DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2012

EUROPE AND TECHNOLOGY

CLAUDIA NEMAT

LIFE IS FOR SHARING.

DISCLAIMER.

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.

SUMMARY.

1. We achieved to slow down the historic revenue decline, improved our competitive position as well as operating ROCE, despite a tough environment

2. Our focus:
   Ensure a sustainable cash contribution, stemming against the macro trend

3. Our aspiration:
   - Return to underlying revenue growth from 2014 onwards through our growth areas, especially Mobile Internet and B2B/ICT
   - Reduction of indirect costs through a radical transformation of our delivery model (esp., All-IP Transformation, e-Company, Technical Services Transformation)

4. Our leadership paradigm:
   - Differentiated steering of NatCos, according to market position, to create relevant focus
   - ONE DT (Europe): Cross-NatCos cooperation to leverage economies of scale

LIFE IS FOR SHARING.

REVIEW 2010 – 2012

IN 2010 TARGETS FOR SEE AND MOBILE-ONLY COUNTRIES WERE SET – WE ACHIEVED MOST OF THEM.

	COUNTRIES	AMBITION LEVEL 2012		ACHIEVEMENTS 2012
SEE	Greece, Hungary, Croatia, Slovakia, Romania, Bulgaria, Macedonia, Montenegro, Albania	Market share[1] service revenues:	stable	50.3% (Q2/12)
		Market share[1] EBITDA:	stable	57.4% (Q2/12)
		OPEX:	€0.3 bn net savings	€0.8 bn net savings (FY12e)
		TV revenues[2]:	around €500 mn[2] (like-for-like €350 mn)	around €270 mn[2] (FY12e)
		TV customers YE:	> 3.0 mn	2.9 mn (FY12e)
MOBILE ONLY	Poland	Adj. EBITDA margin:	cont. cost efficiency & improve margin	-4.7% & 34.0% (Q1-Q3/12)
		Service Revenue Leadership[3]:	become No. 1	No. 3 (Q3/12)
	The Netherlands	Market share service revenues[3]:	increase	23.7% (Q3/12)
		Synergy from Orange integration:	increase run rate by 30%	€130 mn reached in '10
	Czech Rep.	Market share service revenues[3]:	further stabilize market position	38.6% (Q3/12)
		Fixed broadband revenues:	double revenues	€32.3 mn (FY12e)
	Austria	Market share service revenues[3]:	increase	28.4% (Q3/12)
		Shift to direct:	direct share ~ 60%	55.5% (Q1-Q3/12)

LIFE IS FOR SHARING.

[1] Total telco markets in SEE footprint; stable FX; non disclosing competitors estimated by DT [2] Definition changed, since 2010 only pure TV product rev. included. Like-for-like Ambition 2012 ca 350mn€ [3] DT Estimates

AFTER BUSINESS REVIEW IN 2011, WE IMPLEMENTED A NEW LEADERSHIP PARADIGM.

CHANGED LEADERSHIP PARADIGM – KEY ELEMENTS

FROM...	TO...
▪ Focus on quarterly EBITDA	**1 COMMERCIAL DRIVE** ▪ Focus on **cash contribution** ▪ Focus on **revenue + cost** ▪ Strengthened **commercial functions**
▪ Individual country perspectives only ▪ One size fits all	**2 SMART STEERING** ▪ Creation of **business segment** Europe ▪ **Differentiated steering** according to NatCo's market position

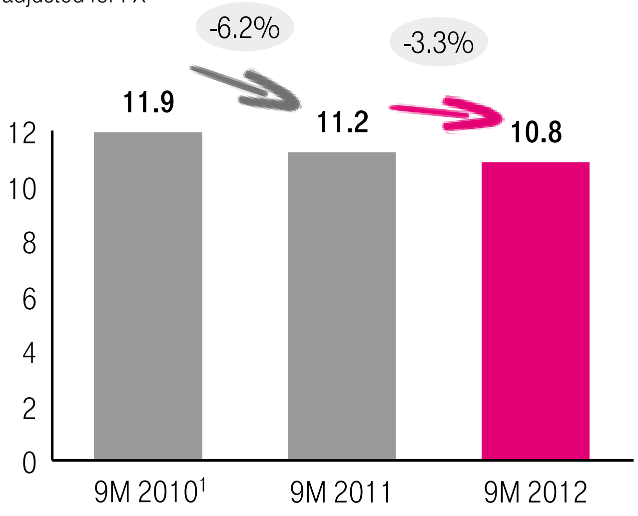
LIFE IS FOR SHARING.

1 COMMERCIAL DRIVE:
WE SLOWED DOWN HISTORIC REVENUE DECLINE.

WE DECREASED REVENUE DECLINE...

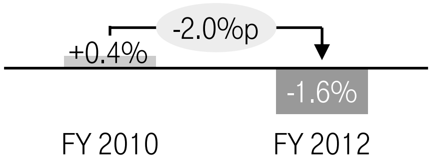
Europe Total Rev.

€ bn, adjusted for FX

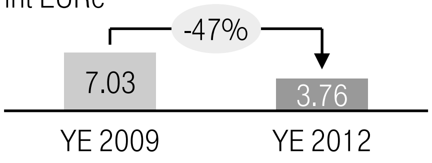


... IN SPITE OF TOUGH ENVIRONMENT

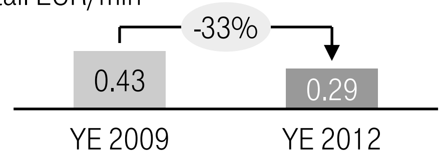
Ø GDP growth[2]



Ø MTR in footprint EURc[3]



EU roaming retail EUR/min



LIFE IS FOR SHARING.

