



INTERIM GROUP REPORT

JANUARY 1 TO SEPTEMBER 30, 2013

|||| 9M2013



LIFE IS FOR SHARING.

SELECTED FINANCIAL DATA OF THE GROUP.

	Q3 2013 millions of €	Q3 2012 ^a millions of €	Change %	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 ^a millions of €	Change %	FY 2012 ^a millions of €
REVENUE AND EARNINGS							
Net revenue	15,525	14,651	6.0	44,467	43,462	2.3	58,169
Of which: domestic	%			42.7	44.1		44.3
Of which: international	%			57.3	55.9		55.7
Profit (loss) from operations (EBIT)	1,896	(8,753)	n.a.	5,113	(5,670)	n.a.	(3,962)
Net profit (loss)	588	(7,021)	n.a.	1,682	(5,994)	n.a.	(5,353)
Net profit (loss) (adjusted for special factors)	823	929	(11.4)	2,400	2,337	2.7	2,537
EBITDA	4,468	4,646	(3.8)	12,579	13,263	(5.2)	17,995
EBITDA (adjusted for special factors)	4,659	4,782	(2.6)	13,364	13,965	(4.3)	17,973
EBITDA margin (adjusted for special factors)	%	30.0		30.0	32.1		30.9
Earnings per share basic/diluted	€	0.14	n.a.	0.39	(1.39)	n.a.	(1.24)
STATEMENT OF FINANCIAL POSITION							
Total assets				115,301	108,163	6.6	107,942
Shareholders' equity				32,015	30,410	5.3	30,531
Equity ratio	%			27.8	28.1		28.3
Net debt				39,726	39,001	1.9	36,860
Cash capex	(2,378)	(2,198)	(8.2)	(7,600)	(5,993)	(26.8)	(8,432)
CASH FLOWS							
Net cash from operating activities	3,640	4,002	(9.0)	9,623	10,166	(5.3)	13,577
Free cash flow (before dividend payments, spectrum investment) ^b	1,427	2,344	(39.1)	3,574	5,134	(30.4)	6,239
Net cash used in investing activities	(2,139)	(1,951)	(9.6)	(5,691)	(5,143)	(10.7)	(6,671)
Net cash used in financing activities	(1,090)	(2,474)	55.9	(2,210)	(6,247)	64.6	(6,601)

^a The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

^b And before AT&T transaction and compensation payments for MetroPCS employees.

NUMBER OF FIXED-NETWORK AND MOBILE CUSTOMERS.

	Sept. 30, 2013 millions	Dec. 31, 2012 millions	Change Sept. 30, 2013/ Dec. 31, 2012 %	Sept. 30, 2012 millions	Change Sept. 30, 2013/ Sept. 30, 2012 %
Fixed-network lines	31.3	32.4	(3.4)	32.8	(4.6)
Broadband lines ^a	17.3	17.2	0.6	17.1	1.2
Mobile customers ^b	140.3	127.8	9.8	126.9	10.6

^a Excluding wholesale.

^b The customers of our companies in Bulgaria have no longer been included in the Europe operating segment since August 1, 2013 following the sale of the shares held in the companies. They have been eliminated from all historical customer figures to improve comparability.

The performance indicators used by Deutsche Telekom are defined in the glossary of the 2012 Annual Report (page 301 et seq.).

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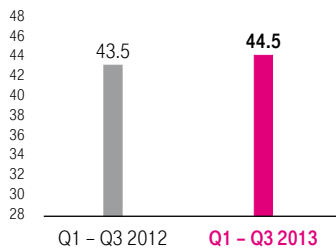
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TO OUR SHAREHOLDERS.

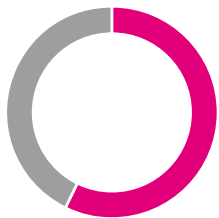
DEVELOPMENTS IN THE GROUP.

billions of €



Net revenue.

- Net revenue increased by 2.3 percent.
- The United States operating segment in particular contributed to this revenue trend as a result of the inclusion of MetroPCS since May 1, 2013 and continued strong customer additions.
- Revenue in the Europe operating segment continues to be negatively affected by a persistently difficult economic environment, significant regulation-induced price adjustments and high competitive pressure.
- Adjusted for changes in the composition of the Group and negative exchange rate effects, net revenue remained almost stable at the prior-year level.



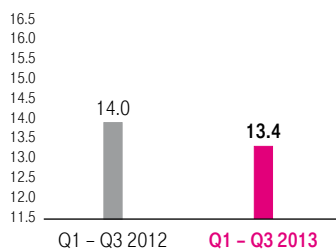
■ 57.3% International

■ 42.7% Domestic

Proportion of net revenue generated internationally.

- The proportion of net revenue generated internationally increased to 57.3 percent, compared with 55.9 percent in the first three quarters of 2012.
- The proportion of net revenue generated by our United States operating segment increased, partly as a result of the inclusion of MetroPCS, by 3.7 percentage points.

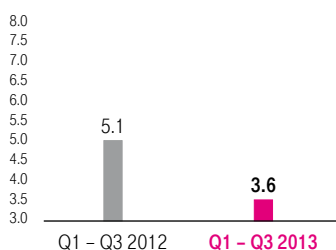
billions of €



Adjusted EBITDA.

- Adjusted EBITDA decreased by 4.3 percent. Exchange rate effects totaling EUR 0.1 billion had a negative impact.
- Positive impact: the focus on high-value revenue in connection with TV services and mobile data revenues.
- Negative impact: higher market investments in the United States, fixed-network lines lost to competitors, price changes imposed by regulatory authorities, special levies, and national austerity programs. The negative effects were partially offset by our comprehensive cost management.

billions of €

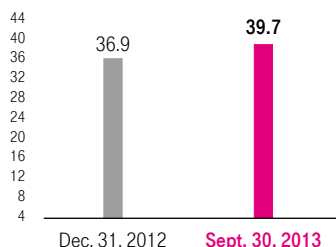


Free cash flow (before dividend payments, spectrum investment).^a

- Free cash flow decreased to EUR 3.6 billion.
- This is a consequence of our strategy of investing more in the build-out and modernization of our network infrastructure.
- Cash capex increased by EUR 0.8 billion, among other factors due to capital expenditure for the LTE roll-out in our United States and Europe operating segments. In our home market of Germany, our investments focused on "networks of the future," like optical fiber and LTE infrastructure.
- Net cash from operating activities decreased by EUR 0.8 billion.

^a And before AT&T transaction and compensation payments for MetroPCS employees (please refer to page 15).

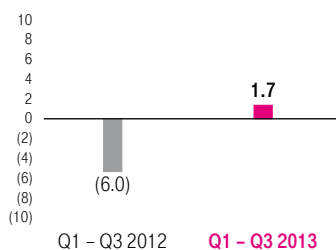
billions of €



Net debt.

- Net debt increased by 7.8 percent compared with the end of 2012 to EUR 39.7 billion. Compared to September 30, 2012 in the prior year, net debt increased by EUR 0.7 billion.
- This increase is attributable to the first-time inclusion of MetroPCS (EUR 3.4 billion), dividend payments, including to non-controlling interests (EUR 2.2 billion) and the acquisition of spectrum, in particular in the Netherlands, Romania and Poland (EUR 1.2 billion).
- Net debt was reduced by free cash flow (EUR 3.6 billion), the sale of shares in Globul and Germanos (EUR 0.7 billion) and the sale of shares in Hellas Sat (EUR 0.2 billion).

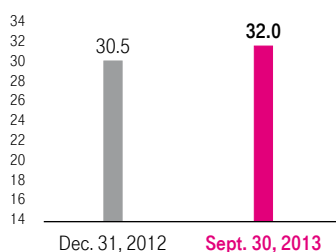
billions of €



Net profit/loss.

- Net profit increased to EUR 1.7 billion.
- Net profit was increased by lower depreciation, amortization and impairment losses, attributable in particular to the impairment loss of around EUR 7.4 billion after taxes recognized on goodwill, other intangible assets and property, plant and equipment at T-Mobile USA in the third quarter of 2012 and lower depreciation due to the expiry of the economic useful lives of parts of the outside plant in the Germany operating segment.
- Adjusted net profit increased slightly from EUR 2.3 billion to EUR 2.4 billion.

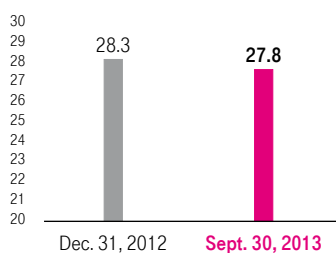
billions of €



Shareholders' equity.

- Shareholders' equity increased by 4.9 percent to EUR 32.0 billion compared with the end of 2012.
- This increase was attributable to the first-time inclusion of MetroPCS (EUR 2.0 billion), net profit (EUR 1.7 billion) and the capital increase carried out in connection with the dividend in kind granted (EUR 1.1 billion).
- Dividend payments for the 2012 financial year to Deutsche Telekom AG shareholders (EUR 3.0 billion), currency translations, including non-controlling interests (EUR 0.6 billion) and dividend payments to non-controlling interests (EUR 0.4 billion) had an offsetting effect.

%



Equity ratio.

- Total assets increased year-on-year by 6.8 percent, in particular due to the first-time inclusion of MetroPCS.
- As a result, the equity ratio decreased to 27.8 percent, thus remaining within our target range of 25 to 35 percent.

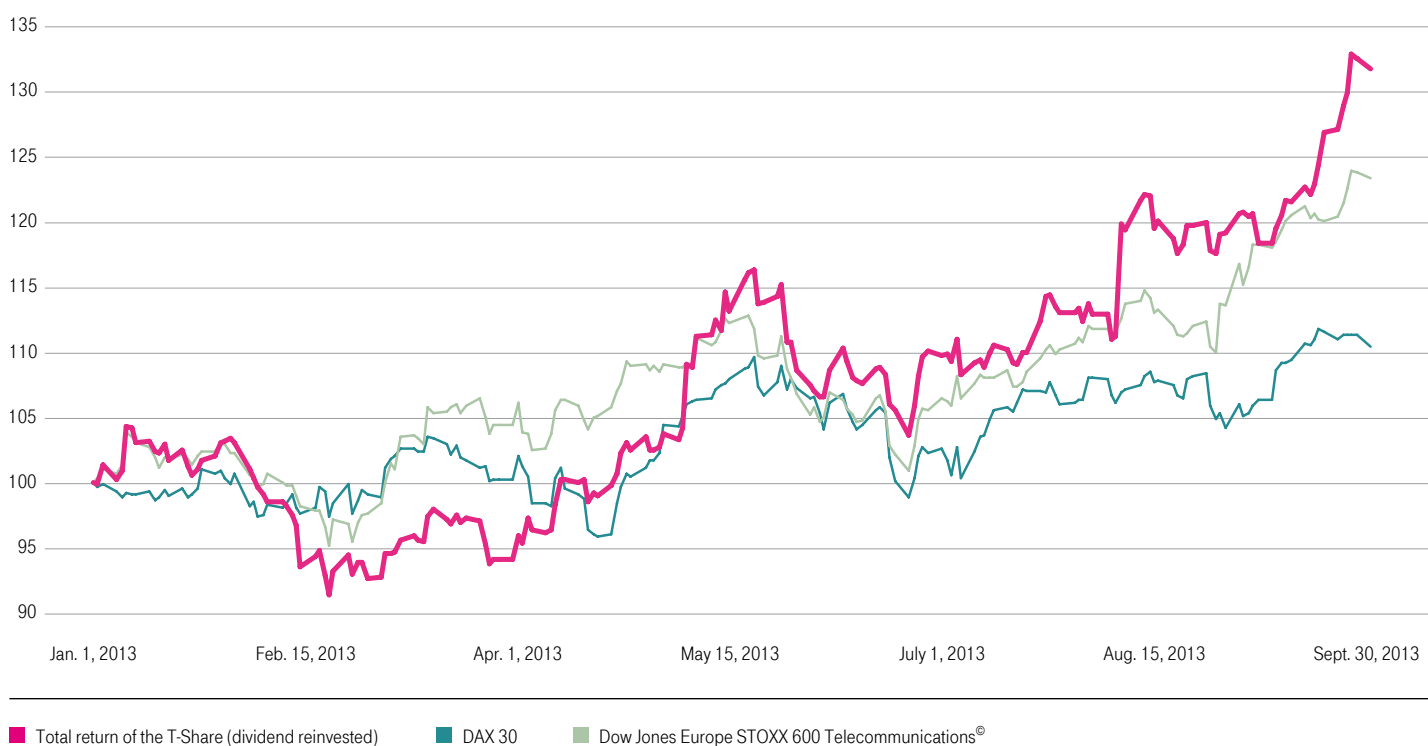
DEUTSCHE TELEKOM AT A GLANCE.

In the first nine months of 2013, the encouraging overall trend from the first half of the year continued in the Deutsche Telekom Group. Revenue increased year-on-year. The United States in particular contributed to growth, thanks to the first-time inclusion of MetroPCS and continued strong customer additions. We have once again revised upwards our overall annual forecast for customer additions in the United States on the basis of the development in the third quarter. Revenue in Germany continues to decline slightly, nevertheless the

trend is still moving towards stabilization. Revenue in Europe continues to be adversely impacted by intense competitive pressure, a difficult economic environment and ongoing regulatory measures. In light of this, and due to increased customer acquisition costs, adjusted EBITDA in the Group declined. However, the decrease was offset in particular by lower depreciation, amortization and impairment losses, such that adjusted net profit increased slightly year-on-year.

THE T-SHARE.

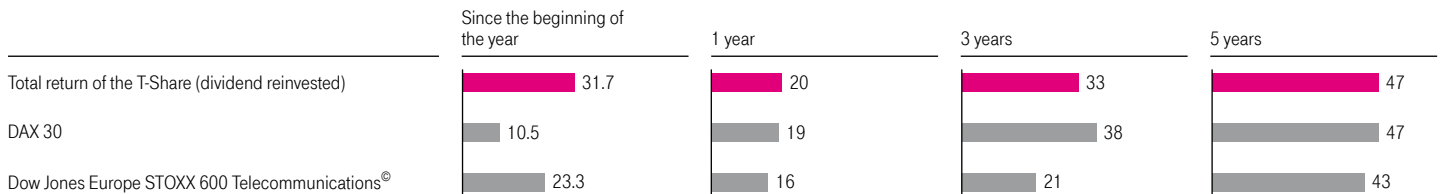
Total return of the T-Share in the first three quarters of 2013. (%)



T-Share performance.

		Q1 - Q3 2013	Q1 - Q3 2012	FY 2012
XETRA CLOSING PRICES				
Share price on the last trading day	€	10.72	9.57	8.60
Year high	€	10.81	10.04	10.04
Year low	€	8.01	7.71	7.71
WEIGHTING OF THE T-SHARE IN MAJOR STOCK INDEXES				
DAX 30	%	4.4	4.5	3.8
Dow Jones Euro STOXX 50®	%	1.8	2.0	1.6
Dow Jones Europe STOXX 600 Telecommunications®	%	11.1	11.4	10.5
Market capitalization	billions of €	47.7	41.4	37.2
Number of shares issued	millions	4,451	4,321	4,321

Historical performance of the T-Share as of September 30, 2013. (%)



The international stock markets picked up considerable pace in the third quarter of 2013. The continued economic recovery in the United States, the ongoing policy of central banks to supply the markets with money at low interest rates, and an absence of more bad news in connection with the debt crisis in Europe allowed the stock markets to reach new highs. The Dow Jones, for example, increased by around 15 percent. The Dow Jones Euro STOXX 50[®] climbed by around 9 percent, while the DAX 30 grew by around 11 percent.

The European telecommunications sector grew much faster in this period than the general stock market indexes. As of September 30, 2013, the Dow Jones Europe STOXX 600 Telecommunications[®] index was around 23 percent higher than at the start of the year. This positive trend was mainly driven by two factors: First the expectation that the European regulatory framework will be focused more strongly on boosting investment, and second, the emerging consolidation of the European telecommunications sector.

The Deutsche Telekom share also profited from this positive environment, ending the first three quarters at EUR 10.72, up by around 22 percent. On a total return basis (share price performance plus reinvested dividend), the T-Share increased by as much as 32 percent in value in the first nine months of the year.

In addition to the support from the positive environment in the European telecommunications sector, the T-Share benefited from the publication of our financial figures for the first half of the year at the start of August. In particular, the stronger than expected trend reversal in customer growth in the United States during the second quarter and the ongoing outlook for the U.S. business lent additional momentum to the share price performance.

HIGHLIGHTS IN THE THIRD QUARTER OF 2013.

Corporate transactions. The sale of **Cosmo Bulgaria Mobile (Globul) and Germanos Telecom Bulgaria (Germanos)** by OTE, which is part of the Europe operating segment, to the Norwegian telecommunications provider Telenor, which has acquired 100 percent of the shares, was completed on July 31, 2013. All relevant authorities have approved the transaction. The adjusted sale price was EUR 0.6 billion. Income from divestiture amounted to EUR 0.1 billion (before taxes).

As of September 1, 2013, **DIGI Slovakia** was included in our Europe operating segment as a wholly-owned subsidiary of Slovak Telekom. Following successful negotiations, the purchase agreement was concluded on May 14, 2013. The competition authority approved the acquisition on July 31, 2013. The purchase price was EUR 0.1 billion. The acquisition of DIGI Slovakia expands Slovak Telekom's TV portfolio.

Partnerships. Since the start of August, our mobile customers in Germany have been able to add digital subscriptions to media brands DIE WELT and BILD to their contract as options. This cooperation with **Axel Springer** brings together our two strong brands and experience to start a growth initiative in the mobile segment.

In August 2013, we joined forces with **United Internet** to launch an industry initiative for secure e-mail communication in Germany. Our "E-mail made in Germany" program utilizes an additional security standard that currently, for the very first time, enables T-Online.de, GMX, WEB.DE and freenet users to automatically encrypt data on all transmission paths and ensures that data are handled in compliance with German data privacy laws.

As part of our existing strategic partnership with the **Deutsche Annington real estate group**, we connected more than 42,000 households to our TV network by the end of the third quarter of 2013. The aim of the cooperation is to provide the majority of Deutsche Annington's apartments with TV services and to supply some with optical fiber.

Investments in networks and spectrum. Speeds of up to 150 Mbit/s are now possible in the Deutsche Telekom network with **LTE+**. The new technology is due to go live immediately in all cities, towns and urban centers which have had access to a 100 Mbit/s service to date. This will make LTE+ directly available in well over 100 towns and cities. Our LTE network roll-out also continues to advance in Europe: In the **Czech Republic** we have been offering LTE technology for example in Prague since the start of October 2013.

In **Hungary**, Magyar Telekom acquired extensions to the terms of existing frequencies in the 0.9 GHz and 1.8 GHz ranges until 2022.

New products. Our subsidiary T-Mobile Austria launched **simpliTV** to include television in its product portfolio. This new, simple, terrestrial television with up to 40 TV stations, nine of them in high definition, has been available in all of our Austrian shops since mid-September 2013.

In July 2013, T-Mobile US announced phase 2 of its Un-carrier value proposition, **Just Upgrade My Phone** ("JUMP!"), under which qualifying customers who finance their initial handset purchase using the Equipment Installment Plan ("EIP") and enroll in the JUMP! program can upgrade their handset up to twice a year, following completion of an initial six-month enrollment period, and receive a credit for their outstanding EIP balance provided they trade in their used handset to purchase a new handset.

Awards. We once again came out on top in the 2013 large-scale network test performed by **connect** magazine in our home market in Germany. Our new IP-based lines were awarded top marks for reliability and the quality of the voice signal in telephony. We also received very good marks for data transmission and for our high-level overall performance.

For the fourth time in a row, our mobile network in Germany has taken the award for the best network of the year in the **CHIP Online** portal's national network test. Tested for the first time, our LTE network achieved excellent results and is acknowledged as offering our customers the most stable and highest download and upload speeds.

New corporate customer agreements. Utility company **RWE** is outsourcing the management of its 40,000 or so European workstations to the Deutsche Telekom subsidiary T-Systems for the next five years. The **European Commission** signed a three-year framework agreement with T-Systems for the construction of a communication infrastructure for the electronic exchange of data between the bodies of the European Union and the Member States.

INTERIM GROUP MANAGEMENT REPORT.

THE ECONOMIC ENVIRONMENT.

This section provides additional information on and explains recent changes in the economic situation as described in the combined management report for the 2012 financial year, focusing on global economic development in the first nine months of 2013, the regulatory environment and the currently prevailing economic risks, and the outlook. The overall economic outlook is subject to the precondition that there are no major unexpected occurrences in the forecast period.

Global economic development.

Global economic growth remained rather restrained in the first three quarters of 2013. The slight improvements in western and central Europe that have emerged since the middle of the year were contrasted by a further decrease in growth rates in emerging economies. The International Monetary Fund currently forecasts global economic growth of just 2.9 percent. In April it had still forecast growth of 3.3 percent and in July, growth of 3.1 percent.

In our core markets, almost all national economies recorded a slight improvement in their economic situation. In Germany, GDP grew faster than previously forecast thanks to a seasonal boost in growth. In the United States, the economic situation of private households and the real estate market also improved further, but at the same time a more positive trend was slowed by the negative impact of savings in this year's national budget. In our Europe operating segment, almost all national economies saw an improvement in their economic development in the summer. The sharp decline in Greece's economic performance began to level out for the first time. Initial early indicators signal further improvements there. The economies of the Netherlands, Croatia and the Czech Republic recorded improvements in their still negative growth rates. In Romania, the United Kingdom, Poland, Slovakia, Hungary and Austria, economic growth rates increased in the third quarter of 2013.

GDP growth rates in our core countries.

	Q3 2013 compared with Q3 2012 %
Germany	0.6
United States	1.4
Greece	(4.4)
Romania	2.3
Poland	1.2
Hungary	0.5
Czech Republic	(0.6)
Croatia	(0.8)
Netherlands	(0.8)
Slovakia	0.9
Austria	0.4
United Kingdom	1.5

Source: Oxford Economics, Forecast from October 2013.

Overall economic risk.

The development of the economy is primarily impacted by the European sovereign debt and banking crises as well as the further economic development in the United States. The U.S. budget dispute has been resolved for the moment, but the debt ceiling for the national budget has only been raised until the start of 2014. If the dispute were to flare up again and the U.S. government were to be temporarily unable to pay its bills, this could have a negative impact on the U.S. and global economies. Furthermore, the current political turmoil in Italy has once again shown that the European sovereign debt and banking crises remain a substantial risk. The future monetary policy, especially that of the central bank of the United States, remains a further potential risk to the global economy. In addition, there is also the risk that international political and military hot spots, such as unrest in the Middle East, may have a negative impact on the global economy.

Outlook.

Leading institutions and banks expect the global economic outlook to improve, subject to the precondition that there are no major unexpected occurrences in the forecast period. Following the slight decline in the global economy in 2013, an increase in global production is forecast for 2014. Continued economic growth in the United States in particular – assuming a long-term agreement is reached on raising the debt ceiling – as well as a moderate improvement in European economies will help determine the growth prospects for the global economy in the medium term. The sustainable strengthening of economic developments in the United States, Germany and the countries of our Europe operating segment will depend crucially on whether or not governments and central banks can maintain and stabilize the positive growth momentum. The situation in the euro zone is expected to improve in the medium term, while the risk of a renewed outbreak of the debt crisis continues to cause uncertainty.

Telecommunications market.

In the current "Ovum Global Telecoms Market Outlook" for 2013 to 2018, market researchers expect the number of mobile lines worldwide to increase from 6.5 billion in 2012 to 8.1 billion by 2018. This increase will primarily be driven by strong growth in the emerging economies. The market research institute estimates the global fixed-network market will see a decline in voice revenues of 5 percent per year from 2012 to 2018. In the same period, global broadband revenues will increase by 5 percent per year.

In the past quarter, our core markets saw the following key market changes: In July 2013, Telefónica Deutschland announced it had concluded an agreement to acquire **E-Plus**, the German subsidiary of the Dutch telecommunications group KPN. The acquisition is subject to the approval of the responsible supervisory authorities.

Vodafone's voluntary public takeover offer made on July 30, 2013 for **Kabel Deutschland** was approved by the EU competition authorities on September 20, 2013 without any conditions. Thus the final key condition for the completion of Vodafone's takeover offer to the shareholders of Kabel Deutschland has been met.

In a USD 130 billion deal, Vodafone agreed with Verizon at the start of September 2013 to sell its 45-percent interest in the joint venture **Verizon Wireless**, which operates in the U.S. mobile market.

Regulation.

Vectoring green-lighted. Following its draft decision for an amendment to the regulatory order on access to unbundled local loop lines on April 9, 2013 and the publication of the related draft notification on July 9, 2013, the Federal Network Agency published the new regulatory order for unbundled local loop lines (ULLs) on August 29, 2013. The decision was preceded by an application submitted by Telekom Deutschland GmbH on December 19, 2012 for an amendment to the regulatory framework, and two public hearings on the introduction of VDSL vectoring by the Federal Network Agency on January 24, 2013 and April 24, 2013. With its decision, the Federal Network Agency essentially gives the green light to the use of vectoring transmission technology in Germany. The Agency's decision does not yet give us final legal certainty, however, as several rules are subject to the provisions of a certain wholesale offer (bitstream access). This offer must be defined by the Federal Network Agency in a further administrative procedure. In addition, the decision is designed in such a way as to substantially reduce the incentives for Deutsche Telekom to invest in rural areas. The standard offer procedure now beginning for the detailed design of the wholesale products and services is expected to take until the start of 2014, so that vectoring can be used in Germany from this time.

