2007.

Getting closer to our customers by pooling expertise in service and consultancy.

Strengthening HR's Business Partner role and improved services for executive staff. In addition to improvements in internal cooperation within HR, the year under review has seen us consolidate the HR Business Partner role and establish uniform HR Business Partner areas in all Group units. We have done this in tandem with a more precise definition of – and improvements to – our services for executive staff. We are defining more clearly the difference between HR strategy tasks and administrative HR tasks. HR strategy tasks are being assumed by HR Business Partners in close cooperation with the business units. At the same time executives are enjoying optimum support for the completion of administrative tasks, which form part of their HR responsibilities, through significantly improved self-services and a dedicated call center, the HR Manager Line. In this way we can offer speedy, unbureaucratic and, where possible, automated administration processes.

The three-pronged HR organization.

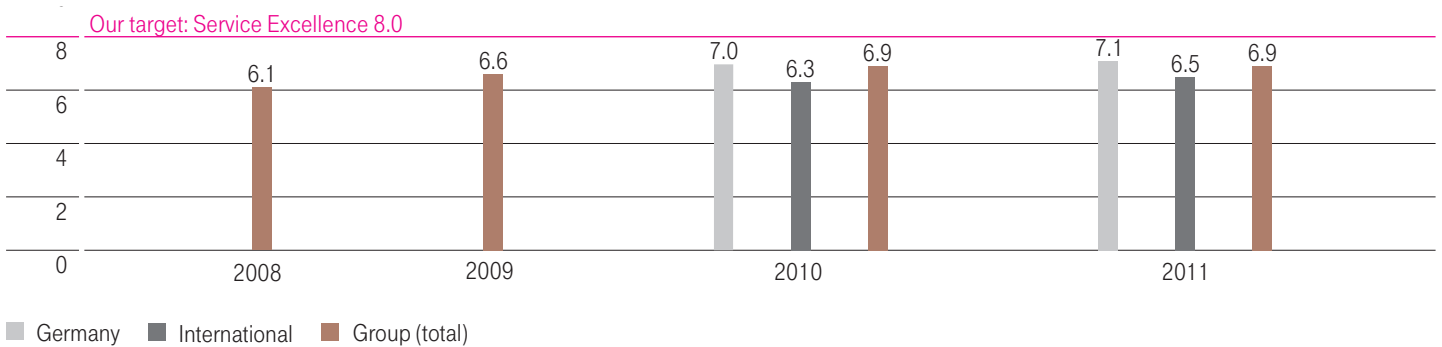
Implementation by May 2012.



- Further significant improvement of internal HR customer satisfaction.
- Strengthening the HR Business Partner role.
- International harmonization, including in HR development.
- Group-wide HR product portfolio and new IT infrastructure for greater customer satisfaction and efficiency.

Satisfaction of executives with HR: increased in Germany and at international level.

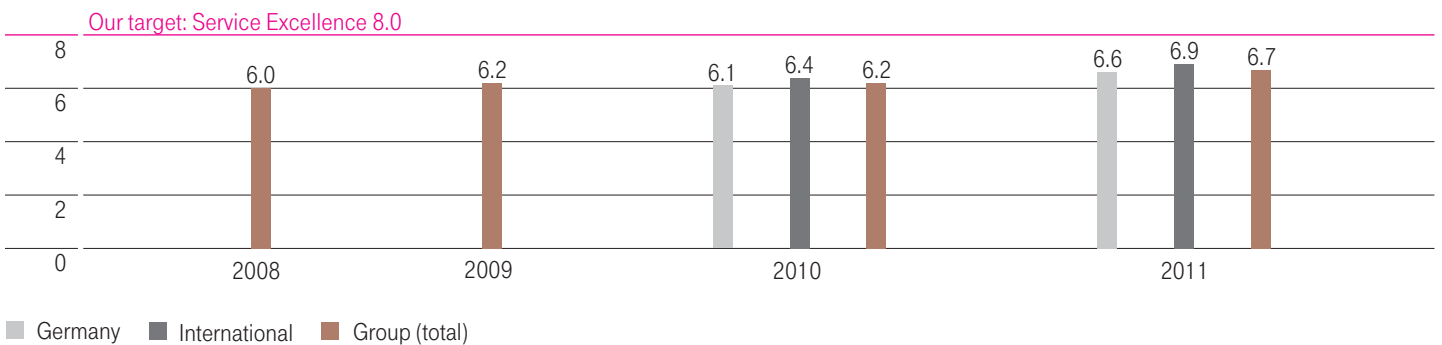
Development 2008 to 2011. Survey among more than 14,000 executives in 33 countries.



