

The T-Share.

Economic recovery and the euro crisis dominated the year on the stock exchanges // Markets impressed by Deutsche Telekom's long-term shareholder remuneration policy

T-Share information.

		2010	2009
Xetra closing prices			
	€		
Share price on the last trading day		9.66	10.29
Year high		10.60	11.39
Year low		8.55	7.93
Trading volume			
German exchanges	billions of shares	4.7	5.3
New York Stock Exchange (ADRs) *	millions of shares	184	356
Tokyo Stock Exchange *	millions of shares	1.4	0.3
Market capitalization on the last trading day		billions of €	
		41.7	44.9
Weighting of the T-Share in major stock indexes on the last trading day			
DAX 30	%	4.7	5.8
Dow Jones Euro STOXX 50®	%	1.1	1.2
T-Share – key figures			
Earnings per share (basic and diluted)	€	0.39	0.08
Proposed dividend	€	0.70	0.78
Number of shares issued	millions, at year-end	4,321.32	4,361.32

* Deutsche Telekom delisted from the New York and Tokyo stock exchanges in the 2010 financial year. The last day of trading at the NYSE was on June 18, 2010 and at the Tokyo Stock Exchange on July 15, 2010.

Capital markets environment.

While the global economy in 2009 went through the worst recession since 1945, 2010 was marked by economic recovery on the one hand and the debt crisis in several European countries on the other.

Economic activity around the globe was revived, in many cases with the help of large-scale fiscal and monetary policy programs. However, fear of national bankruptcy in Greece, Ireland and other European countries put the euro under considerable pressure. The EU and the IMF had to help out with financial aid facilities worth several billions.

Market demand worldwide centered on cyclical stocks, e.g., stocks that depend heavily on economic growth. These, however, were in fact among the main losers in the crisis year of 2009. Consequently, in 2010 defensive

stocks such as health and telecommunications that had not experienced such a pronounced decline beforehand tended to lag somewhat behind the strengthening markets.

Development of international indexes.

Europe's indexes developed very differently depending on their exposure to the euro crisis, on the significance of the financial sector, and on the strength of the respective national economies. For instance, the DAX rose by a total of 16.1 percent, making it one of Europe's best performing indexes in 2010. For the first time since June 2008, it passed the 7,000 points mark several times in December and closed the year at 6,914. By contrast, Spain's IBEX 30 sustained a drop of 17.4 percent while Greece's index lost as much as 35.6 percent.



The euro zone's leading index, the EuroSTOXX 50[®], lost 2.8 percent on a total return basis (share price performance plus dividend), a decline that was clearly attributable to the debt crisis in several euro zone countries, which put considerable pressure especially on bank stocks. These stocks are relatively strongly represented in the EuroSTOXX 50[®].

The main U.S. indexes closed the year 2010 on a solid high, even though fears of another decline in the U.S. economy – known as a double dip – coupled with continued high unemployment caused repeated setbacks throughout 2010. The Dow Jones Industrial Index climbed 11 percent overall, while the S&P 500 rose 12.8 percent and the NASDAQ increased 16.9 percent.

Japan's Nikkei had sustained a 3-percent decline by year-end. This was due to the strength of the yen, a challenge especially for the country's export-orientated businesses that form the backbone of Japan's economy.

T-Share performance.

The T-Share remained stable over the full year. Its annual high was reached very early in 2010 at EUR 10.60, while the low of EUR 8.55 came in May after the dividend payout. Based on total shareholder return (share price performance plus dividend) the share gained 2 percent over the full year and closed at the end of 2010 at EUR 9.66.

Deutsche Telekom impressed the telecommunications markets with its new shareholder remuneration policy: The Company announced that it will remunerate its shareholders with a total of EUR 10 billion over the next three years through 2012. Of this, EUR 3 billion will be paid out as a dividend each year. This makes Deutsche Telekom the first DAX company to communicate a minimum dividend for three years in conjunction with a share buy-back totaling up to EUR 1.2 billion. This policy is subject to the requisite unappropriated net income being posted in the single-entity financial statements of Deutsche Telekom AG for the financial year in question and the ability to form the necessary reserves for the share buy-back. It is also contingent upon the executive bodies adopting resolutions to this effect, taking account of the Company's situation at the time.

The share buy-back program the Board of Management approved on July 27, 2010 was completed on December 3 as part of Deutsche Telekom's aforementioned new shareholder remuneration policy. A total of around 40 million shares accounting for around EUR 102.40 million in share capital were bought back through the stock exchange. The amount equates

to around 0.9 percent of the Company's share capital. The average buy-back price per share was EUR 9.9998, taking the total buy-back value to around EUR 400 million.

The Company's quarterly figures, particularly those for the German business, were in line with expectations.