Increase of rates for unbundled local loop lines in Germany. On June 26, 2013, the Federal Network Agency published its final decision on the monthly charges for unbundled local loop lines (ULLs) under which the charge for the most important ULL product will increase by 11 eurocents to EUR 10.19. The charge for the (shorter) connection from the cable distribution box (sub-loop unbundling) will be reduced by 38 eurocents to EUR 6.79. The rates apply for three years from July 1, 2013.

Regulation of mobile and fixed-network termination rates in Germany.

On March 1 and April 8, 2013, the European Commission expressed "serious doubts" about the Federal Network Agency's draft proposals on the regulatory orders and rate decisions for mobile termination and fixed-network termination (interconnection – IC). On June 27, 2013, the Commission recommended to the Federal Network Agency with regard to mobile termination rates (MTR) that the draft decisions on MTR be rescinded or amended. However, the Commission has no right to veto these decisions made by the Federal Network Agency. The Federal Network Agency published the final MTR decisions on July 19, 2013. The rates are identical with those set as of December 1, 2012 as part of a preliminary rate approval (1.85 eurocents/min with retroactive effect from December 1, 2012 and 1.79 eurocents/min from December 1, 2013). The rate cuts reduced our mobile revenue by EUR 94 million in the first nine months of 2013. The final decision on the fixed-network termination rates was published on August 30, 2013. Here too, the rates were set at the same amount that had already been given provisional approval since December 1, 2012.

Retroactive rate approval for unbundled local loop lines. On June 24, 2013, the Federal Network Agency redefined the ULL one-time rates for the period from July 1, 2005 to June 30, 2007 with retroactive effect for individual competitors on the basis of rulings of the Cologne Administrative Court. Compared with the originally approved rates the different rate items decreased by between 3.6 and 13.9 percent. The Federal Network Agency set new one-time ULL retroactive rates for the period July 1, 2004 through June 30, 2005 on September 23, 2013. Here too, the original approval of the rates by the ruling of the Cologne Administrative Court in favor of the complainant was revoked. Compared with the original approval of rates from 2004, the rates are lower in the overall effect, although certain charge items also increased.

Rate reductions at subsidiaries. In Greece, the regulatory authorities reduced the wholesale prices for VDSL. With the coming into effect of the new cost standard for termination rates as a result of the corresponding EU recommendation, mobile termination rates have been substantially reduced since January 1, 2013 in Hungary, Poland, Croatia, Greece, and Montenegro, in the range of 25 to 45 percent compared with the rates from December 2012.

European regulatory environment. On September 11, 2013, the European Commission adopted a Recommendation to the national regulatory authorities "on consistent non-discrimination obligations and costing methodologies to promote competition and enhance the broadband investment environment." The measure builds on the refocusing of fixed-network regulation to encourage investment in broadband access networks announced on July 12, 2012. Furthermore, on September 11, 2013, the European Commission submitted proposals to the European Parliament and the Council for an EU Regulation on the further development of the single market for electronic communications. In addition to positive proposals on frequency policy and regulatory principles, the draft also provides for regulatory cuts in roaming rates (especially for incoming calls) and international calls within Europe. At the same time, customer protection regulations are to be further harmonized, which could create additional burdens for providers of telecommunications services. New regulations are also planned for network neutrality. Further changes are to be expected in the ongoing legislative process in the EU Parliament and Council. The Commission intends to have the Regulation adopted by April 2014, although this could be delayed until the first half of 2015.

GROUP STRUCTURE, STRATEGY AND MANAGEMENT.

With regard to our **Group structure, strategy and management**, please refer to the notes in the 2012 combined management report (2012 Annual Report, page 70 et seq.). No significant changes were recorded in this area from the Group's point of view.

As a result of the realignment of the central management and service functions, the green light was given for our new Group Headquarters and the newly formed Group Services on January 1, 2013. As part of this process, the segment was renamed Group Headquarters & Group Services. Our new Group Headquarters is responsible for aligning and steering the Group as a whole, issuing rules and regulations, initiating Group-wide strategic projects, and measuring their implementation and success. The newly formed Group Services units provide services to the entire Group.

Since January 1, 2013, the tasks and functions of Group Technology including the Global Network Factory, which was previously part of Group Headquarters & Group Services, have been reported under the Europe operating segment. Group Technology's tasks include the efficient and customer-oriented provision of technologies, platforms and services for mobile and fixed-network communications. The Global Network Factory designs and operates a worldwide network which allows us to offer customers voice and data communication. Reporting was changed to improve the way in which these units can be managed. Comparative figures have been adjusted retrospectively.

For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements (page 50).

DEVELOPMENT OF BUSINESS IN THE GROUP.

RESULTS OF OPERATIONS OF THE GROUP.

Net revenue.

In the first nine months of the 2013 financial year, we generated net revenue of EUR 44.5 billion, up EUR 1.0 billion on the same period in the prior year. Our United States operating segment in particular contributed to this revenue trend as a result of the first-time inclusion of MetroPCS as of May 1, 2013 and continued strong customer additions. Intense competition, in some cases substantial price changes imposed by regulatory authorities, and the still strained economic situation in many countries in our Europe operating segment in the first nine months of the year had a negative effect. Our Germany operating segment held its own, particularly in the mobile market, in the prevailing regulatory and competitive environment, but recorded a slight decline in revenue overall. The

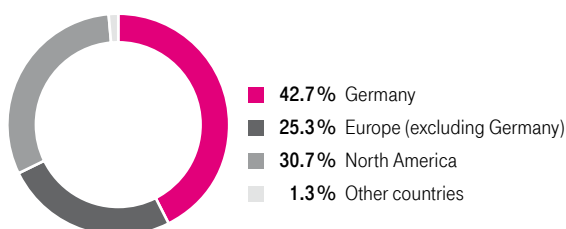
general downward trend in prices for IT and communications services had a negative impact on revenue in our Systems Solutions operating segment.

Adjusted for the effects of changes in the composition of the Group of EUR 1.4 billion in total, as well as negative exchange rate effects of EUR 0.5 billion, especially from the translation of U.S. dollars into euros, net revenue remained almost stable at the prior-year level. For details on the revenue trends in our Germany, United States, Europe and Systems Solutions operating segments as well as in the Group Headquarters & Group Services segment, please refer to the section "Development of business in the operating segments" (page 16 et seq.).

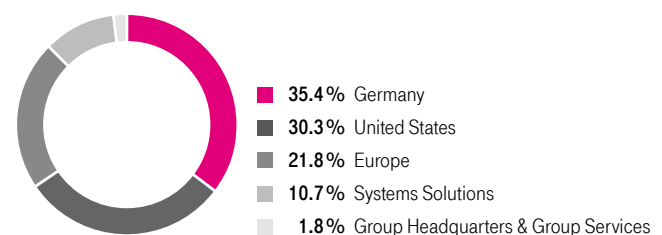
Contribution of the segments to net revenue.

	Q1 2013 millions of €	Q2 2013 millions of €	Q3 2013 millions of €	Q3 2012 millions of €	Change %	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 millions of €	Change %	FY 2012 millions of €
NET REVENUE	13,785	15,157	15,525	14,651	6.0	44,467	43,462	2.3	58,169
Germany	5,566	5,565	5,670	5,736	(1.2)	16,801	17,005	(1.2)	22,736
United States	3,541	4,825	5,108	3,915	30.5	13,474	11,578	16.4	15,371
Europe	3,327	3,420	3,436	3,654	(6.0)	10,183	10,812	(5.8)	14,406
Systems Solutions	2,319	2,273	2,286	2,245	1.8	6,878	7,187	(4.3)	10,016
Group Headquarters & Group Services	691	761	635	691	(8.1)	2,087	2,060	1.3	2,835
Intersegment revenue	(1,659)	(1,687)	(1,610)	(1,590)	(1.3)	(4,956)	(5,180)	4.3	(7,195)

Breakdown of revenue by region.



Contribution of the segments to net revenue.



At 35.4 percent, our Germany operating segment again provided the largest contribution to net revenue of the Group. Our United States operating segment increased its share in net revenue of the Group by 3.7 percentage points year-on-year, partly due to the inclusion of MetroPCS, whereas the contribution by our Europe, Germany and Systems Solutions operating segments shrank. The proportion of net revenue generated internationally continued to increase, up from 55.9 percent in the prior-year period to 57.3 percent in the reporting period.

EBITDA, adjusted EBITDA.

Our EBITDA decreased year-on-year by EUR 0.7 billion to EUR 12.6 billion. Negative special factors amounting to EUR 0.8 billion were included in EBITDA in the first nine months of 2013. Special factors mainly comprised expenses incurred in connection with staff-related measures and non-staff-related

restructuring expenses. The sale of T-Systems Italia resulted in a loss of around EUR 0.1 billion. Deconsolidation gains arising from the sale of our stakes in Hellas Sat of around EUR 0.1 billion and in Globul and Germanos, also totaling around EUR 0.1 billion, had a contrasting effect.

Excluding special factors, **adjusted EBITDA** decreased year-on-year by EUR 0.6 billion to EUR 13.4 billion in the first nine months of 2013. Exchange rate effects amounting to EUR 0.1 billion had a negative effect. For detailed information on the development of EBITDA/adjusted EBITDA in our segments, please refer to the section "Development of business in the operating segments" (page 16 et seq.).

Contribution of the segments to adjusted Group EBITDA.

	Q1 2013 millions of €	Q2 2013 millions of €	Q3 2013 millions of €	Q3 2012 millions of €	Change %	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 millions of €	Change %	FY 2012 millions of €
EBITDA (ADJUSTED FOR SPECIAL FACTORS) IN THE GROUP	4,288	4,417	4,659	4,782	(2.6)	13,364	13,965	(4.3)	17,973
Germany	2,255	2,279	2,375	2,401	(1.1)	6,909	7,092	(2.6)	9,166
United States	888	930	1,082	994	8.9	2,900	3,035	(4.4)	3,840
Europe	1,089	1,107	1,162	1,345	(13.6)	3,358	3,732	(10.0)	4,936
Systems Solutions	175	221	203	186	9.1	599	507	18.1	747
Group Headquarters & Group Services	(99)	(111)	(155)	(154)	(0.6)	(365)	(395)	7.6	(715)
Reconciliation	(20)	(9)	(8)	10	n.a.	(37)	(6)	n.a.	(1)

EBIT.

Group EBIT increased from minus EUR 5.7 billion in the first nine months of 2012 to plus EUR 5.1 billion. This growth is primarily attributable to the year-on-year reduction in depreciation, amortization and impairment losses of EUR 11.5 billion, owing to the impairment loss recognized on goodwill, other intangible assets and property, plant and equipment at T-Mobile USA in the third quarter of the prior year. In addition, depreciation and amortization were down EUR 0.8 billion on the prior-year level. This is attributable to a reduced depreciation and amortization base, mainly as a result of the impairment loss recognized in the prior year in the United States operating segment, and the expiry of the economic useful lives of parts of the outside plant in the Germany operating segment.

Profit/loss before income taxes.

Profit before income taxes increased by EUR 10.5 billion to EUR 3.0 billion year-on-year in the first three quarters of 2013 as a result of the aforementioned effects. Loss from financial activities increased by EUR 0.3 billion year-on-year to EUR 2.1 billion. In the first quarter of the prior year, loss from financial activities had included the sale of the shares in Telekom Srbija. At the time, the closing of the transaction resulted in income of EUR 0.2 billion. Our finance costs remained on a par with the prior-year level at EUR 1.6 billion.

Net profit/loss.

Net profit increased to EUR 1.7 billion. The tax expense for the current financial year amounted to EUR 0.9 billion. For further information, please refer to the interim consolidated financial statements (page 48).

Profit attributable to non-controlling interests decreased to EUR 0.4 billion, primarily as a result of the sale of shares in Telekom Srbija in the prior year. The sale of Globul and Germanos had an offsetting, positive effect of EUR 0.1 billion.

Average number of employees.

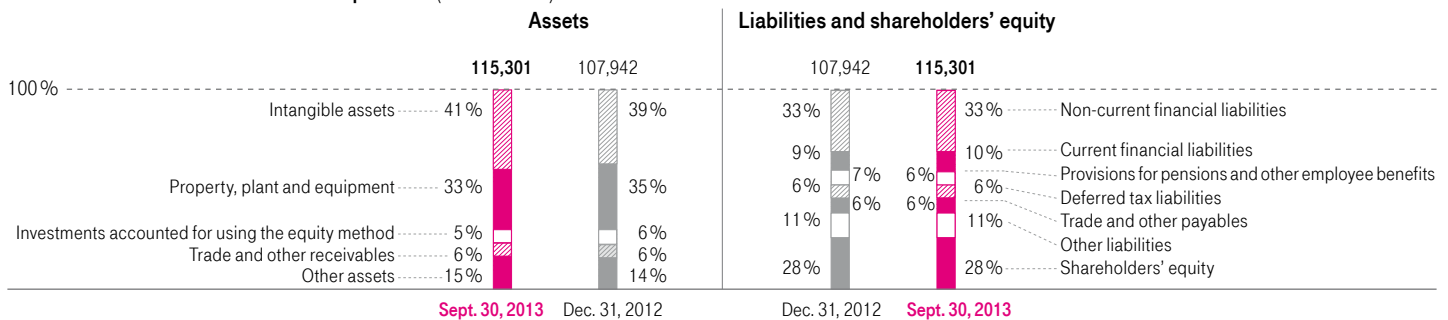
	Q1 – Q3 2013	Q1 – Q3 2012
Germany	68,022	68,996
United States	31,962	30,367
Europe	56,783	58,861
Systems Solutions	50,869	52,659
Group Headquarters & Group Services	22,195	22,043
NUMBER OF EMPLOYEES IN THE GROUP	229,831	232,926
Of which: civil servants (in Germany, with an active service relationship)	21,465	23,154

The average headcount decreased by 1.3 percent compared with the prior-year reporting period. The average headcount in our Germany operating segment decreased by 1.4 percent year-on-year due to our socially responsible staff reduction and restructuring programs. This was partially offset by new junior staff hires. At the same time, it also resulted in a decrease in the number of external service staff. The average number of employees in our United States operating segment increased in the first nine months of 2013 by 5.3 percent compared to the first nine months of 2012. This increase was driven by nearly 3,400 MetroPCS employees joining the T-Mobile US workforce following the completion of the business combination in the second quarter of 2013. Excluding the effect of the MetroPCS business combination, the average number of employees decreased from the prior year due to fewer customer acquisition, network/IT and administrative employees, partially offset by an increase in customer support employees, as a result of operational restructuring initiatives.

In our Europe operating segment, the average headcount decreased by 3.5 percent. Downsizing programs, especially in Greece, carried out as a result of measures to enhance efficiency contributed to this decrease. The sale of our national companies in Bulgaria also reduced the average headcount. Insourcing, i.e., the provision of services previously rendered by third parties, in Hungary and the acquisition of DIGI Slovakia had a contrasting effect. In our Systems Solutions operating segment, the average headcount decreased by 3.4 percent. This decrease was mainly the result of staff restructuring measures in Germany, but was partially compensated by insourcing and newly established production capacities abroad. In the Group Headquarters & Group Services segment, the average headcount increased by 0.7 percent compared with the prior-year period. This was primarily attributable to the bundling of our Group Services and an increase in the headcount at the DBU. A reduction in the headcount at Vivento had an offsetting effect.

FINANCIAL POSITION OF THE GROUP.

Structure of the statement of financial position. (millions of €)



Total assets increased by EUR 7.4 billion compared with December 31, 2012, largely due to the acquisition of MetroPCS as of May 1, 2013 (for detailed information, please refer to the section "Changes in the composition of the Group and transactions among owners" in the interim consolidated financial statements on page 43 et seq.). Furthermore, our consolidated statement of financial position was mainly influenced by the following factors.

Intangible assets increased by EUR 5.1 billion to EUR 46.8 billion. The first-time inclusion of MetroPCS resulted in effects from changes in the composition of the Group that increased the carrying amounts by EUR 4.1 billion. This largely related to FCC licenses of EUR 2.9 billion as well as a customer base of EUR 0.8 billion identified in connection with the purchase price allocation. Additions to intangible assets mainly include acquired spectrum totaling EUR 1.4 billion and goodwill of EUR 1.0 billion resulting from the acquisition of MetroPCS. This was offset by amortization of EUR 2.5 billion and exchange rate effects of EUR 0.6 billion.

Property, plant and equipment increased by EUR 0.2 billion to EUR 37.7 billion. The acquisition of MetroPCS gave rise to effects from changes in the composition of the Group of EUR 1.0 billion. These effects related to technical equipment and machinery (EUR 0.7 billion) as well as land and buildings (EUR 0.3 billion). Capital expenditure of EUR 5.8 billion increased the carrying amount of property, plant and equipment. This included capital expenditure for the build-out of the LTE network in the United States operating segment and for optical fiber and LTE infrastructure in the Germany operating segment. Offsetting effects resulted in particular from depreciation of EUR 4.9 billion, exchange rate effects of EUR 0.3 billion, disposals of assets in connection with the sale of Globul and

Germanos amounting to EUR 0.3 billion, and other disposals amounting to EUR 0.2 billion.

Investments accounted for using the equity method decreased by EUR 0.5 billion to EUR 6.2 billion in the first nine months of 2013. This decrease was mainly due to the Everything Everywhere joint venture. Exchange rate effects and dividend payments received each reduced the carrying amount of the investment by EUR 0.2 billion. A loss of EUR 0.1 billion also resulted in a lower carrying amount.

Trade and other receivables increased by EUR 0.7 billion to EUR 7.1 billion, due in particular to an increased percentage of terminal equipment sold under installment plans in our United States operating segment. This results from T-Mobile US's strategy to introduce new rate plans under which terminal equipment is no longer sold at a subsidized price, but on the basis of a financing plan.

Other assets comprised the following significant effects as of September 30, 2013: **Cash and cash equivalents** of EUR 1.6 billion were added as a result of the acquisition of MetroPCS. **Non-current other financial assets** decreased, mainly due to the decline in non-current derivatives.

Current and non-current **financial liabilities** increased by EUR 4.7 billion compared with the end of 2012 to EUR 49.3 billion in total. For the main effects on financial liabilities, please refer to net cash used in financing activities on page 49 of the interim consolidated financial statements. The first-time inclusion of MetroPCS increased financial liabilities by EUR 5.1 billion.

The EUR 0.1 billion decrease in **provisions for pensions and other employee benefits** was primarily attributable to actuarial gains.

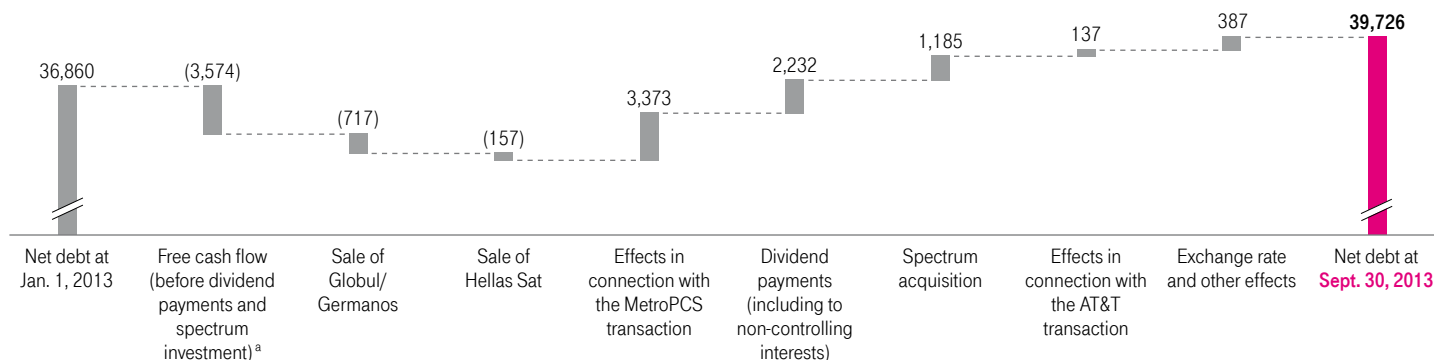
The increase of EUR 0.9 billion in **deferred tax liabilities** to EUR 6.8 billion mainly resulted from the first-time inclusion of MetroPCS and the recognition of measurement differences for FCC licenses that are not amortized under IFRSs.

Trade and other payables increased by EUR 0.3 billion compared with the end of 2012 to EUR 6.7 billion overall due to intensified LTE network modernization measures and increased stock levels of terminal equipment (in particular smartphones).

Other liabilities included the following significant effect as of September 30, 2013: additions to **other liabilities** of EUR 0.3 billion due to the first-time inclusion of MetroPCS.

Shareholders' equity increased by EUR 1.5 billion compared with December 31, 2012, due to the first-time inclusion of MetroPCS accounting for EUR 2.0 billion and profit of EUR 2.1 billion. Dividend payments of EUR 3.0 billion to Deutsche Telekom AG shareholders for the 2012 financial year reduced shareholders' equity. EUR 1.1 billion of this payout was granted as dividend in kind for which a capital increase was carried out involving the contribution of the dividend entitlements. Currency translation effects of EUR 0.6 billion (including non-controlling interests) recognized directly in equity and dividend payments to non-controlling interests of EUR 0.4 billion also reduced shareholders' equity.

Change in net debt. (millions of €)



^a And before AT&T transaction and compensation payments for MetroPCS employees.

Net debt increased by EUR 2.9 billion compared with December 31, 2012 to EUR 39.7 billion; compared with September 30, 2012, the increase was EUR 0.7 billion. The first-time inclusion of MetroPCS increased net debt by EUR 3.4 billion. Dividend payments including to non-controlling interests of EUR 2.2 billion and the acquisition of spectrum of EUR 1.2 billion in total, in particular in the Netherlands, Romania and Poland, also contributed to this increase. By contrast, free cash flow of EUR 3.6 billion before dividend payments and spectrum investment

on the one hand, and the sale of Globul and Germanos as well as Hellas Sat for a total of EUR 0.9 billion on the other reduced net debt.

For more information on net debt, please refer to the disclosures on the reconciliation of the pro forma figures in the section "Additional information" (page 58 et seq.).

Free cash flow (before dividend payments, before spectrum investment).^a

	Q1 2013 millions of €	Q2 2013 millions of €	Q3 2013 millions of €	Q3 2012 millions of €	Change %	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 millions of €	Change %	FY 2012 millions of €
CASH GENERATED FROM OPERATIONS^a	3,811	3,664	4,052	4,602	(12.0)	11,527	12,481	(7.6)	16,232
Interest received (paid)	(764)	(540)	(411)	(415)	1.0	(1,715)	(1,849)	7.2	(2,185)
NET CASH FROM OPERATING ACTIVITIES^a	3,047	3,124	3,641	4,187	(13.0)	9,812	10,632	(7.7)	14,047
Cash outflow for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (CASH CAPEX)	(2,087)	(2,068)	(2,260)	(1,910)	(18.3)	(6,415)	(5,664)	(13.3)	(8,021)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	78	53	46	67	(31.3)	177	166	6.6	213
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)^a	1,038	1,109	1,427	2,344	(39.1)	3,574	5,134	(30.4)	6,239

^a Before AT&T transaction and compensation payments for MetroPCS employees.

Free cash flow. Free cash flow in the Group before dividend payments and spectrum investment decreased by EUR 1.6 billion year-on-year. This was due to the decrease in cash generated from operations as well as the increase in cash capex. The latter is a consequence of our strategy to focus investments on the improvement of network quality and coverage and the continued modernization of our “networks of the future.”

Net cash from operating activities decreased by EUR 0.8 billion compared with the prior-year period to EUR 9.8 billion. The dividend payments received from the Everything Everywhere joint venture, which were down EUR 0.3 billion year-on-year, and a EUR 0.2 billion increase in severance payments had a negative impact. Our cash flow was also impacted by higher market investments in the United States operating segment. Positive effects resulted from a year-on-year decrease in net interest payments of EUR 0.1 billion as well as a EUR 0.1 billion increase in cash inflows from the canceling of interest rate swaps.

For further information on the statement of cash flows, please refer to the interim consolidated financial statements on pages 48 and 49.

COMPARISON OF THE PAST TWELVE MONTHS.

Although there are no significant seasonal factors that affect Deutsche Telekom's earnings and financial position, we have compared the past twelve months with the full year 2012, as results were negatively impacted by special factors.

	Oct. 1, 2012 through Sept. 30, 2013 millions of €	FY 2012 millions of €
REVENUE AND EARNINGS		
Net revenue	59,174	58,169
Profit (loss) from operations (EBIT)	6,821	(3,962)
Depreciation, amortization and impairment losses	(10,490)	(21,957)
EBITDA	17,311	17,995
EBITDA (adjusted for special factors)	17,372	17,973
Net profit (loss)	2,323	(5,353)
Net profit (loss) (adjusted for special factors)	2,600	2,537
Earnings per share basic/diluted	€ 0.54	(1.24)
CASH FLOWS		
Net cash from operating activities ^a	13,227	14,047
Cash outflow for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (cash capex)	(8,772)	(8,021)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	224	213
Free cash flow (before dividend payments and spectrum investment) ^a	4,679	6,239

^a Before AT&T transaction and compensation payments for MetroPCS employees.

Net revenue increased by EUR 1.0 billion, mainly as a result of the first-time inclusion of MetroPCS as of May 1, 2013 in the United States operating segment.

The changes in profit from operations (EBIT) as well as depreciation, amortization and impairment losses were primarily attributable to an impairment loss of EUR 10.6 billion recognized on goodwill and other intangible assets and property, plant and equipment at T-Mobile USA in the third quarter of 2012. Since in the following periods carrying amounts of property, plant and equipment and intangible assets were reduced as a result of this impairment loss, depreciation and amortization also decreased. The expiry of economic useful lives of parts of outside plant in the Germany operating segment resulted in lower depreciation and amortization.

