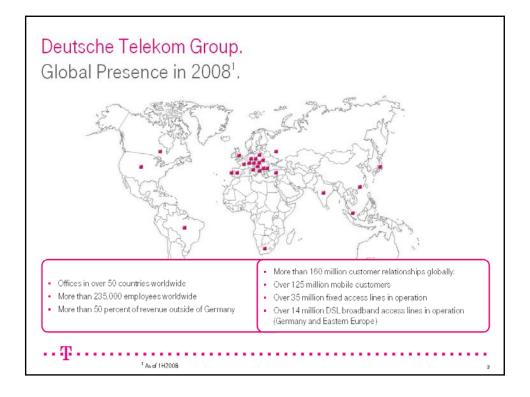


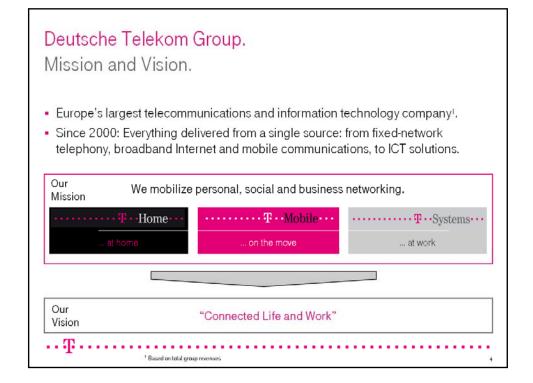
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## Deutsche Telekom in Germany.

Success in our consumer broadband commitment.

Deutsche Telekom on broadband ...

- 10 million DSL subscribers in Germany to date, after seven quarters of sequential net growth
- Equates to 40% German broadband market share, including 3 million DSL re-sale lines
- ADSL now available in 750 cities and communities powers T-Home Entertain -branded IPTV
- By YE 2008, 1,000 cities and communities with ADSL2+ access, for speeds up to 16 Mbps
- Currently in 40 cities, by YE 2009, 50 cities will be connected to VDSL with 50 Mbps availability
- Goal: To reach 20 million customers with speeds of up to 50 Mbps for Internet and T-Home Entertain
- Our 2007 / 2008 DSL investments total € 600 million. The goal: 96% DSL coverage by YE 2008
- Of that, € 200 million invested in elimination of "white spaces". Rural areas a broadband priority
- In addition to fixed-line DSL, nationwide satellite broadband availability (1 Mbps / 128 Kbps at €39.95)
- Plus mobile broadband via UMTS / HSDPA, with access speeds of up to 3.6 Mbps anywhere



### Deutsche Telekom in Germany.

DSL-based IPTV a top priority.

Deutsche Telekom on IPTV ...

- Launched in late 2006, T-Home Entertain is Deutsche Telekom's hybrid fiber/DSL IPTV offering
- More than 250,000 Entertain subscribers signed up; goal is to reach 500,000 by YE 2008
- Available starting at €59,95/month, including "flat rate" DSL and fixed voice plan
- Offerings includes:
  - Up to 150 TV channels, plus 35 additional premium selections
  - 2,600+ VOD titles, including Hollywood blockbuster hits "day & date" with official DVD release
  - Integrated Electronic Programming Guide and DVR for time-shifting capabilities
  - On-demand archive of free TV episodes
  - 2,500 digital radio stations starting in November
  - · Free on-site installation and introduction to Entertain
- · Key Benefits: Personal, interactive viewing experience; drives innovation going forward

## Broadband Trends in Europe.

Bandwidth demand will further increase; needs investment.

- . Demand for bandwidth at work, home or on the move is growing constantly
- But at current investment rates McKinsey / IDATE concluded, to upgrade existing broadband infrastructure in top EU15 states to FTTX would require €200 – 250 billion
- Similar FTTX upgrades for the Central and Eastern European member states would require an additional € 30 – 40 billion investment
- Future economic growth, new jobs and societal welfare will largely depend on the ability of Europe – and Germany – to provide adequate and sustainable next generation networks
- Yet, by YE2007 Europe had only half the number of households passed with fiber (5 million), compared to the US (10 million)
- Europe is falling behind. Investment challenges are immense

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### Regulatory Trends in Europe.

Current EU regulation stifles investment and innovation.

- European framework does not sufficiently take into account considerable investment risks and their significance for carriers' bottom line
- Investors are not allowed to draw a competitive advantage from their highly risky investments (early mover advantage)
- This encourages wait-and-see approaches speculating on regulatory free-riding and presents additional disincentives for building (-out) competing infrastructures on a larger scale (regional cherry picking)
- In addition, investments in alternative infrastructures, e.g. cable TV network in Germany, are also discouraged; prolongation of lack of intermodal competition

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## Deutsche Telekom

## Regulatory Trends in Europe.

Next-gen. networks need investment-friendly conditions.

#### Current Framework Asymmetric obligations for access to ducts (e.g. DT only) Regulation also in regions with Network infrastructure-based competition Access Parallel network access on several steps within the value Maximum validity period of regulated prices: 2 years. Wholesale No mechanism for risk-sharing Price Regulation through wholesale pricing Constant pricing pressure Retail Regulation

#### Required changes for NGA

- Symmetric: Opening all ducts
- No regulation in case of existing or potential infrastructure-based competition
- Access obligations only for one step of the value chain (ducts or bitstream access)
- Longer approval periods (up to 10 years)
- Appropriate risk-sharing mechanisms
- Stable wholesale pricing also for the remaining life of the copper network
- No regulation

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### Deutsche Telekom Group.

Opportunities and Challenges.

#### Opportunities

- Integrated services provider proposition. Next: "Connected Life and Work"
- Committed to broadband availability and growth, with entertainment and information services on top

#### Challenges

- To bring new and innovative services to market cost-effectively
- Lack of sufficient regulatory framework to address provider-side investment risk

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