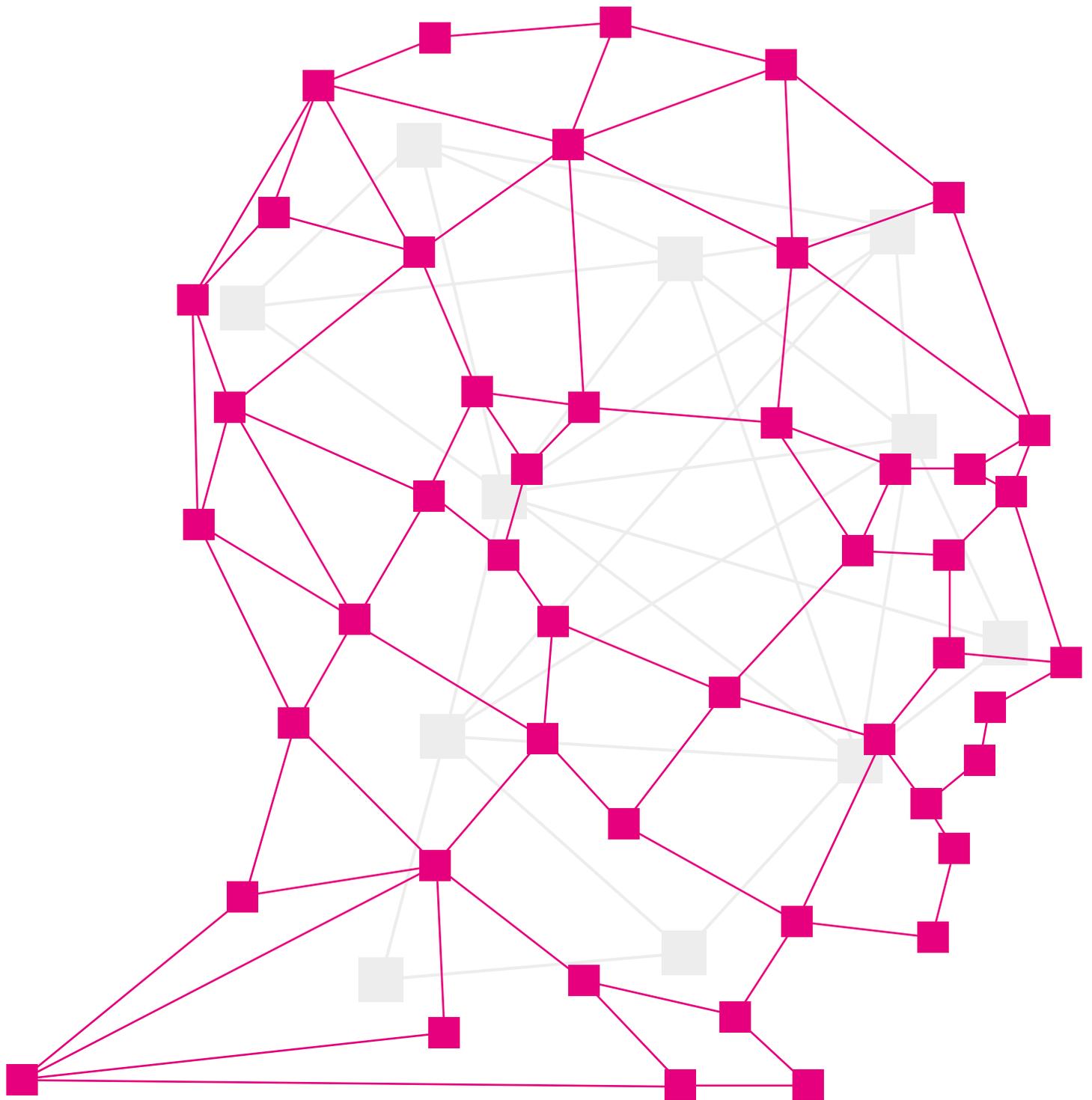


HR FACTBOOK 2015

PEOPLE. FACTS. DEVELOPMENTS.



LIFE IS FOR SHARING.

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ABOUT THE HR FACTBOOK 2015

What is typical of a Deutsche Telekom employee? How many colleagues work at each site? And how much money do we save through innovative ideas from our staff? The 2015 HR Factbook is all about our key figures in Human Resources. As a direct introduction we have summarized the most important data in our report in three infographics. The HR Factbook gives our stakeholders – customers, investors, employees and potential job applicants – a clear, more detailed insight into our Group, supplying information on its revenue, headcount, employee age structure along with employee health and contract termination rates.

Most of the data in the report refer to the 2015 calendar year and apply as of December 31, 2015. Any exceptions are marked accordingly. All figures are based on more precise data. Since some values are rounded, totals may differ slightly. The figures are often divided into the categories “Germany,” “International” and “Group.” Germany here represents employees based in Germany (irrespective of segment).

International refers to all employees based at locations outside of Germany and Group refers to all employees.

Some of the data are broken down over our operating segments, i.e., Germany, United States, Europe and Systems Solutions. Group Headquarters & Group Services comprises all Group units that are not directly assigned to one of the operating segments.



INTRODUCING: A TYPICAL DEUTSCHE TELEKOM EMPLOYEE



Male



Works in Germany



40.6 years old



Generates 306,000 euros of revenue

DEUTSCHE TELEKOM AT A GLANCE: GERMANY

Employees



Proportion of civil servants



■ Civil servants (29%)
■ Non-civil servants (71%)

Age structure



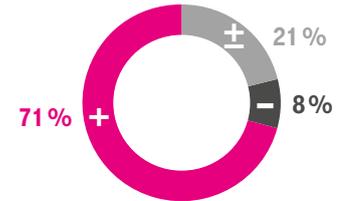
Health rate



Average number of training days per employee



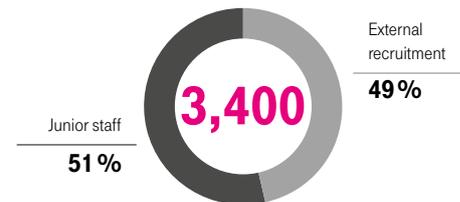
Employee satisfaction



Apprentices and students:
Proportion of women



Recruitment



Employees with disabilities

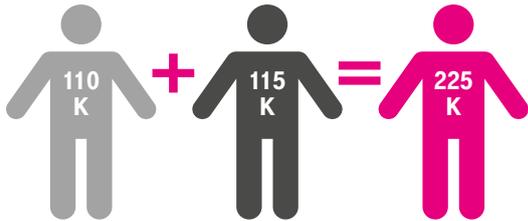
7.2%

Savings made by employees' ideas

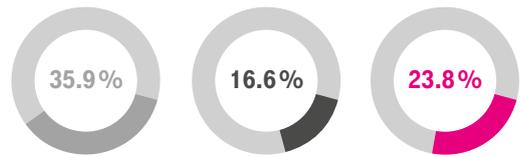


TELEKOM AT A GLANCE: GROUP

Employees



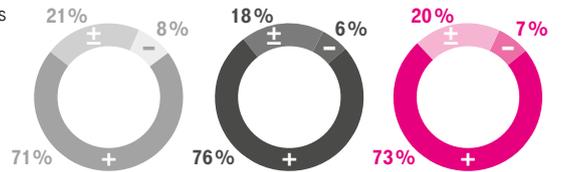
Total workforce quota, adjusted



Revenue per employee



Satisfaction among all employees



Group revenue



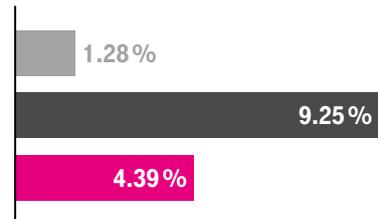
Satisfaction among all managers



Personnel costs, adjusted



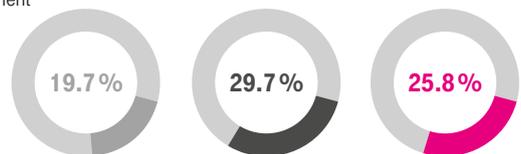
Fluctuation rate (natural turnover)



Total workforce costs, adjusted



Women in middle and upper management



Germany International Group

Employees by location (in thousands of FTE, as of Dec. 31 each year)

EXPLOITING THE BEST IDEAS FROM ALL MARKETS: CONTINUED INTERNATIONALIZATION AT DEUTSCHE TELEKOM



	1998	2003	2007	2011	2015
Germany:	91.4%	69.7%	61.7%	51.7%	49.0%
International:	8.6%	30.3%	38.3%	48.3%	51.0%

