Deutsche Telekom Investor Day.

Reinhard Clemens, CEO, and Klaus Werner, CFO
March 18, 2010
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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, free cash flow, gross debt and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to the interpretation of these terms, please refer to the chapter “Reconciliation of pro forma figures”, which is posted on Deutsche Telekom’s Investor Relations webpage at www.telekom.com.
DT Group Strategy...

...will be implemented through five initiatives:

- **Fix**
  - Improve performance of mobile-centric assets

- **Transform**
  - Leverage one company in integrated assets
  - Build networks and processes for the gigabit society

- **Innovate**
  - Connected life across all screens
  - Connected work with unique ICT solutions
The challenge ahead.

Roadmap to Success

2008
- Restructure

2009
- Streamline & execute
  - Successful closing of new customer deals
  - Strong adj. EBIT margin improvement
  - Best TRI*M index ever

2010
- Profitable growth

2011 onwards
- Increase profitability

FIX - TRANSFORM - INNOVATE
Achievements since 2007.

**Big Deals (TCV)**
- **x2**
  - 2007: 
  - 2009: 

**Adj. EBIT Margin**
- 2.6%
  - 2007: 
  - 2009: 

**Cash Contribution**
- (€ mn)
  - 2007: 
  - 2009: 

**Customer Satisfaction**
- (TRI*M)
  - 2007: 
  - 2009: 

**Employee Satisfaction**
- 53%
  - 2007: 
  - 2009: 

**FTE International**
- 45%
  - 33%
  - 2007: 
  - 2009: 

**MPLS PoPs Internal**
- 55%
  - 62%
  - 2007: 
  - 2009: 

**SAPS**
- 56.2
  - 47.5
  - 2007: 
  - 2009: 

**Offshore Rev. SI**
- (€ mn)
  - 2007: 
  - 2009: 

**Revenue**
- 8.8
  - 2007: 
  - 2009: 

*Adj. EBIT margin, cash contribution and revenue 2007 excluding Media & Broadcast and Active Billing
Regional performance of revenue and adj. EBIT.

**Western Europe**
- Revenue in € mn: 1,968 in 2008, 2,023 in 2009 (+57%)
- Adj. EBIT in € mn: 82 in 2008, 196 in 2009 (+139%)

**Germany**
- Revenue in € mn: 6,634 in 2008, 6,153 in 2009 (-8%)
- Adj. EBIT in € mn: 94 in 2008, 69 in 2009 (-27%)

**Americas**
- Revenue in € mn: 1,968 in 2008, 2,023 in 2009 (+57%)
- Adj. EBIT in € mn: 82 in 2008, 196 in 2009 (+139%)

**Asia**
- Revenue in € mn: 106 in 2008, 135 in 2009 (+30%)
- Adj. EBIT in € mn: 94 in 2008, 69 in 2009 (-27%)

**Africa**
- Revenue in € mn: 89 in 2008, 105 in 2009 (+17%)
- Adj. EBIT in € mn: 0 in 2008, -9 in 2009 (-100%)

**Eastern Europe**
- Revenue in € mn: 587 in 2008, 577 in 2009 (-1.7%)
- Adj. EBIT in € mn: 94 in 2008, 69 in 2009 (-27%)

Regional performance unconsolidated.
Solid performance compared to competitors.

Benchmark Revenue △ 2009/2008

- T-Systems: -5.8%
- IBM: -6.6%
- accenture: -11.8%
- CSC: -6.5%
- Capgemini: -3.9%
- Atos-Origin: -8.8%
- Siemens: -16.1%

Source: revenues derived from company and broker reports
The 4 dimensions of T-Systems.

