

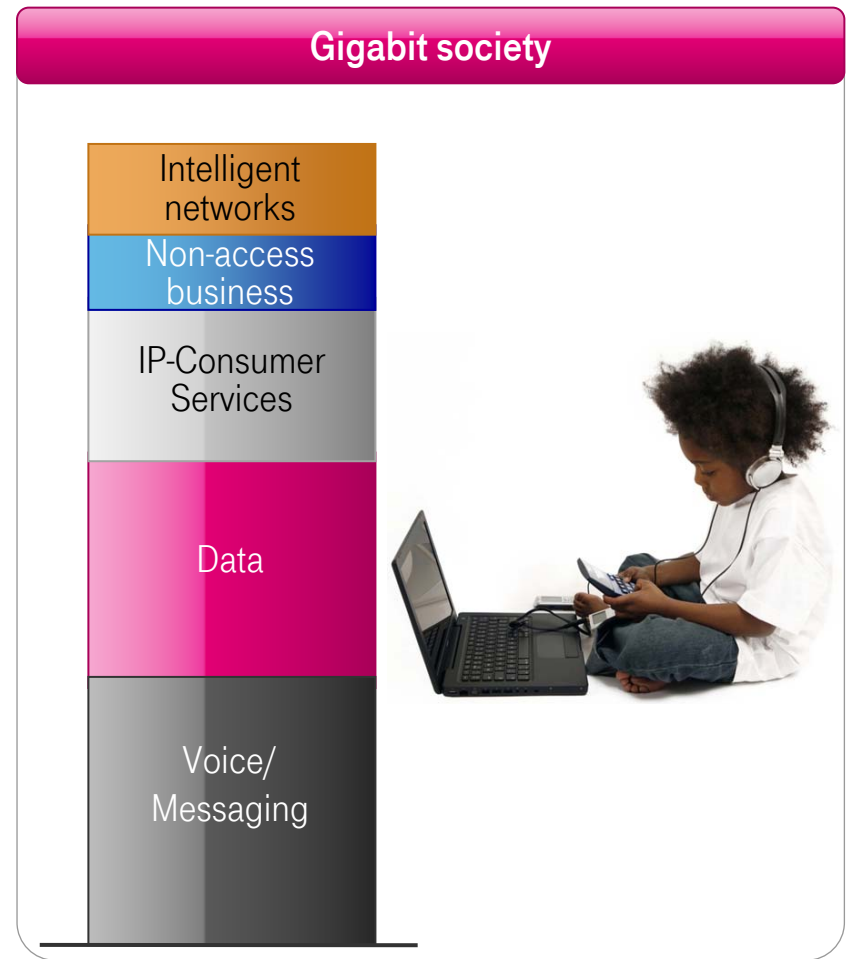
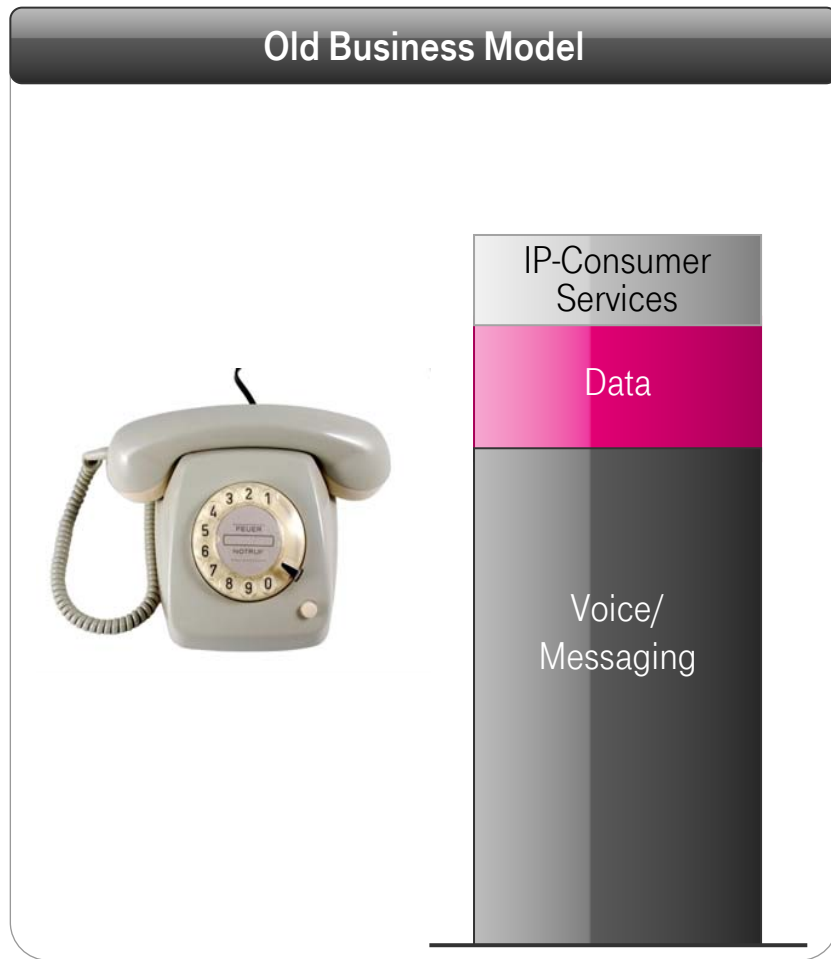
Telecom industry walking the line between Financial and Real Economy.

