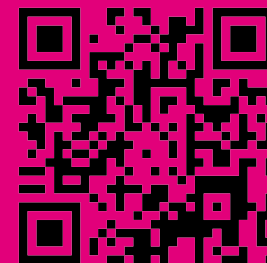


DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2012

BONN, DECEMBER 6-7, 2012

WWW.TELEKOM.COM/CMD12





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AGENDA: DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2012

THURSDAY, DECEMBER 6th, 2012

17:00 – 17:30 Registration

17:30 – 18:15 **Group Strategy and Outlook** René Obermann 


18:15 – 19:00 **USA** John Legere
Neville Ray 
Braxton Carter


19:30 Evening Event @ T-Gallery
Product & Innovation @ DT Thomas Kiessling

 Live webcasted


All dates CET (Bonn); GMT (London) -1 h, ET (New York) -6 h, PST (San Francisco) -9 h


FRIDAY, DECEMBER 7th, 2012

9.00 – 10:00 **Europe** (incl. Q&A) Claudia Nemat 

10:00 – 11:00 **Germany** Niek Jan van Damme 

11:00 – 11:15 Coffee Break

11:15 – 12:15 **Systems Solutions** Reinhard Clemens 
(incl. Q&A) Klaus Werner

12:15 – 13:00 **Finance** Timotheus Höttges 

13:00 – 13:30 Lunch

13:30 – 14:30 3 parallel **breakout Q&A** Top Management
sessions for DT Group,
Germany, USA

14:30 – 15:00 End



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DISCLAIMER.

This compilation of documents contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions and business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, free cash flow, gross debt and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.



SAFE HARBOR STATEMENT.

Additional Information and Where to Find It

This compilation of documents also relates to a proposed transaction between MetroPCS Communications, Inc. ("MetroPCS") and Deutsche Telekom AG ("Deutsche Telekom") in connection with T-Mobile USA, Inc. ("T-Mobile"). The proposed transaction will become the subject of a proxy statement to be filed by MetroPCS with the Securities and Exchange Commission (the "SEC"). This document is not a substitute for the proxy statement or any other document that MetroPCS may file with the SEC or send to its stockholders in connection with the proposed transaction. MetroPCS' investors and security holders are urged to read the proxy statement (including all amendments and supplements thereto) and all other relevant documents regarding the proposed transaction filed with the SEC or sent to MetroPCS' stockholders as they become available because they will contain important information about the proposed transaction. All documents, when filed, will be available free of charge at the SEC's website (www.sec.gov). You may also obtain these documents by contacting MetroPCS' Investor Relations department at +1 (214) 570 - 4641, or via e-mail at investor.relations@metropcs.com. This communication does not constitute a solicitation of any vote or approval.

Participants in the Solicitation

MetroPCS and its directors and executive officers will be deemed to be participants in any solicitation of proxies in connection with the proposed transaction, and Deutsche Telekom and its directors and executive officers may be deemed to be participants in such solicitation. Information about MetroPCS' directors and executive officers is available in MetroPCS' proxy statement dated April 16, 2012 for its 2012 Annual Meeting of Stockholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC regarding the proposed transaction when they become available. Investors should read the proxy statement carefully when it becomes available before making any voting or investment decisions.

Cautionary Statement Regarding Forward-Looking Statements

This compilation of documents includes "forward-looking statements" for the purpose of the "safe harbor" provisions within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Any statements made in this compilation of documents that are not statements of historical fact, including statements about our beliefs, opinions, projections, and expectations, are forward-looking statements and should be evaluated as such. These forward-looking statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "views," "projects," "should," "would," "could," "may," "become," "forecast," and other similar expressions.

All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, many of which are generally outside the control of MetroPCS, Deutsche Telekom and T-Mobile and are difficult to predict. Examples of such risks and uncertainties include, but are not limited to, the possibility that the proposed transaction is delayed or does not close, including due to the failure to receive the required MetroPCS stockholder approvals or required regulatory approvals, the taking of governmental action (including the passage of legislation) to block the transaction, the failure to satisfy other closing conditions, the possibility that the expected synergies will not be realized, or will not be realized within the expected time period, the significant capital commitments of MetroPCS and T-Mobile, global economic conditions, disruptions to the credit and financial markets, fluctuations in exchange rates, competitive actions taken by other companies, natural disasters, difficulties in integrating the two companies, disruption from the transaction making it more difficult to maintain business and operational relationships, possible disruptions or intrusions of MetroPCS' or T-Mobile's network, billing, operational support and customer care systems which may limit or disrupt their ability to provide service, actions taken or conditions imposed by governmental or other regulatory authorities and the exposure to litigation. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the MetroPCS' 2011 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 and other filings with the SEC available at the SEC's website (www.sec.gov).

The forward-looking statements speak only as to the date made, are based on current assumptions and expectations, and are subject to the factors above, among others, and involve risks, uncertainties and assumptions, many of which are beyond our ability to control or ability to predict. Neither MetroPCS' investors and security holders nor any other person should place undue reliance on these forward-looking statements. Neither MetroPCS, Deutsche Telekom nor any other party undertake any duty to update any forward-looking statement to reflect events after the date of these documents, except as required by law.



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DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2012 GROUP STRATEGY & OUTLOOK

RENÉ OBERMANN



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KEY MESSAGES.

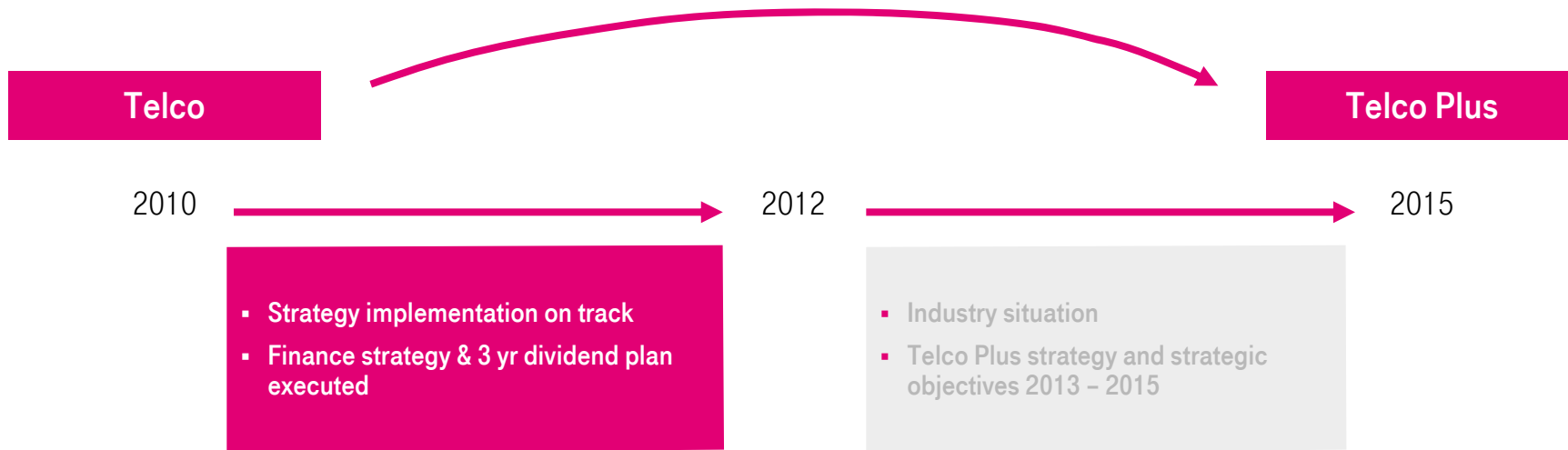
- 1 Key objectives achieved against industry trend – 2012 guidance reiterated
- 2 Significant investments in Germany and the US
- 3 Agreement with Apple for T-Mobile US
- 4 Chance to return to modest growth by 2014 driven by
 - revenue stabilization in Germany in 2014
 - return to underlying growth in Europe in 2014
 - return to growth at TMUS
- 5 Investments lead to lower FCF. Dividend lowered to a prudent and sustainable level



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REVIEW 2010 – 2012

FROM TELCO TO TELCO PLUS.



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2010 – 2012: ACHIEVEMENTS.



Valuation increase €1.7 bn of DT's stake – good operational development



Improved position after AT&T deal break-up



Broadband share kept broadly stable, 4pp margin enhancement

FIX

TRANSFORM



“One Company” in Germany and 3 major markets



€4.5 bn Save for Service savings achieved one year ahead of plan



“Telekom IT” established – €1 bn IT spend reduction by 2015



Growth areas overall mostly on track for 2015 ambition



Corporate innovation priorities defined



Partnering accelerating

INNOVATE

INVESTORS



3 year dividend program



Good relative TSR and valuation performance versus peers



Strict M&A discipline and good deal execution



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2010 – 2012: TMUS BUILDING CHALLENGER POSITION.



AT&T BREAK-UP



- AWS spectrum and \$3 bn cash received as break-up fee

NETWORK MODERNIZATION



- \$4 bn network investment
- Site upgrades and spectrum re-farming

VERIZON SPECTRUM SWAP



- Enable more efficient network
- Higher LTE coverage

TOWER TRANSACTION



- \$2.5 bn proceeds
- Maintaining operational flexibility

MetroPCS COMBINATION



- Creating the leading value carrier
- Improved spectrum position



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2010 – 2012: PERFORMANCE TOWARDS AMBITION LEVEL.

GROUP WIDE TV CUSTOMERS

5.5 – 6.0 mn



GROUP WIDE MOBILE CUSTOMERS

>140 mn



GROUP WIDE FIXED BROADBAND RETAIL CUSTOMERS

>18 mn



REVENUES

>€6 bn mobile internet revenues



German revenues stabilized



SAVE FOR SERVICE 2010-2012

€4.2 bn savings, of which €1.8 bn net savings in GER & SEE



FCF

Increasing from 2010 level of around €6.2 bn



ROCE

+ >150bps



SHAREHOLDER REMUNERATION 2010-2012

€3.4 bn per annum, €0.70 minimum dividend per share









+ up to €1.2 bn share buybacks



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2010 – 2012: DT WITH ABOVE AVERAGE SHAREHOLDER RETURNS.

	TSR ¹	EV/EBITDA ^{2,3}		5YR CDS (BPS) ³		RATINGS ^{3,4}	
	SINCE 2010	2010	2012	2010	2012	2010	2012
	37.3%	4.7x	4.8x	64	68	A-	A-
	13.5%	4.8x	4.7x	74	91	BBB+	BBB+
	-21.6%	5.1x	3.8x	119	292	BBB	BBB
	-27.0%	6.1x	4.7x	91	264	A-	BBB
	-34.0%	5.3x	3.7x	46	124	A-	A-
	-53.1%	5.7x	4.1x	55	170	BBB+	BBB



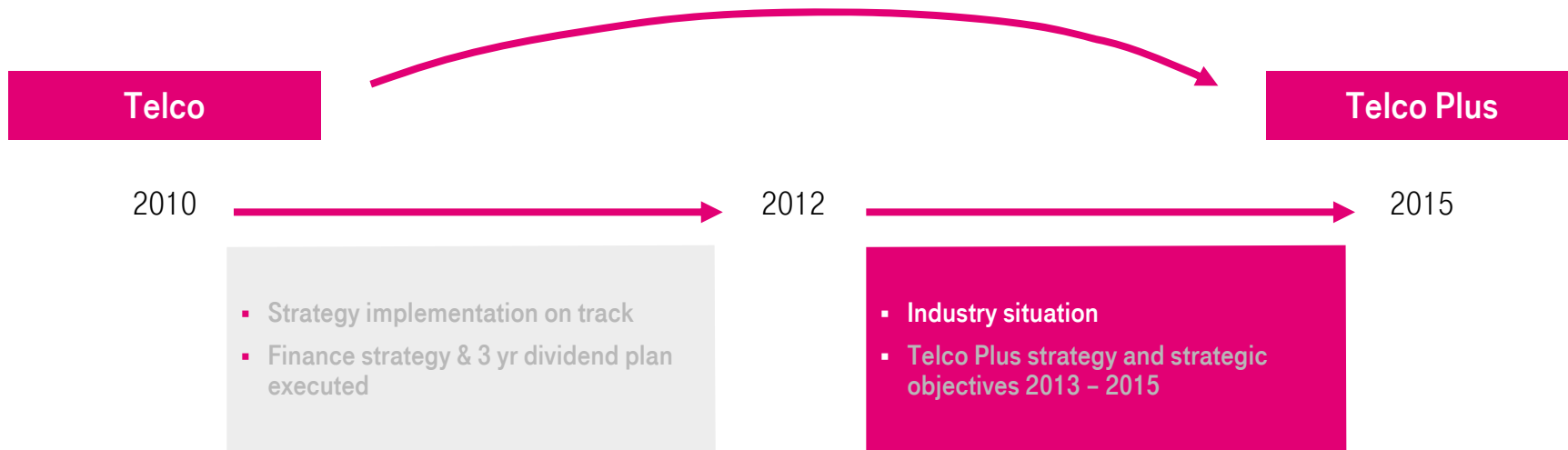
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Source: Company Information, FactSet, Bloomberg, Citi, Standard & Poors.

¹ Total Shareholder Return 25.02.2010 – 30.11.2012. ² EV/EBITDA calendarised for 2010 and 2012. ³ End of Jan 2010 and Nov 2012. ⁴ S&P Ratings

MARKET & TRENDS

WE INVEST FOR LONG TERM GROWTH.



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INDUSTRY SITUATION AND MAJOR TRENDS.

PRESSURES

OPPORTUNITIES

TOUGH ECONOMIC
SITUATION



SATURATED MARKETS,
CONTINUED PRICE
PRESSURE



IP TRANSFORMATION

Virtual PBX



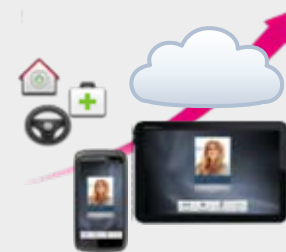
QoS

Efficient
Networks

CHANGING REGULATION



GROWTH MARKETS



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REGULATION: NEW PROSPECTS FOR HIGHER INVESTMENT LEVELS.

NEW EU REGULATORY POLICY PROPOSAL¹

- Reliable regulatory framework until 2020
- ULL charges stable until 2020
- No cost regulation for optical fiber/NGA networks if sufficient competition and non-discrimination
- NGA networks also include VDSL, FTTC – vectoring also supported by the EU



**“I intend to produce durable regulatory guidance, to apply at least until 2020.”
(Neelie Kroes)¹**

IMPLICATION FOR GERMANY

Encouraging comments have to materialize and are a precondition for increased network investments



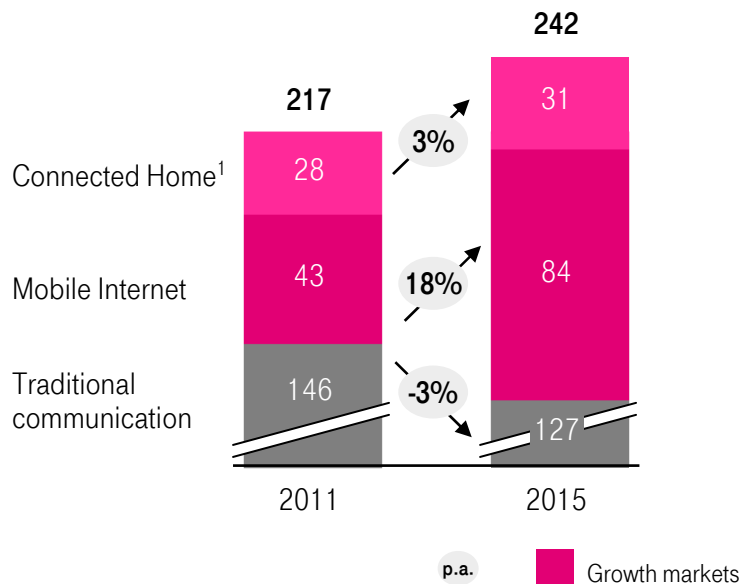
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¹ EC Digital Agenda Statement , 07/12/2012, SPEECH 12-552 and MEMO 12-554.

MARKET PROJECTIONS.

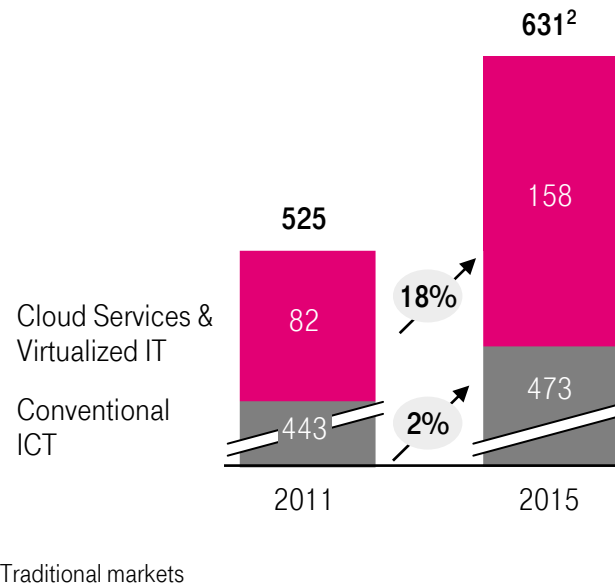
TELECOMMUNICATION

€ bn



INFORMATION & COMMUNICATIONS TECHNOLOGY

€ bn



¹ Incl. TV ² Intelligent Networks partially included.

Source: DT planning for footprint, based on market insights and various external sources (e.g., Gartner, IDC, Analysys Mason).

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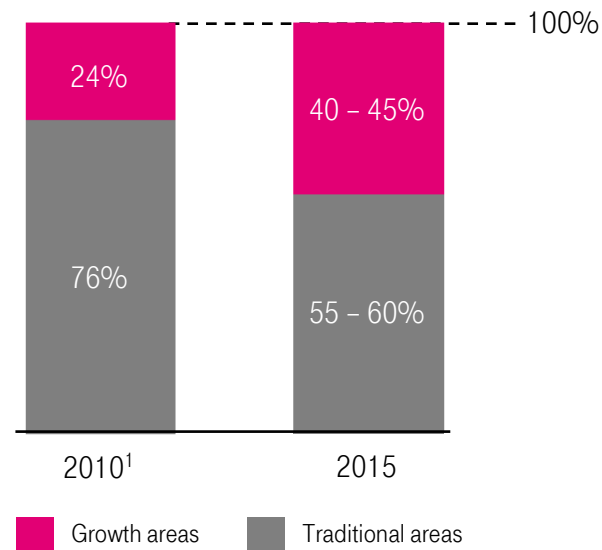
TRANSFORMATION OF REVENUE MIX.

DEUTSCHE TELEKOM GROWTH AREAS AND AMBITION 2015

MOBILE INTERNET	≈€10 bn
CONNECTED HOME	≈€7 bn
ONLINE CONSUMER SERVICES	≈€2 bn
T-SYSTEMS EXTERNAL (INCL. CLOUD)	≈€7 bn
INTELLIGENT NETWORKS	≈€1 bn



REVENUE MIX DT GROUP

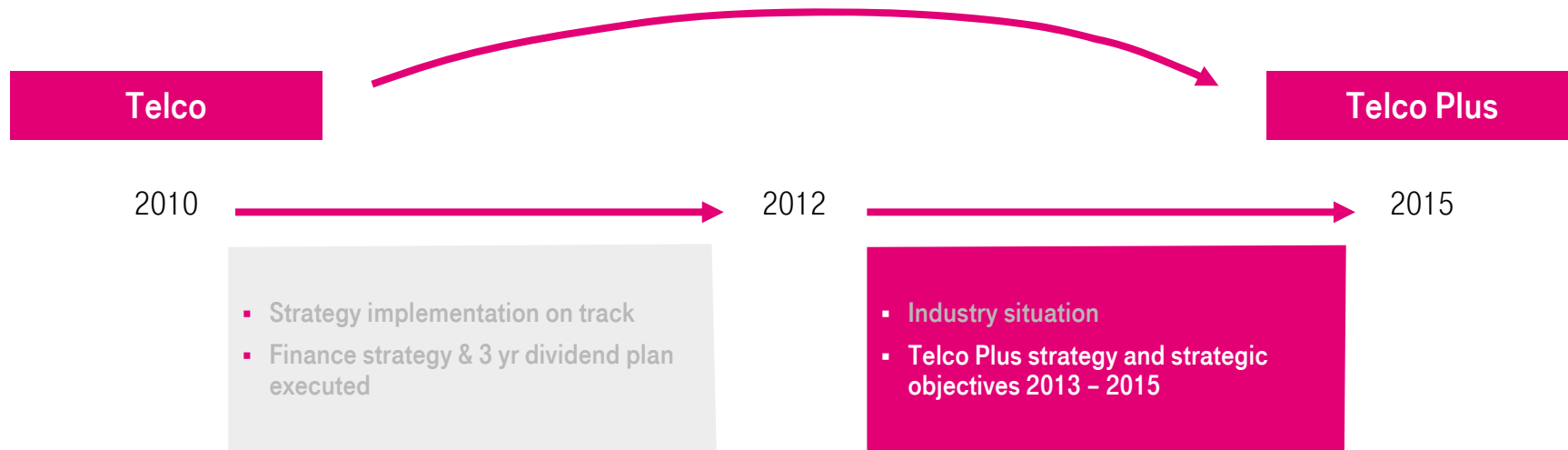


¹ Beginning of 2010.

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STRATEGY 2013 – 2015

WE INVEST FOR LONG TERM GROWTH.



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STRATEGIC OBJECTIVES 2013 – 2015 PER SEGMENT.

GERMANY



Stabilize revenues
in 2014

EUROPE



Return to underlying
growth in 2014

USA



Reinvigorate growth

DBU



Generate
double-digit growth

T-SYSTEMS



Market Unit:
Profitable growth
Telekom IT:
Spend reduction



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TELCO PLUS.

Seamless connectivity for the Gigabit Society

More innovation by cooperation

Secure cloud solutions

Best-in-class customer experience



INNOVATE



Corporate Innovation Priorities



Intelligent Networks



Dynamic Cloud Services



SMB Business Marketplace



TRANSFORM



Continued efficiency improvement, target €2 bn



All IP Transformation



Telekom IT



COMPETE



K1 & Customer Experience Transformation Europe



Mobile Internet Push Europe



Network Modernization US + Apple Partnership

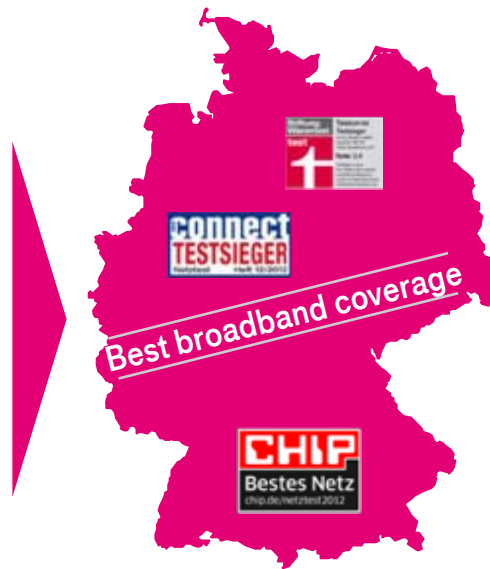
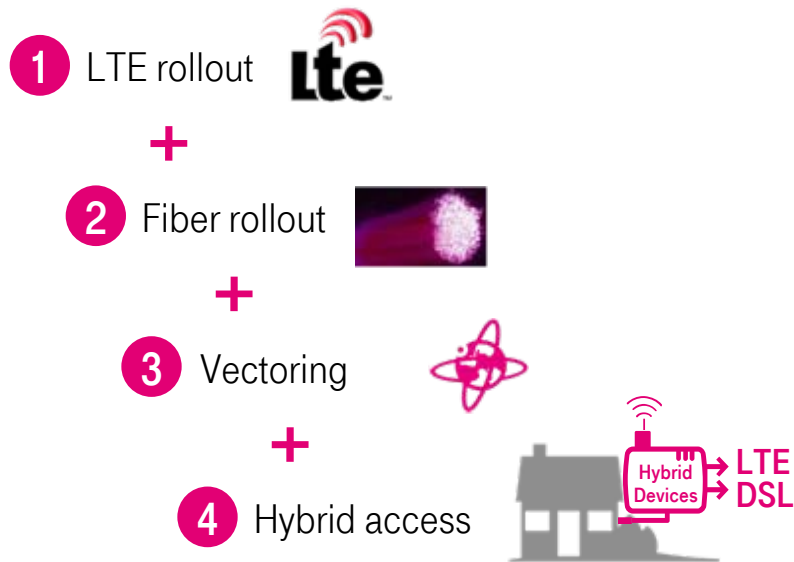


Integrated Network Strategy Germany



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INTEGRATED NETWORK STRATEGY GERMANY.



- LTE: 85% coverage in 2016
- Fiber: around 65% coverage in 2016 with an option towards 80% (subject to public co-funding)

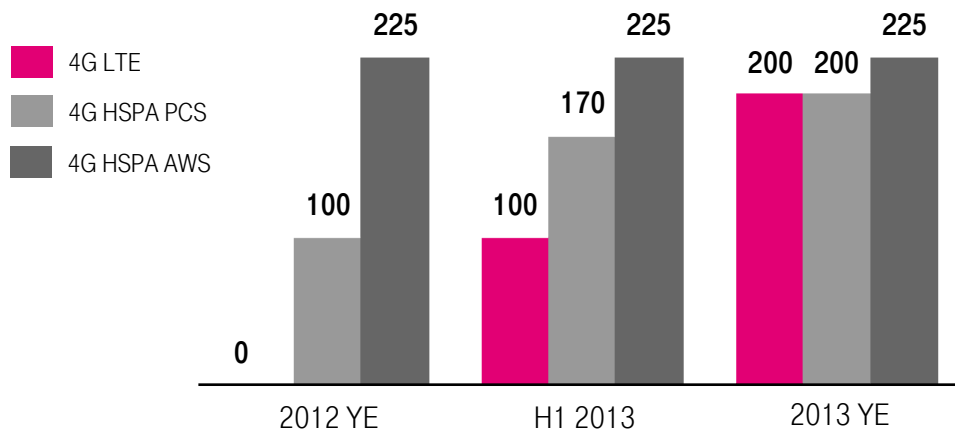


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NETWORK MODERNIZATION US + APPLE PARTNERSHIP.

NETWORK MODERNIZATION PROGRESSING RAPIDLY

mn population



4G (LTE AND HSPA) COVERAGE



APPLE PARTNERSHIP



- TMUS has entered into an agreement with Apple to bring products to market together next year
- TMUS 2013 financial guidance incorporates all financials related to this agreement

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FINANCIAL OUTLOOK

INVESTING INTO DT'S FUTURE – CAPEX AND FCF PROFILES.



Integrated Network Strategy

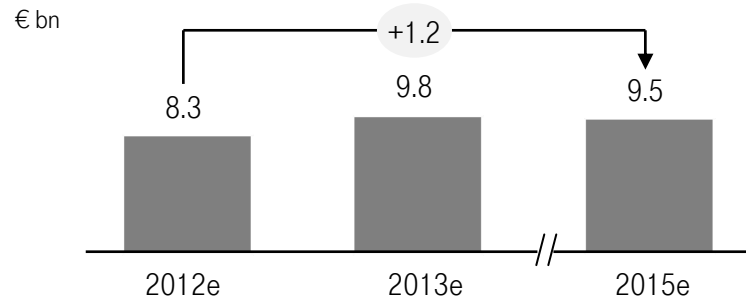
- Gross Capex FTTC/Vectoring: ≈€6 bn
- Capex Germany:
 - 2013: ≈€3.4 bn
 - 2014: ≈€4.1 bn
 - 2015: ≈€4.3 bn



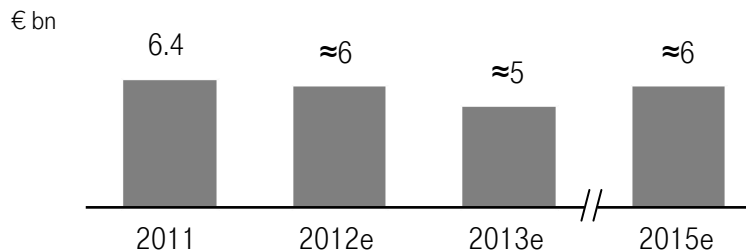
Network modernization & PCS integration

- Network modernization gross Capex: \$4 bn
- Capex TMUS:
 - 2013: ≈\$4.7–4.8 bn
 - 2014: ≈\$3.0 bn
 - 2015: ≈\$3.1 bn

CAPEX PROFILE 2012 – 2015



FCF PROFILE 2011 – 2015



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INVESTING INTO DT'S FUTURE – FINANCIAL SUMMARY.

EQUITY

New **Shareholder Remuneration** policy

- **Dividend¹**
 - FY 2012: €0.70
 - FY 2013: €0.50
 - FY 2014: €0.50
 - FY 2015: re-visit
- Attractive option: Dividend in kind

STAKEHOLDER MANAGEMENT

TELCO PLUS



COMPETE



TRANSFORM



INNOVATE

VALUE CREATION

- **EFFICIENCY MANAGEMENT**
Reduce indirect costs by €2 bn²
Increase ROCE to 5.5% (+150bp)
- **PORTFOLIO MANAGEMENT**
No big M&A, Strategic review of Scout and EE
- **RISK MANAGEMENT**
Low risk country portfolio (85% of SotP)

DEBT

Undisputed **access** to debt capital markets

- **Rating:** A-/BBB
- **Net debt/adj. EBITDA:** 2-2.5x
- **Equity ratio:** 25 – 35%
- **Liquidity reserve:** covering maturities of coming 24 months

STAKEHOLDER MANAGEMENT



¹ Subject to necessary AGM approval and board resolution.

² Cum delta by 2015 vs. 2012 base line.

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2013 GUIDANCE & MID TERM AMBITION

DT GROUP GUIDANCE 2013 AND MID TERM AMBITION.

	GUIDANCE 2013 (EXCL./INCL. PCS)	MID TERM AMBITION (INCL. PCS)
GROUP REVENUES		Growing 2014
GROUP Adj. EBITDA	≈€17.4 bn/≈€18.4 bn	Growing 2014
GROUP FCF	≈€5 bn/≈€5 bn	≈€6 bn 2015
GROUP Adj. EPS		Improvement to ≈€0.8 2015
GROUP ROCE		Improvement to ≈5.5% 2015
SHAREHOLDER REMUNERATION POLICY	DPS €0.50/DPS €0.50	Review 2015



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KEY MESSAGES.

- 1 Key objectives achieved against industry trend – 2012 guidance reiterated
- 2 Significant investments in Germany and the US
- 3 Agreement with Apple for T-Mobile US
- 4 Chance to return to modest growth by 2014 driven by
 - revenue stabilization in Germany in 2014
 - return to underlying growth in Europe in 2014
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DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2012 T-MOBILE USA.

JOHN LEGERE, PRESIDENT AND CEO

NEVILLE RAY, CTO

BRAXTON CARTER, VICE CHAIRMAN AND CFO, METROPCS



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KEY MESSAGES.

- MetroPCS combination accelerates Challenger strategy.
- Clear path toward 100 million LTE POP coverage by mid-year 2013, 200 million by end of year 2013 – with 2x10 MHz in nearly 90% of Top 25 service areas, expanding to at least 2x20 MHz in 90% of Top 25 service areas in 2014+.
- TMUS has entered into an agreement with Apple to bring products to market together next year – impact fully included in go forward financials.
- Bringing together a set of innovative propositions to fundamentally challenge status quo, TMUS will become the “Un-carrier”.
- 2013 will be year of investments. This will have a positive impact on EBITDA from 2014 onwards.
- Ambition: reconfirming 5-year CAGRs including 3 – 5% revenue growth.



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APPLE PARTNERSHIP.

- TMUS is excited to announce it has entered into an agreement with Apple to bring products to market together next year
- Details to be provided closer to device launch
- Go forward financials fully reflect estimated impact of Apple products on our business:
 - Included in 2013 guidance
 - Accretive to EBITDA and oFCF starting in 2014



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REVIEW 2010 – 2012

RECAP—JAN 2011 INVESTOR DAY TARGETS BEFORE AT&T DEAL.

	TARGETS	2012E (US GAAP)	
SERVICE REVENUE (\$ BILLION)	Increasing	17.2 (-6.7% yoy)	●
CONTRACT DATA ARPU ^{1,2}	\$18	\$19	●
SMARTPHONE PENETRATION ²	50%	57%	●
CONTRACT CHURN ^{1,2}	1.8%	2.3%	●
EBITDA MARGIN (%)	Low 30s	28%	●
OFCF (EXCL. SPECTRUM) (\$ BILLION)	Increasing	2.2 (-27% yoy)	●



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¹ Based on branded contract data ARPU and branded contract churn ² Q1-Q3 actual

IN 2011 – 12, WE HAVE MADE PROGRESS ACROSS MULTIPLE FRONTS.

	2011	2012
AMAZING 4G SERVICES	<ul style="list-style-type: none">▪ Launched America's largest 4G network▪ Introduced 25+ 4G smart phones	<ul style="list-style-type: none">▪ Cleared PCS spectrum, launched modernization▪ HSPA 1900 available across major markets by YE
VALUE LEADER	<ul style="list-style-type: none">▪ Innovated with nation's only SIM-only contract plans	<ul style="list-style-type: none">▪ Launched truly unlimited nationwide 4G data plans
TRUSTED BRAND	<ul style="list-style-type: none">▪ Unveiled refreshed store design	<ul style="list-style-type: none">▪ Converted 1,400 stores to new format▪ Expanded distribution presence
MULTI-SEGMENT PLAYER	<ul style="list-style-type: none">▪ Advanced Walmart partnership▪ Launched Monthly 4G plans	<ul style="list-style-type: none">▪ Expanded MVNO partnership▪ Announced MetroPCS deal▪ Launched B2B push
CHALLENGER BUSINESS MODEL	<ul style="list-style-type: none">▪ Transformed cost structure▪ Launched comprehensive churn programs	<ul style="list-style-type: none">▪ Aggressively re-contracted base▪ Announced MetroPCS deal▪ On track to achieve \$900 million gross savings



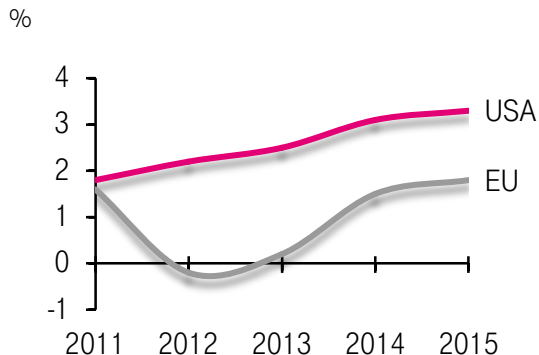
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MARKET TRENDS

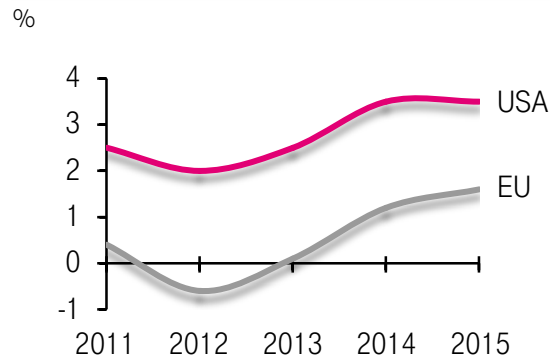
ATTRACTIVE MACRO CONDITIONS IN US.

Better macro-economic outlook in the U.S.

GDP GROWTH



PRIVATE CONSUMPTION GROWTH



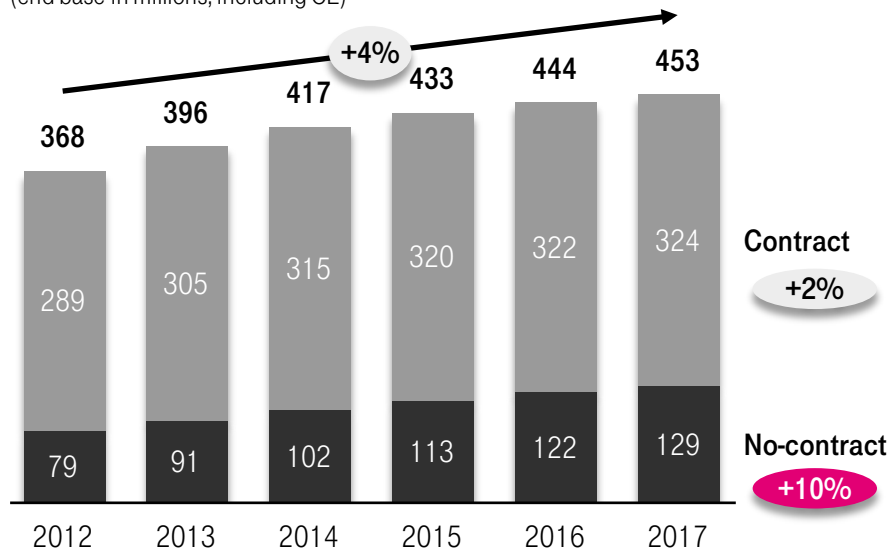
- Economic recovery in the U.S. leads to **lower unemployment figures** and expected **rise in consumer spending**
- European economy weaker than U.S. following crisis



NO-CONTRACT TO DRIVE WIRELESS GROWTH IN US.

