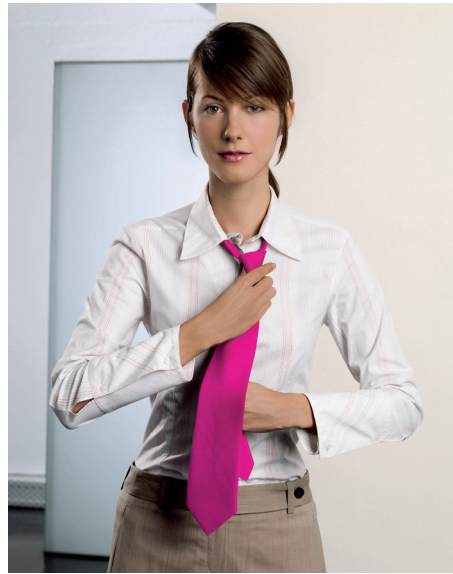


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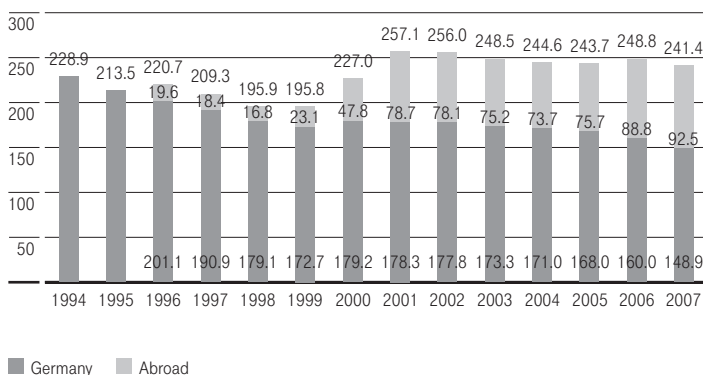
The 2007 Human Resources Report.



HR indicators and relevant data at Deutsche Telekom.

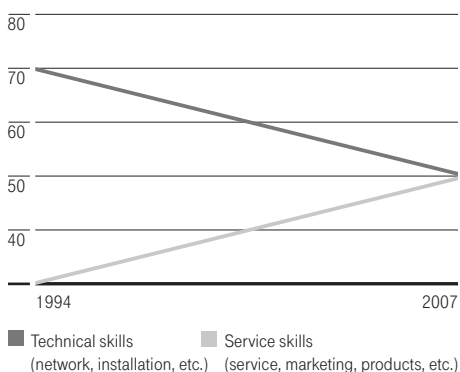
Deutsche Telekom Group workforce, 1994-2007.

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



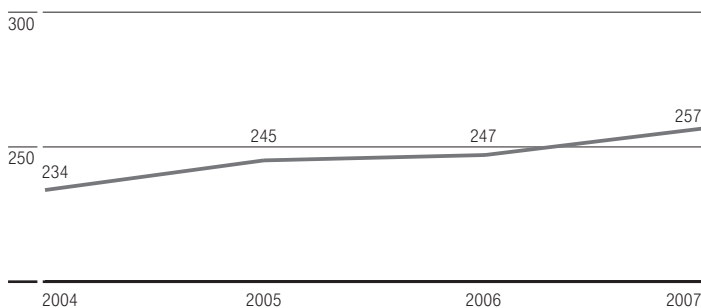
Skills shift.

Trend for employees with skills, in %.



Revenues per employee.

Earnings for the Group as a whole (worldwide), in thousand €.



Trend in Group and international revenues.

	2007	Change on 2006
Revenue, Group overall	€ 62.5bn	+ 1.9%
Revenue, international	€ 31.8bn	+ 10.2%
Share of international revenue in Group revenue	50.9%	

Group personnel costs.

In billion €	2005	2006	2007
Group personnel costs	14.3	16.5	15.4
Special influences	1.2 ^c	2.8 ^b	2.0 ^a
Group personnel costs adjusted by special influences ^d	13.1	13.7	13.4
Consolidated revenues	59.6	61.3	62.5
Adjusted personnel cost ratio (in %) ^d	21.9	22.3	21.5

Special influences (in billion €)

^a Expenditure on HR measures (early retirement, severance pay, compensatory payments etc.) primarily in the segments Broadband/Fixed Network (-1.1), Business Customers (-0.3) and Group Headquarters & Shared Services (-0.5).

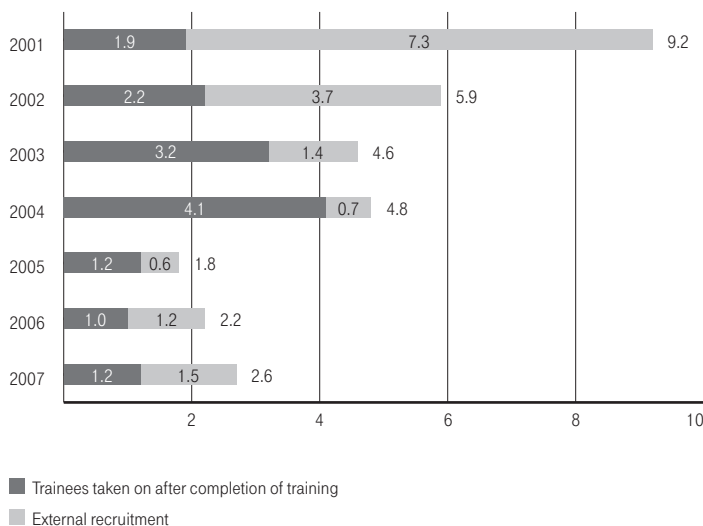
^b Expenditure on HR measures (early retirement, severance pay, pre-retirement part-time work etc.) in the segments Broadband/Fixed Network (-1.5), Business Customers (-0.6) and Group Headquarters & Shared Services (-0.7).

^c Expenditure on HR measures (severance pay, pre-retirement part-time work etc.) in the segments Broadband/Fixed Network (-0.6), Business Customers (-0.2), Mobile Communications, Europe (-0.1) and Group Headquarters & Shared Services (-0.3).

^d Figures calculated and rounded on the basis of the precise amounts in millions.

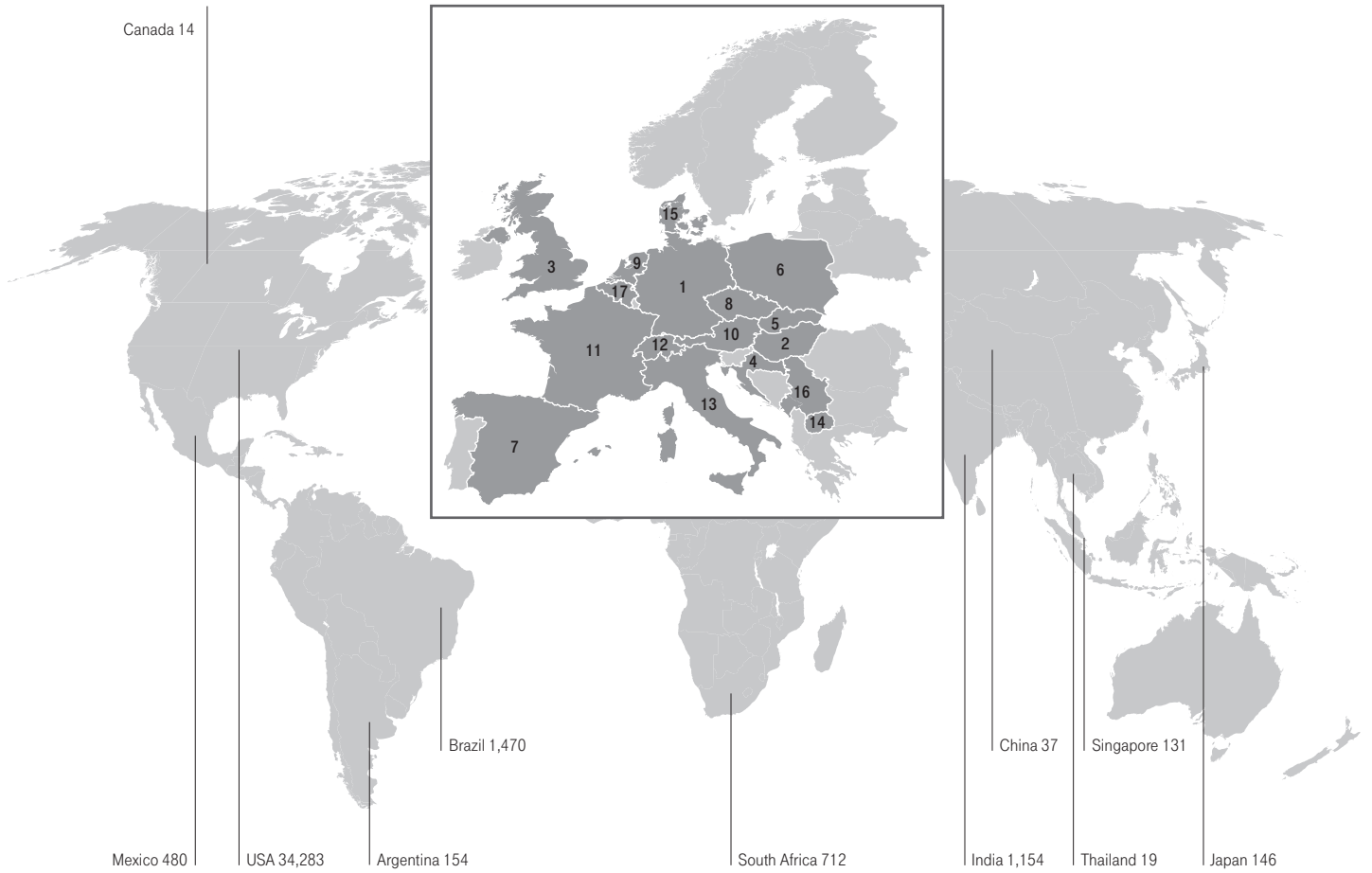
Recruitment at Deutsche Telekom Group in Germany.

