This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions and business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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.
In June 2015 T-Mobile US announced the “JUMP! on Demand” device leasing program. It included 3 elements:

1. Smartphones for zero out of pocket upfront with qualifying credit, and zero sales tax due on signing.
2. 18 monthly payments for the new smartphone. After 18 months, customers can either:
   a) turn in the phone with nothing more to pay,
   b) upgrade to new phone and start a new plan,
   c) make a final payment for the residual value and keep the phone. (total of payments equal the retail price of the phone)
3. Option to upgrade to a new device during the 18 month period. Return 'old' device for a new one – up to 3 times a year.

Different to the EIP1-program with “JUMP! on Demand” the ownership of the device remains with T-Mobile which leads to a different accounting treatment both under US-GAAP and IAS for EIP and leasing.

1) EIP = Equipment Installment Plan
**JUMP! ON DEMAND VS. EIP WHAT IS DIFFERENT?**

- **Revenue:**
  - EIP: Revenues are recorded upfront. Cash is paid in monthly installments. Receivable is accrued for the difference between cash and revenue and released over time
  - “JUMP! on Demand”: Revenues recorded monthly. No receivable required

- **Opex**
  - EIP: Cost of the device is opex in cost of sales
  - “JUMP! on Demand”: Cost of the device is capitalized as an asset and depreciated below EBITDA

- **EBITDA**
  - EIP: Assuming no subsidies no impact on EBITDA as revenue equals opex and is recorded upon device delivery to the customer
  - “JUMP! on Demand”: Positive impact on EBITDA as cost of device is recognized through depreciation over 18 month lease term

- **Cash flow**
  - Cash flow treatment similar with cash generated from operations for “JUMP! on Demand” and EIP recognized over term of customer payments

- **Capex**
  - No impact on cash capex. However “JUMP! on Demand” increases book capex as the device is transferred from inventories to PP&E

- **Balance sheet**
  - “JUMP! on Demand”: Device is transferred form inventories to PP&E and depreciated over lease term. EIP: receivable recorded for balance of installments
THE ACCOUNTING OF JUMP! ON DEMAND COMPARED TO EIP

<table>
<thead>
<tr>
<th>In US$</th>
<th>Cash in</th>
<th>Cash out</th>
<th>Revenue</th>
<th>OPEX</th>
<th>EBITDA</th>
<th>Receivable (end of period)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>325</td>
<td>650</td>
<td>650</td>
<td>650</td>
<td>0</td>
<td>325</td>
</tr>
<tr>
<td>Year 2</td>
<td>325</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>650</td>
<td>650</td>
<td>650</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- No impact on EBITDA and EBIT

<table>
<thead>
<tr>
<th>In US$</th>
<th>Cash in</th>
<th>Cash out</th>
<th>Revenue</th>
<th>OPEX</th>
<th>EBITDA</th>
<th>Book capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>325</td>
<td>650</td>
<td>325</td>
<td>0</td>
<td>325</td>
<td>650</td>
</tr>
<tr>
<td>Year 2</td>
<td>162</td>
<td>0</td>
<td>162</td>
<td>0</td>
<td>162</td>
<td>0</td>
</tr>
<tr>
<td>end of lease</td>
<td>163</td>
<td>0</td>
<td>164</td>
<td>164</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>650</td>
<td>650</td>
<td>163</td>
<td>487</td>
<td>650</td>
</tr>
</tbody>
</table>

- Positive impact on EBITDA
- No impact on EBIT as device is capitalized and depreciated

1) This is a simplified illustrative example. The actual accounting includes also other elements like allowances for bad debt, accelerated depreciation of the device, etc. which can additionally impact revenue and earnings.

2) Under “JUMP! on Demand” the cost of the device is capitalized as an asset. In the case of a sale of this asset (as assumed here after expiration of the lease agreement) the cash inflow of the settlement payment is recorded as revenue and the residual value of the device as opex.
THE ACCOUNTING OF DATA STASH AND DATA ROLL-OVER 2015

- The Uncarrier 8.0 announcement in December 2014 included “data stash”
- It included 2 elements
  - 1. One-off 10 GB gift of high speed data
  - 2. Roll-over of unused data volume (rolling 12 months) – however roll-over only begins after the 10 GB gift is used up
- Starting in January 2015, new and existing eligible customers received a free Data Stash from T-Mobile – including 10 GB of 4G LTE as a gift.
- The 10 GB free gift was available for use until December 31, 2015
- For all customers who used up their initial 10 GB gift, any unused data was added to the data stash and rolled-over (max 12 months)
CUSTOMER ON 60 US$ PLAN WITH 3 GB OF HIGH SPEED DATA INCLUDED. RECEIVING THE DATA STASH AND 10 GB GIFT 1ST OF JAN. USES EXACTLY 3GB OF DATA PER MONTH, CUSTOMER DOES NOT UTILIZE GIFT OR ONGOING ROLLOVER DURING PERIOD.