**Functional View**
- CEO
  - Sales
  - Delivery
  - Cross Functions

**Country View**
- 20+ countries

**Customer View**
- T-Systems
  - Daimler
  - Volkswagen
  - Deutsche Post

**Product/Solution View**
- Computing Services
- Desktop Services
- Systems Integration
- Telecommunications

FIX - TRANSFORM - INNOVATE
**Gross Profit is key steering parameter.**

```
<table>
<thead>
<tr>
<th>Impacted by Sales</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Material &amp; Production costs</td>
<td>18.7%</td>
<td>20.4%</td>
</tr>
<tr>
<td>Gross Profit (margin)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computing Services</td>
<td>12.9%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Desktop Services</td>
<td>12.2%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Systems Integration</td>
<td>15.6%</td>
<td>20.6%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>20.3%</td>
<td>19.1%</td>
</tr>
<tr>
<td>SG&amp;A expenses (margin)</td>
<td>18.6%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Adj. EBIT margin</td>
<td>0.7%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>
```

**Steering Logic**

-FIX

-TRANSFORM

-INNOVATE
Save for Service program 2009: Total cost reduction of € 595mn.

Cost Savings YE 2009

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>€ mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost reduction Jan-Dec 2009</td>
<td>595</td>
</tr>
<tr>
<td>ICT Operations</td>
<td>224</td>
</tr>
<tr>
<td>Systems Integration</td>
<td>154</td>
</tr>
<tr>
<td>Corporate Customers</td>
<td>43</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>33</td>
</tr>
<tr>
<td>International</td>
<td>141</td>
</tr>
</tbody>
</table>

Total Opex

<table>
<thead>
<tr>
<th>Year</th>
<th>€ bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>8.7</td>
</tr>
<tr>
<td>2009</td>
<td>8.0</td>
</tr>
</tbody>
</table>

FIX - TRANSFORM - INNOVATE
Sequential increase in profitability.

Adj. EBIT Quarterly Performance

(€ mn)

0.7%  -0.3%  0.5%  1.8%  1.6%  2.7%  3.0%  3.1%

2007*  Q1/08  Q2/08  Q3/08  Q4/08  Q1/09  Q2/09  Q3/09  Q4/09

16  -7  12  48  34  58  64  73

FIX - TRANSFORM - INNOVATE

*Adj. EBIT 2007 excluding Media & Broadcast and Active Billing

/ = Adj. EBIT margin
Our ambition:
Grow adj. EBIT margin towards peer level.

Source: EBIT margin derived from company and broker reports
Save for Service program 2010-2012: Further efficiency increase.

**Cost Savings 2010**

<table>
<thead>
<tr>
<th>Category</th>
<th>Savings (€ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost reduction</td>
<td>0.5</td>
</tr>
<tr>
<td>Jan - Dec 2010</td>
<td></td>
</tr>
<tr>
<td>ICT Operations</td>
<td>0.3</td>
</tr>
<tr>
<td>Systems Integration</td>
<td>0.1</td>
</tr>
<tr>
<td>Corporate Customers</td>
<td>0.1</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
</tr>
<tr>
<td>G&amp;A (incl. Detecon etc.)</td>
<td>0.03</td>
</tr>
</tbody>
</table>

**S4S* Total Gross Savings**

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings (€ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>0.5</td>
</tr>
<tr>
<td>2010-2012</td>
<td>1.2</td>
</tr>
</tbody>
</table>

* S4S: Save for Service
Save for Service 2010: Migration of data centers.
Competencies: from cloud services to industry solutions in energy, health, connected car and media distribution.

- Dynamic net-centric sourcing
- Collaboration
- Mobile Enterprise
- Security & Governance

- Energy
- Health
- Media Distribution
- Connected Car
Dynamic net-centric sourcing.

Customer Example

- Consolidation of the entire IT Infrastructure of about 300 data centers in 56 countries into a secure “Private Cloud”
- SAP Services, billed for on demand, delivered out of this private cloud
- Replacement of fixed IT costs with transparent flexible pricing model based on IT resources actually consumed

Cloud Computing (World, $ bn)

- 2008: 46
- 2015: 237

+26%

Source: Gartner
Collaboration.