In FTE thousand (full time equivalents).



Employees of the Deutsche Telekom Group worldwide.

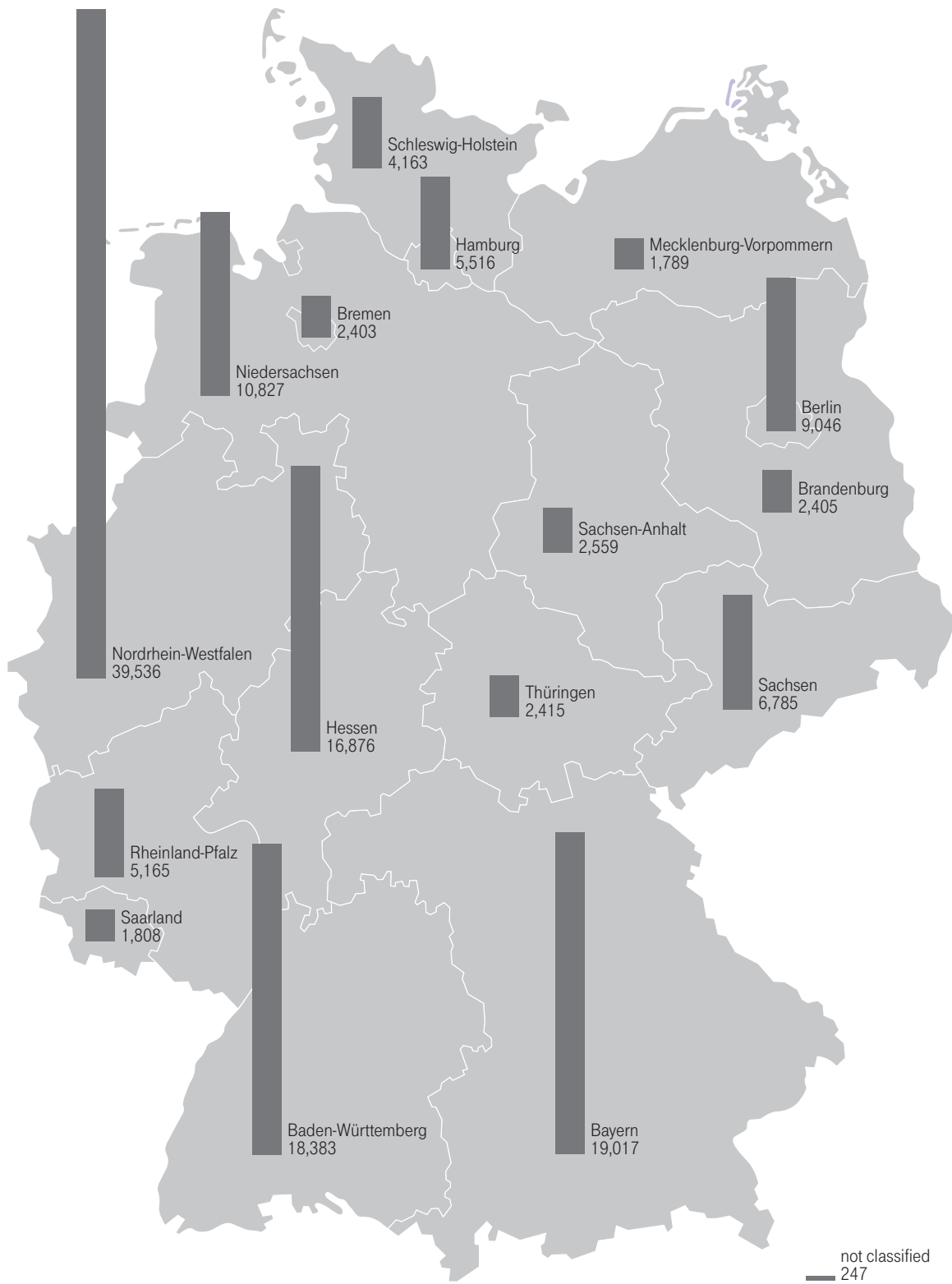
As of Dec. 31, 2007, in full-time equivalents (FTE).



1	Germany	148,938
2	Hungary	12,281
3	Great Britain	7,259
4	Croatia	6,665
5	Slovakia	6,172
6	Poland	5,072
7	Spain	3,947
8	Czech Republic	3,110
9	Netherlands	2,568
10	Austria	2,521
11	France	1,829
12	Switzerland	918
13	Italy	706
14	Macedonia	436
15	Denmark	165
16	Serbia/Montenegro	160
17	Belgium	80

Employees of the Deutsche Telekom Group in Germany.

As of Dec. 31, 2007, in full-time equivalents (FTE).



Content.

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18	HR@2009. Enhanced efficiency in modern HR work.
20	Group internationalization. Pivotal and pioneering role for HR.

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KNr. 642 200 141 (German), KNr. 642 200 140 (English)

Information as of May 2008

Dear Reader,



For Deutsche Telekom, 2007 was a year of new departures, culminating in superior service, efficiency and growth. The Human Resources unit has played an instrumental role in this. Our HR mission “HR – Your Partner in Business” has enabled us to actively support the Group strategy, “Focus, fix and grow,” in all business units. With ultimate responsibility for HR, we have mobilized all the forces, resources and potentials available to us in our own organizational structure and among the Group’s employees.

Deutsche Telekom’s evolution from national technology company to global service provider is the greatest challenge facing us today, and will remain so for the foreseeable future. Like the IT and telecoms industry as a whole, we are in the throes of a powerful transformation process, driven by changing and escalating customer expectations, global and national competition, state regulation (which remains very strong in the German domestic market), technical innovations and massive technological leaps.

The road to change is not smooth, but many successes have been achieved. Deutsche Telekom is on track to becoming the most highly regarded service company in our industry. Notable examples include the establishment and successful market launch of three service companies in Germany in June 2007. After a lengthy battle, employee representatives and management have agreed on a forward-thinking solution for both the workforce and the company – for better service, greater efficiency and more jobs.

Aware of the financial necessity of cutting personnel costs and improving customer service, yet mindful of our responsibility to our workforce, we have come up with a successful formula that ensures competitive employment conditions while at the same time securing future jobs. We have taken up this challenge – and not only in Germany – in our HR strategy as a guiding principle for a “competitive workforce.” We are also systematically pursuing this approach as part of our newly established capacity management system. The progressive restructuring of our Human Resources organization under the HR@2009 program is proving emblematic of our success.

Taking the example of our service companies, it is becoming crystal clear where the greatest present and future opportunities, tasks and challenges reside for the Group: in dealing with the people who are involved with Deutsche Telekom – above all employees and customers. Motivated and competent employees ensure satisfied customers, who are the key to safeguarding our financial future; at the same time, they also have a decisive influence on our reputation and quality as a service company. In light of this we are gearing our HR strategy and activities to excellent and efficient service in the name of “service culture,” both internally and externally by splicing “Service DNA” into our HR processes and by encouraging excellence of service.

To me it seems obvious that by having the right people in the right jobs, we will be able to permanently strengthen Deutsche Telekom’s competitiveness as an international service provider. This is why we in Human Resources are pulling out all the stops as part of our “talent agenda” to ensure our employees’ development is oriented to the future. This applies equally to talented junior staff and graduates, as well as experienced executives and experts. Linked to this are measures to optimize HR development, enhance the attractiveness of the Group as an employer and internationalize talent management. In this way, as well as raising the profile of Deutsche Telekom as a talent-oriented company we also inspire greater innovation in our high-tech working areas, helping us to become the international market leader in services for connected life and work. We can therefore be sure of meeting our responsibilities to our workforce as well as to the company and to our customers and shareholders.

Thomas Sattelberger
Member of the Board of Management,
Human Resources

Forward-thinking HR work: A key component of our Group strategy.

Deutsche Telekom operates in dynamic markets and competitive environments where the structural conditions vary widely between different countries. The company is planning to improve its competitiveness with a clearly defined Group strategy, enabling it to exploit growth potential in promising markets. Having adopted a powerful HR policy based on four strategic thrusts, the Deutsche Telekom Group is now well-placed to meet its strategic targets.

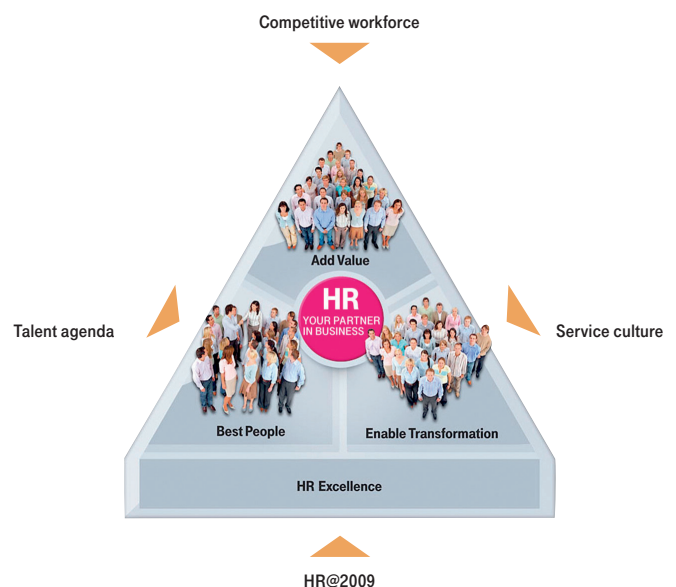
HR offers its full support to the corporate vision. As one of the world's leading IT and telecom companies, the Deutsche Telekom Group is a global standard setter. Its vision is to become a world market leader in services for connected life and work, by offering customers a range of products and solutions that provide outstanding benefits in these areas. Human Resources (HR) supports the Group's vision by gearing its HR programs, initiatives and processes accordingly and ensuring that employees' skills and motivation are in harmony with it. The HR unit helps advance Deutsche Telekom's process of transformation into a customer and innovation-centered service company.