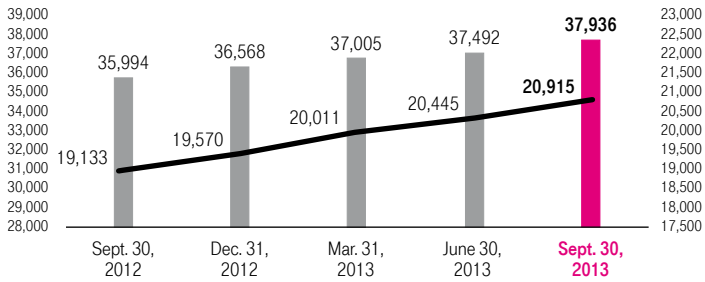
The decrease in adjusted EBITDA mainly resulted from higher market investments in the United States, fixed-network lines lost to competitors, price changes imposed by regulatory authorities, special levies, and national austerity programs.

DEVELOPMENT OF BUSINESS IN THE OPERATING SEGMENTS.

GERMANY.

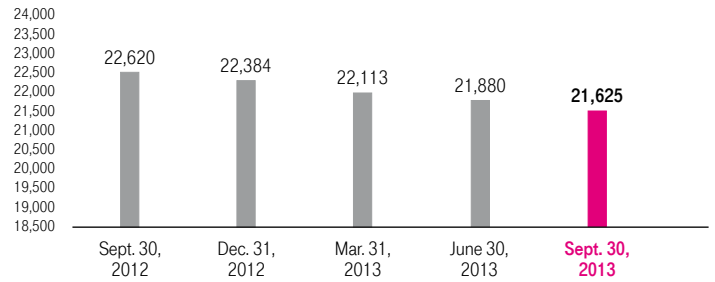
CUSTOMER DEVELOPMENT.

Mobile customers. ('000)

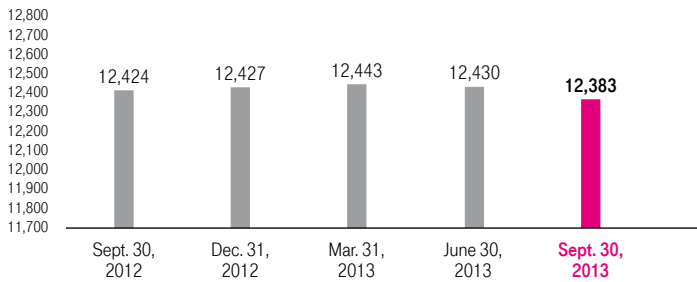


— Contract customers

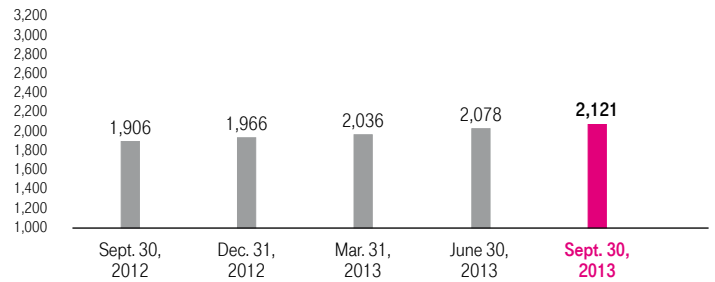
Fixed-network lines. ('000)



Broadband lines. ('000)



TV customers (IPTV, satellite).^a ('000)



^a Customers connected.

	Sept. 30, 2013	June 30, 2013	Change Sept. 30, 2013/ June 30, 2013	Dec. 31, 2012	Change Sept. 30, 2013/ Dec. 31, 2012	Sept. 30, 2012	Change Sept. 30, 2013/ Sept. 30, 2012
	thousands	thousands	%	thousands	%	thousands	%
TOTAL							
Mobile customers	37,936	37,492	1.2	36,568	3.7	35,994	5.4
Contract customers	20,915	20,445	2.3	19,570	6.9	19,133	9.3
Prepay customers	17,021	17,047	(0.2)	16,997	0.1	16,861	0.9
Fixed-network lines	21,625	21,880	(1.2)	22,384	(3.4)	22,620	(4.4)
Of which: IP-based	1,774	1,474	20.4	937	89.3	750	n.a.
Broadband lines	12,383	12,430	(0.4)	12,427	(0.4)	12,424	(0.3)
TV (IPTV, satellite)	2,121	2,078	2.1	1,966	7.9	1,906	11.3
Unbundled local loop lines (ULLs)	9,299	9,359	(0.6)	9,436	(1.5)	9,453	(1.6)
Wholesale unbundled lines	1,495	1,418	5.4	1,303	14.7	1,283	16.5
Wholesale bundled lines	419	455	(7.9)	518	(19.1)	562	(25.4)
OF WHICH: CONSUMERS							
Mobile customers	29,623	29,343	1.0	28,811	2.8	28,513	3.9
Contract customers	15,159	14,762	2.7	13,990	8.4	13,650	11.1
Prepay customers ^a	14,463	14,581	(0.8)	14,821	(2.4)	14,864	(2.7)
Fixed-network lines	17,109	17,331	(1.3)	17,789	(3.8)	18,004	(5.0)
Of which: IP-based	1,629	1,355	20.2	856	90.3	696	n.a.
Broadband lines	9,983	10,024	(0.4)	10,039	(0.6)	10,037	(0.5)
TV (IPTV, satellite)	1,948	1,906	2.2	1,804	8.0	1,748	11.4
OF WHICH: BUSINESS CUSTOMERS							
Mobile customers	8,314	8,149	2.0	7,757	7.2	7,481	11.1
Contract customers	5,755	5,683	1.3	5,581	3.1	5,483	5.0
Prepay customers (M2M) ^a	2,558	2,467	3.7	2,176	17.6	1,997	28.1
Fixed-network lines	3,465	3,490	(0.7)	3,510	(1.3)	3,527	(1.8)
Of which: IP-based	128	103	24.3	55	n.a.	40	n.a.
Broadband lines	2,074	2,080	(0.3)	2,062	0.6	2,058	0.8
TV (IPTV, satellite)	172	170	1.2	161	6.8	157	9.6

^a Since January 1, 2013, M2M (machine-to-machine) has been reported exclusively under prepay business customers in mobile communications. Prior-year figures have been adjusted accordingly.

Total.

In our home market in Germany, we held our own well in the market, especially in mobile communications, in the prevailing regulatory and competitive environment. Several positive trends continued in the first three quarters of 2013. Compared with the end of 2012, we recorded a total of 1,368 thousand mobile customer additions by the end of the third quarter of 2013. Smartphone sales increased to 3.2 million in the first nine months of 2013. In the fixed network, our fiber-optic products are growing increasingly important. The total number of lines (VDSL and FTTH) increased by 401 thousand against the end of 2012 to 1.4 million. 1.8 million customers were migrated to IP-based lines by the end of the third quarter of 2013. Despite competition from cable operators, our broadband customer base has remained almost stable at 12.4 million lines since the start of 2012.

Mobile communications.

Mobile telephony and data services. In mobile communications, we stepped up our efforts to retain and win back customers, for example with the new mobile rate plans launched in May 2013. As of the end of the third quarter of 2013, the number of mobile customers increased to 37.9 million, up 3.7 percent compared with the end of 2012. This positive result was mainly attributable to the good development of our second brand "congstar," machine-to-machine solutions, and the Call & Surf Comfort via Funk rate plan. By the end of the third quarter of 2013, 210 thousand customers had already subscribed to our Call & Surf Comfort via Funk plan.

The mobile contract customer base grew by 1,345 thousand in the first three quarters of 2013. 465 thousand of these new customers were added in branded business under the Deutsche Telekom and "congstar" brands. The remainder were added in the fast-growing, but much lower-revenue reseller segment (service providers).

In the first three quarters of 2013, we sold 4.6 million cell phones. The proportion of smartphones, especially Android devices and iPhones, increased to 69.3 percent.

Fixed network.

Telephony, Internet and TV. As of the end of the third quarter, 17.1 percent of our broadband customers were using our TV service Entertain. By the end of the third quarter of 2013, the number of TV customers had increased by 7.9 percent compared with the end of 2012, with Entertain Sat growing by 28.1 percent.

In the traditional fixed network, the number of lines decreased by 3.4 percent compared with the end of 2012. Customers switched primarily to cable operators, but increasingly also to mobile products.

Consumers.

Connected life across all screens. The number of contract customers in the mobile communications portfolio increased by 8.4 percent in the first three quarters of 2013 compared with the end of 2012. Above all, rate plans with integrated data flat rates for mobile Internet (Complete Comfort, special rate plans like Special Allnet), LTE add-on options, Travel & Surf, and SpeedOn passes developed positively. Call & Surf Comfort via Funk also performed very well, with customer growth of 68.9 percent in the first three quarters of 2013 alone. The decrease in the number of prepay customers in the first three quarters of 2013 was largely attributable to the decline in the reseller segment, which was partially offset by customer additions through “congstar.”

In the fixed network, we won another 144 thousand customers for Entertain (up 8.0 percent) in the course of the first three quarters of 2013. The new marketing of the Sky Deutschland program packages from June 2013 was successful. The line losses totaled 680 thousand, which was less than in the same period in 2012. In the broadband market, we won 218 thousand customers for optical fiber in the reporting period.

Business Customers.

Connected work with innovative solutions. Mobile growth was attributable to the contract additions, especially among smaller business customers. In addition, 382 thousand cards sold for our machine-to-machine solutions had a positive impact in the first three quarters of 2013.

The number of fixed-network lines in the Business Customers area remained almost stable compared with the end of 2012 at 3.5 million. With mobile Internet, customers are increasingly opting for plans with higher bandwidths, such as Business Complete Mobil, including high-quality handsets.

Products in the area of connected work developed positively. Accordingly, we recorded a higher number of Company Connect dedicated Internet connections. In data communications, we significantly increased the number of networks and connections, especially with Internet-based data networks (IP VPNs) and high-bandwidth location networking. Demand for cloud products grew in particular.

Wholesale.

The number of unbundled wholesale lines increased by 192 thousand in the first three quarters of 2013, due to the growth in VDSL lines. The so-called contingent model which was launched successfully in the second half of 2012 also contributed substantially to this trend. The number of bundled wholesale lines declined by 99 thousand. We expect this trend to continue for the next few years, due in particular to the fact that our competitors are switching from bundled to unbundled wholesale products or to their own infrastructure. The number of unbundled local loop lines (ULLs) decreased by 137 thousand compared with the end of 2012, partly due to market influences, since competitors are migrating their customers to mobile lines and customers are switching to cable companies.

DEVELOPMENT OF OPERATIONS.^a

	Q1 2013 millions of €	Q2 2013 millions of €	Q3 2013 millions of €	Q3 2012 millions of €	Change %	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 millions of €	Change %	FY 2012 millions of €
TOTAL REVENUE	5,566	5,565	5,670	5,736	(1.2)	16,801	17,005	(1.2)	22,736
Consumers	2,982	3,031	3,086	3,093	(0.2)	9,099	9,080	0.2	12,197
Business Customers	1,391	1,414	1,431	1,420	0.8	4,236	4,251	(0.4)	5,680
Wholesale	959	922	959	1,021	(6.1)	2,840	3,060	(7.2)	4,035
Value-Added Services	80	73	71	87	(18.4)	224	277	(19.1)	367
Other	154	125	123	115	7.0	402	337	19.3	457
Profit from operations (EBIT)	1,152	1,183	1,279	1,194	7.1	3,614	3,422	5.6	4,213
EBIT margin	%	20.7	21.3	22.6		21.5	20.1		18.5
Depreciation, amortization and impairment losses	(966)	(978)	(989)	(1,083)	8.7	(2,933)	(3,286)	10.7	(4,393)
EBITDA	2,118	2,161	2,268	2,277	(0.4)	6,547	6,708	(2.4)	8,606
Special factors affecting EBITDA	(137)	(118)	(107)	(124)	13.7	(362)	(384)	5.7	(560)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	2,255	2,279	2,375	2,401	(1.1)	6,909	7,092	(2.6)	9,166
EBITDA margin (adjusted for special factors)	%	40.5	40.6	41.9		41.0	41.7		40.3
CASH CAPEX	(594)	(644)	(892)	(677)	(31.8)	(2,130)	(2,399)	11.2	(3,418)

^a The operations of Regional Services and Solutions (RSS) have been managed by the Germany operating segment since January 1, 2013 and no longer by the Systems Solutions operating segment to allow a more focused market approach.

Total revenue.

Revenue decreased by 1.2 percent overall year-on-year in the first three quarters of 2013. The decrease was primarily a result of intensified regulatory price cuts in the second half of 2012, the decline in revenue from the traditional fixed network as well as a downward trend in voice telephony and mobile text messaging. The decline was partially offset by growing demand for complete packages with mobile data and/or TV rate plans and revenue from attractive handsets, in particular smartphones.

Mobile revenue increased 2.3 percent compared with the prior-year period. Mobile service revenues declined 1.9 percent. This was mainly due to the reduction in mobile termination rates in December 2012 and roaming price cuts as of July 1, 2012 and July 1, 2013, each imposed by the regulatory authority. While revenue from voice and text messages decreased due to a shift in consumer behavior toward IP messaging services among other factors, data and mobile device revenue increased. The marketing of Entertain and add-on options as well as the terminal equipment lease model had a positive impact on our fixed-network business, although this was not sufficient to offset the revenue decrease in traditional voice telephony due to line losses. Revenue contributed by the Germany operating segment to the "connected home" growth area increased by 0.3 percent to EUR 4.0 billion. This resulted from the positive trend in TV revenues.

Revenue from **Consumers** grew slightly by 0.2 percent, mainly due to the positive trends in mobile communications, especially in data revenue and mobile devices thanks to strong smartphone sales. Mobile service revenues declined 2.5 percent in the first three quarters of the year, mainly due to the decline in mobile voice telephony, intensified regulatory price cuts, and lower text messaging revenue. Fixed-network revenue declined by 2.8 percent due to the downward trend in voice telephony. Growth in TV revenue (including add-on options) of 16.8 percent and in terminal equipment revenue of 19.1 percent had an offsetting effect.

In the **Business Customers** area, total revenue remained below the prior-year level, declining by 0.4 percent. Growth in mobile communications was attributable to the revenue growth in mobile devices of 26.8 percent, as well as an almost stable trend in service revenues with a focus on data revenues. This only partially offset the decline in revenue from traditional fixed-network voice telephony.

The decline in **Wholesale** revenue – down 7.2 percent to EUR 2.8 billion – was primarily attributable to the following factors: regulatory price cuts for services such as interconnection calls (from December 1, 2012) and unbundled local loop lines including earlier proceedings, the declining use of interconnection calls, and a volume- and price-related revenue decrease.

A decline in revenues from **Value-Added Services** of 19.1 percent mainly resulted from the amended regulations concerning free-of-charge queuing, which came into effect as of September 1, 2012 and June 1, 2013, and from weaker use of premium rate call numbers, such as directory assistance services, and of public telephones.

EBITDA, adjusted EBITDA.

EBITDA adjusted for special factors decreased year-on-year by 2.6 percent. The revenue decrease was not fully offset by cost savings, for example, in call center services and services rendered by third parties as well as IT cost cuts. Costs increased in particular by higher mobile market investments and personnel costs, e.g., due to collective salary increases. With an adjusted EBITDA margin of 41 percent, we are already within our target corridor of over 40 percent, despite high investments in the market.

EBIT.

Profit from operations for our Germany operating segment increased by 5.6 percent to EUR 3.6 billion year-on-year. This was primarily attributable to lower depreciation and amortization due, among other factors, to the expiry of the economic useful lives of parts of outside plant.

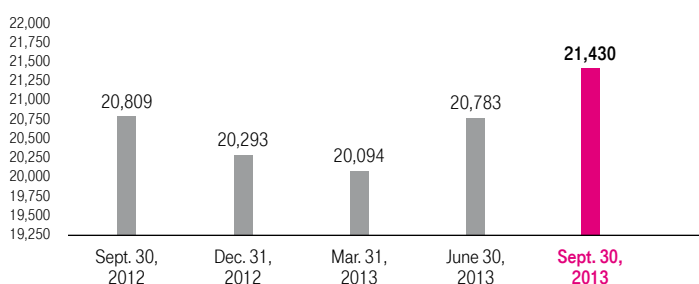
Cash capex.

In the first three quarters of 2013, we recorded a total decline in cash capex owing to the delayed award of contracts, due in part to the cold weather in the first quarter of 2013. By the end of the third quarter of 2013, however, we had reduced the backlog, with our investments focused on the "networks of the future," like optical fiber and LTE infrastructure.

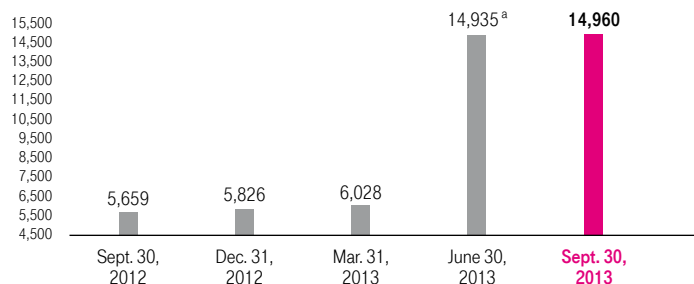
UNITED STATES.

CUSTOMER DEVELOPMENT.

Branded postpaid customers. ('000)



Branded prepay customers. ('000)



^a On May 1, 2013, the number of prepay customers increased by 8,918 thousand in connection with the acquisition of MetroPCS.

	Sept. 30, 2013	June 30, 2013	Change Sept. 30, 2013/ June 30, 2013	Dec. 31, 2012	Change Sept. 30, 2013/ Dec. 31, 2012	Sept. 30, 2012	Change Sept. 30, 2013/ Sept. 30, 2012
	thousands	thousands	%	thousands	%	thousands	%
UNITED STATES							
Mobile customers	45,039	44,016	2.3	33,389	34.9	33,327	35.1
Branded customers	36,390	35,718	1.9	26,119	39.3	26,468	37.5
Branded postpaid	21,430	20,783	3.1	20,293	5.6	20,809	3.0
Branded prepay	14,960	14,935	0.2	5,826	n.a.	5,659	n.a.
Wholesale customers	8,649	8,298	4.2	7,270	19.0	6,859	26.1
M2M ^a	3,430	3,423	0.2	3,090	11.0	2,954	16.1
MVNOs	5,219	4,875	7.1	4,180	24.9	3,905	33.6

^a M2M: machine-to-machine.

At September 30, 2013, the United States operating segment (T-Mobile US) had 45.0 million customers, a net increase in customers of 11.7 million for the first nine months of 2013 from 33.4 million customers at December 31, 2012. This increase in net customers in the first nine months of 2013 was driven by the acquisition of 8.9 million customers in connection with the closing of the business combination with MetroPCS and organic net customer additions of 2.8 million. Net customer additions improved significantly in the first nine months of 2013 compared to a net increase of 141 thousand for the first nine months of 2012.

Branded customers. Branded postpaid net customer additions improved to 1,137 thousand for the nine months ended September 30, 2013, compared to 1,559 thousand branded postpaid net customer losses for the nine months ended September 30, 2012. The significant improvement in branded postpaid net customer development was attributable to improved branded postpaid churn and higher branded postpaid gross additions, including migrations from branded prepay plans. Additionally, the success of the Company's "Un-carrier" strategy and the Value/Simple Choice plans, as well as the launches of the Apple iPhone 5, the Samsung Galaxy S4 and the U.S. wireless industry leading JUMP! upgrade program in the first nine months of 2013 helped drive improvement in branded postpaid net customer additions. Further, branded postpaid churn improved as a result of churn reduction initiatives such as improving network quality and customer experience, which led to an increase in branded postpaid customer retention in the nine months ended September 30, 2013.

Branded prepay net customer additions, excluding the 8.9 million customers acquired through the MetroPCS business combination, were 216 thousand for the nine months ended September 30, 2013, compared to 840 thousand net customer additions for the nine months ended September 30, 2012. Higher branded prepay customer deactivations contributed to the decrease in branded prepay net customer additions, but was partially offset by higher branded prepay customer gross additions. Additionally, the decrease in branded prepay net customer additions was the result of migrations to branded postpaid plans due to the success of the Value/Simple Choice plans. The increase in branded prepay customer deactivations in the nine months ended September 30, 2013 was primarily driven by the robust competitive environment in the prepaid business, compounded by a growing prepay customer base.

Wholesale customers. Wholesale net customer additions were 1,379 thousand for the nine months ended September 30, 2013, compared to net customer additions of 860 thousand for the nine months ended September 30, 2012. The increase in wholesale net customer additions was due to the continued popularity of government subsidized Lifeline programs offered by our MVNO partners and higher MVNO gross customer additions, partially resulting from new MVNO partnerships entered into in 2012.

DEVELOPMENT OF OPERATIONS.

	Q1 2013 millions of €	Q2 2013 millions of €	Q3 2013 millions of €	Q3 2012 millions of €	Change %	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 millions of €	Change %	FY 2012 millions of €
TOTAL REVENUE	3,541	4,825	5,108	3,915	30.5	13,474	11,578	16.4	15,371
Profit (loss) from operations (EBIT)	458	355	412	(10,108)	n.a.	1,225	(9,368)	n.a.	(7,547)
EBIT margin	% 12.9	7.4	8.1	n.a.		9.1	(80.9)		(49.1)
Depreciation, amortization and impairment losses	(396)	(529)	(607)	(11,241)	94.6	(1,532)	(12,442)	87.7	(12,866)
EBITDA	854	884	1,019	1,133	(10.1)	2,757	3,074	(10.3)	5,319
Special factors affecting EBITDA	(34)	(46)	(63)	139	n.a.	(143)	39	n.a.	1,479
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	888	930	1,082	994	8.9	2,900	3,035	(4.4)	3,840
EBITDA margin (adjusted for special factors)	% 25.1	19.3	21.2	25.4		21.5	26.2		25.0
CASH CAPEX	(852)	(804)	(767)	(865)	11.3	(2,423)	(1,861)	(30.2)	(2,560)

Value and Simple Choice plans. T-Mobile US offers services through the Company's Value plans which bring more choice and value to branded postpaid customers. Value plans allow customers to subscribe for T-Mobile's wireless services separately without purchase of or payment for a bundled handset. In an effort to continue providing even more value and flexibility to customers, T-Mobile US introduced the Simple Choice Plan in the first quarter of 2013, which is similar to Value plans, however does not require an annual service contract. Depending on their credit profile, customers are qualified either for postpaid service, where they generally pay after incurring a month of service, or prepay service, where they generally pay in advance. Customers on T-Mobile Value/Simple Choice plans benefit from reduced monthly service charges and can choose whether to use their own compatible handset on T-Mobile US's network or purchase a handset from T-Mobile US or one of its dealers. Qualifying customers who purchase their handset from T-Mobile US have the choice of either paying for a handset in full at the point-of-sale or financing a portion of the purchase price over an installment period. For each handset sold, T-Mobile US's Value/Simple Choice plans result in increased equipment revenue, compared to traditional bundled price plans that typically offer a handset discount, but involve higher service charges.

Total revenue.

Total revenue for our United States operating segment of EUR 13.5 billion in the first nine months of 2013 increased by 16.4 percent compared to EUR 11.6 billion in the first nine months of 2012. In U.S. dollars, T-Mobile US total revenues increased by 19.6 percent year-on-year due to the inclusion of MetroPCS results since May 2013. Excluding the effects of the MetroPCS business combination, service revenues declined primarily due to a year-on-year decrease in the average branded postpaid customer base and decreased average revenue per branded postpaid user compared to the first nine months of 2012. The declines in service revenues were partially offset by increases in equipment sales, including those sold on installment plans, driven by the launches of certain new smartphones in 2013, and greater adoption of T-Mobile's Value/Simple Choice plans.

EBITDA, adjusted EBITDA, adjusted EBITDA margin.

Adjusted EBITDA decreased in the first nine months of 2013 by 4.4 percent to EUR 2.9 billion compared to EUR 3.0 billion in the first nine months of 2012. Adjusted EBITDA in the first nine months of 2013 excludes EUR 143 million in expenses primarily associated with cost restructuring initiatives and transaction related costs associated with the business combination with MetroPCS. In U.S. dollars, adjusted EBITDA decreased by 1.7 percent, but benefited from the inclusion of MetroPCS activity since May 2013. Excluding the results of the MetroPCS brand, adjusted EBITDA would have further decreased primarily due to higher loss on equipment sales from increased smartphone sales volumes, which have a higher per unit cost, and increased commissions and promotional activity. These effects were offset in part by a decrease in bad debt expense related to improved credit quality of T-Mobile's customer portfolio, lower churn and fewer average branded postpaid customers compared to the first nine months of 2012. Additionally, roaming expenses decreased year-on-year driven by management initiatives to decrease costs. During the first nine months of 2013, the effects of ongoing cost management programs helped control expenses. Adjusted EBITDA margin decreased year-on-year due to the factors described above.

EBIT.

EBIT increased to an operating profit of EUR 1.2 billion in the first nine months of 2013 compared to an operating loss of EUR 9.4 billion in the first nine months of 2012 due to an impairment loss of EUR 10.6 billion recorded on goodwill, other intangible assets and property, plant and equipment in the third quarter of 2012. The impairment charges recorded in the third quarter of 2012 lowered the carrying values of property, plant and equipment resulting in lower depreciation expense in subsequent periods.

Cash capex.