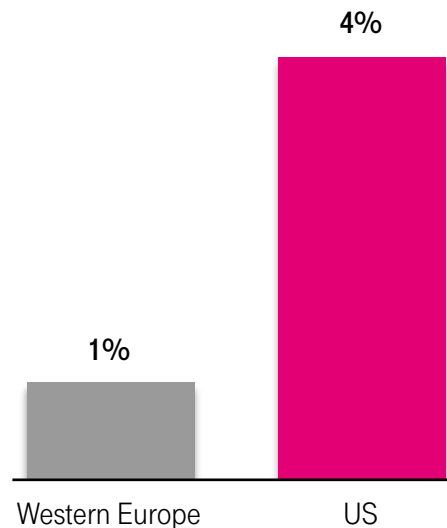
TOTAL CONNECTIONS

(end base in millions, including CE)



2012 - 15 CONNECTIONS GROWTH RATE

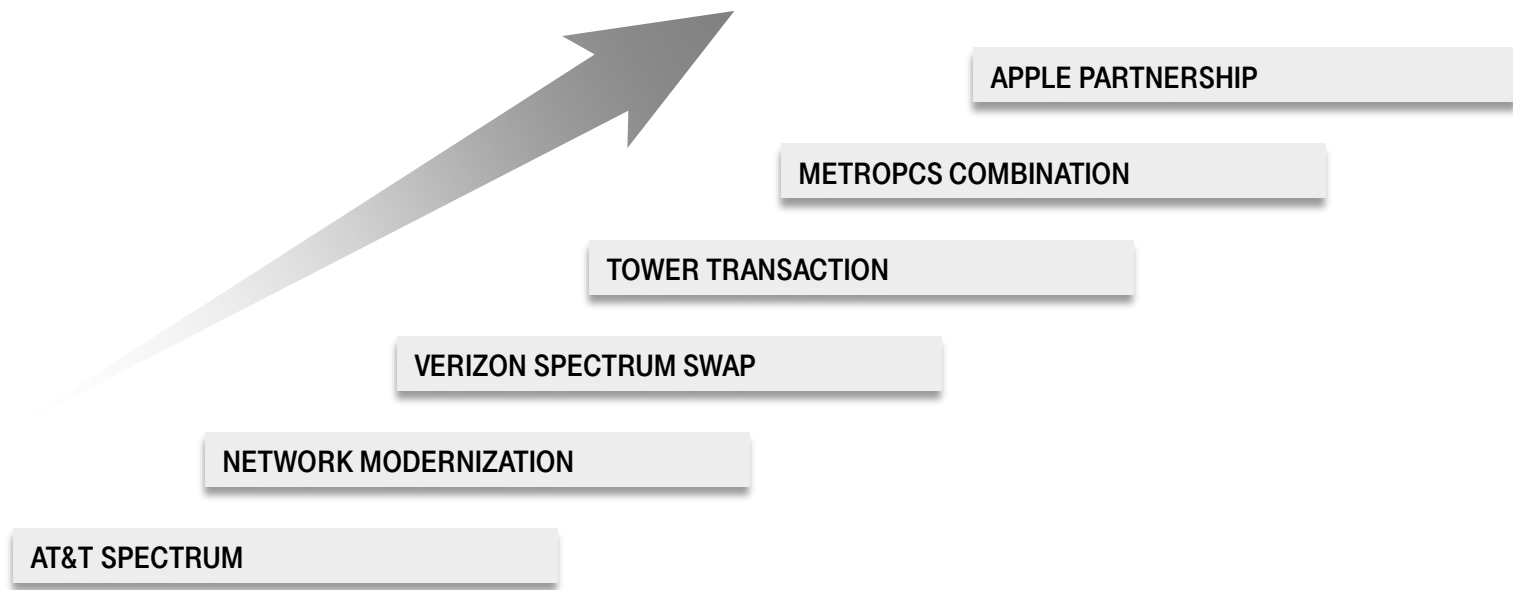
(CAGR %)



STRATEGY 2013 – 2015

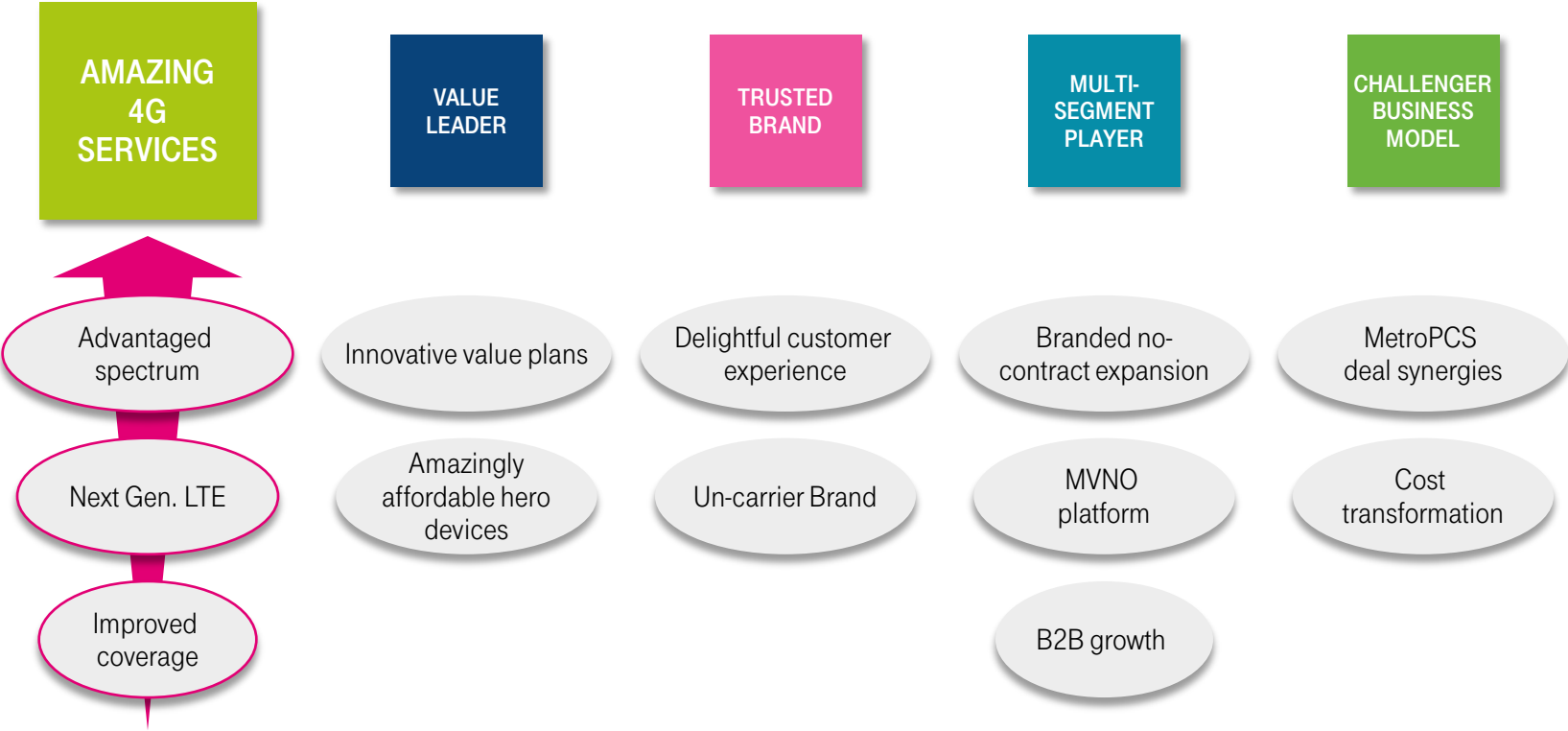
RE-INVIGORATE GROWTH

T-MOBILE HAS ACCELERATING MOMENTUM.



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LAUNCHING LTE ON A STRONG NETWORK FOUNDATION.



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DELIVERING STRONG 4G PERFORMANCE AND COVERAGE.

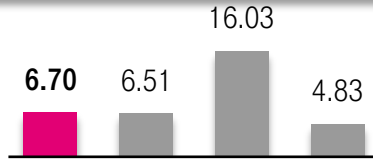
AMAZING
4G
SERVICES



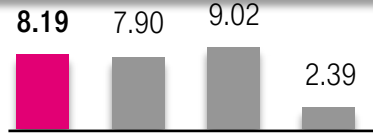
Fastest Mobile
Networks 2012

June 2012
Avg. download
speed in Mbps

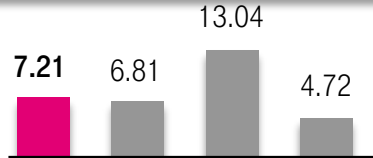
NEW YORK



CHICAGO



SAN FRANCISCO



T-Mobile
HSPA+ VZW
LTE ATT
LTE Sprint
WiMax

T-MOBILE 4G DELIVERING COMPETITIVE PERFORMANCE

- T-Mobile's 4G (HSPA+) network beat Verizon LTE average download speeds in more than a third of cities tested
- *"T-Mobile's HSPA+ 42 is the 4G dark horse. It's really fast, covers a lot of the country, and is inexpensive"*

PC Magazine

**T-Mobile 4G HSPA+ service
covers 229 service areas and
225 million POPs**



LIFE IS FOR SHARING.

NETWORK MODERNIZATION IS PROGRESSING RAPIDLY.

AMAZING
4G
SERVICES

\$4 BILLION 4G NETWORK EVOLUTION PLAN

State of the art, **Release 10-capable equipment at 37,000 cell sites** across T-Mobile's 4G network

2x10 MHz LTE will be rolled out to **nearly 90% of the Top 25** service areas in 2013

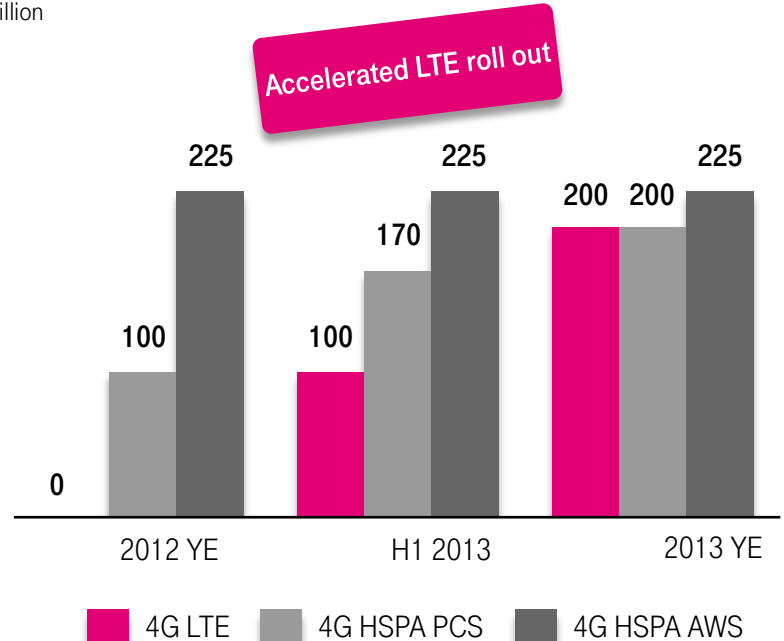
First carrier in North America to broadly deploy **radio-integrated antennas**

UMTS 1900 enabled, advanced radio receivers



4G NETWORK COVERAGE: ACCELERATED LTE COVERAGE

million



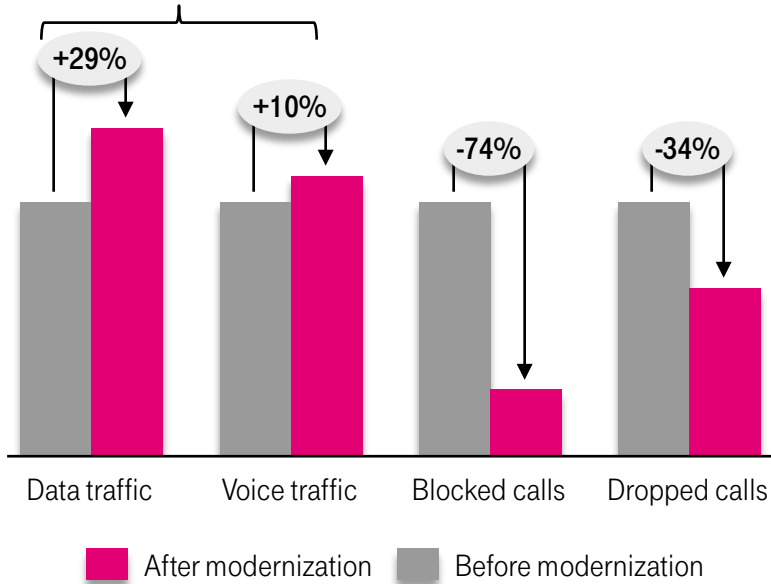
LIFE IS FOR SHARING.

MODERNIZATION IMPROVES COVERAGE AND RELIABILITY.

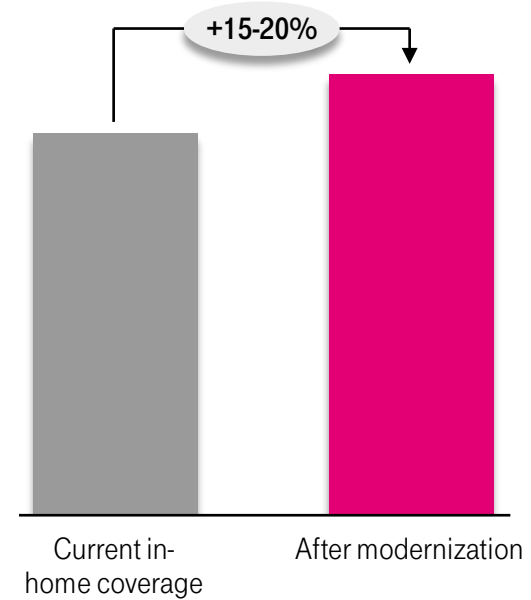
AMAZING
4G
SERVICES

IMPROVED COVERAGE (EARLY MARKET RESULTS, INDEXED)

Increased traffic capture attributable to improved cell site coverage



ENHANCED RELIABILITY IN-HOME (EXPECTED NATIONAL RESULTS)



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T-MOBILE AND METROPCS: MIGRATION NOT INTEGRATION.

AMAZING
4G
SERVICES

KEY ENABLERS

- T-Mobile's network has the capacity to support customer migration
- MetroPCS LTE customers will be able to use the T-Mobile LTE network without changing handsets
- MetroPCS customers will be offered HSPA/LTE handsets, leveraging GSM price point advantages
- Handset upgrade cycle (60%+ per year) facilitates rapid MetroPCS customer migration

MIGRATION PLAN

- Rapidly transition MetroPCS subscribers to NewCo network
- MetroPCS customers completely migrated to NewCo network by H2 2015
- Re-farm MetroPCS spectrum to create additional capacity for LTE on NewCo network
- CDMA network to be decommissioned—not integrated



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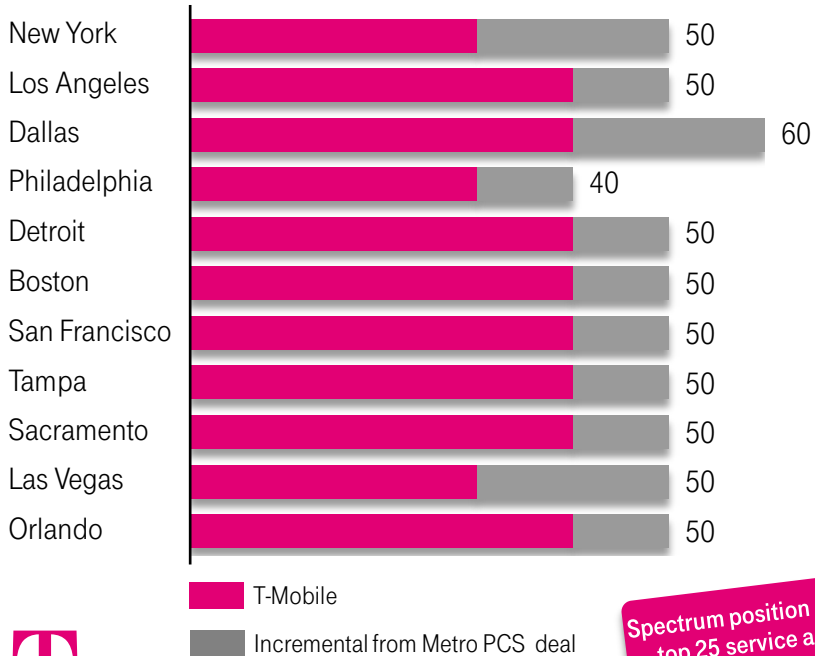
METROPCS STRENGTHENS STRONG LTE SPECTRUM POSITION.

AMAZING
4G
SERVICES

KEY ENABLERS

POST-TRANSACTION LTE SPECTRUM

MHz



T-Mobile

Incremental from Metro PCS deal

Spectrum position across
top 25 service areas
improved by 21%.

WE'RE DEPLOYING THE "NEXT GENERATION" OF LTE

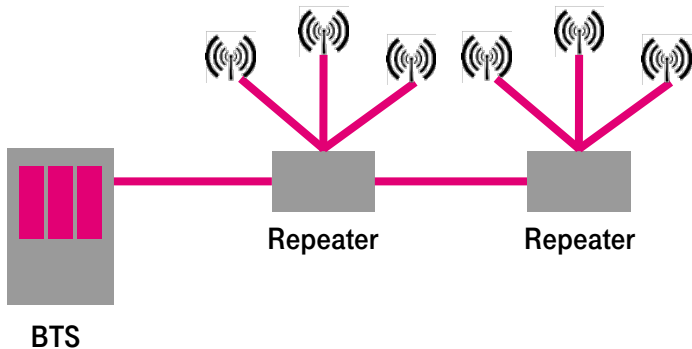
- **Combined spectrum enables contiguous LTE 2x20 MHz**
 - Effective doubling of LTE speed
 - Contiguous LTE spectrum alleviates the need for carrier aggregation technology
 - Combined and contiguous spectrum assets increase efficiency by 20%
- **Next Generation LTE features**
 - Better consistency of speeds across coverage area
 - Improved antenna performance (through higher order MIMO) enables higher speeds
 - Introduction of features to enable small cell capabilities

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METROPCS' DAS NETWORK TO ENHANCE COVERAGE & CAPACITY.

AMAZING
4G
SERVICES

DAS (DISTRIBUTED ANTENNA SYSTEM)



- Network of spatially separated antenna nodes
- Connected to a common source via a transport medium
- Provides wireless service within a geographic area or structure

▪ Re-use and upgrade MetroPCS' DAS network

- 6,000 DAS nodes (especially in dense urban areas such as New York and Philadelphia)
- Will be upgraded to include HSPA+ and expanded LTE capacity and performance

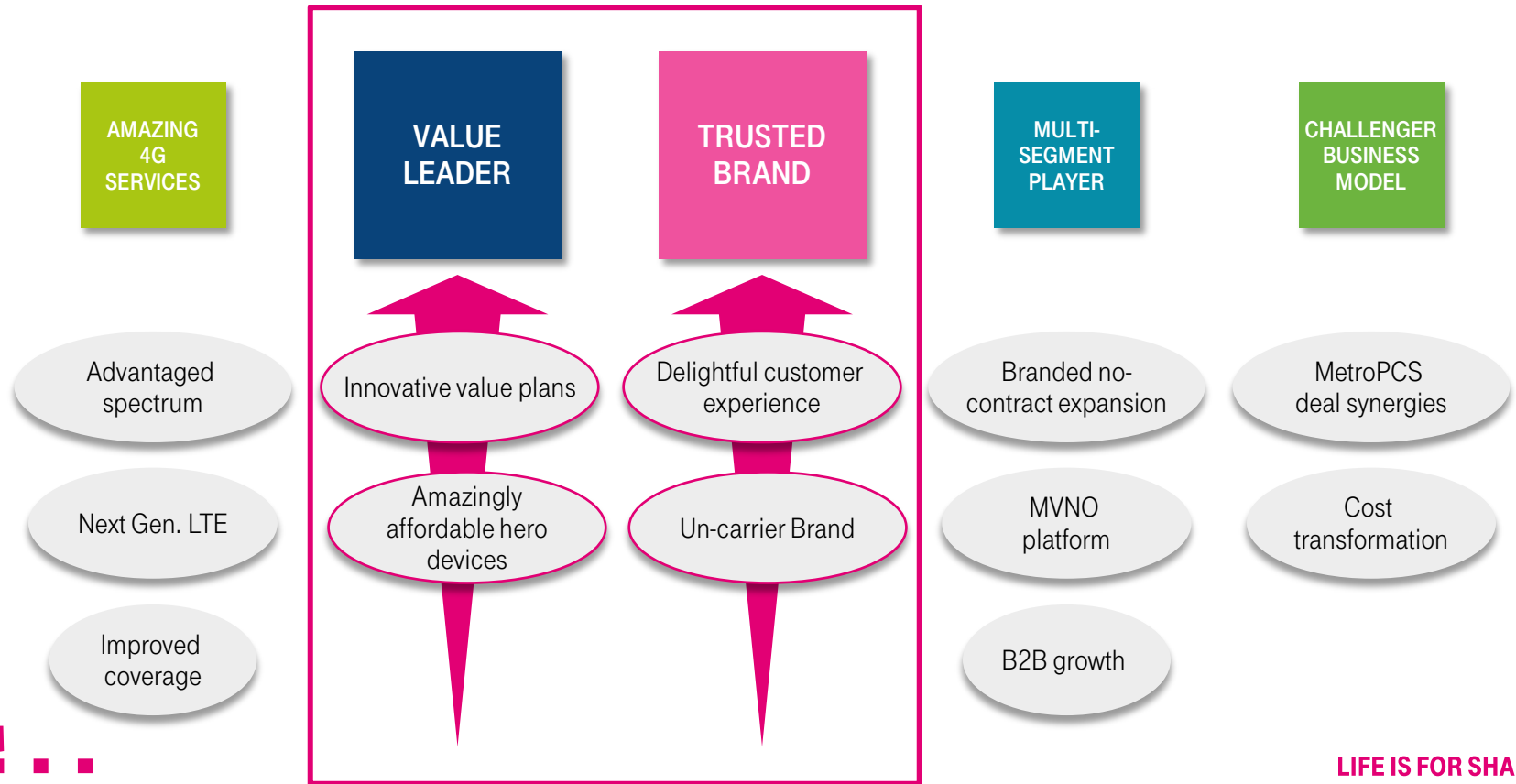
▪ Benefits

- Increases network density
- Improves customer coverage and capacity (DAS generally used for in-building or “hot spots”)



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CHALLENGING STATUS QUO WITH A DISRUPTIVE APPROACH.



LIFE IS FOR SHARING.

LAUNCHED A SET OF INNOVATIVE SERVICE OFFERINGS.

VALUE
LEADER

VALUE

- Limited subsidy, lower price
- EIP financing option



~80% of current post paid activations in our stores are Value plans

BYOD

- Bring your own device
- Trade-in options for device



1.7M+ iPhones on the network today

UNLIMITED

- Nationwide 4G



30 - 35% of activations are unlimited plans with higher MRC



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100% MOVE TO VALUE PLANS IN 2013

UNMATCHED VALUE, LOVED BY CONSUMERS, ENABLES FUTURE MOVES.

VALUE
LEADER

CUSTOMER VALUE PROPOSITION

- **Fair and simple pricing**
- Enables **lowest out-of-pocket handset expense** with Equipment Installment Plans (EIP)
- Allows for **upgrade flexibility**
- Enables **Bring Your Own Device (BYOD)**

EARLY IMPACT

- Improved CLV: 1 to 2 months extended life over 24 month contract period vs. Classic plans
- 12 – 15% of activations are BYOD

METRICS (OVER 2-YEAR CONTRACT TERM)

VALUE VS. CLASSIC DELTA

Increased customer life time

+1 to 2 months

Reduced acquisition cost (handset subsidy)

(\$200 – 250)

Improved un-discounted CLV

+\$25 – \$50

Go forward financials
reflect move to 100% Value
including impact to FCF



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BEST SMARTPHONES AT THE LOWEST OUT-OF-POCKET PRICES.

VALUE LEADER

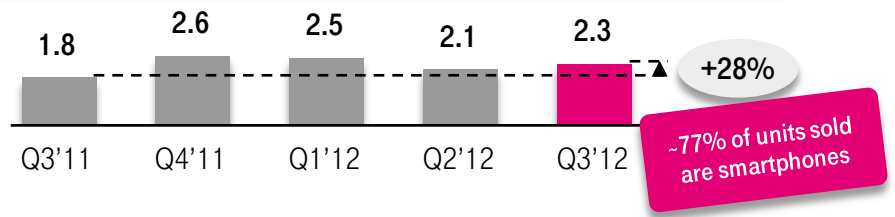
2012 Q4 DEVICES



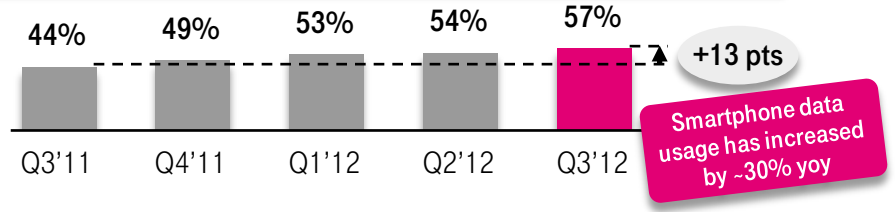
2013 pricing enabled by value plans

Apple partnership will further enhance our portfolio

SMARTPHONE UNITS SOLD IN MILLIONS (POSTPAID ONLY)



SMARTPHONE % IN BRANDED CONTRACT BASE



LIFE IS FOR SHARING.

DRAMATICALLY IMPROVING OUR CUSTOMER EXPERIENCE.

TRUSTED
BRAND

WHAT WE HAVE ACCOMPLISHED IN 2012

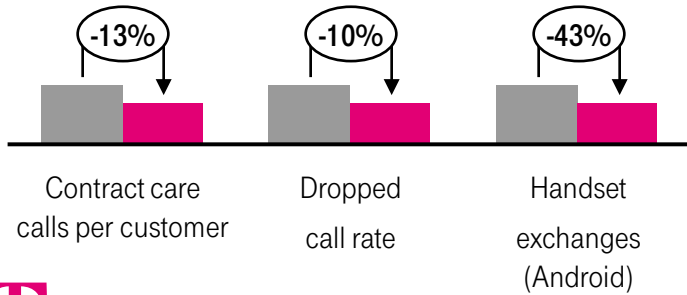
New retail formats



- ~1,440 stores converted
- Observed activation lift of ~3-4% in converted stores

Other improvements

■ 3Q11 ■ 3Q12



WHAT WE PLAN TO ACHIEVE IN 2013+

Improve customer experience along all touch points and across life cycle

- **Empower front-line employees** to do the right thing for the customer
- Ensure **consistency of policies**
- **Invest in systems** for providing superior experiences across all interactions
- **Turn detractors into supporters** with programs such as voice of customer

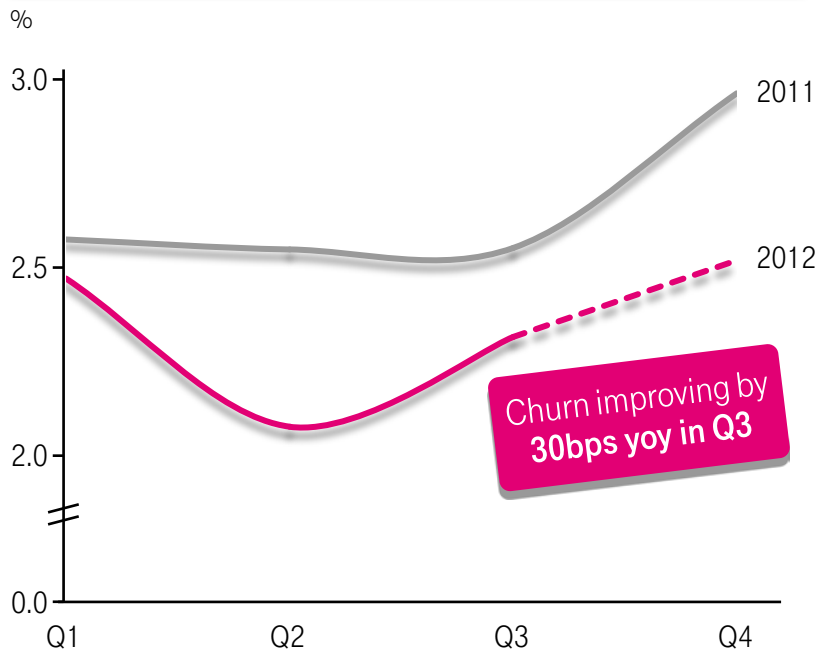
Earning the right to serve our customers every single day

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RESULTING IN ONGOING CHURN IMPROVEMENT.

TRUSTED
BRAND

BRANDED CONTRACT CHURN



KEY INITIATIVES

- Improvements in sales and **on-boarding experience**
- Aggressive **re-contracting**
- **Smart rate plan** migration
- Significant improvement in **credit management** and fraud detection
- **Voice of the Customer** Program
- Systematic ongoing **customer communication**



LIFE IS FOR SHARING.

AGGRESSIVELY RE-ESTABLISHING T-MOBILE AS A POWERFUL MOBILE BRAND...

TRUSTED
BRAND

KEY ACTIONS

Drive reconsideration and greater loyalty through improved coverage



- Network modernization
- Signature offer as the only nationwide 4G carrier with truly unlimited data
- Towers ad campaign explicitly demonstrating the depth and breadth of coverage
- BYOD



EARLY IMPACT

- Consideration up by ~10%
- Improved perception on **network dependability and speed** by 10 – 12%
- **Coverage satisfaction scores** for customers in August increased by **more than 10% YOY**

Laying the brand
foundation

LIFE IS FOR SHARING.

... BECOMING THE UN-CARRIER IN 2013.

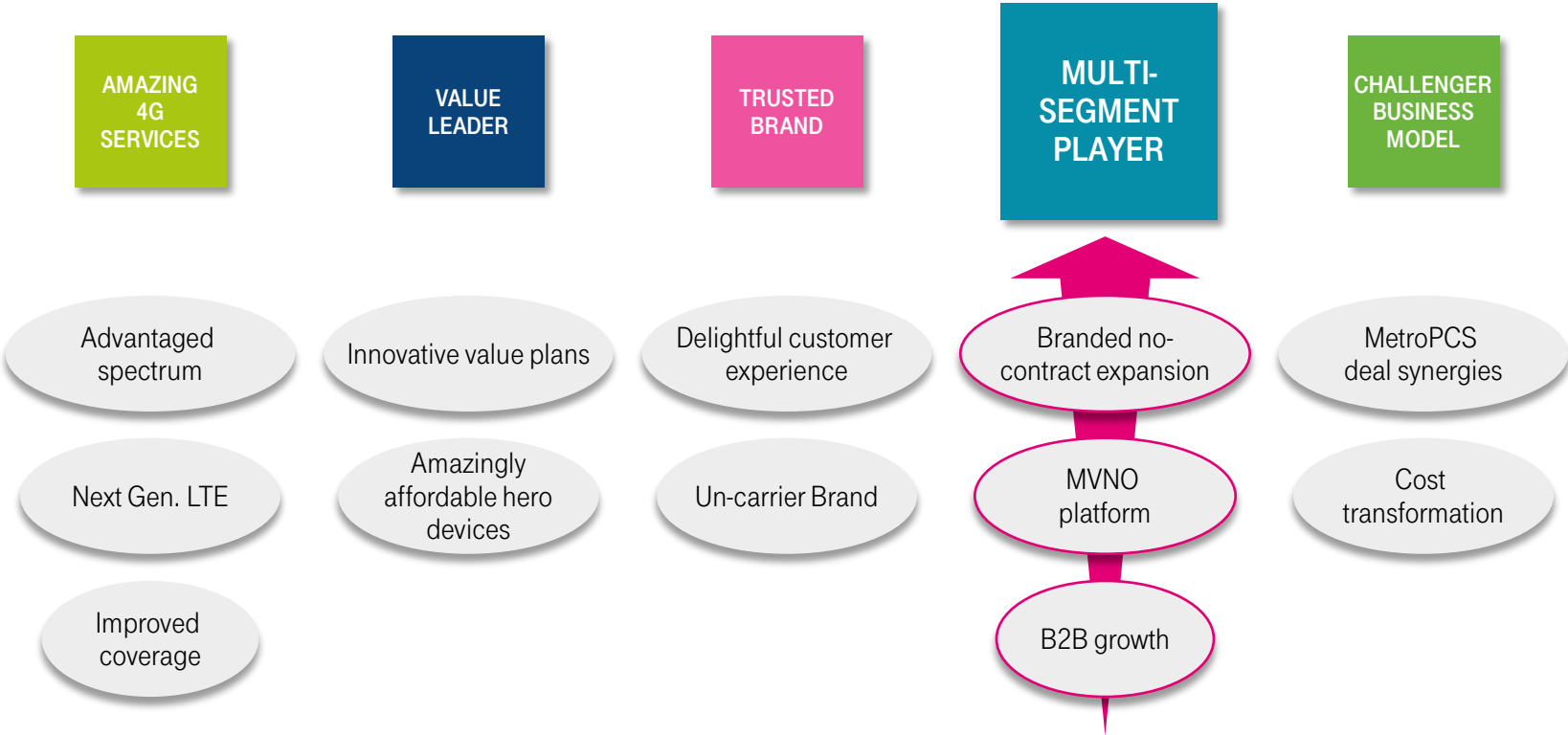


We are going after issues that frustrate consumers in this industry, differentiating our service, and returning to profitable growth



LIFE IS FOR SHARING.

CONTINUE EXPANSION INTO B2B AND NO-CONTRACT.

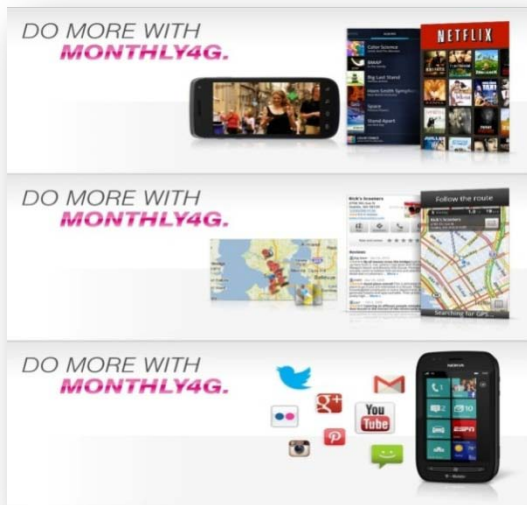


LIFE IS FOR SHARING.

STRONG BRANDED NO-CONTRACT MOMENTUM, DRIVEN BY MONTHLY 4G.

MULTI-
SEGMENT
PLAYER

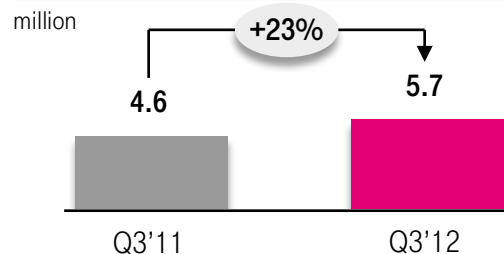
MONTHLY 4G



- Single brand SoGA leadership since March 2012
- +365k branded prepaid net adds in 3Q12

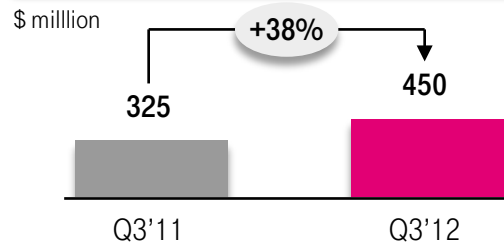


BRANDED NO-CONTRACT ENDING SUBSCRIBERS



Target ~25%
subscriber growth
in 2013

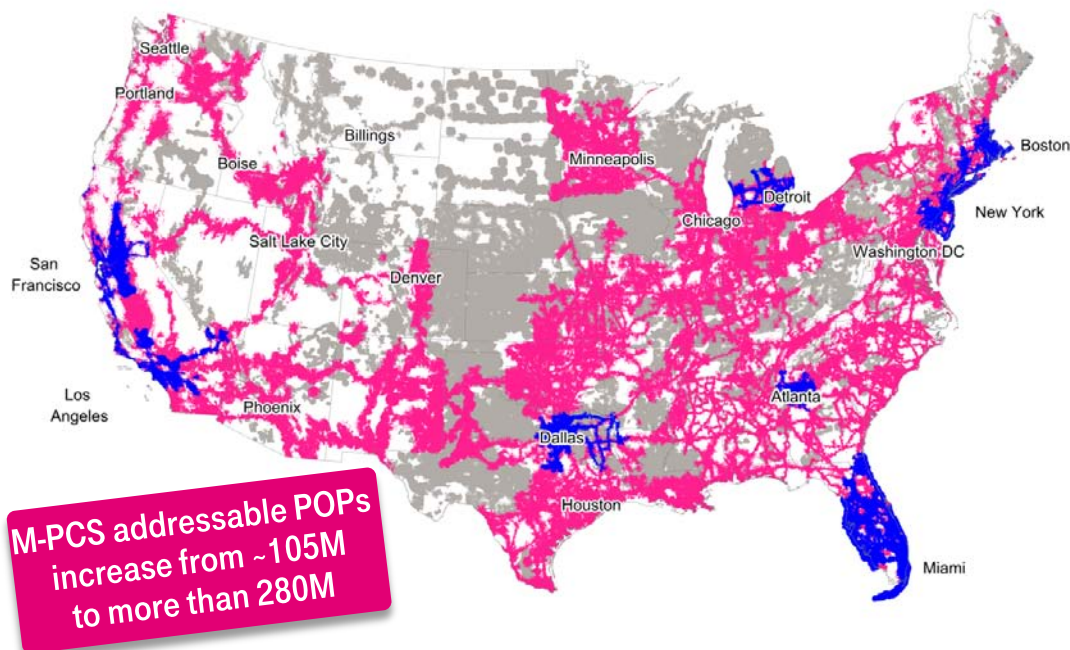
BRANDED NO-CONTRACT REVENUES



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TRANSACTION ENHANCES AND ACCELERATES T-MOBILE'S NO-CONTRACT GROWTH.

