Deutsche Telekom Investor Day.
Germany.

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Life is for sharing.

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Key achievements 2007 – 2009

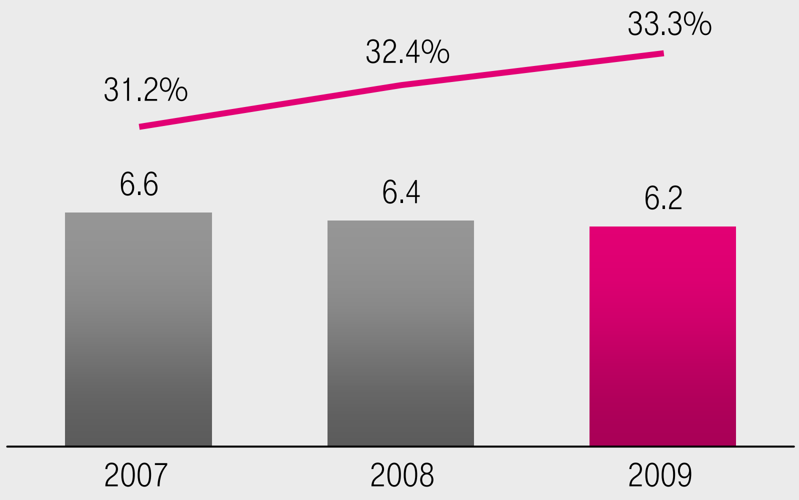
Fixed line: goals achieved – a reliable partner.

	2008[1]	2009[1]	2010 (Guidance Investor Day 2008)	Outlook
Adj. EBITDA	- 3.7 %	-2.4%	Stabilize EBITDA	✓
Adj. Opex	€ -1.34 bn	€ -0.94 bn	Ongoing cost reduction with higher net savings	✓
Revenue	-7.2%	-5.3%	Stabilize revenue	✗
Broad-band Net adds Net add market share	1.6 mn 45%	0.9 mn 45%	>45% Broadband market share >1.5 mn Entertain customers	✓
PSTN Net adds Market share	-2.5 mn 74%	-2.1 mn 69%	Ongoing line losses; market share ~65%	✓

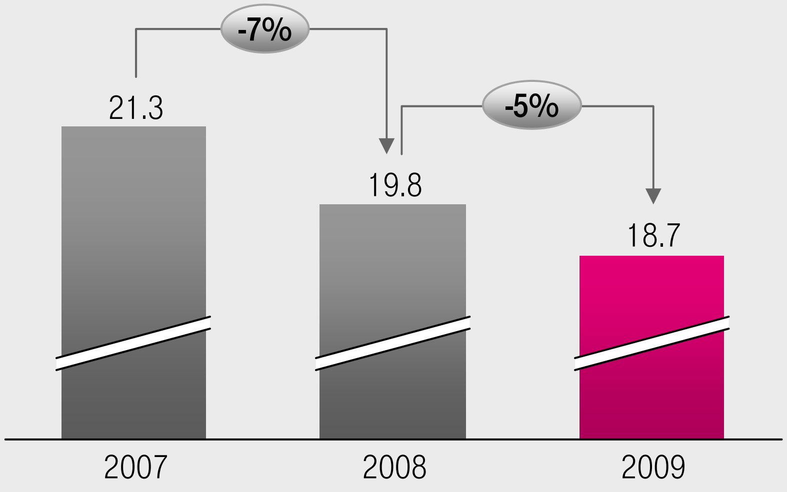
1 Effective July 1, 2009 the fixed-network figures include PASM (Power and Air Condition Solution Management GmbH & Co. KG) without Global Network, International Carrier Services & Solutions (ICSS) and the share of Deutsche Telekom AG in the Product House. All prior-quarter and prior-year figures have been adjusted for better comparability.

Fixed line: we improved continuously ...

Adj. EBITDA[1] (€ bn and margin in %)



Revenue[1] (€ bn)



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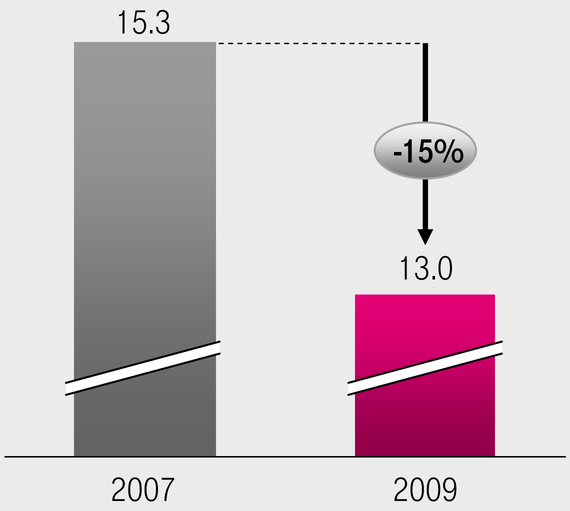
… and lowered our cost base by € 2.3bn.