<table>
<thead>
<tr>
<th></th>
<th>Cash in</th>
<th>Revenue</th>
<th>Deferred revenue</th>
<th>Usage from gift</th>
<th>Liability (end of period)</th>
<th>Remaining gift (end of period)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>3*60=180US$</td>
<td>170 US$</td>
<td>10 US$</td>
<td>0 GB</td>
<td>10 US$</td>
<td>10 GB</td>
</tr>
<tr>
<td>Q2</td>
<td>3*60=180US$</td>
<td>180 US$</td>
<td>0 US$</td>
<td>0 GB</td>
<td>10 US$</td>
<td>10 GB</td>
</tr>
<tr>
<td>Q3</td>
<td>3*60=180US$</td>
<td>180 US$</td>
<td>0 US$</td>
<td>0 GB</td>
<td>10 US$</td>
<td>10 GB</td>
</tr>
<tr>
<td>Q4</td>
<td>3*60=180US$</td>
<td>190 US$</td>
<td>0 US$</td>
<td>0 GB</td>
<td>0 US$</td>
<td>0 GB</td>
</tr>
<tr>
<td>FY</td>
<td>720 US$</td>
<td>720 US$</td>
<td>0 US$</td>
<td>0 GB</td>
<td>0 US$</td>
<td>0 GB</td>
</tr>
</tbody>
</table>

- Gift expires 31st of December: Liability is released to revenue.

Illustrative

EXAMPLE A
CUSTOMER ON 60 US$ PLAN WITH 3 GB OF HIGH SPEED DATA INCLUDED. RECEIVING THE DATA STASH AND 10 GB GIFT 1\textsuperscript{ST} OF JAN. USES EXACTLY 4 GB OF DATA PER MONTH, CUSTOMER UTILIZES 1 GB OF GIFT PER MONTH UNTIL GIFT IS CONSUMED IN OCTOBER.

<table>
<thead>
<tr>
<th></th>
<th>Cash in</th>
<th>Revenue</th>
<th>Deferred revenue</th>
<th>Usage from gift</th>
<th>Liability (end of period)</th>
<th>Remaining gift (end of period)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>3\times60=180US$</td>
<td>173 US$</td>
<td>7 US$</td>
<td>3 GB = 3 US$</td>
<td>7 US$</td>
<td>7 GB</td>
</tr>
<tr>
<td>Q2</td>
<td>3\times60=180US$</td>
<td>183 US$</td>
<td>0 US$</td>
<td>3 GB = 3 US$</td>
<td>4 US$</td>
<td>4 GB</td>
</tr>
<tr>
<td>Q3</td>
<td>3\times60=180US$</td>
<td>183 US$</td>
<td>0 US$</td>
<td>3 GB = 3 US$</td>
<td>1 US$</td>
<td>1 GB</td>
</tr>
<tr>
<td>Q4</td>
<td>3\times60=180US$</td>
<td>181 US$</td>
<td>0 US$</td>
<td>1 GB = 1 US$</td>
<td>0 US$</td>
<td>0 GB</td>
</tr>
<tr>
<td>FY</td>
<td>720 US$</td>
<td>720 US$</td>
<td>0 US$</td>
<td>10 GB</td>
<td>0 US$</td>
<td>0 GB</td>
</tr>
</tbody>
</table>

\begin{itemize}
\item 1\textsuperscript{st} of Jan: customer receives 10 GB gift (deferral of 10 US$). 3 GB from the gift are used during Q1: resulting deferral and liability = 7 US$.
\item Customer continues to use 1 GB from the gift per month: 3 US$ are released from liability to revenue.
\item Customer continues to use 1 GB from the gift per month: 3 US$ are released from liability to revenue.
\item Customer uses remaining 1 GB from the gift in October: 1 US$ is released from liability to revenue.
\end{itemize}
The Accounting of Data Stash and Data Roll-over 2015

Illustrative 1

Customer on 60 US$ plan with 3 GB of high speed data included. Receiving the data stash and 10 GB gift 1st of Jan. Usage pattern as per notes.