MULTI-SEGMENT
PLAYER



OPPORTUNITIES FOR METROPCS

Greatly expands **on-network coverage**

Provides **international roaming options**

Access to **faster, broader 4G/LTE network**

Wider **handset choices**



LIFE IS FOR SHARING.

INVESTING IN MVNO FOR GROWTH AND INCREASED COVERAGE.

MULTI-SEGMENT
PLAYER

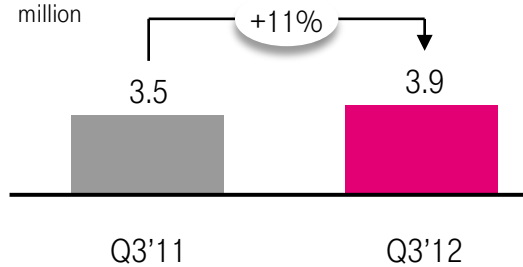
SIGNING NEW AND INNOVATIVE MVNO PARTNERS



- Innovative online “social commerce” distribution model, leveraging social networks
- 45k+ subscribers in first two months of launch

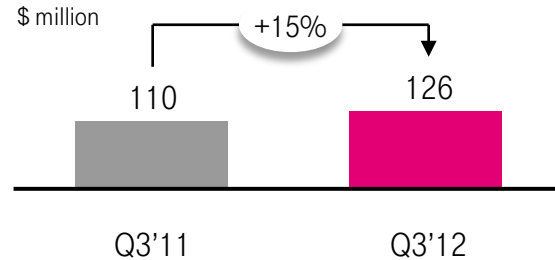


ENDING SUBSCRIBERS



Target ~20-25% subscriber growth in 2013

REVENUES



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INVESTING IN B2B FOR ADDITIONAL AND DIVERSIFIED GROWTH.

MULTI-SEGMENT
PLAYER

SALES

- Growing B2B presence in retail
- Growing B2B sales force toward medium-term goal of +1,000 FTEs
- Expanding indirect sales program

MARKETING

- Launched stackable/shared voice plans
- New MBB & shared data plans
- Open Europe roaming plan

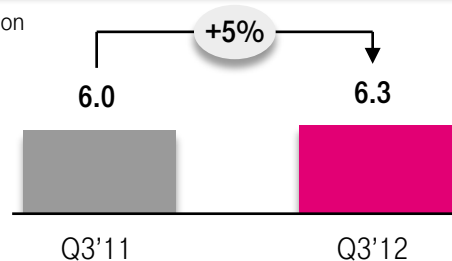
CAPABILITIES

- Marketing Automated Engine & E-Commerce solutions
- Integration with salesforce.com
- Leveraging DT relationship



ENDING SUBSCRIBERS¹

million



Target: 8 - 10%
subscriber growth
in 2013

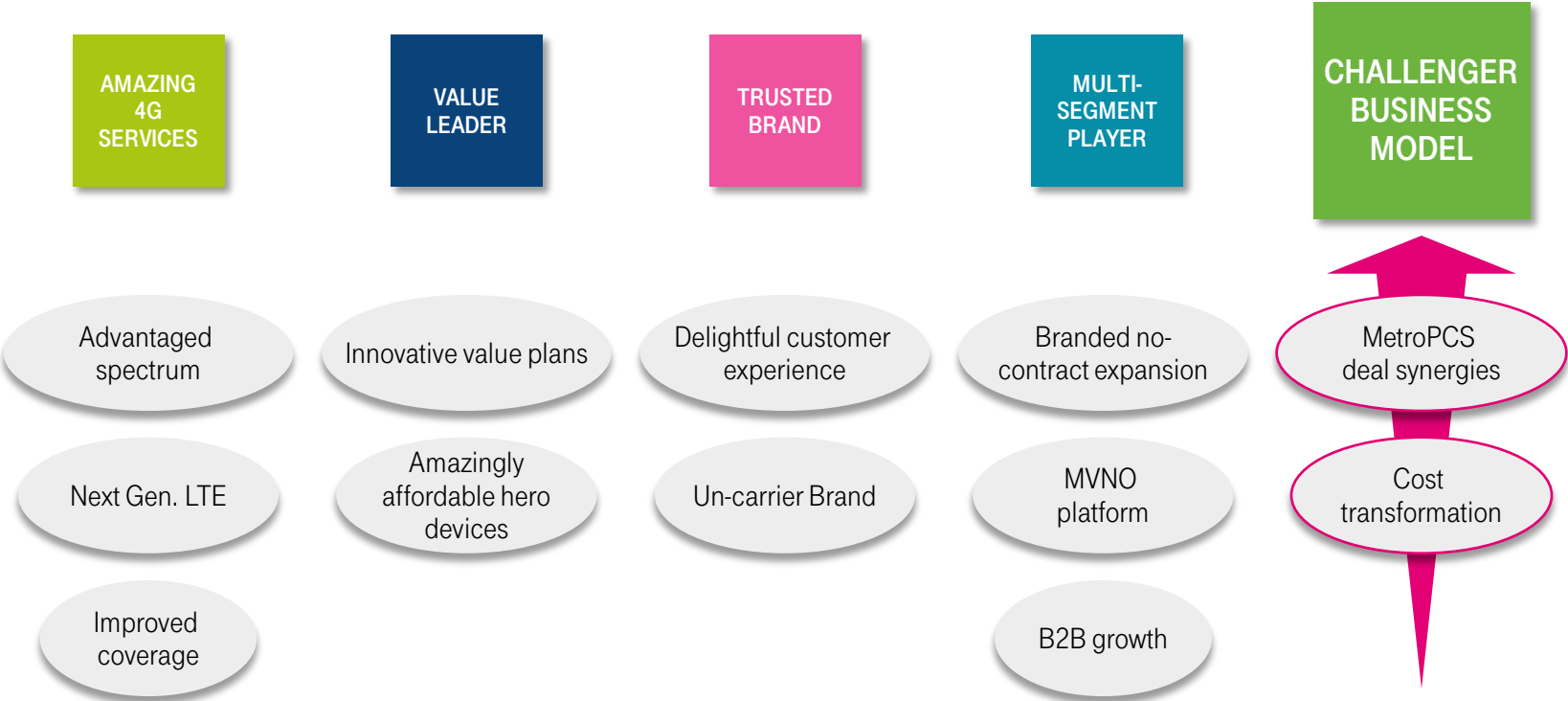
BUILDING A PORTFOLIO OF ATTRACTIVE B2B CUSTOMERS



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¹ Includes B2B Corporate Liable and Individual Liable subscribers

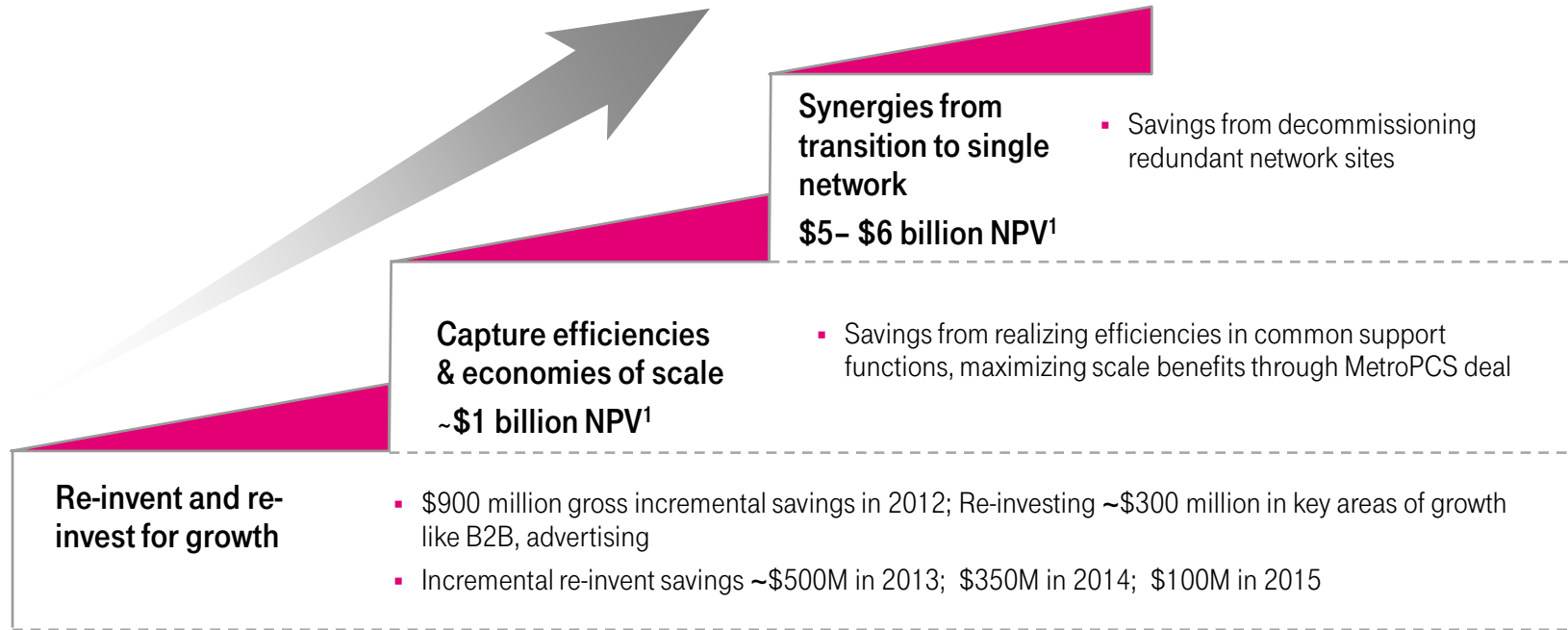
METROPCS ACCELERATES COST TRANSFORMATION.



LIFE IS FOR SHARING.

TRANSFORMING COST STRUCTURE TO ENHANCE CHALLENGER MODEL AND ACHIEVE VALUE CREATION OBJECTIVES.

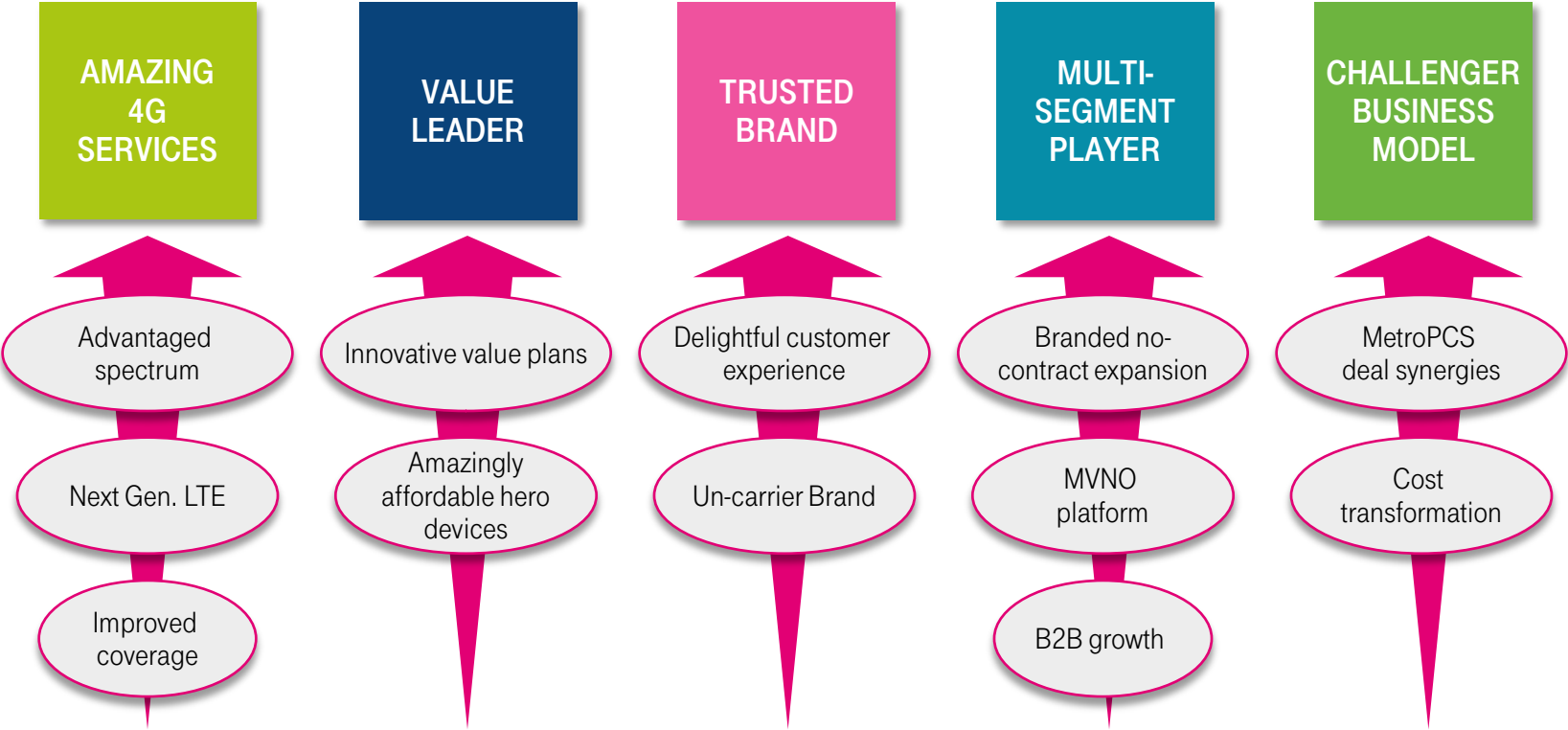
CHALLENGER
BUSINESS
MODEL



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¹ NPV calculated with 9% discount rate and 38% tax rate

CHALLENGER STRATEGY IS ACCELERATING.



LIFE IS FOR SHARING.

FINANCIAL OUTLOOK

2013 GUIDANCE.

US GAAP	T-MOBILE STAND-ALONE		T-MOBILE WITH METRO PCS ²
	2012E	2013E	2013E
SERVICE REVENUE (\$B)	17.2	16.4 – 16.6	20.8 – 21.0
EBITDA (\$B)	4.9	4.5 – 4.6	5.8 – 6.0
MARGIN	28%	27% – 28%	27% – 29%
CASH CAPEX (\$B)	2.7 ¹	3.3 – 3.4	4.7 – 4.8

2013 impact of Value plan and other initiatives estimated to be (\$300 million) to (\$600 million) on cash flows.



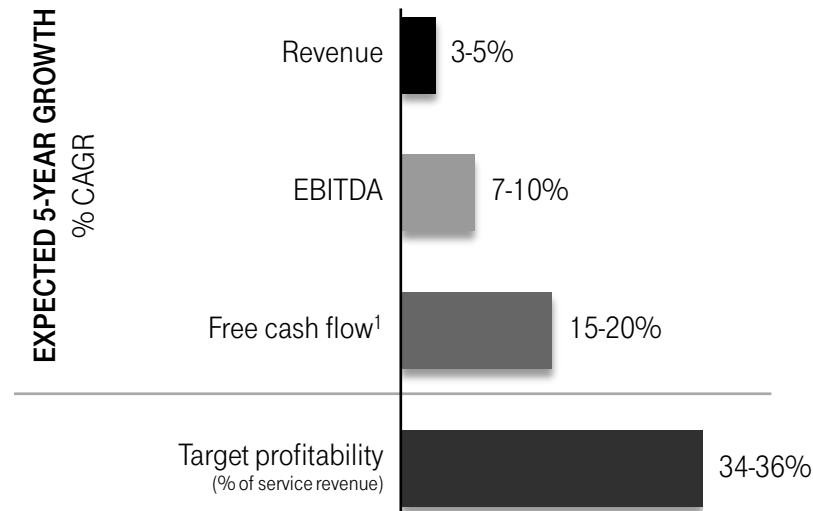
LIFE IS FOR SHARING.

¹ Excludes Verizon spectrum swap ² Full year pro forma, includes synergies and integration expenses

MID TERM AMBITION

OUR COMBINED LONG-TERM AMBITION FOR NEWCO.

NEWCO WITH METROPCS PROJECTED GROWTH



PRINCIPAL SOURCES OF REVENUE GROWTH FOR NEWCO:

- **CONTRACT OFFERS** – flat growth
Stabilize subs in 2013, followed by modest sub growth beginning 2014
- **NO-CONTRACT OFFERS** – 80 – 90% of growth
- **FOCUSED GEOGRAPHIC EXPANSION OF METROPCS BRAND** – 10 – 20% of growth
- **ADDITIONAL GEOGRAPHIC EXPANSION** (not in current plan)



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¹ Free cash flow defined as EBITDA minus CapEx

EXPECT METROPCS DEAL TO CLOSE IN H1 2013.

FCC

Regulatory approval process on track, and we expect to get approval by the expiration of the FCC's self-imposed 180-day clock – April 24, 2013.

DOJ

DOJ process proceeding well. We have received a second request for information which is normal course for a deal of this size.

CFIUS

Team Telecom review has begun and will likely take into account our existing national security agreement. CFIUS review will likely commence after January 1.

SEC

MetroPCS Proxy statement has been released and is currently under review by SEC. We expect revised Proxy early in the new year followed by MetroPCS shareholder vote.

INTERNAL

Integration planning process is proceeding well with focus on linking essential systems and beginning customer migration soon after close.



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SUMMARY.

- MetroPCS combination accelerates Challenger strategy.
- Clear path toward 100 million LTE POP coverage by mid-year 2013, 200 million by end of year 2013 – with 2x10 MHz in nearly 90% of Top 25 service areas, expanding to at least 2x20 MHz in 90% of Top 25 service areas in 2014+.
- TMUS has entered into an agreement with Apple to bring products to market together next year – impact fully included in go forward financials.
- Bringing together a set of innovative propositions to fundamentally challenge status quo, TMUS will become the “Un-carrier”.
- 2013 will be year of investments. This will have a positive impact on EBITDA from 2014 onwards.
- Ambition: reconfirming 5-year CAGRs including 3 – 5% revenue growth.



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DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2012 EUROPE AND TECHNOLOGY

CLAUDIA NEMAT



LIFE IS FOR SHARING.

SUMMARY.

- 1 We achieved a slow down of the historical revenue decline, improved our competitive position as well as operating ROCE, despite a tough environment
- 2 Our focus:
Ensure a sustainable cash contribution, stemming against the macro trend
- 3 Our aspiration:
 - Return to underlying revenue growth from 2014 onwards through our growth areas, especially Mobile Internet and B2B/ICT
 - Reduction of indirect costs through a radical transformation of our delivery model (esp. All-IP Transformation, e-Company, Technical Services Transformation)
- 4 Our leadership paradigm:
 - Differentiated steering of NatCos, according to market position, to create relevant focus
 - ONE DT (Europe): Cross-NatCos cooperation to leverage economies of scale



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REVIEW 2010 – 2012

IN 2010 TARGETS FOR SEE AND MOBILE-ONLY COUNTRIES WERE SET – WE ACHIEVED MOST OF THEM.

SEE

COUNTRIES

Greece  Hungary 
 Croatia  Slovakia 
 Romania  Bulgaria 
 Macedonia  Montenegro 
 Albania 

 Poland

 The Netherlands

 Czech Rep.

 Austria

AMBITION LEVEL 2012

- Market share¹ service revenues: stable
 - Market share¹ EBITDA: stable
 - OPEX: €0.3 bn net savings
 - TV revenues²: around €500 mn² (like-for-like €350 mn)
 - TV customers YE: > 3.0 mn
-
- Adj. EBITDA margin: cont. cost efficiency & improve margin
 - Service Revenue Leadership³: become No. 1
-
- Market share service revenues³: increase
 - Synergy from Orange integration: increase run rate by 30%
-
- Market share service revenues³: further stabilize market position
 - Fixed broadband revenues: double revenues
-
- Market share service revenues³: increase
 - Shift to direct: direct share – 60%

ACHIEVEMENTS 2012

- 50.3% (Q2/12) 
 - 57.4% (Q2/12) 
 - €0.8 bn net savings (FY12e) 
 - around €270 mn² (FY12e) 
 - 2.9 mn (FY12e) 
-
- -4.7% & 34.0% (Q1-Q3/12) 
 - No. 3 (Q3/12) 
-
- 23.7% (Q3/12) 
 - €130 mn reached in '10 
-
- 38.6% (Q3/12) 
 - €32.3 mn (FY12e) 
-
- 28.4% (Q3/12) 
 - 55.5% (Q1-Q3/12) 



LIFE IS FOR SHARING.

AFTER BUSINESS REVIEW IN 2011, WE IMPLEMENTED A NEW LEADERSHIP PARADIGM.

CHANGED LEADERSHIP PARADIGM - KEY ELEMENTS

FROM...

TO...

- Focus on quarterly EBITDA

1 COMMERCIAL DRIVE

- Focus on **cash contribution**
- Focus on **revenue + cost**
- Strengthened **commercial functions**

- Individual country perspectives only
- One size fits all

2 SMART STEERING

- Creation of **business segment** Europe
- **Differentiated steering** according to NatCo's market position



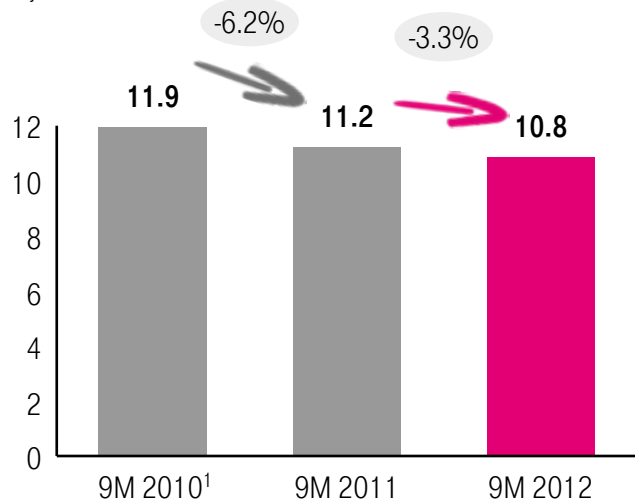
LIFE IS FOR SHARING.

1 COMMERCIAL DRIVE: WE SLOWED DOWN HISTORICAL REVENUE DECLINE.

WE DECREASED REVENUE DECLINE...

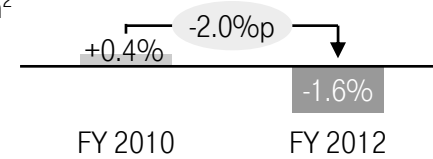
Europe Total Rev.

€ bn, adjusted for FX

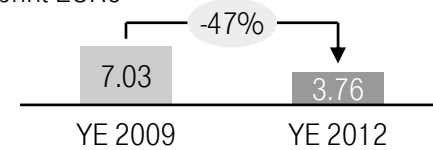


... IN SPITE OF TOUGH ENVIRONMENT

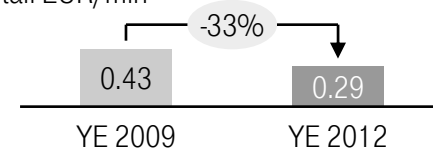
Ø GDP growth²



Ø MTR in footprint EURc³



EU roaming retail EUR/min



¹ 2010 adjusted for UK deconsolidation

² Source: Oxford Economics as of August 2012.

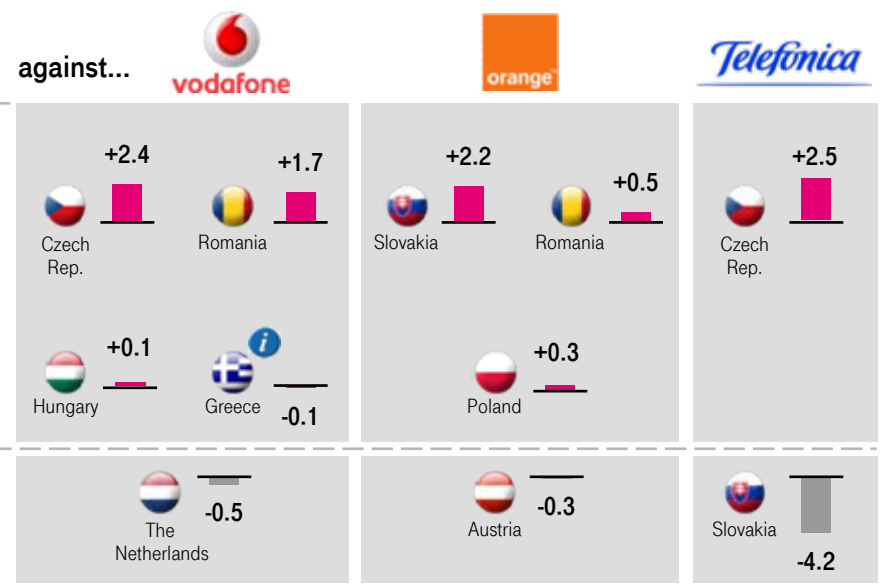
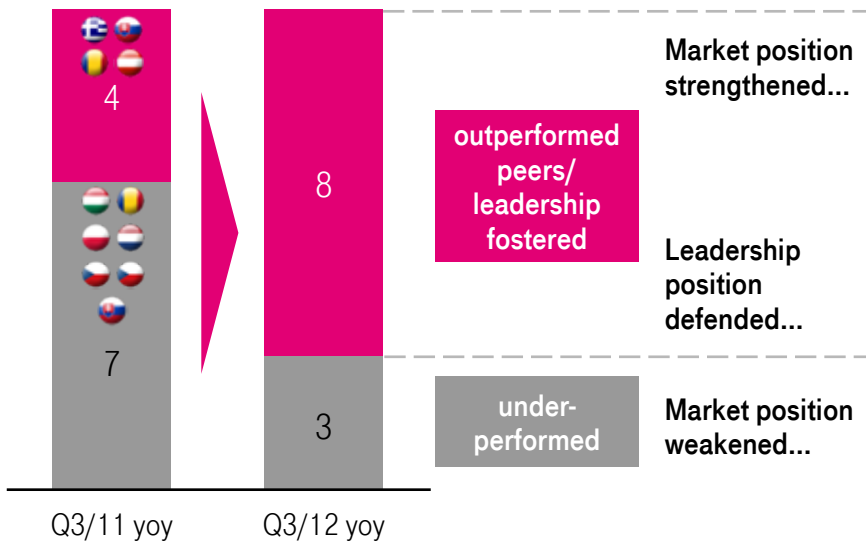
³ Company estimates

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1 COMMERCIAL DRIVE: WE IMPROVED OUR COMPETITIVE POSITION...

REVENUE MARKET SHARE PERFORMANCE IN CORE MARKETS

vs. main peers



i One-off in Q3/2011: high prepaid ARPU peak due to expiry of a promotion; without the effect Cosmote outperformed competition

+x.y Market Share Δ dev. yoy in %p, Q3/12 vs. Q3/11

Mob. Service Rev.

Total Mobile Rev.



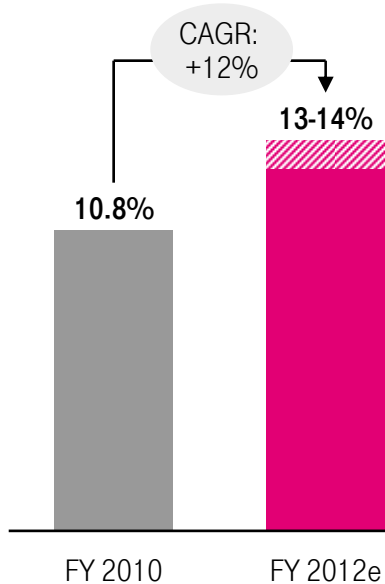
Source: Company Estimates

LIFE IS FOR SHARING.

1 ... WHILE IMPROVING ROCE, AND KEEPING CAPITAL PRODUCTIVITY ON BENCHMARK LEVEL.

DT EUROPE OP. ROCE¹

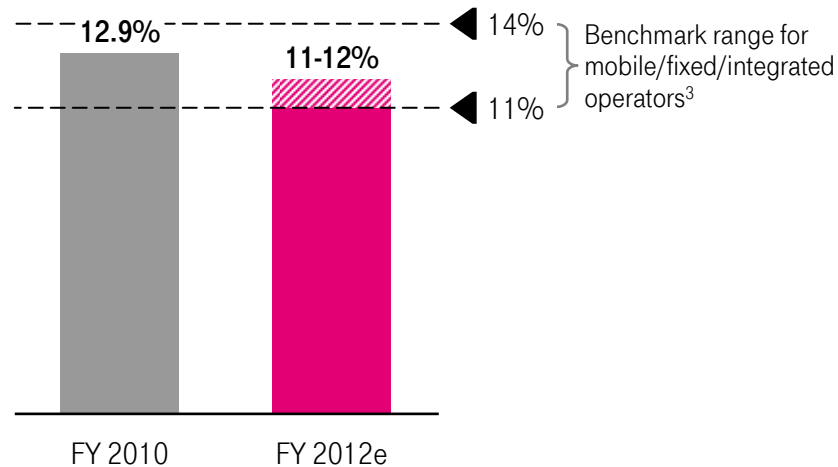
like-for-like



Adj. EBITDA margin development 2010 vs. 2012: from 34.7% to 34.4%

DT EUROPE CAPEX/REVENUE RATIO²

like-for-like



LIFE IS FOR SHARING.

¹ without equity UK, including spectrum

² without spectrum

³ Source: Oliver Wyman benchmark

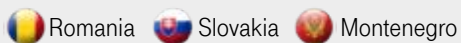
2 DIFFERENTIATED STEERING CREATES RELEVANT FOCUS.

NATCO CLUSTERS

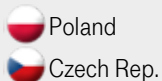
SENIOR LEADERS



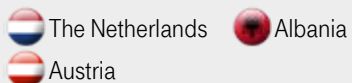
JUNIOR LEADERS WITH A CHALLENGE IN MOBILE



MOBILE RUNNER-UPS



SMART ATTACKERS



STRATEGIC DIRECTION

- The undisputed, most admired industry leader
 - Business model transformation
 - Keep leading market position
-
- Leverage leadership in fixed for improving mobile, esp. by capitalizing on fixed/mobile merger
 - Business model transformation
-
- Go for market leadership: PL total revenues, CZ mobile data revenue
-
- Unconventional capex-light moves

KPIS/AMBITIONS

- Radical gross opex reduction
 - Stabilize topline
 - Increase Blue Ocean topics¹ revenue share
-
- Increase mobile revenue
 - Increase integrated customer base FMC
 - Radical gross opex reduction
-
- Increase total revenue market share
 - Increase mobile data revenue share
-
- Increase total revenue, esp. in B2B & mobile data
 - Reduce capex

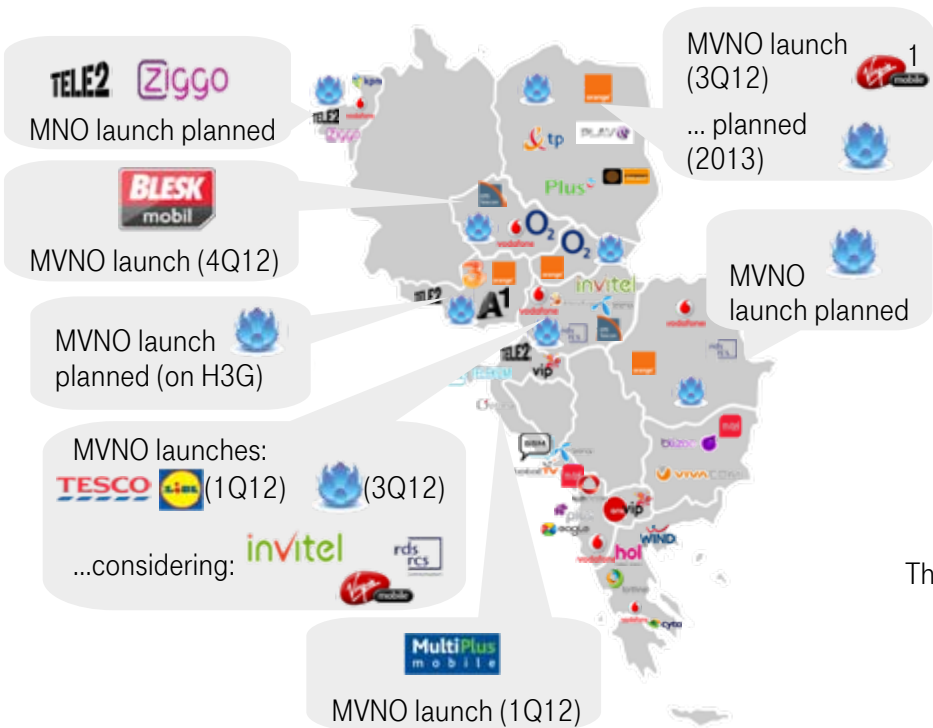


LIFE IS FOR SHARING.

¹ B2B-ICT, Mobile Internet, TV/broadband, adjacent industries (online consumer services and energy) Bulgaria not in scope 

MARKET TRENDS

TELCO: COUNTRY-SPECIFIC NEWCOMERS INCREASE THE HEAT, TAXES & CUMULATION OF AUCTIONS CREATE A CHALLENGING ENVIRONMENT.



	Special telco taxes	Four-MNO markets	MVNOs/ 2 nd brands	Spectrum auctions 2012 - 2014
Greece				'14
Hungary	⚡	planned ³		'13
Croatia	2)			'12
Macedonia				'13
Romania				'12
Slovakia				'13
Montenegro				'14
Poland				'12 & '14
Czech Rep.		planned		'12
Bulgaria				'13
The Netherlands		planned		'12
Austria				'13
Albania				'15

In place

⚡
 2 taxes in place
 New launches (Q2/Q3 2012 or planned short-term)

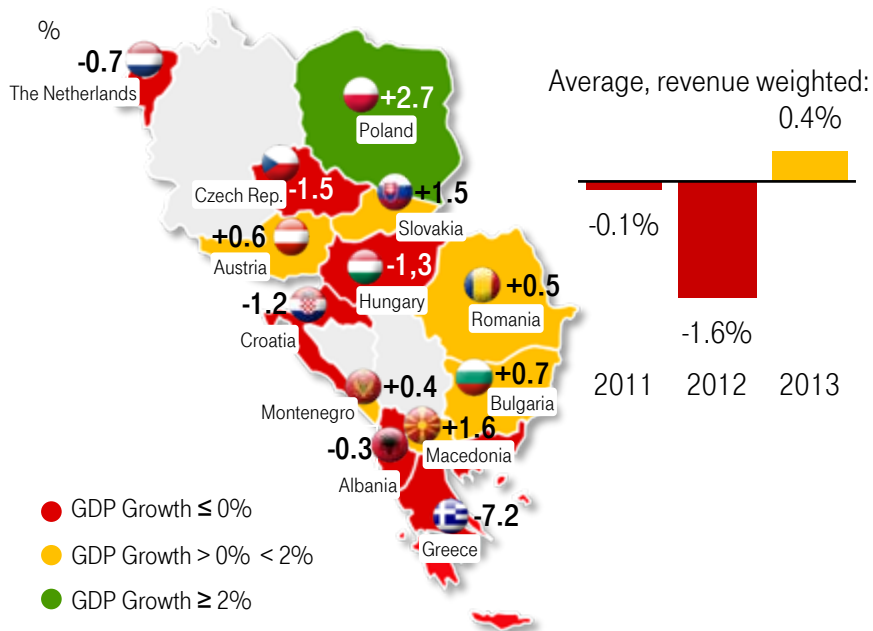


LIFE IS FOR SHARING.

¹ Launching MVNOs across CEE ² Abandoned ³ Discussion ongoing

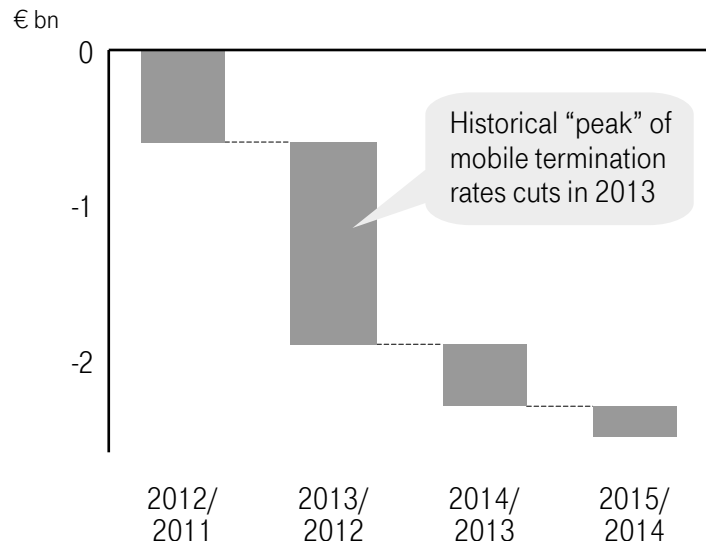
ECONOMIC ENVIRONMENT: SUFFERING FROM CRISIS; IN ADDITION PEAK IN CUTS OF MOBILE TERMINATION RATES IN 2013.