Adj. Opex[1] in € bn



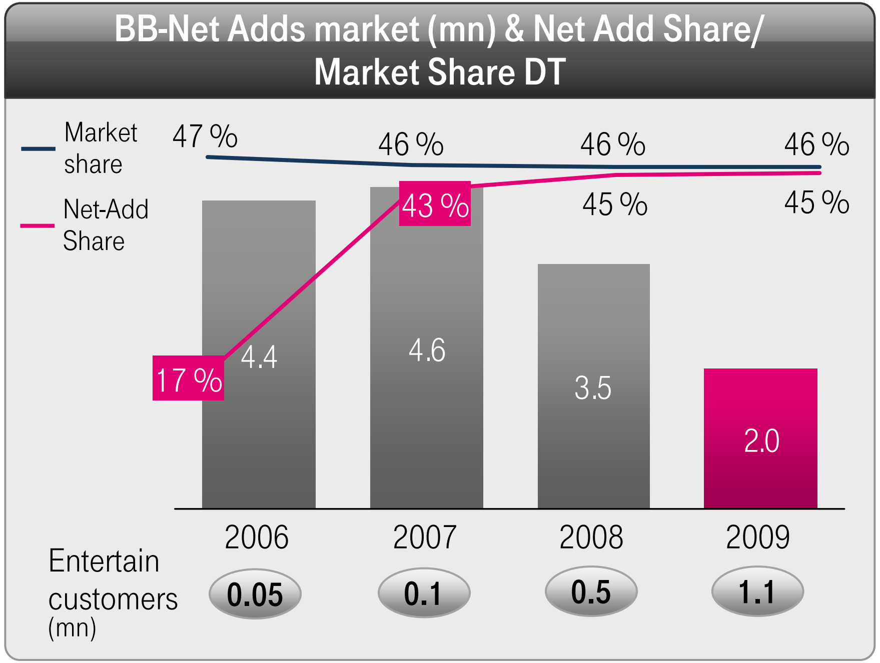
Cost cutting achievements

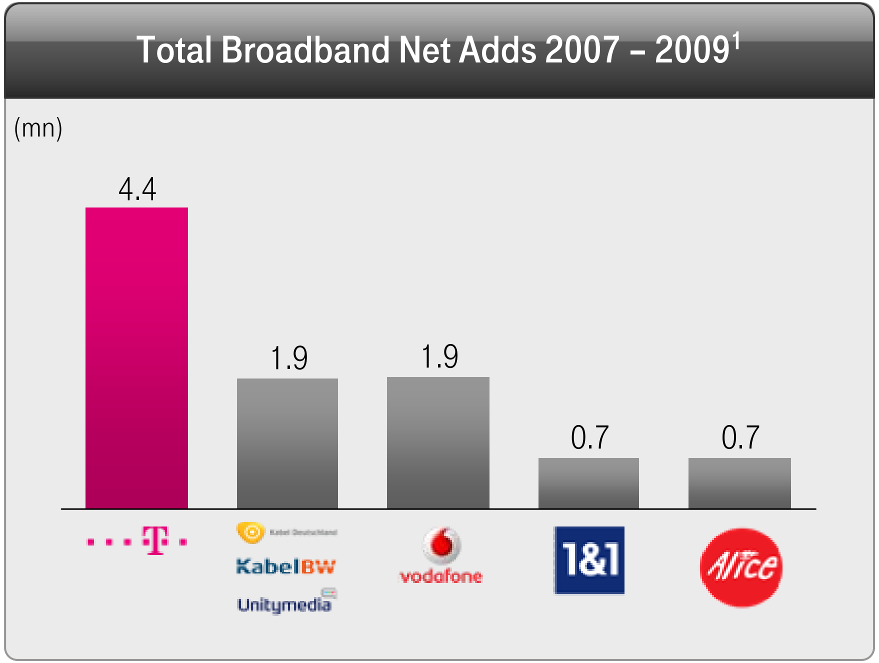
€ 2.3bn net cost reduction since 2007 due to:

- Rental, maintenance, energy costs
- Termination
- Less 3rd party contracts (esp. call centers)
- Personnel
- IT

1 Effective July 1, 2009 the fixed-network figures include PASM (Power and Air Condition Solution Management GmbH & Co. KG) without Global Network, International Carrier Services & Solutions (ICSS) and the share of Deutsche Telekom AG in the Product House. All prior-quarter and prior-year figures have been adjusted for better comparability.

Within German broadband market we are the clear #1…

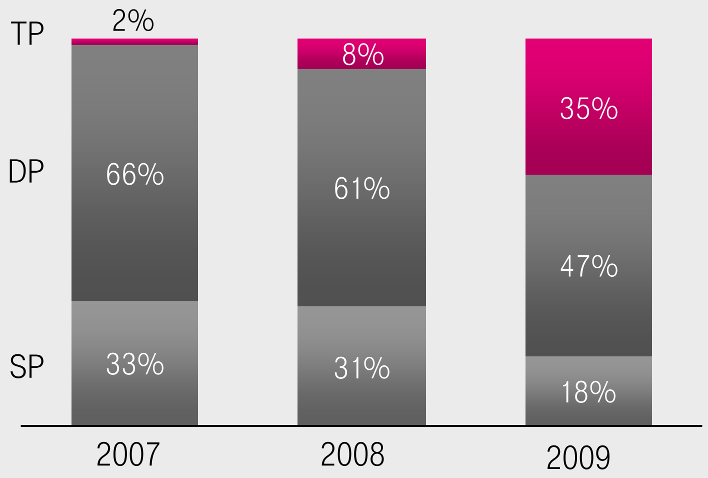




1 Figures for Unitymedia,1&1 and Alice are Q3 2009 because Q4 figures have not been published to date. All other figures are Q4/09.

… whereas our customer base moved to premium value packages …

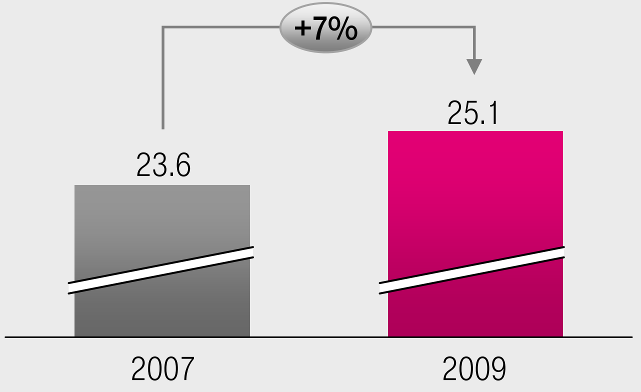
Net Add Share of SP/DP/TP-packages[1]



Revenue per access

Increasing revenue per access due to successful up-selling:

Total monthly Ø revenue per access 2007-2009[2]:

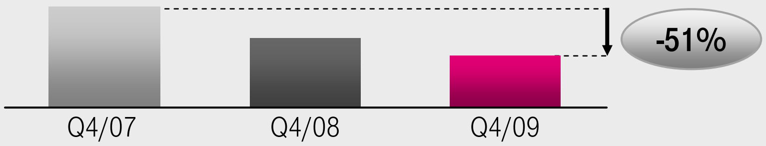


1 Calculated on complete packages
2 Calculated on monthly recurrent charge retail (w/o T-GK)

… and our customer service today is superior to our competitors.