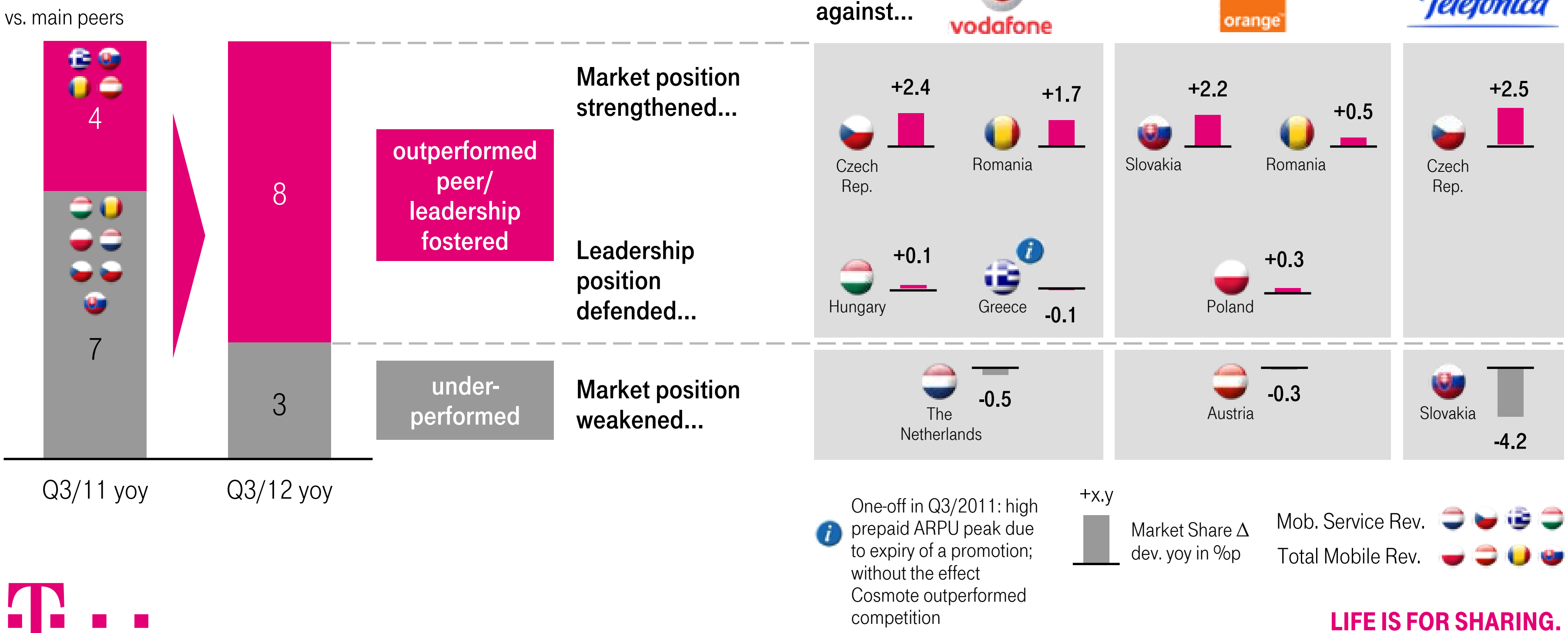
[1] 2010 adjusted for UK deconsolidation

[2] Source: Oxford Economics as of August 2012.

[3] Company estimates

1 COMMERCIAL DRIVE: WE IMPROVED OUR COMPETITIVE POSITION...

REVENUE MARKET SHARE PERFORMANCE IN CORE MARKETS



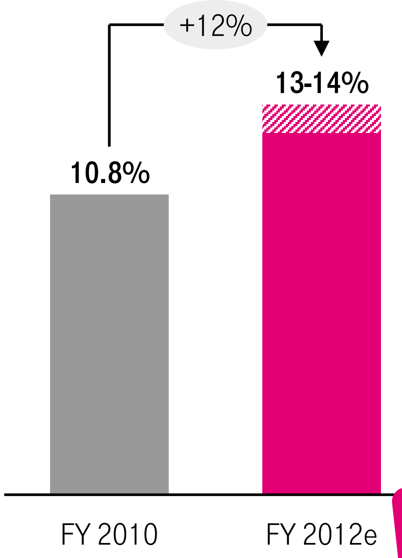
LIFE IS FOR SHARING.

Source: Company Estimates

❶ … WHILE IMPROVING ROCE, AND KEEPING CAPITAL PRODUCTIVITY ON BENCHMARK LEVEL.

DT EUROPE OP. ROCE[1]

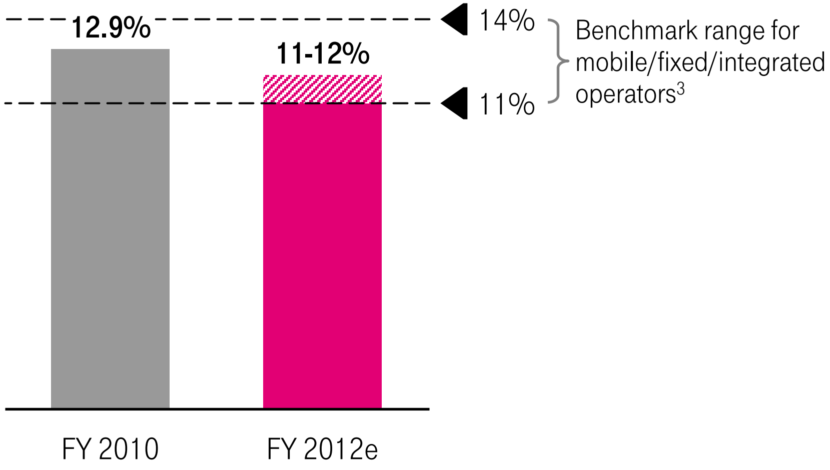
like-for-like



EBITDA-margin development 2010 vs. 2012: from 34.7% to 34.4%

DT EUROPE CAPEX/REVENUE RATIO[2]

like-for-like



LIFE IS FOR SHARING.