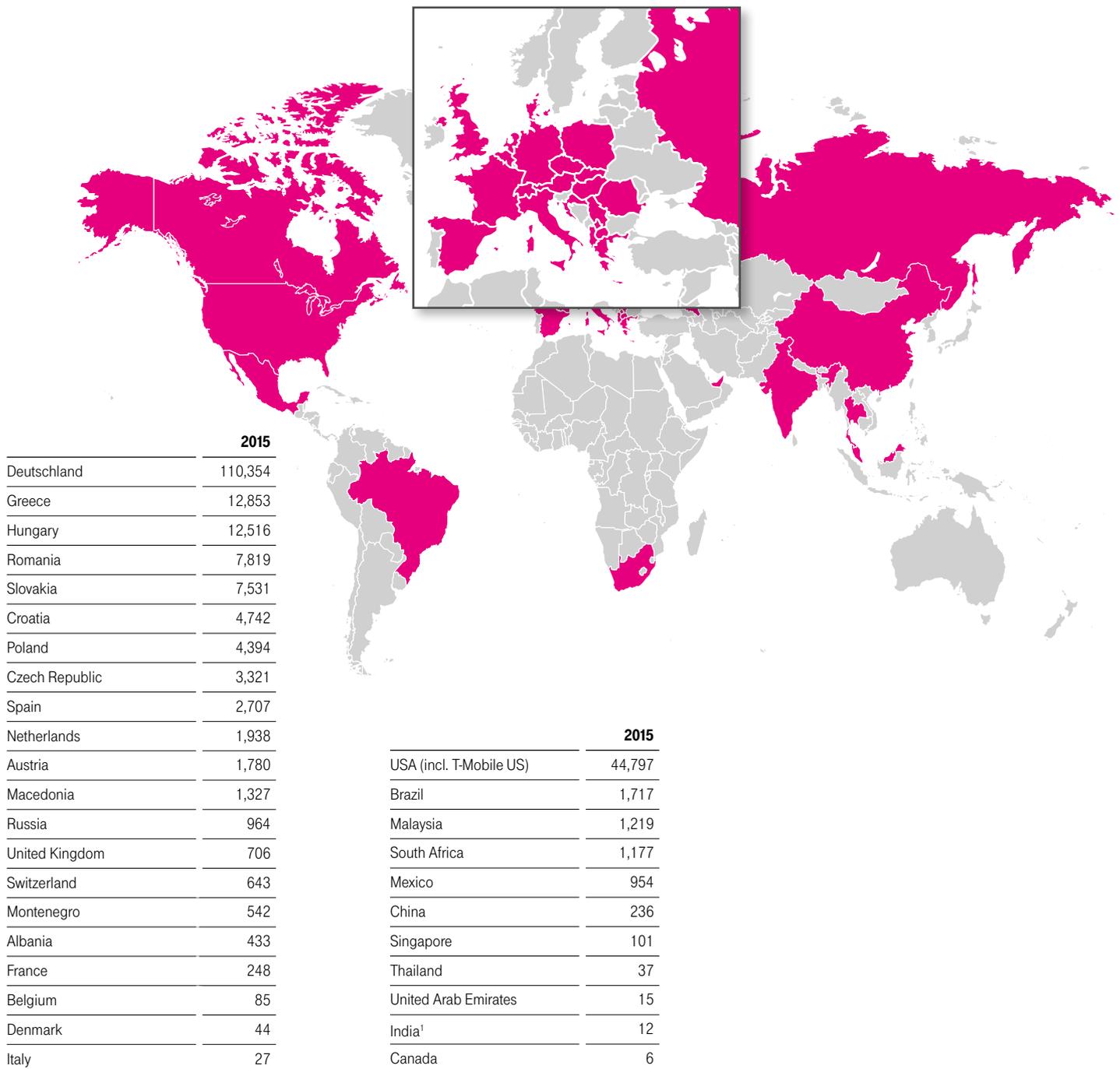
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Germany	179.1	172.7	179.2	178.3	177.8	173.3	171.0	168.0	160.0	148.9	131.7	127.5	123.2	121.6	118.8	116.6	114.7	110.4
Group	195.9	195.8	227.0	257.0	256.0	248.5	244.6	243.7	248.8	241.4	227.7	259.9	246.8	235.1	229.7	228.6	227.8	225.2
International	16.8	23.1	47.8	78.7	78.1	75.2	73.7	75.7	88.8	92.5	96.0	132.4	123.6	113.6	110.8	112.0	113.1	114.9

Our strategy to become the leading telecommunications provider in Europe is reflected in the trend in our international employee headcount. The number of employees working at sites outside Germany has risen notably since the turn of the millennium – albeit with fluctuations in some places.

Whereas 91.4 percent of company employees were working in Germany in 1998, the rate has leveled at around 50 percent since 2009. The figure for 2015 was 49.0 percent.

Employees by country (FTE)

HALF THE WORKFORCE OUTSIDE GERMANY – SPREAD ACROSS 31 COUNTRIES ON FOUR CONTINENTS



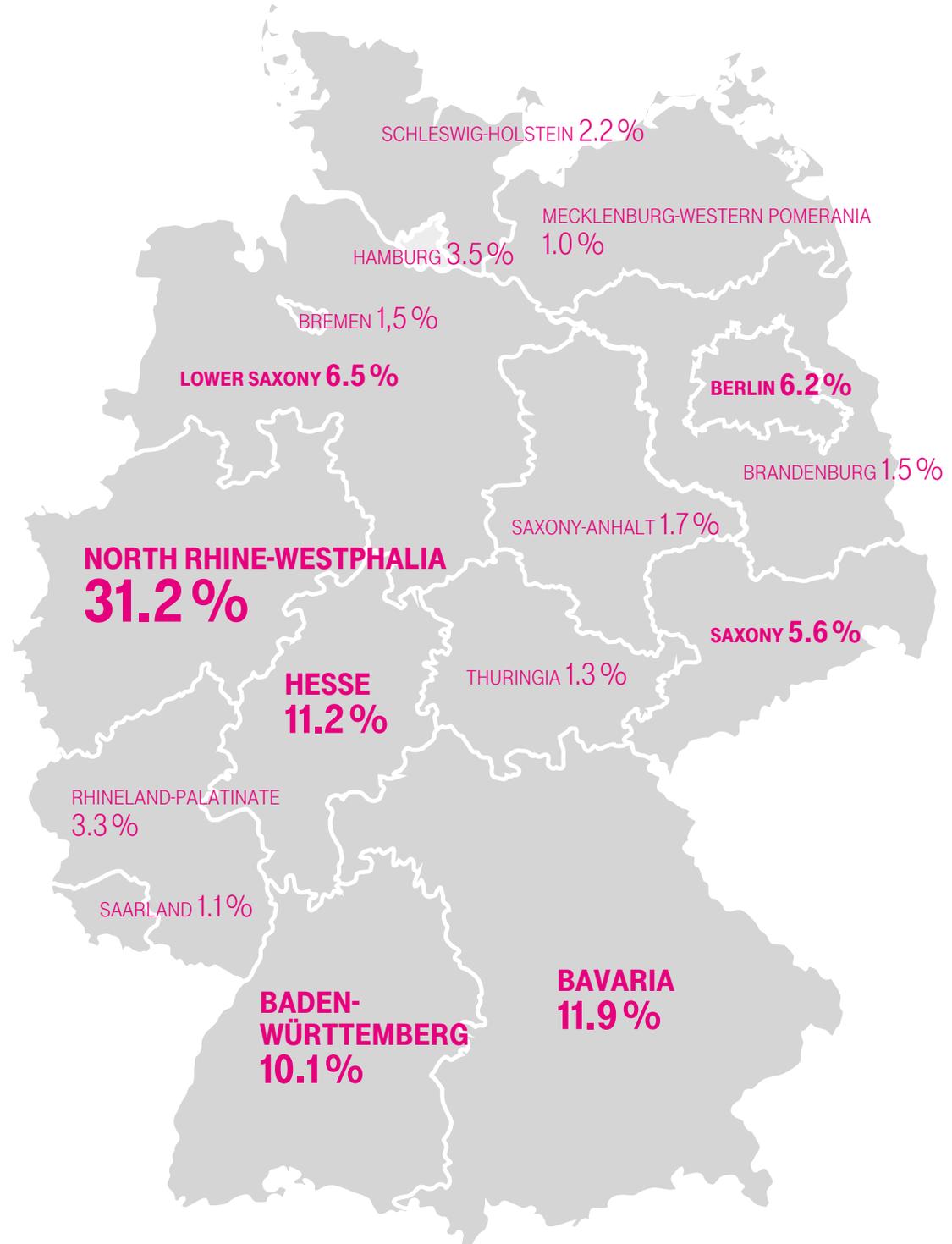
¹ Representing the workforce of Click & Buy Services India Private Limited from February 2014.

In 2015, workforce figures in Germany fell by 3.8 percent on the previous year from 114,749 to 110,354. The Group achieved its highest growth in the United States, where the number of employees increased from 40,339 to 44,797. This is accounted for by a big rise in the customer base at

T-Mobile USA in 2015. Employee numbers also increased slightly in Slovakia, Russia, Belgium, Brazil, Malaysia, Mexico and Thailand.

Employees in Germany by state (FTE)

WELL POSITIONED THROUGHOUT GERMANY – FOR COMPREHENSIVE SERVICE



	2015 ¹
North Rhine-Westphalia ²	34,474
Bavaria	13,116
Hesse	12,371
Baden-Württemberg	11,134
Lower Saxony	7,131
Berlin	6,884
Saxony	6,169
Hamburg	3,848
Rhineland-Palatinate	3,693
Schleswig-Holstein	2,478
Saxony-Anhalt	1,829
Bremen	1,683
Brandenburg	1,644
Thuringia	1,455
Saarland	1,207
Mecklenburg-Western Pomerania	1,154

¹ excluding emetriq GmbH, DT Capital Partners Management GmbH.

² incl. all employees transferred to Telekom Placement Services irrespective of location.

A major proportion of Deutsche Telekom staff in Germany, namely one third, works in North Rhine-Westphalia, the state that is home to the Group headquarters. Well over 10,000 people also work for Deutsche Telekom in each of the three states of Bavaria, Hesse and Baden-Württemberg.

One of the key components of our strategy is to provide the best customer experience. This includes the necessity to deliver the best service. Due to our presence in all of Germany's federal states we are close to our customers and meet their individual needs.

Employees by operating segment (FTE)

SIGNIFICANTLY MORE EMPLOYEES IN THE U. S. SEGMENT

	2011	2012	2013	2014	2015
Germany	69,574	67,497	66,725	68,754	68,638
USA	32,868	30,288	37,071	39,683	44,229
Europe	58,794	57,937	53,265	51,982	49,638
Systems Solutions	52,170	52,106	49,540	47,762	45,990
Group Headquarters & Group Services	21,726	21,858	21,995	19,631	16,747
Group	235,132	229,686	228,596	227,811	225,243

The Group's headcount decreased slightly by 1.1 percent compared with the year 2014. Employee figures were down in all segments except the United States. Employees in the U.S. segment rose by 11.5 percent. New staff were recruited for the retail segment as well as for customer service and HR administration. In our Europe and Systems Solutions business, the employee base decreased as a result of efficiency improvements and

personnel restructuring measures. Employee numbers in the Group Headquarters & Group Services segment were down 14.7 percent year on year due to personnel restructuring measures, which included employee transfers within the Group, and the sale of the T-Online.de platform and our InteractiveMedia digital marketing company.

For more information see [page 115 of the 2015 Annual Report](#).