*Level unchanged for 2011, as many new international units were included in the survey for the first time. The level for the overall Group did not improve due to the increased number of survey participants with an average value of 6.5.

Satisfaction of employees with HR.

Development 2008 to 2011. Survey among more than 50,000 employees in 33 countries.



Development of internal HR service quality.

	Ø 2008	Ø 2009	Ø 2010	Ø 2011
Availability (overall)*	79 %	76 %	87 %	95 %
Complaints rate**	0.49 %	0.37 %	0.23 %	0.06 %

In 2011, HR Services Telekom (PST)

- supported around 125,000 active employees along with 125,000 pension recipients,
- in addition to the total order volume, processed some 1.1 million travel expense statements and 1.5 million payslips,
- received some 350,000 telephone inquiries, of which 84 % were resolved on first contact.

WD (working days): All data refers to workdays at HR Services Telekom (PST).

* Target 2011 = 80 %

**Values relate to complaints received by PST.

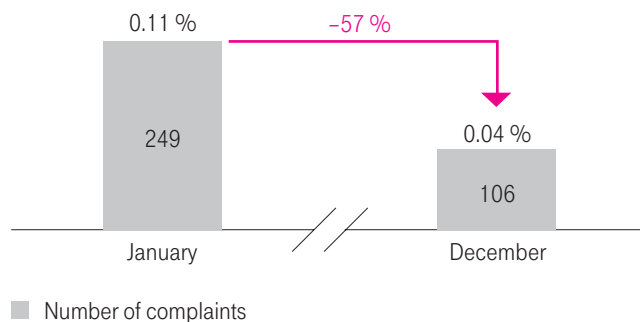
Customer Experience: consistent focus on customers. The main aim of this project is to give our executives the optimum motivational support in their many day-to-day activities. Whether it is a matter of writing references or the induction of junior staff, a change of roles within Deutsche Telekom or employees returning to work from parental leave: we want to offer our customers a service experience that is second to none, every time. This is why we are streamlining and simplifying our processes and products as part of our Customer Experience project. Customer feedback and surveys testify to the project's success.

HR Services Telekom. A substantial contribution to greater customer satisfaction is being made by HR Services Telekom (PST), our central contact point for all our German Group employees. The Employee Chat option is one aspect that is becoming more and more popular. It is a place where employees can get quick expert information on any concerns they may have. Definite improvements in quantifiable operative service quality show that this service is on the right track. Regular customer satisfaction assessments through the year also help us review our service success. As a result, in December 2011 our employees awarded us a high satisfaction rating (7.9 on a scale of 0 to 10; target value: 8.0) for our HR services.

2011 saw us revive the "HR on site" roadshow, allowing us to reach 25,000 staff personally at our sites in Germany. In more than 1,500 customer consultations we were able to deal with most concerns on the spot. In addition, we gained important stimuli for advancements in our HR products and for the quality of our HR work.

HR Services: complaint rate halved.

Overall, HR Services Telekom (PST) managed a total volume of some 2.1 million transactions in 2011.



Training and development at HR.

Best HR People and HR CAMPUS. The expertise and performance of our HR team are a major component in achieving HR excellence. Consequently the purpose of our Best HR People project is to make lasting improvements to the skills and performance levels of all our staff.

Tailor-made HR development: the HR CAMPUS modules.

One example of our HR staff upskilling activities, through which we also want to improve our focus on the business and our customers, is the HR CAMPUS program. Currently this gives our staff seven training modules for further development (cooperative negotiations, confident appearance, advisory skills, project management, employment law, success in HR work).