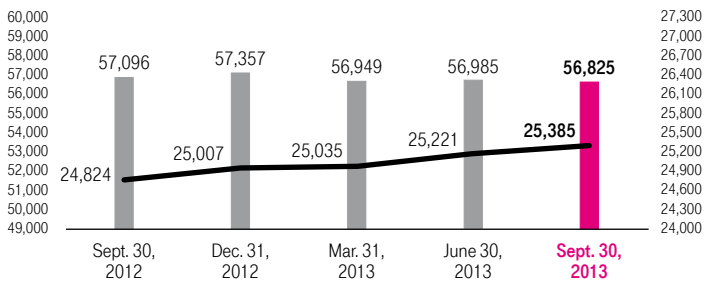
Cash capex increased 30.2 percent year-on-year to EUR 2.4 billion in the first nine months of 2013 compared to EUR 1.9 billion in the first nine months of 2012 as a result of the deployment of LTE in connection with the T-Mobile US network modernization program which is expected to continue into 2014. This increase was partially offset by a EUR 0.3 billion decrease in spectrum license purchases compared to the first nine months of 2012.

EUROPE.

Since January 1, 2013, the tasks and functions of Group Technology including the Global Network Factory, which was previously part of Group Headquarters & Group Services, have been reported under the Europe operating segment. Comparative figures have been adjusted accordingly. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements (page 50).

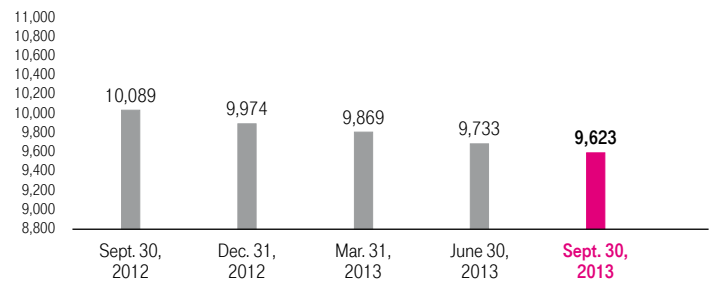
CUSTOMER DEVELOPMENT.

Mobile customers.^a ('000)

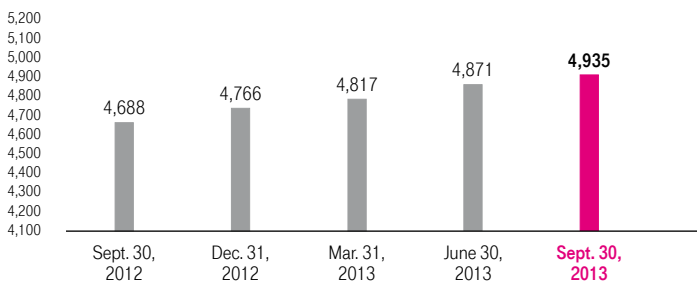


— Contract customers

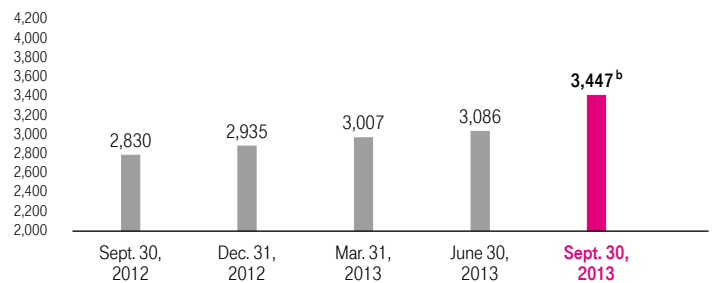
Fixed-network lines. ('000)



Retail broadband lines. ('000)



TV (IPTV, satellite, cable). ('000)



^a The customers of our companies in Bulgaria have no longer been included in the Europe operating segment since August 1, 2013 following the sale of the shares held in the companies. They have been eliminated from all historical customer figures to improve comparability.

^b The number of TV customers increased as of September 1, 2013 in connection with the acquisition of DIGI Slovakia.

	Sept. 30, 2013	June 30, 2013	Change Sept. 30, 2013/ June 30, 2013	Dec. 31, 2012	Change Sept. 30, 2013/ Dec. 31, 2012	Sept. 30, 2012	Change Sept. 30, 2013/ Sept. 30, 2012
	thousands	thousands	%	thousands	%	thousands	%
EUROPE, TOTAL^a							
Mobile customers	56,825	56,985	(0.3)	57,357	(0.9)	57,096	(0.5)
Fixed-network lines	9,623	9,733	(1.1)	9,974	(3.5)	10,089	(4.6)
Of which: IP-based	2,511	2,223	13.0	1,852	35.6	1,607	56.3
Retail broadband lines	4,935	4,871	1.3	4,766	3.5	4,688	5.3
TV (IPTV, satellite, cable)	3,447	3,086	11.7	2,935	17.4	2,830	21.8
Unbundled local loop lines (ULLs)/ wholesale PSTN	2,211	2,210	-	2,157	2.5	2,130	3.8
Wholesale bundled lines	152	153	(0.7)	153	(0.7)	155	(1.9)
Wholesale unbundled lines	91	86	5.8	74	23.0	67	35.8
GREECE							
Mobile customers	7,550	7,602	(0.7)	7,697	(1.9)	7,778	(2.9)
Fixed-network lines	2,794	2,849	(1.9)	2,952	(5.4)	3,014	(7.3)
Broadband lines	1,270	1,257	1.0	1,203	5.6	1,170	8.5
ROMANIA							
Mobile customers	6,125	6,106	0.3	6,368	(3.8)	6,470	(5.3)
Fixed-network lines	2,385	2,401	(0.7)	2,422	(1.5)	2,446	(2.5)
Broadband lines	1,175	1,156	1.6	1,134	3.6	1,114	5.5
HUNGARY							
Mobile customers	4,853	4,838	0.3	4,837	0.3	4,820	0.7
Fixed-network lines	1,597	1,597	-	1,611	(0.9)	1,620	(1.4)
Broadband lines	906	891	1.7	875	3.5	868	4.4
POLAND							
Mobile customers	15,667	15,969	(1.9)	16,040	(2.3)	15,575	0.6
CZECH REPUBLIC							
Mobile customers	5,733	5,667	1.2	5,498	4.3	5,415	5.9
Fixed-network lines	119	117	1.7	111	7.2	105	13.3
Broadband lines	119	117	1.7	111	7.2	105	13.3
CROATIA							
Mobile customers	2,392	2,350	1.8	2,326	2.8	2,443	(2.1)
Fixed-network lines	1,156	1,174	(1.5)	1,208	(4.3)	1,206	(4.1)
Broadband lines	667	665	0.3	658	1.4	652	2.3
NETHERLANDS							
Mobile customers	4,534	4,561	(0.6)	4,720	(3.9)	4,761	(4.8)
Fixed-network lines	270	272	(0.7)	283	(4.6)	288	(6.3)
Broadband lines	261	264	(1.1)	275	(5.1)	280	(6.8)
SLOVAKIA							
Mobile customers	2,263	2,273	(0.4)	2,311	(2.1)	2,313	(2.2)
Fixed-network lines	919	932	(1.4)	960	(4.3)	977	(5.9)
Broadband lines	511	496	3.0	480	6.5	473	8.0
AUSTRIA							
Mobile customers	4,044	4,073	(0.7)	4,104	(1.5)	4,076	(0.8)
OTHER^{a, b}							
Mobile customers	3,663	3,548	3.2	3,457	6.0	3,445	6.3
Fixed-network lines	385	392	(1.8)	427	(9.8)	432	(10.9)
Broadband lines	269	265	1.5	258	4.3	249	8.0

^a The customers of our companies in Bulgaria have no longer been included in the Europe operating segment since August 1, 2013 following the sale of the shares held in the companies. They have been eliminated from all historical customer figures to improve comparability.

^b Other includes national companies of Albania, the F.Y.R.O. Macedonia, and Montenegro.

Since January 1, 2013, fixed-network lines have been broken down by technology. This change also includes the addition of broadband cable lines and the recognition of wholesale PSTN lines together with the unbundled local loop lines (ULLs). Prior-period comparatives have been adjusted accordingly.

Total.

In the markets of our Europe operating segment, there was robust development in the customer bases despite ongoing intense competition and the still strained economic situation in many countries in the first nine months of the year. In mobile business, for example, we consolidated our customer base virtually at the prior-year level in the first nine months of 2013. The positive trend of steady contract additions continued, helping to partially offset prepay customer losses as a result. The positive trends also continued in the fixed network. For instance, we increased the number of broadband lines compared with the end of 2012 thanks to our strategic focus on rolling out broadband technology. TV business also profited from this, growing by 17.4 percent compared with the end of 2012. The number of IP lines grew also due to the successful migration of traditional PSTN lines to IP technology in many countries of our segment.

Mobile communications.

Mobile telephony and data services. As of the end of the first nine months of 2013, we had some 56.8 million mobile customers in total. Thus the trend remained stable compared with the end of 2012. On the one hand this is due to a larger contract customer base in most countries of our segment, especially in the Czech Republic, which increased to some 25.4 million customers overall. The improvement in customer churn compared with the end of 2012 also made a positive contribution. On the other hand, the increase was attributable to the good performance in the business customer segment. With more than 7.7 million customers, business customers contributed to more than 30 percent of total contract customers thanks to significant additions in the Czech Republic, Poland and Romania. Thus it grew much faster compared with the end of the prior year than the consumer business.

Also thanks to the ongoing appeal of smartphone use in all countries of our operating segment, the contract customer share of the total customer base increased to around 45 percent. This encouraging development partially offset the prepay customer losses. As of September 30, 2013, the number of prepay customers declined in around half of the countries of our operating segment compared with the end of the prior year. This was partly a consequence of our strategy of focusing on high-value contract customers.

Fixed network.

Telephony, Internet and TV. TV business again proved to be a consistent growth driver in the first nine months of 2013. The total TV customer base increased by 17.4 percent compared with the end of 2012 to 3.4 million, driven mainly by the increase in satellite TV customers. Slovakia made a significant contribution to this growth due to the acquisition of DIGI Slovakia as of September 1, 2013. Greece also achieved a huge increase in the number of satellite TV customers. Growth was also achieved in the IPTV customer base, especially in Hungary and Romania, as well as in cable lines, e.g., in Slovakia and Greece.

The number of our IP-based lines grew substantially by some 36 percent as of September 30, 2013 compared with the end of 2012 to a total of more than 2.5 million. The largest absolute additions were achieved in Slovakia, Hungary and Romania. Migration programs in Croatia and the F.Y.R.O. Macedonia also contributed to the growth. In the first nine months of 2013, therefore, IP lines accounted for around 26 percent of all lines overall. The number of retail broadband lines increased by 3.5 percent to more than 4.9 million compared with December 31, 2012, primarily driven by innovative rate plans that bundle TV with Internet. The majority of this year-on-year increase is attributable to DSL business, especially in Greece, followed by broadband cable lines in Hungary. Other access technologies, such as optical fiber, also recorded encouraging growth of around 18 percent compared with the end of 2012. As of September 30, 2013, some 9.6 million customers in our Europe operating segment used a fixed-network line. The decline of 3.5 percent against the end of 2012 was primarily attributable to line losses in traditional telephony (PSTN).

DEVELOPMENT OF OPERATIONS.

	Q1 2013 millions of €	Q2 2013 millions of €	Q3 2013 millions of €	Q3 2012 millions of €	Change %	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 millions of €	Change %	FY 2012 millions of €
TOTAL REVENUE	3,327	3,420	3,436	3,654	(6.0)	10,183	10,812	(5.8)	14,406
Greece	713	744	771	825	(6.5)	2,228	2,472	(9.9)	3,253
Romania	243	248	254	260	(2.3)	745	784	(5.0)	1,037
Hungary	393	386	377	363	3.9	1,156	1,031	12.1	1,429
Poland	385	407	392	422	(7.1)	1,184	1,253	(5.5)	1,678
Czech Republic	226	235	229	273	(16.1)	690	787	(12.3)	1,044
Croatia	224	234	237	269	(11.9)	695	753	(7.7)	992
Netherlands	393	406	412	413	(0.2)	1,211	1,253	(3.4)	1,664
Slovakia	192	200	200	205	(2.4)	592	613	(3.4)	837
Austria	203	197	225	219	2.7	625	663	(5.7)	878
Other ^a	394	413	381	463	(17.7)	1,188	1,367	(13.1)	1,811
Profit from operations (EBIT)	435	424	618	617	0.2	1,477	1,517	(2.6)	1,437
EBIT margin %	13.1	12.4	18.0	16.9		14.5	14.0		10.0
Depreciation, amortization and impairment losses	(696)	(682)	(647)	(723)	10.5	(2,025)	(2,170)	6.7	(3,291)
EBITDA	1,131	1,106	1,265	1,340	(5.6)	3,502	3,687	(5.0)	4,728
Special factors affecting EBITDA	42	(1)	103	(5)	n.a.	144	(45)	n.a.	(208)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	1,089	1,107	1,162	1,345	(13.6)	3,358	3,732	(10.0)	4,936
Greece	282	282	301	314	(4.1)	865	933	(7.3)	1,205
Romania	63	65	69	78	(11.5)	197	216	(8.8)	289
Hungary	93	119	124	131	(5.3)	336	368	(8.7)	474
Poland	140	147	145	160	(9.4)	432	426	1.4	586
Czech Republic	104	104	99	136	(27.2)	307	375	(18.1)	486
Croatia	88	99	105	133	(21.1)	292	347	(15.9)	468
Netherlands	114	108	116	143	(18.9)	338	391	(13.6)	525
Slovakia	84	78	87	89	(2.2)	249	260	(4.2)	354
Austria	55	40	62	65	(4.6)	157	178	(11.8)	234
Other ^a	66	67	57	96	(40.6)	190	243	(21.8)	318
EBITDA margin (adjusted for special factors) %	32.7	32.4	33.8	36.8		33.0	34.5		34.3
CASH CAPEX	(1,382)	(518)	(496)	(333)	(48.9)	(2,396)	(1,130)	n.a.	(1,724)

The contributions of the national companies correspond to their respective unconsolidated financial statements and do not take consolidation effects at operating segment level into account.

^a Other: national companies of Bulgaria (up to and including July 31, 2013), Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as ICSS (International Carrier Sales & Solutions), GNF (Global Network Factory), Europe Headquarters, and Group Technology.

Total revenue.

Our Europe operating segment generated total revenue of EUR 10.2 billion in the first nine months of 2013, a year-on-year decrease of 5.8 percent. This decline is due to the following effects: On the one hand, segment revenue decreased due to the loss of revenues since April 1, 2013 in connection with the sale of Hellas Sat as well as the loss of revenues since August 1, 2013 in connection with the sale of our national companies in Bulgaria. In addition, our revenues were impacted by negative exchange rate effects compared with the euro – especially the Hungarian forint and the Czech koruna. On the other hand, the inclusion of DIGI Slovakia from September 1, 2013 had a slightly positive effect on revenue development. Excluding the aforementioned effects, revenue decreased by 4.9 percent.

At an operational level, decisions by regulatory authorities continue to have a substantial impact on our segment revenue. Well over half of the decline in our operating revenue was driven by reduced mobile termination rates and roaming regulations in most countries of our operating segment. Competition-induced price reductions in mobile communications and the fixed network as well as the ongoing strained macroeconomic situation in many economies of our operating segment continued to put pressure on operating revenue despite the first signs of a slight improvement.

The impact of the decrease in revenue within the OTE group on segment revenue was especially strong. In particular, mobile business in Greece declined due to the general market situation. The other countries also recorded market-driven decreases in revenue. In the Czech Republic, for example, the decline in revenue was mainly attributable to drastic price cuts in the mobile market in April 2013. Revenue also declined in Poland and Croatia. Overall, consumer business was affected by declining revenue at segment level – mainly driven by mobile business. Only the notable increase in revenue in Hungary, which was mainly based on the energy business, slightly offset the trend at segment level. In addition, revenue from terminal equipment sales in Hungary also increased as a result of the continued attractiveness of smartphones. This was accompanied by increased mobile data revenue. In the Hungarian fixed-network business as well, broadband/TV revenue made a positive contribution to revenue performance. Furthermore, due to the revocation of the Hungarian special tax in December 2012, our revenue in 2013 was no longer affected by this tax, such that there was a positive revenue effect compared with the prior year.

Due to the focus on identified growth areas in the countries of our operating segment, we partially compensated the negative revenue effects from voice telephony at segment level. Revenue from mobile data business, for example, grew by around 12 percent overall or EUR 112 million (adjusted for exchange rate effects) compared with the prior-year period, increasing in all countries of our operating segment, especially in the Netherlands, the Czech Republic and Croatia. The majority of this growth was attributable to consumer business. Our attractive rate plans combined with our broad portfolio of terminal equipment resulted in contract customer additions and increased usage rates, especially in data services. As a result, we significantly increased revenue from terminal equipment sales, too. The broadband/TV business also recorded encouraging growth rates; TV business in particular grew by around 17 percent year-on-year. This growth is based on the first positive effects from our acquisition of DIGI Slovakia. As a result of our concentrated expansion of mobile and fixed-network broadband technologies, we won significantly more customers with our TV offering, especially in Greece, Romania and Hungary. Thanks to the expansion of our product and service portfolio in Croatia, for example to include cloud services, B2B/ICT also made a positive contribution to revenue. Overall, the business customer area grew at segment level compared with the prior-year period. In the adjacent industries, the energy business in Hungary continued on its growth course compared with the prior-year period.

EBITDA, adjusted EBITDA.

Our Europe operating segment generated adjusted EBITDA of EUR 3.4 billion in the first nine months of 2013, a year-on-year decrease of 10.0 percent. Excluding effects from changes in the composition of the Group in connection with the sale of Hellas Sat and the national companies in Bulgaria, the acquisition of DIGI Slovakia, and negative exchange rate effects from the translation into euros, adjusted EBITDA decreased by 8.8 percent. This remaining operational decline at segment level was largely attributable to the Greek mobile business, as well as to the Czech Republic, the Netherlands, Croatia, and Hungary. In Hungary, the decrease is also attributable to the utility tax introduced by the national government as of January 1, 2013. The tax due for full-year 2013 reduced our adjusted EBITDA by EUR 23 million.

The overall decrease in revenue at segment level had a negative impact on the development of EBITDA compared with the prior-year period. In addition, changes in legislation, taxes and duties, and national austerity programs put further pressure on the development of earnings. By systematically reducing indirect costs through our efficiency enhancement measures, we partially offset the negative effects from the decline in revenue. Lower personnel costs in the Greek fixed-network business in particular made a positive contribution. In addition, the regulation-induced reduction in interconnection costs and a focus on specific customer groups resulted in lower direct costs. The sale of our national companies in Bulgaria resulted in income from divestitures of EUR 0.1 billion, recognized as a special factor as of July 31, 2013. EBITDA decreased by 5.0 percent year-on-year.

Development of operations in selected countries.

As part of the strategic focus of our Europe operating segment, our entities have been assigned to four clusters according to their respective market position: **“Senior leaders”** are entities that have leading positions in both mobile and fixed-network operations, such as those in Greece, Hungary, Croatia and the F.Y.R.O. Macedonia. The entities in this cluster aim to maintain their market leadership in both the fixed-network and mobile markets. The cluster of **“junior leaders”** comprises entities which have a strong position in the fixed network, but are not mobile market leaders when viewed separately. Our entities in Romania, Slovakia and Montenegro are such junior leaders and want to use their strong position in the fixed network to drive forward their mobile business. Our mobile only entities belong to one of two clusters: **“mobile runner-ups”** or **“smart attackers.”** Our **“mobile runner-ups,”** for example in Poland and the Czech Republic, are entities that are not yet market leaders, but aim to achieve that position. Our subsidiaries in the Netherlands, Austria and Albania are **“smart attackers,”** meaning they still have some way to go to catch up with the other market players. They focus on increasing their enterprise value through efficient measures. Below, we present one national company for each of the four clusters by way of example.

Greece (senior leader). Revenue generated in Greece totaled EUR 2.2 billion in the first nine months of 2013, down 9.9 percent against the prior-year period. Adjusted for the revenue lost since April 1, 2013 in connection with the sale of Hellas Sat, revenue decreased by 9.4 percent, driven mainly by a decline in revenue from mobile business. Voice revenue in particular decreased substantially as a result of repeated regulation-induced reductions in termination rates. In addition, continued intense competition impacted on mobile revenues, resulting in both lower pricing and customer losses, especially in the prepay segment. Despite the difficult environment, mobile data revenue increased by around 8 percent compared with the first nine months of the prior year due to greater data usage as well as more sales of data rate plans. Thanks to the rapid roll-out of LTE sites, we have now achieved coverage, for example, in Athens of around 80 percent of the population.

Fixed-network operations were also affected by revenue reductions. Voice revenue declined as a result of line losses of around 8 percent in traditional telephony. In addition, the low price level, especially in the broadband business, continued to put pressure on our revenue. The resulting revenue decline was only partially offset by growth in DSL lines. TV business also benefited from a larger customer base – especially due to an expanded TV offering.

In Greece, adjusted EBITDA decreased to EUR 865 million in the reporting period, a year-on-year decline of 7.3 percent. Excluding the effects from the deconsolidation of Hellas Sat, adjusted EBITDA decreased by 6.2 percent, mainly due to the negative revenue effects, especially in mobile business. This decrease was partially offset by lower direct costs, on the one hand due to a regulation-induced reduction in interconnection costs and, on the other, to cuts in mobile customer acquisition costs. In terms of indirect costs, we partially compensated the negative revenue effects with our programs to enhance efficiency in mobile and fixed-network operations. The success of these programs can be seen in particular in lower personnel costs due to lower staff levels and lower costs for goods and services purchased.

Slovakia (junior leader). In the first nine months of 2013, our Slovak subsidiary generated revenue of EUR 592 million, down 3.4 percent year-on-year. Excluding the effects from the inclusion of DIGI Slovakia as of September 1, 2013, revenue decreased by 3.8 percent. This is largely attributable to mobile business. Mobile voice revenue in particular was subject to lower prices due to both competition and regulatory decisions. This was only partially offset by increased use of voice services. In absolute figures, the impact of the decrease in revenue on the consumer business was stronger than on the business customers area. In mobile data business, increased usage behavior of customers had a positive impact on revenue, generating double-digit growth. In addition, higher terminal equipment sales made a positive contribution to revenue. In the fixed network, the decreases were largely attributable to lower revenue in voice telephony, mainly due to line losses and pricing. The migration of PSTN lines to the forward-looking IP technology in Slovakia is making good progress. Growth, especially in TV, is primarily due to the acquisition of DIGI Slovakia as of September 1, 2013. B2B/ICT also stabilized the trend towards slight year-on-year growth following the turnaround achieved in the second quarter of 2013.

Adjusted EBITDA amounted to EUR 249 million in the first nine months of 2013, down 4.2 percent year-on-year. Excluding the effects from the acquisition of DIGI Slovakia, adjusted EBITDA decreased by 4.6 percent. The negative effects from the decline in revenue were only partially offset by cost reductions. Regarding direct costs, a slight increase in expenditure for customer acquisition and retention was offset by the regulation-induced reduction in interconnection costs. Savings in indirect costs as a result of measures to enhance efficiency made a positive contribution.

Poland (mobile runner-up). In the first nine months of 2013, revenue in Poland totaled EUR 1.2 billion, down 5.5 percent year-on-year. Excluding the slightly positive exchange rate performance of the Polish zloty against the euro, revenue decreased by 5.7 percent. This decline was mainly driven by repeated regulation-induced reductions in termination rates in January and July 2013. The lower price level in the Polish mobile market also had a negative effect on our revenue. Text messaging revenue also declined year-on-year as a result of lower average prices and reduced use of text messaging. By contrast, the sale of terminal equipment made an encouraging contribution to revenue, especially from the successful marketing of smartphones, which accounted for around 70 percent in the first nine months of the current reporting year.

Adjusted EBITDA amounted to EUR 432 million in the first nine months of 2013, up slightly by 1.4 percent year-on-year. Excluding the positive exchange rate effects, the increase was 1.2 percent. Revenue-driven decreases were offset in full thanks to our strict cost management. In particular, lower direct costs compared with the prior-year period – mainly a regulation-induced reduction in interconnection costs as well as a more personalized dialog with customers for the purpose of customer retention and acquisition – resulted in a positive contribution. The revenue decline was also partially offset by a slight decrease in indirect costs.

Netherlands (smart attacker). In the Netherlands, revenue decreased by 3.4 percent year-on-year to EUR 1.2 billion in the first nine months of 2013, mainly due to the reduction in mobile termination rates in September 2013. The consumer segment has been particularly affected by this. In addition, revenue from consumers was further impacted by sales deductions in connection with customer retention measures. Nevertheless, in a highly competitive market, we retained a considerable proportion of our contract customers. These negative revenue effects were offset in part by the successful mobile data business, thanks to contract additions with new data rate plans. Due to the ongoing high demand for smartphones – especially high-priced devices – sales of terminal equipment increased, thus generating a positive contribution to revenue.

In the first nine months of 2013, adjusted EBITDA was down 13.6 percent year-on-year to EUR 338 million. This result is primarily attributable to effects from the decline in revenue. In addition, higher direct costs continued to put adjusted EBITDA under pressure, mainly due to increased expenses for customer retention and acquisition. Indirect costs were reduced, due in particular to savings in personnel costs and costs for goods and services purchased.

EBIT.

EBIT in our Europe operating segment totaled EUR 1.5 billion in the first nine months of 2013, down 2.6 percent year-on-year, as a result of the decline in adjusted EBITDA. This was contrasted by lower depreciation, amortization and impairment losses in most countries of our operating segment; in Poland and Austria in particular, depreciation on property, plant and equipment decreased year-on-year. Due to the disclosure of our national companies in Bulgaria as “held for sale” in the period from May to July 2013, depreciation and amortization charges were no longer recognized. In addition, the subsequent deconsolidation of our national companies in Bulgaria as well as the deconsolidation of Hellas Sat in Greece as of March 31, 2013 reduced depreciation and amortization.