Delisting of American Depositary Shares from the New York Stock Exchange.

Deutsche Telekom's American Depositary Shares (ADSs) were delisted from the New York Stock Exchange (NYSE) after the close of trading on June 21, 2010. The Company also deregistered from and therefore discontinued its reporting obligations to the U.S. Securities and Exchange Commission (SEC) in accordance with a resolution adopted by the Group Board of Management at its meeting on April 20, 2010.

The delisting did not affect U.S. investors holding ordinary Deutsche Telekom shares. Level III ADSs held by investors in the United States were transferred to a sponsored Level I ADS program with the assistance of our depository bank, Deutsche Bank, so that the shares could be traded over the counter.

The primary aim of delisting and deregistration was to simplify financial reporting processes within the Company and cut costs. However, Deutsche Telekom remains committed to the very highest levels of transparency and maintaining corporate governance standards in its financial reporting. The Company will also continue to maintain a close, open, and direct dialog with its U.S. investors.

Share ownership by members of the Board of Management and the Supervisory Board.

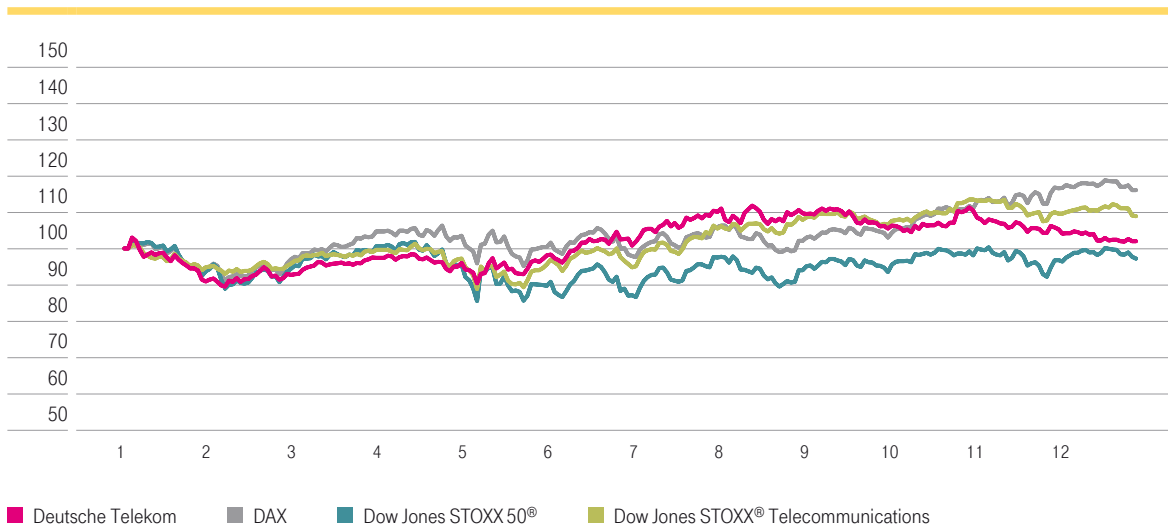
Members of the Deutsche Telekom Board of Management and Supervisory Board bought a total of approximately 160,000 Deutsche Telekom shares in 2010. Total direct or indirect holdings of shares in the Company or associated financial instruments by members of the Board of Management and the Supervisory Board do not exceed 1 percent of the shares issued by the Company.

Dividend.

The Board of Management and Supervisory Board of Deutsche Telekom AG propose to this year's shareholders' meeting, to be held on May 12, 2011, the distribution of a dividend of EUR 0.70 per share.

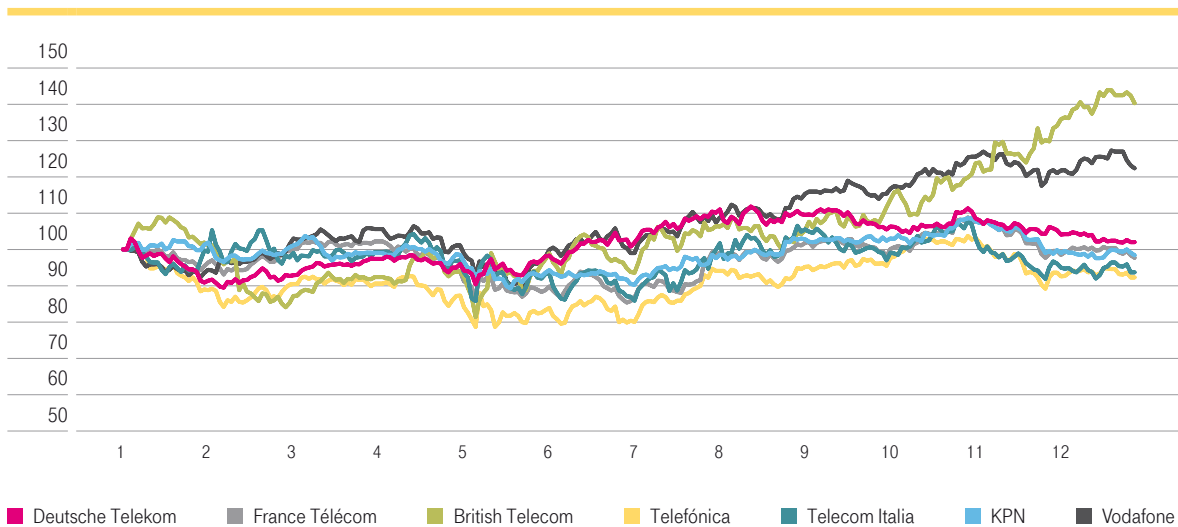
T-Share as compared to DAX, Dow Jones STOXX 50® and Dow Jones STOXX® Telecommunications.