Finding and nurturing HR talent. The HR heads in many of our national companies have seized the initiative to identify and nurture HR talent both within and beyond their own field. Cross-sector support for this comes in the form of the European HR talent pool. In addition we are using the Start up! program to continuously recruit highly qualified junior HR staff. Since 2008 more than 30 HR talents have taken part in this program for those with high potential.

HR internationalization and harmonization.

Better service and greater efficiency by means of Group-wide product systemization. To implement our HR range across business areas and national boundaries transparently and effectively, we have developed a standardized service catalog for our Group-wide HR products. Customer focus is the top priority – with a consistent wording and clearly defined terms. The basis for our global product management is a consistent, systematic HR portfolio. So our customers enjoy both the benefits of an HR product portfolio that is focused and centered on their requirements and the fact that the HR area can adapt more speedily to changes within the Group.

Global HR Service Architecture and MyPortal. To enable us to act Group-wide as uniformly as possible and as specifically as is needed, we rely on a globally standardized HR IT architecture. The Global HR Service Architecture (GHSA) should create the highest levels of flexibility, to enable the greatest possible harmonization of processes and systems, whilst simultaneously offering HR customers the best services. We got off to a successful start in the Netherlands at the beginning of 2012.

The MyPortal platform lies at the heart of GHSA. The central access portal makes it quick and easy for every employee to access all the HR services relevant to them. Users only need to log in once to access the specialist portals and to create favorites lists. MyPortal has been conceived and developed according to state-of-the-art knowledge in terms of user guidance, programming and accessibility. It was launched in our German companies and in the international GHSA pilot company, T-Mobile Netherlands, in the first quarter of 2012. In future, the specialist portals of all Deutsche Telekom's German and international units and companies will be gradually integrated into MyPortal.

Intensive employer/employee relationship.

Active cooperation on both a German and international level.

Again in 2011 we successfully continued to pursue intensive and constructive dialog with the bodies representing employees within the Group in Germany. The implementation of numerous measures and projects would not have been possible without the active participation of elected employee representatives. This is where we are seeing the fruits of our commitment to cooperation based on trust, as outlined in the Group Policy on Employee Relations (see box "Global Employee Relations Management"). We will continue to seek and foster active employer/employee relationships. A key role here falls to the Group Works Council, our contact point for all co-determination issues within the Group in Germany. The Group Chief Human Resources Officer has set great store by the involvement of the Group Works Council in the last year too; he was a regular participant at Group Works Council meetings, almost always attending personally. In the European Works Council (EWC), too, Deutsche Telekom nurtures an active relationship with the employee representatives of our European subsidiaries and affiliated companies.

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Global Employee Relations Management

International groups such as Deutsche Telekom are required to define uniform standards for their global HR policy without ignoring local characteristics. At the "Employee relations in a connected world" conference in early May 2011, 70 leading executives from international businesses discussed the challenges presented by employee relations. This formed the basis for Deutsche Telekom's ongoing consultation with other employers to formulate forward-looking employee relations. Moreover, in its globally applicable Employee Relations Policy the Group commits itself to a high level of uniform minimum standards worldwide in dealing with its employees, taking account of different cultures, laws and needs. A monitoring system will ensure compliance with these principles once the policy has been implemented Group-wide.

Glossary.

Service Academy.

Continuous qualification measure for our executives in Germany since 2008. Supports our executives in their role as service role models, ambassadors and multipliers for our corporate culture.

Go Ahead!

Group-wide expert development. Go Ahead! facilitates uniform skills management with Group-wide standards in expert development.

STEP up!

STEP up! (Systematic & Transparent Executive Development Program) is the Group-wide HR development system which addresses executives throughout the Group.

HR@2012.

One of HR's top projects. Reorganization of HR for more quality and efficiency through sharpening the three-role model and a consistent alignment with business requirements.

HR – Your partner in business.

HR's mission, based on four strategic cornerstones: Add Value, Enable Transformation, Best People and HR Excellence.

Add Value.

Staff performance, company labor costs in line with the market.

Best People.

Long-term HR development focused on promoting employees from among the company's own ranks.

Enable Transformation.

Development of a service culture embraced by all executives and employees. Objective: to create a common understanding of service excellence within the Group.

HR Excellence.

Reorganization of the HR department. The HR@2012 project has been designed to sharpen HR's profile as a "partner in business."



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