GDP GROWTH 2012: OUTLOOK MIXED



INTERCONNECTION REVENUE IMPACT OF MOBILE TERMINATION RATES CUTS IN DT EUROPE FOOTPRINT

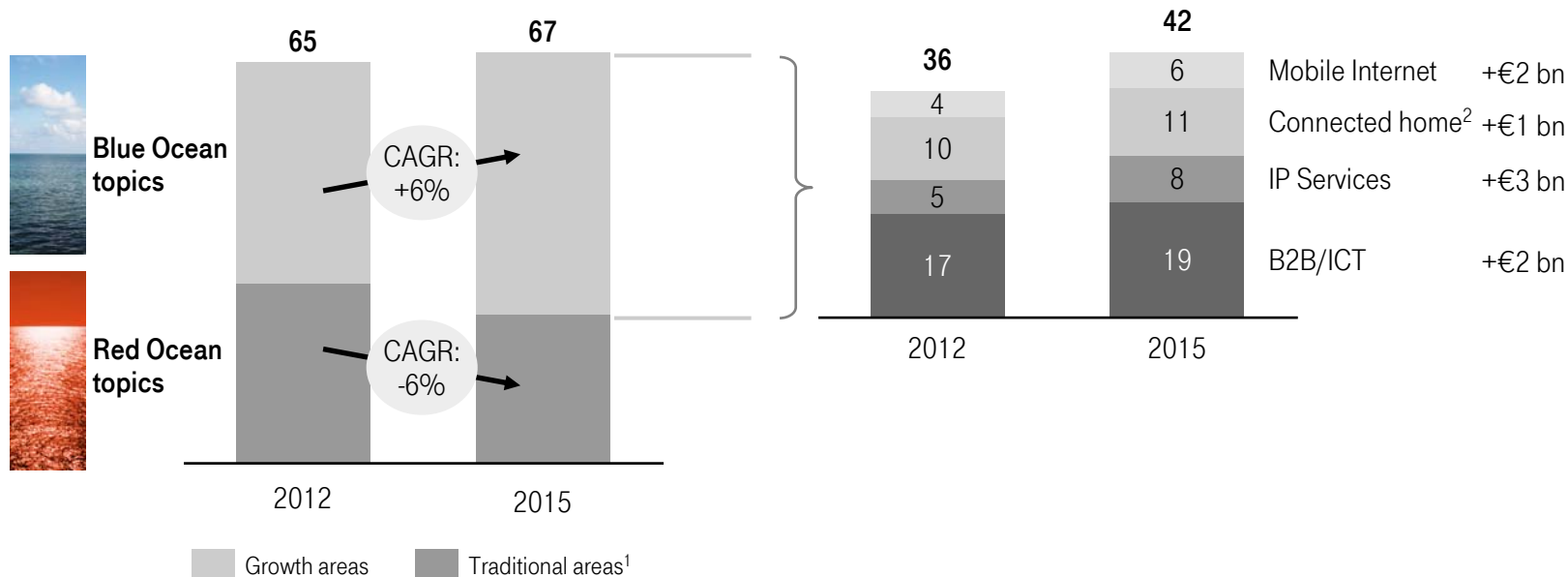
Markets



NEVERTHELESS, GROWTH OPPORTUNITIES TO COMPENSATE DECLINE OF COMMODITY TELCO.

MARKET REVENUES DT EUROPE FOOTPRINT

€ bn



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¹ Fixed & mobile voice, mobile messaging, mobile termination, visitor roaming ² Pay TV & fixed broadband

STRATEGY 2013 – 2015

ENSURE SUSTAINABLE CASH
CONTRIBUTION

OUR ASPIRATION.

ENSURE SUSTAINABLE CASH CONTRIBUTION

TRANSFORM REVENUE



TRANSFORM DELIVERY MODEL (COST)



“Blue ocean”:

- Overall: Reduce revenue decline in 2012, stop in 2013¹, **return to moderate growth in 2014**
- **Revenue growth of 12% CAGR** (2012 – 2015)
in Blue Ocean topics: B2B/ICT, mobile Internet, TV & broadband, adjacent industries² to overcompensate declining core business (Blue Ocean topics: **28% share of revenue** in 2015)



“Red ocean”:

- Cum. **indirect Opex reductions of €0.6 bn** by 2015³: Net **indirect cost reduction of 6%**
- **Direct costs:** in 2013 decrease driven by lower interconnection costs. Starting in 2014 yoy increase due to growing Blue Ocean topics. Net **direct cost decrease of 2%** by 2015 vs. 2012



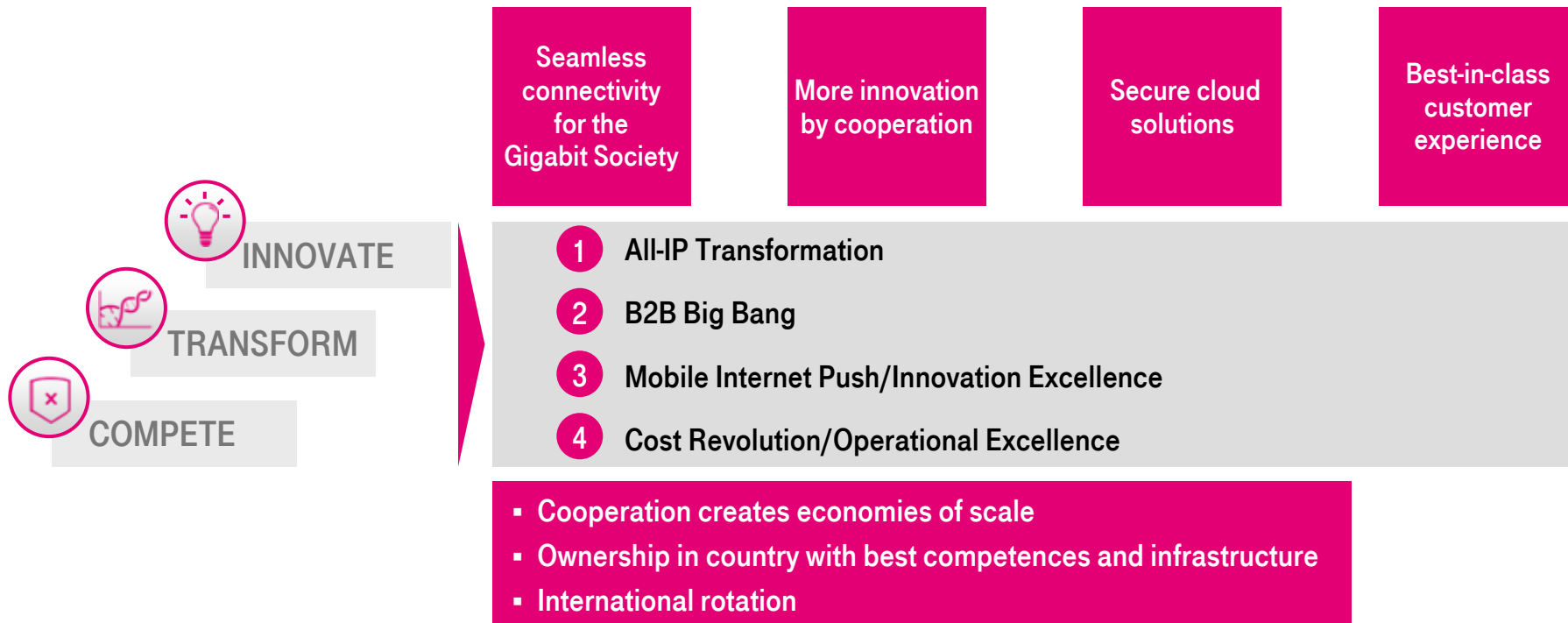
LIFE IS FOR SHARING.

¹ After deduction of regulatory effects

² Online consumer services and energy

³ Based on 2012

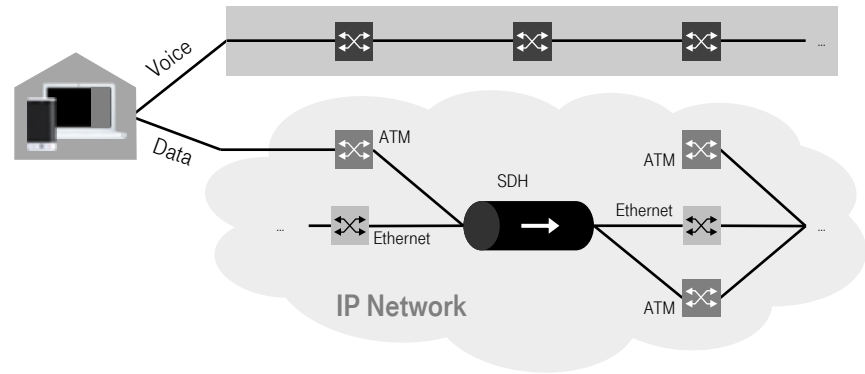
OUR STRATEGY: ONE DT (EUROPE).



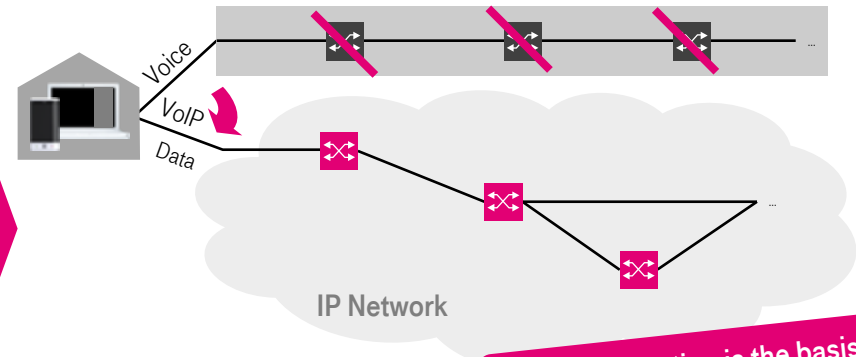
LIFE IS FOR SHARING.

1 ALL-IP TRANSFORMATION CREATES. ONE COMMON INFRASTRUCTURE FOR ALL SERVICES.

FROM THE "OLD PSTN WORLD"...



...TO THE "NEW IP ERA"



IP transformation is the basis for e-company, as well as fast product/service innovation

All-IP transformation represents the creation of a simplified and standardized network...

Digital telephone exchange Aggregation switch IP router

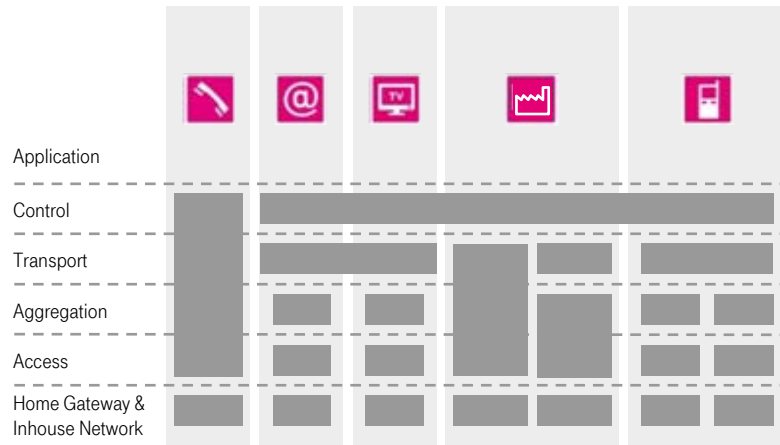


LIFE IS FOR SHARING.

1 ALL-IP TRANSFORMATION RETIRES ALL LEGACY SYSTEMS.

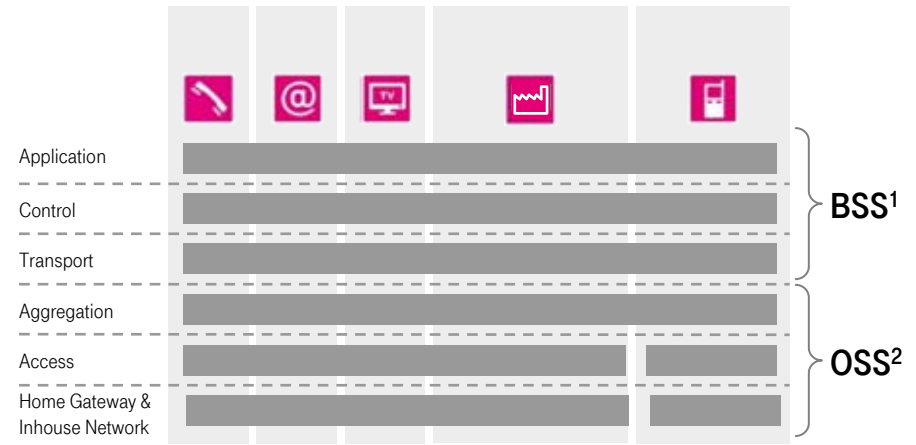
FROM THE “OLD PSTN WORLD”...

Many legacy systems, no separation of BSS¹ and OSS²



...TO THE “NEW IP ERA”

Retired legacy systems, clear separation of BSS¹ and OSS²



... that significantly changes and harmonizes the production landscape

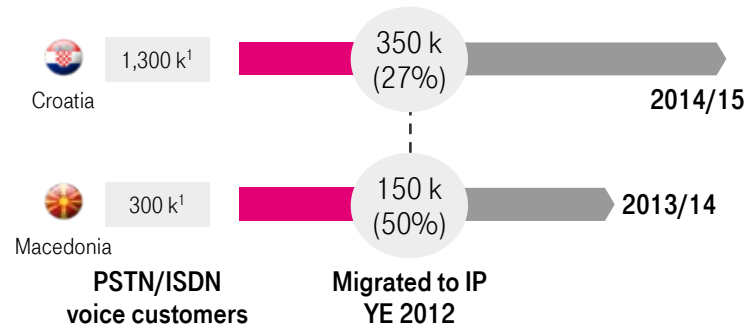


LIFE IS FOR SHARING.

¹ Business support system ² Operations support system

1 RADICAL AND FAST PSTN MIGRATION IN CROATIA AND MACEDONIA.

AMBITIOUS MIGRATION PLAN



BENEFITS

DISMANTLE LEGACY EQUIPMENT



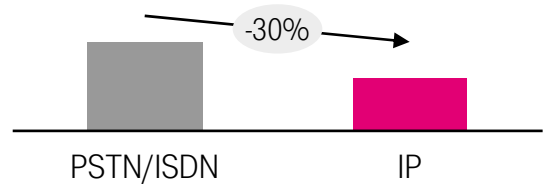
1,712 tons of material dismantled; equals mass of **325 male African elephants**

REDUCED ENERGY CONSUMPTION



43 GWh yearly energy consumption decreased; equals a **1 km long train with 69 cisterns with fuel oil (4300m³)**

LOWER VOICE PRODUCTION COSTS



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¹ Residential, Business and Wholesale

1 DT IS THE FIRST OPERATOR WORLDWIDE TO IMPLEMENT TERASTREAM IN ZAGREB, CROATIA.

ALL-IP TRANSFORMATION TO COPE WITH EXPONENTIAL TRAFFIC GROWTH

BUILDING BLOCKS

Broadband Network Gateway (BNG)

Consolidation and aggregation of relevant IT systems



TeraStream ("NT goes IT")

- Applying enterprise cloud model to network infrastructure
- Network function virtualization¹
- New real-time operations support system (OSS)



BENEFITS OF TERASTREAM

Simple in design, lean in production, allowing services differentiation towards customers

- Instant provisioning
- Instant change of access features
- Reduction of products innovation cycle from 2 – 4 years to less than ½ year
- No latencies
- Radical cost advantage

PSTN migration



LIFE IS FOR SHARING.

¹ As result, 40% of total traffic going forward will be delivered by data centers, tightly linked to the network; all more complex parts of production machine will be centralized

2 B2B BIG BANG: FOCUS, COOPERATION AND EXECUTION.

KEY LEVERS IN B2B

Focus, Cooperation & Execution

- Ensure focus, set clear targets
- B2B segment oriented organization implemented by YE 2012 in all NatCos and head office Europe
- Further development of multi-national customers business

Leverage synergies and economies of scale & scope

- Cloud & M2M business development
- Structured best practice sharing

ACHIEVEMENTS

B2B/ICT

+8%



- 2012 YTD growth in line with targets

Multi-national customers

+2%



- Wins, among others, Henkel, Erste Bank, Generali

Cloud



- Implemented in Croatia

M2M

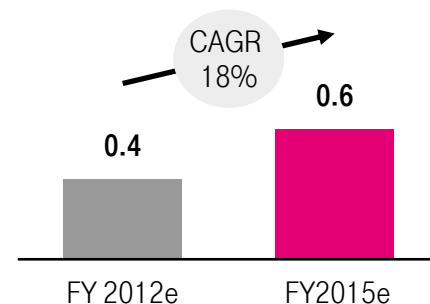


- Platform deployment in Austria

ASPIRATION

B2B/ICT revenue

€ bn



+X%

Revenue growth 2012 vs. 2011, Estimate



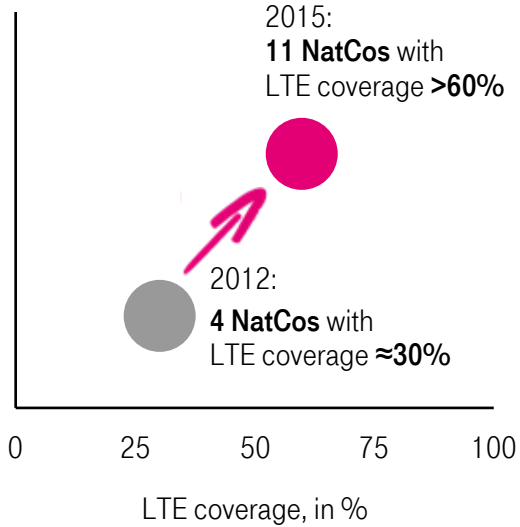
LIFE IS FOR SHARING.

3 MOBILE INTERNET/INNOVATION EXCELLENCE: LTE BROADBAND EXPERIENCE AND COMMERCIAL PUSH.

LEADING MOBILE NETWORKS

LTE coverage

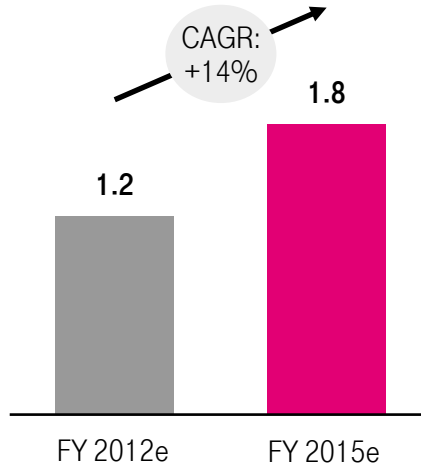
Number
of NatCos



INCREASING MOBILE INTERNET REVENUES

Mobile Internet revenue

€ bn



MEASURES

- Best in class smartphone portfolio leveraging **BUYIN**
- Outstanding mobile Internet **execution**
 - Competitive voice data tariff portfolio
 - Superior sales execution
 - Innovative smartphone based value added services
- **Innovation:**
 - Music streaming (**Deezer, Spotify**)
 - Payment functionality via **My Wallet**



LIFE IS FOR SHARING.

4 COST REVOLUTION.

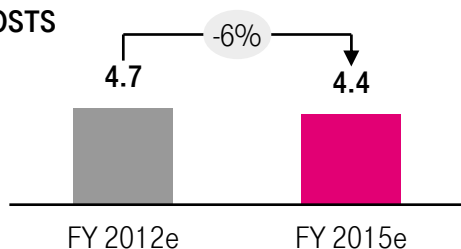
TRANSFORM DELIVERY MODEL (COST) 2012 - 2015

DECREASE OF INDIRECT COST

- **eCompany** transformation by further automation of services & products
- Operational excellence by e.g. **technical service transformation**
- **Reduction of G&A** costs by shared service centers e.g. accounting, HR
- Developing **IT supply centers** (e.g. TMNL billing provided by OTE)
- **Design to cost** approach e.g. for technology shared services (TV)

INDIRECT COSTS

€ bn, stable FX

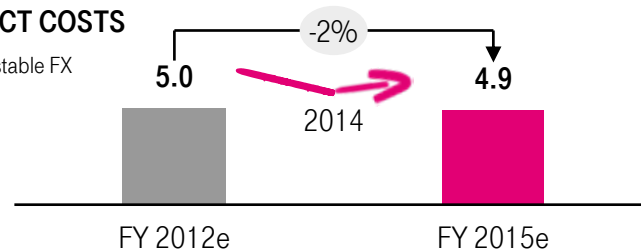


DIRECT COST DEVELOPMENT

- In next two years direct costs will further diminish due to lower interconnections costs, but overcompensated in 2014 and the following years due to increasing direct costs related to growth business
- Growth in TV and ICT with additional costs e.g. licenses, content
- Increase of direct cost related to new products e.g. mobile wallet

DIRECT COSTS

€ bn, stable FX



LIFE IS FOR SHARING.

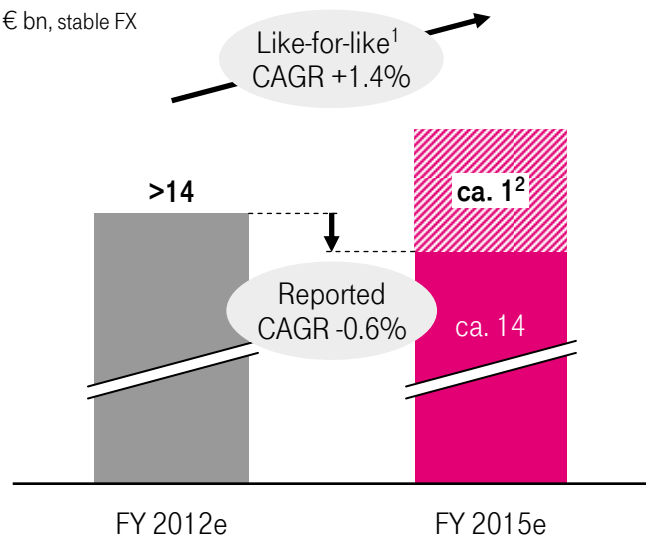
FINANCIAL OUTLOOK

OUR ASPIRATION: RETURN TO MODERATE GROWTH IN 2014 – REVENUE SHIFT TO GROWTH AREAS.

REVENUE TURNAROUND WILL BE ACHIEVED BY...

REVENUE

€ bn, stable FX



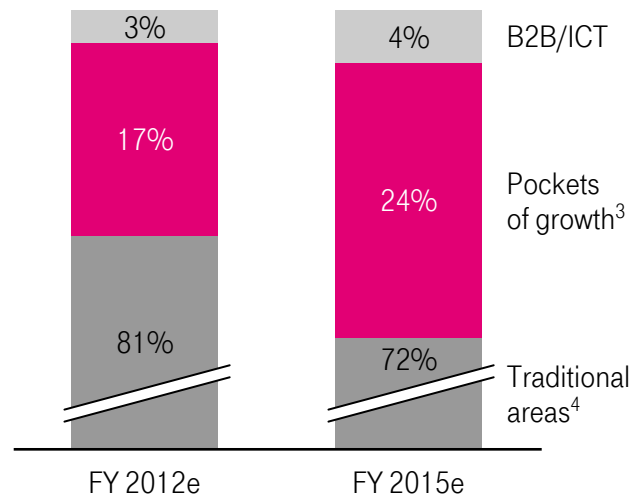
 Regulatory effects



...REVENUE TRANSFORMATION

REVENUE SPLIT

stable FX



¹ Like-for-Like - calculated with stable FX and stable mobile regulated rates

² Mobile termination national, roaming, visitors

³ B2B/B2C: Mobile Internet, TV/fixed broadband, adjacent industries (online consumer services and energy)

⁴ Voice, messaging, handset revenues, wholesale, others.

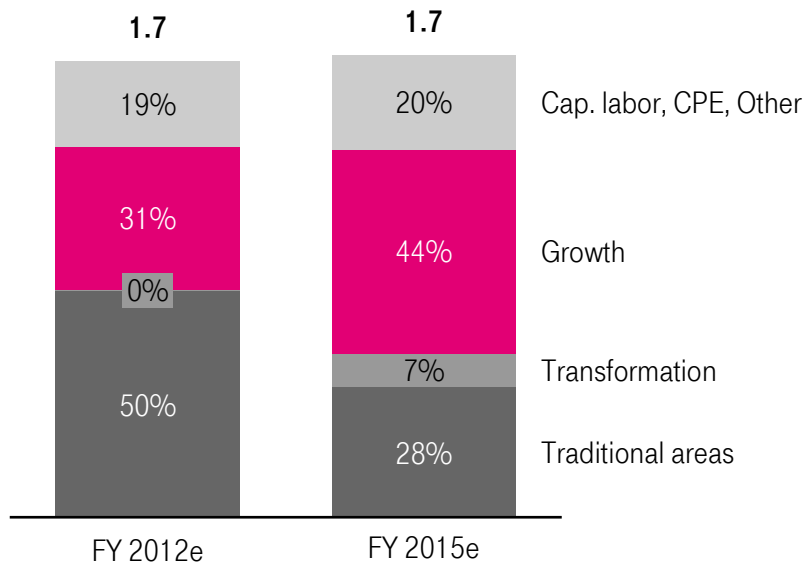
LIFE IS FOR SHARING.

TRANSFORMATION: REASONABLE INVESTMENTS IN GROWTH SECURE FUTURE BUSINESS OPPORTUNITIES.

CAPEX TRANSFORMATION REFLECTING BUSINESS MODEL CHANGE

CAPEX

€ bn, stable FX, like-for-like, w/o spectrum



KEY LEVERS 2015

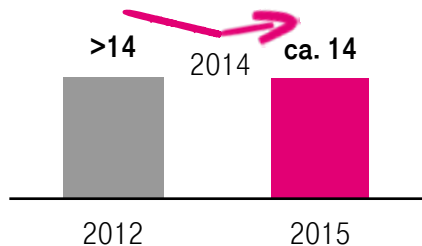
- Increasing CAPEX for further rollout of Growth Areas (e.g. Broadband with LTE, FTTx) and in IP Transformation.
- Decreasing CAPEX in traditional areas (e.g. Maintenance and Infrastructure) due to improving efficiency.



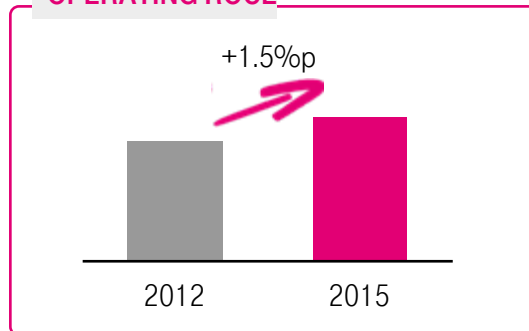
LIFE IS FOR SHARING.

INCREASING RETURN ON CAPITAL DUE TO OPEX SAVINGS AND LOWER ASSET BASE.

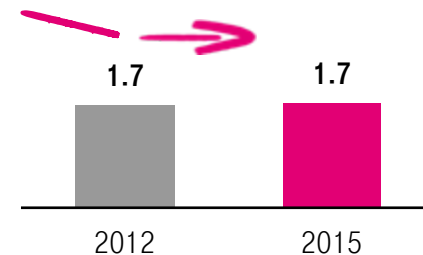
REVENUE



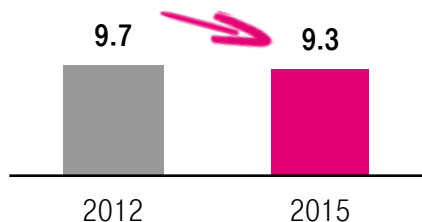
OPERATING ROCE



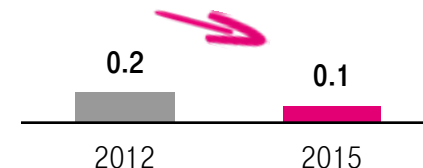
CAPEX



OPEX



SPECIAL FACTORS



AMBITION LEVEL 2015

OUR AMBITION: ECONOMIES OF SCOPE AND SCALE SECURE STABLE CASH IN A DIFFICULT ENVIRONMENT.

AMBITION LEVEL 2015		
	FINANCIAL STABILITY IN EUROPE	TECHNOLOGY LEADERSHIP
oFCF adj.	stable	All-IP migration in HR and MK In other countries All-IP migration launched
TOTAL REVENUE ¹	€14 bn	TeraStream trial in HR by end of 2012 BNG introduction in GR ongoing until 2015
CUM. INDIRECT OPEX REDUCTION BY 2015 ² :	€0.6 bn	Maximum bandwidth experience by bundling fixed & mobile data streams, launch in at least one country 2014
OP. ROCE	further improving	Mass market product by 2015

ALL-IP TRANSFORMATION

**TeraStream/
BNG³**

HYBRID ACCESS⁴

mWALLET



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¹ Adjusted, organic revenue development only, based on assumptions regarding regulation (esp. MTR cuts), new entrants/spectrum auction, etc. ² Baseline 2012 ³ Broadband network gateway ⁴ Integrated Network Strategy

SUMMARY.

- 1 We achieved a slow down of the historical revenue decline, improved our competitive position as well as operating ROCE, despite a tough environment
- 2 Our focus:
Ensure a sustainable cash contribution, stemming against the macro trend
- 3 Our aspiration:
 - Return to underlying revenue growth from 2014 onwards through our growth areas, especially Mobile Internet and B2B/ICT
 - Reduction of indirect costs through a radical transformation of our delivery model (esp. All-IP Transformation, e-Company, Technical Services Transformation)
- 4 Our leadership paradigm:
 - Differentiated steering of NatCos, according to market position, to create relevant focus
 - ONE DT (Europe): Cross-NatCos cooperation to leverage economies of scale



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DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2012 GERMANY

NIEK JAN VAN DAMME



LIFE IS FOR SHARING.

SUMMARY.

- 1 We believe highspeed network quality will be key differentiator
- 2 We will invest significantly in LTE, Fiber and Vectoring
- 3 We secure broadband market leadership in fixed and mobile
- 4 We stabilize revenue in Germany in 2014



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REVIEW 2010 – 2012

2010 – 2012: SOLID PERFORMANCE IN A COMPETITIVE MARKET.

AMBITION LEVEL 2012

- Stable market share broadband
 - Stable market share service revenues (mobile)
 - 2.5 – 3mn Entertain customers
 - ≈ €1.5 bn data revenues (mobile)
-
- Customer loyalty Index + >10% (2010 – 2012)
-
- > €1.5 bn adj. opex net reduction (2010 – 2012)
 - Increasing adj. EBITDA margin
 - Stable revenues
 - One Company: exploit German fixed mobile integration
 - Revenue synergies ≈ €0.4 bn in 2012 (mainly cross-/up-selling)
 - Share of customers with both fixed and mobile contracts > 30%

ACHIEVEMENTS 2012

- 44.9% (-1.7PP) ●
 - 34.2% (-0.7PP) ●
 - 1.9 mn ●
 - €1.8 bn (LTM) ●
-
- 56 points (+10%) ●
-
- €1.9 bn (YTD 2012) ●
 - 41.7% YTD 2012 (+4.0PP)¹ ●
 - -2.2% yoy (YTD 2012) ●
-
- > 0.4 bn (2012e) ●
 - ≈ 25% ●



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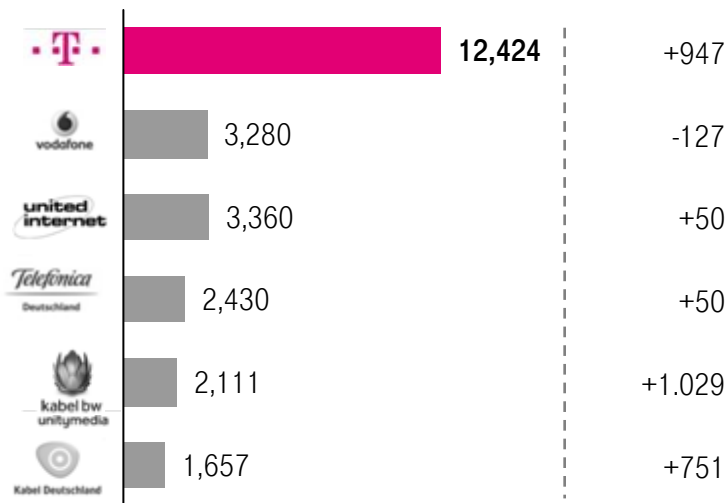
¹ EBITDA margins FY 2009 as reported by companies within FY 2010 results. Telekom Deutschland: adj. EBITDA before online consumer restatement LTM = last twelve months

REVIEW 2010 – 2012: CLEAR #1 IN BROADBAND.

GERMAN BROADBAND MARKET Q3/2012

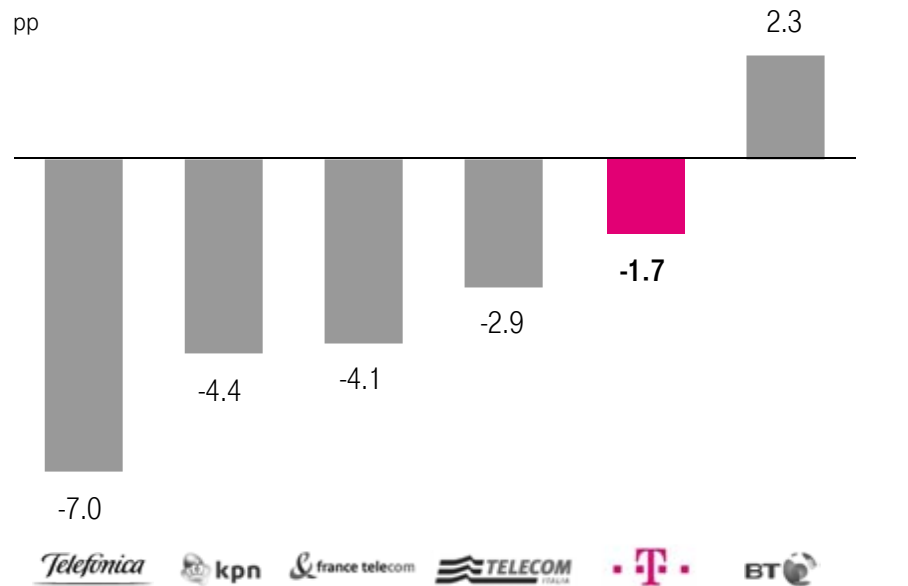
in k

BB NET ADDS
2010 – Q3/2012



PEERS DOMESTIC BROADBAND MARKET SHARE Q3/2012 VS. FY 2009¹

pp

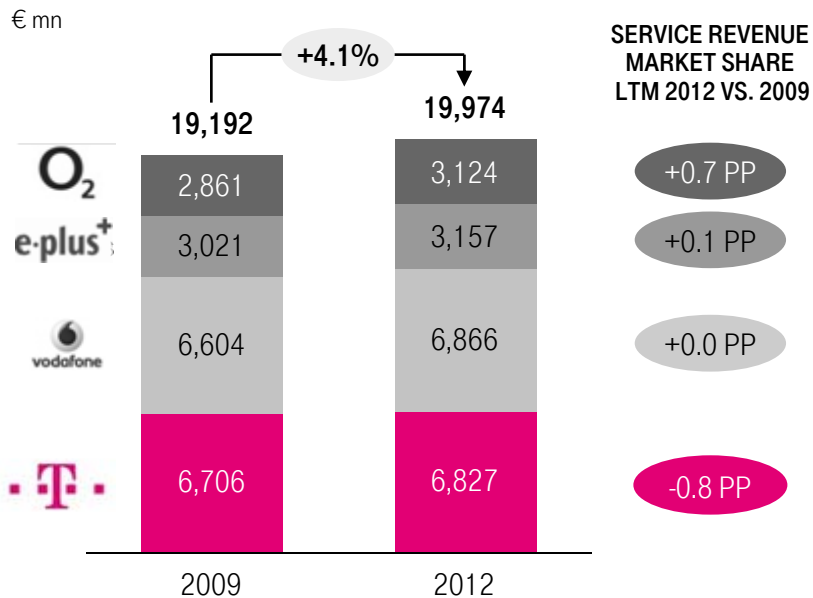


LIFE IS FOR SHARING.

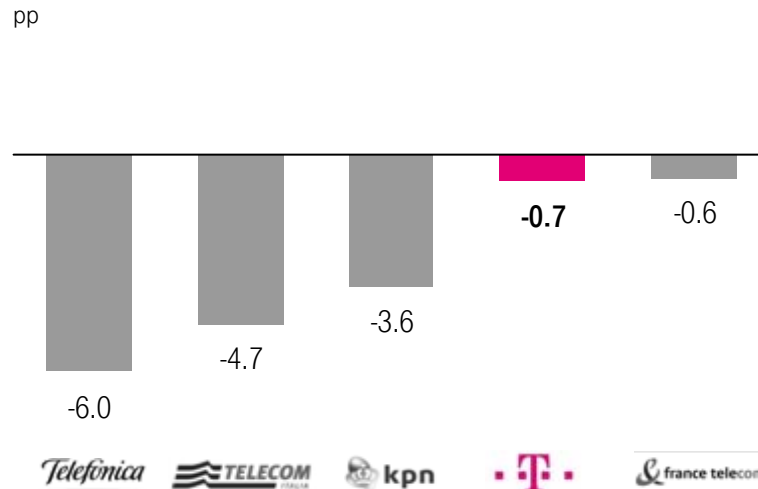
¹ Source: Bank of America Merrill Lynch

REVIEW 2010 – 2012: HOLDING UP WELL IN A VERY COMPETITIVE GERMAN MOBILE MARKET.