Group strategy and HR strategy.

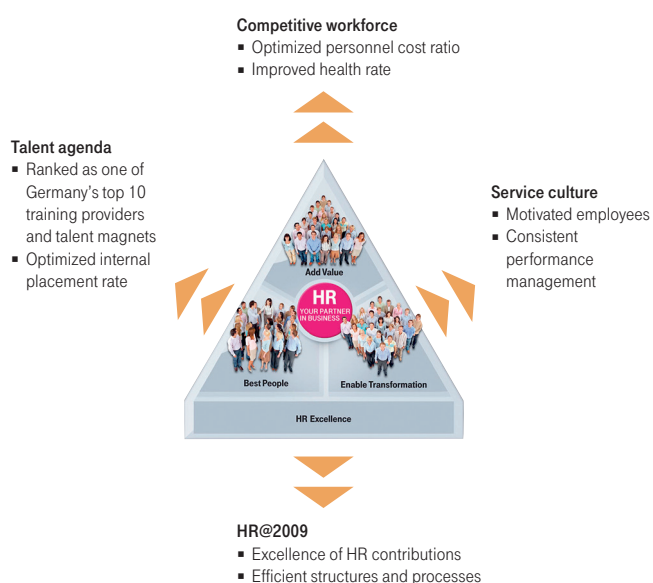
Closely linked to the Group strategy. "Focus, fix and grow" is the name of the corporate strategy, which comprises four core areas of action:

- **Improving competitiveness in Germany and Central/Eastern Europe:** On the one hand we initiate internal activities in the Group to ensure the company's sustained competitiveness in productivity, labor costs and efficiency. We also set up customer-centered programs. Examples include activities to expand our broadband business and optimize our services and sales support for customers.
- **Growing abroad with mobile communications:** In the USA and also in other regions of the world, mobile communications still have considerable growth potential. Our mission is to maximize and exploit these growth opportunities.
- **Mobilizing the Internet:** The importance of the Internet continues to grow, both in the fixed network and also, increasingly, for mobile communications. We want to secure a permanent foothold in this growth market.
- **Building network-centric ICT (Information and Communication Technology):** As a growing number of services are relocated to an increasingly powerful network, we are developing a range of products to capitalize on this trend.

The HR mission "Your partner in business" ...



...and its contributions to the Group strategy.



Good HR work comes to terms with conflicting goals. To improve our competitiveness – both in Germany and worldwide – we first of all have to achieve greater systematic optimization of the workforce structure along with efficiency increases to further optimize the personnel cost ratio. On the other hand we face an ongoing challenge to reinforce the service culture and boost the relevant skills base among our employees. A sign of good HR work is when it succeeds in combining these apparently contradictory tasks and achieving results across the board. Cost efficiency ensures survival in the market; commitment and ability secure the future.

Four strategic thrusts for HR.

Competitive workforce, talent agenda, service culture, and HR@2009.

In line with the core focuses of the Group strategy, Deutsche Telekom's HR work focuses on four strategic thrusts:

- "Add value" through a competitive workforce,
- "Best people" through the talent agenda,
- "Enable transformation" through the service culture and
- "HR excellence" through HR@2009.

We are relying on achieving labor costs and conditions that are in line with the market as well as a clear service orientation among the workforce. A major step in this direction in 2007 was to set up the three new service companies, as was the consistent implementation of the health management program.

Our talent agenda ensures that HR development is geared to the long term, with a focus on developing our existing employees. In view of the increasing shortage of (highly) qualified staff, we want to safeguard the company's future skills base with talented junior staff and experienced experts and executives. This means becoming an employer of choice.

We have numerous initiatives and projects that are helping to achieve the corporate objective of sustained development in the Group's service culture. Clear service orientation and strong service motivation among employees are critical success factors just as much as consistent management of top performers, high performers, and low performers.

With the HR@2009 initiative we are reorganizing the HR unit itself and raising the profile of HR as a business partner. At the same time we are making our own contribution to improving efficiency in the Group.

International corporate growth is accompanied by the internationalization of the HR strategy. We are working flat out to harmonize our HR work to international standards. One aim here is to use existing skills and capacities as efficiently as possible across national borders.

A competitive workforce: Shaping the difficult transformation process.

The telecommunications sector is characterized by dynamic change and competitive pressure. Deutsche Telekom is adapting its HR structure in line with this situation, at both national and international level. The revamped Telekom Sales, together with the successful new service companies, are positive examples of permanently competitive workforce structures. Another tool is capacity management, which is practiced nationwide by the in-house HR service provider Vivento.

Since Deutsche Telekom AG was founded on January 1, 1995, the Group has undergone a continuous transformation. Corporate development is influenced primarily by factors such as regulation and technical innovations, ever-fiercer competition, together with changing and escalating customer expectations. All these factors drive personnel restructuring within the Group.

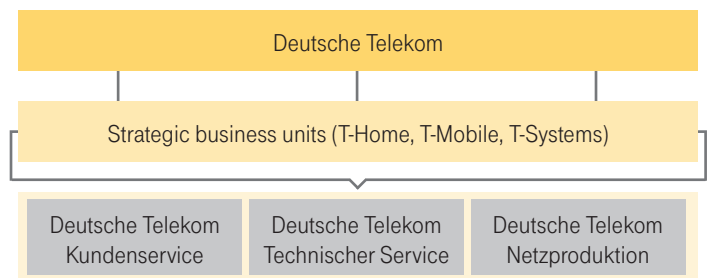
More competitive terms means more job security.

Strong on service, at a more competitive price. Drawing on its positive experiences with T-Punkt Gesellschaft, in 2007 Deutsche Telekom adopted a similar approach and merged its German service units into three new service companies. Negotiations with the trade unions began on March 23, 2007, and were accompanied by warning strikes. Following a ballot, members later voted for a series of strikes and walkouts beginning on May 11. The number of working days lost as a result of these strikes totaled some 500,000. The settlement reached on June 29, 2007 sets out new terms and conditions for some 50,000 employees which are more in line with the market as a whole. The collective agreements have enabled us to cut costs while at the same time preparing the ground for a significantly enhanced customer service and improved productivity and competitiveness. The unions and management also agreed a series of protective measures for employees, including installment payments and compensation, an extended promise to refrain from compulsory dismissals until the end of 2012, and spin-off protection until the end of 2010. This collective agreement, including a related pay freeze at Deutsche Telekom AG until the end of 2008, saved the Group more than 160 million euros in 2007. From 2010 onwards, Deutsche Telekom's annual savings as a result of this agreement will exceed 700 million euros. The key cornerstones of the collective agreement were as follows:

- **Working week extended from 34 to 38 hours** with no salary adjustment, and more flexible service times, such as Saturday service.
- **6.5 percent salary cut from July 2007** accompanied by a range of protection provisions and compensatory payments.
- **Greater variable component in salary:** among service companies, the variable component of salaries generally ranges between 15 and 20 percent (from 2011 onwards, 20 percent will be the norm).

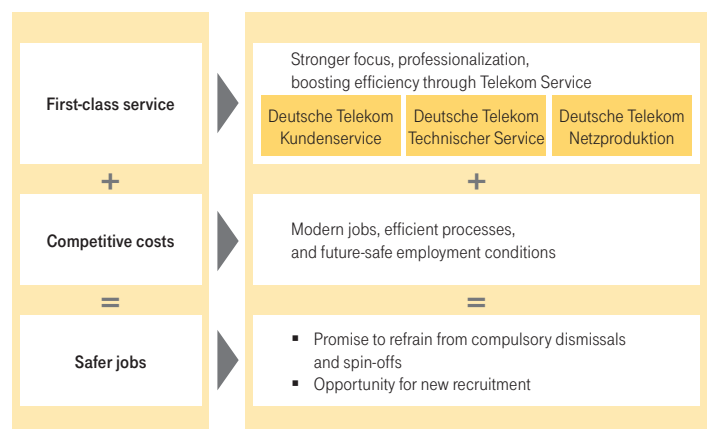
The service companies.

Permanently integrated into the Deutsche Telekom Group.



The service companies are managed by T-Home.

Telekom Service: agreement for the future.



- **Improved customer service:** a greater emphasis on service skills and service careers will help to optimize our standards of customer service. An entitlement to skills and HR development has therefore been collectively agreed for the first time, as part of a targeted process.
- **Entry-level salaries more in line with the market:** the collective agreement also includes a significant reduction in entry-level salaries.

As well as protecting existing jobs, the new terms and conditions and entry-level salaries at Deutsche Telekom will also allow us to commit to taking on around 4,000 internally trained junior staff by 2009. We also recruited around 1,500 new employees in 2007, a figure we were able to match in the first quarter of 2008 alone. These new recruits will reinforce the service companies and help to secure future-oriented skills and know-how for the Group. Most of them are graduates in a variety of technical and scientific subjects, as well as internally trained sales-oriented junior staff (for more about the service companies, please refer to pages 10-13, "Service culture").

Sales concentration and markets of the future.

Everything from a single source. The concentration of sales tasks is another aspect of our strategic reorientation. Our medium-term aim is to offer customers in Germany the full range of Deutsche Telekom products from a single source. The new Telekom Sales unit was established under the umbrella of T-Mobile Deutschland, and the bulk of our sales activities are now concentrated in this new unit. 1,200 sales staff of T-Com, T-Online and the sales centers of T-Punkt Vertriebsgesellschaft (TPG) have transferred to T-Mobile Deutschland.