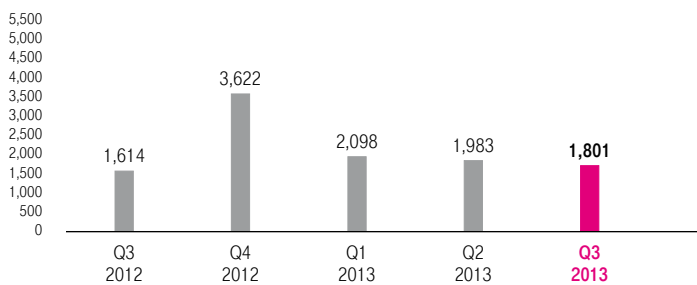
Cash capex.

In the first nine months of 2013, our Europe operating segment reported cash capex of EUR 2.4 billion. This is a significant increase against the prior-year period, attributable mainly to the acquisition of mobile licenses in the Netherlands, Romania and Poland. We also invested in networks for the future in other countries of our operating segment. However, the national companies were very prudent in their capital spending. The reasons for this included the difficult market situation, decisions by regulatory authorities, and additional financial burdens, such as the taxes in Hungary or the real estate tax in Greece.

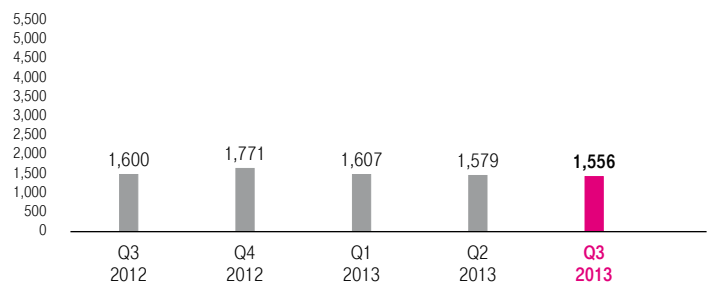
SYSTEMS SOLUTIONS.

SELECTED KPIs.

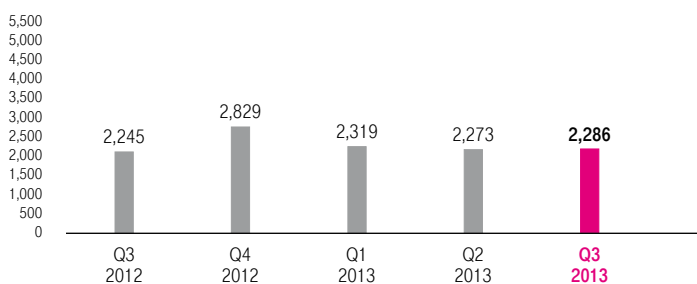
Order entry (Market Unit). (millions of €)



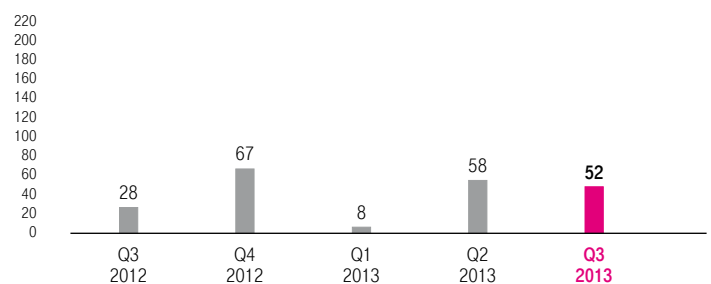
External revenue. (millions of €)



Revenue. (millions of €)



Adjusted EBIT. (millions of €)



		Sept. 30, 2013	June 30, 2013	Change Sept. 30, 2013/ June 30, 2013 %	Dec. 31, 2012	Change Sept. 30, 2013/ Dec. 31, 2012 %	Sept. 30, 2012	Change Sept. 30, 2013/ Sept. 30, 2012 %
ORDER ENTRY	millions of €	5,882	4,081	n.a.	8,737	n.a.	5,115	15.0
COMPUTING & DESKTOP SERVICES								
Number of servers managed and serviced	units	60,012	58,520	2.5	57,121	5.1	n.a.	n.a.
Number of workstations managed and serviced	millions	1.20	1.21	(0.8)	1.93	(37.8)	n.a.	n.a.
SYSTEMS INTEGRATION								
Hours billed	millions	5.0	3.4	n.a.	6.3	n.a.	n.a.	n.a.
Utilization rate	%	82.3	82.0	0.3p	85.1	(2.8)p	n.a.	n.a.

Development of business.

In the first nine months of the 2013 financial year, order entry increased substantially year-on-year by 15.0 percent. This encouraging development is due to the conclusion of new deals in Germany and abroad, e.g., with RWE, the European Commission, Deutsche Rentenversicherung (German statutory pension insurance scheme), the Finnish company KONE, EADS and the Swiss National Railways (SBB). In addition, our standard solutions in the growth area of cloud computing succeeded in the face of strong competition, winning us contracts with many of our corporate customers. Notable examples in this respect are the encouraging deals concluded with Africa's leading glass manufacturer Consol and the electronics corporation Pioneer Europe. We further expanded our dynamic resources from the cloud accordingly in the reporting period. For our customers, this means that they receive bandwidth, computing capacity, memory and software as they require it, while sharing infrastructure and paying only according to what they actually use.

We meet the increased requirements resulting from the new deals by constantly modernizing and consolidating our ICT resources. The greater need generated by growth in the number of servers managed and serviced compared with the end of 2012 was partially compensated for with higher-performance servers and improved workload management. A similar trend can be seen in data centers, where consolidation is creating larger, higher-performance units. In Munich, we also launched the new Dynamic Computing platform on which all cloud solutions for our customers will be operated in the future. The number of workstations managed and serviced decreased mainly as a result of staff restructuring measures and IT cost cutting initiatives within the Group.

DEVELOPMENT OF OPERATIONS.^a

	Q1 2013 millions of €	Q2 2013 millions of €	Q3 2013 millions of €	Q3 2012 millions of €	Change %	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 millions of €	Change %	FY 2012 millions of €
TOTAL REVENUE	2,319	2,273	2,286	2,245	1.8	6,878	7,187	(4.3)	10,016
Loss from operations (EBIT)	(66)	(110)	(18)	(55)	67.3	(194)	(188)	(3.2)	(307)
Special factors affecting EBIT	(74)	(168)	(70)	(83)	15.7	(312)	(231)	(35.1)	(417)
EBIT (adjusted for special factors)	8	58	52	28	85.7	118	43	n.a.	110
EBIT margin (adjusted for special factors) %	0.3	2.6	2.3	1.2		1.7	0.6		1.1
Depreciation, amortization and impairment losses	(181)	(162)	(152)	(158)	3.8	(495)	(464)	(6.7)	(649)
EBITDA	115	52	134	103	30.1	301	276	9.1	342
Special factors affecting EBITDA	(60)	(169)	(69)	(83)	16.9	(298)	(231)	(29.0)	(405)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	175	221	203	186	9.1	599	507	18.1	747
EBITDA margin (adjusted for special factors) %	7.5	9.7	8.9	8.3		8.7	7.1		7.5
CASH CAPEX	(212)	(215)	(275)	(289)	4.8	(702)	(794)	11.6	(1,187)

^a The operations of Regional Services and Solutions (RSS) have been managed by the Germany operating segment since January 1, 2013 and no longer by the Systems Solutions operating segment to allow a more focused market approach.

Total revenue.

Total revenue in our Systems Solutions operating segment in the reporting period amounted to EUR 6.9 billion, a year-on-year decrease of 4.3 percent. This decrease is due in large part to substantial decreases in Telekom IT's revenue, which reflects the successful reduction of IT costs within the Deutsche Telekom Group.

Revenue recognized at the Market Unit includes revenue generated with external customers as well as intragroup revenues for telecommunications services and international IT services that do not fall within the remit of Telekom IT. At EUR 5.7 billion, total revenue was slightly below the prior-year level. While domestic revenue increased, international revenue decreased compared to the prior-year period. The deconsolidation of T-Systems Italia and the sale of the SI business unit at T-Systems France in the first half of 2013 as well as exchange rate effects had a negative impact on revenue. On the one hand, the increased number of new deals concluded had a positive effect on total revenue; on the other, the general downward trend in prices for IT and communications services had a negative impact.

In the Telekom IT business unit, which pools all of the Group's internal domestic national IT projects, revenue was well down against the prior year by 16.7 percent, primarily reflecting the Group's savings in IT costs.

EBITDA, adjusted EBITDA.

Adjusted EBITDA in our Systems Solutions operating segment increased by 18.1 percent in the reporting period. This positive trend is attributable both to significantly higher profitability in operations and to effective restructuring and efficiency enhancement measures. The adjusted EBITDA margin improved from 7.1 to 8.7 percent. EBITDA increased by 9.1 percent as a result of the strong operational improvement which more than offset the increased expenses for restructuring measures and expenses for the deconsolidation of T-Systems Italia.

EBIT, adjusted EBIT.

Adjusted EBIT for the first nine months of the 2013 financial year was EUR 75 million higher than in the prior-year period. This was primarily attributable to the improved adjusted EBITDA, partially offset by slightly increased depreciation and amortization as a result of increased capital expenditure at the end of 2012. The adjusted EBIT margin increased from 0.6 percent in the prior year to 1.7 percent.

Cash capex.

Cash capex was reduced by 11.6 percent year-on-year to EUR 0.7 billion in the first nine months of 2013. This decline was achieved despite the capital expenditure needed for new contracts and customer relationships, thanks to increased efficiency, for example, by means of the standardization of the ICT platforms. Telekom IT management aims to reduce its own capital expenditure in the long term. Cash outflows include payments for the expansion of the Dynamic Computing platform and for technical upgrades in connection with new deals.

GROUP HEADQUARTERS & GROUP SERVICES.

As a result of the realignment of the central management and service functions, the green light was given for our new Group Headquarters and the newly formed Group Services on January 1, 2013. As part of this process, the segment was renamed Group Headquarters & Group Services.

Since January 1, 2013, the tasks and functions of Group Technology including the Global Network Factory, which was previously part of Group Headquarters & Group Services, have been reported under the Europe operating segment. Comparative figures have been adjusted accordingly. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements (page 50).

As of September 30, 2013, Vivento, our personnel service provider, had a workforce of around 8,100 employees (September 30, 2012: around 8,400), of which around 3,700 were deployed externally, mainly in the public sector, for example at the Federal Employment Agency. Another 3,200 or so employees were employed within the Group, especially in service centers. 1,200 employees were placed in Vivento's operational and strategic units or continued to be managed by Vivento. Vivento took on a total of around 900 new employees in the reporting period; around 1,000 employees left the personnel service provider to pursue new opportunities.

DEVELOPMENT OF OPERATIONS.

	Q1 2013 millions of €	Q2 2013 millions of €	Q3 2013 millions of €	Q3 2012 millions of €	Change %	Q1 - Q3 2013 millions of €	Q1 - Q3 2012 millions of €	Change %	FY 2012 millions of €
TOTAL REVENUE	691	761	635	691	(8.1)	2,087	2,060	1.3	2,835
Of which: Digital Business Unit	213	234	224	205	9.3	671	603	11.3	868
Loss from operations (EBIT)	(284)	(327)	(393)	(410)	4.1	(1,004)	(1,044)	3.8	(1,750)
Depreciation, amortization and impairment losses	(164)	(166)	(183)	(193)	5.2	(513)	(568)	9.7	(753)
EBITDA	(120)	(161)	(210)	(217)	3.2	(491)	(476)	(3.2)	(997)
Special factors affecting EBITDA	(21)	(50)	(55)	(63)	12.7	(126)	(81)	(55.6)	(282)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(99)	(111)	(155)	(154)	(0.6)	(365)	(395)	7.6	(715)
Of which: Digital Business Unit	30	25	44	27	63.0	99	127	(22.0)	137
CASH CAPEX	(77)	(94)	(97)	(50)	(94.0)	(268)	(266)	(0.8)	(379)

Total revenue.

Total revenue in the Group Headquarters & Group Services segment in the reporting period increased by 1.3 percent year-on-year, primarily due to revenue growth at the Digital Business Unit (DBU). This was contrasted by lower revenue from Group Services.

EBITDA, adjusted EBITDA.

Adjusted EBITDA at Group Headquarters & Group Services improved by 7.6 percent year-on-year in the first nine months of 2013. This improvement was mainly attributable to income in connection with our procurement joint venture BuyIn. Operational cost savings in Group Services also had a positive impact on earnings. This was offset by lower income from trademark licenses and higher costs for the DBU's growth businesses.

In the reporting period, EBITDA was adversely affected by negative special factors totaling EUR 126 million, primarily due to expenses in connection with staff-related measures, in particular for early retirement and severance payments. In the first nine months of 2012, EBITDA had been impacted by special factors totaling EUR 81 million, with expenses for staff-related measures reducing the positive effect of a cost refund by Kreditanstalt für Wiederaufbau in connection with a settlement reached in the United States.

EBIT.

The year-on-year decrease in loss from operations was attributable to lower depreciation due to the decrease in property, plant and equipment.

Cash capex.

Cash capex in the reporting period was at the prior-year level.

RISKS AND OPPORTUNITIES.

This section provides important additional information and explains recent changes in the risks and opportunities as described in the combined management report for the 2012 financial year (2012 Annual Report, page 149 et seq.). Readers are also referred to the Disclaimer at the end of this report.

Litigation.

Prospectus liability proceedings. In the model proceedings (“Musterverfahren”) relating to Deutsche Telekom’s second public offering (DT2), a hearing took place before the Frankfurt Higher Regional Court on February 27, 2013. On July 3, 2013, the court issued a decision in the model proceedings and ruled that the disputed stock exchange prospectus does not contain any errors. As a result, there is no basis for holding Deutsche Telekom AG liable. The plaintiff’s side filed an appeal against the ruling with the Federal Court of Justice. In the model proceedings relating to the third public offering (DT3), the parties continue to pursue appeal proceedings (“Rechtsbeschwerdeverfahren”) before the Federal Court of Justice.

Claims for damages due to price squeeze. In the proceedings brought by EWE Tel and NetCologne against Telekom Deutschland GmbH, the Cologne Regional Court found there to be a liability for damages on the merits of the case in a ruling dated January 17, 2013 without ruling on the amount of said liability, but rejected part of the claims as barred under the statute of limitations. DOKOM GmbH (demanding approx. EUR 4.5 million plus interest) and NetCologne (demanding approx. EUR 73 million plus interest) withdrew their claims as a result of settlements agreed with Telekom Deutschland GmbH on July 10, 2013 and on October 24, 2013 respectively. In its ruling of July 24, 2013, the Düsseldorf Higher Regional Court dismissed Versatel’s appeal (demanding approximately EUR 70 million plus interest) and did not allow the appeal before the Federal Court of Justice. Versatel has lodged a complaint against the non-allowance of appeal and the ruling with the Federal Court of Justice.

Claims relating to charges for shared use of cable ducts. Kabel Deutschland Vertrieb und Service GmbH (KDG) quantified its claim for allegedly excessive charges from 2012 and is now demanding around EUR 340 million plus interest as well as around EUR 10 million for acquired interest benefits from Telekom Deutschland GmbH. KDG is also demanding a reduction in charges for the future. A hearing took place on June 12, 2013. The Frankfurt Regional Court dismissed the action in its ruling on August 28, 2013. KDG has appealed the decision. It is currently not possible to estimate the financial impact of the proceedings with sufficient certainty.

Claims for damages concerning the provision of subscriber data. In rulings on May 28, 2013, the Cologne Regional Court rejected the claims for damages of Dr. Harisch (demanding approximately EUR 612 million plus interest) and telegate AG (demanding approximately EUR 86 million plus interest). Both Dr. Harisch and telegate AG have appealed against the rulings.

Monthly charges for the unbundled local loop (ULLs). Several competitors filed new suits against the new decision on the ULL one-time charges from 2003 and 2005, which only applied to the former complainants.

MetroPCS. Now that the MetroPCS shareholders have given their approval for the – already closed – business combination with T-Mobile USA, the class actions filed in the U.S. states of Texas and Delaware are now focusing on claims for damages, in particular reimbursement of litigation costs. Another action filed in New York seeking damages from MetroPCS (now: T-Mobile US) and individual members of management has now been resolved by the conclusion of a settlement.

Furthermore, Deutsche Telekom intends to defend itself and/or pursue its claims resolutely in each of these court, conciliatory, and arbitration proceedings.

Proceedings concluded in 2013.

Eutelsat arbitration proceedings. The parties agreed a settlement to end the proceedings and the arbitral tribunal declared the proceedings closed in a ruling on March 20, 2013. This marks the final conclusion of the proceedings.

Shareholder litigation. In a ruling on February 20, 2013, the Federal Court of Justice rejected the complaint against non-allowance of appeal filed by a shareholder (actions seeking declaration of nullity of the 2010 financial statements and the resolutions concerning the approval of the actions of Board members for the 2010 financial year). This marks the final and legally binding conclusion of the proceedings in our favor.

Year-end bonus for civil servants. The Federal Administrative Court rejected the appeals by the plaintiffs in April 2013, taking into consideration the ruling by the Federal Constitutional Court dated January 17, 2012. This concluded the legal dispute.

Mobile communications patent litigation. Deutsche Telekom AG and IPCom GmbH & Co. KG signed a license agreement. The license agreement allows the Deutsche Telekom Group to use all current and future patents in the IPCom portfolio worldwide. Furthermore, all pending mutual infringement and nullity proceedings were thus ended through withdrawal of the respective actions. This terminates the series of proceedings.

Regulation.

Rate regulation for IP bitstream. Rate measures by Telekom Deutschland GmbH for bitstream products in the wholesale market are subject to "ex-post" price regulation by the Federal Network Agency, to whom they must be announced before they take effect. Accordingly, in September 2013, Telekom Deutschland GmbH announced rate measures on the IP bitstream market in connection with planned cooperations for broadband roll-out. If the Federal Network Agency were to instigate a formal review of the rate measures, it is possible that adjustments may become necessary or that the measure would be prohibited. If no formal review is conducted on the basis of the rate announcement, the rate measures can be implemented. However, even in this case, there is still the possibility that the Federal Network Agency would begin a formal review at a later date.

Assignment of frequencies. Below we describe the most important current developments regarding the assignment of frequencies:

- In **Germany**, in June 2013, the Federal Network Agency had put a frequency strategy paper and the draft for an assignment process for the 0.7 GHz, 0.9 GHz, 1.5 GHz and 1.8 GHz frequency ranges out for consultation with a deadline of October 4, 2013. The authorities planned to allocate spectrum in these ranges in 2014/2015 by auction. A frequency reserve of 2 x 5 MHz in the 0.9 GHz range, which is important for ongoing GSM operation, was to be granted to each of the existing mobile network operators. The announcement of Telefónica Deutschland's plan to take over the competitor E-Plus has fundamentally changed the situation and the requirements for an assignment draft by the Federal Network Agency. Deutsche Telekom therefore expects the Agency to first clarify the market consolidation and the resulting new situation for the assignment of frequencies before a decision can be made on the award and future use of the frequencies that will become available from 2017. A corresponding response to the consultation was sent to the Federal Network Agency in due time, in which Deutsche Telekom called for the deadline given to the network operators of two years before the licenses expire to be complied with, so as to create legal certainty and planning reliability.
 - In **Albania**, the spectrum of the mobile communications operator PLUS, which will exit the market, is up for sale. The competitor Vodafone is threatening to secure the entire PLUS spectrum with a high bid. Our Albanian subsidiary is protesting against this offer and pushing to be able to acquire part of the PLUS frequencies so as to ensure fair competition.
 - Due to a court ruling, the **Hungarian** regulatory authorities NMHH had to annul the result of the frequency auction carried out in the spring of 2012 in which frequencies were awarded to a new state-owned mobile communications company and revoked the results of the auction. In early fall of this year, NMHH decided to extend the 0.9 and 1.8 GHz frequencies of mobile companies to 2022. The companies were also given the option of purchasing again the spectrum they had won at auction in 2012. Auctions are expected to be held for the remaining available frequencies by the end of 2013. This will give Magyar Telekom another opportunity to secure additional frequency resources as planned.
 - In the **Czech Republic**, the spectrum auction in March 2013 was halted. A consultation on the changes in the terms and conditions of assignment resulted in the publication of new final conditions of assignment. T-Mobile Czech Republic and four other interested parties registered for the process, including two possible new players, which could intensify the competition for the limited spectrum. The process is expected to start on November 11, 2013.
 - The responsible national regulatory authority TO in **Slovakia** also put draft conditions of assignment out for consultation and finalized them in August 2013. The planned auction is set to start in November 2013, with frequencies in the 0.8 GHz, 1.8 GHz and 2.6 GHz ranges. In addition to the three existing mobile network operators, a potential new player is expected to enter the market, for which frequency has been reserved in the 1.8 GHz range.
 - In **Austria**, the regulatory authority RTR started to auction spectrum in the 0.8 GHz, 0.9 GHz and 1.8 GHz ranges on September 9, 2013. The spectrum is part of the GSM frequencies of the three mobile communications operators, which will expire between 2015 and 2019 and are still needed to offer GSM-based services. A relatively intransparent auction method was used, supplemented by a prohibition on communication. In the 0.8 GHz range, spectrum was reserved for a potential new player. The auction ended on October 21, 2013. T-Mobile Austria acquired the frequencies required for the roll-out of high-performance mobile broadband based on LTE. There were no new market players in the auction.
 - **Polska Telefonia Cyfrowa** (PTC) secured an additional 1.8 GHz of spectrum in the tender process in February 2013. The national regulator UKE is planning an auction for the end of the year for the 0.8 and 2.6 GHz frequencies and to this end has put an assignment draft out for consultation until October 8, 2013. Due to pressure from the Polish government, part of the valuable 0.8 GHz spectrum is to be allocated to the competitor Sferia at preferential terms and conditions. PTC as well as other operators have protested against this at national and EU level. The European Commission plans to review the project.
- Net neutrality.** Both the European Commission and the Federal Ministry of Economics are currently developing rules to secure Net neutrality. Depending on what form they take, such regulations could substantially limit our degree of product design freedom. At EU level, the rules on net neutrality are set down in the draft Regulation by the European Commission on the single market for electronic communications (please refer to page 10). The regulations allow in particular for specialized services as well as data traffic management to be offered under certain circumstances, but prohibit certain optional rates in mobile communications. The possibility of legally offering certain future business models is not yet ensured in mobile communications.
- International roaming.** The draft Regulation by the European Commission on the single market for electronic communications (please refer to page 10) also provides for more extensive regulation of international roaming, including the abolition of retail charges for incoming calls, which may lead to revenue losses. In addition, the proposed new regulations could make obsolete investments already made to implement the requirements of the most recent Roaming Regulation, which only took effect in July 1, 2012.

Other.**Liability for the payment of VAT on services provided by external companies.**

In addition to the telecommunications services of Telekom Deutschland GmbH, mobile customers of Telekom Deutschland GmbH have the option of additionally making use of services provided by external companies. The charges for these services are listed in a separate section in the mobile communications invoice of Telekom Deutschland GmbH, which does not state VAT, and are collected on behalf of the external companies. VAT is not transferred by Deutsche Telekom to the tax authorities. Referring to the Telecommunications Act, the tax authorities are of the opinion that Deutsche Telekom is liable to pay this VAT and not the external companies as service providers under civil law. Deutsche Telekom is of the opinion that these statutory regulations do not comply with European law. Should Deutsche Telekom lose the case, the tax liability would amount to up to EUR 0.1 billion.

Sale of the SI business unit at T-Systems France. When selling the Systems Integration business unit of T-Systems France in the middle of 2013, a 15-month guarantee had to be issued to the responsible works council. Around 500 employees who have been transferred to the buyer are affected. According to the guarantee, a compensation of up to EUR 63 million in total will be paid to the staff in the event of the insolvency of the buyer.

At the time of preparing this report, neither our risk management system nor our management could identify any material risks to the Company's continued existence as a going concern.

EVENTS AFTER THE REPORTING PERIOD (SEPTEMBER 30, 2013).

Sale of T-Mobile US bonds. On October 16, 2013, Deutsche Telekom sold T-Mobile US bonds worth USD 5.6 billion from its portfolio. These are five bonds with interest rates of between 6.464 and 6.836 percent, which will mature between 2019 and 2023. The proceeds of the sale of the bonds will go toward Deutsche Telekom's general corporate financing. The transaction will not increase net debt. Following the conclusion of the transaction, Deutsche Telekom holds another USD 5.6 billion worth of T-Mobile US bonds, which were not included in the offer.

Other opportunities arising in connection with business activities.

Ongoing media reports concerning the surveillance of Internet traffic by intelligence agencies. A survey in the summer of 2013 indicated falling trust in German Internet services. Risks to the Company's reputation cannot be ruled out since Deutsche Telekom, like all network operators in Germany, is legally obliged to cooperate with German security agencies. Deutsche Telekom positioned itself with proposals and initiatives for more security, such as "E-mail made in Germany" and "Deutsche Cloud." Our initiatives for more security could offer additional business opportunities in the near future.

Spectrum auction in Austria. On October 21, 2013, the Austrian regulatory authority announced the result of the spectrum auction: A1 Telekom, T-Mobile Austria and Hutchison acquired spectrum in the 0.8 GHz (only A1 Telekom and T-Mobile Austria), 0.9 GHz and 1.8 GHz ranges. RTR had reserved spectrum for a potential new player, but no newcomers joined the auction, so the spectrum was awarded to the existing network operators. The price of the spectrum acquired by T-Mobile Austria amounted to around EUR 655 million. For further information on the spectrum auction in Austria, please refer to the section "Risks and opportunities," page 31 et seq.

For further explanations on Telekom Deutschland GmbH's settlement with NetCologne concluded on October 23, 2013 in connection with the **Claims for damages due to price squeeze**, please refer to the section "Risks and opportunities," page 31 et seq.

