

HR Report 2009/2010.

Facts and figures.

Life is for sharing.



Dear Reader,



What makes a company attractive? This question has not only fascinated me throughout my professional life, but has also been a driving concern for Deutsche Telekom. After two years of in-depth work, in 2009 we came up with some probing cultural and structural answers to this question, both as the "Deutsche Telekom family" and as an HR unit, both internally and externally.

- We are leading the way toward a new, jointly experienced corporate and service culture for our company, a new "unity in diversity," with our global "Guiding Principles."
- We have responded to our customers' desire for "one-stop service": the creation of our service companies back in 2007/2008 marked the successful first step toward achieving this goal. With "One Company," we are now stepping up the business-driven restructuring process, and creating the basis for a new Deutsche Telekom, both within Germany and at a global level.
- As the HR unit, we ensure efficient processes and strategic contributions. To this end, we are continuing to drive the transformation of HR in Germany forward, and stepping up the international harmonization of our HR work.

One thing is certain: Together, we will need to make further major, and sometimes arduous, efforts in our drive to become the market leader in connected life and work – as employees and managers, in Germany and in our international subsidiaries, in HR and the business units. Only then will we coalesce into a permanently competitive, enthusiastic and powerful "Group team."

- To this end, firstly, we need to ensure the maximum long-term HR effectiveness and efficiency – the qualitative total workforce management system implemented in Germany initially will provide the foundation for this.
- But also and above all, we need the forward-looking expertise and dedication of our current and future employees: Only through them will we be able to inspire our customers with outstanding innovation, first-class service, and corporate governance founded on integrity.

That is why we as an employer rely extensively on the talent of our employees. We offer them a wide range of development opportunities. In this way we are establishing Deutsche Telekom as a global, attractive employer brand: we want to attract and retain top talent like a magnet, and in this way, gradually secure a reputation as one of the top ten talent companies throughout every country.

The launch of the new Deutsche Telekom will therefore be rooted firmly in both the corporate strategy and the HR strategy. To this end, we have developed and enhanced the four strategic cornerstones of our HR mission ("HR partner for business") and the strategic program on which these four cornerstones are based ("Big X"):

- For "Add Value," the "Competitive workforce" program,
- For "Enable Transformation," the "Service culture" program,
- For "Best People," the "Talent agenda" program,
- For "HR Excellence," the "HR@2009" program.

All our strategic measures, programs and initiatives contribute to four key themes, which we have named "Team," "Talent," "Technology" and "Tolerance":

- As a "Team" we are promoting the transformation of Deutsche Telekom.
- The "Talent" of our workforce will ensure that we have the necessary know-how, and will safeguard our employees' future.
- New ideas and innovative "Technology" will enable us to tap into new growth areas.
- And it is the "Tolerance" of our company that we interpret as diversity – the uniqueness of our employees and their individual styles – that drives the global, lasting success of Deutsche Telekom.

This is what will make us, as a company, attractive.

Thomas Sattelberger
Member of the Board of Management,
Human Resources

Contents.

6 TEAM.

In order to turn our Group vision into action for our customers, HR supports the fundamental transformation of Deutsche Telekom to "One Company."

17 TALENT.

Only a company that attracts talent like a magnet, secures its loyalty and carefully nurtures it, can be sure of a permanent supply of inventiveness, innovative strength and entrepreneurial spirit in all the areas in which it operates.

23 TECHNOLOGY.

Delighting our customers – with top service and high-tech products. To this end, we are systematically developing the skills and service mindset of our workforce as well as our corporate culture.

28 TOLERANCE.

For Deutsche Telekom, tolerance is synonymous with productive diversity. "Adding value by valuing others" is our motto – everyone linked to Deutsche Telekom benefits from our "diversity business case."

34 GLOSSARY.

Abbreviations and key HR terms

Publishing information.

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March 2010



Employees in the Deutsche Telekom Group, worldwide.

As of December 31, 2009 in FTE (full time equivalents).

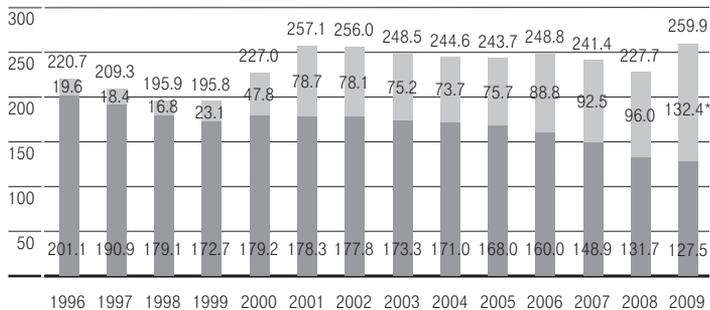


1	Germany	127,487
2	Greece	17,304
3	Romania	12,866
4	Hungary	9,867
5	Slovakia	6,559
6	United Kingdom	6,193
7	Croatia	6,045
8	Poland	5,523
9	Spain	4,833
10	Czech Republic	3,521
11	Netherlands	2,662
12	Austria	2,191
13	Bulgaria	2,178
14	Macedonia	1,754
15	France	1,645
16	Serbia-Montenegro	883
17	Switzerland	854
18	Italy	611
19	Albania	525
20	Russian Federation	347
21	Cyprus	115
22	Belgium	93
23	Denmark	35

Important HR indicators at a glance.

Deutsche Telekom workforce 1996–2009.

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

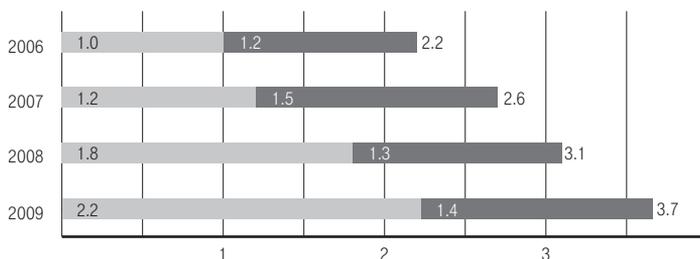


■ Domestic ■ International

*Current workforce figures include 32,990 FTE at OTE

Recruitment at Deutsche Telekom Group in Germany.

In thousands (FTE, full time equivalents, figures rounded).



■ Trainees taken on after completion of vocational training/cooperative degree course ■ External recruitment (graduates and experts)

Proportion of civil servants.

Group workforce in Germany.

	2007	2008	31.12.2009
Active civil servants	35,559	32,113	29,188
Civil servants on temporary leave from civil-servant status (ISB)*	3,963	3,033	6,597
Civil servants at affiliated companies	20,318	17,610	13,267
Total civil servants	59,840	52,756	49,052
Employees in Germany	89,098	78,957	78,435
Total number of employees in Germany	148,938	131,713	127,487
Percentage of civil servants in Germany	40.2	40.1	38.5

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

Personnel expenditures.

Deutsche Telekom Group worldwide.

in € billion	2006	2007	2008	2009
Personnel costs in the Group	16.5	15.4	14.1	14.3
of which: national	13.1	11.3	9.8	9.0
Special factors	2.8	2.0 ^c	1.1 ^b	0.5 ^a
Personnel costs in the Group adjusted for special factors	13.7	13.4	13.0	13.8
Net revenue	61.3	62.5	61.7	64.6
of which: national	33.7	31.5	29.7	28.4
Adjusted personnel cost ratio (in %)	22.3	21.5	21.1	21.4
Personnel cost ratio national	30.4	30.2	29.9	30.1

Special factors (in € billion):

Calculated and rounded on the basis of millions for greater precision.

- ^a Expenses for staff-related measures (early retirement arrangements, severance and compensation payments, etc.) primarily in the Germany (- 0.3), and Systems Solutions (- 0.1) operating segments, as well as of Group Headquarters & Shared Services (- 0.1).
- ^b Expenses for staff-related measures (early retirement arrangements, severance and compensation payments, etc.) primarily in the Germany (- 0.8) and Systems Solutions (- 0.3) operating segments.
- ^c Expenses for staff-related measures (early retirement arrangements, severance and compensation payments, etc.) primarily in the Germany (- 1.1), Southern and Eastern Europe (- 0.1), and Systems Solutions (- 0.2) operating segments, as well as of Group Headquarters & Shared Services (- 0.5).

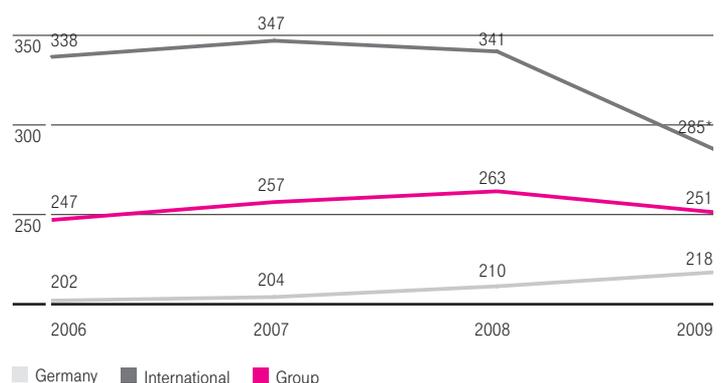
Personnel costs and EBITDA per employee.

FY 2008 and 2009, per FTE.

Thousands of €	Adjusted personnel costs 2008	Adjusted personnel costs 2009	EBITDA 2008	EBITDA 2009
National	63.0	65.6	70.7	74.5
International	44.1	41.3	101.1	86.1
Group as a whole	55.4	53.6	82.8	80.2

Revenue per employee.

In € thousands.



*2009: Overproportional increase in international employees in contrast to revenue growth

On the way to One Company with team spirit and passion, vitality and a service mentality.

International market leader for connected life and work: In order to make our Group vision come true for our customers, HR remains in a constant dialog with business units in order to support Deutsche Telekom's fundamental transformation into "One Company." This involves networking and integrating our organizational structure, our areas of work and, above all, our teams within the company. The productive merger between the previously separate cultures requires a high level of sensitive culture work and change management. The restructuring and realignment of the Deutsche Telekom team is being flanked by anticipatory planning and management of its age and skills structure. As in previous years, a business-oriented collective bargaining policy and continued pursuit of our efficiency programs, including in particular our personnel restructuring activities, are the vital basis for success. In addition, we are improving the internal service quality of our HR team as well as the service orientation of the entire "Group team."

Customers want "One Deutsche Telekom": The merger as "Deutschland GmbH" is enhancing our team's efficiency, since it enables it to supply all services from a single source. In order to consolidate Deutsche Telekom's position in the global arena as well as in our home market, we merged T-Mobile International AG with Deutsche Telekom AG in July 2009 and, with effect from January 1, 2010, established a new target structure for Deutsche Telekom and its Group Headquarters based strictly on regions and functions (see Fig.). On April 1, 2010, T-Home and T-Mobile in Germany will merge to form the new "Telekom Deutschland GmbH". The integration of our mobile and fixed-line business will put us in an optimal position to offer integrated fixed and mobile solutions and services from a single source and to improve customer loyalty for the long term. Internally, the company will benefit from greater planning efficiency, simpler technology and wholesale products, and economies of scale in procurement. Within the Deutsche Telekom Group itself, Hungary's Magyar Telekom is already showing how very successful an integrated provider can be. Other international subsidiaries and sub-subsidiaries such as Hrvatske Telekom in Croatia, Slovak Telekom in Slovakia and Makedonski Telekom in Macedonia are following its example.

The new Telekom Deutschland company.

Telekom Deutschland GmbH is merging fixed-line network and mobile telephony on April 1, 2010.

Telekom Deutschland Gesellschaft

Deutsche Telekom Netzproduktion	Deutsche Telekom Technischer Service	Deutsche Telekom Kundenservice	Telekom Shop Vertriebsgesellschaft mbH	Active Billing GmbH & Co.KG	Congstar GmbH	Strato AG	Other holdings
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Transforming the company hand in hand: New quality in social partnership.

We collaborate closely in working out all the steps that are necessary.

With a letter of intent that it drew up together with the supervisory board's employee representatives, the HR unit succeeded in slicing the Gordian knot for swift execution of the transformation process at Deutsche Telekom AG and convergence of the fixed and mobile networks in Germany. The letter of intent has been, and is still being, transported into the company's various collective agreements and works agreements. One key result are the basic assurances made to the 1,400 employees who moved from T-Mobile to the appropriate units in the Group and to 17,500 employees who will work for the new Telekom Deutschland GmbH in the future. These comprise not only abstaining from compulsory redundancies but also maintaining pay levels, harmonizing employment terms and abstaining from personnel layoffs as a result of integration. We passed on the 2.5 percent pay rise agreed for 2010 at Deutsche Telekom AG and the service companies with effect on January 1, 2010 to all employees who are covered by collective agreement.

Collective bargaining accompanies restructuring of Deutsche Telekom AG.

Deutsche Telekom AG's collective agreements apply for the new Deutsche Telekom AG/Service Headquarters (GHS) simultaneously with the team changes. They have been modified where necessary in order to integrate employees who previously worked under different collective agreements, with appropriate transitional und protection provisions.

Partnering to build the new Telekom Deutschland GmbH: The scene is set for merging the fixed and mobile communications segments.

We have reached agreement with the unions on the key parameters for the new Telekom Deutschland GmbH on the basis of the joint letter of intent: New collective agreements will be negotiated for it on the basis of the agreements in force at Deutsche Telekom AG. Again, transitional und protection provisions are in place for employees covered by collective agreements and affected by the transfer. Besides this, the integrated company offers its employees a range of new prospects for their work and careers.

Business customer segment repositioned. In optimizing our company's focus in the corporate and business customer segment, we also aim to offer our customers an integrated, end-to-end, tailor-made service. We completed the necessary reshuffle of the two new business units, moving "Corporate Customers" to T-Systems and "Business Customers" to T-Home Sales & Service Deutschland with effect on April 1, 2009. This step serves to sharpen T-Systems' profile as the first point of contact for integrated solutions based on information and communications technology for our 400 (inter)national corporate customers, public sector and healthcare customers. At the same time, we are bundling strengths in our Germany business as a provider of standard and business telecommunications products for around 160,000 business customers in the small to mid-sized enterprise segment. Our activities in all three change processes were characterized by the will to cooperate with employee representatives to implement the changes with as little conflict and as fairly as possible for our employees.