GERMAN MOBILE MARKET¹



PEER DOMESTIC SERVICE REV. MARKET SHARE Q3/2012 VS. FY 2009²



LIFE IS FOR SHARING.

¹ 2012 = LTM: Last twelve months (Q4/2011 – Q3/2012) ² Source: Bank of America Merrill Lynch

REVIEW 2010 – 2012: “ONE COMPANY” SUCCESSFULLY STARTED, MORE TO COME.

CROSS- AND UPSELLING REVENUE

€ mn

> 950

cum. 2010 – YTD 2012

TELEKOM DEUTSCHLAND

ONE BRAND



ONE SALES & SERVICE



ONE ORGANIZATION



INTEGRATED PROCESSES & STEERING



INTEGRATED NETWORKS



INTEGRATED IT-SYSTEMS UND PROCESS



OC DRIVEN OPEX REDUCTION

€ mn

cum. 2010 – YTD 2012

≈ -250

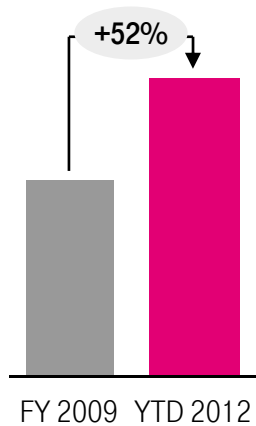


LIFE IS FOR SHARING.

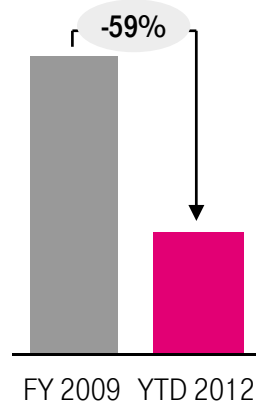
REVIEW 2010 – 2012: SIGNIFICANT CHURN REDUCTION BASED ON SUPERIOR NETWORK QUALITY AND CUSTOMER SERVICE.

OUR CUSTOMER SERVICE TODAY...

Mean Time between assistance for DSL lines



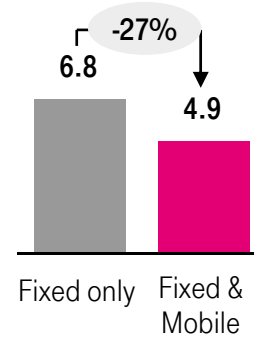
Customer complaints



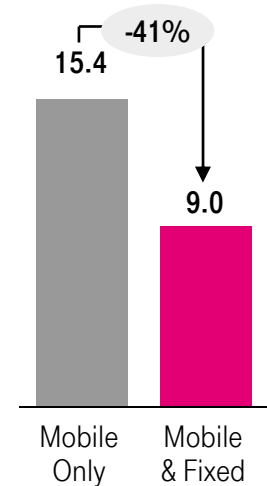
... LEADS TO LOWER CHURN.

% YTD/2012

Churn Fixed Double Play



Churn Mobile Double Play



LIFE IS FOR SHARING.

REVIEW 2010 – 2012: OUTPERFORMING IN PROFITABILITY TERMS.

OUTPERFORMING INTEGRATED DOMESTIC BUSINESS OF OUR PEERS...

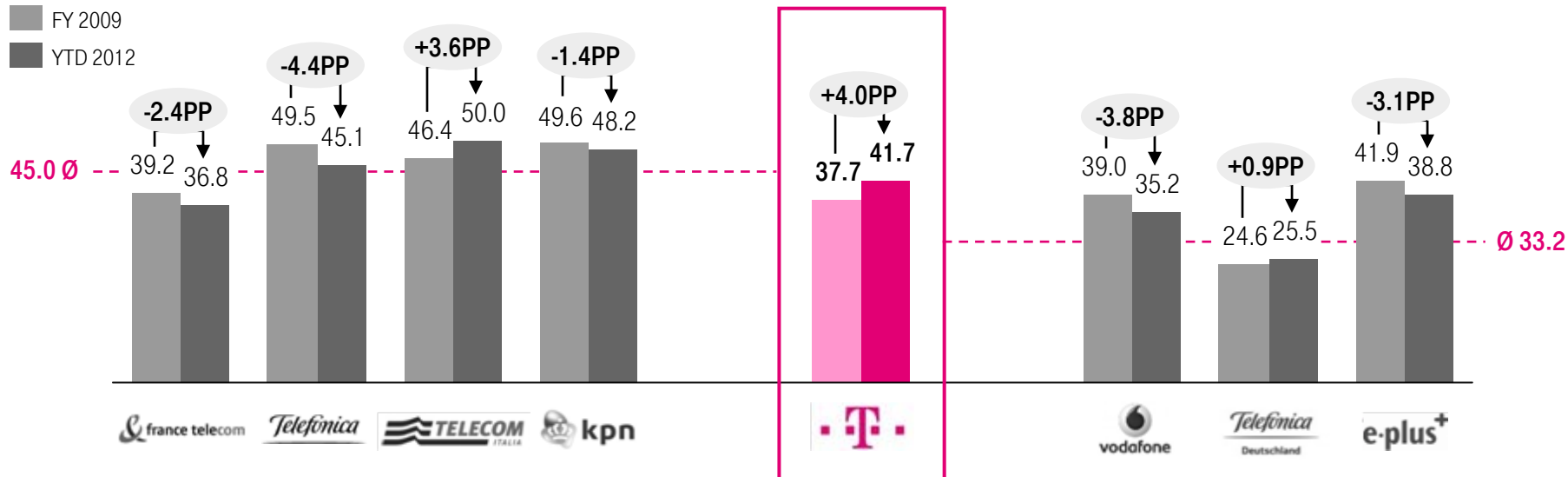
... AND NATIONAL TELCO COMPETITORS.

EBITDA margin

%¹

■ FY 2009

■ YTD 2012



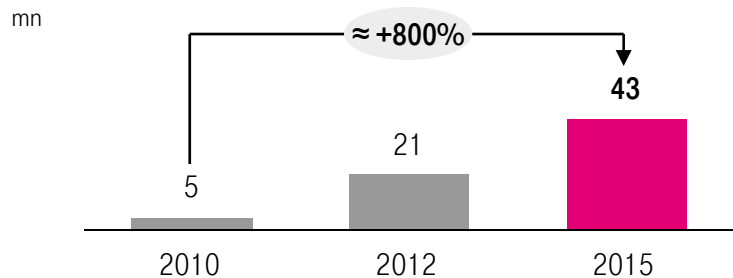
LIFE IS FOR SHARING.

¹ EBITDA margins FY 2009 as reported by companies within FY 2010 results. Telekom Deutschland: adj. EBITDA before online consumer restatement | Vodafone figures based on half-year reporting (FY2009= Q2/2009 – Q1/2010; YTD 2012 = Q2+Q3/2012) | TI: adjusted EBITDA margin | KPN: Dutch telco business | Telefónica Deutschland: OIBDA margin before group fees

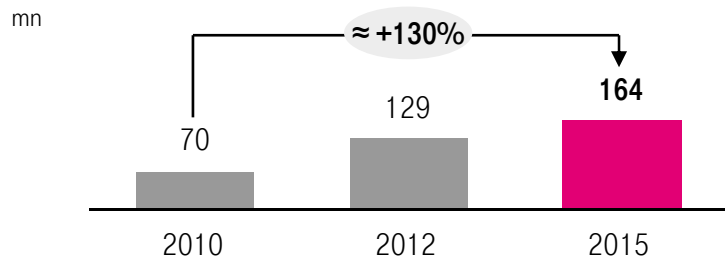
MARKET TRENDS

MOBILE DATA BECOMES MASS MARKET...

WESTERN EUROPE TABLET SALES¹

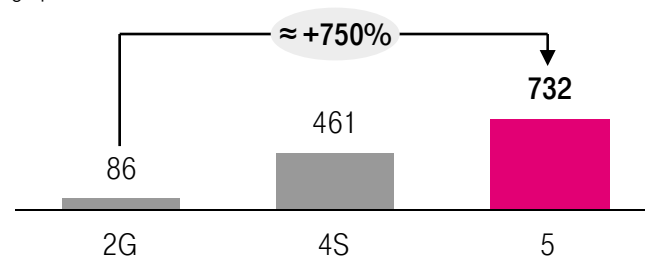


WESTERN EUROPE SMARTPHONE SALES²



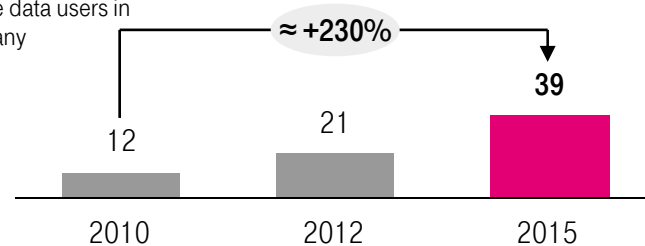
EVERY IPHONE GENERATION DRIVES DATA APETITE

MB usage per month in October 2012



MOBILE DATA MARKET GROWTH³

Mobile data users in Germany
mn



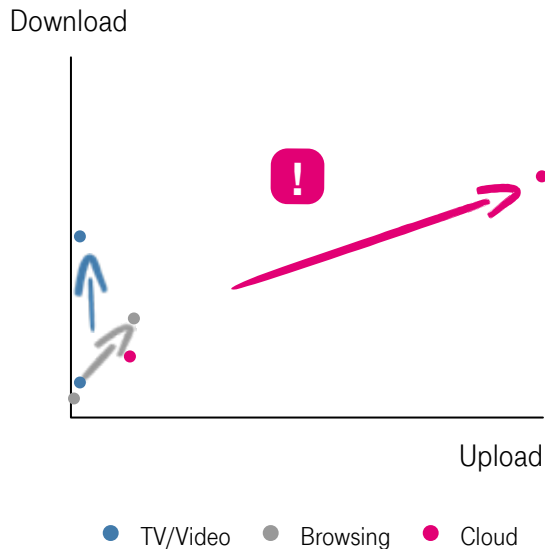
LIFE IS FOR SHARING.

... WHILE CUSTOMER USE CASES DRIVE HIGH SPEED AND ESPECIALLY UPLOAD DEMAND.

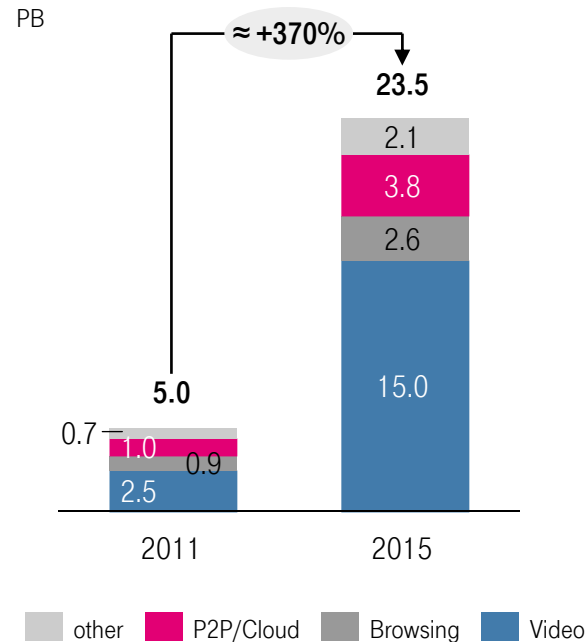
3 RELEVANT CUSTOMER USE CASES...

- 1 Video/TV
- 2 Cloud
- 3 Browsing

... WITH CLOUD BOOSTING UPLOAD ...



... ARE THE MAIN TRAFFIC DRIVERS.¹



LIFE IS FOR SHARING.

¹ IDC, Europe Wireline Traffic Share by Traffic Type, 2011 and 2015

MAJOR TRENDS IN CORE MARKET.

FIXED COMMUNICATIONS



**Cable competition
speed & TV**



**Fixed mobile
substitution via LTE**



**Change in
wholesale business**

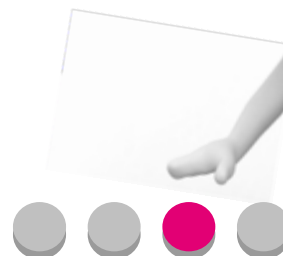
MOBILE COMMUNICATIONS



**Price competition
via discount brands**



**Full flat
penetration**



**Network quality perception
as differentiator**



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CORE MARKETS UNDER CONTINUED REGULATORY PRESSURE.

MOBILE TERMINATION RATES CUT¹



INTERCONNECTION CUT²



POSITIVE SIGNALS HAVE TO MATERIALIZE



“I intend to produce durable regulatory guidance, to apply at least until 2020.”³



Encouraging comments have to materialize and are a precondition for increased network investments



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STRATEGY 2013 – 2015

STABILIZE REVENUES IN
2014 AND MARKET
LEADERSHIP

OUR PRIORITIES IN GERMANY UNDERLINE THE GROUP STRATEGY.

Seamless connectivity for the Gigabit Society

More innovation by cooperation

Secure cloud solutions

Best-in-class customer experience



INNOVATE

Cloud & more



TRANSFORM

Integrated network strategy (INS)



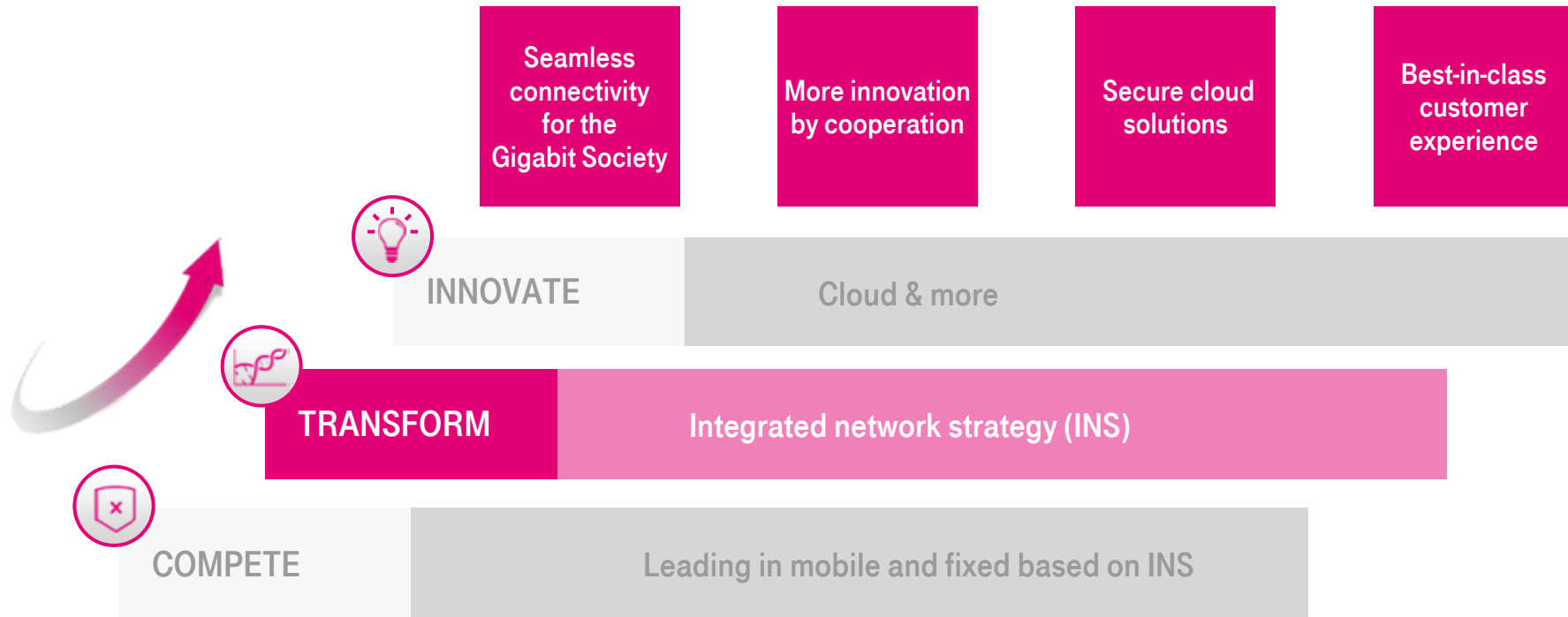
COMPETE

Leading in mobile and fixed based on INS



LIFE IS FOR SHARING.

OUR PRIORITIES IN GERMANY UNDERLINE THE GROUP STRATEGY.



LIFE IS FOR SHARING.

NETWORK QUALITY BECOMES CRUCIAL.



BANDWIDTH DEMANDING USE CASES...

- 1 Video/TV
- 2 Cloud
- 3 Browsing

...EVERYWHERE & SIMULTANEOUS...



... MAKE NETWORK QUALITY CRUCIAL.

- Speed
- Coverage
- Capacity

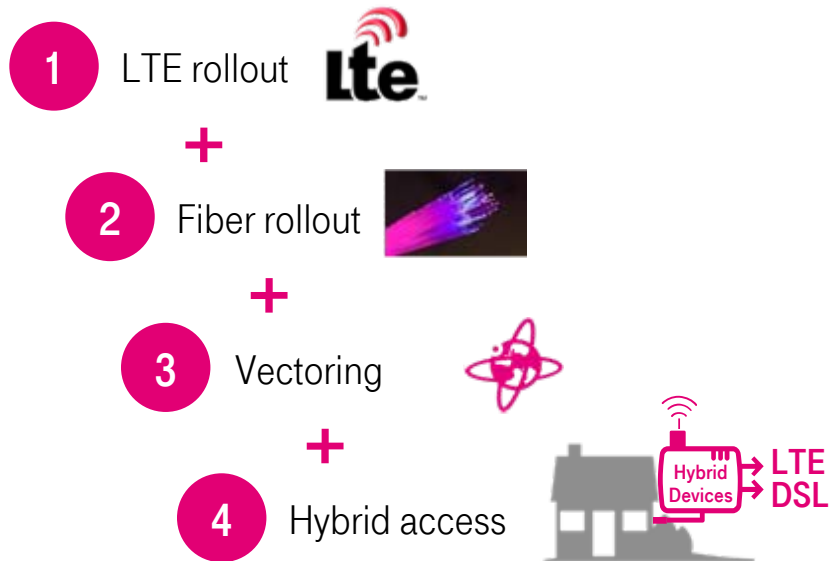


LIFE IS FOR SHARING.

INS: MASSIVE ROLLOUTS OF LTE AND FIBER WITH VECTORING COMBINED WITH REVOLUTIONARY ACCESS APPROACH.



TRANSFORM



LIFE IS FOR SHARING.

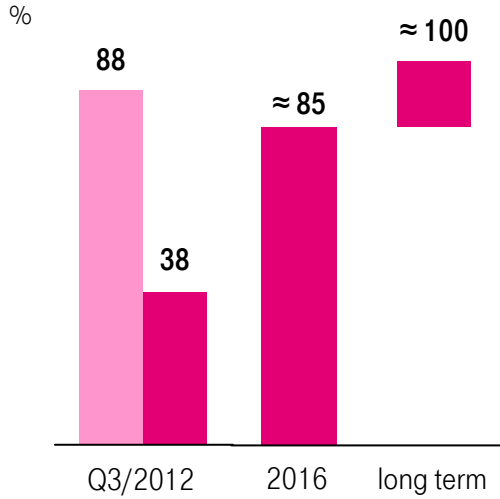
1 INS: CAPEX EFFICIENT AND RAPID ROLLOUT OF BEST-IN-CLASS LTE NETWORK.



LTE

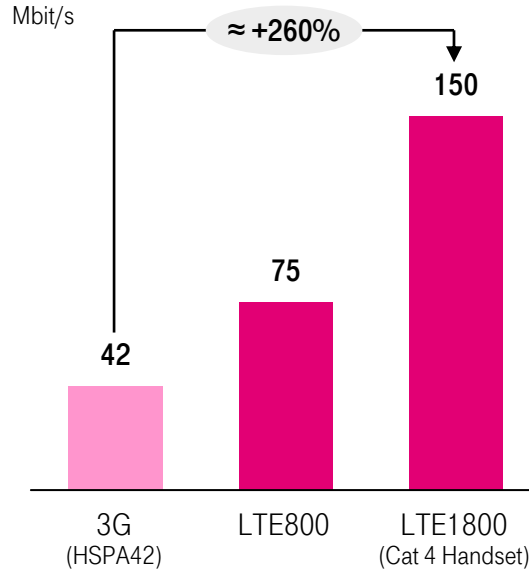
LTE ROLLOUT PLAN

Outdoor pop coverage

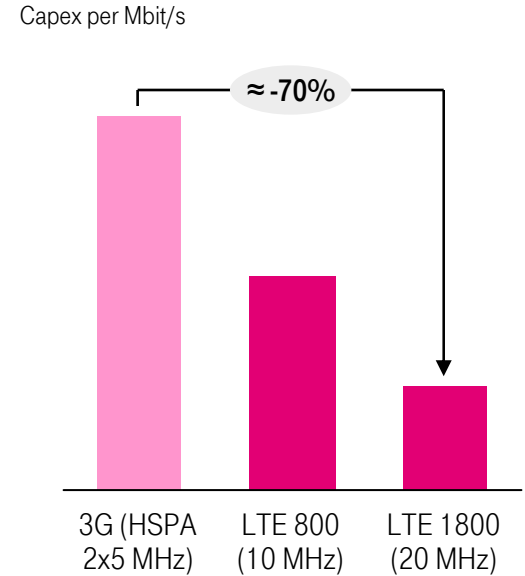


HSPA LTE

PEAK PERFORMANCE



HIGHER CAPEX EFFICIENCY



LIFE IS FOR SHARING.

2+3 INS: FIBER UPGRADE OF FIXED NETWORK IN COVERAGE & SPEED IS A SMART “NO REGRET MOVE” TO FTTH.

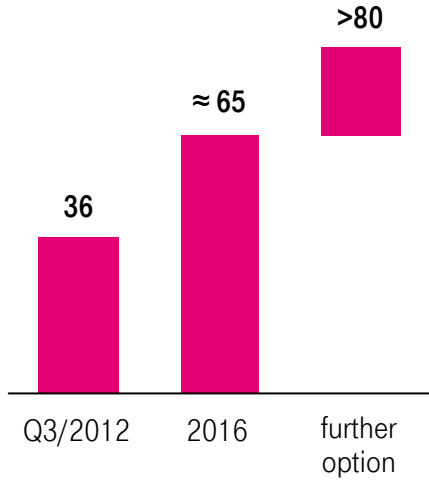


Fiber

FIBER ROLLOUT PLAN

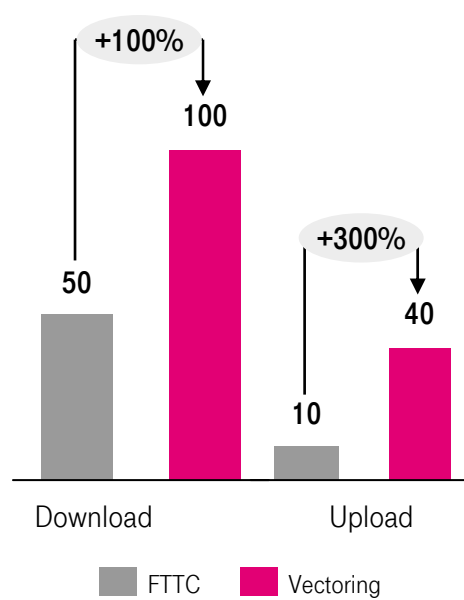
Coverage

%



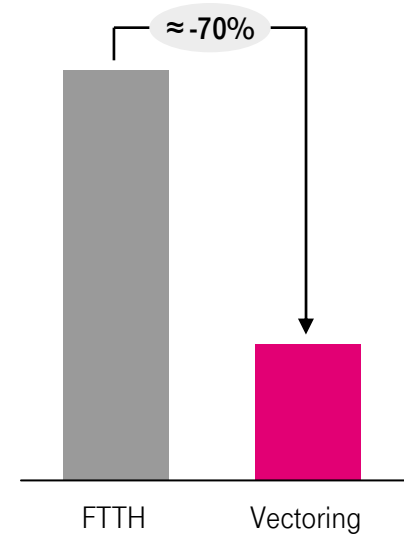
VECTORING PERFORMANCE UPGRADE¹

Mbit/s



HIGHER COVERAGE WITH LOWER CAPEX

Capex per connected home



¹ with short distribution cable length

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4 INS: HYBRID REVOLUTION THROUGH COMBINATION OF FIXED AND MOBILE FOR SUPERIOR SPEED EXPERIENCE.



Hybrid

SUPERIOR OFFERING FOR CUSTOMERS...

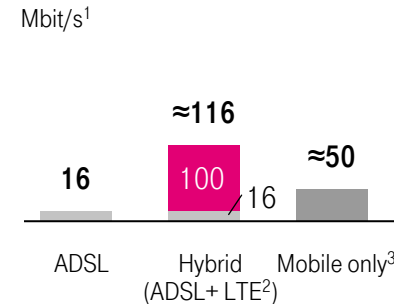
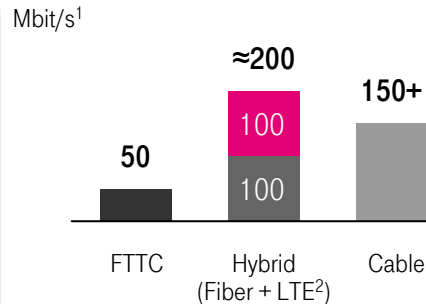
Speed up your access @ home



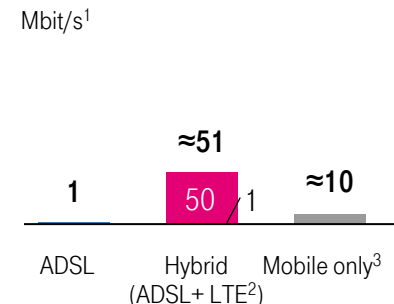
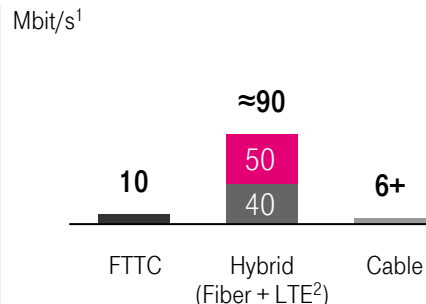
CABLE FOOTPRINT (24MN HH)

COPPER ONLY (16MN HH)

MAX. DOWNLOAD



MAX. UPLOAD



LIFE IS FOR SHARING.

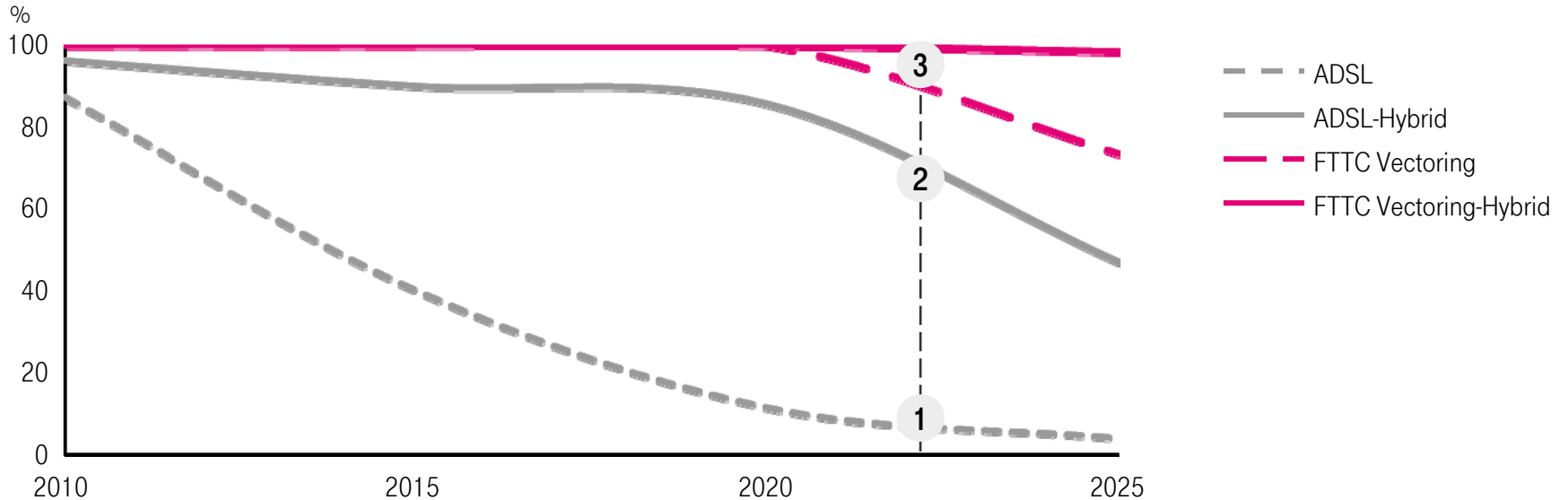
¹ broadband speed communication for consumer ² LTE 1800Mhz ³ Vodafone LTE Zuhause

4 INS: VECTORING AND HYBRID PROLONGATE THE COPPER LIFECYCLE UP TO 10 YEARS.



INS FULLY COVERS CUSTOMER USE CASES FOR THE NEXT DECADE.

Customer use cases covered



LIFE IS FOR SHARING.

OUR PRIORITIES IN GERMANY UNDERLINE THE GROUP STRATEGY.

Seamless connectivity for the Gigabit Society

More innovation by cooperation

Secure cloud solutions

Best-in-class customer experience



INNOVATE

Cloud & more



TRANSFORM

Integrated network strategy (INS)



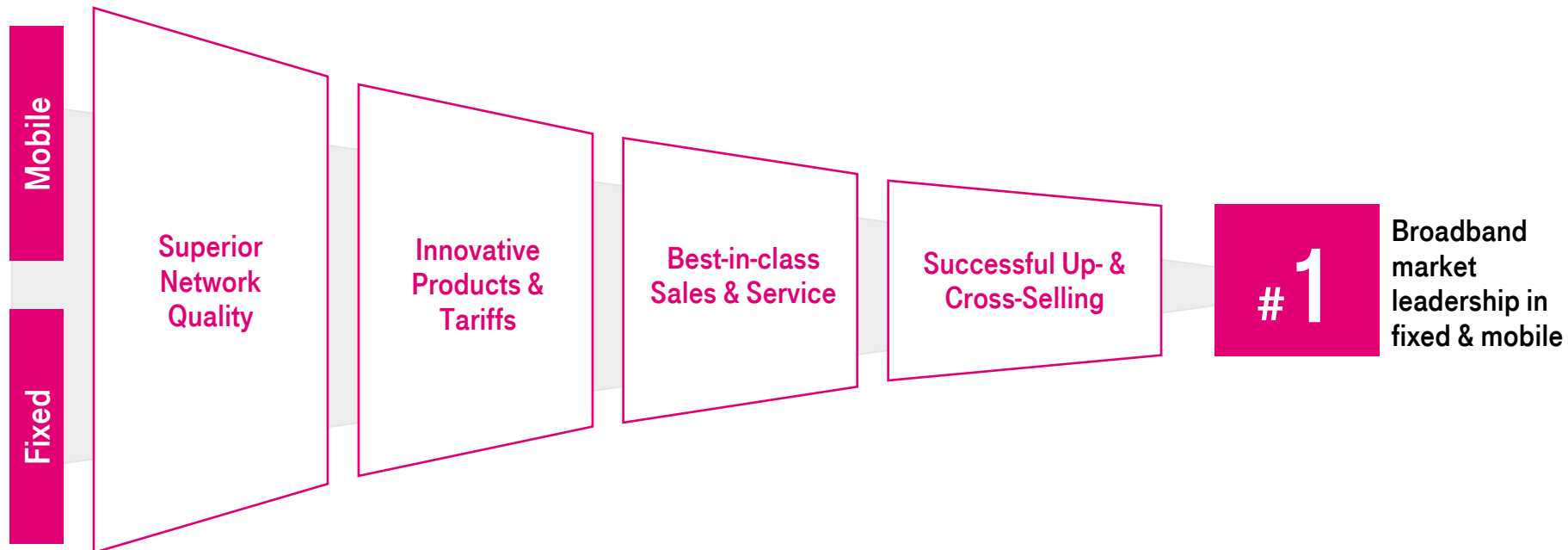
COMPETE

Leading in mobile and fixed based on INS



LIFE IS FOR SHARING.

KEY DIFFERENTIATORS ACROSS ENTIRE VALUE CHAIN SECURE MARKET LEADERSHIP.

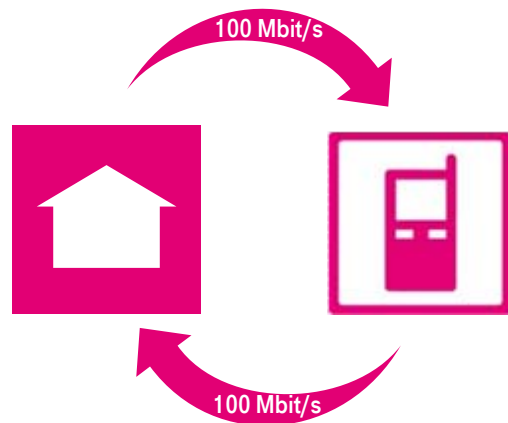


LIFE IS FOR SHARING.

UNRIVALED CUSTOMER EXPERIENCE IN ALL USE CASES - EVERYWHERE!



HIGHSPEED BROWSING



Same speed everywhere

TV ON ALL SCREENS



Entertain everywhere

CLOUD



Safe & trusted cloud services



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BEST-IN-CLASS SALES AND SERVICE.



DISTRIBUTION

> 750 Telekom shops



≈ 1,000 Distribution partners



Best shopping experience

CUSTOMER SERVICE

> 10,000 agents



Improve process quality



Increase customer satisfaction

TECHNICAL SERVICE

> 10,000 experts



Innovative service products



Best partner for customer



LIFE IS FOR SHARING.

MOBILE STRATEGY: THE MARKET LEADER HAS TO ENSURE FAIR SHARES THROUGHOUT ALL SEGMENTS.



PREMIUM T BRAND COMPLEMENTED BY CONGSTAR¹



BEST IN CLASS OFFERS FOR ALL SEGMENTS

- 1
 - **Unmatchable LTE** speeds & coverage
 - Excellent **spectrum** (800 & 1800MHz)
 - **World-class device portfolio** bundled with exclusive extras (e.g. Spotify, Hotspot)
 - **Monetization:** LTE only incl. in high-end tariffs & on-top options.
- 2
 - **Fast follower** via service provider & discount brands
 - Additional segments, avoid cannibalization of T brand
- 3
 - congstar for smart shoppers & discount, mainly online & **less subsidized tariffs**



LIFE IS FOR SHARING.

MOBILE STRATEGY: DESPITE TOUGH PRICE PRESSURE, WE SUCCESSFULLY GROW GROSS ADDS ARPU.



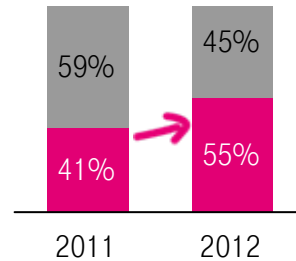
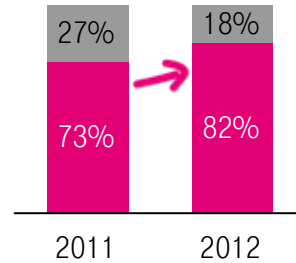
MARKETING FOCUS

Value based customer acquisition

Retention & up selling of customer base

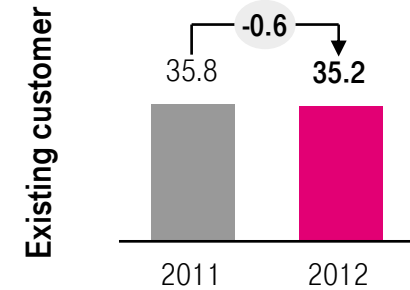
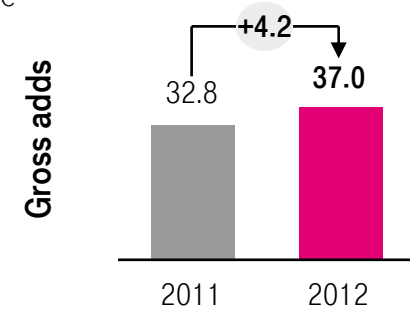
T-BRANDED CONSUMER CONTRACT CUSTOMER MIX

Single Play Double Play



T-BRANDED CONSUMER CONTRACT ARPU

€



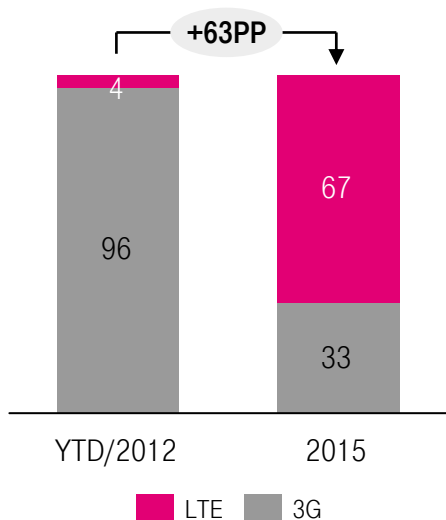
LIFE IS FOR SHARING.