WHU – Campus for Finance

Life is for sharing.

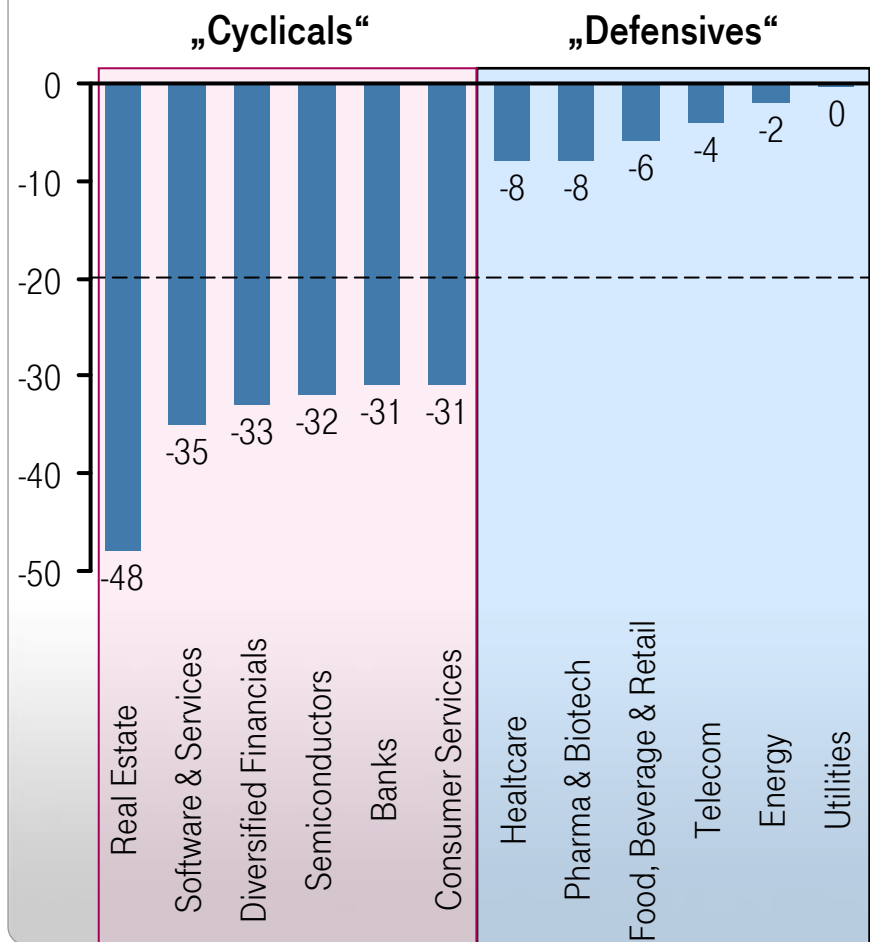


Massive Industry Transformation requires high Capex.