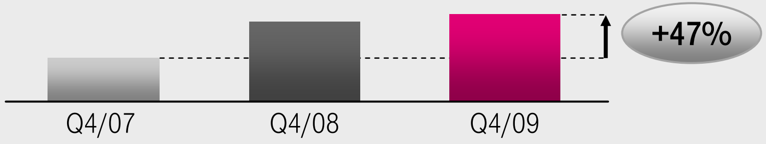
Less complaints…

Number of complaints[1]



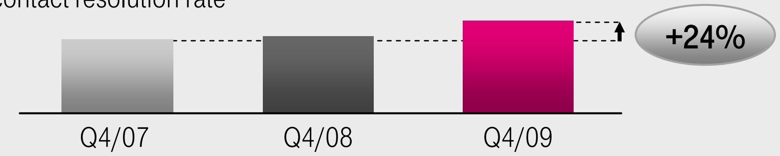
…higher network stability…

Mean Time between assistance for DSL lines[1]



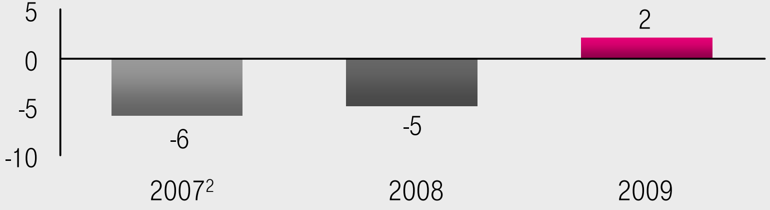
…and improved problem solving

First contact resolution rate[1]



…T-Home customers‘ loyalty superior to competitors

BB Retail customers:
Delta TRI*M index vs. competitors ∅ (pts.)

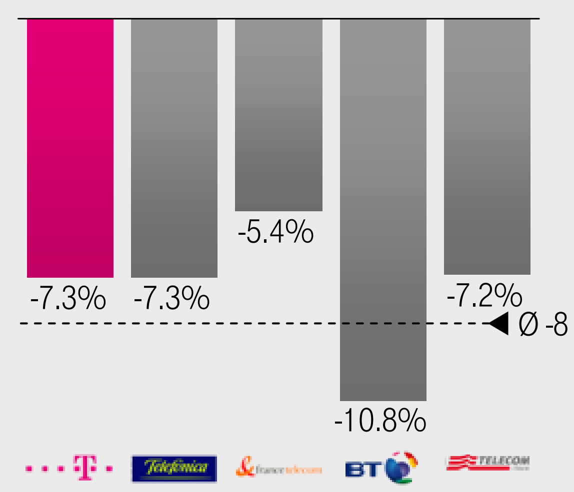


Best customer service 2009

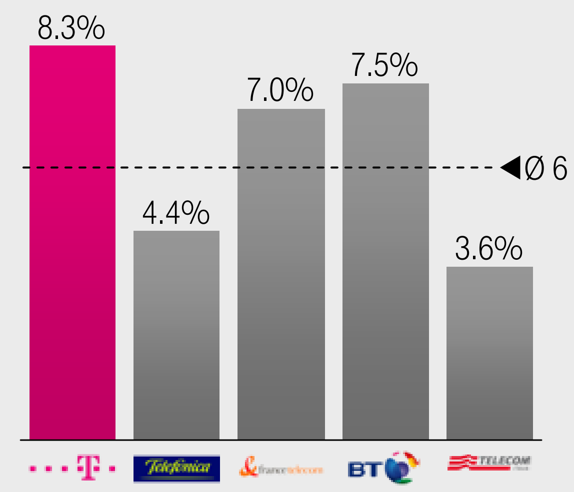
1 Values indexed to 100
2 Q1/08

Our fixed line performance is excellent compared to our peers.

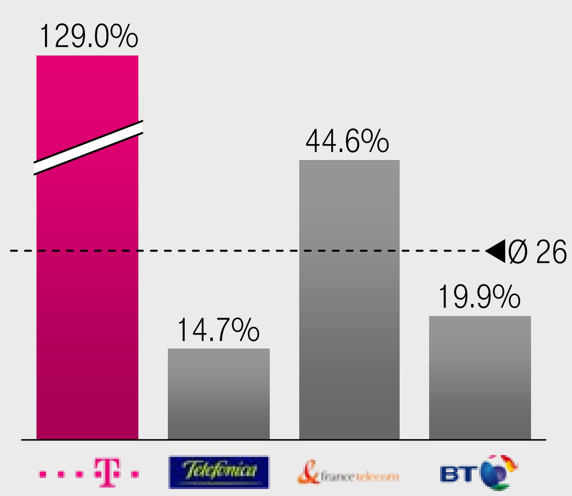
PSTN Access Lines – yoy Growth 2008/2009[1]



BB Access Lines – yoy Growth 2008/2009[1]



IPTV – yoy Growth 2008/2009[1]



∅ = average of peers w/o Deutsche Telekom,
1 Domestic Fixed Line-Business

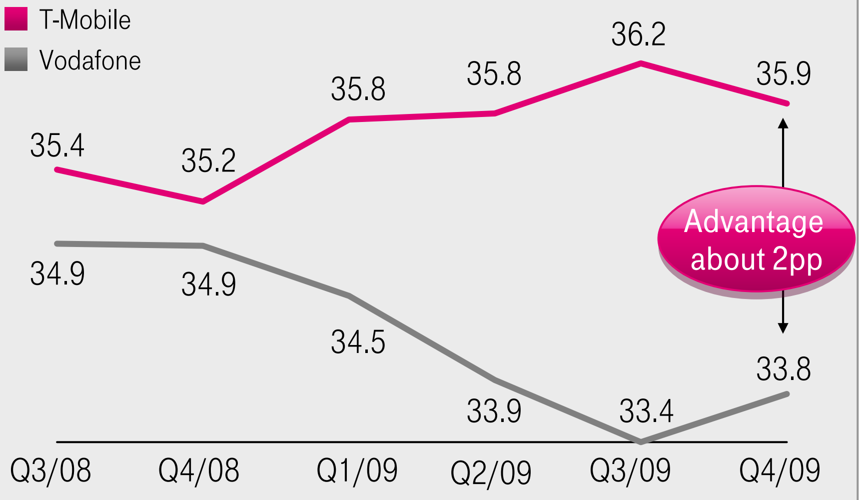
Publications FY 2009

T-Mobile Germany achieved top and bottom line targets …

	2007 up to 2009	
Adj. EBITDA	▪ Exceed analysts' expectations	✓
Save for Service	▪ Reduction of non-commercial Opex	✓
Service Revenues	▪ Stabilizing market share ▪ Top performer in Europe ▪ Win and strengthening of market leadership	✓
Data Revenues	▪ Higher growth rates than competitors	✓
Customers	▪ Market leadership within value contract segment defended	✓