Global structure of Deutsche Telekom.

Segments			
USA	Germany	Europe	Systems Solutions

Structure of Board of Management.

As of December 31 2009.

Units			
CEO Chairman of the Board of Management	COO Chief Operations Officer	Data Privacy, Legal Affairs, Compliance	T-Systems
Germany	Finance	Southern and Eastern Europe	Human Resources

One Company: One enterprise, one team with one corporate culture.

One philosophy for the new Deutsche Telekom: Strategic, structural and cultural transformation go hand in hand. Implementation of the Group's strategy and life within the new structures can only succeed if they interact with the corporate culture. Last year, in a global dialog moderated by HR, we developed five Guiding Principles that are valid throughout the Group. They are designed to govern the actions of every single employee and are a further development of our former vision and values. They therefore represent the basis for our shared, dynamic service culture. In the wake of our new Guiding Principles, we are also updating our Code of Conduct, which applies for all employees throughout the company; it translates the Guiding Principles into concrete actions for our day-to-day work. Parallel to a joint vision and shared strategic objectives, we have thus laid the foundation for a Group-wide corporate culture. The implementation of our Guiding Principles commenced successfully in Germany and all the national companies between the beginning of 2009 and the beginning of 2010.

The Group's Guiding Principles.



Transformation culture for One Company.

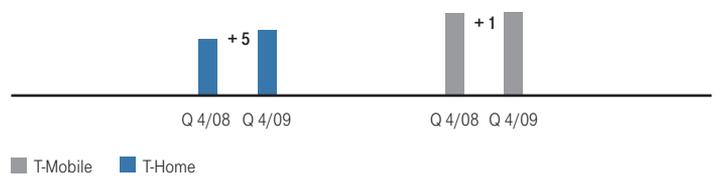
Service leadership: Unique features of the Service Academy. The core element of the leadership qualities required for our management staff is to set a good example in service orientation – and therefore our Guiding Principles – at all times. The Service Academy was founded at the end of 2007 for executive staff in Germany, and many comparable schemes in our national companies serve the same purpose. The participation rate in the programs lies at almost 100 percent. Only a few service companies in Germany and around the world present their executive staff with such an intensive, fundamental challenge in terms of their personalities, conduct and individual impact. In January 2009, the second phase of the Service Academy was launched. The objective in 2009 was to ingrain the service philosophy that had been communicated in previous years even more firmly in executives' minds and in day-to-day work. In this way, we lay the cornerstone for stronger dissemination of our new service culture not only among the executives' own teams but also in cross-functional collaboration. The response to the Service Academy has been more than positive. Not only do 86 percent of the executives interviewed see it as being helpful for Deutsche Telekom on its way to becoming the industry's most highly regarded service company, 97 percent would also recommend the Service Academy to colleagues. We use the Telekom Storybox to help us communicate a common understanding of the culture of transformation in our strategy, brand, service and values; its building blocks consist of presentations, films and exercises that help executive staff throughout the company in the strategy dialog with their teams. The monthly event for newcomers to the Group, Welcome@Telekom, has the same objective.

"Change House": Assistance for a changing company. HR has opted for Group-wide, professional and systematic change management in order to ensure that our employees embrace the comprehensive culture and structure transformation brought about by One Company in their thoughts and actions. However, change management is also necessary to ensure that difficult and painful reorganizations can be made as humane as possible. Since 2009, HR has bundled and standardized the company's various change management tools and initiatives under the name "Change House." They cover, for example, Group-wide change quality standards, establishment of a pool of internal and external change experts, building a worldwide change community, and implementation of skills development measures throughout the Group. The "Change Navigator" is the foundation of the "Change House": This intranet platform supports business partners, change experts and management in determining, drawing up and implementing the necessary measures for a change process. The navigator also indicates appropriate resources and tools that have proved to be best practices within the Group. This tool is thus a valuable addition to the personal, professional support for change processes through change experts operating around the globe.

More satisfied customers in Germany.

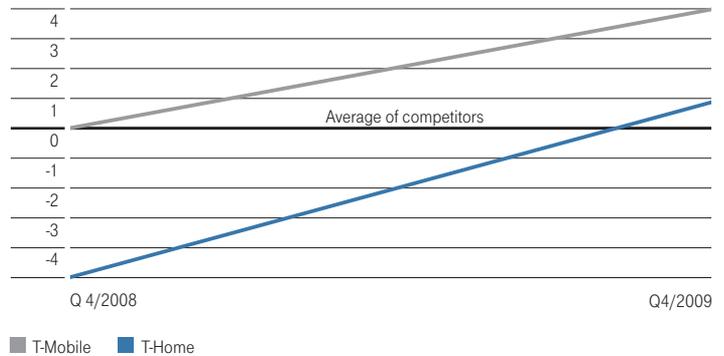
Employees in our Germany business increase customer satisfaction.

Customer retention 2009 increase, in points.



Basis: consumers T-Home and T-Mobile post-paid customers (direct customers)
 Sample size varies by wave, at around 2,000 (T-Home) and 1,200 (T-Mobile)
 Source: TRI*M surveys TNS Infratest 2008/09

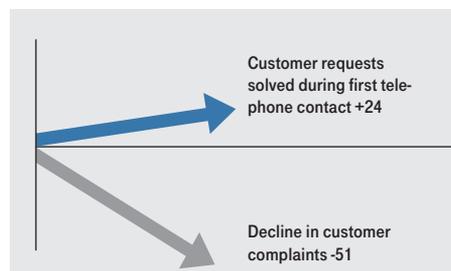
Strong improvement: customer retention in broadband and postpaid customers greater than the competition, in points.



Lead in points (TRI*M) over competition for broadband customers (T-Home) and postpaid customers (T-Mobile direct customers)

Basis T-Home: consumers with broadband connections, n = around 1,100, varied by wave, average from total of competitors
 Basis T-Mobile: postpaid customers (direct customers), n = around 700, varied by wave, average from total of three competing mobile operators
 Source: TRI*M surveys TNS Infratest 2008/09

Customer complaints halved, more successful first contacts, in %.



We hold our Pulse Surveys three times a year in order to measure change results in the major transformation projects. The results show where employees see themselves in the change process, and serve as indicators for planning future change activities. Furthermore, the Pulse Survey also measures the progress that the entire company has made on its path to becoming the new Deutsche Telekom.

Non-hierarchical communication alters perspectives. A key feature of change management and part of the culture change is an active dialog between executives and employees across all hierarchy levels. Top-down and bottom-up approaches, as combined for instance in the T-Systems "Talking Straight!" initiative, set a good example. As part of its change process, T-Systems also uses the "360° Feedback" tool, which has already proven useful as an instrument for personal assessment at Deutsche Telekom. We are running other change projects involving intensive communication in the broadband and fixed-network segments as well as in our service companies. In 2009 at T-Home Sales & Service – and from mid-year at T-Mobile Deutschland as well – our "Communicating strategy and Guiding Principles" campaign provided the framework for giving Guiding Principles a fixed place in our approach to daily business and day-to-day work. One special project was the "Increase and encourage performance" scheme, which supported the "BIG 6" – T-Home's targets for the year 2009 – with change and communication measures.

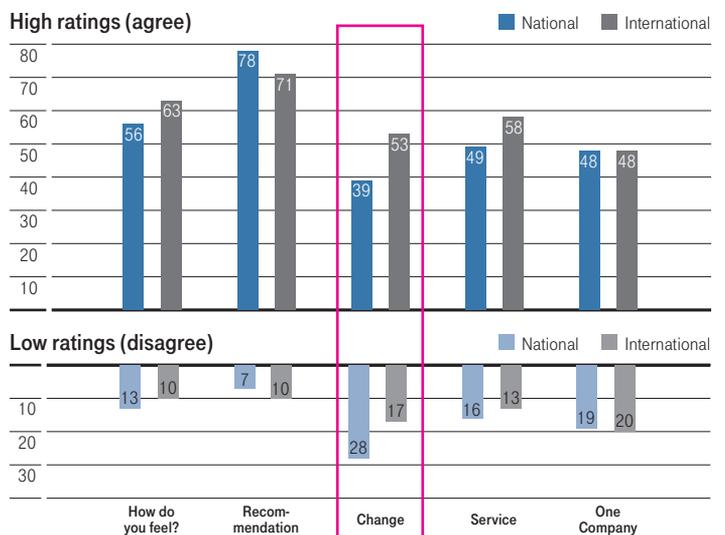
Upsizing, restructuring, downsizing: Continuing the story of our strategic HR program. "Competitive staff".

Sustainable human resources planning: Up to 3,500 new recruits in Germany alone in 2010. Against the background of a looming shortage of experts and of demographical and technological change, Deutsche Telekom must keep its eyes wide open to the future. Despite the economic crisis, the company will therefore continue to balance its age structure and bring new know-how into the company. In Germany alone, we plan to hire up to 3,500 new recruits in 2010, a good 1,400 of them university graduates and experts with job experience. We will offer the remaining 2,100 jobs to young professionals who have trained internally, focusing on graduates from cooperative degree courses. The number of new jobs we are offering thus remains at last year's high level with 3,664 new employees recruited in 2009. Another approximately 565 junior staff joined the workforce on fixed-term or permanent contracts at Vivento Interim Services GmbH (VIS). The headcount in our European and transatlantic mobile communications markets is likely to experience a slight rise, partly due to planned smaller acquisitions.

Pulse check.

Results of the Group-wide pulse survey, October 2009, in %.

The fifth worldwide pulse survey was held in 28 countries and 18 languages. Over 190,000 employees were invited to participate, participation rate: 63%.

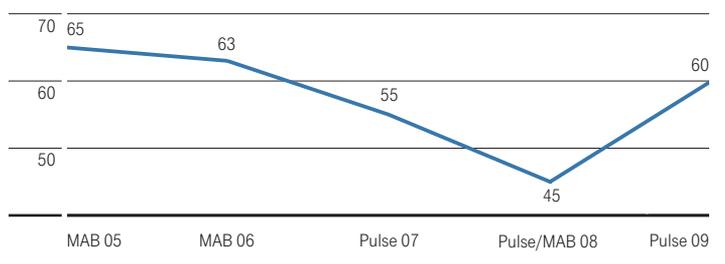


High ratings = Very good, good/agree fully, agree.
Low ratings = Poor, very poor/do not agree, do not agree at all.
"Neither agree nor disagree" ratings are not included

Explanations of questions asked: How do you feel? How you do feel in your position?
Recommendation = Do you recommend our products and services to your family and friends?
Change = Do you understand the changes taking place in the company?
Service = Do you consider that we provide excellent service for internal and external customers?
One Company = Do you think that we at Deutsche Telekom cooperate as partners in the interest of the company's overall success?

Long-term satisfaction monitoring – Group.

Downward trend stopped, 2009 extremely positive.



Vivento: Personnel restructuring provider in Germany. Our common objective is to ensure that the necessary workforce restructuring measures are socially considerate and as fair as possible, both for our civil servant and non-civil servant employees. The present personnel structure in the Group – and in particular the complex provisions of Germany’s civil service law – represent a special challenge. As a platform for voluntary changes and new perspectives, Vivento plays a crucial role as a specialized service provider within the Group. One of its major focuses lies on permanent employment prospects in the public sector, as a step beyond the fixed-term contracts usually granted at present. This results in new, attractive career opportunities for civil servants as well as for our non-civil servant employees. In the year 2009, Vivento sharpened its profile. The new organization is geared even more stringently to the two Vivento objectives, the first being to provide qualified support, advice and job placements for employees who are interested in transferring from their current position to a new job. This approach enabled Vivento to significantly increase the number of permanent civil servant transfers to public service in 2009. The second objective is to advise employees involved in personnel restructuring measures and, together with them, to develop new perspectives.

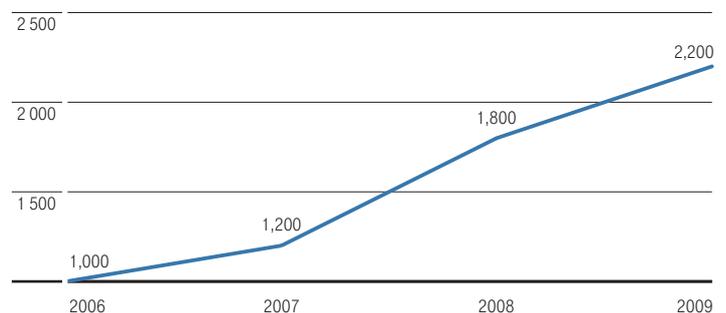
Successful work. In 2009 Vivento initiated and implemented numerous measures. For example, Vivento

- extended its cooperation with the Federal Employment Agency (BA) and intensified its collaboration with federal, state and local authorities. A total of 4,200 employees were working in external jobs, most of them in the public sector, for example with the Employment Agency.
- Considerably expanded and improved interamt.de, the public service job exchange. It advertised some 1,650 free jobs on average throughout the year.
- Held numerous information and dialog events to inform more of the Group’s employees about career opportunities outside Deutsche Telekom.
- Added modular application training in the form of on-site and e-training courses to the consulting portfolio for interested employees.
- Set up a personal information and service portal for employees on external assignments.

T-Systems: Sustaining the future and socially responsible personnel adjustments. T-Systems continues to rely on a mix of socially responsible downsizing, restructuring and upsizing measures. As a result, we agreed on a joint approach for Germany with employee representatives and arranged a redundancy protection package until mid-2012; it was extended to include Systems Integration in late January 2010. It will take effect at ICT Operations once the restructuring measures are completed. The measures that were agreed include a limited voluntary redundancy program and help in the search for jobs outside the company, possibly through an outplacement consulting measure comparable with the “Job2Job” initiative in place at Systems Integration and ICT Operations. A new general works agreement took effect on January 1, 2010 to further the personnel restructuring at T-Systems. Its goal is continue to avoid compulsory redundancies as much as possible in future.

Recruitment of internal talent, as of Dec. 31, 2009.