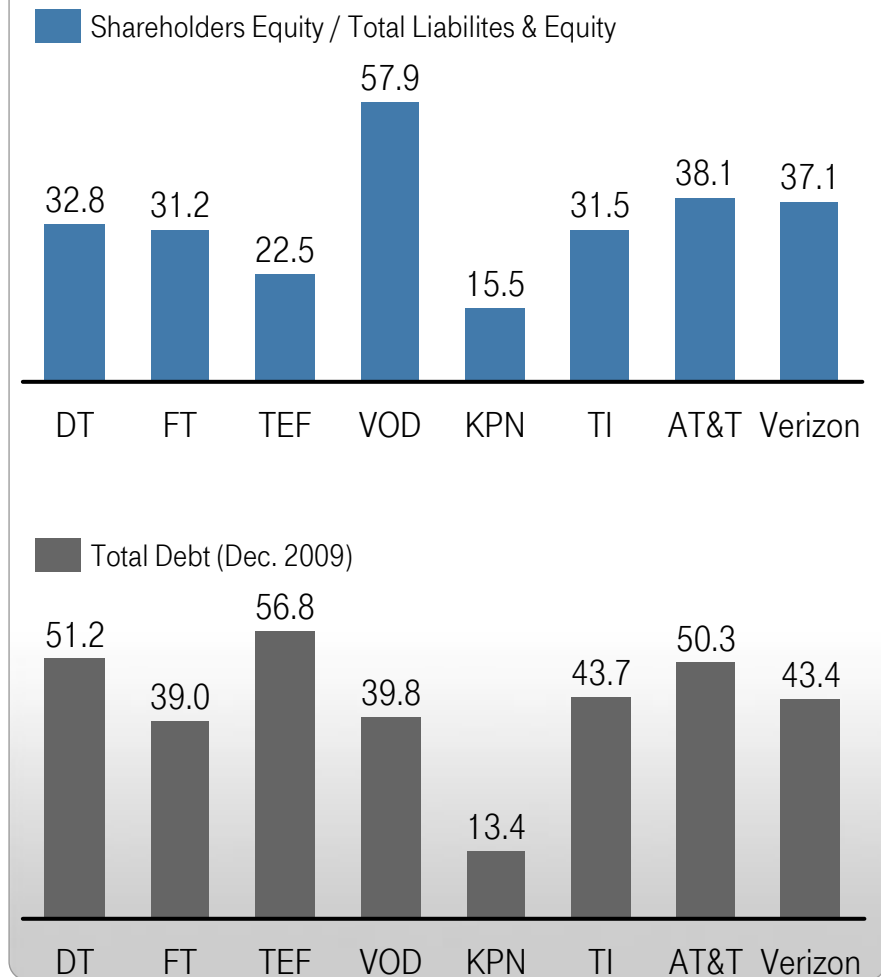


Telco's Real economy vs. Financial Economy.

Real Economy: Less exposed than others¹.



Financial Economy: Highly exposed².



¹Credit Suisse Analyst Report, S&P Compustat

²Bloomberg figures (Bloomberg figures can differ from company reporting (DT Annual Report 2009: Equity ratio Dec 2009: 30.2 (Based on shareholders equity excluding amounts earmarked for dividend payments, which are treated as current liabilities)

Telco's Real economy vs. Financial Economy.

Real Economy: Less exposed than others.

Sector:

- Defensive in standard business
- Premium services of a more cyclical nature

Market:

- Fragmented customer base

Regulatory Environment:

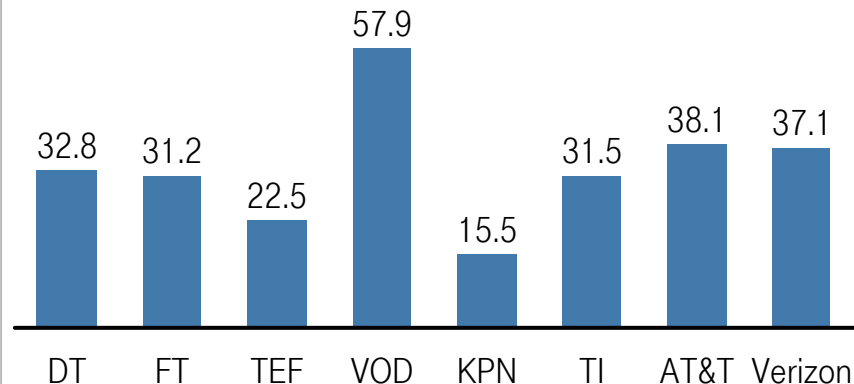
- National Regulatory Authorities
- International Regulatory Authorities