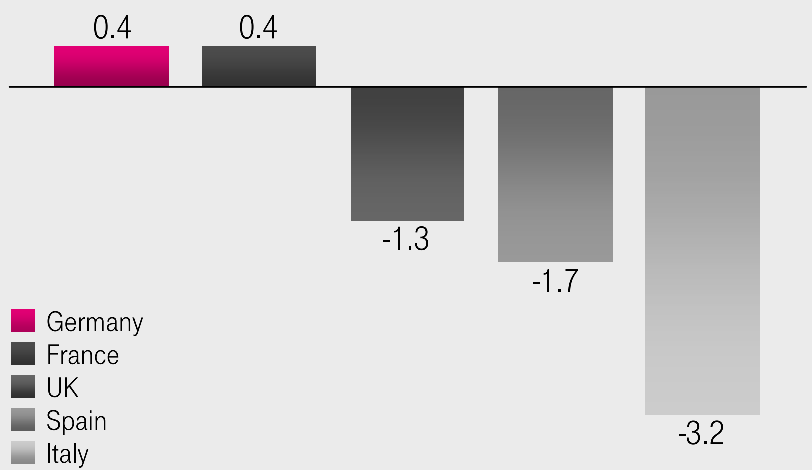
… expanded the service revenue market leadership …

Service Revenues TMD vs. VOD



Development of Top 5 Incumbents in National Markets

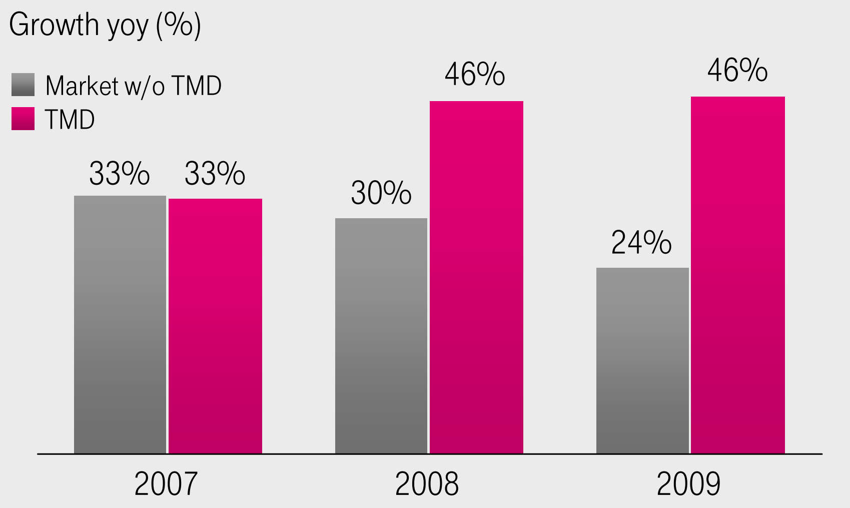
Delta Market Share Service Revenues last 4 yrs. (pp)



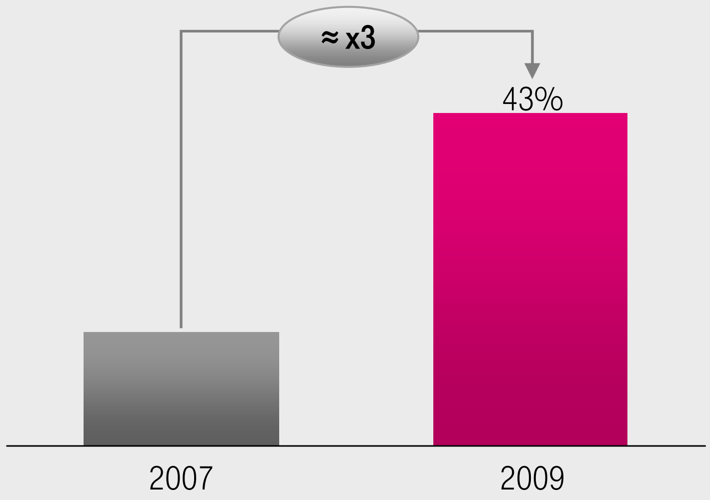
For T-Mobile Deutschland GmbH
European market figures: BofA European Telecoms Matrix Q4 2009

... and improved data revenues, supported by increasing smartphone penetration.