[1] without equity UK, including spectrum

[2] without spectrum

[3] Source: Oliver Wyman benchmark

2 DIFFERENTIATED STEERING CREATES RELEVANT FOCUS.

NATCO CLUSTERS	STRATEGIC DIRECTION	KPIS/AMBITIONS
SENIOR LEADERS Greece, Croatia, Hungary, Macedonia	▪ The undisputed, most admired industry leader ▪ Business model transformation ▪ Keep leading market position	▪ Radical gross opex reduction ▪ Stabilize topline ▪ Increase Blue Ocean topics[1] revenue share
JUNIOR LEADERS WITH A CHALLENGE IN MOBILE Romania, Slovakia, Montenegro	▪ Leverage leadership in fixed for improving mobile, esp. by capitalizing on fixed/mobile merger ▪ Business model transformation	▪ Increase mobile revenue ▪ Increase integrated customer base FMC ▪ Radical gross opex reduction
MOBILE RUNNER-UPS Poland, Czech Rep.	▪ Go for market leadership: PL total revenues, CZ mobile data revenue	▪ Increase total revenue market share ▪ Increase mobile data revenue share
SMART ATTACKERS The Netherlands, Albania, Austria	▪ Unconventional capex-light moves	▪ Increase total revenue, esp. in B2B & mobile data ▪ Reduce capex

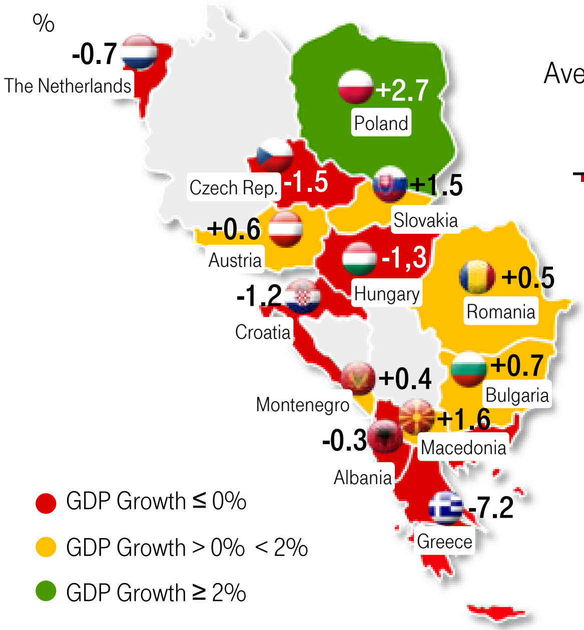
LIFE IS FOR SHARING.

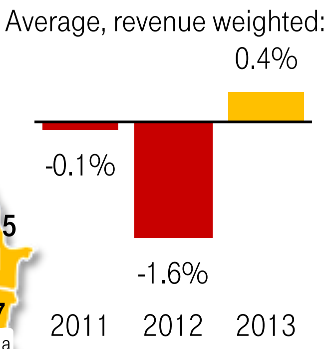
[1] B2B-ICT, Mobile Internet, TV/broadband, adjacent industries (online consumer services and energy)   Bulgaria not in scope

MARKET TRENDS

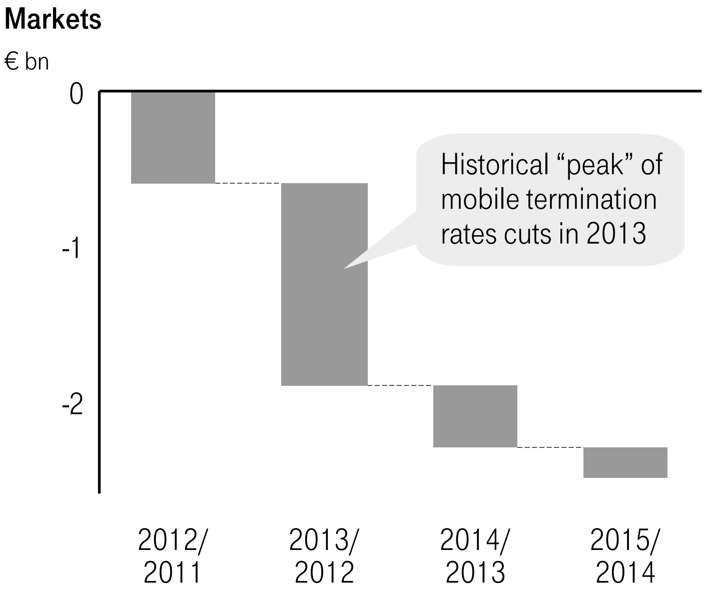
ECONOMIC ENVIRONMENT: SUFFERING FROM CRISIS; IN ADDITION PEAK IN CUTS OF MOBILE TERMINATION RATES IN 2013.

GDP GROWTH 2012: OUTLOOK MIXED



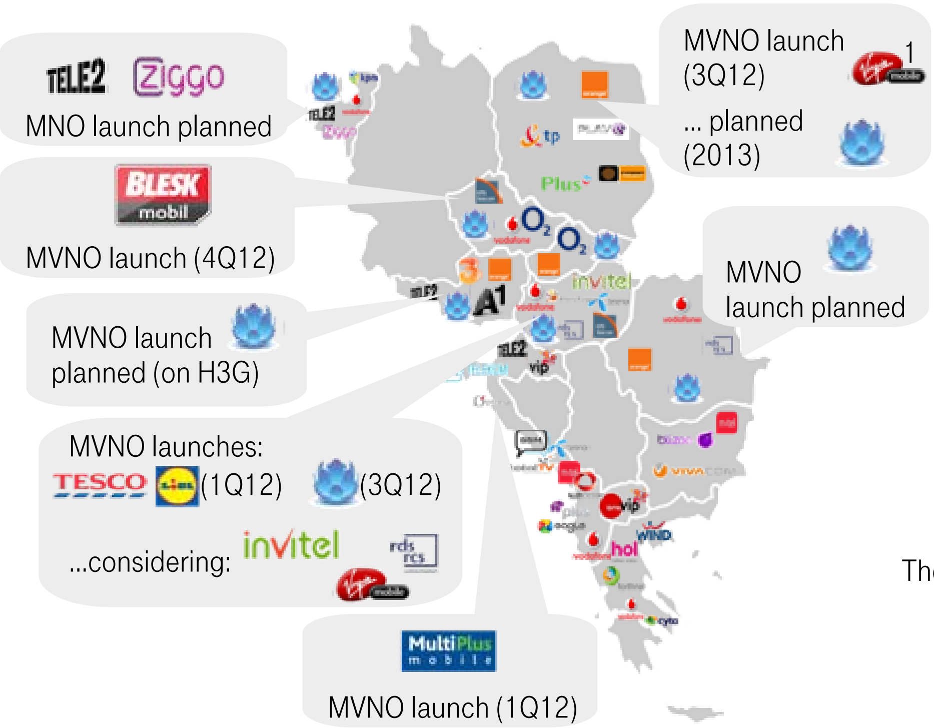


INTERCONNECTION REVENUE IMPACT OF MOBILE TERMINATION RATES CUTS IN DT EUROPE FOOTPRINT



Source: Oxford Economics

TELCO: COUNTRY-SPECIFIC NEWCOMERS INCREASE THE HEAT, TAXES & CUMULATION OF AUCTIONS CREATE A CHALLENGING ENVIRONMENT.