Tax Legislation:

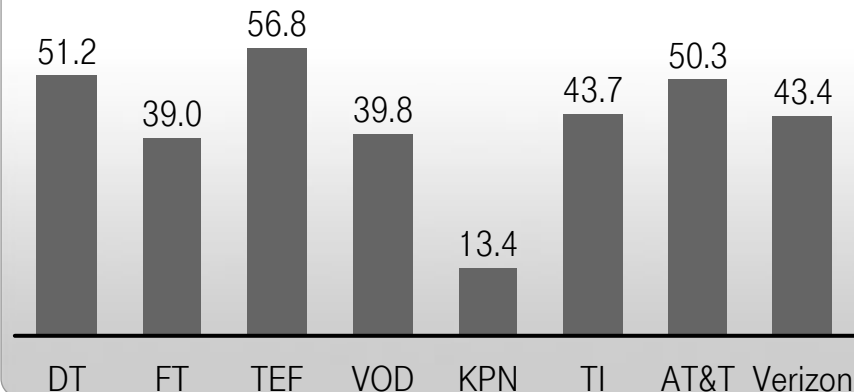
- Crisis-driven extraordinary tax burdens

Financial Economy: Highly exposed².

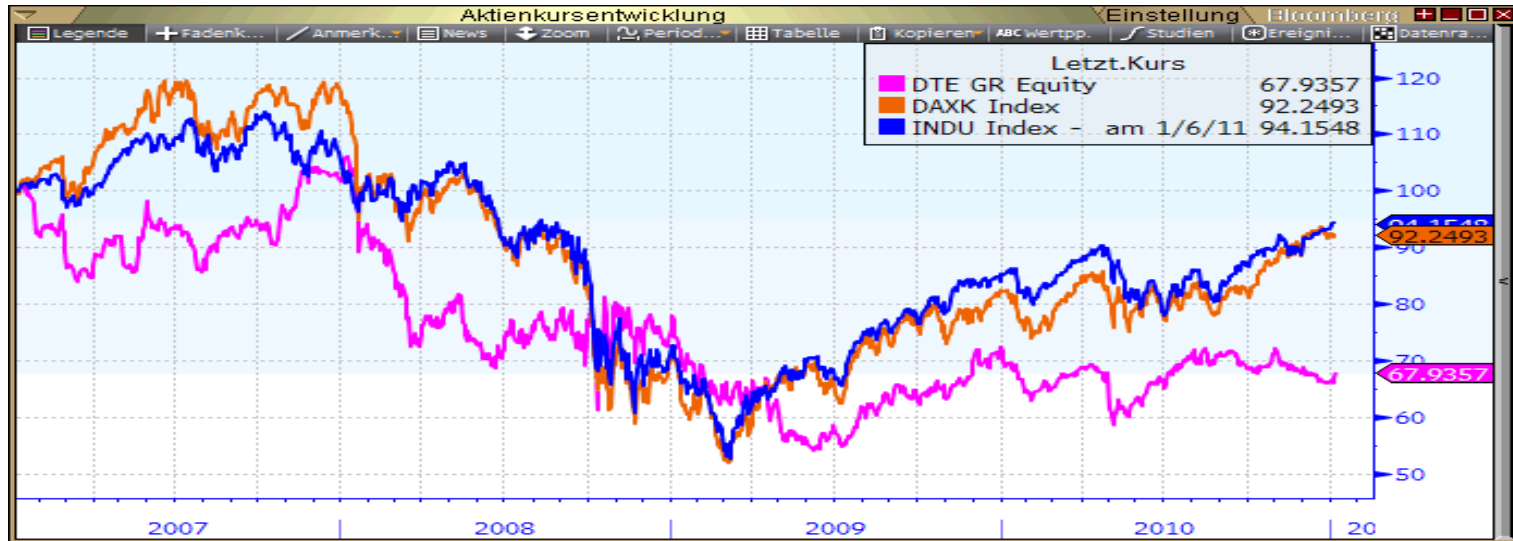
Shareholders Equity / Total Liabilities & Equity



Total Debt (Dec. 2009)



Proof in current crisis.