Growth rates Data Revenues

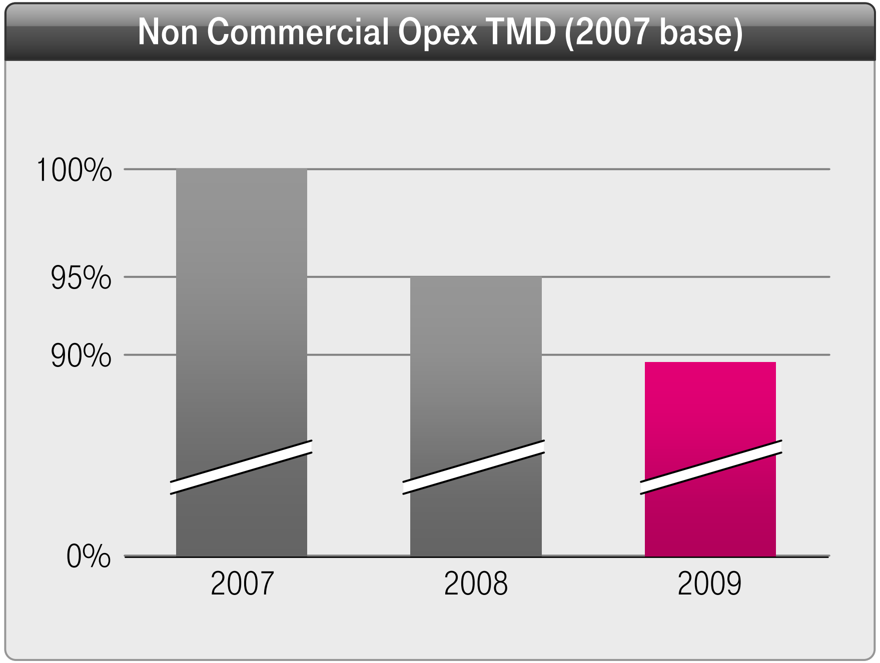


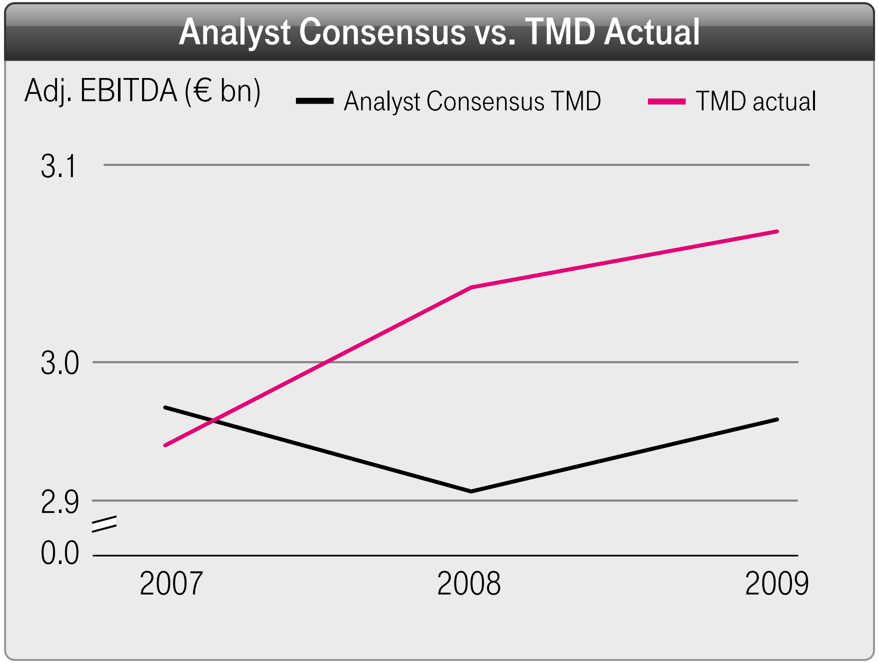
Smartphone Share of new Contract Customers (w/o Service Provider)



For T-Mobile Deutschland GmbH
Data Revenues Market: Management estimates

Through tight cost control T-Mobile Germany outperformed EBITDA analyst consensus.





For T-Mobile Deutschland GmbH
Analyst Consensus from Feb. 2007 for the years 2007-2009

“Telekom Deutschland” is an important move for the future.

2005/2006	2007/2008	2009	2010
T-Online Integration	One Sales & One Service	Business Customers Integration	“Telekom Deutschland”
Competitive offerings, BB market share increased, synergies realized	One integrated sales, improvement of customer loyalty, largest Sales- and Service “footprint”	Increased customer base	Convergent offerings, ongoing Sales & Service-integration

“Telekom Deutschland” is the consequent continuation of our transformation strategy.

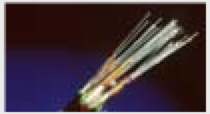
Strategy Outlook

Our core beliefs are the guidelines for our strategy.

Quality

Delight customers with top quality – secure price premium

Networks



Increase bandwidth – invest in network roll-out

Products

Transform “Entertain” to an infotainment platform –
realize growth opportunities

Customer Service

Offer best customer service –
establish new service products in the market

Costs

Continue lowering the cost base – invest in growth

The strategy for Germany underlines the group strategy.

New Group Strategy: Fix – Transform – Innovate

- Improve performance of mobile-centric assets
- **Leverage One Company in integrated assets**
- Build networks and processes for the gigabit society
- Connected Life across all screens
- Connected Work with unique ICT solutions

Our Strategy for Germany

Quality and Efficiency Leader

- Best Networks
- Differentiated Portfolio/Products
- Superior Customer Service

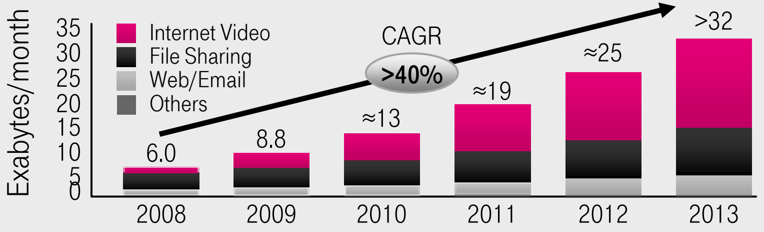
Quality leader through superior orchestration of networks, products and customer service.

	Connected Life (Consumer)		Connected Work (Business)
Sales & Service	One consistent user interface Similar user experience at all channels ✓		Target group oriented sales structures ✓ Optimized, regional customer service structures
Products	Connected Entertain ✓	Connected Home	Application Platforms (Verticals)
	Connected Community		Deutschland LAN Cloud Services ✓
Networks	High bandwidth with value optimized technology mix of both fixed and mobile networks ✓		

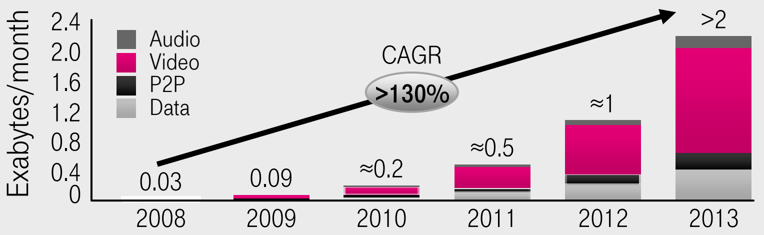
Networks: Growing traffic demands require new network technologies.