- Collaboration environment with highest security requirements – international high-tech defense projects
- Secure data communication
- Adapted access authorization with registration procedure for security cleared staff
- Role-based security concept built on a company wide public key infrastructure

Customer Example

Source: Forrester

Collaboration (EU, $ bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>0.8</td>
</tr>
<tr>
<td>2015</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Source: Forrester
Mobile Enterprise.

- Secure mobile access to email, business data and business applications
- Generation of dynamic financial reports via Microsoft mobility solution
- Printing email or excel sheets on any printer using any Windows Mobile device
- Full sourcing management of mobile devices (hardware and software)

Customer Example

Source: Datamonitor
Security & Governance.

- “Secure Mobile Communication” (Germany SiMko 2) for Government bodies and regulatory authorities via end to end security
- Encryption of all data stored on the device – including voice
- Recommended by the German BSI for German security grade “Classified – only for Internal Use” (VS-NfD)

Customer Example

IT Security (World, $ bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>35.0</td>
</tr>
<tr>
<td>2015</td>
<td>77.3</td>
</tr>
</tbody>
</table>

Source: Forrester
Competencies: from cloud services to industry solutions in energy, health, connected car and media distribution.
Energy: ICT enabled grids to match demand and supply of decentralized power distribution.

Modern de-central distribution networks require more and more modern ICT systems and electronic components.

- **Smart Grid Concept**
- **Market Potential (EU, € mn)**
  - 2008: 929
  - 2015: 3,310 (+20%)
- **Cooperation Examples**
  - Smart Grid pilot (incl. purchase optimization, demand side management, virtual power plant)
  - T-City delivers the setting for an exclusive pilot (2,000 households) in testing smart grid business models.
Health: Metering and IT solutions for increased efficiency in health care system.

**eHealth Concept**
- Home Environment
- Clinic

**IT Market Potential (GER, € mn)**
- 2008: 3,018
- 2015: 3,874

**Cooperation Examples**
- Pilot project Home Care T-City
- Cardio Beat study, Partnership for the heart project (T-Mobile)
- Disease Management & Telemedicine for Diabetes
- Care management Programs with Health Insurances

Source: PAC
Connected Car: the next device for digital content and communications.

**Connected Car Concept**
- Connected portable devices
- Connected within the car
- Connected around the car
- Connected to the cloud

**Market Potential (GER, € mn)**
- 10mn new vehicles with device connectivity p.a. in Europe
- Breakthrough with eCall in 2014 with SIM cards in all new cars

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>473</td>
</tr>
<tr>
<td></td>
<td>+79%</td>
<td></td>
</tr>
</tbody>
</table>

**Cooperation Examples**
- Continental together with T-Systems developing open hardware platform AutoLinq
- Running DT Apps (e.g. Musicload, online address book)
- BMW ConnectedDrive solution developed in cooperation with T-Systems
- Connectivity always provided by T-Mobile

Source: Berg Insight 2008/TSI Calculation
Media Distribution: New business models for the world of online media.

- Global IP Traffic will quintuple (e.g. Internet Video)
- Content delivery networks will grow 28% p.a. between 2008 and 2013
- DT AG in development of content delivery platform based on Edgecast technology
- 2nd generation CDN software with market leading performance and best in class features

*Content Delivery Network

Source: Frost & Sullivan 2008
T-Systems’ ambition level 2012.

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>Ambition Level 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>Revenue decline: -5.8%</td>
<td>Revenue growth above industry average in corresponding segments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fair market share in innovative “industry solutions”1</td>
</tr>
<tr>
<td>Quality</td>
<td>Excellent TRI*M: 74 pt</td>
<td>Strong TRI*M Index over peer average and above 75 pt</td>
</tr>
<tr>
<td>Profitability</td>
<td>Adj. EBIT margin: 2.6%</td>
<td>Grow adj. EBIT margin towards peer level (around 7%)</td>
</tr>
</tbody>
</table>

1 Enabling perspective for groupwide responsibility
What our customers say.