Managing Macroeconomics.

Germany

USA

NL

Greece

Poland

Hungary

Germany – Positive market environment supportive for premium products
Example: Entertain

USA – Uncertain outlook and unemployment rise lift focus on optimized offerings
Example: Attracting cost-focused customers

Greece – Difficult market environment creates opportunities for low-cost offerings
Example: Cosmote



pos. dev., favorable level



neg. dev., favorable level



Heterogen. dev., unfavorable level



heterogen. dev., favorable level



pos. dev., unfavorable level



neg. dev., unfavorable level

1) Actual month (month prev. quart.) 2) Q3/2010
(Q2/2010) in comparison to last year's quarter

14.01.2010

Risk management Real Economy.

| | Germany | USA | NL | Greece | Poland | Hungary |
|-------------------------|--|--|---|--|--|---|
| Time-lead ¹ | <ul style="list-style-type: none"> CLI: 104.9 (105.0) Consumer climate: 5.1 (4.1) Trend: | <ul style="list-style-type: none"> CLI: 102.7 (101.6) Consumer climate: 67.7 (67.8) Trend: | <ul style="list-style-type: none"> CLI: 102.9 (102.3) Trend: | <ul style="list-style-type: none"> CLI: 97.6 (97.0) Trend: | <ul style="list-style-type: none"> CLI: 102.2 (102.4) Trend: | <ul style="list-style-type: none"> CLI: 104.6 (102.9) Trend: |
| Time-match ² | <ul style="list-style-type: none"> GDP: 3.9% (4.3%) Consumer spend.: 1.2% (-0.5%) Industrial output: 10.0% (12.3%) Trend: | <ul style="list-style-type: none"> GDP: 3.2% (3.0%) Consumer spend: 2.0% (1.7%) Industrial output: 6.6% (7.4%) Trend: | <ul style="list-style-type: none"> GDP: 1.9% (2.7%) Consumer spend: 0.5% (0.3%) Industrial output: 4.1% (10.3%) Trend: | <ul style="list-style-type: none"> GDP: -4.6% (-4%) Consumer spend: -5.8% (-4.8%) Industrial output: -5.9% (-5.1%) Trend: | <ul style="list-style-type: none"> GDP: 4.7% (3.8%) Consumer spend: 3.6% (3.0%) Industrial output: 12.1% (10.5%) Trend: | <ul style="list-style-type: none"> GDP: 2.2% (0.6%) Consumer spend: 1.0% (-4.8%) Industrial output: 12.6% (12.1%) Trend: |
| Time-lag ² | <ul style="list-style-type: none"> Unemployment: 7.5% (7.8%) Consumer prices: 1.1% (1.1%) Trend: | <ul style="list-style-type: none"> Unemployment: 9.6% (9.7%) Consumer prices: 1.2% (1.8%) Trend: | <ul style="list-style-type: none"> Unemployment: 5.4% (5.6%) Consumer prices: 1.6% (1.0%) Trend: | <ul style="list-style-type: none"> Unemployment: 12.3% (11.8%) Consumer prices: 5.6% (5.1%) Trend: | <ul style="list-style-type: none"> Unemployment: 11.5% (12.1%) Consumer prices: 2.2% (2.3%) Trend: | <ul style="list-style-type: none"> Unemployment: 10.9% (11.1%) Consumer prices: 3.9% (5.4%) Trend: |

pos. dev., favorable level
 neg. dev., favorable level
 Heterogen. dev., unfavorable level
 heterogen. dev., favorable level
 pos. dev., unfavorable level
 neg. dev., unfavorable level

1) Actual month (month prev. quart.) 2) Q3/2010 (Q2/2010) in comparison to last year's quarter