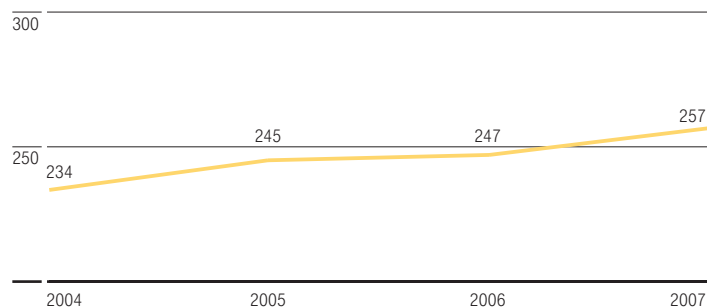
A further aim of personnel restructuring in Germany is to create new job opportunities for employees in promising future market segments, such as development of the VDSL high-speed network. We are also keen to increase the headcount in customer-related areas such as the Telekom Shops, in order to raise the bar still further in our high standards of customer service.

Staff cuts, workforce restructuring, recruitment.

Adjustments at home and abroad. In 2007, around 14,400 employees left Deutsche Telekom in Germany. This target was achieved primarily via a raft of measures such as severance pay offers, part-time work for employees approaching retirement age, and early retirement schemes such as the "55 model" introduced in July 2007, together with natural fluctuation and deconsolidation. Staff adjustments were also implemented in Deutsche Telekom's international Group units (for further details of workforce restructuring at home and abroad, please refer to our 2007 Annual Report, pages 86-87).

Revenues per employee.

Earnings for the Group as a whole (worldwide), in thousand €.



Group personnel costs.

In billion €	2005	2006	2007
Group personnel costs	14.3	16.5	15.4
Special influences	1.2 ^c	2.8 ^b	2.0 ^a
Group personnel costs adjusted by special influences ^d	13.1	13.7	13.4
Consolidated revenues	59.6	61.3	62.5
Adjusted personnel cost ratio (in %) ^d	21.9	22.3	21.5

Special influences (in billion €)

^a Expenditure on HR measures (early retirement, severance pay, compensatory payments etc.) primarily in the segments Broadband/Fixed Network (-1.1), Business Customers (-0.3) and Group Headquarters & Shared Services (-0.5).

^b Expenditure on HR measures (early retirement, severance pay, pre-retirement part-time work etc.) in the segments Broadband/Fixed Network (-1.5), Business Customers (-0.6) and Group Headquarters & Shared Services (-0.7).

^c Expenditure on HR measures (severance pay, pre-retirement part-time work etc.) in the segments Broadband/Fixed Network (-0.6), Business Customers (-0.2), Mobile Communications, Europe (-0.1) and Group Headquarters & Shared Services (-0.3).

^d Figures calculated and rounded on the basis of the precise amounts in millions.

Secure viable employment structures. As part of the global trend for workforce restructuring, there is a growing demand for structural measures similar to those outlined in this Report. Their aim is to strengthen the Group's long-term competitiveness from a demographic viewpoint, and by developing the skills that will be needed in the future. This will give us an opportunity to safeguard existing employment opportunities and create new jobs in the service sector and other key future markets.

Total workforce management: efficient, controlled Group-wide deployment of personnel. One of the aims of our HR mission "Your Partner in Business" is to optimize the deployment of in-house and external personnel resources, to minimize personnel cost, and to control demographic structures and skills. To this end, we are implementing a total workforce management (TWM) system within the Group. The dimensions of TWM range from Group-wide cost transparency as a result of systematic data collation to the quantitative and qualitative control of all labor costs and skills in line with business development, and through to coordination with the employee representatives and communication with the workforce. Vivento plays a key role in total workforce management. Based on the experiences of our personnel service provider, a capacity management scheme is currently under development in Germany to facilitate workforce restructuring. This scheme is dedicated to the development of new employment models and the acquisition of suitable public service positions. The strategic business areas are supported by Vivento throughout every phase of the restructuring process, beginning with the planning stage.

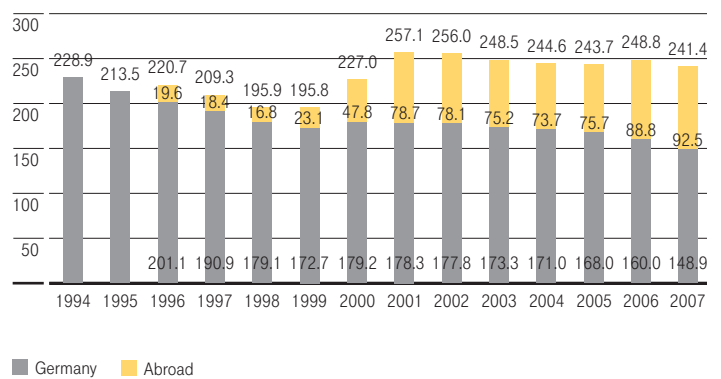
Focusing on our core business.

Deconsolidation and the Vivento success story. Deutsche Telekom is also pursuing its strategy of "Focus, fix and grow" through its personnel service provider Vivento and via the sale of non-strategic business units. The reorientation of T-Systems will focus on the range of network-centric ICT services (ICT = information and communication technology). We have therefore decided to opt out of the broadcasting business with the sale of Media Broadcast. Under a "managed services" partnership, the Group sold its radio relay business unit to the Swedish telecommunications and network group Ericsson on September 1, 2007. Like the spin-off of key areas of the health and advisory center to B.A.D. GmbH, this move enabled Deutsche Telekom to grant temporary leave to civil servants to work for the new company with no loss of vested rights.

Vivento, Germany's most successful transfer agency, made an invaluable contribution to the Group's restructuring in 2007, in the form of placement management and the ongoing optimization and deconsolidation of business models:

Deutsche Telekom Group workforce, 1994-2007.

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



Staff levels.

Group employees as of Dec. 31 of each year.

	2005	2006	2007
Total	243,695	248,800	241,426
Mobile Communications, Europe	23,910	29,937	32,304
Mobile Communications, USA	27,500	30,492	33,750
Mobile Communications, total	51,410	60,429	66,054
Broadband/Fixed Network*	109,256	101,594	93,486
Business Customers*	52,827	57,538	56,516
Group Headquarters & Shared Services*	30,202	29,239	25,370
Geographical distribution			
Germany	168,015	159,992	148,938
International	75,680	88,808	92,488
Of which: Other EU	37,273	45,144	45,709
Of which: Europe excluding EU	9,169	9,014	8,179
Of which: North America	27,851	31,049	34,297
Of which: Rest of the world	1,387	3,601	4,303
Consolidated revenues per employee			
Productivity development (in thousand €)	245	247	257

* In contrast to last year's report, Magyar Telekom was divided into the segments Business Customers and Group Headquarters & Shared Services as of January 1, 2007. In the past, these units were only shown under the Broadband/Fixed Network segment. The previous year's figures have been adjusted accordingly.

- **Transfer of seven further call center sites from Vivento Customer Services GmbH** to walter services ComCare (April 1, 2007) and the arvato Group (May 1, 2007). Around 1,200 employees moved to other companies during the course of such transfers. On March 1, 2008, Vivento transferred a further five sites with around 640 employees to the arvato Group. All transfers were backed by long-term order commitments from Deutsche Telekom.
- **Complete sale of Vivento Technical Services GmbH to Nokia Siemens Networks (NSN).** The transfer of business and around 1,600 employees was completed on January 1, 2008. Under the terms of the contract, NSN is now a preferred service partner for forthcoming managed services. The partnership should also ensure stable employment.

In addition to the deconsolidation of business models, in 2007 Vivento also concentrated on creating external job opportunities for Deutsche Telekom employees, with an emphasis on employment prospects in the public service sector, which are offered primarily to the Group's civil servants. In total, Vivento acquired some 4,900 public service positions in 2007 and posted them on Deutsche Telekom's job exchange. In February 2008, there were around 1,600 public service jobs advertised in the job exchange. Vivento also continued to place employees as per the terms of the "Collective agreement on rationalization and job protection for employees." In total, some 5,000 employees left Vivento in 2007 to explore new prospects. Parallel to this, around 1,700 employees joined Vivento from the Group.

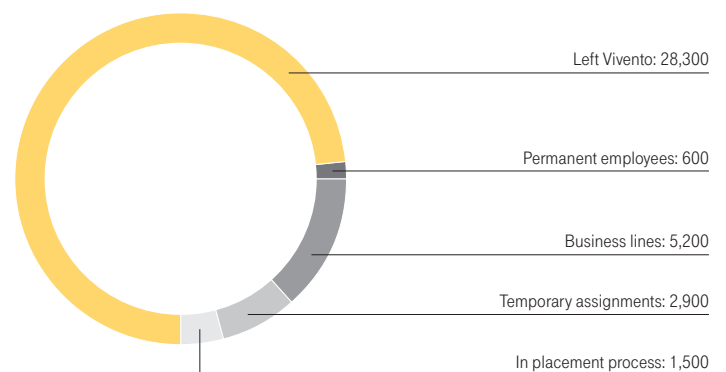
Fit for the future

Health and safety: protecting our employees is a top priority. By setting up universal standards and guidelines on occupational health and safety throughout the Group, we anchored this key topic even more firmly in our company and management structures in 2007. Our main objectives are to guarantee 100% compliance with current legislation, regulations and standards, to optimize our use of resources and, first and foremost, to have a positive impact on the health and accident rate and reduce the number of sickness days. We have already seen an improvement in the Group's health rate last year.