From vocational training and cooperative degree course.



Vivento workforce.

Incl. business models and projects, as of December 31, 2009, in FTE.

	FTE
Employees at Vivento	6,769
of which: Fed. Employment Agency and other external employment, in particular public sector (incl. leased and temporary staff outside the company)	4,233
of which: call center unit incl. Customer Services	1,863
of which: leased and temporary staff inside the company	331
of which: T-Direkt	342
Permanent staff and support personnel incl. Vivento Customer Services	987
Number of employees who found a new job via Vivento in 2009	1,308
Employees scheduled to find a new job via Vivento in 2010	1,811
Staff transferred to Vivento since its foundation	44,776
Staff who have left Vivento since its foundation	35,211

Skills management supports balanced restructuring. Re-training and skills development play a special role in T-Systems' workforce restructuring activities in order to make optimal use of our employees' potential. Today's market developments spawn an increased demand for personnel such as project managers, consultants and IT architects. In order to drive the necessary changes, T-Systems launched a new skills project in 2009, its Service Agency. This efficiently bundles all the necessary processes, from development of skills profiles, selecting employees and training individuals through to design and implementation of skills development plans in strategic skills focus areas. In 2009 alone, over 900 employees participated in appropriate skills development programs.

International workforce restructuring. Technological progress shifts business focuses. Not only in the German market but in all telecommunications markets all over the globe, the focus of business activities is progressively shifting away from the traditional fixed-network segment, and doing so at ever greater speed. The increasing convergence of all (tele)communications networks to form one network based on the Internet protocol and the steady substitution of fixed with mobile lines are just two examples. Against this backdrop, the fixed-network segments in our Croatian national company, Magyar Telekom, Slovak Telekom and within the OTE group will need to make personnel adjustments.

**Healthcare and disease prevention:
Basic needs for our employees.**

We want to be a "pioneer in caring". The tragic series of suicides in French automobile and telecommunications enterprises shows how important this issue is and how sensitively the public reacts. Healthcare means more than simply having a "health department" that does good work. "Caring for health" is an elementary leadership task and a fixed component of our internal service culture. We require our executive staff to act as role models and bear responsibility for the health of their colleagues. The Board of Management, in particular, is well aware of this topic's vital role in the design of transformation processes. We promote health competencies and health awareness throughout the workforce with our company health management program and Group-wide disease prevention services, and local activities such as our 'health days.' We offer personal and hotline advice to executive staff and their colleagues, and preventive medical check-ups (basic check-up, bowel cancer screening, influenza vaccinations, etc.). We consider the improved health rate to be partly the result of our health protection work. For 2010 we plan to launch further programs that will screen employees for hidden health risks.

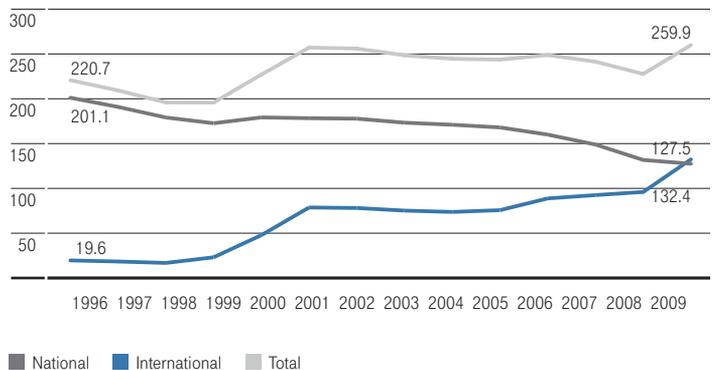
Workforce development.

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

	2007	2008	2009
Europe	18,043	18,255	17,631
T-Mobile USA	33,750	38,031	40,697
SEE	22,491	20,885	53,532
Germany	91,337	85,637	81,336
T-Systems	49,835	45,862	46,021
Group Headquarters & Shared Services	25,970	19,077	20,703
Group total	241,426	227,747	259,920

Workforce national/international.

No. of employees in thousands, all as of Dec. 31.



To start with, our disease prevention measures will center around a specific analysis of the employee survey. Index values for work-related stress that we obtain from the survey enable us to identify potential risk early on and – if necessary – to take prompt action to counter it. Besides this, we also plan to roll out occupational safety and health products at an international level.

Comprehensive, exemplary pandemic precautions. The comprehensive preventive pandemic campaign that we initiated in 2009 in view of the “new H1N1” influenza virus met with great approval among employees and produced a lasting response in the media. It included an emergency program based on a figure in the area of double-digit million euros, a crisis team set up specially throughout the Group and a comprehensive information and prevention campaign to provide protection from infection for employees at work and in their private spheres. In spring 2009, we opted to provide employees with various tips and instructions on hygiene and on how to deal with cases of illness. To guarantee improved care for employees in the event of a pandemic, 4,000 first-aid staff have been specially trained so that, together with our medical officers, medical care for our employees can be guaranteed if a pandemic crisis occurs. We have offered the entire workforce voluntary inoculation. The Group’s long-term plans for a pandemic also include handing out disinfectant wipes to employees, installing special disinfectant devices outside canteens and stockpiling antiviral medication where needed. The plans are designed to provide employees with the best possible protection should a pandemic occur and, in addition, to put the company in a position where it can guarantee uninterrupted operation of the global telecommunications infrastructure even in a crisis. The national crisis teams have distributed information, brochures and posters about H1N1 in all our national companies.

Improved accident reports help avoid accidents. In order to further optimize our comprehensive industrial safety program, we rolled out an improved electronic accident reporting system (UNDIS) in Germany in 2009. The system forwards details of all workplace and commuting accidents as well as private accidents caused by third parties (rights of recourse) directly to all units involved in the downstream process. The object is not only to record the different causes of accidents and generate precise statistics but above all to eliminate any deficiencies.

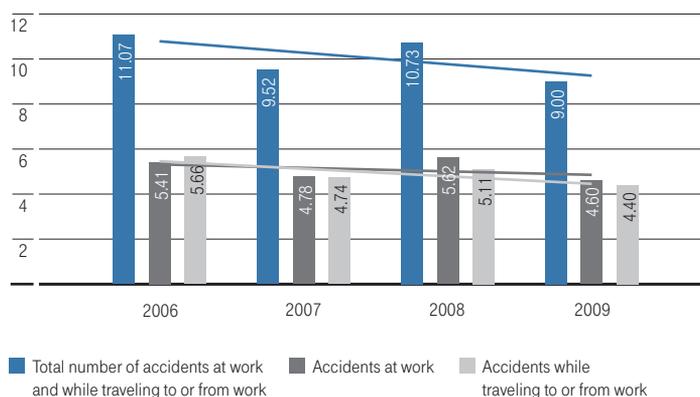
Health rate Deutsche Telekom Group in Germany. In %.

	2006	2007	2008	31/12/2009
T-Home	93.5	93.8	93.1	*
T-Mobile	95.2	95.1	96.6	*
Business Customers	96.5	96.2	96.2	96.4
Group Headquarters & Shared Services	92.2	93.6	92.6	94.0
Germany				93.3
Europe				97.4
Total Group	94.3	94.5	93.9	94.0

*Figures are not collected separately anymore.

Occupational accidents.

Deutsche Telekom Group in Germany Number per thousand employees.



Current trend:

- The total number of accidents is decreasing.
- Stronger decline in the number of accidents while traveling to or from work.

HR: Partner for business.

One Company – One HR: HR is changing and driving its own integration.

The One Company vision includes the need for HR – like all other corporate functions – to establish a new matrix structure, with centralized service, management and planning functions, and regional organizations that bear responsibility for local markets. This regionalization and functionalization presents all Group functions with the need for a new approach: namely to abandon a primarily German perspective in favor of global planning, management and service orientation with stronger international competencies and structures. This makes heavy demands of the HR Group function, with regard to the way it sees its own role and its matrix organization, as well as in its skills. The year 2010 will be a year of internal transformation. We have launched specific projects and processes with the aim of making further improvements in our strategic work and our service. With them, we are further expanding exchange and cooperation between HR and employees and management staff in the operational units on the basis of our globally valid three-role model.

Three-role model. Continuing HR transformation. Introduction of our three-role model (see Fig.) has been successful in giving the HR unit in the Group in Germany a pronounced business and customer focus. With a series of structural and process-based measures, we have significantly improved the quality, measured customer satisfaction and efficiency of the services offered by competence centers, business partners and shared services. The new “HR@2012” program drives

- Profile sharpening for the three roles with the aim of enhancing the quality as experienced by the customer and the effectiveness of strategic activities.
- User-oriented process automation and greater simplification.
- A further efficiency hike in the HR organization.

Total workforce management: Greatly improved planning, management and control of global human resources. With its modern total workforce management concept, Deutsche Telekom is one of the few global players to engage in innovative human resources planning that anticipates mid-term changes in product portfolios and markets. Business scenarios are built to ascertain the impact this change will have on workforce volume, structure and skills, and the results are subsequently reflected in strategic HR programs. HR assumes responsibility for business-related consulting on the development of new business models.

Development of internal HR service quality.

Example: Handling times, HR Services Telekom (PST).

	Target agreement	Ø 2008	Ø 2009	Customer satisfaction rating Q4/2009*
Processing travel expenses	9 WD	5 WD	3 WD	7.3
Children's allowances/family benefits for civil servants	21 WD		20 WD	7.8
Reachability (overall)	75 %	79 %	76 %	6.9
Complaint frequency**		0.49 %	0.37 %	

Working days (WD): All data refers to processing days in the HR Services Center.

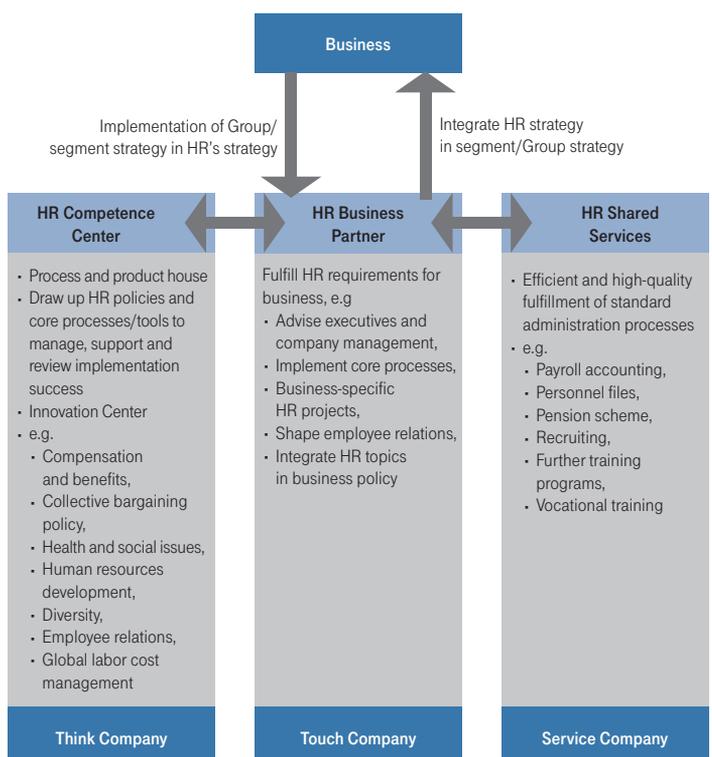
*On a scale of 1–10

**2009 value refers to complaints induced by PST

In 2009, HR Services Telekom (PST)

- supported around 137,000 active employees along with 119,000 benefit recipients and retirees.
- handled a total request volume of around 2.93 million transactions.
- processed some 475,000 trip requests and 1.6 million salary statements.
- completed some 360,000 telephone queries, 69 % of which in initial contact.
- processed over 13,400 part-time contracts.

The three-pronged HR organization.



Key issues: HR efficiency and effectiveness. HR efficiency and effectiveness is the key issue for profitable and sustainable operation of existing and future business models in our company. The exclusive focus on planning costs and headcount that was typical of total workforce management (TWM) to date is no longer sufficient, since this approach blanks out some of our personnel resources – the external freelancers, consultants, employees in outsourced fields. It also ignores the quality aspect of the workforce structure, i.e., employees' skills and the intergenerational age structure. There are also new requirements, in particular when it comes to the make-or-buy decision, prompt recruitment for planned business scenarios or the protection of intellectual property, for example patents, through insourcing. Deutsche Telekom's TWM covers planning, management and control of the entire internal and external workforce. In this field, we pay particular attention to labor cost structures in individual countries. They are evaluated on the basis of a KPI system, which gives us the personnel cost ratio, for example. At the same time, we enhance the purely quantitative analysis with proven qualitative analyses in order to identify the skills profiles that will be needed in future at as early a point in time as possible. Our goals in doing so are

- Intelligent management of our personnel resources via skills development based on market and business needs,
- Winning the right skills for the future in the talent market
- The establishment of internal "skills marketplaces"
- Insourcing of external staff
- Sustainable demographic recruitment scenarios
- Implementation of business-driven location and mobility strategies

Total workforce management equips us to set up a sustainable, high-quality human resources planning system – and to do so for the entire Group, securing the optimal qualitative and quantitative deployment of our internal and external resources. The HR efficiency that we achieve on the basis of this staff planning throughout the company is also one of the key benefits that TWM generates for the "Save for Service" Group efficiency program.

International roll-out. Following continuing progress with roll-out in Germany, qualitative staff planning is now being implemented throughout the Group. The bottom line for us is to decide at global level what we want and must achieve, where and at what cost, in what quality and within what legal framework.

HR: Service organization for the workforce.