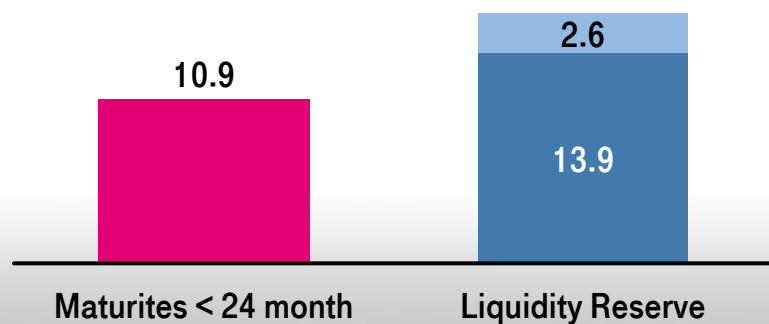
Risk management Financial Economy.

All values as per 30.09.2010 in € bn.

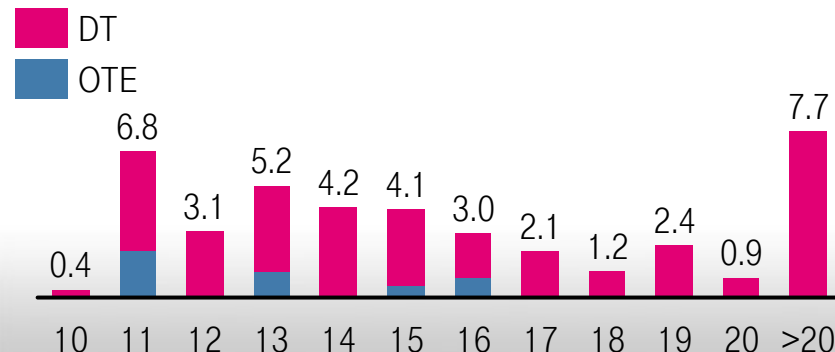
Clear target corridors.

- Rating: A-/BBB+
- Net debt/ adj. EBITDA: 2-2.5x
- Equity ratio: 25-35%
- Gearing: 0.8-1.2
- Liquidity reserve covers maturities of next 24 months

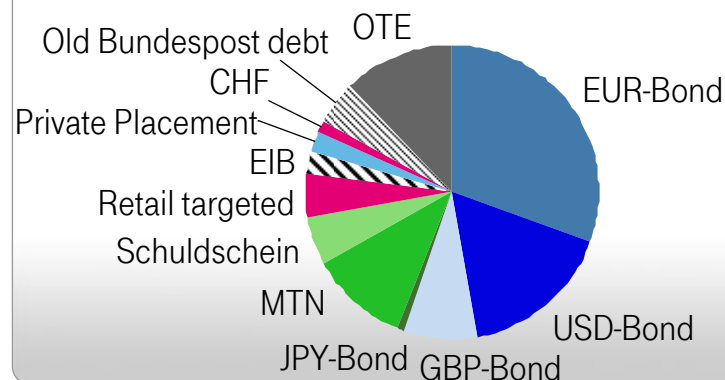
Comfortable liquidity reserve.



Well-balanced maturity profile.



Diviersified Issuing Activity.



Predictability / Reliability – Finance Strategy.

Owners view

Continue dividend policy

- **€3.4 billion** for annual remuneration to shareholders 2010-2012
- **Minimum dividend** of €0.70 in the 3 years to come
- **Share buy-backs** for €1.2 billion in the next 3 years to come

Entrepreneurs / Employees view

Improve the 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

Return on capital employed (ROCE)

Increase **profitability** and improve **capital allocation**

- 1 OPEX** – Save4Service and cost benchmarking
- 2 CAPEX** – Uniform rules, efficient capital allocation
- 3 FCF** – Centralized FCF management & oWC optimization
- 4 Portfolio** – Value-based, active portfolio management
- 5 M&A** – No major acquisitions & strict M&A hurdle rates

Creditors view

Undisputed access to the debt capital market

- **Rating:** A-/BBB+
- **Net debt/adj. EBITDA:** 2-2.5x
- **Equity ratio:** 25-35%
- **Gearing:** 0.8-1.2
- **Liquidity reserve** covers maturities of next 24 months



In order to develop our business and help society grow we need:

Investor-friendly regulatory environment

Reliable fiscal policy with sense of proportion

Fully functional debt capital markets

Long-term oriented equity markets



Thank you for your attention.