Employees by status group in Germany (FTE)

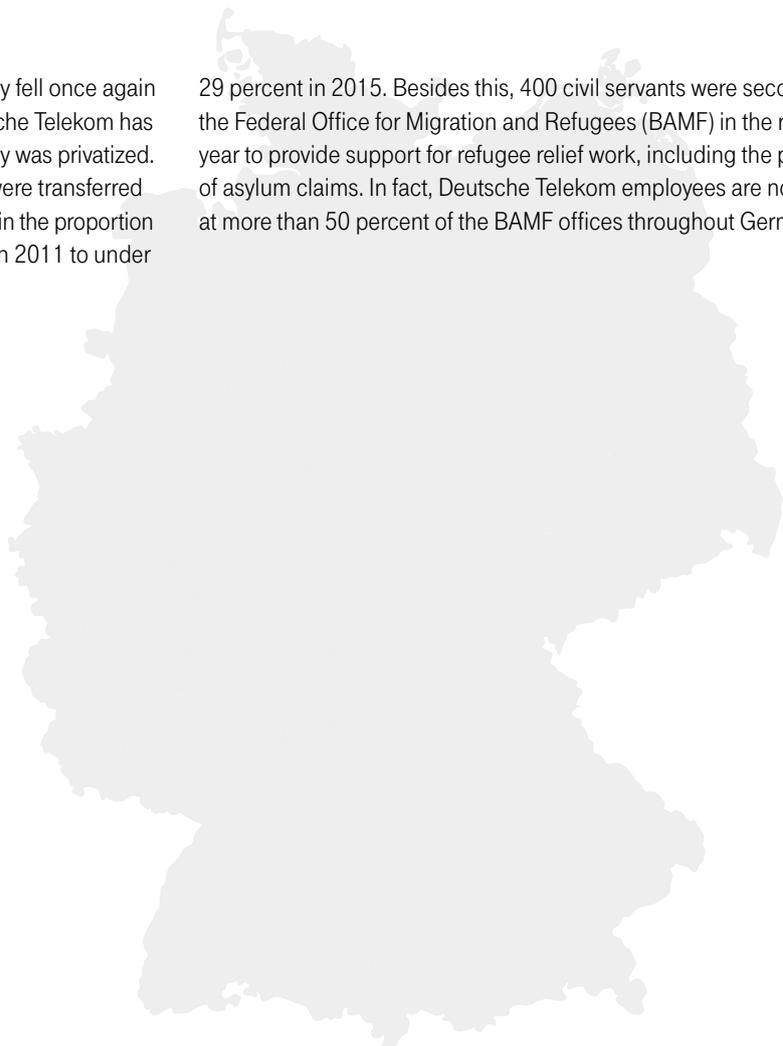
CIVIL SERVICE HEADCOUNT IN GERMANY DOWN AGAIN

	2011	2012	2013	2014	2015
Active civil servants	23,516	21,958	20,523	19,881	18,483
Civil servants on temporary leave from civil-servant status ¹	1,537	1,430	1,412	1,340	1,220
Civil servants at affiliated companies	15,774	14,836	14,179	13,260	12,292
Civil servants (total)	40,828	38,224	36,114	34,482	31,995
Number of non-civil servants in Germany	80,736	80,616	80,529	80,267	78,360
Total number of employees in Germany	121,564	118,840	116,643	114,749	110,354
Proportion of non-civil servants in Germany (%)	66.41	67.84	69.04	69.95	71.01
Proportion of civil servants in Germany (%)	33.59	32.16	30.96	30.05	28.99

¹ Civil servants whose status as such is currently suspended. They have temporarily switched to a non-civil servant employee relationship.

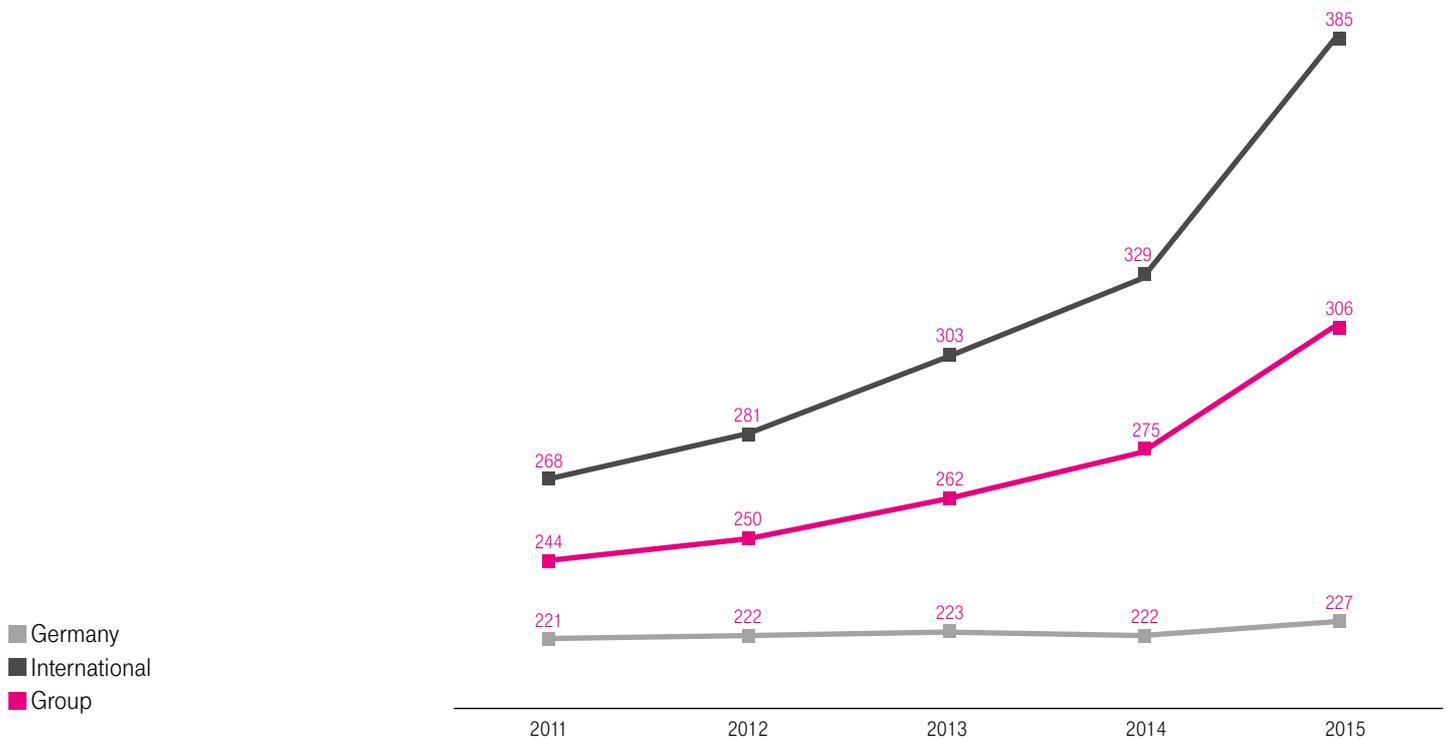
The proportion of civil servants employed in the company fell once again in 2015. The reasons for this included the fact that Deutsche Telekom has not recruited any new civil servant staff since the company was privatized. In addition, many civil servants took early retirement or were transferred to public authorities. This has led to a continual reduction in the proportion of civil servants in the workforce, from around one third in 2011 to under

29 percent in 2015. Besides this, 400 civil servants were seconded to the Federal Office for Migration and Refugees (BAMF) in the reporting year to provide support for refugee relief work, including the processing of asylum claims. In fact, Deutsche Telekom employees are now working at more than 50 percent of the BAMF offices throughout Germany.



Revenue per employee (in thousands of EUR, FTE, yearly average)

PRODUCTIVITY OUTSIDE GERMANY GREATLY IMPROVED – UNITED STATES KEY DRIVER OF GROWTH



	2011	2012	2013	2014	2015
Net revenue, Germany (in billions of EUR) ¹	27.2	26.7	26.3	25.7	25.7
Net revenue, International (in billions of EUR) ¹	31.4	31.5	33.9	36.9	43.5
Net revenue, Group (in billions of EUR)	58.7	58.2	60.1	62.7	69.2
International revenue as a percentage of Group revenue ¹	53.5%	54.1%	56.3%	58.9%	62.9%
Total number of employees in Germany	122,925	120,614	117,995	116,067	113,277
Total number of employees, International	117,444	111,728	111,709	112,181	113,055
Total number of employees, Group	240,369	232,342	229,704	228,248	226,332

¹ As revenue allocation is separated into Germany / international from an HR perspective, this reflects employee location, unlike the financial report, which allocates revenue to the country where it was generated. Totals were calculated on the basis of precise figures and rounded to millions.

In 2015 Deutsche Telekom generated Group revenue of 69.2 billion euros, reflecting growth of 6.6 billion euros, a significant increase year on year. The international share of Group revenue rose by four percentage points to 62.9 percent. Likewise, revenue per employee increased steadily in 2015 to 306,000 euros, translating into a growth rate of 11.3 percent.

While revenue per employee in Germany rose slightly by 5,000 euros following several years at a fairly constant level, international business reported growth in revenue per employee of around 17 percent. This is

largely accounted for by our U.S. business. The number of employees in our United States operating segment increased by 11.5 percent, partly due to growth of 8.3 million new mobile communications customers as a result of the Un-carrier initiatives launched by T-Mobile USA. As a result, the United States segment achieved a revenue increase of over 29 percent year on year, thereby accounting for the largest share in Group revenue at 41.8 percent. This disproportionately high growth in revenue compared with the rise in headcount explains the segment's higher productivity figures.

Personnel costs (in billions of EUR) and personnel costs rate

PERSONNEL COST RATIO DOWN AGAIN GROUP-WIDE

	2011	2012	2013	2014	2015
Personnel costs in the Group	14.8	14.7	15.1	14.7	15.8
Of which Germany	9.2	9.2	9.4	9.1	9.4
Special factors	1.2	1.2	1.4	0.9	1.2
Personnel costs in the Group, adjusted for special factors	13.6	13.5	13.7	13.8	14.6
Net revenue	58.7	58.2	60.1	62.7	69.2
Of which Germany ¹	27.2	26.7	26.3	25.7	25.7
Adjusted personnel costs rate, Group (%)	23.1	23.2	22.7	22.0	21.2
Adjusted personnel costs rate, Germany (%)	30.6	31.1	32.3	32.9	33.0

¹ As revenue allocation is separated into Germany/ international from an HR perspective, this reflects employee location, unlike the financial report, which allocates revenue to the country where it was generated.

By personnel costs we mean basic personnel costs (salaries) and incidental personnel expenses – where applicable including, or adjusted for, special factors in conjunction with personnel restructuring measures (individual downsizing instruments). The personnel cost ratio represents personnel costs as a proportion of revenue. The development of this rate serves as a benchmark for company business. This performance indicator has fallen continually Group-wide since 2012 from 23.2 to today's figure of 21.2 percent. Again, the slight increase in the ratio for Germany compared with 2014 (32.9 to 33.0 percent) reflects expenditure on expanding and restructuring the networks and the investments associated with this.

Deutsche Telekom is driving network build-out not just in terms of coverage but also with regard to transmission speeds. The key driver of the Group's adjusted personnel cost ratio, which fell by 0.8 percentage points, is the significant rise in revenue. It more than compensated for the rise in personnel costs in the Group.