Simply HR and HR Process Excellence: Establishing transparent and efficient processes. We will only be able to embed the new service culture in the hearts and minds of all our employees on a permanent basis if we treat our colleagues with exactly the same service orientation as our customers. And our services will only be considered transparent and positive if the structures are kept as simple and transparent as possible. As the latest internal customer satisfaction survey shows, we are making slight but steady progress year by year. In 2009, satisfaction among executive staff worldwide rose to 6.6 (+ 0.55), among employees to 6.2 (+ 0.21) on a scale of 1–10. Our target is 8.0, leaving much room for further improvements. "Simply HR" and "HR Process Excellence" are two strategic projects designed to support these improvements. HR Process Excellence stands for the continuing harmonization and standardization of our human resources processes. They are scheduled for completion by the end of 2010. In the Simply HR project, we implemented suggestions from HR customers that led to a direct improvement in terms of reduced complexity. One example is our onboarding process, which now makes it possible to order a new PC under a temporary personnel number, so that it is ready and waiting for a new employee on his or her first day at work. We are expanding our employee dialog through HR Services Telekom (PST) as well as the functionalities of the "myHR" employee portal (for myHR, see section on "Technology," page 26).

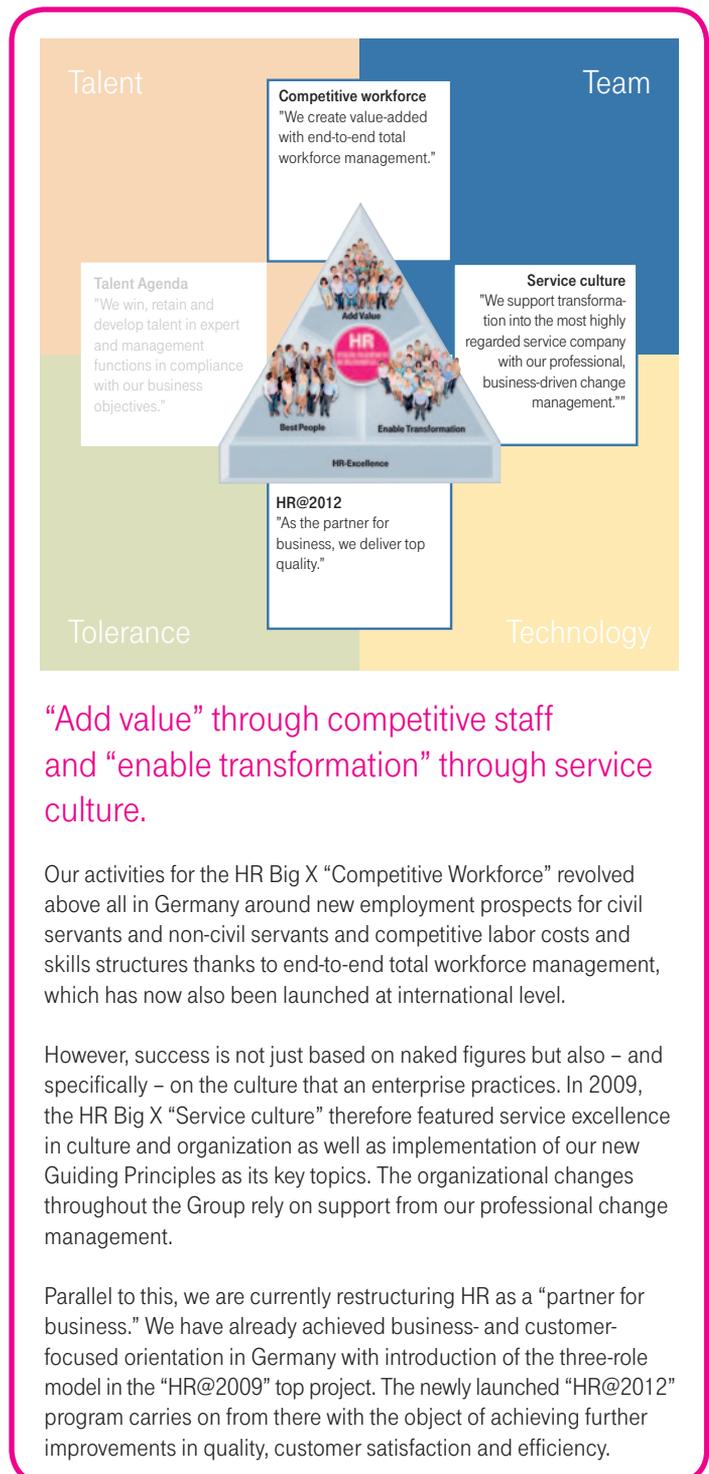
Service Headquarters: Service excellence for greater employee satisfaction. In the HR core project "Service excellence in culture and organization," we continue to focus above all on the transformation of our Group Headquarters to Service Headquarters, with its dual role as an issuer of regulations and service provider. With our "Service behind the scenes" ideas management campaign, we concentrate on further improving our internal service performance. Under the motto: "Don't gripe – just act!," we called on employees to tell us how we can play a more customer-oriented, less complex, more effective and more efficient role.

International cooperation needs respect for diversity.

National autonomy, global framework. When crafting relationships with our employees, we need to focus our attention on regional, national and cultural features. In this area in particular, it is important that we show respect for each individual country's legal and cultural characteristics. This is true above all in dealings with employee representatives and national labor unions but also with national companies in which specific legally defined recognition proceedings prevent union representation.

We do not consider it appropriate to “export” Germany’s regulations to other countries. Here, we respect the other forms of cooperation with legitimate employee representatives and/or workforces that have developed in the different countries. In our “Guideline for Cooperation with Employee Representatives”, we have made it very clear that we support the individual responsibility of national management bodies and their HR functions in building employee relations. Our Guideline is based on our own Guiding Principles as well as on internationally recognized rules such as the United Nations Global Compact, the OECD guidelines, and the core labor standards issued by the International Labor Organization (ILO). We have established a Global Employee Relations Management (ERM) unit at Group level. It provides guidance and promotes an exchange of experiences for building the diverse employee relationships in various countries. It is also a central contact for all international employee and employer committees and the labor unions. In fall 2010, we will continue to drive and intensify this dialog at the “Employee relations in a connected world” forum. Furthermore, the unit supports and advises on compliance of Group-wide international regulations with labor law. ERM is ultimately responsible for coordination and bundling on the HR side in order to ensure that a smooth, standardized procedure is used to integrate employees who join Deutsche Telekom as a result of international mergers and acquisitions.

European Works Council: Employee platform for information and consultation in the EU. Through Deutsche Telekom's European Works Council (EWC), we maintain an active social partner relationship with the employee representatives of the subsidiaries and affiliated companies in the Member States of the European Union. Two regular EWC meetings and four EWC Board Meetings are held each year; members of the Group Board of Management attend the EWC meetings regularly to join in discussions and provide explanations. In April 2009, the HR unit supported a four-day EWC event in Hungary, which was dedicated to integrating the new EWC members and defining focus topics for the coming years. Again at this event workshops and discussions took place with employer representatives from several countries with the aim of further intensifying mutual understanding and cooperation.



On our way to becoming a top ten talent company with the right skills – country for country.

Only a company that attracts talent like a magnet, secures its loyalty and carefully nurtures it, can be sure of a permanent supply of inventiveness, innovative strength and entrepreneurial spirit in all the areas in which it operates. For this reason Deutsche Telekom adopts a forward-thinking approach to management of its junior staff. We train our own young people, cooperate with universities to recruit graduates from the talent market, are committed to the Bologna process, and actively promote both cooperative and part-time degree courses. With a global, transparent, systematic HR planning and development program, Deutsche Telekom selectively promotes talent from within its own ranks. In order to make our in-house talent identification and advancement process even more transparent, diverse and effective, in late 2009 we initiated a cross-functional talent management program that embraces all positions throughout the entire Group.

Enhancing our reputation and position as an attractive employer.

“Attractive employer brand”: A significant improvement in the domestic market. After our international companies had received numerous awards in recognition of their achievements as outstanding employers, in 2009, thanks to a clever portfolio of talent measures, we also made visible progress toward becoming a recognized talent company in Germany. The difficult restructuring measures of recent years and the company's traditional origins have undoubtedly overshadowed the fact that Deutsche Telekom's performance in its home market is better than its reputation, not only as the largest training provider, but also as one of the largest recruiters of young people in the Federal Republic of Germany. However, thanks to our intensive communications work as part of the “attractive employer brand” project, together with an on-going, attractive HR policy and HR development, the trend is now definitely moving in the right direction. This is verified by our improved rankings in various studies, such as the recent trendence survey and the “Student Survey” by Universum, which named us the most sought-after employers in the telecommunications industry. In particular, the activities of our Recruiting & Talent Services (see the section on “Anti-cyclical investment: ...” page 19) and new, innovative forms of communication have played a key role, for example with fresh ideas and concepts such as the unconventional “Technology meets Talent” events (see page 19). In 2009, we successfully continued our policy of approaching talented young people directly, at both these and numerous other events such as career days, trade fairs, and school and university events. In 2010, our work will focus on the in-house advancement of young people (for further information on the topic of recruitment and HR planning, see the section entitled “Team,” page 10).

Growing success in Europe and the USA. Deutsche Telekom ranks among the Top 100 companies in the United States with T-Mobile USA. In 2009, we again boasted top rankings across Europe – T-Mobile Croatia was named the “Employer of First Choice” for the fifth time in succession, while T-Mobile Slovensko won the accolade of “Best Employer,” and T-Systems Italy bagged the “Top Employer Award” 2009. This shows that we are continuing our trajectory toward becoming a top address for young people and professionals in most of our markets.

Expanding our global brand as an employer. In 2010, we will consolidate our position as attractive employers. One way of achieving this will be via the implementation of a global job platform, to which all Deutsche Telekom's global job advertisements will gradually be added in a transparent fashion. Ultimately, this platform will encompass all internal and external job advertisements for all Deutsche Telekom companies. Additionally, in 2010 we are planning a range of targeted measures and campaigns designed to raise our profile as global employers.

National pioneers in training and skills development.

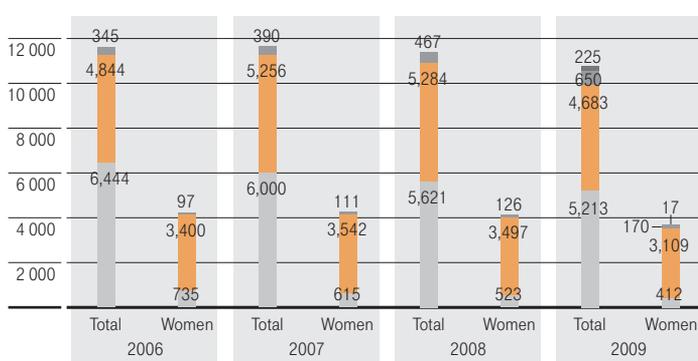
Training@Telekom: National trailblazers in world-class training as a powerful recruitment source. In-house training is the second of our basic pillars for recruiting fresh talent. For years, Deutsche Telekom's training ratio has been one of the highest in Germany. In 2009, due to a decision of the Board of Management it even increased from 8.8 to 9.0 percent. Being "good citizens," we take our social responsibilities seriously, and train far more people than we actually need. Our multiple award-winning training courses are a quality symbol in themselves, and offer broad vocational and job market prospects to the young "specialists of the future." By September 1, 2009, Deutsche Telekom had given around 3,500 young people a career opportunity by accepting them for training or a study program. In Germany, up to 11,000 young people in our ranks were in training by October 1, 2009, including nearly 9,900 trainees, over 670 students on cooperative degree courses, and 61 participants in the "entry-level training scheme for young people" (see page 33, "Diversity business case V: Tapping into new talent reservoirs"). Among graduates of the cooperative degree course, the number who were taken on by the company in 2009 almost tripled compared with 2005, rising to 370. Overall, the Deutsche Telekom training portfolio offers training places in ten different vocations, and eleven different cooperative degree courses. Mindful of the pending shortage of skilled employees fuelled by demographic developments, these measures will grant us stable, lasting access to the next generation of junior staff, particularly in the MINT sector. In 2009, more than 2,200 young people (including around 490 transfers from Vivento Interim Services GmbH) from our training and degree courses were taken on by the company. With this approach, we are establishing fresh expertise, a "wind of change" and a fresh age structure at Deutsche Telekom.

Unique in Germany – Bologna@Telekom: Pioneering higher education. One of the central mainstays of Deutsche Telekom's commitment to scientific training is the development and expansion of part-time degree courses. To this end, in 2009 we launched the "Bologna@Telekom" initiative, which combines all activities from our cooperative and part-time degree courses in reflection of the Bologna university reform. Anchored in Germany initially, in the future the initiative will also be rolled out to other Group countries, as and when required. The part-time courses introduced by Telekom-Shop Vetriebgesellschaft in 2007 at the Steinbeis University of Applied Sciences in Berlin – "Sales and Service Bachelor" and "Master of Business Administration" – helped to inspire Bologna@Telekom. A total of 70 part-time students entered the winter semester 2009/2010, divided between two technical and two commercial degree courses at our in-house University of Applied Sciences (HfTL) in Leipzig and the Steinbeis University of Applied Sciences in Berlin. In cooperation with five selected universities of applied sciences, including HfTL, we are currently in the process of expanding our curriculum to a total of 20 part-time Bachelor's and Master's degree courses. In the winter semester of 2010/2011, more than 200 employees will embark on a part-time degree course, for which they will be released from their duties in order to study and will also receive a financial subsidy from the company.

Trainees and careers in Germany.

Total and percentage of women, figures for Deutsche Telekom AG.

Hiring rate for trainees: 2.9% p. a. of total domestic headcount – in 2010 as well.



- Technical/IT careers include: IT technician, IT systems electronics technician, IT systems business administrator, energy electronics technician
- Business administration careers include: office communications administrator, retail / dialog marketing sales assistant, industrial business administrator
- Cooperative study courses include: bachelor of business administration, communications and information technology, business information systems

Further education at Telekom Training.

Germany, by key themes, as of Dec. 31, 2009.

2009: more than 740,000 further training days for employees. Of which 128,791 days as part of service training.



- Seminars: 31,926 • Participants: 179,455 • Participant days: 744,577
- Of which: service training seminars: 10,499 with 44,458 participants
- Average number of training days per participant: 4.1
- Accesses to Global Teach (internal e-learning platform): 468,750

Weatherproof talent policies: Telekom stays on course.

An anti-cyclical investment: Forging relationships with young academics.

Deutsche Telekom's anti-cyclical investments in winning young talent have helped to significantly improve our public profile. Unlike many companies, this has enabled us to intensify our contacts with new talent during difficult financial times.