	Special telco taxes	Four- MNO markets	MVNOs/ 2nd brands	Spectrum auctions 2012 – 2014
Greece	In place		New launches	In place '14
Hungary	2 taxes in place	New launches: planned[3]	In place	In place '13
Croatia	2)		In place	In place '12
Macedonia			New launches	In place '13
Romania		In place	New launches	In place '12
Slovakia	New launches		In place	In place '13
Montenegro	New launches			In place '14
Poland		In place	In place	In place '12 & '14
Czech Rep.		New launches: planned	New launches	In place '12
Bulgaria			In place	In place '13
The Netherlands		New launches: planned	In place	In place '12
Austria		In place	In place	In place '13
Albania		In place		'15

In place — 2 taxes in place — New launches (Q2/Q3 2012 or planned short-term)

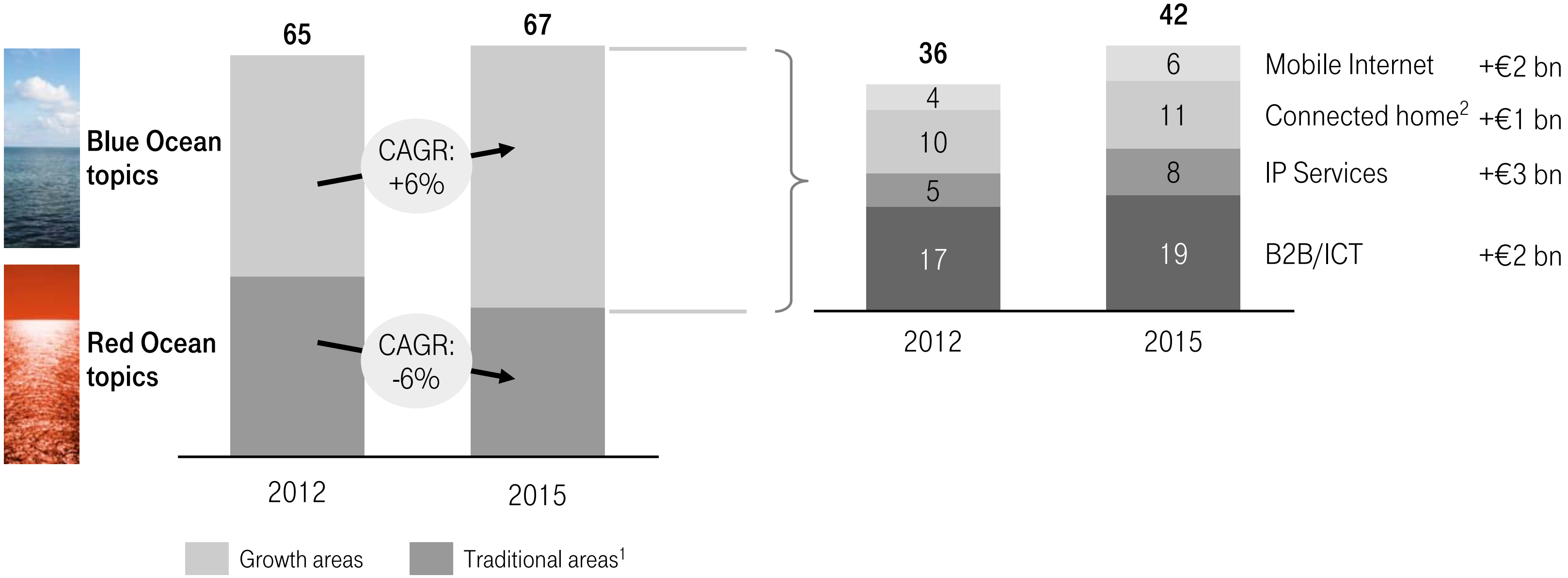
LIFE IS FOR SHARING.

[1] Launching MVNOs across CEE [2] Abandoned [3] Discussion ongoing

NEVERTHELESS, GROWTH OPPORTUNITIES TO COMPENSATE DECLINE OF COMMODITY TELCO.

MARKETS REVENUES DT EUROPE FOOTPRINT

€ bn



LIFE IS FOR SHARING.

[1] Fixed & mobile voice, mobile messaging, mobile termination, visitor roaming [2] Pay TV & fixed broadband

STRATEGY 2013 – 2015

ENSURE SUSTAINABLE CASH CONTRIBUTION

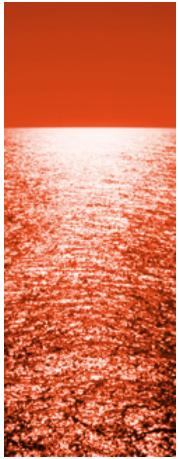
OUR ASPIRATION.

ENSURE SUSTAINABLE CASH CONTRIBUTION

TRANSFORM REVENUE + TRANSFORM DELIVERY MODEL (COST)

"Blue ocean":

- Overall: Reduce revenue decline in 2012, stop in 2013[1], **return to moderate growth in 2014**
- **Revenue growth of 12% CAGR** (2012 – 2015) **in Blue Ocean topics**: B2B/ICT, mobile Internet, TV & broadband, adjacent industries[2] to overcompensate declining core business (Blue Ocean topics: **28% share of revenue** in 2015)



"Red ocean":

- Cum**. indirect Opex reductions of €0.6 bn** by 2015[3]: Net **indirect cost reduction of 6%**
- **Direct costs:** 2013 and 2014 decrease due to lower interconnection costs, overcompensated starting with 2014 due to increasing Growth business: Net **direct costs decrease of 2%** by 2015[3]

LIFE IS FOR SHARING.

[1] After deduction of regulatory effects [2] Online consumer services and energy [3] Based on 2012

OUR STRATEGY: ONE DT (EUROPE).