Wide-scale prevention measures. In May 2007, Deutsche Telekom handed its Health and Advice Center in Germany – responsible for occupational health and safety and the employees / executives advisory service – over to B.A.D. Gesundheits- und Sicherheitstechnik GmbH. The projected long-term cooperation with B.A.D. GmbH promises not only major economies of scale but also better regional availability, an added bonus for employees.

Vivento headcount.

As of Dec. 31, 2007.



- Employed at Vivento: 10,200, of whom approximately 600 permanent employees
- Transfer employees who have joined Vivento since its foundation: 38,600

Vivento: Business models and projects.

As of Dec. 31, 2007. Figures rounded.

Projects/business lines	No. of jobs
Vivento Customer Services	2,650
Vivento Technical Services	1,850
Teachers project (incl. Group employees)	250
Projects with federal or local employment agencies (incl. Group employees)	1,700

Health rate for the Deutsche Telekom Group, Germany.

In %.

	2006	Dec. 31, 2007
T-Home	93.5	93.8
T-Mobile	95.2	95.1
Business Customers	96.5	96.2
Group Headquarters & Shared Services	92.2	93.6
Group as a whole	94.3	94.5

Service culture: Service excellence for a stronger position in the competitive arena.

Deutsche Telekom is pushing implementation of a service culture that gears its operational skills and processes to the wishes and requirements of its customers. Promoting an enhanced quality of service and employees' service competency will therefore advance to become an integral component of vocational training and continuing education, of human resources development, team development, organizational structures and pay-and-benefits strategies.

In the same way that DNA determines the basic makeup of living cells, clear service orientation – which we call “Service DNA” – will be the underlying factor that motivates employees throughout the Deutsche Telekom Group and provides them with concrete guidance in their day-to-day work. Our objective is to position our company as the most highly regarded service company in our sector of industry in the eyes of our customers and of our employees.

Embracing Service DNA throughout the organization.

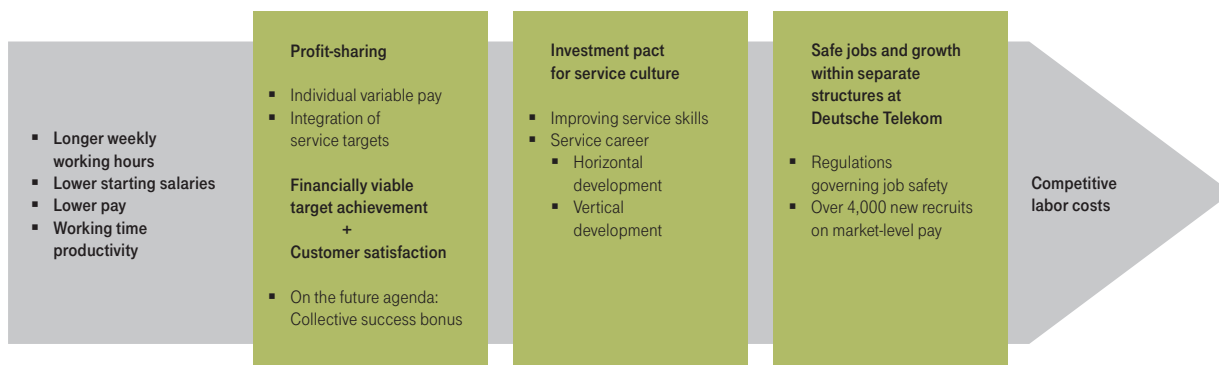
In June 2007, we bundled our service operations in three independent service companies: Deutsche Telekom Kundenservice GmbH, Deutsche Telekom Technischer Service GmbH and Deutsche Telekom Netzproduktion GmbH. The joint objective of these companies is to offer Deutsche Telekom customers the best service in the industry.

Encouraging and rewarding good service. The annual target salary for employees in all three companies is based on a fixed and a variable component. At Deutsche Telekom Technischer Service and Deutsche Telekom Netzproduktion, the variable component is normally 15 percent, at Deutsche Telekom Kundenservice 20 percent, of employees' salaries in the event of 100% target achievement. The level of the variable component is based on company targets – first and foremost on customer satisfaction and financial result, and in two of the companies on concrete service targets. Variabilized pay with customer focus is therefore one of the measures that Human Resources is using to employ Service DNA in the service companies. Another factor that plays a major role in variable pay is the degree to which employees fulfill individual and team targets.

Service DNA for HR processes. At Human Resources we make a conscious effort to integrate Service DNA into our human resources processes. Last year HR began defining universal standards for targets and service quality in human resources processes, starting in the national T-Mobile companies.

Telekom Service: an opportunity and risk community.

Compensating sacrifices in difficult times with modernization and success orientation.



Pact for competitive employment, service culture and success orientation.

Customers' satisfaction with HR, which we measure annually on a scale of 1-10, has improved again this year – by 3.4 percent to 6.1. This concrete example of our Service DNA will be followed by further service culture programs and activities. These will be launched in the course of the year, are designed to improve HR's own service culture and will include international workshops and best-practice sharing.

Paving the way to service competency.

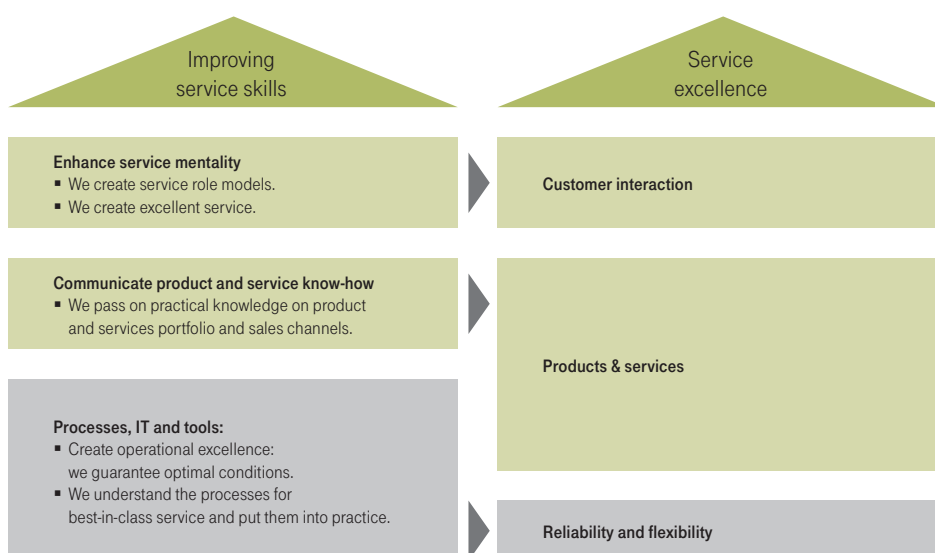
Training: for junior staff, for service. Predominantly, our training concentrates on the areas of service, sales and IT. With this emphasis, our training activities reflect the Deutsche Telekom Group's focus on service centricity and close relationships with our customers (for more information about training, see pages 14-17, "Talent agenda").

Service training and service career. As defined in the collective agreement of summer 2007, staff in the three service companies are entitled to three days of service training each year – irrespective of their individual

functions and weekly working hours. In this context emphasis is placed on refining customer and service centricity, conveying product and service know-how, and training staff to take down departmental barriers in their thoughts and actions. Over and beyond the opportunities for employee further development, high performers will be offered new development and career openings (service careers).

Telekom Shops: expanding the sales network. We base our efforts to realign our service organization on the course taken by T-Punkt Vertriebsgesellschaft (TPG). After its foundation in 2004, TPG was yet another company that accepted lower starting salaries, changed working hours and a higher variable pay component for its employees. The developments at T-Punkt Vertriebsgesellschaft also tell a successful story of higher employment, with employee figures up significantly. When the company was founded, it employed around 4,500 people; in 2007 its workforce had grown to over 6,000. The move that transferred part of the TPG employees to T-Mobile Deutschland (see page 7) took the total number of employees to over 5,000 at the end of 2007.

Improving service skills to achieve service excellence.



A greater orientation to service, knowledge of products and services, and improved processes are the most important subjects covered by the training courses that were developed for all service company employees. Agreement on three additional days for employee training is an investment in future-oriented employee skills and thus in a reliable, sustainable skills base in the Group. This is reflected in the agreements reached in collective bargaining for Telekom Service and covers a volume of 150,000 training days in the three service companies in 2008. To meet the needs of all target groups, a total of over 30 different training modules has been developed. All trainings also involve measuring learning success. This makes it possible to certify successful employee participation at the end of the course. The tailor-made programs commenced in all three companies in the first quarter of the year under review.

Communication centers of the future: high-tech for optimal customer care. One example that shows how the human resources and service cultures mesh at Deutsche Telekom is the concept for the communication centers of the future. We have already successfully implemented this concept at several of our call centers. In these communication centers, our experts rely on cutting-edge technology to ensure optimal customer service over the phone. Productive working conditions are guaranteed with an open space concept and direct information exchange among employees, promoted by our communication center design. Another advantage is timely employee training on site – a vital prerequisite for high-quality service.

From Headquarters hierarchy to Service Headquarters.