"Technology meets Talent" and "Talents in Touch": Dialog platforms get a makeover.

In September 2009 we launched the unconventional series of events "Technology meets Talent," designed to strengthen the bonds between young talent and our company. These so-called "non-conferences" break with traditional conference conventions, since participants design the program themselves, with an emphasis on the open innovation approach. The company welcomes innovative thinkers from every discipline, so that we can work with them to devise solutions for the technologies, customers and work worlds of the future. The first four events, held between September 2009 and April 2010 in Darmstadt, Munich, Berlin and Bonn, were characterized by a "wind of change" and open-mindedness. Other events are planned for 2010. These events also give outstanding students from all disciplines (albeit with a focus on technical subjects) an opportunity to discuss their visions and projects in a highly professional environment. University teachers are invited to participate in the events, which serves to strengthen the company's cooperation links with universities and professorships. Our parallel series of events, "Talents in Touch," which was held for the third time, invited high-achieving students of IT, economics and engineering to engage in debate. The basic idea behind the well-established "Talents in Touch" program is to offer an exclusive European networking and recruiting event that will attract highly talented students. The event is held once a year at alternating venues: after Zagreb (Croatia) and Friedrichshafen (Germany), the 2009 event was held in Barcelona.

On site at universities – Telekom Campus Tour and Ambassador Program.

From April to July 2009, the Telekom Truck visited some 40 universities in Germany and initiated thousands of contacts. There were also more than 100 "ambassador assignments" in 2009, when Group employees successfully represented our company as "ambassadors" at university events. The Telekom Campus Tour and our Ambassador Program have demonstrated that a targeted mix of events and a growing number of Web 2.0 activities inspire loyalty to our company among young people, and help to nurture a growing community of international talent. For this reason, the Group is increasingly committed to social networking sites like Twitter and Facebook as a way of reaching out to future employees.

Job app for the iPhone. Since March 2010 we have made active use of "Jobs&More" on the iPhone platform to establish contact with potential job applicants. The app combines the latest job opportunities with a variety of employer information, including videos, and links to social media channels. With the new "iPhone-app" we underline our claim to be an innovative talent company and a "2010 top recruiter".

Different and more than just a trainee program: Start up! and Jump in!.

All too often, companies channel young graduates into rigidly structured trainee programs that leave little room for individuality, so that they are only visible to the HR experts in charge of them. Deutsche Telekom's international program for high potentials, "Start up!," is conducted under the special patronage of the Group Board of Management. Each year, the program selects around 50 outstanding university graduates who have the willingness to embrace change and the entrepreneurial spirit that will help to drive the Group's transformation forward. Service culture is one example. In 2009 alone, eight graduates joined the company's service units under the Start up! scheme. Over a 15-month period, these Start ups will actively help to shape change in a series of demanding and innovative projects, and put their leadership potential to the test. At the same time, an ancillary program is designed to build on their expertise and encourage personal reflection. The 30 or so Start ups who volunteered to help renovate a number of day care centers in Bonn as part of a 2009 Social Day demonstrated particular initiative, willingness to change and social involvement. In parallel to Start up!, "Jump in!" offers university graduates, including those from our cooperative degree courses, excellent opportunities for getting off to a flying start at Deutsche Telekom via the direct entry route. With a personal coach to assist their entry into their preferred field and their own training budget, the new recruits focus intensively on developing their personal and technical skills. In this way, we are also supporting the development of a holistic understanding of Deutsche Telekom's corporate mission statement and transformation.

Recruiting & Talent Service: The backbone of our market presence.

The central Recruiting & Talent Service, established in October 2008, helps to develop Deutsche Telekom's employer branding, safeguarding a highly professional presence in the job market and the implementation of effective recruiting from both within and outside the Group. Its experts are available across the Group to executives and the HR unit as contacts during the entire personnel recruitment process. Internally, the standardized and transparent Group-wide recruiting process gives job-seekers access to suitably high-caliber positions and allows recruiting units to execute their talent searches efficiently. This, in turn, guarantees consistently high standards of recruitment.

Tailored advancement and succession management: For experts and executives with potential.

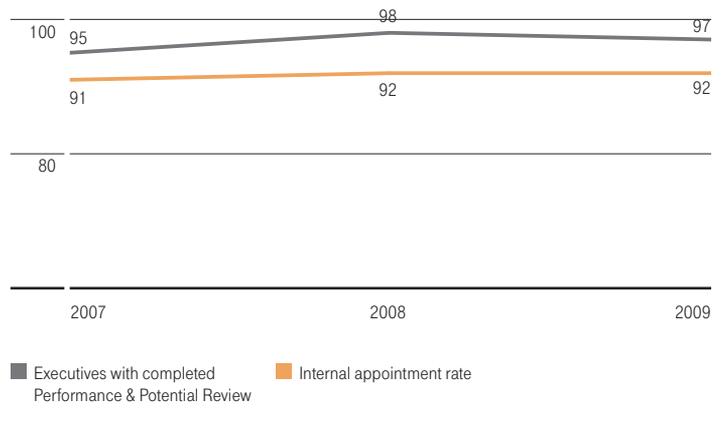
STEP up!: Uniform executive management. Initially designed for around 2,400 executives in Germany, in a subsequent step we aim to gradually expand our executive development program “STEP up!” to executives all over the globe. The STEP up! processes and tools are strictly geared to our Group’s international structures. The core element of STEP up! is the Performance & Potential Review, while the new competency model provides the basis for competency assessment.

Go Ahead!: Development opportunities for experts. For experts at Deutsche Telekom, the Group-wide relaunch of the expert development scheme “Go Ahead!” offers transparent development paths and optimum career prospects. There are currently more than 50,000 experts on the Go Ahead! scheme in competition-critical areas (primarily technology, IT, ICT and innovation). Advancing their expertise could be described as the “mass sports” of HR development for experts. Parallel to the traditional management career, we also hand-picked more than 600 top performers and high potentials from this scheme for the expert career (or “top-class sports”). Go Ahead! has already been launched for more than 90 percent of the experts at T-Systems and the former T-Mobile in Germany, and around 75 percent at the international T-Systems units. As part of Go Ahead!, expert development at T-Systems is accompanied by the “CAMPUS” range of strategic skills development programs. The programs are available for all key function areas at T-Systems and serve as a prototypical best-practice approach within the Group.

A uniform competency model links the two career paths. The new, globally valid competency model provides the material basis for our uniform Group-wide HR development. It replaces all previous models and is derived from our new Guiding Principles. In addition to the Guiding Principles, we have redefined the topics of leadership, intercultural competencies, communication skills, specialist competencies, result orientation and willingness to change as success-critical competencies. The competency model contains transparent, identical yardsticks for the assessment, development and promotion of our employees within the framework of our comprehensive career systems for executives and experts. The model has also created the material foundations to facilitate greater permeability between expert and executive careers in the future. The Performance & Potential Review (PPR) plays a central role in creating the additional transparency and harmonization of the HR development processes required for One Company.

Success of executive development worldwide.

KPI development, figures rounded, in %.



Performance & Potential Review: The heart of HR development. For a number of years, the feedback and development meetings held as part of the PPR have served as a tool for the uniform, cross-country performance and potential assessment of our executives within the context of STEP up!. A number of business units are already using the PPR process in a modified form, for example to conduct performance and potential checks of operational executives such as store managers at the Telekom Shop Vertriebsgesellschaft, or as an entry ticket to an expert career. Since 2009, we have continued to gradually roll out the new competency model as the basis for all feedback and development meetings. Uniform Group-wide performance, competency and potential assessments create a sound basis for talent and succession management. In 2009, for the first time, the PPR process for our executives was supported by a dedicated IT tool. The data from this tool provides a foundation for the development of succession management.

Mobility instead of “career tunnels”: Professional development needs new perspectives and a breath of fresh air. As well as being used to offer attractive career opportunities to key top performers with a view to securing their loyalty early on, succession management also serves to keep their career paths alive. At the same time, we are also keen to inject a breath of fresh air into One Company via exchanges between national and international units, between different functions and different businesses. This will lead to broader horizons, greater scope for action and development, a transfer of knowledge, and “revitalized” careers. With the same objective, parallel to this, we are also stepping up our international exchange program for experts. In order to encourage mobility as a development criterion, we are aiming to achieve an annual exchange of around 20 percent of all management positions, and to limit the time spent in any given position to a maximum of five years. “Irreplaceable” top specialists will, of course, be an exception to this rule.

Telekom X-change: International HR development initiative. Since Telekom X-change, an international exchange program focusing on specific project tasks, was introduced in January 2009, it has become established as an attractive way of gaining international experience, particularly for our top performers in international subsidiaries. In its first year, 57 international placements were made within the Telekom X-change framework: 25 from Germany to another country, 23 from another country to Germany and 9 between countries outside of Germany.

Roundtable for internal appointments: The Executive Search Council. In keeping with our principle of identifying the very best candidates for management vacancies and ensuring that nepotism and cronyism have no place in our company, we have created an internal “roundtable,” the Executive Search Council (ESC), which compares the requirement profiles of vacancies with the skills profiles of potential candidates. The ESC’s involvement in the appointment of top management positions is currently around 90 percent. The growing importance of the ESC as a neutral, objective and purely business-based HR tool is illustrated by the fact that all appointments to top executive positions within the framework of our reorganization to One Company (an internal merger which has been highly sensitive from a psychological and corporate culture viewpoint) were based on the recommendations of a dedicated ESC set up especially for this purpose.

Leadership Excellence Programs: International leadership schemes. STEP up! and Go Ahead! provide defined career paths, while the PPR process is the process for career assessment and positioning. Like a string of pearls, target group and level-specific development programs are designed to complement “on-the-job” development. In this way, we support executives in the initial phases of a new management position and help them to get to grips with their complex leadership requirements. Uniform Group-wide and centrally conducted “Leadership Excellence Programs” (LEP) have differentiated content that is tailored to the specific management level within the Group. The aim is to encourage Group-wide networking between managers, to strengthen and support them in their new roles and, in this way, to ensure that their entry into a new management level gets off to a flying start. On a Group-wide basis, in the period under review, a total of 473 people – 74 women and 399 men) attended the LEPs. 349 executives came from Germany and 124 from international units. This program actively promotes our leadership philosophy, which aims to utilize the Group’s diversity to the best possible effect for all involved, based on a shared corporate mission statement for customers, employees, managers and stakeholders (for more on the Group’s revamped diversity management, see page 28). 2010 will be a year in which we internationalize these programs further.

Professional programs safeguard state-of-the-art technical expertise. Deutsche Telekom offers special, function-specific advancement measures in an international context. Examples include the Professional Programs (PP), which also offer the option of studying for a Master’s degree within the context of Bologna@Telekom (see page 18). The relaunch of this modular training program, taught entirely in English, took place in late 2009 with 36 participants in PP HR: 28 women and 8 men; 23 from international units and 13 from Germany. Additional PPs in the areas of marketing, finance and IT will follow. Since 2006, some 200 experts from the Group have already participated in the PP.

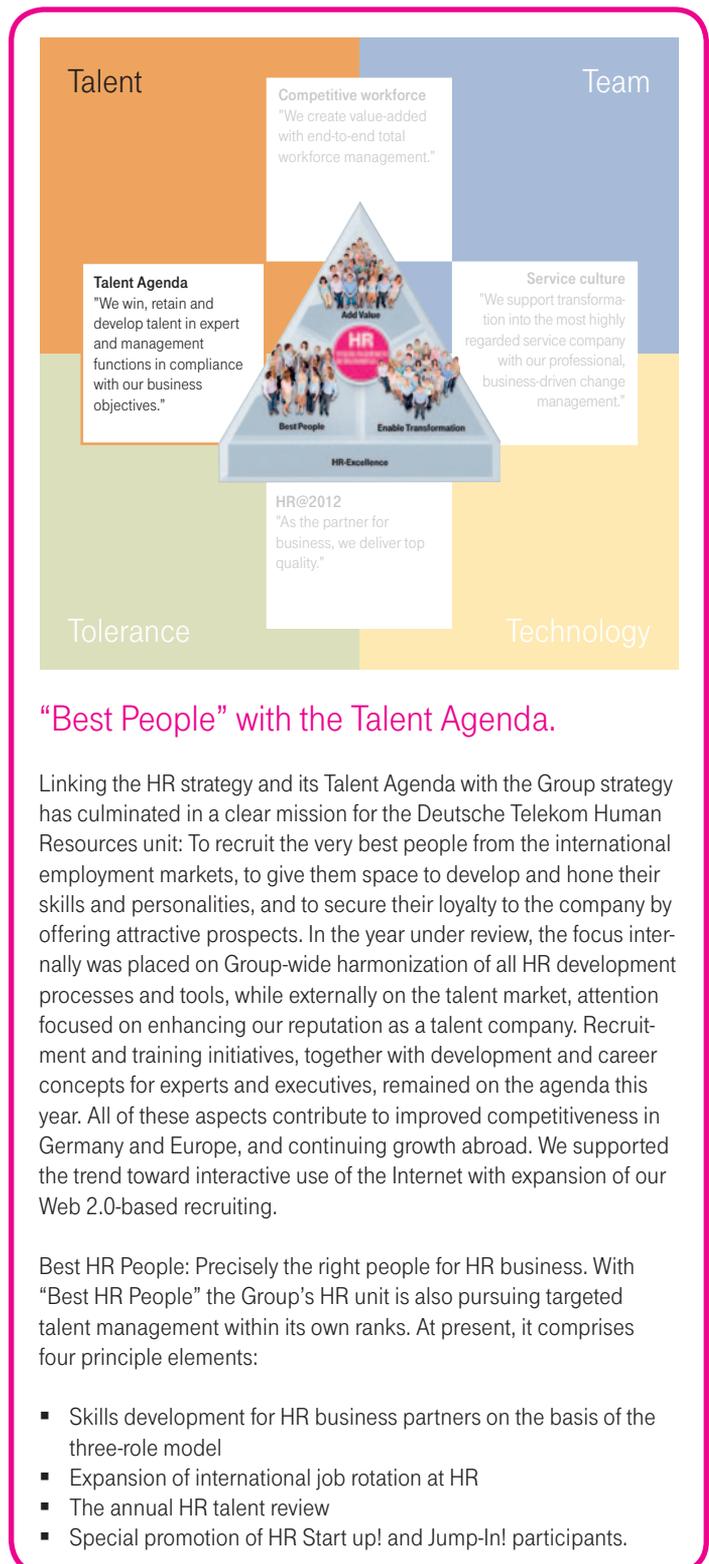
Fitting the talent pieces together: The whole is greater than the sum of the parts.