The disadvantage of the personnel cost ratio is that it ignores external personnel costs. Therefore the total workforce costs ratio is more meaningful for the management of personnel costs at Deutsche Telekom.

Total workforce costs, adjusted (in billions of EUR)

STRONG GROWTH IN NEW CUSTOMERS IN THE UNITED STATES IS THE REASON FOR HIGHER PERSONNEL COSTS

		2011	2012	2013	2014	2015
TWC adjusted ¹		15.6	15.5	15.3	15.4	16.5
Of which Germany		9.6	9.4	9.3	9.2	9.2
	IWC ² (PC ³ adjusted)	8.3	8.3	8.5	8.5	8.5
	EWC ⁴ Leased and temporary workers	0.1	0.1	0.1	0.05	0.05
	EWC ⁴ Freelancers and consultants	1.1	1.0	0.8	0.7	0.7
Of which international		6.1	6.0	6.0	6.1	7.2
	IWC ² (PC ³ adjusted)	5.3	5.2	5.2	5.3	6.1
	EWC ⁴ Leased and temporary workers	0.3	0.3	0.2	0.3	0.4
	EWC ⁴ Freelancers and consultants	0.6	0.6	0.6	0.6	0.7

¹ Total workforce costs, adjusted: external workforce costs + personnel costs adjusted for special factors.

² Internal workforce costs.

³ Personnel costs.

⁴ External workforce costs: Costs of leased and temporary workers + cost of freelancers and consultants.

Total workforce management gives the company important information on the cost structures for internal and external employees (total workforce costs). Total workforce costs in the Group rose to 16.5 billion euros after four years at a constant level. This is largely due to success in the U. S.

business and the associated growth in the workforce by around 4,500 new employees. By contrast, internal workforce costs and the costs for leased and temporary staff, freelancers and consultants in Germany remained stable.

Total workforce quota, adjusted

TOTAL WORKFORCE COSTS VS. REVENUE RATIO IMPROVES AGAIN

		2014	2015
Germany	PC ¹ adjusted	8.5	8.5
	EWC ²	0.8	0.7
	TWC adjusted ³	9.2	9.2
	Revenue ⁴	25.7	25.7
	TWQ⁵ adjusted	35.90%	35.85%
International	PC ¹ adjusted	5.3	6.1
	EWC ²	0.8	1.1
	TWC adjusted ³	6.1	7.2
	Revenue ⁴	36.9	43.5
	TWQ⁵ adjusted	16.60%	16.64%
Group	PC ¹ adjusted	13.8	14.6
	EWC ²	1.6	1.8
	TWC adjusted ³	15.4	16.5
	Revenue ⁴	62.7	69.2
	TWQ⁵ adjusted	24.60%	23.77%

¹ Personnel costs.

² External workforce costs: Costs of leased and temporary workers + costs of freelancers and consultants.

³ Total workforce costs, adjusted: external workforce costs + personnel costs adjusted for special factors.

⁴ Since revenue allocation to determine quotas is from an HR perspective, it reflects the location of employees (FTE).

In the annual report revenue is allocated to the region where it is generated.

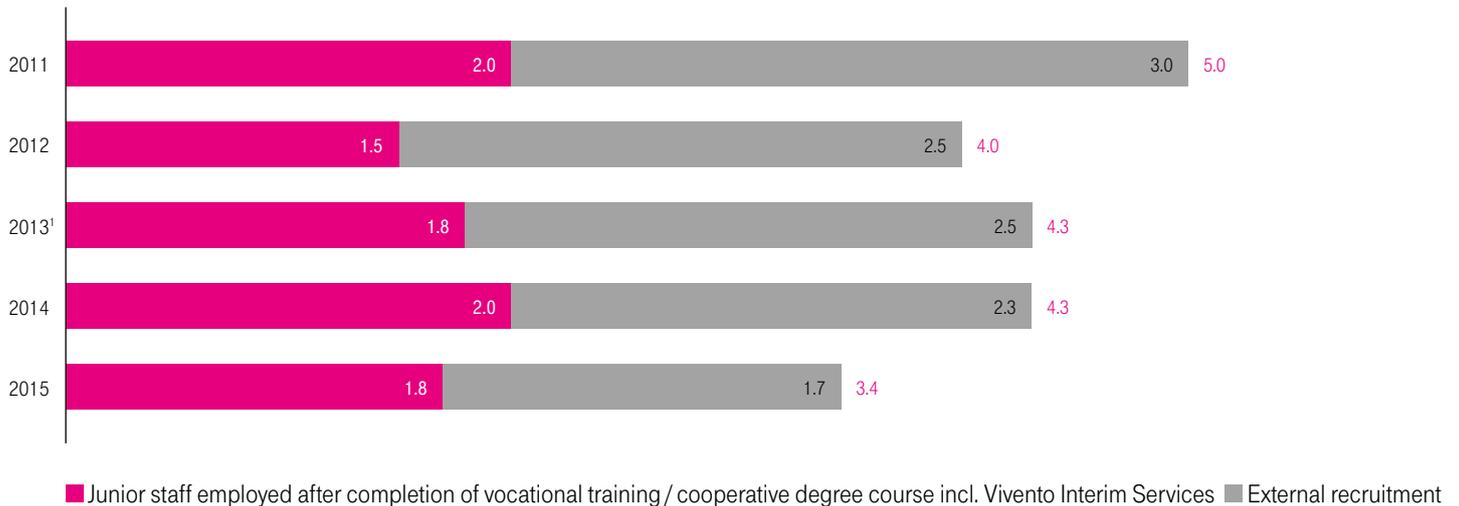
⁵ Total workforce quota, adjusted = TWC, adjusted / revenue.

Total workforce management allows HR to be managed in a holistic manner, enabling qualitative and quantitative personnel planning over the long term. The total workforce ratio describes the relationship between all personnel expenditure (internal and external) and revenue. This means that if the ratio falls in comparison with the previous year, either total workforce costs have dropped or revenue has increased.

While total revenue rose by 6.6 billion euros in 2015 (10.5 percent), total workforce costs increased by a mere 7 percent compared with 2014 (these increases are largely influenced by exchange rates, which are canceled when calculating the TWR since revenue is also affected by exchange rate factors). As a result, Deutsche Telekom was again able to improve the ratio. The adjusted ratio for the Group dropped by 0.8 percentage points in 2015 compared with the previous year.

Recruitment in Germany (in thousands of FTE)

OUR CLAIM: WE WANT THE BEST



¹ Change from net perspective (excl. the completion of temporary employment contracts) to gross perspective for recruitment from 2013 to show greater workforce management influence.

In 2015 Deutsche Telekom recruited 1,700 new employees in Germany from the external labor market. We offered jobs to 1,800 own junior staff on completion of their vocational training or cooperative study courses in 2015. In comparison, we hired 11 900 new employees Group-wide, around 2,600 of them being own junior staff. We look for tech-savvy, creative minds and talent who will help Deutsche Telekom craft our future digital world. Deutsche Telekom maintains a creative presence in the social media for this target group and uses special campaigns to position itself as an attractive employer. This was confirmed by the 2016 Online Talent Communication study conducted by Potentialpark, which rated our Careers website the best employer presence in Germany.

As well as addressing our target group over the Internet, we take a proactive approach and invite potential staff to attend networking events, trade shows and other events. The Leave Your Mark university campaign

gives students, graduates and career starters the chance to get to know Deutsche Telekom on a personal basis and to take a look behind the scenes, away from standard application forms. This campaign includes events such as the Telekom Career Night, when different units in the Group invite potential candidates to find out about the company as an employer, about the work involved and potential career openings.

Another example is the "Frauen-MINT-Award" (Women's STEM Award – Science, Technology, Engineering and Mathematics), which we launched together with the "audimax" academic journal and the "MINT Zukunft schaffen" (Creating a STEM future) initiative in 2013. Prizes are awarded for the most convincing theses in the growth areas: networks of the future, Industrial Internet, cyber security, automotive technologies and digital universe. Our specific objective is to attract women to STEM-courses of study.

Tools for socially responsible staff reduction in Germany, personnel cuts (in employees, FTE)

MORE STAFF OPT FOR SEVERANCE PAY AND PHASED RETIREMENT

	2011	2012	2013	2014	2015
Early retirement (civil servants)	2,564	2,266	1,618	927	1,219
Early retirement (non-civil servants)	0	3	27	27	29
Severance payments	709	955	1,316	826	1,448
Partial retirement (start of passive phase)	959	1,417	711	332	1,345
Transfers to public authorities (final) ¹					711
Other socially responsible tools ²	163	120	241	471	11

¹ Permanent transfers; civil servants are not entitled to return to the Deutsche Telekom Group – established as a cluster in 2015.

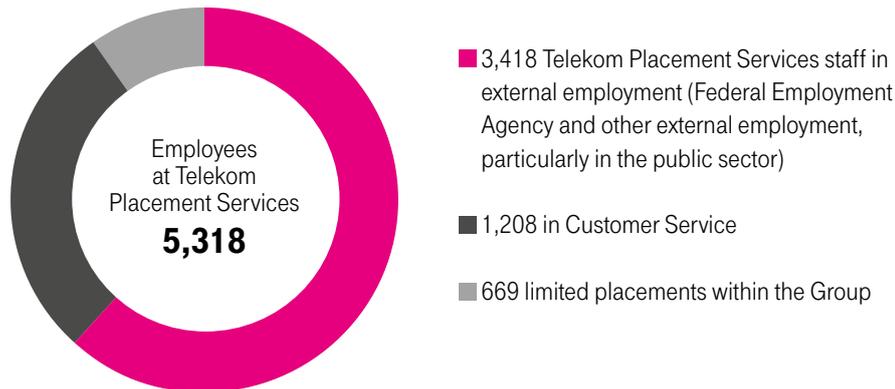
² Variances compared with 2014 are due to the separate chart showing “Transfers to public authorities (final).”

Deutsche Telekom continues to take a socially responsible approach to staff reductions. In doing so, the company relies in particular on its proven severance pay, phased retirement and early retirement schemes. Fluctuations in the extent to which the various schemes are applied arise above all from the requirements of individual business units. Phased retirement is based on a block model as a rule. This means that employees work full-time for the first few years (“active phase”) followed by an equally long

“passive phase” in the company, which then leads straight into actual retirement. In 2015 1,345 employees in Germany – four times the number in 2014 – moved from the active phase to the passive phase of the phased retirement model. Some 300 civil servants more than in 2014 opted for early retirement and 1,448 employees in Germany accepted severance offers in 2015.