MOBILE STRATEGY: SERVICE REVENUE RETURNS TO GROWTH AS A RESULT OF AN EXPANDING & HIGHER-VALUE BASE.



SHARE OF LTE SMARTPHONES

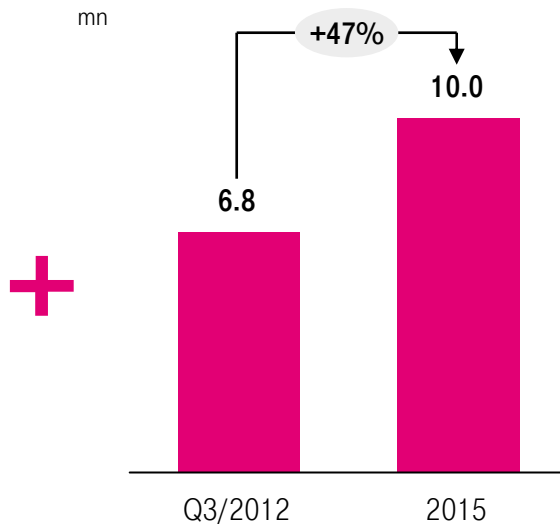
% based on TDG smartphone sales



STRONG DOUBLE PLAY UPTAKE

Contract customers

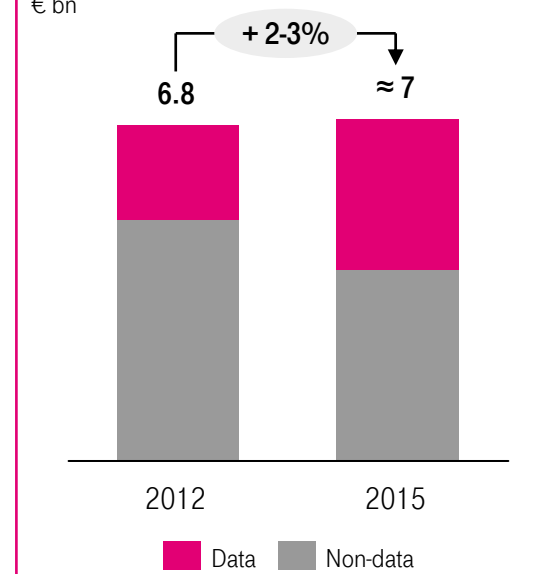
mn



SERVICE REVENUE GROWTH

Service revenue

€ bn







2012 = LTM

LIFE IS FOR SHARING.

FIXED STRATEGY: WE COMPETE WITH CABLE BY ADDRESSING NEW MARKETS AND REINFORCED WHOLESALE PARTNERSHIPS.



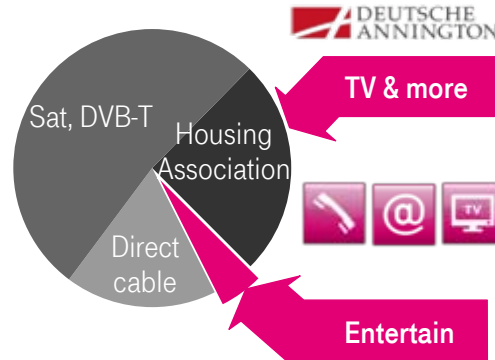
INTEGRATED NETWORK STRATEGY

- 1 LTE rollout 
- 2 Fiber rollout 
- 3 Vectoring 
- 4 Hybrid access 

Competitive integrated offerings

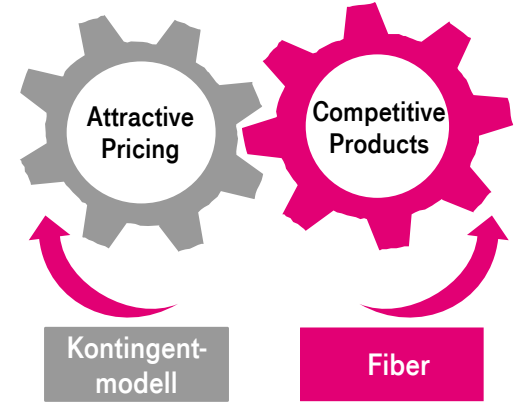
TV STRATEGY

German TV market



Fastest growing TV player

WHOLESALE STRATEGY



Strengthen Wholesale partnership



LIFE IS FOR SHARING.

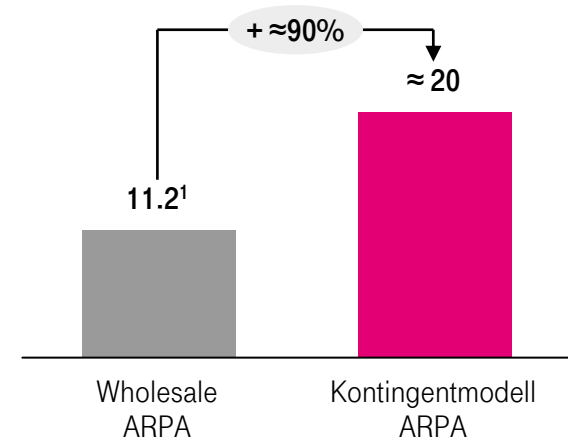
FIXED STRATEGY: "KONTINGENTMODELL" STRENGTHENS WHOLESALE PARTNERS TO SECURE NETWORK UTILIZATION.



MECHANICS OF „KONTINGENTMODELL“

- Logic supports nationwide and regional players
 - upfront investment
 - risk sharing
- Long-term contract (up to 10 years) with commitment
 - price (upfront & monthly fee)
 - volume
- Allows rational retail pricing

ARPA UPLIFT



High utilization of fiber network
Stabilize revenue in wholesale



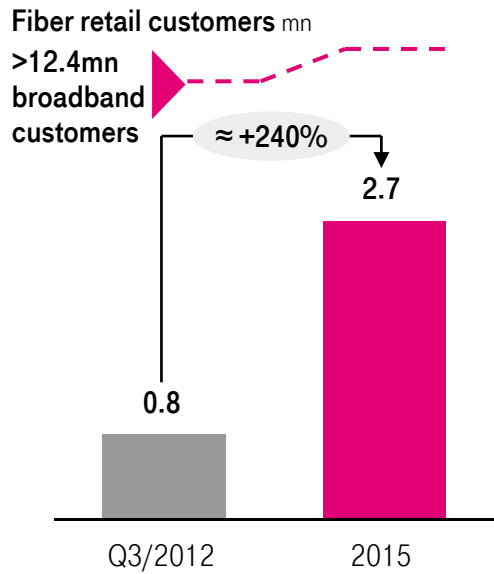
LIFE IS FOR SHARING.

¹ Calculation: 85% ULL, 15% IP BSA

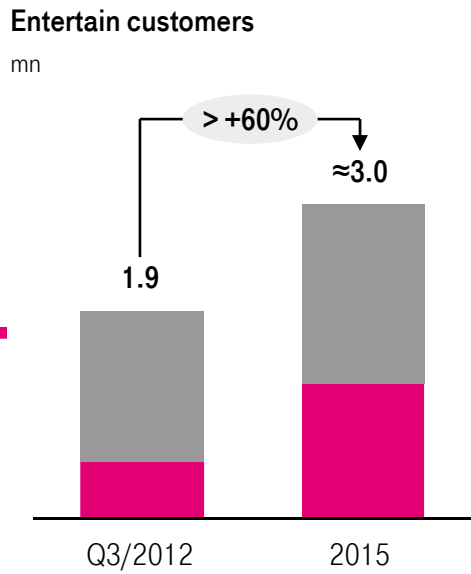
FIXED STRATEGY: COMPENSATE LINE LOSSES BY UPSELLING RETAIL BASE TO FIBER AND ENTERTAIN.



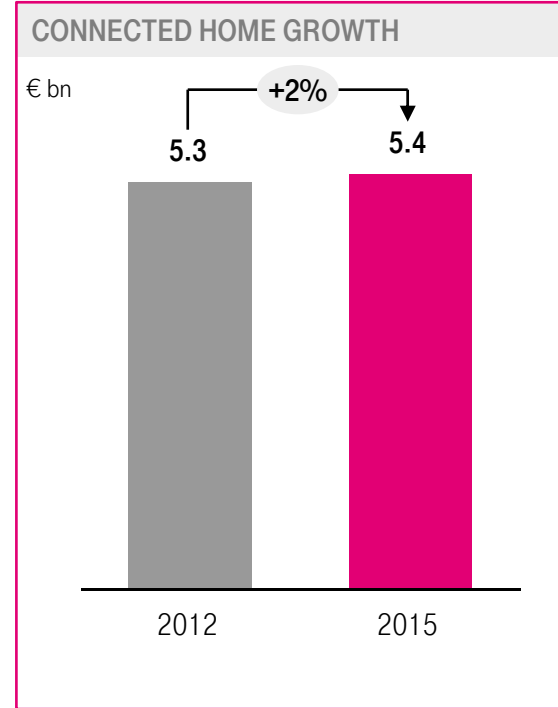
FIBER CUSTOMERS



ENTERTAIN CUSTOMERS



thereof HD



2012 = LTM

LIFE IS FOR SHARING.

OUR PRIORITIES IN GERMANY UNDERLINE THE GROUP STRATEGY.

Seamless connectivity for the Gigabit Society

More innovation by cooperation

Secure cloud solutions

Best-in-class customer experience



INNOVATE

Cloud & more



TRANSFORM

Integrated network strategy (INS)



COMPETE

Leading in mobile and fixed based on INS



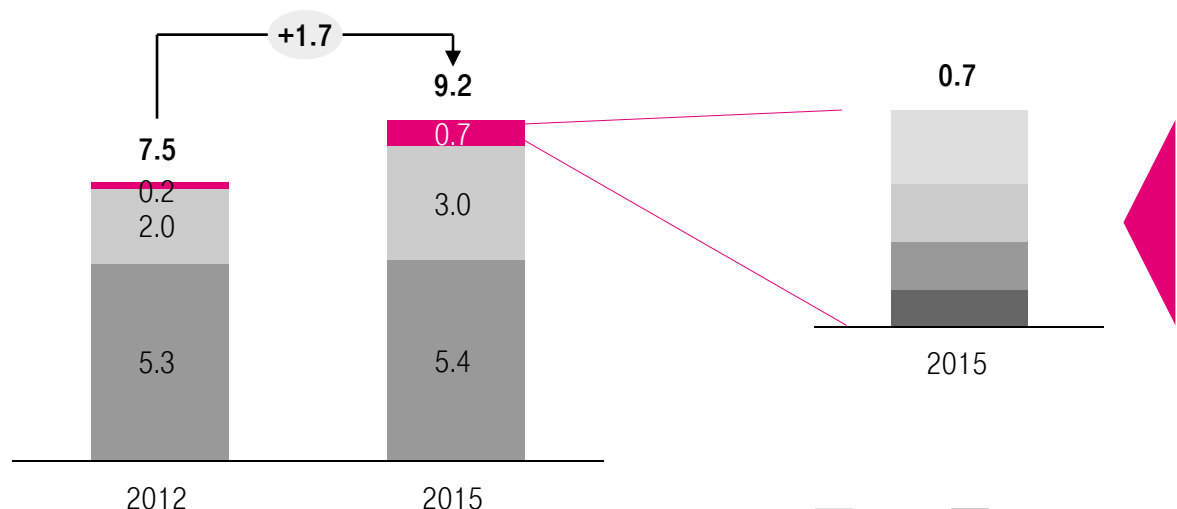
LIFE IS FOR SHARING.

GROWTH INITIATIVES WITH INNOVATIONS FROM OWN DEVELOPMENTS, PARTNERING AND VENTURES.



GROWING BUSINESS (OPERATING SEGMENT GERMANY)

€ bn



Growth Initiatives
 Mobile Data
 Connected Home

Cloud¹
 Intelligent networks¹
 De-Mail
 M2M



LIFE IS FOR SHARING.

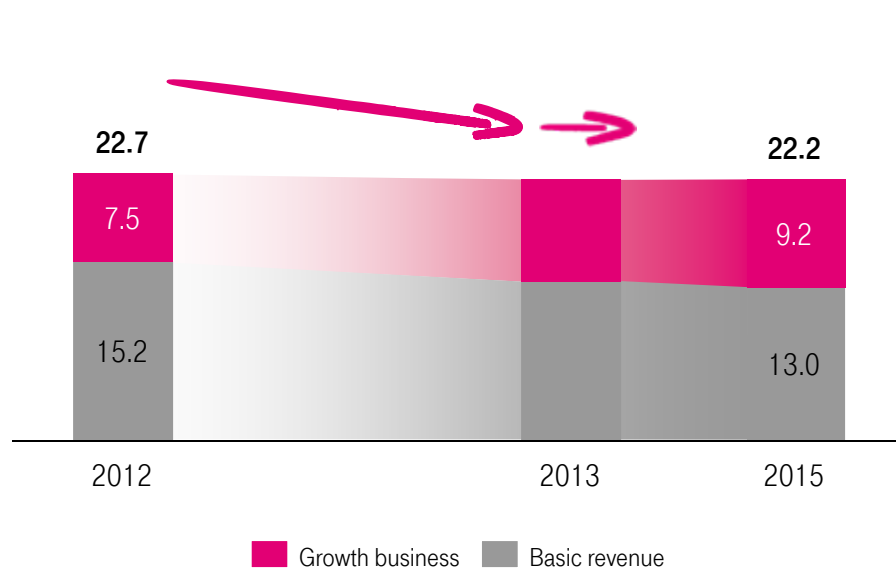
¹ Revenues in the operating segment Germany.

FINANCIAL OUTLOOK

REVENUE STABILIZATION IN 2014 DUE TO MARKET LEADERSHIP AND INNOVATION.

REVENUE STABILIZATION

€ bn



2014

Stable revenues

2015

Revenue split

- Basic revenue < 60%
- Growth revenue > 40%

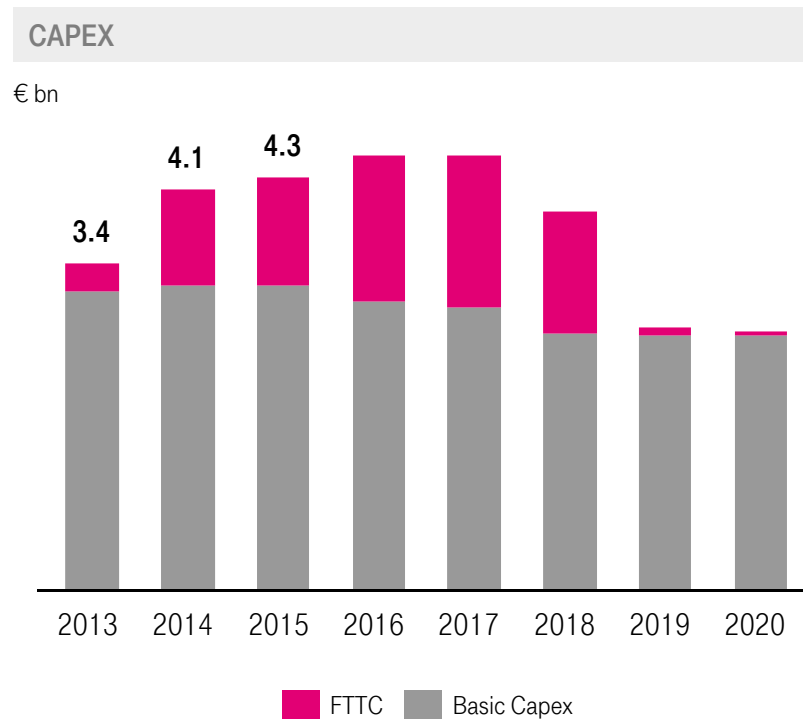
2012/15

Growth business \approx +25%



LIFE IS FOR SHARING.

AS ALREADY INDICATED FTTC/VECTORING CAPEX OF AROUND €6 BN UNTIL 2020.



2013 - 2020

FTTC/Vectoring Capex

≈ €+6 bn cum.

Basic Capex

≈ €-4.4 bn cum.

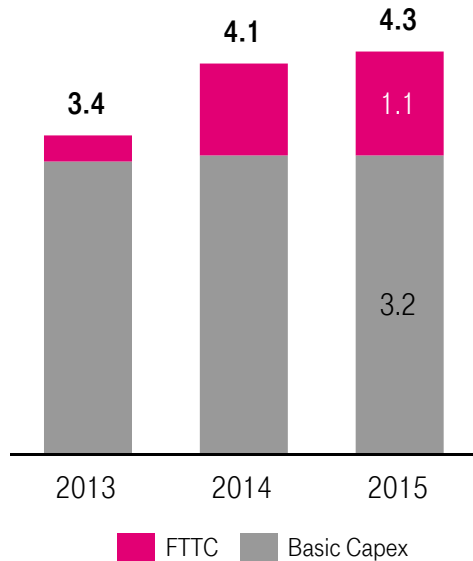


LIFE IS FOR SHARING.

FTTC/VECTORING WILL BE FUNDED PARTLY BY REDUCTION OF BASIC CAPEX.

CAPEX

€ bn



2013 - 2015

FTTC/Vectoring Capex \approx €+2.4 bn cum.

Basic Capex \approx €-1.3 bn cum.

Total Capex \approx €11.8 bn cum.
(\approx €+1.1 bn above 2010 - 2012 cum.)

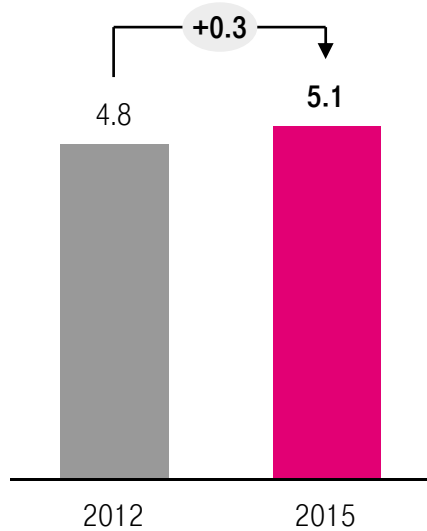


LIFE IS FOR SHARING.

INVEST IN MARKET LEADERSHIP OVERCOMPENSATED BY INDIRECT OPEX REDUCTION.

DIRECT COST

€ bn



Invest in revenue

Increasing customer service efficiency

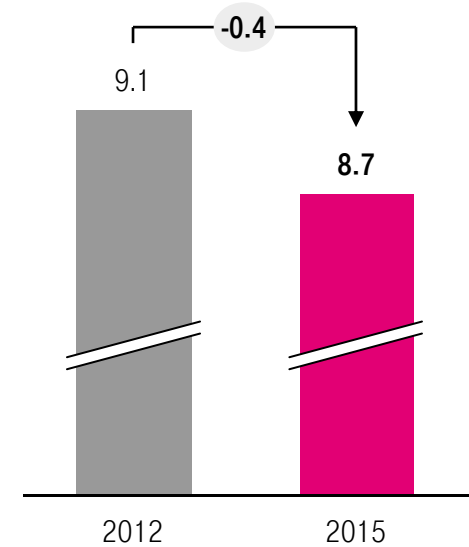
Lean IT and NT

Overhead reduction

2013 - 2015
≈ €1.0 bn cum.

INDIRECT COST¹

€ bn

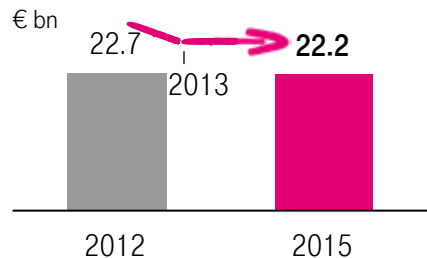


LIFE IS FOR SHARING.

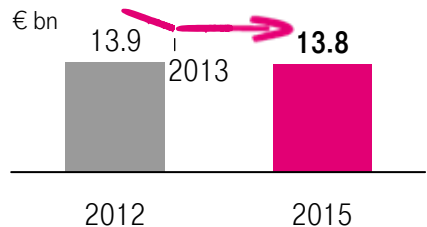
¹ Indirect cost w/o capitalized labor

INCREASING RETURN ON CAPITAL DUE TO OPEX SAVINGS AND LESS RESTRUCTURING PARTIALLY OFFSET BY INCREASING CAPEX.

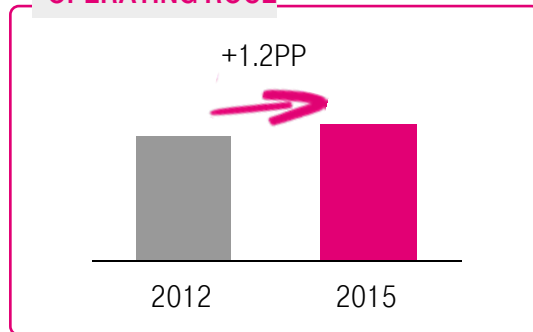
REVENUE



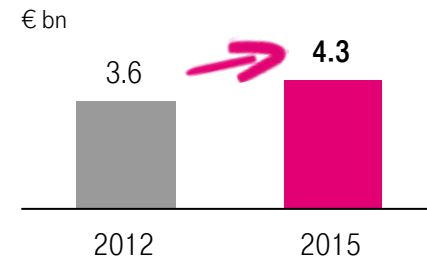
OPEX



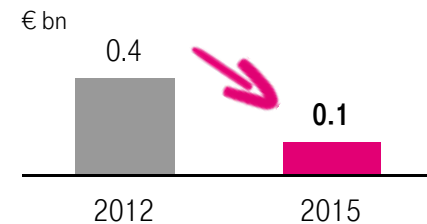
OPERATING ROCE



CAPEX



SPECIAL FACTORS



LIFE IS FOR SHARING.

AMBITION LEVEL 2015

OUR AMBITION: SECURE SUSTAINABLE BROADBAND MARKET LEADERSHIP IN GERMANY.

	MID-TERM AMBITION LEVEL	
MARKET	<ul style="list-style-type: none">#1 in mobile service revenue market share $\approx 35\%$#1 broadband market share $\approx 43\%$#1 in TV growth	<p>2015</p> <p>2015</p> <p>2012 - 2015</p>
QUALITY	<ul style="list-style-type: none">Customer loyalty index $\approx +10\%$	<p>2015 vs. 2012</p>
FINANCIALS	<ul style="list-style-type: none">Stable total revenuesConnected home revenues +2%EBITDA margin $\approx 40\%$	<p>2014</p> <p>2015 vs. 2012</p> <p>2012 - 2015</p>



LIFE IS FOR SHARING.

YOUR KEY TAKEAWAYS.

1 The best network: LTE + Fiber + Vectoring + Hybrid Access

2 Strong differentiators: best broadband coverage + largest distribution + best service

3 Revenue stabilization: monetization of mobile, fixed and integrated offerings

4 Solid financial performance: continued high margin



LIFE IS FOR SHARING.

DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2012 T-SYSTEMS

REINHARD CLEMENS, KLAUS WERNER



LIFE IS FOR SHARING.

REVIEW 2010 – 2012

2010 – 2012: T-SYSTEMS' ACHIEVEMENT SINCE WE MET LAST TIME.

GROWTH

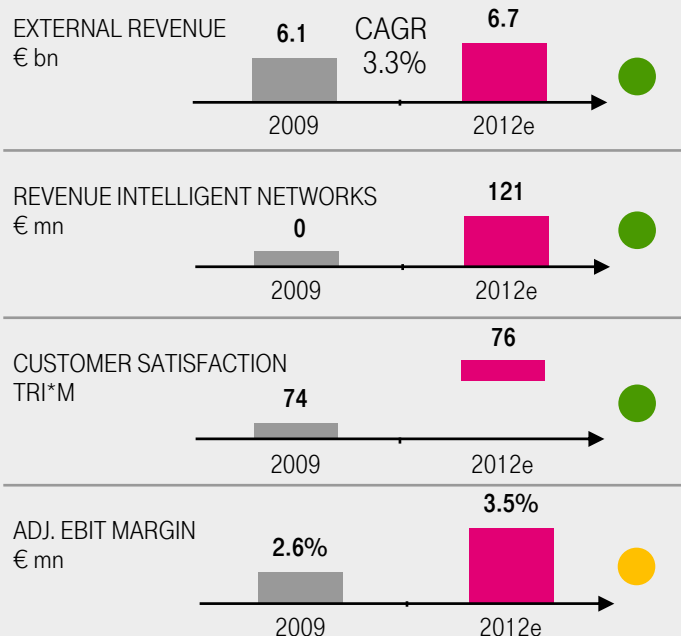
QUALITY

PROFITABILITY

AMBITION LEVEL 2012

- Revenue growth above industry average
- Fair market share in innovative "industry solutions"¹
- Strong TRI*M Index over peer average and above 75 pt
- Grow adj. EBIT margin towards peer level (ca. 7%)

ACHIEVEMENTS 2012



LIFE IS FOR SHARING.

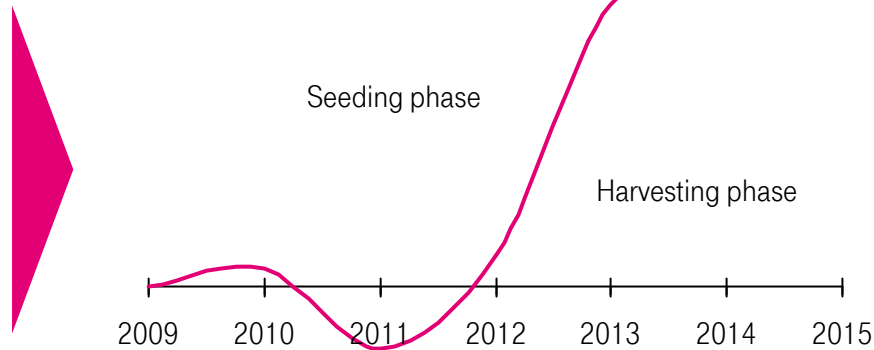
¹ Enabling perspective for groupwide responsibility adj. EBIT margin: Forecast in old structure before restatement

2010 – 2012: OVER 20 BIG DEALS SHOW GREAT TRUST.

Total Contract Value 2010 – 2012: ~€8 bn



GROSS PROFIT DEVELOPMENT OF BIG DEALS WON 2009 – 2010



QUALITY: CHALLENGE TO DELIVER....



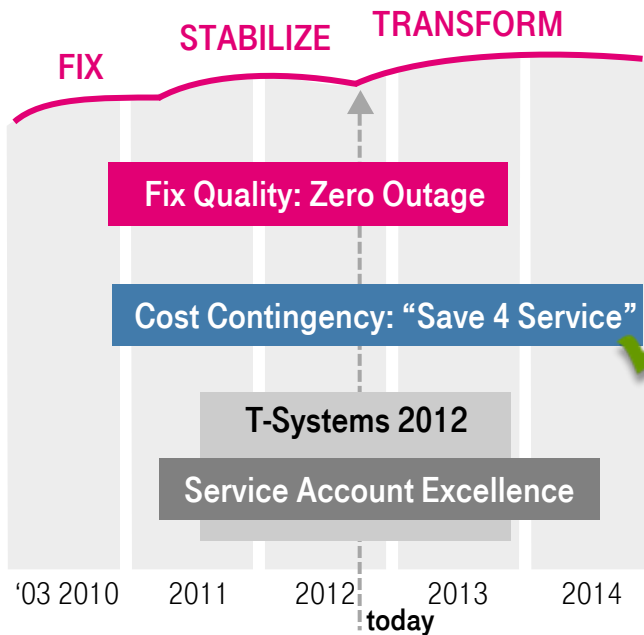
LIFE IS FOR SHARING.

2010 – 2012: KEY PROJECTS FOR IMPROVEMENTS ALREADY IN PLACE.

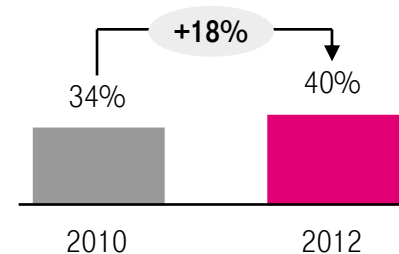
MASTERPLAN T-SYSTEMS



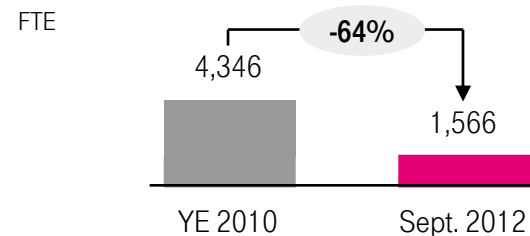
- 1 QUALITY
- 2 UTILIZATION
- 3 PRODUCTIVITY
- 4 COST OPTIMIZATION



NEARSHORE/OFFSHORE QUOTA PRODUCTION



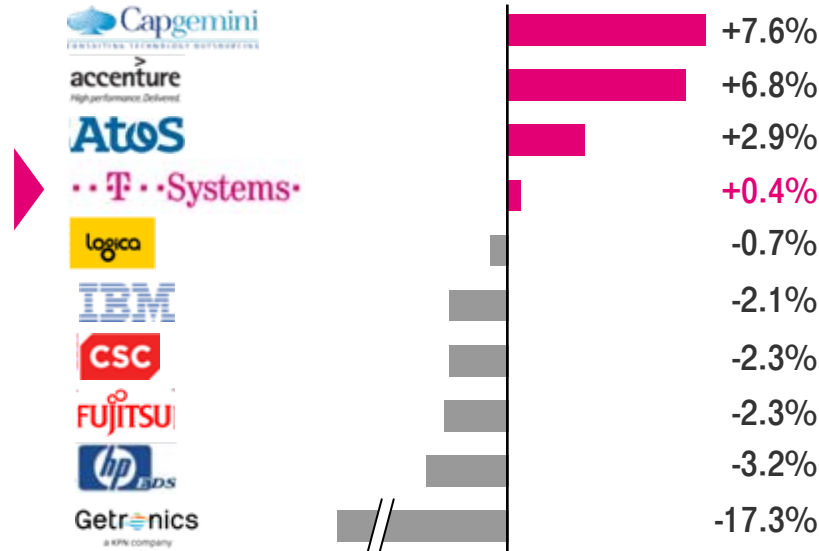
FREELANCER GLOBAL PRODUCTION



LIFE IS FOR SHARING.

2010 – 2012: UNLIKE MAIN PEERS OUR REVENUE IS STILL GROWING.

△ REVENUE: 9M 2012 OVER 9M 2011



Logica: No quarterly reporting since acquisition by CGI

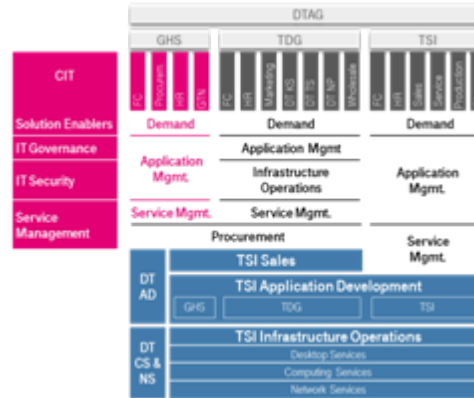
LIFE IS FOR SHARING.

DT NEEDS TO CUT IT SPEND SIGNIFICANTLY – FORMATION OF TELEKOM IT.

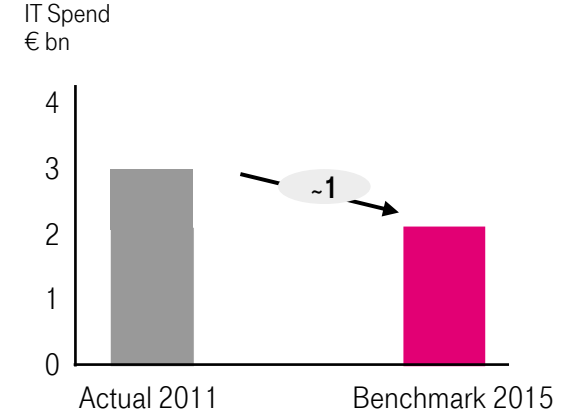
QUALITY ISSUES

- **Time to market** not competitive
- Insufficient **time, budget, and quality** of projects
- Distributed projects and **redundancies** in tasks
- **No clear responsibility** and heterogeneous IT systems

COMPLEX STRUCTURES



NEED FOR IT SPEND REDUCTION



With bundling of all internal IT functions of DT in Germany within Telekom IT, a strict optimization in terms of cost, quality and time-to-market is possible.



LIFE IS FOR SHARING.

MARKET TRENDS

ATTRACTIVE MARKET ENVIRONMENT FOR ICT BUSINESS.

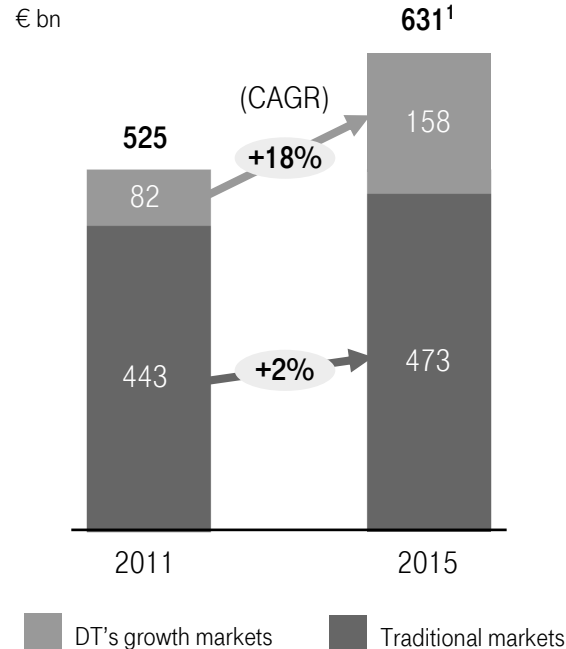
BUSINESS AREAS

SCALABLE ICT SERVICES
(GROWTH AREAS)

CONVENTIONAL ICT BUSINESS

MARKET DEVELOPMENT TSI FOOTPRINT

€ bn



SUCCESS FACTORS

- Fuel growth by **developing bundled, end-to-end solutions** in disruptive technology areas (cloud, analytics, mobility)
- Make use of **key paradigms like:**
 - speed & simplicity
 - service & convenience
- Increase **offshore** leverage
- Develop industrialized delivery models to drive up **services profitability**
- **Expand channel partner** delivery as primary lever of margin improvement



LIFE IS FOR SHARING.

GLOBAL FUTURE TRENDS & TECHNOLOGIES FROM DT'S PERSPECTIVE.

GROWTH WITH GLOBAL TREND CLOUD¹

Turnover worldwide **EUR 114 billion**

1.3 billion

mobile workers worldwide (till 2015)



BIG DATA MARKET FORECAST²

CAGR (IDC)

40 %

currently

1.8 Zettabytes

of data volume worldwide



Market forecast
worldwide (till 2017)

EUR 53 billion

INTELLIGENT NETWORKS³

Installed
smart meters
worldwide
(till 2020)

nearly **1 billion**

More than **50%** of patients
will use mobile health solutions (till 2017)

Numbers of cars with internet access
by 2020 (global)



> 100 million

NETWORK SECURITY BECOMING MORE RELEVANT⁴



Total volume cyber crime incl.
countermeasures 2011 (global)

EUR 290 billion

Direct damage caused
by cyber crime 2011 (worldwide)

EUR 85.2 billion

10% CAGR (2012 - 2016)



LIFE IS FOR SHARING.

STRATEGY 2013 – 2015

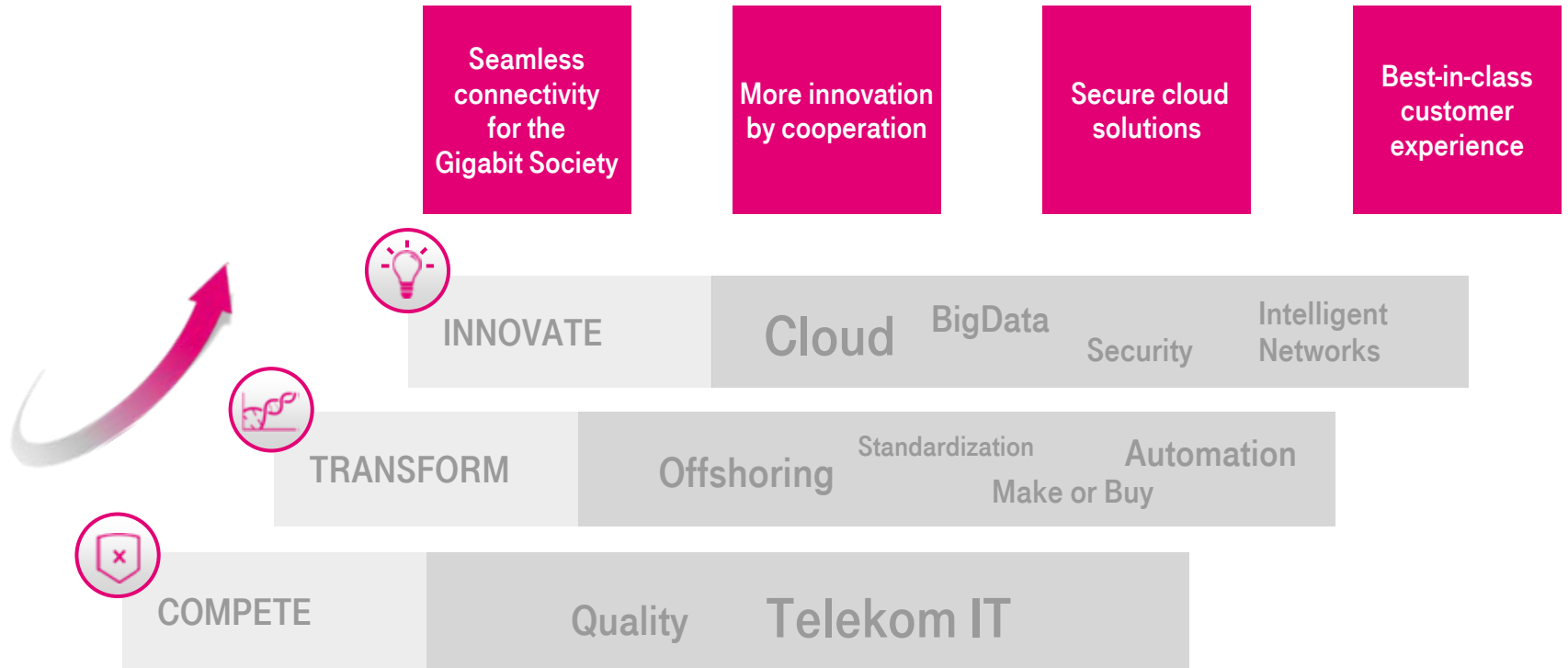
MARKET UNIT:

PROFITABLE GROWTH

TELEKOM IT:

SPEND REDUCTION

2013 – 2015: OUR PRIORITIES DERIVED FROM DT'S STRATEGY.