One Company: A company with a new focus needs a fresh, holistic approach to talent management. This should be based around regions rather than business areas, with an international focus instead of an introverted focus on Germany. This fresh approach by Deutsche Telekom calls on the HR unit to tailor its existing talent concept to the new business concept, particularly in the case of competition-critical functions such as IT, innovation and technology, and has global validity, transcending all legal boundaries. Functional talent pools make up the central element of our re-vamped talent management system. We hope to use these to promote our up-and-coming management team, our experienced top performers and high potentials, and last but not least, our top talents, in a business context. The aim is to get Deutsche Telekom into the top ten talent companies in as many countries as possible by 2012.

A broader approach to talent identification: Biotopes instead of elitist circles. The elitist talent philosophy of the Eighties, which relied on identifying the best candidates at a young age and promoting this very limited circle of individuals, has long since been superseded by reality, particularly in view of the demographically-induced talent shortfalls in many areas, coupled with the realization that talent exists in a far more diverse format, and is often only activated during the course of professional challenges. Our approach to the identification of talent at international level pre-supposes the use of all identification options, as well as talent pools throughout the various phases of professional development. Talent identification is divided into three target groups, emerging talent, professional talent and top talent. Our so-called "talent spaces," which are formed from the broader pools, encourage the selective development of talent in communities with identity-, success- and knowledge-shaping elements. As well as providing a range of networking opportunities such as events, marketplaces, digital media and ideas management, the services on offer also include mentoring, action learning and dialog with opinion-shapers and top management.

Developing talent for the business leader team (BLT). In the future, we will be placing special emphasis on developing outstandingly talented employees to further their advance in the direction of top management. This will again be based on the established STEP up! tools and processes. Additionally, candidates we identify will be given the chance to assume responsibility for complex projects and functions within view of top management and thus to commend themselves for business leader positions on a fast-track basis. The goals we pursue here include:

- Designing transparent development paths – from the bottom to the very top.
- Inspiring long-term employee loyalty to the company on the basis of broad competency and personality development.
- Securing skills at the company
- Accelerating the careers of the top talents



"Best People" with the Talent Agenda.

Linking the HR strategy and its Talent Agenda with the Group strategy has culminated in a clear mission for the Deutsche Telekom Human Resources unit: To recruit the very best people from the international employment markets, to give them space to develop and hone their skills and personalities, and to secure their loyalty to the company by offering attractive prospects. In the year under review, the focus internally was placed on Group-wide harmonization of all HR development processes and tools, while externally on the talent market, attention focused on enhancing our reputation as a talent company. Recruitment and training initiatives, together with development and career concepts for experts and executives, remained on the agenda this year. All of these aspects contribute to improved competitiveness in Germany and Europe, and continuing growth abroad. We supported the trend toward interactive use of the Internet with expansion of our Web 2.0-based recruiting.

Best HR People: Precisely the right people for HR business. With "Best HR People" the Group's HR unit is also pursuing targeted talent management within its own ranks. At present, it comprises four principle elements:

- Skills development for HR business partners on the basis of the three-role model
- Expansion of international job rotation at HR
- The annual HR talent review
- Special promotion of HR Start up! and Jump-In! participants.

High-tech requires “high touch.” Innovative people secure our future.

Deutsche Telekom operates as one of the leading service providers in a global high-tech market. Our aim is to position our company as the leading provider of products and solutions for connected life and work in our sector of the market. This is not only a financial vision but also one that supports society and its networking. To make it come true, we are systematically developing the skills and service mindset of our workforce as well as our corporate culture: High-tech requires high touch. High touch is the cultural link – the relationship between individual talent and the company’s high-tech standard. In this field, we naturally use information and telecommunications technology not only to maximize the quality of our HR services throughout Deutsche Telekom, and especially to further evolve our corporate culture in the direction of Enterprise 2.0.

We are networking our company – to delight our customers in the long term. Telecommunications and information technology (IT) products and services are becoming ever more indispensable in the quality of people’s work and personal lives all over the globe. Increasingly, the processes in place in enterprises in virtually every sector of the economy are based on IT and telecommunications. In order to delight our customers with products and services that are geared to their wishes and needs, we marry the latest scientific research with application-oriented development, and collaborate with scientific institutions, innovation networks and business enterprises. We link employee know-how and ideas with open innovation and entrepreneurial actions and mindsets. This is the type of networking we are aiming for with our HR strategy and numerous HR measures – first and foremost in order to commodify our innovative technologies as powerful products and services that are brought to our customers by highly efficient service and sales teams.

Deutsche Telekom as knowledge producer for forward-looking services and technologies.

University of Applied Sciences in Leipzig (HfTL): Securing young technology talent. With its state-approved bachelor and master courses, Deutsche Telekom’s University of Applied Sciences stands for top-quality, state-of-the-art and practice-oriented technology education. Courses of study in communications engineering, communications and information technology, business information systems and information and communications technology cover the broad range of telecommunications topics. In this way, HfTL guarantees our company access to the latest know-how and highly qualified young professionals in fields that are critical in today’s competition.

Company flagship for university reform. We actually want to achieve more and be even better: The HfTL objective is to become a “flagship Bologna university.” The results so far show that it has already made considerable progress in this direction. Along with classic on-campus studies, the trend at the university is to offer more cooperative and part-time study programs. With its three-pronged strategy, the university is a “beacon” guiding implementation of the Bologna university reform in enterprise human resources development. This will give hundreds of talented tech-savvy students the opportunity to apply their academic know-how to their own career projects and day-to-day work in the future. In 2010, cooperative students will be in the majority at HfTL. This will make Deutsche Telekom a “co-investor and producer” of (technology) education – giving it a sustainable edge on its competitors, above all against the background of the shortage of specialist workers in the MINT disciplines (mathematics, computer science, natural sciences and technology). Our commitment gives students as well as our company access to a new, rich store of state-of-the-art know-how, fresh ideas and valuable experience. This university commitment is based on the “Bachelor Welcome” motto. Back in 2004, Deutsche Telekom signed the “Bachelors Welcome” declaration issued by the Endowment Association for German Science, thus joining numerous eminent companies that are committed to a sustained effort to combat the expected shortage of specialist workers and to efficient implementation of university reform.

Research for products and services of tomorrow and thereafter. The research work carried out in Leipzig represents the groundwork for future developments and technologies, including for example the IP-based Next Generation Network (NGN), which is set to merge and replace the traditional telephone and data networks. Students at the university are researching into ways in which we can provide our customers with different services in the accustomed high quality over NGN. A quantum leap, which has received acclaim all over the world, was taken in Leipzig with the storage of light signals. A technology known as ‚slow light‘ is considered to be the key technology for the future of the Internet: It could open up a way for Deutsche Telekom to ramp up the capacity of its core network to transport data volumes that continue to grow at lightning speed. Our customers will, in turn, profit from high-speed data links and top voice quality – for calls they make via mobile or fixed-network lines, when exchanging business data, working or surfing the Internet, or watching TV via Entertain, our company’s IPTV service.

Scientific research and applied product development hand in hand.

Deutsche Telekom Laboratories turn ideas into business future. In order to focus and specifically drive innovation activities within the company, we founded the Deutsche Telekom Laboratories as an affiliated institute of the Technical University of Berlin in 2004. Its remit is to develop innovative services and solutions for our customers. Now, more than 300 scientists from all over the world are working with Deutsche Telekom experts in Berlin and other sites in Darmstadt, at the Ben-Gurion University in Beer Sheva (Israel) and in Los Altos in Silicon Valley (U.S.). The Deutsche Telekom Laboratories are pioneering a new quality of cooperation between university institutions, innovation networks and business enterprises, based on the principles of open and user-centric innovation. Publications by Deutsche Telekom Laboratories appear virtually daily; patents for new ideas are applied for on a weekly basis. Areas of research cover not only user-friendly design for innovative services and devices such as the Sinus A201 phone, new network architectures and security solutions, but also new technologies such as LTE-Advanced, the next-generation-but-one mobile communications technology. One project that received much attention was the “StreetLab” held in Berlin in summer 2009. Here, children and young people experimented together with design researchers from Deutsche Telekom Laboratories on all aspects relating to the mobile phone. This gave rise to many creative ideas for mobile communications of tomorrow. In the true sense of the word, the Deutsche Telekom Laboratories practice both “Bologna professorships,” career openings for outstanding talent in science and practical work, and also “Bologna research” in the real corporate environment.

Transforming corporate culture – opening up the company and make it more democratic.

Open Innovation and Enterprise 2.0. The future belongs to companies that shed the fetters of their knowledge silos and open up – especially to those who drive their business: to their customers, to inventors, developers and innovators, and – last but not least – to the “collective intelligence” of their employees. In order to tap the possibilities offered by future growth areas, we are increasingly looking for direct contact and dialog with young talent, customers and innovators. One example of this was when we invited our “innovation community” to the Innovation Day at Deutsche Telekom’s Berlin Representative Office for the third time in 2009. The event saw presentations on research and development projects and new trends, as well as discussions with representatives from the ICT industry, research, science and the Deutsche Telekom Group. One pioneering feature in the talent market is our series of events entitled “Technology meets Talent,” which meshes the vast range of ideas offered by young talent with the skills of our company– without the aggressiveness that is often found at recruiting events. Enthusiastic technology freaks, business administrators who are interested in technology, experts hungry for innovation, and cooperative professors build a learning community there (see the section on “Talent,” page 19).

www.developergarden.com. Community for developers and software architects. The future of innovation is ‚open innovation‘: This means that new ideas and business models are no longer produced exclusively within business enterprises but collectively with customers and developers worldwide. We support this actively by opening our platforms and services via open interfaces known as application programming interfaces. In the Developer Garden, the open development community for innovative minds in the web, dedicated developers can give full reign to their creativity and exchange ideas with Group experts. They can use the programming tools supplied to incorporate Deutsche Telekom services quickly and easily in their own web sites and applications, and thus successfully build completely new business models.

Opening up starts within the company itself. In order to become market leader in connected life and work, we must set a good example with our own corporate culture. With Enterprise 2.0, we are therefore opening up the company for our employees, promoting their networking with social media and activating knowledge exchange across units and across corporate boundaries. As the HR unit, we are driving various measures and initiatives in which the topics of service and technology play key roles:

- Telekom wiki. Open, Group-wide knowledge networking. Over 120 projects used wiki as a collaboration platform in 2009.
- Go Ahead!. Transparent development paths and optimal career prospects for experts, in particular in success-critical technology fields.
- CAMPUS. Strategic skills development programs that accompany expert development at T-Systems as part of Go Ahead!.
- Service stars and Winners' Circle. Awards for outstanding internal and external service. For example, in 2009 we named another 20 service stars and thanked them with a place in the "Walk of Service" at the Group's Service Headquarters.

With measures such as the "Palomar5" innovation camp, the "culturetube" video and discussion platform from the Products & Innovation area and various blogs, we promote a culture of professionals at eye level – reducing the distance from employees to "the guys upstairs" and developing a culture of participation and decision-making with flat hierarchies.

Ideas management: Giving staff the chance to participate and utilizing their know-how in the interest of our company. With their broad expertise they acquire in day-to-day business and a wealth of ideas that arise in direct dealings with customers, technology and products, our employees play a major role in making improvements within the Group. However, a "culture of mutual respect" is required before our employees can contribute their know-how comprehensively to generate value to the benefit of our company and our customers. We took this goal into account with our realignment of ideas management in the year 2009. For us, the key element of modern ideas management is to establish a dialog platform between hierarchy levels and between functions. Our aim is for this to support 'democratic,' impartial interaction in order to comprehensively improve all aspects of our processes, products and services. In the year under review, ideas management had two main focuses: first, to improve our internal services as the basis for excellent external customer service (for "Service behind the scenes," see "Team" section, page 15) and, second, action aimed at embracing a responsible attitude toward data protection and data security within the company.

genial@telekom.

Ideas management on the advance.

	2006	2007	2008	2009
Suggestions for improvement	8,600	8,841	7,295	5,592
Savings in € million	74	99	141	122
Patent applications	557	542	665	713

Service professionals deliver innovative technology to our customers.

Service training and service careers: Identify development prospects, further promote a service mentality. The service careers model, which was launched in spring 2009 – top professional training in service – and the broad-scale service training that was agreed in 2007 are vital levers for combining competence and service orientation to deliver high-tech to our customers. Employees in the service companies participated in about 130,000 service training days overall in 2009. The object of service skills measures is to ensure that service staff embrace a distinct service mentality in all processes and our entire organization – and, in doing so, offer our customers excellent, universal service throughout the company. The service training portfolio, for instance for our service company Deutsche Telekom Technischer Service GmbH, covers three aspects:

1. Service communication & sales orientation
2. Change and health management
3. Products, technology and supporting offers for day-to-day work

Our service career offers the high performers among our employees attractive development opportunities. The special aspect of our HR “service career” development scheme is that employees receive a separate pay component for their additional role as “product ambassador.” The objective of the service career is to improve not only employees’ further career development but also their service and customer competency, particularly for complex problem solutions for our customers. The HR framework conditions (described here for the example of Deutsche Telekom Technischer Service GmbH) are as follows: During a training phase, a total of 1,000 participants will be prepared for their work as product ambassadors up until the end of 2010. As product ambassadors, they will receive an annual target salary that is raised by 3.5 percent in the first year and another 1.5 percent in the second. Their work includes implementing know-how on key Group products in the organization, integrating sales issues and service centrality as a role model for colleagues, collaborating on projects, and practicing exemplary communication skills in the team.