Global Internet Traffic Forecast[1]

Fixed



Mobile



Network Technologies

Fixed

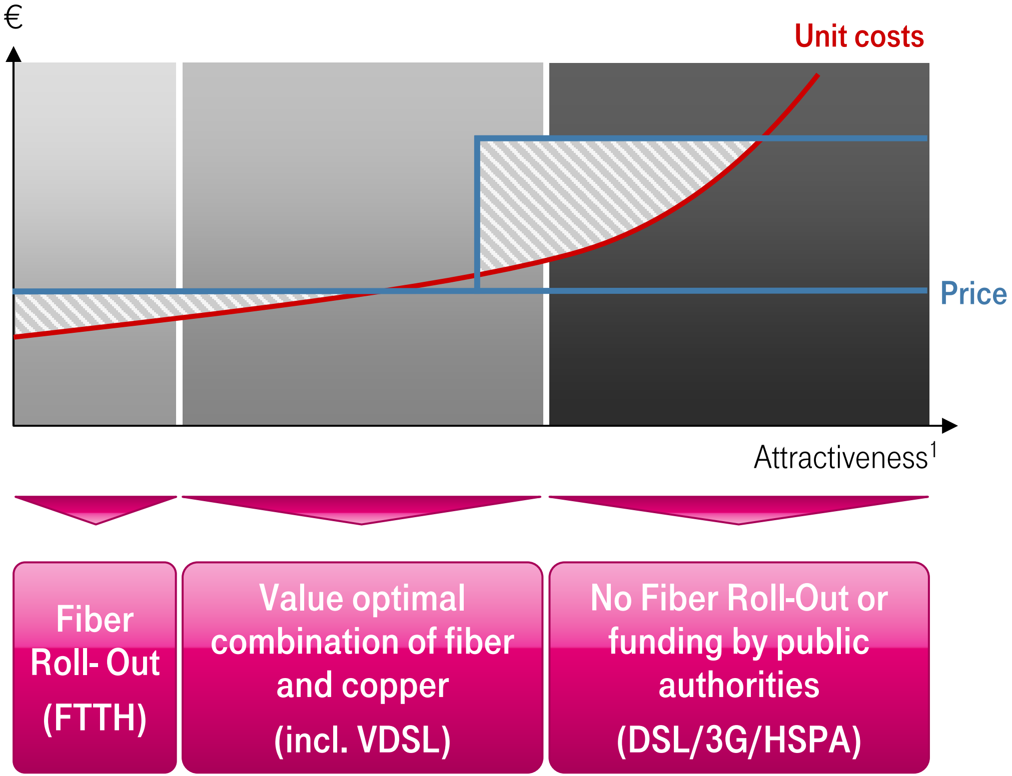
- FTTH
- VDSL
- DSL

Mobile

- LTE
- UMTS/ HSPA
- GSM/EDGE

1 Source: Cisco, June 2009

Networks: Buildout will be value optimized.



Value optimal mix of fiber, copper and mobile in hybrid network structures

- **Fixed Access: Homes passed/coverage 2012**
  - DSL: >97%
  - VDSL: >31%
  - Up to 10% FTTH[2]
- **Mobile Access: Pop coverage 2012**
  - 2G: >99 %
  - EDGE: >99%
  - 3G: >85%
  - HSPA: > 85%

Utilization of co-operation/ partnerships

1 Decreasing attractiveness of a region (population density, actual competitive situation)
2 Up to 10% of all fixed line households; FTTH rollout will be based on economical efficiency; Regional focus and timing will be adopted dynamically

Consumer lock-in through continuous buildout of integrated voice/data and application platforms ...

Connected Life

Connected Community	Connected Entertain	Connected Home
Integrated Voice/Data Platform	**Integrated Entertainment Platforms across all Screens**	**Integrated Home Management across Screens**

Connected Community – Integrated Voice/Data Platform

Examples
- Common Address Book
- Single Sign On (incl. Online Communities)
- Common Email/Messaging
- Common Storage

Connected Entertain – Integrated Entertainment Platforms across all Screens

Examples
- IPTV / Video on Demand
- Common Music & Radio (incl. RSS)
- User Generated Content (incl. Photos), Personal Photos/Videos
- Common Relevance Platform

Connected Home – Integrated Home Management across Screens

Examples
- Smart Metering
- Remote Management
- Home Surveillance
- Security

Integrated Networks – across Fixed & Mobile

… like our integrated IPTV program manager …

Program Manager – Access Across Three Screens

Highlights

- Programming the set top box via web program manager or while on the road
- TV Guide with convenient search function and personal favorite lists
- Notification and reminder functionality

… and innovative cloud services for business customers.

Customer Perspective on Connected Work

Connected Work from the Cloud in One Package

Deutschland LAN comprising

- IP-Access – 10 Mbit/s sym. with QoS, nationwide
- Hosted PBX
- Incl. IT: control-center for Connected Work, Net based address book
- Same User-Interface on all devices (PC, mobile & desktop phone)
- Incl. IT: Presence, email-accounts, SaaS
- Subsidized devices (fix & mobile)
- All internal Voice & Data (fix & mobile) included
- Security: Firewall

On top we differentiate ourselves through superior customer service.

On Top Services (comes with additional service fees)

- IT On Site Service
- Flat fee On Site Service
- Customer Premises Equipment service package

Service Differentiation (based on customer value/lifecycle status)

- Top Service for high value customers
- Dedicated starter and retention teams
- Value based service level differentiation

Basic Service Packages (applicable to all customers)

- Best in class service (e.g. reachability, first contact resolution rate)
- Similar customer experience across all sales & service channels

How to tackle cable.

Network

- VDSL sales push (Entertain and Double Play)
- Value based fiber rollout (up to 10% FTTH[1])
- Value based white spot rollout (fixed/mobile)

Service

- Best basic service experience within industry
- Service packages tailored according to customer value/ lifecycle status to maximize value
- On top paid services packages

Cable

Product

- Integrated fixed/mobile platform approach
- Regional/tactical product pricing
- Focus communication on cable weaknesses e.g. upload, VoD, hardware dependency etc.

New Business

- Development of products for new customer groups (housing industry)
- Enablement of Wholebuy capabilities

1 Up to 10% of all fixed line households; FTTH rollout will be based on economical efficiency; Regional focus and timing will be adopted dynamically

Financial Outlook

Based on achievements and a clear strategy we will strengthen the key drivers for our financial performance.