Seamless connectivity for the Gigabit Society	More innovation by cooperation	Secure cloud solutions	Best-in-class customer experience

INNOVATE

TRANSFORM

COMPETE

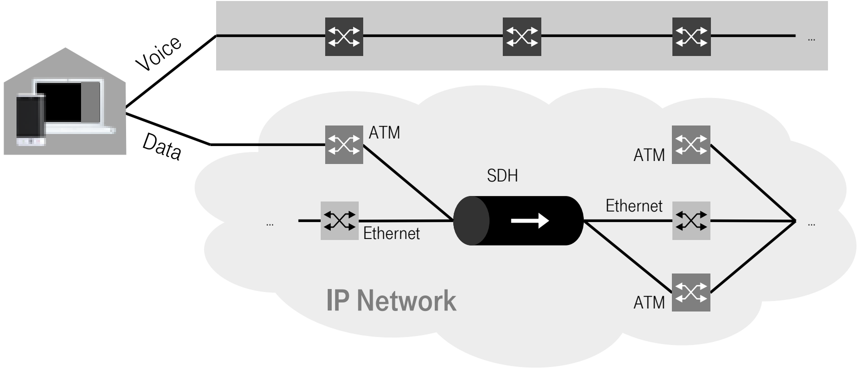
1. All-IP Transformation
2. B2B Big Bang
3. Mobile Internet Push/Innovation Excellence
4. Cost Revolution/Operational Excellence

- Cooperation creates economies of scale
- Ownership in country with best competences and infrastructure
- International rotation

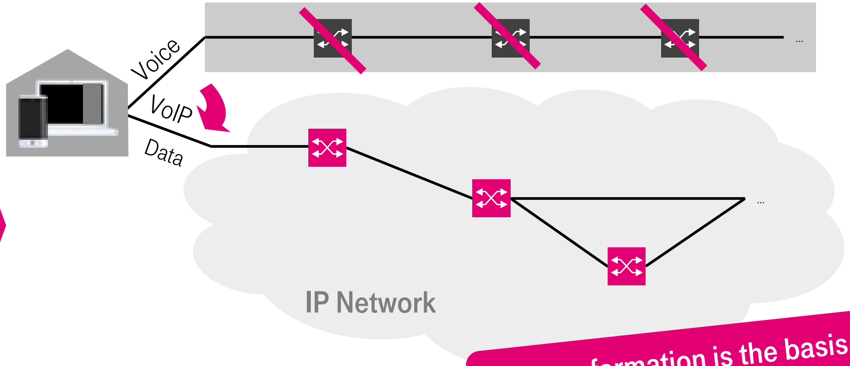
LIFE IS FOR SHARING.

ALL-IP TRANSFORMATION CREATES. ONE COMMON INFRASTRUCTURE FOR ALL SERVICES.

FROM THE “OLD PSTN WORLD”...



...TO THE “NEW IP ERA”



IP transformation is the basis for e-company, as well as fast product/service innovation

All-IP transformation represents the creation of a simplified and standardized network...

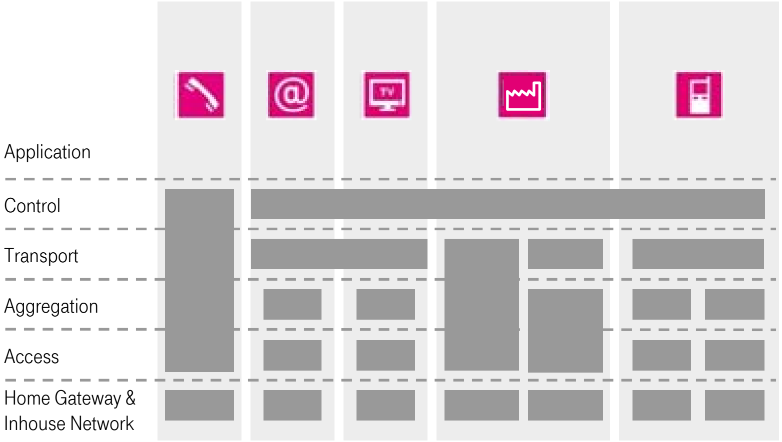
Digital telephone exchange Aggregation switch IP router

LIFE IS FOR SHARING.

1 ALL-IP TRANSFORMATION RETIRES ALL LEGACY SYSTEMS.

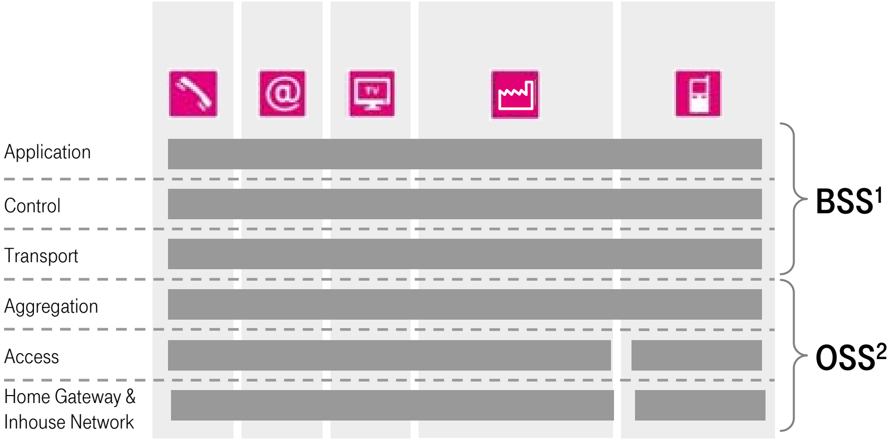
FROM THE “OLD PSTN WORLD”...

Many legacy systems, no separation of BSS[1] and OSS[2]



...TO THE “NEW IP ERA”

Retired legacy systems, clear separation of BSS[1] and OSS[2]



... that significantly changes and harmonizes the production landscape

LIFE IS FOR SHARING.