The future of customer contact. Phone calls to the hotline or visits to the Telekom Shop: At the two most important points of personal contact with our customers we have already installed intensive and successful measures for more service quality. In 2010 we will be using the Telekom Shop Truck at big events and in sparsely populated areas, where store-based business is not economically viable. On the basis of our award-winning shop concept, we have plans to make our Telekom Shops even more customer-friendly. Parallel to this, implementation of the site concept for Deutsche Telekom Kundenservice GmbH is also running to schedule. By the end of 2009, seven of the new service centers had already started work, and all 33 sites will be occupied and active by mid 2011. With the new service centers, we are also installing competitive cost structures and creating the basis for a further improvement in customer service and for sustainable jobs at Deutsche Telekom. The contact centers are being designed in compliance with the latest scientific research; the workstations are very high quality and optimally geared to employees’ needs.

Progressive: HR has its own technology mainstay. We naturally supply powerful IT and telecommunications solutions not only to our consumer and business customers in the external market. We also use such solutions in particular at HR to guarantee our internal customers the best possible services:

- For example, employees can use the interactive “myHR” employee portal to process travel expenses, plan and book leave and enter their working hours.
- Payroll accounting is online and offers users many helpful explanations.
- We plan to add further interactive functions to enhance myHR, for example with an integrated automatic call-back function.
- Our electronic personnel file is considered exemplary.
- Besides this, we also support other HR tools and processes comprehensively with state-of-the-art IT, one example being our Performance & Potential Review.
- Our onboarding process ensures that new employees have access to the infrastructure they require, including all electronic accesses, on their first day at work in the company.

One HR – One HR IT. In order to be able to offer standardized HR products and processes in our international Group in the mid-term, we are phasing in a global HR IT architecture. The object is to largely harmonize standard services and run them with IT support. In this way, we not only improve the service offering for our employees but also reduce our costs.

- In 2009, we continued to harmonize the HR IT in order to further improve the quality of service we offer our HR customers. One of our activities involved merging the key HR systems in the German company onto a common SAP platform.
- Our subsidiary T-Systems is rolling out a corporate HR IT system (CHRIS), one of the benefits being that it will optimize data quality and reporting in all the T-Systems national companies. The CHRIS platform is a central element of the future global Group HR IT architecture.
- Innovative IT applications for an innovative workforce. We make powerful IT applications available to our employees to help them on the way to building an innovation and service culture. One of these is “genial@telekom,” the new ideas management IT tool which we rolled out at the end of 2009. Employees can now enter their suggestions for improvements to products and processes faster and more conveniently online, and track the idea assessment process whenever they want. On top of this, the tool generates end-to-end transparency throughout the ideas process. We expect yet another process improvement in 2010, when a web-based platform designed for collaboration goes live.



One standard, one process, one service experience.

The HR unit's objective is to offer all its customers and partners in the Deutsche Telekom Group a comprehensive service portfolio based on constantly high quality. To this end, the HR colleagues receive further training for their roles, the HR product portfolio is streamlined for simplicity, efficiency and effectiveness, and HR processes are relieved of any bureaucracy and standardized throughout the Group. Wherever it makes economic sense and is necessary for our business, we strive to achieve maximum harmonization in HR processes at national and international level, a move that is reflected in clearly defined and customer-oriented products and services. We have already standardized around 150 processes in Germany since the beginning of 2009. During the next phase, we will be harmonizing selected global HR processes and implementing them in the Group.

HR services from a single source. A key building block of a global HR service architecture is a universal IT infrastructure that provides optimal support for HR services. Already today, employees in the international Deutsche Telekom Group have access to all the HR services they need via a central intranet portal. This will be further expanded in the future and an even more customer-friendly interface added. In 2010, the HR Portal will be extended to cover the entire Group, and in the coming year we plan to make a helpline available to all employees. In doing so, we will be offering all of them fast access to the services from HR.

Diversity through tolerance: A successful recipe for our company's future.

For Deutsche Telekom, tolerance is synonymous with productive diversity. More than ever before, the Group's global success is driven by the diversity of our company, our tolerance of variety, the uniqueness of our employees, and the variations in their individual styles. This is aided by the on-going development of our HR strategy, which includes Group Diversity Management. "Adding value by valuing others" is our motto – everyone linked to Deutsche Telekom benefits from our "diversity business case," our customers, employees and their families as well as our shareholders and society at large.

Tolerance and diversity open up opportunities. The opposite of diversity is single-mindedness, reflected in uniformity, mental inflexibility, and one-size-fits-all solutions. By contrast, diversity means strength, and enriches our company: Young and old, disabled and able-bodied, people from a wide range of cultural backgrounds and religions, homosexuals and heterosexuals, women and men. Deutsche Telekom is committed to this broad and colorful mix of different personalities and experiences, skills, ideas and attitudes, all under the umbrella of our new Group-wide Guiding Principles that make up the value framework on which all of our actions are based. This is part of our transformation from an introverted, technically oriented and centrally controlled corporation into an international, customer-focused network of equal partners who rely on one another. And it applies across the board throughout every level of the company: both internally between individual employees, departments, units, regions and countries, and externally with our customers, partners and suppliers, friends and families, community, society and the environment. Tolerance and diversity would actually be indispensable from a moral stance alone, even if they were not vital for our business. Who would have the right to refuse another person opportunities simply because he or she were different?

Focus on people and business: Diversity Management gets a revamp. Each and every one of us, but especially executives, shares responsibility for the management of differences and diversity. However, we also need a nucleus to represent this issue. With this in mind, Group Diversity Management (GDM) underwent a complete revamp in 2009. The target of this international team of men and women is to transform the traditionally "soft" issue of diversity into a "hard" business case – in other words, to produce measurable added value for our company and our employees, and to implement practical measures that will anchor diversity firmly in our corporate culture. To this end, diversity managers will be deployed in each of our strategic business units (SBUs). They will forge direct links between diversity and business, as well as ensuring that diversity is practiced in the company's HR development and policies. The following five business cases illustrate this principle.

People with disabilities.

Deutsche Telekom Group in Germany, in %.

	2007	2008	2009
T-Home	7.0	7.0	*
T-Mobile	3.3	2.6	*
T-Systems	3.8	4.3	3.6
Group Headquarters & Shared Services	8.3	8.1	7.7
Group units in Germany	6.2	6.3	6.0
Germany	*	*	6.3
Europe	*	*	1.2

*Due to restructuring, previous values per segment are not comparable.

Diversity business case I: Grow at international level – merge cultures carefully.

260,000 employees, 33 countries, EUR 64.6 billion in revenues. Deutsche Telekom is present in 33 countries, from Canada to Japan. In 2009, for the first time, more than half of our 260,000 employees worked outside of Germany, the largest number in the United States, where more than 41,000 colleagues work for the Group. The next-biggest locations are found in Greece, Romania, Hungary, the United Kingdom, Slovakia and Croatia. Overall, our company generated more than half of Group revenues outside of Germany in 2008 and 2009, when we also extended our global presence yet again.

International acquisitions are a testimony to the success of our cultural policy. Multinational markets and an international focus present us with opportunities as well as obligations. Acquisition of the Greek telecommunications company OTE led to an increase of more than 33,000 employees in the Group's workforce in south-east Europe. In addition, T-Systems has taken over and successfully integrated numerous employees – in a series of significant deals, acquisitions and consolidations – thanks to professional, sensitive opportunity management. These international T-Systems activities include the acquisition of the Arivia Group in South Africa with 1,245 employees, the purchase of Spanish IT service provider Metrolico with 1,190 employees and the initial consolidation of T-Systems CIS in Russia with 351 employees. In total, over 3,400 new employees joined us as a result of acquisitions by T-Systems during the period under review. Our success is due to a number of factors, including tolerance toward established cultures and backgrounds, openness to differences, and sensitive integration into the Deutsche Telekom network.

International exchanges, international transfer of know-how, international expertise. Two examples illustrate this:

- Our international exchange program for talents worldwide, Telekom X-change, is designed not only to promote dialog between international units, but also to encourage international HR development and the honing of personal intercultural skills (for details of Telekom X-change, see page 21 of this report). At T-Systems, preparations for the exchange program included the launch of a job rotation program, hosted by our Indian partner Cognizant.
- The "Africa is coming!" initiative is a very special project for know-how transfer and long-term relationship management. The pilot project, under the patronage of the German President, promotes talented African managers with a tailor-made training program. In 2009, a total of 20 people participated in this scheme, one from each company involved.

Revenue development at Deutsche Telekom.

More than half of Group revenues outside of Germany.

In € billion	2009	2008	Change on 2008
Revenue, Group overall	64.6	61.7	+ 4.8 %
Revenue, national	28.4	29.7	- 4.4 %
Revenue, international	36.2	32.0	+ 3.4 %
Percentage of international revenue in Group revenue	56.6 %	51.9 %	

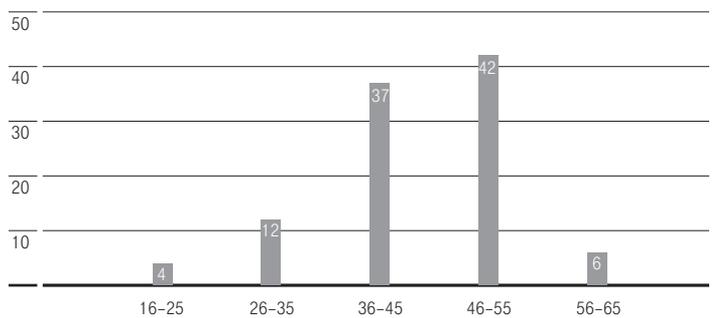
Diversity Charter: A voice for diversity in the Group and in society. Back in 2006, Deutsche Telekom joined forces with Daimler, Deutsche BP and Deutsche Bank to create the Diversity Charter, a company initiative to promote diversity in companies and in society. More than 600 companies and public institutions have since signed up to the Charter, making it one of the largest networks of German companies. In order to ensure in-house implementation of the Charter, Group Diversity Management has initiated an international diversity network with the responsible individuals in each country. Diversity officers are now able to exchange examples and experiences of best practices in their countries via a virtual platform, and forge closer links. Our international diversity and HR managers will also have an opportunity for intensive face-to-face dialog at the 2010 Diversity Conference. During the period under review, GDM also conducted a diversity survey to evaluate best practices and indicators from 41 international Deutsche Telekom companies. The results indicate that many of our countries employ far more women in executive positions than is the case in Germany. At T-Mobile in Croatia, for example, 46 percent of executive positions are held by women. At T-Mobile USA, the figure is 30 percent. We hope that this will serve as an incentive and is our responsibility in countries where women are far less well-represented in managerial positions.

Diversity business case II: Generation management.

Shaping up for demographic change. With "Generation@Telekom", Deutsche Telekom is shaping up to meet the challenges of demographic change. The trend toward an ageing society is also reflected in our Group's workforce. With this in mind, the challenge is to actively ensure employability, experience/knowledge, and generational diversity. Our objective is to establish a balanced age structure that will enable us to draw benefit from the fresh know-how and the "wind of change" that comes with young talent as well as from the experience and enduring expertise of our specialist and executive staff – all in the interest of success for our company in the long term. The first pilot projects have been launched under the Enterprise 2.0 initiative, including inter-generational dialog in the form of a "reverse mentoring program," in which young and old exchange their experiences of Web 2.0, and older colleagues learn new Internet applications from their younger mentors. Another flagship event in our generation management program is "Children's Day," launched in 2009, which offers children the opportunity to visit their parents at work. This serves to motivate employees and cement their loyalty to the Group. In 2010, "Children's Day" will be extended to other international sites wherever possible, as well as taking place throughout all locations in Germany.

Age structure in the Deutsche Telekom Group.

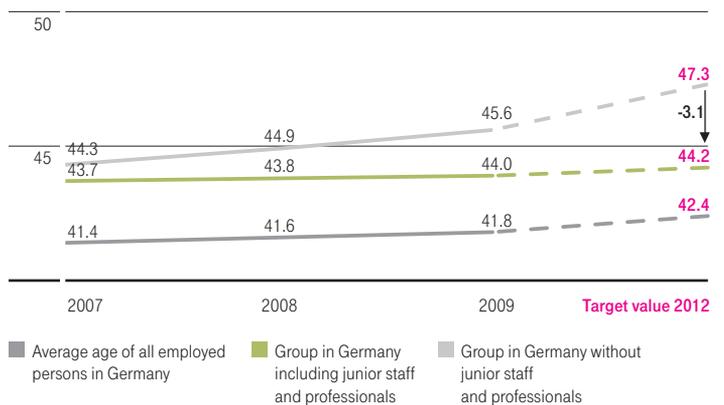
In Germany, as of Dec. 31, 2009, in %.



Ø age (in years): 44.0

Rejuvenation through personnel reorganization.

Development of average age at Deutsche Telekom Group in Germany, in years.



Diversity business case III: Women in management.

Taking female advancement seriously: Deutsche Telekom is the first Dax 30 company to introduce a women's quota.

By the end of 2015, 30 percent of upper and middle management positions at Deutsche Telekom are to be filled by women. This regulation applies worldwide. We anticipate that greater diversity in management will not only expand our talent pool but also generate greater added value for the company. With more women in management positions, we strive to implement visible, sustained equal opportunities for the best talents, regardless of their gender. Our efforts over the years for the advancement of women were genuine and well-intended, but success remained limited as in all major companies. We are therefore now taking a new and bold tack without abandoning the advancement measures we have installed to date. Moreover, the women's quota is an innovative response to mid-term developments on the labor and talent market. Today, for example, around half of students graduating in economics at German universities are women. Despite this, a "glass ceiling" clearly still stops too many talented females from making it to the top. Deutsche Telekom intends to break through this "ceiling" by introducing the women's quota; we also expect it to be a positive signal for girls starting out on their careers. For Deutsche Telekom, the quota is an important part of the strategic workforce restructuring process as it ensures constructive, fair and sustainable expansion of the talent pool that will provide the managers of tomorrow's world.