Stabilization of Revenue
- Exploit pockets of growth
- Leverage customer value

Save for Service
- Reduction of non-commercial Opex
- Increase of loyalty and service quality

Smart Capex Investment
- Shift Capex from legacy to growth areas
- Ensure competitiveness vs. cable and demand driven network upgrade for mobile broadband

Various revenue growth areas supporting revenue stabilization.

	Pockets of Growth 2010 – 2012[1]			Further Growth Opportunities
	Mobile Data	**Entertain**	**Digital Services[2]**	**beyond 2012**
	▪ >60% of all contract customers use mobile internet in 2012 ▪ More than 40% revenue growth	▪ >1.5 mn Entertain customers growth ▪ More than 60% revenue growth	▪ > 50 mn customers[3] in 2012 ▪ More than 30% revenue growth	▪ Energy / Smart metering ▪ Connected Home ▪ Media Distribution ▪ E-Health ▪ Car connectivity ▪ Cloud Services
Revenue 2012	≈€ 1.5bn	> € 1bn	> € 1bn	

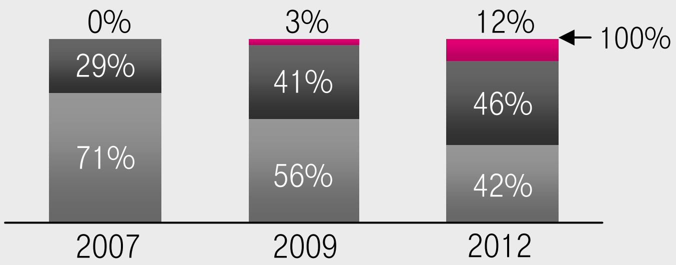
Based on stable market shares in fixed broadband and mobile service revenues

1 Growth base: 2009;
2 Includes all internet businesses in the segment: search, payment, e-commerce, digital content and communciation, including Scout-Group, Load family and t-online.de; 3 Gross reach

Higher share of premium products will drive customer value and loyalty.

Example Fixed:
SP vs. TP

Access Lines (share)

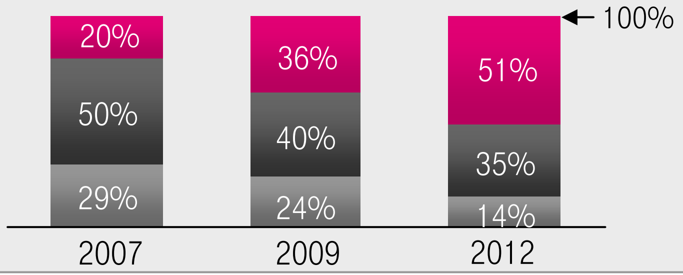


Customer Loyalty[1]

- TP: 69
- DP: 57
- SP: 40

Example Mobile:
Pay per Use
vs. Flat

Contract Subscribers Consumer (share)

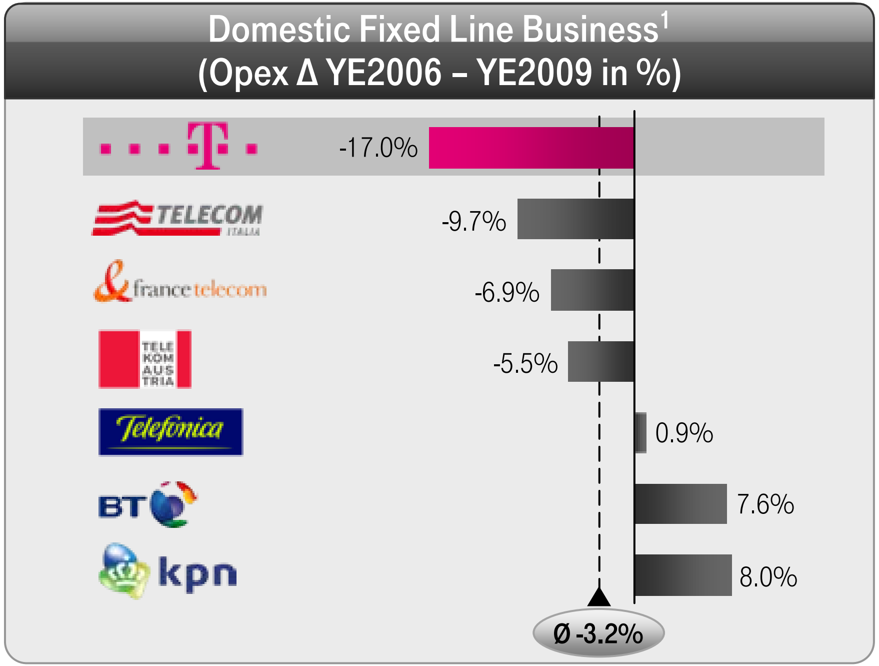


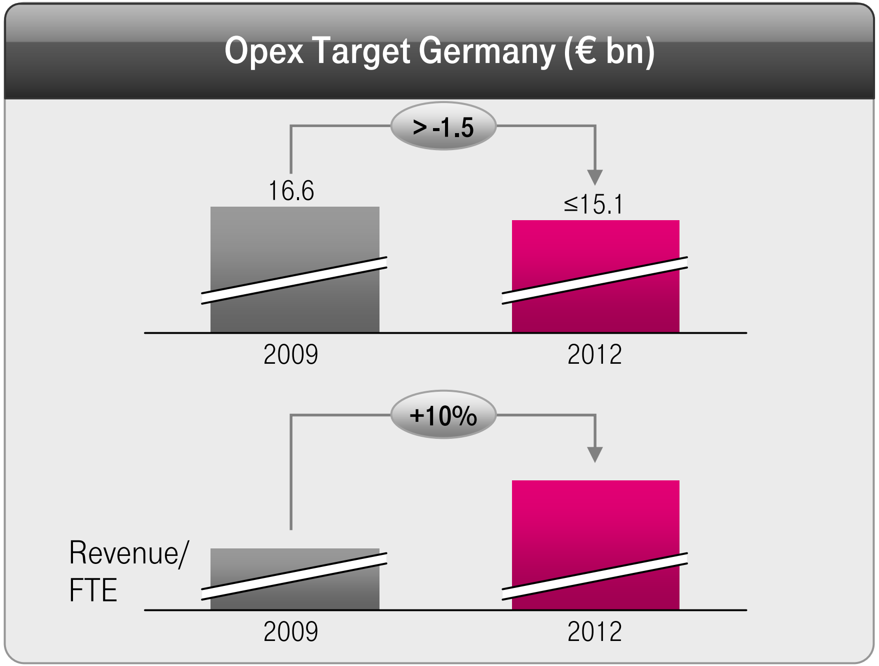
Customer Loyalty[1]