January 1 to December 31, 2010



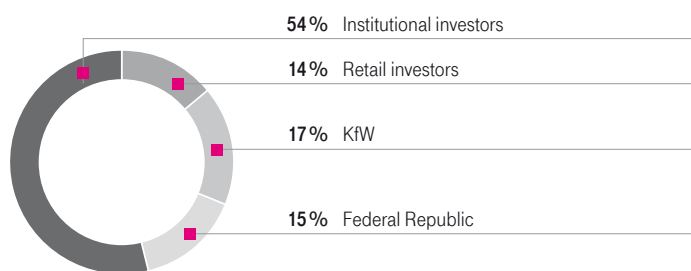
T-Share as compared to other telecommunications companies.

January 1 to December 31, 2010



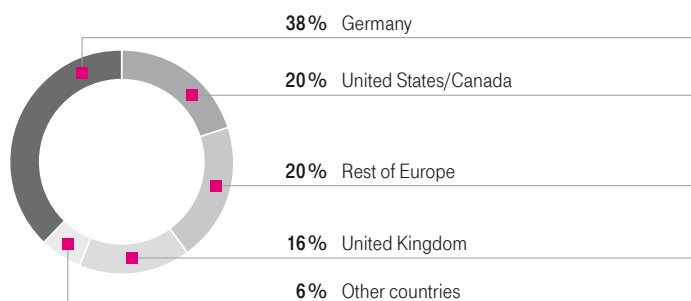
Shareholder structure.

As of December 31, 2010



Geographical distribution of free float.

As of December 31, 2010



Shareholder structure.

The share buy-back and subsequent capital decrease, which took effect as of December 17, 2010, resulted in minor changes to the shareholder structure. The Federal Republic's shareholding including that of KfW (Kreditanstalt für Wiederaufbau) is now 32 percent. The percentage of shares in free float consequently decreased to 68 percent. The proportion of institutional investors decreased to 54 percent of share capital, while the share of retail investors increased to approximately 14 percent.

Investor relations.

In the 2010 financial year, Deutsche Telekom continued its intensive dialog with institutional investors, retail investors, and financial analysts. In individual and group discussions during its roadshows in Europe and North America, top management personally presented the Group strategy and the Company's financial position along with annual and quarterly results.

Direct contact with the capital markets was also maintained on the occasion of an analysts' conference in Bonn and in London, and international investors' conferences held at various locations including Frankfurt, Barcelona, London, Paris, and New York.

Comprehensive online services were again available to Deutsche Telekom's shareholders in the 2010 financial year. Shareholders can also in future use the option of receiving documents relating to the shareholders' meeting by e-mail, for instance. In addition, Internet Dialog also facilitates the ongoing expansion of electronic communication with shareholders. The personal profiles the shareholders can set up themselves allow them to order tickets to the shareholders' meeting for themselves or for a proxy. If shareholders do not wish to attend in person, they can change voting instructions issued to proxies until shortly before voting begins. For the second year running, the carbon footprint of the shareholders' meeting is being offset fully.

In addition, the "direkt" newsletter (available in German only) reports on the most recent quarterly results and the annual financial statements of the Group. It also covers significant developments and events as well as the Group strategy, and contains special offers for shareholders. The newsletter is available for download from the Investor Relations website. Shareholders can also receive the free newsletter in printed form or by e-mail. Last year, Deutsche Telekom AG shareholders and other persons interested in the T-Share made intensive use of the services for retail investors. In 2010, our team dealt with over 20,000 inquiries.

The IR team provides retail investors with a direct point of contact on + 49 (0) 228 181 88333 (fax + 49 (0) 228 181 88339) or e-mail forum-taktie@telekom.de for questions relating to Deutsche Telekom.