DEVELOPMENT OF REVENUE AND PROFITS.

The statements in this section reflect the current views of our management. The following explains the current main findings on changes to the development of revenue and profits in 2013 published in the 2012 combined management report (2012 Annual Report, page 178 et seq.). Other statements made therein remain valid. For additional information and recent changes in the economic situation, please refer to the section "The economic environment" in this interim Group management report. Readers are also referred to the Disclaimer at the end of this report.

Changes from the 2012 Annual Report.

In the 2012 Annual Report, Deutsche Telekom presented the expectations of the Group and T-Mobile USA for 2013 on the basis of a pro-forma calculation taking into account MetroPCS for twelve months. At the shareholders' meeting of MetroPCS on April 24, 2013, the shareholders of MetroPCS approved the merger of MetroPCS and T-Mobile USA. The business combination was closed on May 1, 2013. As a result of the closing of the merger as of May 1, 2013, the new entity will now be included in the Deutsche Telekom Group for eight months instead of twelve.

The effects on our financial indicators in 2013 for the United States operating segment are as follows:

- **Revenue:** T-Mobile US has switched its business model to what it calls its "Un-carrier" strategy, which already shows signs of success. A tangible increase in the number of contract customers has been recorded since April 2013 on the back of various measures, such as the inclusion of the Apple iPhone in the company's handset portfolio, the radical simplification of the rate plans and making contract terms more flexible. T-Mobile US expects the positive customer trend to continue over the full year. In view of this positive development, we now expect an increase in revenue on a like-for-like basis compared with the prior year.
- **EBITDA (adjusted for special factors):** In our 2012 Annual Report, we had stated that we expected to generate EBITDA of approximately USD 6 billion on the assumption that MetroPCS would be consolidated for the full twelve months. Now, however, as MetroPCS is only to be included for eight months of the year, and as a result of the increased level of capital expenditure to increase customer acquisition, T-Mobile US expects to generate adjusted EBITDA in 2013 of approximately USD 5.0 billion.
- **Investments:** As MetroPCS is now to be included in the Group for eight months of the year, T-Mobile US expects capital expenditure to amount to around USD 4.0 to 4.2 billion. In our 2012 Annual Report, when MetroPCS was expected to be included for twelve months, we stated that we expected capital expenditure of USD 4.7 to 4.8 billion.

With respect to our Systems Solutions operating segment, we stated in our 2012 Annual Report that we expected our revenue trend to remain stable compared with the prior year. Following the sale of T-Systems Italia and the Systems Integration business unit of T-Systems France, as well as internal measures to streamline IT and the corresponding negative impact revenue at Telekom IT, we now expect to record slightly less revenue than in the prior year.

At Group level and on a like-for-like basis, we continue to expect a slight decrease in revenue in 2013 year-on-year. We further stated in our 2012 Annual Report that we expected adjusted EBITDA in 2013 – assuming inclusion of MetroPCS for the full twelve months – of around EUR 18.4 billion and free cash flow of approximately EUR 5 billion. In view of the aforementioned effects in the United States and with MetroPCS included for eight months, we now expect to generate adjusted EBITDA of around EUR 17.5 billion and free cash flow of around EUR 4.5 billion.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

	Sept. 30, 2013 millions of €	Dec. 31, 2012 ^a millions of €	Change millions of €	Change %	Sept. 30, 2012 ^a millions of €
ASSETS					
CURRENT ASSETS	18,020	15,019	3,001	20.0	15,065
Cash and cash equivalents	5,675	4,026	1,649	41.0	2,529
Trade and other receivables	7,146	6,417	729	11.4	6,669
Current recoverable income taxes	112	95	17	17.9	65
Other financial assets	2,230	2,020	210	10.4	2,259
Inventories	1,342	1,106	236	21.3	1,129
Non-current assets and disposal groups held for sale	78	90	(12)	(13.3)	835
Other assets	1,437	1,265	172	13.6	1,579
NON-CURRENT ASSETS	97,281	92,923	4,358	4.7	93,098
Intangible assets	46,793	41,732	5,061	12.1	42,116
Property, plant and equipment	37,680	37,522	158	0.4	37,521
Investments accounted for using the equity method	6,247	6,726	(479)	(7.1)	6,656
Other financial assets	1,528	1,901	(373)	(19.6)	2,154
Deferred tax assets	4,708	4,712	(4)	(0.1)	4,336
Other assets	325	330	(5)	(1.5)	315
TOTAL ASSETS	115,301	107,942	7,359	6.8	108,163
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES	25,188	22,995	2,193	9.5	23,595
Financial liabilities	11,169	9,260	1,909	20.6	10,367
Trade and other payables	6,701	6,445	256	4.0	5,678
Income tax liabilities	428	440	(12)	(2.7)	472
Other provisions	2,709	2,885	(176)	(6.1)	2,582
Liabilities directly associated with non-current assets and disposal groups held for sale	-	9	(9)	n.a.	99
Other liabilities	4,181	3,956	225	5.7	4,397
NON-CURRENT LIABILITIES	58,098	54,416	3,682	6.8	54,158
Financial liabilities	38,154	35,354	2,800	7.9	35,248
Provisions for pensions and other employee benefits	7,172	7,312	(140)	(1.9)	7,834
Other provisions	1,957	1,857	100	5.4	1,723
Deferred tax liabilities	6,845	5,988	857	14.3	5,432
Other liabilities	3,970	3,905	65	1.7	3,921
LIABILITIES	83,286	77,411	5,875	7.6	77,753
SHAREHOLDERS' EQUITY	32,015	30,531	1,484	4.9	30,410
Issued capital	11,395	11,063	332	3.0	11,063
Treasury shares	(6)	(6)	0	0.0	(6)
	11,389	11,057	332	3.0	11,057
Capital reserves	51,346	51,506	(160)	(0.3)	51,506
Retained earnings including carryforwards	(37,333)	(29,106)	(8,227)	(28.3)	(28,922)
Total other comprehensive income	(2,276)	(2,176)	(100)	(4.6)	(1,839)
Net profit (loss)	1,682	(5,353)	7,035	n.a.	(5,994)
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	24,808	25,928	(1,120)	(4.3)	25,808
Non-controlling interests	7,207	4,603	2,604	56.6	4,602
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	115,301	107,942	7,359	6.8	108,163

^a The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

CONSOLIDATED INCOME STATEMENT.

	Q3 2013 millions of €	Q3 2012 ^a millions of €	Change %	Q1 - Q3 2013 millions of €	Q1 - Q3 2012 ^a millions of €	Change %	FY 2012 ^a millions of €
NET REVENUE	15,525	14,651	6.0	44,467	43,462	2.3	58,169
Cost of sales	(9,398)	(8,624)	(9.0)	(26,320)	(25,164)	(4.6)	(34,256)
GROSS PROFIT	6,127	6,027	1.7	18,147	18,298	(0.8)	23,913
Selling expenses	(3,456)	(3,417)	(1.1)	(10,067)	(10,346)	2.7	(14,075)
General and administrative expenses	(912)	(1,022)	10.8	(3,303)	(3,542)	6.7	(4,855)
Other operating income	410	484	(15.3)	1,029	1,083	(5.0)	2,968
Other operating expenses	(273)	(10,825)	97.5	(693)	(11,163)	93.8	(11,913)
PROFIT (LOSS) FROM OPERATIONS	1,896	(8,753)	n.a.	5,113	(5,670)	n.a.	(3,962)
Finance costs	(552)	(513)	(7.6)	(1,595)	(1,560)	(2.2)	(2,033)
Interest income	43	64	(32.8)	182	227	(19.8)	306
Interest expense	(595)	(577)	(3.1)	(1,777)	(1,787)	0.6	(2,339)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(29)	(64)	54.7	(103)	(148)	30.4	(154)
Other financial income (expense)	(174)	(62)	n.a.	(398)	(70)	n.a.	(225)
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	(755)	(639)	(18.2)	(2,096)	(1,778)	(17.9)	(2,412)
PROFIT (LOSS) BEFORE INCOME TAXES	1,141	(9,392)	n.a.	3,017	(7,448)	n.a.	(6,374)
Income taxes	(304)	2,540	n.a.	(915)	1,978	n.a.	1,516
PROFIT (LOSS)	837	(6,852)	n.a.	2,102	(5,470)	n.a.	(4,858)
PROFIT (LOSS) ATTRIBUTABLE TO							
Owners of the parent (net profit (loss))	588	(7,021)	n.a.	1,682	(5,994)	n.a.	(5,353)
Non-controlling interests	249	169	47.3	420	524	(19.8)	495
INCLUDED IN CONSOLIDATED INCOME STATEMENT							
Personnel costs	(3,614)	(3,485)	(3.7)	(11,033)	(10,828)	(1.9)	(14,726)
Depreciation, amortization and impairment losses	(2,572)	(13,399)	80.8	(7,466)	(18,933)	60.6	(21,957)
Of which: amortization and impairment of intangible assets	(889)	(9,489)	90.6	(2,490)	(11,100)	77.6	(12,259)
Of which: depreciation and impairment of property, plant and equipment	(1,683)	(3,910)	57.0	(4,976)	(7,833)	36.5	(9,698)

^a The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

EARNINGS PER SHARE.

	Q3 2013	Q3 2012 ^a	Change %	Q1 - Q3 2013	Q1 - Q3 2012 ^a	Change %	FY 2012 ^a
Profit (loss) attributable to the owners of the parent (net profit (loss))	588	(7,021)	n.a.	1,682	(5,994)	n.a.	(5,353)
Weighted average number of ordinary shares (basic/diluted)	4,352	4,300	1.2	4,352	4,300	1.2	4,300
EARNINGS PER SHARE BASIC/DILUTED	€ 0.14	(1.63)	n.a.	0.39	(1.39)	n.a.	(1.24)

^a The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.^a

	Q3 2013 millions of €	Q3 2012 ^b millions of €	Change millions of €	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 ^b millions of €	Change millions of €	FY 2012 ^b millions of €
PROFIT (LOSS)	837	(6,852)	7,689	2,102	(5,470)	7,572	(4,858)
Items not reclassified to the income statement retrospectively							
Gain (loss) from the remeasurement of defined benefit plans	6	(499)	505	183	(1,585)	1,768	(1,822)
Share of profit (loss) of investments accounted for using the equity method	0	0	0	(17)	0	(17)	0
Income taxes relating to components of other comprehensive income	(4)	149	(153)	(56)	478	(534)	556
	2	(350)	352	110	(1,107)	1,217	(1,266)
Items reclassified to the income statement retrospectively, if certain reasons are given							
Exchange differences on translating foreign operations							
Recognition of other comprehensive income in income statement	0	0	0	0	0	0	4
Change in other comprehensive income (not recognized in income statement)	(183)	(227)	44	(635)	642	(1,277)	318
Available-for-sale financial assets							
Recognition of other comprehensive income in income statement	0	0	0	0	(227)	227	(227)
Change in other comprehensive income (not recognized in income statement)	(5)	3	(8)	(7)	17	(24)	33
Gains (losses) from hedging instruments							
Recognition of other comprehensive income in income statement	(15)	(7)	(8)	130	(51)	181	9
Change in other comprehensive income (not recognized in income statement)	67	(43)	110	(68)	(88)	20	(219)
Share of profit (loss) of investments accounted for using the equity method							
Recognition of other comprehensive income in income statement	0	0	0	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	(9)	0	(9)	(6)	0	(6)	22
Income taxes relating to components of other comprehensive income	(17)	16	(33)	(20)	55	(75)	77
	(162)	(258)	96	(606)	348	(954)	17
OTHER COMPREHENSIVE INCOME	(160)	(608)	448	(496)	(759)	263	(1,249)
TOTAL COMPREHENSIVE INCOME	677	(7,460)	8,137	1,606	(6,229)	7,835	(6,107)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO							
Owners of the parent	526	(7,602)	8,128	1,290	(6,586)	7,876	(6,466)
Non-controlling interests	151	142	9	316	357	(41)	359

^a The structure of the statement of comprehensive income was adjusted retrospectively due to the application of IAS 1 (amended) as of January 1, 2013.

^b The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

	Issued capital and reserves attributable to owners of the parent				
	Equity contributed			Consolidated shareholders' equity generated	
	Issued capital	Treasury shares	Capital reserves	Retained earnings incl. carryforwards ^a	Net profit (loss) ^b
	millions of €	millions of €	millions of €	millions of €	millions of €
BALANCE AT JANUARY 1, 2012	11,063	(6)	51,504	(25,371)	538
Changes in the composition of the Group					
Unappropriated profit (loss) carried forward				538	(538)
Dividends				(3,010)	
Proceeds from the exercise of stock options/share matching plan			2		
Profit (loss)					(5,994)
Other comprehensive income				(1,079)	
Transfer to retained earnings					
BALANCE AT SEPTEMBER 30, 2012	11,063	(6)	51,506	(28,922)	(5,994)
BALANCE AT JANUARY 1, 2013	11,063	(6)	51,506	(29,106)	(5,353)
Changes in the composition of the Group				11	
Transactions among owners			(1,028)		
Unappropriated profit (loss) carried forward				(5,353)	5,353
Dividends				(3,010)	
Capital increase	332		811		
Proceeds from the exercise of stock options/share matching plan			57		
Share buy-back				(2)	
Profit (loss)					1,682
Other comprehensive income				125	
Transfer to retained earnings				2	
BALANCE AT SEPTEMBER 30, 2013	11,395	(6)	51,346	(37,333)	1,682

^a The structure and the prior-year comparatives of the consolidated statement of comprehensive income were adjusted retrospectively as of January 1, 2013 to present the share of investments accounted for using the equity method in total other comprehensive income.

^b The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

Issued capital and reserves attributable to owners of the parent						Total	Non-controlling interests ^b	Total shareholders' equity
Total other comprehensive income								
Translation of foreign operations	Revaluation surplus	Available-for-sale financial assets	Hedging instruments ^a	Investments accounted for using the equity method ^a	Taxes ^b			
millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €
(2,778)	(33)	102	537	20	(174)	35,402	4,630	40,032
						0		0
						0		0
						(3,010)	(386)	(3,396)
						2	1	3
						(5,994)	524	(5,470)
654		(75)	(139)		47	(592)	(167)	(759)
						0		0
(2,124)	(33)	27	398	20	(127)	25,808	4,602	30,410
(2,448)	(36)	43	327	42	(104)	25,928	4,603	30,531
						11	287	298
418					1	(609)	2,338	1,729
						0		0
						(3,010)	(358)	(3,368)
						1,143		1,143
						57	21	78
						(2)		(2)
						1,682	420	2,102
(529)		(7)	62	(23)	(20)	(392)	(104)	(496)
	(2)					0		0
(2,559)	(38)	36	389	19	(123)	24,808	7,207	32,015

CONSOLIDATED STATEMENT OF CASH FLOWS.

	Q3 2013 millions of €	Q3 2012 ^a millions of €	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 ^a millions of €	FY 2012 ^a millions of €
PROFIT (LOSS)	837	(6,852)	2,102	(5,470)	(4,858)
Depreciation, amortization and impairment losses	2,572	13,399	7,466	18,933	21,957
Income tax expense (benefit)	304	(2,540)	915	(1,978)	(1,516)
Interest income and interest expense	552	513	1,595	1,560	2,033
Other financial (income) expense	174	62	398	70	225
Share of (profit) loss of associates and joint ventures accounted for using the equity method	29	64	103	148	154
(Profit) loss on the disposal of fully consolidated subsidiaries	(122)	(6)	(130)	(6)	(6)
Other operating income from the agreement with Crown Castle concerning the leasing and use of cell towers in the United States	-	-	-	-	(1,444)
Other non-cash transactions	28	8	49	20	15
(Gain) loss from the disposal of intangible assets and property, plant and equipment	3	(132)	47	(80)	(83)
Change in assets carried as working capital	(37)	0	(893)	(306)	(24)
Change in provisions	67	(25)	(636)	(590)	(203)
Change in other liabilities carried as working capital	(424)	107	432	(334)	(406)
Income taxes received (paid)	(157)	(305)	(514)	(518)	(694)
Dividends received	92	124	204	483	490
Net payments from entering into or canceling interest rate swaps	133	0	200	83	122
CASH GENERATED FROM OPERATIONS	4,051	4,417	11,338	12,015	15,762
Interest paid	(573)	(676)	(2,311)	(2,534)	(3,060)
Interest received	162	261	596	685	875
NET CASH FROM OPERATING ACTIVITIES	3,640	4,002	9,623	10,166	13,577
Cash outflows for investments in					
Intangible assets	(518)	(719)	(2,189)	(1,499)	(2,120)
Property, plant and equipment	(1,860)	(1,479)	(5,411)	(4,494)	(6,312)
Non-current financial assets	(147)	(59)	(349)	(164)	(1,028)
Payments to acquire control of subsidiaries and associates	(43)	(2)	(45)	(19)	(19)
Proceeds from disposal of					
Intangible assets	1	9	6	9	26
Property, plant and equipment	45	58	171	157	187
Cell towers from the framework agreement with Crown Castle in the United States	-	-	-	-	1,769
Non-current financial assets	15	28	42	439	549
Proceeds from the loss of control of subsidiaries and associates	570	47	662	47	50
Net change in cash and cash equivalents due to the first-time full consolidation of MetroPCS	0	-	1,641	-	-
Net change in short-term investments and marketable securities and receivables	(189)	166	(210)	373	219
Other	(13)	0	(9)	8	8
NET CASH USED IN INVESTING ACTIVITIES	(2,139)	(1,951)	(5,691)	(5,143)	(6,671)
Proceeds from issue of current financial liabilities	3,757	6,198	9,662	19,391	22,664
Repayment of current financial liabilities	(5,297)	(8,859)	(13,214)	(24,120)	(29,064)
Proceeds from issue of non-current financial liabilities	655	301	3,732	2,155	3,539
Repayment of non-current financial liabilities	(2)	(68)	(129)	(149)	(171)
Dividends	(200)	(4)	(2,232)	(3,399)	(3,400)
Share buy-back	0	-	(2)	-	-
Repayment of lease liabilities	(34)	(42)	(116)	(125)	(169)
Stock options of other T-Mobile US shareholders (previous MetroPCS programs)	31	-	89	-	-
Other	0	0	0	0	0
NET CASH USED IN FINANCING ACTIVITIES	(1,090)	(2,474)	(2,210)	(6,247)	(6,601)
Effect of exchange rate changes on cash and cash equivalents	(64)	2	(73)	4	(28)
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	85	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	432	(421)	1,649	(1,220)	277
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD	5,243	2,950	4,026	3,749	3,749
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	5,675	2,529	5,675	2,529	4,026

^a The prior-year comparatives for net cash from operating activities were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

SIGNIFICANT EVENTS AND TRANSACTIONS.

ACCOUNTING POLICIES.

In accordance with § 37x (3) of the Securities Trading Act (Wertpapierhandelsgesetz - WpHG), Deutsche Telekom AG's quarterly financial report comprises interim consolidated financial statements and an interim management report for the Group. The interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial reporting as adopted by the EU. The interim management report for the Group was prepared in accordance with the WpHG.

Statement of compliance.

The interim consolidated financial statements for the period ended September 30, 2013 are in compliance with International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements at December 31, 2012. All IFRSs applied by Deutsche Telekom have been adopted by the European Commission for use within the EU.

In the opinion of the Board of Management, the reviewed quarterly financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the results of operations, financial position and cash flows of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2012 for the accounting policies applied for the Group's financial reporting (2012 Annual Report, page 201 et seq.).

Group Headquarters was realigned as of January 1, 2013. The segment includes central management and service functions as well as the newly formed Group Services. As part of this process, the segment was renamed Group Headquarters & Group Services.

Since January 1, 2013, the tasks and functions of Group Technology including the Global Network Factory, which was previously part of Group Headquarters & Group Services, have been reported under the Europe operating segment. Comparative figures have been adjusted retrospectively.

Initial application of new standards interpretations as well as amendments to standards and interpretations in the reporting period relevant for the 2013 financial year.

In May 2011, the IASB issued **IFRS 13 "Fair Value Measurement."** With this standard, the IASB has created a uniform, comprehensive standard for fair value measurement. IFRS 13 provides guidance on how to measure at fair value when other IFRSs require fair value measurement (or disclosure). A new definition of fair value applies which characterizes fair value as the selling price of an actual or hypothetical transaction between any independent market participants under normal market conditions on the reporting date. The standard is almost universally applicable, with the only exemptions being IAS 2 "Inventories," IAS 17 "Leases," and IFRS 2 "Share-based Payment." While the scope of the guidance remains virtually unchanged for financial instruments, the guidance

for other items (e.g., investment property, intangible assets, and property, plant and equipment) is now more comprehensively and/or precisely defined. The established three-level fair value hierarchy has to be applied across the board. Accordingly, the hierarchical level to which the asset or liability is assigned in its entirety (Level 1, Level 2 or Level 3) is determined based on the lowest input parameter in the fair value hierarchy. If measurement factors from different levels are used, the asset or liability is to be categorized in its entirety to the lowest level. The highest hierarchical level (Level 1) is assigned to inputs that are quoted prices in active markets and that the entity can access at the measurement date. The second-highest hierarchical level (Level 2) is assigned to inputs that are observable either directly or indirectly or can be derived, other than quoted market prices included within Level 1. The lowest hierarchical level (Level 3) is assigned to assets or liabilities that do not have any observable inputs. The adoption of IFRS 13 results in additional disclosures in Deutsche Telekom's financial statements. The European Union endorsed the provisions in December 2012. IFRS 13 is effective for financial years beginning on or after January 1, 2013.

In June 2011, the IASB issued amendments to **IAS 1 "Presentation of Financial Statements."** The amendments require that the items listed under other comprehensive income be split into two categories, according to whether or not they will be recognized in the income statement in future periods (recycling). The amendments to IAS 1 are effective retrospectively for financial years beginning on or after July 1, 2012 and were endorsed by the European Union in June 2012.

In June 2011, the IASB also issued amendments to **IAS 19 "Employee Benefits."** The elimination of the corridor method has no relevance for Deutsche Telekom because actuarial gains and losses are already recognized directly and exclusively in equity in their full amount in accordance with the previously applicable version of the standard.

The new standard sets out that plan amendments leading to a change in the defined benefit obligation for employee service in prior periods are no longer accrued over their vesting period but must be recognized immediately. The changes in the recognition of past service cost do not have a material effect because due to the current structure of the pension entitlements, past service cost largely arises in connection with vested benefits.

When calculating net interest income from defined benefit plans, the same interest rate is used for the return on plan assets and for the calculation of the present value of the obligation. Two different interest rates were used under the previously applicable version of IAS 19. On account of the comparatively low value of plan assets, there are also no material effects with regard to the amount and the presentation of net interest income from defined benefit plans.

The changes in the definition and recognition of termination benefits have material effects on the amounts recognized for personnel provisions and on personnel costs because, under certain circumstances, termination benefits may be recognized at a later date in accordance with IAS 19.166 (2011). In recent years, Deutsche Telekom has offered substantial severance packages to its employees in Germany on various legal bases and is likely to continue

doing so in the future. The quantitative effects at the respective reporting dates will nevertheless depend to a large extent on the legal form and the timing of future programs. The effects of the different programs on Deutsche Telekom's consolidated income statement are as follows:

- In the case of early retirement for civil servants, the new standard changes the time when the expense is recorded. Provisions are now only recognized when the civil servant accepts the offer, rather than when the overall program is communicated. In the consolidated income statement as of September 30, 2012, this has a positive effect on earnings of EUR 0.2 billion (before taxes). In the consolidated income statement as of December 31, 2012, the effects balance out completely during the year because this program is only approved once a year.
- The time when the expense is recorded also changes in the case of severance payments for non-civil servants. Here, too, the provision is only recognized when the employee accepts the offer, rather than when the overall program is communicated. As of September 30, 2012, this has a negative effect on earnings of EUR 0.1 billion (before taxes). In the consolidated income statement as of December 31, 2012, this has a negative effect on earnings of EUR 0.1 billion (before taxes).
- On account of the change in the definition, the top-up payments made as part of partial retirement programs may no longer be recognized as termination benefits and therefore have to be accrued over their vesting period. Owing to their special legal and financial characteristics, Deutsche Telekom's partial retirement programs offered after 2007 were not classified as termination benefits under the old version of IAS 19 either. For this reason, this amendment does not have any material effects. In the case of partial retirement, contracts concluded before 2007 were retrospectively adjusted. Under the new standard, the top-up payment is accrued in installments instead of the provision being recognized immediately in the full amount. No material effects arise for Deutsche Telekom in the consolidated income statements as of September 30, 2012 and December 31, 2012.

The change in the time of recognition, especially in the case of early retirement for civil servants, affects the deferred tax assets recognized in Deutsche Telekom's consolidated statement of financial position. Following the adjustment, these decreased by EUR 0.1 billion as of September 30, 2012. In the consolidated statement of financial position as of December 31, 2012, the effects balance out completely during the year. Due to the retrospective application of IAS 19, the carryforward of retained earnings in the consolidated statement of changes in equity as of January 1, 2012 also increased by EUR 0.1 billion to minus EUR 25.4 billion.

In addition, disclosure requirements for the pension provisions in the consolidated annual financial statements are also being extended, e.g., for characteristics of defined benefit plans and the risks arising from those plans. The amendments to IAS 19 are effective retrospectively for financial years beginning on or after January 1, 2013 and were endorsed by the European Union in June 2012.

In December 2011, the IASB issued extended disclosure requirements regarding offsetting rights in **IFRS 7 "Financial Instruments: Disclosures."** In addition to extended disclosures on offsetting activities actually carried out pursuant to IAS 32, disclosure requirements on existing rights to set off are introduced regardless of whether the offsetting under IAS 32 is actually carried out. The new requirements shall be applied retrospectively for financial years beginning on or after January 1, 2013 and were endorsed by the European Union in December 2012.