<table>
<thead>
<tr>
<th></th>
<th>Cash in</th>
<th>Revenue</th>
<th>Deferred revenue</th>
<th>Usage from gift</th>
<th>Liability (end of period)</th>
<th>Remaining gift (end of period)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>3*60=180 US$</td>
<td>180 US$</td>
<td>0 US$</td>
<td>10 GB</td>
<td>0 US$</td>
<td>0 GB</td>
</tr>
<tr>
<td>Q2</td>
<td>3*60=180 US$</td>
<td>177 US$</td>
<td>3 US$</td>
<td>0 GB</td>
<td>3 US$</td>
<td>0 GB</td>
</tr>
<tr>
<td>Q3</td>
<td>3*60=180 US$</td>
<td>177 US$</td>
<td>3 US$</td>
<td>0 GB</td>
<td>6 US$</td>
<td>0 GB</td>
</tr>
<tr>
<td>Q4</td>
<td>3*60=180 US$</td>
<td>177 US$</td>
<td>3 US$</td>
<td>0 GB</td>
<td>9 US$</td>
<td>0 GB</td>
</tr>
<tr>
<td>FY</td>
<td>720 US$</td>
<td>711 US$</td>
<td>9 US$</td>
<td>10 GB</td>
<td>9 US$</td>
<td>0 GB</td>
</tr>
</tbody>
</table>

- 1st of Jan: customer receives 10GB gift (deferral of 10 US$). Customer uses full 3GB monthly data allowance each month and uses the entire 10GB gift during Q1; resulting deferral and liability = 0 US$.
- Customer uses 2 GB per month from data allowance : 3 GB are being rolled over: 3 US$ of revenue are deferred.
- Customer uses 2 GB per month from data allowance : 3 GB are being rolled over: 3 US$ of revenue are deferred.
- Customer uses 2 GB per month from data allowance : 3 GB are being rolled over: 3 US$ of revenue are deferred.
THE ACCOUNTING OF DATA STASH AND DATA ROLL-OVER 2016

- In 2015 the roll-over only kicked in only after having used up the free gift, the actual impact was therefore rather limited.
- This will change in 2016: Eligible customers immediately start to roll-over data (as of January 2016)
- However data stash is capped at 20 GB.
- Expiration after rolling 12 months (i.e.: Data stashed in February 2016 can be used until February 2017. If not used by that time, it will expire)
- Data consumption from the stash follows first-in first-out logic
- The principal accounting treatment remains unchanged: roll over data is a deferred revenue liability

The deferred revenue will adversely impact the EBITDA and the P&L below EBITDA. However no impact on cash flows.
TRANSPARENCY ON THE EFFECTS OF JUMP! ON DEMAND AND DATA STASH

- In November TMUS said that for Q4/2015 the impact of data roll-over and “Jump! on Demand” is expected to be between 150 and 225 million US$.
- Overall for the year 2015 the expected net positive contribution to the EBITDA has been quantified at approximately 50 to 150 million US$.
- 2016 guidance and reporting will quantify the expected/actual contribution from
  - 1) “Jump! on Demand“
  - 2) data stash
- From Q4 onwards DT group consensus will collect EBITDA forecasts with and without expected contribution from “Jump! on Demand“ and data stash
OTHER ACCOUNTING AND DISCLOSURE CHANGES

- As from Q1/2016 Deutsche Telekom will change from cost of sales to total cost P&L presentation
  - No impact on Revenue, EBITDA, net income or free cash flow
  - The previously disclosed values for D&A and personnel costs will not change

- Wholesale revenue re-classification Germany
  - Approximately 80 million of revenue will be shifted from “wholesale” category to “others”

- New charging scheme for internal IT services between Telekom-IT and the group in Germany
  - Lower EBIT at Telekom IT and consequently T-Systems offset by better EBIT in Germany and GHS segment.
  - Single digit million € impact in 2016, but ramping up in the later years

- Disclosure of mobile data revenues and data ARPU in Germany
  - Reporting will be stopped end of 2016.
CHANGES IN THE SCOPE OF CONSOLIDATION AT GHS

- T-Online/Interactive Media
  - De-consolidated from November 2015
  - Impacts revenue, EBITDA and FCF

- BT/EE
  - No de-consolidation
  - EBITDA and FCF impact following reduced/discontinued brand and management fees
  - Additional FCF drag as BT dividend will not fully compensate EE dividend
Q & A SESSION
FURTHER QUESTIONS
PLEASE CONTACT THE IR DEPARTMENT

<table>
<thead>
<tr>
<th>INVESTOR RELATIONS CONTACT DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phone</strong></td>
</tr>
<tr>
<td>+49 228 181 - 8 88 80</td>
</tr>
<tr>
<td>+1 212 301 - 6114</td>
</tr>
</tbody>
</table>

**IR WEBPAGE**
www.telekom.com/investors

**IR TWITTER ACCOUNT**
www.twitter.com/DT_IR

**IR YOUTUBE PLAYLIST**
www.youtube.com/deutschetelekom
THANK YOU!