Telekom Placement Services workforce including business models and projects (FTE)

NEW CAREER PROSPECTS FOR DEUTSCHE TELEKOM EMPLOYEES



Permanent employees and support staff:	499
Number of employees who found a new job through Telekom Placement Services in 2015:	379
Staff transfers to Telekom Placement Services since its foundation:	53,118
Staff who have left Telekom Placement Services since its foundation:	46,837

Personnel service provider Telekom Placement Services continued to support the Group in its workforce restructuring efforts in the year 2015. Since its foundation, Telekom Placement Services has offered fresh career prospects to almost 47,000 employees – particularly in the public sector, but also within the Group.

Once again, numerous internal vacancies were offered to employees in units with surplus staff, in keeping with our HR “Internal over external” initiative. The object of the initiative is to maximize the use of opportunities within the Group and thereby reduce the number of external hirings. In the reporting year alone, around 600 employees were assigned new positions inside the company up to December 31, 2015.

Health rate in Germany (in percent)

HEALTH RATE REMAINS AT A VERY GOOD LEVEL

	2011	2012	2013	2014	2015
Germany	94.1	94.2	93.9	94.4	94.0

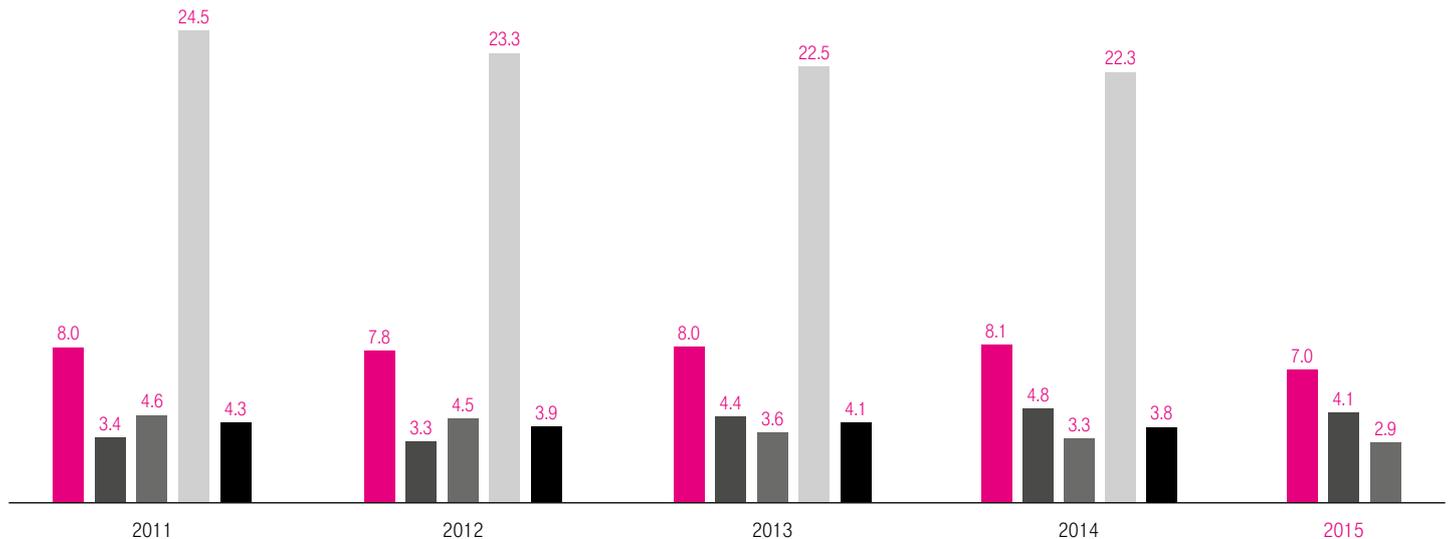
The health rate in Germany deteriorated slightly compared with 2014. The main reason for this was a serious flu epidemic in the months of February and March, which the Robert Koch Institute referred to as one of the worst in recent years. But with 94.0 percent, the rate almost matches

the good previous year's value. The trend at Deutsche Telekom is comparable with external figures from different German health insurance funds, although the average age of employees has continued to rise and therefore a statistical increase in sickness periods might be expected.



Work accidents in Germany (per thousand FTE)

CONSPICUOUS DROP IN WORK-RELATED ACCIDENTS



■ Total number of accidents at work or on the way to/ from work
 ■ Accidents at work
 ■ Accidents on the way to/ from work
■ Accidents at work, ø of all industries¹
 ■ Accidents on the way to/ from work, ø of all industries¹

¹ Accidents from 2015 have not yet been included in the statistics published to date.

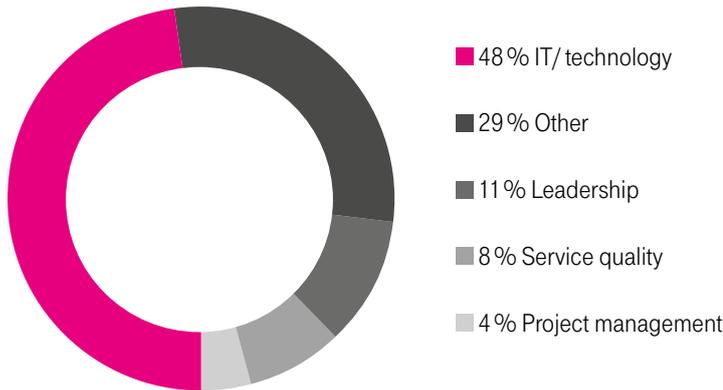
The low number of work-related accidents at Deutsche Telekom dropped once more. This applies to accidents occurring at work as well as on the way to or from work. To achieve a further reduction in the already low number of work-related accidents, Deutsche Telekom makes use of a health and safety management system.

This certified system makes it possible to map all health and safety processes and to develop sets of measures to further improve employee safety. The figures confirm that health and safety measures in the Group produce

the desired results and that employees are rigorously implementing these measures. To combat accidents that occur on the way to and from work, Deutsche Telekom again offered its employees safe-driving training at a discounted rate with certified providers such as ADAC. Training takes place at all levels and for users of company and service vehicles as well as private cars. Younger employees including apprentices are offered special driving training. These measures helped to achieve a further reduction in accidents that occur on the way to and from work from 3.3 to 2.9 per thousand employees.

Training courses offered in Germany (by key themes)

TRAINING CHALLENGE: CONTENT – FORMATS – PARTICIPANTS



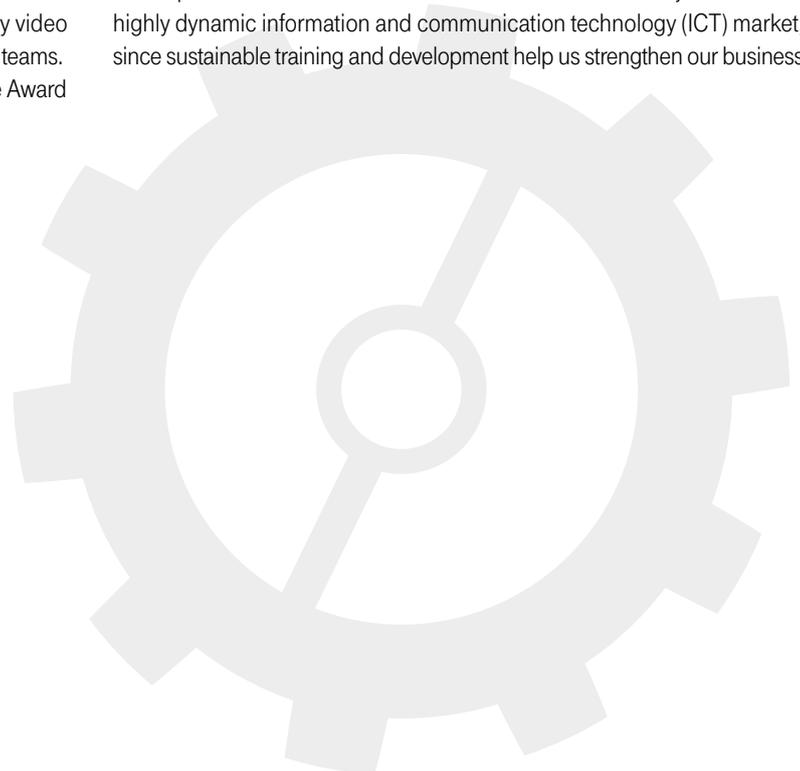
Seminars:	32,792
Participants:	298,043
Participant days:	419,266
Ø Number of training days per participant:	1.4
Ø Number of training days per employee:	3.6
Number of web-based training courses held: ...	814,232

Deutsche Telekom offers its employees a range of advanced training measures, which enable them to develop and brush up their skills. Our workforce has invested over 4.5 million hours worldwide in training, some 45 percent of these outside Germany.

Formats such as the Magenta MOOC (massive open online course) help us reach many employees at global level. This 'digital lecture hall' was originally launched in 2014. In addition to knowledge conveyed by video presenters, the main focus is placed on virtual collaboration in small teams. For this format Deutsche Telekom won the Brandon Hall Excellence Award

in Gold for Excellence in Learning in the Best Use of Social Collaborative Learning category. The second Magenta MOOC started in April 2016.

Whatever the format, advanced training that is tailored to the individual needs of our staff and to current business requirements ensures they maintain their performance levels and gives them new prospects for development. This is one of Deutsche Telekom's central objectives in a highly dynamic information and communication technology (ICT) market, since sustainable training and development help us strengthen our business.



International development and management programs

UPSKILLING COURSES FOR TALENT AND EXPERTS

		2011	2012	2013	2014	2015
Trainee-Programm Start up! participants ¹	Total	57	30	31	30	31
Trainee-Programm Start up! participants ¹	Of which women	51 %	43 %	35 %	36 %	45 %
Talent Space participants ²	Total	-	-	-	161	300
Talent Space participants ²	Of which women	-	-	-	29 %	32 %
FEP ³ /LDP ⁴ participants	Total	612	409	491	487	473
FEP ³ /LDP ⁴ participants	Of which women	32 %	43 %	37 %	39 %	40 %

¹ The program lasts 15 to 18 months. The numbers listed are annual new hires.

² Group-wide program for selected talents. The program lasts 12 months (starting every June).

³ Führungskräfte-Entwicklungsprogramm (German-speaking).

⁴ Leadership Development Program (English-speaking).