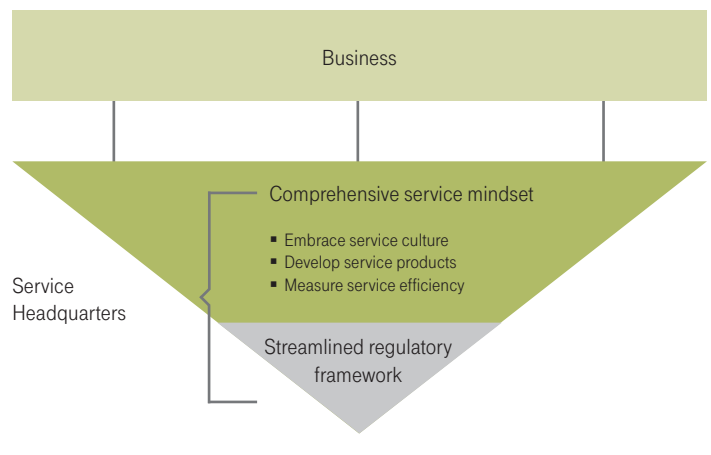
We want our service philosophy to impact the way our Headquarters see their own role. The central organizational units, which now focus on coordinating and control functions, will become Service Headquarters that demonstrate service orientation also in dealings with internal customers throughout the Deutsche Telekom Group. Increasingly, the Service Headquarters at Group level, in the strategic business areas and national companies see themselves as service partners for employees throughout our national and international organization. They create the scenario in which internal customers will benefit from this service culture by arranging goals with customers, gearing internal support services to their needs, setting examples with service-oriented mindsets and actions, and establishing processes and a level of quality with a permanent focus on the customer – and their own performance is assessed accordingly.

Service culture projects.

Service Academy: learning what customers want. Deutsche Telekom's Service Academy was set up at the end of 2007. Here, our managers obtain an even better insight into what customers really want and into the conditions for Deutsche Telekom staff involved in customer-facing activities. Attendance at Service Academy workshops, team events and practical phases with direct customer contact is obligatory for all of Deutsche Telekom's 2,500 senior executives in Germany. A comparable project in the international Group is the Retail Certification Program. It is currently being implemented at our T-Mobile UK, T-Mobile Croatia and T-Mobile CZ subsidiaries; other companies will follow suit.

spirit@telekom: international employee feedback. In July 2007, we introduced a brief anonymous online survey on strategic topics, which is to be held throughout the Group at two-monthly intervals. spirit@telekom gives staff the chance to express ad-hoc opinions on our strategic initiatives, their satisfaction and the quality of change as they see it, and thus to play an active role in the opinion-building process in the Deutsche Telekom Group. spirit@telekom equips management to gauge ongoing change processes as well as giving them the chance to make the necessary adjustments.

Service Headquarters: reversing the pyramid.



Telekom Storybox: a shared view. The interactive Storybox helps managers implement the strategy in a dialog with their teams. It provides management staff and employees at national and international level with presentations, films and exercises that familiarize them with the overall story of the Deutsche Telekom Group. Overall story means developing a common view of topics such as strategy, brand, service and values, and demonstrating how the individual elements interact. This shared view enables us to enhance our joint commitment.

Proximity, dialog, integration and respect. To get the new service culture off to a good start, Deutsche Telekom launched a number of projects in 2007. One of them involved regular round table discussions attended by Board members and branch office employees entitled "Talking in a team." Our "Ideas for Service" competition is a search for suggestions on new or improved customer services as part of our ideas management system. We also regularly reward employees for special achievements in Service, presenting them across the entire enterprise as Service Stars.

Sharing responsibility for employees.

By focusing on service, Deutsche Telekom is placing high demands on its employees. We are responding to our increased responsibility for them with numerous activities that range from the detailed employee survey to close cooperation with employee representatives.

Group Works Council and European Works Council: vital codetermination bodies. There was very intensive cooperation with the Group Works Council in 2007 on the subjects of company restructuring, especially in the first six months of the year during the negotiations regarding Telekom Service. In the second half of the year – following reconstitution of the GWC, which had become necessary as a result of the Group's new business structure – we again faced major challenges. We successfully finalized agreements covering the integrated business unit Human Resources Services Telekom (PST), Telekom Sales in Germany and the consolidation of the national security organizations in a Shared Service known as Global Group Security (GGS), to name just a few. Despite the difficult issues and complex contents under negotiation, we succeeded in reaching unanimous solutions following intensive talks. We can also report successful results for the negotiations on HR@2009.

The first term in office for the European Works Council (EWC), which was established at Deutsche Telekom in 2004, comes to an end in 2008. We have implemented numerous organizational measures in close collaboration with the EWC, for example as part of our Save for Growth and Save for Service efficiency initiatives.

High international standards. As a global player, we insist that all our companies and all our suppliers around the world comply with internationally accepted social standards. We have committed ourselves to this policy in our Social Charter, which is a constituent of the Deutsche Telekom Code of Conduct. We check for compliance on an annual basis, holding audits in the form of declarations of compliance issued by the management of individual Group units.

Ideas management.

	2004	2005	2006	2007
Suggestions for improvement	7,737	7,821	8,600	8,841
Savings in million €	87	98	74	99
Patent applications	374	412	557	542

Talent agenda: optimal know-how, excellent human resources development and highly efficient leadership.

Highly qualified personnel are the basic prerequisite for customer-centric products, solutions and services – and thus for Deutsche Telekom's business success, today and in the future. In view of the growing shortage of specialist staff and the global race for talent, this makes it vital to secure a sustainable skills base within the company comprising talented young professionals and skilled and experienced expert and executive staff.

Skills shift: for high competitive achievement. The basic change now taking place in the IT and telecommunications markets presents the Deutsche Telekom workforce – and thus also the Group's human resources development unit – with a huge challenge. On the one hand, our staff need to acquire new skills on an ongoing basis and to put them to optimal use in changing Group structures. On the other, we need to establish sustainable structures for vocational training as well as for optimal recruitment of university graduates. We are pushing this skills shift – the change in employment focuses and thus in competencies required of our employees – through personnel reduction, restructuring/transfer and expansion measures.

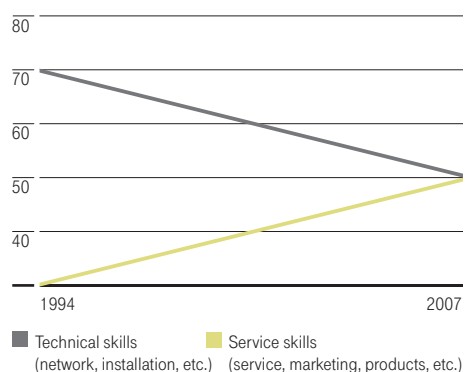
Leadership skills and human resources development.

Talent agenda: identifying, developing and securing skills and know-how. To ensure that we stay competitive in the long term, we deploy a comprehensive talent and performance management system at Deutsche Telekom. The objective of talent management is to secure future-oriented skills and know-how for our Group on a permanent basis – putting the right people in the right places. It therefore goes far beyond traditional further training measures. In future, talent management will set up a talent pipeline throughout the Group in order to support systematic succession management.

“Mass sport and top-class sport”: collective human resources development and specific support for top employees. In order to win, develop and retain vital expertise for the company, we are driving the development of our skills base in two ways: by systematically building up universal skills and competencies throughout the company and by backing career and development prospects for outstanding experts and executive staff. Based on harmonized, performance-related tools and processes, our performance management ensures that we can identify internal talents early on and guide them toward new responsibilities.

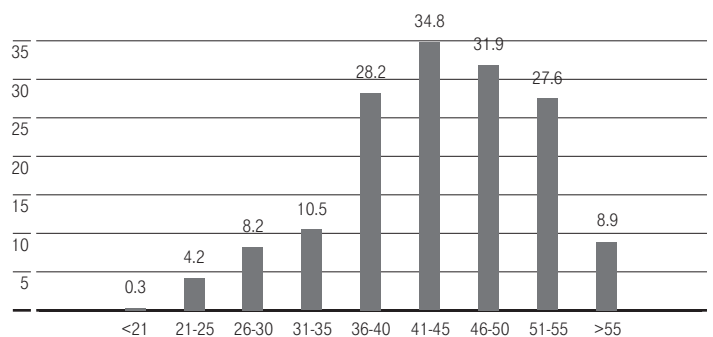
Skills shift.

Trend for employees with skills, in %.



Age structure in the Deutsche Telekom Group.

In Germany, as of Dec. 31, 2007, in 1000 employees.



Ø age (in years): 43.7

Prospects for high performers.

Top projects: international rollout of “Go Ahead!”, continuation of “STEP up!”. We support executive staff throughout the Group and give them individual backing through our “STEP up!” development system (Systematic & Transparent Executive Development Program). We use it to make new appointments and appoint successors to management positions. Additionally in 2008, we will be setting up a Group-wide succession management system. STEP up! has already been introduced as a Group-wide model in our executive development. We use the system to create incentives and additional backing options for high performers and high potentials throughout the Deutsche Telekom Group. Using a universal assessment scheme known as the “Performance und Potential Review,” we show our executives exactly where they stand and what prospects they have for development within the Group. Our management staff are responsible for providing employees with clear feedback on their performance and potential and developing their abilities in a targeted manner.

Go Ahead!: prospects for experts. With Go Ahead!, Deutsche Telekom systematizes and supports the development of experts at national as well as international level (across-the-board HR development strategy). Development focuses on the skills and competencies required to handle expert tasks. A best-practice approach is based on the CAMPUS programs already in place at T-Systems. Go Ahead! also offers high performers and high potentials with top expertise an alternative to a management career (top development). With this program, we plan to develop know-how that is crucial to success within the company and to keep it there over the long term.

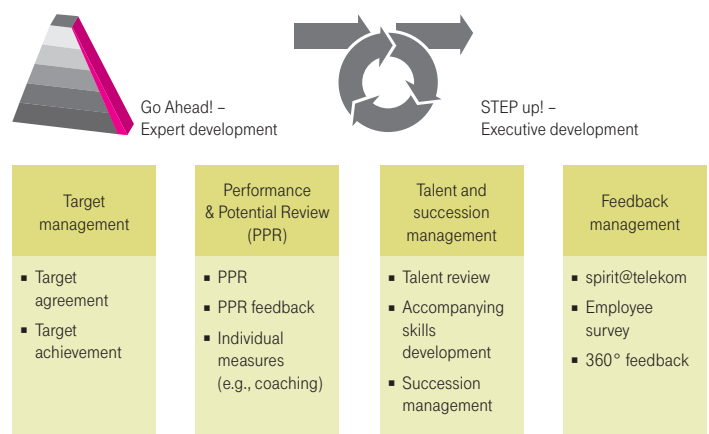
Go Ahead! also includes the “Professional Programs,” international development programs for experts that we run with leading international business schools. One special attraction for participants is the chance to gain a Master of Science degree. Following the first expert career pilots run as part of Go Ahead! in 2007, Group-wide rollout of the international expert career was launched in March 2008.