[1] Business support system [2] Operations support system

1 RADICAL AND FAST PSTN MIGRATION IN CROATIA AND MACEDONIA.

AMBITIOUS MIGRATION PLAN

	PSTN/ISDN voice customers	Migrated to IP YE 2012	
Croatia	1,300 k[1]	350 k (27%)	2014/15
Macedonia	300 k[1]	150 k (50%)	2013/14

BENEFITS

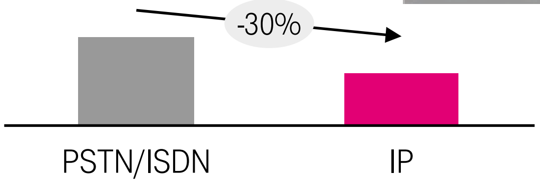
DISMANTLE LEGACY EQUIPMENT

1,712 tons of material dismantled; equals mass of **325 male African elephants**

REDUCED ENERGY CONSUMPTION

43 GWh yearly energy consumption decreased; equals a **1 km long train with 69 cisterns with fuel oil** (4300m^3)

LOWER VOICE PRODUCTION COSTS



LIFE IS FOR SHARING.

[1] Residential, Business and Wholesale

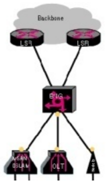
1 DT IS THE FIRST OPERATOR WORLDWIDE TO IMPLEMENT TERASTREAM IN ZAGREB, CROATIA.

ALL-IP TRANSFORMATION TO COPE WITH EXPOTENTIAL TRAFFIC GROWTH

BUILDING BLOCKS

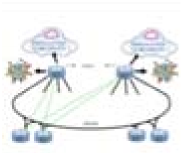
Broadband Network Gateway (BNG)

Consolidation and aggregation of relevant IT systems



TeraStream ("NT goes IT")

- Applying enterprise cloud model to network infrastructure
- Network function virtualization[1]
- New real-time operations support system (OSS)



PSTN migration

BENEFITS OF TERASTREAM

Simple in design, lean in production, allowing services differentiation towards customers

- Instant provisioning
- Instant change of access features
- Reduction of products innovation cycle from 2 – 4 years to less than ½ years
- No latencies
- Radical cost advantage

LIFE IS FOR SHARING.

[1] As result, 40% of total traffic going forward will be delivered by data centers, tightly linked to the network; all more complex parts of production machine will be centralized

2 B2B BIG BANG: FOCUS, COOPERATION AND EXECUTION.

KEY LEVERS IN B2B

Focus, Cooperation & Execution

- Ensure focus, set clear targets
- B2B segment oriented organization implemented by YE 2012 in all NatCos and head office Europe
- Further development of multi-national customers business

Leverage synergies and economies of scale & scope

- Cloud & M2M business development
- Structured best practice sharing

ACHIEVEMENTS

B2B/ICT +8% ✓

- 2012 YTD growth in line with targets

Multi-national customers +2% ✓

- Wins, among others, Henkel, Erste Bank, Generali

Cloud ✓

- Implemented in Croatia

M2M ✓

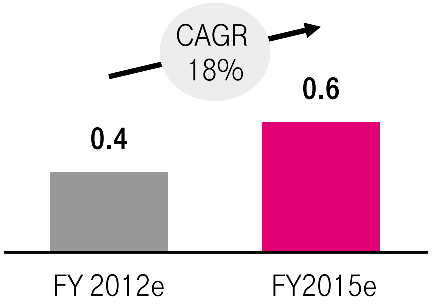
- Platform deployment in Austria

+X% Revenue growth 2012 vs. 2011, Estimate

ASPIRATION

B2B/ICT revenue

€ bn

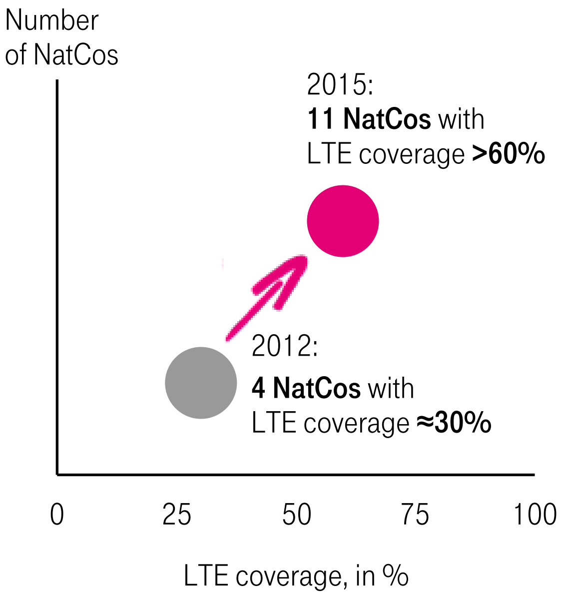


LIFE IS FOR SHARING.

3 MOBILE INTERNET/INNOVATION EXCELLENCE: LTE BROADBAND EXPERIENCE AND COMMERCIAL PUSH.

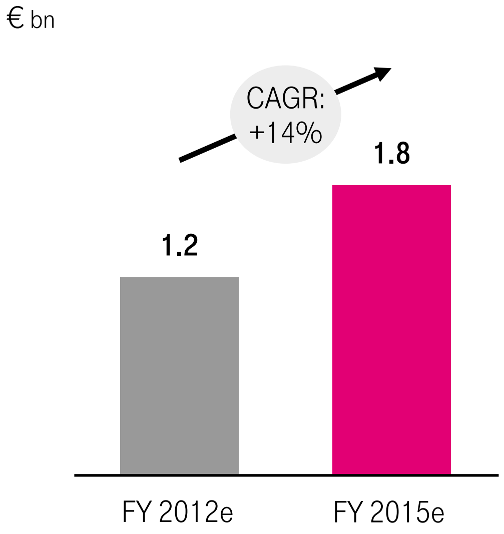
LEADING MOBILE NETWORKS

LTE coverage



INCREASING MOBILE INTERNET REVENUES

Mobile Internet revenue



MEASURES

- Best in class smartphone portfolio leveraging **BUYIN**
- Outstanding mobile Internet **execution**
  - Competitive voice data tariff portfolio
  - Superior sales execution
  - Innovative smartphone based value added services
- **Innovation:**
  - Music streaming (**Deezer, Spotify**)
  - Payment functionality via **My Wallet**

LIFE IS FOR SHARING.