The IASB issued "**Annual Improvements to IFRSs 2009 – 2011 Cycle**" in May 2012, which amended five standards. The amendments will not have any material effects on Deutsche Telekom. The amendment to **IAS 1 "Presentation of Financial Statements"** clarifies that when additional comparative information is provided in the financial statements on a voluntary basis, this information must also be presented in the related notes for that additional information. As a consequence of the amendment to **IAS 16 "Property, Plant and Equipment,"** servicing equipment is recognized as property, plant and equipment or as inventory depending on their expected useful life. The amendment to **IAS 32 "Financial Instruments: Presentation"** clarifies that the tax effect of distributions to holders of an equity instrument and the transaction costs of an equity transaction must be accounted for in accordance with IAS 12. Pursuant to the amendment to **IAS 34 "Interim Financial Reporting,"** information on segment assets and liabilities is only required to be disclosed if such information is regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendments to **IFRS 1 "First-time Adoption of IFRS"** do not have an impact on Deutsche Telekom. The new requirements shall be applied retrospectively for financial years beginning on or after January 1, 2013 and were endorsed by the European Union in March 2013.

For more information on standards, interpretations, and amendments that have been issued but not yet applied, as well as disclosures on the recognition and measurement of items in the statement of financial position and discretionary decisions and estimation uncertainties, please refer to the section on accounting policies in the notes to the consolidated financial statements on page 202 et seq. of the 2012 Annual Report.

CHANGES IN THE COMPOSITION OF THE GROUP AND TRANSACTIONS AMONG OWNERS.

As of September 30, 2013, Deutsche Telekom conducted the following transactions, which had an impact on the composition of the Group.

Acquisition of MetroPCS.

On October 3, 2012, Deutsche Telekom AG and MetroPCS Communications, Inc., Dallas/United States (MetroPCS) concluded an agreement to combine their business activities in the United States.

MetroPCS offers mobile voice telephony and mobile Internet services over its own network in the United States. The products (e.g., telephones and smart-phones) and services (e.g., regular voice telephony, text messaging (SMS), multimedia messaging (MMS), multimedia streaming, e-mail, downloads) are marketed under the MetroPCS brand name via company-owned retail stores and independent sellers. Before the transaction, this company was the fifth-largest mobile communications provider in the United States in terms of subscribers. The combined company's improved position in terms of mobile spectrum and an expanded customer base mean that Deutsche Telekom will now be able to compete more aggressively with the other national mobile carriers in the United States.

The transaction was closed as of May 1, 2013 after the U.S. Department of Justice (DOJ), the U.S. Federal Communications Commission (FCC), and the Committee on Foreign Investment in the United States (CFIUS) had given the green light, and MetroPCS stockholders had approved the transaction at the company's shareholders' meeting on April 24, 2013. On April 10, 2013, Deutsche Telekom had submitted an improved offer to MetroPCS shareholders for their approval of the transaction at the MetroPCS shareholders' meeting. Compared with the original offer, the core elements were a reduction in the shareholder loan from Deutsche Telekom to T-Mobile USA by USD 3.8 billion in total, a lowering of the interest rates for the remaining shareholder loans by 0.5 percentage points, and the extension of the lock-up period for shares in the combined company to 18 months from the closing of the transaction. As part of this transaction, Deutsche Telekom AG contributed T-Mobile USA into the listed company MetroPCS in return for a 74.29-percent stake in the combined company following a capital increase. The combined company, trading under the name T-Mobile US, Inc., has been fully included in Deutsche Telekom's consolidated financial statements since May 1, 2013. The shares are listed on the New York Stock Exchange (NYSE).

In terms of economic substance, a 25.71-percent stake in the former T-Mobile USA was swapped for a 74.29-percent stake in MetroPCS. The value of the shares in the former T-Mobile USA surrendered corresponds to the value of the shares Deutsche Telekom acquired for a 74.29-percent stake in MetroPCS. On the date the transaction was closed, one share was traded at USD 11.84 at the close of trading. After the close of trading, MetroPCS performed a reverse stock split, which doubled the value per share to USD 23.68. 74.29 percent of the USD 1.5 billion paid to previous MetroPCS shareholders is to be deducted from the purchase price to determine the consideration transferred. Based on this payment, the share price before the start of trading was USD 15.58 per share at May 1, 2013. As of May 1, 2013, Deutsche Telekom held 74.29 percent of the shares in the combined company, with the remaining 25.71 percent being held by former MetroPCS stockholders.

The consideration transferred at the acquisition date for the acquisition of MetroPCS breaks down as follows:

	Fair value of the consideration transferred at the acquisition date millions of €
Value of the shares in MetroPCS received (74.29 percent)/ Value of the shares in the former T-Mobile USA surrendered (25.71 percent)	2,492
74.29 percent of the payment to previous MetroPCS shareholders	(852)
	1,640

The fair values of MetroPCS's acquired assets and liabilities recognized at the acquisition date are presented in the following table. Since the purchase price allocation is provisional, the figures, in particular regarding financial assets and liabilities, may still change. Measurement principles for derivative financial instruments within non-current financial assets and liabilities were adjusted compared with June 30, 2013. As a result, the carrying amounts of both items increased by EUR 90 million each. In accordance with IFRS 3, the purchase price allocation must be completed no later than one year after the acquisition date.

	Fair value at the acquisition date millions of €
ASSETS	
CURRENT ASSETS	1,980
Cash and cash equivalents	1,639
Trade and other receivables	65
Other financial assets	10
Inventories	131
Other assets	135
NON-CURRENT ASSETS	6,304
Intangible assets	5,052
Of which: FCC licenses	2,920
Of which: goodwill	955
Of which: customer base	845
Of which: brand name	178
Of which: other	154
Property, plant and equipment	1,033
Other financial assets	216
Deferred tax assets	3
ASSETS	8,284
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	521
Financial liabilities	43
Trade and other payables	205
Income tax liabilities	1
Other provisions	68
Other liabilities	204
NON-CURRENT LIABILITIES	5,823
Financial liabilities	5,037
Other provisions	161
Deferred tax liabilities	518
Other liabilities	107
LIABILITIES	6,344

The acquired current receivables of MetroPCS are not expected to give rise to significant bad debt losses in the future. The estimates are based on empirical values. The current receivables acquired therefore largely correspond to the gross amounts of the contractual receivables.

The acquired goodwill of EUR 1.0 billion to be recognized in Deutsche Telekom's consolidated statement of financial position is calculated as follows:

	Fair value at the acquisition date millions of €
Consideration transferred	1,640
Assets acquired for 100 % of the shares	(7,329)
Assets acquired for 25.71 % of the shares (non-controlling interests)	1,884
Liabilities acquired for 100 % of the shares	6,344
Liabilities acquired for 25.71 % of the shares (non-controlling interests)	(1,631)
MetroPCS stock option program	47
GOODWILL	955

In accordance with the option provided by IFRS 3.19, Deutsche Telekom only recognizes the goodwill of 74.29 percent attributable to Deutsche Telekom AG shareholders in its consolidated statement of financial position. The effect arising from the stock option programs to be added to goodwill is related to previous MetroPCS programs. Upon closing of the transaction, the stock options were allocated in full to the beneficiaries and can be exercised. In terms of economic substance, the transaction is a commitment entered into by Deutsche Telekom AG which upon its fulfillment reduces the Group's share in shareholders' equity. Since this commitment neither had to be considered as part of the consideration transferred, nor in MetroPCS's transferred liabilities, the amount increased goodwill. The stock options were recognized at market value and disclosed in shareholders' equity under non-controlling interests at the date of first-time consolidation.

Goodwill is influenced by synergy effects arising from the merger of the two companies, especially as a result of cost savings in connection with the combination of networks, the added spectrum for the LTE roll-out, and the expanded customer base.

Goodwill developed as follows between the closing date and September 30, 2013:

	Development of goodwill millions of €
Goodwill on May 1, 2013	955
Exchange rate effects	(30)
GOODWILL ON SEPTEMBER 30, 2013	925

Goodwill resulting from the business combination will not be recognized in accordance with U.S. tax law and is thus not tax-deductible. Purchase price allocation did not result in deferred taxes on goodwill, nor will in future.

Deferred tax assets recognized on tax loss carryforwards at T-Mobile US in the amount of EUR 13 million were eliminated as a result of the business combination. This did not have an impact on the income statement, as these deferred tax assets had already been impaired.

Deutsche Telekom's net revenue in the reporting period increased by EUR 1,562 million on account of the acquisition of MetroPCS (please also refer to the table on the changes in the composition of the Group). Had the business combination already occurred on January 1, 2013, net revenue would have been a further EUR 1,329 million higher. Deutsche Telekom's profit/loss for the current reporting period includes profit from MetroPCS of EUR 12 million. Had the business combination already occurred on January 1, 2013, profit of the Deutsche Telekom Group would have been a further EUR 75 million higher.

Transaction costs totaling EUR 35 million were incurred up to September 30, 2013, which were recorded under general and administrative expenses.

A new share-based compensation program (Restricted Stock Units) was resolved for the employees of the combined company in June 2013. Under this program, beneficiaries will receive shares of T-Mobile US at the end of the two- to four-year vesting period. In addition, T-Mobile US will grant shares to executives in upper management in line with the results-based targets achieved. These shares will be allocated at the end of the vesting period. As of September 30, 2013, the effect on capital reserves recognized in shareholders' equity from this program for Deutsche Telekom amounted to EUR 0.1 billion.

The combined company took over the stock option plans of MetroPCS. Beneficiaries can exercise the options resulting from these plans at any time. The vesting period ended upon acquisition of MetroPCS as of May 1, 2013 and no further expense has to be recognized. The stake held by Deutsche Telekom AG in MetroPCS was diluted to 73.51 percent as a result of the options exercised by September 30, 2013.

Acquisition of DIGI Slovakia.

On May 14, 2013, Slovak Telekom concluded an agreement to buy all of the shares in DIGI SLOVAKIA, s.r.o. The purchase price was EUR 53 million. DIGI Slovakia offers digital TV via satellite, cable, and Internet access in Slovakia. The acquisition will expand Slovak Telekom's product portfolio in the area of digital TV. The transaction received the approval of the Slovak competition authority on July 31, 2013. DIGI Slovakia has been fully consolidated in the consolidated financial statements of Deutsche Telekom since September 1, 2013. The purchase price allocation has not been completed yet.

Disposals.

As of March 31, 2013, OTE, which is part of the Europe operating segment, sold its equity interest in Hellas Sat S.A. for EUR 0.2 billion. This sale generated a deconsolidation gain of EUR 0.1 billion. Telekom Deutschland GmbH, which is part of the Germany operating segment, also sold its equity interest in SAF Forderungsmanagement GmbH as of March 31, 2013. The sale price and the consolidation gain were not material. T-Systems International GmbH, which is part of the Systems Solutions operating segment, sold T-Systems Italia S.p.A. as of April 30, 2013. A loss of EUR 0.1 billion was recognized in connection with this sale. The sale price was not material. The sale of Cosmo Bulgaria Mobile (Globul) and Germanos Telecom Bulgaria (Germanos) by OTE, which is part of the Europe operating segment, to the Norwegian telecommunications provider Telenor, which has acquired 100 percent of the shares, was completed on July 31, 2013. The adjusted sale price was EUR 0.6 billion. Deconsolidation generated income of EUR 0.1 billion (before taxes).

Presentation of the quantitative effects on the composition of the Group.

The following table shows the effect of changes in the composition of the Group on the consolidated income statement and segment reporting for the first three quarters of 2013.

	Germany	United States	Europe	Systems Solutions	Group Headquarters & Group Services	Reconciliation	Total
	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €
Net revenue	(16)	1,562	(61)	(44)	0	1	1,442
Cost of sales	7	(1,059)	38	48	0	(1)	(967)
GROSS PROFIT (LOSS)	(9)	503	(23)	4	0	0	475
Selling expenses	1	(278)	16	2	0	0	(259)
General and administrative expenses	1	(46)	2	2	0	0	(41)
Other operating income	0	3	0	0	0	0	3
Other operating expenses	0	0	0	0	0	0	0
PROFIT (LOSS) FROM OPERATIONS	(7)	182	(5)	8	0	0	178
Finance costs	0	(96)	(1)	0	0	0	(97)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	0
Other financial income (expense)	0	(74)	0	0	0	(1)	(75)
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	0	(170)	(1)	0	0	(1)	(172)
PROFIT (LOSS) BEFORE INCOME TAXES	(7)	12	(6)	8	0	(1)	6
Income taxes	0	0	1	0	0	0	1
PROFIT (LOSS)	(7)	12	(5)	8	0	(1)	7

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

Intangible assets and property, plant and equipment.

Intangible assets increased by EUR 5.1 billion to EUR 46.8 billion. The first-time inclusion of MetroPCS resulted in effects from changes in the composition of the Group that increased the carrying amounts by EUR 4.1 billion. These assets included, among others, FCC licenses of EUR 2.9 billion, and capitalized customer bases of EUR 0.8 billion (please also refer to disclosures on the acquisition of MetroPCS, page 43 et seq.). Capital expenditure of EUR 3.6 billion also increased the carrying amount of intangible assets. Additions included goodwill of EUR 1.0 billion from the acquisition of MetroPCS and spectrum of EUR 1.4 billion acquired in particular in the Netherlands, Romania and Poland. These additions were offset by amortization of EUR 2.5 billion. Currency translation effects of EUR 0.6 billion – primarily from the translation of U.S. dollars into euros – also had a reducing effect on the carrying amount of intangible assets.

In June 2013, T-Mobile US committed to buy spectrum worth EUR 0.2 billion. The transaction was closed in early October.

Property, plant and equipment increased by EUR 0.2 billion to EUR 37.7 billion as a result of capital expenditure totaling EUR 5.8 billion. This included capital expenditure for the build-out of the LTE network in the United States operating segment and for optical fiber and LTE infrastructure in the Germany operating segment. Property, plant and equipment also increased due to effects from changes in the composition of the Group totaling EUR 1.0 billion in connection with the full consolidation of MetroPCS (please also refer to disclosures on the acquisition of MetroPCS, page 43 et seq.). This included in particular EUR 0.7 billion for technical equipment and machinery and EUR 0.3 billion for land and buildings. The carrying amounts of property, plant and equipment decreased due to the following factors: EUR 4.9 billion for depreciation and EUR 0.3 billion from exchange rate effects – primarily from the translation of U.S. dollars into euros. Property, plant and equipment was also reduced by EUR 0.3 billion in connection with the sale of Globul and Germanos which was completed on July 31, 2013, and by EUR 0.2 billion due to additional disposals.

Investments accounted for using the equity method.

Investments accounted for using the equity method decreased by EUR 0.5 billion to EUR 6.2 billion in the first three quarters of 2013. This decrease was mainly due to the Everything Everywhere joint venture. Exchange rate effects and dividend payments received each reduced the carrying amount of the investment by EUR 0.2 billion. A loss of EUR 0.1 billion also resulted in a lower carrying amount.

Financial liabilities.

Financial liabilities increased by EUR 4.7 billion to a total of EUR 49.3 billion compared with the end of 2012. The first-time inclusion of MetroPCS gave rise to effects from changes in the composition of the Group of EUR 5.1 billion.

The following table shows the composition and maturity structure of financial liabilities as of September 30, 2013:

	Sept. 30, 2013 millions of €	Due ≤ 1 year millions of €	Due > 1 ≤ 5 years millions of €	Due > 5 years millions of €
Bonds and other securitized liabilities	39,225	7,213	13,365	18,647
Liabilities to banks	3,974	1,512	2,263	199
Finance lease liabilities	1,479	162	560	757
Liabilities to non-banks from promissory notes	1,090	113	519	458
Other interest-bearing liabilities	696	426	173	97
Other non-interest-bearing liabilities	1,714	1,609	104	1
Derivative financial liabilities	1,145	134	512	499
FINANCIAL LIABILITIES	49,323	11,169	17,496	20,658

Defined benefit liability.

Deutsche Telekom reduced the yield on the capital accounts in its company pension plan in Germany from an annual 5 percent to 3.75 percent by changing the plan. This change is not related to the application of IAS 19 (amended). The objective of the change is to achieve a standard Group-wide market return on the contributions to the capital account using a capital market-based interest rate. As market interest rates had fallen sharply, the return was no longer in line with the market. The change in the interest rate will be applied prospectively and result in a positive one-time effect of EUR 0.1 billion (before taxes) in the 2013 consolidated income statement.

Shareholders' equity.

The resolution on the dividend payout of EUR 0.70 per share for the 2012 financial year gave shareholders the choice between payment in cash or in kind, i.e., shares of Deutsche Telekom AG with an equivalent value. Dividend entitlements of Deutsche Telekom AG shareholders amounting to EUR 1.1 billion were paid in the form of shares from authorized capital and thus did not have an impact on cash flows. For the payment in kind, Deutsche Telekom carried out an increase in issued capital of EUR 0.3 billion in June 2013 against contribution of dividend entitlements. In this context, capital reserves increased by EUR 0.8 billion. This increased the number of shares by 129.9 million.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT.**Other operating income.**

	Q1 – Q3 2013 millions of €	Q1 – Q3 2012 millions of €
Income from reimbursements	327	309
Income from the reversal of impairment losses on non-current financial assets in accordance with IFRS 5	19	12
Income from the disposal of non-current assets	73	181
Income from insurance compensation	64	38
Income from divestitures	183	6
Miscellaneous other operating income	363	537
	1,029	1,083

Income from divestitures increased year-on-year by EUR 0.2 billion. This increase is attributable to the sale of the investments in Hellas Sat totaling EUR 0.1 billion and in Cosmo Bulgaria Mobile and Germanos Telecom Bulgaria, also totaling EUR 0.1 billion. Miscellaneous other operating income decreased year-on-year by EUR 0.1 billion. Proceeds of EUR 0.1 billion from a concluded legal dispute with Kreditanstalt für Wiederaufbau affected this item positively in the prior-year period. Miscellaneous other operating income otherwise included a large number of smaller individual items.

Other operating expenses.

	Q1 - Q3 2013 millions of €	Q1 - Q3 2012 millions of €
Losses on disposal of non-current assets	(119)	(102)
Impairment losses	(67)	(10,614)
Losses from divestitures	(52)	-
Miscellaneous other operating expenses	(455)	(447)
	(693)	(11,163)

The decrease in impairment losses of EUR 10.5 billion is related to the impairment loss recognized on goodwill and other intangible assets and property, plant and equipment at T-Mobile USA in the third quarter of 2012. As in the prior year, miscellaneous other operating expenses include expenses of EUR 0.1 billion incurred in connection with existing financial factoring agreements and a large number of smaller individual items.

Profit/loss from financial activities.

The increase of EUR 0.3 billion in the loss from financial activities compared with the prior-year period is primarily attributable to the sale of Telekom Srbija. In connection with this transaction, other financial income/expense had included income of EUR 0.2 billion in the prior-year period. Our finance costs remained on a par with the prior-year level at EUR 1.6 billion.

Income taxes.

In the first three quarters of 2013, a tax expense of EUR 0.9 billion was recorded which primarily reflects the share of the national companies in profit/loss before income tax, subject to the national tax rate in the respective country. Additionally, the tax rate was raised in Greece. This resulted in a non-cash deferred tax expense of EUR 0.1 billion in the first three quarters of 2013. This effect was offset by a tax benefit also amounting to EUR 0.1 billion which was attributable to lower tax liabilities for prior years. In the prior year, a net tax benefit was recorded which primarily related to income from the reversal of deferred tax liabilities of EUR 3.2 billion which resulted from impairment losses recognized on T-Mobile USA's assets following the business combination with MetroPCS.

OTHER DISCLOSURES.**Depreciation, amortization and impairment losses.**

Depreciation, amortization and impairment losses decreased by EUR 11.5 billion year-on-year to EUR 7.5 billion, primarily due to the impairment loss of EUR 10.6 billion recognized on goodwill, other intangible assets and property, plant and equipment at T-Mobile USA in the prior year. Furthermore, due to the reduction in the carrying amounts of property, plant and equipment and intangible assets in the first three quarters of 2013 as a result of the impairment, depreciation and amortization also decreased. The expiry of economic useful lives of parts of outside plant in the Germany operating segment resulted in lower depreciation and amortization.

Notes to the consolidated statement of cash flows.

Net cash from operating activities. Net cash from operating activities in the first three quarters of 2013 decreased by EUR 0.5 billion to EUR 9.6 billion. The dividend payments received from the Everything Everywhere joint venture, which were down EUR 0.3 billion year-on-year, and an increase in severance payments of EUR 0.2 billion and compensation payments of EUR 0.1 billion for MetroPCS employees due to the business combination with T-Mobile USA had a negative impact. Net cash from operating activities in the reporting period was also impacted by higher market investments in the United States operating segment. Positive effects resulted from a year-on-year decrease in net interest payments of EUR 0.1 billion as well as a EUR 0.1 billion increase in cash inflows from the canceling of interest rate swaps. Furthermore, net cash from operating activities in the prior-year period included EUR 0.3 billion higher cash outflows in connection with the AT&T transaction.

Net cash used in investing activities.

	Q1 - Q3 2013 millions of €	Q1 - Q3 2012 millions of €
Cash capex		
Germany operating segment	(2,130)	(2,399)
United States operating segment	(2,423)	(1,861)
Europe operating segment	(2,396)	(1,130)
Systems Solutions operating segment	(702)	(794)
Group Headquarters & Group Services	(268)	(266)
Reconciliation	319	457
Net change in cash and cash equivalents due to the first-time inclusion of MetroPCS	1,641	-
Proceeds from the loss of control of subsidiaries and associates ^a	662	47
Proceeds from the disposal of property, plant and equipment	171	157
Net cash flows for collateral deposited for hedging transactions	(340)	(24)
Acquisition of government bonds (net)	(159)	282
Sale of Telekom Srbija	-	380
Repayment of a bond issued by the Everything Everywhere joint venture	-	218
Other	(66)	(210)
	(5,691)	(5,143)

^a Includes cash inflows of EUR 0.6 billion from the sale of Globul and Germanos and of EUR 0.2 billion from the sale of Hellas Sat.

Cash capex increased by EUR 1.6 billion to EUR 7.6 billion, in particular as a result of higher investments in the improvement of network quality and coverage as well as the continued modernization of the "networks of the future."

Net cash used in financing activities.

	Q1 - Q3 2013 millions of €	Q1 - Q3 2012 millions of €
Bonds issued	3,238	1,502
Commercial paper (net)	1,956	293
Issuance of medium-term notes	218	342
T-Mobile US stock options	89	-
Repayment of bonds	(2,948)	(1,978)
Dividends (including to non-controlling interests) ^a	(2,232)	(3,399)
Net cash flows for collateral deposited for hedging transactions	(547)	15
Repayment of financial liabilities to Sireo	(534)	-
Net repayment of cash deposits from the Everything Everywhere joint venture	(375)	(78)
Repayment of medium-term notes	(317)	(1,617)
Repayment of promissory notes	(309)	-
OTE loans (net)	(260)	(757)
Repayment of lease liabilities	(116)	(125)
Repayment of EIB loans	(32)	(532)
Loans taken out with the EIB	-	300
Other	(41)	(213)
	(2,210)	(6,247)

^a In June 2013, dividend entitlements of Deutsche Telekom AG shareholders in the amount of EUR 1.1 billion did not have an effect on cash flows when fulfilled, but were substituted by shares from authorized capital (please refer to the disclosures on shareholders' equity, page 47). The dividend entitlements of Deutsche Telekom AG shareholders having an effect on cash flows totaled EUR 1.9 billion.

Segment reporting.

The following table gives an overall summary of Deutsche Telekom's operating segments and Group Headquarters & Group Services for the first three quarters of 2013 and 2012.

Group Headquarters was realigned as of January 1, 2013. The segment includes central management and service functions as well as the newly formed Group Services. As part of this process, it was renamed Group Headquarters & Group Services. Our new Group Headquarters is responsible for aligning and steering the Group as a whole, issuing rules and regulations, initiating Group-wide strategic projects, and measuring their implementation and success. The newly formed Group Services units provide services to the entire Group.

Since January 1, 2013, the tasks and functions of Group Technology including the Global Network Factory, which was previously part of Group Headquarters & Group Services, have been reported under the Europe operating segment.

Group Technology's tasks include the efficient and customer-oriented provision of technologies, platforms and services for mobile and fixed-network communications. The Global Network Factory designs and operates a worldwide network which allows us to offer customers voice and data communication. Reporting was changed to improve the way in which these units can be managed. Comparative figures have been adjusted retrospectively.

A reconciliation for the changes in the disclosure of key performance indicators can be found in the section "Additional information" on page 60 of this Interim Group Report.

For details on the development of operations in the operating segments and at Group Headquarters & Group Services, please refer to the section "Development of business in the operating segments" in the interim Group management report on page 16 et seq.

Segment information in the first three quarters.