Optimization and key performance indicators (KPI) in the development programs. In order to further optimize the central processes and programs for manager and expert development, we will soon be subjecting them to a strengths/weaknesses analysis and allocating suitable KPIs. For example, the rate of managers with a Performance & Potential Review completed in 2007 reached 95 percent (after 91 percent in 2006). In the second year since introduction of STEP up!, this tool is therefore now established throughout the Group.

We also offer the 360° feedback, an optional tool for personal assessment. It provides executive staff and experts at Deutsche Telekom with on-line acclaim and/or criticism and thus important feedback from employees, superiors, colleagues and customers, enabling them to optimize their leadership skills.

‘Upward’ personnel development.

Two brands – four core processes.



Practicing diversity.

Diversity as a success factor. As a global player, we unite different corporate cultures under one roof and operate in different business segments. The goal of our diversity management is to benefit from this variety. Our diversity mission is: "We encourage and demand personal and cultural diversity for a superior quality of life and work in a world of internationalization and globalization." We respect individuality and pluralism among our employees – and make every effort to tap the ensuing potential to secure our joint success. We underline this approach with many different activities. The programs link up with Go Ahead! and STEP up! One major aim is to appoint more women to management positions. At present, the ratio of women in top jobs has risen slightly to 11.6 percent (as of December 31, 2007). Girls and young women are being introduced to technical careers with programs tailored specifically to their interests. These include such events as Deutsche Telekom's annual Girls' Day as well as mentoring programs. To support employees with families, we run day care centers for children and work on Local Family Alliances. Flexible work-time models and telework make it possible for our employees to reconcile their careers with family life.

Vocational training: the first step towards a sustainable skills base.

Training commitment: we accept responsibility. With trainees numbering around 12,000, Deutsche Telekom has been Germany's biggest training provider for many years. Its trainee ratio of 8 percent puts our Group way above the average in other enterprises. This is a situation that will not change in the coming years. In 2007, we reached an agreement with the services industry trade union ver.di that covered not only another 4,000 trainee places for the current year but also an above-average figure for the years 2008 to 2010. From 2008, Deutsche Telekom will therefore make 2.9 percent of its permanent jobs in Germany available each year as training places. However, our enterprise is not only best-in-class in terms of volume. If we look at quality, our trainees deliver a convincing performance each year with excellent exam results and Chamber of Commerce prize winners at regional level as well as among the nation's top achievers. One way in which we guarantee this quality is by using an EFQM-compliant quality management system, tailored to Telekom Training needs.

Vocational and university education enhance and stabilize our skills base. Both are important recruiting channels for our company. Alongside the twelve different professions that young people can learn at Deutsche Telekom, we set qualification highlights with graduate courses that include practical phases, for instance in the areas of business administration, communications and information technology, and business information systems. With this broad offer of modern Bachelor degree courses, the Deutsche Telekom Group plays a major role in successful implementation of the Bachelor Welcome initiative.

Women employed at the Deutsche Telekom Group.

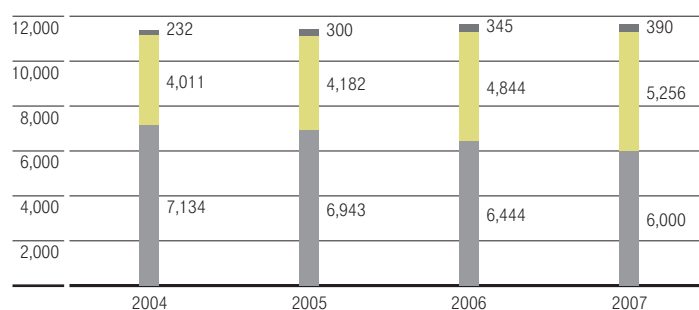
In Germany, figures in %.

	2005	2006	2007
Percentage of total workforce	31	31	31
Percentage of senior executives	11	10	12

All figures rounded.

Trainees and careers.

Figures and trends at Deutsche Telekom AG (Telekom Training).



■ Degree courses with integrated practical phases ■ Business administration ■ Technical/IT

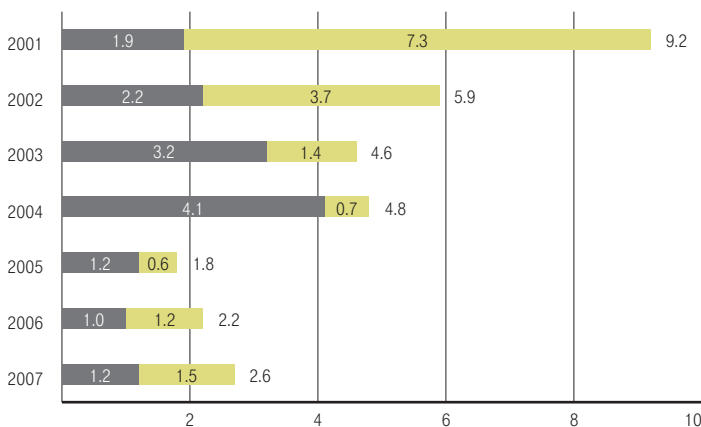
Examples of technical/IT jobs: IT technician, IT system electronics technician, IT systems business administrator, energy electronics technician

Examples of business administration jobs: office communications administrator, retail sales or dialog marketing assistant, industrial business administrator

Examples of degree courses with integrated practical phases: Bachelor of Business Administration, Communications and Information Technology, Business Information Systems

Recruitment at Deutsche Telekom Group in Germany

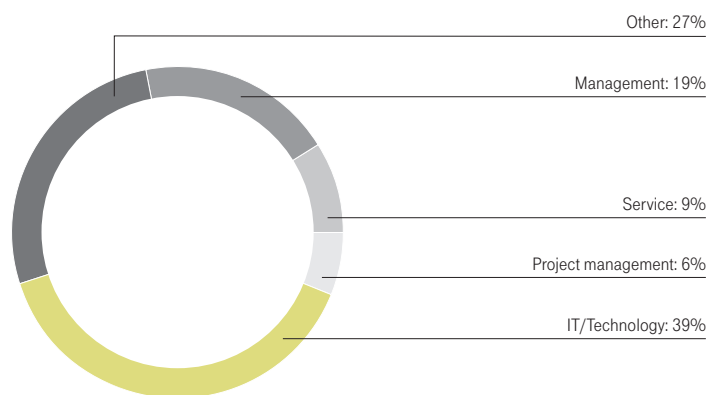
In FTE thousand (full time equivalents).



■ Trainees taken on after completion of training ■ External recruitment

Continuing education at Telekom Training.

Topic areas, as of Dec. 31, 2007.



■ Seminars: 17,071 ■ Participants: 108,943 ■ Participant days: 459,124
 ■ Global Teach accesses (internal e-learning platform): 432,900

HR@2009: Enhanced efficiency in modern HR work.

The HR@2009 project is one of the mainstays of our human resources strategy. It is designed to completely realign human resources work at Deutsche Telekom and equip it to meet future needs. With HR@2009 we plan to establish strategy-based, intelligent structures in Human Resources and thus to enhance HR's profile as a business partner and, at the same time, to significantly boost efficiency.

Optimized organization, improved processes, higher efficiency. Under the terms of its HR@2009 initiative, the Human Resources unit at Deutsche Telekom is repositioning itself with a streamlined organization. In doing so, we are meeting the changing needs in our company's personnel work. A key factor in the reorganization is that HR now plays a vital role in improving customer and service centricity as well as in Save for Service, the company's cost-efficiency program, and thus in Deutsche Telekom's business success.

Partner in business.

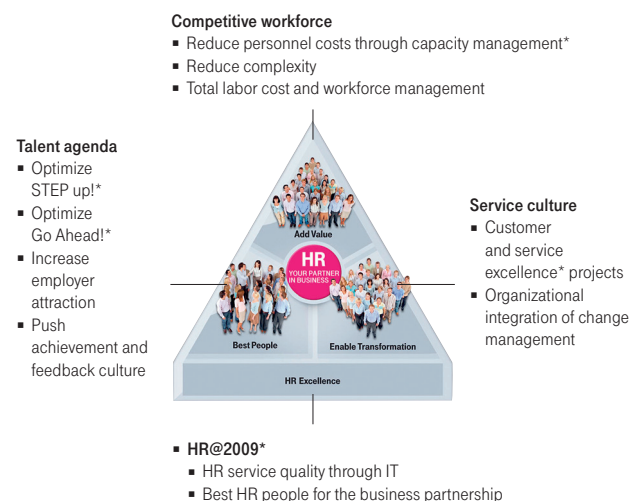
HR@2009: one of five top projects within the HR mission. The HR@2009 initiative is the vehicle used to organize the change. It is one of the twelve strategic HR projects – and of these one of the five top projects – that concretely reflect and implement the new HR mission (for more information about the HR mission, see pages 4-5). HR@2009 is effectively the key initiative among the programs launched in the field of "HR Excellence." Their object is to optimize structures, processes and competencies within the HR organization.

Harmonizing personnel work. We are commencing by restructuring our organization and processes in Germany, a step that will involve major personnel adjustments. HR@2009 sets an example for HR teams in Deutsche Telekom's international units. With it, we are establishing standards for the organizational re-design process. By introducing standardized solutions and harmonizing processes and rules throughout the Deutsche Telekom Group, we will be able to tap major synergy effects. At the same time, we also take account of national differences in human resources and service cultures.