The object of our international development and leadership programs is for high potentials and high achievers to gain a foothold in the Group, to keep them loyal to the company and to position them in suitable jobs. These programs focus on development of the upcoming leader generation and on support in coping with the challenges they face now and in the future. Another focus is to enhance their sense of belonging, to increase knowledge exchange and to promote personal responsibility.

The Start up! trainee program is designed for innovative graduates with entrepreneurial mindsets. During a period lasting 15 to 18 months, trainees familiarize themselves with different areas of the company in Germany and abroad, for instance Customer Service. They are put in charge of challenging project activities in various business areas with the target

of supporting Deutsche Telekom's development. Potential high-flyers chosen from all areas of the Group take part in the Talent Space, a program for managers, experts and project managers. During the program, they work on vital projects outside their own areas of work, networking with other international talent and executives.

Through our management development programs in German (Führungskräfte-Entwicklungsprogramm, FEP) and English (Leadership Development Program, LDP) we offer a large range of advanced training courses for the leaders of the future. The programs prepare participants to assume their first or more complex leadership roles. One aim besides this is to achieve a common vision of leadership in the Group.

Fluctuation rate (natural turnover)

FEWER EMPLOYEES IN GERMANY LEAVING THE GROUP

	2012	2013	2014	2015
Germany	1.95 %	1.82 %	1.42 %	1.28 %
International ¹	- ²	7.63 %	8.57 %	9.25 %
Group ¹	-	4.17 %	4.21 %	4.39 %

¹ Excluding USA.² The fluctuation figures for Systems Solutions were not collected in full in 2012.

Natural fluctuation refers to normal staff reductions that occur without specific cutback measures, for example due to retirement, incapacity for work, contracts terminated by employees, or contracts terminated by the employer for specific conduct or personal reasons. These are presented as a percentage of the total staff (final figure for the previous year).

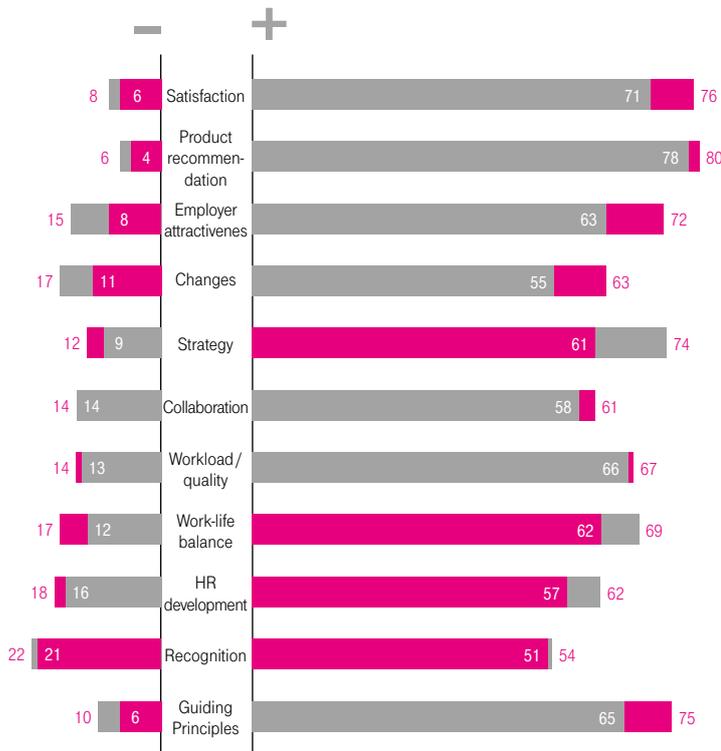
The fluctuation rate in Germany has fallen steadily since 2012. In 2015 only 880 employees gave notice to leave the company, 580 took retirement on reaching pension age or due to incapacity for work – around 24 percent

fewer than in 2014. In contrast, there was a slight increase in the fluctuation rate at international level, where around 6,700 contracts were terminated by the employer or by employees. This figure is around 340 more than in 2014, an increase of 5.3 percent. The number of employees at international level who took retirement on reaching pension age or due to incapacity for work rose from 40 to around 70. Due to a simultaneous reduction in the national workforce, the fluctuation rate across the Group also rose slightly in comparison with the year before.



Pulse check (in percent) and engagement index taken from employee survey

SATISFIED, MORE SATISFIED, TELEKOM



■ Germany ■ International "Neither agree nor disagree" ratings are not included.
 The calculated values originate from the pulse check current at the time. The most recent pulse check was carried out in November 2015.

Explanations of questions asked:

- SATISFACTION** How do you feel at Deutsche Telekom?
- BRAND IDENTITY** I am proud of the brand Telekom.
- EMPLOYER ATTRACTIVENESS** I would recommend our company as a great place to work.
- CHANGES** I can understand the changes in our company.
- STRATEGY** I can clearly explain to others the strategy of Deutsche Telekom.
- COLLABORATION** In my experience, we all work together as partners at Deutsche Telekom in the interests of the group's success.
- WORKLOAD / QUALITY** In my team, the workload and quality requirements are consistent with one another.
- WORK-LIFE BALANCE** The current working hours allow a good balance between private (family / leisure activities) and job-related interests.
- HR DEVELOPMENT** Our company offers sufficient training opportunities to support my professional development.
- RECOGNITION** Considering all of my efforts and achievements, I feel that I have received the appropriate amount of recognition at work.
- GUIDING PRINCIPLES** I experience the Guiding Principles being lived in my day-to-day work.

	2011	2012	2013	2014	2015
Engagement index (Commitment index), scale of 1 to 5	3.8 ¹	4.0	4.0 ¹	4.0 ¹	4.1

The calculated values originate from the employee survey current at the time. The last employee survey was carried out in spring 2015. The next employee survey is scheduled for 2017. The engagement index is the mean of several values in the employee survey.
¹ taken from previous years' employee surveys.

Deutsche Telekom wants to pursue an open dialog and productive exchange with its employees. New working models and state-of-the-art communication options as well as regular employee surveys help us accomplish this. The main feedback tools which the Group uses to assess employee satisfaction include the employee survey, which is carried out every two years, and the semi-annual pulse survey, containing the 11 questions from the employee survey shown above.

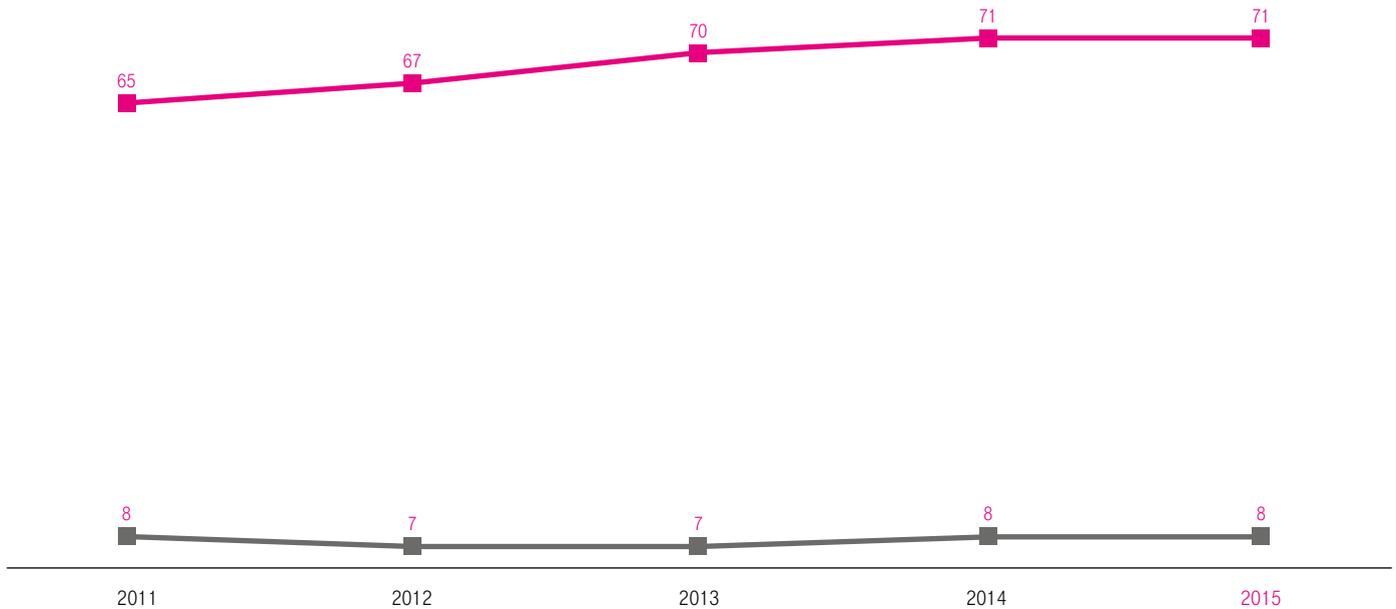
We measure employee satisfaction in our company with a question in the employee survey / the pulse survey as well as with the commitment index in the employee survey. This index is compiled from various questions in the employee survey, for example whether our employees are happy at Deutsche Telekom and would recommend the company as an attractive employer. The index also shows the extent to which employees bond emotionally with Deutsche Telekom and therefore their commitment and motivation for work. The 2015

employee survey was held in 30 countries. Over 144,000 employees worldwide took part, a response rate of 78 percent. The consistently high response bears witness to the high level of interest and a growing desire among employees to play an active role in shaping the Group.

This is also reflected in the pulse survey. 70 percent of employees took part in November 2015. The survey reveals increasingly positive brand awareness and identification with the brand among employees. The move from a technology to an experience brand accompanied by systematic communication have led to this change. Increased communication over the intranet and excellent communication of the Deutsche Telekom strategy have resulted in positive figures for strategy understanding in the workforce at national level and improving figures at international level over the past two years.

Employee satisfaction in Germany (taken from pulse check and employee survey, in percent)

EMPLOYEE SATISFACTION IN GERMANY REMAINS POSITIVE



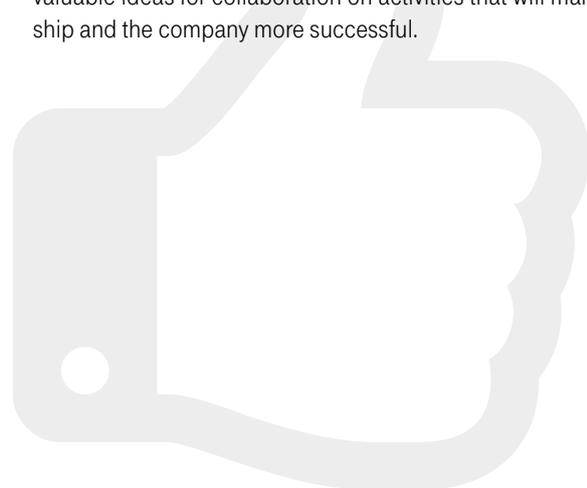
Pulse checks and employee surveys 2011 – 2015: “How do you feel at Deutsche Telekom?”