Q1 - Q3 2013 Q1 - Q3 2012	Net revenue	Inter- segment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets ^{a,b}	Segment liabilities ^a	Investments accounted for using the equity method ^a
	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €
Germany	15,774	1,027	16,801	3,614	(2,932)	(1)	32,747	24,734	17
	15,998	1,007	17,005	3,422	(3,283)	(3)	31,224	22,972	16
United States	13,470	4	13,474	1,225	(1,533)	1	36,363	25,552	204
	11,573	5	11,578	(9,368)	(1,840)	(10,602)	27,436	21,254	215
Europe	9,699	484	10,183	1,477	(2,022)	(3)	36,128	12,434	5,945
	10,295	517	10,812	1,517	(2,162)	(8)	36,579	12,079	6,410
Systems Solutions	4,742	2,136	6,878	(194)	(482)	(13)	9,104	5,890	11
	4,838	2,349	7,187	(188)	(463)	(1)	9,045	5,872	23
Group Headquarters & Group Services	782	1,305	2,087	(1,004)	(464)	(49)	96,831	55,348	71
	758	1,302	2,060	(1,044)	(489)	(79)	95,182	53,524	62
TOTAL	44,467	4,956	49,423	5,118	(7,433)	(65)	211,173	123,958	6,248
	43,462	5,180	48,642	(5,661)	(8,237)	(10,693)	199,466	115,701	6,726
Reconciliation	-	(4,956)	(4,956)	(5)	34	(2)	(95,872)	(40,672)	(1)
	-	(5,180)	(5,180)	(9)	(4)	1	(91,524)	(38,290)	-
GROUP	44,467	-	44,467	5,113	(7,399)	(67)	115,301	83,286	6,247
	43,462	-	43,462	(5,670)	(8,241)	(10,692)	107,942	77,411	6,726

^a Figures relate to the reporting dates of September 30, 2013 and December 31, 2012, respectively.

^b At Group Headquarters & Group Services, part of the dividend to which Deutsche Telekom AG shareholders were entitled did not have an effect on cash flows, but was provided in the form of shares (please refer to the section "Shareholders' equity," page 47).

Due to the completed acquisition of MetroPCS, Deutsche Telekom changed the internal financing structure with T-Mobile US in the second quarter of 2013. Existing financial liabilities were redeemed and new financial liabilities were issued at different terms and conditions (please also refer to details on the acquisition of MetroPCS, page 43 et seq.).

Contingent liabilities.

This section provides additional information and explains recent changes in the contingent liabilities as described in the consolidated financial statements for the 2012 financial year.

Claims relating to charges for shared use of cable ducts. Kabel Deutschland Vertrieb und Service GmbH (KDG) quantified its claim for allegedly excessive charges from 2012 and is now demanding around EUR 340 million plus interest as well as around EUR 10 million for acquired interest benefits from Telekom Deutschland GmbH. KDG is also demanding a reduction in charges for the future. A hearing took place on June 12, 2013. The Frankfurt Regional Court dismissed the action in its ruling on August 28, 2013. KDG has appealed the decision. It is currently not possible to estimate the financial impact of the proceedings with sufficient certainty.

Mobile communications patent litigation. Deutsche Telekom AG and IPCom GmbH & Co. KG signed a license agreement. The license agreement allows the Deutsche Telekom Group to use all current and future patents in the IPCom portfolio worldwide. Furthermore, all pending mutual infringement and nullity proceedings were thus ended through withdrawal of the respective actions. This terminates the series of proceedings.

Liability for the payment of VAT on services provided by external companies. In addition to the telecommunications services of Telekom Deutschland GmbH, mobile customers of Telekom Deutschland GmbH have the option of additionally making use of services provided by external companies. The charges for these services are listed in a separate section in the mobile communications invoice of Telekom Deutschland GmbH, which does not state VAT, and are collected on behalf of the external companies. VAT is not transferred by Deutsche Telekom to the tax authorities. Referring to the Telecommunications Act, the tax authorities are of the opinion that Deutsche Telekom is liable to pay this VAT and not the external companies as service providers under civil law. Deutsche Telekom is of the opinion that these statutory regulations do not comply with European law. Should Deutsche Telekom lose the case, the tax liability would amount to up to EUR 0.1 billion.

Sale of the SI business unit at T-Systems France. When selling the Systems Integration business unit of T-Systems France in the middle of 2013, a 15-month guarantee had to be issued to the responsible works council. Around 500 employees who have been transferred to the buyer are affected. According to the guarantee, a compensation of up to EUR 63 million in total will be paid to the staff in the event of the insolvency of the buyer.

Contingent assets.

German Main Customs Office. The electricity tax claims of EUR 0.2 billion asserted against the German Main Customs Office and previously disclosed as contingent assets were recognized in profit and loss following the ruling of the Munich Finance Court dated May 3, 2013 in Deutsche Telekom's favor.

Future obligations from operating leases and other financial obligations.

The following table provides an overview of Deutsche Telekom's obligations from operating leases and other financial obligations as of September 30, 2013:

	Sept. 30, 2013 millions of €
Future obligations from operating leases	18,194
Purchase commitments regarding property, plant and equipment	1,471
Purchase commitments regarding investment property	1
Purchase commitments regarding intangible assets	840
Firm purchase commitments for inventories	6,619
Other purchase commitments and similar obligations	6,441
Payment obligations to the special pension fund	4,970
Miscellaneous other obligations	1,578
	40,114

DISCLOSURES ON FINANCIAL INSTRUMENTS.**Carrying amounts, amounts recognized, and fair values by class and measurement category.**

	Category in accordance with IAS 39	Carrying amounts Sept. 30, 2013	Amounts recognized in the statement of financial position according to IAS 39			
			Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit or loss
		millions of €	millions of €	millions of €	millions of €	millions of €
ASSETS						
Cash and cash equivalents	LaR	5,675	5,675			
Trade receivables	LaR	6,986	6,986			
Originated loans and receivables	LaR/n.a.	2,217	2,013			
Other non-derivative financial assets						
Held-to-maturity investments	HtM	21	21			
Financial assets available for sale	AFS	626		250	376	
Derivative financial assets						
Derivatives without a hedging relationship	FAHFT	678				678
Derivatives with a hedging relationship	n.a.	214			156	58
LIABILITIES AND SHAREHOLDERS' EQUITY						
Trade payables	FLAC	6,679	6,679			
Bonds and other securitized liabilities	FLAC	39,225	39,225			
Liabilities to banks	FLAC	3,974	3,974			
Liabilities to non-banks from promissory notes	FLAC	1,090	1,090			
Other interest-bearing liabilities	FLAC	696	696			
Other non-interest-bearing liabilities	FLAC	1,714	1,714			
Finance lease liabilities	n.a.	1,479				
Derivative financial liabilities						
Derivatives without a hedging relationship	FLHFT	604				604
Derivatives with a hedging relationship	n.a.	541			335	206
Of which: aggregated by category in accordance with IAS 39						
Loans and receivables	LaR	14,674	14,674			
Held-to-maturity investments	HtM	21	21			
Available-for-sale financial assets	AFS	626		250	376	
Financial assets held for trading	FAHFT	678				678
Financial liabilities measured at amortized cost	FLAC	53,378	53,378			
Financial liabilities held for trading	FLHFT	604				604

Amounts recognized in the statement of financial position according to IAS 17 millions of €	Fair value Sept. 30, 2013 millions of €	Category in accordance with IAS 39	Carrying amounts Dec. 31, 2012 millions of €	Amounts recognized in the statement of financial position according to IAS 39				Amounts recognized in the statement of financial position according to IAS 17 millions of €	Fair value Dec. 31, 2012 millions of €
				Amortized cost millions of €	Cost millions of €	Fair value recognized in equity millions of €	Fair value recognized in profit or loss millions of €		
	5,675	LaR	4,026	4,026				4,026	
	6,986	LaR	6,316	6,316				6,316	
204	2,217	LaR/n.a.	2,123	1,875			248	2,123	
	21	HtM	131	131				131	
	376	AfS	380		230	150		150	
	678	FAHfT	531				531	531	
	214	n.a.	756			257	499	756	
	6,679	FLAC	6,415	6,415				6,415	
	42,824	FLAC	33,674	33,674				38,544	
	4,112	FLAC	3,912	3,912				4,082	
	1,263	FLAC	1,167	1,167				1,383	
	753	FLAC	2,085	2,085				2,085	
	1,714	FLAC	1,611	1,611				1,611	
1,479	1,772	n.a.	1,246				1,246	1,635	
	604	FLHfT	335				335	335	
	541	n.a.	584			584		584	
	14,674	LaR	12,217	12,217				12,217	
	21	HtM	131	131				131	
	376	AfS	380		230	150		150	
	678	FAHfT	531				531	531	
	57,345	FLAC	48,864	48,864				54,120	
	604	FLHfT	335				335	335	

Financial instruments measured at fair value.

	Sept. 30, 2013				Dec. 31, 2012			
	Level 1 millions of €	Level 2 millions of €	Level 3 millions of €	Total millions of €	Level 1 millions of €	Level 2 millions of €	Level 3 millions of €	Total millions of €
ASSETS								
Available-for-sale financial assets (AFS)	347	29		376	107	43		150
Financial assets held for trading (FAHFT)		678		678		531		531
Derivative financial assets with a hedging relationship		214		214		756		756
LIABILITIES AND SHAREHOLDERS' EQUITY								
Financial liabilities held for trading (FLHFT)		604		604		335		335
Derivative financial liabilities with a hedging relationship		541		541		584		584

Cash and cash equivalents, and trade and other receivables mainly have short-term maturities. For this reason, their carrying amounts at the reporting date approximate their fair values.

The fair values of other non-current receivables and held-to-maturity financial investments due after more than one year correspond to the present values of the payments related to the assets, taking into account the current interest rate parameters that reflect market- and partner-based changes to terms and conditions, and expectations. Of the available-for-sale financial assets (AFS) carried under other non-derivative financial assets, the instruments presented in Level 1 and Level 2 constitute separate classes. EUR 347 million (December 31, 2012: EUR 107 million) is presented in Level 1, mainly attributable to government bonds.

Trade and other payables, as well as other liabilities, generally have short times to maturity; the values reported approximate the fair values.

The fair values of the quoted bonds and other securitized liabilities equal the nominal amounts multiplied by the price quotations at the reporting date.

The fair values of unquoted bonds, liabilities to banks, liabilities to non-banks from promissory notes, and other financial liabilities are calculated as the present values of the payments associated with the debts, based on the applicable yield curve and Deutsche Telekom's credit spread curve for specific currencies.

The fair value of traded derivatives is equal to their market value, which can be positive or negative. If there is no market value available, the fair value is determined using standard financial valuation models. The fair value of derivatives is the value that Deutsche Telekom would receive or have to pay if the financial instrument were discontinued at the reporting date. This is calculated on the basis of the contracting parties' relevant exchange rates and interest rates at the reporting date. Calculations are made using middle rates. In the case of interest-bearing derivatives, a distinction is made between the clean price and the dirty price. In contrast to the clean price, the dirty price also includes the interest accrued. The fair values carried correspond to the full fair value or the dirty price.

Disclosures on credit risk. In line with the contractual provisions, in the event of insolvency all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. When the netting of the positive and negative fair values of all derivatives was positive from Deutsche Telekom's perspective, Deutsche Telekom received unrestricted cash collateral from counterparties pursuant to collateral contracts in the amount of EUR 169 million (December 31, 2012: EUR 729 million), which further reduced the credit risk. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 892 million as of the reporting date (December 31, 2012: EUR 1,287 million) had a maximum credit risk of EUR 12 million (December 31, 2012: EUR 60 million) as of September 30, 2013. There is no danger of default on the derivatives held.

When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral to counterparties pursuant to collateral contracts. The corresponding receivables of EUR 549 million (December 31, 2012: EUR 246 million) were thus not exposed to any credit risks as of the reporting date. No other significant agreements reducing the maximum exposure to the credit risks of financial assets existed. The maximum exposure to credit risk of the other financial assets thus corresponds to their carrying amounts. The collateral paid, which is reported under originated loans and receivables within other financial assets, is not subject to a credit risk and therefore constitutes a separate class of financial assets. Likewise, the collateral received, which is reported under financial liabilities, constitutes a separate class of financial liabilities on account of its connection to the corresponding derivatives.

Related party disclosures.

There were no significant changes at September 30, 2013 to the related party disclosures reported in the consolidated financial statements as of December 31, 2012, with the exception of the matters described below.

Net funds of EUR 0.4 billion that had been invested by the Everything Everywhere joint venture were repaid to the company by Deutsche Telekom effective September 30, 2013.

KfW Bankengruppe requested its dividend entitlement for shares in Deutsche Telekom AG be paid out partly in cash and partly in shares from authorized capital. As a result, it received 47,429 thousand shares in June 2013. The stake of KfW Bankengruppe in Deutsche Telekom AG as of September 30, 2013 totaled 17.4 percent.

Executive bodies.

Changes in the composition of the Board of Management. At its meeting on May 15, 2013, the Supervisory Board appointed Timotheus Höttges as René Obermann's successor as Chairman of the Board of Management of Deutsche Telekom AG effective January 1, 2014. In addition, Thomas Dannenfeldt was appointed as successor to Timotheus Höttges in the role of Chief Financial Officer of Deutsche Telekom AG, effective January 1, 2014. The Supervisory Board also extended the contract of Niek Jan van Damme as Member of the Board of Management for Germany for another five years for the period from March 1, 2014 to February 28, 2019.

Changes in the composition of the Supervisory Board. Lars Hinrichs and Karl-Heinz Streibich were appointed by the Bonn District Court to the Supervisory Board of Deutsche Telekom AG effective October 1, 2013 until the 2014 shareholders' meeting, at which they are to be proposed to the shareholders for election. They succeed Ulrich Middelman, who passed away on July 2, 2013, and Lawrence H. Guffey, who resigned his seat effective October 1, 2013.

EVENTS AFTER THE REPORTING PERIOD (SEPTEMBER 30, 2013).

Sale of T-Mobile US bonds. On October 16, 2013, Deutsche Telekom sold T-Mobile US bonds worth USD 5.6 billion from its portfolio. These are five bonds with interest rates of between 6.464 and 6.836 percent, which will mature between 2019 and 2023. The proceeds of the sale of the bonds will go toward Deutsche Telekom's general corporate financing. The transaction will not increase net debt. Following the conclusion of the transaction, Deutsche Telekom holds another USD 5.6 billion worth of T-Mobile US bonds, which were not included in the offer.

Spectrum auction in Austria. On October 21, 2013, the Austrian regulatory authority RTR announced the result of the spectrum auction: A1 Telekom, T-Mobile Austria and Hutchison acquired spectrum in the 0.8 GHz (only A1 Telekom and T-Mobile Austria), 0.9 GHz and 1.8 GHz ranges. RTR had reserved spectrum for a potential new player, but no newcomers joined the auction, so the spectrum was awarded to the existing network operators. The price of the spectrum acquired by T-Mobile Austria amounted to around EUR 655 million.

RESPONSIBILITY STATEMENT.

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the results of operations and financial position of the Group, and the interim Group management report includes a fair

review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, November 7, 2013

Deutsche Telekom AG
Board of Management

René Obermann

Reinhard Clemens

Niek Jan van Damme

Timotheus Höttges

Dr. Thomas Kremer

Claudia Nemat

Prof. Marion Schick

REVIEW REPORT.

To Deutsche Telekom AG, Bonn.

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement and statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to September 30, 2013, which are part of the quarterly financial report pursuant to § 37x (3) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to the interim financial reporting as adopted by the EU and to the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Review Engagements, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Frankfurt/Main, November 7, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser
Wirtschaftsprüfer

Uwe Schwalm
Wirtschaftsprüfer

ADDITIONAL INFORMATION.

RECONCILIATION OF PRO FORMA FIGURES.

SPECIAL FACTORS.

The following table presents a reconciliation of EBITDA, EBIT, and net profit/loss to the respective figures adjusted for special factors. Reconciliations are presented for the reporting period, the prior-year period, and the full 2012 financial year:

	EBITDA Q1 – Q3 2013 millions of €	EBIT Q1 – Q3 2013 millions of €	EBITDA Q1 – Q3 2012 ^a millions of €	EBIT Q1 – Q3 2012 ^a millions of €	EBITDA FY 2012 ^a millions of €	EBIT FY 2012 ^a millions of €
EBITDA/EBIT	12,579	5,113	13,263	(5,670)	17,995	(3,962)
GERMANY	(362)	(362)	(384)	(384)	(560)	(560)
Staff-related measures	(376)	(376)	(369)	(369)	(500)	(500)
Non-staff-related restructuring	(13)	(13)	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(10)	(10)	(8)	(8)	(8)	(8)
Other	37	37	(7)	(7)	(52)	(52)
UNITED STATES	(143)	(143)	39	(10,550)	1,479	(9,110)
Staff-related measures	(124)	(124)	(75)	(75)	(69)	(69)
Non-staff-related restructuring	(1)	(1)	(28)	(28)	(28)	(28)
Effects of deconsolidations, disposals and acquisitions	(18)	(18)	125	125	1,558	1,558
Impairment losses	–	0	–	(10,589)	–	(10,589)
Other	0	0	17	17	18	18
EUROPE	144	144	(45)	(48)	(208)	(571)
Staff-related measures	(51)	(51)	(11)	(11)	(182)	(182)
Non-staff-related restructuring	10	10	(28)	(31)	(16)	(19)
Effects of deconsolidations, disposals and acquisitions	182	182	0	0	0	0
Impairment losses	–	0	–	0	–	(360)
Other	3	3	(6)	(6)	(10)	(10)
SYSTEMS SOLUTIONS	(298)	(312)	(231)	(231)	(405)	(417)
Staff-related measures	(136)	(136)	(137)	(137)	(238)	(238)
Non-staff-related restructuring	(91)	(92)	(94)	(94)	(166)	(178)
Effects of deconsolidations, disposals and acquisitions	(71)	(84)	0	0	0	0
Other	0	0	0	0	(1)	(1)
GROUP HEADQUARTERS & GROUP SERVICES	(126)	(126)	(81)	(81)	(282)	(282)
Staff-related measures	(128)	(128)	(148)	(148)	(243)	(243)
Non-staff-related restructuring	(10)	(10)	(8)	(8)	(13)	(13)
Effects of deconsolidations, disposals and acquisitions	16	16	8	8	(46)	(46)
Other	(4)	(4)	67	67	20	20
GROUP RECONCILIATION	0	0	0	0	(2)	(1)
Staff-related measures	0	0	0	0	0	0
Non-staff-related restructuring	1	1	1	1	0	0
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	0	0
Other	(1)	(1)	(1)	(1)	(2)	(1)
TOTAL SPECIAL FACTORS	(785)	(799)	(702)	(11,294)	22	(10,941)
EBITDA/EBIT (ADJUSTED FOR SPECIAL FACTORS)	13,364	5,912	13,965	5,624	17,973	6,979
Profit (loss) from financial activities (adjusted for special factors)		(2,089)		(1,928)		(2,546)
PROFIT (LOSS) BEFORE INCOME TAXES (ADJUSTED FOR SPECIAL FACTORS)		3,823		3,696		4,433
Income taxes (adjusted for special factors)		(1,122)		(950)		(1,451)
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS)		2,701		2,746		2,982
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) ATTRIBUTABLE TO						
Owners of the parent (net profit (loss)) (adjusted for special factors)		2,400		2,337		2,537
Non-controlling interests (adjusted for special factors)		301		409		445

^a The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) and the change in segment reporting resulting from the change in disclosure of Group Technology and the Global Network Factory as of January 1, 2013.

GROSS AND NET DEBT.

Deutsche Telekom considers net debt to be an important performance indicator for investors, analysts and rating agencies.

	Sept. 30, 2013 millions of €	Dec. 31, 2012 millions of €	Change millions of €	Change %	Sept. 30, 2012 millions of €
Financial liabilities (current)	11,169	9,260	1,909	20.6	10,367
Financial liabilities (non-current)	38,154	35,354	2,800	7.9	35,248
FINANCIAL LIABILITIES	49,323	44,614	4,709	10.6	45,615
Accrued interest	(929)	(903)	(26)	(2.9)	(756)
Other	(803)	(754)	(49)	(6.5)	(668)
GROSS DEBT	47,591	42,957	4,634	10.8	44,191
Cash and cash equivalents	5,675	4,026	1,649	41.0	2,529
Available-for-sale/held-for-trading financial assets	301	27	274	n.a.	132
Derivative financial assets	892	1,287	(395)	(30.7)	1,533
Other financial assets	997	757	240	31.7	996
NET DEBT	39,726	36,860	2,866	7.8	39,001

RECONCILIATION FOR THE CHANGE IN DISCLOSURE OF KEY PERFORMANCE INDICATORS FOR THE PRIOR-YEAR COMPARATIVE PERIOD IN THE FIRST THREE QUARTERS OF 2013.

	Total revenue	Profit (loss) from operations (EBIT)	EBITDA	Adjusted EBITDA	Depreciation and amortization	Impairment losses	Segment assets ^a	Segment liabilities ^a
	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €
Q1 – Q3 2012/SEPTEMBER 30, 2012								
PRESENTATION AS OF SEPTEMBER 30, 2012 – AS REPORTED								
Germany	17,005	3,454	6,740	7,092	(3,283)	(3)	31,224	22,988
United States	11,578	(9,368)	3,074	3,035	(1,840)	(10,602)	27,436	21,254
Europe	10,813	1,529	3,659	3,701	(2,122)	(8)	36,348	11,910
Systems Solutions	7,187	(239)	225	507	(463)	(1)	9,044	5,873
Group Headquarters & Group Services	2,176	(1,120)	(511)	(377)	(530)	(79)	95,360	53,609
TOTAL	48,759	(5,744)	13,187	13,958	(8,238)	(10,693)	199,412	115,634
Reconciliation	(5,297)	(9)	(7)	(7)	(3)	1	(91,470)	(38,235)
GROUP	43,462	(5,753)	13,180	13,951	(8,241)	(10,692)	107,942	77,399

Q1 – Q3 2012/SEPTEMBER 30, 2012
 +/- CHANGE IN DISCLOSURE OF GROUP TECHNOLOGY AND GLOBAL NETWORK FACTORY AS OF JANUARY 1, 2013

Germany	-	-	-	-	-	-	-	-
United States	-	-	-	-	-	-	-	-
Europe	(1)	(26)	15	18	(40)	-	224	134
Systems Solutions	-	-	-	-	-	-	-	-
Group Headquarters & Group Services	(116)	26	(15)	(18)	41	-	(219)	(129)
TOTAL	(117)	-	-	-	1	-	5	5
Reconciliation	117	-	-	-	(1)	-	(5)	(5)
GROUP	-	-	-	-	-	-	-	-

Q1 – Q3 2012/SEPTEMBER, 30 2012
 +/- CHANGE IN DISCLOSURE DUE TO IAS 19 (AMENDED) AS OF JANUARY 1, 2013

Germany	-	(32)	(32)	-	-	-	-	(16)
United States	-	-	-	-	-	-	-	-
Europe	-	14	13	13	-	-	7	35
Systems Solutions	-	51	51	-	-	-	1	(1)
Group Headquarters & Group Services	-	50	50	-	-	-	41	44
TOTAL	-	83	82	13	-	-	49	62
Reconciliation	-	-	1	1	-	-	(49)	(50)
GROUP	-	83	83	14	-	-	-	12

Q1 – Q3 2012/SEPTEMBER 30, 2012
 = PRESENTATION AS OF SEPTEMBER 30, 2013

Germany	17,005	3,422	6,708	7,092	(3,283)	(3)	31,224	22,972
United States	11,578	(9,368)	3,074	3,035	(1,840)	(10,602)	27,436	21,254
Europe	10,812	1,517	3,687	3,732	(2,162)	(8)	36,579	12,079
Systems Solutions	7,187	(188)	276	507	(463)	(1)	9,045	5,872
Group Headquarters & Group Services	2,060	(1,044)	(476)	(395)	(489)	(79)	95,182	53,524
TOTAL	48,642	(5,661)	13,269	13,971	(8,237)	(10,693)	199,466	115,701
Reconciliation	(5,180)	(9)	(6)	(6)	(4)	1	(91,524)	(38,290)
GROUP	43,462	(5,670)	13,263	13,965	(8,241)	(10,692)	107,942	77,411

^a Figures relate to the reporting date December 31, 2012.

GLOSSARY.

For further definitions, please refer to the 2012 Annual Report and the glossary therein (page 301 et seq.).

Adjacent industries. Related industries or sectors, the products and services of which complement each other.

Bitstream access. Wholesale service used by alternative telephone companies to provide broadband lines.

Postpaid. Customers who pay for communications services after receiving them (usually on a monthly basis).

DISCLAIMER.

This Report (particularly the section titled "Development of revenue and profits") contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. They are generally identified by the words "expect," "anticipate," "believe," "intend," "estimate," "aim," "goal," "plan," "will," "seek," "outlook" or similar expressions and include generally any information that relates to expectations or targets for revenue, adjusted EBITDA or other performance measures. Forward-looking statements are based on current plans, estimates and projections. 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. They include, for instance, the progress of Deutsche Telekom's workforce reduction initiative and the impact of other significant strategic or business initiatives, including acquisitions, dispositions, and business combinations. In addition, movements in exchange rates and interest rates, regulatory rulings, stronger than expected competition, technological change, litigation and regulatory developments, among other factors, may have a material adverse effect on

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In addition to figures prepared in accordance with IFRS, Deutsche Telekom presents non-GAAP financial performance measures, e.g., EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted EBIT margin, adjusted net profit, 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.

FINANCIAL CALENDAR.^a

November 7, 2013	March 6, 2014	May 8, 2014
Publication of the Interim Group Report as of September 30, 2013	Publication of the 2013 Annual Report	Publication of the Interim Group Report as of March 31, 2014
May 15, 2014	August 7, 2014	November 6, 2014
2014 Shareholders' meeting	Publication of the Interim Group Report as of June 30, 2014	Publication of the Interim Group Report as of September 30, 2014

^a For more dates, an updated schedule, and information on webcasts, please go to www.telekom.com.

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This Interim Group Report can be downloaded from the Investor Relations site on the Internet at: www.telekom.com/investor-relations

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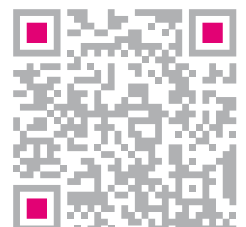
The English version of the Interim Group Report for January 1 to September 30, 2013 is a translation of the German version of the Interim Group Report. The German version is legally binding.

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