4 COST REVOLUTION.

TRANSFORM DELIVERY MODEL (COST) 2012 – 2015

DECREASE OF INDIRECT COST

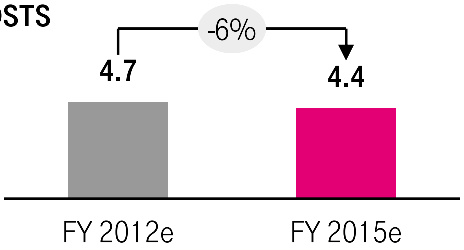
- **eCompany** transformation by further automation of services & products
- Operational excellence by e.g. **technical service transformation**
- **Reduction of G&A** cost by shared service centers e.g. accounting, HR
- Developing **IT supply centers** (e.g. TMNL billing provided by OTE)
- **Design to cost** approach e.g. for technology shared services (TV)

DIRECT COST DEVELOPMENT

- In next two years direct costs will further diminish due to lower interconnections costs, but overcompensated in 2014 and the following years due to increasing direct cost related to growth business
- Growth in TV and ICT with additional cost e.g. licenses, content
- Increase of direct cost related to new products e.g. mobile wallet

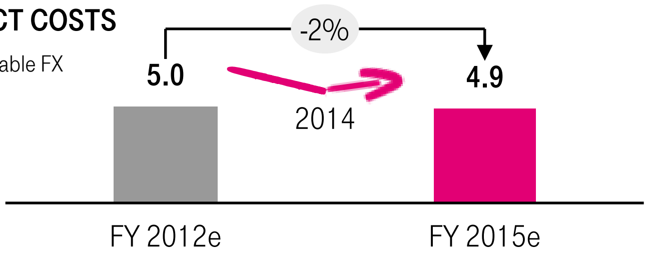
INDIRECT COSTS

€ bn, stable FX



DIRECT COSTS

€ bn, stable FX



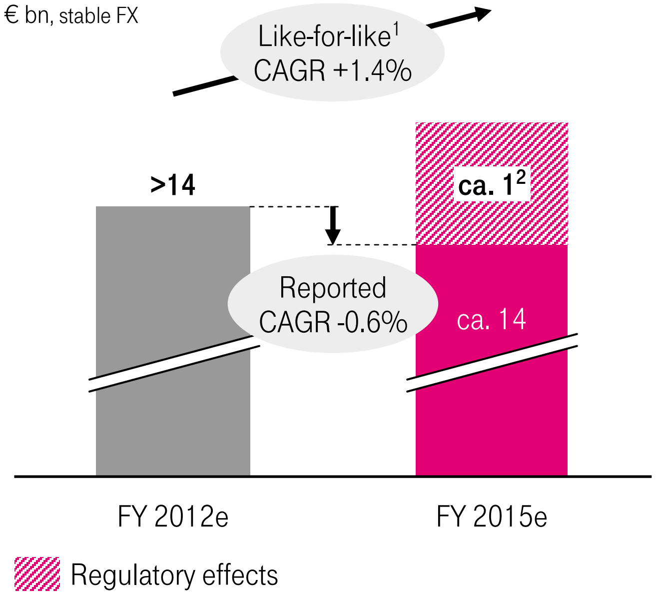
FINANCIAL OUTLOOK

OUR ASPIRATION: RETURN TO MODERATE GROWTH IN 2014 – REVENUE SHIFT TO GROWTH AREAS.

REVENUE TURNAROUND WILL BE ACHIEVED BY...

REVENUE

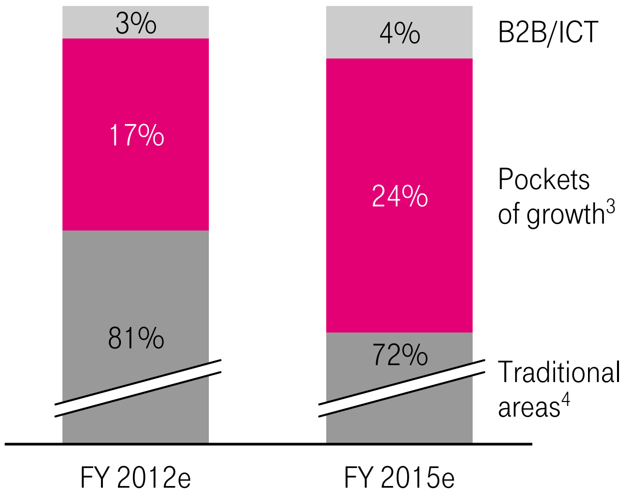
€ bn, stable FX



...REVENUE TRANSFORMATION

REVENUE SPLIT

stable FX



LIFE IS FOR SHARING.

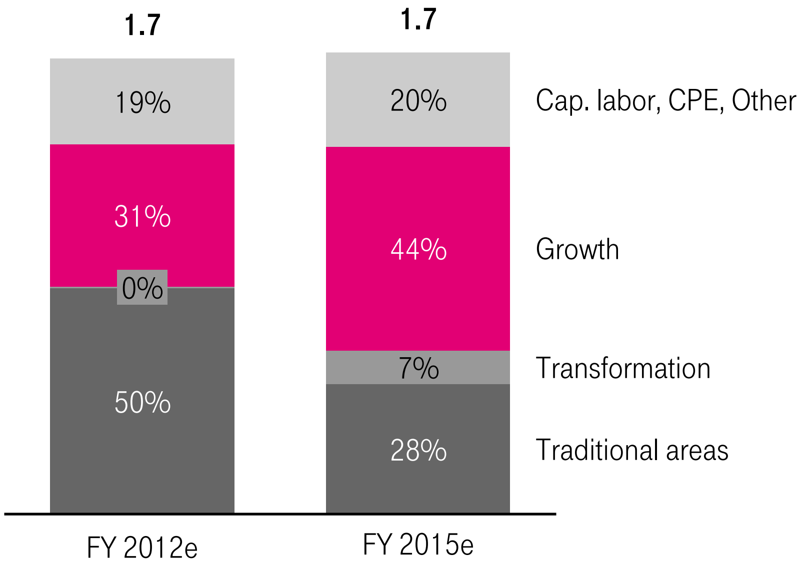
[1] Like-for-Like - calculated with stable FX and stable mobile regulated rates
[2] Mobile termination national, roaming, visitors
[3] B2B/B2C: Mobile Internet, TV/fixed broadband, adjacent industries (online consumer services and energy)
[4] Voice, messaging, handset revenues, wholesale, others.

TRANSFORMATION: REASONABLE INVESTMENTS IN GROWTH SECURE FUTURE BUSINESS OPPORTUNITIES.