New structures for personnel work. To optimally fulfill the changed functions, Human Resources is repositioning itself with a three-prong organization.

- **HR Business Partners** are the first, direct contact for our customers within the company. On the one hand, they address HR topics in the business areas, which in turn assess their relevance and quality for corporate success. On the other hand, the Business Partner accepts requests from

The twelve strategic HR projects.



business and develops appropriate solutions with support from experts at the HR Competence Centers. The HR Business Partners are also responsible for execution of and compliance with central HR policy in the units they support.

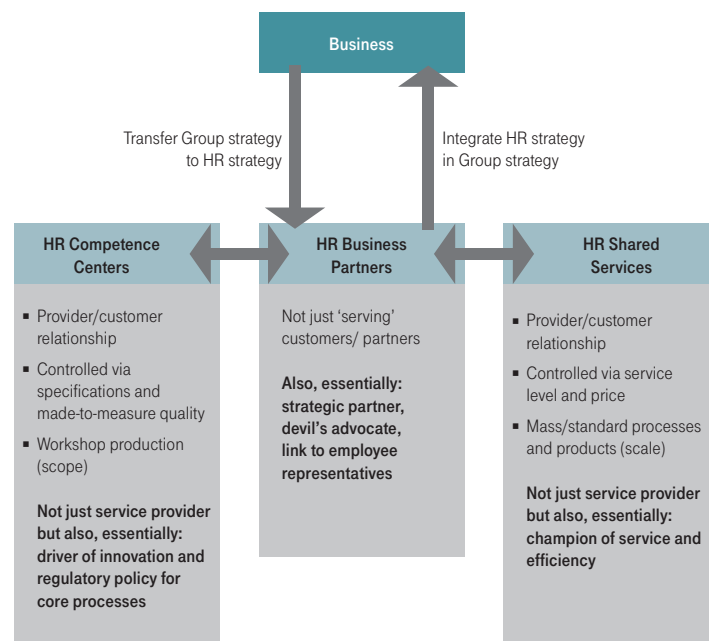
- **HR Competence Centers** bundle the expertise available within Human Resources. They act as consulting units and offer HR Business Partners expertise as well as HR concepts and tools. The Competence Centers draw up guidelines, methods and processes, and are responsible for ensuring that these are applied universally throughout the Group. They systematically measure the satisfaction of their customers, the Business Partners, on a regular basis and control HR activities accordingly.
- **HR Shared Services** – at national level – are responsible for ensuring that standard administration processes run as efficiently and reliably as possible in all units of the Deutsche Telekom Group. These processes include payroll accounting, the company pension scheme and recruitment of new employees. The strength and quality of HR Shared Services performance are measured on an ongoing basis, in annual surveys on customer satisfaction and customer tracking in the course of the year.

Contribution to Save for Service.

Organizational structure with new role distribution. In the future HR organization, the Business Partners, Shared Services and Competence Centers form a new, leaner and more efficient structure. The direct relationships within it guarantee optimal process integration and interaction between the HR Business Partners and the business as well as among the individual organizational units at HR. The central Competence Centers will be assigned to Group Headquarters, the local Competence Centers to the individual business areas. Responsibility for functional management will lie with the central Competence Centers. With this new distribution of roles, we are setting the scene for a leaner organization. We aim to reduce task complexity, avoid duplicate work and thus improve productivity, efficiency and quality. In this way, HR@2009 plays a direct role in Deutsche Telekom's "Save for Service" efficiency initiative.

Parallel implementation. The Human Resources unit is implementing HR@2009 in three phases. The first phase focused on swift appointment of managers and experts to the HR units in Deutsche Telekom's new service companies. Phase two, the current phase, involves implementation of the competence center structures. In the third phase, which is also already underway, we are breathing life into the Business Partner organization – partly already in place – throughout the Group. At the same time, we are holding development centers throughout the Group that focus on developing business partner competencies. Work has already started on the new Shared Services organization and will continue through all three phases of HR@2009.

New three-prong HR organization.



The Human Resources Services Telekom service center is now integrated throughout the Group. As the new HR model is expanded, the role of HR Business Partners will be crucial to the success of the overall model.

Internationalization at Deutsche Telekom: Pivotal and pioneering role for HR.

In the coming years, the Deutsche Telekom Group plans to make further advances into international markets. The company's HR unit now faces the challenge of systematically gearing the company to international requirements. At the same time, Group HR is increasing its efforts to streamline its own organization all over the globe.

Changing value creators: higher international revenues for the Deutsche Telekom Group. Since its foundation, Deutsche Telekom has advanced from a position as a national telecommunications company to become an international service provider in the field of information and communications technology. In recent years, the share of revenue produced in international business has increased on a continual basis. In the 2007 financial year, we generated 50.9 percent of our Group revenues outside Germany. Whereas sales in the highly competitive, regulated German market fell, our revenue grew above all in the U.S. and in central and eastern Europe.

Our company continues to pursue its internationalization goal in order to tap opportunities for additional organic and inorganic growth. In 2007, we integrated Austrian mobile communications firm tele.ring and Poland's PTC in the T-Mobile group, and also acquired Holland's mobile provider Orange. During the same period, our business customer unit T-Systems closed successful deals that included staff transfers – examples are Centrica (UK) and Old Mutual (RSA) –, and integrated mobile provider Orange's IT service operations. On top of this, we did the groundwork for the big international deal that we won from Royal Dutch Shell in March 2008.

International harmonization for core processes and best-practice communication.

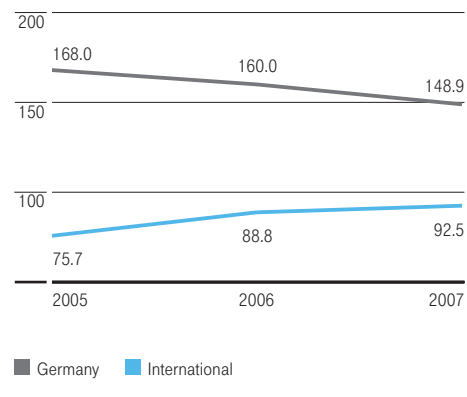
Personnel work with an international focus plays a key role in the development of our multinational company. By gearing all HR activities throughout the Group to universal principles, we aim to exploit the strengths of our international organization and the competencies of our employees all over the globe and thereby improve Deutsche Telekom's competitive standing. To this end, HR is developing structures, processes and measures that enable the transfer of know-how and skills across national borders and the harmonization of human resources development at international level.

Trend in Group and international revenues.

	2007	Change on 2006
Revenue, Group overall	€ 62.5bn	+ 1.9%
Revenue, international	€ 31.8bn	+ 10.2%
Share of international revenue in Group revenue	50.9%	

National/international workforce.

Employees in thousands, as of Dec. 31.















HR International: binding link for HR work across national and business boundaries. With HR International, we continue to push internationalization in the Group's personnel work. We initiated this function in mid 2007; it comprises representatives from the HR Service Headquarters – first and foremost from the central Competence Centers and HR Business Partners in the national companies (see pages 18-19, "HR@2009" for more information). HR International is the driver of strategic HR topics in areas of relevance to the entire Group: these include human resources development processes, the cost of labor, pay-and-benefits strategy and HR quality management. As the link between the HR Directors in our strategic business areas, subsidiaries and affiliated companies, HR International manages the rollout of our Group HR roadmap to these areas. This is derived from the Group strategy already in place at Deutsche Telekom. HR International assumes responsibility for monitoring and controlling the jointly approved roadmap. In addition, HR International encourages Group-wide exchange on best practices and, with it, knowledge transfer on an international basis within our Group. One example of best-practice sharing is the Retail Certification Program, which makes it possible for executive staff to work regularly face to face with customers. The program was developed and successfully launched by T-Mobile USA. Our subsidiaries in Eastern Europe were next to

adopt the program, aligning it with their individual needs. Retail certification will now also be introduced in Germany as part of our Service Academy activities. Other examples of international best-practice sharing are international rollout of the expert career – in the course of implementation of the Group's "Go Ahead!" project – and end-to-end HR management of outsourcing deals and mergers & acquisitions at T-Systems.

Another core element of international HR work concentrates on harmonizing its processes and systems, for example PPR, the Performance & Potential Review. We are therefore installing a universal performance and potential management system throughout the Group that will enable us to identify top performers with suitability for special duties in all our national companies. One of its objectives is to achieve an optimal skills mix when setting up cross-border project teams. Another focus topic is our backing for the international exchange of employees within the Deutsche Telekom Group. We support this personnel transfer with programs for expatriates, job rotation and the T-Systems Global Assignment Center. Established in 2007, this was the Group's first center of excellence for international employee transfer.

International rollout of model HR projects.

		Total workforce management	STEP up! / executive development	Go Ahead! / expert career	IT Full Potential*	Telekom Storybox**
	T-Mobile Germany	■	■	■	■	■
	T-Mobile CZ	■	■	■	■	■
	T-Mobile NL	■	■	■	■	■
	T-Mobile UK	■	■	■	■	■
	T-Mobile Austria	■	■	■	■	■
	T-Systems Austria	■	■	■	■	■
	T-Systems do Brasil Ltda	■	■	■	■	■
	T-Systems France SAS	■	■	■	■	■
	T-Systems ITC Espana S.A.	■	■	■	■	■
	T-Systems Switzerland	■	■	■	■	■
	Hrvatski Telekom Croatia	■	■	□		■
	Slovak Telekom Slovakia	■	■	□		■

■ Implementation complete ■ Implementation started □ Project planned

* Strategy-related skills analysis and IT employee training

** See page 12

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