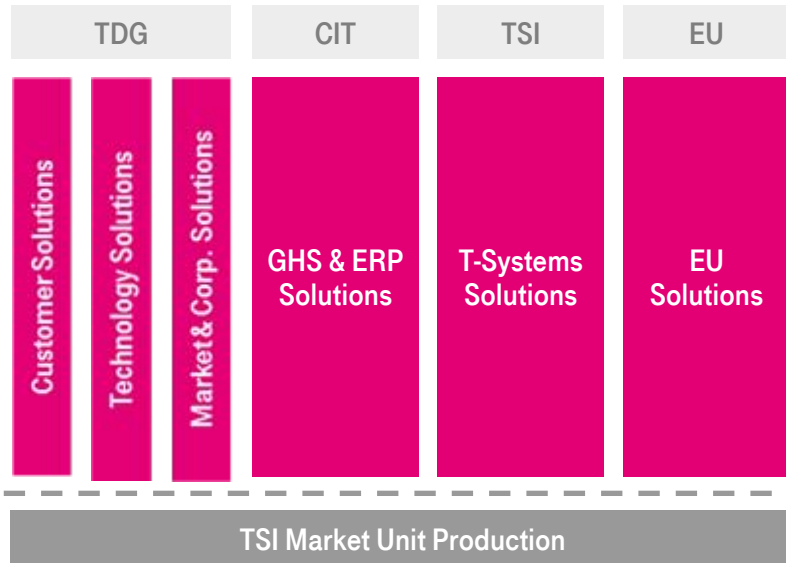
LIFE IS FOR SHARING.

2013 – 2015: TELEKOM IT WITH End2End ACCOUNTABILITY & CLEAR INTERFACES.



COMPETE

TELEKOM IT



KEY FACTS

- **DT's service provider** for domestic business units, organized along six solution domains
- **More than 8,000** internal and **2,000** external employees (1.7.2012)
- **€2.7 bn** IT budget (2011 restated)
- Responsible for CRM/Billing systems managing **23 mn fixed line & 35 mn** mobile customers
- Operating **Shared Platforms** for European NatCos (€15 bn yearly revenue)

➔ Mission: Reduction of IT spend by €1 bn by 2015



LIFE IS FOR SHARING.

2013 – 2015: COST CUTS BY OPTIMIZING PORTFOLIO & PRODUCTION.

STREAMLINING OF PORTFOLIO



MAKE OR BUY DECISION

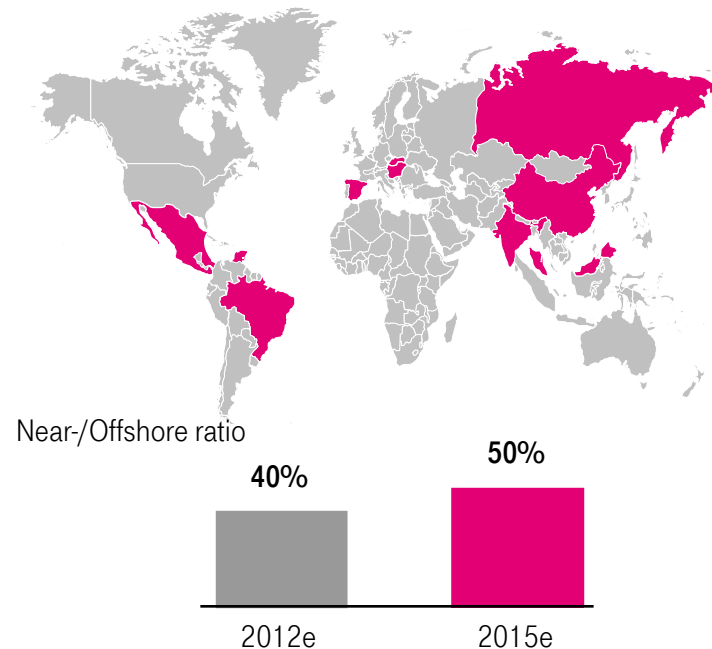
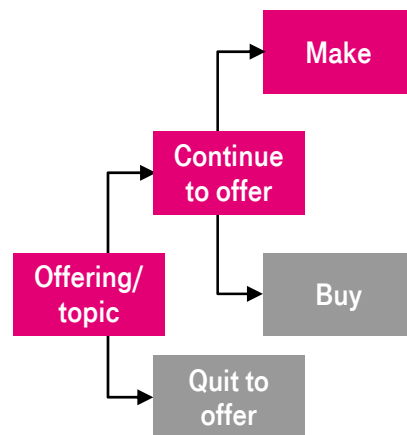


MOVE TO NEAR-/OFFSHORE LOCATIONS

▪ INNOVATION

▪ STANDARDIZATION

▪ PARTNERING



LIFE IS FOR SHARING.

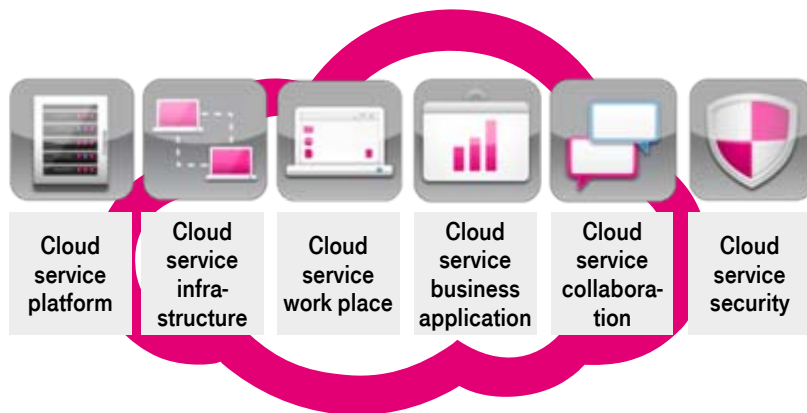
2013 – 2015: CLOUD COMPUTING AS KEY ENABLER FOR GROWTH.



INNOVATE

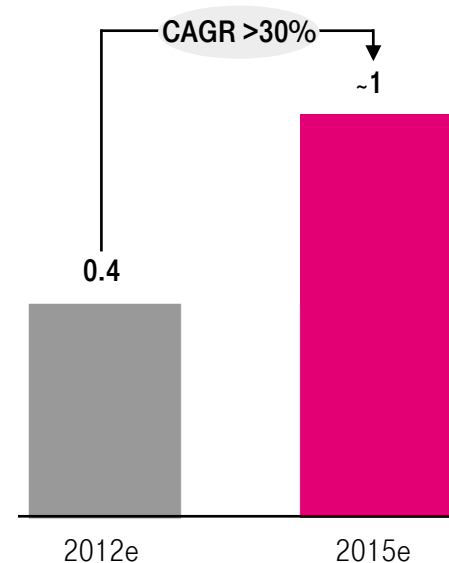
DT CLOUD SERVICES PORTFOLIO

- T-Systems cloud pioneer since 2005: first SAP applications from the cloud
- The cloud as a current business driver: 80% of the SAP business is cloud
- In total 600 customers to use DT cloud services



ENTERPRISE CLOUD REVENUE TSI 2012 – 2015

€ bn



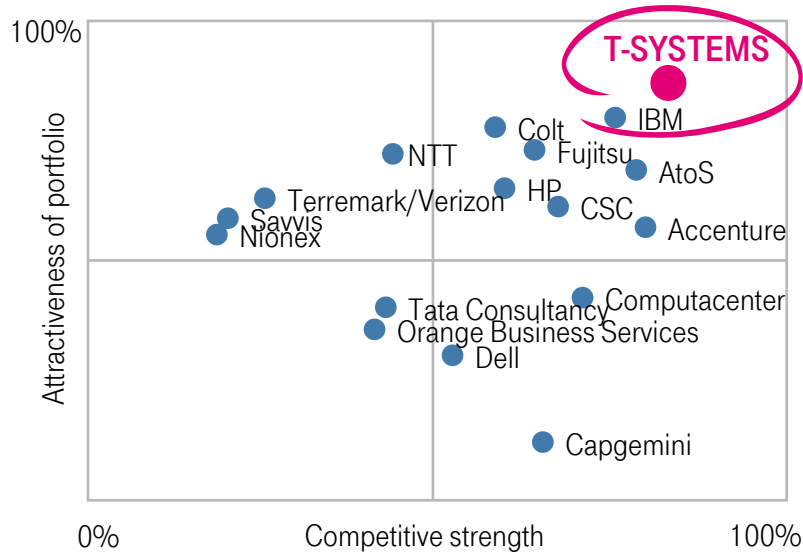
LIFE IS FOR SHARING.

2013 – 2015: #1 IN CLOUD SERVICES THROUGH EARLY MARKET APPROACH.



INNOVATE

POSITIONING OF RELEVANT PROVIDERS



5 MAJOR ADVANTAGES IN THE MARKET

- 1 Trust:** “Engineered in Germany”
- 2 Security:** “End-to-End” design with firewalls, honeypots, intrusion detection systems, etc.
- 3 Data privacy:** Data stored in Germany
- 4 Ability to perform:** High performance data center, certifications, “corporate customer tested”, reliability
- 5 Choice:** Broad spectrum for medium-sized and large companies and organizations



2013 – 2015: INTELLIGENT NETWORKS - NEW SOLUTIONS FOR UNCONTESTED MARKET SPACE.



INNOVATE

ENERGY



Energy Data Platform

Energy Efficiency Management

Metering Services

Home Management



Partner for top national & international utilities

HEALTH



Integrated Care

Utilization of care management

SAP Health Insurance Model

Telematic Services for Health



Remote monitoring at EU's biggest university hospital

CONNECTED CAR



Enabling Services and processes

Telematics infrastructure

Backend integration projects

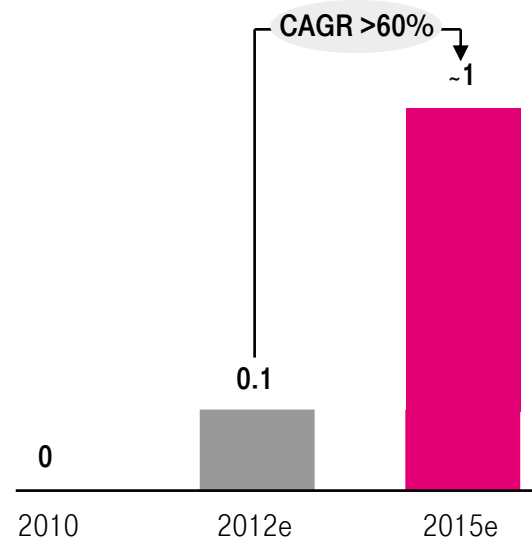
Connectivity & operations



Internet access for more than 1 mn cars in 2013

REVENUE DEVELOPMENT IN'S DT GROUP

€ bn



LIFE IS FOR SHARING.

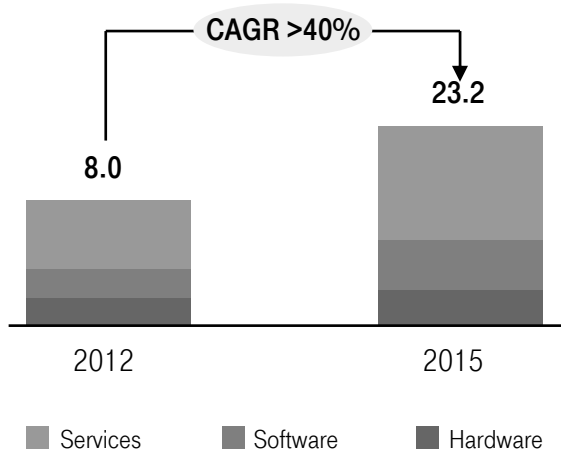
2013 – 2015: BIG DATA.



INNOVATE

TSI FOOTPRINT BIG DATA MARKET

Market Forecast € bn¹



- Key topic on CxO level at our customers ✓

- Emerging Blue Ocean Market (high margins) ✓

T-SYSTEMS OFFERING STRATEGY

- Consulting capabilities and vertical solutions
- Cloud based Big Data platform
- On demand delivery Model



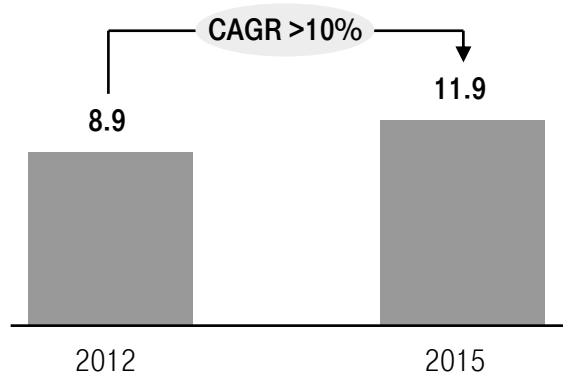
LIFE IS FOR SHARING.

¹ Source: Gartner/IDC



TSI FOOTPRINT SECURITY SERVICES MARKET

Market Forecast € bn¹



- Cyber crime threat increases on a daily basis

- Investments in security are a top priority for CIOs

- Spend makes up more than 10% of overall IT budget

Cyber protection initiative on European level



CyberSecurity
Labs

TRUSTED PARTNER STRATEGY

- Enterprise Security Mgmt.
- Identity & Access Mgmt.
- Infrastructure Security Serv.

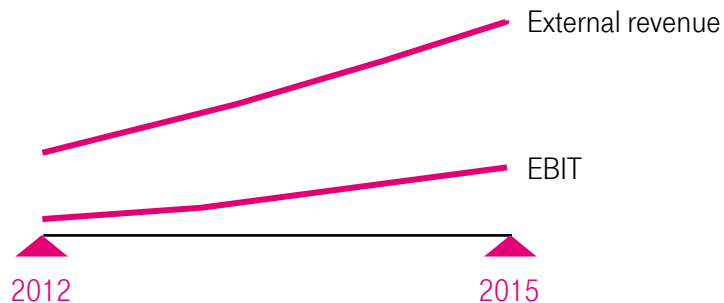


¹ Source: Gartner/IDC

FINANCIAL OUTLOOK

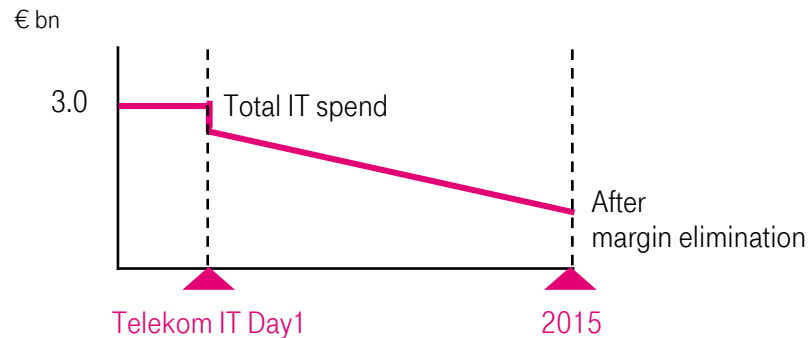
NEW ORGANISATION: INTERNAL IT SEPARATED FROM EXTERNAL IT.

TSI MARKET UNIT



- Revenue volume 2012e \approx €7.8 bn
- Push revenue growth
- Goal: EBIT margin improvement
- Profit Center

TELEKOM IT



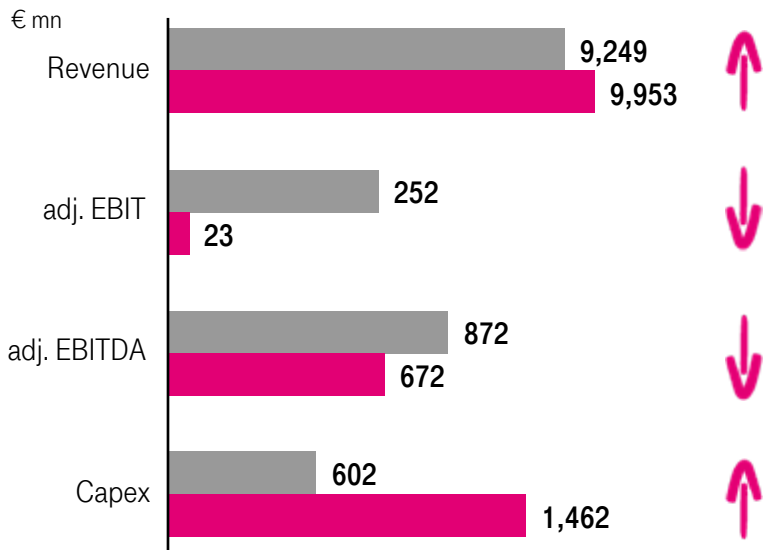
- Revenue volume 2012e \approx €2.3 bn
- EBIT margin = 0
- Go-live July 1, 2012
- Cost Center, focus: Germany



LIFE IS FOR SHARING.

CHANGES IN FINANCIALS 2011.

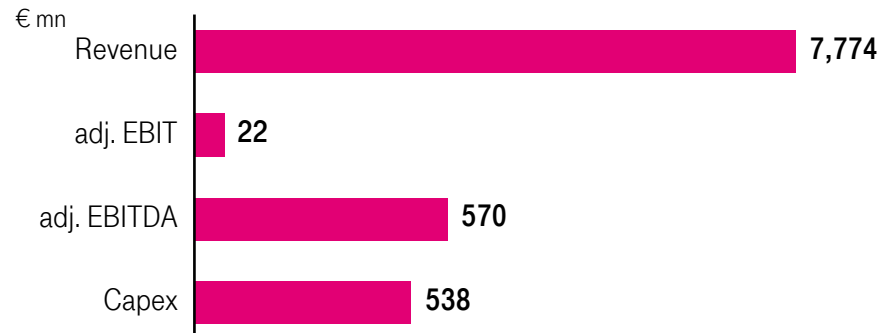
TSI TOTAL



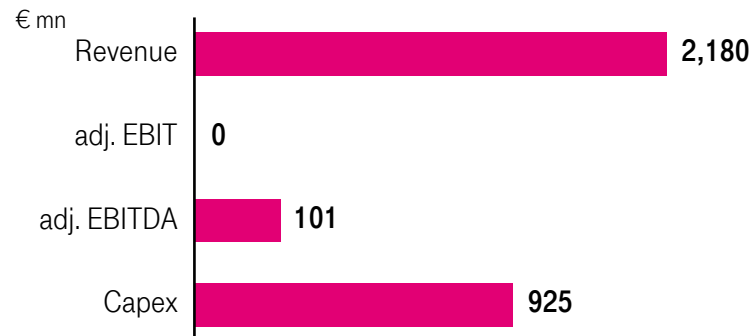
■ "Old TSI" ■ "New TSI"



MARKET UNIT



TELEKOM IT

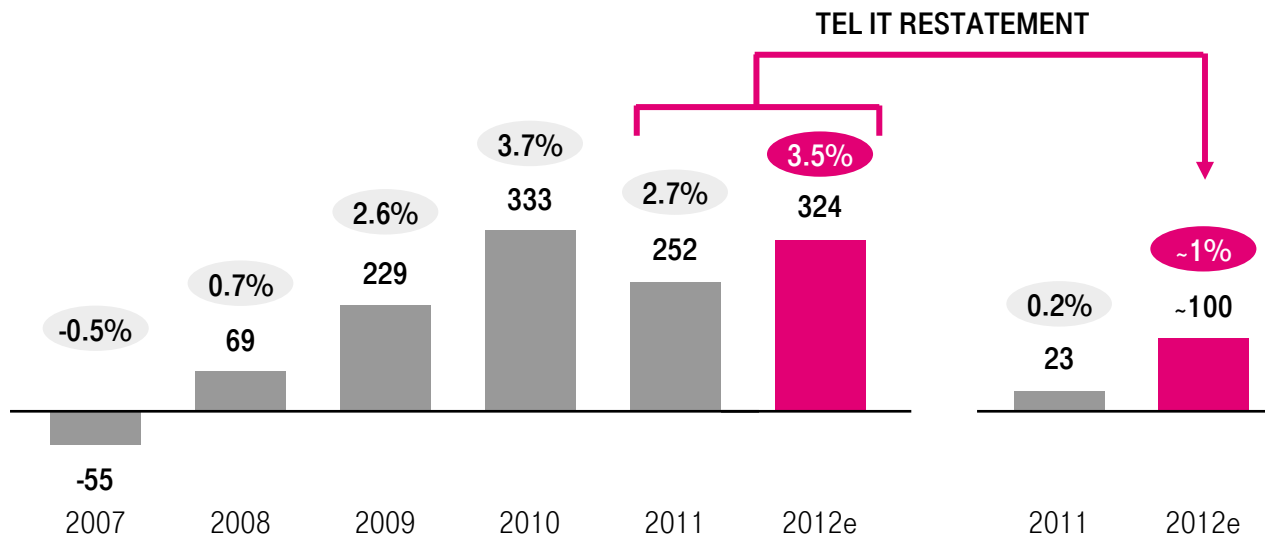


LIFE IS FOR SHARING.

ADJ. EBIT MARGIN TSI: DROP DUE TO NEW STRUCTURE.

ADJ. EBIT DEVELOPMENT AND EXPECTATION

€ mn

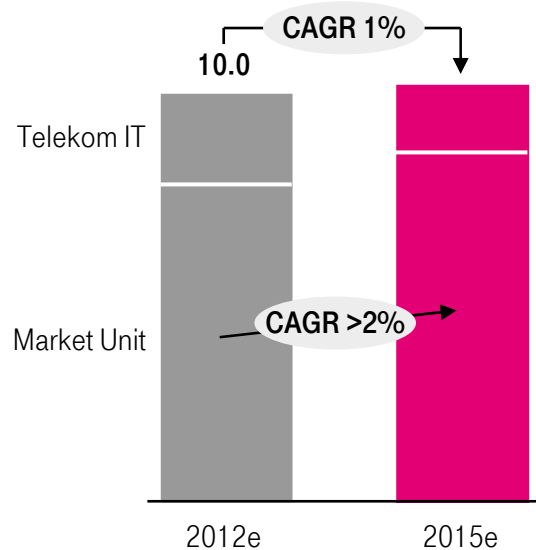


LIFE IS FOR SHARING.

WAY FORWARD: T-SYSTEMS TOTAL.

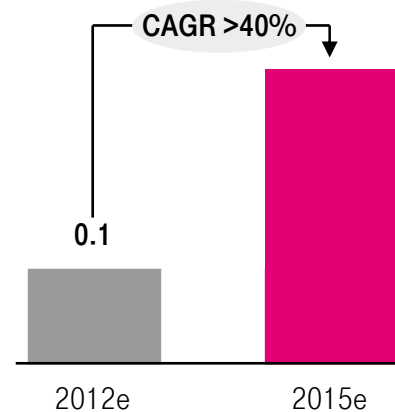
TSI TOTAL - REVENUE

€ bn



TSI TOTAL - ADJ. EBIT

€ bn

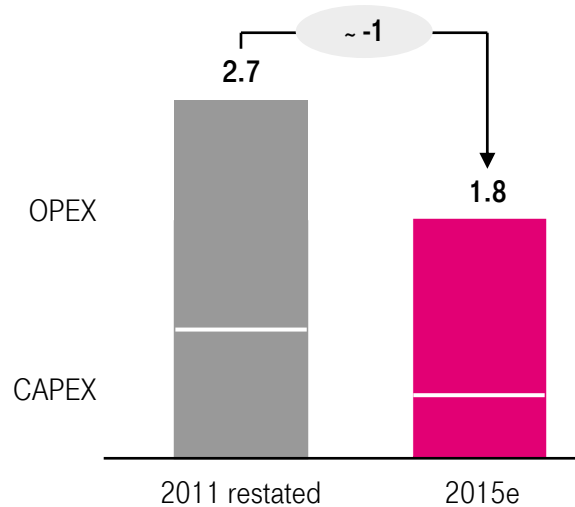


LIFE IS FOR SHARING.

WAY FORWARD: TELEKOM IT REDUCES IT SPEND FOR DT GROUP.

IT SPEND

€ bn



Reduce IT spend to benchmark level

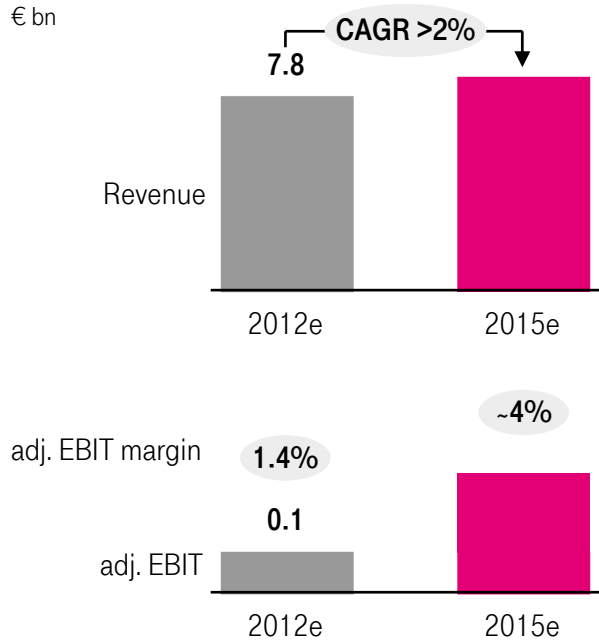
(Value Case for DT) through

- Demand reduction ~€0.3 bn
- Reduction of external Workforce Synergies & Process efficiency ~€0.3 bn
- Infrastructure consolidation ~€0.2 bn
- Application retirement ~€0.1 bn



LIFE IS FOR SHARING.

WAY FORWARD: MARKET UNIT RESPONSIBLE FOR PROFITABLE GROWTH.



GROWTH

- Further develop our business in growing markets (Cloud services, Intelligent Networks , Big Data, Network Security), focus on SI and CS revenues

EFFICIENCY

- Increase profitability through – e.g. lean and agile company (structural improvement of overhead functions)/push offshoring and standardization

ASSETS

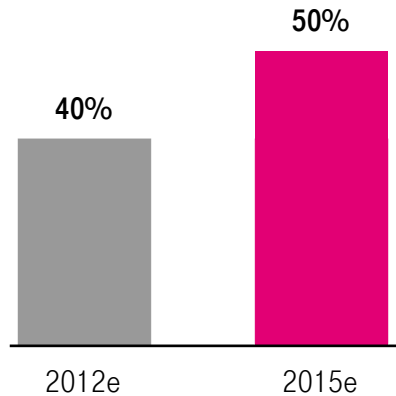
- Further improve asset utilization



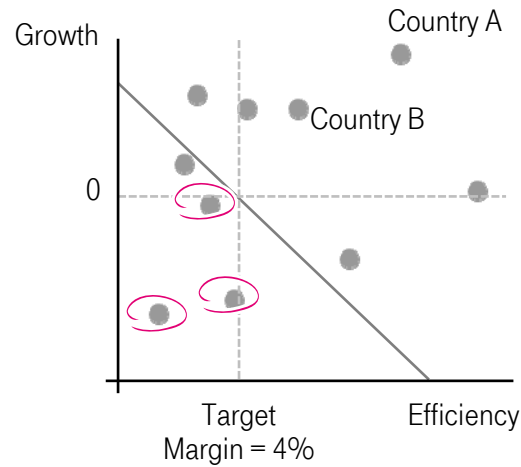
LIFE IS FOR SHARING.

WAY FORWARD: MARKET UNIT – EFFICIENCY MEASURES.

PUSH NEAR-/OFFSHORING PRODUCTION



IMPROVE EFFICIENCY OF FOOTPRINT



EFFICIENCY PROGRAM

Strategic initiatives

Lighthouse projects

Detailed measures

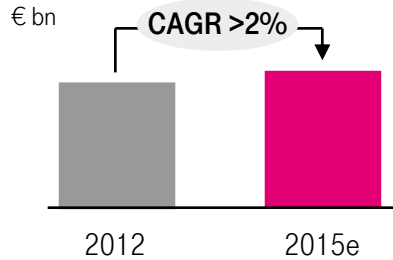
- Reduction of vertical integration
- Consolidation of data centers
- Expand “Zero Touch” - customer self service (e.g. Cloud)
- New procurement approach
- Structural optimization of Sales and G&A (reduction of support functions, SmartFC)



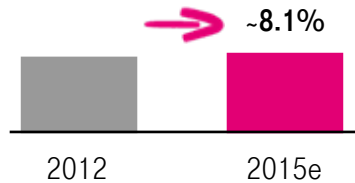
LIFE IS FOR SHARING.

MARKET UNIT: KEY LEVERS FOR ROCE IMPROVEMENT ADDRESSED.

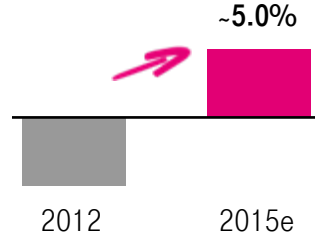
REVENUE GROWTH



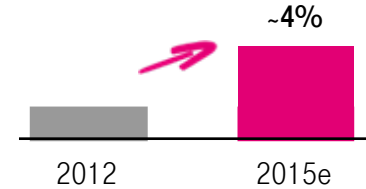
CAPEX/SALES



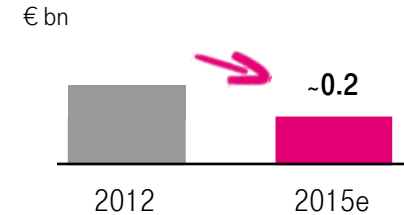
OPERATING ROCE



IMPROVING MARGINS



RESTRUCTURING



LIFE IS FOR SHARING.

AMBITION LEVEL 2015

T-SYSTEMS' AMBITION LEVEL 2015.

AMBITION LEVEL 2015	
REVENUE	Above market growth (~2% CAGR expected)
QUALITY	Maintain TRI*M Index above peer average and > 70 points
ADJ. EBIT MARGIN	Around 4%
TELEKOM IT	€~1 bn IT spend reduction to benchmark level



DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2012 FINANCE

TIMOTHEUS HÖTTGES, CFO



LIFE IS FOR SHARING.

REVIEW 2010 – 2012

2010 – 2012: PREDICTABILITY AND RELIABILITY.

SHAREHOLDER REMUNERATION 2010 – 2012

EXECUTE SAVE FOR SERVICE

FCF

SUSTAINABLE SHARE-BASED TOP MANAGEMENT INCENTIVE PROGRAM

ROCE

AMBITION LEVEL 2012

€3.4 bn per annum, €0.70 minimum dividend per share
+ up to €1.2 bn share buybacks

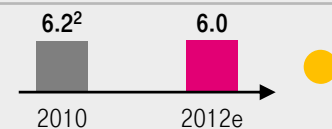
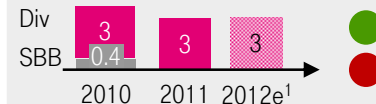
€4.2 bn savings, of which €1.8 bn net savings
in D and SEE

Increasing from 2010 level of around €6.2 bn

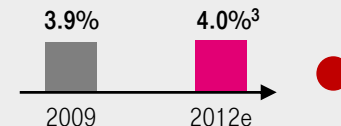
Roll-out for senior management

+ >150bps

ACHIEVEMENTS 2012



Incentivising on EPS/ROCE ●



¹Subject to board approval and AGM resolution

²As per Guidance 2010

³2012 estimated w/o TMUS impairments & US tower deal

LIFE IS FOR SHARING.

2010 – 2012: DISCIPLINED EXECUTION.

Adj. EBITDA-margin improved
by 4 pp¹



oFCF virtually stabilized
despite difficult economy



AT&T break-up fee and tower
monetization fund spectrum
and network modernization



S4S: Gross opex reduction of
€4.5 bn – margin gap to peers
closed by almost 2pp



Net debt reduced
by €3.2 bn



Joint Ventures
Procurement: BUYIN
Network: UK, CZ, PL



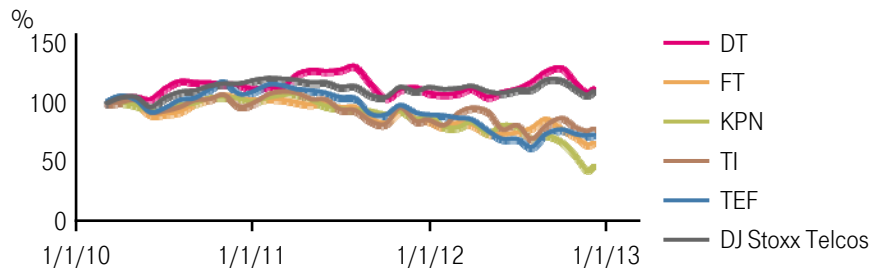
LIFE IS FOR SHARING.

¹ Baseline EBITDA Margin FY 2009 as reported

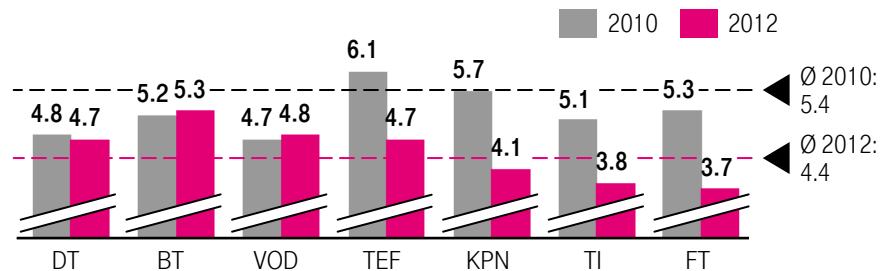
2010 – 2012: GOOD RATING, GOOD RELATIVE TSR AND LOW FINANCING COSTS.

- Share ownership based program for senior management
- Management incentivized on ROCE and EPS

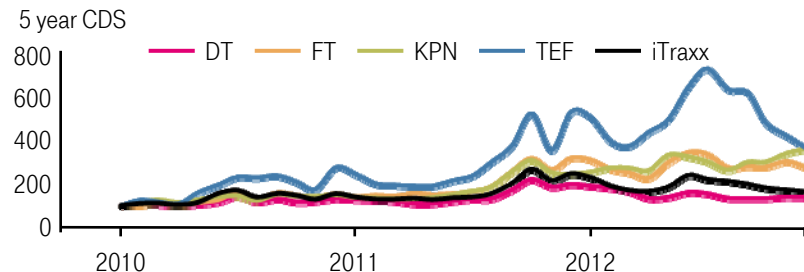
TSR SINCE 02/25/10 AHEAD OF SECTOR/PEERS



EV/EBITDA VALUATION 2012 VERSUS 2010¹



DEBT MARKETS POSITIVE ON DT CREDIT



Source: Company Information, FactSet, Citi, Bloomberg

¹ EV/EBITDA per Jan 2010 and Nov 2012. EBITDA calendarized for 2010 and 2012

LIFE IS FOR SHARING.

STRATEGY 2013 – 2015

STRATEGIC CORE PRIORITIES 2012 – 2015 – ROLE OF FINANCE.

Seamless connectivity for the Gigabit Society

More innovation by cooperation

Secure cloud solutions

Best-in-class customer experience



INNOVATE



TRANSFORM



COMPETE

ROLE OF FINANCE

- 1 Efficiency management
- 2 Portfolio management
- 3 Risk management
- 4 Stakeholder management

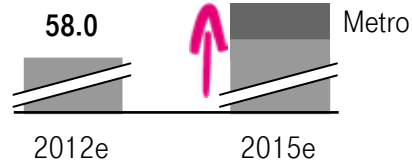


LIFE IS FOR SHARING.

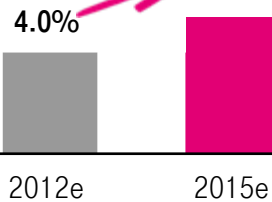
INCREASING ROCE.