CAPEX TRANSFORMATION REFLECTING BUSINESS MODEL CHANGE

CAPEX

€ bn, stable FX, like-for-like, w/o spectrum



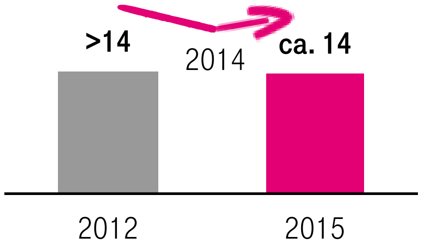
KEY LEVERS 2015

- Increasing CAPEX for further rollout of Growth Areas (e.g. Broadband with LTE, FTTx) and in IP Transformation.
- Decreasing CAPEX in Commodity Telco (e.g. Maintenance and Infrastructure) due to improving efficiency.

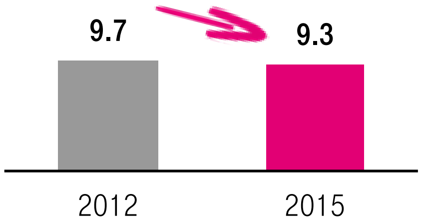
LIFE IS FOR SHARING.

INCREASING RETURN ON CAPITAL DUE TO OPEX SAVINGS AND LOWER ASSET BASE.

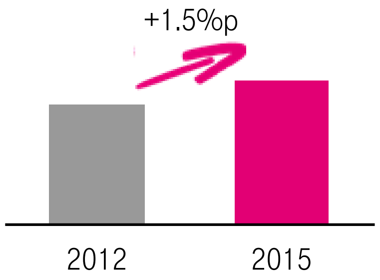
REVENUE



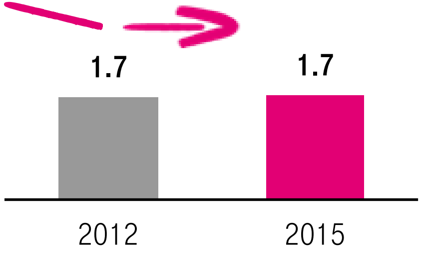
OPEX



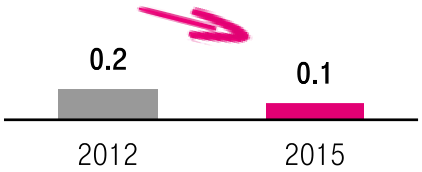
OPERATING ROCE



CAPEX



SPECIAL FACTORS



LIFE IS FOR SHARING.

in € bn, stable FX,
company estimates for all figures; 2012 = FY2012e; 2015=FY2015e.

AMBITION LEVEL 2015

OUR AMBITION: ECONOMIES OF SCOPE AND SCALE SECURE STABLE CASH IN A DIFFICULT ENVIRONMENT.

AMBITION LEVEL 2015

	FINANCIAL STABILITY IN EUROPE	TECHNOLOGY LEADERSHIP	
oFCF adj.	stable	All-IP migration in HR and MK In other countries All-IP migration launched	ALL-IP TRANSFORMATION
TOTAL REVENUE[1]	€14 bn	TeraStream trial in HR by end of 2012 BNG introduction in GR ongoing until 2015	TeraStream/ BNG[3]
CUM. INDIRECT OPEX-REDUCTION BY 2015[2]:	€0.6 bn	Maximum bandwidth experience by bundling fixed & mobile data streams, launch in at least one country 2014	HYBRID ACCESS[4]
OP. ROCE	further improving	Mass market product by 2015	mWALLET

LIFE IS FOR SHARING.

[1] Adjusted, organic revenue development only, based on assumptions regarding regulation (esp. MTR cuts), new entrants/spectrum auction, etc. [2] Baseline 2012 [3] Broadband network gateway [4] Integrated Network Strategy

SUMMARY.

1. We achieved to slow down the historic revenue decline, improved our competitive position as well as operating ROCE, despite a tough environment

2. Our focus:
   Ensure a sustainable cash contribution, stemming against the macro trend

3. Our aspiration:
   - Return to underlying revenue growth from 2014 onwards through our growth areas, especially Mobile Internet and B2B/ICT
   - Reduction of indirect costs through a radical transformation of our delivery model (esp., All-IP Transformation, e-Company, Technical Services Transformation)

4. Our leadership paradigm:
   - Differentiated steering of NatCos, according to market position, to create relevant focus
   - ONE DT (Europe): Cross-NatCos cooperation to leverage economies of scale

LIFE IS FOR SHARING.

BACKUP FOR INVESTORS

NO "ONE-SIZE-FITS-ALL": NATCOS' STRATEGIC PRIORITIES TO BEST COMPETE IN RESPECTIVE MARKETS.

Radical cost containment to adjust business model to market requirements

SENIOR LEADERS	**Greece** Strengthen leadership in mobile and fixed broadband, boost cost efficiency in fixed (ensure refinancing)	**Hungary** Speed up very successful revenue transformation while maintaining mobile pos. despite new entrant(s)	**Croatia** Drive revenue & business model transf.[1] while defending leadership, size market invest & Capex accordingly	**Macedonia** Stabilize leading market position, and focus on Capex reduction
JUNIOR LEADERS WITH A CHALLENGE IN MOBILE	**Romania** Streamline and focus: smart TV invest and focus on B2B FMC, efficiency opportunities with merger (to improve ROCE)	**Slovakia** Grow mobile market share (esp. by challenging Orange), and streamline organization	**Montenegro** Stabilize top-line, and drive transformation for cost reduction	
MOBILE RUNNER-UPS	**Poland** Achieve mobile market leadership in a growing market ("full attack"), and boost B2B	**Czech Rep.** Become market leader in mobile data ("focused attack"), while smartly defend against new entrant(s) in maturing market, push B2B/ICT	**Bulgaria** not in scope	
SMART ATTACKERS	**The Netherlands** Become a true, unconventional attacker (esp. in B2C), boost efficiency, network performance is only a hygiene factor	**Austria** Strategic repositioning, sharpen position as leading attacker of A1, enhance B2B	**Albania** Strong focus on closing gap to Vodafone, esp. in mobile data and in postpaid	

LIFE IS FOR SHARING.

[1] IP and e-Company, lean Telco