- Flat: 68[2]
- Budget: 61
- Pay-per-Use: 49

1 TRI*M (Q4/09); 2 TRI*M for partly flat (flat rate to PSTN and/or on-net) is 68; TRI*M for full flat (flat rate to PSTN, on-net and offnet) is 71; Flat incl. Combicards

We optimize rigorously our cost base ...





1 Source: UBS, FT: 2006 extrapolated based on FT data, DT: internal, domestic fixed line business: 2009 pro forma, no YE09 restatement for T-Home (OCP)

… Major S4S savings on non-commercial Opex.

	Ambition 2012: Opex Savings[1] (selected examples)	Examples 2010 – 2012
Efficiency in fixed line operations	≈ € 0.6bn	**Efficiency in fixed line operations, e.g.** ▪ Volume of complaints: -20% yoy ▪ Automatization in provisioning of service: +10 pp ▪ Share of remote manageable devices: +20 pp
Efficiency in IT-Infra-structure	≈ € 0.35bn	**Efficiency in IT infrastructure, e.g.** ▪ Reduction of 30 IT-systems ▪ Standardization of wireline and fixed line IT infrastructure ▪ Reduction of energy costs through “Green IT”
General & Administra-tion	≈ € 0.2bn	**Efficiency in GA/Shift of resources from G&A to commercial Opex e.g.** ▪ Lean structures and reduction of office space: -15-20% ▪ Reduction of consulting

1 Compared to 2009

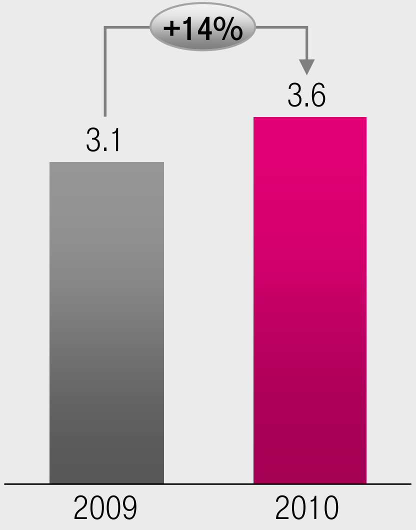
S4S does not only deliver better efficiency but also higher quality and stronger customer loyalty.

	Ambition 2012	Benefit/Reason why
Customer loyalty	> + 10 %[1]	▪ Premium pricing with stable market shares ▪ Low market investment because of low churn rates, when contracts are renewed ▪ Higher cross- and up-selling rates ▪ Higher winbacks
Customer contact quality	> + 30 %[2]	
Broadband churn (fixed & mobile)	Best in class[3]	

1 Measured by TRI*M Index 2012 compared to 2009; 2 measured by After Contact Customer Interviews (ACCI) 2012 compared to 2009; 3 in German broadband market (mobile and fixed)

We invest in sustainable and demand driven growth …

Capex (€ bn)



Key Capex Drivers

- **Mobile Data / Internet: High bandwidth anywhere**
  - Enhance quality of 3G network & LTE roll-out[1]
- **Bandwidth demand fixed network /IP TV**
  - Expand market leadership broadband fixed network
  - Entertain 2.5-3mn by YE 2012
- **Efficiency increase**
  - Network integration of fixed line and wireless networks
  - Transform major areas of IT
- **Fiber Readiness**
  - Ensure competitiveness vs. cable operators
  - Enable the use of 3rd party fiber infrastructure

Results 2012

- ≈ € 1.5bn revenue
- > € 1bn Entertain revenue
- > € 1.5bn net savings
- Up to 10% FTTH[2]

1 Depending on auction results
2 Up to 10% of all fixed line households; FTTH rollout will be based on economical efficiency; Regional focus and timing will be adopted dynamically

... by focusing our investments on growth areas and efficiency gain.

Maintain high investment levels with focus on growth and efficiency

	Capex 2012	Examples
Revenue Growth and Innovation	≈ 55 %	▪ Push VDSL/3G/4G[1] ▪ FTTx ▪ Entertain/Connected life and work ▪ New Business (e.g. Energy, Health) ▪ Broadband coverage expansion
Transform and Efficiency	≈ 30 %	▪ All IP Transformation ▪ Next generation IT-systems (SSM, ERP, CRM) ▪ Zero touch processes ▪ Portfolio reduction
Legacy and Compliance	≈ 15 %	▪ Limit investment in end-of life technology (e.g. PSTN)

1 Depending on auction results

Our ambition level 2012:
Expand market leadership and improve financial performance.

	2009	Ambition Level 2012
Market share broadband	46%	stable
Market share service revenues (mobile)	36%	stable
Entertain customers	1.1mn	2.5 - 3mn
Data revenues (mobile)	€ 0.9bn	≈ € 1.5bn
Customer Loyalty Index fixed mobile	2007-2009: + 22% 2007-2009: + 13%	2010-2012: + > 10%
Adj. Opex net reduction	2007-2009: € 2.4bn	2010-2012: > € 1.5bn
Adj. EBITDA margin	37.7%	↗
Revenues	€ 25.42bn	→
One Company: Exploit German fixed mobile integration	▪ Cost savings through integrated processes / IT systems ▪ Exploitation of market potential with integrated products ▪ Share of customers with both fixed and mobile contracts only 22%	▪ Revenue synergies[1] ≈ € 0.4bn in 2012 (mainly cross-/up-selling) ▪ Share of customers with both fixed and mobile contracts > 30%

1 No increase of total revenues 2012 by revenue synergies