The calculated values originate from the pulse check and employee survey current at the time. The most recent survey was carried out in November 2015.

■ positive (%) ■ negative (%)

Employee satisfaction has improved greatly in Germany since 2011 and has settled at a positive level. This is largely due to sets of measures derived from the employee survey, which guarantee improvements right down to individual teams. The measures are defined in a structured follow-up process.

In this process, the results from all 90 questions in the employee survey are analyzed and made available to the teams. Responsibility for the follow-up process lies with managers, who use the results to develop and implement specific measures in order, for example, to improve employee commitment and satisfaction. In this respect, management staff are provided with valuable ideas for collaboration on activities that will make their leadership and the company more successful.



Satisfaction rate and engagement index, all managers

MANAGEMENT SATISFACTION AND COMMITMENT IMPROVE AGAIN

	2011	2012	2013	2014	2015
Germany	83 %	85 %	86 %	86 %	87 %
International	70 %	82 %	81 %	82 %	85 %
Group	78 %	84 %	84 %	84 %	87 %
Engagement index ¹ (Commitment index), scale of 1 to 5	4.3 ²	4.4 ²	4.4 ²	4.4 ²	4.5

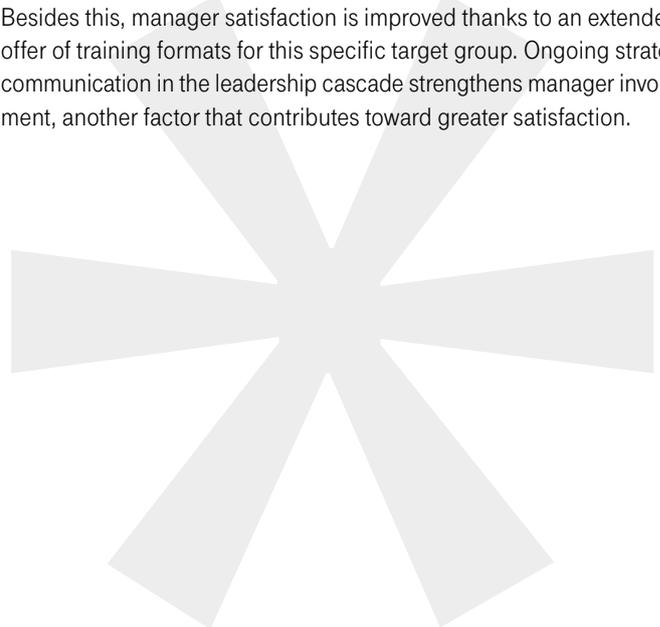
The calculated values originate from the pulse check and employee survey current at the time. The last pulse check was carried out in November 2015, the last employee survey in spring 2015. The next employee survey will be conducted in 2017. The engagement index is the mean of several values in the employee survey.

¹ The figures for 2011, 2013 and 2014 are taken from the previous years' employee surveys.

² Divergences from previous reports are due to the fact that the commitment index referred all employees up to the year 2014.

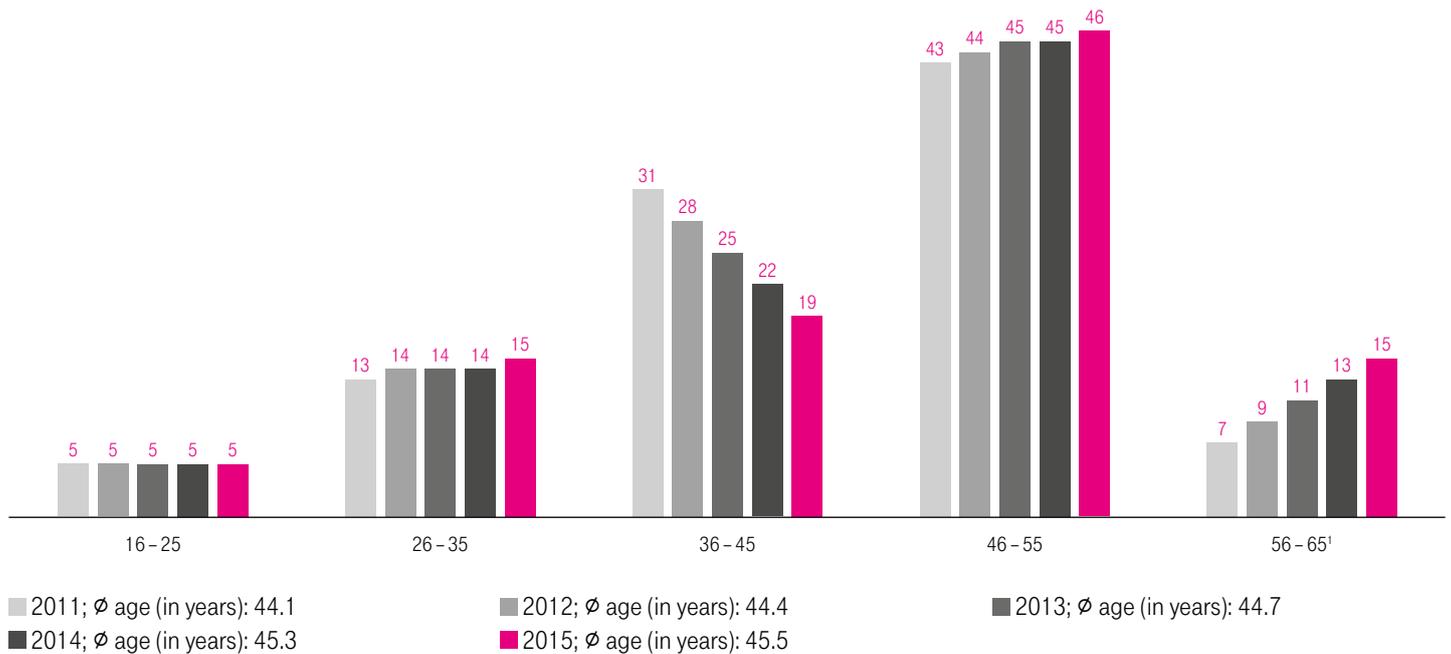
Satisfaction among management staff has improved continually in recent years and increased yet again for the Group in 2015. In addition, the commitment index lies at a very good 4.5 on a scale of 1 to 5. This is accounted for by a better feedback culture, thanks in part to our Lead to Win model, which applied to all executives at global level for the first time in 2015. The model contains our leadership principles "Collaborate," "Innovate" and "Empower to perform" as well as our Guiding Principles, which are binding for all our executive staff.

Associated with it, the performance and development process – the Performance Dialog – supports implementation of the culture change. Essentially, this involves a continual exchange – at two performance check-ins during the year – between managers and their superiors to create a direct link between performance assessment and incentives as well as personal development paths. The leadership responsibility of individual managers is emphasized and strengthened as a result. Besides this, manager satisfaction is improved thanks to an extended offer of training formats for this specific target group. Ongoing strategy communication in the leadership cascade strengthens manager involvement, another factor that contributes toward greater satisfaction.



Age structure in Germany (in percent)

DEMOGRAPHIC CHANGE – CHALLENGE AND OPPORTUNITY

¹ incl. > 65 years

As a result of demographic change and low fluctuation, the proportion of employees over 55 years of age has more than doubled in the last five years, from 7 to 15 percent. One advantage of this is that many experienced employees with a wealth of know-how work for Deutsche Telekom. We are responding to the challenges with activities in three areas:

1. Training and knowledge – we support lifelong learning. In 2016, for example, a new Magenta MOOC (massive open online course) started on the subject of digitization – participation is free of charge and can be arranged flexibly.

2. Health - we offer programs to prevent illness and improve physical and mental fitness. For example, our employees have access to a broad range of sports facilities. Another offer for Deutsche Telekom staff are attractive terms and conditions in fitness studios and clubs.

3. Working environment – we offer our staff flexible working conditions that fit their needs at every stage of their lives. For example, we offer our staff the “block leave” model, which gives them up to 20 extra free days per calendar year, and we guarantee that employees working part-time can return to full-time work.

Age structure within Group (in percent)

AVERAGE AGE IN GROUP REMAINS CONSTANT



¹ incl. > 65 years

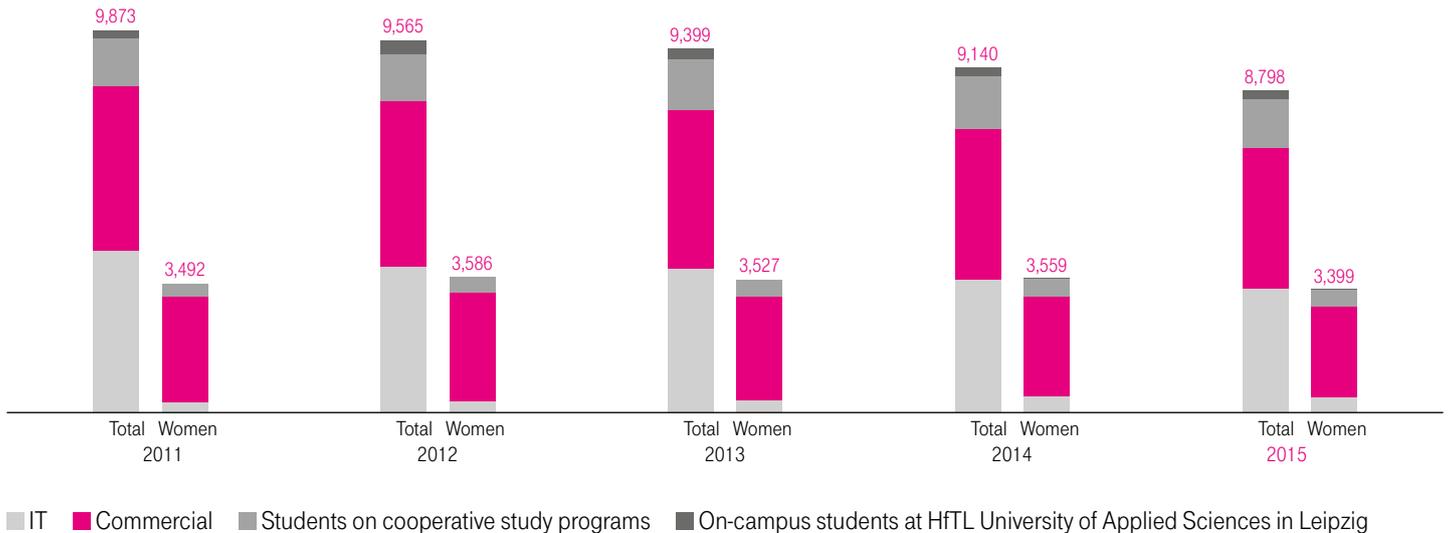
The average age in the Group is still 40.6 years. Since the average age in Germany is rising, this figure is balanced out by the average age at international level (35.8 years).