Setting targets for preparations and controls. Implementation of the 30-percent quota for women in management positions at Deutsche Telekom will be prepared systematically on the basis of targets governing, for example, the recruitment of university graduates, selection processes, talent pools and participation in executive development programs. In subsequent years, the company envisages that the percentage of female graduates from cooperative degree courses and university graduates, especially in technological study courses, that it recruits will be twice as high as the quota of women graduates overall, particularly in technical subjects, and will increase from year to year. Our management development programs must be composed of at least 30 percent women in 2010, and at least 40 percent by the year 2012.

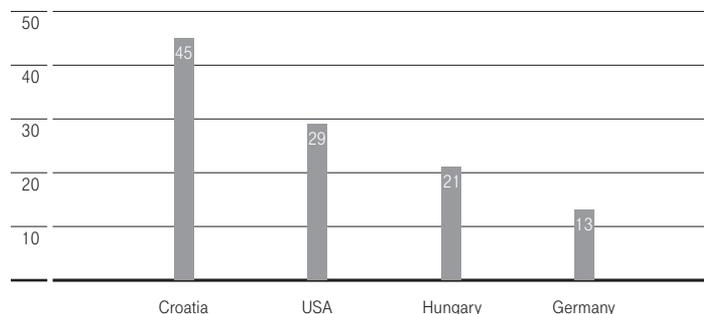
Women in the Deutsche Telekom Group, Germany. In %.

	2007	2008	2009
Percentage of the total workforce	31	32	32
Percentage of executives in management groups 1,2,3	12	13	13

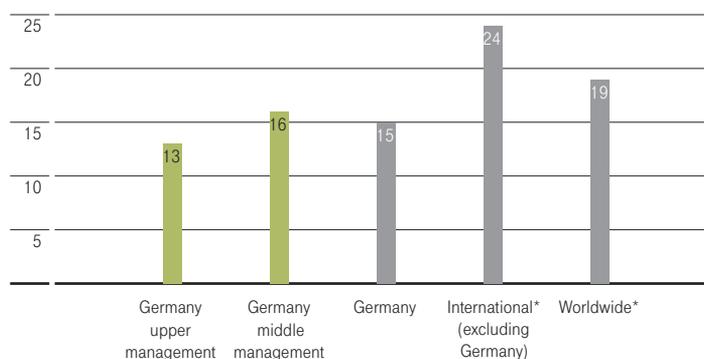
All figures rounded.

Women in management positions.

Share of women (%) in upper management, in example countries.



Share of women (%) in upper and middle management positions, as of Dec. 31, 2009.



Total share of women in management positions: Germany 32%, international 33%*, worldwide 33%*
* For the international share, the figures given by some of the countries are estimated values.

Setting our sights on female management trainees: The Mentoring und Talent Acceleration Initiative. Our annual mentoring program continued once again in 2009, with a constantly high participation rate in the two sessions held. Various initiatives by the business areas and subsidiaries are likewise designed to increase the number of women in management, such as the Talent Acceleration Initiative (TAI) from T-Systems, devised to prepare talented women with basic managerial experience for an executive role within three to four years. In 2009, eleven women from seven T-Systems countries embarked on this program, having made it through a tough, multi-stage selection process. As well as broader participation in general programs, we also offer specific programs for advanced skills development of women, such as the management program SH.KOM (strategic skills for women), which aims to strengthen the skills of female executives, for example by teaching them the latest management knowledge and leadership strategies, or by encouraging them to reflect on their own roles as female managers. A total of 64 women in management positions participated in advancement measures during the year under review, 20 in Mentoring for Female Managers, and 44 in SH.KOM.

Deutsche Telekom is committed to fair pay. Motivated by the Equal Pay Days, in March 2009 Group Diversity Management conducted a salary comparison. Analysis revealed that there are no gender-specific pay differences for employees outside of the collective bargaining system in Germany. Among employees covered by the collective bargaining system, we can exclude the possibility of gender-specific disadvantages, since pay is determined solely by an employee's assignment to a function group. These results prove that Deutsche Telekom practices fair pay for women and men, and is opposed to all forms of salary discrimination. The analysis was based on random sampling and will be expanded in future.

MINT: Attracting girls and young women to technical/scientific professions. We have adopted a raft of measures designed to permanently and measurably increase the proportion of women in MINT specialist and executive positions. For example, for years our company has been involved in a range of MINT initiatives designed to attract more girls and young women to technical and scientific jobs and degree courses. We also support the "JUMP in MINT" program – the youth mentoring program for mathematics, information technology, natural sciences, technology, energy and trades. In summer 2009, as part of the industry initiative "Jugend denkt Zukunft" (Young Foresight Germany), we staged an innovation week with eight schools in Berlin, in which female pupils were given the opportunity to spend a week exploring future innovations in telecommunications and devising their own inventions. At Girls' Day 2009, some 2,500 girls were also given a real-life insight into technical professions at Deutsche Telekom. Female students from grades 5 to 10 were able to experience a range of technical jobs at first hand at 50 different locations.

Diversity business case IV: work-life@telekom.

Anchoring a good work-life balance in the corporate culture. Growing mobility, coupled with greater flexibility and the blurring of the lines between work and private life, have created new freedoms, but can also lead to tension and pressure. With this in mind, in 2009 Deutsche Telekom launched the work-life@telekom program, designed to encourage a good work-life balance. The focal themes of this program are "health & fitness," "working hours and workplace," "the family" and "social life." It is directed equally at younger and older employees, singles and families, with the aim of establishing work-life@telekom as a permanent feature of our corporate and leadership culture in the longer term. The program's intranet platform, the work-life Portal, provides a compact overview of the existing range of support measures, designed to raise the profile of the services available. Initial statistics indicate that the web portal is extremely popular. In its first few months, it was used by an average of 5,000 users per month.

Support programs in detail. We want our employees to be able to harmonize their work and family lives. The Group currently offers daycare facilities for children at its Bonn, Berlin, Munich, Darmstadt and Leinfelden-Echterdingen sites. We want to increase the number of company daycare places from 64 in 2005 to at least 370 by 2010. The creation of a further 200 places is already in planning. Deutsche Telekom also collaborates with the nationwide childcare and elderly care services from the German Workers' Welfare Organization (AWO) to find alternative childcare solutions close to employees' homes, and to develop solutions for the care of dependent family members. We also offer a range of other services designed to assist employees with the organization of their day-to-day lives, including:

- Free emergency childcare (total volume utilized in 2009: 145 days),
- An advisory and placement service for employees with elderly family members in need of care (49 placements)
- Leave of absence in family emergencies (no data available for reasons of data privacy)
- Family leisure offers (some 44,200 persons and their family members took advantage of Deutsche Telekom's recreation scheme)
- Flexible work schedules (15,661 employees in Germany work part-time)
- Part-time vocational training (9 participants in Germany).

Deutsche Telekom also supports a number of employee networks with a focus on harmonizing work and family life. These include the fathers' network "Heimspiel" (Home Match), which seeks to explore new approaches for improving the balance between work and family life for men, and to encourage fathers to play a more active role in their children's lives. Deutsche Telekom's efforts in this connection have also attracted growing international recognition. For example, Magyar Telekom in Hungary was the winner of the "Family-Friendly Workplace Award" 2009. Other awards have also recently been won by T-Mobile Czech Republic and T-Systems Austria (for further awards, see the section on Talent, page 17).

Diversity business case V: Tapping into new talent reservoirs.

"My chance to get going!" Under this motto, Deutsche Telekom Vocational Training is developing a brand new form of training for young talent, the "entry-level training scheme for young people". In collaboration with the Federal Employment Agency (BA), the scheme offers concrete job prospects to disadvantaged youngsters, particularly those from uneducated backgrounds. September 1, 2009 saw 61 young people embark upon a year's internship, which (provided the probationary period is completed successfully) will lead on to a vocational training course. Outstanding achievers will even be able to leapfrog straight into the second year of training. Over a period of three years, we hope to extend this opportunity to several hundred such young people, making Deutsche Telekom the first DAX 30-listed company to launch an entry-level training program for young people in collaboration with the Federal Employment Agency with a focus on integration rather than separation. As well as exemplifying our social commitment to the younger generation, the "My chance to get going!" initiative is also a forward-thinking response to the current shortage of expert staff, which we hope will help to secure our future workforce requirements. The "Yes, I Can!" initiative launched in April 2009 contributes to both of these objectives, and supports nationwide skills acquisition projects for children and young people.

Talent

Competitive workforce
"We create value-added with end-to-end total workforce management."

Team

Service culture
"We support transformation into the most highly regarded service company with our professional, business-driven change management."

Talent Agenda
"We win, retain and develop talent in expert and management functions in compliance with our business objectives."

HR@2012
"As the partner for business, we deliver top quality."

Tolerance

Technology

HR International: Further internationalization of our HR mission and action areas.

International HR work under the single strategic umbrella of One HR plays a key role en route to becoming a multinational One Company. Over the past two years or so, we have created a unifying force for HR work that transcends countries and business areas in the form of HR International, developed structures and exchange platforms, and initiated processes designed to strengthen our Group's diversity as a value-added factor that will protect us in the future. The active Group-wide exchange of best practice examples, knowledge and experience via HR International will play a vital role in safeguarding Deutsche Telekom's future competitiveness. Our aim is to present a united front in accordance with our shared Guiding Principles, while at the same time remaining mindful of the (cultural) peculiarities of the many different countries and societies in which we operate: We want to establish this respectful and egalitarian approach to cooperation throughout all levels of our HR department, including the very highest decision-making body.

Glossary.

Go Ahead!

Group-wide expert development. Go Ahead! facilitates uniform skills management with Group-wide standards in expert development. Optimization of this program is one of the eleven strategic Human Resources projects.

HR@2009/2012

One of HR's top projects which focuses on all HR staff and executives in Germany. Objective: to implement the reorganization of HR.

STEP up!

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

Simply HR

Cutting red tape by simplifying HR processes and products. Objective: improved, more transparent and quicker task execution.

HR – Your partner in business.

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

Add Value

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

Best People

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

Enable Transformation

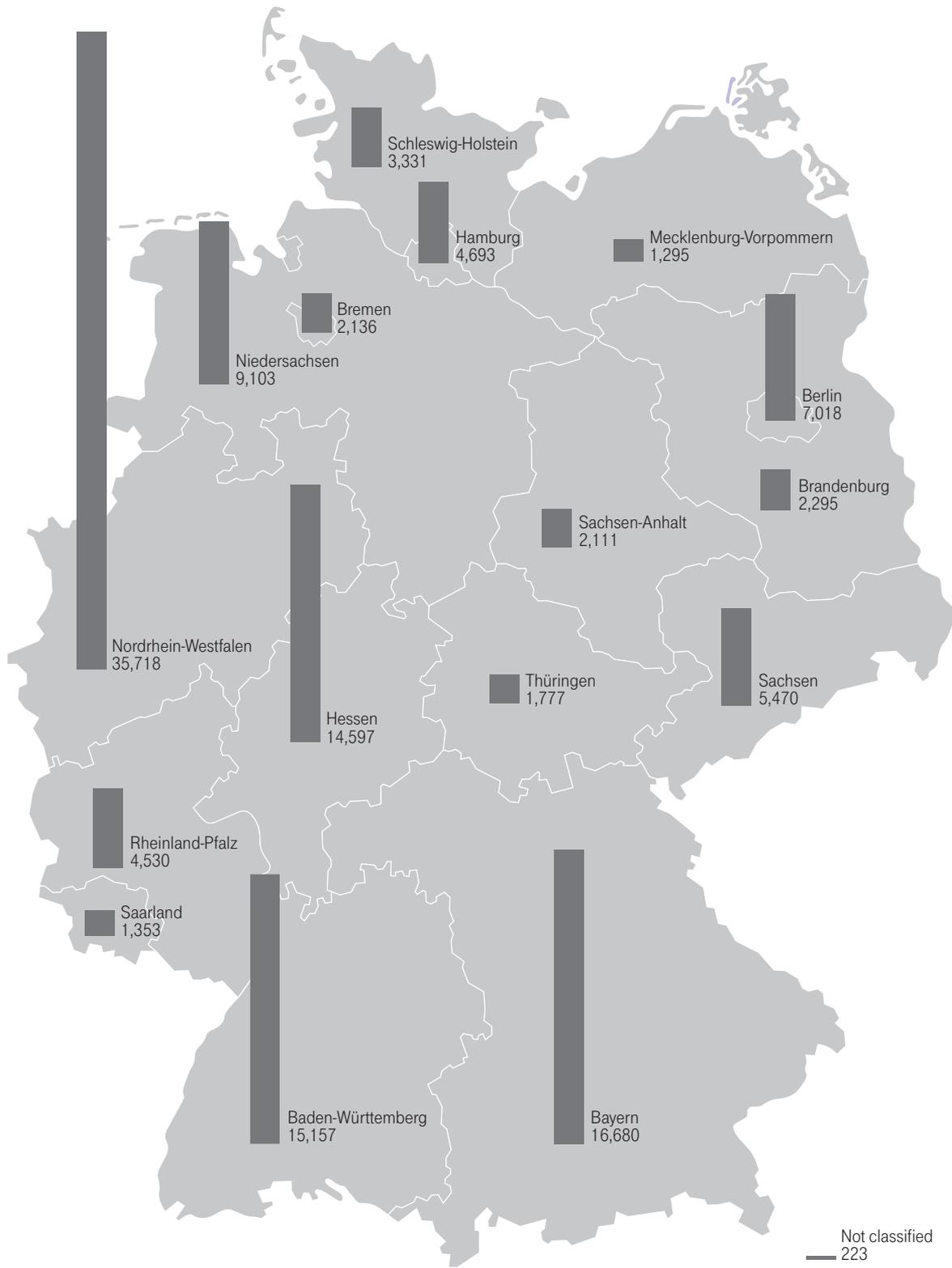
Development of a service culture embraced by all executives and employees. Objective: to create a common understanding of service excellence within the Group.

HR Excellence

Reorganization of the HR department. The HR@2009 project has been designed to sharpen HR's profile as a partner in business.

Employees of the Deutsche Telekom Group in Germany.

As of Dec. 31, 2009, in full time equivalents (FTE).



Employees based outside Germany whose companies are assigned to Germany.

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Life is for sharing.