REVENUE

€ bn

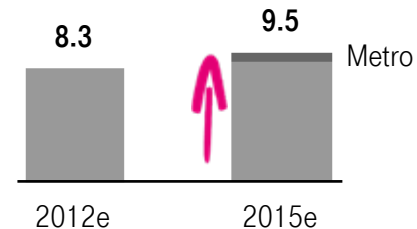


ROCE



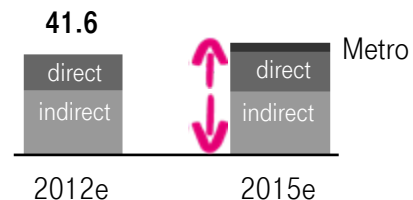
CAPEX

€ bn



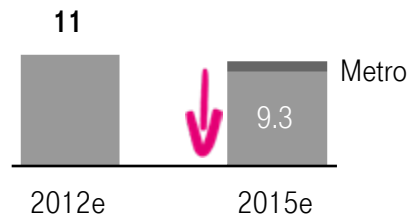
OPEX

€ bn



D&A

€ bn



SPECIAL FACTORS

€ bn



LIFE IS FOR SHARING.



Investing into INS

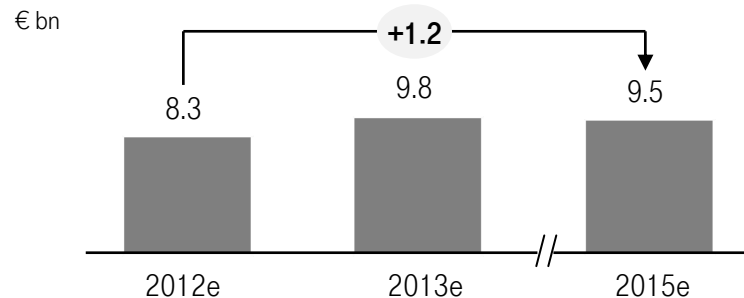
- Gross Capex FTTC/Vectoring: ≈€6 bn
- Capex Germany:
 - 2013: ≈€3.4 bn
 - 2014: ≈€4.1 bn
 - 2015: ≈€4.3 bn



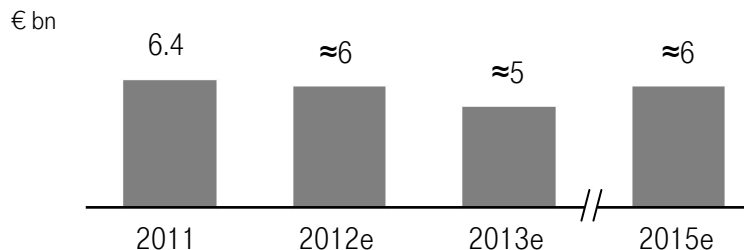
Network modernization & PCS integration

- Network modernization gross Capex: \$4 bn
- Capex TMUS:
 - 2013: ≈\$4.7–4.8 bn
 - 2014: ≈\$3.0 bn
 - 2015: ≈\$3.1 bn

CAPEX PROFILE 2012 - 2015

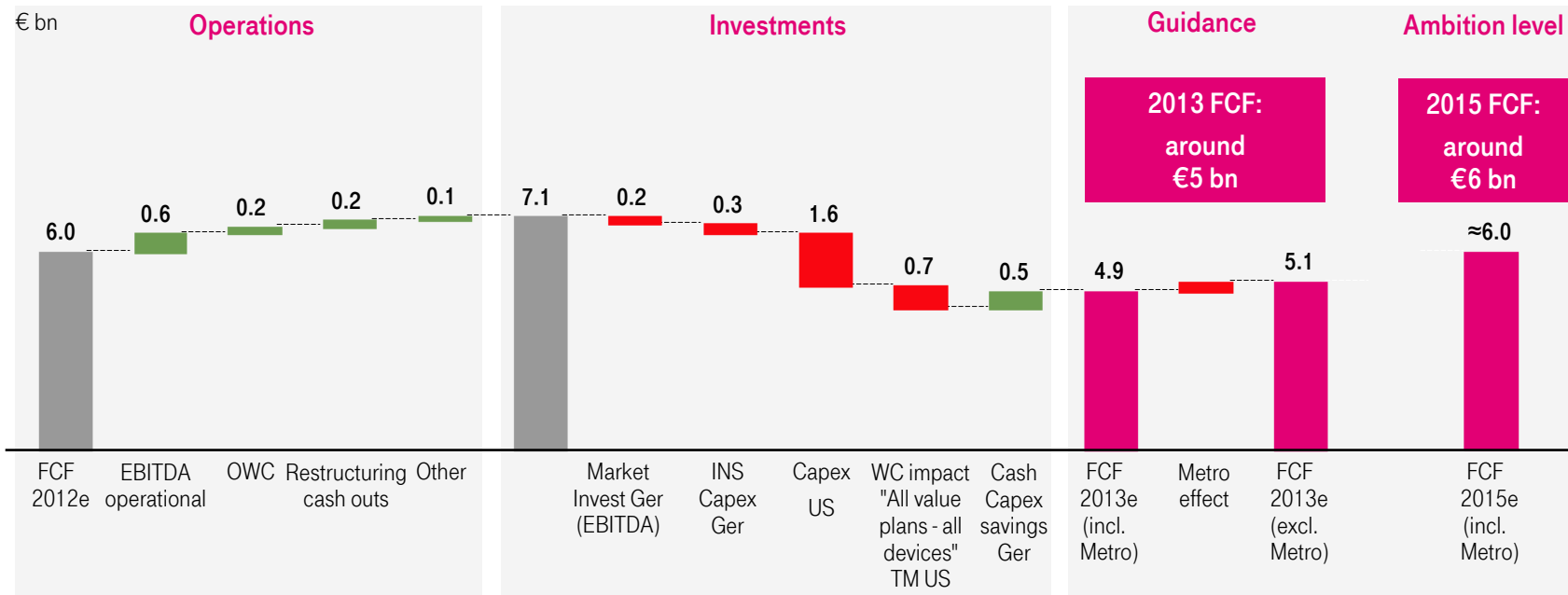


FCF PROFILE 2011 - 2015



OPERATIONAL PERFORMANCE ENABLES INVESTMENTS.

FCF 2013 (INCL. METRO)

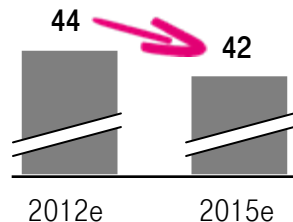


LIFE IS FOR SHARING.

STRIVING FOR € 2BN COST SAVINGS.

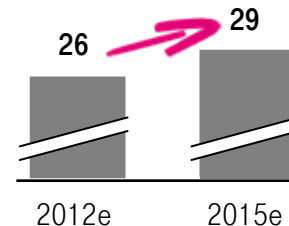
INDIRECT COSTS

% of revenue



DIRECT COSTS

% of revenue



STABILITY

Germany
€1.0 bn¹
Indirect Opex
Reduction

Europe
€0.6 bn¹
Indirect Opex
Reduction

**Shared Services
(GHS)**
4% p.a. Indirect
Opex Reduction

GROWTH

TMUS
\$1 bn¹
Gross Savings

TSI MARKET UNIT
€0.3 bn²
Adj. EBIT
Improvement

TEL IT
€1 bn¹ IT Spend
Reduction
(Opex & Capex)

FUNCT.
EFFICIENCY



LIFE IS FOR SHARING.

¹ Cum. delta vs. 2012 baseline by 2015

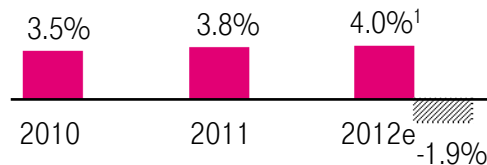
² By 2015

ROCE REMAINS OUR STEERING LOGIC

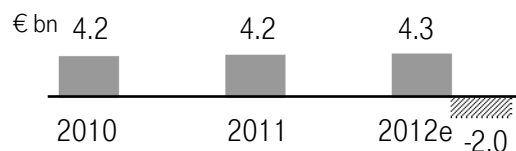
LEARNINGS

- Change of investment behavior: “Sell first, build later”
- Retirement of platforms and systems
- Resale of non-used assets
- Real estate optimization
- ROCE as integral part of portfolio analysis

ROCE IMPROVEMENT ONGOING



NET OPERATING PROFIT AFTER TAX¹



AVERAGE NET OPERATING ASSETS¹



CHALLENGES

External:

- Market environment
- Expensive UMTS License: -0.5pp²
- Regulatory factors: -0.2pp³

Internal:

- US Impairment & tower deal: -5.9pp²
- Special factors personnel: -0.7pp²
- Personnel cost disadvantages (GER): -0.5pp²

General:

- €1 bn CAPEX Δ ROCE: -0.2pp
- €-0.1 bn EBITDA Δ ROCE: -0.1pp



¹ 2012 estimated w/o TMUS impairments & US tower deal

² Estimated ROCE impact 2012

³ Minimum ROCE impact 2012 incl. TELCO tax Hungary

with TMUS impairments and tower deal

LIFE IS FOR SHARING.

ROCE AMBITION +150BPS (5.5%).

FURTHER ROCE IMPROVEMENT BY

2012 - 2015

Increase Revenues

Improve profitability
margin

Reinvestment rate
around 1

Asset turnover
> 0.6 in 2015



GER

- Focus on INS

EU

- Rigorous CAPEX Management
- Network sharing (CZ, PL)

US

- Support attacker case by regionally targeted investments
- Increased Network utilization by NewCo

TSI

- Improve cost efficiency
- Consolidation of platforms

Group

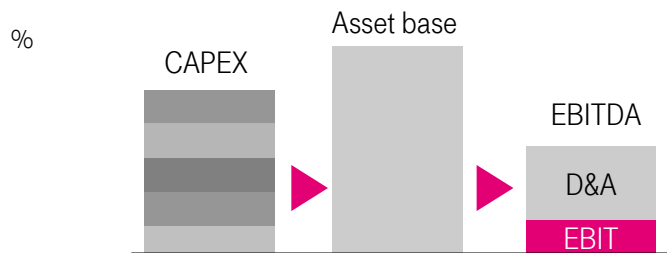
- Shift CAPEX towards transformation
- Prioritize budget
- Net savings



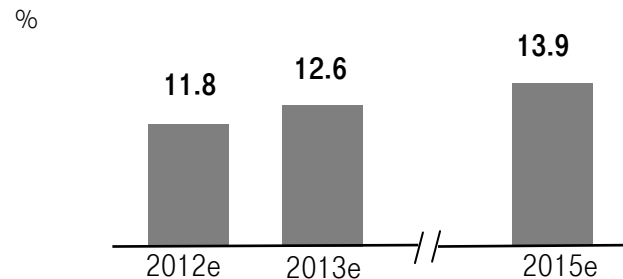
LIFE IS FOR SHARING.

EBIT AND EPS INCREASE 2013 - 2015.

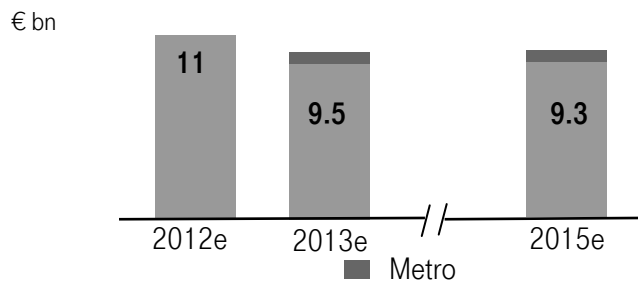
EBIT TAKES PREVIOUS AND FUTURE CAPEX INTO ACCOUNT



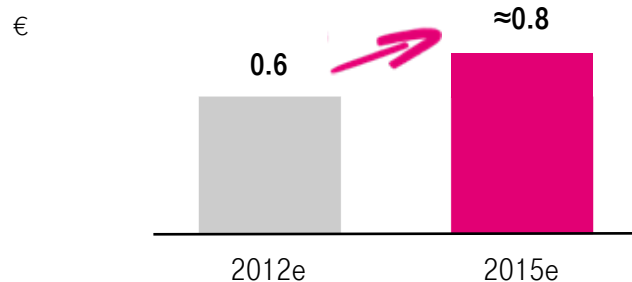
INCREASING ADJ. EBIT MARGIN (INCL. METRO PCS)



DEPRECIATION



IMPROVEMENT OF ADJ. EPS



LIFE IS FOR SHARING.

RAISE VALUE OF ASSETS.

ACHIEVEMENTS



Everything
Everywhere



AT&T,
Spectrum,
Towers,
Metro PCS



Secure PTC
Ownership

BUYIN

Procurement
JV



Network JVs

DBU

Small
Acquisitions
like Strato

FUTURE PROJECTS

1

CLEAR FOCUS



No M&A outside footprint

Invest in Germany and US/LTE expansion EU

2

VALUE CREATION FOR SHAREHOLDERS



Strategic review EE

Strategic review Scout

3

PARTICIPATE IN FUTURE VALUE



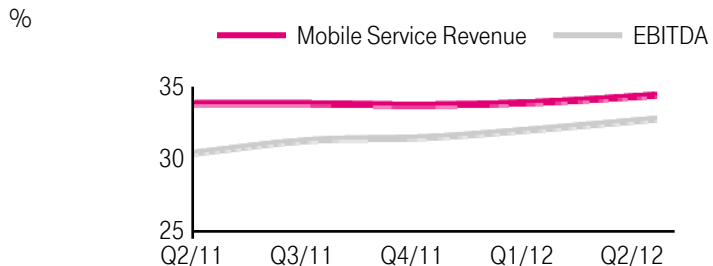
DBU, T-Venture, Growth areas

Evaluate further Network JVs

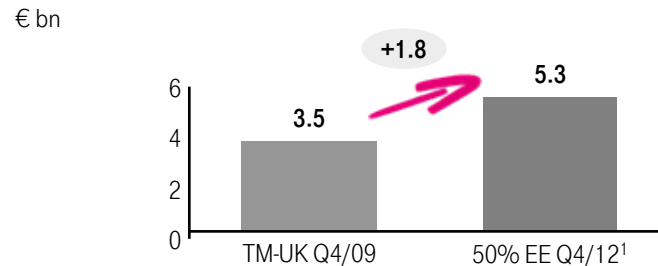


LIFE IS FOR SHARING.

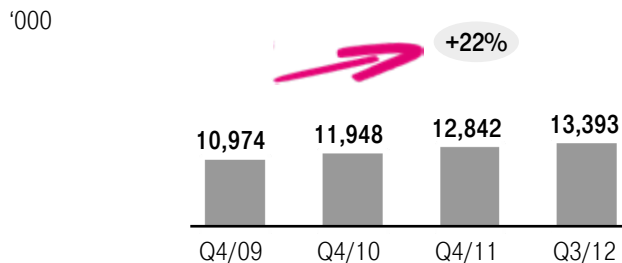
MARKET SHARE



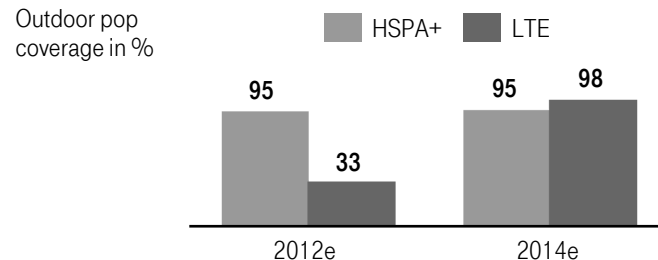
BROKER VALUATION ENTERPRISE VALUE



CONTRACT CUSTOMERS



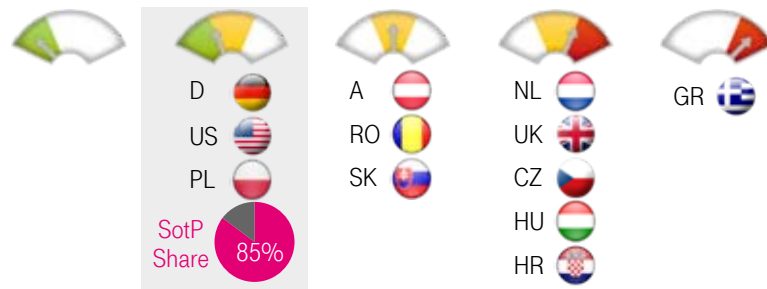
LTE ROLL-OUT PLAN



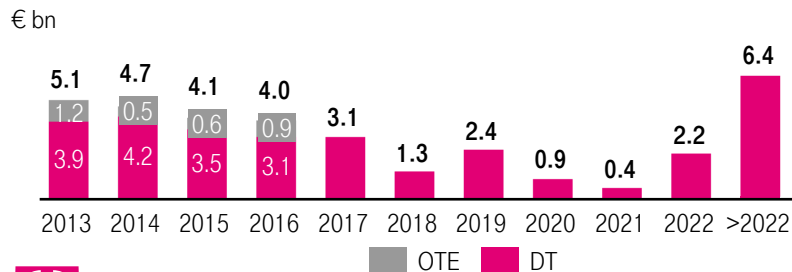
LIFE IS FOR SHARING.

¹ Based on following Broker Reports: Nomura 29-Nov-12, Citi 12-Nov-12, Barclays 9-Nov-12, and Bernstein 3-Oct-12

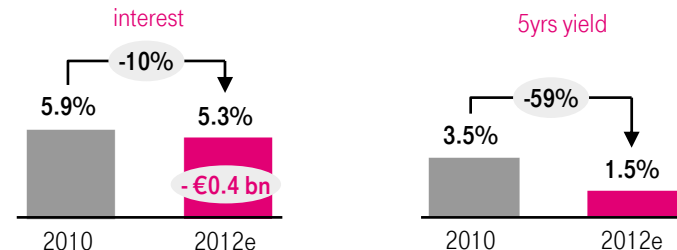
MONITORING OF ECONOMIC ENVIRONMENT



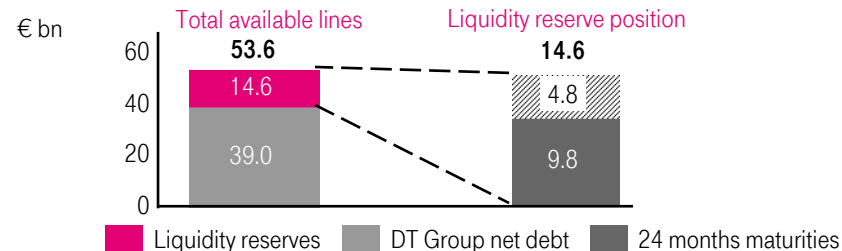
WELL-BALANCED MATURITY PROFILE¹



IMPROVED REFINANCING COSTS



STRONG LIQUIDITY RESERVE POSITION¹



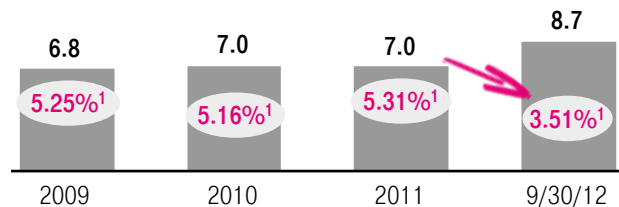
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¹ Data as of Sep. 30, 2012; €35.8mn redeemed in Oct. 2012; excl. Metro PCS

STABLE PAYOUTS FOR PENSION PLANS.

DEFINED BENEFIT OBLIGATIONS (DBO)

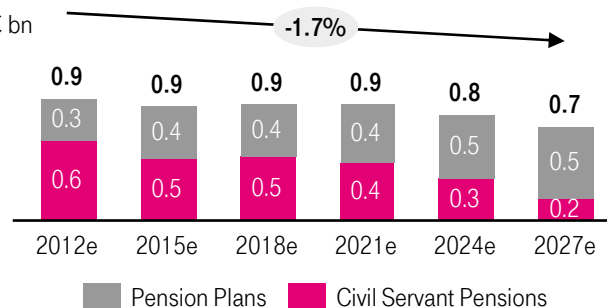
€ bn



- Funding Ratio for end of 2012: $\approx 19\%$ ²
- Potential to be increased to 50% by 2020

FORECAST: PAYOUTS FOR PENSIONS (GER)

€ bn



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¹ Discount Rate for Germany as 90% of total DBO are induced by German DBOs

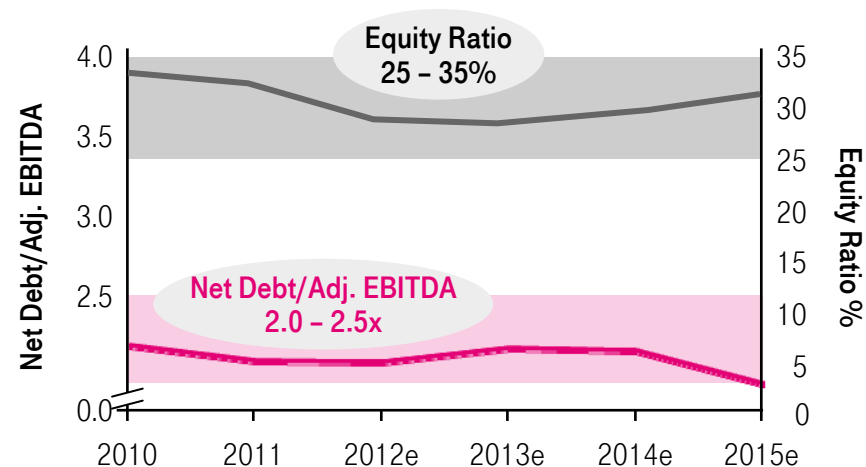
² Estimate based on the values accounted in Q3 2012

MAINTAIN UNDISPUTED ACCESS TO DEBT CAPITAL MARKETS.

RATING TRENDS¹

	2004		2012
Deutsche Telekom	BBB +	→	BBB +
BT	A -	↘	BBB
France Telecom	BBB +	↗	A -
KPN	A -	↘	BBB
Telecom Italia	BBB +	↘	BBB
Telefonica	A	↘	BBB
Telekom Austria	BBB	→	BBB
Vodafone	A	↘	A -
Average Rating	A -	↘	BBB +/BBB

DT COMFORT ZONE RATIOS



Reaction to adapted industry trend: New rating comfort zone definition A-/BBB



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¹ Based on S&P

NEW OPTION FOR SHAREHOLDERS: “DIVIDEND IN KIND”.

NEW DIVIDEND POLICY

FY 2012

Dividend proposal of €0.7 per share confirmed

FY 2013
+
FY 2014

Dividend of €0.5 per share

FY 2015

Dividend policy will be re-visited

NEW FEATURE: DIVIDEND IN KIND

- Additional option for shareholders: Either cash dividend or new shares – cash is default.
- Both cash and new shares (as in the past) tax free as taken from so called tax contribution account (“steuerliches Einlagekonto”)
- Already for dividend in 2012 to be paid in 2013

Attractive alternative for shareholders to re-invest dividend into the business



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UPDATED FINANCE STRATEGY TO EMBRACE TRANSITION TO GROWTH.

EQUITY

New Shareholder Remuneration policy

- **Dividend¹**
 - FY 2012: €0.70
 - FY 2013: €0.50
 - FY 2014: €0.50
 - FY 2015: re-visit
- Attractive option: dividend in kind

4 STAKEHOLDER MANAGEMENT

TELCO PLUS



VALUE CREATION

- 1 EFFICIENCY MANAGEMENT**
Reduce indirect costs by €2 bn² and increase ROCE to 5.5 % (+150bp)
- 2 PORTFOLIO MANAGEMENT**
No big M&A, Strategic review of Scout and EE
- 3 RISK MANAGEMENT**
Low risk country portfolio (85% of SotP)

DEBT

Undisputed access to debt capital markets

- **Rating:** A-/BBB
- **Net debt/adj. EBITDA:** 2-2.5x
- **Equity ratio:** 25 – 35%
- **Liquidity reserve:** covers maturities of coming 24 months

4 STAKEHOLDER MANAGEMENT



¹ Subject to necessary AGM approval and board resolution
² Cum Delta by 2015 vs. 2012 Baseline

GUIDANCE 2013 & MID TERM AMBITION

DT GROUP GUIDANCE 2013 AND MID TERM AMBITION.

	GUIDANCE 2013 (EXCL./INCL. PCS)	MID TERM AMBITION (INCL. PCS)
GROUP REVENUES		Growing 2014
GROUP ADJ. EBITDA	≈€17.4 bn/≈€18.4 bn	Growing 2014
GROUP FCF	≈€5 bn/≈€5 bn	≈€6 bn 2015
GROUP ADJ. EPS		Improvement to ≈€0.8 2015
GROUP ROCE		Improvement to ≈5.5% 2015
SHAREHOLDER REMUNERATION POLICY	DPS €0.50/DPS €0.50	Review 2015



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Please do not hesitate to contact to Investor Relations team!

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Media information

Bonn, December 6, 2012

Deutsche Telekom invests almost EUR 30 billion over three years in the future of telecommunications

- EUR 6 billion to be invested in broadband roll-out in Germany using optical fiber (FTTC) and vectoring
- Innovative hybrid box combines the strengths of LTE and vectoring
- USD 4 billion for network modernization in the United States
- T-Mobile USA has entered into an agreement with Apple to bring products to market together next year
- Dividend for 2012 confirmed, attractive dividend of EUR 0.50 planned for 2013 and 2014
- Forecast for 2013 (including MetroPCS): free cash flow of around EUR 5 billion, adjusted EBITDA of around EUR 18.4 billion
- Group targets revenue growth from 2014 and free cash flow of around EUR 6 billion for 2015

The demand for broadband will continue to grow significantly both in mobile communications and in the fixed network. Deutsche Telekom is therefore substantially stepping up investments in broadband networks and products over the coming three years in order to improve its competitive position in the long term. Group capex including MetroPCS is to grow to around EUR 9 to 10 billion, bringing the total up to almost EUR 30 billion. The focus is on Germany, where activities will center around building out the LTE network as well as rolling out optical fiber and vectoring technology in the fixed network. On top of that, a hybrid solution is planned for launch that combines LTE and vectoring, thereby increasing bandwidths. In the U.S., the roll-out of the national LTE

network is on the agenda. In addition, T-Mobile USA has entered into an agreement with Apple to bring products to market together next year.

At its Capital Markets Day in Bonn, Deutsche Telekom also announced its overall planning which factors in this period of higher investments, and a free cash flow guidance for 2013 of around EUR 5 billion from which a dividend of 50 euro cents is to be paid out both in 2013 and in the following year. Free cash flow of around EUR 6 billion is targeted for 2015. Deutsche Telekom forecasts adjusted EBITDA of around EUR 17.4 billion for 2013. Once the MetroPCS deal is closed in the first half of 2013 as planned, this figure – on a pro-forma basis assuming the inclusion of MetroPCS from the beginning of the year – will increase to EUR 18.4 billion. The Group's net revenue and adjusted EBITDA are scheduled to grow again from 2014. The Board of Management has approved the corresponding planning and passed it on to the Supervisory Board for resolution along with a recommendation to that effect from the Finance and Audit Committees.

"Hesitation now means playing catch-up later. We are investing in the future – with resolve and a clear strategy," said René Obermann, Chairman of the Board of Management of Deutsche Telekom. "The investment plans we have presented today will lay the foundation for future growth. And it is the people in Germany in particular who will benefit more than ever from the modern infrastructure."

"These investment plans will ensure Deutsche Telekom remains absolutely sound and reliable over the long term," added CFO Timotheus Höttges. "We are going against the flow with our high investments in these times of economic challenges – because we have worked hard to establish sound balance sheet ratios and now have the necessary leeway. Our dividend planning offers our investors both an attractive return and planning reliability."

With clear statements regarding targeted financial ratios – net debt to adjusted EBITDA is to stay between 2 and 2.5, and a liquidity reserve that at a minimum is able to cover all maturities of the next 24 months – the Group intends to keep its A-/BBB rating and safeguard unrestricted access to the capital market. Along with a two-year dividend proposal for 2013 and 2014, looking ahead beyond the period of increased investments, the shareholder remuneration policy will be considered again from 2015. The plan is to give shareholders the choice of a dividend in kind or a cash dividend. This gives investors the opportunity to leave funds in the company, to improve financial ratios further and to benefit even more from the success of their investment in the long term. "We are pioneers of this innovative solution in Germany," said Chief Financial Officer Timotheus Höttges. Both the cash dividend and the share-based dividend in kind is tax-free for investors resident in Germany. All statements relating to dividends are subject to resolutions by the relevant boards and committees as well as the shareholders' meeting.

The finance strategy continues to focus on absolute transparency and reliability; a strategy that, in the period since 2010, has already generated a total return (dividend plus share price performance) for investors of 11.2 percent, clearly outperforming other former state-owned telecommunications industry monopolists across Europe. It contributes to the Group strategy of transforming the company from a "telco" to a "telco plus". Options for changes to the portfolio are also examined as part of the finance strategy, in particular the possibility of Everything Everywhere going public, as well as the strategic evaluation of the Scout group.

High-speed Internet access on a scale never seen before – this is the goal of Deutsche Telekom for its domestic market. The key aspects are:

- Acceleration of the LTE build-out in order to have 85 percent of the population covered by 2016 with data transmission rates of up to 150 Mbit/s.

- Build-out of the optical fiber network (FTTC) to cover around 65 percent of the population within the same time frame, thereby enabling more coverage than the cable network operators. Deployment of the new vectoring technology, provided a corresponding regulatory framework is in place, will increase VDSL data transmission rates to up to 100 Mbit/s.
- In future, innovative hybrid-box technology will feed traffic in both directions via vectoring and LTE. This will make download speeds of up to 200 Mbit/s possible and upload speeds of up to 90 Mbit/s.

Investments in Germany from 2014 through 2016 are to increase to EUR 4.1 to 4.5 billion, respectively, compared with an average of EUR 3.6 billion in the preceding three years. In addition to increasing overall investments in Germany, expiring investments in other areas free up additional funds to drive ahead restructuring and innovation, bringing the total capital expenditure in connection with the integrated network strategy for optical fiber and vectoring in these areas to around EUR 6 billion. Deutsche Telekom's approach is based on the assumption that the about-face in European regulatory policy recently announced will be adopted in national regulation.

By the end of 2014, the Company aims to have stabilized revenue in Germany compared to 2013. The increased capital expenditure is intended to lay the foundation for compensating for the decline in revenues from traditional fixed-network and mobile telephony as well as text messaging. Bundled products, Entertain and cloud solutions are expected to drive revenues in the growth areas of mobile Internet and connected home in particular. This is to bring the adjusted EBITDA margin to around 40 percent. Deutsche Telekom intends to be the number one both in terms of mobile service revenues and the number of broadband lines, with market shares of 35 percent and 43 percent, respectively.

In the United States, capital expenditure of around USD 4.7 billion has been planned for 2013 and around USD 3 billion in each of the two subsequent years



compared with USD 2.7 billion per year on average from 2010 to 2012. The focus in the U.S. is on building out the LTE network, which alone will result in capex of around USD 4 billion. T-Mobile USA is now in an extremely good position to benefit from growth, in particular of mobile Internet in the U.S., thanks to the mobile licenses it received from AT&T following the termination of the sale agreement, the spectrum from the Verizon deal, and the improved financial structure as a result of the long-term cell tower deal with Crown Castle.

In addition, T-Mobile USA benefits from the agreement with MetroPCS to combine their operations, a move designed to strengthen T-Mobile USA's standing in the fast-growing prepay segment. Approval is currently being sought from several U.S. authorities. Deutsche Telekom still expects the deal to close in the first half of 2013.

In the coming year, T-Mobile USA will continue to reinforce its market presence with additions to its rate plan and product portfolio, including Apple products. "Following on from the preceding steps such as the spectrum swap with Verizon, the towers deal with Crown Castle and the transaction with MetroPCS that we have announced, we have now added the final piece to the jigsaw to boost the competitiveness of T-Mobile USA sustainably," said René Obermann.

T-Systems marked a significant milestone in July with the launch of the Telekom IT unit, where the Group's internal IT activities in Germany are now pooled. The aim of the new unit is to sustainably reduce the Group's IT costs by EUR 1 billion by 2015. In external business, T-Systems is focusing even more squarely on cloud-based solutions. Experts are forecasting annual average growth rates in this market of 17 percent through 2017, which is significantly higher than the 2 percent annual growth rate projected for the traditional ICT business. Profitability is to improve by means of focusing on growth markets, enhancing standardization, and intensifying the use of capacities in low-wage



countries (offshoring). The adjusted EBIT margin of the market unit is expected to grow to 4 percent by 2015.

In the Europe operating segment stronger collaboration across the national companies under the One DT Europe program aims to leverage economies of scale by centralizing shared tasks. Revenue is expected to grow moderately again from 2014 on an organic basis – i.e., excluding the effects of exchange rates, special taxes, and regulation. This growth will see a revenue mix that continues to shift towards the growth markets of B2B/ICT, mobile data, and TV business. One example of this is the mobile payment solution recently launched in Poland that is also to be rolled out at other Group companies. Deutsche Telekom is also planning further network partnerships in addition to those already in place in the United Kingdom, the Czech Republic, and Poland.

This media information contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. They should therefore be considered with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions, business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, free cash flow, gross debt and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

Safe Harbor Statement

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Participants in the solicitation

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commitments of MetroPCS and T-Mobile, global economic conditions, disruptions to the credit and financial markets, fluctuations in exchange rates, competitive actions taken by other companies, natural disasters, difficulties in integrating the two companies, disruption from the transaction making it more difficult to maintain business and operational relationships, possible disruptions or intrusions of MetroPCS' or T-Mobile's network, billing, operational support and customer care systems which may limit or disrupt their ability to provide service, actions taken or conditions imposed by governmental or other regulatory authorities and the exposure to litigation. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the MetroPCS' 2011 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 and other filings with the SEC available at the SEC's website (www.sec.gov).

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www.telekom.com/photos; www.youtube.com/deuschetelekom

Ad hoc

Deutsche Telekom steps up investment in growth in 2014 and adjusts dividend planning to 50 euro cents.

The Board of Management of Deutsche Telekom today approved the financial planning for the Group for the years 2013 through 2015. The relevant committees of the Supervisory Board, the General and Finance Committees, then addressed the plans and formulated a recommendation for the Supervisory Board to approve them at its next meeting.

The plans are for the Group to increase its capital expenditure considerably over the next three years (including expenditure following the closing of the business combination of MetroPCS with T-Mobile USA, which is expected in the first half of 2013). Capital expenditure (excluding spectrum investment) of EUR 9.8 billion is scheduled for 2013 compared with an expected total of EUR 8.3 billion in the current year. The increased level of capital expenditure is intended to generate year-on-year growth both in revenue and adjusted EBITDA as soon as 2014. To create a basis for comparison, MetroPCS is assumed to be included for the full 2013 financial year based on a pro forma calculation.

The dividend for the 2013 and 2014 financial years is to be adjusted to these plans, with a payment of 50 euro cents per dividend-bearing share planned for both years. The plans for dividend payments are subject to approval by the relevant bodies and the fulfillment of other legal requirements.

The higher investment volume is to be used to roll out the broadband infrastructure in Germany and the United States in particular. In the mobile communications network, this will be done using the state-of-the-art technology LTE. Around EUR 6 billion is earmarked for rolling out the broadband infrastructure in the German fixed network with optical fiber and vectoring between 2013 and 2020. In addition, T-Mobile USA has entered into an agreement with Apple to bring products to market together in 2013.

Expected development of revenue in the operating segments and the Group.

Deutsche Telekom expects its revenues in the Germany segment to stabilize in 2014. The Europe segment is expected to record organic growth again in 2014, i.e., without the impact of regulatory decisions, exchange rate effects and exceptional state measures such as the imposition of additional taxes. The U.S. business is to return to growth in the planning period. The activities of the Digital Business Unit are expected to generate double-digit growth rates until 2015. Deutsche Telekom expects T-Systems to generate profitable revenue growth in its business with customers outside the Deutsche Telekom Group.

Deutsche Telekom therefore expects the Group to generate additional revenue in 2014 compared with the prior year (including MetroPCS on a comparable basis).

Expected development of adjusted EBITDA in the Group for 2013 and 2014.

The forecast for the Group in its current structure is for adjusted EBITDA of around EUR 17.4 billion in 2013 (forecast for 2012: around EUR 18 billion). Based on a pro forma calculation that assumes inclusion of MetroPCS for the entire financial year 2013, adjusted EBITDA would amount to around EUR 18.4 billion. Deutsche Telekom is planning a year-on-year increase in adjusted EBITDA in 2014 (including MetroPCS on a comparable basis).

Expected development of free cash flow in the Group for 2013 through 2015.

The Group's free cash flow is expected to decrease to around EUR 5 billion in 2013 (scheduled figure for 2012: around EUR 6 billion), primarily as a result of the increased capital expenditure and the systematic implementation of the Challenger strategy in the U.S. market, including the agreement with Apple. The Group's free cash flow is expected to be around EUR 6 billion in 2015 (including MetroPCS).

Dividend planning for 2013 and 2014.

Subject to approval by the relevant bodies and the fulfillment of other legal requirements, a dividend of 50 euro cents per dividend-bearing share is to be paid for each of the financial years 2013 and 2014. The Company also plans to offer shareholders the option of receiving payment in the form of shares (dividend in kind). Both forms of payment are tax-free for domestic shareholders.

Planning for key financial indicators.

The ratio of net debt to adjusted EBITDA from 2013 through 2015 is to remain within the range of 2.0 to 2.5 as in the previous three years. The equity ratio is also scheduled to remain in the same range as for the previous period of 25 to 35 percent.

Deutsche Telekom continues to manage its liquidity reserve such that at least capital market maturities for the forthcoming 24 months are covered at any given time. Closely linked to this is the approach of a balanced maturities profile.

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