In Germany we therefore place special emphasis on collaboration and an exchange of experiences between the generations. We do this, for instance, with our generation tandems – assigning older managers and

young talent to one post for a temporary period. Another example is our Reverse Mentoring format, in which a junior employee helps an experienced manager, not vice versa as would be expected. In individual mentoring, experienced staff learn about the trends and challenges presented by work in the digital age from their younger mentors. Topics include learning about and using the various social media tools as well as acquiring skills for working in virtual teams.

Apprentices and students in Germany, total and proportion of women

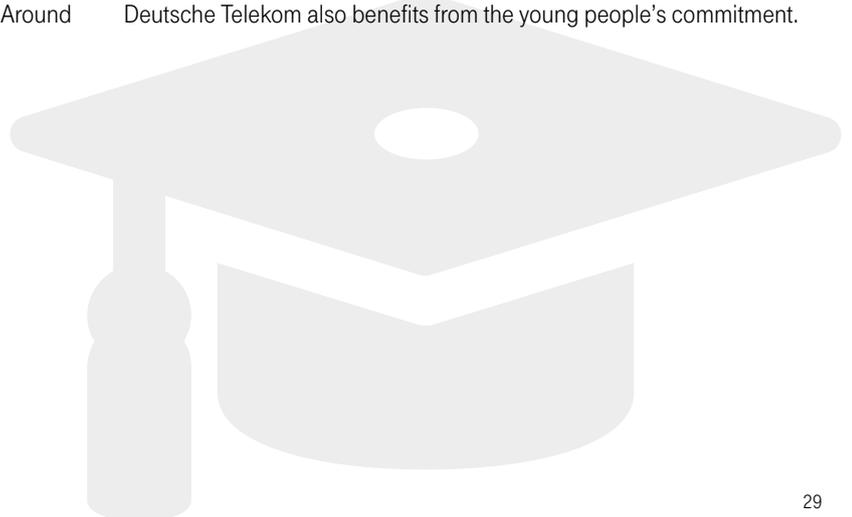
THE FUTURE STARTS HERE – DIVERSE OFFERS FOR JUNIOR STAFF



Examples for commercial training programs: office communications administrators, retail sales or dialog marketing assistants, industrial business administrators
 Examples for cooperative study programs: bachelor's degree in Business Administration, Communications and Information Technology, Business Information Systems
 Examples for IT jobs: IT systems engineers, IT System merchants, qualified IT specialists on application development / systems integration

Deutsche Telekom responds to the various needs and achievement levels of school-leavers, offering young people from vastly different backgrounds the optimal scenario for integration in the company. We offer young people equal opportunities and flexible programs to meet the needs of specific target groups, irrespective of gender, ethnic and social background or physical disability. We do so, for instance, through entry-level training schemes, training positions and grants for the Group's in-house University of Applied Sciences in Leipzig (HfTL), refugees included. For example, Deutsche Telekom has cooperated with the Federal Employment Agency since 2011 to enable young parents to attend part-time training. Around

50 young people began vocational training or a cooperative course of study on a part-time basis again in 2015. For many of them this is the only way to combine training and their first job with the problems of life as a single parent. Part-time training is offered for all vocational training programs at Deutsche Telekom, and means 25 hours per week either in the company, in school or at the vocational training center. The highlight of this is that, like all apprentices, part-time candidates can cut their training to two and a half years and therefore apply for a job earlier than would have otherwise been possible. A success model all round, since Deutsche Telekom also benefits from the young people's commitment.



Women in middle and upper management (in percent)

OVER 25 PERCENT OF MANAGEMENT POSITIONS HELD BY WOMEN



	2015
Percentage of women in total workforce	35.3%
Percentage of women in middle and upper management ¹	25.8%
Women on Board of Management	1 of 7
Percentage of women on supervisory boards, Germany, employer side	30.6 ² %
Percentage of women on supervisory boards, internationally, employer side	25.5%

¹ Calculation of women's quota in middle and upper management:

Percentage of women managers (headcount) at levels MG1-3 plus middle management per manager total at levels MG1-3 plus middle management x 100.

² The percentage refers to the total of all employer-mandates in German Group companies.

We have reported a positive trend in the percentage of women holding management positions since the launch of the Fair Share initiative in 2010. The initiative systematically supports high-achieving female employees on their career trajectory to a management role or when developing their current managerial position. In the first year of the initiative, the percentage of women in middle and upper management rose markedly from 22.7 to 24.7 percent. In December 2015 the figure was 25.8 percent. The percentage of women on supervisory boards in Germany has risen from 17.7 percent to 30.6 percent since 2010. Deutsche Telekom is one of only a handful of DAX corporations with an established track record of women on its Board of Management. The number of women working in the international management team reporting to the Group Board of Management has also risen. Whereas in February 2010 the figure was only two, it rose to 9 of a total of 58 members in December 2015.

When it came to assigning 250 supervisory board mandates for affiliated companies in and outside Germany, Deutsche Telekom cooperated with the European School of Management and Technology to develop a special

training program. The initial pilot in 2015 was open to women only so that sufficient candidates were available for the assignment processes. And this was a success. On completion of the first two training cycles in June 2016, 57 qualified female employees will be available to take up positions on our supervisory boards. This training program for female supervisory board members, which we have now also opened up to men, is still unique in Germany, as confirmed by the great interest shown by the media. In December 2015 Deutsche Telekom signed the Women's Empowerment Principles. Designed to advance the interests of women in the workplace, the principles are a joint initiative of the UN Women and UN Global Compact organizations. By observing these principles, business enterprises strengthen the position of women, guarantee them equal career opportunities and make their progress transparent. The principles include the establishment of a leadership culture based on gender equality, supporting education, training and career development for women, as well as measuring and publishing the details of successes achieved in the field of gender equality.

Employees with disabilities in Germany (in percent)

EQUAL OPPORTUNITIES THROUGH INCLUSION

	2011	2012	2013	2014	2015
Germany	6.3	6.4	6.4	7.0	7.2

With a broad portfolio of offers to support people with disabilities, Deutsche Telekom helps create equal opportunities for them and get them involved in the community. This means offers for the workforce – such as a hotline for hearing-impaired colleagues – as well as advice and support for management staff, disabled representatives and all others in the Group who are involved with the inclusion. The first step is always to raise awareness. What does living with a disability mean? Deutsche Telekom is committed to this work not only within the Group but also in society as a whole. For example, it supplies teaching material entitled “High performers with a

disability” to all secondary schools in Germany free of charge. As well as communicating specialist cognitive skills, the training materials can be used to develop tolerance and empathy as well as combat clichés and prejudice.

Deutsche Telekom has already exceeded the prescribed minimum rate of 5 percent of disabled employees for a good many years, so that it heads the list of DAX 30 companies on this count. In 2015 Deutsche Telekom again raised this figure by 0.2 percentage points.

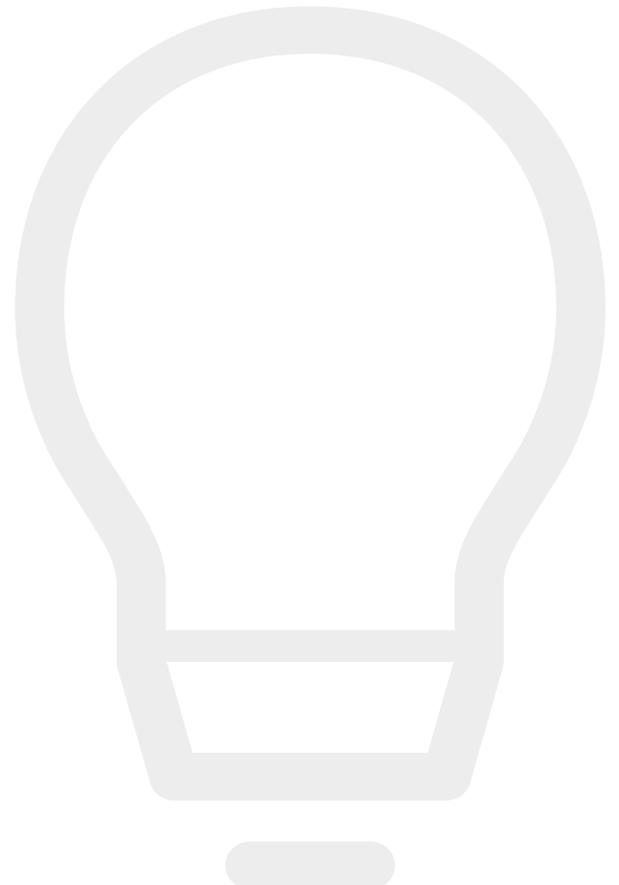
genial@Telekom in Germany

NEW RECORD: EMPLOYEES HELP SAVE MILLIONS

	2011	2012	2013	2014	2015
Ideas submitted	10,831	13,043	12,164	13,231	13,728
Savings in € million	116	104	83	106.6	146.5

Employees have the chance to submit their own ideas and, in doing so, to actively shape their workplaces. Costs that were reduced by 146.5 million euros in 2015 played a key role in keeping Deutsche Telekom competitive. In addition, workforce commitment enables the Group to position itself as a more innovative and more competitive enterprise. As an incentive for the innovators Deutsche Telekom awards attractive bonuses for successful suggestions. The Coppair idea took first place in the “Best employee idea” category of the 2015 Ideas Management Award presented by

Deutsches Institut für Ideen- und Innovationsmanagement. The submitters of the idea proposed simultaneous usage of mobile and fixed-line communications, which vastly improves download and, in particular, upload speeds. This makes a high and constant data rate possible before fiber roll-out is complete. A large number of units throughout the Group were involved in its implementation, and their commitment resulted in the product launch of Magenta Hybrid.



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LIFE IS FOR SHARING.